

DBS Macro Insights

The pandemic through the lens of data

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Outline

From the beginning. How were we doing in early 2020

Then, dramatic disruption

Policy makers step in

Still deep losses

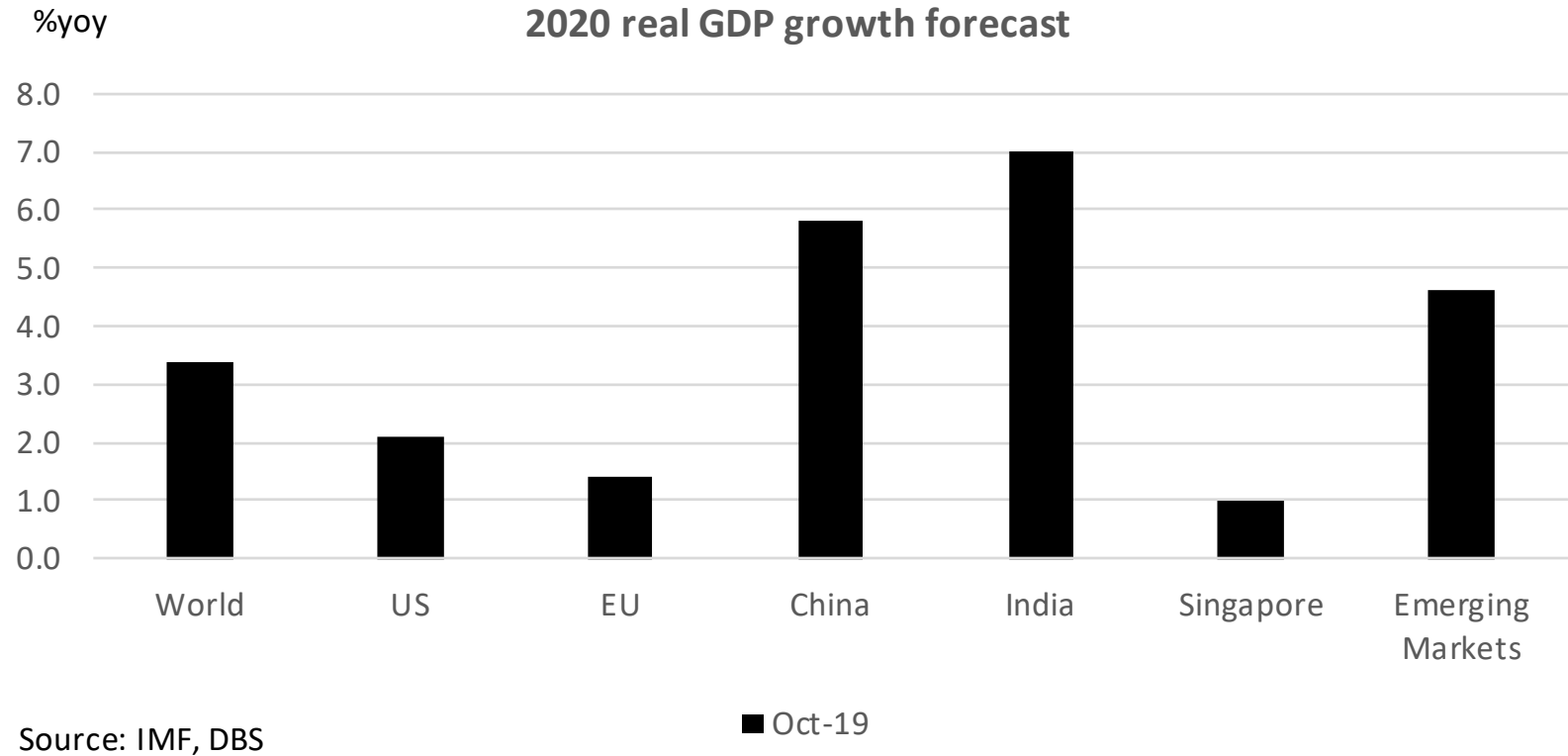
How is 2021 panning out?

Legacy

- *lost years of output*
 - *debt overhang*
- *Lesson from history (US versus UK)*

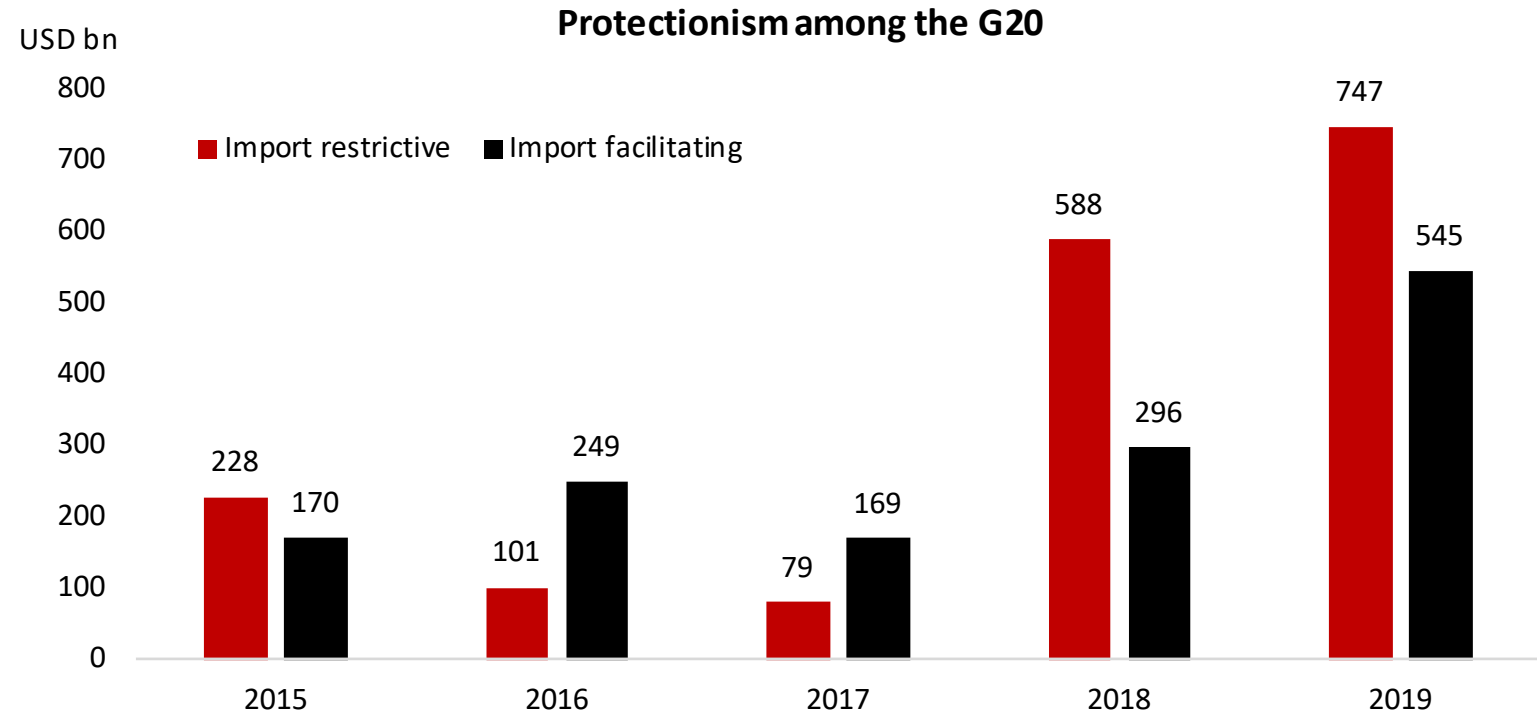
Coming into 2020

*Manufacturing
downturn*



Coming into 2020

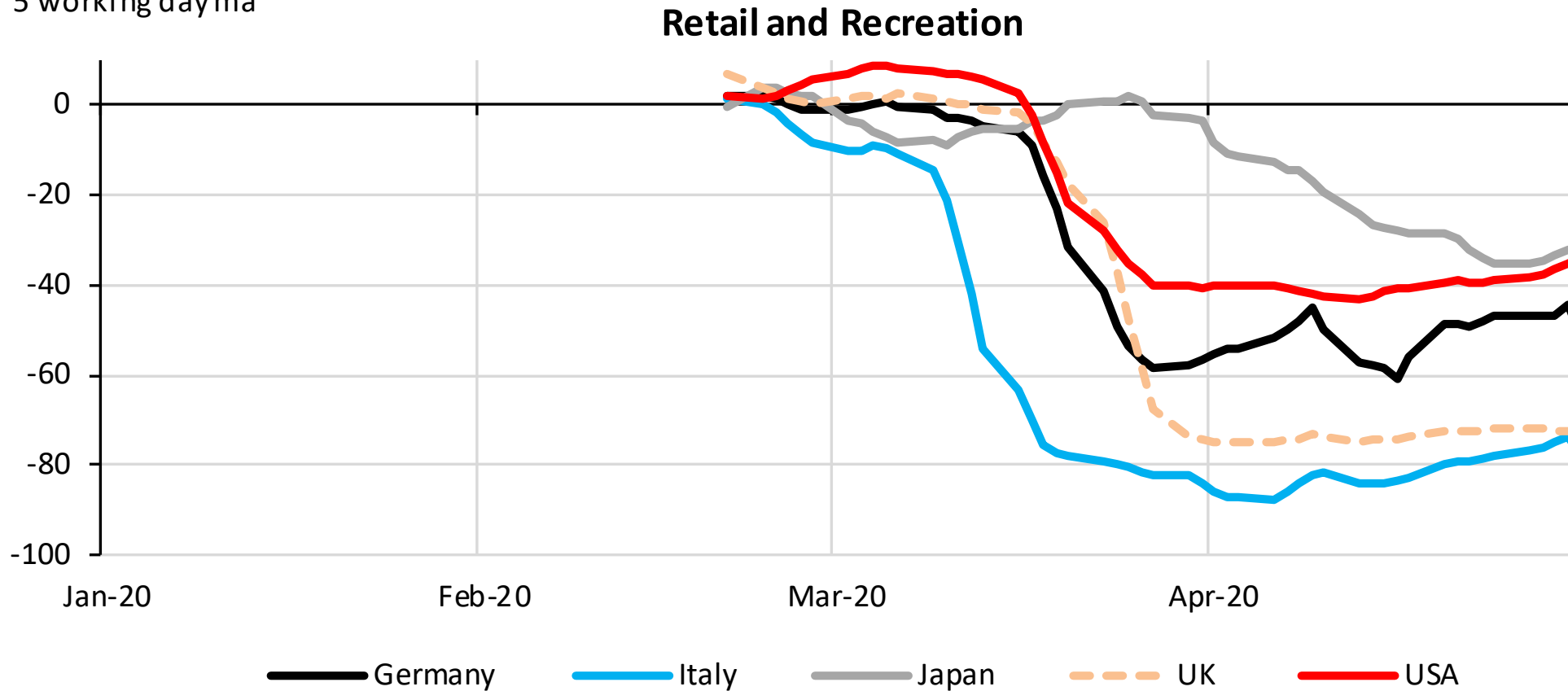
Rising trade barriers



Source: WTO

Then came the pandemic (in the West)

