



International Monetary Fund

World and Asian Economic Outlook December 2021

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Overview

Key themes

- **Fault lines opened up by pandemic likely to extend into medium term:** vaccine inequities, policy shifts, near-term divergences become medium-term scarring
- **Employment lagging:** activity recovering faster than employment
- **Increased uncertainty about the path of the pandemic:** rapid spread of Delta variant and threat of more, new variants raise doubts about how quickly the pandemic can be overcome
- **Policy choices becoming more difficult:** rising inflation against backdrop of still subdued employment, more limited room for maneuver in many countries
- **Big challenges ahead to “Build Forward Better.”**

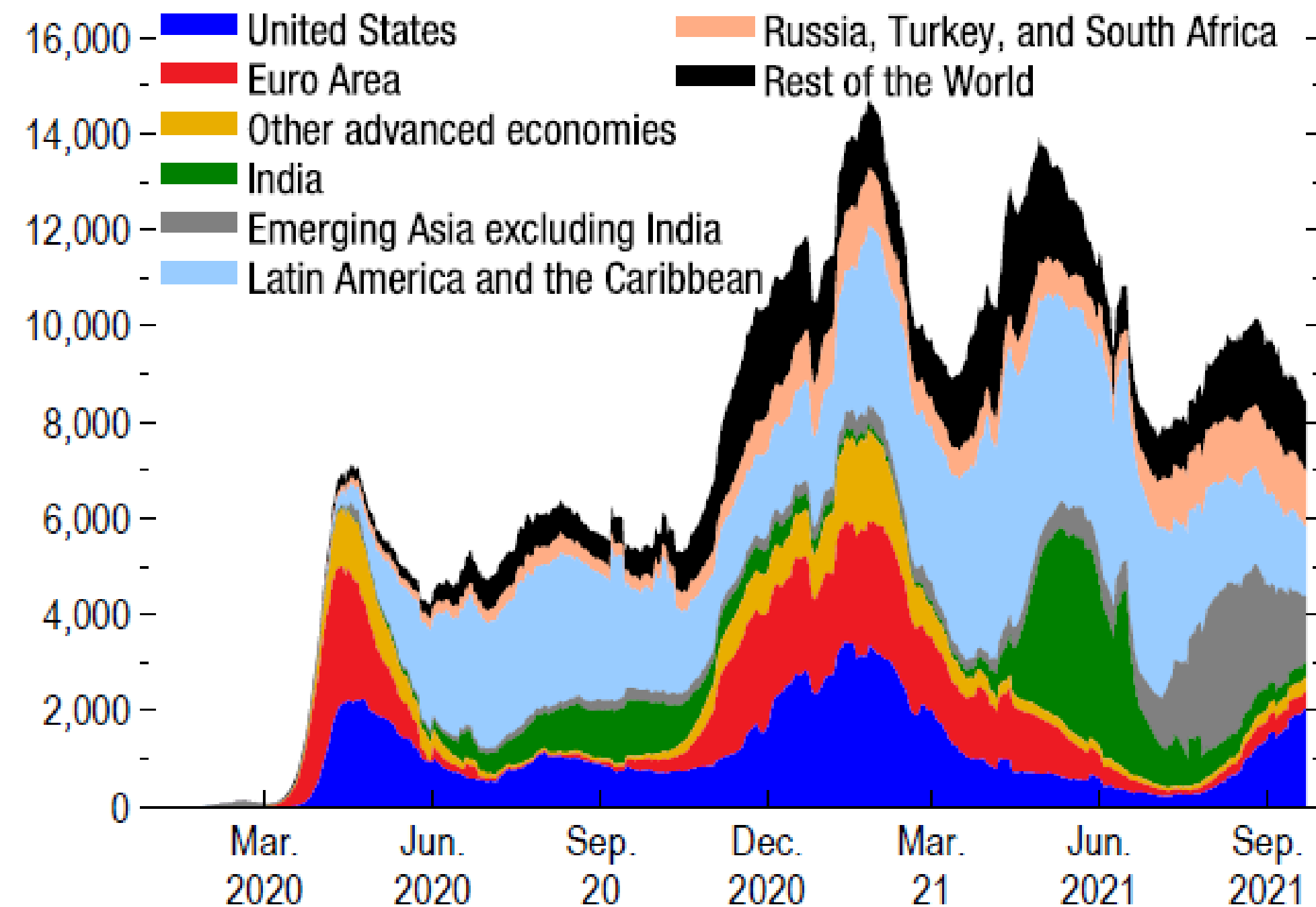
Risks tilted to the downside

- Emergence of new, more detrimental **SARS-CoV-2 variants**
- More persistent **supply-demand mismatches**, with higher risks of persistent inflation and surprise monetary tightening

Vaccine inequities, shifting incidence of pandemic severity

New Confirmed COVID-19 Deaths

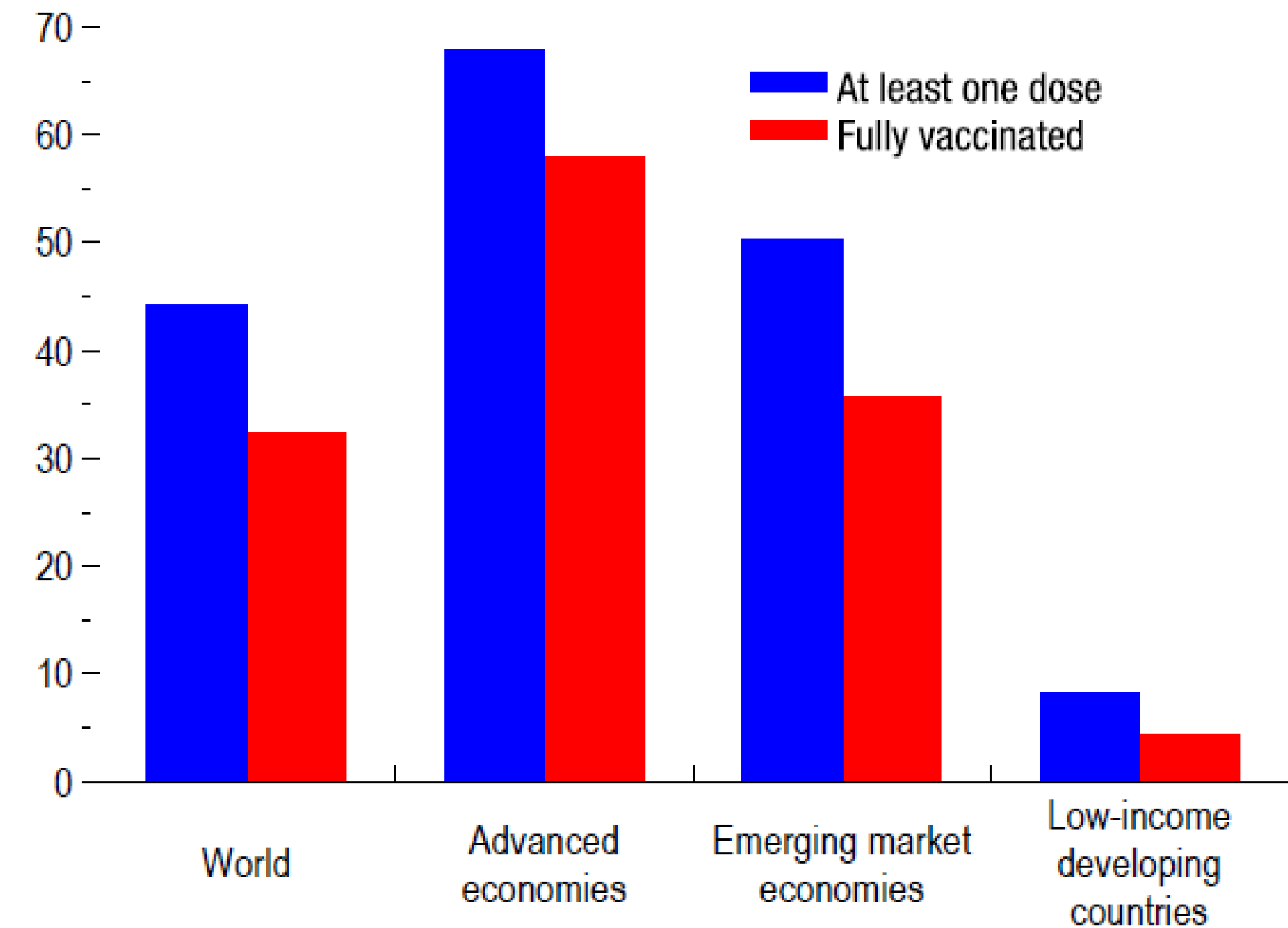
(Persons, 7-day moving average)



