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An Analytical Report on the Trend Movement of a Key Indicator of the Global Economy

An Analytical Report Submitted in Contribution to 100% Module Assessment

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Assignment Title:

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“I, Chan Lok Lam Frebie 2322643, certify this work is the result of my own investigations, except where otherwise stated. All references have been duly cited”

Signed: Frebie Chan

Date: 11 March 2024

Please note that the sub-sections under the main sections are indicative and not strictly binding.

Synopsis

This article reports an empirical study on the trend movement of real GDP growth across Hong Kong, Australia, United, China, and Thailand according to the data from International Monetary Fund (IMF). This study examines the movement patterns over the last two decades to evaluate the economic status and development levels of these five economies, also explore profitable investment opportunities for the company to expand its global business. Through the combination of literature review and statistical analysis, the findings not only reflect the economic growth of these countries but also consider the global economic welfare to expand the company's investment portfolio.

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1 Introduction

In overall twenty years Hong Kong have been facing 2 major difficulties time in 2003 SARS and 2019 COVID. COVID have been affect most in Hong Kong not only our health and daily life but also the overall financial environment. In the pass 3 years Hong Kong have been lock down and reopen the border until 2022 Nov which is one of the longest city have been lock down. Until now the border have been reopen more than a year the business still not recovered yet. In circumstances, if still remain the business in Hong Kong only that is not optimism which is full of risk and uncertainties. Therefore it's time to change and looking an new investment opportunities to expand the business.

This article reports an empirical study on the trend movement of real GDP growth across Hong Kong, Australia, United, China, and Thailand with a hope to explore investment opportunities for the company to expand its global business.

All the collected dataset from International Monetary Fund (IMF) and based on the collected data for further calculation of used. IMF is a reliable global financial organization that works to achieve sustainable growth and prosperity for the United Nations and its member countries. Based on the collected dataset then generate the major summary statistics to analysis the mean, standard deviation and the correlation of the global trend and local trend movement.

Begin with the research background giving a brief definition of the selected indicator and what is reflecting from the economy. Also declaring where the sourcing from and providing the current economic performance of the five selected countries. Then based on the collected data to analysis the pattern of the global trend movement and local trend movement. Furthermore discussion about what are the key factors drive the changes and how it influence the economies welfare. Last but not least will conclude the findings and provide the recommendations of the investment opportunities.

2 Research Background

An economic welfare cannot be adequately measured by one indicator which is connected with each other. Each indicator is an element of the whole economy and if just measure the economy by a specific indicator that will provide a limited view of the economic environment. Therefore start with the Gross Domestic Product (GDP) as an entry point to analyse these five selected countries how their economic welfare performed to profitable investment opportunities.

2.1 Date definition and sources

GDP is common used by the government to measure the its economic health, then formulate policies and plants based on the economic status. GDP is a macroeconomic value of all goods and services production of all residents that produces an economy in a given period. GDP compiled by three approaches which are production approach, income approach and expenditure approach (Census and Statistics Department, 2012). Since GDP is the collected value of current or nominal price which cannot compare two periods without inflation adjustment. Inflation and deflation may different in different periods of time and locations that affect current prices. Real Gross Domestic Product (Real GDP) is based on GDP adjusted inflation and deflation from nominal to constant prices which is more comparable and help to determine the economic ranking of a country (IMF, 2024). The real GDP growth that can demonstrate the economy trend movement in certain period of time.

For better understand the trend movement what has happened in the past and what will happen in the future. The dataset is from 2000 to 20220 is the last two decades which can observe the long, intermediate, and short-term movement. Through the global trend it shown the overview of the movement patten for the two decades. Then specifically look at the local trend to understand the status of the recent four years.

The dataset from this analytical report is draw from International Monetary Fund (IMF) and based on the collected data for further calculation of used. IMF is a reliable global financial organization that works to achieve sustainable growth and prosperity for the United Nations and its member countries. Economic research is the major activity at IMF and focusing for a deeper understanding of

the global economy by analyze the economic trends, challenges and the implications for individual countries and the international community. Also, IMF is governed and accountable to support its member by economic policy advise, financial stability, capacity development and monetary cooperation (IMF, 2024).

