

Global Economy in the Third Quarter of 2023

In the third quarter of 2023, inflation slowed but remained high in most economies, in view of the ongoing Russia-Ukraine war, the extended output cuts from oil-producing countries, geopolitical instability and other factors. Some economies adopted tight monetary policies, resulting in increased financing costs and slower economic growth; meanwhile, some emerging economies even faced capital outflows, which exacerbated debt distress. The global economic growth was slow and uneven, and the road to recovery remained bumpy with lots of challenges.

According to the World Economic Outlook (WEO) of the International Monetary Fund (IMF) in October 2023, global growth forecast for 2023 held stable at 3.0%, while that for 2024 slowed to 2.9%, a downgrade of 0.1 percentage point from the predictions in July. The projected growth rate for the US economy in 2023 was raised upward by 0.3 percentage points to 2.1%, while the growth forecast for Japan in 2023 was revised upward by 0.6 percentage points to 2.0%. Growth projections for China and the Euro area were 5.0% and 0.7%, both down by 0.2 percentage points.

The Gross Domestic Product (GDP) of the US in the third quarter of 2023 rose by 2.9% year-on-year and 4.9% quarter-on-quarter. Private consumption expenditure, total government expenditure & investment and private domestic fixed investment added 2.7 percentage points, 0.8 percentage points and 0.2 percentage points to economic growth respectively. On the other hand, net exports dragged down the growth by 0.1 percentage point. The unemployment rate increased by 0.1 percentage point year-on-year to 3.8%; besides, the seasonally adjusted unemployment rate climbed by 0.1 percentage point quarter-on-quarter to 3.7%.

The GDP of the Euro area in the third quarter remained stable year-on-year but fell by 0.1% quarter-on-quarter. The economy of Germany reduced by 0.8% year-on-year while the economy of France grew by 0.7%. Final consumption expenditure of households and non-profit institutions in the Euro area contributed 0.2 percentage points to the increase, and government final consumption expenditure added 0.1 percentage point. By contrast, net exports and inventory change hampered the growth by 1.2 percentage points and 0.3 percentage points respectively, while fixed capital formation in the Euro area had no effect on the growth. The unemployment rate was 6.5%, up by 0.2 percentage points quarter-on-quarter.

The third-quarter GDP of the UK increased by 0.6% year-on-year and remained stable quarter-on-quarter. Net exports drove up the growth by 0.4 percentage points. On the other hand, household final consumption expenditure dragged down the growth by 0.3 percentage points; capital formation and government final consumption expenditure impeded the growth by 0.1 percentage point each. The seasonally adjusted unemployment rate stayed flat quarter-on-quarter at 4.2%.

The WEO report of IMF in October 2023 indicated that the projected growth rate for the ASEAN-5 economies^a was marked downward by 0.4 percentage points to 4.2% in 2023. The growth forecast for the Middle East and Central Asia was revised downward by 0.5 percentage points to 2.0% in 2023, whereas that for India was marked upward by 0.2 percentage points to 6.3%.

The GDP of Japan in the third quarter rose by 1.2% year-on-year but fell by 0.5% quarter-on-quarter. Government consumption expenditure contributed 0.1 percentage point to economic growth, while private demand impeded the growth by 0.4 percentage points; fixed capital formation and net exports of goods & services hampered the growth by 0.1 percentage point each. The unemployment rate dropped by 0.1 percentage point quarter-on-quarter to 2.6%; meanwhile, the seasonally adjusted unemployment rate rose by 0.1 percentage point to 2.7%.

