

Global Economy in the Third Quarter of 2015

Global economy saw moderate growth in the third quarter of 2015. The US economy maintained steady growth, the Euro area showed modest recovery while growth in Japan slowed. With weakening demand for global imports, declines in commodity prices, lower capital flows to emerging markets, emerging market currencies under pressure and volatility of the financial markets, downside risks to global economic activity appeared more pronounced. The World Economic Outlook (WEO) of the International Monetary Fund (IMF) in October 2015 indicated that recovery in advanced economies picked up slightly while emerging market and developing economies continued to slow down. The world economy is projected to grow by 3.1% in 2015, down by 0.2 percentage points from the July forecast; the growth projection for 2016 also dropped by 0.2 percentage points to 3.6%.

The US economy maintained steady growth in the third quarter, with Gross Domestic Product (GDP) rising by 2.2% year-on-year and 2.1% quarter-to-quarter. Private consumption expenditure was the major impetus for growth, contributing 2.1 percentage points to the economic expansion; fixed investment and government expenditure contributed 0.5 and 0.3 percentage points respectively to the increase and exports added 0.1 percentage point; meanwhile, rising imports lowered the growth rate by 0.3 percentage points. The unemployment rate decreased by 0.1 percentage point quarter-to-quarter to 5.2%; the seasonally adjusted unemployment rate stood at 5.2%.

The Euro area showed moderate growth, with steady increase in the German and French economies. The third quarter GDP increased by 1.6% year-on-year and 0.3% quarter-to-quarter. Inventory and consumption expenditure of households and non-profit institutions contributed 0.2 percentage points each to the economic growth; exports and government final consumption expenditure added 0.1 percentage point each to the increase, while imports dragged down the growth by 0.4 percentage points. The unemployment rate declined further by 0.6 percentage points quarter-to-quarter to 10.3%.

The UK economy saw steady growth, with the third quarter GDP rising by 2.3% year-on-year and 0.5% quarter-to-quarter. Gross fixed capital formation was the main driver of economic growth, contributing 1.2 percentage points to the increase. Household final consumption expenditure and government expenditure added 0.5 and 0.3 percentage points respectively to the economic growth, while net exports dragged down the increase by 1.5 percentage points. The unemployment rate declined by 0.3 percentage points quarter-to-quarter to 5.3%.

Due to the growth slowdown and changing demand structure in China, emerging markets and developing economies in the Asian region showed slower growth. The October 2015 WEO of IMF

indicated that the ASEAN 5 economies^a are projected to expand by 4.6% in 2015, down by 0.1 percentage point from the July forecast; the projection for the Middle East, North Africa, Afghanistan and Pakistan is revised downward by 0.1 percentage point to 2.5%, and that for India is lowered by 0.2 percentage points to 7.3%; China is projected to grow by 6.8%, same as the July forecast.

The third quarter GDP of Japan rose by 1.0% year-on-year but contracted by 0.2% quarter-to-quarter, representing two consecutive quarters of negative growth. Stable exports contributed 0.5 percentage points to the economic growth, while domestic demand lowered the increase by 0.3 percentage points. The unemployment rate dropped by 0.1 percentage point to 3.4%; the seasonally adjusted rate was also 3.4%.

