

Global Economy in the First Quarter of 2020

In the first quarter of 2020, the global economy experienced a sharp decline amid the epidemic of novel coronavirus pneumonia. Global economic activity and exchanges stagnated due to lockdowns and other quarantine measures adopted by countries across the globe. Various aspects including the global manufacturing industry, service industry, supply chain and residents' confidence were severely impacted. The international financial markets were in turmoil and the global economic outlook was fraught with considerable risks and challenges.

The World Economic Outlook (WEO) report of the International Monetary Fund (IMF) in April 2020 indicated that the global economy was tilted to the downside. In order for health care systems to cope with the epidemic of novel coronavirus pneumonia, isolation, lockdowns and widespread closures have been imposed in different countries to slow the spread of the virus. Many countries face a multi-layered crisis consisting of health shock, domestic economic turmoil, plunging external demand, capital flow reversals and a slump in commodity prices. The global economy is projected to contract by 3.0% in 2020 but to grow by 5.8% in 2021, a downward revision of 6.3 percentage points and an upward revision of 2.4 percentage points respectively compared to the forecast in January 2020. The projected growth rate for the US economy was -5.9% in 2020, a downgrade of 7.9 percentage points from the January forecast; meanwhile, the growth projection for 2021 was revised upward by 3.0 percentage points to 4.7%. Growth forecast for China was marked downward by 4.8 percentage points to 1.2% in 2020 but was revised upward by 3.4 percentage points to 9.2% in 2021 compared to the forecast in January. The projected growth rate for the Euro area was -7.5% in 2020, down notably by 8.8 percentage points from the January forecast, while the rate for 2021 was marked upward by 3.3 percentage points to 4.7%. The growth projection for Japan was revised downward by 5.9 percentage points to -5.2% in 2020 compared to the January forecast, while the growth rate for 2021 was marked upward by 2.5 percentage points to 3.0%.

The US economy slowed down, with the first-quarter Gross Domestic Product (GDP) rising by 0.3% year-on-year but falling by 4.8% quarter-to-quarter. Private consumption expenditure and private domestic fixed investment dragged down economic growth by 5.3 percentage points and 0.4 percentage points respectively. Meanwhile, government expenditure and investment contributed 0.1 percentage point

to the increase, and net exports added 1.3 percentage points. The unemployment rate rose by 0.8 percentage points quarter-to-quarter to 4.1%; the seasonally adjusted unemployment rate grew by 0.3 percentage points quarter-to quarter to 3.8%.

The economy of the Euro area worsened, with the GDP in the first quarter falling by 3.1% year-on-year and 3.6% quarter-to-quarter. The economy of Germany shrank by 1.9% while the economy of France declined by 5.0%. Final consumption expenditure of households and non-profit institutions in the Euro area impeded the growth by 2.5 percentage points and gross fixed capital formation hampered the growth by 1.0 percentage point. Inventory change added 0.3 percentage points to the growth while net exports dragged down the growth by 0.4 percentage points. The unemployment rate rose by 0.2 percentage points quarter-to-quarter to 7.6%.

The UK economy weakened, with the first-quarter GDP falling by 1.6% year-on-year and 2.0% quarter-to-quarter. Household and government final consumption expenditure and net exports hampered economic growth by 1.1 percentage points, 0.5 percentage points and 1.9 percentage points respectively. On the other hand, capital formation added 1.5 percentage points to the growth. The unemployment rate inched up by 0.1 percentage point quarter-to-quarter to 3.9%.

The economies in the Asian region experienced a slowdown. The WEO report of IMF in April 2020 indicated that the projected growth rate for India was marked downward by 3.9 percentage points to 1.9% in 2020 compared to the forecast in January, whereas the rate for 2021 was revised upward by 0.9 percentage points to 7.4%. The growth projection for the ASEAN-5 economies¹ was -0.6% in 2020, down by 5.4 percentage points, while the rate for 2021 was marked upward by 2.7 percentage points to 7.8%. The growth forecast for the Middle East and Central Asia dropped by 5.6 percentage points to -2.8% in 2020, while the projected growth rate for 2021 was 4.0%, up by 0.8 percentage points against the forecast in January.

