

### High Frequency Macroeconomic Forecast

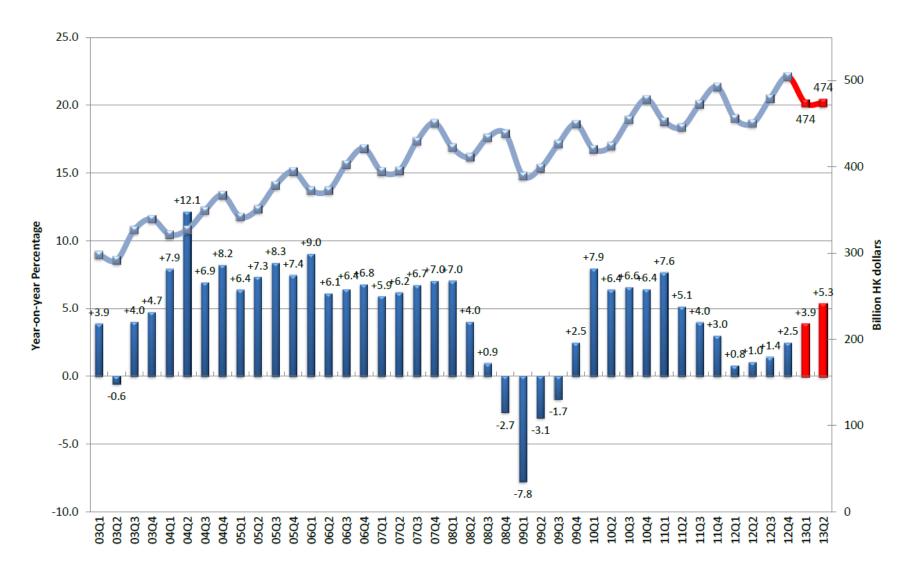
Second Quarter 2013

APEC Studies Programme HK Institute of Economics & Business Strategy The University of Hong Kong April 9, 2013 http://www.hiebs.hku.hk/apec/

### Current Quarter Model Forecast Year-on-Year Growth Rate (%)

		2012				2013	
	Q1	Q2	Q3	Q4	Annual	Q1	Q2
						(Estimated)	(Forecast)
Gross Domestic Product	0.8	1.0	1.4	2.5	1.4	3.9	5.3
Private Consumption Expenditure	6.3	2.8	2.8	4.1	4.0	4.5	4.8
Government Consumption Expenditure	3.3	4.1	4.0	3.5	3.7	3.0	3.0
Exports of Goods	-5.2	-0.2	4.0	6.1	1.3	6.3	7.3
Imports of Goods	-2.1	0.9	4.3	7.2	2.7	7.5	8.5
Exports of Services	2.1	2.3	-0.6	1.3	1.2	4.2	5.5
Imports of Services	2.9	1.1	-0.6	-0.5	0.7	0.9	0.4
Gross Fixed Capital Formation	12.5	5.7	8.3	10.5	9.1	7.9	12.0
GFCF in Land & Construction	4.5	6.6	6.0	12.3	7.4	7.1	7.8
GFCF in Machinery, Equip. & Computer Software	21.1	5.1	9.9	9.1	10.6	8.6	15.3
	0.7	2.0	4.0	4 5	0.0		47
GDP Deflator Growth Rate	3.7	2.8	4.2	4.5	3.9	4.4	4.7
CPI (Composite) Inflation Rate	5.2	4.2	3.1	3.8	4.1	3.9	4.4
Unemployment Rate	3.4	3.2	3.3	3.3	3.3	3.4	3.3
Date of Forecast: April 2, 2013							

