



香港大學

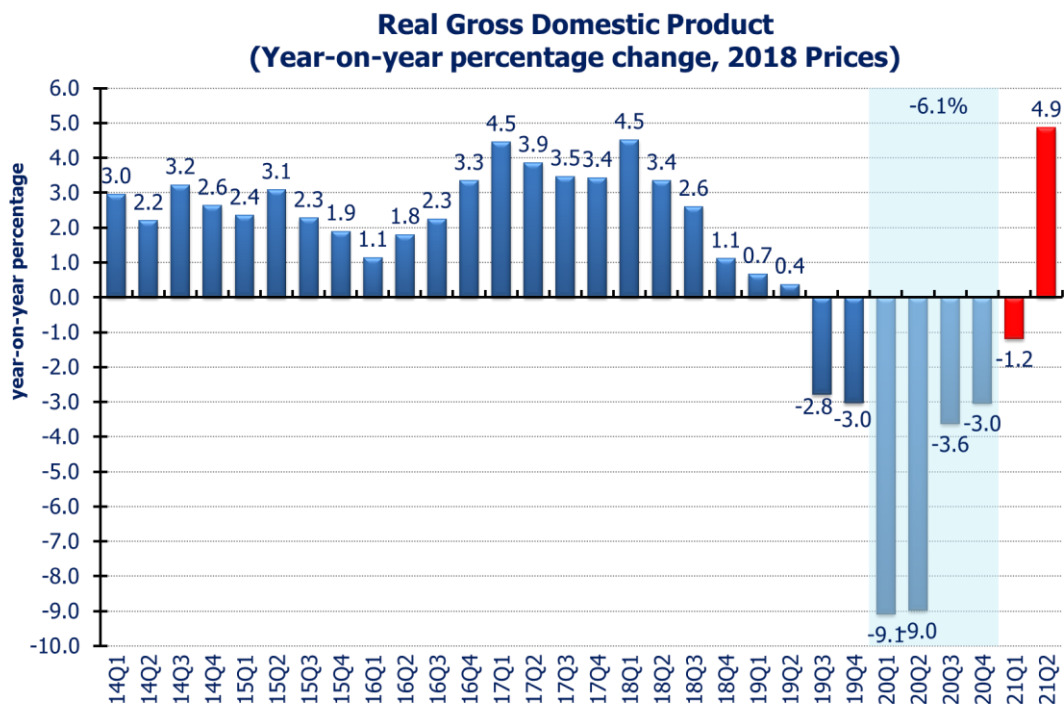
THE UNIVERSITY OF HONG KONG

## HKU announces 2021 Q2 HK Macroeconomic Forecast

March 31, 2021

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 (March 31). Given the worst global recession brought by the COVID-19 pandemic, Hong Kong's economy shrank by 6.1% in 2020. The tightened social distancing measures brought by the fourth wave of COVID-19 started in December 2020 heavily dampened Hong Kong's domestic demand in 21Q1. Hong Kong's real GDP is forecast to drop by 1.2% in 21Q1, less than the 3.0% drop in 20Q4.

Along with the recovery of the economy in Mainland China and the implementation of the vaccination program, Hong Kong's economic recovery is now under way. The rebound is expected to be intensive, especially when compared with a lower base. Hong Kong's economy is estimated to revert to grow by 4.9% in 21Q2. The unemployment situation will see obvious improvement, but will generally lag behind economic recovery. Therefore, unemployment rate is expected to drop modestly to 7.2% in 21Q2, from the estimated 7.3% in 21Q1. Hong Kong's GDP is expected to grow by 3.5% to 4.5% for the year 2021 as a whole.



## **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 the HKU Business School. 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 HKU Business School. 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:

<https://www.hiebs.hku.hk/macroeconomic-forecasts/>

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)

	2020					2021	
	Q1	Q2	Q3	Q4	Annual	Q1 (Estimate)	Q2 (Forecast)
Gross Domestic Product	635,712	617,423	672,823	701,783	2,627,741	628,111	647,497
Private Consumption Expenditure	428,779	423,097	417,504	452,707	1,722,087	424,393	440,962
Government Consumption Expenditure	82,905	76,875	79,360	79,518	318,658	88,592	82,381
Exports of Goods	894,251	989,439	1,147,104	1,204,207	4,235,001	1,048,037	1,191,050
Imports of Goods	937,370	1,006,312	1,120,001	1,206,790	4,270,473	1,127,068	1,227,485
Exports of Services	144,405	110,026	127,351	121,729	503,511	126,020	104,161
Imports of Services	116,800	85,838	100,551	101,916	405,105	77,264	65,071
Gross Fixed Capital Formation	116,386	107,019	118,098	133,513	475,016	123,460	119,461
GFCF in Land & Construction	80,860	78,251	78,853	84,329	322,293	83,871	82,731
GFCF in Mach., Equip. & Comp. Soft.	35,526	28,768	39,245	49,184	152,723	39,589	36,730
Changes in Inventories	23,156	3,117	3,958	18,815	49,046	21,941	2,037

