

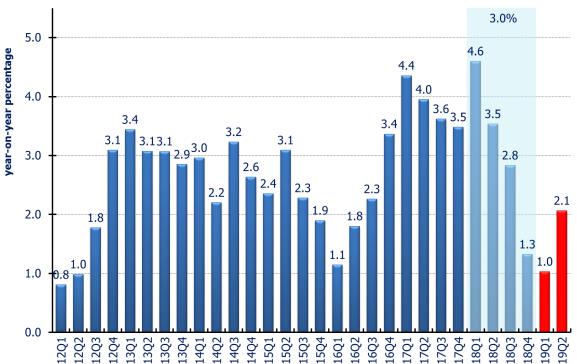
HKU announces 2019 Q2 HK Macroeconomic Forecast

April 9, 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 (April 9). According to its High Frequency Macroeconomic Forecast, real GDP is estimated to grow by 1.0% in 19Q1, when compared with the same period in 2018, a further slowdown from the 1.3% in 18Q4.

The global economic slowdown brought by the US-China trade tension severely dampened Hong Kong economic growth in the first half of 2019 but it is expected to improve in the second half. In 19Q2, real GDP growth is expected to revert to grow at 2.1% when compared with the same period last year. We forecast Hong Kong GDP to grow by 2.3% in 2019 as a whole, slower than the 3.0% growth in 2018 and a downward revision of our previous forecast by 0.5 percentage points.





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.

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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)

			2019				
	Q1	Q2	Q3	Q4	Annual	Q1	Q2
						(Estimate)	(Forecast)
Gross Domestic Product	651,185	635,373	675,977	701,822	2,664,357	657,908	648,495
Private Consumption Expenditure	452,125	462,069	446,416	478,447	1,839,057	460,732	472,484
Government Consumption Expenditure	69,099	63,580	66,052	67,018	265,749	71,172	65,487
Exports of Goods	992,647	1,030,137	1,142,000	1,126,233	4,291,017	950,277	990,022
Imports of Goods	1,059,167	1,112,206	1,188,809	1,164,604	4,524,786	1,011,007	1,059,321
Exports of Services	215,277	190,642	209,265	210,504	825,688	218,695	191,657
Imports of Services	148,012	142,799	155,389	157,093	603,293	147,774	144,574
Gross Fixed Capital Formation	132,073	142,074	144,744	144,325	563,216	122,920	137,896
GFCF in Land & Construction	88,343	84,561	78,208	77,306	328,418	79,866	79,609
GFCF in Mach., Equip. & Comp. Soft.	43,730	57,513	66,536	67,019	234,798	43,054	58,287
Changes in Inventories	-2,857	1,876	11,698	-3,008	7,709	-7,106	-5,157

Date of Forecast: April 8, 2019

High Frequency Macroeconomic Forecasts APEC Studies Programme Hong Kong Institute of Economics & Business Strategy The University of Hong Kong

Table 2: Current Quarter Model Forecast Year-on-Year Growth Rate (%)

			2019				
	Q1	Q2	Q3	Q4	Annual	Q1 (Estimate)	Q2 (Forecast)
Gross Domestic Product	4.6	3.5	2.8	1.3	3.0	1.0	2.1
Private Consumption Expenditure	8.9	6.0	4.8	3.1	5.6	1.9	2.3
Government Consumption Expenditure	4.3	4.3	3.3	5.0	4.2	3.0	3.0
Exports of Goods	5.2	4.7	5.0	-0.2	3.5	-4.3	-3.9
Imports of Goods	6.9	6.3	7.7	-0.8	4.9	-4.5	-4.8
Exports of Services	7.6	5.6	3.4	2.9	4.9	1.6	0.5
Imports of Services	4.2	0.2	2.5	2.0	2.2	-0.2	1.2
Gross Fixed Capital Formation	4.4	2.1	9.2	-5.4	2.2	-6.9	-2.9
GFCF in Land & Construction	3.5	0.2	0.8	-12.7	-2.2	-9.6	-5.9
GFCF in Machinery, Equip. & Computer Software	6.1	4.9	21.0	4.6	9.1	-1.5	1.3
GDP Deflator Growth Rate	3.9	3.9	3.9	3.4	3.8	3.2	1.9
CPI (Composite) Inflation Rate	2.4	2.1	2.5	2.6	2.4	2.2	2.4
Unemployment Rate	2.9	2.8	2.8	2.8	2.8	2.8	2.8
Date of Forecast: April 8, 2019							