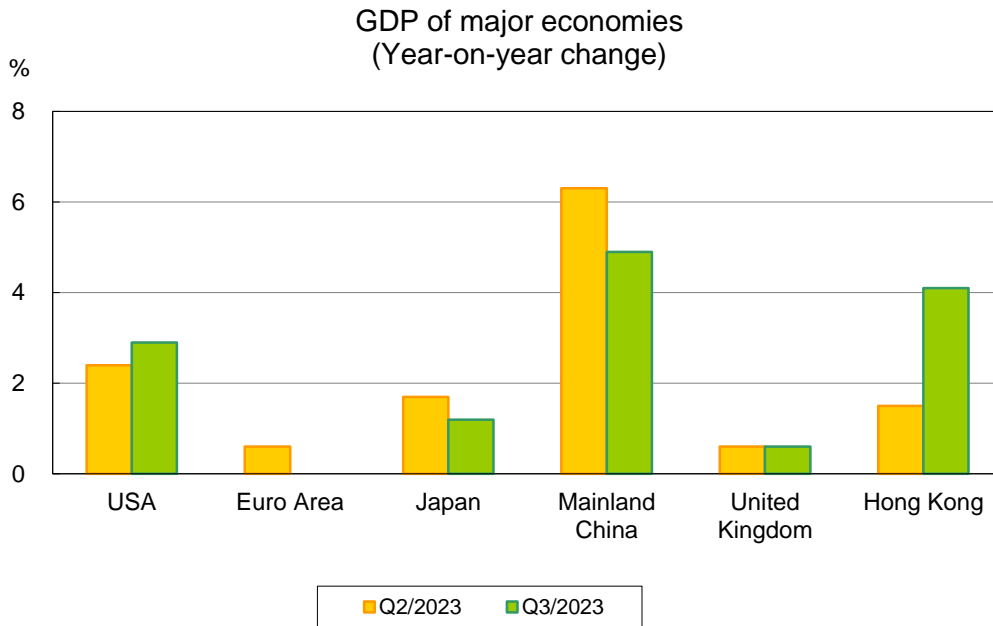
The third-quarter GDP of the Republic of Korea increased by 1.4% year-on-year and 0.6% quarter-on-quarter. Net exports added 0.4 percentage points to the rise, while government consumption expenditure and final consumption expenditure each contributed 0.2 percentage points. Besides, fixed capital formation contributed 0.1 percentage point to the growth. The unemployment rate was 2.3%, a fall of 0.4 percentage points from the previous quarter.

The third-quarter GDP of mainland China rose by 4.9% year-on-year, of which final consumption expenditure and gross capital formation contributed 4.6 percentage points and 1.1 percentage points to the growth, whereas net export of goods and services dragged down the growth by 0.8 percentage points. In the first three quarters of 2023, the value added of industries above designated size increased by 4.0% year-on-year. National fixed asset investment (excluding rural households) grew by 3.1% year-on-year; total retail sales of consumer goods went up by 6.8%, with sales of cosmetics, petroleum & related products, communication appliances and commodities expanding by 6.8%, 6.5%, 3.9% and 3.5% respectively. As regards external trade, total value of external trade^b decreased by 0.2% year-on-year in the first three quarters. Meanwhile, national consumer price rose by 0.4% year-on-year in the first three quarters of 2023.

^a Indonesia, Malaysia, the Philippines, Thailand and Viet Nam.

^b Total value of external trade in RMB

The Hong Kong economy expanded by 4.1% year-on-year and 0.1% quarter-on-quarter in the third quarter. Exports of services, gross fixed capital formation and private consumption expenditure swelled by 23.9%, 18.4% and 6.3% respectively, while government consumption expenditure reduced by 4.5%. The seasonally adjusted unemployment rate dipped by 0.1 percentage point over the previous quarter to 2.8%.



