

Global Economy in the Fourth Quarter of 2019

The global economy continued to grow but at a slower pace in the fourth quarter of 2019. The impact of trade protectionism and unilateralism became more significant and began to spread across other regions. Increased trade and geopolitical uncertainties put emerging market economies under macroeconomic pressure, which coupled with Brexit-associated risks caused a high risk of downturn to the global economy.

The World Economic Outlook (WEO) Update of the International Monetary Fund (IMF) in January 2020 indicated that the global economy was tilted to the downside, dragged by decline in investment and demand for goods owing to increased tariffs and uncertainties about trade-related policies; moreover, accommodative monetary policy was adopted almost simultaneously in advanced and emerging market economies. The global economy is projected to grow by 3.3% in 2020 and 3.4% in 2021, a downward revision of 0.1 percentage point and 0.2 percentage points respectively compared to the forecast in October 2019. The US economy is projected to grow by 2.0% in 2020, a downgrade of 0.1 percentage point from the October forecast; meanwhile, the growth projection for 2021 remained at 1.7%. Growth forecast for China was marked upward by 0.2 percentage points to 6.0% in 2020 but was revised downward by 0.1 percentage point to 5.8% in 2021 compared to the forecast in October. The projected growth rate for the Euro area was 1.3% in 2020, down by 0.1 percentage point from the October forecast, while the rate for 2021 remained at 1.4%. The growth projection for Japan was revised upward by 0.2 percentage points to 0.7% in 2020 compared to the October forecast, while the growth rate for 2021 stayed at 0.5%.

The US economy maintained growth, with the fourth-quarter Gross Domestic Product (GDP) rising by 2.3% year-on-year and 2.1% quarter-to-quarter. Private consumption expenditure added 1.2 percentage points to the growth but domestic private fixed investment dragged down the growth by 0.1 percentage point; government expenditure and investment contributed 0.5 percentage points to the increase, and net exports added 1.5 percentage points. The unemployment rate fell by 0.4 percentage points quarter-to-quarter to 3.3% amid stable economic development; the seasonally adjusted unemployment rate dropped by 0.1 percentage point quarter-to-quarter to 3.5%.

The economy of the Euro area continued to slow down, with the GDP in the fourth quarter growing by 1.0% year-on-year and 0.1% quarter-to-quarter. The economy of Germany rose by 0.3% while the economy of France grew by 0.9%. Final consumption expenditure of households and non-profit institutions in the Euro area contributed 0.1 percentage point to the increase and gross fixed capital formation added 0.9 percentage points. Meanwhile, inventory change and net exports dragged down the growth by 0.1 percentage point and 0.8 percentage points respectively. The unemployment rate rose by 0.2 percentage points quarter-to-quarter to 7.5%.

The UK economy showed sustained growth, with the fourth-quarter GDP climbing by 1.1% year-on-year but remaining unchanged quarter-to-quarter. Household and government final consumption expenditure drove up the growth by 0.1 percentage point and 0.4 percentage points respectively. Capital formation hampered the growth by 2.0 percentage points while net exports added 1.6 percentage points. The unemployment rate held steady quarter-to-quarter at 3.8%.

Although economies in the Asian region continued to grow, the WEO Update of IMF in January 2020 indicated that the projected growth rates for India were 5.8% in 2020 and 6.5% in 2021, down by 1.2 percentage points and 0.9 percentage points respectively compared to the forecast in October 2019. The growth projections for the ASEAN-5 economies¹ were 4.8% and 5.1% in 2020 and 2021 respectively, both down by 0.1 percentage point from the October forecast. The growth forecast for the Middle East and Central Asia dropped by 0.1 percentage point to 2.8% in 2020 against the forecast in October, while the projected growth rate for 2021 remained at 3.2%.