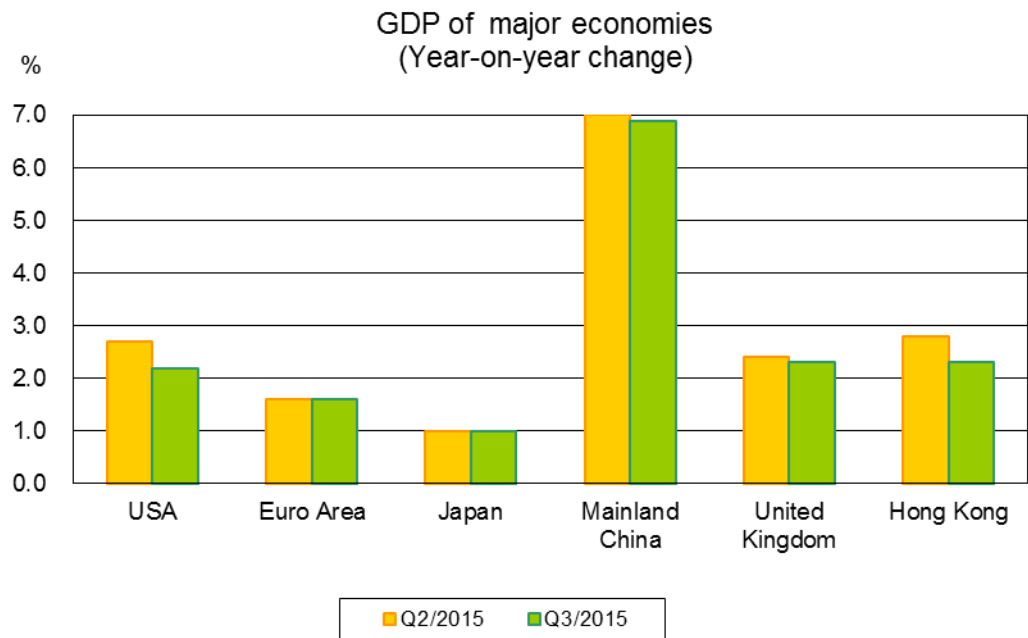
The economy of the Republic of Korea picked up the pace as the Middle East respiratory syndrome (MERS) epidemic gradually subsided. GDP for the third quarter increased by 2.6% year-on-year and 1.2% quarter-to-quarter, a 4-fold increase from 0.3% in the previous quarter and the biggest growth since the second quarter of 2010. Stimulus measures of the government drove up domestic demand. Gross capital formation and final consumption expenditure contributed 1.0 and 0.9 percentage points to the economic growth while sluggish exports dragged down the increase by 0.1 percentage point. The unemployment rate decreased by 0.4 percentage points quarter-to-quarter to 3.4%.

In Mainland China, GDP for the third quarter expanded by 6.9% year-on-year, down by 0.1 percentage point from the previous quarter. In the first three quarters of 2015, value added of the above-scale industries rose by 6.2% year-on-year, down by 0.1 percentage point compared with the first half year of 2015; fixed asset investment increased by 10.3% year-on-year, down by 1.1 percentage points; retail sales of consumer goods rose by 10.5% year-on-year, up by 0.1 percentage point, of which sales of communication equipment increased by 35.8%, construction and decoration materials by 18.6% and furniture by 16.7%. Total value of external trade for the first three quarters of 2015 decreased by 8.2% year-on-year and the trade surplus amounted to USD423.3 billion. Inflation was stable as Consumer Price Index (CPI) for the third quarter increased by 1.4%, with the CPI for September rising by 1.6% year-on-year.

The economy of Hong Kong grew at a slower pace of 2.3% year-on-year in the third quarter of 2015, and rose by 0.9% quarter-to-quarter. Domestic demand remained the major driving force of economic growth but the rate of increase slowed. Amid the unstable external environment, gross fixed capital formation decreased by 6.5% year-on-year, where machinery and equipment acquisition declined notably while building and construction works saw slower growth. Private consumption expenditure and government consumption expenditure maintained steady growth, rising by 4.3% and 2.6% respectively year-on-year. Unsteady global economy continued to be a

^a Indonesia, Malaysia, the Philippines, Thailand and Vietnam

drag on the trade performance of Hong Kong. Merchandise exports contracted for two consecutive quarters, down by 3.2% year-on-year in the third quarter; meanwhile, exports of services slackened again, falling by 1.3%. The unemployment rate edged up by 0.2 percentage points to 3.5%, and the seasonally adjusted rate was 3.3%.



