

## **Global Economy in the Third Quarter of 2020**

In the third quarter of 2020, the global economy began to bottom out following the reopening of major economies and the implementation of financial relief measures in different countries. International trade recovered slightly with a rebound in consumer confidence, and both supply and demand showed signs of recovery. Yet, in view of the volatility of the ongoing pandemic of novel coronavirus pneumonia in many countries, lockdown measures were reinstated in some countries to prevent the spread of coronavirus, which impeded the pace of global economic recovery.

The World Economic Outlook (WEO) report of the International Monetary Fund (IMF) in October 2020 indicated that the global economy has been recovering from the sharp recession in April. To cope with the pandemic, many countries swiftly introduced unprecedented large-scale fiscal, monetary and regulatory measures to protect cash flow of enterprises and support the supply of credit, which stabilised the global economy. Nevertheless, the global economy may face a long and uncertain road to recovery in the midst of the pandemic. The global economy is projected to contract by 4.4% in 2020, an upward revision of 0.8 percentage points compared to the forecast in June 2020; meanwhile, the global economy is expected to grow by 5.2% in 2021, down by 0.2 percentage points as against the June forecast. The projected growth rate for the US economy was -4.3% in 2020, an upgrade of 3.7 percentage points from the June forecast; on the other hand, the growth projection for 2021 was revised downward by 1.4 percentage points to 3.1%. Growth forecast for China was marked upward by 0.9 percentage points to 1.9% in 2020 but held steady at 8.2% in 2021 compared to the forecast in June. The projected growth rate for the Euro area was -8.3% in 2020, up by 1.9 percentage points from the June forecast, while the rate for 2021 was marked downward by 0.8 percentage points to 5.2%. The growth projection for Japan was revised upward by 0.5 percentage points to -5.3% in 2020 compared to the June forecast, while the growth rate for 2021 was marked downward by 0.1 percentage point to 2.3%.

As the pandemic has subsided, many economies saw slower rates of decline. In the third quarter of 2020, Gross Domestic Product (GDP) of the US decreased by 2.9% year-on-year but increased by 33.1% quarter-to-quarter. Private consumption expenditure and private domestic fixed investment added 25.2 percentage points and 5.2 percentage points to economic growth respectively. Meanwhile, government

expenditure and investment hampered the growth by 0.8 percentage points, and net exports dragged down the growth by 3.2 percentage points. The unemployment rate fell by 4.0 percentage points quarter-to-quarter to 8.9%; the seasonally adjusted unemployment rate declined by 4.2 percentage points quarter-to-quarter to 8.8%.

The economy of the Euro area continued to slow down, with the GDP in the third quarter falling by 4.3% year-on-year but rising by 12.5% quarter-to-quarter. The economy of Germany shrank by 3.9% while the economy of France declined by 3.9%. Final consumption expenditure of households and non-profit institutions in the Euro area contributed 7.3 percentage points to the growth and gross fixed capital formation added 2.8 percentage points. On the other hand, inventory change impeded the growth by 1.2 percentage points while net exports contributed 2.4 percentage points. The unemployment rate rose by 0.7 percentage points quarter-to-quarter to 8.2%.

The UK economy declined, with the third-quarter GDP dropping by 9.6% year-on-year but rising by 15.5% quarter-to-quarter. Household final consumption expenditure, capital formation and government final consumption expenditure added 10.6 percentage points, 5.4 percentage points and 1.6 percentage points to the increase respectively, whereas net exports hampered the growth by 2.1 percentage points. The unemployment rate grew by 0.7 percentage points from the previous quarter to 4.8%.

