

## **Global Economy in the Second Quarter of 2021**

Novel coronavirus vaccination programmes gradually rolled out across the globe in the second quarter of 2021, and yet disparities in vaccine access were observed among economies. The vaccination rate in advanced economies was far higher than that in emerging market economies, which led to divergent economic recoveries. Moreover, some economies inevitably re-imposed restriction measures amid the spread of coronavirus variants, which further hindered the pace of recovery. As a result, the global economy continued to face high uncertainty. Growth projections for some economies were adjusted in the World Economic Outlook (WEO) Update of the International Monetary Fund (IMF) in July 2021 based on the development of the pandemic and the changes in policies. The projected growth rate for the global economy in 2021 remained at 6.0%, while that for 2022 was revised upward by 0.5 percentage points to 4.9% as against the projection in April 2021.

The projected growth rate for the US economy was 7.0% in 2021, an upgrade of 0.6 percentage points. Meanwhile, the growth forecast for China was marked downward by 0.3 percentage points to 8.1% in 2021. The projected growth rate for the Euro area was 4.6% in 2021, up by 0.2 percentage points, and that for Japan was revised downward by 0.5 percentage points to 2.8% in 2021.

Attributable to the low base of comparison in the second quarter of 2020, many economies showed substantial year-on-year growth. The US economy sustained growth, with Gross Domestic Product (GDP) in the second quarter of 2021 rising by 12.2% year-on-year and 6.6% quarter-to-quarter. Private consumption expenditure and private domestic fixed investment added 7.8 percentage points and 0.6 percentage points to economic growth respectively. Government expenditure and investment dragged down the growth by 0.3 percentage points, while net exports hampered the growth by 0.2 percentage points. The unemployment rate reduced by 0.7 percentage points to 5.8% quarter-to-quarter; the seasonally adjusted unemployment rate went down by 0.3 percentage points to 5.9%.

The economy of the Euro area improved significantly, with the GDP in the second quarter rising by 14.3% year-on-year and 2.2% quarter-to-quarter. The economy of Germany expanded by 9.6% while the economy of France grew by 18.7%. Final consumption expenditure of households and non-profit institutions in the Euro area contributed 1.9 percentage points to the increase, while gross fixed capital formation added 0.2 percentage points. Net exports did not contribute to economic growth, whereas inventory change dragged down the growth by 0.2 percentage points. The unemployment rate decreased by 0.6 percentage points quarter-to-quarter to 7.8%.

The UK economy rebounded. The second-quarter GDP increased by 22.2% year-on-year and 4.8% quarter-to-quarter. Household final consumption expenditure, government final consumption

expenditure and capital formation drove up the growth by 4.1 percentage points, 1.5 percentage points and 0.1 percentage point respectively, whereas net exports impeded the growth by 0.9 percentage points. The unemployment rate fell by 0.2 percentage points from the previous quarter to 4.7%.

The economies in the Asian region continued to slow, except for China. The WEO Update of IMF in July 2021 indicated that the projected growth rate for the ASEAN-5 economies<sup>a</sup> was revised downward by 0.6 percentage points to 4.3% in 2021. The growth forecast for the Middle East and Central Asia was 4.0% in 2021, up by 0.3 percentage points compared to the April forecast.

The economy of Japan resumed an uptrend, with the GDP in the second quarter rising by 7.5% year-on-year and 0.3% quarter-to-quarter. Private demand and net exports of goods and services drove up economic growth by 3.7 percentage points and 3.0 percentage points respectively, while government consumption expenditure and gross capital formation contributed 0.8 percentage points and 0.4 percentage points respectively. The unemployment rate increased by 0.2 percentage points quarter-to-quarter to 3.0%; the seasonally adjusted unemployment rate edged up by 0.1 percentage point to 2.9%.

The second-quarter GDP of the Republic of Korea increased by 5.9% year-on-year and 0.7% quarter-to-quarter. Final consumption expenditure and fixed capital formation added 2.3 percentage points and 0.7 percentage points to the increase respectively, whereas net exports dragged down the growth by 1.7 percentage points. The unemployment rate fell by 1.1 percentage points from the previous quarter to 3.9%.

China's economy maintained growth, with the second-quarter GDP rising by 7.9% year-on-year, a decrease of 10.4 percentage points from the previous quarter. Final consumption expenditure contributed 7.8 percentage points to the GDP growth, whereas gross capital formation and net export of goods and services added 1.0 percentage point and 0.8 percentage points respectively. In the first half of 2021, total retail sales of consumer goods went up by 23.0% year-on-year, with sales of cosmetics, communication appliances, commodities and petroleum & related products increasing by 26.6%, 26.1%, 22.9% and 21.7% respectively. As regards external trade, total value of external trade<sup>b</sup> in the first half of 2021 grew by 27.1% year-on-year. In terms of inflation, the Consumer Price Index (CPI) for the first half of 2021 rose by 0.5% year-on-year, a drop of 3.3 percentage points year-on-year.

