



# ASIAN DEVELOPMENT OUTLOOK 2022 UPDATE

SOFTENING GROWTH AMID A DARKENED GLOBAL OUTLOOK

2022 Asian Regional Forum on Investment  
Management of Foreign Exchange Reserves  
Singapore, 26-27 October 2022

[adb.org/outlook](https://adb.org/outlook)

ADB

## Developing Asia's recovery progresses even as challenges mount

- Since the April *Asian Development Outlook*, various headwinds have strengthened:
  - Russia's invasion of Ukraine has raised uncertainty, reinforced supply disruptions, and unsettled energy and food markets, boosting inflation
  - More aggressive tightening by the US Federal Reserve and other central banks is denting global demand and rattling financial markets
  - Zero-COVID lockdowns in the PRC threaten growth and supply chains
- Developing Asia is now projected to grow more slowly, from 5.2% to 4.3% for 2022 and from 5.3% to 4.9% for 2023
- Inflation forecasts are revised up—from 3.7% to 4.5% for 2022, and from 3.1% to 4.0% for 2023—on higher energy and food prices
- Several downside risks loom large, including a sharp deceleration in global growth, stronger-than-expected monetary policy tightening, escalation of the war in Ukraine, deeper-than-expected deceleration in the PRC, and negative pandemic developments

# The pandemic lingers, but declining COVID-19 mortality risk...

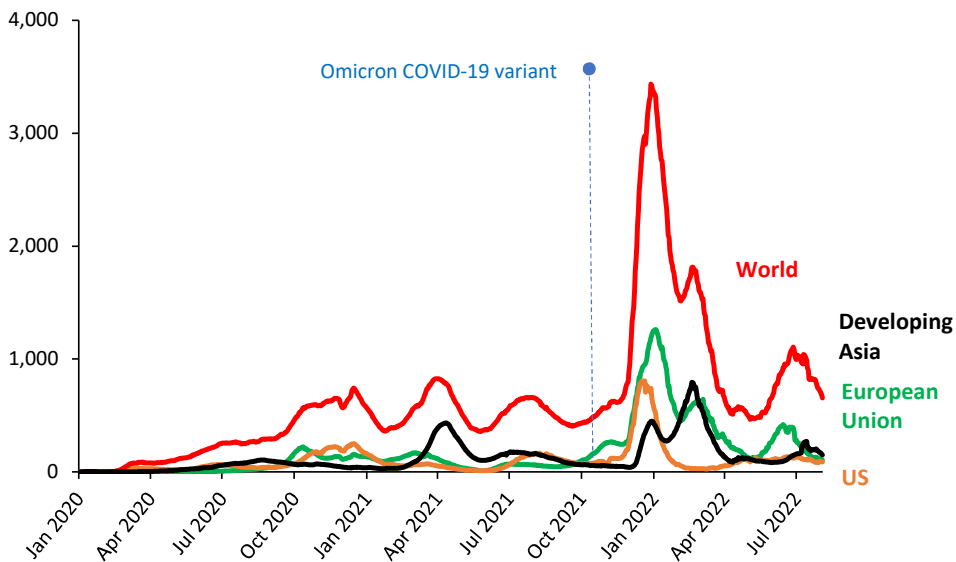
After surging globally early this year, COVID-19 cases have fallen and are at low levels in developing Asia.

Confirmed COVID-19 fatality rates fell across the world this year

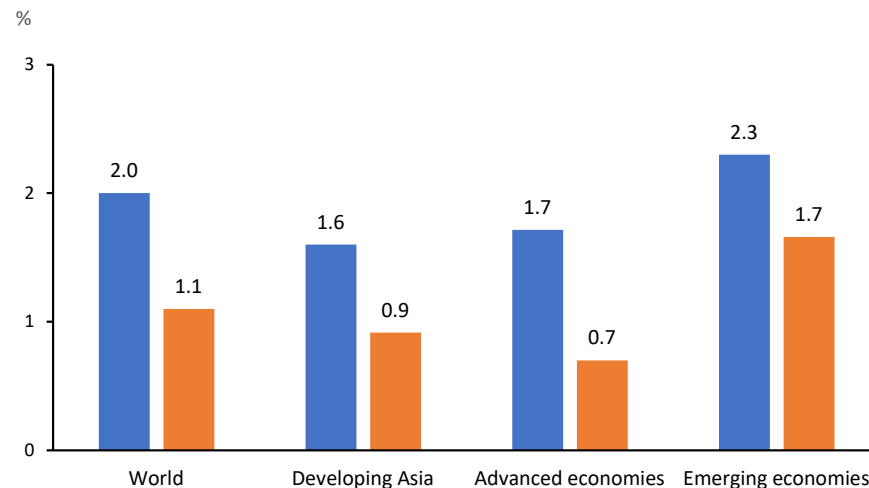
Daily new COVID-19 cases, 7-day moving average

