

Regional Economic Outlook

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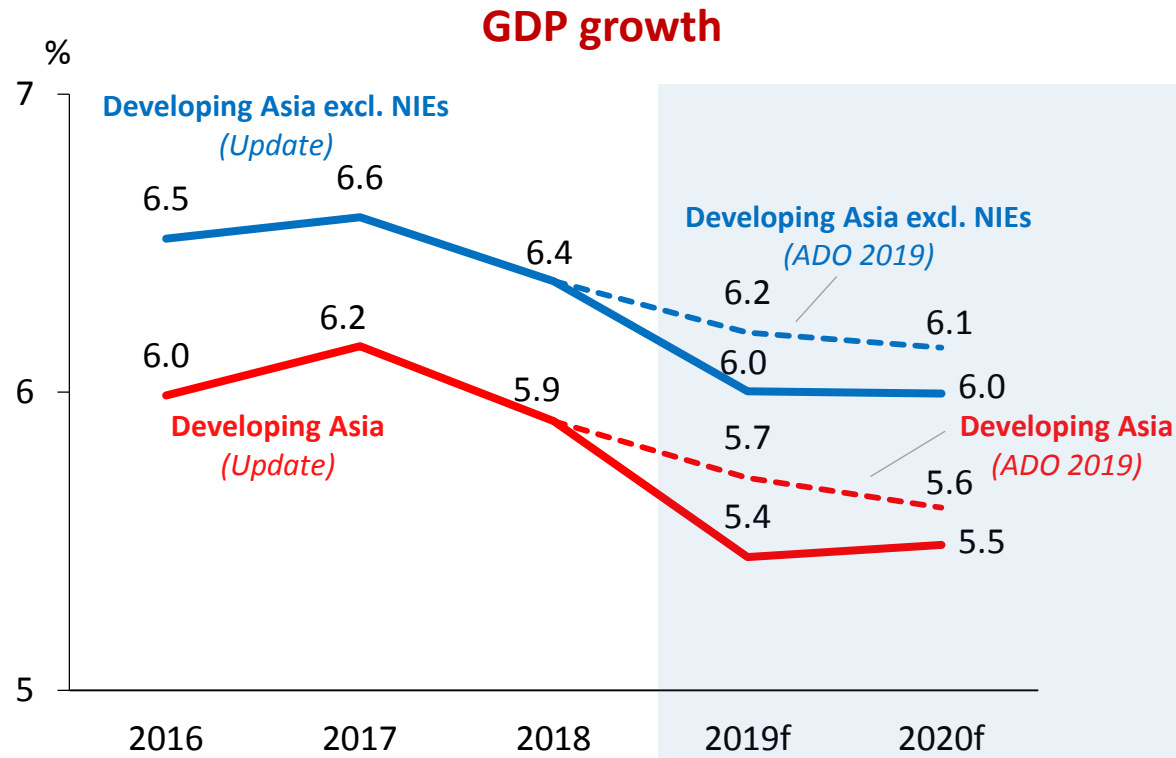
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Key Messages

- **Developing Asia's growth forecasts are revised down, to 5.4% in 2019 and 5.5% in 2020**
- Signs of moderating growth are already evident in the PRC and India, and in many other economies in the region
- **Inflation to pick up slightly due to food prices, but remains muted at 2.7% in 2019 and 2020**
- Downside risks to the outlook have increased due to weakening external demand

Growth prospects in developing Asia dim ...

The revisions are due to:



NIEs = newly industrialized economies of Hong Kong, China; Republic of Korea; Singapore; and Taipei, China

Source: Asian Development Outlook 2019 Update database.