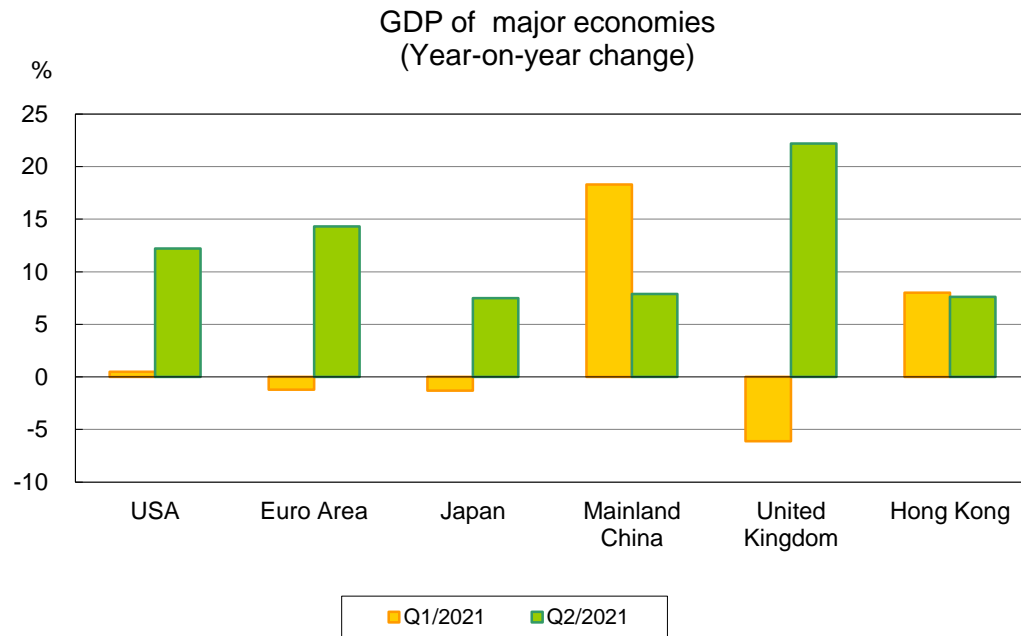
The Hong Kong economy expanded by 7.6% year-on-year but fell by 0.9% quarter-to-quarter in the second quarter of 2021. Domestic demand continued to increase, and private consumption

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<sup>a</sup> Indonesia, Malaysia, the Philippines, Thailand and Viet Nam.

<sup>b</sup> Total value of external trade in RMB

expenditure rose by 6.8%. Gross fixed capital formation grew by 23.8%, up by 19.0 percentage points quarter-to-quarter. Meanwhile, exports of services rebounded by 2.6%. Government consumption expenditure went up by 2.8%. The seasonally adjusted unemployment rate dropped by 1.3 percentage points over the previous quarter to 5.5%.