The economies in the Asian region experienced a slowdown. The WEO report of IMF in October 2020 indicated that the projected growth rate for India was marked downward by 5.8 percentage points to -10.3% in 2020 compared to the forecast in June, and the rate for 2021 was revised upward by 2.8 percentage points to 8.8%. The growth projection for the ASEAN-5 economies<sup>1</sup> was -3.4% in 2020, down by 1.4 percentage points, while the rate for 2021 remained the same at 6.2%. The growth forecast for the Middle East and Central Asia was -4.1% in 2020, up by 0.4 percentage points compared to the June forecast; meanwhile, the projected growth rate for 2021 was 3.0%, down by 0.5 percentage points against the forecast in June.

The economy of Japan continued to decline, with the GDP in the third quarter dropping by 5.8% year-on-year and yet rising by 5.0% quarter-to-quarter. Private demand added 1.5 percentage points to economic growth, while net exports of goods and services contributed 2.9 percentage points. The unemployment rate increased by 0.2 percentage points quarter-to-quarter to 3.0%; the seasonally adjusted unemployment rate edged up by 0.2 percentage points to 3.0%.

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<sup>1</sup> Indonesia, Malaysia, the Philippines, Thailand and Vietnam.

The third-quarter GDP of the Republic of Korea fell by 1.3% year-on-year but rose by 1.9% quarter-to-quarter. Final consumption expenditure did not contribute to the increase, whereas fixed capital formation hampered the growth by 1.7 percentage points. On the other hand, net exports added 3.7 percentage points to the increase. The unemployment rate decreased by 0.8 percentage points from the previous quarter to 3.6%.

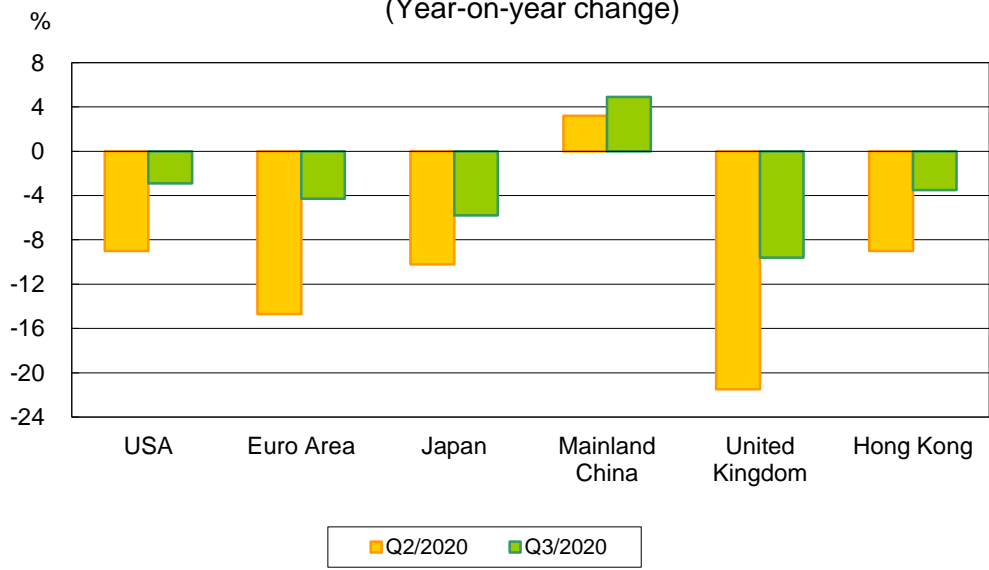
The economy of mainland China continued to recover, with the GDP rising by 4.9% year-on-year in the third quarter of 2020. The value added of the above-scale industries rose by 1.2% year-on-year for the first three quarters of 2020. Fixed asset investment (excluding farmers) increased by 0.8% year-on-year; total retail sales of consumer goods went down by 7.2%, with sales of petroleum & related products decreasing by 16.7%; meanwhile, sales of cosmetics, commodities and communication appliances grew by 4.5%, 6.8% and 7.2% respectively. As regards external trade, total value of external trade<sup>2</sup> for the first three quarters increased by 0.7% year-on-year. Inflation rose, with the Consumer Price Index (CPI) for the first three quarters of 2020 growing by 3.3% year-on-year, representing an increase of 0.8 percentage points as against the growth rate in the previous year.

