

Economic tracker – COVID-19 impact and response

We track our latest growth forecasts for key economies, as well as fiscal and monetary policy announcements by governments around the world, in the table below. Changes from last week's tracker are highlighted in yellow.

Our tracker of growth revisions, monetary and fiscal policy announcements

Economy	Description
China	<p>We expect GDP growth to recover to 3% in Q2 after a 6.8% contraction in Q1. Industrial production growth accelerated further to 4.4% y/y in May, following a swift recovery from -8.5% in Q1 to +3.9% in April. Services production growth also rebounded to 1% y/y in May from -4.5% in April and -11.7% in Q1. Re-accelerating infrastructure investment and increased housing and car sales have been key drivers of the economic recovery. However, the economy remains below par and still requires further stimulus. The recent outbreak of new COVID-19 cases in Beijing is a reminder that there is no room for complacency (see China – A bumpy road to recovery). We maintain our baseline forecast of 2.5% GDP growth in 2020, consistent with the official expectation of a nominal GDP growth rate of 5.4% in 2020 in this year's budget report. At the annual meeting of the National People's Congress (NPC), the government put forward "protecting employment and livelihood" as its top priority in 2020, with a commitment to create 9mn new urban jobs and to keep the survey-based unemployment rate from rising above 6%. In an optimistic scenario where the pace of the recovery beats our expectations – either due to the discovery of an effective treatment/vaccine for COVID-19 or the positive impact of stimulus measures – GDP growth could accelerate to 3% in 2020, assuming average H2 growth of 7% y/y (against our baseline forecast of 6%). In a pessimistic scenario where (1) infections rise again, leading to the reintroduction of restrictions; (2) the economic stimulus impact is weaker than we expect due to leverage concerns and funding constraints; or (3) the US-China trade war resumes as the US presidential election approaches, GDP could contract by 0.5% y/y in 2020, assuming y/y growth of 0% in Q2, 3.5% in Q3 and 0.5% in Q4. We forecast 2021 GDP growth at 7.5%, with growth reaching 18% y/y in Q1-2021 due to favourable base effects.</p> <p>We maintain our expectation that the People's Bank of China (PBoC) will deliver (1) another broad-based 30bps cut in the reserve requirement ratio (RRR) in June and a 50bps cut in Q3 (or an equivalent amount of liquidity injection via targeted RRR cuts); (2) a 25bps cut in the benchmark deposit rate in June; and (3) another 10bps cut in the medium-term lending facility (MLF) rate in Q3 after 30bps of cuts so far this year. We also expect the PBoC to set the growth target for total social financing (TSF) at 11-12%, significantly higher than estimated nominal GDP growth. The risk to our forecast is that further monetary easing may be delayed to Q3, as policy makers have become increasingly concerned about corporates arbitraging between cheap funding costs and higher returns from investment in structured deposits. As a result, the PBoC has expanded the re-lending and re-discounting quotas to provide more targeted support to small and micro-sized companies and individual businesses. The PBoC has already provided banks with CNY 3.55tn of cheap funding for concessional loans to SMEs, by cutting the RRR three times so far in 2020 (unleashing CNY 1.75tn of liquidity) and setting up re-lending and re-discounting facilities totalling CNY 1.8tn. On 1 June, the PBoC introduced two new monetary policy instruments to support local banks: (1) deferring inclusive finance loan payments (due by end-2020) to end-March 2021 for small- and micro-sized companies and individual businesses, and (2) extending more unsecured inclusive finance loans to small- and micro-sized companies and individual businesses. These two instruments involve the PBoC providing another CNY 440bn in re-lending (in addition to the CNY 1.8tn mentioned above) to two newly created special-purpose vehicles, which are expected to support total loan payment deferrals of CNY 3.7tn and new lending of unsecured inclusive finance loans of CNY 1tn in 2020. The government has also directed five large state-owned banks to increase inclusive finance loans by at least 40% in 2020 and temporarily lowered the provision coverage ratio for small and medium-sized banks by 20ppt to increase lending to SMEs. We expect increased policy easing to result in a 20ppt increase in the debt-to-GDP ratio in 2020, compared with a 29ppt increase in 2009 during the GFC. The more contained policy easing this time, despite a sharper economic slowdown in Q1, reflects debt constraints, as well as policy makers' growing tolerance for slower economic growth in the short run, in order to maintain long-term economic sustainability.</p> <p>We expect the government to continue to pursue proactive fiscal policy. China will increase the broad-based fiscal deficit to 10.8% of GDP this year, according to the 2020 budget (from an actual deficit of 5.6% in 2019). This comprises a general public deficit of 3.6% (the officially defined budget deficit), a stabilisation and carryover funds deficit of 2.9%, and a government funds account deficit of 4.3%. The budget amounts to fiscal stimulus of 5.2% of GDP in 2020, as measured by the increase in the broad deficit. This is much larger than the fiscal stimulus of 0.9% of GDP in 2019, but smaller than 7% in 2009, at the peak of the GFC. We estimate that this year's fiscal stimulus is made up of reductions in government disposable income via tax cuts and increased transfers (3.8% of GDP) and increased government spending on consumption and investment (1.4% of GDP). We estimate that fiscal stimulus will contribute 3.2ppt to GDP growth in 2020 – 1.2ppt via reduced government income and 2ppt via increased government consumption and investment (see China – Quantifying the impact of fiscal stimulus). We expect real government investment growth to accelerate sharply to 24% in 2020 from 6% in 2019, contributing 1.5ppt to GDP growth (versus 0.4ppt in 2019). Real government consumption growth is likely to slow to 3% from 5.9% last year, contributing 0.5ppt to GDP growth. China will ramp up bond issuance in 2020, totalling 8.2% of GDP, including (1) CNY 2.78tn of new central government general bonds, (2) CNY 0.98tn of new local government general bonds, (3) CNY 1tn of central government anti-epidemic special bonds and (4) CNY 3.75tn of new local government bonds. The government has extended subsidies and tax exemption for new-energy vehicle purchases by two more years (until end-2022) and reduced VAT for used-car dealers to 0.5% from 1 May to end-2023. It has also expanded coverage of minimum subsistence allowances and social unemployment insurance. SMEs and individual business will enjoy reduced VAT and social security contribution until end-2020, and their income tax payments are delayed to 2021. The government expects measures including tax cuts and reduced social security contributions to ease the tax burden by CNY 2.5tn in 2020, compared with CNY 2tn in 2019.</p>