### Real Gross Domestic Product (2010 Prices)

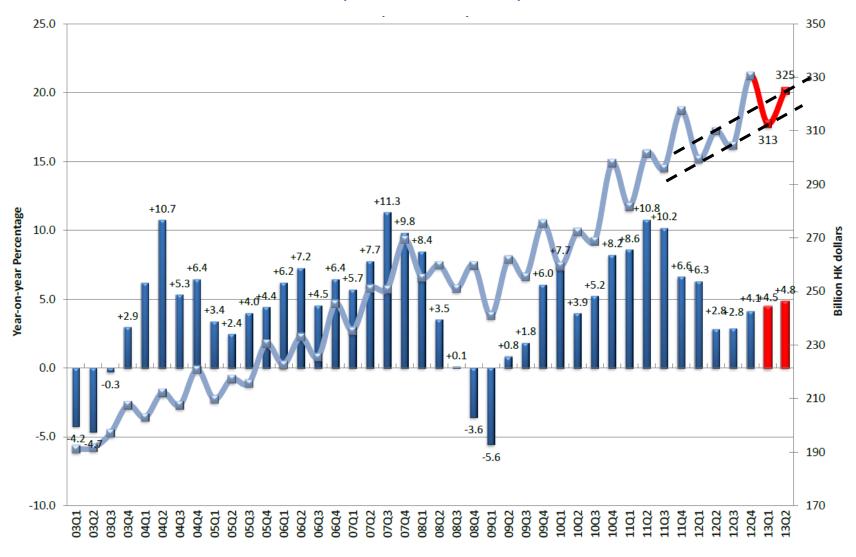


### Current Quarter Model Forecast Year-on-Year Growth Rate (%)

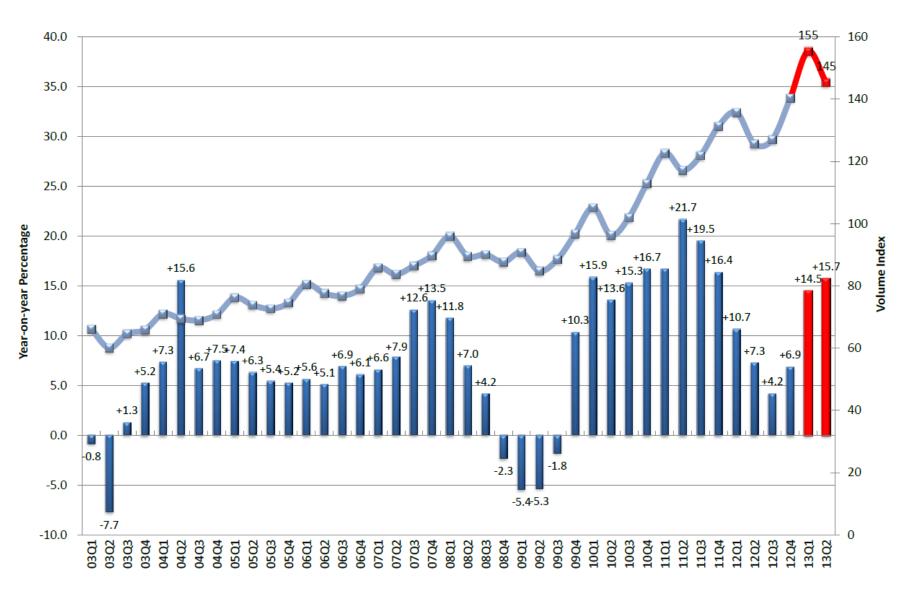
	2012					20	2013	
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	
						(Estimated)	(Forecast)	
Gross Domestic Product	0.8	1.0	1.4	2.5	1.4	3.9	5.3	
Private Consumption Expenditure	6.3	2.8	2.8	4.1	4.0	4.5	4.8	
Government Consumption Expenditure	3.3	4.1	4.0	3.5	3.7	3.0	3.0	
Exports of Goods	-5.2	-0.2	4.0	6.1	1.3	6.3	7.3	
Imports of Goods	-2.1	0.9	4.3	7.2	2.7	7.5	8.5	
Exports of Services	2.1	2.3	-0.6	1.3	1.2	4.2	5.5	
Imports of Services	2.9	1.1	-0.6	-0.5	0.7	0.9	0.4	
Gross Fixed Capital Formation	12.5	5.7	8.3	10.5	9.1	7.9	12.0	
GFCF in Land & Construction	4.5	6.6	6.0	12.3	7.4	7.1	7.8	
GFCF in Machinery, Equip. & Computer Software	21.1	5.1	9.9	9.1	10.6	8.6	15.3	
GDP Deflator Growth Rate	3.7	2.8	4.2	4.5	3.9	4.4	4.7	
CPI (Composite) Inflation Rate	5.2	4.2	3.1	3.8	4.1	3.9	4.4	
					1			
Unemployment Rate	3.4	3.2	3.3	3.3	3.3	3.4	3.3	

Date of Forecast: April 2, 2013

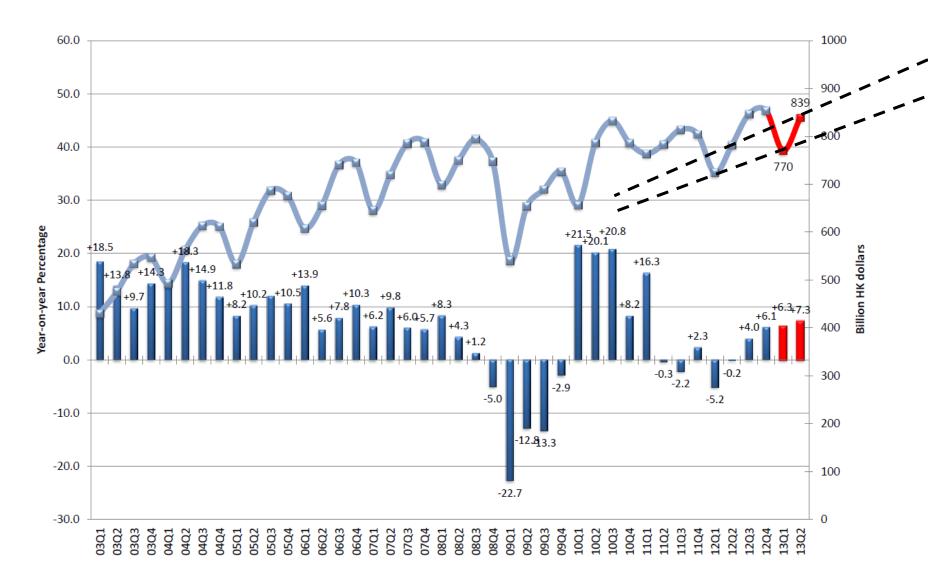
## Private Consumption Expenditure (2010 Prices)



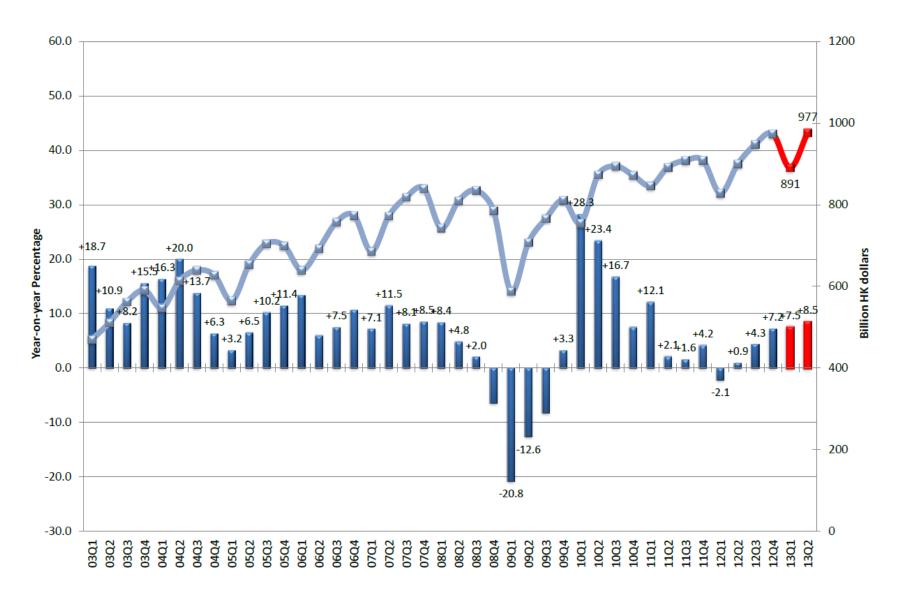
### Retail Sales Volume (Oct 09 - Sep 10 = 100)



