

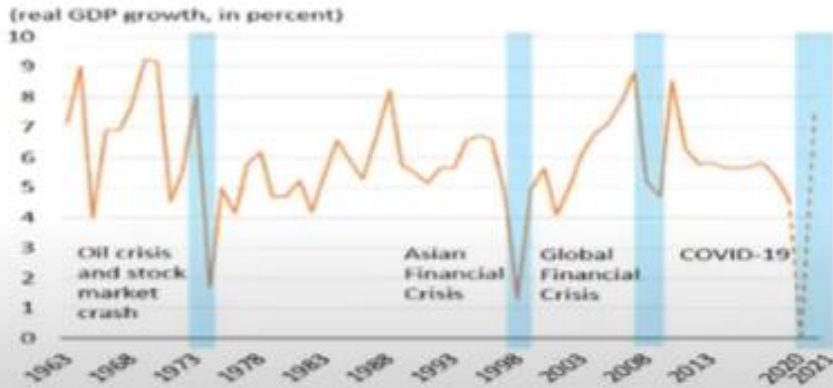
# From Pandemic Crisis to Economic Recovery and Beyond

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The Coronavirus pandemic is causing large scale loss of life and severe human suffering. It is a public health crisis without precedent in living memory, which is testing on collective capacity to respond (OECD)

### Historic fall

The COVID-19 crisis is expected to inflict steep declines in output across Asia.

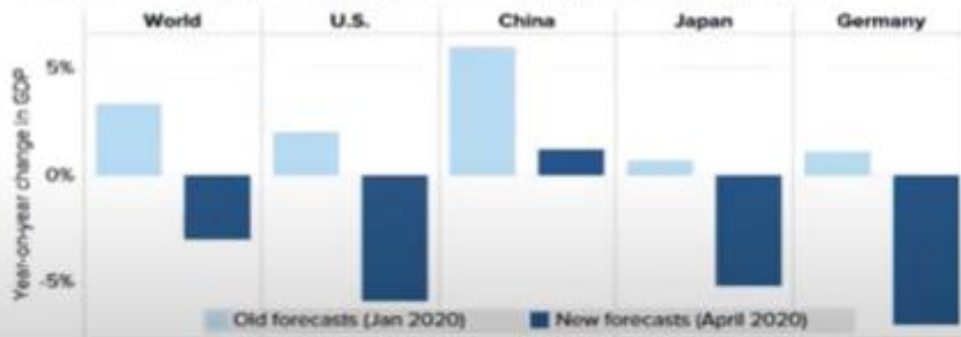


Source: IMF Staff calculations.



### Economic forecasts downgraded for 2020

The International Monetary Fund cut its GDP projections for all regions

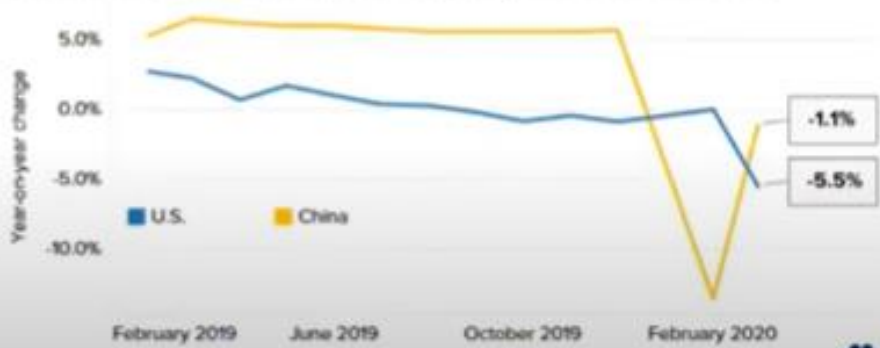


SOURCE: IMF World Economic Outlook (April 2020)



