

Global Economy in the First Quarter of 2013

Global economic performance fell below expectations in the first quarter of 2013. Modest pickup in the US economy, protracted depression in the Euro area, and slower growth in most of the Asian economies suggested that global recovery remained uneven. The *World Economic Outlook (WEO)* of the International Monetary Fund (IMF) in April 2013 indicated that divergent recoveries in the advanced economies of the USA and the Euro area, together with relatively robust growth in the emerging and developing economies, form a three-speed global recovery. The world economy is projected to expand by 3.3% in 2013, down by 0.2 percentage points from the January forecast; growth forecast for 2014 held stable at 4.0%.

The US economy improved but at a slow pace. Gross Domestic Product (GDP) for the first quarter of 2013 expanded by 1.8% year-on-year and 2.4% quarter-to-quarter, up notably from the previous quarter. Economic growth was spurred by the increase in private consumption expenditure that contributed 2.4 percentage points to the growth; inventory and fixed investment added 0.6 and 0.5 percentage points to economic growth; on the contrary, cutback in government spending dragged down the rate of increase by 1.0 percentage point. Despite modest economic growth, the first quarter unemployment rate rose by 0.6 percentage points quarter-to-quarter to 8.1%; the seasonal adjusted unemployment rate stood at 7.7%.

Economic performance of Germany and France was worse than expected, and the Euro area showed signs of continued contraction. The first quarter GDP of the Euro area shrank by 1.1% year-on-year, marking five consecutive quarters of negative growth; the economy contracted by 0.2% quarter-to-quarter. Exports and gross fixed capital formation lowered economic growth by 0.4 and 0.3 percentage points. Unemployment rate increased by 0.8 percentage points quarter-to-quarter to 12.6% amid deteriorating economic performance.

Benefited from the growth in the service sector and the manufacturing industry, the first quarter GDP of the UK expanded by 0.6% year-on-year and 0.3% quarter-to-quarter. Gross capital formation and household final consumption expenditure contributed 0.3 and 0.1 percentage point respectively to growth, but net exports dragged down the rate of increase by 0.1 percentage point. The unemployment rate held stable at 7.8% as the previous quarter.

Despite a slowdown in growth momentum, the Asian economies remained the major driving force of global economic expansion. The April *WEO* of IMF indicated that the ASEAN 5¹ is projected to expand by 5.9%, the Middle East and the North African region by 3.1%, and the Chinese and Indian economies by 8.0% and 5.7% respectively for the whole year of 2013, in which the growth forecast for all economies, except the ASEAN 5, was lower than the January forecast.

The economy of Japan started to pick up on the back of the economic stimulus policy. The first quarter GDP increased by 0.4% year-on-year and 1.0% quarter-to-quarter. Domestic demand and exports contributed 0.6 and 0.5 percentage points to economic growth. However, the unemployment rate rose by 0.2 percentage points from the previous quarter to 4.2%; the seasonal adjusted rate held stable at 4.2%.

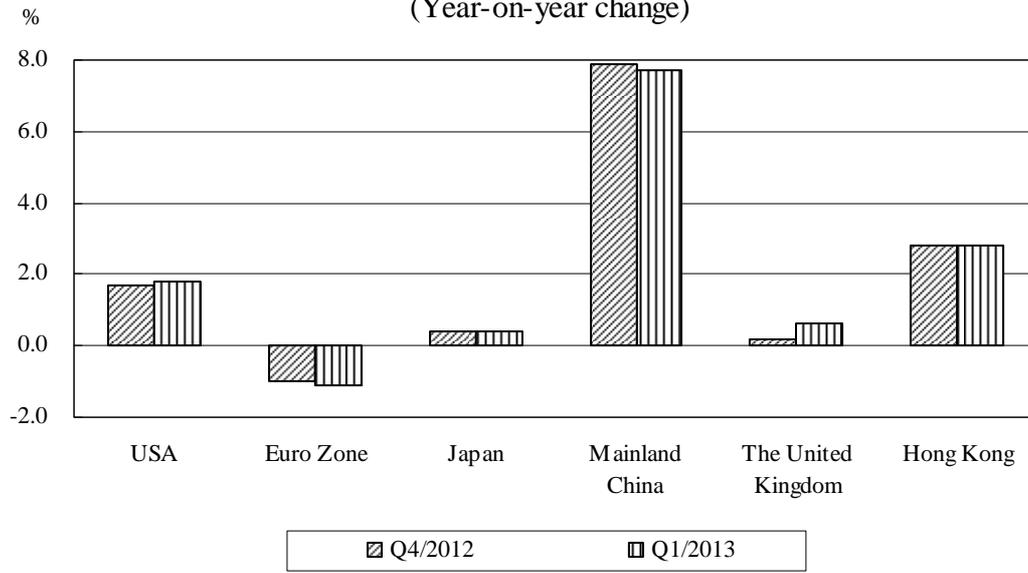
The economy of Mainland China maintained steady growth. The first quarter GDP expanded by 7.7% year-on-year, down by 0.2 percentage points from the previous quarter. In the first quarter of 2013, value added of the above-scale industries² rose by 9.5% year-on-year, down by 2.1 percentage points from the increase in the same quarter of 2012; fixed asset investment increased by 20.9% year-on-year, same as a year earlier; retail sales of consumer goods rose by 12.4% year-on-year, up by 2.4 percentage points, with sales of furniture rising by 22.4%, construction and decoration materials by 19.0%, and jewellery by 17.7%. Total value of external merchandise trade for the first quarter rose by 13.4% year-on-year, with trade surplus amounting to USD43.1 billion. Inflation rate eased further to 2.4% in the first quarter, with the Consumer Price Index for March rising by 2.1% year-on-year.

