



香港大學

THE UNIVERSITY OF HONG KONG

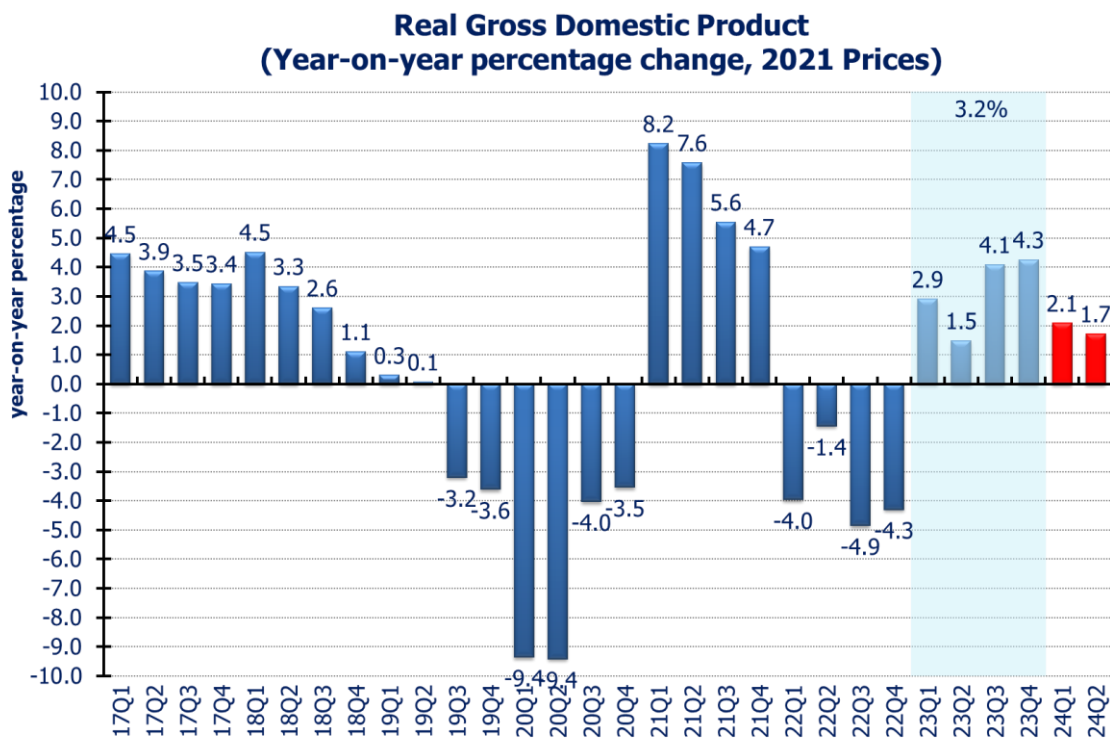
HKU announces 2024 Q2 HK Macroeconomic Forecast

April 10, 2024

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 10). Hong Kong's economic growth surged from 2.2% in the first half of 2023 to 4.2% in the second half, resulting in an annual growth of 3.2%. Hong Kong's real GDP is expected to grow by 2.1% in 24Q1, reflecting the continued slowdown in the Mainland and global economies.

Given the tightness in the labour market, it is projected that the unemployment rates for 24Q1 and 24Q2 will remain at 2.9% respectively. Hong Kong's external trade is expected to maintain its positive momentum, with exports and imports of goods projected to increase from 4.1% and 1.9% growth in the 24Q1 to 6.5% and 5.2% growth in 24Q2. Hong Kong's services exports is expected to increase by 5.9% in 24Q2, thanks to the resumption of normal travel. However, the surge in consumption by Hong Kong residents abroad has led to a significant increase of 7.5% in services imports during the same period, entirely offsetting the contribution of service exports to the overall economic growth.

As of August 2023, the Fed has raised interest rates 11 times, and tight monetary policy has persisted since then. The prolonged series of interest rate hikes has resulted in a global economic slowdown. Economic growth is expected to be slower in the first half of 2024, with a projected real GDP growth of 1.7% in the 24Q2. Interest rates are expected to be gradually reduced by the Fed, leading to a more optimistic economic outlook for Hong Kong in the second half of 2024. The projected economic growth for Hong Kong in 2024 remains consistent with our previous forecast released in January 2024, with a growth rate of 2.3% for the year.



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 2021 HK Dollar)

	2023					2024	
	Q1	Q2	Q3	Q4	Annual	Q1 (Estimate)	Q2 (Forecast)
Gross Domestic Product	698,557	681,656	721,300	749,710	2,851,223	713,144	693,426
Private Consumption Expenditure	470,209	497,968	477,838	510,033	1,956,048	474,681	499,671
Government Consumption Expenditure	104,283	87,602	92,037	91,745	375,667	99,194	82,013
Exports of Goods	937,066	962,182	1,046,393	1,095,687	4,041,328	975,675	1,025,009
Imports of Goods	962,660	1,004,254	1,065,017	1,099,454	4,131,385	981,121	1,056,738
Exports of Services	183,189	173,984	192,203	192,605	741,981	193,178	184,189
Imports of Services	140,677	139,501	154,044	164,452	598,674	152,512	149,953
Gross Fixed Capital Formation	116,122	120,731	129,258	129,261	495,372	118,597	129,014
GFCF in Land & Construction	80,955	84,718	83,503	80,025	329,201	81,378	84,812
GFCF in Mach., Equip. & Comp. Soft.	35,167	36,013	45,755	49,236	166,171	37,218	44,202
Changes in Inventories	-8,975	-17,056	2,632	-5,715	-29,114	-14,548	-19,780

