

## **Press Release**

(embargoed until 4:30 p.m. on 16 May 2025)

### **Economic performance in first quarter of 2025 and latest GDP and price forecasts for 2025**

The Government released today (16 May) the First Quarter Economic Report 2025, together with the revised figures on Gross Domestic Product (GDP) for the first quarter of 2025.

The Acting Government Economist, Dr Cecilia Lam, gave an account of the economic performance in the first quarter of 2025 and the latest GDP and price forecasts for 2025.

#### **Main points**

- \* The Hong Kong economy expanded solidly in the first quarter of 2025, mainly supported by visible increases in exports of goods and services, as well as the resumption of moderate growth in overall investment expenditure. Yet, private consumption expenditure continued to register a modest decline. Real GDP expanded by 3.1% year-on-year in the first quarter, picking up from the 2.5% growth in the preceding quarter. On a seasonally adjusted quarter-to-quarter basis, real GDP grew visibly by 1.9%.
- \* The global economy maintained steady growth in the first quarter. With broadly sustained external demand, as well as some front-loading of shipments in anticipation of tariff hikes by the United States in early April, Hong Kong's total exports of goods saw visibly accelerated growth, up 8.4% year-on-year in real terms. Meanwhile, thanks to the further increase in visitor arrivals, growth in cross-boundary traffic, and notable increase in cross-boundary financial and fund raising activities, total exports of services continued to expand visibly in the first quarter, by 6.6% year-on-year in real terms.
- \* Domestically, overall investment expenditure resumed moderate growth, rising by 2.8% year-on-year in real terms, underpinned by a visible increase in expenditure on acquisitions of machinery, equipment, and intellectual property products, as well as a sharp rise in costs of ownership transfer due to a markedly higher number of property transactions compared to the same period last year. Yet, private consumption expenditure continued to register a small decline of 1.1%, reflecting the lingering impact of changes in residents' consumption patterns.
- \* The labour market remained tight in the first quarter. The seasonally adjusted unemployment rate stayed low at 3.2%, slightly higher than the 3.1% in the preceding quarter. The underemployment rate remained at a low level of 1.1%. Employment earnings continued to record solid growth.
- \* The local stock market once rallied in the first quarter, driven by the Mainland's breakthrough development in artificial intelligence (AI) and the Central Government's measures to stimulate the domestic economy as unveiled at the "Two Sessions". However, the market cooled down towards the end of the quarter amid concerns over the United States' trade policy outlook. The residential property prices remained soft.

- \* Consumer price inflation stayed modest in the first quarter. The underlying Composite Consumer Price Index (Composite CPI) increased by 1.2% over a year earlier, same as the increase in the preceding quarter. Price pressures on various major components stayed largely contained. Including the effects of the Government's one-off relief measures, the headline Composite CPI increased by 1.6% over a year earlier, higher than the 1.4% increase in the preceding quarter.
- \* As international trade tensions have eased somewhat of late, the headwinds and uncertainties in the external environment have lessened to some extent. This may relieve part of the downward pressure on the global economic outlook. Moreover, the sustained steady growth of the Mainland economy amid more proactive fiscal policies and the moderately accommodative monetary policies should bode well for the performance of merchandise exports in Asia including Hong Kong. Sustained international trade flows, coupled with improving inbound tourism, are also expected to benefit Hong Kong's exports of services. However, uncertainties in the trade policies of the United States persist, and its monetary policy trajectory going forward is still complicated. These may affect global financial conditions and investment sentiment. Apart from this, the change in consumption patterns of residents and visitors would still pose constraints on driving consumption in the domestic market, though sustained increase in employment earnings and the SAR Government's various policies to promote mega events and tourism would help boost consumption sentiment.
- \* Taking into account the actual outturn in the first quarter and the latest developments of the global and local situation, the real GDP growth forecast for 2025 as a whole is maintained at 2%-3%, the same as that announced in the Budget. The Government will continue to closely monitor the situation.
- \* On the inflation outlook, overall inflation should remain modest in the near term as pressures from domestic costs and external prices should stay broadly in check. Considering that the inflation situation in the first quarter was broadly in line with earlier expectations, the forecasts for the underlying and headline consumer price inflation rates for 2025 are maintained at 1.5% and 1.8% respectively, the same as those announced in the Budget.

## Details

### GDP

According to the revised figures released today by the Census and Statistics Department, real *GDP* grew by 3.1% year-on-year in the first quarter of 2025 (same as the advance estimate), having increased by 2.5% in the preceding quarter. On a seasonally adjusted quarter-to-quarter comparison, real GDP rose by 1.9% in the first quarter (revised from the advance estimate of 2.0%), after a 0.9% increase in the preceding quarter (*Chart*).

2. The latest figures on GDP and its major expenditure components up to the first quarter of 2025 are presented in *Table 1*. Developments in different segments of the economy in the first quarter are described below.

### External trade

3. Supported by broadly sustained external demand as well as some front-loading of shipments in anticipation of tariff hikes by the United States in early April, *total exports of goods* posted accelerated year-on-year growth of 8.4% in real terms in the first quarter, following a 1.3% increase in the preceding quarter. Analysed by major market and by reference to external merchandise trade statistics, exports to the Mainland grew strongly in the first quarter over a year earlier. Exports to the United States rose back, while those to the European Union fell further. Exports to ASEAN markets soared, while those to high-income Asian economies showed mixed performance. On a seasonally adjusted quarter-to-quarter basis, total exports of goods increased notably by 10.2% in real terms in the first quarter.

4. *Exports of services* continued to expand visibly by 6.6% in real terms in the first quarter over a year earlier, after growing by 6.5% in the preceding quarter. Exports of all major service groups rose further. Specifically, exports of travel and transport services continued to expand, supported by the further increase in visitor arrivals and growth in cross-boundary traffic. Exports of financial services rose sharply, thanks to the notable increase in cross-boundary financial and fund raising activities. On a seasonally adjusted quarter-to-quarter basis, exports of services were virtually unchanged in real terms in the first quarter.

### Domestic sector

5. Private consumption continued to be subject to the lingering impact of changes in residents' consumption patterns in the first quarter. *Private consumption expenditure* declined modestly by 1.1% in real terms from a year ago, after a marginal decline of 0.2% in the preceding quarter. On a seasonally adjusted quarter-to-quarter basis, private consumption expenditure decreased by 1.6% in real terms.

Meanwhile, *government consumption expenditure* increased by 1.2% in real terms in the first quarter over a year earlier, after rising by 2.1% in the preceding quarter. On a seasonally adjusted quarter-to-quarter basis, government consumption expenditure increased by 0.5% in real terms.

6. Overall investment expenditure in terms of *gross domestic fixed capital formation* resumed moderate growth in the first quarter, rising by 2.8% year-on-year in real terms, after a modest decline of 0.7% in the preceding quarter. Within the total, expenditure on machinery, equipment, and intellectual property products increased visibly. The costs of ownership transfer rose sharply due to a markedly higher number of property transactions compared to the same period last year. Yet, expenditure on building and construction declined moderately.

### **The labour sector**

7. The labour market remained tight in the first quarter of 2025. The seasonally adjusted *unemployment rate* stayed low at 3.2%, slightly higher than the 3.1% in the preceding quarter. The *underemployment rate* remained at a low level of 1.1%. The median monthly employment earnings of full-time employees in nominal terms increased by 6.4% year-on-year in the first quarter.

### **The asset markets**

8. After staying largely range-bound in January 2025, the *local stock market* rallied after the Chinese New Year holidays through mid-March, as market sentiment was fuelled by the Mainland's breakthrough development in AI and the Central Government's measures to stimulate the domestic economy as unveiled at the "Two Sessions". However, the market cooled down towards the end of the quarter amid concerns over the United States' trade policy outlook. The Hang Seng Index (HSI) hit a three-year high of 24 771 on 19 March, before retreating somewhat to close the first quarter at 23 120, up 15.3% from end-2024. In early April, trade tensions escalated abruptly due to the significant increase in import tariffs by the United States, and the global financial markets were volatile at that time. The HSI also fell in tandem, but it has recently resumed its uptrend.

9. The *residential property* prices remained soft in the first quarter. Market sentiment turned more cautious towards the end of March amid growing external uncertainties from the United States' trading and monetary policies. Overall flat prices fell by 2% in the first quarter. The index of home purchase affordability improved slightly further to around 59% in the first quarter alongside easing flat prices during the quarter, but remained above the long-term average of 56% over 2005-2024. The number of transactions, in terms of the total number of sale and purchase agreements for residential property received by the Land Registry, retreated by 19% from the preceding quarter to 12 193 in the first quarter, but was 24% higher than the



level a year ago. On the other hand, overall flat rentals continued to show resilience, edging up by 0.4% during the first quarter. As to the *non-residential property market*, it remained generally weak in the first quarter, with trading activities across major market segments showing mixed performance, as well as prices and rentals declining further.

## Prices

10. Consumer price inflation stayed modest in the first quarter of 2025. The *underlying Composite CPI* increased by 1.2% over a year earlier in the first quarter, same as the increase in the preceding quarter. Within which, food prices as a whole increased mildly. Private housing rentals saw a slightly accelerated increase. Price pressures on other major components stayed largely contained. Including the effects of the Government's one-off relief measures, the *headline Composite CPI* increased by 1.6% over a year earlier, higher than the 1.4% increase in the preceding quarter. The headline inflation rate was higher than its underlying counterpart in the first quarter, as the electricity charges subsidy provided by the Government was smaller compared with the same period last year.

## Latest GDP and price forecasts for 2025

11. As international trade tensions have eased somewhat of late, the headwinds and uncertainties in the external environment have lessened to some extent. This may relieve part of the downward pressure on the global economic outlook. Moreover, the sustained steady growth of the Mainland economy amid more proactive fiscal policies and the moderately accommodative monetary policies should bode well for the performance of merchandise exports in Asia including Hong Kong. Sustained international trade flows, coupled with improving inbound tourism, are also expected to benefit Hong Kong's exports of services. However, uncertainties in the trade policies of the United States persist, and its monetary policy trajectory going forward is still complicated. These may affect global financial conditions and investment sentiment. Apart from this, the change in consumption patterns of residents and visitors would still pose constraints on driving consumption in the domestic market, though sustained increase in employment earnings and the SAR Government's various policies to promote mega events and tourism would help boost consumption sentiment.

12. Taking into account the actual outturn in the first quarter and the latest developments of the global and local situation, the real GDP growth forecast for 2025 as a whole is maintained at 2%-3%, the same as that announced in the Budget (*Table 2*). The Government will continue to closely monitor the situation. For reference, the latest growth forecasts by private sector analysts range between 1.0% to 2.5%.

13. On the inflation outlook, overall inflation should remain modest in the near term as pressures from domestic costs and external prices should stay broadly in check. Considering that the inflation situation in the first quarter was broadly in line with earlier expectations, the forecasts for the underlying and headline consumer price inflation rates for 2025 are maintained at 1.5% and 1.8% respectively, the same as those announced in the Budget (*Table 2*).

(The First Quarter Economic Report 2025 is now available for online download, free of charge at [www.hkeconomy.gov.hk/en/situation/index.htm](http://www.hkeconomy.gov.hk/en/situation/index.htm). The Report of the Gross Domestic Product by Expenditure Component, which contains the GDP figures up to the first quarter of 2025, is also available for browse and download, free of charge on the homepage of the Census and Statistics Department, [www.censtatd.gov.hk](http://www.censtatd.gov.hk).)

## Hong Kong's Gross Domestic Product

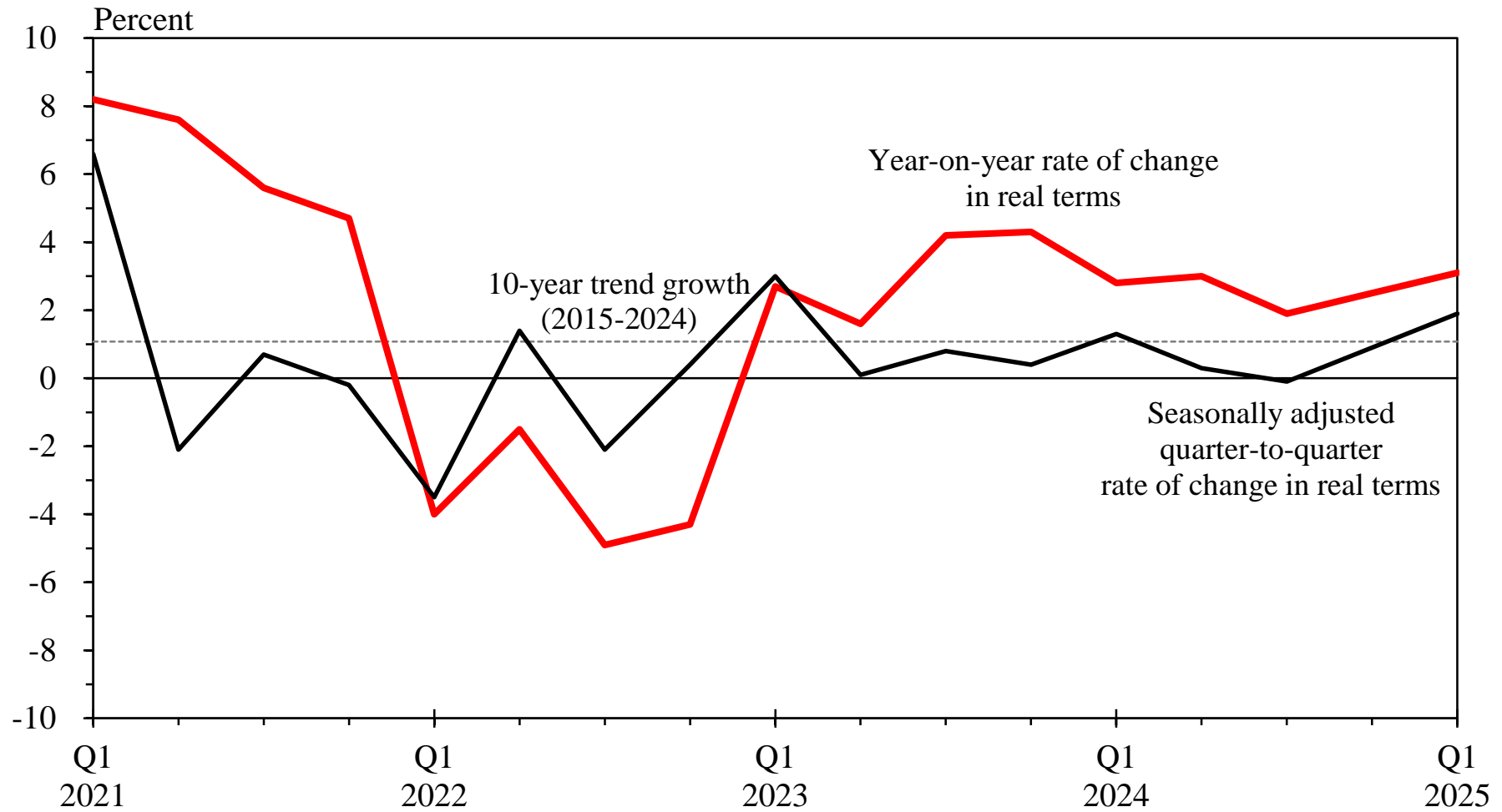


Table 1

**Gross Domestic Product, its main expenditure components  
and the main price indicators  
(year-on-year rate of change (%))**

	<u>2024<sup>#</sup></u>	<u>Q1<sup>#</sup></u>	<u>2024</u> <u>Q2<sup>#</sup></u>	<u>Q3<sup>#</sup></u>	<u>Q4<sup>#</sup></u>	<u>2025</u> <u>Q1<sup>#</sup></u>
<i>Change in real terms of GDP and its main expenditure components (%)</i>						
Private consumption Expenditure	-0.7	0.9 (-0.7)	-1.9 (0.4)	-1.3 (-0.2)	-0.2 (0.3)	-1.1 (-1.6)
Government consumption expenditure	0.9	-1.6 (1.1)	1.7 (-0.6)	1.6 (0.6)	2.1 (0.8)	1.2 (0.5)
Gross domestic fixed capital formation	1.9	-0.9	3.1	5.8	-0.7	2.8
Building and construction	3.6	9.7	10.2	-0.4	-4.8	-2.3
Costs of ownership transfer	11.7	-35.7	31.5	6.8	75.0	41.4
Machinery, equipment and intellectual property products	-2.5	-12.9	-15.3	14.8	-1.9	9.1
Total exports of goods <sup>&amp;</sup>	4.7	6.7 (2.9)	7.4 (*)	3.9 (-2.1)	1.3 (0.3)	8.4 (10.2)
Imports of goods <sup>&amp;</sup>	2.4	3.3 (0.7)	3.4 (-0.5)	2.8 (0.5)	0.4 (-0.5)	7.1 (7.5)
Exports of services <sup>&amp;</sup>	5.1	9.9 (0.1)	1.0 (-1.8)	2.8 (3.5)	6.5 (4.7)	6.6 (*)
Imports of services <sup>&amp;</sup>	11.6	18.2 (3.8)	11.7 (0.5)	9.0 (1.3)	8.3 (2.6)	5.5 (0.7)
<b>Gross Domestic Product</b>	<b>2.5</b>	<b>2.8</b> <b>(1.3)</b>	<b>3.0</b> <b>(0.3)</b>	<b>1.9</b> <b>(-0.1)</b>	<b>2.5</b> <b>(0.9)</b>	<b>3.1</b> <b>(1.9)</b>
<i>Change in the main price indicators (%)</i>						
<b>GDP deflator</b>	<b>3.8</b>	<b>3.8</b> <b>(0.7)</b>	<b>4.5</b> <b>(1.2)</b>	<b>4.3</b> <b>(1.0)</b>	<b>2.8</b> <b>(-0.2)</b>	<b>1.2</b> <b>(-0.8)</b>
<b>Composite CPI</b>						
<b>Headline</b>	<b>1.7</b>	<b>1.9</b> <b>(*)</b>	<b>1.2</b> <b>(-0.4)</b>	<b>2.4</b> <b>(1.5)</b>	<b>1.4</b> <b>(0.3)</b>	<b>1.6</b> <b>(0.2)</b>
<b>Underlying<sup>^</sup></b>	<b>1.1</b>	<b>1.0</b> <b>(*)</b>	<b>1.0</b> <b>(0.4)</b>	<b>1.1</b> <b>(0.4)</b>	<b>1.2</b> <b>(0.5)</b>	<b>1.2</b> <b>(*)</b>
<i>Change in nominal GDP (%)</i>	<b>6.4</b>	<b>6.7</b>	<b>7.6</b>	<b>6.3</b>	<b>5.3</b>	<b>4.3</b>

Notes : Figures are subject to revision later on as more data become available. The seasonally adjusted quarter-to-quarter rate of change is not applicable to gross domestic fixed capital formation, as no clear seasonal pattern is found for this category due to the presence of considerable short-term fluctuations.

(&) Figures are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.

(#) Revised figures.

( ) Seasonally adjusted quarter-to-quarter rate of change.

(^ ) After netting out the effects of the Government's one-off relief measures.

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

**Table 2****Economic forecasts for 2025  
(rate of change (%))**

	Forecasts as released on 26.2.2025 (%)	Latest forecasts on 16.5.2025 (%)
<b>Real Gross Domestic Product (GDP)</b>	2 to 3	2 to 3
<b>Composite Consumer Price Index (CCPI)</b>		
<i>Underlying CCPI</i>	1.5	1.5
<i>Headline CCPI</i>	1.8	1.8



# First Quarter Economic Report 2025

Government of the Hong Kong  
Special Administrative Region

# ***FIRST QUARTER ECONOMIC REPORT 2025***

OFFICE OF THE GOVERNMENT ECONOMIST  
FINANCIAL SECRETARY'S OFFICE  
GOVERNMENT OF THE  
HONG KONG SPECIAL ADMINISTRATIVE REGION

*May 2025*





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## CHAPTER 1 : OVERVIEW OF ECONOMIC PERFORMANCE

### *Summary*

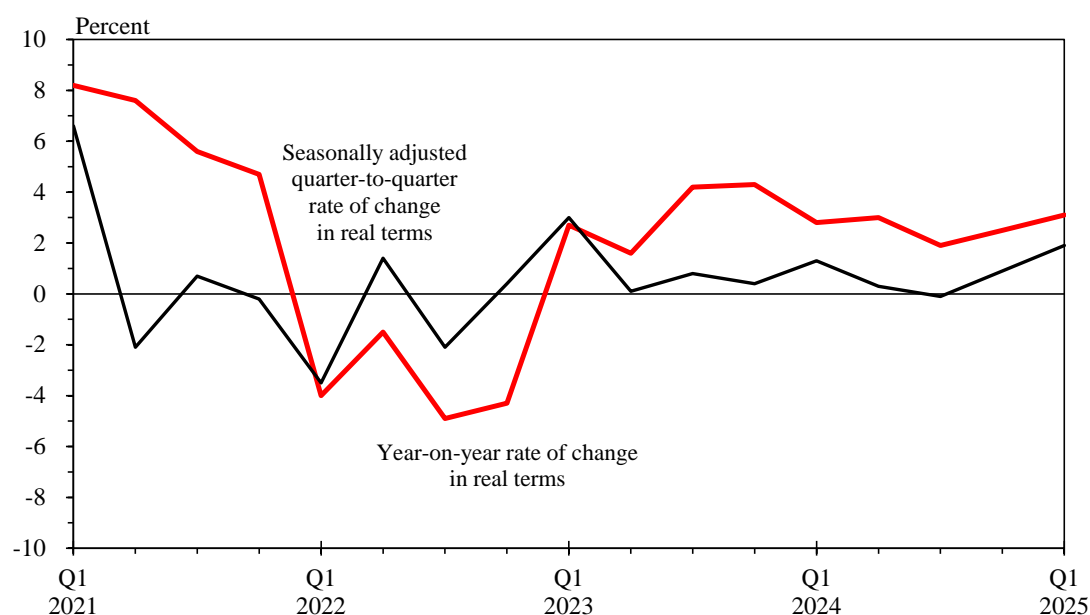
- *The Hong Kong economy expanded solidly in the first quarter of 2025, largely supported by visible growth in exports of goods and services. The resumption of moderate growth in overall investment expenditure also contributed, yet private consumption expenditure continued to register a modest decline. Real Gross Domestic Product (GDP)<sup>(1)</sup> grew by 3.1% over a year earlier, or 1.9% on a seasonally adjusted quarter-to-quarter comparison<sup>(2)</sup>.*
- *Hong Kong's total exports of goods posted accelerated year-on-year growth in the first quarter, supported by broadly sustained external demand and likely some front-loading of shipments in anticipation of imminent tariff hikes. Meanwhile, exports of services continued to expand visibly. Exports of all major service groups rose further, thanks to the further increase in visitor arrivals, growth in cross-boundary traffic, increase in other cross-boundary activities and buoyant local stock market.*
- *Domestically, private consumption expenditure continued to register a small decline in the first quarter, reflecting the lingering impact of changes in residents' consumption patterns. Overall investment expenditure resumed moderate growth, thanks partly to the visible increase in costs of ownership transfer, and partly to the increase in expenditure on machinery, equipment, and intellectual property products.*
- *The labour market remained tight in the first quarter. The seasonally adjusted unemployment rate stayed low at 3.2%, slightly higher than the 3.1% in the preceding quarter. The underemployment rate remained unchanged at a low level of 1.1%.*
- *The local stock market surged after the Chinese New Year holidays through mid-March, as market sentiment was fuelled by the Mainland's breakthrough development in artificial intelligence (AI) and the Central Government's measures to stimulate the domestic economy as unveiled at the "Two Sessions". However, the market cooled down towards the end of the quarter amid concerns over the US trade policy outlook. The Hang Seng Index (HSI) closed the first quarter at 23 120, up 15.3% from end-2024. The residential property market remained soft in the first quarter. Flat prices fell for the quarter as a whole, while rentals continued to show resilience.*
- *Underlying consumer price inflation stayed modest in the first quarter. Price pressures on various major components stayed largely contained.*

## Overall situation

1.1 The Hong Kong economy expanded solidly in the first quarter of 2025. The expansion was largely supported by visible growth in exports of goods and services, driven in part by the anticipation of imminent tariff hikes by the United States (US). The resumption of moderate growth in overall investment expenditure also contributed to the expansion in the economy, yet private consumption expenditure continued to register a modest decline.

1.2 Real GDP grew by 3.1% year-on-year in the first quarter (same as the advance estimate), having increased by 2.5% in the preceding quarter. On a seasonally adjusted quarter-to-quarter comparison, real GDP increased visibly by 1.9% (revised from the advance estimate of 2.0%), an acceleration from a 0.9% increase in the preceding quarter.

**Diagram 1.1 : The Hong Kong economy expanded solidly in the first quarter of 2025**



## The external sector

1.3 Supported by broadly sustained external demand and likely some front-loading of shipments in anticipation of imminent tariff hikes, *total exports of goods* based on the GDP compilation framework posted accelerated year-on-year growth of 8.4% in real terms in the first quarter of 2025, following a 1.3% increase in the preceding quarter. Analysed by major market and by reference to external merchandise trade statistics, exports to the Mainland grew strongly in the first quarter over a year earlier. Exports to the US rose back, while those to the EU fell further. Exports to ASEAN markets soared, while those to high-income Asian economies showed mixed performance.

1.4 *Exports of services* continued to expand visibly by 6.6% in real terms in the first quarter over a year earlier, after growing by 6.5% in the preceding quarter. Exports of all major service groups rose further. Specifically, exports of travel and transport services continued to expand, supported by the further increase in visitor arrivals and growth in cross-boundary traffic. Exports of financial services and business and other services rose further, thanks to the increase in other cross-boundary activities and buoyant local stock market.

**Table 1.1 : Gross Domestic Product, its main expenditure components  
and the main price indicators  
(year-on-year rate of change (%))**

	<u>2024<sup>#</sup></u>	<u>Q1<sup>#</sup></u>	<u>2024</u> <u>Q2<sup>#</sup></u>	<u>Q3<sup>#</sup></u>	<u>Q4<sup>#</sup></u>	<u>2025</u> <u>Q1<sup>#</sup></u>
<i>Change in real terms of GDP and its main expenditure components (%)</i>						
Private consumption Expenditure	-0.7	0.9 (-0.7)	-1.9 (0.4)	-1.3 (-0.2)	-0.2 (0.3)	-1.1 (-1.6)
Government consumption expenditure	0.9	-1.6 (1.1)	1.7 (-0.6)	1.6 (0.6)	2.1 (0.8)	1.2 (0.5)
Gross domestic fixed capital formation	1.9	-0.9	3.1	5.8	-0.7	2.8
Building and construction	3.6	9.7	10.2	-0.4	-4.8	-2.3
Costs of ownership transfer	11.7	-35.7	31.5	6.8	75.0	41.4
Machinery, equipment and intellectual property products	-2.5	-12.9	-15.3	14.8	-1.9	9.1
Total exports of goods <sup>&amp;</sup>	4.7	6.7 (2.9)	7.4 (*)	3.9 (-2.1)	1.3 (0.3)	8.4 (10.2)
Imports of goods <sup>&amp;</sup>	2.4	3.3 (0.7)	3.4 (-0.5)	2.8 (0.5)	0.4 (-0.5)	7.1 (7.5)
Exports of services <sup>&amp;</sup>	5.1	9.9 (0.1)	1.0 (-1.8)	2.8 (3.5)	6.5 (4.7)	6.6 (*)
Imports of services <sup>&amp;</sup>	11.6	18.2 (3.8)	11.7 (0.5)	9.0 (1.3)	8.3 (2.6)	5.5 (0.7)
<b>Gross Domestic Product</b>	<b>2.5</b>	<b>2.8</b> <b>(1.3)</b>	<b>3.0</b> <b>(0.3)</b>	<b>1.9</b> <b>(-0.1)</b>	<b>2.5</b> <b>(0.9)</b>	<b>3.1</b> <b>(1.9)</b>
<i>Change in the main price indicators (%)</i>						
<b>GDP deflator</b>	<b>3.8</b>	<b>3.8</b> <b>(0.7)</b>	<b>4.5</b> <b>(1.2)</b>	<b>4.3</b> <b>(1.0)</b>	<b>2.8</b> <b>(-0.2)</b>	<b>1.2</b> <b>(-0.8)</b>
<b>Composite CPI</b>						
<b>Headline</b>	<b>1.7</b>	<b>1.9</b> <b>(*)</b>	<b>1.2</b> <b>(-0.4)</b>	<b>2.4</b> <b>(1.5)</b>	<b>1.4</b> <b>(0.3)</b>	<b>1.6</b> <b>(0.2)</b>
<b>Underlying<sup>^</sup></b>	<b>1.1</b>	<b>1.0</b> <b>(*)</b>	<b>1.0</b> <b>(0.4)</b>	<b>1.1</b> <b>(0.4)</b>	<b>1.2</b> <b>(0.5)</b>	<b>1.2</b> <b>(*)</b>
<i>Change in nominal GDP (%)</i>	<b>6.4</b>	<b>6.7</b>	<b>7.6</b>	<b>6.3</b>	<b>5.3</b>	<b>4.3</b>

Notes : Figures are subject to revision later on as more data become available. The seasonally adjusted quarter-to-quarter rate of change is not applicable to gross domestic fixed capital formation, as no clear seasonal pattern is found for this category due to the presence of considerable short term fluctuations.

(&) Figures are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.

(#) Revised figures.

( ) Seasonally adjusted quarter-to-quarter rate of change<sup>(2)</sup>.

(^ ) After netting out the effects of the Government's one-off relief measures.

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

## The domestic sector

1.5 Private consumption continued to be subject to the lingering impact of changes in residents' consumption patterns in the first quarter of 2025. *Private consumption expenditure* declined modestly by 1.1% in real terms from a year ago, after a marginal decline of 0.2% in the preceding quarter. On a seasonally adjusted quarter-to-quarter basis, private consumption expenditure decreased by 1.6%. Meanwhile, *government consumption expenditure* increased by 1.2% in real terms over a year earlier, after rising by 2.1% in the preceding quarter. On a seasonally adjusted quarter-to-quarter basis, government consumption expenditure increased by 0.5%.

**Table 1.2 : Consumer spending by major component<sup>(a)</sup>**  
(year-on-year rate of change in real terms (%))

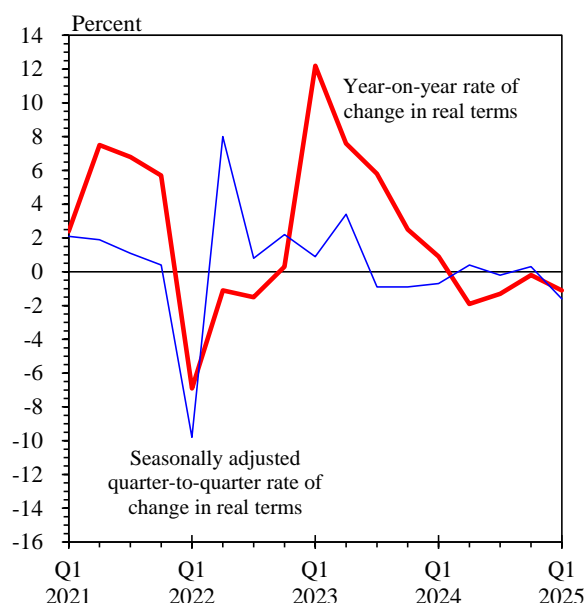
*Of which :*

		Total consumer spending in the domestic market <sup>(a)</sup>	<u>Food</u>	<u>Durables</u>	<u>Non- durables</u>	<u>Services</u>	<u>Residents' expenditure abroad</u>	<u>Visitor spending</u>	<u>Private consumption expenditure<sup>(b)</sup></u>
2024	Annual	-2.0	-3.3	-14.3	-10.3	2.2	27.1	7.2	-0.7
	Q1	0.2	-4.2	-11.8	1.8	2.0	58.9	41.3	0.9
	Q2	-4.2	-6.1	-15.4	-17.5	1.5	23.7	-8.5	-1.9
	Q3	-2.9	-1.7	-17.1	-14.5	1.9	17.6	-3.1	-1.3
	Q4	-1.0	-0.8	-13.6	-9.5	3.5	17.2	5.9	-0.2
2025	Q1	-0.9	-0.3	-16.6	-8.1	2.8	3.9	5.6	-1.1

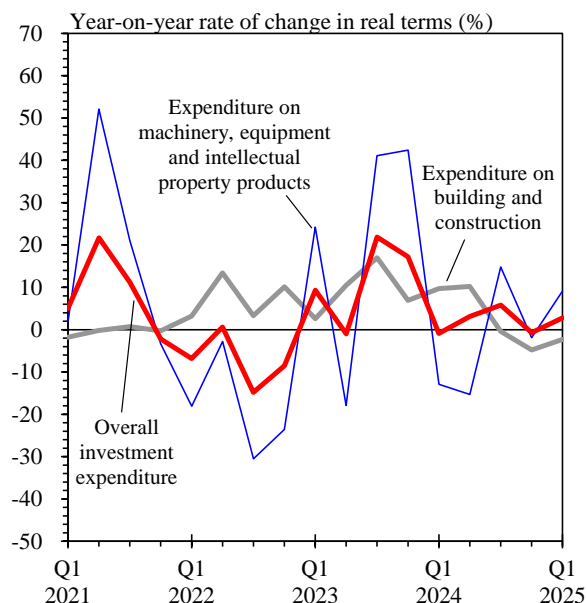
Notes : (a) Consumer spending in the domestic market comprises both local consumer and visitor spending.

(b) Private consumption expenditure is obtained by deducting visitor spending from total consumer spending in the domestic market, and adding back residents' expenditure abroad.

**Diagram 1.2 : Private consumption expenditure continued to register a modest decline**



**Diagram 1.3 : Overall investment expenditure resumed moderate growth**



1.6 Overall investment expenditure in terms of *gross domestic fixed capital formation* resumed a moderate growth of 2.8% in real terms in the first quarter over a year earlier, after a modest decline of 0.7% in the preceding quarter. The costs of ownership transfer surged by 41.4%, alongside the increase in property transactions in the quarter. Expenditure on acquisitions of machinery, equipment and intellectual property products increased visibly by 9.1%. Yet, expenditure on building and construction declined moderately by 2.3%. Meanwhile, business sentiment held up relatively well in the first quarter, yet it has turned more cautious after the significant increases in tariffs by the US in April (See **Box 1.1** on business sentiment in Hong Kong).



## Box 1.1

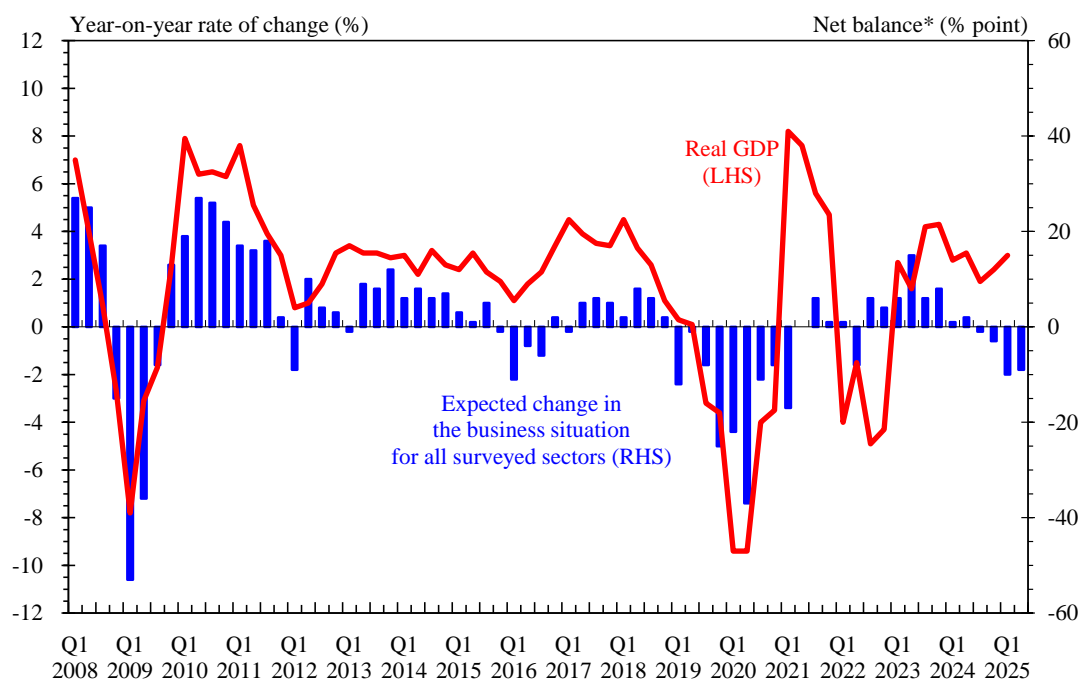
### Business sentiment in Hong Kong

This box article gives a general overview of the prevailing business sentiment in Hong Kong, based on results from various surveys that are available in the public domain. Results suggest that business sentiment held up relatively well in the first quarter of 2025, though some readings were already affected by the trade tensions during the period. For those surveys that reflected better the situation after the significant increases in tariffs by the US in early April, results generally showed that business sentiment has turned more cautious.

