



High Frequency Macroeconomic Forecast

Fourth Quarter 2014

APEC Studies Programme
HK Institute of Economics & Business Strategy
THE UNIVERSITY OF HONG KONG

October 8, 2014

Current Quarter Model Forecast

Year-on-Year Growth Rate (%)

	2013			2014				
	Q3	Q4	Annual	Q1	Q2	Q3 (Estimate)	Q4 (Forecast)	Annual (Forecast)
Gross Domestic Product	3.0	2.9	2.9	2.6	1.8	2.4	2.1	2.2
Private Consumption Expenditure	2.7	3.6	4.3	1.5	1.2	2.0	1.7	1.6
Government Consumption Expenditure	2.3	2.0	2.3	2.6	2.7	3.0	3.0	2.8
Exports of Goods	6.1	5.7	6.6	0.5	2.3	2.2	2.2	1.8
Imports of Goods	6.6	6.1	7.4	1.2	1.1	1.5	1.7	1.4
Exports of Services	5.0	4.7	5.5	3.3	-2.3	1.0	2.7	1.2
Imports of Services	2.6	5.5	2.0	-0.8	5.0	3.8	2.5	2.6
Gross Fixed Capital Formation	2.7	5.3	3.3	3.5	-5.6	-3.2	-7.0	-3.4
GFCF in Land & Construction	-3.7	-8.6	-5.4	5.0	1.4	-4.1	-0.6	0.5
GFCF in Machinery, Equip. & Computer Software	7.6	17.5	10.8	1.9	-10.0	-2.5	-11.5	-6.3
GDP Deflator Growth Rate	1.5	1.5	1.4	2.2	3.6	2.0	3.5	2.8
CPI (Composite) Inflation Rate	5.3	4.3	4.3	4.2	3.6	4.5	4.2	4.1
Unemployment Rate	3.4	3.2	3.4	3.1	3.2	3.3	3.4	3.3
Date of Forecast: October 3, 2014								

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

	2013						2014								
	Q3		Q4		Annual		Q1		Q2		Q3 (Estimate)		Q4 (Forecast)		Annual (Forecast)
Gross Domestic Product	3.0	3.0	2.9	2.9	2.9	2.9	2.5	2.6	2.9	1.8	3.4	2.4	2.1	2.2	
Private Consumption Expenditure	2.7	2.7	3.6	3.6	4.3	4.3	2.0	1.5	2.2	1.2	3.0	2.0	1.7	1.6	
Government Consumption Expenditure	2.3	2.3	2.0	2.0	2.3	2.3	2.4	2.6	3.0	2.7	3.0	3.0	3.0	2.8	
Exports of Goods	6.1	6.1	5.7	5.7	6.6	6.6	0.5	0.5	2.5	2.3	3.3	2.2	2.2	1.8	
Imports of Goods	6.6	6.6	6.1	6.1	7.4	7.4	1.2	1.2	2.6	1.1	3.5	1.5	1.7	1.4	
Exports of Services	5.0	5.0	4.7	4.7	5.5	5.5	3.1	3.3	4.4	-2.3	5.0	1.0	2.7	1.2	
Imports of Services	2.6	2.6	5.5	5.5	2.0	2.0	-0.2	-0.8	2.6	5.0	2.8	3.8	2.5	2.6	
Gross Fixed Capital Formation	2.7	2.7	5.3	5.3	3.3	3.3	3.0	3.5	-1.4	-5.6	-0.4	-3.2	-7.0	-3.4	
GFCF in Land & Construction	3.7	-3.7	8.6	-8.6	5.4	-5.4	4.5	5.0	-0.1	1.4	-1.9	-4.1	-0.6	0.5	
GFCF in Machinery, Equip. & Computer Software	7.6	7.6	17.5	17.5	10.8	10.8	1.4	1.9	-2.3	-10.0	0.7	-2.5	-11.5	-6.3	
GDP Deflator Growth Rate	1.5	1.5	1.5	1.5	1.4	1.4	2.0	2.2	1.6	3.6	1.4	2.0	3.5	2.8	
CPI (Composite) Inflation Rate	5.3	5.3	4.3	4.3	4.3	4.3	4.2	4.2	3.7	3.6	4.0	4.5	4.2	4.1	
Unemployment Rate	3.3	3.4	3.2	3.2	3.3	3.4	3.1	3.1	3.2	3.2	3.2	3.3	3.4	3.3	

