

Global Economy in the First Quarter of 2019

The global economy maintained growth but slowed sharply, with weakening manufacturing figures, in the first quarter of 2019, dragged down by the considerable volatility in the international financial markets resulting from the persistent China-US trade conflicts. Trade protectionism and unilateralism continued to pose threats to global investment and trade, which together with rising geopolitical tensions and uncertainty about the form of Brexit brought obstacles and increased uncertainty over global economic development.

The World Economic Outlook (WEO) of the International Monetary Fund (IMF) in April 2019 indicated that the global expansion has weakened and risks to global growth are skewed to the downside amid an increase in trade tensions and the tightening of financial conditions; however, economic growth is expected to recover in the second half of 2019 as major economies may implement large-scale easing measures in the absence of inflationary pressure. The global economy is projected to grow by 3.3% in 2019, down by 0.2 percentage points from the forecast in January 2019, and the projected growth rate for 2020 is maintained at 3.6%. Economic growth projections for the US were revised downward by 0.2 percentage points to 2.3% for 2019 and marked upward by 0.1 percentage point to 1.9% for 2020. Growth forecast for China was revised upward from 6.2% to 6.3% for 2019 but marked downward from 6.2% to 6.1% for 2020. The projected growth rates for the Euro area in 2019 and 2020 were 1.3% and 1.5% respectively, down by 0.3 percentage points and 0.2 percentage points respectively from the forecast in January 2019. Growth projection for Japan in 2019 was revised downward by 0.1 percentage point to 1.0% while the growth for 2020 was held stable at 0.5%.

In early 2019, the US economy maintained a relatively rapid pace of growth, with the first-quarter Gross Domestic Product (GDP) rising by 3.2% year-on-year and 3.2% quarter-to-quarter. Private consumption expenditure and domestic private investment added 0.8 percentage points and 0.9 percentage points to economic growth respectively; government expenditure and investment contributed 0.4 percentage points to the increase, and net exports stimulated the growth by 1 percentage point. However, the unemployment rate grew by 0.5 percentage points quarter-to-quarter to 4.1% amid steady economic development; the seasonally adjusted unemployment rate rose by 0.1 percentage point to 3.9% quarter-to-quarter.

The economy of the Euro area continued to slow down, with the GDP in the first quarter growing by 1.2% year-on-year and 0.4% quarter-to-quarter; the growth in Germany slowed continuously with an increase of 0.6% year-on-year, while that in France was 1.1%. Final consumption expenditure of households and non-profit institutions in the Euro area and gross fixed capital formation contributed 0.3 percentage points and 0.2 percentage points to the economic

growth respectively; net exports added 0.1 percentage point to the increase while inventory hampered the growth by 0.3 percentage points. The unemployment rate rose by 0.2 percentage points quarter-to-quarter to 8.1%.

The UK economy maintained growth, with the GDP in the first quarter climbing by 1.8% year-on-year and 0.5% quarter-to-quarter. Household and government final consumption expenditure drove up the economic growth by 0.4 percentage points and 0.3 percentage points respectively; capital formation added 1.9 percentage points to the increase while net exports dragged down the growth by 2.2 percentage points. Economic growth remained modest, and the unemployment rate fell slightly by 0.2 percentage points from the previous quarter to 3.8%.

Economies in the Asian region continued to grow. The WEO of IMF in April 2019 indicated that the projected growth rates for India in 2019 and 2020 were both revised downward by 0.2 percentage points from the forecast in January 2019 to 7.3% and 7.5% respectively. The growth projection for the ASEAN-5 economies^a in 2019 and 2020 stayed at 5.1% and 5.2% respectively. The growth forecast for the Middle East, North Africa, Afghanistan and Pakistan in 2019 dropped sharply from 2.4% in January to 1.5%, whereas the projected growth rate in 2020 increased from 3.0% to 3.2%.

The first-quarter GDP of Japan increased by 0.8% year-on-year and 0.5% quarter-to-quarter. Private demand added 0.1 percentage point to the economic growth, and net exports of goods and services drove up the growth by 0.4 percentage points. Employment situation was stable, with the unemployment rate remaining steady over the previous quarter at 2.4%; the seasonally adjusted unemployment rate also held stable at 2.4%.

