Asia Economic Outlook

Challenges and Opportunities

10 November 2021

Jeff Ng
Senior Treasury Strategist
jeffng@hlbank.com.sg

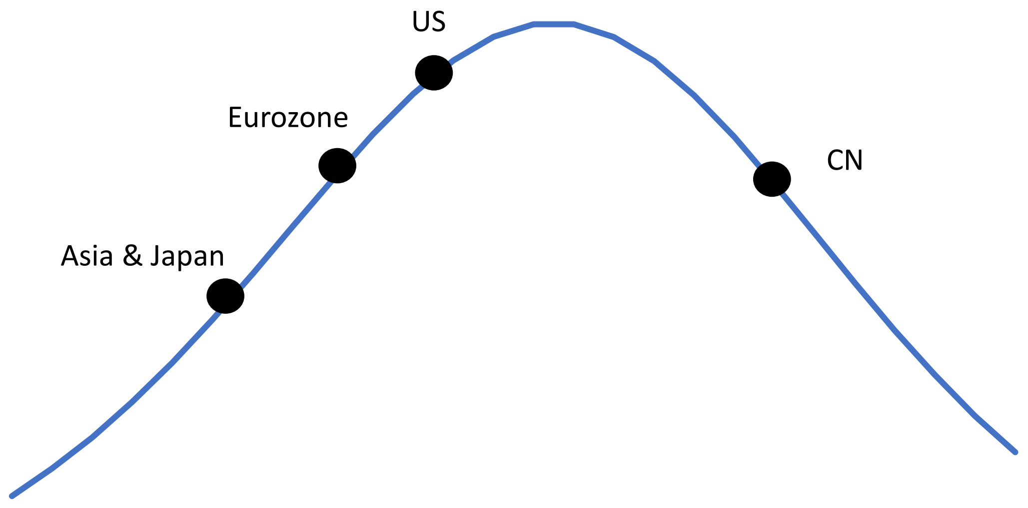
Bloomberg's Covid-19 Resilience Ranking October 2021

RANK	CHANGE	ECONOMY	BBG RESILIENCE SCORE	PEOPLE COVERED BY VACCINE	LOCKDOWN SEVERITY	FLIGHT CAPACITY	VACCINATED TRAVEL ROUTES	1-MTH CASES PER 100K	3-MTH CASE FATAL %	TOTAL DEATHS PER 1 MN	+VE TEST RATE	COMMUNITY MOBILITY	2021 GDP (F)	UNIV. HEALTH COVER	HDI
1	–	Ireland	75.1	73.80%	42	-44.20%	396	953	0.20%	1,087	8.60%	-12%	14.80%	90	0.96
13	▲2	Germany	69.1	66.70%	45	-42.60%	397	336	0.50%	1,136	8.30%	-6.80%	2.80%	86	0.95
14	▲12	South Korea	68.6	74.70%	47	-44.40%	162.5	99	0.40%	54	1.60%	3.60%	4%	89	0.92
16	▲13	Japan	68.4	73.30%	47	-49%	198	17	0.40%	144	0.80%	-11.10%	2.40%	96	0.92
21	▼1	Hong Kong	66.6	59.80%	59	-83.10%	275.5	2	0.30%	28	0%	-5.40%	6.70%	–	0.95
25	▼9	U.K.	65.6	71.30%	41	-43.20%	386.5	1,695	0.30%	2,062	4.80%	-17.40%	7%	88	0.93
26	▲2	U.S.	65.3	64.50%	56	-13.30%	361	790	1.20%	2,228	7.30%	-13.10%	5.70%	82	0.93
28	▼5	Mainland China	65.2	80.20%	76	-6.30%	149.5	0	0%	3	0.10%	-7.80%	8.20%	70	0.76
30	▲4	Australia	62.2	67.30%	51	-73.10%	159.5	247	0.60%	65	1.30%	-19.20%	3.80%	89	0.94
31	▲1	Brazil	61.9	65%	40	-26.20%	372	180	2.70%	2,850	–	4.20%	5%	65	0.77
39	▼20	Singapore	57.5	87.80%	51	-81.10%	170	1,503	0.30%	56	9.30%	-20.70%	6.50%	92	0.94
41	▼8	Mexico	57.5	45.10%	35	-7.40%	387.5	118	4.70%	2,222	20%	-2%	6%	61	0.78
45	–	India	55.7	37.60%	50	-22.20%	136.5	37	1.20%	330	1.30%	-8.30%	9.30%	47	0.65
46	▼11	Russia	54.8	34.30%	54	-1.20%	216.5	573	3.60%	1,559	5.60%	-9.20%	4.20%	69	0.82
47	▼5	Taiwan	53.7	47.20%	49	-83.70%	156	1	7.70%	36	0%	-10.90%	6%	79	0.92
48	▲1	Indonesia	50.5	34.20%	51	-52.20%	265.5	12	5.60%	524	1.50%	-5.20%	3.70%	49	0.72
50	▲1	Malaysia	48.9	75.60%	59	-80.60%	147.5	736	1.40%	880	5.50%	-24.60%	4%	67	0.81
51	▼1	Thailand	46.8	50.60%	55	-80.10%	266.5	426	1.10%	269	22.30%	-12.50%	0.90%	72	0.78
52	–	Vietnam	44	37.80%	67	-67.20%	146	140	2.70%	223	2.80%	-45.70%	4.80%	60	0.7
53	–	Philippines	40.5	26%	75	-71.80%	143	247	1.20%	383	12.40%	-21.70%	4.40%	55	0.72

