

## **Global Economy in the Second Quarter of 2020**

In the first half of 2020, the pandemic of novel coronavirus pneumonia has had a more severe impact on global economic activity than expected, and the pace of recovery is projected to be slower than anticipated. Activity in economies with declining infection rates has been hit hard during the lockdown; as for economies struggling to control infection rates, a greater impact on economic activity would be expected owing to extended periods of lockdown.

The World Economic Outlook (WEO) report of the International Monetary Fund (IMF) in June 2020 indicated that the pandemic has worsened in some countries while the situation in others began to stabilise. The most stringent and widespread lockdown measures were seen across the globe from mid-March to mid-May, which restricted mobility. As economies gradually reopened, mobility has rebounded in some areas but remained relatively low as compared to the levels before the outbreak of the pandemic. Global trade continued to decline, reflecting weak demand; restrictions in cross-border tourism and economic shutdowns have led to global supply-demand imbalances. The global economy is projected to contract by 4.9% in 2020 but to grow by 5.4% in 2021, a downward revision of 1.9 percentage points and 0.4 percentage points respectively compared to the forecast in April 2020. The projected growth rate for the US economy was -8.0% in 2020, a downgrade of 2.1 percentage points from the April forecast; meanwhile, the growth projection for 2021 was revised downward by 0.2 percentage points to 4.5%. Growth forecast for China was marked downward by 0.2 percentage points to 1.0% in 2020 and by 1.0 percentage point to 8.2% in 2021 compared to the forecast in April. The projected growth rate for the Euro area was -10.2% in 2020, down by 2.7 percentage points from the April forecast, while the rate for 2021 was marked upward by 1.3 percentage points to 6.0%. The growth projection for Japan was revised downward by 0.6 percentage points to -5.8% in 2020 compared to the April forecast, while the growth rate for 2021 was marked downward by 0.6 percentage points to 2.4%.

Many countries experienced economic downturn amid the rapid spread of the pandemic across the world. In the second quarter of 2020, Gross Domestic Product (GDP) of the US decreased by 9.1% year-on-year and 31.7% quarter-to-quarter. Private consumption expenditure and private domestic fixed investment dragged down economic growth by 24.8 percentage points and 5.2 percentage points respectively. Meanwhile, government expenditure and investment contributed 0.8 percentage points to the increase, and net exports added 0.9 percentage points. The unemployment rate rose by 8.8 percentage points quarter-to-quarter to 12.9%; the seasonally adjusted unemployment rate grew by 9.2 percentage points quarter-to-quarter to 13.0%.

The economy of the Euro area worsened, with the GDP in the second quarter falling by 14.7% year-on-year and 11.8% quarter-to-quarter. The economy of Germany shrank by 11.3% while the economy of France declined by 15.7%. Final consumption expenditure of households and non-profit institutions in the Euro area impeded the growth by 6.6 percentage points and gross fixed capital formation hampered the growth by 3.8 percentage points. Inventory change added 0.1 percentage point to the growth while net exports dragged down the growth by 1.0 percentage point. The unemployment rate rose by 0.1 percentage point quarter-to-quarter to 7.6%.

The UK economy weakened, with the second-quarter GDP dropping by 21.7% year-on-year and 20.4% quarter-to-quarter. Household final consumption expenditure, capital formation and government final consumption expenditure hampered economic growth by 14.3 percentage points, 6.4 percentage points and 2.6 percentage points respectively. On the other hand, net exports added 3.6 percentage points to the growth. The unemployment rate held steady from the previous quarter, at 3.9%.

The economies in the Asian region experienced a slowdown. The WEO report of IMF in June 2020 indicated that the projected growth rate for India was marked downward by 6.4 percentage points to -4.5% in 2020 compared to the forecast in April, and the rate for 2021 was revised downward by 1.4 percentage points to 6.0%. The growth projection for the ASEAN-5 economies<sup>a</sup> was -2.0% in 2020, down by 1.4 percentage points, while the rate for 2021 was marked downward by 1.6 percentage points to 6.2%. The growth forecast for the Middle East and Central Asia dropped by 1.9 percentage points to -4.7% in 2020, while the projected growth rate for 2021 was 3.3%, down by 0.7 percentage points against the forecast in April.

The economy of Japan continued to decline, with the GDP in the second quarter dropping by 9.9% year-on-year and 7.8% quarter-to-quarter. Private demand dragged down economic growth by 4.8 percentage points, and net exports of goods and services hampered the growth by 3.0 percentage points. The unemployment rate increased by 0.4 percentage points quarter-to-quarter to 2.8%; the seasonally adjusted unemployment rate edged up by 0.4 percentage points to 2.8%.

