

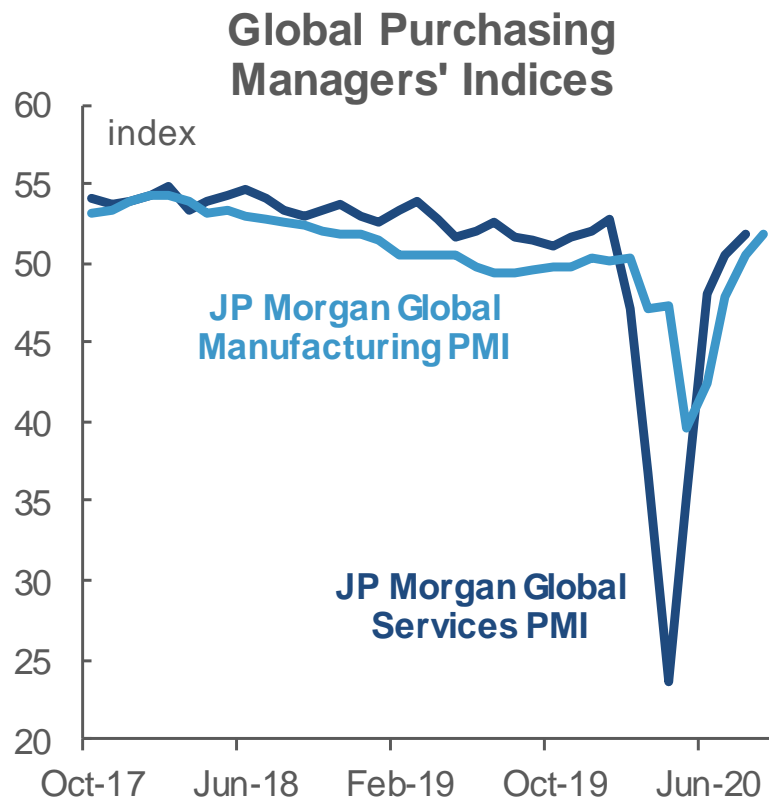
# Global Economic Outlook from the Asian Viewpoint

**CABE Webinar**  
September 8, 2020

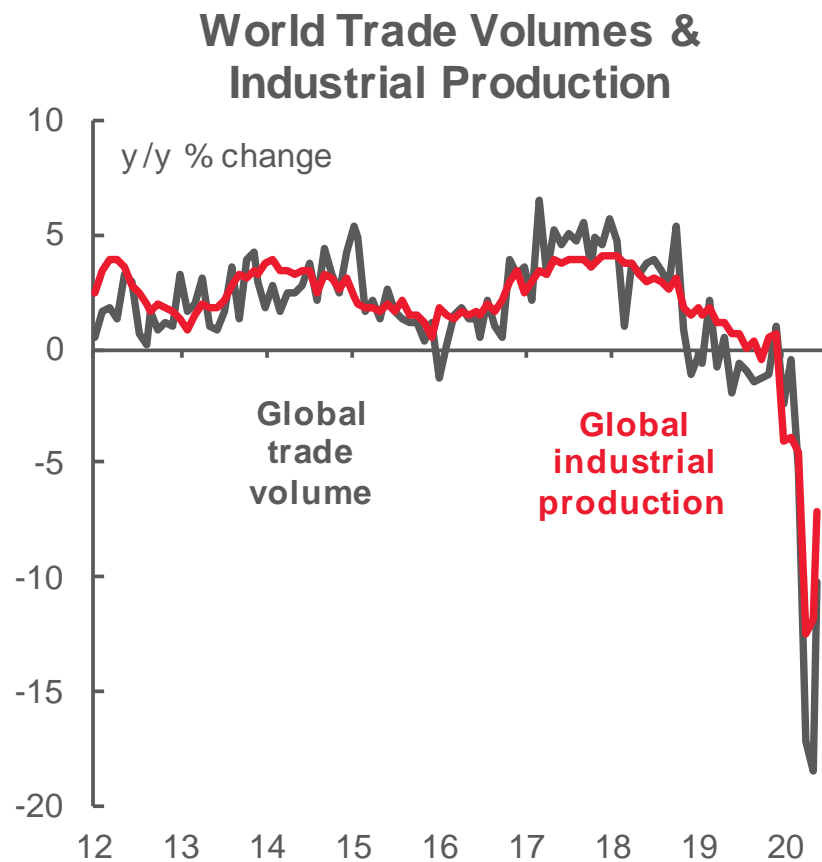
Tuuli McCully  
Head of Asia-Pacific Economics  
Scotiabank



# Covid-19 Caused a Deep Global Recession; Rebound Is Underway



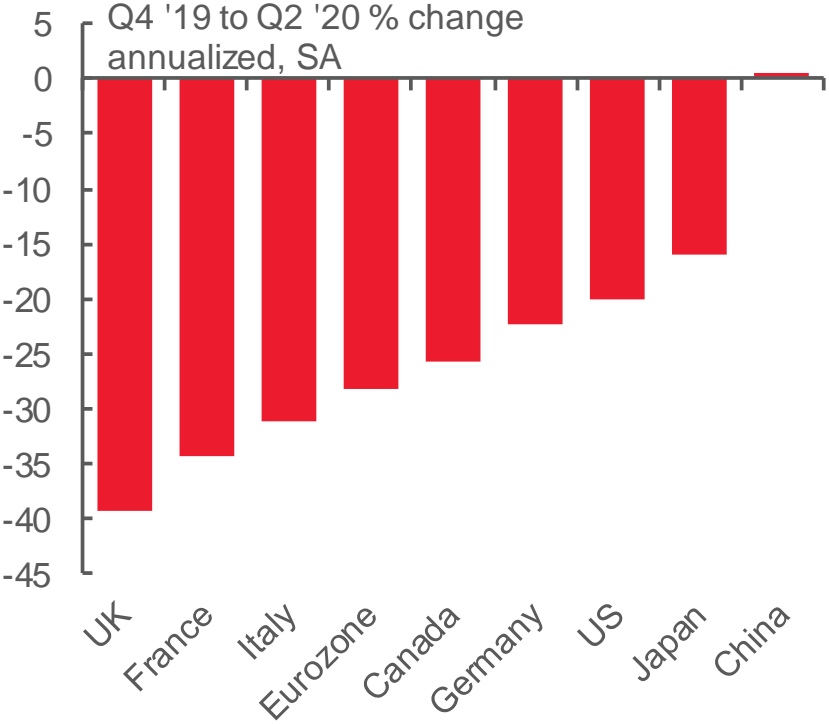
Sources: Scotiabank Economics, Markit, Bloomberg.



Sources: Scotiabank Economics, Netherlands Bureau for Economic Policy Analysis.

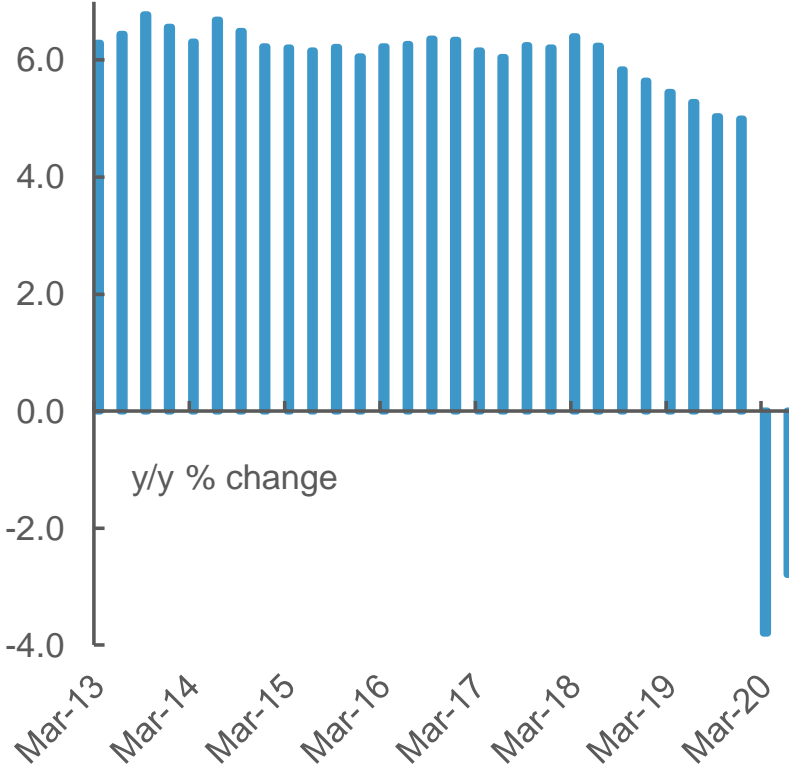
# China's Economic Damage Is Smaller than Elsewhere

## China Has Fared Better Than Everyone Else Over 2020H1



Sources: Scotiabank Economics, Haver Analytics.