2.2 Current performance of real GDP growth in the selected countries

Firstly, investigate the current economy performance and latest real GDP growth individually from the selected area or countries before deep into the global trend movement.

Hong Kong

According to Census and Statistics Department (2024) inbound tourism and private consumption are the key factors that drive the Hong Kong economy consistently revive in the fourth quarter of 2023. In 2022 real GDP was contracted 3.7% by following resumed the growth of 3.2% in 2023. After resumption of the normal travel with mainland China and world wild that bring beneficials for exports of services. Also, private consumption expenditure increased after all the anti-epidemic measures removed. Overall, the economy recovered brings up the investment expenditure reverted to growth.

Australia

In December 2023 Australian Bureau of Statistics released the latest economy status during the September quarter. In this quarter government consumption and capital investment increased that rose 0.2% of the GDP. Although border reopening and international student returns after COVID-19 that sustain the growth of economic and relief the intense of labour market. Due to the strong inflation and tightening financial conditions weight on demand which affect the real GDP growth slow further from 2022 to 1.8% in 2023 and 1.4% in 2024.

United State

The increasing of customer spending, nonresidential fixed investment, government spending and export reflected on the real GDP rose 2.5% in 2023 which rose 1.9% to compare with 2022. Under expectation a strong and confidence customer spending happened in November and December which closing to the traditional seasonal time in US. Also, after adjusted the inflation the net personal income

rose 4.2% in 2023 therefore for Americans earns more, save more, and spend more (Bureau of Economic Analysis, 2024).

China

According to National Bureau of Statistics of China (2024) there are few areas that driven the growth of real GDP to rose. In 2023 real GDP rose 5.2% by grain output increased, industrial product steadily recovers, consumer spending increased, fixed asset investment increased, and import & export remain stable that brings up the whole economy growth. Especially after COVID-19 customer behavior changed customer tend to shop online instead of physical shopping that increase 11% of online spending and related services output in 2023.

Thailand

After resumption of the normal traveling Thailand economy has been picked up rapidly since mid 2022 and real GDP expected to grow by 2.7% in 2023. The main increased of exports of goods and services and private consumption. On the other hand, after COVID-19 the related of government and healthcare spend have been contracted which brings down the gross fixed capital. Therefore, the total GDP in 2023 rose 1.9% only (Office of the National Economic and Social Development Council, 2024).

In general, these five selected countries growth slow further in 2024 or until 2025 even after COVID-19, excepted China. The interesting point is China's anti-epidemic measures have been implemented the longest period of these five regions, however its economy consistence growing during COVID-19. That is reflecting China's economy not relied on tourism is more focus on their local production.

2.3 Dataset

According to the collected dataset from IMF (2024) as an entry point to analysis the real GDP growth in Hong Kong, Australia, United State, China, and Thailand for the last two decade and understand their pattern of changes.

Table 1 The real GPD growth in Hong Kong, Australia, United State, China, and Thailand: 2000 to 2022 (%)

Year	Hong Kong	Australia	United State	China	Thailand
2000	7.7	3.1	4.1	8.5	4.5
2001	0.6	2.7	1	8.3	3.4
2002	1.7	4.2	1.7	9.1	6.1
2003	3.1	3	2.8	10	7.2
2004	8.7	4.1	3.9	10.1	6.3
2005	7.4	3	3.5	11.4	4.2
2006	7	2.6	2.8	12.7	5
2007	6.5	4.4	2	14.2	5.4
2008	2.1	2.5	0.1	9.6	1.7
2009	-2.5	1.9	-2.6	9.4	-0.7
2010	6.8	2.4	2.7	10.6	7.5
2011	4.8	2.8	1.5	9.6	0.8
2012	1.7	3.8	2.3	7.8	7.2
2013	3.1	2.2	1.8	7.8	2.7
2014	2.8	2.6	2.3	7.4	1
2015	2.4	2.3	2.7	7	3.1
2016	2.2	2.7	1.7	6.9	3.4
2017	3.8	2.4	2.2	6.9	4.2
2018	2.8	2.8	2.9	6.8	4.2
2019	-1.7	1.9	2.3	6	2.1
2020	-6.5	-1.8	-2.8	2.2	-6.1
2021	6.4	5.2	5.9	8.4	1.5
2022	-3.5	3.7	2.1	3	2.6
Sources: International Monetary Fund, 2024					

