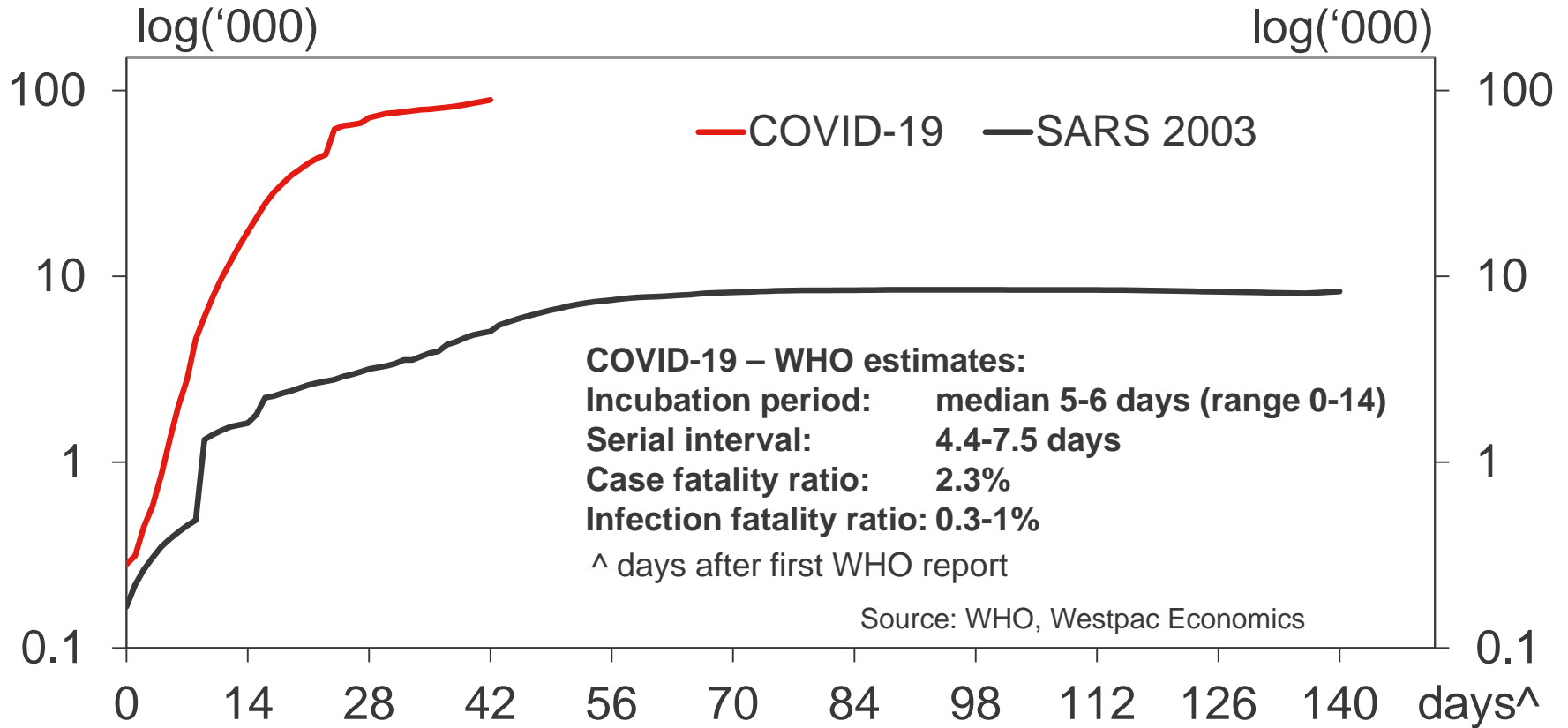


COVID-19, China and the global economy

Westpac Institutional Bank
Elliot Clarke, CFA
March 2020



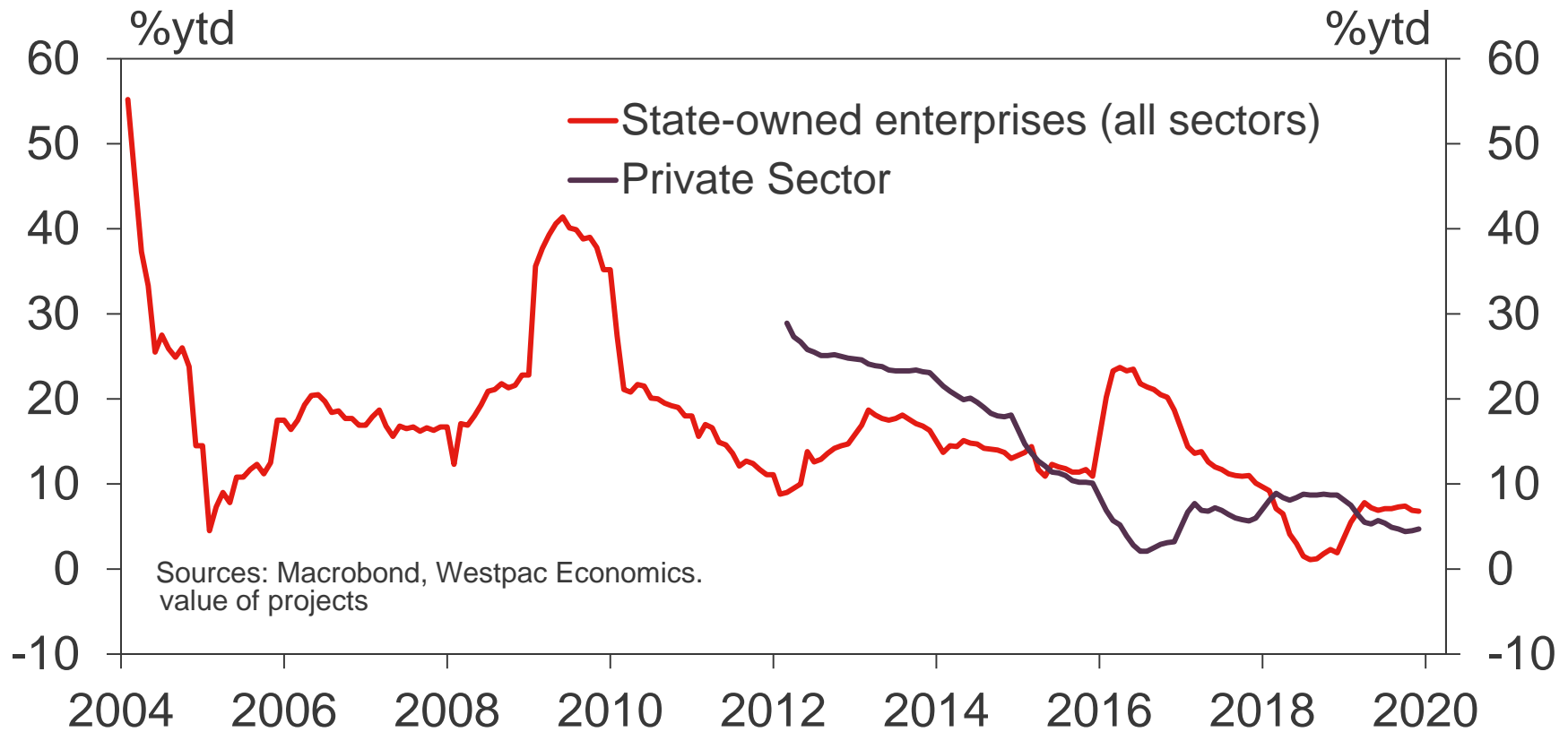
Confirmed cases



China real GDP growth at 6.0%yr end-2019



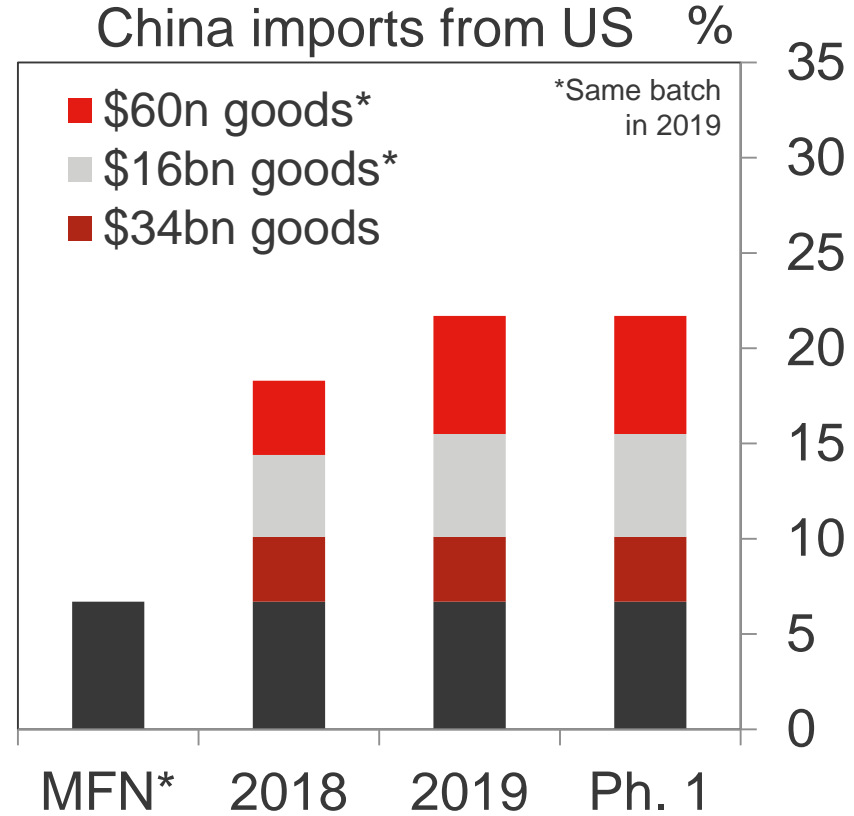
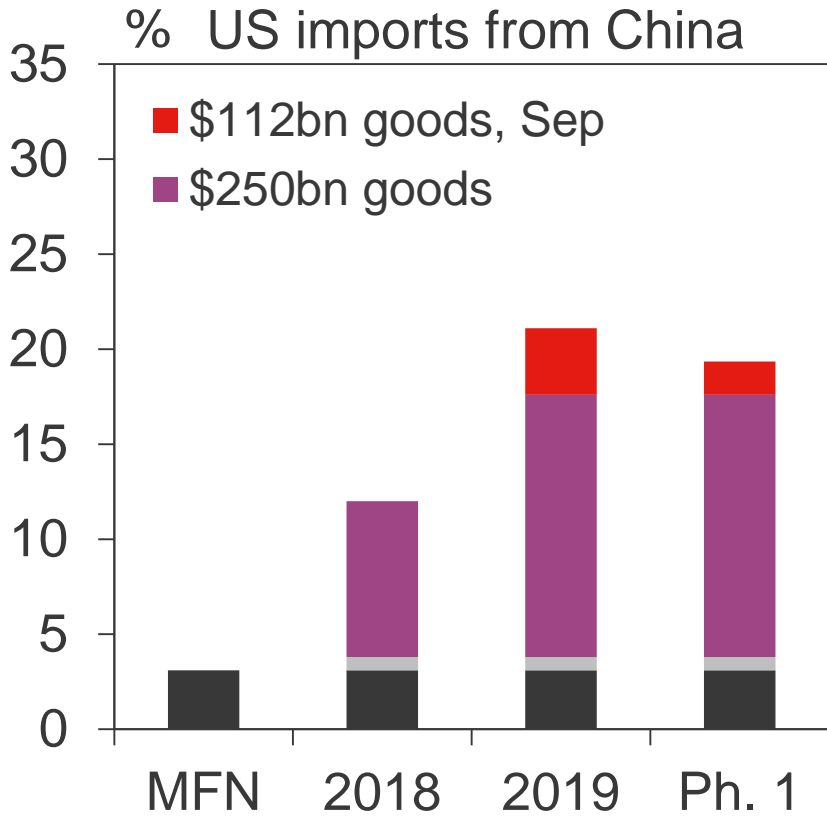
China public & private investment weak