The Hong Kong economy contracted by 3.5% year-on-year but increased by 2.8% quarter-to-quarter in the third quarter. Domestic demand continued to shrink and private consumption expenditure fell by 8.2%. Gross fixed capital formation remained on a downtrend, dropping by 11.1% in the third quarter. Exports of services slid by 34.6% year-on-year whereas government consumption expenditure grew steadily by 7.0%. The seasonally adjusted unemployment rate rose by 0.2 percentage points over the previous quarter to 6.4%.

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<sup>2</sup> 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)

	%							
	2017	2018	2019	2019	2019	2020	2020	2020
				Q3	Q4	Q1	Q2	Q3
<b>USA</b>								
Gross Domestic Product	2.3	3.0	2.2	2.1	2.3	0.3	-9.0 <sup>f</sup>	-2.9
Exports of goods	6.6	7.9 <sup>f</sup>	-1.5 <sup>f</sup>	-1.9	-1.5	-3.1 <sup>f</sup>	-30.1 <sup>f</sup>	-13.4
Imports of goods	6.8	8.4 <sup>f</sup>	-1.6 <sup>f</sup>	-1.4	-5.4	-4.9	-20.3	-4.9
Consumer Price Index	2.1	2.4	1.8	1.8	2.0	2.1	0.4	1.2
Unemployment rate	4.4	3.9	3.7	3.7	3.3	4.1	12.9	8.9
<b>Euro area <sup>a</sup></b>								
Gross Domestic Product	2.6 <sup>f</sup>	1.9	1.3 <sup>f</sup>	1.4 <sup>f</sup>	1.0	-3.2 <sup>f</sup>	-14.7 <sup>f</sup>	-4.3
Exports of goods	7.1	4.1	2.8	3.2 <sup>f</sup>	2.2	-1.6 <sup>f</sup>	-23.6 <sup>f</sup>	-8.6
Imports of goods	9.9	7.2 <sup>f</sup>	1.6	0.7 <sup>f</sup>	-1.9 <sup>f</sup>	-4.0 <sup>f</sup>	-21.5 <sup>f</sup>	-11.6
Consumer Price Index	1.5	1.8	1.2	1.0	1.0	1.1	0.2	-
Unemployment rate	9.1	8.2	7.6	7.3	7.4	7.5	7.5 <sup>f</sup>	8.2
<b>Germany</b>								
Gross Domestic Product	2.5	1.3 <sup>f</sup>	0.6	1.2	0.2	-1.7 <sup>f</sup>	-11.3	-3.9
Exports of goods	6.2	3.0	0.8	1.6	0.5	-3.3	-23.7	-8.3
Imports of goods	8.0	5.6	1.4 <sup>f</sup>	-0.6 <sup>f</sup>	-0.1	-2.7 <sup>f</sup>	-17.8 <sup>f</sup>	-7.4
Consumer Price Index	1.5	1.7	1.4	1.5	1.2	1.7	0.8	-0.1
Unemployment rate	5.7	5.2	5.0	5.0	4.8	5.2	6.0	6.3
<b>France</b>								
Gross Domestic Product	2.4	1.8	1.5	1.6 <sup>f</sup>	0.8 <sup>f</sup>	-5.7 <sup>f</sup>	-18.9 <sup>f</sup>	-3.9
Exports of goods	5.1	3.9	3.6 <sup>f</sup>	2.5	-0.3	-8.4	-34.6	-14.4
Imports of goods	7.2 <sup>f</sup>	4.3	2.3 <sup>f</sup>	2.0 <sup>f</sup>	- <sup>f</sup>	-8.3 <sup>f</sup>	-27.0	-9.6
Consumer Price Index	1.0	1.9	1.1	1.0 <sup>f</sup>	1.0 <sup>f</sup>	1.2 <sup>f</sup>	0.3 <sup>f</sup>	0.3
Unemployment rate	9.4	9.0	8.5	8.3	8.4	8.1	6.8 <sup>f</sup>	7.3
<b>United Kingdom</b>								
Gross Domestic Product	1.7 <sup>f</sup>	1.3	1.3 <sup>f</sup>	1.0 <sup>f</sup>	1.0 <sup>f</sup>	-2.1 <sup>f</sup>	-21.5 <sup>f</sup>	-9.6
Exports of goods	13.0 <sup>f</sup>	4.4 <sup>f</sup>	6.3 <sup>f</sup>	4.1 <sup>f</sup>	13.5 <sup>f</sup>	-8.7 <sup>f</sup>	-15.7 <sup>f</sup>	-14.9
Imports of goods	9.6 <sup>f</sup>	3.5 <sup>f</sup>	3.3 <sup>f</sup>	1.3 <sup>f</sup>	-7.8 <sup>f</sup>	-19.9	-29.4 <sup>f</sup>	-16.5
Consumer Price Index	2.7	2.4	1.8	1.9	1.5	1.7	0.6	0.6
Unemployment rate	4.4	4.1	3.8	3.8	3.8	4.0 <sup>f</sup>	4.1 <sup>f</sup>	4.8

