

## **Global Economy in the Second Quarter of 2015**

Global economic growth slowed in the second quarter of 2015. The US economy grew at a steady pace, the Euro area continued to recover while the economy of Japan was in the doldrums. With volatile oil prices, global trade weakening amid a slowdown in emerging markets and developing economies, as well as the prospect of US hiking interest rates, risks to global economic activity remained tilted downwards. The World Economic Outlook (WEO) Update of the International Monetary Fund (IMF) in July 2015 indicated that advanced economies gradually picked up while emerging markets and developing economies slowed down. The world economy is projected to grow by 3.3% in 2015, down by 0.2 percentage points from the April forecast; the growth projection for 2016 remains unchanged at 3.8%.

The US economy maintained steady growth in the second quarter, with Gross Domestic Product (GDP) rising by 2.7% year-on-year and 3.7% quarter-to-quarter. The expansion was mainly spurred by the increase in private consumption expenditure, contributing 2.1 percentage points to the economic growth; fixed investment and exports contributed 0.7 percentage points each to the increase and government expenditure added 0.5 percentage points; however, rising imports lowered the growth rate by 0.4 percentage points. The unemployment rate decreased by 0.5 percentage points quarter-to-quarter to 5.3%; the seasonally adjusted unemployment rate stood at 5.4%.

Economic recovery in the Euro area remained stable, with steady growth in the German and French economies. The second quarter GDP increased by 1.5% year-on-year and 0.4% quarter-to-quarter. Exports and consumption expenditure of households and non-profit institutions contributed 0.7 and 0.2 percentage points respectively to the economic growth; yet, imports dragged down the increase by 0.4 percentage points while gross fixed capital formation and inventory tapered off the growth rate by 0.1 percentage point each. The unemployment rate declined by 0.7 percentage points quarter-to-quarter to 10.9%.

The UK economy saw steady growth, with the second quarter GDP rising by 2.6% year-on-year and 0.7% quarter-to-quarter. Net exports was the main driver of economic growth, contributing 1.0 percentage point to the increase. Household final consumption expenditure and government expenditure added 0.4 and 0.2 percentage points respectively to the growth; however, gross fixed capital formation dragged down the increase by 0.9 percentage points. The unemployment rate edged up by 0.1 percentage point quarter-to-quarter to 5.6%.

Affected by a moderating growth in China, emerging markets and developing economies in the Asian region saw slower growth. The July 2015 WEO of IMF indicated that the ASEAN 5 economies<sup>a</sup> are projected to expand by 4.7% in 2015, down by 0.5 percentage points from the April forecast; the projection for the Middle East, North Africa, Afghanistan and Pakistan is lowered by

0.3 percentage points to 2.6%; China and India are projected to grow by 6.8% and 7.5%, same as the April forecast.

The second quarter GDP of Japan rose by 0.7% year-on-year but contracted by 0.4% quarter-to-quarter. Sluggish exports dragged down the economic growth by 0.8 percentage points. Domestic demand lowered the increase by 0.1 percentage point upon a decrease in private consumption expenditure; yet, decline in imports offset the negative impact to growth by 0.5 percentage points. The unemployment rate stayed unchanged at 3.5%; the seasonally adjusted rate was 3.3%, down by 0.2 percentage points.

The economy of the Republic of Korea was greatly dragged down by the Middle East respiratory syndrome (MERS) outbreak. GDP for the second quarter increased by 2.2% year-on-year and 0.3% quarter-to-quarter, marking growth of less than 1.0% for 5 consecutive quarters. Gross capital formation contributed 0.6 percentage points to the economic growth while weakened exports added a mere 0.1 percentage point to the increase; yet, private consumption expenditure dragged down the economic growth by 0.1 percentage point. The unemployment rate decreased by 0.3 percentage points quarter-to-quarter to 3.8%.

