

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

It has been over a year since the pandemic of novel coronavirus pneumonia swept the world. The launch of vaccines has raised hopes for a swift economic recovery, and yet the global economy still faces great uncertainty as some countries failed to effectively contain the spread of coronavirus that resulted in alarming number of confirmed cases and death toll. Following the easing of lockdown measures and the adaptation to new ways of working in most regions amid the pandemic, the global growth projection for 2020 was revised in the World Economic Outlook (WEO) report of the International Monetary Fund (IMF) in April 2021. The global growth contraction for 2020 is estimated at -3.3%, 0.2 percentage points higher than projected in the previous forecast. Moreover, the global economy was expected to improve further with additional fiscal support in several large economies and the rollout of vaccines. The projected growth rates for 2021 and 2022 are 6.0% and 4.4% respectively, an upward revision of 0.5 percentage points and 0.2 percentage points respectively as compared to the previous projection.

The projected growth rate for the US economy was 6.4% in 2021, an upgrade of 1.3 percentage points. Meanwhile, the growth forecast for China was marked upward by 0.3 percentage points to 8.4% in 2021. The projected growth rates for the Euro area and Japan were 4.4% and 3.3% respectively in 2021, both up by 0.2 percentage points.

The US economy experienced an upturn after three consecutive quarters of decline, with Gross Domestic Product (GDP) in the first quarter of 2021 rising by 0.4% year-on-year and 6.4% quarter-to-quarter. Private consumption expenditure and private domestic fixed investment added 7.0 percentage points and 1.8 percentage points to economic growth respectively. Government expenditure and investment contributed 1.1 percentage points to the growth, while net exports hampered the growth by 0.9 percentage points. The unemployment rate held steady quarter-to-quarter at 6.5%; the seasonally adjusted unemployment rate went down by 0.6 percentage points to 6.2%.

The economy of the Euro area continued to slow down, with the GDP in the first quarter falling by 1.3% year-on-year and 0.3% quarter-to-quarter. The economy of Germany shrank by 3.3% while the economy of France rose by 1.5%. Final consumption expenditure of households and non-profit institutions in the Euro area dragged down the growth by 1.2 percentage points, while gross fixed capital formation added 0.1 percentage point. Inventory change contributed 0.7 percentage points to the growth, while net exports added 0.1 percentage point. The unemployment rate increased by 0.2 percentage points quarter-to-quarter to 8.4%.

The UK economy declined at a slower pace. The first-quarter GDP dropped by 6.1% year-on-year and 1.5% quarter-to-quarter. Household final consumption expenditure and gross capital formation impeded the growth by 2.3 percentage points and 1.8 percentage points respectively, whereas government final consumption expenditure and net exports added 0.6 percentage points and 2.0 percentage points to the increase respectively. The unemployment rate fell by 0.3 percentage points from the previous quarter to 4.8%.

The economies in the Asian region lacked growth momentum, except for China. The WEO report of IMF in April 2021 indicated that the projected growth rate for the ASEAN-5 economies<sup>a</sup> was revised downward by 0.3 percentage points to 4.9% in 2021. The growth forecast for the Middle East and Central Asia was 3.7% in 2021, up by 0.7 percentage points compared to the January forecast.

The economy of Japan continued to shrink after a slowdown in decline, with the GDP in the first quarter dropping by 1.9% year-on-year and 1.3% quarter-to-quarter. Private demand and gross capital formation dragged down economic growth by 3.0 percentage points and 0.9 percentage points respectively, while government consumption expenditure and net exports of goods and services contributed 0.6 percentage points and 0.1 percentage point to the growth respectively. The unemployment rate decreased by 0.1 percentage point quarter-to-quarter to 2.8%; the seasonally adjusted unemployment rate dipped by 0.2 percentage points to 2.8%.

The first-quarter GDP of the Republic of Korea rebounded by 1.8% year-on-year and quarter-to-quarter after falling for three consecutive quarters. Final consumption expenditure and fixed capital formation added 0.8 percentage points and 0.7 percentage points to the increase respectively, whereas net exports hampered the growth by 0.2 percentage points. The unemployment rate grew by 1.3 percentage points from the previous quarter to 5.0%.

China's economy showed strong growth momentum, with the first-quarter GDP rising by 18.3% year-on-year and 0.6% quarter-to-quarter. Final consumption expenditure contributed 11.6 percentage points to the GDP growth, whereas gross capital formation and net export of goods and services added 4.5 percentage points and 2.2 percentage points respectively. Total retail sales of consumer goods went up by 33.9% year-on-year, with sales of communication appliances, cosmetics, commodities and petroleum & related products increasing by 42.4%, 41.4%, 33.2% and 23.6% respectively. As regards external trade, total value of external trade<sup>b</sup> in the first quarter of 2021 grew by 28.8% year-on-year.

