



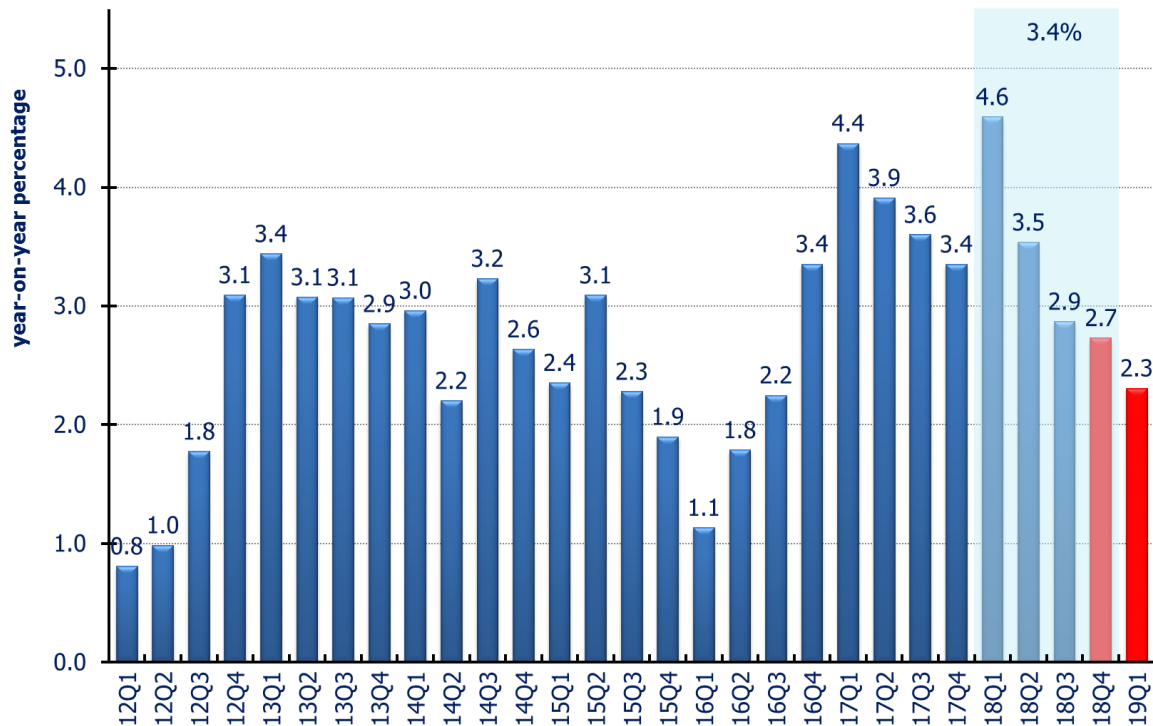
HKU announces 2019 Q1 HK Macroeconomic Forecast

January 3, 2019

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 3). According to its High Frequency Macroeconomic Forecast, real GDP is estimated to grow by 2.7% in 18Q4, when compared with the same period in 2017, slightly slower than the 2.9% growth in 18Q3.

In 19Q1, real GDP growth is expected to moderate to 2.3% when compared with the same period last year. We forecast that Hong Kong GDP will grow by 3.4% in 2018 as a whole, same as our previous forecast. Clouded by the expected economic slowdown in China and US in 2019 brought by the unfolding impact of the US-China trade tension and interest rate hikes, Hong Kong's GDP growth is expected to show further slowdown to 2.8% in 2019 as a whole.

**Real Gross Domestic Product
(Year-on-year percentage change, 2016 Prices)**



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 Institute 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 Institute 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 2016 HK Dollar)

	2017			2018					2019
	Q3	Q4	Annual	Q1	Q2	Q3	Q4 (Estimate)	Annual (Estimate)	Q1 (Forecast)
Gross Domestic Product	657,255	691,816	2,585,210	651,268	635,164	676,112	710,714	2,673,258	666,299
Private Consumption Expenditure	426,124	464,128	1,741,116	451,391	462,141	448,217	483,082	1,844,831	463,969
Government Consumption Expenditure	64,390	63,988	255,952	69,073	63,707	66,489	65,908	265,177	71,145
Exports of Goods	1,079,800	1,119,896	4,123,424	988,764	1,029,000	1,133,420	1,165,048	4,316,232	1,023,331
Imports of Goods	1,098,418	1,167,201	4,302,257	1,057,158	1,113,394	1,181,416	1,214,941	4,566,909	1,086,361
Exports of Services	203,099	204,848	789,141	216,230	191,453	209,324	210,145	827,152	222,046
Imports of Services	151,329	153,899	589,252	147,867	141,997	156,437	160,290	606,591	152,076
Gross Fixed Capital Formation	133,632	153,369	554,625	132,520	142,051	144,597	156,822	575,990	130,944
GFCF in Land & Construction	80,365	90,203	343,486	89,432	85,326	80,061	91,481	346,300	89,133
GFCF in Mach., Equip. & Comp. Soft.	53,267	63,166	211,139	43,088	56,725	64,536	65,341	229,690	41,811
Changes in Inventories	-43	6,687	12,461	-1,685	2,203	11,918	4,942	17,378	-6,700

