

StarTube

Monthly Business Report

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Abstract

This report contains detailed information on Zhejiang industrial clusters as well as an example macro-economical analysis of three major countries.

1. Introduction of Zhejiang

Zhejiang industrial cluster is a new geo-economic phenomenon that emerged after China launched its reform and opening up.

In practice, Zhejiang's agglomeration of industrial organizations and their spatial morphology has shown high economic value, especially in terms of exerting regional comparative advantages, completing capital accumulation, and enhancing regional competitiveness.

Specializations have also emerged and flourished including Shaoxing's textile industry group, Haining's leather industry group, Yongkang's hardware industry group, Yueqing's low-voltage electrical industry group, and Tonglu's pen industry group and so on. These dotted industrial clusters have become production and innovation bases for exploring international and domestic markets.

2. Detailed Information On Zhejiang Industrial Clusters

Detailed information on industrial clusters in Zhejiang							
Catalogue	Cities in Zhejiang						
Agriculture_&_Food	Hangzhou	Jinhua	Taizhou				
Apparel_&_Accessories	Ningbo	Wenzhou	Jiaxing	Hangzhou	Huzhou		
Arts_&_Crafts	Jinhua	Ningbo	Taizhou	Wenzhou			
Chemicals	Hangzhou	Jinhua	Wenzhou				
Consumer_Electronics	Hangzhou	Taizhou					
Construction_&_Decoration	Jinhua	Wenzhou					
Electrical_&_Electronics	Hangzhou	Quzhou	Wenzhou	Huzhou			
Health_&_Medicine	Taizhou	Jinhua					
Light_Industry_&_Daily_Use	Everywhere						
Manufacturing_&_Processing_Machinery	Taizhou	Hangzhou	Quzhou	Ningbo			
Metallurgy_Mineral_&_Energy	Taizhou	Quzhou					
Textile	Hangzhou	Jinhua	Ningbo	Wenzhou	Jiaxing	Shaoxing	Huzhou
Toys	Lishui	Wenzhou					
Transportation	Taizhou	Jinhua					
Security_&_Protection	Ningbo						
Bags_Cases_&_Boxes	Wenzhou						
Furniture	Ningbo	Taizhou					
Office_Supplies	Wenzhou	Hangzhou	Ningbo				
Auto_Motorcycle_Parts_&_Accessories	Taizhou	Wenzhou					
Lights_&_Lighting	Taizhou	Wenzhou	Ningbo				
Sporting_Goods_&_Recreation	Hangzhou	Jinhua	Quzhou				
Tools_&_Hardware	Shaoxing	Jinhua					
Industrial_Equipment_&_Components	Taizhou	Wenzhou					
Packaging_&_Printing	Taizhou	Wenzhou					

Notes: From the most to the least in terms of company numbers, the order is Yellow-Blue-Green-White

3. National Fundamental Information

General growth, inflation, savings rate and consumption of the country that your business operates are important considerations.

For convenience, we have selected light industry as an example. Light industry consists of products consumed within the family such as cups and tables etc.

In the current global market place, the top three countries in terms of light industry market share are USA, UK, and Australia. Within these countries, we can expect different developments in the coming year. Let's take a deeper look.

3.1 The United States

US's real GDP decreased 3.5 percent in 2020, compared with an increase of 2.2 percent in 2019.

Table 1. Real Gross Domestic Product and Related Measures: Percent Change from Preceding Period

