

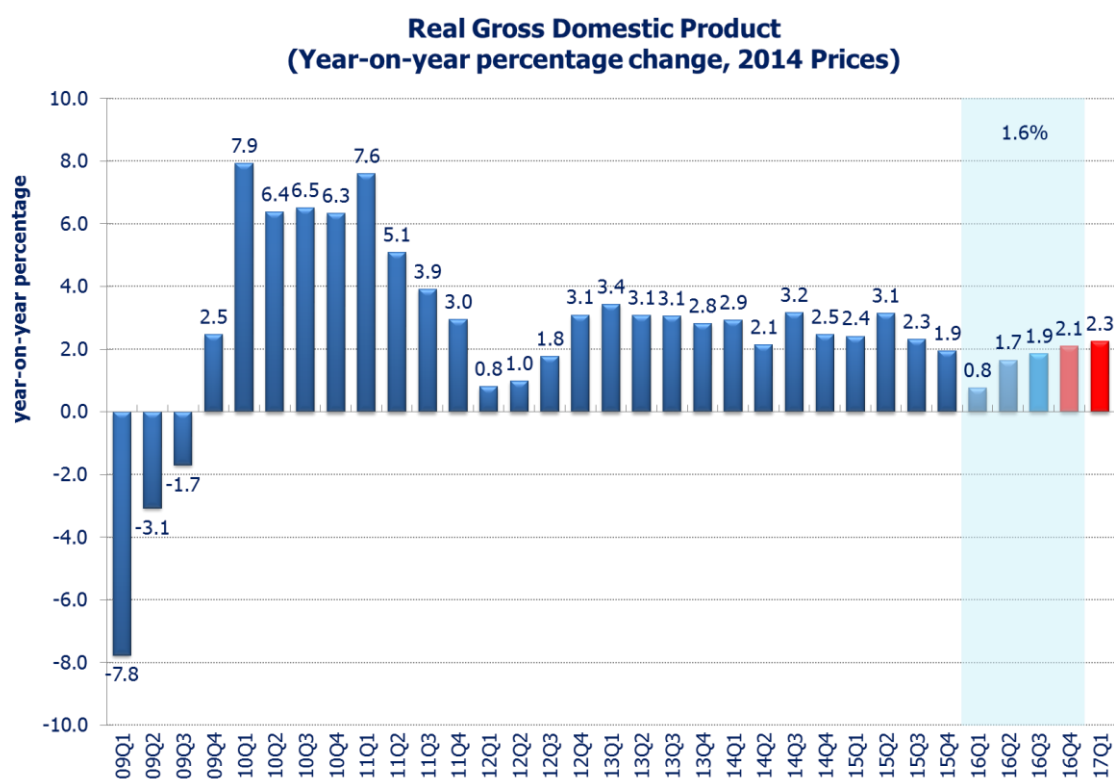


HKU announces 2017 Q1 HK Macroeconomic Forecast

January 4, 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 (January 4). According to its High Frequency Macroeconomic Forecast, real GDP is estimated to grow by 2.1% in 16Q4, when compared with the same period in 2015, slightly faster than the 1.9% growth in 16Q3.

In 17Q1, real GDP growth is expected to improve to 2.3% when compared with the same period last year. Slowed from the 2.4% growth in 2015, we forecast Hong Kong GDP will grow by 1.6% in 2016 as a whole, upward revised by 0.1 percentage points comparing to our previous forecast. We expect Hong Kong GDP will growth between 1.5% to 2.5% in 2017.



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: 2548 9300, 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 2014 HK Dollar)

	2015			2016					2017
	Q3	Q4	Annual	Q1	Q2	Q3	Q4 (Estimate)	Annual (Estimate)	Q1 (Forecast)
Gross Domestic Product	588,748	613,884	2,313,243	564,375	559,571	599,702	626,711	2,350,359	577,123
Private Consumption Expenditure	382,344	407,402	1,573,262	388,560	401,706	386,824	412,873	1,589,963	394,378
Government Consumption Expenditure	55,070	55,553	221,392	59,847	54,710	56,872	57,220	228,649	61,642
Exports of Goods	986,612	1,014,373	3,805,609	855,932	934,780	1,005,628	1,049,339	3,845,679	899,077
Imports of Goods	1,099,302	1,147,949	4,351,911	977,366	1,073,754	1,125,279	1,182,066	4,358,465	1,027,177
Exports of Services	278,812	278,748	1,075,250	254,658	238,067	273,806	282,295	1,048,826	264,451
Imports of Services	130,070	131,840	508,326	130,481	123,956	132,312	135,343	522,092	130,927
Gross Fixed Capital Formation	123,455	136,815	520,379	114,026	127,209	130,848	140,506	512,589	119,733
GFCF in Land & Construction	70,609	72,625	291,426	68,813	73,423	74,756	72,763	289,755	69,993
GFCF in Mach., Equip. & Comp. Soft.	52,846	64,190	228,953	45,213	53,786	56,092	67,744	222,835	49,739
Changes in Inventories	-8,173	782	-22,412	-801	809	3,315	1,887	5,210	-4,054
Date of Forecast: January 3, 2017									

