

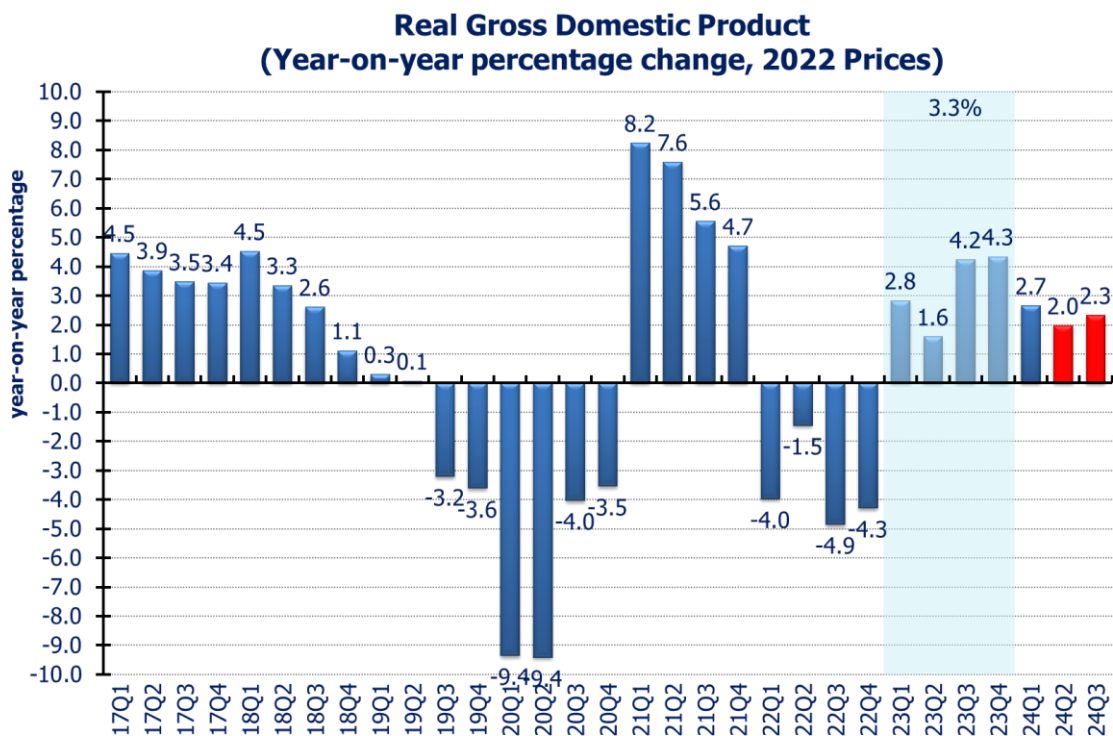


HKU announces 2024 Q3 HK Macroeconomic Forecast

July 4, 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 (July 4). Hong Kong's economic growth grew by 2.7% in 24Q1, lower than the annual 3.3% in 2023. Hong Kong's real GDP is expected to further moderate to a 2.0% growth in 24Q2, reflecting a slowdown in Hong Kong domestic demand.

Given the tightness in the labour market, the unemployment rate is projected to remain at 3.0% in 24Q3. Private consumption expenditure is expected to experience a slight negative growth in 24Q3 since the recovery from the pandemic. Clouded by a grim outlook for the retail industry, the volume of retail sales dropped by 16.5% and 12.9% in April and May 2024 respectively, partly due to changes in local consumer patterns and a surge in consumption by Hong Kong residents abroad. Despite the slow pace of US Fed's rate cut, it is still expected to provide a mild support for output growth. Economic growth is expected to be 2.3% in the 24Q3, slightly higher than the first half of 2024. The projected economic growth for Hong Kong in 2024 remains consistent with our previous forecast released in July 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 2022 HK Dollar)

	2023					2024		
	Q1	Q2	Q3	Q4	Annual	Q1	Q2 (Estimate)	Q3 (Forecast)
Gross Domestic Product	709,763	693,816	734,482	762,957	2,901,018	728,625	707,505	751,566
Private Consumption Expenditure	481,870	511,861	490,691	522,723	2,007,145	486,910	512,333	489,524
Government Consumption Expenditure	106,897	90,004	94,534	94,171	385,606	103,673	86,360	91,026
Exports of Goods	1,000,319	1,028,089	1,117,495	1,172,275	4,318,178	1,068,309	1,087,067	1,186,154
Imports of Goods	1,033,264	1,078,218	1,143,525	1,182,743	4,437,750	1,067,499	1,113,636	1,166,922
Exports of Services	193,269	185,551	204,515	202,940	786,275	209,553	197,507	215,000
Imports of Services	147,515	145,741	160,669	169,407	623,332	172,886	179,397	191,971
Gross Fixed Capital Formation	117,502	121,858	130,378	131,719	501,457	117,875	120,404	130,462
GFCF in Land & Construction	81,937	85,475	84,102	81,724	333,238	87,638	85,547	82,055
GFCF in Mach., Equip. & Comp. Soft.	35,565	36,383	46,276	49,995	168,219	30,237	34,857	48,407
Changes in Inventories	-9,315	-19,588	1,063	-8,721	-36,561	-17,310	-3,133	-1,707

