

Global Economy in the Fourth Quarter of 2020

In the fourth quarter of 2020, the pace of recovery across major economies varied as the global situation of the pandemic remained volatile. The World Economic Outlook (WEO) report of the International Monetary Fund (IMF) in January 2021 indicated that the global growth contraction for 2020 is estimated at -3.5%, 0.9 percentage points higher than projected in the previous forecast. With coronavirus vaccines becoming available, coupled with the rollout of additional policy measures by several economies at the end of 2020, the global economy is expected to recover in 2021; the projected growth rate for 2021 is 5.5%, an upward revision of 0.3 percentage points as compared to the previous projection. In addition, the global economy is forecast to expand by 4.2% in 2022. As cross-border tourism and business travel will remain sluggish before the pandemic is under control, services trade is predicted to pick up at a slower pace than trade of goods. Global trade is expected to increase in 2021 by about 8.0% and by around 6.0% in 2022.

The projected growth rate for the US economy was 5.1% in 2021, an upgrade of 2.0 percentage points. Meanwhile, the growth forecast for China was marked downward by 0.1 percentage point to 8.1% in 2021. The projected growth rate for the Euro area was 4.2% in 2021, down by 1.0 percentage point as compared to the October 2020 forecast. The growth projection for Japan was revised upward by 0.8 percentage points to 3.1% in 2021 as against the October forecast.

The decline in the US economy decelerated after a sharp fall in the second quarter. Gross Domestic Product (GDP) of the US in the fourth quarter decreased by 2.4% year-on-year but increased by 4.1% quarter-to-quarter. Private consumption expenditure and private domestic fixed investment added 1.6 percentage points and 3.1 percentage points to economic growth respectively. Meanwhile, government expenditure and investment hampered the growth by 0.2 percentage points, and net exports dragged down the growth by 1.6 percentage points. The unemployment rate dipped by 2.4 percentage points quarter-to-quarter to 6.5%; the seasonally adjusted unemployment rate went down by 2.0 percentage points quarter-to quarter to 6.8%.

The economy of the Euro area continued to slow down, with the GDP in the fourth quarter falling by 4.9% year-on-year and 0.7% quarter-to-quarter. The economy of Germany shrank by 2.9% while the economy of France declined by 4.9%. Final consumption expenditure of households and non-profit institutions in the Euro area dragged down the growth by 1.6 percentage points, while gross fixed capital formation added 0.3 percentage points. Moreover, inventory change contributed 0.6 percentage points to the growth, while net exports impeded the growth by 0.1 percentage point. The

unemployment rate decreased by 0.2 percentage points quarter-to-quarter to 8.3%.

The UK economy showed a slower rate of decline. The fourth-quarter GDP dropped by 7.8% year-on-year but rose by 1.0% quarter-to-quarter. Household final consumption expenditure impeded the growth by 0.1 percentage point, whereas capital formation and government final consumption expenditure added 2.4 percentage points and 1.3 percentage points to the increase respectively. Besides, net exports hampered the growth by 2.5 percentage points. The unemployment rate grew by 0.3 percentage points from the previous quarter to 5.1%.

The economies in the Asian region except China experienced a slowdown. The WEO report of IMF in January 2021 indicated that the projected growth rate for India was marked upward by 2.7 percentage points to 11.5% in 2021 compared to the forecast in October. The growth projection for the ASEAN-5 economies^a was 5.2% in 2021, down by 1.0 percentage point. The growth forecast for the Middle East and Central Asia was 3.0% in 2021, which remained unchanged compared to the October forecast.

The economy of Japan declined at a slower pace, with the GDP in the fourth quarter dropping by 1.2% year-on-year but rising by 3.0% quarter-to-quarter. Private demand and gross capital formation dragged down economic growth by 2.4 percentage points and 0.4 percentage points respectively, while government consumption expenditure and net exports of goods and services contributed 0.9 percentage points and 1.1 percentage points to the growth respectively. The unemployment rate decreased by 0.1 percentage point quarter-to-quarter to 2.9%; the seasonally adjusted unemployment rate stayed flat quarter-to-quarter at 3.0%.

