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An analysis of the Effects of the Covid-19 Pandemic on Selected Economic and Financial Cases: Saudi Arabia, India, the Philippines, Singapore, and Japan

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Abstract: This paper considers how the Covid-19 pandemic may have changed economic and financial trends in five countries: Saudi Arabia, India, The Philippines, Singapore, and Japan. The objective of this study is to identify the most significant changes in the post-pandemic patterns of trade for the selected countries. Among these, as will be shown, is the increase in gold purchases. As shown, the countries share some of the specific economic and financial problems of the pandemic and exhibit their own particular issues. This context is characterized by several trends. China is less prominent, and a China-centric Asia seems like a remote possibility compared with just before the pandemic. Today there is less talk of a "One Belt, One Road" initiative of overland and maritime trade, a bold plan that had garnered infrastructural investment from Europe to Southeast Asia. Finally, national economies are becoming more salient as travel and transactions are becoming further difficult. Many governments are playing a stronger role in their economies, as is the IMF. Their combined efforts are one reason the GDP growth rates are expected to turn around so sharply and head into positive territory in 2021. This section relies on concise analyses of Saudi Arabia, India, The Philippines, Singapore, and Japan to illustrate the range of problems and opportunities in the areas of trade, finance, and investment. The paper concludes by offering several likely "scenarios" for the economic future of Asia and the world.

Keyword: Covid-19, pandemic, economic recession, finance

Classification codes: F0, F3, G0

1. Introduction

Ever since the World Health Organization (WHO) declared the Covid-19 virus to be the cause of a global pandemic on March 11, 2020, the world economy has seen a sharp decline. Travel restrictions and lockdowns have been common, along with new workplace practices that slowed down economic activity. Production is down along with financial services, shipping, and remittances, for example. Just one measure of this is illustrated by the United Nations (2020) in Figure 1 below.

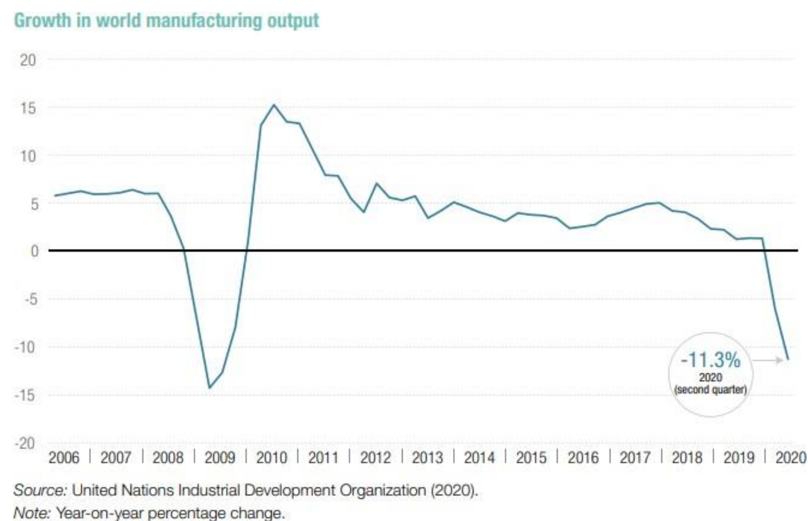
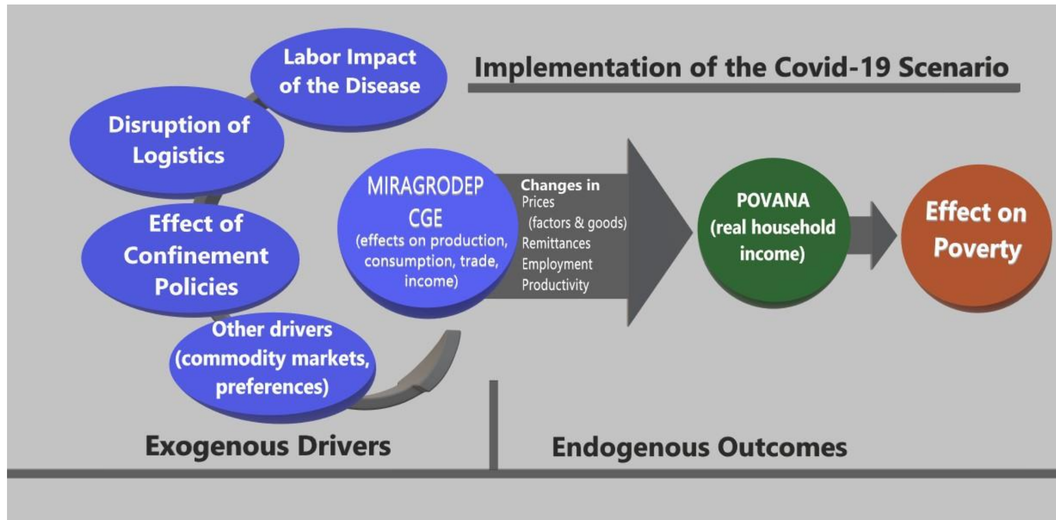


Figure 1: Growth and Contraction in World Manufacturing
Source: UN Industrial Development Organization (2020)

Figure 1 shows how world manufacturing has experienced a sharp fall in 2019, the result of the pandemic control measures initiated by the combined policies of the WHO and the 193 nation-states in the General Assembly of the United Nations.

The objective of this study is to gauge the effects of the covid-19 pandemic on the economic and financial life of five countries Saudi Arabia, India, The Philippines, Singapore, and Japan. These countries represent both developed and developing nations, and some have been more negatively influenced by the pandemic measures and world economic downturn. This paper aims to identify the most salient trends for each country and uses a combination of qualitative and quantitative data to do so. At times, each case study is also used as a window into the surrounding region, be it the Middle East, the Indian sub-continent, Southeast Asia, or East Asia.

This research effort is important because economic analyses for the near future appear to be divided. In early and mid-2020, the prevailing sentiment for 2021 was gloomy, and there were few optimists. In more recent months, it has become more common for experts to make more positive observations and predictions. There is wide agreement that the covid-19 pandemic produced an economic crisis that is not over (Laborde et al., 2020). There are specific mechanisms by which Specifically the model is one whereby exogenous drivers, such as the negative impacts on labor, logistics, confinement, and markets, then affect GDP, prices, productivity, and real household income, as shown in the Figure 2. All of this aggravates poverty and negatively influences the climate for finance.