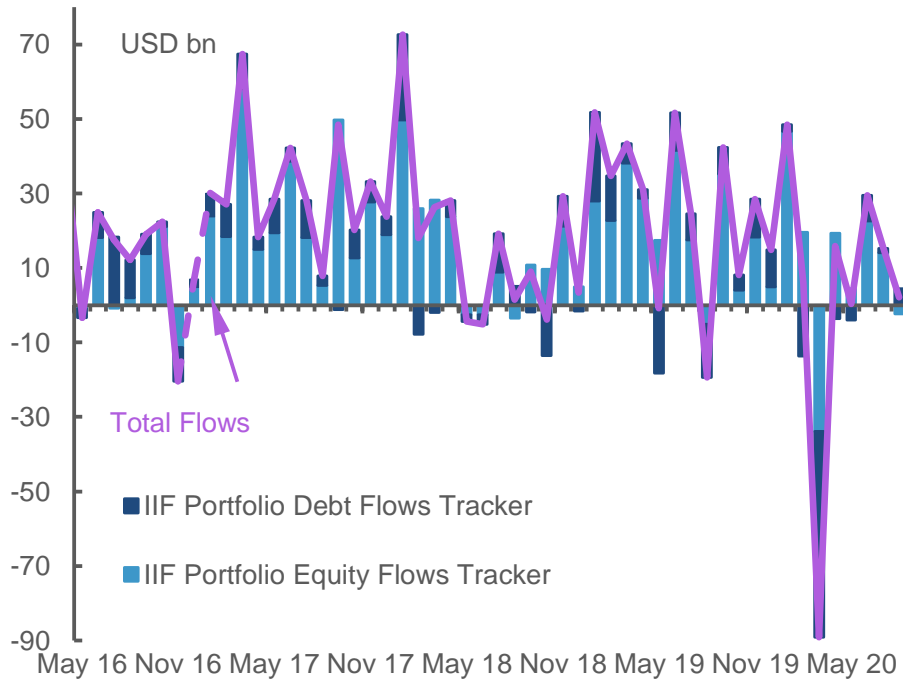
## Asia Ex-Japan Real GDP Growth



Sources: Scotiabank Economics, Bloomberg.

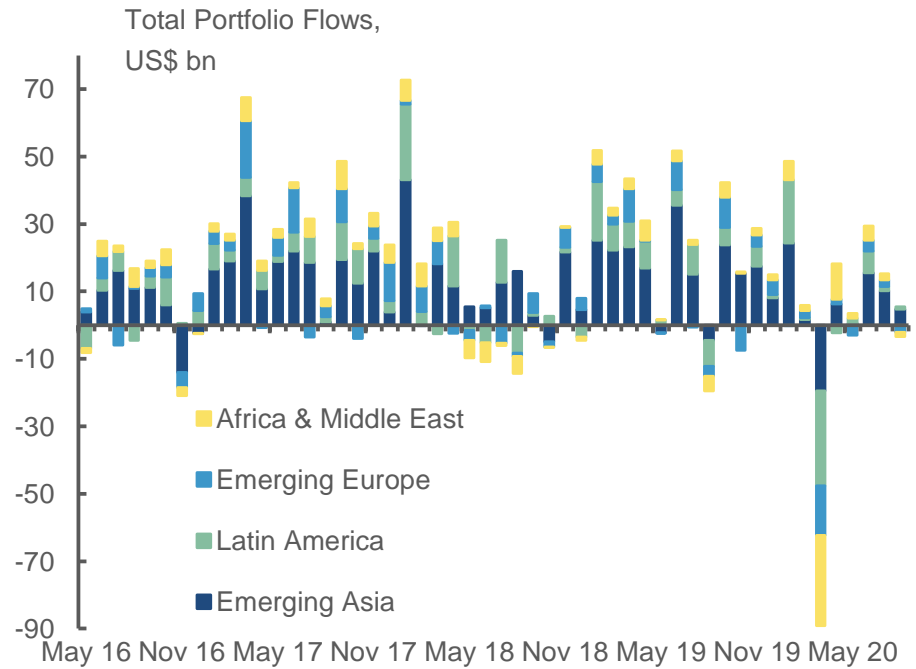
# Low Rates for Very Long in the US to Support EM Assets

## IIF Tracker: Total EM Portfolio Flows



Sources: Scotiabank Economics, IIF.

## Total Portfolio Flows (Equity & Debt)

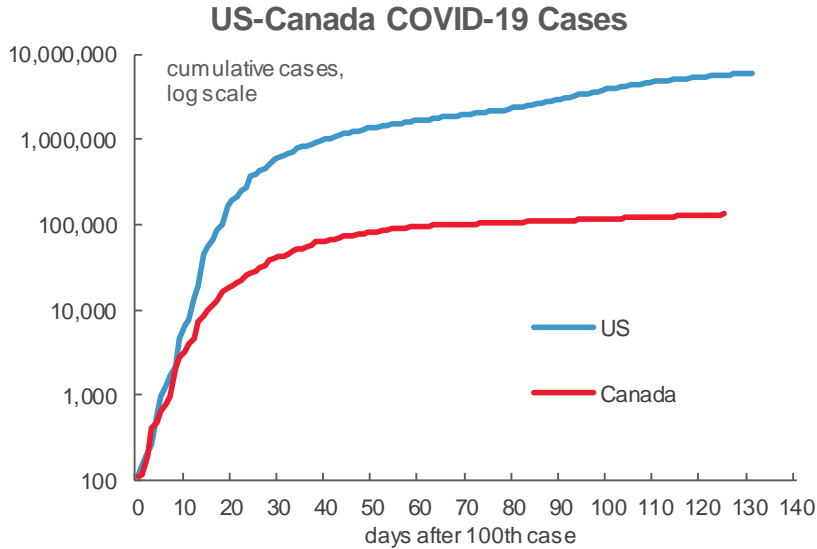


Sources: Scotiabank Economics, IIF.

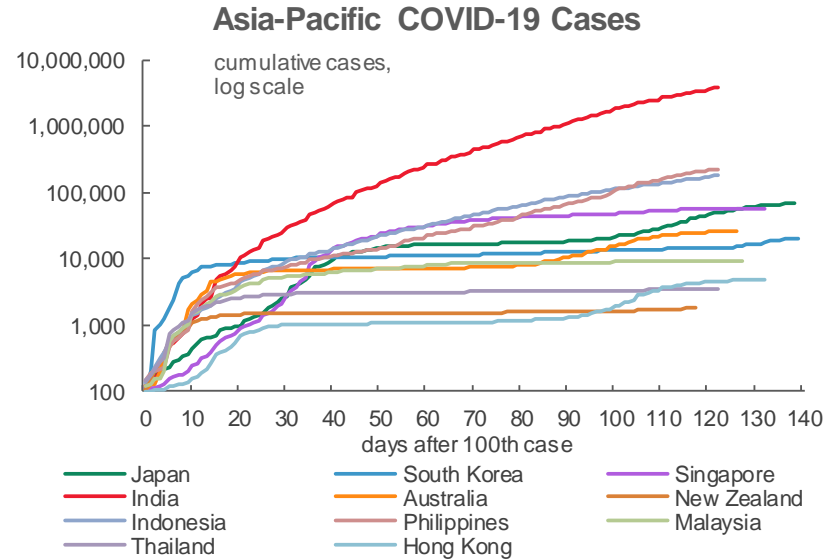
# The Main Downside Risks to the Global/Asian Economic Outlook:



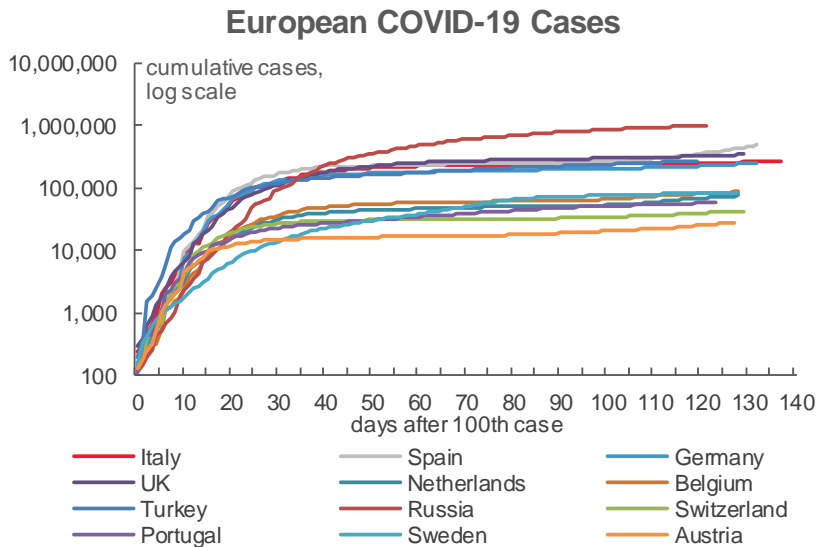
# #1 Risk to the Outlook: New Large Waves of Covid-19 Infections