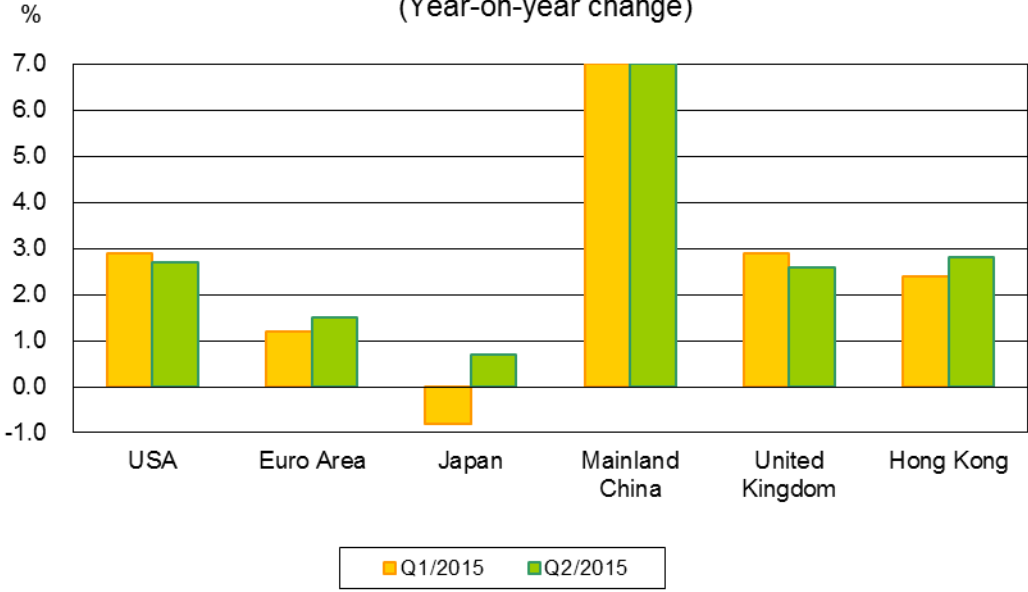
In Mainland China, GDP for the second quarter expanded by 7.0% year-on-year, same as the previous quarter. In the first half of 2015, value added of the above-scale industries rose by 6.3% year-on-year, down by 0.1 percentage point compared with the first quarter; fixed asset investment increased by 11.4% year-on-year, down by 2.1 percentage points; retail sales of consumer goods rose by 10.4% year-on-year, down by 0.2 percentage points, of which sales of communication equipment increased by 37.0%, construction and decoration materials by 17.4% and furniture by 16.5%. Total value of external trade for the first half of 2015 decreased by 6.9% year-on-year and the trade surplus amounted to USD263.3 billion. Inflation was stable as Consumer Price Index (CPI) for the second quarter increased by 1.3%, with the CPI for June rising by 1.4% year-on-year.

Economic growth in Hong Kong sped up slightly in the second quarter of 2015, expanding by 2.8% year-on-year and 0.4% quarter-to-quarter, which was mainly driven by domestic demand. Gross fixed capital formation rose by 6.5% year-on-year, with building and construction projects saw notable increase while machinery and equipment acquisition continued to grow. Private consumption expenditure strengthened, rising by 6.0% year-on-year; government consumption expenditure maintained steady growth, up by 3.3%. Unsteady external environment continued to affect the trade performance of Hong Kong; merchandise exports declined by 3.6% year-on-year while exports of services rose by 1.0%. The unemployment rate edged up by 0.1 percentage point to 3.3%, and the seasonally adjusted rate was 3.2%.

