

Global Economy in the Second Quarter of 2019

The global economy maintained growth in the second quarter of 2019 but the growth slowed significantly due to considerable volatility in the international financial markets resulting from the persistent China-US trade conflicts. Trade protectionism and unilateralism continued to threaten global investment and trade, with several major economies experiencing a slowdown in trade, which together with escalated geopolitical tensions and confusion about the form of Brexit brought obstacles and increased uncertainty over global economic development.

The World Economic Outlook (WEO) Update of the International Monetary Fund (IMF) in July 2019 indicated that the global economic growth remains weak and risks to global growth are skewed to the downside amid increased trade tensions and the continued slump in investment and demand for durable consumer goods in advanced and emerging market economies. The global economy is projected to grow by 3.2% in 2019 and 3.5% in 2020, both down by 0.1 percentage point from the forecast in April 2019. Growth projection for the US was revised upward by 0.3 percentage points to 2.6% for 2019 and the growth for 2020 was maintained at 1.9%. Growth forecast for China in 2019 and 2020 were both marked downward by 0.1 percentage point to 6.2% and 6.0% respectively compared to the forecast in April. The projected growth rate for the Euro area in 2019 remained at 1.3% and the rate for 2020 was revised upward by 0.1 percentage point to 1.6%. Growth projections for Japan in 2019 and 2020 were 0.9% and 0.4% respectively, both down by 0.1 percentage point compared to the April forecast.

The US economy maintained rapid growth, with the second-quarter Gross Domestic Product (GDP) rising by 2.3% year-on-year and 2.0% quarter-to-quarter. Private consumption expenditure added 3.1 percentage points to the growth but domestic private investment dragged down the growth by 1.1 percentage points; government expenditure and investment contributed 0.8 percentage points to the increase, while net exports hampered the growth by 0.7 percentage points. The unemployment rate fell by 0.6 percentage points quarter-to-quarter to 3.5% amid steady economic development; the seasonally adjusted unemployment rate declined by 0.3 percentage points to 3.6% quarter-to-quarter.

The economy of the Euro area continued to slow down, with the GDP in the second quarter growing by 1.2% year-on-year and 0.2% quarter-to-quarter. The growth in Germany slowed continuously with nil year-on-year change, while the economy of France grew by 1.4%. Final consumption expenditure of households and non-profit institutions in the Euro area and gross fixed capital formation each added 0.1 percentage point to the increase; inventory change made no contribution to the growth and net exports impeded the growth by 0.1 percentage point. The unemployment rate fell by 0.7 percentage points quarter-to-quarter to 7.4%.

The UK economy sustained growth, with the GDP in the second quarter climbing by 1.2% year-on-year but falling by 0.2% quarter-to-quarter. Household and government final consumption expenditure drove up the growth by 0.3 percentage points and 0.1 percentage point respectively. Capital formation dragged down the growth by 4.0 percentage points while net exports added 3.5 percentage points. Economic growth slowed down, and the unemployment rate inched up by 0.1 percentage point from the previous quarter to 3.9%.

Economies in the Asian region continued to grow. The WEO of IMF in July 2019 indicated that the projected growth rates for India in 2019 and 2020 were both revised downward by 0.3 percentage points to 7.0% and 7.2% respectively compared to the forecast in April 2019. The growth projections for the ASEAN-5 economies^a in 2019 and 2020 were 5.0% and 5.1% respectively, both down by 0.1 percentage point from the April forecast. The growth forecast for the Middle East, North Africa, Afghanistan and Pakistan in 2019 dropped from 1.5% in April to 1.0%, whereas the projected growth rate in 2020 was marked downward from 3.2% to 3.0%.