According to the results of the Census and Statistics Department (C&SD)'s Quarterly Business Tendency Survey (QBTS)<sup>(1)</sup> conducted during 4 March to 10 April, which captured largely the views of large enterprises before early April, business sentiment among large enterprises in Hong Kong were largely stable as compared to three months ago (*Chart 1*). The proportion of large enterprises expecting their business situation to improve in the second quarter of 2025 over the first quarter was smaller than the proportion of those expecting the situation to worsen by 9 percentage points (i.e. a net balance of -9), marginally better than the net balance of -10 in the previous round.

Business sentiment of large enterprises showed varied movements across sectors (*Table 1*). The net balance for “retail” sector increased sharply to reach the positive zone. Those for “manufacturing”, “transportation, storage and courier services”, “professional and business services” and “real estate” sectors improved, though still within the negative zone. Meanwhile, those for “accommodation and food services”, “construction”, “import/export trade and wholesale” and “information and communications” sectors decreased in the negative zone. The net balance for “financing and insurance” sector showed some moderation, but still well in positive zone. Large enterprises’ appetite for hiring remained largely stable (*Table 2*).

**Chart 1 : According to views largely captured before early April, business sentiment of large enterprises were largely stable**



Note : (\*) Net balance indicates the direction of expected change in the business situation versus the preceding quarter. It refers to the difference in percentage points between the proportion of establishments choosing “better” over that choosing “worse”. A positive sign indicates a likely upward trend while a negative sign, a likely downward trend.

(1) The Quarterly Business Tendency Survey collected views from around 500-600 large establishments on their near-term business outlook. Respondents were asked to exclude seasonal influences in their responses.

## Box 1.1 (Cont'd)

**Table 1 : Business sentiment of large enterprises showed varied movements across sectors**

QBTS: Expected changes in business situation						
	Net balance* (% point)					
	2024				2025	
	Q1	Q2	Q3	Q4	Q1	Q2
Manufacturing	+2	+8	-2	-19	-22	-20
Construction	-9	-11	-16	-12	-14	-16
Import/export trade and wholesale	-9	-9	-1	-8	-15	-19
Retail	+3	-16	-16	-19	-31	+4
Accommodation and food services	+9	+7	+6	-3	-36	-37
Transportation, storage and courier services	+5	+4	-2	-1	-27	-25
Information and communications	-4	+1	-3	-5	-11	-17
Financing and insurance	+14	+19	+7	+2	+10	+8
Real estate	-6	+8	0	+6	-15	-11
Professional and business services	+1	-9	-3	+3	-8	-6
All sectors above	+1	+2	-1	-3	-10	-9

Note : (\*) Net balance indicates the direction of expected change in the business situation versus the preceding quarter. It refers to the difference in percentage points between the proportion of establishments choosing “better” over that choosing “worse”. A positive sign indicates a likely upward trend while a negative sign, a likely downward trend.

**Table 2 : Hiring sentiment of large enterprises remained largely stable**

QBTS: Expected changes in number of persons engaged						
	Net balance* (% point)					
	2024				2025	
	Q1	Q2	Q3	Q4	Q1	Q2
Manufacturing	+13	+7	+13	+3	+4	-2
Construction	-8	+11	+3	-7	-12	-12
Import/export trade and wholesale	-1	+1	0	+4	-4	+1
Retail	+7	+6	+3	+2	0	+1
Accommodation and food services	+21	+11	+4	-7	-5	-22
Transportation, storage and courier services	+8	+9	+9	+10	-2	+6
Information and communications	-11	-15	-8	-4	-7	-3
Financing and insurance	+10	+12	+7	+5	+9	+6
Real estate	+10	+15	+9	+9	-1	+15
Professional and business services	+6	+5	-3	-3	-5	-3
All sectors above	+6	+7	+3	+1	-3	-2

Note : (\*) Net balance indicates the direction of expected change in the number of persons engaged versus the preceding quarter. It refers to the difference in percentage points between the proportion of establishments choosing “up” over that choosing “down”. A positive sign indicates a likely upward trend while a negative sign, a likely downward trend.

As for small and medium-sized enterprises (SMEs), C&SD compiles a set of diffusion indices on a monthly basis<sup>(2)</sup> to gauge the general direction of change in their views on the business situation versus the preceding month. The overall index on the current situation fluctuated during the first quarter. With a reading of 43.5 in March, it was largely similar to the level of 43.9 in December 2024. It then fell to 41.2 in April (**Chart 2a**). The employment sentiment among SMEs remained largely stable in the first quarter before softening somewhat in April. Credit conditions stayed accommodative during the same period. Meanwhile, based on views collected in mid-March, the Standard Chartered Hong Kong SME Leading Business Index<sup>(3)</sup> edged up in the second quarter of 2025.

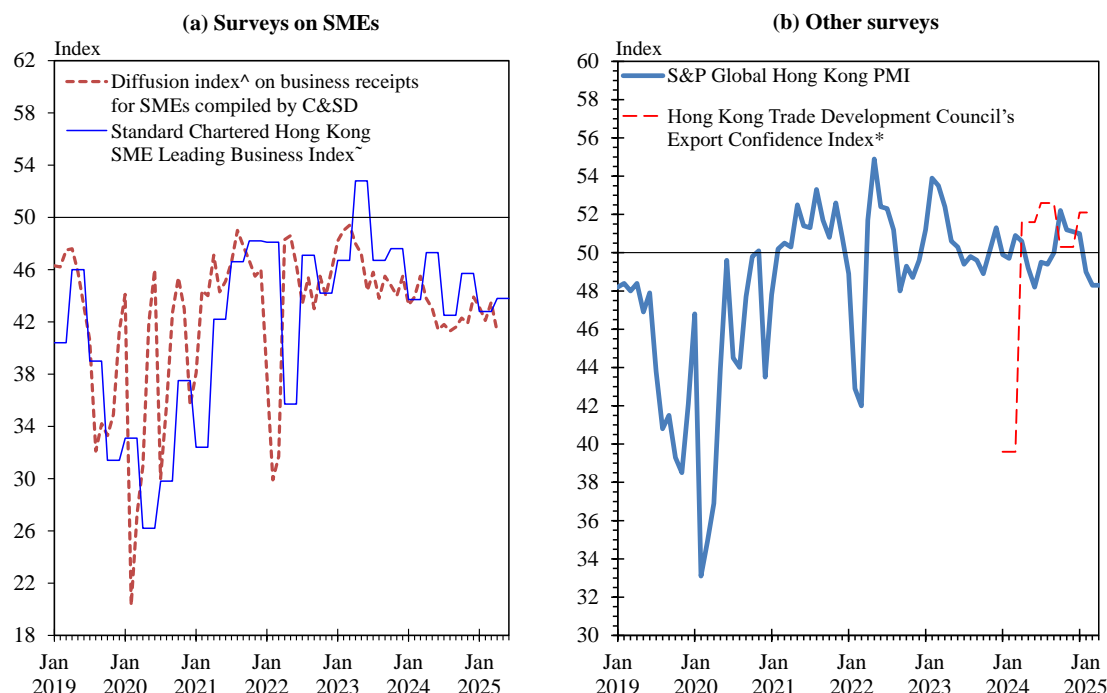
As for other surveys in the public domain, the S&P Global Purchasing Managers' Index (PMI) of Hong Kong<sup>(4)</sup>, which gauges the performance of the private sector's business activity, held up well in the expansionary zone in January, but then entered the contractionary zone in February, declined further to a nine-month low in March and stayed there in April (**Chart 2b**). Moreover, it was noted that pessimism among firms regarding the outlook for the coming twelve months intensified in April. The latest Hong Kong Trade Development Council (HKTDC) Export Confidence Index<sup>(5)</sup>, which was compiled based on the earlier information collected during 3 to 28 February, showed that exporters remained optimistic before the abrupt escalation in tariffs announced by the US in April.

(2) It refers to the results from the Monthly Survey on the Business Situation of SMEs that solicits feedback from a panel sample of around 600 SMEs each month.

(3) Conducted independently by Hong Kong Productivity Council, the quarterly survey enables the public and SMEs to gain insights into the forthcoming business climate for better forward planning. The Overall Index comprises five areas, including local SMEs' outlook on “Recruitment Sentiment”, “Investment Sentiment”, “Business Condition”, “Profit Margin”, and “Global Economy” for the next quarter.

## Box 1.1 (Cont'd)

**Chart 2 : Surveys that reflected better the situation after the significant increases in tariffs by the US in early April generally showed that business sentiment has turned more cautious**



Notes : (^) The diffusion index is computed by adding the percentage of SMEs reporting “up” to one half of the percentage of SMEs reporting “same”. A diffusion index reading above 50 indicates that the business condition is generally favourable, whereas an index below 50 indicates otherwise. Respondents were asked to exclude seasonal effects in reporting their views.

(~) Quarterly data.

(\*) Quarterly data since 2024 Q1. A reading above 50 indicates an upward trend and an optimistic outlook, while a reading below 50 indicates a downward trend and a pessimistic outlook.

It is worth noting that these surveys are essentially opinion-based, thereby unavoidably subject to various limitations (e.g. results are not directly comparable) and hence the results should be interpreted with care. While some surveys are yet to fully reflect the situation after the significant increases in tariffs by the US in early April, those that do generally show that business sentiment has turned more cautious. Looking forward, as the downside risk and uncertainties of the global economy have increased notably, business sentiment is subject to mounting pressure. Nonetheless, the Government has been stepping up support to enterprises through various measures to assist businesses in addressing prevailing challenges.

- (4) According to the press release by S&P Global, the S&P Global Hong Kong PMI is compiled according to monthly replies to questionnaires sent to purchasing managers in around 400 private sector companies. It is a composite index based on five individual indices with the following weights: New Orders (30%); Output (25%); Employment (20%); Suppliers' Delivery Times (15%); and Stocks of Purchases (10%), with the Suppliers' Delivery Times index inverted so that it moves in a comparable direction. Survey responses reflect the change, if any, in the prevailing month compared to the previous month.
- (5) The HKTDC Export Confidence Index aims to gauge the prospects of the near-term export performance of Hong Kong traders. It is a composite index based on five individual sub-indices with the following weight: Sales and New Orders (50.0%); Trade Value (12.5%); Cost (12.5%); Procurement (12.5%); and Inventory (12.5%), with the Cost index and Inventory index inverted so that they move in comparable direction. The business confidence survey is conducted on a quarterly basis, with more than 500 participating Hong Kong traders from six major industry sectors interviewed, namely electronics, clothing, toys, jewellery, timepieces and equipment/materials.

## The labour sector

1.7 The labour market remained tight in the first quarter of 2025. The seasonally adjusted *unemployment rate* stayed low at 3.2%, slightly higher than the 3.1% in the preceding quarter. The *underemployment rate* remained unchanged at a low level of 1.1%. The unemployment rates of various major sectors increased from the preceding quarter. Wages and labour earnings saw decent increases in the fourth quarter of 2024 over a year earlier. More recent General Household Survey data showed that employment earnings continued to record solid year-on-year growth in the first quarter of 2025.

## The asset markets

1.8 After staying largely range-bound in January 2025, the *local stock market* surged after the Chinese New Year holidays through mid-March, as market sentiment was fuelled by the Mainland's breakthrough development in AI and the Central Government's measures to stimulate the domestic economy as unveiled at the "Two Sessions". However, the market cooled down towards the end of the quarter amid concerns over the US trade policy outlook. The HSI hit a three-year high of 24 771 on 19 March, before retreating somewhat to close the first quarter at 23 120, up 15.3% from end-2024. Trading activities expanded visibly along with the HSI rally in the first quarter, with the average daily turnover jumping to \$242.7 billion, 29.9% higher than the preceding quarter or 144.3% over a year ago. Fund raising activities picked up notably.

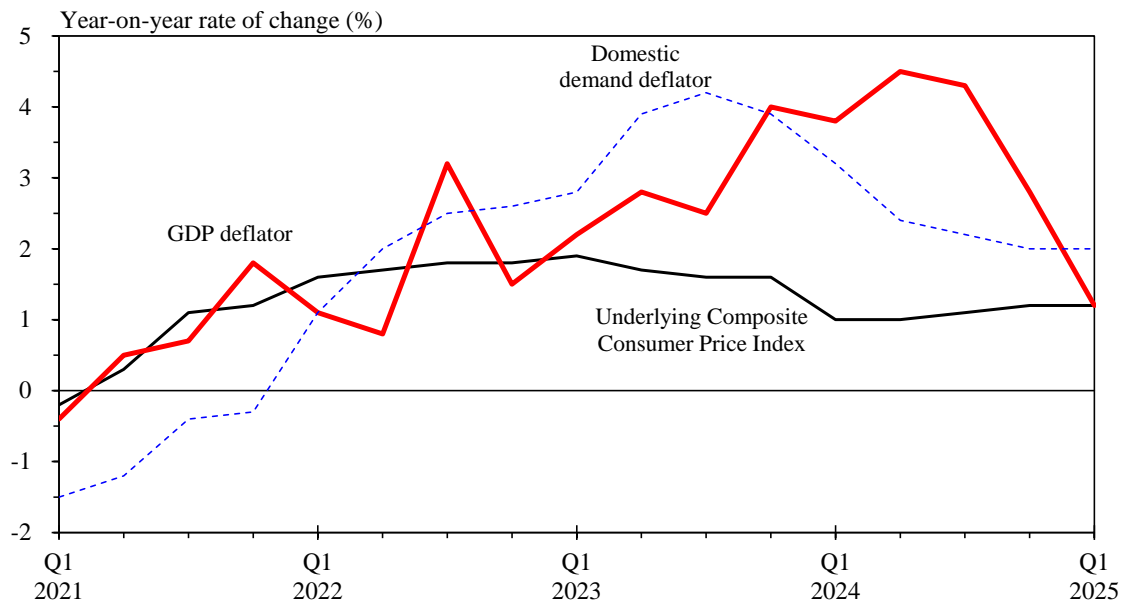
1.9 The *residential property market* remained soft in the first quarter. Market sentiment turned more cautious towards the end of March amid growing external uncertainties from US' trading and monetary policies. The number of transactions, in terms of the total number of sale and purchase agreements for residential property received by the Land Registry, retreated by 19% from the preceding quarter to 12 193 in the first quarter, but was 24% higher than the level a year ago. Overall flat prices fell by 2% in the first quarter. The index of home purchase affordability improved slightly further to around 59% in the first quarter alongside easing flat prices during the quarter, but remained above the long-term average of 56% over 2005-2024. Meanwhile, overall flat rentals continued to show resilience, edging up by 0.4% during the first quarter. The *non-residential property market* remained generally weak in the first quarter, with trading activities across major market segments showing mixed performance, as well as prices and rentals declining further.

## Inflation

1.10 Underlying consumer price inflation stayed modest in the first quarter of 2025. Food prices as a whole increased mildly, with a mild decrease in prices of basic food and a modest increase in prices for meals out and takeaway food. Private housing rentals saw a slightly accelerated increase. Price pressures on other major components stayed largely contained. Netting out the effects of the Government's one-off relief measures, the *underlying Composite Consumer Price Index (Composite CPI)* increased by 1.2% over a year earlier, same as the increase in the preceding quarter.

1.11 As a broad measure of the overall change in prices in the economy, the *GDP deflator* rose by a narrowed 1.2% year-on-year in the first quarter, after increasing by 2.8% in the preceding quarter. The *terms of trade* fell by 0.5%. Taking out the external trade components, the domestic demand deflator increased by 2.0% in the first quarter over a year earlier, same as that in the preceding quarter.

**Diagram 1.4 : Underlying consumer price inflation stayed modest in the first quarter of 2025**



Note : The year-on-year rates of change of the Composite Consumer Price Index 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.

## **Net output of major economic sectors**

1.12 The statistics of net output of major economic sectors are only up to the fourth quarter of 2024. The net output of the services sector rose by 1.7% year-on-year in real terms in the fourth quarter of 2024, rendering a moderate growth of 2.0% for 2024 as a whole. Within which, most major service sectors saw year-on-year growth in net output in the fourth quarter of 2024. Specifically, the net output of the transportation and storage sector grew visibly further, and most other service sectors registered modest to moderate growth in net output. The only major sector that saw a decline in net output was wholesale and retail trades, reflecting the impact from changes in consumption patterns of residents and visitors. As for the secondary sector, the net output of the manufacturing sector grew modestly by 1.0% year-on-year in real terms in the fourth quarter of 2024, turning in an annual growth of 0.8% for the year as a whole. The net output of the construction sector declined by 4.7% year-on-year in real terms in the fourth quarter of 2024, yet it still increased by 4.4% for the year as a whole thanks largely to the visible increase in the first half of the year.

**Table 1.3 : Net output of major economic sectors  
(year-on-year rate of change in real terms (%))**

	<u>2023</u>	<u>2024</u>	<u>2023</u>				<u>2024</u>			
			<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
Manufacturing	3.7	0.8	3.8	2.7	4.3	4.1	1.8	0.7	-0.1	1.0
Construction	8.6	4.4	2.6	10.6	16.4	5.8	8.2	11.7	2.1	-4.7
Services	3.4	2.0	2.8	1.4	3.9	5.1	2.6	2.3	1.5	1.7
Import/export, wholesale and retail trades	-0.5	0.4	-7.1	-3.5	1.6	6.3	1.7	-0.1	0.2	-0.2
Import and export trade	-4.4	2.4	-12.9	-7.4	-1.6	4.1	2.9	2.4	2.4	1.8
Wholesale and retail trades	25.9	-10.1	44.4	23.0	23.9	19.2	-5.4	-13.5	-12.8	-8.8
Accommodation and food services	29.3	-1.8	82.3	23.5	17.9	15.0	2.2	-7.0	-4.9	2.6
Transportation, storage, postal and courier services	29.7	11.0	30.2	26.2	30.8	31.0	19.7	11.1	7.2	6.8
Transportation and storage	32.1	11.7	32.8	28.7	32.6	33.6	21.1	11.7	8.0	7.0
Postal and courier services	-15.0	-2.1	-13.2	-16.6	-13.8	-16.4	-6.9	-1.6	-2.3	2.0
Information and communications	0.8	1.8	0.4	-0.6	1.6	1.8	1.9	1.7	2.2	1.5
Financing and insurance	-1.6	0.9	-2.0	-2.5	-0.3	-1.4	-0.2	*	1.8	1.9
Real estate, professional and business services	2.3	1.6	5.9	-1.4	2.1	2.3	2.1	2.8	-0.1	1.7
Real estate	6.1	1.7	11.2	1.0	7.1	4.6	1.6	3.6	-1.8	3.8
Professional and business services	*	1.6	2.8	-2.9	-0.8	0.9	2.5	2.3	1.0	0.5
Public administration, social and personal services	2.5	3.1	3.0	1.5	1.9	3.5	3.4	3.1	3.0	3.0

Notes : Figures are subject to revision later on as more data become available.

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

## **Other economic developments**

1.13 The 2025-26 Budget (the Budget) presented a series of measures aimed at accelerating development through boosting new growth drivers and enhancing the competitive edges of traditional industries. Among various measures, on innovation and technology (I&T), the Government will promote Hong Kong into an international exchange and co-operation hub for the AI industry. Through frontier research and real-world application, the Government endeavours to develop AI as a core industry and empower traditional industries in their upgrading and transformation. To spearhead these efforts, the Government will establish the Hong Kong AI Research and Development Institute and launch the Pilot Manufacturing and Production Line Upgrade Support Scheme. On finance, the Government will continue to take forward reforms to the listing regime, host the Hong Kong Global Financial and Industry Summit, and formulate a plan this year on promoting gold market development. For tourism, the Government will allocate funding to pursue the concept of “tourism is everywhere” and implement the Development Blueprint for Hong Kong's Tourism Industry 2.0.

1.14 The Budget also highlighted the need to accelerate the development of the Northern Metropolis as an investment in Hong Kong's future. Specifically, the Government will provide large tracts of I&T land at the Hong Kong Park of the Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone, together with San Tin Technopole. The Government will also adopt an innovative mindset in piloting “large-scale land disposal”. Moreover, the Government will develop a data facility cluster at Sandy Ridge, and also identify suitable sites for the construction of conference and exhibition facilities. The Government recognises the importance of prioritising resources for the development of the Northern Metropolis, as the initiative will provide impetus for the development of the I&T industry, enable more in-depth participation in the development of the Greater Bay Area, and create quality job opportunities for society.

1.15 In response to the US' imposition of the so-called “reciprocal tariffs” in early April 2025, the Chief Executive announced that the Government will strengthen its strategy in seven areas: (i) fully seizing the opportunities in our country's development and actively integrating into the national blueprint; (ii) strengthening international exchanges and deepen regional ties and co-operation; (iii) accelerating industrial transformation by developing a high value-added, innovation driven economic model; (iv) intensifying efforts to develop technological innovation, attract top-tier talent, and further strengthen Hong Kong's competitiveness; (v) vigorously advancing international financial co-



operation to attract investments and capital; (vi) seizing the opportunities presented by the major trend of geographical diversification to proactively attract foreign companies and capital to establish in Hong Kong; and (vii) continuing to provide support to help Hong Kong enterprises cope with the external challenges.

**Notes :**

- (1) The Gross Domestic Product (GDP) is an overall measure of net output produced within an economy in a specified period, such as a calendar year or a quarter, before deducting the consumption of fixed capital. In accordance with the expenditure approach to its estimation, GDP is compiled as total final expenditures on goods and services (including private consumption expenditure, government consumption expenditure, gross domestic fixed capital formation, changes in inventories, and exports of goods and services), less imports of goods and services.
- (2) The seasonally adjusted quarter-to-quarter GDP series, by removing the variations that occur at about the same time and in about the same magnitude each year, provides another perspective for discerning the trend, particularly in regard to turning points. A detailed examination reveals the presence of seasonality in the overall GDP and in some of its main components, including private consumption expenditure, government consumption expenditure, exports of goods, imports of goods, exports of services, and imports of services. However, due to the presence of considerable short-term fluctuations, no clear seasonal pattern is found in gross domestic fixed capital formation. Therefore, the seasonally adjusted series of GDP is compiled separately at the overall level, rather than summing up from its main components.

## CHAPTER 2 : THE EXTERNAL SECTOR

### *Summary*

- *The global economy largely sustained steady growth in the first quarter of 2025, notwithstanding a series of tariff increases by the United States (US). The Mainland economy expanded solidly. The US economy registered a small quarter-to-quarter contraction, but still turned in decelerated year-on-year growth. The euro area economy grew modestly. Most other Asian economies recorded further expansion in economic activities. However, downside risks to the global economy heightened visibly as trade tensions escalated abruptly following the US' announcement of the so-called "reciprocal tariffs" and other intensified trade protectionist measures in April.*
- *Hong Kong's merchandise exports posted accelerated year-on-year growth of 8.7% in real terms<sup>(1)</sup> in the first quarter, supported by broadly sustained external demand and likely some front-loading of shipments in anticipation of imminent tariff hikes. Exports to the Mainland grew strongly. Exports to the US rose back, while those to the European Union (EU) fell further. Exports to ASEAN markets soared, while those to high-income Asian economies showed mixed performance.*
- *Exports of services continued to expand visibly by 6.6% year-on-year in real terms in the first quarter. Exports of all major service groups rose further, supported by the further increase in visitor arrivals, growth in cross-boundary traffic, increase in other cross-boundary activities and buoyant local stock market.*
- *The Government has stepped up support for enterprises to cope with the US tariffs and continued its efforts to bolster Hong Kong's status as an international trade centre and a multinational supply chain management centre.*

## **Merchandise trade**

### ***External environment***

2.1 The global economy largely sustained steady growth in the first quarter of 2025. The Mainland economy expanded solidly. The US economy registered a small quarter-to-quarter contraction, but still turned in decelerated year-on-year growth. The euro area economy grew modestly. Most other Asian economies recorded further expansion in economic activities.

2.2 During the first quarter, the new US administration announced a series of increases in import tariffs, either targeting specific commodities or particular trading partners<sup>(2)</sup>. In early April, the US announced significant increases in import tariffs through the so-called “reciprocal tariffs”, leading to an abrupt escalation in global trade tensions. Specifically, the US imposed a 10% baseline tariff on almost all commodities and trading partners starting from 5 April. The full “reciprocal tariff” on each economy was originally scheduled to take effect on 9 April, but a 90-day suspension was subsequently granted for all trading partners except China. Specifically for imports from China (including Hong Kong), the US increased the additional tariff rate sizably to 145% in general (including the 20% implemented earlier in February and March) effective from 10 April. In addition, starting from 2 May, shipments from China (including Hong Kong) valued at or under US\$800 will no longer benefit from the duty-free de minimis exemption, and tariff rates on these shipments were also raised significantly. In response, the Mainland imposed additional 125% tariffs on all imports from the US, among other counter-measures. Canada also imposed tariffs on imports from the US in retaliation. Meanwhile, the EU originally planned to impose tariffs of mostly 25% on US agricultural and industrial products, but later announced a 90-day pause to allow for negotiations.

2.3 In late April, the International Monetary Fund (IMF) projected that global economic growth would slow from 3.3% in 2024 to 2.8% in 2025, a notable downgrade from their earlier forecast of 3.3% made in January 2025<sup>(3)</sup>. The IMF noted that the level of trade policy uncertainty became extremely high, and intensifying downside risks dominated the global economic outlook.

2.4 The Mainland economy expanded solidly in the first quarter, by 5.4% over a year earlier. In light of the challenging external environment, the Government Work Report delivered in March set the growth target at around 5%, and called for a more proactive fiscal policy and accommodative monetary policy to strengthen domestic demand and ensure steady economic growth. The fiscal deficit-to-GDP ratio will be increased to 4.0% in 2025, up from 3.0% in 2024. The issuance of ultra-long special treasury bonds and local government bonds will also increase this year, along with the expansion of consumer goods trade-ins programme. These should help boost consumption and investment. In April, the Central Huijin Investment announced to increase holdings in exchange-traded funds, supported by the provision of funds through relending as needed, as pledged by the People's Bank of China. The Politburo meeting held in late April stressed the importance of stabilising employment, businesses, markets, and expectations. The authorities introduced a series of measures after the meeting, including lowering the policy interest rate and the reserve requirement ratios for financial institutions.

2.5 As for the advanced economies, the US economy contracted by 0.3% in the first quarter on an annualised seasonally-adjusted quarter-to-quarter basis, mainly reflecting a surge in imports of goods in anticipation of further tariff hikes and slower growth in personal consumption expenditures. On a year-on-year comparison, the US economy saw decelerated growth of 2.0%. Consumer price inflation climbed down somewhat, but still above the Federal Reserve (Fed)'s target of 2%. The labour market was generally steady. As such, the Fed kept the target range for the federal funds rate unchanged during the quarter, and continued to reduce the size of its balance sheet though at a slower pace. Reflecting the uncertainties in trade and monetary policies following the announcement of "reciprocal tariffs" in early April, sentiment among US consumers and enterprises weakened visibly in recent months. Meanwhile, in the euro area, the economy recorded modest growth of 0.4% on a seasonally-adjusted basis in the first quarter over the preceding quarter. On a year-on-year basis, the euro area economy grew by 1.2%. The European Central Bank (ECB) cut interest rates further in February, March and April by 25 basis points each, as inflation generally continued its downward trend and was only slightly above the ECB's target.

2.6           Most other Asian economies recorded further expansion in economic activities in the first quarter, and their external trade saw solid growth in general. With inflationary pressures broadly contained, many regional economies lowered their policy rates during the quarter. Entering the second quarter, faced with a weakened economic outlook amid escalating trade tensions, the central banks of Singapore, India and the Philippines eased their monetary policies to support growth (see *Box 2.1*). Yet, the Bank of Japan kept its key interest rate unchanged in May after the hike in January as inflation in Japan stayed well above its target, notwithstanding the increased downward pressure on its economic outlook.

## Box 2.1

### Financial conditions of selected Asian economies

Historically, the US Federal Reserve (Fed)’s monetary policy decisions have a significant bearing on the financial conditions in Asian economies through triggering capital reversals, as risk appetite shifts amid changing government bond yield differentials with advanced economies. Since 2022, global financial conditions tightened notably along with pervasive monetary policy tightening led by the Fed’s successive interest rate hikes. Many central banks in Asia then had to navigate complex monetary policies to balance post-pandemic economic recovery while managing inflationary pressures. The weakened economic outlook following the escalation of global trade tensions of late has prompted further monetary easing in the externally-oriented Asian economies. This article reviews the latest financial conditions in selected Asian economies<sup>(1)</sup>, focusing on four key areas: (i) monetary interest rates, reflecting central banks’ policy stances and affecting the costs of funding as well as capital flows; (ii) equity market performance, indicating investor sentiment and risk appetite; (iii) exchange rate movements, affecting trade competitiveness and external debt burdens; and (iv) 10-year local currency government bond spreads against the US Treasuries, measuring sovereign risk premiums.

Following the Fed’s successive interest rate hikes since March 2022, regional inflationary pressures have generally receded, with consumer price inflation in the selected Asian economies falling mostly within or below their central bank targets. With the Fed beginning to cut rates since September 2024 by a total of 100 basis points, most Asian economies have followed suit, albeit at a slower pace (except for the Philippines). Lower interest rates entail easing financial conditions, and a faster decline in US policy rates relative to Asian rates may lower borrowing costs and encourage capital inflows into regional equity and bond markets. Economies with more robust banking sectors, such as Singapore and South Korea, may particularly benefit from improved credit growth<sup>(2)</sup>. On entering 2025, as global trade conflicts have escalated and the inflation outlook of the US is clouded with immense uncertainties, the direction of monetary policy in Asia has diverged from that of the Fed. For instance, as of end-April, while the Fed maintained its interest rates, central banks of most selected Asian economies have cut interest rates so far this year<sup>(3)</sup> (except Malaysia and Vietnam which held their interest rates unchanged).

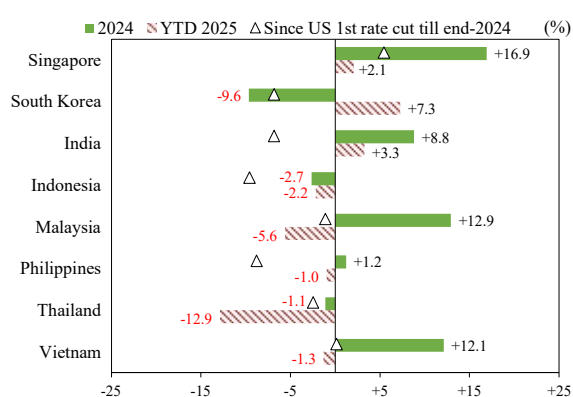
Equity markets of the selected Asian economies generally performed well during most of 2024 amid the sanguine growth outlook, but weakened in the latter months of the year, with most economies seeing net capital outflows and stock indices declining. Regional stock markets retreated further in early 2025, exacerbated by the synchronised global stock market sell-off upon the US’ announcement of the so-called “reciprocal tariffs” in early April (*Chart 1a*). Intensifying global trade tensions and heightened uncertainties surrounding the US trade policies have dented investor sentiment and risk appetite. Global growth concerns have also dampened expectations for corporate earnings growth across the region. Together, these unfavourable factors have outweighed the potential benefits brought about by easing monetary environment, leaving Asian equities susceptible to capital outflows and market volatilities.

- 
- (1) Namely Singapore, South Korea, India, Indonesia, Malaysia, the Philippines, Thailand and Vietnam.
  - (2) According to the Monetary Authority of Singapore (MAS) and CEIC, domestic credit of Singapore and South Korea expanded by 6.0% and 5.7% year-on-year in February 2025 and December 2024 respectively. Further, according to the London Stock Exchange Group, Singapore’s syndicated loan volume grew by approximately 49% in 2024, highlighting robust borrowing activity especially from corporations.
  - (3) Since January 2025, the central banks of South Korea, Indonesia and the Philippines lowered their policy rates once by 25 basis points, and those of India and Thailand cut their policy rates twice totalling 50 basis point. The MAS, which uses the exchange rate as its main monetary policy tool, also eased its monetary policy twice in January – April 2025.

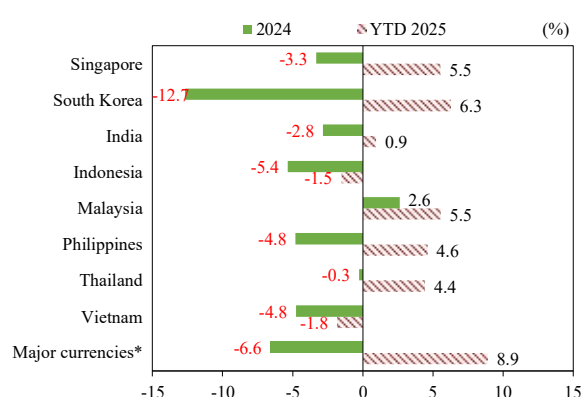
## Box 2.1 (Cont'd)

As for exchange rate, most Asian currencies depreciated against the US dollar in 2024 due to a resilient US economy and elevated geopolitical risks (*Chart 1b*). They have generally strengthened upon entering 2025 alongside a broad-based weakening in the US dollar amid mounting policy uncertainty of the Trump administration. The recent appreciation of Asian currencies against the US dollar may have multiple impacts on financial conditions through different transmission channels. On the one hand, a stronger local currency may imply tighter financial conditions by reducing export competitiveness through the trade channels, potentially slowing growth and exerting mild deflationary pressure. On the other hand, currency appreciation may imply looser financial conditions by lowering the local currency value of foreign currency liabilities and improving the balance sheets, especially so for emerging economies in the region.

**Chart 1a: Performance of benchmark stock market indices**



**Chart 1b: Currency performance vs USD<sup>^</sup>**



Notes: (^) For chart 1b, a minus figure indicates depreciation of the local currency against the US dollar.

(\*) As proxied by the reciprocal of the US Dollar Index, which measures the changes of a basket of currencies (viz. Euro, Japanese yen, Pound sterling, Canadian dollar, Swedish krona and Swiss franc) against the US dollar.

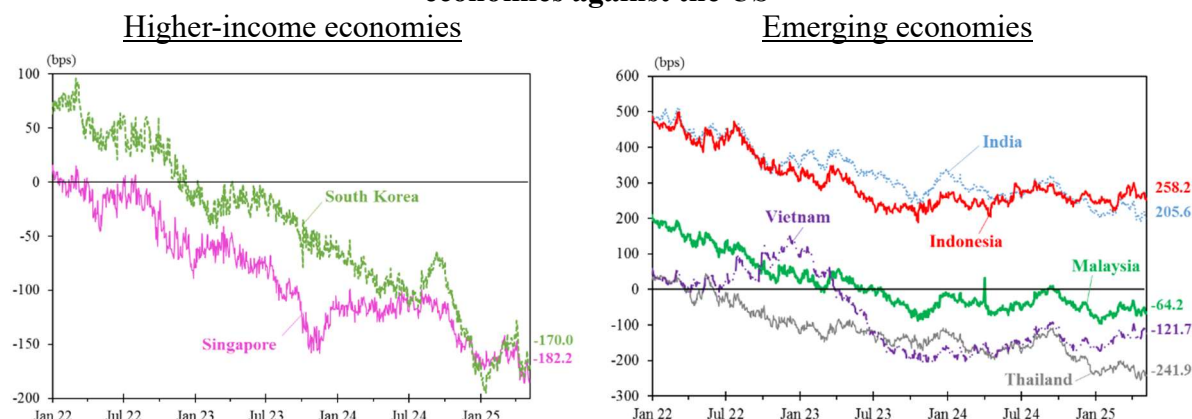
Data as of 7 May 2025.

Sources: Bloomberg and CEIC.

Ten-year government bond spreads of most selected Asian economies against the US counterpart turned negative (except for India and Indonesia) following the Fed's rounds of rate hikes since 2022 (*Chart 2*). Entering 2025, the negative yield spreads generally narrowed, before widening again in April as Asian bond yields generally came lower on slower growth prospects while US Treasury yields rose sharply on increased US' inflation expectations. The widened negative yield spreads may in part reflect investors' confidence in Asia's weathering the escalating trade tensions relative to the US' situation, and imply looser financial conditions in the Asian economies. Meanwhile, with most regional central banks easing their monetary policies amid the intensifying global trade war, the Asian economies' local currency government bond yields are expected to decline further amid the challenging economic outlook. So far, the year-to-date declines in the ten-year local currency bond yields of the Asian economies were moderate, ranging from 14 basis points in Indonesia to 41 basis points in India, while those of Vietnam recorded a year-to-date rise.