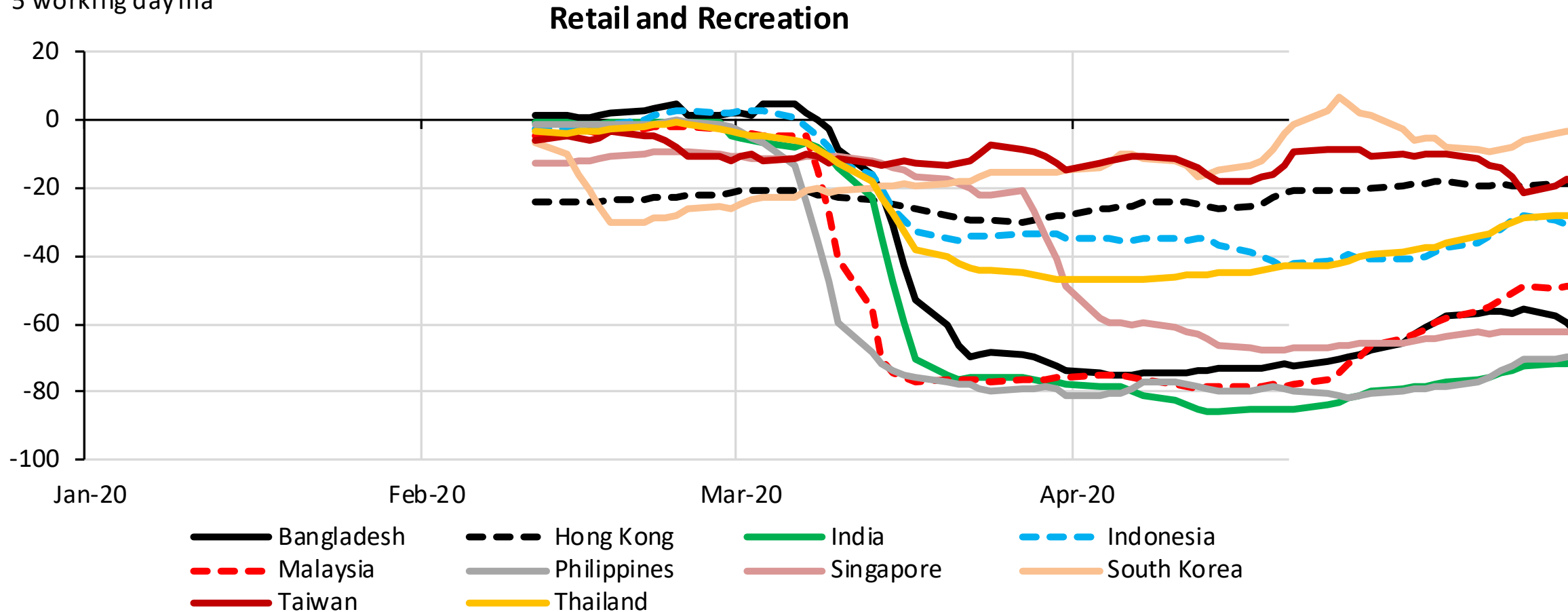
5 working day ma



Source: Google community mobility reports, DBS. February 16, 2020 = 100

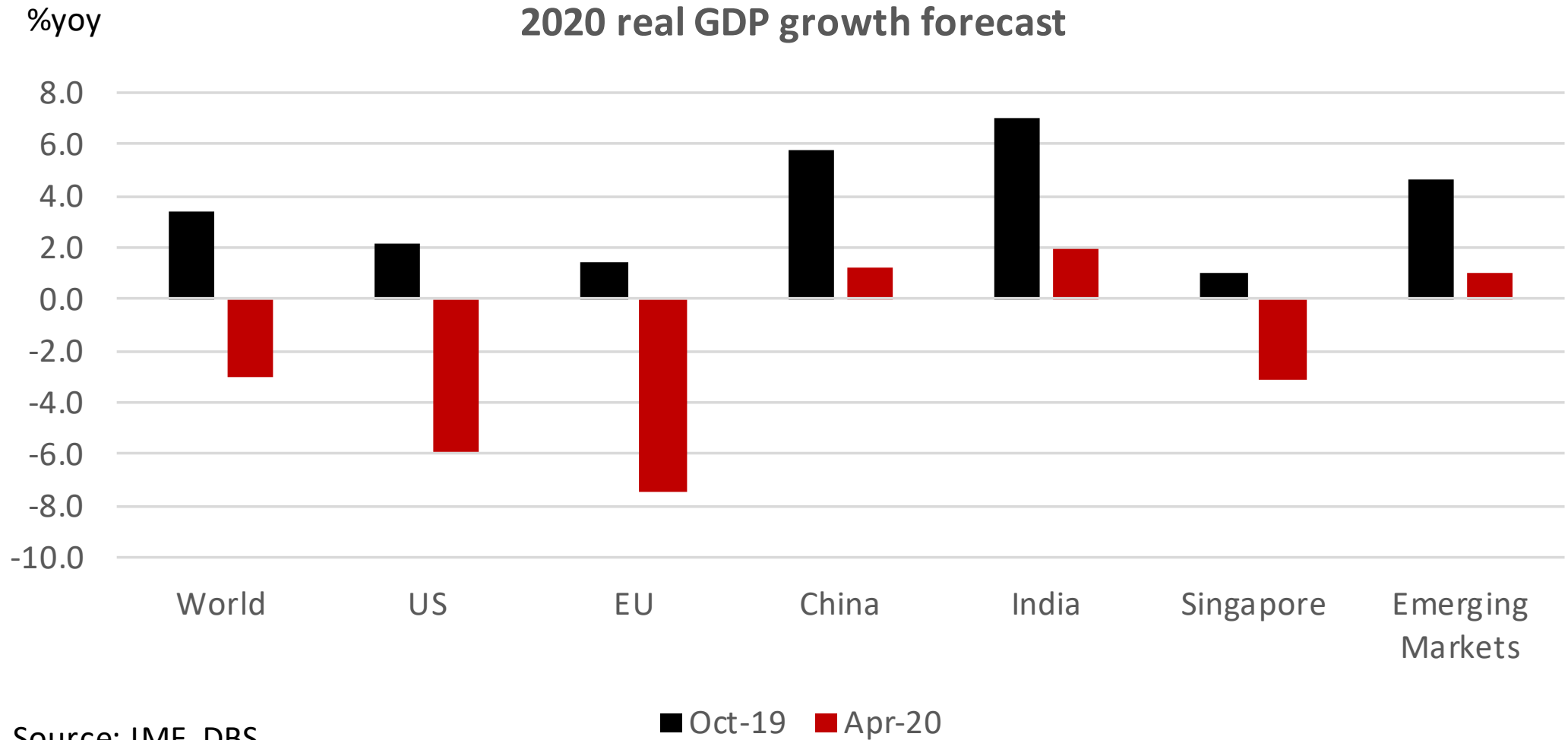
Then came the pandemic (in Asia ex-China)

5 working day ma



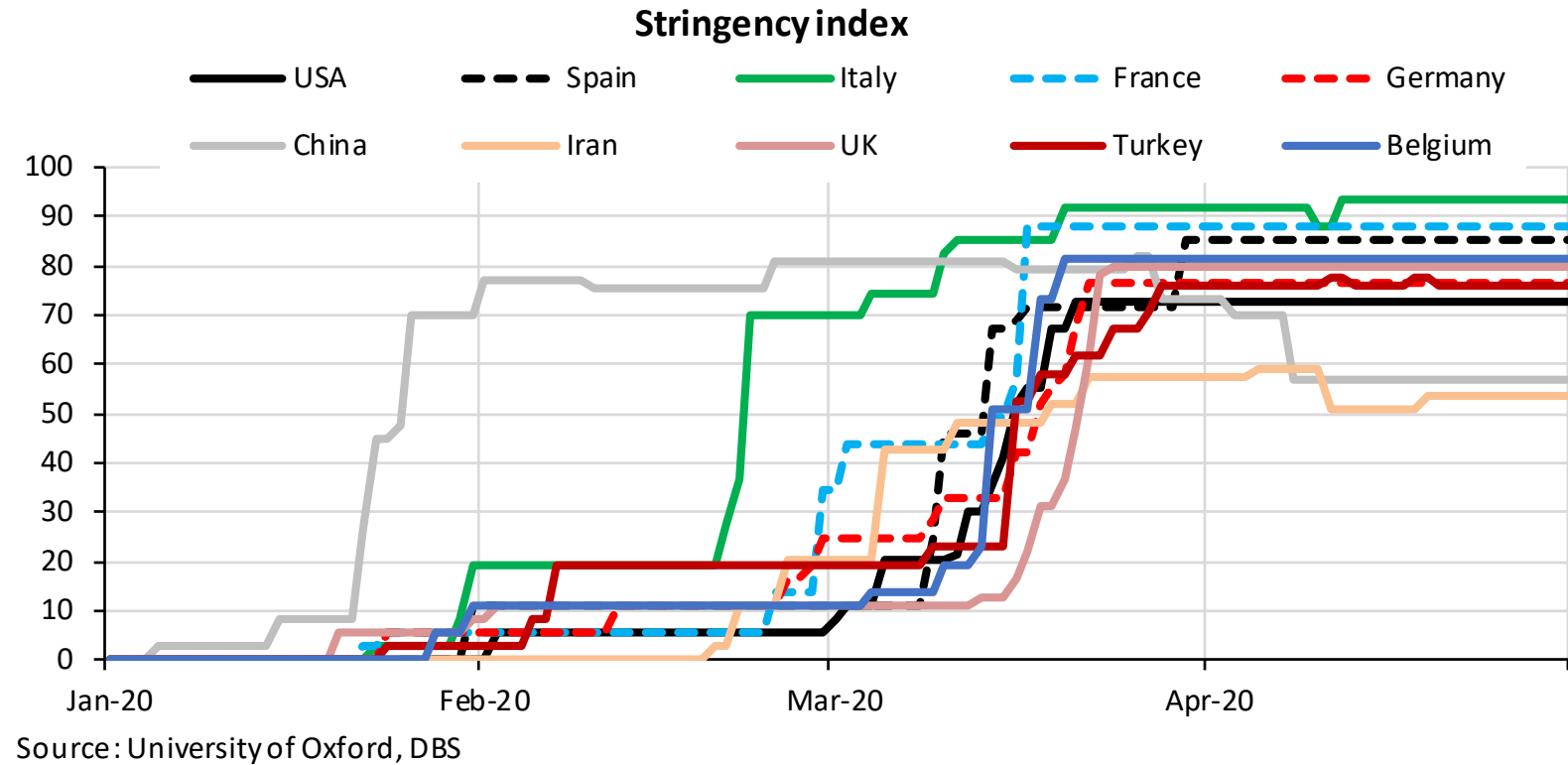
Source: Community mobility reports, DBS. February 16, 2020 = 100