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

%

	2018	2019	2020	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2
<b>USA</b>								
Gross Domestic Product	2.9 <sup>f</sup>	2.3 <sup>f</sup>	-3.4 <sup>f</sup>	-9.1 <sup>f</sup>	-2.9 <sup>f</sup>	-2.3 <sup>f</sup>	0.5 <sup>f</sup>	12.2
Exports of goods	7.9	-1.5	-13.5 <sup>f</sup>	-30.5 <sup>f</sup>	-13.6 <sup>f</sup>	-5.9 <sup>f</sup>	2.8 <sup>f</sup>	51.0
Imports of goods	8.4	-1.7 <sup>f</sup>	-6.5 <sup>f</sup>	-20.2 <sup>f</sup>	-4.9	4.2 <sup>f</sup>	11.6 <sup>f</sup>	37.8
Consumer Price Index	2.4	1.8	1.2	0.4	1.2	1.2	1.9 <sup>f</sup>	4.8
Unemployment rate	3.9	3.7	8.1	12.9	8.9	6.5	6.5	5.8
<b>Euro area <sup>a</sup></b>								
Gross Domestic Product	1.9	1.3	-6.3 <sup>f</sup>	-14.5 <sup>f</sup>	-4.0 <sup>f</sup>	-4.4 <sup>f</sup>	-1.2 <sup>f</sup>	14.3
Exports of goods	4.1	2.8	-9.2 <sup>f</sup>	-23.6	-8.7	-2.8	0.7 <sup>f</sup>	34.3
Imports of goods	7.2	1.7 <sup>f</sup>	-10.8 <sup>f</sup>	-21.6	-11.4	-5.9	0.4	33.4
Consumer Price Index	1.8	1.2	0.3	0.2	-	-0.3	1.1	1.8
Unemployment rate	8.2	7.6	7.9	7.4 <sup>f</sup>	8.5	8.1 <sup>f</sup>	8.4	7.8
<b>Germany</b>								
Gross Domestic Product	1.1 <sup>f</sup>	1.1 <sup>f</sup>	-4.6 <sup>f</sup>	-11.3	-3.6 <sup>f</sup>	-1.9 <sup>f</sup>	-3.4 <sup>f</sup>	9.6
Exports of goods	3.0	0.8	-9.3	-23.7	-8.3	-1.8	2.6 <sup>f</sup>	34.9
Imports of goods	5.6	1.4	-7.1	-17.8	-7.2	-0.9	2.5 <sup>f</sup>	30.9
Consumer Price Index	1.7	1.4	0.5	0.8	-0.1	-0.3	1.4	2.3
Unemployment rate	5.2	5.0	5.9	6.0	6.3	5.9	6.3	5.9
<b>France</b>								
Gross Domestic Product	1.8	1.8 <sup>f</sup>	-8.0 <sup>f</sup>	-18.6	-3.6 <sup>f</sup>	-4.3 <sup>f</sup>	1.5	18.7
Exports of goods	3.8	3.6 <sup>f</sup>	-16.2	-34.4 <sup>f</sup>	-14.1	-7.6 <sup>f</sup>	0.3 <sup>f</sup>	43.7
Imports of goods	4.2 <sup>f</sup>	2.3 <sup>f</sup>	-13.4 <sup>f</sup>	-27.2	-9.8 <sup>f</sup>	-8.0 <sup>f</sup>	2.7 <sup>f</sup>	34.7
Consumer Price Index	1.9	1.1	0.5	0.3	0.3	0.1	0.7 <sup>f</sup>	1.4
Unemployment rate	9.0	8.4	8.0	6.8	8.9	8.3	8.3 <sup>f</sup>	7.0
<b>United Kingdom</b>								
Gross Domestic Product	1.3	1.4	-9.8	-21.4	-8.5	-7.3	-6.1	22.2
Exports of goods	4.4	6.2	-16.6	-16.1	-20.9	-20.7	-9.9 <sup>f</sup>	12.7
Imports of goods	3.5	3.2	-15.5	-29.4	-15.5	4.9	-7.2 <sup>f</sup>	32.2
Consumer Price Index	2.4	1.8	0.8	0.6	0.6	0.5	0.6	2.0
Unemployment rate	4.1	3.8	4.5	4.1	4.8	5.2 <sup>f</sup>	4.9 <sup>f</sup>	4.7

<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)

%

	2018	2019	2020	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2
<b>Mainland China</b>								
Gross Domestic Product	6.7	6.1	2.3	3.2	4.9	6.5	18.3	7.9
Exports of goods	9.9	0.5	3.6 <sup>f</sup>	-0.2 <sup>f</sup>	8.4 <sup>f</sup>	16.6 <sup>f</sup>	48.9 <sup>f</sup>	30.7
Imports of goods	15.8	-2.7	-0.6 <sup>f</sup>	-9.4 <sup>f</sup>	3.7 <sup>f</sup>	5.6 <sup>f</sup>	29.0 <sup>f</sup>	43.4
Consumer Price Index <sup>a</sup>	2.1	2.9	2.5	3.8	3.3	2.5	-	0.5
<b>Hong Kong</b>								
Gross Domestic Product	2.8	-1.7	-6.1	-9.0	-3.6	-2.8	8.0 <sup>f</sup>	7.6
Exports of goods	7.3	-4.1	-1.5	-4.3	1.3	5.3	33.2	27.2
Imports of goods	8.4	-6.5	-3.3	-8.8	-1.9	6.6	25.6	27.9
Consumer Price Index	2.4	2.9	0.3	1.3	-1.7	-0.6 <sup>f</sup>	1.2 <sup>f</sup>	0.8
Unemployment rate	2.8	2.9	5.8 <sup>f</sup>	6.2	6.6 <sup>f</sup>	6.3	6.7	5.5
<b>Taiwan</b>								
Gross Domestic Product	2.8	3.0	3.1	0.4	4.3	5.2 <sup>f</sup>	9.3 <sup>f</sup>	7.4
Exports of goods <sup>b</sup>	5.9	-1.5	4.9	-2.4	6.0	11.7	24.6	37.3
Imports of goods <sup>b</sup>	10.7	0.3	0.1	-4.6	-1.7	3.1	21.1 <sup>f</sup>	36.4
Consumer Price Index	1.4	0.6	-0.2	-1.0	-0.5	-	0.8	2.1
Unemployment rate	3.7	3.7	3.9	4.0	3.9	3.7	3.7	4.2
<b>Japan</b>								
Gross Domestic Product <sup>c</sup>	0.6	-	-4.6 <sup>f</sup>	-10.1	-5.6	-1.0 <sup>f</sup>	-1.3 <sup>f</sup>	7.5
Exports of goods	4.1	-5.6	-11.1	-25.3	-13.0	-0.7	6.0	45.0
Imports of goods	9.7	-5.0	-13.7	-15.8	-19.9	-11.8	1.9	23.8
Consumer Price Index	1.0	0.5	0.1	0.1	0.2	-0.8	-0.4	-0.1
Unemployment rate	2.4	2.4	2.8	2.8	3.0	2.9	2.8	3.0
<b>Republic of Korea</b>								
Gross Domestic Product	2.9	2.0	-0.9 <sup>f</sup>	-2.6 <sup>f</sup>	-1.0 <sup>f</sup>	-1.1 <sup>f</sup>	1.9 <sup>f</sup>	5.9
Exports of goods	5.4	-10.4	-5.5	-20.3	-3.5	4.1	12.5 <sup>f</sup>	42.1
Imports of goods	11.9	-6.0	-7.1	-15.8	-8.7	-1.7	12.0 <sup>f</sup>	37.4
Consumer Price Index	1.5	0.4	0.5	-0.1	0.6	0.4	1.1	2.5
Unemployment rate	3.8	3.8	4.0	4.4	3.6	3.7	5.0	3.9
<b>Singapore</b>								
Gross Domestic Product	3.5	1.3	-5.4	-13.3	-5.8	-2.4	1.5 <sup>f</sup>	14.7
Exports of goods	7.9	-4.2	-3.2	-11.4	-2.2	-2.9	6.9	26.1
Imports of goods	10.6	-2.1	-7.4	-16.6	-7.6	-7.6	2.7	28.6
Consumer Price Index	0.4	0.6	-0.2	-0.7	-0.3	-0.1	0.8	2.3
Unemployment rate	2.1	2.3	3.0	3.8	3.2	2.8	2.6	3.5

