

The *AREO 2020* is based on information available as of March 16, 2020. It was prepared prior to the publication of much of members' macroeconomic data for February, when the impact of the COVID-19 epidemic was starting to manifest. Therefore, it does not include substantial in-depth analysis on the impact of what has become a global pandemic, nor many of the related policy responses that were subsequently announced by member authorities. The COVID-19 pandemic has significantly increased the uncertainty and downside risks around the global and regional outlook. AMRO staff will continue to update their analyses and projections, taking into account new data releases and policy responses.

# Launch Presentation

# ASEAN+3 Regional Economic Outlook 2020

# (AREO)

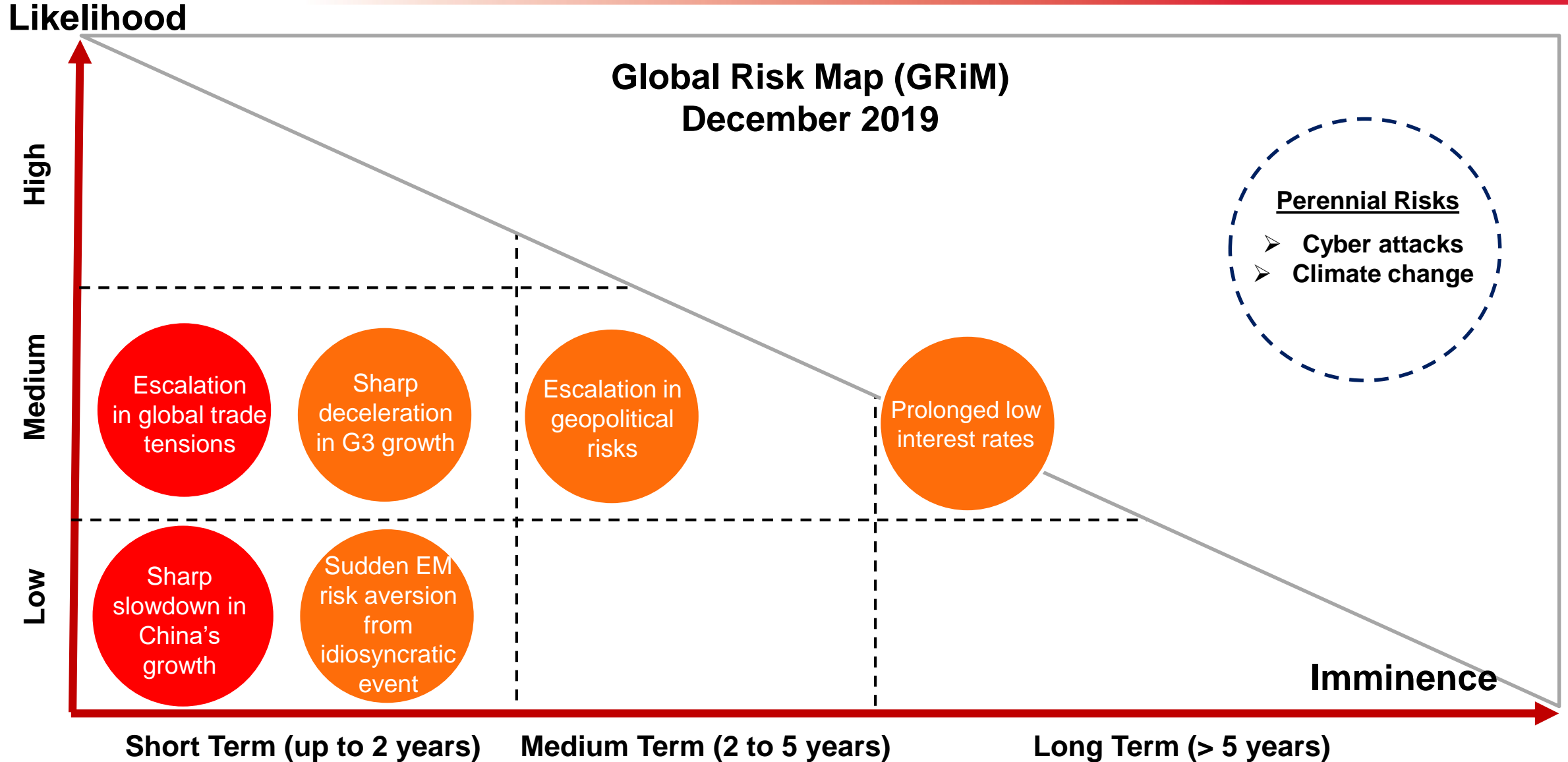
Singapore  
April 7, 2020

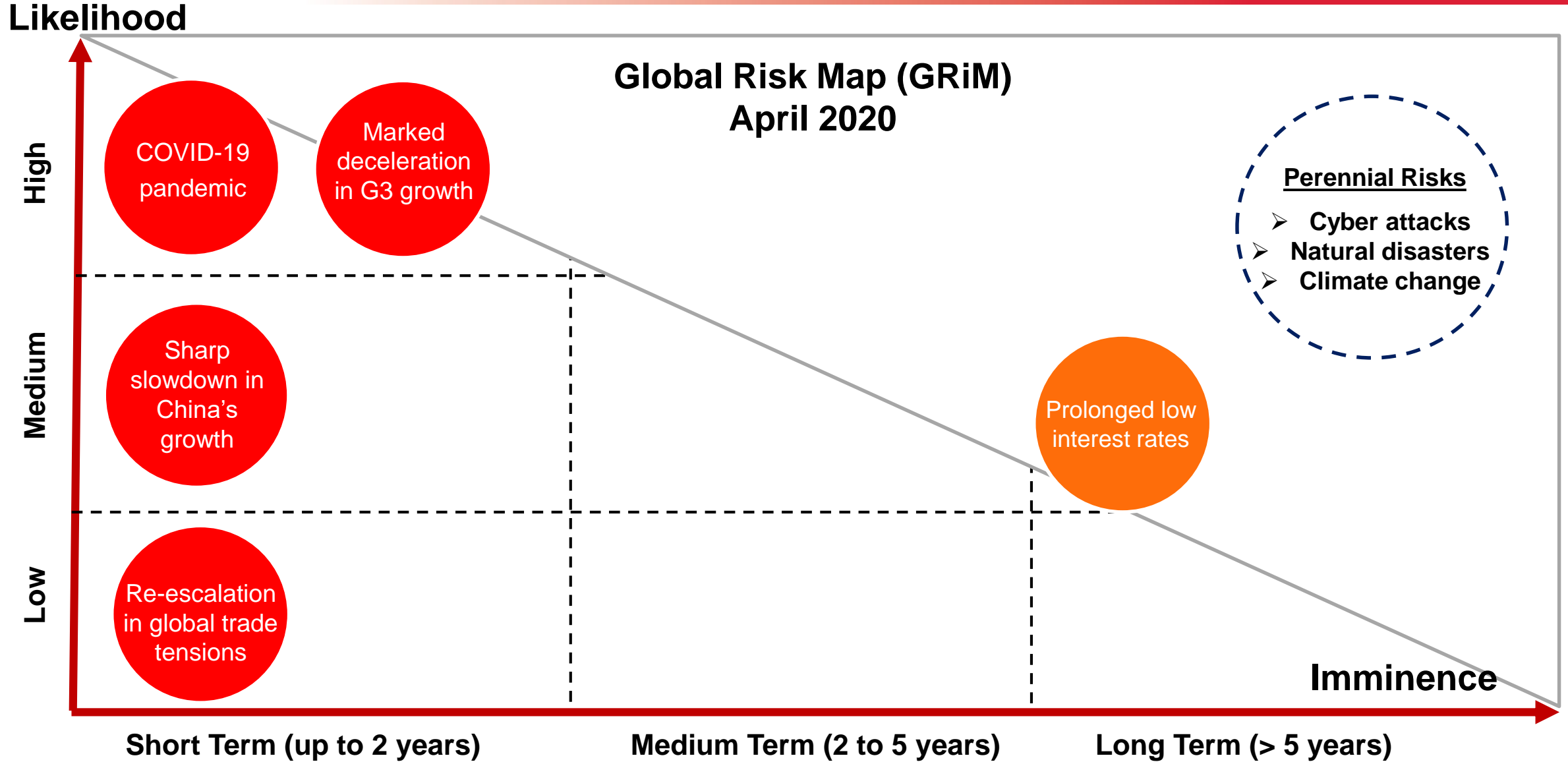
***“You don't make the timeline, the virus makes the timeline.”***

