

Global Economy in the Second Quarter of 2023

In the second quarter of 2023, the world economy gradually recovered from the coronavirus pandemic and the Russia-Ukraine war; the supply chain was stabilising and inflation began to recede in most economies. However, to cope with the still-high inflation, most economies further tightened their monetary policies and continued rate hikes. As higher interest rates raised borrowing costs, the financial system became unstable, and purchasing power weakened resulting from high inflation; in addition, investments by enterprises decreased and productivity growth slackened. Most economies sought to keep a balance between reducing inflation and stabilising the financial system, and the global economy continued to face challenges on the road to recovery.

According to the World Economic Outlook (WEO) Update of the International Monetary Fund (IMF) in July 2023, global growth forecast for 2023 was revised upward by 0.2 percentage points to 3.0% from the predictions in April, while the forecast for 2024 held stable at 3.0%. The projected growth rate for the US economy in 2023 was raised upward by 0.2 percentage points to 1.8%, while the growth forecast for China remained at 5.2%. Growth projection for the Euro area was marked upward by 0.1 percentage point to 0.9%, whereas that for Japan in 2023 was revised upward by 0.1 percentage point to 1.4%.

The Gross Domestic Product (GDP) of the US in the second quarter of 2023 rose by 2.6% year-on-year and 2.4% quarter-to-quarter. Private consumption expenditure and private domestic fixed investment added 1.1 percentage points and 0.8 percentage points to economic growth respectively, while total government expenditure & investment contributed 0.5 percentage points. On the other hand, net exports dragged down the growth by 0.1 percentage point. The unemployment rate decreased by 0.1 percentage point year-on-year to 3.4%; meanwhile, the seasonally adjusted unemployment rate increased by 0.1 percentage point quarter-to-quarter to 3.6%.

The GDP of the Euro area in the second quarter rose by 0.5% year-on-year but fell by 0.1% quarter-to-quarter. The economy of Germany reduced by 0.6% year-on-year while the economy of France grew by 0.9%. Inventory change in the Euro area contributed 0.4 percentage points to the increase, while government final consumption expenditure and fixed capital formation in the Euro area each added 0.1 percentage point to the growth. Net exports hampered the growth by 0.4 percentage points, while final consumption expenditure of households and non-profit institutions remained stable. The unemployment rate fell by 0.5 percentage points quarter-to-quarter to 6.3%.

The second-quarter GDP of the UK increased by 0.4% year-on-year and 0.2% quarter-to-quarter. Government final consumption expenditure, household final consumption expenditure and capital formation drove up the growth by 0.7 percentage points, 0.5 percentage points and 0.3 percentage points respectively. On the other hand, net exports dragged down the

growth by 1.1 percentage points. The seasonally adjusted unemployment rate rose by 0.3 percentage points to 4.2%.

The WEO Update of IMF in July 2023 indicated that the projected growth rate for the ASEAN-5 economies^a was marked upward by 0.1 percentage point to 4.6% in 2023. The growth forecast for the Middle East and Central Asia was revised downward by 0.4 percentage points to 2.5% in 2023, whereas that for India was marked upward by 0.2 percentage points to 6.1%.

The GDP of Japan in the second quarter rose by 2.0% year-on-year and 1.5% quarter-to-quarter. Net exports of goods & services and fixed capital formation contributed 1.8 percentage points and 0.1 percentage point to economic growth respectively, while private demand impeded the growth by 0.4 percentage points; meanwhile, government consumption expenditure had no impact on economic growth. The unemployment rate grew by 0.1 percentage point quarter-to-quarter to 2.7%; the seasonally adjusted unemployment rate remained stable at 2.6%.

