

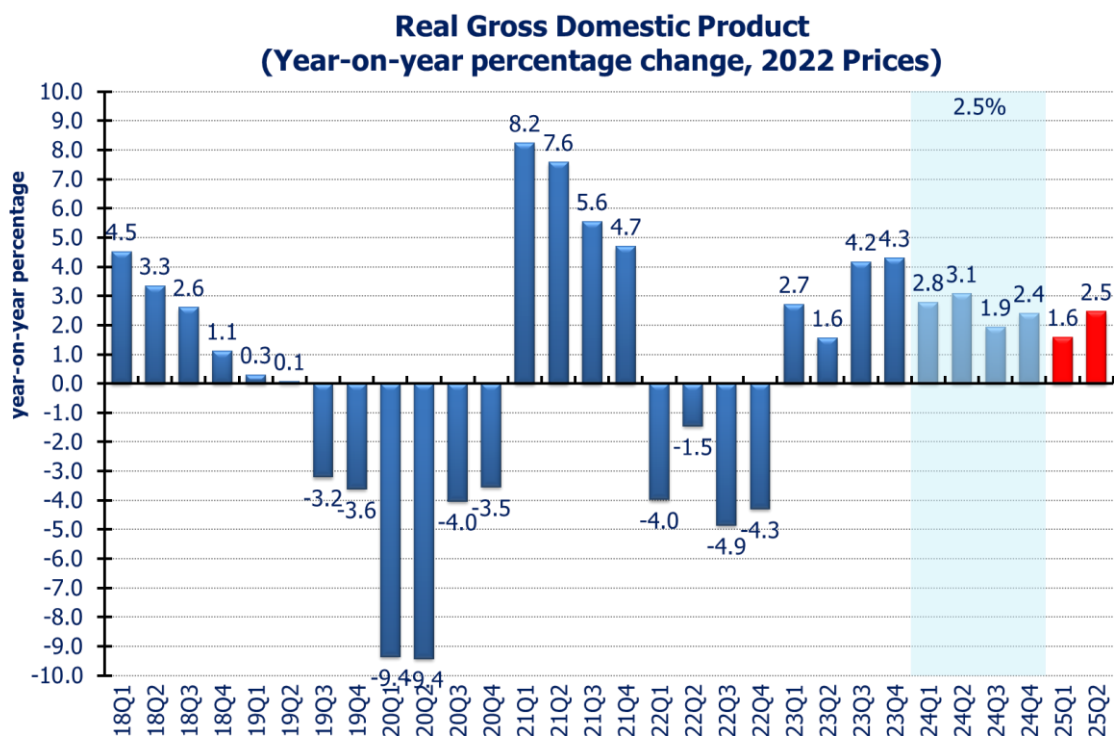


HKU announces 2025 Q2 HK Macroeconomic Forecast

April 2, 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 (April 2). Compared to the 2.9% economic growth in the first half of 2024, Hong Kong's economic growth slowed to 2.5% in the second half of the year. Hong Kong's real GDP is expected to grow by 1.6% in 25Q1, reflecting the impact of further escalation of China-US trade uncertainties.

The unemployment rate is projected to remain at 3.2% during 25Q1 and 25Q2. US tariffs on multiple countries hinder global economic growth, presenting major challenges to Hong Kong's external demand. Hong Kong's economic growth will mainly be driven by domestic demand in 2025. Despite the economic impact of structural changes in local consumption and increased cross-border consumption, mild inflation and interest rate cuts are expected to provide impetus to local private consumption expenditure, which is expected to grow by 1.9% in 25Q2. Real GDP growth is forecast to reach 2.5% in 25Q2. The overall economic growth for 2025 is expected to be between 2.5% and 3.0%, aligning with our previous forecast released in January 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)

