

Regional Monitor

- Charts of the Month -

Contributions by the Res Rep Offices and Country Teams



IMF

Asia and Pacific Department

March 16, 2018



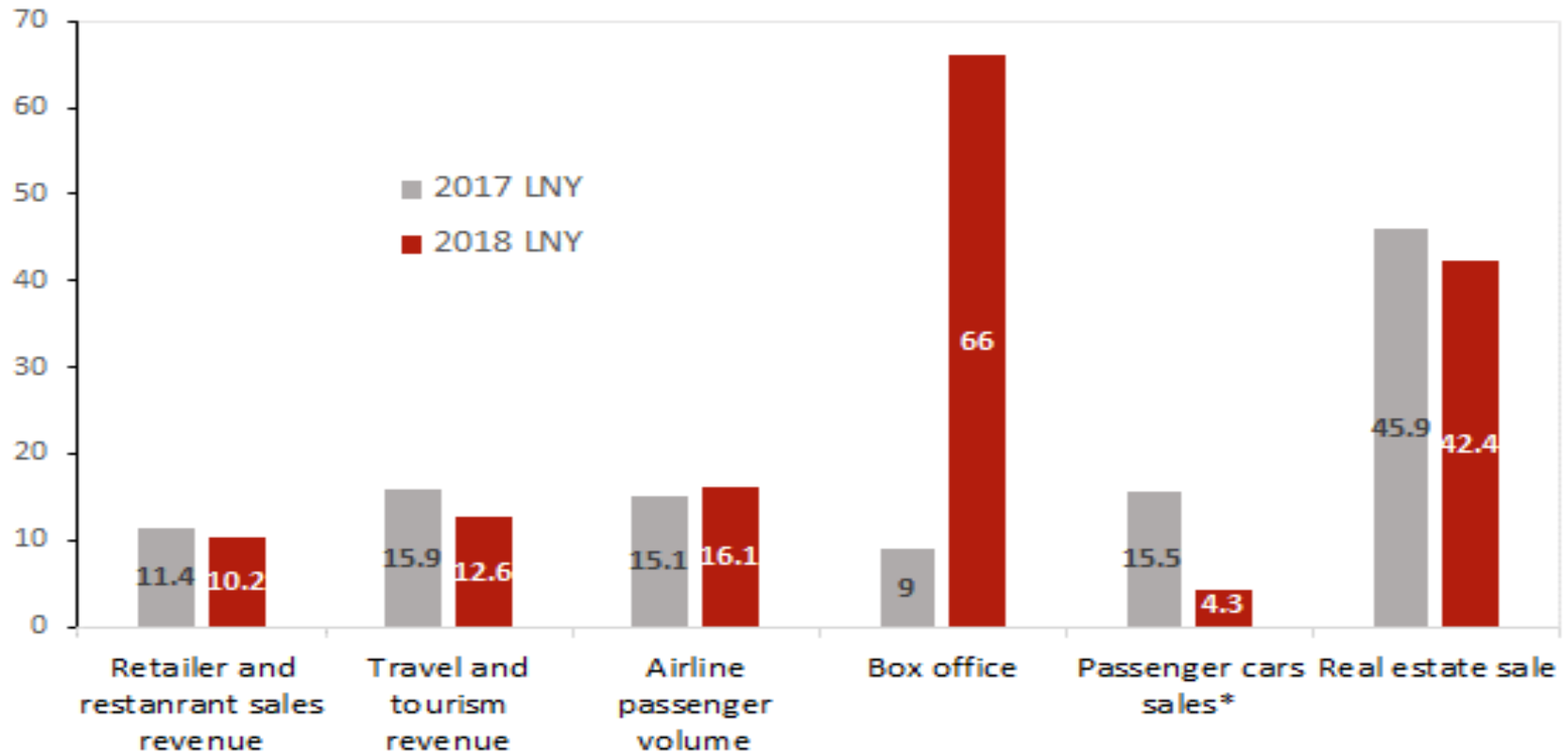
Highlights

- Economic activities in Asia (China, Japan, India, Philippines) show further strengthening, consistent with the outlook portrayed by the WEO Update.
- The cyclical upturns contribute to a virtuous cycle, promoting trade in EMs and LICs (Vietnam, Bangladesh, Myanmar). Strong consumption growth in China attracts exports from Asia, benefiting Vietnam in particular.
- Against this background, countries face a varying degree of inflation. The Philippines face rising inflation as its output gap further narrows, and the market anticipates Bank Sentral ng Pilipinas (BSP) to raise its policy rate soon. Inflation in South Korea, Sri Lanka, and Malaysia has moderated, however, the Bank Negara Malaysia increased its overnight rate for the first time since July 2014, noting that monetary stance remains still accommodative.
- In Cambodia, private sector credit increased around 20 percent in 2017, driven by strong growth in real estate lending. House prices in Singapore rose for the second straight quarter in 2017q4, showing a sign of market recovery.
- PICs continue to face risks of climate change, and the incidence of natural disasters has been on the rise.



China: Strong service growth during Chinese New Year

YoY growth of consumption items in lunar new year



Source: WIND.
Contributor: Xuefei Bai.

