

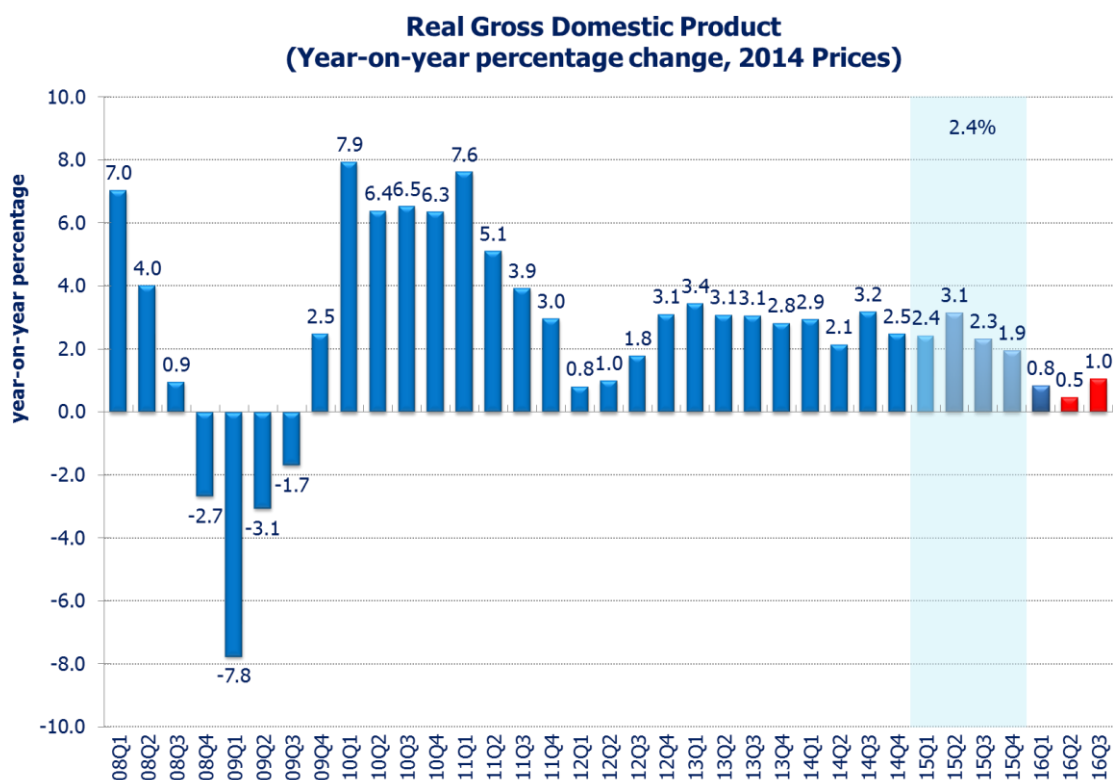


HKU announces 2016 Q3 HK Macroeconomic Forecast

July 7, 2016

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 7). According to its High Frequency Macroeconomic Forecast, real GDP is estimated to grow by 0.5% in 16Q2, when compared with the same period in 2015, slower than the 0.8% growth in 16Q1.

In 16Q3, real GDP growth is expected to improve slightly to 1.0% when compared with the same period last year. Slowed from the 2.4% growth in 2015, we forecast Hong Kong GDP will grow by 1.2% in 2016 as a whole, downward revised by 0.3 percentage points comparing to our previous forecast.



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 HKU in the Faculty of Business and Economics. It aims to provide the community with timely information useful for tracking the short-term fluctuations of the economy. The current quarter macro 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 Institution of Economics and Business Strategy.

The project is sponsored by the Faculty of Business and Economics. The Hong Kong Centre for Economic Research at HKU provides administrative support to the project. Researchers at the Hong Kong Institution of Economics and Business Strategy are solely responsible for the accuracy and interpretation of the forecasts. Our quarterly forecasts can be accessed at:

<http://www.hiebs.hku.hk/apec/macroforecast.htm>

For media enquiries, please contact the HKU Hong Kong Institute of Economics & Business Strategy, tel: 2548 9300, 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 2014 HK Dollar)

	2015					2016		
	Q1	Q2	Q3	Q4	Annual	Q1	Q2 (Estimate)	Q3 (Forecast)
Gross Domestic Product	560,128	550,483	588,748	613,884	2,313,243	564,788	552,973	594,882
Private Consumption Expenditure	383,974	399,542	382,344	407,402	1,573,262	388,007	403,282	387,124
Government Consumption Expenditure	57,908	52,861	55,070	55,553	221,392	59,769	54,447	56,722
Exports of Goods	887,994	916,630	986,612	1,014,373	3,805,609	855,907	892,253	976,429
Imports of Goods	1,033,407	1,071,253	1,099,302	1,147,949	4,351,911	977,367	1,035,848	1,083,590
Exports of Services	268,090	249,600	278,812	278,748	1,075,250	254,824	239,840	273,530
Imports of Services	124,369	122,047	130,070	131,840	508,326	129,091	124,811	133,467
Gross Fixed Capital Formation	126,195	133,914	123,455	136,815	520,379	113,396	121,018	114,449
GFCF in Land & Construction	74,856	73,336	70,609	72,625	291,426	68,170	64,546	63,630
GFCF in Mach., Equip. & Comp. Soft.	51,339	60,578	52,846	64,190	228,953	45,226	56,472	50,820
Changes in Inventories	-6,257	-8,764	-8,173	782	-22,412	-657	2,791	3,685