I. PRINCIPAL ECONOMIC INDICATORS OF THE WORLD AND MACAO

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

	%							
	2012	2013	2014	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3
USA								
Gross Domestic Product	2.2	1.5	2.4	2.9	2.5	2.9	2.7	2.2
Exports of goods	4.4	2.1	2.7	4.1	0.9	-4.8	-5.5	-7.7
Imports of goods	3.1	-0.3	3.5	3.7	3.3	-1.9	-4.8 ^f	-4.9
Consumer Price Index	2.1	1.5	1.6	1.8	1.2	-0.1	-	0.1
Unemployment rate	8.1	7.4	6.2	6.2	5.5	5.8	5.3	5.2
Euro area ^a								
Gross Domestic Product	-0.9 ^f	-0.3	0.9	0.8	0.9	1.3 ^f	1.6 ^f	1.6
Exports of goods	7.6 ^f	1.2 ^f	2.0 ^f	2.6 ^f	4.1 ^f	5.6 ^f	8.2 ^f	4.4
Imports of goods	1.7 ^f	-2.8 ^f	0.5 ^f	0.9 ^f	0.1 ^f	1.8 ^f	3.9 ^f	0.7
Consumer Price Index	2.5	1.3	0.4	0.4	0.2	-0.3	0.2	0.1
Unemployment rate	11.4	12.0	11.6	11.1	11.6	11.6	10.9	10.3
Germany								
Gross Domestic Product	0.4	0.3	1.6	1.2	1.6	1.2	1.6	1.8
Exports of goods	3.0 ^f	-0.4 ^f	3.3 ^f	5.0 ^f	4.7 ^f	6.3 ^f	9.1 ^f	5.8
Imports of goods	-0.3 ^f	-1.0 ^f	2.2 ^f	2.4 ^f	2.4 ^f	2.7 ^f	4.8 ^f	5.1
Consumer Price Index	2.0	1.5	0.9	0.8	0.5	-	0.5	0.1
Unemployment rate	6.8	6.9	6.7	6.6	6.3	6.9	6.3	6.3
French								
Gross Domestic Product	0.2	0.7	0.2	0.1 ^f	0.1	0.9	1.1 ^f	1.2
Exports of goods	3.9 ^f	-1.6	0.2	-0.8 ^f	2.8	2.6 ^f	7.1 ^f	4.1
Imports of goods	2.0 ^f	-2.4	-0.7 ^f	-0.3 ^f	-0.9 ^f	-0.2 ^f	1.8 ^f	-0.9
Consumer Price Index	2.0	0.9	0.5	0.4	0.3	-0.2	0.2	0.1
Unemployment rate	9.8	10.3	10.3	9.9	10.8	10.9 ^f	10.1 ^f	10.2
United Kingdom								
Gross Domestic Product	1.2 ^f	2.2 ^f	2.9 ^f	2.9 ^f	3.0 ^f	2.7 ^f	2.4 ^f	2.3
Exports of goods	-1.3	0.6 ^f	-3.5 ^f	-6.9	0.9 ^f	-2.2 ^f	1.4 ^f	-3.1
Imports of goods	2.3 ^f	2.6 ^f	-0.6 ^f	-1.2 ^f	2.2 ^f	2.2 ^f	-0.8 ^f	-1.7
Consumer Price Index	2.8	2.5	1.5	1.4	0.9	0.2	-	-
Unemployment rate	8.0	7.6	6.2	6.0	5.7	5.5	5.6	5.3

