

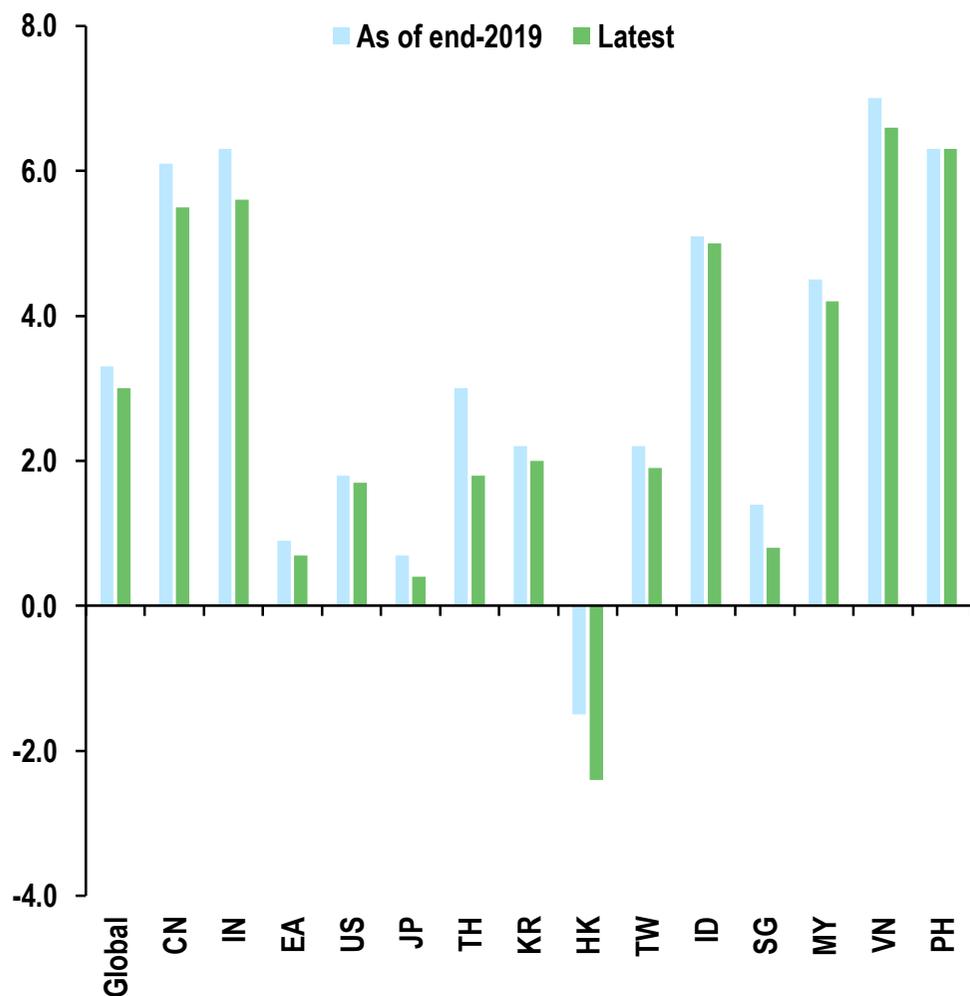
Economic impact of coronavirus

Standard Chartered Global Research
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Tim Leelahaphan
Tim.Leelahaphan@sc.com
Economist, Thailand