Line		2018	2019	2020	Seasonally adjusted at annual rates																Line
					2017				2018				2019				2020				
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1	Gross domestic product (GDP)	3.0	2.2	-3.5	2.3	1.7	2.9	3.9	3.8	2.7	2.1	1.3	2.9	1.5	2.6	2.4	-5.0	-31.4	33.4	4.0	1
2	Personal consumption expenditures	2.7	2.4	-3.9	3.2	1.8	2.3	4.2	2.0	3.2	2.7	1.6	1.8	3.7	2.7	1.6	-6.9	-33.2	41.0	2.5	2
3	Goods	4.1	3.7	3.9	3.9	4.9	4.1	7.7	2.1	4.2	2.8	2.6	2.5	7.7	4.2	0.6	0.1	-10.8	47.2	-0.4	3
4	Durable goods	6.8	4.8	6.4	3.9	6.5	8.8	13.4	4.0	7.1	3.2	2.5	1.0	12.7	6.3	3.1	-12.5	-1.7	82.7	0.0	4
5	Nondurable goods	2.7	3.1	2.6	4.0	4.1	1.8	5.0	1.1	2.8	2.7	2.6	3.3	5.3	3.1	-0.7	7.1	-15.0	31.1	-0.7	5
6	Services	2.1	1.8	-7.3	2.8	0.4	1.5	2.6	2.0	2.7	2.6	1.1	1.5	1.9	2.0	2.0	-9.8	-41.8	38.0	4.0	6
7	Gross private domestic investment	6.3	1.7	-5.3	-1.2	3.7	7.6	6.3	11.0	-1.1	10.2	3.9	3.9	-5.8	1.8	-3.7	-9.0	-46.6	86.3	25.3	7
8	Fixed investment	5.2	1.9	-1.8	7.1	1.6	1.2	9.5	8.5	4.4	0.8	2.6	2.9	-0.4	2.4	1.0	-1.4	-29.2	31.3	18.4	8
9	Nonresidential	6.9	2.9	-4.0	5.9	2.4	2.1	9.2	12.2	6.2	2.6	5.0	4.2	0.0	1.9	-0.3	-6.7	-27.2	22.9	13.8	9
10	Structures	3.7	-0.6	-10.5	7.9	-0.7	-10.9	4.7	21.6	5.0	-5.9	-12.6	8.2	1.6	3.6	-5.3	-3.7	-33.6	-17.4	3.0	10
11	Equipment	8.0	2.1	-5.0	4.7	5.1	6.2	14.1	10.1	2.4	6.1	9.6	2.0	-3.8	-1.7	-1.7	-15.2	-35.9	68.2	24.9	11
12	Intellectual property products	7.8	6.4	1.5	5.9	1.1	6.7	6.0	8.8	12.3	4.4	12.1	4.5	4.1	5.3	4.6	2.4	-11.4	8.4	7.5	12
13	Residential	-0.6	-1.7	5.9	11.7	-1.1	-1.7	10.5	-3.3	-1.7	-5.4	-5.2	-1.7	-2.1	4.6	5.8	19.0	-35.6	63.0	33.5	13
14	Change in private inventories	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	14
15	Net exports of goods and services	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	15
16	Exports	3.0	-0.1	-13.0	8.3	1.0	2.6	11.5	2.7	1.9	-5.2	2.8	1.8	-4.5	0.8	3.4	-9.5	-64.4	59.6	22.0	16
17	Goods	4.2	-0.1	-9.5	7.5	-1.6	2.8	16.6	1.3	8.5	-8.4	4.3	3.9	-9.1	3.1	2.5	-2.7	-66.8	104.3	31.1	17
18	Services	0.8	-0.1	-19.2	9.7	6.0	2.5	2.7	5.4	-9.6	1.3	0.1	-2.0	4.9	-3.2	5.1	-20.8	-59.6	-0.5	4.3	18
19	Imports	4.1	1.1	-9.3	4.3	3.6	1.7	13.1	0.3	-0.1	8.0	4.1	-2.1	1.7	0.5	-7.5	-15.0	-54.1	93.1	29.5	19
20	Goods	5.0	0.5	-6.1	4.0	2.7	1.2	16.7	1.5	-0.1	9.1	3.2	-2.7	0.1	0.7	-9.4	-11.4	-49.6	110.2	30.8	20
21	Services	0.4	3.7	-22.6	5.9	7.3	4.0	-1.2	-4.6	-0.1	3.3	8.4	0.6	9.0	-0.7	0.9	-28.5	-69.9	24.9	22.2	21
22	Government consumption expenditures and gross investment	1.8	2.3	1.1	0.0	1.5	0.2	2.8	1.5	2.9	2.5	-0.9	2.5	5.0	2.1	2.4	1.3	2.5	-4.8	-1.2	22