Overall, the table express the real GDP growth rate in Hong Kong, Australia, United State, China, and Thailand for the last two decade. In few specific years all countries are significantly dropped such as 2009, 2019 and 2020. These three years are referring 2009 great recession, 2019 China-United States trade war and 2020 COVID. These incident not only affecting few specific countries but also spread globally. When looking at China may find that it is the only country that without negative growth during these twenty years, even during COVID. Emphasize at the last four years all five countries have a huge dropped in 2020 then rose in 2021 and dropped again in 2022 which mean countries on steady but unspectacular recovery path by demand for exports less than in past export-led recoveries.

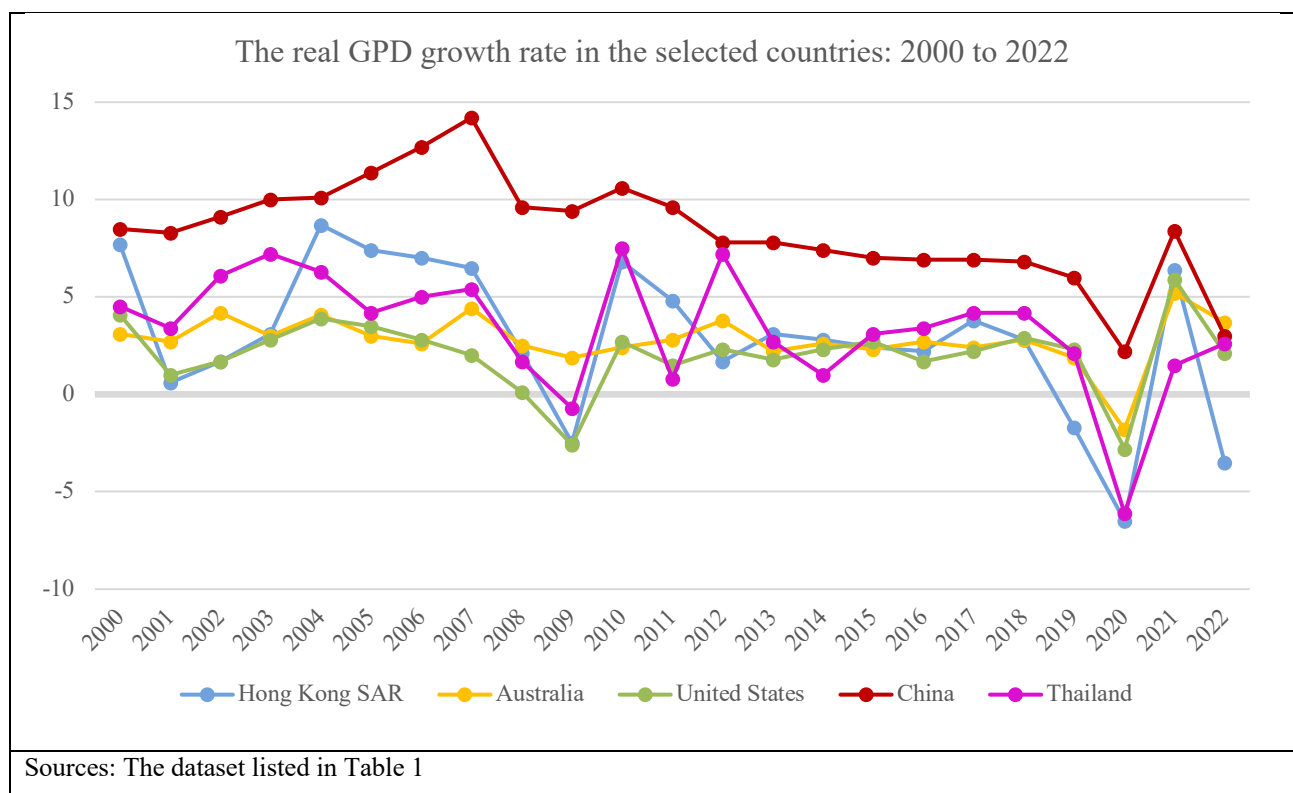
3 Analysis and Discussion

In this section will analysis the movement trend of the selected five countries by looking at their the global trend movement in 2000 to 2022 and local trend movement in 2019 to 2022. According to the data analysis to understand what the key factors are affecting the macroeconomies change. Also, will look at how it interpreted into the dimension of the economic welfare, such as life satisfaction, customer behaviour, education level and unemployment rate. These economic dimensions reflect on the levels of country development which support to look for the potential investment opportunities.

3.1 Pattern of the global trend movement

Firstly, look at the pattern of the global trend movement of real GDP growth in Hong Kong, Australia, United State, China, and Thailand to have an overview of the last twenty years.

Figure 1 The trend movement of real GPD Growth in the selected countries: 2000 to 2022



Overall, it is indicating the trend movement for last two decades. First sight of this global trend movement China's growth rate overall is higher than the other four countries. Also, there are two significant dropped for all countries in 2009 and 2020.

