

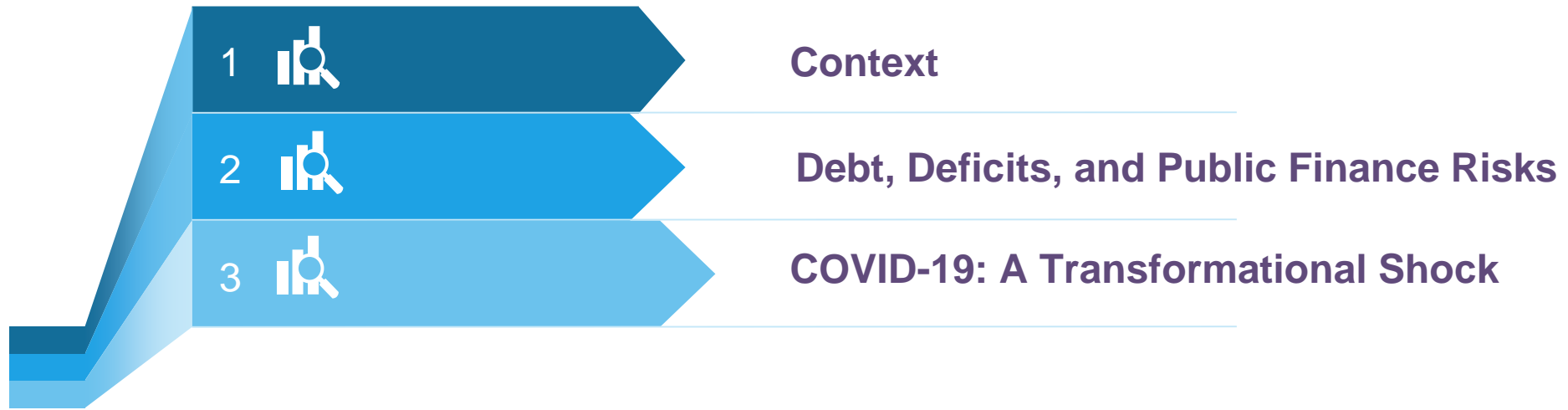
Designing Fiscal Strategies for Recovery: Main challenges

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Director
Fiscal Affairs Department

