

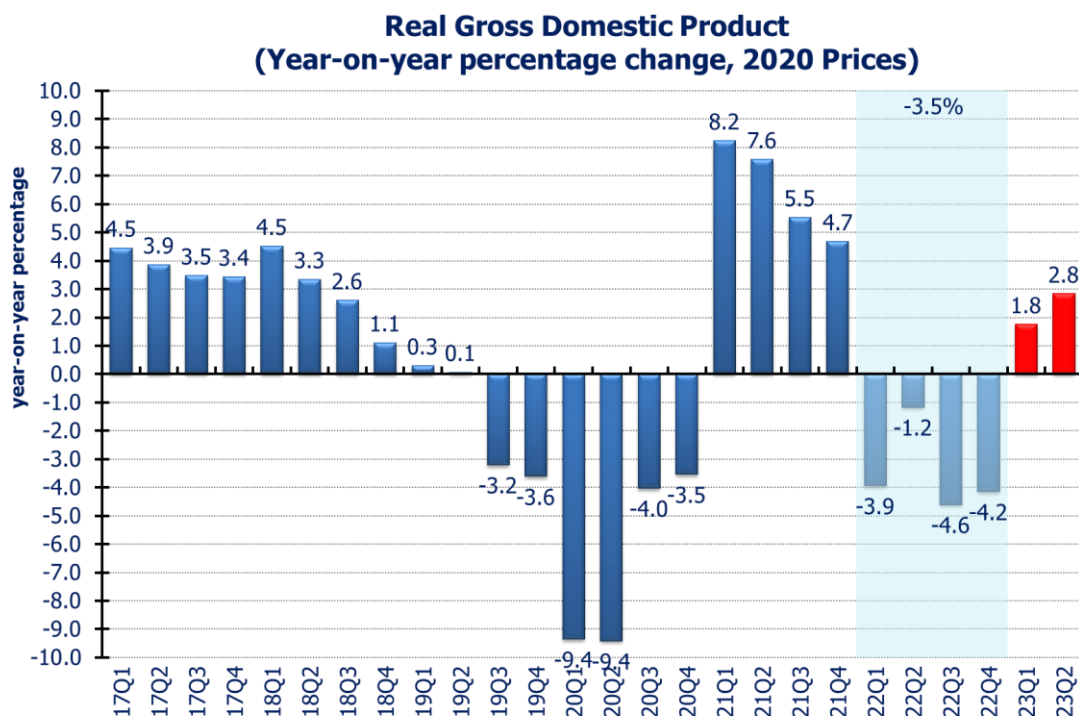


HKU announces 2023 Q2 HK Macroeconomic Forecast

April 13, 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 (April 13). In 2022, Hong Kong's economy experienced a 3.5% contraction, as opposed to the 6.4% growth in 2021. Further lifting of social distancing measures and the resumption of cross-border activities between Mainland China and Hong Kong allowed Hong Kong's economy to rebound to 1.8% growth in 23Q1, after the 4.2% drop in 22Q4.

As the number of tourists continues to increase, the job market is expected to improve, with the unemployment rate dropping from 3.3% in 23Q1 to 3.1% in 23Q2. Due to foreign contractionary monetary policies brought by persistent inflationary pressures in developed economies, Hong Kong's external demand is dampened. Hong Kong's imports and exports remain weak, hindering the pace of economic recovery in the first half of 2023. Hong Kong's GDP is expected to grow by 2.8% in 23Q2. Despite the uncertainty brought by external factors, Hong Kong's economic prospects are still promising in the second half of 2023. Benefiting from the Mainland's economic recovery, Hong Kong's real GDP is forecast to grow by 3.6% for the year 2023 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 macroeconomic 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)

	2022					2023	
	Q1	Q2	Q3	Q4	Annual	Q1 (Estimate)	Q2 (Forecast)
Gross Domestic Product	674,370	668,952	689,910	715,203	2,748,435	686,238	687,942
Private Consumption Expenditure	424,330	468,499	457,398	504,258	1,854,485	453,848	504,112
Government Consumption Expenditure	102,246	96,510	95,479	96,383	390,618	105,313	99,405
Exports of Goods	1,102,410	1,079,574	1,091,341	1,017,081	4,290,406	863,935	951,879
Imports of Goods	1,077,702	1,140,515	1,082,439	1,013,219	4,313,875	881,485	1,012,738
Exports of Services	138,238	123,117	134,226	136,852	532,433	141,811	128,547
Imports of Services	106,110	99,305	108,344	118,540	432,299	111,173	102,559
Gross Fixed Capital Formation	108,831	123,406	109,043	110,454	451,734	106,009	119,403
GFCF in Land & Construction	76,742	75,646	72,138	71,507	296,033	71,813	70,707
GFCF in Mach., Equip. & Comp. Soft.	32,089	47,760	36,905	38,947	155,701	34,196	48,696
Changes in Inventories	-17,873	17,666	-6,794	-18,066	-25,067	7,980	-109

Date of Forecast: April 13, 2023

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 (%)