Anthony S. Fauci  
Director, US National Institute of Allergy and Infectious Diseases



# A GRiM Outlook







## Trade Trepidations

***Until the coronavirus outbreak, there were early signs that the region's manufacturing sector and exports were turning the corner...***

## ASEAN+3: Purchasing Managers' Index for Manufacturing

Economy	2018	2019	2020	Change from Prev Month
	Jan to Dec	Jan to Dec	Jan to Mar	
<b>PLUS-3</b>				↓ -6.7
China				↑ 9.8
Hong Kong				↓ -13.7
Japan				↓ -3.0
Korea				↓ -4.5
<b>ASEAN</b>				↓ -6.8
Indonesia				↓ -6.6
Malaysia				↓ -0.1
Philippines				↓ -12.6
Singapore				↓ -4.4
Thailand				↓ -2.8
Myanmar				↓ -4.5
Vietnam				↓ -7.1

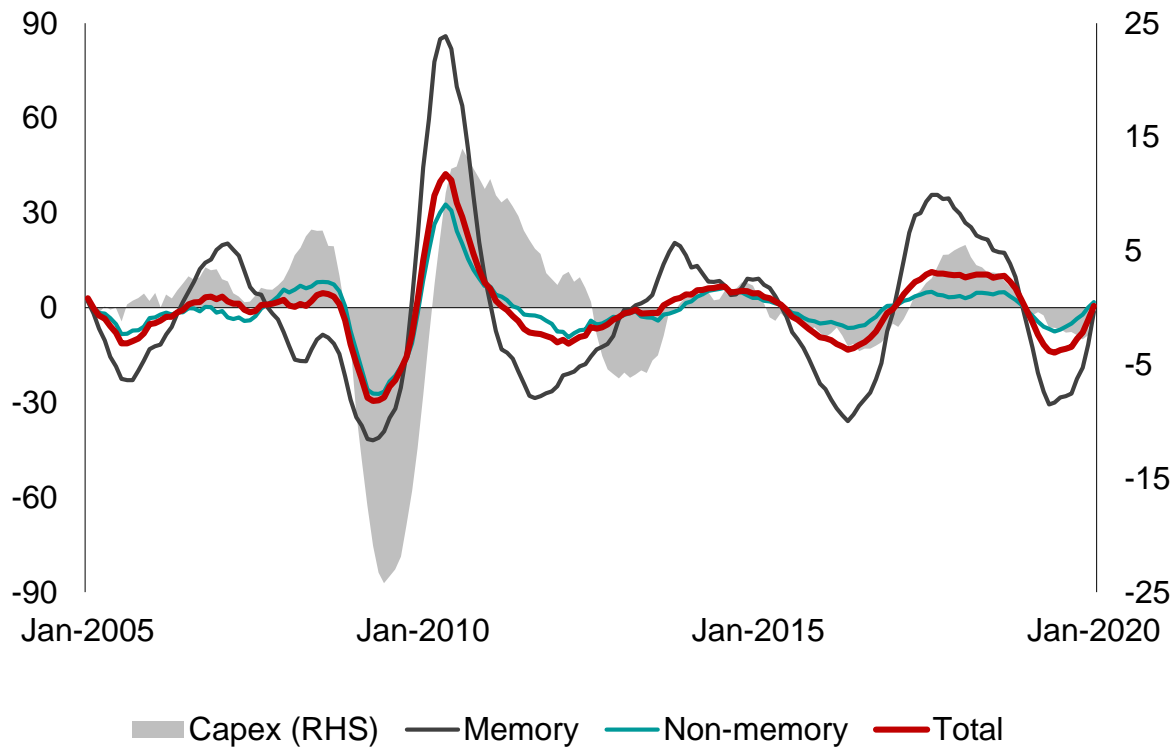
## ASEAN+3: Total Merchandise Exports (Percent year-on-year)

Economy	2018	2019	2020	Change from Prev Month
	Jan to Dec	Jan to Dec	Jan to Mar	
<b>PLUS-3</b>				↑ 7.3
China				↑ 9.1
Hong Kong				↑ 27.3
Japan				↑ 2.2
Korea				↓ -4.5
<b>ASEAN</b>				↓ -1.0
Brunei				↑ 25.4
Cambodia				↓ -16.3
Indonesia				↑ 13.1
Lao PDR				↓ -13.1
Malaysia				↓ -3.9
Myanmar				↑ 42.9
Philippines				↓ -11.9
Singapore				↑ 4.8
Thailand				↓ -8.0
Vietnam				↓ -62.1

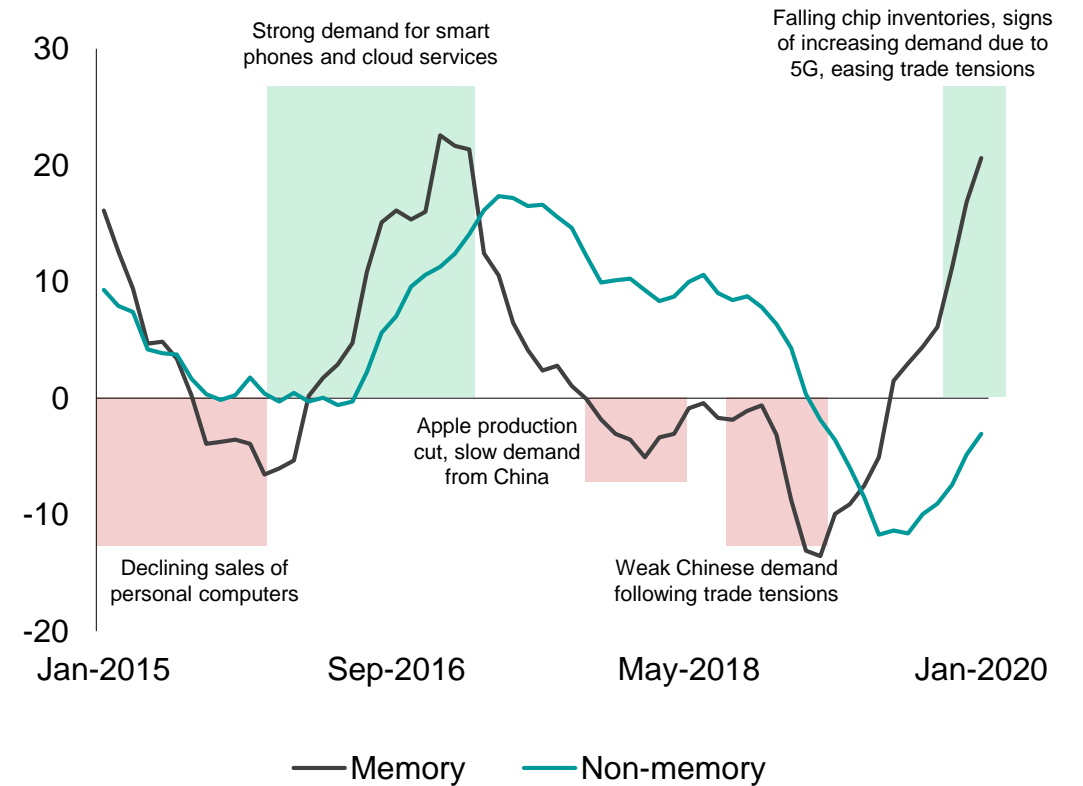


*...and the semiconductor cycles had troughed and were turning around, with capital expenditure not far behind*

