

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

The global economic recovery continued in the third quarter of 2021, but its momentum has weakened. With the Delta variant ravaging the world, the pace of recovery was still hindered by the pandemic. In addition, coronavirus outbreaks in key links of global supply chains have caused prolonged supply disruptions, which have pushed up inflation in many countries. Thus, the global economy continued to face high uncertainty.

Growth projections for some economies were adjusted in the World Economic Outlook (WEO) report of the International Monetary Fund (IMF) in October 2021. The projected growth rate for the global economy in 2021 was 5.9%, a downgrade of 0.1 percentage point as against the forecast in July; meanwhile, the growth rate for 2022 remained at 4.9%. The projected growth rate for the US economy in 2021 was revised downward by 1.0 percentage point to 6.0%, and the growth forecast for China was marked downward by 0.1 percentage point to 8.0%. The projected growth rate for the Euro area in 2021 was revised upward by 0.4 percentage points to 5.0% in 2021, whereas that for Japan was marked downward by 0.4 percentage points to 2.4%.

A number of economies showed year-on-year growth in the third quarter of 2021. The US economy sustained growth, with Gross Domestic Product (GDP) in the third quarter rising by 4.9% year-on-year and 2.1% quarter-to-quarter. Private consumption expenditure added 1.2 percentage points to economic growth. Private domestic fixed investment dragged down the growth by 0.2 percentage points, while government expenditure and investment contributed 0.2 percentage points. Net exports hampered the growth by 1.2 percentage points. The unemployment rate dropped by 0.6 percentage points quarter-to-quarter to 5.2%; the seasonally adjusted unemployment rate went down by 0.8 percentage points to 5.1%.

The economy of the Euro area continued to improve, with the GDP in the third quarter rising by 3.9% year-on-year and 2.2% quarter-to-quarter. The economy of Germany expanded by 2.5% year-on-year and the economy of France grew by 3.3%. Final consumption expenditure of households and non-profit institutions in the Euro area contributed 2.1 percentage points to the increase, while gross fixed capital formation dragged down the growth by 0.2 percentage points. Net exports added 0.3 percentage points to the increase, whereas inventory change impeded the growth by 0.1 percentage point. The unemployment rate decreased by 0.5 percentage points quarter-to-quarter to 7.4%.

The UK economy slowed down. The third-quarter GDP increased by 6.6% year-on-year and 1.3% quarter-to-quarter. Household final consumption expenditure, government final consumption expenditure and capital formation drove up the growth by 1.1 percentage points, 0.2 percentage points and 1.0 percentage point respectively, whereas net exports impeded the growth by 1.1

percentage points. The unemployment rate fell by 0.4 percentage points from the previous quarter to 4.3%.

The economies in the Asian region continued to slow, except for China. The WEO report of IMF in October 2021 indicated that the projected growth rate for the ASEAN-5 economies<sup>a</sup> was revised downward by 1.4 percentage points to 2.9% in 2021. The growth forecast for the Middle East and Central Asia was 4.1% in 2021, up by 0.1 percentage point compared to the July forecast.

The economy of Japan showed a slowdown, with the GDP in the third quarter rising by 1.4% year-on-year but falling by 0.8% quarter-to-quarter. Private demand and gross fixed capital formation hampered economic growth by 1.0 percentage point and 0.8 percentage points respectively, while government consumption expenditure and net exports of goods & services contributed 0.2 percentage points and 0.1 percentage point respectively. The unemployment rate decreased by 0.2 percentage points quarter-to-quarter to 2.8%; the seasonally adjusted unemployment rate edged down by 0.1 percentage point to 2.8%.

The third-quarter GDP of the Republic of Korea increased by 4.0% year-on-year and 0.3% quarter-to-quarter. Net exports, government consumption expenditure and final consumption expenditure added 0.8 percentage points, 0.2 percentage points and 0.1 percentage point to the increase respectively, whereas fixed capital formation dragged down the growth by 0.6 percentage points. The unemployment rate fell by 1.1 percentage points from the previous quarter to 2.8%.

China's economy continued to recover, with the third-quarter GDP rising by 4.9% year-on-year, down by 3.0 percentage points from the previous quarter. For the first three quarters, final consumption expenditure contributed 6.3 percentage points to the GDP growth, whereas gross capital formation and net export of goods and services added 1.5 percentage points and 1.9 percentage points respectively. The value added of the above-scale industries rose by 11.8% year-on-year for the first three quarters of 2021. Fixed asset investment (excluding farmers) increased by 7.3% year-on-year; total retail sales of consumer goods went up by 16.4%, with sales of petroleum & related products, cosmetics, communication appliances and commodities increasing by 20.3%, 17.9%, 17.5% and 16.0% respectively. As regards external trade, total value of external trade<sup>b</sup> in the first three quarters of 2021 grew by 22.6% year-on-year. In terms of inflation, the Consumer Price Index (CPI) for the first three quarters of 2021 rose by 0.6% year-on-year, a drop of 2.7 percentage points year-on-year.

