



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

The Government released the First Quarter Economic Report 2024 on 17 May. The Economic Report, together with the press release containing the updated economic forecasts for the whole year of 2024, 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 2024, and summarises the updated economic forecasts by the Government for 2024 as a whole.

Office of the Government Economist
Financial Secretary's Office
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Introduction

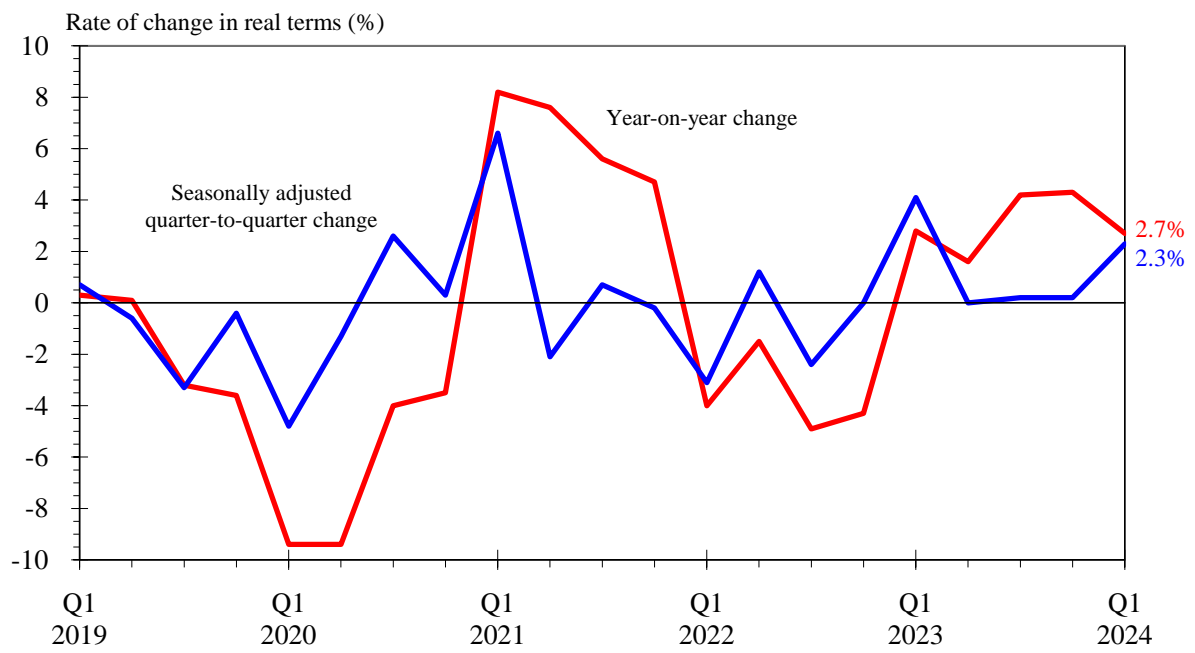
This paper analyses the recent performance of the Hong Kong economy, briefly discusses the outlook for the remainder of 2024 and provides updated economic forecasts by the Government for 2024 as a whole.

Recent economic situation

2. The external environment remained complicated in the first quarter of 2024. On one hand, global economic growth held up relatively well. On the other hand, the disinflation process in the US decelerated, constraining the timing and extent of possible interest rate cuts by the Federal Reserve (“Fed”) this year. In April, the International Monetary Fund (“IMF”) revised up the forecast for this year’s global economic growth slightly by 0.1 percentage point to 3.2%, same as the estimated growth in 2023, but lower than the average annual growth of 3.8% during 2000 to 2019. The IMF also cited downside risks to the global economic outlook, including commodity price spikes amid geopolitical tensions, persistent core inflation triggering a rise in interest rate expectations and a fall in asset prices thereby raising risks to financial stability, intensifying geoeconomic fragmentation, the impact of fiscal consolidation and risks of debt distress, etc.

3. The Hong Kong economy recorded moderate growth in the first quarter of this year. Exports of services remained as an important driver of growth. Total exports of goods improved further. Meanwhile, private consumption and overall investment expenditures expanded mildly. Real Gross Domestic Product (“GDP”) grew by 2.7% year-on-year, compared with the 4.3% increase in the preceding quarter. On a seasonally adjusted quarter-to-quarter comparison, real GDP increased by 2.3%, after a 0.2% increase in the preceding quarter (*Chart 1*).

Chart 1 : Real GDP recorded moderate growth in the first quarter of 2024



External trade

4. Exports of services continued to grow notably by 8.4% year-on-year in real terms in the first quarter of this year, after expanding by 21.2% in the preceding quarter (**Chart 2(a)**). Exports of travel services jumped further by 40.4% and recovered to 53% of the level in the same quarter in 2018, thanks to the continued revival of visitor arrivals. Exports of transport services continued to rise. Exports of business and other services showed modest growth amid the complicated external environment. Meanwhile, exports of financial services declined further as cross-border financial and fund raising activities remained weak amid tight financial conditions.

5. After growing by 2.8% year-on-year in real terms in the preceding quarter, Hong Kong's total exports of goods rose by 6.8% in the first quarter of this year (**Chart 2(b)**). This was mainly attributable to the slight improvement in external demand, while a low base of comparison also contributed. Analysed by major market, exports to the Mainland surged. Exports to the US declined marginally. Exports to the EU recorded a double-digit fall. Exports to other major Asian markets showed mixed performance. Entering the second quarter, the value of total merchandise exports rose notably by 11.9% over a year earlier in April, reflecting continued improvement in export performance.

Chart 2(a) : Exports of services continued to grow notably year-on-year

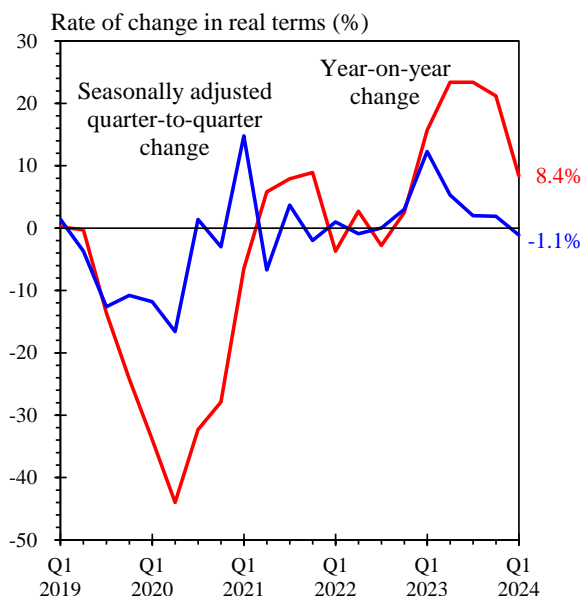
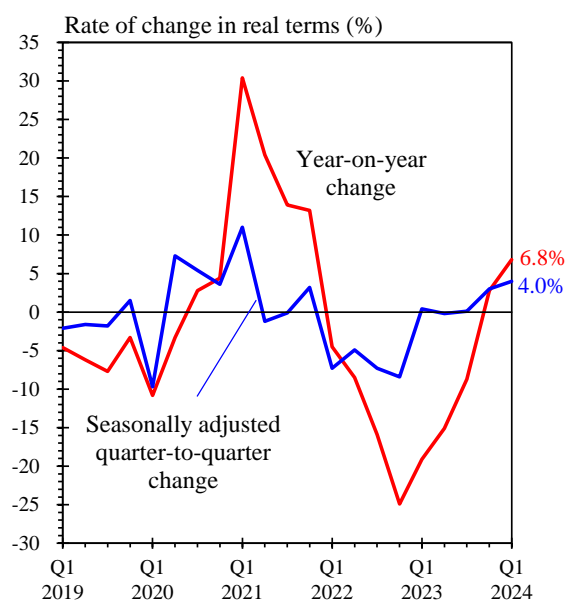


Chart 2(b) : Total exports of goods rose



Domestic sector

6. Consumption activities showed mild expansion in the first quarter of this year. The continued increase in employment earnings and the Government's various initiatives to boost market sentiment added momentum to consumption activities. The hosting of more mega events also rendered support. After increasing by 3.5% year-on-year in real terms in the preceding quarter, private consumption expenditure rose by 1.0% in the first quarter (**Chart 3(a)**).

