

Week Ahead Economic Preview

- China's fourth quarter GDP
- US industrial production and retail sales
- UK monthly GDP plus Eurozone industrial production

With COVID-19 infections rising sharply in many countries, the focus will be on the path of the virus and extent to which economies will have to be locked down in the first quarter, as well naturally as the policy response, notably in the US. However, the week ahead also sees some important economic data releases which will give further clues as to the extent to which various major economies managed to continue to recover in the fourth quarter.

Leading the bill is fourth quarter GDP for China which, with just around 100,000 virus cases and 5,000 deaths reported in total, has seen life return almost to normal, boosting economic activity according to the PMI surveys. Hence the fourth quarter is expected to have seen China's GDP growth accelerate from 4.8% in the third quarter to approximately 6.5%. Of particular interest will be the accompanying higher frequency data on industrial production and retail sales, as these will give details of growth momentum both among manufacturers and consumers in December (more on Asia on [page 5](#)).

Similarly in the US, where tensions could build again in the lead up to the Presidential inauguration on 20th January, industrial production and retail sales data will provide important steers on fourth quarter economic growth nowcasts, albeit only up to November. The University of Michigan Consumer sentiment survey will add some more timely insight into how the pandemic and political environment have affected sentiment in January. Jobless claims and job openings data will meanwhile help clarify the latest labour market trends, and we also see updates to the NFIB survey and the Beige Book (more on [page 3](#)).

In Europe, Brexit-watchers will be further assessing the impact of the end of the UK's transition period, the lead up to which is likely to have provided a temporary boost to November's GDP numbers, which are released on Friday. The Eurozone also sees updated industrial production data, which surveys hint at showing robust growth, albeit dependent to a large extent on Germany (see [page 4](#)).

Central bank action meanwhile comes in the form of interest rate decisions in South Korea and Poland.

Special Reports

Global economy: IHS Markit's PMI surveys showed the pace of global economic growth slowing for a second successive month in December amid further waves of COVID-19 infections, with worse likely to coming in the early New Year ([page 6](#))

APAC Economic Outlook for 2021: A Year of

Uncertainty: A look at how this year is likely to be characterized as a "Year of Uncertainty", with considerable risks around how quickly vaccines can be deployed and how rapidly the pandemic will be brought under control in different countries. ([page 9](#))

Upcoming PMI releases

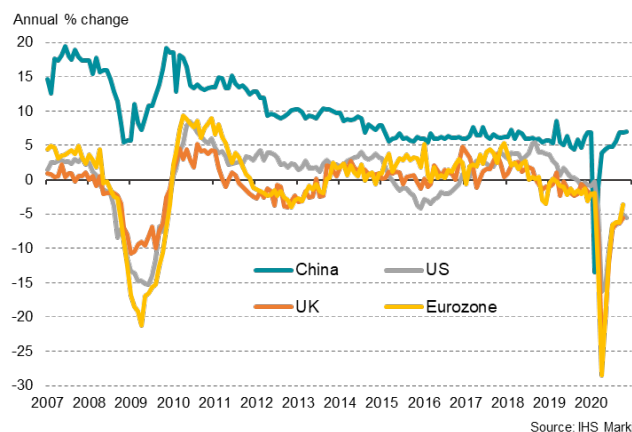
22nd January: Flash PMIs for the US, Eurozone, Japan, UK and Australia

1st February: Final Worldwide Manufacturing PMIs

3rd February: Final Worldwide Services PMIs

4th February: Detailed Global Sector PMIs

Industrial production data are updated for the US, China, Eurozone and UK during the coming week. Only China has so far seen output regain levels of a year ago.



Chris Williamson

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Key diary events

Monday 11 January

Australia retail sales (Nov)
China consumer prices/producer prices (Dec)
Japan machine tool orders (Dec)
Italy industrial production (Nov)
Mexico industrial production (Nov)

Tuesday 12 January

Japan current account (Nov)
Japan trade balance (Nov)
India industrial production (Nov)
India consumer prices (Dec)
UK trade balance (Nov)
Netherlands consumer prices (Dec)
Italy retail sales (Nov)
Brazil consumer prices (Dec)
US NFIB survey (Dec)

Wednesday 13 January

South Korea unemployment rate (Dec)
China foreign direct investment (Dec)
France consumer prices (Dec)
Eurozone industrial production (Nov)
Italy industrial production (Nov)
US consumer prices (Dec)
US Fed Beige Book
US MBA mortgage applications

Thursday 14 January

Australia building permits (Nov)
Japan producer prices (Dec)
Japan machinery orders (Nov)
UK RICS housing survey (Dec)
China trade balance (Dec)
Germany GDP (2020)
Ireland consumer prices (Dec)
US retail sales (Dec)
US jobless claims (w/c 1 Jan)
US import and export prices (Dec)

Friday 15 January

South Korea interest rate decision
China house prices (Dec)
China GDP (Q4)
China fixed asset investment (Q4)
China industrial production (Dec)

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China retail sales (Dec)
UK GDP (Nov)
UK industrial production (Nov)
UK trade balance (Nov)
Indonesia trade balance (Dec)
Italy trade balance (Nov)
Eurozone trade balance (Nov)
France consumer prices (Dec)
Brazil retail sales (Nov)
India trade balance (Dec)
US producer prices (Dec)
US industrial production (Dec)
US University of Michigan Consumer Sentiment (Jan)
US business inventories (Nov)
US JOLTS job openings (Nov)

United States Week Ahead

Retail sales, industrial production and inflation

By Siân Jones

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As we start the new year, we look forward to an influx of official data releases, giving an insight into the state of the US economy as 2020 drew to a close. Recently released PMI data signalled a substantial rise in private sector business activity, but uncertainty remains significant as the pandemic continues. Topping the economic release calendar are updates to retail sales, industrial production and inflation for December, plus JOLTs data for November. Additional restrictions and a rise in virus cases are expected to have stymied growth in job vacancies once again.

