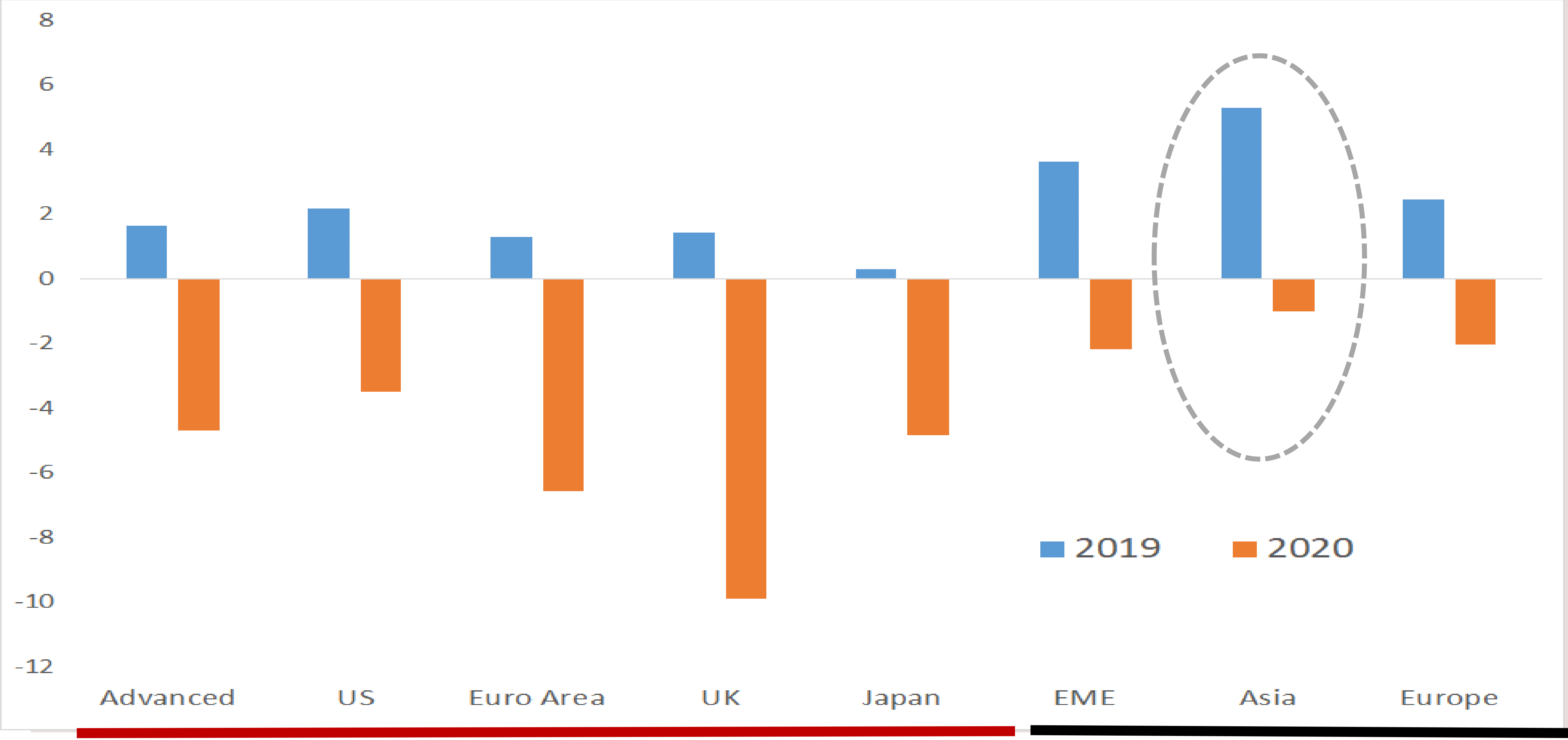
POST-COVID WORLD ECONOMIC SITUATION AND PROSPECTS