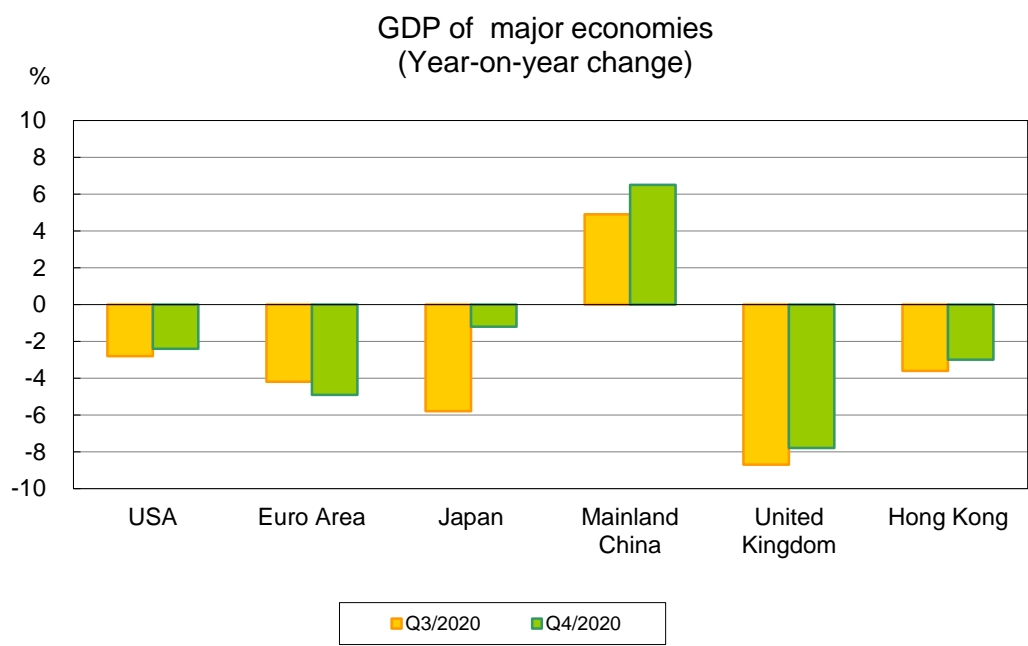
The fourth-quarter GDP of the Republic of Korea fell by 1.4% year-on-year but rose by 1.1% quarter-to-quarter. Final consumption expenditure hampered the growth by 0.9 percentage points, whereas fixed capital formation and net exports contributed 0.5 percentage points and 1.3 percentage points to the increase respectively. The unemployment rate grew by 0.1 percentage point from the previous quarter to 3.7%.

China's economy showed strong growth momentum, with the fourth-quarter GDP rising by 6.5% year-on-year and 1.6 percentage points quarter-to-quarter. For the whole year of 2020, final consumption expenditure dragged down GDP growth by 0.5 percentage points, whereas gross capital formation and net export of goods and services contributed 2.2 percentage points and 0.7 percentage points to the GDP growth respectively. Total retail sales of consumer goods went down by 3.9% year-on-year in 2020, with sales of

^a Indonesia, Malaysia, the Philippines, Thailand and Viet Nam.

petroleum & related products decreasing by 14.5%; meanwhile, sales of cosmetics, commodities and communication appliances grew by 9.5%, 7.5% and 12.9% respectively. As regards external trade, total value of external trade^b in 2020 increased by 2.2% year-on-year. Inflation eased, with the Consumer Price Index (CPI) for 2020 growing by 2.5% year-on-year, representing a decrease of 0.8 percentage points as against the growth rate in the previous three quarters.

The Hong Kong economy showed a smaller year-on-year decrease of 3.0% and yet a quarter-to-quarter increase of 0.2% in the fourth quarter. Domestic demand continued to decline but at a slower pace, and private consumption expenditure fell by 7.2%. Gross fixed capital formation resumed growth, rising by 2.6% in the fourth quarter. Exports of services slid by 35.5% year-on-year, slightly larger than the decline in the previous quarter by 0.5 percentage points. Government consumption expenditure recorded the lowest growth rate of the year, at 5.6%. The seasonally adjusted unemployment rate rose by 0.2 percentage points over the previous quarter to 6.6%.