Sources: Our World in Data; and IMF staff calculations.

The Great Vaccination Divide

(Percent of population)

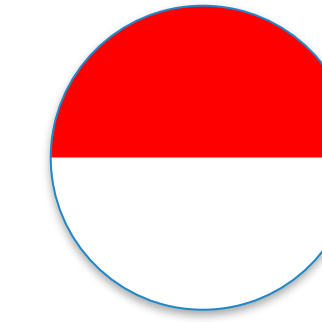
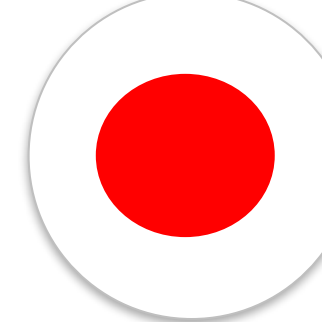
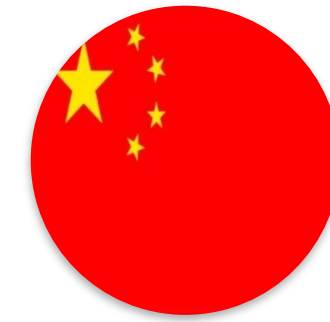


Sources: Our World in Data; and IMF staff calculations.

Note: Data as of September 22, 2021.

Growth projections: Asia

(percent change from a year earlier)



World

Asia

China

India

Japan

Korea

Australia

Indonesia

Thailand

Singapore

2020

-3.1

-1.3

2.3

-7.3

-4.6

-0.9

-2.4

-2.1

-6.1

-5.4

Revision from
Jul. 2021

0.1

n.a.

0.0

0.0

0.1

0.0

0.0

0.0

0.0

0.0

2021

5.9

6.5

8.0

9.5

2.4

4.3

3.5

3.2

1.0

6.0

Revision from
Jul. 2021

-0.1

n.a.