Sources: Macrobond, Westpac Economics.
value of projects



US/China weighted avg tariffs remain high

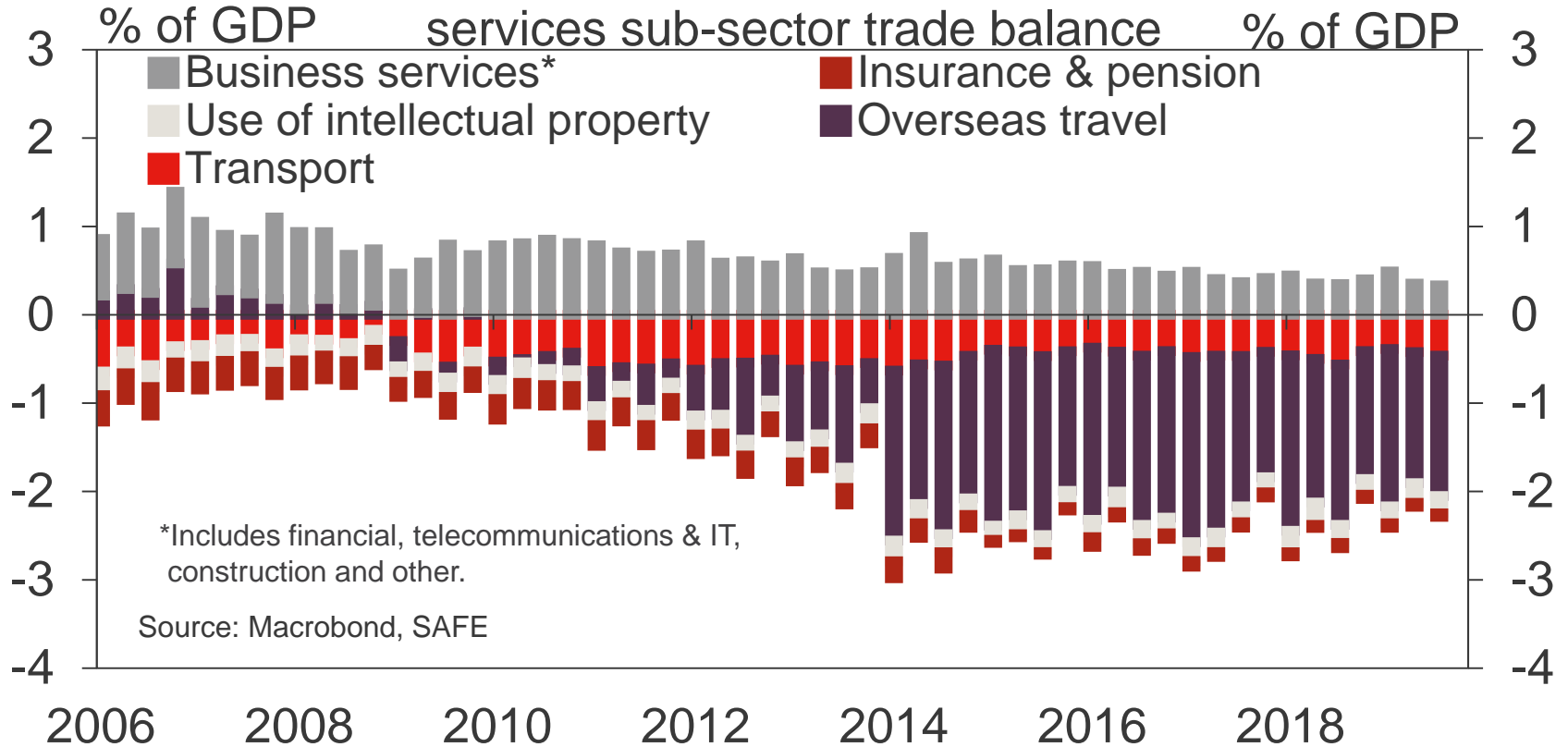


Source: PIIE, Westpac Economics

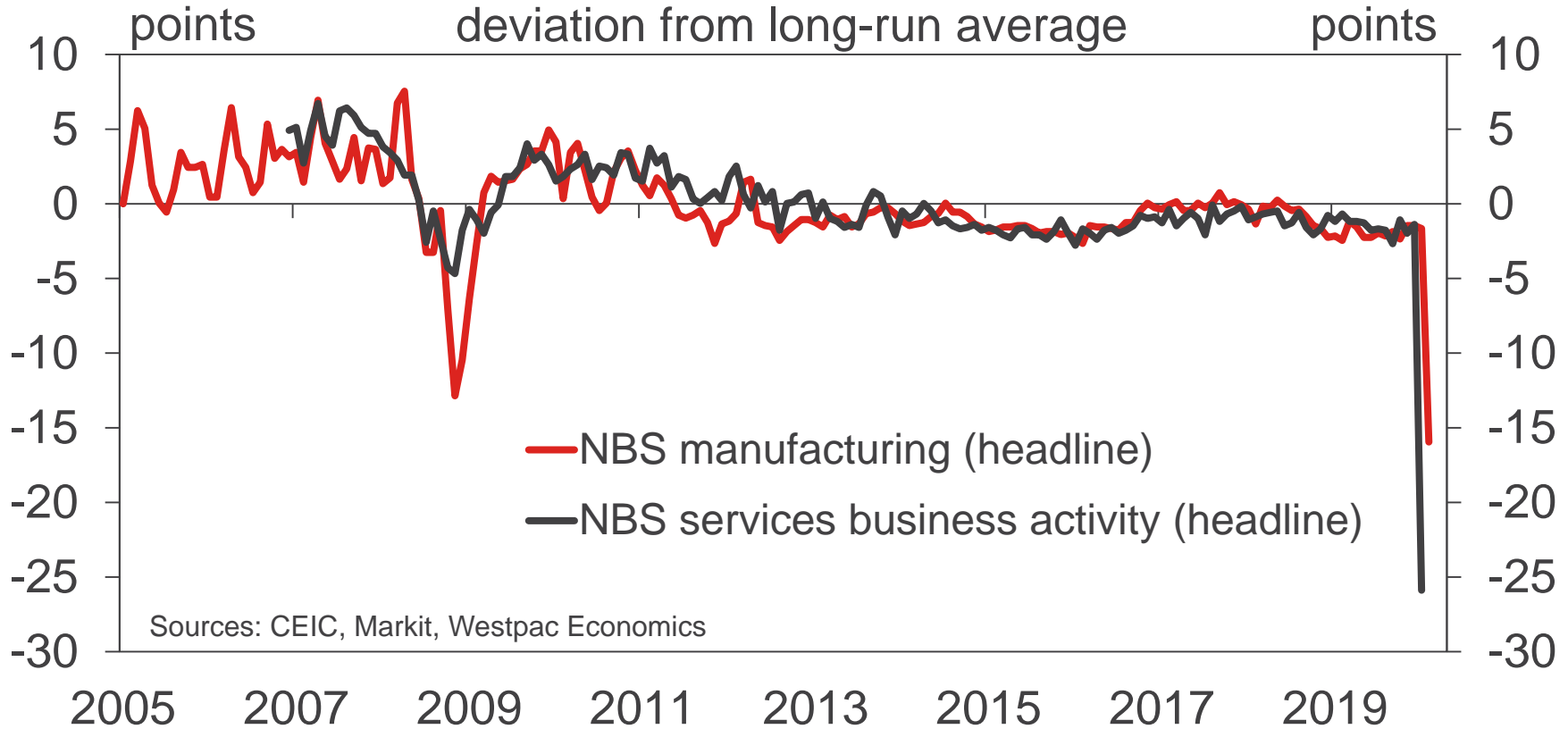
*2019 MFN rate



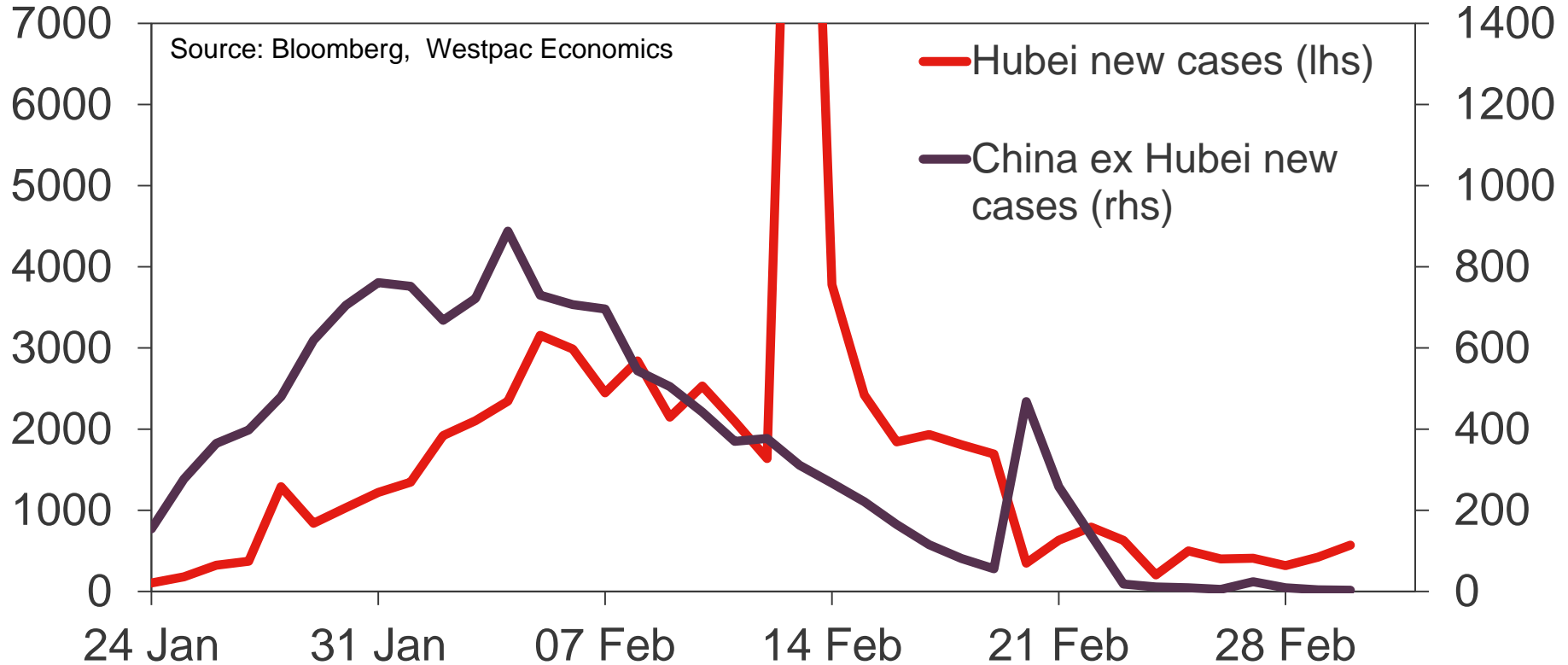