COVID-19 case fatality rates

New cases, 7-day moving average, thousand



■ Case fatality rate, 25 November 2021  
 ■ Case fatality rate, 30 August 2022



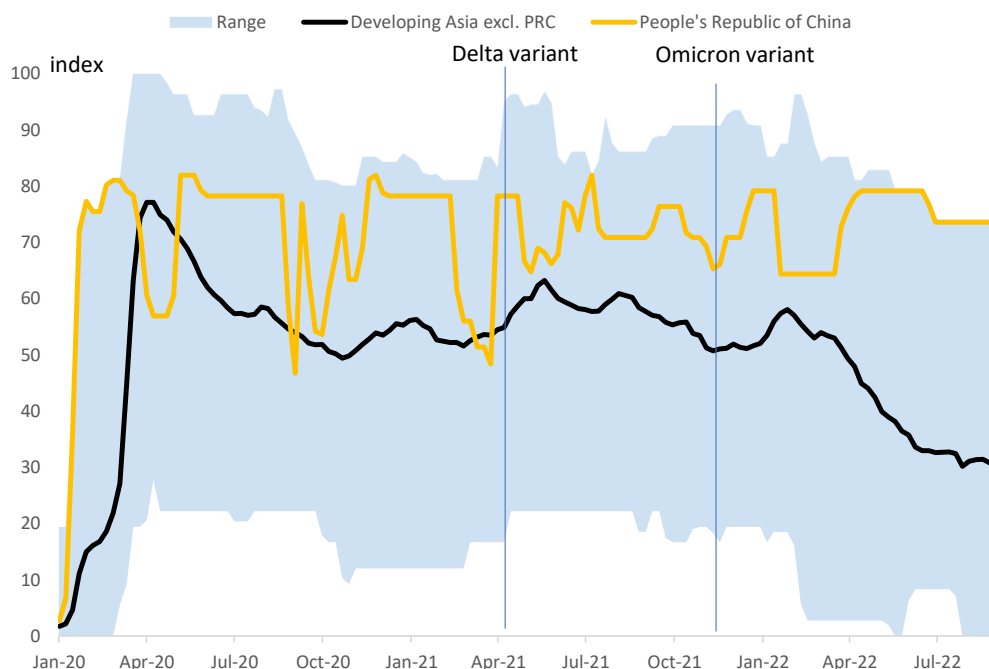
COVID-19 = coronavirus disease.  
 Source: Our World in Data (accessed 1 September 2022).

Note: The World Health Organization classified Omicron as a variant of concern on 26 November 2021. The case fatality rate is the number of confirmed deaths divided by the number of confirmed cases. Source: [Mortality Risk of COVID-19 - Our World in Data \(accessed 1 September 2022\)](#)

# ...is allowing more flexible containment policies, supporting economic activity...

More flexible pandemic containment measures are being rolled out, but not in the PRC.

Government stringency index



COVID-19 = Coronavirus Disease 2019, PRC = People's Republic of China.  
 Note: The government stringency index measures on a 0-100 scale the degree of containment and closure policies. A higher score indicates a stricter response. Developing Asia line plots the average for all economies with data.  
 Source: Our World in Data (accessed 5 September 2022).

Reopening is supporting expansion of manufacturing and services.

Purchasing managers' index (>50 improving; <50 worsening)