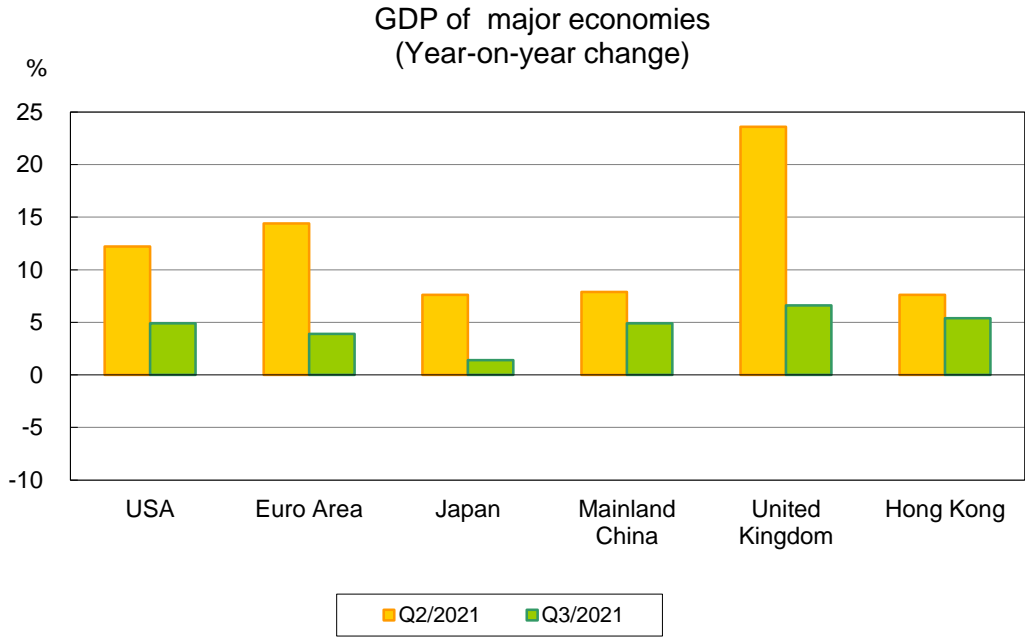
The Hong Kong economy expanded by 5.4% year-on-year and 0.1% quarter-to-quarter in the third quarter. Domestic demand continued to increase, and private consumption expenditure rose by 7.1%. Gross fixed capital formation grew by 10.8%, down by 13.1 percentage points

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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

quarter-to-quarter. Exports of services rose by 4.2% and government consumption expenditure went up by 4.3%. The seasonally adjusted unemployment rate dropped by 1.0 percentage point over the previous quarter to 4.5%.