## Box 2.1 (Cont'd)

**Chart 2: Local currency 10-year government bond spreads of selected Asian economies against the US**



Note: Data as of 6 May 2025.

Sources: Bloomberg and internal calculations.

To conclude, financial conditions in selected Asian economies have generally been easing since the beginning of Fed's rates cuts in late 2024, supported by receding inflation and accommodative policy stance of regional central banks. Despite the 90-day pause of implementing the "reciprocal tariffs" in most economies in the region, escalating global trade tensions have added to volatilities in the equity markets and triggered some repricing of relative risk premium between the US and Asian bonds. Meanwhile, the recent appreciation of Asian currencies would potentially benefit the balance sheets but hamper export competitiveness. Overall, while monetary easing has helped lower borrowing costs and provided some relief, ongoing global economic and political uncertainties may continue to weigh on investor sentiment and financial stability in Asia in the near-term.



## *Merchandise exports*

2.7 Supported by broadly sustained external demand and likely some front-loading of shipments in anticipation of imminent tariff hikes, Hong Kong's *merchandise exports* posted accelerated year-on-year growth of 8.7% in real terms in the first quarter of 2025, following a 0.7% increase in the preceding quarter.

**Table 2.1 : Merchandise exports  
(year-on-year rate of change (%))**

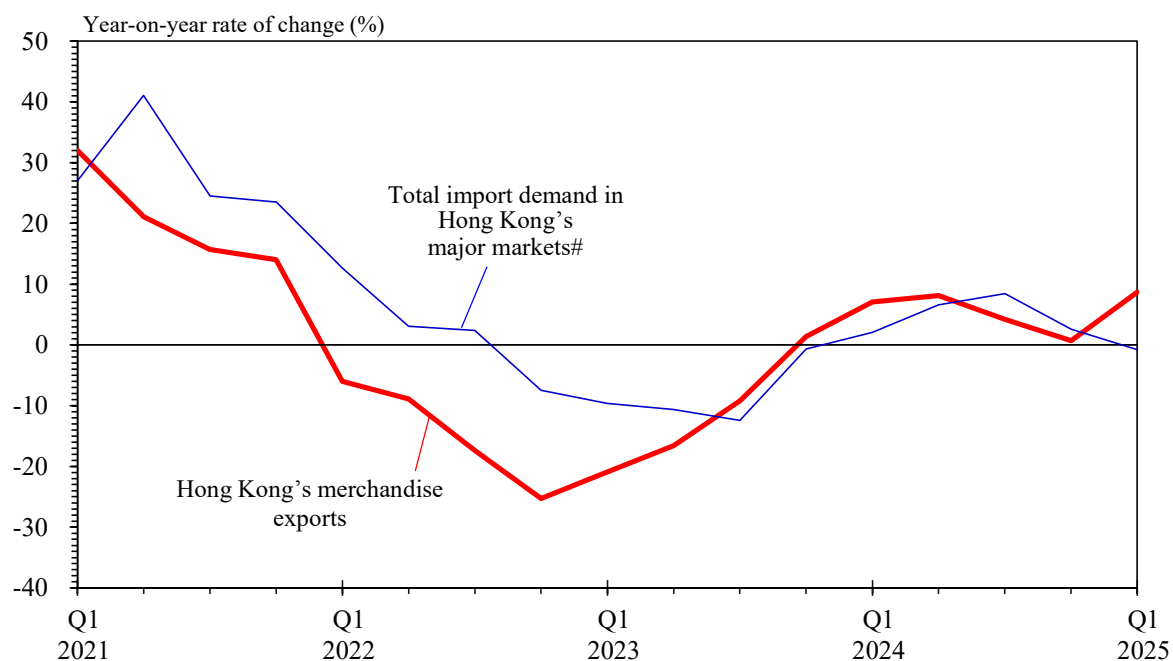
		In value <u>terms</u>	In real <u>terms</u> <sup>(a)</sup>		Change <u>in prices</u>
2024	Annual	8.7	4.9		3.6
	Q1	11.9	7.1	(*)	4.5
	Q2	12.5	8.1	(2.2)	3.9
	Q3	8.0	4.2	(-1.3)	3.4
	Q4	3.5	0.7	(*)	2.9
2025	Q1	10.9	8.7	(9.5)	1.9

Notes : ( ) Seasonally adjusted quarter-to-quarter rate of change.

(a) The growth rates here are not strictly comparable with those in the GDP accounts in Table 1.1. Figures in Table 1.1 are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.

(\*) Change of less than  $\pm 0.05\%$ .

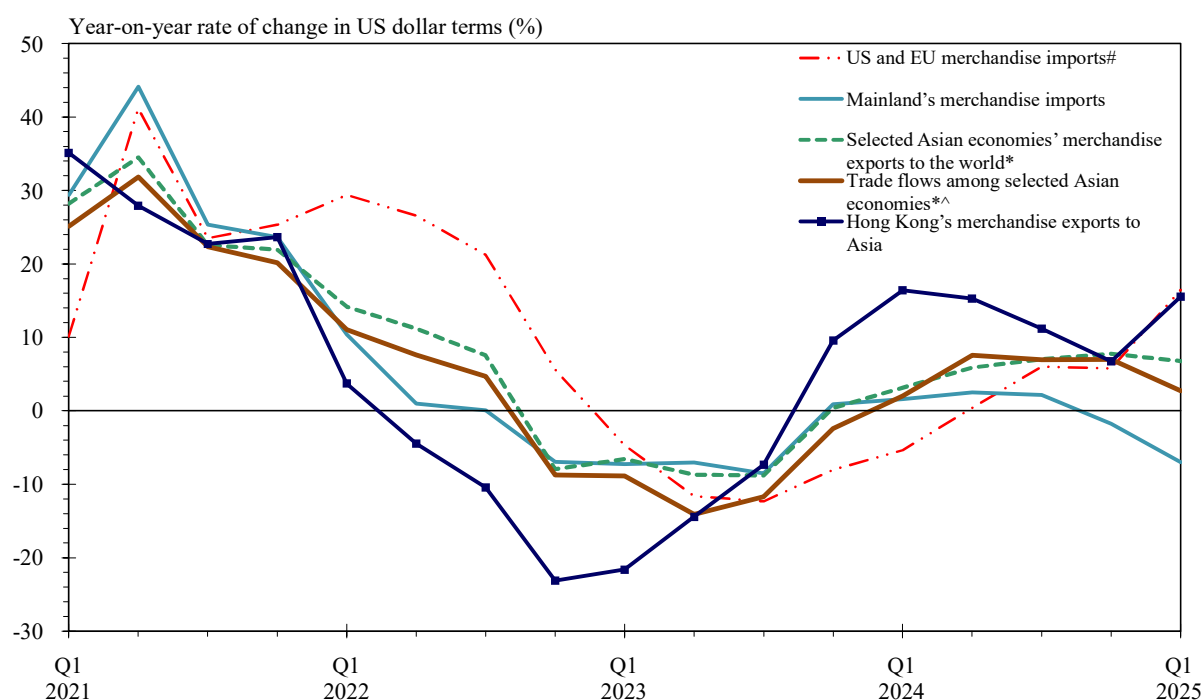
**Diagram 2.1 : Merchandise exports posted accelerated growth in the first quarter**



Notes : Merchandise exports as depicted refer to the year-on-year rate of change in real terms, while total import demand in Hong Kong's major markets as depicted refers to the year-on-year rate of change in US dollar terms in the aggregate import demand in Asia, the US and the EU taken together.

(#) Import demand for the EU for the first quarter of 2025 is based on information available as of early May 2025.

**Diagram 2.2 : Regional trade flows expanded further**



Notes : (#) EU merchandise imports for the first quarter of 2025 are based on the information available as of early May 2025.

(\*) "Selected Asian economies" include the Mainland of China, Hong Kong, Singapore, Korea, Taiwan, Japan, Indonesia, Malaysia, Thailand, Vietnam and the Philippines.

(^) The trade flows were measured by the sum of the individual economies' merchandise exports to the other nine economies within the "selected Asian economies".

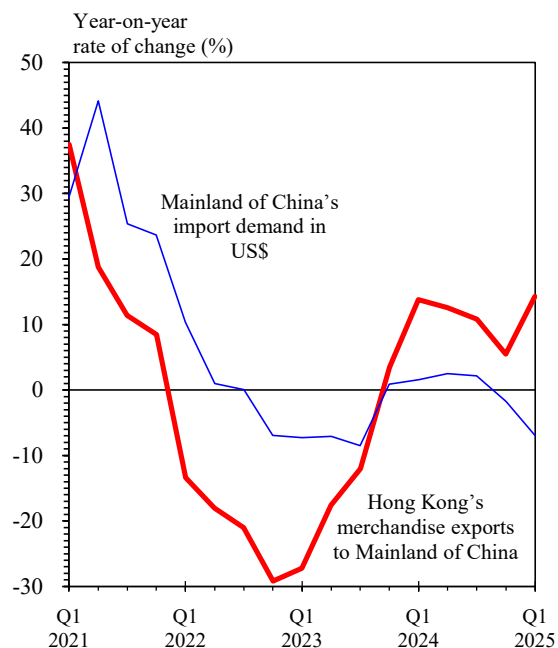
2.8 Analysed by major market, exports to the Mainland grew strongly in the first quarter over a year earlier. Exports to the US rose back, while those to the EU fell further. Exports to ASEAN markets soared, while those to high-income Asian economies showed mixed performance.

**Table 2.2 : Merchandise exports by major market  
(year-on-year rate of change in real terms (%))**

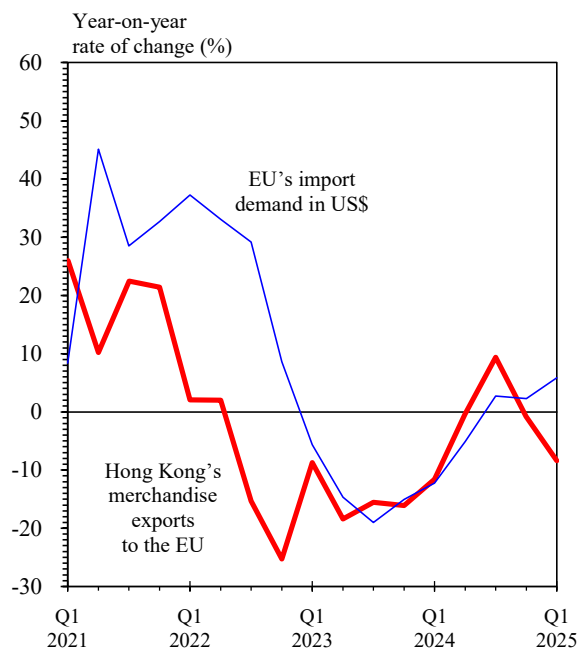
	<u>Annual</u>	<u>Q1</u>	<u>2024</u> <u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>2025</u> <u>Q1</u>
Mainland of China	10.4	13.8	12.6	10.8	5.5	14.3
US	3.2	-0.1	21.0	1.2	-7.9	2.1
EU	-1.1	-11.6	-0.4	9.4	-0.8	-8.4
ASEAN	17.3	15.5	21.7	12.3	19.8	22.4
Vietnam	25.9	12.2	26.9	24.7	39.0	65.2
Singapore	2.4	3.5	2.0	-15.1	19.8	3.6
India	-17.8	9.5	-20.8	-23.7	-31.2	-19.0
Japan	-3.9	-3.0	0.6	-3.6	-9.5	0.5
Taiwan	-2.7	-8.3	8.1	-8.2	-1.5	33.4
Korea	-9.4	-9.8	-4.7	-14.0	-8.9	-9.4
Overall <sup>#</sup>	4.9	7.1	8.1	4.2	0.7	8.7

Note : (#) The growth rates here are not strictly comparable with those in the GDP accounts in Table 1.1. Figures in Table 1.1 are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.

**Diagram 2.3 : Exports to the Mainland grew strongly**

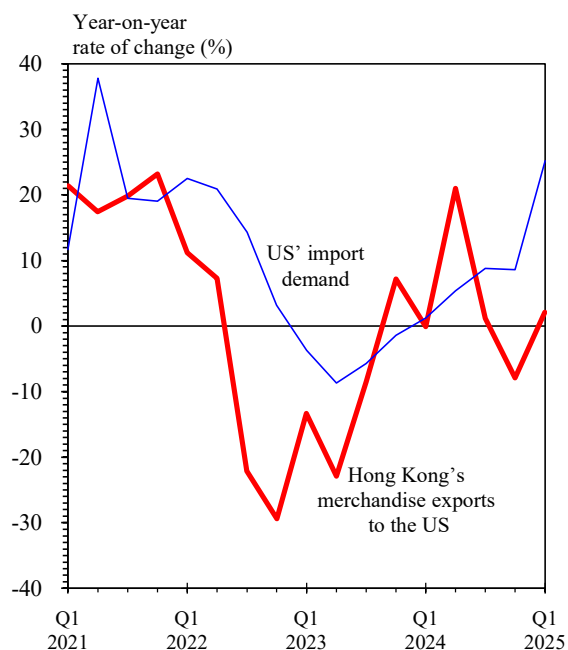


**Diagram 2.4 : Exports to the EU fell further**

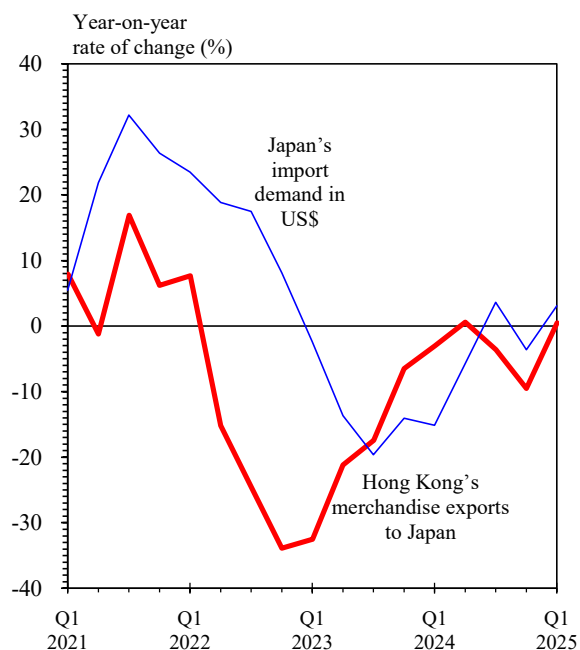


Note : The import demand figure for the EU for the first quarter of 2025 is based on the information available as of early May 2025.

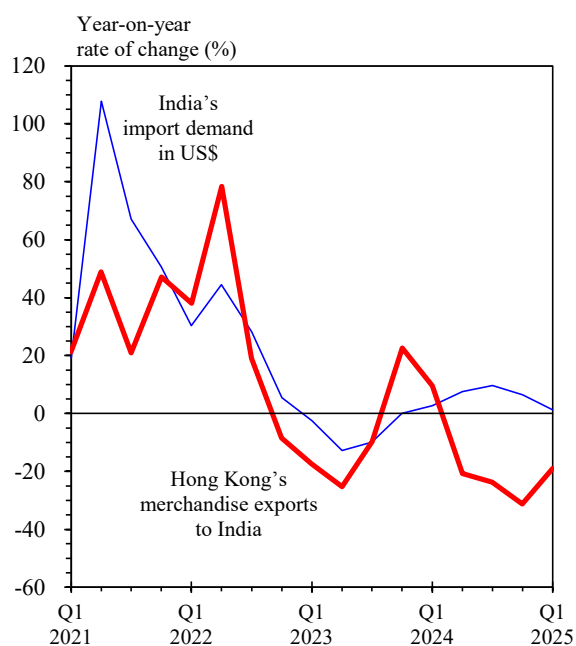
**Diagram 2.5 : Exports to the US rose back**



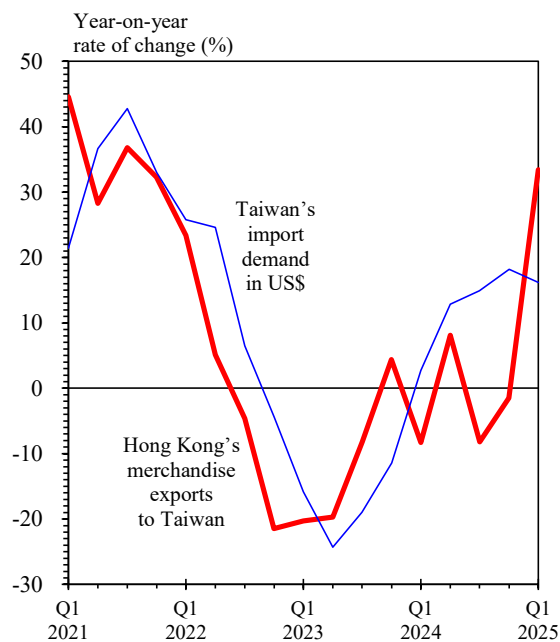
**Diagram 2.6 : Exports to Japan went up marginally**



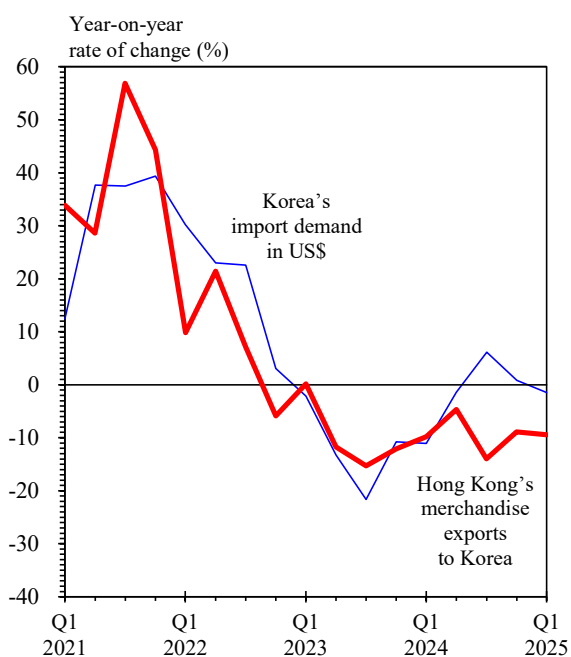
**Diagram 2.7 : Exports to India continued to fall notably**



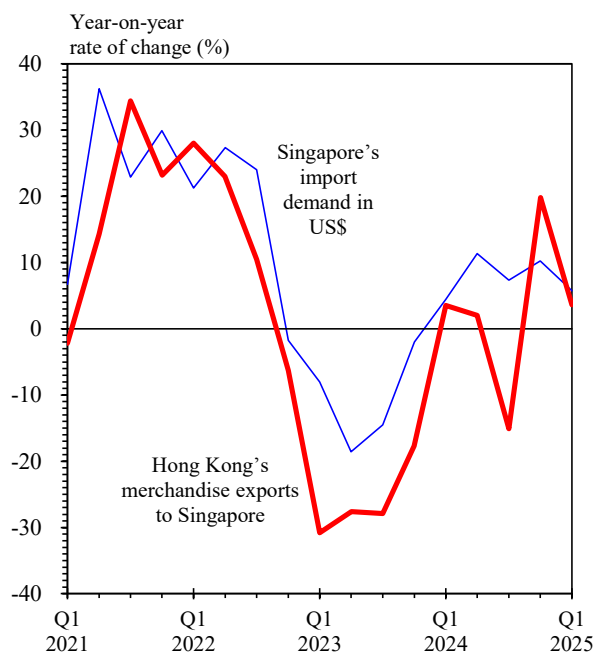
**Diagram 2.8 : Exports to Taiwan posted a sharp rebound**



**Diagram 2.9 : Exports to Korea declined further**



**Diagram 2.10 : Exports to Singapore continued to expand**



## *Merchandise imports*

2.9 *Merchandise imports* rose by 7.3% year-on-year in real terms in the first quarter of 2025, further to 0.2% growth in the preceding quarter. *Retained imports*, which refer to imports for domestic use and accounted for around one-fifth of merchandise imports in 2024, turned to an increase of 1.2%.

**Table 2.3 : Merchandise imports and retained imports  
(year-on-year rate of change (%))**

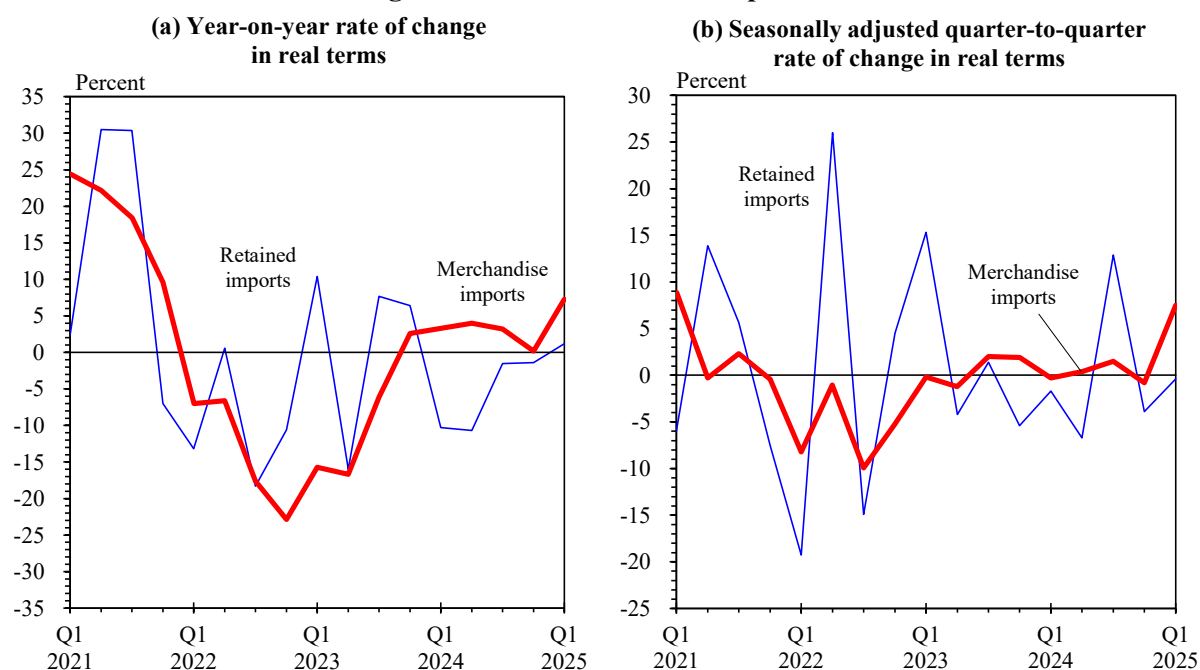
		<u>Merchandise imports</u>				<u>Retained imports</u> <sup>(a)</sup>			
		<u>In value terms</u>	<u>In real terms</u> <sup>(+)</sup>		<u>Change in prices</u>	<u>In value terms</u>	<u>In real terms</u>		<u>Change in prices</u>
2024	Annual	6.0	2.6		3.2	-4.4	-5.9		1.4
	Q1	8.0	3.3	(-0.3)	4.6	-6.2	-10.3	(-1.7)	4.8
	Q2	7.4	4.0	(0.4)	3.1	-10.8	-10.7	(-6.7)	-0.3
	Q3	6.0	3.2	(1.5)	2.6	-1.8	-1.5	(12.9)	-0.1
	Q4	2.9	0.2	(-0.8)	2.6	0.6	-1.4	(-3.9)	1.2
2025	Q1	9.8	7.3	(7.5)	2.0	4.9	1.2	(-0.4)	2.3

Notes : (a) Based on the results of the Annual Survey of Re-export Trade conducted by the Census and Statistics Department, re-export margins by individual end-use category are estimated and adopted for deriving the value of imports retained for use in Hong Kong.

(+) The growth rates here are not strictly comparable with those in the GDP accounts in Table 1.1. Figures in Table 1.1 are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.

( ) Seasonally adjusted quarter-to-quarter rate of change.

**Diagram 2.11 : Merchandise imports rose**



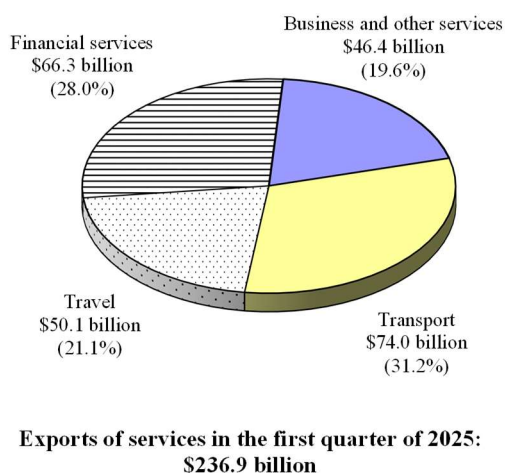
## Services trade

### *Exports of services*

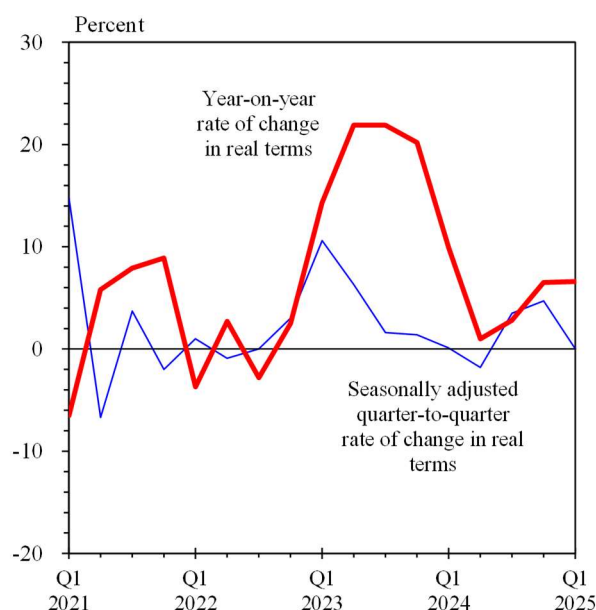
2.10 *Exports of services* continued to expand visibly by 6.6% in real terms in the first quarter of 2025 over a year earlier, after growing by 6.5% in the preceding quarter. Exports of all major service groups rose further. Specifically, exports of travel and transport services continued to expand, supported by the further increase in visitor arrivals and growth in cross-boundary traffic. Exports of financial services and business and other services rose further, thanks to the increase in other cross-boundary activities and buoyant local stock market.



**Diagram 2.12 : Transport and financial services together constituted over half of exports of services**



**Diagram 2.13 : Exports of services continued to expand visibly year-on-year**



**Table 2.4 : Exports of services by major service group (year-on-year rate of change in real terms (%))**

		<i>Of which :</i>				
		Exports of services		Transport	Travel <sup>(a)</sup>	Financial services
						Business and other services
2024	Annual	5.1		7.5	6.9	2.4
	Q1	9.9	(0.1)	12.3	41.0	-5.1
	Q2	1.0	(-1.8)	5.0	-9.2	4.2
	Q3	2.8	(3.5)	5.8	-3.4	4.6
	Q4	6.5	(4.7)	7.3	5.9	7.7
2025	Q1	6.6	(*)	5.7	5.3	10.8

Notes : Figures are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.

(a) Comprising mainly inbound tourism receipts.

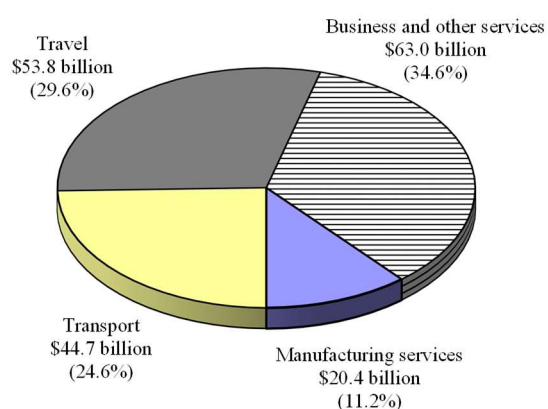
( ) Seasonally adjusted quarter-to-quarter rate of change.

(\*) Change of less than  $\pm 0.05\%$ .

## *Imports of services*

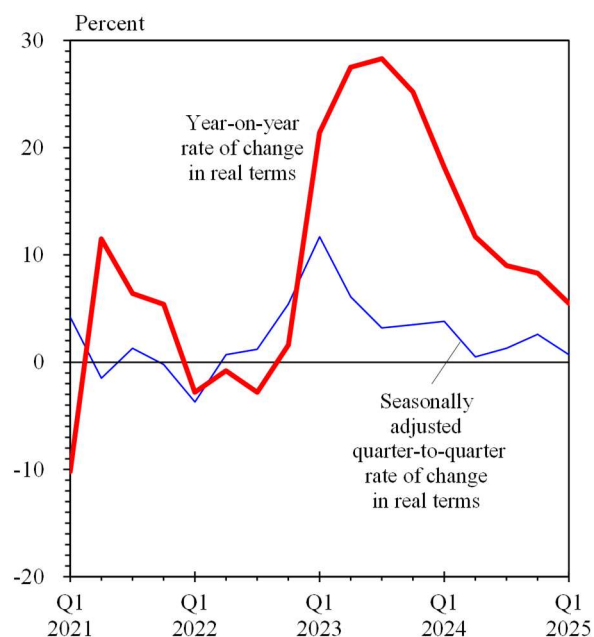
2.11 *Imports of services* rose by 5.5% year-on-year in real terms in the first quarter of 2025, further to 8.3% growth in the preceding quarter. Imports of travel services, transport services, manufacturing services, and business and other services all rose by varying degrees.

**Diagram 2.14 : Business and other services and travel together constituted over 60% of imports of services**



**Imports of services in the first quarter of 2025:**  
**\$182.0 billion**

**Diagram 2.15 : Imports of services rose**



**Table 2.5 : Imports of services by major service group  
(year-on-year rate of change in real terms (%))**

*Of which :*

		<u>Imports of services</u>		<u>Travel</u> <sup>(+)</sup>	<u>Transport</u>	<u>Manufacturing services</u> <sup>(^)</sup>	<u>Business and other services</u>
2024	Annual	11.6		28.7	4.0	4.8	5.2
	Q1	18.2	(3.8)	61.8	9.2	5.3	2.0
	Q2	11.7	(0.5)	25.4	2.5	7.8	6.9
	Q3	9.0	(1.3)	18.4	2.4	7.1	6.1
	Q4	8.3	(2.6)	18.9	1.9	-0.4	6.4
2025	Q1	5.5	(0.7)	4.0	2.7	3.4	9.4

Notes : Figures are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.

(+) Comprising mainly outbound travel spending.

(^) This includes the value of processing fees paid by Hong Kong to the processing units outside Hong Kong and raw materials / semi-manufactures directly procured by these processing units.

( ) Seasonally adjusted quarter-to-quarter rate of change.

## Goods and services balance

2.12 Based on the GDP compilation framework and compared to a year earlier, the goods deficit narrowed to \$3 billion in the first quarter of 2025, as the value of exports of goods saw a larger increase than that of imports. Meanwhile, the services surplus widened to \$55 billion. The combined goods and services account registered a surplus of \$52 billion in the first quarter of 2025, equivalent to 3.5% of total import value, compared to a surplus of \$38 billion or 2.9% in the first quarter of 2024.

**Table 2.6 : Goods and services balance  
(\$ billion at current market prices)**

		<u>Total exports</u>		<u>Imports</u>		<u>Trade balance</u>			<u>As % of imports</u>
		<u>Goods</u>	<u>Services</u>	<u>Goods</u>	<u>Services</u>	<u>Goods</u>	<u>Services</u>	<u>Combined</u>	
2024	Annual	4,925	847	4,940	702	-16	145	129	2.3
	Q1	1,148	218	1,154	174	-6	45	38	2.9
	Q2	1,201	192	1,215	164	-14	27	13	1.0
	Q3	1,264	215	1,264	176	-1	39	38	2.7
	Q4	1,313	223	1,307	189	5	34	39	2.6
2025	Q1	1,287	237	1,290	182	-3	55	52	3.5

Notes : Figures are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.

Figures may not add up exactly to the total due to rounding.

## Other developments

2.13 In response to the US' imposition of "reciprocal tariffs" in early April, the Government has stepped up support for Hong Kong enterprises to cope with the challenges. Specifically, the Hong Kong Monetary Authority, together with the banking sector, introduced sector-specific support measures to assist more small and medium enterprises (SMEs) in obtaining bank financing and in their upgrade and transformation. For the import and export sector and the manufacturing sector, the participating banks agreed to provide flexible extensions to trade facilities or offer alternative suitable credit arrangements to assist individual customers experiencing short-term cash flow pressures due to the abrupt escalation of trade tensions. The Hong Kong Export Credit Insurance Corporation also introduced a new round of enhanced measures to support the export trade in Hong Kong and help accelerate Hong Kong enterprises' expansion into new and diversified markets. The enhanced measures include: (i) extending the free pre-shipment cover for holders of the Small Business Policy (SBP) which is tailor-made for the SMEs; (ii) offering a 50% discount on pre-shipment risks to cover premiums for non-SBP holders; and (iii) reducing the premium rates for new markets to be in line with those for traditional major markets to reduce the costs and support exporters in tapping into emerging markets. Meanwhile, the Government continued to make use of dedicated funding schemes to support enterprises to open new markets and expedite digital transformation.

2.14 The Government has continued its efforts to bolster Hong Kong's status as an international trade centre and a multinational supply chain management centre. In the 2025-26 Budget, the Financial Secretary stated that the Hong Kong Trade and Development Council (HKTDC) and Invest Hong Kong (InvestHK) will jointly encourage Mainland enterprises to establish a foothold in Hong Kong and set up international or regional headquarters for managing offshore trading and supply chains, thereby assisting these enterprises in going global. In addition, Hong Kong will continue to utilise its role as a functional platform for the Belt and Road Initiative by continuing to further cultivate the ASEAN and Middle East markets, and explore opportunities in Central Asia, South Asia and North Africa. For instance, earlier InvestHK established new consultant offices in Izmir, Türkiye in January 2025, and HKTDC also set up a consultant office in Cambodia in early 2025. The Government is following up actively with the governments of Malaysia and Saudi Arabia on the establishment of Economic and Trade Offices in these two countries. Meanwhile, to continue to support the development of local enterprises and help them go global, the Government will inject \$2.5 billion in total into the Dedicated Fund on Branding, Upgrading and Domestic Sales and

the Export Marketing and Trade and Industrial Organisation Support Fund.

2.15        Meanwhile, economic relations between Hong Kong and Bahrain strengthened as the Investment Promotion and Protection Agreement (IPPA) between the two sides took effect in March. Under the IPPA, the two sides undertake to provide investors of the other side with fair, equitable and non-discriminatory treatment of investments, compensation in the event of expropriation of investments, and the right to free transfers abroad of investments and returns. It would enhance the confidence of investors and expand investment flows between Hong Kong and Bahrain. With its entry into force, the IPPAs signed by Hong Kong increased to 24, covering 33 foreign economies.

## Notes :

- (1) Total merchandise exports comprise domestic exports and re-exports. Changes in merchandise exports and imports in real terms are derived by discounting the effect of price changes from changes in the value of the trade aggregates. Estimates of price changes for the trade aggregates are based on changes in unit values, which do not take into account changes in the composition or quality of the goods traded, except for some selected commodities for which specific price indices are available. The real growth figures reported here are based on the external trade quantum index series compiled using the chain linking approach, which were first released in March 2015 to replace the previous trade index numbers compiled using the Laspeyres method with a fixed base year. The series are not comparable with the real trade aggregates under GDP (reported in Chapter 1) which are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*. Apart from this, non-monetary gold is recorded as a separate item in the statistics of merchandise trade and not included in the trade aggregates reported in Chapter 2, but is included in the trade aggregates under GDP in accordance with the international compilation standard.
- (2) The US announced a series of tariff measures during the first quarter. Citing the fentanyl issue, the US imposed additional tariffs totalling 20% on imports from China (including Hong Kong), with the first 10% effective on 4 February and the second 10% effective on 4 March. A 25% tariff on imports of Canadian and Mexican goods also came into effect on 4 March, though exemptions on goods covered by the US-Mexico-Canada Agreement were granted. Separately, citing national security interests, the US levied 25% tariffs on all steel and aluminium imports starting from 12 March, and on all imports of automobiles from 3 April.
- (3) The table below presents a more detailed comparison between the growth forecasts made by the IMF in April 2025 and those three months ago.

