

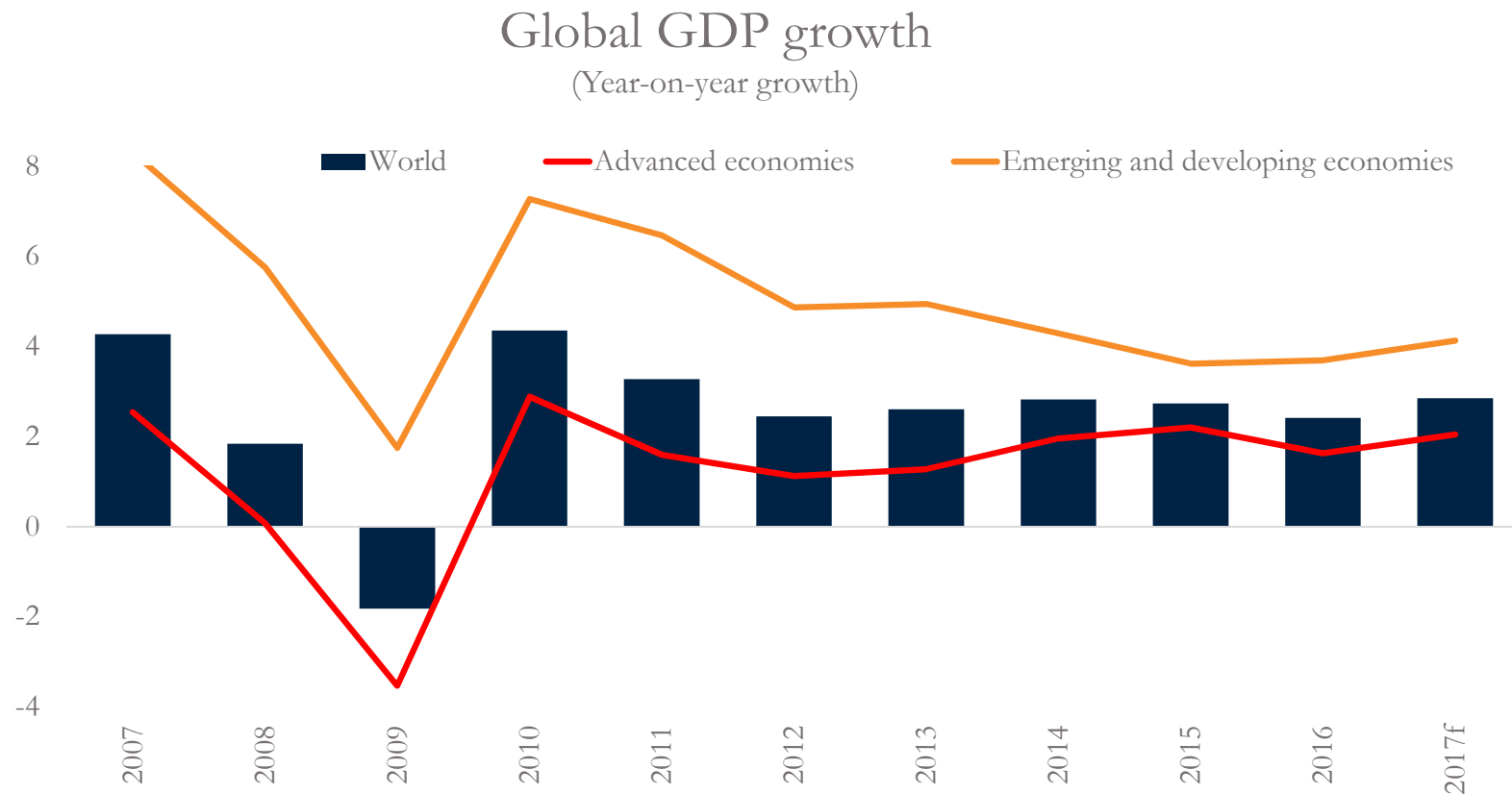


# Balancing Act

## East Asia's Economic Outlook

**Richard Record**  
**Lead Economist**  
**The World Bank**

# Global growth is picking up...



Sources: World Development Indicators; Haver Analytics; and World Bank staff estimates.

