

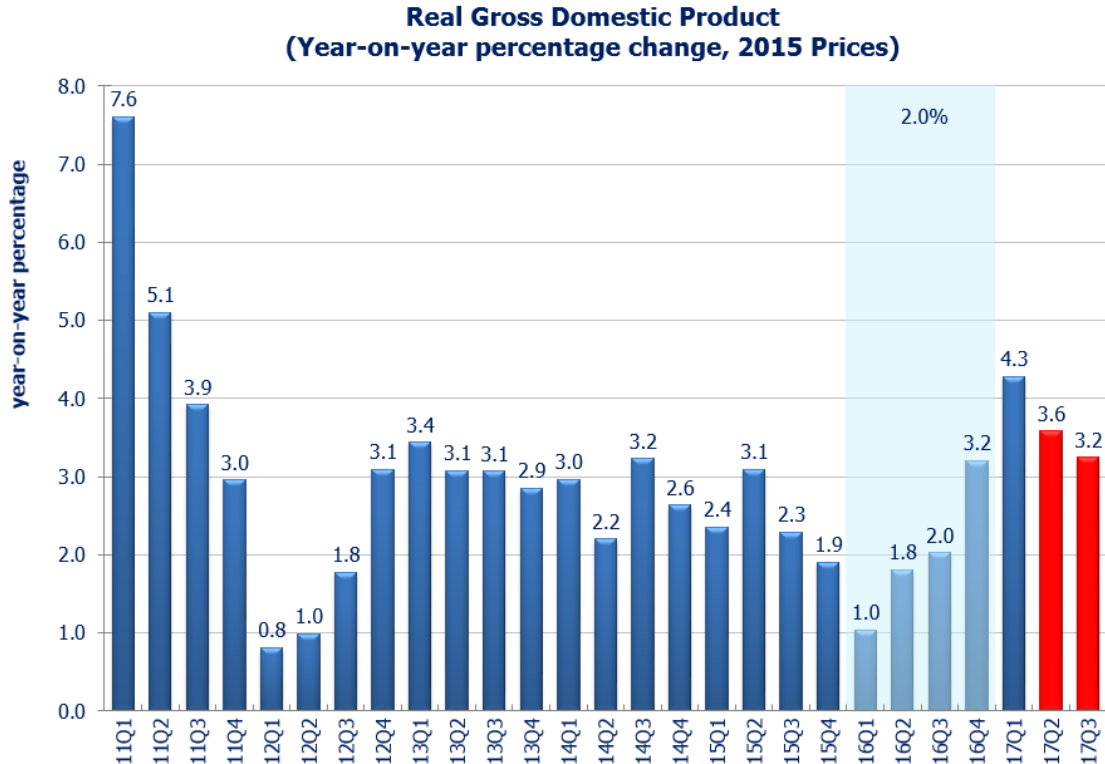


HKU announces 2017 Q3 HK Macroeconomic Forecast

July 6, 2017

The APEC Studies Programme of the Hong Kong Institute of Economics and Business Strategy at the University of Hong Kong (HKU) released its quarterly Hong Kong Macroeconomic Forecast today (July 6). According to its High Frequency Macroeconomic Forecast, real GDP is estimated to grow by 3.6% in 17Q2, when compared with the same period in 2016, moderate from the 4.3% growth in 17Q1.

In 17Q3, real GDP growth is expected to moderate to 3.2% when compared with the same period last year. Comparing to the 2.0% growth in 2016, we expect Hong Kong GDP will pick up and grow between 2.8% to 3.6% in 2017, upward revised by 0.7 percentage point comparing to our previous forecast reflecting strong domestic demand.



About Hong Kong Macroeconomic Forecast Project

The Hong Kong Macroeconomic Forecast is based on research conducted by the APEC Studies Programme of the Hong Kong Institute of Economics and Business Strategy at HKU in the Faculty of Business and Economics. It aims to provide the community with timely information useful for tracking the short-term fluctuations of the economy. The current quarter macro forecasts have been released on a quarterly basis since 1999.