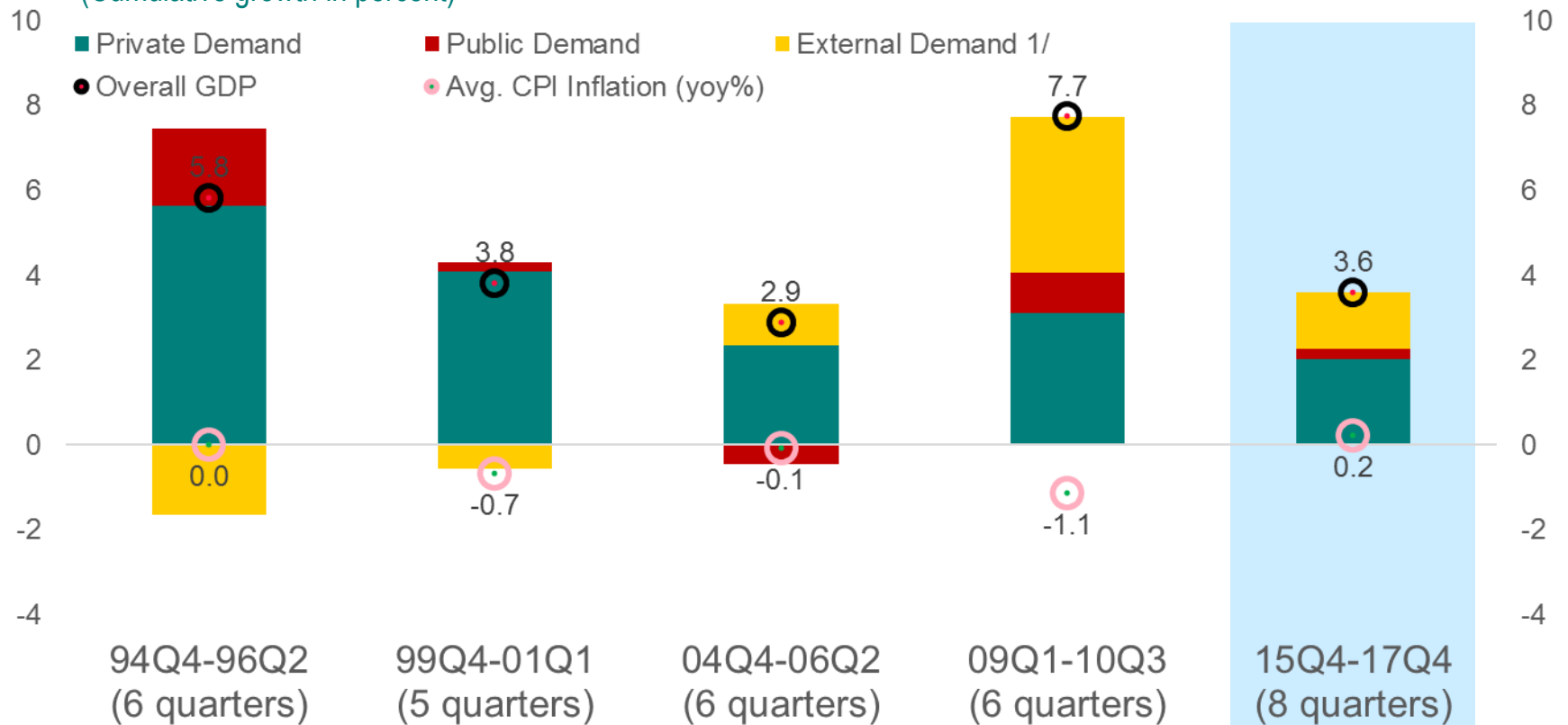


Longest streak of economic expansion in Japan since 1989, albeit at a modest pace.

Episodes of Prolonged Economic Expansion, 1994-2017

Contribution to GDP Growth by Major Components

(Cumulative growth in percent)



1/ External demand includes residual items as it is calculated to match the overall GDP growth during the period.

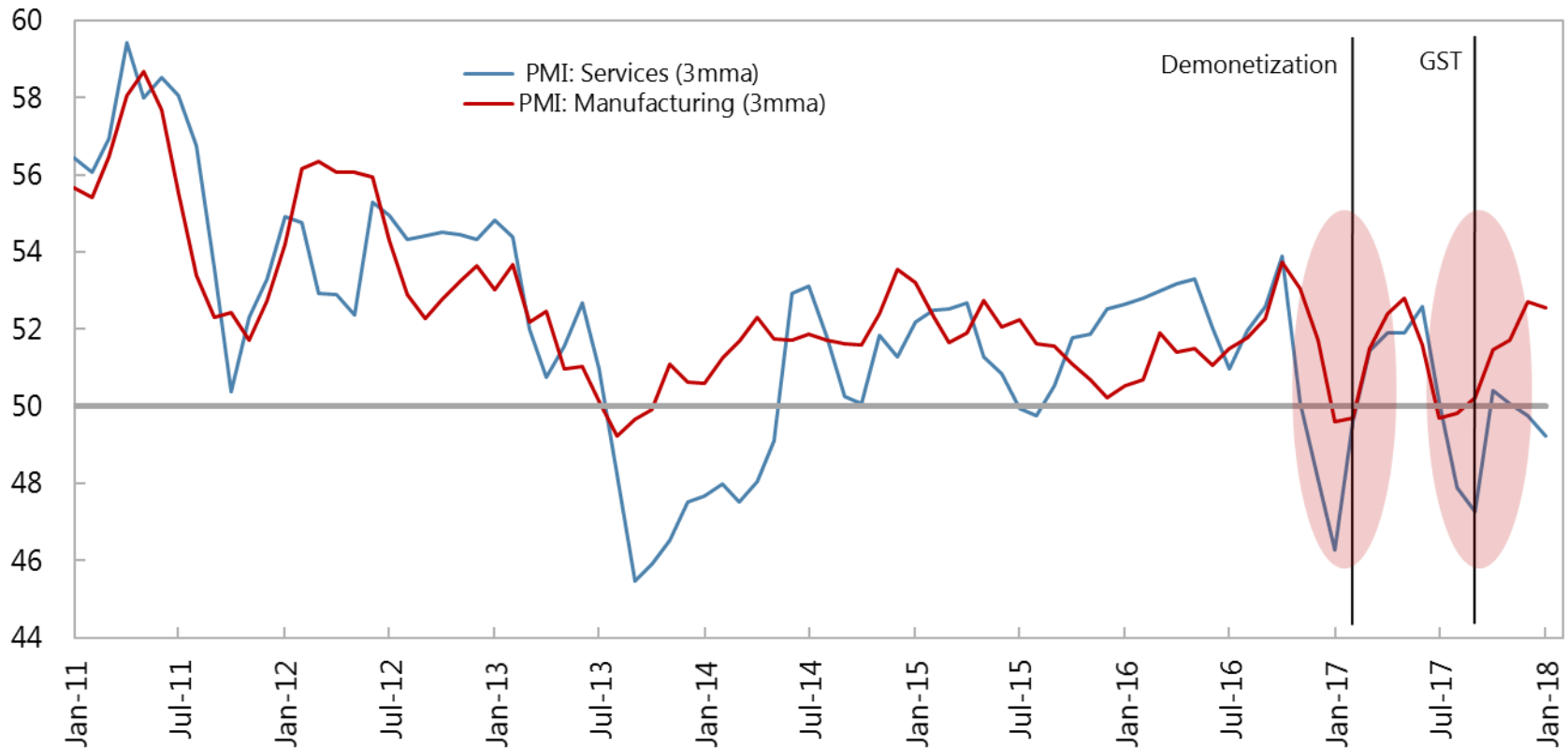
Sources: Economic and Social Research Institute (ESRI), Japan; and IMF staff calculations.

Contributor: Ken Kashiwase.