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

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



# I. PRINCIPAL ECONOMIC INDICATORS OF THE WORLD AND MACAO

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

%

	2012	2013	2014	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2
<b>USA</b>								
Gross Domestic Product	2.2 <sup>f</sup>	1.5 <sup>f</sup>	2.4	2.6	2.9 <sup>f</sup>	2.5 <sup>f</sup>	2.9 <sup>f</sup>	2.7
Exports of goods	4.4	2.1 <sup>f</sup>	2.7 <sup>f</sup>	3.4 <sup>f</sup>	4.1 <sup>f</sup>	0.9 <sup>f</sup>	-4.8 <sup>f</sup>	-5.5
Imports of goods	3.1	-0.3 <sup>f</sup>	3.5 <sup>f</sup>	4.6 <sup>f</sup>	3.7 <sup>f</sup>	3.3	-1.9 <sup>f</sup>	-4.7
Consumer Price Index	2.1	1.5	1.6	2.1	1.8	1.2	-0.1	-
Unemployment rate	8.1	7.4	6.2	6.1	6.2	5.5	5.8	5.3
<b>Euro area <sup>a</sup></b>								
Gross Domestic Product	-0.8	-0.3 <sup>f</sup>	0.9	0.7 <sup>f</sup>	0.8	0.9	1.2 <sup>f</sup>	1.5
Exports of goods	7.7	1.1	2.3	0.6	2.9	4.5 <sup>f</sup>	5.1	7.8
Imports of goods	1.8	-2.9	0.2 <sup>f</sup>	0.2	0.4	- <sup>f</sup>	1.5 <sup>f</sup>	3.8
Consumer Price Index	2.5	1.3	0.4	0.6	0.4	0.2	-0.3	0.2
Unemployment rate	11.4	12.0	11.6	11.5	11.1	11.6 <sup>f</sup>	11.6 <sup>f</sup>	10.9
<b>Germany</b>								
Gross Domestic Product	0.4	0.3 <sup>f</sup>	1.6	1.0	1.2	1.6	1.2 <sup>f</sup>	1.6
Exports of goods	3.3	-0.2	3.7	1.5	5.4	5.3	5.3 <sup>f</sup>	8.5
Imports of goods	0.4	-0.9	2.1	0.5	2.1	2.2	1.8	4.1
Consumer Price Index	2.0	1.5	0.9	1.1	0.8	0.5	-	0.5
Unemployment rate	6.8	6.9	6.7	6.6	6.6	6.3	6.9	6.3
<b>French</b>								
Gross Domestic Product	0.2	0.7	0.2	-0.2	0.2	0.1 <sup>f</sup>	0.9 <sup>f</sup>	1.0
Exports of goods	4.0 <sup>f</sup>	-1.6 <sup>f</sup>	0.2 <sup>f</sup>	-1.6	-0.9	2.8 <sup>f</sup>	2.5	6.9
Imports of goods	1.9	-2.4	-0.8 <sup>f</sup>	-1.0 <sup>f</sup>	-0.7 <sup>f</sup>	-1.1 <sup>f</sup>	-0.4 <sup>f</sup>	1.9
Consumer Price Index	2.0	0.9	0.5	0.6	0.4	0.3	-0.2	0.2
Unemployment rate	9.8	10.3	10.3	9.9 <sup>f</sup>	9.9 <sup>f</sup>	10.8	10.8	10.0
<b>United Kingdom</b>								
Gross Domestic Product	0.7	1.7	3.0 <sup>f</sup>	3.0 <sup>f</sup>	3.0 <sup>f</sup>	3.4 <sup>f</sup>	2.9 <sup>f</sup>	2.6
Exports of goods	-1.3	0.5	-4.7 <sup>f</sup>	-8.0 <sup>f</sup>	-6.9 <sup>f</sup>	-1.4 <sup>f</sup>	-3.4 <sup>f</sup>	1.9
Imports of goods	2.1	1.3	-1.4 <sup>f</sup>	-2.2 <sup>f</sup>	-3.3 <sup>f</sup>	0.2 <sup>f</sup>	-0.7 <sup>f</sup>	-1.3
Consumer Price Index	2.8	2.5	1.5	1.7	1.4	0.9	0.2	-
Unemployment rate	8.0	7.6	6.2	6.3	6.0	5.7	5.5	5.6

