

Global Economy in the Fourth Quarter of 2013

The recovery momentum of the global economy was slightly stronger in the fourth quarter of 2013. The US economic revival continued and the Euro area resumed positive growth; nevertheless, relatively weak domestic demand of the export-oriented Asian economies, and gradual withdrawal of the US quantitative easing measures continued to pose downside risks to a sustained global recovery. The World Economic Outlook (WEO) Update of the International Monetary Fund (IMF) in January 2014 indicated that the overall demand in advanced economies expanded with rising inventory; exports rebounded in emerging market economies, while domestic demand generally remained subdued. The world economy expanded by 3.0% in 2013 and is projected to grow by 3.7% in 2014, both up by 0.1 percentage point from the October forecast.

The US economy continued to recover. Gross Domestic Product (GDP) for the fourth quarter of 2013 expanded by 2.5% year-on-year; the quarter-to-quarter growth was 2.4%, down from 4.1% in the previous quarter. Increase in private consumption expenditure and exports contributed 1.7 and 1.2 percentage points to economic growth; fixed investment also added 0.6 percentage points to the increase; however, decrease in government expenditure dragged down the rate of growth by 1.0 percentage point. The unemployment situation improved upon continued economic recovery, with the unemployment rate dropping by 0.6 percentage points quarter-to-quarter to 6.7%; the seasonal adjusted unemployment rate stood at 7.0%.

With sustained economic upturn in Germany and France, the Euro area resumed positive growth. The fourth quarter GDP of the Euro area expanded by 0.5% year-on-year and 0.3% quarter-to-quarter. Exports and gross fixed capital formation added 0.6 and 0.2 percentage points respectively to economic growth, whereas inventory and government final consumption expenditure tapered off 0.3 and 0.1 percentage point. The unemployment rate had not improved amid the economic growth, rising by 0.3 percentage points quarter-to-quarter to 12.0%.

The UK economy continued to pick up, with the services, construction and manufacturing sectors showing positive growth. The fourth quarter GDP increased by 2.7% year-on-year and 0.7% quarter-to-quarter. Net exports contributed 0.4 percentage points to economic growth; household final consumption expenditure and gross capital formation also added 0.3 and 0.2 percentage points respectively to the

increase. Economic performance continued to improve, with the unemployment rate dropping by 0.4 percentage points from the previous quarter, at 7.2%.

Benefited from rising external demand in advanced economies, export growth in emerging Asian economies generally improved. The January WEO Update of IMF indicated that the ASEAN 5¹ economies expanded by 5.0% in 2013; meanwhile, the Middle East, North Africa, Afghanistan and Pakistan grew by 2.4%, and the Chinese and Indian economies by 7.7% and 4.4% respectively, higher than the forecast in October.