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Economy	Description
Hong Kong	<p>We recently lowered our 2020 GDP growth forecast for a third time since the coronavirus outbreak, to -7.2% from -4.8%. We attribute the downgrade to three main drivers: (1) a deeper-than-expected Q1-2020 contraction; (2) a further deterioration in the global growth outlook, as reflected by our GDP forecast downgrades for the US, euro area and the UK; and (3) re-escalating local social disruptions compounding a rising jobless rate. The low number of local coronavirus cases has prompted the government to start rolling back social distancing measures and reopening schools in phases; still-intensifying external headwinds and an accelerated rise in the unemployment rate, however, mean that the Q2-2020 growth rate will likely be worse than Q1's 8.9% y/y contraction, suggesting a slower emergence from this deep hole in H2. The April jobless rate came in much higher than expected, rising to 5.2% from 4.2% prior and beating consensus expectations of 4.6%. The negative surprise reflected the immediate impact of social distancing measures (which were imposed in late March and only started to unwind in early May). The deterioration in the job market was broad-based. We also recently raised our 2021 GDP growth forecast to 6.0% from 3.5% due to favourable base effects, as well as the eventual boost from aggressive monetary easing globally after local unemployment has peaked (see On the Ground, 12 May 2020, Hong Kong – Approaching rock bottom.)</p>
	<p>HKD interest rates have finally come off since April after being rather sticky for much of Q1; USD LIBOR has fallen persistently throughout this period on an aggressively dovish Fed stance. This reflects the absence of major liquidity concerns, especially as recent HKD strength has prompted the HKMA to intervene by selling HKD into the market at 7.75 vs the USD, boosting interbank liquidity. This is part of the HKD peg's self-adjustment mechanism, where interest rates are encouraged (and expected) to move (with HIBOR declining and its spread vs USD LIBOR narrowing in this case) to relieve currency pressure. We expect HIBOR to stay low for much of 2020, as global central banks see no urgency to normalise interest rates or reverse QE. The narrowing of the HIBOR spread over USD LIBOR, however, is likely to be gradual as global risk aversion constrains capital inflows. On the flipside, a weak domestic economy means low demand for loans, further capping any short-term HIBOR rebound during quarter-ends or busy IPO periods.</p>
	<p>The government on 8 April announced a new relief package worth HKD 137bn (c.5% GDP), including the introduction of an HKD 80bn Employment Support Scheme. The scheme comprises wage subsidies (50% of wages, capped at HKD 9,000 per worker per month for a six-month period) to help eligible employers retain employees, in return for employers undertaking not to implement redundancies. These new relief measures add to the HKD 120bn package announced in the budget and the HKD 30bn Anti-epidemic Fund earlier this year, boosting total relief spending to 10% of GDP. Having run fiscal surpluses for 15 straight years, the government can afford to turn counter-cyclical by tapping into its deep HKD 1.1tn fiscal reserves, in our view. But with the government now projecting a FY21 budget deficit of 9.5% of GDP (versus 4.8% prior), fiscal reserves are likely to fall to HKD 800-900bn.</p>
India	<p>We maintain our FY21 GDP growth forecast at -4.0%, despite better-than-expected growth of 3.1% y/y in Q4-FY20 (ended March 2020). On a calendar-year basis, we forecast 2020 GDP growth at -6.4%, down from +4.9% in 2019. This factors in the impact of the lockdown in April and May, slow reopening of the economy, and a smaller-than-expected fiscal support package. Given that India's most industrialised states continue to have high infection rates, economic activity is likely to resume at a very gradual pace even after 31 May. Against this backdrop, we now believe economic activity will take much longer to return to normal levels. Most state governments have decided to resume activity and unlock at least the non-containment zones, while states with a higher number of infections have continued with some of the restrictions versus the centre's guidelines. Meanwhile, high-frequency indicators like electricity and fuel consumption improved in May vs April on the easing of lockdown restrictions (see India – A deeper contraction in FY21).</p>
	<p>The Reserve Bank of India (RBI) has signalled that it will do “whatever is necessary” to combat the COVID-19 impact. The repo rate was cut by another 40bps to 4.0% on 22 May, and the reverse repo rate by an equivalent amount to 3.35%. Targeted Long-Term Operations (TLTROs) are being conducted, and another version – INR 500bn in size – has been introduced for non-banking finance companies (NBFCs) and micro-finance institutions (MFIs) to address their financing issues. An INR 500bn Special Liquidity Facility for Mutual Funds (SLF-MF) is also underway to provide liquidity to MFs via the banking sector. In addition to a provision on regulatory forbearance, the bad loan resolution period has been extended by 90 days to manage stressed assets. Measures to ease liquidity pressure on banks include TLTROs, a 100bps in the cash reserve ratio, 1% enhanced cover under the Marginal Standing Facility (MSF), and a reduction in the liquidity coverage ratio to 80% from 100% until September 2020. The RBI is also conducting a refinance facility of INR 500bn for government finance agencies and raised limits for ways and means advances (WMA) for state and central governments, to ensure that short-term revenue and spending mismatches do not constrain their ability to combat the economic crisis. We expect another 50bps of repo rate cuts, and more measures to support the bond market (such as OMOs, Operation Twist, hikes in the HTM limit for banks) to help fund the wider fiscal deficit. OMOs will be key to alleviating market concerns about fiscal financing.</p>
	<p>The government has announced a comprehensive INR 20tn (10% of GDP) package. This includes total additional government spending of 1.5%, which is inadequate to offset the economic fallout from COVID-19 outbreak, in our view, along with some liquidity measures (including those announced by the RBI) and credit guarantees (i.e., contingent liabilities). Banks' risk appetite in executing these policies will be critical in determining their success rate and their positive impact on economic activity (see India – Liquidity support announced). We forecast the combined (central plus state) fiscal deficit at 12% of GDP in FY21. This assumes a central government fiscal deficit of 7.4% of GDP in the best-case scenario. The expansion of the FY21 annual gross borrowing programme to 6% of GDP for centre and the increase in of states' borrowing limit to 5% of GDP (vs 3% earlier) already implies a widening of the combined fiscal deficit to 11% of GDP (see India – Limited fiscal stimulus for now); further widening is likely amid rising downside risks to growth. The weak fiscal position and a projected spike in government debt-to-GDP beyond 80% in FY21 has led to actions by rating agencies. Fitch revised its outlook on India's sovereign rating to negative, and Moody's downgraded its rating by one notch. All three rating agencies have affirmed India's rating at investment grade, but two – Fitch and Moody's – now have a negative outlook.</p>
Indonesia	<p>We recently lowered our 2020 GDP growth forecast to 0.4% from 2.5% on a weaker Q1 and a softer recovery than expected. GDP growth eased to 3.0% y/y in Q1; this was the slowest pace in two decades, and below consensus and government estimates. The sharp Q1 slowdown was despite Indonesia's relatively late adoption (in April) of tighter social distancing measures. This suggests a further slowdown in Q2 on weaker export demand and social distancing measures (which will likely impact employment and investment), exacerbated by a high base effect from election and seasonal spending. The government is considering relaxing restrictions at the beginning of June in some regions where infection rates are slowing.</p>
	<p>Bank Indonesia (BI) cut the 7-day reverse repo rate by 25bps to 4.25% at its June meeting; it also lowered the deposit and lending facility rates by 25bps each to 3.5% and 5.0%, respectively. BI said the rate cut is aimed at supporting growth while maintaining macroeconomic stability. BI maintained a dovish policy stance, highlighting room for further policy rate cuts. It lowered its 2020 GDP growth forecast to 0.9-1.9%, from 2.3% previously; it sees growth rebounding to 5.0-6.0% in 2021. We now expect only one more cut, to 4.0%, in Q3. We believe BI may have to calibrate its interest rate policy with quantitative easing via government bond purchases. Risks to our policy rate call are to the downside if a surge in coronavirus infections forces the government to re-tighten social distancing measures, further weakening the economy.</p>
	<p>The government has increased the fiscal stimulus package to IDR 695tn (4.0% of GDP) from IDR 405tn to mitigate the coronavirus impact and support the economy. To enable this, it has temporarily relaxed the 3% budget deficit cap through 2022. Accordingly, it increased its 2020 fiscal deficit target to 6.3% of GDP from 5.1%. Spending on social security was increased to IDR 203tn (from IDR 110tn); the government increased the size of cash transfers and expanded the scope of recipients to up to 50% of the lowest-income households. It also extended more support to coronavirus-affected businesses and industries via tax breaks, loan guarantees, interest rate subsidies for SME loans, and capital injections to state-owned companies. Recovering growth and commodity prices should narrow the deficit in 2021.</p>



Economy	Description
	<p>Malaysia's Q1 GDP grew 0.7% y/y; this was better than consensus expectations of a contraction but the weakest y/y growth since Q3-2009. Growth slowed sharply despite Malaysia's Movement Control Order (MCO) being implemented only on 18 March. Q1 GDP contracted 2% q/q (seasonally adjusted) – the sharpest sequential contraction since Q1-2009. Given that the MCO was relaxed only on 4 May, the Q2 GDP print is likely to be worse than Q1. We forecast 2020 GDP at -2.6%, picking up to +8.3% in 2021 on a favourable base effect and policy stimulus, assuming that the virus outbreak is contained and there are no relapses (see Malaysia – Not as bad as feared).</p>
Malaysia	<p>We expect Bank Negara Malaysia (BNM) to cut the overnight policy rate by another 25bps in July, taking total cuts in 2020 to 125bps. This would take the policy rate to 1.75%, below the 2% reached during the GFC. Growth and unemployment are likely to be key factors in BNM's monetary policy decision-making; we expect the subdued growth outlook and deteriorating labour market (the unemployment rate rose to a 30-year high of 5% as of end-April) to prompt a July cut. Beyond that, we think BNM will monitor whether external demand collapses further or recovers as economies try to reopen. The risk to our call is that BNM remains on hold in July. While the May monetary policy statement left the door open for further rate cuts, BNM is arguably less dovish than other central banks. The finance minister recently noted that there is no immediate need for the central bank to cut rates, according to local media reports.</p> <p>The government has announced fiscal stimulus totalling MYR 295bn to assist sectors and individuals affected by the coronavirus outbreak. The government estimates that this will widen the 2020 fiscal deficit to 5.8-6.0% of GDP from 3.2%. The fiscal deficit figure takes into account oil prices at USD 30/bbl. Of the MYR 295bn total stimulus, c.MYR 53bn is direct fiscal injection. The increase in fiscal deficit (c.MYR 41bn) will be funded by local government bond issuances. Meanwhile, Bank Negara Malaysia has pledged an additional MYR 1.5bn in dividends, while Petronas has proposed MYR 10bn in dividends. Measures include loan guarantees, a six-month moratorium, wage subsidies, etc. In addition, employers can defer pension fund contributions and employees can reduce their contributions (potentially unlocking MYR 50bn in total), and eligible recipients will receive cash transfers. The newly installed government has also reportedly pledged to continue all projects under the 2020 budget, including the East Coast Rail Link and Mass Rapid Transit Line 2. Growth may now rely more heavily on public spending as domestic sentiment turns cautious.</p>
Philippines	<p>The government has eased restrictions in the capital region from 1 June, allowing for the reopening of most businesses and transport, including local flights. The lockdown, which was initially announced in mid-March and scheduled until mid-April, was extended until end-May. Metro Manila and three surrounding regions are now under a 'general community quarantine', while the rest of the country is under a 'modified general community quarantine'. As a result of the lockdown measures, we see GDP contracting 5.1% this year (see Philippines – Heading towards a sharper contraction). We estimate that a one-month lockdown of Luzon, with only base-level activity, subtracts 3.3ppt from full-year GDP growth. Downside risks from a pessimistic scenario are higher than upside risks from an optimistic outcome, based on our analysis.</p> <p>We see a further 50bps of rate cuts following the 125bps of cuts so far this year, taking the policy rate to a record-low 2.25%. We expect this to come before the next scheduled meeting on 25 June as economic activity remains subdued in the coming weeks. We expect the central bank to remain dovish, indicating space for more easing. It cut the reserve requirement ratio by 200bps in mid-March; we expect a further 200bps of RRR cuts in 2020.</p> <p>We expect further fiscal support. Finance Secretary Dominguez said in early March that the government was "preparing appropriate fiscal responses" to the coronavirus outbreak. The government released a four-pillar plan with pledged stimulus of up to PHP 1.74tn (USD 34.3bn). The government lowered its 2020 GDP growth forecast to between -2.0 and -3.4% y/y, and estimates that the budget deficit will widen to 9.3% of GDP (from 5.3% estimated earlier).</p>
Singapore	<p>Final Q1-2020 GDP was revised higher to -0.7% from the advance print of -2.2%. The upward revision was driven primarily by a firmer-than-expected manufacturing sector, boosted by robust pharmaceuticals production. Despite the upward revision, the y/y GDP print was the weakest since Q2-2009. On a q/q basis, the 4.7% q/q SAAR contraction in Q1 was the sharpest since Q3-2010 (when base effects played a role) as the COVID-19 outbreak emerged, and as other countries – such as China – started to impose containment measures. Given that Singapore's own restrictions ('circuit-breaker' measures) started only on 7 April, and have since been extended until 1 June, we expect a sharper contraction (-14.5% y/y) in Q2. Having said that, we recently raised our 2020 GDP forecast to -6.0% from -9.6%. Our forecast is now in line with the government's, which was recently lowered to a range of -7 to -4% from -4 to -1%. Our upward revision is driven by estimates of higher 'essential factors' in sectors such as manufacturing, based on higher-frequency data for Singapore and regional Q1 GDP data. We define 'essential factors' as the proportions of various economic sectors that have continued to function normally during the lockdown period (see Singapore – Bad Q1 to be eclipsed by a worse Q2).</p> <p>We expect an unchanged stance from the Monetary Authority of Singapore (MAS) in October, following the dual easing delivered at end-March (of the SGD NEER slope to 0% and re-centring lower to prevailing SGD NEER levels). This is dependent on the core inflation trajectory and the evolution of the outbreak, which is highly uncertain. The March policy statement noted that fiscal tools are the primary means of mitigating the economic impact of COVID-19, complemented by monetary policy. That said, we expect highly accommodative monetary conditions for some time. During the SARS outbreak, the MAS re-centred lower in July 2003 (at a scheduled meeting) even as the situation improved. We do not expect an intermeeting decision by the MAS, as monetary policy stability is likely to be an important consideration. Such a move would require a drastic deterioration in metrics such as core inflation, in our view (see Singapore – Dual easing by the MAS).</p> <p>The government announced a fourth round of stimulus measures amounting to SGD 33bn on 26 May, taking total fiscal stimulus to counter the virus to SGD 92.9bn (c.19.2% of GDP). This takes the 2020 budget deficit to 15.4% of GDP (the largest since independence) from 2.1% initially. To fund the additional stimulus, the government has tapped SGD 52bn of past reserves. The only time the government has previously drawn on past reserves (SGD 4bn) was during the GFC. The sizeable stimulus is targeted at helping workers keep their jobs, helping corporates with access to credit, and providing cost-of-living support for households; hard-hit sectors like aviation and tourism will receive targeted relief.</p>
South Korea	<p>We forecast 2020 growth of -0.6%, in line with our expectations of deep recessions in US and the euro area and slow growth in China. Expansionary fiscal policy may not be enough to avert a contraction in Korea. Revised Q1 GDP growth came in better than expected at -1.3%, with growth in the manufacturing sector upgraded while that in the services sector downgraded. Nevertheless, we maintain our Q2 growth forecast at -1.8% q/q; China's recovery will be insufficient to lift Korea's growth, in our view, as the global economy is likely to face the largest contraction in Q2.</p> <p>The Bank of Korea (BoK) cut its base rate by a further 25bps on 28 May, taking total rate cuts in 2020 so far to 75bps. The BoK committed to actively buying government bonds if needed to provide liquidity to the market. It had already committed to supplying an "unlimited" amount of liquidity (i.e., some form of QE) to FIs via regular purchases of local bonds in repo operations every Tuesday until end-June. The BoK expressed reservations about buying government bonds in the primary market, but we think such purchases are likely, as the government needs to issue more bonds to fund its fiscal deficit in H2.</p> <p>The government proposed a third additional budget of KRW 35.3tn on 3 June – KRW 11.3tn for the Korean New Deal (which aims to revive the economy via digitisation), a KRW 5tn financial support package, KRW 9.4tn of spending on the social and employment safety net, and KRW 11.4tn to cover reduced tax income. It still requires National Assembly approval, but this should not be an issue given that the ruling party has a super-majority. Meanwhile, the government plans to implement a KRW 100tn infrastructure spending plan to drive corporate investment and create jobs.</p>



