

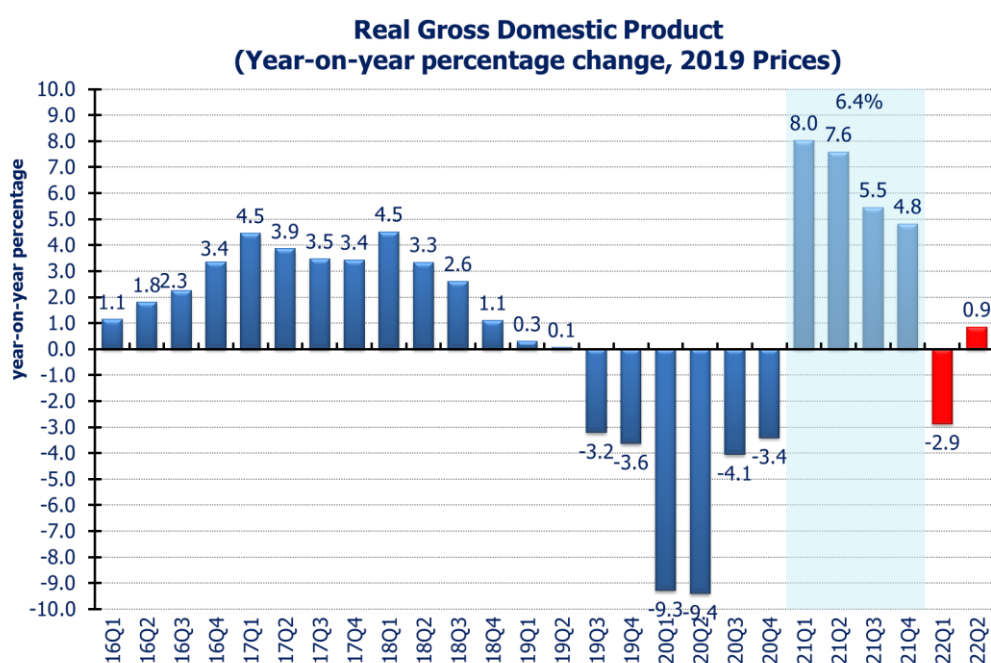


HKU announces 2022 Q2 HK Macroeconomic Forecast

April 22, 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 (April 22). Underpinned by vibrant consumer confidence and employment condition, Hong Kong economy experienced a robust growth of 6.4% in 2021. However, tight social distancing measures brought by COVID-19 Omicron variant eroded Hong Kong's output growth in 22Q1. Consumer sentiment was heavily dampened with retail sales volume dropping by 17.6% in February 2022. Hong Kong's real GDP is estimated to drop by 2.9% in 22Q1, reflecting the impact of the disruption from the epidemic.

The unemployment rate climbed to 5.0% in 22Q1 from 3.9% in 21Q4. As the relaxation of infection-control measures comes into effect, unemployment rate is expected to go down to 4.4% in 22Q2. With the Omicron epidemic still unfolding in various cities in Mainland China, Hong Kong's economic growth is expected to be mild. Hong Kong's real GDP is forecast to grow by 0.9% in 22Q2. Despite a challenging global environment due to the coronavirus and war in Ukraine, the Hong Kong economy is expected to manage a mild growth of 1.6% to 2.6% in the year 2022 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 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)

	2021					2022	
	Q1	Q2	Q3	Q4	Annual	Q1 (Estimate)	Q2 (Forecast)
Gross Domestic Product	696,835	672,750	717,891	743,283	2,830,759	676,831	678,556
Private Consumption Expenditure	448,857	467,264	457,025	493,118	1,866,264	427,109	475,586
Government Consumption Expenditure	93,054	82,789	87,462	86,095	349,400	95,846	85,273
Exports of Goods	1,156,539	1,182,579	1,299,127	1,353,207	4,991,452	1,159,618	1,165,490
Imports of Goods	1,149,054	1,215,678	1,299,912	1,316,049	4,980,693	1,135,095	1,190,738
Exports of Services	139,042	118,045	137,108	132,230	526,425	138,941	116,703
Imports of Services	108,977	101,031	112,449	114,895	437,352	107,031	95,618
Gross Fixed Capital Formation	119,694	128,859	130,613	129,102	508,268	109,700	122,785
GFCF in Land & Construction	81,648	78,751	79,051	79,210	318,660	74,581	77,757
GFCF in Mach., Equip. & Comp. Soft.	38,046	50,108	51,562	49,892	189,608	35,119	45,028
Changes in Inventories	-2,320	9,923	18,917	-19,525	6,995	-12,257	-923