- *Prof. Sayuri Shirai*

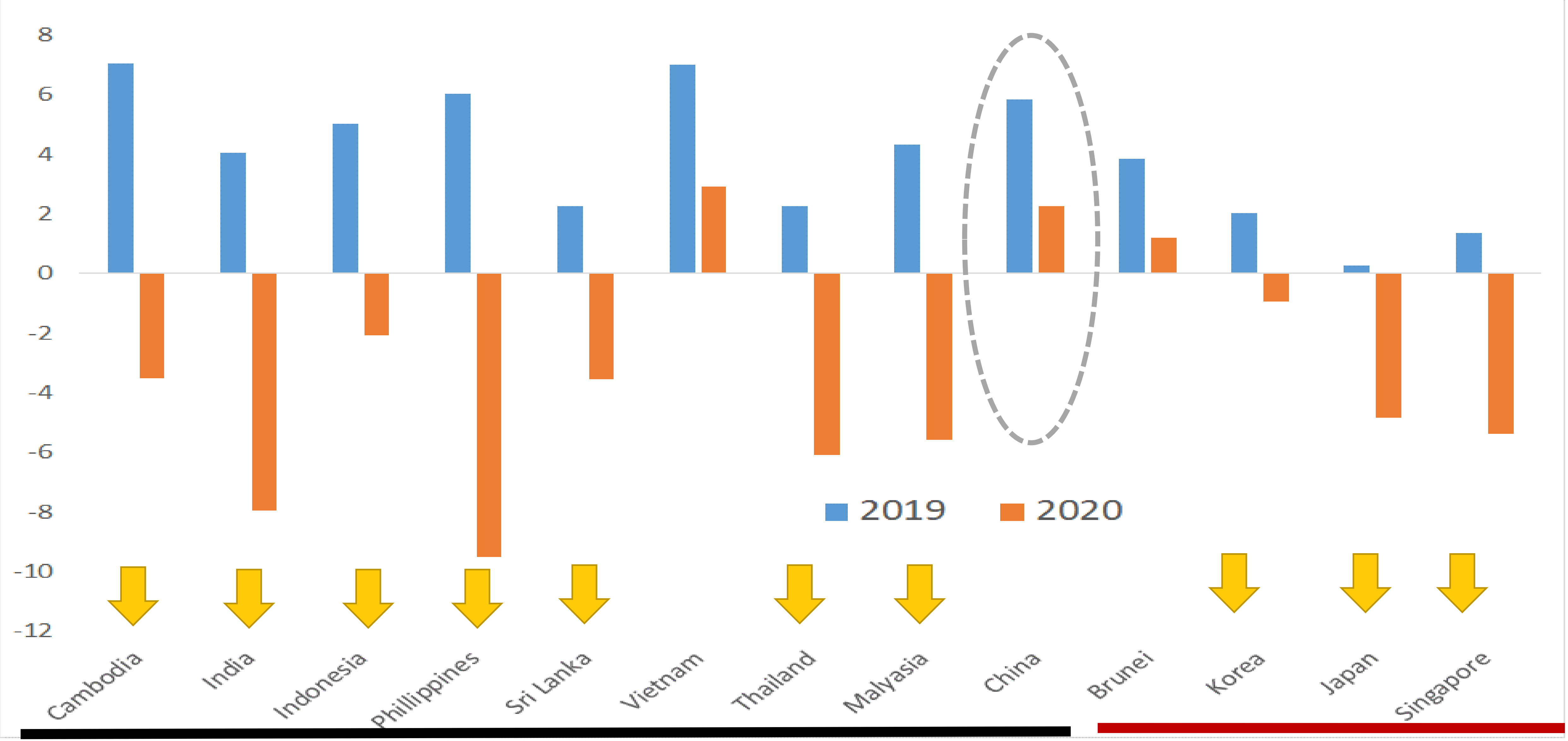
Keio University

Personal Homepage