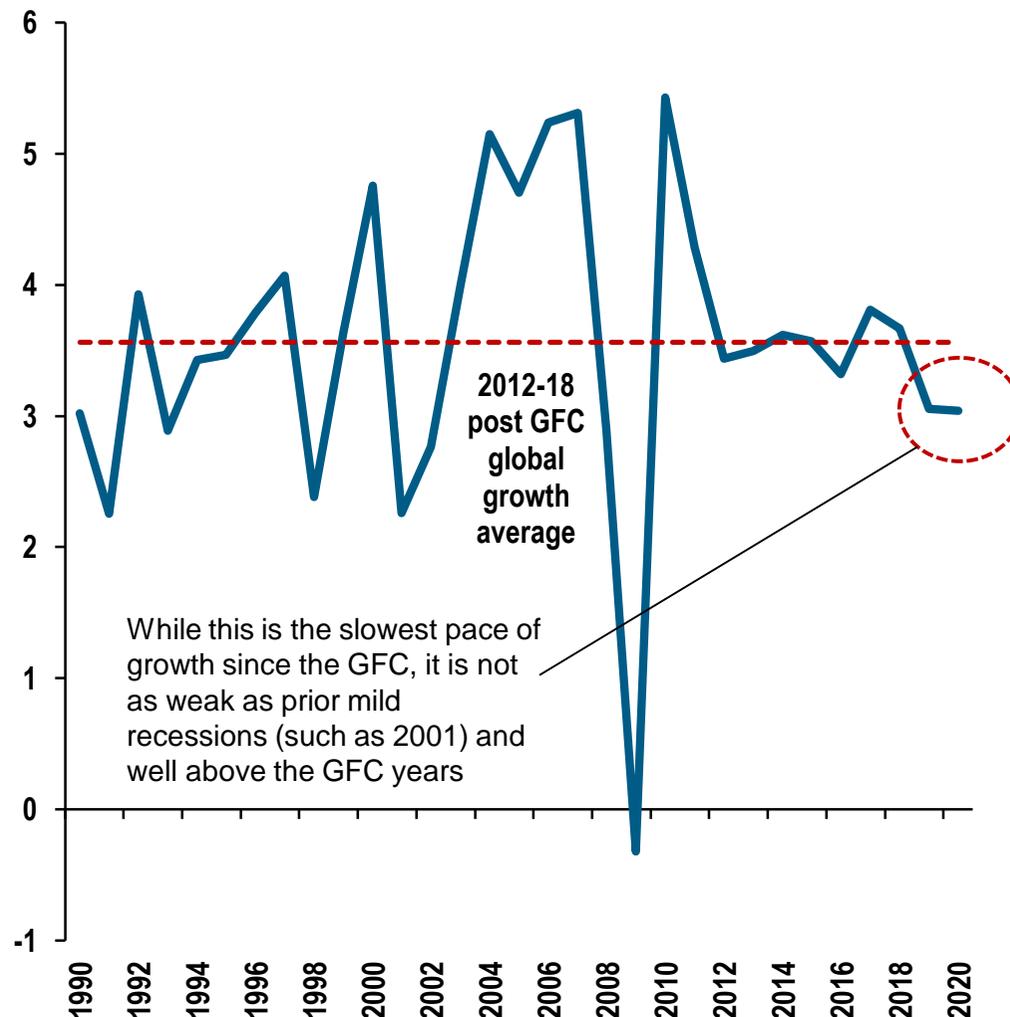
We have cut our 2020 global growth forecast to 3.0% from 3.3%

2020 global growth downgrades driven by China and Asia (% y/y; economies ranked by ppt subtraction from global growth)



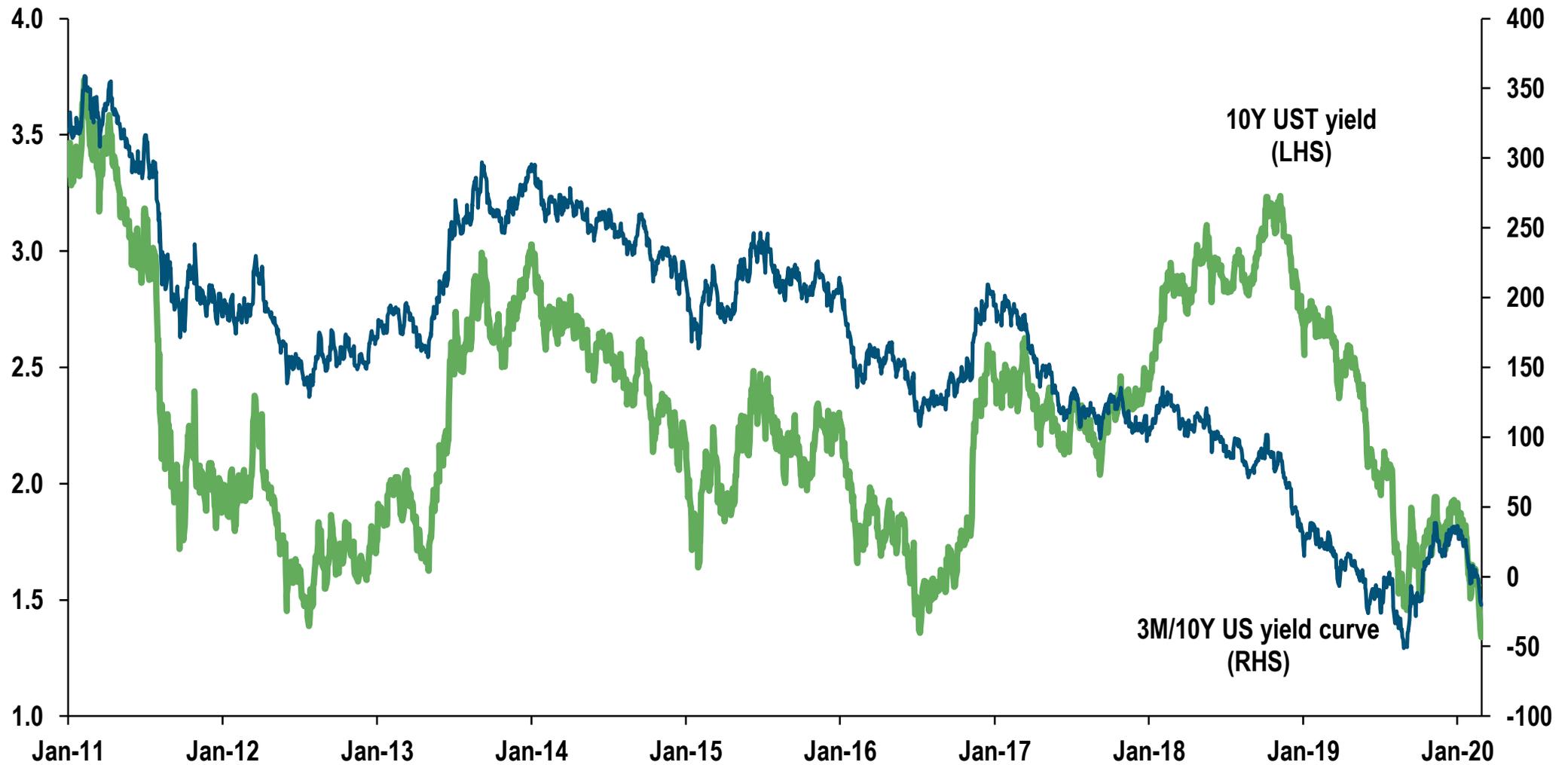
2020 global growth now below post-GFC average