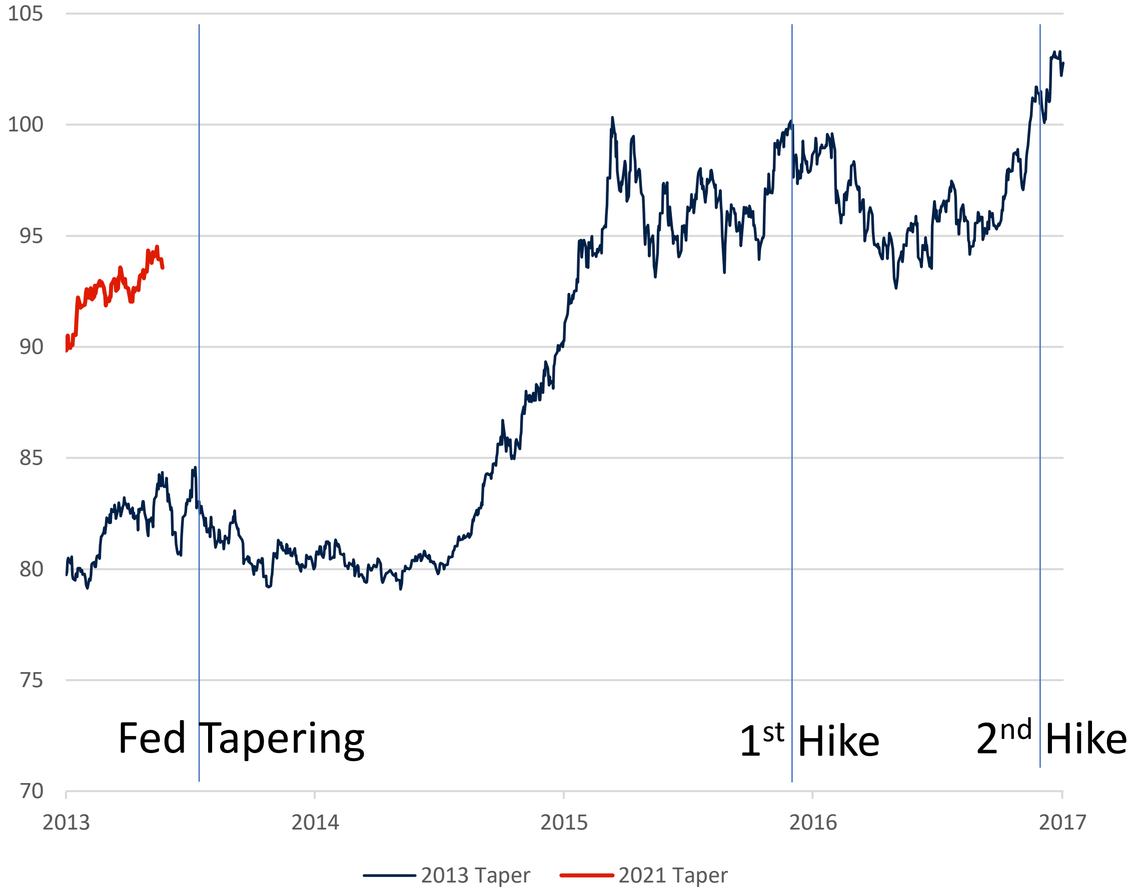
Source: Bloomberg

2022 Global Economic Outlook

Differing Stages of Recovery



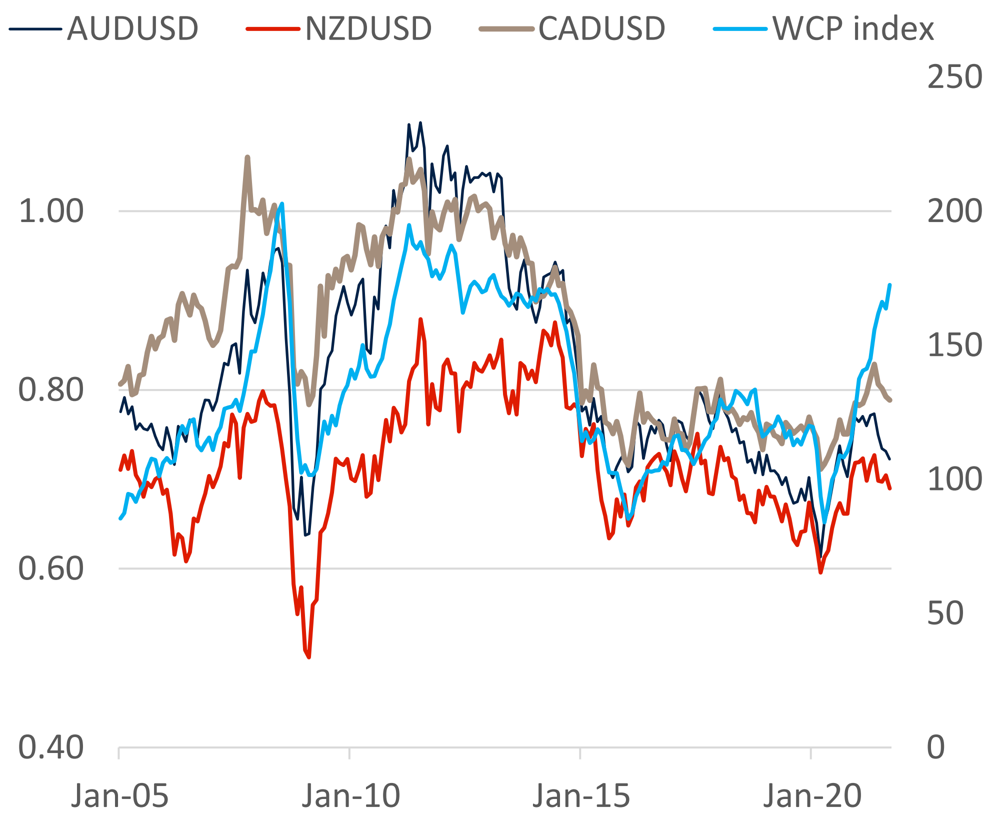
US Normalization and USD Strength