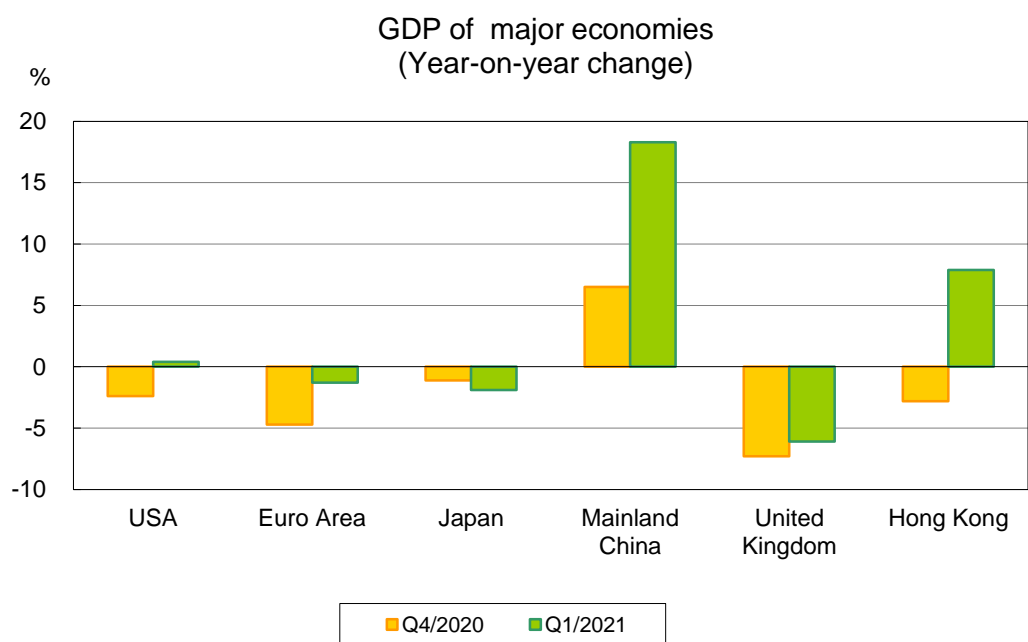
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<sup>a</sup> Indonesia, Malaysia, the Philippines, Thailand and Viet Nam.

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

In terms of inflation, the Consumer Price Index (CPI) for the first quarter of 2021 held steady year-on-year.

The Hong Kong economy expanded by 7.9% year-on-year and 5.4% quarter-to-quarter in the first quarter of 2021. Domestic demand increased, and private consumption expenditure rose by 1.6%. Gross fixed capital formation grew by 4.5%. Meanwhile, exports of services slid by 8.1%, smaller than the decline in the previous quarter by 20.7 percentage points. Government consumption expenditure went up by 6.8%. The seasonally adjusted unemployment rate climbed by 0.2 percentage points over the previous quarter to 6.8%.