	2024	January round	2025
	(%)	(%)	April round (%)
World (PPP <sup>##</sup> weighted)	3.3	3.3	2.8
Advanced economies	1.8	1.9	1.4
US	2.8 <sup>#</sup>	2.7	1.8
Euro area	0.9 <sup>#</sup>	1.0	0.8
UK	1.1 <sup>#</sup>	1.6	1.1
Japan	0.1 <sup>#</sup>	1.1	0.6
Emerging market and developing economies	4.3	4.2	3.7
Emerging and developing Asia	5.3	5.1	4.5
Mainland China	5.0 <sup>#</sup>	4.6	4.0
India <sup>^</sup>	6.5	6.5	6.2
ASEAN-5 <sup>\$</sup>	4.6	4.6	4.0
Middle East and Central Asia	2.4	3.6	3.0

- Notes :
- (#) Actual figures.
  - (##) PPP refers to purchasing power parity.
  - (^) Fiscal year.
  - (\$)
- Includes Indonesia, Malaysia, the Philippines, Singapore and Thailand.

## CHAPTER 3 : DEVELOPMENTS IN SELECTED SECTORS

### *Summary*

- *The residential property market remained soft in the first quarter of 2025. Market sentiment turned more cautious towards the end of March amid growing external uncertainties from the United States' trading policies and the resulting near-term interest rate outlook. Flat prices fell for the quarter as a whole, while rentals continued to show resilience.*
- *Reflecting the Government's sustained efforts in raising flat supply, the total private first-hand flat supply in the coming three to four years remained at a high level of 105 000 units as estimated at end-March 2025.*
- *The non-residential property market remained generally weak in the first quarter. Trading activities across major market segments showed mixed performance, while prices and rentals declined further.*
- *The tourism sector improved further in the first quarter. Visitor arrivals rose by 8.9% over a year earlier to 12.2 million in the first quarter of 2025, with non-Mainland visitor arrivals increasing more visibly than their Mainland counterparts.*
- *The logistics sector recorded mild growth in the first quarter. Total port container throughput, air freight throughput and total road cargo throughput rose by 2.7%, 3.2% and 6.4% respectively from a year earlier.*

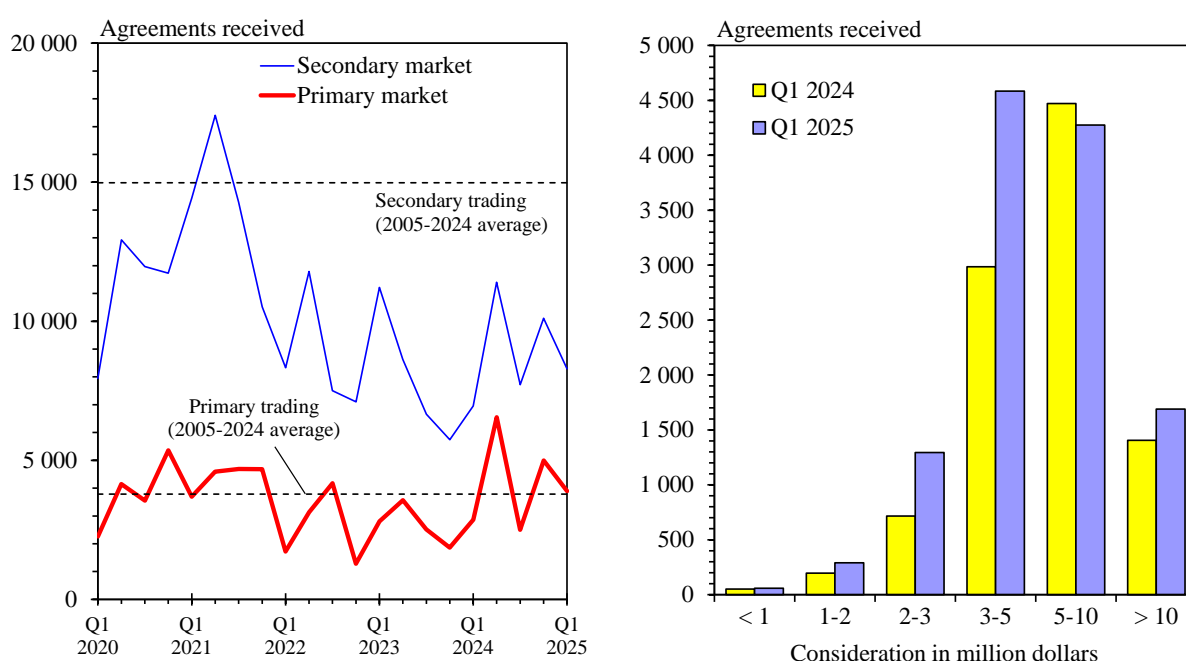


## Property

3.1 The *residential property market* remained soft in the first quarter of 2025. Market sentiment turned more cautious towards the end of March amid growing external uncertainties from the United States' trading policies and the resulting near-term interest rate outlook. Flat prices fell for the quarter as a whole, while rentals continued to show resilience.

3.2 The total number of sale and purchase agreements for residential property received by the Land Registry retreated by 19% from the preceding quarter to 12 193 in the first quarter, but was 24% higher than the level a year ago. Transactions picked up in March as compared to the first two months, driven noticeably by activities in the consideration range between \$3 million and \$5 million. Within the total, primary and secondary market transactions decreased by 22% and 18% over the preceding quarter respectively. In parallel, total consideration fell by 30% over the preceding quarter to \$88.6 billion, yet was 15% higher than the same quarter last year.

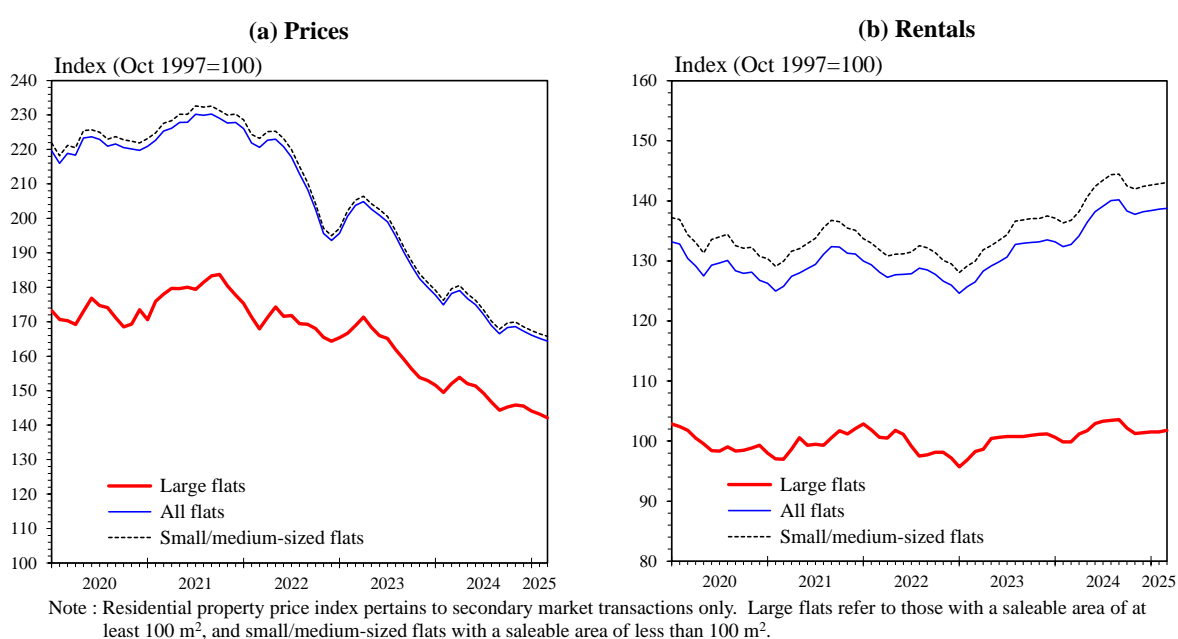
**Diagram 3.1 : Trading activities retreated in the first quarter of 2025**



3.3 Overall flat prices fell by 2% in the first quarter of 2025. Analysed by size, prices of small/medium-sized flats and large flats both declined by 2% during the quarter. Flat prices in March 2025 were on average 29% below the peak in September 2021.

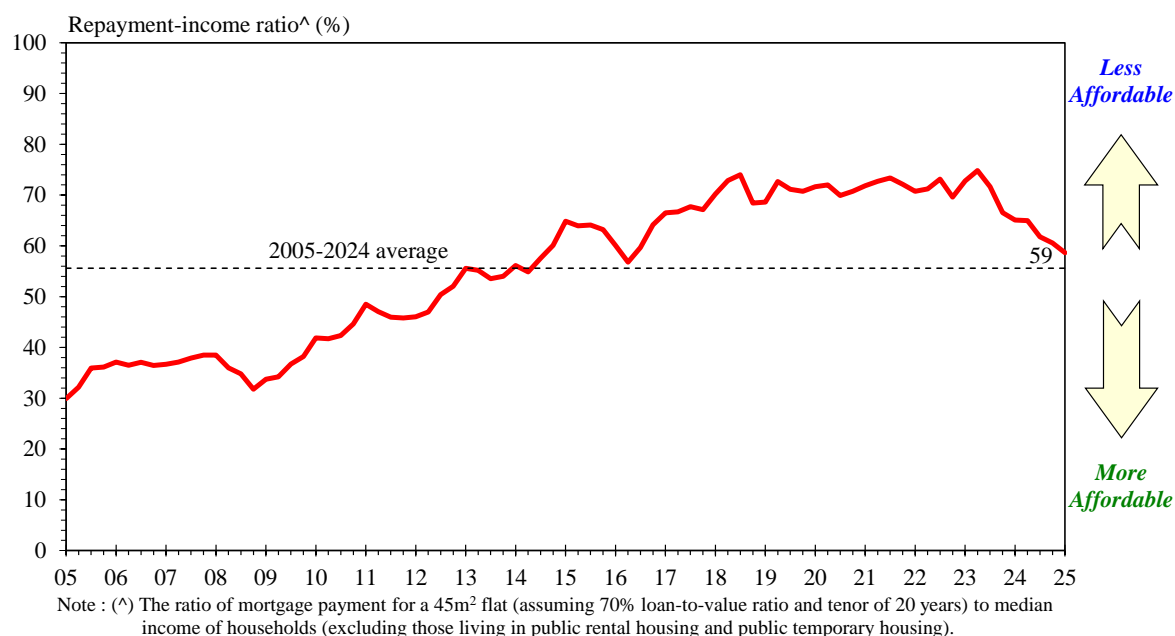
3.4 Meanwhile, overall flat rentals continued to show resilience, edging up by 0.4% during the first quarter. Analysed by size, rentals of small/medium-sized flats rose by similar magnitudes, of 0.5% and 0.4% respectively. The average rental yield for residential property edged up from 3.1% in December 2024 to 3.2% in March 2025.

**Diagram 3.2 : Flat prices fell in the first quarter while rentals continued to show resilience**



3.5 The index of home purchase affordability (i.e. the ratio of mortgage payment for a 45-square metre flat to median income of households, excluding those living in public rental housing and public temporary housing) improved slightly further to around 59% in the first quarter alongside easing flat prices during the quarter, but remained above the long-term average of 56% over 2005-2024<sup>(1)</sup>.

**Diagram 3.3 : Affordability of home purchases improved slightly further**



3.6 Maintaining a continuous and sustained supply of housing land in a paced and pragmatic manner is a policy priority of the Government to ensure the healthy and stable development of the residential property market. In February, the Government announced the 2025-26 Land Sale List, which comprises eight residential sites, capable of providing about 4 450 flats in total. Taking all sources of estimated land supply into account, the total private housing land supply in the 2025-26 financial year is estimated to have a capacity to produce about 13 700 units, similar to the private housing supply annual target of 13 200 units. The Government will continue to make reference to the market situation and other supply sources, so as to announce the Land Sale Programme on a quarterly basis. Depending on the market situation, the Government may also put up additional sites to respond to market changes.

3.7 Reflecting the Government's sustained efforts in raising flat supply, 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) remained at a high level of 105 000 units as estimated at end-March 2025. Another 1 100 units could be added to the total supply after the conversion of a number of residential sites into "disposed sites".

3.8 In the 2025-26 Budget, the Financial Secretary announced that the maximum value of properties chargeable to the ad valorem stamp duty of \$100 would be raised from \$3 million to \$4 million, with a view to easing the burden on buyers of properties at lower values. The adjustment took effect on 26 February 2025.

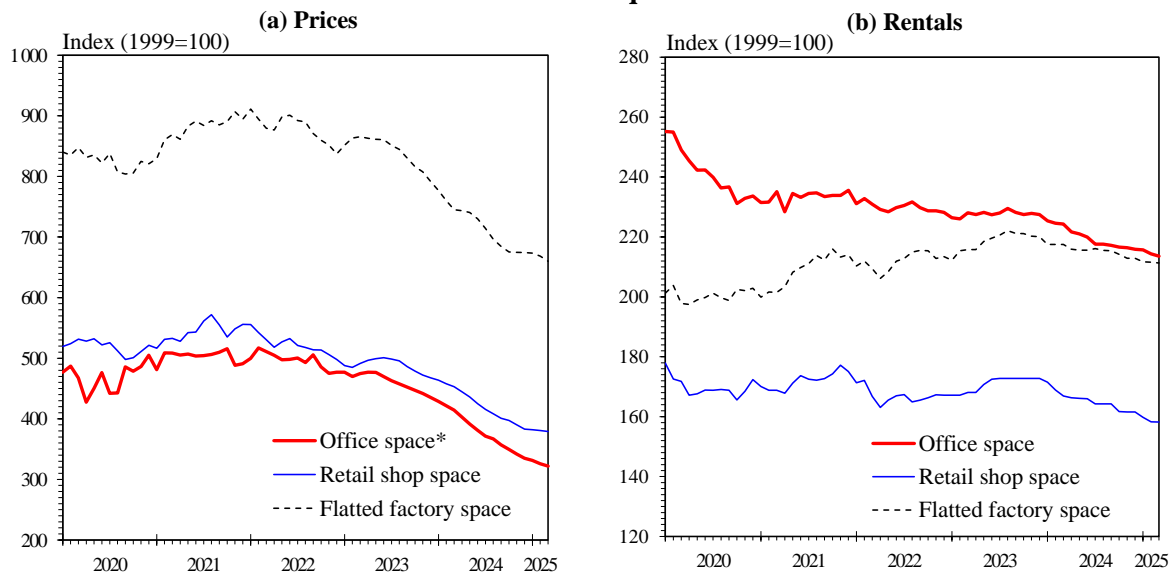
3.9 The *non-residential property market* remained generally weak in the first quarter. Trading activities across major market segments showed mixed performance, while prices and rentals declined further.

3.10 Prices and rentals for *office space* on average fell further by 4% and 1% respectively between December 2024 and March 2025. Within the total, prices and rentals of Grade A office space retreated by 3% and 1% respectively during the quarter. Compared with the respective peaks in 2018 and 2019, prices and rentals in March 2025 on average were 46% and 19% lower. The average rental yield of office space edged up to 3.8% in March 2025 from 3.7% in December 2024, while that of Grade A office space also increased to 3.5% from 3.4%. Transactions for office space rose by 20% from the preceding quarter to 220 cases in the first quarter, above the quarterly average of 180 cases in 2020-2024.

3.11 Prices and rentals of *retail shop space* were down by 1% and 2% respectively between December 2024 and March 2025. Compared with the respective peaks in 2018 and 2019, prices and rentals in March 2025 were 37% and 17% lower. The average rental yield edged up to 3.4% in March 2025 from 3.3% in December 2024. For all commercial spaces, transactions decreased by 22% from the preceding quarter to 270 cases<sup>(2)</sup> in the first quarter, still far below the quarterly average of 350 cases in 2020-2024.

3.12 Prices and rentals of *flatted factory space* declined by 2% and 1% respectively during the quarter. Compared with the respective peaks in 2019 and 2023, prices and rentals in March 2025 were 29% and 5% lower. The average rental yield edged up to 3.9% in March 2025 from 3.8% in December 2024. Transactions for flatted factory space rose by 23% from the preceding quarter to 560 cases in the first quarter, on par with the quarterly average of in 2020-2024.

**Diagram 3.4 : The non-residential property market remained generally weak 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 and April 2024, as there were insufficient transactions for Grade A or Grade B office space in those months. Missing values in the graph are filled in by linear interpolation.

## Land

3.13 Three sites (comprising two residential sites and one site for logistics services and public vehicle park) with a total area of about 5.9 hectares were disposed in the first quarter, fetching a land premium of about \$4.9 billion. In addition, the tender closing dates of another two industrial sites in Yuen Long were both further extended from 21 March 2025 to 25 July 2025. Meanwhile, one land exchange case and lease modifications of 17 sites were approved in the first quarter.

3.14 As regards sites for commercial use, in view of the high vacancy rates of offices in recent years and the relatively ample supply in the next few years, the Financial Secretary announced in the Budget that the Government would not roll out any commercial sites for sale in the coming year (i.e. 2025-26) so as to allow the market to absorb the existing supply. The Government will also consider rezoning some of the commercial sites, which are expected to be available for sale in the next few years, into residential use and allowing greater flexibility of land use.

## Tourism

3.15 The tourism sector improved further. *Visitor arrivals* rose by 8.9% over a year earlier to 12.2 million in the first quarter of 2025. Mainland visitor arrivals, which accounted for 75.6% of the total in the first quarter, grew by 6.3% over a year earlier to 9.2 million. Meanwhile, non-Mainland visitor arrivals increased more visibly by 17.9% to 3.0 million during the same period. Visitor arrivals from other short-haul markets and long-haul markets grew by 17.7% and 18.2% to 2.1 million and 0.9 million respectively (**Box 3.1**). Analysed by length of stay, overnight and same-day visitor arrivals rose by 4.9% and 12.9% over a year earlier to 5.9 million and 6.3 million respectively. Meanwhile, visitor spending, as measured by exports of travel services, rose by 5.3% in real terms from a year earlier.

**Table 3.1 : Number of visitor arrivals**

		<u>All sources</u>	<u>Mainland China</u>	<u>Other short-haul markets*</u>	<u>Long-haul markets*</u>
2019	Q1	18 234 400	14 527 700	2 522 900	1 183 800
	Q2	16 637 500	12 943 000	2 482 100	1 212 400
	Q3	11 891 600	9 321 900	1 673 300	896 300
	Q4	9 149 200	6 814 500	1 380 800	953 900
2020	Q1	3 489 200	2 644 800	498 800	345 600
	Q2	26 900	15 200	4 900	6 800
	Q3	34 100	14 200	10 200	9 700
	Q4	18 600	10 800	5 100	2 700
2021	Q1	16 500	11 600	3 100	1 900
	Q2	17 200	12 700	2 400	2 200
	Q3	29 400	21 800	4 300	3 300
	Q4	28 300	19 600	5 200	3 500
2022	Q1	11 500	8 600	2 000	1 000
	Q2	64 500	53 400	5 600	5 500
	Q3	173 700	139 700	17 200	16 800
	Q4	354 900	173 600	102 500	78 800
2023	Q1	4 414 800	3 356 000	782 400	276 300
	Q2	8 469 100	6 748 400	1 223 100	497 700
	Q3	10 438 100	8 573 500	1 328 700	535 900
	Q4	10 677 700	8 077 700	1 834 100	765 900
2024	Q1	11 228 800	8 698 200	1 770 300	760 300
	Q2	9 922 400	7 452 300	1 713 000	757 100
	Q3	11 437 500	9 095 700	1 662 900	679 000
	Q4	11 914 000	8 797 000	2 133 900	983 200
2025	Q1	12 228 200	9 245 400	2 084 300	898 600

Notes : (\*) Other short-haul markets refer to North Asia, South and Southeast Asia, Taiwan and Macao, but excluding the Mainland, while long-haul markets refer to the Americas, Europe, Africa, the Middle East, Australia, New Zealand and South Pacific.

The requirement for visitors to furnish an arrival or departure card is cancelled with immediate effect on 16 October 2024 as stipulated in the 2024 Policy Address, to facilitate a faster and more convenient immigration clearance. “Place of residence” data derived solely from arrival cards is no longer available. The classification method of this table has been changed from by country/region of residence to by nationality/region. Figures may not add up to the corresponding totals due to rounding.

**Table 3.2 : Number of overnight and same-day visitor arrivals**

		<u>Overnight visitor arrivals</u>	<u>Same-day visitor arrivals</u>
2019	Q1	7 775 100	10 459 300
	Q2	7 145 100	9 492 400
	Q3	5 108 400	6 783 200
	Q4	3 723 700	5 425 500
2020	Q1	1 280 900	2 208 300
	Q2	26 500	300
	Q3	33 800	300
	Q4	18 100	500
2021	Q1	16 300	200
	Q2	16 900	300
	Q3	29 000	300
	Q4	26 900	1 400
2022	Q1	10 700	800
	Q2	62 700	1 800
	Q3	164 600	9 100
	Q4	329 800	25 100
2023	Q1	2 340 400	2 074 400
	Q2	4 237 500	4 231 700
	Q3	5 267 600	5 170 500
	Q4	5 313 900	5 363 800
2024	Q1	5 613 400	5 615 400
	Q2	4 928 900	4 993 600
	Q3	5 656 800	5 780 800
	Q4	5 744 900	6 169 200
2025	Q1	5 888 400	6 339 800

Note : Figures may not add up to total visitor arrivals due to rounding.

3.16 The average hotel room occupancy rate was 88% in the first quarter, higher than the 85% recorded a year earlier. Meanwhile, the average achieved hotel room rate fell by 11.6% from a year earlier to \$1,265<sup>(3)</sup>.



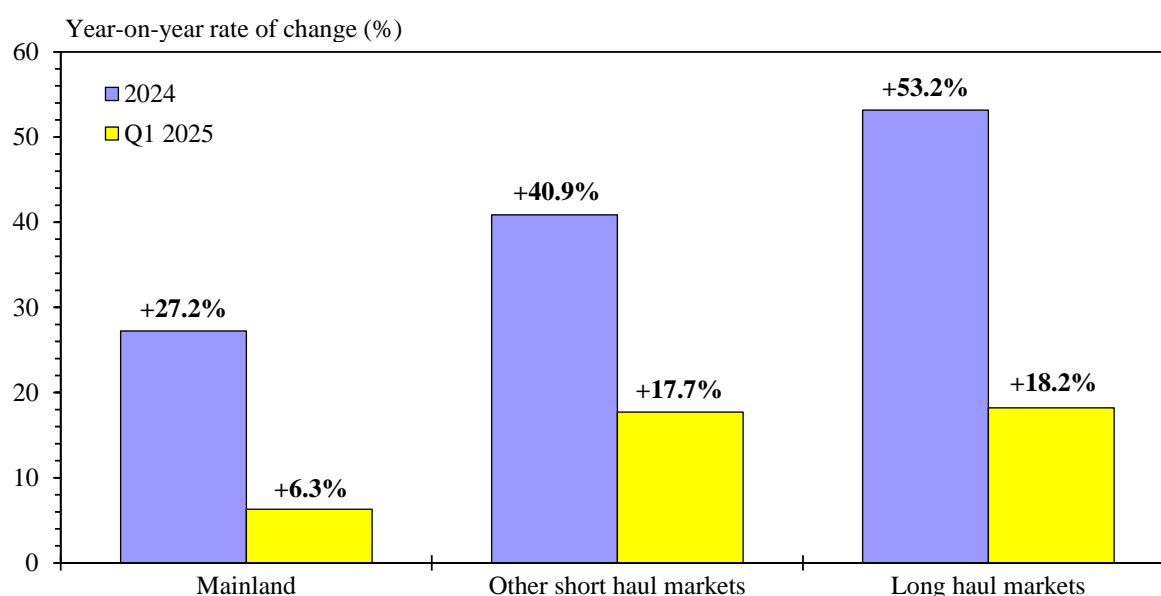
3.17 To pursue the concept of “tourism is everywhere” and implement the Development Blueprint for Hong Kong’s Tourism Industry 2.0, the Financial Secretary announced in the Budget an allocation of \$1,235 million to the Hong Kong Tourism Board (HKTb) in the coming year. The HKTb will collaborate with more international brands to tell the good stories of Hong Kong’s tourism, and continue to support the staging of more meetings, incentive travels, conventions and exhibitions in Hong Kong. The Government will step up efforts to promote a series of distinctive tourism products such as eco-tourism, panda tourism, horse-racing tourism, etc., to enrich travel experiences in Hong Kong. Meanwhile, resources were earmarked to strengthen support to the cruise industry, encouraging cruise lines to increase their number of ship calls to Hong Kong, make overnight calls and use Hong Kong as the home port.

### Box 3.1

#### Latest performance of the tourism sector in Hong Kong

The tourism sector continued to revive in 2024, and improved further in the first quarter of 2025. Visitor arrivals rose by 30.9% to around 44.5 million in 2024, and by a further 8.9% year-on-year in the first quarter of 2025. Within which, Mainland visitor arrivals increased by 27.2% to 34.0 million in 2024. Non-Mainland visitor arrivals surged even more noticeably by 44.4% to 10.5 million. In the first quarter of 2025, Mainland and non-Mainland visitor arrivals rose by 6.3% and 17.9% year-on-year respectively (*Chart 1*).

Chart 1 : Visitor arrivals by market



Note: Other short-haul markets refer to North Asia, South and Southeast Asia, Taiwan and Macao, but excluding the Mainland.  
Long-haul markets refer to the Americas, Europe, Africa, the Middle East, Australia, New Zealand and South Pacific.

In 2024, various initiatives (such as hosting of different mega events covering sports, gastronomy and entertainment elements) were stepped up to enhance Hong Kong's appeal as a travel destination. These in turn helped contribute to diversifying the sources of visitors. While inbound visitors remain predominantly from the Mainland, non-Mainland visitor arrivals are gradually taking up a larger share of the total, from 21.3% in 2023 to 23.5% in 2024. Apart from traditional sources like Japan, Korea, the United States and Europe, which accounted for around one-third of non-Mainland visitor arrivals in 2024, South and Southeast Asia gained its prominence. In 2018, only around a quarter of non-Mainland visitor arrivals were from South and Southeast Asia, and this share rose to about one-third in 2024. In fact, the number of visitor arrivals from South and Southeast Asia, following a solid recovery in 2023, increased by 44.1% in 2024 and further by 12.9% year-on-year in the first quarter of 2025. In particular, visitor arrivals from the Philippines, the largest source market in South and Southeast Asia, surged visibly by 54.5% in 2024 and by 17.2% year-on-year in the first quarter of 2025. Visitor arrivals from a number of other Southeast Asia economies also recorded noticeable growth (*Table 1*).

**Box 3.1 (Cont'd)****Table 1 : Visitor arrivals from selected Southeast Asia economies**

	<b>2024</b> <b>(Year-on-year change)</b>	<b>Q1 2025</b> <b>(Year-on-year change)</b>
Indonesia	366 973 (+42.6%)	107 357 (+45.2%)
Malaysia	405 508 (+49.9%)	104 199 (+9.8%)
Philippines	1 194 446 (+54.5%)	312 575 (+17.2%)
Singapore	466 071 (+33.1%)	110 909 (+12.7%)
Vietnam	48 309 (+51.5%)	11 943 (+22.3%)

The revival of the tourism sector in Hong Kong is also attributed to the Government's efforts in promoting Hong Kong as Asia's world city and an events capital. Among the over 240 mega events held throughout 2024, a number of global summits, conferences and high-level business activities on the mega events calendar provided impetus to MICE (meetings, incentives, conventions and exhibitions) tourism to gain further traction. Overnight MICE visitor arrivals recorded a noticeable increase of 9.2% to 1.42 million last year. Their average spending per capita also outperformed overall overnight visitor expenditure by about 40%. Beyond bringing in high value-added tourists to benefit local retail, catering, hotel sectors, MICE tourism is also conducive to networking and collaboration among businesses. This fosters new partnership opportunities and helps solidify Hong Kong's position as a premier global business hub.

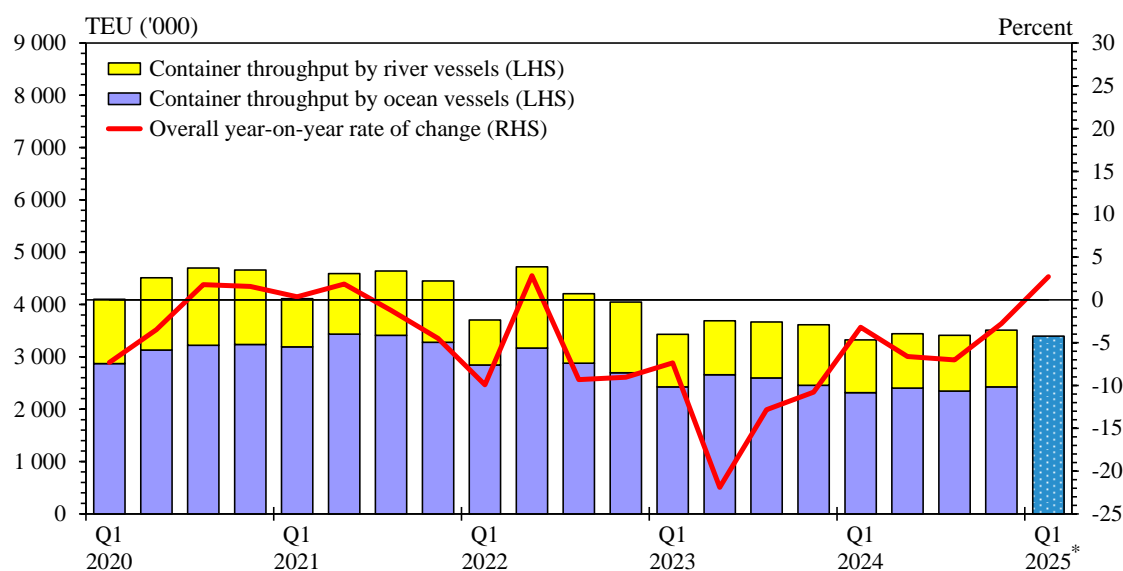
On the policy front, several developments have also supported the continuous recovery of the tourism sector in 2024. In particular, the various measures rolled out by the Central Government, including the expansion of Individual Visit Scheme (IVS) to ten more Mainland cities (covering 59 cities in total), the resumption of the multiple-entry IVS for Shenzhen permanent residents and the implementation of a new arrangement to expand the multiple-entry IVS to Shenzhen residence permit holders, have benefitted Hong Kong's tourism sector. For instance, since the implementation of the new measure at the end of last year, around 1.18 million visitors have travelled to Hong Kong on multiple-entry IVS as at the end of the first quarter of 2025.

To implement the concept of "tourism is everywhere", and to further advocate for the healthy and sustainable development of tourism-related industries, the Government promulgated the Development Blueprint for Hong Kong's Tourism Industry 2.0 in December 2024, outlining in a forward-looking manner the core principles, development strategies and pathways for the future development of Hong Kong's tourism industry. Looking ahead, the Government will continue to promote and publicise Hong Kong as a mega events capital globally, and the opening of the Kai Tak Sports Park, the largest sports infrastructure project in Hong Kong, will inject further momentum into the tourism industry, thereby boosting Hong Kong's economic growth.

## Logistics

3.18 The logistics sector recorded mild growth in the first quarter. *Total container throughput* increased by 2.7% from a year earlier, to about 3.4 million twenty-foot equivalent units (TEUs). Yet, the value of trade handled at the Hong Kong port fell by 3.9% and its share in total trade declined from 11.9% a year earlier to 10.3%.

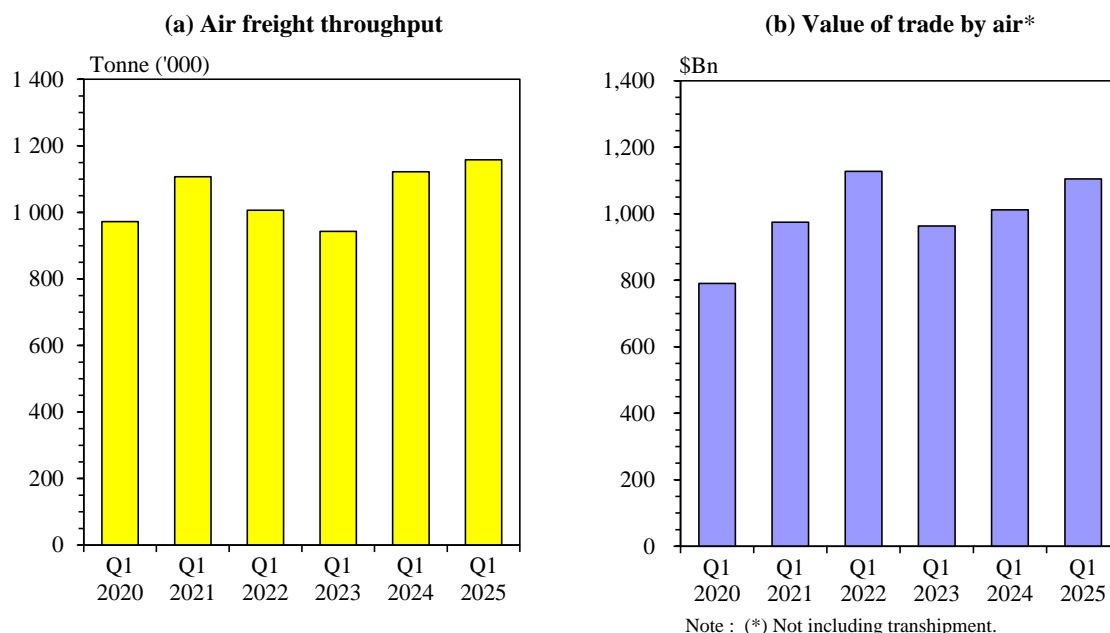
**Diagram 3.5 : Container throughput increased in the first quarter**



Note : (\*) The container throughput figure for the latest quarter is the preliminary estimate by the Hong Kong Maritime and Port Board, for which a breakdown by ocean and river vessels is not yet available.

3.19 *Air freight throughput* rose by 3.2% year-on-year to 1.2 million tonnes in the first quarter. Meanwhile, the value of trade by air rose by 9.2%, notwithstanding a decline in its share in total trade from 46.1% a year earlier to 45.6%.

**Diagram 3.6 : Air freight throughput and the value of trade by air rose in the first quarter**



3.20 *Total road cargo throughput* rose by 6.4% year-on-year to 4.0 million tonnes in the first quarter. Meanwhile, the value of trade by road rose by 16.0%, with its share in total trade rising from 41.6% a year earlier to 43.8%.

## Transport

3.21 Cross-boundary traffic flows by mode of passenger transport showed divergent performance in the first quarter. Air passenger trips continued to grow, from 14.1 million in the preceding quarter to 14.6 million in the first quarter. On the other hand, land-based and water-borne cross-boundary passenger trips shrank from 67.4 million and 2.3 million trips to 66.2 million and 2.2 million trips respectively. Average daily cross-boundary vehicle movements, after a strong surge in growth last year, still edged up by 0.6% over the preceding quarter to 45 711.

## **Innovation and technology**

3.22 The Financial Secretary announced a number of measures to promote the development of innovation and technology (I&T), digital economy and artificial intelligence (AI) in the Budget. The measures include, among others: (i) setting aside \$1 billion to establish the Hong Kong AI Research and Development Institute to promote research, development and application of AI technologies; (ii) launching a two-year Pilot Manufacturing and Production Line Upgrade Support Scheme to support some 400 enterprises' formulation of smart production strategies and introduction of advanced technologies into existing production lines; (iii) setting up a \$10 billion I&T Industry-Oriented Fund to channel more capital to invest in emerging and future industries of strategic importance; (iv) launching a \$180 million Pilot I&T Accelerator Scheme to attract start-up service providers to set up accelerator bases in Hong Kong; (v) exploring the streamlining of vetting procedures of licence applications for operating Low Earth Orbit satellites; (vi) reviewing tax-deduction arrangements in respect of intellectual property (IP) to accelerate the development of IP-intensive industries and promote IP trading; and (vii) establishing a dedicated "technology enterprises channel" (TECH) to facilitate specialist technology and biotechnology companies in preparing for listing applications.

3.23 On 20 March, the Government announced the first batch of 38 low-altitude economy (LAE) Regulatory Sandbox pilot projects, covering a wide range of fields and application scenarios, including emergency and rescue, logistics and distribution, inspection and safety maintenance, surveillance and low-altitude infrastructure, with a view to bringing together research and development outcomes and corporate efforts, thereby taking forward the LAE in a safe and orderly manner to make Hong Kong a pioneer in the emerging new quality productive forces industry of the LAE.

## **Arts, Cultural and Creative Industries**

3.24 With a view to promoting the development of Hong Kong as an East-meets-West centre for international cultural exchange, as announced in the Budget, the Government will continue to attract and support the staging of international or large-scale arts and cultural events in Hong Kong through the Mega Arts and Cultural Events Fund. The Government will also support the second edition of the Hong Kong Performing Arts Expo to be held in 2026, transforming the event into a flagship for Hong Kong's arts and cultural industries. Meanwhile, the Government actively promotes diverse arts and cultural activities, such as those world-renowned art fairs, cultural summits, exhibitions, screenings and performing arts programmes in March.

