

ASIAN DEVELOPMENT OUTLOOK 2021

Asia's short-term economic outlook

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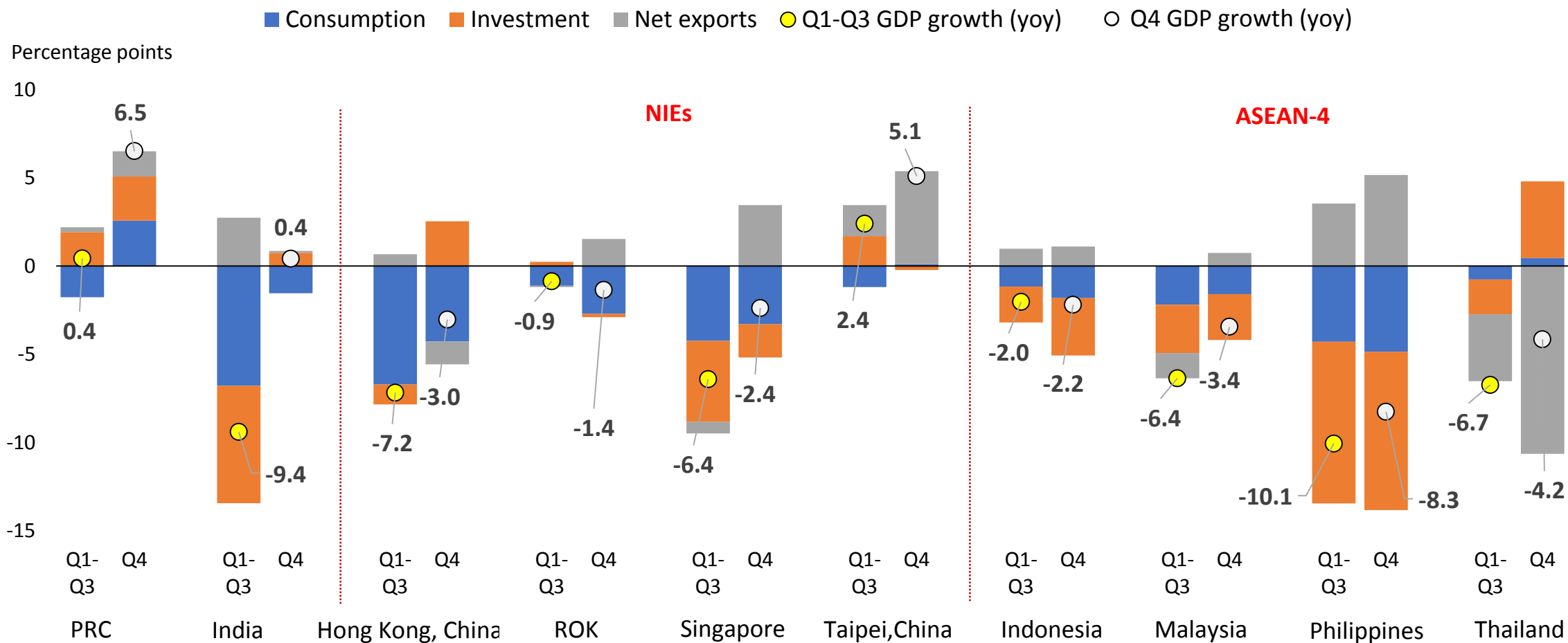
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ADB



Economies are turning the corner at different speeds.

Growth improved in most large regional economies in Q4, but to varying degrees, supported by improving domestic and external conditions.



PRC = People's Republic of China, ROK = Republic of Korea, yoy = year on year.

Data refers to calendar year quarters.

Source: CEIC Data Company.

