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Q1  
2020

- Sentiment index 53 in Q1 2020 vs 71 in Q4 2019
- Companies cite coronavirus pandemic as chief risk to six-month outlook

# Thomson Reuters/INSEAD Asian Business Sentiment Survey



# Asian business confidence slumps on coronavirus impact

A woman pushes a luggage cart near closed check-in counters at Haneda Airport in Tokyo, Japan, March 9, 2020. REUTERS/STOYAN NENOV

BY ANSHUMAN DAGA

Confidence among Asian companies slumped to near 11-year-lows in the first quarter as the coronavirus pandemic sent countries into lockdown, battering economic activity and consumer sentiment, a Thomson Reuters/INSEAD survey showed.

Representing the six-month outlook of 100 companies, the Thomson Reuters/INSEAD Asian Business Sentiment Index fell 18 points to 53 for the first quarter.

While anything above 50 indicates a positive outlook, the latest reading was the same as the second quarter of last year,

which in turn was the lowest since the second quarter of 2009, when the first edition of the survey was released.

Also, the survey, conducted in 11 Asia-Pacific countries across a range of sectors from Feb. 28 to March. 13, does not reflect the gloom that has pervaded markets this week.

“If we run this survey today, the index will be significantly lower because of what has happened in the rest of the world and financial markets,” said Antonio Fatas, Singapore-based economics professor at global business school INSEAD.

“If Europe and the U.S. can’t control the coronavirus, we’re going to have a few

more weeks of explosion in cases and see a massive disruption to the world economy.”

Despite an emergency rate cut by the U.S. Federal Reserve and similar measures by policymakers globally to shore up liquidity, financial markets had their worst day in 30 years on Monday as investors worry that central banks may have spent all their ammunition even as the virus spreads further.

## IT'S ALL ABOUT THE VIRUS

The coronavirus pandemic was cited as the main business risk by respondents in the survey, followed by continuing trade tensions and a global recession.

Just a month ago, markets were hitting record highs on hopes the outbreak would largely be contained in China. But there have now been more cases and deaths outside mainland China.

Several countries have now banned mass gatherings such as sports, cultural and religious events to combat the virus that has infected over 180,000 people globally and killed over 7,000.

“I don’t want to look at any economic indicator but only how the contagion is spreading. Because that’s going to drive economic activity, the ability of people to go back to work, to go to restaurants, to fly back,” Fatas said.

For an interactive graphic on the business sentiment index, see: <https://tmsnrt.rs/33Kj7CW>

**‘INVISIBLE ENEMY’**

The transport and logistics sector, especially aviation, have been hit hard as countries impose travel curbs to combat the spread of the virus.

Qantas Airways CEO has called the

crisis the “single biggest shock” that the sector has ever experienced.

According to Vasu Menon, senior investment strategist at OCBC Bank Wealth Management, the current situation “is different from the global financial crisis because you’re dealing with a big, big unknown. An invisible enemy”.

“It’s causing major supply and demand

disruption. There’s no end in sight at the moment,” he said.

Respondents to the survey included Suzuki Motor, Delta Electronics Thailand, Hero MotoCorp, Metropolitan Bank and Trust and Oil Search.

*Note: Companies surveyed can change from quarter to quarter.*

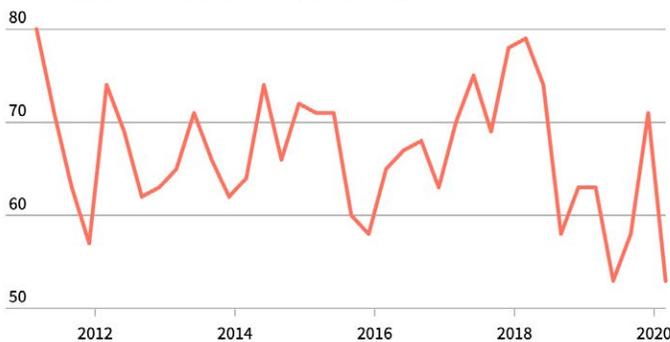


A teacher sits in an empty classroom after Tamil Nadu state government ordered the closure of primary schools across the state amid coronavirus fears, in Chennai, India, March 16, 2020.

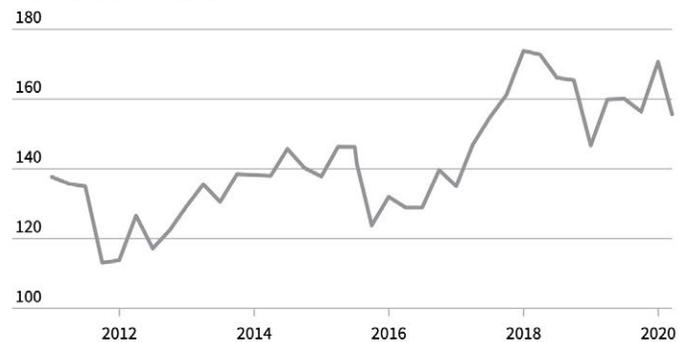
REUTERS/P. RAVIKUMAR

**Business sentiment in Asia vs share performance**

**ASIAN BUSINESS SENTIMENT INDEX**



**MSCI ASIA-PACIFIC\***



\*MSCI International All Country Asia Pacific Price Index USD  
Source: Thomson Reuters/INSEAD  
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# Links

## Previous surveys



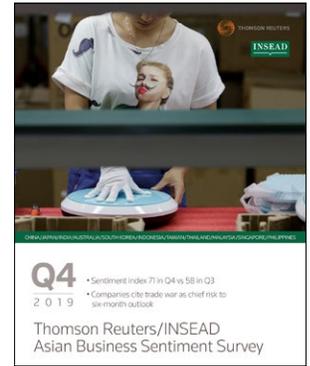
March 2019



June 2019



September 2019



December 2019

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COVER PHOTO: A worker wearing a protective suit takes body temperature measurement of a man inside the Shanghai Stock Exchange building, as the country is hit by a new coronavirus outbreak, at the Pudong financial district in Shanghai, China. February 28, 2020.

REUTERS/ALY SONG



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