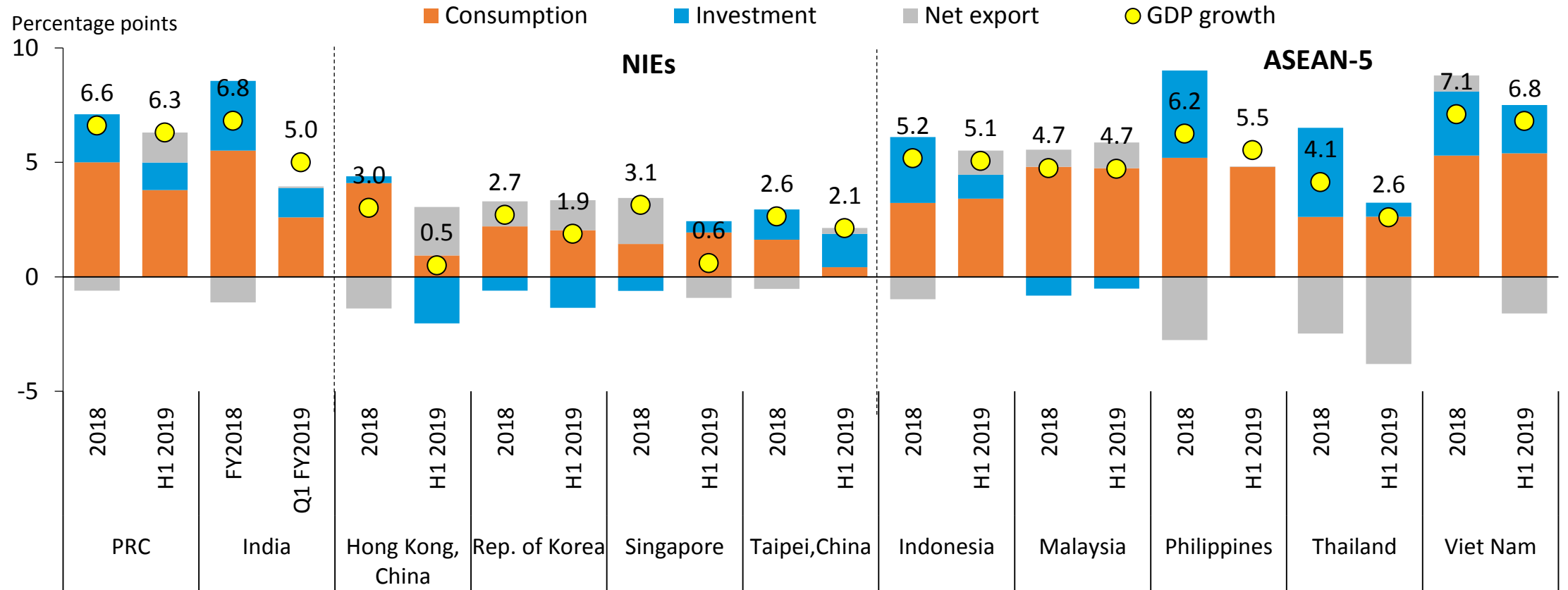
- Slowing global activity and trade

GDP growth (%)	2018	2019		2020	
	Actual	ADO	Update	ADO	Update
Advanced economies ^a	2.2	1.9	1.7 ↓	1.6	1.4 ↓
United States	2.9	2.4	2.3 ↓	1.9	1.9
Euro area	1.9	1.5	1.0 ↓	1.5	1.0 ↓
Japan	0.8	0.8	1.2 ↑	0.6	0.5 ↓

- Re-escalation of the US-PRC trade conflict
- Sharp contraction in global electronics cycle

... with weakening domestic demand.

Demand-side contributions to GDP growth



H = half; NIE = newly industrialized economies; PRC = People's Republic of China.
 Note: For India, data is for the first quarter (April-June) of the corresponding fiscal year.
 Sources: Haver analytics (accessed 2 September 2019); ADB estimates.

