

Global Economy in the Third Quarter of 2016

Global economy saw slower growth in the third quarter of 2016. The US economy grew at a slightly faster pace, the Euro area grew modestly, and the economy of Japan showed signs of a rebound. The impact of Brexit on the financial markets and the global economy was less than expected. Moreover, growth in exports and stabilisation in commodity prices were conducive to economic growth. However, the rise of nationalism and anti-globalisation forces brought about political instability in the European and American countries, posing downside risks to economic recovery. The World Economic Outlook (WEO) of the International Monetary Fund (IMF) in October 2016 indicated that global economic growth will pick up on account of the developments in emerging markets and developing economies; meanwhile, developed countries will see subdued growth under the influence of nationalist policies. Global growth projections for 2016 and 2017 remain unchanged from the July WEO forecast, at 3.1% and 3.4% respectively.

The US economy grew slightly faster in the third quarter, with Gross Domestic Product (GDP) rising by 1.6% year-on-year and 3.2% quarter-to-quarter. Private consumption expenditure was the major impetus for growth, adding 1.9 percentage points to the increase, of which the service sector contributed 1.2 percentage points. Merchandise exports continued to rise, pushing up the economic growth by 1.2 percentage points. Meanwhile, fixed investment lowered the rate of economic increase by 0.2 percentage points on account of declining equipment investment. The unemployment rate rose by 0.2 percentage points quarter-to-quarter to 5.0%; the seasonally adjusted unemployment rate was 4.9%.

With the slowdown in German and French economies, the third quarter GDP of the Euro area increased by 1.7% year-on-year and remained stable quarter-to-quarter. Change in inventories and government final consumption expenditure each contributed 0.1 percentage point to the economic growth. Consumption expenditure of households and non-profit institutions added 0.2 percentage points to the increase. Meanwhile, imports lowered the rate of economic growth by 0.1 percentage point. The unemployment rate dropped by 0.4 percentage points quarter-to-quarter to 9.6%.

UK economic growth held up better than expected after the Brexit vote, with the third quarter GDP rising by 2.3% year-on-year and 0.5% quarter-to-quarter. Net exports was the main driver of economic growth, contributing 0.7 percentage points to the increase. Household final consumption expenditure added 0.4 percentage points to

the economic growth, while capital formation dragged down the increase by 0.7 percentage points. The unemployment rate decreased by 0.1 percentage point quarter-to quarter to 4.8%.

The Asian region showed steady growth. The October 2016 WEO of IMF indicated that the ASEAN 5 economies¹ were projected to grow by 4.8% in 2016, same as the July forecast; the projection for the Middle East, North Africa, Afghanistan and Pakistan held stable as the July forecast at 3.4%; the projection for India was revised upward by 0.2 percentage points from the July forecast to 7.6%, while that for China remained unchanged at 6.6%.

The third quarter GDP of Japan increased by 1.1% year-on-year, with the quarter-to-quarter growth slowing by 0.2 percentage points to 0.3%. The depreciation of the yen stimulated exports which contributed 0.3 percentage points to the economic growth. Private consumption expenditure added 0.2 percentage points to the increase. Capital spending of enterprises retreated while decrease in inventories of private enterprises dragged down the economic growth by 0.3 percentage points. The unemployment rate dropped by 0.1 percentage point quarter-to-quarter to 3.1%; the seasonally adjusted rate was 3.0%.

