

## **Global Economy in the First Quarter of 2018**

In the first quarter of 2018, the global economy maintained good growth momentum. The US economy continued to expand, Mainland China sustained its rapid growth, and the economies of the Euro area and Japan grew constantly, albeit at a slower pace. Nevertheless, rising unilateralism and trade protectionism, further interest rate hikes in the US, and increasing geopolitical tensions in the Middle East still caused uncertainty to global economic growth. The World Economic Outlook (WEO) report of the International Monetary Fund (IMF) in April 2018 indicated that the upswing in global economy has become broader and stronger; advanced economies would continue to expand, and growth in emerging markets and developing economies would accelerate. Global economic growth is expected to rise further in 2018 and 2019; upside and downside risks to the outlook are broadly balanced in the short term and risks after the next few quarters are tilted to the downside. The global economy is projected to grow by 3.9% for both 2018 and 2019, the same projections as in January 2018.

The US economy continued to expand, with the first-quarter Gross Domestic Product (GDP) rising by 2.8% year-on-year and 2.2% quarter-to-quarter. Fixed investment added 1.1 percentage points to economic growth and private consumption expenditure contributed 0.7 percentage points. Exports and government expenditure added 0.5 and 0.2 percentage points respectively to the growth. Economic growth was steady and the unemployment rate increased by 0.4 percentage points quarter-to-quarter to 4.3%, but the seasonally adjusted unemployment rate remained at 4.1% as in the previous quarter.

The economy of the Euro area continued to grow despite a slowdown in Germany and France. The GDP of the Euro area in the first quarter expanded by 2.5% year-on-year and 0.4% quarter-to-quarter. Final consumption expenditure of households and non-profit institutions added 0.3 percentage points to the increase, and changes in inventories and gross fixed capital formation contributed 0.2 and 0.1 percentage points respectively; meanwhile, net exports dragged down the growth by 0.1 percentage point. The unemployment rate edged up by 0.2 percentage points quarter-to-quarter to 8.9%.

The UK economy remained sluggish, with the GDP in the first quarter growing by 1.2% year-on-year and 0.1% quarter-to-quarter. The manufacturing and service industries maintained growth, expanding by 0.6% and 0.3% respectively

quarter-to-quarter. Household and government final consumption expenditure contributed 0.2 and 0.1 percentage points to the increase respectively, while gross capital formation dragged down the growth by 0.2 percentage points. Economic growth remained modest, and the unemployment rate declined by 0.2 percentage points from the previous quarter to 4.2%.

Economies in the Asian region showed sustained growth. The WEO report of IMF for April 2018 indicated that the projected economic growth for China, India and the ASEAN-5 economies<sup>1</sup> in 2018 remained unchanged from the January 2018 forecast, at 6.6%, 7.4% and 5.3% respectively. The projected economic growth for the Middle East, North Africa, Afghanistan and Pakistan revised down by 0.2 percentage points to 3.4%.

The economy of Japan slowed down, with the first-quarter GDP rising by 0.9% year-on-year but inching down by 0.2% quarter-to-quarter. Net exports of goods and services contributed 0.1 percentage point to the increase. However, domestic demand contracted, with private demand and fixed capital formation dragging down the growth by 0.2 and 0.1 percentage points respectively. Employment situation was stable, with the unemployment rate falling by 0.1 percentage point quarter-to-quarter to 2.5%; the seasonally adjusted unemployment rate was also 2.5%.