**Global Semiconductor and Capex Cycles**  
(Percent year-over-year; 6-month moving average)

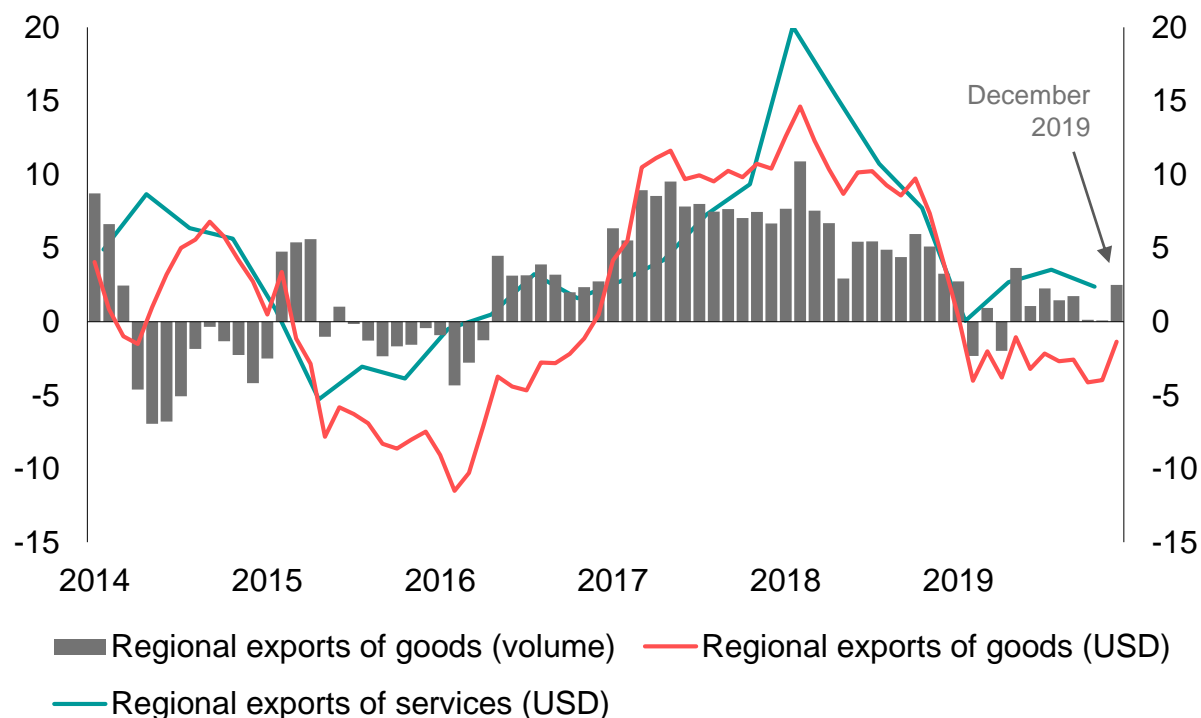


**Global Demand for Semiconductor Products**  
(Percent year-over-year; 3-month moving average)

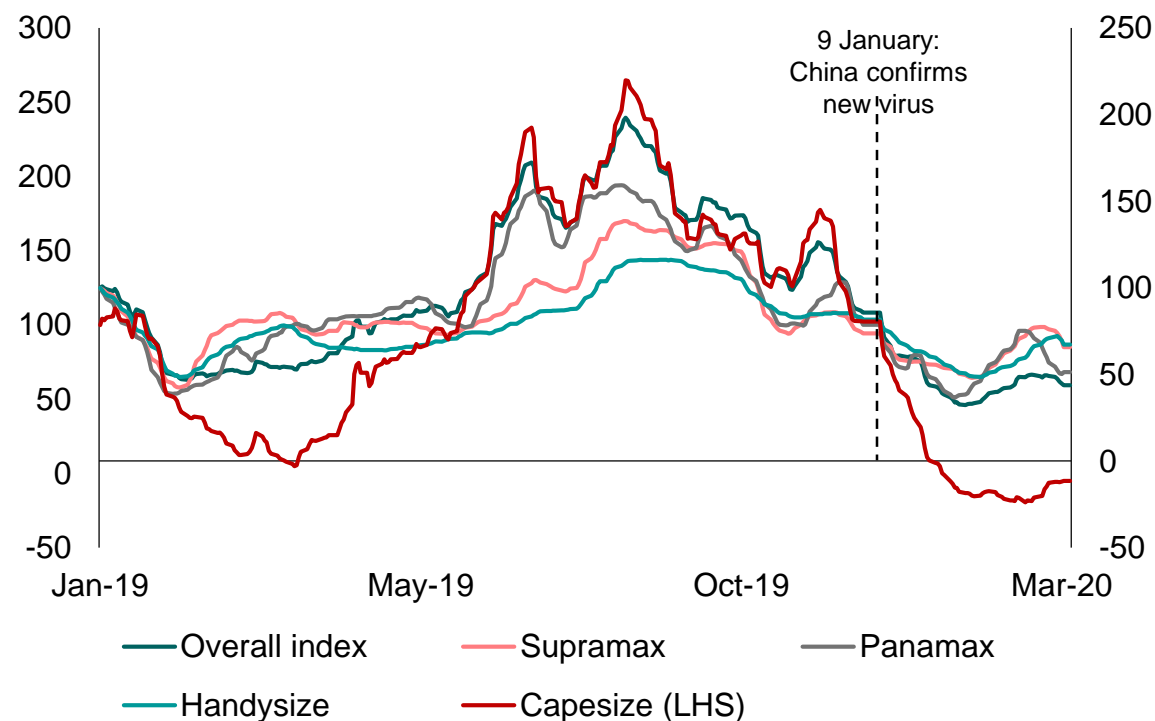


**However, the downturn in recent global shipping activity highlights the pandemic's disruption to intra-regional and global trade in goods...**