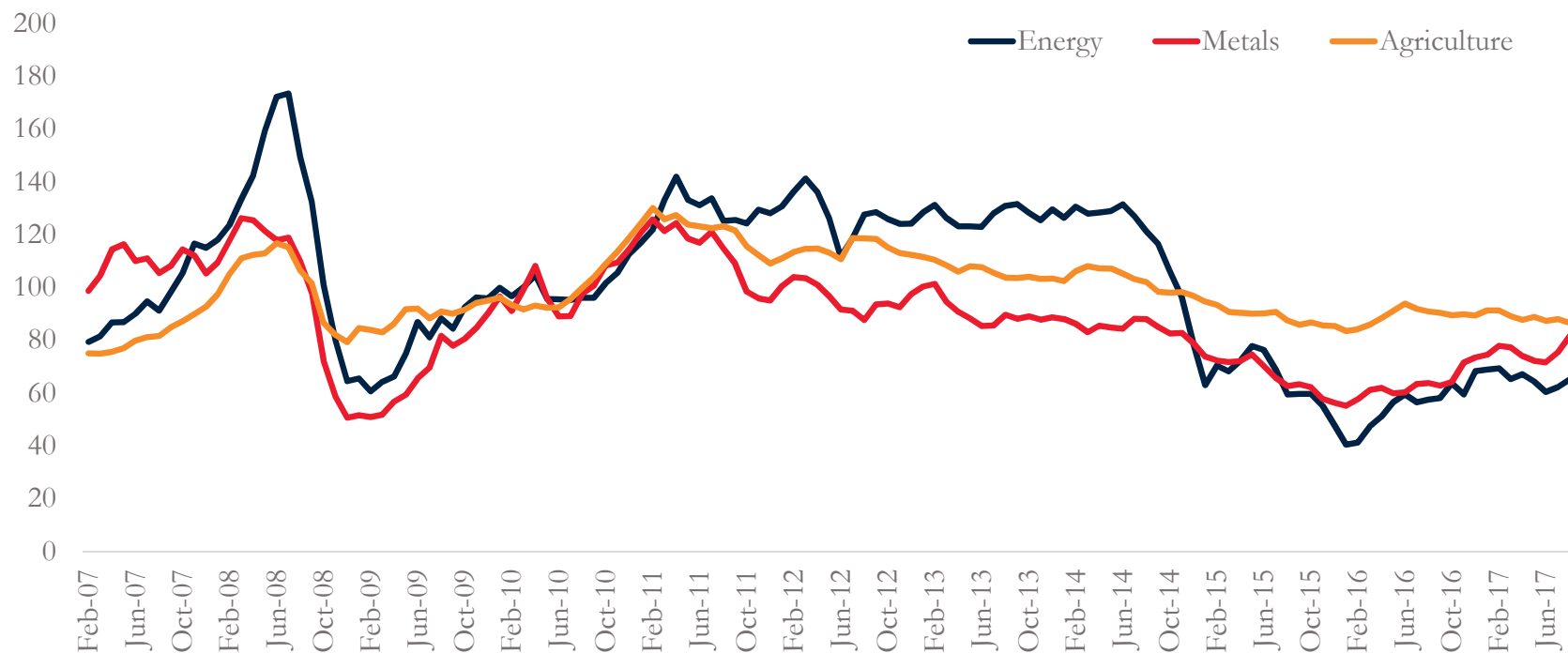
# ...as world trade is recovering



Source: CPB Netherlands Bureau of Policy Analysis.