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

	%							
	2018	2019	2020	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1
<b>USA</b>								
Gross Domestic Product	3.0	2.2	-3.5	0.3	-9.0	-2.8	-2.4	0.4
Exports of goods	7.9	-1.5	-13.2	-3.1	-30.1	-13.5	-5.7	3.0
Imports of goods	8.4	-1.6	-6.6	-4.9	-20.3	-4.9	4.1	-1.8
Consumer Price Index	2.4	1.8	1.2	2.1	0.4	1.2	1.2	1.1
Unemployment rate	3.9	3.7	8.1	4.1	12.9	8.9	6.5	6.5
<b>Euro area <sup>a</sup></b>								
Gross Domestic Product	1.9	1.3	-6.6	-3.3	-14.6	-4.1 <sup>f</sup>	-4.7 <sup>f</sup>	-1.3
Exports of goods	4.1	2.8	-9.1 <sup>f</sup>	-1.5	-23.6	-8.7	-2.8 <sup>f</sup>	-1.3
Imports of goods	7.2	1.6	-10.7	-4.1 <sup>f</sup>	-21.6 <sup>f</sup>	-11.4 <sup>f</sup>	-5.9 <sup>f</sup>	0.4
Consumer Price Index	1.8	1.2	0.3	1.1	0.2	-	-0.3	1.1
Unemployment rate	8.2	7.6	7.9 <sup>f</sup>	7.5	7.5	8.5	8.2 <sup>f</sup>	8.4
<b>Germany</b>								
Gross Domestic Product	1.3	0.6	-4.8 <sup>f</sup>	-1.8	-11.3	-3.7 <sup>f</sup>	-2.3 <sup>f</sup>	-3.3
Exports of goods	3.0	0.8	-9.3	-3.3	-23.7	-8.3	-1.8 <sup>f</sup>	2.5
Imports of goods	5.6	1.4	-7.1	-2.7	-17.8	-7.2	-0.9	2.6
Consumer Price Index	1.7	1.4	0.5	1.7	0.8	-0.1	-0.3	1.4
Unemployment rate	5.2	5.0	5.9	5.2	6.0	6.3	5.9	6.3
<b>France</b>								
Gross Domestic Product	1.8	1.5	-8.2	-5.5 <sup>f</sup>	-18.6	-3.7	-4.8 <sup>f</sup>	1.5
Exports of goods	3.8 <sup>f</sup>	3.7 <sup>f</sup>	-16.2 <sup>f</sup>	-8.5 <sup>f</sup>	-34.5	-14.1 <sup>f</sup>	-7.4 <sup>f</sup>	0.5
Imports of goods	4.3	2.4	-13.3 <sup>f</sup>	-8.4 <sup>f</sup>	-27.2	-9.7 <sup>f</sup>	-7.9 <sup>f</sup>	2.8
Consumer Price Index	1.9	1.1	0.5	1.2	0.3	0.3	0.1	-
Unemployment rate	9.0	8.4 <sup>f</sup>	8.0 <sup>f</sup>	8.1	6.8	8.9	8.3 <sup>f</sup>	8.2
<b>United Kingdom</b>								
Gross Domestic Product	1.3	1.4	-9.8 <sup>f</sup>	-2.2	-21.4 <sup>f</sup>	-8.5 <sup>f</sup>	-7.3 <sup>f</sup>	-6.1
Exports of goods	4.4	6.2	-16.6 <sup>f</sup>	-8.2 <sup>f</sup>	-16.1	-20.9 <sup>f</sup>	-20.7 <sup>f</sup>	-10.9
Imports of goods	3.5	3.2	-15.5 <sup>f</sup>	-20.1 <sup>f</sup>	-29.4 <sup>f</sup>	-15.5 <sup>f</sup>	4.9 <sup>f</sup>	-5.2
Consumer Price Index	2.4	1.8	0.8	1.7	0.6	0.6	0.5	0.6
Unemployment rate	4.1	3.8	4.5	4.0	4.1	4.8	5.1	4.8

