

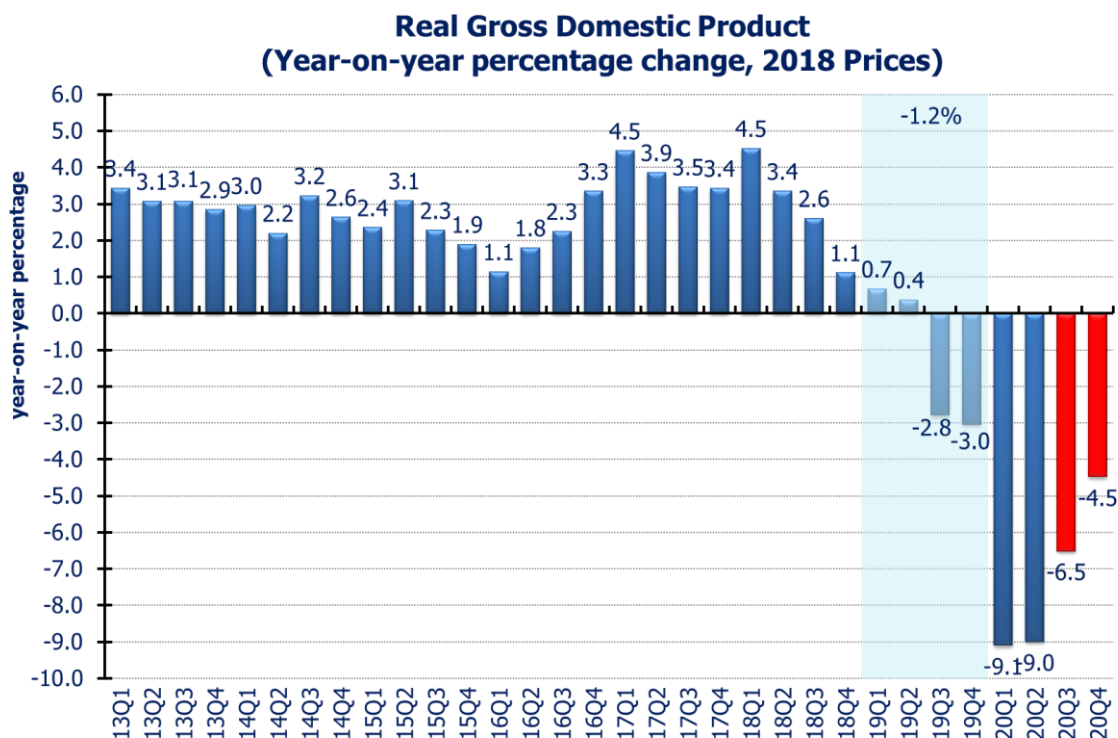


## HKU announces 2020 Q4 HK Macroeconomic Forecast

October 6, 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 (October 6). Disrupted by the COVID-19, Hong Kong's economy dropped by 9% in the first half of 2020. With the arrival of the third wave of pandemic in 20Q3, Hong Kong's real GDP is estimated to remain subdued, but with a lesser drop of 6.5%, compared to the same period last year.

With the pandemic receding recently and with continued government stimulus packages, the drop is expected to narrow further. The economy is estimated to drop by 4.5% in 20Q4. Unemployment rate is expected to slightly worsen to 6.4% in 20Q4, from the estimated 6.2% in 20Q3. Hong Kong's GDP is expected to shrink by 7.2% for the year 2020 as a whole, representing a 1.7 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				
	Q3	Q4	Annual	Q1	Q2	Q3 (Estimate)	Q4 (Forecast)	Annual (Forecast)
Gross Domestic Product	698,211	723,789	2,799,736	635,722	617,392	652,764	691,369	2,597,247
Private Consumption Expenditure	454,709	487,831	1,915,037	428,786	423,107	408,746	449,031	1,709,670
Government Consumption Expenditure	74,092	75,319	295,685	82,908	76,948	79,515	80,779	320,149
Exports of Goods	1,104,194	1,140,991	4,247,430	894,251	987,210	1,086,007	1,126,810	4,094,278
Imports of Goods	1,099,541	1,128,553	4,360,826	937,370	1,001,209	1,060,706	1,099,432	4,098,717
Exports of Services	191,644	172,194	796,413	144,405	108,822	107,745	95,745	456,717
Imports of Services	157,131	158,008	624,533	116,800	88,219	75,810	63,028	343,858
Gross Fixed Capital Formation	132,500	130,077	537,048	118,417	107,026	113,074	115,998	454,515
GFCF in Land & Construction	83,406	84,452	348,067	80,860	78,508	77,460	79,353	316,181
GFCF in Mach., Equip. & Comp. Soft.	49,094	45,625	188,981	35,526	28,518	30,614	31,646	126,304
Changes in Inventories	-2,256	3,938	-6,518	23,156	3,707	-806	-9,533	16,524