7. Overall investment spending in terms of gross domestic fixed capital formation increased slightly by 0.3% year-on-year in real terms in the first quarter of this year alongside the economic expansion, further to a 17.5% increase in the preceding quarter (**Chart 3(b)**). Expenditure on building and construction rose by 11.3%, with private sector spending increasing sharply while public sector spending recording modest gain. Expenditure on acquisitions of machinery, equipment and intellectual property products fell back by 15.0% amid tight financial conditions. Separately, the costs of ownership transfer (including expenditure on stamp duties, legal fees, agents' commissions, etc.) fell as property transactions shrank.

Chart 3(a) : Private consumption expenditure showed mild year-on-year expansion

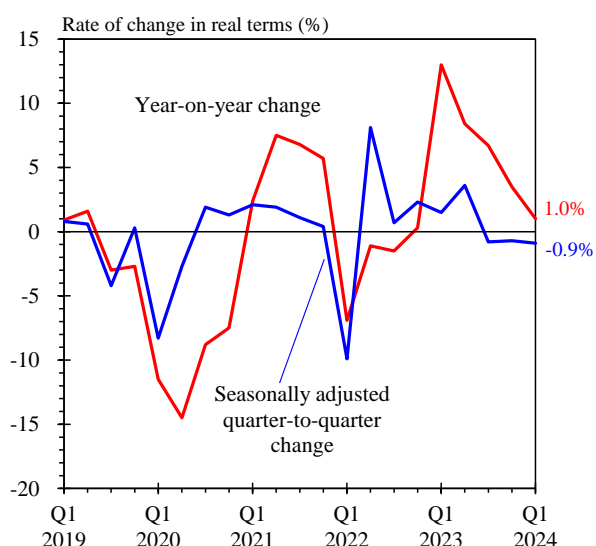
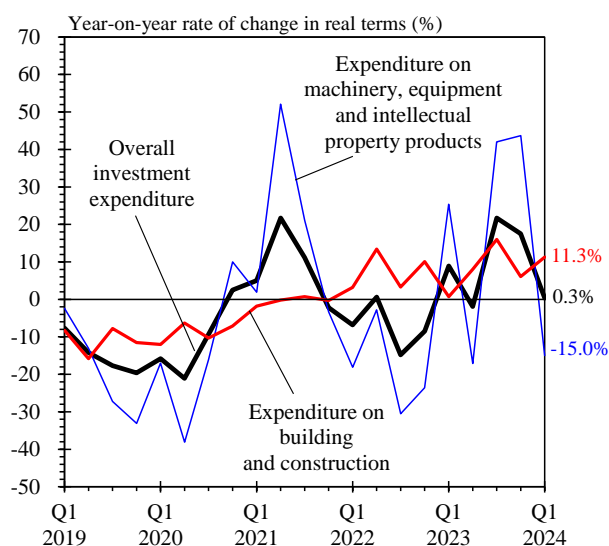


Chart 3(b) : Overall investment expenditure increased slightly



Labour market

8. The labour market remained tight. The seasonally adjusted unemployment rate stayed low at 3.0% in February – April 2024, slightly higher than the 2.9% in the fourth quarter of 2023. The underemployment rate also remained at a low level, edging up from 1.0% to 1.1% (**Chart 4**). Both the labour force and total employment increased in February – April 2024 over a year earlier, to 3 807 800 and 3 694 100 respectively.

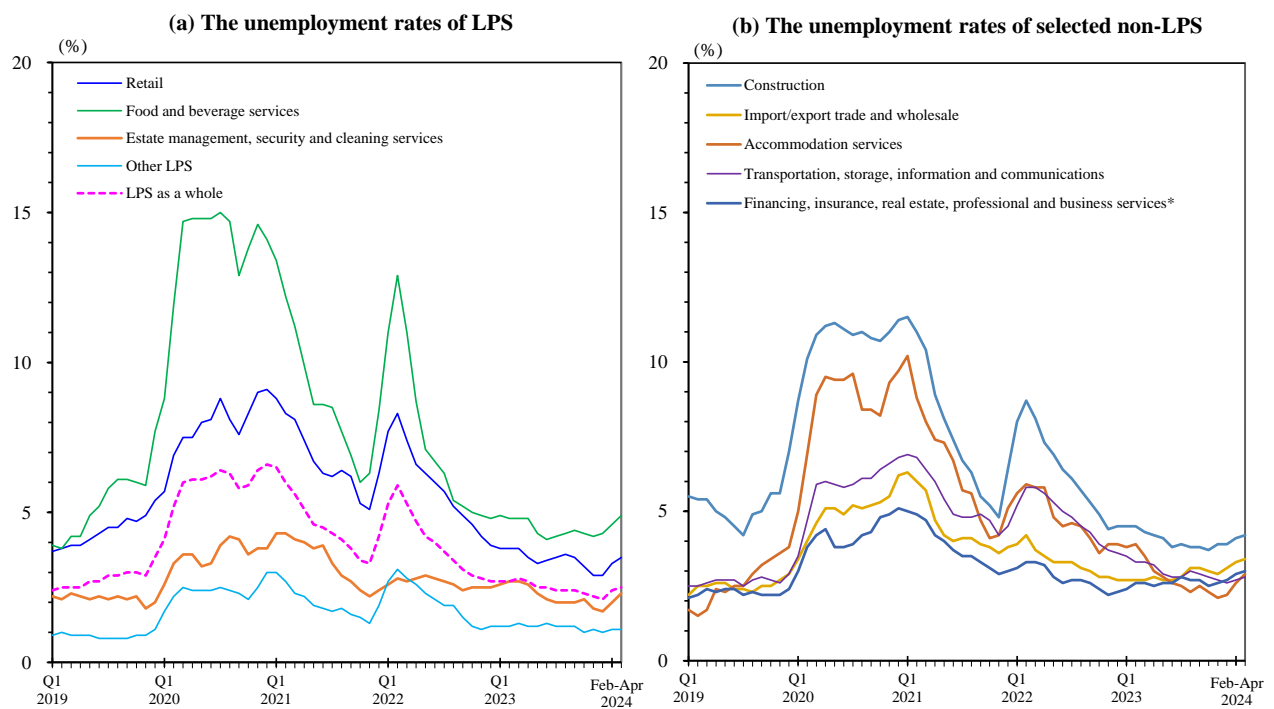
9. The unemployment rates of various sectors stayed low in general in February – April 2024 (**Chart 5**). While the unemployment rates of some sectors increased compared with the fourth quarter of 2023, they were still either below or similar to the pre-recession levels in the second quarter of 2019. Specifically, the unemployment rate of the construction sector went up by 0.5 percentage point compared with the fourth quarter of 2023 to 4.2% in February – April 2024 (but below the 5.0% in the second quarter of 2019). The unemployment rate of the retail, accommodation and food services sectors combined increased by 0.5 percentage point to 4.1% (only slightly higher than the 3.9% in the second quarter of 2019). The unemployment rate of the transportation sector went up by 0.3 percentage point to 2.4% (somewhat above the 2.0% in the second quarter of 2019). For the low-paying sectors (“LPS”)⁽¹⁾ as a whole, the unemployment rate went up by 0.2 percentage point to 2.5%, but still at a low level (same as the level in the second quarter of 2019).

(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 : The labour market remained tight



Chart 5 : The unemployment rates of various sectors stayed low in general in February – April 2024



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

10. Analysed by skill segment⁽²⁾, the unemployment rates of lower-skilled and higher-skilled workers both went up by 0.3 percentage point over the fourth quarter of 2023, to 3.1% and 2.3% respectively in February – April of 2024, but they were still low (broadly comparable with the respective levels of 3.0% and 1.9% in the second quarter of 2019).

11. Establishment survey indicated that wages and labour earnings continued to record visible year-on-year increases in the fourth quarter of 2023. The average wage rate rose by 3.8% year-on-year in nominal terms in December 2023, the same as in September 2023. After discounting for inflation, the average wage rate increased by 1.1% in real terms. Labour earnings, as measured by the index of payroll per person engaged, increased by 3.6% year-on-year in nominal terms in the fourth quarter of 2023, faster than the increase of 3.5% in the preceding quarter. In real terms, labour earnings increased by 1.0%. More recent General Household Survey data indicated that employment earnings continued to grow steadily in the first quarter of 2024 over a year earlier. The median monthly employment earnings of full-time employees⁽³⁾ increased by 5.4% in nominal terms or 3.4% in real terms. Please refer to **Annex** for details on the recent situation of household income.

(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.