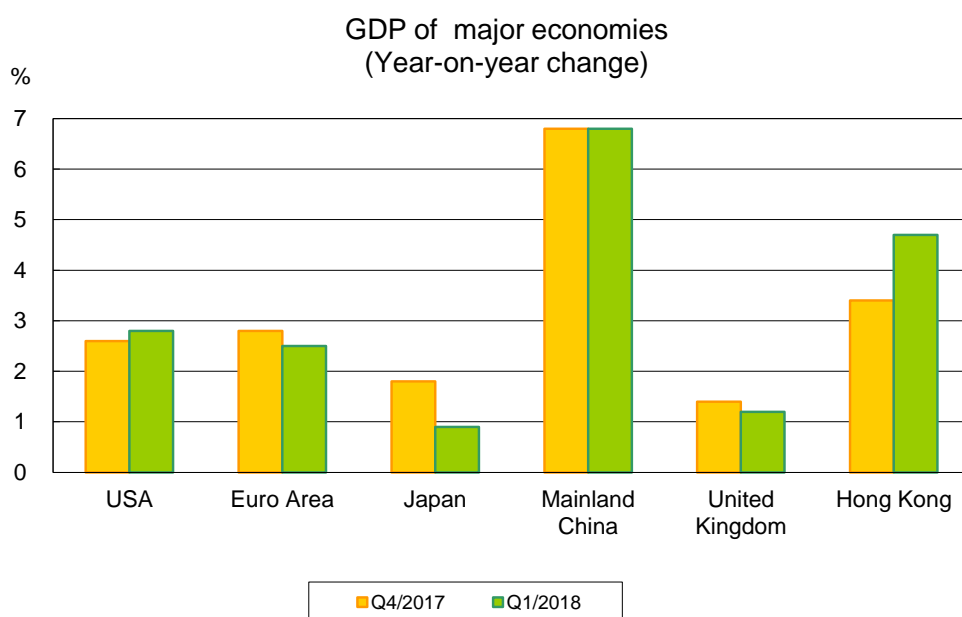
The first-quarter GDP of the Republic of Korea, underpinned by investment and consumption, increased by 2.8% year-on-year and 1.1% quarter-to-quarter. Fixed capital formation and final consumption expenditure added 0.8 and 0.7 percentage points to the growth respectively. The unemployment rate increased by 1.1 percentage points from the previous quarter to 4.3% amid the continued economic growth.

The economy of Mainland China maintained a rapid growth, with the GDP for the first quarter expanding by 6.8% year-on-year, the same as in the previous quarter. In the first quarter of 2018, value added of the above-scale industries grew by 6.8% year-on-year in real terms; fixed asset investment (excluding farmers) rose by 7.5% year-on-year; total retail sales of consumer goods went up by 9.8%, with sales of automobiles, petroleum & related products, household appliances & audio-visual equipment and cosmetics rising by 7.4%, 9.1%, 11.4% and 16.1% respectively. As regards external trade, total value of external trade for the first quarter grew by 9.4% year-on-year. Inflation rose, with the Consumer Price Index (CPI) for the first quarter of 2018 increasing by 2.1% year-on-year.

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

The Hong Kong economy accelerated in the first quarter, rising by 4.7% year-on-year and 2.2% quarter-to-quarter. Domestic demand stayed sound. Private consumption expenditure and government consumption expenditure increased by 8.6% and 3.9% respectively year-on-year, and gross fixed capital formation rose by 3.8%. Exports of goods and services continued to strengthen, rising by 5.2% and 7.5% respectively year-on-year. The unemployment rate remained the same as in the previous quarter at 2.8% amid satisfactory economic performance, and the seasonally adjusted rate was 2.9%.