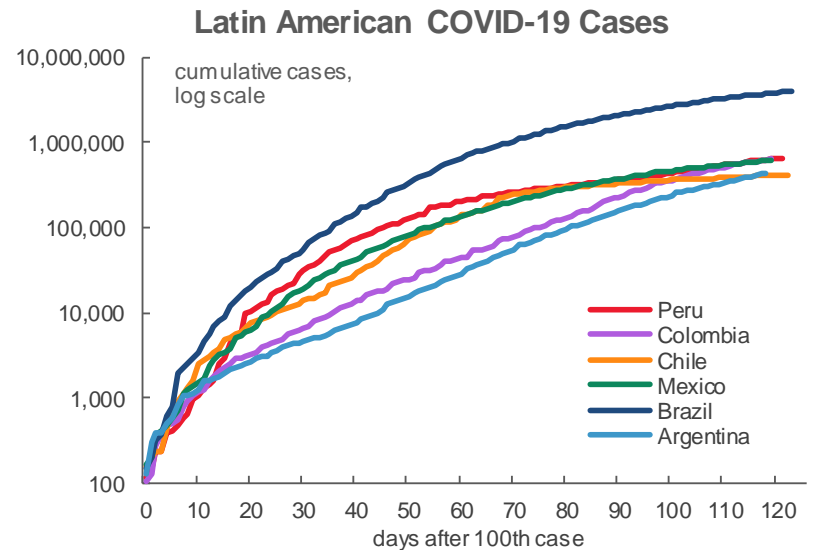
Sources: Scotiabank Economics, Johns Hopkins.



Sources: Scotiabank Economics, Johns Hopkins.

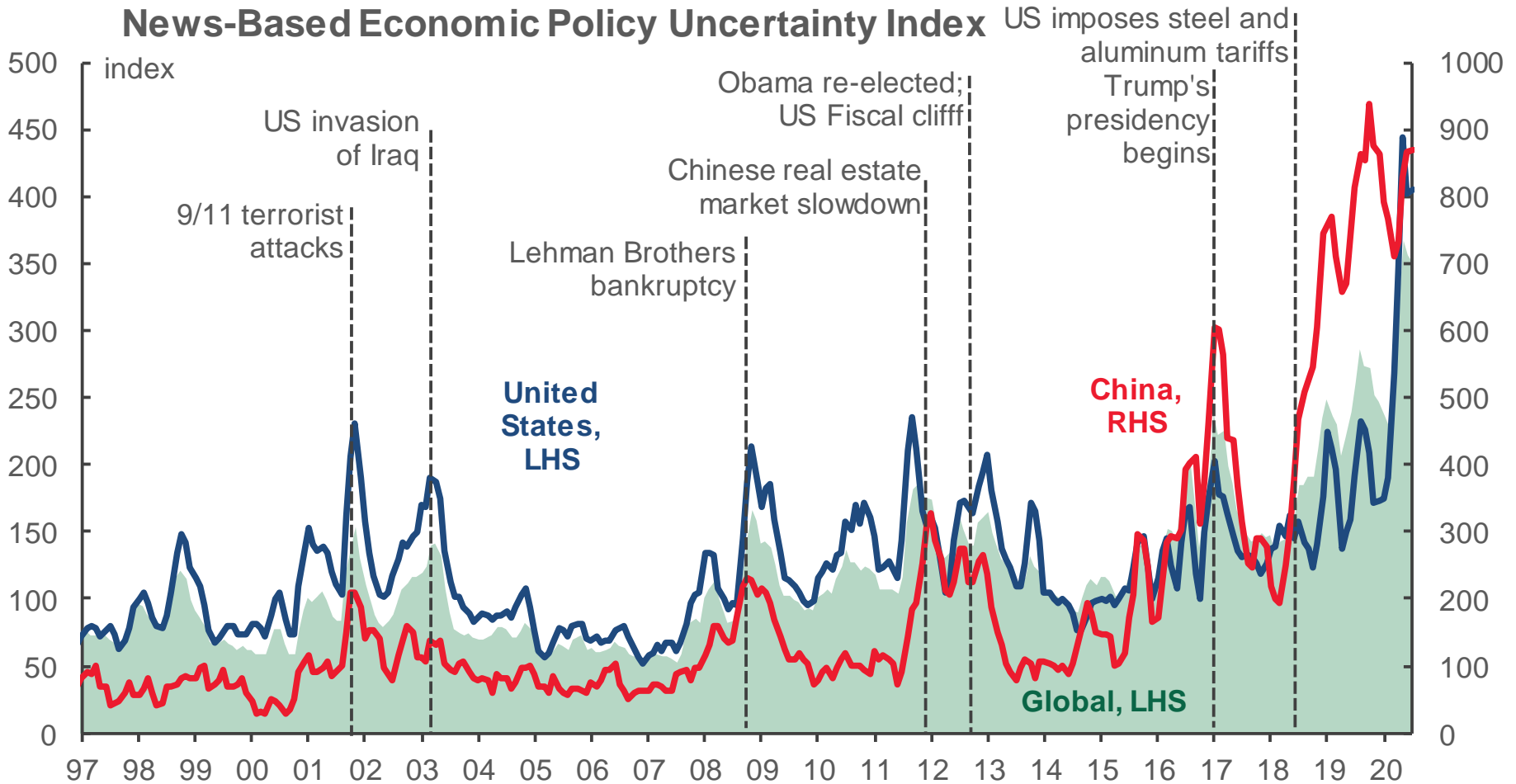


Sources: Scotiabank Economics, Johns Hopkins.



Sources: Scotiabank Economics, Johns Hopkins.

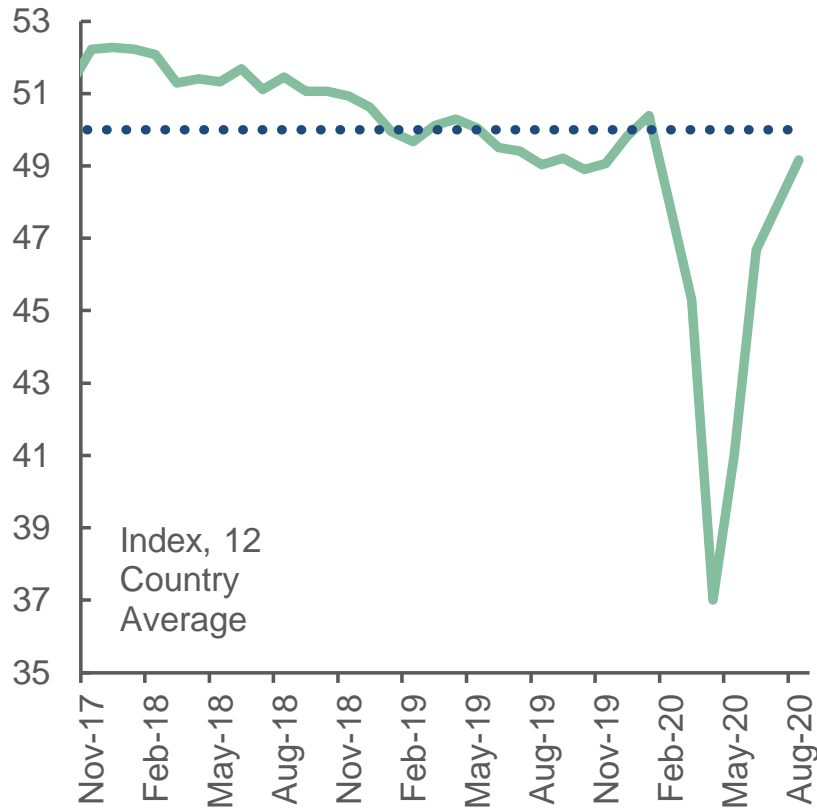
# #2 Risk to the Outlook: Further Escalation of the US-China Conflict



Sources: Scotiabank Economics, Haver Analytics.