-0.1

0.0

-0.4

0.0

-1.8

-0.7

-1.1

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2022

4.9

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Revision from
Jul. 2021

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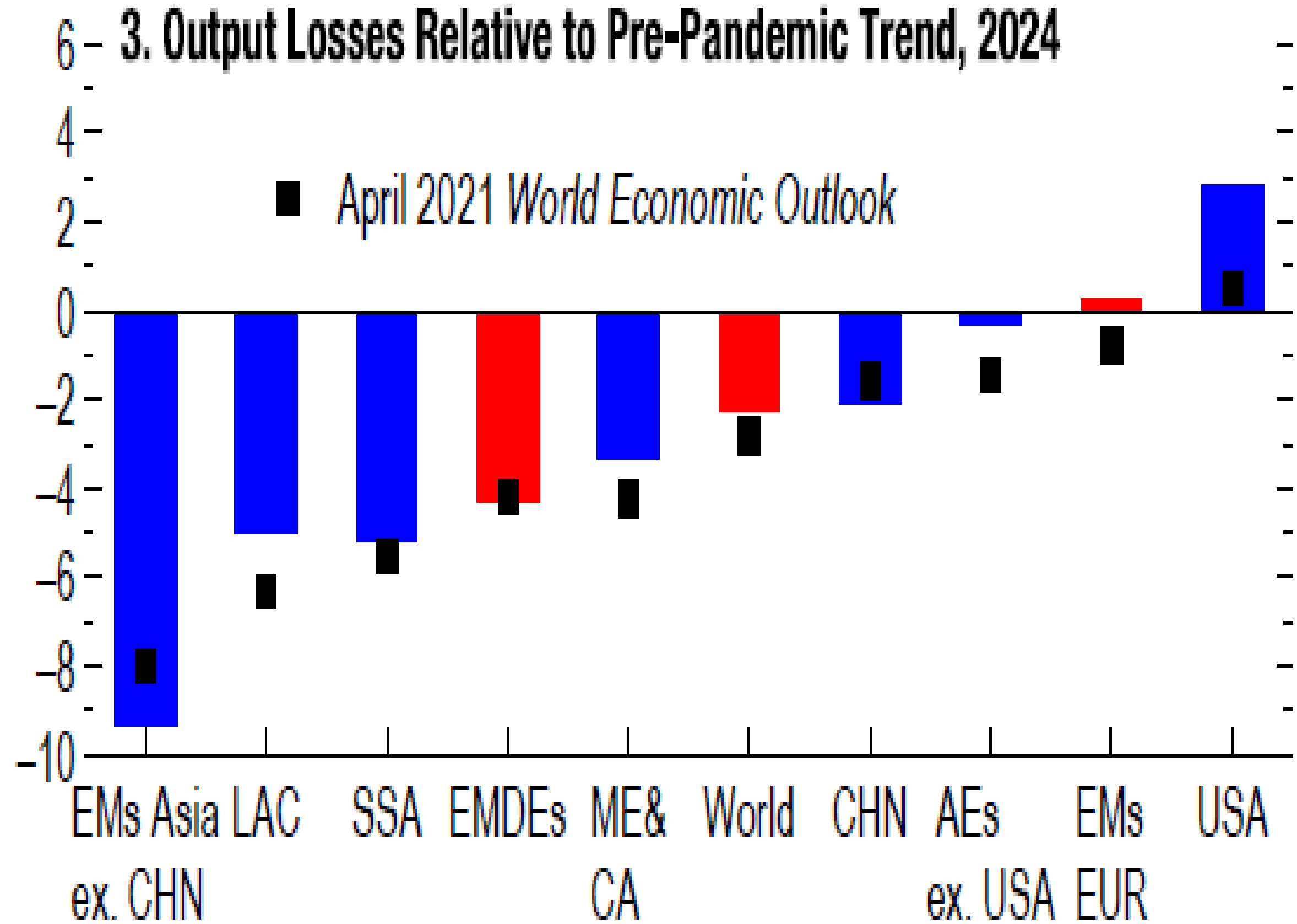
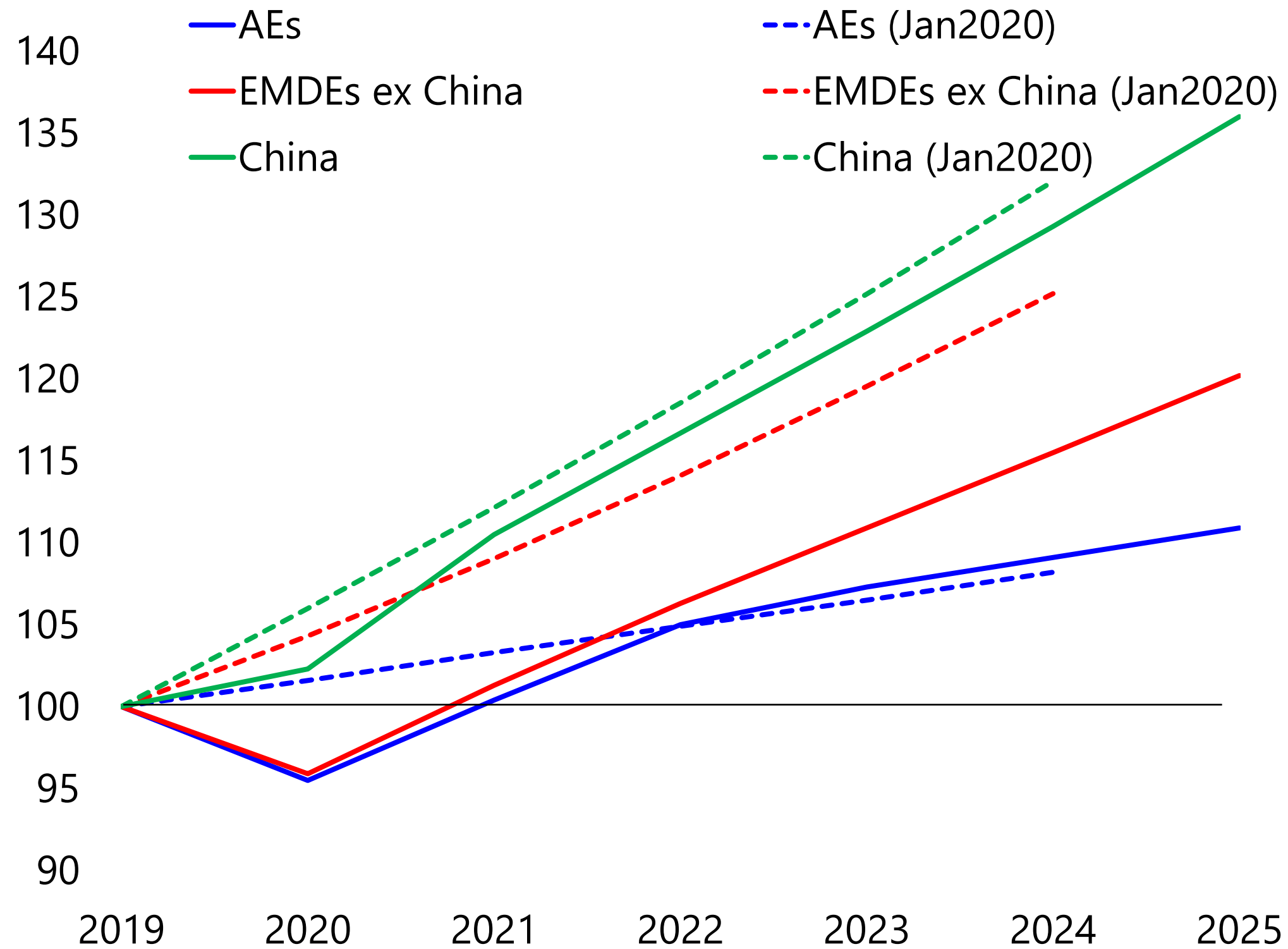
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Source: IMF, October 2021 *World Economic Outlook*.

