

## Global Economy in the Third Quarter of 2013

The global economy continued to grow slowly in the third quarter of 2013. Despite steady revival of the US economy, the faltering recovery of the Euro area, decelerating growth in the Asian region and the uncertainties of the US fiscal and monetary policies still posed downside risks to global growth. The World Economic Outlook (WEO) of the International Monetary Fund (IMF) in October 2013 indicated that growth in the advanced economies have gained some speed, while the emerging market economies have slowed down. The world economy is forecast to expand by 2.9% in 2013 and 3.6% in 2014, down by 0.3 and 0.2 percentage points from the July forecast respectively.

The US economy showed steady recovery. Gross Domestic Product (GDP) for the third quarter of 2013 expanded by 1.8% year-on-year and 3.6% quarter-to-quarter. Inventory growth and private consumption expenditure contributed 1.7 and 1.0 percentage points to economic growth; fixed investment added 0.8 percentage points to the increase; however, economic contribution of exports was nearly offset by the increase in imports. The unemployment rate dropped by 0.1 percentage point quarter-to-quarter to 7.3% amid economic recovery; the seasonal adjusted unemployment rate also stood at 7.3%.

Although economic growth sustained in Germany and France, yet the pace of recovery of the Euro area was far from solid. The third quarter GDP of the Euro area shrank by 0.4% year-on-year, but registered quarter-to-quarter increase for two consecutive quarters, at 0.1%. Inventory growth contributed 0.3 percentage points to economic growth; gross fixed capital formation and exports added 0.1 percentage point each, whereas imports tapered off 0.4 percentage points. The unemployment rate receded by 0.2 percentage points quarter-to-quarter to 11.8%.

In UK, service sector, the construction and manufacturing sectors expanded for two consecutive quarters, with the third quarter GDP rising by 1.5% year-on-year and 0.8% quarter-to-quarter. Gross capital formation and household final consumption expenditure contributed 1.1 and 0.5 percentage points respectively to economic growth, but net exports dragged down the rate of increase by 0.9 percentage points. The economy revived noticeably, the unemployment rate dropped by 0.2 percentage points from previous quarter, at 7.6%.

Decelerating growth in the emerging Asian economies was triggered by slackened external demand. The October WEO of IMF indicated that the ASEAN 5<sup>a</sup> economies are projected to expand by 5.0%, the Middle East and the North African region by 2.1%, and the Chinese and Indian economies by 7.6% and 3.8% respectively in 2013, much lower than the forecast in July, with the exception of China.

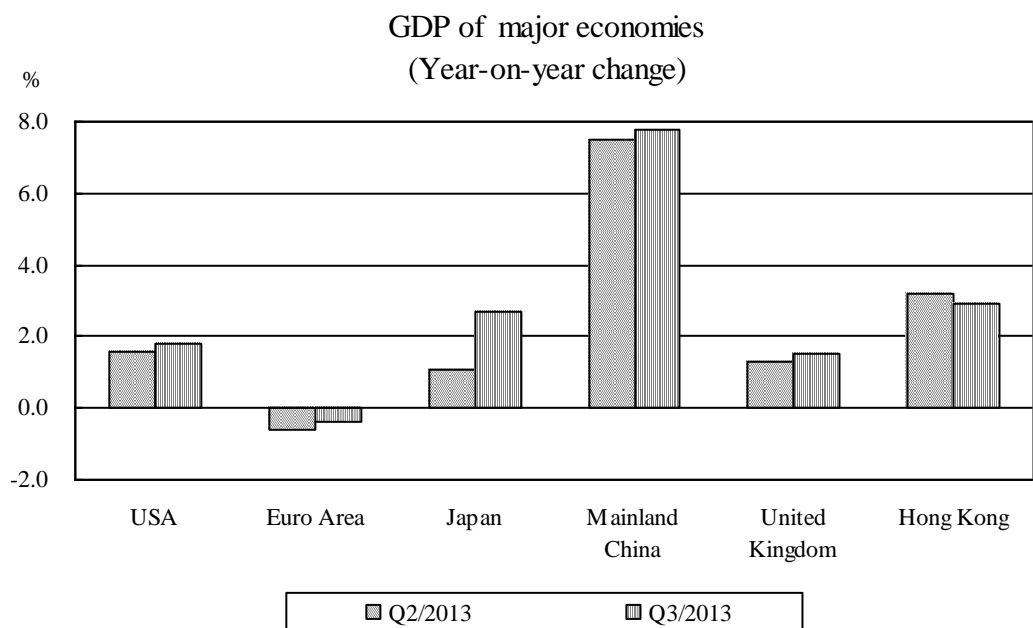
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<sup>a</sup> Indonesia, Malaysia, the Philippines, Thailand and Vietnam