While the research field on the economic effects of the covid-19 virus is fairly new, there is a growing consensus that developed nations far better than developing ones and democracies better than authoritarian states – but while leaving open and liberalized economies more vulnerable to pandemic shocks, as explained by (Çakmaklı et al., 2020):

> "Economic costs are much larger for an open economy because of the amplification role of international input-output linkages. Lower capital flows exacerbate this amplification as capital flows are the key form of financing for the production network. We document that sectors with stronger international input-output linkages and higher external debt suffer worse COVID losses and as a result have larger fiscal needs" (1).

This observation adds to the evidence that the pandemic has influenced the world's regions differently. The next section delves deeper into the implications of the pandemic for five countries: Saudi Arabia, India, The Philippines, Singapore, and Japan

1.1 The Pandemic-era World Economy and Finance

This research field has focused on how Covid-19 has affected worldwide economic and financial activity, including the stock market and exchange rates. Even though this is a new pandemic, there have been studies that have led to insightful observations regarding the far-reaching effects of a pandemic. Ma et al., for example, studied the economic and financial repercussions of the 1968 Flu, SARS (2003), H1N1 (2009), MERS (2012), Ebola (2014), and Zika (2016). As a general observation, growth in real GDP growth falls by about 3% the year of the pandemic. While it largely or partially bounces back the following year, the recovery usually does not include the less educated or female workers who had recently lost their jobs. Finally, during those six disease-related events, important indicators turned downward, especially consumption. The authors juxtaposed their findings with today's pandemic-era economy, which it predicted would bounce back less quickly than on average (Ma et al., 2020).

One widely anticipated result of the pandemic has been the rise in the purchase of gold. As explained by Sikiru and Salisu (2021), gold becomes important during most crises and sees an increase in its demand:

> "Gold is particularly considered an important asset and effective diversifier by investors, academics and policymakers owing to some intrinsic characteristics it possesses. It is seen as a financial/liquid asset which can easily be converted into cash and as a store of value as it helps hedge against inflation" (1).

The authors considered the role of gold in one of the hardest-hit sectors of the world economy, and the inverse relationship between gold and the travel and tourism index is shown below in Figure 3.

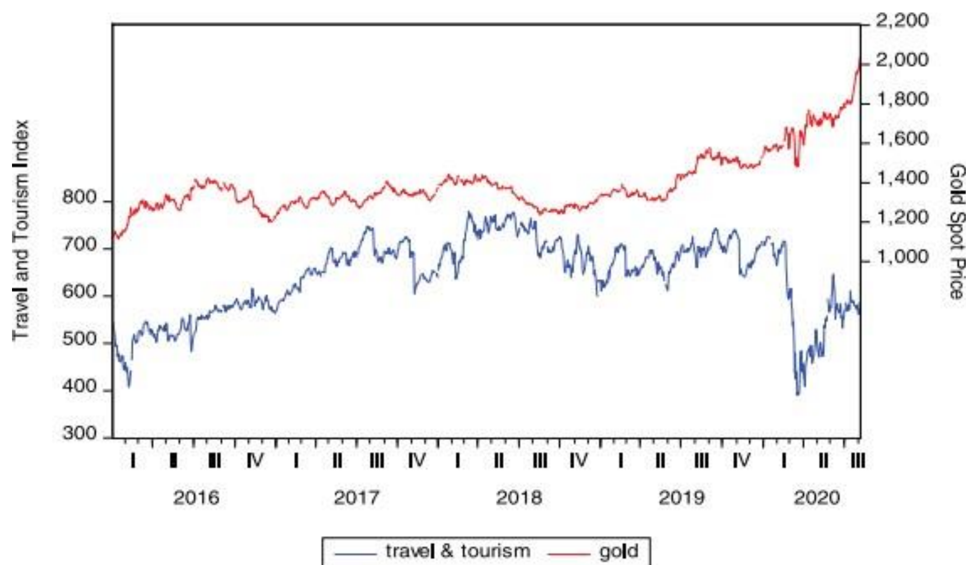


Figure 3: Gold and the Travel and Tourism Index

Source: Sikiru and Salisu (2021)

Another recent study also provides insight. The Covid–19 pandemic has shaken the global financial markets. Akhtaruzzaman et al. (2020) focused closely on Phase II of the pandemic (March 17−April 24, 2020) and found that gold is a safe haven for the major stock markets and that "… investors have increased the optimal weights of gold as 'flight-to-safety assets' during the crisis period. The results also show that hedging costs have significantly increased during Phase II" (1). Interestingly there is some disagreement here among researchers. Cheema and Szulczuk (2020), for example, found the opposite and claim that "… gold has lost its safe haven status against stock market losses during the COVID-19 pandemic." While more research should be done to settle the matter, this question is not easily resolved because across the 20th-century economists have been divided over the degree to which gold has been and remains a safe haven.

Interestingly, some researchers have observed that Bitcoin, a digital alternative currency, has not played a role during the pandemic similar to that of gold. Chen et al. (2020), for example, conducted a study that considered the effects of fear on Bitcoin:

"The results show that market volatility has been exacerbated by fear sentiment as the result of an increase in search interest in corona virus. Moreover, we find that negative Bitcoin returns and high trading volume can be explained by fear sentiment regarding the corona virus. Our results also show that Bitcoin fails to act as a safe haven during the pandemic" (2298).

More traditional currencies have also been the subject of research during this pandemic period. As shown by Barua (2020), the currencies of the GBP, Yuan, Euro, and Yen weakened against the US Dollar in the first quarter of 2020, with the authors hypothesizing that depreciation could have been driven by "… the decline in trade flows and fewer international transactions, as the pandemic goes worldwide" (25). In another related study, Mariana et al. (2020) found that Bitcoin and Ethereum may be considered safe-haven currencies over the short-term despite their high volatility and that Ethereum is likely to be the safer currency.

Regarding the influence of covid-19, there is an agreement that the pandemic has both generated stock volatility and produced unexpected outcomes. After all, as shown below by Şenol and Zeren (2020), the current pandemic has registered a level of volatility much higher than any world event since 9/11, 2001. The volatility of Bitcoin, Ethereum, Gold, and the S&P 500 is shown in the Figure 4.