Date of Forecast: Jan 2, 2019

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

	2017			2018					2019
	Q3	Q4	Annual	Q1	Q2	Q3	Q4 (Estimate)	Annual (Forecast)	Q1 (Forecast)
Gross Domestic Product	3.6	3.4	3.8	4.6	3.5	2.9	2.7	3.4	2.3
Private Consumption Expenditure	6.3	6.3	5.5	8.8	6.0	5.2	4.1	6.0	2.8
Government Consumption Expenditure	4.5	3.2	3.4	3.9	4.3	3.3	3.0	3.6	3.0
Exports of Goods	5.7	3.4	5.9	5.2	4.6	5.0	4.0	4.7	3.5
Imports of Goods	6.3	5.4	7.0	6.9	6.3	7.6	4.1	6.2	2.8
Exports of Services	3.5	3.9	3.2	7.9	5.9	3.1	2.6	4.8	2.7
Imports of Services	1.4	0.8	1.9	4.2	-0.1	3.4	4.2	2.9	2.8
Gross Fixed Capital Formation	-2.1	3.1	3.5	4.2	1.1	8.2	2.3	3.9	-1.2
GFCF in Land & Construction	-1.3	-1.2	4.5	3.3	-1.2	-0.4	1.4	0.8	-0.3
GFCF in Machinery, Equip. & Computer Software	-3.0	9.9	1.8	6.1	4.9	21.2	3.4	8.8	-3.0
GDP Deflator Growth Rate	3.2	2.9	2.9	4.1	4.0	3.8	3.0	3.7	2.6
CPI (Composite) Inflation Rate	1.8	1.6	1.5	2.4	2.1	2.5	2.5	2.4	2.3
Unemployment Rate	3.1	3.0	3.1	2.9	2.8	2.8	2.8	2.8	2.9
Date of Forecast: Jan 2, 2019									

High Frequency Macroeconomic Forecasts

APEC Studies Programme

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

	2018									2019		
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Unit Value Trade Index (Domestic Exports)	2.6	2.8	2.7	2.4	2.6	2.7	2.6	2.5	2.1	1.9	1.8	1.7
Unit Value Trade Index (Imports of Foodstuffs)	4.3	2.3	2.8	3.2	2.1	2.1	0.9	1.4	0.2	0.3	0.2	0.6
Unit Value Trade Index (Imports of Consumer Goods)	1.7	1.6	1.6	2.3	1.4	2.3	2.5	2.6	3.0	3.0	2.7	3.1
Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures)	3.1	2.5	1.9	1.5	1.6	1.4	1.2	1.9	1.5	2.6	1.3	1.8
Unit Value Trade Index (Imports of Fuels)	20.7	30.8	39.7	38.3	34.9	30.1	36.1	28.2	31.3	25.5	27.2	29.6
Unit Value Trade Index (Imports of Capital Goods)	1.6	2.1	2.4	1.8	2.7	3.2	3.3	3.4	2.2	4.4	2.7	2.4
Real Retained Imports of Foodstuffs	-10.6	5.7	15.3	-0.1	5.9	-3.3	-2.6	0.4	-3.5	-0.7	15.3	-5.3
Real Retained Imports of Consumer Goods	24.6	-3.6	0.1	47.3	37.2	-2.2	17.4	17.7	34.2	-11.9	19.9	0.9
Real Retained Imports of Raw Materials & Semi-Manufactures	23.5	37.1	11.9	25.0	18.0	-3.2	-17.2	2.3	-18.7	-12.4	-1.2	-10.7
Real Retained Imports of Fuels	-17.3	-2.6	24.0	-12.0	-5.6	4.3	-3.0	3.7	-3.0	3.2	0.9	-5.9
Real Retained Imports of Capital Goods	25.1	16.0	-16.2	25.8	40.8	16.6	52.0	3.9	12.6	-12.5	21.4	30.8
Total Motor Vehicles Newly Registered	9.9	1.6	-2.1	-2.7	3.9	-17.0	15.9	1.4	7.6	-4.6	-0.3	13.4
Private Cars Newly Registered	13.3	2.9	3.9	3.4	2.4	-27.0	28.8	5.2	17.6	-1.1	-4.6	16.9
Money Supply (M2)	9.8	6.2	5.0	3.9	4.7	4.7	1.0	3.5	3.6	1.8	3.2	4.5
Loans and Advances	17.1	12.0	10.9	9.5	8.4	7.2	2.0	5.2	3.6	1.6	1.3	0.3
Volume Index of Retail Sales	10.9	11.4	9.9	5.9	8.0	1.4	5.2	3.6	4.9	5.9	-5.4	2.1
Visitors Arrivals	11.0	8.0	12.8	5.7	17.4	1.8	11.5	20.6	19.1	20.8	5.2	11.2
Hong Kong Resident Departures	-11.8	-0.3	4.8	1.0	5.3	-2.8	5.0	6.5	1.0	6.5	3.9	-2.3
Electricity Consumption	2.3	16.4	-2.9	-1.3	-6.6	-10.0	-10.4	1.4	-0.4	-2.5	-1.3	-1.8
Gas Consumption	-2.9	0.1	-4.0	3.2	4.4	4.2	4.9	-1.0	1.3	-1.4	-0.7	2.4
Date of Forecast: Jan 2, 2019												