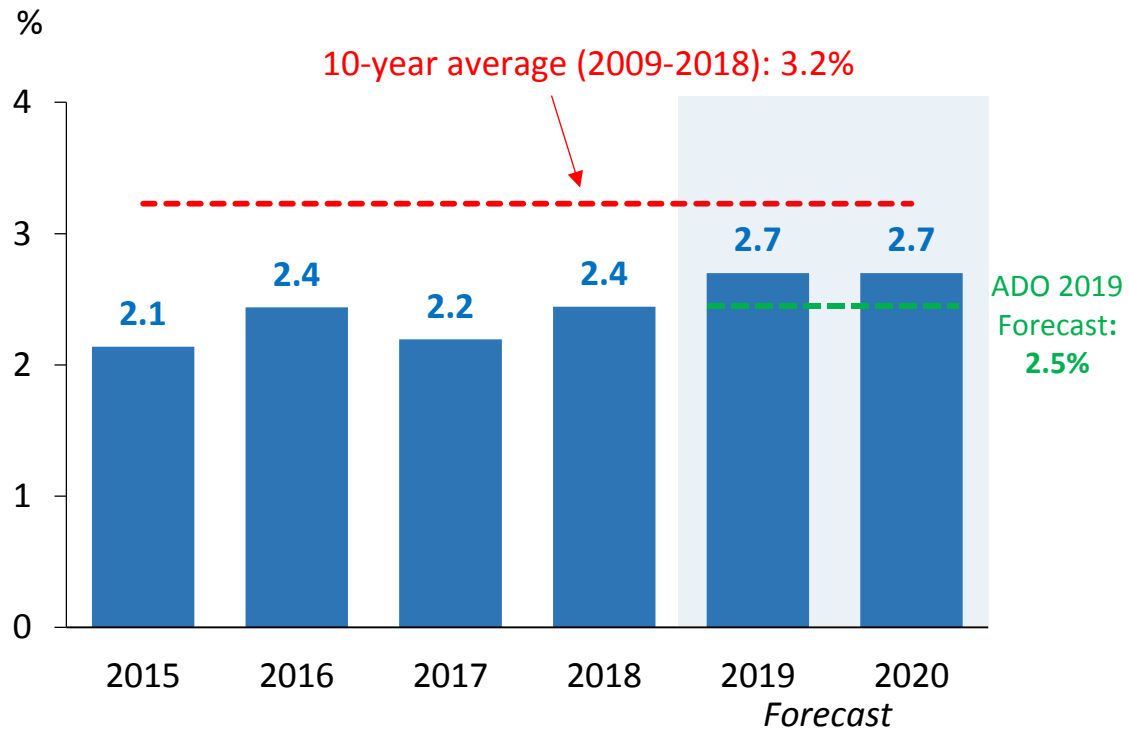
Growth projections are revised down for developing Asia's largest and most open subregions.

	2019		2020			2019		2020	
	ADO	Update	ADO	Update		ADO	Update	ADO	Update
East Asia	5.7	5.5 ↓	5.5	5.4 ↓	South Asia	6.8	6.2 ↓	6.9	6.7 ↓
China, People's Rep. of	6.3	6.2 ↓	6.1	6.0 ↓	Bangladesh	8.0	8.1 ↑	8.0	8.0
Hong Kong, China	2.5	0.3 ↓	2.5	1.5 ↓	India	7.2	6.5 ↓	7.3	7.2 ↓
Korea, Rep. of	2.5	2.1 ↓	2.5	2.4 ↓	Pakistan	3.9	3.3 ↓	3.6	2.8 ↓
Taipei,China	2.2	2.2	2.0	2.0	Central Asia	4.2	4.4 ↑	4.2	4.3 ↑
Southeast Asia	4.9	4.5 ↓	5.0	4.7 ↓	Azerbaijan	2.5	2.6 ↑	2.7	2.4 ↓
Indonesia	5.2	5.1 ↓	5.3	5.2 ↓	Kazakhstan	3.5	3.7 ↑	3.3	3.4 ↑
Malaysia	4.5	4.5	4.7	4.7	The Pacific	3.5	4.2 ↑	3.2	2.6 ↓
Philippines	6.4	6.0 ↓	6.4	6.2 ↓	Fiji	3.2	2.9 ↓	3.5	3.2 ↓
Singapore	2.6	0.7 ↓	2.6	1.4 ↓	Papua New Guinea	3.7	4.8 ↑	3.1	2.1 ↓
Thailand	3.9	3.0 ↓	3.7	3.2 ↓	Excluding NIEs	6.2	6.0 ↓	6.1	6.0 ↓
Viet Nam	6.8	6.8	6.7	6.7					
Developing Asia	5.7	5.4 ↓	5.6	5.5 ↓					