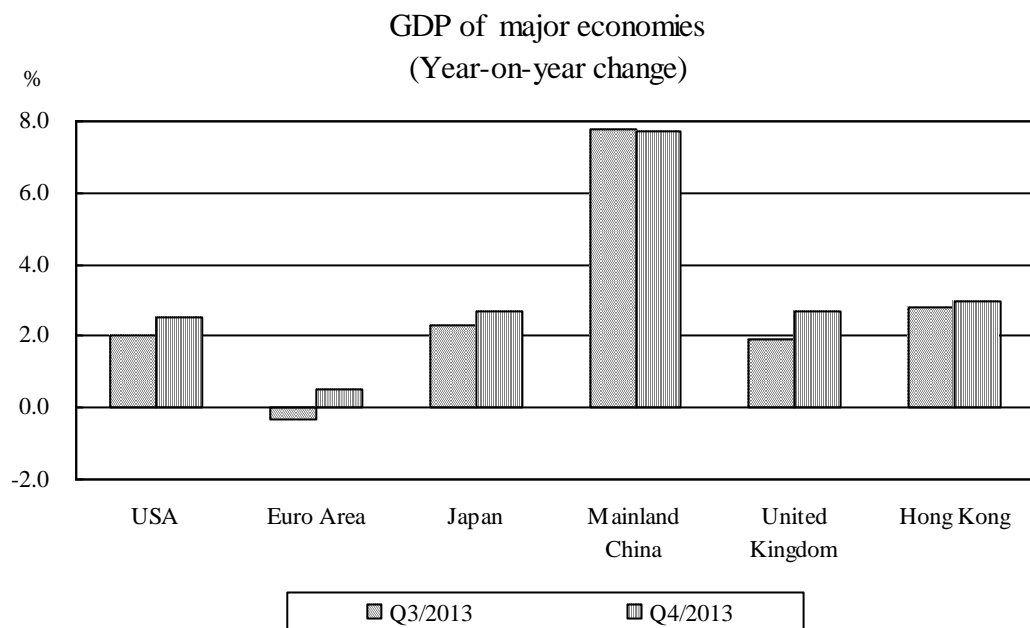
In Japan, depreciation of the yen spurred exports, yet domestic demand remained the major driving force of economic growth. The fourth quarter GDP increased by 2.7% year-on-year and merely 0.3% quarter-to-quarter. Domestic demand contributed 0.8 percentage points to economic growth; exports only added 0.1 percentage point to the increase. The unemployment rate dropped by 0.3 percentage points to 3.7% amid positive economic growth; the seasonal adjusted rate stood at 3.9%.

The economy of the Republic of Korea saw steady growth, with exports continuously rising. The fourth quarter GDP increased 3.9% year-on-year and 0.9% quarter-to-quarter. Final consumption expenditure and gross capital formation contributed 0.5 and 0.3 percentage points to economic growth; exports also added 1.1 percentage points to the increase, but it was totally offset by imports. The unemployment rate decreased 0.2 percentage points quarter-to-quarter to 2.8% upon steady economic growth.

The economy of Mainland China maintained steady growth. The fourth quarter GDP expanded by 7.7% year-on-year, down slightly by 0.1 percentage point compared with the increase in the previous quarter. For the whole year of 2013, value added of the above-scale industries rose by 9.7% year-on-year, down by 0.3 percentage points from the increase a year earlier; fixed asset investment increased by 19.6% year-on-year, down by 0.1 percentage point; retail sales of consumer goods rose by 13.1% year-on-year, down by 1.2 percentage points, with sales of jewellery rising by 25.8%, construction and decoration materials by 22.1%, and furniture by 21.0%. Total value of external trade for the whole year of 2013 grew by 7.6% year-on-year and the trade surplus amounted to USD259.7 billion. Inflation rate rose slightly; the Consumer Price Index for the fourth quarter was 2.6%, of which CPI for December rose by 2.5% year-on-year.

¹ Indonesia, Malaysia, the Philippines, Thailand and Vietnam

The economy of Hong Kong grew moderately by 3.0% year-on-year and 1.1% quarter-to-quarter in the fourth quarter of 2013. Domestic demand remained the key impetus to economic growth, of which gross fixed capital formation rose by 5.3% year-on-year, and both private consumption expenditure and government final consumption expenditure increased by 3.2%. Trading performance improved modestly, with imports and exports rising by 4.3% and 4.8% respectively year-on-year, and both up by 3.6% quarter-to-quarter. The unemployment rate decreased by 0.4 percentage points, at 3.1%; the seasonal adjusted rate dropped by 0.1 percentage point quarter-to-quarter to 3.2%.



