

Global Economy in the First Quarter of 2023

In the first quarter of 2023, the world economy regained growth momentum as global inflation decreased amid easing of supply-chain disruptions and receding energy and food prices. Nevertheless, with the ongoing crisis in Ukraine and the growing geoeconomic fragmentation, some central banks continued to tighten monetary policies to curb inflation, which drove up interest rates and posed increasing risks to the financial system. Economic recovery slowed down, and various economies still face challenges of maintaining stability of the financial system and reducing inflation.

According to the World Economic Outlook (WEO) report of the International Monetary Fund (IMF) in April 2023, global growth forecast for 2023 was revised downward by 0.1 percentage point to 2.8%, while the forecast for 2024 was marked downward by 0.1 percentage point to 3.0%. The projected growth rate for the US economy in 2023 was raised upward by 0.2 percentage points to 1.6%, while the growth forecast for China remained at 5.2%. Growth projection for the Euro area was revised upward by 0.1 percentage point to 0.8%, whereas that for Japan in 2023 was revised downward by 0.5 percentage points to 1.3%.

The Gross Domestic Product (GDP) of the US in the first quarter of 2023 rose by 1.6% year-on-year and 1.1% quarter-to-quarter. Private consumption expenditure and total government expenditure and investment added 2.5 percentage points and 0.8 percentage points to economic growth respectively, while net exports contributed 0.1 percentage point; meanwhile, private domestic fixed investment dragged down the growth by 0.1 percentage point. The unemployment rate increased by 0.4 percentage points quarter-to-quarter to 3.8%; the seasonally adjusted unemployment rate decreased by 0.1 percentage point quarter-to-quarter to 3.5%.

The GDP of the Euro area in the first quarter rose by 1.0% year-on-year but fell by 0.1% quarter-to-quarter. The economy of Germany reduced by 0.2% year-on-year while the economy of France grew by 0.9%. Fixed capital formation in the Euro area contributed 0.1 percentage point to the increase, while net exports, inventory change, government final consumption expenditure and final consumption expenditure of households and non-profit institutions in the Euro area hampered economic growth by 0.7 percentage points, 0.4 percentage points, 0.3 percentage points and 0.1 percentage point respectively. The unemployment rate rose by 0.1 percentage point quarter-to-quarter to 6.8%.

The first-quarter GDP of the UK increased by 0.2% year-on-year and 0.1% quarter-to-quarter. Capital formation drove up the growth by 0.9 percentage points; household final consumption expenditure almost had no impact on the growth, whereas government final consumption expenditure and net exports dragged down the growth by 0.5 percentage points and 0.2 percentage

points respectively. The seasonally adjusted unemployment rate rose by 0.2 percentage points from the previous quarter to 3.9%.

The WEO report of IMF in April 2023 indicated that the projected growth rate for the ASEAN-5 economies^a was marked upward by 0.2 percentage points to 4.5% in 2023. The growth forecast for the Middle East and Central Asia was revised downward by 0.3 percentage points to 2.9% in 2023, and that for India was marked downward by 0.2 percentage points to 5.9%.

The GDP of Japan in the first quarter rose by 1.3% year-on-year and 0.4% quarter-to-quarter. Private demand and fixed capital formation contributed 0.6 percentage points and 0.3 percentage points to economic growth respectively, while net exports of goods and services impeded the growth by 0.3 percentage points; meanwhile, government consumption expenditure had no impact on economic growth. The unemployment rate increased by 0.2 percentage points quarter-to-quarter to 2.6%; the seasonally adjusted unemployment rate was 2.6%, up by 0.1 percentage point from the previous quarter.