# Commodity prices are rising gradually...

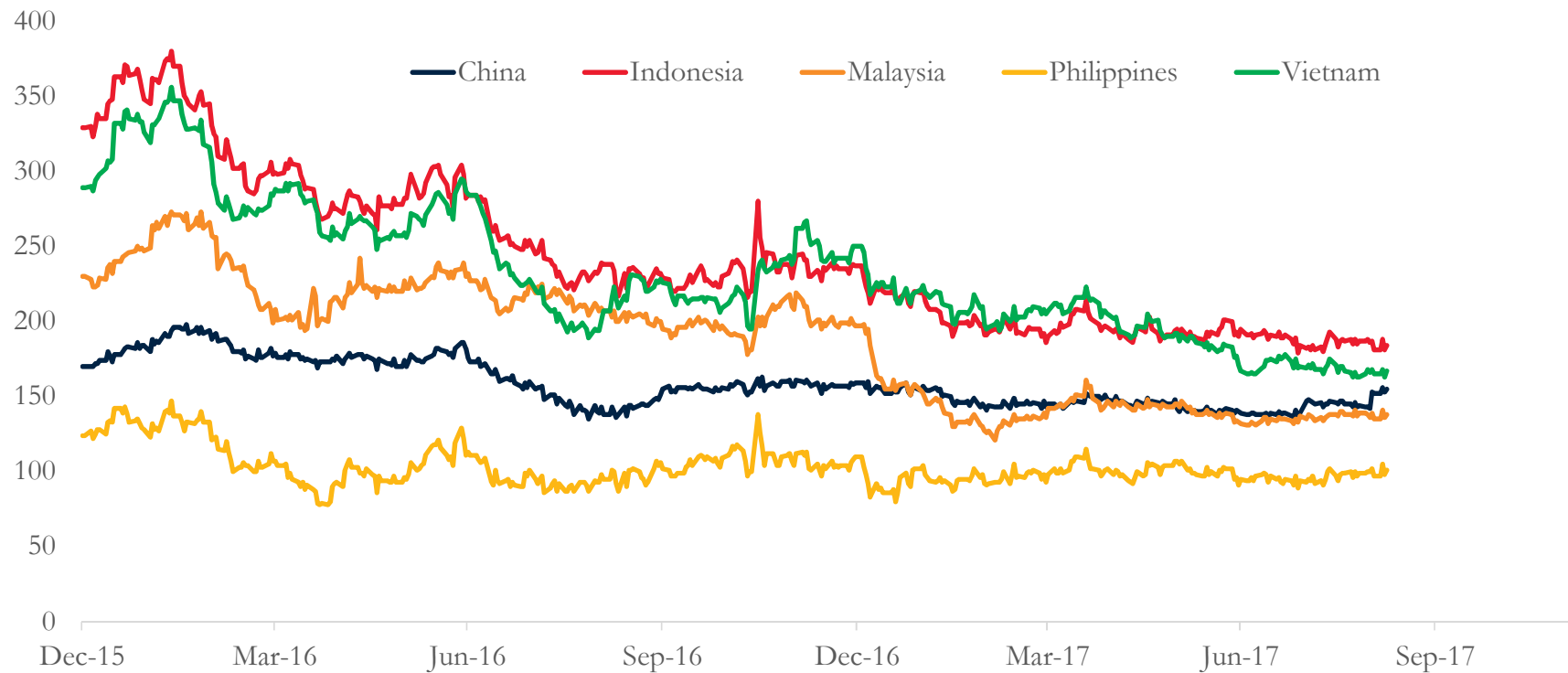
International commodity prices  
(Index, nominal term, 2010=100)



Source: World Bank.