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

%

	2018	2019	2020	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3
<b>USA</b>								
Gross Domestic Product	2.9	2.3	-3.4	-2.9	-2.3	0.5	12.2	4.9
Exports of goods	7.9	-1.5	-13.5	-13.6	-5.9	2.7 <sup>f</sup>	51.0	23.7
Imports of goods	8.4	-1.7	-6.5	-4.9	4.2	11.6	37.9 <sup>f</sup>	19.4
Consumer Price Index	2.4	1.8	1.2	1.2	1.2	1.9	4.8	5.3
Unemployment rate	3.9	3.7	8.1	8.9	6.5	6.5	5.8	5.2
<b>Euro area <sup>a</sup></b>								
Gross Domestic Product	1.8 <sup>f</sup>	1.6 <sup>f</sup>	-6.4 <sup>f</sup>	-4.1 <sup>f</sup>	-4.4	-1.1 <sup>f</sup>	14.4 <sup>f</sup>	3.9
Exports of goods	4.1	2.9 <sup>f</sup>	-9.0 <sup>f</sup>	-8.6 <sup>f</sup>	-2.6 <sup>f</sup>	0.6 <sup>f</sup>	34.2 <sup>f</sup>	13.4
Imports of goods	7.2	1.7	-10.6 <sup>f</sup>	-11.4	-5.5 <sup>f</sup>	0.2 <sup>f</sup>	33.9 <sup>f</sup>	22.5
Consumer Price Index	1.8	1.2	0.3	-	-0.3	1.1	1.8	2.8
Unemployment rate	8.2	7.6	7.9	8.5	8.1	8.5 <sup>f</sup>	7.9 <sup>f</sup>	7.4
<b>Germany</b>								
Gross Domestic Product	1.1	1.1	-4.6	-3.6 <sup>f</sup>	-1.9	-3.2 <sup>f</sup>	10.4 <sup>f</sup>	2.5
Exports of goods	3.0	0.8	-9.1 <sup>f</sup>	-8.1 <sup>f</sup>	-1.7 <sup>f</sup>	2.5 <sup>f</sup>	34.7 <sup>f</sup>	11.0
Imports of goods	5.6	1.4	-7.0 <sup>f</sup>	-7.1 <sup>f</sup>	-0.8 <sup>f</sup>	2.3 <sup>f</sup>	31.1 <sup>f</sup>	15.7
Consumer Price Index	1.7	1.4	0.5	-0.1	-0.3	1.4	2.3	3.9
Unemployment rate	5.2	5.0	5.9	6.3	5.9	6.3	5.9	5.5
<b>France</b>								
Gross Domestic Product	1.8	1.8	-8.0	-3.6	-4.3	1.5	18.8 <sup>f</sup>	3.3
Exports of goods	3.8	3.6	-16.2	-14.2 <sup>f</sup>	-7.5 <sup>f</sup>	0.3	43.5 <sup>f</sup>	15.4
Imports of goods	4.2	2.3	-13.4	-9.8	-8.0	2.8 <sup>f</sup>	35.1 <sup>f</sup>	13.8
Consumer Price Index	1.9	1.1	0.5	0.3	0.1	0.7	1.4	1.7
Unemployment rate	9.0	8.4	8.0	8.9	8.3	8.3	7.6 <sup>f</sup>	8.0
<b>United Kingdom</b>								
Gross Domestic Product	1.7 <sup>f</sup>	1.7 <sup>f</sup>	-9.7 <sup>f</sup>	-8.1 <sup>f</sup>	-7.1 <sup>f</sup>	-5.8 <sup>f</sup>	23.6 <sup>f</sup>	6.6
Exports of goods	3.8 <sup>f</sup>	6.0 <sup>f</sup>	-17.0 <sup>f</sup>	-21.6 <sup>f</sup>	-20.3 <sup>f</sup>	-11.4 <sup>f</sup>	15.9 <sup>f</sup>	8.5
Imports of goods	3.1 <sup>f</sup>	3.5 <sup>f</sup>	-14.3 <sup>f</sup>	-14.3 <sup>f</sup>	8.3 <sup>f</sup>	-1.5 <sup>f</sup>	32.9 <sup>f</sup>	13.5
Consumer Price Index	2.4	1.8	0.8	0.6	0.5	0.6	2.0	2.8
Unemployment rate	4.1	3.8	4.5	4.8	5.2	4.9	4.7	4.3