## Coronavirus impact on factory output

Lines show the year-on-year percentage change in industrial production

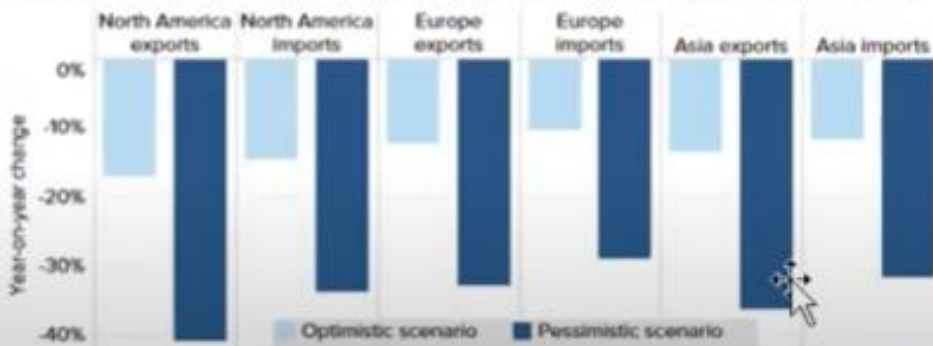


SOURCE: U.S. Federal Reserve, National Bureau of Statistics of China, Statista



## Expected decline in global merchandise trade

World Trade Organization forecasts exports and imports volume to fall in 2020

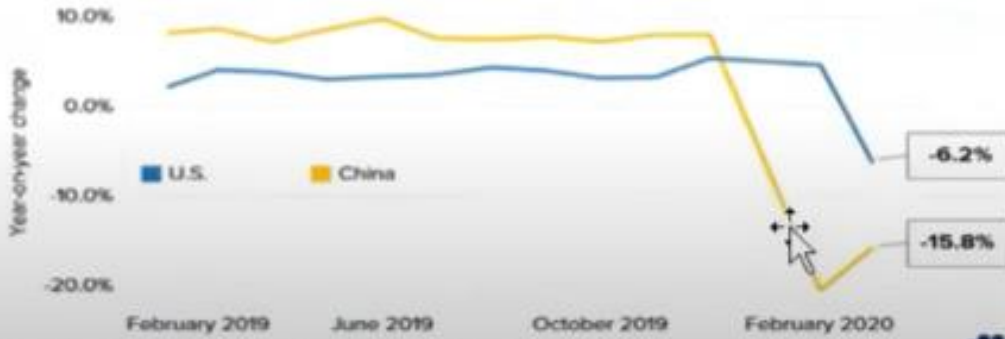


SOURCE: World Trade Organization forecasts (April 2020)



## Plunge in retail sales as Covid-19 spreads

Lines show the year-on-year percentage change in sales of all consumer goods

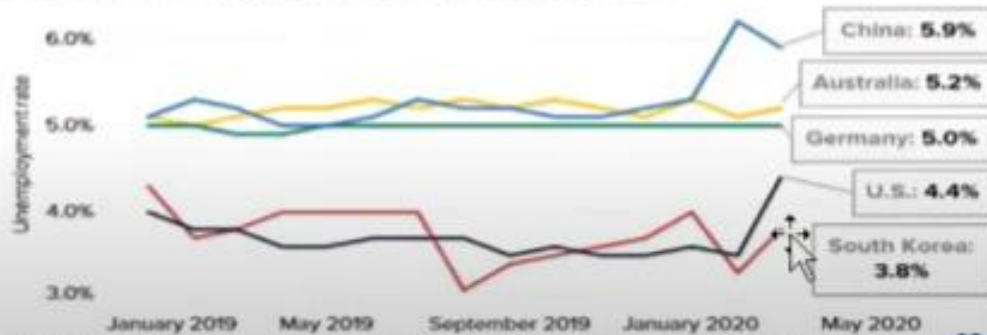


SOURCE: U.S. Census Bureau, National Bureau of Statistics of China, Refinitiv



## Coronavirus pandemic hit jobs

Lines show unemployment rates in selected economies



SOURCE: U.S. Bureau of Labor Statistics, National Bureau of Statistics of China, Deutsche Bundesbank, Australian Bureau of Statistics, Statistics Korea, Refinitiv