Forecast revisions begin

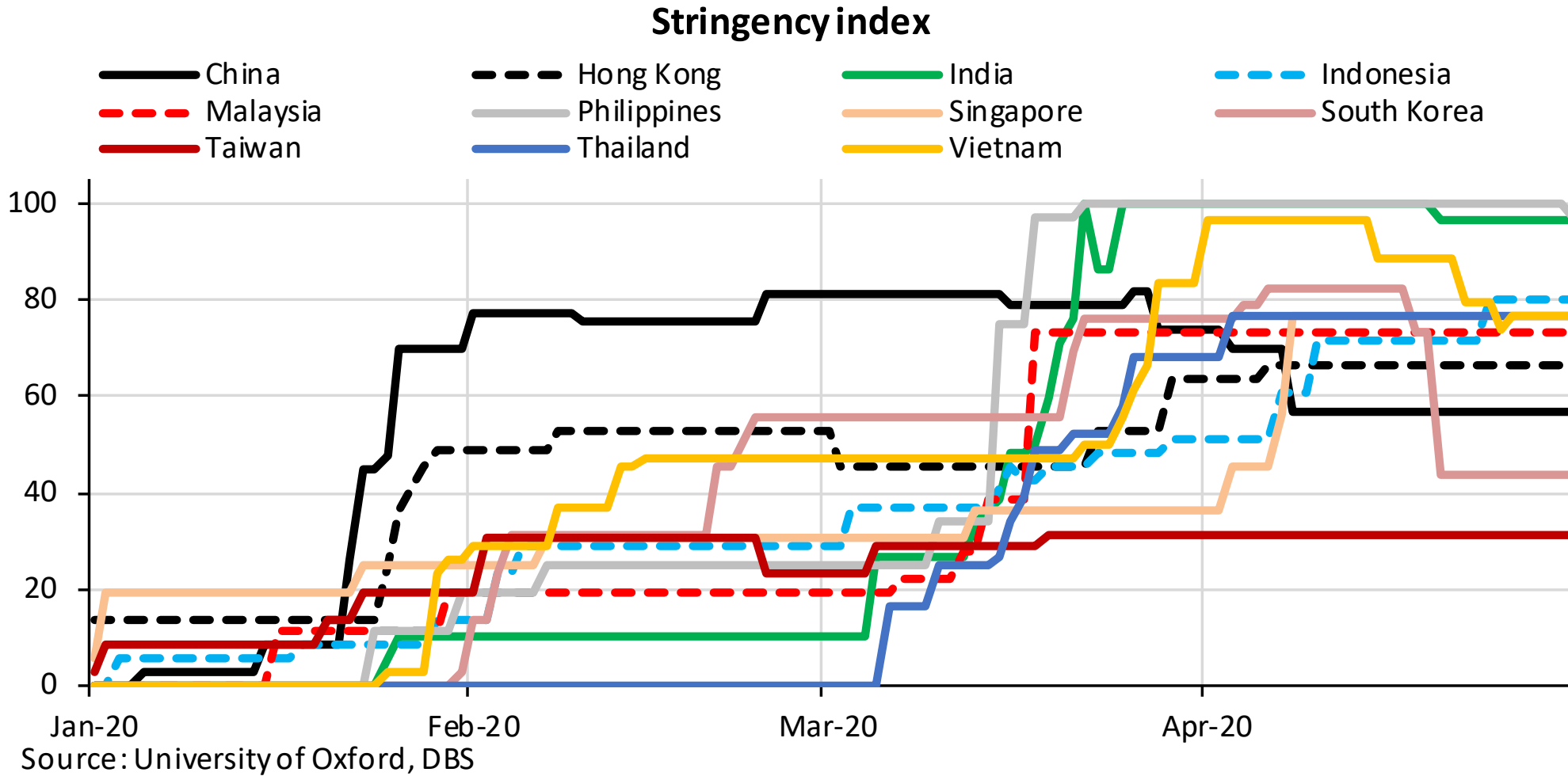


Policy action kicks in

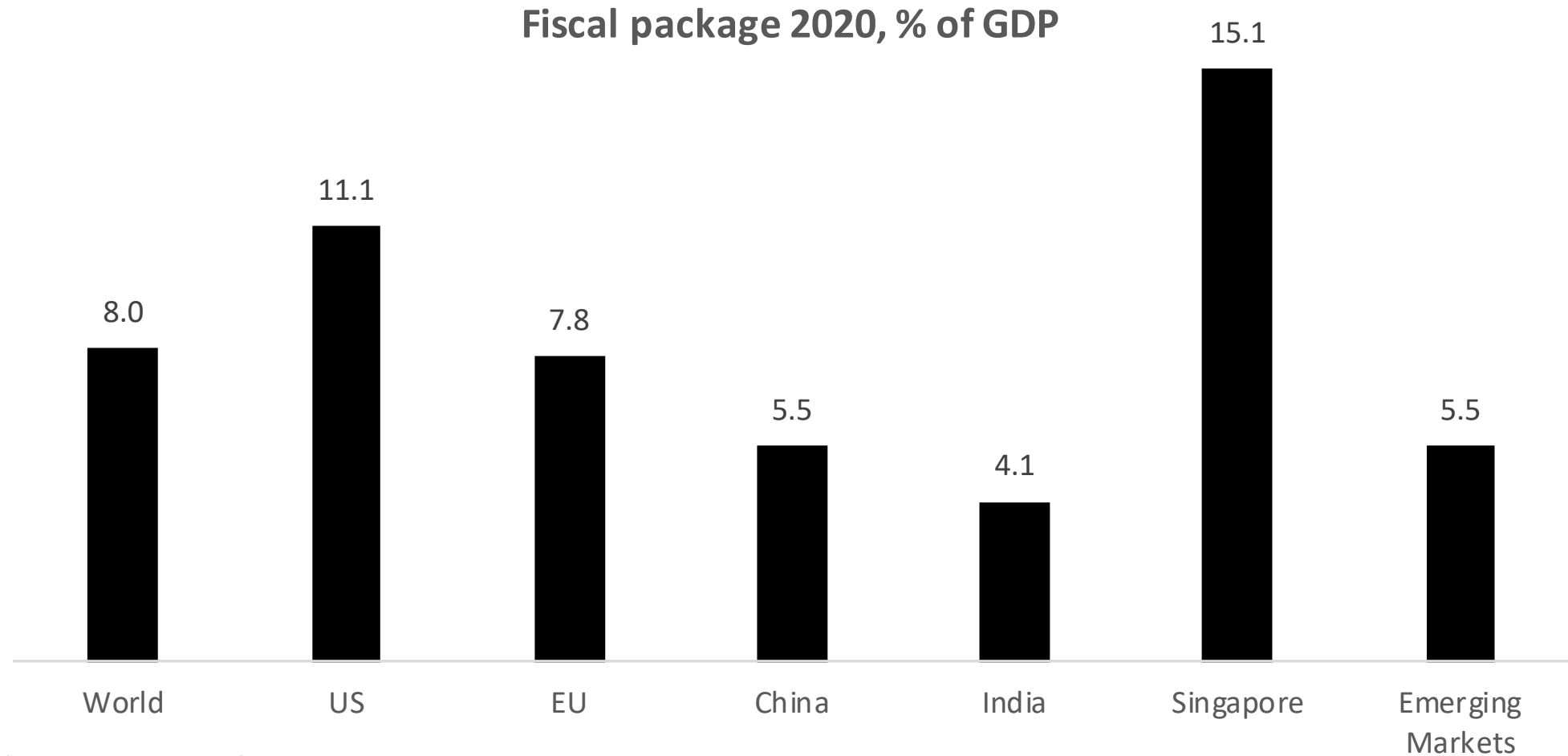
The Oxford COVID-19 Government Response Tracker (OxCGRT) systematically collects information on several different common policy responses that governments have taken to respond to the pandemic on 20 indicators such as school closures and travel restrictions.



