

THE NEW ABNORMAL

Navigating the post-pandemic world

June 2020

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Politics, policies and risk

asia analytica

- **CHINA: Back in business (soon)**
- **ASEAN: In a sweet spot**
- **Worldwide: The new abnormal**

The talk

De-globalization

The reality

Shackled together

Risks and opportunities: China 2020



Negative shock

GDP Jan-Mar:	-6.8% yoy
Consumption Jan-Mar:	-9.5% yoy
FAI Jan-Mar:	-16.1% yoy
Exports Jan-Mar:	-9.3% yoy
Tax receipts Jan-April:	-16.7% yoy

LOW VISIBILITY

*“We have
not set a specific target
for economic growth this year. This is because
our country will face some factors in its development
that are difficult to predict due to
the great uncertainty regarding the covid-19 pandemic
and the world economic and trade environment.”*

Premier Li Keqiang’s Work Report to the legislature on May 20, 2020

Risks and opportunities: China 2020

Six Priorities

Employment

People's livelihood

Development of market entities

Food and energy security

Industrial and supply chain stability

Smooth community functioning

Premier Li Keqiang's Work Report to the NPC on May 22, 2020

Risks and opportunities: China 2020

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Six Kisses 六穩 (吻)

Employment

Finance

Foreign trade

Foreign Investment

Investment (domestic)

Market expectations

Premier Li Keqiang's Work Report to the NPC on May 22, 2020

Risks and opportunities: China 2020

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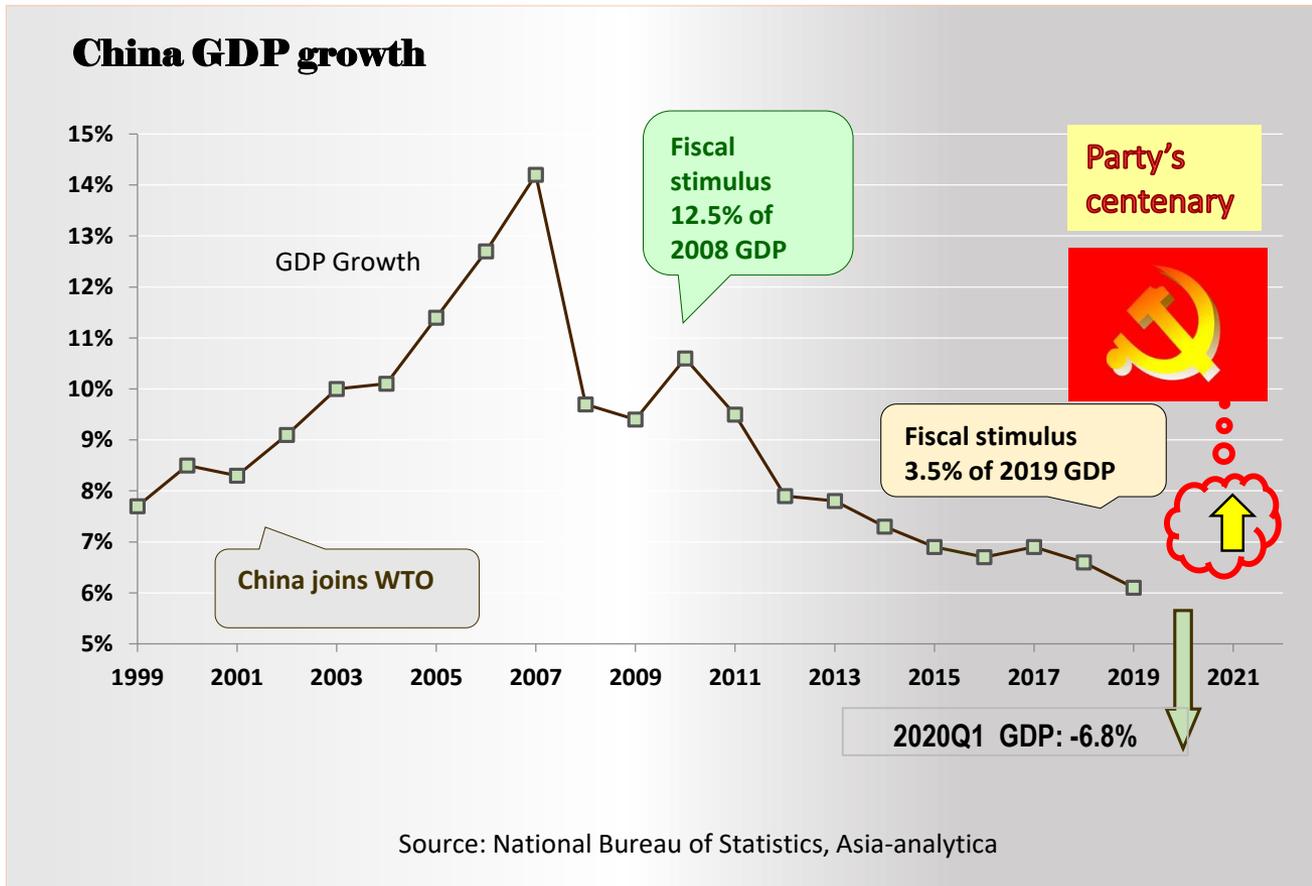
Six Kisses 六穩 (吻)