Economy	Description
Taiwan	<p>Taiwan's government revised Q1 GDP growth to 1.59% y/y (from an initial print of 1.54% y/y). On a q/q basis, the economy contracted 0.91% in Q1, the first contraction since 2015. Domestic consumption was the hardest hit as the government imposed social distancing measures and tightened border controls to contain coronavirus. Taiwan also lowered its 2020 real GDP growth forecast to 1.67% (from 2.37% previously). Government officials expect the economy to shrink further by -1.03% q/q in Q2, suggesting a technical recession in H1-2020. Indeed, we expect Taiwan's economy to be hit hardest in Q2, when the euro-area and US economies are likely to slow sharply due to the coronavirus (see Taiwan – Lower growth, more rate cuts expected). In addition, all foreigners (except those with permits) have been banned from entry since 19 March, and no transiting passengers have been allowed since 27 March. The ban will remain in place until further notice from the Taiwan Centers for Disease Control. Local health authorities have started to ease some social distancing measures, such as allowing up to 2,000 spectators to attend baseball games and allowing social gatherings of up to 250 people under specific guidelines; some local governments have allowed the reopening of bars and nightclubs under strict guidelines. Taiwan's Ministry for Foreign Affairs (MOFA) said public health remained the top priority and that the CDC would continue to assess the domestic and global COVID-19 situation before any consideration to relax current border control measures. Local media earlier suggested that Taiwan may further consider receiving in-bound visitors under specific conditions with varying degree of quarantine requirements.</p> <p>The Taiwan central bank (CBC) cut its rediscount rate by 25bps to 1.125% on 19 March; this was the first cut since Q2-2016, taking the benchmark policy rate to a record low. Policy makers said that they remain vigilant to downside growth risks (both domestically and globally) and rising market volatility stemming from the COVID-19 outbreak. The CBC did not rule out the possibility of an intermeeting rate cut if market conditions deteriorate sharply. With the CBC having moved to an 'easing' bias, we expect it to cut 25bps in Q2. We also expect a further 12.5bps rate cut in Q3 as 'insurance' against economic headwinds. This would take the benchmark rediscount rate to 0.875% at end-Q2 and 0.75% at end-Q3 (where we expect it to stay until year-end). To calm market volatility and sentiment, Taiwan recently tightened intraday securities lending and activated the TWD 500bn National Stabilisation Fund.</p> <p>Legislators recently passed an amendment bill to expand the size of the relief package to TWD 1.46tn (c.8% of GDP); this includes TWD 800bn in soft loans and guarantees. The latest bill enables the government to increase the special budget by another TWD 150bn (on top of the earlier TWD 60bn) in stage 1, and provide another TWD 210bn in emergency relief, on the condition that 60% of the funds approved in stage 1 are utilised. In February, the government approved a TWD 60bn (c.0.3% of GDP) relief package targeted at sectors directly impacted by the coronavirus. President Tsai announced in March that fiscal stimulus would total TWD 100bn, with TWD 40bn front-loaded from existing budgeted spending on labour and tourism. Of the TWD 60bn package, c.TWD 40bn is to support tourism, retail and transport operators. The government has also earmarked TWD 10bn for the SME Credit Guarantee Fund. Starting 1 July, Taiwan will hand out TWD 3,000 (USD 100) in discount coupons to all eligible individuals in a bid to spur domestic consumption. The coupons – which will be valid until 31 December 2020 – are part of the recently approved TWD 420bn COVID-19 relief package and are expected to cost the government approximately TWD 50bn (or 0.25% of GDP). To support the government's recovery efforts, the finance ministry will require state-run banks to offer TWD1tn in loans at preferential interest rates (capped at 2% above the benchmark rate) to support local companies; the programme will start in July 2020 and last for one year.</p>
Thailand	<p>Key economic data showed a contraction to record lows in April due to the pandemic, according to the Bank of Thailand's (BoT's) press release published on 29 May. Tourist arrivals stood at zero in April and May, given the inbound travel ban to contain the spread of the virus. International arrivals (6.69mn) declined 52.2% y/y from January to April. Private consumption fell 15.1% y/y in April, marking a record low, despite the government's THB 5,000 handouts to those who lost jobs due to the pandemic. The contraction was seen across spending categories. While business sentiment is improving as the economy reopens, we are conservative on the economic outlook, maintaining our 2020 growth forecast at -5.0% (Q2: -13.0% y/y; see Thailand – BoT may stay on hold near-term, cut in Q3). Inbound flights remain restricted as the ban on entry into the country via all channels will remain in effect. The Thai Travel Agents Association expects international travel to resume in October or when so-called travel bubbles between Thailand and low-risk countries have been successfully put in place in Q4-2020.</p> <p>The BoT cut its policy rate by 25bps to 0.50% on 20 May in a 4-3 vote. We expect another 25bps cut in Q3, taking the policy rate to 0.25%. We do not rule out further policy rate cuts below that level. Economic growth is far below Thailand's potential growth of 4%, and headline inflation is below the BoT's 1-3% target range. While the BoT has limited policy room to cut rates further, potential alternative monetary policy tools have not been clearly communicated. The BoT said it is considering yield curve control and asset purchases (i.e., QE). The pass-through of QE to businesses, especially those that do not have access to financial markets, is unclear. Rather, the BoT has used unconventional policy tools to help stabilise the bond market. A possible liquidity crunch remains a concern. The BoT said it is concerned about recent THB strength that could affect economic recovery; it also said that GDP and CPI may fall more than expected in 2020, and that it will assess whether monetary and fiscal measures are sufficient.</p> <p>The government has announced three stimulus packages worth around THB 1.5tn (c.10% of GDP). These include cash handouts and tax benefits, although the first two packages consist mostly of loans via state banks. The government's THB 1tn (c.5% of GDP) borrowing plan, the third package to alleviate the impact of the pandemic, includes financial aid for affected informal workers and farmers, health-care-related expenditure, and economic and social rehabilitation through projects aimed at creating jobs, strengthening communities and building infrastructure. The borrowing programme will run for two years. The government started disbursing cash handouts in April. We expect borrowing to be mostly from domestic rather than foreign sources, initially via bank loans followed by bond issuance.</p>
US	<p>The US economy's 4.8% contraction in Q1 was the largest since Q4-2008 (-8.4%), despite lockdowns mostly being imposed only in the final week of March. We expect GDP to contract by 5.4% in 2020. With most states now easing restrictions, economic activity will likely recover slowly. We expect GDP to contract 49% q/q SAAR in Q2, before picking up in H2; we still see year-end GDP below its end-2019 level (-2.3% Q4/Q4). We expect growth of 4.6% in 2021, with the headline number flattered by the recovery in H2-2020 (see US – Deep recession).</p> <p>The Fed has announced a slew of monetary policy easing measures since 15 March. It cut the fed funds rate by 100bps, reducing the target range to 0-25bps and bringing total easing in March alone to 150bps. On 23 March, the Fed announced that it would buy Treasuries and agency mortgage-backed securities in unlimited amounts, and unveiled two new facilities that allow it to buy corporate bonds (including new issues) for the first time. It also re-started TALF, a facility that allows the Fed to buy securities backed by student, auto and credit-card loans, plus loans to businesses through the Small Business Administration. The actions on credit are unprecedented in scope. Our view is that the Fed wants to remove as many impediments to bank lending as possible and maintain sufficient USD liquidity in the financial system. The Fed balance sheet has now expanded to beyond USD 7.0tn from USD 4.3tn in mid-March. At the June FOMC meeting, the Fed committed to keeping Treasury securities (USD 80bn/month) and MBS purchases (USD 40bn/month) at no slower a pace than present, in the context of a gloomy assessment of the economic outlook. The Fed started buying individual corporate bonds on 15 June. The Secondary Market Corporate Credit Facility (SMCCF) will buy a diversified portfolio of corporate bonds up to USD 250bn (with an additional USD 25bn available via the CARES Act) to support market liquidity and credit availability for large employers. The bonds included will have a maturity of less than 5Y and will be from US-based companies that were rated investment grade as of 22 March.</p>



