

Global Economy in the First Quarter of 2012

The world economy remained weak in the first quarter of 2012, yet recovery evolved better than expected. Revival of the U.S. economy was slow; the European sovereign debt crisis eased but the situation was yet to stabilize; meanwhile, the fragile financial system and shrinking demands added uncertainty to the recovery of the world economy. The *World Economic Outlook (WEO)* of the International Monetary Fund (IMF) in April 2012 indicated that economic growth is vulnerable; weak recovery will likely resume in the major advanced economies, and activity is expected to remain relatively solid in most emerging economies. The world economy is projected to grow by 3.5% in 2012, up by 0.2 percentage point from the January *WEO Update*; growth forecast for 2013 is revised upward by 0.1 percentage point to 4.1%.

The US economy continued to recover slowly. Gross Domestic Product (GDP) for the first quarter of 2012 expanded by 2.0% year-on-year and 1.9% quarter-to-quarter; the increment was driven by private consumption expenditure, exports and fixed investment, contributing 1.9, 1.0 and 0.6 percentage point respectively to economic growth. However, cutback in government spending dragged down the rate of expansion by 0.8 percentage point. Unemployment rate stood at 8.6%, up by 0.3 percentage point; the seasonal adjusted unemployment rate was 8.3%.

Stagnant growth of the Euro zone economy was caused by protracted sovereign debt crisis. The first quarter GDP contracted by 0.1% year-on-year but held stable from the previous quarter. Exports contributed 0.5 percentage point to economic expansion; however, gross fixed capital formation and inventory lowered the rate of growth by 0.3 and 0.2 percentage point respectively, tapering off the growth momentum of exports. Unemployment rate rose further by 0.8 percentage point to 11.4% amid the lacklustre economy.

The sluggish construction sector in the UK brought the first quarter GDP down by 0.1% year-on-year and 0.3% quarter-to-quarter. Government final consumption expenditure and household final consumption expenditure contributed 0.4 and 0.1 percentage point to economic growth; nevertheless, gross fixed capital formation dragged down the rate of increase by 0.7 percentage point. Unemployment rate lowered by 0.2 percentage point from the previous quarter to 8.2%.

The Asian economies saw weakening external demand while domestic demand remained robust. The *WEO* of IMF pointed out that the newly industrialized Asian economies¹ expanded by 3.4%, the ASEAN 5² by 5.4%, the Middle East and the North African region by 4.2%, the Chinese and the Indian economies by 8.2% and 6.9% respectively in 2012.

¹ Korea; Taiwan, China; Hong Kong and Singapore

² Indonesia, Malaysia, the Philippines, Thailand and Vietnam

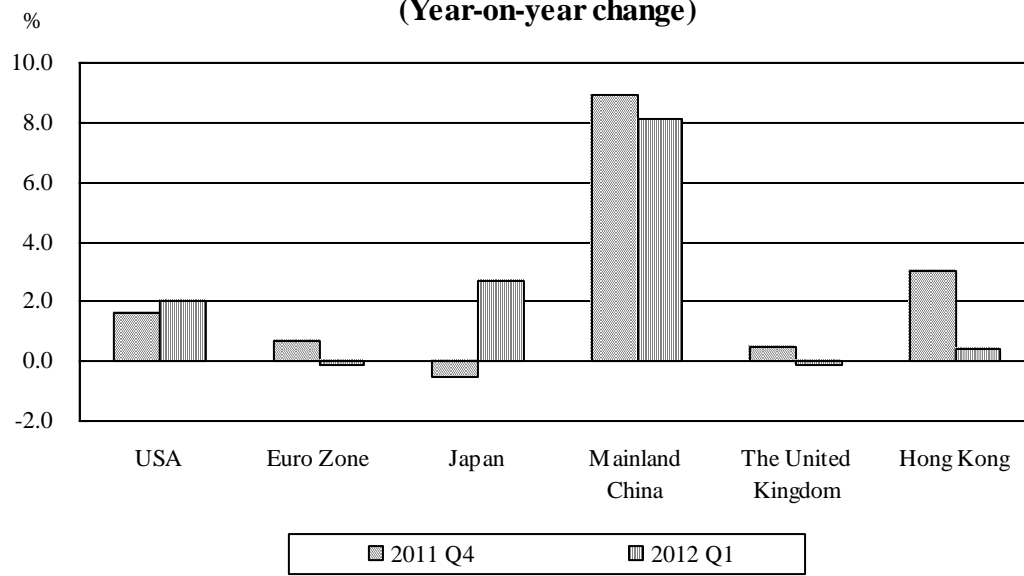
In Japan, the first quarter GDP increased by 2.7% year-on-year and 1.0% quarter-to-quarter, the better than expected recovery was attributable to rising domestic demand and improving exports, which contributed 0.9 and 0.1 percentage point to the rate of increase. Unemployment rate edged up by 0.2 percentage point to 4.5% under the mild recovery; the seasonal adjusted rate held stable as the previous quarter, at 4.5%.