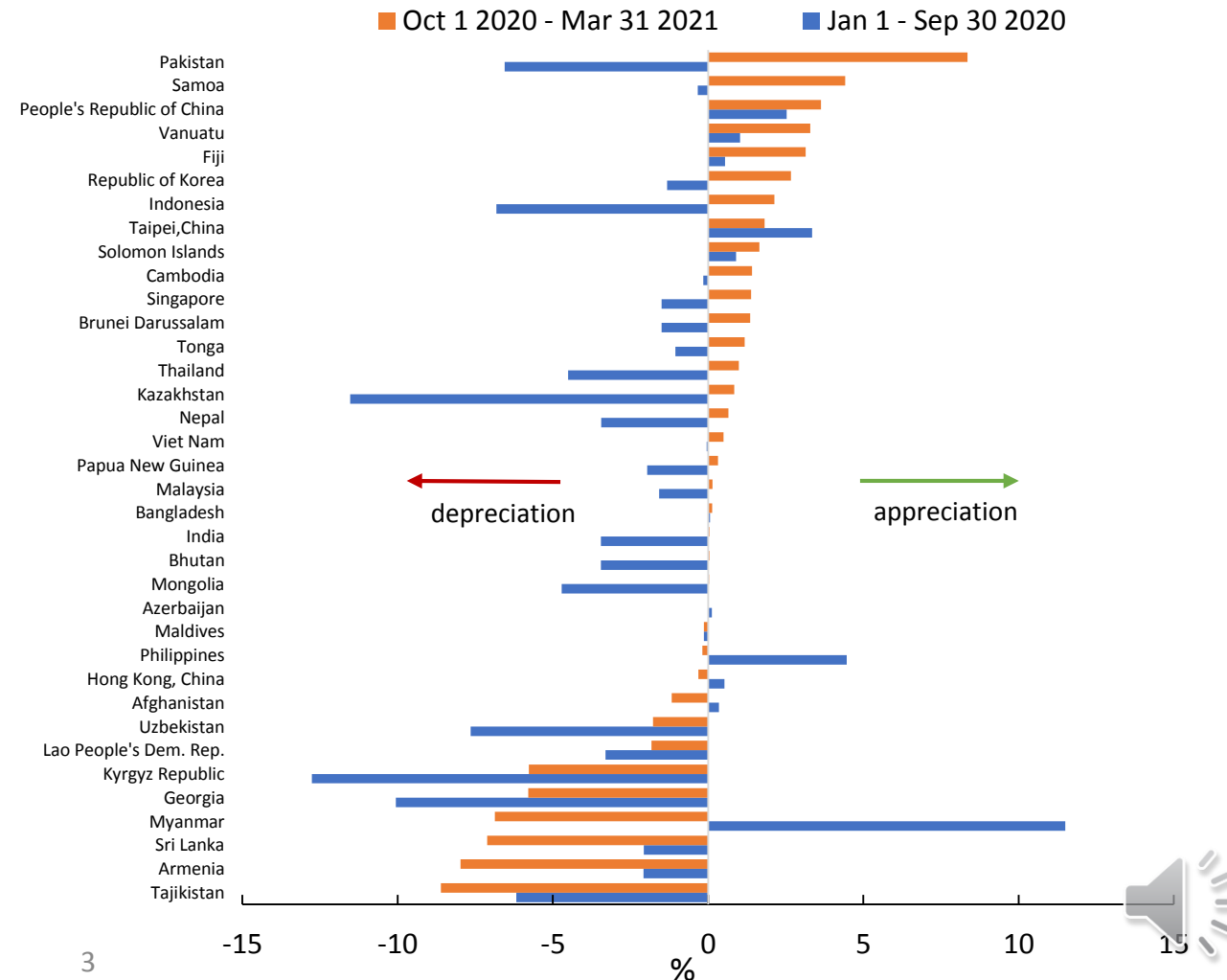
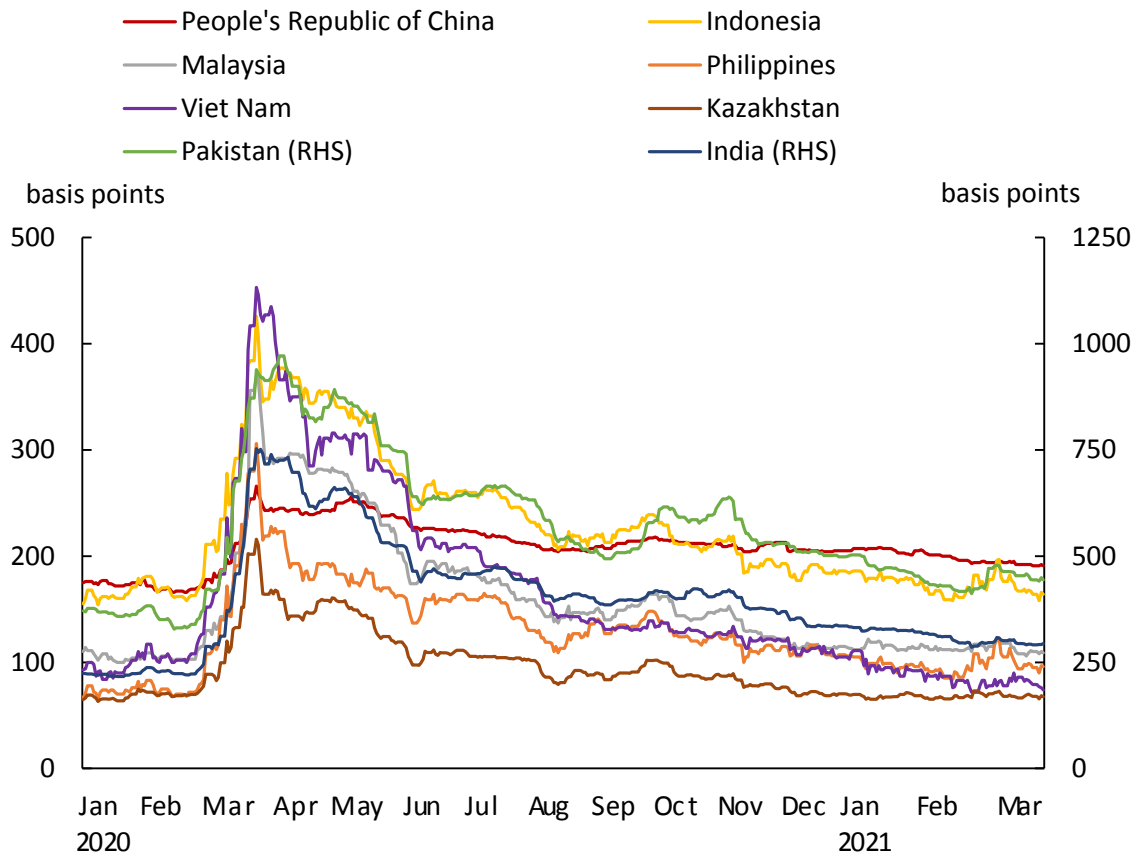


