

Global Economy in the Third Quarter of 2019

The global economy continued to grow but at a slower pace in the third quarter of 2019. The impact of trade protectionism and unilateralism became more profound and began to spread across other regions. Elevated trade and geopolitical uncertainties created macroeconomic strain on emerging market economies which, coupled with Brexit-associated risks, caused a high risk of downturn to the global economy.

The World Economic Outlook (WEO) report of the International Monetary Fund (IMF) in October 2019 indicated that the global economy is in a synchronised slowdown, dragged by decline in investment and demand for goods owing to increased tariffs and uncertainties about trade-related policies; moreover, monetary policy accommodation was adopted almost simultaneously in advanced and emerging market economies. The global economy in 2019 is projected to grow by 3.0%, the lowest level since 2008-09; the growth rate was revised downward by 0.2 percentage points from the forecast in July 2019. Projected global growth for 2020 is 3.4%, down by 0.1 percentage point from the July forecast. Growth projections for almost all economies in 2019 were revised downward in the report as compared to the forecast in July. The US economy is projected to grow by 2.4% in 2019, a downgrade of 0.2 percentage points from the July forecast; meanwhile, the growth rate for 2020 was revised upward by 0.2 percentage points to 2.1%. Growth forecast for China in 2019 was marked downward by 0.1 percentage point to 6.1% and that in 2020 was revised downward by 0.2 percentage points to 5.8% compared to the forecast in July. The projected growth rate for the Euro area in 2019 was 1.2% and the rate for 2020 was 1.4%, down by 0.1 percentage point and 0.2 percentage points respectively from the July forecast. Growth projections for Japan in 2019 remained at 0.9% and that in 2020 was revised upward by 0.1 percentage point to 0.5% compared to the July forecast.

The US economy maintained growth, with the third-quarter Gross Domestic Product (GDP) rising by 2.1% year-on-year and quarter-to-quarter. Private consumption expenditure added 2.0 percentage points to the growth but domestic private fixed investment dragged down the growth by 0.2 percentage points; government expenditure and investment contributed 0.3 percentage

points to the increase, while net exports hampered the growth by 0.1 percentage point. The unemployment rate rose by 0.2 percentage points quarter-to-quarter to 3.7%; the seasonally adjusted unemployment rate remained at 3.6% from the previous quarter.

The economy of the Euro area continued to slow down, with the GDP in the third quarter growing by 1.2% year-on-year and 0.2% quarter-to-quarter. The growth in Germany was 1.0%, while the economy of France grew by 1.4%. Final consumption expenditure of households and non-profit institutions in the Euro area contributed 0.3 percentage points to the increase and gross fixed capital formation added 0.1 percentage point; inventory change and net exports each dragged down the growth by 0.1 percentage point. The unemployment rate fell by 0.1 percentage point quarter-to-quarter to 7.3%.

The UK economy showed sustained growth, with the GDP in the third quarter climbing by 1.0% year-on-year and 0.3% quarter-to-quarter. Household and government final consumption expenditure drove up the growth by 0.3 percentage points and 0.1 percentage point respectively. Capital formation dragged down the growth by 1.2 percentage points while net exports added 1.2 percentage points. The unemployment rate inched down by 0.1 percentage point from the previous quarter to 3.8%.

Although economies in the Asian region continued to grow, the WEO report of IMF in October 2019 indicated that the projected growth rates for India in 2019 and 2020 were revised downward by 0.9 percentage points and 0.2 percentage points to 6.1% and 7.0% respectively compared to the forecast in July 2019. The growth projections for the ASEAN-5 economies¹ in 2019 and 2020 were 4.8% and 4.9% respectively, both down by 0.2 percentage points from the July forecast. The growth forecast for the Middle East, North Africa, Afghanistan and Pakistan in 2019 dropped by 0.5 percentage points to 0.5%, and the projected growth rate in 2020 was marked downward by 0.3 percentage points to 2.7% as against the forecast in July.

