

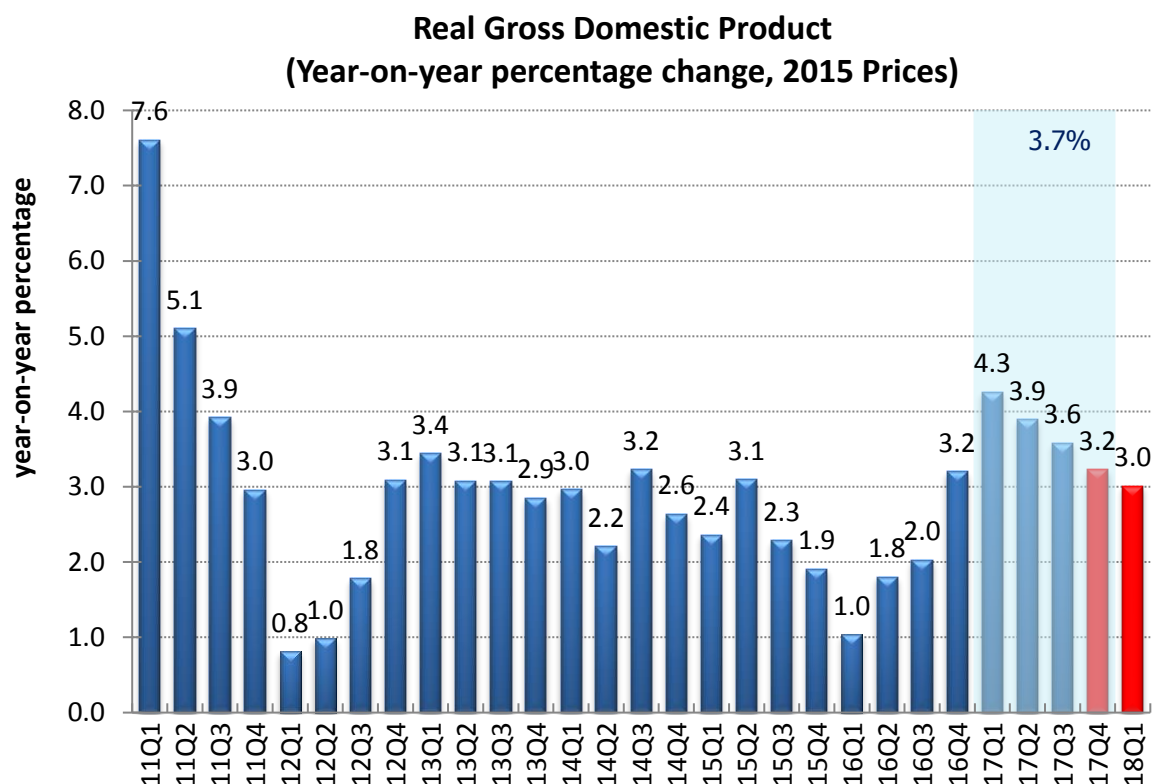


HKU announces 2018 Q1 HK Macroeconomic Forecast¹

January 10, 2018

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 (January 10). According to its High Frequency Macroeconomic Forecast, real GDP is estimated to grow by 3.2% in 17Q4, when compared with the same period in 2016, slightly slower than the 3.6% growth in 17Q3.

In 18Q1, real GDP growth is expected to moderate to 3.0% when compared with the same period last year. Improved from the 2.0% growth in 2016, we forecast Hong Kong GDP will grow by 3.7% in 2017 as a whole, upward revised by 0.4 percentage points comparing to our previous forecast. We expect Hong Kong GDP will grow by 3.3% in 2018.



¹ The announcement of 2018 Q1 forecast in January 2018 was delayed pending validation of the forecasting model. 2018 Q1 forecast can now be viewed and downloaded at

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

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/macroforecasts>

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					2018
	Q3	Q4	Annual	Q1	Q2	Q3	Q4 (Estimate)	Annual (Estimate)	Q1 (Forecast)
Gross Domestic Product	622,749	657,542	2,447,500	611,313	603,478	645,058	678,762	2,538,611	629,704
Private Consumption Expenditure	393,279	427,980	1,622,099	409,293	428,905	419,705	453,370	1,711,273	432,517
Government Consumption Expenditure	59,447	59,925	239,070	64,393	59,035	61,909	61,723	247,060	66,325
Exports of Goods	1,038,022	1,101,583	3,957,527	953,820	997,138	1,095,258	1,168,058	4,214,274	1,014,080
Imports of Goods	1,056,224	1,132,707	4,109,959	1,008,439	1,065,463	1,120,737	1,206,015	4,400,654	1,070,549
Exports of Services	201,019	202,088	782,898	204,223	185,838	208,397	209,906	808,364	212,521
Imports of Services	151,015	153,963	585,736	143,379	143,761	153,222	156,798	597,160	149,168
Gross Fixed Capital Formation	136,672	148,405	535,820	126,210	141,047	134,384	148,053	549,694	126,027
GFCF in Land & Construction	79,627	87,676	317,680	84,208	84,076	80,777	86,310	335,371	82,102
GFCF in Mach., Equip. & Comp. Soft.	57,045	60,729	218,140	42,002	56,971	53,607	61,742	214,322	43,924
Changes in Inventories	1,549	4,231	5,781	5,192	739	-636	464	5,759	-2,049
Date of Forecast: January 10, 2018									

