

DEVELOPING ASIA'S OUTLOOK AND SOME RECENT UPDATES

ARIEF RAMAYANDI

Principal Economist, ERM

Revisions to the growth outlook vary across subregions

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

Risks to the outlook are skewed to the downside

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
Developing Asia (DA)	5.2	4.3 ↓	5.3	4.9 ↓					
DA excluding the PRC	5.5	5.3 ↓	5.8	5.3 ↓	Caucasus & Central Asia	3.6	3.9 ↑	4.0	4.2 ↑
					Kazakhstan	3.2	3.0 ↓	3.9	3.7 ↓
East Asia	4.7	3.2 ↓	4.5	4.2 ↓	Southeast Asia	4.9	5.1 ↑	5.2	5.0 ↓
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 ↓
South Asia	7.0	6.5 ↓	7.4	6.5 ↓	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 —
					The Pacific	3.9	4.7 ↑	5.4	5.5 ↑

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.

- 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.

Recent updates on growth momentum and its drivers

Growth momentum relative to its historical average

Quarterly Growth Cycle

Economy	2021				2022		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Hong Kong, China	Green	Green	Blue	Blue	Red	Yellow	Red
Indonesia	Yellow	Yellow	Red	Yellow	Red	Yellow	Red
Malaysia	Green	Green	Blue	Green	Blue	Green	Green
People's Republic of China	Green	Blue	Red	Red	Yellow	Red	Yellow
Philippines	Red	Green	Blue	Blue	Green	Blue	Blue
Republic of Korea	Green	Green	Blue	Green	Blue	Blue	Green
Singapore	Yellow	Green	Blue	Green	Blue	Green	Blue
Taipei, China	Green	Green	Blue	Green	Blue	Blue	Blue
Thailand	Yellow	Green	Red	Green	Blue	Blue	Green
Viet Nam	Yellow	Green	Red	Yellow	Green	Green	Green

Red Below trend: Decreasing
Yellow Below trend: Increasing

Green Above trend: Increasing
Blue Above trend: Decreasing

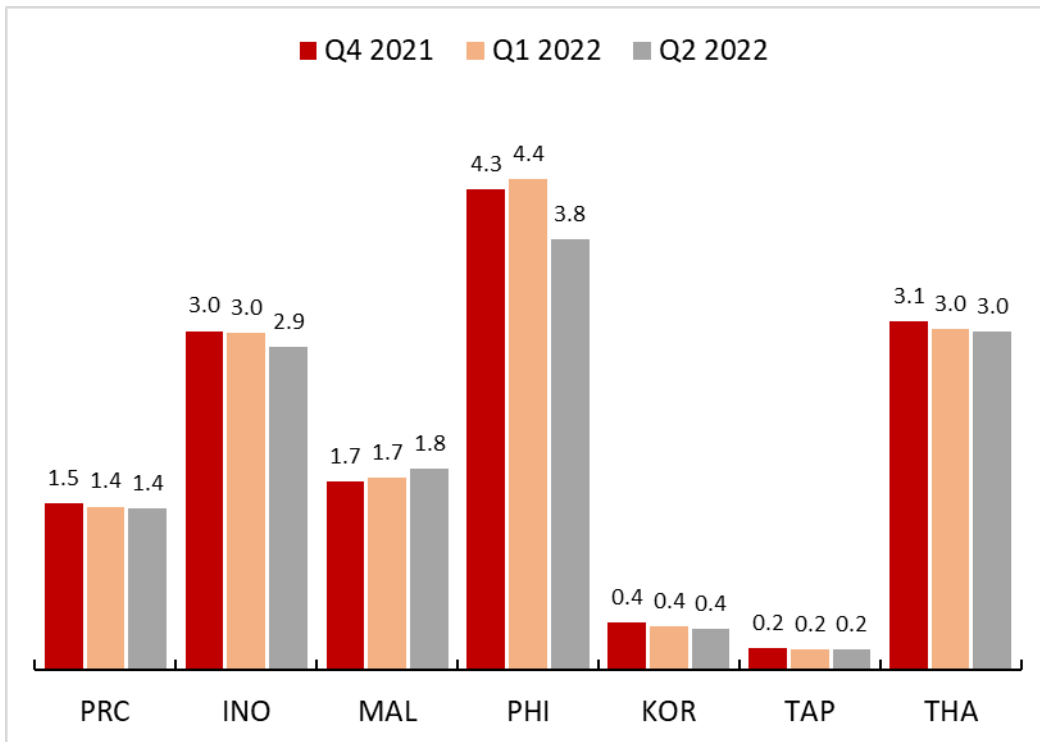
Q3 2022 drivers

- **HKG:** improved consumption and investment is offset by weaker trade
- **INO:** steady consumption, policy consolidation, and weaker external sector
- **MAL:** Q3 worsening driven by investment and trade
- **PRC:** improved investment but weaker consumption and trade
- **PHI:** worsening consumption and investment
- **KOR:** improved investment and trade outweigh the decline in consumption
- **SIN:** worsening consumption, government sector, finance, and investment
- **TAP:** worsening investment, trade, and weak consumption
- **THA:** seen improvement up to Aug due to better investment and trade, but the 2 indicators declined in Sep, offsetting improvements in consumption
- **VIE:** improvement up to Aug due to consumption, investment, and trade. Consumption and trade declined in Sep.

Nonperforming loans

NPLs remained low and steady in the first half of 2022

Quarterly NPL ratio to total loans, %



Monthly NPL ratio to total loans, %

