

## Asia: Covid catches up

Towards the end of last year, the relatively good performance of most Asian economies in terms of the Covid pandemic started to crack. The deterioration has not been as dramatic as in Europe or the US, but the tolerance for Covid in Asia is very much lower, and some restrictions have already been re-introduced



Vaccine

Source: Shutterstock

### Asia is not immune to Covid

In early December 2020, the very low prevailing daily case numbers in South Korea started to creep up, and at one stage topped 1,200 per day. Japan, which had inexplicably managed to be only mildly affected during earlier waves of the pandemic, started to see its numbers move higher even earlier, though the rise was slower and didn't really pick up aggressively until late December. Both Korea and Japan's daily Covid figures are beginning to ease down again now, but at their peak, Japan was registering close to 8000 cases per day.

Malaysia is now recording around 4,000 cases per day, Indonesia more than 10,000. China too has been seeing case numbers rise (see China section), though so far the numbers remain low relative to the millions who have been confined to their homes in response.

There are exceptions to this trend. In India, daily case numbers continue to fall but they still remain relatively high at around 14,000 a day if we accept the recorded figures at face value.

## Rising Covid means rising restrictions

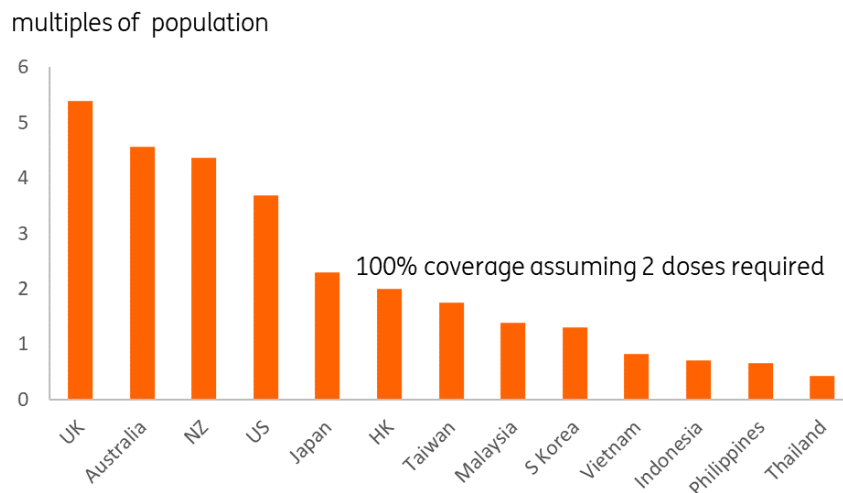
Even in Singapore, where the average number of community cases has risen from less than one to the occasional small cluster, the planned easing ahead of the Chinese New Year has been scaled back. Japan has been rolling out its regional states of emergency as caseloads have picked up in different parts of the country. Malaysia too has rolled out its movement restrictions. And in Indonesia, restrictions have been extended in Jakarta and Bali. The following table summarises what we believe to be the current situation in terms of restrictions around the region, against the recent seven-day moving average for daily cases.