1. PRINCIPAL ECONOMIC INDICATORS OF THE WORLD (YEAR-ON-YEAR COMPARISON)

	2020	2021	2022	2022	2022	2023	2023	2023
				Q3	Q4	Q1	Q2	Q3
%								
USA								
Gross Domestic Product	-2.2 ^f	5.8 ^f	1.9 ^f	1.7 ^f	0.7 ^f	1.7 ^f	2.4 ^f	2.9
Exports of goods	-13.0	23.1	17.5	22.6 ^f	8.2 ^f	6.5 ^f	-7.2 ^f	-5.8
Imports of goods	-6.5	21.4	14.6	14.2 ^f	3.0 ^f	-3.8 ^f	-8.5 ^f	-5.7
Consumer Price Index	1.2	4.7	8.0	8.3	7.1	5.8	4.0	3.5
Unemployment rate	8.1	5.4	3.7	3.6	3.4	3.8	3.4	3.8
Euro area ^a								
Gross Domestic Product	-6.1 ^f	5.9 ^f	3.4 ^f	2.4 ^f	1.8 ^f	1.3 ^f	0.6 ^f	-
Exports of goods	-9.1	14.3	18.3 ^f	20.5 ^f	15.3 ^f	8.5 ^f	-1.9	-5.7
Imports of goods	-10.7	22.2	37.8 ^f	47.7 ^f	20.3 ^f	1.1 ^f	-13.7 ^f	-22.3
Consumer Price Index	0.3	2.6	8.4	9.3	10.0	8.0	6.2	5.0
Unemployment rate	7.9	7.7	6.7	6.6	6.7	6.8	6.3	6.5
Germany								
Gross Domestic Product	-3.8 ^f	3.2 ^f	1.8	1.2	0.2	0.2 ^f	-0.4 ^f	-0.8
Exports of goods	-9.1	14.3	15.6 ^f	19.6 ^f	12.7 ^f	7.0 ^f	-1.7 ^f	-6.3
Imports of goods	-7.0	17.3	5.9 ^f	32.9 ^f	13.7 ^f	1.2 ^f	-10.6 ^f	-16.3
Consumer Price Index	0.5	3.1	6.9	7.4	8.6	8.2	6.5	5.6
Unemployment rate	5.9	5.7	5.3	5.5	5.3	5.7	5.6	5.7
France								
Gross Domestic Product	-7.7	6.4	2.5	1.3 ^f	0.8 ^f	1.0 ^f	1.1 ^f	0.7
Exports of goods	-16.3	16.6	19.3	23.7 ^f	16.4	7.2	6.3	-2.3
Imports of goods	-13.3	18.7 ^f	29.9 ^f	39.1 ^f	20.1 ^f	3.9	-3.7 ^f	-13.1
Consumer Price Index	0.5	1.6	5.2	5.8	6.1	6.0	5.2	4.1
Unemployment rate	8.0	7.9	7.3	7.3	7.3	7.2	6.9 ^f	7.0
United Kingdom								
Gross Domestic Product	-10.4 ^f	8.7 ^f	4.3 ^f	2.1 ^f	0.7 ^f	0.5 ^f	0.6 ^f	0.6
Exports of goods	-14.7 ^f	5.4 ^f	27.6 ^f	48.1 ^f	28.5 ^f	14.4 ^f	-0.2 ^f	-18.3
Imports of goods	-13.9	12.0 ^f	29.8 ^f	29.8 ^f	20.1 ^f	-3.7 ^f	-8.8 ^f	-16.2
Consumer Price Index	0.8	2.7	9.1	10.1	10.8	10.2	8.4	6.7
Unemployment rate	4.6	4.5	3.7	3.6	3.7	3.9	4.2	4.2

^a Consists 20 member states since 2023.

Source : U.S. Bureau of Economic Analysis, U.S. Census Bureau, U.S. Bureau of Labor Statistics

Eurostat

Federal Statistical Office of Germany

National Institute of Statistics and Economic Studies of France; French Customs

Office for National Statistics of United Kingdom

1. PRINCIPAL ECONOMIC INDICATORS OF THE WORLD (YEAR-ON-YEAR COMPARISON) (Cont'd)

%

	2020	2021	2022	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3
Mainland China								
Gross Domestic Product	2.2	8.1	3.0	3.9	2.9	4.5	6.3	4.9
Exports of goods	3.6	28.0 ^f	7.2 ^f	9.1 ^f	-8.3 ^f	-1.8 ^f	-4.8 ^f	-9.8
Imports of goods	-0.6	29.7 ^f	1.0 ^f	0.1 ^f	-6.9 ^f	-7.0 ^f	-6.7 ^f	-8.6
Consumer Price Index ^a	2.5	0.9	2.0	2.0	2.0	1.3	0.7	0.4
Hong Kong								
Gross Domestic Product	-6.5	6.4	-3.5	-4.6	-4.1	2.9	1.5	4.1
Exports of goods	-1.5	26.3	-8.6	-10.9	-21.7	-17.7	-13.3	-6.0
Imports of goods	-3.3	24.3	-7.2	-11.3	-18.8	-12.7	-13.6	-2.8
Consumer Price Index	0.3	1.6	1.9	2.7	1.8	1.9	2.0	1.9
Unemployment rate	5.8	5.2	4.3	4.2	3.3	3.1	3.0	3.0
Taiwan								
Gross Domestic Product	3.4	6.5	2.6 ^f	4.0 ^f	-0.7 ^f	-3.5 ^f	1.4	2.3
Exports of goods ^b	4.9	29.3	7.4	3.3	-8.7	-19.2	-17.0	-5.1
Imports of goods ^b	0.2	33.5	12.1	6.5 ^f	-4.4 ^f	-15.8	-24.0	-19.1
Consumer Price Index	-0.2	2.0	3.0	2.9	2.6	2.6	2.0	2.5
Unemployment rate	3.8	4.0	3.7	3.7	3.6	3.5	3.5	3.5
Japan								
Gross Domestic Product ^c	-4.3	2.2	0.9 ^f	1.4 ^f	0.3 ^f	2.0	1.7 ^f	1.2
Exports of goods	-11.1	21.5	18.2	23.2	18.7	4.8	1.6	1.1
Imports of goods	-13.5	24.8	39.6	47.7 ^f	34.4 ^f	10.8 ^f	-8.8 ^f	-16.2
Consumer Price Index	-	-0.2	2.5	2.9	3.9	3.6	3.4	3.1
Unemployment rate	2.8	2.8	2.6	2.6	2.4	2.6	2.7	2.6
Republic of Korea								
Gross Domestic Product	-0.7	4.3	2.6	3.2	1.4	0.9	0.9	1.4
Exports of goods	-5.5	25.7	6.1	5.8	-10.0	-12.7	-12.0 ^f	-9.8
Imports of goods	-7.1	31.5	18.9	22.6	3.1	-2.2	-13.0	-21.7
Consumer Price Index	0.5	2.5	5.1	5.9	5.3	4.7	3.2	3.1
Unemployment rate	4.0	3.7	2.9	2.5	2.6	3.2	2.7	2.3
Singapore								
Gross Domestic Product	-3.9	8.9	3.6	4.0	2.1	0.5 ^f	0.5	1.1
Exports of goods	-3.2	19.1	15.6	23.4	-2.3	-6.5	-16.9	-15.6
Imports of goods	-7.4	20.4	20.1	28.1	0.5	-9.3	-20.7 ^f	-17.3
Consumer Price Index	-0.2	2.3	6.1	7.3	6.6	6.1	5.1	4.1
Unemployment rate	3.0	2.7	2.1	2.0	1.8	1.6	2.4	1.9