China outbound tourism to be hit



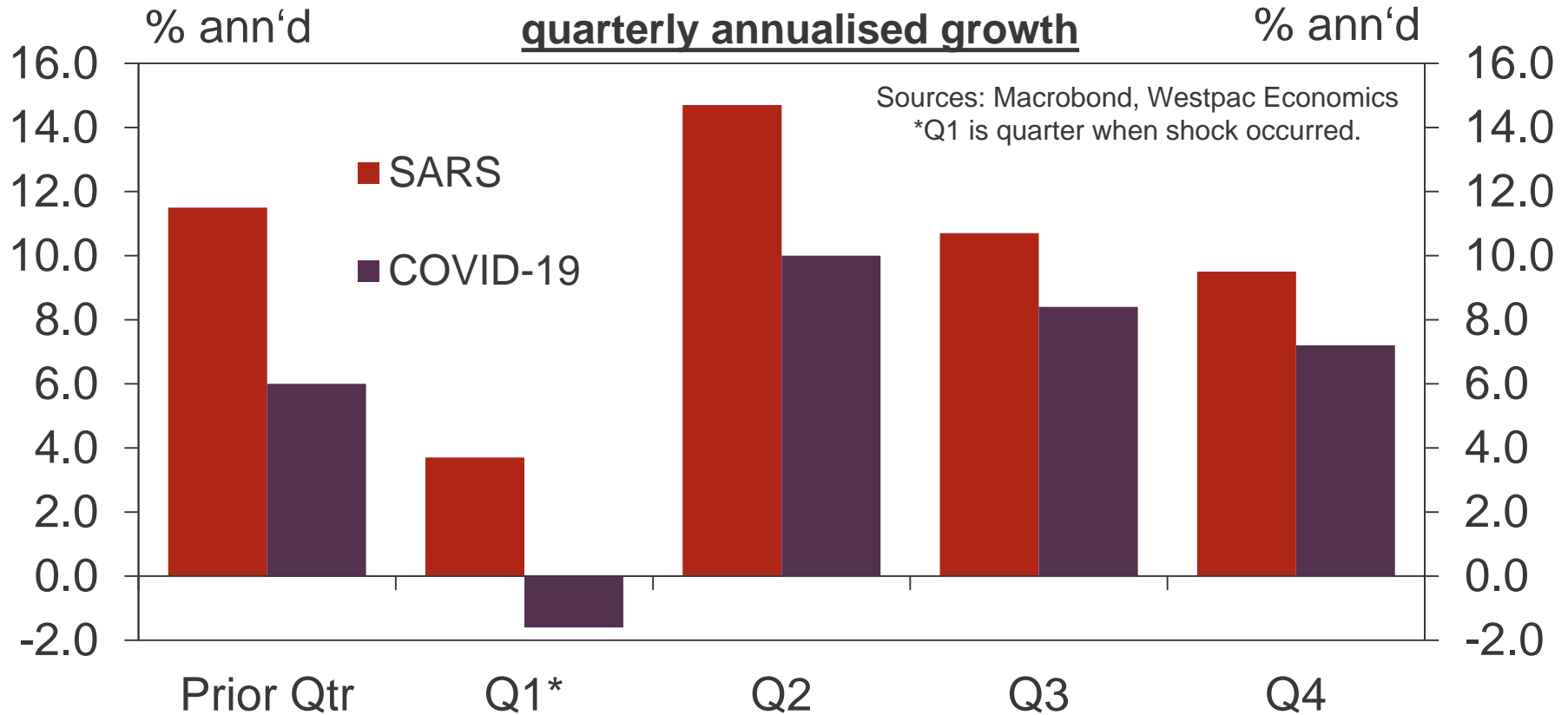
China industry: COVID-19's impact



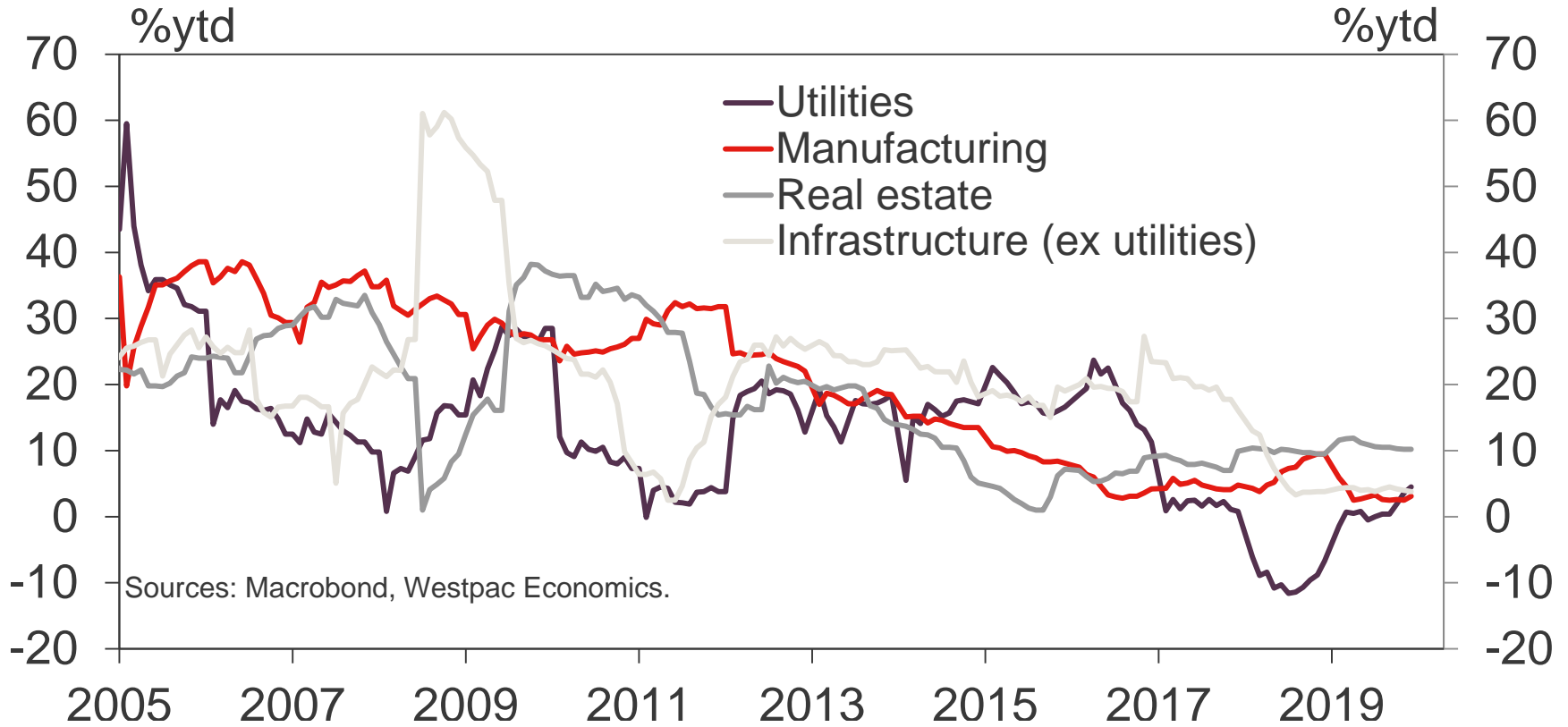
New COVID-19 cases: Hubei & China



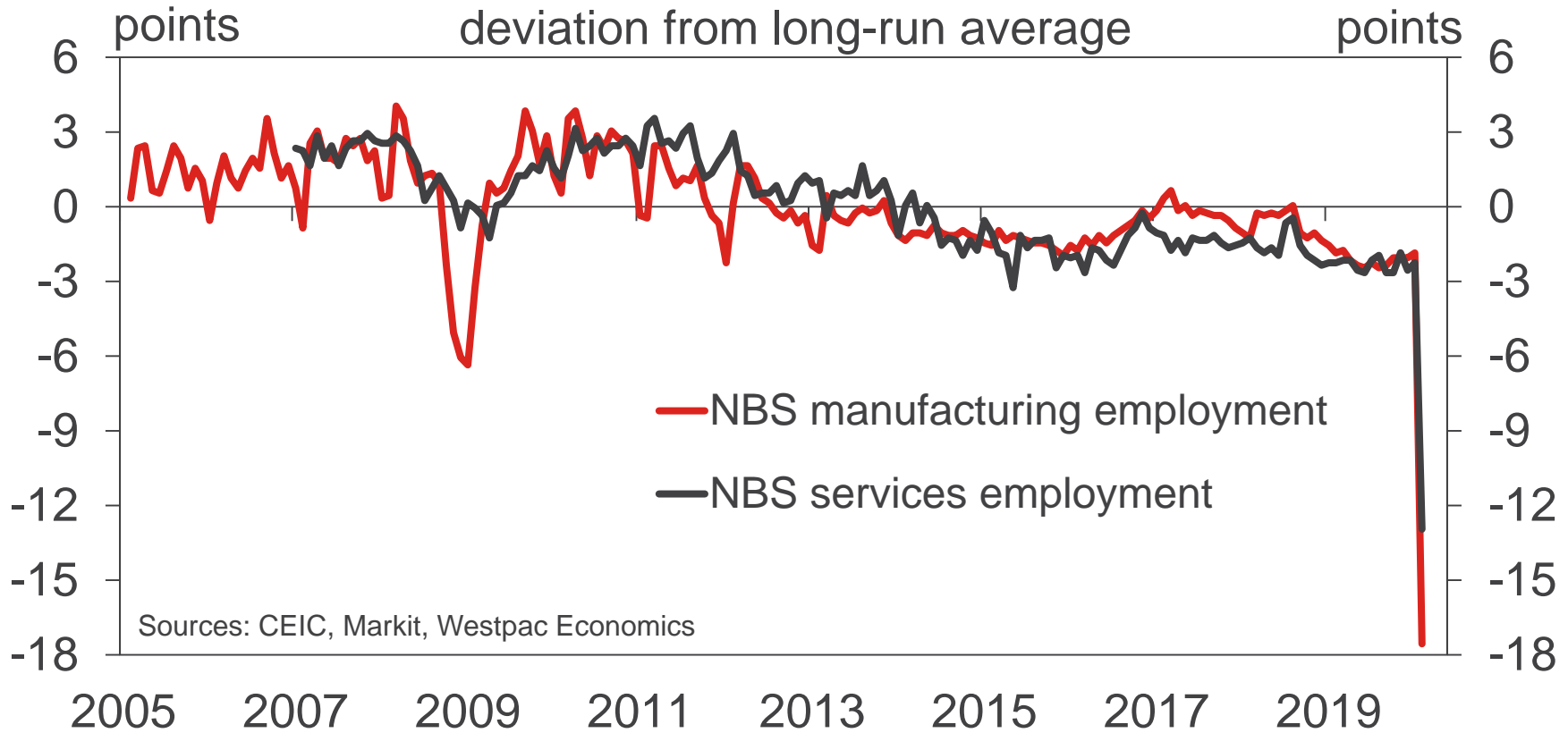
2020 COVID-19 annualised profile v's SARS