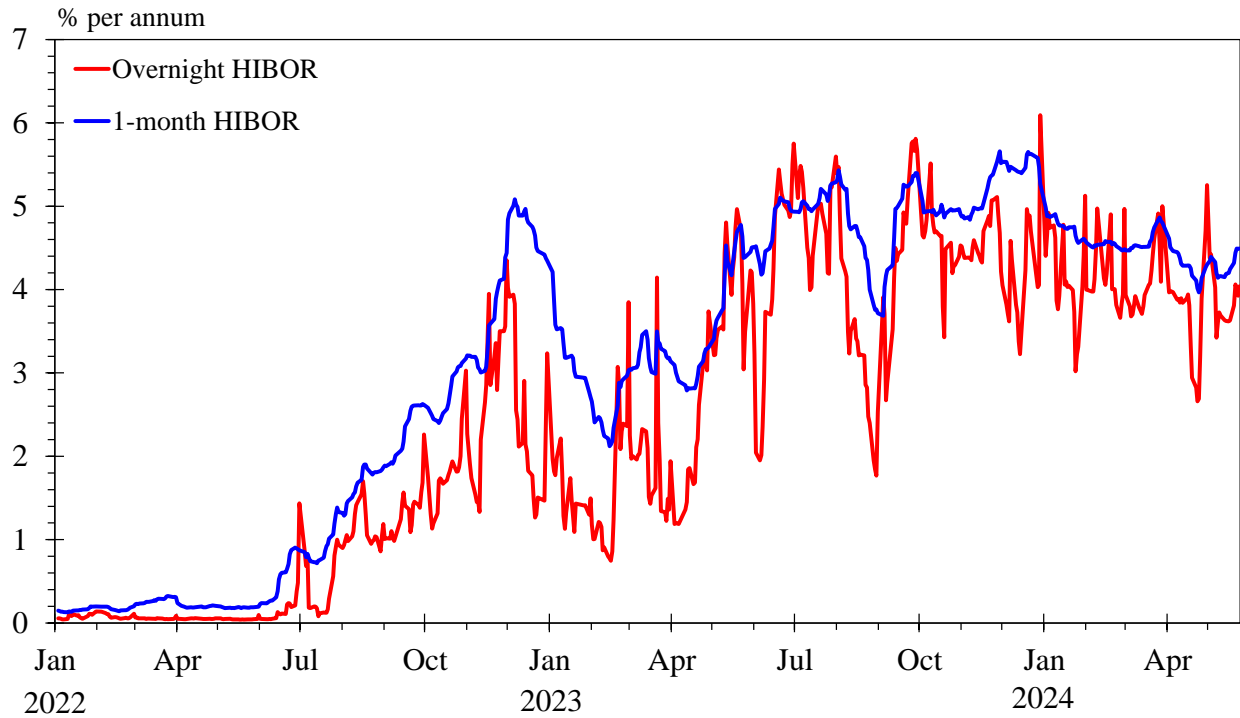
(3) Figure excludes foreign domestic helpers.

Hong Kong Dollar exchange rates and interest rates

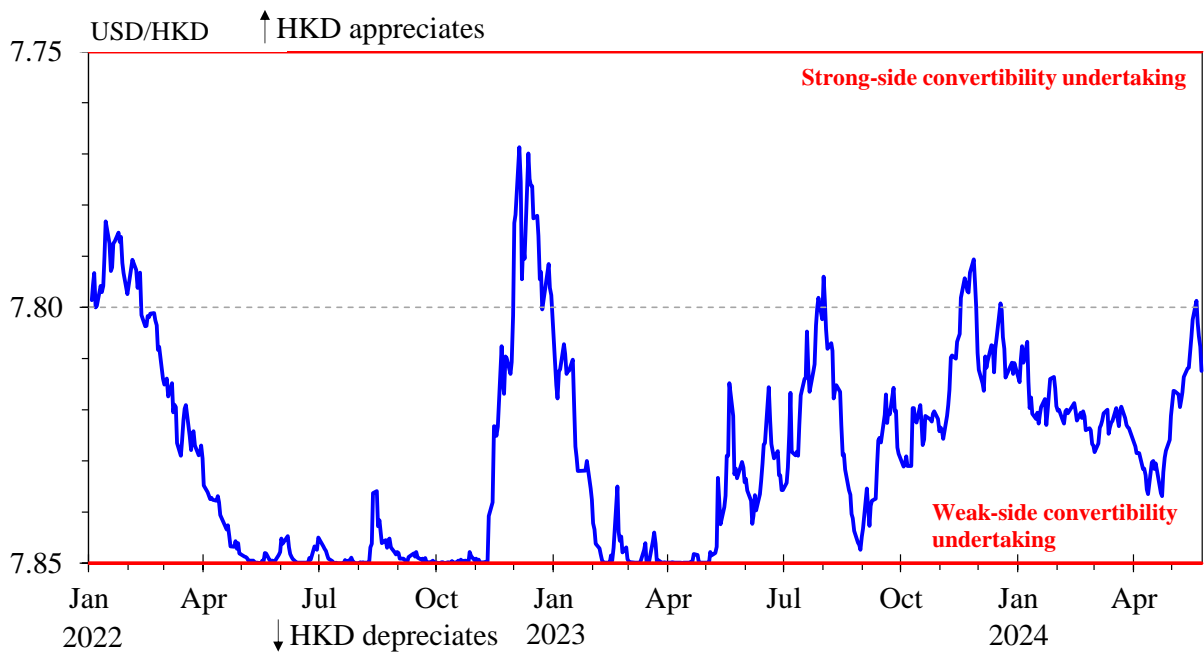
12. The high interest rate environment in Hong Kong continued in the first five months of 2024. As the US Fed maintained the target range for the Federal Funds Rate at 5.25% to 5.50%, the Base Rate under the Discount Window operated by the Hong Kong Monetary Authority (“HKMA”) remained unchanged at 5.75% at late May. Yet, the Hong Kong dollar interbank interest rates (“HIBORs”) came lower since the beginning of the year as seasonal demand for Hong Kong dollar funding faded after the end of last year (*Chart 6*). The overnight HIBOR and the 1-month HIBOR receded from 6.09% and 5.27% at end-2023 to 4.04% and 4.49% at 24 May 2024 respectively. The Best Lending Rates in the market remained in the range of 5.875% to 6.375%. After increasing by 5.1% in 2023, total deposits decreased slightly by 0.2% in the year to end-March 2024 and Hong Kong dollar deposits increased by 0.1%, showing that there is no outflows of fund from the Hong Kong banking system.

13. Entering 2024, the Hong Kong dollar exchange rate softened moderately, mainly driven by the fading out of seasonal funding demand and the market expectation of slower US Fed rate cuts. Since late April, the Hong Kong dollar exchange rate rebounded (*Chart 7*), supported by dividend-related funding demand and vibrant equity market activities. The Hong Kong dollar closed at 7.812 on 24 May, similar to the level at end-2023. The Aggregate Balance of the banking system was little changed, at \$45.0 billion on 24 May. Under the Linked Exchange Rate System, movements in the Hong Kong dollar exchange rate against other currencies closely followed those of the US dollar. As the US dollar strengthened against most major currencies, the trade-weighted Hong Kong dollar Nominal and Real Effective Exchange Rate Indices rose by 0.9% and 1.0% respectively during the first quarter.