URL http://www.sayurishirai.jp

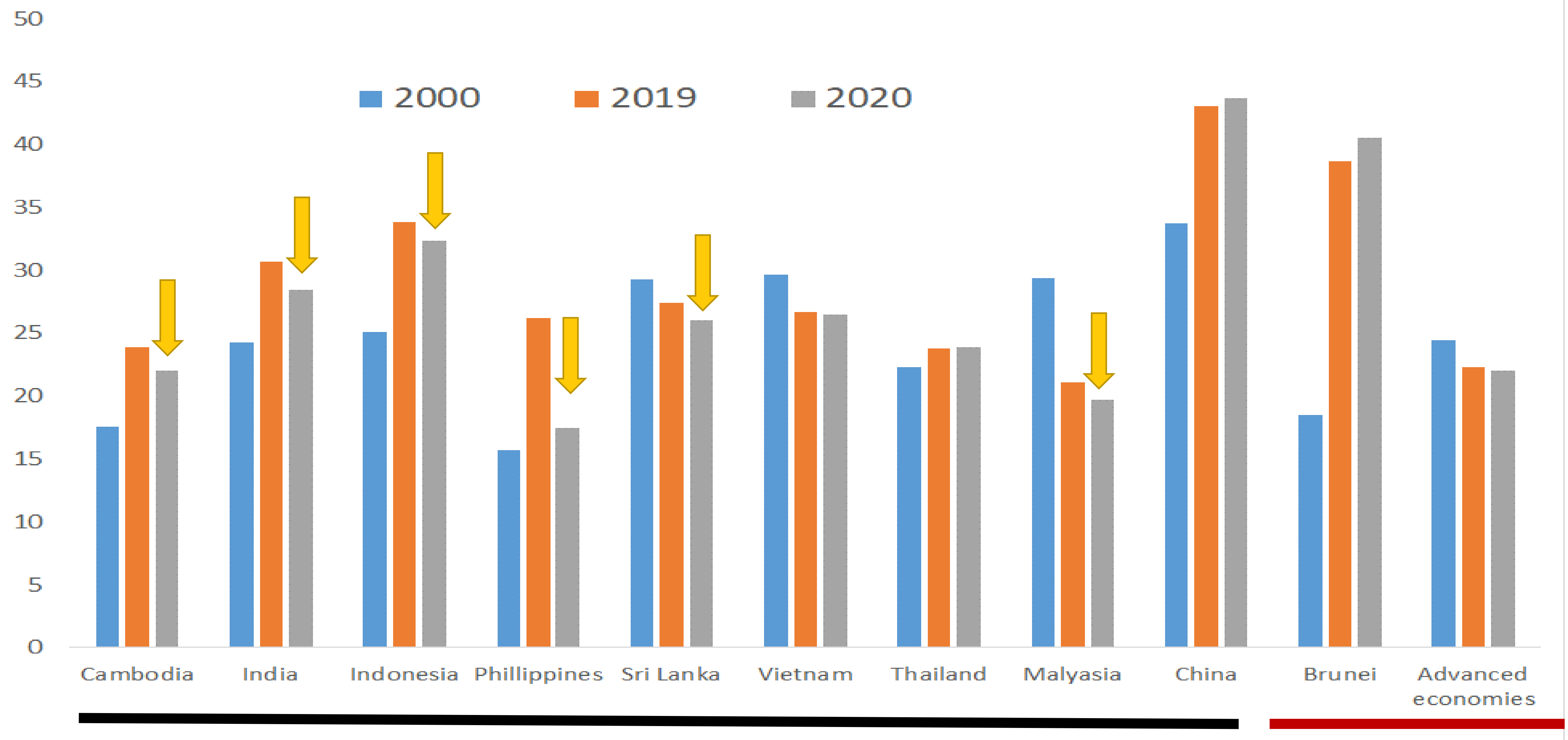
Negative GDP Growth Rates in 2020