The economy of Japan continued to decline, with the GDP in the first quarter dropping by 2.0% year-on-year and 0.9% quarter-to-quarter. Private demand dragged down economic growth by 0.7 percentage points, and net exports of goods and services hampered the growth by 0.2 percentage points. The unemployment rate increased by 0.2 percentage points quarter-to-quarter to 2.4%; the seasonally adjusted unemployment rate edged up by 0.1 percentage point to 2.4%.

¹ Indonesia, Malaysia, the Philippines, Thailand and Vietnam.

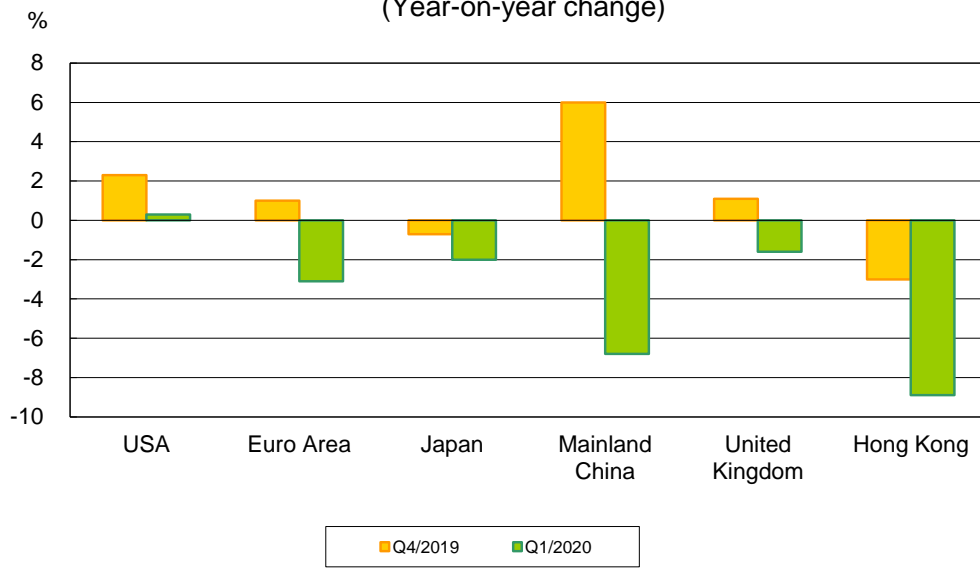
The first-quarter GDP of the Republic of Korea rose by 1.4% year-on-year but dropped by 1.3% quarter-to-quarter. Final consumption expenditure drove down economic growth by 2.9 percentage points; meanwhile, fixed capital formation and net exports added 0.8 percentage points and 0.7 percentage points respectively to the growth. The unemployment rate increased by 1.1 percentage points from the previous quarter to 4.2%.

The economic growth of mainland China came to a halt, with the GDP dropping by 6.8% year-on-year in the first quarter of 2020. The value added of the above-scale industries fell by 9.0% year-on-year in the first quarter of 2020. Fixed asset investment (excluding farmers) declined by 16.1% year-on-year; total retail sales of consumer goods went down by 19.0%, with sales of petroleum & related products, cosmetics, daily necessities and communication equipment decreasing by 23.5%, 13.2%, 4.2% and 3.6% respectively. As regards external trade, total value of external trade for the first quarter reduced by 6.4%² year-on-year. Inflation rose, with the Consumer Price Index (CPI) for the first quarter of 2020 growing by 4.9% year-on-year, representing an increase of 3.1 percentage points as against the growth rate in the previous year.

The Hong Kong economy contracted notably by 8.9% year-on-year and 5.3% quarter-to-quarter in the first quarter. Domestic demand continued to shrink; private consumption expenditure fell by 10.1% and gross fixed capital formation decreased further by 14.3% in the first quarter. Exports of services slid by 37.8% year-on-year whereas government consumption expenditure grew steadily by 8.3%. The seasonally adjusted unemployment rate rose by 0.9 percentage points over the previous quarter to 4.2%.

² Total value of external trade in RMB.