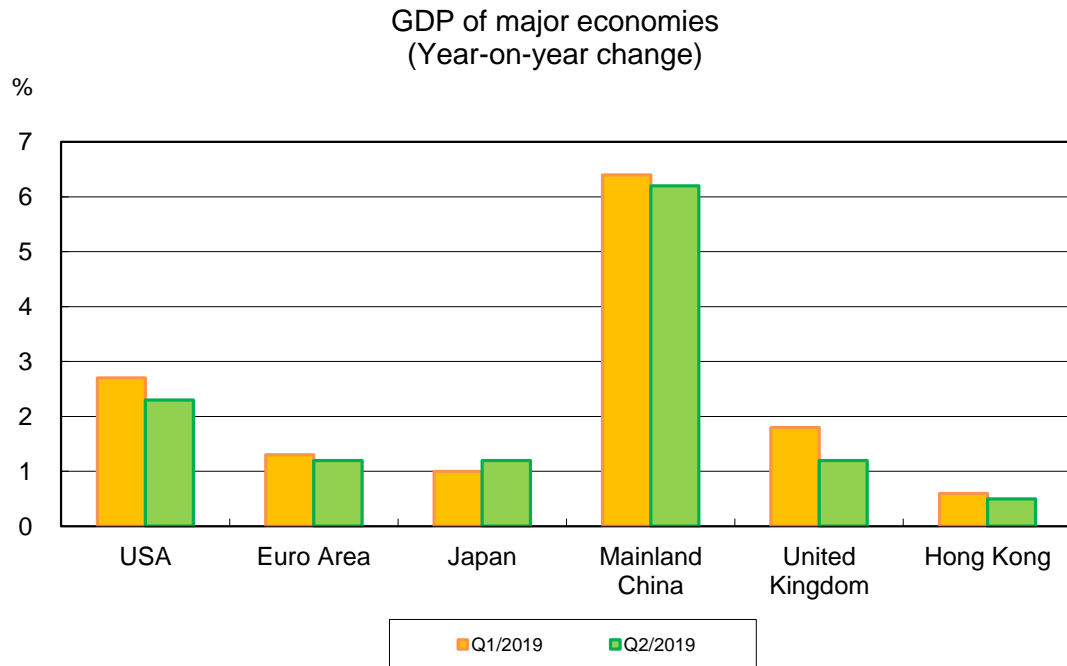
The second-quarter GDP of Japan increased by 1.2% year-on-year and 0.4% quarter-to-quarter. Private demand added 0.5 percentage points to the economic growth, but net exports of goods and services drove down the growth by 0.3 percentage points. Employment situation was stable, with the unemployment rate remaining steady over the previous quarter at 2.4%; the seasonally adjusted unemployment rate also held stable at 2.4%.

The second-quarter GDP of the Republic of Korea rose by 2.1% year-on-year and 1.0% quarter-to-quarter. Final consumption expenditure drove up the economic growth by 0.7 percentage points, fixed capital formation added 0.5 percentage points, while net exports dragged down the growth by 0.1 percentage point. The economy showed continued growth, with the unemployment rate falling by 0.4 percentage points from the previous quarter to 4.1%.

The economy of mainland China maintained rapid growth, with the GDP for the second quarter expanding by 6.2% year-on-year and 6.3% for the first half year of 2019. In the first half year of 2019, value added of the above-scale industries grew by 6.0% year-on-year in real terms; fixed asset investment (excluding farmers) rose by 5.8% year-on-year; total retail sales of consumer goods went up by 8.4%, with sales of petroleum & related products, daily necessities, cosmetics and communication equipment rising by 3.1%, 14.1%, 13.2% and 7.4% respectively. As regards external trade, total value of external trade for the second quarter grew by 3.9% year-on-year. Inflation rose, with the growth in the Consumer Price Index (CPI) for the first half year of 2019 rising by 0.2 percentage points year-on-year to 2.2%.