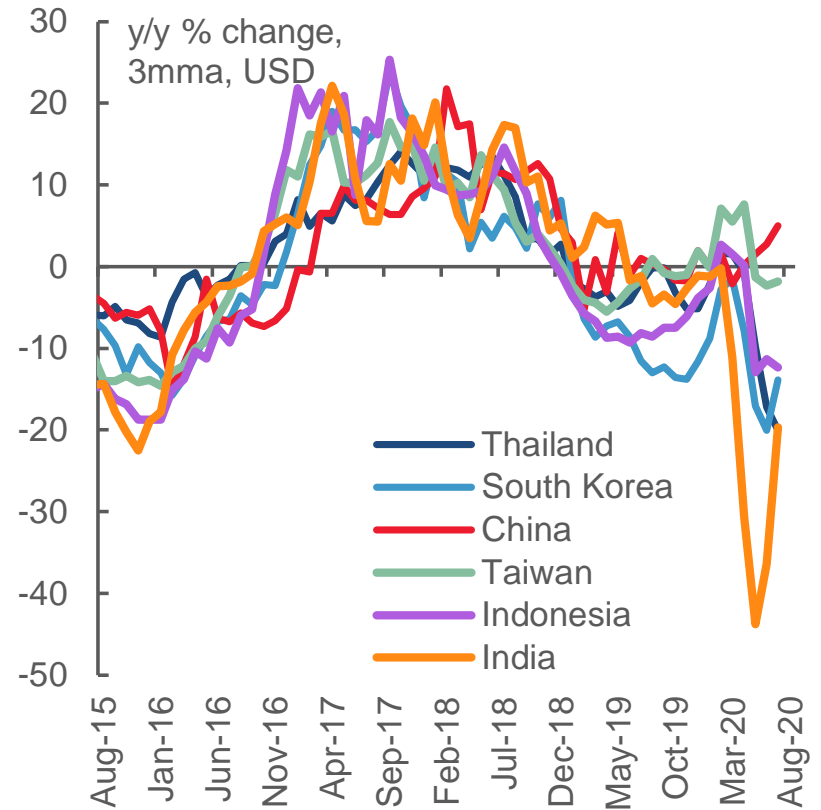
# Asian External Sector Recovery Is Underway

## Asian Manufacturing Sector PMI



Sources: Scotiabank Economics, Bloomberg.

## Asian Merchandise Exports

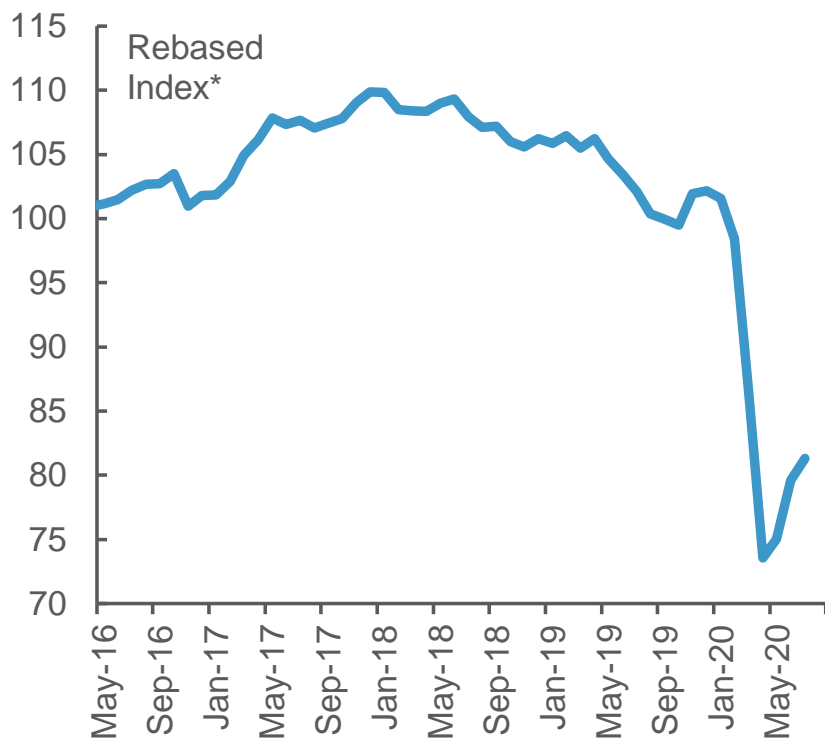


Sources: Scotiabank Economics, Bloomberg.



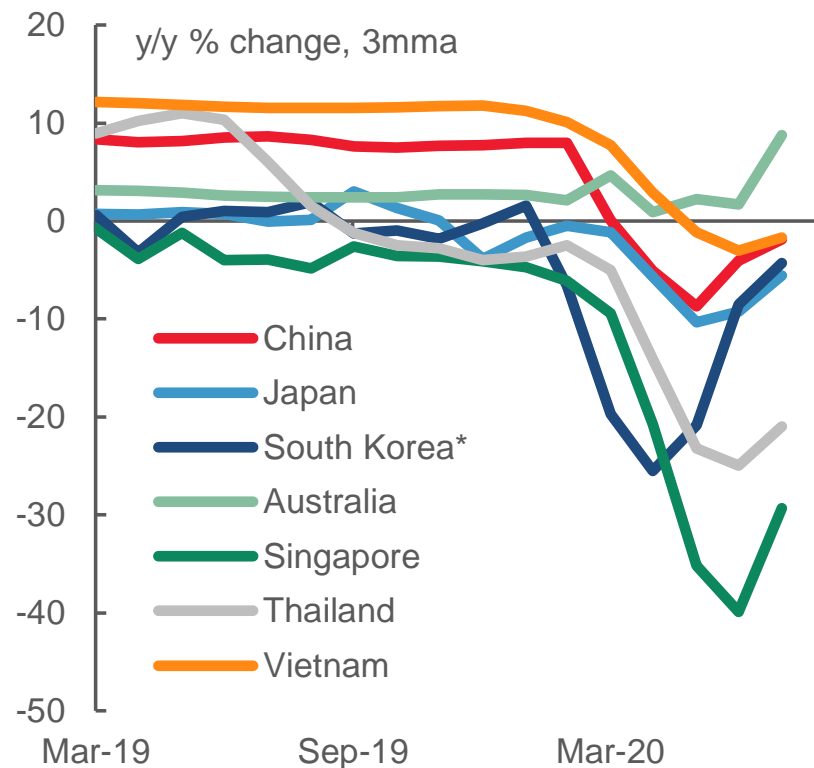
# Soft Confidence to Weigh on Domestic Demand & GDP Growth

## APAC Consumer Confidence



Sources: Scotiabank Economics, Bloomberg.  
 \* Japan, South Korea, Australia, Indonesia, and Thailand.

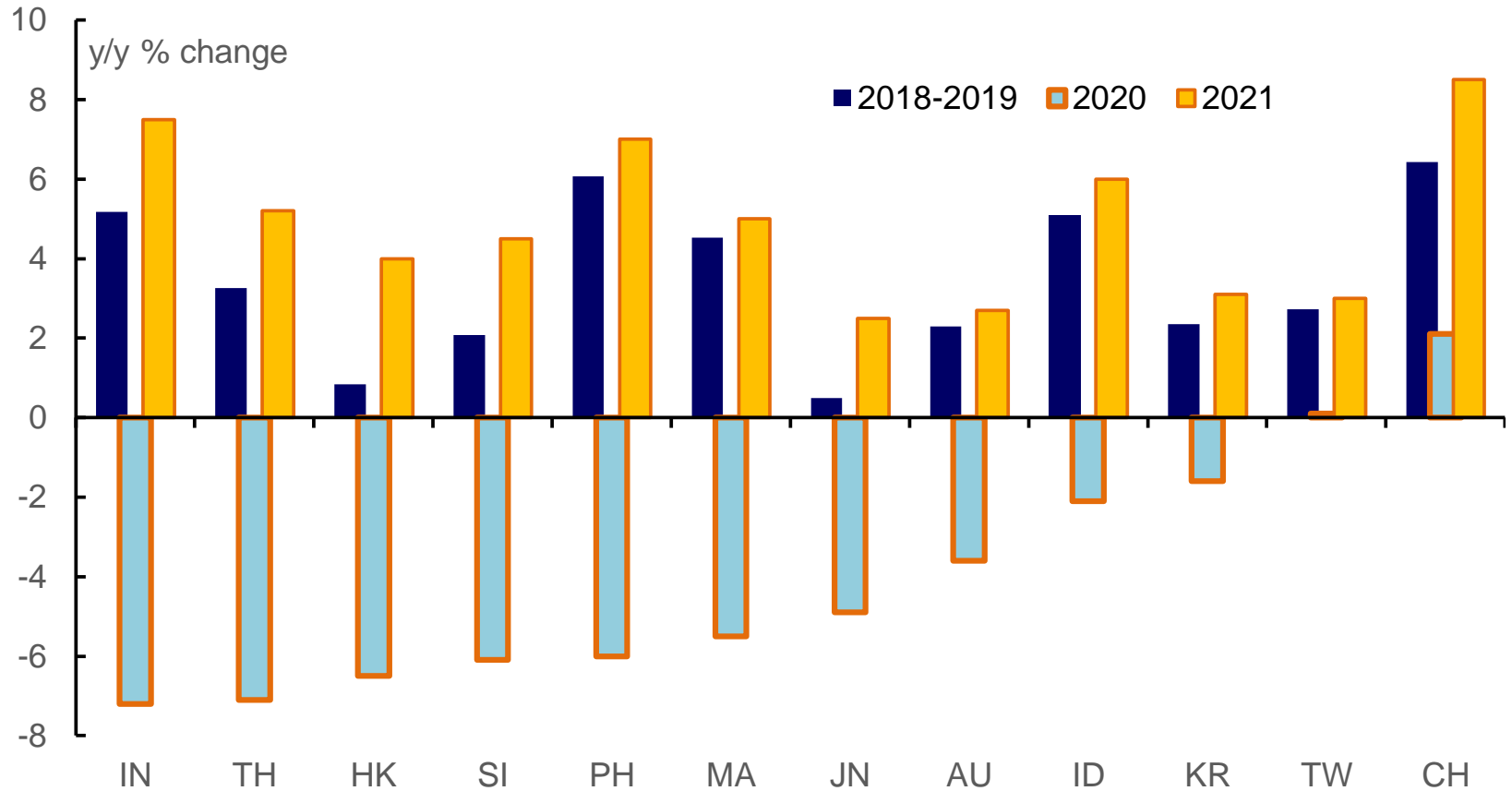
## Retail Sales



\* Department Store Sales.  
 Sources: Scotiabank Economics, Bloomberg.