Output scarring expected, but varies across groups

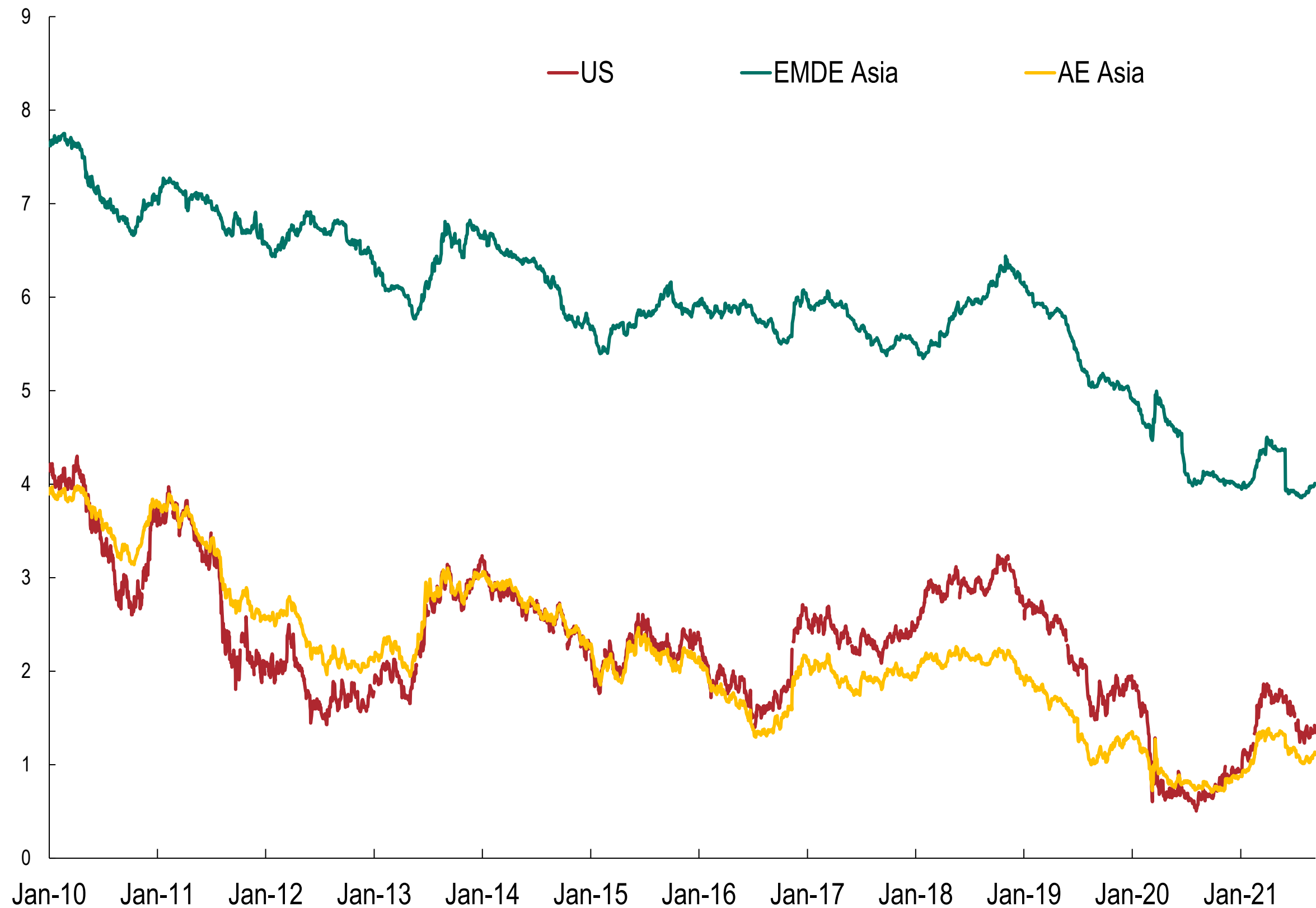
Projected output paths

(index, 2019=100)