The third-quarter GDP of Japan increased by 1.3% year-on-year and 0.1% quarter-to-quarter. Private demand added 0.1 percentage point to the economic growth, but net exports of goods and services impeded the growth by 0.2 percentage points. The unemployment rate nudged down by 0.1 percentage

¹ Indonesia, Malaysia, the Philippines, Thailand and Vietnam.

point quarter-to-quarter to 2.3%; the seasonally adjusted unemployment rate held stable at 2.3%.

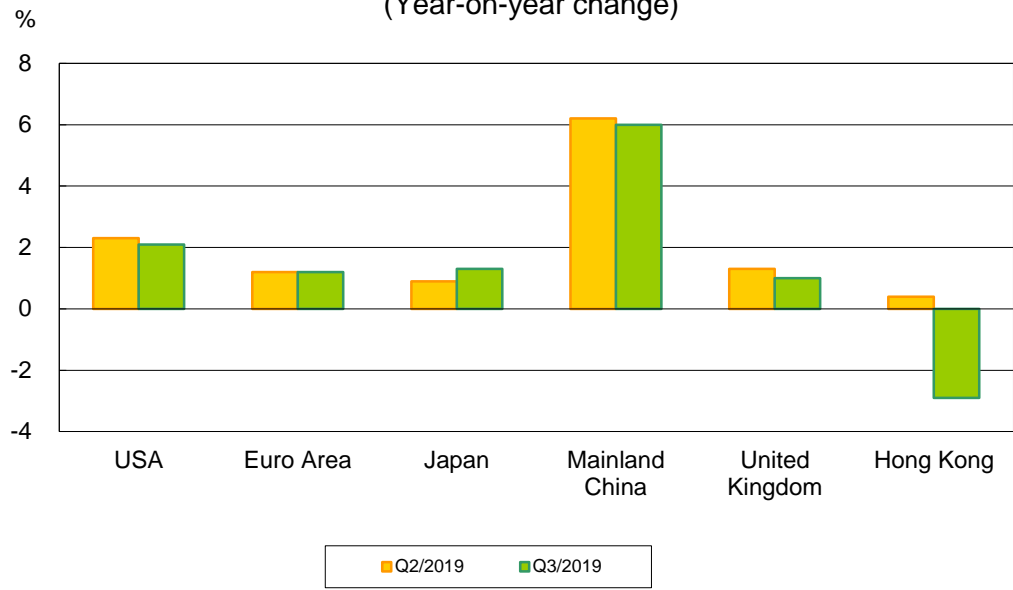
The third-quarter GDP of the Republic of Korea rose by 2.0% year-on-year and 0.4% quarter-to-quarter. Final consumption expenditure drove up the growth by 0.3 percentage points while fixed capital formation dragged down the increase by 1.2 percentage points; meanwhile, net exports added 0.6 percentage points to the growth. The unemployment rate fell by 0.8 percentage points from the previous quarter to 3.3%.

The economy of mainland China maintained rapid growth, with the GDP for the third quarter expanding by 6.0% year-on-year and 6.2% for the first three quarters of 2019. In the first three quarters of 2019, value added of the above-scale industries grew by 5.6% year-on-year in real terms; fixed asset investment (excluding farmers) rose by 5.4% year-on-year; total retail sales of consumer goods went up by 8.2%, with sales of petroleum & related products, daily necessities, cosmetics and communication equipment increasing by 1.7%, 13.6%, 12.8% and 6.4% respectively. As regards external trade, total value of external trade for the third quarter grew by 0.5%² year-on-year. Inflation rose, with the Consumer Price Index (CPI) for the first three quarters of 2019 growing by 2.5% year-on-year, representing an increase of 0.4 percentage points as against the growth in the same period last year.

The Hong Kong economy contracted by 2.9% year-on-year and 3.2% quarter-to-quarter in the third quarter. Domestic demand saw a notable year-on-year decline. Private consumption expenditure fell by 3.4% whereas government consumption expenditure grew steadily by 5.9%. Exports of services dropped markedly by 13.8% year-on-year in the third quarter following a 1.1% fall in the previous quarter. Gross fixed capital formation continued to decrease, down by 16.3% in the third quarter. The seasonally adjusted unemployment rate rose by 0.1 percentage point over the previous quarter to 2.9%.