Global growth, %



10Y UST yields break to new lows

We were looking for lower UST yields in 2020, but coronavirus concern has fuelled a faster move
10Y UST yield, % (LHS) vs UST yield curve, 3M/10Y, bps (RHS)

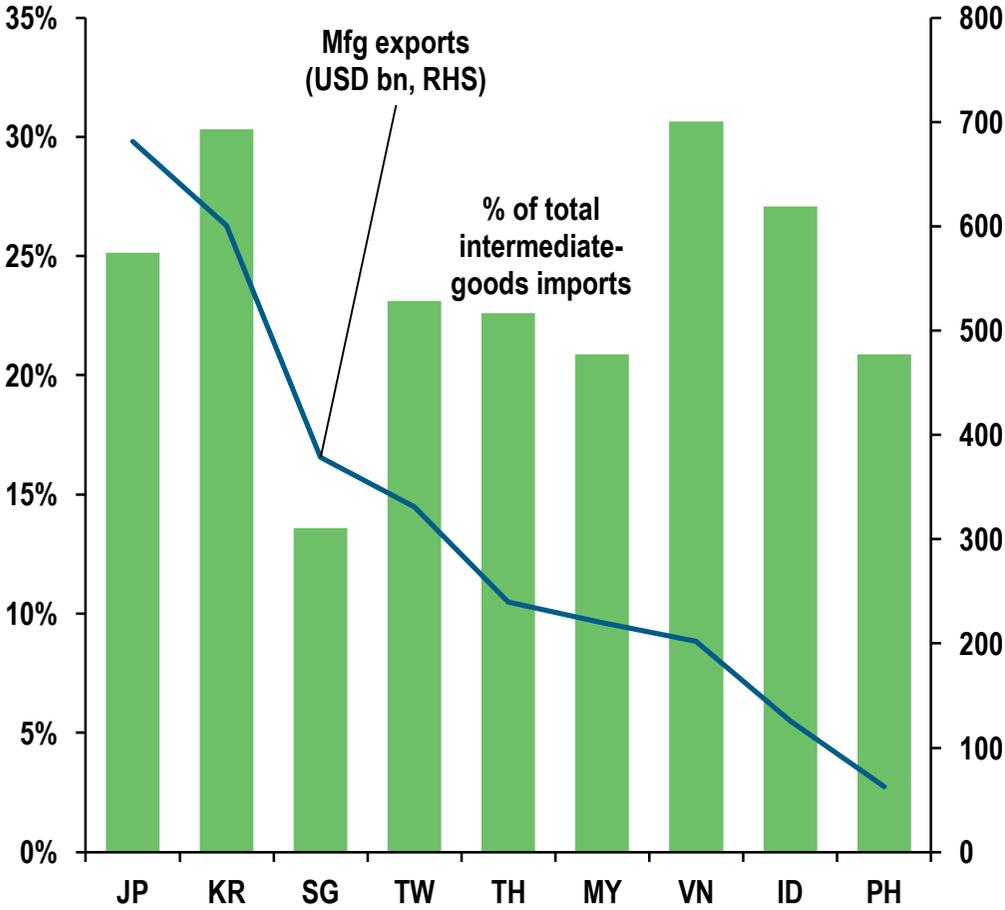


Source: Bloomberg, Standard Chartered Research

Asia – Dependence on China for intermediate goods has risen since 2002

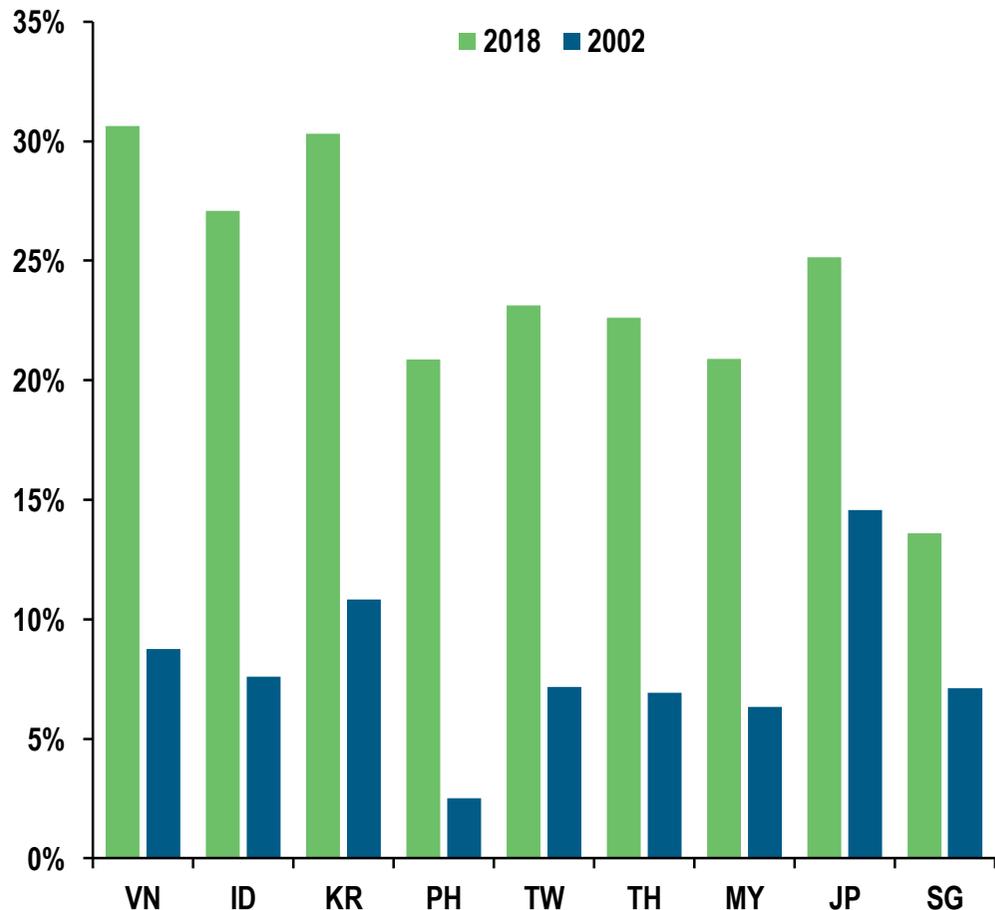
Dependence on China for inputs to the overall manufacturing sector (2017-18)

Intermediate-goods imports from China, % of total intermediate-goods imports (LHS); mfg exports, USD bn (RHS)



