

A Zoom-Chat room Conversation on 2020 Pandemic – The View from Asia

A NUS Business School and ABFER collaboration, Thursday April 2nd (9:15 am – 12:15 pm)

The COVID-19 (Coronavirus) was first reported in Wuhan towards the end of Dec 2019. Fast forward, the virus has spread globally. On March 12th, 2020, WHO called the situation a pandemic. China faces dismal economic performance in the first quarter of 2020 and so do many parts of Asia. The Western countries are beginning to face their version of lockdown and economic hardship.

The graphs at the end of this report tell the story, see Appendix A. Charts I to VII show that the major stock markets around the world have been experiencing a precipitous decline since Feb 2020. At the same time, raw mineral prices, e.g., crude oil, also tanked while gold price, which captures expected future price levels, showed a significant decline, which means that the market may expect deflation. (See Charts VIII and IX) Perceived risk has been increasing, as is evident in the S&P-VIX graph (see Chart X). In this environment, with the risk-off mindset, the US dollar has gained much strength while credit spread surges; Chart XI shows the surge in the US dollar against the ordinarily very stable SGD. Yet, Chart XIII shows the surprising surge in 10-year Treasury yields (i.e., a drop in bond prices) from the 54 basis points low of March 9, 2020 to the 1.18% high of March 18, 2020 (before yielding 24 bps in the last couple of days). Is something unique going on here? Chart XII shows the Reuters Polls on global economic outlook conducted between Mar 16 to 19 reported on Mar 20, 2020.

In the latest, this pandemic has caused widespread and serious unemployment and recession in many regions. Governments around the world are coming up with intensive monetary and fiscal policies to stabilize both the financial and real sides of their respective economies.

Against these backdrops, ABFER and NUS Business School (Finance Department) collaborate to host a series of discussions for the purpose of informing the public, especially the students. Our focus will be on the Asian experience in general, and Singapore experience in particular.

The discussions will take place in a zoom-meeting setting on Thursday, April 2nd. They would be divided into three sessions as follows:

PROGRAM

Introduction (9:15am to 9:30 am): The moderator (Joe Cherian) will introduce Bernard Yeung and Dean Rose (4 minutes) to make opening remarks

SESSION 1: ECONOMIC OUTLOOK (9:30 AM – 10:15 AM)

- **Panelists:** Fu Qiang (China), Sun Bae Kim (Korea, Japan, Asia), Johan Sulaeman (ASEAN) and Sumit Agarwal (India)
- **Moderator:** Joe Cherian
- This session focuses on that the coronavirus, also known as COVID19, and the policy actions to contain the spreading of the virus, have created demand and supply shocks on

various important Asia's economies, disrupted global supply chains, and caused financial market downfalls. These shocks, and the virus itself, are spreading towards Europe and North America. We would like to develop an analytical understanding of the causal chains and draw useful learning from these experiences which can benefit students, academics, practitioners and policymakers

SESSION 2: POLICY RESPONSE (10:30 am – 11:15 am)

- **Panelists:** Bert Hofman (China, Korea, Japan), Sumit Agarwal (ASEAN, India), Bernard Yeung (Singapore, Hong Kong), Sun Bae Kim (financial institutions' perspective)
- **Moderator:** Joe Cherian
- This session discusses that governments in Asia have rolled out intensive and high impact monetary, fiscal, and financial market policy responses to the situation. We would like to understand the nature and styles of these responses, the positive and negative effects, and draw useful learning from these experiences.

SESSION 3: HOUSEHOLD FINANCE AND FINANCIAL MARKETS (11:30 am – 12:15 pm)

- **Panelists:** Qian Wenlan (covers real estate: mortgages, forbearance), Ben Charoenwong (hedge funds & leverage), Zhang Weina (Cat/pandemic bonds – new ways for households to hedge such risks – fractional shares/digital tokens), Johan Sulaeman (ASEAN perspective), Sumit (Household finance, retirement, elderly care, redistributive policies)
- **Moderator: Joe Cherian**
- This session discusses: (1) the uneven allocation of the burden vis-à-vis how the lower-income and small businesses have been hit particularly hard, and (2) how does the economic fallout from the pandemic impact individuals / households in their savings and investing behavior, retirement savings, etc, given wealth and retirement savings have eroded quite a bit. Is there worse to come from the impending deleveraging of assets during the “illiquidity spiral” hitting markets currently? We shall consequently discuss the role of financial advisors, regulators, intermediaries, educators, etc., when designing advice, products, market structures and regulations given pandemic-type events.