Japan continued the economic stimulus measures, yet the effects seemed to be fading away. The third quarter GDP increased by 2.7% year-on-year but merely 0.5% quarter-to-quarter. Growth momentum was entirely dragged by domestic demand that contributed 0.9 percentage points to economic growth; however, exports pulled down the rate of increase by 0.4 percentage points. The unemployment rate decreased by 0.2 percentage points to 4.0% amid sustained economic recovery; the seasonal adjusted rate also stood at 4.0%.

The economy of Mainland China maintained steady growth. The third quarter GDP expanded by 7.8% year-on-year, a rebound of 0.3 percentage points compared with the increase in the previous quarter. In the first three quarters of 2013, value added of the above-scale industries rose by 9.6% year-on-year, up by 0.3 percentage points from the increase in the first half year; fixed asset investment increased by 20.2% year-on-year, up by 0.1 percentage point; retail sales of consumer goods rose by 12.9% year-on-year, up by 0.2 percentage points, with sales of jewellery rising by 29.6%, construction and decoration materials by 20.7%, and furniture by 20.6%. Total value of external trade for the first three quarters of 2013 grew by 7.7% year-on-year and the trade surplus amounted to USD169.4 billion. Inflation rate was stable, the Consumer Price Index for the third quarter increased slightly by 2.5%, of which CPI for September rose by 3.1% year-on-year.

Hong Kong maintained moderate growth in the third quarter of 2013, the economy expanded by 2.9% year-on-year and 0.5% quarter-to-quarter. Despite slower growth, domestic demand remained the key impetus to economic growth, of which private consumption expenditure increased by 2.8% year-on-year, government final consumption expenditure and gross fixed capital formation rose by 2.7% and 2.2% respectively. External demand remained sluggish, imports and exports rising by 2.6% and 3.3% year-on-year, and by 1.0% and 2.1% quarter-to-quarter. The unemployment rate edged up by 0.1 percentage point, at 3.5%; the seasonal adjusted unemployment rate held stable as the previous quarter at 3.3%.