Economy	Description
	<p>The government has announced three support packages so far, totalling some USD 2.7-2.8tn, equivalent to 13% of GDP. The measures provide wide-ranging support for the health-care sector, businesses, states, cities and individuals. Direct payments of USD 1,200/adult (reduced for those earning above USD 75,000 per year, with a USD 99,000 salary cap) and USD 500/child will be made to taxpayers. In addition, the unemployed (including the self-employed) will receive an extra USD 600/week in unemployment benefits for four months, on top of state benefits; states will be encouraged to waive a waiting period for payments. Mortgage relief will be available for many US homeowners and businesses hit by coronavirus. Congress agreed on a further USD 484bn of fiscal support on 21 April, taking total coronavirus fiscal support (excluding loan guarantees) to some USD 2.3tn (c.11% of GDP), with more likely to come in May.</p>
Euro area	<p>The euro-area economy contracted 3.8% q/q in Q1, a deeper slump than in the worst quarter of the 2008-09 GFC and the largest contraction since the euro's formation in 1999. GDP contracted 3.3% y/y, less than the 5.7% y/y decline in Q1-2009. However, with many states having spent most or all of April in lockdown, and with exit strategies announced so far pointing to only a gradual easing of restrictions, the downturn is likely to intensify in Q2, to around -12.0% q/q. April's hard data point to a significant deterioration in activity in early Q2, but sentiment has picked up in May as lockdowns have been eased. While we expect a growth recovery starting in Q3, we still expect GDP to contract by 6.2% in 2020. (see Euro area – Growth shock worse than GFC)</p> <p>ECB policy makers have increased the Pandemic Emergency Purchase Programme (PEPP) by EUR 600bn, to EUR 1.35tn. Purchases will continue at least until June 2021 (in any case, until the coronavirus crisis is over). If PEPP buying continues at the current pace (c.EUR 115-120bn/month), the EUR 1.35tn target will be reached by February-March 2021. The Governing Council (GC) may anticipate slowing purchases as the economy pulls out of recession, with the benefit of "more clarity" and updated forecasts in September. ECB President Lagarde reiterated that the ECB is not answerable to the German Constitutional Court, which last month ruled that QE policy had not been "proportionate". The minutes of the ECB meeting (out on 25 June) are likely to include a robust defence of the PEPP. That said, we expect the PEPP to face a legal challenge in the coming months, which may limit its flexibility. We no longer expect a deposit rate cut in our base case scenario (see ECB – Another year of QE).</p> <p>Fiscal stimulus has been largely at the national level so far. Governments have launched sizeable fiscal programmes (c.15-20% of GDP) to ensure credit channels remain open via state loan guarantees, as well as providing direct fiscal support packages of some 2.0-3.0% of GDP (Spain and Italy), 4.7% for France and c.9% for Germany. However, we expect EU leaders to be incentivised to provide more aggressive support; they have signed off on a EUR 540bn package of measures backed by Eurogroup finance ministers. The European Commission proposed a EUR 750bn recovery package on 27 May consisting of EUR 500bn in grants and EUR 250bn in loans. Italy and Spain are expected to be the biggest beneficiaries – Italy would receive c.EUR 82bn in direct aid and c.EUR 91bn in loans, while Spain would receive c.EUR 77bn in grants and c.EUR 63bn in loans. Tough negotiations are expected given likely pushback from northern EU states against funding the heavily indebted nations.</p>
UK	<p>We expect a demand shock to result in a sharp recession in H1-2020. The UK government announced only a gradual exit from lockdown on 10 May, with manufacturing and construction workers allowed to return to work from 13 May; shops began to reopen in mid-June, but schools largely remain closed. Prime Minister Boris Johnson also stressed that restrictive measures could be re-introduced in case of a spike in new infections. Our base case is a collapse in UK economic activity in Q2 as household expenditure and private investment contract sharply. We forecast a full-year contraction of 8.0% in 2020, incorporating our view of a recovery in H2. We forecast that growth will recover to +6.5% in 2021 (see UK – April was the cruellest month).</p> <p>The Bank of England's (BoE's) current GBP 645bn QE target is likely to be reached by July; policy makers will likely want to continue providing stimulus as the economy emerges from strict lockdown. We expect the QE target to be raised by GBP 100bn at the 18 June MPC meeting, with a further GBP 100bn likely in Q3. Policy makers have indicated a readiness to consider negative policy rates. Following the 65bps cut in Bank Rate to 0.1% in March, pass-through to corporate lending rates was initially limited as the spread between 3M LIBOR and Bank Rate widened. But growing market expectations of negative rates took LIBOR rates to a record low on 22 May. Rather than cutting Bank Rate further, we think the MPC may initially channel policy easing to sectors most affected by the COVID crisis by reducing the rate on the SME Term Funding Scheme (TFSME), which is currently Bank Rate plus a small fee. We expect the MPC to wait to assess the impact of earlier policy moves, and how the economy fares after lockdown, before deciding whether to take Bank Rate negative. We expect a cut to negative in the event of a second COVID-19 wave in the UK or a no-trade-deal Brexit (see UK – More BoE easing, via QE and TFSME loan rates).</p> <p>The fiscal response so far is unprecedented, including wage subsidies of up to 80% for furloughed workers and the self-employed, significant boosts to welfare support, and GBP 330bn in loan guarantees to businesses, on top of the emergency measures already announced in the 11 March budget (see UK – Monetary-fiscal one-two). Potentially in response to the phased exit strategy, Chancellor Rishi Sunak has announced an extension of the Coronavirus Job Retention Scheme, or 'furlough' scheme, until end-October (from end-June). We think the furlough scheme could have a significant positive impact over the medium term, as it allows companies to retain most of their staff while limiting bankruptcy risks associated with maintenance of employee costs: until end-July, the government will continue to pay 80% of a furloughed employee's salary (up to GBP 2,500/month). The fiscal deficit will likely be considerably larger this year as a result. We recently revised our 2020 fiscal deficit forecast to 12.5% of GDP (from 8.5%) to reflect the weaker growth outlook, the extension of the furlough scheme and the more gradual exit from lockdown than previously assumed; we see the deficit narrowing to 8% in 2021 (see UK – Furlough for longer).</p>
Japan	<p>GDP contracted an annualised 2.2% q/q in Q1. This was the second consecutive quarter of contraction, pushing Japan into a technical recession. Given that lockdown measures intensified in April, we expect a deeper contraction in Q2. Fiscal stimulus to support household consumption may help to stem the decline. Households began to receive cash handouts from the government in May. We have lowered our 2020 GDP forecast further to -4.0% from -1.8% due to the prolonged impact of COVID-19 on domestic consumption (see Japan – Q2 GDP likely to be worse than GFC).</p> <p>The BoJ kept the policy rate on hold on 16 June, while increasing the size of special lending programmes to about JPY 110tn from JPY 75tn. It kept its upper limits on corporate bond and commercial holdings unchanged at a combined JPY 20tn. The BoJ said that it would not hesitate to take further easing steps if needed.</p> <p>The government approved a second stimulus package worth JPY 117tn on 27 May, doubling announced fiscal stimulus to JPY 234tn (c.40% of GDP). About JPY 31.9tn will come from a second budget funded by government bond issuance. The package includes about JPY 10tn in reserves to prepare for a possible second coronavirus outbreak. Each of the two stimulus packages on its own is almost double the size of the fiscal stimulus rolled out during the GFC (about JPY 56.8tn). This is likely to lead to a sharp rise in the debt-to-GDP ratio this year.</p>
Australia	<p>We recently lowered our 2020 growth forecast for Australia to -5.1% (from -0.8%). This would be the worst contraction since at least 1960, when the current GDP series was first published. Q1 GDP growth fell to a post-GFC low of -0.3% q/q; household consumption fell to the lowest quarterly growth in 34 years. We expect Q2 to be the worst hit on account of the lockdown measures in place since 21 March; we expect GDP to contract more than 12% y/y in Q2. Domestic consumption is likely to contract substantially due to the shutdown measures. While social distancing measures have 'flattened the curve' and contained the spread of coronavirus, domestic activity has taken a sharp hit (see Australia – Likely to see its worst annual contraction). The government has announced a three-phase plan to incrementally reopen the economy by July.</p>