² Total value of external trade in RMB

GDP of major economies
(Year-on-year change)



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

	2016	2017	2018	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3
%								
USA								
Gross Domestic Product	1.6	2.4	2.9	3.1	2.5	2.7	2.3	2.1
Exports of goods	-3.1	6.6	7.8	8.3	3.2	1.3 ^f	-3.2 ^f	-1.8
Imports of goods	-1.8	6.8	8.6	10.8	6.4	-	0.6	-1.4
Consumer Price Index	1.3	2.1	2.4	2.6	2.2	1.6	1.8	1.8
Unemployment rate	4.9	4.4	3.9	3.9	3.6	4.1	3.5	3.7
Euro area ^a								
Gross Domestic Product	1.9	2.4	1.9	1.7	1.2	1.4 ^f	1.2	1.2
Exports of goods	0.3	7.1	3.8	4.7	3.9 ^f	4.0 ^f	2.4	3.2
Imports of goods	-1.3	9.9	6.7	10.2	7.9 ^f	5.4 ^f	2.6 ^f	0.4
Consumer Price Index	0.2	1.5	1.8	2.1	1.9	1.4	1.4	1.0
Unemployment rate	10.0	9.1	8.2	7.8	7.9	8.1	7.4	7.3
Germany								
Gross Domestic Product	2.2	2.5	1.5	1.1	0.9	0.9 ^f	-0.1 ^f	1.0
Exports of goods	0.9	6.2	3.0	2.9	1.4	2.5	-1.3	1.7
Imports of goods	0.6	8.0	5.7	8.1	4.9	5.0	1.0	-0.6
Consumer Price Index	0.5	1.5	1.7	1.9	2.0	1.4	1.7	1.5
Unemployment rate	6.1	5.7	5.2	5.1	4.9	5.2	4.9	5.0
France								
Gross Domestic Product	1.0	2.4	1.7	1.5	1.2	1.3	1.4	1.4
Exports of goods	-0.9	5.0	3.9	3.4	4.1	6.3	5.8	2.4
Imports of goods	-0.2	7.1	3.6	3.7	2.9	4.8	2.1	2.7
Consumer Price Index	0.2	1.0	1.9	2.2	1.9	1.2	1.1	1.0
Unemployment rate	10.1	9.4	9.1	8.8	9.1	9.1	8.1	8.3
United Kingdom								
Gross Domestic Product	1.9 ^f	1.9 ^f	1.4	1.6	1.5 ^f	2.1 ^f	1.3 ^f	1.0
Exports of goods	4.3	13.3	3.5	2.0 ^f	3.4 ^f	6.2 ^f	1.9 ^f	2.2
Imports of goods	6.7	10.2	2.7	2.8 ^f	4.7 ^f	17.5 ^f	-0.8 ^f	-0.3
Consumer Price Index	0.7	2.7	2.4	2.5	2.2	1.9	2.0	1.9
Unemployment rate	4.9	4.4	4.1	4.1	4.0	3.8	3.9	3.8

^a Consists 19 member states since 2015.

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)