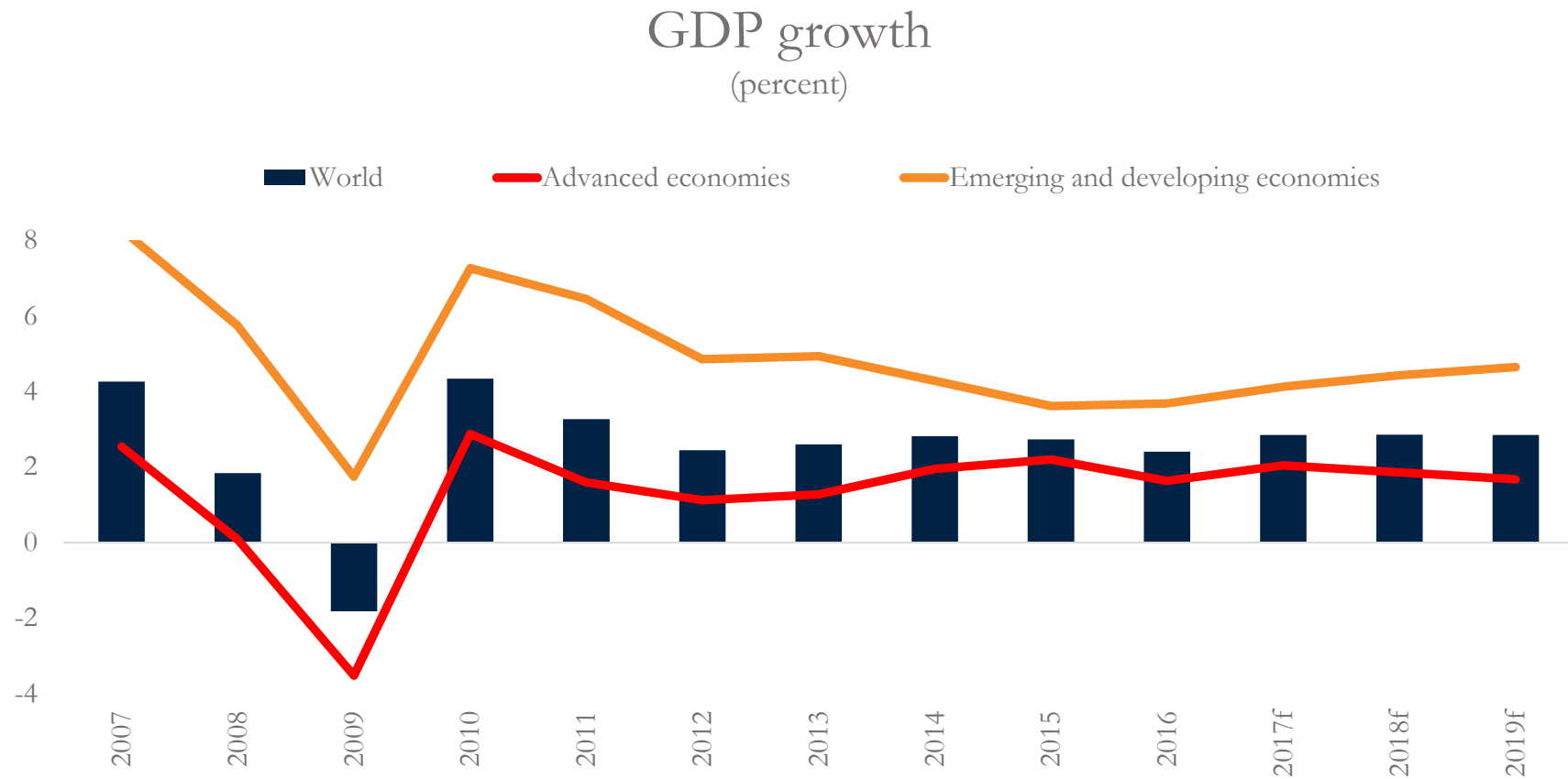
# ...with financial markets remaining settled

Emerging Market Bond Index spreads (basis points)



Sources: J.P. Morgan; IFC Global Macro & Market Research.