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

%

	2011	2012	2013	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4
USA								
Gross Domestic Product	1.8	2.8	1.9	2.0	1.3	1.6	2.0 ^r	2.5
Exports of goods	15.8	4.4	2.1	2.8	0.5	1.6	2.8	3.7
Imports of goods	15.4	3.0	-0.3	0.6	-2.8	-1.3	1.7 ^r	1.0
Consumer Price Index	3.1	2.1	1.5	1.9	1.7	1.4	1.6	1.2
Unemployment rate	8.9	8.1	7.4	7.5	8.1	7.4	7.3	6.7
Euro area ^a								
Gross Domestic Product	1.6	-0.7	-0.5	-1.0	-1.2	-0.6	-0.3 ^r	0.5
Exports of goods	13.0	7.5 ^r	0.8	5.7 ^r	0.7 ^r	1.6 ^r	0.1 ^r	0.8
Imports of goods	13.3	1.9	-3.2	1.1 ^r	-5.2	-3.0 ^r	-2.1 ^r	-2.6
Consumer Price Index	2.7	2.5	1.4	2.3	1.9	1.4	1.3	0.8
Unemployment rate	10.1	11.4	12.1	11.8	12.6	11.9 ^r	11.7 ^r	12.0
Germany								
Gross Domestic Product	3.3	0.7	0.4	-	-1.6	0.9	1.1	1.3
Exports of goods	11.5	3.3	-0.2	1.0	-1.9	0.2	-0.8	1.9
Imports of goods	13.2	0.4	-1.1	-1.1	-3.7	-0.1	-0.5	-
Consumer Price Index	2.1	2.0	1.5	2.0	1.5	1.5	1.6	1.3
Unemployment rate	7.1	6.8	6.9	6.6	7.4	6.8	6.7	6.6
French								
Gross Domestic Product	2.0	-	0.3	-0.3	-0.4	0.5	0.3 ^r	0.8
Exports of goods	9.0	3.9 ^r	-1.6	1.6	-1.7 ^r	-0.4 ^r	-2.4	-1.8
Imports of goods	12.9 ^r	1.9 ^r	-2.4	0.7 ^r	-3.2 ^r	-2.7 ^r	-1.9 ^r	-1.5
Consumer Price Index	2.1	2.0	0.9	1.5	1.1	0.8	0.9	0.6
Unemployment rate	9.6	10.2	10.8	10.8	11.2	10.4 ^r	10.6 ^r	11.0
United Kingdom								
Gross Domestic Product	1.1	0.3 ^r	1.8	0.2 ^r	0.6 ^r	1.8 ^r	1.9 ^r	2.7
Exports of goods	12.5	0.7	1.3	-2.9 ^r	-0.4	6.4 ^r	-0.5 ^r	-0.3
Imports of goods	9.5	2.7	0.8	1.0 ^r	-0.3 ^r	2.0 ^r	2.9 ^r	-1.2
Consumer Price Index	4.5	2.8	2.5	2.6	2.8	2.7	2.8	2.1
Unemployment rate	8.1	7.9	7.6	7.8	7.8	7.8	7.6	7.2

^a Consists 17 member states since 2011.