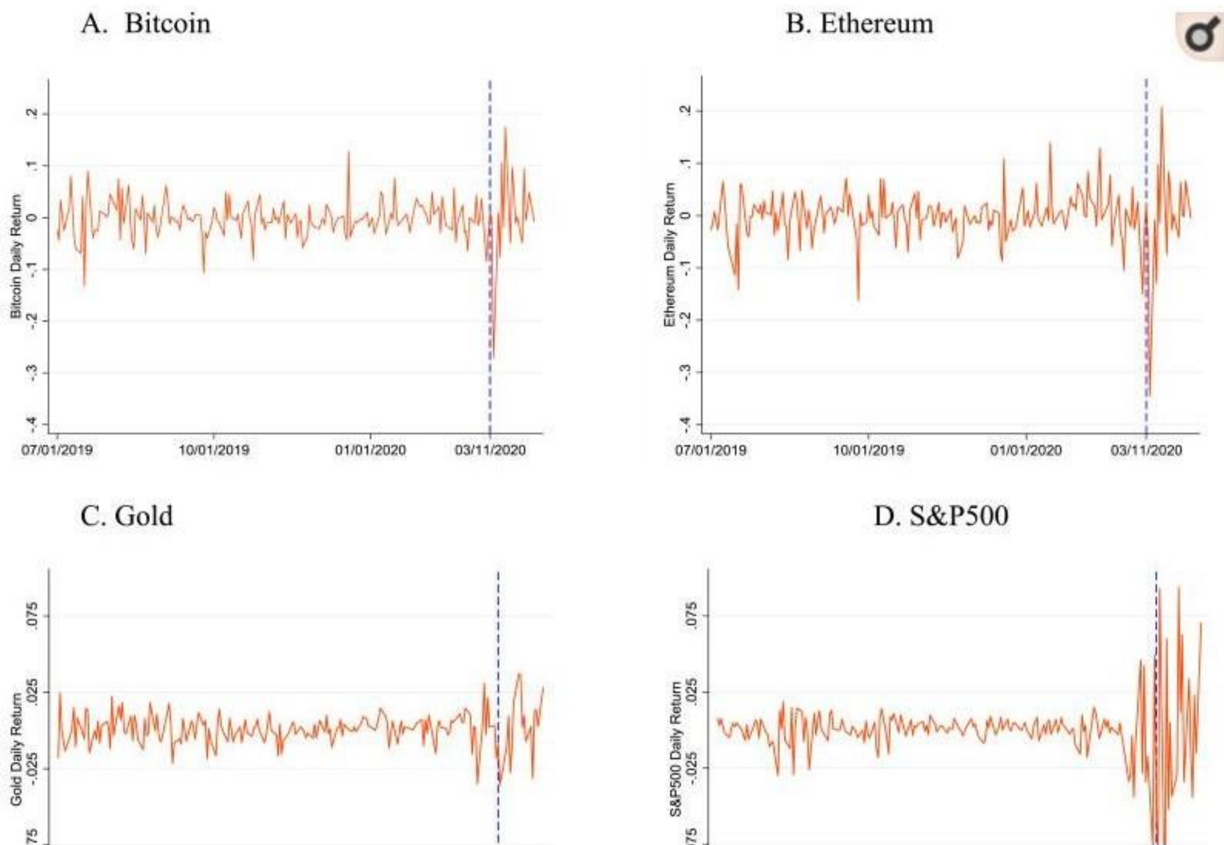


Figure 4: The Volatility of Bitcoin, Ethereum, Gold, and the S&P500

Source: Mariana et al. (2020).

As shown above, Bitcoin, Ethereum, Gold, and the S&P500 exhibited significant volatility in the period immediately subsequent to the WHO's announcement of a global pandemic. The volatile economic context described above brings new challenges to financing, and it is likely to be a world where mistakes are not easily forgiven by the market. The divide between winners and losers will widen, and in this competitive environment, Kaku et al. (2020) observe the following:

> "Holding periods will likely get longer, and funds will need to rethink their exit strategy. In terms of exits, the pandemic is likely to increase holding periods. Lower-than-expected valuations might persuade funds to hold on to their investments in anticipation of a post-COVID-19 recovery. Market liquidity is also likely to be lower because of the pandemic, at least in the immediate future, with funds finding fewer potential buyers in the price ranges at which they would consider selling. Yet another reason for longer holding periods is the risk of negative exchange-rate movements for emerging market currencies, as investors flock to the safer haven of the US dollar. Such a trend would further depress valuations for global investors, making the internal rate of return for a PE owner even less attractive" (1).

Given the lowered expectations for profit-making, financial experts advise that this period can be used for digitizing core processes and automating services. When the pandemic ends, those businesses most effective at this will be the most attractive for investment.

Another conclusion regarding the pandemic's effect on the stock market, drawn from a study by Ashraf (2020), which is considerably nuanced. The author found that while the governmental announcements of social distancing reduced stock market returns, some of those negative effects are ameliorated by announcements of containment and health policies. "Finally, stock market reaction to government economic support programs is likely to be positive" (Ashraf, 2020).

With four out of the five-country cases here located in Asia, it is useful to make some general observations. One of the most marked trends of the past year has been Asia's decoupling from the United States. Trans-Pacific trade and shipping (especially in real estate in the case of China) have declined significantly. China has also canceled most if not all of the business visas it had previously issued to foreigners, sending a message that the country was, if not closed for business, then certainly wary of remaining as open as it had been previously.

China, too, has shown a steady lessening of that bilateral trade. China's response to the covid-19 pandemic seems especially drastic, with lockdowns, quarantines, and travel. This included severe travel restrictions and the cancellation of many business visas held by foreigners. Lockdowns and quarantines were observed. This trend is accurately described by Petri and Plummer (2020):"The fissure in US-Asia relations opened by the US-China trade war has widened, due to the politics of the COVID-19 pandemic and the doubtful premise that domestic supply chains will be safer than trans-Pacific ones. These shocks will be reinforced by the effects of the new Regional Comprehensive Economic Partnership (RCEP) agreement, a huge trade bloc with 15 East Asian Countries" (2).

Just a few years ago, the expectations of financial advisors were that China would continue to expand its presence across all of Asia with its much anticipated "One Belt, One Road" initiative, one that was widely supported because it aimed to resurrect and modernize the overland Silk Roads and revitalize

the Indian Ocean Spice Routes. For investors, this was an attractive project. There was much speculation over how China's economic and political rise might remake the world order. In other words, the globalization that had formerly been spurred on by the Trans-Pacific Partnership is now giving way to an intensification of trade within Asia. This region is economically unpredictable, however, and it may well be that some countries are likely to integrate more with China and others less. Naturally, this has significant implications for finance and investment, considering that China was the regional powerhouse.