India: Growth picking up after transitory slowdown due to demonetization and GST

Purchasing Managers Indices: Manufacturing and Services
(50+ = expansion)



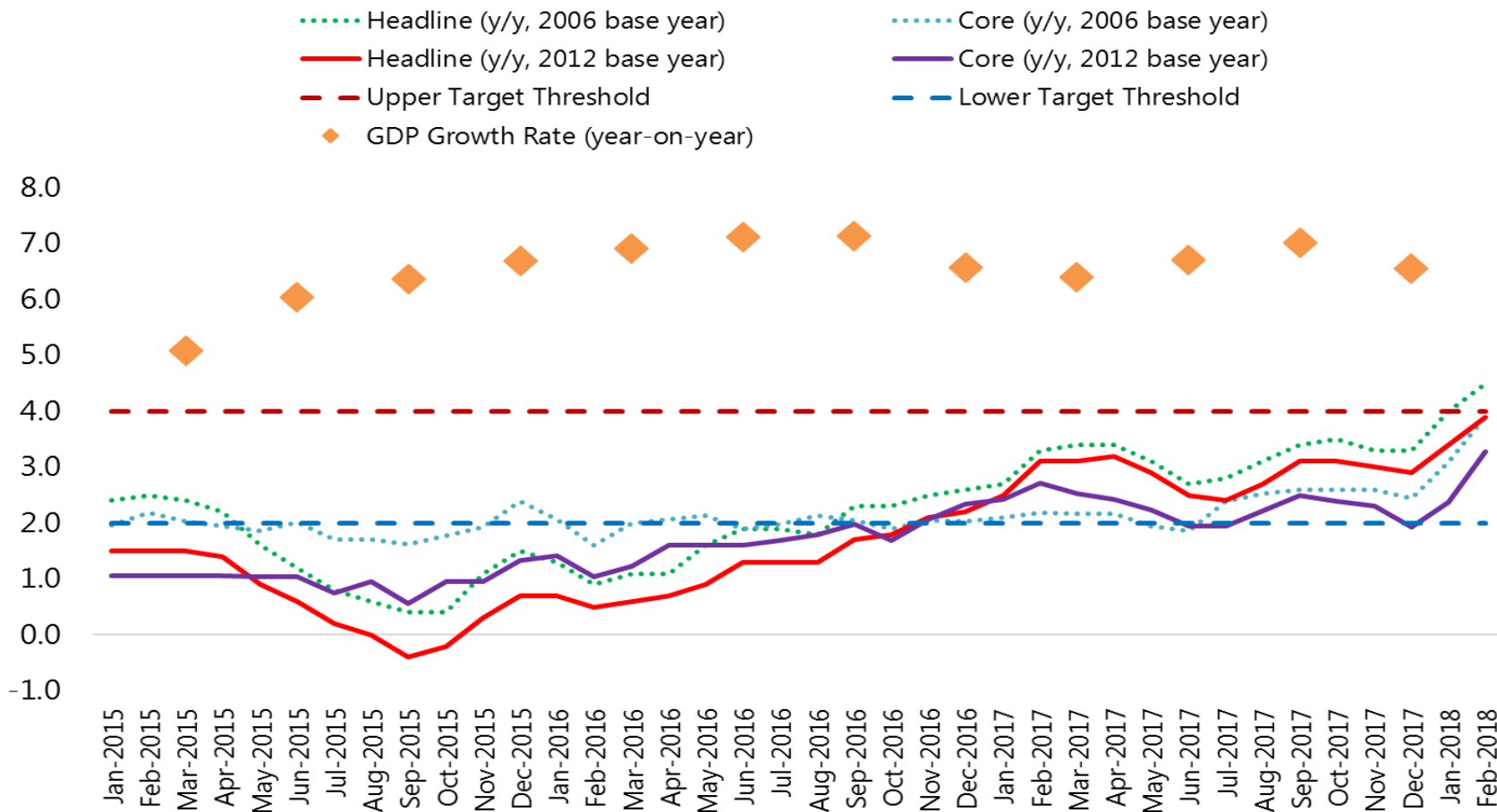
Source: Haver Analytics
Contributor: IMF staff calculations.



Philippines: Inflation approaching the upper bound of the target...

Consumer Price Inflation and GDP Growth Rate

(in percent)

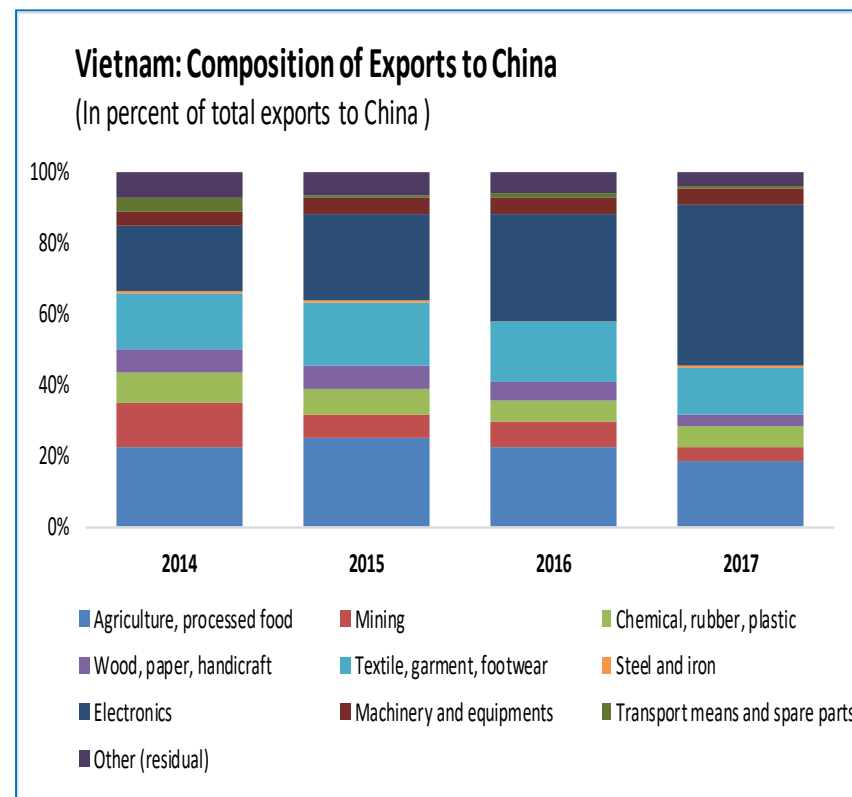
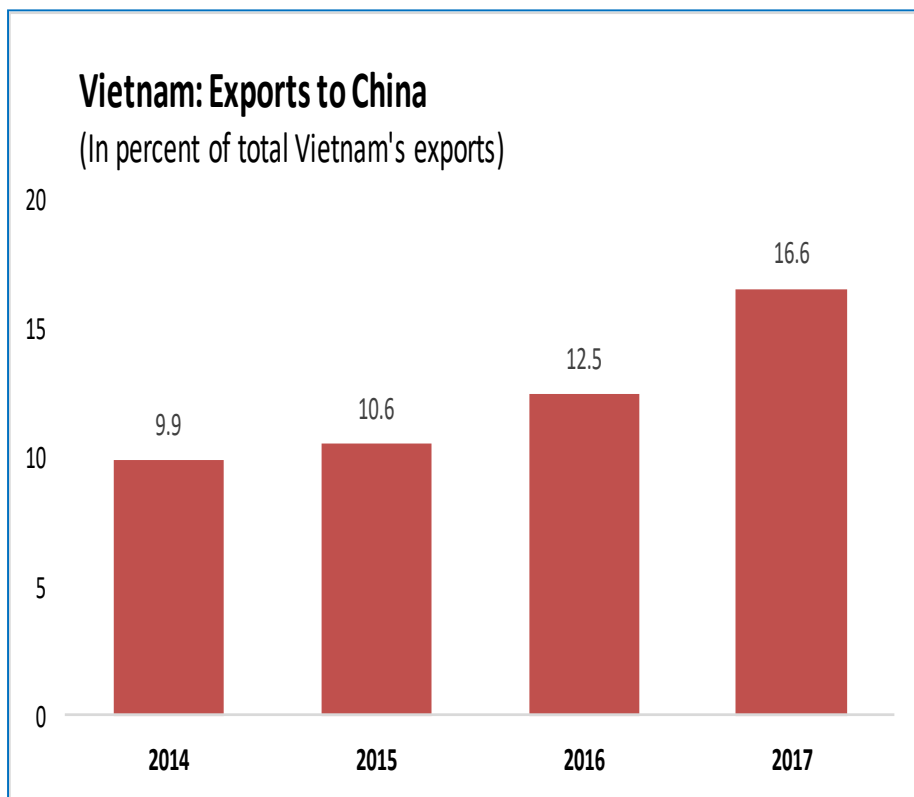


Source: Philippine Statistics Authority and Bangko Sentral ng Pilipinas

Contributors: Mia Frances Agcaoili, Kristine Layman Racoma, and Yongzheng Yang.