| | 2024 | | | | | 2025 | |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|------------------|------------------|
| | Q1 | Q2 | Q3 | Q4 | Annual | Q1 (Estimate) | Q2 (Forecast) |
| Gross Domestic Product | 728,728 | 715,029 | 748,210 | 780,972 | 2,972,939 | 740,350 | 732,679 |
| Private Consumption Expenditure | 483,091 | 499,353 | 480,494 | 516,481 | 1,979,419 | 484,492 | 509,061 |
| Government Consumption Expenditure | 105,214 | 92,352 | 96,570 | 96,529 | 390,665 | 107,870 | 94,623 |
| Exports of Goods | 1,073,588 | 1,108,860 | 1,164,953 | 1,188,316 | 4,535,717 | 1,070,931 | 1,114,851 |
| Imports of Goods | 1,072,239 | 1,118,711 | 1,177,692 | 1,187,638 | 4,556,280 | 1,060,407 | 1,133,212 |
| Exports of Services | 209,081 | 185,587 | 207,922 | 212,633 | 815,223 | 218,038 | 192,762 |
| Imports of Services | 175,044 | 163,580 | 174,390 | 180,600 | 693,614 | 183,632 | 167,822 |
| Gross Fixed Capital Formation | 118,358 | 128,332 | 138,093 | 130,261 | 515,044 | 119,163 | 130,544 |
| GFCF in Land & Construction | 87,395 | 97,504 | 84,509 | 80,274 | 349,682 | 83,417 | 91,620 |
| GFCF in Mach., Equip. & Comp. Soft. | 30,963 | 30,828 | 53,584 | 49,987 | 165,362 | 35,746 | 38,924 |
| Changes in Inventories | -13,321 | -17,164 | 12,260 | 4,990 | -13,235 | -16,105 | -8,128 |

Date of Forecast: April 2, 2025

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

| | 2024 | | | | | 2025 | |
|---|-------|-------|------|------|--------|------------------|------------------|
| | Q1 | Q2 | Q3 | Q4 | Annual | Q1 (Estimate) | Q2 (Forecast) |
| Gross Domestic Product | 2.8 | 3.1 | 1.9 | 2.4 | 2.5 | 1.6 | 2.5 |
| Private Consumption Expenditure | 1.0 | -1.7 | -1.3 | -0.2 | -0.6 | 0.3 | 1.9 |
| Government Consumption Expenditure | -1.5 | 2.0 | 1.7 | 2.0 | 1.0 | 2.5 | 2.5 |
| Exports of Goods | 6.7 | 7.4 | 4.0 | 1.3 | 4.7 | -0.2 | 0.5 |
| Imports of Goods | 3.3 | 3.4 | 2.8 | 0.4 | 2.4 | -1.1 | 1.3 |
| Exports of Services | 9.5 | 1.3 | 2.9 | 5.6 | 4.8 | 4.3 | 3.9 |
| Imports of Services | 18.4 | 11.8 | 8.9 | 7.8 | 11.5 | 4.9 | 2.6 |
| Gross Fixed Capital Formation | 0.4 | 4.4 | 5.7 | -0.9 | 2.4 | 0.7 | 1.7 |
| GFCF in Land & Construction | 5.7 | 12.2 | -0.1 | -2.0 | 4.0 | -4.6 | -6.0 |
| GFCF in Machinery, Equip. & Computer Software | -12.0 | -14.4 | 16.5 | 0.9 | -0.8 | 15.4 | 26.3 |
| | | | | | | | |
| GDP Deflator Growth Rate | 3.7 | 4.3 | 4.6 | 2.9 | 3.8 | 3.3 | 2.5 |
| CPI (Composite) Inflation Rate | 1.9 | 1.2 | 2.4 | 1.4 | 1.7 | 1.7 | 2.0 |
| | | | | | | | |
| Unemployment Rate | 3.0 | 3.0 | 3.0 | 3.1 | 3.0 | 3.2 | 3.2 |
| | | | | | | | |
| Date of Forecast: April 2, 2025 | | | | | | | |