Date of Forecast: October 6, 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				
	Q3	Q4	Annual	Q1	Q2	Q3 (Estimates)	Q4 (Forecast)	Annual (Forecast)
Gross Domestic Product	-2.8	-3.0	-1.2	-9.1	-9.0	-6.5	-4.5	-7.2
Private Consumption Expenditure	-3.3	-2.9	-1.1	-10.6	-14.2	-10.1	-8.0	-10.7
Government Consumption Expenditure	5.9	6.1	5.1	8.8	9.8	7.3	7.2	8.3
Exports of Goods	-6.9	-2.5	-4.6	-9.7	-2.4	-1.6	-1.2	-3.6
Imports of Goods	-11.0	-7.0	-7.3	-11.1	-7.1	-3.5	-2.6	-6.0
Exports of Services	-14.2	-24.2	-10.2	-37.4	-46.1	-43.8	-44.4	-42.7
Imports of Services	-4.5	-5.2	-2.4	-24.5	-42.9	-51.8	-60.1	-44.9
Gross Fixed Capital Formation	-15.1	-16.8	-12.3	-14.3	-21.4	-14.7	-10.8	-15.4
GFCF in Land & Construction	-6.1	-4.5	-7.5	-14.8	-7.9	-7.1	-6.0	-9.2
GFCF in Machinery, Equip. & Computer Software	-26.5	-32.3	-20.0	-17.9	-44.1	-37.6	-30.6	-33.2
GDP Deflator Growth Rate	2.3	1.8	2.4	2.9	1.0	1.2	1.7	1.7
CPI (Composite) Inflation Rate	3.3	3.0	2.9	2.0	1.3	-1.1	-0.5	0.4
Unemployment Rate	2.9	3.3	3.0	4.2	6.2	6.2	6.4	5.7
Date of Forecast: October 6, 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 (%)

	2020											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Unit Value Trade Index (Domestic Exports)	0.4	-1.1	-1.4	-1.4	-0.8	-0.8	-0.5	-0.8	-0.6	-0.1	-0.1	0.1
Unit Value Trade Index (Imports of Foodstuffs)	1.2	0.8	1.2	2.0	1.8	1.2	0.3	0.3	0.8	0.7	0.1	0.1
Unit Value Trade Index (Imports of Consumer Goods)	0.6	-0.8	0.3	0.6	1.7	2.1	2.2	1.9	1.9	2.0	2.4	2.6
Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures)	-0.5	-1.3	-1.9	-1.3	-0.1	-0.9	-1.8	-2.2	-1.2	-0.7	-0.5	-0.3
Unit Value Trade Index (Imports of Fuels)	7.3	3.0	-19.8	-42.7	-47.1	-36.1	-31.9	-29.7	-31.8	-32.4	-30.7	-30.1
Unit Value Trade Index (Imports of Capital Goods)	1.7	-1.4	0.9	0.2	0.1	-0.1	0.2	-0.1	-0.9	-0.4	0.9	-0.1
Real Retained Imports of Foodstuffs	-10.6	12.0	-5.2	-14.5	-1.9	6.0	0.5	-3.6	3.3	3.8	5.9	6.3
Real Retained Imports of Consumer Goods	-38.1	-48.4	-6.9	-27.9	-40.0	-50.4	-29.4	-27.5	-17.8	-22.7	-18.6	-24.5
Real Retained Imports of Raw Materials & Semi-Manufactures	144.4	14.6	-40.7	17.1	-22.7	-18.8	2.0	-8.9	10.0	-8.3	-0.3	11.7
Real Retained Imports of Fuels	-5.1	-14.4	-25.9	-29.5	17.0	-13.8	14.3	-12.6	-10.3	-11.4	5.8	-1.4
Real Retained Imports of Capital Goods	-16.2	20.0	-32.0	-61.5	-69.6	-6.4	43.9	-3.4	-31.3	-8.5	-18.7	-6.6
Total Motor Vehicles Newly Registered	-29.9	-20.8	-23.6	-21.1	-19.0	-9.9	-4.2	-5.3	1.2	3.2	1.5	-4.6
Private Cars Newly Registered	-33.2	-23.7	-13.0	-22.7	-20.4	-20.0	-9.3	-9.0	-3.9	0.1	-6.6	-11.0
Money Supply (M2)	2.3	2.3	2.2	2.0	2.4	3.9	6.7	9.2	8.6	7.9	8.8	9.4
Loans and Advances	6.4	6.7	7.3	7.2	6.9	5.5	7.4	9.1	7.5	7.7	8.4	8.8
Volume Index of Retail Sales	-26.1	-49.7	-47.0	-40.5	-37.0	-28.3	-26.8	-16.3	-21.8	-18.7	-19.2	-21.4
Visitors Arrivals	-52.7	-96.4	-98.6	-99.9	-99.9	-99.7	-99.6	-99.9	-99.9	-99.9	-99.9	-99.9
Hong Kong Resident Departures	-12.4	-90.3	-96.5	-99.8	-99.8	-99.4	-98.9	-99.0	-99.4	-99.7	-99.7	-99.6
Electricity Consumption	-2.4	0.6	-4.5	-16.1	6.9	2.5	2.7	-4.4	-1.2	-3.3	1.5	1.0
Gas Consumption	-5.2	-1.2	-1.1	-6.0	-6.3	-3.7	-4.9	-12.2	-7.7	-4.7	-4.3	-4.5
Date of Forecast: October 6, 2020												