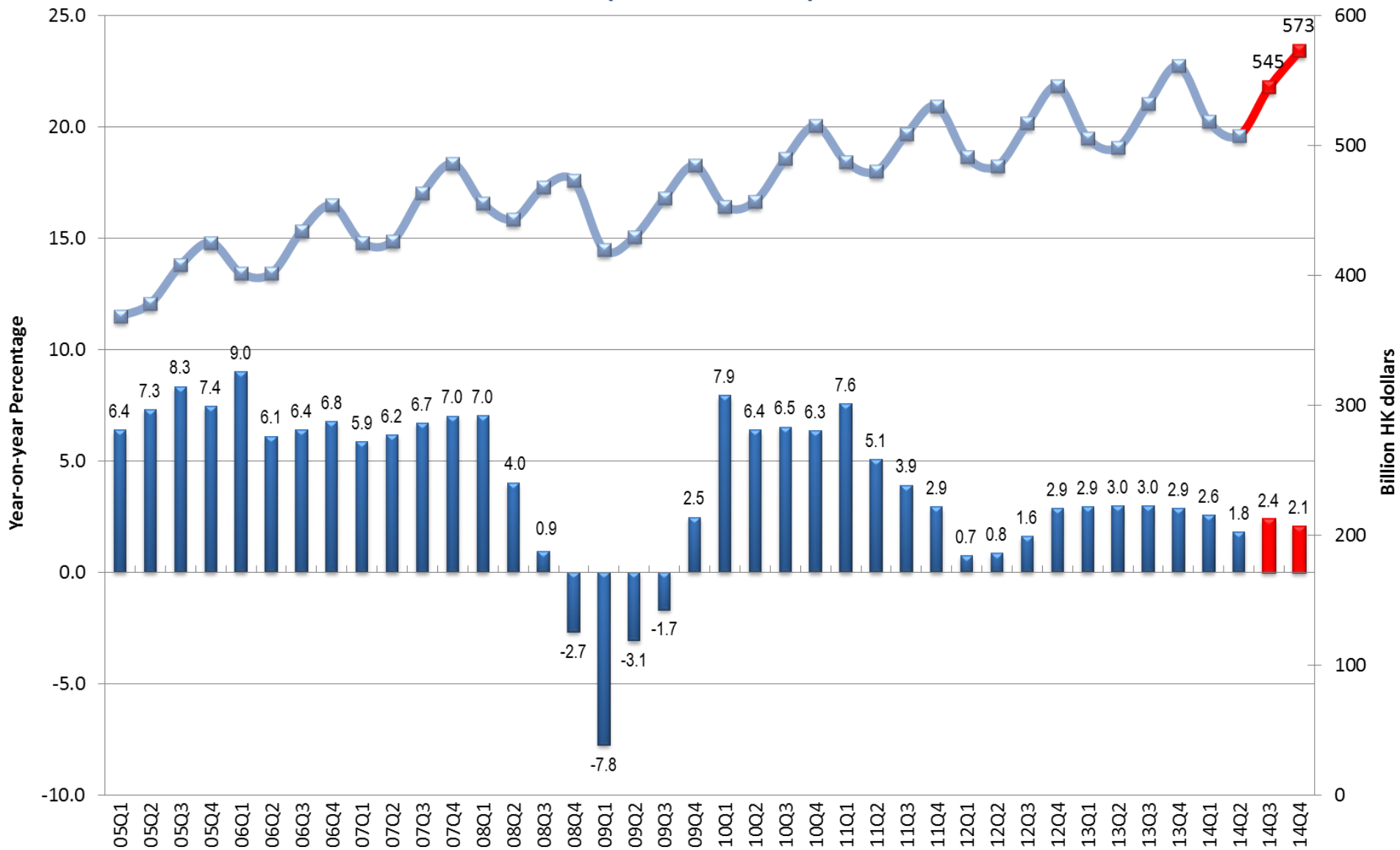
Date of Forecast: October 3, 2014

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

	2014				
	Q1	Q2	Q3 (estimate)	Q4 (forecast)	Annual (forecast)
Gross Domestic Product	2.6	1.8	2.4	2.1	2.2
Private Consumption Expenditure	1.5	1.2	2.0	1.7	1.6
Government Consumption Expenditure	2.6	2.7	3.0	3.0	2.8
Total Exports of Goods & Services	1.1	1.4	1.9	2.3	1.7
Total Imports of Goods & Services	1.0	1.5	1.7	1.7	1.5
Gross Fixed Capital Formation	3.5	-5.6	-3.2	-7.0	-3.4
Unemployment Rate	3.1	3.2	3.3	3.4	3.3

Date of Forecast: October 3, 2014

Real Gross Domestic Product (2012 Prices)



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

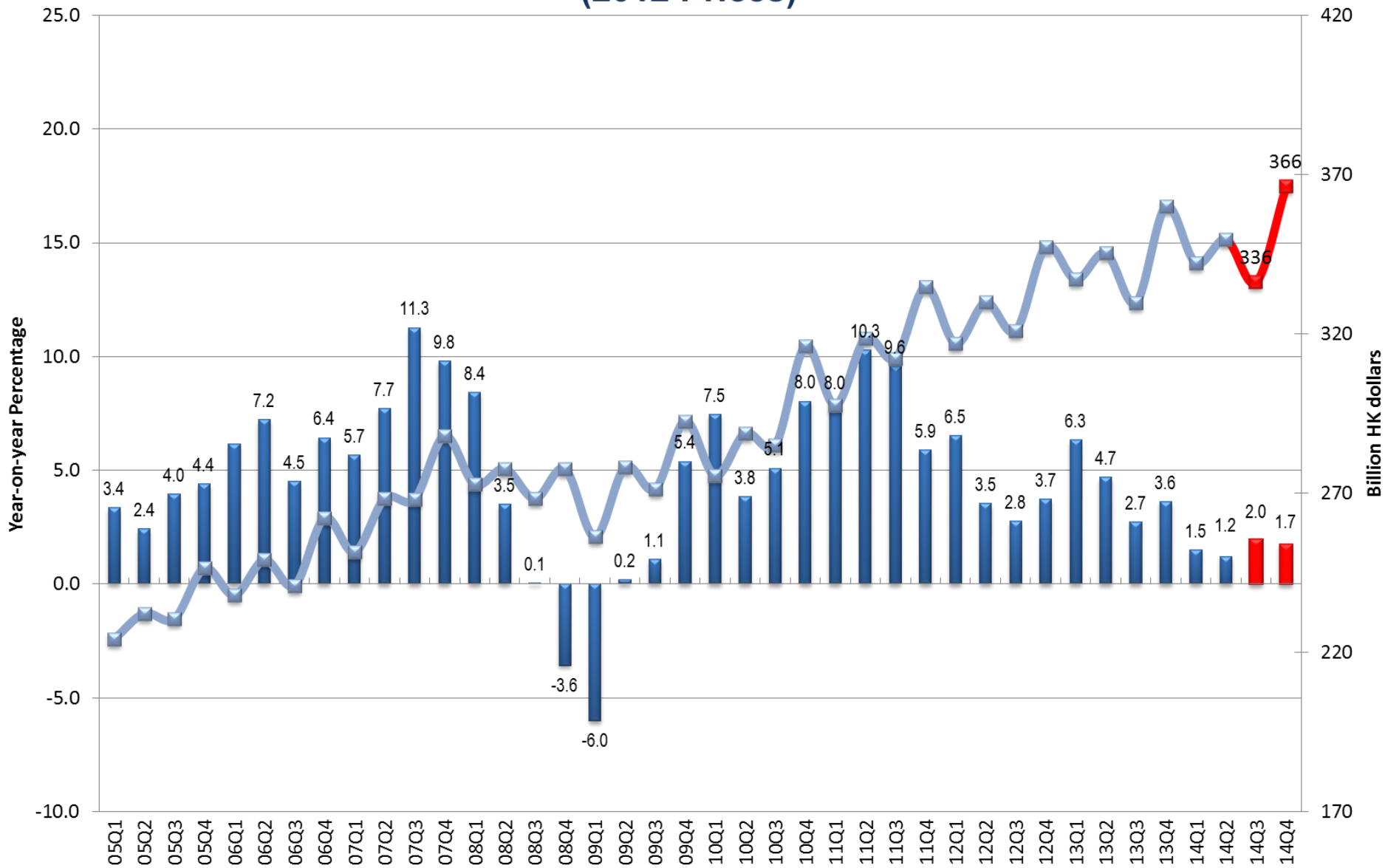
	2013			2014				
	Q3	Q4	Annual	Q1	Q2	Q3 (Estimate)	Q4 (Forecast)	Annual (Forecast)
Gross Domestic Product	3.0	2.9	2.9	2.6	1.8	2.4	2.1	2.2
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Government Consumption Expenditure	2.3	2.0	2.3	2.6	2.7	3.0	3.0	2.8
Exports of Goods	6.1	5.7	6.6	0.5	2.3	2.2	2.2	1.8
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Date of Forecast: October 3, 2014								

Current Quarter Model Forecast

Year-on-Year Growth Rate (%)