Retail sales and industrial production

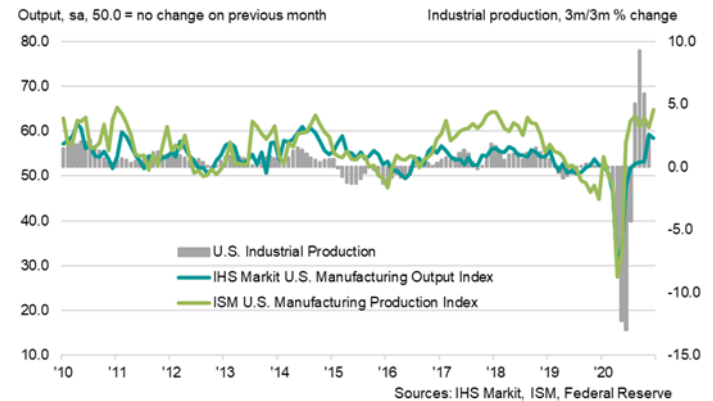
Retail sales data released for the final month of 2020 follow November's figures which indicated a slowdown in the annual expansion in consumer spending, as income support dwindled and virus cases rose sharply. Although spending during the first quarter of 2021 is expected to be boosted by the new fiscal stimulus package, December is likely to have proven another challenging month for retailers during the pandemic.

At the same time, the industrial recovery continued in December, according to PMI data. The rate of output growth eased slightly but was substantial overall, despite reports of COVID-19 measures restricting capacity. Supply-chain issues and the pandemic are downside risks to the short-term outlook, but manufacturers remained broadly optimistic regarding their expectations for the year ahead.

Inflation

In their latest round of economic projections, the FOMC suggested that they expect inflation to tick higher during 2021, in line with evidence of supply-chain disruption and greater cost burdens at firms which will likely be passed through to clients once demand conditions stabilise. The rate of inflation remained historically subdued in November, and the committee do not foresee any threat to their 2% target rate. Although December PMI data indicated a sharp rise in selling prices, the pace of cost inflation far outstripped that of charges, as firms partially absorbed price hikes and sought to boost sales further.

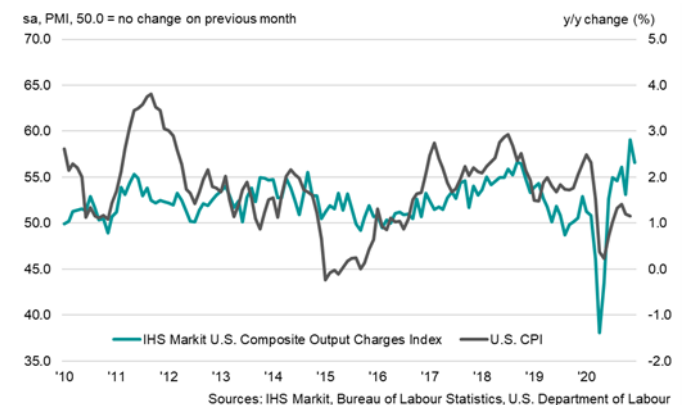
Manufacturing recovery continues in December, according to IHS Markit PMI data, as output rises further



Weaker rise in disposable incomes during November set to have created challenging demand conditions for retailers in December



Selling prices continue to rise sharply amid substantial increases in firms' cost burdens, according to PMI data



Europe Week Ahead

Eurozone and UK industrial production, UK GDP

By Paul Smith

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Following the release of the final PMIs for 2020, the European economic data calendar pivots back towards official releases next week. Industrial production and trade data for the Eurozone are provided, whilst there is a first estimate of full year 2020 GDP for Germany. Over in the UK, November estimates of economic output and industrial production are released.

Eurozone industrial production

Underpinned by a strong German industrial recovery, final manufacturing PMI data for December showed that wider regional Eurozone factory performance was at its best since May 2018. And with industrial growth fuelled in part by increased demand from Asia for European goods – which is helping to drive gains in manufacturers’ order books – look out for similar trends to emerge from next week’s official industrial production and trade figures.

But the challenges facing much of the Eurozone lie predominantly in those service sectors dependent on social contact. With many countries stepping up their fight against rising virus numbers, final PMI data for December showed the eurozone economy contracting for a second successive month – and pointing to a fresh drop in GDP in the final quarter of 2020.

UK GDP, industrial production

Of course, similar issues are evident in the UK, although with the country entering a third national lockdown at the start of 2021, problems are arguably even more acute and the near-term macroeconomic outlook extremely challenging.

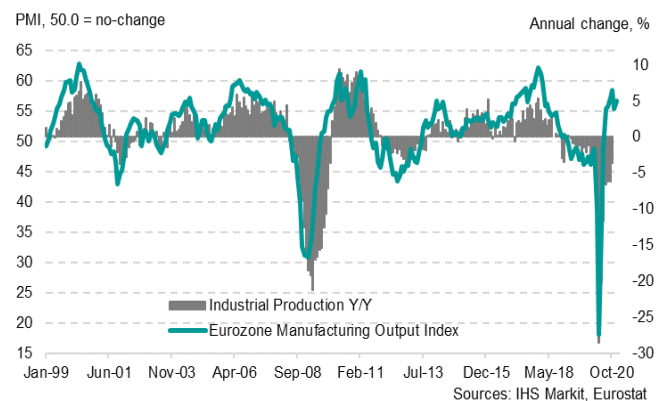
Moreover, the ending of the transition period related to the UK’s departure from the EU at the end of 2020 has added another layer of complexity when interpreting UK economic numbers. Recent PMI data have shown manufacturing exports and stocks rising markedly ahead of the deadline amid fears of port and transport congestion as new trading regulations come into force.