Employment
Finance
Foreign trade
Foreign Investment
Investment (domestic)
Market expectations

Premier Li Keqiang's Work Report to the NPC on May 22, 2020

Risks and opportunities: China 2021

FORGET 2020, WATCH 2021



Risks and opportunities: ASEAN

ASEAN

SELLS

ITSELF

S H O R T

Risks and opportunities: ASEAN

ASEAN

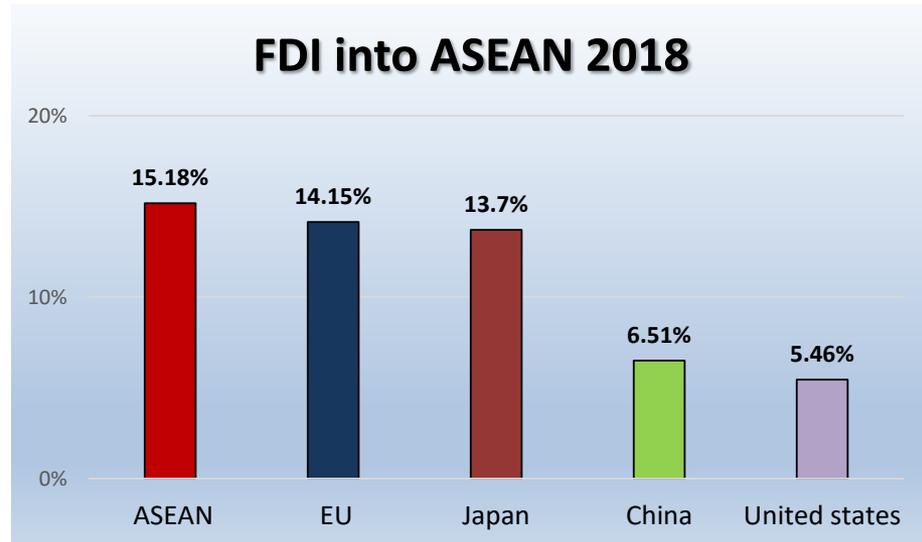
	ASEAN Exports	ASEAN Imports
ASEAN	24.12%	21.91%
China	13.85%	20.51%
EU	11.20%	9.17%
US	11.16%	7.40%

Source: ASEANstats.org; Asia-analytica

Risks and opportunities: ASEAN

ASEAN

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ASEAN's sweet spot

Supply chain
diversification, regionalisation

Investment
Neutral destination

Manufacturing
CHINA Plus One

ASEAN's sweet spot

Supply chain

diversification, regionalisation

Trade financing

Travel

Trade insurance

Telecommunications

Shipping

Technology

Warehousing

In-country consumer demand

ASEAN's sweet spot

Investment

Neutral destination

The 10-member bloc attracted \$177 billion in FDI last year – breaking its 2018 record of \$155 billion and surpassing China's take of \$140 billion.

Onward bounce: funds from initial destination
to other member nations in ASEAN

ASEAN's sweet spot

Investment

Neutral destination

If you can keep your FDI when all about you
are losing theirs and blaming it on you ...
Then clearly you are doing something right

– *Not* Rudyard Kipling

ASEAN's sweet spot

Manufacturing

CHINA Plus One

SHORT SHARP SHOCK

OR

PROLONGED ECONOMIC PAIN

Risks and opportunities: Global outlook

Latest World Economic Outlook Growth Projections

The COVID-19 pandemic will severely impact growth across all regions.