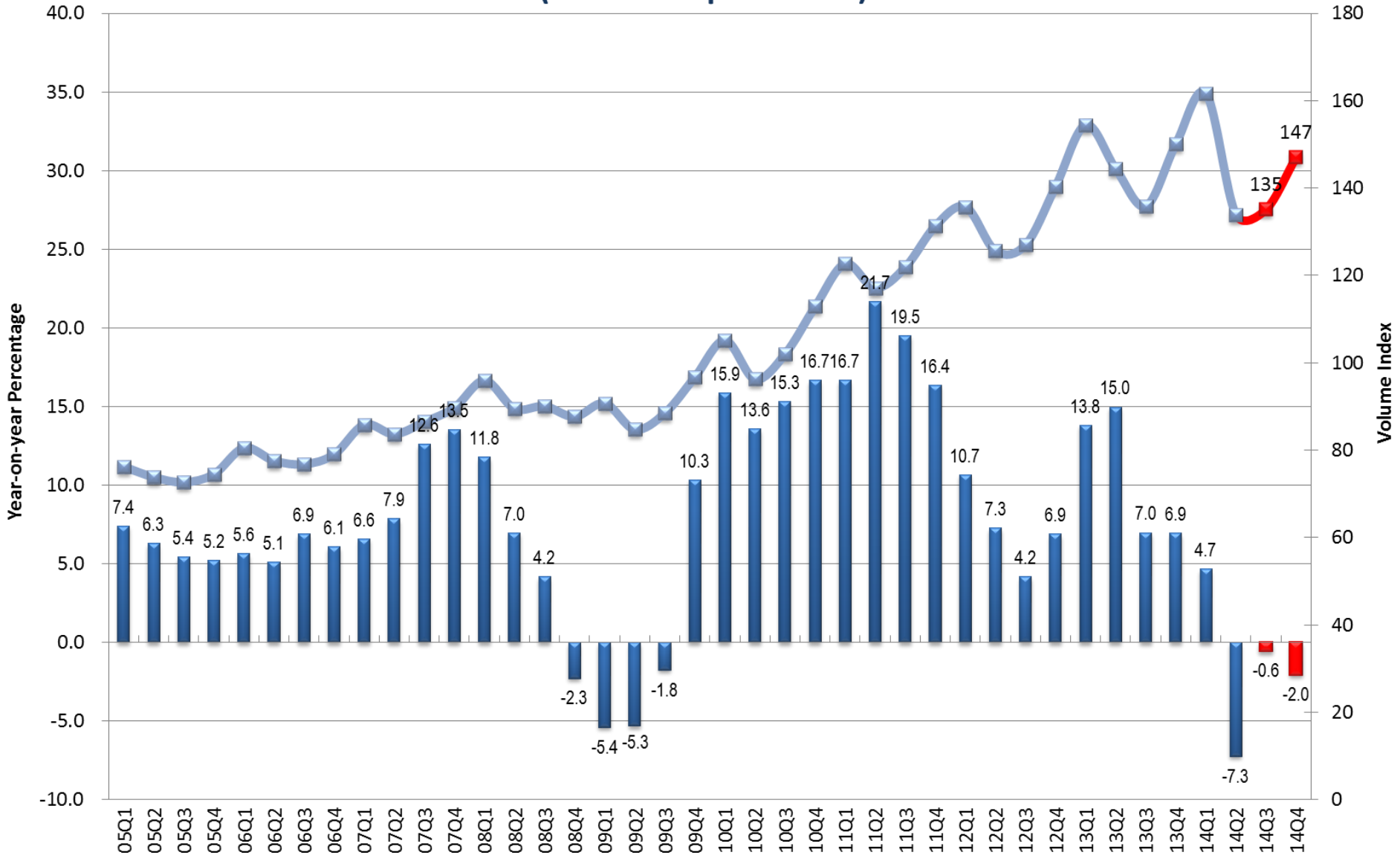
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Unemployment Rate	3.4	3.2	3.4	3.1	3.2	3.3	3.4	3.3
Date of Forecast: October 3, 2014								

Private Consumption Expenditure (2012 Prices)