2. Case Studies Across Asia: Saudi Arabia, India, The Philippines, Singapore, and Japan

2.1 Saudi Arabia

Saudi Arabia is a high-income society relatively insulated from the worst effects of the pandemic because of the country's strong social safety nets. The country's plan for economic diversification (beyond petroleum), Vision 2030, which had already been in place before the pandemic, buffered the population from the low petroleum sales in 2020. In April, the International Energy Agency (IEA) calculated a 30% decline in petroleum demand.

Volatility, therefore, was not as pronounced in Saudi Arabia as in many countries, and this was seen in its GDP. The IMF anticipates that Saudi Arabia's GDP falls to -2.3% in 2020 and pick up to 2.9% in 2021. This is not a significant reduction in GDP compared with the other countries in this paper. Figure 5 below captures this trend, showing the tremendous fall in real GDP by the end of Spring 2020.

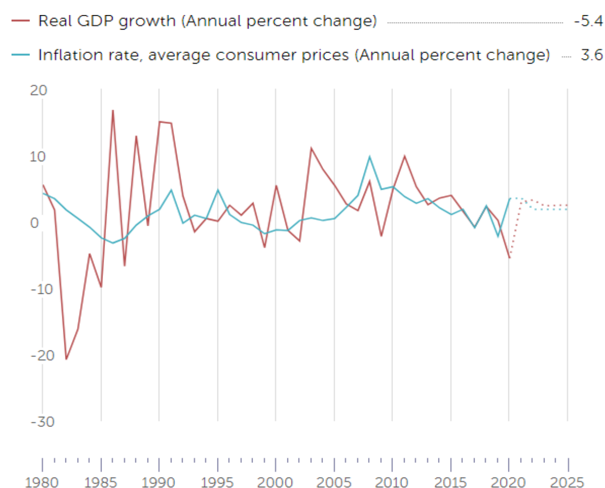


Figure 5: Real GDP Growth and the Inflation Rate in Saudi Arabia
Source: Prince Sultan University, 2020

One explanation for the decline seen above is that in Saudi Arabia, the greatest losses were suffered by small and medium-sized businesses. Prince Sultan University also conducted a survey of 918 MSMEs in Saudi Arabia. The report concluded that 65% of small and micro businesses were affected (Figure 6).

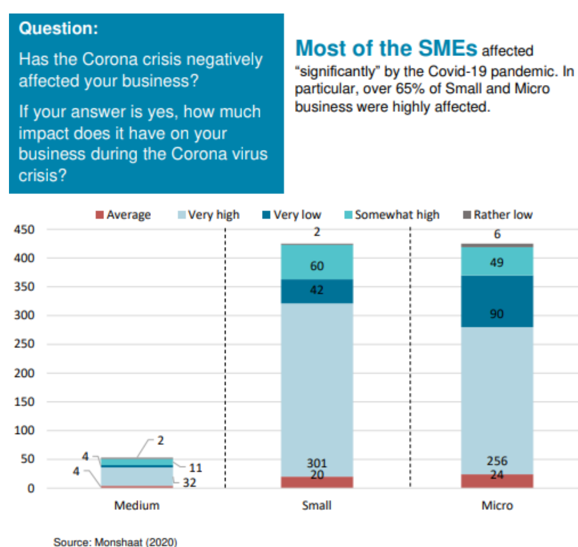


Figure 6: Effects of Covid-19 Pandemic in Saudi Arabia
Source: Prince Sultan University, Report (2020)

Clearly, those investors interested in the hospitality or construction sector would do well to consider the above report. The pre-pandemic investment climate in Saudi Arabia was not as encouraging as usual because of its unilateral increase in the VAT tax rate from 5% to 15%, which happened prior to the WHO declaring a pandemic. At the time, economists and reporters focusing on the region speculated that such an increase could be inflationary and scare off potential investors. Among investors, it is widely believed that a sudden increase in the VAT tax could lower their returns, but on that point, the literature is actually sharply divided (Jun, 2017; Barbone et al., 2012). The onset of the pandemic, in a time when money is not flowing as easily as before, only compounded these concerns, regardless of their validity.

A related factor is that in Saudi Arabia, investment is sensitive to cash flow, as claimed by Guizani and Ajmi (2020). The authors identify the causes as "contractionary monetary policy, poor financial development, and liquidity crisis, also arguing that Saudi Arabia should consider financial reform to promote "efficiency, competitiveness and transparency in firms' operations."Haque (2020), for example, pursuing a similar line of inquiry, found that private-sector GDP "… has a negative relation with the supply of money, positive relation with bank credit to private sector, and no significant relationship with share market capitalization" (39).

On this topic, Alfalih and Hadj (2020) that market size, exchange rates, and public security all reinforce FDI, but where they might differ with other economists, and indeed the field seems divided, is over the extent to which Saudi Arabia should base its economy on petroleum and the degree to which economic growth is sensitive to oil prices. Indeed, Saudi Arabia's Vision 2030 plan suggests that the country is rapidly transitioning away from oil, as has Dubai, and so researchers will be testing propositions regarding such a development in the years ahead.

2.2 India

India is noted for having taken a hard line approach to the pandemic with its two-month lockdowns. The economy slowed to a near stop, and consumer demand fell sharply. The declining

economic activity will result in less tax revenue than expected. To compensate, the Indian government is taking out loans, borrowing the equivalent of 56 billion dollars in 2020, which is about a 50% increase over the previous year. The figure below provides another perspective on these developments by showing changes in India's GDP in 2020, by sector. Activity in construction and trade slowed considerably, as did manufacturing, but manufacturing was faster to rebound. Figures 7 and 8 below, display the changes for India in terms of GDP by sector, urban demand, and household credit.