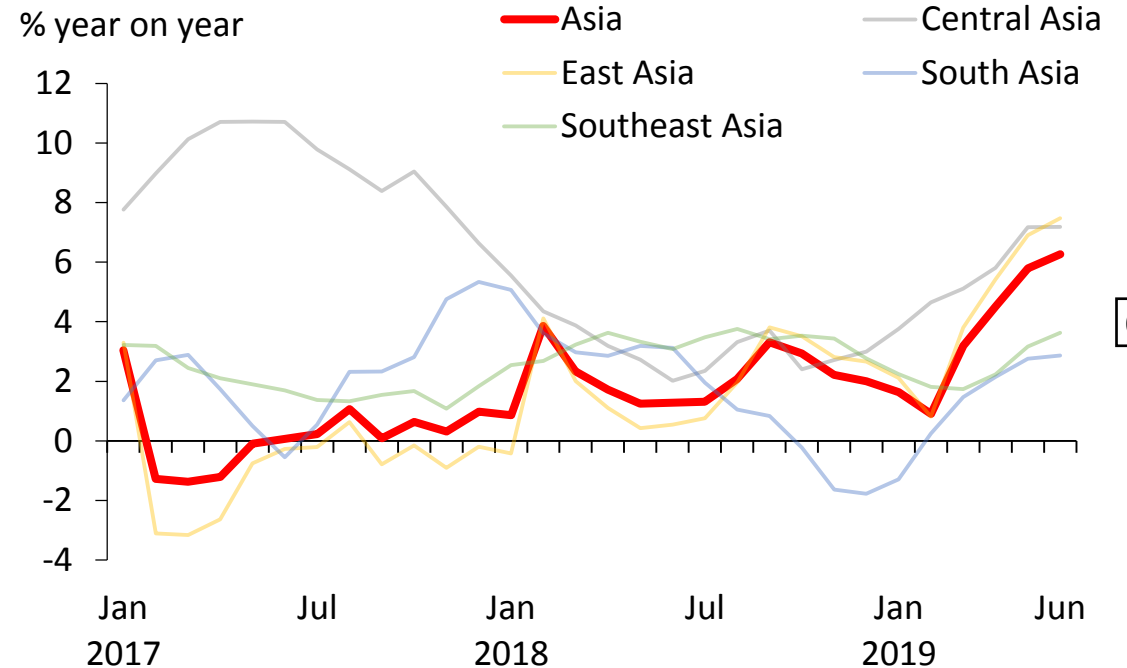
Notes: ↑ Upgraded forecast; ↓ Downgraded forecast; and no symbol = unchanged.

Regional inflation is picking up slightly, but remains benign

Headline inflation



Food inflation



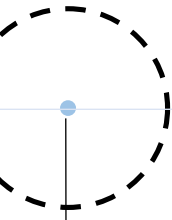
Escalating trade tensions are a challenge

Chronology of US-PRC trade conflict, 2018-2019

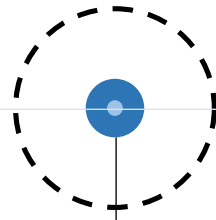
US actions:

Value of total imports from PRC (2018):
\$539.7 bn

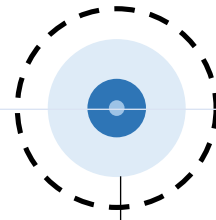
Est. value of tariff-affected imports from PRC:



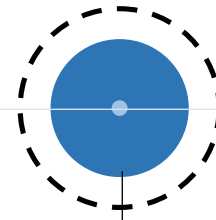
\$3.4 bn
(22 Jan/23 Mar)



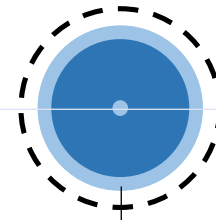
\$46.6 bn
(6 Jul/23 Aug)



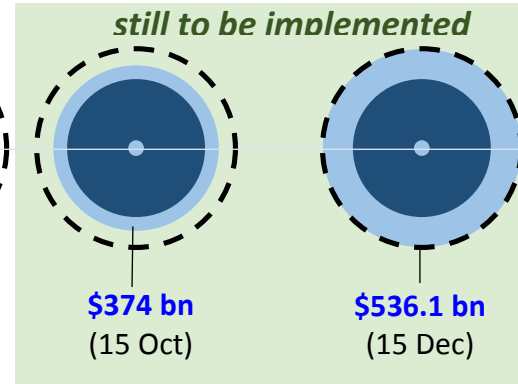
\$260 bn
(24 Sep)



\$260 bn
(10 May)

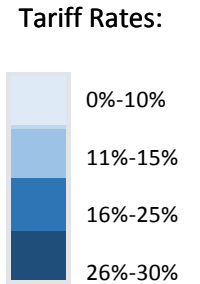


\$374 bn
(1 Sep)



\$374 bn
(15 Oct)

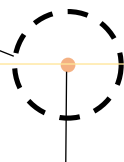
\$536.1 bn
(15 Dec)



PRC actions:

Value of total Imports from the US(2018):
\$155.1 bn

Est. value of tariff-affected imports from US:



\$3 bn
(2 Apr)



\$53 bn
(6 Jul/23 Aug)



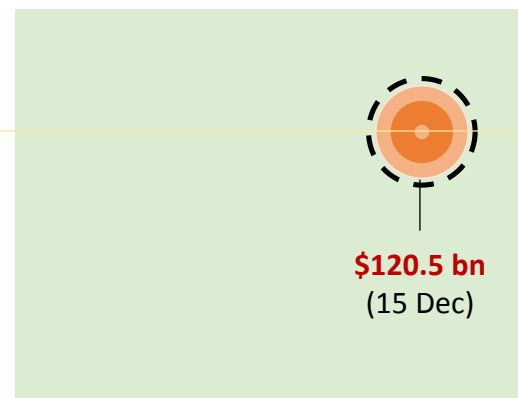
\$113 bn
(24 Sep)



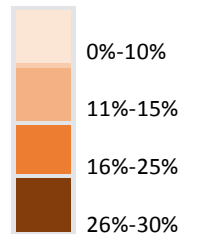
\$113 bn
(1 Jun)



\$117.8 bn
(1 Sep)



\$120.5 bn
(15 Dec)