23	Federal	2.8	4.0	4.4	-1.6	2.2	-0.5	5.0	1.9	3.5	4.5	1.9	1.3	9.2	4.8	4.0	1.6	16.4	-6.2	-0.5	23
24	National defense	3.3	5.6	3.5	-1.8	6.4	-1.5	6.0	-0.5	5.7	5.4	6.4	5.6	4.4	5.6	6.6	-0.3	3.8	3.2	5.0	24
25	Nondefense	2.1	1.8	5.6	-1.4	-3.7	1.0	3.6	5.5	0.6	3.3	-4.4	-4.7	16.9	3.5	0.1	4.4	37.6	-18.3	-8.4	25
26	State and local	1.2	1.3	-0.9	1.0	1.2	0.6	1.6	1.2	2.5	1.4	-2.5	3.2	2.6	0.6	1.5	1.1	-5.4	-3.9	-1.7	26
27	Addenda:	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	27
27	Gross domestic income (GDI) ¹	2.6	1.8	.....	3.8	3.3	1.7	2.8	3.6	0.8	4.6	0.6	2.2	1.2	0.8	3.3	-2.5	-32.6	25.8	.....	27
28	Average of GDP and GDI	2.8	2.0	.....	3.0	2.5	2.3	3.4	3.7	1.7	3.3	1.0	2.6	1.3	1.7	2.8	-3.7	-32.0	29.6	.....	28
29	Final sales of domestic product	2.8	2.2	-2.9	3.7	1.4	1.9	4.4	3.4	3.7	0.5	1.1	2.7	2.5	2.7	3.2	-3.6	-28.1	25.9	3.0	29
30	Gross domestic purchases	3.2	2.3	-3.3	1.9	2.1	2.8	4.3	3.4	2.4	3.9	1.5	2.3	2.2	2.5	0.8	-5.9	-30.3	37.3	5.4	30
31	Final sales to domestic purchasers	3.0	2.3	-2.7	3.3	1.7	1.8	4.8	3.0	3.3	2.3	1.3	2.1	3.2	2.6	1.6	-4.6	-27.1	29.8	4.4	31
32	Final sales to private domestic purchasers	3.2	2.3	-3.5	4.0	1.8	2.1	5.2	3.3	3.4	2.3	1.8	2.0	2.8	2.7	1.5	-5.8	-32.4	39.0	5.6	32
33	Gross national product (GNP)	2.9	2.0	.....	2.3	1.5	3.6	4.2	3.5	2.2	1.4	1.5	2.4	1.9	2.7	2.3	-5.6	-32.3	34.6	.....	33
34	Disposable personal income	3.6	2.2	6.0	4.3	4.4	2.7	2.3	5.2	3.6	3.3	2.8	3.3	-1.0	2.1	1.9	2.6	48.6	-16.3	-9.5	34
35	Current-dollar measures:	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	35
35	GDP	5.5	4.0	-2.3	4.4	3.0	5.0	6.7	6.2	6.3	3.8	3.3	4.0	4.1	4.0	3.9	-3.4	-32.8	38.3	6.0	35
36	GDI	5.1	3.6	.....	5.9	4.6	3.7	5.6	6.1	4.3	6.3	2.6	3.3	3.8	2.2	4.9	-0.9	-34.0	30.4	.....	36
37	Average of GDP and GDI	5.3	3.8	.....	5.1	3.8	4.3	6.2	6.2	5.3	5.0	2.9	3.6	4.0	3.1	4.4	-2.2	-33.4	34.3	.....	37
38	Final sales of domestic product	5.3	4.0	-1.8	5.8	2.6	4.1	7.1	5.9	7.0	2.4	2.9	4.0	5.0	4.2	4.6	-2.4	-29.3	30.2	5.1	38
39	Gross domestic purchases	5.6	3.9	-2.1	4.2	3.2	4.5	7.2	6.4	5.3	5.6	3.3	3.1	4.6	3.6	2.3	-4.3	-31.5	42.1	7.1	39
40	Final sales to domestic purchasers	5.4	3.9	-1.5	5.6	2.9	3.7	7.5	6.0	6.0	4.3	2.9	3.1	5.5	3.9	3.0	-3.3	-28.0	33.9	6.2	40
41	Final sales to private domestic purchasers	5.4	3.9	-2.3	6.1	2.9	3.8	7.6	6.1	5.8	3.9	3.2	3.0	5.3	4.0	2.7	-4.6	-33.1	43.7	7.3	41
42	GNP	5.4	3.9	.....	4.4	2.7	5.6	7.1	6.0	5.7	3.1	3.5	3.4	4.6	4.1	3.9	-4.0	-33.7	39.6	.....	42
43	Disposable personal income	5.8	3.7	7.2	6.6	5.3	4.4	5.0	8.0	5.9	4.9	4.2	3.9	1.5	3.5	3.4	3.9	46.2	-13.2	-8.1	43