December 4th, 2020



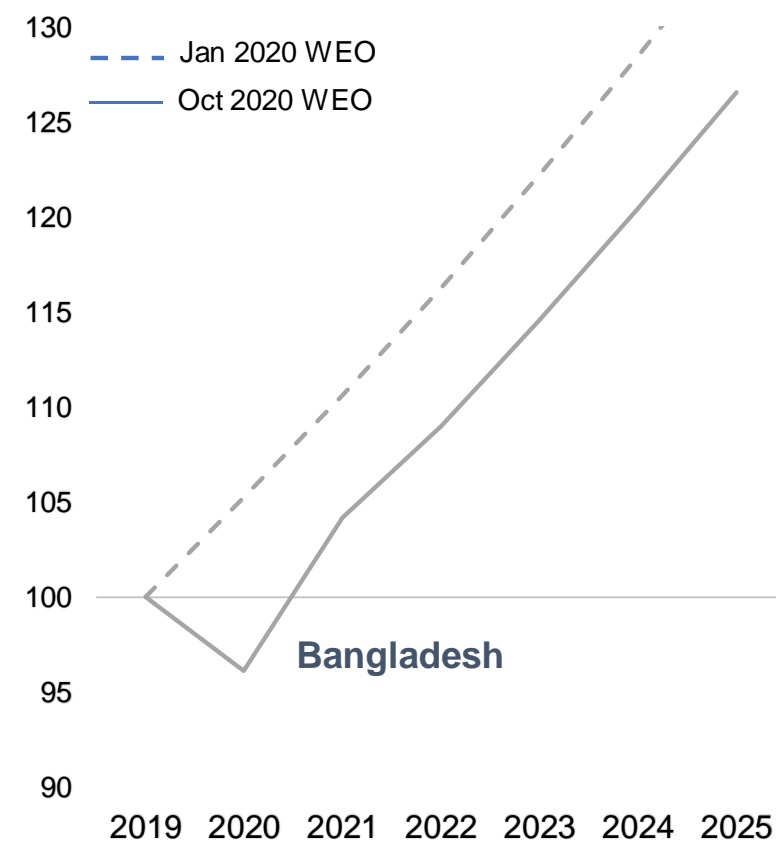
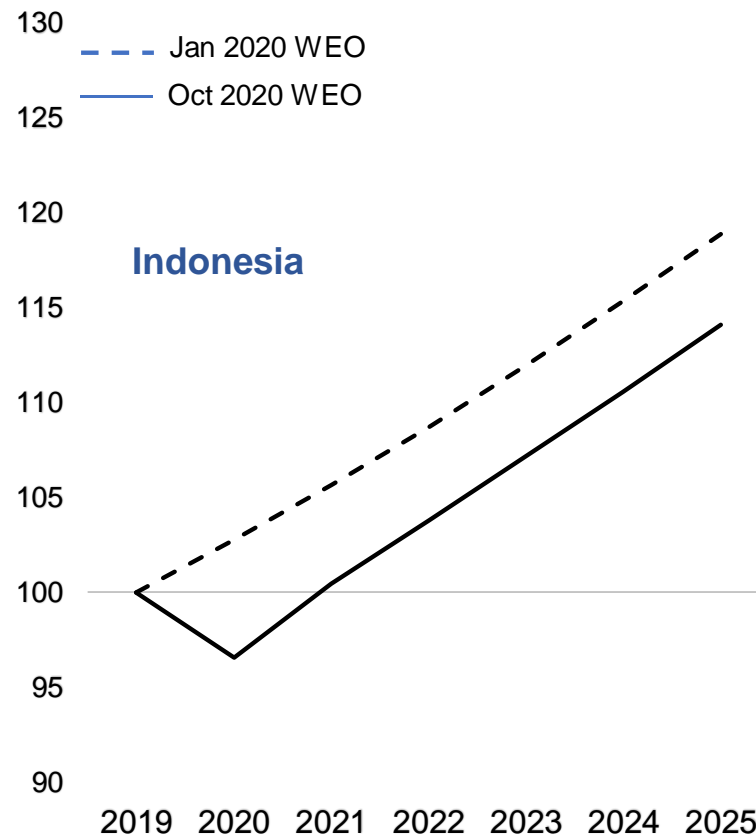
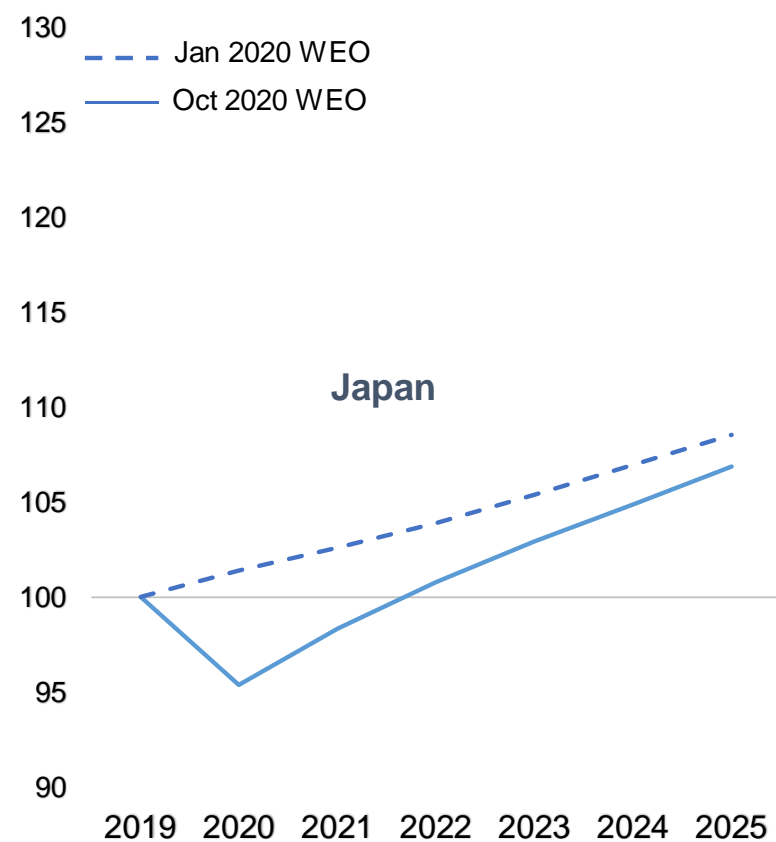
Introduction



