



## **Hong Kong's Recent Economic Situation and Near-term Outlook**

The Government released the First Quarter Economic Report 2023 on 12 May. The Economic Report, together with the press release containing the updated economic forecasts for the whole year of 2023, has been furnished to Legislative Council Members.

This paper analyses Hong Kong's overall economic development in the most recent period and the outlook for the remainder of 2023, and summarises the updated economic forecasts by the Government for 2023 as a whole.

Office of the Government Economist  
Financial Secretary's Office  
29 May 2023

# Hong Kong's Recent Economic Situation and Near-term Outlook

## Introduction

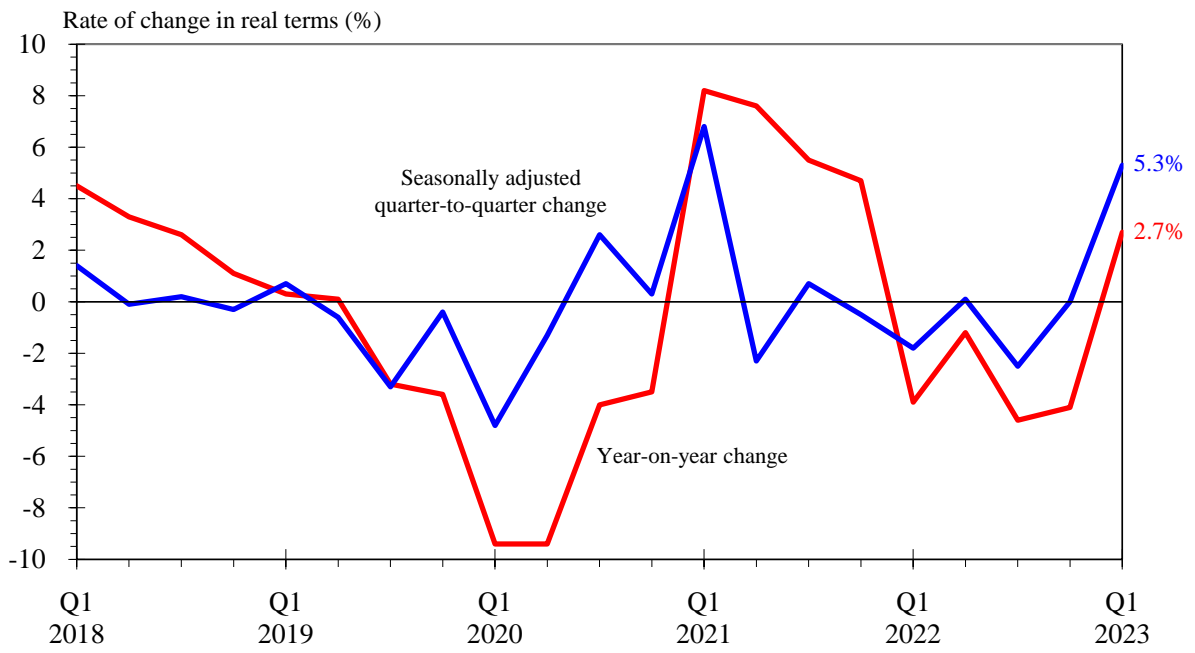
This paper analyses the recent performance of the Hong Kong economy, briefly discusses the outlook for the remainder of 2023 and provides updated economic forecasts by the Government for 2023 as a whole.

## Recent economic situation

2. The external economic environment stayed weak in the first quarter. As inflation in the US and Europe remained high, central banks in both places continued to tighten monetary policies, weighing further on their economic performance. There have been successive bank failures in the US and Europe, raising concerns over the impact of the sharp rise in interest rates since last year on global banking sector stability and the global economy. On the other hand, the Mainland economy improved markedly along with the fading of the COVID-19 pandemic and the progressive removal of anti-epidemic measures as well as the authorities' various measures to support the economy. The International Monetary Fund ("IMF") forecast in April that global economic growth would slow further from 3.4% in 2022 to 2.8% this year, reflecting the weakness of the advanced economies. It also highlighted that the global economy is currently affected by a number of downside risks, such as financial sector stress, sovereign debt distress, continued tensions between Russia and Ukraine, persistently high core inflation, geoeconomic fragmentation etc..

3. The Hong Kong economy improved visibly in the first quarter. Led by the strong recovery of inbound tourism and domestic demand, real Gross Domestic Product ("GDP") resumed growth, expanding by 2.7% year-on-year. On a seasonally adjusted quarter-to-quarter comparison, real GDP surged by 5.3% (*Chart 1*). Yet, exports of goods remained weak.

**Chart 1 : Real GDP resumed year-on-year growth in the first quarter of 2023**

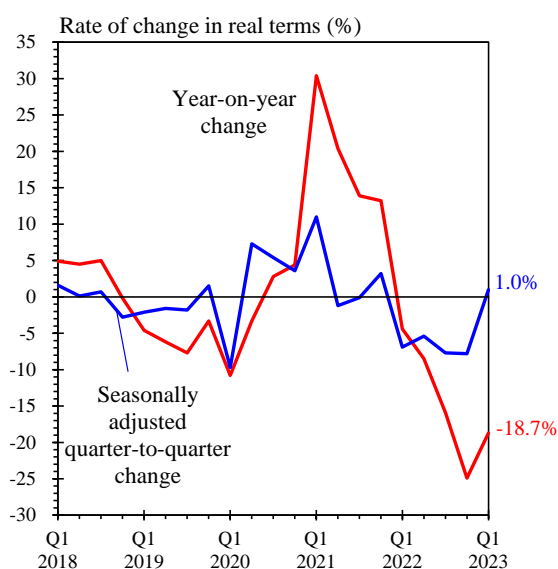


## External trade

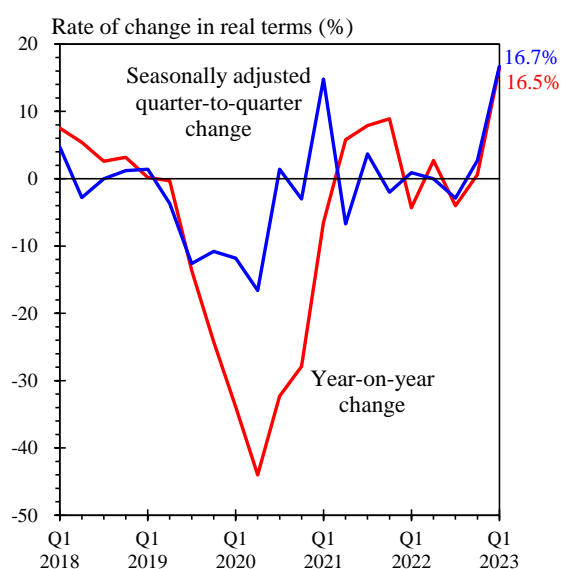
4. Hong Kong's total exports of goods plummeted by 18.7% year-on-year in real terms in the first quarter, despite narrowing from a decline of 24.9% in the preceding quarter (*Chart 2(a)*). While the lifting of restrictions on cross-boundary truck movements between Hong Kong and the Mainland provided some relief, the weak external economic environment continued to pose a significant drag on export performance. Analysed by major market, exports to the Mainland plunged further. Exports to the US and the EU continued to record notable decreases. Exports to most other major Asian markets also fell sharply.

5. Hong Kong's exports of services expanded visibly by 16.5% in the first quarter, after 0.6% growth in the preceding quarter (*Chart 2(b)*). Exports of travel services leapt more than six-fold and recovered to almost 40% of the pre-pandemic level, thanks to the resumption of normal travel with the Mainland and the rest of the world. Exports of transport services reverted to a moderate increase as visitor arrivals rebounded. Exports of businesses and other services also turned to mild growth. Meanwhile, exports of financial services declined alongside weakened cross-border financial and fund raising activities.

**Chart 2(a) : Total exports of goods plummeted year-on-year**



**Chart 2(b) : Exports of services expanded visibly**

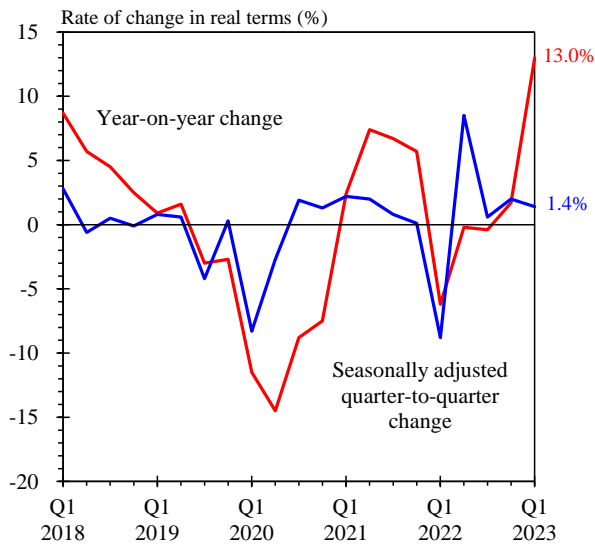


## Domestic sector

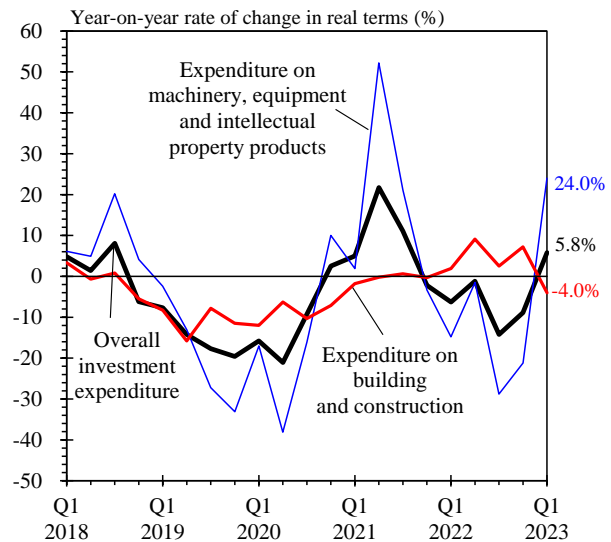
6. Consumption activities expanded notably in the first quarter, as consumption sentiment improved sharply along with the steady return to normalcy in both Hong Kong and the Mainland. The improved labour market also provided support. After increasing by 1.7% in the preceding quarter, private consumption expenditure surged by 13.0% in the first quarter, while the low base of comparison last year was also one of the reasons behind the growth (*Chart 3(a)*).