< CHARTS ARE IN APPENDIX A (PTO) >

APPENDIX A

Chart I

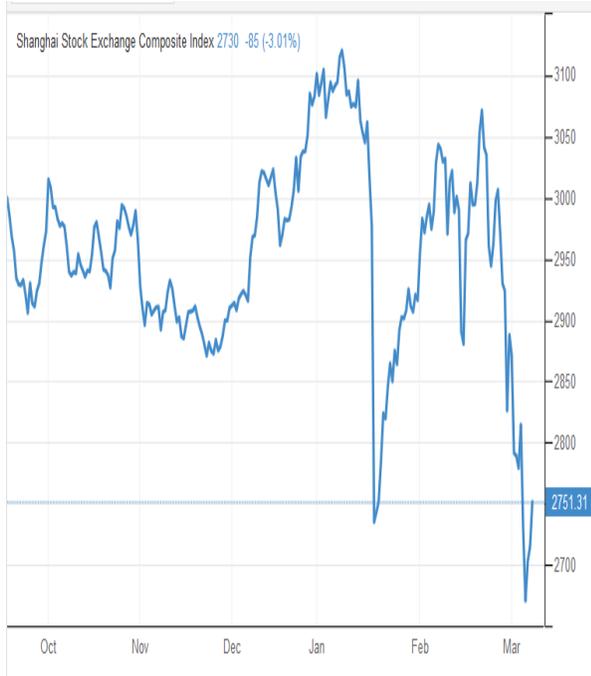


Chart II

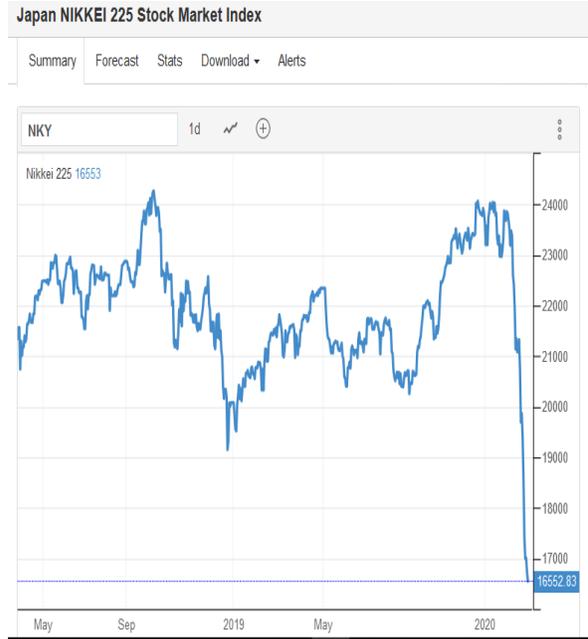


Chart III



Chart IV



Chart V