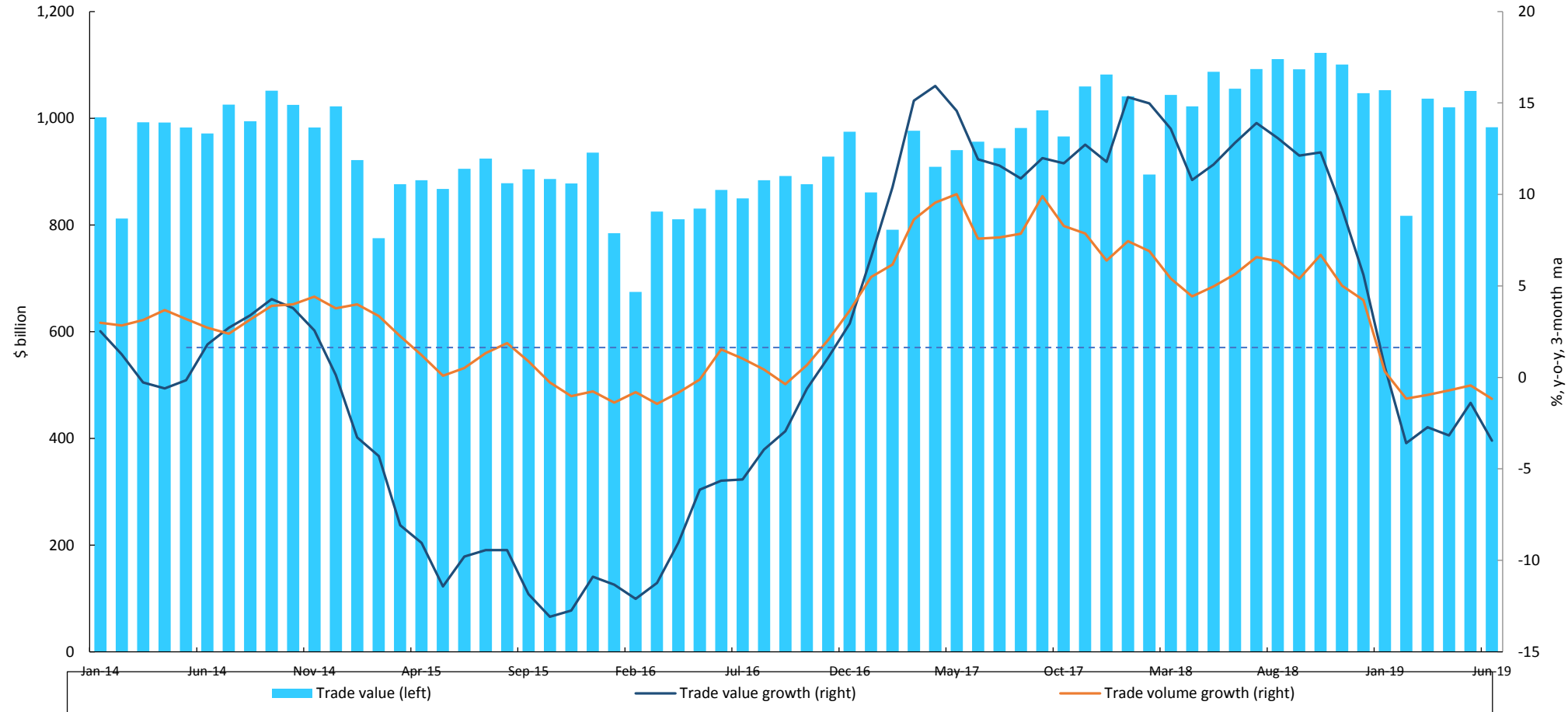
2018

2019

Notes: Bubbles with broken lines (---) show the value of all imports in 2018. Shaded bubbles show the portion affected by tariffs, and shade darkness indicates tariff intensity. The months refer to when the tariffs were implemented.