GDP of major economies
(Year-on-year change)



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

	%							
	2017	2018	2019	2019	2019	2019	2019	2020
				Q1	Q2	Q3	Q4	Q1
USA								
Gross Domestic Product	2.4	2.9	2.3	2.7	2.3	2.1	2.3	0.3
Exports of goods	6.6	7.8	-1.3	1.3	-3.1	-1.7	-1.4	-3.3
Imports of goods	6.8	8.6	-1.7	-	0.6	-1.5 ^f	-5.6	-4.9
Consumer Price Index	2.1	2.4	1.8	1.6	1.8	1.8	2.0	2.1
Unemployment rate	4.4	3.9	3.7	4.1	3.5	3.7	3.3	4.1
Euro area ^a								
Gross Domestic Product	2.5 ^f	1.9	1.2	1.4	1.2	1.3	1.0	-3.1
Exports of goods	7.1	4.1	2.8 ^f	3.7	2.1	3.2 ^f	2.1	-1.8
Imports of goods	9.9	7.0	1.6 ^f	5.4	2.5	0.7 ^f	-1.9 ^f	-4.1
Consumer Price Index	1.5	1.8	1.2	1.4	1.4	1.0	1.0	1.1
Unemployment rate	9.1	8.2	7.6	8.1	7.4	7.3	7.4 ^f	7.6
Germany								
Gross Domestic Product	2.5	1.5	0.6	0.9	-0.1	1.2 ^f	0.2 ^f	-1.9
Exports of goods	6.2	3.0	0.8	2.5	-1.3	1.6	0.5	-3.2
Imports of goods	8.0	5.6	1.5 ^f	5.5	1.1	-0.5	-0.1 ^f	-2.9
Consumer Price Index	1.5	1.7	1.4	1.4	1.7	1.5	1.2	1.7
Unemployment rate	5.7	5.2	5.0	5.2	4.9	5.0	4.8	5.2
France								
Gross Domestic Product	2.4	1.8 ^f	1.5 ^f	1.7 ^f	1.8 ^f	1.6 ^f	0.9	-5.0
Exports of goods	5.1 ^f	3.9	3.4	6.4 ^f	5.7	2.2 ^f	-0.3	-8.4
Imports of goods	7.1	4.3	2.4 ^f	5.2 ^f	2.6 ^f	1.7 ^f	0.1 ^f	-7.9
Consumer Price Index	1.0	1.9	1.1	1.2	1.1	1.0	1.0 ^f	1.2
Unemployment rate	9.4	9.0 ^f	8.5	9.0 ^f	8.1	8.3	8.4 ^f	8.5
United Kingdom								
Gross Domestic Product	1.9	1.3	1.4	2.0	1.3	1.3 ^f	1.1	-1.6
Exports of goods	13.3	3.6	6.5 ^f	6.3 ^f	-2.3	5.3 ^f	16.7 ^f	-3.9
Imports of goods	9.5	3.3	2.7 ^f	18.7 ^f	-0.8	0.1 ^f	-6.3 ^f	-17.7
Consumer Price Index	2.7	2.4	1.8	1.9	2.0	1.9	1.5	1.7
Unemployment rate	4.4	4.1	3.8	3.8	3.9	3.8	3.8	3.9