The economy of Hong Kong saw a moderate expansion in the first quarter of 2013, growing by 2.8% year-on-year and 0.2% quarter-to-quarter. Domestic demand remained resilient, of which private consumption expenditure and government final consumption expenditure increased by 7.0% and 2.0% respectively year-on-year, while gross fixed capital formation receded by 2.2%. Trade figures stayed subdued, with merchandise imports and exports rising by 4.9% and 4.0% year-on-year, or down by 1.4% and 1.5% quarter-to-quarter. The unemployment rate stood at 3.4%, up by 0.3 percentage points quarter-to-quarter.

¹ Indonesia, Malaysia, the Philippines, Thailand and Vietnam

² 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 major economies
(Year-on-year change)



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

	2010	2011	2012	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	%
USA									
Gross Domestic Product	2.4	1.8	2.2	2.4	2.1	2.6	1.7 ^f	1.8	
Exports of goods	21.0	15.8	4.5	8.5	5.7	1.2	2.9	0.5	
Imports of goods	22.7	15.4	3.0	8.5	3.7	-	0.6	-2.8	
Consumer Price Index	1.7	3.1	2.1	2.8	1.9	1.7	1.9	1.7	
Unemployment rate	9.6	8.9	8.1	8.6	8.0	8.1	7.5	8.1	
Euro area ^a									
Gross Domestic Product	2.0	1.5 ^f	-0.6	-0.1	-0.5	-0.7 ^f	-1.0 ^f	-1.1	
Exports of goods	20.1 ^r	13.0 ^r	7.4	8.4 ^f	8.1	7.5 ^f	5.7 ^f	1.3	
Imports of goods	22.4 ^f	13.3 ^f	1.7 ^f	4.1	1.4 ^f	0.5 ^f	0.8	-5.2	
Consumer Price Index	1.6	2.7	2.5	2.7	2.5	2.5	2.3	1.9	
Unemployment rate	10.1	10.1	11.4	11.4	11.1	11.1	11.8	12.6	
Germany									
Gross Domestic Product	4.2	3.0	0.7	1.8 ^f	0.5	0.4	- ^f	-1.4	
Exports of goods	18.5	11.5	3.4	5.1	3.6	3.6	1.3	-1.5	
Imports of goods	19.9	13.2	0.7	4.0	0.1	-0.4	-0.7	-3.5	
Consumer Price Index	1.1	2.1	2.0	2.1	1.9	2.0	2.0	1.5	
Unemployment rate	7.7	7.1	6.8	7.3	6.8	6.7	6.6	7.4	
French									
Gross Domestic Product	1.6	2.0 ^f	-	0.3 ^f	0.1	-	-0.3	-0.4	
Exports of goods	12.8	9.0	4.0 ^f	5.3 ^f	5.2	4.0 ^f	1.8 ^f	-1.6	
Imports of goods	13.3 ^f	12.8 ^f	2.1 ^f	3.1 ^f	3.5	1.1 ^f	0.7	-2.9	
Consumer Price Index	1.5	2.1	2.0	2.3	2.0	2.0	1.5	1.1	
Unemployment rate	9.7	9.6	10.3	10.4	9.8	10.1	10.7 ^f	11.2	
The United Kingdom									
Gross Domestic Product	1.8	1.0 ^f	0.3 ^f	0.5 ^f	- ^r	0.4 ^f	0.2 ^f	0.6	
Exports of goods	16.5	12.6	0.5 ^f	3.9 ^f	-0.5 ^f	2.2 ^f	-3.6 ^f	-2.2	
Imports of goods	17.1	9.6	1.9 ^f	5.7	2.7 ^f	-0.2 ^f	-0.5 ^f	-0.9	
Consumer Price Index	3.3	4.5	2.8	3.5	2.8	2.4	2.6	2.8	
Unemployment rate	7.8	8.1	7.9	8.2	8.0	7.8	7.8	7.8	

^a Consists 17 member states since 2011.