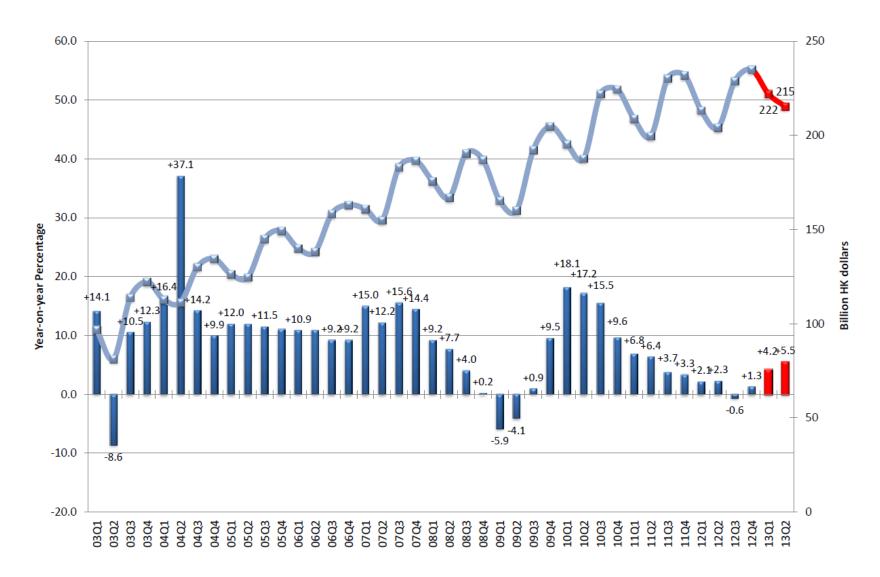
## Exports of Goods (2010 Prices)



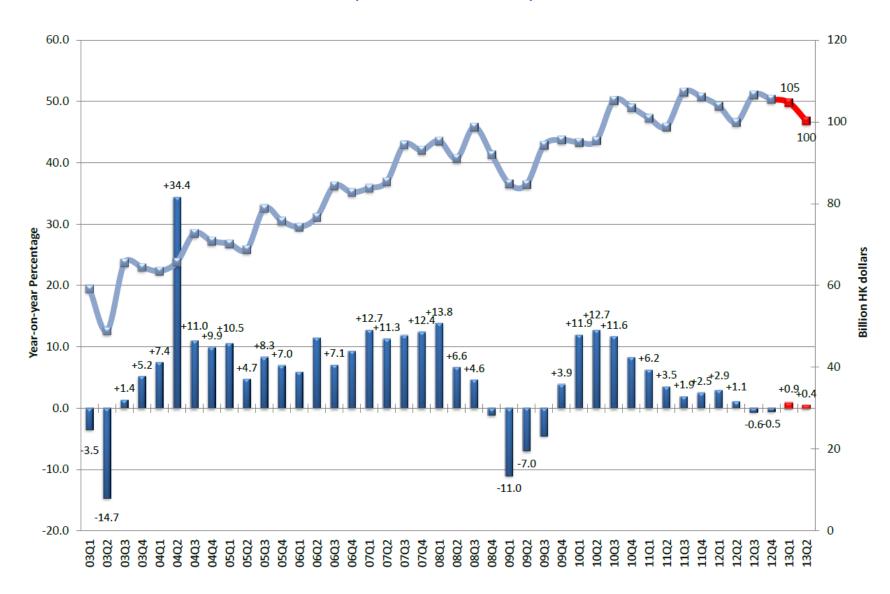
### Imports of Goods (2010 Prices)



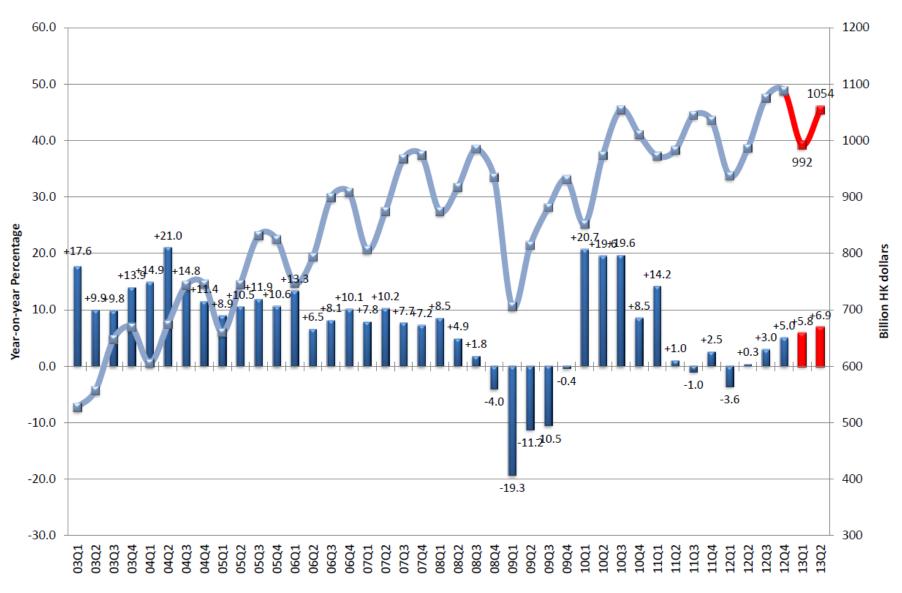
## Exports of Services (2010 Prices)



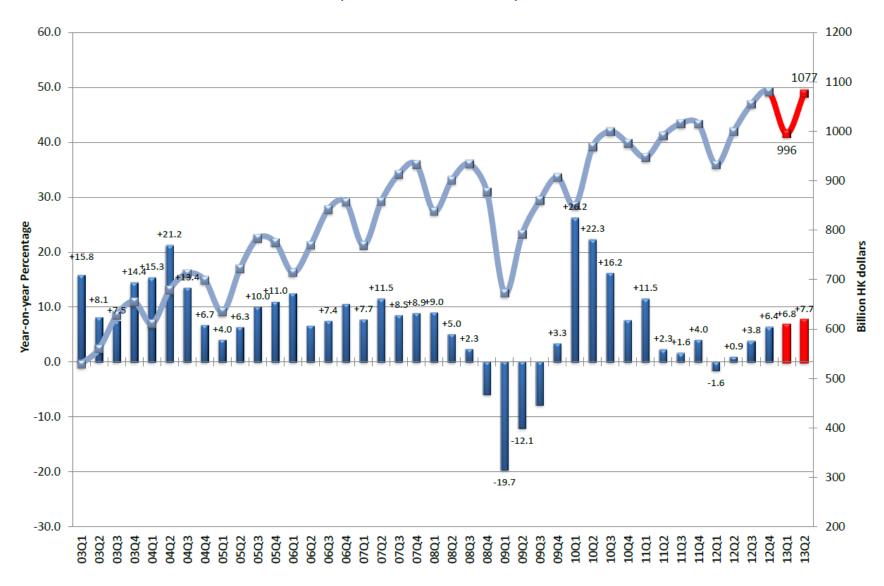
### Imports of Services (2010 Prices)



