

North Asia: COVID-19 update in 20 charts

Economics/Growth/Monetary/Fiscal/China/Japan/South Korea/Taiwan

Group Research

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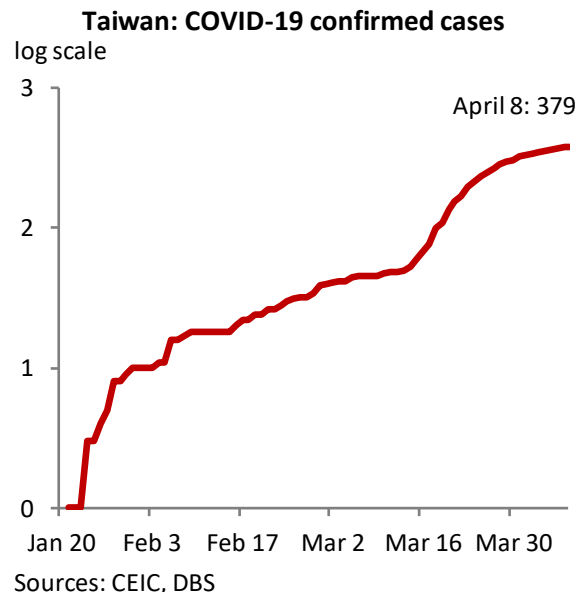
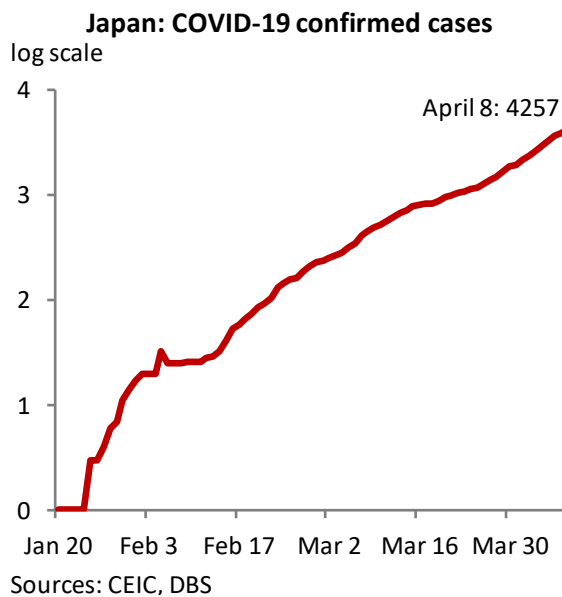
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- *The COVID-19 situation in North Asia now looks relatively mild compared to the US and Europe. While the number of new infections is rising in Japan, it has fallen sharply in Mainland China and South Korea and is well under control in Taiwan.*
- *Domestic demand dropped more in Japan than in South Korea and Taiwan.*
- *Automobile supply chain was hurt more than the electronics supply chain.*
- *Consumption and production activities in Mainland China have started to recover, with the pace picking up further in April.*
- *The USD funding stress in Japan and South Korea's financial markets has eased, along with the decrease in equity outflows.*
- *The northbound trade volumes under China's Bond Connect scheme surged to a record high.*
- *Demand decline and supply chain disruption in other parts of the world have become the new challenges facing North Asian economies.*
- *Suffering the continued deterioration of COVID-19, Japan is moving to take the most aggressive stimulus measures in this region to shield the economy.*