Policy action kicks in (Asia)

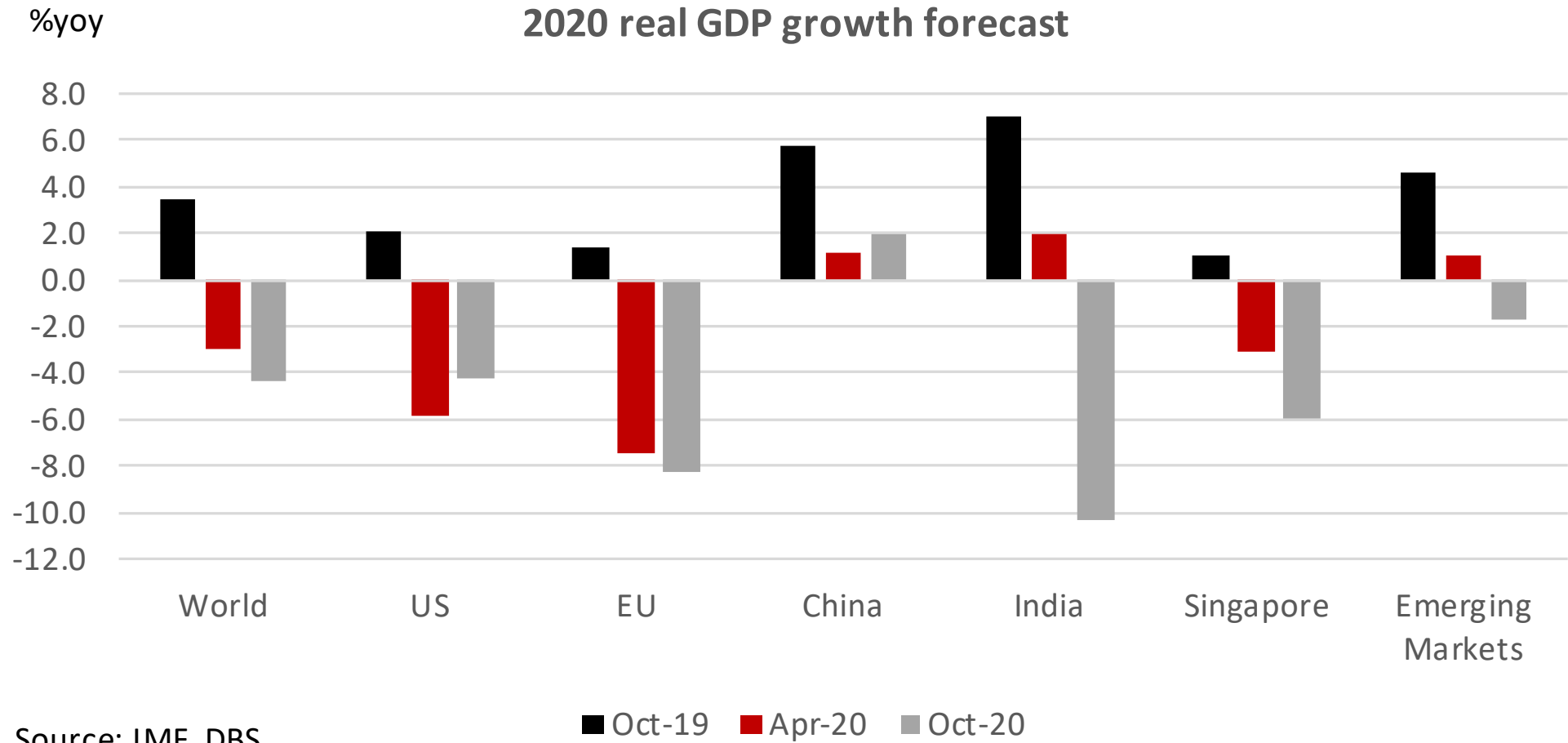


Budgets expand with wartime urgency

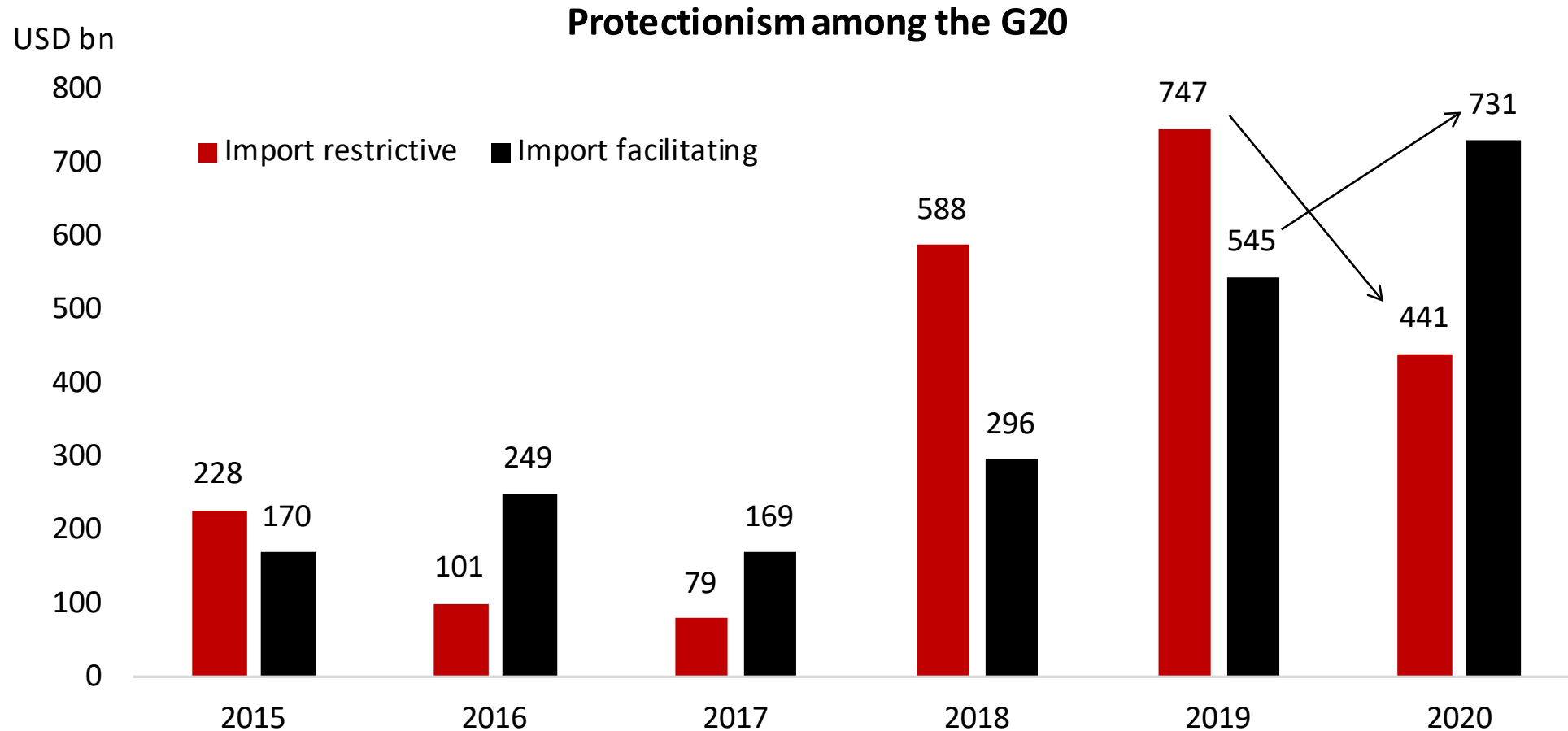


Source: IMF, DBS

Forecast revisions take diverging paths

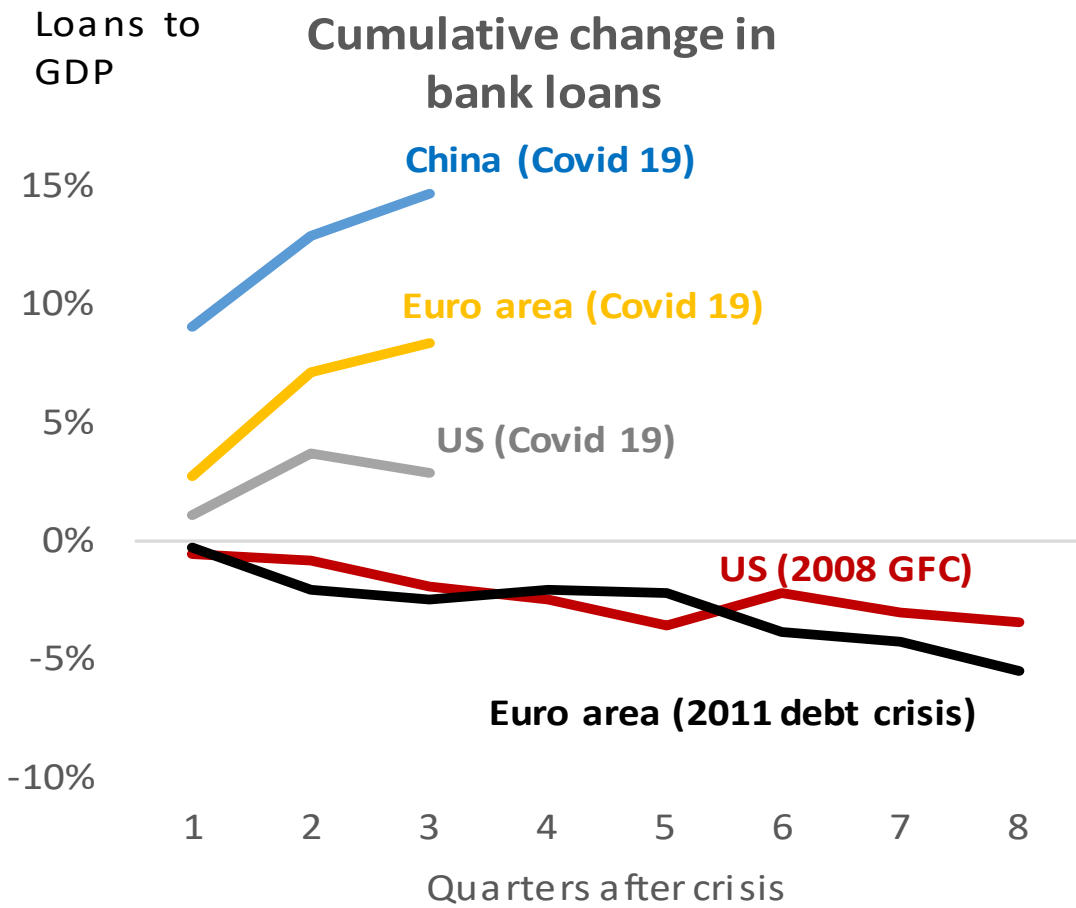


Deglobalization reverses (temporarily?)