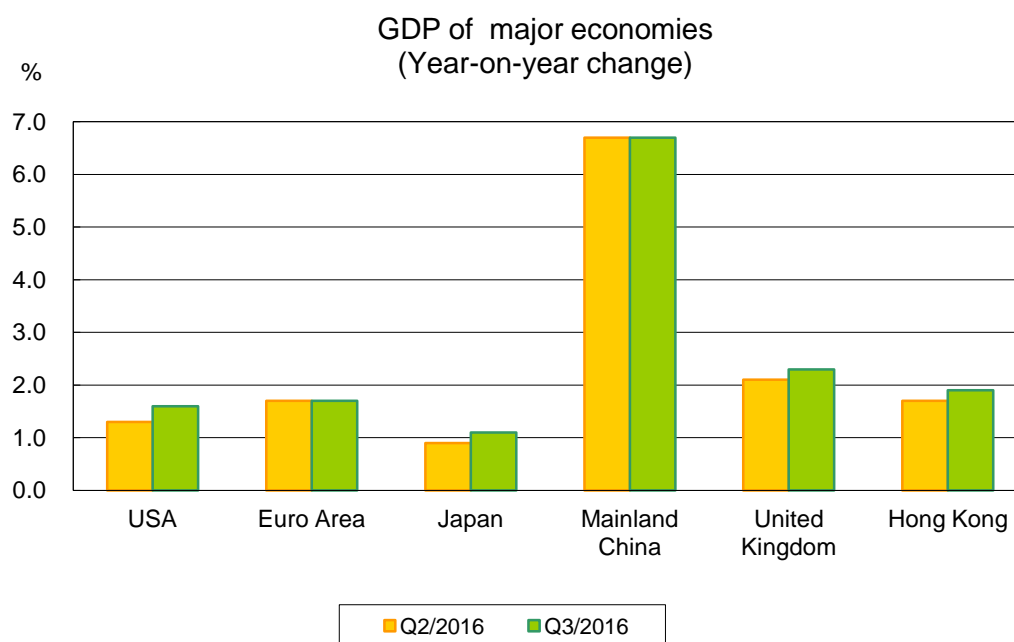
The Republic of Korea recorded slower growth compared with the previous quarter. The third quarter GDP expanded by 2.6% year-on-year and 0.7% quarter-to-quarter. As construction expenditure continued to rise, gross capital formation and final consumption expenditure added 0.9 and 0.5 percentage points respectively to the economic growth. Both exports of goods and change in inventories pushed up the rate of economic growth by 0.3 percentage points. The unemployment rate fell by 0.2 percentage points from the previous quarter, at 3.6%.

In Mainland China, GDP for the third quarter expanded by 6.7% year-on-year. In the first three quarters of 2016, value added of the above-scale industries rose by 6.0% year-on-year, the same level as in the first half year of 2016; fixed asset investment increased by 8.2% year-on-year, down by 0.8 percentage points from the first half year; retail sales of consumer goods rose by 10.4% year-on-year, up by 0.1 percentage point from the first half year, of which sales of construction and decoration materials increased by 15.4%, furniture by 13.9% and communication equipment by 12.7%. Total value of external trade for the first three quarters of 2016 decreased by 8.2% year-on-year, with exports and imports of goods falling by 6.7% and 4.6%

¹ Indonesia, Malaysia, the Philippines, Thailand and Vietnam

respectively, and the trade surplus amounted to USD384.0 billion. Inflation was stable as Consumer Price Index (CPI) for the third quarter increased by 2.0% year-on-year, down by 0.1 percentage point from the first half year of 2016.

The Hong Kong economy maintained moderate growth on account of stronger domestic demand and relative improvements in external trade. The third quarter GDP rose by 1.9% year-on-year and 0.6% quarter-to-quarter. With the notable growth in machinery and equipment acquisition and steady rise in building and construction works, gross fixed capital formation rebounded strongly by 6.0% year-on-year. Total exports of goods increased by 1.9% year-on-year, broadly similar to the growth in the previous quarter. Exports of services showed a smaller year-on-year decline of 1.8%, owing to a modest recovery in external demand as well as improvements in regional trade and cargo flows. The third quarter CPI increased by 3.1% year-on-year and 0.4% quarter-to-quarter. The unemployment rate edged up by 0.1 percentage point quarter-to-quarter to 3.6%, and the seasonally adjusted rate remained stable at 3.4%.



