

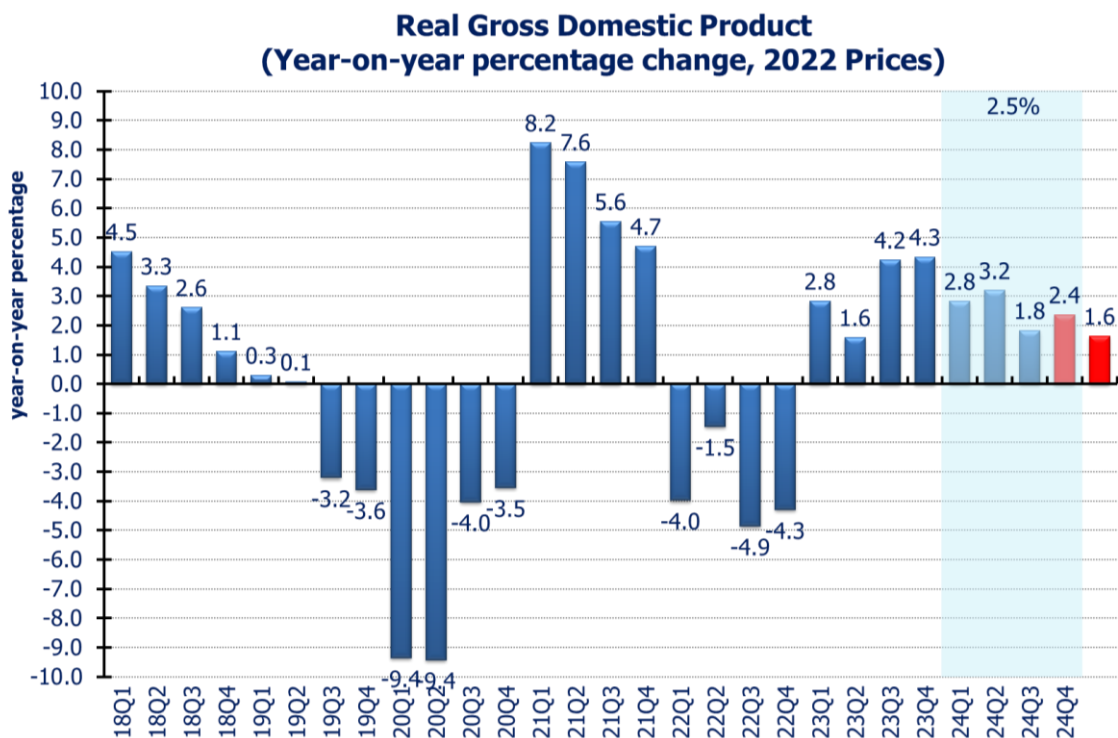


HKU announces 2025 Q1 HK Macroeconomic Forecast

January 9, 2025

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 9). Compared to the 3.0% economic growth in the first half of 2024, changes in consumption patterns among Hong Kong residents and shifts in travel patterns among mainland tourists have respectively resulted in weaker local private consumption expenditure and lower-than-expected improvements in tourism-related service exports. Economic growth slowed in the second half of 2024, with a 1.8% growth recorded in 24Q3. Hong Kong’s real GDP is expected to grow by 2.4% in 24Q4, with an estimated annual growth of 2.5% for the year 2024 as a whole.

The labor market is anticipated to remain stable, with the unemployment rate kept at 3.1%. Clouded by the uncertainties in US tariffs and interest rates, Hong Kong's economic outlook will be constrained by two key factors: whether a consensus on trade can be reached between China and the US and the pace of interest rate cuts by the Fed. These will pose significant challenges to Hong Kong's economy in 2025. The economic growth in Hong Kong is expected to be slower in the first half of 2025, with real GDP projected to rise by 1.6% in the 25Q1. It is expected that the economy will improve in the second half of 2025, benefiting from the rates cut. Hong Kong’s economic growth is projected to be between 2.5% to 3.0% for the year 2025.



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					2025
	Q3	Q4	Annual	Q1	Q2	Q3	Q4 (Estimate)	Annual (Estimate)	Q1 (Forecast)
Gross Domestic Product	734,482	762,957	2,901,018	729,857	715,986	747,941	781,011	2,974,795	741,823
Private Consumption Expenditure	490,691	522,723	2,007,145	487,873	503,853	484,318	520,460	1,996,504	489,407
Government Consumption Expenditure	94,534	94,171	385,606	104,493	91,969	96,551	96,496	389,509	107,128
Exports of Goods	1,117,495	1,172,275	4,318,178	1,068,032	1,105,226	1,161,787	1,198,116	4,533,161	1,065,789
Imports of Goods	1,143,525	1,182,743	4,437,750	1,067,721	1,115,360	1,175,061	1,186,231	4,544,373	1,058,633
Exports of Services	204,515	202,940	786,275	211,426	187,632	209,385	205,471	813,914	212,840
Imports of Services	160,669	169,407	623,332	174,106	163,694	173,854	182,762	694,416	178,082
Gross Fixed Capital Formation	130,378	131,719	501,457	117,610	126,837	135,222	126,837	506,506	126,837
GFCF in Land & Construction	84,102	81,724	333,238	87,083	97,172	81,951	78,134	344,340	83,834
GFCF in Mach., Equip. & Comp. Soft.	46,276	49,995	168,219	30,527	29,665	53,271	47,330	160,793	33,095
Changes in Inventories	1,063	-8,721	-36,561	-17,750	-20,477	9,593	3,996	-24,638	-13,556
Date of Forecast: Jan 9, 2025									