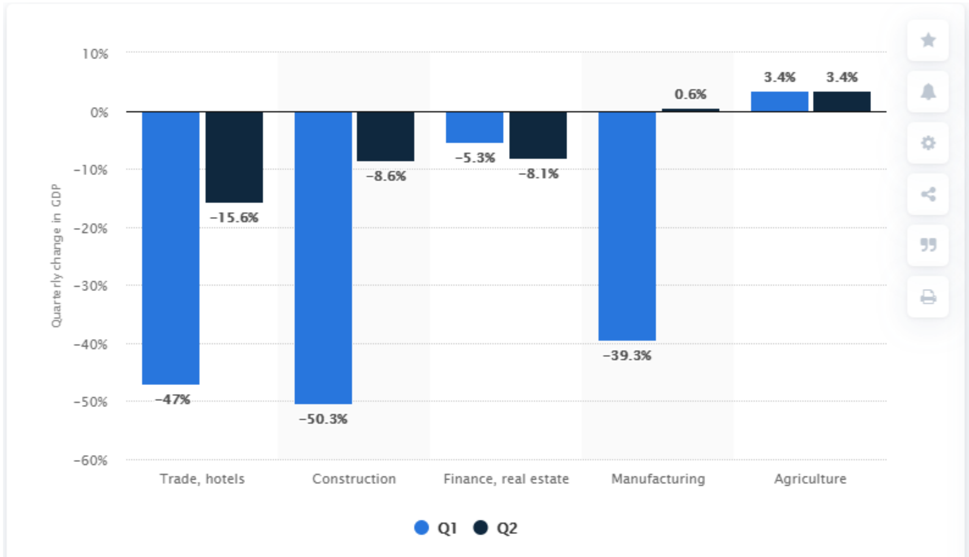


Figure 7: Covid-19 and Changes in India's GDP by Sector (2020)
Source: Mulye (2020)

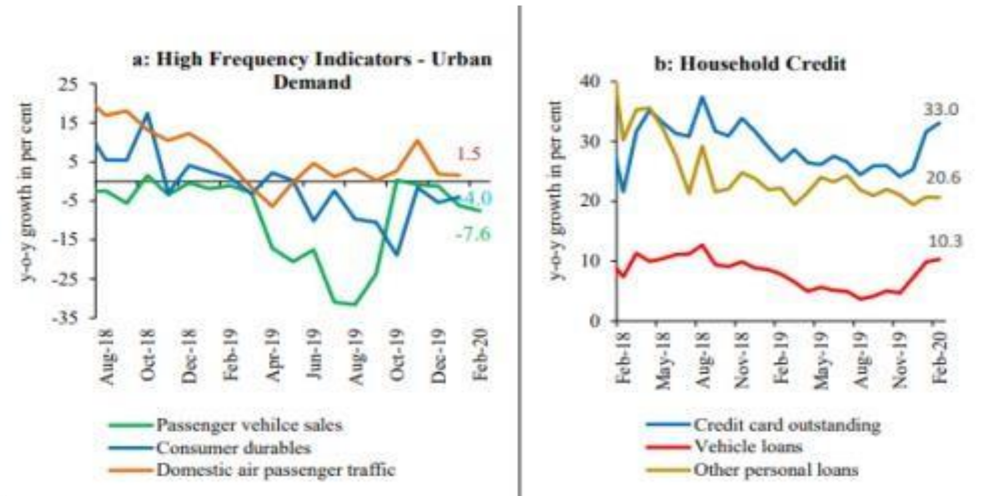


Figure 8: Urban Demand and Household Credit in India's Economy (2020)
Source: RBI (2020)

Additional insight was provided by Mishra et al. (2020) because their study of stock prices suggested that the pandemic shock was historically unique. They found that in the initial phase of the pandemic,

stocks decreased -22.6% compared to their positive growth during the demonetization and GST phases. Furthermore, benchmark stock prices were much more volatile during the pandemic (2.77) in the COVID-19 phase, compared to 0.51 and 0.59 in the demonetization and GST phases, respectively.

Despite the sobering statistics, Finance Minister Nirmala Sitharaman announced on Thursday, December 3, 2020, that India's economy would grow once more in 2021 and 2022, with even faster growth afterward.

> "India's economy will return to growth in 2021/22 after a sharp contraction in the latest year, and higher public spending will lay the foundation for stronger growth in the next four to five years, Finance Minister Nirmala Sitharaman told Reuters on Thursday. One reason for her optimism was that the government was opening credit lines to small businesses and providing relief to the construction and real estate sectors (Statista, 2020). Additional assistance came from the World Bank and its sponsorship of a 1 Billion project to help India respond to the pandemic" (1).

There was some mixed opinion, however, as some experts downplayed the severity of the pandemic, as reported in Bloomberg:

> "An income analysis by Credit Suisse done earlier in the year showed an estimated Rs 20 trillion loss to the Indian economy. However, 75% of this was a loss which didn't have a lasting impact. "We call it 'water under the bridge'. What people didn't earn, they didn't consume," the India strategist at the financial services and research company told Bloomberg Quint's Ira Dugal in an interview" (1).

Investors interested in India, in this COVID-19 era or in its aftermath, might consider the influence of the pandemic. Talwar et al. (2020) conducted a study with six dimensions that are of particular importance to investors in the retail sector. Their study found that financial attitude, namely, financial anxiety, optimism, financial security, deliberative thinking, interest in financial issues, and needs for precautionary savings all had "… a positive influence on trading, with interest in financial issues exerting the strongest influence, followed by deliberative thinking."

Many if not most economists agree with Jose et al. (2020) that prior to the pandemic, the national and provincial governments of India were reluctant to accumulate debt. Those governments – at least initially – did not initially sponsor substantial economic relief programs and instead responded with liquidity-enhancing measures, consumption taxes, and some austerity measures. In May of 2020 India's Prime Minister, Narendra Modi, announced a sizable relief package of around 10% of GDP, and evaluations of India's 2021 economic performance became more optimistic.

2.3 The Philippines

The Philippines is the one case among the five that potentially shows the most dramatic turnaround for its economy– at least if the optimistic set of predictions are borne out. During the pandemic, the country's 2020 GDP growth rate declined by -8.262%, according to the IMF, and predictions were common that 2021 would be even worse. According to the Asian Development Bank, the Philippines was expected to suffer a 10% decline in GDP, more than in any other Southeast Asian country (de Vera,

2020). Much of this decline was due to weak domestic demand and less international trade with both the United States and China.

However, toward the very end of 2020 and at the beginning of 2021, the economists' expectations for the Philippines improved dramatically. The IMF now predicts that the country's GDP will grow by as much as 7.411%, a significant bounce-back. The reason for this expected reversal of fortune is a combination of factors. First, the IMF is going to play a larger role in the economy than had been planned, injecting significant funds for the development of infrastructure, as shown in the Figure 9.