1. Gross domestic income deflated by the implicit price deflator for gross domestic product.
 Source: U.S. Bureau of Economic Analysis

The decrease in real GDP in 2020 reflected decreases in PCE, exports, private inventory investment, nonresidential fixed investment, and state and local government expenditure that were partly offset by increases in federal government spending and residential fixed investment. Imports decreased.

structures (led by mining exploration, shafts, and wells) and equipment (led by transportation equipment) were partly offset by an increase in intellectual property products (more than accounted for by software). The decrease in state and local government spending reflected a decrease in consumption expenditures (led by compensation).

January 28, 2021

Table 4. Price Indexes for Gross Domestic Product and Related Measures: Percent Change from Preceding Period

Line		2018	2019	2020	Seasonally adjusted at annual rates																Line
					2017				2018				2019				2020				
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1	Gross domestic product (GDP)	2.4	1.8	1.2	2.0	1.3	2.3	2.5	2.4	3.2	1.8	1.8	1.2	2.5	1.5	1.4	1.4	-1.8	3.5	2.0	1
2	Personal consumption expenditures	2.1	1.5	1.2	2.2	0.9	1.6	2.6	2.7	2.2	1.6	1.4	0.6	2.5	1.4	1.5	1.3	-1.6	3.7	1.5	2
3	Goods	0.7	-0.5	-0.6	2.2	-2.6	0.5	1.6	1.9	0.8	-0.4	-1.3	-1.8	1.8	-0.9	0.2	-0.9	-5.6	5.4	-0.2	3
4	Durable goods	-1.7	-1.2	-0.8	0.3	-3.1	-3.0	-1.5	-1.4	-1.2	-1.4	-1.2	-0.6	-1.0	-1.8	-2.7	-1.7	-3.1	8.2	0.0	4
5	Nondurable goods	1.9	-0.1	-0.5	3.2	-2.4	2.4	3.3	3.6	1.8	0.1	-1.3	-2.4	3.2	-0.5	1.8	-0.5	-6.8	4.0	-0.3	5
6	Services	2.8	2.4	2.0	2.2	2.5	2.2	3.1	3.1	2.9	2.5	2.7	1.7	2.9	2.5	2.1	2.3	0.3	2.8	2.4	6
7	Gross private domestic investment	1.9	1.7	1.1	1.3	2.2	2.0	0.6	2.4	2.7	1.7	1.0	2.5	1.7	1.0	0.2	1.8	-0.1	2.7	1.6	7
8	Fixed investment	1.9	1.7	1.1	1.5	2.2	1.8	0.9	2.6	2.5	1.8	1.1	2.4	1.8	1.0	0.2	1.3	0.8	2.2	1.8	8
9	Nonresidential	0.9	1.3	0.5	1.0	1.4	1.0	0.3	0.8	1.2	1.2	0.7	2.5	1.8	0.4	-0.4	1.0	0.8	0.1	0.4	9
10	Structures	1.7	3.6	1.1	3.7	3.6	3.4	0.0	0.0	2.4	2.0	5.5	4.0	4.5	2.1	1.5	1.5	-1.1	0.5	0.0	10
11	Equipment	0.1	0.2	-0.2	0.7	-0.2	0.1	0.0	-0.3	0.1	1.6	-0.1	0.9	-0.4	-1.0	-0.1	0.7	0.0	-0.6	-1.6	11
12	Intellectual property products	1.3	1.3	1.0	-0.3	1.8	0.3	0.7	2.8	2.0	0.3	-1.4	3.5	2.7	1.1	-2.0	0.9	2.9	0.7	3.0	12
13	Residential	5.6	2.8	3.3	3.0	5.1	4.6	3.0	9.1	7.0	3.8	2.4	2.3	1.9	3.2	2.4	2.3	1.0	9.5	6.0	13
14	Change in private inventories	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	14
15	Net exports of goods and services	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	15
16	Exports	3.4	-0.4	-3.0	2.7	0.2	3.8	5.5	3.6	5.0	1.2	-1.3	-3.3	3.2	-2.3	-1.7	-2.5	-18.8	12.8	5.6	16
17	Goods	3.6	-1.5	-4.6	3.2	-0.6	4.9	5.5	3.8	6.0	0.9	-2.8	-5.1	2.4	-4.2	-1.7	-4.6	-23.6	15.6	6.4	17
18	Services	3.1	1.7	-0.1	1.9	1.8	1.7	5.5	3.2	3.2	1.8	1.6	0.0	4.8	1.3	-1.6	1.7	-9.4	7.7	3.9	18
19	Imports	2.9	-1.5	-2.3	4.1	-0.4	1.2	5.4	6.7	0.3	1.5	-1.9	-3.9	0.9	-3.2	-1.4	-1.4	-12.8	8.6	2.3	19
20	Goods	2.8	-2.0	-2.8	4.8	-1.4	0.4	6.0	7.4	-0.2	1.4	-2.5	-4.8	0.7	-4.1	-1.9	-1.6	-14.3	9.6	2.1	20
21	Services	3.1	1.0	-0.3	1.1	4.1	4.6	2.9	3.8	2.5	1.9	0.6	0.5	1.4	0.4	0.6	-0.7	-5.2	3.6	3.4	21
22	Government consumption expenditures and gross investment	3.6	1.9	1.1	3.0	1.2	3.0	4.3	4.4	3.8	3.2	2.8	1.2	1.2	1.0	1.7	1.8	-1.9	2.6	2.8	22
23	Federal	3.1	1.9	0.2	2.3	1.5	2.0	3.2	4.3	3.0	2.4	3.0	4.7	-2.6	0.6	1.3	-0.3	-1.1	1.7	2.3	23
24	National defense	2.9	1.7	0.4	2.1	0.8	1.6	3.0	4.3	3.1	2.5	1.9	1.6	1.1	0.8	1.5	-0.1	-2.5	2.0	2.7	24
25	Nondefense	3.3	2.1	0.1	2.6	2.5	2.7	3.4	4.2	2.9	2.4	4.5	9.4	-7.8	0.2	1.1	-0.5	1.0	1.3	1.8	25
26	State and local	4.0	1.9	1.6	3.4	0.9	3.6	4.9	4.5	4.3	3.7	2.7	-0.8	3.5	1.3	1.9	3.1	-2.4	3.2	3.1	26
27	Addenda:	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
27	Final sales of domestic product	2.4	1.8	1.2	2.0	1.3	2.2	2.6	2.5	3.2	1.9	1.8	1.2	2.5	1.5	1.4	1.3	-1.7	3.4	2.1	27
28	Gross domestic purchases	2.3	1.6	1.2	2.2	1.2	1.9	2.6	2.9	2.6	1.9	1.6	1.0	2.2	1.3	1.3	1.4	-1.4	3.3	1.7	28
29	Final sales to domestic purchasers	2.4	1.6	1.2	2.2	1.1	1.9	2.6	3.0	2.5	1.9	1.6	1.0	2.2	1.3	1.3	1.4	-1.3	3.2	1.8	29
30	Final sales to private domestic purchasers	2.1	1.5	1.2	2.1	1.1	1.7	2.3	2.7	2.3	1.6	1.4	0.9	2.4	1.3	1.3	1.3	-1.1	3.4	1.6	30
31	Gross national product (GNP)	2.4	1.8	.....	2.0	1.3	2.3	2.5	2.4	3.2	1.9	1.8	1.2	2.5	1.5	1.4	1.4	-1.8	3.5	.....	31
32	GDP excluding food and energy ¹	2.4	2.0	1.3	2.0	1.4	1.9	2.5	2.8	3.0	2.0	2.1	1.6	2.4	1.7	1.3	1.7	-1.2	3.1	1.8	32
33	Gross domestic purchases excluding food and energy ¹	2.3	1.7	1.3	1.9	1.5	1.8	2.2	2.8	2.7	1.8	1.9	1.5	1.9	1.6	1.2	1.6	-0.8	3.0	1.7	33
34	PCE excluding food and energy ¹	2.0	1.7	1.4	1.8	1.4	1.4	2.1	2.4	2.3	1.5	1.9	1.2	2.1	1.9	1.3	1.6	-0.8	3.4	1.4	34
35	Market-based PCE ²	1.8	1.3	1.1	2.1	0.1	1.3	2.4	2.3	2.1	1.3	1.1	0.8	2.1	1.1	1.5	1.3	-1.0	2.9	1.2	35
36	Market-based PCE excluding food and energy ^{1,2}	1.6	1.5	1.4	1.6	0.6	1.0	1.7	2.0	2.2	1.1	1.5	1.6	1.6	1.6	1.3	1.7	0.1	2.6	0.9	36
37	Implicit price deflators:	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
37	GDP	2.4	1.8	1.2	2.0	1.2	2.0	2.7	2.4	3.5	1.6	1.9	1.0	2.6	1.4	1.5	1.7	-2.1	3.7	1.9	37
38	Gross domestic purchases	2.4	1.6	1.2	2.3	1.1	1.7	2.8	2.9	2.8	1.6	1.7	0.8	2.3	1.2	1.5	1.7	-1.7	3.5	1.6	38
39	GNP	2.4	1.8	.....	2.0	1.2	2.0	2.7	2.4	3.5	1.6	1.9	1.0	2.6	1.4	1.5	1.7	-2.1	3.7	.....	39

1. Food excludes personal consumption expenditures for purchased meals and beverages, which are classified in food services.