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)

%

	2018	2019	2020	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2
<b>USA</b>								
Gross Domestic Product	2.9 <sup>f</sup>	2.3 <sup>f</sup>	-3.4 <sup>f</sup>	-31.2 <sup>f</sup>	33.8 <sup>f</sup>	4.5 <sup>f</sup>	6.3 <sup>f</sup>	6.6
Exports of goods	7.9	-1.5	-13.5 <sup>f</sup>	-27.2 <sup>f</sup>	23.1 <sup>f</sup>	7.6 <sup>f</sup>	6.4 <sup>f</sup>	6.9
Imports of goods	8.4	-1.7 <sup>f</sup>	-6.5 <sup>f</sup>	-14.3 <sup>f</sup>	17.4 <sup>f</sup>	5.8 <sup>f</sup>	6.3 <sup>f</sup>	4.3
Consumer Price Index	2.4	1.8	1.2	-0.8	1.1	0.6	0.9	2.0
Unemployment rate <sup>a</sup>	3.9	3.7	8.1	13.1 <sup>f</sup>	8.8	6.8	6.2	5.9
<b>Japan</b>								
Gross Domestic Product	0.6	- <sup>f</sup>	-4.6 <sup>f</sup>	-7.9 <sup>f</sup>	5.3	2.8	-0.9 <sup>f</sup>	0.3
Exports of goods	4.1 <sup>f</sup>	-5.6	-11.5	-21.5 <sup>f</sup>	16.5 <sup>f</sup>	12.3 <sup>f</sup>	4.4 <sup>f</sup>	42.1
Imports of goods	9.5	-4.7	-14.3	-6.8 <sup>f</sup>	-4.9 <sup>f</sup>	5.5 <sup>f</sup>	11.2 <sup>f</sup>	10.9
Consumer Price Index	1.0	0.5	0.1	-0.2 <sup>f</sup>	- <sup>f</sup>	-0.6 <sup>f</sup>	0.5 <sup>f</sup>	0.1
Unemployment rate <sup>a</sup>	2.4	2.4	2.8	2.7 <sup>f</sup>	3.0	3.0	2.8	2.9
<b>Hong Kong</b>								
Gross Domestic Product	2.8	-1.2	-6.1	-0.4	2.4	0.5	5.5 <sup>f</sup>	-0.9
Exports of goods	7.3	-4.1	-1.5	4.4	3.3	4.8	17.9	-5.5
Imports of goods	8.4	-6.5	-3.3	1.0	2.8	6.3	12.9	-1.4
Consumer Price Index	2.4	2.9	0.3	0.7 <sup>f</sup>	-2.2 <sup>f</sup>	1.7	1.1 <sup>f</sup>	0.3
Unemployment rate <sup>a</sup>	2.8	2.9	5.8 <sup>f</sup>	6.2	6.3 <sup>f</sup>	6.5 <sup>f</sup>	6.8	5.5

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