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) %

	2011	2012	2013	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4
Mainland China								
Gross Domestic Product	9.2	7.8	7.7	7.9	7.7	7.5	7.8	7.7
Exports of goods	20.3	7.9	7.9	9.4	18.3	3.8	3.9	7.4
Imports of goods	25.0	4.3	7.3	2.7	8.6	4.8 ^f	8.5 ^f	7.2
Consumer Price Index ^a	5.4	2.6	2.6	2.6	2.4	2.4	2.5	2.6
Hong Kong								
Gross Domestic Product	4.9	1.5	2.9	2.9 ^f	2.9	3.1 ^f	2.8 ^f	3.0
Exports of goods	10.1	2.9	3.6	7.0	4.0	2.4	3.3	4.8
Imports of goods	11.9	3.9	3.8	8.1	4.9	3.5	2.6	4.3
Consumer Price Index	5.3	4.1	4.3	3.8	3.7	4.0	5.3	4.3
Unemployment rate	3.4	3.3	3.3	3.1	3.4	3.4	3.5	3.1
Taiwan								
Gross Domestic Product	4.2 ^f	1.5 ^f	2.1	3.9 ^f	1.4 ^f	2.7 ^f	1.3 ^f	3.0
Exports of goods	12.3	-2.3	1.4	2.4	2.4	2.4	-0.8	1.8
Imports of goods	12.0	-3.9	-0.1	-0.1	4.4	-3.5	-3.3	2.2
Consumer Price Index	1.4	1.9	0.8	1.8	1.8	0.8	-	0.6
Unemployment rate	4.4	4.2	4.2	4.3	4.2	4.1	4.3	4.2
Japan								
Gross Domestic Product	-0.5 ^f	1.4 ^f	1.6	-0.3 ^f	- ^f	1.2 ^f	2.3 ^f	2.7
Exports of goods	-2.7	-2.7	9.5	-5.5	1.2	7.1	12.7	17.4
Imports of goods	12.1	3.8	15.0	0.5	8.1	10.4	17.5 ^f	24.0
Consumer Price Index	-0.3	-	0.3	-0.2	-0.6	-0.3	0.9	1.4
Unemployment rate	4.6	4.3	4.0	4.0	4.2	4.2	4.0	3.7
Republic of Korea								
Gross Domestic Product	3.7	2.0	2.8	1.5	1.5	2.3	3.3	3.9
Exports of goods	19.0	-1.3	2.1	-0.4	0.4	0.7	2.7 ^f	4.7
Imports of goods	23.3	-0.9	-0.8	-1.1	-3.0	-2.8	0.3 ^f	2.5
Consumer Price Index	4.0	2.2	1.3	1.7	1.6 ^f	1.2 ^f	1.4 ^f	1.1
Unemployment rate	3.4	3.2	3.1	2.8	3.6	3.1	3.0	2.8
Singapore								
Gross Domestic Product	6.0 ^f	1.9 ^f	4.1	2.2 ^f	0.6 ^f	4.2 ^f	5.8	5.5
Exports of goods	7.5	-0.9	0.6	-5.1	-8.7	-0.2	5.8 ^f	6.0
Imports of goods	8.6	3.2	-1.6	-0.4	-9.3	-4.0	5.9	1.4
Consumer Price Index	5.2	4.6	2.4	4.0	4.0	1.6	1.8	2.0
Unemployment rate	2.0	2.0	1.9	1.6	1.8	2.6	1.6 ^f	1.6

^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; 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)

%

	2011	2012	2013	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4
USA								
Gross Domestic Product	1.8	2.8	1.9	0.1	1.1	2.5	4.1 ^r	2.4
Exports of goods	15.8	4.4	2.1	-0.2	0.5 ^r	1.0	0.5	2.0
Imports of goods	15.4	3.0	-0.3	0.4	-0.5	0.1	1.0 ^r	0.2
Consumer Price Index	3.1	2.1	1.5	0.6 ^r	0.3 ^r	0.1 ^r	0.5 ^r	0.3
Unemployment rate ^a	8.9	8.1	7.4	7.8	7.7	7.5 ^r	7.2 ^r	7.0
Japan								
Gross Domestic Product	-0.5 ^r	1.4 ^r	1.6	-0.1 ^r	1.2 ^r	1.0 ^r	0.3 ^r	0.3
Exports of goods	-2.7 ^r	-3.0 ^r	9.6	-1.4	7.5 ^r	4.7 ^r	1.5 ^r	2.1
Imports of goods	12.2	3.4	15.1	-0.2 ^r	8.6 ^r	2.2 ^r	5.3 ^r	6.0
Consumer Price Index	-0.3	-	0.3	-	- ^r	0.2	0.7 ^r	0.5
Unemployment rate ^a	4.6	4.3	4.0	4.2	4.2	4.0	4.0	3.9
Hong Kong								
Gross Domestic Product	4.9	1.5	2.9	1.1 ^r	0.5 ^r	0.6 ^r	0.7 ^r	1.1
Exports of goods	10.1	2.9	3.6	3.4 ^r	-1.9 ^r	-1.2 ^r	2.2 ^r	3.6
Imports of goods	11.9	3.9	3.8	3.2 ^r	-1.1 ^r	-0.6 ^r	1.9 ^r	3.6
Consumer Price Index	5.3	4.1	4.3	3.7	1.1 ^r	1.3 ^r	-0.8 ^r	2.7
Unemployment rate ^a	3.4	3.3	3.3	3.2	3.5	3.3	3.3	3.2

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