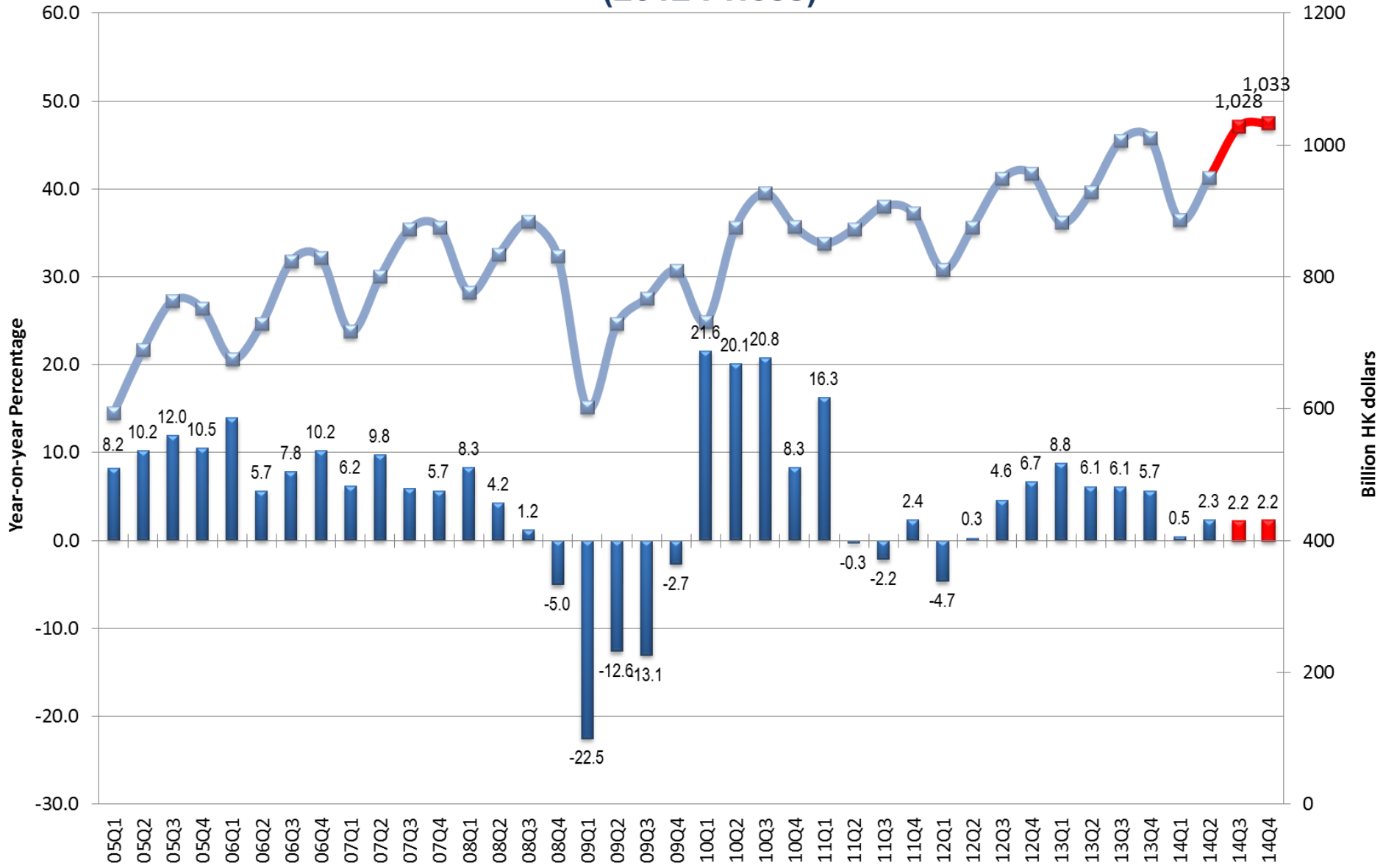


Retail Sales Volume

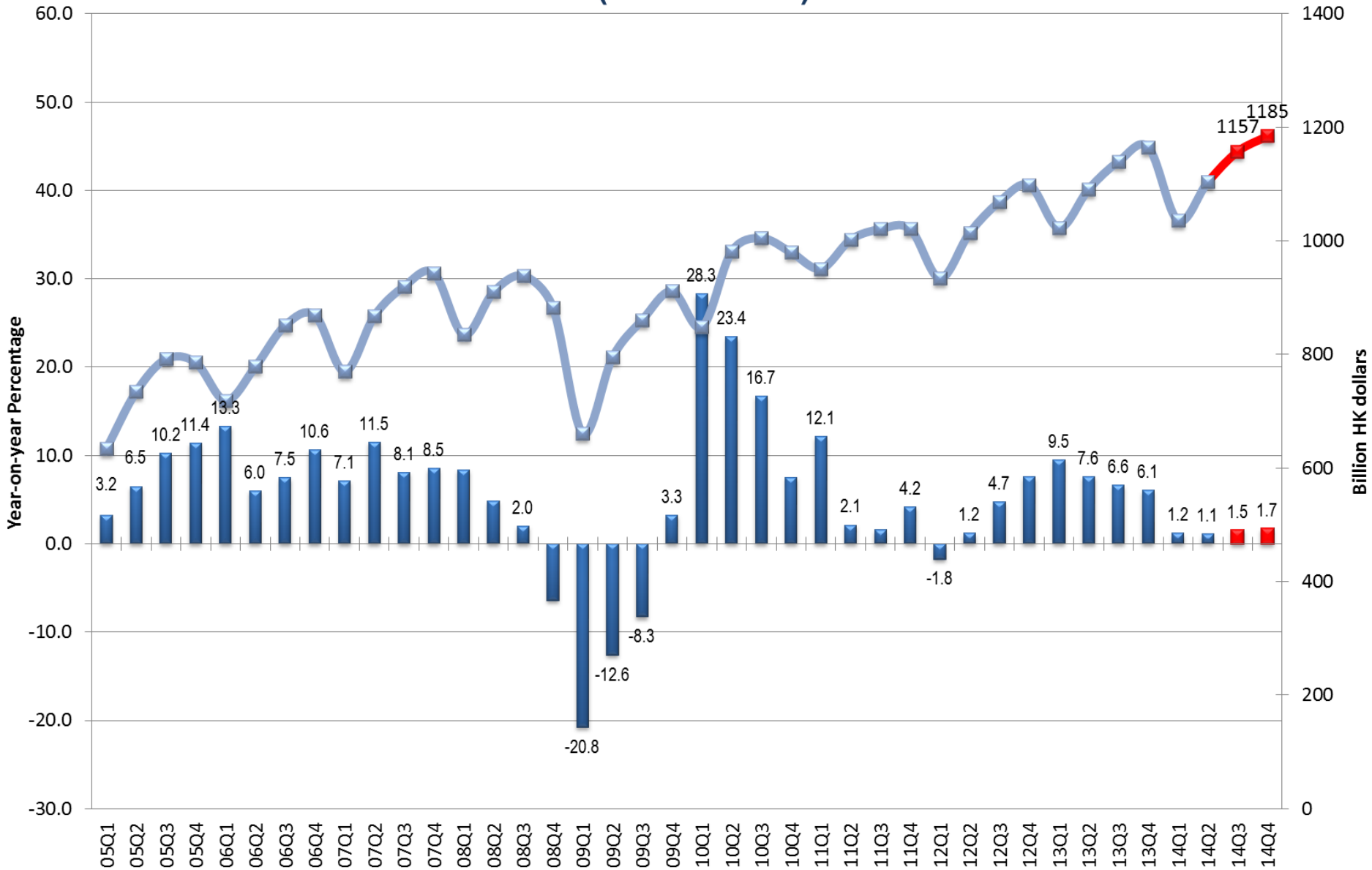
(Oct 09 - Sep 10 = 100)



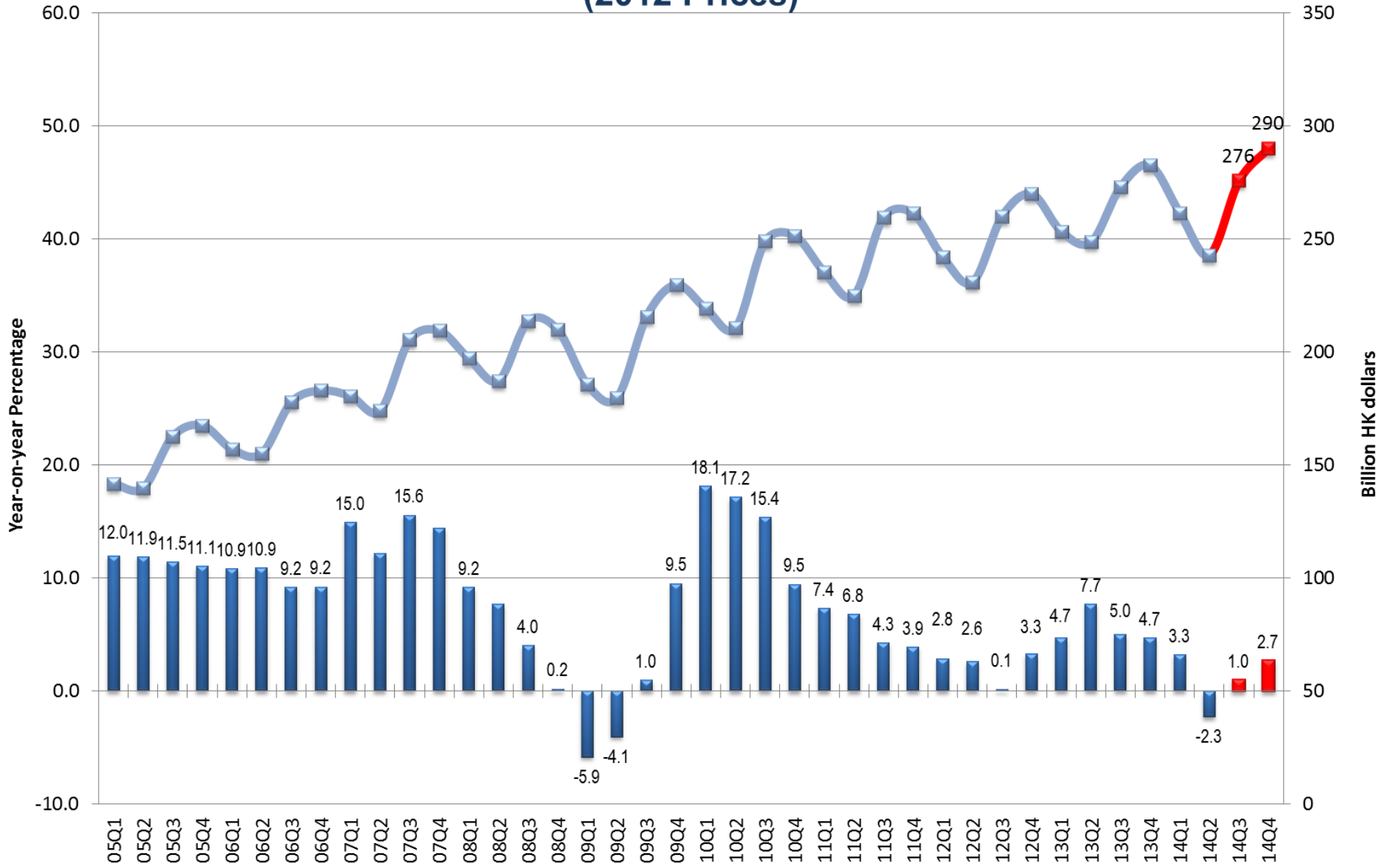
Exports of Goods (2012 Prices)