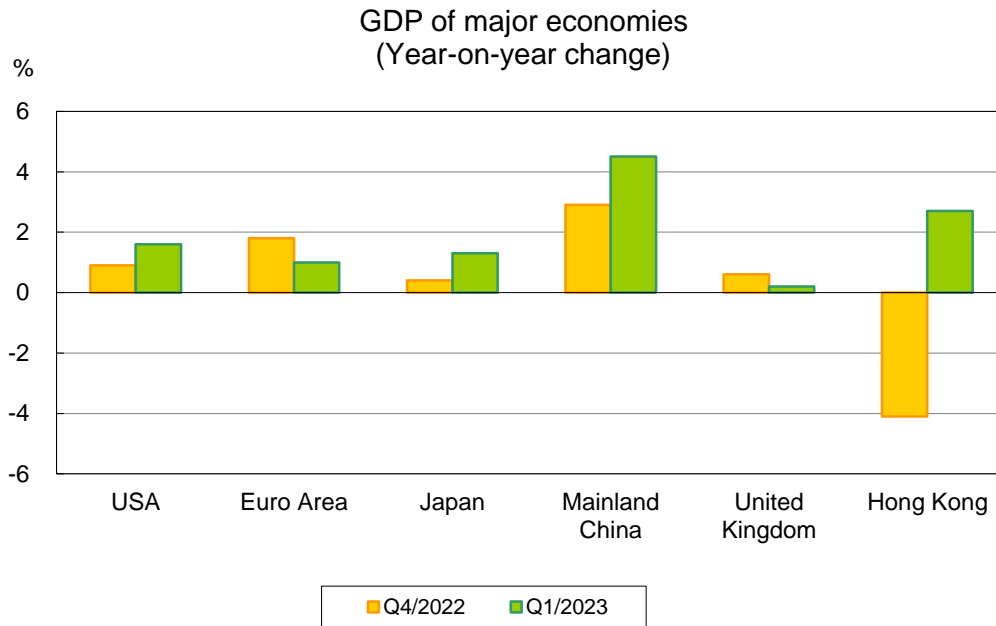
The first-quarter GDP of the Republic of Korea increased by 0.9% year-on-year and 0.3% quarter-to-quarter. Final consumption expenditure added 0.3 percentage points to the rise. On the other hand, fixed capital formation, government consumption expenditure and net exports hampered the growth by 0.3 percentage points, 0.2 percentage points and 0.1 percentage point respectively. The unemployment rate rose by 0.6 percentage points from the previous quarter to 3.2%.

The first-quarter GDP of mainland China rose by 4.5% year-on-year, which was 1.6 percentage points higher than the growth in the previous quarter. Final consumption expenditure and gross capital formation contributed 3.0 percentage points and 1.6 percentage points to the GDP growth respectively, whereas net export of goods and services dragged down the growth by 0.1 percentage point. The value added of the above-scale industries increased by 3.0% year-on-year in the first quarter of 2023. Fixed asset investment (excluding farmers) grew by 5.1% year-on-year; total retail sales of consumer goods went up by 5.8%, with sales of petroleum & related products, cosmetics and commodities expanding by 10.3%, 5.9% and 5.1% respectively; meanwhile, communication appliances dropped by 5.1%. As regards external trade, total value of external trade^b in the first quarter of 2023 recorded a year-on-year growth of 4.8%. Besides, national consumer price rose by 1.3% year-on-year in the first quarter of 2023.

^a Indonesia, Malaysia, the Philippines, Thailand and Viet Nam.

^b Total value of external trade in RMB

The Hong Kong economy expanded by 2.7% year-on-year and 5.3% quarter-to-quarter in the first quarter. Exports of services, private consumption expenditure, gross fixed capital formation and government consumption expenditure rose by 16.5%, 13.0%, 5.8% and 0.9% respectively. The seasonally adjusted unemployment rate dipped by 0.4 percentage points over the previous quarter to 3.1%.