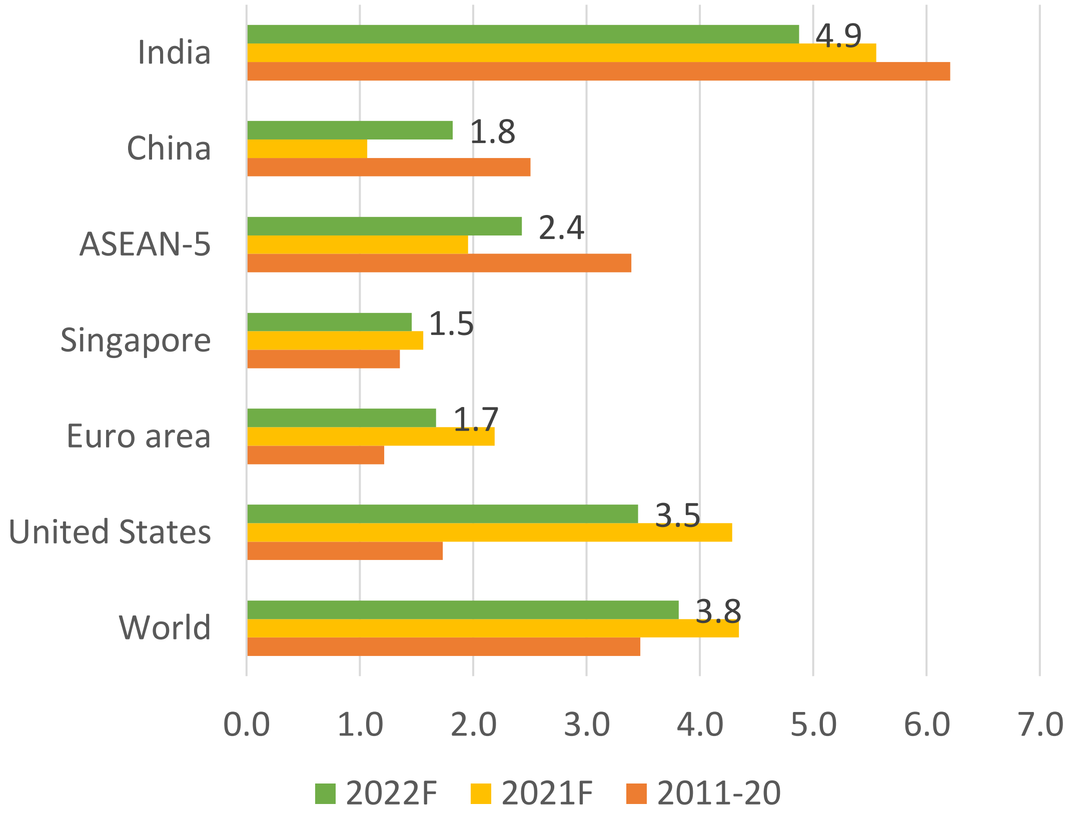
Source: Bloomberg, HL Bank

Energy, Shortages and Bottlenecks

Commodity Prices Rising Persistently



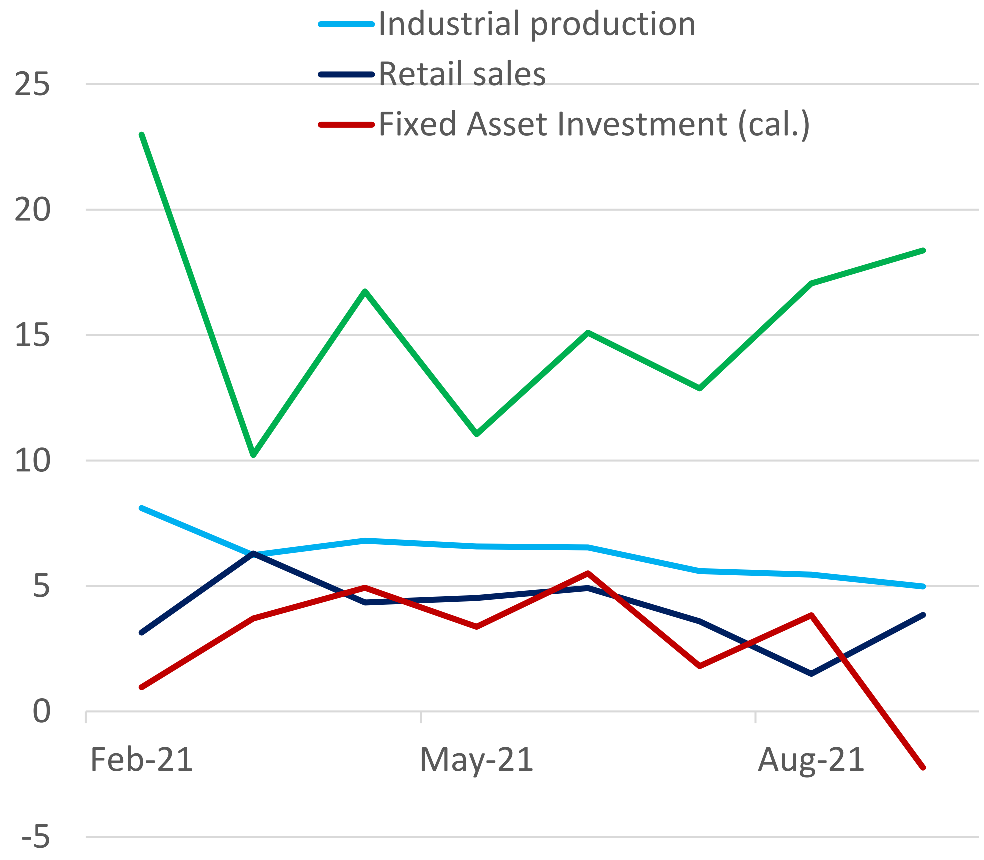
Elevated Inflationary Pressures (IMF inflation forecasts, %)