As such, these developments are likely to have bolstered November GDP and industrial production figures when released for the UK next week.

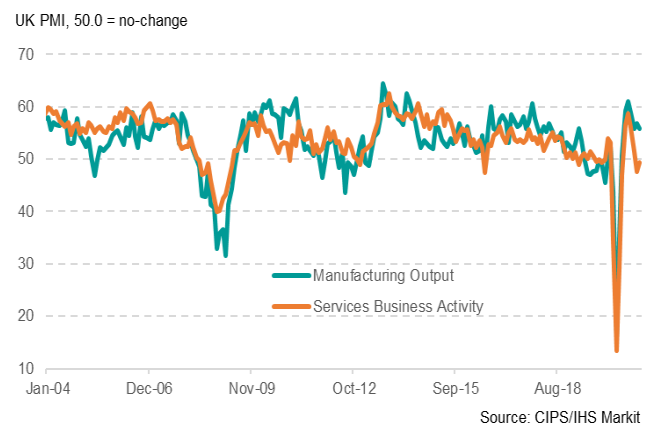
The Germany industrial sector is benefiting from a strong surge in new orders, especially from Asia...



...helping to support wider growth and recovery of the Eurozone’s industrial base



UK PMI data has shown that pre-Brexit stockpiling and export trade has bolstered the country’s manufacturing industry



Asia Pacific Week Ahead

China fourth quarter GDP and detailed monthly data released next week

By Paul Smith

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Asia watchers will primarily be focused on the end of the week, when China provides not only its usual mass 'data dump' of high frequency monthly statistics, but also issues its first estimate of fourth quarter GDP.

Elsewhere Indian industrial production data are released, whilst in South Korea policymakers meet to set interest rates. Japanese trade and machine orders data will also be eyed for clues as to whether the country is benefiting from the recent uplift in regional trade.

China GDP, industrial production

December's monthly data on China's economic performance should show the continuation of the country's strong recovery from the COVID-19 pandemic, and feed through to a positive Q4 GDP number, which is also provided next week. Growth has been driven in the main by strong export trade, helping to fuel the nation's crucial industrial base which expanded at a rate of 6.9% year-on-year in November.

With domestic demand also showing a decent recovery, we estimate that China was already growing at a cyclical rate broadly equivalent to 'normal' in November. And, with the timelier Caixin PMI pointing to a broad consolidation of above average growth in the final month of the year, expect another set of strong official data next week. GDP growth looks set to accelerate from 4.8% to around 6.5%.

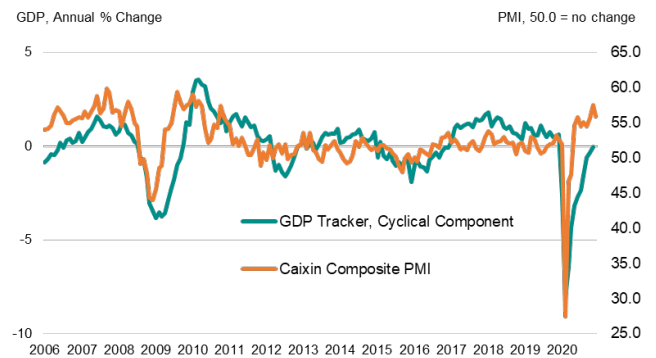
India industrial production

Although India remains in technical recession following news of a second successive quarterly contraction in GDP for the September quarter (-7.5% y/y), the timelier high frequency monthly data have pointed to some positive momentum in the final months of 2020.

Of note, industrial production returned to growth in October following six months of contraction, with output rising by 3.6% on the year.

Whilst the service sector continues to struggle to recover meaningful growth momentum – as evidenced by the December PMI data, and in line with the spike in COVID-19 cases – as with many countries around the world, industry has been a recent bright spot and next week's November official data figures should show more of the same.

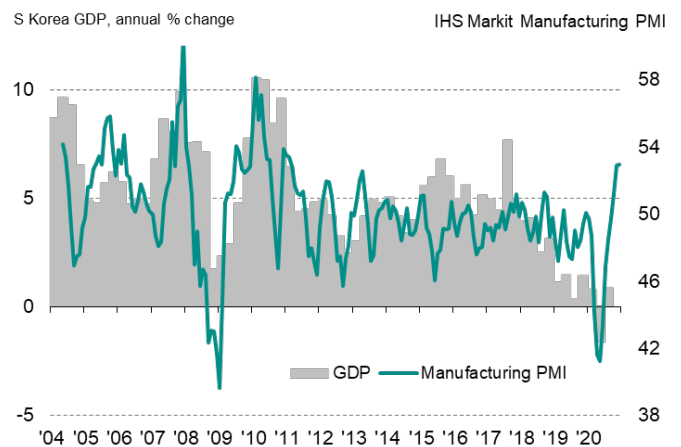
The cyclical component of Chinese GDP has returned to its trend level...