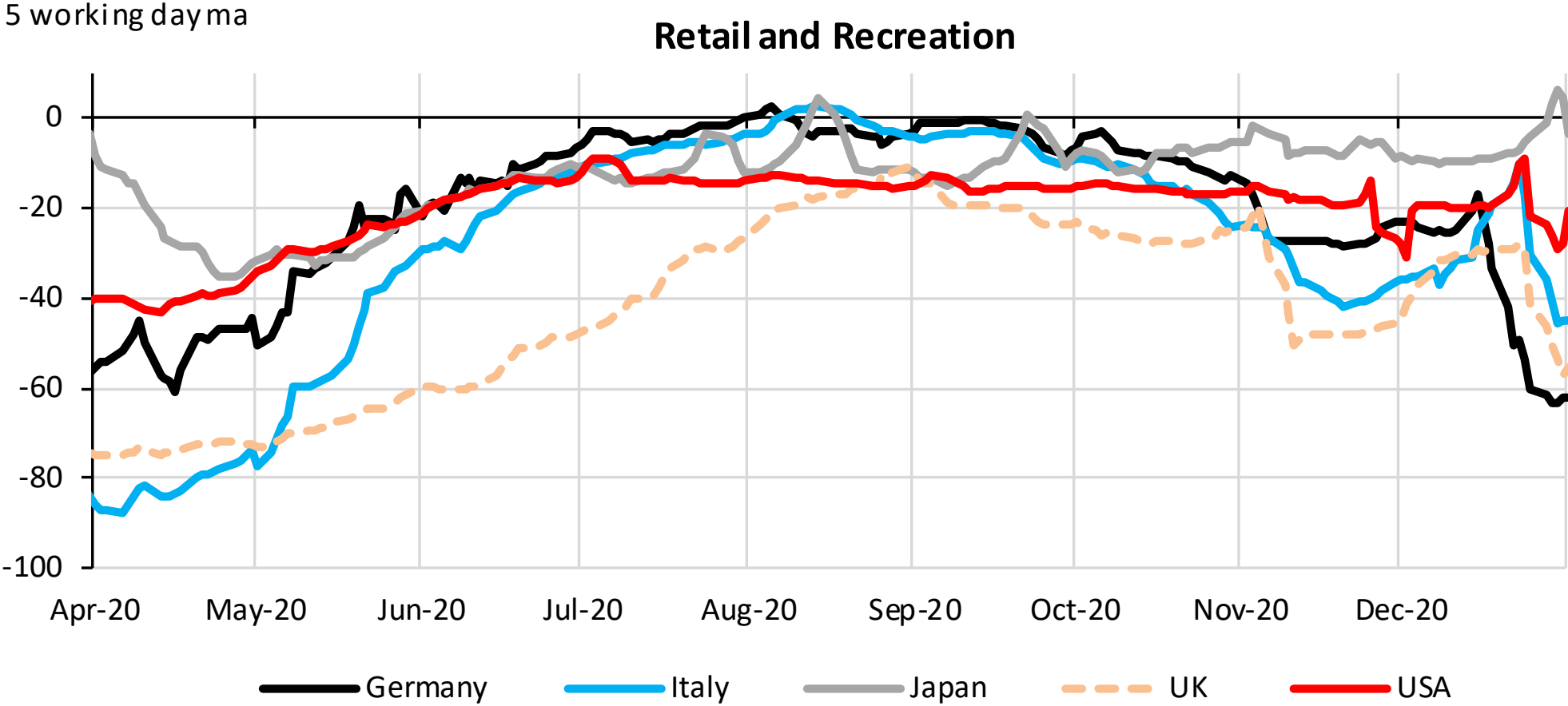
Source: WTO

Banks step in



Source: Bloomberg, DBS

Pandemic management picks up pace (with some setbacks)

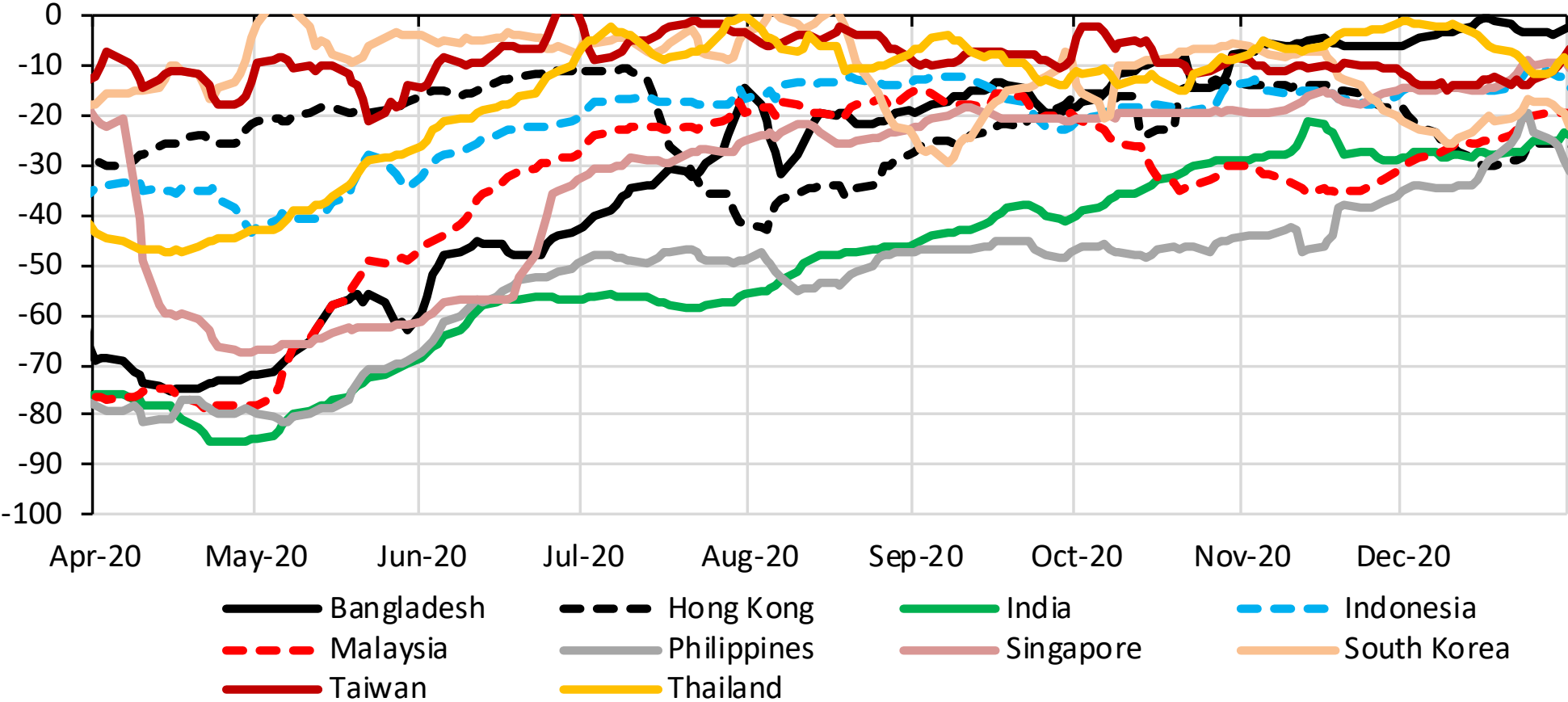


Source: Google community mobility reports, DBS. February 16, 2020 = 100

Pandemic management picks up pace (in Asia)

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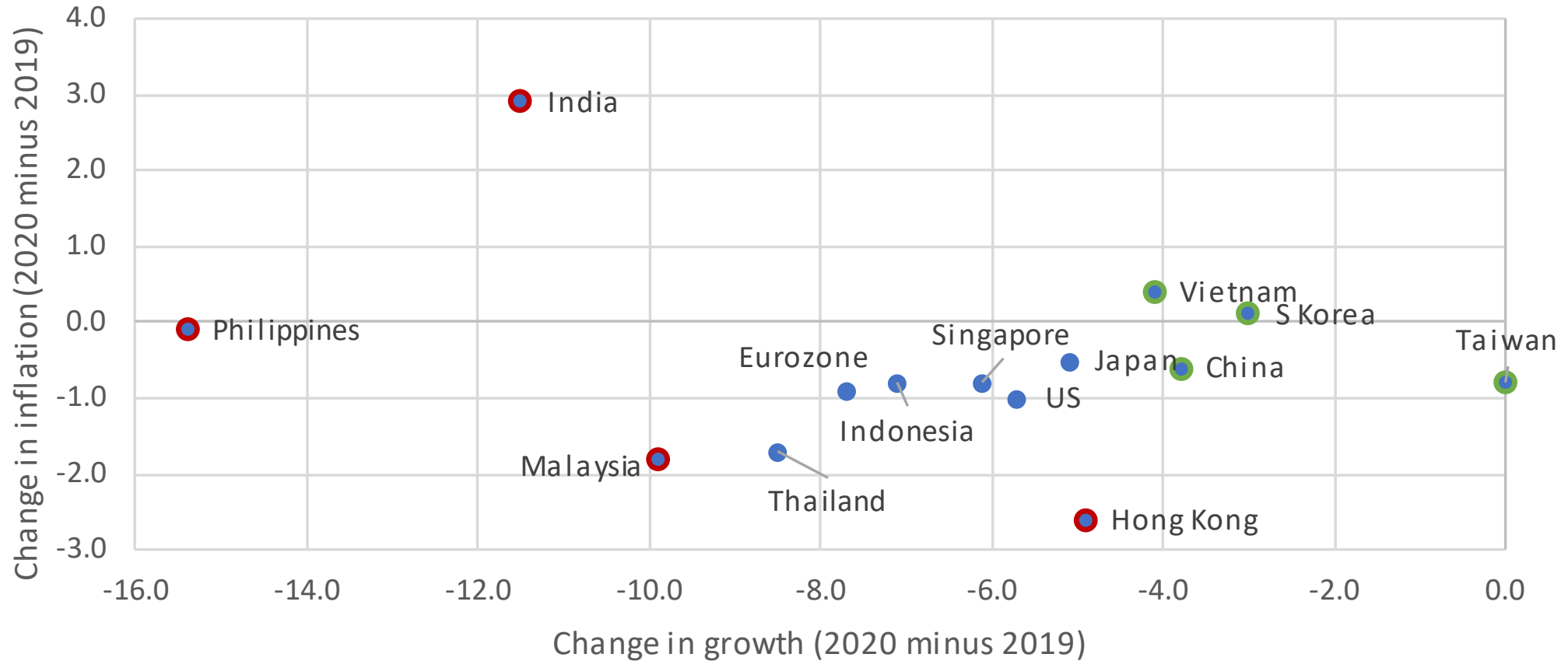
Retail and Recreation



