

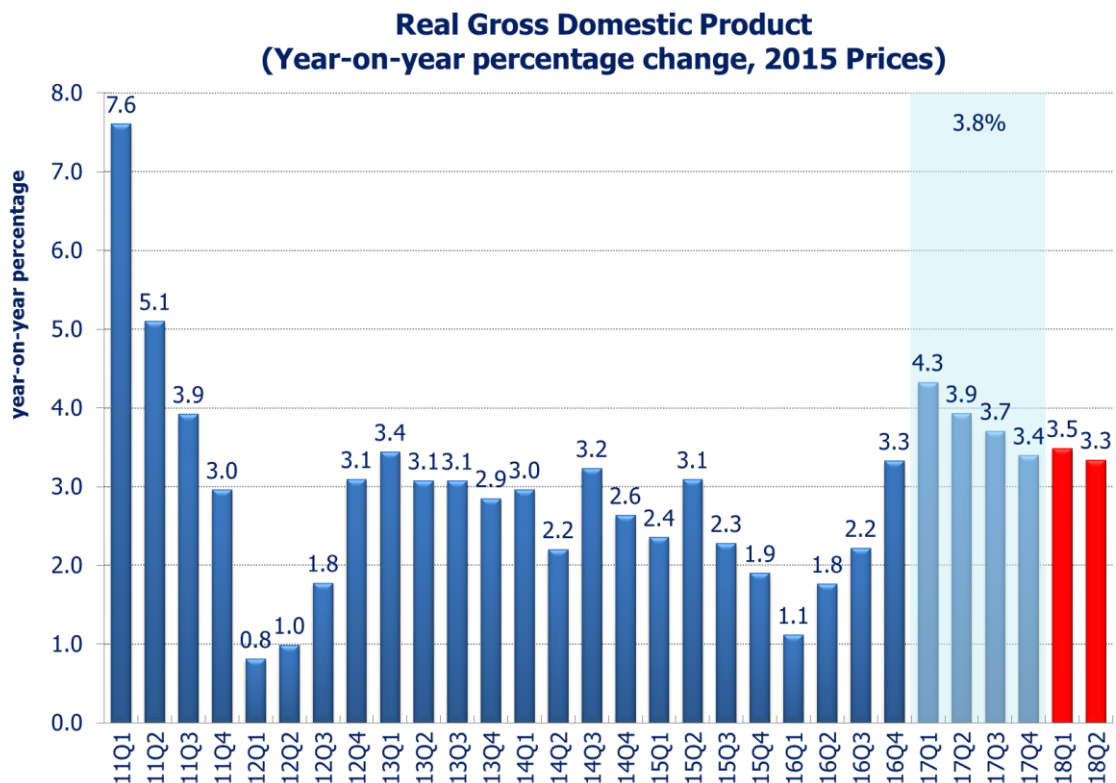


HKU announces 2018 Q2 HK Macroeconomic Forecast

April 11, 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 (April 11). According to its High Frequency Macroeconomic Forecast, real GDP is estimated to grow by 3.5% in 18Q1, upward revised by 0.5 percentage point comparing to our previous forecast, reflecting strong domestic demand, slightly faster than the 3.4% growth in 17Q4.

In 18Q2, real GDP growth is expected to moderate to 3.3% when compared with the same period last year. Comparing to the 3.8% growth in 2017 as a whole, we expect Hong Kong's GDP will grow but at a slower pace at 3.4% in 2018.



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)

	2017					2018	
	Q1	Q2	Q3	Q4	Annual	Q1 (Estimate)	Q2 (Forecast)
Gross Domestic Product	612,140	603,419	647,006	680,623	2,543,188	633,487	623,564
Private Consumption Expenditure	408,496	427,561	419,369	456,332	1,711,758	432,874	450,372
Government Consumption Expenditure	64,227	58,868	62,145	61,693	246,933	66,154	60,634
Exports of Goods	953,185	998,956	1,095,514	1,136,176	4,183,831	993,306	1,046,618
Imports of Goods	1,006,143	1,066,446	1,118,641	1,187,894	4,379,124	1,054,347	1,122,985
Exports of Services	204,856	185,759	208,224	209,859	808,698	213,794	193,798
Imports of Services	144,024	143,368	153,827	155,802	597,021	147,767	146,300
Gross Fixed Capital Formation	127,401	140,944	134,843	155,921	559,109	128,754	140,554
GFCF in Land & Construction	84,987	84,776	80,598	90,629	340,990	82,544	81,650
GFCF in Mach., Equip. & Comp. Soft.	42,414	56,168	54,245	65,292	218,119	46,209	58,905
Changes in Inventories	4,142	1,145	-621	4,338	9,004	719	872