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

	%							
	2015	2016	2017	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1
<b>USA</b>								
Gross Domestic Product	2.9	1.5	2.3	2.0	2.2	2.3	2.6 <sup>f</sup>	2.8
Exports of goods	-7.3	-3.5	6.6	7.5	6.0	5.1	7.8	7.9
Imports of goods	-4.6	-2.7	7.1	7.3	7.2	4.8	9.1	9.0
Consumer Price Index	0.1	1.3	2.1	2.5	1.9	2.0	2.1	2.2
Unemployment rate	5.3	4.9	4.4	4.9	4.2	4.4	3.9	4.3
<b>Euro area <sup>a</sup></b>								
Gross Domestic Product	2.1	1.8	2.4 <sup>f</sup>	2.1	2.5 <sup>f</sup>	2.8 <sup>f</sup>	2.8 <sup>f</sup>	2.5
Exports of goods	5.3	0.3	7.1	11.2 <sup>f</sup>	5.4	6.0	6.1 <sup>f</sup>	2.5
Imports of goods	2.6	-1.1 <sup>f</sup>	10.0 <sup>f</sup>	14.3 <sup>f</sup>	10.2 <sup>f</sup>	7.9 <sup>f</sup>	7.6 <sup>f</sup>	1.4
Consumer Price Index	-	0.2	1.5	1.8	1.5	1.4	1.4	1.3
Unemployment rate	10.9	10.0	9.1	9.9	9.0	8.7	8.7 <sup>f</sup>	8.9
<b>Germany</b>								
Gross Domestic Product	1.7	1.9	2.2	3.4	1.0	2.2	2.3	1.6
Exports of goods	6.2	0.9	6.2	8.6	3.8	6.4	6.2 <sup>f</sup>	2.8
Imports of goods	4.3	0.6	8.3	10.1	8.3	7.8	7.2	3.1
Consumer Price Index	0.2	0.5	1.7	1.9	1.7	1.7	1.7	1.5
Unemployment rate	6.4	6.1	5.7	6.2	5.6	5.6	5.3	5.7
<b>France</b>								
Gross Domestic Product	1.0	1.1	2.3 <sup>f</sup>	1.4 <sup>f</sup>	2.3 <sup>f</sup>	2.7 <sup>f</sup>	2.8 <sup>f</sup>	2.2
Exports of goods	4.3	-0.5 <sup>f</sup>	4.5	2.0 <sup>f</sup>	5.1	6.3	4.8 <sup>f</sup>	4.5
Imports of goods	1.1	0.1	6.9 <sup>f</sup>	7.6 <sup>f</sup>	7.9 <sup>f</sup>	7.0 <sup>f</sup>	4.8	1.4
Consumer Price Index	-	0.2	1.0	1.2	0.9	0.9	1.1	1.4
Unemployment rate	10.4	10.1	9.4 <sup>f</sup>	10.1	9.1	9.3	9.3 <sup>f</sup>	9.3
<b>United Kingdom</b>								
Gross Domestic Product	2.3	1.9	1.8 <sup>f</sup>	2.1 <sup>f</sup>	1.9 <sup>f</sup>	1.8	1.4	1.2
Exports of goods	-2.9	4.6	13.4	19.2 <sup>f</sup>	14.5	16.8 <sup>f</sup>	4.3 <sup>f</sup>	2.9
Imports of goods	-3.1	7.4	9.3 <sup>f</sup>	15.6	12.1 <sup>f</sup>	4.9	5.4 <sup>f</sup>	2.2
Consumer Price Index	-	0.7	2.7	2.2	2.8	2.8	3.1	2.6
Unemployment rate	5.4	4.9	4.4	4.6	4.4	4.3	4.4	4.2

<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)