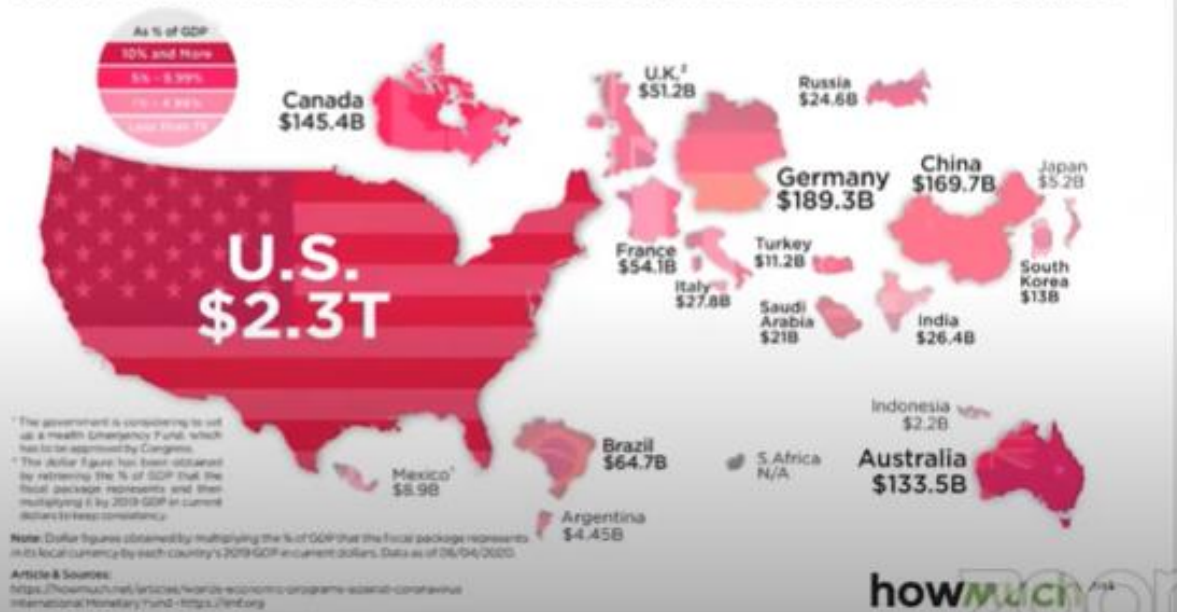




## Global Policy Measures

1. Guarantee the functioning of essential sectors (food production and distribution, essential infrastructure, utilities)
2. Provide enough resources for people hit by the crisis (households who lose their income, cash transfer etc)
3. Prevent excessive economic disruption (policies should safeguard the web of relation among workers and employers, producers-consumers, lenders-borrowers, etc)

## World's Economic Programs Against the Coronavirus Total Fiscal Stimulus Packages Implemented to Fight the COVID-19 in G20 Countries



### 3 Pillars of Policy Responses

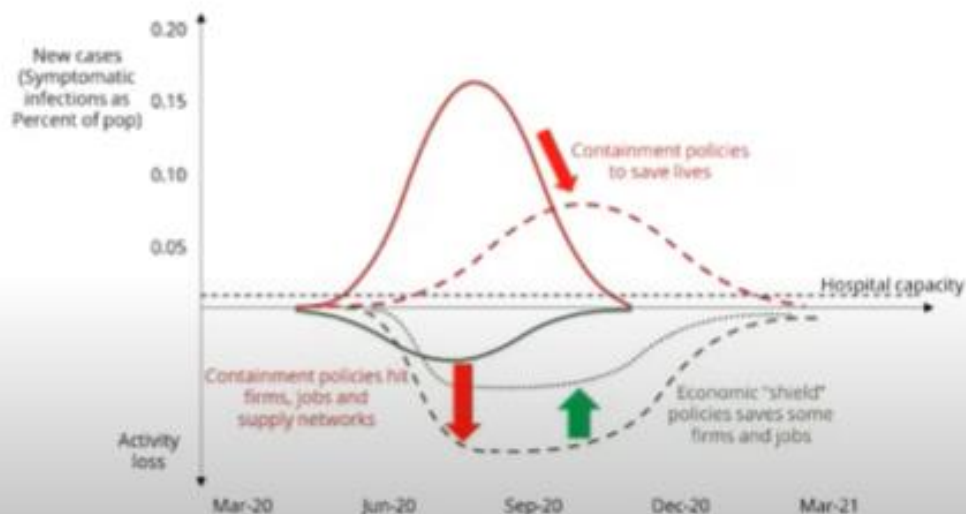
- Containment of Virus
- Economic Stimulus
- Prepare for Recovery

## The Success of the pace of recovery will depend crucially on policies undertaken during the crisis

- Workers do not lose their jobs
- Renters and homeowners are not evicted
- Companies avoid bankruptcy
- Business and trade network are preserved

