

## **Global Economy in the Third Quarter of 2017**

In the third quarter of 2017, the global economy continued to maintain relatively strong growth momentum. The economic growth of the US was steady and the economies of the Euro area and Japan continued to improve; the outlook for the global economy was benign. Nevertheless, there were still factors that affect the economic growth, such as the expectation for an interest-rate hike and the gradual reduction of the balance sheet in the US, the Brexit negotiations, trade protectionism and the rising geopolitical tensions in Northeast Asia. The World Economic Outlook (WEO) of the International Monetary Fund (IMF) in October 2017 indicated that the global upswing in economic activity was strengthening; economic growth in advanced economies accelerated in general whereas prospects for medium-term growth were dim. Growth in emerging market and developing economies is expected to rise this year and next. Despite the short-term risks around the global growth to be broadly balanced, medium-term risks remain skewed to the downside. The global economic growth projections for 2017 and 2018 were revised upwards by 0.1 percentage point as compared to July, at 3.6% and 3.7% respectively.

Economic growth in the US economy was steady in the third quarter, with Gross Domestic Product (GDP) rising by 2.3% year-on-year and 3.3% quarter-to-quarter. Private consumption expenditure was still the major impetus for economic growth, contributing 1.6 percentage points to the increase. Inventory and fixed investment added 0.8 and 0.4 percentage points to the growth respectively. Moreover, exports and government expenditure also contributed 0.3 and 0.1 percentage points respectively. Economic growth was steady whereas the unemployment rate edged up by 0.2 percentage points quarter-to-quarter to 4.4%; the seasonally adjusted unemployment rate was 4.3%.

Economies of Germany and France improved, and the economy of the Euro area continued to grow. GDP of the Euro area in the third quarter expanded by 2.6% year-on-year and 0.6% quarter-to-quarter. Final consumption expenditure of households and non-profit institutions, and gross fixed capital formation each contributed 0.2 percentage points to the growth; inventory also added 0.1 percentage point while government final consumption expenditure and imports and exports failed to contribute to the increase as they offset each other. Economic growth accelerated and the unemployment rate dropped by 0.3 percentage points quarter-to-quarter to 8.7%.

The UK economy continued to be affected by the Brexit uncertainty, with the GDP in the third quarter growing by 1.5% year-on-year and 0.4% quarter-to-quarter. Economic growth, underpinned by the manufacturing and service industries, expanded by 1.1% and 0.4% respectively quarter-to-quarter. Gross capital formation and household final consumption expenditure contributed 0.5 and 0.4 percentage points to the increase, while net exports dragged down the growth by 0.5 percentage points. Economic growth remained modest, and the unemployment rate inched down by 0.1 percentage point from the previous quarter to 4.3%.

Economy in the Asian region maintained the upward momentum. The WEO of IMF for October 2017 indicated that the ASEAN-5 economies<sup>1</sup> are projected to grow by 5.2% in 2017, which is 0.1 percentage point higher than its forecast in July 2017. The projected economic growth for the Middle East, North Africa, Afghanistan and Pakistan stayed the same at 2.6%; the projection for China increased by 0.1 percentage point to 6.8% while that for India decreased by 0.5 percentage points to 6.7%.

The economy of Japan continued to grow, with the third quarter GDP rising by 1.7% year-on-year and 0.3% quarter-to-quarter. Net exports was the major impetus for economic growth, contributing 0.5 percentage points to the increase. However, domestic demand weakened, dragging down the growth by 0.2 percentage points. Employment situation remained stable amid continuous economic growth; the unemployment rate edged down by 0.1 percentage point to 2.8%; the seasonally adjusted unemployment rate was also 2.8%.

The third quarter GDP of the Republic of Korea increased by 3.6% year-on-year and 1.4% quarter-to-quarter due to the outstanding performance of exports. Exports and final consumption expenditure added 2.5 and 0.7 percentage points respectively to the growth; however, gross capital formation lowered the growth rate by 0.2 percentage points. The unemployment rate dropped by 0.4 percentage points from the previous quarter to 3.5% amid the pickup in economic growth.