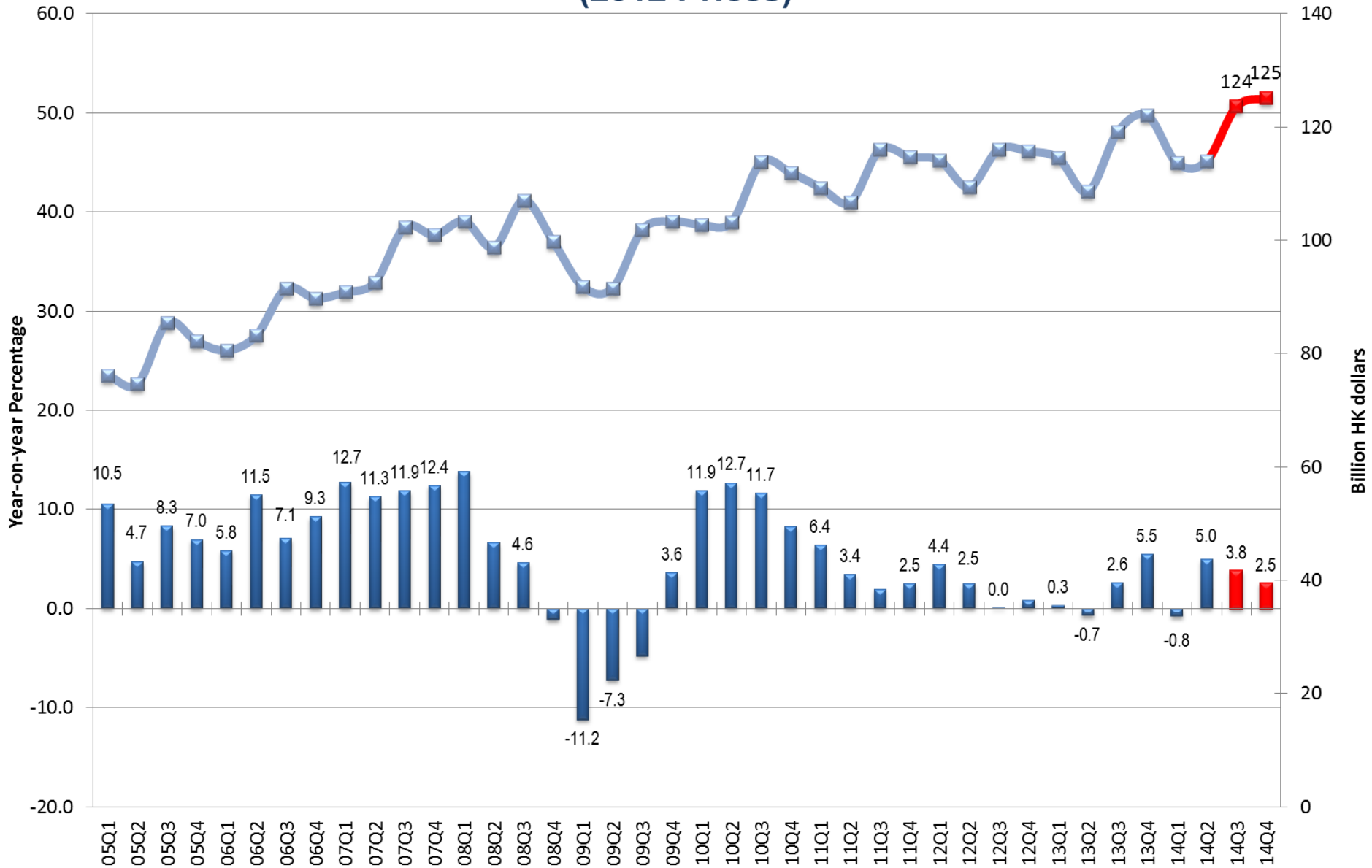
Imports of Goods (2012 Prices)



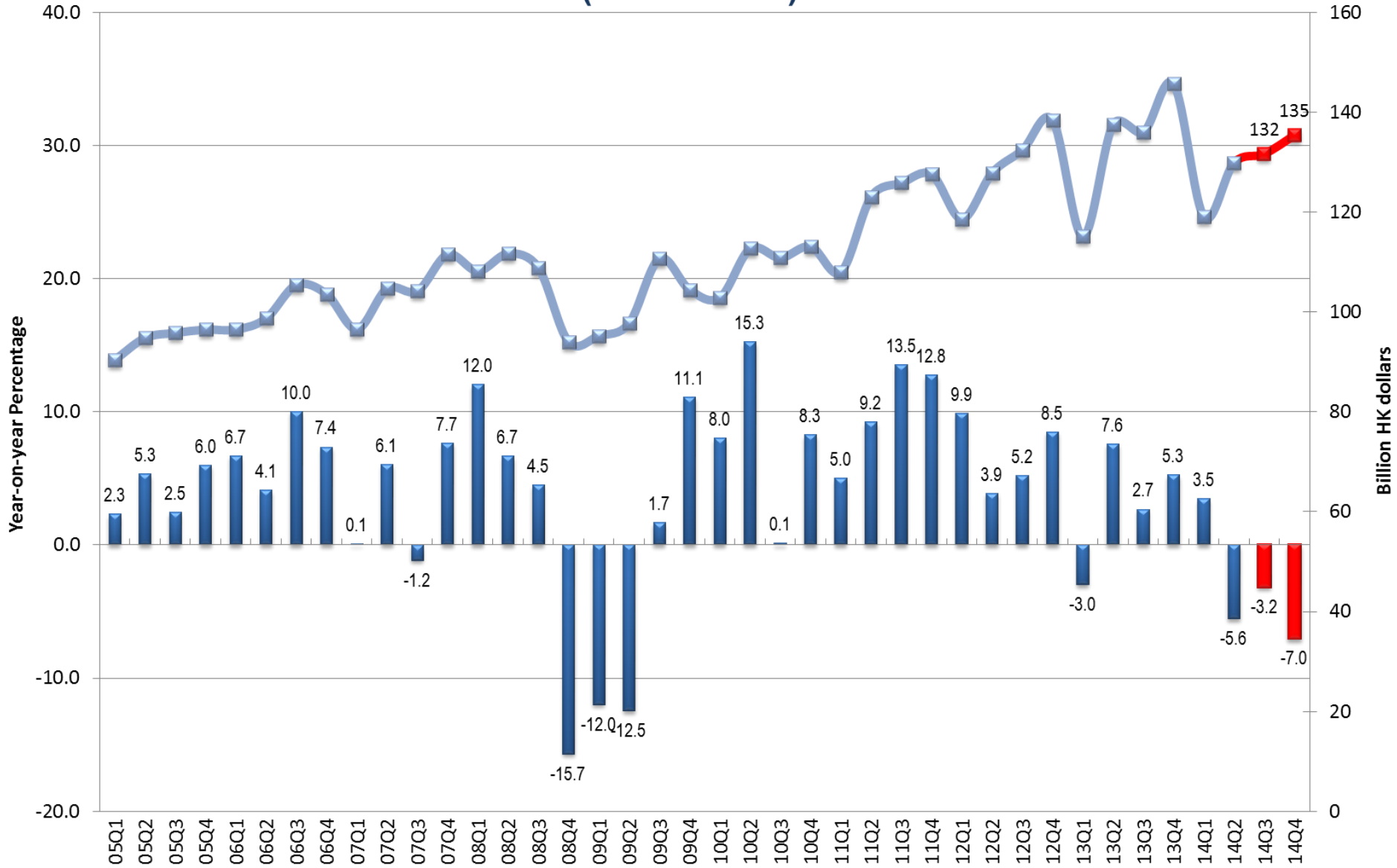
Exports of Services (2012 Prices)