3.25 As announced in the Budget, the Government will support cultural IP creators and producers to propel more than 30 cultural IP projects cumulatively in the coming five years. The Government is also fostering more cross-sectoral collaboration within the cultural and creative sectors so as to enhance the communication power and sales value of cultural IP products.

## **Environment**

3.26 The Financial Secretary set out various green initiatives in the Budget, including those promoting sustainable transportation and advancing waste management, among others. On green transportation, the Budget put forward a \$300 million Fast Charger Incentive Scheme to provide impetus for the industry to install 3 000 fast chargers for electric vehicles by 2030. The Budget also announced tax exemptions for green methanol used for bunkering, together with a commitment to continuously implement the Action Plan on Green Maritime Fuel Bunkering to develop Hong Kong into a green maritime fuel bunkering centre. Meanwhile, the Government will further develop the smart and green mass transit systems in various areas, and will strive to invite tenders for the Kai Tak project in 2025 and the East Kowloon and Hung Shui Kiu/Ha Tsuen and Yuen Long South New Development Areas projects in 2026 respectively. On waste management, the Budget allocated an additional \$180 million to expand the food waste recycling network across the city.

3.27 In March 2025, the Government introduced the Buildings Energy Efficiency (Amendment) Bill 2025 (the Bill) to the Legislative Council. This bill aims to improve the energy efficiency of buildings, thereby reducing power consumption and carbon emissions. When the Bill is fully implemented, it is estimated that an additional 500 million kilowatt-hours of electricity, equivalent to the annual consumption of approximately 150 000 three-person households, could be saved in 2035.



**Notes :**

- (1) Starting from the third quarter of 2019, the index of home purchase affordability is calculated based on, among others, the mortgage rates of new mortgage loans with reference to both the Best Lending Rate (BLR) and the Hong Kong Interbank Offered Rate (HIBOR). As such, the data from the third quarter of 2019 onwards may not be strictly comparable with those in previous quarters, which were based on the mortgage rates of new mortgages loans with reference to the BLR only.

Figures are subject to revision later as more data become available.

- (2) The figures on transactions refer to commercial space, which comprises retail premises and other premises designed or adapted for commercial use but excludes purpose-built office space.
- (3) The figures on hotel room occupancy and achieved room rate do not include guesthouses. The figures are subject to revision later as more data become available.

## CHAPTER 4 : THE FINANCIAL SECTOR<sup>#</sup>

### *Summary*

- *Interest rates in Hong Kong softened in the first quarter of 2025. As the US Federal Open Market Committee (FOMC) maintained the target range for the Federal Funds Rate unchanged during the first quarter, the Base Rate under the Discount Window operated by the Hong Kong Monetary Authority (HKMA) was kept unchanged at 4.75%. Yet, the Hong Kong dollar interbank interest rates trended down as the seasonal demand for Hong Kong dollar funding faded. Interest rates on the retail front likewise fell slightly.*
- *The Hong Kong dollar spot exchange rate against the US dollar remained on the strong side of the Convertibility Zone throughout the first quarter. There was some weakening in January due to the seasonal decline in corporate funding needs, but regained some strength thereafter thanks to the vibrant local stock market. As the US dollar weakened against most major currencies, the trade-weighted Hong Kong dollar Nominal and Real Effective Exchange Rate Indices both decreased by 0.4% during the quarter.*
- *Total loans and advances increased by 0.6% during the first quarter. Within the total, loans for use in and outside Hong Kong increased by 0.5% and 1.1% respectively.*
- *After staying largely range-bound in January, the local stock market surged after the Chinese New Year holidays through mid-March, as market sentiment was fuelled by the Mainland's breakthrough development in artificial intelligence and the Central Government's measures to stimulate the domestic economy as unveiled at the "Two Sessions". However, the market cooled down towards the end of the quarter amid concerns over the US trade policy outlook. The Hang Seng Index (HSI) hit a three-year high of 24 771 on 19 March, before retreating somewhat to close the first quarter at 23 120, up 15.3% from end-2024. Trading activities expanded visibly along with the HSI rally in the first quarter, and fund raising activities also picked up notably.*

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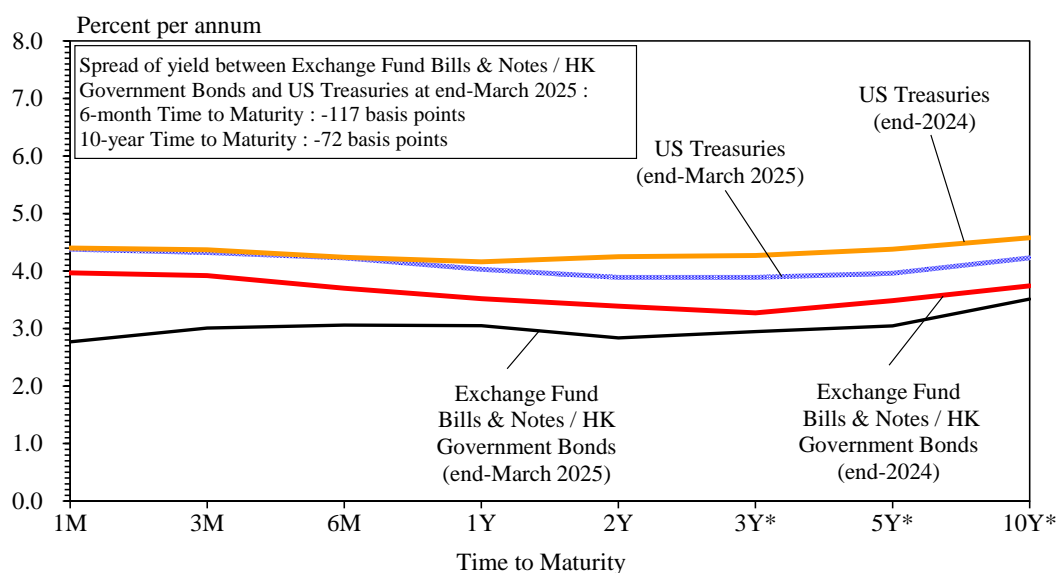
(#) This chapter is jointly prepared by the HKMA and the Office of the Government Economist.

## Interest rates and exchange rates

4.1 Interest rates in Hong Kong softened in the first quarter of 2025. As the US FOMC maintained the target range for the Federal Funds Rate unchanged at 4.25-4.50% during the first quarter, the *Base Rate*<sup>(1)</sup> under the Discount Window operated by the HKMA was kept unchanged at 4.75%. Yet, the *Hong Kong Interbank Offered Rates* (HIBORs) trended down as the seasonal demand for Hong Kong dollar funding faded. The overnight HIBOR and the 3-month HIBOR decreased from 5.65% and 4.37% at end-2024 to 3.85% and 3.88% at end-March 2025 respectively.

4.2 *Hong Kong dollar yield curve* shifted downward in the first quarter especially for the shorter tenors, while the *US dollar yields* for the longer tenors retreated somewhat. Reflecting their relative movements, the negative yield spread between 6-month Exchange Fund Bills and 6-month US Treasury Bills widened from 54 basis points at end-2024 to 117 basis points at end-March 2025, while that between the 10-year Hong Kong Government Bonds and 10-year US Treasury Notes narrowed from 84 basis points to 72 basis points.

**Diagram 4.1 : Hong Kong dollar yield curve shifted downward especially for the shorter tenors, while the US dollar yields for the longer tenors retreated somewhat**

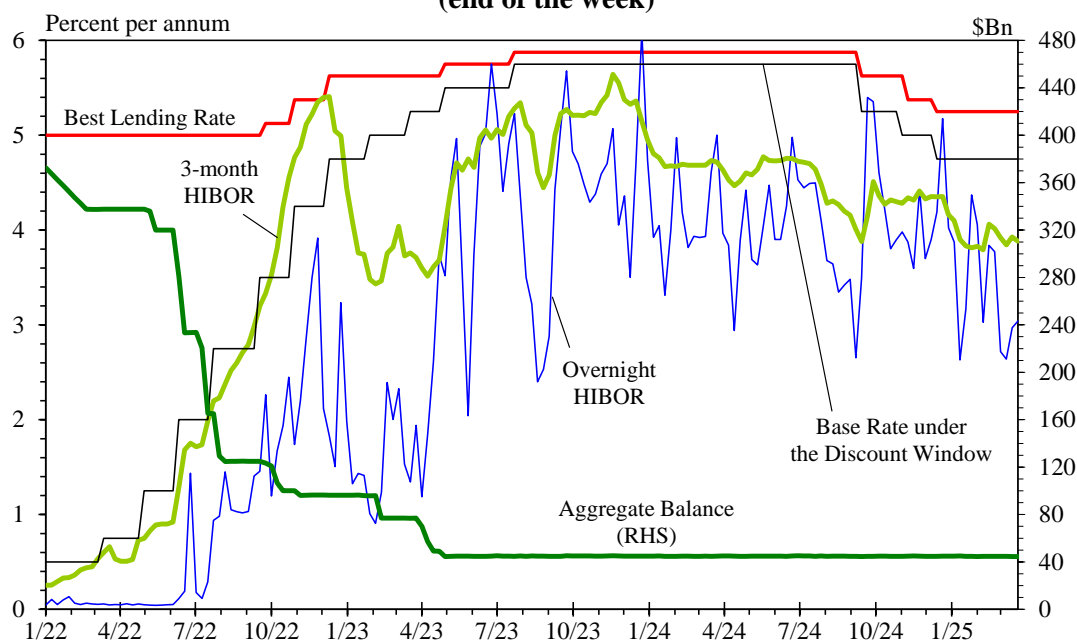


Note : (\*) The Hong Kong dollar yields for tenors of 3 years, 5 years and 10 years refer to those for Hong Kong Government Bonds under the Infrastructure Bond Programme or the Government Sustainable Bond Programme.

4.3 Interest rates on the retail front likewise fell slightly during the first quarter. At end-March 2025, the *Best Lending Rates* among banks ranged from 5.25% to 5.75%. The *average savings deposit rate* for deposits of less than \$100,000 quoted by major banks edged down from 0.30% at end-2024 to 0.22%

at end-March 2025, and the *one-year time deposit rate* fell from 0.39% to 0.27% during the same period. The *composite interest rate*<sup>(2)</sup>, which indicates the average cost of funds for retail banks, decreased from 2.24% at end-2024 to 2.07% at end-March 2025.

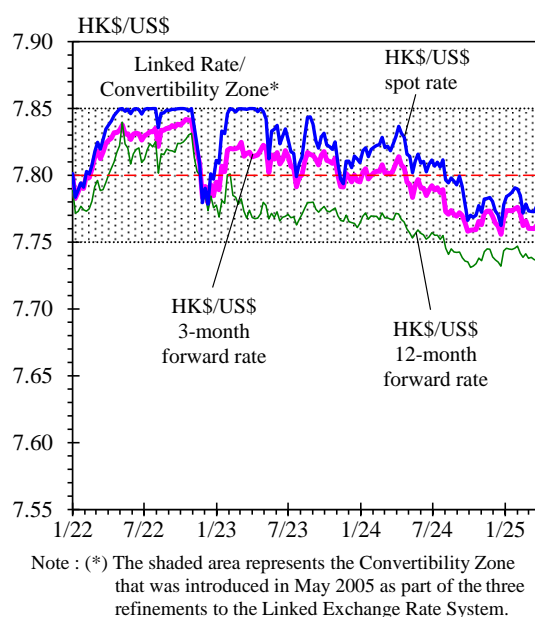
**Diagram 4.2 : Interbank interest rates trended down during the first quarter, while interest rates on the retail front also fell slightly (end of the week)**



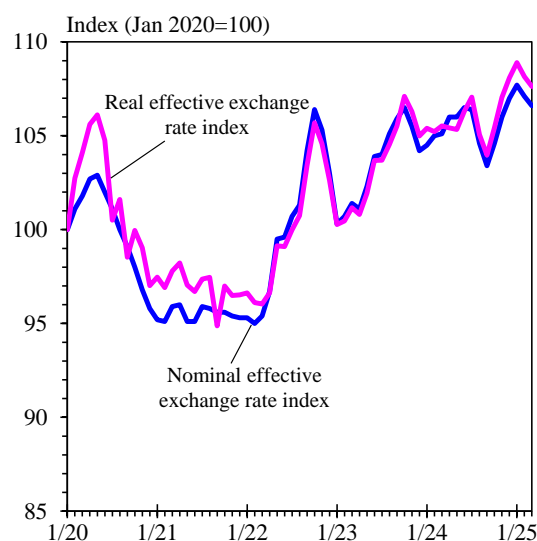
4.4 The *Hong Kong dollar spot exchange rate against the US dollar* remained on the strong side of the Convertibility Zone throughout the first quarter. There was some weakening in January due to the seasonal decline in corporate funding needs, but regained some strength thereafter thanks to the vibrant local stock market. The spot exchange rate closed the first quarter at 7.779, compared with 7.763 at end-2024. The discounts of 3-month and 12-month *Hong Kong dollar forward rates* widened from 88 pips and 314 pips (each pip is equivalent to HK\$0.0001) at end-2024 to 149 pips and 417 pips respectively at end-March 2025. The Aggregate Balance was little changed, standing at \$44.6 billion at end-March 2025.

4.5 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 weakened against most major currencies, the *trade-weighted Hong Kong dollar Nominal and Real Effective Exchange Rate Indices*<sup>(3)</sup> both decreased by 0.4% during the first quarter.

**Diagram 4.3 : The Hong Kong dollar spot exchange rate against the US dollar remained on the strong side of the Convertibility Zone in the first quarter (end of the week)**



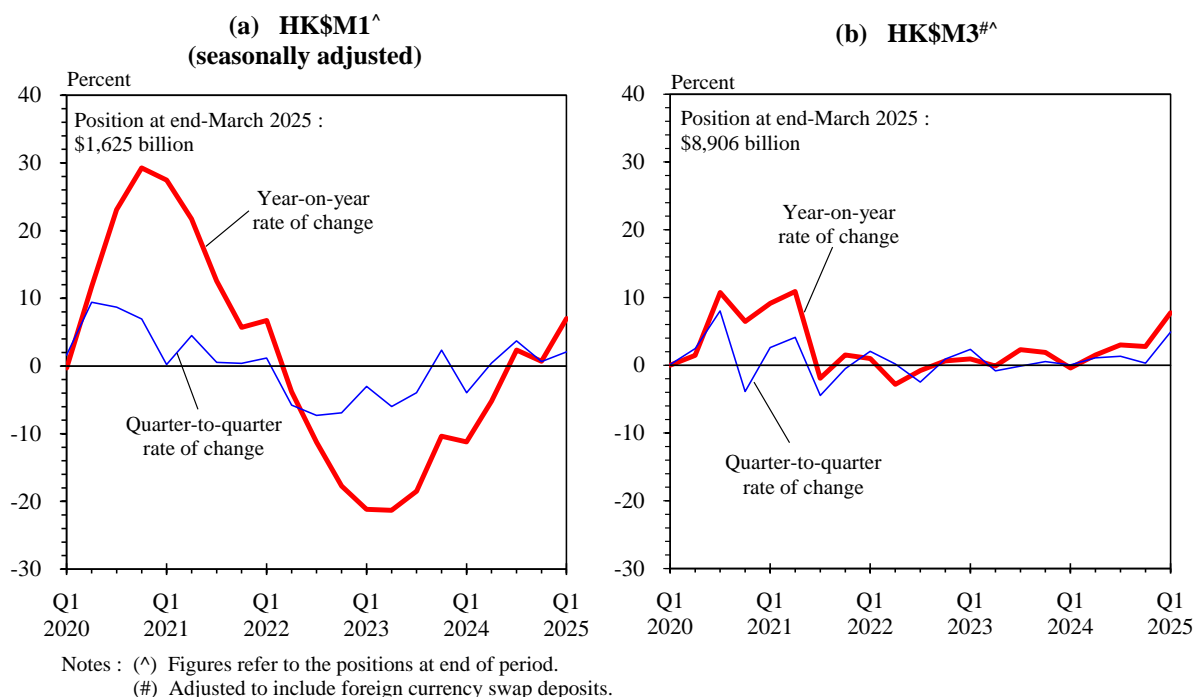
**Diagram 4.4 : The trade-weighted nominal and real effective exchange rate indices both decreased during the first quarter (average of the month)**



## Money supply and banking sector

4.6 The Hong Kong dollar broad *money supply* (HK\$M3) rose by 4.9% over end-2024 to \$8,906 billion at end-March 2025, and the seasonally adjusted Hong Kong dollar narrow money supply (HK\$M1) increased by 2.1% to \$1,625 billion<sup>(4)</sup>. Meanwhile, *total deposits* with authorized institutions (AIs)<sup>(5)</sup> grew by 3.5% to \$17,977 billion, within which Hong Kong dollar deposits and foreign currency deposits increased by 5.1% and 2.2% respectively.

**Diagram 4.5 : Both the Hong Kong dollar broad and narrow money supply increased during the first quarter**



**Table 4.1 : Hong Kong dollar money supply and total money supply**

		<u>M1</u>		<u>M2</u>		<u>M3</u>	
% change during the quarter		<u>HK\$<sup>^</sup></u>	<u>Total</u>	<u>HK\$<sup>(a)</sup></u>	<u>Total</u>	<u>HK\$<sup>(a)</sup></u>	<u>Total</u>
2024	Q1	-3.9	-1.6	*	-0.1	*	*
	Q2	0.4	3.5	1.1	3.4	1.1	3.4
	Q3	3.7	6.7	1.3	2.4	1.3	2.4
	Q4	0.7	-2.7	0.3	1.4	0.3	1.4
2025	Q1	2.1	4.3	4.9	3.2	4.9	3.2
Total amount at end-March 2025 (\$Bn)		1,625	2,866	8,890	19,049	8,906	19,095
% change over a year earlier		7.0	12.1	7.7	10.8	7.7	10.8

Notes : (^) Seasonally adjusted.

(a) Adjusted to include foreign currency swap deposits.

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

4.7 *Total loans and advances* increased by 0.6% over end-2024 to \$9,971 billion at end-March 2025. Analysed by currency, Hong Kong dollar loans decreased by 1.5%, while foreign currency loans increased by 4.0%. Reflecting the relative movements in deposits and loans, the loan-to-deposit ratio for Hong Kong dollar decreased from 77.1% at end-2024 to 72.3% at end-March 2025, while that for foreign currencies increased from 40.5% to 41.2%.

4.8 Loans for use in Hong Kong (including trade finance) and loans for use outside Hong Kong increased by 0.5% and 1.1% respectively over end-2024 to \$7,528 billion and \$2,444 billion at end-March 2025. Within the former, loans to various economic segments showed mixed performance. Loans to stockbrokers increased notably by 10.6%, thanks to the vibrant stock market trading activities after the Chinese New Year holidays. Loans to manufacturing and financial concerns also rose by 5.1% and 4.4% respectively. On the other hand, trade finance turned to a decline of 4.7% amid uncertainty over the US trade policy outlook, while loans to wholesale and retail trade decreased further by 2.1%. As for property-related lending, loans for purchase of residential property edged up by 0.6%, while loans to building, construction, property development and investment decreased further by 2.7%.

**Table 4.2 : Loans and advances**

All loans and advances for use in Hong Kong											
		Loans to :								All loans and advances for use outside Hong Kong <sup>(c)</sup>	Total loans and advances
		Trade finance	Manu- facturing	Whole- sale and retail trade	Building and construction, property development and investment	Purchase of residential property <sup>(a)</sup>	Financial concerns	Stock- brokers	Total <sup>(b)</sup>		
% change during the quarter											
2024	Q1	-0.5	0.5	-4.7	-0.7	0.1	-7.5	-10.4	-1.2	-0.4	-1.0
	Q2	6.0	-2.7	0.2	-2.8	0.7	0.5	-2.4	0.3	-4.6	-0.9
	Q3	-1.5	2.1	3.4	-3.1	0.7	-1.3	54.9	-0.8	1.7	-0.2
	Q4	0.6	-0.9	-1.5	-1.1	-0.1	1.8	-23.1	-0.1	-2.3	-0.7
2025	Q1	-4.7	5.1	-2.1	-2.7	0.6	4.4	10.6	0.5	1.1	0.6
Total amount at end-March 2025 (\$Bn)		363	310	287	1,510	2,019	877	54	7,528	2,444	9,971
% change over a year earlier		0.2	3.4	*	-9.5	1.9	5.4	28.6	-0.1	-4.2	-1.2

- Notes:
- (a) Figures also include loans for the purchase of flats under the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme, in addition to those for the purchase of private residential flats.
  - (b) Loans to individual sectors may not add up to all loans and advances for use in Hong Kong, as some sectors are not included.
  - (c) Also include loans where the place of use is not known.
  - (\*) Change within  $\pm 0.05\%$ .

4.9 The Hong Kong banking sector remained robust and resilient, underpinned by strong capital and liquidity positions. Hong Kong incorporated AIs were well capitalised, with the total capital adequacy ratio staying at a high level of 21.8% at end-2024. The banking sector's overall asset quality stayed at a healthy level. The ratio of classified loans to total loans for all AIs edged down from 1.99% at end-September 2024 to 1.96% at end-2024, and the delinquency ratio for credit card lending remained unchanged at 0.35%. The delinquency ratio for residential mortgage loans stayed low at 0.13% at end-March 2025, though slightly higher than that of 0.11% at end-2024.

**Table 4.3 : Asset quality of all authorized institutions<sup>\*^</sup>**  
(as % of total loans)

<u>At end of period</u>		<u>Pass loans</u>	<u>Special mention loans</u>	<u>Classified loans</u> (gross)
2023	Q1	96.57	1.98	1.46
	Q2	96.57	1.93	1.50
	Q3	96.49	1.90	1.61
	Q4	96.41	2.03	1.57
2024	Q1	96.16	2.05	1.79
	Q2	96.18	1.93	1.89
	Q3	96.00	2.01	1.99
	Q4	95.90	2.14	1.96

Notes : Due to rounding, figures may not add up to 100.

(\*) Period-end figures relate to Hong Kong offices, overseas branches and major overseas subsidiaries. Loans and advances are classified into the following categories: Pass, Special Mention, Substandard, Doubtful and Loss. Loans in the substandard, doubtful and loss categories are collectively known as “classified loans”.

(^ ) As a reference, for retail banks, the pass loans, special mention loans and classified loans (gross) as percentages of total loans were 95.76%, 2.06% and 2.18% respectively at end-2024.



4.10 *Offshore renminbi (RMB) business* remained resilient in the first quarter. RMB trade settlement transactions handled by banks in Hong Kong decreased by 2.4% from a year earlier to RMB3,625.5 billion. Total RMB deposits (including customer deposits and outstanding certificates of deposit) grew slightly by 0.2% over end-2024 to RMB1,077.4 billion at end-March 2025. As to financing activities, outstanding RMB bank loans increased by 11.1% over end-2024 to RMB804.4 billion at end-March 2025. Earlier on, RMB bond issuance (excluding certificates of deposit) amounted to RMB172.7 billion (of which RMB14.0 billion was issued by the Ministry of Finance) in the fourth quarter of 2024, as compared to RMB130.5 billion in the same period of 2023<sup>(6)</sup>.

**Table 4.4 : Renminbi customer deposits and cross-border renminbi trade settlement in Hong Kong**

<u>At end of period</u>		<u>Interest rates on<sup>(a)</sup></u>					<u>Number of AIs engaged in RMB business</u>	<u>Amount of cross-border RMB trade settlement<sup>(c)</sup></u> (RMB Mn)
		<u>Demand and savings deposits</u> (RMB Mn)	<u>Time deposits</u> (RMB Mn)	<u>Total deposits</u> (RMB Mn)	<u>Savings deposits<sup>(b)</sup></u> (%)	<u>Three-month time deposits<sup>(b)</sup></u> (%)		
2024	Q1	356,992	587,672	944,664	0.16	0.31	139	3,713,713
	Q2	432,712	628,954	1,061,666	0.16	0.31	138	3,700,964
	Q3	459,606	556,732	1,016,339	0.16	0.31	139	3,816,626
	Q4	408,585	518,004	926,589	0.16	0.31	138	3,953,280
2025	Q1	423,009	536,839	959,848	0.16	0.31	138	3,625,469
% change in 2025 Q1 over 2024 Q1		18.5%	-8.6%	1.6%	N.A.	N.A.	N.A.	-2.4%
% change in 2025 Q1 over 2024 Q4		3.5%	3.6%	3.6%	N.A.	N.A.	N.A.	-8.3%

Notes : (a) The interest rates are based on a survey conducted by the HKMA.

(b) Period average figures.

(c) Figures during the period.

N.A. Not applicable.

## The debt market

4.11 As to the Hong Kong dollar *debt market*, total gross issuance of Hong Kong dollar debt securities increased by 5.4% over the preceding quarter to \$1,394.8 billion<sup>(7)</sup> in the first quarter. The total outstanding amount of Hong Kong dollar debt securities rose by 4.0% over end-2024 to \$2,937.4 billion at end-March 2025, equivalent to 33.0% of HK\$M3 or 29.6% of Hong Kong dollar-denominated assets of the banking sector<sup>(8)</sup>.

4.12 As to the Hong Kong dollar bonds issued by the Government, a total of \$7.5 billion institutional Government Bonds (GBs) were issued through tenders in the first quarter under the Infrastructure Bond Programme (IB Programme). At end-March 2025, the total outstanding amount of Hong Kong dollar bonds under the GB Programme, Government Sustainable Bond Programme (GSB Programme), and IB Programme was around \$308.9 billion, comprising 12 institutional issues totalling \$80.0 billion and two retail issues (two Silver Bonds) totalling around \$96.3 billion under the GB Programme, one institutional issue worth \$2.0 billion and two retail issues (two Retail Green Bonds) totalling \$40.0 billion under the GSB Programme, as well as seven institutional issues totalling \$18.0 billion and two retail issues (one Silver Bond and one Retail Infrastructure Bond) totalling around \$72.5 billion under the IB Programme. As for GBs denominated in other currencies, there was one US dollar sukuk with an issuance size of US\$1.0 billion outstanding under the GB Programme, around US\$19.8 billion equivalent of institutional green bonds outstanding under the GSB Programme, and around US\$1.9 billion equivalent of institutional infrastructure bonds outstanding under the IB Programme.

**Table 4.5: New issuance and outstanding value of  
Hong Kong dollar debt securities (\$Bn)**

		Exchange Fund	The HKSAR Government	Local public sector <sup>(a)</sup>	AIs <sup>(b)</sup>	Local corporations	Non-MDBs issuers outside Hong Kong <sup>(c)</sup>	MDBs <sup>(c)</sup>	Statutory bodies/govern- ment-owned corporations in Hong Kong	Total
<b>New Issuance</b>										
2024	Annual	4,102.5	91.7	4,194.3	303.3	32.6	434.4	47.5	123.0	5,135.1
	Q1	1,004.5	5.5	1,010.0	59.7	6.2	113.0	18.4	57.0	1,264.3
	Q2	1,017.4	1.5	1,018.9	89.2	7.0	131.8	13.4	13.6	1,273.8
	Q3	1,036.2	1.5	1,037.7	86.2	13.1	96.6	8.6	31.5	1,273.7
	Q4	1,044.6	83.2	1,127.8	68.1	6.3	93.0	7.1	21.0	1,323.3
2025	Q1	1,049.0	7.5	1,056.5	98.9	7.7	188.6	15.3	27.8	1,394.8
% change in 2025 Q1 over 2024 Q1		4.4	36.4	4.6	65.6	24.3	66.9	-17.0	-51.3	10.3
% change in 2025 Q1 over 2024 Q4		0.4	-91.0	-6.3	45.3	23.1	102.7	114.0	32.2	5.4
<b>Outstanding (as at end of period)</b>										
2024	Q1	1,268.4	287.2	1,555.6	265.2	120.8	573.5	55.4	187.5	2,758.0
	Q2	1,281.7	258.7	1,540.4	284.5	114.2	599.2	64.6	172.1	2,775.0
	Q3	1,294.7	222.1	1,516.8	287.0	119.6	590.9	63.6	183.1	2,761.0
	Q4	1,306.8	303.3	1,610.1	276.7	120.2	570.2	70.1	177.9	2,825.1
2025	Q1	1,318.1	308.9	1,627.0	293.2	119.9	635.1	80.4	181.8	2,937.4
% change in 2025 Q1 over 2024 Q1		3.9	7.5	4.6	10.6	-0.8	10.7	45.2	-3.0	6.5
% change in 2025 Q1 over 2024 Q4		0.9	1.8	1.0	6.0	-0.2	11.4	14.7	2.2	4.0

Notes : Figures may not add up to the corresponding totals due to rounding. Figures are provisional and may be subject to revision.

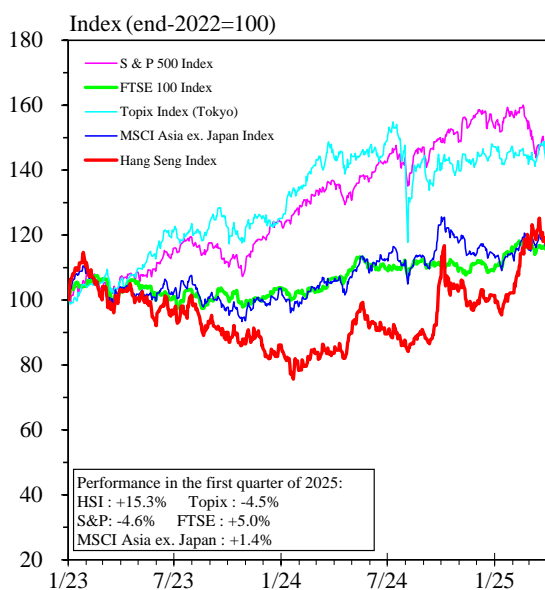
- (a) Sum of Exchange Fund and the HKSAR Government.
- (b) AIs : Authorized institutions.
- (c) MDBs : Multilateral Development Banks.

## The stock and derivatives markets

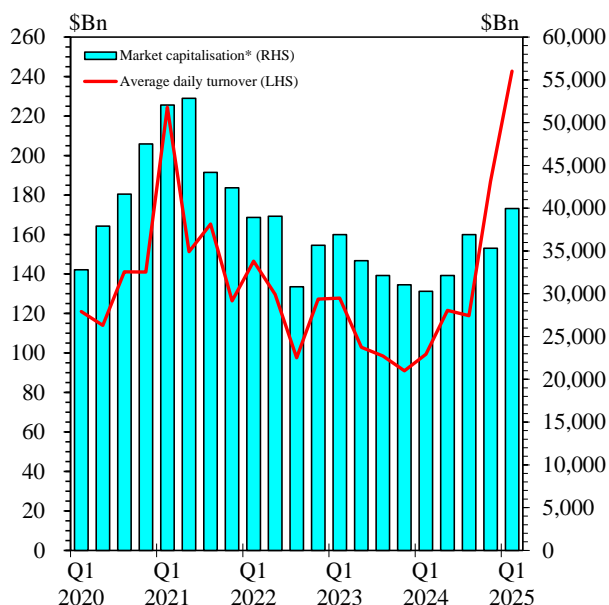
4.13 After staying largely range-bound in January, the *local stock market* surged after the Chinese New Year holidays through mid-March, as market sentiment was fuelled by the Mainland’s breakthrough development in artificial intelligence and the Central Government’s measures to stimulate the domestic economy as unveiled at the “Two Sessions”. However, the market cooled down towards the end of the quarter amid concerns over the US trade policy outlook. The HSI hit a three-year high of 24 771 on 19 March, before retreating somewhat to close the first quarter at 23 120, up 15.3% from end-2024. *Market capitalisation* rose by 13.1% to \$40.0 trillion during the quarter. The local stock market ranked the sixth largest in the world and the third largest in Asia<sup>(9)</sup>.

4.14 Trading activities expanded visibly along with the HSI rally in the first quarter. *Average daily turnover* in the securities market jumped to \$242.7 billion, 29.9% higher than the preceding quarter or 144.3% over a year ago. Within the total, the average daily trading value of unit trusts (including Exchange-Traded Funds (ETFs))<sup>(10)</sup>, equities, derivative warrants and callable bull/bear contracts increased by 33.8%, 31.0%, 16.2% and 9.9% respectively on a quarter-to-quarter basis. As to futures and options<sup>(11)</sup>, the average daily trading volume rose by 12.8%. Within the total, trading of stock options, HSI options and HSI futures rose by 23.1%, 22.2% and 2.8% respectively, while Hang Seng China Enterprises Index futures fell by 4.0%.

**Diagram 4.6 : The HSI surged by 15.3% during the first quarter**



**Diagram 4.7 : Market capitalisation rose; trading activities expanded visibly in the first quarter**



Note : (\*) Position at end of quarter.

**Table 4.6 : Average daily turnover of futures and options  
of the Hong Kong market**

		Hang Seng Index <u>futures</u>	Hang Seng Index <u>options</u>	Hang Seng China Enterprises <u>Index futures</u>	Stock <u>options</u>	Total futures and options traded*
2024	Annual	140 276	19 645	187 684	720 297	1 550 593
	Q1	149 867	22 591	208 485	645 126	1 500 494
	Q2	141 876	21 446	191 449	747 232	1 565 097
	Q3	130 138	19 505	173 985	704 694	1 482 419
	Q4	139 757	15 146	177 714	784 043	1 653 975
2025	Q1	143 619	18 509	170 690	964 803	1 866 001
% change in 2025 Q1 over 2024 Q1		-4.2	-18.1	-18.1	49.6	24.4
% change in 2025 Q1 over 2024 Q4		2.8	22.2	-4.0	23.1	12.8

Note : (\*) Turnover figures for individual futures and options are in number of contracts, and do not add up to the total futures and options traded as some products are not included.

4.15 Fund raising activities in Hong Kong picked up notably in the first quarter of 2025. *Total equity capital raised*, comprising new share floatation and post-listing arrangements on the Main Board and GEM<sup>(12)</sup>, leaped by 141.2% over the preceding quarter or 423.4% over a year earlier to \$159.4 billion. Within the total, the amount of funds raised through IPOs fell by 42.4% from the preceding quarter, but surged notably by 288.8% over a year ago to \$18.7 billion. Hong Kong ranked fourth among stock exchange markets globally in terms of the amount of funds raised through IPOs in the first quarter<sup>(13)</sup>.

4.16 Mainland enterprises continued to play an important role in the Hong Kong stock market. At end-March, a total of 1 484 Mainland enterprises (including 370 H-share companies and 1 114 Non-H share Mainland enterprises) were listed on the Main Board and GEM, accounting for 56% of the total number of listed companies and 81% of total market capitalisation. Mainland-related stocks accounted for 91% of equity turnover and 92% of total equity funds raised in the Hong Kong Stock Exchange in the first quarter.

## **Fund management and investment funds**

4.17 Performance of the fund management business continued to improve in the first quarter. The aggregate net asset value of the approved constituent funds under the *Mandatory Provident Fund (MPF) schemes*<sup>(14)</sup> rose by 3.6% over end-2024 to \$1,337.5 billion at end-March 2025. The monthly average gross retail sales of *mutual funds* increased notably by 30.1% over the preceding quarter to US\$8.8 billion in January – February<sup>(15)(16)</sup>, and were 27.1% higher than the level a year earlier.

## **Insurance sector**

4.18 The *insurance sector*<sup>(17)</sup> recorded solid growth in 2024. For the year as a whole, new office premiums of long-term business grew by 21.4%, within which premium from non-investment linked individual business (which accounted for 95% of total premium for this segment) increased by 22.8%, while that from investment-linked business remained stable. As to general business, gross and net premiums in 2024 amounted to \$100.5 billion and \$69.7 billion respectively<sup>(18)</sup>.

**Table 4.7 : Insurance business in Hong Kong<sup>@</sup> (\$Mn)**

		General business <sup>#</sup>			New office premium of long-term business <sup>^</sup>				Gross premium from long-term business and general business
		<u>Gross premium</u>	<u>Net premium</u>	<u>Underwriting profit</u>	<u>Non-linked long-term individual business</u>	<u>Linked long-term individual business</u>	<u>Non-retirement scheme group business</u>	<u>All long-term business</u>	
2023	Annual	N.A.	N.A.	N.A.	169,488	11,165	310	180,963	N.A.
	Q1	N.A.	N.A.	N.A.	43,489	3,419	71	46,979	N.A.
	Q2	N.A.	N.A.	N.A.	52,901	3,171	87	56,159	N.A.
	Q3	N.A.	N.A.	N.A.	40,928	2,375	78	43,381	N.A.
	Q4	N.A.	N.A.	N.A.	32,170	2,200	74	34,444	N.A.
2024	Annual	100,453	69,658	3,267	208,133	11,169	454	219,756	320,209
	Q1	N.A.	N.A.	N.A.	63,292	1,846	141	65,279	N.A.
	Q2	N.A.	N.A.	N.A.	48,004	2,457	125	50,586	N.A.
	Q3	N.A.	N.A.	N.A.	50,740	2,899	91	53,730	N.A.
	Q4	N.A.	N.A.	N.A.	46,097	3,967	97	50,161	N.A.
% change in 2024 over 2023		N.A.	N.A.	N.A.	22.8	*	46.5	21.4	N.A.