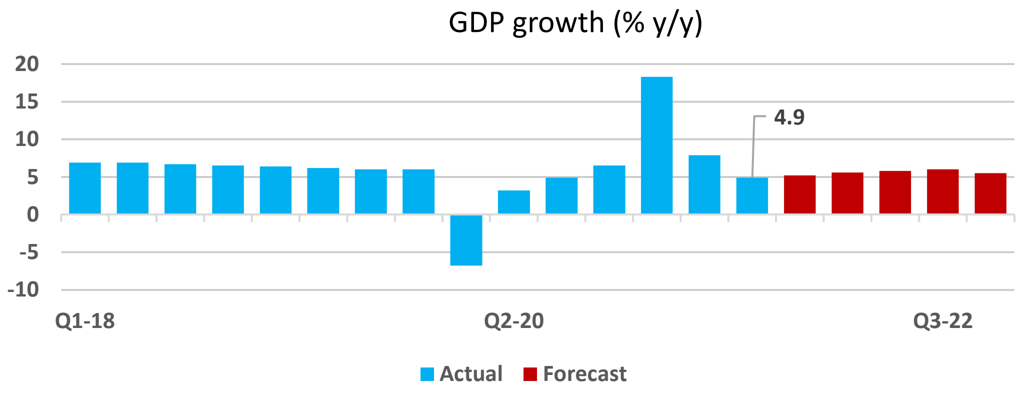
Source: Bloomberg, HL Bank; IMF

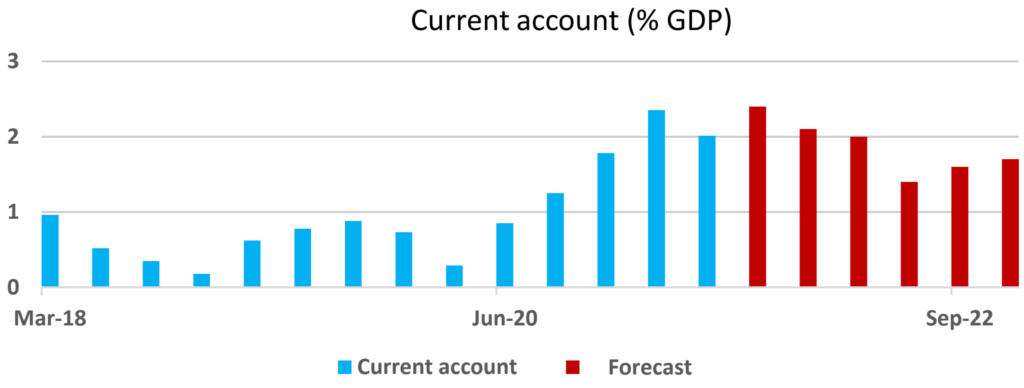
China Slowdown

Recent China Trends (Annualized % from 2019 to 2021)



