

Global Economy in the Third Quarter of 2009

With the joint effort of various countries to push forward series of economic stimulus measures, the world economy showed signs of recovery in the third quarter of 2009. The *World Economic Outlook (WEO)* of the International Monetary Fund (IMF) released in October 2009 indicated that the global economy is projected to contract by 1.1% in 2009, up by 0.3 percentage point from the July *WEO Update*, driven by the strong performance of Asian economies and stabilization or modest recovery elsewhere; moreover, global activity is forecast to expand by 3.1% in 2010, which is 0.6 percentage point higher than envisaged in July.

In the United States, despite continuous decrease of private investment and consumer spending, economic contraction slowed upon introduction of economic stimulus package. The third quarter Gross Domestic Product (GDP) shrank by 2.5% year-on-year¹, narrowing from the 3.3% and 3.8% in the previous two quarters, and rebounded to expand by 2.8% quarter-to-quarter² since the third quarter of 2008. Private consumption expenditure in the domestic market dropped slightly by 0.1%, whereas government spending and investment rose by 2.0%; however, private investment remained sluggish, showing a decline of 25.3%. External merchandise trade decreased further, with value of imports and exports falling by 28.8% and 21.5% respectively. The Consumer Price Index (CPI) dropped by 1.6%; conditions of the labour market deteriorated further, with the unemployment rate rising from 9.1% in the second quarter to 9.6%.

The Euro zone economy improved on account of rising government consumption expenditure (+2.5%), as well as slower decline of gross fixed capital formation (-10.4%) and exports (-13.9%); the third quarter GDP contracted by 4.1% year-on-year, moderating from the 4.8% decrease in the second quarter. Quarter-to-quarter, GDP rebounded from a 0.2% drop in the previous quarter to increase by 0.4%. Value of merchandise imports and exports fell by 26.5% and 19.1% respectively, narrowing from 27.3% and 23.4% decrease in the second quarter. The unemployment rate was staying high at 9.2%; CPI went down by 0.4%.

Deceleration of the German economy slowed down in the third quarter of 2009 despite shrinking exports, narrowing notably from 7.0% in the second quarter to 4.7%, rising from 0.4% to 0.7% quarter-to-quarter. Value of merchandise imports and exports fell by 19.7% and 19.5% year-on-year respectively. The unemployment rate edged down by 0.1 percentage

¹ Unless otherwise specified, all rates of change mentioned in this analysis are comparisons of the third quarter of 2009 with the corresponding quarter of 2008.

² Quarter-to-quarter growth refers to the rate of change of the reference quarter over the previous quarter, i.e. the comparison between two consecutive quarters.

point quarter-to-quarter to 8.2%; CPI registered a decrease of 0.2%.

In France, the third quarter GDP dropped by 2.4% year-on-year but rose by 0.3% quarter-to-quarter, marking the second consecutive quarter of positive growth, with government spending and exports of goods rising by 0.7% and 2.3% respectively over the previous quarter. Value of merchandise imports and exports went down by 21.8% and 16.6% respectively, lower than the rate of decrease of the second quarter. Conditions of the labour market remained difficult, with the unemployment rate staying high at 9.7%, up by 0.5 percentage point from 9.2% in the second quarter; CPI dropped by 0.4%.

The UK economic contraction slowed from 5.5% in the second quarter to 5.1% in the third quarter. Quarter-to-quarter, GDP shrank by 0.4%, in which industrial output and construction decreased further by 0.7% and 1.1% respectively. Value of merchandise imports and exports decreased by 14.2% and 13.2% year-on-year respectively, moderating from the decline of the second quarter. The unemployment rate held stable as the previous quarter, at 7.8%; CPI registered an increase of 1.5%.

Exports of the Asian economies continued to decline in the third quarter on account of weakening external demand, yet with obvious improvement from the second quarter. In Japan, the third quarter GDP decreased by 4.5%, narrowing from the 7.0% decline in the second quarter and expanding by 1.2% quarter-to-quarter upon rising government consumption expenditure and public investment. External merchandise trade remained grim, with value of imports and exports of goods decreasing by 39.7% and 34.4% year-on-year respectively. The unemployment rate rose from 5.2% in the second quarter to 5.4%; CPI went down by 2.2% year-on-year, as against a 1.0% decrease in the previous quarter.

The economy of the Republic of Korea resumed positive growth in the third quarter of 2009. Upon rising private and government consumption expenditure, the third quarter GDP rebounded from a 2.2% decrease in the second quarter to grow by 0.6% since the fourth quarter of 2008. Value of merchandise imports and exports continued to shrink by 31.0% and 17.0% respectively. The unemployment rate decreased by 0.2 percentage point to 3.6%; CPI increased by 2.0%.