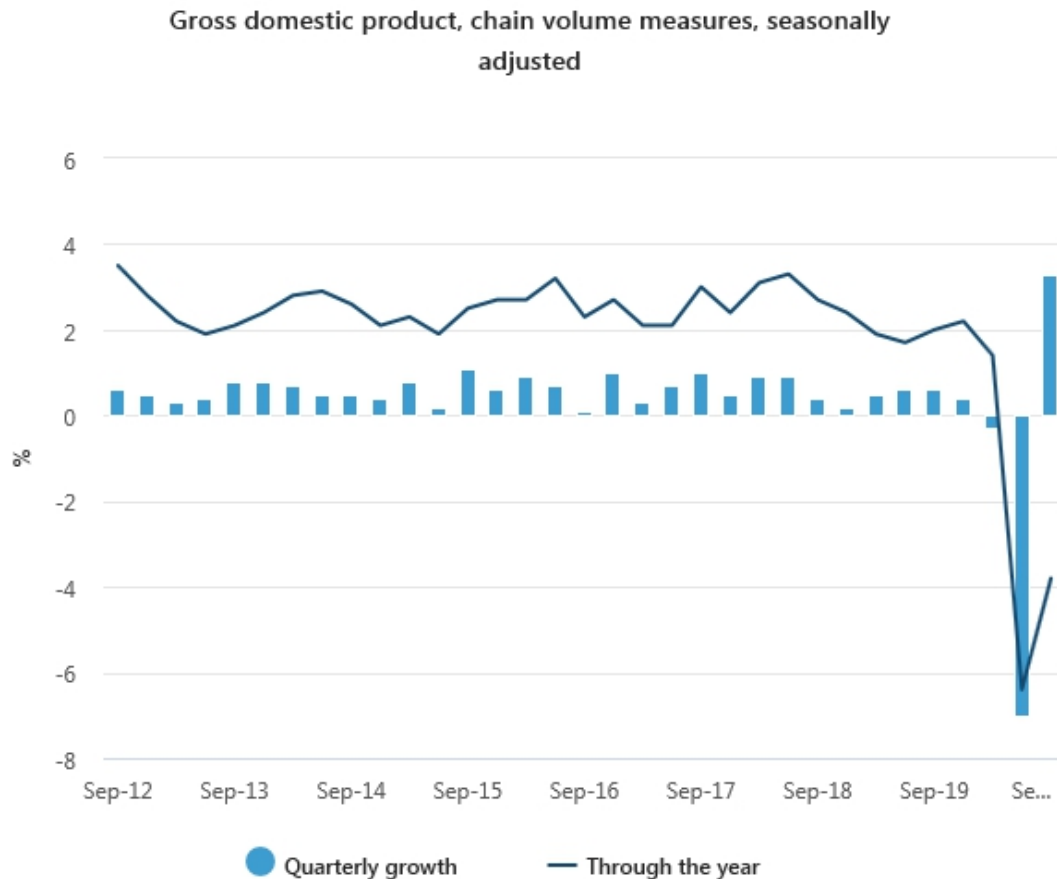
2. This index is a supplemental measure that is based on household expenditures for which there are observable price measures. It excludes most implicit prices (for example, financial services furnished without payment) and the final consumption expenditures of nonprofit institutions serving households.

Source: U.S. Bureau of Economic Analysis

The price index for gross domestic purchases increased 1.2% in 2020, compared with an increase of 1.6% in 2019 (table 4). The PCE price index also increased 1.2 percent in 2020, compared with an increase of 1.5 percent the year before. Excluding food and energy prices, the PCE price index increased 1.4 percent, compared with an increase of 1.7 percent in 2019.

3.2 Australia

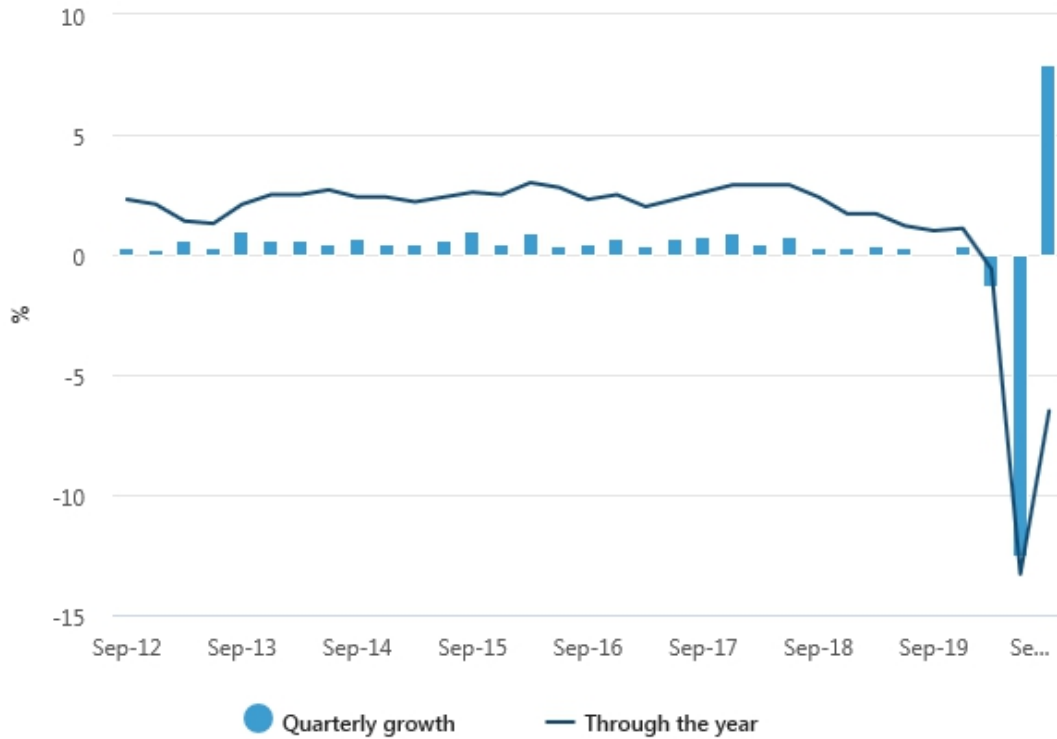
Australia's GDP decreased 3.8 percent in 2020, the customer price index rose 0.9%. The household saving to income ratio declined from its record high last quarter, but remains high at 18.9%. The fall was driven by the partial recovery in household consumption, which outpaced income growth.



Source: Australian Bureau of Statistics, Australian National Accounts: National Income, Expenditure and Product September 2020

Household disposable income grew 3.4%, reflecting increases in both labor and non-labor income as activity in the economy increased.