The high frequency forecasting system was originally developed in collaboration with Professor Lawrence Klein of the University of Pennsylvania in 1999-2000. Since then, the system has been maintained and further refined by the APEC Study Center which is now a research programme area of the Hong Kong Institution of Economics and Business Strategy.

The project is sponsored by the Faculty of Business and Economics. The Hong Kong Centre for Economic Research at HKU provides administrative support to the project. Researchers at the Hong Kong Institution of Economics and Business Strategy are solely responsible for the accuracy and interpretation of the forecasts. Our quarterly forecasts can be accessed at:

<http://www.hiebs.hku.hk/apec/macroforecast>

For media enquiries, please contact the HKU Hong Kong Institute of Economics & Business Strategy, tel: 2547 8313, email: info@hiebs.hku.hk.

High Frequency Macroeconomic Forecasts
APEC Studies Programme
Hong Kong Institute of Economics & Business Strategy
The University of Hong Kong

Table 1: Current Quarter Model Forecast
(Millions of 2015 HK Dollar)

	2016					2017		
	Q1	Q2	Q3	Q4	Annual	Q1	Q2 (Estimate)	Q3 (Forecast)
Gross Domestic Product	586,322	580,887	622,749	657,542	2,447,500	611,429	601,700	642,976
Private Consumption Expenditure	394,028	406,812	393,279	427,980	1,622,099	408,709	422,594	405,408
Government Consumption Expenditure	62,467	57,231	59,447	59,925	239,070	64,788	58,948	61,230
Exports of Goods	872,517	945,405	1,038,022	1,101,583	3,957,527	952,822	1,012,129	1,111,760
Imports of Goods	916,678	1,004,350	1,056,224	1,132,707	4,109,959	1,007,474	1,083,609	1,131,998
Exports of Services	198,686	181,105	201,019	202,088	782,898	203,912	186,155	207,927
Imports of Services	142,170	138,588	151,015	153,963	585,736	143,425	141,259	153,655
Gross Fixed Capital Formation	119,180	131,563	136,672	148,405	535,820	126,753	138,655	144,713
GFCF in Land & Construction	73,244	77,133	79,627	87,676	317,680	84,924	84,947	87,192
GFCF in Mach., Equip. & Comp. Soft.	45,936	54,430	57,045	60,729	218,140	41,829	53,708	57,521
Changes in Inventories	-1,708	1,709	1,549	4,231	5,781	5,344	8,085	-2,409

Date of Forecast: July 6, 2017

High Frequency Macroeconomic Forecasts
APEC Studies Programme
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Table 2: Current Quarter Model Forecast
Year-on-Year Growth Rate (%)

	2016					2017		
	Q1	Q2	Q3	Q4	Annual	Q1	Q2 (Estimate)	Q3 (Forecast)
Gross Domestic Product	1.0	1.8	2.0	3.2	2.0	4.3	3.6	3.2
Private Consumption Expenditure	1.5	0.4	1.6	3.6	1.8	3.7	3.9	3.1
Government Consumption Expenditure	3.2	3.6	3.4	3.4	3.4	3.7	3.0	3.0
Exports of Goods	-3.5	2.4	2.5	5.1	1.8	9.2	7.1	7.1
Imports of Goods	-5.6	0.6	3.1	5.6	1.1	9.9	7.9	7.2
Exports of Services	-5.4	-6.2	-2.5	1.2	-3.2	2.6	2.8	3.4
Imports of Services	4.1	1.2	0.8	2.0	2.0	0.9	1.9	1.7
Gross Fixed Capital Formation	-8.7	-5.1	7.2	5.6	-0.3	6.4	5.4	5.9
GFCF in Land & Construction	-7.7	-1.0	6.9	14.1	2.9	15.9	10.1	9.5
GFCF in Machinery, Equip. & Computer Software	-10.8	-10.3	7.6	-4.2	-4.6	-8.9	-1.3	0.8
GDP Deflator Growth Rate	2.1	1.7	1.5	1.8	1.8	2.4	1.7	1.2
CPI (Composite) Inflation Rate	2.8	2.6	3.1	1.2	2.4	0.5	2.0	1.5
Unemployment Rate	3.4	3.4	3.4	3.3	3.4	3.2	3.2	3.3
Date of Forecast: July 6, 2017								