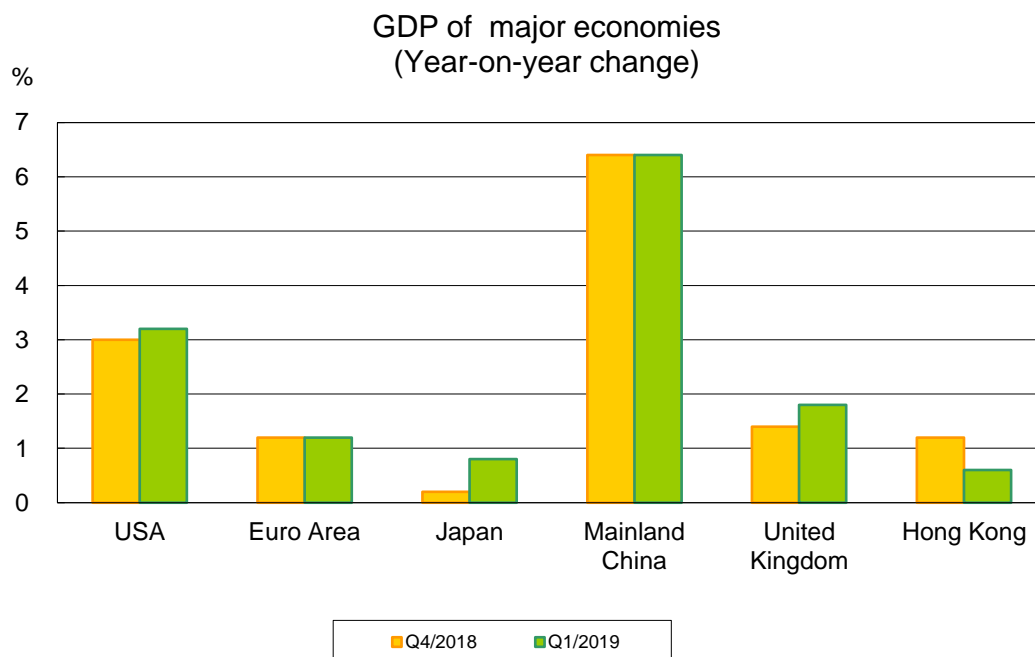
The first-quarter GDP of the Republic of Korea slowed, rising by 1.8% year-on-year but dropping by 0.3% quarter-to-quarter. Final consumption expenditure drove up the economic growth by 0.1 percentage point, whereas fixed capital formation dragged down the growth by 0.6 percentage points; net exports added 0.2 percentage points to the expansion. The economy slowed down, with the unemployment rate rising markedly by 1.1 percentage points from the previous quarter to 4.5%.

The economy of Mainland China maintained rapid growth, with the GDP for the first quarter expanding by 6.4% year-on-year. In the first quarter of 2019, value added of the above-scale industries grew by 6.5% year-on-year in real terms; fixed asset investment (excluding farmers) rose by 6.3% year-on-year; total retail sales of consumer goods went up by 8.3%, with sales of petroleum & related products, daily necessities, cosmetics and communication equipment rising by 4.1%, 16.1%, 10.9% and 10.0% respectively. As regards external trade, total value of external trade

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

for the first quarter of 2019 grew by 3.7% year-on-year. Inflation eased, with the growth in the Consumer Price Index (CPI) dropping by 0.3 percentage points year-on-year to 1.8%.

The Hong Kong economy continued to grow but slowed down notably in the first quarter, up slightly by 0.6% year-on-year and 1.3% quarter-to-quarter. Domestic demand was weak compared with the same quarter last year. Private consumption expenditure edged up by merely 0.2%; government consumption expenditure grew up steadily by 4.5% and the annual growth of exports of services slowed from 3.3% in the previous quarter to 1.1% in real terms. Gross fixed capital formation exhibited a downward trend, down further by 7.1% in the first quarter. The seasonally adjusted unemployment rate stayed at 2.8%.