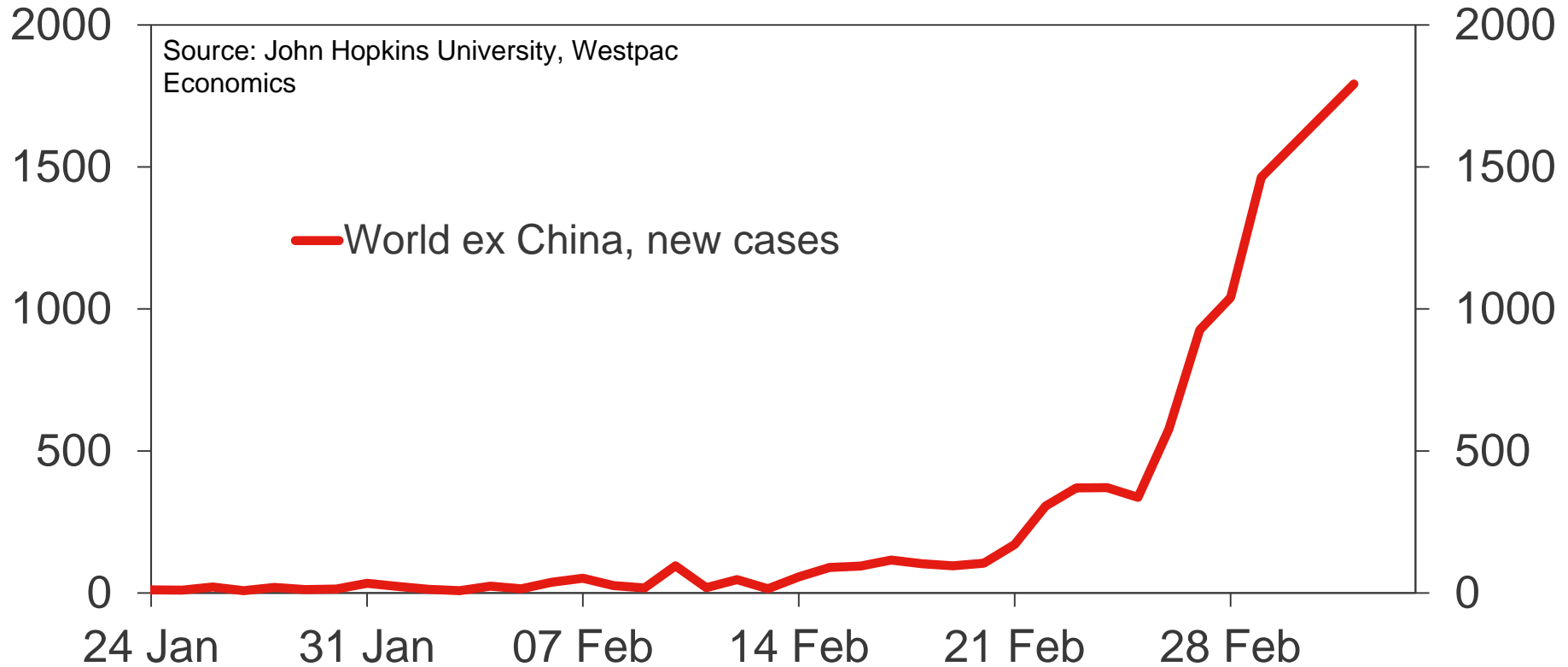
Investment spending to lift & broaden



Job & income growth shocked



New COVID-19 cases, world ex China

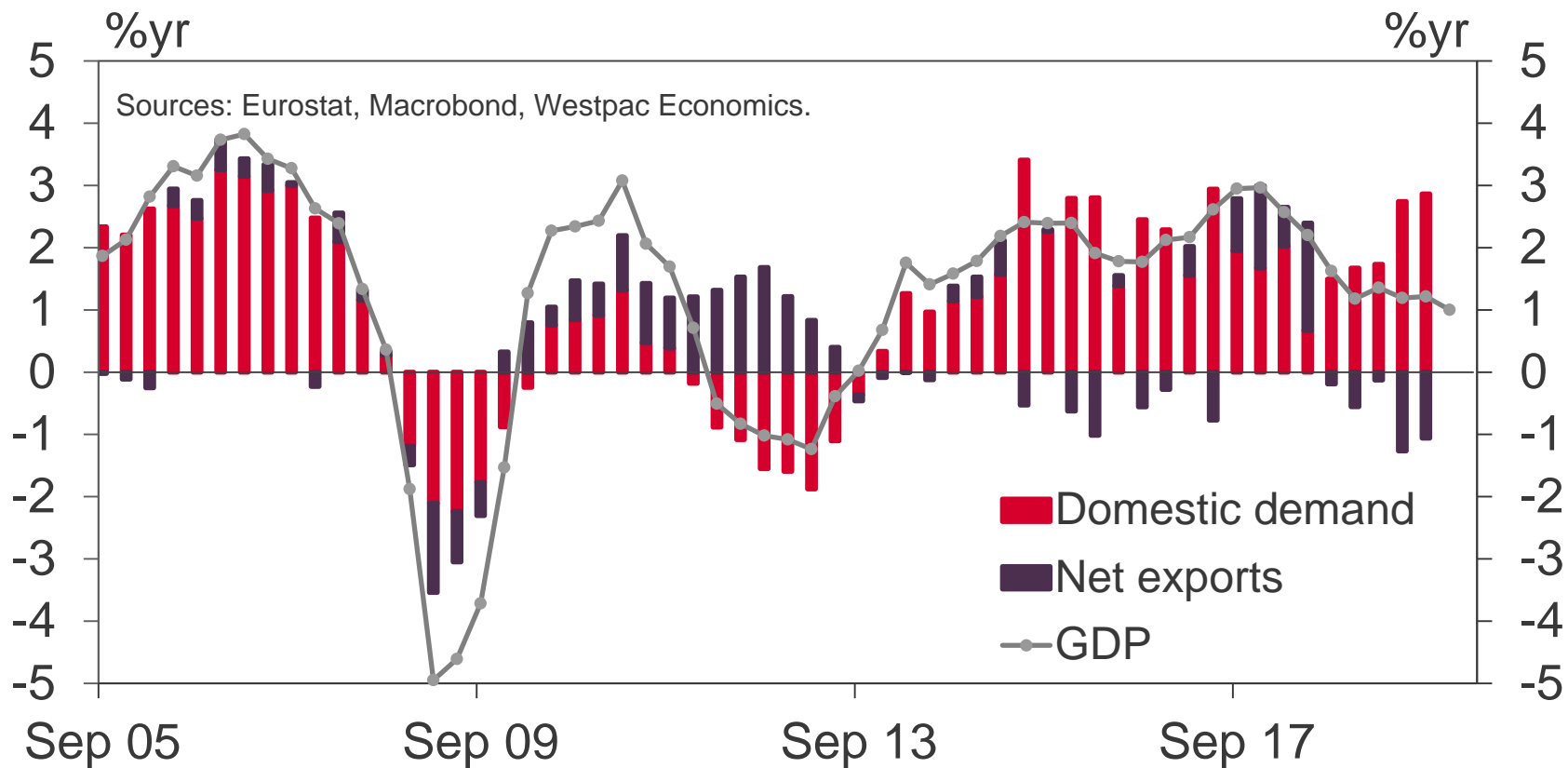


Westpac's global growth forecasts

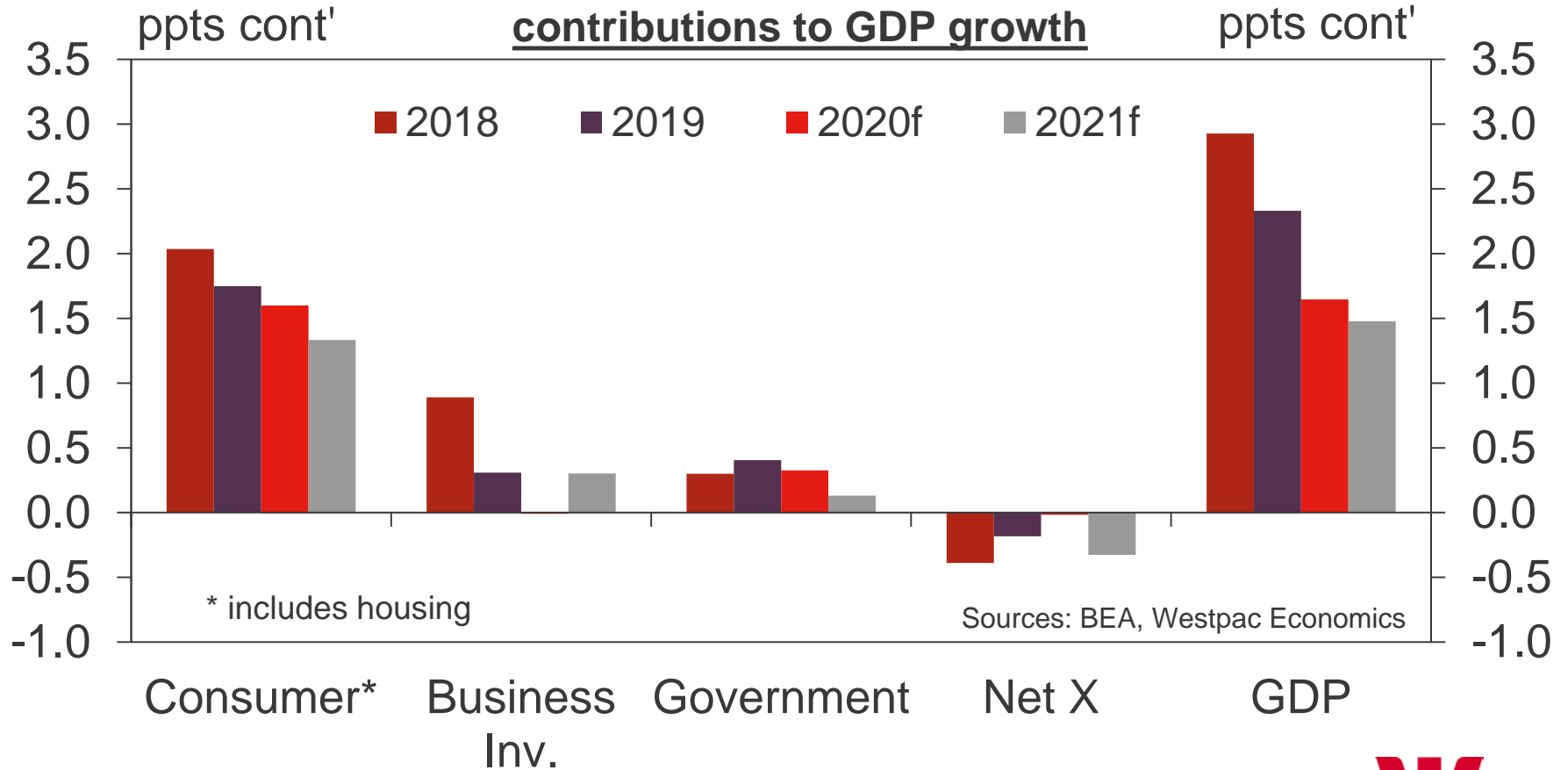
%chg	2016	2017	2018	2019	2020	2021
World	3.4	3.8	3.6	3.0	2.7	3.2
China	6.7	6.8	6.6	6.1	5.3	6.1
East Asia	4.0	4.5	4.3	3.6	3.1	3.9
Europe	1.9	2.5	1.9	1.2	0.6	1.2
United States	1.6	2.4	2.9	2.3	1.6	1.5
Australia	2.8	2.5	2.7	1.8	1.8	2.6

Source: IMF, Westpac Economics.