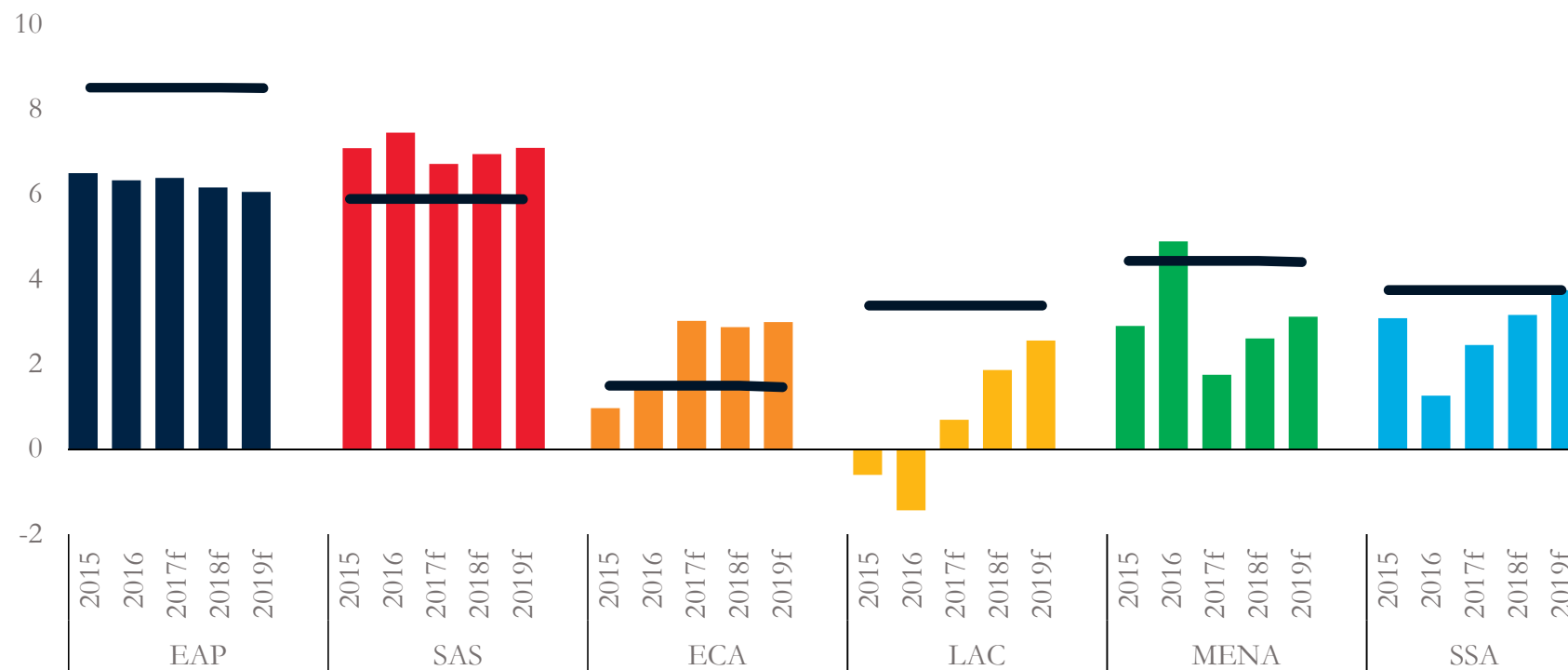
# A synchronized recovery is projected for both advanced economies and developing countries...



Source: World Bank staff estimates.

# ...with resilient growth in East Asia...

GDP growth  
(percent)