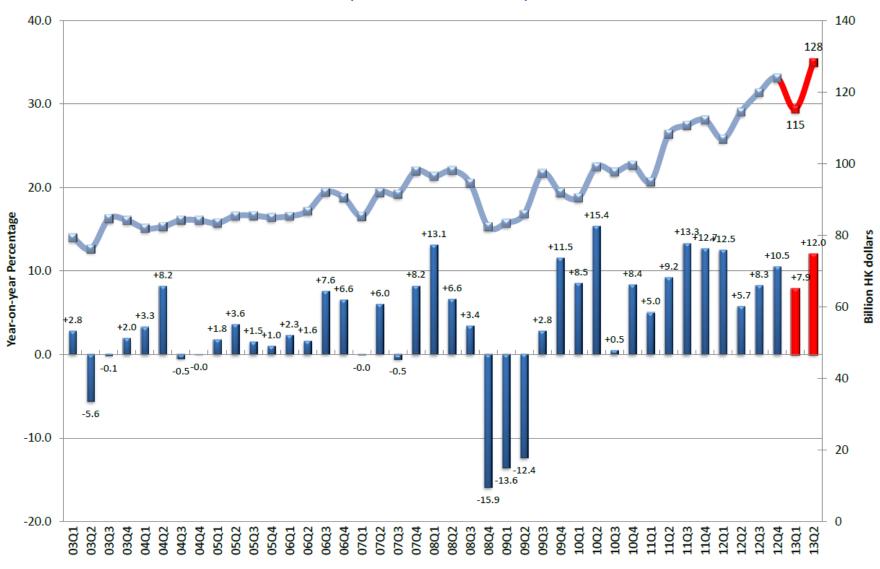
## Total Exports of Goods & Services (2010 Prices)



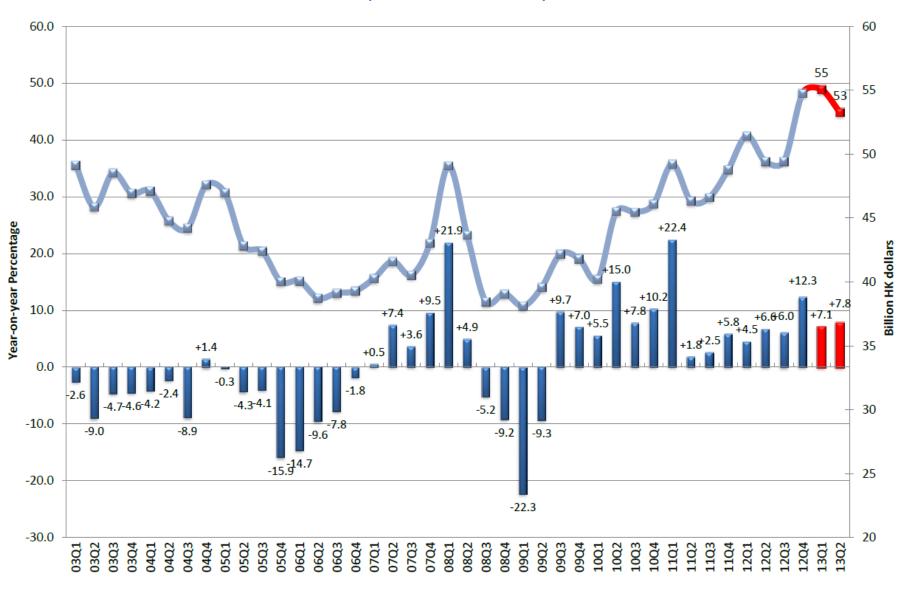
### Total Imports of Goods & Services (2010 Prices)



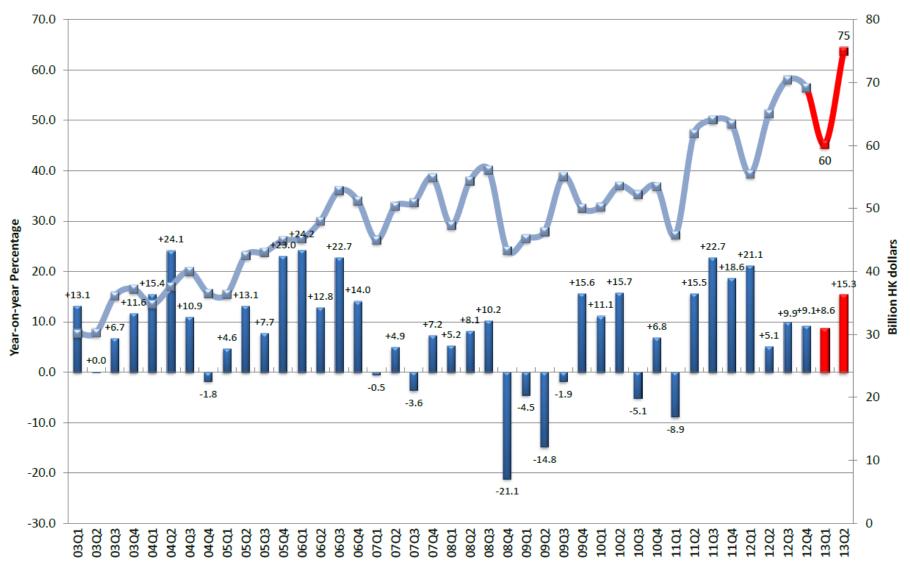
## Gross Domestic Fixed Capital Formation (2010 Prices)