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

	2010	2011	2012	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3
USA								
Gross Domestic Product	2.5	1.8	2.8	3.1	2.0	1.3	1.6	1.8
Exports of goods	21.0	15.8	4.4	1.1	2.8	0.5	1.6	2.8
Imports of goods	22.7	15.4	3.0	-	0.6	-2.8	-1.3 <sup>f</sup>	1.5
Consumer Price Index	1.7	3.1	2.1	1.7	1.9	1.7	1.4	1.6
Unemployment rate	9.6	8.9	8.1	8.1	7.5	8.1	7.4	7.3
Euro area <sup>a</sup>								
Gross Domestic Product	2.0	1.6 <sup>f</sup>	-0.7 <sup>f</sup>	-0.7	-1.0	-1.2 <sup>f</sup>	-0.6 <sup>f</sup>	-0.4
Exports of goods	20.1	13.0	7.7 <sup>f</sup>	7.8 <sup>f</sup>	5.9 <sup>f</sup>	0.9 <sup>f</sup>	1.5 <sup>f</sup>	-0.2
Imports of goods	22.4	13.3	1.9 <sup>f</sup>	0.6 <sup>f</sup>	1.2 <sup>f</sup>	-5.2 <sup>f</sup>	-3.2 <sup>f</sup>	-2.4
Consumer Price Index	1.6	2.7	2.5	2.5	2.3	1.9	1.4	1.3
Unemployment rate	10.2 <sup>f</sup>	10.1	11.4	11.1 <sup>f</sup>	11.8	12.6	12.0	11.8
Germany								
Gross Domestic Product	4.0	3.3	0.7	0.4	-	-1.6	0.9	1.1
Exports of goods	18.5	11.5	3.3 <sup>f</sup>	3.4 <sup>f</sup>	1.0 <sup>f</sup>	-1.9 <sup>f</sup>	0.2 <sup>f</sup>	-0.8
Imports of goods	19.9	13.2	0.4 <sup>f</sup>	-0.9 <sup>f</sup>	-1.1 <sup>f</sup>	-3.7 <sup>f</sup>	-0.1 <sup>f</sup>	-0.5
Consumer Price Index	1.1	2.1	2.0	2.0	2.0	1.5	1.5	1.6
Unemployment rate	7.7	7.1	6.8	6.7	6.6	7.4	6.8	6.7
French								
Gross Domestic Product	1.6	2.0	-	-	-0.3	-0.4 <sup>f</sup>	0.5 <sup>f</sup>	0.2
Exports of goods	12.8	9.0	4.0	3.9	1.6	-1.8	-0.7 <sup>f</sup>	-2.4
Imports of goods	13.3	12.8	2.0	0.9 <sup>f</sup>	0.5	-3.3 <sup>f</sup>	-3.5 <sup>f</sup>	-1.8
Consumer Price Index	1.5	2.1	2.0	2.0	1.5	1.1	0.8	0.9
Unemployment rate	9.7	9.6	10.2 <sup>f</sup>	10.0 <sup>f</sup>	10.8 <sup>f</sup>	11.2	10.5	10.8
United Kingdom								
Gross Domestic Product	1.7	1.1	0.1 <sup>f</sup>	- <sup>f</sup>	-0.2 <sup>f</sup>	0.2 <sup>f</sup>	1.3 <sup>f</sup>	1.5
Exports of goods	16.5	12.5	0.7 <sup>f</sup>	2.5 <sup>f</sup>	-3.2 <sup>f</sup>	-0.4 <sup>f</sup>	6.1 <sup>f</sup>	-0.1
Imports of goods	17.1	9.5	2.7 <sup>f</sup>	0.5 <sup>f</sup>	0.9 <sup>f</sup>	-0.2 <sup>f</sup>	1.8 <sup>f</sup>	2.5
Consumer Price Index	3.3	4.5	2.8	2.4	2.6	2.8	2.7	2.8
Unemployment rate	7.8	8.1	7.9	7.8	7.8	7.8	7.8	7.6

<sup>a</sup> Consists 17 member states since 2011.

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)

