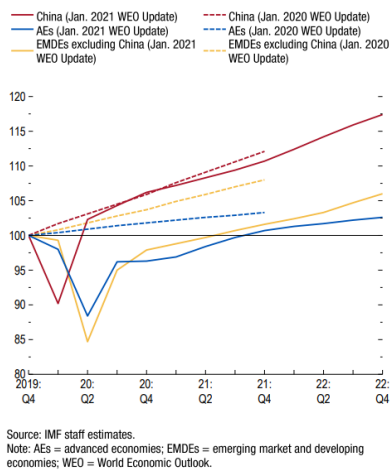


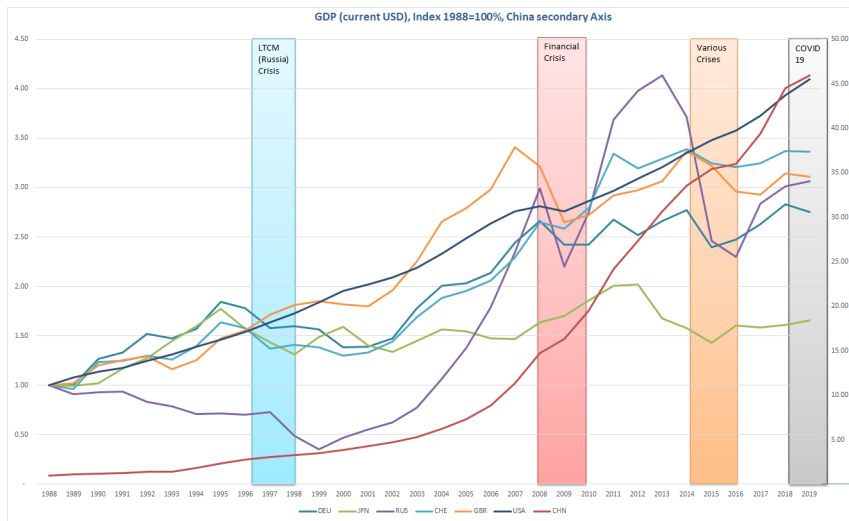
## CHINA'S FAST ECONOMIC RECOVERY Plausible ?

**Figure 1. Divergent Recoveries: WEO Forecast for Advanced Economies and Emerging Market and Developing Economies (Index, 2019:Q4 = 100)**



The IMF published a couple of days ago their forecast on the economic recovery after the heavy COVID19 recession. What hit my eye, has been the fast recovery of China in 2 quarters, whereas the rest being a) the advanced economies and b) the emerging countries will require 2 years / 8 quarters or 4 times as much for the same exercise. The one thought hitting my mind was. Can that be?

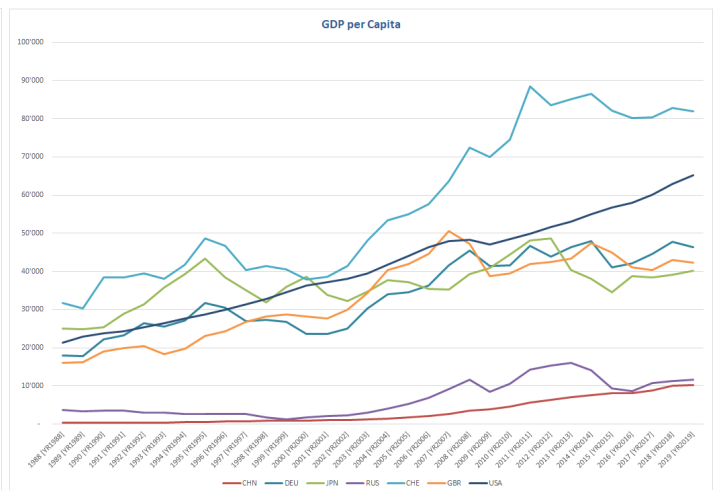
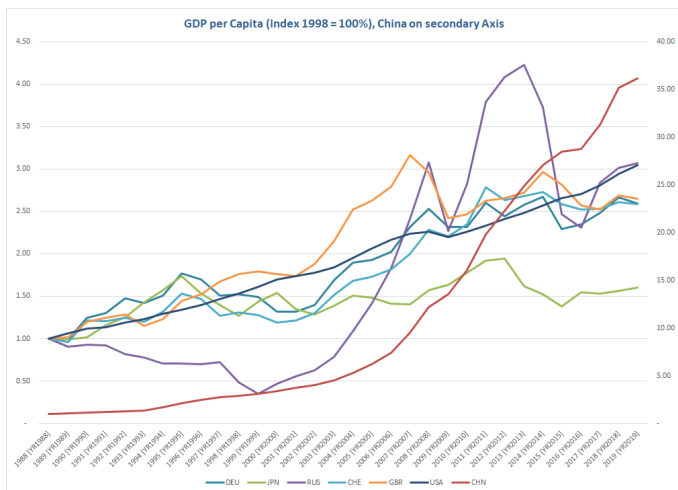
Unfortunately the IMF has not shown data of past crises and past recovery paths to the audience to somehow deliver a plausibility check. So I looked quickly into the data myself. This might help your orientation in the matter as well.



Looking at the past data (source: Worldbank) we observe many crises during the last three decades, in none of which China showed a negative GDP growth. The growth is so strong that it is only slowed down during a crisis in the past, however never turned negative (on an annual basis).

The US economy is also robust and was negative only in the self-produced Financial crisis, where as the advanced European economies and Japan show frequently negative GDP growth rates.

On GDP per Capita: China is about to overtake



Russia but will require around three decades until reaching the western economies.

The IMF forecast is plausible and it is good to have such institutions to inform us about macroeconomic data.