Macro Context

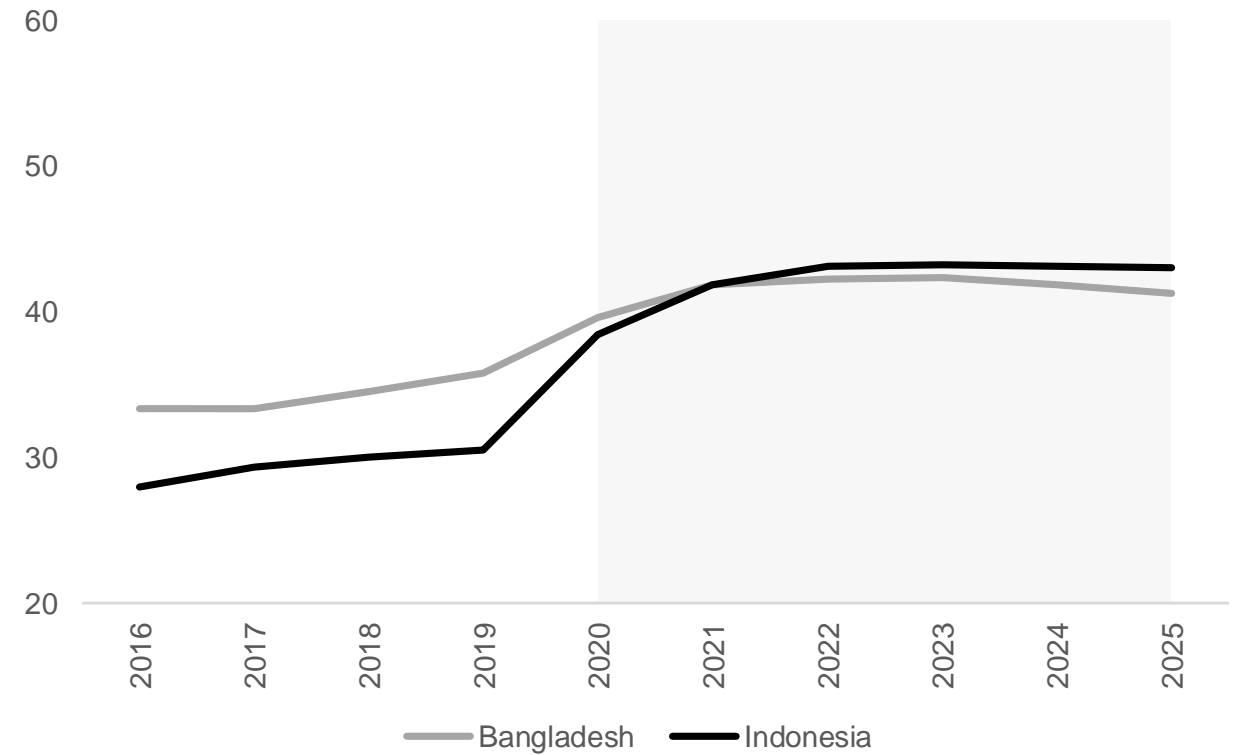
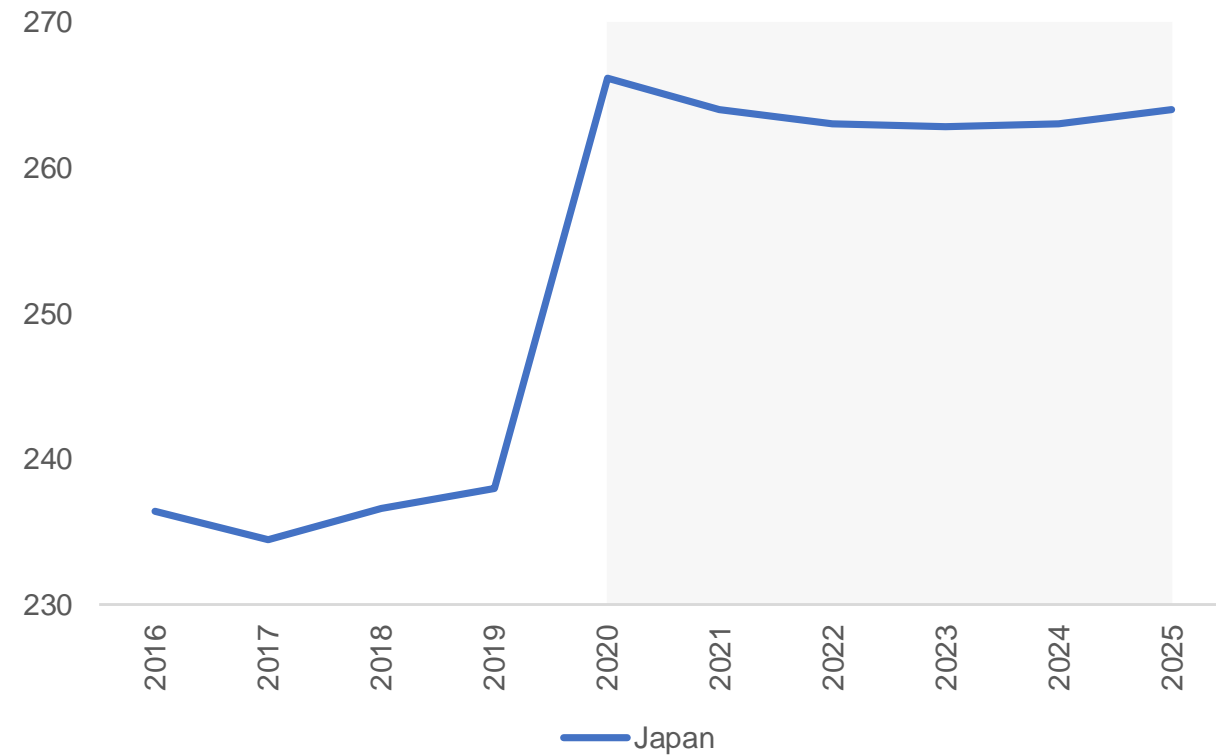