China Outlook for 2021-2022

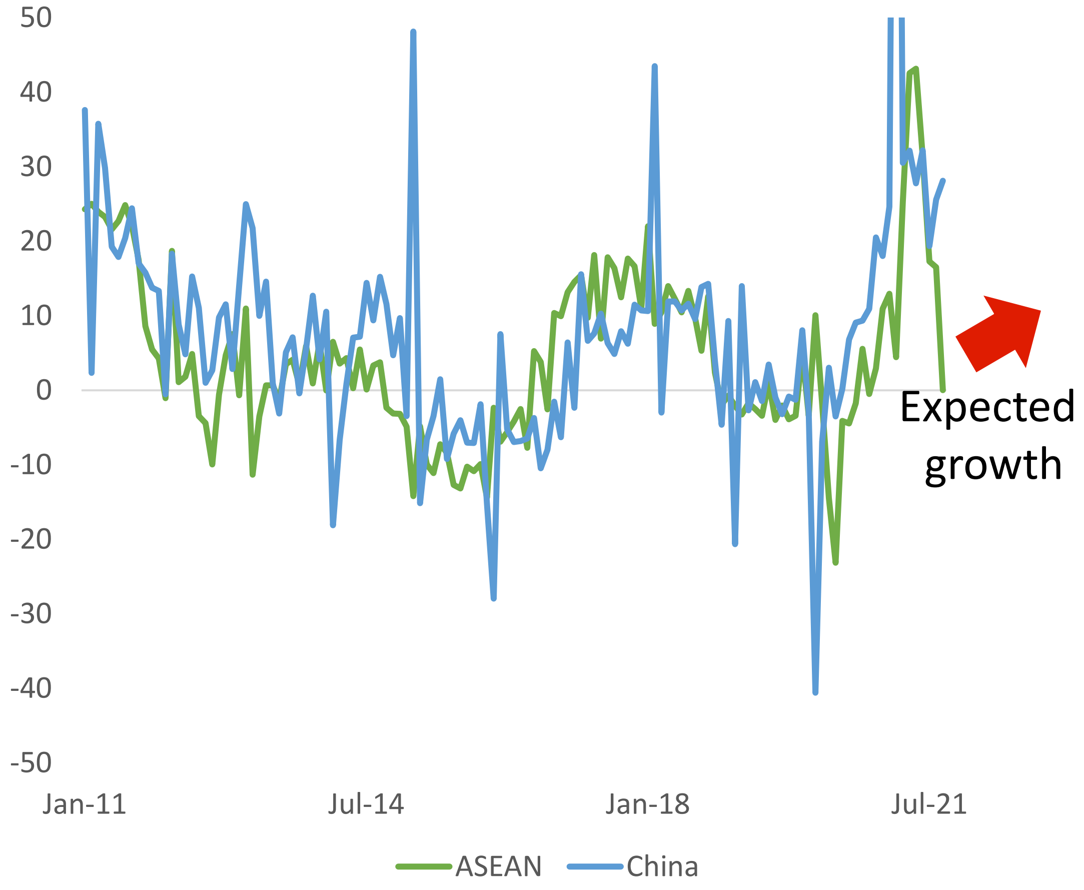




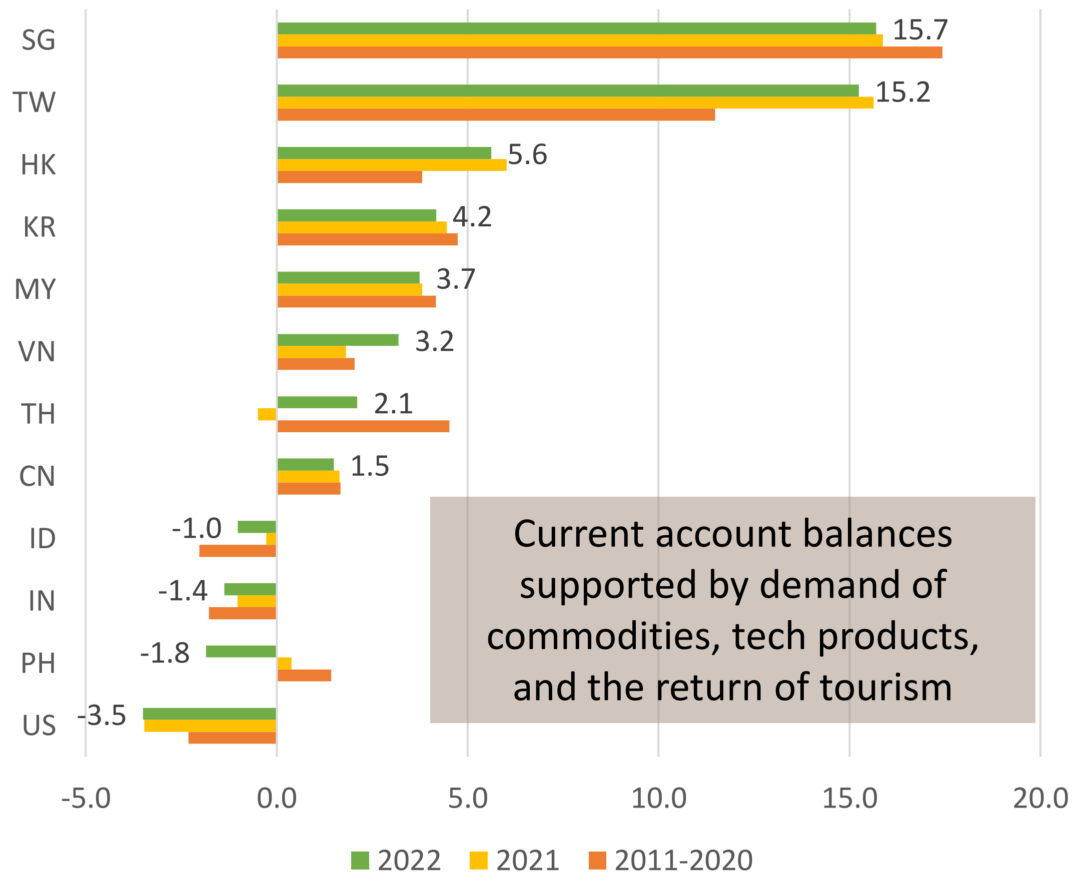
Source: Bloomberg, HL Bank

Asia External Balances to Stay Positive

Export growth to recover (% y/y)



