

## Global Economy in the First Quarter of 2010

Underpinned by a series of economic stimulus policies of the major economies, the world economy showed accelerated recovery in the first quarter of 2010. The *World Economic Outlook (WEO)* of the International Monetary Fund (IMF) released in April 2010 indicated that the global recovery has evolved better than expected, with activity recovering at varying speeds, tepidly in many advanced economies but solidly in most emerging and developing economies. The world economy is projected to grow by 4.2% in 2010, an upward revision of 0.3 percentage point from the January *WEO Update*; moreover, global growth is expected to maintain at 4.3% in 2011.

In the United States, decelerating growth in private investment and export, as well as slowing government spending and investment have offset the positive stimulus from rising private consumption expenditure. The quarter-to-quarter increase of Gross Domestic Product (GDP) tapered off from 5.6% in the fourth quarter of 2009 to 3.0% in the first quarter of 2010, of which private consumption expenditure contributed 2.4 percentage points, up from 1.2 percentage points in the previous quarter; private investment and balance of trade contributed 1.7 and -0.7 percentage point respectively, down from 4.4 and 0.3 percentage point; government spending and investment contracted further, dragging the rate of growth down by 0.4 percentage point. The labour market remained sluggish and the unemployment rate soared further to 10.4%.

In spite of the Greek debt crisis, the first quarter GDP of the Euro zone economy rose slightly by 0.2% quarter-to-quarter, marking three straight quarters of positive growth; the economy grew for the first time since the past six quarters, by 0.6% year-on-year. The growth was mainly spurred by inventory and exports that contributed 0.8 and 0.9 percentage point to the rate of increase; however, decreasing fixed capital formation and rising imports pulled down the rate of growth by 0.2 and 1.4 percentage points. Conditions of the labour market exacerbated, with the unemployment rate rising from 9.8% in the previous quarter to 10.4%, posing another latent concern to the Euro economy.

Albeit expanding investment, attributable to faltered domestic spending and exports, the first quarter GDP of the UK rose slightly by 0.3% quarter-to-quarter (but down by 0.2% year-on-year), lower than the 0.4% growth in the previous quarter, of which gross capital formation contributed 0.6 percentage point, while balance of trade pulled down the rate of economic growth by 0.4 percentage point. The sluggish economic recovery weighed on the labour market, with the unemployment rate rising from 7.8% in the previous quarter to 8.0%.

With improving condition of the world economy and effective outcome of countries'

stimulus policies, revival of the Asian economies accelerated upon rising global demand. According to IMF's projections for the major Asian economies in 2010, the newly industrialized Asian economies<sup>1</sup> are expected to grow by 5.2%, the ASEAN 5<sup>2</sup> by 5.4%, the Middle East and North Africa by 4.5%, while India is projected to rise substantially by 8.8%.

The economy of Japan saw favourable performance amid rising exports and domestic demand. The first quarter GDP expanded by 1.2% quarter-to-quarter (or 4.6% year-on-year), of which personal consumption and balance of trade contributed 0.5 and 0.7 percentage point respectively, and private inventories turned around from negative to contribute 0.2 percentage point. Nevertheless, the unemployment rate stayed high at 5.1%, up slightly by 0.1 percentage point.

In Mainland China, the economy sustained steady growth despite government's control measures to rein the overheated real estate market fuelled by proactive fiscal policy and relaxing monetary policy to withstand the global financial crisis. The first quarter GDP increased by 11.9% year-on-year, up notably by 5.7 percentage points, of which value added of the above-scale industries<sup>3</sup> rose by 19.6% (an increase of 14.5 percentage points) and fixed asset investment increased by 25.6% (a decrease of 3.2 percentage points). Meanwhile, retail sales of consumer goods went up by 17.9% year-on-year (an increase of 2.9 percentage points), with that of automobile soaring by 39.8%; external trade surplus narrowed continuously (down by 76.8% or USD 14.49 billion), indicating a decline in the relative importance of merchandise exports to economic growth.

Economic recovery of Hong Kong advanced remarkably upon vibrant growth of the Mainland economy, resurgent intra-regional trade and expanding import from Europe and the United States. The first quarter GDP increased markedly by 8.2% year-on-year, far higher than the 2.5% growth in the fourth quarter of 2009, of which gross fixed capital formation and exports of services rose by 10.5% and 17.9%. In terms of external trade, total value of merchandise exports rose by 26.0%, while that of imports registered a significant increase, bringing the balance of trade down by 81.4%. The labour market continued to improve, with the unemployment rate falling from 4.7% in the fourth quarter of 2009 to 4.4%.