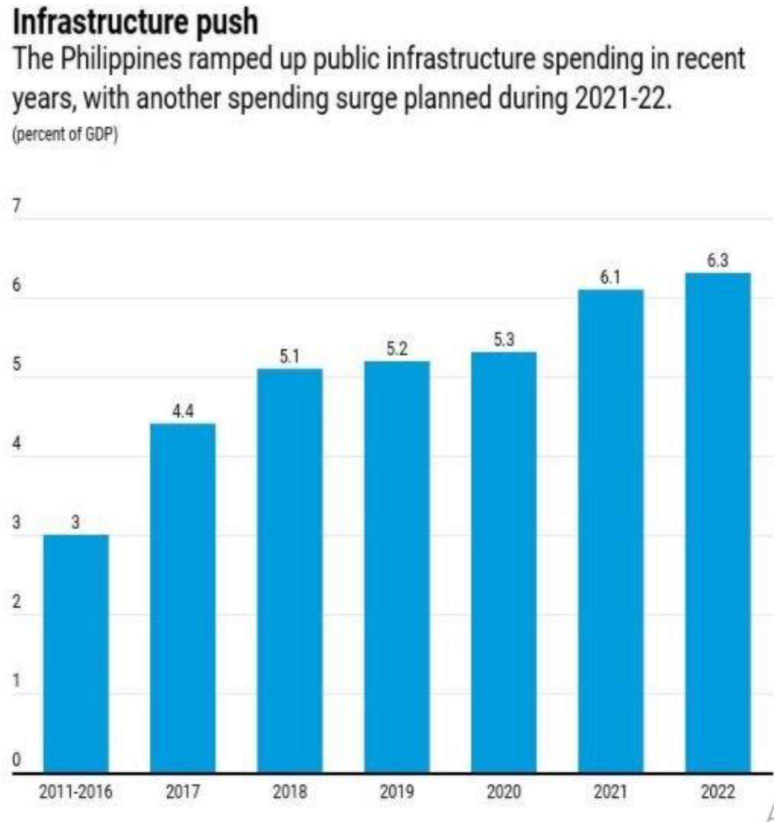


Figure 9: Spending on Infrastructure in the Philippines (2011-2022)
Source: IMF (2021)

The second factor overlaps with the plan of the national government, which is injecting its own funds into infrastructure, with one of the stated aims of turning the Philippines and specifically Manila into an area that can be attractive for investors. In part, this may have been an effort to restore confidence among foreign business people. In 2019, the Philippines revised its immigration policy so that foreigners could no longer arrive at the airport and buy an entry visa and instead needed to obtain one from an embassy or consulate of the Philippines in their home country. Similar authoritarian measures were taken in the area of restricting freedom of speech and the press, with criticism of pandemic policy banned under the Bayanihan to Heal as One Act. At times, such reversals of democratic values can make the business community feel uneasy, and the country becomes vulnerable to capital flight and a brain drain.

2.4 Singapore

Sharing similarities with Saudi Arabia and Japan, two other countries considered here, Singapore is a country with high levels of income and social development. One favorable aspect of its economy is that it relies much less on manufacturing than others in the region and much more on finance. As reported in financial media:

> "Despite Singapore's economic growth taking a beating from COVID-19, the financial sector is one of its remaining strongholds, registering positive growth in the first half of 2020" (Insurance Businessman, 2020).

In fact, that growth was5.9% in the first half of 2020. Nevertheless, there was ultimately no escaping being economically bruised by the pandemic. Singapore's GDP shrank contracted by 13.2% year-on-year in the second quarter, and its 2020 decline in GDP was estimated to be -7% to -5%. As a result, unemployment increased to 2.9% in June, mostly in the sectors of trade and transportation. In fact, the figure 10 below suggests that Singapore's financial sector remained at a steady level in terms of selected indicators of international liquidity, even during the pandemic.

International Liquidity selected indicators

Singapore

Source: International Financial Statistics (IFS)

Metadata by Country (IFS)

Indicator		Scale	Base Year	2020M03	⊟ 2020Q2	2020M04	2020M05	2020M06	⊟ 2020Q3	2020M07	2020M08	2020M09
International Liquidity, Total Reserves excluding Gold, US Dollars	RAXG_USD	Millions		278,934.64	312,285.97	301,561.19	300,781.28	312,285.97	327,821.98	321,149.75	327,319.44	327,821.98
International Reserves, Official Reserve Assets, SDRs, US Dollars	RAFASDR_USD	Millions		1,046.64	1,055.98	1,047.86	1,053.16	1,055.98	1,080.70	1,084.67	1,089.41	1,080.70
International Reserves, Official Reserve Assets, IMF Reserve Position, US Dollars	RAFAIMF_USD	Millions		1,173.60	1,402.09	1,229.63	1,297.53	1,402.09	1,434.58	1,440.18	1,446.14	1,434.58
International Liquidity, Total Reserves excluding Gold, Foreign Exchange, US Dollars	RAXGFX_USD	Millions		276,714.40	309,827.90	299,283.70	298,430.60	309,827.90	325,306.70	318,624.90	324,783.90	325,306.70

Figure 10: Singapore's International Liquidity

Source: IMF (2021)

The strengths of Singapore seen above allows the city-state to rely on finance almost exclusively, and this gave it still another advantage in terms of confronting the covid virus,

Singapore had another advantage in addition to its reliance on finance, as explained by Woos (2020):

> "As I have discussed above, the presence of several key fiscal, analytical, operational and political capacities, most of which were built up in the aftermath of the 2003 SARS crisis, had allowed the Singaporean state to launch a strong early response to the COVID-19 outbreak. These efforts have culminated in Singapore's low levels of COVID-related fatalities and minimal community transmission within its citizen and permanent resident community" (1).

Furthermore, Singapore has an advanced surveillance capacity and access to private data of residents, allowing the government to monitor the spread of any virus and engage in track-and-trace pandemic measures.

Feeling pressure and with concerns that the future could be worse, the Deputy Prime Minister and Finance Minister, Heng Swee Keat, planned to inject the equivalent of 5.8 billion dollars into the economy. Unlike Saudi Arabia, which is moving away from its traditional core activity of petroleum and toward diversification, Singapore is not setting itself on a new or experimental path and is instead embracing its historical role as East Asia's financial hub. This strategy was officially endorsed by the Monetary Authority of Singapore, which aims to "strengthen the Singapore core." As explained by Jacqueline Loh, the Deputy Managing Director for Markets & Development, Singapore is "well-placed to benefit from Asia's growth and economic transformation as it emerges from COVID-19."

2.5 Japan

Interestingly, Japan's unique advantage in responding to a pandemic is that the country has the world's most developed disaster management system, one that was upgraded after the 2011 Tōhoku Earthquake and Tsunami and the Fukushima Daiichi Nuclear Power Plant. Japan was the first country among the G7 to impose a ban on international travel (Narayan et al., 2020). However, Japan did not impose any lockdowns or restrict domestic movement, and its Covid-19 mortality rate is very low.