Source: IHS Markit

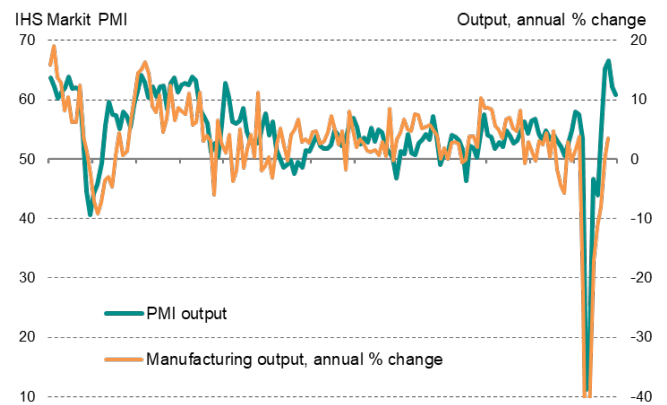
[Click here for details of our new China GDP tracker](#)

Policymakers meet in South Korea amid signs of the economic recovery building



Source: IHS Markit

Industrial production in India has been a bright spot for the economy in recent months



Source: IHS Markit

Global Economy Special Focus

Global growth slows further in December as COVID-19 infections rise

By **Chris Williamson**

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The pace of global economic growth slowed for a second successive month in December as further waves of coronavirus disease 2019 (COVID-19) infections curtailed activity and hit demand. Optimism about the year ahead also fell amid intensifying concerns over the spread of the virus, subduing employment growth. European economies were the hardest hit, but robust – albeit slower – expansions continued to be recorded in the US, China, India and Brazil.

Worse may be yet to come, however, as virus-fighting restrictions look set to tighten further in the coming weeks, reinforcing expectations of a slow start to 2021 for the global economy.

Global PMI falls for second month running

The JPMorgan Global PMI™ (compiled by IHS Markit with data collected 4th-21st December) edged down from 53.1 in November to 52.7 in December, its lowest since September.

Global PMI and GDP



The decline indicates that the pace of global economic growth slowed for a second month running, as rising COVID-19 cases dampened activity and demand, though output is still indicated to have risen over the fourth quarter as a whole, further recovering from the unprecedented downturn seen in the first half of 2020.

Consumer services remain hardest hit

Global service sector growth again suffered amid new lockdown measures in many markets, led by further steep falls in tourism, recreation and transportation services. Although the service sector as a whole continued to expand, the rate of increase was the weakest since September, with inflows of new business rising at the slowest pace since August.

Manufacturing meanwhile showed encouraging resilience in the face of rising COVID-19 infections, with global output growth easing only slightly from the near-decade high seen in November. The strength of the recent manufacturing expansion led to supply chain constraints, often linked to shipping shortages, which in turn limited production in some cases and accounting for at least some of the slowdown in overall manufacturing growth.

Global PMI output by broad sector



The outperformance of manufacturing relative to services was further highlighted by the global PMI survey's export indices, which track cross border flows of goods and services.

Global exports of goods and services



While global goods exports rose for a fourth month running, rounding off the best quarter since the opening

months of 2018 (despite some slowdown due mainly to shipping delays), the service sector saw exports fall for a seventeenth successive month, with the rate of decline accelerating to the fastest since July, albeit far less severe than the downturn seen earlier in 2020. Falling services exports principally reflected increasingly tight COVID-19 restrictions.

China and US lead global expansion

China and the US led the global expansion followed by India, mainly reflecting above-average service sector expansions in all three cases, albeit with rates of growth cooling versus November.

Italy reported the steepest downturn among the world's major economies, by some margin, amid sharply falling service sector activity. However, service sector output also fell in all other big-four euro member states, as well as in Japan, Russia and the UK.

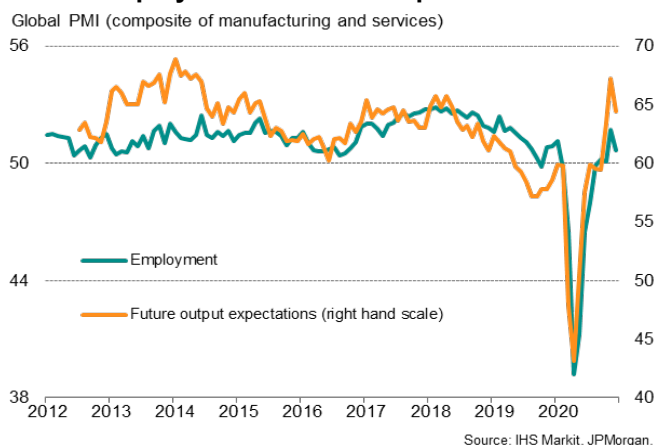
Manufacturing expansions in the eurozone and the UK meant these economies remained broadly unchanged overall in December, but Japan and Russia were notable in remaining in contraction.

Employment hit by renewed virus worries

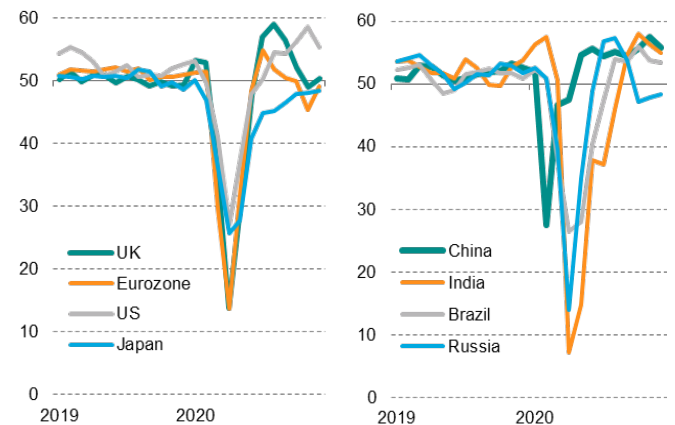
Business sentiment about prospects for the year ahead fell in December, principally reflecting rising concerns over further waves of COVID-19 infections in many countries and the prospect of tighter restrictions in the near-term. Optimism waned especially sharply in services, though remained far more buoyant than seen earlier in the year due to recent encouraging news of vaccine developments.

The dent to confidence, alongside new COVID-19 restrictions in some markets, nonetheless took its toll on hiring. Having hit a one-and-a-half year high in November, global employment growth fell close to stagnation in December, stalling in manufacturing and registering only a modest rise in the service sector.