7. Overall investment spending in terms of gross domestic fixed capital formation increased by 5.8% in the first quarter, after an 8.9% decrease in the preceding quarter (*Chart 3(b)*). Despite tight financial conditions, expenditure on acquisitions of machinery, equipment and intellectual property products rebounded sharply by 24.0% amid an improved economic outlook. Expenditure on building and construction fell by 4.0%, but among which private sector spending recorded an increase. Separately, the costs of ownership transfer (including expenditure on stamp duties, legal fees, agents' commissions, etc.) rose as property transactions increased.

**Chart 3(a) : Private consumption expenditure surged**



**Chart 3(b) : Overall investment expenditure reverted to growth**



## Labour market

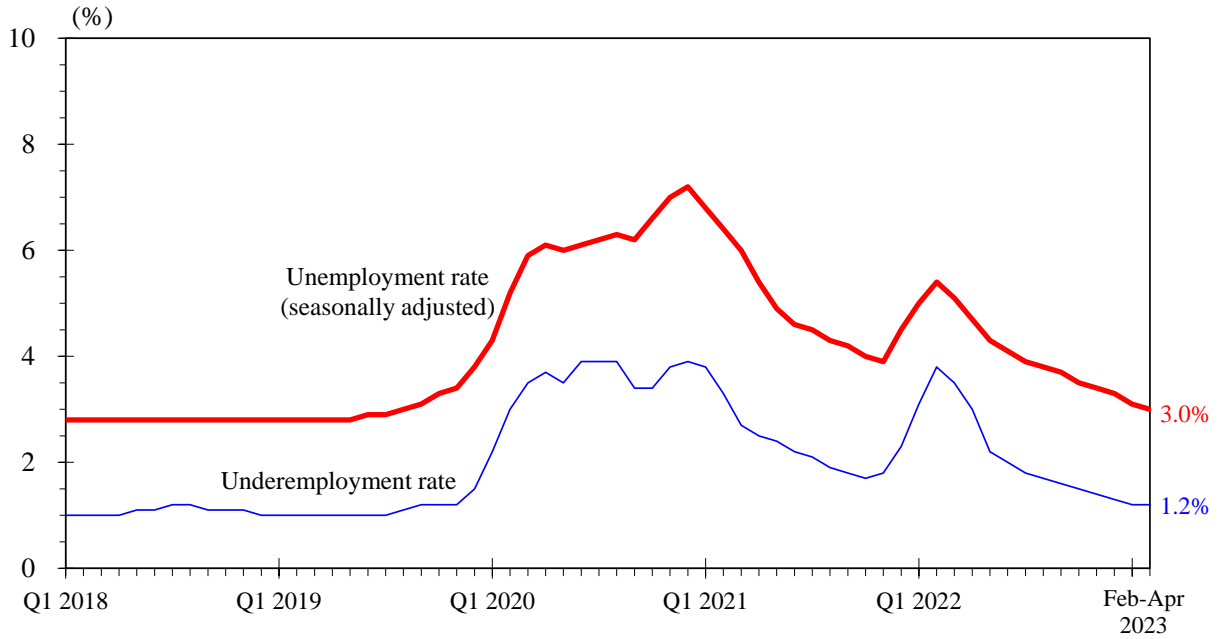
8. The unemployment and underemployment situation continued to improve alongside the local economic recovery. The seasonally adjusted unemployment rate declined further from 3.5% in the fourth quarter last year to 3.0% in February – April this year, and the underemployment rate went down from 1.5% to 1.2% (*Chart 4*). The number of unemployed persons decreased by 9.3% from 126 000 in the fourth quarter last year to 114 400 in February – April this year, and the number of underemployed persons declined by 19.4% from 55 300 to 44 500.

9. The unemployment rates of most major sectors fell in February – April this year compared with the fourth quarter last year (*Chart 5*). The unemployment rate of the consumption- and tourism-related sectors (viz. retail, accommodation and food services sectors) combined fell by 0.5 percentage point to 4.2%. Among these sectors, the unemployment rates of the retail sector and the food and beverage services sector fell by 0.8 and 0.2 percentage point to 3.8% and 4.8% respectively, and as a result, the unemployment rate of the low-paying sectors (“LPS”)<sup>(1)</sup> went down by 0.2 percentage point to 2.7%. The unemployment rate of the construction sector declined by 0.3 percentage point to 4.5%. Other sectors that saw notable declines in unemployment rate included the arts, entertainment and recreation sector (down 1.1 percentage points to 4.0%); the transportation, storage, postal and courier services sector (down 0.9 percentage point to 3.1%); the manufacturing sector (down 0.8 percentage point to 3.9%).

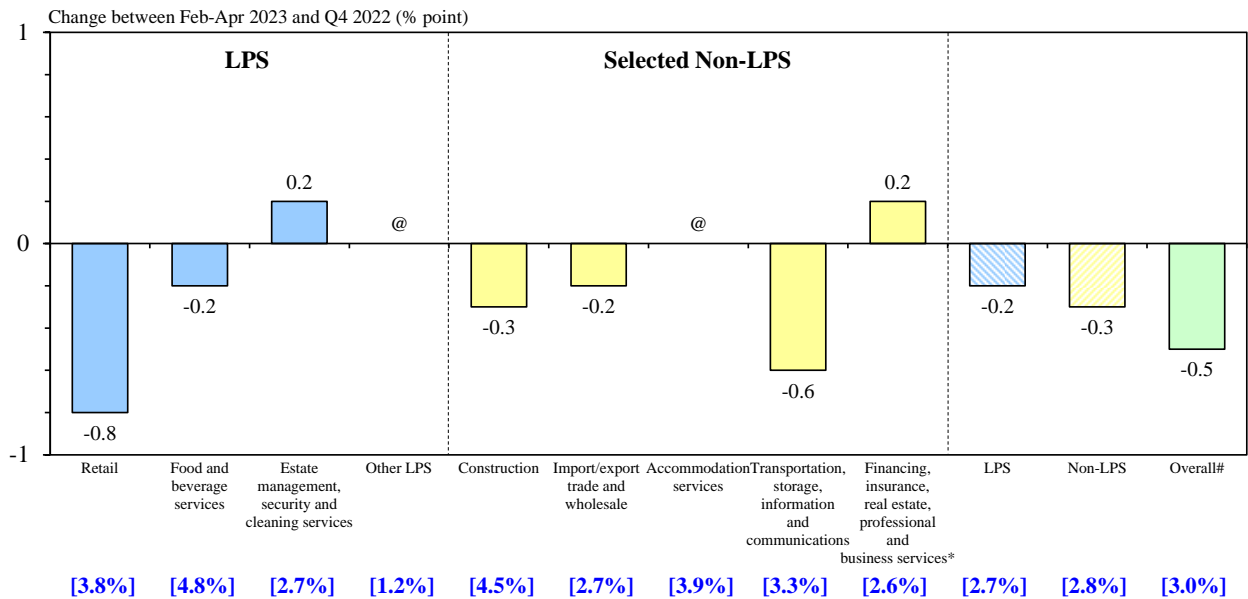
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(1) The Minimum Wage Commission identifies LPS as (i) retail; (ii) food and beverage services; (iii) estate management, security and cleaning services; and (iv) other LPS, including elderly homes; laundry and dry cleaning services; hairdressing and other personal services; local courier services; and food processing and production.

**Chart 4 : Entering 2023, the unemployment and underemployment situation continued to improve**



**Chart 5 : The unemployment rates of most major sectors fell in February – April 2023 compared with the fourth quarter of 2022**



Notes: Figures in square brackets refer to the unemployment rate for that sector in Feb-Apr 2023 (provisional figures).

(@) Less than 0.05 % point.

(\*) Excluding real estate maintenance management, security and cleaning services.

(#) Seasonally adjusted, and including first-time job-seekers and re-entrants into the labour force who were unemployed. The number of first-time job-seekers and re-entrants into the labour force who were unemployed decreased by 27.2% from 11 700 in Q4 2022 to 8 500 in Feb-Apr 2023.

10. Analysed by skill segment<sup>(2)</sup>, the unemployment rate of lower-skilled workers declined by 0.2 percentage point from the fourth quarter last year to 3.3% in February – April this year, and that of higher-skilled workers also edged down by 0.1 percentage point to 2.2%. The unemployment rate of lower-skilled workers remained visibly higher than that of higher-skilled workers.

