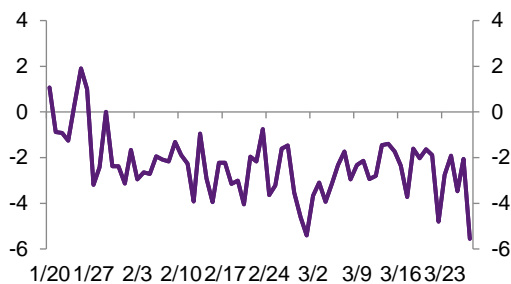


## Asia Coronavirus Watch

30 March 2020



### Sentiment on manufacturing



N.B. Measure of market sentiment is based on big data of financial media. Value greater than zero indicates positive sentiment.  
Source: Natixis, GDELT

Indicator	Prior	Latest	Change
Daily housing transaction (unit)	4593	4877	↑
Coal usage (thousand tons)	546	599	↑
Steel Factory Weekly Utilization Rate (%)	65	66	↑
Box Office Revenue (USD mn)	0.67	0.58	↓
Weekly car sales (unit)	21696	25842	↑

Source: Natixis, Bloomberg, WIND, Baidu  
\* Inner-city transportation intensity is the indexation of the number of people who travel in this city to the population of this city. Inner-city transportation intensity ratio equals to the average intensity of the four tier-one cities in 2020 as a share of that in 2019.

## FISCAL STIMULUS IS HELPFUL BUT RISKS REMAIN ON POTENTIALLY HIGHER INFECTIONS

### Summary:

Amid the rapid surge in global cases, official statistics shows Asia also saw rising number of cases but at a slower pace than Europe and the US. There is now a divergence within Asia: While China and Korea improved, Japan and India are facing a tougher reality. A second wave of infections seems to remain as a key concern in most Asian markets.

The fear on further contagion has led to stricter border controls or closure as well as policies to restrict movement domestically. Malaysia and Indonesia are going to introduce or extend lockdown, while Hong Kong, Taiwan and Singapore have further restricted foreign entry and transit flights. Such measures are posed to be extremely painful for two sectors: [hospitality](#) and [airlines](#). For example, [Thailand](#) forecasts USD 9.2bn of lost revenue under an optimistic scenario and the Bank of Thailand is projecting a recession of over 5% for 2020. The delay of Tokyo Olympics will be another blow to Japan.

Beyond services, pressure continues to exist on manufacturing given that the global supply chain is now affected by lockdowns in Europe and in the US. In that regard, the drastic decline in industrial profits in China shows mounting headwinds for Chinese manufacturing sector. Singapore's Q1 advanced estimate of a 2.2% YoY GDP contraction is also an early warning of where Asia is heading in terms of growth.

While [the Chinese equities are relatively resilient](#), Australia, India and the Philippines have seen the worst fall given their dependence on foreign capital or income. On forex, Asian currencies failed to defy gravity given the [dollar credit crunch](#) and shrinking risk appetite.

### Policy response:

During last week, Asian central banks continued to ease. Following the Fed's announcement of unlimited quantitative easing, Bank of Korea also pledged to provide unlimited liquidity for the next three months. Also, the People's Bank of China conducted RMB 5 billion central bank bills swap (CBS) operations to channel more liquidity into banks. Finally, the Central Bank of the Philippines cut its reserve requirement ratio by 200 basis points to tackle domestic credit crunch.

On the fiscal side, Singapore unleashed a SGD 48 billion stimulus package as a necessary "big bazooka" given heightened recession risks. In addition, Korea has unveiled a fiscal stimulus package of 100 trillion won to alleviate the woes of small and micro businesses. Australia also have announced new stimulus of AUD 130 billion in wages subsidy and Hong Kong announced a potential second round stimulus package to combat the ever-darkening economic outlook.

Overall, the pandemic has called for increasing international policy coordination to pacify the risk sentiments and avoid beggar-thy-neighbor policies. The pledge of Group 20 leaders to inject USD 5 trillion in fiscal spending and sends a promising signal of unity. We expect more coordinated policies in terms of FX intervention to come to further rescue, [at least with strong support from Japan's side](#).



