



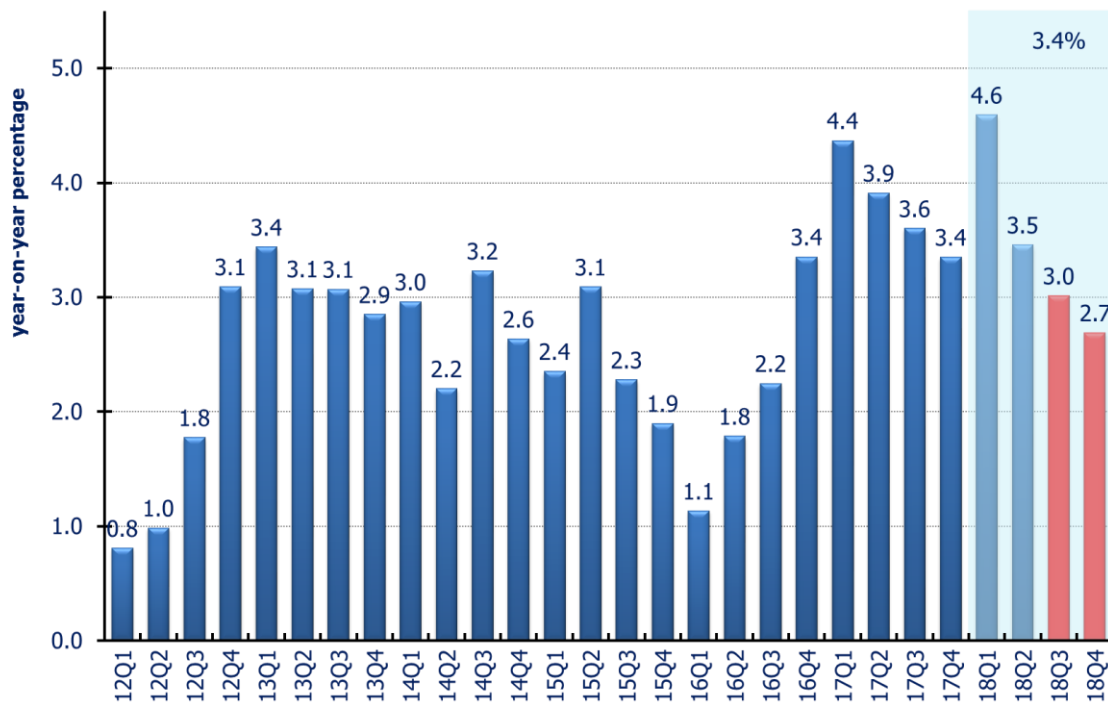
HKU announces 2018 Q4 HK Macroeconomic Forecast

October 4, 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 (October 4). According to its High Frequency Macroeconomic Forecast, real GDP is estimated to grow by 3.0% in 18Q3, when compared with the same period in 2017, moderate from the 3.5% growth in 18Q2.

In 18Q4, real GDP growth is expected to moderate to 2.7% when compared with the same period last year. Comparing to the 3.8% growth in 2017, we expect Hong Kong GDP will moderate to 3.4% in 2018 as a whole, downward revised by 0.6 percentage point comparing to our previous forecast reflecting the impact of rising interest rate and the uncertainty of the US-China trade war.

**Real Gross Domestic Product
(Year-on-year percentage change, 2016 Prices)**



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/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				
	Q3	Q4	Annual	Q1	Q2	Q3 (Estimate)	Q4 (Forecast)	Annual (Forecast)
Gross Domestic Product	657,255	691,816	2,585,210	651,268	634,683	677,062	710,432	2,673,445
Private Consumption Expenditure	426,124	464,128	1,741,116	451,391	462,412	448,467	483,616	1,845,886
Government Consumption Expenditure	64,390	63,988	255,952	69,073	63,719	66,322	65,908	265,021
Exports of Goods	1,079,800	1,119,896	4,123,424	988,764	1,028,592	1,124,342	1,174,145	4,315,843
Imports of Goods	1,098,418	1,167,201	4,302,257	1,057,158	1,113,061	1,149,712	1,224,309	4,544,241
Exports of Services	203,099	204,848	789,141	216,230	191,659	214,260	215,214	837,364
Imports of Services	151,329	153,899	589,252	147,867	142,592	157,120	159,261	606,839
Gross Fixed Capital Formation	133,632	153,369	554,625	132,520	141,005	132,572	152,548	558,645
GFCF in Land & Construction	80,365	90,203	343,486	89,432	84,352	76,802	87,614	338,200
GFCF in Mach., Equip. & Comp. Soft.	53,267	63,166	211,139	43,088	56,653	55,769	64,934	220,444
Changes in Inventories	-43	6,687	12,461	-1,685	2,949	-2,069	2,571	1,766

