

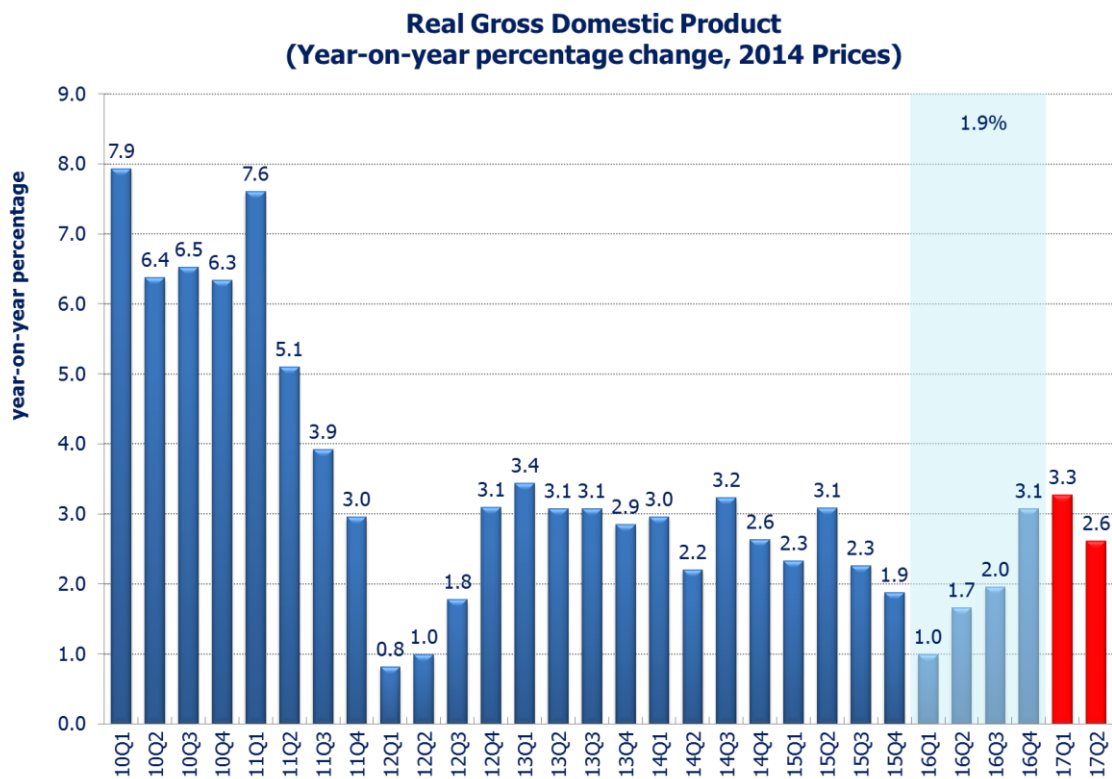


HKU announces 2017 Q2 HK Macroeconomic Forecast

April 11, 2017

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 11). According to its High Frequency Macroeconomic Forecast, real GDP is estimated to grow by 3.3% in 17Q1, when compared with the same period in 2016, slightly faster than the 3.1% growth in 16Q4.

In 17Q2, real GDP growth is expected to moderate to 2.6% when compared with the same period last year. Comparing to the 1.9% growth in 2016, we expect Hong Kong GDP will pick up and grow between 2.1% to 2.9% in 2017, upward revised by 0.5 percentage point comparing to our previous forecast reflecting strong domestic demand.



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>

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)

	2016					2017	
	Q1	Q2	Q3	Q4	Annual	Q1 (Estimate)	Q2 (Forecast)
Gross Domestic Product	565,290	559,570	600,298	633,461	2,358,619	583,809	574,168
Private Consumption Expenditure	389,290	401,738	387,084	421,411	1,599,523	398,198	410,190
Government Consumption Expenditure	59,860	54,742	56,920	57,388	228,910	61,656	56,384
Exports of Goods	855,932	934,780	1,005,628	1,062,194	3,858,534	899,978	971,302
Imports of Goods	977,366	1,073,754	1,125,279	1,202,220	4,378,619	1,027,797	1,123,913
Exports of Services	255,287	237,709	274,360	283,891	1,051,247	261,789	241,038
Imports of Services	130,023	123,609	131,826	135,434	520,892	129,559	124,809
Gross Fixed Capital Formation	114,010	125,982	130,127	141,435	511,554	121,414	139,186
GFCF in Land & Construction	69,010	72,597	74,183	81,834	297,624	73,923	77,539
GFCF in Mach., Equip. & Comp. Soft.	45,000	53,385	55,944	59,601	213,930	47,491	61,647
Changes in Inventories	-1,700	1,982	3,284	4,796	8,362	-1,871	4,790
Date of Forecast: April 11, 2017							