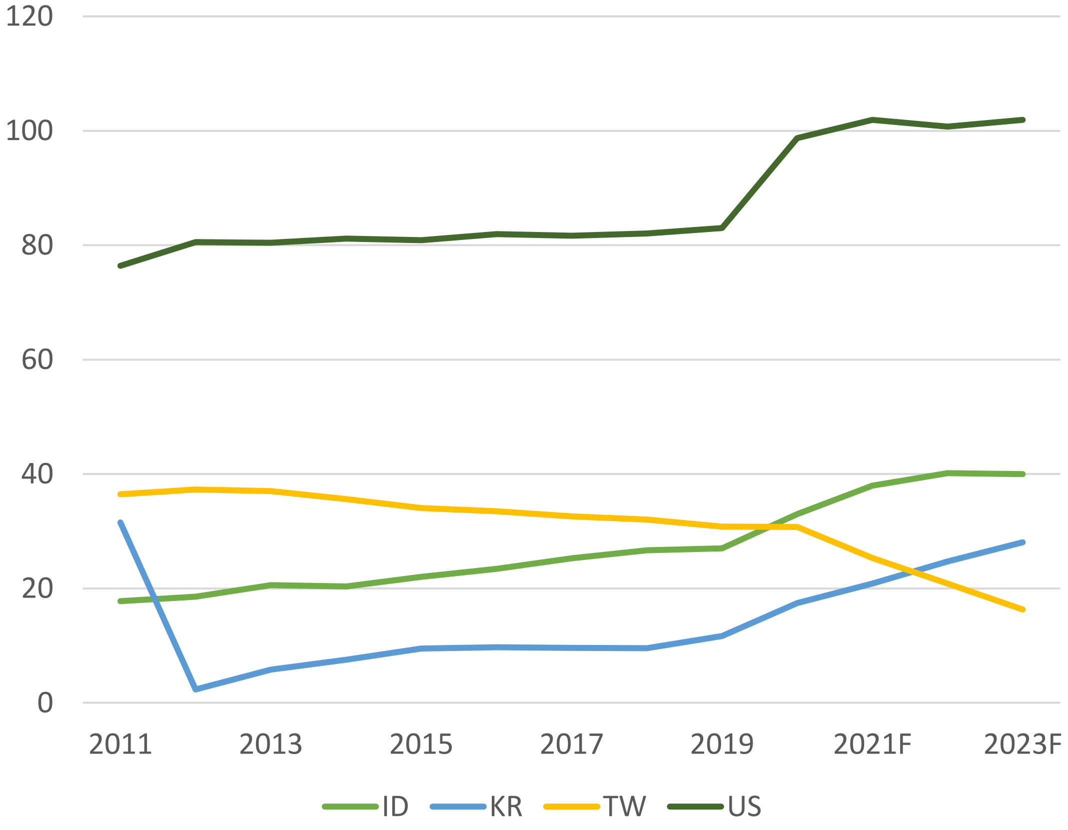
IMF Current Account Forecasts (% GDP)