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Table 3: Selected Monthly Indicators
Year-on-Year Growth Rate (%)

	2016			2017								
	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
Unit Value Trade Index (Domestic Exports)	0.1	0.8	1.8	1.1	3.9	4.0	2.8	1.9	1.8	1.9	2.1	2.8
Unit Value Trade Index (Imports of Foodstuffs)	0.1	-0.1	-0.1	-1.4	-0.9	-1.4	-1.3	-0.7	-0.6	-2.0	-1.4	-0.7
Unit Value Trade Index (Imports of Consumer Goods)	1.0	1.2	1.5	-0.6	-0.3	-0.2	1.0	1.0	0.8	0.4	0.5	1.1
Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures)	0.2	0.6	1.4	1.9	2.5	2.9	2.4	1.9	2.3	-0.4	0.3	0.6
Unit Value Trade Index (Imports of Fuels)	-1.2	-1.6	14.2	45.2	54.7	39.4	24.9	27.1	21.1	20.4	25.5	22.0
Unit Value Trade Index (Imports of Capital Goods)	-2.8	-2.0	-0.6	-0.2	0.0	0.5	-0.1	1.6	1.5	0.4	0.6	0.6
Real Retained Imports of Foodstuffs	6.2	12.9	1.0	-21.8	5.9	-10.3	2.5	-4.4	6.7	-2.6	-6.2	-9.4
Real Retained Imports of Consumer Goods	10.2	7.2	2.6	-18.9	40.6	0.9	3.6	6.2	5.1	10.9	-5.1	3.9
Real Retained Imports of Raw Materials & Semi-Manufactures	-0.9	11.4	14.6	35.7	44.2	20.6	19.5	34.1	-0.8	9.7	17.6	27.0
Real Retained Imports of Fuels	-7.3	32.6	16.5	7.0	7.6	-24.4	36.3	12.7	-12.1	4.8	18.9	-8.3
Real Retained Imports of Capital Goods	16.9	-17.9	-15.8	-61.2	64.5	-12.6	-15.5	3.6	-24.1	8.1	-21.7	-28.1
Total Motor Vehicles Newly Registered	-23.5	-14.6	-27.1	-9.9	4.8	48.1	-16.3	4.2	17.4	13.9	10.3	7.9
Private Cars Newly Registered	-25.1	-17.8	-30.7	-5.2	12.4	88.2	-15.4	13.6	19.4	16.2	16.6	8.7
Money Supply (M2)	8.9	9.2	7.7	7.9	9.7	10.1	11.2	12.8	12.8	11.6	11.3	9.8
Loans and Advances	4.5	5.4	6.5	8.6	10.5	11.6	12.9	13.8	13.9	15.1	15.7	15.6
Volume Index of Retail Sales	-5.7	-8.6	-5.9	-4.4	-9.1	-0.4	-3.0	-2.3	-3.0	-3.5	-1.4	-5.1
Visitors Arrivals	-2.4	-2.1	5.4	4.8	-2.7	8.8	1.9	3.0	2.1	1.8	8.4	0.4
Hong Kong Resident Departures	1.9	3.9	4.8	10.5	-7.2	-4.3	12.6	0.3	0.4	0.8	7.3	1.2
Electricity Consumption	4.6	-4.5	-0.9	-4.2	-3.2	1.8	-4.0	-5.5	-1.8	-1.9	2.7	1.1
Gas Consumption	2.1	2.2	0.0	3.0	-5.2	-2.4	1.8	5.1	2.6	1.8	2.6	0.5

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