Buttressed by the economic recovery and substantial policy support, financial conditions and risk sentiment continued to improve.

Risk premiums continued to recede since late 2020, but widened slightly in March on rising US bond yields

Most regional currencies strengthened against the USD since Q4 2020, but a few continued to depreciate

JP Morgan EMBI stripped spreads



Source: Bloomberg.



Economic activity in developing Asia is projected to rebound...

The outlook is positive, but recovery paths vary.

GDP growth in developing Asia, in %

	2020	2021	2022		2020	2021	2022
East Asia	1.8	7.4	5.1	South Asia	-6.0	9.5	6.6
Hong Kong, China	-6.1	4.6	4.5	Bangladesh	5.2	6.8	7.2
People's Republic of China	2.3	8.1	5.5	India	-8.0	11.0	7.0
Republic of Korea	-1.0	3.5	3.1	Pakistan	-0.4	2.0	4.0
Taipei, China	3.1	4.6	3.0				
				Central Asia	-1.9	3.4	4.0
Southeast Asia	-4.0	4.4	5.1	Kazakhstan	-2.6	3.2	3.5
Indonesia	-2.1	4.5	5.0	Uzbekistan	1.6	4.0	5.0
Malaysia	-5.6	6.0	5.7				
Philippines	-9.6	4.5	5.5	The Pacific	-5.8	1.4	3.8
Singapore	-5.4	6.0	4.1	Fiji	-19.0	2.0	7.3
Thailand	-6.1	3.0	4.5	Papua New Guinea	-3.3	2.5	3.0
Viet Nam	2.9	6.7	7.0				
Developing Asia	-0.2	7.3	5.3	Excluding NIEs	0.0	7.7	5.6

Note: Data for Bangladesh, India, and Pakistan are on fiscal year basis, with FY2021 ending 30 June 2021 for Bangladesh and Pakistan and ending 31 March 2022 for India.