Similar to the Republic of Korea, GDP of Singapore rebounded by 0.6% in the third quarter following a 3.3% decrease in the previous quarter, which was attributable to the 6.6% and 12.8% growth of the manufacturing and construction sectors. Though decline of external trade narrowed, value of merchandise imports and exports dropped by 22.8% and 20.0% respectively. Conditions of the job market improved significantly, with the unemployment rate falling substantially by 1.2 percentage points from 4.1% in the second quarter to 2.9%;

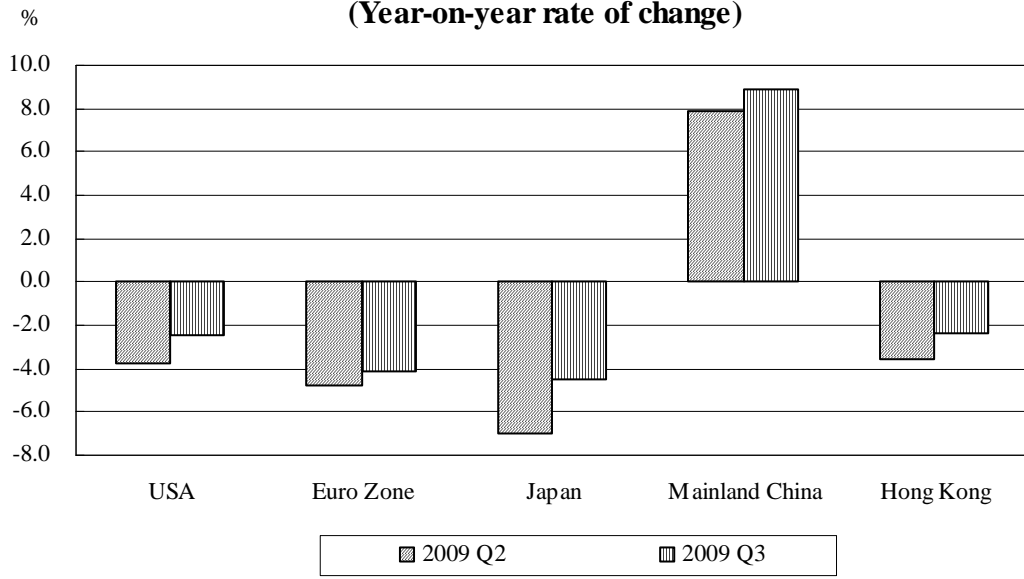
CPI went down by 0.4%.

After a marked deceleration of 9.1% in the first quarter of 2009, economic contraction of Taiwan, China slowed down for two consecutive quarters, with decline of the third quarter GDP narrowed significantly to 1.3%, in which decrease of the manufacturing sector slowed from 15.2% in the second quarter to 4.4%, while the service sector rebounded from a 3.1% drop to record a 0.9% growth. However, value of merchandise imports and exports decreased further by 29.5% and 20.9% respectively. Employment conditions remained sluggish, with the unemployment rate rising by 0.3 percentage point quarter-to-quarter to 6.1%; CPI dropped by 1.4%, down from a 0.9% fall in the previous quarter.

Attributable to further improvement in the domestic sector, the third quarter GDP of Hong Kong shrank by 2.4% year-on-year, moderating from a 3.6% decrease in the second quarter, and grew by 0.4% quarter-to-quarter. Private consumption expenditure, government spending, as well as gross fixed capital formation of building and construction went up by 0.2%, 3.3% and 3.4%. Value of merchandise imports and exports dropped by 10.4% and 14.3% respectively. The unemployment rate increased slightly by 0.1 percentage point from the second quarter to 5.6%; CPI went down by 0.9% year-on-year.

The economy of Mainland China expanded upon rising investment and domestic demand, with the third quarter GDP increasing by 8.9%. For the first three quarters of 2009, fixed assets investment surged by 33.4%, up by 6.4 percentage points year-on-year; retail sales of consumer goods rose at a faster pace of 17.0% in real terms, an increase of 2.8 percentage points; meanwhile, consumer prices fell by 1.1% year-on-year, similar to that of the first half year. External merchandise trade continued to retreat, yet the pace of decline slowed significantly, with value of imports and exports decreasing by 11.9% and 8.3% respectively in the third quarter, moderating from a 20.4% and 23.4% drop in the previous quarter; the respective value for the first three quarters shrank by 20.4% and 21.3% respectively, with the trade surplus amounting to USD 135.5 billion, down by USD 45.5 billion year-on-year. Foreign exchange reserve totalled USD 2,272.6 billion at the end of September 2009, up by 19.3% from a year earlier.