Date of Forecast: Oct 4, 2018

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

	2017			2018				
	Q3	Q4	Annual	Q1	Q2	Q3 (Estimate)	Q4 (Forecast)	Annual (Forecast)
Gross Domestic Product	3.6	3.4	3.8	4.6	3.5	3.0	2.7	3.4
Private Consumption Expenditure	6.3	6.3	5.5	8.8	6.1	5.2	4.2	6.0
Government Consumption Expenditure	4.5	3.2	3.4	3.9	4.4	3.0	3.0	3.5
Exports of Goods	5.7	3.4	5.9	5.2	4.6	4.1	4.8	4.7
Imports of Goods	6.3	5.4	7.0	6.9	6.3	4.7	4.9	5.6
Exports of Services	3.5	3.9	3.2	7.9	6.1	5.5	5.1	6.1
Imports of Services	1.4	0.8	1.9	4.2	0.4	3.8	3.5	3.0
Gross Fixed Capital Formation	-2.1	3.1	3.5	4.2	0.4	-0.8	-0.5	0.7
GFCF in Land & Construction	-1.3	-1.2	4.5	3.3	-2.3	-4.4	-2.9	-1.5
GFCF in Machinery, Equip. & Computer Software	-3.0	9.9	1.8	6.1	4.7	4.7	2.8	4.4
GDP Deflator Growth Rate	3.2	2.8	2.9	4.1	4.1	3.2	2.9	3.6
CPI (Composite) Inflation Rate	1.8	1.6	1.5	2.4	2.1	2.3	2.2	2.3
Unemployment Rate	3.1	3.0	3.1	2.9	2.8	2.8	2.8	2.8
Date of Forecast: Oct 4, 2018								

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

	2018											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Unit Value Trade Index (Domestic Exports)	2.0	2.3	2.5	2.6	2.8	2.7	2.4	2.1	1.9	2.0	1.8	1.3
Unit Value Trade Index (Imports of Foodstuffs)	2.9	3.1	3.6	4.3	2.3	2.8	3.2	2.6	3.1	2.9	3.6	2.5
Unit Value Trade Index (Imports of Consumer Goods)	2.9	2.2	2.2	1.7	1.6	1.6	2.3	1.8	2.9	2.8	2.9	3.4
Unit Value Trade Index (Imports of Raw Materials & Semi-Manufactures)	2.9	2.8	3.2	3.1	2.5	1.9	1.5	1.0	1.2	1.1	1.7	1.3
Unit Value Trade Index (Imports of Fuels)	14.6	15.1	19.1	20.7	30.8	39.7	38.3	27.8	19.8	20.8	13.3	16.6
Unit Value Trade Index (Imports of Capital Goods)	0.5	0.3	0.8	1.6	2.1	2.4	1.8	1.6	1.7	1.2	1.4	0.2
Real Retained Imports of Foodstuffs	19.6	-14.2	26.6	-10.6	5.7	15.3	-0.1	0.7	-1.4	0.1	0.9	-3.2
Real Retained Imports of Consumer Goods	54.3	-21.7	14.1	24.6	-3.6	0.1	47.3	-0.2	9.0	13.6	10.8	28.6
Real Retained Imports of Raw Materials & Semi-Manufactures	15.4	-10.6	13.2	23.5	37.1	11.9	25.0	12.0	7.2	-2.3	13.6	-9.0
Real Retained Imports of Fuels	1.0	4.8	37.1	-17.3	-2.6	24.0	-12.0	-2.1	-3.0	3.8	4.0	-2.0
Real Retained Imports of Capital Goods	300.6	-22.9	2.4	25.1	16.0	-16.2	25.8	10.4	3.2	5.7	-9.4	-2.8
Total Motor Vehicles Newly Registered	12.9	-2.1	-36.7	9.9	1.6	-2.1	-2.7	-4.0	-7.2	10.9	0.3	8.1
Private Cars Newly Registered	4.9	-2.0	-50.1	13.3	2.9	3.9	3.4	-2.6	-6.7	18.7	7.2	19.7
Money Supply (M2)	11.0	9.4	7.8	9.8	6.2	5.0	3.9	4.7	5.3	2.7	5.4	5.6
Loans and Advances	16.4	15.7	15.0	17.1	12.0	10.9	9.5	8.4	7.4	3.4	6.1	4.5
Volume Index of Retail Sales	2.4	28.3	10.0	10.9	11.4	9.9	5.9	8.1	6.9	7.9	6.2	7.4
Visitors Arrivals	-2.6	26.3	8.9	11.0	8.0	12.8	5.7	17.4	5.3	4.0	4.7	2.7
Hong Kong Resident Departures	-9.5	4.1	7.1	-11.8	-0.3	4.8	1.0	5.3	1.9	4.1	2.8	0.3
Electricity Consumption	4.7	2.4	2.8	2.3	16.4	-2.9	-1.3	-2.5	-3.9	-1.3	2.8	1.0
Gas Consumption	8.2	7.9	-1.9	-2.9	0.1	-4.0	3.2	3.5	2.3	2.2	-0.1	1.7
Date of Forecast: Oct 4, 2018												