The challenges are greater for low income and emerging economies (capital flight, limited fiscal space etc)

FIGURE 1: VIRUS CONTAINMENT POLICIES ALSO CONSTRAIN THE ECONOMY





Click to add title

### Flattening the curve

Mitigation efforts can help to reduce the number of daily cases and to reduce the pressure on the healthcare system



SOURCE: CDC

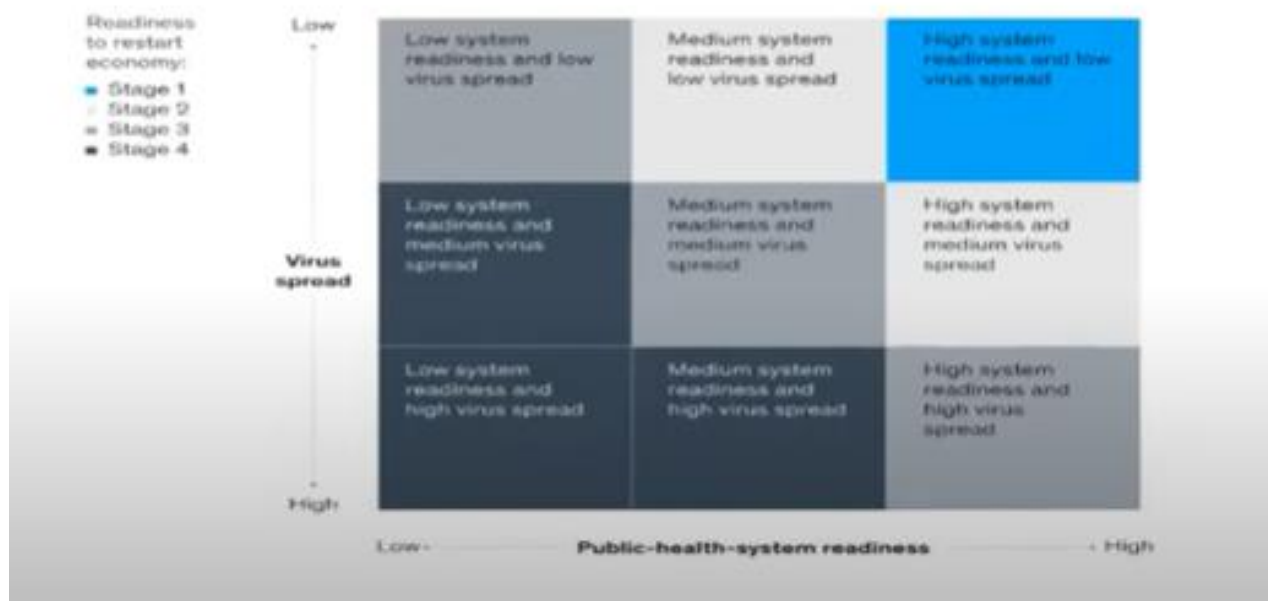
## WEF

The length of economic downturn will depend not only on different trajectories for the virus and public health response, but also on the effectiveness of policies to:

- Prevent insolvencies
- Short circuit negative demand spirals
- Stabilise financial markets
- Expand health care capacity



## Policy Response Matrix



## Program Pemulihan Ekonomi Nasional

1. Subsidi bunga untuk UMKM dan Ultra Mikro (Rp. 34,15 T)
2. Insentif Pajak (Rp. 63,01 T)
3. Subsidi BBM dalam rangka B 30 (Rp. 2,78 T)
4. Pembayaran kompensasi dan Penugasan (Pertamina, PLN, Bulog) (Rp. 94,23 T)
5. Stimulus permintaan (Pariwisata: diskon, voucher dll) (Rp. 25,00 T)
6. Penjaminan untuk Kredit Modal Kerja baru (Rp. 6,00 T)
7. PMN (PLN, HK, BPUI, PNM, ITDC) (Rp. 25,27 T)
8. Talangan (Investasi) unt Modal Kerja (Garuda, Perumnas, KAI, PTPN, Bulog, KS) (Rp. 32,65 T)
9. Penempatan dana Pemerintah di Perbankan dalam rangka Restrukturisasi (Rp. 35,00 T)
10. Total Rp. 318,09 T

(Kontan, 12 Mei 2020)

## FITCH

“While the Government and Central Bank have made aggressive moves to stimulate economy, we believe that these efforts will not be enough to offset the devastating effects the covid-19 pandemic will have on employment and public health”

- Private consumption to slow to 1.2% (from 5%)
- Capital formation to slow to 1.5% (from 4.5%)

## IMF Chief Economist:

- Recovery will be delayed to 2022 due to uneven distribution of stimulus packages
- Our concern is more focused on developing and emerging economies due to the fact that they have less fiscal space, and they also have to deal with BOP problems.