Manufacturing PMI, seasonally adjusted

Economy	2021												2022							
	Q1			Q2			Q3			Q4			Q1			Q2			Q3	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
India	57.7	57.5	55.4	55.5	50.8	48.1	55.3	52.3	53.7	55.9	57.6	55.5	54.0	54.9	54.0	54.7	54.6	53.9	56.4	56.2
Indonesia	52.2	50.9	53.2	54.6	55.3	53.5	40.1	43.7	52.2	57.2	53.9	53.5	53.7	51.2	51.3	51.9	50.8	50.2	51.3	51.7
Malaysia	48.9	47.7	49.9	53.9	51.3	39.9	40.1	43.4	48.1	52.2	52.3	52.8	50.5	50.9	49.6	51.6	50.1	50.4	50.6	50.3
Philippines	55.5	55.5	55.2	52.0	52.9	53.8	53.4	49.4	53.9	54.0	54.7	54.8	50.0	52.8	53.2	54.3	54.1	53.8	50.8	51.2
PRC	51.5	50.9	50.6	51.9	52.0	51.3	50.3	49.2	50.0	50.6	49.9	50.9	49.1	50.4	48.1	46.0	48.1	51.7	50.4	49.5
Republic of Korea	53.2	55.3	55.3	54.6	53.7	53.9	53.0	51.2	52.4	50.2	50.9	51.9	52.8	53.8	51.2	52.1	51.8	51.3	49.8	47.6
Taipei, China	60.2	60.4	60.8	62.4	62.0	57.6	59.7	58.5	54.7	55.2	54.9	55.5	55.1	54.3	54.1	51.7	50.0	49.8	44.6	42.7
Thailand	49.0	47.2	48.8	50.7	47.8	49.5	48.7	48.3	48.9	50.9	50.6	49.5	51.7	52.5	51.8	51.9	51.9	50.7	52.4	53.7
Viet Nam	51.3	51.6	53.6	54.7	53.1	44.1	45.1	40.2	40.2	52.1	52.2	52.5	53.7	54.3	51.7	51.7	54.7	54.0	51.2	52.7

Services PMI, seasonally adjusted

India	52.8	55.3	54.6	54.0	46.4	41.2	45.4	56.7	55.2	58.4	58.1	55.5	51.5	51.8	53.6	57.9	58.9	59.2	55.5	57.2
PRC	52.0	51.5	54.3	56.3	55.1	50.3	54.9	46.7	53.4	53.8	52.1	53.1	51.4	50.2	42.0	36.2	41.4	54.5	55.5	55.0

Whole Economy PMI, seasonally adjusted

Hong Kong, China	47.8	50.2	50.5	50.3	52.5	51.4	51.3	53.3	51.7	50.8	52.6	50.8	48.9	42.9	42.0	51.7	54.9	52.4	52.3	51.2
Singapore	52.9	54.9	53.5	51.8	54.4	50.1	56.7	52.1	53.8	52.3	52.0	55.1	54.4	52.5	52.9	56.7	59.4	57.5	58.0	56.0