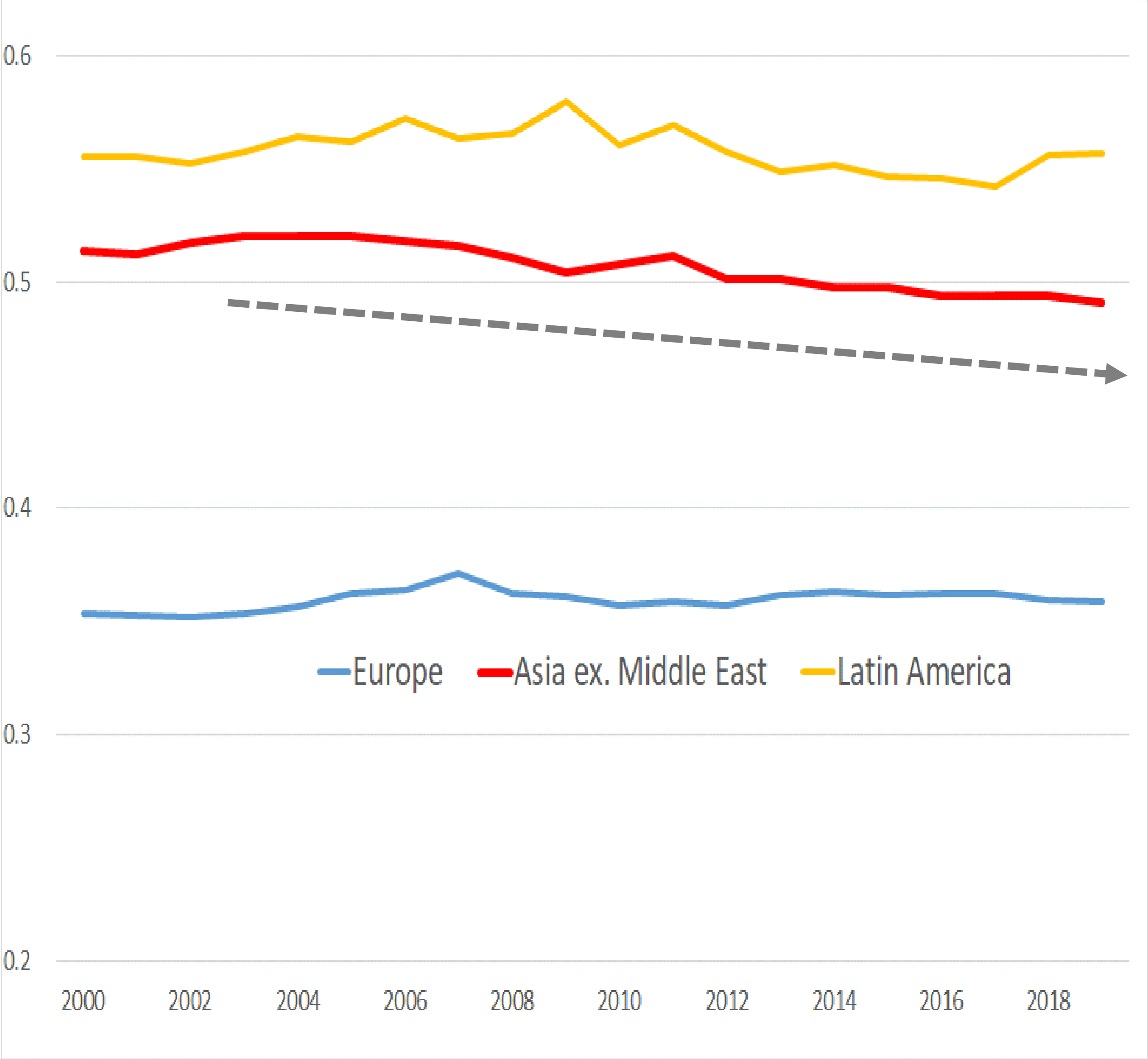
Negative Growth Rates in Many Emerging Asia