COVID-19 situation

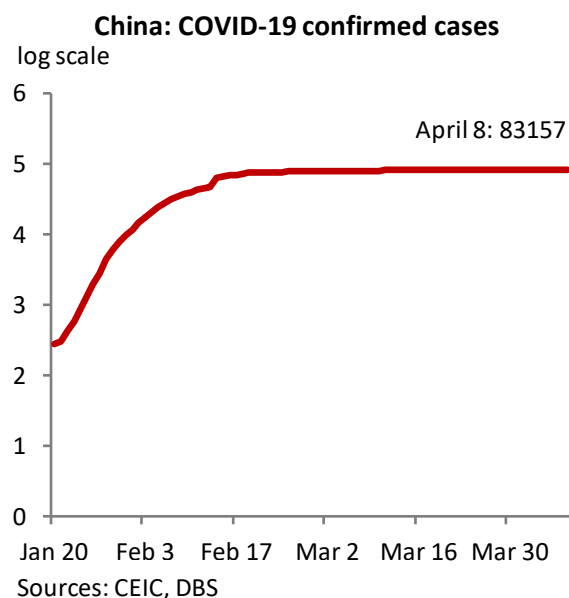
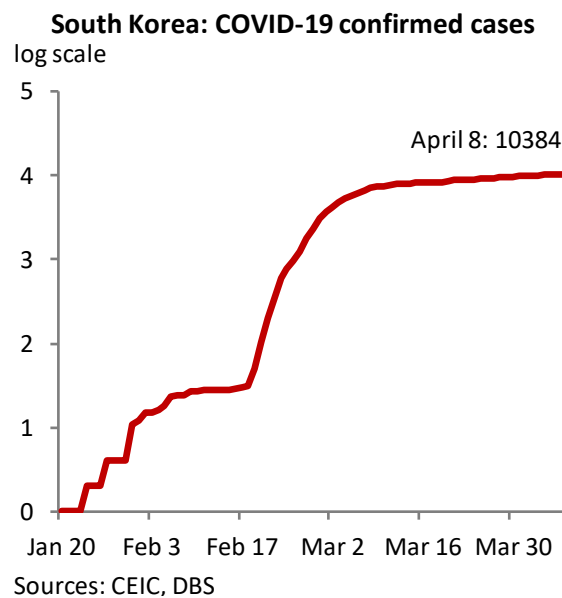
The number of COVID-19 infections in Japan has begun to surge since late-March. The government has declared state of emergency for seven prefectures including Tokyo and Osaka, lasting one month from April 7 to May 6.

The COVID-19 situation in Taiwan has also started to deteriorate since March. But the cumulative number of infections remains very low, at less than 400 (0.002% of population).



The infection curve in South Korea is flattening, thanks to the government's decisive containment measures like mass testing and quarantines.

In Mainland China, the initial epicentre of the outbreak, the infection curve has flattened since late-February.

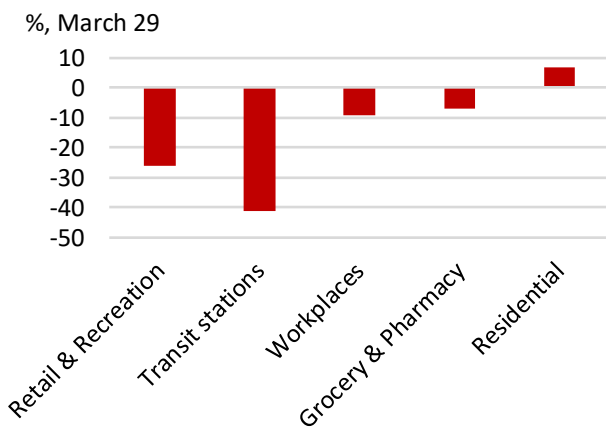


Economic impact – Domestic demand

According to the Google Mobility Report, the transport and retail & recreation activities in Japan have fallen by 41% and 26% respectively from the normal levels, as of end-March.

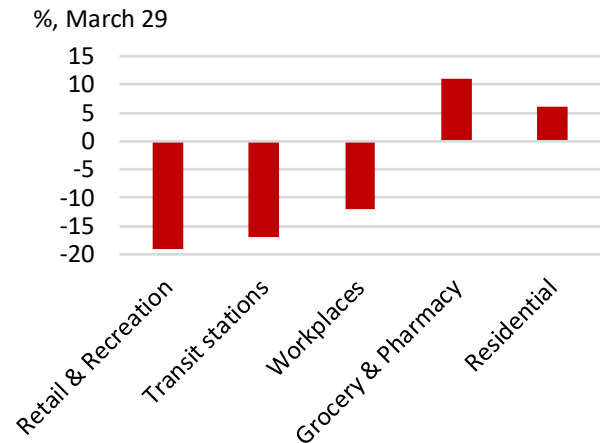
Transport and retail & recreation in South Korea were not hit very badly (less than 20% decline). Activities at groceries and pharmacies even rose strongly by more than 10%.