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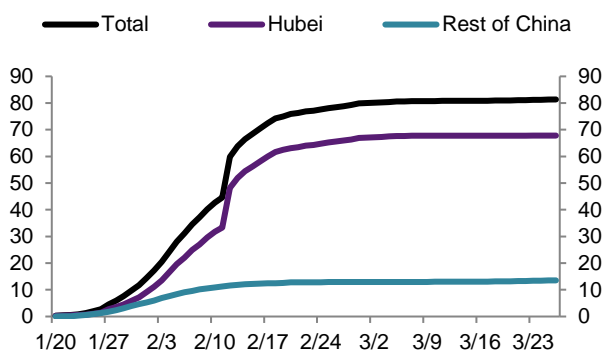


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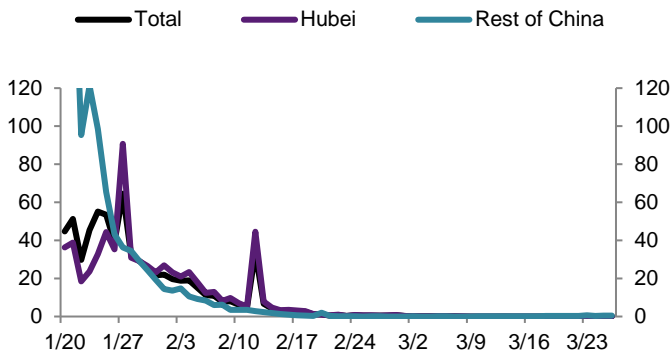
**Evolution of coronavirus outbreak:**

**The number of confirmed cases in China (thousand)**



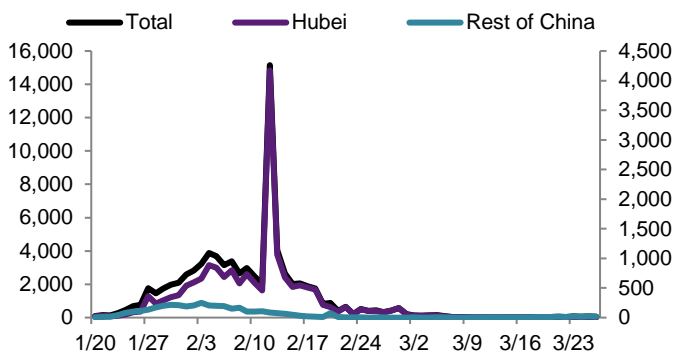
Source: Natixis, China National Health Commission, CEIC

**The growth rate of total confirmed cases in China**



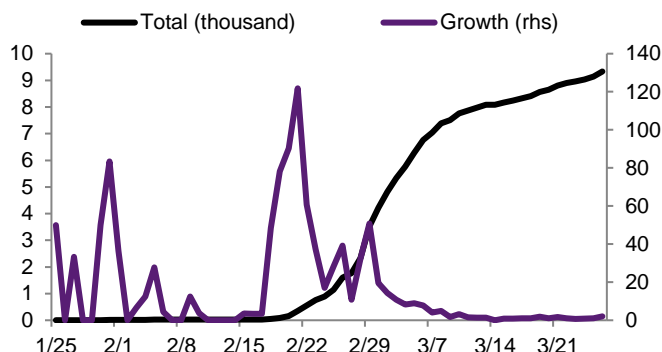
Source: Natixis, China National Health Commission, CEIC

**The newly confirmed cases in China**



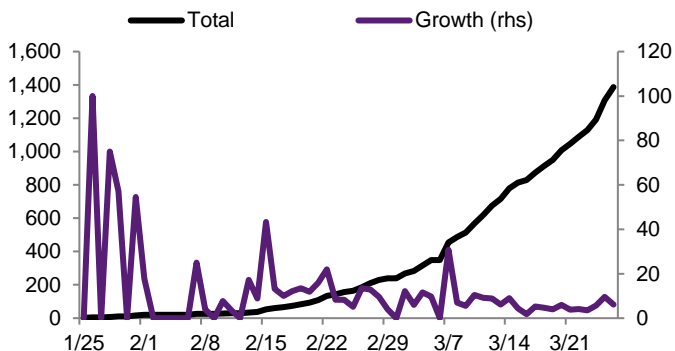
Source: Natixis, China National Health Commission, CEIC