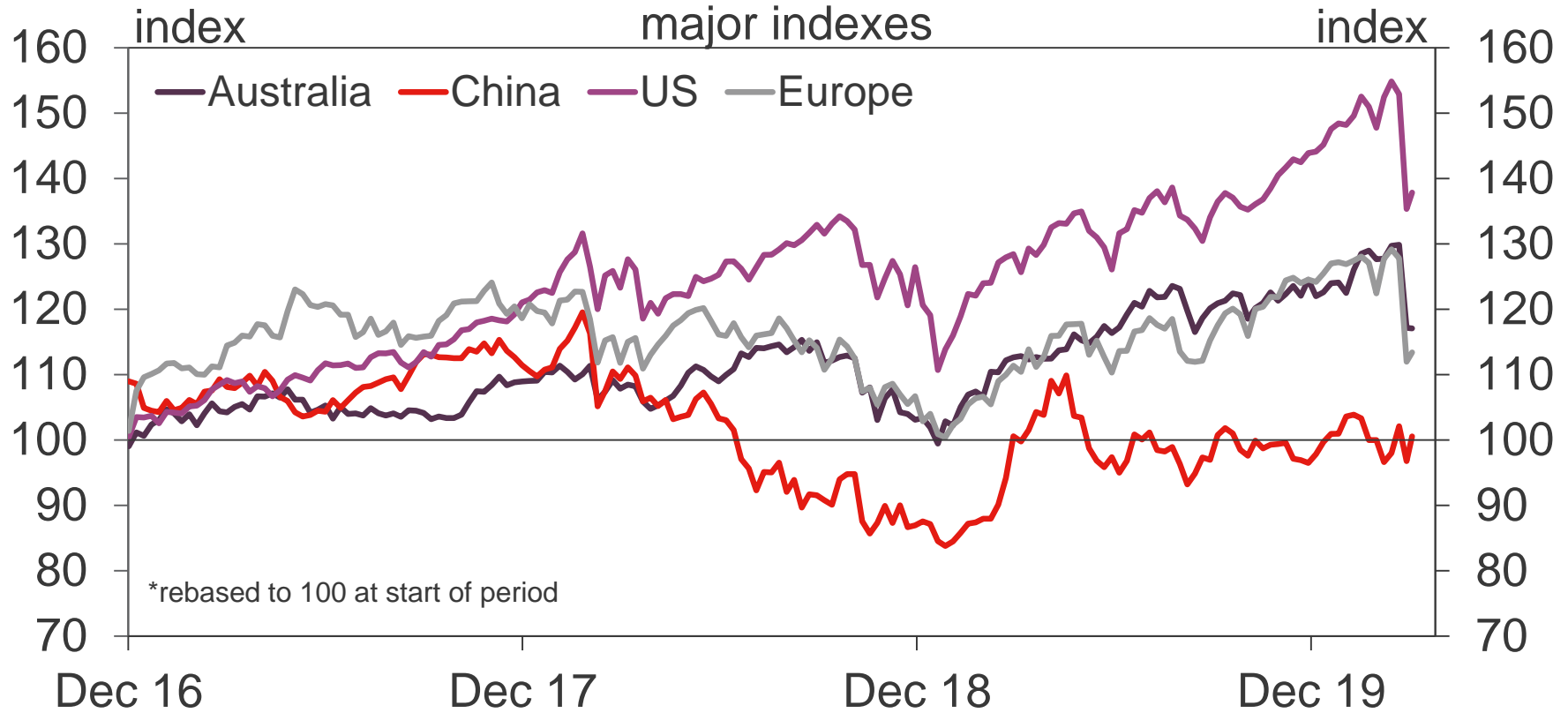
Euro Area GDP: external demand weak



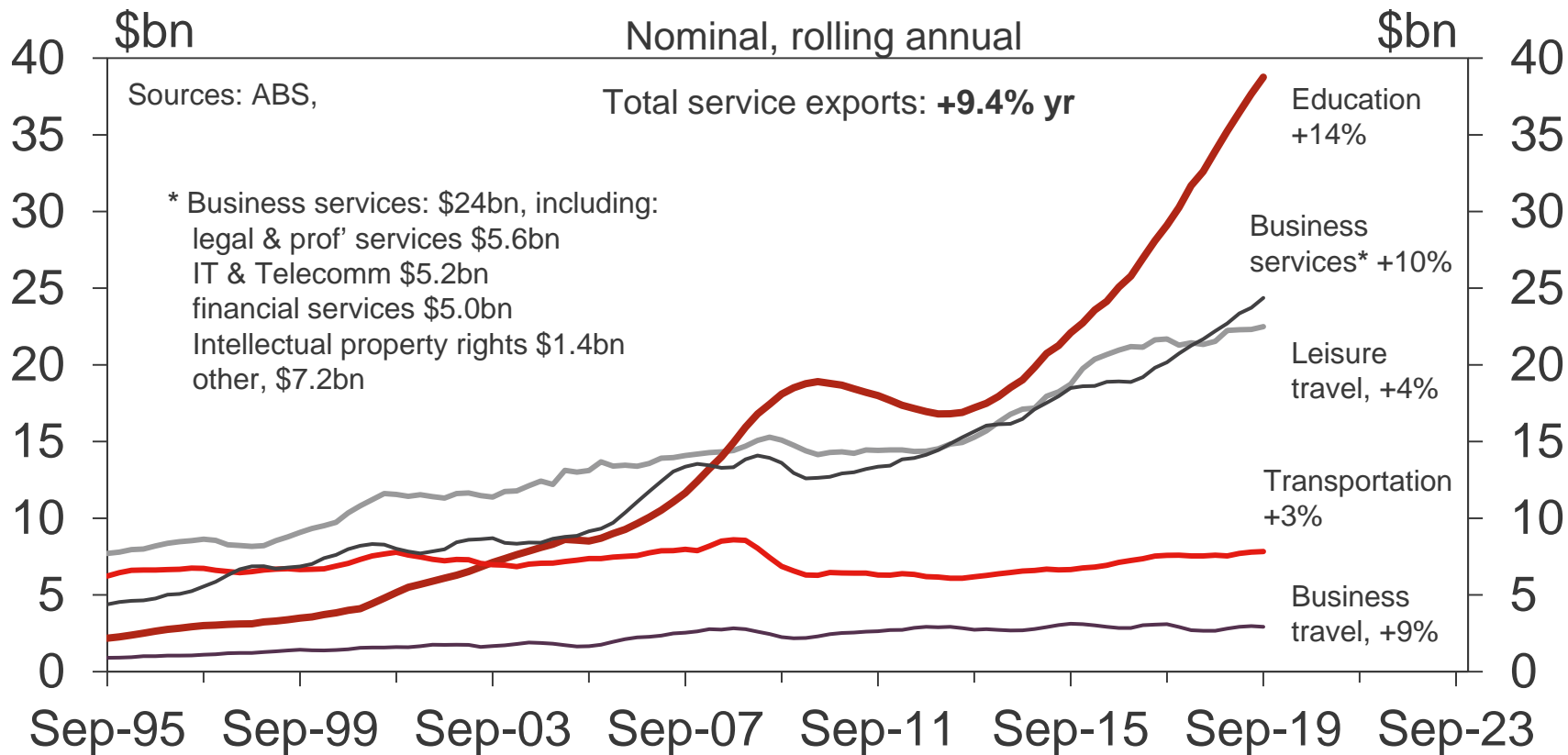
Threat to US growth is domestic demand



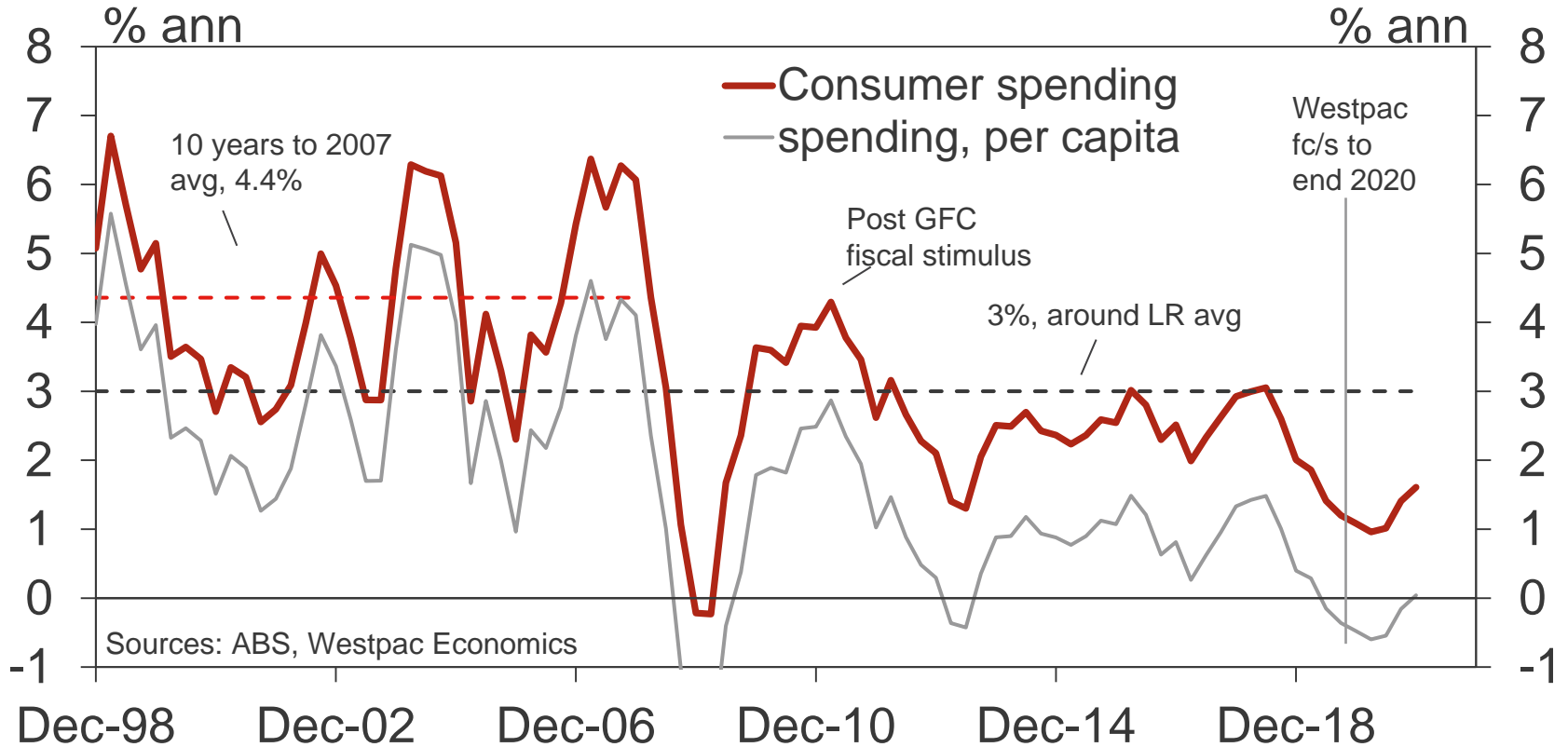
Global equities: policy to offset virus?