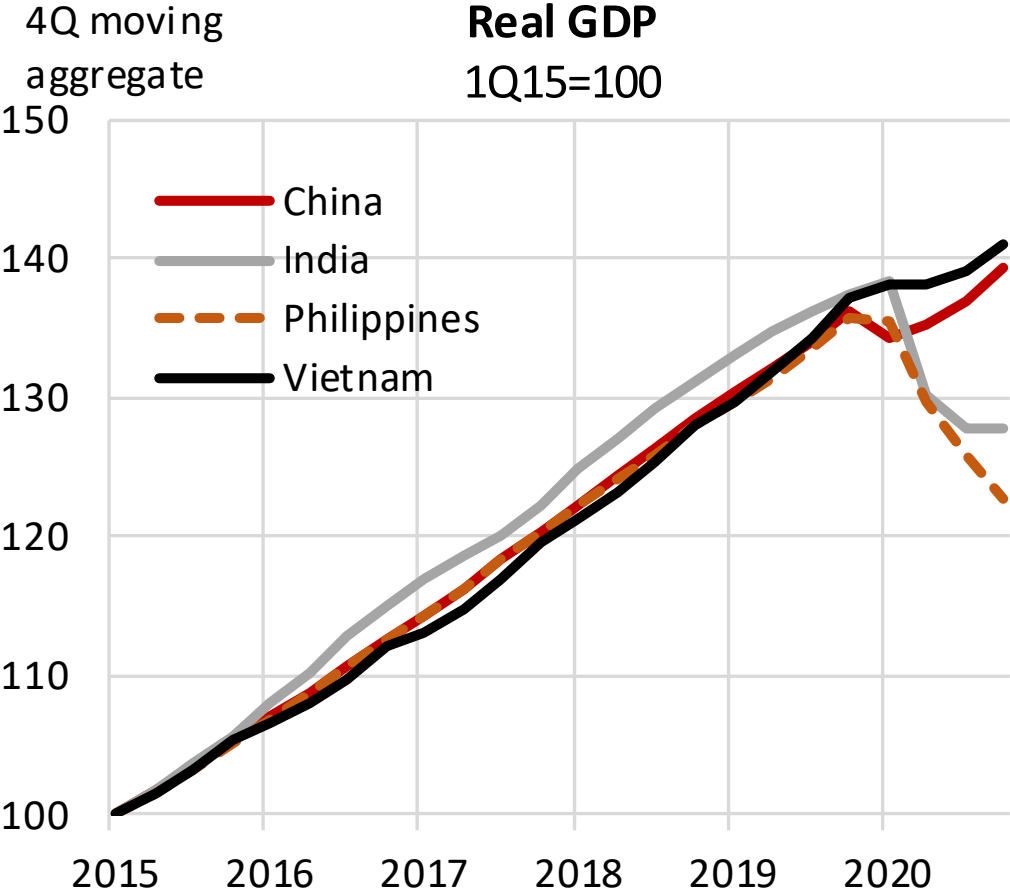
Source: Community mobility reports, DBS. February 16, 2020 = 100

A 2020 Scorecard

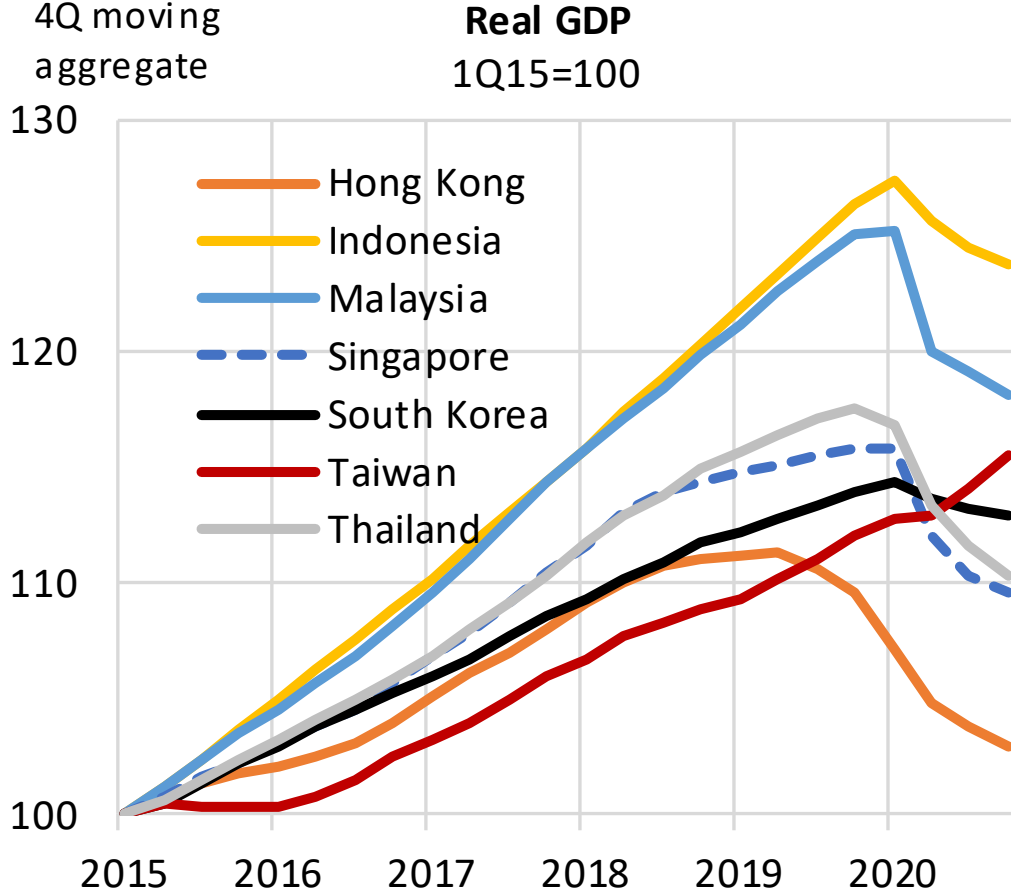
India, Malaysia, and the Philippines the hardest hit by the pandemic