**Total confirmed cases in Korea**



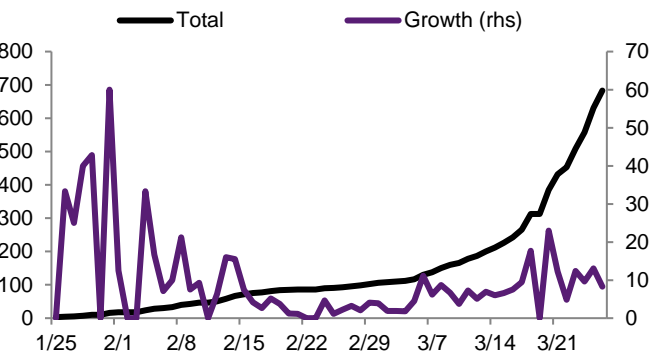
Source: Natixis, CEIC

**Total confirmed cases in Japan**



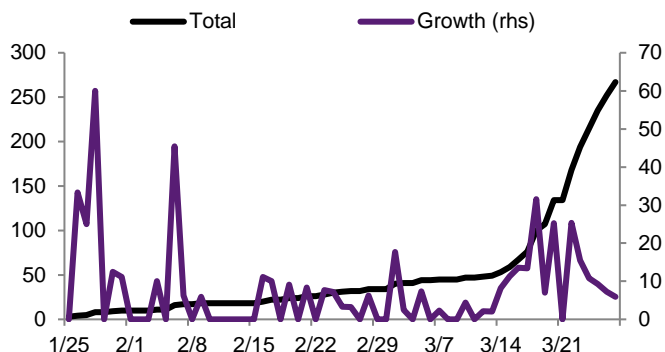
Source: Natixis, CEIC

**Total confirmed cases in Singapore**



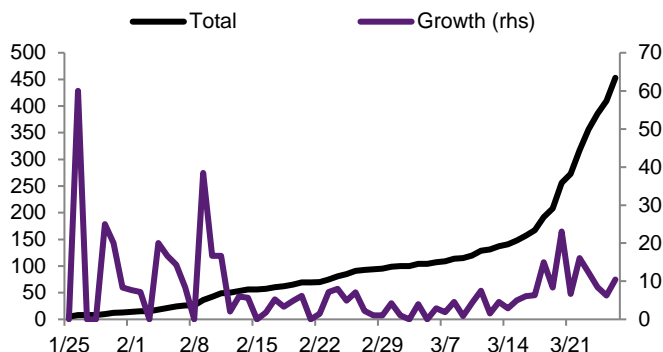
Source: Natixis, CEIC

Total confirmed cases in Taiwan



Source: Natixis, CEIC

Total confirmed cases in Hong Kong



Source: Natixis, CEIC

**FX performance:**

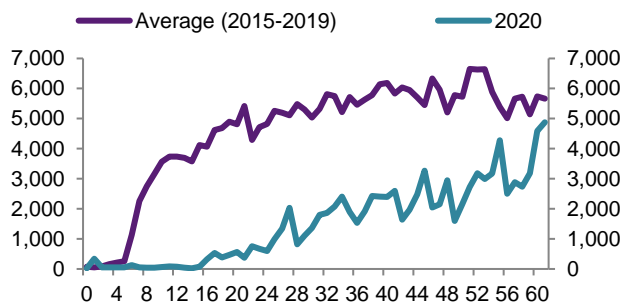
Equities	Last	Change	% Day	% 1W
SHCOMP	2772.203	7.29	0.26	0.00
SZCOMP	1693.347	-7.80	-0.46	-6.02
HSI	23484.28	131.94	0.56	-10.12
Nikkei	18583.8	-805.63	-4.15	-12.10
KOSPI	1676.88	-40.85	-2.38	-15.61
Singapore	2448.65	-80.11	-3.17	-18.68
Taiwan	9421.03	-277.89	-2.87	-16.57
Thailand	1099.76	7.80	0.71	-17.96
Malaysia				
India	8660.25	18.80	0.22	-22.69
Indonesia	4545.571	206.67	4.76	-16.64
Philippines	5266.62	-134.96	-2.50	-22.41
Vietnam	696.06	1.85	0.27	-21.10
Australia	4950.2	107.77	2.23	-23.15

Source: Natixis, Bloomberg

FX	Last	Change	% Day	% 1W
USDCNY	7.10	0.02	-0.33	-1.47
USDCNH	7.10	0.01	-0.21	-1.73
USDHKD	7.75	0.00	-0.01	0.53
USDJPY	107	-0.49	0.46	0.41
USDKRW	1221	9.72	-0.80	-0.49
USDSGD	1.43	0.00	-0.01	-2.36
USDTWD	30.24	0.02	-0.07	0.15
USDTHB	32.63	0.07	-0.21	-3.40
USDMYR	4.34	0.00	0.05	-2.77
USDINR	74.85	-0.30	0.40	-3.58
USDIDR	16170	-135.00	0.83	-11.45
USDPHP	51.05	0.07	-0.14	-0.14
USDVND	23625	-11.00	0.05	-1.63
AUDUSD	0.62	0.00	-0.19	-5.51

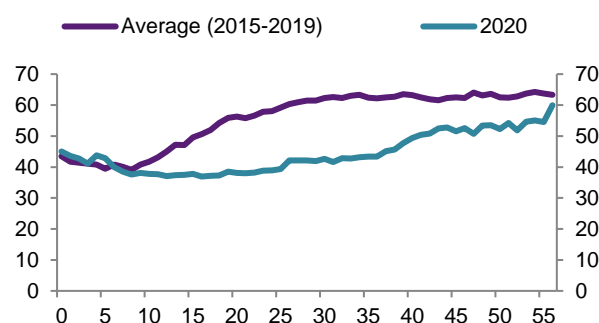
**Market indicators of Mainland China:**

