

Occasional Paper No. 48

**GLOBAL SHOCKS AND ECONOMIC STABILITY
IN ASIA AND THE PACIFIC**

**Már Gudmundsson
Philip D. Wooldridge**



**The South East Asian Central Banks
Research and Training Centre
(The SEACEN Centre)
Kuala Lumpur, Malaysia**

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Már Gudmundsson and Philip D. Wooldridge
Bank for International Settlements

*Prepared for the SEACEN-BIS Executive Seminar
on Global Shocks and Economic Stability
Hosted by Bank Indonesia on 8 January 2009 in Yogyakarta*



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PREFACE

Economic and financial stability is both a national and a multilateral concern. As recent experience in world financial markets has shown, countries are becoming ever more interconnected. Problems in one apparently isolated sector, within any one country, can result in problems in other sectors and spillover across borders. Global economic and financial conditions have a significant impact on developments in most national economies. Thus, no country is an “island” when it comes to economic and financial stability.

This Occasional Paper looks at the international financial crisis and economic prospects of the Asia-Pacific region as well as provides an understanding of macro-financial linkages and proposes ways to strengthen financial systems. This Paper was prepared for the *SEACEN-BIS Executive Seminar on Global Shocks and Economic Stability* held in conjunction with the 7th SEACEN Executive Meeting hosted by Bank Indonesia on 8 January 2009 in Yogyakarta, Indonesia. The Appendix on *Indicators of Economic Stability of SEACEN Countries* was prepared by The SEACEN Centre to provide cross country highlights on economic growth, inflation and financial sector developments of the SEACEN countries.

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