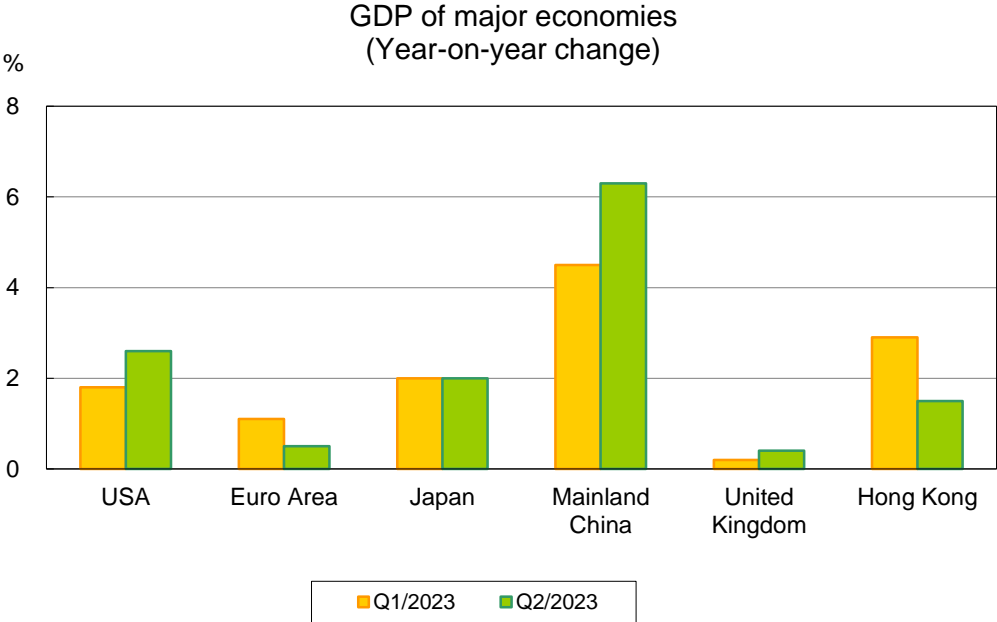
The second-quarter GDP of the Republic of Korea increased by 0.9% year-on-year and 0.6% quarter-to-quarter. Net exports added 1.3 percentage points to the rise. By contrast, government consumption expenditure and final consumption expenditure hampered the growth by 0.5 percentage points and 0.4 percentage points respectively. Fixed capital formation had no impact on the growth. The unemployment rate fell by 0.5 percentage points from the previous quarter to 2.7%.

The second-quarter GDP of mainland China rose by 6.3% year-on-year, which was 1.8 percentage points higher than the growth in the previous quarter. For the first half of 2023, the GDP increased by 5.5% year-on-year. Final consumption expenditure and gross capital formation contributed 4.2 percentage points and 1.8 percentage points to the GDP growth respectively, whereas net export of goods and services dragged down the growth by 0.6 percentage points. The value added of the above-scale industries increased by 3.8% year-on-year in the first half of 2023. Fixed asset investment (excluding farmers) grew by 3.8% year-on-year; total retail sales of consumer goods went up by 8.2%, with sales of cosmetics, petroleum & related products, commodities and communication appliances expanding by 8.6%, 7.5%, 5.0% and 4.1% respectively. As regards external trade, total value of external trade^b in the first half of 2023 recorded a year-on-year growth of 2.1%. Besides, national consumer price rose by 0.7% year-on-year in the first half of 2023.

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

^b Total value of external trade in RMB

The Hong Kong economy expanded by 1.5% year-on-year but dropped by 1.3% quarter-to-quarter in the second quarter. Exports of services and private consumption expenditure rose by 22.9% and 8.2% respectively, while government consumption expenditure and gross fixed capital formation reduced by 9.6% and 0.9% respectively. The seasonally adjusted unemployment rate dipped by 0.2 percentage points over the previous quarter to 2.9%.



