

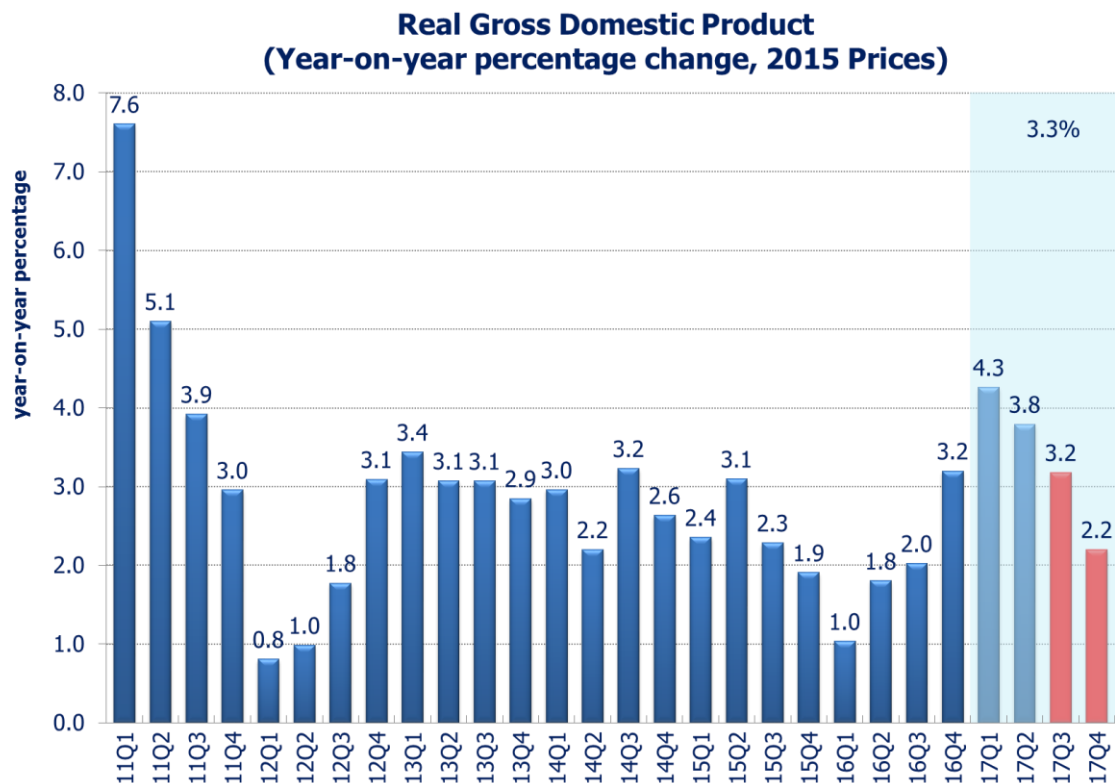


HKU announces 2017 Q4 HK Macroeconomic Forecast

October 10, 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 (October 10). According to its High Frequency Macroeconomic Forecast, real GDP is estimated to grow by 3.2% in 17Q3, when compared with the same period in 2016, moderate from the 3.8% growth in 17Q2.

In 17Q4, real GDP growth is expected to moderate to 2.2% 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 by 3.3% in 2017 as a whole, same as our previous forecast.



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				
	Q3	Q4	Annual	Q1	Q2	Q3 (Estimate)	Q4 (Forecast)	Annual (Forecast)
Gross Domestic Product	622,749	657,542	2,447,500	611,313	602,926	642,557	672,021	2,528,817
Private Consumption Expenditure	393,279	427,980	1,622,099	409,293	428,376	407,997	442,650	1,688,316
Government Consumption Expenditure	59,447	59,925	239,070	64,393	59,035	61,230	61,723	246,381
Exports of Goods	1,038,022	1,101,583	3,957,527	953,820	997,916	1,088,956	1,136,899	4,177,591
Imports of Goods	1,056,224	1,132,707	4,109,959	1,008,439	1,066,531	1,111,907	1,174,386	4,361,263
Exports of Services	201,019	202,088	782,898	204,223	185,278	204,828	204,178	798,507
Imports of Services	151,015	153,963	585,736	143,379	143,485	155,366	157,746	599,977
Gross Fixed Capital Formation	136,672	148,405	535,820	126,210	142,102	143,066	157,829	569,207
GFCF in Land & Construction	79,627	87,676	317,680	84,208	85,144	84,825	91,744	345,920
GFCF in Mach., Equip. & Comp. Soft.	57,045	60,729	218,140	42,002	56,958	58,242	66,085	223,287
Changes in Inventories	1,549	4,231	5,781	5,192	235	3,752	875	10,054

