

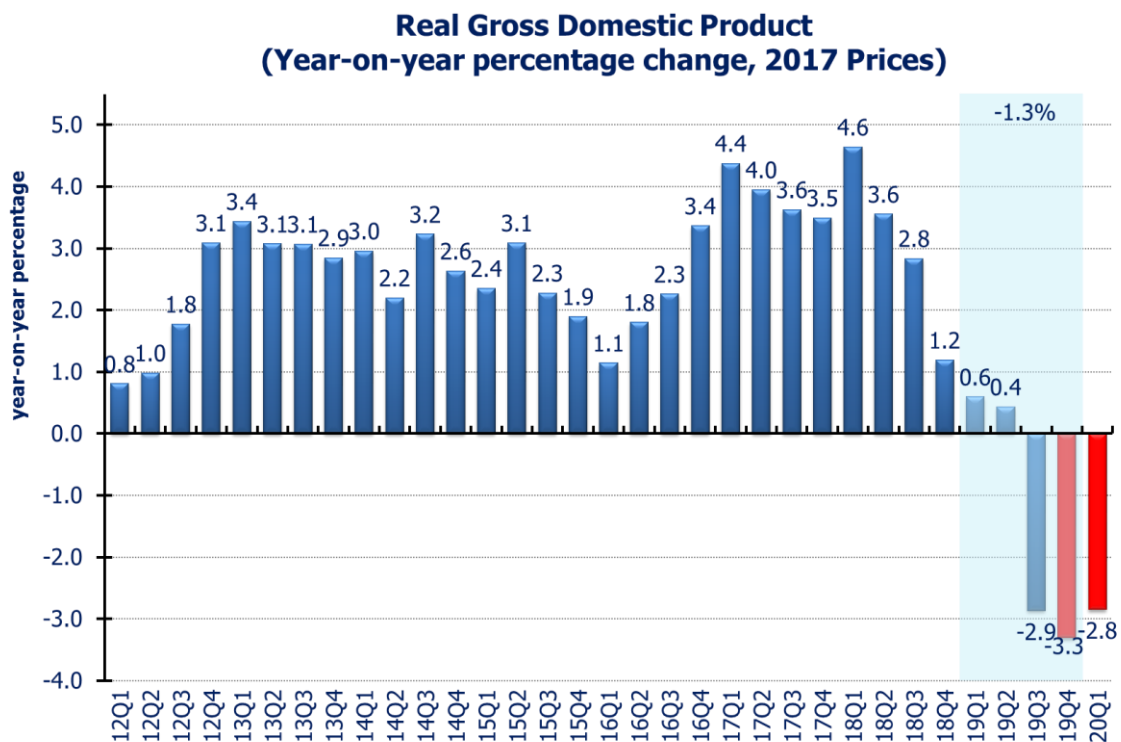


## HKU announces 2020 Q1 HK Macroeconomic Forecast

January 7, 2020

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 7). Hong Kong's real GDP is estimated to drop by 3.3% in 19Q4 when compared with the same period in 2018, extending the downward trend of a 2.9% drop in 19Q3. Hong Kong's economy is expected to shrink by an annual 1.3% for 2019, representing a 1.3 percentage points downward revision from our previous forecast.

Global economic slowdown and prolonged protests brought by the anti-extradition bill have hampered consumer confidence and discouraged investments, leading to a higher unemployment rate. In 20Q1, contraction of real GDP is expected to continue to drop by 2.8%, when compared with the same period in 2019. With the government's supportive stimulus measures, the situation is expected to stabilize in the latter half of 2020. Hong Kong's annual GDP growth for 2020 is forecast to be a mild 0.4%.



## **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](mailto: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					2020
	Q3	Q4	Annual	Q1	Q2	Q3	Q4 (Estimate)	Annual (Estimate)	Q1 (Forecast)
Gross Domestic Product	696,011	721,686	2,742,787	674,829	657,134	676,060	697,843	2,705,866	655,623
Private Consumption Expenditure	457,539	488,816	1,883,560	465,255	479,615	441,975	453,263	1,840,108	433,731
Government Consumption Expenditure	67,744	68,633	272,419	73,969	67,851	71,746	72,392	285,958	77,888
Exports of Goods	1,161,963	1,148,044	4,366,391	971,183	991,062	1,079,157	1,050,431	4,091,833	909,192
Imports of Goods	1,209,630	1,188,413	4,607,608	1,032,239	1,055,570	1,073,986	1,050,411	4,212,206	943,383
Exports of Services	215,087	218,228	852,613	224,569	194,390	185,493	196,339	800,791	211,730
Imports of Services	159,397	161,389	619,412	149,389	148,907	153,026	149,660	600,982	145,597
Gross Fixed Capital Formation	150,563	150,329	587,667	128,761	132,269	126,010	134,221	521,261	120,873
GFCF in Land & Construction	84,699	83,962	355,878	86,478	82,543	77,696	76,785	323,502	80,610
GFCF in Mach., Equip. & Comp. Soft.	65,864	66,367	231,789	42,283	49,726	48,314	57,437	197,760	40,263
Changes in Inventories	12,142	-2,562	7,157	-7,280	-3,576	-1,309	-8,733	-20,898	-8,812
Date of Forecast: January 6, 2020									