Deep loss of output



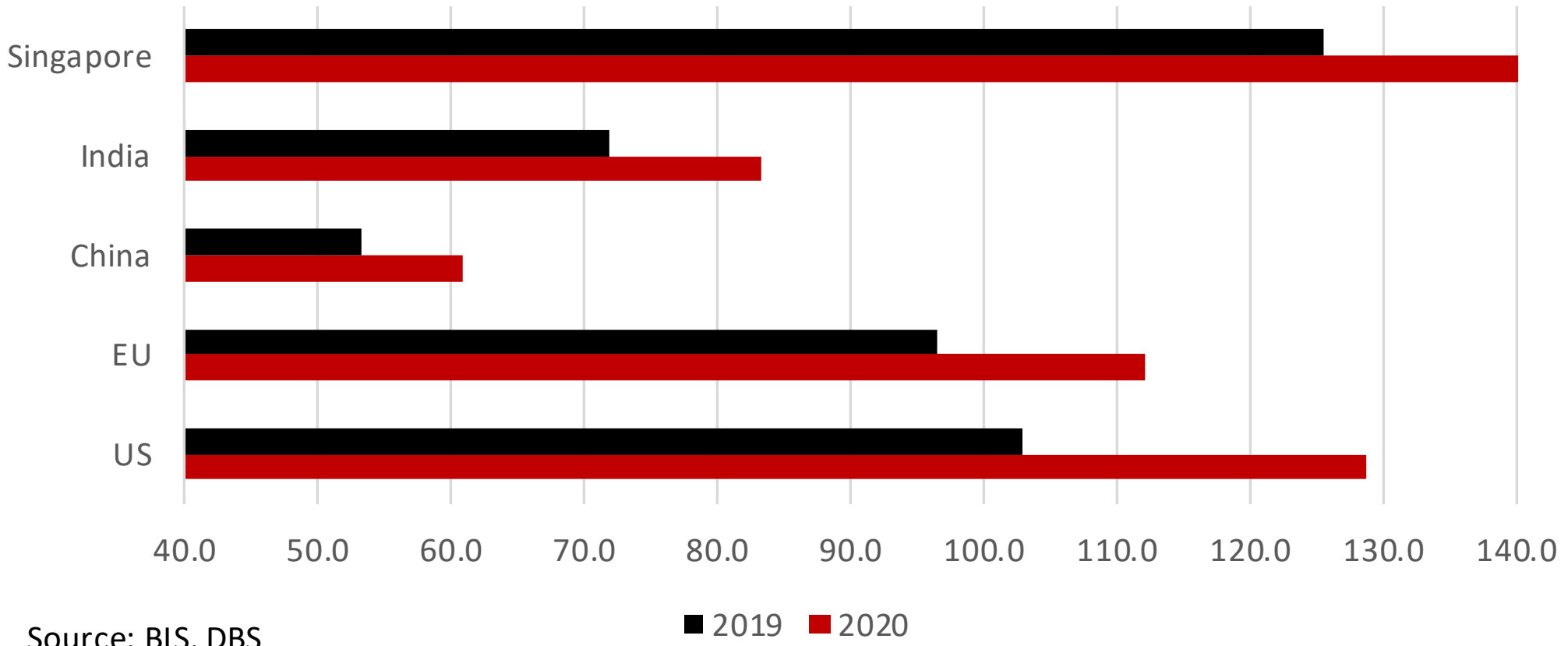
Source: CEIC, DBS



Source: CEIC, DBS

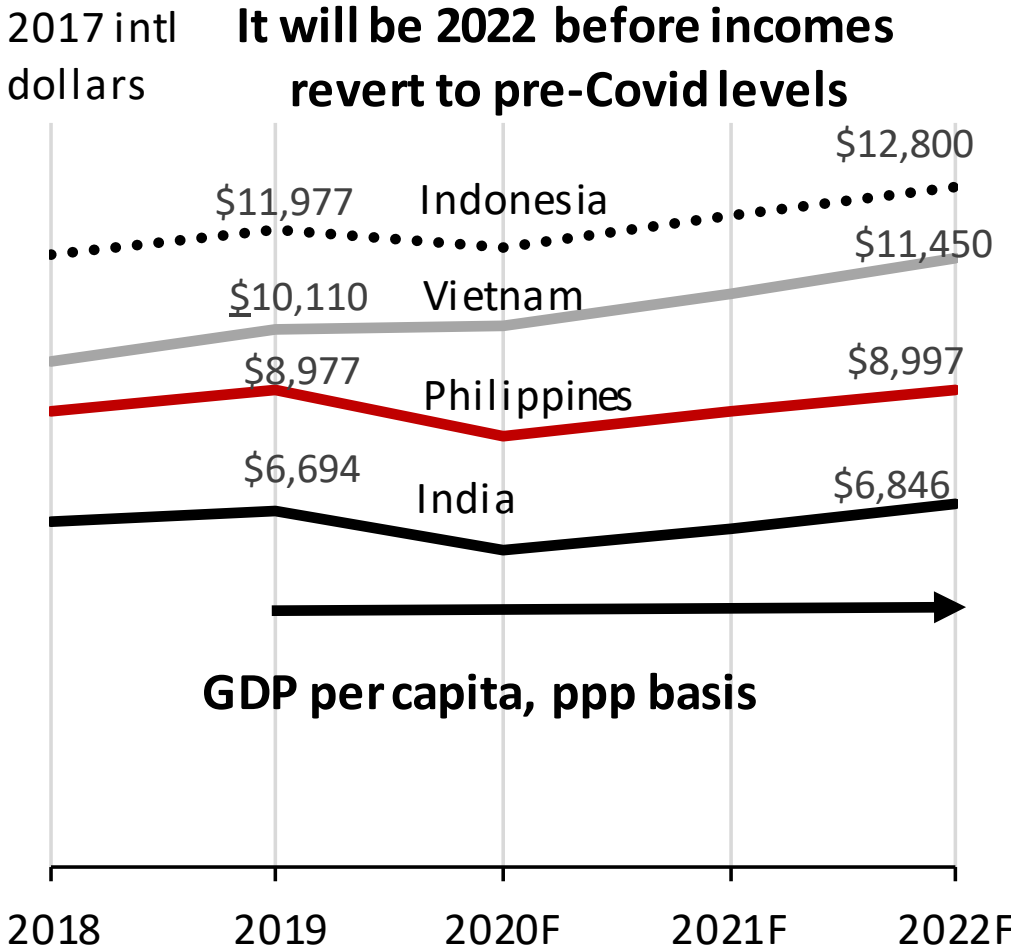
Debt binge

Public sector debt, % of GDP



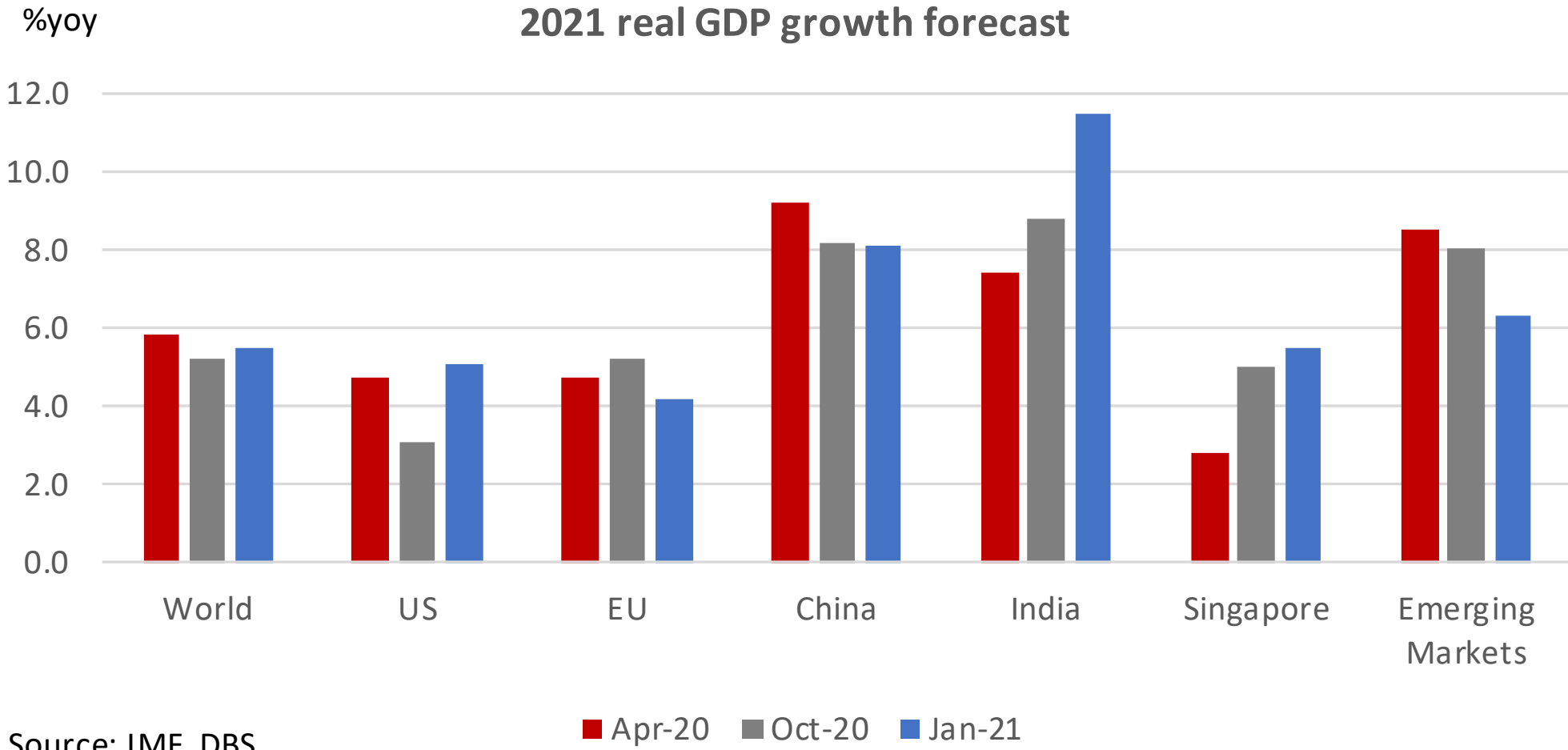
Source: BIS, DBS

Going forward, a tough slog

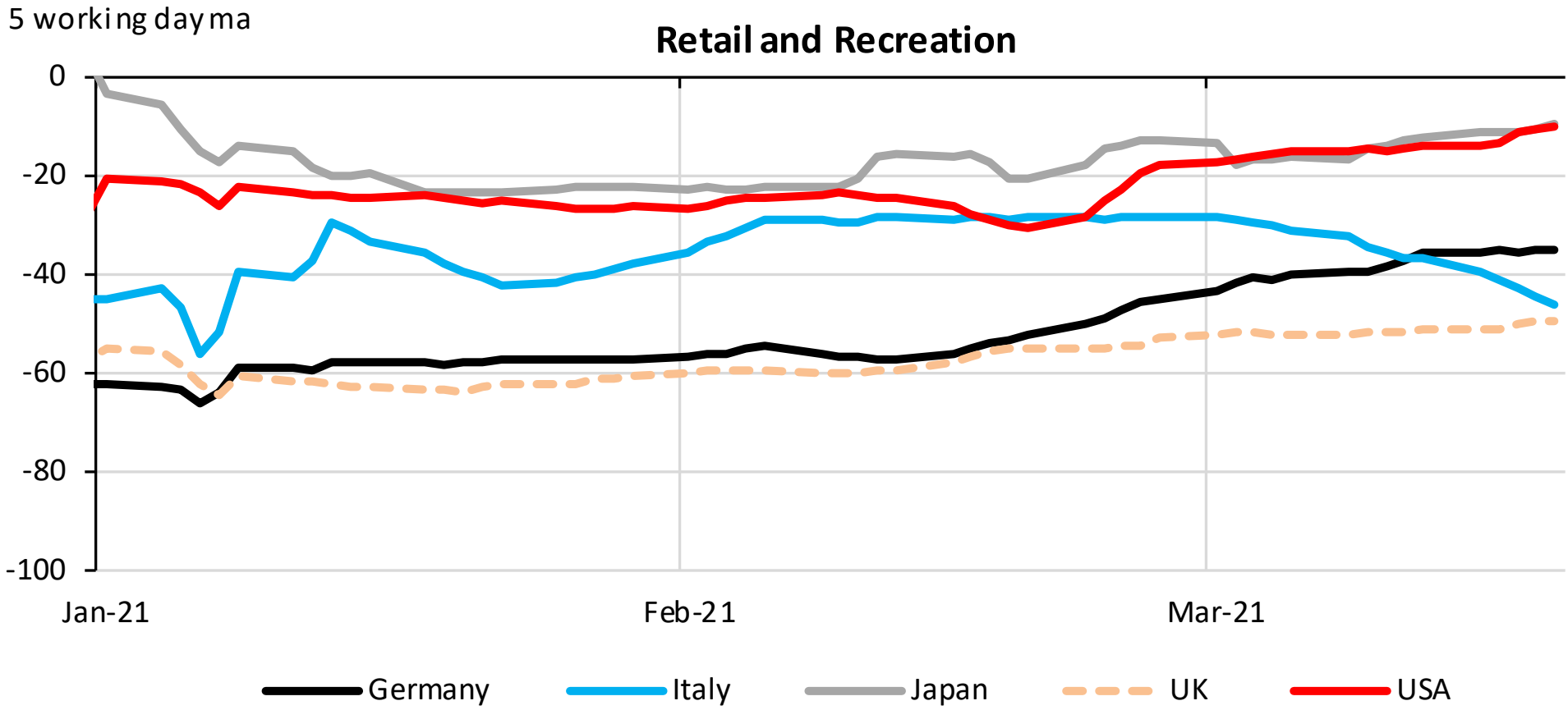


Source: CEIC, IMF, DBS

Outlook



One near-term caveat, jumping the gun

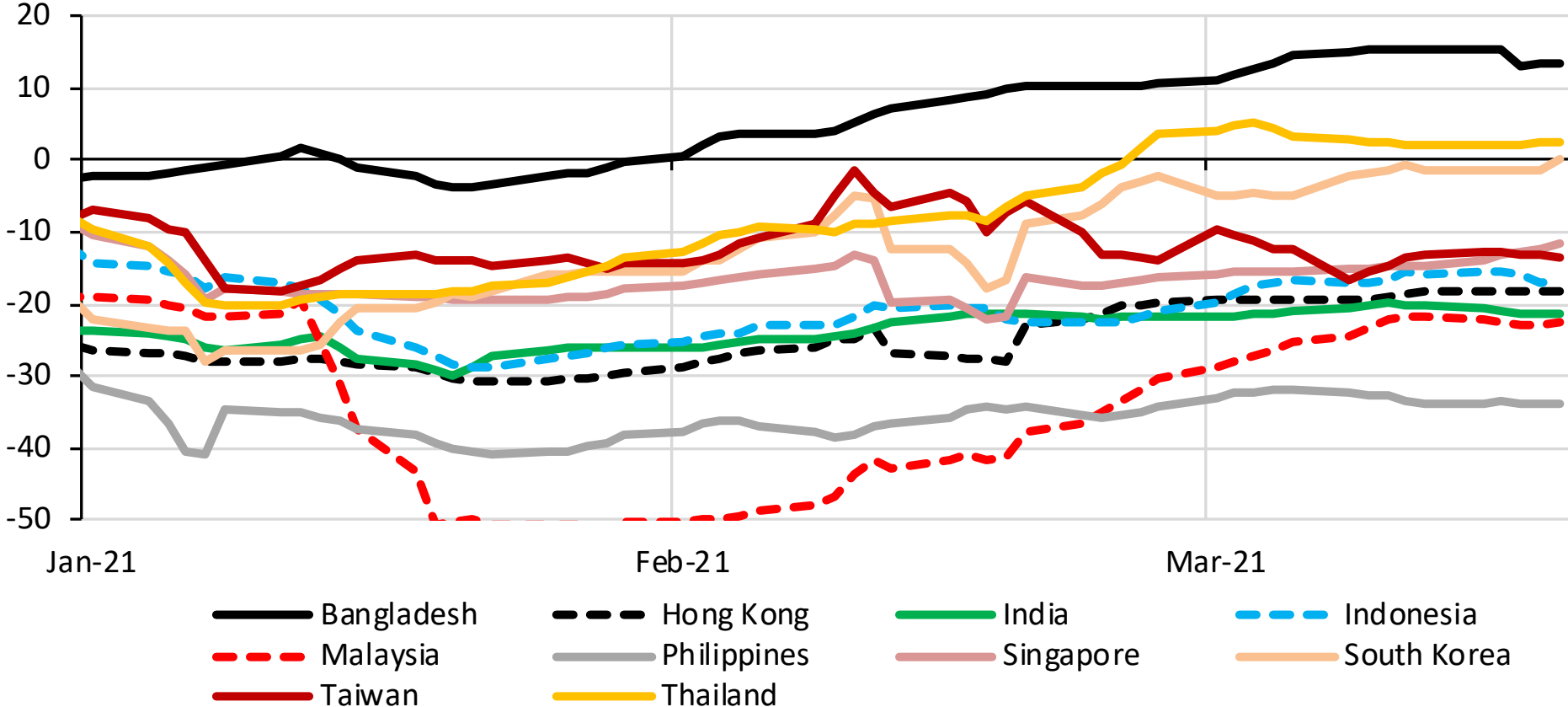


Source: Google community mobility reports, DBS. February 16, 2020 = 100

One near-term caveat

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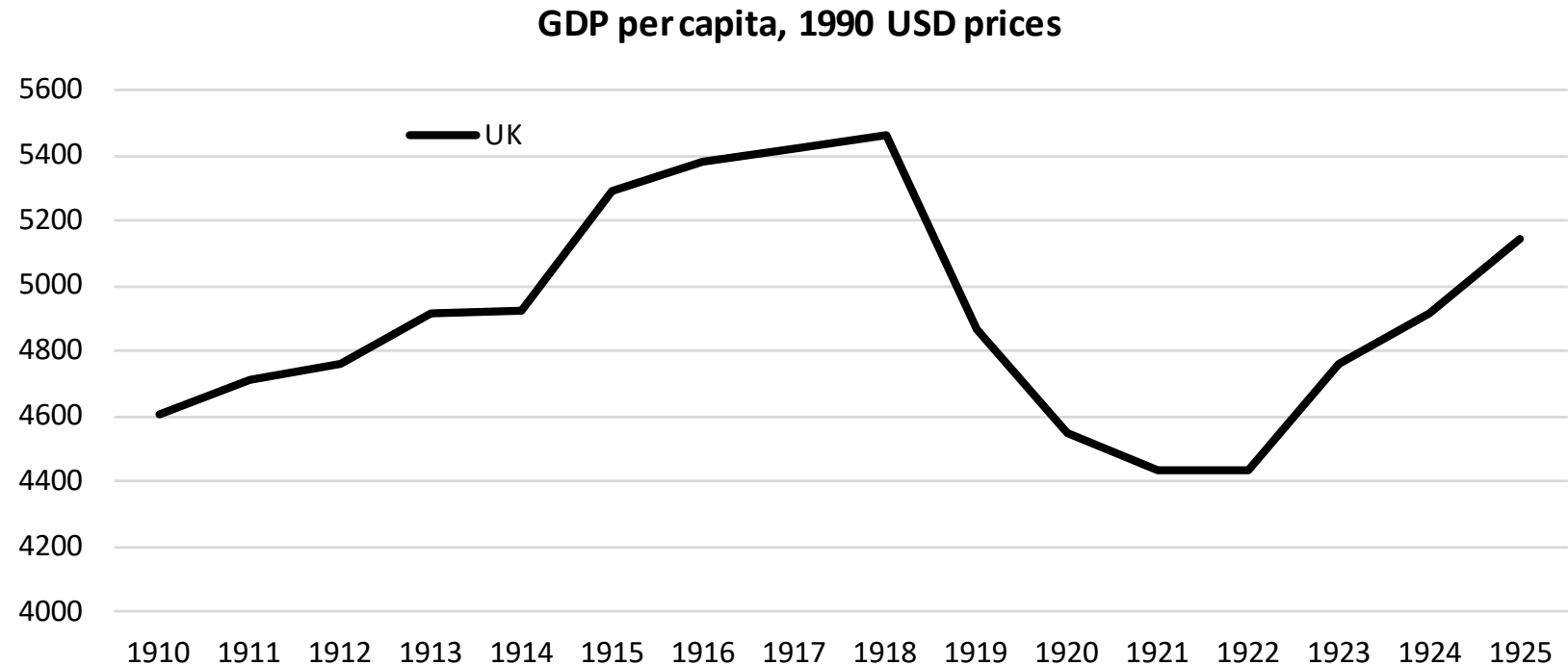