Japan: Google Mobility Report



Sources: Google, DBS. Baseline=100 is the median value for the corresponding day of the week in Jan 3-Feb 6

South Korea: Google Mobility Report

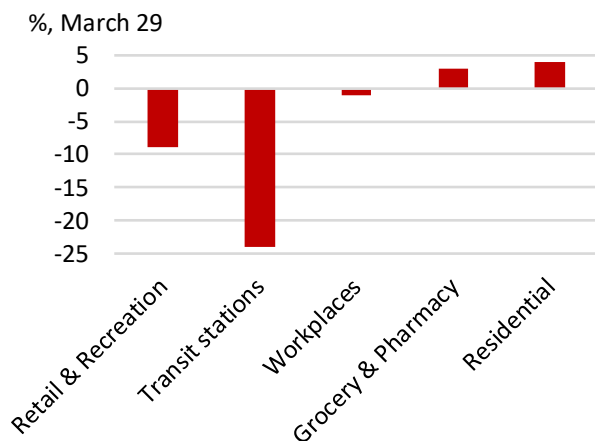


Sources: Google, DBS. Baseline=100 is the median value for the corresponding day of the week in Jan 3-Feb 6

Retail and recreation activities in Taiwan were least affected – only a 9% decline compared to the normal levels.

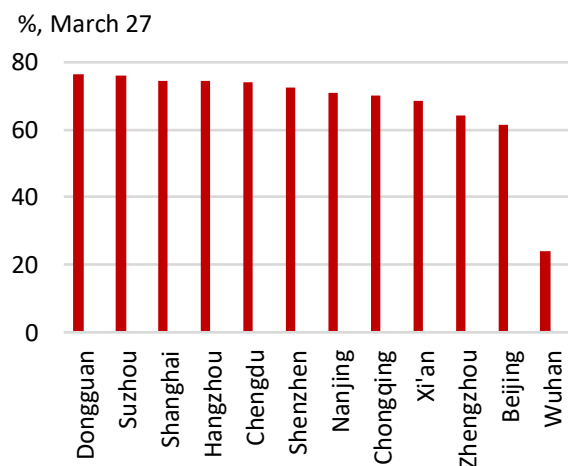
In Mainland China, the Baidu Work Resumption Index has risen to 60-70% across 37 major cities as of end-March, except Wuhan.

Taiwan: Google Mobility Report



Sources: Google, DBS. Baseline=100 is the median value for the corresponding day of the week in Jan 3-Feb 6

China: Baidu Work Resumption Index



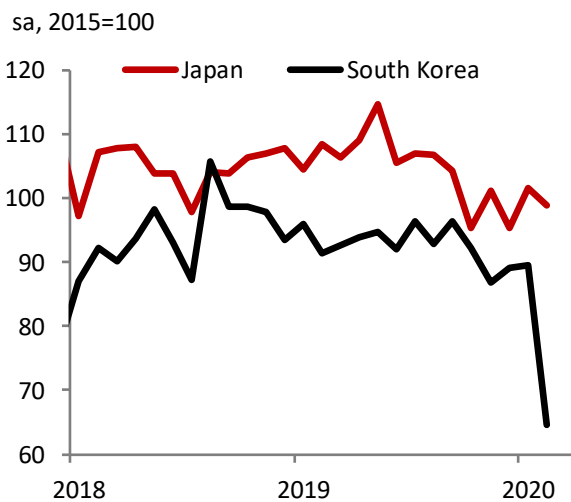
Sources: Baidu, DBS. Baseline=100 is the number of active working population in Dec19

Economic impact – Exports & Supply chain

South Korea's automobile output fell sharply in February, due to the supply chain disruption in China and at home.