Date of Forecast: July 4, 2024

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

	2023					2024		
	Q1	Q2	Q3	Q4	Annual	Q1	Q2 (Estimate)	Q3 (Forecast)
Gross Domestic Product	2.8	1.6	4.2	4.3	3.3	2.7	2.0	2.3
Private Consumption Expenditure	13.0	8.4	6.7	3.5	7.7	1.0	0.1	-0.2
Government Consumption Expenditure	1.2	-9.5	-3.9	-5.2	-4.3	-3.0	-4.0	-3.7
Exports of Goods	-19.1	-15.1	-8.7	2.8	-10.3	6.8	5.7	6.1
Imports of Goods	-14.8	-16.0	-6.1	3.8	-8.6	3.3	3.3	2.0
Exports of Services	15.7	23.4	23.4	21.2	20.9	8.4	6.4	5.1
Imports of Services	21.1	27.0	28.7	26.7	25.9	17.2	23.1	19.5
Gross Fixed Capital Formation	8.9	-1.9	21.7	17.5	11.1	0.3	-1.2	0.1
GFCF in Land & Construction	3.0	6.5	12.9	5.4	6.9	7.0	0.1	-2.4
GFCF in Machinery, Equip. & Computer Software	25.4	-17.1	42.0	43.7	20.5	-15.0	-4.2	4.6
GDP Deflator Growth Rate	2.1	2.7	2.4	3.8	2.7	4.3	2.9	1.1
CPI (Composite) Inflation Rate	1.9	2.0	1.9	2.6	2.1	1.9	1.1	0.9
Unemployment Rate	3.1	2.9	2.8	2.9	2.9	3.0	3.0	3.0
Date of Forecast: July 4, 2024								

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

	2023			2024								
	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
Unit Value Trade Index (Total Exports)	5.0	5.5	3.2	3.8	5.8	4.2	3.8	4.2	3.9	4.1	3.9	3.4
Unit Value Trade Index (Imports of Foodstuffs)	3.3	2.7	2.3	2.9	1.2	0.6	-0.1	-0.2	0.3	0.4	-0.1	0.1
Unit Value Trade Index (Imports of Consumer Goods)	3.7	3.4	5.3	3.3	3.1	4.0	3.2	2.7	3.5	3.4	3.0	2.6
Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures)	4.5	5.6	6.1	5.8	8.1	5.1	4.1	4.1	2.2	3.7	3.0	2.2
Unit Value Trade Index (Imports of Fuels)	-14.0	-17.9	-17.2	-20.1	-13.0	-1.1	-3.2	6.9	6.0	6.7	-0.5	-3.5
Unit Value Trade Index (Imports of Capital Goods)	3.9	3.9	3.9	3.5	5.1	4.8	2.9	3.8	3.7	2.7	3.3	1.2
Real Retained Imports of Foodstuffs	-8.1	-5.0	-1.6	3.9	-7.7	-7.4	-7.1	-10.0	-2.1	-5.5	-7.9	-8.8
Real Retained Imports of Consumer Goods	-34.2	-9.4	-10.5	17.5	-2.3	-16.5	-26.1	2.7	-22.9	-7.8	-12.5	-30.5
Real Retained Imports of Raw Materials & Semi-Manufactures	64.9	-7.4	-1.1	-78.4	37.4	10.0	-5.2	23.9	-1.6	26.2	38.5	-14.9
Real Retained Imports of Fuels	18.1	14.9	42.3	25.3	10.7	28.7	13.3	-8.6	-6.9	22.8	17.4	9.2
Real Retained Imports of Capital Goods	12.2	111.2	23.5	-2.0	-80.7	8.3	-5.8	20.1	-18.5	4.7	-6.4	-3.2
Total Motor Vehicles Newly Registered	-19.4	-10.8	2.0	55.1	3.4	35.6	84.9	-13.4	6.0	7.2	4.6	5.1
Private Cars Newly Registered	-15.4	-3.6	13.1	74.1	13.9	60.9	124.8	-20.5	-3.2	2.8	3.2	3.1
Money Supply (M2)	3.3	4.0	4.0	2.1	4.0	3.4	5.5	7.1	7.3	7.0	7.3	8.1
Loans and Advances	-4.2	-4.3	-3.6	-5.5	-5.9	-5.4	-5.7	-5.3	-4.7	-4.5	-4.5	-3.7
Volume Index of Retail Sales	2.9	12.4	4.8	-1.2	0.5	-4.2	-16.5	-12.8	-7.1	-5.9	-5.9	-5.3
Visitors Arrivals	4195	2791	2347	667.1	173.7	38.6	17.3	20.2	18.6	22.6	19.4	15.3
Hong Kong Resident Departures	2714	2080	1327	350	109	74	24.6	44.1	55.3	61.4	55.4	62.5
Electricity Consumption	2.6	-0.4	2.7	2.6	4.7	3.2	15.1	6.8	2.5	3.3	1.6	6.2
Gas Consumption	0.4	-0.4	-3.6	-2.8	0.7	4.5	-2.9	-1.7	-4.1	1.6	0.6	-1.1

Date of Forecast: July 4, 2024