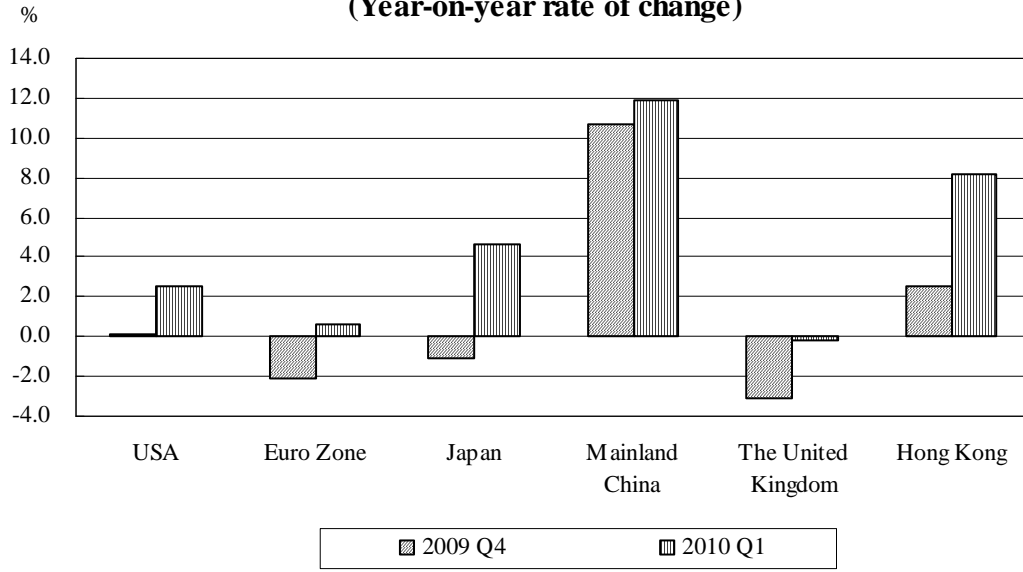
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<sup>1</sup> Korea; Taiwan, China; Hong Kong and Singapore

<sup>2</sup> Indonesia, Malaysia, the Philippines, Thailand and Vietnam

<sup>3</sup> According to the definition of the National Bureau of Statistics of China, it refers to industrial enterprises with an annual sales revenue from principal activity reaching RMB 5 million and more.

**GDP of the world's major economies  
(Year-on-year rate of change)**



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

Year-on-year rate of change (%) 1/2

	2007	2008	2009	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1
<b>USA</b>								
Gross Domestic Product	2.1	0.4	-2.4	-3.3	-3.8	-2.6	0.1	2.5
Exports of goods	11.9	12.1	-17.9	-21.5	-25.8	-21.5	-1.0 <sup>f</sup>	20.3
Imports of goods	5.6	7.5	-25.9	-30.1	-34.7	-28.8	-7.6	21.3
Consumer Price Index	2.8	3.8	-0.4	-	-1.2	-1.6	1.4	2.4
Unemployment rate	4.6	5.8	9.3	8.8	9.1	9.6	9.5	10.4
<b>Euro area <sup>a</sup></b>								
Gross Domestic Product	2.8	0.6	-4.1	-5.1	-4.9	-4.1	-2.1	0.6
Exports of goods	8.8 <sup>f</sup>	3.9 <sup>f</sup>	-18.1	-21.1 <sup>f</sup>	-22.9 <sup>f</sup>	-19.5 <sup>f</sup>	-8.6 <sup>f</sup>	12.6
Imports of goods	6.4 <sup>f</sup>	8.1	-22.1 <sup>f</sup>	-20.9 <sup>f</sup>	-26.9 <sup>f</sup>	-25.7 <sup>f</sup>	-14.5 <sup>f</sup>	9.2
Consumer Price Index	2.1	3.3	0.3	1.0	0.2	-0.4	0.4	1.1
Unemployment rate	7.5	7.5	9.4	9.3	9.2	9.4 <sup>f</sup>	9.8 <sup>f</sup>	10.4
<b>Germany</b>								
Gross Domestic Product	2.5	1.3	-4.9 <sup>f</sup>	-6.4	-7.0	-4.7	-1.5 <sup>f</sup>	1.7
Exports of goods	8.1	2.0	-17.9	-20.3	-24.9	-19.0	-6.4	10.3
Imports of goods	4.9	4.7	-16.4	-13.3	-20.4	-18.9	-12.6	5.6
Consumer Price Index	2.3	2.6	0.3	0.8	0.3	-0.2	0.4	0.8
Unemployment rate	9.0	7.8	8.2	8.5	8.3	8.2	7.7	8.6
<b>French</b>								
Gross Domestic Product	2.3	0.1 <sup>f</sup>	-2.5 <sup>f</sup>	-3.9 <sup>f</sup>	-3.1 <sup>f</sup>	-2.6 <sup>f</sup>	-0.4 <sup>f</sup>	1.2
Exports of goods	3.4 <sup>f</sup>	2.7 <sup>f</sup>	-17.3	-21.0 <sup>f</sup>	-20.4 <sup>f</sup>	-17.1 <sup>f</sup>	-10.0 <sup>f</sup>	8.0
Imports of goods	5.9	5.3	-17.8	-18.5	-21.6 <sup>f</sup>	-21.7 <sup>f</sup>	-8.4 <sup>f</sup>	6.5
Consumer Price Index	1.5	2.8	0.1	0.6	-0.2	-0.4	0.4	1.3
Unemployment rate	8.4	7.8	9.5	9.3	9.2	9.4	10.2 <sup>f</sup>	10.5
<b>The United Kingdom</b>								
Gross Domestic Product	2.6	0.5	-4.9 <sup>f</sup>	-5.3 <sup>f</sup>	-5.9 <sup>f</sup>	-5.3 <sup>f</sup>	-3.1 <sup>f</sup>	-0.2
Exports of goods	-9.3	13.9	-9.5	-8.0 <sup>f</sup>	-15.9 <sup>f</sup>	-14.4	1.2 <sup>f</sup>	11.7
Imports of goods	-2.9	11.1	-10.3	-8.7 <sup>f</sup>	-16.0	-15.1 <sup>f</sup>	-0.7 <sup>f</sup>	9.4
Consumer Price Index	2.3	3.6	2.1	3.0	2.1	1.5	2.1	3.2
Unemployment rate	5.3	5.7	7.6	7.1	7.8	7.8	7.8	8.0