	2015	2016	2017	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	%
<b>Mainland China</b>									
Gross Domestic Product	6.9	6.7	6.9	6.9	6.9	6.8	6.8	6.8	
Exports of goods	-3.0	-7.7	7.9	7.2	8.2	6.4	9.7	14.2	
Imports of goods	-14.3	-5.5	15.9	24.3	14.1	14.6	12.5	19.0	
Consumer Price Index <sup>a</sup>	1.4	2.0	1.6	1.4	1.4	1.5	1.6	2.1	
<b>Hong Kong</b>									
Gross Domestic Product	2.4	2.2 <sup>f</sup>	3.8	4.4 <sup>f</sup>	3.9	3.6 <sup>f</sup>	3.4	4.7	
Exports of goods	-1.8	-0.5	8.0	10.3	7.4	8.0	6.8	9.7	
Imports of goods	-4.1	-0.9	8.7	10.7	8.2	7.7	8.5	10.6	
Consumer Price Index	3.0	2.4	1.5	0.5	2.0	1.8	1.6	2.4	
Unemployment rate	3.3	3.4	3.1	3.2	3.2	3.2	2.8	2.8	
<b>Taiwan</b>									
Gross Domestic Product	0.8	1.4	2.9	2.6	2.3	3.2	3.4 <sup>f</sup>	3.0	
Exports of goods <sup>b</sup>	-10.9	-1.8	13.2	15.0	10.2	17.4	10.4	10.6	
Imports of goods <sup>b</sup>	-15.8	-2.8	12.4	21.5	11.9	11.3	6.9	11.0	
Consumer Price Index	-0.3	1.4	0.6	0.8	0.6	0.7	0.4	1.6	
Unemployment rate	3.8	3.9	3.8	3.8	3.7	3.8	3.7	3.7	
<b>Japan</b>									
Gross Domestic Product	1.4	1.0 <sup>f</sup>	1.7 <sup>f</sup>	1.4	1.5	1.9	1.8 <sup>f</sup>	0.9	
Exports of goods	3.4	-7.4	11.8	8.5	10.5	15.1	13.0	4.9	
Imports of goods	-8.7	-15.8	14.1 <sup>f</sup>	8.8 <sup>f</sup>	16.2	14.8 <sup>f</sup>	17.0	7.4	
Consumer Price Index	0.8	-0.1	0.5	0.3	0.4	0.6	0.6	1.3	
Unemployment rate	3.4	3.1	2.8	2.9	2.9	2.8	2.6	2.5	
<b>Republic of Korea</b>									
Gross Domestic Product	2.8	2.9 <sup>f</sup>	3.1	2.9	2.8 <sup>f</sup>	3.8	2.8 <sup>f</sup>	2.8	
Exports of goods	-8.0	-5.9	15.8	14.6 <sup>f</sup>	16.7	24.0	8.4 <sup>f</sup>	10.1	
Imports of goods	-16.9	-6.9	17.8	24.1 <sup>f</sup>	18.6 <sup>f</sup>	18.0 <sup>f</sup>	11.6	13.5	
Consumer Price Index	0.7	1.0	1.9	2.1	1.9	2.3	1.5	1.3	
Unemployment rate	3.6	3.7	3.7	4.3	3.8	3.4	3.2	4.3	
<b>Singapore</b>									
Gross Domestic Product	2.2	2.4	3.6	2.5	2.8	5.5	3.6	4.4	
Exports of goods	-6.5	-5.1	10.3	16.9	8.3	10.1	6.6	2.3	
Imports of goods	-11.5	-4.7	12.1	15.5	11.0	13.4	9.1	2.8	
Consumer Price Index	-0.5	-0.5	0.6	0.6	0.8	0.4	0.5	0.2	
Unemployment rate	1.9	2.1	2.2	2.1	2.9	1.9	1.8	1.9	

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

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

	2015	2016	2017	2017	2017	2017	2017	2018
				Q1	Q2	Q3	Q4	Q1
%								
USA								
Gross Domestic Product	2.9	1.5	2.3	1.2	3.1	3.2	2.9 <sup>f</sup>	2.2
Exports of goods	-7.3	-3.5	6.6	2.8	0.2	1.3	3.6	2.7
Imports of goods	-4.6	-2.7	7.1	3.0	0.1	-0.2	5.7	3.3
Consumer Price Index	0.1	1.3	2.1	0.7	-	0.5	0.8	0.9
Unemployment rate <sup>a</sup>	5.3	4.9	4.4	4.7	4.3	4.3	4.1	4.1
Japan								
Gross Domestic Product	1.4	1.0 <sup>f</sup>	1.7 <sup>f</sup>	0.7 <sup>f</sup>	0.5 <sup>f</sup>	0.5 <sup>f</sup>	0.1	-0.2
Exports of goods	3.5	-7.8	12.3 <sup>f</sup>	6.9 <sup>f</sup>	-1.1 <sup>f</sup>	3.4	4.0 <sup>f</sup>	-1.5
Imports of goods	-8.5 <sup>f</sup>	-15.8	14.3	7.4 <sup>f</sup>	3.8 <sup>f</sup>	0.6 <sup>f</sup>	3.7 <sup>f</sup>	-0.2
Consumer Price Index	0.8	-0.1	0.5	-0.1	-	0.2	0.5	0.6
Unemployment rate <sup>a</sup>	3.4	3.1	2.8	2.9	2.9	2.8	2.7 <sup>f</sup>	2.5
Hong Kong								
Gross Domestic Product	2.4	2.2 <sup>f</sup>	3.8	0.9	0.9	0.7 <sup>f</sup>	0.8	2.2
Exports of goods	-1.8	-0.5	8.0	0.2	1.0	0.5	2.6	2.2
Imports of goods	-4.1	-0.9	8.7	1.8	0.1	0.5	3.5	2.9
Consumer Price Index	3.0	2.4	1.5	0.1	0.6	0.3	0.6	0.9
Unemployment rate <sup>a</sup>	3.3	3.4	3.1	3.2	3.1	3.1	2.9	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