Real GDP per capita (PPP, 2019=100)



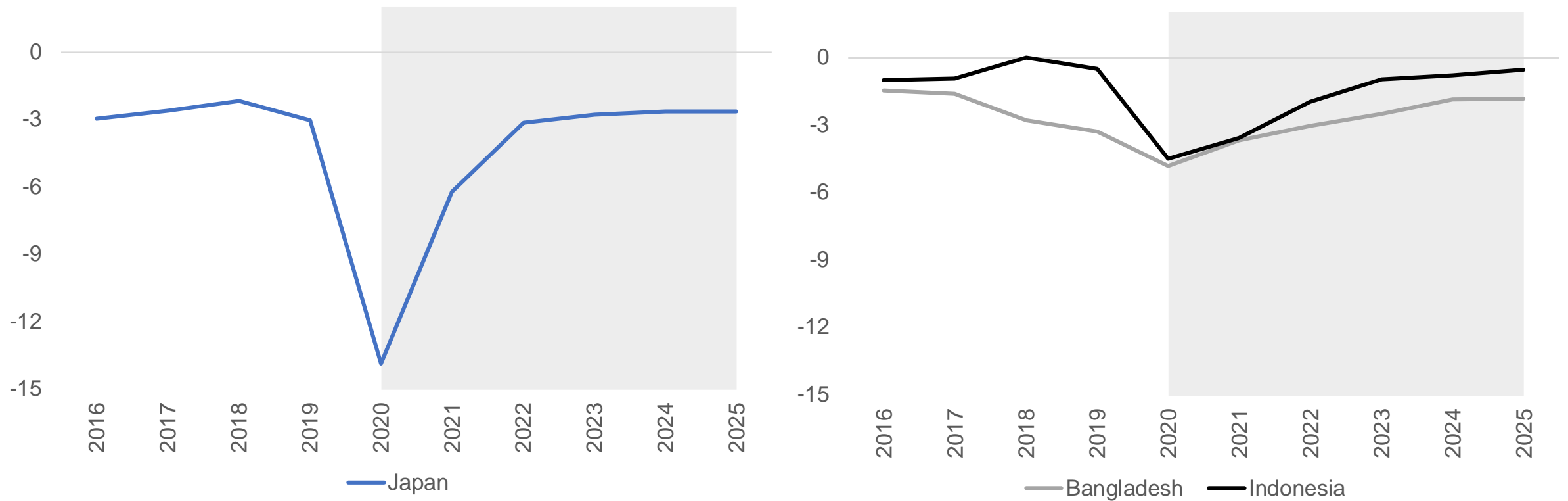
Debt, Deficits and Public Finance Risks

Debt (percent of GDP)