a Accumulated year-on-year comparison.

b Imports and exports of goods are compiled according to the general trade system.

c Refer to annualised growth rates.

Source : National Bureau of Statistics of China

Census and Statistics Department of Hong Kong SAR

Directorate-General of Budget, Accounting and Statistics, Executive Yuan, Taiwan; Ministry of Economic Affairs, Taiwan

Economic and Social Research Institute of Japan; Ministry of Finance of Japan; Statistics Bureau of Japan

National Statistics Office of Republic of Korea; Bank of Korea

The Singapore Department of Statistics

2. PRINCIPAL ECONOMIC INDICATORS OF THE WORLD (QUARTER-TO-QUARTER COMPARISON)

%

	2020	2021	2022	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3
USA								
Gross Domestic Product	-2.2 ^f	5.8 ^f	1.9 ^f	2.7 ^f	2.6	2.2 ^f	2.1 ^f	4.9
Exports of goods	-13.0	23.1 ^f	17.5 ^f	1.8	-4.8	1.1	-5.7	4.0
Imports of goods	-6.5	21.4 ^f	14.6 ^f	-3.6	-2.7	-0.3	-2.0	0.6
Consumer Price Index	1.2	4.7	8.0	1.4	1.0	0.9	0.7	0.9
Unemployment rate ^a	8.1	5.4	3.6	3.6	3.6	3.5	3.6	3.7
Japan								
Gross Domestic Product	-4.3	2.2	0.9 ^f	-0.1 ^f	-0.1 ^f	0.9	1.1 ^f	-0.5
Exports of goods	-11.5	21.7	18.2 ^f	5.0 ^f	0.5 ^f	-5.9 ^f	2.3 ^f	4.5
Imports of goods	-14.1	25.2	40.3 ^f	8.3 ^f	-1.4 ^f	-10.5 ^f	-4.6 ^f	1.1
Consumer Price Index	-	-0.2	2.5	0.9	1.1	0.5	0.7	0.8
Unemployment rate ^a	2.8	2.8	2.6	2.6	2.5	2.6	2.6	2.7
Hong Kong								
Gross Domestic Product	-6.5	6.4	-3.5	-2.5	-	5.4	-1.3	0.1
Exports of goods	-1.5	26.3	-8.6	-7.5	-6.6	-0.2	-2.5	1.6
Imports of goods	-3.3	24.3	-7.2	-10.5	-6.8	2.6	-2.0	1.4
Consumer Price Index	0.3	1.6	1.9	0.5	0.6	0.7	0.3	0.3
Unemployment rate ^a	5.8	5.2	4.3	4.0	3.5	3.1	2.9	2.8

a After seasonal adjustment.

Source : U.S. Bureau of Economic Analysis, U.S. Census Bureau, U.S. Bureau of Labor Statistics

Economic and Social Research Institute of Japan; Ministry of Finance of Japan; Statistics Bureau of Japan

Hong Kong SAR Census and Statistics Department