<sup>a</sup> The Euro area consists of 16 member states from 2009 onwards.

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)

Year-on-year rate of change (%)

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	2007	2008	2009	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1
<b>Mainland China</b>								
Gross Domestic Product	11.9	9.0	8.7	6.2	7.9	9.1	10.7	11.9
Exports of goods	25.7	17.3	-15.9 <sup>f</sup>	-19.7	-23.4	-20.3	0.2	28.7
Imports of goods	20.7 <sup>f</sup>	18.5	-11.3 <sup>f</sup>	-30.8 <sup>f</sup>	-20.2	-11.7	22.4	64.5
Consumer Price Index <sup>a</sup>	4.8	5.9	-0.7	-0.6	-1.1	-1.1	-0.7	2.2
<b>Hong Kong</b>								
Gross Domestic Product	6.4	2.2 <sup>f</sup>	-2.8 <sup>f</sup>	-7.7 <sup>f</sup>	-3.8 <sup>f</sup>	-2.4 <sup>f</sup>	2.5 <sup>f</sup>	8.2
Exports of goods	9.2	5.1	-12.6	-21.9	-12.9	-14.3	-2.0	26.0
Imports of goods	10.3	5.5	-11.0	-22.8	-14.9	-10.4	3.4	34.3
Consumer Price Index	2.0	4.3	0.5	1.7	-0.1	-0.9	1.3	1.9
Unemployment rate	4.0	3.6	5.4 <sup>f</sup>	5.1	5.5	5.6	4.7	4.4
<b>Taiwan, China</b>								
Gross Domestic Product	6.0	0.7	-1.9	-9.1	-6.9	-1.0	9.1 <sup>f</sup>	13.3
Exports of goods	10.1	3.6	-20.3	-36.7	-32.0	-20.9	16.9 <sup>f</sup>	52.5
Imports of goods	8.2	9.7	-27.4	-47.2	-37.8	-29.6 <sup>f</sup>	18.1 <sup>f</sup>	77.6
Consumer Price Index	1.8	3.5	-0.9	0 <sup>#</sup>	-0.9	-1.4	-1.3 <sup>f</sup>	1.3
Unemployment rate	3.9	4.1	5.9	5.6	5.8	6.1	5.9	5.7
<b>Japan</b>								
Gross Domestic Product	2.4	-1.2	-5.2 <sup>f</sup>	-8.9 <sup>f</sup>	-5.7	-5.2	-1.1 <sup>f</sup>	4.6
Exports of goods	11.5	-3.5	-33.1	-46.9	-38.6 <sup>f</sup>	-34.4	-8.0	43.3
Imports of goods	8.6	8.0	-34.8 <sup>f</sup>	-36.8 <sup>f</sup>	-39.9 <sup>f</sup>	-39.5 <sup>f</sup>	-20.9	18.9
Consumer Price Index	-	1.4	-1.4	-0.1	-1.0	-2.2	-2.0	-1.2
Unemployment rate	3.8	4.0	5.1	4.6	5.2	5.4	5.0	5.1
<b>Republic of Korea</b>								
Gross Domestic Product	5.1	2.3 <sup>f</sup>	0.2	-4.3 <sup>f</sup>	-2.2	1.0 <sup>f</sup>	6.0	7.8
Exports of goods	14.1	13.6	-13.9	-25.2	-21.1	-17.6	11.7	36.2
Imports of goods	15.3	22.0	-25.8	-32.7	-35.6	-31.0	1.4	37.3
Consumer Price Index	2.5	4.6	2.8	3.9	2.8	2.0	2.4	2.7
Unemployment rate	3.2	3.2	3.6	3.8	3.8	3.6	3.3	4.7
<b>Singapore</b>								
Gross Domestic Product	8.5 <sup>f</sup>	1.8 <sup>f</sup>	-1.3 <sup>f</sup>	-8.9 <sup>f</sup>	-1.7 <sup>f</sup>	1.8 <sup>f</sup>	3.8 <sup>f</sup>	15.5
Exports of goods	4.4	5.8	-18.0	-27.8	-25.4	-20.0	4.9	28.2
Imports of goods	4.5	13.9	-21.0	-27.6	-28.4	-22.8	-2.7	25.5
Consumer Price Index	2.1	6.6	0.6	3.4	0.2	-0.3	-0.8	0.9
Unemployment rate	2.1	2.2	3.0	3.0	4.1	2.9	2.1 <sup>f</sup>	2.1