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

	2018			2019					2020
	Q3	Q4	Annual	Q1	Q2	Q3	Q4 (Estimates)	Annual (Estimates)	Q1 (Forecast)
Gross Domestic Product	2.8	1.2	3.0	0.6	0.4	-2.9	-3.3	-1.3	-2.8
Private Consumption Expenditure	4.8	2.7	5.5	0.4	1.3	-3.4	-7.3	-2.3	-6.8
Government Consumption Expenditure	3.3	4.9	4.2	4.5	4.0	5.9	5.5	5.0	5.3
Exports of Goods	5.1	0.0	3.6	-3.7	-5.4	-7.1	-8.5	-6.3	-6.4
Imports of Goods	7.7	-0.5	4.9	-4.2	-6.7	-11.2	-11.6	-8.6	-8.6
Exports of Services	3.0	3.3	4.9	0.8	-1.1	-13.8	-10.0	-6.1	-5.7
Imports of Services	2.5	2.1	2.3	-1.5	1.3	-4.0	-7.3	-3.0	-2.5
Gross Fixed Capital Formation	8.6	-5.8	2.0	-7.0	-10.8	-16.3	-10.7	-11.3	-6.1
GFCF in Land & Construction	1.2	-12.5	-2.0	-9.4	-10.0	-8.3	-8.5	-9.1	-6.8
GFCF in Machinery, Equip. & Computer Software	21.0	4.7	8.9	-1.7	-12.1	-26.6	-13.5	-14.7	-4.8
GDP Deflator Growth Rate	3.9	3.5	3.7	3.2	2.9	2.4	2.6	2.8	2.9
CPI (Composite) Inflation Rate	2.5	2.6	2.4	2.2	3.0	3.3	2.9	2.9	2.6
Unemployment Rate	2.8	2.8	2.8	2.8	2.8	2.9	3.2	2.9	3.4
Date of Forecast: January 6, 2020									

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

	2019									2020		
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Unit Value Trade Index (Domestic Exports)	2.0	2.0	1.5	1.1	1.1	0.6	-0.1	-0.2	-0.4	-0.7	-1.2	-1.4
Unit Value Trade Index (Imports of Foodstuffs)	1.0	1.4	1.1	0.9	1.1	0.9	1.9	1.4	1.0	1.2	1.0	1.4
Unit Value Trade Index (Imports of Consumer Goods)	1.8	1.7	1.5	0.5	0.6	1.0	0.2	0.2	0.3	1.0	0.1	0.4
Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures)	1.5	1.3	1.8	1.4	1.5	0.3	0.0	0.6	-0.1	0.8	-0.3	-1.0
Unit Value Trade Index (Imports of Fuels)	5.3	-1.2	-9.2	-9.5	-11.7	-12.3	-16.8	-10.5	1.9	7.9	4.7	-2.5
Unit Value Trade Index (Imports of Capital Goods)	2.6	3.6	2.7	2.2	1.7	2.2	1.4	1.6	0.6	2.1	0.0	1.2
Real Retained Imports of Foodstuffs	11.4	-6.9	-8.2	-0.9	-3.0	-8.6	-9.1	-0.3	1.2	-2.0	-2.0	2.1
Real Retained Imports of Consumer Goods	-5.9	2.2	-3.7	-12.7	-31.6	-19.9	-23.4	-12.7	-25.2	-29.1	-19.1	-17.5
Real Retained Imports of Raw Materials & Semi-Manufactures	-26.4	-13.8	1.5	-16.3	-14.3	-17.1	2.8	-12.1	12.1	82.8	0.1	-17.4
Real Retained Imports of Fuels	0.2	-2.8	-18.7	-4.2	4.6	-4.3	8.6	-4.0	5.3	5.9	-1.5	-9.1
Real Retained Imports of Capital Goods	-22.1	-32.5	-11.8	-49.3	-57.3	-34.7	-58.0	-29.6	-27.3	-40.4	-23.6	-26.6
Total Motor Vehicles Newly Registered	-8.4	-5.3	-10.7	2.3	-15.4	-8.6	-18.8	-13.3	-11.5	-15.6	-0.6	-9.3
Private Cars Newly Registered	-8.7	-4.4	-7.5	0.5	-16.2	-0.6	-27.1	-19.3	-19.2	-19.8	-2.7	-6.6
Money Supply (M2)	2.1	3.7	4.0	3.8	3.3	2.8	4.1	4.4	3.7	3.9	4.5	5.1
Loans and Advances	0.5	3.1	3.3	3.6	5.1	6.3	7.0	7.0	7.4	7.2	7.2	6.8
Volume Index of Retail Sales	-4.9	-1.8	-7.6	-13.1	-25.3	-20.3	-26.4	-25.3	-23.2	-25.7	-18.7	-22.9
Visitors Arrivals	5.2	19.5	8.5	-4.8	-39.1	-34.2	-43.7	-55.9	-56.4	-57.5	-54.7	-55.3
Hong Kong Resident Departures	18.0	7.5	7.0	2.3	-0.1	3.0	-4.1	-9.3	-5.3	-2.1	-4.4	-0.6
Electricity Consumption	4.3	-13.5	1.1	3.5	2.8	3.1	9.2	-3.5	-0.8	-0.5	0.1	-1.5
Gas Consumption	-0.6	-1.9	5.2	-2.6	-3.8	-4.1	-4.9	-4.3	-1.1	-1.8	1.2	1.0
Date of Forecast: January 6, 2020												