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

	2023			2024					2025
	Q3	Q4	Annual	Q1	Q2	Q3	Q4 (Estimate)	Annual (Estimate)	Q1 (Forecast)
Gross Domestic Product	4.2	4.3	3.3	2.8	3.2	1.8	2.4	2.5	1.6
Private Consumption Expenditure	6.7	3.5	7.7	1.2	-1.6	-1.3	-0.4	-0.5	0.3
Government Consumption Expenditure	-3.9	-5.2	-4.3	-2.2	2.2	2.1	2.5	1.0	2.5
Exports of Goods	-8.7	2.8	-10.3	6.8	7.5	4.0	2.2	5.0	-0.2
Imports of Goods	-6.1	3.8	-8.6	3.3	3.4	2.8	0.3	2.4	-0.9
Exports of Services	23.4	21.2	20.9	9.4	1.1	2.4	1.2	3.5	0.7
Imports of Services	28.7	26.7	25.9	18.0	12.3	8.2	7.9	11.4	2.3
Gross Fixed Capital Formation	21.7	17.5	11.1	0.1	4.1	3.7	-3.7	1.0	7.8
GFCF in Land & Construction	12.9	5.4	6.9	6.3	13.7	-2.6	-4.4	3.3	-3.7
GFCF in Machinery, Equip. & Computer Software	42.0	43.7	20.5	-14.2	-18.5	15.1	-5.3	-4.4	8.4
GDP Deflator Growth Rate	2.5	3.8	2.7	3.8	4.2	4.1	4.0	3.9	3.7
CPI (Composite) Inflation Rate	1.9	2.6	2.1	1.9	1.2	2.4	1.4	1.7	1.7
Unemployment Rate	2.8	2.9	3.0	3.0	3.0	3.0	3.1	3.0	3.1
Date of Forecast: Jan 9, 2025									

High Frequency Macroeconomic Forecasts

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

	2024									2025		
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Unit Value Trade Index (Total Exports)	3.8	4.4	3.6	3.8	3.2	3.1	3.5	3.6	4.4	3.4	2.6	3.3
Unit Value Trade Index (Imports of Foodstuffs)	-0.1	-0.7	-0.1	-0.2	-0.6	-1.0	-1.1	-1.1	-1.5	-1.0	-0.1	0.3
Unit Value Trade Index (Imports of Consumer Goods)	3.2	3.3	4.4	4.4	4.5	4.3	4.6	4.8	4.1	5.5	4.4	4.4
Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures)	4.1	3.6	1.3	2.2	1.3	1.9	2.1	1.9	-0.1	0.4	0.1	1.3
Unit Value Trade Index (Imports of Fuels)	-3.2	2.8	-0.1	0.3	-8.9	-17.6	-12.4	-6.3	3.6	0.0	-3.3	-2.6
Unit Value Trade Index (Imports of Capital Goods)	2.9	3.9	4.4	3.5	4.8	4.2	5.0	5.7	5.8	5.2	5.2	5.4
Real Retained Imports of Foodstuffs	-7.1	-4.0	3.9	-7.2	-7.7	-7.3	-4.6	-2.2	-1.3	-2.6	-9.4	-7.7
Real Retained Imports of Consumer Goods	-26.1	-23.1	-24.3	-19.1	-22.2	-36.8	32.4	-8.8	4.7	-17.3	-37.2	-12.6
Real Retained Imports of Raw Materials & Semi-Manufactures	-5.2	-6.2	22.8	13.9	53.6	4.0	-6.8	11.5	-10.6	287.5	23.6	-1.7
Real Retained Imports of Fuels	13.3	-4.3	0.7	8.7	17.5	17.5	3.3	20.6	-8.8	2.3	9.3	-3.4
Real Retained Imports of Capital Goods	-76.8	7.4	17.3	4.7	14.1	7.5	12.3	-12.6	-14.2	32.4	140.4	-0.8
Total Motor Vehicles Newly Registered	84.9	-29.2	-33.2	-20.3	-22.3	-15.6	0.5	-17.2	-22.4	-31.2	-35.3	-34.0
Private Cars Newly Registered	124.8	-28.8	-34.3	-16.6	-20.8	-15.9	2.7	-14.0	-21.3	-33.4	-37.0	-39.8
Money Supply (M2)	5.5	7.8	7.4	7.1	7.8	8.5	8.6	7.3	7.4	8.8	9.2	9.8
Loans and Advances	-5.7	-5.5	-5.0	-5.0	-4.5	-3.1	-3.6	-3.1	-3.8	-1.9	-1.4	-2.0
Volume Index of Retail Sales	-16.5	-12.7	-11.2	-13.2	-11.8	-4.2	-4.9	-8.3	-1.8	0.3	-8.5	-4.2
Visitors Arrivals	17.3	20.2	14.0	9.3	9.2	10.5	18.3	8.5	4.7	2.2	0.6	-0.5
Hong Kong Resident Departures	24.6	44.1	49.6	28.5	31.0	33.5	31.0	23.7	13.8	20.0	3.1	-9.1
Electricity Consumption	15.1	-2.9	-4.1	1.1	0.4	5.0	3.6	0.4	-0.4	0.1	-2.3	-1.0
Gas Consumption	-2.9	-2.6	2.3	0.8	0.7	-1.2	-1.8	-2.8	-1.1	-0.6	-2.7	-4.2

Date of Forecast: Jan 9, 2025