Household final consumption expenditure, chain volume measures, seasonally adjusted

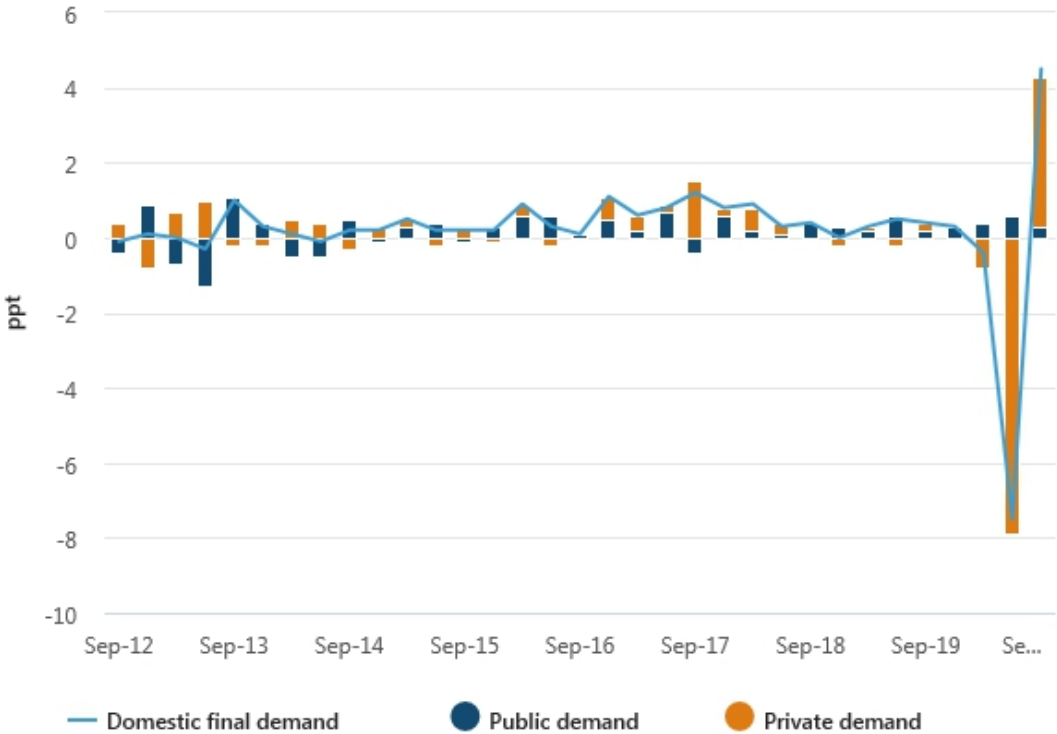


Source: Australian Bureau of Statistics, Australian National Accounts: National Income, Expenditure and Product September 2020

Domestic final demand contributed 4.3 percentage points to GDP growth. Household final consumption expenditure contributed 4.0 percentage points as restrictions were lifted for households and businesses. Public demand contributed a further 0.3 percentage points.

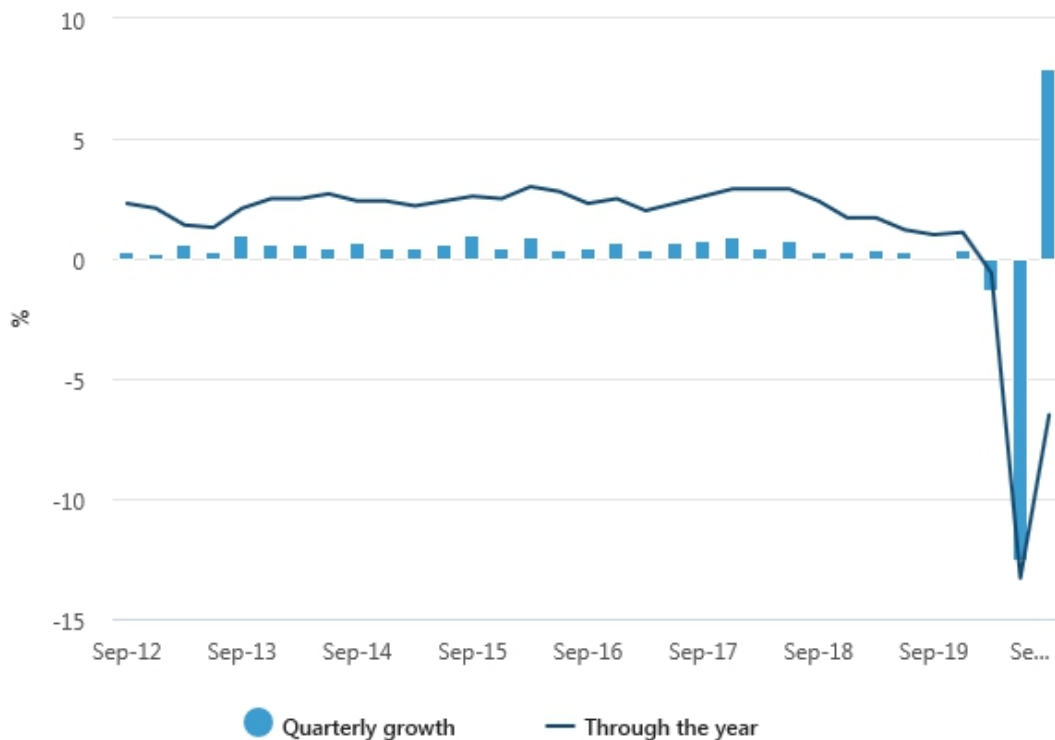
Household spending recovered after falling a record 12.5% in June quarter, household spending rebounded in the fourth quarter, rising 7.9%. Spending remained weak, down 6.5% year-on-year.