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)

	2010	2011	2012	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1
%								
Mainland China								
Gross Domestic Product	10.3	9.2	7.8	8.1	7.6	7.4	7.9	7.7
Exports of goods	31.3	20.3	7.9	7.6	10.4	4.4	9.4	18.4
Imports of goods	38.7	25.0	4.3	7.0	6.4	1.4	2.7	8.4
Consumer Price Index ^a	3.3	5.4	2.6	3.8	3.3	2.8	2.6	2.4
Hong Kong								
Gross Domestic Product	6.8	4.9	1.5 ^f	0.7 ^f	0.9 ^f	1.5 ^f	2.8 ^f	2.8
Exports of goods	22.8	10.1	2.9	-1.5	1.9	3.8	7.0	4.0
Imports of goods	25.0	11.9	3.9	0.7	2.1	4.5	8.1	4.9
Consumer Price Index	2.4	5.3	4.1	5.2	4.2	3.1	3.8	3.7
Unemployment rate	4.3	3.4	3.3	3.3	3.3	3.5	3.1	3.4
Taiwan, China								
Gross Domestic Product	10.8	4.1	1.3	0.6	-0.1	0.7 ^f	4.0 ^f	1.7
Exports of goods	34.8	12.3	-2.3	-3.9 ^f	-5.4	-2.2	2.4 ^f	2.4
Imports of goods	44.1	12.0	-3.9 ^f	-5.9	-5.9 ^f	-3.4 ^f	-0.1	4.4
Consumer Price Index	1.0	1.4	1.9	1.3	1.7	3.0	1.8	1.8
Unemployment rate	5.2	4.4	4.2	4.2	4.1	4.3	4.3	4.2
Japan								
Gross Domestic Product	4.7	-0.6	1.9	3.4	3.9 ^f	0.2 ^f	0.4 ^f	0.4
Exports of goods	24.4	-2.7	-2.7 ^f	-1.6	4.8	-8.2 ^f	-5.5	1.2
Imports of goods	18.0	12.1	3.8	9.9	5.0 ^f	0.3 ^f	0.5 ^f	8.0
Consumer Price Index	-0.7	-0.3	-	0.3	0.2	-0.4	-0.2	-0.6
Unemployment rate	5.1	4.6	4.3	4.5	4.6	4.3	4.0	4.2
Republic of Korea								
Gross Domestic Product	6.3	3.7 ^f	2.0	2.8	2.4 ^f	1.6 ^f	1.5	1.5
Exports of goods	28.3	19.0	-1.3	2.9 ^f	-1.7	-5.8	-0.4 ^f	0.4
Imports of goods	31.6	23.3	-0.9	7.8	-2.9	-6.9	-1.1 ^f	-2.9
Consumer Price Index	3.0	4.0	2.2	3.0	2.4	1.6	1.7	1.4
Unemployment rate	3.7	3.4	3.2	3.8	3.3	3.0	2.8	3.6
Singapore								
Gross Domestic Product	14.8	5.2	1.3	1.5	2.3	-	1.5	0.2
Exports of goods	22.4	7.5	-0.9	4.8	1.4	-4.2	-5.1	-8.7
Imports of goods	18.8	8.6	3.2	10.5	4.6	-1.3	-0.4	-9.3
Consumer Price Index	2.8	5.2	4.6	4.9	5.3	4.2	4.0	4.0
Unemployment rate	2.2	2.0	2.0	1.9	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, 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)

	2010	2011	2012	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	%
USA									
Gross Domestic Product	2.4	1.8	2.2	2.0	1.3	3.1	0.4 ^f	2.4	
Exports of goods	21.0	15.8	4.5	1.3	1.6	-0.3	-0.7 ^f	0.8	
Imports of goods	22.7	15.4	3.0	2.1	-0.4	-2.2	0.6	0.3	
Consumer Price Index	1.7	3.1	2.1	0.6	0.3	0.5	0.5	0.4	
Unemployment rate ^a	9.6	8.9	8.1	8.3	8.2	8.0	7.8	7.7	
Japan									
Gross Domestic Product	4.7	-0.6	1.9	1.2 ^f	-0.2	-0.9 ^f	0.3 ^f	1.0	
Exports of goods	24.5	-2.6	-2.9	-0.1 ^f	0.4 ^f	-3.4 ^f	-1.7 ^f	7.1	
Imports of goods	18.1	12.2	3.4	-0.3 ^f	0.5 ^f	-0.4 ^f	-0.1 ^f	9.6	
Consumer Price Index	-0.7	-0.3	-	0.3	-0.2	-0.4	-	-0.1	
Unemployment rate ^a	5.1	4.6	4.3	4.5	4.4	4.3 ^f	4.2	4.2	
Hong Kong									
Gross Domestic Product	6.8	4.9	1.5 ^f	0.3 ^f	-0.1	1.1 ^f	1.4 ^f	0.2	
Exports of goods	22.8	10.1	2.9	1.9	-2.3	2.6	4.9	-1.5	
Imports of goods	25.0	11.9	3.9	1.6	-0.9	2.2	4.7	-1.4	
Consumer Price Index	2.4	5.3	4.1	1.2	0.8	-1.9	3.7	1.2	
Unemployment rate ^a	4.3	3.4	3.3	3.4	3.2	3.3	3.3	3.5	

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