11. Establishment surveys indicated that the year-on-year increase in nominal wages and labour earnings continued to accelerate in the fourth quarter last year. The average nominal wage rate rose by 2.6% year-on-year in December last year, faster than the increase of 2.3% three months ago. Nominal payroll per person engaged increased by 2.3% year-on-year in the fourth quarter last year, also faster than the increase of 2.0% in the preceding quarter. More recent General Household Survey (GHS) data indicated that median monthly employment earnings of full-time employees (excluding foreign domestic helpers) increased further by 3.1% in nominal terms in the first quarter this year, though not as fast as the increase of 5.0% in the preceding quarter due to a higher base of comparison. The pace of increase continued to be faster than the headline inflation rate of 1.9% (as measured by the year-on-year rate of change in the headline Composite Consumer Price Index). Meanwhile, the median monthly household income (excluding foreign domestic helpers) increased further by 4.1% in nominal terms in the first quarter, faster than the increase of 3.3% in the preceding quarter. Please refer to *Annex* for details on the recent situation of household income.

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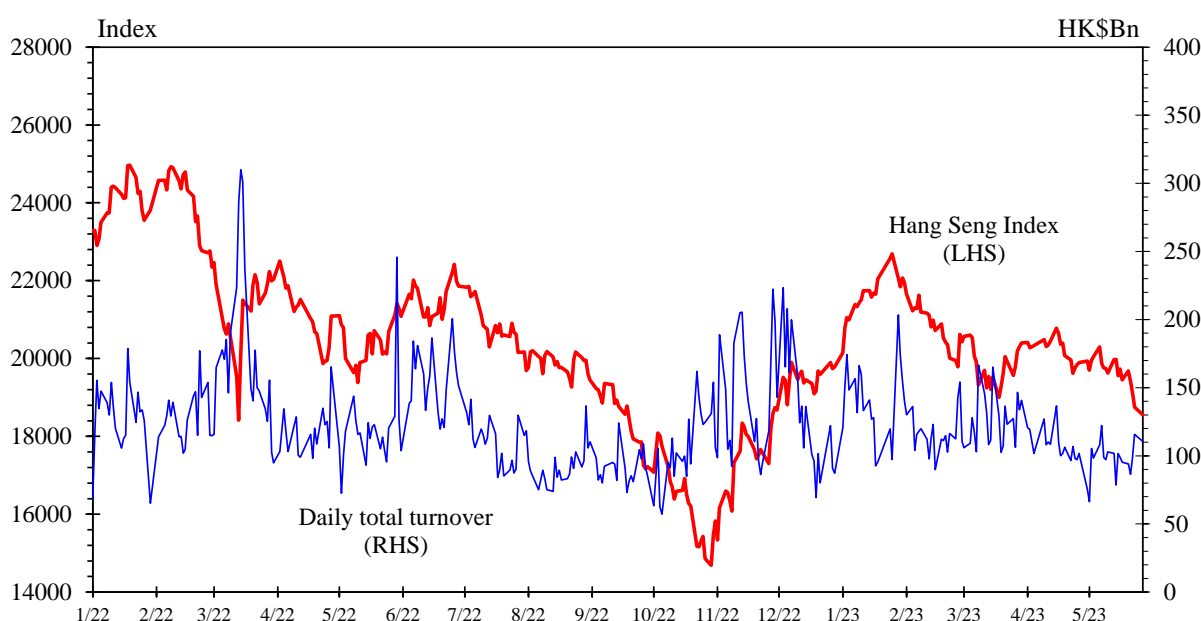
(2) The breakdown of unemployment by skill segment does not include first-time job-seekers and re-entrants into the labour force who were unemployed.



## Asset markets

12. The local stock market exhibited considerable volatility this year so far. Supported by expectations of a slower pace of US monetary policy tightening and the return of economic activities to normalcy, the Hang Seng Index (HSI) extended its rally from late last year to early 2023. Yet, as market sentiment was dampened by concerns over the global economic outlook and the banking sector turmoil in the US and Europe afterwards, the HSI showed a sharp correction from late January and closed at 18 551 on 29 May, lower than end-2022 by 6.2% (**Chart 6**). Average daily turnover in the securities market was about \$124.0 billion in the first four months of this year, falling by 2.8% from the fourth quarter of last year.

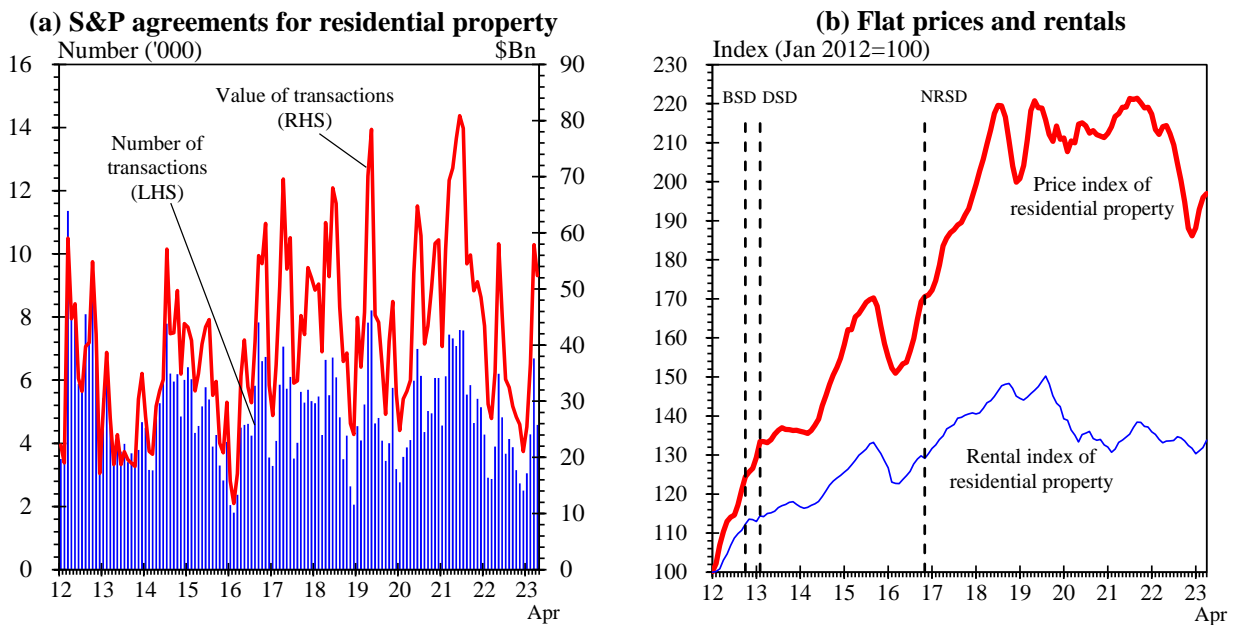
**Chart 6 : The local stock market exhibited considerable volatility this year so far**



13. The residential property market revived since early this year after undergoing a marked correction last year. Market sentiment improved as the local economy recovered. Both trading activities and flat prices rebounded. The monthly average number of sale and purchase agreements for residential property received by the Land Registry rose to 4 652 in the first four months of this year, 66% higher than that in the fourth quarter of last year (**Chart 7(a)**).

14. Overall flat prices rose back by 6% in the first four months of this year. However, flat prices in April this year were still on average 11% lower than the peak in September 2021. Meanwhile, flat rentals increased by 2% between December last year and April this year. Flat rentals in April this year were 11% below the peak in August 2019 (**Chart 7(b)**).

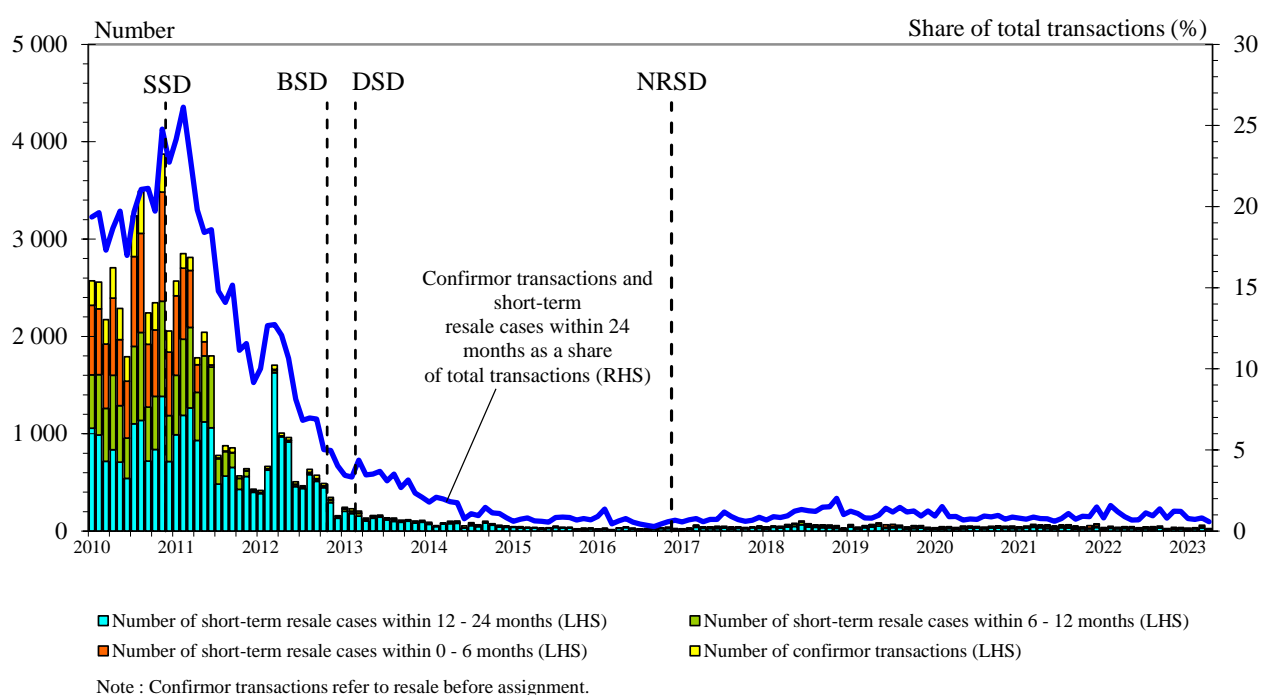
**Chart 7 : The residential property market revived since early this year after undergoing a marked correction last year**