Date of Forecast: July 7, 2016

High Frequency Macroeconomic Forecasts
APEC Studies Programme
Hong Kong Institute of Economics & Business Strategy
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Table 2: Current Quarter Model Forecast
Year-on-Year Growth Rate (%)

	2015					2016		
	Q1	Q2	Q3	Q4	Annual	Q1	Q2 (Estimate)	Q3 (Forecast)
Gross Domestic Product	2.4	3.1	2.3	1.9	2.4	0.8	0.5	1.0
Private Consumption Expenditure	5.0	6.8	4.4	2.7	4.7	1.1	0.9	1.3
Government Consumption Expenditure	3.9	3.6	2.8	3.3	3.4	3.2	3.0	3.0
Exports of Goods	0.2	-3.8	-3.1	-0.5	-1.9	-3.6	-2.7	-1.0
Imports of Goods	-0.2	-3.3	-4.2	-2.8	-2.7	-5.4	-3.3	-1.4
Exports of Services	0.7	1.6	-0.2	-2.7	-0.2	-4.9	-3.9	-1.9
Imports of Services	6.7	5.1	5.5	5.4	5.7	3.8	2.3	2.6
Gross Fixed Capital Formation	5.6	3.9	-6.2	-9.4	-2.0	-10.1	-9.6	-7.3
GFCF in Land & Construction	1.9	12.8	-2.5	-5.8	1.2	-8.9	-12.0	-9.9
GFCF in Machinery, Equip. & Computer Software	10.4	-4.7	-10.7	-12.9	-5.8	-11.9	-6.8	-3.8
GDP Deflator Growth Rate	4.3	4.3	3.4	2.7	3.7	2.3	1.8	1.1
CPI (Composite) Inflation Rate	4.4	3.0	2.3	2.4	3.0	2.9	2.5	2.4
Unemployment Rate	3.3	3.2	3.3	3.3	3.3	3.4	3.4	3.5
Date of Forecast: July 7, 2016								

High Frequency Macroeconomic Forecasts

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

	2015			2016								
	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
Unit Value Trade Index (Domestic Exports)	-3.2	-3.1	-3.5	-2.9	-3.2	-3.4	-2.9	-3.0	-2.7	-2.4	-1.1	-1.5
Unit Value Trade Index (Imports of Foodstuffs)	-3.5	-3.6	-3.8	-2.4	-3.0	-2.8	-2.6	-2.4	-2.5	-1.7	-1.6	-1.0
Unit Value Trade Index (Imports of Consumer Goods)	-1.0	-1.3	-2.5	-2.1	-0.8	-1.3	-1.5	-2.1	-2.7	-2.2	-1.9	-1.7
Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures)	1.1	-0.7	-0.6	-0.7	-1.6	-1.4	-0.4	-0.8	-1.1	-0.9	-1.2	-0.6
Unit Value Trade Index (Imports of Fuels)	-40.8	-35.3	-34.8	-39.9	-40.1	-37.6	-29.6	-27.3	-25.3	-17.9	-7.7	0.4
Unit Value Trade Index (Imports of Capital Goods)	-2.2	-1.9	-1.8	-2.2	-3.3	-2.9	-1.1	-2.3	-2.5	-2.8	-2.5	-2.8
Real Retained Imports of Foodstuffs	-6.6	-12.2	-17.3	-5.1	-3.3	-8.2	6.1	2.9	2.3	8.0	10.9	10.0
Real Retained Imports of Consumer Goods	-34.8	-17.6	-3.3	-8.4	4.5	3.0	-10.6	11.8	-13.0	-4.6	4.6	-0.8
Real Retained Imports of Raw Materials & Semi-Manufactures	-25.1	-28.9	-22.7	-34.9	-6.3	-1.0	-19.9	-13.9	-16.3	-1.2	-1.9	-10.2
Real Retained Imports of Fuels	11.6	0.7	7.2	-4.1	-1.9	-7.2	-8.7	-3.1	-1.6	-2.5	-10.0	-2.5
Real Retained Imports of Capital Goods	-8.2	-17.7	-4.3	-36.6	-17.4	4.4	-5.6	-19.3	-4.6	12.6	12.5	0.2
Total Motor Vehicles Newly Registered	6.6	28.7	15.9	-12.7	-37.0	-16.8	2.8	-4.3	-23.7	-7.8	-1.2	-6.4
Private Cars Newly Registered	9.7	33.8	23.3	-13.4	-41.3	-7.9	3.4	-0.7	-20.7	-0.1	4.9	-5.4
Money Supply (M2)	3.8	3.9	5.5	5.8	4.9	3.5	3.0	2.1	3.2	4.2	4.0	5.4
Loans and Advances	2.8	2.9	3.5	2.2	1.4	-1.4	1.9	2.1	-0.5	0.3	0.8	1.3
Volume Index of Retail Sales	1.1	-6.0	-6.1	-5.2	-19.6	-8.8	-0.8	-9.1	-2.4	-3.4	-3.2	-2.8
Visitors Arrivals	-2.7	-10.4	-10.7	-6.8	-20.5	-4.3	-2.1	-6.4	-2.5	-1.4	-3.6	-5.1
Hong Kong Resident Departures	4.4	4.1	5.6	1.8	3.9	10.1	-5.4	2.9	2.1	5.4	4.4	-0.2
Electricity Consumption	1.2	7.4	2.8	3.9	4.6	-2.9	4.6	-2.4	-3.1	2.1	0.7	1.3
Gas Consumption	0.9	-2.2	-4.0	-5.5	4.0	8.7	2.9	-0.1	0.7	1.9	-0.4	-0.5

Date of Forecast: July 7, 2016