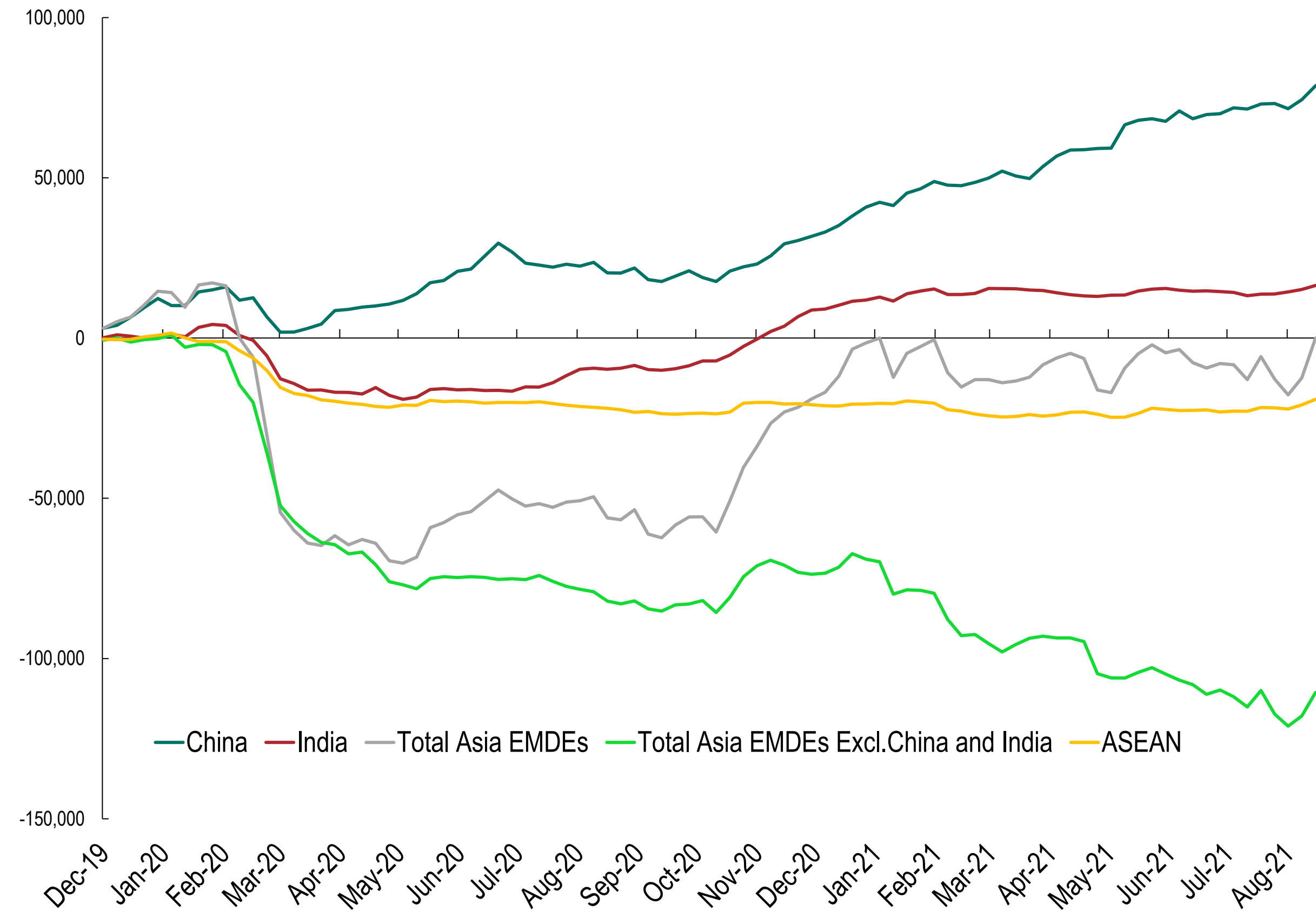
Mostly accommodative financial conditions...

US and Asia 10-Year Yields
(Percent)



Source: Federal Reserve Bank of San Francisco, Bloomberg LP and IMF staff calculations.
Note: Simple average of 10 year yields. EMDE Asia includes: China, India, Indonesia, Malaysia, Philippines, Sri Lanka, Thailand and Vietnam. AE Asia includes: Australia, Hong Kong SAR, Japan, Korea, New Zealand, Singapore and Taiwan Province of China.

Cumulative Portfolio Flows: Selected EM Asia-Economies
(Millions of USD)



Source: Institute of International Finance.
Note: Total Asia EMDEs includes equity flows for Indonesia, India, Korea, Thailand, Philippines, Vietnam, Taiwan Province of China, China, Sri Lanka and debt flows for Indonesia, India and Thailand. China includes equity flows and India equity and debt flows. ASEAN includes Indonesia, Thailand, Philippines and Vietnam. Portfolio flows for ASEAN includes equity flows for Vietnam and Philippines and total flows for Indonesia and Thailand.

Thank you