Look at individual country, the graph shows the fluctuation growth rate in Hong Kong over the last two decades. According to the graph there is huge fluctuation from 2000 to 2009 and it climb in 2010 then decline until 2012 and turn steadily afterward. Then a big drop again in 2020 with fluctuated up and down. Except Hong Kong the graph also shows Thailand as another county that with fluctuation growth rate. On the other hand, the graph shows Australia's trend movement is more stabilized and until a big drop in 2020 then rebound afterwards. United State has similar trend movement as Australia based on figure 1 and with two drops in 2009 and 2020. China increased slowly from 2000 and climb to the highest point in 2007 then a bit drops in 2008-2009. Increase again in 2010 and drop in next year then turn to stable until 2019.

Based on the graph believed that the macroeconomics have been affected by the peripheral environment, such as 2009 great recession, 2019 China-United States trade war and 2020 COVID that may cause the economic changes and stability.

In addition, look at the major summary statistics from the dataset to understand the mean and standard deviation that reflect from the trend movement at table 2. Also look at the correlation coefficient from the selected countries at table 3.

Table 2 Major summary statistics of Real GPD Growth in selected countries: 2000 to 2022

Summary statistics	Hong Kong	Australia	United State	China	Thailand
Mean (%)	2.93	2.80	2.04	8.42	3.36
Standard deviation	3.86	1.31	1.88	2.70	3.02
Maximum (%)	8.70	5.20	5.90	14.20	7.50
Minimum (%)	-6.50	-1.80	-2.80	2.20	-6.10
Sources: Calculated from the dataset listed in Table 1					

According to the statistics summary for the last two decade the standard deviation for Hong Kong and Thailand are 3.86 and 3.02 that the standard deviation is higher by compare with the other three countries. Higher standard deviation indicates data are more spread out from the mean that reflects their economic growth are more fluctuated. Lower standard deviation indicates data are clustered tightly around the mean, like Australia 1.31 and United State 1.88 which reflect their economic growth more stable in the global trend.