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

%

	2016	2017	2018	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1
USA								
Gross Domestic Product	1.6	2.2	2.9	2.6	2.9	3.0	3.0 ^f	3.2
Exports of goods	-3.1	6.6	7.7 ^f	8.0	11.3	8.2 ^f	3.4	1.4
Imports of goods	-1.8	6.9	8.6	9.0	8.5	10.7	6.3	-0.1
Consumer Price Index	1.3	2.1	2.4	2.2	2.7	2.6	2.2	1.6
Unemployment rate	4.9	4.4	3.9	4.3	3.8	3.9	3.6	4.1
Euro area ^a								
Gross Domestic Product	1.9 ^f	2.4	1.9 ^f	2.4	2.2 ^f	1.7 ^f	1.2 ^f	1.2
Exports of goods	0.3	7.1	3.8 ^f	2.2 ^f	4.4 ^f	4.7	3.9 ^f	3.9
Imports of goods	-1.3 ^f	10.0	6.6 ^f	2.3 ^f	6.2 ^f	10.3 ^f	7.8 ^f	4.8
Consumer Price Index	0.2	1.5	1.8	1.3	1.7	2.1	1.9	1.4
Unemployment rate	10.0	9.1	8.2	8.9	8.2	7.8	7.9	8.1
Germany								
Gross Domestic Product	2.2	2.2	1.4 ^f	1.4	2.3	1.1	0.9	0.6
Exports of goods	0.9	6.2	3.0	2.7	5.1	2.9	1.4 ^f	2.5
Imports of goods	0.6	8.0	5.7	3.6	6.3	8.1	4.9	4.9
Consumer Price Index	0.5	1.5	1.7	1.3	1.7	1.9	2.0	1.4
Unemployment rate	6.1	5.7	5.2	5.7	5.1	5.1	4.9	5.2
France								
Gross Domestic Product	1.1	2.3	1.6 ^f	2.2	1.7	1.4 ^f	1.0 ^f	1.1
Exports of goods	-0.9 ^f	5.1 ^f	3.9 ^f	5.0 ^f	3.0 ^f	3.4 ^f	4.1 ^f	6.6
Imports of goods	-0.2	7.1 ^f	3.7 ^f	2.2 ^f	5.7 ^f	3.8 ^f	3.1 ^f	5.2
Consumer Price Index	0.2	1.0	1.9	1.4	1.9	2.2	1.9	1.2
Unemployment rate	10.1	9.4	9.1	9.6	8.7	8.8	9.1	9.2
United Kingdom								
Gross Domestic Product	1.8	1.8	1.4	1.2 ^f	1.4	1.6	1.4 ^f	1.8
Exports of goods	4.3	13.3	3.5 ^f	3.6 ^f	2.7 ^f	3.7 ^f	4.1 ^f	6.4
Imports of goods	6.7	10.2	2.7	0.8 ^f	1.7 ^f	3.5 ^f	4.8 ^f	14.2
Consumer Price Index	0.7	2.7	2.4	2.6	2.4	2.5	2.2	1.9
Unemployment rate	4.9	4.4	4.1	4.2	4.0	4.1	4.0	3.8

^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)