<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

# I. PRINCIPAL ECONOMIC INDICATORS OF THE WORLD AND MACAO

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

%

	2012	2013	2014	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2
<b>Mainland China</b>								
Gross Domestic Product	7.8	7.7	7.4	7.5	7.3	7.3	7.0	7.0
Exports of goods	7.9	7.8	6.0	5.0	13.0	8.6	4.6	-2.2
Imports of goods	4.3	7.3	0.5	1.3 <sup>f</sup>	1.0	-1.9 <sup>f</sup>	-17.7 <sup>f</sup>	-13.5
Consumer Price Index <sup>a</sup>	2.6	2.6	2.0	2.3	2.1	2.0	1.2	1.3
<b>Hong Kong</b>								
Gross Domestic Product	1.5	3.1	2.5	2.0	2.9	2.4	2.4 <sup>f</sup>	2.8
Exports of goods	2.9	3.6	3.2	4.8	5.8	1.2	2.3	-1.9
Imports of goods	3.9	3.8	3.9	4.5	5.7	3.2	1.4	-3.2
Consumer Price Index	4.1	4.3	4.4	3.6	4.8	5.1	4.4	3.0
Unemployment rate	3.3	3.4	3.3	3.3	3.5 <sup>f</sup>	3.1	3.2	3.3
<b>Taiwan</b>								
Gross Domestic Product	2.1	2.2	3.8	3.9	4.3	3.5	3.8 <sup>f</sup>	0.5
Exports of goods	-2.3	1.4	2.7	2.9	6.6	0.4	-4.2	-9.8
Imports of goods	-3.9	-0.2	1.5	3.7	7.5	-3.3	-15.0	-14.9
Consumer Price Index	1.9	0.8	1.2	1.6	1.5	0.8	-0.6	-0.7
Unemployment rate	4.2	4.2	4.0	3.9	4.0	3.9	3.7	3.7
<b>Japan</b>								
Gross Domestic Product	1.7	1.6	-0.1	-0.4	-1.4	-1.0 <sup>f</sup>	-0.8 <sup>f</sup>	0.7
Exports of goods	-2.7	9.5	4.8	0.1	3.2	9.1	9.0	6.7
Imports of goods	3.8	14.9	5.7	2.8	2.4	1.2	-9.3	-5.1
Consumer Price Index	-	0.3	2.8	3.6	3.4 <sup>f</sup>	2.5	2.3	0.5
Unemployment rate	4.3	4.0	3.6	3.7	3.6	3.3	3.5	3.5
<b>Republic of Korea</b>								
Gross Domestic Product	2.3	2.9	3.3	3.4	3.3	2.7	2.5	2.2
Exports of goods	-1.3	2.1	2.3	3.2	3.6 <sup>f</sup>	0.9	-3.0 <sup>f</sup>	-6.9
Imports of goods	-0.9	-0.8	1.9	3.3	5.4	-2.8	-15.5 <sup>f</sup>	-15.6
Consumer Price Index	2.2	1.3	1.3	1.6	1.4	1.0	0.6	0.5
Unemployment rate	3.2	3.1	3.5	3.7	3.3	3.2	4.1	3.8
<b>Singapore</b>								
Gross Domestic Product	3.4	4.4	2.9	2.3	2.8	2.1	2.8 <sup>f</sup>	1.8
Exports of goods	-0.9	0.6	1.1	2.7	-1.4	-3.8	-5.4	-8.5
Imports of goods	3.2	-1.6	-0.6	3.0	-5.7	-6.0	-16.1	-12.9
Consumer Price Index	4.6	2.4	1.0	2.2	1.0	-	-0.3	-0.4
Unemployment rate	2.0	1.9	2.0	2.6	1.7	1.6	1.7 <sup>f</sup>	2.6

a Accumulated year-on-year comparison.

Source : China National Bureau of Statistics

Hong Kong SAR Census and Statistics Department

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

## I. PRINCIPAL ECONOMIC INDICATORS OF THE WORLD AND MACAO

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

%

	2012	2013	2014	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2
USA								
Gross Domestic Product	2.2 <sup>f</sup>	1.5 <sup>f</sup>	2.4	4.6	4.3 <sup>f</sup>	2.1 <sup>f</sup>	0.6 <sup>f</sup>	3.7
Exports of goods	4.4	2.1 <sup>f</sup>	2.7 <sup>f</sup>	1.9 <sup>f</sup>	1.2 <sup>f</sup>	-0.9 <sup>f</sup>	-6.5 <sup>f</sup>	0.5
Imports of goods	3.1	-0.3 <sup>f</sup>	3.5 <sup>f</sup>	2.1 <sup>f</sup>	-0.2 <sup>f</sup>	-0.1	-3.8 <sup>f</sup>	-0.5
Consumer Price Index	2.1	1.5	1.6	0.6	0.3	-0.2	-0.8	0.7
Unemployment rate <sup>a</sup>	8.1	7.4	6.2	6.2	6.1	5.7	5.6	5.4
Japan								
Gross Domestic Product	1.7	1.6	-0.1	-1.9 <sup>f</sup>	-0.3 <sup>f</sup>	0.3	1.1 <sup>f</sup>	-0.4
Exports of goods	-2.9 <sup>f</sup>	9.6	4.6	-0.1 <sup>f</sup>	3.8 <sup>f</sup>	5.8 <sup>f</sup>	- <sup>f</sup>	-2.7
Imports of goods	3.3	15.2	5.6 <sup>f</sup>	-8.1 <sup>f</sup>	3.4 <sup>f</sup>	1.4 <sup>f</sup>	-5.7 <sup>f</sup>	-3.7
Consumer Price Index	-	0.3	2.8	2.2	0.3	-0.2	-0.1	0.4
Unemployment rate <sup>a</sup>	4.3	4.0	3.6	3.6	3.6	3.5	3.5	3.3
Hong Kong								
Gross Domestic Product	1.5	3.1	2.5	-	1.4	0.2	0.7 <sup>f</sup>	0.4
Exports of goods	2.9	3.6	3.2	3.8	2.0	-3.2	-0.6	-1.3
Imports of goods	3.9	3.8	3.9	2.4	1.8	-0.4	-2.0	-2.5
Consumer Price Index	4.1	4.3	4.4	0.7	0.5	2.9	0.3	-0.6
Unemployment rate <sup>a</sup>	3.3	3.4	3.3	3.2	3.3	3.3	3.3	3.2

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