...but the path of GDP will remain below its pre-pandemic trend, to varying degrees.

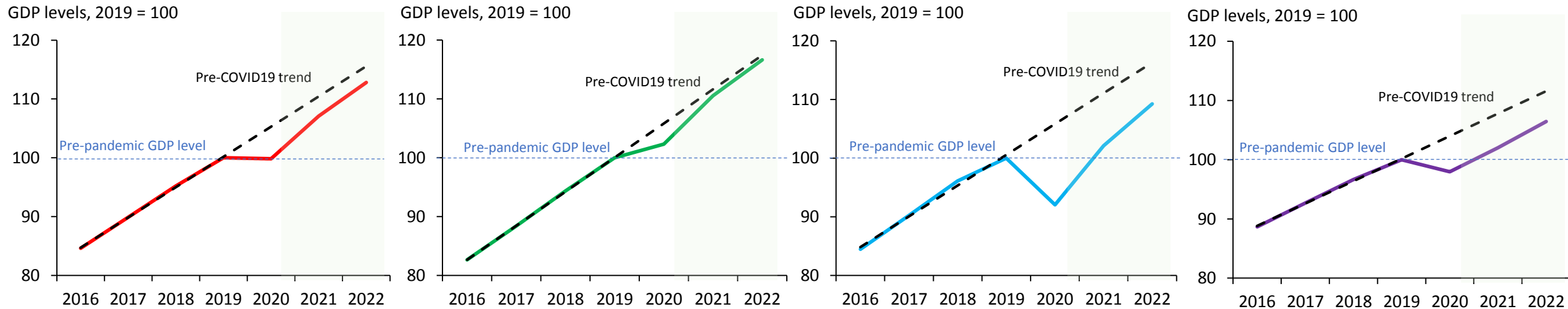
Developing Asia contracted mildly as resilience in the PRC offset weaknesses elsewhere

A. Developing Asia

B. People's Republic of China

C. India

D. Rest of developing Asia



Source: Asian Development Outlook database.



In a still uncertain environment, risks remain tilted to the downside.

- The most significant threat to the outlook is an unfavorable evolution of the COVID-19 pandemic—significant renewed outbreaks, and delayed vaccine programs.
- Other risks to the outlook include geopolitical tensions (including between the US and the PRC), political turmoil, supply chain bottlenecks, and possible tightening of financial conditions.