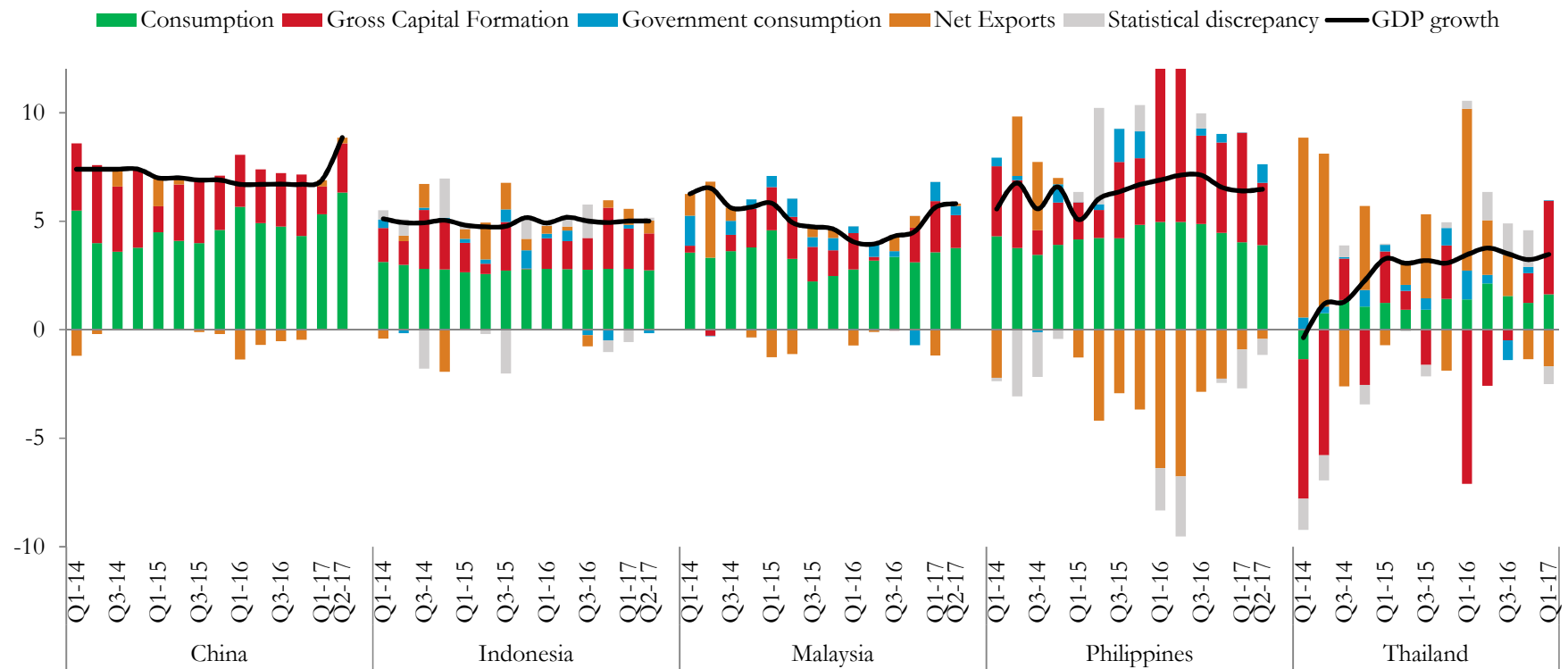


Source: World Bank staff estimates.

Note: Horizontal lines represent averages for 1990-2008.