Date of Forecast: Apr 10, 2024

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Table 2: Current Quarter Model Forecast
Year-on-Year Growth Rate (%)

	2023					2024	
	Q1	Q2	Q3	Q4	Annual	Q1 (Estimate)	Q2 (Forecast)
Gross Domestic Product	2.9	1.5	4.1	4.3	3.2	2.1	1.7
Private Consumption Expenditure	12.7	7.8	6.2	3.3	7.3	1.0	0.3
Government Consumption Expenditure	1.3	-9.7	-4.0	-5.2	-4.3	-4.9	-6.4
Exports of Goods	-19.0	-15.1	-8.7	2.6	-10.3	4.1	6.5
Imports of Goods	-14.8	-16.0	-6.1	3.6	-8.6	1.9	5.2
Exports of Services	16.6	23.0	23.2	22.2	21.2	5.5	5.9
Imports of Services	20.5	26.9	28.9	28.4	26.2	8.4	7.5
Gross Fixed Capital Formation	8.6	-1.9	21.8	16.4	10.8	2.1	6.9
GFCF in Land & Construction	2.5	6.2	12.9	4.3	6.4	0.5	0.1
GFCF in Machinery, Equip. & Computer Software	25.7	-16.8	42.3	43.5	20.7	5.8	22.7
GDP Deflator Growth Rate	2.3	3.4	2.8	4.1	3.0	3.4	2.4
CPI (Composite) Inflation Rate	1.9	2.0	1.9	2.6	2.1	2.1	2.1
Unemployment Rate	3.1	2.9	2.8	2.9	2.9	2.9	2.9
Date of Forecast: Apr 10, 2024							

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

	2023						2024					
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Unit Value Trade Index (Total Exports)	3.0	3.7	4.4	5.0	5.5	3.2	3.8	4.6	4.0	3.9	4.4	4.1
Unit Value Trade Index (Imports of Foodstuffs)	3.4	3.7	3.4	3.3	2.7	2.3	2.9	2.4	2.3	1.8	1.7	2.4
Unit Value Trade Index (Imports of Consumer Goods)	3.9	4.0	3.5	3.7	3.4	5.3	3.3	2.1	3.0	2.4	1.9	2.7
Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures)	4.0	4.9	3.9	4.5	5.6	6.1	5.8	8.3	5.8	5.9	5.2	3.5
Unit Value Trade Index (Imports of Fuels)	-31.6	-18.9	-11.7	-14.0	-17.9	-17.2	-20.1	-16.7	-3.9	-7.6	1.2	0.2
Unit Value Trade Index (Imports of Capital Goods)	4.9	3.8	3.9	3.9	3.9	3.9	3.5	4.8	4.5	3.1	3.8	3.8
Real Retained Imports of Foodstuffs	-8.5	-2.8	-4.4	-8.1	-5.0	-1.6	3.9	-15.0	-12.6	-5.9	-11.3	-3.8
Real Retained Imports of Consumer Goods	11.3	24.5	19.6	-34.2	-9.4	-10.5	17.5	-40.5	-24.1	1.5	-8.3	-23.9
Real Retained Imports of Raw Materials & Semi-Manufactures	-13.2	-26.8	0.5	64.9	-7.4	-1.1	-78.4	-23.5	-23.9	-51.7	-31.9	-40.6
Real Retained Imports of Fuels	6.8	14.3	29.7	18.1	14.9	42.3	25.3	11.6	14.5	-10.0	-15.5	-14.1
Real Retained Imports of Capital Goods	-26.6	175.5	46.3	12.2	111.2	23.5	-2.0	-47.0	5.1	-13.5	13.2	14.9
Total Motor Vehicles Newly Registered	13.9	-6.4	-26.3	-19.4	-10.8	2.0	55.1	-13.2	19.3	27.8	6.4	13.6
Private Cars Newly Registered	39.5	3.2	-21.4	-15.4	-3.6	13.1	74.1	-7.6	28.7	36.2	10.5	20.0
Money Supply (M2)	2.3	2.8	2.8	3.3	4.0	4.0	2.1	4.0	4.1	4.6	6.4	6.7
Loans and Advances	-4.7	-4.5	-4.9	-4.2	-4.3	-3.6	-5.5	-5.9	-5.8	-5.7	-5.3	-4.8
Volume Index of Retail Sales	16.7	13.7	12.9	5.9	15.9	-4.2	1.0	1.9	-7.2	-3.5	-0.9	-1.9
Visitors Arrivals	7369	6741	4097	4195	2791	1639	543.5	114.4	11.1	6.3	3.9	11.4
Hong Kong Resident Departures	4518	4212	3770	2714	2080	1327	391.7	146.3	49.3	23.9	45.8	85.2
Electricity Consumption	-2.0	1.9	-4.8	2.6	-0.4	2.7	2.6	4.7	1.3	1.1	2.6	0.2
Gas Consumption	-9.7	-4.6	1.3	0.4	-0.4	-3.6	-2.8	0.7	-0.7	-2.5	-1.6	-4.2
Date of Forecast: Apr 10, 2024												