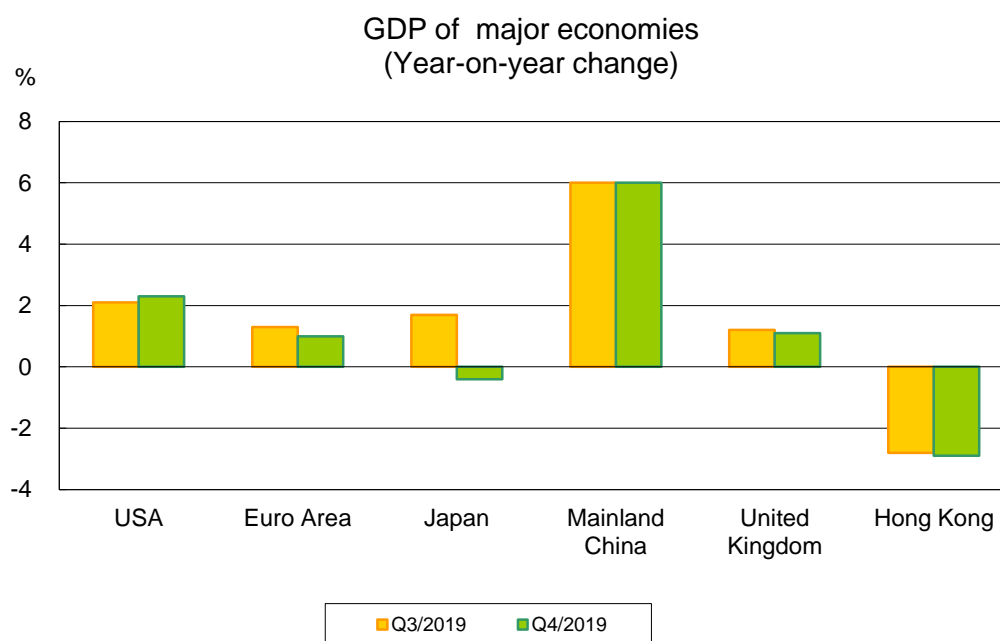
The economy of Japan slowed down, with the GDP in the fourth quarter dropping by 0.4% year-on-year and 1.6% quarter-to-quarter. Private demand dragged down the increase by 2.2 percentage points, whereas net exports of goods and services contributed 0.5 percentage points. The unemployment rate nudged down by 0.1 percentage point quarter-to-quarter to 2.2%; the seasonally adjusted unemployment rate held stable at 2.3%.

The fourth-quarter GDP of the Republic of Korea rose by 2.3% year-on-year and 1.3% quarter-to-quarter. Final consumption expenditure drove up the growth by 0.9 percentage points and fixed capital formation added 0.5 percentage points. The unemployment rate fell by 0.2 percentage points from the previous quarter to 3.1%.

¹ Indonesia, Malaysia, the Philippines, Thailand and Vietnam.

The economy of mainland China maintained rapid growth, with the GDP expanding by 6.0% year-on-year in the fourth quarter and 6.1% for the whole year of 2019. In 2019, value added of the above-scale industries grew by 5.7% year-on-year. Fixed asset investment (excluding farmers) rose by 5.4% year-on-year; total retail sales of consumer goods went up by 8.0%, with sales of petroleum & related products, daily necessities, cosmetics and communication equipment increasing by 1.2%, 13.9%, 12.6% and 8.5% respectively. As regards external trade, total value of external trade for the fourth quarter grew by 4.7%² year-on-year. Inflation rose, with the Consumer Price Index (CPI) for 2019 growing by 2.9% year-on-year, representing an increase of 0.8 percentage points as against the growth rate in the previous year.

The Hong Kong economy contracted by 2.9% year-on-year and 0.3% quarter-to-quarter in the fourth quarter. Domestic demand continued to shrink; private consumption expenditure fell by 2.9% and gross fixed capital formation decreased further, down by 16.7% in the fourth quarter. Exports of services slid by 24.7% year-on-year whereas government consumption expenditure grew steadily by 6.0%. The seasonally adjusted unemployment rate rose by 0.4 percentage points over the previous quarter to 3.3%.