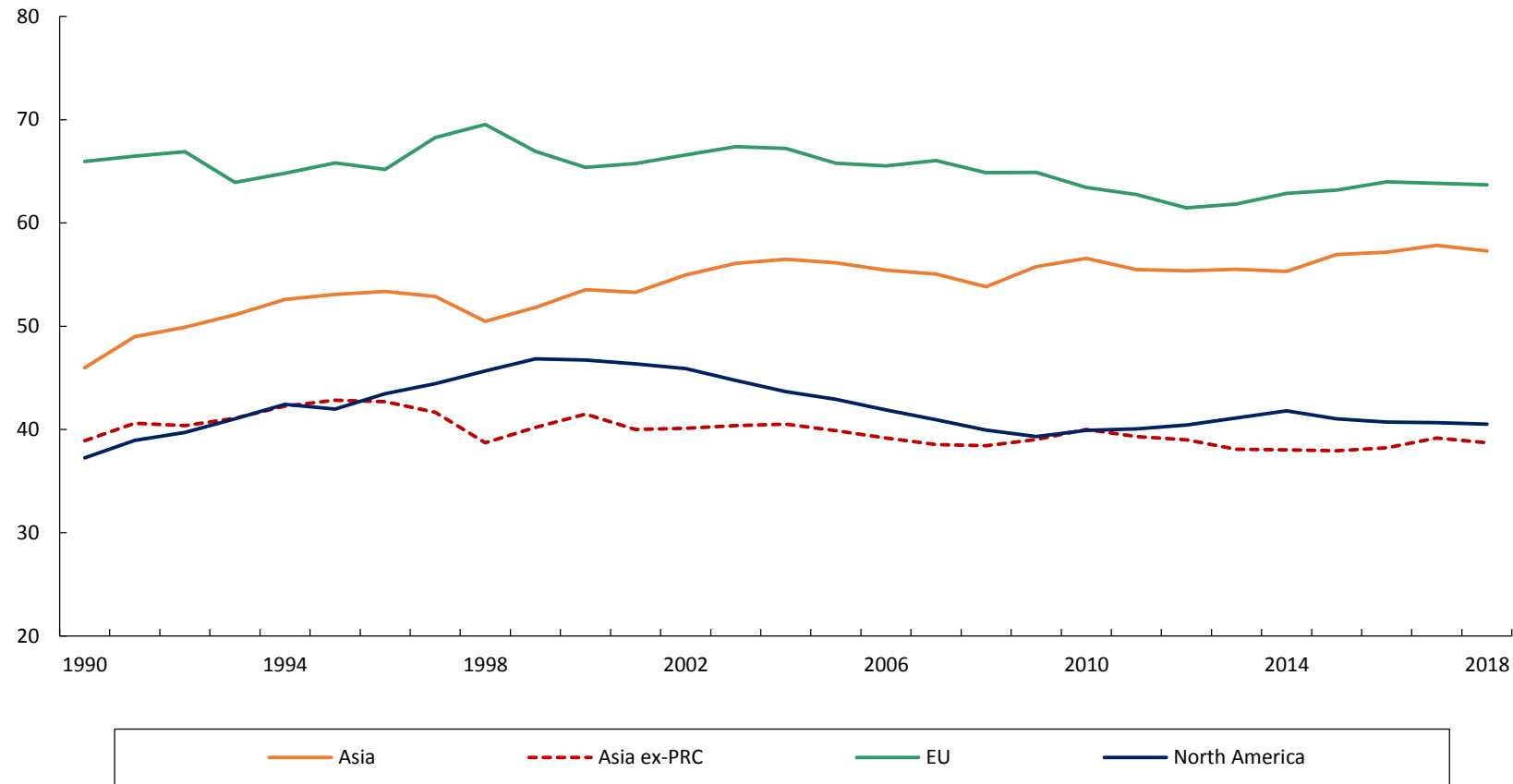
Source: ADB staff estimates.