Table 3 Correlation Coefficient of selected countries: 2000 to 2022

Summary statistics	Hong Kong	Australia	United State	China	Thailand
Hong Kong	1				
Australia	0.59	1			
United State	0.74	0.71	1		
China	0.75	0.48	0.29	1	
Thailand	0.63	0.67	0.62	0.55	1
Sources: Calculated from the dataset listed in Table 1					

Overall, this value indicates a positive relationship between the Hong Kong, Australia, United State, China, and Thailand. As one variables, with increases in one of the variables being associated with increases in the other variable. The order of the relationship is China 0.75, United State 0.74, Thailand 0.63, and Australia 0.59. Based on correlation variables Hong Kong's economy has close relationship with the other four countries.

3.2 Pattern of the local trend movement

Furthermore, look at the pattern of the local trend movement of real GDP growth in Hong Kong, Australia, United State, China, and Thailand to have an understand the trend how it performs in the recent four years.

Figure 2 The real GDP growth rate in the selected countries: 2019 to 2022

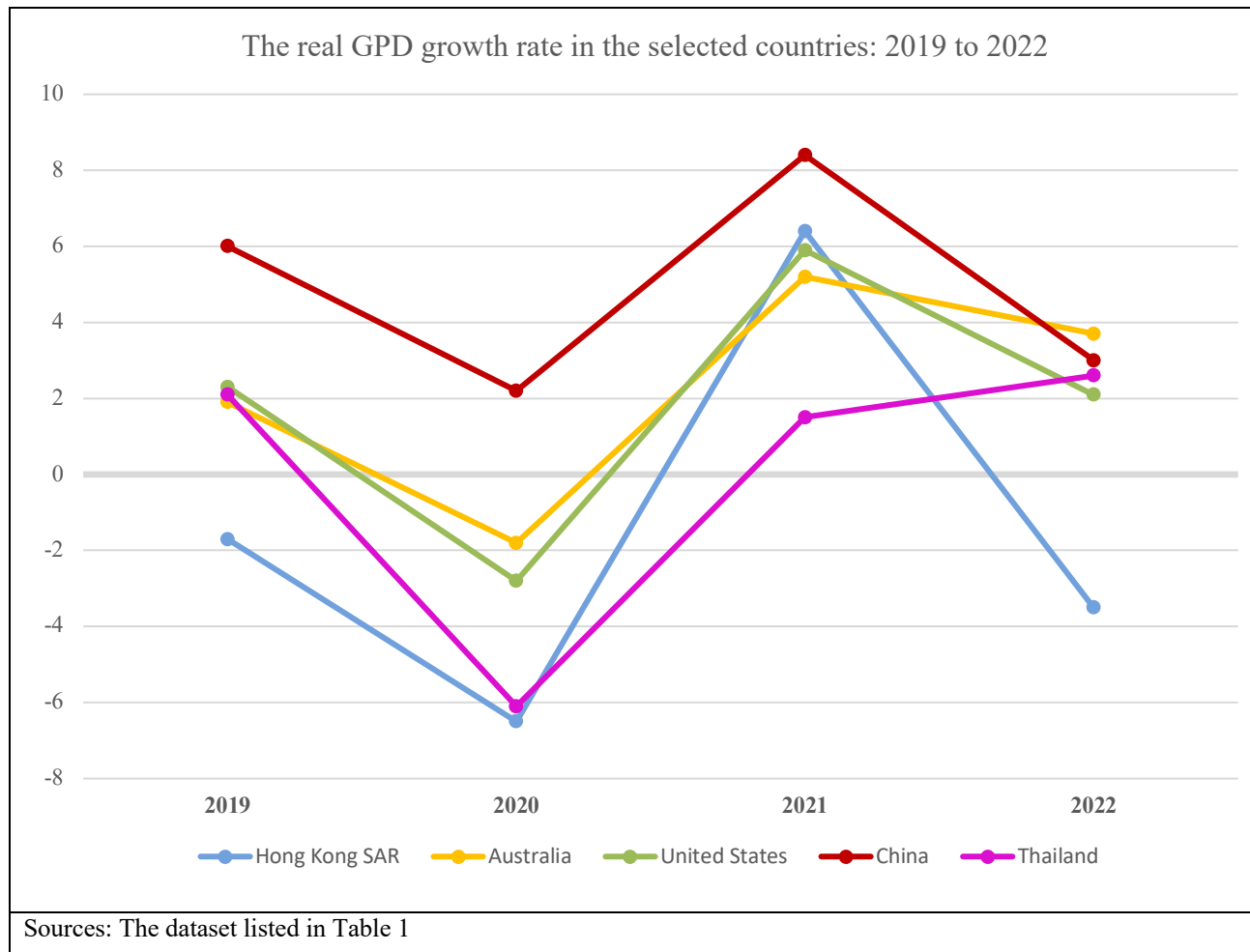


Figure 2 is indicating the trend movement for last four years as a seesaw. All the countries have been dropped in 2020 from 2019 then huge rebound in 2021 and dropped again in 2022. Start from 2018 the global economic is affect by China-United States trade war and COVID-19 by the following year. These two incidents are still affecting our economic welfare and growing back slowly.

In 2020, Hong Kong begins to lock down due to COVID and it transfer into the new normal and slightly resume the economic in 2021. However, in early 2022 COVID seriously spread, and government implement a set of straight anti-epidemic measures which seriously affect our daily and the domestic economy welfare as well. Residents is not willing to shop for unnecessary consumption and border have been locked with huge decrease for tourism. These changes of behaviours and environment that reduce the demand and by related the supply also decrease. It interpreted lots of

shops have been close or shut down especially retail and services, which increased the unemployment rate.

