

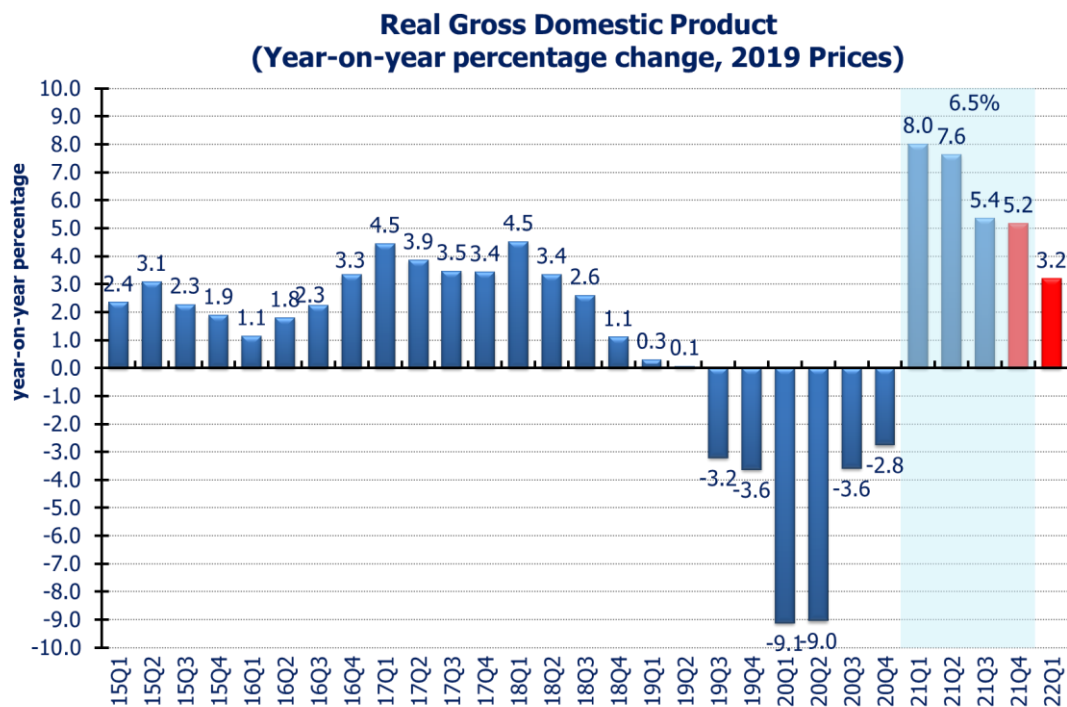


HKU announces 2022 Q1 HK Macroeconomic Forecast

January 4, 2022

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 (January 4). Given the vibrant growth in external trade, Hong Kong's real GDP grew by 7.8% in the first half of 2021. In the second half of 2021, improving employment condition and introduction of the government's consumption voucher scheme provided impetus to Hong Kong's output growth. Hong Kong's real GDP is estimated to grow by 5.2% in 21Q4, slightly slower than the 5.4% growth in 21Q3, reflecting a slowdown in global trade.

The unemployment rate experienced improvement in 2021, and is expected to further improve to 3.8% in 21Q4 from 6.8% in 21Q1. The labour market is forecast to improve further. Unemployment is expected to drop to 3.5% in 22Q1. Uncertainties clouded by the increasing threat of the Omicron variant and the global supply chain disruption brought by the pandemic erode Hong Kong's consumer confidence. Hong Kong's economic growth is forecast to continue but at a slower pace. Hong Kong's GDP is expected to grow by 3.2% in 22Q1. For the year 2022, Hong Kong is forecast to retain a modest growth of 2.8% to 3.8%.



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 well-timed 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.

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 2019 HK Dollar)

	2020			2021					2022
	Q3	Q4	Annual	Q1	Q2	Q3	Q4 (Estimate)	Annual (Estimate)	Q1 (Forecast)
Gross Domestic Product	683,846	713,772	2,671,569	698,029	675,694	720,472	750,737	2,844,932	720,350
Private Consumption Expenditure	431,297	468,052	1,777,713	450,175	469,258	461,895	499,604	1,880,932	470,113
Government Consumption Expenditure	83,700	83,235	334,560	93,070	82,989	87,299	85,732	349,090	95,862
Exports of Goods	1,149,700	1,207,253	4,243,016	1,165,389	1,193,897	1,312,408	1,329,089	5,000,783	1,191,073
Imports of Goods	1,122,948	1,209,798	4,283,510	1,156,495	1,225,567	1,312,014	1,307,415	5,001,491	1,198,798
Exports of Services	129,169	122,222	510,573	135,977	115,880	134,541	130,267	516,665	143,893
Imports of Services	104,169	106,022	417,750	105,126	97,472	108,809	111,547	422,954	101,223
Gross Fixed Capital Formation	114,862	130,160	462,487	119,943	127,736	127,298	135,838	510,815	125,659
GFCF in Land & Construction	74,774	78,905	303,969	81,534	79,224	79,336	82,638	322,732	85,177
GFCF in Mach., Equip. & Comp. Soft.	40,088	51,255	158,518	38,409	48,512	47,962	53,200	188,083	40,481
Changes in Inventories	2,235	18,670	44,480	-4,904	8,973	17,854	-10,830	11,093	-6,228
Date of Forecast: January 4, 2022									