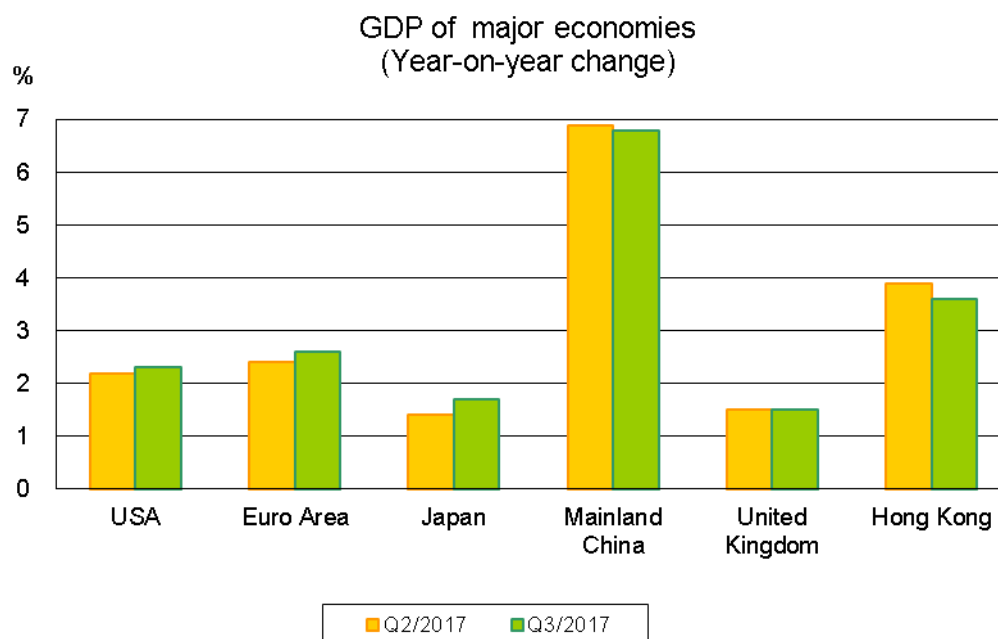
Mainland China showed steady economic progress with positive economic outlook, with the GDP for the third quarter expanding by 6.8% year-on-year, down slightly by 0.1 percentage point quarter-to-quarter. In the first three quarters of 2017, value added of the above-scale industries increased by 6.7% year-on-year, up by 0.7 percentage points from the same period of the previous year. Fixed asset investment

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

grew by 7.5% year-on-year, a decrease of 0.7 percentage points. Retail sales of consumer goods went up by 10.4% year-on-year, the same as in the corresponding period of the preceding year, with sales of furniture, construction & decoration materials, and Chinese and Western medicines rising by 13.3%, 12.6% and 12.4% respectively. As regards external trade, total value of external trade for the first three quarters of 2017 grew by 11.7% year-on-year and the trade surplus amounted to USD 296.6 billion. Inflation rose slightly, with the Consumer Price Index (CPI) for the third quarter increasing by 1.5%, and that for September rising by 1.6% year-on-year.

The Hong Kong economy continued to expand in the third quarter, up by 3.6% year-on-year and 0.5% quarter-to-quarter. Domestic demand stayed sound. Private consumption expenditure and government consumption expenditure increased by 6.7% and 4.1% respectively year-on-year, whereas gross fixed capital formation dropped by 1.7%. Exports of goods and exports of services continued to strengthen, rising by 5.5% and 3.7% respectively year-on-year. The unemployment rate held stable as in the previous quarter at 3.2% amid satisfactory economic performance, and the seasonally adjusted rate was 3.1%.