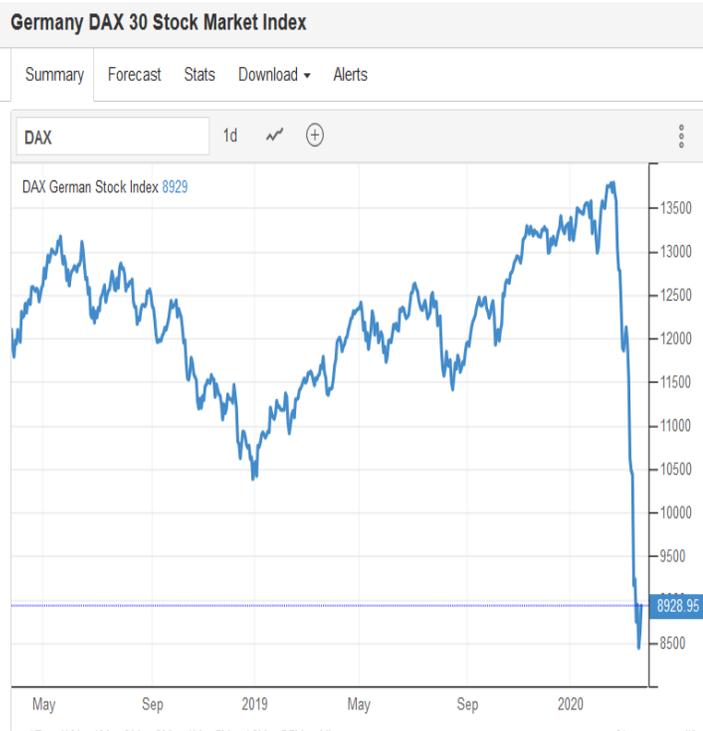


Chart VI

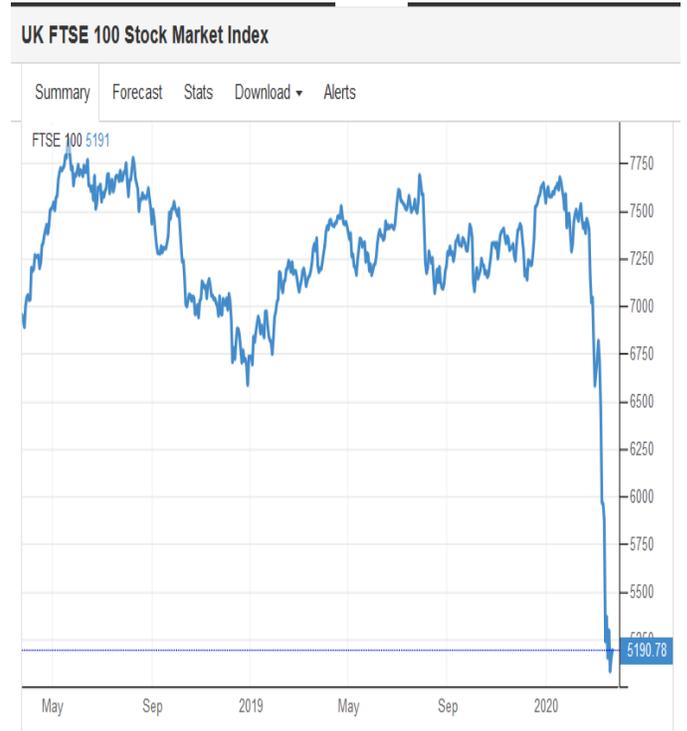


Chart VII

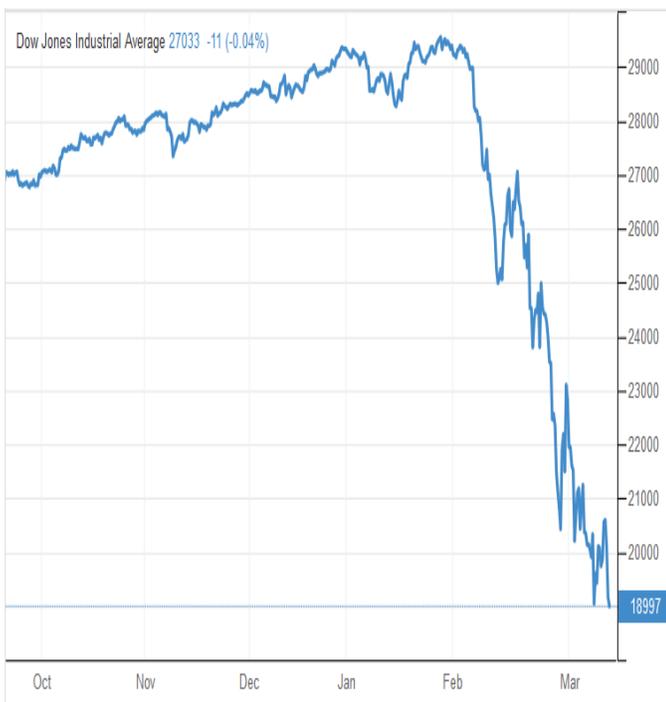


Chart VIII

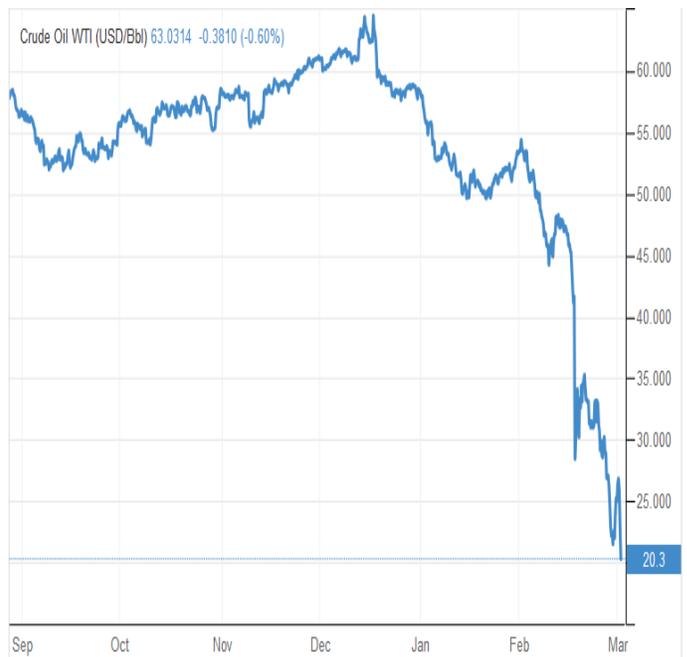