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

	2020	2021	2022	2022	2022	2022	2023	2023	%
				Q2	Q3	Q4	Q1	Q2	
USA									
Gross Domestic Product	-2.8	5.9	2.1	1.8	1.9	0.9	1.8 ^f	2.6	
Exports of goods	-13.0	23.1 ^f	17.5 ^f	22.4 ^f	22.4 ^f	8.0 ^f	6.6 ^f	-7.6	
Imports of goods	-6.5	21.4 ^f	14.6 ^f	20.3 ^f	13.7 ^f	3.7 ^f	-4.2 ^f	-8.3	
Consumer Price Index	1.2	4.7	8.0	8.6	8.3	7.1	5.8	4.0	
Unemployment rate	8.1	5.4	3.7	3.5	3.6	3.4	3.8	3.4	
Euro area ^a									
Gross Domestic Product	-6.1 ^f	5.6 ^f	3.3 ^f	4.2 ^f	2.3 ^f	1.7 ^f	1.1 ^f	0.5	
Exports of goods	-9.1	14.3	18.1 ^f	20.3	20.2	14.9	8.6 ^f	-1.9	
Imports of goods	-10.7	22.2	37.7 ^f	45.5 ^f	47.6	20.2 ^f	0.4 ^f	-14.3	
Consumer Price Index	0.3	2.6	8.4	8.1	9.3	10.0	8.0	6.2	
Unemployment rate	7.9	7.7	6.7	6.5	6.6	6.7	6.8	6.3	
Germany									
Gross Domestic Product	-3.8 ^f	3.2 ^f	1.8	1.6 ^f	1.2 ^f	0.2	0.1 ^f	-0.6	
Exports of goods	-9.1	14.3	14.3	16.0	18.2	11.0	7.8 ^f	-1.1	
Imports of goods	-7.0	17.3	5.7	28.6	32.1	12.8	1.9 ^f	-10.1	
Consumer Price Index	0.5	3.1	6.9	6.7	7.4	8.6	8.2	6.5	
Unemployment rate	5.9	5.7	5.3	5.0	5.5	5.3	5.7	5.6	
France									
Gross Domestic Product	-7.7	6.4	2.5	3.9 ^f	1.2 ^f	0.7 ^f	0.9	0.9	
Exports of goods	-16.3	16.6 ^f	19.3	18.7 ^f	23.3 ^f	16.4	7.2 ^f	6.3	
Imports of goods	-13.3	18.6	29.8 ^f	31.9	38.8 ^f	20.5 ^f	3.9 ^f	-3.8	
Consumer Price Index	0.5	1.6	5.2	5.3	5.8	6.1	6.0	5.2	
Unemployment rate	8.0	7.9	7.3	7.1	7.3	7.3	7.2	6.7	
United Kingdom									
Gross Domestic Product	-11.0	7.6	4.1	3.8	2.0	0.6	0.2	0.4	
Exports of goods	-15.5	5.3	28.0	16.2	47.9	29.0	15.0 ^f	0.7	
Imports of goods	-13.9	11.8	30.8	36.5	29.3	21.7	-5.7 ^f	-9.9	
Consumer Price Index	0.8	2.7	9.1	9.2	10.1	10.8	10.2	8.4	
Unemployment rate	4.6	4.5	3.7	3.8	3.6	3.7	3.9	4.2	

^a Consists 20 member states since 2023.

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)