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

	2014	2015	2016	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3
%								
<b>USA</b>								
Gross Domestic Product	2.6	2.9	1.5	1.5	1.8	2.0	2.2	2.3
Exports of goods	2.6	-7.3	-3.5	-2.4	1.9	7.5	6.0 <sup>f</sup>	5.0
Imports of goods	3.9	-4.6	-2.7	-2.3	1.8	7.3	7.2 <sup>f</sup>	4.8
Consumer Price Index	1.6	0.1	1.3	1.1	1.8	2.5	1.9	2.0
Unemployment rate	6.2	5.3	4.9	5.0	4.5	4.9	4.2	4.4
<b>Euro area <sup>a</sup></b>								
Gross Domestic Product	1.3	2.1 <sup>f</sup>	1.8	1.7	1.9	2.1 <sup>f</sup>	2.4 <sup>f</sup>	2.6
Exports of goods	2.3	5.3	0.3	-0.1 <sup>f</sup>	2.3	10.9	5.3 <sup>f</sup>	6.1
Imports of goods	0.7	2.6	-1.2 <sup>f</sup>	-1.6 <sup>f</sup>	2.5 <sup>f</sup>	13.8	9.7 <sup>f</sup>	7.6
Consumer Price Index	0.4	-	0.2	0.3	0.7	1.8	1.5	1.4
Unemployment rate	11.6	10.9	10.0	9.6	9.8	9.9	9.0	8.7
<b>Germany</b>								
Gross Domestic Product	1.9	1.7	1.9	1.7	1.3	3.4 <sup>f</sup>	1.0 <sup>f</sup>	2.3
Exports of goods	3.3	6.2	0.9 <sup>f</sup>	-0.8 <sup>f</sup>	1.9 <sup>f</sup>	8.6 <sup>f</sup>	3.8	6.6
Imports of goods	2.2	4.3	0.6	-1.1 <sup>f</sup>	3.0 <sup>f</sup>	10.1	8.3	7.7
Consumer Price Index	0.9	0.2	0.5	0.5	1.1	1.9	1.7	1.7
Unemployment rate	6.7	6.4	6.1	6.0	5.8	6.2	5.6	5.6
<b>France</b>								
Gross Domestic Product	1.0	1.0	1.1	0.9	1.2	1.1	1.8 <sup>f</sup>	2.2
Exports of goods	0.3	3.9	-0.5	-0.7 <sup>f</sup>	2.3	1.7	5.2 <sup>f</sup>	6.4
Imports of goods	-0.6 <sup>f</sup>	0.7 <sup>f</sup>	0.4	1.8 <sup>f</sup>	2.6 <sup>f</sup>	7.5 <sup>f</sup>	7.8 <sup>f</sup>	6.9
Consumer Price Index	0.5	-	0.2	0.3	0.5	1.2	0.9	0.9
Unemployment rate	10.3	10.4	10.1	9.6	10.4	10.1	9.1	9.3
<b>United Kingdom</b>								
Gross Domestic Product	3.1	2.3 <sup>f</sup>	1.8	1.8 <sup>f</sup>	1.6 <sup>f</sup>	1.8 <sup>f</sup>	1.5 <sup>f</sup>	1.5
Exports of goods	-1.6 <sup>f</sup>	-2.9 <sup>f</sup>	4.6 <sup>f</sup>	5.5 <sup>f</sup>	15.7	19.4 <sup>f</sup>	15.4 <sup>f</sup>	14.3
Imports of goods	-0.4 <sup>f</sup>	-3.1 <sup>f</sup>	7.4 <sup>f</sup>	14.8 <sup>f</sup>	14.3 <sup>f</sup>	15.3 <sup>f</sup>	11.9	5.9
Consumer Price Index	1.5	-	0.7	0.8	1.2	2.2	2.8	2.8
Unemployment rate	6.2	5.4	4.9	4.8	4.8	4.6	4.4	4.3

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)

