

Global Economy in the First Quarter of 2016

Global economy maintained moderate growth in the first quarter of 2016. The US economy continued on a stable path, the Euro area saw steady rise while the economy of Japan showed mixed performance. The further implementation of loose monetary policy by the central banks of Europe, Japan and other economies, coupled with the stabilizing financial and foreign exchange markets, helped lower market expectations for a weakening economy. Yet, economic recovery was uncertain. The World Economic Outlook (WEO) of the International Monetary Fund (IMF) in April 2016 indicated that advanced economies lost growth momentum while growth in developing economies continued to slow. The world economy is projected to grow by 3.2% in 2016, a 0.2 percentage point downward revision relative to the January WEO; the growth projection for 2017 is revised down by 0.1 percentage point to 3.5%.

The US economy maintained steady growth in the first quarter, with Gross Domestic Product (GDP) rising by 2.0% year-on-year and 0.8% quarter-to-quarter. Private consumption expenditure was the major impetus for growth, adding 1.3 percentage points to the increase, and the service sector contributed 1.2 percentage points. With declining equipment investment, gross fixed capital formation lowered the rate of economic growth by 0.5 percentage points. Falling exports dragged down net exports, offsetting the economic growth by 0.2 percentage points. The unemployment rate rose by 0.4 percentage points quarter-to-quarter to 5.2%; the seasonally adjusted unemployment rate stood at 4.9%.

The Euro area showed steady growth, with the German and French economies remaining stable. The first quarter GDP increased by 1.7% year-on-year. Inventory and government final consumption expenditure each contributed 0.1 percentage point to the economic growth. Consumption expenditure of households and non-profit institutions added 0.3 percentage points to the increase, and gross fixed capital formation contributed 0.2 percentage points. Meanwhile, imports lowered the rate of economic growth by 0.3 percentage points. The unemployment rate rose by 0.1 percentage point quarter-to-quarter to 10.7%.

The UK economy grew at a steady pace, with the first quarter GDP rising by 2.0% year-on-year and 0.4% quarter-to-quarter. Household final consumption expenditure was the main driver of economic growth, contributing 0.4 percentage points to the increase. Capital formation and government expenditure added 0.3 and 0.1 percentage point respectively to the economic growth, while net exports dragged down the increase by 0.4 percentage points. The unemployment rate held stable as in the previous quarter, at 5.1%.

The Asian region was still being affected by sluggish external demand and capital outflows. Growth in the emerging markets and developing economies continued to slow. The April 2016

WEO of IMF indicated that the ASEAN 5 economies^a are projected to grow by 4.8% in 2016, same as the January forecast; the projection for the Middle East, North Africa, Afghanistan and Pakistan is revised downward by 0.5 percentage points to 3.1% under the impact of volatile oil prices; the projection for India held stable at 7.5%, while that for China is revised upward by 0.2 percentage points to 6.5%.

The first quarter GDP of Japan rose by 0.1% year-on-year and 0.5% quarter-to-quarter. Private consumption expenditure drove up the economic growth by 0.4 percentage points; government consumption expenditure and net exports each added 0.2 percentage points to the increase; meanwhile, enterprise expenditure dragged down the economic growth by 0.1 percentage point. The unemployment rate rose by 0.1 percentage point quarter-to-quarter to 3.2%; the seasonally adjusted rate was 3.2%.