%

	2020	2021	2022	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Mainland China								
Gross Domestic Product	2.2	8.1	3.0	0.4	3.9	2.9	4.5	6.3
Exports of goods	3.6	28.1 ^f	7.6 ^f	11.9 ^f	9.4 ^f	-7.6 ^f	1.5 ^f	-4.7
Imports of goods	-0.6	29.8 ^f	1.2 ^f	1.1	0.2 ^f	-6.6 ^f	-6.9 ^f	-6.5
Consumer Price Index ^a	2.5	0.9	2.0	1.7	2.0	2.0	1.3	0.7
Hong Kong								
Gross Domestic Product	-6.5	6.4	-3.5	-1.2	-4.6	-4.1	2.9 ^f	1.5
Exports of goods	-1.5	26.3	-8.6	-2.4	-10.9	-21.7	-17.7	-13.3
Imports of goods	-3.3	24.3	-7.2	1.3	-11.3	-18.8	-12.7	-13.6
Consumer Price Index	0.3	1.6	1.9	1.5	2.7	1.8	1.9	2.0
Unemployment rate	5.8	5.2	4.3	4.8	4.2 ^f	3.3	3.1	3.0
Taiwan								
Gross Domestic Product	3.4	6.5	2.4	3.0	3.6	-0.8	-3.3 ^f	1.4
Exports of goods ^b	4.9	29.3 ^f	7.4 ^f	15.4	3.4 ^f	-8.7 ^f	-19.2	-17.0
Imports of goods ^b	0.2	33.5	12.1	24.5	6.4	-4.3	-15.8	-24.0
Consumer Price Index	-0.2	2.0	3.0	3.4	2.9	2.6	2.6	2.0
Unemployment rate	3.8	4.0	3.7	3.7	3.7	3.6	3.5	3.5
Japan								
Gross Domestic Product ^c	-4.3	2.2	1.0	1.7 ^f	1.5 ^f	0.4	2.0 ^f	2.0
Exports of goods	-11.1	21.5	18.2	15.9	23.2	18.7	4.8	1.6
Imports of goods	-13.5	24.8	39.2	40.6	47.3	34.0	11.2	-8.5
Consumer Price Index	-	-0.2	2.5	2.4	2.9	3.9	3.6	3.4
Unemployment rate	2.8	2.8	2.6	2.7	2.6	2.4	2.6	2.7
Republic of Korea								
Gross Domestic Product	-0.7	4.3	2.6	2.9	3.2	1.4	0.9	0.9
Exports of goods	-5.5	25.7	6.1	13.0	5.8	-10.0	-12.7 ^f	-11.9
Imports of goods	-7.1	31.5	18.9	23.0	22.6	3.1	-2.2	-13.0
Consumer Price Index	0.5	2.5	5.1	5.4	5.9	5.3	4.7	3.2
Unemployment rate	4.0	3.7	2.9	3.0	2.5	2.6	3.2	2.7
Singapore								
Gross Domestic Product	-3.9	8.9	3.6	4.5	4.0	2.1	0.4	0.5
Exports of goods	-3.2	19.1	15.6	24.9	23.4	-2.3	-6.5	-16.9
Imports of goods	-7.4	20.4	20.1	31.6	28.1	0.5	-9.3 ^f	-20.6
Consumer Price Index	-0.2	2.3	6.1	5.9	7.3	6.6	6.1	5.1
Unemployment rate	3.0	2.7	2.1	2.6	2.0	1.8	1.6	2.4

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)

%

	2020	2021	2022	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2
USA								
Gross Domestic Product	-2.8	5.9	2.1	-0.6	3.2	2.6	2.0 ^f	2.4
Exports of goods	-13.0	23.1 ^f	17.5 ^f	8.8	1.8	-4.8 ^f	1.1 ^f	-5.7
Imports of goods	-6.5	21.4 ^f	14.6 ^f	2.4	-3.6 ^f	-2.7 ^f	-0.3 ^f	-2.0
Consumer Price Index	1.2	4.7	8.0	2.3	1.4	1.0	0.9	0.7
Unemployment rate ^a	8.1	5.4	3.6	3.6	3.6	3.6	3.5	3.6
Japan								
Gross Domestic Product	-4.3	2.2 ^f	1.0 ^f	1.3 ^f	-0.3 ^f	-	0.9 ^f	1.5
Exports of goods	-11.5	21.7	18.1 ^f	5.7 ^f	4.7 ^f	0.9 ^f	-6.0 ^f	2.4
Imports of goods	-14.1	25.2	39.9	13.9 ^f	8.5 ^f	-1.2 ^f	-10.4 ^f	-4.7
Consumer Price Index	-	-0.2	2.5	1.0	0.9	1.1	0.5	0.7
Unemployment rate ^a	2.8	2.8	2.6	2.6	2.6	2.5	2.6	2.6
Hong Kong								
Gross Domestic Product	-6.5	6.4	-3.5	0.1	-2.5	-	5.4 ^f	-1.3
Exports of goods	-1.5	26.3	-8.6	-7.4	-7.5	-6.6	-0.2	-2.5
Imports of goods	-3.3	24.3	-7.2	-1.3	-10.5	-6.8	2.6	-2.0
Consumer Price Index	0.3	1.6	1.9	0.2	0.5	0.6	0.7	0.3
Unemployment rate ^a	5.8	5.2	4.3	4.7	4.0 ^f	3.5	3.1	2.9

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