**Chart 6 : The HIBORs came lower since the beginning of the year
as seasonal demand for Hong Kong dollar funding faded after the end of last year**



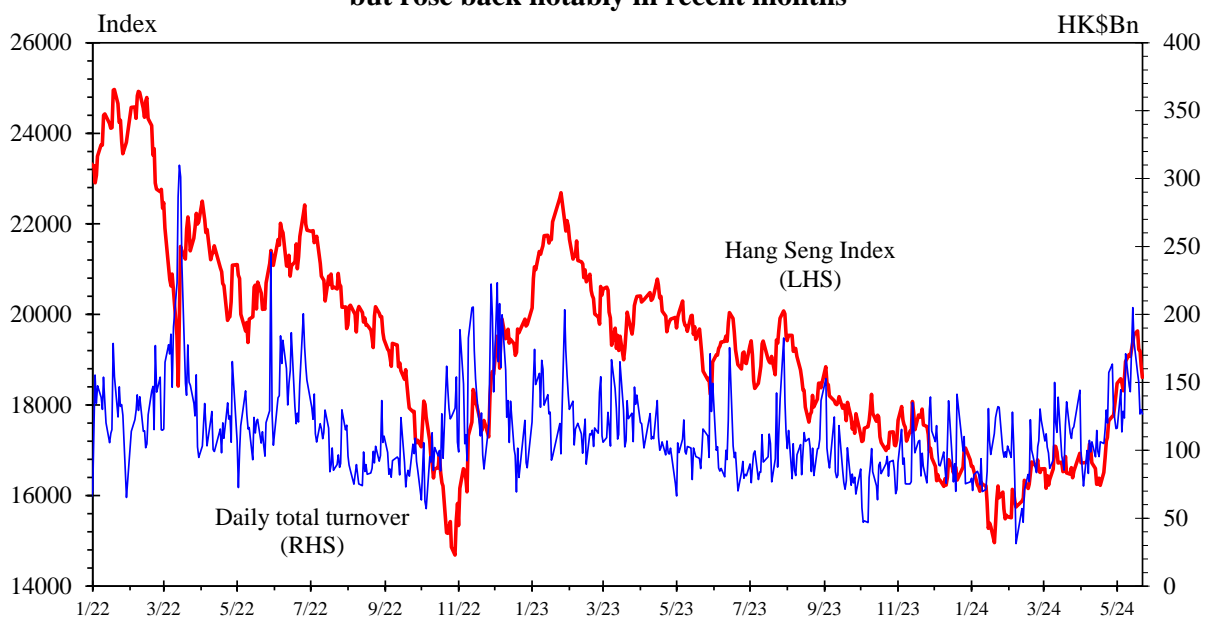
**Chart 7 : Entering 2024, the Hong Kong dollar exchange rate softened moderately,
but rebounded since late April**



Asset markets

14. The local stock market was under pressure in early 2024, but rose back notably in recent months. Dampened by heightened geopolitical tensions and tempered expectations for US interest rate cuts, the Hang Seng Index (“HSI”) headed down on entering 2024 and fell below 15 000 points, but subsequently staged a rebound as market sentiment improved alongside accelerated growth of the Mainland economy and announcement of a series of enhancement measures on mutual access between the Mainland and Hong Kong financial markets since late April. The HSI closed at 18 609 on 24 May, higher than end-2023 by 9.2% (**Chart 8**). Average daily turnover of the stock market increased to \$102.5 billion in the first four months of this year from \$91.0 billion in the fourth quarter of last year, and the average daily turnover for May up to 24 May was \$142.4 billion.

**Chart 8 : The local stock market was under pressure in early 2024,
but rose back notably in recent months**

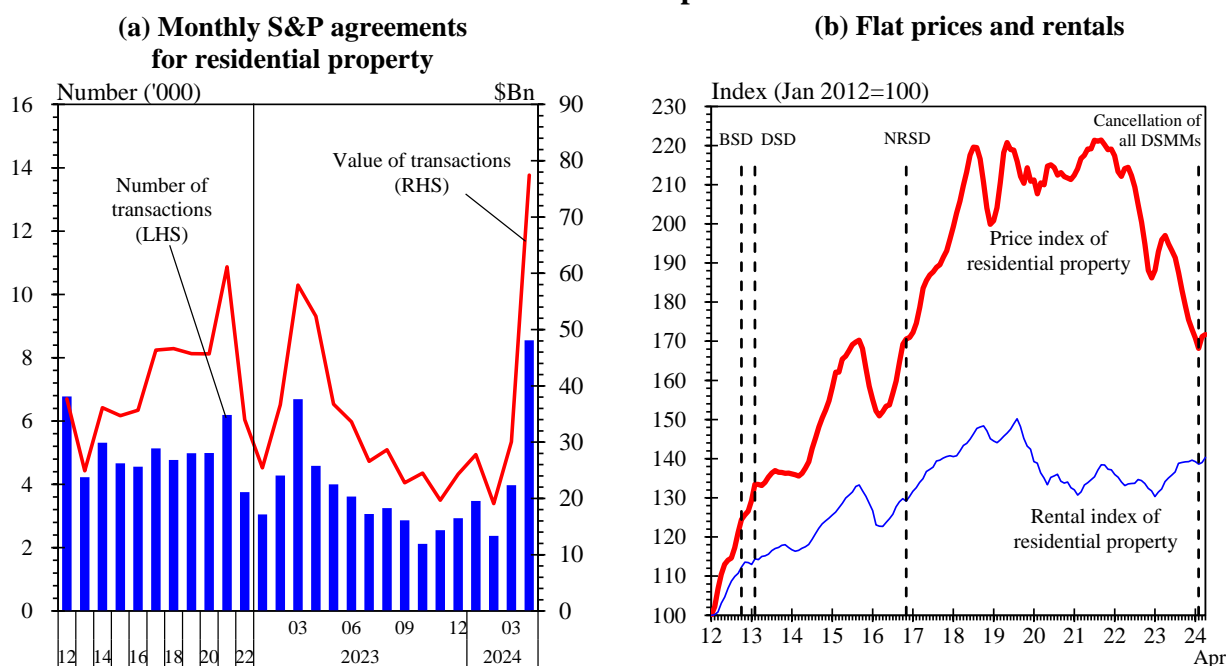


15. The Government has been monitoring the situation in the residential property market. After prudent assessment of the latest market situation, and considering the abundant housing supply in the coming few years, the Government announced the cancellation of all demand-side management measures (“DSMMs”) for residential properties on 28 February 2024. The HKMA also adjusted the countercyclical macroprudential measures for property mortgage loans in accordance with the evolving market situation on the same day.

16. Following the Government's cancellation of DSMMs for residential properties and the adjustment of prudential measures for property mortgage loans, the sentiment in the residential property market improved visibly, and trading turned active from the subdued levels in the first two months. The monthly average number of sale and purchase agreements for residential property received by the Land Registry rose from 2 926 during January to February to 6 261 during March to April, higher than the monthly average of 4 700 in 2019 – 2023 (*Chart 9(a)*).

17. Overall flat prices rose back by 2% in March and April combined after falling by 3% during January and February. Prices in April were still 22% below the peak in September 2021. Meanwhile, overall flat rentals were little changed during the first four months of the year. Flat rentals in April were 7% below the peak in August 2019 (*Chart 9(b)*).

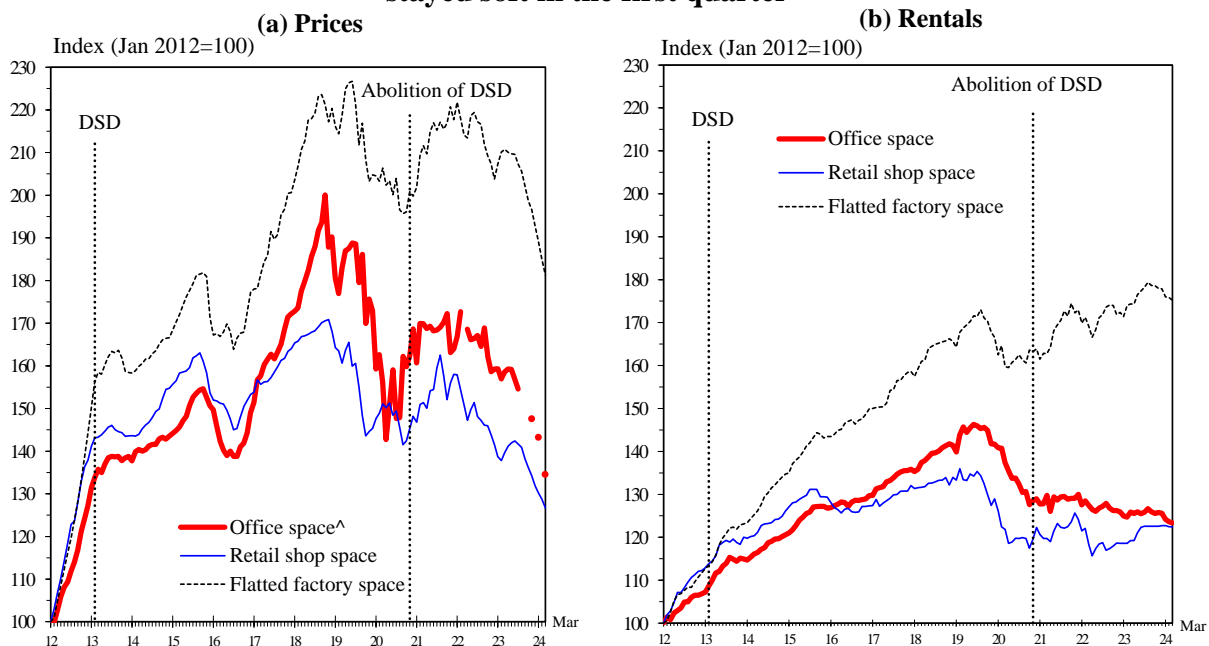
Chart 9 : After the cancellation of all DSMMs, the residential property market turned active while flat prices stabilised



18. The current-term Government strives to enhance the speed, quantity and efficiency of increasing land supply for housing on all fronts. In February, the Government announced the 2024-25 Land Sale Programme, which comprises eight residential sites capable of providing about 5 700 flats in total. Combining the various sources (including Government land sales, railway property development projects, the Urban Renewal Authority's projects, and private development and redevelopment projects), the total private housing land supply in the 2024-25 financial year is estimated to have a capacity to produce about 15 100 units, exceeding the private housing supply annual target of 13 200 units by around 15%. 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 at any time) would rise to 112 000 units as estimated at end-March 2024.