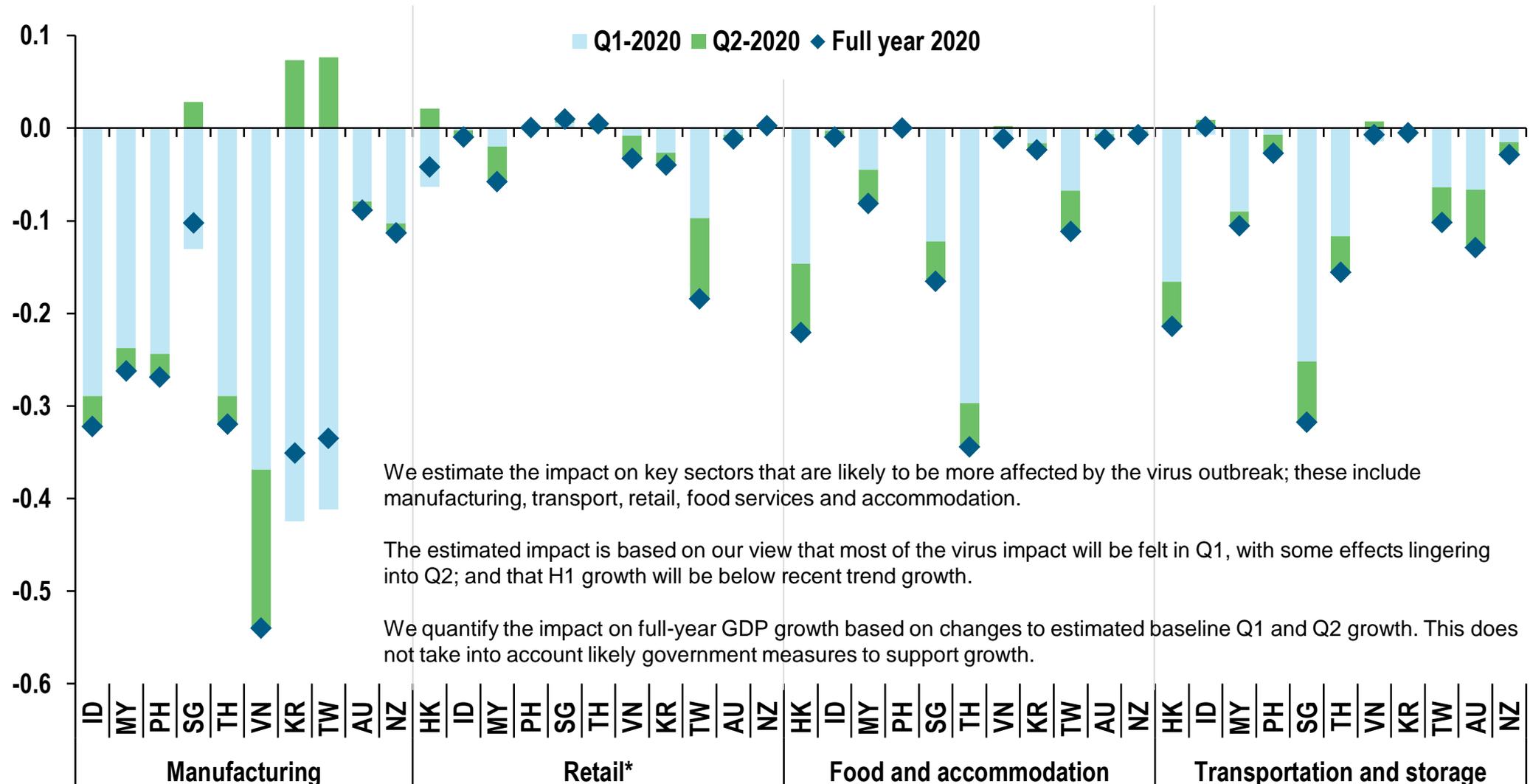
Dependence on China for intermediate goods has generally more than doubled since 2002

Intermediate-goods imports from