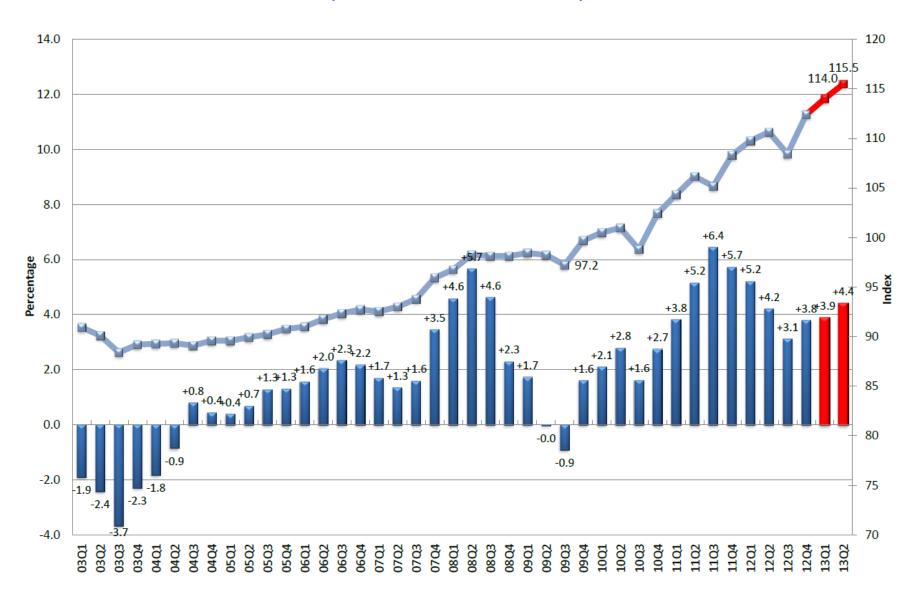
## Investment in Land and Construction (2010 Prices)



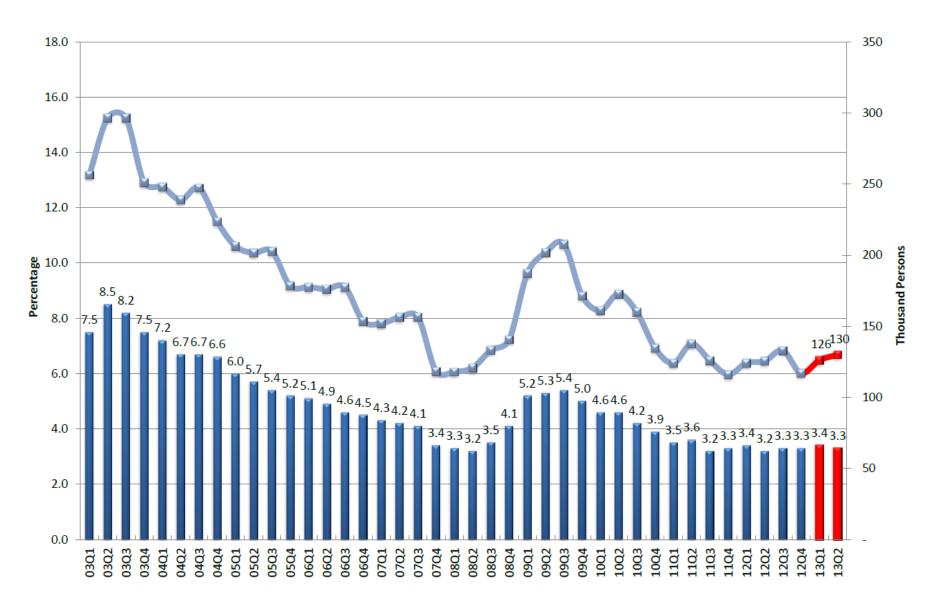
## Investment in Machinery, Equipment & Computer Software (2010 Prices)



### Consumer Price Index (10/09-09/10=100)



### Unemployment



### Current Quarter Model Forecast Year-on-Year Growth Rate (%)

		2012				2013	
	Q1	Q2	Q3	Q4	Annual	Q1	Q2
						(Estimated)	(Forecast)
Gross Domestic Product	0.8	1.0	1.4	2.5	1.4	3.9	5.3
Private Consumption Expenditure	6.3	2.8	2.8	4.1	4.0	4.5	4.8
Government Consumption Expenditure	3.3	4.1	4.0	3.5	3.7	3.0	3.0
Exports of Goods	-5.2	-0.2	4.0	6.1	1.3	6.3	7.3
Imports of Goods	-2.1	0.9	4.3	7.2	2.7	7.5	8.5
Exports of Services	2.1	2.3	-0.6	1.3	1.2	4.2	5.5
Imports of Services	2.9	1.1	-0.6	-0.5	0.7	0.9	0.4
Gross Fixed Capital Formation	12.5	5.7	8.3	10.5	9.1	7.9	12.0
GFCF in Land & Construction	4.5	6.6	6.0	12.3	7.4	7.1	7.8
GFCF in Machinery, Equip. & Computer Software	21.1	5.1	9.9	9.1	10.6	8.6	15.3
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GDP Deflator Growth Rate	3.7	2.8	4.2	4.5	3.9	4.4	4.7
CPI (Composite) Inflation Rate	5.2	4.2	3.1	3.8	4.1	3.9	4.4
Unemployment Rate	3.4	3.2	3.3	3.3	3.3	3.4	3.3
Date of Forecast: April 2, 2013							

## Hong Kong Macroeconomic Forecast Project

Our quarterly forecasts can be accessed at

http://www.hiebs.hku.hk/apec/macroforecast.htm

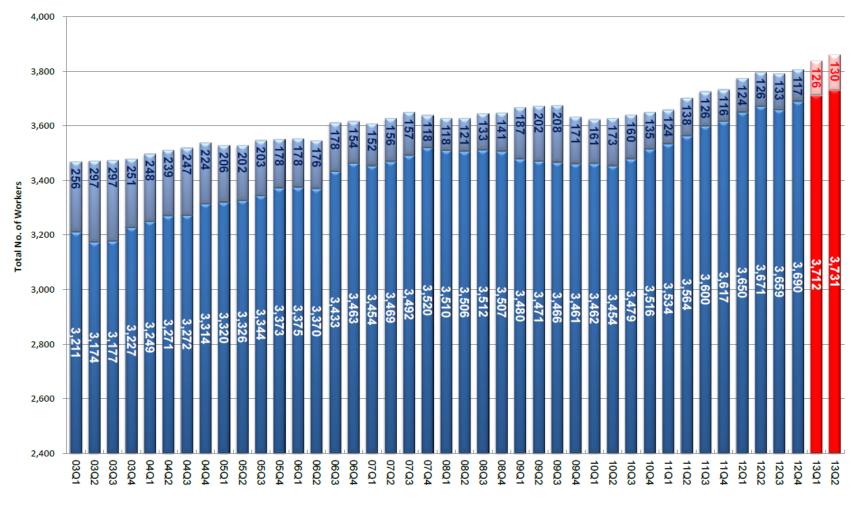
### Current Quarter Model Forecast (Millions of 2010 HK Dollar)