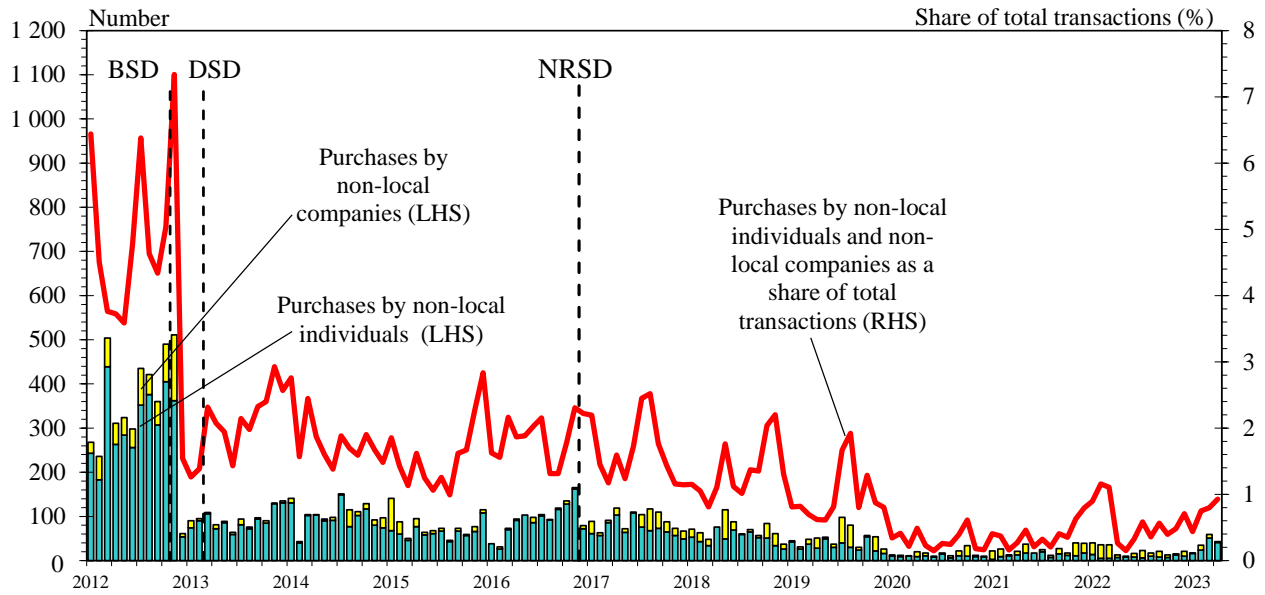
15. The current term Government strives to enhance the speed, quantity and efficiency of increasing housing land supply on all fronts. In February, the Government announced the 2023-24 Land Sale Programme, which comprises 12 residential sites capable of providing about 9 100 flats in total. Combining the various sources (including Government land sale, railway property development projects, the Urban Renewal Authority's projects, and private development and redevelopment projects), the total potential private housing land supply in 2023-24 is estimated to have a capacity to produce about 20 600 units, exceeding the private housing supply annual target of 12 900 units by almost 60%. The total supply of first-hand flats in the private sector in the coming three to four years (comprising unsold flats of completed projects, flats under construction but not yet sold and flats on disposed sites where construction can start any time) would rise to a record high of 107 000 units as estimated at end-March 2023. Also, the annual average completion of private residential flats is projected at over 19 000 units in 2023-2027.

16. To dampen speculative, investment and non-local demand, and to reduce the possible risks to financial stability arising from an exuberant property market, the Government implemented a number of demand-side management and macro-prudential measures during 2009 to 2017. These measures have yielded notable results. On speculative activities, the number of short-term resale (comprising confirmor transactions and resale within 24 months after assignment) remained low at 38 cases per month or 0.7% of total transactions in the first four months of this year, well below the monthly average of 2 661 cases or 20.0% in January to November 2010 (i.e. the period before the introduction of the Special Stamp Duty) (*Chart 8*). Purchases by non-local individuals and non-local companies also stayed low at 39 cases per month or 0.7% of total transactions in the first four months of this year, much lower than the monthly average of 365 cases or 4.5% in January to October 2012 (i.e. the period before the introduction of the Buyer's Stamp Duty) (*Chart 9*). As to investment activities, purchases subject to the New Residential Stamp Duty stayed at a modest level of 182 cases per month or 3.5% of total transactions in the first four months of this year, markedly lower than the monthly average of 1 412 cases subject to Doubled Ad Valorem Stamp Duty in January to November 2016 (or 26.5% of total transactions) (*Chart 10*). As to mortgage lending, the average loan-to-value ratio of new mortgages was 60% in the first quarter of this year, likewise below the average of 64% in January to October 2009 before the first round of macro-prudential measures for residential property mortgage lending was introduced by the Hong Kong Monetary Authority.

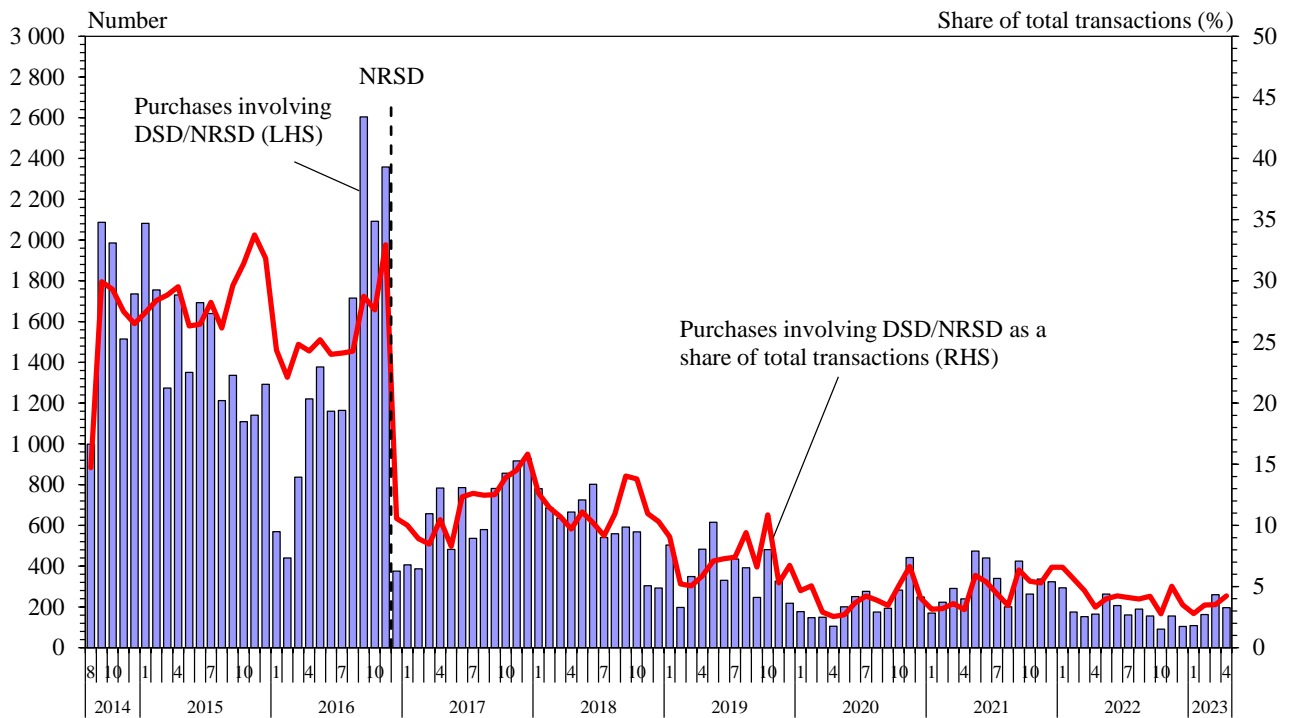
**Chart 8 : Speculative activities remained low**