- Notes : (@) Provisional statistics of the Hong Kong insurance industry.
- (#) Following the implementation of the Risk-based Capital (RBC) regime on 1 July 2024, a new set of regulatory returns was introduced and some definitions were modified. Under the RBC regime, an element reflecting offshore business in respect of general insurance was included. In addition, the insurers must now report their underwriting performance based on financial year instead of calendar year, causing some data to be partially covered in this set of statistics. It is therefore inappropriate to make a direct comparison between the latest figures with those published in previous years.
- (^) Retirement scheme business is excluded.
- (N.A.) Not applicable.
- (\*) Change within  $\pm 0.05\%$ .

## **Highlights of policy and market developments**

4.19 In view of the escalating trade tensions and challenging external environment, the HKMA and the banking sector introduced sector-specific support measures on 8 April to assist more small and medium-sized enterprises in obtaining financing and in their upgrade and transformation. These measures include (i) providing flexible extensions to trade facilities and alternative suitable credit arrangements for the import and export, and manufacturing sectors; (ii) offering flexible financial arrangements to alleviate the cashflow pressure of enterprises in the construction sector through a collaborative mechanism; and (iii) introducing financing products that are better suited to the transport sector and providing more flexible repayment arrangements.

4.20 To enhance financial connectivity and cooperation in the region, the HKMA and the People's Bank of China announced six measures on 13 January, including (i) introducing the HKMA RMB Trade Financing Liquidity Facility to provide banks with a stable source of RMB funds in providing RMB trade finance services to corporate customers; (ii) further enhancing and expanding the Southbound Bond Connect by extending the settlement time under the Central Securities Depositories (CSDs) linkage, and, supporting multi-currency bond settlements in RMB, HKD, USD and EUR through the CSDs linkage; (iii) developing offshore RMB repo business using Northbound Bond Connect bonds as collateral; (iv) including Northbound Bond Connect bonds as eligible margin collateral for derivative transactions at OTC Clearing Hong Kong Limited; (v) facilitating cross-boundary payment, including working to implement the linkage of faster payment systems in the Mainland and Hong Kong, and publishing an FAQ at the HKMA website to clarify and explain the current policy arrangements for various cross-boundary remittance scenarios; and (vi) supporting GBA financial facilitation by including new participating banks to offer Mainland account opening by attestation services for Hong Kong residents. In addition, the HKMA and the Monetary Authority of Macao launched a direct linkage between their central securities depositories on 21 January, facilitating cross-border investment and financing between Hong Kong and Macao. These developments underscore Hong Kong's role as a financial superconnector, enhancing regional financial integration and market access.



4.21 To elevate the security, innovation, and growth of Hong Kong’s virtual asset (VA) market, the SFC in February unveiled 12 initiatives under the “**ASPIRe**” roadmap, built upon five foundational pillars — **A**ccess, **S**afeguards, **P**roducts, **I**nfrastructure, and **R**elationships. The initiatives will streamline market access for global liquidity, enable adaptive compliance and product frameworks focusing on security, and drive infrastructure upgrade for traditional finance to tap into blockchain efficiency. The roadmap embodies the SFC’s forward-looking commitment to tackling the most pressing challenges facing the VA market, positioning Hong Kong as a trusted nexus for global VA liquidity. New frameworks for regulating VA over-the-counter and VA custodian services will be developed, while VA product and service offerings will be expanded.

4.22 The Hong Kong Family Office Nexus Digital Knowledge Hub was launched in March as part of the Hong Kong Family Office Nexus initiative. The hub provides a comprehensive resource for family offices worldwide, offering expert insights, best practices, and practical guidance on investment strategies, governance, technology adoption, and philanthropy, making it a dynamic tool tailored to the evolving needs of family offices.

4.23 In January, Hong Kong became an approved delivery point within the London Metal Exchange’s (LME’s) global warehousing network, enabling warehouse operators to seek approval for the storage of LME-registered brands of metals in Hong Kong. LME approved the first three applications, involving four warehouse facilities, to establish approved warehouses in Hong Kong in mid-April. The establishment of LME-accredited warehouses in Hong Kong will increase the demand for Hong Kong’s trade, shipping, and related industries, strengthen Hong Kong’s commodities ecosystem, and pave the way for the development of related financial transactions.

Notes :

- (1) Prior to 9 October 2008, the Base Rate was set at either 150 basis points above the prevailing US Federal Funds Target Rate (FFTR) or the average of the five-day moving averages of the overnight and one-month HIBORs, whichever was higher. Between 9 October 2008 and 31 March 2009, this formula for determination of the Base Rate was temporarily changed by reducing the spread of 150 basis points above the prevailing FFTR to 50 basis points and by removing the other leg relating to the moving averages of the relevant interbank interest rates. After a review of the appropriateness of the new Base Rate formula, the narrower 50 basis point spread over the FFTR was retained while the HIBOR leg was re-instated in the calculation of the Base Rate after 31 March 2009.
- (2) In December 2005, the HKMA published a new data series on composite interest rate, reflecting movements in various deposit rates, interbank and other interest rates to closely track the average cost of funds for banks. The published data enable the banks to keep track of changes in funding cost and thus help improve interest rate risk management in the banking sector. Since June 2019, the composite interest rate has been calculated based on the new local “Interest rate risk in the banking book” framework. As such, the figures are not strictly comparable with those of previous months.
- (3) The trade-weighted Nominal Effective Exchange Rate Index (EERI) is an indicator of the overall exchange value of the Hong Kong dollar against a fixed basket of other currencies. Specifically, it is a weighted average of the exchange rates of the Hong Kong dollar against 18 currencies of its major trading partners, with the weights adopted being the respective shares of these trading partners in the total value of merchandise trade for Hong Kong during 2019 and 2020.

The Real EERI of the Hong Kong dollar is obtained by adjusting the Nominal EERI for relative movements in the seasonally adjusted consumer price indices of the respective trading partners.

- (4) The various definitions of the money supply are as follows:

M1 : Notes and coins with the public, plus customers’ demand deposits with licensed banks.

M2 : M1 plus customers’ savings and time deposits with licensed banks, plus negotiable certificates of deposit (NCDs) issued by licensed banks and held outside the monetary sector, as well as short-term Exchange Fund placements of less than one month.

M3 : M2 plus customers’ deposits with restricted licence banks and deposit-taking companies, plus NCDs issued by such institutions and held outside the monetary sector.

Among the various monetary aggregates, more apparent seasonal patterns are found in HK\$M1, currency held by the public, and demand deposits. As monthly monetary statistics are subject to volatilities due to a wide range of transient factors, such as seasonal and IPO-related funding demand as well as business and investment-related activities, caution is required when interpreting the statistics.

- (5) AIs include licensed banks, restricted licence banks and deposit-taking companies. At end-March 2025, there were 149 licensed banks, 15 restricted licence banks and 11 deposit-taking companies in Hong Kong. Altogether, 175 AIs (excluding representative offices) from 32 countries and territories (including Hong Kong) had a presence in Hong Kong.
- (6) HKMA discontinued the old RMB bond issuance data since June 2024 and adopted another data series. The new series has broader coverage sourced from various data sources including Bloomberg, the Central Moneymarkets Unit, Dealogic and Reuters but with longer time lag. Hence the latest data are up to the previous quarter only, and the new data are not directly comparable with those in previous issues of this report. Figures are subject to revisions.
- (7) The figures may not represent a full coverage of all the Hong Kong dollar debt securities issued.
- (8) Assets of the banking sector include notes and coins, amount due from Authorized institutions in Hong Kong as well as from banks abroad, loans and advances to customers, negotiable certificates of deposit (NCDs) held, negotiable debt instruments other than NCDs held, and other assets. Certificates of indebtedness issued by Exchange Fund and the counterpart bank notes issued are nevertheless excluded.
- (9) The ranking is based on the market capitalisation figures of global stock exchange markets compiled by the World Federation of Exchanges and the London Stock Exchange Group.
- (10) Given the relatively small share (less than 0.6% of the daily turnover in the securities market), trading of debt securities and its movements were not analysed.
- (11) At end-March 2025, there were 132 classes of stock options contracts and 98 classes of stock futures contracts.
- (12) At end-March 2025, there were 2 308 and 319 companies listed on the Main Board and GEM respectively.
- (13) The ranking is based on the amount of funds raised through IPOs (including fundraising of special purpose acquisition companies) compiled by Dealogic.
- (14) At end-March 2025, there were 12 approved trustees. On MPF products, 21 master trust schemes, two industry schemes and one employer sponsored scheme, comprising altogether 380 constituent funds, were approved by the Mandatory Provident Fund Schemes Authority. A total of 356 000 employers, 2.64 million employees and 233 000 self-employed persons are estimated to have participated in MPF schemes.
- (15) These figures are obtained from the Sales and Redemptions Survey conducted by the Hong Kong Investment Funds Association (HKIFA) on their members, and cover only the active authorised funds that have responded to the survey. As HKIFA has revised the coverage of its funds statistics for 2023, the figures in this report may not be comparable with those contained in previous issues of this report.
- (16) At end-March 2025, there was one SFC-authorised retail hedge fund with net asset size of US\$83 million. This amount of net assets under management decreased by 11.7%

from end-2024, and represented a 28.4% decrease from a year earlier and a 48.1% decrease from end-2002, the year when the hedge funds guidelines were first issued.

- (17) At end-March 2025, there were 157 authorized insurers in Hong Kong. Within this total, 51 were engaged in long-term insurance business, 84 in general insurance business, 19 in composite insurance business, and three in special purpose business. These authorized insurers come from 22 countries and territories (including Hong Kong).
- (18) Following the implementation of the RBC regime on 1 July 2024, an element reflecting offshore business is now included in respect of general insurance, and the coverage, classifications and definitions for related statistics have been modified. It is therefore inappropriate to make a direct comparison between the latest figures with those published in previous years.

## CHAPTER 5 : THE LABOUR SECTOR

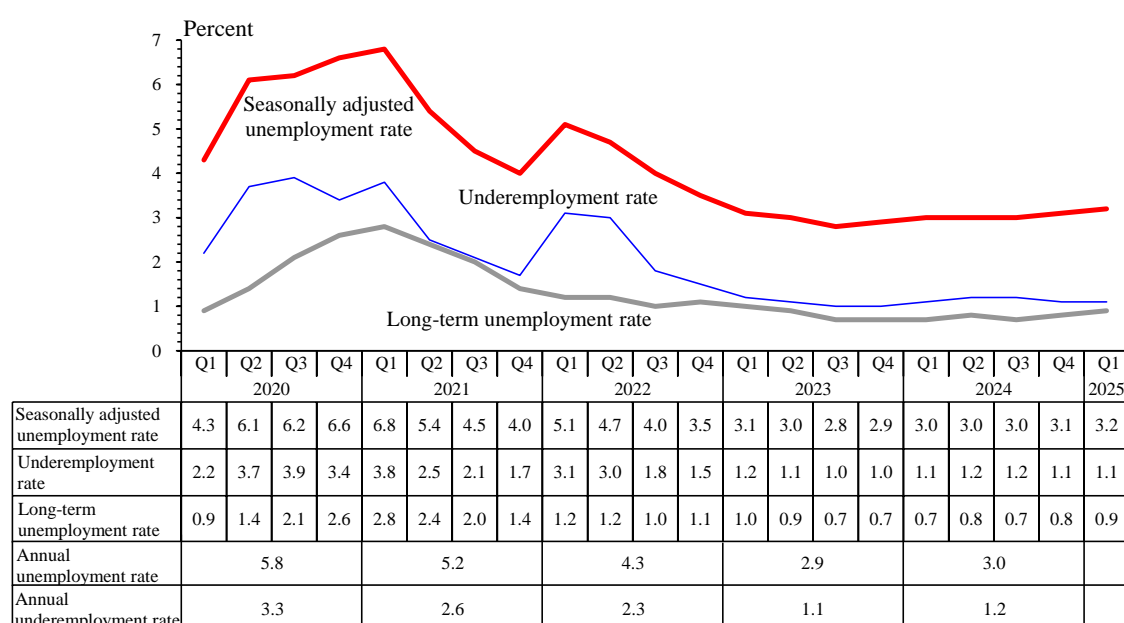
### *Summary*

- *The labour market remained tight in the first quarter of 2025. The seasonally adjusted unemployment rate stayed low at 3.2%, slightly higher than the 3.1% in the preceding quarter. The underemployment rate remained unchanged at a low level of 1.1%. Both the labour force and total employment increased over a year earlier.*
- *The unemployment rates of various major sectors increased in the first quarter from the preceding quarter.*
- *Wages and labour earnings saw decent increases in the fourth quarter of 2024 over a year earlier. More recent General Household Survey (GHS) data showed that employment earnings continued to record solid year-on-year growth in the first quarter of 2025.*

## Overall labour market situation<sup>(1)</sup>

5.1 The labour market remained tight in the first quarter of 2025. The seasonally adjusted *unemployment rate*<sup>(2)</sup> stayed low at 3.2%, slightly higher than the 3.1% in the preceding quarter. The *underemployment rate*<sup>(3)</sup> remained unchanged at a low level of 1.1%. The unemployment rates of various major sectors increased from the preceding quarter. Establishment survey indicated that wages and labour earnings saw decent increases in the fourth quarter of 2024 over a year earlier. More recent GHS data showed that employment earnings continued to record solid year-on-year growth in the first quarter of 2025.

**Diagram 5.1 : The labour market remained tight in the first quarter of 2025**



**Table 5.1 : The unemployment rate (seasonally adjusted), underemployment rate and long-term unemployment rate**

		<u>Unemployment rate*</u> (%)	<u>Underemployment</u> <u>rate (%)</u>	<u>Long-term</u> <u>unemployment rate (%)</u>
2024	Annual	3.0	1.2	0.8
	Q1	3.0	1.1	0.7
	Q2	3.0	1.2	0.8
	Q3	3.0	1.2	0.7
	Q4	3.1	1.1	0.8
<i>Three months ending</i>				
2025	Jan	3.1	1.1	0.8
	Feb	3.2	1.1	0.9
	Mar	3.2	1.1	0.9

Note : \* Seasonally adjusted (except for annual figures).

Source : General Household Survey, Census and Statistics Department.

## **Labour force and total employment**

5.2 The *labour force*<sup>(4)</sup> fell back by 0.4% to 3 815 500 in the first quarter of 2025 from the preceding quarter, but increased by 0.4% over a year earlier. This was attributable to a 0.3% decline in the working-age population (i.e. land-based non-institutional population aged 15 and above) to 6 707 800 from the preceding quarter, with the overall labour force participation rate remaining unchanged at 56.9% during the period. Compared to a year ago, the working-age population increased by 0.7%, while the overall labour force participation rate saw a decrease of 0.1 percentage point mainly due to the population ageing.

5.3 *Total employment*<sup>(5)</sup> turned to a decline of 0.7% to 3 692 700 in the first quarter from the preceding quarter, but rose slightly by 0.1% over a year earlier. Employment of many major sectors saw declines from the preceding quarter, more visibly in the cleaning and similar activities sector, the public administration sector, the retail, accommodation and food services sector, and the construction sector. Employment of some sectors increased compared with the preceding quarter, including the human health activities sector, the postal and courier activities sector, etc. As compared to a year earlier, a majority of sectors registered increases in employment, with more notable increases in the postal and courier activities sector, the insurance sector, and the human health activities sector.

**Table 5.2 : The labour force, and persons employed,  
unemployed and underemployed**

		<u>Labour force</u>		<u>Persons employed</u>		<u>Persons unemployed<sup>(a)</sup></u>	<u>Persons underemployed</u>
2024	Annual	3 807 400 (-0.4)		3 693 600 (-0.4)		113 800	43 900
	Q1	3 800 100 (-0.2) <-0.5>		3 688 400 (-0.1) <-0.7>		111 700	40 000
	Q2	3 818 000 (0.3) <-0.5>		3 703 300 (0.2) <-0.4>		114 700	44 500
	Q3	3 830 100 (-0.2) <-0.3>		3 710 200 (-0.4) <-0.2>		119 900	46 000
	Q4	3 832 400 (0.3) <-0.1>		3 718 900 (0.1) <-0.2>		113 600	43 500

*Three months ending*

2025	Jan	3 826 700 (0.7) <§>		3 716 600 (0.5) <-0.3>		110 100	43 000
	Feb	3 821 300 (0.6) <-0.3>		3 709 500 (0.4) <-0.1>		111 700	40 700
	Mar	3 815 500 (0.4) <-0.4>		3 692 700 (0.1) <-0.7>		122 800	42 700

Notes : (a) These include first-time job-seekers and re-entrants into the labour force.

( ) % change over a year earlier.

< > % change over a quarter earlier.

(§) Change within  $\pm 0.05\%$ .

Source : General Household Survey, Census and Statistics Department.

**Diagram 5.2 : Both the labour force and total employment fell back in the first quarter from the preceding quarter, but increased over a year earlier**





**Table 5.3 : Labour force participation rates by gender and by age group (%)**

	<u>2024</u>				<u>2025</u>
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>
<u>Male</u>					
15-24	27.9	27.9	30.3	29.0	27.5
<i>of which:</i>					
15-19	6.5	6.5	8.2	6.3	5.1
20-24	49.3	49.1	52.5	51.7	49.5
25-29	88.3	86.9	88.7	89.2	88.2
30-39	94.3	94.1	94.3	94.4	94.3
40-49	92.9	93.5	93.2	93.3	94.0
50-59	84.6	85.1	84.9	85.4	85.2
≥ 60	31.0	31.0	30.7	30.5	30.0
Overall	62.8	62.8	62.9	62.7	62.3
<u>Female</u>					
15-24	29.6	29.3	31.6	30.3	28.9
<i>of which:</i>					
15-19	6.2	6.2	9.0	7.6	6.8
20-24	51.4	50.6	52.5	51.5	49.0
25-29	84.0	83.4	83.5	83.1	84.9
30-39	80.1	80.8	80.3	80.4	80.7
40-49	75.2	75.8	75.5	75.9	76.6
50-59	65.7	65.3	66.1	66.3	66.9
≥ 60	17.5	18.0	17.4	17.3	17.7
Overall	52.4	52.6	52.5	52.3	52.5
<u>Both genders combined</u>					
15-24	28.7	28.6	31.0	29.6	28.2
<i>of which:</i>					
15-19	6.4	6.4	8.6	6.9	5.9
20-24	50.4	49.8	52.5	51.6	49.3
25-29	86.0	85.0	86.0	86.0	86.5
30-39	86.2	86.5	86.3	86.4	86.6
40-49	82.4	82.9	82.6	82.9	83.6
50-59	73.8	73.7	74.1	74.4	74.7
≥ 60	23.9	24.1	23.7	23.5	23.4
Overall	57.0	57.1	57.1	56.9	56.9

Source : General Household Survey, Census and Statistics Department.

## Profile of unemployment

5.4 The seasonally adjusted unemployment rate stayed low at 3.2% in the first quarter of 2025, slightly higher than the 3.1% in the preceding quarter. The number of unemployed persons (not seasonally adjusted) increased by 8.2% or 9 300 to 122 800.

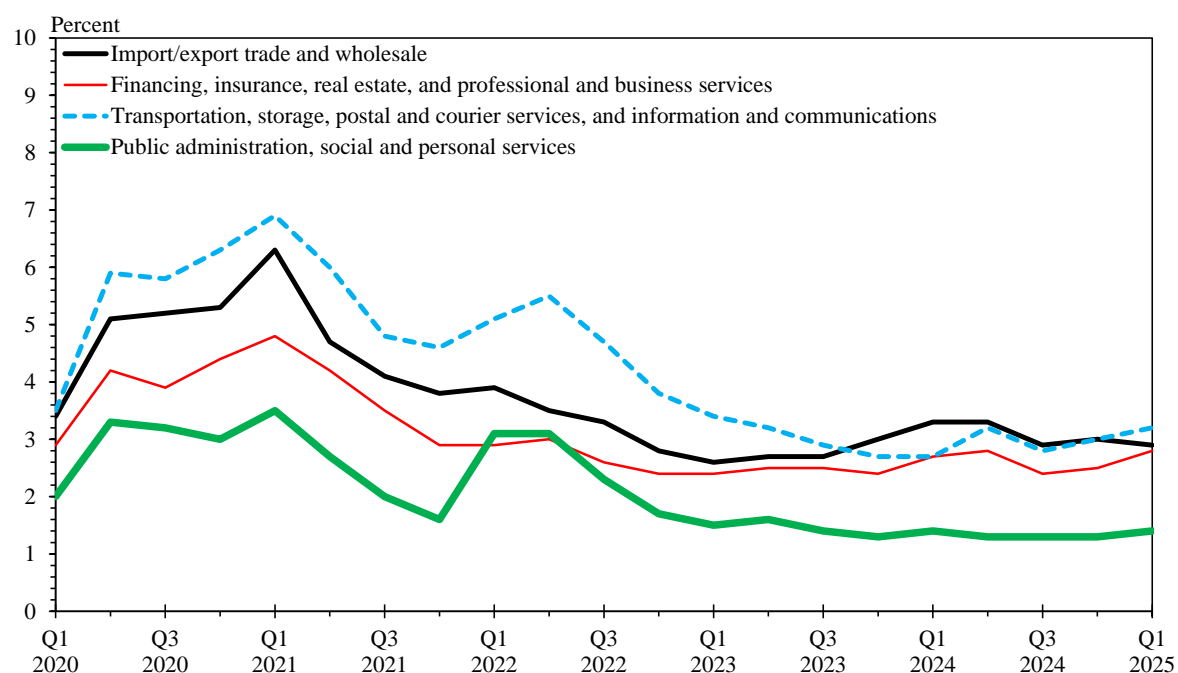
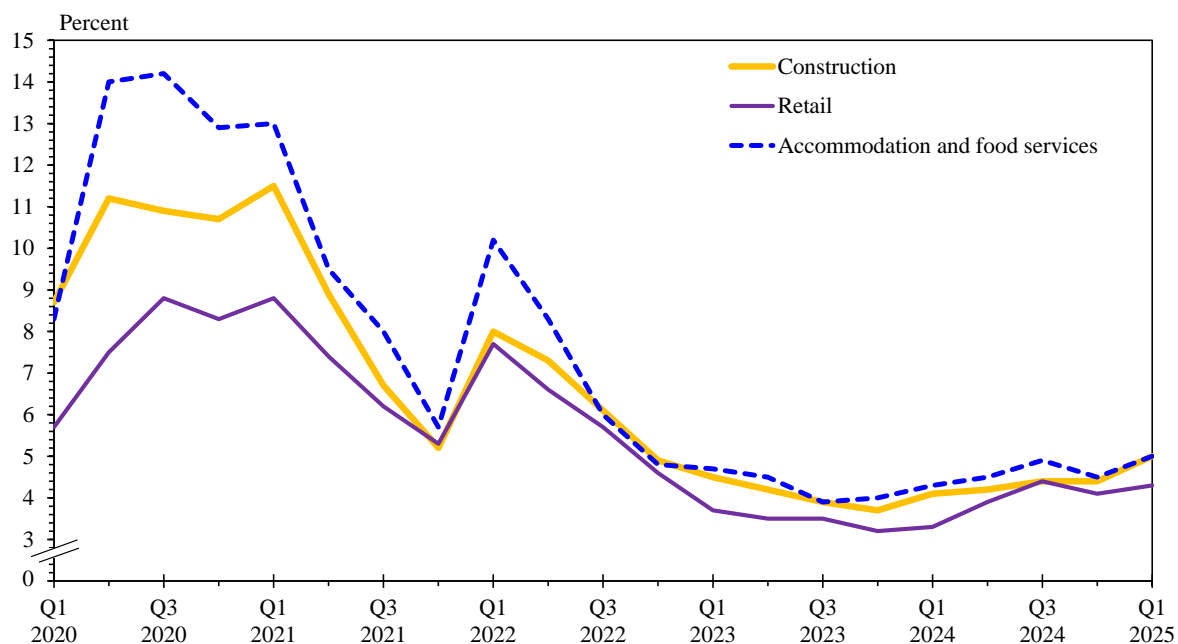
5.5 The unemployment rates of various major sectors (not seasonally adjusted) increased in the first quarter from the preceding quarter, including the construction sector (up 0.6 percentage point to 5.0%), the food and beverage service activities sector (up 0.6 percentage point to 5.3%), the information and communications sector (up 0.6 percentage point to 4.1%), and the social work activities sector (up 0.6 percentage point to 2.8%). On the other hand, the unemployment rates decreased in sectors, such as the warehousing and support activities for transportation sector (down 0.5 percentage point to 3.8%) and the accommodation services sector (down 0.2 percentage point to 3.1%). For the *low-paying sectors*<sup>(6)</sup> as a whole, the unemployment rate stayed low at 2.6%, edging up from 2.5% in the previous quarter.

5.6 Analysed by skill segment, the unemployment rates of the lower-skilled and higher-skilled workers both went up by 0.2 percentage point over the preceding quarter, to 3.3% and 2.2% in the first quarter respectively.

5.7 Analysed by other socio-economic attributes, the unemployment rates by major age groups and educational attainment groups broadly went up in the first quarter over the preceding quarter. More notable increases were seen for those aged 20-24 (up 0.5 percentage point to 9.1%), those aged 50-59 (up 0.5 percentage point to 3.4%), and those with lower secondary education and below (up 0.5 percentage point to 3.8%).

5.8 The situation on unemployment duration worsened slightly in the first quarter. The long-term unemployment rate (i.e. the proportion of persons unemployed for six months or longer in the labour force) edged up by 0.1 percentage point over the preceding quarter to 0.9% in the first quarter. The number of long-term unemployed persons increased by 18.5% or 5 700 to 36 100. The median duration of unemployment lengthened by around 3 days to 85 days.

**Diagram 5.3 : The unemployment rates of various major sectors increased in the first quarter from the preceding quarter**



**Table 5.4 : Unemployment rates by major economic sector**

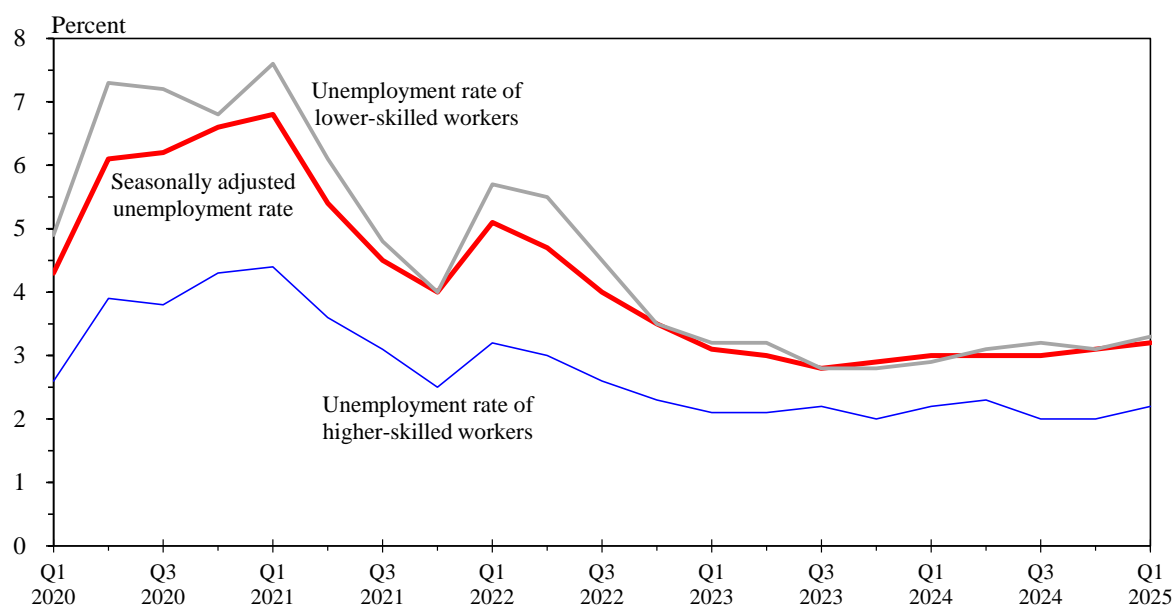
	<u>2024</u>				<u>2025</u>
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>
Import/export trade and wholesale	3.3	3.3	2.9	3.0	2.9
Retail, accommodation and food services	3.8	4.2	4.7	4.3	4.7
<i>of which:</i>					
<i>Retail</i>	3.3	3.9	4.4	4.1	4.3
<i>Accommodation services</i>	2.6	3.4	3.4	3.3	3.1
<i>Food and beverage service activities</i>	4.6	4.7	5.2	4.7	5.3
Transportation, storage, postal and courier services	2.5	3.0	2.6	2.8	2.8
<i>of which:</i>					
<i>Warehousing and support activities for transportation</i>	3.4	4.4	4.2	4.3	3.8
Information and communications	3.1	3.4	3.3	3.5	4.1
Financing, insurance, real estate, professional and business services	2.7	2.8	2.4	2.5	2.8
Public administration, social and personal services	1.4	1.3	1.3	1.3	1.4
<i>of which:</i>					
<i>Social work activities</i>	1.8	2.1	2.6	2.2	2.8
Manufacturing	3.2	3.2	3.3	3.3	3.4
Construction	4.1	4.2	4.4	4.4	5.0
Overall*	2.9	3.0	3.1	3.0	3.2
	(3.0)	(3.0)	(3.0)	(3.1)	(3.2)

Notes : \* Including first-time job-seekers and re-entrants into the labour force.

( ) Seasonally adjusted unemployment rates.

Source : General Household Survey, Census and Statistics Department.

**Diagram 5.4 : The unemployment rates of the lower-skilled and higher-skilled workers both went up in the first quarter**



**Table 5.5 : Unemployment rates\* by skill segment**

	<u>2024</u>				<u>2025</u>
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>
<u>Higher-skilled segment</u>	2.2	2.3	2.0	2.0	2.2
Managers	2.0	2.1	1.7	1.6	1.7
Professionals	1.9	1.7	1.7	1.8	2.0
Associate professionals	2.7	2.9	2.4	2.4	2.8
<u>Lower-skilled segment</u> <sup>^</sup>	2.9	3.1	3.2	3.1	3.3
Clerical support workers	3.4	3.7	3.5	3.4	3.5
Service and sales workers	3.2	3.4	3.6	3.5	3.5
Craft and related workers	4.0	4.0	4.0	3.9	4.7
Plant and machine operators and assemblers	2.1	2.4	2.5	2.8	2.2
Elementary occupations	2.0	2.2	2.3	2.3	2.8

Notes : \* Not seasonally adjusted, and not including first-time job-seekers and re-entrants into the labour force.

<sup>^</sup> Including other occupations.

Source : General Household Survey, Census and Statistics Department.

**Table 5.6 : Unemployment rates\* by age and educational attainment**

	<u>2024</u>				<u>2025</u>
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>
<u>Age</u>					
15-24	9.8	8.2	11.3	8.5	8.9
of which:					
15-19	8.1	9.8	15.2	7.6	7.7
20-24	10.0	8.0	10.7	8.6	9.1
25-29	4.6	4.4	4.7	4.6	4.8
30-39	2.1	2.4	2.3	2.3	2.7
40-49	2.2	2.7	2.4	2.3	2.3
50-59	3.0	2.9	2.9	2.9	3.4
≥ 60	2.3	2.4	2.4	2.5	2.7
<u>Educational attainment</u>					
Primary education and below	1.9	2.4	2.5	2.5	3.0
Lower secondary education	2.9	3.7	3.5	3.7	4.2
Upper secondary education^	3.0	2.8	3.1	2.7	2.9
Post-secondary education	3.1	3.0	3.1	3.0	3.3

Notes : \* Not seasonally adjusted, but including first-time job-seekers and re-entrants into the labour force.

^ Including craft courses.

Source : General Household Survey, Census and Statistics Department.

## **Underemployment situation**

5.9 The underemployment rate remained unchanged at a low level of 1.1% in the first quarter of 2025. The number of underemployed persons decreased by 1.7% or 700 from the preceding quarter to 42 700 in the first quarter.

## **Profile of employment in establishments**

5.10 The quarterly statistics collected from private sector establishments on employment, vacancies, wages and payroll are available up to December 2024. More up-to-date information was also drawn from other sources to supplement the analysis on wages and payroll.

5.11 Total private sector employment declined by a narrower 0.3% to 2 715 800 in December 2024 from a year earlier. Decreases in employment were mainly seen in the industries of retail, import/export trade and wholesale, and food and beverage services, while increases in employment were recorded in industries including real estate, human health services, and residential care and social work services.

**Table 5.7 : Employment by major economic sector**

	<u>2023</u>					<u>2024</u>				
	<u>Annual average</u>	<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	<u>Dec</u>	<u>Annual average</u>	<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	<u>Dec</u>
Import/export trade and wholesale	423 800 (-2.5)	430 100 (-1.9)	427 600 (-1.7)	425 400 (-1.7)	412 100 (-4.8)	404 600 (-4.5)	408 300 (-5.1)	405 500 (-5.2)	403 300 (-5.2)	401 300 (-2.6)
Retail	249 600 (1.7)	248 500 (1.4)	251 900 (2.9)	252 100 (2.8)	245 700 (-0.3)	237 700 (-4.7)	241 900 (-2.7)	239 100 (-5.1)	237 100 (-5.9)	232 700 (-5.3)
Accommodation services	35 500 (3.0)	35 600 (0.6)	35 200 (5.5)	35 300 (5.2)	35 700 (1.2)	36 500 (3.0)	36 300 (2.1)	36 500 (3.7)	36 600 (3.7)	36 600 (2.4)
Food and beverage services	224 300 (3.5)	223 900 (9.4)	224 600 (3.4)	224 200 (1.0)	224 500 (0.7)	222 700 (-0.7)	225 200 (0.6)	223 700 (-0.4)	221 200 (-1.3)	220 900 (-1.6)
Transportation, storage, postal and courier services	163 300 (-0.1)	161 900 (-1.5)	163 000 (0.3)	164 800 (0.5)	163 600 (0.5)	165 100 (1.1)	163 800 (1.2)	164 200 (0.7)	166 000 (0.7)	166 400 (1.7)
Information and communications	108 300 (1.9)	107 400 (0.2)	108 800 (2.5)	108 600 (3.1)	108 400 (1.8)	108 600 (0.3)	109 700 (2.1)	110 100 (1.2)	108 000 (-0.5)	106 800 (-1.5)
Financing, insurance, real estate, professional and business services	766 900 (1.4)	763 400 (-0.4)	769 700 (2.6)	773 000 (2.8)	761 600 (0.6)	768 000 (0.1)	762 300 (-0.1)	765 300 (-0.6)	772 300 (-0.1)	772 000 (1.4)
of which:										
Real estate	141 200 (0.9)	141 800 (-1.3)	142 000 (2.7)	142 400 (2.8)	138 900 (-0.5)	143 600 (1.6)	139 300 (-1.8)	142 200 (0.2)	147 500 (3.6)	145 300 (4.6)
Social and personal services	560 700 (4.4)	553 900 (3.9)	559 700 (4.8)	564 100 (5.2)	565 000 (3.8)	569 600 (1.6)	569 800 (2.9)	568 100 (1.5)	568 900 (0.9)	571 600 (1.2)
of which:										
Human health services	153 400 (2.8)	152 200 (2.4)	152 900 (3.0)	154 200 (3.3)	154 200 (2.6)	157 500 (2.7)	155 900 (2.4)	156 800 (2.6)	157 700 (2.3)	159 600 (3.5)
Residential care and social work services	69 900 (4.7)	68 900 (2.4)	69 600 (5.9)	70 200 (5.5)	71 000 (5.0)	72 700 (3.9)	72 000 (4.5)	72 700 (4.3)	72 800 (3.7)	73 200 (3.1)
Manufacturing	74 400 (-0.6)	74 900 (-1.2)	74 800 (-0.2)	74 000 (-0.5)	74 000 (-0.6)	74 600 (0.2)	75 900 (1.4)	75 000 (0.3)	73 800 (-0.3)	73 500 (-0.6)
Construction sites (covering manual workers only)	112 300 (7.3)	108 400 (10.3)	111 000 (7.4)	109 600 (-0.1)	120 200 (12.0)	122 500 (9.1)	123 600 (14.1)	124 100 (11.8)	121 400 (10.7)	121 000 (0.7)
<b>All establishments surveyed in the private sector<sup>(a)</sup></b>	<b>2 731 000 (1.7)</b>	<b>2 719 800 (1.5)</b>	<b>2 738 300 (2.4)</b>	<b>2 743 200 (2.1)</b>	<b>2 722 800 (0.8)</b>	<b>2 722 500 (-0.3)</b>	<b>2 728 900 (0.3)</b>	<b>2 724 100 (-0.5)</b>	<b>2 721 500 (-0.8)</b>	<b>2 715 800 (-0.3)</b>
		<b>[0.7]</b>	<b>[0.7]</b>	<b>[0.2]</b>	<b>[-0.7]</b>		<b>[0.2]</b>	<b>[-0.2]</b>	<b>[-0.1]</b>	<b>[-0.2]</b>
		<b>&lt;0.9&gt;</b>	<b>&lt;0.6&gt;</b>	<b>&lt;§&gt;</b>	<b>&lt;-0.7&gt;</b>		<b>&lt;0.4&gt;</b>	<b>&lt;-0.2&gt;</b>	<b>&lt;-0.3&gt;</b>	<b>&lt;-0.1&gt;</b>
Civil service <sup>(b)</sup>	172 900 (-1.1)	173 600 (-1.5)	172 700 (-1.4)	172 600 (-0.8)	172 600 (-0.6)	172 600 (-0.2)	173 100 (-0.3)	172 400 (-0.2)	172 500 (-0.1)	172 600 (§)

Notes : Employment figures enumerated from business establishments, as obtained from the Quarterly Survey of Employment and Vacancies, are somewhat different from those enumerated from households, as obtained from the General Household Survey. This is mainly due to the difference in sectoral coverage: while the former survey covers selected major sectors, the latter survey covers all sectors in the economy.