² Total value of external trade in RMB

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

	%							
	2017	2018	2019	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4
USA								
Gross Domestic Product	2.4	2.9	2.3	2.5	2.7	2.3	2.1	2.3
Exports of goods	6.6	7.8	-1.3	3.2	1.3	-3.1 ^f	-1.7 ^f	-1.4
Imports of goods	6.8	8.6	-1.7	6.4	-	0.6	-1.4	-5.6
Consumer Price Index	2.1	2.4	1.8	2.2	1.6	1.8	1.8	2.0
Unemployment rate	4.4	3.9	3.7	3.6	4.1	3.5	3.7	3.3
Euro area ^a								
Gross Domestic Product	2.4	1.9	1.2	1.2	1.4	1.2	1.3 ^f	1.0
Exports of goods	7.1	4.1 ^f	2.7	4.0 ^f	3.7 ^f	2.1 ^f	3.1 ^f	2.1
Imports of goods	9.9	7.0 ^f	1.5	8.5 ^f	5.4	2.5 ^f	0.6 ^f	-2.1
Consumer Price Index	1.5	1.8	1.2	1.9	1.4	1.4	1.0	1.0
Unemployment rate	9.1	8.2	7.6	7.9	8.1	7.4	7.3	7.5
Germany								
Gross Domestic Product	2.5	1.5	0.6	0.9	0.9	-0.1	1.1 ^f	0.3
Exports of goods	6.2	3.0	0.8	1.4	2.5	-1.3	1.6 ^f	0.5
Imports of goods	8.0	5.6 ^f	1.4	4.9	5.5 ^f	1.1 ^f	-0.5 ^f	-0.2
Consumer Price Index	1.5	1.7	1.4	2.0	1.4	1.7	1.5	1.2
Unemployment rate	5.7	5.2	5.0	4.9	5.2	4.9	5.0	4.8
France								
Gross Domestic Product	2.4	1.7	1.3	1.2	1.3	1.5 ^f	1.5 ^f	0.9
Exports of goods	5.0	3.9	3.4	4.1	6.3	5.7 ^f	2.1 ^f	-0.3
Imports of goods	7.1	4.3 ^f	2.3	3.5 ^f	4.9 ^f	2.5 ^f	1.6 ^f	0.4
Consumer Price Index	1.0	1.9	1.1	1.9	1.2	1.1	1.0	1.1
Unemployment rate	9.4	9.1	8.5	9.1	9.1	8.1	8.3	8.6
United Kingdom								
Gross Domestic Product	1.9	1.3 ^f	1.4	1.4 ^f	2.0 ^f	1.3	1.2 ^f	1.1
Exports of goods	13.3	3.6 ^f	6.4	2.5 ^f	5.1 ^f	-2.3 ^f	5.2 ^f	17.5
Imports of goods	9.5 ^f	3.3 ^f	2.6	5.5 ^f	18.5 ^f	-0.8	-0.3	-6.1
Consumer Price Index	2.7	2.4	1.8	2.2	1.9	2.0	1.9	1.5
Unemployment rate	4.4	4.1	3.8	4.0	3.8	3.9	3.8	3.8

^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)