**ASEAN+3: Goods and Services Exports**  
(Percent year-over-year; 3-month moving average)

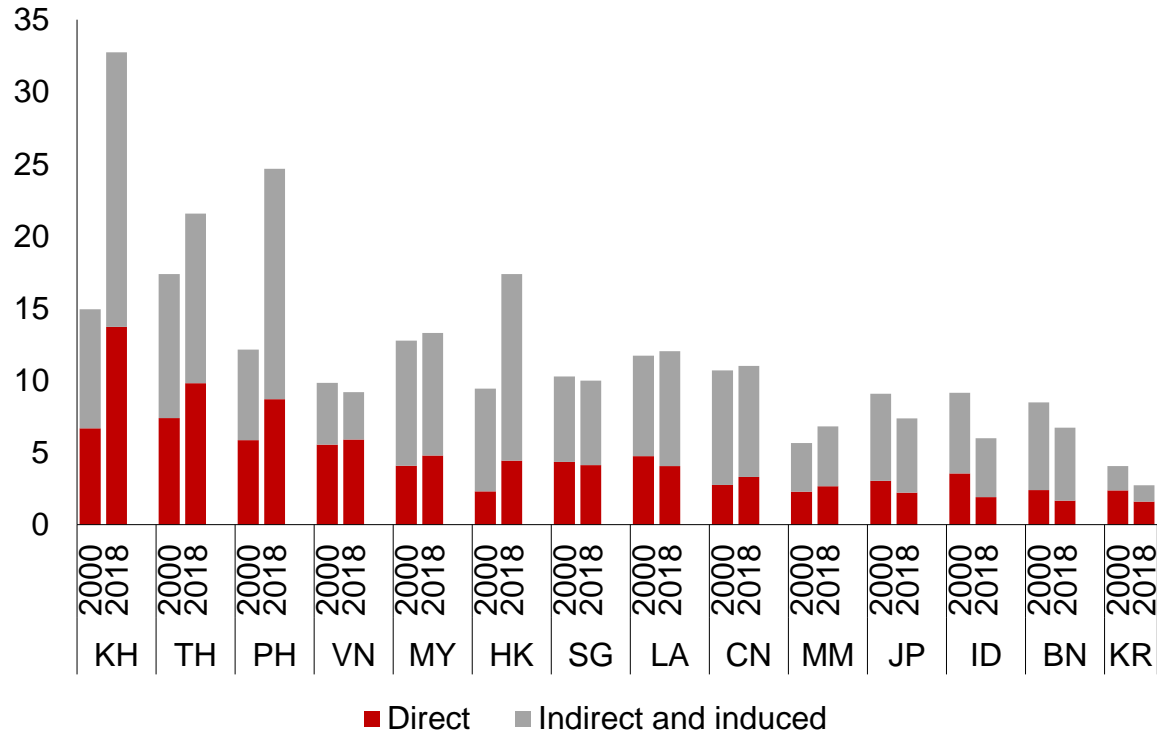


**Baltic Dry Index: Headline and Sub-indices**  
(January 1, 2019 = 100)

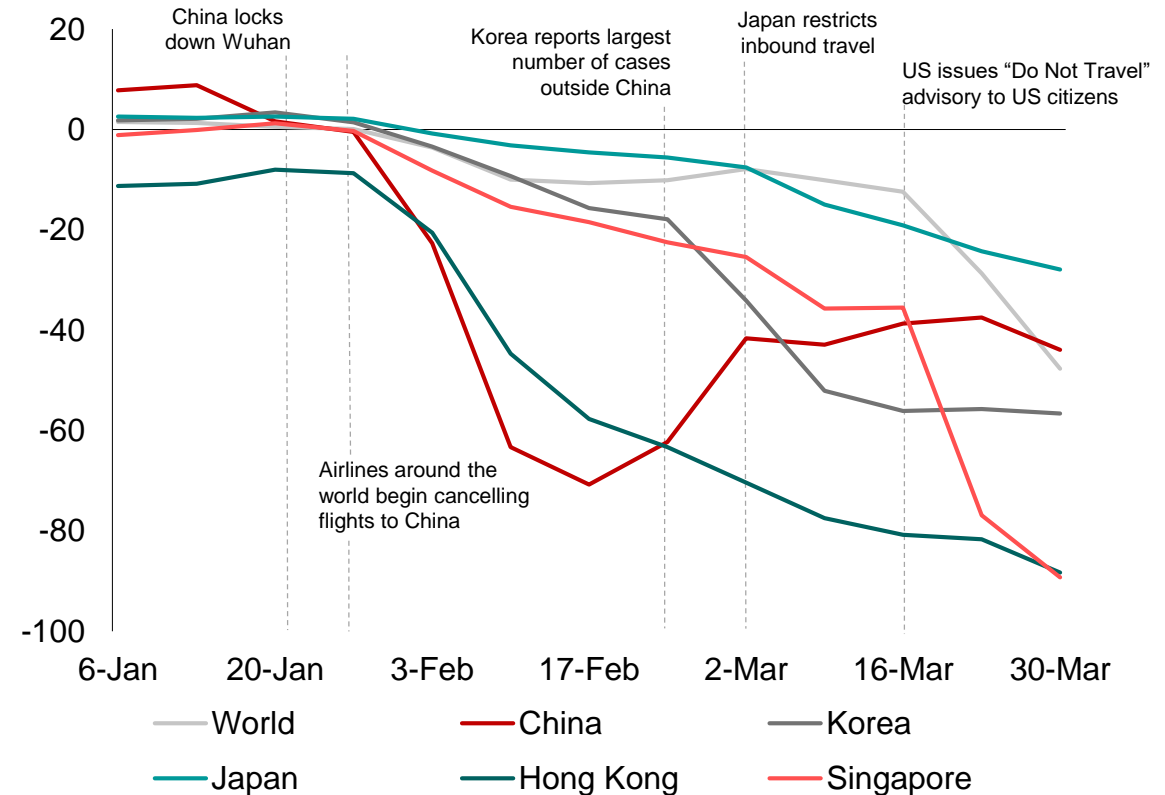


**...and there are strong indications that services have also been severely affected, particularly those related to the key travel and tourism sector**

### ASEAN+3: Travel and Tourism Contribution to GDP, 2000 versus 2018 (Percent)



### International Flights: Number of Departures (Percent year-on-year)

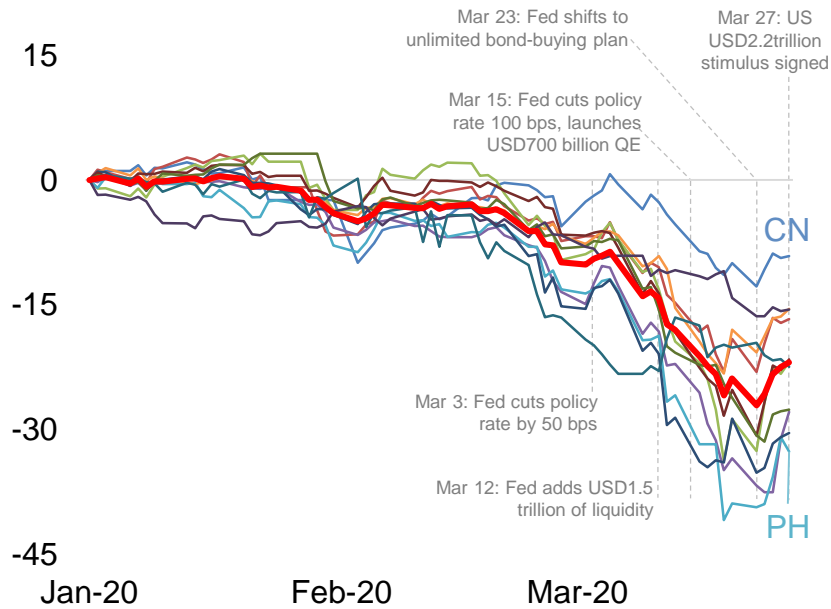




## Fear in Financial Markets

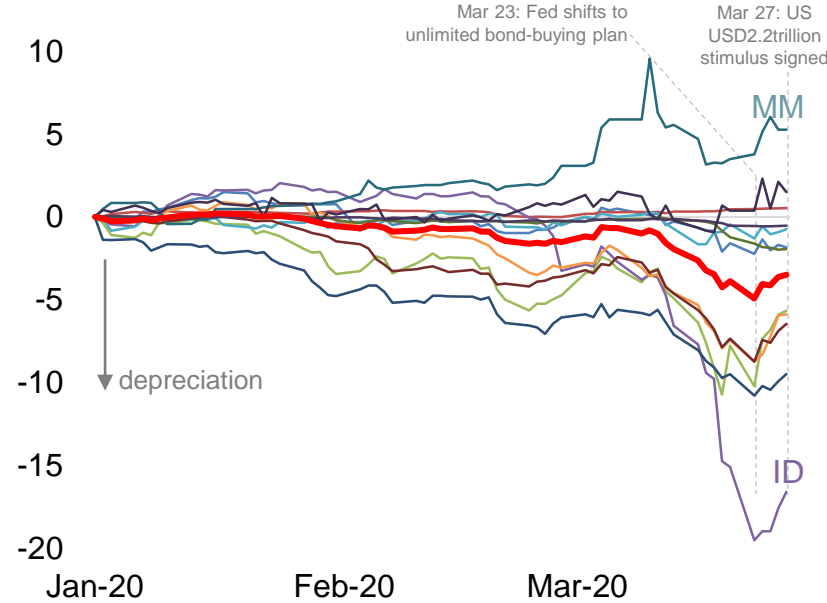
## ASEAN+3: Performance of Equity, Exchange Rate and Government Bond Markets, as of March 27, 2020

### Equity index



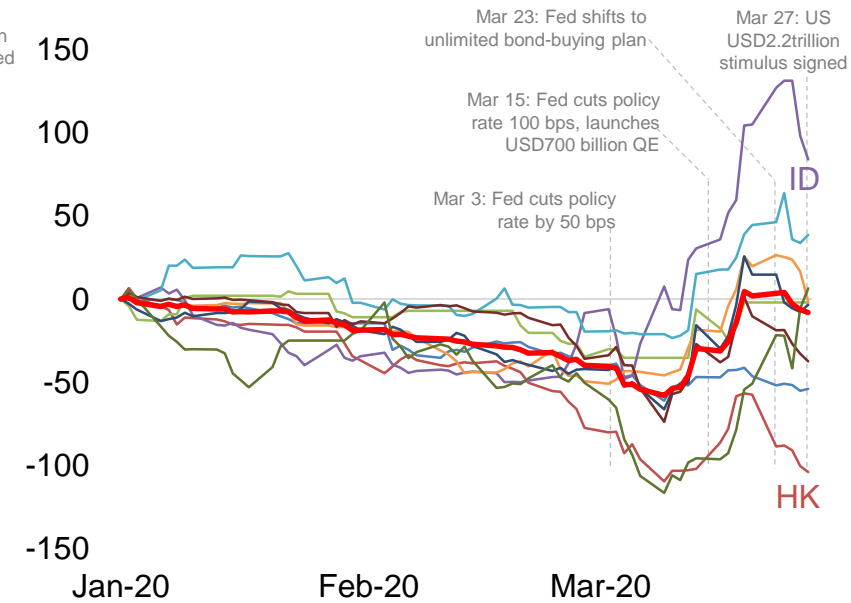
— CN (-9.1)	— HK (-16.7)	— KR (-21.8)
— ID (-27.8)	— PH (-32.6)	— MY (-15.5)
— TH (-30.4)	— SG (-21.5)	— VN (-27.6)
— LA (-15.5)	— KH (-22.4)	— Equity (average)