(a) The total figures on private sector employment cover also employment in mining and quarrying; and in electricity and gas supply, and waste management, besides employment in the major sectors indicated above.

(b) These figures cover only those employed on civil service terms of appointment. Judges, judicial officers, ICAC officers, locally engaged staff working in the Hong Kong Economic and Trade Offices outside Hong Kong, and other government employees such as non-civil service contract staff are not included.

( ) % change over a year earlier.

[ ] Non-seasonally adjusted % change compared with the level three months ago.

< > Seasonally adjusted % change compared with the level three months ago.

(§) Change within  $\pm 0.05\%$ .

Sources : Quarterly Survey of Employment and Vacancies, Census and Statistics Department.  
Quarterly Employment Survey of Construction Sites, Census and Statistics Department.



## **Vacancies**

5.12 Private sector vacancies decreased further by 20.1% from a year earlier to 58 410 in December 2024. Vacancies in most industries declined, with more visible declines in the industries of accommodation services, manufacturing, and human health services.

5.13 The overall manpower balance situation continued to ease in December 2024, but remained generally tight. The ratio of job vacancies per 100 unemployed persons went down slightly further to 51 in December from 55 three months ago. Yet, the manpower shortage situation remained evident in some sectors, including the residential care and social work services sector, the arts, entertainment and recreation sector, the real estate sector, the human health services sector, and the education sector, with their corresponding ratios staying well above 100.

**Table 5.8 : Vacancies by major economic sector**

	<u>2023</u>					<u>2024</u>				
	<u>Annual average</u>	<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	<u>Dec</u>	<u>Annual average</u>	<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	<u>Dec</u>
Import/export trade and wholesale	3 870 (3.5)	4 250 (45.8)	4 220 (17.0)	3 860 (-6.3)	3 150 (-27.1)	4 070 (5.2)	4 030 (-5.1)	4 480 (6.3)	4 330 (12.3)	3 420 (8.7)
Retail	6 090 (24.1)	6 410 (72.5)	6 600 (35.2)	5 900 (18.2)	5 440 (-9.9)	4 230 (-30.5)	4 720 (-26.3)	3 940 (-40.2)	4 460 (-24.5)	3 810 (-30.0)
Accommodation services	2 570 (36.8)	2 830 (100.7)	2 620 (46.5)	2 540 (24.9)	2 300 (0.4)	1 470 (-42.7)	2 100 (-25.6)	1 580 (-39.8)	1 220 (-52.1)	1 000 (-56.5)
Food and beverage services	6 040 (33.8)	5 810 (140.8)	6 050 (28.7)	6 220 (12.2)	6 100 (12.6)	5 630 (-6.8)	5 930 (2.2)	5 680 (-6.2)	5 440 (-12.6)	5 480 (-10.2)
Transportation, storage, postal and courier services	6 670 (20.2)	7 440 (109.7)	7 020 (87.7)	6 850 (-9.0)	5 370 (-27.3)	6 390 (-4.1)	8 820 (18.5)	7 640 (8.7)	5 040 (-26.4)	4 080 (-24.0)
Information and communications	2 900 (1.7)	3 020 (8.3)	3 040 (9.2)	2 860 (-5.2)	2 690 (-4.8)	2 660 (-8.5)	3 100 (2.5)	3 040 (0.1)	2 350 (-17.7)	2 140 (-20.7)
Financing, insurance, real estate, professional and business services	18 990 (8.0)	19 410 (17.1)	20 370 (19.7)	18 490 (-0.3)	17 680 (-2.9)	17 300 (-8.9)	17 570 (-9.5)	17 630 (-13.4)	17 520 (-5.2)	16 490 (-6.8)
<i>of which:</i>										
Real estate	4 540 (10.9)	4 640 (20.2)	4 730 (13.0)	4 360 (0.5)	4 430 (11.1)	4 470 (-1.4)	4 410 (-4.9)	4 440 (-6.0)	4 600 (5.5)	4 450 (0.3)
Social and personal services	26 230 (16.6)	25 290 (37.4)	26 040 (21.8)	28 410 (8.1)	25 200 (5.2)	21 430 (-18.3)	23 810 (-5.9)	20 950 (-19.6)	22 370 (-21.2)	18 590 (-26.2)
<i>of which:</i>										
Human health services	6 860 (2.3)	6 610 (30.8)	5 940 (1.2)	8 470 (-9.7)	6 410 (-1.6)	5 420 (-20.9)	6 380 (-3.4)	4 870 (-17.9)	6 590 (-22.3)	3 850 (-39.9)
Residential care and social work services	5 440 (10.3)	5 260 (13.1)	5 460 (13.6)	5 540 (6.9)	5 500 (8.1)	4 980 (-8.5)	5 060 (-3.8)	5 050 (-7.5)	4 810 (-13.1)	4 990 (-9.3)
Manufacturing	2 520 (49.0)	2 380 (69.5)	2 480 (51.1)	2 690 (46.9)	2 520 (34.0)	2 140 (-15.1)	2 750 (15.7)	2 510 (1.6)	1 810 (-32.8)	1 470 (-41.8)
Construction sites (covering manual workers only)	2 090 (302.0)	640 (139.4)	2 760 (335.8)	2 560 (298.9)	2 400 (347.2)	1 840 (-12.0)	2 070 (221.1)	1 800 (-34.9)	1 760 (-31.4)	1 730 (-27.7)
<b>All establishments surveyed in the private sector<sup>(a)</sup></b>	<b>78 230 (18.5)</b>	<b>77 750 (44.8)</b>	<b>81 460 (30.3)</b>	<b>80 650 (7.8)</b>	<b>73 070 (-0.1)</b>	<b>67 370 (-13.9)</b>	<b>75 180 (-3.3)</b>	<b>69 440 (-14.8)</b>	<b>66 460 (-17.6)</b>	<b>58 410 (-20.1)</b>
		<b>[6.3]</b>	<b>[4.8]</b>	<b>[-1.0]</b>	<b>[-9.4]</b>		<b>[2.9]</b>	<b>[-7.6]</b>	<b>[-4.3]</b>	<b>[-12.1]</b>
		<b>&lt;4.7&gt;</b>	<b>&lt;3.7&gt;</b>	<b>&lt;-5.7&gt;</b>	<b>&lt;-2.3&gt;</b>		<b>&lt;1.1&gt;</b>	<b>&lt;-8.4&gt;</b>	<b>&lt;-8.9&gt;</b>	<b>&lt;-5.3&gt;</b>
Civil service <sup>(b)</sup>	19 550 (9.8)	19 170 (14.1)	19 700 (12.7)	19 450 (6.7)	19 870 (6.3)	19 470 (-0.4)	19 740 (2.9)	19 380 (-1.6)	19 290 (-0.8)	19 470 (-2.0)

Notes : (a) The total figures on private sector vacancies cover also vacancies in mining and quarrying; and in electricity and gas supply, and waste management, besides vacancies in the major sectors indicated above.

(b) These figures cover only vacancies for those staff to be employed on civil service terms of appointment.

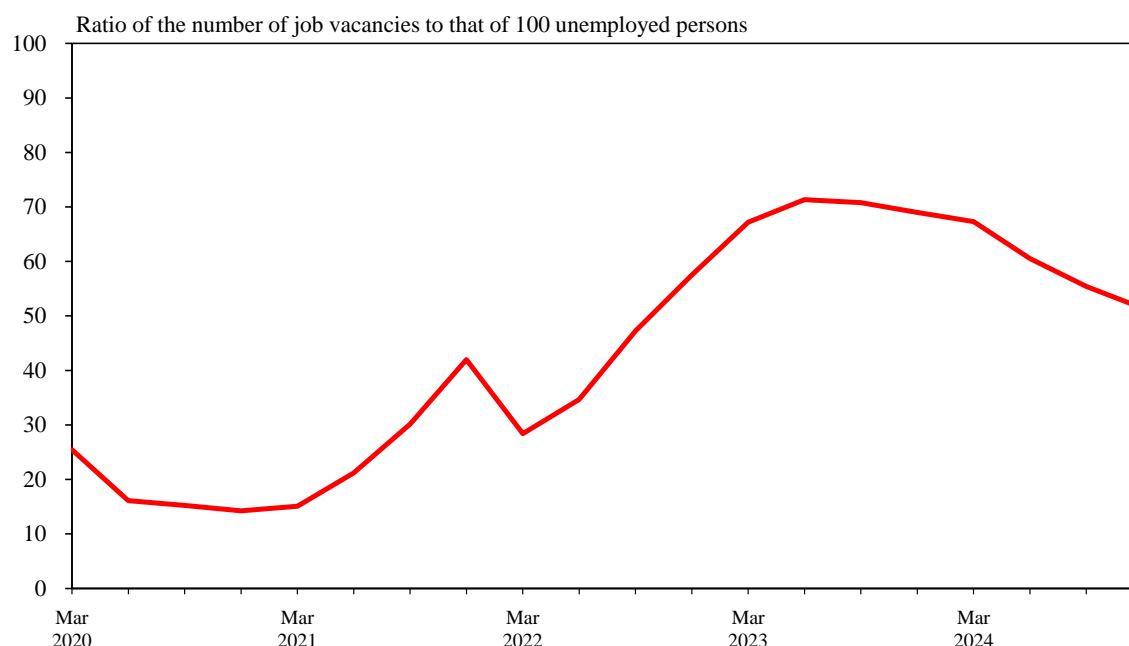
( ) % change over a year earlier.

[ ] Non-seasonally adjusted % change compared with the level three months ago.

< > Seasonally adjusted % change compared with the level three months ago.

Sources : Quarterly Survey of Employment and Vacancies, Census and Statistics Department.  
Quarterly Employment Survey of Construction Sites, Census and Statistics Department.

**Diagram 5.5 : Manpower balance situation continued to ease in December 2024, but remained generally tight**

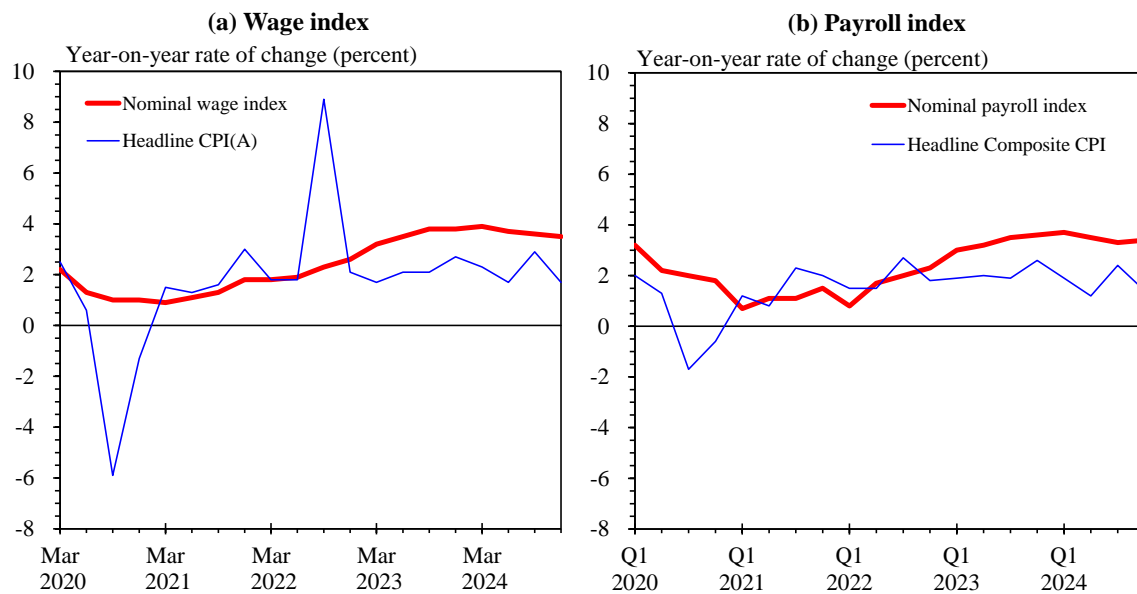


## Wages and earnings

5.14 Wages and labour earnings saw decent increases in the fourth quarter of 2024 over a year earlier. The average nominal wage rate, as measured by the nominal wage index for all selected industry sections which covers regular payment to employees at the supervisory level or below, rose by 3.5% in December, similar to that in September. After discounting for *inflation*<sup>(7)</sup>, the average wage rate increased by an accelerated 1.8% in real terms.

5.15 *Labour earnings*<sup>(8)</sup>, as measured by the index of payroll per person engaged for all selected industry sections which covers basic wage, overtime pay, discretionary bonuses and other irregular payments, posted a steady year-on-year increase of 3.4% in nominal terms and faster growth of 2.0% in real terms in the fourth quarter of 2024.

**Diagram 5.6 : Wages and labour earnings saw decent increases in the fourth quarter of 2024 over a year earlier**



Note : The year-on-year rates of change of the CPIs 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.

5.16 Statistics compiled from the GHS, though not strictly comparable to those from the business establishment surveys, indicated that employment earnings continued to record solid growth in the first quarter of 2025. The median monthly employment earnings of full-time employees (excluding foreign domestic helpers) increased by 6.4% in nominal terms or 4.7% in *real terms*<sup>(9)</sup> in the first quarter over a year earlier.

## **Highlights of related measures and policy developments**

5.17 The Talent List was updated with effect from 1 March 2025 to include nine newly added professions covering a total of 60 professions under nine industry segments to attract top talents and professionals required for the development of the “eight centres”. Outside talents who meet the eligibility criteria for relevant professions can enjoy immigration facilitation when applying under the Quality Migrant Admission Scheme, the General Employment Policy and the Admission Scheme for Mainland Talents and Professionals.

5.18 The Chief Executive in Council (CE-in-C) adopted the recommendation of the Minimum Wage Commission to raise the Statutory Minimum Wage (SMW) rate from \$40 per hour to \$42.1 per hour, an increase of \$2.1 or 5.25%. With the approval of the Legislative Council, the revised SMW rate came into force on 1 May 2025. The Labour Department is launching extensive promotional activities to enhance public awareness of the revised SMW rate. Separately, the Government will implement the new annual review mechanism of SMW with the endorsement by the CE-in-C in April 2024. It is expected that the first SMW rate derived under the new mechanism will take effect on 1 May 2026.

## Notes :

- (1) Labour force statistics enumerated from the General Household Survey are statistics which involve the use of the population figures in the compilation process. The statistics of the three-month periods from November 2022 – January 2023 to October – December 2023 have been revised to take into account the final end-2023 population estimates.

The classification of occupation adopted by the Census and Statistics Department follows the International Standard Classification of Occupations (ISCO), which is used to classify the occupation of an employed person or the previous occupation of an unemployed person.

- (2) For a person aged 15 or above to be classified as unemployed, he or she should: (a) not have a job and not be performing any work for pay or profit during the reference period (i.e. seven days before enumeration); (b) be available for work during the reference period; and (c) be seeking work during the 30 days before enumeration.

Notwithstanding the above, the following types of persons are also considered unemployed: (a) persons without a job, having sought work but not available for work because of temporary sickness; (b) persons without a job, available for work but not having sought work because they will take up new jobs or start business at a subsequent date, or expect to return to their original jobs; and (c) discouraged workers not having sought work because they believe work is not available to them.

Even at full employment, some frictional unemployment is bound to exist as workers move between jobs in order to obtain better terms of employment. The precise level of unemployment which can be described as purely frictional varies amongst economies, depending on the structure and characteristics of their labour markets.

The seasonally adjusted series is compiled using the X-12 ARIMA method, which is a standard method applied in compiling seasonally adjusted statistical data series.

- (3) The main criteria for an employed person aged 15 or above to be classified as underemployed are: involuntarily working less than 35 hours during the reference period (i.e. seven days before enumeration), and either available for additional work during the reference period or seeking additional work during the 30 days before enumeration.

Following these criteria, employed persons taking no-pay leave due to slack work during the reference period are also classified as underemployed if they had worked less than 35 hours or were on leave for the entire reference period.

- (4) The labour force, or the economically active population, is defined to include all persons aged 15 or above who either were engaged in productive work during the reference period (i.e. seven days before enumeration) or would otherwise have been engaged in productive work but were unemployed.
- (5) Figures enumerated from household data. The employed population is defined here to include those persons aged 15 or above who performed work for pay or profit or had a formal job attachment during the reference period (i.e. seven days before enumeration).

- (6) The low-paying sectors as identified by the Minimum Wage Commission include:
- (i) retail (including supermarkets and convenience stores, and other retail stores);
  - (ii) food and beverage services (including Chinese restaurants, non-Chinese restaurants, fast food cafes, Hong Kong style tea cafes, and other food and beverage services);
  - (iii) estate management, security and cleaning services (including real estate maintenance management, security services, cleaning services and membership organisations);
  - (iv) other low-paying sectors, including
    - elderly homes;
    - laundry and dry cleaning services;
    - hairdressing and other personal services;
    - local courier services; and
    - food processing and production.
- (7) Different consumer price indices (CPIs) are used for compiling the real indices of labour earnings and wages, taking into account their relevance to the respective occupation coverage. Specifically, the headline Composite CPI, being an indicator of overall consumer prices, is taken as the price deflator for earnings received by employees at all levels of the occupational hierarchy. The headline CPI(A), being an indicator of consumer prices for the relatively low expenditure group, is taken as the price deflator for wages in respect of employees engaged in occupations up to the supervisory level.
- (8) In addition to wages, which include all regular and guaranteed payments like basic pay and stipulated bonuses and allowances, earnings also cover overtime pay and other non-guaranteed or irregular bonuses and allowances, except severance pay and long service payment. Because of this difference, as well as the difference in sectoral and occupational coverage, the movements in average earnings, as measured by payroll per person engaged, do not necessarily match closely with those in wage rates.
- (9) The headline Composite CPI, being an indicator of overall consumer prices, is taken as the price deflator for the median monthly employment earnings of full-time employees (excluding foreign domestic helpers).

## CHAPTER 6 : PRICES

### *Summary*

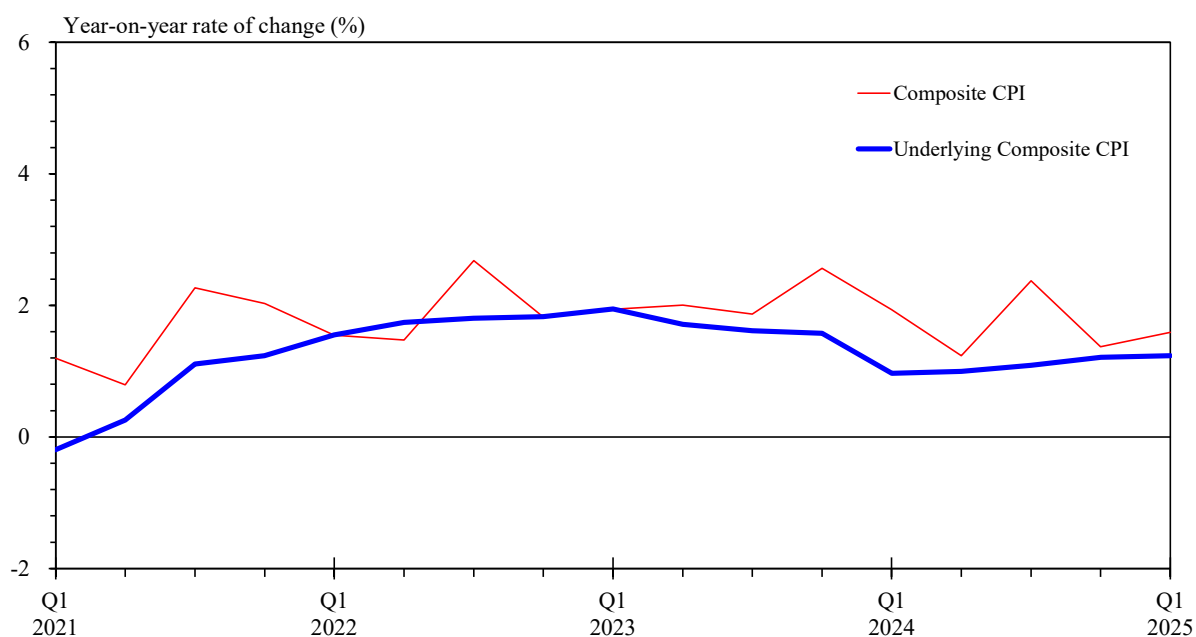
- *Underlying consumer price inflation stayed modest in the first quarter of 2025. The underlying Composite Consumer Price Index (Composite CPI)<sup>(1)</sup>, which nets out the effects of the Government's one-off relief measures, increased by 1.2% over a year earlier, same as the increase in the preceding quarter. Food prices as a whole increased mildly, with a mild decrease in prices of basic food and a modest increase in prices for meals out and takeaway food. Private housing rentals saw a slightly accelerated increase, but the extent of increase was still modest. Price pressures on other major components stayed largely contained.*
- *The headline Composite CPI rose by 1.6% in the first quarter over a year earlier, following the increase of 1.4% in the preceding quarter. The headline inflation rate was higher than its underlying counterpart in the first quarter, as the electricity charges subsidy provided by the Government was smaller compared with the same period last year.*
- *Domestic cost pressures were generally in check recently. Commercial rentals continued to trend downwards in the first quarter. Latest establishment-based data up to the fourth quarter of last year show that wages and payroll per person engaged continued to increase solidly over a year earlier, largely commensurate with the labour productivity growth during the period. Overall external price pressures were also contained in the first quarter, as import prices only increased modestly.*



## Consumer prices

6.1 Underlying consumer price inflation stayed modest in the first quarter of 2025. Food prices as a whole increased mildly, with a mild decrease in prices of basic food and a modest increase in prices for meals out and takeaway food. Private housing rentals saw a slightly accelerated increase, but the extent of increase was still modest. Price pressures on other major components stayed largely contained. Domestic cost pressures were generally in check recently. Commercial rentals continued to trend downwards in the first quarter. Latest establishment-based data up to the fourth quarter of last year show that wages and payroll per person engaged continued to increase solidly over a year earlier, largely commensurate with the labour productivity growth during the period. Overall external price pressures were also contained in the first quarter, as import prices only increased modestly.

**Diagram 6.1: Underlying consumer price inflation stayed modest in the first quarter of 2025**



6.2 Underlying consumer price inflation, in terms of the year-on-year rate of change in the underlying Composite CPI which nets out the effects of the Government's one-off relief measures, was 1.2% in the first quarter of 2025, same as that in the preceding quarter. The headline Composite CPI inflation was 1.6% in the first quarter, following that of 1.4% in the preceding quarter. The headline inflation rate was higher than its underlying counterpart in the first quarter, as the electricity charges subsidy provided by the Government was smaller compared with the same period last year.

**Table 6.1 : Consumer Price Indices**  
(year-on-year rate of change (%))

		<u>Composite CPI</u>		<u>CPI(A)</u>	<u>CPI(B)</u>	<u>CPI(C)</u>
		<u>Underlying<sup>(a)</sup></u>	<u>Headline</u>			
2024	Annual	1.1	1.7	2.1	1.6	1.5
	H1	1.0	1.6	1.8	1.5	1.5
	H2	1.2	1.9	2.4	1.7	1.5
	Q1	1.0	1.9	2.2	1.8	1.8
	Q2	1.0	1.2	1.4	1.2	1.2
	Q3	1.1	2.4	3.1	2.1	1.9
	Q4	1.2	1.4	1.7	1.3	1.2
2025	Q1	1.2	1.6	2.2	1.4	1.2

(seasonally adjusted quarter-to-quarter rate of change (%))

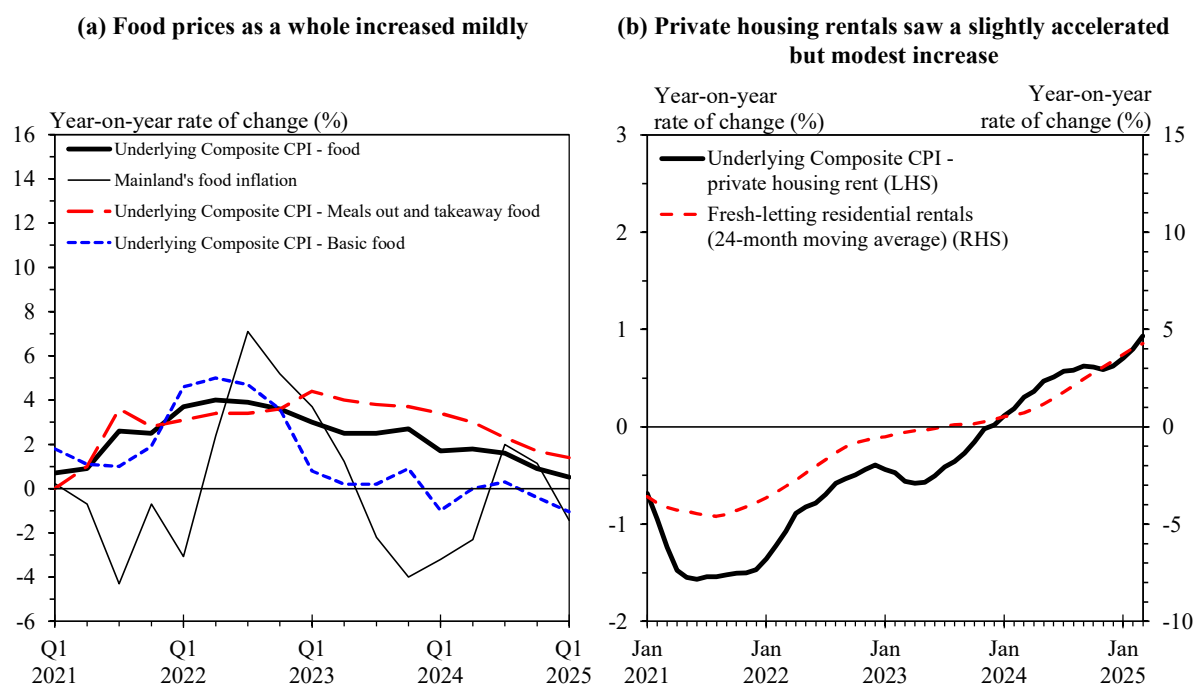
2024	Q1	*	*	-0.1	*	0.1
	Q2	0.4	-0.4	-0.6	-0.3	-0.1
	Q3	0.4	1.5	2.1	1.3	1.0
	Q4	0.5	0.3	0.3	0.3	0.3
2025	Q1	*	0.2	0.4	0.1	0.2

Notes : (a) Underlying consumer price inflation is calculated by netting out the effects of all Government's one-off relief measures introduced since 2007, including the waiver and Government's payment of public housing rentals, rates concession, suspension and subsequent abolition of Employees Retraining Levy, subsidies for household electricity charges, and waiver of examination fees.

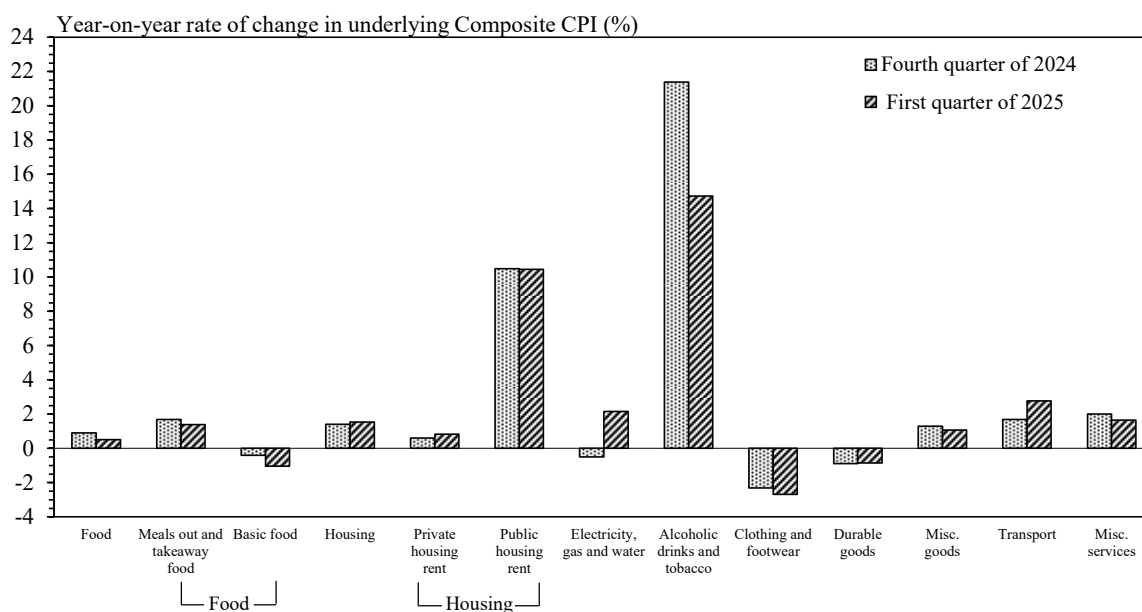
(\*) Change within  $\pm 0.05\%$ .

6.3 Analysed by the underlying Composite CPI in the first quarter by major component, food prices as a whole increased mildly over a year earlier. Within which, a mild decrease of 1.1% was seen in prices of basic food, whereas a modest increase of 1.4% was recorded for prices of meals out and takeaway food. Private housing rentals saw a slightly accelerated increase of 0.8%, but the extent of increase was still modest. Public housing rentals continued to register a visible increase on the back of the upward adjustment of public housing rents with effect from October 2024. As for other components, prices of transport, electricity, gas and water, miscellaneous services and miscellaneous goods registered moderate increases, whereas prices of clothing and footwear and durable goods saw some further modest declines. Prices of alcoholic drinks and tobacco continued to show a visible year-on-year increase, largely reflecting the pass-through of the tobacco duty rate hike in late February 2024.

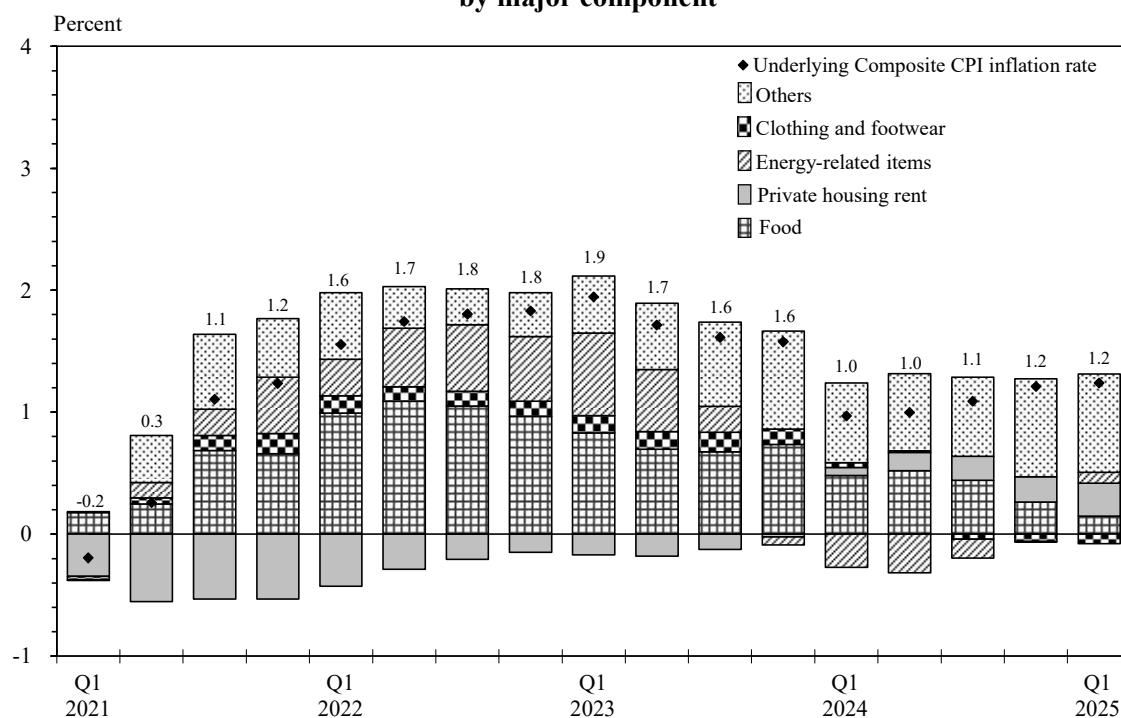
**Diagram 6.2 : Food and private housing rental components of the underlying Composite CPI**



**Diagram 6.3 (a) : Prices of meals out and takeaway food increased modestly, and prices of electricity, gas and water registered moderate increase**



**Diagram 6.3 (b) : Contribution to underlying Composite CPI inflation rate by major component**



Note : Energy-related items include electricity, town gas, liquefied petroleum gas and other fuel, and motor fuel.

**Table 6.2 : Underlying Composite CPI by component**  
(year-on-year rate of change (%))

<u>Expenditure component</u>	<u>Weighting (%)<sup>^</sup></u>	<u>Annual</u>	<u>2024</u>				<u>2025</u>
			<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>
Food	26.49	1.5	1.7	1.8	1.6	0.9	0.5
<i>Meals out and takeaway food</i>	17.39	2.6	3.4	3.0	2.3	1.7	1.4
<i>Basic food</i>	9.10	-0.3	-1.0	*	0.3	-0.4	-1.1
Housing <sup>(a)</sup>	38.48	0.9 (2.1)	0.5 (3.0)	0.7 (1.1)	0.8 (3.3)	1.4 (0.9)	1.5 (1.5)
<i>Private housing rent</i>	33.58	0.5 (1.4)	0.2 (2.0)	0.4 (0.5)	0.6 (2.4)	0.6 (0.6)	0.8 (0.8)
<i>Public housing rent</i>	1.97	2.9 (7.2)	0.3 (13.5)	0.4 (1.2)	0.4 (13.6)	10.5 (1.3)	10.5 (10.5)
Electricity, gas and water	3.07	-5.2 (-0.3)	-6.9 (-8.0)	-8.4 (-6.7)	-4.8 (4.5)	-0.5 (9.9)	2.2 (13.5)
Alcoholic drinks and tobacco	0.52	19.6	14.3	21.0	21.4	21.4	14.7
Clothing and footwear	2.74	-0.5	1.6	0.4	-1.5	-2.3	-2.7
Durable goods	4.30	-1.0	-1.4	-0.8	-0.7	-0.9	-0.9
Miscellaneous goods	3.38	1.2	1.3	1.0	1.0	1.3	1.1
Transport	7.28	2.0	2.1	1.9	2.2	1.7	2.8
Miscellaneous services	13.74	2.4 (2.4)	2.9 (2.9)	2.3 (2.2)	2.3 (2.3)	2.0 (2.0)	1.7 (1.7)
All items	100.00	1.1 (1.7)	1.0 (1.9)	1.0 (1.2)	1.1 (2.4)	1.2 (1.4)	1.2 (1.6)

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.

