

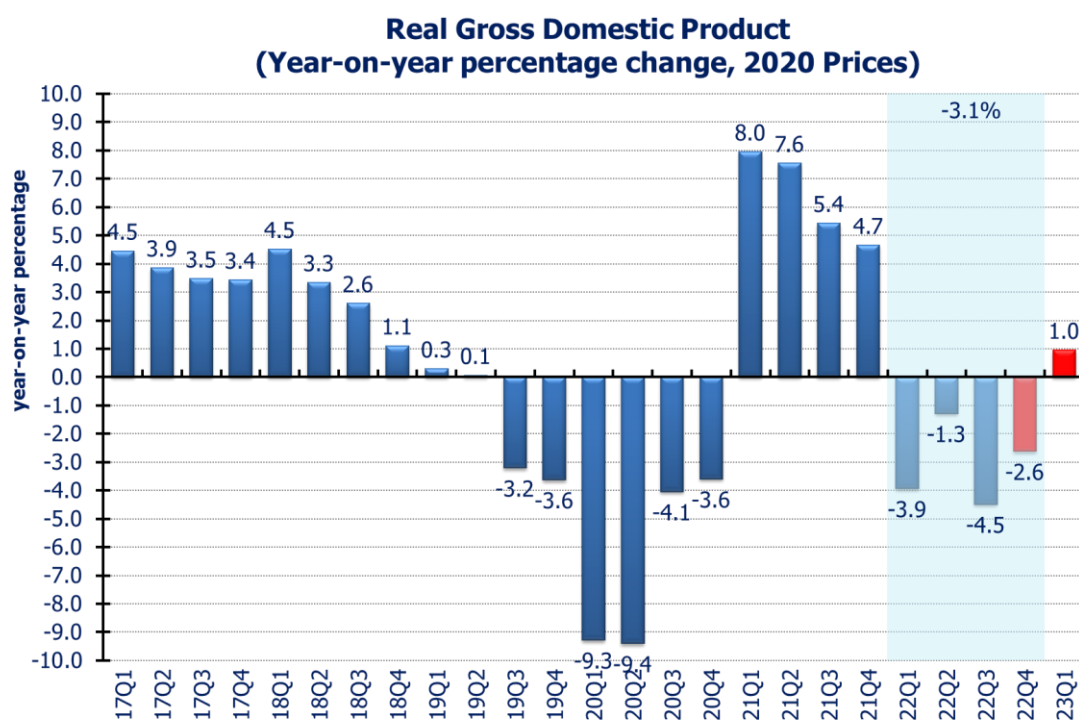


HKU announces 2023 Q1 HK Macroeconomic Forecast

January 5, 2023

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 5). Hong Kong's economy underwent a contraction of 3.1% in 2022, which is in stark contrast to the 6.3% robust growth in 2021. Underpinned by loosening of social distancing measures and lifting of travel restrictions, Hong Kong's real GDP is estimated to have a lesser drop of 2.6% in 22Q4, compared to the 4.5% drop in 22Q3.

The job market is expected to improve further due to the reopening of the Mainland China border with the unemployment rate dropping from 3.7% in 22Q4 to 3.5 in 23Q1. Interest rates hikes brought by monetary contraction to fight surging inflation in various developed economies constrained Hong Kong's economic growth in the first half of 2023. Hong Kong's GDP is expected to grow by 1.0% in 23Q1. The economic outlook in 2023 remains optimistic and a stable economic recovery is expected. Overall, Hong Kong's real GDP is forecast to grow by 2.5% for the year of 2023.



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 2020 HK Dollar)

	2021			2022					2023
	Q3	Q4	Annual	Q1	Q2	Q3	Q4 (Estimate)	Annual (Estimate)	Q1 (Forecast)
Gross Domestic Product	722,378	745,433	2,845,431	673,190	668,074	689,915	725,860	2,757,039	679,672
Private Consumption Expenditure	458,657	493,715	1,872,673	424,522	469,734	458,486	499,012	1,851,754	449,793
Government Consumption Expenditure	89,420	87,872	356,711	101,263	95,509	93,994	92,508	383,274	106,301
Exports of Goods	1,299,663	1,356,348	4,992,806	1,103,268	1,081,716	1,097,509	1,077,374	4,359,867	912,777
Imports of Goods	1,298,762	1,317,259	4,978,184	1,079,735	1,143,107	1,089,368	1,059,145	4,371,355	909,962
Exports of Services	137,236	131,615	526,670	135,613	120,751	132,043	123,072	511,479	124,957
Imports of Services	111,432	113,751	433,600	104,065	97,831	107,373	113,785	423,054	109,852
Gross Fixed Capital Formation	128,654	125,188	498,370	108,455	124,137	110,240	112,400	455,232	103,203
GFCF in Land & Construction	77,485	75,550	310,092	76,136	75,552	72,848	69,088	293,624	71,065
GFCF in Mach., Equip. & Comp. Soft.	51,169	49,638	188,278	32,319	48,585	37,392	43,312	161,608	32,138
Changes in Inventories	18,942	-18,295	9,985	-16,131	17,165	-5,616	-5,578	-10,160	2,456