# ... driven by domestic demand ...

## Contribution to GDP growth (percentage points, year-on-year)

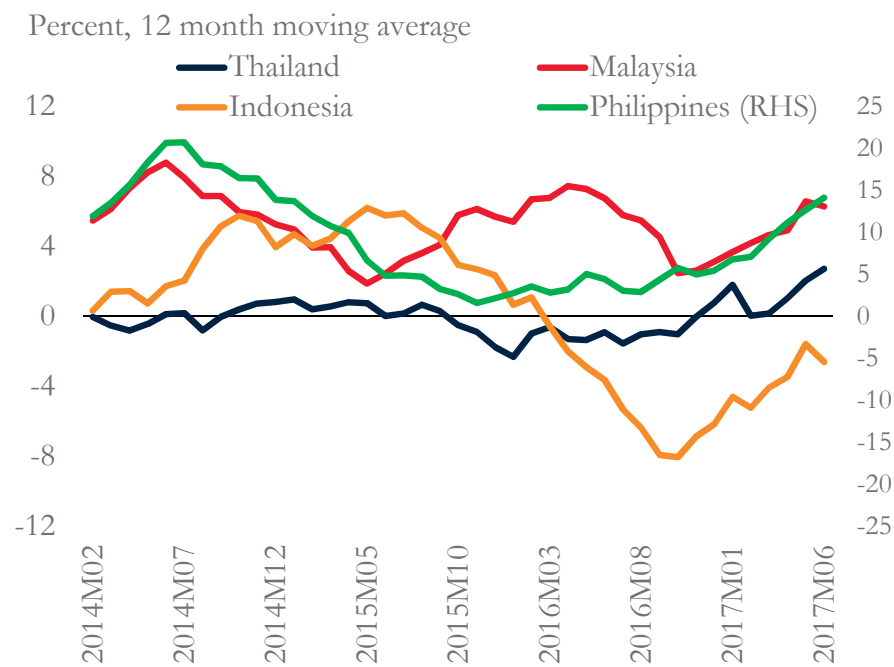
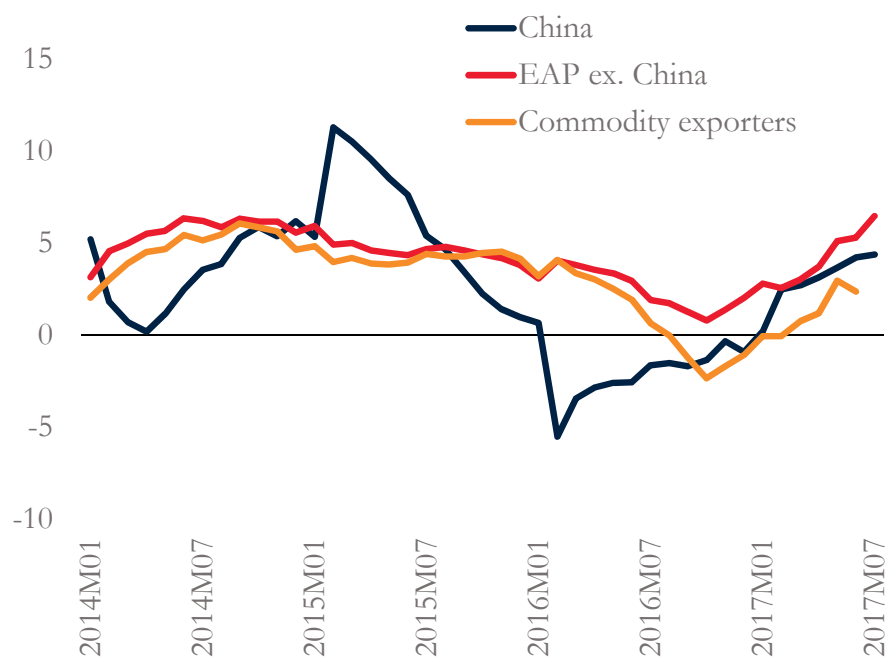


Sources: Haver Analytics; World Bank staff estimates.



# ... and growth in export volumes

## Export volume growth (percent, 12-month growth rate)



Sources: Haver Analytics; World Bank staff estimates.  
Note: RHS = right-hand side.

## But, there are significant risks to this positive outlook...

- Uncertainty about economic policies, including on trade, in some advanced economies, while geopolitical tensions in the region are high and rising.
- Possible tightening of global financing conditions as monetary policies in the US and the Euro Area normalize while levels of private sector debt remain elevated and continue to rise.
- Budget deficits are high or on the rise in many countries, with buffers depleted since the 2008-09 GFC.

...with a need for policymakers to balance short-term priorities  
with longer-term goals

- Improved global prospects offer a window of opportunity to reduce vulnerabilities ...
- ... and deepen reforms that can yield sustained and inclusive longer-term growth.

[worldbank.org/eapupdate](http://worldbank.org/eapupdate)

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