Date of Forecast: October 9, 2017

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

	2016			2017				
	Q3	Q4	Annual	Q1	Q2	Q3 (Estimate)	Q4 (Forecast)	Annual (Forecast)
Gross Domestic Product	2.0	3.2	2.0	4.3	3.8	3.2	2.2	3.3
Private Consumption Expenditure	1.6	3.6	1.8	3.9	5.3	3.7	3.4	4.1
Government Consumption Expenditure	3.4	3.4	3.4	3.1	3.2	3.0	3.0	3.1
Exports of Goods	2.5	5.1	1.8	9.3	5.6	4.9	3.2	5.6
Imports of Goods	3.1	5.6	1.1	10.0	6.2	5.3	3.7	6.1
Exports of Services	-2.5	1.2	-3.2	2.8	2.3	1.9	1.0	2.0
Imports of Services	0.8	2.0	2.0	0.9	3.5	2.9	2.5	2.4
Gross Fixed Capital Formation	7.2	5.6	-0.3	5.9	8.0	4.7	6.4	6.2
GFCF in Land & Construction	6.9	14.1	2.9	15.0	10.4	6.5	4.6	8.9
GFCF in Machinery, Equip. & Computer Software	7.6	-4.2	-4.6	-8.6	4.6	2.1	8.8	2.4
GDP Deflator Growth Rate	1.6	1.8	1.8	2.1	3.1	2.6	2.7	2.6
CPI (Composite) Inflation Rate	3.1	1.2	2.4	0.5	2.0	1.9	1.5	1.5
Unemployment Rate	3.4	3.3	3.4	3.2	3.1	3.1	3.2	3.2
Date of Forecast: October 9, 2017								

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

	2017											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Unit Value Trade Index (Domestic Exports)	1.1	3.9	4.0	2.8	2.0	1.6	1.5	1.6	2.3	0.9	0.3	0.0
Unit Value Trade Index (Imports of Foodstuffs)	-1.4	-0.9	-1.4	-1.3	1.1	1.2	0.2	1.1	1.9	1.8	1.6	1.5
Unit Value Trade Index (Imports of Consumer Goods)	-0.6	-0.3	-0.2	1.0	1.4	1.8	1.2	1.1	1.4	0.4	0.8	0.7
Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures)	1.9	2.5	2.9	2.4	2.6	3.7	1.8	2.5	3.1	3.4	4.1	4.1
Unit Value Trade Index (Imports of Fuels)	45.2	54.7	39.4	24.9	25.4	10.9	9.7	14.2	10.8	4.0	6.7	6.2
Unit Value Trade Index (Imports of Capital Goods)	-0.2	0.0	0.5	-0.1	-0.1	0.2	0.8	0.3	0.4	0.8	0.4	-1.2
Real Retained Imports of Foodstuffs	-21.8	5.9	-10.3	2.5	-6.4	3.4	1.9	-5.6	-9.2	-3.8	-6.8	2.1
Real Retained Imports of Consumer Goods	-18.9	40.6	0.9	3.6	25.2	8.2	-2.0	-0.5	2.3	3.7	-4.4	-6.5
Real Retained Imports of Raw Materials & Semi-Manufactures	35.7	44.2	20.6	19.5	7.2	1.2	-5.8	6.0	13.9	2.6	-2.1	-10.2
Real Retained Imports of Fuels	7.0	7.6	-24.4	36.3	8.7	-16.8	8.3	17.9	-9.0	12.8	-9.5	-2.5
Real Retained Imports of Capital Goods	-61.2	64.5	-12.6	-15.5	15.0	15.5	-3.7	-14.9	-22.3	-20.9	10.9	5.4
Total Motor Vehicles Newly Registered	-9.9	4.8	48.1	-16.3	7.0	6.0	4.1	3.8	0.3	7.9	-3.5	3.1
Private Cars Newly Registered	-5.2	12.4	88.2	-15.4	13.2	4.9	-0.6	5.6	-1.6	8.1	0.1	4.1
Money Supply (M2)	7.9	9.7	10.1	11.2	12.8	12.9	12.2	10.8	9.3	9.9	9.9	10.9
Loans and Advances	8.6	10.5	11.6	12.9	13.8	14.9	16.0	15.7	16.0	17.0	16.8	16.0
Volume Index of Retail Sales	-1.4	-6.1	2.6	0.0	0.6	0.5	4.6	3.1	1.8	1.2	2.7	1.3
Visitors Arrivals	4.8	-2.7	8.8	1.9	3.0	-1.9	2.4	-1.2	-0.2	0.6	0.6	-0.4
Hong Kong Resident Departures	10.5	-7.2	-4.3	12.6	0.3	-1.8	-2.1	-2.0	1.5	3.9	1.2	0.6
Electricity Consumption	-4.2	-3.2	1.8	-4.0	-5.5	-1.9	-3.3	7.3	1.9	-3.7	0.9	0.9
Gas Consumption	3.0	-5.2	-2.4	1.8	5.1	4.6	3.4	1.0	-0.4	0.0	0.1	1.0
Date of Forecast: October 9, 2017												