Vietnam: Exports to China are rising sharply and shifting from mining and raw materials to consumer goods, in particular electronics...



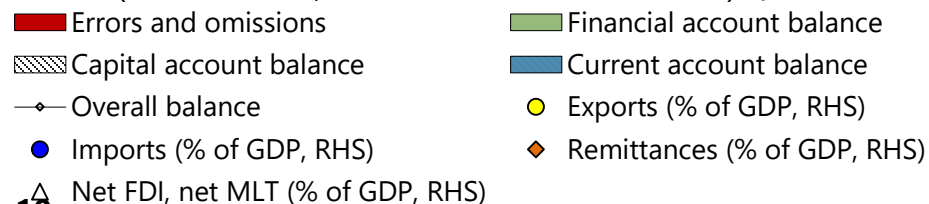
Sources: Vietnam General Customs Office, and Vietnam RR Office Staff calculation
Contributors: Jonathan Dunn and Van Anh Nguyen.



Bangladesh: Current account deficit widens as imports pick up.

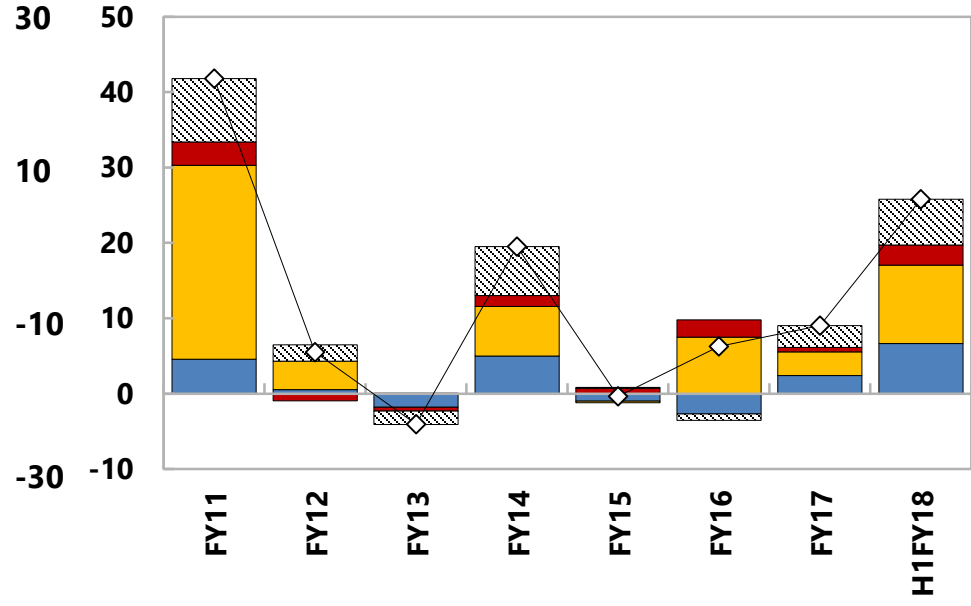
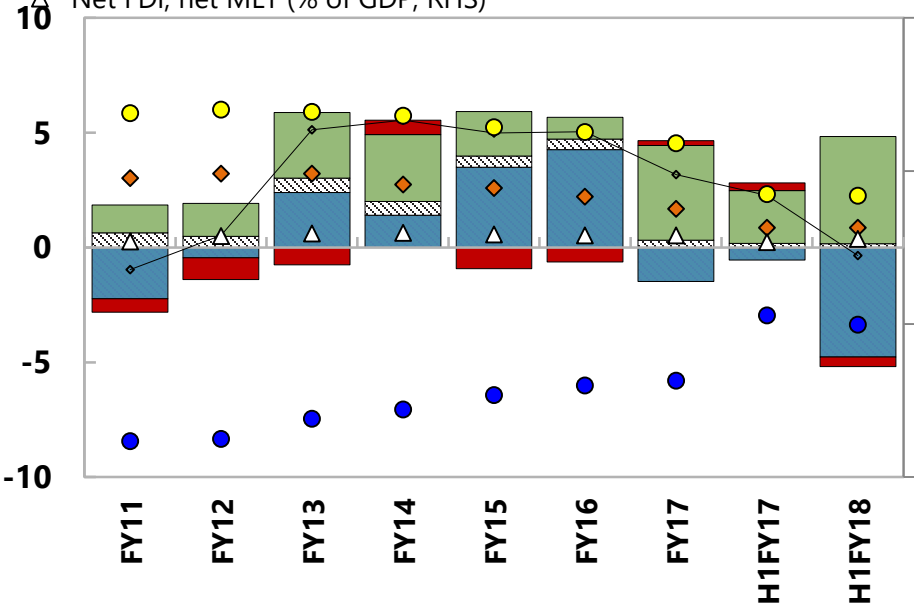
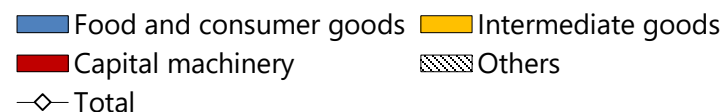
Balance of payments components, FY11-H1FY18

(in Billion USD, unless otherwise mentioned) 1/



Contributions to imports growth, FY11-H1FY18

(y/y, in percentage points)



1/ Fiscal year starts at July and ends in June

Sources: Bangladesh Bank; Bangladesh Bureau of Statistics, and IMF Staff calculations