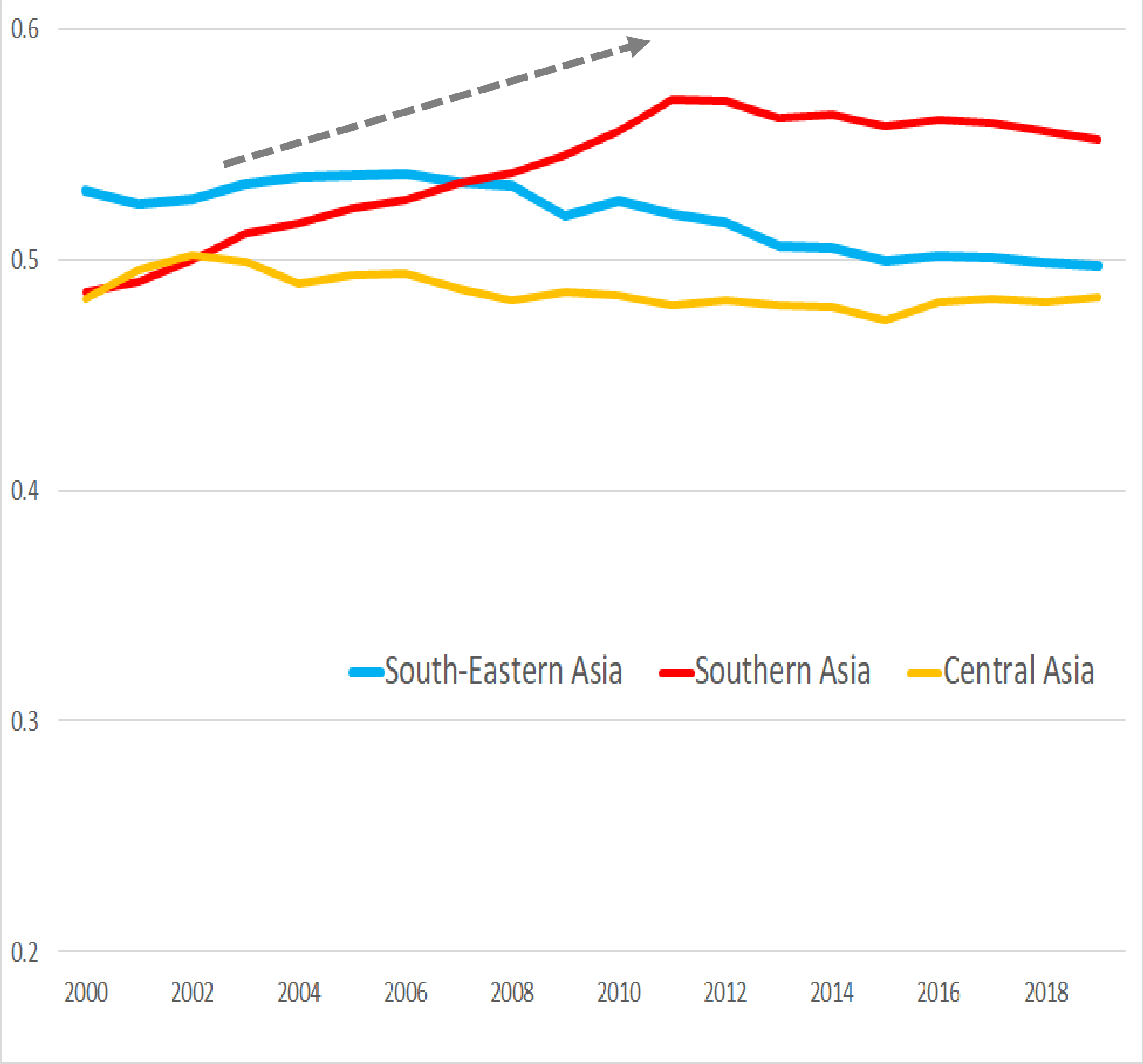


Declined Investment/GDP in Emerging Asia

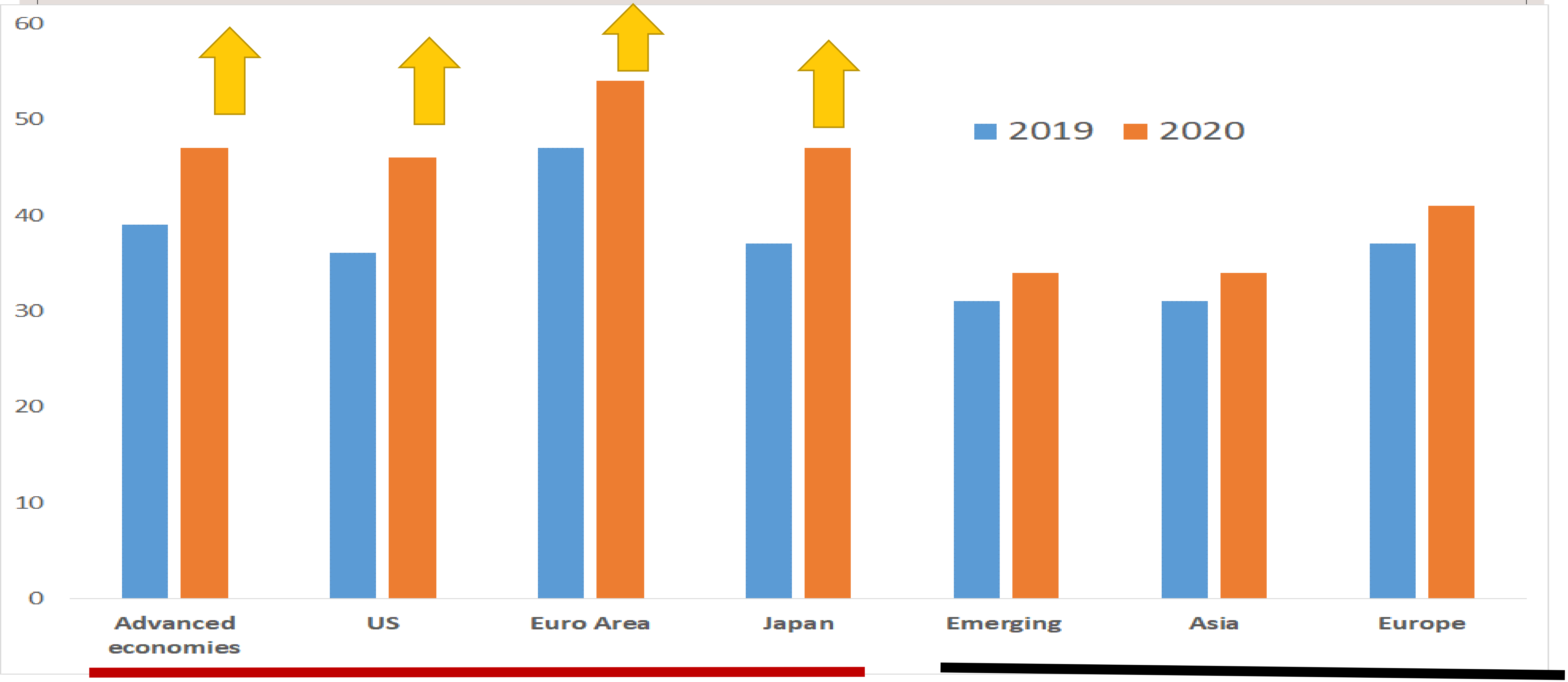


High Income Inequality in Asia