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

The Hong Kong economy continued to slow in the second quarter, up merely by 0.5% year-on-year and down by 0.4% quarter-to-quarter. Domestic demand was weak compared to the same quarter last year. Private consumption expenditure edged up by just 1.1% whereas government consumption expenditure grew steadily by 4.2%. Exports of services dropped slightly by 0.2% year-on-year in the second quarter following a slight increase of 0.8% in the previous quarter. Gross fixed capital formation continued the downward trend, down by 11.6% in the second 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 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2
USA								
Gross Domestic Product	1.6	2.4 ^f	2.9	3.2 ^f	3.1 ^f	2.5 ^f	2.7 ^f	2.3
Exports of goods	-3.1	6.6	7.8 ^f	11.7 ^f	8.3 ^f	3.2 ^f	1.4	-3.0
Imports of goods	-1.8	6.8 ^f	8.6	8.4 ^f	10.8 ^f	6.4 ^f	- ^f	0.6
Consumer Price Index	1.3	2.1	2.4	2.7	2.6	2.2	1.6	1.8
Unemployment rate	4.9	4.4	3.9	3.8	3.9	3.6	4.1	3.5
Euro area ^a								
Gross Domestic Product	1.9	2.4	1.9	2.2	1.7	1.2	1.3 ^f	1.2
Exports of goods	0.3	7.1	3.8	4.4	4.7	3.8 ^f	4.1 ^f	2.4
Imports of goods	-1.3	9.9 ^f	6.7 ^f	6.3 ^f	10.2 ^f	7.8	5.1 ^f	2.4
Consumer Price Index	0.2	1.5	1.8	1.7	2.1	1.9	1.4	1.4
Unemployment rate	10.0	9.1	8.2	8.2	7.8	7.9	8.1	7.4
Germany								
Gross Domestic Product	2.2	2.5 ^f	1.5 ^f	2.5 ^f	1.1	0.9	0.8 ^f	-
Exports of goods	0.9	6.2	3.0	5.1	2.9	1.4	2.5	-1.3
Imports of goods	0.6	8.0	5.7	6.3	8.1	4.9	5.0 ^f	1.0
Consumer Price Index	0.5	1.5	1.7	1.7	1.9	2.0	1.4	1.7
Unemployment rate	6.1	5.7	5.2	5.1	5.1	4.9	5.2	4.9
France								
Gross Domestic Product	1.0 ^f	2.4 ^f	1.7 ^f	1.9 ^f	1.5 ^f	1.2 ^f	1.3 ^f	1.4
Exports of goods	-0.9	5.0 ^f	3.9	3.1 ^f	3.4	4.1	6.3 ^f	5.8
Imports of goods	-0.2	7.1	3.6 ^f	5.7	3.7 ^f	2.9 ^f	4.8 ^f	2.1
Consumer Price Index	0.2	1.0	1.9	1.9	2.2	1.9	1.2	1.1
Unemployment rate	10.1	9.4	9.1	8.7	8.8	9.1	9.1 ^f	8.1
United Kingdom								
Gross Domestic Product	1.8	1.8	1.4	1.4	1.6	1.4	1.8	1.2
Exports of goods	4.3	13.3	3.5	2.7	3.7	4.1	5.8 ^f	3.7
Imports of goods	6.7	10.2	2.7	1.7	3.5	4.8	16.9 ^f	-0.5
Consumer Price Index	0.7	2.7	2.4	2.4	2.5	2.2	1.9	2.0
Unemployment rate	4.9	4.4	4.1	4.0	4.1	4.0	3.8	3.9