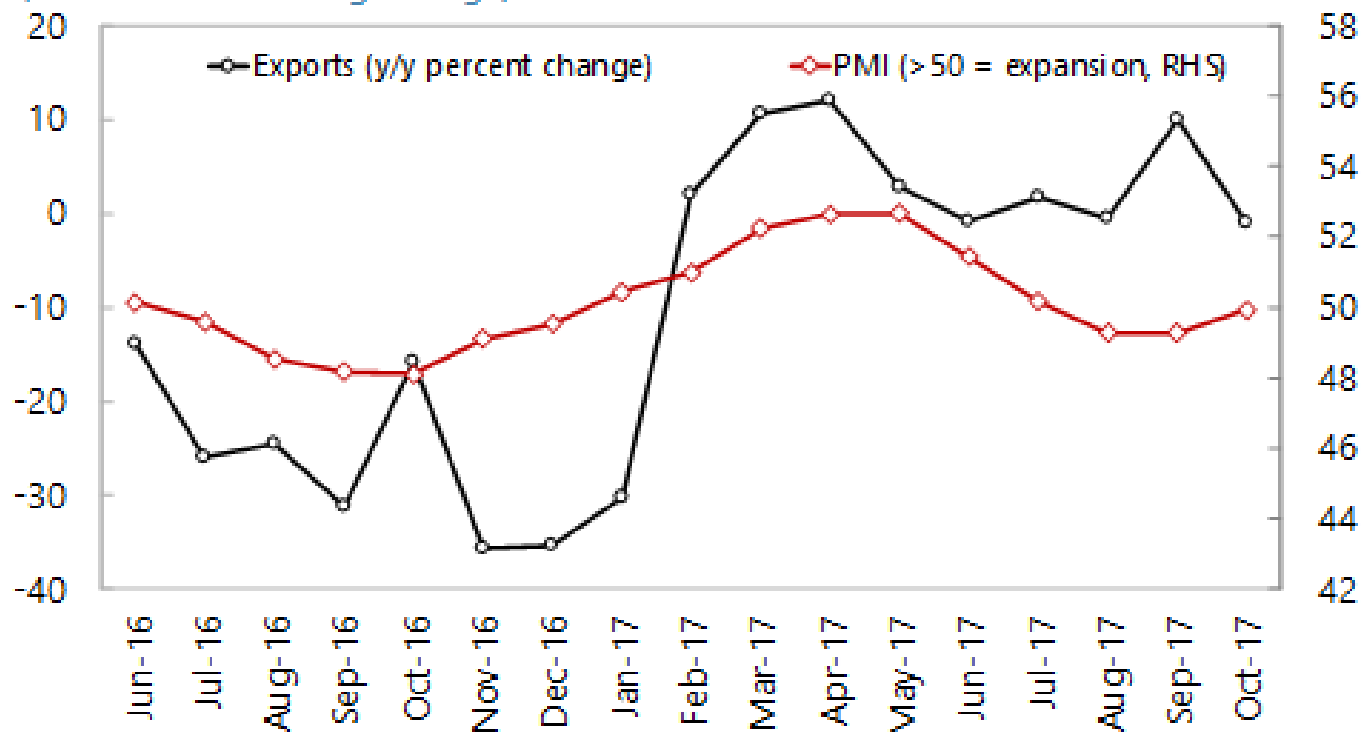
Contributors: Ragnar Gudmundsson and Imam Hussain



Myanmar: Signs of recovery in exports and manufacturing since 2017

Goods Exports and Purchasing Managers Index 1/

(Three-month moving average)



1/ Based on the U.S. dollar.

Sources: Myanmar authorities; IHS Markit; and IMF staff calculations.

Sources: The authorities; and the IMF staff estimate.

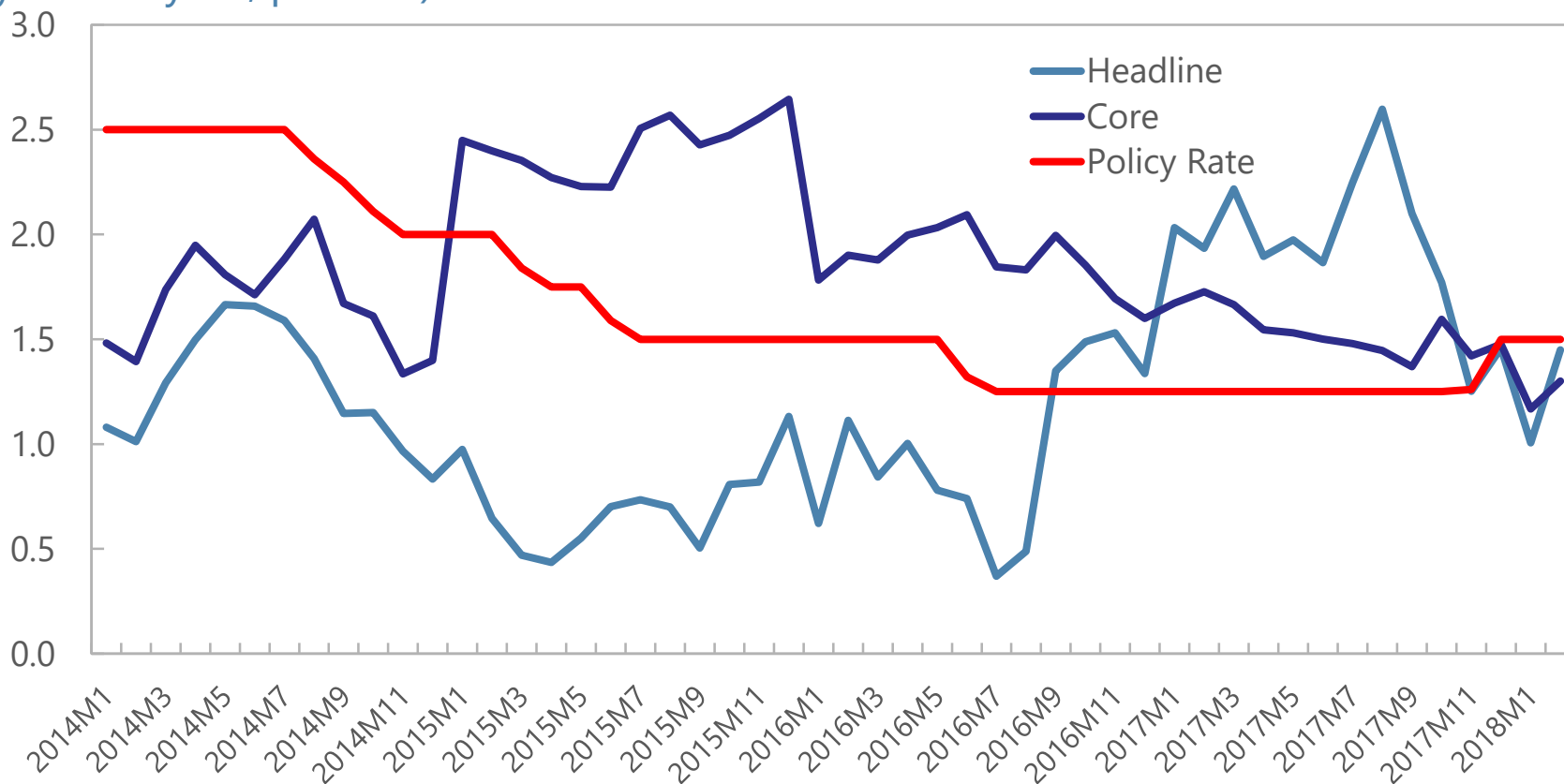
Contributor: Yasuhisa Ojima.