**Chart 9 : Purchases by non-local buyers stayed low**

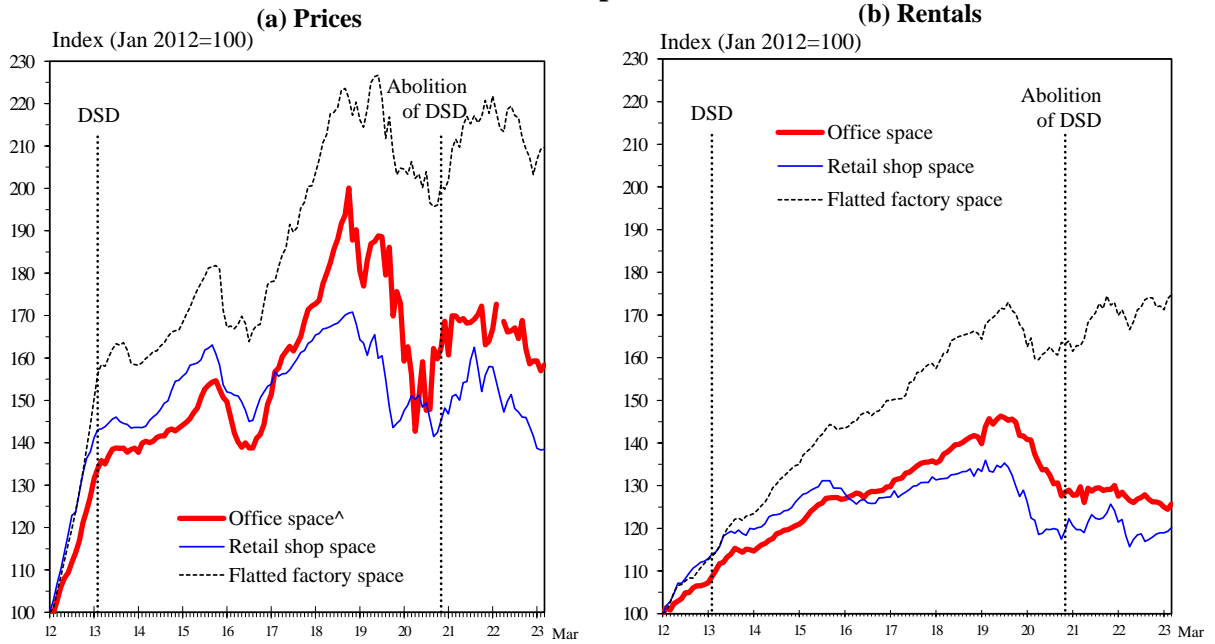


**Chart 10 : Investment activities were modest**



17. The non-residential property market also stabilised somewhat in the first quarter. Trading activities of all major segments rebounded, particularly towards the end of the quarter, though were still at relatively low levels. Prices and rentals showed mixed performance. Prices of office space on average decreased by 1% during the first quarter, while rentals were virtually unchanged. Prices of retail shop space fell by 2% while rentals edged up by 1%. Prices and rentals of flatted factory space rose by 3% and 2% respectively (*Chart 11*).

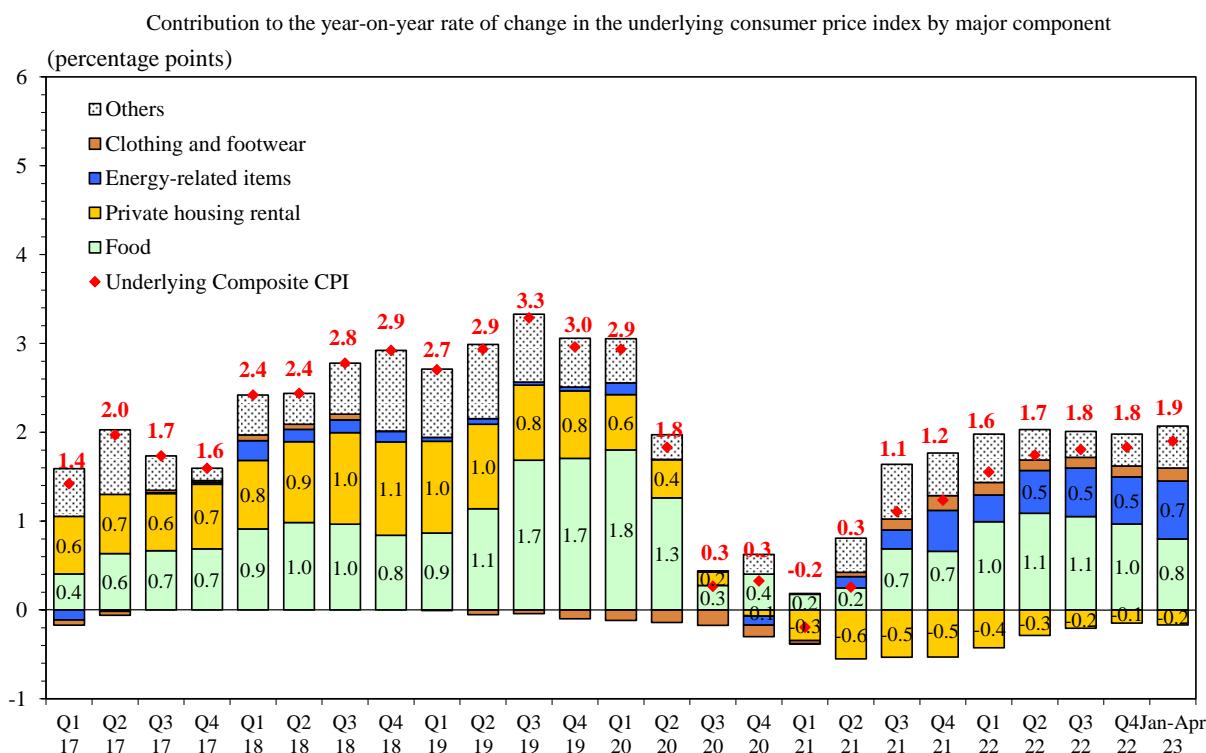
**Chart 11 : Prices and rentals of non-residential properties showed mixed performance**



## Inflation

18. Consumer price inflation edged up in the first four months of this year but remained moderate in overall terms. Netting out the effects of the Government's one-off relief measures, the underlying consumer price inflation rate edged up from 1.8% in the fourth quarter of last year to 1.9% in the first four months of this year (*Chart 12*).

**Chart 12 : Consumer price inflation edged up in the first four months of this year**



Notes : The year-on-year rates of change of the Consumer Price Indices from the fourth quarter of 2020 onwards are computed from the new 2019/20-based series, and those before are from the old 2014/15-based series. Energy-related items include electricity, town gas, liquefied petroleum gas and other fuel, and motor fuel.

19. Analysed by major component of the underlying Composite Consumer Price Index (*Table 1*), food prices, the component with the largest weight other than housing, posted a narrower year-on-year increase of 2.9% in the first four months of this year, mainly due to a high base of comparison caused by the epidemic-induced supply disruptions in the early part of last year. On prices of meals out and takeaway food, its increase accelerated to 4.4% amid the strong revival of consumer demand. Prices of electricity, gas and water also soared further, reflecting the increase in electricity tariff from the start of this year. Prices of clothing and footwear continued to increase notably. Affected by the increase in tobacco duty, prices of alcoholic drinks and tobacco rose markedly faster. Prices of transport saw a slower increase. Prices of durable goods, nonetheless, fell moderately. The private housing rental

component continued to decline by 0.5% as fresh-letting residential rentals remained largely soft.

**Table 1 : Underlying Composite Consumer Price Index by component  
(year-on-year rate of change (%))**

<u>Expenditure component</u>	<u>Weighting (%)</u>	<u>2022</u>					<u>2023</u>		
		<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Apr</u>	<u>Jan-Apr</u>
Food	27.41	3.8	3.7	4.0	3.9	3.6	3.0	2.6	2.9
<i>Meals out and     takeaway food</i>	17.05	3.4	3.1	3.4	3.4	3.6	4.4	4.2	4.4
<i>Basic food</i>	10.36	4.5	4.6	5.0	4.7	3.6	0.8	*	0.6
Housing <sup>(a)</sup>	40.25	-0.5 (0.2)	-1.0 (-0.3)	-0.5 (-0.6)	-0.3 (1.8)	-0.1 (*)	-0.1 (-0.1)	-0.1 (0.5)	-0.1 (*)
<i>Private housing rent</i>	35.46	-0.8 (-0.6)	-1.2 (-0.5)	-0.8 (-0.8)	-0.6 (-0.6)	-0.4 (-0.5)	-0.5 (-0.5)	-0.6 (0.1)	-0.5 (-0.4)
<i>Public housing rent</i>	1.87	0.3 (9.6)	-0.1 (2.0)	-0.1 (-0.1)	-0.1 (45.1)	1.2 (2.1)	1.2 (0.7)	1.5 (1.7)	1.3 (0.9)
Electricity, gas and water	2.82	10.4 (7.2)	6.5 (-2.4)	10.7 (2.7)	12.5 (14.9)	12.0 (14.2)	17.2 (20.4)	15.1 (17.8)	16.7 (19.8)
Alcoholic drinks and tobacco	0.49	1.3	0.3	1.5	1.8	1.7	11.2	18.2	12.9
Clothing and footwear	2.42	5.3	6.1	4.9	5.1	5.0	5.9	6.4	6.0
Durable goods	4.00	0.6	1.7	1.6	0.4	-1.2	-2.3	-3.3	-2.6
Miscellaneous goods	3.32	0.4	-0.2	0.4	0.6	0.6	0.9	0.8	0.9
Transport	6.17	2.9	6.1	1.8	1.8	1.9	1.4	2.2	1.6
Miscellaneous services	13.12	1.3 (1.3)	1.1 (1.0)	1.3 (1.3)	1.3 (1.4)	1.6 (1.7)	2.1 (2.2)	2.3 (2.3)	2.2 (2.2)
All items	100.00	1.7 (1.9)	1.6 (1.5)	1.7 (1.5)	1.8 (2.7)	1.8 (1.8)	1.9 (1.9)	1.8 (2.1)	1.9 (2.0)

Notes: (a) The housing component covers rents, rates, Government rent, management fees and other housing charges. Its sub-components on private and public housing rents as presented here, however, cover rents, rates and Government rent only. Hence, the combined weighting of private and public housing rents is slightly less than the weighting of the entire housing component.