China (% of total intermediate-goods imports)



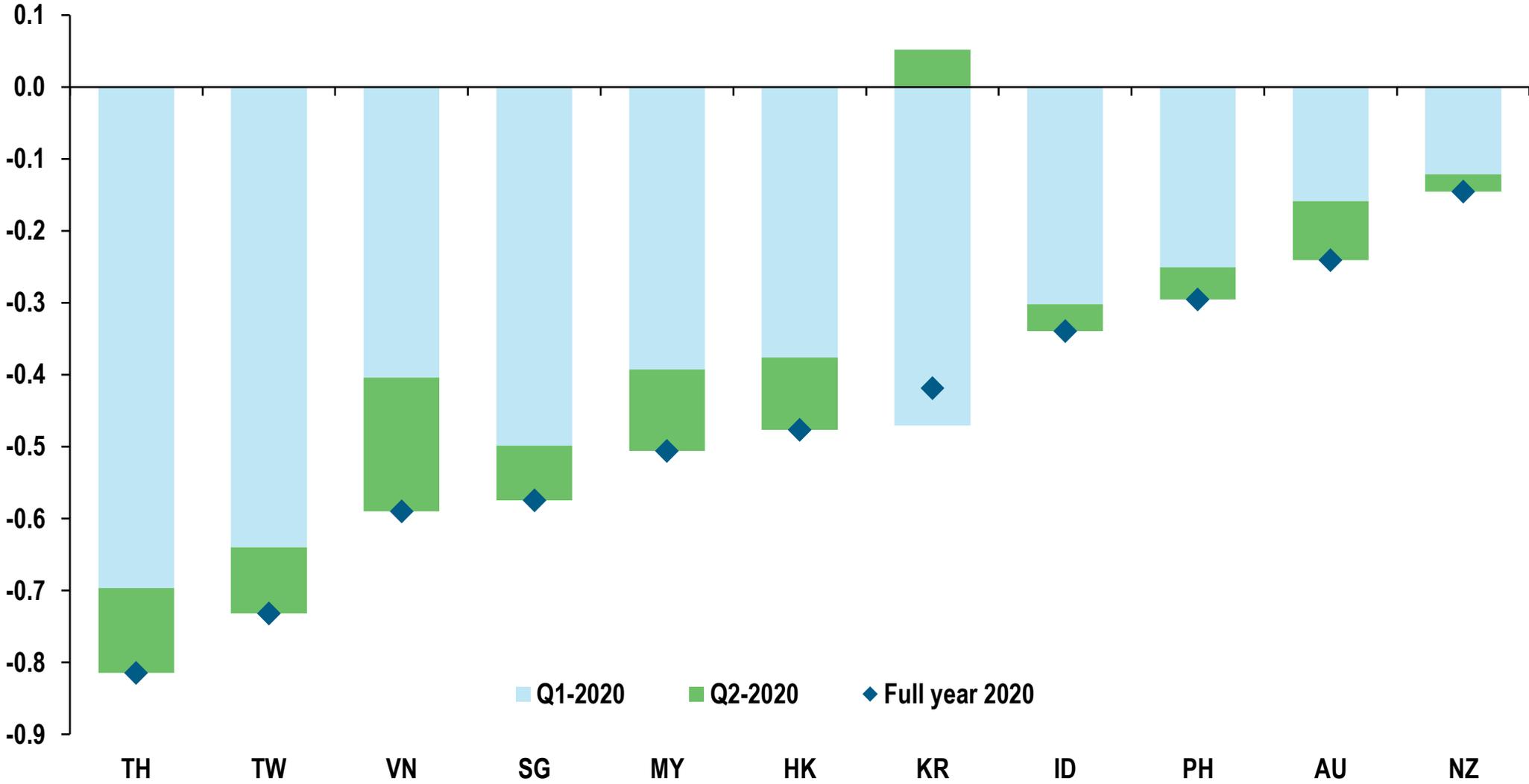
Asia – Indirect impact this time around may be greater than during SARS