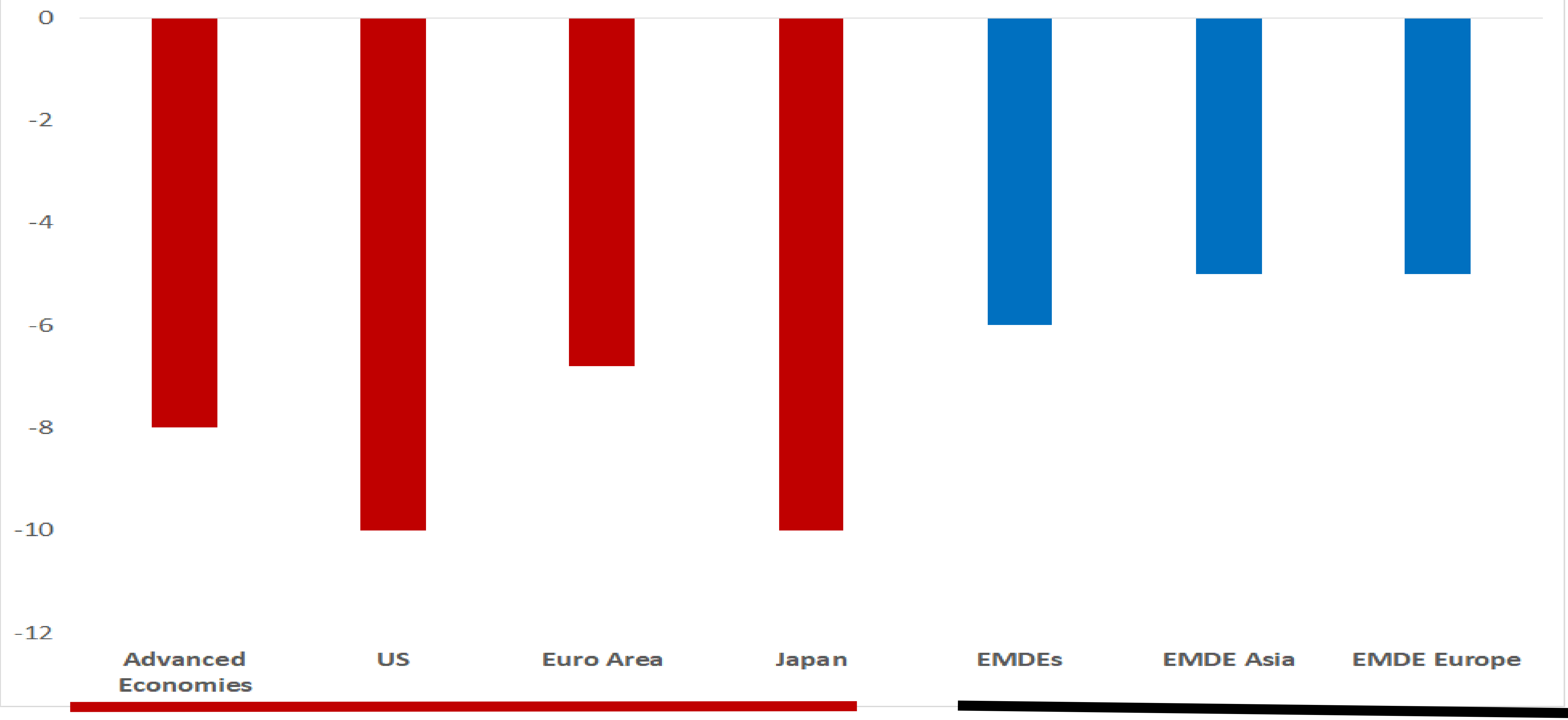




Increase in Gov. Spending/GDP in 2020



Change in Fiscal Balance/GDP (2020)



Quantitative Easing (QE) Since the Pandemic

	Economies Since the Pandemic
QE	High-income: Australia, New Zealand, Korea, Canada Asian EMEs: India, Indonesia, Malaysia, Philippines, Thailand, Turkey, South Africa

