

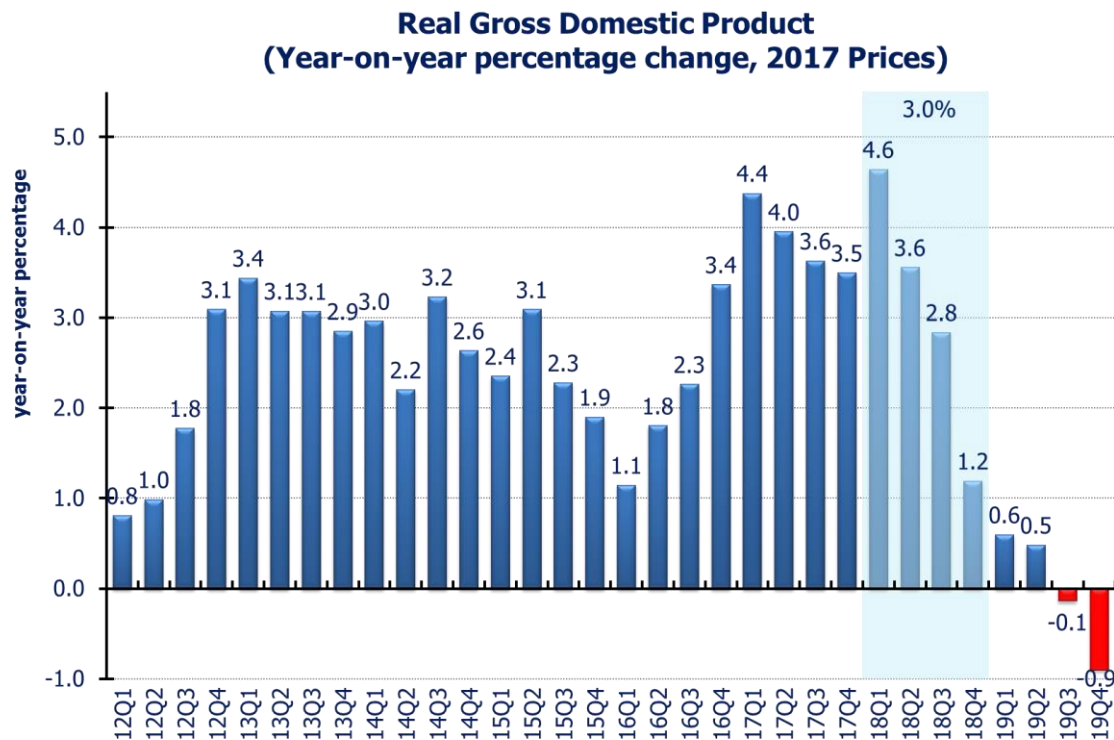


HKU announces 2019 Q4 HK Macroeconomic Forecast

October 8, 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 (October 8). According to its High Frequency Macroeconomic Forecast, real GDP is estimated to drop by 0.1% in 19Q3 when compared with the same period in 2018, reverted from the 0.5% growth in 19Q2.

Clouded by the US-China trade friction, world economic slowdown and escalating protests in Hong Kong, Hong Kong's economy is inevitably dragged into negative growth in the second half of 2019. In 19Q4, real GDP is expected to fall by 0.9% when compared with the same period last year. We forecast a zero growth in Hong Kong's GDP in 2019 as a whole, holding back the 3.0% growth in 2018. It is a downward revision of our previous forecast by 1.8 percentage points, reflecting the plunge in domestic demand.



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				
	Q3	Q4	Annual	Q1	Q2	Q3 (Estimate)	Q4 (Forecast)	Annual (Forecast)
Gross Domestic Product	696,011	721,686	2,742,787	674,829	657,429	695,039	715,165	2,742,462
Private Consumption Expenditure	457,539	488,816	1,883,560	465,255	478,982	440,311	447,887	1,832,434
Government Consumption Expenditure	67,744	68,633	272,419	73,969	67,949	70,776	71,692	284,386
Exports of Goods	1,161,963	1,148,044	4,366,391	971,183	988,968	1,100,213	1,101,989	4,162,353
Imports of Goods	1,209,630	1,188,413	4,607,608	1,032,239	1,052,556	1,095,862	1,103,163	4,283,820
Exports of Services	215,087	218,228	852,613	224,569	196,054	207,116	211,227	838,966
Imports of Services	159,397	161,389	619,412	149,389	149,325	157,022	155,113	610,849
Gross Fixed Capital Formation	150,563	150,329	587,667	128,761	131,070	134,689	143,793	538,313
GFCF in Land & Construction	84,699	83,962	355,878	86,478	81,553	74,089	76,489	318,609
GFCF in Mach., Equip. & Comp. Soft.	65,864	66,367	231,789	42,283	49,517	58,601	65,304	215,704
Changes in Inventories	12,142	-2,562	7,157	-7,280	-3,713	-3,183	-1,147	-15,323