	2017	2018	2019	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4
%								
Mainland China								
Gross Domestic Product	6.9 ^f	6.7 ^f	6.1	6.5 ^f	6.4	6.2	6.0	6.0
Exports of goods	7.9	9.9	0.5	3.9	1.4 ^f	-1.0	-0.3 ^f	1.9
Imports of goods	16.1	15.8	-2.8	4.4	-4.1 ^f	-3.7 ^f	-6.2 ^f	3.2
Consumer Price Index ^a	1.6	2.1	2.9	2.1	1.8	2.2	2.5	2.9
Hong Kong								
Gross Domestic Product	3.8	2.9 ^f	-1.2	1.1 ^f	0.7 ^f	0.4	-2.8 ^f	-2.9
Exports of goods	8.0	7.3	-4.1	2.2	-2.4	-4.7	-6.4	-2.5
Imports of goods	8.7	8.4	-6.5	1.8	-3.2	-5.7	-10.1	-6.5
Consumer Price Index	1.5	2.4	2.9	2.6	2.2	3.0	3.3	3.0
Unemployment rate	3.1	2.8	3.0	2.7	2.8	2.9	3.0	3.1
Taiwan								
Gross Domestic Product	3.3 ^f	2.8 ^f	2.7	2.0 ^f	1.8	2.6	3.0	3.3
Exports of goods ^b	13.0 ^f	5.9	-1.4	0.1	-4.2	-2.7 ^f	-0.9 ^f	1.8
Imports of goods ^b	12.2 ^f	10.7 ^f	0.3	7.1 ^f	-1.1 ^f	0.7 ^f	-3.2 ^f	4.9
Consumer Price Index	0.6	1.4	0.6	0.5	0.3	0.8	0.4	0.7
Unemployment rate	3.8	3.7	3.7	3.7	3.7	3.7	3.8	3.7
Japan								
Gross Domestic Product ^c	2.2 ^f	0.3 ^f	0.7	-0.3 ^f	0.8 ^f	0.9	1.7 ^f	-0.4
Exports of goods	11.8	4.1	-5.6	1.3	-3.9	-5.6	-5.0	-7.8
Imports of goods	14.1	9.7	-5.0	11.2	-2.0	-0.1	-4.9	-11.9
Consumer Price Index	0.5	1.0	0.5	0.9	0.3	0.8	0.3	0.5
Unemployment rate	2.8	2.4	2.4	2.4	2.4	2.4	2.3	2.2
Republic of Korea								
Gross Domestic Product	3.2	2.7	2.0	2.9	1.7	2.0	2.0	2.3
Exports of goods	15.8	5.4	-10.3	7.7	-8.5	-8.7 ^f	-12.3 ^f	-11.7
Imports of goods	17.8	11.9	-6.0	12.9	-6.6	-3.3	-4.1	-9.7
Consumer Price Index	1.9	1.5	0.4	1.8	0.5	0.7	-	0.3
Unemployment rate	3.7	3.9 ^f	3.8	3.4	4.5	4.1	3.3	3.1
Singapore								
Gross Domestic Product	4.3 ^f	3.4 ^f	0.7	1.1 ^f	1.0 ^f	0.2	0.7 ^f	1.0
Exports of goods	10.3	7.9	-4.2	7.2	-	-4.6 ^f	-7.3	-4.3
Imports of goods	12.1	10.6	-2.1	11.5	4.5	0.5	-5.9	-6.3
Consumer Price Index	0.6	0.4	0.6	0.5	0.5	0.7	0.4	0.6
Unemployment rate	2.2	2.1	2.3	1.9	2.0	3.0	2.0	2.0

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)

	%							
	2017	2018	2019	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4
USA								
Gross Domestic Product	2.4	2.9	2.3	1.1	3.1	2.0	2.1	2.1
Exports of goods	6.6	7.8	-1.3	-0.6	-0.1 ^f	-2.2 ^f	-2.7 ^f	0.1
Imports of goods	6.8	8.6	-1.7	0.3	-4.4 ^f	1.4 ^f	-0.1 ^f	-3.6
Consumer Price Index	2.1	2.4	1.8	0.3 ^f	0.2	0.7	0.5 ^f	0.6
Unemployment rate ^a	4.4	3.9	3.7	3.8	3.9	3.6	3.6	3.5
Japan								
Gross Domestic Product	2.2 ^f	0.3 ^f	0.7	0.5 ^f	0.6 ^f	0.5 ^f	0.1	-1.6
Exports of goods	12.4	4.1	-5.6	-	-4.4 ^f	-0.7 ^f	-0.7 ^f	-2.2
Imports of goods	14.3 ^f	9.5 ^f	-4.7	3.2 ^f	-7.5 ^f	0.7 ^f	-2.2 ^f	-2.4
Consumer Price Index	0.5	1.0	0.5	0.1 ^f	0.1 ^f	0.1	0.1	0.2
Unemployment rate ^a	2.8	2.4	2.4	2.4	2.5 ^f	2.4	2.3	2.3
Hong Kong								
Gross Domestic Product	3.8	2.9 ^f	-1.2	-0.3 ^f	0.9 ^f	-0.4 ^f	-3.0 ^f	-0.3
Exports of goods	8.0	7.3	-4.1	-3.5 ^f	-3.1 ^f	-0.6 ^f	-0.2	1.7
Imports of goods	8.7	8.4	-6.5	-4.4 ^f	-3.0 ^f	-1.2 ^f	-2.4 ^f	-0.4
Consumer Price Index	1.5	2.4	2.9	0.8 ^f	0.4 ^f	1.2	0.9 ^f	0.5
Unemployment rate ^a	3.1	2.8	3.0	2.8	2.8	2.8	2.9	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