Korea: A surprise decline in inflation puts monetary normalization on hold.

Korea - Inflation and Policy Rate

(year-on-year; percent)



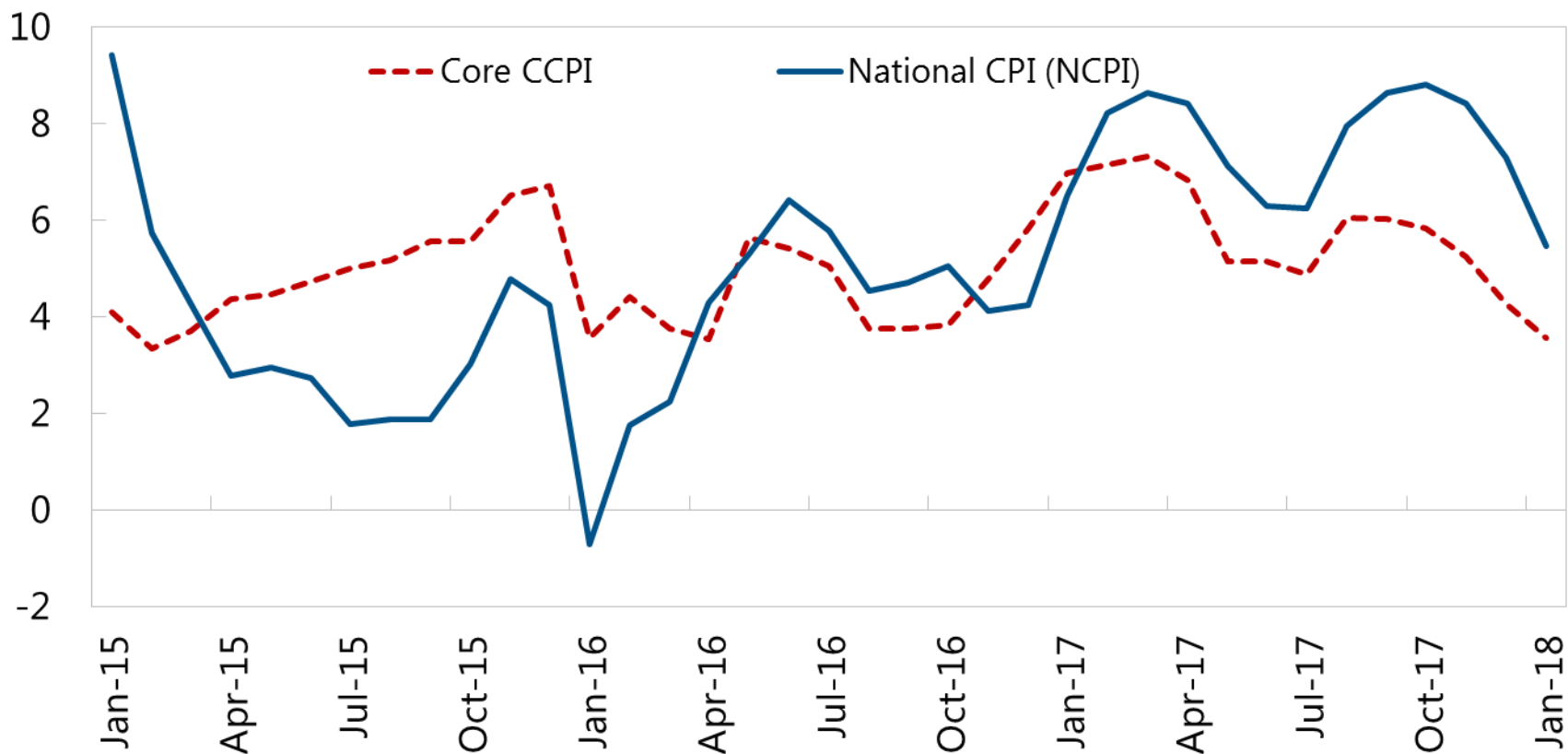
Sources: Haver; IMF staff calculations.

Contributors: Johanna Schauer and Cristina Arbelaez.



Sri Lanka: Inflation declined after weather-related shocks

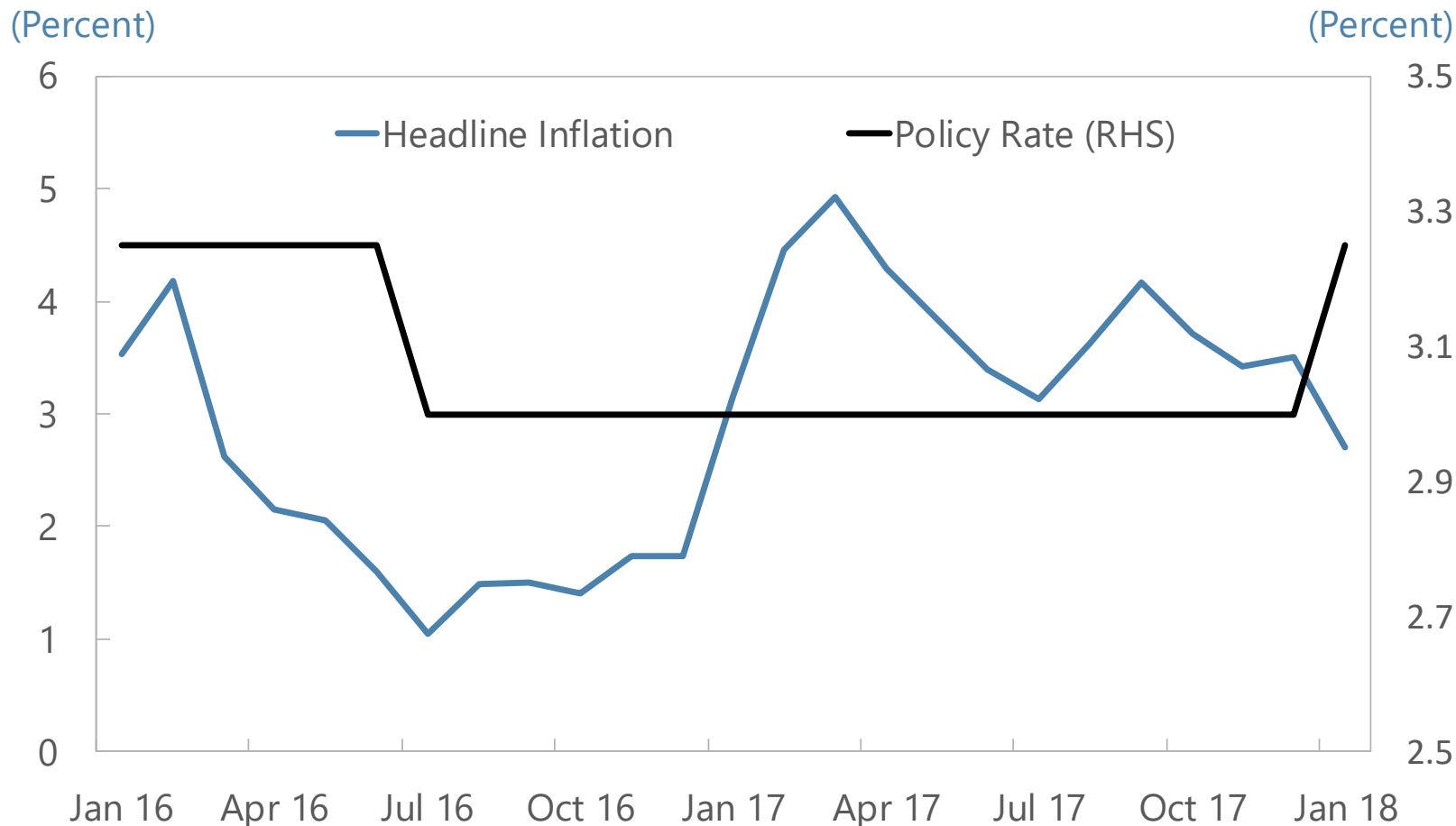
Consumer Price Index
(y/y percent change)