^b Total value of external trade in RMB

I. PRINCIPAL ECONOMIC INDICATORS OF THE WORLD AND MACAO

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

%

	2018	2019	2020	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
USA								
Gross Domestic Product	3.0	2.2	-3.5	2.3	0.3	-9.0	-2.8 ^f	-2.4
Exports of goods	7.9	-1.5	-13.2	-1.5	-3.1	-30.1	-13.5 ^f	-5.7
Imports of goods	8.4	-1.6	-6.6	-5.4	-4.9	-20.3	-4.9	4.1
Consumer Price Index	2.4	1.8	1.2	2.0	2.1	0.4	1.2	1.2
Unemployment rate	3.9	3.7	8.1	3.3	4.1	12.9	8.9	6.5
Euro area ^a								
Gross Domestic Product	1.9	1.3	-6.6	1.0	-3.3 ^f	-14.6 ^f	-4.2 ^f	-4.9
Exports of goods	4.1	2.8	-9.2	2.2	-1.5 ^f	-23.6	-8.7 ^f	-2.9
Imports of goods	7.2	1.6	-10.7	-1.9	-4.0	-21.5	-11.5 ^f	-6.0
Consumer Price Index	1.8	1.2	0.3	1.0	1.1	0.2	-	-0.3
Unemployment rate	8.2	7.6	8.0	7.4	7.5	7.5	8.5 ^f	8.3
Germany								
Gross Domestic Product	1.3	0.6	-5.0	0.2	-1.8 ^f	-11.3	-3.9	-2.9
Exports of goods	3.0	0.8	-9.3	0.5	-3.3	-23.7	-8.3	-1.9
Imports of goods	5.6	1.4	-7.1	-0.1	-2.7	-17.8	-7.2 ^f	-0.9
Consumer Price Index	1.7	1.4	0.5	1.2	1.7	0.8	-0.1	-0.3
Unemployment rate	5.2	5.0	5.9	4.8	5.2	6.0	6.3	5.9
France								
Gross Domestic Product	1.8	1.5	-8.2	0.8	-5.6 ^f	-18.6 ^f	-3.7 ^f	-4.9
Exports of goods	3.9	3.0 ^f	-15.8	-0.3	-6.4 ^f	-34.5 ^f	-14.2 ^f	-7.7
Imports of goods	4.3	2.4 ^f	-13.4	-	-8.3	-27.2 ^f	-9.8 ^f	-8.1
Consumer Price Index	1.9	1.1	0.5	1.0	1.2	0.3	0.3	0.1
Unemployment rate	9.0	8.5	8.2	8.4	8.1	6.8	8.9 ^f	8.9
United Kingdom								
Gross Domestic Product	1.3	1.4 ^f	-9.9	1.2 ^f	-2.2 ^f	-21.0 ^f	-8.7 ^f	-7.8
Exports of goods	4.4	6.2 ^f	-16.5	13.1 ^f	-8.7	-16.1 ^f	-20.2 ^f	-20.2
Imports of goods	3.5	3.2 ^f	-15.1	-8.5 ^f	-20.8 ^f	-29.2 ^f	-14.5 ^f	6.0
Consumer Price Index	2.4	1.8	0.8	1.5	1.7	0.6	0.6	0.5
Unemployment rate	4.1	3.8	4.5	3.8	4.0	4.1	4.8	5.1

^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)