I. PRINCIPAL ECONOMIC INDICATORS OF THE WORLD AND MACAO

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

	2013	2014	2015	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	%
USA									
Gross Domestic Product	1.7	2.4	2.6	2.2	1.9	1.6	1.3 ^f	1.6	
Exports of goods	2.1	2.7	-7.3	-8.1	-10.5	-6.8	-6.1	-2.2	
Imports of goods	-0.3	3.9	-4.6	-5.1	-6.9	-5.5	-4.7	-2.3	
Consumer Price Index	1.5	1.6	0.1	0.1	0.5	1.1	1.0 ^f	1.1	
Unemployment rate	7.4	6.2	5.3	5.2	4.8	5.2	4.8	5.0	
Euro area ^a									
Gross Domestic Product	-0.3	1.2 ^f	2.0	1.9 ^f	2.0	1.7	1.7 ^f	1.7	
Exports of goods	0.9 ^f	2.2	5.3 ^f	4.3 ^f	3.4 ^f	-0.9 ^f	-0.1 ^f	-0.3	
Imports of goods	-3.0	0.7	2.5 ^f	0.9 ^f	2.5 ^f	-2.7 ^f	-4.1 ^f	-2.6	
Consumer Price Index	1.3	0.4	-	0.1	0.2	-	-0.1	0.4	
Unemployment rate	12.0	11.6	10.9	10.3	10.6	10.7	10.0	9.6	
Germany									
Gross Domestic Product	0.5	1.6	1.7	1.8	2.1	1.5	3.1	1.5	
Exports of goods	-0.4	3.3	6.2 ^f	5.4 ^f	4.6 ^f	0.6	2.2	-0.4	
Imports of goods	-1.0	2.2	4.3 ^f	5.2	4.4 ^f	0.4	0.1	-1.2	
Consumer Price Index	1.5	0.9	0.2	0.1	0.3	0.3	0.1	0.5	
Unemployment rate	6.9	6.7	6.4	6.3	6.0	6.6	6.1	6.0	
French									
Gross Domestic Product	0.6	0.7	1.2	1.1	1.3	1.4 ^f	1.2 ^f	1.1	
Exports of goods	-1.6	0.2	3.8 ^f	4.1	1.5 ^f	- ^f	-3.9 ^f	-1.0	
Imports of goods	-2.3	-0.8 ^f	0.8	-1.3	2.3 ^f	0.5 ^f	-3.2 ^f	1.9	
Consumer Price Index	0.9	0.5	-	0.1	0.1	-	-	0.3	
Unemployment rate	10.3	10.3	10.4	10.0	10.6	10.7	9.6	9.8	
United Kingdom									
Gross Domestic Product	1.9	3.1	2.2	1.9 ^f	1.7 ^f	1.9 ^f	2.1 ^f	2.3	
Exports of goods	0.5	-3.4	-3.3 ^f	-4.0 ^f	-7.2 ^f	-0.4 ^f	-0.1 ^f	12.6	
Imports of goods	2.7	-2.0	-1.4 ^f	-3.2 ^f	-4.7 ^f	-1.4 ^f	6.2 ^f	11.2	
Consumer Price Index	2.5	1.5	-	-	0.1	0.3	0.3	0.8	
Unemployment rate	7.6	6.2	5.4	5.3	5.1	5.1	4.9	4.8	