### Currency (against USD)



— CN (-1.8)	— HK (0.5)	— KR (-5.7)
— ID (-16.6)	— PH (-0.7)	— MY (-5.9)
— TH (-9.5)	— SG (-6.5)	— VN (-1.9)
— LA (-0.5)	— MM (5.3)	— KH (1.5)
— FX (average)		

### 10-year yield (basis points)

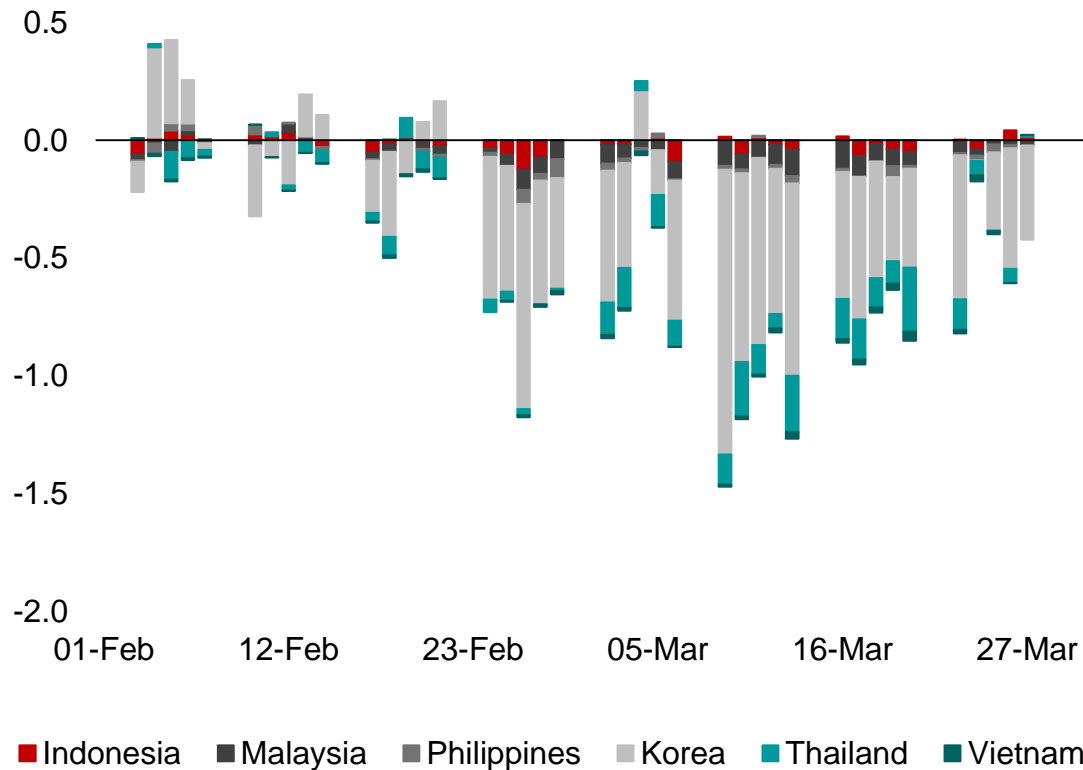


— CN (-54bp)	— HK (-104bp)
— KR (-2.1bp)	— ID (84bp)
— PH (38.5bp)	— MY (-1.3bp)
— TH (-3.4bp)	— SG (-37.4bp)
— VN (6.4bp)	— Bond yields (average)

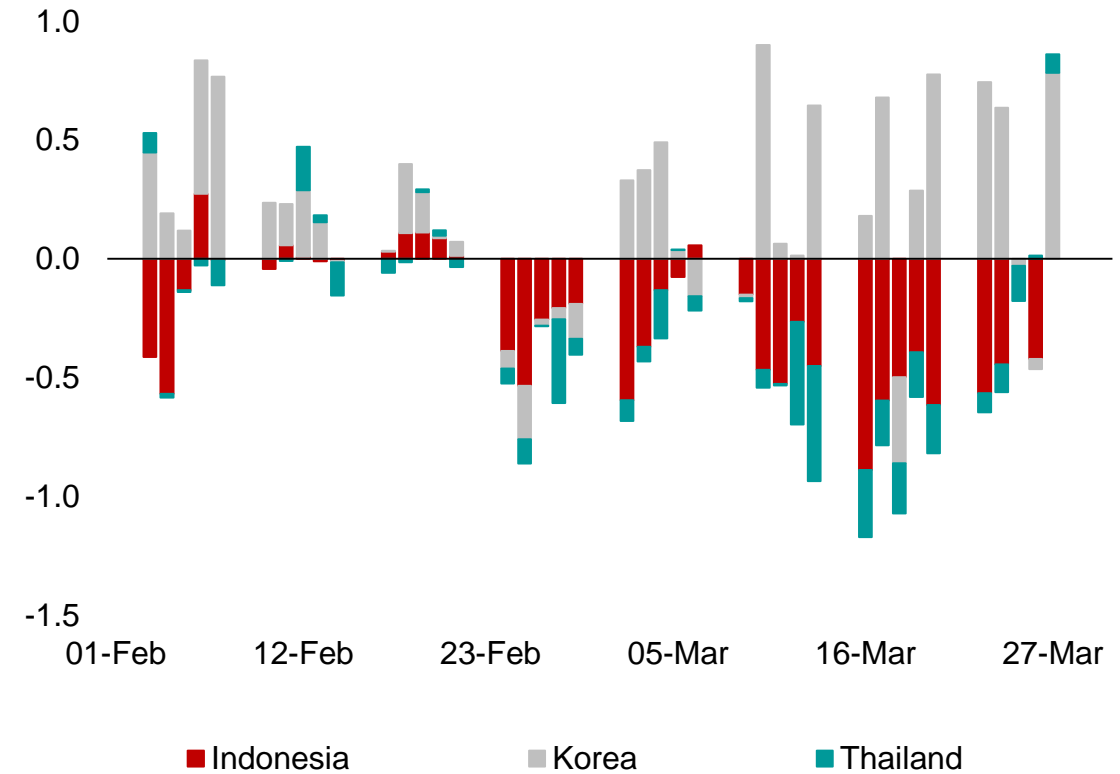
*...leading to heavy outflows from the region's equity and bond markets, as global risk aversion rose sharply*