For most economies, the outbreak's impact on the manufacturing sector is expected to have the biggest knock-on effect on overall GDP growth (impact on full-year-GDP growth in 2020, ppt)



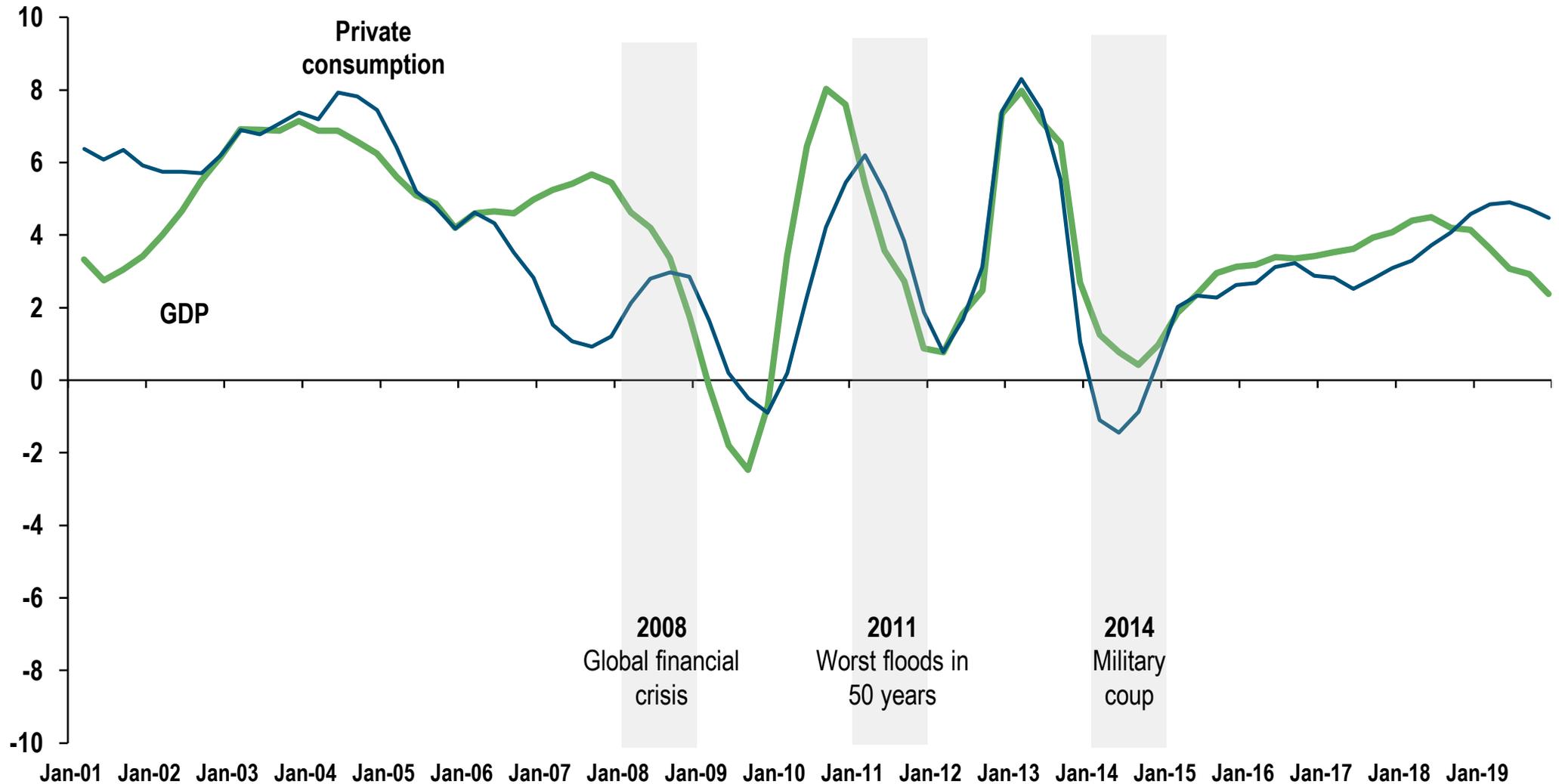
Asia – Growth in TH, TW, VN and SG may be affected the most