### Current Asian travel restrictions

Economy	Current Restrictions in place	7-day MAV *
Australia	➤ Some local hotspot related restrictions, some restrictions on interstate travel	8
New Zealand	➤ Limited to mask wearing on public transport	4
Japan	➤ <b>States of Emergency until 7 Feb</b> in <b>Tokyo, Kanagawa, Chiba, Saitama, Osaka, Kyoto</b> and <b>Hyogo</b> prefectures – limits on bar and restaurant opening hours and capacity, encouragement to work from home / stay home	5,217
South Korea	➤ <b>Ban on gatherings of more than 4 persons</b> ➤ <b>Early closing</b> for Cafes / restaurants. ➤ <b>Clubs / Karaoke closed</b>	398
Singapore	➤ <b>Phase-3 reopening started on 28 Dec</b> with up to 8 persons for social gathering and with higher operating capacity at retail outlets. ➤ Guidelines for restricted celebrations during the Chinese New Year festivities kicked in from 26 January.	32
Malaysia	➤ The government <b>re-imposed Covid-19 Movement Control Orders (MCOs)</b> in 5 Malaysian states and 3 Federal territories <b>for two weeks on 13 Jan.</b> ➤ It also declared a nationwide state of emergency lasting until 1 August. By 21 January most of the country under MCO 2.0 banning all social gatherings and dining out, <b>limiting only two persons to do essential shopping locally</b> , and restricting interstate travel.	3,587
Thailand	➤ On 3 January, the <b>Thai Government declared 28 provinces, including Bangkok as high-risk zones</b> , asking people to stay at home, avoid gathering, or travel across provinces. ➤ It is <b>now considering easing some of the restrictions</b> , including reopening schools in 20 out of 28 provinces from 1 February.	181
India	➤ <b>Covid-19 restrictions have been relaxed as the country starts its vaccination drive.</b> ➤ Strict controls on non-essential activity, including nightly curfews and a ban on public and private transport, <b>will continue in hot-spots until at least end-January.</b> ➤ Essential businesses are allowed to operate with minimum employees and <b>bars and restaurants at 50% capacity.</b>	13,580
Philippines	➤ <b>Full (Enhanced Community quarantine) lockdown</b> in <b>Tuguegarao and Kalinga.</b> ➤ <b>General community quarantine</b> (partial lockdown) for <b>Capital region and surrounds.</b> ➤ Restricted mall hours, restaurant capacity, movements for seniors and children. ➤ Firms, public transport at <b>50% capacity.</b> ➤ <b>Schools closed</b> for in-person attendance.	1,753
Indonesia	➤ Java and Bali have <b>enhanced lockdown</b> – office capacity restricted to 75%, malls close at 7pm, restaurants dine-in limited to 25%. ➤ Worship services at 50% ➤ <b>Schools closed</b> for in-person attendance. ➤ Rest of country requirements on <b>mask wearing and social distancing.</b>	11,749
Taiwan	➤ <b>Tightened international travel restrictions</b> to SA requiring quarantine on arrival and additional testing.	4
Hong Kong	➤ Flight crew now need to quarantine for stays of over 2 hours. ➤ Restaurant hours and capacity limited. ➤ Selective lockdowns to conduct testing (part of Kowloon 22-24 Jan). ➤ Public mask wearing mandatory. ➤ Karaoke, facial, massage etc. banned.	71

7-Day MAV is the 7-day moving average as of 25 January.  
International Travel restrictions not detailed – but generally bans for non-residents or quarantine plus testing if allowed.  
\*Includes quarantined arrivals from overseas.

## Confirmed vaccines secured\* relative to population



Source: Duke University, ING  
Vaccines secured by population

## Case numbers low, but vaccine rollout is very slow

Covid case numbers in Asia may still look favourable relative to Europe or the US, even if their tolerance for very low case numbers is low. But the vaccination rollout speed has been very slow. China is probably in the lead here, but China has billions of vaccinations to disseminate, and vaccinations per 100 of the population (which is the appropriate metric for vaccinations) remain exceptionally low.

Many Asian countries will not even begin to roll out vaccines until February, and few countries have secured sufficient doses of reliable and efficient vaccines to be able to cover their entire population, at least not yet. Either that or local regulatory bodies have been slow to authorise the use of any of the new vaccines coming to the market. For many countries in the region, there are no physical stocks of vaccines, even if stocks have been "secured" on paper. This clearly prevents the rollout from proceeding at speed.

And until that happens, even though there are some good things happening in some sectors, for example, technology exports, which are important for the region, the broader recovery which will involve opening up the service sector, and international travel and hospitality can hardly be said to be gaining pace on a regional basis. With the exception of China, pre-Covid levels of activity remain a distant goal. A double-dip recession may be avoided, but we switched Asia (ex-China) to our second, less favourable scenario last month, and we are not going to change it back again this month and probably not next either.

With vaccine rollout likely to remain slow until 2Q 2021, Asia's recovery to pre-Covid levels is likely to remain subdued until later this year.

## Author

### Robert Carnell

Regional Head of Research, Asia-Pacific

[robert.carnell@asia.ing.com](mailto:robert.carnell@asia.ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user’s investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).