

## Asian Development Outlook, September 2022

**Developing Asia is projected to grow by 4.3 % in 2022  
India to grow at a rate of 7 % in 2022 and 7.2 % in 2023**

### **Projected Economy Growth for Developing Asia : (+) 4.3 % in 2022 and (+)4.9 % in 2023**

- According to the flagship report of Asian Development Bank - '**Asian Development Outlook September 2022**', the Asian Economy is projected to expand by (+) 4.3 % in 2022 and (+) 4.9 % in 2023, a downgrade from April 2022 forecasts. The economic activity in the region is being supported by the continued relaxation of coronavirus disease (COVID-19) restrictions in many economies. The impact of the Russian invasion of Ukraine, aggressive monetary tightening in advanced economies, and repeated COVID-19 lockdowns in the People's Republic of China (PRC) are some of the factors that may lead to the decline in the region's growth prospects. ( Table 1)
- Consumption and investment supported the recovery in the first half of 2022, and exports continued adding to growth despite an increasingly challenging external environment. Easing pandemic restrictions, increasing immunization, falling COVID-19 mortality rates, and the less severe health impact of the Omicron variant are leading to improved mobility in the region while consumer spending is becoming more broad-based shifting from goods to services

### **Projected Growth : South Asia (+ 6.5 %) , East Asia (+3.2 %) , South East Asia (+ 5.1 %) , Caucasus & Central Asia (+) 3.9 % 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 3.2 % in 2022 which include Hong Kong (+0.2 %), China (+3.3 %), and the Republic of Korea (+ 2.6 %) (Table 1)
- **South East Asian Economies** are projected to grow by 5.1 % in 2022 which includes Indonesia (+ 5.4 %), Malaysia (+6 %) , Singapore (+ 3.7%), Thailand (+2.9 %), and Vietnam (+6.5 %)
- The group of **Central Asian Economies** is projected to expand by (+) 3.9 % in 2022
- **India is expected to record stable growth of 7 % in 2022 and 7.2 % in 2023.**

### **Other major observations of the report**

- A sharp deceleration in global growth would severely undermine demand for developing Asia's exports, and monetary policy tightening in advanced economies could result in exchange rate depreciations, financial instability, and balance-of-payments difficulties in economies with vulnerable fundamentals.
- An escalation of the war in Ukraine and its spillovers on global commodity markets would further increase inflationary pressures and slow growth.
- Negative COVID-19 developments, such as the emergence of new variants, remain a risk.
- Other risks include debt-related fragilities in some economies, food insecurity, geopolitical tensions, and climate change-related disruptions
- Slowdown in China due to recurrent lockdowns coupled with its problems in the property sector would affect the economies that are closely linked to it via trade and supply chains

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

**China** – The economic growth in the country is expected to improve somewhat in H2 2022, recovering from weak H1 performance caused by COVID-19 lockdowns. Merchandise exports, though moderating, are expected to support growth in industry in H2, while services should recover in line with improving household demand. Higher infrastructure investment and a pickup in fiscal outlays are some of the factors that should support economic growth in H2 2022 as there is pressure on the government to address tepid household demand, support the ailing property sector, and address high youth unemployment.

**India** – India's growth prospects were revised downwards with the assumption that elevated oil and commodity prices and high inflation require the continued tightening of monetary policy to ensure that inflation expectations do not get entrenched which in turn would hinder economic growth in the short run. Furthermore, weaker than expected global demand over the next 2 years will also adversely affect exports and growth, despite the structural reforms being undertaken by the government. However, the economy is expected to grow strongly with investment playing a catalytic role.

**Hong Kong** – The country's economic prospects have been revised downwards on account of lackluster performance in H1 and a darkening global environment. However, domestic demand will be the main growth driver and private spending is expected to recover slightly in the remainder of this year, aided by abating COVID-19 infections, gradually relaxed containment measures, and the new rounds of consumption vouchers and employment support. Furthermore, fiscal policy will remain supportive this year and tighten thereafter. The growth will remain stifled for the rest of 2022 due to slowdowns in the People's Republic (PRC) of China and the global economy and prolonged supply chain disruption.

**Korea** - The growth prospects of the country are expected to improve in 2023 due to supported by robust exports of semiconductors and petroleum products, increased government consumption spending rose, substantial fiscal stimulus package, and rise in private consumption. Investment was hit by soaring costs for raw materials and energy and by generally weak business sentiment, which lowered construction and facility outlays in both quarters and softened investment in intellectual property products. On the supply side, manufacturing, supported by exports, maintained robust growth as the output of semiconductors, video and communication equipment, and machinery expanded.

**Thailand** - The growth prospects of the country was revised downwards due to higher global commodity prices following Russia's invasion of Ukraine, weaker growth in the economies of Thailand's trading partners, lower domestic investment, and higher inflation undermining consumer purchasing power.

**Indonesia** – The upward revision of the growth of the country is due to strong domestic demand strong through the rest of this year, despite higher inflation, as well as external demand. However, financial market volatility is still present, as a small wave of COVID-19 infections started in July, and global growth was worsening at the time of writing.

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

Particulars	2021	Projections	
		2022	2023
<b>Major advanced economies</b>	<b>5</b>	<b>1.9</b>	<b>1</b>
USA	5.7	1.6	1
Euro Area	5.2	2.5	0.7
Japan	1.7	1.4	1.6
<b>Developing Asia</b>	<b>7</b>	<b>4.3</b>	<b>4.9</b>
<b>Caucasus &amp; Central Asia</b>	<b>5.7</b>	<b>3.9</b>	<b>4.2</b>
Kazakhstan	4.3	3	3.7
<b>East Asia</b>	<b>7.7</b>	<b>3.2</b>	<b>4.2</b>
Hong Kong, China	6.3	0.2	3.7
People's Republic of China	8.1	3.3	4.5
Republic of Korea	4.1	2.6	2.3
Taipei, China	6.6	3.4	3
<b>South Asia</b>	<b>8.1</b>	<b>6.5</b>	<b>6.5</b>
India	8.7	7	7.2
<b>South East Asia</b>	<b>3.3</b>	<b>5.1</b>	<b>5</b>
Indonesia	3.7	5.4	5
Malaysia	3.1	6	4.7
Philippines	5.7	6.5	6.3
Singapore	7.6	3.7	3
Thailand	1.5	2.9	4.2
Vietnam	2.6	6.5	6.7
<b>The Pacific</b>	<b>-1.5</b>	<b>4.7</b>	<b>5.5</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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