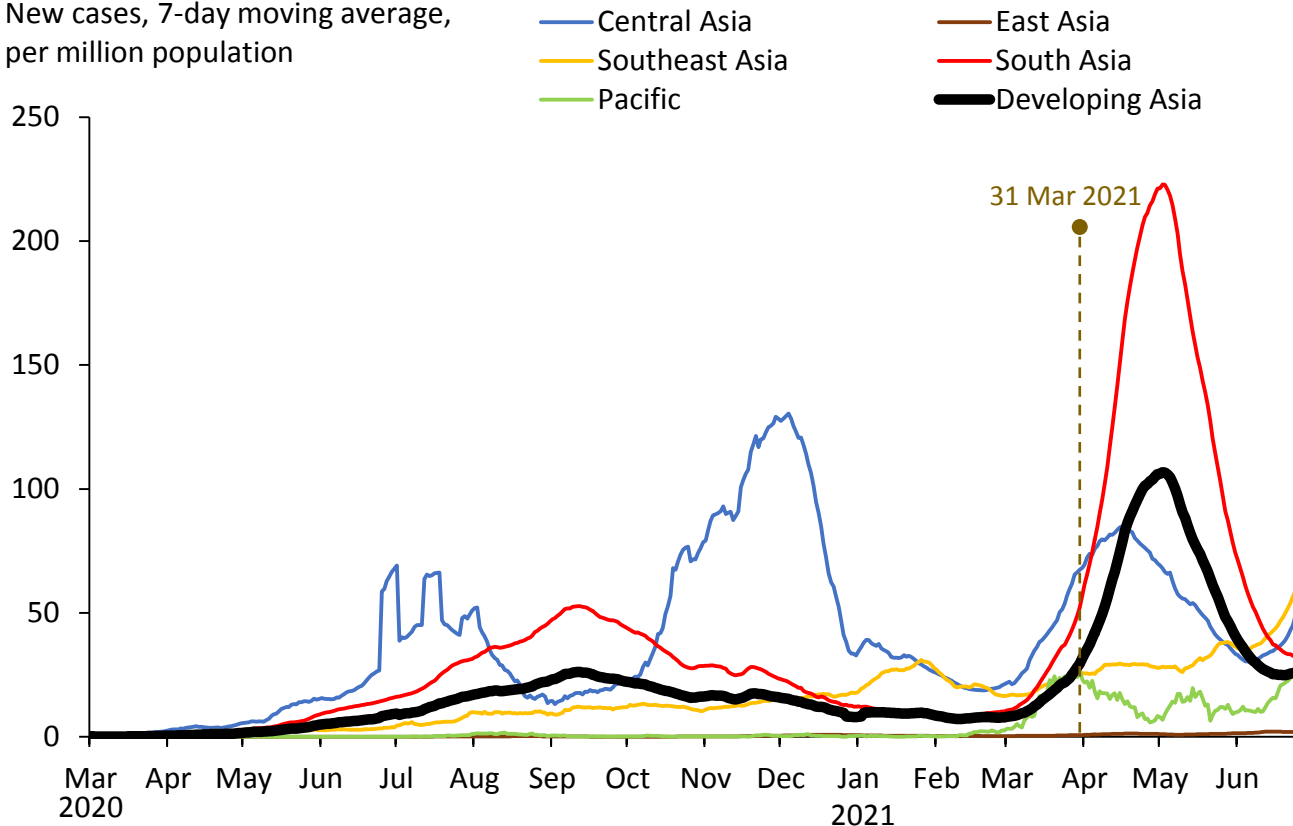
Key updates in ADO Supplement July 2021: New COVID-19 wave, and uneven vaccination progress

A new wave of COVID-19 cases arose in 2021, peaking in mid-May

Vaccination is progressing in many economies, but developing Asia is still far from achieving herd immunity