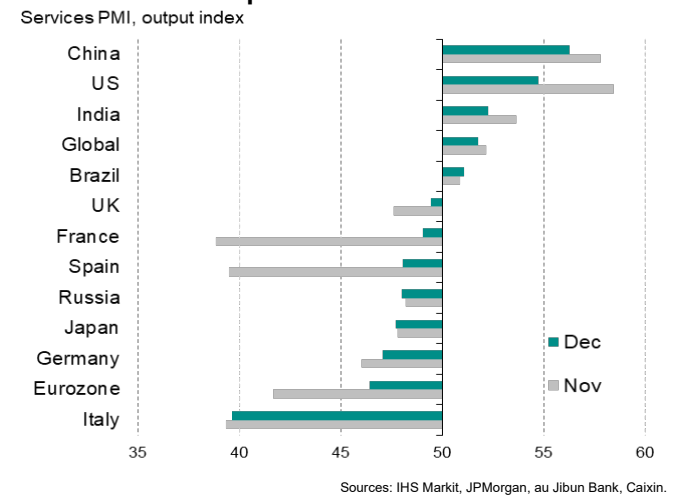
Global employment and future optimism



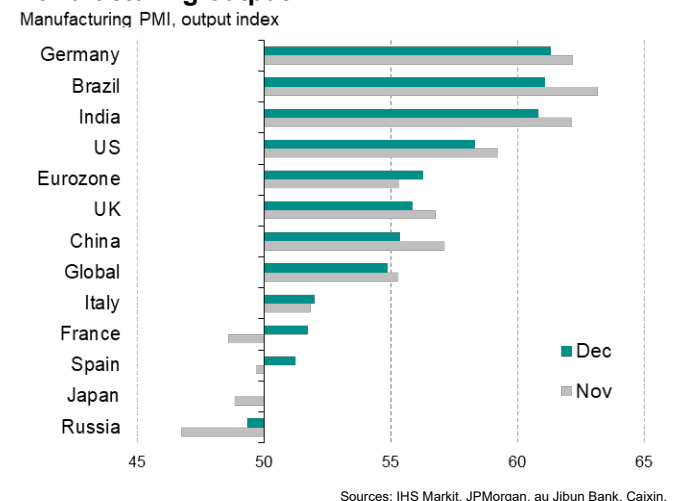
Composite PMI Output/Business Activity Index



Service sector output

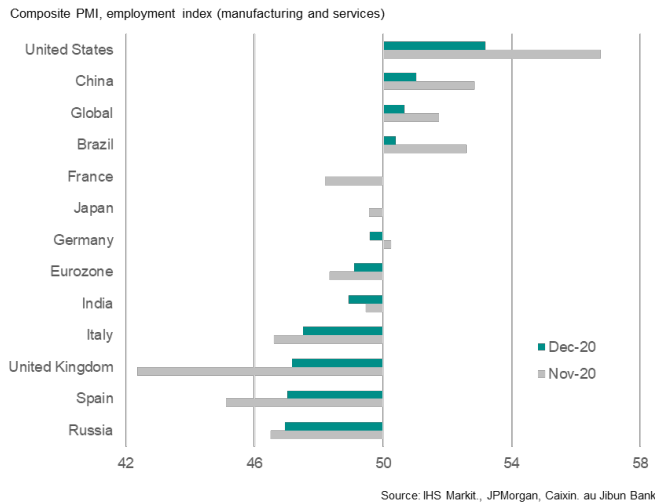


Manufacturing output



Among the major economies, only the US, China and Brazil reported any net increases in payroll numbers, and even here the rates of job creation slowed sharply. The steepest falls were seen in Russia, the UK, India and the eurozone.

Employment



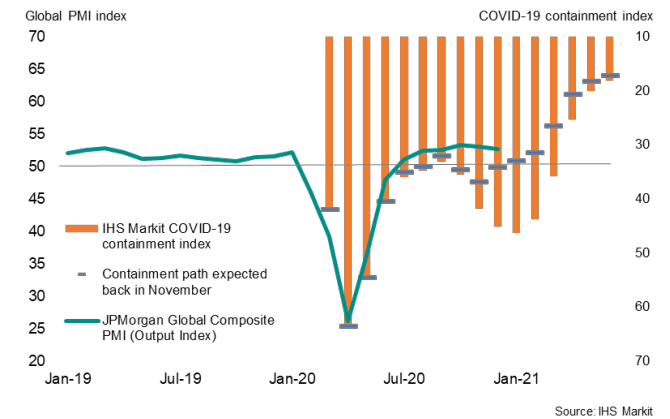
COVID-19 restrictions set to intensify

The slower expansion during December occurred alongside renewed measures implemented to fight further waves of virus infections in many countries. IHS Markit's COVID-19 Containment Index* has risen from 32 in September to 45 in December, though notably remains well below levels seen earlier in the year (during initial, tighter lockdowns, this index peaked at 64). The adverse impact on global GDP from the pandemic in the fourth quarter consequently looks considerably less severe than seen during the second quarter. Note, however, that with the PMI data having been collected between 4th-21st December, the latest survey likely failed to capture the full extent of the month's lockdown measures, which in many countries were tightened towards the end of the month.

Worse may also be yet to come, as the Global Containment Index is projected to rise to 46 in January.