Chart IX

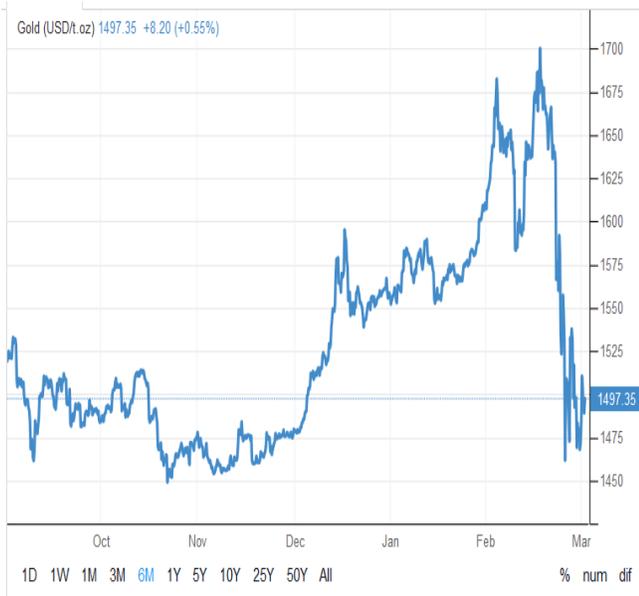


Chart X

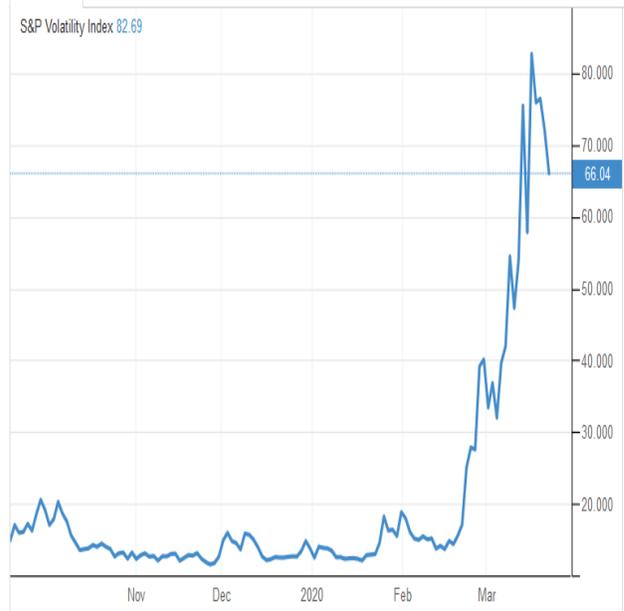


Chart XI

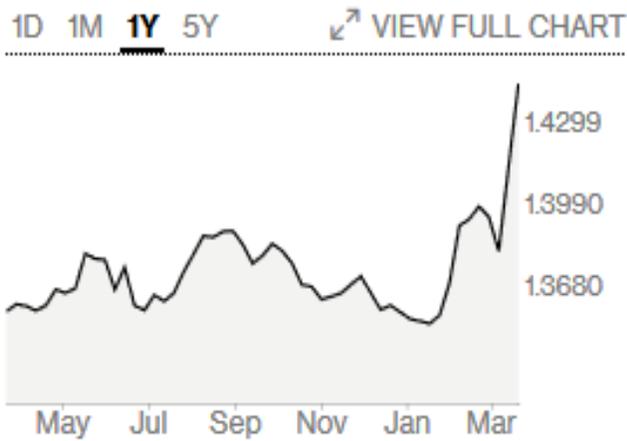


Chart XII

