

*Inflation has moderated ...*

*Commodity prices have largely returned to levels before the war in Ukraine*

World: Selected Commodity Prices  
(Index: January 2022 = 100)



Headline Consumer Price Inflation  
(Percentage change on-year)



## CHAPTER 1

# ENSURING ECONOMIC STABILITY THROUGH VIGILANT SURVEILLANCE

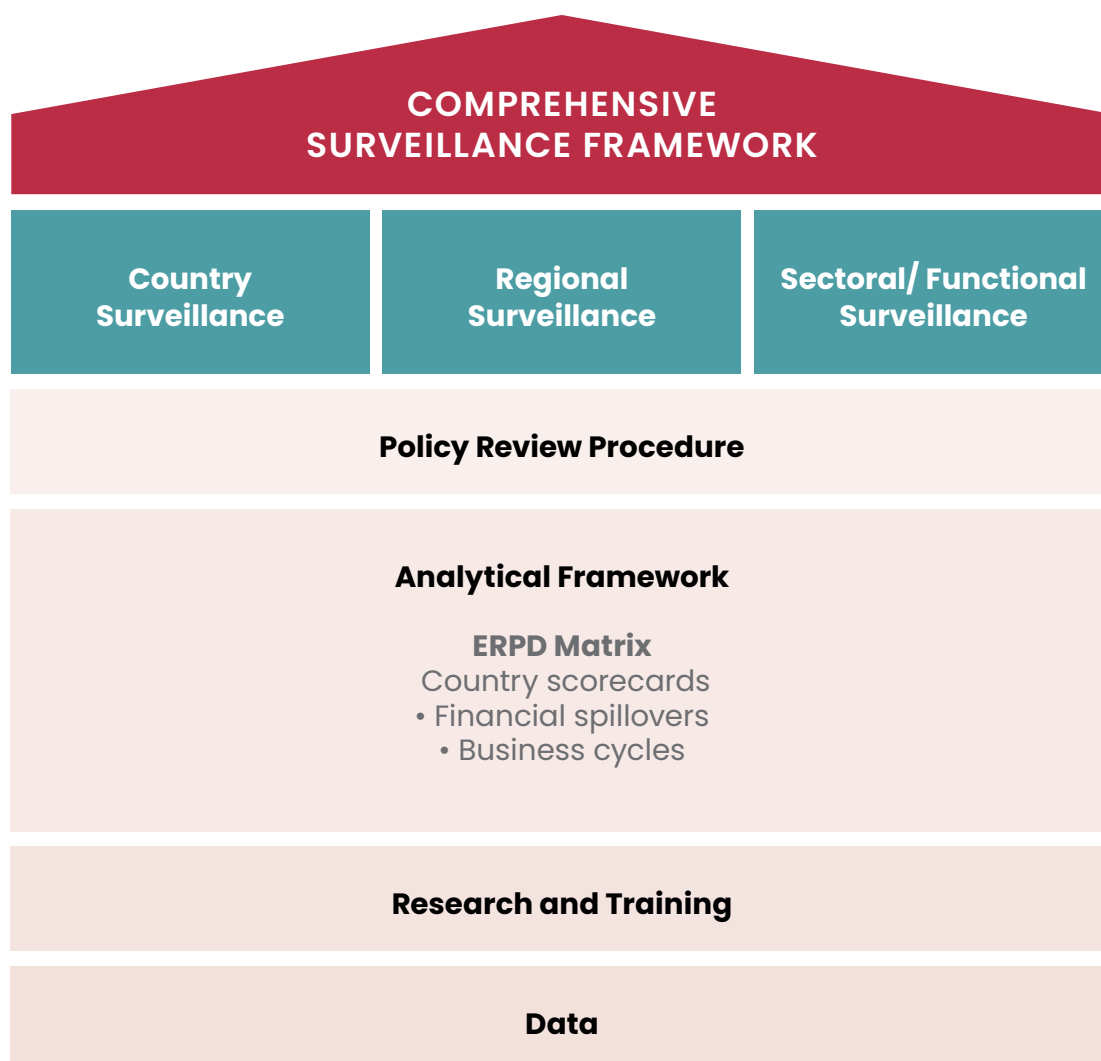
One of AMRO's three core functions is the macroeconomic surveillance of member economies. The overarching objective is to identify risks to economic growth and stability—with a focus on the balance of payments and the financial sector—and to prescribe policies to address those risks.

This surveillance comprises four interconnected areas of work:

- Enhancing the review framework;
- Undertaking country surveillance;
- Undertaking regional and sectoral surveillance; and
- Conducting thematic studies and research.

## ENHANCING THE REVIEW FRAMEWORK

In 2022, AMRO enhanced its review framework with the objective of ensuring that its policy analysis, recommendations, and program designs are thoroughly discussed and based on AMRO's best knowledge and capacity. In addition, this enhanced framework allows for extensive input from different teams during the formulation of institutional views. It also ensures that AMRO's guidance notes and operational manual are closely followed, resulting in even-handedness, consistency, and quality control in its analysis. Lastly, this enhanced framework was designed to build institutional capacity and memory.





The continued implementation of this new review framework will be monitored by PRG on an ongoing basis and any key issues identified in the implementation will be reported to senior management. PRG also organized a workshop to demonstrate the review process typically undertaken within the IMF. By walking country surveillance and reviewing groups through this process, PRG was able to closely monitor the implementation of this new framework and effectively address any concerns.

