

**EXECUTIVE  
BOARD  
MEETING**

EBS/20/117  
Correction 2

June 29, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Myanmar—Requests for Disbursement Under the Rapid Credit Facility and Purchase Under the Rapid Financing Instrument**

Board Action:

The attached correction to EBS/20/117 (6/17/20) has been provided by the staff:

**Factual Errors Not Affecting the Presentation of Staff's Analysis or Views**

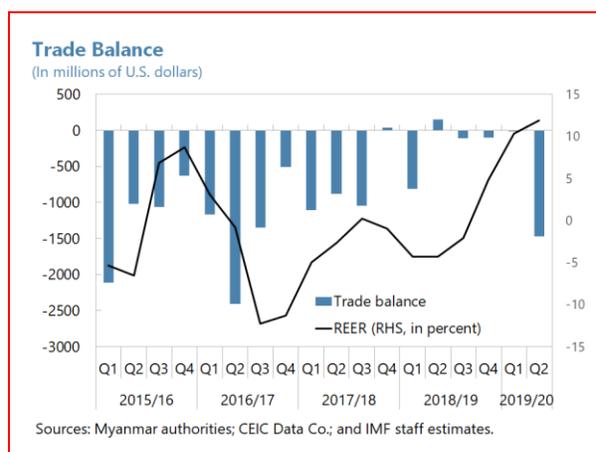
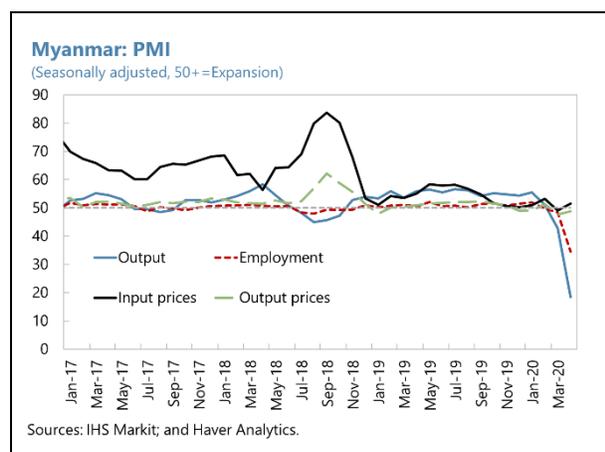
**Page 5**

Questions:

Mr. Peiris, APD (ext. 34761)  
Mr. De, APD (ext. 34869)  
Ms. Nadeem, APD (ext. 37091)



contract prices are reflected with about a 6-month lag, and import compression has narrowed the trade balance. Reserves edged up to US\$6.1 billion as of May 2020.



**4. The authorities have responded with a COVID-19 Economic Relief Plan (CERP).** The plan comprises several emergency fiscal, financial and monetary measures, including higher health spending. With the help of development partners, the plan is still being fully costed and sequenced and is expected to evolve as priorities are budgeted, funded and implemented. At the same time, to ease financial conditions, the CBM cut the policy interest rate by a cumulative 300 bps since mid-March, temporarily lowered the reserve requirement ratio and eased liquidity requirements, and paused deposit auctions.

## B. Outlook and Risks

**5. The economy is expected to weaken substantially as a result of the COVID-19 shock.** Assuming a localized outbreak that is largely contained by Q3 FY2019/20, output growth is still expected to slow down to 1.4 percent, 5 percentage points below pre-COVID-19 estimates.<sup>2</sup> This is due, in large part, to the reduction in domestic production following the introduction of regional containment measures, and further weakened by the sharp contraction in global demand. The costs are likely to be disproportionately felt by SMEs and vulnerable groups with limited cash buffers as well as those in conflict regions. Economic activity is expected to start recovering gradually from Q1 FY2020/21 (October-December 2020), led by a recovery in domestic demand and export-oriented production with growth reaching 6 percent by end-FY2020/21. However, in level terms, output will remain below that projected pre-COVID into the medium term. Inflation in FY2019/20 is expected to decline to 5.9 percent with the fall in commodity prices and subdued domestic demand.

<sup>2</sup> Pre-COVID-19 estimates are based on the data published in the recently concluded 2019 Article IV consultation ([IMF Country Report No. 19/100](#)).