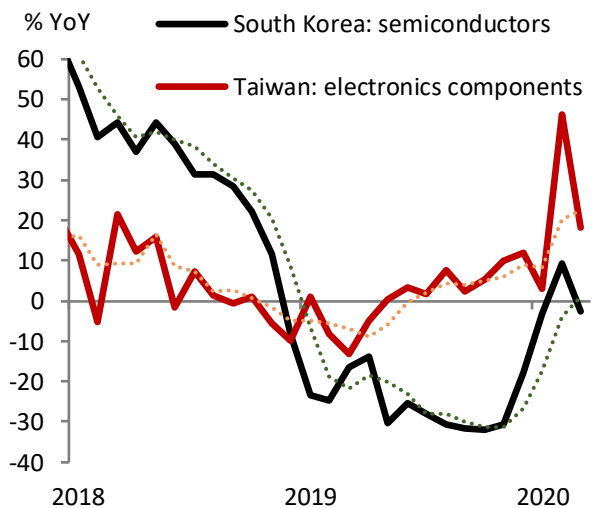
Taiwan's electronics exports held up well as of March, showing that semiconductor supply chain was not affected very much by COVID-19.

Japan & South Korea: Automobile production



Sources: CEIC, DBS

South Korea & Taiwan: Electronics exports



Sources: CEIC, DBS

The operating rate of blast furnaces at Chinese steel mills has risen to 67% as of the first week of April, close to the normal levels before the Lunar New Year.

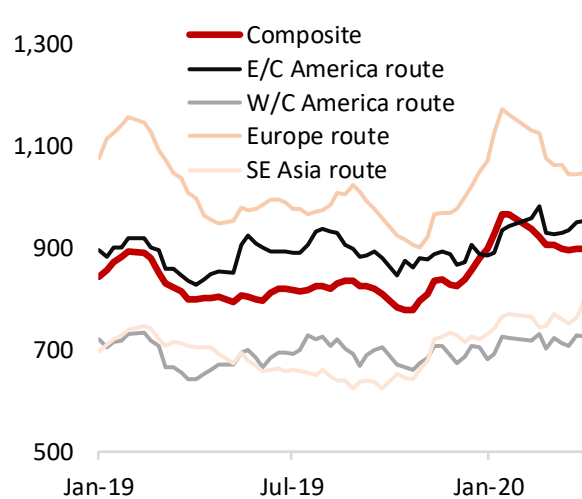
The freight index of Chinese export containers has continued the downtrend seen since the Lunar New Year, suggesting the weakness in overseas demand.

China: Operating rate of blast furnaces (163 steel mills)



Sources: Wind, DBS

China Containerized Freight Index (CCFI)

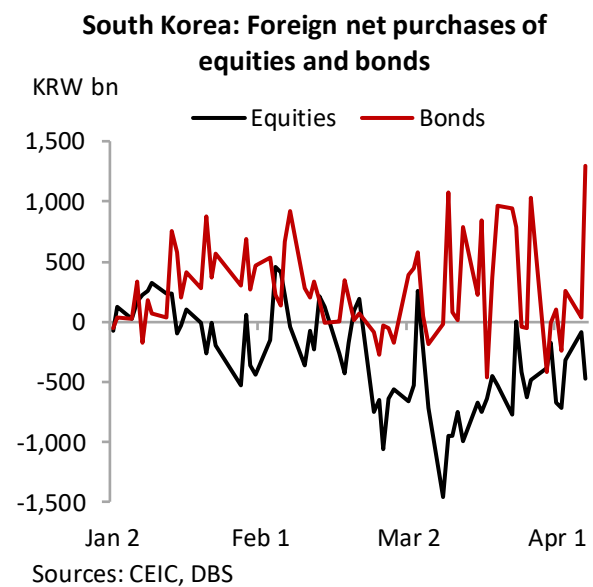
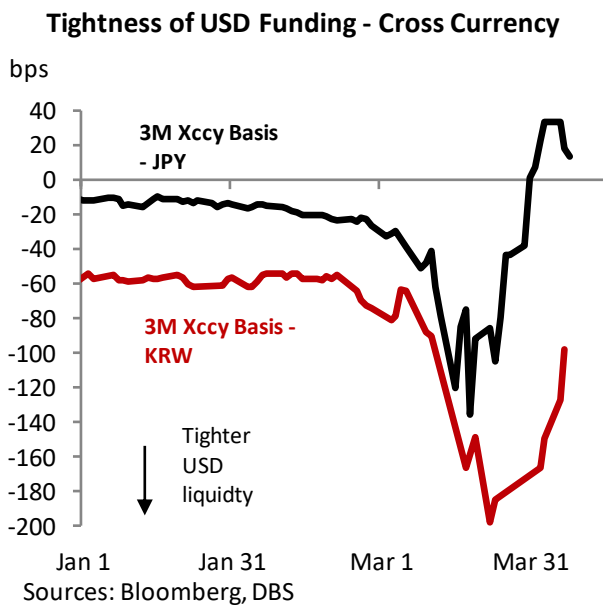


