



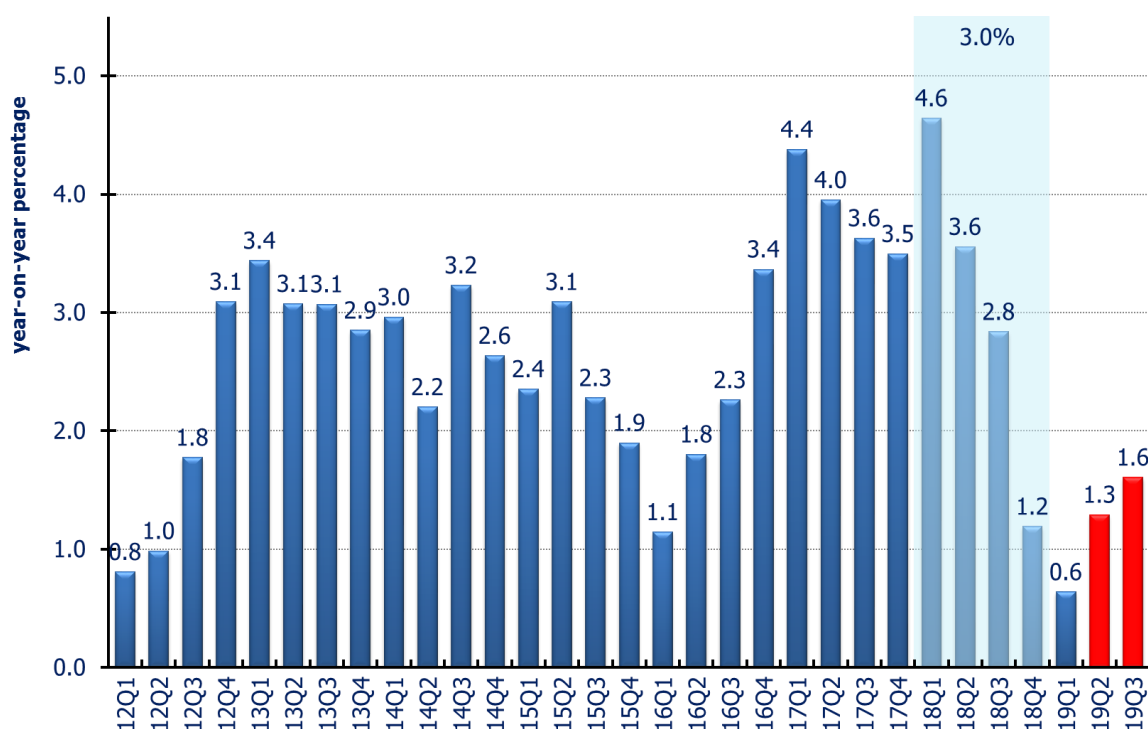
HKU announces 2019 Q3 HK Macroeconomic Forecast

July 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 (July 3). According to its High Frequency Macroeconomic Forecast, real GDP is estimated to grow by 1.3% in 19Q2 when compared with the same period in 2018, improved from the 0.6% growth in 19Q1.

The US-China trade tension severely dampened Hong Kong's consumer sentiment and external trade in the first half of 2019 but it is expected to improve slightly in the upcoming quarters. In 19Q3, real GDP is expected to grow by 1.6% when compared with the same period last year. We forecast Hong Kong GDP to grow by 1.8% 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.

**Real Gross Domestic Product
(Year-on-year percentage change, 2017 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 2017 HK Dollar)

	2018					2019		
	Q1	Q2	Q3	Q4	Annual	Q1	Q2 (Estimate)	Q3 (Forecast)
Gross Domestic Product	670,819	654,271	696,011	721,686	2,742,787	675,108	662,733	707,203
Private Consumption Expenditure	463,566	473,639	457,539	488,816	1,883,560	464,367	477,513	465,303
Government Consumption Expenditure	70,804	65,238	67,744	68,633	272,419	73,995	67,195	69,776
Exports of Goods	1,008,931	1,047,453	1,161,963	1,148,044	4,366,391	968,068	993,932	1,124,245
Imports of Goods	1,078,050	1,131,515	1,209,630	1,188,413	4,607,608	1,027,784	1,065,708	1,152,629
Exports of Services	222,781	196,517	215,087	218,228	852,613	225,133	199,223	217,346
Imports of Services	151,669	146,957	159,397	161,389	619,412	150,517	148,721	162,225
Gross Fixed Capital Formation	138,499	148,276	150,563	150,329	587,667	128,725	144,162	147,493
GFCF in Land & Construction	95,480	91,737	84,699	83,962	355,878	86,476	86,305	80,463
GFCF in Mach., Equip. & Comp. Soft.	43,019	56,539	65,864	66,367	231,789	42,249	57,857	67,030
Changes in Inventories	-4,043	1,620	12,142	-2,562	7,157	-6,879	-4,863	-2,106