In March, AMRO staff launched the series of *Tool Time Tutorials* for members for the 2022 calendar year. The series kicked off with a tool, the *Systemic Network of Worldwide Expected-losses of Institutions (SuNWEI)*, which estimates contagion across financial institutions, followed by the *Bond Auction Tracker* in May, and the *COVID-19 Resources* dashboard in June. Staff subsequently conducted separate *Tool Time Tutorials* on the *Shipping Crystal Ball* (which uses geospatial data) in July, and the *Taylor Rule* in October.

Over the course of the year, AMRO introduced two databases: [Capital Flow Management and Macroprudential Policy Measures in the ASEAN+3](#); and [ASEAN+3 Basel Implementation and SIBs](#). Meanwhile,

AMRO concluded the [Panoply of Pandemic Policies](#) database with the last of 26 monthly issues in May 2022.

## UNDERTAKING COUNTRY SURVEILLANCE

In 2022, as ASEAN+3 economies emerged from the worst of the COVID-19 pandemic, AMRO successfully resumed in-person ACVs, conducting 11 ACVs and nine interim visits. AMRO also published 11 [ACRs](#).

After the first pilot case of Japan, AMRO mainstreamed the enhanced review framework to the country surveillance teams of Brunei Darussalam, Korea and Indonesia, which were planning their ACVs.

In a survey of country groups, respondents indicated generally positive sentiments toward the new review framework, noting that it strengthened the Preliminary Assessments and ACV reports, and facilitated more effective and thorough policy discussions within AMRO.

Throughout the year, AMRO continued to integrate regional, country, and functional surveillance through the participation of regional economists, as well as financial and fiscal specialists in both interim visits and ACVs.

In order to deepen the engagement for its surveillance work, AMRO fostered policy discussions between country teams and local authorities during ACVs and interim visits (informal discussions occurred throughout the year on an ad-hoc basis). This effectively promoted an open, two-way dialog with members. By facilitating these discussions via the country archives on the Domo platform, internal reference was made easier and more efficient.

## UNDERTAKING REGIONAL AND SECTORAL SURVEILLANCE

In April 2022, AMRO published its annual flagship report, the [ASEAN+3 Regional Economic Outlook \(AREO\) 2022](#). This was followed by three quarterly updates in [July](#) and [October](#) 2022, and [January](#) 2023.

The Regional Surveillance team also supported AMRO's representation at international forums and meetings. At events like the [ADB-AMRO Joint Webinar](#), held on May 13, 2022, regional economists joined and supported country surveillance activities.

Throughout the transition to a post-pandemic world, AMRO continued to monitor and analyze relevant pandemic-related issues and developments. This allowed AMRO to consistently produce for members the *Daily Market Update*, *Biweekly COVID Monitor*, and *Monthly AMRO Economic Calendar*.

Moreover, in order to [review and record the policy experience during the pandemic](#), AMRO carried out joint research with the Korea Institute of Public Finance (KIPF). Experts from member economies participated in this joint research report, which should prove to be an invaluable reference, especially for policymaking during future crises.

Additionally, AMRO also provided timely policy guidance to the authorities by publishing policy perspective papers. For example, [Rebuilding Fiscal Buffers in the Post-Pandemic Era: Fiscal Normalization, Consolidation, and Structural Reform](#), published in April 2022, helped inform key policy guidelines for bilateral policy discussions.

In response to the Ukraine crisis, AMRO published analytical notes and market insights that provided timely and relevant analysis of how the region's financial markets, economic growth and policy

environment were affected by the war. AMRO's publications included: [The Winds of War. Spillovers from the Russia-Ukraine Conflict to ASEAN+3 Banking Systems](#); [The Russia-Ukraine War and Global Oil Prices: Will They Fuel Problems for the ASEAN+3 Region?; Are ASEAN+3 Nonfinancial Firms Caught in the Russia-Ukraine Crossfire?](#); [Beyond the Headlines: Dissecting the Trade Implications of the War in Ukraine for ASEAN+3 Economies](#); [Feeding Inflation in ASEAN+3: The Rising Price of Food](#); and [Fueling Inflation in ASEAN+3: The Rising Price of Energy](#).

In addition, AMRO also published an analytical note titled [Carbon Pricing in ASEAN+3 Economies: Progress and Challenges](#) and a market insights note titled [Japan Trip Notes: Trends and Views of Market Participants](#).

Lastly, AMRO participated in the [SMU-IFA David R. Tillinghast Global Taxation Conference 2022](#) and gave a presentation on how the use of tax incentives in ASEAN can promote growth.

## CONDUCTING THEMATIC STUDIES AND RESEARCH

In AREO 2022, AMRO included a thematic chapter on [ASEAN+3 Growth Strategy in the Pandemic's Wake](#). The premise was that the pandemic has proven to be both a major disrupter as well as a catalyst for change. It explored the potential of the pandemic to damage the region's long-term growth potential, affect ASEAN+3's longstanding manufacturing-for-export growth strategy, and spark the development of services as a second engine of growth. Chapter 2 of the report addresses the nature and extent of economic scarring caused by the pandemic, and how policy priorities for the region's economies will change in this post-pandemic growth phase.

In 2022, AMRO introduced a new series, *Market Alert*, and prepared a concept note on the *ASEAN+3 Macro-structural Framework* developed by WG2 and an interim report on the *Opportunities and Challenges of Financial Digitalization* (led by Japan Ministry of Finance) in order to support "Future Initiatives".

AMRO plans to expand its research program into thematic issues pertinent to the region's long-term growth, such as climate change, fintech, central bank digital currencies, and global tax reform.