			2013				
	Q1	Q2	Q3	Q4	Annual	Q1 (Estimated)	Q2 (Forecast)
Gross Domestic Product	455,939	450,250	479,080	504,561	1,889,830	473,532	474,200
Private Consumption Expenditure	299,402	310,011	304,545	330,648	1,244,606	312,734	325,023
Government Consumption Expenditure	43,959	39,635	41,581	42,036	167,211	45,278	40,824
Exports of Goods	724,314	782,076	846,646	853,407	3,206,443	770,193	838,845
Imports of Goods	828,352	899,990	947,951	973,995	3,650,288	890,781	976,562
Exports of Services	213,189	204,127	228,861	234,868	881,045	222,042	215,357
Imports of Services	103,869	99 <mark>,</mark> 852	106,632	105,594	415,947	104,753	100,291
Gross Fixed Capital Formation	106,869	114,473	119,865	123,982	465,189	115,291	128,246
GFCF in Land & Construction	51,410	49,417	49,435	54,78 <mark>1</mark>	205,043	55,061	53,267
GFCF in Mach., Equip. & Comp. Soft.	55,459	65,056	70,430	69,20 <mark>1</mark>	260,146	60,230	74,979
Changes in Inventories	427	-230	-7,835	-791	-8,429	3,528	2,760
Date of Forecast: April 2, 2013							

### Current Quarter Model Forecast (Contribution to Total Growth)

			20	2013			
	Q1	Q2	Q3	Q4	Annual	Q1	Q2
						(forecast)	(forecast)
Gross Domestic Product	0.8	1.0	1.4	2.5	1.4	3.9	5.3
Private Consumption Expenditure	3.9	1.9	1.8	2.6	2.6	2.9	3.3
Government Consumption Expenditure	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Exports of Goods	-8.7	-0.3	6.9	10.0	2.2	10.1	12.6
Domestic Exports of Goods	0.0	0.1	0.5	0.2	0.2	0.0	-0.4
Re-exports of Goods	-8.7	-0.5	6.3	9.8	2.0	10.1	13.0
Imports of Goods	4.0	-1.8	-8.3	-13.2	-5.1	-13.7	-17.0
Exports of Services	1.0	1.0	-0.3	0.6	0.6	1.9	2.5
Imports of Services	-0.6	-0.2	0.1	0.1	-0.2	-0.2	-0.1
Net Exports of Goods & Services	-4.4	-1.3	-1.6	-2.6	-2.5	-1.9	-2.0
Gross Investment	2.6	1.4	1.9	2.4	2.1	1.8	3.1
Investment in Land & Construction	0.5	0.7	0.6	1.2	0.8	0.8	0.9
Investment in Machinery & Equip.	2.1	0.7	1.3	1.2	1.3	1.0	2.2
Changes in Inventories	-1.7	-1.3	-1.0	-0.3	-1.1	0.7	0.7
Date of Forecast: April 2, 2013							

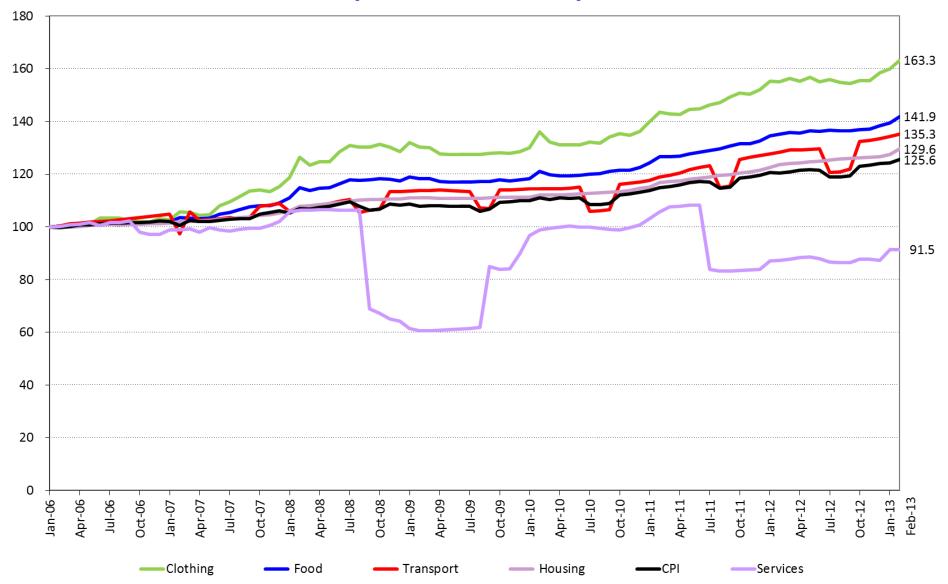
# Workers Vs Jobs (in thousands)