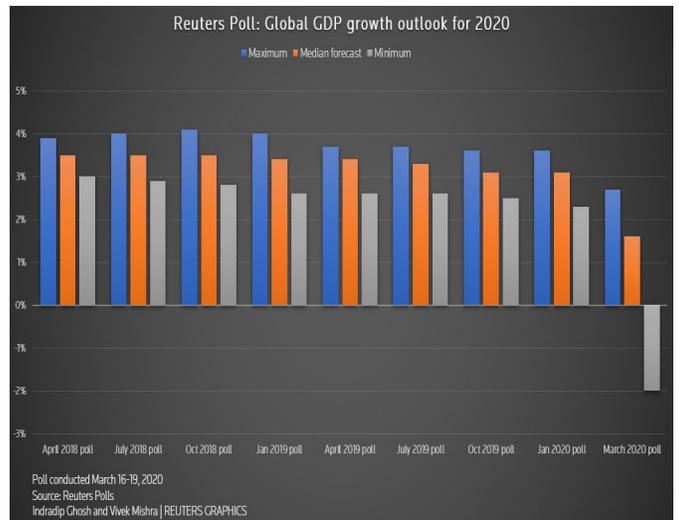
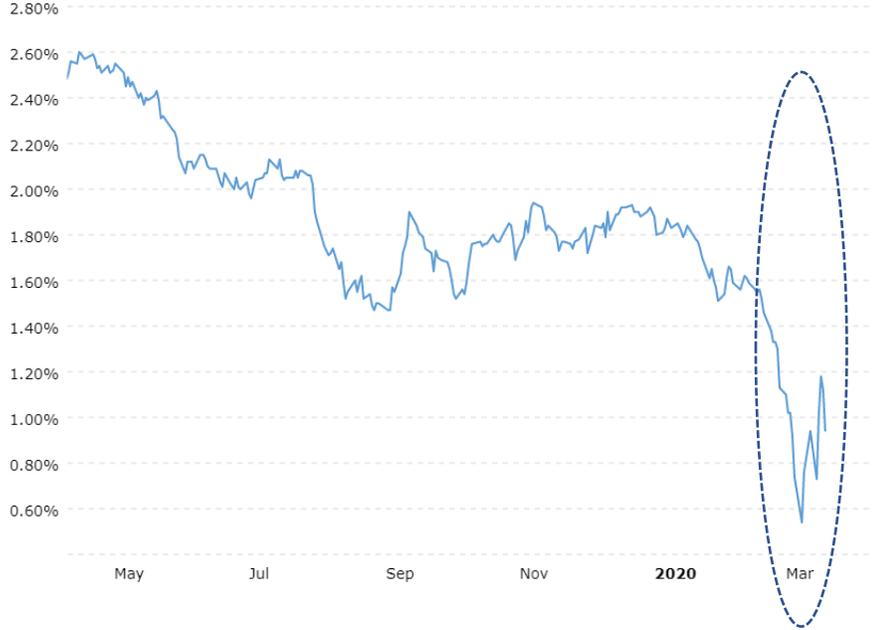


Chart XIII (10-year Treasury Yield)



Source: <https://www.macrotrends.net/2016/10-year-treasury-bond-rate-yield-chart>