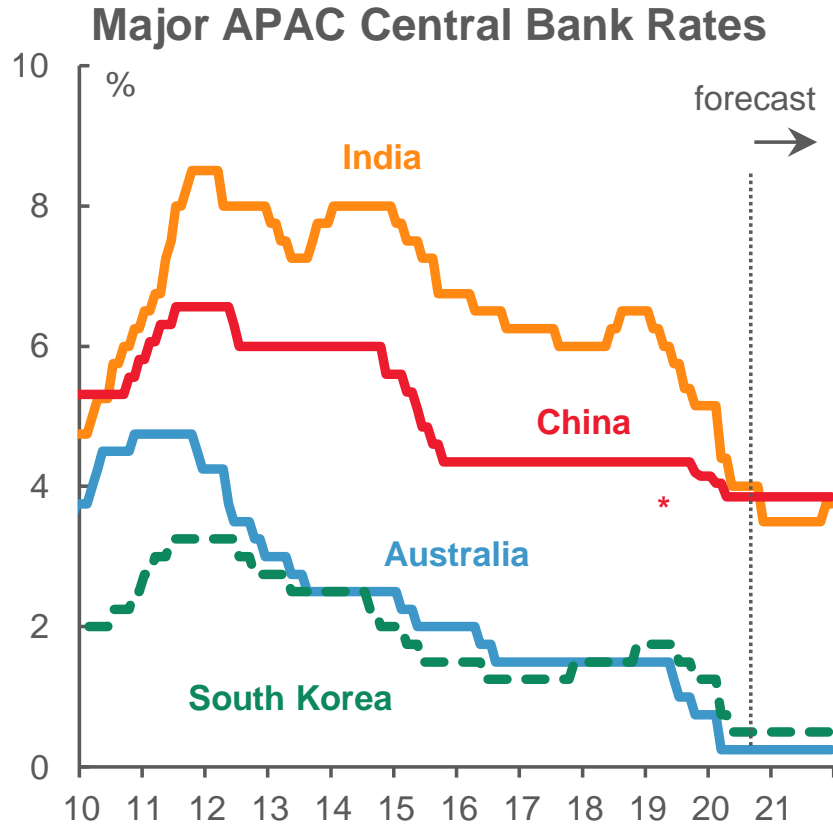
# Asia-Pacific Real GDP Growth to Rebound Strongly in 2021

## Asia-Pacific Economies' Real GDP Growth

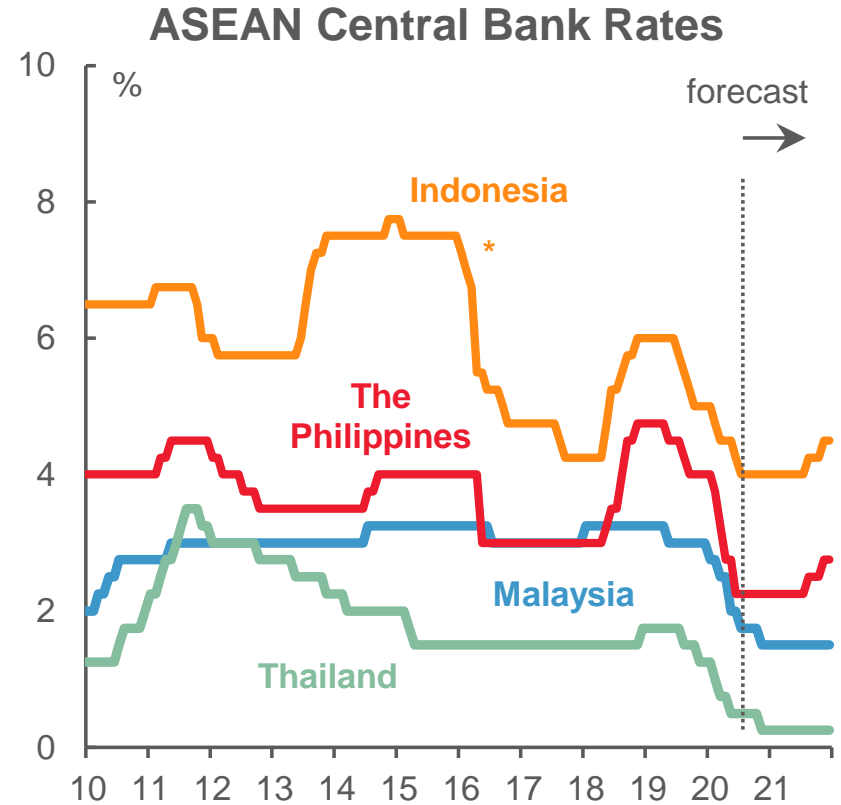


Sources: Scotiabank Economics, IMF WEO Apr 2020.

# Significant Monetary Easing to Assist with Economic Recovery



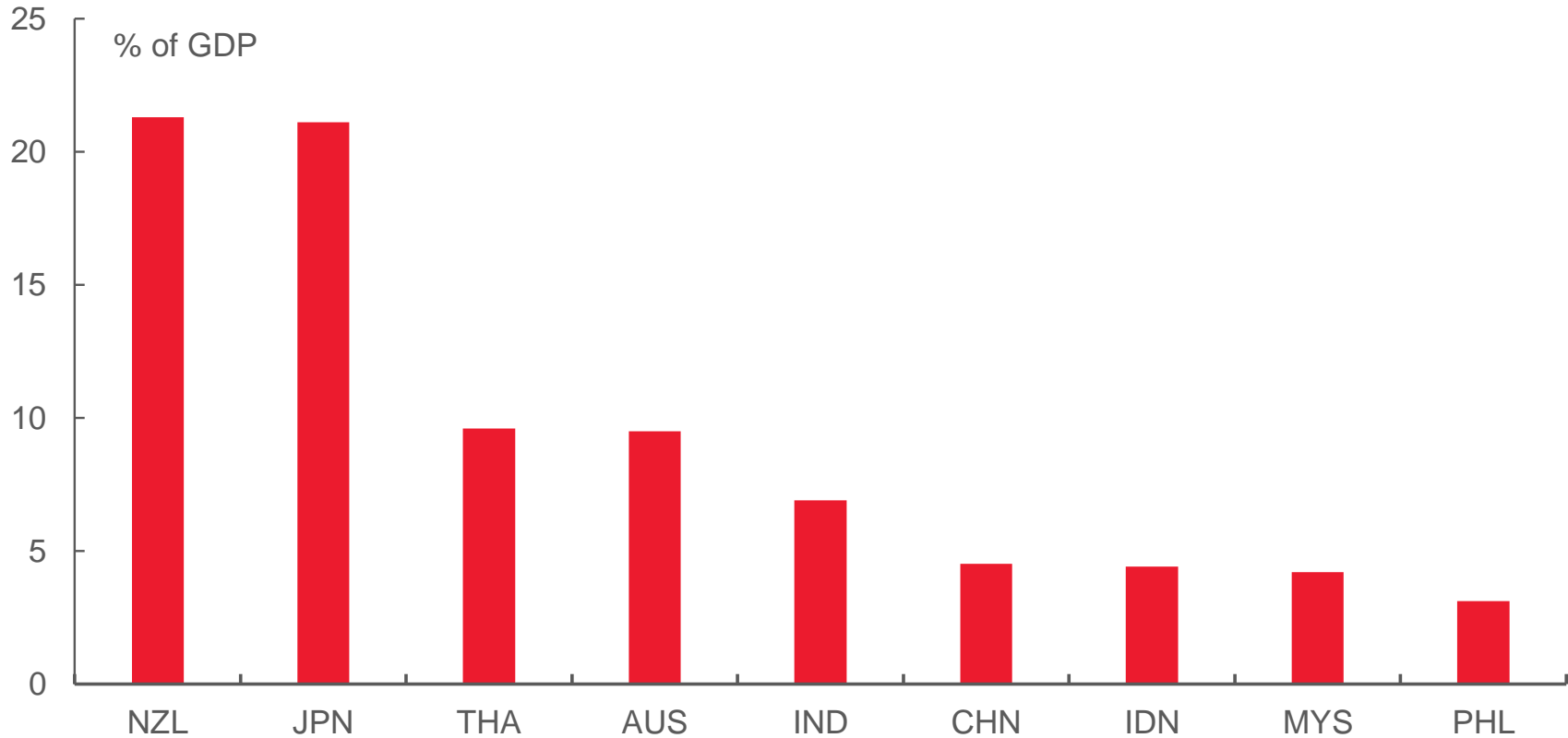
Sources: Scotiabank Economics, Bloomberg.  
 \*PBoC launched a new benchmark lending rate, the 1-Year Loan Prime Rate, in August 2019.