## Recovery Shapes



- V Shape (Fiscal and monetary stimulus could aid swift rebound)
- U Shape (Lockdown impacts will last for a while, social distancing continues, and some industries will continue to suffer)
- W Shape (Second wave of virus, no clear medical development)
- L Shape (less capacity to engage with big stimulus, no clear medical development)

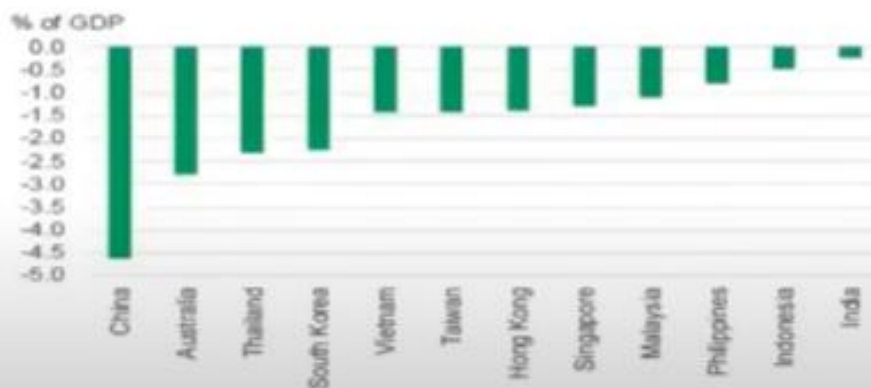
### 4 New investment opportunities after pandemic to achieve a more sustainable and high quality growth while creating more jobs and improving general public health

- Health Infrastructure (Prevention is better than cure)
- Smart Cities ( ICT Infrastructure)
- Renewable Energy (Sustainable Economy Ecosystem)
- Electrical Vehicles Charging Infrastructure

## ADB Long term Focus

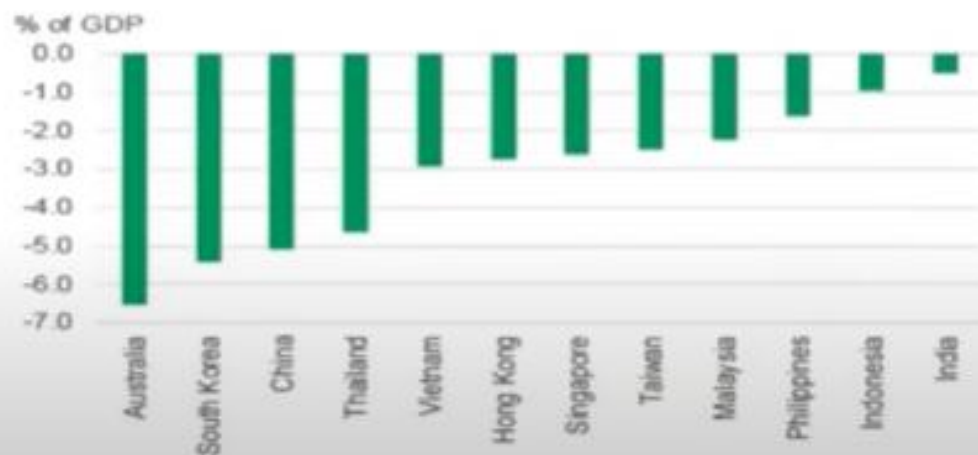
- Near term news flows maybe negative, particularly dealing with capacity to response domestic outbreak
- Long term impact : India, Indonesia and Phillippines will experience the lowest impact
- ASEAN should emerge from pandemic with resilience

**Chart 2: Short containment scenario, hit to total GDP**



Source: ADB, Manulife Investment Management, as of 8 April, 2020.

**Chart 3: Long containment scenario impact on GDP**



Source: ADB, Manulife Investment Management, as of 8 April, 2020.