## ASEAN-4, Korea and Vietnam: Daily Net Foreign Portfolio Capital Flows (Billions of US dollars, as of March 27, 2020)

### Equities

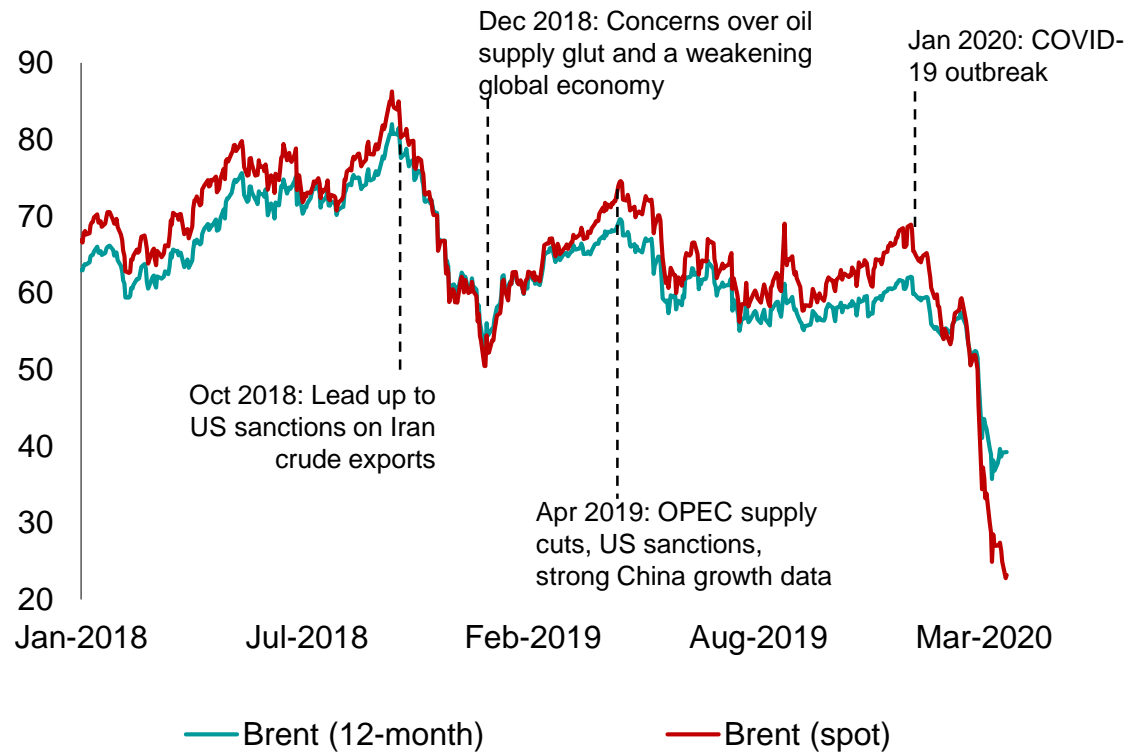


### Bonds

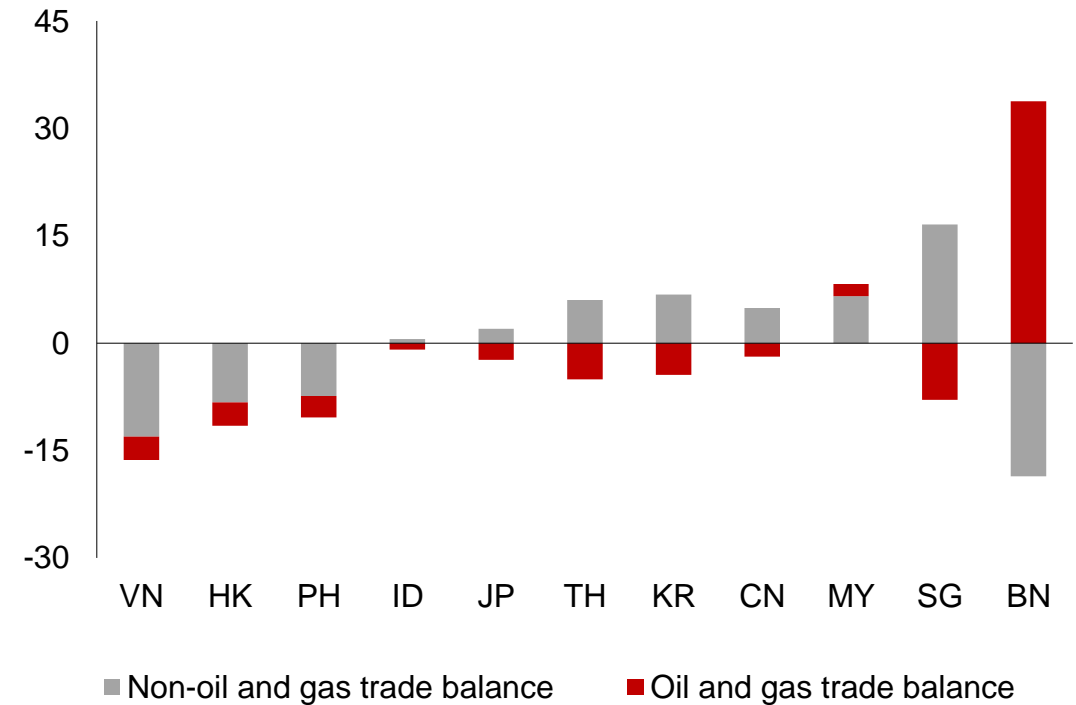


***However, continuing weakness in oil prices should help mitigate the impact of the pandemic on the region's oil importing economies***

### Oil Markets: Spot and Futures Prices (US dollars per barrel)



### ASEAN+3: Non-oil, and Oil and Gas Trade Balances (Percent of GDP)





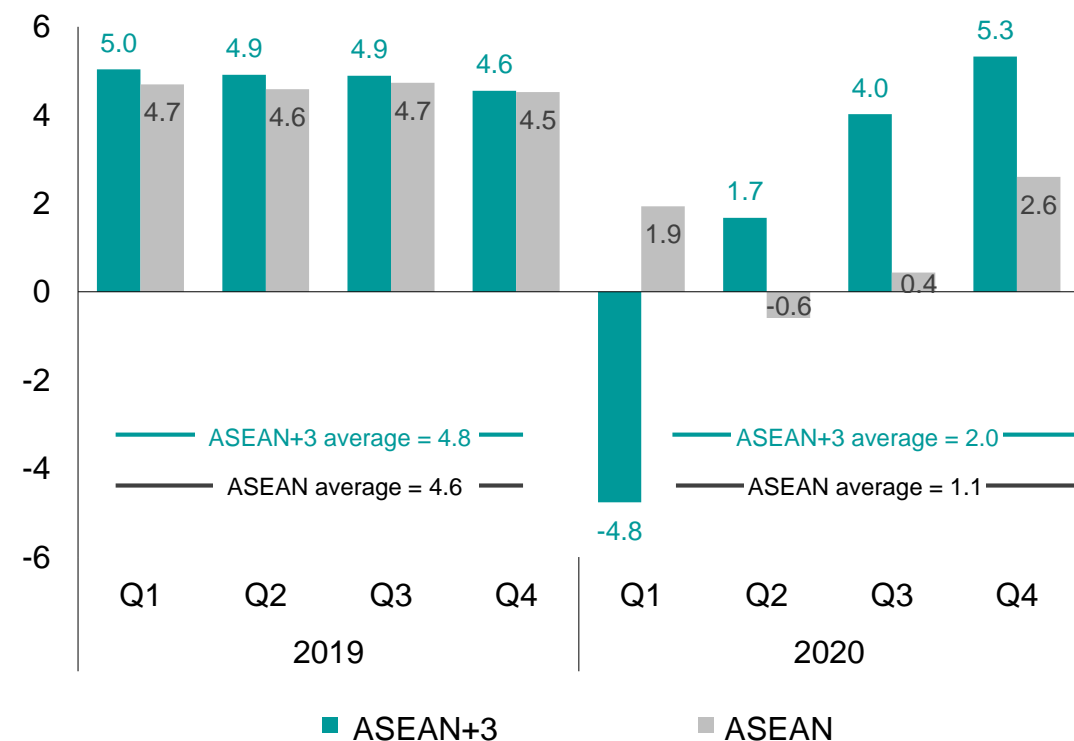
# Severe Growing Pains



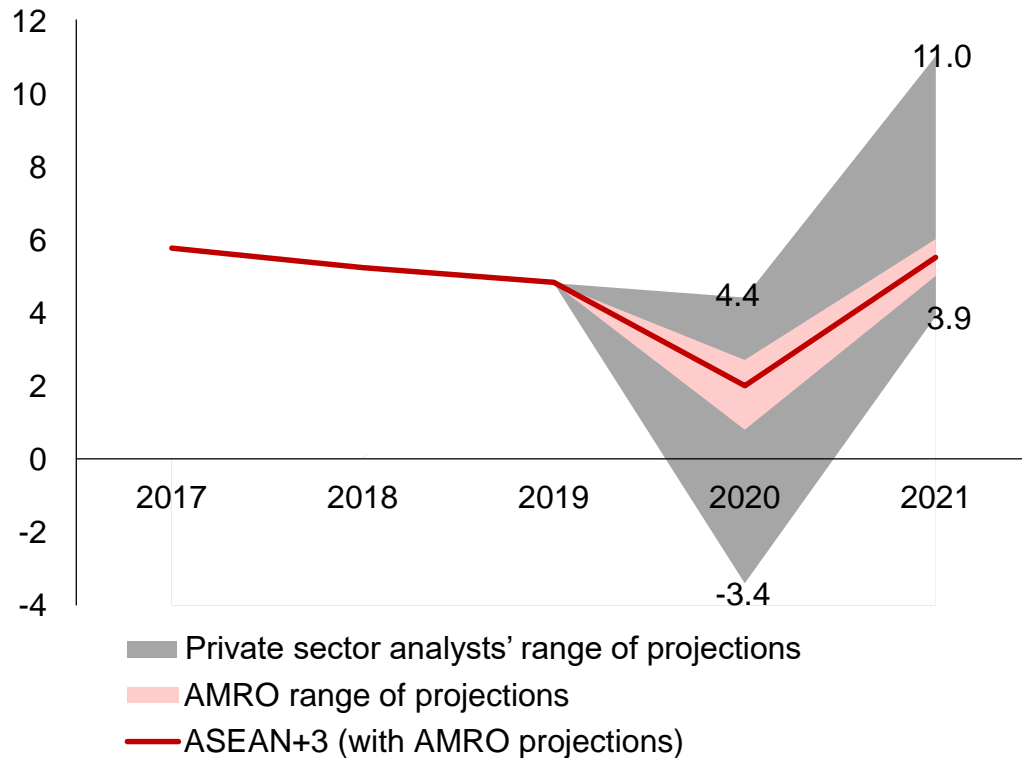
## AMRO Growth Estimates and Projections, 2019–2021 (Percent)