Sources: Scotiabank Economics, Bloomberg.  
 \* BI started using a new policy rate, the 7-day reverse repo on August 2016.

# Growth-Supportive Fiscal Policies Cushion the COVID-19 Blow

## APAC Fiscal Stimulus Responses\*

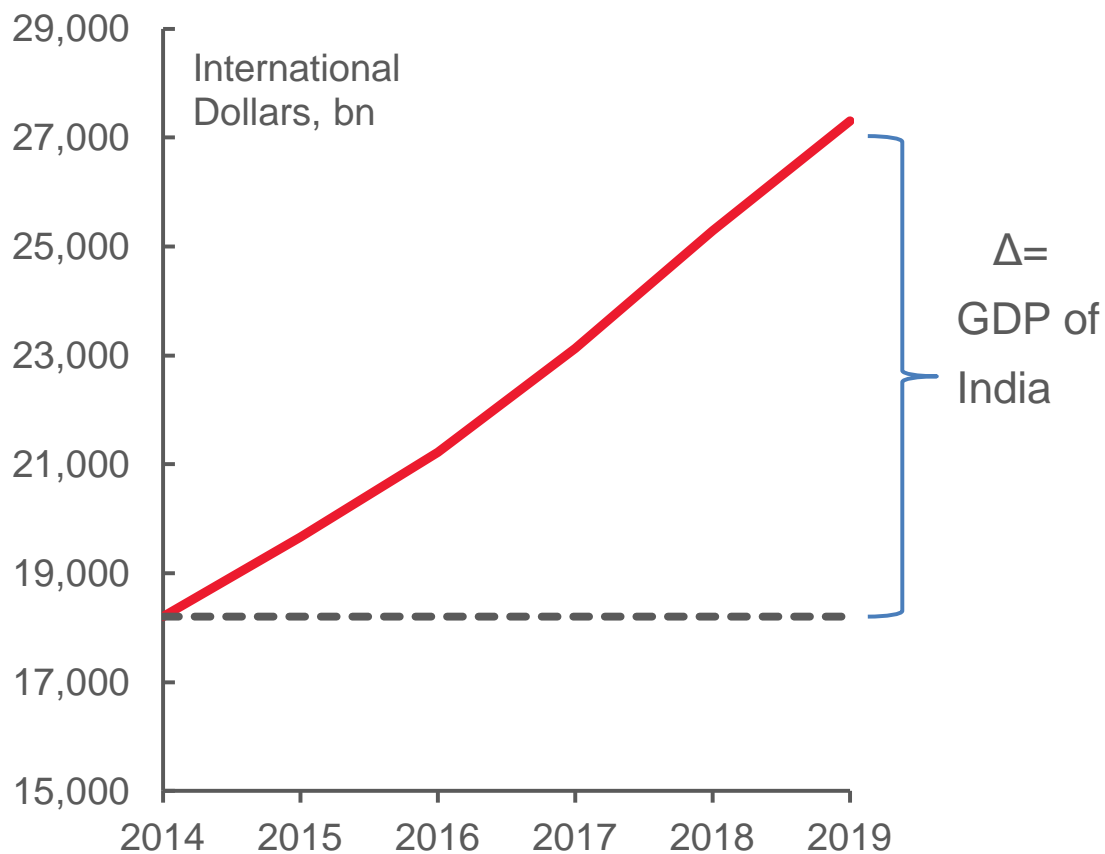


\*Figures represent all-inclusive fiscal stimulus in the forms of direct spending, tax relief, and below-the-line measures

Sources: Scotiabank Economics. IMF Policy Response Tracker.

# China — the One and Only EM Giant

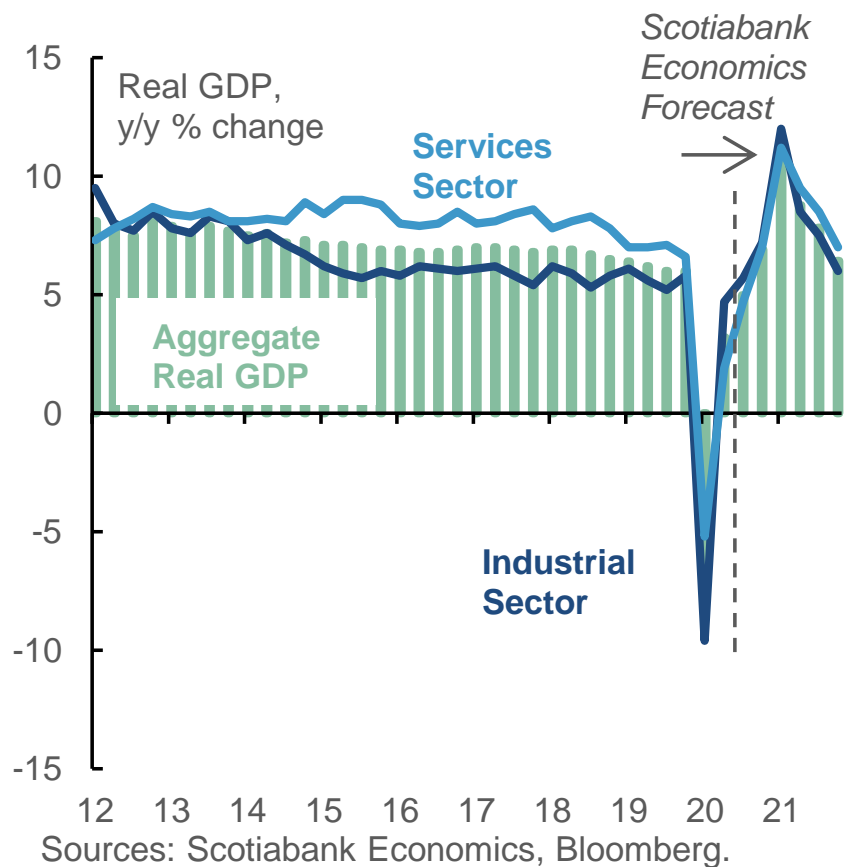
## China added "another India" to its GDP over the past 5 years!



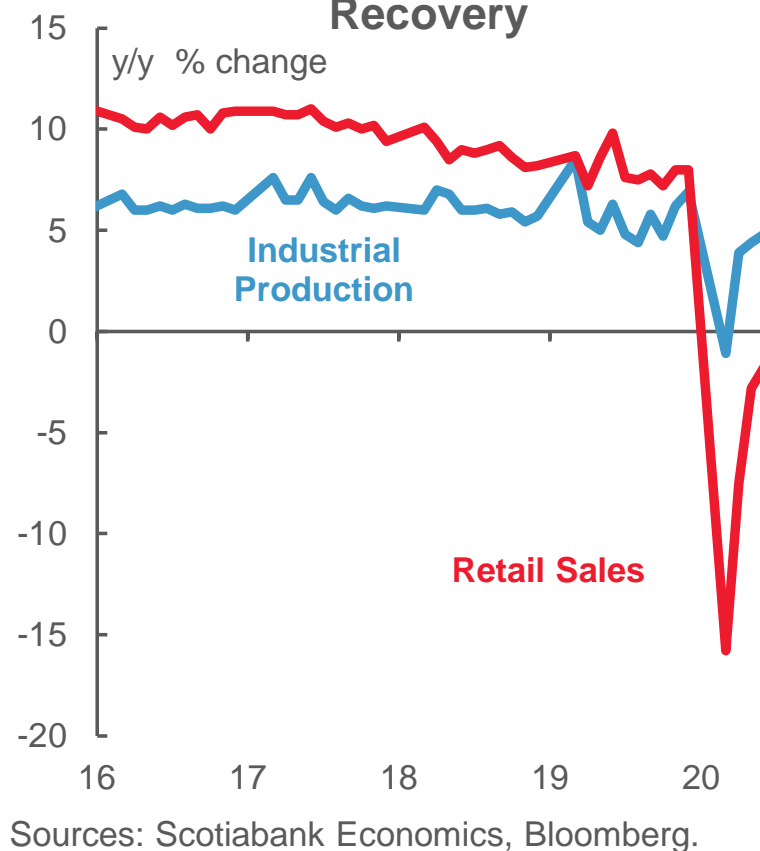
Sources: Scotiabank Economics, IMF.