Sources: Wind, DBS

Financial markets

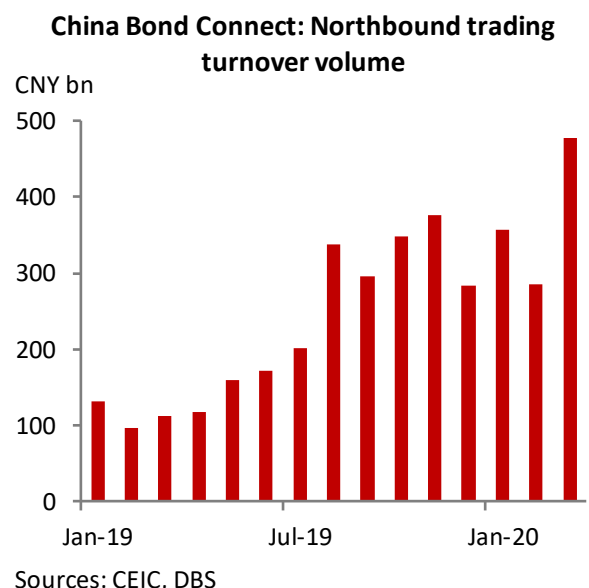
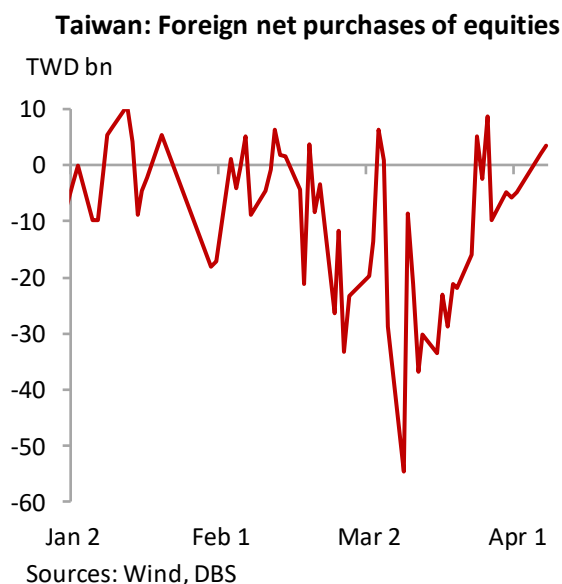
The USD funding stress in South Korea and Japan has started to ease since April, as evidenced by the narrowing of cross currency basis.

Foreign outflows from South Korea's stock market have eased; inflows into the KRW bond market remained resilient.



Foreign net purchases of Taiwanese equities turned slightly positive in the first week of April.