For Australia, service exports pivotal



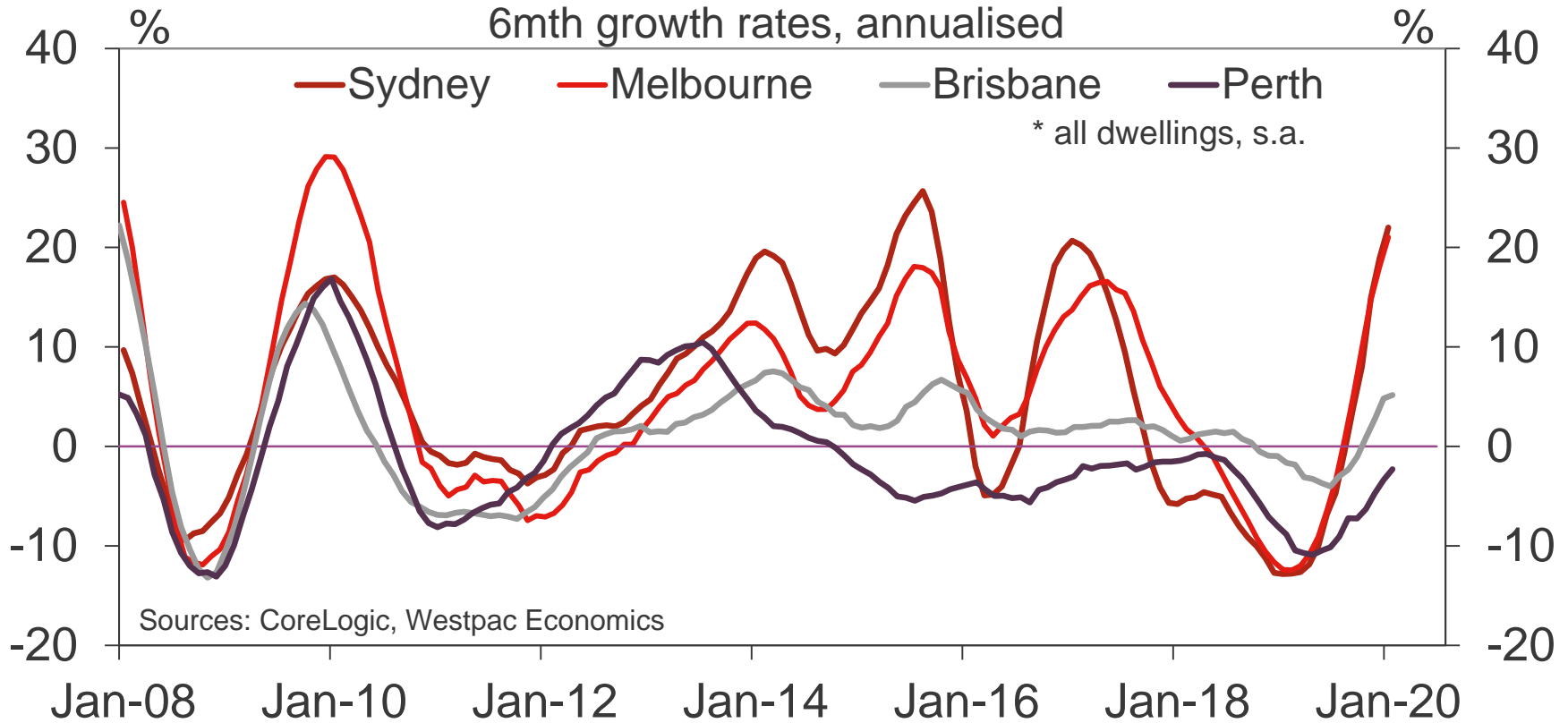
Consumer spending weak and at risk



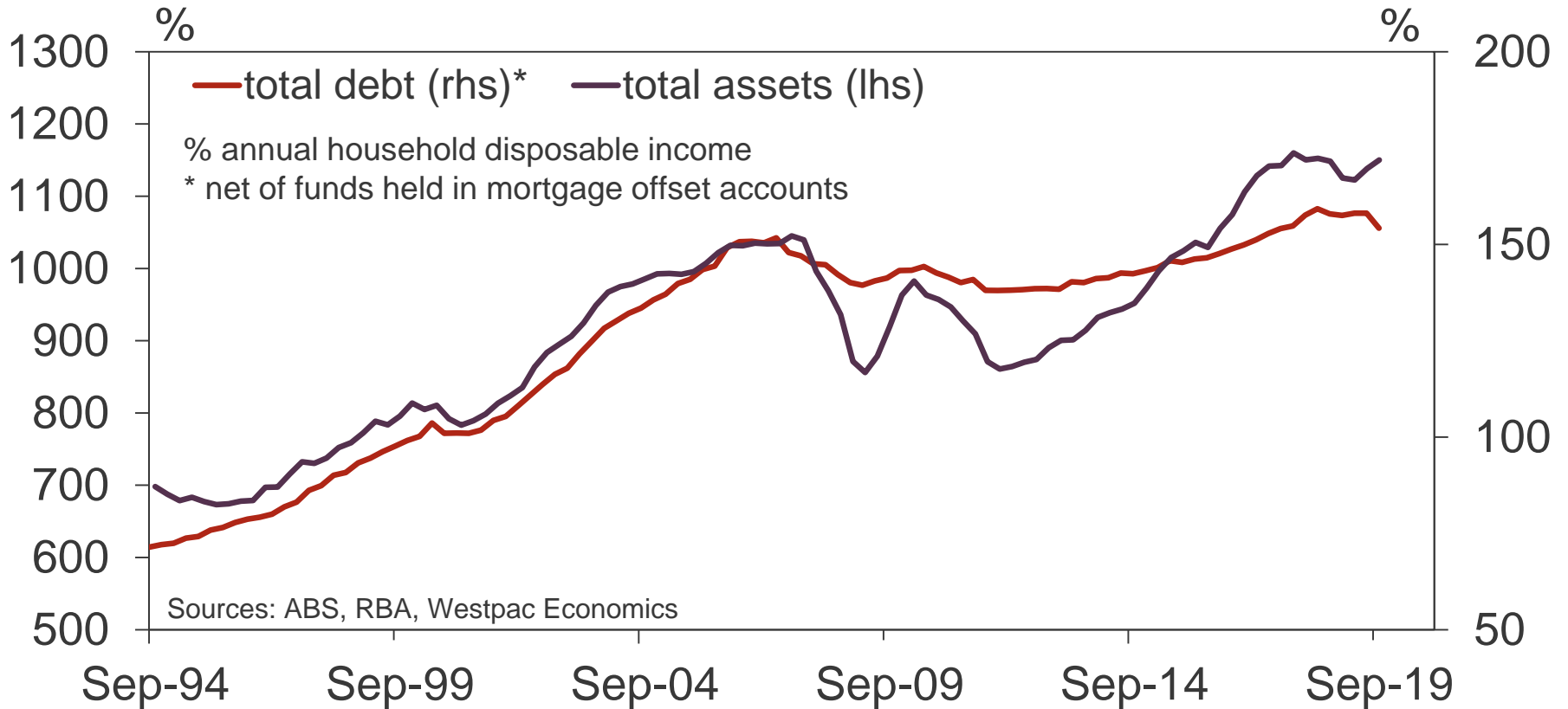
Sources: ABS, Westpac Economics



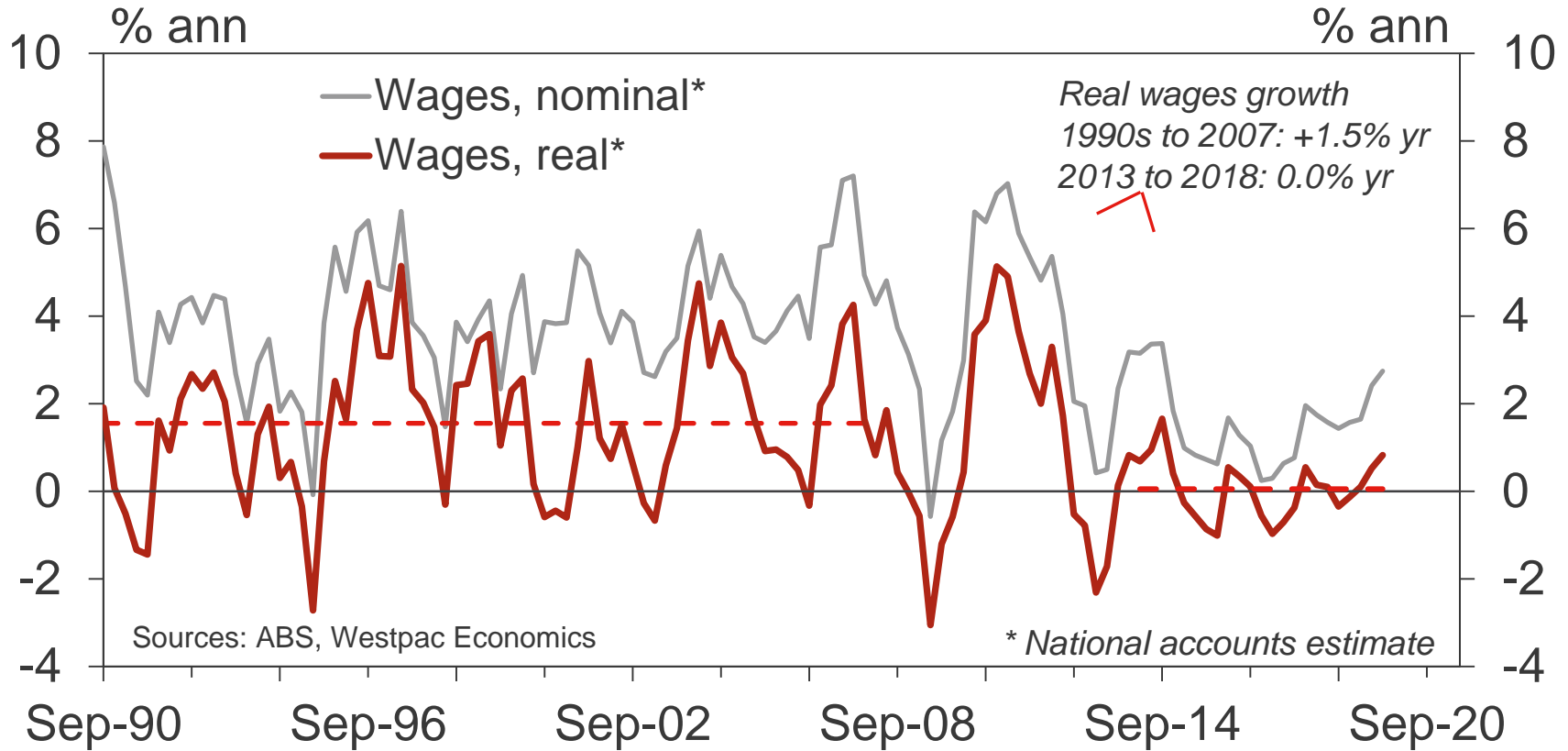
Dwelling prices: strong gains continuing