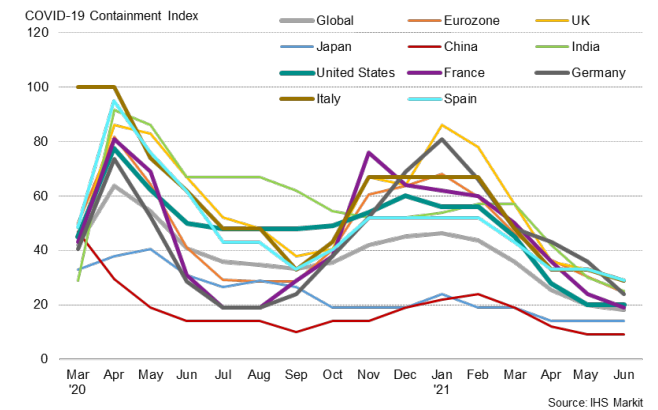
As such, the recent PMI data and renewed intensification of the COVID-19 restrictions adds weight to our forecast that the global economy will see a slow start to 2021 before the rollout of vaccines allows growth to accelerate in the second half of the year.

Global PMI* and COVID-19 containment*



* IHS Markit's COVID-19 Containment Index is based on a basket of measures applied by governments to control the spread of the pandemic, such as non-essential business closures, school closures and travel and mobility restrictions linked to social distancing policies. As these measures are tightened, the index rises towards 100 and a relaxation of measures causes the index to fall towards zero.

COVID-19 Containment Indices



APAC Special Focus

APAC Economic Outlook for 2021: A Year of Uncertainty

By **Rajiv Biswas**

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The Asia-Pacific (APAC) region experienced a severe recession in 2020 due to the COVID-19 pandemic, with APAC GDP contracting by an estimated 1.5% year-on-year (y/y). A strong economic recovery is expected in 2021, with APAC GDP growth forecast at 5.7% y/y, based on expectations that the progressive rollout of COVID-19 vaccines during 2021 will help the gradual recovery of economic activity in many OECD and APAC economies.

A key factor underpinning the strong economic rebound in the APAC region is expected to be buoyant economic growth in China, which is forecast to grow at 7.5% y/y in 2021. The Asia-Pacific recovery is expected to be broad-based, with most major Asia-Pacific economies forecast to show rapid growth in 2021.

However with large new waves of COVID-19 cases having engulfed many countries in recent months, including the UK, EU and Japan, this year is likely to be characterized as a “Year of Uncertainty”, with considerable risks around how quickly vaccines can be deployed and how rapidly the pandemic will be brought under control in different countries.

Key drivers for APAC GDP growth in 2021

The APAC region's recession of 2020 was worse than either the Global Financial Crisis or the East Asian Financial Crisis, as measured by GDP growth in the APAC region as a whole. A key factor contributing to the contraction in APAC growth in 2020 was the sharp slowdown in China's economic growth rate to an estimated pace of 2.1% y/y. In contrast, during the East Asian Crisis, China recorded GDP growth of 7.9% y/y in 1998, while in the Global Financial Crisis China grew at 9.4% y/y in 2009.

Furthermore, India is estimated to have suffered a severe recession in 2020, whereas during the East Asian Crisis and during the Global Financial Crisis, India recorded positive annual GDP growth.

Pandemic-related lockdowns and travel bans had a severe negative impact on the economies of most APAC nations during the first half of 2020. However, during the second half of 2020, many Asia-Pacific economies had already been showing significant recovery in economic momentum. This upturn was driven both by strengthening global export demand as well as the rebound in domestic consumption spending as a result of the easing of pandemic-related restrictions in many countries.

Economic recovery is forecast to continue during 2021, helped by the expected progressive rollout of COVID-19 vaccines in many OECD and APAC nations during the course of the year. This is expected to help to gradually contain the pandemic, allowing domestic economic activity to strengthen through 2021.

With world GDP expected to rebound to positive growth of 4.5% y/y in 2021 after a contraction of 4.0% y/y in 2020, this will provide a boost to the export sectors of many export-driven APAC economies. The rebound in economic growth in advanced economies such as the US, EU, UK and Canada linked to the rapid rollout of vaccination programs during the first half of 2021 is expected to support APAC new export orders to key export markets in North America and Europe.

However international travel restrictions are still expected to remain a major impediment to the recovery of international tourism and business travel in the APAC region during 2021. Consequently, APAC economies where domestic tourism accounts for a large share of total tourism, such as China, Japan and Australia, are likely to experience more rapid recovery in their tourism and travel industries than nations more reliant on international tourist visitors.

China's economic rebound

China's economy suffered a severe negative shock in the first quarter of 2020 due to the protracted shutdown of industrial production and severe restrictions on consumer expenditure due to lockdowns.

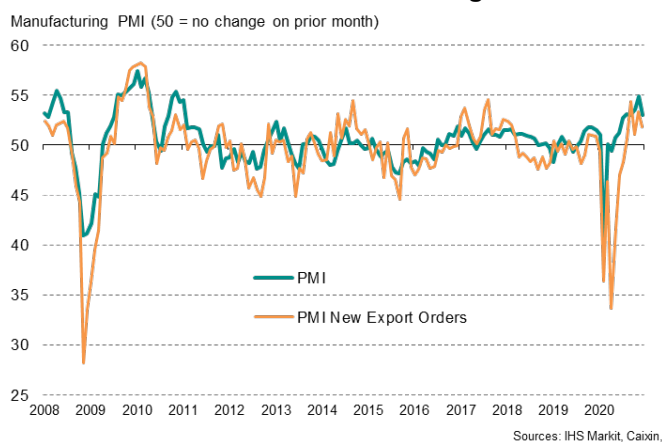
However, economic activity improved significantly during the second quarter of 2020, as industrial production rebounded and consumption spending gradually improved. The Chinese economy showed a strong recovery in economic momentum during the second half of 2020, helped by buoyant exports as well as a gradual normalization of domestic economic activity. China's industrial production grew by 7.0% y/y in November 2020, with manufacturing up 7.7% y/y while retail sales rose by 5% y/y.

Publication date: 8 January 2021

China's merchandise exports rose by 21.1% y/y in November 2020, helped by strong demand for PPE equipment and electronics, with buoyant exports to key markets, notably the US and EU. This pushed China's trade surplus for November to USD 75.4 billion, the highest monthly trade surplus since 1981.