Growth may be harder hit than during SARS as China's virus containment measures have been much more aggressive (cumulative ppt impact on full-year GDP growth in 2020)



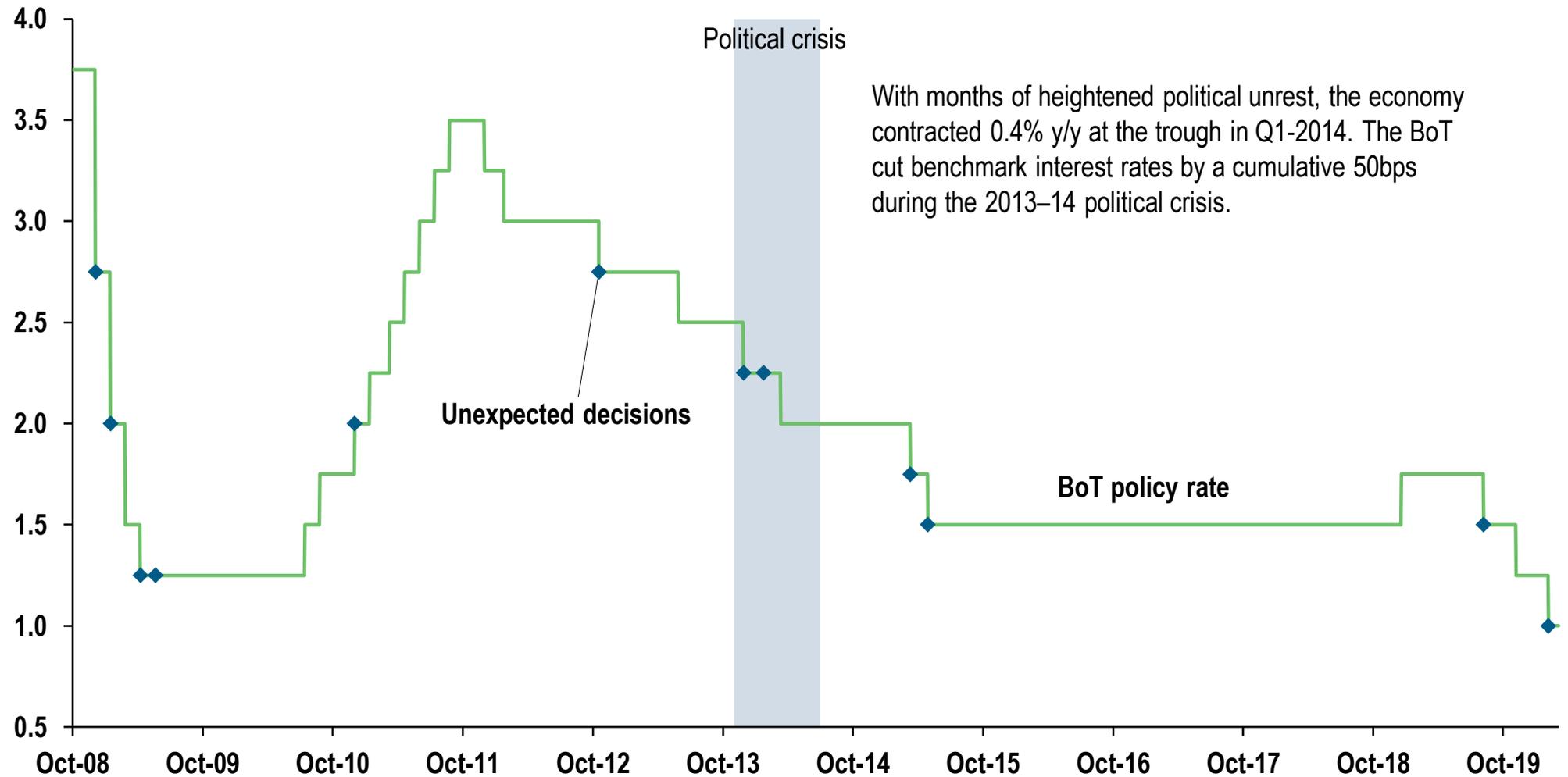
Thailand – Economic woes, even before coronavirus outbreak