19. The non-residential property market stayed lacklustre in the first quarter of this year. Trading activities for all major market segments declined further. Prices and rentals stayed soft. Overall prices of office space on average fell by 9% between November 2023⁽⁴⁾ and March 2024, while rentals on average fell by 2% during the first quarter. Prices of retail shop space declined by 4% during the first quarter, while rentals were little changed. As for flatted factory space, prices and rentals fell by 6% and 1% respectively during the first quarter (*Chart 10*).

Chart 10 : Prices and rentals of non-residential properties stayed soft in the first quarter



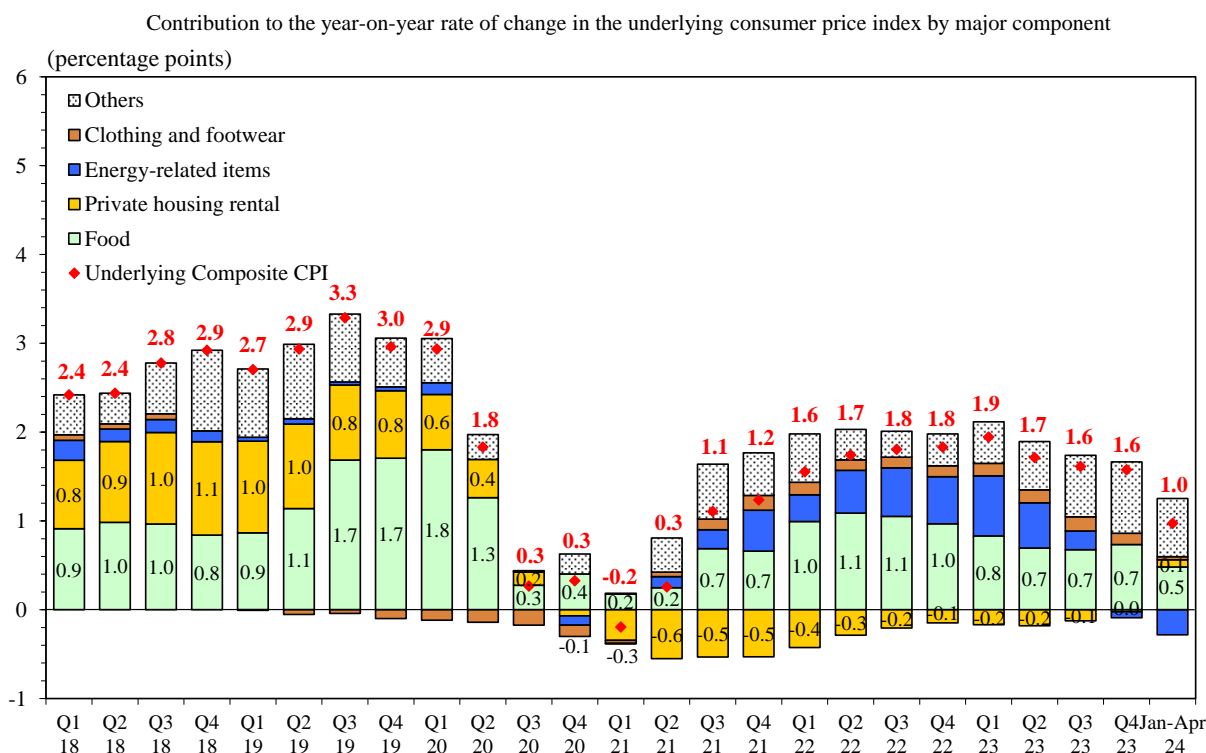
Note : (^) The price index of overall office space cannot be compiled in March 2022, August to October and December 2023, and February 2024 as there were insufficient transactions for Grade A or Grade B office space in those months.

(4) The price index for overall office space was not available in December 2023, as there were insufficient transactions for Grade A office space in that month.

Inflation

20. Underlying consumer price inflation was modest in the first four months of this year. Netting out the effects of the Government's one-off relief measures, the underlying consumer price inflation rate was 1.0% in the first four months of this year, as compared to 1.6% in the fourth quarter last year (*Chart 11*).

Chart 11 : Underlying consumer price inflation was modest 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.

21. Analysed by major component of the underlying Composite Consumer Price Index (*Table 1*), prices of meals out and takeaway food continued to record a relatively fast increase of 3.3% over a year earlier in the first four months of this year, while prices of basic food declined by 0.9%. Prices of clothing and footwear rose at a moderated rate. Prices of alcoholic drinks and tobacco rose further visibly along with the tobacco duty rate hikes. Price increases of transport and miscellaneous goods remained moderate. Private housing rentals held largely steady with a marginal increase of 0.2%. Meanwhile, prices of electricity, gas and water declined further, as prices of electricity dropped notably from a high base of comparison. Prices of durable goods also continued to fall.

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

<u>Expenditure component</u>	<u>Weighting (%)[^]</u>	<u>2023</u>					<u>2024</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	26.49	2.7	3.0	2.5	2.5	2.7	1.7	1.8	1.7
<i>Meals out and takeaway food</i>	17.39	4.0	4.4	4.0	3.8	3.7	3.4	3.1	3.3
<i>Basic food</i>	9.10	0.5	0.8	0.2	0.2	0.9	-1.0	-0.4	-0.9
Housing ^(a)	38.48	0.1 (1.0)	-0.1 (-0.1)	-0.1 (0.6)	0.2 (0.8)	0.4 (2.8)	0.5 (3.0)	0.7 (1.0)	0.6 (2.5)
<i>Private housing rent</i>	33.58	-0.4 (0.5)	-0.5 (-0.5)	-0.5 (0.2)	-0.4 (0.4)	-0.1 (1.8)	0.2 (2.0)	0.4 (0.4)	0.2 (1.6)
<i>Public housing rent</i>	1.97	1.1 (4.4)	1.2 (0.7)	1.5 (1.7)	1.5 (1.7)	0.3 (13.5)	0.3 (13.5)	0.4 (1.2)	0.3 (10.4)
Electricity, gas and water	3.07	8.1 (9.6)	17.2 (20.4)	13.2 (15.9)	5.2 (6.1)	-2.1 (-2.3)	-6.9 (-8.0)	-8.0 (-9.3)	-7.2 (-8.4)
Alcoholic drinks and tobacco	0.52	17.0	11.2	18.8	19.0	18.8	14.3	20.8	16.0
Clothing and footwear	2.74	5.8	5.9	5.9	6.5	5.0	1.6	0.6	1.4
Durable goods	4.30	-2.4	-2.3	-3.6	-2.5	-1.2	-1.4	-0.8	-1.3
Miscellaneous goods	3.38	1.7	0.9	1.5	2.2	2.2	1.3	1.1	1.3
Transport	7.28	1.9	1.4	1.7	2.0	2.5	2.1	1.8	2.0
Miscellaneous services	13.74	2.6 (2.6)	2.1 (2.2)	2.5 (2.5)	2.5 (2.5)	3.2 (3.2)	2.9 (2.9)	2.2 (2.2)	2.7 (2.7)
All items	100.00	1.7 (2.1)	1.9 (1.9)	1.7 (2.0)	1.6 (1.9)	1.6 (2.6)	1.0 (1.9)	0.9 (1.1)	1.0 (1.7)

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.

