

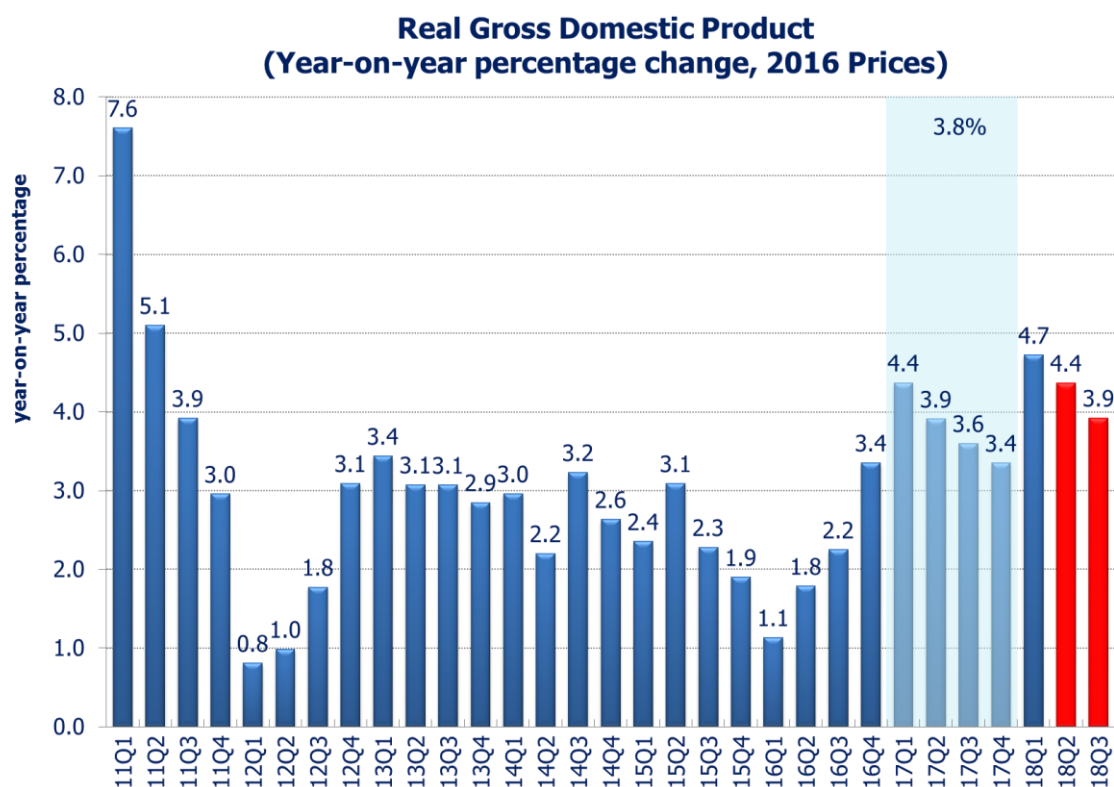


HKU announces 2018 Q3 HK Macroeconomic Forecast

July 12, 2018

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 12). According to its High Frequency Macroeconomic Forecast, real GDP is estimated to grow by 4.4% in 18Q2, extending the strong 4.7% GDP growth in 18Q1, reflecting high domestic demand.

In 18Q3, real GDP growth is expected to moderate to 3.9% when compared with the same period last year. Comparing to the 3.8% growth in 2017 as a whole, we expect Hong Kong's GDP will grow at faster pace at 4.0% in 2018.



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 Institute 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/macroforecasts>

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 2016 HK Dollar)

	2017					2018		
	Q1	Q2	Q3	Q4	Annual	Q1	Q2 (Estimate)	Q3 (Forecast)
Gross Domestic Product	622,671	613,468	657,255	691,816	2,585,210	652,077	640,258	683,044
Private Consumption Expenditure	414,909	435,955	426,124	464,128	1,741,116	450,653	467,632	452,603
Government Consumption Expenditure	66,512	61,062	64,390	63,988	255,952	69,090	62,894	66,322
Exports of Goods	940,161	983,567	1,079,800	1,119,896	4,123,424	988,751	1,051,513	1,146,973
Imports of Goods	989,265	1,047,373	1,098,418	1,167,201	4,302,257	1,057,078	1,130,305	1,174,405
Exports of Services	200,486	180,708	203,099	204,848	789,141	215,530	193,302	215,777
Imports of Services	141,936	142,088	151,329	153,899	589,252	147,372	145,808	160,188
Gross Fixed Capital Formation	127,184	140,440	133,632	153,369	554,625	131,961	137,375	134,279
GFCF in Land & Construction	86,572	86,346	80,365	90,203	343,486	88,846	83,883	78,591
GFCF in Mach., Equip. & Comp. Soft.	40,612	54,094	53,267	63,166	211,139	43,115	53,492	55,687
Changes in Inventories	4,620	1,197	-43	6,687	12,461	542	3,654	1,684