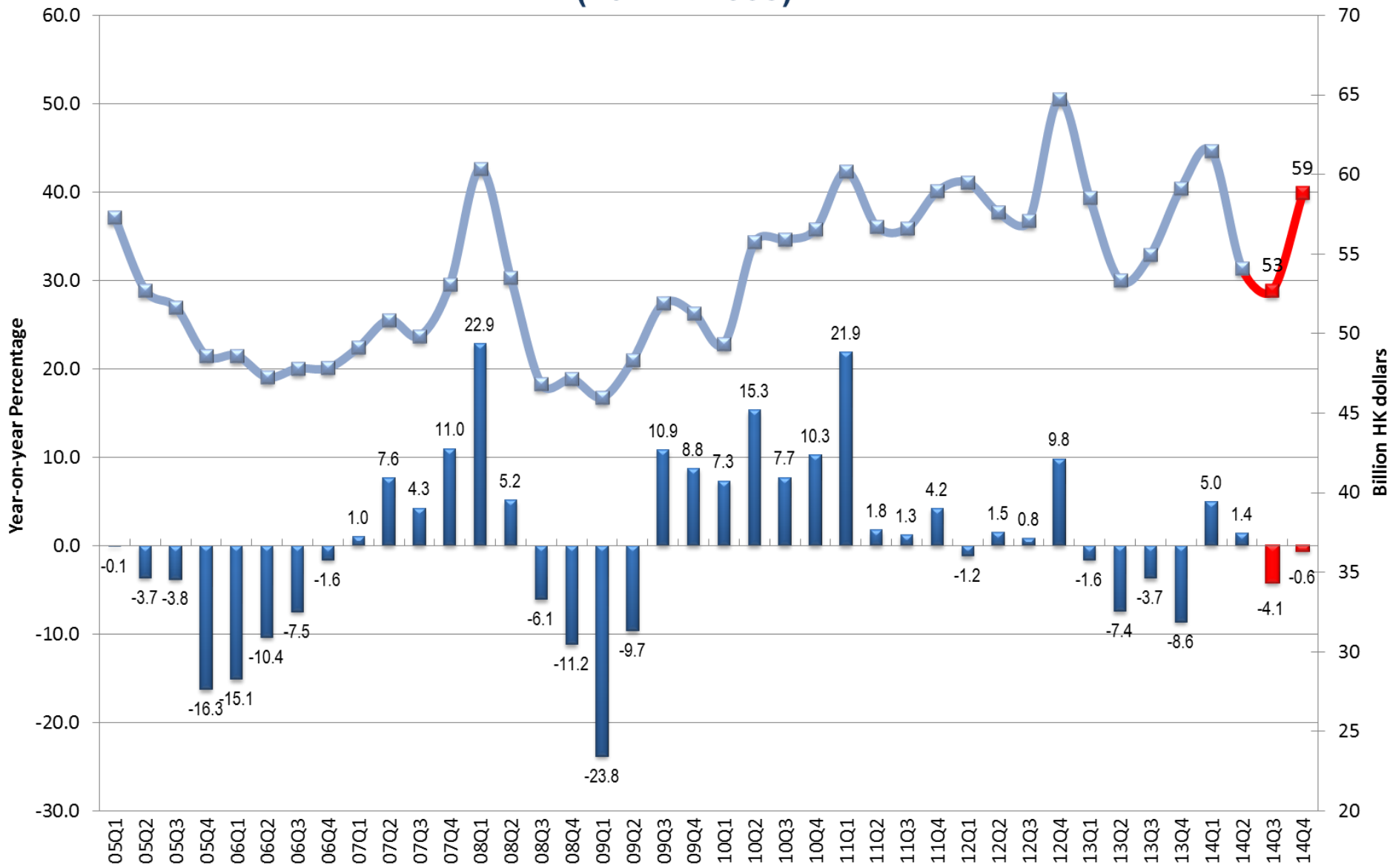
Imports of Services (2012 Prices)



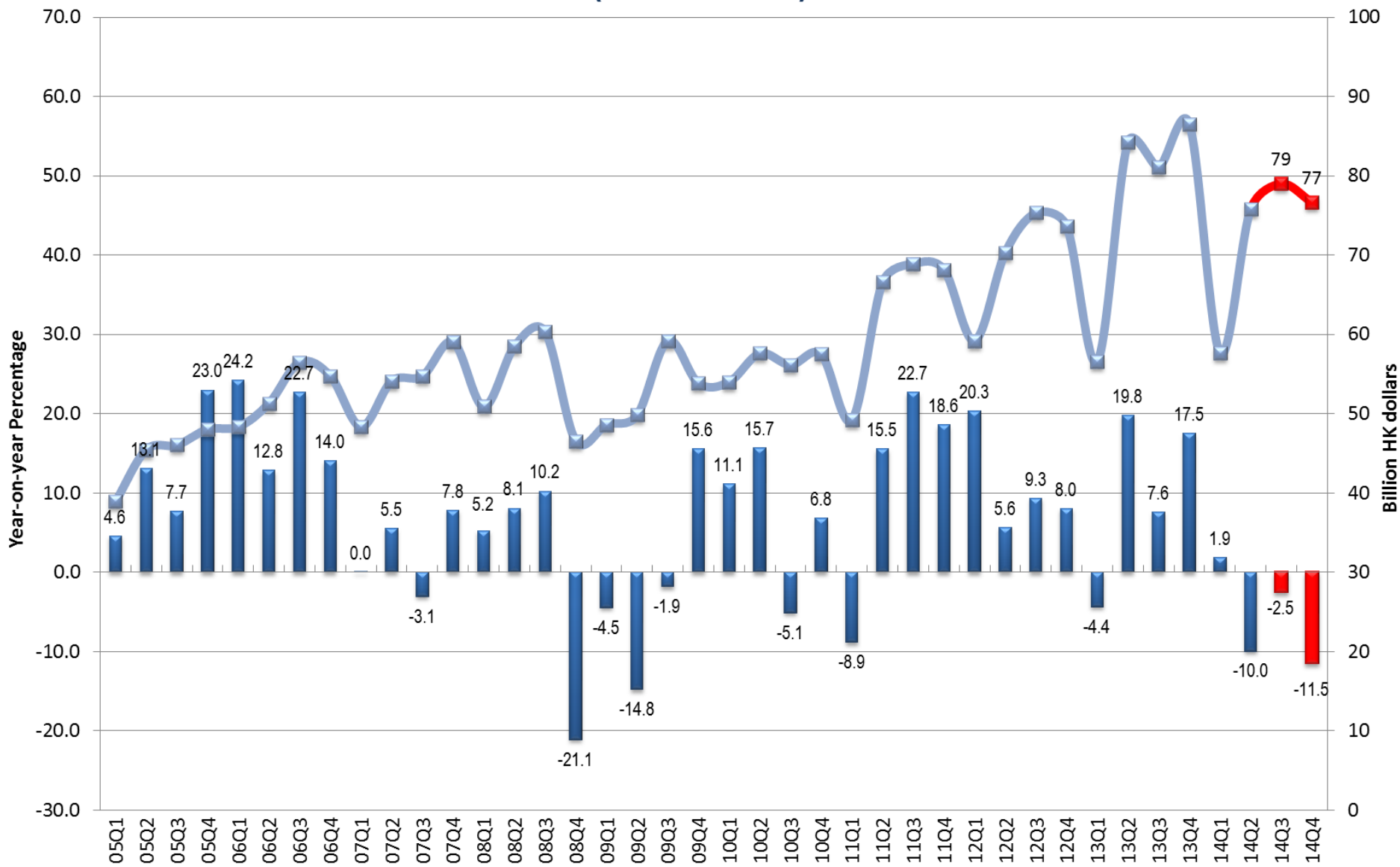
Gross Domestic Fixed Capital Formation (2012 Prices)