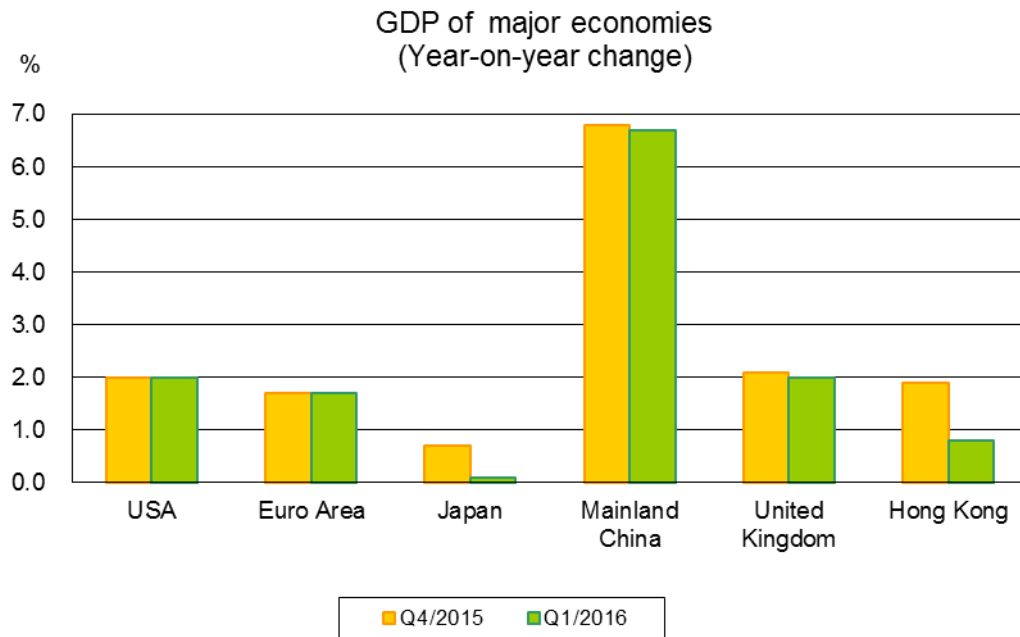
The economy of the Republic of Korea saw slower growth upon declining private consumption expenditure and weakening merchandise exports. The first quarter GDP expanded by 2.7% year-on-year and 0.4% quarter-to-quarter. With an increase in construction expenditure, gross fixed capital formation contributed 0.3 percentage points to the economic growth. Government expenditure added 0.2 percentage points to the increase, while private consumption expenditure and exports of goods lowered the rate of economic growth by 0.1 and 1.1 percentage points respectively. The unemployment rate was 4.3%, up by 1.2 percentage points quarter-to-quarter.

In Mainland China, GDP for the first quarter expanded by 6.7% year-on-year. In the first quarter of 2016, value added of the above-scale industries rose by 5.8% year-on-year; gross fixed capital formation increased by 10.7% year-on-year, up by 0.7 percentage points from the annual growth rate in 2015; retail sales of consumer goods rose by 10.3% year-on-year, of which sales of communication equipment increased by 18.9%, furniture by 16.2%, and construction and decoration materials by 15.2%. Total value of external trade for the first quarter of 2016 decreased by 11.3% year-on-year, with exports and imports of goods falling by 9.6% and 13.4% respectively. The Consumer Price Index (CPI) for the first quarter increased by 2.1% year-on-year amid moderate price growth.

The economy of Hong Kong slowed further, with the first quarter GDP rising by 0.8% year-on-year but contracting by 0.4% quarter-to-quarter. Private consumption expenditure continued to slow, rising by 1.1% year-on-year; government consumption expenditure rose by 3.2% year-on-year. The external environment remained unsteady, dragging gross fixed capital formation down by 10.1% year-on-year, of which machinery, equipment and intellectual property products declined by 11.9%. Exports of services decreased by 4.9% year-on-year, inflicted by a sharper drop in visitor arrivals and weaker visitor spending. Hong Kong trade activity was affected by the persistent decline in global trade, with merchandise exports shrinking by 6.8% year-on-year and

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

5.9% quarter-to-quarter. The unemployment rate rose by 0.2 percentage points quarter-to-quarter to 3.3%, with a seasonally adjusted rate of 3.4%.