Malaysia: The central bank delivers its first rate hike in 3.5 years

Malaysia CPI Inflation and Policy Rate



Sources: CEIC

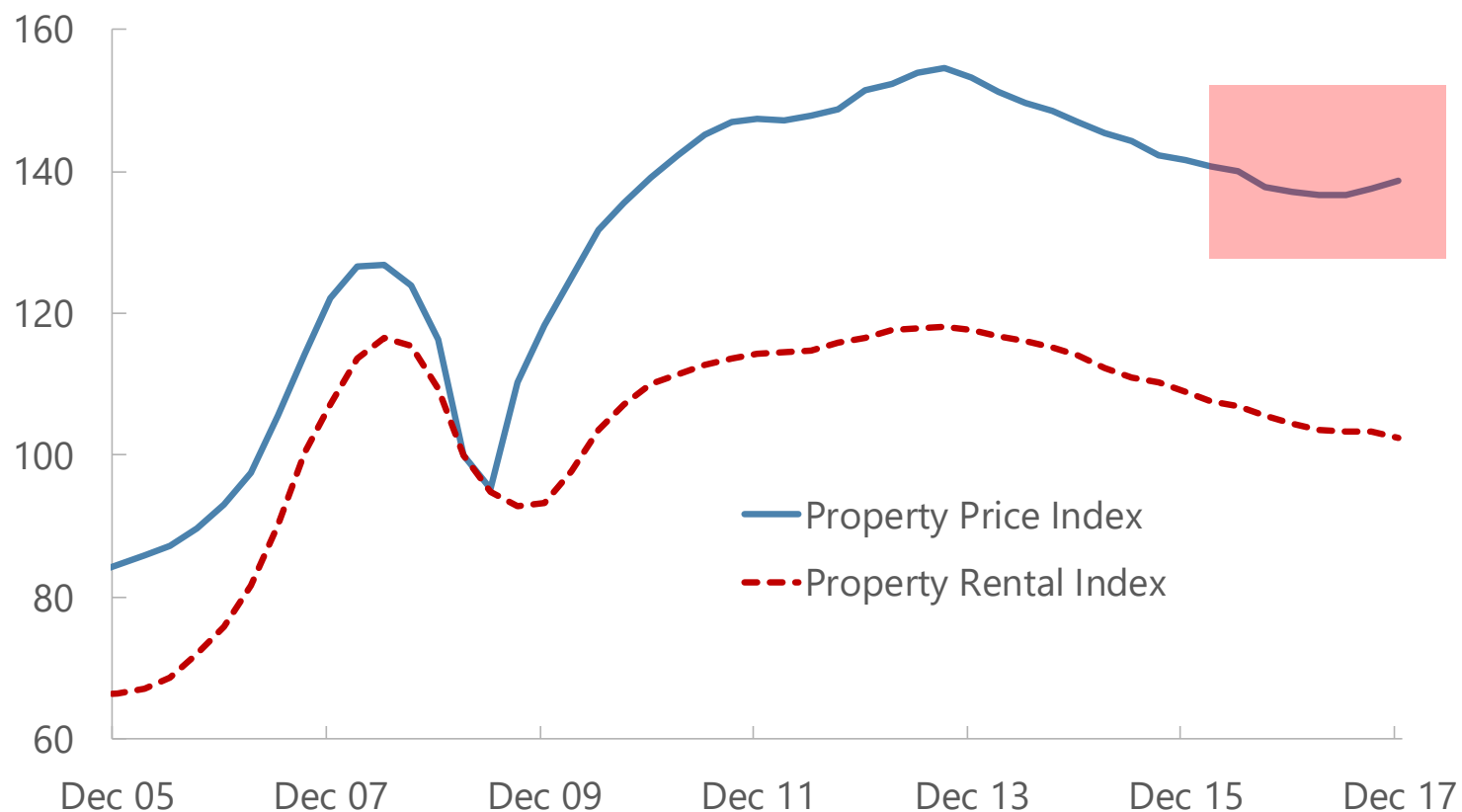
Contributors: Jochen Schmittmann and Adeline Yeo.



Singapore: Property prices turned the corner

Singapore Private Residential Property Prices and Rents

Index (Q1 2009=100)