	2014	2015	2016	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	%
<b>Mainland China</b>									
Gross Domestic Product	7.4	6.9	6.7	6.7	6.8	6.9	6.9	6.8	
Exports of goods	6.0	-3.0	-7.7	-7.0	-5.3	7.5 <sup>f</sup>	8.5 <sup>f</sup>	6.5	
Imports of goods	0.5	-14.3	-5.5	-4.4	2.7	24.2 <sup>f</sup>	14.2 <sup>f</sup>	14.3	
Consumer Price Index <sup>a</sup>	2.0	1.4	2.0	2.0	2.0	1.4	1.4	1.5	
<b>Hong Kong</b>									
Gross Domestic Product	2.7	2.4	2.0	2.0	3.2	4.3	3.9 <sup>f</sup>	3.6	
Exports of goods	3.2	-1.8	-0.5	-0.2	5.5	10.3	7.4	8.0	
Imports of goods	3.9	-4.1	-0.9	1.2	5.6	10.7	8.2	7.7	
Consumer Price Index	4.4	3.0	2.4	3.1	1.2	0.5	2.0	1.8	
Unemployment rate	3.3	3.3	3.4	3.6	3.1	3.2	3.2	3.2	
<b>Taiwan</b>									
Gross Domestic Product	4.0	0.8 <sup>f</sup>	1.4 <sup>f</sup>	2.0 <sup>f</sup>	2.8	2.6 <sup>f</sup>	2.3 <sup>f</sup>	3.1	
Exports of goods <sup>b</sup>	2.8	-10.9	-1.8	0.1	11.7	15.1	10.2	17.5	
Imports of goods <sup>b</sup>	1.4	-15.8	-2.8	-0.4	11.5	21.6	12.0	11.4	
Consumer Price Index	1.2	-0.3	1.4	0.7	1.8	0.8	0.6	0.8	
Unemployment rate	4.0	3.8	3.9	4.0	3.9	3.8	3.7	3.8	
<b>Japan</b>									
Gross Domestic Product	0.3	1.1	1.0	1.0 <sup>f</sup>	1.6 <sup>f</sup>	1.5	1.4 <sup>f</sup>	1.7	
Exports of goods	4.8	3.4	-7.4	-10.2	-1.9	8.5	10.5	15.1	
Imports of goods	5.7	-8.7	-15.8	-19.3	-9.3	8.6	16.2	14.5	
Consumer Price Index	2.7	0.8	-0.1	-0.5	0.3	0.3	0.4	0.6	
Unemployment rate	3.6	3.4	3.1	3.1	2.9	2.9	2.9	2.8	
<b>Republic of Korea</b>									
Gross Domestic Product	3.3	2.8	2.8	2.6	2.4	2.9	2.7	3.6	
Exports of goods	2.3	-8.0	-5.9	-5.0	1.8	14.7	16.8 <sup>f</sup>	24.0	
Imports of goods	1.9	-16.9	-6.9	-5.1	4.1	23.9	18.2	17.5	
Consumer Price Index	1.3	0.7	1.0	0.7	1.5	2.1	1.9	2.3	
Unemployment rate	3.5	3.6	3.7	3.6	3.2	4.3	3.9	3.5	
<b>Singapore</b>									
Gross Domestic Product	3.6	1.9	2.0	1.2	2.9	2.5	2.9	5.2	
Exports of goods	0.1	-6.5	-5.1	-4.5	2.1	16.9 <sup>f</sup>	8.3	10.1	
Imports of goods	-1.4	-11.5	-4.7	-9.1	6.1	15.5 <sup>f</sup>	10.9 <sup>f</sup>	13.5	
Consumer Price Index	1.0	-0.5	-0.5	-0.4	-	0.6	0.8	0.4	
Unemployment rate	2.0	1.9	2.1	1.8	1.9	2.1	2.9	1.8	

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)

	2014	2015	2016	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3
%								
USA								
Gross Domestic Product	2.6	2.9	1.5	2.8	1.8	1.2	3.1 <sup>f</sup>	3.3
Exports of goods	2.6	-7.3	-3.5	3.0	-0.1	3.2	0.2	1.2
Imports of goods	3.9	-4.6	-2.7	1.5	2.1	3.3	0.1	-0.2
Consumer Price Index	1.6	0.1	1.3	0.4	0.8	0.8	-0.1	0.5
Unemployment rate <sup>a</sup>	6.2	5.3	4.9	4.9	4.7	4.7	4.4	4.3
Japan								
Gross Domestic Product	0.3	1.1	1.0	0.2 <sup>f</sup>	0.4	0.3 <sup>f</sup>	0.6 <sup>f</sup>	0.3
Exports of goods	4.6	3.5	-7.8	-0.5 <sup>f</sup>	5.6 <sup>f</sup>	6.6 <sup>f</sup>	-1.2 <sup>f</sup>	3.4
Imports of goods	5.5	-8.6	-15.8	0.8 <sup>f</sup>	4.6 <sup>f</sup>	7.8 <sup>f</sup>	2.2 <sup>f</sup>	0.5
Consumer Price Index	2.7	0.8	-0.1	-0.1	0.6	-	-0.1	0.1
Unemployment rate <sup>a</sup>	3.6	3.4	3.1	3.0	3.1	2.9	2.9	2.8
Hong Kong								
Gross Domestic Product	2.7	2.4	2.0	0.8	1.2	0.7	1.1 <sup>f</sup>	0.5
Exports of goods	3.2	-1.8	-0.5	1.0	3.8	-0.4	1.0	-
Imports of goods	3.9	-4.1	-0.9	2.6	2.4	2.2	-1.1	0.7
Consumer Price Index	4.4	3.0	2.4	0.4	0.7	0.1	0.7	0.2
Unemployment rate <sup>a</sup>	3.3	3.3	3.4	3.4	3.3	3.2	3.1	3.1

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