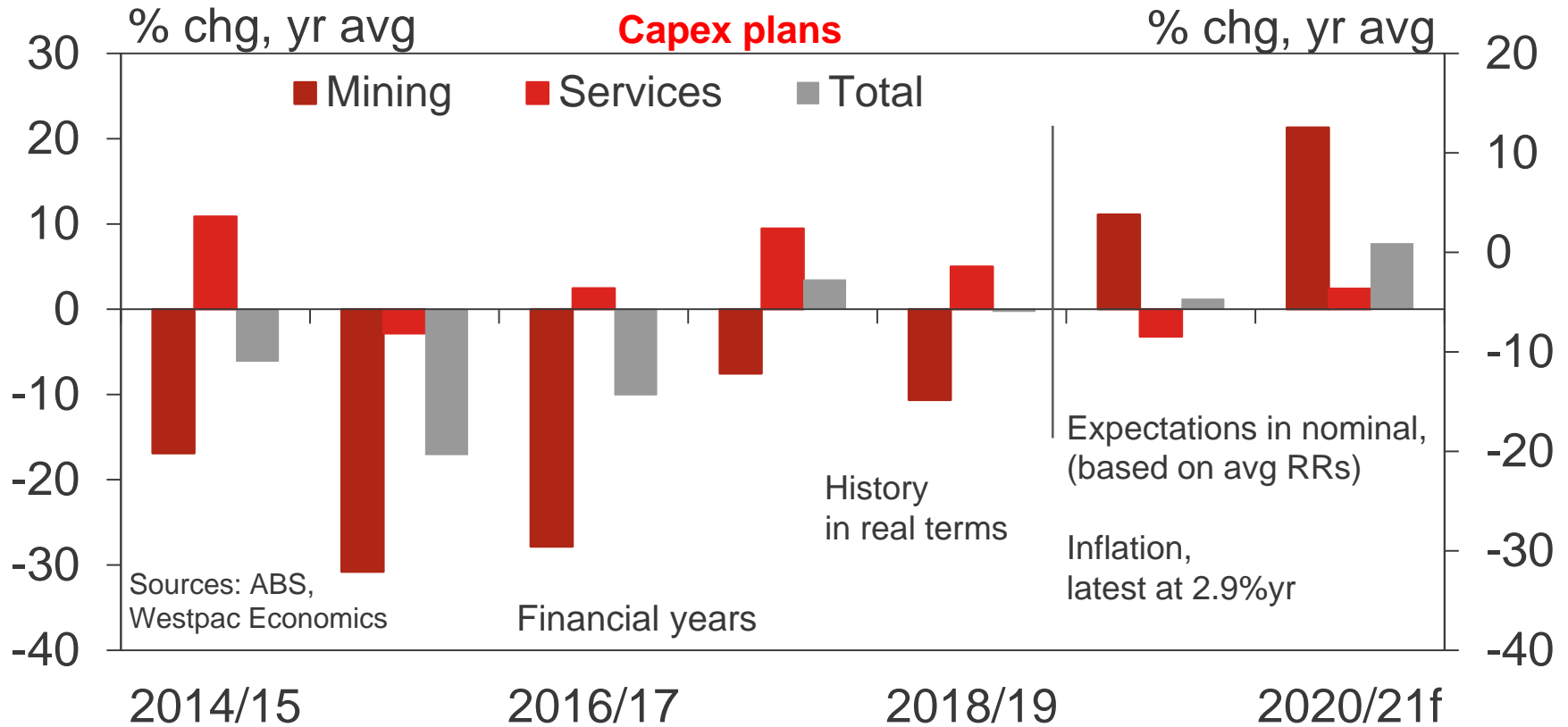
Australia's household balance sheet



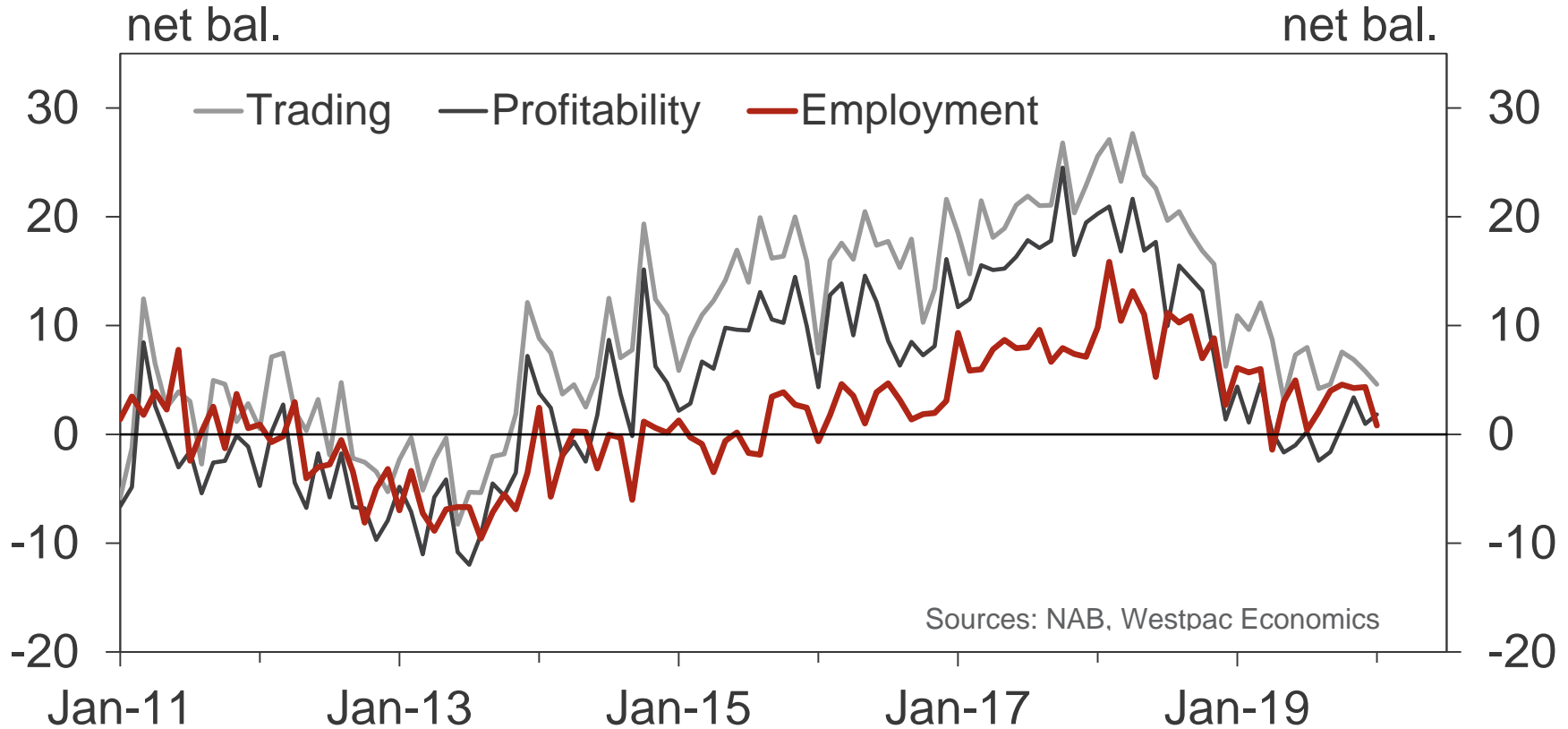
Weak real wages: the key challenge



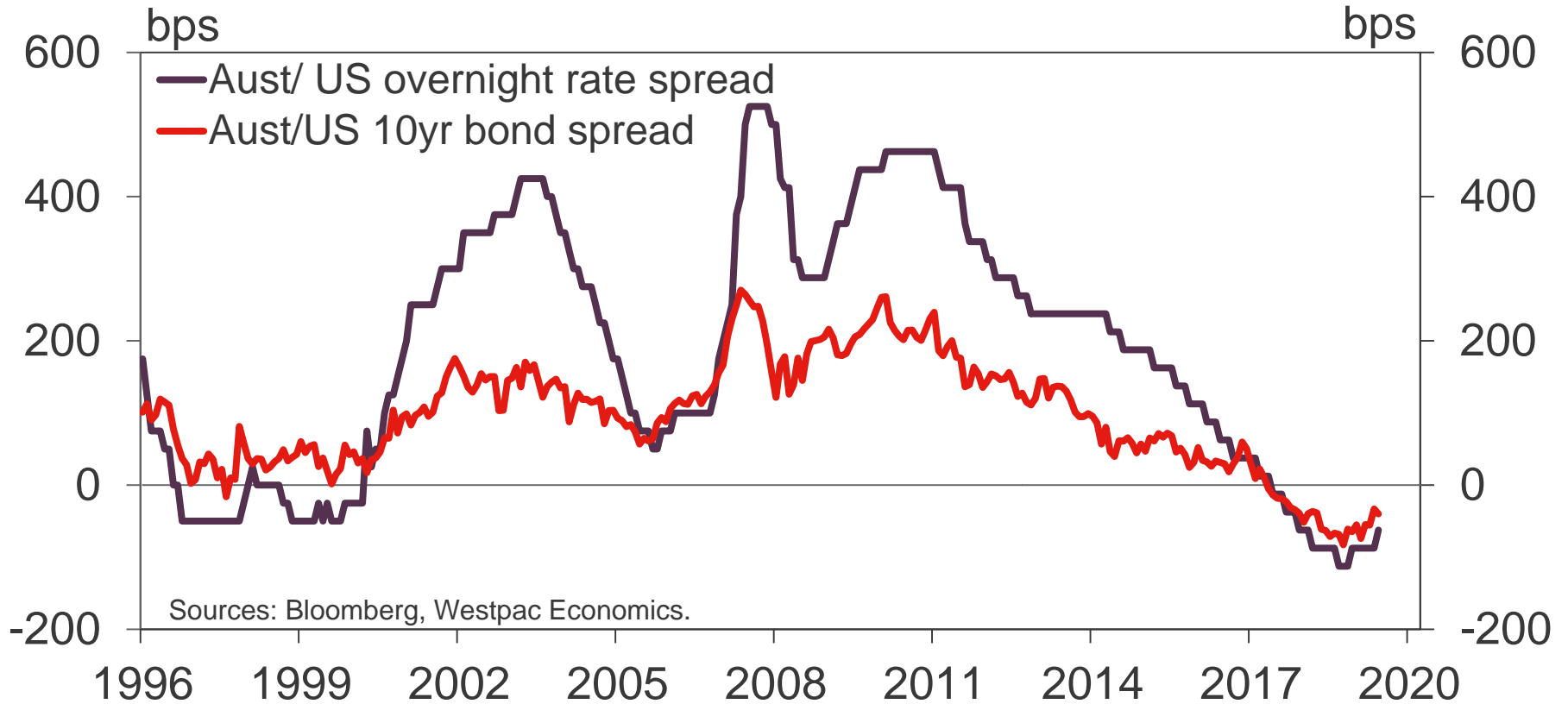
2020/21 capex to be led higher by mining