High Frequency Macroeconomic Forecasts
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Table 2: Current Quarter Model Forecast
Year-on-Year Growth Rate (%)

	2020			2021					2022
	Q3	Q4	Annual	Q1	Q2	Q3	Q4 (Estimate)	Annual (Estimate)	Q1 (Forecast)
Gross Domestic Product	-3.6	-2.8	-6.1	8.0	7.6	5.4	5.2	6.5	3.2
Private Consumption Expenditure	-7.9	-6.9	-9.9	2.1	7.2	7.1	6.7	5.8	4.4
Government Consumption Expenditure	7.5	6.1	8.1	7.0	3.0	4.3	3.0	4.3	3.0
Exports of Goods	3.9	5.5	-0.3	30.1	20.5	14.2	10.1	17.9	2.2
Imports of Goods	1.9	6.7	-2.1	22.9	21.4	16.8	8.1	16.8	3.7
Exports of Services	-32.9	-28.8	-36.1	-7.3	3.0	4.2	6.6	1.2	5.8
Imports of Services	-35.0	-33.9	-34.1	-12.0	10.6	4.5	5.2	1.2	-3.7
Gross Fixed Capital Formation	-10.4	3.6	-11.2	4.8	23.9	10.8	4.4	10.4	4.8
GFCF in Land & Construction	-4.9	-0.3	-7.1	5.6	8.4	6.1	4.7	6.2	4.5
GFCF in Machinery, Equip. & Computer Software	-20.1	10.1	-18.0	3.3	61.7	19.6	3.8	18.7	5.4
GDP Deflator Growth Rate	0.7	-1.2	0.6	-0.8	0.0	0.7	1.2	0.2	1.4
CPI (Composite) Inflation Rate	-1.7	-0.3	0.3	0.9	0.9	2.4	1.9	1.5	1.8
Unemployment Rate	6.3	6.5	5.8	6.8	5.5	4.5	3.8	5.2	3.5
Date of Forecast: January 4, 2022									

High Frequency Macroeconomic Forecasts

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

	2021									2022		
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Unit Value Trade Index (Domestic Exports)	4.1	5.3	5.3	5.7	6.2	6.7	7.9	7.9	7.8	8.2	8.1	7.1
Unit Value Trade Index (Imports of Foodstuffs)	1.5	2.0	2.4	1.9	2.4	4.9	4.3	3.9	4.5	4.2	4.5	4.7
Unit Value Trade Index (Imports of Consumer Goods)	1.9	1.5	1.2	1.2	2.3	2.4	3.1	3.3	3.7	4.4	4.5	4.6
Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures)	5.8	6.2	7.3	8.7	9.3	10.8	9.4	9.9	8.5	9.7	9.3	7.9
Unit Value Trade Index (Imports of Fuels)	66.0	64.5	55.5	52.4	43.9	67.2	79.4	80.8	68.5	46.3	42.2	35.3
Unit Value Trade Index (Imports of Capital Goods)	0.4	2.4	2.7	2.2	2.6	5.1	6.7	7.0	6.9	8.2	8.7	7.9
Real Retained Imports of Foodstuffs	12.2	-0.2	-3.4	-4.0	4.5	2.9	-6.5	8.5	16.4	-19.2	1.1	-3.8
Real Retained Imports of Consumer Goods	48.1	33.2	79.9	27.8	39.1	6.3	-5.4	-1.0	-23.0	-24.4	5.5	-6.2
Real Retained Imports of Raw Materials & Semi-Manufactures	13.0	40.5	12.6	20.7	50.9	49.8	-20.9	5.5	8.4	-10.8	10.0	36.9
Real Retained Imports of Fuels	-30.6	-15.2	-24.7	-10.4	-2.2	23.2	6.2	-1.1	1.0	-3.1	0.6	-5.9
Real Retained Imports of Capital Goods	158.8	204.2	44.4	32.1	15.8	87.2	35.9	25.1	-3.2	-4.2	121.5	2.2
Total Motor Vehicles Newly Registered	34.6	24.1	29.0	9.0	-7.5	-6.0	-15.1	-19.4	-16.1	-2.2	-13.6	-10.1
Private Cars Newly Registered	34.8	27.5	39.6	15.3	-13.6	-7.4	-21.1	-22.2	-18.9	0.2	-6.1	-11.6
Money Supply (M2)	5.6	7.1	7.5	3.0	0.4	1.4	-4.3	2.7	4.3	-3.7	3.7	5.5
Loans and Advances	0.2	0.9	5.2	0.7	-1.3	0.0	-4.8	3.1	3.6	-5.4	1.1	1.7
Volume Index of Retail Sales	11.6	8.9	3.5	0.8	10.0	4.8	9.4	4.2	9.3	9.2	-7.7	4.5
Visitors Arrivals	0.4	-0.3	-0.6	-0.6	1.4	0.1	0.2	0.5	0.9	1.1	0.2	0.0
Hong Kong Resident Departures	1.7	2.3	0.2	0.1	0.3	0.5	0.7	0.6	-0.1	0.1	0.4	0.1
Electricity Consumption	13.4	10.1	-1.4	-1.3	4.1	7.7	7.2	1.4	3.4	1.8	4.1	-0.6
Gas Consumption	0.0	-2.3	-10.8	0.2	12.5	5.7	-14.4	-3.6	-4.3	-1.4	-1.1	0.2

Date of Forecast: January 4, 2022