^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

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 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	%
Mainland China									
Gross Domestic Product	7.8	7.7	7.4	7.3	7.3	7.0	7.0	6.9	
Exports of goods	7.9	7.8	6.0	13.0	8.6	4.5 ^f	-2.9 ^f	-6.2	
Imports of goods	4.3	7.3	0.5	1.0	-1.9	-17.8 ^f	-13.8 ^f	-14.5	
Consumer Price Index ^a	2.6	2.6	2.0	2.1	2.0	1.2	1.3	1.4	
Hong Kong									
Gross Domestic Product	1.5	3.1	2.5	2.9	2.4	2.4	2.8	2.3	
Exports of goods	2.9	3.6	3.2	5.8	1.2	2.3	-1.9	-4.1	
Imports of goods	3.9	3.8	3.9	5.7	3.2	1.4	-3.2	-6.7	
Consumer Price Index	4.1	4.3	4.4	4.8	5.1	4.4	3.0	2.3	
Unemployment rate	3.3	3.4	3.3	3.5	3.1	3.2	3.3	3.5	
Taiwan									
Gross Domestic Product	2.1	2.2	3.9 ^f	4.3	3.6 ^f	4.0 ^f	0.6 ^f	-0.6	
Exports of goods	-2.3	1.4	2.7	6.6	0.4	-4.2	-9.8	-13.9	
Imports of goods	-3.9	-0.2	1.5	7.5	-3.3	-15.0	-14.9	-19.4	
Consumer Price Index	1.9	0.8	1.2	1.5	0.8	-0.6	-0.7	-0.3	
Unemployment rate	4.2	4.2	4.0	4.0	3.9	3.7	3.7	3.9	
Japan									
Gross Domestic Product	1.7	1.6	-0.1	-1.4	-0.9 ^f	-0.8	1.0 ^f	1.0	
Exports of goods	-2.7	9.5	4.8	3.2	9.1	9.0	6.7	3.7	
Imports of goods	3.8	14.9	5.7	2.4	1.2	-9.3	-5.1	-5.8	
Consumer Price Index	-	0.3	2.8	3.4	2.5	2.3	0.5	0.2	
Unemployment rate	4.3	4.0	3.6	3.6	3.3	3.5	3.5	3.4	
Republic of Korea									
Gross Domestic Product	2.3	2.9	3.3	3.3	2.7	2.5	2.2	2.6	
Exports of goods	-1.3	2.1	2.3	3.6	0.9	-3.0	-7.2	-9.4	
Imports of goods	-0.9	-0.8	1.9	5.4	-2.8	-15.5	-15.6	-18.4	
Consumer Price Index	2.2	1.3	1.3	1.4	1.0	0.6	0.5	0.7	
Unemployment rate	3.2	3.1	3.5	3.3	3.2	4.1	3.8	3.4	
Singapore									
Gross Domestic Product	3.4	4.4	2.9	2.8	2.1	2.7 ^f	2.0 ^f	1.9	
Exports of goods	-0.9	0.6	1.1	-1.4	-3.8	-5.4	-8.7 ^f	-8.0	
Imports of goods	3.2	-1.6	-0.6	-5.7	-6.0	-16.1	-13.0 ^f	-9.1	
Consumer Price Index	4.6	2.4	1.0	1.0	-	-0.3	-0.4	-0.6	
Unemployment rate	2.0	1.9	2.0	1.7	1.6	1.7	2.6	1.7	

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 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3
USA								
Gross Domestic Product	2.2	1.5	2.4	4.3	2.1	0.6	3.9 ^f	2.1
Exports of goods	4.4	2.1	2.7	1.2	-0.9	-6.5	0.5	-1.1
Imports of goods	3.1	-0.3	3.5	-0.2	-0.1	-3.8	-0.5	-0.1
Consumer Price Index	2.1	1.5	1.6	0.3	-0.2	-0.8	0.7	0.4
Unemployment rate ^a	8.1	7.4	6.2	6.1	5.7	5.6	5.4	5.2
Japan								
Gross Domestic Product	1.7	1.6	-0.1	-0.3	0.3	1.1	-0.2 ^f	-0.2
Exports of goods	-3.0 ^f	9.6	4.6	4.2 ^f	5.9 ^f	-	-2.9 ^f	0.1
Imports of goods	3.3	15.2	5.6	3.0 ^f	2.1 ^f	-6.0 ^f	-3.7	1.7
Consumer Price Index	-	0.3	2.8	0.3	-0.2	-0.1	0.4	-
Unemployment rate ^a	4.3	4.0	3.6	3.6	3.5	3.5	3.3	3.4
Hong Kong								
Gross Domestic Product	1.5	3.1	2.5	1.4	0.2	0.7	0.4	0.9
Exports of goods	2.9	3.6	3.2	2.0	-3.2	-0.6	-1.3	-
Imports of goods	3.9	3.8	3.9	1.8	-0.4	-2.0	-2.5	-1.8
Consumer Price Index	4.1	4.3	4.4	0.5	2.9	0.3	-0.6	-0.2
Unemployment rate ^a	3.3	3.4	3.3	3.3	3.3	3.3	3.2	3.3

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