Economy	Description
	<p>The RBA cut the policy cash rate to the 0.25% floor and announced QE, yield curve control (YCC) and a term funding facility in an intermeeting policy announcement in mid-March. It also said that it would continue to provide liquidity via the recently introduced one-month and three-month repo operations, supplemented by longer-term repo operations (at least weekly) of maturities of six months or more. The RBA said that interest rates would likely need to remain at 0.25% for around three years; this explains the choice of 3Y Australian Government Bonds as the anchor for YCC. We believe, however, that the RBA will be forced to make purchases across the yield curve.</p>
	<p>The government has announced a third stimulus package, following two initial packages worth AUD 189bn. Including the RBA's support for the banking system, c.AUD 320bn (16.1% of GDP) of support has been announced so far; we estimate actual stimulus (excluding loans, guarantees, funding limits and moratoriums) of c.AUD 196bn. This includes subsidies to keep workers employed, payments to small businesses, investments to help small lenders support consumers and businesses, and a partial guarantee on loans taken out by firms affected by the outbreak. The government has also announced one-off cash payments to eligible citizens and AUD 130bn to keep workers in jobs; laid-off Australians will be allowed to make tax-free withdrawals from their superannuation funds. We expect fiscal measures to be more effective than monetary easing in supporting growth.</p>
	<p>New Zealand's economy contracted 1.6% y/y in Q1 – the worst q/q print since Q1-1991. Q2 is likely to be worse, as more stringent lockdowns have been in place for longer during the quarter. We forecast 2020 GDP growth at -7.8%. This would be the worst contraction on record as the economy faces both demand- and supply-side shocks (previous lows were -0.8% in 2008 and -2.1% in 1991). We expect growth to recover to +5.8% in 2021. The government declared victory against the coronavirus on 8 June and removed all restrictions except border controls. In recent days, however, two new cases and a lapse in quarantine procedures have been reported. The PM has tightened controls on quarantine facilities by calling in the military to oversee the facilities. The risk of community spread remains low, but developments should be monitored closely. The nation had been lauded for its swift and decisive response to COVID-19. If community transmission is deemed to be a risk, lockdown restrictions could be reimposed quickly; this would be detrimental to economic activity.</p>
New Zealand	<p>The Reserve Bank of New Zealand (RBNZ) is scheduled to announce its monetary policy decision on 24 June. We do not expect major policy announcements, as the central bank front-loaded its QE announcements at the May meeting. The central bank significantly expanded its Large Scale Asset Purchases (LSAP) programme in May, leaving little room for further increases in the near term. That said, we expect the central bank to reiterate its dovish tone and state that all policy tools (including negative rates) are on the table. Governor Orr said in a recent media interview that negative rates are not a "signal" but an option, and that the RBNZ has told banks to get their systems ready for negative rates. We will be watching for (1) the RBNZ's assessment of the banking system's preparedness for negative interest rates; and (2) any shift in the RBNZ's view of the COVID-19 impact to a longer-lasting economic contraction from a short-lived shock. The central bank had earlier noted that negative rates are better suited to address a longer-lasting economic contraction. We will also watch for comments on the NZD –the trade-weighted index is currently trading c.5% and c.7% above the RBNZ's Q2 and Q3 quarterly average forecasts, respectively, as per the May monetary policy statement.</p>
	<p>The government announced a fiscal stimulus package of NZD 50bn on 14 May, as part of the budget for FY21 (year ending June 2021). This is in addition to the 12.1bn (c.4% of GDP) announced on 17 March, taking total stimulus to NZD 62.1bn (c.20.7% of GDP). The Treasury has also indicated that fiscal policy will play the primary role in supporting the economic recovery in the coming years as monetary policy reaches its limits. The New Zealand Government Bond (NZGB) Programme for FY21 was set at NZD 60bn; the programmes for FY22, FY23 and FY24 were also increased to NZD 40bn (from NZD 8bn), NZD 35bn (from NZD 8bn) and NZD 30bn (from NZD 6bn), respectively. The large increases in the latter years may mean that the QE programme could be expanded further from 2021-24. Meanwhile, the RBNZ's LSAP program is front-loaded (given the NZD 60bn bond programme for FY21), making further increases less likely in the short term. We see room to expand LSAP purchases by only c.NZD 10bn before hitting the indemnity cap on NZGBs.</p>
	<p>We forecast 2020 GDP contractions of 5.0% in Saudi Arabia, 4.6% in the UAE and 6.3% in Kuwait. Implementation of the revived OPEC++ agreement, coronavirus disruptions, partial lockdowns and limited fiscal room due to the oil price collapse are likely to weigh on growth across the GCC. We expect a double-digit GDP contraction in Q2 in Turkey, following robust growth of 4.5% y/y in Q1 (see Turkey – What next after robust Q1 GDP growth?). We see weaker growth in Egypt and Pakistan amid coronavirus disruptions and a global recession.</p>
MENAP and Turkey	<p>GCC central banks have cut lending and deposit rates by 50-100bps. Egypt, Pakistan and Turkey have also cut rates. Turkey's central bank has cut rates more than 15% since July 2019, and has also introduced measures to step up LCY liquidity by buying government bonds in the secondary market. The GCC has pledged packages totalling over USD 195bn (c.12% of GDP) to contain the impact of demand- and supply-side disruptions on its economies and financial systems. A large portion of the funds is aimed at improving liquidity provision and lowering costs for financial institutions as coronavirus-related disruptions to business activity create cash-flow challenges for companies (particularly SMEs), which could impact banking/financial-sector liquidity. Further monetary easing in Egypt is likely to be constrained by the uncertain external-sector outlook (see Egypt – Mind the gap). In Pakistan, while we expect a further 100bps of cuts as lower domestic fuel prices lead to lower CPI inflation (see Pakistan – SBP likely to ease further), this will depend on overseas workers' remittances holding up.</p>
	<p>We see limited room for fiscal stimulus in the GCC given the sharp decline in oil prices, which is likely to substantially increase sovereign financing requirements in 2020. Conversely, Saudi Arabia tripled its VAT rate to 15% and cut some types of citizen allowances, citing the decline in revenue due to the global pandemic. While central banks across the bloc have lowered rates (broadly following the FOMC), we maintain our view that monetary easing is an unlikely substitute for government spending to support economic activity in the GCC. Turkey's government has announced a TRY 100bn package to contain the impact of COVID-19, including direct transfers to cover 60% of employees' salaries for three months at firms forced out of business due to the pandemic. In Pakistan, Prime Minister Imran Khan has announced a c.PKR 1tn (over USD 6bn) fiscal package in response to the virus; Egypt has announced an EGP 100bn package. Iraq's new government is likely to prioritise financing as the twin deficits widen on lower oil prices and production (see Iraq – Lower oil production adds to economic woes).</p>
	<p>A number of SSA economies have imposed lockdowns of key cities, border closures or countrywide states of emergency. Some countries are starting to loosen restrictions, or setting out plans to ease lockdown measures in the coming weeks. We expect average SSA GDP growth to be weaker in 2020 than it was following the 2008-09 GFC. We expect South Africa's economy to contract 6.5% in 2020. Oil exporters will be hit particularly hard by low oil prices; we forecast growth of -4.3% in Nigeria in 2020 and -2.2% in Angola. Economies in East Africa, which have seen robust growth in recent years, are also likely to experience a sharp slowdown. Whereas SSA economies had enjoyed strong momentum just prior to the GFC, the slowdown this time follows years of commodity price weakness and reduced fiscal space (see Global Focus – Darkest before the dawn).</p>
Africa	<p>Most SSA central banks have eased monetary policy to counter risks to growth, despite recent risk aversion, capital outflows and FX volatility. Easing has taken the form of more aggressive policy rate cuts and lower reserve requirements. Oil producers, which face a more difficult environment, have been unable to ease to the same extent. Central banks have also made greater use of macro-prudential policy, relaxing provisioning requirements and cutting minimum capital requirements in order to boost lending. Regulatory forbearance is increasingly the norm as policy makers seek to help businesses and households weather the economic shock.</p>

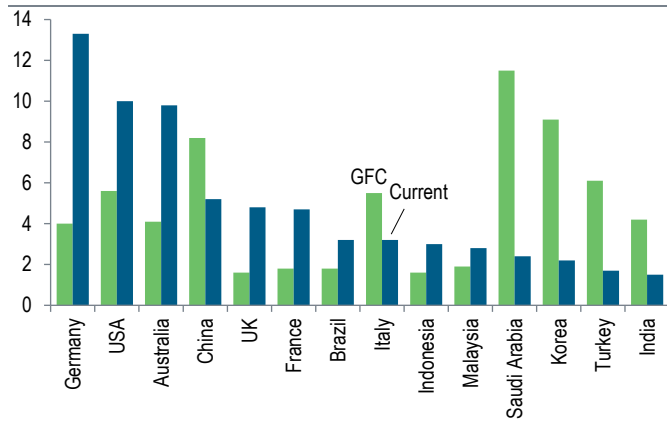


Economy	Description			
	<p>Debt considerations loom large for economies in the region. With frontier and emerging markets unable to issue new Eurobond debt in current market conditions, FX reserves are likely to remain under pressure. The effects will be most pronounced in oil-producing countries. The need to create space for additional health-care spending amid ongoing debt-service obligations has been identified as a key humanitarian concern. In Nigeria, which is also hit by the oil price collapse, federal government fiscal spending may have to be cut by over 40% versus original 2020 budget plans. A number of the region's economies have confirmed their participation in the G20's debt service suspension initiative (DSSI), available for the world's poorest countries (applicable to all International Development Association countries and Least Developed Countries) to cushion against the coronavirus shock, as well as an IMF waiver of debt payments. Several countries have applied to the IMF for emergency financing. China has indicated that it will cancel some interest-free debt owed by African countries and will provide greater support to economies that need it, such as by extending the period of debt suspension under the G20 initiative.</p>			
South Africa	<p>We lowered our 2020 GDP growth forecast to -6.5% from -2.7% following the extension of the full-country lockdown (which took effect on 27 March) to 1 May. Economic activity slumped during that time, with all but the sale of essential goods and services prohibited. South Africa will now see a phased resumption of economic activity, with implementation of a five-stage approach to reopening the economy. From 1 June, South Africa will move to a 'level three' lockdown, allowing for the full reopening of sectors including manufacturing, mining and construction, but with social distancing measures still in place. However, on 2 June, a South African high court declared that restrictions under level three and level four of the government's five-level lockdown system are unconstitutional and invalid, although suspending the invalidity for 14 days, giving the government time to make amendments. Our base-case scenario assumes that 'level one' – the lifting of all lockdown restrictions – may not be fully in place until end-September 2020. The need to return to a more restrictive 'level five' lockdown in any of the provinces would pose a downside risk to our current forecasts.</p> <p>South Africa has cut its policy rate aggressively in recent months to deal with the impact of COVID-19; the SARB has cut 275bps since the start of the year, including an intra-meeting cut on 14 April. We expect a further 25bps cut, the last in this cycle, at the July meeting. The SARB announced liquidity measures on 20 March. This included allowing banks access to cheaper funding, increasing the number of repo auctions, and reducing the upper and lower limits of the standing facility borrowing rate, in addition to a secondary market bond-buying programme. The SARB has also announced temporary relief on bank capital requirements and a reduction of the liquidity coverage ratio from 100% to 80%.</p> <p>South Africa, the hardest-hit SSA economy to date (with the highest known number of COVID-19 cases), announced an additional stimulus package equivalent to 10% of GDP (c.ZAR 500bn) on 21 April, having initially announced a package of just 0.2% of GDP. Excluding reprioritising funds and business loan guarantees, the package is worth c.3% of GDP. Measures include increasing welfare grants for the poor and unemployed, ZAR 100bn towards protecting and creating jobs, and increasing health-care spending. Support for SMEs, including deferral of tax and provision of funds for those under stress, has also been announced. The plan will be funded by reprioritising ZAR 130bn of expenditure, and by borrowing from domestic and international lenders. President Ramaphosa confirmed that the government has already approached IFIs for funding, including the World Bank, the IMF and the African Development Bank. The Treasury has said it would accommodate a temporarily higher deficit; the IMF forecasts it could expand to 13.3% this year.</p>			
Nigeria	<p>We expect Nigeria's GDP to contract by 4.3% in 2020 on oil-market developments and a deeper coronavirus-driven contraction in the non-oil economy. COVID-19 lockdown measures in Lagos, Abuja and Ogun state have been eased, but a further increase in cases may require a return to stricter containment measures. The government also announced the lifting of lockdown measures in Kano state from 1 June. Weak health-care capacity and difficulties enforcing social distancing in more densely populated areas increase the risk of a more prolonged economic impact. A further drag on growth comes from the revised OPEC++ agreement, under which Nigeria is to produce 1.412mb/d of crude oil in May and June. This implies a sharp fall in oil output versus 2019.</p> <p>We expect the Central Bank of Nigeria (CBN) to oversee gradual Nigerian naira (NGN) depreciation. Encouragingly, there has been little sign yet of a meaningfully more restrictive FX regime, suggesting that the authorities will safeguard NGN convertibility to attract renewed foreign portfolio investment once risk sentiment improves. The CBN surprised markets by cutting its monetary policy rate by 100bps to 12.5% on 28 May. Nonetheless, we expect the CBN to rely on macro-prudential policy to support activity. Following recent regulatory changes, the CBN now requires oil and oil services companies to sell FX directly to the central bank. Measures have been introduced to improve liquidity, including a c.2.4% of GDP liquidity injection with targeted support for health care and manufacturing.</p> <p>Nigeria's revised 2020 budget was presented to the National Assembly in May, with a lower oil benchmark price (USD 20/bbl from USD 57/bbl), a 25% cut to recurrent expenditure, and a 20% cut to capital expenditure. However, on 2 June, the Nigerian Senate recommended that the benchmark oil price be raised to USD 28/bbl while reducing the oil production assumption to 1.8mbopd from 1.93mbopd in the revised budget presented to the National Assembly in May. A fiscal stimulus package has been approved by President Buhari to provide NGN 500bn to support health care, provide relief for taxpayers and incentivise employee retention. The government now expects the budget deficit to reach NGN 5.36tn, from NGN 2.17tn previously. Nigeria has announced its intention to borrow as much as USD 6.9bn from multilateral creditors. The IMF board has approved USD 3.4bn emergency financing for Nigeria under its Rapid Financing Instrument. On 2 June, Nigeria's Senate approved the government's request for USD 5.51bn of external borrowing from multilateral lenders under the revised borrowing plans for 2020. The authorities have said they are in talks to defer debt service obligations to 2021 and beyond.</p>			
	<table border="0" style="width: 100%; text-align: center;"> <tr> <td style="width: 33%; background-color: #d9ead3;">Growth</td> <td style="width: 33%; background-color: #d9ead3;">Monetary</td> <td style="width: 33%; background-color: #d9ead3;">Fiscal</td> </tr> </table>	Growth	Monetary	Fiscal
Growth	Monetary	Fiscal		