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

I. PRINCIPAL ECONOMIC INDICATORS OF THE WORLD AND MACAO

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

	2013	2014	2015	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	%
Mainland China									
Gross Domestic Product	7.7	7.4	6.9	6.9	6.8	6.7	6.7	6.7	
Exports of goods	7.8	6.0	-2.9	-6.4	-5.2	-12.4 ^f	-6.0 ^f	-6.7	
Imports of goods	7.3	0.5	-14.3	-14.4	-11.8	-13.7	-6.9 ^f	-4.6	
Consumer Price Index ^a	2.6	2.0	1.4	1.4	1.4	2.1	2.1	2.0	
Hong Kong									
Gross Domestic Product	3.1	2.7	2.4	2.3	1.9	0.8	1.7	1.9	
Exports of goods	3.6	3.2	-1.8	-4.1	-2.9	-6.8	-1.2	0.2	
Imports of goods	3.8	3.9	-4.1	-6.7	-7.0	-8.2	-3.2	1.2	
Consumer Price Index	4.3	4.4	3.0	2.3	2.3	2.8	2.6	3.1	
Unemployment rate	3.4	3.3	3.3	3.5	3.2 ^f	3.3	3.5	3.6	
Taiwan									
Gross Domestic Product	2.2	4.0 ^f	0.7	-0.7 ^f	-0.8 ^f	-0.2 ^f	1.1 ^f	2.0	
Exports of goods ^b	1.6	2.8	-10.9	-14.0	-13.9	-12.1	-6.2	0.1	
Imports of goods ^b	0.2	1.4	-15.8	-18.5	-15.1	-14.0	-7.6	-0.1	
Consumer Price Index	0.8	1.2	-0.3	-0.3	0.3	1.8	1.3	0.7	
Unemployment rate	4.2	4.0	3.8	3.9	3.9	3.9	3.9	4.0	
Japan									
Gross Domestic Product	1.4	0.3 ^f	1.2 ^f	2.1 ^f	1.1 ^f	0.4 ^f	0.9 ^f	1.1	
Exports of goods	9.5	4.8	3.4	3.7	-4.6	-7.9	-9.5	-10.2	
Imports of goods	14.9	5.7	-8.7	-5.9	-13.9	-15.7	-18.8	-19.5	
Consumer Price Index	0.3	2.8	0.8	0.1 ^f	0.2 ^f	. ^f	-0.3 ^f	-0.5	
Unemployment rate	4.0	3.6	3.4	3.4	3.1	3.2	3.2	3.1	
Republic of Korea									
Gross Domestic Product	2.9	3.3	2.6	2.8	3.1	2.8	3.3 ^f	2.6	
Exports of goods	2.1	2.3	-8.0	-9.5	-12.0	-13.6 ^f	-6.7 ^f	-5.0	
Imports of goods	-0.8	1.9	-16.9	-18.7	-17.8	-16.1 ^f	-10.3 ^f	-5.2	
Consumer Price Index	1.4 ^f	1.4 ^f	0.8 ^f	0.7	1.2 ^f	1.1 ^f	0.9	0.9	
Unemployment rate	3.1	3.5	3.6	3.4	3.1	4.3	3.8	3.6	
Singapore									
Gross Domestic Product	4.7	3.3	2.0	1.8	1.8	2.0 ^f	2.0 ^f	1.1	
Exports of goods	-	0.8	-7.2	-8.0	-5.7	-11.6	-4.7	-3.5	
Imports of goods	-1.6	-0.6	-12.1	-9.1	-9.9	-7.4	-6.7	-6.7	
Consumer Price Index	2.4	1.0	-0.5	-0.6	-0.7	-0.8	-0.9	-0.4	
Unemployment rate	1.9	2.0	1.9	1.7	1.6	1.8	2.8	1.8	

a Accumulated year-on-year comparison.

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

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

I. PRINCIPAL ECONOMIC INDICATORS OF THE WORLD AND MACAO

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

	2013	2014	2015	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	%
USA									
Gross Domestic Product	1.7	2.4	2.6	2.0	0.9	0.8	1.4 ^f	3.2	
Exports of goods	2.1	2.7	-7.3	-1.7	-3.3	-2.9	1.7	4.2	
Imports of goods	-0.3	3.9	-4.6	-1.3	-2.3	-2.3	1.2	1.2	
Consumer Price Index	1.5	1.6	0.1	0.3	0.2	-0.1	0.6	0.4	
Unemployment rate ^a	7.4	6.2	5.3	5.2	5.0	4.9	4.9	4.9	
Japan									
Gross Domestic Product	1.4	0.3 ^f	1.2 ^f	0.2 ^f	-0.4	0.7 ^f	0.5 ^f	0.3	
Exports of goods	9.7 ^f	4.6	3.5	-0.2 ^f	-2.7 ^f	-4.5 ^f	-2.7 ^f	-0.9	
Imports of goods	15.3 ^f	5.5 ^f	-8.6	0.1 ^f	-7.5 ^f	-7.0 ^f	-5.1 ^f	-1.4	
Consumer Price Index	0.3	2.8	0.8	-0.1 ^f	-	-0.1 ^f	-0.1 ^f	-0.2	
Unemployment rate ^a	4.0	3.6	3.4	3.4	3.3	3.2	3.2	3.0	
Hong Kong									
Gross Domestic Product	3.1	2.7	2.4	0.5	0.2	-0.5	1.5 ^f	0.6	
Exports of goods	3.6	3.2	-1.8	-0.1	1.1	-5.9	6.8	1.5	
Imports of goods	3.8	3.9	-4.1	-1.7	0.9	-4.2	4.8	2.9	
Consumer Price Index	4.3	4.4	3.0	-0.1	2.7	0.7	-0.7	0.4	
Unemployment rate ^a	3.4	3.3	3.3	3.3	3.3	3.4	3.4	3.4	

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