Member	2018	January 2020		AREO 2020			April 2020		
		2019 <sup>e</sup>	2020 <sup>p</sup>	2019 <sup>e</sup>	2020 <sup>p</sup>	2021 <sup>p</sup>	2019 <sup>e</sup>	2020 <sup>p</sup>	2021 <sup>p</sup>
<b>ASEAN+3</b>	<b>5.2</b>	<b>4.9</b>	<b>4.9</b>	<b>4.8</b>	<b>4.2</b>	<b>5.0</b>	<b>4.8</b>	<b>2.0</b>	<b>5.5</b>
<b>Plus-3</b>	5.2	4.9	4.9	4.9	4.2	5.0	4.9	2.3	5.7
China	6.6	6.1	6.1	6.1	5.3	6.1	6.1	3.5	6.5
Japan	0.3	1.1	0.5	0.7	0.1	0.6	0.7	-1.8	2.5
Korea	2.7	1.9	2.4	2.0	2.0	2.6	2.0	-1.4	3.2
<b>ASEAN</b>	<b>5.2</b>	<b>4.6</b>	<b>4.9</b>	<b>4.6</b>	<b>4.4</b>	<b>5.0</b>	<b>4.6</b>	<b>1.1</b>	<b>5.2</b>
ASEAN-5	4.9	4.4	4.6	4.2	4.1	4.8	4.2	0.6	4.9
ASEAN-5 & BN	4.9	4.4	4.6	4.2	4.1	4.8	4.2	0.6	4.9
ASEAN-4 & VN	5.2	4.9	5.0	4.8	4.5	5.1	4.8	1.1	5.3
CLMV	7.0	6.9	6.9	6.9	6.4	6.8	6.9	4.4	6.9
HK & SG	3.1	-0.2	1.2	-0.2	0.2	2.2	-0.2	-2.4	2.5

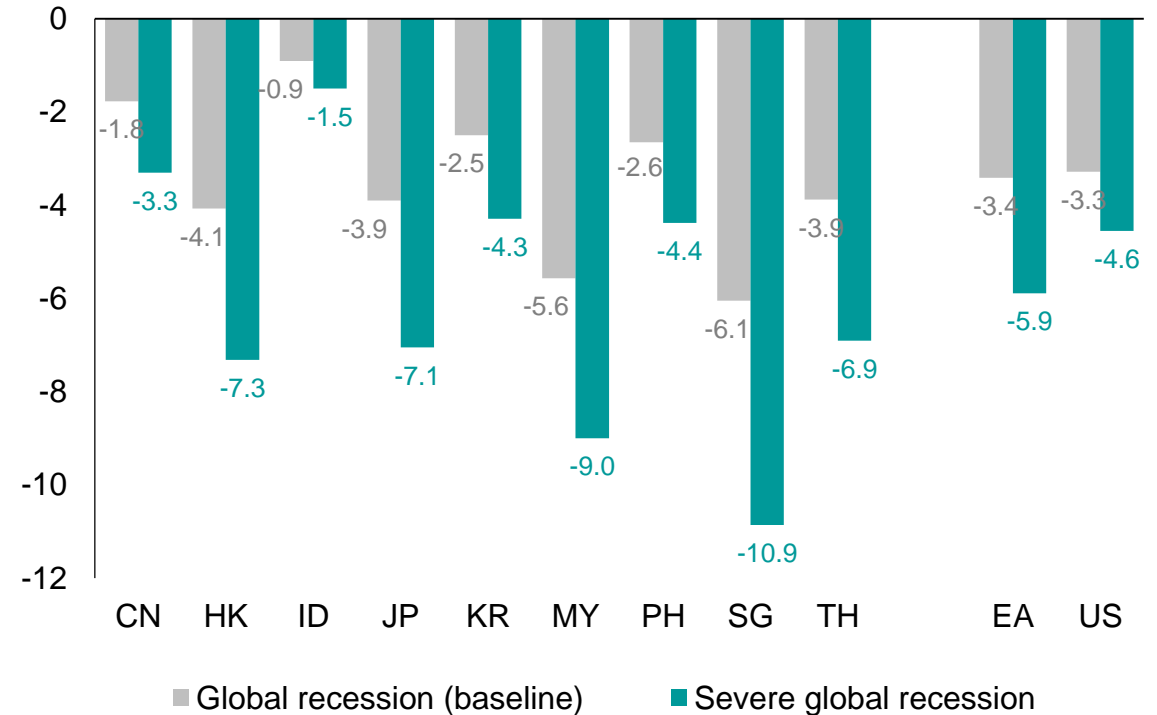
## ASEAN+3: Projected Quarterly Growth Profile for 2020 (Percent)