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

	2016					2017	
	Q1	Q2	Q3	Q4	Annual	Q1 (Estimate)	Q2 (Forecast)
Gross Domestic Product	1.0	1.7	2.0	3.1	1.9	3.3	2.6
Private Consumption Expenditure	1.5	0.3	1.2	3.2	1.6	2.3	2.1
Government Consumption Expenditure	3.2	3.4	3.3	3.3	3.3	3.0	3.0
Exports of Goods	-3.6	2.0	1.9	4.7	1.4	5.1	3.9
Imports of Goods	-5.4	0.2	2.4	4.7	0.6	5.2	4.7
Exports of Services	-5.0	-4.4	-1.6	1.5	-2.3	2.5	1.4
Imports of Services	4.6	1.6	1.6	3.1	2.7	-0.4	1.0
Gross Fixed Capital Formation	-8.7	-5.0	6.7	5.2	-0.5	6.5	10.5
GFCF in Land & Construction	-7.2	-0.7	6.0	13.2	2.7	7.1	6.8
GFCF in Machinery, Equip. & Computer Software	-10.9	-10.3	7.6	-4.2	-4.6	5.5	15.5
GDP Deflator Growth Rate	2.2	1.9	1.5	1.7	1.8	1.7	1.8
CPI (Composite) Inflation Rate	2.8	2.6	3.1	1.2	2.4	0.6	1.0
Unemployment Rate	3.4	3.4	3.4	3.3	3.4	3.3	3.3
Date of Forecast: April 11, 2017							

High Frequency Macroeconomic Forecasts

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

	2016						2017					
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Unit Value Trade Index (Domestic Exports)	1.1	1.5	2.1	2.0	1.2	1.2	1.3	1.5	2.2	0.8	0.3	0.0
Unit Value Trade Index (Imports of Foodstuffs)	-1.4	-0.6	-0.3	0.5	1.2	1.5	0.2	0.9	1.7	1.5	1.3	1.1
Unit Value Trade Index (Imports of Consumer Goods)	-0.6	-1.6	-1.0	0.1	0.1	-0.2	-1.0	-0.5	0.0	-1.1	-0.8	-0.5
Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures)	1.9	1.2	2.4	2.4	1.9	2.6	0.1	0.8	1.2	1.5	2.2	2.2
Unit Value Trade Index (Imports of Fuels)	45.2	58.0	51.8	34.3	37.0	29.8	28.1	34.1	30.5	21.8	24.5	22.8
Unit Value Trade Index (Imports of Capital Goods)	-0.2	-1.0	-0.3	-0.1	1.3	1.1	0.4	0.1	0.3	0.3	0.0	-1.6
Real Retained Imports of Foodstuffs	-21.8	2.6	3.1	-4.0	-4.6	7.1	-2.2	-5.8	-9.1	-3.7	-6.7	2.2
Real Retained Imports of Consumer Goods	-18.9	3.1	-6.0	6.5	-2.4	1.0	4.8	-9.7	-1.5	-2.6	-9.3	-11.8
Real Retained Imports of Raw Materials & Semi-Manufactures	35.7	16.9	14.2	31.2	35.6	0.0	10.8	18.9	28.5	14.9	9.5	-0.2
Real Retained Imports of Fuels	7.0	12.9	12.8	14.6	19.1	-9.7	10.6	22.3	-3.7	17.4	-4.7	1.8
Real Retained Imports of Capital Goods	-61.2	-7.8	-27.1	-14.5	-7.9	-31.3	-5.9	-30.8	-35.9	-34.8	-9.0	-13.2
Total Motor Vehicles Newly Registered	-9.9	-2.7	-2.9	-13.4	-6.3	0.4	0.5	-2.5	-4.7	2.8	-7.8	-1.9
Private Cars Newly Registered	-5.2	-2.7	-1.8	-11.1	-3.1	1.3	-0.9	-0.5	-7.2	1.5	-5.8	-2.4
Money Supply (M2)	3.0	2.1	3.1	5.2	5.4	8.3	8.9	9.2	9.1	8.4	10.2	10.4
Loans and Advances	1.9	2.1	0.3	0.9	1.8	3.5	4.5	5.4	4.4	5.1	6.1	6.0
Volume Index of Retail Sales	-4.4	-9.1	-9.0	-9.8	-9.3	-8.9	-9.4	-7.4	-10.9	-11.5	-10.1	-11.4
Visitors Arrivals	4.8	-2.7	-4.4	-12.2	-12.1	-12.8	-12.6	-6.3	-12.8	-12.0	-10.4	-13.5
Hong Kong Resident Departures	10.5	-7.2	-4.1	5.0	-0.7	-1.0	-0.6	6.1	0.1	1.9	-1.0	-1.8
Electricity Consumption	-4.2	-3.2	2.7	-2.6	-0.1	-1.6	-1.8	2.8	1.2	-3.7	1.1	1.1
Gas Consumption	3.0	-5.2	-5.1	-2.0	-0.3	-0.9	-0.5	0.7	-0.8	-0.9	-0.6	0.4

Date of Forecast: April 11, 2017