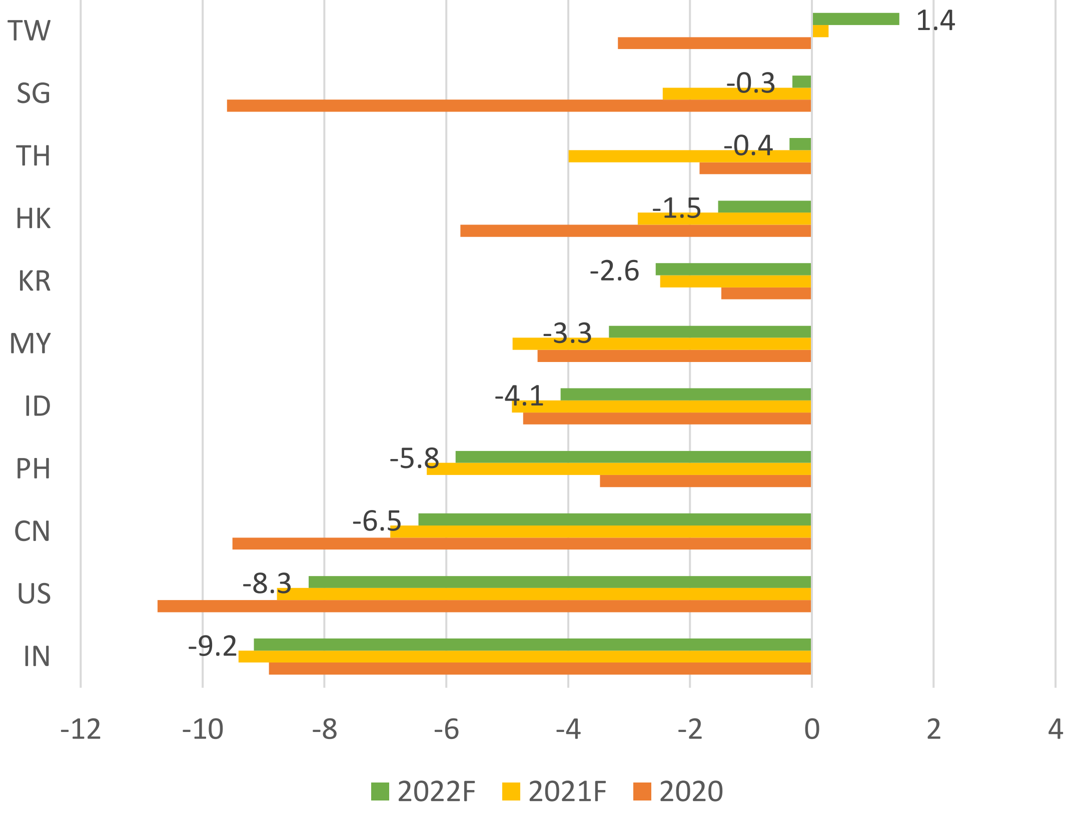
Source: CEIC, HL Bank; IMF

Fiscal Support to Wane

Concerns about Debt Sustainability
Net Debt as a % of GDP



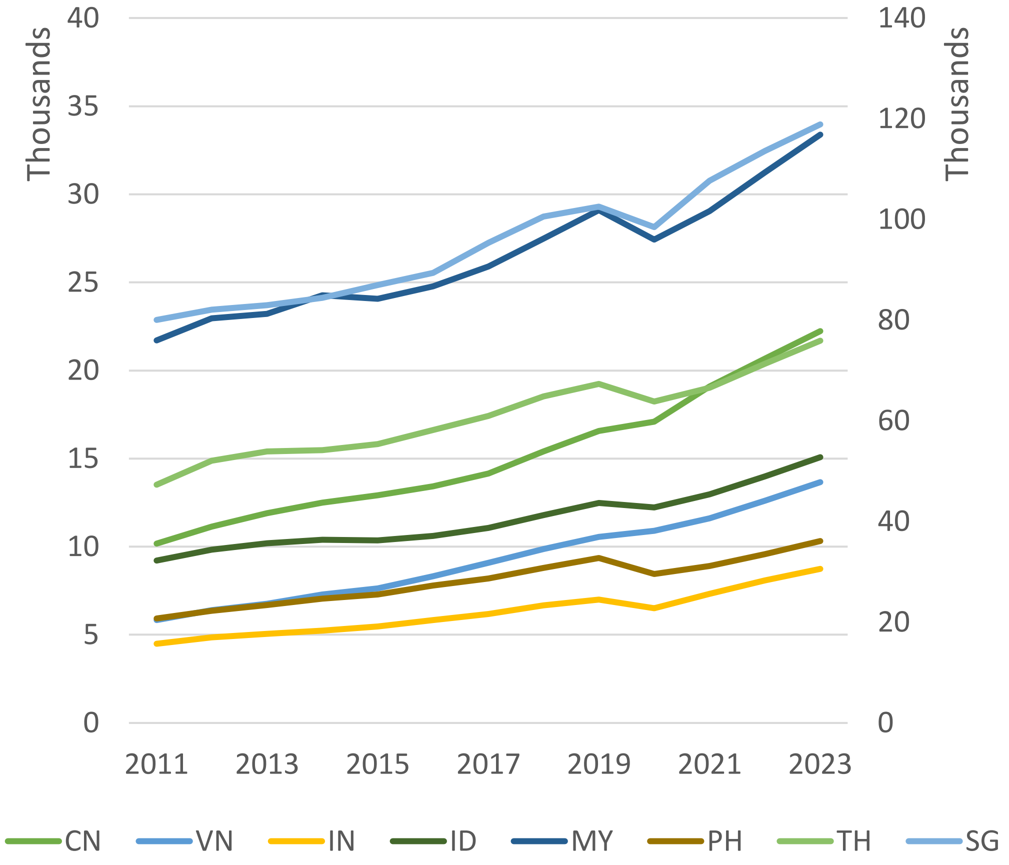
IMF Fiscal Balance Forecasts (% GDP)