# First in & First out: China Leads the Global Economic Recovery

## China's Real GDP Growth

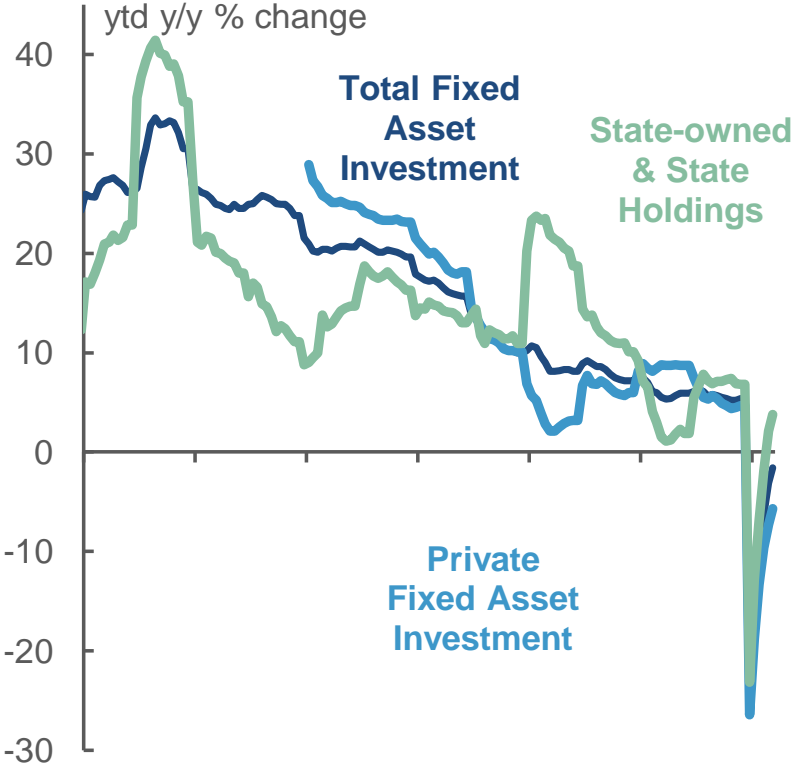


## China's Economic Slump & Recovery



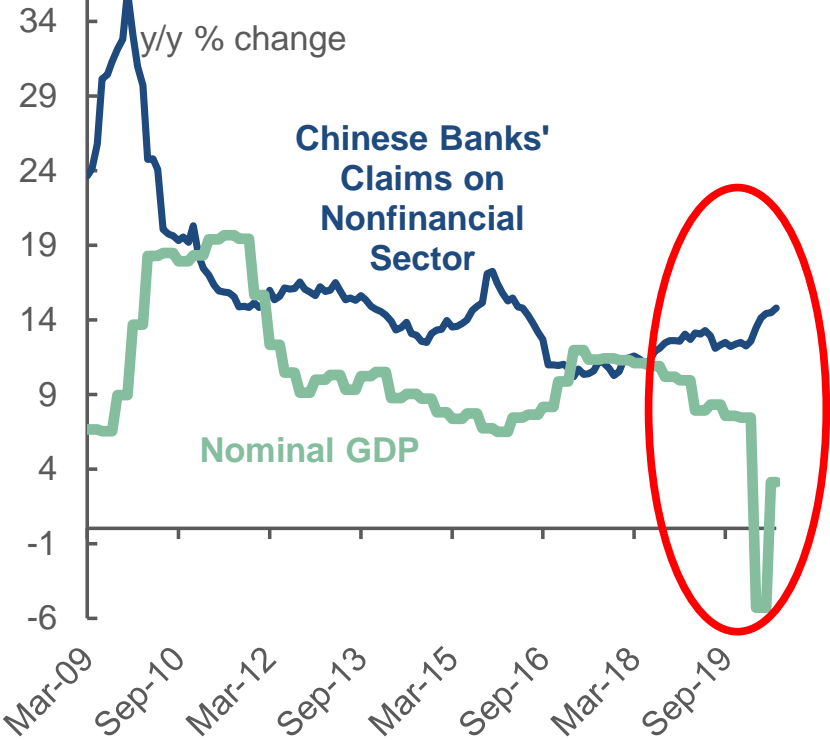
# China's Recovery Boosted by Public Investment & Credit

### China's Investment Growth



Sources: Scotiabank Economics, Bloomberg.

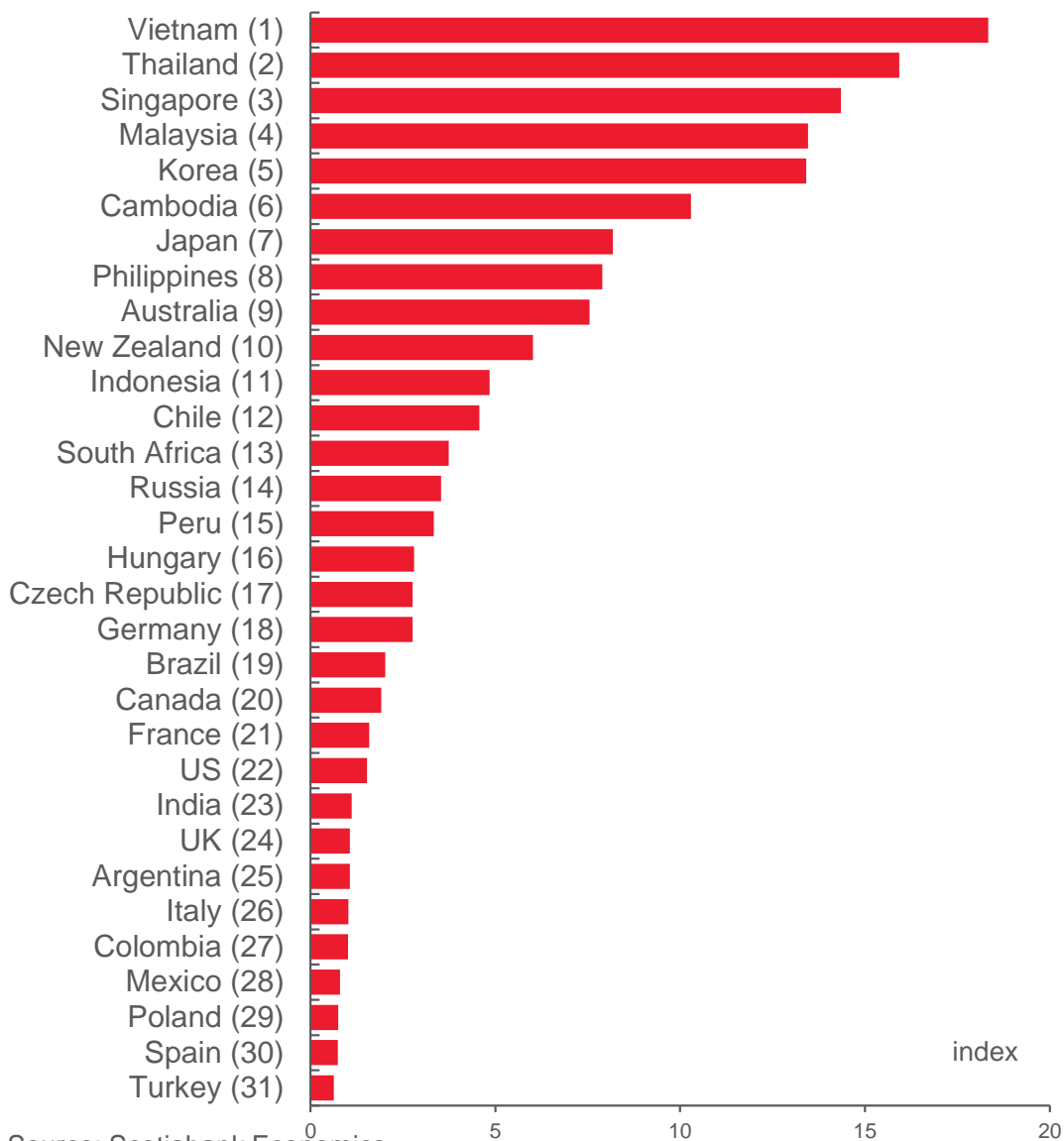
### Domestic Credit Growth vs. GDP Growth



Sources: Scotiabank Economics, National Bureau of Statistics of China, The People's Bank of China.

# The Chinese Economy Has a Significant Impact on Other Countries

## Global Country Ranking: Trade Exposure to the Chinese Economy



Trade exposure index is based on the following variables:

- 1) Goods Exports to China & HK in 2019, % of GDP
- 2) Domestic Value-Added in Global Goods Exports to China in 2015, % of GDP
- 3) Domestic Value-Added in Global Services Exports to China in 2015, % of GDP
- 4) Tourist arrivals from China in 2018, % of total arrivals

Source: Scotiabank Economics.