I. PRINCIPAL ECONOMIC INDICATORS OF THE WORLD AND MACAO

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

%

	2013	2014	2015	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1
USA								
Gross Domestic Product	1.5	2.4	2.4	2.9	2.7	2.1 ^f	2.0 ^f	2.0
Exports of goods	2.1	2.7	-7.3 ^f	-5.0 ^f	-5.6 ^f	-8.1 ^f	-10.5 ^f	-6.8
Imports of goods	-0.3	3.9 ^f	-4.6 ^f	-1.6 ^f	-4.4 ^f	-5.1 ^f	-6.9 ^f	-5.5
Consumer Price Index	1.5	1.6	0.1	-0.1	-	0.1	0.5	1.1
Unemployment rate	7.4	6.2	5.3	5.8	5.3	5.2	4.8	5.2
Euro area ^a								
Gross Domestic Product	-0.3	0.9	1.7 ^f	1.3	1.6	1.6	1.7 ^f	1.7
Exports of goods	1.0 ^f	2.2 ^f	5.4 ^f	5.5 ^f	8.2	4.5 ^f	3.5 ^f	-1.3
Imports of goods	-3.0 ^f	0.7 ^f	2.2 ^f	1.9 ^f	4.2 ^f	0.7 ^f	2.0 ^f	-3.0
Consumer Price Index	1.3	0.4	-	-0.3	0.2	0.1	0.2	-
Unemployment rate	12.0	11.6	10.9	11.6	10.9	10.3	10.6	10.7
Germany								
Gross Domestic Product	0.3	1.6	1.7	1.3 ^f	1.6	1.7 ^f	2.1	1.3
Exports of goods	-0.4	3.3	6.5 ^f	6.3	9.1	5.7 ^f	4.9 ^f	0.7
Imports of goods	-1.0	2.2	4.2	2.7	4.8	5.2 ^f	4.2 ^f	0.3
Consumer Price Index	1.5	0.9	0.2	-	0.5	0.1	0.3	0.3
Unemployment rate	6.9	6.7	6.4	6.9	6.3	6.3	6.0	6.6
French								
Gross Domestic Product	0.7	0.2	1.2 ^f	1.0 ^f	1.1	1.2 ^f	1.4	1.3
Exports of goods	-1.6	0.3 ^f	3.9 ^f	2.7 ^f	7.1 ^f	4.1	1.6 ^f	0.3
Imports of goods	-2.3 ^f	-0.6 ^f	0.9 ^f	. ^f	2.0 ^f	-1.1 ^f	2.5	0.9
Consumer Price Index	0.9	0.5	-	-0.2	0.2	0.1	0.1	-
Unemployment rate	10.3	10.3	10.4	10.9	10.1	10.0 ^f	10.6 ^f	10.6
United Kingdom								
Gross Domestic Product	2.2	2.9	2.3 ^f	2.6 ^f	2.4	2.2 ^f	2.1 ^f	2.0
Exports of goods	0.6	-4.1 ^f	-2.8	-2.3 ^f	0.9 ^f	-3.0 ^f	-6.7 ^f	-2.2
Imports of goods	2.6	-1.1 ^f	-1.4 ^f	2.7 ^f	-1.7 ^f	-2.1 ^f	-4.4 ^f	-0.5
Consumer Price Index	2.5	1.5	-	0.1 ^f	-	-	0.1	0.3
Unemployment rate	7.6	6.2	5.4	5.6 ^f	5.6	5.3	5.1	5.1