<sup>a</sup> 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 (COMPARISON WITH PRECEDING PERIOD)

	Change from preceding period (seasonally adjusted) (%)							
	2007	2008	2009	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1
<b>USA</b>								
Gross Domestic Product	2.1	0.4	-2.4	-6.4	-0.7	2.2	5.6 <sup>f</sup>	3.0
Exports of goods	11.9	12.1	-17.9	-14.2 <sup>f</sup>	-1.2	7.1	9.1	4.1
Imports of goods	5.6	7.5	-25.9	-20.4	-3.1	9.5 <sup>f</sup>	9.2	4.8
Consumer Price Index	2.8	3.8	-0.4	-0.6	0.5	0.9	0.6	0.4
Unemployment rate <sup>a</sup>	4.6	5.8	9.3	8.2	9.3	9.6	10.0	9.7
<b>Japan</b>								
Gross Domestic Product	2.4	-1.2	-5.2 <sup>f</sup>	-4.2 <sup>f</sup>	1.8 <sup>f</sup>	0.1 <sup>f</sup>	1.0 <sup>f</sup>	1.2
Exports of goods	11.6	-3.6 <sup>f</sup>	-33.2 <sup>f</sup>	-26.4 <sup>f</sup>	7.1 <sup>f</sup>	4.8 <sup>f</sup>	12.4 <sup>f</sup>	43.4
Imports of goods	8.3	7.8	-34.8	-25.2 <sup>f</sup>	-4.3 <sup>f</sup>	3.2 <sup>f</sup>	7.1 <sup>f</sup>	19.9
Consumer Price Index	-	1.4	-1.4	-0.8	-0.4	-0.5	-0.3	0.2
Unemployment rate <sup>a</sup>	3.9	4.0	5.1	4.5 <sup>f</sup>	5.1 <sup>f</sup>	5.4 <sup>f</sup>	5.2 <sup>f</sup>	4.9
<b>Hong Kong</b>								
Gross Domestic Product	6.4	2.2 <sup>f</sup>	-2.8 <sup>f</sup>	-3.2 <sup>f</sup>	3.1 <sup>f</sup>	0.3 <sup>f</sup>	2.4 <sup>f</sup>	2.4
Exports of goods	9.2	5.1	-12.6	-13.1	7.7	-3.6	9.1	8.9
Imports of goods	10.3	5.5	-11.0	-12.4	7.3	3.2	7.6	9.7
Consumer Price Index	2.0	4.3	0.5	0.4	-0.2	-1.1	2.2	1.0
Unemployment rate <sup>a</sup>	4.0	3.6	5.4 <sup>f</sup>	5.2	5.4	5.3	4.9	4.4

<sup>a</sup> Unemployment rate 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