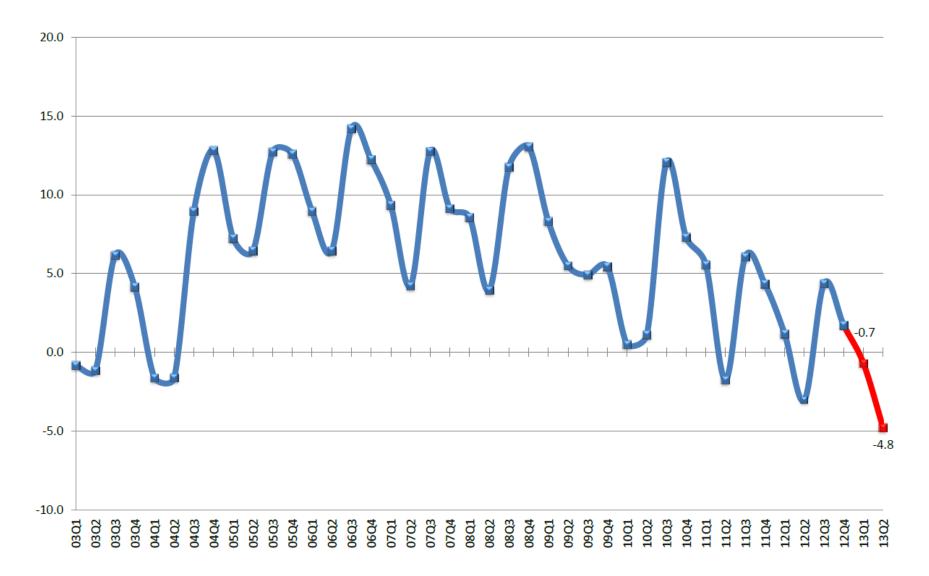
Employment 🖬

Unemployment 🖬

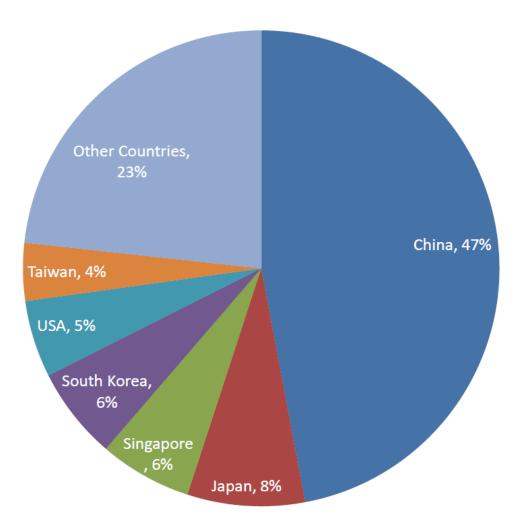
### Composite Consumer Price Index (Jan 2006= 100)



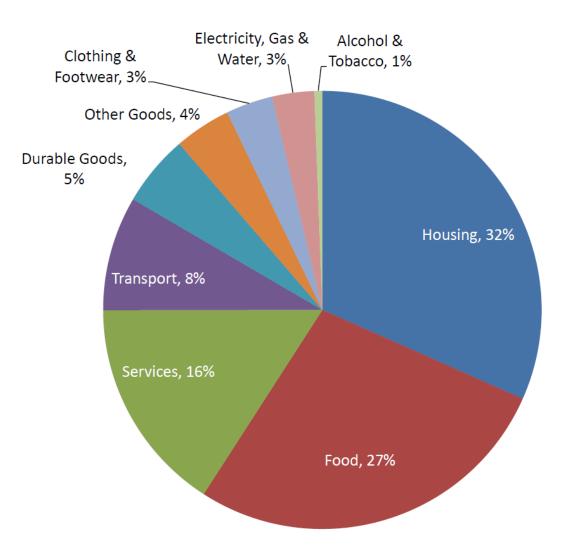
### External Trade Balance of Goods and Services (Percentage of GDP, 2010 HK Dollars)



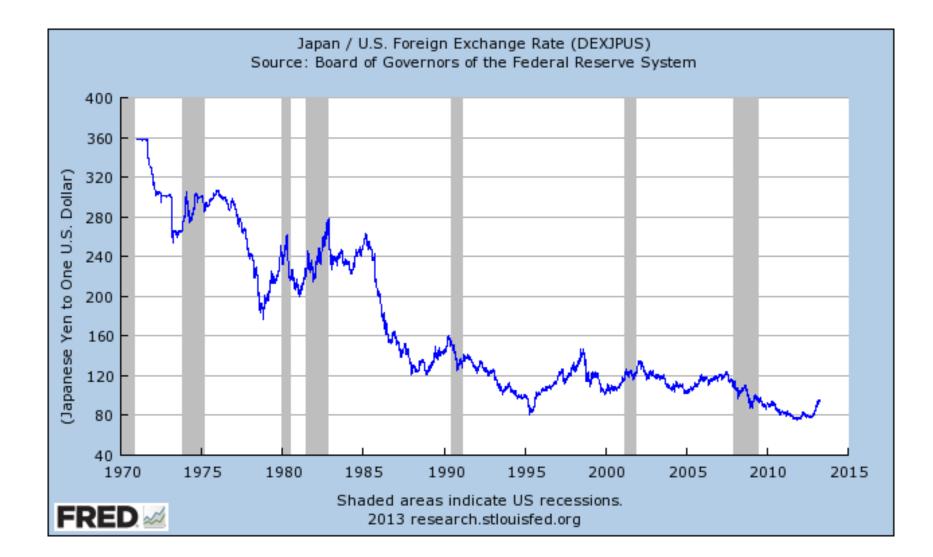
## Shares of Imports by Country of Origin (2012 current prices)