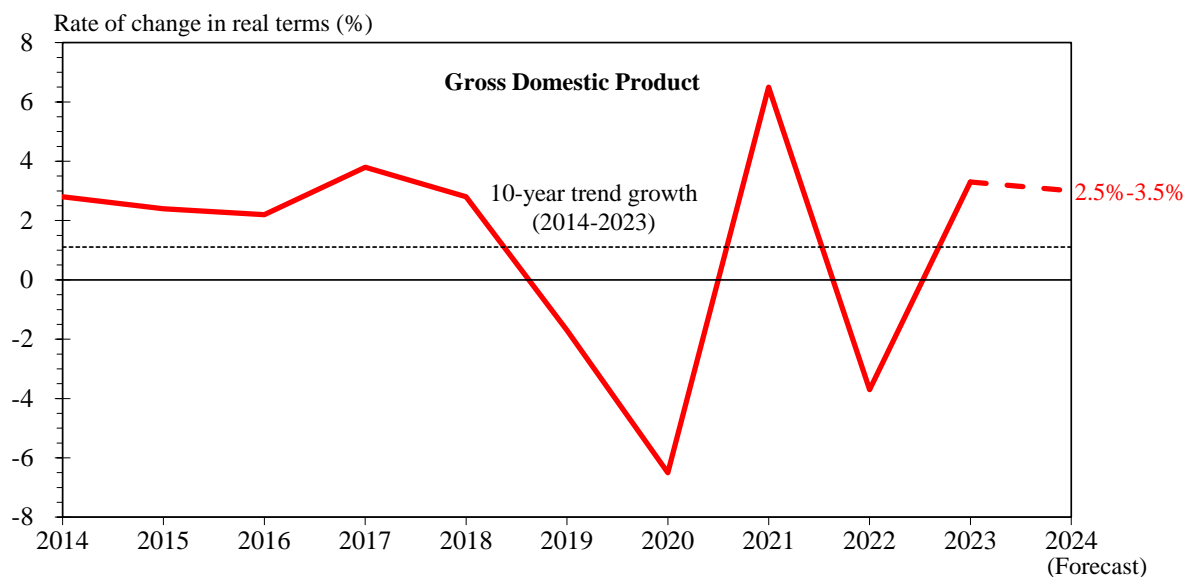
([^]) These are expenditure weights of the reference period 2023, which are used for the compilation of CPIs since April 2024. CPIs prior to this are compiled based on expenditure weights of the reference period 2019/20.

Updated economic forecasts for 2024

22. The Hong Kong economy should record further growth in the rest of the year. Exports of services should be supported by further revival of inbound tourism alongside the continued recovery of handling capacity and the Government's strenuous efforts to promote a mega event economy. Exports of goods are also expected to improve further if external demand holds up well, though we need to remain vigilant to uncertainties that may continue to be brought by geopolitical tensions. On the other hand, although residents' changing consumption pattern still poses challenges, rising employment earnings and the Government's introduction of various initiatives to boost market sentiment should help drive private consumption. Meanwhile, continued economic growth will also lend support to fixed asset investment. However, a longer period of tight financial conditions may affect local economic confidence and activities.

23. Taking into account the actual outturn in the first quarter of this year and the latest development of the global and local situation, the real GDP growth forecast for 2024 as a whole is maintained at 2.5%-3.5% (**Chart 12**), the same as that announced in the 2024-25 Budget. For reference, the forecast for Hong Kong's economic growth made by the IMF in April was 2.9%, while the latest growth forecasts by private sector analysts range from 2.0% to 3.5%, averaging around 2.8%.

Chart 12 : Economic growth forecast for 2024 as a whole is maintained at 2.5%-3.5%



24. On inflation, overall inflation should stay contained in the near term. Domestic costs may face some upward pressures as the Hong Kong economy continues to grow. External price pressures should remain on a broad downward trend (*Chart 13*). The forecast rates of underlying and headline consumer price inflation for 2024 are maintained at 1.7% (*Chart 14*) and 2.4% respectively.

Chart 13 : External price pressures on consumption-related items moderated; domestic business cost pressures stayed generally contained

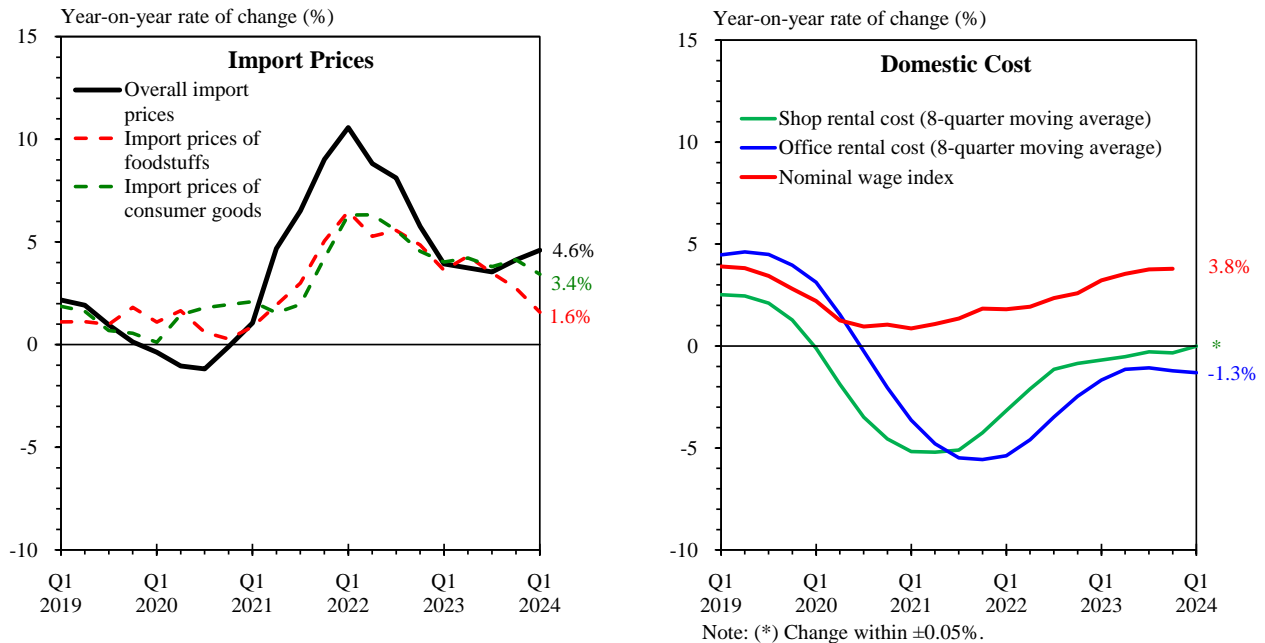
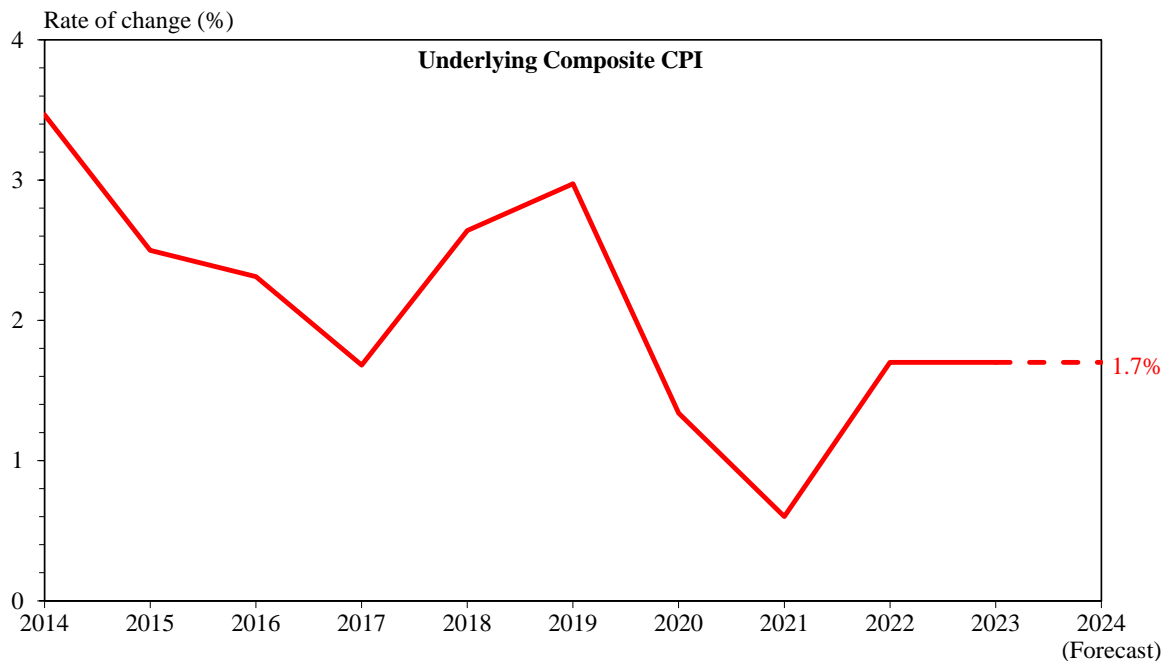


Chart 14 : Underlying inflation rate for 2024 is forecast at 1.7%



Recent Situation of Household Income⁽¹⁾

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 \$9,500 (at Q1 2024 prices) after adjusting for inflation⁽²⁾.