( ) Figures in brackets represent the headline rates of change before netting out the effects of Government's one-off relief measures.

(\*) Change within  $\pm 0.05\%$ .

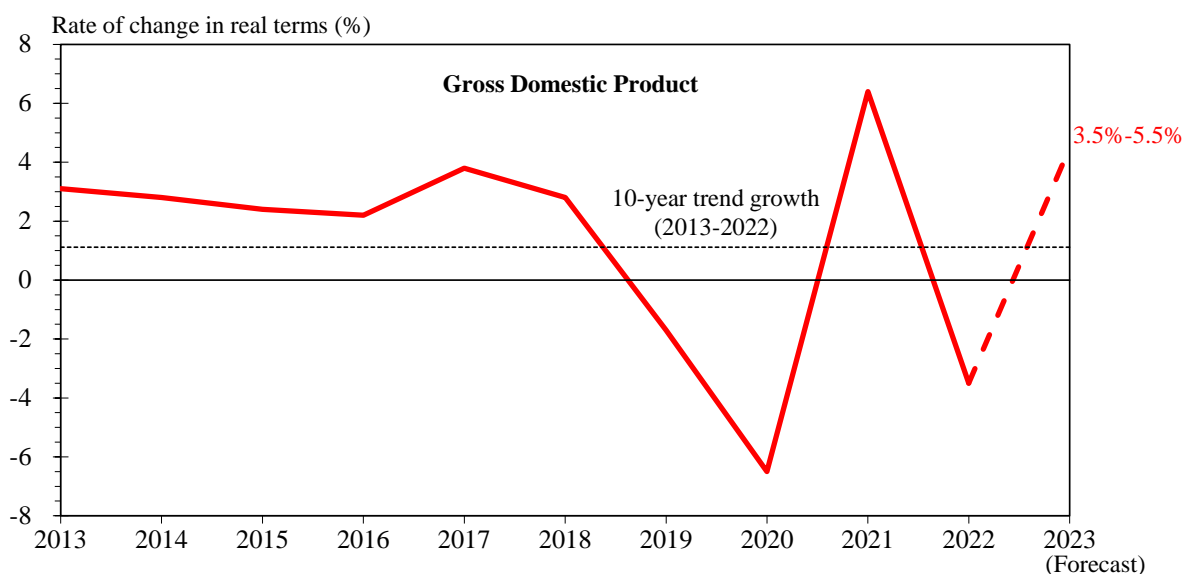
## Updated economic forecasts for 2023

20. Inbound tourism and domestic demand are expected to remain the major drivers of economic growth this year. Visitor arrivals should recover further as transportation and handling capacity continue to catch up. The improving economic situation and prospects should boost domestic demand, though tight financial conditions will remain a constraint. The continued improvement of the labour market, the disbursement of consumption vouchers, and “Happy Hong Kong” events will provide additional support to private consumption.

21. On the other hand, exports of goods will continue to face significant challenges. Slower growth in the advanced economies will continue to weigh on external demand, though the faster recovery of the Mainland economy should provide some relief. The recent banking sector turmoil in the US and Europe will also affect credit conditions, adding uncertainties to the global economic outlook.

22. Taking into account the actual outturn in the first quarter and the factors mentioned above, the real GDP growth forecast for 2023 as a whole is maintained at 3.5%-5.5% (*Chart 13*), the same as announced in the 2023-24 Budget. If the current momentum of economic recovery is sustained, growth will likely be near the higher end of the forecast range. The Government will continue to closely monitor the situation. For reference, the latest growth forecasts by private sector analysts range from 3.4% to 6.5%, averaging around 4.5%, whereas the forecast made by the IMF in April was 3.5%.

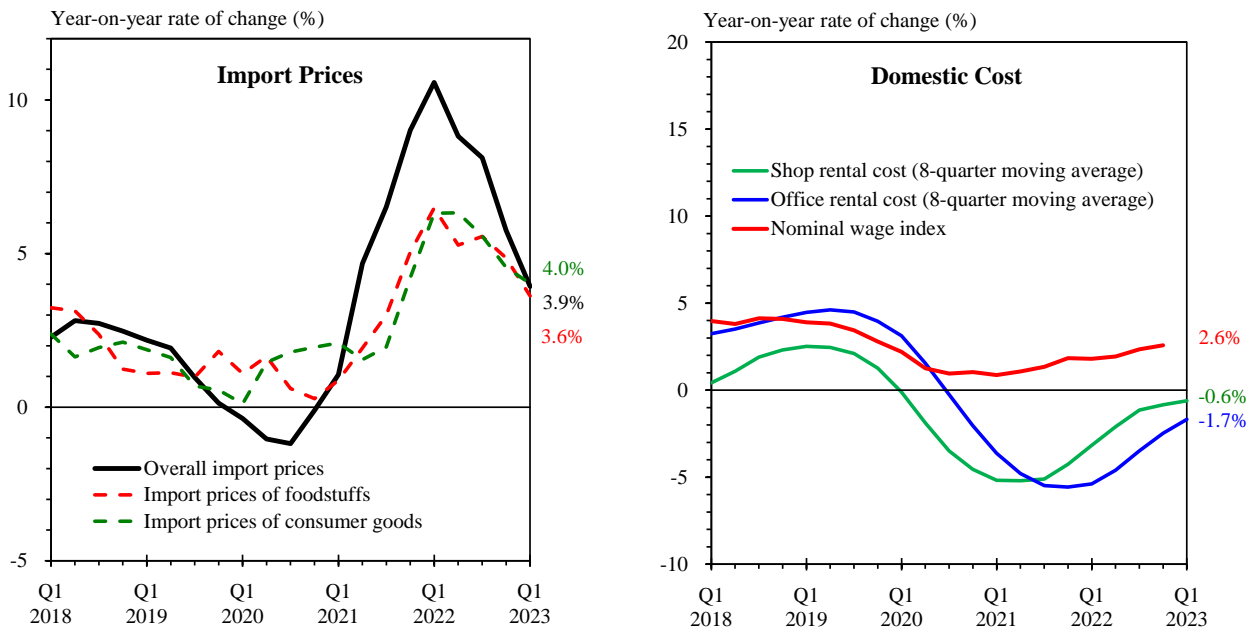
**Chart 13 : Economic growth forecast for 2023 as a whole is maintained at 3.5%-5.5%**



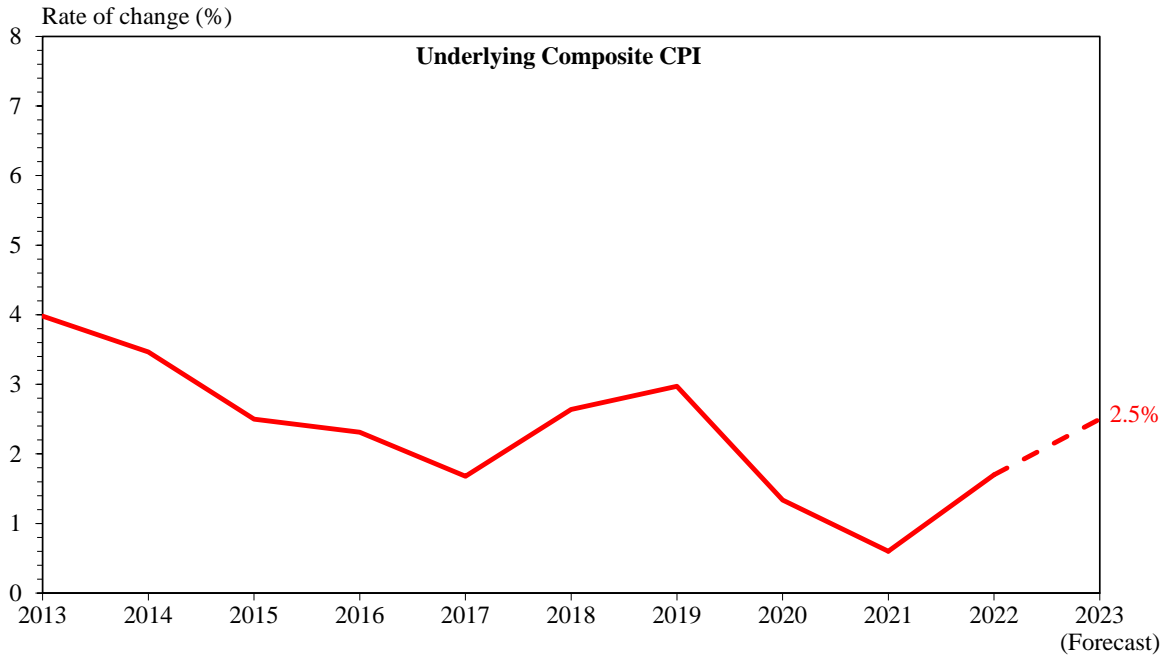


23. On inflation, while external price pressures should see some moderation, they are expected to remain notable for some time. Domestic cost pressures may increase alongside the economic recovery (*Chart 14*). Overall inflation will likely pick up in the rest of 2023, though remaining largely moderate. The forecast rates of underlying and headline consumer price inflation for 2023 are maintained at 2.5% (*Chart 15*) and 2.9% respectively.