Source: Bloomberg, Refinitiv, media reports, Standard Chartered Research

Figure 1: Fiscal stimulus packages announced so far compared to during the GFC

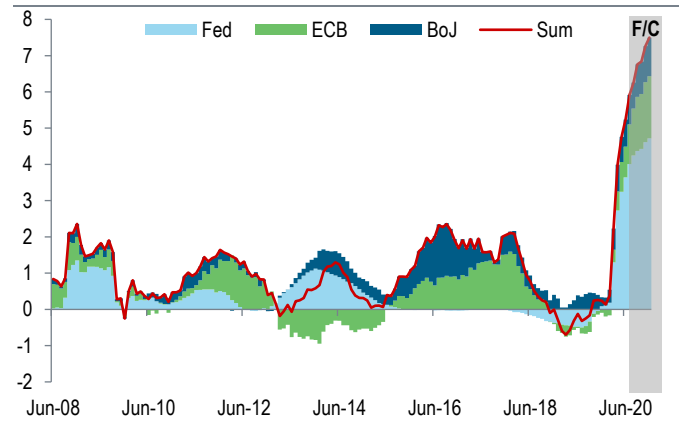
% of GDP



Note: excludes loan guarantees and other financial support measures
 Source: ILO, Standard Chartered Research

Figure 2: Fed is clearly outpacing ECB and BoJ in terms of balance-sheet expansion

y/y change in balance-sheet size, USD tn



Source: Fed, ECB, BoJ, Standard Chartered Research

Our lockdown and policy response trackers

Lockdown matrix

	Lockdown		Date initiated	Expected duration of lockdown	Potential GDP growth impact of a 1-month lockdown (ppt)	Additional details
	Partial lockdown *	Full lockdown**				
US	Some regions (25%)	Some regions (75%)	16-Mar-20	30-Apr-20-20-May-20	-2.5	All states have now begun to ease restrictions
Euro area					-2.5	Many countries reopened their borders to other EU member countries in mid-June
Germany		Nationwide	22-Mar-20	20-Apr-20		Small retail spaces reopened on 20 April, and Germany has continued to ease restrictions since then
France		Nationwide	17-Mar-20	11-May-20		Gradual lifting of restrictions since 11 May
Italy		Nationwide	9-Mar-20	4-May-20		Some non-essential shops and businesses began to reopen on 4 May
Spain		Nationwide	14-Mar-20	4-May-20		Spanish islands began easing restrictions on 4 May, and the rest of Spain a week later
Japan		Nationwide	7-Apr-20	26-May-20	-2.0	State of emergency declared for Tokyo, Osaka and five other prefectures on 7 April; expanded nationwide on 16 April. Japan lifted its state of emergency on 26 May.
UK		Nationwide	23-Mar-20	1-Jun-20	-2.9	Shops were allowed to reopen as of 15 June, but most schools remained closed and there are still tight restrictions on social interactions. The UK has not closed borders but has introduced quarantining for inbound travellers.
Canada	Nationwide					Federal government has so far left provinces to decide on lockdown measures
Switzerland		Nationwide	16-Mar-20	27-Apr-20		Restrictions were relaxed from 27 April, with small businesses opening; schools reopened from 11 May, and Switzerland eased restrictions on foreigners entering the country in early June.
Australia		Nationwide	Strictest-29-Mar-20	Incremental re-opening by July	-3.5	The federal government announced a 3-phase plan to ease restrictions across the country, with phase 3 to be reached by July. States and territories have announced individual plans. PM Morrison listed three criteria to be met before restrictions could be lifted: (1) wider testing, (2) more rigorous contact tracing involving technology, and (3) plans being in place for local lockdowns to combat outbreaks.
New Zealand		Nationwide	25-Mar-20	27-Apr-20	-3.2	Level 4 (highest level) lockdown ended on 27 April, replaced by level 3 lockdown for two weeks; the economy moved into level 2 lockdown on 14 May and subsequently into level 1 lockdown on 9 June.
Bangladesh		Some regions	26-Mar-20	Ongoing		Bangladesh declared public holidays from 26 March to 25 April, and deployed the army to assist the authorities; only emergency and essential services operated during the lockdown. However, since 31 May lockdown continues in specific red zones only.
China	Some regions		23-Jan-20 (Hubei) 11-Jun-20 (Beijing)	8-Apr-20 (Hubei) N/A	-3.0	After weeks of no new infections, Beijing has been reporting new COVID-19 cases since 11 June. Lockdown measures were reimposed in parts of Beijing (after being lifted on 30 April) amid rising public concern about a possible second wave of infections. Citizens have been urged to avoid travelling in or out of Beijing. Sporting events in Beijing have been suspended and classes have been cancelled. Reportedly, foreign visitors have been temporarily banned from entering China in order to avert a second wave of infections. All Chinese people returning from overseas are requested to quarantine at a designated place for 14 days. The lockdown introduced in Hubei province on 23 January (affecting 60mn people, 4% of China's population) had been fully lifted by 8 April).
Hong Kong	Territory-wide		28-Mar-20	Ongoing	-2.8	All but three immigration control points have been closed since 4 February. All non-Hong Kong residents arriving by plane from overseas countries and regions are denied entry. Non-Hong Kong residents coming from the mainland, Macau and Taiwan will be denied entry if they have been overseas in the past 14 days. All incoming travellers are subject to a 14-day compulsory quarantine. Social distancing restrictions on restaurants (first imposed on 28 March) were relaxed from 8 May, and leisure venues like cinemas, gyms and arcades were allowed to reopen. The government resumed normal operating hours for public services on 4 May. Schools will reopen in phases from 27 May.
India		Nationwide	25-Mar-20	10 weeks	-4.8	India lifted its countrywide lock-down which lasted for 10 weeks until May 31. Economic activity has resumed though few states with high infection rates have reimposed lock-down or are following higher level of restrictions on economic activity.
Indonesia	Nationwide				-3.7	The government has announced large-scale social distancing measures and imposed restrictions on people's mobility. School/universities, public places, tourist attractions and entertainment venues have been ordered to shut down. Only essential public services, banking, food stores and logistics businesses are allowed to operate. Banks have reduced their operating hours by one hour. Public transport is still operating, but with social distancing measures in place. No foreign visitors from abroad have been allowed since 1 April.
Malaysia		Nationwide	18-Mar-20	4-May-20	-3.4	A Movement Control Order (MCO) was put in place on 18 March until 4 May where non-essential services and schools were closed. A conditional MCO was introduced on 4 May to ease lockdown restrictions and allow some sectors and businesses to reopen and lasted until 9 June. The country moved into a recovery MCO phase on 10 June; this will last until 31 August. Under this phase, interstate travel resumes except for areas placed under enhanced MCO and more businesses are allowed to reopen. Borders (including with Singapore) remain closed, but talks are underway between Singapore and Malaysia about resuming cross-border travel.
Philippines		Some regions	17-Mar-20	Restrictions eased from 1 June	-4.7	A lockdown was initiated in Luzon on 17 March and is due to last until end-May. Restrictions were eased from 1 June, allowing the reopening of most businesses and transport including local flights. Metro Manila and three surrounding regions are now under a 'general community quarantine', while the rest of the country is under a 'modified general community quarantine'.