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

	2015			2016					2017
	Q3	Q4	Annual	Q1	Q2	Q3	Q4 (Estimate)	Annual (Estimate)	Q1 (Forecast)
Gross Domestic Product	2.3	1.9	2.4	0.8	1.7	1.9	2.1	1.6	2.3
Private Consumption Expenditure	4.4	2.7	4.7	1.2	0.5	1.2	1.3	1.1	1.5
Government Consumption Expenditure	2.8	3.3	3.4	3.3	3.5	3.3	3.0	3.3	3.0
Exports of Goods	-3.1	-0.5	-1.9	-3.6	2.0	1.9	3.4	1.1	5.0
Imports of Goods	-4.2	-2.8	-2.7	-5.4	0.2	2.4	3.0	0.2	5.1
Exports of Services	-0.2	-2.7	-0.2	-5.0	-4.6	-1.8	1.3	-2.5	3.8
Imports of Services	5.5	5.4	5.7	4.9	1.6	1.7	2.7	2.7	0.3
Gross Fixed Capital Formation	-6.2	-9.4	-2.0	-9.6	-5.0	6.0	2.7	-1.5	5.0
GFCF in Land & Construction	-2.5	-5.8	1.2	-8.1	0.1	5.9	0.2	-0.6	1.7
GFCF in Machinery, Equip. & Computer Software	-10.7	-12.9	-5.8	-11.9	-11.2	6.1	5.5	-2.7	10.0
GDP Deflator Growth Rate	3.4	2.7	3.7	2.3	2.0	1.5	1.7	1.9	2.0
CPI (Composite) Inflation Rate	2.5	2.3	3.0	2.8	2.6	3.1	1.3	2.4	1.6
Unemployment Rate	3.3	3.3	3.3	3.4	3.4	3.4	3.3	3.4	3.3
Date of Forecast: January 3, 2017									

High Frequency Macroeconomic Forecasts

APEC Studies Programme

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

	2016									2017		
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Unit Value Trade Index (Domestic Exports)	-2.9	-1.9	-1.6	-1.3	-0.3	-1.6	0.1	0.3	1.1	1.2	1.8	2.4
Unit Value Trade Index (Imports of Foodstuffs)	-2.6	-3.1	-3.3	-1.1	-1.6	-1.8	0.2	-0.4	-0.6	-1.2	-0.4	-0.2
Unit Value Trade Index (Imports of Consumer Goods)	-1.5	-1.9	-2.9	-0.5	-0.7	-0.2	1.0	1.1	1.9	2.0	1.1	1.7
Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures)	-0.4	-0.6	-1.1	1.5	0.3	0.8	0.2	1.4	2.0	2.6	1.7	3.0
Unit Value Trade Index (Imports of Fuels)	-29.6	-30.7	-26.2	-20.4	-17.3	-7.1	-1.2	4.6	24.8	42.6	50.8	41.2
Unit Value Trade Index (Imports of Capital Goods)	-1.1	-3.8	-3.6	-3.3	-2.8	-3.1	-2.8	-2.4	-2.6	0.2	-1.5	-0.8
Real Retained Imports of Foodstuffs	6.1	9.7	-6.9	11.7	21.1	26.0	6.3	7.6	9.6	-2.7	10.4	9.5
Real Retained Imports of Consumer Goods	-10.6	4.2	-12.7	-11.6	9.7	-2.9	10.6	0.5	-9.3	-8.2	-2.6	-5.2
Real Retained Imports of Raw Materials & Semi-Manufactures	-19.9	-23.9	10.3	13.2	1.9	-15.8	-1.4	1.4	-8.0	3.7	-6.6	-8.7
Real Retained Imports of Fuels	-8.7	-10.5	36.5	-0.2	-18.5	23.8	-7.1	9.9	5.7	8.7	8.3	7.8
Real Retained Imports of Capital Goods	-5.6	-31.7	11.6	-8.2	30.7	27.7	16.0	9.2	6.1	15.9	33.6	6.6
Total Motor Vehicles Newly Registered	2.8	-6.4	-32.1	-18.2	-8.4	-10.7	-23.5	-23.0	-27.9	-8.0	-4.2	-4.1
Private Cars Newly Registered	3.4	-7.6	-33.3	-9.9	-5.0	-7.1	-25.1	-21.8	-29.7	-6.2	-3.2	-2.5
Money Supply (M2)	3.0	2.1	3.1	5.2	5.4	8.3	8.9	9.2	9.1	8.4	10.2	10.4
Loans and Advances	1.9	2.1	0.3	0.9	1.8	3.5	4.5	5.4	4.4	5.1	6.1	6.0
Volume Index of Retail Sales	-6.2	-7.2	-7.9	-7.0	-10.9	-3.8	-2.7	-5.6	-5.4	-6.6	2.4	-4.2
Visitors Arrivals	-2.1	-6.4	-1.7	2.6	-9.4	-3.0	-2.4	-2.1	0.2	-5.6	-0.9	1.0
Hong Kong Resident Departures	-5.4	2.9	4.8	8.0	-1.6	1.8	1.9	3.9	1.3	5.0	1.7	-2.4
Electricity Consumption	4.6	-2.4	-0.9	4.4	-3.9	-1.0	4.6	-4.5	1.7	-0.8	-0.4	4.1
Gas Consumption	2.9	-0.1	1.9	1.1	-2.3	2.8	2.1	2.2	2.1	2.6	-0.6	-1.8

Date of Forecast: January 3, 2017