The normalization of global trade, a turn in the inventory cycle, and stimulus-supported demand have underpinned Asia’s quick recovery. Renewed capital inflows have put pressure on exchange rates, which has been absorbed mainly by further reserve accumulation.

Sources: Haver Analytics; and IMF staff calculations.

Figure 2.5. Asia: A Vigorous and Balanced Rebound

The normalization of global trade, a turn in the inventory cycle, and stimulus-supported demand have underpinned Asia’s quick recovery. Renewed capital inflows have put pressure on exchange rates, which has been absorbed mainly by further reserve accumulation.