Zero-Lower Bound (0.1%~0.25%): Australia, New Zealand, Canada

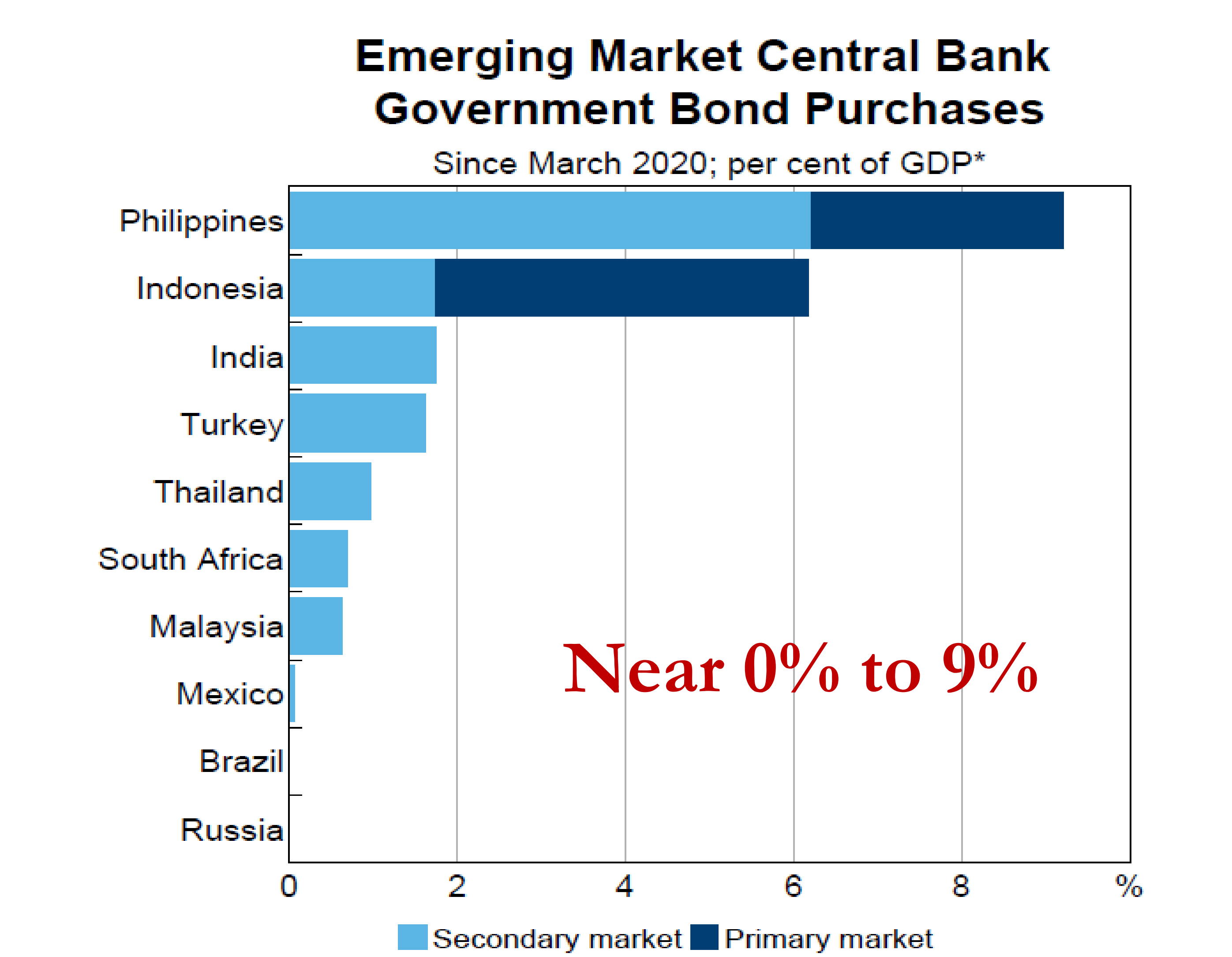
Limited Scale of QE in Emerging Economies

- Increase in the Financial Asset/GDP since the Pandemic:

Japan: around 24% of GDP

US: around 17% of GDP

Euro Area: around 20% of GDP



Source: Pordeli et al (2021)

Conclusions

- Emerging economies are suffering more than advanced economies since the pandemic.
- This is not only due to the slow pace of vaccination but also due to limited ability to perform fiscal and monetary policy responses to the pandemic. The closer policy coordination was more feasible in advanced economies.
- Income and asset inequality are deteriorating between economies and particularly so within emerging economies.
- As advanced economies are recovering faster, support for emerging economies including vaccination and green recovery is needed.