

## Asian Development Outlook, July 2022

**Developing Asia is projected to grow by 4.6 % in 2022  
India to grow at a rate of 7.2 % in 2022 and 7.8 % in 2023**

### **Projected Economy Growth for Developing Asia : (+) 4.6 % in 2022 and (+)5.2 % in 2023**

- According to the flagship report of Asian Development Bank - '**Asian Development Outlook July 2022 supplement**', the Asian Economy is projected to expand by (+) 4.6 % in 2022 and (+) 5.2 % in 2023, a downgrade from April 2022 forecasts, reflecting worsened economic prospects because of Russia's continued invasion of Ukraine, more aggressive monetary tightening in advanced economies, and COVID-19 lockdowns. ( Table 1)
- The export performance of developing Asia's economies remained solid in the first 5 months of 2022. Although the PRC's exports fell in April on the lockdowns, they have since rebounded as restrictions were eased. As many economies in the region increasingly are choosing to live with the virus and reopening, economic activity continued to expand in the first half of 2022 with the notable exception of the China

### **Projected Growth : South Asia (+ 6.5 %) , East Asia (+3.8 %) , South East Asia (+ 5 %) , Caucasus & Central Asia (+) 3.8 % and Pacific (4.7 %) in 2022**

- **South Asian Economies** are projected to expand by (+) 6.5 % in 2022
- **East Asian Economies** are projected to rise by 3.8 % in 2022 which include Hong Kong (+1 %), China (+4 %), and the Republic of Korea (+ 2.6 %) (Table 1)
- **South East Asian Economies** are projected to grow by 5 % in 2022 which includes Indonesia (+ 5.2 %), Malaysia (+5.8 %) , Singapore (+ 3.9%), Thailand (+2.9 %), and Vietnam (+6.5 %)
- The group of **Central Asian Economies** is projected to expand by (+) 3.6 % in 2022
- **India is expected to record stable growth of 7.2 % in 2022 and 7.8 % in 2023.**

## Economic growth outlook in selected countries in comparison to ADB outlook April 2022

**China** - The Chinese economy's forecast was downward revised as the country was hit by new clusters of COVID-19 cases in Shanghai and other cities, followed by lockdowns that lasted several weeks weighing on consumption and investment at the beginning of Q2. In addition to lockdown-induced weakness in household consumption, other growth obstructors include decline in retail sales, slowing down of manufacturing, property and infrastructure investment.

**India** – India's GDP growth is marred by disappointing growth in private consumption and a contraction in manufacturing. India has been hit by the Omicron COVID-19 variant and the economic impact of the war in Ukraine. Although consumer confidence continues to improve, higher-than-expected inflation is expected to erode consumer purchasing power.

Private investment will soften due to the higher cost of borrowing for firms as the RBI continues to raise policy rates to contain inflation. The net exports will shrink due to subdued global demand and a rising real effective exchange rate eroding export competitiveness despite a depreciating rupee. On the supply side, higher commodity prices will boost the mining industry but the manufacturing firms will bear the brunt of higher input costs due to rising oil prices. The services sector, hit hard by COVID-19 since 2020, is expected to do well in FY2022 and beyond as the economy opens up and travel resumes.

**Korea** - The Korean economy's GDP outlook was revised downward due to slowing down of private consumption growth, decline in fixed investment growth, contraction in construction and facilities investment. Inflationary pressures will stifle private consumption growth. Rising interest rates will increase the debt burden of businesses and households, further limiting growth in household spending and business investment. Export demand is also expected to weaken in the second half of 2022 as demand in major export markets slows due to the weaker global economy and supply chain disruptions continuing to affect manufacturing.

**Thailand** - Thailand's GDP outlook was revised downward prompted by rising energy and commodity prices, and the global economic slowdown, which is expected to reduce demand for exports, increase production costs, and worsen household purchasing power.

**Indonesia** - The 2022 growth projection for Indonesia is raised from 5.0% to 5.2%, reflecting robust domestic demand and exports. Economic activity continues to normalize and COVID-19 infections remain manageable. Improvements in jobs, incomes, and confidence are stoking private consumption. Healthy demand and rising credit are also stimulating private investment.

### Other major observations of the report

The risks to the Asia's economic outlook are briefly provide below :-

- A substantial slowdown in global growth could hurt exports, manufacturing activity, and employment prospects, and cause turbulence in financial markets.
- The aggressive monetary tightening by the Fed and other major central banks could damage growth and rattle financial markets in the region.
- A worsening fallout from the war in Ukraine could lead to a further surge in global energy and commodity prices, with likely knock-on effects on growth and inflation in developing Asia
- Rising food prices and shortages, in particular, could threaten food security and heighten social tensions in some economies. From within the region, downside risks could arise from the potentially lingering effects on supply chains from the PRC's latest round of lockdowns and the country's growth slowdown, which could hinder developing Asia's growth momentum

**Table 1**  
**GDP Growth Rate ,% per year**  
**(% change)**

Particulars	2021	Projections	
		2022	2023
<b>Major advanced economies</b>	<b>5</b>	<b>2.3</b>	<b>1.8</b>
USA	5.7	2.2	1.7
Euro Area	5.3	2.5	1.7
Japan	1.7	1.8	2.1
<b>Developing Asia</b>	<b>6.9</b>	<b>4.6</b>	<b>5.2</b>
<b>Caucasus &amp; Central Asia</b>	<b>5.6</b>	<b>3.8</b>	<b>4.1</b>
Kazakhstan	4	3.2	3.9
<b>East Asia</b>	<b>7.7</b>	<b>3.8</b>	<b>4.5</b>
Hong Kong, China	6.3	1	3.9
People's Republic of China	8.1	4	4.8
Republic of Korea	4	2.6	2.6
Taipei, China	6.4	3.8	3
<b>South Asia</b>	<b>8.3</b>	<b>6.5</b>	<b>7.1</b>
India	8.9	7.2	7.8
<b>South East Asia</b>	<b>2.9</b>	<b>5</b>	<b>5.2</b>
Indonesia	3.7	5.2	5.3
Malaysia	3.1	5.8	5.1
Philippines	5.7	6.5	6.3
Singapore	7.6	3.9	3.2
Thailand	1.5	2.9	4.2
Vietnam	2.6	6.5	6.7
<b>The Pacific</b>	<b>-0.6</b>	<b>4.7</b>	<b>5.4</b>

Sources: Asian Development Bank. 2022. Asian Development Outlook 2022; Asian Development Bank estimates

ADO = Asian Development Outlook, ADOS = ADO Supplement, GDP = gross domestic product. Note: Developing Asia refers to the 46 members of the Asian Development Bank. Caucasus and Central Asia comprises Armenia, Azerbaijan, Georgia, Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan. East Asia comprises Hong Kong, China; Mongolia; the People's Republic of China; the Republic of Korea; and Taipei, China. South Asia comprises Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka. Southeast Asia comprises Brunei Darussalam, Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Timor-Leste, and Viet Nam. The Pacific comprises the Cook Islands, the Federated States of Micronesia, Fiji, Kiribati, the Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.

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