Japan's economy seems to mirror these national characteristics. The Yen even became more resistant to shocks during the pandemic as opposed to before it, in stark contrast to most other currencies, which showed underwent considerable volatility. In Asia, therefore, Japan has emerged as a model to emulate (along with South Korea). Howe (2020) notes that in both Singapore and Japan, "infections were dramatically reduced without resort to economically devastating universal lockdowns," and he elaborates on the reasons:

> "East Asia has handled and contained the pandemic far better than the West on nearly all metrics… During the pandemic, successful measures, such as contact tracing, mass testing and targeted quarantines, could, perhaps, only have been implemented swiftly and effectively in this region" (1).

Japan's overall approach prompted De Wit et al. (2020) to conclude the following:

> "Using the case of Japan, this paper suggests that it is possible both to protect public health and essential services, while also promoting resilience and sustainability. Japan's integrated solutions show that pandemic response can include accelerated decarburization and resilient, sustainable development" (1).

Of the national cases considered in this paper; therefore, Japan emerges as the least affected by the covid-19 pandemic. In fact, Japan outperformed Europe in 2020, with manufacturing remaining strong. In 2020 during the pandemic, Japan's GDP fell to -5.273 according to the IMF, which also predicted that its 2021 GDP would grow by 2.321. While the 2021 estimate might not seem impressive compared with the other cases, it is certainly within the bounds of normalcy for a highly developed economy.

Japan's current account balance of payments reflects their international transactions. It includes all economic transaction values and occurs between resident and non-resident entities.

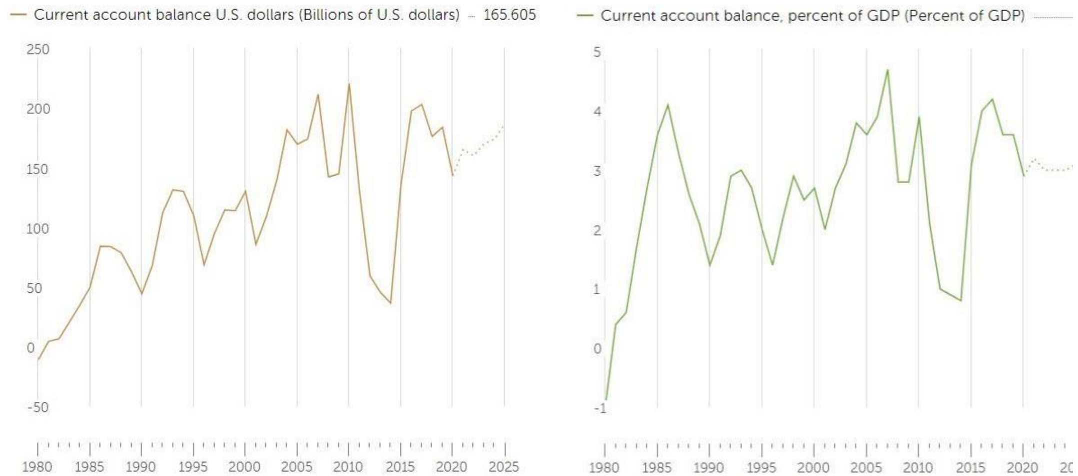


Figure 11. Japan's Current Account Balances, Total and as Percentage of GDP
Source: IMF (2021)

As shown in the Figure 11, Japan's current account balance and GDP percentage were going up slightly and expected to level off after the pandemic, after 2020. In the figure below, Japan's level of net lending and borrowing, as a percentage of GDP, has been going down in recent years but is expected to go back up because it is undertaking a public spending program to recover from the pandemic.

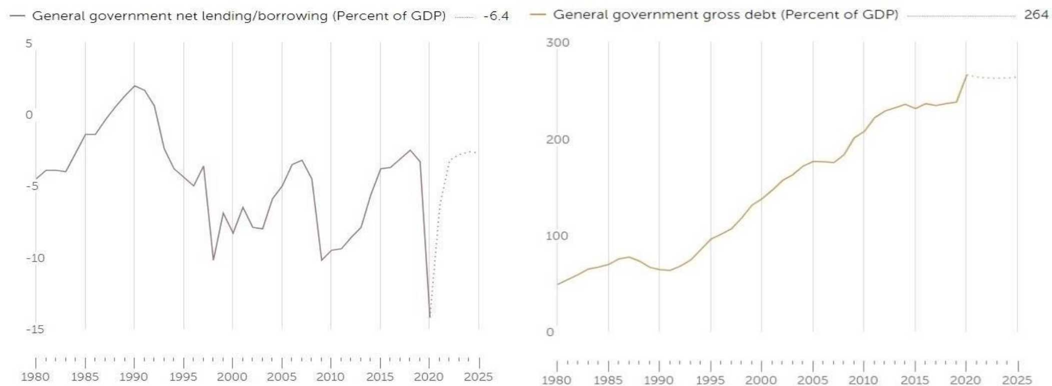


Figure 12: Japan's Lending, Borrowing, and Gross Debt, as Percentage of GDP

Source: IMF (2021)

However, as shown in the Figure 12, government debt in Japan as a percentage of GDP is expected to remain at about the same level.

Japan has followed the path of other countries in that it boosted the government's direct spending to 5.3% GDP in direct spending. Analysts expect investors to be relieved because much of that investment is going into digitization and raising the efficiency level of the economy to an even higher level.

3. Discussion and Conclusion

This paper has shown that the Covid-19 pandemic has impacted the world at large and each country differently. That being said, there were two limitations to this study. First, it focused on only five cases, and an expanded selection of cases may not have changed the conclusions for the five ones selected but may have illustrated a set of outcomes or possibilities not mentioned here. Second, there is a paucity of economic and financial data for 2020, which just ended. Much of the data for the pandemic period is for the first or second quarter of 2020.

In terms of world economic and financial activity, the start of the pandemic witnessed considerable volatility in the S&P500, Bitcoin, and Ethereum. There remains the question of gold. Akhtaruzzaman et al. (2020) claimed that during the pandemic, gold played a role as a hedge and safe haven, whereas Cheema and Szulczuk (2020) claimed that it did not.

The macroeconomic context is that all five countries – Saudi Arabia, India, the Philippines, Singapore, and Japan – saw their GDP growth rate decline in 2020 and then increase substantially in 2021.Figure 13 shows this phenomenon for the five countries, and the sudden change from negative to positive is remarkable.