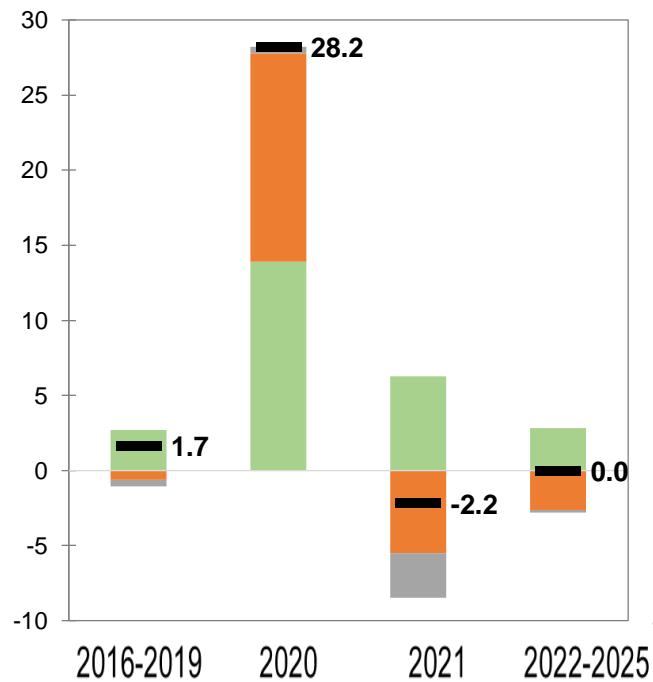
Debt, Deficits and Public Finance Risks

Primary Balance (percent of GDP)