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

	2018					2019						
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Unit Value Trade Index (Domestic Exports)	2.4	2.6	2.8	2.6	2.4	2.0	2.0	1.8	1.8	1.7	2.0	1.8
Unit Value Trade Index (Imports of Foodstuffs)	3.2	2.0	2.0	0.9	1.9	1.0	1.1	1.1	1.5	1.7	2.0	1.7
Unit Value Trade Index (Imports of Consumer Goods)	2.2	1.4	2.2	2.4	2.2	1.8	1.7	1.2	1.8	2.0	1.9	1.7
Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures)	1.6	1.6	1.5	1.2	1.2	1.3	1.3	0.2	0.4	0.7	0.5	0.9
Unit Value Trade Index (Imports of Fuels)	38.2	34.9	30.2	36.0	17.9	6.3	-3.8	-4.4	-2.7	-4.6	-10.5	-11.9
Unit Value Trade Index (Imports of Capital Goods)	1.7	2.7	3.2	3.3	3.2	3.0	3.4	2.3	2.1	2.3	2.9	2.3
Real Retained Imports of Foodstuffs	0.0	6.4	-3.0	-2.4	-7.2	-12.5	-5.3	11.6	-9.0	5.4	-2.5	-7.7
Real Retained Imports of Consumer Goods	46.9	36.7	-2.0	17.6	11.2	38.9	9.4	18.5	8.6	0.2	10.9	19.9
Real Retained Imports of Raw Materials & Semi-Manufactures	24.8	18.3	-3.2	-17.3	10.3	-32.6	-59.0	-37.4	-44.1	-43.5	-44.0	-41.8
Real Retained Imports of Fuels	-12.1	-5.4	4.2	-2.6	8.8	-9.9	-7.0	-2.3	-9.6	6.5	2.6	-9.8
Real Retained Imports of Capital Goods	29.1	43.6	17.7	54.8	-16.9	-15.3	-21.3	9.8	20.0	18.2	1.9	10.7
Total Motor Vehicles Newly Registered	-2.7	3.9	-17.0	15.9	-0.3	3.2	-4.4	-1.7	11.4	-3.8	-7.5	0.2
Private Cars Newly Registered	3.4	2.4	-27.0	28.8	12.5	26.1	6.3	0.9	23.7	1.2	-3.5	3.8
Money Supply (M2)	3.9	4.7	4.7	1.0	3.5	4.3	2.4	3.2	4.7	2.4	5.6	6.7
Loans and Advances	9.5	8.4	7.2	2.0	5.3	4.4	3.1	3.0	2.0	-0.6	1.9	1.4
Volume Index of Retail Sales	5.9	8.0	1.4	5.3	1.3	0.1	6.9	-10.4	-0.8	-1.3	-1.5	-0.8
Visitors Arrivals	5.7	17.4	1.8	11.5	20.6	17.9	27.2	5.8	10.3	5.9	6.8	5.2
Hong Kong Resident Departures	1.0	5.3	-2.8	5.0	6.5	5.2	7.5	8.7	-0.3	10.0	3.6	0.5
Electricity Consumption	-1.3	-6.6	-10.0	-10.4	1.4	-0.1	-2.0	-1.5	-1.8	-1.4	-7.9	1.5
Gas Consumption	3.2	4.4	4.2	4.9	-1.0	-3.2	-1.9	-8.2	-2.8	-0.2	-1.1	0.6

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