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

	2020	2021	2022	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	%
USA									
Gross Domestic Product	-2.8	5.9	2.1	3.7	1.8	1.9	0.9	1.6	
Exports of goods	-13.0	22.8	17.7	18.2	22.1	22.8	8.5 ^f	6.5	
Imports of goods	-6.5	21.5	14.7	22.6	20.7	14.2	3.0 ^f	-4.0	
Consumer Price Index	1.2	4.7	8.0	8.0	8.6	8.3	7.1	5.8	
Unemployment rate	8.1	5.4	3.7	4.1	3.5	3.6	3.4	3.8	
Euro area ^a									
Gross Domestic Product	-6.1	5.3	3.5	5.5	4.4	2.5 ^f	1.8	1.0	
Exports of goods	-9.1	14.3	18.0	17.0 ^f	20.3	20.2 ^f	14.9 ^f	8.5	
Imports of goods	-10.7	22.2	37.6 ^f	40.8	45.4 ^f	47.6 ^f	20.1 ^f	-	
Consumer Price Index	0.3	2.6	8.4	6.1	8.1 ^f	9.3	10.0	8.0	
Unemployment rate	7.9 ^f	7.7	6.7	7.1	6.5	6.6	6.7	6.8	
Germany									
Gross Domestic Product	-3.7 ^f	2.6	1.8	4.1 ^f	1.7	1.3	0.2 ^f	-0.2	
Exports of goods	-9.1	14.3	14.3 ^f	12.3	16.0 ^f	18.2 ^f	11.0 ^f	7.6	
Imports of goods	-7.0	17.3	5.7	24.5	28.6	32.1 ^f	12.8 ^f	1.6	
Consumer Price Index	0.5	3.1	6.9	4.8	6.7	7.4	8.6	8.2	
Unemployment rate	5.9	5.7	5.3	5.3	5.0	5.5	5.3	5.7	
France									
Gross Domestic Product	-7.7 ^f	6.4 ^f	2.5 ^f	4.5 ^f	4.0 ^f	1.1 ^f	0.6 ^f	0.9	
Exports of goods	-16.3	16.7 ^f	19.3 ^f	19.0 ^f	18.6 ^f	23.4 ^f	16.4 ^f	6.9	
Imports of goods	-13.3 ^f	18.6	29.7 ^f	29.0 ^f	31.9 ^f	38.7 ^f	20.0 ^f	3.6	
Consumer Price Index	0.5	1.6	5.2	3.7	5.3	5.8	6.1	6.0	
Unemployment rate	8.0	7.9	7.3	7.5	7.1	7.3 ^f	7.3 ^f	7.2	
United Kingdom									
Gross Domestic Product	-11.0	7.6	4.1 ^f	10.6 ^f	3.8 ^f	2.0 ^f	0.6 ^f	0.2	
Exports of goods	-15.5	5.3	28.0 ^f	18.9 ^f	16.2 ^f	47.9 ^f	29.0 ^f	15.3	
Imports of goods	-13.9	11.8	30.8 ^f	37.1 ^f	36.5 ^f	29.3 ^f	21.7 ^f	-5.9	
Consumer Price Index	0.8	2.7	9.1	6.1	9.2	10.1	10.8	10.2	
Unemployment rate	4.6	4.5	3.7	3.7	3.8	3.6	3.7	3.9	

^a Consists 20 member states since 2023.

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)