Thailand's potential growth rate of c.4%, achieved in 2017-18, is likely to remain elusive for the foreseeable future (% y/y, 4qma)



Thailand – BoT may deliver the fourth cut of this cycle this month

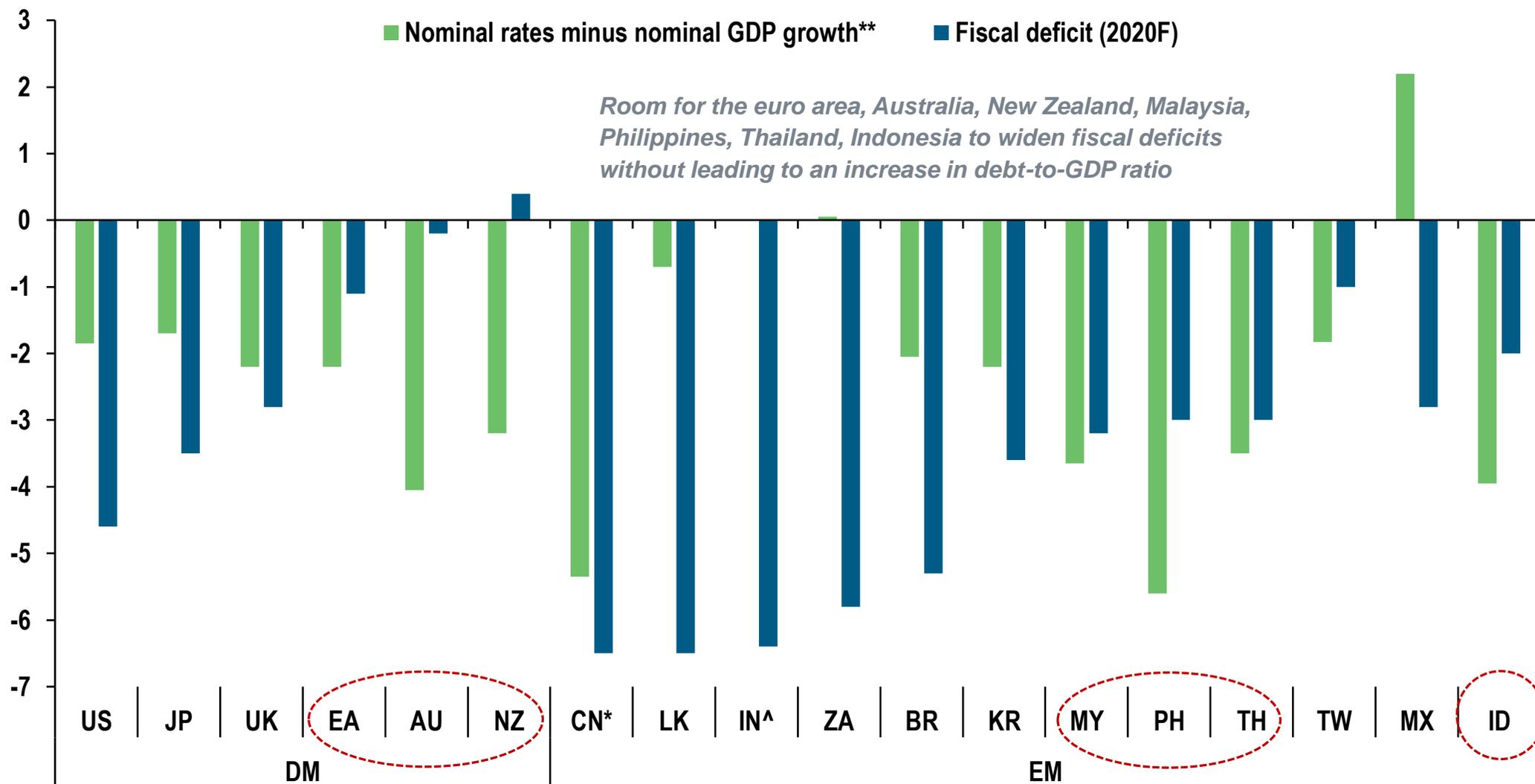
Our expectation of back-to-back cuts is based on the worsening growth outlook for an already-weak economy; more cuts after March are possible, particularly if growth stays far below potential (%)



Global – Room for fiscal spending to cushion coronavirus impact

Selected economies have fiscal room to borrow and spend

Nominal policy rate minus nominal GDP growth, 2020F



*China's fiscal deficit refers to the combined central + local government fiscal deficit; ^India's fiscal deficit refers to the combined central + state fiscal deficit for the year ending March 2021; **Note: A negative number means the cost of borrowing is lower than GDP growth; Source: Standard Chartered Research

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