Economic activity has bounced back because of domestic demand and rebounding exports. Robust import demand from China—particularly in commodities, machinery, and capital goods—has supported activity in both emerging and advanced Asia. The region is attracting capital inflows, which, while providing easy access to financing, has posed some macroeconomic policy challenges (see Box 2.1).

Figure 2.3. Asia: Leading the Global Recovery

- Component Contributions to GDP Growth (percent change, annual average)
- Real Export Growth of Emerging Asia excl. China by Destination (year-over-year percent change)
- Real Export Growth of Advanced Asia by Destination (year-over-year percent change)
- China’s Real Export and Import Growth to the United States and Euro Area (year-over-year percent change)
- Selected Asia: Capital Inflows (percent of GDP, quarterly average)

Sources: CEIC Asia database; Haver Analytics; IMF, Direction of Trade Statistics; and IMF staff calculations

1Advanced Asia: Australia, Japan, and New Zealand; newly industrialized Asian economies (NIEs): Hong Kong SAR, Korea, Singapore, and Taiwan Province of China; ASEAN-5: Indonesia, Malaysia, Philippines, Thailand, and Vietnam; emerging Asia; ASEAN-5, China, India, and NIEs.

2Other investment includes financial derivatives.