Economy of the Mainland posted slow but steady growth. GDP expanded by 8.1% year-on-year in the first quarter of 2012, down by 0.8 percentage point quarter-to-quarter. In the first quarter of 2012, value added of the above-scale industries³ rose by 11.6% year-on-year, yet down by 2.3 percentage points compared with the increment in the whole year of 2011; fixed asset investment increased by 20.9%, down by 2.9 percentage points; retail sales of consumer goods rose by 14.8%, down by 2.3 percentage points, with sales of communication equipment rising by 43.4%, construction and decoration materials by 25.7% and household furniture by 25.4%. Total value of external merchandise trade for the first quarter of 2012 registered an increase of 7.2% year-on-year, with trade surplus amounting to USD 0.81 billion. Inflationary pressure tapered off further, with the first quarter CPI declining to 3.8%, of which CPI for March increased by 3.6% year-on-year.

Economic growth of Hong Kong decelerated noticeably to a year-on-year increase of 0.4% in the first quarter of 2012; GDP also rose by 0.4% quarter-to-quarter after seasonal adjustment. Slowdown in merchandise exports continued but the domestic sector stayed resilient. Compared with the first quarter of 2011, gross fixed capital formation and private consumption expenditure registered notable growth of 12.2% and 5.6% respectively; government final consumption expenditure increased by 2.5%. Performance of external trade deteriorated, with merchandise imports rising by 0.7% but merchandise exports falling by 1.5%; the seasonal adjusted imports and exports went up by 1.6% and 2.3% respectively. Unemployment rate rose by 0.2 percentage point quarter-to-quarter to 3.3%.

³ According to the definition of the National Bureau of Statistics of China, it refers to industrial enterprises with annual sales revenue of RMB 5 million or over.