(real GDP, annual percent change)	PROJECTIONS		
	2019	2020	2021
World Output	2.9	-3.0	5.8
Advanced Economies	1.7	-6.1	4.5
United States	2.3	-5.9	4.7
Euro Area	1.2	-7.5	4.7
Germany	0.6	-7.0	5.2
France	1.3	-7.2	4.5
Italy	0.3	-9.1	4.8
Spain	2.0	-8.0	4.3
Japan	0.7	-5.2	3.0
United Kingdom	1.4	-6.5	4.0
Canada	1.6	-6.2	4.2
Other Advanced Economies	1.7	-4.6	4.5
Emerging Markets and Developing Economies	3.7	-1.0	6.6
Emerging and Developing Asia	5.5	1.0	8.5
China	6.1	1.2	9.2
India	4.2	1.9	7.4
ASEAN-5	4.8	-0.6	7.8
Emerging and Developing Europe	2.1	-5.2	4.2
Russia	1.3	-5.5	3.5
Latin America and the Caribbean	0.1	-5.2	3.4
Brazil	1.1	-5.3	2.9
Mexico	-0.1	-6.6	3.0
Middle East and Central Asia	1.2	-2.8	4.0
Saudi Arabia	0.3	-2.3	2.9
Sub-Saharan Africa	3.1	-1.6	4.1
Nigeria	2.2	-3.4	2.4
South Africa	0.2	-5.8	4.0
Low-Income Developing Countries	5.1	0.4	5.6

Source: IMF, World Economic Outlook, April 2020

INTERNATIONAL MONETARY FUND

IMF.org

	2020	2021
Global	-3.0%	+5.8%
US	-5.9%	+4.7%
Euro Area	-7.5%	+4.7%
UK	-6.5%	+4.0%
China	+ 1.2%	+9.2%
ASEAN-5	-0.6%	+7.8%

IMF forecast April 2020

Risks and opportunities: Global outlook

Global Economic Prospects

TABLE 1.1 Real GDP¹
(Percent change from previous year)

	2017	2018	2019e	2020f	2021f
World	3.3	3.0	2.4	-5.2	4.2
Advanced economies	2.5	2.1	1.6	-7.0	3.9
United States	2.4	2.9	2.3	-6.1	4.0
Euro Area	2.5	1.9	1.2	-9.1	4.5
Japan	2.2	0.3	0.7	-6.1	2.5
Emerging market and developing economies	4.5	4.3	3.5	-2.5	4.6
Commodity-exporting EMEs	2.2	2.1	1.5	-4.8	3.1
Other EMEs	6.1	5.7	4.8	-1.1	5.5
Other EMEs excluding China	5.4	4.8	3.2	-3.6	3.6
East Asia and Pacific	6.5	6.3	5.9	0.5	6.6
China	6.8	6.6	6.1	1.0	6.9
Indonesia	5.1	5.2	5.0	0.0	4.8
Thailand	4.1	4.2	2.4	-5.0	4.1
Europe and Central Asia	4.1	3.3	2.2	-4.7	3.6
Russia	1.8	2.5	1.3	-6.0	2.7
Turkey	7.5	2.8	0.9	-3.8	5.0
Poland	4.9	5.3	4.1	-4.2	2.8
Latin America and the Caribbean	1.9	1.7	0.8	-7.2	2.8
Brazil	1.3	1.3	1.1	-8.0	2.2
Mexico	2.1	2.2	-0.3	-7.5	3.0
Argentina	2.7	-2.5	-2.2	-7.3	2.1
Middle East and North Africa	1.1	0.9	-0.2	-4.2	2.3
Saudi Arabia	-0.7	2.4	0.3	-3.8	2.5
Iran	3.8	-4.7	-8.2	-5.3	2.1
Egypt ²	4.2	5.3	5.6	3.0	2.1
South Asia	6.5	6.5	4.7	-2.7	2.8
India ³	7.0	6.1	4.2	-3.2	3.1
Pakistan ²	5.2	5.5	1.9	-2.6	-0.2
Bangladesh ²	7.3	7.9	8.2	1.6	1.0
Sub-Saharan Africa	2.6	2.6	2.2	-2.8	3.1
Nigeria	0.8	1.9	2.2	-3.2	1.7
South Africa	1.4	0.8	0.2	-7.1	2.9
Angola	-0.1	-2.0	-0.9	-4.0	3.1
Memorandum items:					
Real GDP¹					
High-income countries	2.4	2.2	1.7	-6.8	3.8
Developing countries	4.8	4.4	3.7	-2.4	4.7
Low-income countries	5.4	5.8	5.0	1.0	4.6
BRICS	5.3	5.3	4.7	-1.7	5.3
World (2010 PPP weights)	3.9	3.6	2.9	-4.1	4.3
World trade volume ⁴	5.9	4.0	0.8	-13.4	5.3
Commodity prices⁵					
Oil price	23.3	29.4	-10.2	-47.9	18.8
Non-energy commodity price index	5.5	1.8	-4.2	-5.9	3.0

Source: World Bank.

	2020	2021
Global	-5.2%	+4.2%
US	-7.0%	+3.9%
Euro Area	-9.1%	+4.5%
China	+ 1.0%	+6.9%

World Bank forecast June 2020

Risks and opportunities: Global outlook

... it depends

... profound uncertainty

... multiple scenario forecasting

... some countries will recover first

... needs coordinated global action

WE DON'T KNOW

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