Date of Forecast: July 12, 2018

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

	2017					2018		
	Q1	Q2	Q3	Q4	Annual	Q1	Q2 (Estimate)	Q3 (Forecast)
Gross Domestic Product	4.4	3.9	3.6	3.4	3.8	4.7	4.4	3.9
Private Consumption Expenditure	3.7	5.8	6.3	6.3	5.5	8.6	7.3	6.2
Government Consumption Expenditure	2.8	3.0	4.5	3.2	3.4	3.9	3.0	3.0
Exports of Goods	9.6	5.7	5.7	3.4	5.9	5.2	6.9	6.2
Imports of Goods	10.3	6.4	6.3	5.4	7.0	6.9	7.9	6.9
Exports of Services	3.3	1.9	3.5	3.9	3.2	7.5	7.0	6.2
Imports of Services	0.9	4.8	1.4	0.8	1.9	3.8	2.6	5.9
Gross Fixed Capital Formation	5.7	7.6	-2.1	3.1	3.5	3.8	-2.2	0.5
GFCF in Land & Construction	13.4	8.6	-1.3	-1.2	4.5	2.6	-2.9	-2.2
GFCF in Machinery, Equip. & Computer Software	-7.8	6.1	-3.0	9.9	1.8	6.2	-1.1	4.5
GDP Deflator Growth Rate	2.4	3.4	3.2	2.8	2.9	4.1	2.7	2.4
CPI (Composite) Inflation Rate	0.5	2.0	1.8	1.6	1.5	2.4	1.6	2.0
Unemployment Rate	3.2	3.1	3.1	2.9	3.1	2.9	2.8	2.8
Date of Forecast: July 12, 2018								

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

	2017			2018								
	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
Unit Value Trade Index (Domestic Exports)	2.2	2.2	2.3	2.0	2.3	2.5	2.6	3.2	3.0	3.4	3.2	3.1
Unit Value Trade Index (Imports of Foodstuffs)	2.3	1.3	2.3	2.9	3.1	3.6	4.3	2.5	2.6	2.3	1.5	1.9
Unit Value Trade Index (Imports of Consumer Goods)	1.0	1.0	1.1	2.9	2.2	2.2	1.7	1.0	0.4	-0.1	-0.5	0.5
Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures)	3.5	3.6	4.0	2.9	2.8	3.2	3.1	2.7	2.0	1.4	1.2	1.0
Unit Value Trade Index (Imports of Fuels)	15.2	26.0	21.5	14.6	15.1	19.1	20.7	22.3	31.9	32.2	25.0	18.9
Unit Value Trade Index (Imports of Capital Goods)	0.9	0.3	0.0	0.5	0.3	0.8	1.6	3.1	2.7	1.5	1.7	1.8
Real Retained Imports of Foodstuffs	1.8	-2.5	13.3	19.6	-14.2	26.6	-10.6	2.5	4.2	-1.2	-1.6	-3.7
Real Retained Imports of Consumer Goods	-0.1	-0.2	-16.4	54.3	-21.7	14.1	24.6	-12.6	7.8	18.5	1.0	1.4
Real Retained Imports of Raw Materials & Semi-Manufactures	36.3	7.5	32.1	15.4	-10.6	13.2	23.5	35.4	15.9	30.5	15.4	10.6
Real Retained Imports of Fuels	7.3	-9.2	6.1	1.0	4.8	37.1	-17.3	5.4	10.1	2.1	-0.5	-0.2
Real Retained Imports of Capital Goods	-17.5	42.3	25.4	300.6	-22.9	2.4	25.1	9.4	-13.0	37.9	12.4	5.2
Total Motor Vehicles Newly Registered	-6.6	-5.3	-8.1	12.9	-2.1	-36.7	9.9	-8.2	-3.5	-1.0	-5.9	-8.7
Private Cars Newly Registered	-13.0	-8.6	-17.8	4.9	-2.0	-50.1	13.3	-11.3	-2.2	-0.2	-7.5	-11.3
Money Supply (M2)	12.1	9.1	10.0	11.0	9.4	7.8	9.8	6.2	6.1	5.7	6.7	7.2
Loans and Advances	21.4	16.6	16.1	16.4	15.7	15.0	17.1	12.0	11.3	11.8	12.0	10.5
Volume Index of Retail Sales	0.5	3.9	1.4	-0.6	25.3	7.0	7.9	8.5	8.3	6.1	6.8	5.6
Visitors Arrivals	6.6	7.0	4.7	-2.6	26.3	8.9	11.0	8.0	10.3	6.1	15.0	2.5
Hong Kong Resident Departures	-3.1	-4.3	-1.9	-9.5	4.1	7.1	-11.8	-0.3	0.4	0.7	6.0	1.6
Electricity Consumption	-0.5	-1.8	0.9	4.7	2.4	2.8	2.3	16.4	3.9	3.2	-1.0	-2.8
Gas Consumption	-2.0	4.7	0.0	8.2	7.9	-1.9	-2.9	0.1	-0.1	-0.2	1.0	1.9
Date of Forecast: July 12, 2018												