<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 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	%
<b>Mainland China</b>									
Gross Domestic Product	6.7	6.1	2.3	-6.8	3.2	4.9	6.5	18.3	
Exports of goods	9.9	0.5	4.0	-13.4	0.1	8.8	17.0	48.6	
Imports of goods	15.8	-2.7	-0.9	-3	-9.7	3.2	5.3	27.6	
Consumer Price Index <sup>a</sup>	2.1	2.9	2.5	4.9	3.8	3.3	2.5	-	
<b>Hong Kong</b>									
Gross Domestic Product	2.8	-1.7 <sup>f</sup>	-6.1	-9.1	-9.0	-3.6	-2.8 <sup>f</sup>	7.9	
Exports of goods	7.3	-4.1	-1.5	-9.7	-4.3	1.3	5.3	33.2	
Imports of goods	8.4	-6.5	-3.3	-10.0	-8.8	-1.9	6.6	25.6	
Consumer Price Index	2.4	2.9	0.3	2.0	1.3	-1.7	-0.3	0.9	
Unemployment rate	2.8	2.9	5.9	4.2	6.2	6.7	6.3	6.7	
<b>Taiwan</b>									
Gross Domestic Product	2.8	3.0	3.1	2.5	0.4	4.3	5.1	8.2	
Exports of goods <sup>b</sup>	5.9	-1.5	4.9	3.6	-2.4	6.0	11.7	24.6	
Imports of goods <sup>b</sup>	10.7	0.3	0.1	3.3	-4.6	-1.7	3.1	21.7	
Consumer Price Index	1.4	0.6	-0.2	0.5	-1.0	-0.5	-	0.8	
Unemployment rate	3.7	3.7	3.9	3.7	4.0	3.9	3.7	3.7	
<b>Japan</b>									
Gross Domestic Product <sup>c</sup>	0.6	. <sup>f</sup>	-4.7 <sup>f</sup>	-2.1 <sup>f</sup>	-10.1 <sup>f</sup>	-5.6 <sup>f</sup>	-1.1 <sup>f</sup>	-1.9	
Exports of goods	4.1	-5.6	-11.1	-5.5	-25.3	-13.0	-0.7	6.0	
Imports of goods	9.7	-5.0	-13.7 <sup>f</sup>	-7.3 <sup>f</sup>	-15.8 <sup>f</sup>	-19.9 <sup>f</sup>	-11.8 <sup>f</sup>	1.9	
Consumer Price Index	1.0	0.5	0.1	0.5	0.1	0.2	-0.8	-0.4	
Unemployment rate	2.4	2.4	2.8	2.4	2.8	3.0	2.9	2.8	
<b>Republic of Korea</b>									
Gross Domestic Product	2.9	2.0	-1.0 <sup>f</sup>	1.4	-2.7	-1.1	-1.2 <sup>f</sup>	1.8	
Exports of goods	5.4	-10.4	-5.5 <sup>f</sup>	-1.9 <sup>f</sup>	-20.3	-3.5 <sup>f</sup>	4.1 <sup>f</sup>	12.7	
Imports of goods	11.9	-6.0	-7.1 <sup>f</sup>	-1.9 <sup>f</sup>	-15.8 <sup>f</sup>	-8.7 <sup>f</sup>	-1.7 <sup>f</sup>	9.3	
Consumer Price Index	1.5	0.4	0.5	1.2	-0.1	0.6	0.4	1.1	
Unemployment rate	3.8	3.8	4.0	4.2	4.4	3.6	3.7	5.0	
<b>Singapore</b>									
Gross Domestic Product	3.5	1.3	-5.4	-	-13.3	-5.8	-2.4	1.3	
Exports of goods	7.9	-4.2	-3.2	4.0	-11.4	-2.2	-2.9	6.9	
Imports of goods	10.6	-2.1	-7.4	2.6	-16.6	-7.6	-7.6	2.7	
Consumer Price Index	0.4	0.6	-0.2	0.4	-0.7	-0.3	-0.1	0.8	
Unemployment rate	2.1	2.3	3.0	2.2	3.8	3.2 <sup>f</sup>	2.8	2.6	

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 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	%
<b>USA</b>									
Gross Domestic Product	3.0	2.2	-3.5	-5.0	-31.4	33.4	4.3 <sup>f</sup>	6.4	
Exports of goods	7.9	-1.5	-13.2	-2.1	-28.5	23.8 <sup>f</sup>	8.7 <sup>f</sup>	5.8	
Imports of goods	8.4	-1.6	-6.6	-2.8	-14.6	18.5	6.0	5.3	
Consumer Price Index	2.4	1.8	1.2	0.2	-0.8	1.1	0.6	0.9	
Unemployment rate <sup>a</sup>	3.9	3.7	8.1	3.8	13.0	8.8	6.8	6.2	
<b>Japan</b>									
Gross Domestic Product	0.6	0.3	-4.8	-0.5 <sup>f</sup>	-8.1 <sup>f</sup>	5.3	2.8 <sup>f</sup>	-1.3	
Exports of goods	4.2 <sup>f</sup>	-5.6 <sup>f</sup>	-11.5 <sup>f</sup>	-3.9 <sup>f</sup>	-21.3 <sup>f</sup>	16.7 <sup>f</sup>	12.2 <sup>f</sup>	4.0	
Imports of goods	9.5 <sup>f</sup>	-4.7	-14.3 <sup>f</sup>	-6.0	-6.3 <sup>f</sup>	-5.0 <sup>f</sup>	5.0 <sup>f</sup>	11.1	
Consumer Price Index	1.0	0.5	0.1	0.1	-0.3	0.2	-0.8	-0.4	
Unemployment rate <sup>a</sup>	2.4	2.4	2.8	2.4	2.8	3.0	3.0	2.8	
<b>Hong Kong</b>									
Gross Domestic Product	2.8	-1.2	-6.1	-5.0 <sup>f</sup>	-0.4 <sup>f</sup>	2.4 <sup>f</sup>	0.5 <sup>f</sup>	5.4	
Exports of goods	7.3	-4.1	-1.5	-6.1	4.4	3.3	4.8	17.9	
Imports of goods	8.4	-6.5	-3.3	-3.1	1.0	2.8	6.3	12.9	
Consumer Price Index	2.4	2.9	0.3	-0.7	0.6	-2.0	1.7	0.6	
Unemployment rate <sup>a</sup>	2.8	2.9	5.9	4.2	6.2	6.4	6.6	6.8	

<sup>a</sup> 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