The second-quarter GDP of the Republic of Korea fell by 2.9% year-on-year and 3.3% quarter-to-quarter. Final consumption expenditure drove up economic growth by 0.8 percentage points, whereas fixed capital formation and net exports hampered the growth

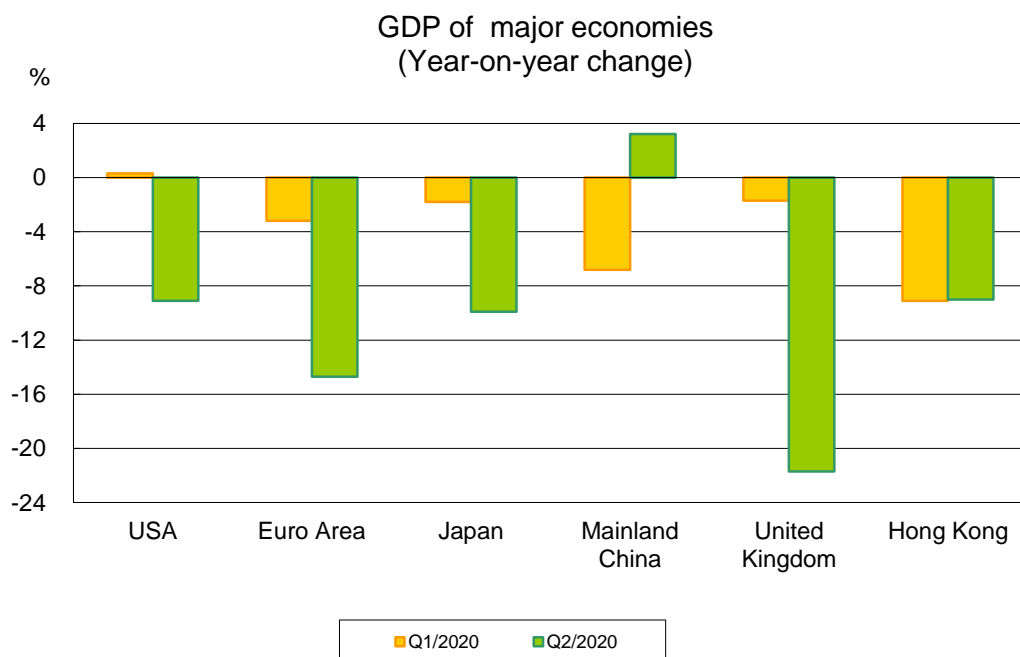
---

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

by 0.1 percentage point and 4.1 percentage points respectively. The unemployment rate increased by 0.2 percentage points from the previous quarter to 4.4%.

The economy of mainland China recovered, with the GDP rising by 3.2% year-on-year in the second quarter of 2020. The value added of the above-scale industries rose by 4.4% year-on-year in the second quarter of 2020. Fixed asset investment (excluding farmers) declined by 3.1% year-on-year; total retail sales of consumer goods went down by 11.4%, with sales of petroleum & related products and cosmetics decreasing by 18.4% and 0.2% respectively; meanwhile, sales of daily necessities and communication equipment grew by 5.2% and 5.8% respectively. As regards external trade, total value of external trade<sup>b</sup> for the second quarter reduced by 0.1% year-on-year. Inflation rose, with the Consumer Price Index (CPI) for the first half of 2020 growing by 3.8% year-on-year, representing an increase of 1.6 percentage points as against the growth rate in the previous year.

The Hong Kong economy contracted by 9.0% year-on-year and 0.1% quarter-to-quarter in the second quarter. Domestic demand continued to shrink and private consumption expenditure fell by 14.2%. Gross fixed capital formation continued to decrease, down by 21.4% in the second quarter. Exports of services slid by 46.1% year-on-year whereas government consumption expenditure grew steadily by 9.8%. The seasonally adjusted unemployment rate rose by 2.0 percentage points over the previous quarter to 6.2%.