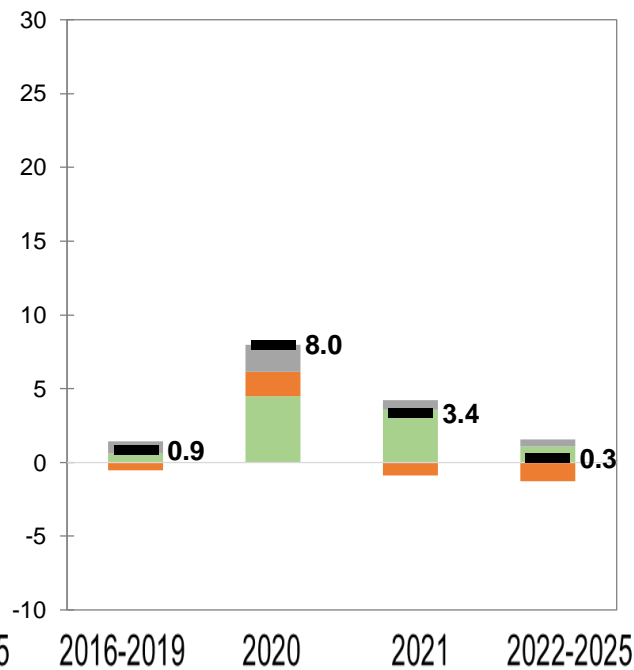


Debt, Deficits and Public Finance Risks

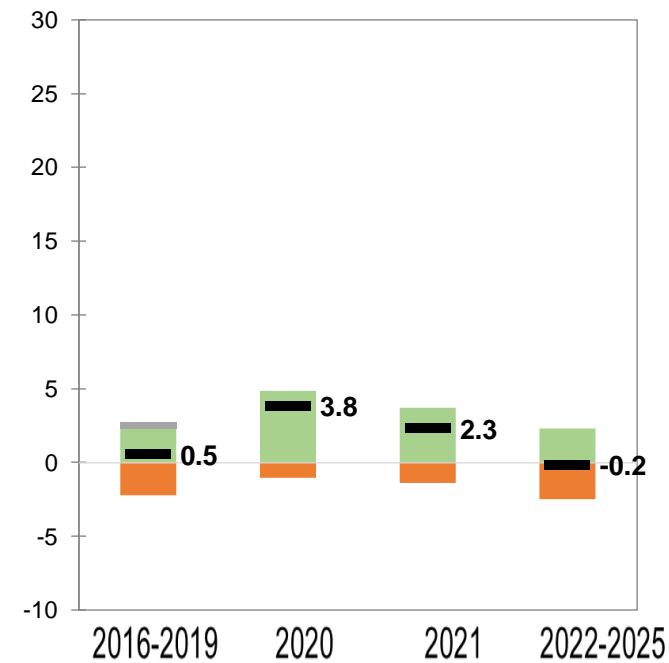
Japan



Indonesia



Bangladesh

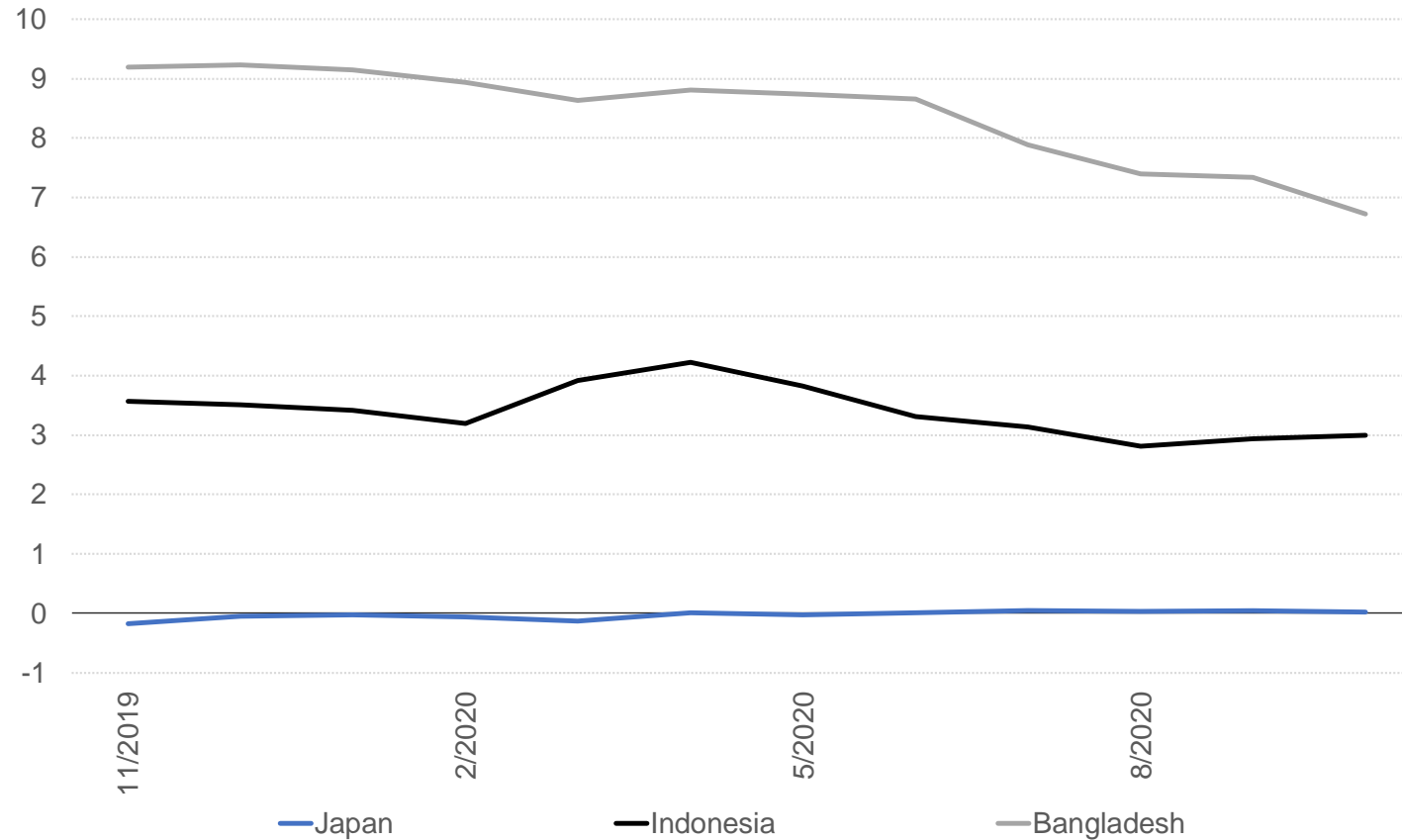


- (r - g) * b
- Primary deficit
- Other
- ▬ Change in gross public sector debt

Debt, Deficits and Public Finance Risks



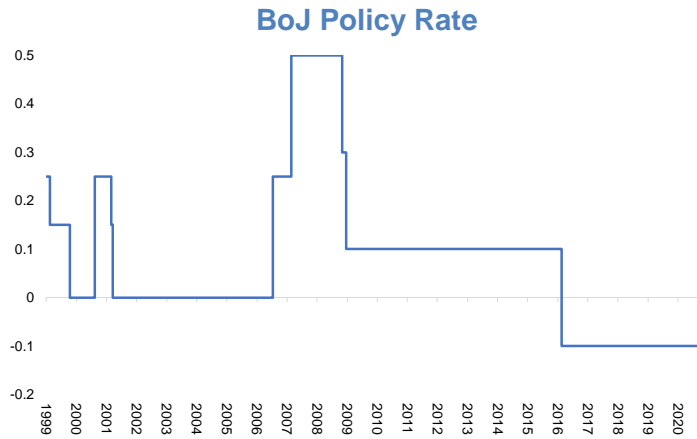
EMBI USD Bond yields Asia, in % annum



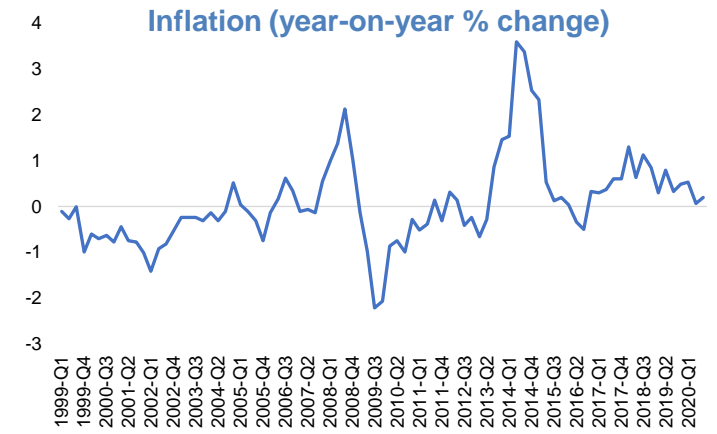
Source: Bloomberg, JP.Morgan EMBI Spreads, Datastream.

Note: Individual 10-year USD yields are unavailable for some countries. In such cases, the closest residual maturity is used. Yields are calculated from JP Morgan spreads using the USD 10-year benchmark. Yields are averaged by month. Coverages for some aggregates is sparse such as developing Asia, which only consists of three countries here. Other aggregates are shown here as dotted lines for reference.