%

	2020	2021	2022	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1
Mainland China								
Gross Domestic Product	2.2	8.1	3.0	4.8	0.4	3.9	2.9	4.5
Exports of goods	3.6	29.6	7.0	15.4 ^f	12.4	10.2 ^f	-6.7 ^f	0.5
Imports of goods	-0.6	30.0	1.0 ^f	10.7 ^f	1.1 ^f	0.3 ^f	-6.5	-7.0 ^f
Consumer Price Index ^a	2.5	0.9	2.0	1.1	1.7	2.0	2.0	1.3
Hong Kong								
Gross Domestic Product	-6.5	6.4	-3.5	-3.9	-1.2	-4.6	-4.1 ^f	2.7
Exports of goods	-1.5	26.3	-8.6	3.4	-2.4	-10.9	-21.7	-17.7
Imports of goods	-3.3	24.3	-7.2	2.9	1.3	-11.3	-18.8	-12.7
Consumer Price Index	0.3	1.6	1.9	1.5	1.5	2.7	1.8	1.9
Unemployment rate	5.8	5.2	4.3	5.0	4.8	4.1	3.3	3.1
Taiwan								
Gross Domestic Product	3.4	6.5	2.4 ^f	3.9	3.0	3.6	-0.8 ^f	-2.9
Exports of goods ^b	4.9	29.2	7.5	23.5	15.4	3.3	-8.3	-19.2
Imports of goods ^b	0.2	33.5	12.1	25.8	24.5	6.4	-4.3	-15.8
Consumer Price Index	-0.2	2.0	3.0	2.8	3.4	2.9	2.6	2.6
Unemployment rate	3.8 ^f	4.0	3.7	3.6	3.7	3.7	3.6	3.5
Japan								
Gross Domestic Product ^c	-4.3	2.2 ^f	1.0 ^f	0.5	1.8 ^f	1.6 ^f	0.4 ^f	1.3
Exports of goods	-11.1	21.5	18.2	14.5	15.9	23.2	18.7	4.8
Imports of goods	-13.5	24.8	39.2	35.0 ^f	40.6 ^f	47.3 ^f	34.0	11.2
Consumer Price Index	-	-0.2	2.5	0.9	2.4	2.9	3.9	3.6
Unemployment rate	2.8	2.8	2.6	2.6	2.7	2.6	2.4	2.6
Republic of Korea								
Gross Domestic Product	-0.7	4.3 ^f	2.6	3.1 ^f	2.9 ^f	3.2 ^f	1.4	0.9
Exports of goods	-5.5	25.7	6.1	18.4	13.0	5.8	-10.0 ^f	-12.6
Imports of goods	-7.1	31.5	18.9	30.2 ^f	23.0 ^f	22.6	3.1	-2.2
Consumer Price Index	0.5	2.5	5.1	3.8	5.4	5.9	5.3	4.7
Unemployment rate	4.0	3.7	2.9	3.5	3.0	2.5	2.6	3.2
Singapore								
Gross Domestic Product	-3.9	8.9	3.6	4.0	4.5	4.0	2.1	0.4
Exports of goods	-3.2	19.1	15.6	18.8	24.9	23.4	-2.3	-6.5
Imports of goods	-7.4	20.4	20.1	23.1	31.6	28.1	0.5	-9.2
Consumer Price Index	-0.2	2.3	6.1	4.6	5.9	7.3	6.6	6.1
Unemployment rate	3.0	2.7	2.1	2.0	2.6	2.0	1.8	1.6

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)

%

	2020	2021	2022	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1
USA								
Gross Domestic Product	-2.8	5.9	2.1	-1.6	-0.6	3.2	2.6 ^f	1.1
Exports of goods	-13.0	22.8	17.7	2.5	10.1	1.5	-5.6 ^f	1.0
Imports of goods	-6.5	21.5	14.7	8.9	2.4	-3.9	-3.3	0.5
Consumer Price Index	1.2	4.7	8.0	2.3	2.3	1.4	1.0	0.9
Unemployment rate ^a	8.1	5.4	3.6	3.8	3.6	3.6	3.6	3.5
Japan								
Gross Domestic Product	-4.3	2.1	1.1	-0.5 ^f	1.1	-0.2 ^f	- ^f	0.4
Exports of goods	-11.5	21.7	18.2	6.4 ^f	5.2 ^f	5.4	0.8 ^f	-6.2
Imports of goods	-14.1	25.2	39.9	11.3 ^f	13.5 ^f	8.6 ^f	-0.5 ^f	-10.8
Consumer Price Index	-	-0.2	2.5	0.8 ^f	1.0	0.9	1.1	0.5
Unemployment rate ^a	2.8	2.8	2.6	2.7	2.6	2.6	2.5	2.6
Hong Kong								
Gross Domestic Product	-6.5	6.4	-3.5	-1.8	0.1 ^f	-2.5 ^f	-	5.3
Exports of goods	-1.5	26.3	-8.6	-6.3	-7.4	-7.5	-6.6	-0.2
Imports of goods	-3.3	24.3	-7.2	-6.3	-1.3	-10.5	-6.8	2.6
Consumer Price Index	0.3	1.6	1.9	0.6	0.2	0.5	0.6	0.7
Unemployment rate ^a	5.8	5.2	4.3	5.0	4.7	3.9	3.5	3.1

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