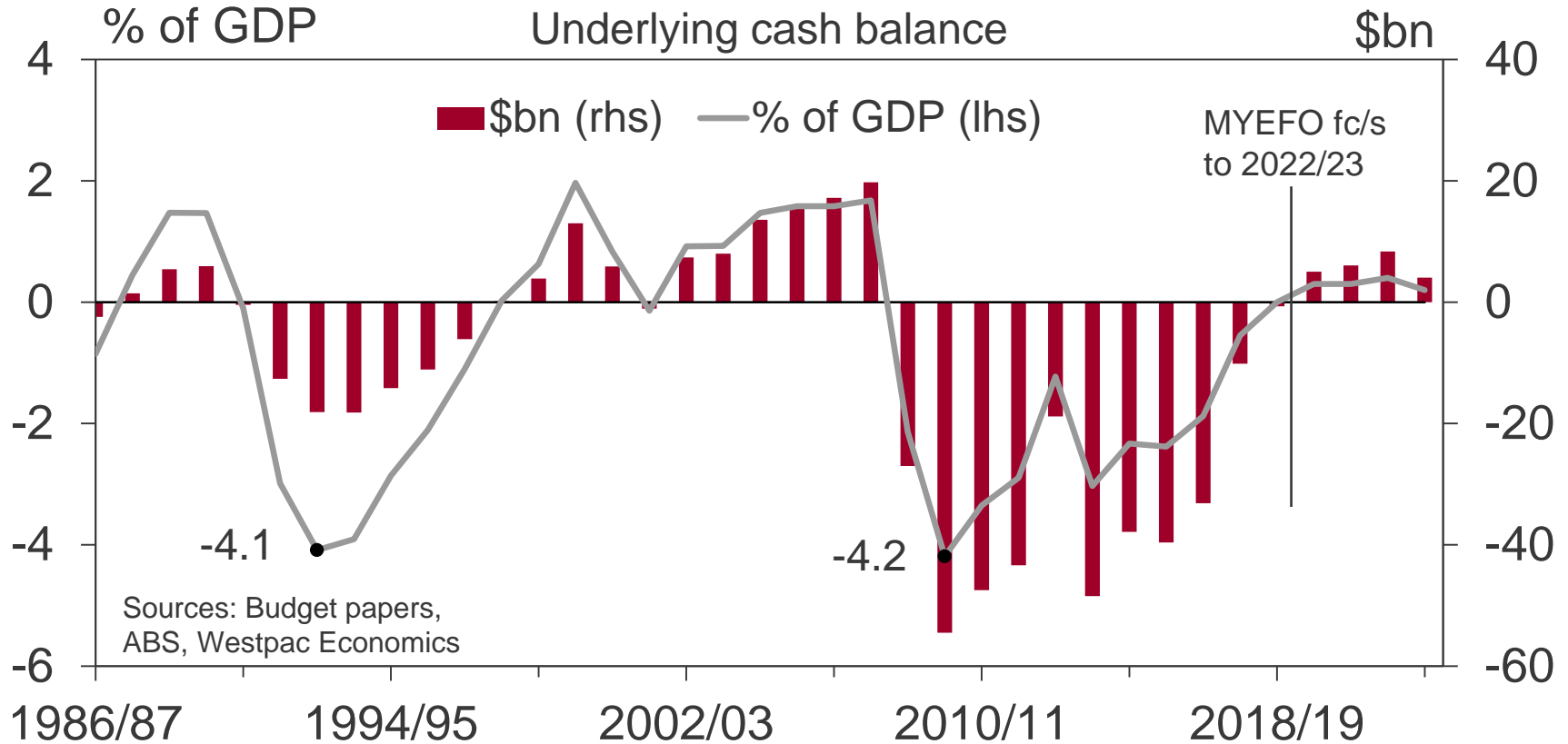
Business conditions highly susceptible



FOMC cuts to keep pressure on RBA



Federal budget returned to balance in 18/19



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