

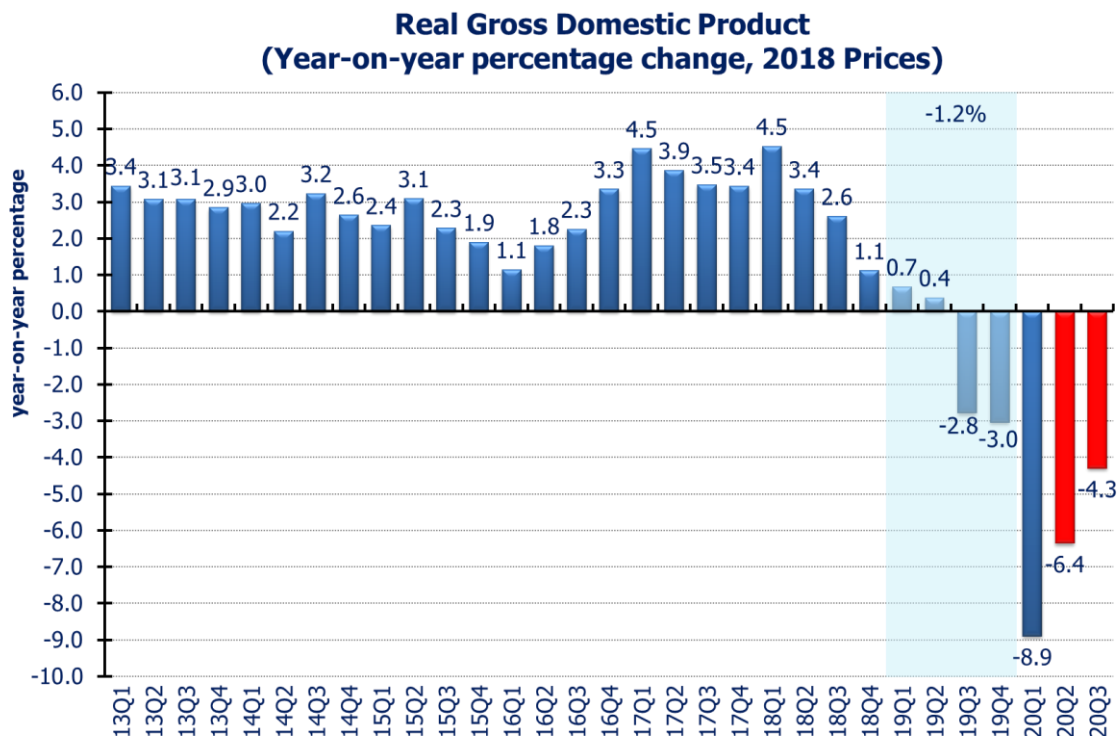


## HKU announces 2020 Q3 HK Macroeconomic Forecast

July 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 (July 7). Affected by the COVID-19 pandemic, Hong Kong's economy underwent an unprecedented collapse with a drop of 8.9% in 20Q1. As the disruption from the disease slowly receded, Hong Kong's real GDP is estimated to have a lesser drop in 20Q2 by 6.4%, compared to the same period last year.

With the biggest stimulus package ever unveiled by the Hong Kong government, Hong Kong's economy is expected to pick up for recovery from the impact of the coronavirus. Although a full output has not yet been resumed, the economy is estimated to improve in the latter half and drop by 4.3% in 20Q3. Unemployment rate is expected to improve slightly to 5.5% in 20Q3, from the estimated 5.8% in 20Q2. Hong Kong's GDP is expected to shrink by 5.5% for the year 2020 as a whole, representing a 2.5 percentage points downward revision from 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 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 2018 HK Dollar)

	2019					2020		
	Q1	Q2	Q3	Q4	Annual	Q1	Q2 (Estimate)	Q3 (Forecast)
Gross Domestic Product	699,338	678,398	698,211	723,789	2,799,736	637,135	635,291	668,215
Private Consumption Expenditure	479,440	493,057	454,709	487,831	1,915,037	430,969	451,684	419,606
Government Consumption Expenditure	76,216	70,058	74,092	75,319	295,685	82,579	76,908	79,956
Exports of Goods	990,431	1,011,814	1,104,194	1,140,991	4,247,430	892,130	939,745	1,045,622
Imports of Goods	1,054,583	1,078,149	1,099,541	1,128,553	4,360,826	938,202	980,825	1,032,974
Exports of Services	230,498	202,077	191,644	172,194	796,413	143,450	120,846	131,897
Imports of Services	154,771	154,623	157,131	158,008	624,533	114,018	99,277	102,025
Gross Fixed Capital Formation	138,237	136,234	132,500	130,077	537,048	118,417	119,105	119,147
GFCF in Land & Construction	94,953	85,256	83,406	84,452	348,067	82,936	78,419	77,636
GFCF in Mach., Equip. & Comp. Soft.	43,284	50,978	49,094	45,625	188,981	35,481	40,686	41,511
Changes in Inventories	-6,130	-2,070	-2,256	3,938	-6,518	21,810	7,106	6,987