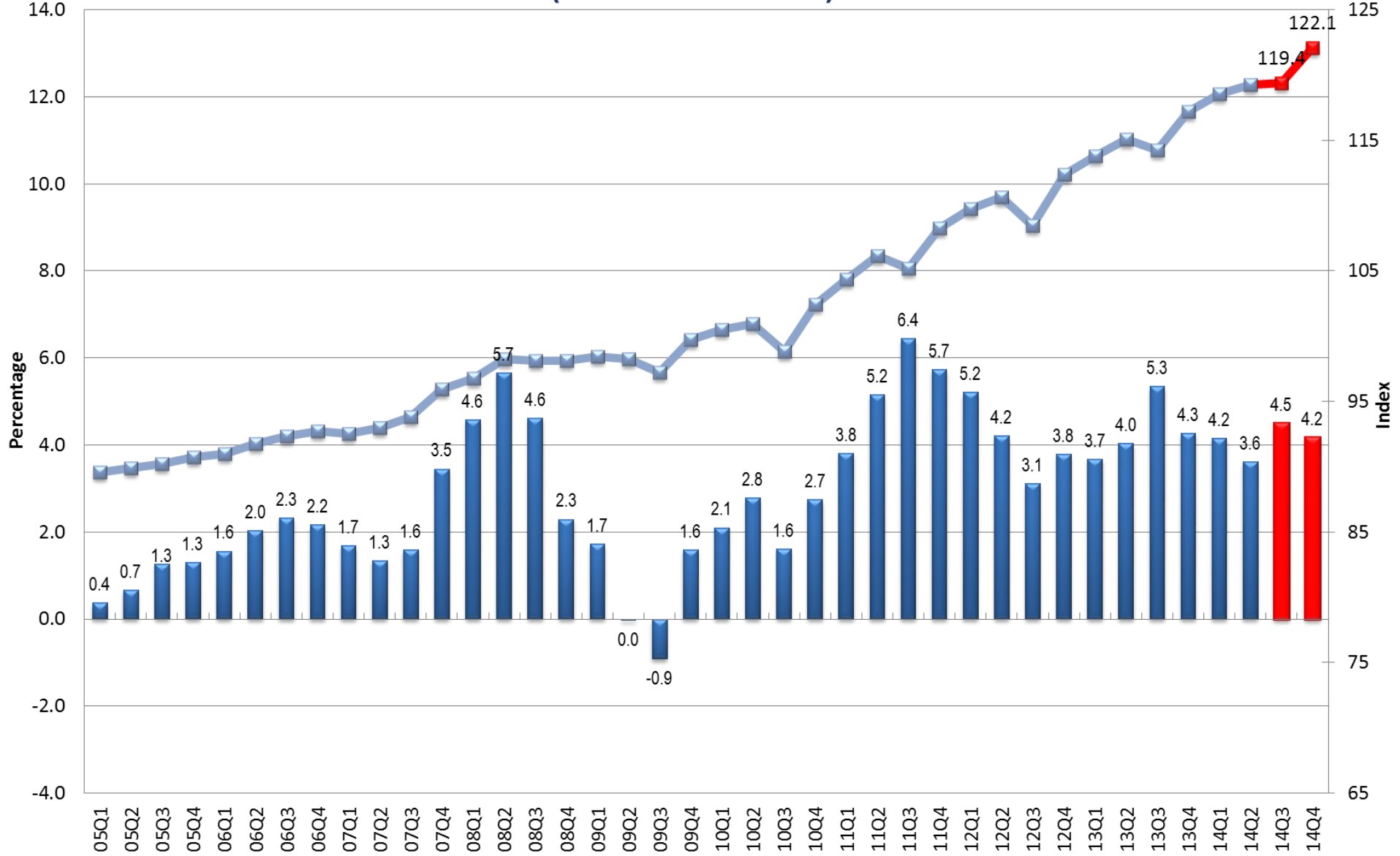
Investment in Land and Construction (2012 Prices)