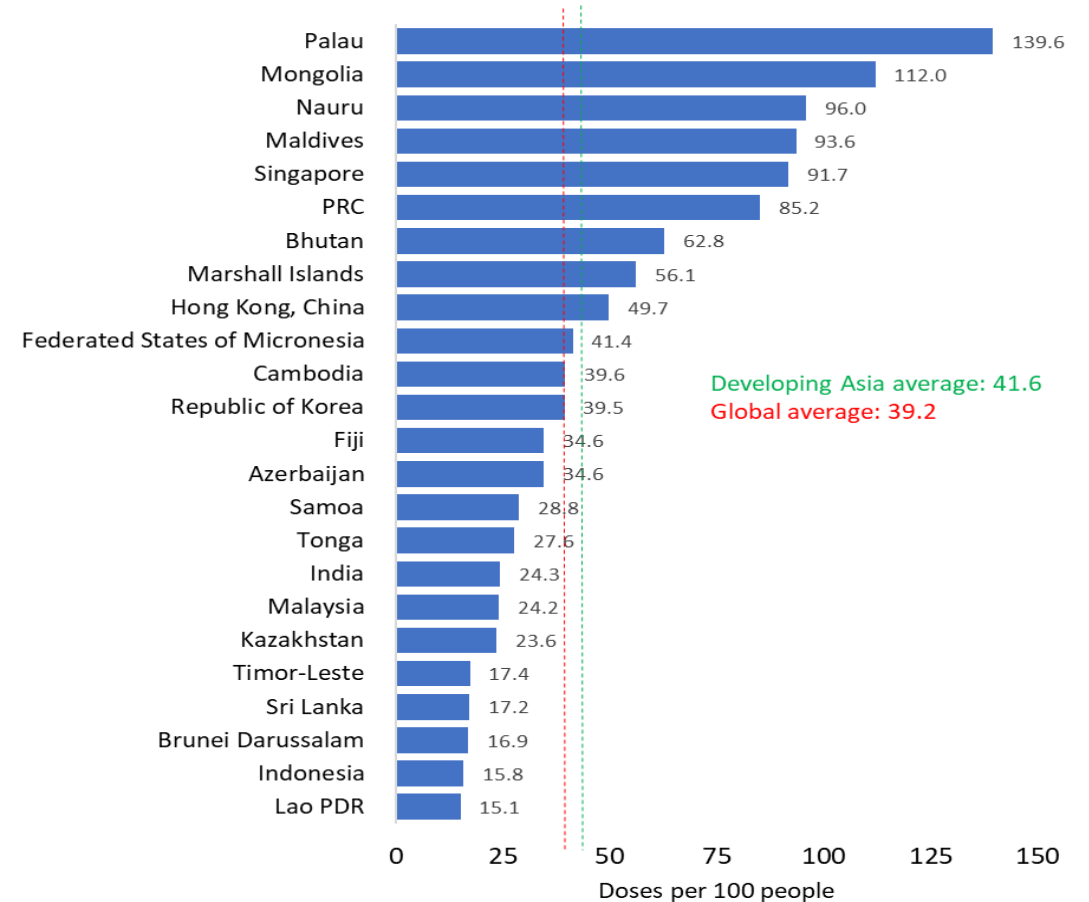
Covid-19 daily cases

New cases, 7-day moving average, per million population



Note: Vertical line on 31 March 2021 denotes the data cutoff for the April 2021 ADO. Data is as of end of June.
Source: ADB COVID-19 Policy Database, <https://covid19policy.adb.org/cases>.

Total doses administered per 100 people



Note: Developing Asia average is a population-weighted average. Only economies with 15 doses per 100 people or more are shown.
Sources: Bloomberg (accessed 1 July 2021).

Divergent recovery continues, with many outbreak-affected economies downgraded.

GDP growth (%)

	2021		2022			2021		2022	
	April ADO 2021	July ADOS	April ADO 2021	July ADOS		April ADO 2021	July ADOS	April ADO 2021	July ADOS
East Asia	7.4	7.5 ▲	5.1	5.1	Southeast Asia	4.4	4.0 ▼	5.1	5.2 ▲
Hong Kong, China	4.6	6.2 ▲	4.5	3.4 ▼	Indonesia	4.5	4.1 ▼	5.0	5.0
People's Rep. of China	8.1	8.1	5.5	5.5	Malaysia	6.0	5.5 ▼	5.7	5.7
Republic of Korea	3.5	4.0 ▲	3.1	3.1	Philippines	4.5	4.5	5.5	5.5
Taipei, China	4.6	5.6 ▲	3.0	3.0	Singapore	6.0	6.3 ▲	4.1	4.1
					Thailand	3.0	2.0 ▼	4.5	4.9 ▲
South Asia	9.5	8.9 ▼	6.6	7.0 ▲	Viet Nam	6.7	5.8 ▼	7.0	7.0
India	11.0	10.0 ▼	7.0	7.5 ▲					
Central Asia	3.4	3.6 ▲	4.0	4.0	The Pacific	1.4	0.3 ▼	3.8	4.0 ▲
Kazakhstan	3.2	3.4 ▲	3.5	3.5					
Developing Asia	7.3	7.2 ▼	5.3	5.4 ▲	Excluding NIEs	7.7	7.5 ▼	5.6	5.7 ▲

▲ = upgraded forecast, ▼ = downgraded forecast, no sign = unchanged.

Source: Asian Development Outlook database.