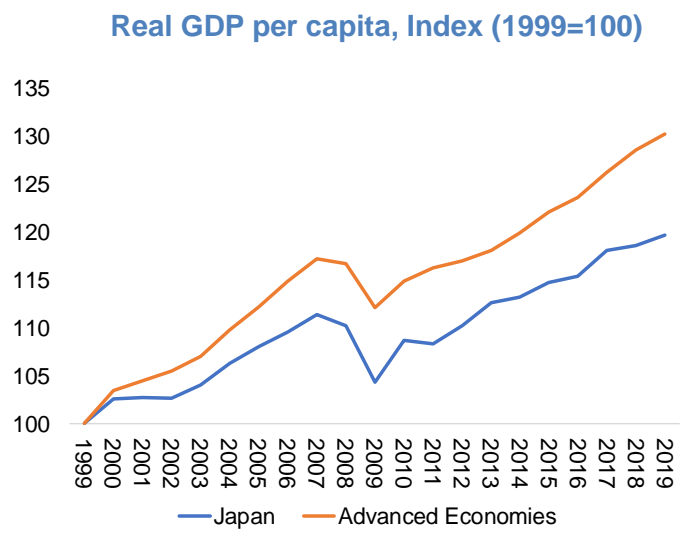
Japan



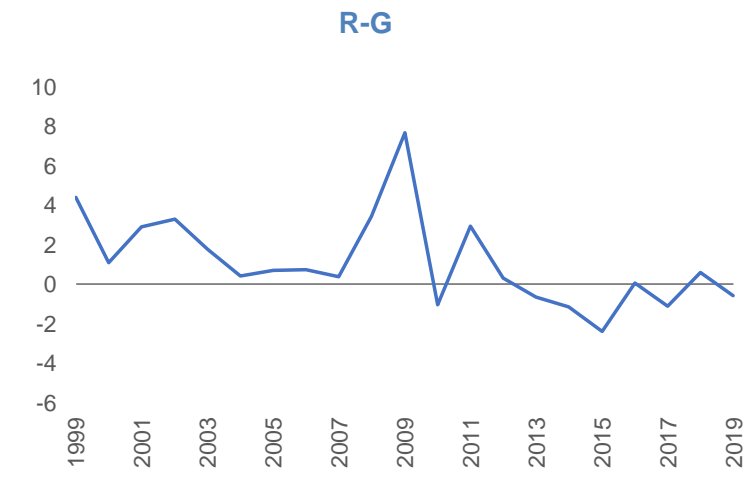
Source: Refinitiv, Thomson Reuters Datastream.



Source: IMF World Economic Outlook.



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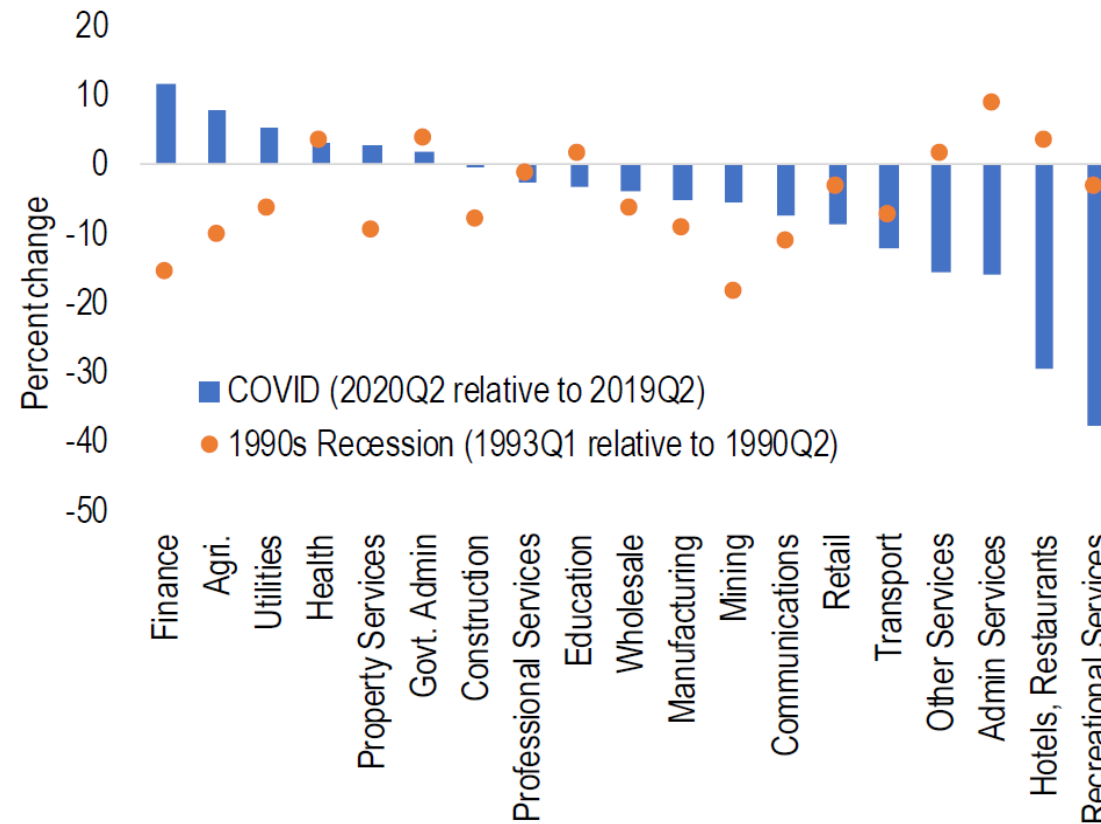
Source: IMF WEO, IFS, Refinitiv Datastream & IMF Staff estimates

Note: R is the effective interest rate (Interest paid on debt for General Government divided by debt of the previous year).

COVID19: A Transformational Shock



Labor Is Exiting Sectors that Require Face-to-Face Contact (Employment growth by sector, Australia)



Source: Haver Analytics

Green Transition...Transformational Change