	Lockdown		Date initiated	Expected duration of lockdown	Potential GDP growth impact of a 1-month lockdown (ppt)	Additional details
	Partial lockdown *	Full lockdown**				
Singapore	Nationwide		7-Apr-20	1-Jun-20	-4.5	Circuit-breaker (CB) measures in place from 7 April to 1 June required all schools and workplaces to be shut, except for essential services. The economy started reopening on 2 June in three phases. The first phase includes allowing some businesses to reopen and some students to go back to school. This phase will allow 75% of the economy to resume normal operations. The second phase is effective 19 June and is expected to last a few months. This phase allows dining in restaurants and the reopening of fitness studios, recreation centres and retail outlets, with all students returning to school. The third phase will see a return to a 'new normal' where businesses and gatherings resume but with limited crowd sizes. The nation is in talks with Malaysia to resume cross-border travel. Local media reports suggest that around 300,000 workers (c.8% of Singapore's labour force) cross the land border from Malaysia to work in Singapore.
South Korea	(10%) Some regions		25-Feb-20	May	-3.0	Gradual reopening since May of schools and facilities that were previously closed
Sri Lanka	Some regions	Some regions	16-Mar-20	Ongoing		Only essential services (as notified by the government) are operating in most of the country. All inbound flights have been cancelled since 17 March.
Taiwan	Border control				-2.5	All foreigners (except those with permits) are banned from entry into Taiwan, effective 19 March; transit passengers have been prohibited since 24 March. Since 19 March, all individuals entering Taiwan are required to undergo a 14-day self-quarantine. Taiwan has not implemented a lockdown so far; the health authorities have advised against gatherings of 100 or more people indoors and 500 outdoors. However, this has subsequently been relaxed (under strict guidelines) for most public spaces, including scenic areas, night markets, arts and cultural events. The general public are required to wear masks when using public transport, effective 1 April. However, from 7 June onwards, wearing of masks will become optional if proper social distancing measures are maintained.
Thailand	Some regions		16-Mar-20	Mostly ended on 4-May	-2.8	Department stores and malls were allowed to reopen on 17 May. Opening hours were extended on 29 May, and the night-time curfew was lifted on 14 June. Venues that were allowed to reopen in June include cinemas, gyms, and meeting venues. However, businesses and venues which are at high risk of COVID-19 transmissions, such as boxing stadiums and pubs, remain closed. The Civil Aviation Authority of Thailand has extended its ban on passenger flights to 30 June. The government extended the state of emergency for a second time to end-June, despite declining COVID-19 cases. The state of emergency imposed in late March gives PM Gen Prayut Chan-o-cha sweeping powers, including a ban on large gatherings.
Vietnam	Nationwide / Some regions			Mostly ended on 23-Apr		Social distancing order ended on 23 April for most of the country, with schools reopening gradually.
Bahrain	Nationwide					Stay-at-home measures (including closure of educational institutions, retail outlets, cinemas and restaurants) were eased on 7 May, with shops and industrial enterprises allowed to reopen.
Egypt	Nationwide		25-Mar-20			Partial (night-time) curfew and closure of schools and universities. Some businesses were allowed to reopen and night time curfew was shortened for Ramadan. The curfew was re-extended between 14 and 29 May over the Eid Al Fitr holiday period.
Iraq	Nationwide		22-Mar-20			Nationwide lockdown and curfew partially lifted during Ramadan; some types of work permitted during non-curfew hours. On 11 May, the Kurdish region lifted the curfew imposed since 13 March. Restrictions were re-imposed in some parts of Baghdad for two weeks starting on 20 May.
Jordan	Nationwide		21-Mar-20			Restrictions were eased on 3 May to allow businesses and industries to resume operations. Night curfew and closure of educational institutions to continue. Public sector resumed work on 26 May.
Kuwait	Nationwide		13-Mar-20			Kuwait imposed a new 20-day lockdown from 10 May after the partial curfew was expanded to 16 hours during Ramadan; the public sector will be closed until 31 May. Kuwait has started implementing a five-phased plan to reopen the economy completely by mid-September.
Lebanon	Nationwide					Lebanon eased restrictions after it re-instated four days of lockdown from 13 May.
Oman	Some regions					Travel restrictions, partial lockdowns. Restrictions were eased on 29 May, with 50% of government employees returning to work. However, four more regions will go into lockdown from 13 June to 3 July.
Pakistan	Some regions		21-Mar-20			Lockdowns have been imposed by provincial governments. Markets have reopened with reduced working hours, and domestic transport services have partially resumed.
Qatar	Nationwide		18-Mar-20			Travel restrictions, closure of educational institutions and non-essential businesses, lockdown of industrial areas
Saudi Arabia		Some regions			-4.0	Lockdowns and partial curfews in various cities were eased on 26 April. However, lockdown will be re-imposed (on the last day of Ramadan) from 23-27 May. Public-sector workers will return fully by 14 June, while restrictions for the private sector are gradually being lifted.
Turkey	Some regions				-3.0	Following two weeks of weekend curfews and closure of educational institutions, Turkey announced a four-day lockdown in 31 cities beginning on 23 April. A three-day lockdown was implemented from the 1 May holiday; confinement restrictions were eased on 4 May for some age groups. A four-day lockdown will be imposed from May 23. Restrictions were eased on 1 June.
UAE		Nationwide	22-Mar-20		-4.0	A night-time curfew began after the country initiated a disinfection drive on 22 March. Dubai partially lifted daytime restrictions on 23 April while maintaining the night time curfew. A gradual reopening of Dubai's economy began on 27 May, with restrictions on a range of sectors being eased. Abu Dhabi announced a one-week ban on leaving and entering the emirate from 2 June, which was subsequently extended for another week.
Angola		Nationwide	20-Mar-20	7 weeks		Borders were closed from 20 March. The government has begun to ease restrictions with the state of emergency being replaced with a state of calamity on 26 May.



	Lockdown		Date initiated	Expected duration of lockdown	Potential GDP growth impact of a 1-month lockdown (ppt)	Additional details
	Partial lockdown *	Full lockdown**				
Botswana		Nationwide	02-Apr-20	7 weeks		Botswana lifted 48-day nationwide lockdown measures on 22 May. Permits are still required for travel between coronavirus zones. State of emergency announced on 31 March has been extended to 6 months. Air and land borders remain closed.
Cameroon			17-Mar-20			Closure of all borders. The authorities have eased restrictions with schools, universities and training centres allowed to reopen from 1 June. Public transportation has been running as normal since 1 May. Face masks must be worn in public.
Cote d'Ivoire	Nationwide		23-Mar-20			Containment measures began to be relaxed from 8 May. Travel to and from the Greater Abidjan region to other parts of the country remain in place. The state of emergency has been extended until 30 June. Border closure remains in effect.
Ethiopia	Nationwide		23-Mar-20			Land borders closed and curbs imposed on public transport from 23 March. Quarantine for inbound air passengers. Five-month state of emergency from 8 April, masks compulsory, schools closed, gatherings of more than 4 people banned.
The Gambia			23-Mar-20			Borders were initially closed for 21 days starting 23 March; this was subsequently extended. State of emergency was extended until end-June.
Ghana		Some regions	21-Mar-20			All borders closed to human traffic. Movement restrictions in Accra and Kumasi were lifted on 19 April, having been introduced on 30 March. International flights are suspended but domestic flights continue. Ghana announced further easing to restrictions on 31 May with final year students allowed to return to school from 5 June. Public gatherings of less than 100 participants will also be permitted. Face masks compulsory in Greater Accra area from 22 April.
Kenya	Nationwide		25-Mar-20			Borders with Tanzania and Somalia were closed from 16 May. All international flights have been suspended from 25 March until at least 6 July. A nationwide curfew was introduced on 27 March, and has been extended to 6 July. Face masks must be worn in public places. Schools will remain closed with a phased reopening planned from 1 September. Additional restrictions in Mombasa and Nairobi to remain in place until 6 July.
Mauritius		Nationwide	20-Mar-20	5 weeks		All shops were closed on 25 March and reopened on 2 April with increased safety measures. Nationwide curfew remained in place until 1 June. A strategic resumption of activities began on 15 May. Lockdown measures were lifted on 30 May.
Nigeria		Some regions	30-Mar-20	7 weeks	-1.3	The government announced the easing of COVID-19 restrictions effective on 2 June. Places of worship had been due to open on 19 June, but this has now been delayed until further notice. Domestic flights will also resume from 21 June. The Government also lifted lockdown restrictions in Kano state. A nationwide curfew remains in place, although over a shorter period (22:00 to 04:00). Phased reopening of lockdown measures in Abuja, Lagos and Ogun states continues. Ban on international travel from airports remains in place.
Sierra Leone		Nationwide	5-Apr-20	3 days		12-month state of emergency announced; reduction of market traders' hours in Freetown. All flights have been suspended and land borders closed until further notice. Travel between districts is banned and a curfew is in place from 21:00 to 06:00. There was a 3-day lockdown from 5-8 April and a second from 3-5 May.
Senegal	Nationwide		23-Mar-20			On 11 May, President Macky Sall announced the opening of places of worship and the easing of some lockdown measures. All gatherings were cancelled from 14 March, and schools and universities closed. The nationwide curfew was relaxed from 4 June. State of emergency was announced on 23 March and has been extended until 2 July.
South Africa		Nationwide	27-Mar-20	5 weeks	-2.7	On 1 June South Africa will move to a 'level 3' lockdown, allowing most businesses to open with strict social distancing. South Africa was under a level 5 (strictest level) lockdown from 27 March and moved to level 4 on 1 May. Its airspace is closed to commercial flights.
Tanzania	Nationwide		17-Mar-20			14-day quarantine requirement for inbound travellers has been lifted, except for those with symptoms, and international flights can resume. Public gatherings are banned, schools and universities closed. President Magufuli has declared the country 'coronavirus-free'.
Uganda	Nationwide		25-Mar-20	8 weeks		Lockdown measures introduced on 25 March were eased further from 2 June, including the resumption of public transport. All individuals over the age of five will be issued face masks. All borders closed to human traffic, Entebbe airport closed from 22 March. Some businesses will be allowed to reopen. The authorities have extended nationwide curfew until 23 June.
Zambia	Nationwide		18-Mar-20			The government has eased some COVID lockdown measures, allowing certain businesses to re-open. Some measures remain in place, including a 14-day quarantine for inbound travellers, restrictions on gatherings and school closures. The border with Tanzania has been closed since 11 May.
Zimbabwe		Nationwide	30-Mar-20	7 weeks		A three-week lockdown was implemented from 30 March; it has now been extended indefinitely. All borders have been closed since 23 March, except for returning residents.
Czech Republic	Nationwide		16-Mar-20	11-May-20		
Hungary	Nationwide		16-Mar-20	3-May-20		As of May 4, the country began a gradual re-opening of its economy.
Poland	Nationwide		13-Mar-20	18-Apr-20		Poland began gradually lifting restrictions on its economy from 19 April.
Russia	Nationwide		24-Mar-20			

* Partial lockdown: Could mean closure of malls, gyms, entertainment centres, restaurants, etc., but with people still allowed to leave their homes and go to work; ** Full lockdown: Restrictions on gatherings of people (i.e., two or more) and lockdown of public and private workplaces.