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



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

(%) 1/2

	2009	2010	2011	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1
USA								
Gross Domestic Product	-3.5	3.0	1.7	2.2	1.6	1.5	1.6	2.0
Exports of goods	-18.0	21.0	15.8	18.2	17.7	17.5	10.6	8.6
Imports of goods	-25.9	22.7	15.4	18.8	17.0	14.2	12.1 ^r	8.6
Consumer Price Index	-0.4	1.7	3.1	2.1	3.4	3.8	3.3	2.8
Unemployment rate	9.3	9.6	8.9	9.5	8.9	9.1	8.3	8.6
Euro area ^a								
Gross Domestic Product	-4.4 ^f	2.0 ^f	1.5 ^f	2.4	1.6	1.3	0.7	-0.1
Exports of goods	-18.0	20.0	12.9 ^f	21.7 ^f	13.2 ^f	9.6 ^f	8.4	8.5
Imports of goods	-21.7	22.5	12.5 ^f	24.3 ^f	13.0 ^f	9.8 ^f	4.7 ^f	3.4
Consumer Price Index	0.3	1.6	2.7	2.5	2.8	2.7	2.9	2.7
Unemployment rate	9.6	10.2	10.2 ^f	10.4	9.8	9.9	10.6 ^f	11.4
Germany								
Gross Domestic Product	-5.1	3.7	3.0	5.0	3.0	2.6	1.5	1.7
Exports of goods	-18.4	18.5	11.4	19.2	11.7	9.9	5.6 ^f	5.8
Imports of goods	-17.5	19.9	13.2	21.5	13.5	11.7	7.1	4.7
Consumer Price Index	0.3	1.1	2.3	2.1	2.3	2.5	2.3	2.2
Unemployment rate	8.1	7.7	7.1	7.8	7.1	6.9	6.5	7.3
French								
Gross Domestic Product	-3.0 ^f	1.6 ^f	1.7	2.4 ^f	1.7 ^f	1.5	1.2 ^f	0.3
Exports of goods	-17.3 ^f	12.7 ^f	8.9 ^f	13.1 ^f	8.6 ^f	6.8 ^f	7.5 ^f	6.0
Imports of goods	-17.5 ^f	13.2	12.1 ^f	18.9 ^f	12.9	9.4 ^f	7.8 ^f	3.7
Consumer Price Index	0.1	1.5	2.1	1.8	2.1	2.1	2.4	2.3
Unemployment rate	9.5	9.8	9.7	10.0	9.2	9.5	10.1 ^f	10.3
The United Kingdom								
Gross Domestic Product	-4.4	2.1	0.7 ^f	1.5 ^f	0.4 ^f	0.3 ^f	0.5 ^f	-0.1
Exports of goods	-9.5	16.5	12.6	19.0 ^f	10.8 ^f	10.9 ^f	10.1 ^f	4.1
Imports of goods	-10.2	17.1	9.5 ^f	13.5 ^f	9.8	10.2	4.9 ^f	5.3
Consumer Price Index	2.1	3.3	4.5	4.2 ^f	4.4	4.7	4.7	3.5
Unemployment rate	7.7	7.8	8.1	7.7	7.9	8.3	8.4	8.2

^a The Euro area consists of 17 member states from 2011 onwards.

^r Revised figures.

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)

	(%)							
	2009	2010	2011	2011	2011	2011	2011	2012
				Q1	Q2	Q3	Q4	Q1
Mainland China								
Gross Domestic Product	8.7	10.3	9.2	9.7	9.5	9.1	8.9	8.1
Exports of goods	-15.9	31.3	20.3	26.4	22.0	20.6	14.2	7.6
Imports of goods	-11.3	38.7	25.0	33.0	23.1	25.0	20.5	6.9
Consumer Price Index ^a	-0.7	3.3	5.4	5.0	5.4	5.7	5.4	3.8
Hong Kong								
Gross Domestic Product	-2.7	7.1 ^r	5.0	7.6	5.4 ^r	4.4 ^r	3.0	0.4
Exports of goods	-12.6	22.8	10.1	24.6	7.7	4.2	6.9	-1.5
Imports of goods	-11.0	25.0	11.9	20.6	10.3	8.9	9.3	0.7
Consumer Price Index	0.5	2.4	5.3	3.8	5.2	6.4	5.7	5.2
Unemployment rate	5.4	4.3	3.4	3.4	3.7 ^r	3.4	3.1	3.3
Taiwan, China								
Gross Domestic Product	-1.8	10.7	4.0	6.6	4.5	3.5	1.9	0.4
Exports of goods	-20.3	34.8	12.3	19.4	14.6	11.6	4.5	-4.0
Imports of goods	-27.5	44.1	12.0	21.7	18.9	10.2	-0.9	-5.9
Consumer Price Index	-0.9	1.0	1.4	1.3	1.6	1.4	1.4	1.3
Unemployment rate	5.9	5.2	4.4	4.6	4.3	4.4	4.3	4.2
Japan								
Gross Domestic Product	-5.5	4.4	-0.7 ^r	-0.2 ^r	-1.7	-0.4 ^r	-0.5 ^r	2.7
Exports of goods	-33.1	24.4	-2.7	2.4	-8.1 ^r	0.5	-5.5	-1.6
Imports of goods	-34.8	18.0	12.1 ^r	11.7 ^r	10.5 ^r	13.8	12.4 ^r	9.8
Consumer Price Index	-1.4	-0.7	-0.3	-0.5	-0.4	0.1	-0.3	0.3
Unemployment rate	5.1	5.1	4.6 ^r	4.8	4.8 ^r	4.5 ^r	4.3	4.5
Republic of Korea								
Gross Domestic Product	0.3	6.3 ^r	3.6	4.2	3.5 ^r	3.6 ^r	3.3 ^r	2.8
Exports of goods	-13.9	28.3	19.0 ^r	29.6	18.6 ^r	21.4	9.0 ^r	3.0
Imports of goods	-25.8	31.6	23.3	26.3 ^r	27.1 ^r	27.7	13.4 ^r	7.6
Consumer Price Index	2.8	2.9	4.0	3.8	4.0	4.3	4.0	3.0
Unemployment rate	3.6	3.8	3.4	4.2	3.4	3.1	2.9	3.8
Singapore								
Gross Domestic Product	-1.0	14.8	4.9	9.1	1.2	6.0	3.6	1.6
Exports of goods	-18.0	22.4	7.5	13.4	6.7	4.7	5.8	4.8
Imports of goods	-21.0	18.8	8.6	10.2	8.4	6.2	9.9	10.4
Consumer Price Index	0.6	2.8	5.2	5.2	4.7	5.5	5.5	4.9
Unemployment rate	3.0	2.2	2.0	1.8	2.7	1.8	1.8	1.9