Daily Home Transactions since Lunar New Year



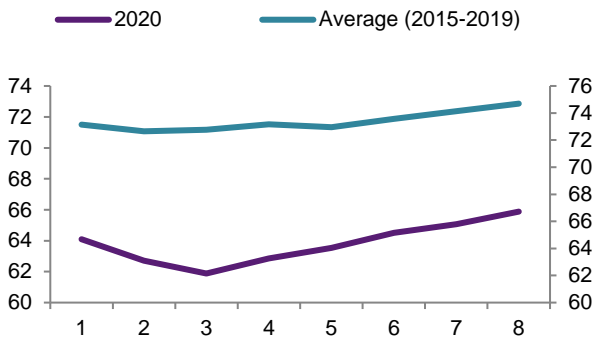
N.B Data as of 26 Mar 2020. Counted from the first day of lunar new year. Dataset of 30 large and medium cities. Source: Natixis, WIND

Coal Usgae



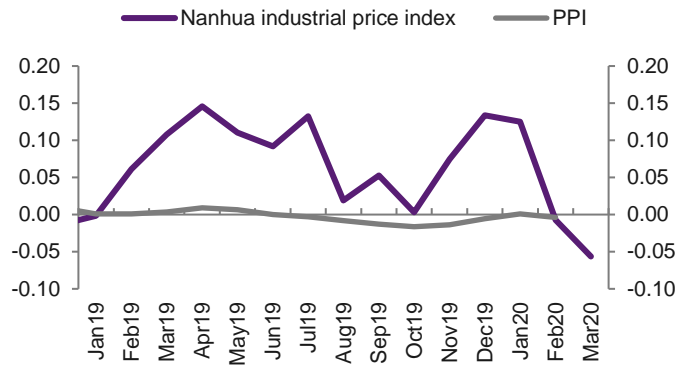
N.B Data as of 20 Mar 2020. Counted from the first day of lunar new year. Dataset of 30 large and medium cities. Source: Natixis, WIND

**Steel Factory Weekly Utilization Rate (%)**



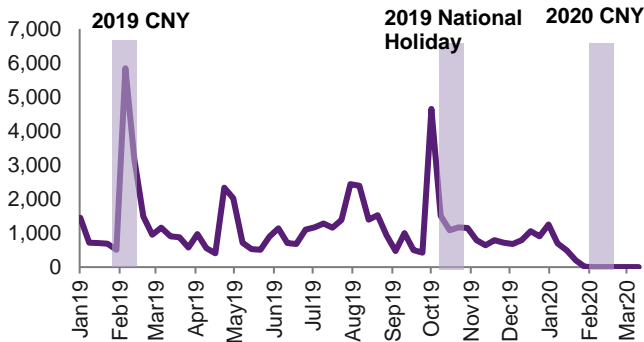
N.B Data as of 27 Mar 2020. Counted from the first day of lunar new year. Dataset of 30 large and medium cities. Source: Natixis, WIND

**Nanhua Industrial Price and PPI (%)**



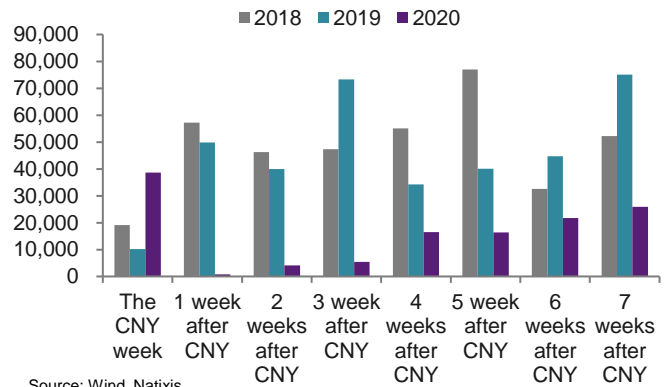
Source: Bloomberg, Natixis

**Box Office Revenue (million USD)**



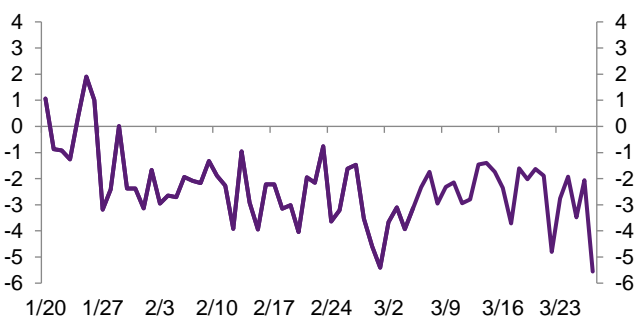
N.B Data as of 15 Mar 2020  
Source: Natixis, WIND

**Car Sales**



Source: Wind, Natixis

**Sentiment on manufacturing**



N.B. Measure of market sentiment is based on big data of financial media. Value greater than zero indicates positive sentiment.  
Source: Natixis, GDELT

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