Then, look at the major summary statistics from the dataset to understand the mean and standard deviation that reflect from the local trend movement at table 4. Also look at the correlation coefficient from the selected five countries at table 5.

Table 4 Major summary statistics of AA in selected countries: 2019 to 2022

Summary statistics	Hong Kong	Australia	United State	China	Thailand
Mean (units)	-1.33	2.25	1.88	4.90	0.03
Standard deviation	5.52	3.02	3.57	2.85	4.11
Maximum (units)	6.40	5.20	5.90	8.40	2.60
Minimum (units)	-6.50	-1.80	-2.80	2.20	-6.10
Sources: Calculated from the dataset listed in Table 1					

Table 4 is showing the statistics summary for the last four years, in average Hong Kong has negative growth during these four years. Specific on the standard deviation has been increasing in general. Hong Kong with the higher standard deviation 5.52 and China with the lowest 2.85 by compare with the other four countries.

Table 5 Correlation Coefficient of selected countries: 2000 to 2022

Summary statistics	Hong Kong	Australia	United State	China	Thailand
Hong Kong	1.00				
Australia	0.82	1.00			
United State	0.92	0.96	1.00		
China	0.95	0.70	0.88	1.00	
Thailand	0.54	0.86	0.82	0.54	1.00
Sources: Calculated from the dataset listed in Table 1					

In general, this value indicates a positive relationship between the Hong Kong, Australia, United State, China, and Thailand. As one variables, with increases in one of the variables being

associated with increases in the other variable. The order of the relationship is China 0.95, United State 0.92, Australia 0.59, and Thailand 0.54. Based on correlation variables Hong Kong's economy has close relationship with the other four countries.

Based on table 4 and 5 can fully understand these five countries economic has strong relationship with each other as world wildly affected by COVID-19 which level down the life satisfaction and cause the changes of customer behaviour. In 2020 COVID widely spread over the world people are not only suffering from disease but also different types of anti-epidemic measures. People are change their life habits such as wearing mask every day, borders are shut and limited of actual social networking. Under these all long period of restrictions will affect people's well-being and mental health that also bring down peoples life satisfaction.