Overall situation of household income and employment earnings

2. The labour market remained tight on entering 2024. The seasonally adjusted unemployment rate stayed low at 3.0% in February – April 2024. The latest labour force and total employment both recorded 1.0% year-on-year increases.

3. Compared to a year earlier, various household income / employment earnings indicators maintained growth. The median monthly household income, an indication of the overall household income situation, increased further by 1.8% in nominal terms in the first quarter of 2024 over a year earlier, though the rate of increase narrowed somewhat against a higher base of comparison. After netting out inflation, the median monthly household income declined slightly by 0.2% in real terms, having increased visibly in the past year. Median employment earnings of full-time employees recorded a year-on-year increase of 5.4% in nominal terms or 3.4% in real terms. Within the total, median employment earnings of unskilled employees went up by 7.1% year-on-year in nominal terms or 4.8% 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) Calculated based on Consumer Price Index (A), and the benchmark is equivalent to \$8,800 at Q2 2019 prices.

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

Period		Median monthly household income		Median employment earnings of employees [^]		Median employment earnings of unskilled employees [^]	
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)
2023		6.7	(4.6)	6.2	(4.0)	8.2	(5.8)
2023	Q1	4.6	(2.6)	3.7	(1.7)	7.7	(5.6)
	Q2	8.0	(5.9)	5.4	(3.3)	7.7	(5.4)
	Q3	6.3	(4.3)	7.1	(5.2)	3.7	(1.7)
	Q4	3.5	(0.9)	8.6	(5.9)	8.0	(4.9)
2024	Q1	1.8	(-0.2)	5.4	(3.4)	7.1	(4.8)

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 2024, the number of economically active households with monthly household income below \$9,500 (referred to as “low-income households”) decreased by 1 800 from a year earlier to 82 800. Its proportion in total domestic households also decreased by 0.1 percentage point over the same period to 3.0%⁽³⁾.

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 2024, the number and proportion of low-income households decreased to 82 800 and 3.0% respectively, largely comparable with the pre-pandemic levels (*Table 2 and Chart 1*).

(3) All figures pertaining to low-income households in the first quarter of 2024 are provisional figures.

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

<u>Period</u>	Household type:		<u>Total</u>	Of which:
	<u>Elderly households[#]</u>	<u>Non-elderly households</u>		<u>Economically active persons therein</u>
Q1 2003	3 000	97 400	100 500	118 100
	(0.1)	(4.6)	(4.8)	[3.6]
Q1 2007	2 800	75 900	78 600	89 700
	(0.1)	(3.4)	(3.5)	[2.6]
Q1 2008	3 400	77 900	81 300	90 100
	(0.2)	(3.4)	(3.6)	[2.7]
Q1 2009	3 800	94 200	98 100	113 800
	(0.2)	(4.1)	(4.3)	[3.3]
Q1 2011	3 800	86 000	89 800	98 100
	(0.2)	(3.7)	(3.8)	[2.9]
Q1 2013	5 100	71 500	76 600	86 200
	(0.2)	(3.0)	(3.2)	[2.4]
Q1 2015	6 600	63 400	70 100	76 400
	(0.3)	(2.6)	(2.9)	[2.1]
Q1 2017	8 700	62 100	70 800	79 000
	(0.3)	(2.5)	(2.8)	[2.2]
Q1 2019	8 900	64 900	73 800	80 700
	(0.3)	(2.5)	(2.9)	[2.2]
Q1 2020	10 000	94 100	104 100	117 700
	(0.4)	(3.6)	(4.0)	[3.3]
Q1 2021	12 800	131 900	144 700	166 800
	(0.5)	(5.0)	(5.5)	[4.7]
Q1 2022	9 800	103 700	113 500	130 300
	(0.4)	(3.9)	(4.3)	[3.7]
Q1 2023	10 300	74 400	84 600	90 400
	(0.4)	(2.8)	(3.1)	[2.6]
Q1 2024	14 300	68 500	82 800	89 100
	(0.5)	(2.5)	(3.0)	[2.6]

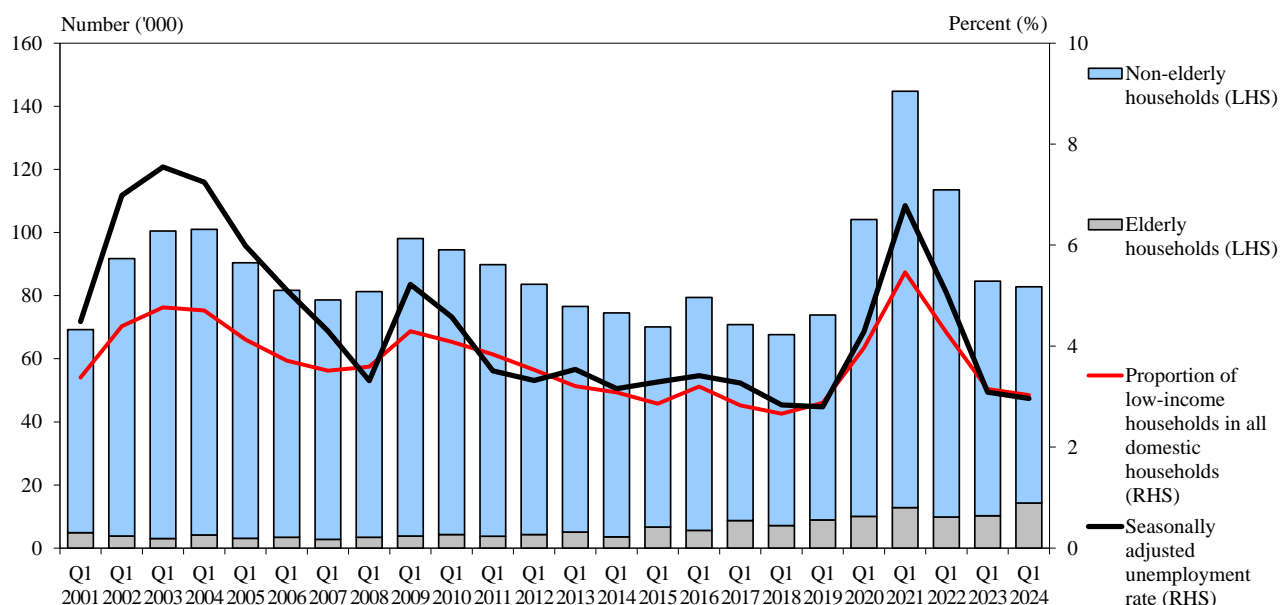
Notes : (*) Low-income households refer to households with monthly household income less than \$9,500 (Q1 2024 prices). This does not include households with all members being economically inactive.