Note: This table is correct as of 18 June 2020. The table is our interpretation of what has been reported so far and is subject to change as new information becomes available.



Tracker of policy responses

	Monetary stimulus			Total pledged govt. stimulus			Households			Enterprises		
	Rate cut	Bond purchases	Liquidity support measures	Total (LCY bn)	% of GDP	Direct govt. stimulus (% of GDP)	Total (LCY bn)	Cash transfers	Suspension of loans/ payments such as mortgages	Total (LCY bn)	Tax relief/ subsidies	Support for salary/ employment
US	Yes	Yes	Yes	2,700	13.0	10.0	550	Yes	Yes	1,300	Yes	Yes
Euro area		Yes	Yes									
Germany	Yes	Yes	Yes	1,247	37.3	13.3		Yes			Yes	Yes
Japan		Yes	Yes	234,000	40.0	12.4		Yes			Yes	Yes
UK	Yes	Yes	Yes	410	19.1	4.8	27.0	Yes	Yes	24		Yes
Canada	Yes	Yes	Yes	250	12	4.8	52	Yes	Yes			
Switzerland	Yes		Yes	73	10.4		8	Yes		65	Yes	
Australia	Yes	Yes	Yes	321.2	16.1	9.8	25	Yes	Yes	38.8		
New Zealand	Yes	Yes	Yes	62.1	20.7	20.7		Yes	Yes		Yes	Yes
Bangladesh	Yes	Yes	Yes	In progress				Yes			Yes	Yes
China	Yes		Yes	5,400	5.2	5.2						
Hong Kong	N/A			290	10.0	10.0		Yes	Yes		Yes	Yes
India*	Yes		Yes	20,000	10.0	1.5		Yes	Yes			
Indonesia	Yes	Yes, unsterilised		695,200	4.0	3.0	172,100	Yes	Subsidy for home buyers	382,000	Yes	Yes
Malaysia	Yes		Yes	295	19.7	2.8	138^	Yes	Yes	120^	Yes	Yes
Philippines	Yes	Yes	Yes	1,743	9.1	3.4	289	Yes		307	Yes	Yes
Singapore	Yes**			92.9	19.2	15.4	6	Yes	Yes	72	Yes	Yes
South Korea	Yes	Yes, unsterilised	Yes	252,000	13.0	3.0		Yes	Yes		Yes	Yes
Sri Lanka	Yes		Yes	In progress							Yes	
Taiwan	Yes		Yes	1,460	8.0	2.3		Yes	Yes		Yes	Yes
Thailand	Yes	Yes, unsterilised	Yes	1,500	10.0	5.0	390	Yes	Yes	Most of the THB 518bn (first two packages)	Yes	
Vietnam	Yes			179,158	2.8						Yes	
Bahrain	Yes	Yes	Yes	0.56	4.0			Yes			Yes	Yes
Egypt	Yes			100	2.0						Yes	
Iraq												
Jordan	Yes		Yes								Yes	
Kuwait	Yes		Yes	0.5	1.4							
Oman	Yes		Yes	5% spending cut							Yes	
Pakistan	Yes		Yes	1200				Yes			Yes	
Qatar	Yes		Yes	75	13						Yes	
Saudi Arabia	Yes		Yes	120	4.6							
Turkey	Yes	Yes	Yes	100	2.2	1.7		Yes			Yes	Yes
UAE	Yes			294	20					16	Yes	
Angola		Yes	Yes							488	Yes	
Ghana	Yes		Yes	1	0.6							
Kenya	Yes		Yes				10	Yes	Yes		Yes	
Nigeria			Yes									Yes
South Africa	Yes	Yes	Yes	500	10.0			Yes	Yes		Yes	Yes

*Includes stimulus spending by states of 0.3% of GDP, **MAS eased monetary policy in Singapore by moving the SGD NEER band to a flat slope and re-centring the policy band lower, not via rate cuts; ^Awaiting further details of MYR 35bn package

Note: This data is correct as of 18 June 2020. The table is our interpretation of what has been reported so far and is subject to change as new information becomes available.

Figure 3: Global leverage heatmap – Summary across economies, sectors and individual metrics

		CN	IN	ID	KR	MY	PH	TW	TH	HK	SG	AU	JP	AR	BR	MX	ZA	TR	US	UK	EA
Economy	Total credit/GDP	255.9↑	139.3↑	73.5↑	231.4↑	237.8	111.1↑	141.4↑	192.9↓	306.2↑	305.3↑	239.4↓	400.4↑	102.4↑	160.3↑	78.1↑	137.7↑	112.3↓	245.5↑	249.2↓	252.5↓
	Credit-GDP growth spread (5Y avg, bps)*	343.2↓	20.3↑	225.6↓	187.1↑	-9.9	394.7	11.4↑	-34.6↓	227.5↓	198.3	139.8↓	54.1↑	1610.8↑	466.0↑	345.7↓	320.7↑	190.5↓	60.5↑	3.4↑	-48.0↓
> Private non-financial	Total borrowings/GDP	196.4↑	69.3↑	43.3↑	195.0↑	183.9	74.5↑	108.6↑	151.8	305.9↑	185.2↑	197.9↓	161.6↑	18.6	72.6↑	42.0↑	74.6↑	80.1↓	148.2↑	165.1	166.5
	DSR	18.5	8.8	4.5↑	19.8↑	13.2		10.4↑	9.8	27.9↑	19.5↑	20.2↓	14.4↑		18.2	5.5↑	9.2↑	18	14.9↑	14.8	
- Corporates	Business borrowings/GDP	141.2↓	52.4↓	25.5	101.1↑	101.4	64.6↑	62.8↑	72.8↓	226.9	121.8↑	72.8	103.0↑	13.9↑	42.8↑	25.6↑	40.6↑	65.9↓	74.1↑	81.4↓	108.7
	Debt/equity***	76.1↓	73.7↓	61.7↑	47.7↓	58.3↑	94.9↑	52.0↑	71.3	54.9↑	69.1↑	53.5	62.3↓	81.3↓	85.9↓	74.5↓	54.6↑	84.6↑	89.4	77.9↓	
	EBITDA/interest expense***	7.9↑	4.8↑	5.9↓	14.5↑	6.5↓	5.4↓	16.7↓	10.4↑	11.6↓	6.0↓	12.2↑	28.3	5.2↑	5.1↑	7	7.9↑	4.4↓	9.2	10.4↑	
- Household	Household borrowing/GDP	55.1↑	16.9↑	17.8↑	93.9↑	82.5↓	10.0↑	45.8↑	79.0↑	79.0↑	63.3↓	125.2↓	58.6↑	4.7↓	29.8↑	16.4↑	34.0↑	14.2↓	74.1↓	83.7↑	57.8
	Debt service ratio (DSR)**	14.2↑	2.3↑	5.0↑	17.6↑	18.5↓	2.0↑	6.3↑	20.6↑	17.9↑	17.9↓	20.4	9.7↓		20.0↑		9.4		9.7↓		
> Government	Government debt/GDP	59.5↑	70.0↑	30.1↑	36.4↑	53.9↑	36.5	32.8↓	41.1↓			41.5↑	238.8↑	83.8↑	87.6↑	36.1↑	63.1↑	32.1↑	105.0↑	84.1↓	86.0↓
	Int. payments/govt revenue	4.2↑	22.2	13.6↑	4.3	12.5↓	12.4↓	4.3	4.9↑			3.9↓	5.1	21.0↑	17.0↓	12.7↑	14.0↑	9.3↑	8.2↑	6.3	
> Private financial	Capital adequacy ratio	14.1↑	15.2↑	23.3↑	15.4	17.8↑	15.3↑	13.9	18.0↑	20.6↑	16.7	15.3↑	17.2↑	16.3	17.7	15.9↑	16.8↑	17.7↑	14.7↑	21.4↑	18.1↑
	Non-performing loans ratio	1.8	8.8↓	2.6	0.7↓	1.6	2.1↑	0.2↓	3.1↑	0.6↓	1.4↑	1.0↑	1.1↓	4.8↑	3.0↓	2.2↑	3.7↑	4.1↑	0.9↓	1.1	
External debt	Non-financial sector external debt/GDP	6.4↑	13.5↓	32.8↑	14.2↑	39.4↓	15.9↓	31.8	20.2↓	105.2↑	80.2	47.8↑	55.3↑	64.4↑	17.8↑	33.7↓	35.8↑	36.8↑	72.8↑	114.4↑	59.5
	FCY share of total external debt#	64.9↑	65.3	79	72.6↓	67.2↑	97.2↓		63.1↓					94.1↑	77.4↑	76.5↑	52.4↑	94.6↑			
	Non-financial sector external debt/FX reserves	0.3↑	0.9↓	2.9↑	0.6↑	1.4	0.7	0.4	0.5	0.9↑	1.1↑	17.0↑	2.3↑	5.9↑	0.8↓	2.4	2.6	3.6↑		25.1	25.9↓
	Moody's External Vulnerability Indicator	39.1	58.2↓	47.2	38.5↓	113.4↓	27.2↓	36.8↓	44.7↑						240.6↑	44.7	46.3↓	98.8	228.5		

↓ Slower

↑ Faster

Low

Moderate/sustainable

High

Note: Cell colours indicate leverage and potential stress. Arrows measure metrics growth with respect to trend. Metrics growing faster than their 3YMA are identified with an upward arrow (↑); those growing slower than the 3YMA are marked with a downward arrow (↓); thresholds for 'faster (↑)' and 'slower (↓)' are 3YMA +/- 0.5 standard deviations. All numbers are as of Q3-2019 unless otherwise stated

*The difference between 5Y CAGR of credit growth and 5Y CAGR of nominal GDP growth. A difference of more than 500bps is our threshold for a red flag.

**Data as of end-2018

***Household disposable income is provided for CN, IN, KR, AU, BR, ZA and US

#FCY share, as a % of gross external debt position

Source: Bloomberg, CEIC, BIS, IMF, national sources, Moody's, Standard Chartered Research





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