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 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2
Mainland China								
Gross Domestic Product	6.7	6.8 ^f	6.6	6.7	6.5	6.4	6.4	6.2
Exports of goods	-7.7	7.9	9.9 ^f	11.5 ^f	11.7 ^f	3.9 ^f	1.3 ^f	-1.0
Imports of goods	-5.5	16.1	15.8 ^f	20.6 ^f	20.4 ^f	4.4 ^f	-4.5 ^f	-4.1
Consumer Price Index ^a	2.0	1.6	2.1	2.0	2.1	2.1	1.8	2.2
Hong Kong								
Gross Domestic Product	2.2	3.8	3.0	3.6	2.8	1.2	0.6	0.5
Exports of goods	-0.5	8.0	7.3	9.0	9.0	2.2	-2.4	-4.7
Imports of goods	-0.9	8.7	8.4	10.4	11.5	1.8	-3.2	-5.7
Consumer Price Index	2.4	1.5	2.4	2.1	2.5	2.6	2.2	3.0
Unemployment rate	3.4	3.1	2.8	2.8	3.0	2.7	2.8	2.9
Taiwan								
Gross Domestic Product	1.5	3.1	2.6	3.3	2.4	1.8	1.8 ^f	2.4
Exports of goods ^b	-1.8	13.2	5.9	11.2	3.0	0.1	-4.2	-2.6
Imports of goods ^b	-2.8	12.4	10.4	10.6	13.7	6.7	-0.8	0.9
Consumer Price Index	1.4	0.6	1.4	1.7	1.7	0.5	0.3	0.8
Unemployment rate	3.9	3.8	3.7	3.7	3.8	3.7	3.7	3.7
Japan								
Gross Domestic Product ^c	0.9	1.9	0.7 ^f	1.5	0.1	0.3 ^f	1.0 ^f	1.2
Exports of goods	-7.4	11.8	4.1	7.5	2.9	1.3	-3.9	-5.6
Imports of goods	-15.8	14.1	9.7	7.5	12.4	11.2	-2.0	-0.1
Consumer Price Index	-0.1	0.5	1.0	0.6	1.1	0.9	0.3	0.8
Unemployment rate	3.1	2.8	2.4	2.5	2.5	2.4	2.4	2.4
Republic of Korea								
Gross Domestic Product	2.9	3.2 ^f	2.7	2.9 ^f	2.1 ^f	2.9 ^f	1.7 ^f	2.1
Exports of goods	-5.9	15.8	5.4	3.1	1.7	7.7	-8.5	-8.5
Imports of goods	-6.9	17.8	11.9	13.0	7.8	12.9	-6.8	-3.5
Consumer Price Index	1.0	1.9	1.5	1.5	1.6	1.8	0.5	0.7
Unemployment rate	3.7	3.7	3.8	3.9	3.8	3.4	4.5	4.1
Singapore								
Gross Domestic Product	3.0	3.7	3.1	4.2	2.6	1.3	1.1 ^f	0.1
Exports of goods	-5.1	10.3	7.9	9.3	12.7	7.2	-	-4.5
Imports of goods	-4.7	12.1	10.6	11.1	17.0	11.5	4.6	0.6
Consumer Price Index	-0.5	0.6	0.4	0.3	0.7	0.5	0.5	0.7
Unemployment rate	2.1	2.2	2.1	2.7	1.9	1.9	2.0	3.0

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 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2
USA								
Gross Domestic Product	1.6	2.4 ^f	2.9	3.5 ^f	2.9 ^f	1.1 ^f	3.1 ^f	2.0
Exports of goods	-3.1	6.6	7.8 ^f	4.0 ^f	-1.8 ^f	-0.6 ^f	2.1 ^f	-2.8
Imports of goods	-1.8	6.8 ^f	8.6	0.3 ^f	2.2 ^f	0.3 ^f	0.7 ^f	0.7
Consumer Price Index	1.3	2.1	2.4	0.5	0.5	0.4	0.2	0.7
Unemployment rate ^a	4.9	4.4	3.9	3.9	3.8	3.8	3.9	3.6
Japan								
Gross Domestic Product	0.9	1.9	0.7 ^f	0.4 ^f	-0.5 ^f	0.4	0.7 ^f	0.4
Exports of goods	-7.8	12.4	4.1	2.4 ^f	-0.5 ^f	-0.2 ^f	-4.9 ^f	-
Imports of goods	-15.9 ^f	14.4 ^f	9.4 ^f	0.8 ^f	3.6 ^f	2.2 ^f	-7.0 ^f	1.2
Consumer Price Index	-0.1	0.5	1.0	-0.4	0.5	-	0.2	0.1
Unemployment rate ^a	3.1	2.8	2.4	2.4	2.4	2.4	2.4	2.4
Hong Kong								
Gross Domestic Product	2.2	3.8	3.0	-0.3	0.1	-0.5	1.3	-0.4
Exports of goods	-0.5	8.0	7.3	1.2	1.0	-3.9	-2.8	-0.5
Imports of goods	-0.9	8.7	8.4	1.1	2.1	-5.4	-2.9	-1.0
Consumer Price Index	2.4	1.5	2.4	0.4	0.6	0.7	0.5	1.2
Unemployment rate ^a	3.4	3.1	2.8	2.8	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