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

	2016			2017					2018
	Q3	Q4	Annual	Q1	Q2	Q3	Q4 (Estimate)	Annual (Estimate)	Q1 (Forecast)
Gross Domestic Product	2.0	3.2	2.0	4.3	3.9	3.6	3.2	3.7	3.0
Private Consumption Expenditure	1.6	3.6	1.8	3.9	5.4	6.7	5.9	5.5	5.7
Government Consumption Expenditure	3.4	3.4	3.4	3.1	3.2	4.1	3.0	3.3	3.0
Exports of Goods	2.5	5.1	1.8	9.3	5.5	5.5	6.0	6.5	6.3
Imports of Goods	3.1	5.6	1.1	10.0	6.1	6.1	6.5	7.1	6.2
Exports of Services	-2.5	1.2	-3.2	2.8	2.6	3.7	3.9	3.3	4.1
Imports of Services	0.8	2.0	2.0	0.9	3.7	1.5	1.8	2.0	4.0
Gross Fixed Capital Formation	7.2	5.6	-0.3	5.9	7.2	-1.7	-0.2	2.6	-0.1
GFCF in Land & Construction	6.9	14.1	2.9	15.0	9.0	1.4	-1.6	5.6	-2.5
GFCF in Machinery, Equip. & Computer Software	7.6	-4.2	-4.6	-8.6	4.7	-6.0	1.7	-1.8	4.6
GDP Deflator Growth Rate	1.4	1.7	1.7	2.5	3.4	3.3	2.7	3.0	2.3
CPI (Composite) Inflation Rate	3.1	1.2	2.4	0.5	2.0	1.8	1.6	1.5	2.2
Unemployment Rate	3.4	3.3	3.4	3.2	3.1	3.1	2.9	3.1	2.9
Date of Forecast: January 10, 2018									

High Frequency Macroeconomic Forecasts

APEC Studies Programme

Hong Kong Institute of Economics & Business Strategy

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

	2017									2018		
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Unit Value Trade Index (Domestic Exports)	2.8	2.0	1.6	1.5	1.6	2.1	1.4	1.0	0.7	1.3	-0.5	-0.1
Unit Value Trade Index (Imports of Foodstuffs)	-1.3	1.1	1.2	0.2	1.7	2.2	2.2	2.1	1.9	2.7	2.9	3.9
Unit Value Trade Index (Imports of Consumer Goods)	1.0	1.4	1.8	1.2	2.5	1.8	1.0	1.7	1.5	3.5	2.3	2.7
Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures)	2.4	2.6	3.7	1.8	2.8	3.3	3.5	4.6	4.5	4.7	3.3	4.1
Unit Value Trade Index (Imports of Fuels)	24.9	25.4	10.9	9.7	19.9	23.5	15.3	18.6	16.2	5.6	7.0	10.9
Unit Value Trade Index (Imports of Capital Goods)	-0.1	-0.1	0.2	0.8	0.3	0.4	0.9	0.5	-1.1	1.6	-0.4	-0.2
Real Retained Imports of Foodstuffs	2.5	-6.4	3.4	1.9	-1.3	-1.8	2.0	-3.5	5.6	16.0	2.9	14.7
Real Retained Imports of Consumer Goods	3.6	25.2	8.2	-2.0	4.2	10.7	0.0	-0.8	-5.7	20.4	-27.4	-2.6
Real Retained Imports of Raw Materials & Semi-Manufactures	19.5	7.2	1.2	-5.8	18.8	34.1	39.1	21.7	11.8	5.4	-5.3	6.9
Real Retained Imports of Fuels	36.3	8.7	-16.8	8.3	21.6	2.5	7.3	-7.8	-1.3	5.0	5.3	31.5
Real Retained Imports of Capital Goods	-15.5	15.0	15.5	-3.7	-13.5	-14.4	-16.2	14.8	9.3	123.9	-23.9	6.0
Total Motor Vehicles Newly Registered	-16.3	7.0	6.0	4.1	7.5	9.1	-6.6	-7.1	-0.2	1.7	-6.3	-28.1
Private Cars Newly Registered	-15.4	13.2	4.9	-0.6	10.3	7.7	-13.0	-6.2	-2.7	-1.3	-10.3	-38.1
Money Supply (M2)	11.2	12.8	12.9	12.2	10.8	8.8	12.1	9.1	9.4	10.2	9.6	9.1
Loans and Advances	12.9	13.8	14.9	16.0	15.7	15.7	21.4	16.6	16.5	16.7	16.4	14.8
Volume Index of Retail Sales	0.0	0.6	0.5	4.6	3.1	5.5	3.5	6.9	3.9	3.2	5.6	1.1
Visitors Arrivals	1.9	3.0	-1.9	2.4	-1.2	4.8	6.6	7.0	2.5	-2.1	8.1	-0.1
Hong Kong Resident Departures	12.6	0.3	-1.8	-2.1	-2.0	-2.2	-3.1	-4.3	-4.2	-5.0	6.3	1.0
Electricity Consumption	-4.0	-5.5	-1.9	-3.3	7.3	8.7	-0.5	-1.8	0.7	1.9	1.6	1.2
Gas Consumption	1.8	5.1	4.6	3.4	1.0	-2.1	-2.0	4.7	4.1	1.4	3.2	1.7

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