<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 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3
<b>Mainland China</b>								
Gross Domestic Product	6.7	6.1	2.3	4.9	6.5	18.3	7.9	4.9
Exports of goods	9.9	0.5	3.6	8.4	16.6	48.8 <sup>f</sup>	30.7	24.4
Imports of goods	15.8	-2.7	-0.6	3.7	5.7 <sup>f</sup>	29.4 <sup>f</sup>	44.0 <sup>f</sup>	25.9
Consumer Price Index <sup>a</sup>	2.1	2.9	2.5	3.3	2.5	-	0.5	0.6
<b>Hong Kong</b>								
Gross Domestic Product	2.8	-1.7	-6.1	-3.6	-2.8	8.0	7.6	5.4
Exports of goods	7.3	-4.1	-1.5	1.3	5.3	33.2	27.2	22.7
Imports of goods	8.4	-6.5	-3.3	-1.9	6.6	25.6	27.9	25.8
Consumer Price Index	2.4	2.9	0.3	-1.7	-0.6	1.2	0.8	2.3
Unemployment rate	2.8	2.9	5.8	6.6	6.3	6.7	5.5	4.7
<b>Taiwan</b>								
Gross Domestic Product	2.8	3.1 <sup>f</sup>	3.4 <sup>f</sup>	4.3	5.3 <sup>f</sup>	9.2 <sup>f</sup>	7.8 <sup>f</sup>	3.7
Exports of goods <sup>b</sup>	5.9	-1.5	4.9	6.0	11.7	24.6	37.3	30.1
Imports of goods <sup>b</sup>	10.7	0.3	0.1	-1.7	3.1	21.1	36.4	42.7
Consumer Price Index	1.4	0.6	-0.2	-0.5	-	0.8	2.1	2.3
Unemployment rate	3.7	3.7	3.9	3.9	3.7	3.7	4.2	4.2
<b>Japan</b>								
Gross Domestic Product <sup>c</sup>	0.6	-	-4.6	-5.5 <sup>f</sup>	-0.9 <sup>f</sup>	-1.3	7.6 <sup>f</sup>	1.4
Exports of goods	4.1	-5.6	-11.1	-13.0	-0.8 <sup>f</sup>	6.0	45.0	24.9
Imports of goods	9.7	-5.0	-13.5 <sup>f</sup>	-19.6 <sup>f</sup>	-11.4 <sup>f</sup>	1.9	23.6 <sup>f</sup>	36.8
Consumer Price Index	1.0	0.5	- <sup>f</sup>	- <sup>f</sup>	-0.9 <sup>f</sup>	-0.5 <sup>f</sup>	-0.7 <sup>f</sup>	-0.2
Unemployment rate	2.4	2.4	2.8	3.0	2.9	2.8	3.0	2.8
<b>Republic of Korea</b>								
Gross Domestic Product	2.9	2.2 <sup>f</sup>	-0.9	-1.0	-1.1	1.9	6.0 <sup>f</sup>	4.0
Exports of goods	5.4	-10.4	-5.5	-3.5	4.1	12.5	42.1	26.5
Imports of goods	11.9	-6.0	-7.1	-8.7	-1.7	12.3 <sup>f</sup>	37.5 <sup>f</sup>	37.5
Consumer Price Index	1.5	0.4	0.5	0.6	0.4	1.1	2.5	2.6
Unemployment rate	3.8	3.8	4.0	3.6	3.7	5.0	3.9	2.8
<b>Singapore</b>								
Gross Domestic Product	3.5	1.3	-5.4	-5.8	-2.4	1.5	15.2 <sup>f</sup>	7.1
Exports of goods	7.9	-4.2	-3.2	-2.2	-2.9	6.9	26.1	17.4
Imports of goods	10.6	-2.1	-7.4	-7.6	-7.6	2.7	28.6	21.1
Consumer Price Index	0.4	0.6	-0.2	-0.3	-0.1	0.8	2.3	2.5
Unemployment rate	2.1	2.3	3.0	3.2	2.8 <sup>f</sup>	2.6	3.5	2.4

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 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3
USA								
Gross Domestic Product	2.9	2.3	-3.4	33.8	4.5	6.3	6.7 <sup>f</sup>	2.1
Exports of goods	7.9	-1.5	-13.5	23.1	7.6	6.3 <sup>f</sup>	6.9	1.0
Imports of goods	8.4	-1.7	-6.5	17.4	5.8	6.3	4.3	1.4
Consumer Price Index	2.4	1.8	1.2	1.1	0.6	0.9	2.0	1.6
Unemployment rate <sup>a</sup>	3.9	3.7	8.1	8.8	6.8	6.2	5.9	5.1
Japan								
Gross Domestic Product	0.6	-	-4.6	5.4 <sup>f</sup>	2.8	-1.1 <sup>f</sup>	0.4 <sup>f</sup>	-0.8
Exports of goods	4.2 <sup>f</sup>	-5.7 <sup>f</sup>	-11.5	16.3 <sup>f</sup>	13.0 <sup>f</sup>	4.4	5.4 <sup>f</sup>	0.3
Imports of goods	9.5	-4.7	-14.1 <sup>f</sup>	-5.2 <sup>f</sup>	5.4 <sup>f</sup>	11.3 <sup>f</sup>	11.2 <sup>f</sup>	4.5
Consumer Price Index	1.0	0.5	- <sup>f</sup>	-0.1 <sup>f</sup>	-0.6	0.5	-0.5 <sup>f</sup>	0.4
Unemployment rate <sup>a</sup>	2.4	2.4	2.8	3.0	3.0	2.8	2.9	2.8
Hong Kong								
Gross Domestic Product	2.8	-1.2	-6.1	2.4	0.5	5.5	-0.9	0.1
Exports of goods	7.3	-4.1	-1.5	3.3	4.8	17.9	-5.5	-0.7
Imports of goods	8.4	-6.5	-3.3	2.8	6.3	12.9	-1.4	0.6
Consumer Price Index	2.4	2.9	0.3	-2.2	1.7	1.1	0.3	-0.9
Unemployment rate <sup>a</sup>	2.8	2.9	5.8	6.3	6.5	6.8	5.5	4.5

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