(#) 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*



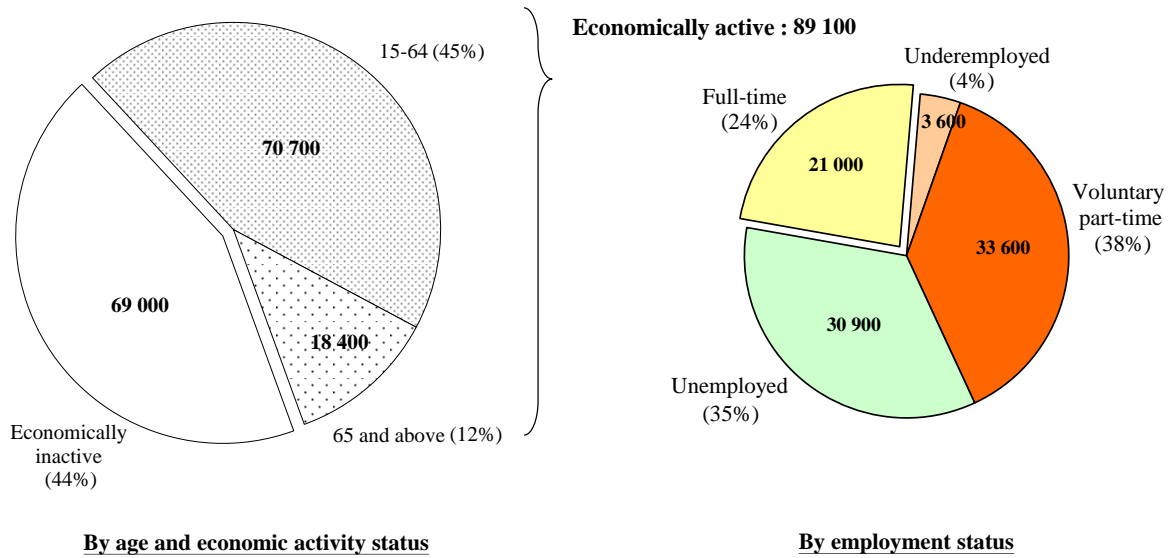
Note : (*) Low-income households refer to households with monthly household income less than \$9,500 (Q1 2024 prices). This does not include households with all members being economically inactive.

Socio-economic characteristics of low-income households

6. Further analysis of low-income households in the first quarter of 2024 yields the following observations:

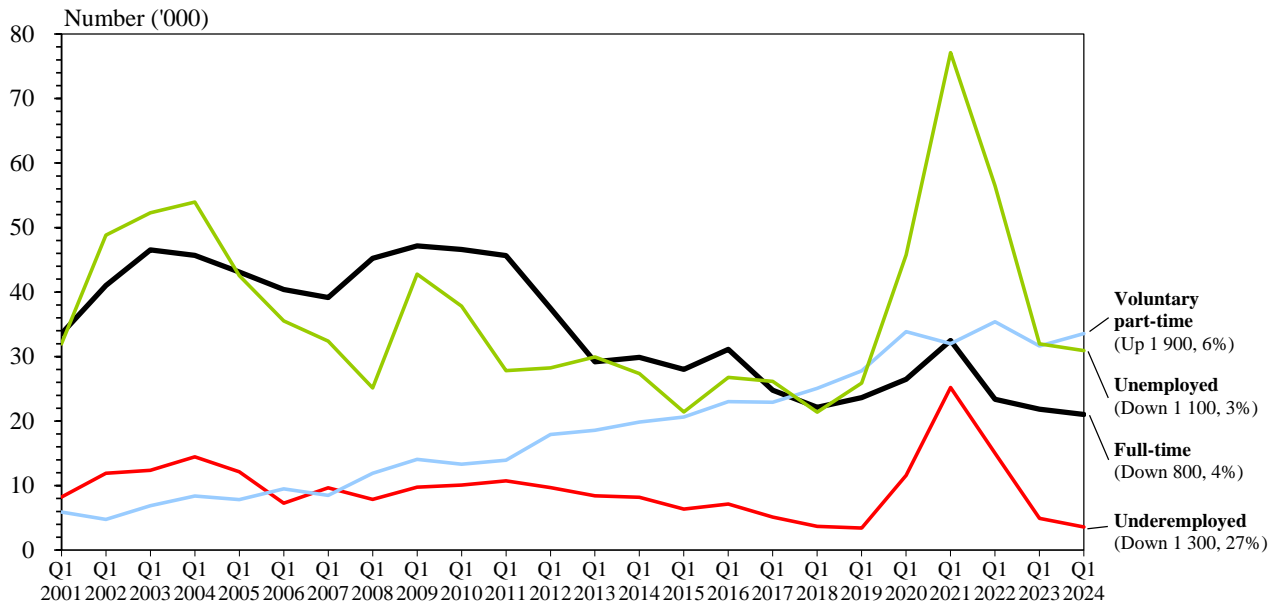
- There were 158 100 persons living in low-income households, among whom 89 100 were economically active. Most of these economically active persons (70 700 or 79%) were aged 15-64, with the majority in the older age group of 40-64 (51 900 or 58%), and some were elders aged 65 and above (18 400 or 21%).
- The remaining 69 000 persons were economically inactive, among whom 31 400 (45%) were either children aged below 15 or elders aged 65 and above.
- Further analysis by employment status shows that among the 89 100 economically active persons, the proportion of unemployed persons was 35%, and the corresponding number of persons declined by 3% year-on-year to 30 900. The proportions of full-time workers and underemployed persons were 24% and 4% respectively, and their numbers were 21 000 and 3 600 respectively, down by 4% and 27% respectively from a year earlier. Meanwhile, the number and proportion of voluntary part-timers rose by 6% and 3 percentage points year-on-year to 33 600 and 38% respectively (*Charts 2 and 3*).

**Chart 2 : Persons living in low-income households*
by age and economic activity status in the first quarter of 2024**



Note : (*) Low-income households refer to households with monthly household income less than \$9,500 (Q1 2024 prices). This does not include households with all members being economically inactive.

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



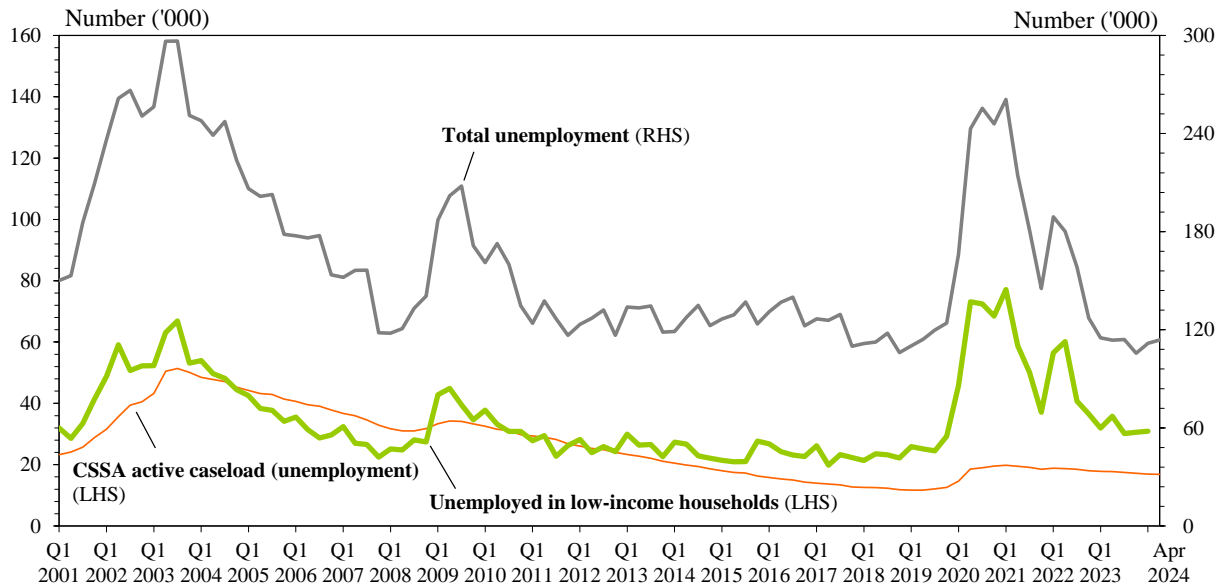
Notes : (*) Low-income households refer to households with monthly household income less than \$9,500 (Q1 2024 prices). This does not include households with all members being economically inactive.
Figures in brackets are the year-on-year changes in the number of economically active persons in the first quarter of 2024.

- Analysed by occupation, the majority of the employed persons in low-income households (86%) were lower-skilled workers (37% were service and sales workers, and 27% were elementary workers). A breakdown by economic sector reveals that most of them were engaged in the retail, accommodation and food services sector (17 000 or 29%), followed by the transportation, storage, postal and courier services sector (7 400 or 13%).

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

7. The unemployment rate of lower-skilled workers fell by 0.2 percentage point from a year earlier to 3.1% in February – April 2024. The number of CSSA unemployment cases was 16 879 in April 2024, down by 904 or 5.1% from a year earlier (**Chart 4**). As for the number of overall CSSA caseload, there were 198 840 cases in April 2024, down by 6 048 or 3.0% 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 2024 prices). This does not include households with all members being economically inactive.
(^) Monthly period-end figures.