High Frequency Macroeconomic Forecasts
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Table 3: Selected Monthly Indicators
Year-on-Year Growth Rate (%)

| | 2024 | | | | | | 2025 | | | | | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN |
| Unit Value Trade Index (Total Exports) | 3.8 | 3.1 | 3.2 | 3.4 | 2.7 | 2.7 | 2.0 | 0.9 | 1.5 | 1.5 | 1.3 | 1.6 |
| Unit Value Trade Index (Imports of Foodstuffs) | -0.2 | -0.6 | -0.9 | -1.1 | -1.1 | -1.0 | -0.7 | 0.4 | 0.9 | 1.1 | 1.7 | 1.7 |
| Unit Value Trade Index (Imports of Consumer Goods) | 4.4 | 4.5 | 4.2 | 4.7 | 4.9 | 3.7 | 4.3 | 3.3 | 3.2 | 3.4 | 2.9 | 2.6 |
| Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures) | 2.3 | 1.4 | 1.9 | 2.1 | 0.7 | 0.0 | 0.1 | -0.2 | 0.9 | 1.6 | 1.6 | 2.2 |
| Unit Value Trade Index (Imports of Fuels) | 0.2 | -8.9 | -17.6 | -12.4 | -7.7 | -3.4 | -3.9 | -5.7 | -4.6 | -6.4 | -3.5 | -1.7 |
| Unit Value Trade Index (Imports of Capital Goods) | 3.5 | 4.8 | 4.2 | 5.0 | 5.0 | 5.9 | 4.1 | 4.3 | 4.7 | 4.9 | 4.8 | 4.1 |
| Real Retained Imports of Foodstuffs | -7.0 | -7.7 | -7.5 | -4.7 | -2.0 | 6.9 | 1.3 | -7.2 | -5.5 | -0.7 | -6.2 | -7.3 |
| Real Retained Imports of Consumer Goods | -18.9 | -21.9 | -36.2 | 30.2 | -25.8 | -15.8 | -29.9 | -44.1 | -23.8 | 6.7 | -1.9 | -15.7 |
| Real Retained Imports of Raw Materials & Semi-Manufactures | 13.1 | 52.4 | 3.4 | -6.5 | 64.7 | -0.3 | 215.5 | 40.4 | 5.5 | 14.5 | 56.7 | -1.9 |
| Real Retained Imports of Fuels | 8.9 | 17.6 | 17.7 | 3.3 | 16.5 | -9.3 | -11.5 | 5.2 | -7.3 | -2.8 | 5.1 | -3.0 |
| Real Retained Imports of Capital Goods | 4.2 | 13.2 | 7.5 | 12.9 | 24.6 | -70.6 | -72.0 | 44.0 | -41.2 | 86.3 | -35.5 | -40.4 |
| Total Motor Vehicles Newly Registered | -20.3 | -22.3 | -15.6 | 0.5 | -13.4 | -15.5 | -30.5 | -32.6 | -31.0 | -45.7 | 10.4 | 22.4 |
| Private Cars Newly Registered | -16.6 | -20.8 | -15.9 | 2.7 | -12.5 | -17.9 | -32.3 | -35.4 | -38.1 | -52.0 | 9.7 | 25.4 |
| Money Supply (M2) | 7.1 | 7.8 | 8.5 | 8.6 | 7.3 | 7.3 | 9.6 | 10.4 | 10.8 | 9.1 | 8.7 | 9.4 |
| Loans and Advances | -5.0 | -4.5 | -3.1 | -3.6 | -3.1 | -2.8 | -2.2 | -1.5 | -1.7 | -1.0 | -0.4 | -0.1 |
| Volume Index of Retail Sales | -13.2 | -11.8 | -8.7 | -4.9 | -8.4 | -4.2 | -5.1 | -15.1 | -10.4 | -1.5 | -2.5 | -4.3 |
| Visitors Arrivals | 9.3 | 9.2 | 10.5 | 18.3 | 8.5 | 8.3 | 24.0 | -8.3 | 12.3 | 9.7 | 5.3 | 3.9 |
| Hong Kong Resident Departures | 28.5 | 31.0 | 33.5 | 31.0 | 23.7 | 17.3 | 29.4 | 4.2 | 4.3 | 13.5 | 4.9 | 5.5 |
| Electricity Consumption | 1.1 | 0.4 | 5.0 | 3.6 | 0.4 | -3.4 | -2.5 | -4.3 | -2.0 | -9.4 | 4.7 | 3.7 |
| Gas Consumption | 0.8 | 0.7 | -1.2 | -1.8 | -2.8 | 6.7 | -3.3 | -1.0 | -3.3 | -0.5 | -0.3 | -3.8 |
| Date of Forecast: April 2, 2025 | | | | | | | | | | | | |