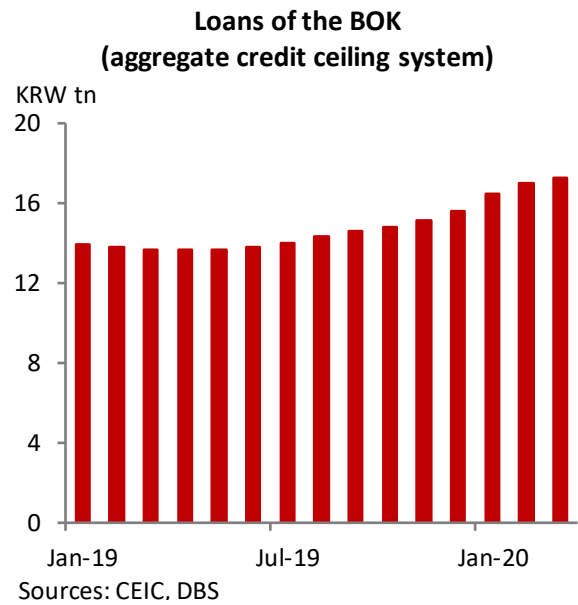
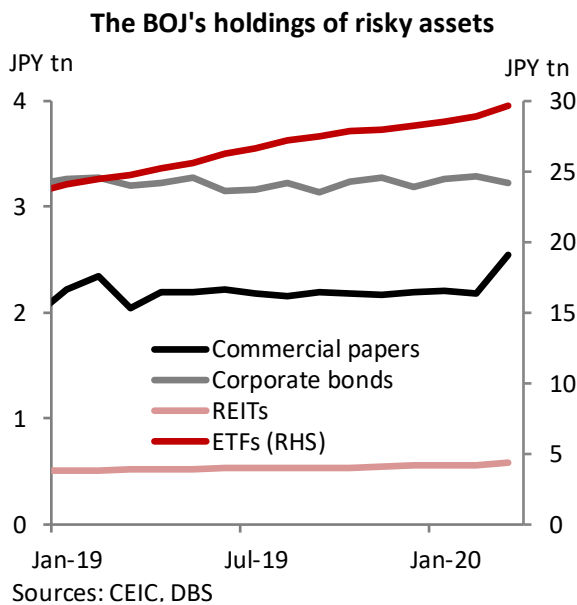
The northbound trading volumes under China's Bond Connect scheme surged to a record high of CNY478bn in March.



Monetary & Fiscal policies

The Bank of Japan has stepped up the purchases of risky assets. The holdings of CPs, ETFs and REITs on its balance sheet increased by 17%, 3% and 5% respectively in March.

The Bank of Korea has adopted the GFC-like easing measures. The low-interest rate loans provided by the BOK to financial institutions to support SMEs increased by 26% YoY in March.

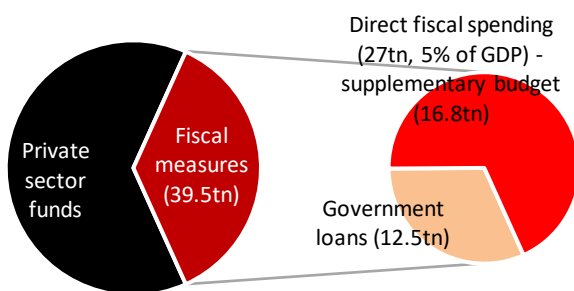


The Japanese government has announced a huge stimulus package worth JPY108.2tn (20% of GDP). Direct fiscal spending in this package amounts to JPY27tn (5% of GDP).

Taiwan has approved a TWD1.05tn stimulus package (5.4% of GDP), including TWD350bn of fiscal spending (1.8% of GDP).

Japan: Composition of COVID-19 stimulus package

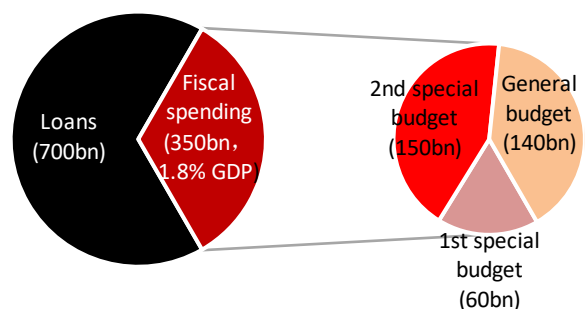
A total of JPY108.2tn (20% of GDP)



Sources: Bloomberg, DBS

Taiwan: Composition of COVID-19 stimulus package

A total of TWD1.05tn (5.4% of GDP)