Contributions to growth in domestic final demand, chain volume measures, seasonally adjusted



Source: Australian Bureau of Statistics, Australian National Accounts: National Income, Expenditure and Product September 2020

Household final consumption expenditure, chain volume measures, seasonally adjusted



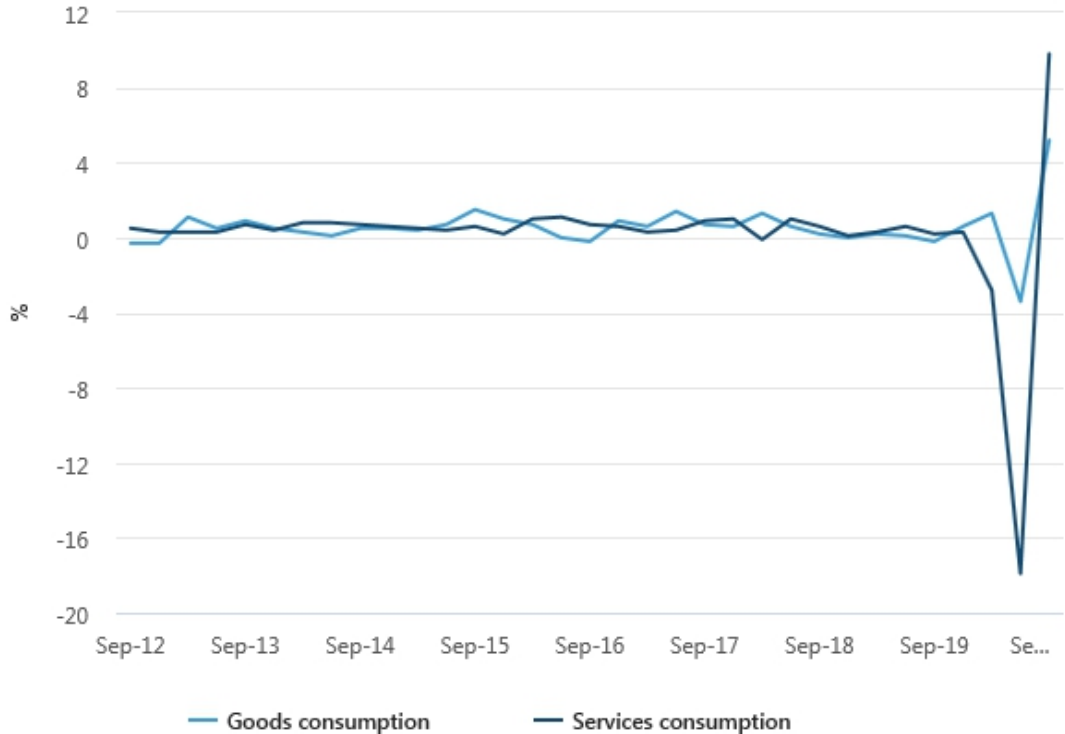
Source: Australian Bureau of Statistics, Australian National Accounts: National Income, Expenditure and Product September 2020

Reductions in social distancing measures and other restrictions encouraged spending on services which rose 9.8%. Hotels, cafes and restaurants, recreation and culture and transport services rebounded. Spending on health services recovered as deferred elective surgeries and visits to medical practitioners resumed.

Spending on goods increased 5.2% in the fourth quarter and were up 3.5% through the year.

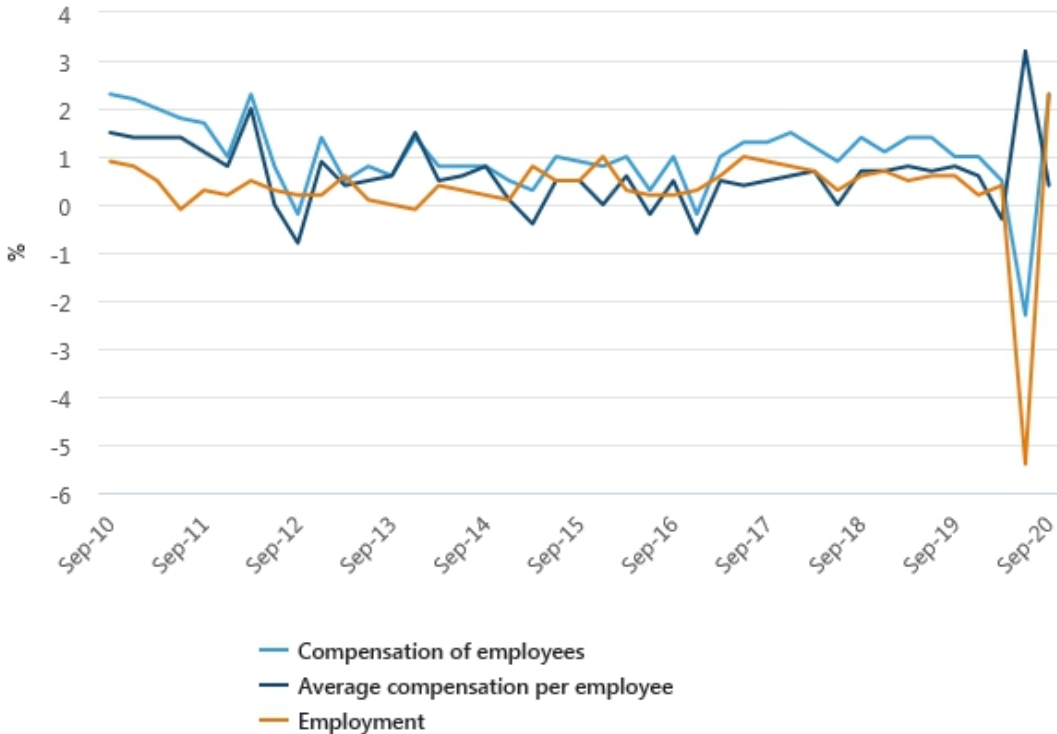
Compensation of employees rose 2.3% in the last quarter, reflecting an increase in hours worked and a rise in employment. Average compensation per employee rose 0.4%.