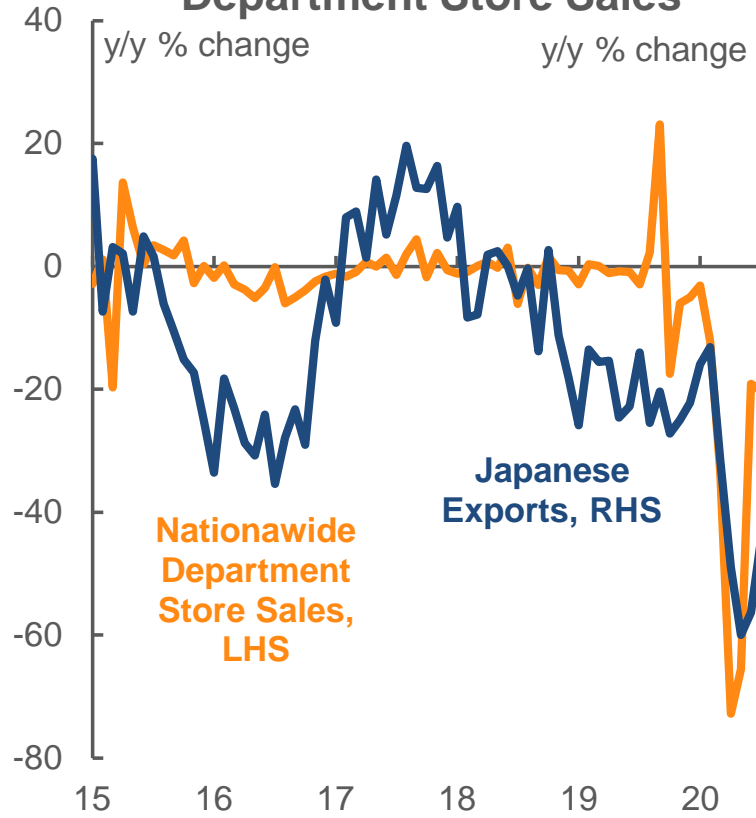


# Our Twitter Handle: @ScotiaEconomics



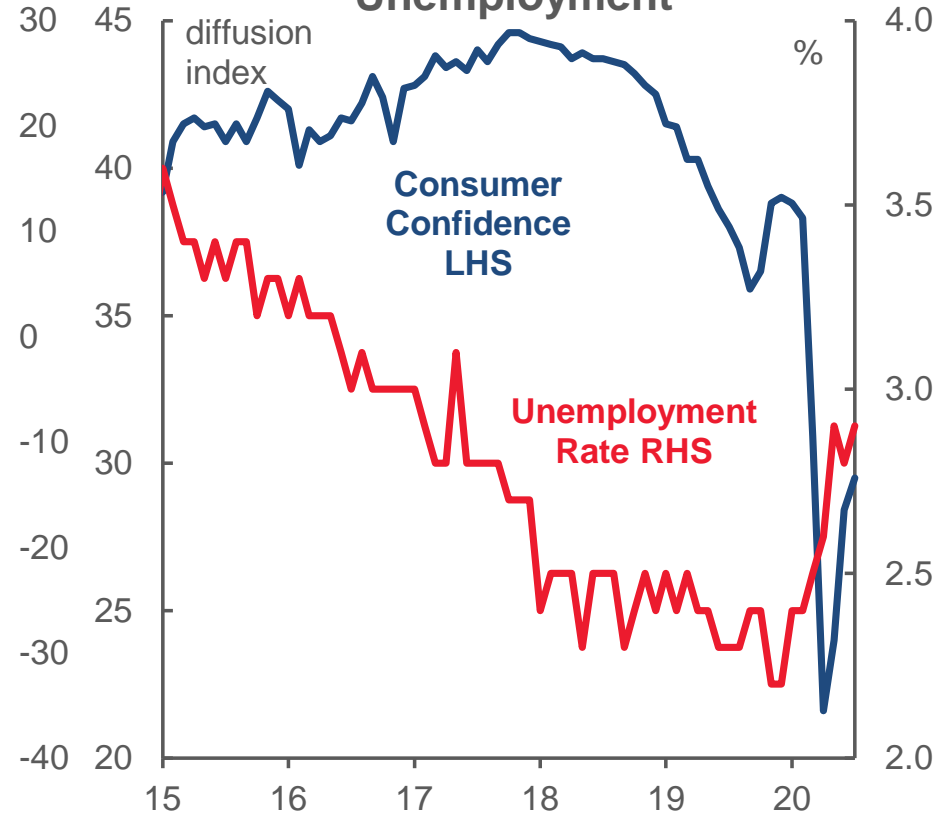
# Japan Is Gradually Getting Back on Its Feet

## Japan's Exports and Domestic Department Store Sales



Sources: Scotiabank Economics, Bloomberg.

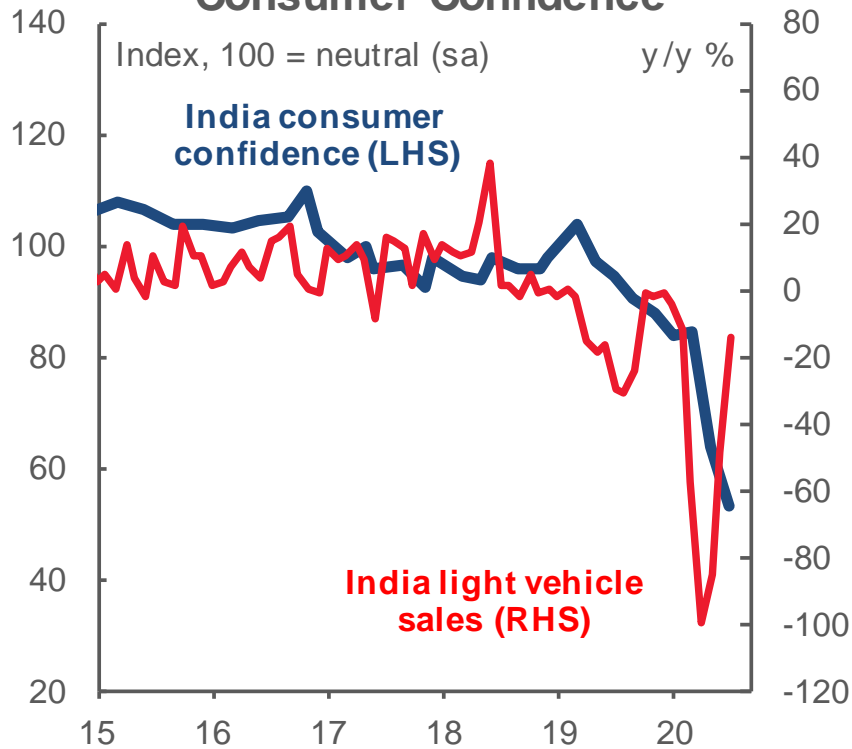
## Japanese Consumer Confidence & Unemployment



Sources: Scotiabank Economics, Bloomberg.

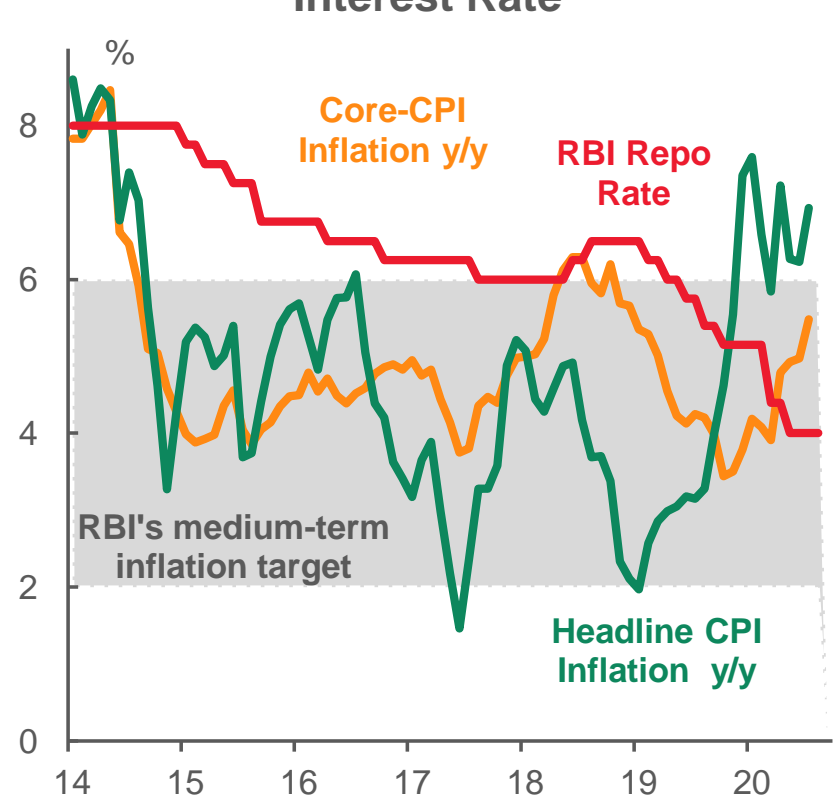
# India's Recovery Dampened by Continued COVID-19 Struggles

## India's Vehicle Sales and Consumer Confidence



Sources: Scotiabank Economics, Wards Automotive, Reserve Bank of India.

## India's Inflation and Benchmark Interest Rate



Sources: Scotiabank Economics, Bloomberg.

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