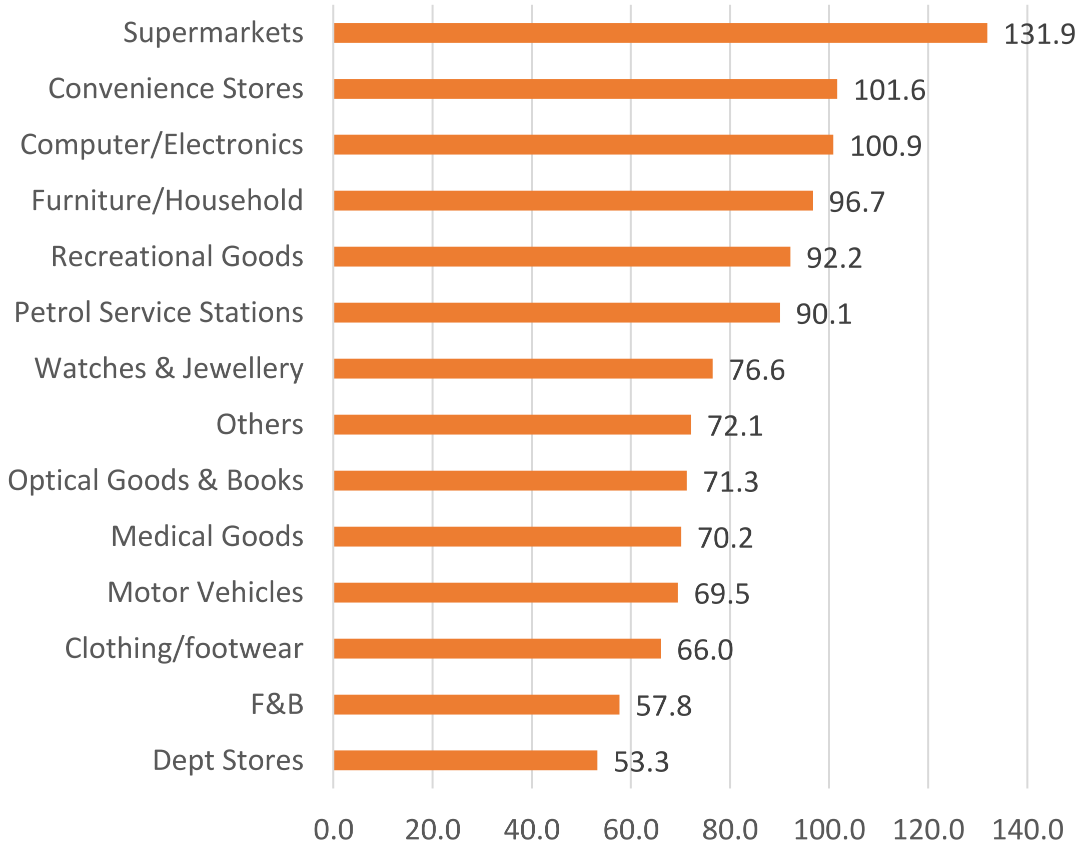
Source: IMF

Asia Consumers and Wealth Accumulation

Per Capita Incomes Took A Blip in 2020



Singapore's retail sales: average monthly spending level Apr-20 to Aug-21 compared to 2017-2019 (=100)



Source: IMF, CEIC, HL Bank calculations

Strategist's Declaration

The strategist, analyst or economist (together "Strategist") who prepared this report certifies that the opinions contained in this report accurately and exclusively reflect his or her views about the securities of the listed entity or the currency involved, and that he or she has taken reasonable care to maintain independence and objectivity in respect of the opinions in this report.

The Strategist who wrote this report does not hold any financial interests in the listed entity or the currencies referred to. The Strategist's connected persons, (as defined in the Securities and Futures Act (Chapter 289) of Singapore, do not hold any financial interests in the listed entity or the currencies referred to.

The Strategist does not receive compensation directly or indirectly related to the specific recommendations or views expressed by that Strategist in this research report. The reporting line of the Strategist is separate from and independent of the business solicitation or marketing departments of HL Bank, Hong Leong Bank Berhad or Hong Leong Group Malaysia.

The Strategist confirms that he or she, and the Strategist's connected persons (as defined in the Securities and Futures Act (Chapter 289) of Singapore, does/do not serve as directors or officers of the listed entity, and the listed entity or other third parties have not provided or agreed to provide any compensation or other benefits to the Strategist and the Strategist's connected persons, (as defined in the Securities and Futures Act (Chapter 289) of Singapore, in connection with this report.

This report was prepared by Jeff Ng, Senior Treasury Strategist.

General Disclaimer by the Bank

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained in this report does not constitute the provision of investment advice and is not to be regarded as an offer to sell or a solicitation of an offer to buy with respect to the purchase or sale of any of the financial instruments mentioned in this report and/or to participate in any trading strategy. This report will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by HL Bank to be reliable and in good faith, but no warranties or guarantees, representations are made by HL Bank with regard to the accuracy, completeness, correctness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HL Bank or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected in this report may change without notice and the opinions do not necessarily correspond to the opinions of HL Bank. HL Bank does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient in the event that any matter stated in this report, or any opinion, projection, forecast, valuation or estimate in this report, changes or subsequently becomes inaccurate. The information contained in this report may be incomplete, condensed and it may not contain all material information concerning the company or currency referred to in this report.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter nor will any liability be accepted for any loss whatsoever that may arise from any use and/or reliance on this report. HL Bank may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities or currencies mentioned in this report. The past performance of financial instruments is not indicative of future results. The value of and the income that is produced by the financial instruments mentioned in this report may fluctuate so that an investor may get back less than originally invested. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described in this report would yield favorable investment results. Recipients should seek the advice of their independent financial advisor before taking any investment decision based on any recommendations that may be contained in this report. Any recommendation that may be contained in this report does not consider the specific investment objectives, financial situation, suitability and the particular needs of a particular customer. This report is for the information of the addressee only and is not to be taken in substitution for the exercise of judgment by the addressee who should obtain separate independent legal or financial advice.

Past performance does not always indicate future performance or future results. The value of any investment or income from any investment may go up as well as down. All investments involve an element of risk including the potential to lose the entire amount that is invested.

HL Bank may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HL Bank endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HL Bank does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced, copied, duplicated or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HL Bank. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient agrees to be bound by all limitations contained in this report.

This report is being distributed in Singapore by HL Bank (Company registration number S56FC1182L) to Accredited Investors, Expert Investors or Institutional Investors, as defined in the Securities and Futures Act (Chapter 289 of Singapore). HL Bank is an Exempt Financial Adviser, as defined in the Financial Advisers Act (Chapter 110 of Singapore), and regulated by the Monetary Authority of Singapore. HL Bank is a branch of Hong Leong Bank Berhad, a limited liability company incorporated in Malaysia. HL Bank holds a full bank license in Singapore. Hong Leong Bank Berhad is also a member of the Hong Leong Group Malaysia.