Date of Forecast: Apr 10, 2018

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

	2017					2018	
	Q1	Q2	Q3	Q4	Annual	Q1 (Estimate)	Q2 (Forecast)
Gross Domestic Product	4.3	3.9	3.7	3.4	3.8	3.5	3.3
Private Consumption Expenditure	3.6	5.4	6.3	6.3	5.4	6.0	5.3
Government Consumption Expenditure	2.9	2.9	4.5	3.1	3.4	3.0	3.0
Exports of Goods	9.5	5.8	5.7	3.4	5.9	4.2	4.8
Imports of Goods	10.2	6.4	6.3	5.4	6.9	4.8	5.3
Exports of Services	3.4	2.7	3.9	4.0	3.5	4.4	4.3
Imports of Services	1.0	4.2	1.6	0.6	1.8	2.6	2.0
Gross Fixed Capital Formation	5.8	7.8	-1.3	4.7	4.2	1.1	-0.3
GFCF in Land & Construction	13.4	8.5	0.8	1.1	5.7	-2.9	-3.7
GFCF in Machinery, Equip. & Computer Software	-6.8	6.7	-4.3	10.1	1.9	8.9	4.9
GDP Deflator Growth Rate	2.5	3.4	3.3	2.7	3.0	2.3	2.0
CPI (Composite) Inflation Rate	0.5	2.0	1.8	1.6	1.5	2.2	1.4
Unemployment Rate	3.2	3.1	3.1	2.9	3.1	2.9	2.9
Date of Forecast: Apr 10, 2018							

High Frequency Macroeconomic Forecasts

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

	2017						2018					
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Unit Value Trade Index (Domestic Exports)	1.5	1.6	2.1	1.4	1.2	0.9	1.6	-0.2	0.2	1.1	1.1	1.4
Unit Value Trade Index (Imports of Foodstuffs)	0.2	1.7	2.2	2.2	1.3	2.3	2.9	3.0	4.1	4.9	3.2	3.3
Unit Value Trade Index (Imports of Consumer Goods)	1.2	2.5	1.8	1.0	1.0	1.1	3.0	1.8	2.0	2.2	1.7	1.2
Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures)	1.8	2.8	3.3	3.5	3.6	4.0	2.9	1.6	2.3	2.7	1.9	1.5
Unit Value Trade Index (Imports of Fuels)	9.7	19.9	23.5	15.3	25.9	21.5	14.6	18.2	21.8	19.4	19.8	25.2
Unit Value Trade Index (Imports of Capital Goods)	0.8	0.3	0.4	0.9	0.3	0.1	0.5	-0.8	-0.6	0.4	1.7	1.3
Real Retained Imports of Foodstuffs	1.9	-1.3	-1.8	2.0	-2.4	13.4	20.0	5.3	17.4	1.7	7.9	9.2
Real Retained Imports of Consumer Goods	-2.0	4.2	10.7	0.0	-0.2	-16.6	54.9	-31.1	3.3	3.0	-17.2	-2.0
Real Retained Imports of Raw Materials & Semi-Manufactures	-5.8	18.8	34.1	39.1	7.4	34.3	14.5	3.0	16.1	28.5	42.8	21.3
Real Retained Imports of Fuels	8.3	21.6	2.5	7.3	-8.9	6.7	0.6	5.9	31.5	-8.9	6.4	14.0
Real Retained Imports of Capital Goods	-3.7	-13.5	-14.4	-16.2	39.3	22.7	230.8	-12.6	23.1	46.6	19.7	-3.9
Total Motor Vehicles Newly Registered	4.1	7.5	9.1	-6.6	-5.3	-8.1	12.9	-7.0	-29.7	0.1	-11.7	-6.0
Private Cars Newly Registered	-0.6	10.3	7.7	-13.0	-8.6	-17.8	4.9	-14.2	-41.0	-2.3	-15.2	-7.1
Money Supply (M2)	12.2	10.8	8.8	12.1	9.1	10.0	11.0	11.0	10.5	10.3	10.3	10.0
Loans and Advances	16.0	15.7	15.7	21.4	16.6	16.1	16.4	16.2	14.5	14.1	13.5	11.8
Volume Index of Retail Sales	4.6	3.1	5.5	3.5	6.9	4.4	2.4	28.1	7.5	8.9	8.5	8.9
Visitors Arrivals	2.4	-1.2	4.8	6.6	7.0	4.7	-2.6	26.3	6.6	4.4	3.1	6.4
Hong Kong Resident Departures	-2.1	-2.0	-2.2	-3.1	-4.3	-1.9	-9.5	4.1	-0.2	-5.7	-1.0	0.4
Electricity Consumption	-3.3	7.3	8.7	-0.5	-1.8	0.9	4.7	2.4	1.5	1.6	4.4	0.8
Gas Consumption	3.4	1.0	-2.1	-2.0	4.7	0.0	8.2	7.9	3.6	2.1	0.8	0.7

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