**GDP of major countries and territories
(Year-on-year rate of change)**



I. PRINCIPAL ECONOMIC INDICATORS OF THE WORLD AND MACAO

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

	Year-on-year rate of change (%)							
	2006	2007	2008	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3
USA								
Gross Domestic Product	2.7	2.1	0.4	-	-1.9	-3.3	-3.8 ^f	-2.5
Exports of goods	13.9 ^f	11.9	12.1	17.3	-3.3	-21.5	-25.8 ^f	-21.5
Imports of goods	10.8	5.6	7.5	14.5	-9.4	-30.1	-34.7	-28.8
Consumer Price Index	3.2	2.8	3.8	5.3	1.6	-	-1.2	-1.6
Unemployment rate	4.6	4.6	5.8	6.0	6.6	8.8	9.1	9.6
Euro area ^a								
Gross Domestic Product	3.0 ^f	2.7 ^t	0.6 ^f	0.4 ^t	-1.8 ^f	-5.0 ^f	-4.8 ^f	-4.1
Exports of goods	11.7	11.0	3.6 ^f	5.3 ^f	-5.0	-21.0 ^f	-23.4 ^f	-19.1
Imports of goods	13.7	8.4	8.1 ^f	13.2 ^f	-2.1 ^f	-20.8	-27.3 ^f	-26.5
Consumer Price Index	2.2	2.1	3.3	3.8	2.3	1.0	0.2	-0.4
Unemployment rate	8.4	7.5	7.5	7.3	7.9	9.3	9.2 ^f	9.2
Germany								
Gross Domestic Product	3.2	2.5	1.3	1.4	-1.7	-6.4	-7.0 ^f	-4.7
Exports of goods	13.6	8.1	2.0 ^f	3.0 ^t	-7.0 ^f	-21.0 ^f	-25.6 ^f	-19.5
Imports of goods	16.9	4.9	4.7 ^f	9.1 ^t	-1.3 ^f	-14.6 ^f	-21.7 ^f	-19.7
Consumer Price Index	1.6	2.3	2.6	3.1	1.7	0.8	0.3	-0.2
Unemployment rate	10.8	9.0	7.8	7.6	7.2	8.5	8.3	8.2
French								
Gross Domestic Product	2.4	2.3	0.3	0.1	-1.7 ^f	-3.5 ^f	-2.9 ^f	-2.4
Exports of goods	9.4 ^f	3.7 ^t	2.4 ^f	3.6 ^t	-7.3 ^f	-21.4 ^f	-20.9 ^f	-16.6
Imports of goods	10.4	5.9 ^f	5.3 ^f	7.2 ^f	-5.6	-18.3	-22.1 ^f	-21.8
Consumer Price Index	1.7	1.5	2.8	3.3	1.7 ^f	0.6	-0.2	-0.4
Unemployment rate	9.2	8.4	7.8	7.6	8.4	9.3	9.2 ^f	9.7
The United Kingdom								
Gross Domestic Product	2.9	2.6	0.6 ^f	0.3 ^t	-2.0 ^f	-5.0 ^f	-5.5 ^f	-5.1
Exports of goods	15.1	-9.3	13.8 ^f	18.1 ^f	5.3 ^f	-8.1 ^f	-15.2 ^f	-13.2
Imports of goods	14.2	-2.9	11.0 ^f	12.8 ^f	1.8	-9.2 ^f	-15.4	-14.2
Consumer Price Index	2.3	2.3	3.6	4.9 ^f	3.9	3.0	2.1	1.5
Unemployment rate	5.4	5.3	5.7	5.9 ^f	6.4 ^f	7.1	7.8	7.8

^a The Euro area consists of 16 member states from 2009 onwards.