<sup>a</sup> 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)

	2017	2018	2019	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3
%								
<b>Mainland China</b>								
Gross Domestic Product	6.9	6.7	6.1	6.0	6.0	-6.8	3.2	4.9
Exports of goods	7.9	9.9	0.5	-0.3	2.0	-13.4	0.1 <sup>f</sup>	8.8
Imports of goods	16.1	15.8	-2.7	-6.2	3.4	-3.0 <sup>f</sup>	-9.7	3.2
Consumer Price Index <sup>a</sup>	1.6	2.1	2.9	2.5	2.9	4.9	3.8 <sup>f</sup>	3.3
<b>Hong Kong</b>								
Gross Domestic Product	3.8	2.8	-1.2	-2.8	-3.0	-9.1	-9.0	-3.5
Exports of goods	8.0	7.3	-4.1	-6.4 <sup>f</sup>	-2.5 <sup>f</sup>	-9.7 <sup>f</sup>	-4.3 <sup>f</sup>	1.3
Imports of goods	8.7	8.4	-6.5	-10.1	-6.5	-10.0	-8.8	-1.9
Consumer Price Index	1.5	2.4	2.9	3.3	3.0	2.0	1.3	-1.7
Unemployment rate	3.1	2.8	2.9	3.0	3.1	4.2	6.2	6.7
<b>Taiwan</b>								
Gross Domestic Product	3.3	2.8	3.0 <sup>f</sup>	3.3 <sup>f</sup>	3.7 <sup>f</sup>	2.5 <sup>f</sup>	0.4 <sup>f</sup>	3.9
Exports of goods <sup>b</sup>	13.0	5.9	-1.5 <sup>f</sup>	-0.9	1.8	3.7	-2.4	6.0
Imports of goods <sup>b</sup>	12.2	10.7	0.3	-3.2	4.9	3.5	-4.0	-1.5
Consumer Price Index	0.6	1.4	0.6	0.4	0.7	0.5	-1.0	-0.5
Unemployment rate	3.8	3.7	3.7	3.8	3.7	3.7	4.0	3.9
<b>Japan</b>								
Gross Domestic Product <sup>c</sup>	1.9	0.3	- <sup>f</sup>	1.7	-0.7	-1.8	-10.2 <sup>f</sup>	-5.8
Exports of goods	11.8	4.1	-5.6	-5.0	-7.8	-5.5	-25.3	-13.0
Imports of goods	14.1	9.7	-5.0	-4.9	-11.9	-7.2	-16.0	-20.1
Consumer Price Index	0.5	1.0	0.5	0.3	0.5	0.5	0.1	0.2
Unemployment rate	2.8	2.4	2.4	2.3	2.2	2.4	2.8	3.0
<b>Republic of Korea</b>								
Gross Domestic Product	3.2	2.9	2.0	2.0	2.3	1.4	-2.7 <sup>f</sup>	-1.3
Exports of goods	15.8	5.4	-10.4	-12.3	-11.8	-1.8	-20.3	-3.2
Imports of goods	17.8	11.9	-6.0	-4.1	-9.7	-1.6	-16.1	-8.9
Consumer Price Index	1.9	1.5	0.4	-	0.3	1.2	-0.1	0.6
Unemployment rate	3.7	3.8	3.8	3.3	3.1	4.2	4.4	3.6
<b>Singapore</b>								
Gross Domestic Product	4.3	3.4	0.7	0.7	1.0	-0.3	-13.3 <sup>f</sup>	-5.8
Exports of goods	10.3	7.9	-4.2	-7.3	-4.3	-1.4	-14.0 <sup>f</sup>	-5.0
Imports of goods	12.1	10.6	-2.1	-5.9	-6.3	2.6	-16.6	-7.6
Consumer Price Index	0.6	0.4	0.6	0.4	0.6	0.4	-0.7	-0.3
Unemployment rate	2.2	2.1	2.3	2.0	2.0	2.2	3.8 <sup>f</sup>	3.4