**Chart 14 : External price pressures should see some moderation; domestic cost pressures may increase**



**Chart 15 : Underlying inflation rate for 2023 is forecast at 2.5%**



Office of the Government Economist  
Financial Secretary's Office  
29 May 2023

## **Recent Situation of Household Income<sup>(1)</sup>**

### **Background**

This Annex provides an update on the latest trends of household income and employment earnings in Hong Kong and those of the low-income households. The benchmark of monthly household income for low-income households is revised upward from \$8,800 (at Q2 2019 prices) to \$9,500 (at Q1 2023 prices) after adjusting for inflation<sup>(2)</sup>.

### **Overall situation of household income and employment earnings**

2. The unemployment situation continued to improve since entering this year alongside the return of domestic economic activities to normalcy and the strong rebound in inbound tourism. The seasonally adjusted unemployment rate declined further to 3.0% in February – April 2023. The latest total employment rose by 2.7% over a year ago.

3. Various household income / employment earnings indicators maintained positive year-on-year growth. The median monthly household income, an indication of the overall household income situation, increased by 4.1% in nominal terms or 2.1% in real terms in the first quarter of 2023 over a year earlier. Median employment earnings of full-time employees also recorded a year-on-year increase of 3.1% in nominal terms or 1.1% in real terms. Within the total, median employment earnings of unskilled employees went up by 7.7% year-on-year in nominal terms or 5.6% in real terms (*Table 1*).

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(1) This Annex was originally provided in response to a Member's request at the meeting of the Panel on Financial Affairs on 5 December 2005. It has since been updated regularly for Members' information. Foreign domestic helpers are excluded from the analysis except general labour market statistics.

(2) Based on Consumer Price Index (A).

**Table 1 : Selected household income / employment earnings indicators  
(year-on-year rate of change (%))**

Period	Median monthly household income		Median employment earnings of employees <sup>^</sup>		Median employment earnings of unskilled employees <sup>^</sup>		
2018	6.7	(4.2)	8.3	(5.8)	6.2	(3.4)	
2019	3.0	(0.1)	2.6	(-0.3)	2.7	(-0.6)	
2020	-6.1	(-6.4)	@	(-0.3)	0.8	(1.5)	
2021	-0.2	(-1.7)	@	(-1.5)	7.4	(4.5)	
2022	3.3	(1.4)	5.0	(3.1)	@	(-2.1)	
2022	Q1	6.3	(4.7)	5.5	(3.9)	@	(-1.5)
	Q2	0.5	(-0.9)	5.0	(3.5)	@	(-1.2)
	Q3	5.0	(2.2)	5.0	(2.3)	3.8	(-0.3)
	Q4	3.3	(1.4)	5.0	(3.1)	5.4	(3.4)
2023	Q1	4.1	(2.1)	3.1	(1.1)	7.7	(5.6)

Notes: (^) Median employment earnings of full-time employees.  
( ) Rate of change (%) in real terms.  
(@) Change of less than 0.05%.  
Monthly household income and overall employment earnings of employees in real terms are adjusted based on headline Composite Consumer Price Index, while employment earnings of unskilled employees in real terms is adjusted based on headline Consumer Price Index (A).

### **Economically active households with monthly household income below \$9,500**

4. In the first quarter of 2023, the number of economically active households with monthly household income below \$9,500 (referred to as “low-income households”) declined notably by 28 400 from a year earlier to 84 600. Its proportion in total domestic households also decreased by 1.1 percentage points over the same period to 3.1%<sup>(3)</sup>.

5. An analysis of the number and proportion of low-income households over the past years suggests that their changes largely followed economic cycles. During 2000 to 2008 when the economy sustained growth for most of the period, the proportion of low-income households fell successively from a peak of 4.8% in the first quarter of 2003 to below 4%. After the onset of the global financial crisis in late 2008, the corresponding proportion rose back to 4.3% in the first quarter of 2009, but subsequently declined in tandem with the economic recovery. Hard hit by the COVID-19 epidemic, labour market conditions deteriorated over the course of 2020. The unemployment rate rose to a high of 6.8% in the first quarter of 2021, and the proportion of low-income households also rose to 5.5% before declining alongside the receding epidemic. In the first quarter of 2023, the number and proportion of low-

(3) All figures pertaining to low-income households in the first quarter of 2023 are provisional figures.

income households decreased to 84 600 and 3.1% respectively, but were still above the pre-pandemic levels (*Table 2 and Chart 1*).

**Table 2 : Number and proportion of low-income households\***

<u>Period</u>	Household type:		<u>Total</u>	Of which:
	<u>Elderly households<sup>#</sup></u>	<u>Non-elderly households</u>		<u>Economically active persons therein</u>
Q1 2003	3 000 (0.1)	97 400 (4.6)	<b>100 500</b> <b>(4.8)</b>	118 100 [3.6]
Q1 2007	2 800 (0.1)	75 900 (3.4)	<b>78 600</b> <b>(3.5)</b>	89 700 [2.6]
Q1 2008	3 400 (0.2)	77 900 (3.4)	<b>81 300</b> <b>(3.6)</b>	90 100 [2.7]
Q1 2009	3 800 (0.2)	94 200 (4.1)	<b>98 100</b> <b>(4.3)</b>	113 800 [3.3]
Q1 2011	3 800 (0.2)	86 000 (3.7)	<b>89 800</b> <b>(3.8)</b>	98 100 [2.9]
Q1 2013	5 100 (0.2)	71 500 (3.0)	<b>76 600</b> <b>(3.2)</b>	86 200 [2.4]
Q1 2015	6 600 (0.3)	63 400 (2.6)	<b>70 100</b> <b>(2.9)</b>	76 400 [2.1]
Q1 2017	8 700 (0.3)	62 100 (2.5)	<b>70 800</b> <b>(2.8)</b>	79 000 [2.2]
Q1 2019	8 900 (0.3)	64 900 (2.5)	<b>73 800</b> <b>(2.9)</b>	80 700 [2.2]
Q1 2020	10 000 (0.4)	94 100 (3.6)	<b>104 100</b> <b>(4.0)</b>	117 700 [3.3]
Q1 2021	12 800 (0.5)	131 900 (5.0)	<b>144 700</b> <b>(5.5)</b>	166 800 [4.7]
Q1 2022	9 700 (0.4)	103 300 (3.9)	<b>113 000</b> <b>(4.2)</b>	129 800 [3.7]
Q1 2023	10 300 (0.4)	74 400 (2.8)	<b>84 600</b> <b>(3.1)</b>	90 400 [2.6]

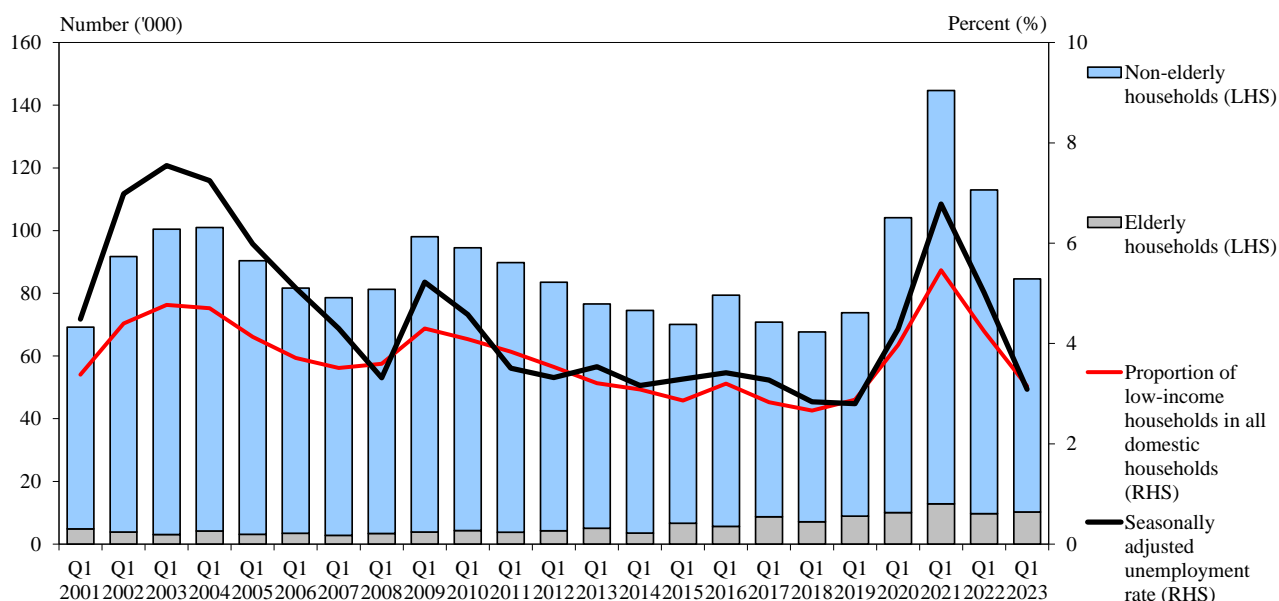
Notes : (\*) Low-income households refer to households with monthly household income less than \$9,500 (Q1 2023 prices). This does not include households with all members being economically inactive.

(#) Elderly households refer to domestic households with all members aged 65 and above.

() Proportion in all domestic households (%).

[ ] Proportion in total labour force (%).