	2018	2019	2020	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	%
Mainland China									
Gross Domestic Product	6.7	6.1	2.3	6.0	-6.8	3.2	4.9	6.5	
Exports of goods	9.9	0.5	4.0	2.0	-13.4	0.1	8.8	17.0	
Imports of goods	15.8	-2.7	-0.9	3.4	-3.0	-9.7	3.2	5.3	
Consumer Price Index ^a	2.1	2.9	2.5	2.9	4.9	3.8	3.3	2.5	
Hong Kong									
Gross Domestic Product	2.8	-1.2	-6.1	-3.0	-9.1	-9.0	-3.6 ^f	-3.0	
Exports of goods	7.3	-4.1	-1.5	-2.5	-9.7	-4.3	1.3	5.3	
Imports of goods	8.4	-6.5	-3.3	-6.5	-10.0	-8.8	-1.9	6.6	
Consumer Price Index	2.4	2.9	0.3	3.0	2.0	1.3	-1.7	-0.3	
Unemployment rate	2.8	2.9	5.9	3.1	4.2	6.2	6.7	6.3	
Taiwan									
Gross Domestic Product	2.8	3.0	3.1	3.7	2.5	0.4	4.3 ^f	5.1	
Exports of goods ^b	5.9	-1.5	4.9	1.8	3.6 ^f	-2.4	6.0	11.7	
Imports of goods ^b	10.7	0.3	0.1	4.9	3.3 ^f	-4.6 ^f	-1.7 ^f	3.1	
Consumer Price Index	1.4	0.6	-0.2	0.7	0.5	-1.0	-0.5	-	
Unemployment rate	3.7	3.7	3.9	3.7	3.7	4.0	3.9	3.7	
Japan									
Gross Domestic Product ^c	0.6 ^f	0.3 ^f	-4.8 ^f	-1.1 ^f	-2.0 ^f	-10.3 ^f	-5.8	-1.2	
Exports of goods	4.1	-5.6	-11.1	-7.8	-5.5	-25.3	-13.0	-0.7	
Imports of goods	9.7	-5.0	-13.8	-11.9	-7.2	-16.0	-20.1	-12.0	
Consumer Price Index	1.0	0.5	0.1	0.5	0.5	0.1	0.2	-0.8	
Unemployment rate	2.4	2.4	2.8	2.2	2.4	2.8	3.0	2.9	
Republic of Korea									
Gross Domestic Product	2.9	2.0	-1.9	2.3	1.4	-2.7	-1.1 ^f	-1.4	
Exports of goods	5.4	-10.4	-5.4	-11.8	-1.8	-20.3	-3.4 ^f	4.2	
Imports of goods	11.9	-6.0	-7.2	-9.7	-1.8 ^f	-15.9 ^f	-8.9	-1.9	
Consumer Price Index	1.5	0.4	0.5	0.3	1.2	-0.1	0.6	0.4	
Unemployment rate	3.8	3.8	4.0	3.1	4.2	4.4	3.6	3.7	
Singapore									
Gross Domestic Product	3.5 ^f	1.3 ^f	-5.4	1.3 ^f	-	-13.3	-5.8	-2.4	
Exports of goods	7.9	-4.2	-3.2	-4.3	4.0 ^f	-11.4 ^f	-2.2 ^f	-2.9	
Imports of goods	10.6	-2.1	-7.4	-6.3	2.6	-16.6	-7.6	-7.6	
Consumer Price Index	0.4	0.6	-0.2	0.6	0.4	-0.7	-0.3	-0.1	
Unemployment rate	2.1	2.3	3.0	2.0	2.2	3.8	3.4	2.8	

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

I. PRINCIPAL ECONOMIC INDICATORS OF THE WORLD AND MACAO

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

	2018	2019	2020	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	%
USA									
Gross Domestic Product	3.0	2.2	-3.5	2.4	-5.0	-31.4	33.4 ^f		4.1
Exports of goods	7.9	-1.5	-13.2	0.1	-2.1 ^f	-28.5	23.7		8.6
Imports of goods	8.4	-1.6	-6.6	-2.9	-2.8 ^f	-14.6	18.5 ^f		6.0
Consumer Price Index	2.4	1.8	1.2	0.7 ^f	0.2 ^f	-0.8 ^f	1.1 ^f		0.6
Unemployment rate ^a	3.9	3.7	8.1	3.5	3.8	13.0	8.8		6.8
Japan									
Gross Domestic Product	0.6 ^f	0.3 ^f	-4.8	-1.8	-0.6	-8.3 ^f	5.3 ^f		3.0
Exports of goods	4.1	-5.5	-11.8	-5.0 ^f	-4.2 ^f	-14.8 ^f	11.8 ^f		8.0
Imports of goods	9.4	-4.7	-14.4	-3.8 ^f	-6.0 ^f	-5.7 ^f	-5.8 ^f		4.9
Consumer Price Index	1.0	0.5	0.1	0.2	0.1	-0.3	0.2		-0.8
Unemployment rate ^a	2.4	2.4	2.8	2.3	2.4	2.8	3.0		3.0
Hong Kong									
Gross Domestic Product	2.8	-1.2	-6.1	-0.4 ^f	-5.6 ^f	-0.1	2.7 ^f		0.2
Exports of goods	7.3	-4.1	-1.5	0.5 ^f	-6.1 ^f	4.4 ^f	3.3 ^f		4.8
Imports of goods	8.4	-6.5	-3.3	-1.9 ^f	-3.1 ^f	1.0 ^f	2.8 ^f		6.3
Consumer Price Index	2.4	2.9	0.3	0.5	-0.7 ^f	0.6	-2.0		1.7
Unemployment rate ^a	2.8	2.9	5.9	3.3	4.2	6.2	6.4		6.6

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