	%							
	2016	2017	2018	2018	2018	2019	2019	2019
				Q3	Q4	Q1	Q2	Q3
Mainland China								
Gross Domestic Product	6.7	6.8	6.6	6.5	6.4	6.4	6.2	6.0
Exports of goods	-7.7	7.9	9.9	11.7	3.9	1.3	-1.0	-0.4
Imports of goods	-5.5	16.1	15.8	20.4	4.4	-4.5	-4.1	-6.4
Consumer Price Index ^a	2.0	1.6	2.1	2.1	2.1	1.8	2.2	2.5
Hong Kong								
Gross Domestic Product	2.2	3.8	3.0	2.8	1.2	0.6	0.4 ^f	-2.9
Exports of goods	-0.5	8.0	7.3	9.0	2.2	-2.4	-4.7	-6.4
Imports of goods	-0.9	8.7	8.4	11.5	1.8	-3.2	-5.7	-10.1
Consumer Price Index	2.4	1.5	2.4	2.5	2.6	2.2	3.0	3.3
Unemployment rate	3.4	3.1	2.8	3.0	2.7	2.8	2.9	3.0
Taiwan								
Gross Domestic Product	1.5	3.1	2.6	2.4	1.8	1.8	2.6 ^f	3.0
Exports of goods ^b	-1.8	13.2	5.9	3.0	0.1	-4.2	-2.6	-1.3
Imports of goods ^b	-2.8	12.4	10.4	13.7	6.7	-0.8	0.9	-3.4
Consumer Price Index	1.4	0.6	1.4	1.7	0.5	0.3	0.8	0.4
Unemployment rate	3.9	3.8	3.7	3.8	3.7	3.7	3.7	3.8
Japan								
Gross Domestic Product ^c	0.9	1.9	0.7	0.1	0.3	0.9 ^f	0.9 ^f	1.3
Exports of goods	-7.4	11.8	4.1	2.9	1.3	-3.9	-5.6	-5.0
Imports of goods	-15.8	14.1	9.7	12.4	11.2	-2.0	-0.1	-4.9
Consumer Price Index	-0.1	0.5	1.0	1.1	0.9	0.3	0.8	0.3
Unemployment rate	3.1	2.8	2.4	2.5	2.4	2.4	2.4	2.3
Republic of Korea								
Gross Domestic Product	2.9	3.2	2.7	2.1	2.9	1.7	2.0 ^f	2.0
Exports of goods	-5.9	15.8	5.4	1.7	7.7	-8.5	-8.6 ^f	-12.2
Imports of goods	-6.9	17.8	11.9	7.8	12.9	-6.6 ^f	-3.3 ^f	-4.1
Consumer Price Index	1.0	1.9	1.5	1.6	1.8	0.5	0.7	0 [#]
Unemployment rate	3.7	3.7	3.8	3.8	3.4	4.5	4.1	3.3
Singapore								
Gross Domestic Product	3.0	3.7	3.1	2.6	1.3	1.1	0.2 ^f	0.5
Exports of goods	-5.1	10.3	7.9	12.7	7.2	-	-4.5	-7.3
Imports of goods	-4.7	12.1	10.6	17.0	11.5	4.5 ^f	0.5 ^f	-5.9
Consumer Price Index	-0.5	0.6	0.4	0.7	0.5	0.5	0.7	0.4
Unemployment rate	2.1	2.2	2.1	1.9	1.9	2.0	3.0	2.0

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)

	%							
	2016	2017	2018	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3
USA								
Gross Domestic Product	1.6	2.4	2.9	2.9 ^f	1.1	3.1	2.0	2.1
Exports of goods	-3.1	6.6	7.8 ^f	-1.8 ^f	-0.6	2.0 ^f	-2.9 ^f	-1.4
Imports of goods	-1.8	6.8	8.6	2.2 ^f	0.3	0.7	0.7	-2.2
Consumer Price Index	1.3	2.1	2.4	0.5	0.4	0.2	0.7	0.4
Unemployment rate ^a	4.9	4.4	3.9	3.8	3.8	3.9	3.6	3.6
Japan								
Gross Domestic Product	0.9	1.9	0.7	-0.5	0.4	0.5 ^f	0.4	0.1
Exports of goods	-7.8	12.4	4.1	-0.3 ^f	0 ^{fr}	-5.1 ^f	-0.4 ^f	0.2
Imports of goods	-15.9	14.4	9.4	3.7 ^f	2.8 ^f	-7.1 ^f	0.6 ^f	-2.3
Consumer Price Index	-0.1	0.5	1.0	0.5	-	0.2	0.1	0.1
Unemployment rate ^a	3.1	2.8	2.4	2.4	2.4	2.4	2.4	2.3
Hong Kong								
Gross Domestic Product	2.2	3.8	3.0	0.1	-0.5	1.3	-0.5 ^f	-3.2
Exports of goods	-0.5	8.0	7.3	1.0	-3.9	-2.8	-0.5	-0.2
Imports of goods	-0.9	8.7	8.4	2.1	-5.4	-2.9	-1.0	-1.6
Consumer Price Index	2.4	1.5	2.4	0.6	0.7	0.5	1.2	1.0
Unemployment rate ^a	3.4	3.1	2.8	2.8	2.8	2.8	2.8	2.9

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