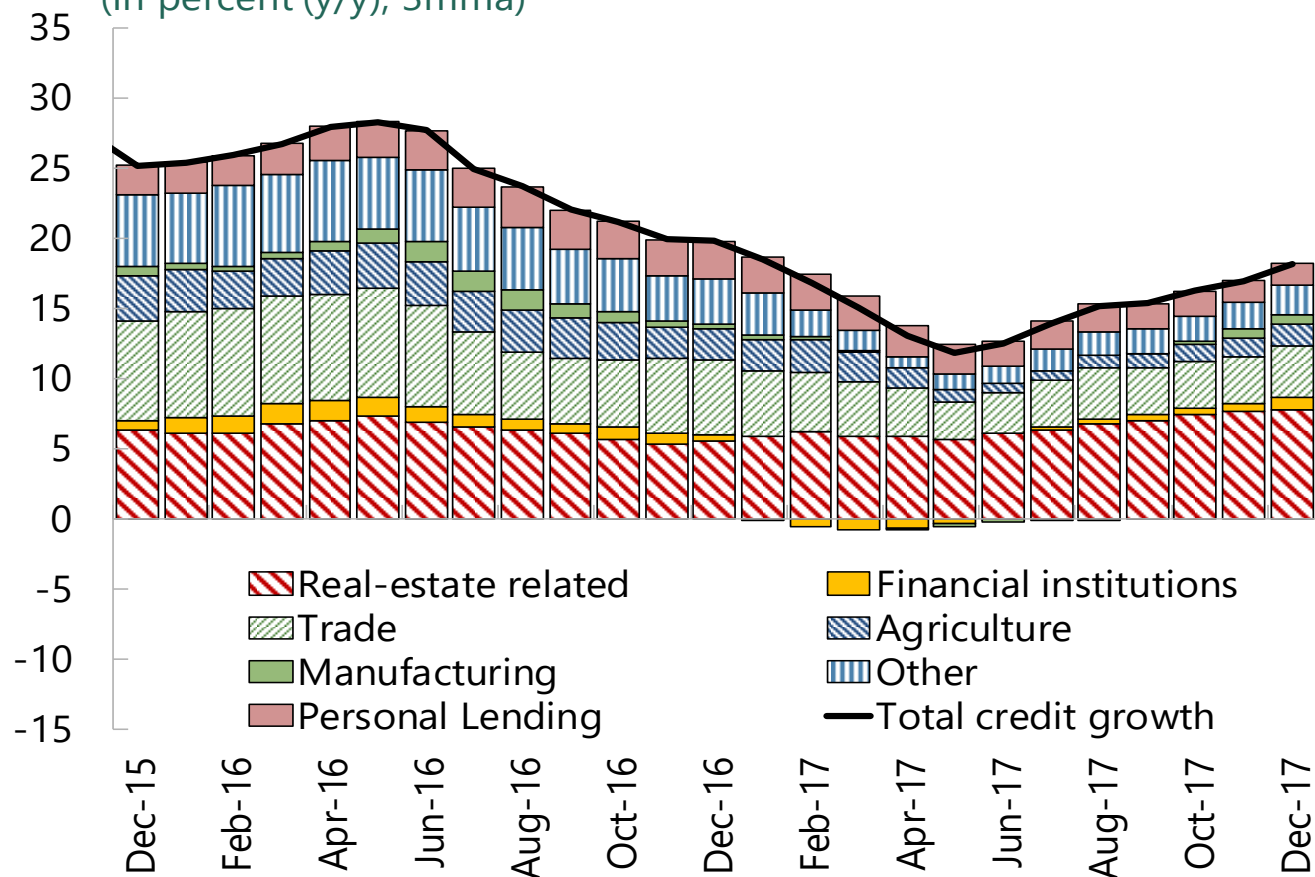
Sources: URA



Cambodia: Real estate related lending continues to drive credit growth

Contribution to Bank Credit Growth

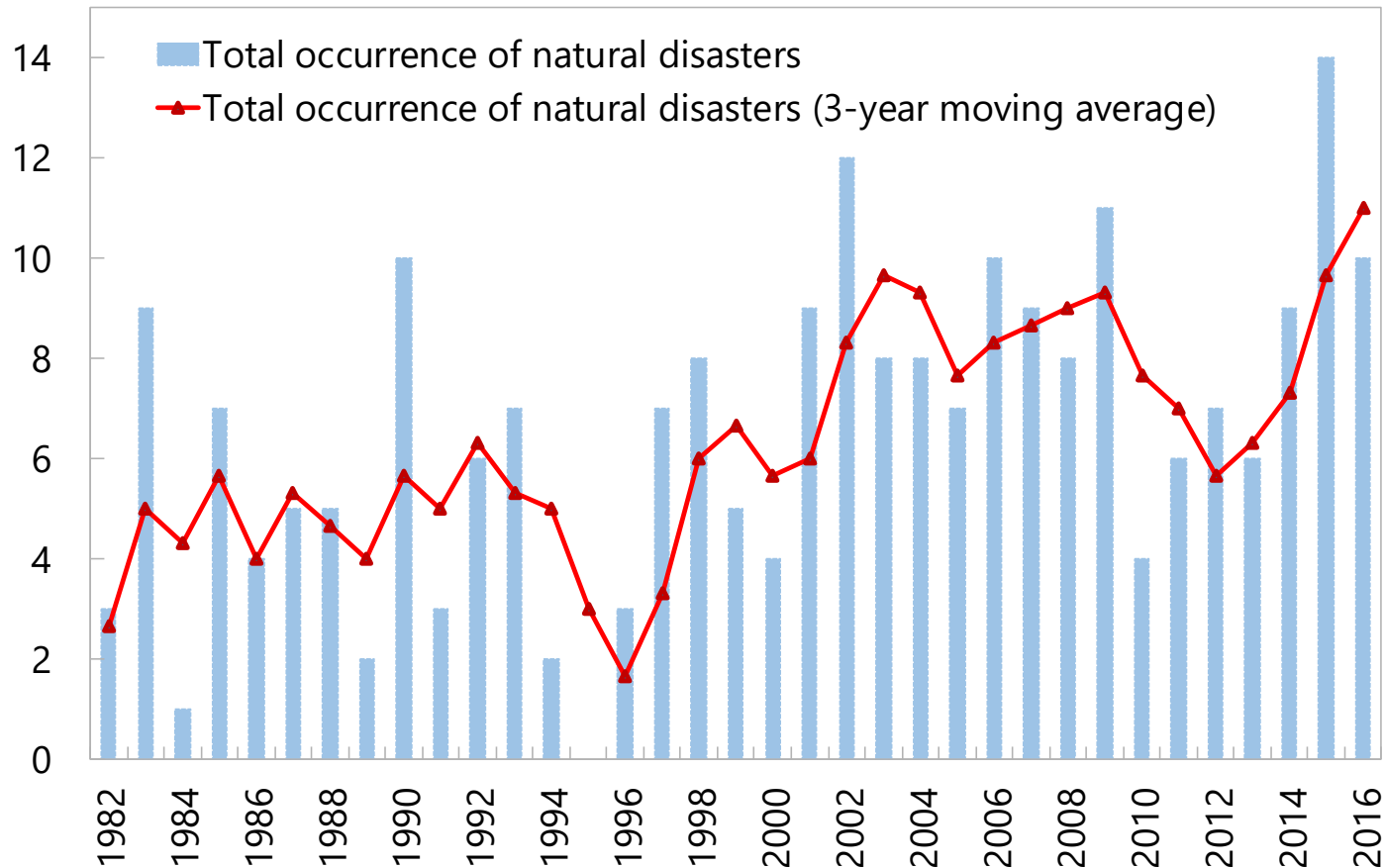
(In percent (y/y), 3mma)



Sources: National Bank of Cambodia and IMF staff calculations.
Contributors: Dy Chanvanny, Vissoth Nam, and Yong Sarah Zhou.

Pacific Islands: The incidence of recorded natural disasters has been rising ...

Occurrence of Natural Disasters in PICs



Source: Dongyeol Lee, Irene (Huan) Zhang, and Chau Nguyen, "The economic impact of natural disasters in the Pacific Island Countries: Adaptation and Preparedness," IMF Working Paper (forthcoming).

Contributors: Dongyeol Lee, Irene (Huan) Zhang, and Chau Nguyen.



Representation of the IMF in Asia and the Pacific Region

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^{1/} People's Republic of China Hong Kong Special Administrative Region.

^{2/} IMF regional technical assistance (TA) centers include Pacific Financial Technical Assistance Center (PFTAC), South Asia Regional Training and Technical Assistance Center (SARTTAC), and Technical Assistance Office for the Lao P.D.R. and the Republic of the Union of Myanmar (TAOLAM).