^a Accumulated year-on-year comparison.

^r Revised figures.

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)

(%)

	2009	2010	2011	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1
USA								
Gross Domestic Product	-3.5	3.0	1.7	0.4	1.3	1.8	3.0	1.9
Exports of goods	-18.0	21.0	15.8	4.9	3.3	2.7	-0.3	2.1
Imports of goods	-25.9	22.7	15.4	8.1	3.5	0.2	0.7 ^r	3.3
Consumer Price Index	-0.4	1.7	3.1	1.1	1.1	0.8	0.3	0.6
Unemployment rate ^a	9.3	9.6	8.9	9.0	9.0	9.1	8.7	8.3
Japan								
Gross Domestic Product	-5.5	4.4	-0.7 ^r	-2.0 ^r	-0.3 ^r	1.9 ^r	- ^r	1.0
Exports of goods	-33.2 ^r	24.5 ^r	-2.6 ^r	0.9 ^r	-7.9 ^r	7.1 ^r	-4.8 ^r	2.2
Imports of goods	-34.6	18.0	12.3 ^r	6.9 ^r	3.7 ^r	0.9 ^r	1.6 ^r	1.7
Consumer Price Index	-1.4	-0.7	-0.3	-	-0.2	-	-0.2	0.6
Unemployment rate ^a	5.1	5.1	4.6 ^r	4.8 ^r	4.7 ^r	4.4	4.5	4.5
Hong Kong								
Gross Domestic Product	-2.7	7.1 ^r	5.0	2.9 ^r	-0.4 ^r	0.1	0.4 ^r	0.4
Exports of goods	-12.6	22.8	10.1	11.8 ^r	-11.0 ^r	-0.5 ^r	1.9 ^r	2.3
Imports of goods	-11.0	25.0	11.9	8.6 ^r	-5.4 ^r	0.8 ^r	-0.6 ^r	1.6
Consumer Price Index	0.5	2.4	5.3	1.8	1.8	-0.9	3.0	1.3
Unemployment rate ^a	5.4	4.3	3.4	3.5 ^r	3.6 ^r	3.2	3.3	3.4

^a Unemployment rate after seasonal adjustment.

- Absolute value equals zero.

^r Revised figures.

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