Date of Forecast: October 8, 2019

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

	2018			2019				
	Q3	Q4	Annual	Q1	Q2	Q3 (Estimates)	Q4 (Forecast)	Annual (Forecast)
Gross Domestic Product	2.8	1.2	3.0	0.6	0.5	-0.1	-0.9	0.0
Private Consumption Expenditure	4.8	2.7	5.5	0.4	1.1	-3.8	-8.4	-2.7
Government Consumption Expenditure	3.3	4.9	4.2	4.5	4.2	4.5	4.5	4.4
Exports of Goods	5.1	0.0	3.6	-3.7	-5.6	-5.3	-4.0	-4.7
Imports of Goods	7.7	-0.5	4.9	-4.2	-7.0	-9.4	-7.2	-7.0
Exports of Services	3.0	3.3	4.9	0.8	-0.2	-3.7	-3.2	-1.6
Imports of Services	2.5	2.1	2.3	-1.5	1.6	-1.5	-3.9	-1.4
Gross Fixed Capital Formation	8.6	-5.8	2.0	-7.0	-11.6	-10.5	-4.3	-8.4
GFCF in Land & Construction	1.2	-12.5	-2.0	-9.4	-11.1	-12.5	-8.9	-10.5
GFCF in Machinery, Equip. & Computer Software	21.0	4.7	8.9	-1.7	-12.4	-11.0	-1.6	-6.9
GDP Deflator Growth Rate	3.8	3.4	3.7	3.2	4.8	3.5	3.0	3.6
CPI (Composite) Inflation Rate	2.5	2.6	2.4	2.2	3.0	3.3	2.6	2.8
Unemployment Rate	2.8	2.8	2.8	2.8	2.8	2.8	3.1	2.9
Date of Forecast: October 8, 2019								

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

	2019											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Unit Value Trade Index (Domestic Exports)	2.0	2.3	2.4	2.0	2.0	1.5	1.1	0.6	0.2	0.2	0.2	0.1
Unit Value Trade Index (Imports of Foodstuffs)	1.1	1.2	1.2	1.0	1.4	1.1	0.9	1.2	1.7	2.6	2.3	2.1
Unit Value Trade Index (Imports of Consumer Goods)	1.7	2.4	1.6	1.8	1.7	1.5	0.5	0.1	0.1	-0.4	-0.2	0.0
Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures)	1.3	1.2	2.3	1.5	1.3	1.8	1.4	0.9	1.0	1.3	1.8	1.3
Unit Value Trade Index (Imports of Fuels)	-3.8	-0.8	7.2	5.3	-1.2	-9.2	-9.5	-11.2	-12.9	-15.5	-8.7	4.5
Unit Value Trade Index (Imports of Capital Goods)	3.4	3.8	2.4	2.6	3.6	2.7	2.2	1.5	1.0	0.5	0.7	-0.3
Real Retained Imports of Foodstuffs	-5.3	10.3	-15.2	11.4	-6.9	-8.2	-0.9	-6.5	-1.8	-1.3	2.7	4.0
Real Retained Imports of Consumer Goods	9.4	22.5	3.9	-5.9	2.2	-3.7	-12.7	-22.0	9.5	-4.0	-0.1	-10.5
Real Retained Imports of Raw Materials & Semi-Manufactures	-59.0	-7.7	5.1	-26.4	-13.8	1.5	-16.3	-17.0	-4.1	1.9	-10.3	15.0
Real Retained Imports of Fuels	-7.0	2.7	10.1	0.2	-2.8	-18.7	-4.2	-2.0	-7.4	-0.9	-7.0	1.6
Real Retained Imports of Capital Goods	-21.3	-15.6	-4.4	-22.1	-32.5	-11.8	-49.3	-39.3	-33.6	-46.5	-20.8	-17.6
Total Motor Vehicles Newly Registered	-4.4	-19.2	3.7	-8.4	-5.3	-10.7	2.3	-9.2	4.7	-5.8	-2.4	0.7
Private Cars Newly Registered	6.3	-21.0	3.9	-8.7	-4.4	-7.5	0.5	-6.8	16.6	-7.9	-6.1	-6.1
Money Supply (M2)	2.4	3.2	3.9	2.1	3.7	4.0	3.8	3.3	3.7	4.7	5.0	4.3
Loans and Advances	3.1	3.0	3.1	0.5	3.1	3.3	3.6	5.1	5.4	6.2	6.1	6.3
Volume Index of Retail Sales	6.9	-10.6	-0.8	-4.9	-1.8	-7.6	-13.1	-25.4	-36.1	-41.5	-36.0	-31.3
Visitors Arrivals	27.2	5.8	17.3	5.2	19.5	8.5	-4.8	-39.1	-42.3	-46.0	-48.3	-47.2
Hong Kong Resident Departures	7.5	8.7	-2.3	18.0	7.5	7.0	2.3	-0.1	6.7	2.1	0.3	-0.7
Electricity Consumption	-2.0	-1.5	0.3	4.3	-13.5	1.1	3.5	2.8	3.8	5.8	0.1	0.0
Gas Consumption	-1.9	-8.2	-4.3	-0.6	-1.9	5.2	-2.6	-3.8	-1.9	-1.7	-0.4	1.3

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