%

	2010	2011	2012	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3
Mainland China								
Gross Domestic Product	10.3	9.2	7.8	7.4	7.9	7.7	7.5	7.8
Exports of goods	31.3	20.3	7.9	4.4	9.4	18.3 <sup>f</sup>	3.8	3.9
Imports of goods	38.7	25.0	4.3	1.4	2.7	8.6	4.9 <sup>f</sup>	8.4
Consumer Price Index <sup>a</sup>	3.3	5.4	2.6	2.8	2.6	2.4	2.4	2.5
Hong Kong								
Gross Domestic Product	6.8	4.9	1.5	1.5	2.8	2.9	3.2 <sup>f</sup>	2.9
Exports of goods	22.8	10.1	2.9	3.8	7.0	4.0	2.4	3.3
Imports of goods	25.0	11.9	3.9	4.5	8.1	4.9	3.5	2.6
Consumer Price Index	2.4	5.3	4.1	3.1	3.8	3.7	4.0	5.3
Unemployment rate	4.3	3.4	3.3	3.5	3.1	3.4	3.4	3.5
Taiwan, China								
Gross Domestic Product	10.8	4.1	1.3	0.7	4.0	1.6	2.5	1.6
Exports of goods	34.8	12.3	-2.3	-2.2	2.4	2.4	2.4	-0.8
Imports of goods	44.1	12.0	-3.9	-3.4	-0.1	4.4	-3.5	-3.3
Consumer Price Index	1.0	1.4	1.9	3.0	1.8	1.8	0.8	-
Unemployment rate	5.2	4.4	4.2	4.3	4.3	4.2	4.1	4.3
Japan								
Gross Domestic Product	4.7	-0.6	1.9 <sup>f</sup>	0.3	0.3 <sup>f</sup>	0.3	1.1 <sup>f</sup>	2.7
Exports of goods	24.4	-2.7	-2.7	-8.2	-5.5	1.2	7.1	12.7
Imports of goods	18.0	12.1	3.8	0.3	0.5	8.1	10.4	17.4
Consumer Price Index	-0.7	-0.3	-	-0.4	-0.2	-0.6	-0.3	0.9
Unemployment rate	5.1	4.6	4.3	4.3	4.0	4.2	4.2	4.0
Republic of Korea								
Gross Domestic Product	6.3	3.7	2.0	1.6	1.5	1.5	2.3	3.3
Exports of goods	28.3	19.0	-1.3	-5.8	-0.4	0.4	0.7 <sup>f</sup>	2.8
Imports of goods	31.6	23.3	-0.9	-6.9	-1.1	-3.0	-2.8 <sup>f</sup>	0.2
Consumer Price Index	3.0	4.0	2.2	1.6	1.7	1.4	1.1	1.2
Unemployment rate	3.7	3.4	3.2	3.0	2.8	3.6	3.1	3.0
Singapore								
Gross Domestic Product	14.8	5.2	1.3	-	1.5	0.3 <sup>f</sup>	4.4 <sup>f</sup>	5.8
Exports of goods	22.4	7.5	-0.9	-4.2	-5.1	-8.7	-0.2 <sup>f</sup>	6.1
Imports of goods	18.8	8.6	3.2	-1.3	-0.4	-9.3	-4.0	5.9
Consumer Price Index	2.8	5.2	4.6	4.2	4.0	4.0	1.6	1.8

Unemployment rate	2.2	2.0	2.0	1.7	1.6	1.8	2.6 <sup>f</sup>	1.5
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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, China; Ministry of Economic Affairs, Taiwan, China

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)

%

	2010	2011	2012	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3
<b>USA</b>								
Gross Domestic Product	2.5	1.8	2.8	2.8	0.1	1.1	2.5	3.6
Exports of goods	21.0	15.8	4.4	-0.2	-0.2	0.4	1.0 <sup>f</sup>	0.5
Imports of goods	22.7	15.4	3.0	-1.4	0.4	-0.5	0.1 <sup>f</sup>	0.8
Consumer Price Index	1.7	3.1	2.1	0.5	0.5	0.4	-	0.7
Unemployment rate <sup>a</sup>	9.6	8.9	8.1	8.0	7.8	7.7	7.6	7.3
<b>Japan</b>								
Gross Domestic Product	4.7	-0.6	1.9 <sup>f</sup>	-0.9	0.1 <sup>f</sup>	1.1 <sup>f</sup>	0.9 <sup>f</sup>	0.5
Exports of goods	24.5	-2.6	-2.9	-3.6 <sup>f</sup>	-1.4	7.4 <sup>f</sup>	4.8 <sup>f</sup>	1.4
Imports of goods	18.1	12.2	3.4	-0.4	-0.4 <sup>f</sup>	9.7 <sup>f</sup>	1.6 <sup>f</sup>	4.9
Consumer Price Index	-0.7	-0.3	-	-0.4	-	-0.1	0.2	0.8
Unemployment rate <sup>a</sup>	5.1	4.6	4.3	4.3	4.2	4.2	4.0	4.0
<b>Hong Kong</b>								
Gross Domestic Product	6.8	4.9	1.5	1.1	1.4	0.2	0.7 <sup>f</sup>	0.5
Exports of goods	22.8	10.1	2.9	2.6	4.9	-1.5	-2.9	2.1
Imports of goods	25.0	11.9	3.9	2.2	4.7	-1.4	-1.1	1.0
Consumer Price Index	2.4	5.3	4.1	-1.9	3.7	1.2	1.1	-0.7
Unemployment rate <sup>a</sup>	4.3	3.4	3.3	3.3	3.2	3.5	3.3	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