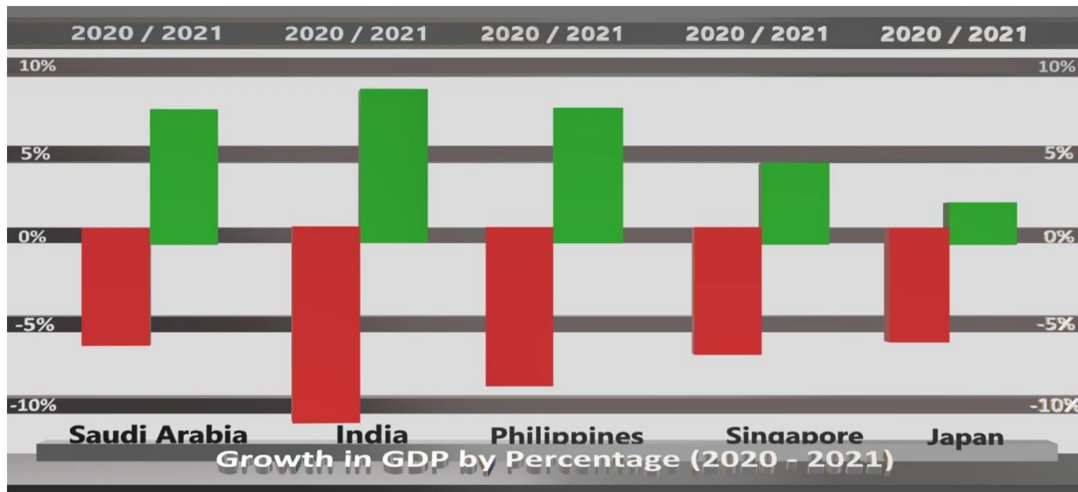


Figure 13: IMF Estimates for the Growth in GDP by Percentage for the 5 Cases.
Source: Original Figure, based on data from the IMF (2020)

The figure displays the following estimates: Saudi Arabia (2020 is 5.435%, 2021 is 3,099); India (2020 is -10.289%, 2021 is 8.804%); Philippines (2020 is -8.262%, 2021 is 7.411%); Singapore (2020 is -6.001, 2021 is 2021); Japan (2020 is -5.273, 2021 is 2.321).

The figure above suggests that India and the Philippines, as developing economies, showed the greatest difference between their 2020 low point and their expected 2021 high points (IMF, 2021). The economies of Singapore and Japan, and to a lesser extent Saudi Arabia, showed more stability. What is the pattern in their GDP growth rates translates into consideration for investors because typically, developed economies tend to offer more stable returns on investment than do developing ones, although there is often potential in the latter for an investment to witness an unusually high rate of return.

In fact, it is rare that an economy could go from having its GDP rise from -10.289% in 2020 to 8.804% in 2021. Such sharp rises perhaps account for the IMF's new role in the world economy. Actually, the improved economic climate in most countries may well be due to the synchronization of IMF and national policies. The IMF (2021) has announced new and expanded programs to keep funds flowing, and economies maintained:

> "Emergency financing– The IMF is responding to an unprecedented number of requests for emergency financing from over 100 countries… The IMF has extended debt service relief through the Catastrophe Containment and Relief Trust (CCRT) to 29 of its poorest and most vulnerable member countries… Enhancing liquidity– The IMF has approved the establishment of a Short-term Liquidity Line (SLL) to further strengthen the global financial safety" (1).

Indeed, this observation of the IMF's new role is supported by Bonadio et al., (2020), who argue the following: "Finally, unilateral lifting of the lockdowns in the largest economies can contribute as much as 2.5% to GDP growth in some of their smaller trade partners" (1). It seems that a normal "return to normalcy" would add less than 3% to a developing nation's GDP, giving rise to the question of how the remaining percent (more than 10% in many cases) is generated.

This paper also found that important similarities and differences emerge regarding their economic picture. Saudi Arabia, Japan, and Singapore are each returning to normalcy faster than India and the Philippines. While some expect Saudi Arabia to share similarities with developing nations or emerging economies, it reached a high level of economic development decades ago and perhaps defies easy categorization. It might turn out that the pandemic does not negatively influence Saudi Arabia's financial profile, but there has still been fallout for young Saudis in terms of employment (Thompson, 2020). Also, this pandemic has mostly affected certain domestic sectors within Saudi Arabia, and the economy has not suffered unduly because of the loss of oil exports.

India represents a case in which the national and provincial governments have used the opportunity to launch much-needed reform and create a climate more attractive to investment, both domestic and international. The emergency nature of the pandemic has given India's governments the latitude to engage with both national reform and the international community. Meantime, the role of Chinese investment appears to be diminishing in Asia and no other country has yet to fill that void. Most of India's growth – a greater proportion of it than for other countries – is also expected to come from domestic, internal growth, with several hundred million citizens set to enter the middle class.

Singapore and Japan share many similarities in that both countries were very well prepared for the medical and social consequences of the virus. Also, Singapore is a financial hub, and its most common

workplace environments were not significantly interrupted by pandemic measures, as they had been in other countries. In fact, the figure above illustrating GDP growth rates in 2020 and 2021 is telling because the developed economies of Singapore and Japan, along with Saudi Arabia to some extent, show relatively modest swings from decline to increase when compared with the developing economies of India and the Philippines, who showed a greater amplitude in their GDP curve.

The Philippines is the case that showed a significant loss of economic activity in 2020, on par with that of India, but the Philippines had a stricter lockdown, and many of the most severe pandemic measures remain in place. This rather grim picture supports the work of Lim (2020), who noted that the Philippines had suffered the most economically because of covid-19. Also, the Philippines is receiving less Chinese investment and saw its trade with the US drop as well. It is possible that other Southeast Asian countries such as Indonesia are, perhaps not willingly, witness growing distance between themselves and both China and the US.

In conclusion, these five economies could well see a return to pre-pandemic levels and perhaps even improvement over and above those previous levels. Nevertheless, it seems that pandemics, which are inherently difficult to manage, have introduced a new element of uncertainty to the economy at both national and international levels, as argued by Al-Thaqeb et al. (2020). Also, the pandemic did seem to alter the flow of trade, with China becoming more insular and pandemic measures affecting US businesses in Asia. Finally, and perhaps most importantly, the IMF has become much more central to the world economy, in particular to India and the Philippines. Therefore, in these five countries, one might expect the future to be one in which the flow of money changes its course.

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