Retail and Recreation



Source: Community mobility reports, DBS. February 16, 2020 = 100

A lesson from the 1918-19 pandemic

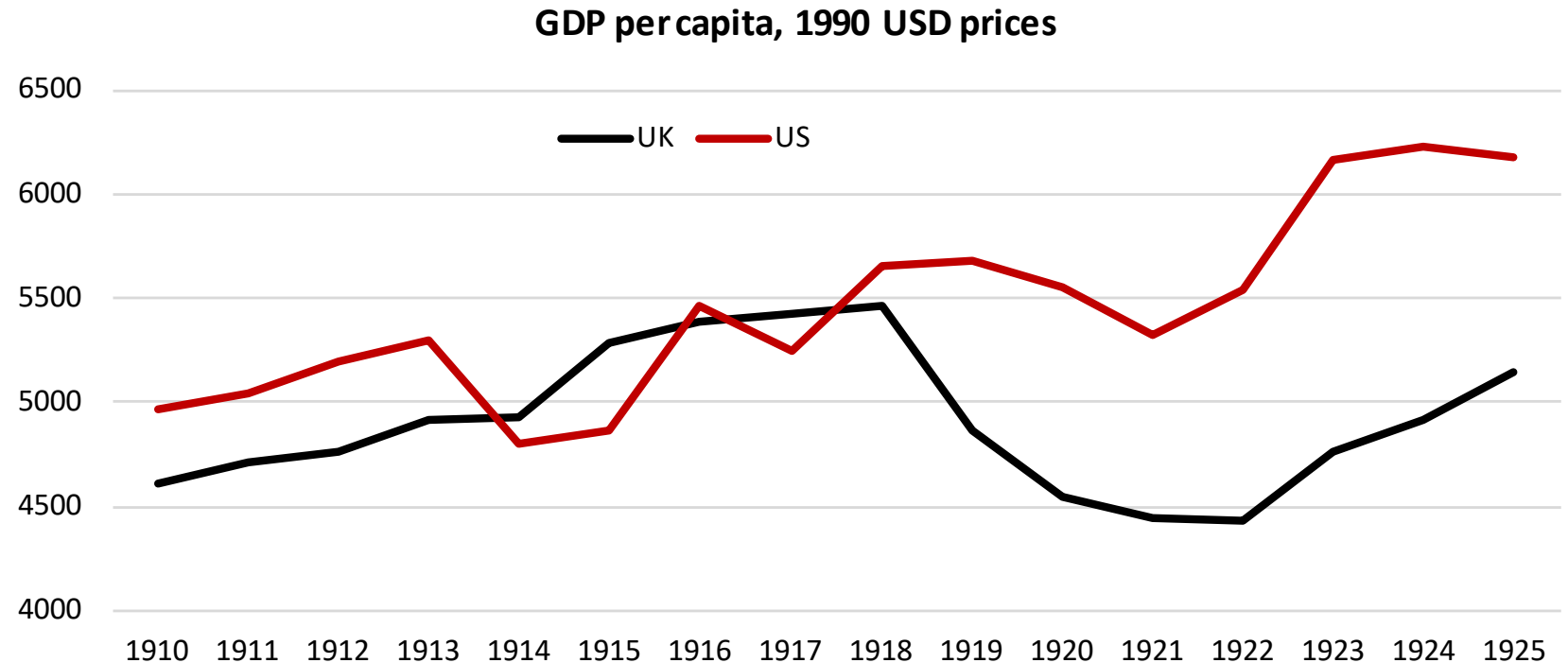
UK govt took strong measures at the end of the pandemic to reduce debt and pursue protectionism



Source: Bolt and van Zanden (2015), DBS

A lesson from the 1918-19 pandemic

*US govt
embraced free
trade and
fiscal support
policies*



Source: Bolt and van Zanden (2015), DBS

Legacy

Accelerated disruptions

Dealing with tail risk

Fiscal re-think

Building back better

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