

Bisinomics

5-minute read



The Strait of Hormuz stands at the centre of a widening economic ripple effect, as energy disruptions reshape trade, industry and growth prospects across Asia. Photo: Reuters

India

Narendra Modi has advised Indians not to travel abroad for holidays and weddings. He also asked people to work from home and use public transport.

India is the world's third-largest importer of oil. It faces a ballooning economic challenge because of the sharp increase in energy prices and an uncomfortably low level of reserves caused by reduced supplies from the Persian Gulf following the virtual closure of the Strait of Hormuz.

'We must curb our use of petrol and diesel,' Modi said in a speech. 'In cities with metro lines, we should use the metro wherever possible... We must also place a strong emphasis on saving foreign exchange.' As Indians braced themselves for a further escalation in energy prices, Modi's critics mocked him for not practising what he was preaching by taking off on a five-nation overseas trip. They said hands-on economic management was the national priority.

The Financial Times reported that India ‘imported \$174 billion of oil and gas last year, with two-thirds of natural gas and half of crude oil imports [coming] from the Gulf’. India has returned to sourcing oil from Russia – after obsequiously obeying orders from United States President Donald Trump not to, before Mr Trump partially waived sanctions in March. The Indian cabinet, meanwhile, approved expanded gas production from coal on an urgent basis. Shortage of cooking gas has disrupted homes and debilitated hotel and restaurant businesses.



Commuters crowd public transport in India as rising fuel costs and supply disruptions intensify pressure on households and businesses. Photo: EPA

The *FT* reported that ‘higher import prices have hurt the Indian currency and knocked investor confidence’. It added that ‘the rupee has been among Asia’s worst-performing currencies since hostilities began in the Gulf... Economists are concerned over the war’s impact on India’s balance of payments, already under pressure from foreign investors selling Indian stocks at the fastest pace on record... As the Gulf crisis drags on, economists are revising down their estimates for growth in India.’

Kazakhstan

In contrast, Kazakhstan has since the start of the Iran war experienced an appreciation in its currency, the tenge. Oil-rich, the country has benefitted from the steep upward revision in crude prices, leading to the strengthening of the currency. This trend is likely to continue until international trade in oil stabilises. The oil sector accounts for over 40% of the Kazakh government’s revenues.

Kazakhstan, though, is dependent on electricity from Russia. It aims to exit from dependence on Russian imports by 2027, the *Times of Central Asia* reported, following a restatement of the goal by the country’s deputy energy minister, Sungat Yessimkhanov.



Rising global crude prices have strengthened Kazakhstan’s energy sector, even as the country faces domestic electricity challenges. Photo: Kazakhstan government website

It is likely to fulfil that objective only if homes remain heated and industry avoids shortages during peak demand. Kazakhstan has had a power deficit because of years of underinvestment, rising demand, ageing thermal plants and uneven regional output, according to the same newspaper.

Uzbekistan

Another Central Asian state, Uzbekistan, posted healthy activity in its car industry, selling 121,601 vehicles between January and April of this year, as per figures released by UzAvtosanoat and reported by UZ Daily.

UzAuto Motors, the largest automaker in Uzbekistan, maintained its dominant position, selling 58,168 vehicles. The company manufactures a wide range of models under various brands, including American General Motors' Chevrolet. Chinese brands and Kia of South Korea are also noticeable in the Uzbekistan market.

Indonesia

The energy crunch has affected oil-producing Indonesia because its demand outpaces its crude output, so it is planning to expand its nuclear power capacity. Significantly, director-general Alexey Likhachev of Russia's state nuclear energy corporation Rosatom was in Jakarta to meet the Indonesian president, Prabowo Subianto, to discuss bilateral cooperation.



Indonesia is exploring expanded nuclear energy cooperation as Asian governments search for long-term energy security solutions.
Photo: SouthEast Asian Gallery

Bernama reported Likhachev as saying Rosatom was ready to offer Indonesia 'a comprehensive approach to developing its national nuclear programme, including both large-scale nuclear power projects and small modular reactors and floating power units'.

Malaysia

In neighbouring Malaysia, economic growth for the first quarter of the 2026 financial year was 5.4%, exceeding the prediction of 5.3%. The number had moderated from the 6.3% enlargement in the previous quarter.

The Star quoted the chief statistician of Bank Negara Malaysia, Datuk Seri Mohd Uzir Mahidin, as saying 'Malaysia's economy continued to expand in the first quarter of 2026, reflecting the underlying resilience and stable growth conditions amid a challenging global environment.'

The country continued to record a surplus in its current account balance for the same period amounting to RM15.2 billion, equivalent to 3% of gross domestic product (GDP). This was significantly higher than RM2.7 billion in Q4 of 2025. Mahidin said this was attributed to, as *The Star* put it, 'sustained external demand for Malaysia's exports alongside improving services sector performance.'

Singapore

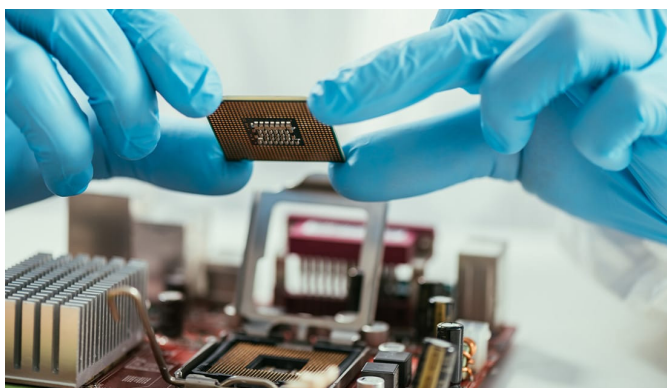
In the Chandler Good Government Index, Singapore retained its top position for a fourth consecutive year. The seven pillars of evaluation are: leadership and foresight, robust laws and policies, strong institutions, financial stewardship, attractive marketplace, global influence and reputation and helping people rise. Singapore was ranked first in all categories except robust laws and policies and global influence and reputation.

However, as *Singapore Business* spelled out, Singapore Airlines (SIA) suffered a 57% year-on-year slump in net profit to \$1.18 billion in the financial year ending 31 March last, because of its shareholding in loss-making Air India.

SIA suspended services to Dubai and Jeddah in February as a result of the war in the Gulf and deferred the introduction of flights to Riyadh until September 2026. The suspension of flights to Dubai has been extended to 2 August.

South Korea

Samsung, South Korea's giant electronics firm, faced a general strike from 21 May. The strike threatened losses running into the tens of trillions of won, not to mention semiconductor production chaos and supply chain instability, *Business Korea* reported. After the failure of labour-management negotiations, Koo Yun-cheol, deputy prime minister and minister of economy and finance, wrote on X: 'We will continue supporting resolution through principled negotiations under any circumstances.'



From aviation to semiconductor manufacturing, major Asian corporations are facing mounting uncertainty from supply chain and energy disruptions.

Japan

A group of lawmakers in Japan's ruling Liberal Democratic Party submitted a proposal to Prime Minister Sanae Takaichi to review the country's Companies Act, which would require shareholders to own at least 30,000 shares in an enterprise to call extraordinary meetings or enter items on the agenda. At present, a 10,000 shareholding is sufficient for the purpose.

The Japan Times wrote the change 'would bring the Japanese market more in line with standards in other countries, where it is normally more difficult for shareholders to directly participate in governance'. It is expected this will 'make Japan into a leading financial centre'.