Delta COVID-19 variant

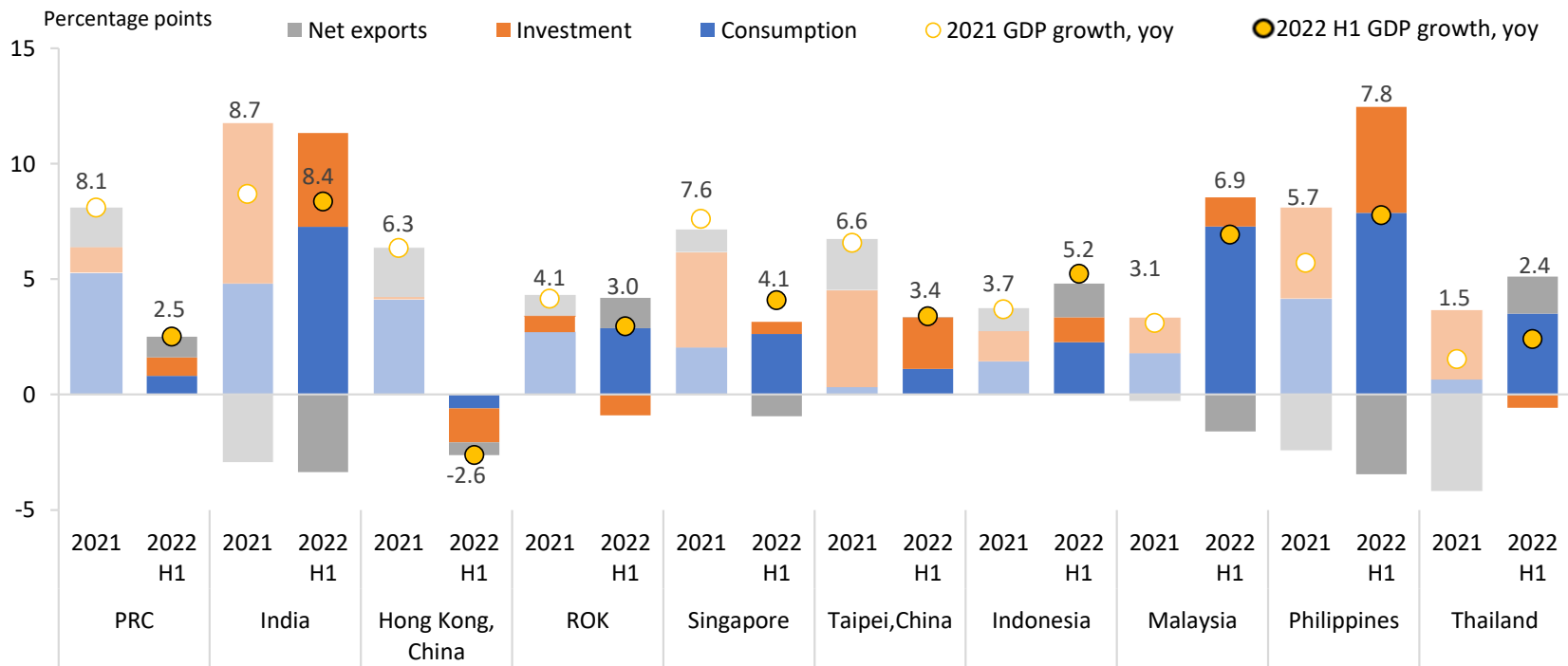
Omicron COVID-19 variant

... = not available, PMI = Purchasing managers' index PRC = People's Republic of China, Q = quarter.  
 Notes: The PMI is an indicator of business activity. Pink to red indicates deterioration (<50), and white to green indicates improvement (>50).  
 Source: CEIC Data Company (accessed 2 September 2022).

# ...and allowing domestic demand to strengthen.

*With reopening and increased mobility, consumption and investment recovered and have driven economic growth*

## Demand-side contributions to growth

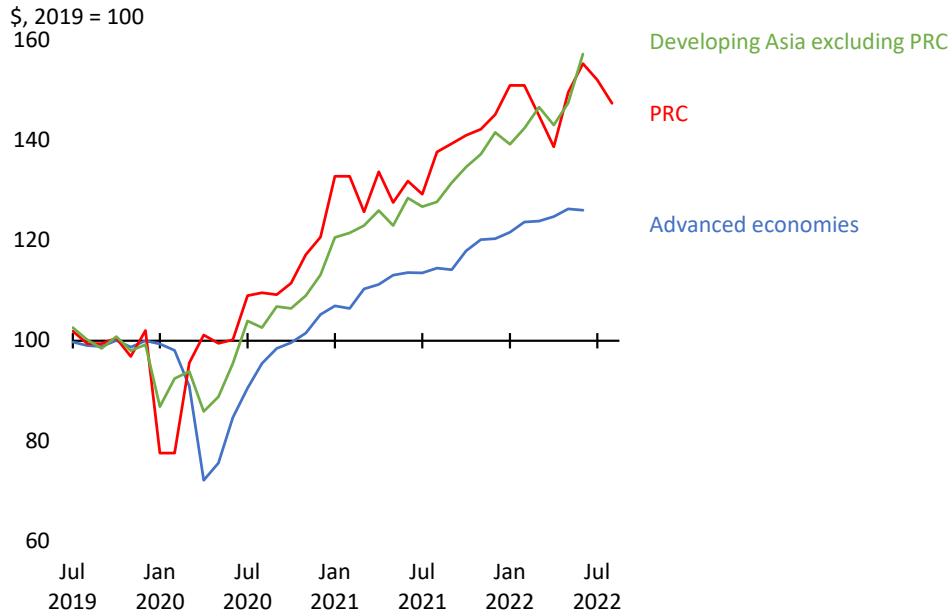


H1 = first half, PRC=People's Republic of China, ROK=Republic of Korea  
Source: CEIC Data Company (accessed 1 September 2022).

# Exports remain healthy, but clouds gather on the horizon

Exports remained healthy in developing Asia in the first half of this year.