Goods and services consumption expenditure, chain volume measures, seasonally adjusted



Source: Australian Bureau of Statistics, Australian National Accounts: National Income, Expenditure and Product September 2020

Compensation of employees and employment, current prices, seasonally adjusted



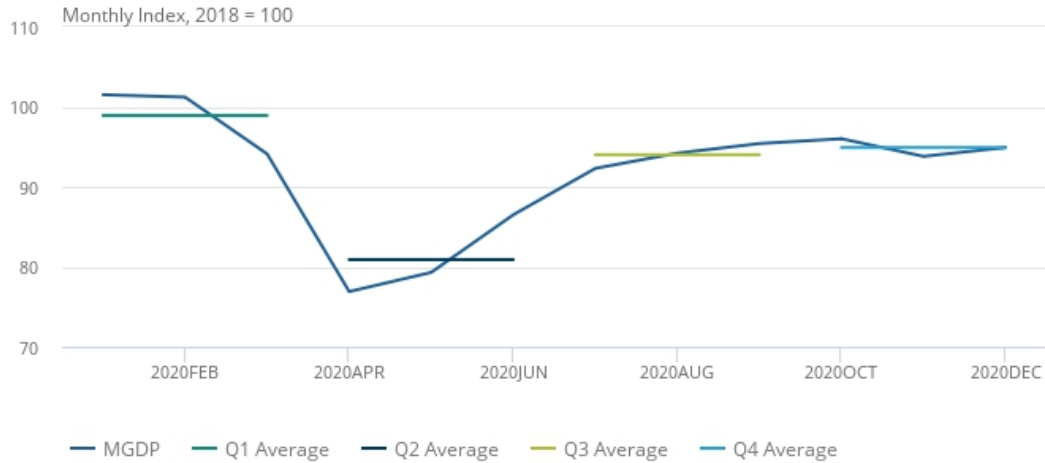
Source: Australian Bureau of Statistics, Australian National Accounts: National Income, Expenditure and Product September 2020

3.3 The United Kingdom

UK gross domestic product (GDP) is estimated to have increased by 1.0% in Quarter 4 (Oct to Dec) 2020 (Figure 1). The level of GDP in the UK is now 7.8% below its 2019 Quarter 4 level.

Figure 1: Following record growth in the third quarter, real GDP increased by 1.0% in Quarter 4 2020

UK, Index, January 2020 to December 2020, 2018 = 100



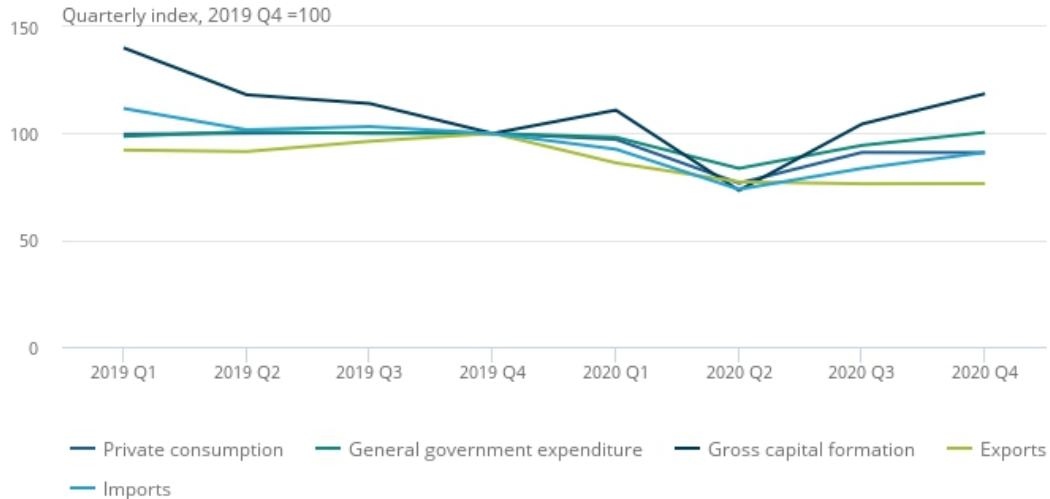
Source: Office for National Statistics – GDP first quarterly estimate

In November 2020, GDP fell by 2.3% as restrictions were put in place to varying degrees across all four nations of the UK. The largest contributor to this fall was accommodation and food service activities, followed by wholesale and retail trade, other service activities and arts, entertainment and recreation, reflecting the reintroduction of restrictions in some parts of the UK. These four sectors accounted for nearly 80% of the fall in services.

GDP increased by 1.2% in December 2020 as restrictions were eased early in the month in many parts of the UK. The largest contributor to this increase was accommodation and food service activities and other services, as the easing of restrictions across many parts of the UK in early December boosted demand for these consumer facing services.

Figure 6: Household expenditure fell in Quarter 4 2020, while government expenditure on health contributed positively to growth

UK, Quarter 1 (Jan to Mar) 2019 to Quarter 4 (Oct to Dec) 2020



Source: Office for National Statistics – GDP first quarterly estimate

Household consumption

In Quarter 4 2020, household consumption decreased by 0.2%, following a bounce back of 19.3% in Quarter 3 that reflected an easing of public health restrictions. In particular, there was lower spending in restaurants and hotels, which fell by 20.2% because of the reintroduction of restrictions.

These restrictions also affected retail sales, which experienced a 0.4% fall in volume in Quarter 4 2020 according to the latest official retail figures, mainly because of a 4.1% fall in November as a result of enforced closures of non-essential stores in much of the UK. Footfall data on UK high street, retail park and shopping centers show the impact of November restrictions, with UK overall retail footfall falling by around 20 percentage points in this month before recovering to October levels during the first half of December. Meanwhile, household spending on transport increased by 5.9%.

After standing at negative 31 in October and negative 33 in November, the GfK consumer confidence index reported a recovery in December, up to negative 26. This index dropped at the beginning of the pandemic, from negative 7 in February 2020 to negative 34 in April, recovering slowly since June up to the negative 25 points registered in September.

Take a look at the equivalent information in your home country to increase your business resiliency in light of the macro-economic trends

4. Tips for better sourcing

1. Identify the industrial hubs related to your products and their raw materials.
2. Some clusters are relocating to central and western China due to rising costs. In order to benefit from cost advantages, keep an eye on industry cluster trends.
3. Negotiate from a position of strength by staying up to date with the average product cost structure, raw material prices, and the wage structure in the region that your product is made.

(Sources and references: ar-sourcing.com)