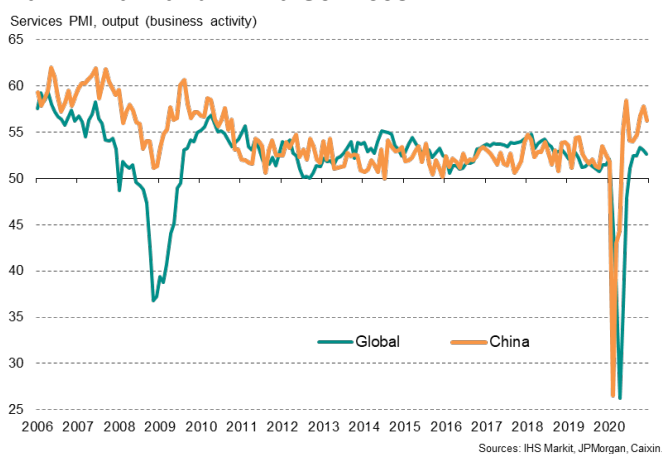
The latest Caixin China Manufacturing Purchasing Managers' Index for December 2020 was at 53.0, continuing to signal positive growth in the manufacturing sector, albeit moderating from 54.9 in November. The manufacturing new orders and export orders PMI series also continued to signal expansion.

Caixin mainland China Manufacturing PMI



The headline seasonally adjusted Caixin China General Services Business Activity Index also continued to show strong expansion in December, at a level of 56.3, albeit moderating from 57.8 in November. The rate of expansion continued to be among the steepest recorded over the past decade.

Caixin mainland China Services PMI



Japan faces new pandemic wave

The Japanese economy is meanwhile estimated to have contracted by 5.4% y/y in 2020, due to the impact of the pandemic both on domestic economic activity as well as

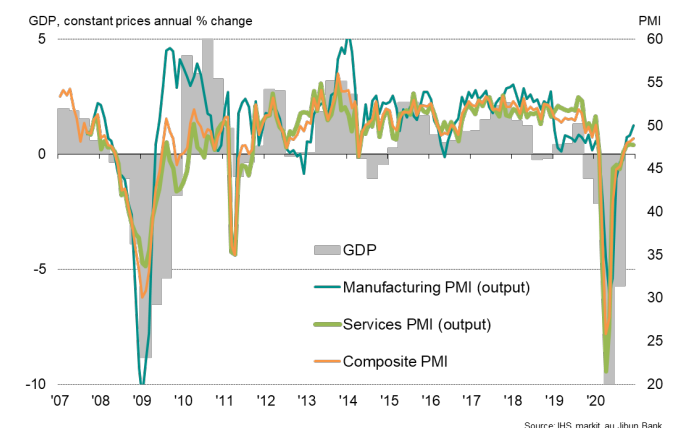
on new export orders for Japanese manufacturing exports. During the first wave of pandemic cases during the second quarter of 2020, the Japanese government imposed a state of emergency to contain the pandemic, which was temporarily successful.

However, a major new upsurge in cases that intensified during December 2020 has resulted in the Japanese government imposing a second state of emergency decree on Tokyo and several nearby prefectures, as national daily new COVID-19 cases exceeded 6,000 on 6th January 2021. The state of emergency is due to run from January 8th to February 7th 2021, although its scope will initially be relatively limited compared with the 2020 state of emergency. This is expected to have a significant impact on Japanese GDP growth in the first quarter of 2021, particularly on consumption expenditure on retailing and dining out.

Consequently, the rollout of COVID-19 vaccines is likely to play a critical role in the gradual economic recovery of the Japanese economy during 2021. Japan has sufficient orders in place for three vaccines that are already approved for use in the US, UK and EU, namely the Oxford/AstraZeneca, Moderna and the Pfizer/BioNTech vaccines. Sufficient quantities of vaccines are on order to make significant progress towards inoculating the population by mid-2021.

Based on the expected imminent commencement of Japan's immunization program, Japan's GDP is expected to return to positive growth of 2.6% in 2021. The latest headline au Jibun Bank Japan Manufacturing Purchasing Managers' Index rose from 49.0 in November to reach the 50.0 no-change threshold in December, the highest reading of Japan's Manufacturing PMI since April 2019.

Japan's GDP and the PMI surveys



Economic activity in Japan's services sector remained resilient during the fourth quarter of 2020 despite the latest pandemic wave. The seasonally adjusted Japan

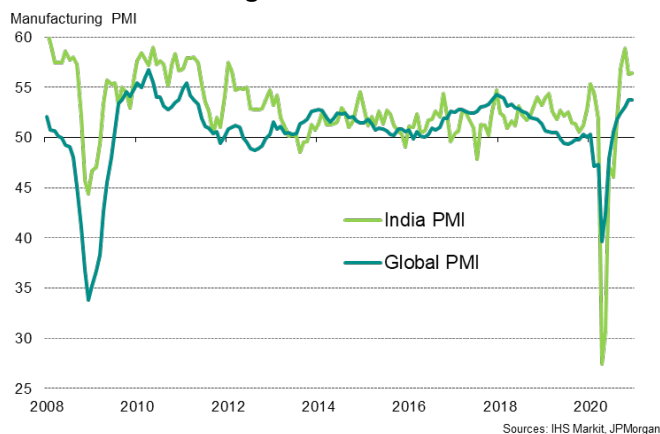
Services Business Activity Index dipped fractionally from 47.8 in November to 47.7 in December, and continued to signal a moderate contraction in activity, albeit at a much higher level of economic activity compared with the first half of 2020.