Date of Forecast: July 7, 2020

**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					2020		
	Q1	Q2	Q3	Q4	Annual	Q1	Q2 (Estimates)	Q3 (Forecast)
Gross Domestic Product	0.7	0.4	-2.8	-3.0	-1.2	-8.9	-6.4	-4.3
Private Consumption Expenditure	0.6	1.3	-3.3	-2.9	-1.1	-10.1	-8.4	-7.7
Government Consumption Expenditure	4.4	3.9	5.9	6.1	5.1	8.3	9.8	7.9
Exports of Goods	-3.7	-5.3	-6.9	-2.5	-4.6	-9.9	-7.1	-5.3
Imports of Goods	-4.2	-6.7	-11.0	-7.0	-7.3	-11.0	-9.0	-6.1
Exports of Services	-0.4	-1.3	-14.2	-24.2	-10.2	-37.8	-40.2	-31.2
Imports of Services	-1.2	1.8	-4.5	-5.2	-2.4	-26.3	-35.8	-35.1
Gross Fixed Capital Formation	-5.3	-11.6	-15.1	-16.8	-12.3	-14.3	-12.6	-10.1
GFCF in Land & Construction	-7.2	-11.6	-6.1	-4.5	-7.5	-12.7	-8.0	-6.9
GFCF in Machinery, Equip. & Computer Software	-2.0	-12.2	-26.5	-32.3	-20.0	-18.0	-20.2	-15.4
GDP Deflator Growth Rate	2.7	2.6	2.3	1.8	2.4	2.8	2.4	2.6
CPI (Composite) Inflation Rate	2.2	3.0	3.3	3.0	2.9	2.0	1.5	1.3
Unemployment Rate	2.8	2.8	2.9	3.3	3.0	4.2	5.8	5.5
Date of Forecast: July 7, 2020								

# High Frequency Macroeconomic Forecasts

## APEC Studies Programme

### Hong Kong Institute of Economics & Business Strategy

### The University of Hong Kong

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

	2019			2020								
	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
Unit Value Trade Index (Domestic Exports)	0.0	-0.2	-0.5	0.4	-1.1	-1.4	-1.4	-1.2	-1.1	-0.5	-0.8	-0.6
Unit Value Trade Index (Imports of Foodstuffs)	1.8	2.0	1.7	1.2	0.8	1.2	2.0	1.9	2.0	1.5	1.7	2.3
Unit Value Trade Index (Imports of Consumer Goods)	0.2	0.5	1.1	0.6	-0.8	0.3	0.6	0.1	-0.1	-0.7	-0.8	-0.7
Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures)	0.1	0.4	-0.4	-0.5	-1.3	-1.9	-1.3	-1.0	-1.4	-1.3	-1.6	-0.7
Unit Value Trade Index (Imports of Fuels)	-16.9	-12.1	-1.0	7.3	3.0	-19.8	-42.7	-49.8	-48.9	-47.9	-46.3	-47.3
Unit Value Trade Index (Imports of Capital Goods)	1.3	0.4	0.3	1.7	-1.4	0.9	0.2	-0.2	0.0	-0.2	-0.5	-1.3
Real Retained Imports of Foodstuffs	-9.1	-8.2	-7.8	-10.6	12.0	-5.2	-14.5	-2.4	-4.8	-5.7	-6.9	-0.1
Real Retained Imports of Consumer Goods	-23.1	-24.9	-25.4	-38.1	-48.4	-6.9	-27.9	-21.6	-14.8	-24.1	-5.8	2.7
Real Retained Imports of Raw Materials & Semi-Manufactures	2.9	-16.5	-5.6	144.4	14.6	-40.7	17.1	-5.8	-19.4	0.6	-7.0	12.3
Real Retained Imports of Fuels	8.7	-18.0	-5.8	-5.1	-14.4	-25.9	-29.5	-5.6	-8.0	-1.4	-14.4	-15.6
Real Retained Imports of Capital Goods	-57.7	-28.6	-38.1	-16.2	20.0	-32.0	-61.5	-19.9	-32.3	6.5	-6.3	-24.3
Total Motor Vehicles Newly Registered	-18.8	-14.0	-3.9	-29.9	-20.8	-23.6	-21.1	-28.9	-21.0	-27.3	-21.8	-16.9
Private Cars Newly Registered	-27.1	-18.5	-13.2	-33.2	-23.7	-13.0	-22.7	-27.4	-21.1	-24.4	-17.0	-12.4
Money Supply (M2)	4.1	4.4	2.8	2.3	2.3	2.2	2.0	2.4	3.0	3.8	4.5	5.4
Loans and Advances	7.0	7.0	6.7	6.4	6.7	7.3	7.2	6.9	6.7	7.2	6.6	6.0
Volume Index of Retail Sales	-26.4	-25.4	-21.1	-23.1	-46.7	-44.0	-37.5	-33.9	-34.9	-33.1	-28.6	-30.6
Visitors Arrivals	-43.7	-55.9	-51.5	-52.7	-96.4	-98.6	-99.9	-99.9	-99.9	-99.9	-99.9	-99.9
Hong Kong Resident Departures	-4.1	-9.3	-2.8	-12.4	-90.3	-96.5	-99.8	-99.8	-99.8	-99.8	-99.8	-99.8
Electricity Consumption	9.2	-3.5	-2.9	-2.4	0.6	-4.5	-16.1	6.9	-0.3	-2.7	-1.6	-1.0
Gas Consumption	-4.9	-4.3	-0.9	-5.2	-1.2	-1.1	-6.0	-6.3	-5.9	-3.1	-2.2	-1.7

Date of Forecast: July 7, 2020