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)

	%							
	2017	2018	2019	2019	2019	2020	2020	2020
				Q3	Q4	Q1	Q2	Q3
<b>USA</b>								
Gross Domestic Product	2.3 <sup>f</sup>	3.0 <sup>f</sup>	2.2 <sup>f</sup>	2.6	2.4	-5.0	-31.4 <sup>f</sup>	33.1
Exports of goods	6.6	7.9 <sup>f</sup>	-1.5 <sup>f</sup>	- <sup>f</sup>	0.1 <sup>f</sup>	-1.9 <sup>f</sup>	-28.5 <sup>f</sup>	23.7
Imports of goods	6.8	8.4 <sup>f</sup>	-1.6 <sup>f</sup>	-0.6 <sup>f</sup>	-2.9 <sup>f</sup>	-3.0 <sup>f</sup>	-14.6 <sup>f</sup>	18.6
Consumer Price Index	2.1	2.4	1.8	0.5	0.6	0.3	-0.9	1.3
Unemployment rate <sup>a</sup>	4.4	3.9	3.7	3.6	3.5	3.8	13.0	8.8
<b>Japan</b>								
Gross Domestic Product	1.9	0.3	-0.1	-	-1.8	-0.6	-8.2 <sup>f</sup>	5.0
Exports of goods	12.3 <sup>f</sup>	4.1	-5.5 <sup>f</sup>	-3.3 <sup>f</sup>	-5.7 <sup>f</sup>	-2.3 <sup>f</sup>	-14.7 <sup>f</sup>	10.1
Imports of goods	14.3 <sup>f</sup>	9.4	-4.7	-1.1 <sup>f</sup>	-4.5 <sup>f</sup>	-5.2 <sup>f</sup>	-5.4 <sup>f</sup>	-6.4
Consumer Price Index	0.5	1.0	0.5	0.1	0.2	0.1	-0.3	0.2
Unemployment rate <sup>a</sup>	2.8	2.4	2.4	2.3	2.3	2.4	2.8	3.0
<b>Hong Kong</b>								
Gross Domestic Product	3.8	2.8	-1.2	-3.0	-0.5	-5.5	-0.1	2.8
Exports of goods	8.0	7.3	-4.1	-0.2	1.7	-9.7	5.5	5.0
Imports of goods	8.7	8.4	-6.5	-2.4	-0.4	-5.6	0.9	3.8
Consumer Price Index	1.5	2.4	2.9	0.9	0.5	-0.6	0.6	-2.0
Unemployment rate <sup>a</sup>	3.1	2.8	2.9	2.9	3.3	4.2	6.2	6.4

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