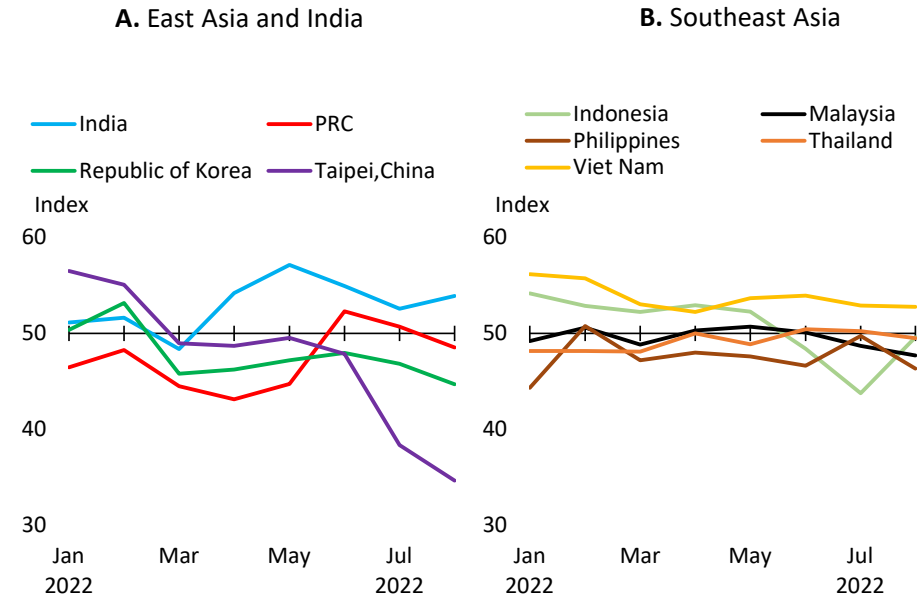
## Nominal exports



PRC = People's Republic of China  
 Note: Developing Asia excluding the PRC comprises Hong Kong, China, India, Indonesia, the Republic of Korea, Malaysia, Pakistan, Singapore, Taipei, China, Thailand, and Viet Nam. Data are seasonally adjusted.  
 Sources: CEIC Data Company; [CPB World Trade Monitor](#) (both accessed 30 August 2022).

But manufacturing export orders are weakening, particularly for the two leading exporters of electronic inputs.

## Manufacturing export orders (>50 improving; <50 worsening)



PRC = People's Republic of China.  
 Source: IHS Markit (accessed 4 September 2022).

# Revisions to the growth outlook vary across subregions

Growth is forecast to weaken in East and South Asia but improve in the other subregions

GDP growth, %

	2022		2023			2022		2023	
	Apr ADO 2022	Sep Update	Apr ADO 2022	Sep Update		Apr ADO 2022	Sep Update	Apr ADO 2022	Sep Update
<b>Developing Asia (DA)</b>	<b>5.2</b>	<b>4.3</b> ↓	<b>5.3</b>	<b>4.9</b> ↓					
<b>DA excluding the PRC</b>	<b>5.5</b>	<b>5.3</b> ↓	<b>5.8</b>	<b>5.3</b> ↓	<b>Caucasus &amp; Central Asia</b>	<b>3.6</b>	<b>3.9</b> ↑	<b>4.0</b>	<b>4.2</b> ↑
					Kazakhstan	3.2	3.0 ↓	3.9	3.7 ↓
<b>East Asia</b>	<b>4.7</b>	<b>3.2</b> ↓	<b>4.5</b>	<b>4.2</b> ↓	<b>Southeast Asia</b>	<b>4.9</b>	<b>5.1</b> ↑	<b>5.2</b>	<b>5.0</b> ↓
Hong Kong, China	2.0	0.2 ↓	3.7	3.7 —	Indonesia	5.0	5.4 ↑	5.2	5.0 ↓
People's Rep. of China	5.0	3.3 ↓	4.8	4.5 ↓	Malaysia	6.0	6.0 —	5.4	4.7 ↓
Republic of Korea	3.0	2.6 ↓	2.6	2.3 ↓	Philippines	6.0	6.5 ↑	6.3	6.3 —
Taipei,China	3.8	3.4 ↓	3.0	3.0 —	Singapore	4.3	3.7 ↓	3.2	3.0 ↓
<b>South Asia</b>	<b>7.0</b>	<b>6.5</b> ↓	<b>7.4</b>	<b>6.5</b> ↓	Thailand	3.0	2.9 ↓	4.5	4.2 ↓
India	7.5	7.0 ↓	8.0	7.2 ↓	Viet Nam	6.5	6.5 —	6.7	6.7 —
					<b>The Pacific</b>	<b>3.9</b>	<b>4.7</b> ↑	<b>5.4</b>	<b>5.5</b> ↑

Notes: Data for India are on fiscal year basis, with FY2022 ending 31 March 2023. ↑ = forecast increased, ↓ = forecast decreased, — = no change.

Source: Asian Development Outlook database.

## Risks to the outlook are skewed to the downside

- Sharp deceleration in global growth
- Stronger-than-expected monetary policy tightening in advanced economies
- Escalation of the war in Ukraine and its spillovers on global commodity markets remain a threat
- A deeper-than-expected deceleration in the PRC
- Negative pandemic developments, such as the emergence of new COVID-19 variants
- Other risks: debt and fragilities, geopolitical tensions, food insecurity, climate change.