Sources: Reuters, DBS

Forecasts on major indicators

	GDP growth, % YoY				CPI inflation, % YoY, ave			
	2018	2019	2020f	2021f	2018	2019	2020f	2021f
China	6.6	6.1	2.0	5.6	2.1	2.6	2.3	2.5
Hong Kong	3.0	-1.2	-4.0	1.5	2.4	2.7	2.5	2.5
India	6.8	5.3	1.0	4.0	4.0	3.7	5.1	4.2
India (FY basis)*	6.2	4.8	1.5	4.0	3.4	4.8	4.2	4.0
Indonesia	5.2	5.0	2.5	4.0	3.2	2.8	2.8	3.0
Malaysia	4.7	4.3	-0.5	3.2	1.0	0.7	0.4	1.8
Philippines**	6.2	5.9	4.0	4.2	5.2	2.5	2.4	3.0
Singapore	3.1	0.7	-2.8	1.8	0.4	0.6	-0.1	1.5
South Korea	2.7	2.0	-1.1	2.9	1.5	0.4	0.2	0.5
Taiwan	2.7	2.7	-1.0	2.9	1.3	0.6	0.1	0.5
Thailand	4.2	2.4	-5.5	0.7	1.1	0.8	0.8	1.0
Vietnam	7.1	7.0	4.4	6.2	3.5	2.8	2.6	3.0
Eurozone	1.9	1.2	-4.5	1.5	1.8	1.2	1.0	1.2
Japan	0.3	0.7	-3.0	2.8	1.0	0.5	-0.1	0.0
United States***	2.9	2.3	-5.0	5.0	1.9	2.3	1.3	1.5

* refers to fiscal years i.e. 2020 represents FY21 - year ending March 2021

** new CPI series *** eop for CPI inflation

	Policy interest rates, eop							
	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
China*	4.05	3.85	3.70	3.55	3.55	3.55	3.55	3.55
India	4.40	4.15	4.15	4.15	4.15	4.15	4.15	4.15
Indonesia	4.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Malaysia	2.50	2.00	2.00	2.00	2.00	2.00	2.25	2.50
Philippines	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Singapore**	0.85	0.40	0.40	0.40	0.40	0.40	0.40	0.40
South Korea	0.75	0.50	0.50	0.50	0.50	0.50	0.50	0.75
Taiwan	1.13	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Thailand	0.75	0.50	0.25	0.25	0.25	0.25	0.25	0.25
Vietnam***	5.00	3.50	3.50	3.50	4.00	4.50	5.00	5.00
Eurozone	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Japan	-0.10	-0.20	-0.20	-0.20	-0.20	-0.20	-0.20	-0.20
United States	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25

* 1-yr Loan Prime Rate; ** 3M SOR; *** prime rate

	Exchange rates, eop							
	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
USD/CNY	7.10	7.05	7.00	6.95	6.90	6.85	6.80	6.75
USD/HKD	7.75	7.80	7.78	7.77	7.76	7.76	7.75	7.75
USD/INR	74.9	75.5	75.5	75.0	75.0	74.5	74.5	74.0
USD/IDR	16000	15800	15600	15400	15200	15000	14800	14600
USD/MYR	4.34	4.30	4.25	4.20	4.18	4.16	4.14	4.10
USD/PHP	51.0	51.9	51.3	50.7	50.5	50.3	50.1	49.9
USD/SGD	1.43	1.41	1.39	1.37	1.36	1.35	1.34	1.33
USD/KRW	1211	1220	1200	1180	1160	1140	1120	1100
USD/THB	32.6	32.3	31.8	31.2	31.0	30.8	30.6	30.4
USD/VND	23625	23300	23250	23200	23170	23170	23170	23170
AUD/USD	0.62	0.65	0.65	0.66	0.66	0.67	0.67	0.68
EUR/USD	1.11	1.09	1.10	1.11	1.12	1.13	1.14	1.15
USD/JPY	108	109	107	105	104	104	104	103
GBP/USD	1.25	1.25	1.26	1.27	1.28	1.29	1.30	1.31

Australia, Eurozone and United Kingdom are direct quotes

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