^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

I. PRINCIPAL ECONOMIC INDICATORS OF THE WORLD AND MACAO

1. PRINCIPAL ECONOMIC INDICATORS OF THE WORLD (YEAR-ON-YEAR COMPARISON) (Cont'd)

%

	2013	2014	2015	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1
Mainland China								
Gross Domestic Product	7.7	7.4	6.9	7.0	7.0	6.9	6.8	6.7
Exports of goods	7.8	6.0	-2.9	4.5	-2.9	-6.4 ^f	-5.2 ^f	-9.6
Imports of goods	7.3	0.5	-14.3 ^f	-17.5 ^f	-13.5 ^f	-14.4 ^f	-11.7 ^f	-13.4
Consumer Price Index ^a	2.6	2.0	1.4	1.2	1.3	1.4	1.4	2.1
Hong Kong								
Gross Domestic Product	3.1	2.7 ^f	2.4	2.4	3.1 ^f	2.3 ^f	1.9	0.8
Exports of goods	3.6	3.2	-1.8	2.3	-1.9	-4.1	-2.9	-6.8
Imports of goods	3.8	3.9	-4.1	1.4	-3.2	-6.7	-7.0	-8.2
Consumer Price Index	4.3	4.4	3.0	4.4	3.0	2.3	2.4	2.9
Unemployment rate	3.4	3.3	3.3	3.2	3.3	3.5	3.1	3.3
Taiwan								
Gross Domestic Product	2.2	3.9	0.7 ^f	4.0	0.6	-0.8 ^f	-0.9 ^f	-0.7
Exports of goods	1.6 ^f	2.8 ^f	-10.9 ^f	-4.5 ^f	-10.5 ^f	-14.0 ^f	-13.9 ^f	-12.1
Imports of goods	0.2 ^f	1.4 ^f	-15.8 ^f	-14.6 ^f	-15.1 ^f	-18.5 ^f	-15.1 ^f	-14.0
Consumer Price Index	0.8	1.2	-0.3	-0.6	-0.7	-0.3	0.3	1.8
Unemployment rate	4.2	4.0	3.8	3.7	3.7	3.9	3.9	3.9
Japan								
Gross Domestic Product	1.4 ^f	- ^f	0.5 ^f	-1.0 ^f	0.7 ^f	1.8 ^f	0.7 ^f	0.1
Exports of goods	9.5	4.8	3.4 ^f	9.0	6.7	3.7	-4.6	-7.9
Imports of goods	14.9	5.7	-8.7	-9.4 ^f	-5.3 ^f	-5.9 ^f	-13.9	-15.7
Consumer Price Index	0.3	2.8	0.8	2.3	0.5	0.2	0.3	0.1
Unemployment rate	4.0	3.6	3.4	3.5	3.5	3.4	3.1	3.2
Republic of Korea								
Gross Domestic Product	2.9	3.3	2.6	2.4 ^f	2.2	2.8 ^f	3.1 ^f	2.7
Exports of goods	2.1	2.3	-8.0	-3.0	-7.3 ^f	-9.5 ^f	-12.0 ^f	-13.3
Imports of goods	-0.8	1.9	-16.9	-15.6 ^f	-15.6	-18.7 ^f	-17.8	-16.3
Consumer Price Index	1.3	1.3	0.7	0.6	0.5	0.7	1.1	1.0
Unemployment rate	3.1	3.5	3.6	4.1	3.8	3.4	3.1	4.3
Singapore								
Gross Domestic Product	4.7 ^f	3.3 ^f	2.0	2.7	1.7 ^f	1.8 ^f	1.8	1.8
Exports of goods	- ^f	0.8 ^f	-7.2	-6.0 ^f	-9.0 ^f	-8.0	-5.7	-11.6
Imports of goods	-1.6	-0.6	-12.1	-16.1	-13.0	-9.1	-9.9	-7.4
Consumer Price Index	2.4	1.0	-0.5	-0.3	-0.4	-0.6	-0.7	-0.8
Unemployment rate	1.9	2.0	1.9	1.7	2.6	1.7	1.6	1.8

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; 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

I. PRINCIPAL ECONOMIC INDICATORS OF THE WORLD AND MACAO

2. PRINCIPAL ECONOMIC INDICATORS OF THE WORLD (QUARTER-TO-QUARTER COMPARISON)

	2013	2014	2015	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	%
USA									
Gross Domestic Product	1.5	2.4	2.4	0.6	3.9	2.0 ^f	1.4 ^f	0.8	
Exports of goods	2.1	2.7	-7.3 ^f	-6.0 ^f	0.2 ^f	-1.7 ^f	-3.3 ^f	-2.9	
Imports of goods	-0.3	3.9 ^f	-4.6 ^f	-3.4 ^f	-0.5	-1.3 ^f	-2.3 ^f	-2.3	
Consumer Price Index	1.5	1.6	0.1	-0.7 ^f	0.6 ^f	0.3 ^f	0.2 ^f	-0.1	
Unemployment rate ^a	7.4	6.2	5.3	5.6	5.4	5.2	5.0	4.9	
Japan									
Gross Domestic Product	1.4 ^f	- ^f	0.5 ^f	1.3 ^f	-0.4 ^f	0.4 ^f	-0.4	0.5	
Exports of goods	9.6	4.6	3.6	0.3 ^f	-2.4 ^f	-0.4 ^f	-2.5 ^f	-4.1	
Imports of goods	15.2	5.6	-8.6	-4.4 ^f	-3.1 ^f	-0.4 ^f	-7.0 ^f	-7.2	
Consumer Price Index	0.3	2.8	0.8	- ^f	0.3 ^f	- ^f	-	-0.2	
Unemployment rate ^a	4.0	3.6	3.4	3.5	3.4 ^f	3.4	3.3	3.2	
Hong Kong									
Gross Domestic Product	3.1	2.7 ^f	2.4	0.7 ^f	0.6 ^f	0.5 ^f	0.2	-0.4	
Exports of goods	3.6	3.2	-1.8	-0.3 ^f	-1.2 ^f	-0.1 ^f	1.1	-5.9	
Imports of goods	3.8	3.9	-4.1	-1.6 ^f	-2.3 ^f	-1.7 ^f	0.9	-4.2	
Consumer Price Index	4.3	4.4	3.0	0.4 ^f	-0.6	-0.2	2.9	0.8	
Unemployment rate ^a	3.4	3.3	3.3	3.3	3.2	3.3	3.3	3.4	

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