3.3 Summary

Looking at the global trend on figure 1 each country economies performance is quite different for the last twenty year. Australia and United States' trend movement is more stabilized however Hong Kong and Thailand is full of fluctuation, and China in certain period of time is fast growing then true to stable. Compare to the local trend figure 2 the movement of these five countries are quite similar which means there are common factors influencing the global economic, as known COVID-19 and China-United trade war. Also compare with the correlation, based on table 3 these five countries are quite different as the highest correlation is Hong Kong and China 0.75, lowest is China and United States 0.29. When in the local trend on table 5 shows the highest is still Hong Kong and China increased to 0.95, lowest have been changed to Hong Kong and Thailand 0.54. Look back to the lowest correlation in global trend China and United States have been rose to 0.88. These kind of changes may cause of globalisation and the individual markets are willing to open to each other's.

Human are emotional and easy motivated by emotions. Living under COVID brings numerous of uncertainty and change to people's life then created depress and insecure. When people live under depress and insecure for a period of time that will brings down their life satisfaction and

influence their productivity, also the relationship of production and consumptions are tightly related (Ibrahim, 2022). According to Guest, K. (2022) many employees are looking for long-lasting ways to increase workplace productivity and a team work with more love, harmony and kindness can increase productivity and happiness.

Furthermore, life satisfaction will also influence the customer behaviours. During COVID-19 when people are suffering from disease, fears and uncertainties are not willing to shop, except the essentials items. Under the lock down there are restrictions of social activities and cause people are not motivated to dress up and shop. When people's shopping desire decreased which means the product of demand is decreased that directly affects the product of supply and productivity to drop. That can be reflected on the GDP in 2020 a huge drop for all five selected countries.

In 2021, people got used to the new normal under COVID and the customer behaviour has been changed from shop physically to shop online. Some of the retailers will not have an actual shop which may influence the employment rate. Needs of shop assistants will be reduced due to the retailers changing into online that may create employment or job changes. On the other hand, job opportunities in some industries will increase such as courier and product distribution. Refer to current economic status in 2023 China's total retail growth 7.2% and online retail growth 11% compared to 2022. In these circumstances, shows customer behaviour changes not only changing their individual habit but also the whole industrial chain and the economic which are tightly connected with each other (Burnham, Frels and Mahajan, 2003).

4 Conclusion and recommendations

This article reports an empirical study on the trend movement of real GDP growth across Hong Kong, Australia, United, China, and Thailand according to the data from International Monetary Fund (IMF). Have been look into the movement patterns over the last two decades to evaluate the economic status and development levels of these five economies. Through the combination of literature review and statistical analysis to understand the patterns of the trend movement, also explore profitable investment opportunities for the company to expand its global business.

4.1 Conclusion

While looking for the potential investment opportunities may need to considerate the levels of country development and the economic health which cannot be adequately measured by one indicator which is connected with each other. The real GDP growth can only reflect the stability of the economic movement under certain of period but not the whole economic statue and welfare. Measure an economic welfare will need to address from different aspect not by one indicators which is not enough dynamic to oversee the economic health and sustainability (OECD. 2023).

According to the data analysis advanced countries their economic growth are more stable compare to the emerging countries. Based on the result of the their growth rate and standard deviation shows that advanced countries are growing steady and less fluctuation. A country's economic stability is really important which reflect to the country's development is it mature enough and when facing turmoil does the country can fast react for the target measures. These all factories will influence people's life satisfaction and influence their productivity.

4.2 Recommendations

Based on the above researched and analysis believed that emerging markets would have more potential and more profitable investment opportunities. As the result emerging countries growth consistently than advanced countries. Emerging countries like China and Thailand are still under developing that creates more opportunities and more competitive for the markets. However, in these

two countries will recommend China more than Thailand. The reason is Thailand's economy has huge fluctuation which reflects that the economy is not stable and easy to affect by political issues. On the other hand, China even under all the anti-epidemic measures during COVID-19 its economy still consistence growing which is reflecting China's economy status is more stable.

On the other hand, the two selected advanced countries also is an alternative options, if does not want to take risk. The two selected advanced countries Australia and United State are developed countries and their economic status are more stable, based on the above data shows their growth of standard deviation is lower that reflects they are growing steady with less risk compare to the selected emerging countries.

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