%

	2016	2017	2018	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1
Mainland China								
Gross Domestic Product	6.7	6.9	6.6	6.8	6.7	6.5	6.4	6.4
Exports of goods	-7.7	7.9	10.4 ^f	13.7	12.1 ^f	12.2 ^f	4.8 ^f	1.4
Imports of goods	-5.5	16.1	15.9 ^f	19.4	20.4 ^f	20.2 ^f	4.8 ^f	-4.7
Consumer Price Index ^a	2.0	1.6	2.1	2.1	2.0	2.1	2.1	1.8
Hong Kong								
Gross Domestic Product	2.2	3.8	3.0	4.6	3.6 ^f	2.8	1.2 ^f	0.6
Exports of goods	-0.5	8.0	7.3	9.7	9.0	9.0	2.2	-2.4
Imports of goods	-0.9	8.7	8.4	10.6	10.4	11.5	1.8	-3.2
Consumer Price Index	2.4	1.5	2.4	2.4	2.1	2.5	2.6	2.2
Unemployment rate	3.4	3.1	2.8	2.8	2.8	3.0	2.7	2.8
Taiwan								
Gross Domestic Product	1.5	3.1	2.6	3.2	3.3	2.4	1.8	1.7
Exports of goods ^b	-1.8	13.2	5.9	10.6	11.2	3.0	0.1	-4.2
Imports of goods ^b	-2.8	12.4	10.4	11.0	10.6	13.7	6.7	-0.8
Consumer Price Index	1.4	0.6	1.4	1.6	1.7	1.7	0.5	0.3
Unemployment rate	3.9	3.8	3.7	3.7	3.7	3.8	3.7	3.7
Japan								
Gross Domestic Product ^c	0.9 ^f	1.9	0.6 ^f	1.3	1.5	0.1	0.2 ^f	0.8
Exports of goods	-7.4	11.8	4.1	4.9	7.5	2.9	1.3	-3.9
Imports of goods	-15.8	14.1	9.7	7.7 ^f	7.5	12.4	11.2	-2.0
Consumer Price Index	-0.1	0.5	1.0	1.3	0.6	1.1	0.9	0.3
Unemployment rate	3.1	2.8	2.4	2.5	2.5	2.5	2.4	2.4
Republic of Korea								
Gross Domestic Product	2.9	3.1	2.7	2.8	2.8	2.0	3.1	1.8
Exports of goods	-5.9	15.8	5.4 ^f	9.8	3.1	1.7	7.7 ^f	-8.5
Imports of goods	-6.9	17.8	11.9 ^f	13.7	13.0	7.8	12.9	-6.8
Consumer Price Index	1.0	1.9	1.5	1.1	1.5	1.6	1.8	0.5
Unemployment rate	3.7	3.7	3.8	4.3	3.9	3.8	3.4	4.5
Singapore								
Gross Domestic Product	3.0 ^f	3.7 ^f	3.1 ^f	4.6 ^f	4.2	2.6 ^f	1.3 ^f	1.2
Exports of goods	-5.1	10.3	7.9	2.3	9.3	12.7	7.2	-
Imports of goods	-4.7	12.1	10.6	2.8	11.1	17.0	11.5	4.6
Consumer Price Index	-0.5	0.6	0.4	0.2	0.3	0.7	0.5	0.5
Unemployment rate	2.1	2.2	2.1	1.9	2.7	1.9	1.9 ^f	2.0

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)

%

	2016	2017	2018	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1
USA								
Gross Domestic Product	1.6	2.2	2.9	2.2	4.2	3.4	2.2 ^f	3.2
Exports of goods	-3.1	6.6	7.7 ^f	1.8	4.4	-1.7 ^f	-0.9	2.4
Imports of goods	-1.8	6.9	8.6	3.0	-	2.6	-	0.6
Consumer Price Index	1.3	2.1	2.4	0.8	0.5	0.5	0.4	0.2
Unemployment rate ^a	4.9	4.4	3.9	4.1	3.9	3.8	3.8	3.9
Japan								
Gross Domestic Product	0.9 ^f	1.9	0.6 ^f	-0.1 ^f	0.5 ^f	-0.6 ^f	0.4 ^f	0.5
Exports of goods	-7.8	12.4	4.1	-0.9 ^f	1.9 ^f	-0.4 ^f	0.2 ^f	-4.7
Imports of goods	-15.9 ^f	14.4 ^f	9.4 ^f	2.7 ^f	0.6 ^f	3.4 ^f	2.5 ^f	-6.9
Consumer Price Index	-0.1	0.5	1.0	0.7	-0.4	0.5	-	0.2
Unemployment rate ^a	3.1	2.8	2.4	2.5	2.4	2.4	2.4	2.4
Hong Kong								
Gross Domestic Product	2.2	3.8	3.0	1.9	-0.3	0.1	-0.5 ^f	1.3
Exports of goods	-0.5	8.0	7.3	2.1	1.2	1.0	-3.9	-2.8
Imports of goods	-0.9	8.7	8.4	2.4	1.1	2.1	-5.4	-2.9
Consumer Price Index	2.4	1.5	2.4	0.8	0.4	0.6	0.7	0.5
Unemployment rate ^a	3.4	3.1	2.8	2.9	2.8	2.8	2.8	2.8

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