Date of Forecast: April 22, 2022

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

	2021					2022	
	Q1	Q2	Q3	Q4	Annual	Q1 (Estimate)	Q2 (Forecast)
Gross Domestic Product	8.0	7.6	5.5	4.8	6.4	-2.9	0.9
Private Consumption Expenditure	2.5	7.5	6.8	5.8	5.6	-4.8	1.8
Government Consumption Expenditure	6.4	2.9	5.0	4.1	4.6	3.0	3.0
Exports of Goods	30.8	20.8	14.2	13.3	19.0	0.3	-1.4
Imports of Goods	23.6	21.9	16.9	9.9	17.6	-1.2	-2.1
Exports of Services	-9.1	3.5	5.4	6.9	1.1	-0.1	-1.1
Imports of Services	-11.3	10.7	6.0	4.6	1.7	-1.8	-5.4
Gross Fixed Capital Formation	5.6	23.9	13.1	0.1	10.1	-8.3	-4.7
GFCF in Land & Construction	6.9	9.8	7.6	1.8	6.4	-8.7	-1.3
GFCF in Machinery, Equip. & Computer Software	3.0	55.5	22.5	-2.6	16.7	-7.7	-10.1
GDP Deflator Growth Rate	-0.8	0.4	1.1	1.4	0.4	1.3	1.7
CPI (Composite) Inflation Rate	1.2	0.8	2.3	2.0	1.6	1.5	1.6
Unemployment Rate	6.8	5.5	4.5	3.9	5.2	5.0	4.4
Date of Forecast: April 22, 2022							

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

	2021						2022					
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Unit Value Trade Index (Domestic Exports)	5.6	6.1	6.6	7.8	9.5	9.5	10.5	10.9	10.1	9.0	8.2	8.7
Unit Value Trade Index (Imports of Foodstuffs)	1.9	2.3	4.8	4.4	4.7	5.9	6.4	6.3	6.3	5.2	4.7	4.9
Unit Value Trade Index (Imports of Consumer Goods)	1.2	2.2	2.5	3.1	4.0	5.6	5.8	6.9	7.1	7.4	7.1	6.9
Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures)	8.7	9.2	10.7	9.5	11.1	11.4	11.6	12.3	11.2	9.7	8.5	8.2
Unit Value Trade Index (Imports of Fuels)	52.5	44.0	67.2	79.3	83.4	58.7	45.7	52.4	47.8	32.5	40.5	31.2
Unit Value Trade Index (Imports of Capital Goods)	2.2	2.6	5.1	6.7	6.8	6.9	7.7	11.1	9.6	9.2	7.2	7.2
Real Retained Imports of Foodstuffs	-4.0	4.8	2.9	-6.6	-7.8	1.8	-31.0	-29.2	-18.1	-18.3	-14.3	-16.6
Real Retained Imports of Consumer Goods	27.8	37.2	7.0	-4.1	16.1	-5.4	-28.6	-2.7	0.2	-28.7	-12.7	-24.0
Real Retained Imports of Raw Materials & Semi-Manufactures	20.7	50.4	47.8	-20.0	-13.0	5.8	-24.2	28.1	36.9	-8.3	-7.7	1.1
Real Retained Imports of Fuels	-10.3	-2.6	24.2	6.6	29.9	-20.7	-4.9	0.1	-5.3	15.8	-10.8	5.2
Real Retained Imports of Capital Goods	32.9	15.9	90.7	37.1	-33.3	-19.3	-46.6	7.8	-31.2	-24.7	-26.1	-36.2
Total Motor Vehicles Newly Registered	9.0	-7.5	-6.0	-15.1	-2.8	-5.4	-8.4	-10.0	-6.1	-16.0	-15.2	-17.3
Private Cars Newly Registered	15.3	-13.6	-7.4	-21.1	-5.6	-16.2	-21.1	-12.1	-17.2	-20.6	-22.6	-23.8
Money Supply (M2)	3.0	0.4	1.4	-4.3	2.9	4.3	-2.0	3.6	7.4	8.3	8.0	6.8
Loans and Advances	0.7	-1.3	0.0	-4.8	4.2	3.8	-6.4	1.5	1.1	1.2	0.6	-2.8
Volume Index of Retail Sales	2.7	11.9	7.4	12.1	7.1	6.1	3.9	-14.6	-10.8	-7.5	-6.8	-4.7
Visitors Arrivals	-57.9	143.0	8.2	19.6	59.2	94.1	61.7	-52.2	-64.6	-69.4	-67.5	-72.4
Hong Kong Resident Departures	8.8	33.7	51.4	72.2	57.4	31.2	-6.7	140.3	82.1	31.0	34.3	39.7
Electricity Consumption	-1.3	4.1	7.7	7.2	-0.5	4.3	0.5	4.2	-0.8	-1.3	-6.7	0.8
Gas Consumption	0.2	12.5	5.7	-14.4	2.2	3.0	2.5	0.2	1.5	-1.4	1.5	2.7

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