<sup>b</sup> Total value of external trade in RMB

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

	2017	2018	2019	2019	2019	2019	2020	2020
				Q2	Q3	Q4	Q1	Q2
%								
<b>USA</b>								
Gross Domestic Product	2.3 <sup>f</sup>	3.0 <sup>f</sup>	2.2 <sup>f</sup>	2.0 <sup>f</sup>	2.1	2.3	0.3	-9.1
Exports of goods	6.6	7.8	-1.3	-3.4 <sup>f</sup>	-1.9 <sup>f</sup>	-1.5 <sup>f</sup>	-3.3	-30.3
Imports of goods	6.8	8.6	-1.7	0.7 <sup>f</sup>	-1.4 <sup>f</sup>	-5.4 <sup>f</sup>	-4.9	-20.3
Consumer Price Index	2.1	2.4	1.8	1.8	1.8	2.0	2.1	0.4
Unemployment rate	4.4	3.9	3.7	3.5	3.7	3.3	4.1	12.9
<b>Euro area <sup>a</sup></b>								
Gross Domestic Product	2.5	1.9	1.2	1.2	1.4	1.0	-3.2	-14.7
Exports of goods	7.1	4.1	2.8	2.2 <sup>f</sup>	3.3 <sup>f</sup>	2.2 <sup>f</sup>	-1.7 <sup>f</sup>	-23.5
Imports of goods	9.9	7.0	1.6	2.5	0.5 <sup>f</sup>	-2.1 <sup>f</sup>	-4.2 <sup>f</sup>	-21.7
Consumer Price Index	1.5	1.8	1.2	1.4	1.0	1.0	1.1	0.2
Unemployment rate	9.1	8.2	7.6	7.4	7.3	7.4	7.5 <sup>f</sup>	7.6
<b>Germany</b>								
Gross Domestic Product	2.5	1.5	0.6	-0.3 <sup>f</sup>	1.2	0.2	-1.8 <sup>f</sup>	-11.3
Exports of goods	6.2	3.0	0.8	-1.3	1.6	0.5	-3.3 <sup>f</sup>	-23.7
Imports of goods	8.0	5.6	1.5	1.1	-0.5	-0.1	-2.8 <sup>f</sup>	-17.9
Consumer Price Index	1.5	1.7	1.4	1.7	1.5	1.2	1.7	0.8
Unemployment rate	5.7	5.2	5.0	4.9	5.0	4.8	5.2	6.0
<b>France</b>								
Gross Domestic Product	2.4	1.8	1.5	3.1 <sup>f</sup>	2.8 <sup>f</sup>	2.1 <sup>f</sup>	-3.9 <sup>f</sup>	-15.7
Exports of goods	5.1	3.9	3.4	6.2 <sup>f</sup>	2.5 <sup>f</sup>	-0.3	-8.4	-34.6
Imports of goods	7.1	4.3	2.4	2.5 <sup>f</sup>	1.7	-0.1 <sup>f</sup>	-8.1 <sup>f</sup>	-27.0
Consumer Price Index	1.0	1.9	1.1	1.0 <sup>f</sup>	0.9 <sup>f</sup>	0.9 <sup>f</sup>	0.9 <sup>f</sup>	-
Unemployment rate	9.4	9.0	8.5	8.1	8.3	8.4	8.1 <sup>f</sup>	7.8
<b>United Kingdom</b>								
Gross Domestic Product	1.9	1.3	1.4	1.4 <sup>f</sup>	1.3	1.1	-1.7 <sup>f</sup>	-21.7
Exports of goods	13.3	3.6	6.5	-0.8 <sup>f</sup>	5.4 <sup>f</sup>	15.7 <sup>f</sup>	-8.5 <sup>f</sup>	-11.7
Imports of goods	9.5	3.3	2.7	0.4 <sup>f</sup>	- <sup>f</sup>	-7.1 <sup>f</sup>	-19.9 <sup>f</sup>	-28.5
Consumer Price Index	2.7	2.4	1.8	2.0	1.9	1.5	1.7	0.6
Unemployment rate	4.4	4.1	3.8	3.9	3.8	3.8	3.9	3.9

<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)