Date of Forecast: January 5, 2023

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

	2021			2022					2023
	Q3	Q4	Annual	Q1	Q2	Q3	Q4 (Estimate)	Annual (Estimate)	Q1 (Forecast)
Gross Domestic Product	5.4	4.7	6.3	-3.9	-1.3	-4.5	-2.6	-3.1	1.0
Private Consumption Expenditure	6.5	5.3	5.4	-5.8	0.0	0.0	1.1	-1.1	6.0
Government Consumption Expenditure	5.1	4.1	4.6	6.7	13.0	5.1	5.3	7.4	5.0
Exports of Goods	14.2	13.5	18.9	-4.5	-8.4	-15.6	-20.6	-12.7	-17.3
Imports of Goods	16.7	9.9	17.4	-5.9	-5.9	-16.1	-19.6	-12.2	-15.7
Exports of Services	5.8	6.9	1.5	-2.9	2.2	-3.8	-6.5	-2.9	-7.9
Imports of Services	5.9	4.5	1.7	-3.8	-2.4	-3.6	0.0	-2.4	5.6
Gross Fixed Capital Formation	13.0	-0.6	9.8	-7.8	-2.1	-14.3	-10.2	-8.7	-4.8
GFCF in Land & Construction	7.7	0.9	5.9	-4.7	-2.1	-6.0	-8.6	-5.3	-6.7
GFCF in Machinery, Equip. & Computer Software	22.5	-2.3	16.8	-14.5	-2.2	-26.9	-12.7	-14.2	-0.6
GDP Deflator Growth Rate	1.0	2.0	0.8	1.0	0.5	4.4	2.1	1.9	2.6
CPI (Composite) Inflation Rate	2.3	2.0	1.6	1.5	1.5	2.7	1.8	1.9	2.0
Unemployment Rate	4.5	4.0	5.2	5.0	4.7	3.9	3.7	4.3	3.5
Date of Forecast: January 5, 2023									

High Frequency Macroeconomic Forecasts

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

	2022									2023		
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Unit Value Trade Index (Total Exports)	8.1	8.2	7.6	9.2	8.3	7.9	6.6	4.9	4.6	3.8	3.3	3.0
Unit Value Trade Index (Imports of Foodstuffs)	4.9	5.7	5.3	6.5	6.0	4.2	5.1	4.2	3.5	2.8	3.2	2.7
Unit Value Trade Index (Imports of Consumer Goods)	6.4	6.1	6.5	5.4	5.4	5.9	5.7	5.1	4.1	4.4	4.0	4.2
Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures)	9.8	8.6	7.9	7.8	6.8	7.0	6.2	4.8	3.2	3.9	2.9	1.9
Unit Value Trade Index (Imports of Fuels)	57.8	77.0	76.4	69.7	56.2	41.8	33.4	25.3	26.5	17.2	10.4	-0.2
Unit Value Trade Index (Imports of Capital Goods)	8.3	7.3	7.0	8.1	8.8	8.6	7.5	8.3	7.4	8.0	5.0	5.7
Real Retained Imports of Foodstuffs	-15.2	-15.1	-16.2	-12.8	-20.8	-11.9	-15.8	-6.1	-8.0	-6.2	7.6	7.9
Real Retained Imports of Consumer Goods	-9.7	4.7	12.4	-18.0	-19.4	29.1	14.6	-8.6	-0.2	24.9	14.5	13.6
Real Retained Imports of Raw Materials & Semi-Manufactures	-13.5	16.6	24.1	-25.8	-19.8	-4.3	-30.6	-0.4	-14.7	0.8	-27.7	-10.5
Real Retained Imports of Fuels	21.7	-34.1	-12.7	-13.4	-13.4	-17.4	-21.3	-27.8	-2.3	-13.4	-15.0	-5.2
Real Retained Imports of Capital Goods	5.9	-28.3	0.0	-6.2	-78.0	-46.7	-50.9	-0.2	-28.8	-9.1	5.9	-21.9
Total Motor Vehicles Newly Registered	-27.7	-28.7	-15.9	-24.1	13.3	13.5	40.3	6.1	14.1	36.3	41.4	30.7
Private Cars Newly Registered	-37.6	-40.6	-20.6	-28.2	27.2	25.1	61.5	9.0	23.6	54.1	48.7	31.2
Money Supply (M2)	3.7	1.9	0.4	2.4	2.5	1.6	1.2	1.3	1.9	0.1	1.9	3.2
Loans and Advances	1.7	1.8	-2.3	-0.1	-1.0	-1.8	-2.7	-3.0	-2.4	-3.0	-4.1	-5.0
Volume Index of Retail Sales	11.7	-1.6	-1.3	4.1	-0.2	-4.2	3.9	4.2	4.6	5.8	17.2	16.6
Visitors Arrivals	-17.8	252.7	563.1	454.4	451.4	568.5	760.9	1098.5	1297.2	1721.2	3540.7	5191.5
Hong Kong Resident Departures	36.9	42.8	86.6	49.9	68.6	82.0	193.2	328.2	354.1	687.1	276.1	257.7
Electricity Consumption	-1.7	-18.3	-1.6	2.1	0.6	-3.2	-2.2	4.5	-0.3	0.6	-0.3	3.0
Gas Consumption	-1.5	2.7	-2.4	7.1	-3.6	-6.2	2.1	-11.0	-4.7	-3.1	-2.0	-2.5

Date of Forecast: January 5, 2023