Monthly trade, By Value and Volume-Asia



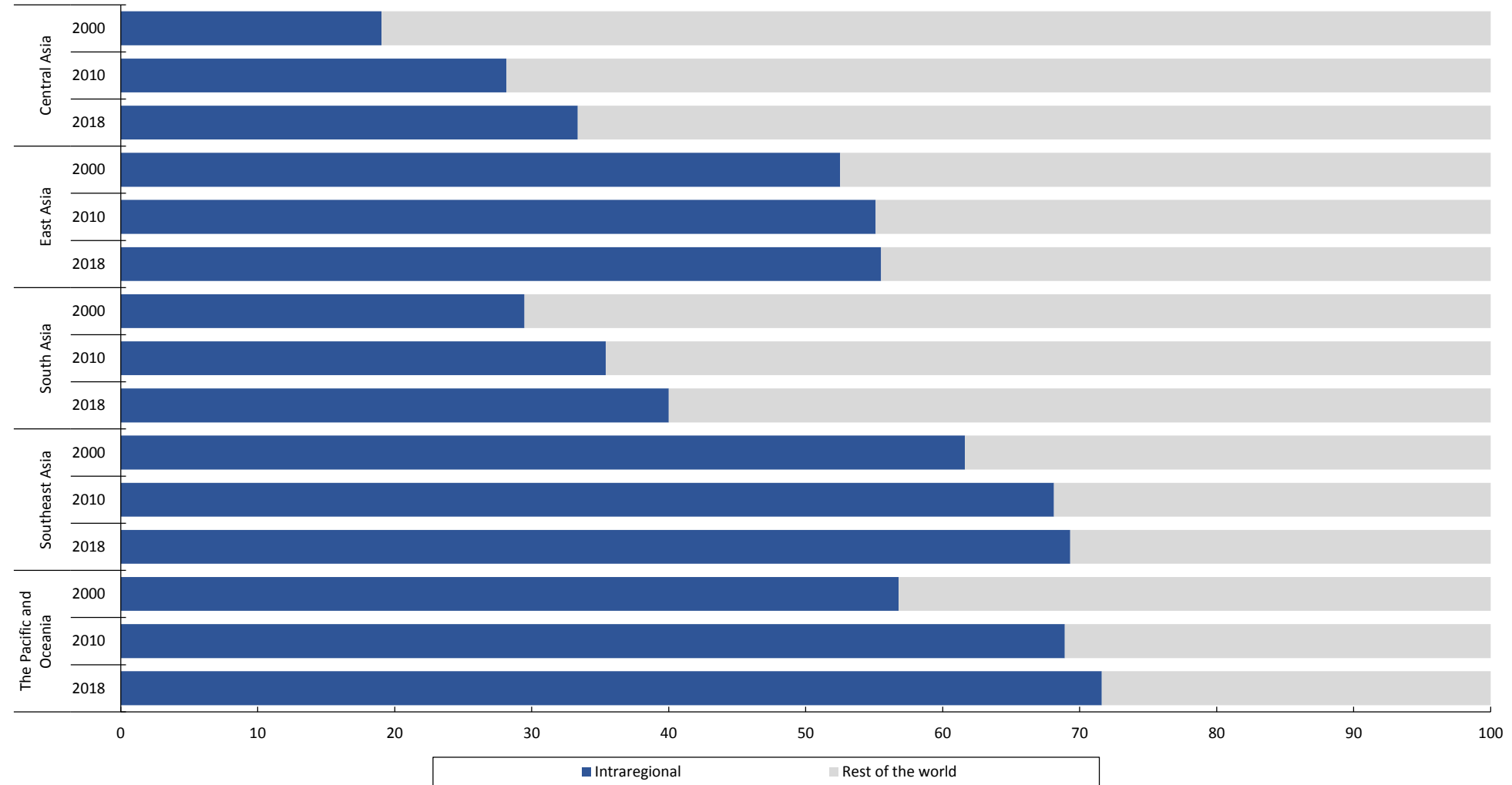
Sources: ADB calculations using data from CEIC; and CPB Netherlands Bureau for Economic Policy Analysis. World Trade Monitor

Intraregional trade share: Asia, EU and North America



Source: ADB calculations using data from International Monetary Fund. Direction of Trade Statistics. <https://www.imf.org/en/Data> (accessed September 2019).

Intraregional trade shares by Asian subregions (%)



Source: ADB calculations using data from International Monetary Fund. Direction of Trade Statistics. <https://www.imf.org/en/Data> (accessed September t 2019).

Downside risks to the outlook have increased

- Further escalation of the US-PRC trade conflict
- Deeper malaise in advanced economies
- Rising private debt in developing Asia
- Intraregional trade remains strong, providing some buffer against downside risks