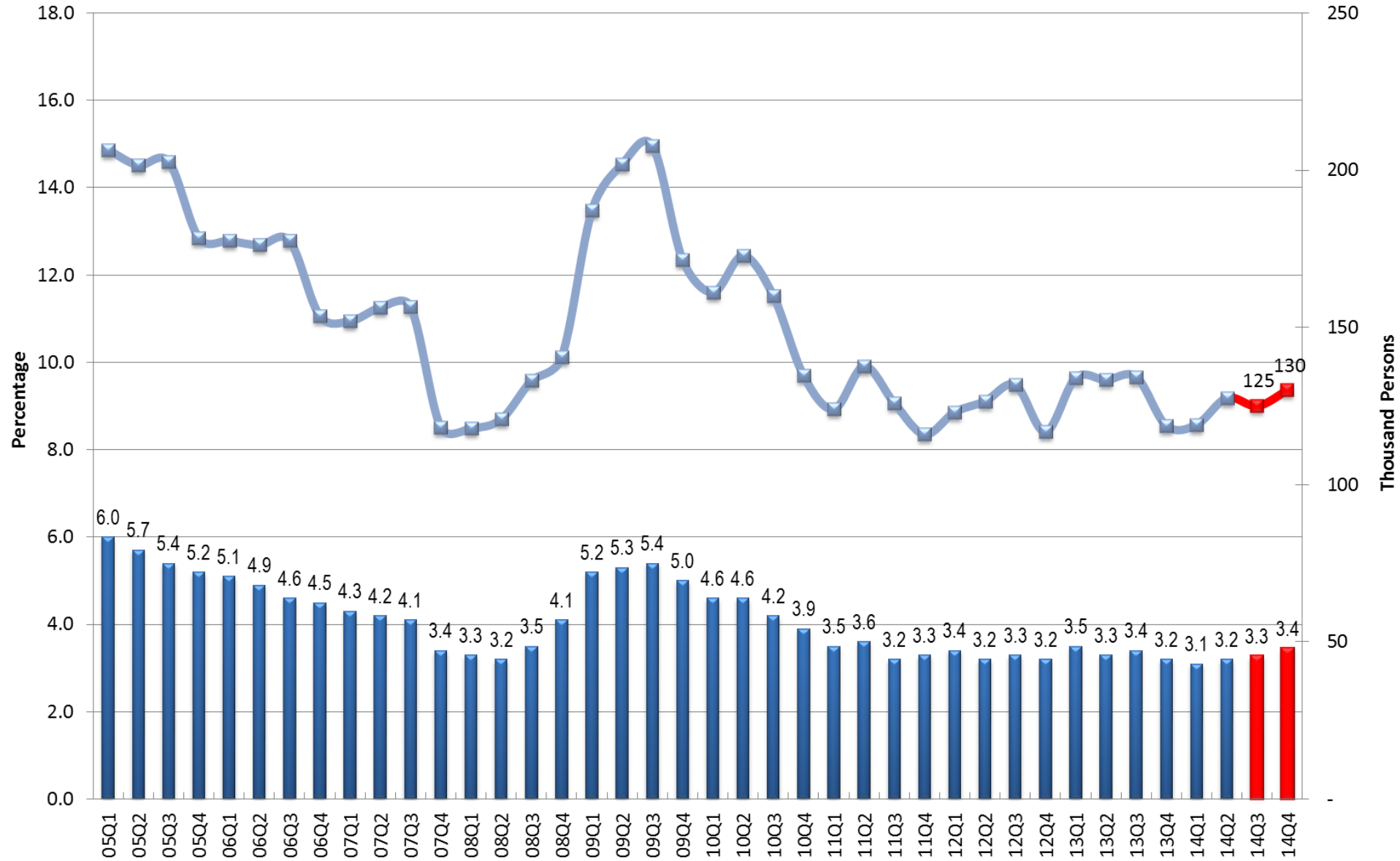
Investment in Machinery, Equipment & Computer Software (2012 Prices)



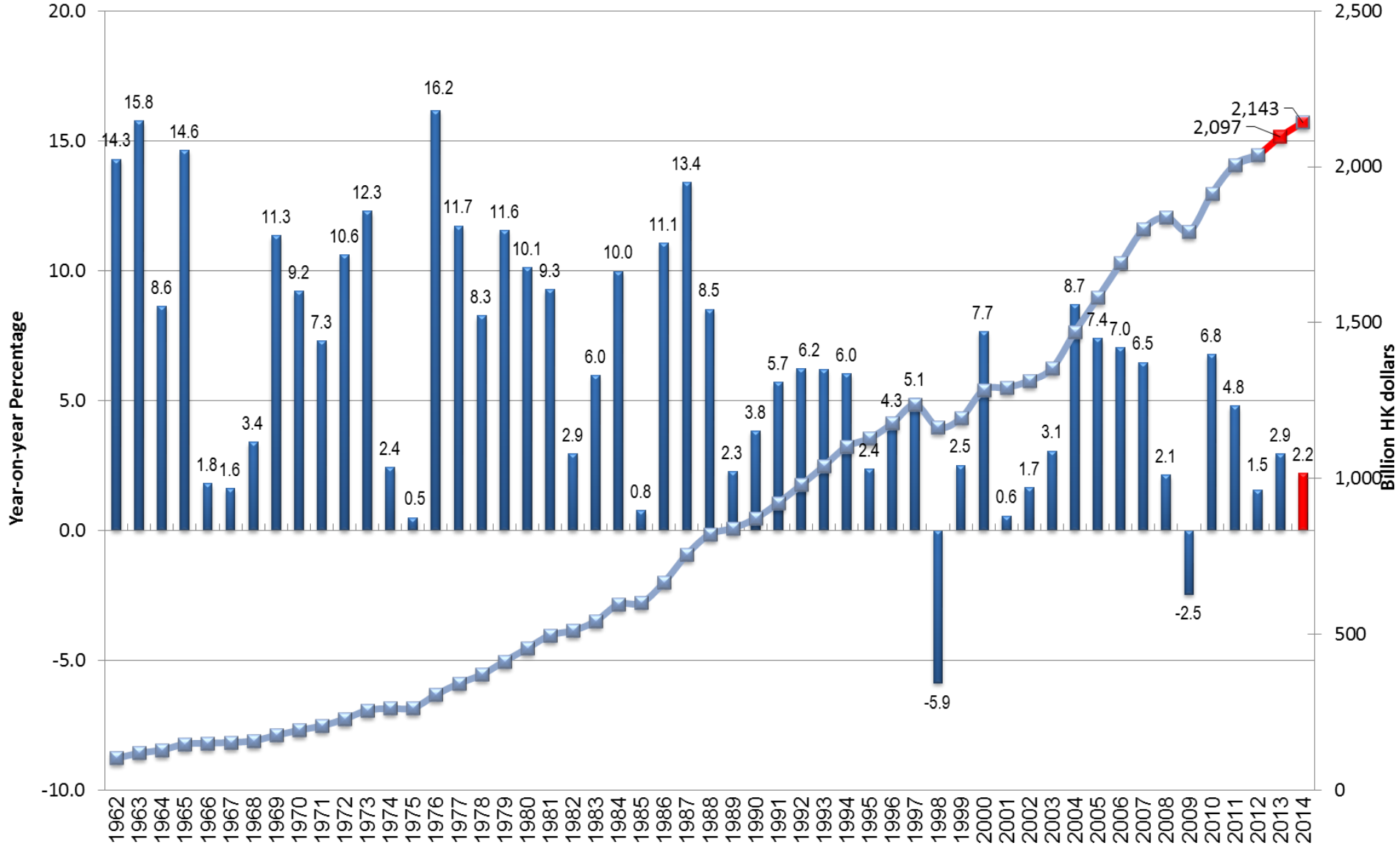
Consumer Price Index (10/09-09/10=100)



Unemployment



Real Gross Domestic Product (2012 Prices)





High Frequency Macroeconomic Forecast

Fourth Quarter 2014

Our forecasts can be accessed at:



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

Impact on 2014Q4 GDP

(Contribution to total GDP growth, 2012 prices)

	Scenario 1	Scenario 2
	Visitor Arrivals ↓ 10% Retail Sales ↓ 10%	Visitor Arrivals ↓ 10% Retail Sales ↓ 10%
Duration	1 Month	3 Months
GDP	-0.4%	-1.2%
Private Consumption	-0.1%	-0.4%
Exports of Services	-0.3%	-0.8%
Unemployment	+0.1%	+0.2%
Investment	no change	no change

Impact on 2014Q4 GDP

Real Economic Loss (實質經濟損失)

	Scenario 1	Scenario 2
	Visitor Arrivals ↓ 10%	Visitor Arrivals ↓ 10%
	Retail Sales ↓ 10%	Retail Sales ↓ 10%
Duration	1 Month	3 Months
GDP	2.1 Billion (-21億)	6.2 Billion (-62億)
Private Consumption	0.5 Billion (-5億)	2.1 Billion (-21億)
Exports of Services	1.6 Billion (-16億)	4.1 Billion (-41億)



High Frequency Macroeconomic Forecast

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