Date of Forecast: March 31, 2021

**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 (%)

	2020					2021	
	Q1	Q2	Q3	Q4	Annual	Q1 (Estimates)	Q2 (Forecast)
Gross Domestic Product	-9.1	-9.0	-3.6	-3.0	-6.1	-1.2	4.9
Private Consumption Expenditure	-10.6	-14.2	-8.2	-7.2	-10.1	-1.0	4.2
Government Consumption Expenditure	8.8	9.7	7.1	5.6	7.8	6.9	7.2
Exports of Goods	-9.7	-2.2	3.9	5.5	-0.3	17.2	20.4
Imports of Goods	-11.1	-6.7	1.9	6.9	-2.1	20.2	22.0
Exports of Services	-37.4	-45.6	-33.5	-29.3	-36.8	-12.7	-5.3
Imports of Services	-24.5	-44.5	-36.0	-35.5	-35.1	-33.8	-24.2
Gross Fixed Capital Formation	-15.8	-21.4	-10.9	2.6	-11.5	6.1	11.6
GFCF in Land & Construction	-14.8	-8.2	-5.5	-0.1	-7.4	3.7	5.7
GFCF in Machinery, Equip. & Computer Software	-17.9	-43.6	-20.1	7.8	-19.2	11.4	27.7
GDP Deflator Growth Rate	2.9	0.8	0.9	-1.1	0.9	-3.4	-3.3
CPI (Composite) Inflation Rate	2.0	1.3	-1.7	-0.3	0.3	1.4	1.7
Unemployment Rate	4.2	6.2	6.4	6.6	5.9	7.3	7.2
Date of Forecast: March 31, 2021							

**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						2021					
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Unit Value Trade Index (Domestic Exports)	-0.5	-0.9	-0.9	-0.6	-0.2	0.4	-0.5	0.3	0.6	0.6	0.3	0.4
Unit Value Trade Index (Imports of Foodstuffs)	0.3	0.7	0.8	0.4	0.4	0.1	0.9	1.1	1.2	0.7	0.8	1.3
Unit Value Trade Index (Imports of Consumer Goods)	2.2	1.4	1.8	2.1	2.2	1.6	2.4	2.1	2.0	2.1	1.4	1.5
Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures)	-1.7	-1.9	-0.6	0.7	0.9	2.4	2.5	2.3	2.4	2.7	1.6	2.3
Unit Value Trade Index (Imports of Fuels)	-32.0	-28.5	-36.2	-35.8	-33.0	-26.6	-17.4	-13.7	4.1	41.9	49.4	32.0
Unit Value Trade Index (Imports of Capital Goods)	0.2	-0.4	-1.6	-1.1	-0.4	-0.7	-1.5	-0.2	-1.2	-0.4	-0.7	-0.4
Real Retained Imports of Foodstuffs	0.3	-2.4	-4.3	3.3	-7.2	-15.4	41.5	-7.6	5.4	6.7	1.7	-5.4
Real Retained Imports of Consumer Goods	-29.3	-27.8	-16.1	-6.4	1.3	21.8	42.4	50.3	-3.1	24.7	47.9	85.1
Real Retained Imports of Raw Materials & Semi-Manufactures	1.3	-22.7	-8.1	12.5	3.9	11.0	-7.6	-6.1	49.9	2.2	33.7	15.7
Real Retained Imports of Fuels	14.3	-20.6	-42.8	-18.7	-18.7	-21.8	-18.6	-14.3	-9.2	-0.2	-28.4	-10.1
Real Retained Imports of Capital Goods	37.1	21.1	-14.5	35.2	21.8	91.6	34.8	-5.6	40.8	140.3	182.7	16.1
Total Motor Vehicles Newly Registered	-4.2	2.5	17.0	8.5	26.1	11.6	12.1	31.0	25.2	18.0	10.4	11.0
Private Cars Newly Registered	-9.3	9.0	23.2	19.5	34.0	20.4	12.9	35.8	19.0	24.0	13.9	21.6
Money Supply (M2)	6.7	9.2	9.2	14.4	6.6	5.8	15.2	12.8	11.6	13.7	14.6	13.2
Loans and Advances	7.4	9.1	7.0	11.6	1.7	1.2	12.4	8.4	4.1	6.6	8.1	6.6
Volume Index of Retail Sales	-26.8	-16.3	-16.3	-12.3	-7.8	-17.0	-17.6	28.5	14.0	7.0	3.6	3.5
Visitors Arrivals	-99.6	-99.9	-99.7	-99.8	-99.8	-99.8	-99.9	-97.8	-94.0	9.2	-44.5	-69.1
Hong Kong Resident Departures	-98.9	-99.0	-99.2	-99.3	-99.3	-98.8	-98.9	-94.8	-87.7	88.7	87.6	-24.1
Electricity Consumption	2.7	-4.4	0.8	-8.0	2.5	-1.3	0.5	-4.5	0.9	8.5	-2.9	-2.8
Gas Consumption	-4.9	-12.2	-9.3	6.5	4.8	6.2	0.0	-1.6	-0.9	0.7	0.7	-1.0
Date of Forecast: March 31, 2021												