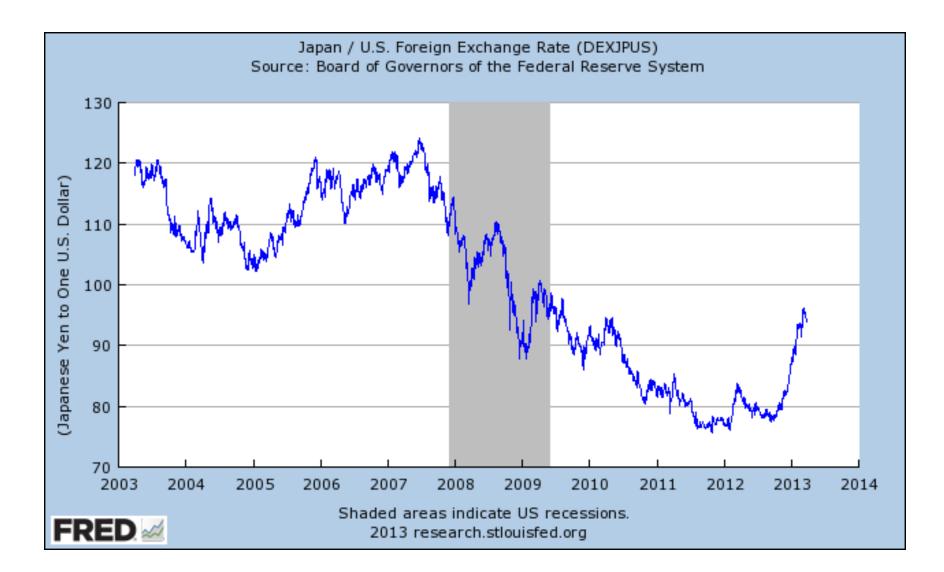
### **Consumer Price Index: Weights**



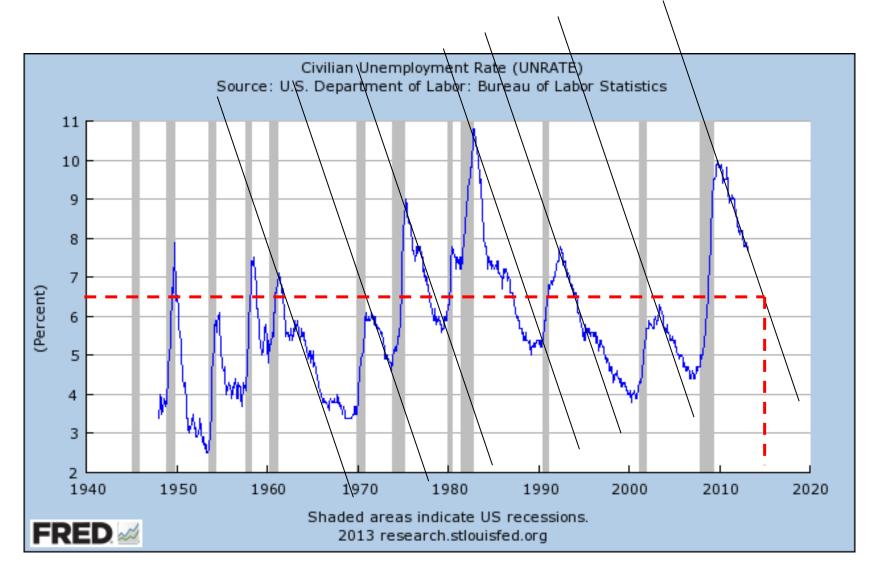
### Yen/USD



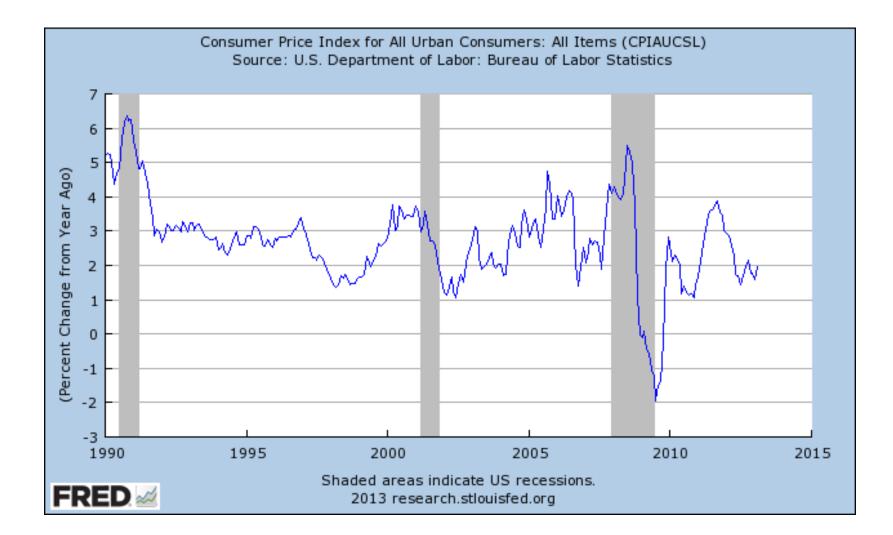
### Yen/USD

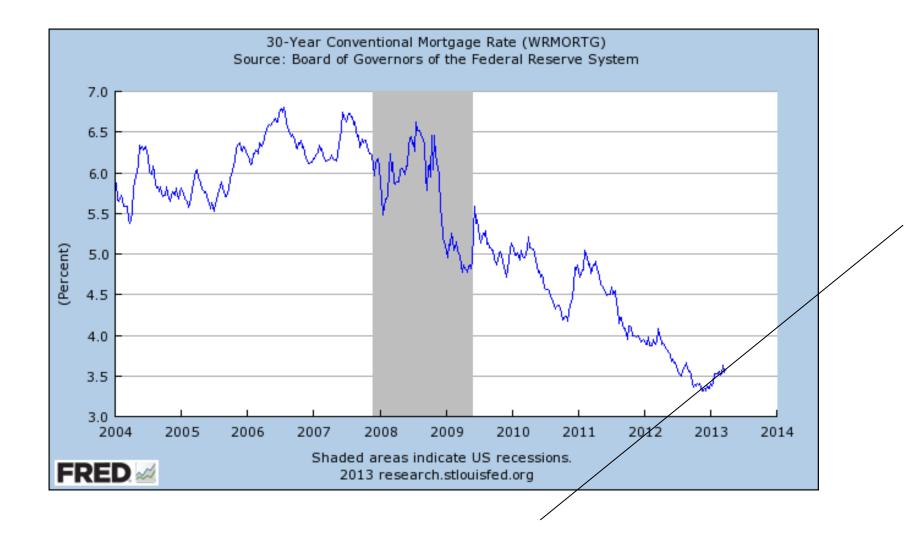


### US unemployment rate



### **US CPI-based inflation**





### EU Unemployment Rate

	2012	2012	2012	2012	2012	2012	2012	2013	2013
geo\time	M06	M07	M08	M09	M10	M11	M12	M01	M02
Euro area (17 countries)	11.4	11.4	11.5	11.6	11.7	11.8	11.8	12	12
Euro area (16 countries)	11.4	11.4	11.5	11.6	11.7	11.8	11.8	12	12
EU (27 countries)	10.5	10.5	10.5	10.6	10.7	10.7	10.7	10.8	10.9
EU (15 countries)	10.6	10.7	10.7	10.8	10.9	10.9	11	11.1	11.1

### Table 2 : Changes in imports of goods by main supplier (census Volume and price statistics of external merchandise trade in January 2013 [14 Mar 2013])

	Comparing Jan 2013 with Jan 2012			
	% c	hange		
Main supplier	Unit value	Volume		
The mainland of China	0.4	34.7		
Singapore	1.5	26.0		
Japan	-1.6	2.7		
Taiwan	-0.2	34.4		
USA	1.8	20.0		
All suppliers	1.0	24.0		

Note: Five main suppliers are selected based on import values in the month.

# Table 1 : Changes in total exports of goods by main<br/>destination (census)

	Comparing Jan 2013 with Jan 2012 % change						
Main destination	Unit value	Volume					
The mainland of China	-1.0	30.8					
USA	2.5	-2.5					
Japan	2.2	5.4					
Taiwan	3.1	48.8					
Germany	2.7	0.5					
All destinations	0.4	17.4					

Note: Five main destinations are selected based on total export values in the month.

## Impact of a 0.25 percent increase in interest rate on property value (percentage decrease in property value at a given interest rate)