	2017	2018	2019	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	%
<b>Mainland China</b>									
Gross Domestic Product	6.9	6.7	6.1	6.2	6.0	6.0	-6.8	3.2	
Exports of goods	7.9	9.9	0.5	-1.0	-0.3	2.0	-13.4 <sup>f</sup>	0.2	
Imports of goods	16.1	15.8	-2.7	-3.6	-6.2	3.4	-2.9 <sup>f</sup>	-9.7	
Consumer Price Index <sup>a</sup>	1.6	2.1	2.9	2.2	2.5	2.9	4.9	3.8	
<b>Hong Kong</b>									
Gross Domestic Product	3.8	2.8	-1.2	0.4	-2.8	-3.0	-9.1 <sup>f</sup>	-9.0	
Exports of goods	8.0	7.3	-4.1	-6.1 <sup>f</sup>	-7.2 <sup>f</sup>	-2.4 <sup>f</sup>	-9.1 <sup>f</sup>	-3.5	
Imports of goods	8.7	8.4	-6.5	-5.7	-10.1	-6.5	-10.0	-8.8	
Consumer Price Index	1.5	2.4	2.9	3.0	3.3	3.0	2.0	1.3	
Unemployment rate	3.1	2.8	2.9	2.9	3.0	3.1	4.2	6.2	
<b>Taiwan</b>									
Gross Domestic Product	3.3	2.8	2.7	2.6	3.0	3.3	2.2 <sup>f</sup>	-0.6	
Exports of goods <sup>b</sup>	13.0	5.9	-1.4	-2.7	-0.9	1.8	3.7	-2.4	
Imports of goods <sup>b</sup>	12.2	10.7	0.3	0.7	-3.2	4.9	3.5	-4.0	
Consumer Price Index	0.6	1.4	0.6	0.8	0.4	0.7	0.5	-1.0	
Unemployment rate	3.8	3.7	3.7	3.7	3.8	3.7	3.7	4.0	
<b>Japan</b>									
Gross Domestic Product <sup>c</sup>	1.9	0.3	-0.1	0.9	1.7	-0.7	-1.8 <sup>f</sup>	-9.9	
Exports of goods	11.8	4.1	-5.6	-5.5	-5.0	-7.8	-5.5	-25.3	
Imports of goods	14.1	9.7	-5.0	-0.1	-4.9	-11.9	-7.2	-16.0	
Consumer Price Index	0.5	1.0	0.5	0.8	0.3	0.5	0.5	0.1	
Unemployment rate	2.8	2.4	2.4	2.4	2.3	2.2	2.4	2.8	
<b>Republic of Korea</b>									
Gross Domestic Product	3.2	2.9	2.0	2.1	2.0	2.3	1.4	-2.9	
Exports of goods	15.8	5.4	-10.4	-8.7	-12.3	-11.8	-1.8 <sup>f</sup>	-20.3	
Imports of goods	17.8	11.9	-6.0	-3.3	-4.1	-9.7	-1.6	-16.1	
Consumer Price Index	1.9	1.5	0.4	0.7	-	0.3	1.2	-0.1	
Unemployment rate	3.7	3.8	3.8	4.1	3.3	3.1	4.2	4.4	
<b>Singapore</b>									
Gross Domestic Product	4.3	3.4	0.7	0.2	0.7	1.0	-0.3 <sup>f</sup>	-13.2	
Exports of goods	10.3	7.9	-4.2	-4.6	-7.3	-4.3	-1.4 <sup>f</sup>	-13.8	
Imports of goods	12.1	10.6	-2.1	0.5	-5.9	-6.3	2.6	-16.6	
Consumer Price Index	0.6	0.4	0.6	0.8	0.4	0.6	0.4	-0.7	
Unemployment rate	2.2	2.1	2.3	3.0	2.0	2.0	2.2 <sup>f</sup>	4.0	

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	2019	2019	2019	2020	2020
				Q2	Q3	Q4	Q1	Q2
USA								
Gross Domestic Product	2.4	2.9	2.3	1.5 <sup>f</sup>	2.6 <sup>f</sup>	2.4 <sup>f</sup>	-5.0 <sup>f</sup>	-31.7
Exports of goods	6.6	7.8	-1.3	-3.5 <sup>f</sup>	-2.0 <sup>f</sup>	-1.7	-3.8	-29.9
Imports of goods	6.8	8.6	-1.7	0.8 <sup>f</sup>	-2.2	-5.4 <sup>f</sup>	-6.3	-20.0
Consumer Price Index	2.1	2.4	1.8	0.7	0.5	0.6	0.3	-0.9
Unemployment rate <sup>a</sup>	4.4	3.9	3.7	3.6	3.6	3.5	3.8	13.0
Japan								
Gross Domestic Product	1.9	0.3	-0.1	0.4 <sup>f</sup>	-	-1.8 <sup>f</sup>	-0.6 <sup>f</sup>	-7.8
Exports of goods	12.4	4.1	-5.6	3.8 <sup>f</sup>	-3.0 <sup>f</sup>	-3.9 <sup>f</sup>	-3.5 <sup>f</sup>	-16.3
Imports of goods	14.4	9.4	-4.7	1.1 <sup>f</sup>	-1.3 <sup>f</sup>	-3.8 <sup>f</sup>	-5.5 <sup>f</sup>	-5.8
Consumer Price Index	0.5	1.0	0.5	0.1	0.1	0.2	0.1	-0.3
Unemployment rate <sup>a</sup>	2.8	2.4	2.4	2.4	2.3	2.3	2.4	2.8
Hong Kong								
Gross Domestic Product	3.8	2.8	-1.2	-0.3	-3.0	-0.5	-5.5 <sup>f</sup>	-0.1
Exports of goods	8.0	7.3	-4.1	-0.6	-0.2	1.7	-9.7	5.5
Imports of goods	8.7	8.4	-6.5	-1.2	-2.4	-0.4	-5.6	0.9
Consumer Price Index	1.5	2.4	2.9	1.2	0.9	0.5	-0.6	0.6
Unemployment rate <sup>a</sup>	3.1	2.8	2.9	2.8	2.9	3.3	4.2	6.2

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