### AMRO Growth Estimates and Projections, 2019–2021 (Percent)



### ASEAN+3: Spillovers from a Global Recession (Percentage points deviation from baseline)

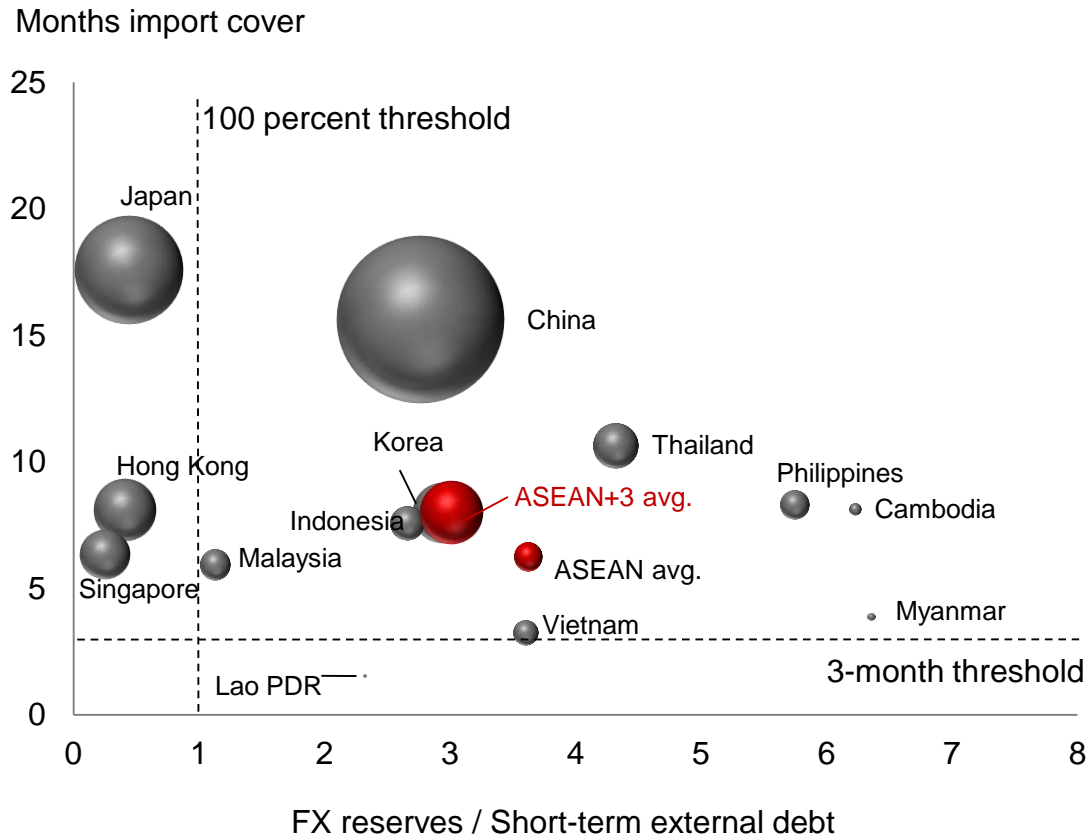




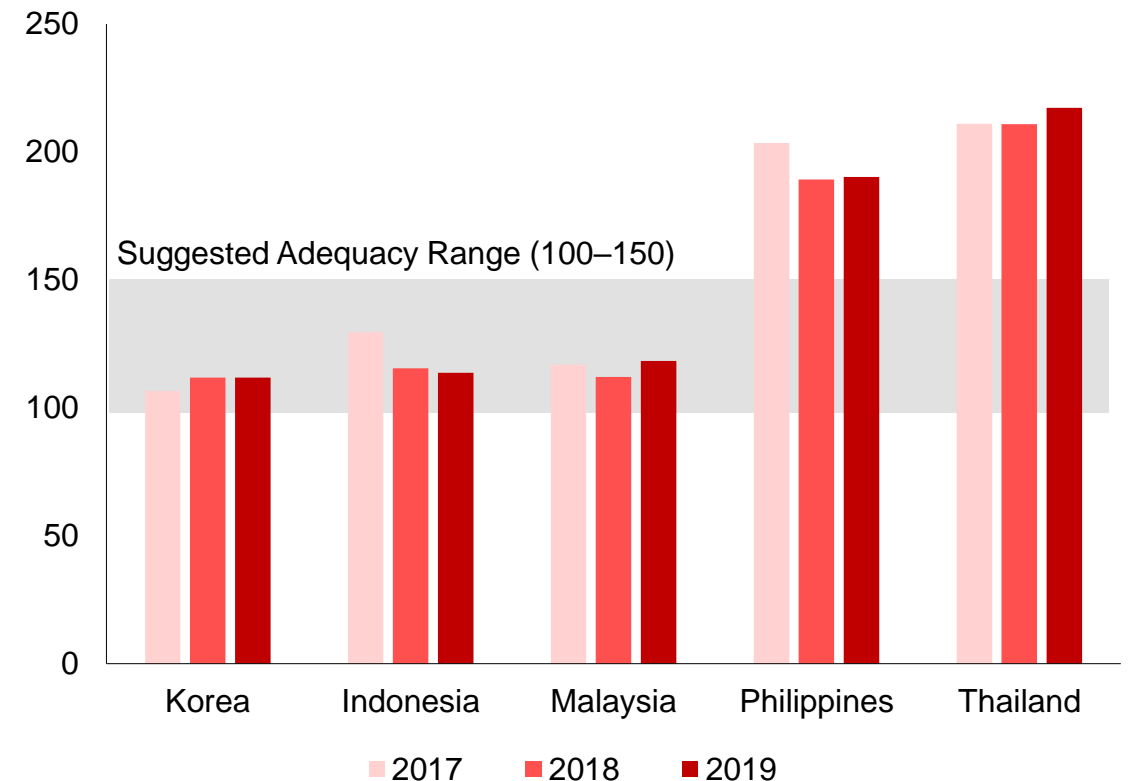
## Pandemic Policies

**Fortunately, substantial reserve buffers should help cushion the region against the anticipated large shocks...**

## ASEAN+3: Adequacy of Foreign Exchange Reserves

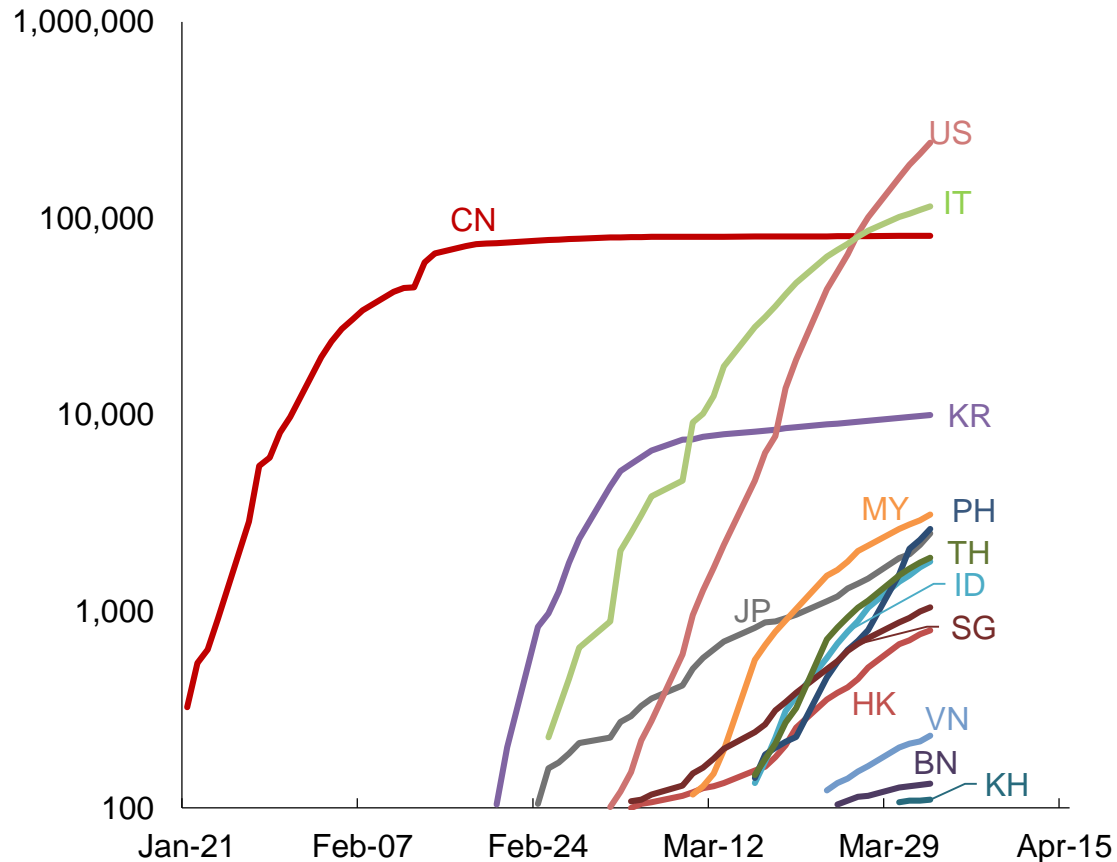


## Selected ASEAN+3: Reserves over Reserve Adequacy Metric (Percent)



*...and regional economies will be relying on strong policy support that is already underway, with more expected to come*

## Selected Economies: COVID-19 Confirmed Cases (log scale, as of April 2, 2020)



Sources: Haver Analytics, sourced from John Hopkins University; and AMRO staff calculations.

## ASEAN+3: Selected Policy Measures

<b>Households</b>	<ul style="list-style-type: none"> <li>• Cash payouts</li> <li>• Suspension of loan and interest payments</li> <li>• Unemployment benefits</li> <li>• Shopping vouchers</li> <li>• Tax deferrals, waivers and rebates</li> <li>• Exemption from government fees</li> </ul>
<b>Corporates</b>	<ul style="list-style-type: none"> <li>• Extension of soft loans</li> <li>• Direct subsidies</li> <li>• Lifting of import restrictions on local producers</li> <li>• Moratorium on debt payments</li> <li>• Subsidies for maintaining employment</li> <li>• Tax deferrals, waivers and rebates</li> <li>• Temporary financing lines to manage cash flow</li> </ul>
<b>Financial institutions</b>	<ul style="list-style-type: none"> <li>• Intervention in markets to ease liquidity</li> <li>• Government guarantees</li> <li>• Regulatory forbearance</li> </ul>
<p><b>Social distancing</b> <b>Community quarantines</b> <b>Lockdowns</b></p>	

Sources: AMRO staff.