Date of Forecast: Jul 2, 2019

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

	2018					2019		
	Q1	Q2	Q3	Q4	Annual	Q1	Q2 (Estimate)	Q3 (Forecast)
Gross Domestic Product	4.6	3.6	2.8	1.2	3.0	0.6	1.3	1.6
Private Consumption Expenditure	8.9	6.0	4.8	2.7	5.5	0.2	0.8	1.7
Government Consumption Expenditure	4.2	4.3	3.3	4.9	4.2	4.5	3.0	3.0
Exports of Goods	5.2	4.7	5.1	0.0	3.6	-4.1	-5.1	-3.2
Imports of Goods	6.9	6.3	7.7	-0.5	4.9	-4.7	-5.8	-4.7
Exports of Services	7.9	5.5	3.0	3.3	4.9	1.1	1.4	1.1
Imports of Services	4.0	0.5	2.5	2.1	2.3	-0.8	1.2	1.8
Gross Fixed Capital Formation	4.7	1.9	8.6	-5.8	2.0	-7.1	-2.8	-2.0
GFCF in Land & Construction	3.8	0.3	1.2	-12.5	-2.0	-9.4	-5.9	-5.0
GFCF in Machinery, Equip. & Computer Software	5.5	4.2	21.0	4.7	8.9	-1.8	2.3	1.8
GDP Deflator Growth Rate	3.8	3.7	3.8	3.4	3.7	3.4	2.8	2.7
CPI (Composite) Inflation Rate	2.4	2.1	2.5	2.6	2.4	2.2	2.8	2.7
Unemployment Rate	2.9	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Date of Forecast: Jul 2, 2019								

High Frequency Macroeconomic Forecasts

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

	2018			2019								
	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
Unit Value Trade Index (Domestic Exports)	2.6	2.4	2.0	2.0	2.3	2.4	2.0	2.3	2.1	2.6	2.3	2.1
Unit Value Trade Index (Imports of Foodstuffs)	0.9	1.9	1.0	1.1	1.2	1.2	1.0	1.1	0.5	-0.2	0.0	0.4
Unit Value Trade Index (Imports of Consumer Goods)	2.4	2.2	1.8	1.7	2.4	1.6	1.8	1.2	0.9	0.4	0.1	0.3
Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures)	1.2	1.2	1.3	1.3	1.2	2.3	1.5	1.7	1.9	1.5	1.3	1.3
Unit Value Trade Index (Imports of Fuels)	36.0	17.9	6.3	-3.8	-0.8	7.2	5.3	-0.9	-2.5	-2.0	-3.6	-5.4
Unit Value Trade Index (Imports of Capital Goods)	3.3	3.2	3.0	3.4	3.8	2.4	2.6	3.3	2.5	1.7	1.1	0.7
Real Retained Imports of Foodstuffs	-2.4	-7.2	-12.5	-5.3	10.3	-15.2	11.4	-2.2	-7.8	-1.7	-6.0	-1.3
Real Retained Imports of Consumer Goods	17.6	11.2	38.9	9.4	22.5	3.9	-5.9	10.5	16.7	-12.9	-15.2	16.3
Real Retained Imports of Raw Materials & Semi-Manufactures	-17.3	10.3	-32.6	-59.0	-7.7	5.1	-26.4	-22.7	-18.0	-18.0	-22.2	-10.7
Real Retained Imports of Fuels	-2.6	8.8	-9.9	-7.0	2.7	10.1	0.2	6.1	-7.5	11.7	4.7	-0.8
Real Retained Imports of Capital Goods	54.8	-16.9	-15.3	-21.3	-15.6	-4.4	-22.1	-13.7	-6.9	-2.6	-26.8	-18.3
Total Motor Vehicles Newly Registered	15.9	-0.3	3.2	-4.4	-19.2	3.7	-8.4	-15.2	-8.0	-5.8	-14.2	-0.2
Private Cars Newly Registered	28.8	12.5	26.1	6.3	-21.0	3.9	-8.7	-14.2	-7.8	-5.5	-10.6	11.9
Money Supply (M2)	1.0	3.5	4.3	2.4	3.2	3.9	2.1	3.7	4.7	5.5	5.6	6.0
Loans and Advances	2.0	5.3	4.4	3.1	3.0	3.1	0.5	3.1	2.8	3.3	4.1	4.5
Volume Index of Retail Sales	5.3	1.3	0.1	6.9	-10.6	-0.8	-4.9	-3.2	-2.5	-0.6	-1.6	1.6
Visitors Arrivals	11.5	20.6	17.9	27.2	5.8	17.3	5.2	19.5	20.9	22.9	19.9	22.1
Hong Kong Resident Departures	5.0	6.5	5.2	7.5	8.7	-2.3	18.0	7.5	2.5	5.7	5.7	8.7
Electricity Consumption	-10.4	1.4	-0.1	-2.0	-1.5	0.3	4.3	-13.5	0.3	0.8	2.1	3.4
Gas Consumption	4.9	-1.0	-3.2	-1.9	-8.2	-4.3	-0.6	-1.9	-0.1	-1.7	-1.7	-1.3
Date of Forecast: Jul 2, 2019												