**Chart 1 : Number and proportion of low-income households\***



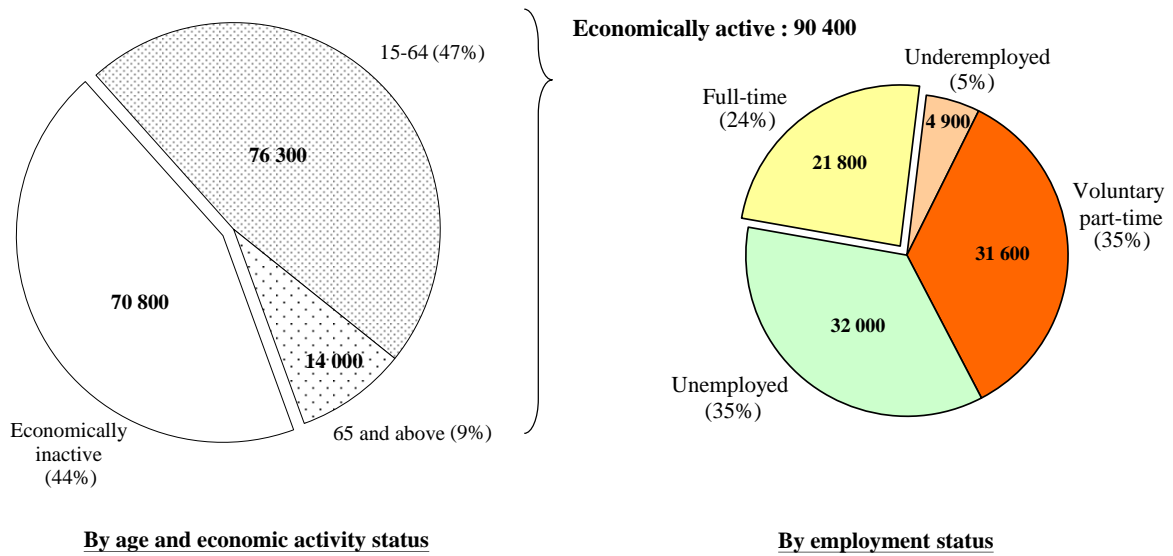
Note : (\*) Low-income households refer to households with monthly household income less than \$9,500 (Q1 2023 prices). This does not include households with all members being economically inactive.

## Socio-economic characteristics of low-income households

6. Further analysis of low-income households in the first quarter of 2023 yields the following observations:

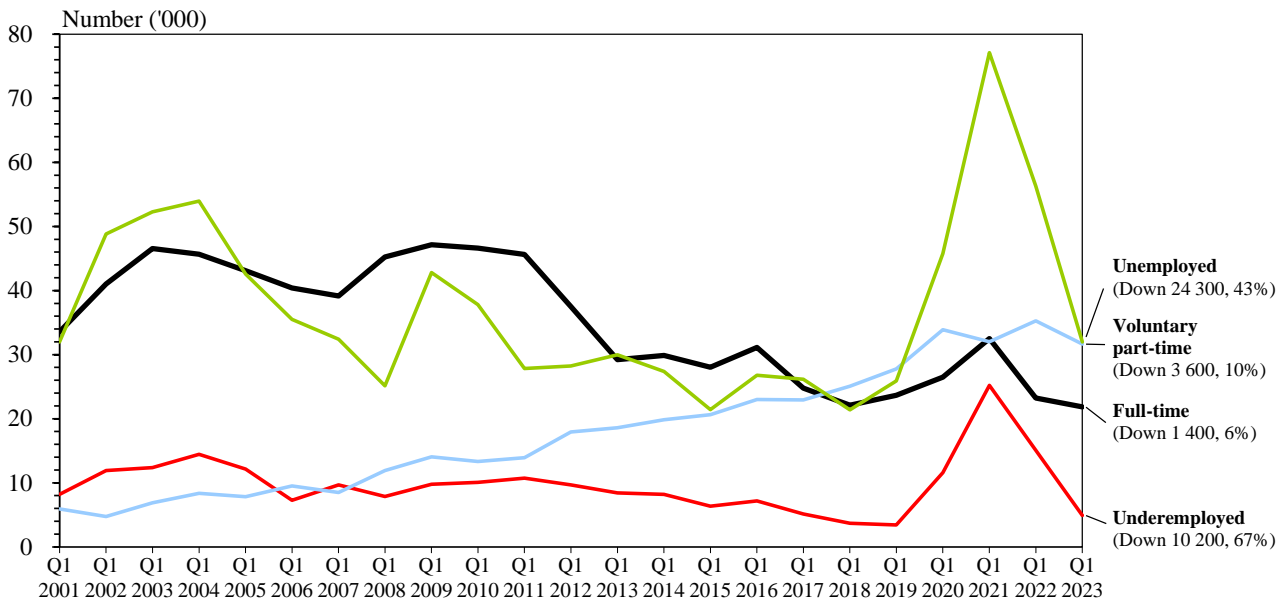
- There were 161 200 persons living in low-income households, among whom 90 400 were economically active. Most of these economically active persons (76 300 or 84%) were aged 15-64, with the majority in the older age group of 40-64 (58 100 or 64%), and some were elders aged 65 and above (14 000 or 16%).
- The remaining 70 800 persons were economically inactive, among whom 33 700 (48%) were either children aged below 15 or elders aged 65 and above.
- Further analysis by employment status shows that among the 90 400 economically active persons, unemployed persons accounted for 35%, notably lower than that of 43% in the same period in 2022, and their number also decreased by 43% to 32 000. The number and proportion of underemployed persons decreased to 4 900 and 5% respectively. The proportions of voluntary part-timers and full-time workers were 35% and 24% respectively, and the corresponding numbers of persons fell by 10% and 6% respectively year-on-year (*Charts 2 and 3*).

**Chart 2 : Persons living in low-income households\* by age and economic activity status in the first quarter of 2023**



Note : (\*) Low-income households refer to households with monthly household income less than \$9,500 (Q1 2023 prices). This does not include households with all members being economically inactive.

**Chart 3 : Composition of economically active persons in low-income households\***



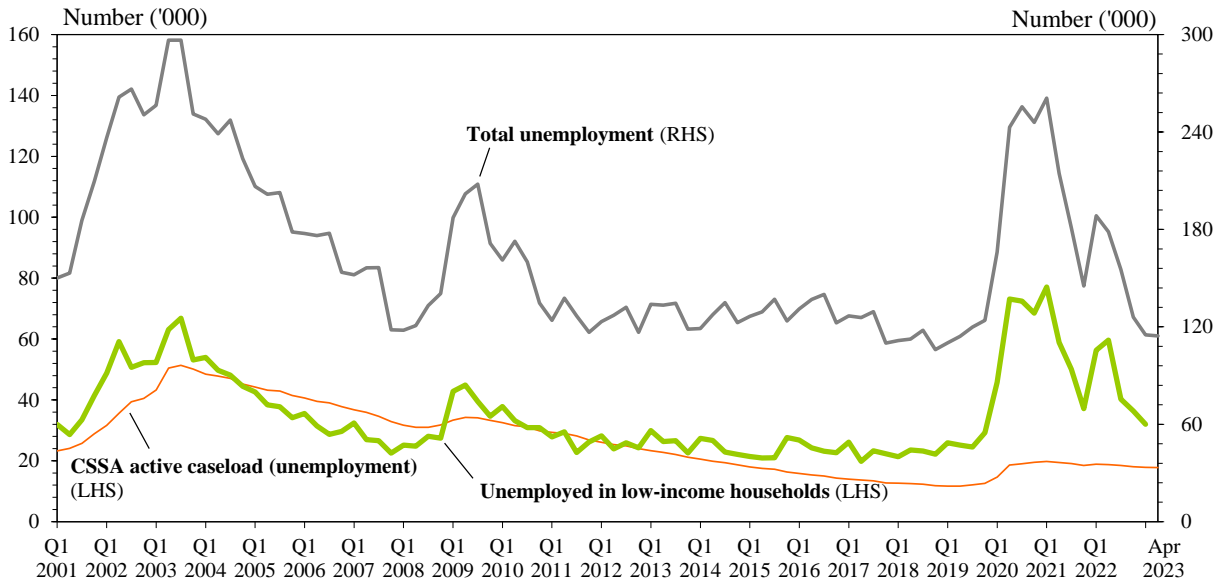
Notes : (\*) Low-income households refer to households with monthly household income less than \$9,500 (Q1 2023 prices). This does not include households with all members being economically inactive. Figures in brackets are the year-on-year changes in number of economically active persons in the first quarter of 2023.

- Analysed by occupation, the majority of the employed persons in low-income households (77%) were lower-skilled workers (33% were service and sales workers, and 24% were elementary workers). A breakdown by economic sector reveals that most of them were engaged in the retail, accommodation and food services sector (16 100 or 28%), followed by the transportation, storage, postal and courier services sector (5 900 or 10%).

## The number of Comprehensive Social Security Assistance (“CSSA”) cases

7. The unemployment rate of lower-skilled workers fell by 3.2 percentage points from a year earlier to 3.3% in February – April 2023. The number of CSSA unemployment cases was 17 783 in April 2023, down by 1 013 or 5.4% from a year earlier (*Chart 4*). As for the number of overall CSSA caseload, there were 204 888 cases in April 2023, down by 10 416 or 4.8% year-on-year.

**Chart 4 : The relationship between the unemployed in low-income households\*, CSSA active caseload (unemployment)^, and total unemployment**



Notes : (\*) Low-income households refer to households with monthly household income less than \$9,500 (Q1 2023 prices). This does not include households with all members being economically inactive.  
 (^) Monthly period-end figures.