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

I. PRINCIPAL ECONOMIC INDICATORS OF THE WORLD AND MACAO

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

	Year-on-year rate of change (%)							
	2006	2007	2008	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3
Mainland China								
Gross Domestic Product	11.6	11.9	9.0	9.0	6.8	6.1	7.9	8.9
Exports of goods	27.2	25.7	17.3	23.1	4.4	-19.7	-23.4	-8.3
Imports of goods	20.0	20.8	18.5	25.9	-9.0	-30.9	-20.4	-11.9
Consumer Price Index ^a	1.5	4.8	5.9	7.0	5.9	-0.6	-1.1	-1.1
Hong Kong								
Gross Domestic Product	7.0	6.4	2.4	1.5	-2.6	-7.8	-3.6 ^f	-2.4
Exports of goods	9.4	9.2	5.1	5.5	-2.1	-21.9	-12.9	-14.3
Imports of goods	11.6	10.3	5.5	7.0	-4.2	-22.8	-14.9	-10.4
Consumer Price Index	2.0	2.0	4.3	4.6	2.3	1.7	-0.1	-0.9
Unemployment rate	4.8	4.0	3.6	3.7	3.9	5.1	5.5	5.6
Taiwan, China								
Gross Domestic Product	5.4 ^f	6.0 ^f	0.7 ^f	-0.8 ^f	-7.1 ^f	-9.1 ^f	-6.9 ^f	-1.3
Exports of goods	12.9	10.1	3.6	8.0	-24.7	-36.7 ^f	-32.0	-20.9
Imports of goods	11.0	8.2	9.7	19.7	-23.0	-47.2	-37.8	-29.5
Consumer Price Index	0.6	1.8	3.5	4.5	1.9 ^f	0 [#]	-0.9	-1.4
Unemployment rate	3.9	3.9	4.1	4.2	4.7	5.6	5.8	6.1
Japan								
Gross Domestic Product	2.0	2.4 ^f	-0.7	-0.3	-4.3	-8.6 ^f	-7.0 ^f	-4.5
Exports of goods	13.4 ^f	9.9 ^f	-16.4 ^f	3.2	-23.1	-46.9	-38.5	-34.4
Imports of goods	13.1 ^f	9.5 ^f	-4.1 ^f	21.1	-9.5	-37.0	-40.1	-39.7
Consumer Price Index	0.3	-	1.4	2.2	1.0	-0.1	-1.0	-2.2
Unemployment rate	4.1	3.8	4.0	4.0	3.9	4.6	5.2	5.4
Republic of Korea								
Gross Domestic Product	5.2	5.1	2.2	3.1	-3.4	-4.2	-2.2	0.6
Exports of goods	14.4	14.1	13.6	27.0	-9.9	-25.2 ^f	-20.7	-17.0
Imports of goods	18.4	15.3	22.0	42.8	-9.0	-32.7 ^f	-35.8	-31.0
Consumer Price Index	2.2 ^f	2.5	4.7 ^f	5.5	4.5	3.9	2.8	2.0
Unemployment rate	3.5	3.2	3.2	3.1	3.1	3.8	3.8	3.6
Singapore								
Gross Domestic Product	8.4	7.8	1.1	-	-4.2	-9.5	-3.3 ^f	0.6
Exports of goods	12.8	4.4	5.8	11.4	-12.0	-27.8	-25.4 ^f	-20.0
Imports of goods	13.7	4.5	13.9	22.2	-7.1	-27.6	-28.4 ^f	-22.8
Consumer Price Index	1.0	2.1	6.5	6.6	5.4	2.1	-0.5	-0.4
Unemployment rate	2.7	2.1	2.2	1.9	2.4	3.0	4.1 ^f	2.9

^a Accumulated year-on-year comparison

Source : China National Bureau of Statistics

Hong Kong SAR Census and Statistics Department

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

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

I. PRINCIPAL ECONOMIC INDICATORS OF THE WORLD AND MACAO

2. PRINCIPAL ECONOMIC INDICATORS OF THE WORLD (COMPARISON WITH PRECEDING PERIOD)

	Change from preceding period (seasonally adjusted) (%)							
	2006	2007	2008	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3
USA								
Gross Domestic Product	2.7	2.1	0.4	-2.7	-5.4	-6.4	-0.7 ^f	2.8
Exports of goods	13.9 ^f	11.9	12.1	1.7	-13.9	-14.1	-1.2 ^f	7.1
Imports of goods	10.8	5.6	7.5	0.9 ^f	-15.9	-20.4	-3.1	9.6
Consumer Price Index	3.2	2.8	3.8	1.5	-2.2	-0.6	0.3	0.9
Unemployment rate ^a	4.6	4.6	5.8	6.1	6.9	8.1	9.3	9.6
Japan								
Gross Domestic Product	2.0	2.4 ^f	-0.7	-1.7 ^f	-3.0 ^f	-3.2 ^f	0.7 ^f	1.2
Exports of goods	14.8 ^f	11.6	-3.5	-5.2 ^f	-20.1 ^f	-22.6 ^f	4.4 ^f	-0.2
Imports of goods	18.5	8.3 ^f	7.8	2.6 ^f	-19.4 ^f	-24.1	-4.2 ^f	3.0
Consumer Price Index	0.3	-	1.4	0.8	-0.6	-0.8	-0.4	-0.5
Unemployment rate ^a	4.1	3.9	4.0	4.0	4.0	4.4	5.2	5.5
Hong Kong								
Gross Domestic Product	7.0	6.4	2.4	-0.8	-1.9	-4.3	3.5 ^f	0.4
Exports of goods	9.4	9.2	5.1	-1.5	-3.7	-17.1	13.0	-4.7
Imports of goods	11.6	10.3	5.5	-0.6	-5.4	-17.2	12.3	4.2
Consumer Price Index	2.0	2.0	4.3	-0.2	0.1	0.3	-0.2	-1.1
Unemployment rate ^a	4.8	4.0	3.6	3.4	4.1	5.2	5.4	5.3

^a Unemployment rate 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