	2022					2023	
	Q1	Q2	Q3	Q4	Annual	Q1 (Estimate)	Q2 (Forecast)
Gross Domestic Product	-3.9	-1.2	-4.6	-4.2	-3.5	1.8	2.8
Private Consumption Expenditure	-5.8	-0.2	-0.4	1.9	-1.0	7.0	7.6
Government Consumption Expenditure	6.0	12.5	5.3	9.1	8.1	3.0	3.0
Exports of Goods	-4.5	-8.5	-15.8	-24.9	-13.9	-21.6	-11.8
Imports of Goods	-5.9	-6.0	-16.4	-22.9	-13.2	-18.2	-11.2
Exports of Services	-3.0	2.4	-4.2	2.0	-0.9	2.6	4.4
Imports of Services	-3.0	-1.5	-3.2	3.3	-1.0	4.8	3.3
Gross Fixed Capital Formation	-7.2	-1.2	-14.4	-10.9	-8.5	-2.6	-3.2
GFCF in Land & Construction	-4.0	-0.9	-6.0	-4.5	-3.8	-6.4	-6.5
GFCF in Machinery, Equip. & Computer Software	-14.0	-1.8	-27.0	-20.7	-16.1	6.6	2.0
GDP Deflator Growth Rate	1.4	0.9	4.0	2.3	2.0	1.1	1.8
CPI (Composite) Inflation Rate	1.5	1.5	2.7	1.8	1.9	2.1	2.3
Unemployment Rate	5.0	4.7	3.9	3.5	4.3	3.3	3.1
Date of Forecast: April 13, 2023							

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 (%)

	2022						2023					
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Unit Value Trade Index (Total Exports)	9.2	8.3	7.9	6.6	4.2	5.6	5.4	5.2	5.0	5.3	4.6	5.3
Unit Value Trade Index (Imports of Foodstuffs)	6.5	6.0	4.2	5.1	4.8	4.7	3.1	3.3	2.8	3.8	-0.1	3.0
Unit Value Trade Index (Imports of Consumer Goods)	5.4	5.3	5.9	5.7	5.1	2.9	3.9	3.6	3.5	3.6	1.4	3.1
Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures)	7.8	6.8	7.0	6.2	3.8	4.0	4.6	3.5	2.6	3.3	-4.3	3.2
Unit Value Trade Index (Imports of Fuels)	69.7	56.2	41.9	33.4	26.4	21.4	23.4	17.8	7.8	-1.4	-32.8	-11.8
Unit Value Trade Index (Imports of Capital Goods)	8.1	8.7	8.6	7.5	7.2	6.5	8.0	4.5	5.4	6.5	2.2	5.6
Real Retained Imports of Foodstuffs	-12.8	-20.8	-11.9	-15.8	-11.6	-18.1	-21.8	-1.1	-0.2	-15.8	-11.4	-13.8
Real Retained Imports of Consumer Goods	-18.1	-18.9	26.6	12.5	-6.9	-14.2	-5.6	7.9	-0.7	-15.5	-10.3	-27.6
Real Retained Imports of Raw Materials & Semi-Manufactures	-26.6	-19.6	-4.2	-31.8	4.0	15.0	29.3	-17.6	2.5	4.5	-21.9	-22.1
Real Retained Imports of Fuels	-13.2	-13.6	-17.3	-21.3	-30.8	8.4	-2.3	-12.8	-2.2	-17.0	33.5	-2.0
Real Retained Imports of Capital Goods	-6.8	-78.2	-47.2	-51.2	-48.6	-22.2	-21.4	-5.0	-27.8	-50.8	-28.5	-53.4
Total Motor Vehicles Newly Registered	-24.1	13.3	13.5	40.3	2.4	0.6	-1.7	15.7	6.3	13.0	15.2	-0.7
Private Cars Newly Registered	-28.2	27.2	25.1	61.5	7.7	16.1	22.3	31.7	16.4	42.1	44.6	14.4
Money Supply (M2)	2.4	2.5	1.7	1.2	1.3	1.6	0.5	0.0	1.6	2.9	3.9	4.3
Loans and Advances	-0.1	-1.0	-1.8	-2.7	-3.0	-3.0	-2.6	-3.3	-4.2	-3.7	-4.3	-4.0
Volume Index of Retail Sales	4.1	-0.2	0.4	4.0	-4.1	-4.2	6.8	31.3	24.4	8.2	15.8	15.6
Visitors Arrivals	454.4	451.4	568.5	760.9	1099	1600	6960	55573	97638	34163	8822	4035
Hong Kong Resident Departures	49.9	68.6	82.0	193.2	328.2	367.2	2224	4074	7887	11409	8474	5705
Electricity Consumption	2.1	0.6	-3.2	-2.2	4.5	0.4	1.0	1.7	3.6	0.4	9.7	1.7
Gas Consumption	7.1	-3.6	-6.2	2.1	-11.0	-5.0	-3.7	0.4	-2.9	-2.0	-3.0	0.4
Date of Forecast: April 13, 2023												