Indian economic recovery

The Indian economy also suffered a severe recession in 2020, with GDP in the fiscal year 2020-21 estimated to have contracted by 8.9% y/y. However, the worst contraction occurred during the period from March until August, with the economy having shown a strong rebound in economic activity since September. During the fourth quarter of 2020, India's industrial production and consumption expenditure have shown a rebound. October data showed that industrial production grew by 3.6% y/y, compared with a steep contraction of -55.5% in April 2020.

The seasonally adjusted IHS Markit India Manufacturing Purchasing Managers' Index was at 56.4 in December, a figure consistent with strong positive expansion and above the critical 50.0 neutral threshold for the fifth straight month. The latest figure was consistent with a marked improvement in business conditions across the manufacturing sector. Reflecting the loosening of COVID-19 restrictions, strengthening demand and improved market conditions, factory orders increased during December.

India Manufacturing PMI



Although India faces a vast challenge to vaccinate its population of 1.4 billion people, it is about to commence its COVID-19 vaccination program. India's health regulator has approved the Oxford/AstraZeneca vaccine for emergency use. An important advantage for India is that the Oxford/AstraZeneca vaccine is already being manufactured in India by the Serum Institute of India, which projects that it will be able to manufacture 100 million COVID-19 vaccine doses per month by April 2021.

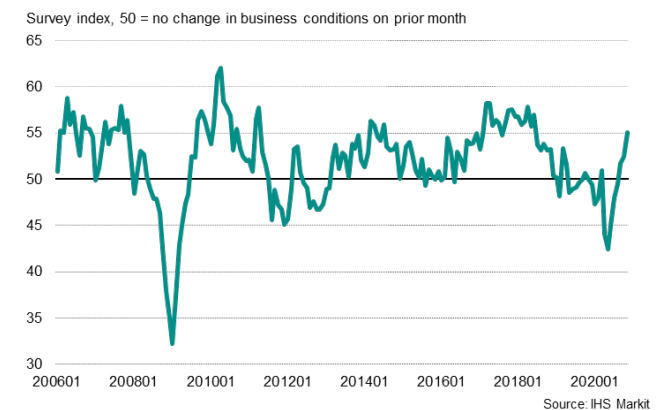
With the Indian economy already showing a significant improvement in domestic economic activity in the fourth quarter of 2020, the outlook is for Indian GDP growth to rebound by 8.9% y/y in the 2021-22 fiscal year.

Electronics sector output rebounds after COVID-19 related disruptions

The electronics manufacturing industry is an important part of the manufacturing export sector for many East Asian economies, including China, South Korea, Taiwan, Malaysia, Singapore, Philippines, Thailand and Vietnam. Furthermore, the electronics supply chain is highly integrated across different economies, with China being an important supplier of intermediate electronics parts for a number of Southeast Asian electronics sectors.

Despite severe disruptions to Asian electronics production and to global demand due to the pandemic during the first half of 2020, the IHS Markit Global Electronics PMI has signaled a significant rebound since mid-2020. The headline seasonally adjusted PMI rose to 53.4 in November 2020, up from 51.8 in October. The latest reading pointed to the quickest improvement in the health of the global electronics sector for over two years, amid stronger increases in both output and new orders.

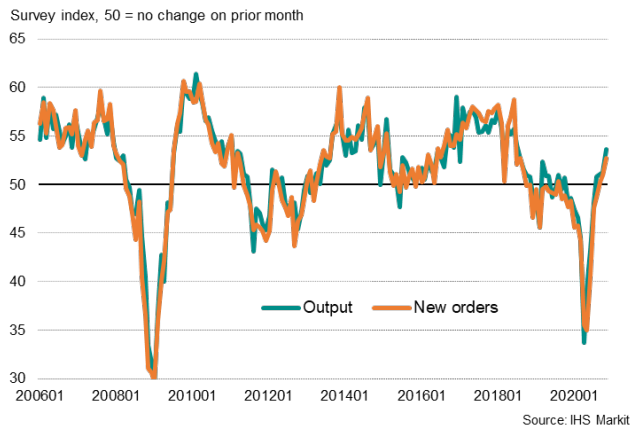
IHS Markit Global Electronics PMI



Global electronics new orders rose from a calendar year-to-date low of 34.7 in May to a level of 52.8 by November, reflecting a significant recovery in new orders. The electronics sector rebound is making an important contribution to the recovery of manufacturing exports and industrial production in many APAC industrial economies. China's electronics exports rose strongly in November, up 24.8% year-on-year due to strong Christmas demand for consumer electronics in key global markets, notably the US and EU. In South Korea, semiconductor exports increased 16.4% y/y in November, boosted by newly launched mobile phone

products as well as increasing sales of mobile phone parts.

IHS Markit Global Electronics PMI, output and new orders



Outlook: a year of uncertainty

Despite the expected rebound in global and APAC economic growth in 2021, there are considerable uncertainties about how rapidly vaccines will be deployed and how effective these may be in bringing the global pandemic under control, particularly given rising concerns about new strains of the virus that have been reported.

The Asia-Pacific region also faces considerable challenges with its vaccination programs due to the very large size of the population in many Asian nations, notably in China and India, the world's two most populous countries. Indonesia, Bangladesh, Philippines, Pakistan, Vietnam and Japan also have very sizeable populations.

Consequently despite the favorable economic outlook for APAC economic recovery at the outset of 2021, the speed at which different nations emerge from the pandemic is likely to vary considerably, depending on many factors including the size of population, access to large supplies of COVID-19 vaccines and ability to deploy large-scale immunization programs. There are also other critical unknown factors, including the duration of effectiveness of vaccinations for the various key vaccines that are under development.

Nevertheless, the central case economic scenario for 2021 is positive, with the world economy expected to be gradually emerging from the pandemic, with many APAC economies at the forefront of that recovery.