^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

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

	2017	2018	2019	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	%
Mainland China									
Gross Domestic Product	6.9	6.7	6.1	6.4	6.2	6.0	6.0	-6.8	
Exports of goods	7.9	9.9	0.5	1.4	-1.0	-0.3	2.0 ^f	-13.3	
Imports of goods	16.1	15.8	-2.7 ^f	-4.1	-3.6 ^f	-6.2	3.4 ^f	-2.8	
Consumer Price Index ^a	1.6	2.1	2.9	1.8	2.2	2.5	2.9	4.9	
Hong Kong									
Gross Domestic Product	3.8	2.8 ^f	-1.2	0.7	0.4	-2.8	-3.0 ^f	-8.9	
Exports of goods	8.0	7.3	-4.1	-2.4	-4.7	-6.4	-2.5	-9.7	
Imports of goods	8.7	8.4	-6.5	-3.2	-5.7	-10.1	-6.5	-10.0	
Consumer Price Index	1.5	2.4	2.9	2.2	3.0	3.3	3.0	2.0	
Unemployment rate	3.1	2.8	2.9 ^f	2.8	2.9	3.0	3.1	4.2	
Taiwan									
Gross Domestic Product	3.3	2.8	2.7	1.8	2.6	3.0	3.3	1.5	
Exports of goods ^b	13.0	5.9	-1.4	-4.2	-2.7	-0.9	1.8	3.7	
Imports of goods ^b	12.2	10.7	0.3	-1.1	0.7	-3.2	4.9	3.5	
Consumer Price Index	0.6	1.4	0.6	0.3	0.8	0.4	0.7	0.5	
Unemployment rate	3.8	3.7	3.7	3.7	3.7	3.8	3.7	3.7	
Japan									
Gross Domestic Product ^c	1.9 ^f	0.3	-0.1 ^f	0.8	0.9	1.7	-0.7 ^f	-2.0	
Exports of goods	11.8	4.1	-5.6	-3.9	-5.5 ^f	-5.0	-7.8	-5.5	
Imports of goods	14.1	9.7	-5.0	-1.9 ^f	-0.1	-4.9	-11.9	-7.2	
Consumer Price Index	0.5	1.0	0.5	0.3	0.8	0.3	0.5	0.5	
Unemployment rate	2.8	2.4	2.4	2.4	2.4	2.3	2.2	2.4	
Republic of Korea									
Gross Domestic Product	3.2	2.9 ^f	2.0	1.8 ^f	2.1 ^f	2.0	2.3	1.4	
Exports of goods	15.8	5.4	-10.4 ^f	-8.5	-8.7	-12.3	-11.8 ^f	-1.0	
Imports of goods	17.8	11.9	-6.0	-6.5 ^f	-3.3	-4.1	-9.7	-1.6	
Consumer Price Index	1.9	1.5	0.4	0.5	0.7	-	0.3	1.2	
Unemployment rate	3.7	3.8 ^f	3.8	4.5	4.1	3.3	3.1	4.2	
Singapore									
Gross Domestic Product	4.3	3.4	0.7	1.0	0.2	0.7	1.0	-0.7	
Exports of goods	10.3	7.9	-4.2	-	-4.6	-7.3	-4.3	-1.3	
Imports of goods	12.1	10.6	-2.1	4.5	0.5	-5.9	-6.3	2.6	
Consumer Price Index	0.6	0.4	0.6	0.5	0.8 ^f	0.4	0.6	0.4	
Unemployment rate	2.2	2.1	2.3	2.0	3.0	2.0	2.0	2.3	

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)

	%							
	2017	2018	2019	2019	2019	2019	2019	2020
				Q1	Q2	Q3	Q4	Q1
USA								
Gross Domestic Product	2.4	2.9	2.3	3.1	2.0	2.1	2.1	-4.8
Exports of goods	6.6	7.8	-1.3	1.7 ^f	-3.2 ^f	-1.7 ^f	-1.7 ^f	-3.8
Imports of goods	6.8	8.6	-1.7	0.7 ^f	0.7 ^f	-2.2 ^f	-5.7 ^f	-6.3
Consumer Price Index	2.1	2.4	1.8	0.2	0.7	0.5	0.6	0.3
Unemployment rate ^a	4.4	3.9	3.7	3.9	3.6	3.6	3.5	3.8
Japan								
Gross Domestic Product	1.9 ^f	0.3	-0.1	0.6	0.5	- ^t	-1.9 ^f	-0.9
Exports of goods	12.4	4.1	-5.6	-5.6 ^f	3.1 ^f	-2.1 ^f	-3.7 ^f	-3.8
Imports of goods	14.4 ^f	9.4 ^f	-4.7	-6.4 ^f	0.9 ^f	-3.1 ^f	-2.8 ^f	-4.2
Consumer Price Index	0.5	1.0	0.5	0.1	0.1	0.1	0.2	0.1
Unemployment rate ^a	2.8	2.4	2.4	2.5	2.4	2.3	2.3	2.4
Hong Kong								
Gross Domestic Product	3.8	2.8 ^f	-1.2	0.8 ^f	-0.3 ^f	-3.0	-0.5 ^f	-5.3
Exports of goods	8.0	7.3	-4.1	-3.1	-0.6	-0.2	1.7	-9.7
Imports of goods	8.7	8.4	-6.5	-3.0	-1.2	-2.4	-0.4	-5.6
Consumer Price Index	1.5	2.4	2.9	0.4	1.2	0.9	0.5	-0.6
Unemployment rate ^a	3.1	2.8	2.9 ^f	2.8	2.8	2.9	3.3	4.2

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