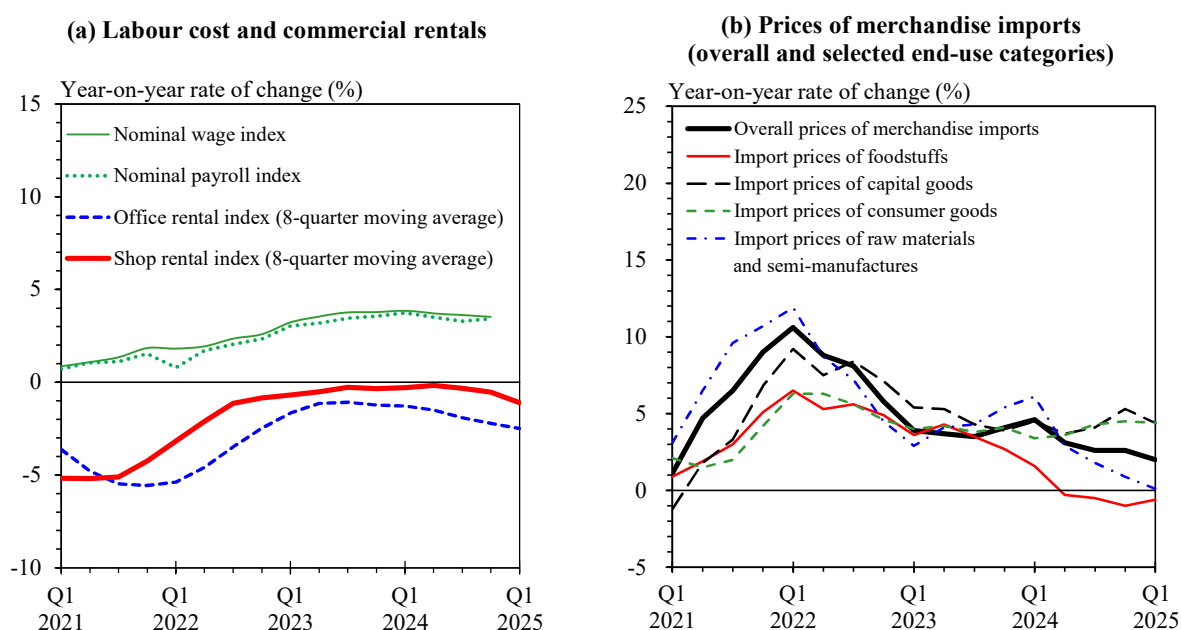
(<sup>^</sup>) These are expenditure weights of the reference period 2023, which are used for the compilation of CPIs since the reference month of April 2024. CPIs prior to this are compiled based on expenditure weights of the reference period 2019/20.

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

## Costs of factor inputs and import prices

6.4 Domestic cost pressures were generally in check recently. In the first quarter, commercial rentals continued to trend downwards. As a proxy, the eight-quarter moving average of shop and office rentals declined by 1.1% and 2.5% respectively. Meanwhile, latest establishment-based data up to the fourth quarter of last year show that wages and payroll per person engaged continued to increase solidly over a year earlier, largely commensurate with the labour productivity growth during the period.

**Diagram 6.4 : Domestic cost pressures were generally in check recently;  
overall external price pressures were contained**



6.5 Overall external price pressures were contained in the first quarter, as import prices only increased modestly. Overall import prices rose by 2.0% year-on-year in the first quarter, after the 2.6% increase in the preceding quarter. By end-use category, import prices of capital goods and consumer goods increased moderately, and those of raw materials and semi-manufactures also edged up. On the other hand, import prices of foodstuffs recorded a slight decline, and import prices of fuels continued to fall.

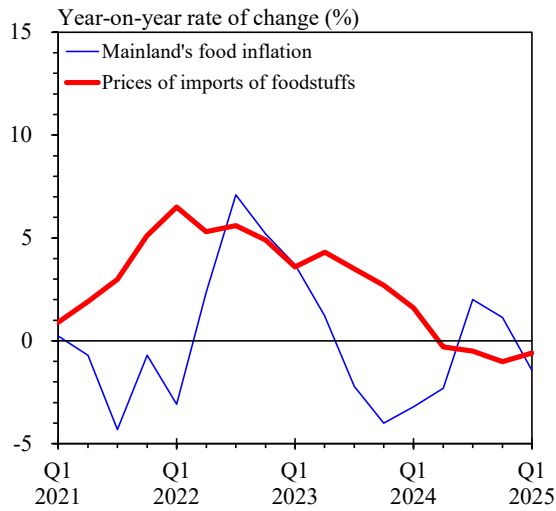
**Table 6.3 : Prices of imports by end-use category**  
(year-on-year rate of change (%))

		<u>Foodstuffs</u>	<u>Consumer goods</u>	<u>Raw materials and semi-manufactures</u>	<u>Fuels</u>	<u>Capital goods</u>	<u>All</u>
2024	Annual	*	3.9	2.7	-7.1	4.4	3.2
	H1	0.7	3.5	4.4	-5.9	4.1	3.8
	H2	-0.8	4.4	1.3	-8.3	4.7	2.6
	Q1	1.6	3.4	6.1	-12.0	4.5	4.6
	Q2	-0.3	3.6	2.9	-0.1	3.7	3.1
	Q3	-0.5	4.3	1.8	-9.1	4.1	2.6
	Q4	-1.0	4.5	0.9	-7.7	5.3	2.6
2025	Q1	-0.6	4.4	0.1	-8.8	4.4	2.0

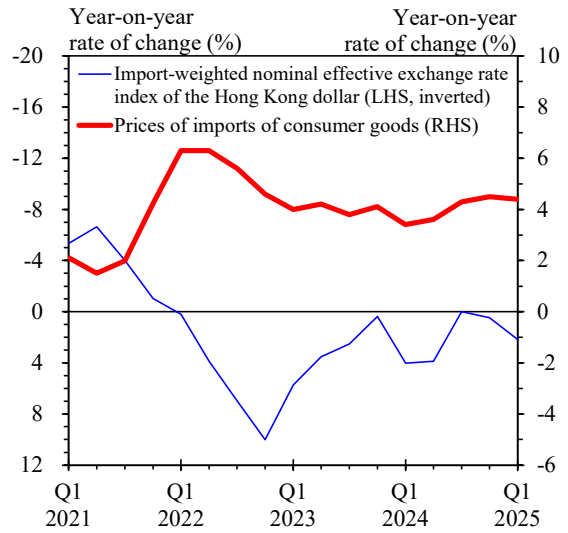
Note : (\*) Change within  $\pm 0.05\%$ .

**Diagram 6.5: Prices of merchandise imports by selected end-use category**

**(a) Import prices of foodstuffs recorded a slight decline**

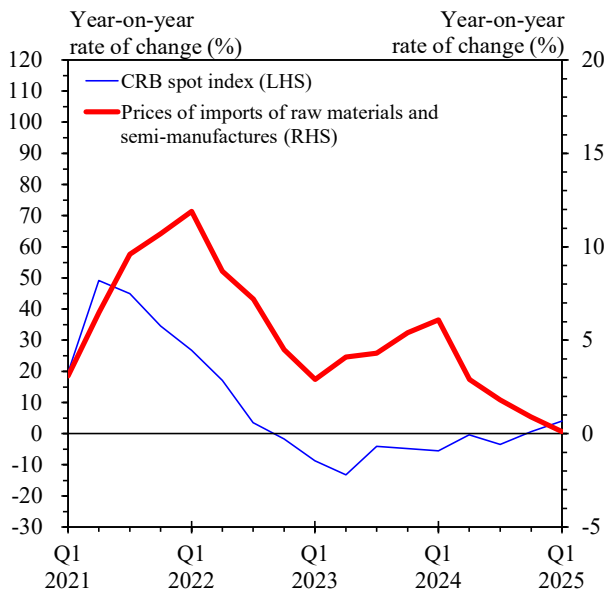


**(b) Import prices of consumer goods increased moderately**

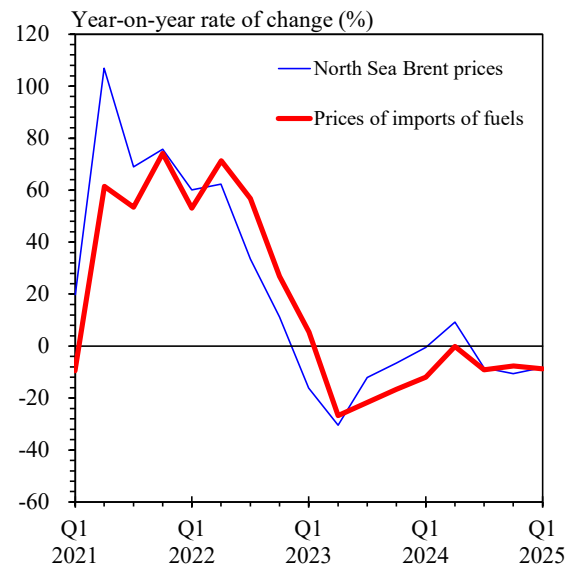


Note : An increase in the nominal EERI indicates strengthening of the Hong Kong dollar. The y-axis of nominal EERI in this graph is inverted for easier comprehension.

**(c) Import prices of raw materials and semi-manufactures edged up**



**(d) Import prices of fuels continued to fall**





## Output prices

6.6 Output prices of various selected sectors, as measured by their corresponding *Producer Price Indices*<sup>(2)</sup>, generally showed only moderate increases or small decreases in 2024, largely reflecting the generally mild inflation in the economy. Output prices for the manufacturing, courier services and land transport sectors saw some moderate increases, whereas those for the accommodation services, telecommunications and air transport sectors saw modest declines. The only exception was the output prices for water transport, which saw a visible rebound amid the trade rerouting activities due to regional geopolitical tensions.

**Table 6.4 : Producer Price Indices for the manufacturing sector  
and selected service sectors**  
(year-on-year rate of change (%))

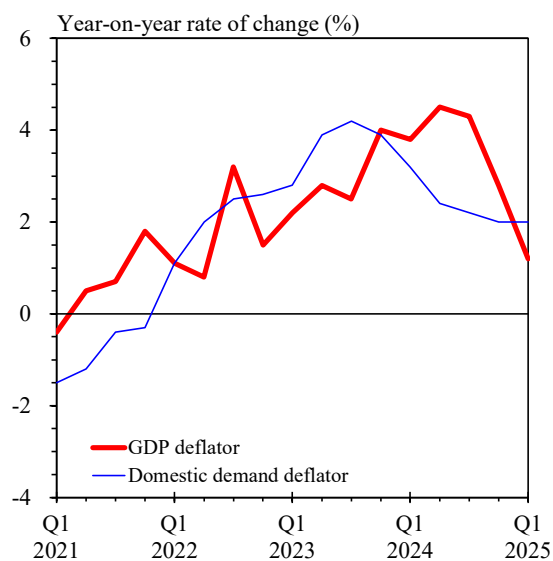
<u>Industry group</u>	<u>Annual</u>	<u>2024</u>			
		<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
Manufacturing	2.9	1.2	3.1	3.2	4.1
Selected service sectors					
Accommodation services	-1.8	12.3	-6.1	-8.4	-3.1
Land transport	1.5	2.8	1.8	0.8	0.7
Water transport	17.2	-5.6	7.2	37.6	34.5
Air transport	-0.8	-7.9	1.7	5.0	-1.5
Telecommunications	-1.5	-1.5	-1.5	-1.1	-1.8
Courier services	2.9	5.6	3.8	1.1	1.1

## GDP deflator

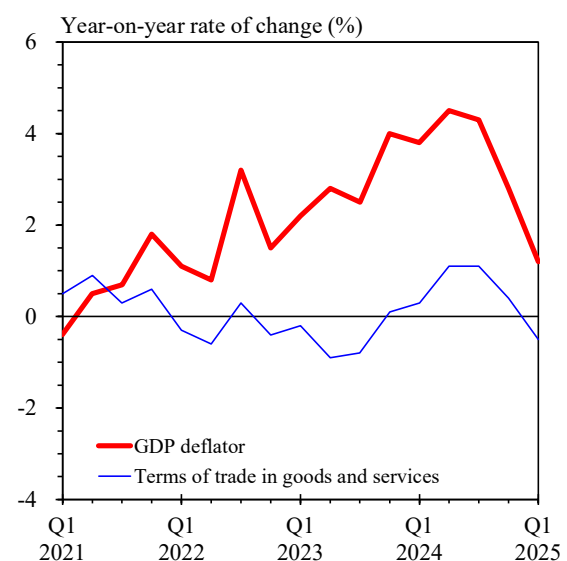
6.7 As a broad measure of the overall change in prices in the economy, the *GDP deflator*<sup>(3)</sup> rose by a narrowed 1.2% year-on-year in the first quarter, after increasing by 2.8% in the preceding quarter. The *terms of trade*<sup>(4)</sup> fell by 0.5%. Taking out the external trade components, the domestic demand deflator increased by 2.0% over a year earlier in the first quarter, same as that in the preceding quarter.

**Diagram 6.6: GDP deflator**

**(a) The GDP deflator rose at a narrowed pace**



**(b) Terms of trade fell**



**Table 6.5 : GDP deflator and the main expenditure component deflators**  
(year-on-year rate of change (%))

		<u>2024</u>				<u>2025</u>
	<u>Annual</u> <sup>#</sup>	<u>Q1</u> <sup>#</sup>	<u>Q2</u> <sup>#</sup>	<u>Q3</u> <sup>#</sup>	<u>Q4</u> <sup>#</sup>	<u>Q1</u> <sup>#</sup>
Private consumption expenditure	3.0	3.7	3.3	2.9	2.3	1.8
Government consumption expenditure	1.9	1.8	1.5	1.9	2.3	2.4
Gross domestic fixed capital formation	0.4	2.0	-1.2	0.2	0.9	2.3
Total exports of goods <sup>&amp;</sup>	4.2	4.5	4.4	4.2	4.0	3.5
Imports of goods <sup>&amp;</sup>	4.0	4.8	3.8	3.6	3.9	4.4
Exports of services <sup>&amp;</sup>	5.8	5.1	6.0	7.5	4.5	1.8
Imports of services <sup>&amp;</sup>	1.7	1.1	1.3	3.3	1.3	-0.7
<b>Gross Domestic Product</b>	<b>3.8</b>	<b>3.8</b>	<b>4.5</b>	<b>4.3</b>	<b>2.8</b>	<b>1.2</b>
		<0.7>	<1.2>	<1.0>	<-0.2>	<-0.8>
Total final demand <sup>&amp;</sup>	3.8	4.1	3.8	3.8	3.3	2.8
Domestic demand	2.4	3.2	2.4	2.2	2.0	2.0
Terms of trade in goods and services <sup>&amp;</sup>	0.7	0.3	1.1	1.1	0.4	-0.5

Notes : Figures are derived based on the series of chain volume measures of GDP. They are subject to revision later on as more data become available.

(&) Figures are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.

(#) Revised figures.

< > Seasonally adjusted quarter-to-quarter rate of change.

## Notes :

- (1) The Consumer Price Indices (A), (B) and (C) are compiled with reference to the average expenditure patterns for different groups of households as obtained from the Household Expenditure Survey. Then, by aggregating the expenditure patterns of all the households covered by the above three indices, a Composite CPI is compiled.

In May 2021, the Census and Statistics Department updated the base period for compiling the CPIs. CPI figures quoted in this report refer to the 2019/20-based series unless otherwise stated. In May 2024, the Census and Statistics Department updated the expenditure weights for compiling the CPIs. The expenditure weights of the reference period 2023 are used to compile the CPI figures since the reference month of April 2024, CPIs prior to this are compiled based on expenditure weights of the reference period 2019/20.

The expenditure ranges of the households covered in the 2019/20-based CPIs are shown below:

	Approximate proportion of households covered (%)	Average monthly expenditure range (adjusted to 2024 prices) (\$)
CPI(A)	50	6,900 to 29,500
CPI(B)	30	29,500 to 51,000
CPI(C)	10	51,000 to 97,000

The expenditure weights of the reference period 2023 are as follows:

<u>Expenditure component</u>	<u>Composite CPI</u> (%)	<u>CPI(A)</u> (%)	<u>CPI(B)</u> (%)	<u>CPI(C)</u> (%)
Food	26.49	31.58	26.09	20.98
<i>Meals out and takeaway     food</i>	17.39	19.33	17.71	14.63
<i>Basic food</i>	9.10	12.25	8.38	6.35
Housing	38.48	39.54	38.67	36.94
<i>Private housing rent</i>	33.58	32.27	34.99	33.18
<i>Public housing rent</i>	1.97	5.17	0.66	--
<i>Management fees and     other housing charges</i>	2.93	2.10	3.02	3.76
Electricity, gas and water	3.07	4.21	2.82	2.07
Alcoholic drinks and tobacco	0.52	0.84	0.44	0.27
Clothing and footwear	2.74	2.00	2.85	3.46
Durable goods	4.30	3.53	4.26	5.29
Miscellaneous goods	3.38	3.27	3.51	3.32
Transport	7.28	5.29	7.52	9.31
Miscellaneous services	13.74	9.74	13.84	18.36
All items	100.00	100.00	100.00	100.00

- (2) The Producer Price Indices are designed to reflect changes in the prices of goods and services received by local producers. Producer prices refer to the transacted prices, net of any discounts or rebates allowed to the buyers.
- (3) The implicit price deflators of GDP and its main expenditure components are derived by dividing GDP at current prices by the corresponding chained-dollar figures. The rate of change in the GDP deflator may differ substantially from that in the Composite CPI over the same time span. The Composite CPI covers consumer price inflation in particular. Yet the GDP deflator is a much broader measure of inflation for the entire economy, and takes into account all the price changes related to consumption, investment, exports and imports. Also, the rate of change in the GDP deflator may differ appreciably from that in the total final demand deflator, depending on the movement in the prices of final demand and imports. Likewise, the rate of change in the GDP deflator may differ appreciably from that in the domestic demand deflator, depending on the movement in the prices of imports and exports.
- (4) The terms of trade is defined as the ratio of the prices of total exports to the prices of total imports.



## Statistical Appendix

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**Table 1 : Gross Domestic Product by expenditure component  
(at current market prices)**

	(\$Mn)					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Private consumption expenditure	1,593,091	1,650,101	1,784,375	1,936,427	1,973,720	1,775,202
Government consumption expenditure	231,263	247,973	261,447	281,420	309,437	341,052
Gross domestic fixed capital formation	537,205	535,216	575,977	612,439	520,575	455,695
Building and construction	262,780	283,447	297,306	308,596	278,091	254,459
Costs of ownership transfer	45,846	44,517	65,810	67,482	49,209	40,071
Machinery, equipment and intellectual property products	228,579	207,252	212,861	236,361	193,275	161,165
Changes in inventories	-20,580	447	10,973	11,204	-3,067	52,221
Total exports of goods <sup>&amp;</sup>	3,889,225	3,892,886	4,212,774	4,453,350	4,255,098	4,198,338
Imports of goods <sup>&amp;</sup>	4,066,527	4,022,579	4,391,306	4,706,347	4,375,619	4,239,663
Exports of services <sup>&amp;</sup>	808,948	764,660	811,295	886,883	799,121	519,205
Imports of services <sup>&amp;</sup>	574,345	578,106	605,924	639,947	634,243	426,257
<b>GDP</b>	<b>2,398,280</b>	<b>2,490,598</b>	<b>2,659,611</b>	<b>2,835,429</b>	<b>2,845,022</b>	<b>2,675,793</b>
<b>Per capita GDP (\$)</b>	<b>328,924</b>	<b>339,476</b>	<b>359,737</b>	<b>380,462</b>	<b>378,937</b>	<b>357,679</b>
<b>GNI</b>	<b>2,442,656</b>	<b>2,553,191</b>	<b>2,775,163</b>	<b>2,970,244</b>	<b>2,988,739</b>	<b>2,831,876</b>
<b>Per capita GNI (\$)</b>	<b>335,010</b>	<b>348,007</b>	<b>375,367</b>	<b>398,551</b>	<b>398,079</b>	<b>378,542</b>
Total final demand	7,039,152	7,091,283	7,656,841	8,181,723	7,854,884	7,341,713
Total final demand excluding re-exports <sup>(a)</sup>	4,139,786	4,190,686	4,496,472	4,819,554	4,602,059	4,099,539
Domestic demand	2,340,979	2,433,737	2,632,772	2,841,490	2,800,665	2,624,170
Private	1,991,436	2,062,216	2,240,487	2,425,554	2,359,687	2,147,406
Public	349,543	371,521	392,285	415,936	440,978	476,764
External demand	4,698,173	4,657,546	5,024,069	5,340,233	5,054,219	4,717,543

Definition of Terms :

Total final demand	=	private consumption expenditure + government consumption expenditure + gross domestic fixed capital formation + changes in inventories + total exports of goods + exports of services
Private sector domestic demand	=	private consumption expenditure + gross domestic fixed capital formation by the private sector + changes in inventories
Public sector domestic demand	=	government consumption expenditure + gross domestic fixed capital formation by the public sector
Domestic demand	=	private sector domestic demand + public sector domestic demand
External demand	=	total exports of goods + exports of services



**Table 1 : Gross Domestic Product by expenditure component  
(at current market prices) (Cont'd)**

	(\$Mn)							
	<u>2021</u>	<u>2022</u>	<u>2023<sup>#</sup></u>	<u>2024<sup>#</sup></u>	<u>Q2<sup>#</sup></u>	<u>2024</u> <u>Q3<sup>#</sup></u>	<u>Q4<sup>#</sup></u>	<u>2025</u> <u>Q1<sup>#</sup></u>
Private consumption expenditure	1,863,524	1,863,500	2,087,584	2,136,112	537,044	522,676	558,892	520,757
Government consumption expenditure	363,591	402,725	396,813	407,953	96,835	101,036	101,788	112,232
Gross domestic fixed capital formation	483,054	451,397	505,512	517,066	127,303	138,673	134,656	122,342
Building and construction	259,950	283,395	303,822	312,454	84,556	76,248	73,174	77,546
Costs of ownership transfer	53,279	28,415	24,441	21,681	7,601	4,373	5,306	5,350
Machinery, equipment and intellectual property products	169,825	139,587	177,249	182,931	35,146	58,052	56,176	39,446
Changes in inventories	-1,909	-23,593	-23,999	-15,453	-17,089	13,721	1,809	-7,551
Total exports of goods <sup>&amp;</sup>	5,236,005	4,812,517	4,512,404	4,924,729	1,200,847	1,263,601	1,312,766	1,287,107
Imports of goods <sup>&amp;</sup>	5,211,334	4,852,975	4,638,703	4,940,265	1,214,897	1,264,183	1,307,483	1,290,090
Exports of services <sup>&amp;</sup>	615,069	650,549	762,172	847,317	191,504	214,728	222,740	236,863
Imports of services <sup>&amp;</sup>	480,027	495,151	618,375	702,365	164,043	175,955	188,687	181,951
<b>GDP</b>	<b>2,867,973</b>	<b>2,808,969</b>	<b>2,983,408</b>	<b>3,175,094</b>	<b>757,504</b>	<b>814,297</b>	<b>836,481</b>	<b>799,709</b>
<i>Per capita GDP (\$)</i>	<i>386,879</i>	<i>382,376</i>	<i>395,882</i>	<i>421,990</i>	--	--	--	--
<b>GNI</b>	<b>3,066,705</b>	<b>2,994,738</b>	<b>3,236,129</b>	<b>3,475,900</b>	<b>847,740</b>	<b>901,536</b>	<b>898,535</b>	<b>N.A.</b>
<i>Per capita GNI (\$)</i>	<i>413,687</i>	<i>407,664</i>	<i>429,417</i>	<i>461,969</i>	--	--	--	--
Total final demand	8,559,334	8,157,095	8,240,486	8,817,724	2,136,444	2,254,435	2,332,651	2,271,750
Total final demand excluding re-exports <sup>(a)</sup>	4,454,376	4,349,616	4,765,413	5,014,534	1,187,233	1,273,919	1,343,214	1,281,778
Domestic demand	2,708,260	2,694,029	2,965,910	3,045,678	744,093	776,106	797,145	747,780
Private	2,202,170	2,118,587	2,394,726	2,441,411	596,616	628,494	648,767	581,192
Public	506,090	575,442	571,184	604,267	147,477	147,612	148,378	166,588
External demand	5,851,074	5,463,066	5,274,576	5,772,046	1,392,351	1,478,329	1,535,506	1,523,970

Notes: (a) Re-export margin is nevertheless retained in the total final demand.  
 (#) Figures are subject to revision later on as more data become available.  
 (&) Figures are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.  
 (--) Not applicable.  
 N.A. Not yet available.

**Table 2 : Rates of change in chain volume measures of Gross Domestic Product  
by expenditure component (in real terms)**

	(%)					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Private consumption expenditure	4.8	2.0	5.5	5.3	-0.8	-10.6
Government consumption expenditure	3.4	3.4	2.8	4.2	5.1	7.9
Gross domestic fixed capital formation	-3.2	-0.1	3.1	1.7	-14.9	-11.1
Building and construction	2.2	5.9	-0.5	-0.5	-10.8	-9.1
Costs of ownership transfer	-8.3	-2.9	23.2	-11.2	-13.4	-4.0
Machinery, equipment and intellectual property products	-7.7	-6.4	3.8	8.8	-20.8	-16.0
Total exports of goods <sup>&amp;</sup>	-1.7	1.6	6.5	3.5	-5.5	-1.4
Imports of goods <sup>&amp;</sup>	-2.7	0.7	7.3	4.7	-8.2	-3.2
Exports of services <sup>&amp;</sup>	0.3	-3.5	2.8	4.6	-9.6	-34.8
Imports of services <sup>&amp;</sup>	5.0	2.0	2.0	2.8	0.1	-32.2
<b>GDP</b>	<b>2.4</b>	<b>2.2</b>	<b>3.8</b>	<b>2.8</b>	<b>-1.7</b>	<b>-6.5</b>
<b>Per capita GDP</b>	<b>1.5</b>	<b>1.5</b>	<b>3.0</b>	<b>2.0</b>	<b>-2.4</b>	<b>-6.2</b>
<b>RGNI</b>	<b>3.8</b>	<b>3.2</b>	<b>5.7</b>	<b>3.5</b>	<b>-1.7</b>	<b>-5.8</b>
<b>Per capita RGNI</b>	<b>2.9</b>	<b>2.6</b>	<b>4.9</b>	<b>2.7</b>	<b>-2.4</b>	<b>-5.4</b>
Total final demand	-0.4	1.3	5.6	3.9	-5.3	-6.7
Total final demand excluding re-exports <sup>(a)</sup>	0.1	1.5	4.5	4.0	-5.0	-11.1
Domestic demand	1.6	2.6	5.2	4.4	-3.7	-6.9
Private	1.3	2.5	5.7	4.8	-4.6	-9.3
Public	2.9	3.1	2.2	2.4	1.5	6.2
External demand	-1.4	0.7	5.8	3.7	-6.1	-6.7

- Notes: (a) Re-export margin is nevertheless retained in the total final demand.  
 (#) Figures are subject to revision later on as more data become available.  
 (&) Figures are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.  
 (--) Not applicable.  
 (\*) Change within  $\pm 0.05\%$ .  
 N.A. Not yet available.

**Table 2 : Rates of change in chain volume measures of Gross Domestic Product  
by expenditure component (in real terms) (Cont'd)**

(%)

	<u>2021</u>	<u>2022</u>	<u>2023<sup>#</sup></u>	<u>2024<sup>#</sup></u>	<u>2024</u>			<u>2025</u>	Average annual rate of change:	
					Q2 <sup>#</sup>	Q3 <sup>#</sup>	Q4 <sup>#</sup>	Q1 <sup>#</sup>	10 years 2014 to 2024 <sup>#</sup>	5 years 2019 to 2024 <sup>#</sup>
Private consumption expenditure	5.6	-2.2	6.8	-0.7	-1.9	-1.3	-0.2	-1.1	1.4	-0.4
Government consumption expenditure	5.9	8.0	-3.9	0.9	1.7	1.6	2.1	1.2	3.7	3.6
Gross domestic fixed capital formation	8.3	-7.4	11.4	1.9	3.1	5.8	-0.7	2.8	-1.4	0.2
Building and construction	-0.5	7.4	9.1	3.6	10.2	-0.4	-4.8	-2.3	0.5	1.9
Costs of ownership transfer	36.2	-43.2	-4.7	11.7	31.5	6.8	75.0	41.4	-4.0	-4.6
Machinery, equipment and intellectual property products	15.2	-18.9	19.5	-2.5	-15.3	14.8	-1.9	9.1	-3.4	-1.8
Total exports of goods <sup>&amp;</sup>	18.7	-14.0	-10.0	4.7	7.4	3.9	1.3	8.4	-0.1	-1.0
Imports of goods <sup>&amp;</sup>	17.2	-13.2	-8.3	2.4	3.4	2.8	0.4	7.1	-0.7	-1.6
Exports of services <sup>&amp;</sup>	3.4	-0.5	19.5	5.1	1.0	2.8	6.5	6.6	-2.3	-3.3
Imports of services <sup>&amp;</sup>	2.5	-1.2	25.6	11.6	11.7	9.0	8.3	5.5	0.8	-0.8
<b>GDP</b>	<b>6.5</b>	<b>-3.7</b>	<b>3.2</b>	<b>2.5</b>	<b>3.0</b>	<b>1.9</b>	<b>2.5</b>	<b>3.1</b>	<b>1.1</b>	<b>0.3</b>
<b>Per capita GDP</b>	<b>7.4</b>	<b>-2.8</b>	<b>0.6</b>	<b>2.7</b>	--	--	--	--	<b>0.7</b>	<b>0.2</b>
<b>RGNI</b>	<b>8.9</b>	<b>-4.5</b>	<b>4.2</b>	<b>5</b>	<b>6.8</b>	<b>2.0</b>	<b>4.9</b>	<b>N.A.</b>	<b>2.1</b>	<b>1.4</b>
<b>Per capita RGNI</b>	<b>9.9</b>	<b>-3.6</b>	<b>1.6</b>	<b>5</b>	--	--	--	--	<b>1.7</b>	<b>1.3</b>
Total final demand	12.4	-9.4	-2.3	3.1	3.8	2.9	1.7	5.5	*	-0.9
Total final demand excluding re-exports <sup>(a)</sup>	6.0	-4.8	5.5	1.6	0.3	2.0	2.3	3.0	0.1	-0.8
Domestic demand	4.1	-2.5	6.2	0.2	-0.8	1.4	1.2	0.6	1.0	0.1
Private	3.8	-5.6	8.5	-0.7	-3.1	0.1	1.1	0.6	0.5	-0.8
Public	5.2	10.7	-2.4	4.2	9.5	7.0	1.5	0.9	3.5	4.7
External demand	17.0	-12.5	-6.5	4.8	6.5	3.8	2.0	8.1	-0.4	-1.3

**Table 3 : Gross Domestic Product by economic activity  
(at current prices)**

	<u>2019</u>		<u>2020</u>		<u>2021</u>		<u>2022</u>		<u>2023<sup>#</sup></u>	
	\$Mn	%	\$Mn	%	\$Mn	%	\$Mn	%	\$Mn	%
	share		share		share		share		share	
Agriculture, fishing, mining and quarrying	2,057	0.1	2,648	0.1	2,168	0.1	1,486	0.1	1,131	*
Manufacturing	29,366	1.1	25,525	1.0	26,175	1.0	26,598	1.0	28,206	1.0
Electricity, gas and water supply, and waste management	34,083	1.2	35,325	1.4	36,348	1.3	32,485	1.2	32,530	1.1
Construction	114,499	4.2	104,262	4.1	109,254	4.0	116,833	4.3	126,546	4.3
Services	2,560,716	93.4	2,392,895	93.4	2,571,873	93.7	2,558,084	93.5	2,728,135	93.5
<i>Import/export,</i>										
<i>wholesale and retail trades</i>	533,352	19.5	471,246	18.4	532,715	19.4	494,689	18.1	510,316	17.5
<i>Accommodation and</i>										
<i>food services</i>	75,918	2.8	36,934	1.4	45,394	1.7	45,350	1.7	61,029	2.1
<i>Transportation, storage,</i>										
<i>postal and courier services</i>	151,574	5.5	113,951	4.5	200,986	7.3	204,118	7.5	174,621	6.0
<i>Information and</i>										
<i>communications</i>	95,557	3.5	93,759	3.7	99,514	3.6	100,103	3.7	101,636	3.5
<i>Financing and insurance</i>	581,499	21.2	599,797	23.4	583,613	21.3	613,477	22.4	726,951	24.9
<i>Real estate, professional and</i>										
<i>business services</i>	276,497	10.1	244,337	9.5	250,306	9.1	233,094	8.5	246,034	8.4
<i>Public administration, social</i>										
<i>and personal services</i>	537,238	19.6	529,457	20.7	561,530	20.5	583,008	21.3	611,185	21.0
<i>Ownership of premises</i>	309,081	11.3	303,414	11.8	297,816	10.8	284,245	10.4	296,363	10.2
<b>GDP at basic prices</b>	<b>2,740,721</b>	<b>100.0</b>	<b>2,560,655</b>	<b>100.0</b>	<b>2,745,819</b>	<b>100.0</b>	<b>2,735,486</b>	<b>100.0</b>	<b>2,916,548</b>	<b>100.0</b>
Taxes on products	93,623	--	102,066	--	138,758	--	104,353	--	87,943	--
Statistical discrepancy (%)	0.4	--	0.5	--	-0.6	--	-1.1	--	-0.7	--
<b>GDP at current market prices</b>	<b>2,845,022</b>	<b>--</b>	<b>2,675,793</b>	<b>--</b>	<b>2,867,973</b>	<b>--</b>	<b>2,808,969</b>	<b>--</b>	<b>2,983,408</b>	<b>--</b>

Notes: Individual figures may not add up exactly to the total due to rounding.

(#) Figures are subject to revision later on as more data become available.

(--) Not applicable.

(\*) Figure denotes less than 0.05%.

**Table 4 : Rates of change in chain volume measures of Gross Domestic Product  
by economic activity (in real terms)**

(%)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023<sup>#</sup></u>	<u>2024<sup>#</sup></u>	<u>2024</u>			
							Q1 <sup>#</sup>	Q2 <sup>#</sup>	Q3 <sup>#</sup>	Q4 <sup>#</sup>
Agriculture, fishing, mining and quarrying	-0.8	3.8	-2.5	-15.8	1.5	-6.5	-8.3	-5.4	-7.6	-4.5
Manufacturing	0.4	-5.8	5.5	0.2	3.7	0.8	1.8	0.7	-0.1	1.0
Electricity, gas and water supply, and waste management	-0.5	-14.2	3.7	-1.2	3.2	2.9	2.6	2.1	3.8	3.0
Construction	-9.7	-11.7	-0.6	8.3	8.6	4.4	8.2	11.7	2.1	-4.7
Services	-0.6	-6.7	5.9	-3.4	3.4	2.0	2.6	2.3	1.5	1.7
<i>Import/export, wholesale and retail trades</i>	-7.5	-15.0	13.3	-11.9	-0.5	0.4	1.7	-0.1	0.2	-0.2
<i>Accommodation and food services</i>	-11.7	-44.8	22.6	-6.8	29.3	-1.8	2.2	-7.0	-4.9	2.6
<i>Transportation, storage, postal and courier services</i>	-1.7	-36.9	7.7	-4.5	29.7	11.0	19.7	11.1	7.2	6.8
<i>Information and communications</i>	4.7	1.7	2.6	0.5	0.8	1.8	1.9	1.7	2.2	1.5
<i>Financing and insurance</i>	3.4	4.0	4.7	-2.6	-1.6	0.9	-0.2	*	1.8	1.9
<i>Real estate, professional and business services</i>	-0.2	-4.6	2.1	-2.1	2.3	1.6	2.1	2.8	-0.1	1.7
<i>Public administration, social and personal services</i>	3.2	-2.3	4.4	1.3	2.5	3.1	3.4	3.1	3.0	3.0
<i>Ownership of premises</i>	0.6	-0.3	1.2	0.6	1.1	1.1	0.9	1.3	1.3	0.9
Taxes on products	-11.3	17.6	22.3	-16.6	-10.9	9.7	-11.0	19.4	-3.0	41.1
<b>GDP in chained (2023) dollars</b>	<b>-1.7</b>	<b>-6.5</b>	<b>6.5</b>	<b>-3.7</b>	<b>3.2</b>	<b>2.5</b>	<b>2.8</b>	<b>3.0</b>	<b>1.9</b>	<b>2.5</b>

Notes: (#) Figures are subject to revision later on as more data become available.

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

**Table 5 : Balance of Payments by major component  
(at current prices)**

(\$Mn)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023<sup>#</sup></u>	<u>2024<sup>#</sup></u>	<u>2024</u>			
						Q1 <sup>#</sup>	Q2 <sup>#</sup>	Q3 <sup>#</sup>	Q4 <sup>#</sup>
Current account <sup>(a)</sup>	187,012	339,429	286,089	253,103	410,054	95,267	98,510	120,378	95,899
Goods	-41,325	24,671	-40,458	-126,299	-15,536	-6,187	-14,050	-582	5,283
Services	92,948	135,042	155,398	143,797	144,952	44,665	27,461	38,773	34,053
Primary income	156,083	198,732	185,769	252,721	300,806	61,276	90,236	87,239	62,054
Secondary income	-20,694	-19,017	-14,620	-17,116	-20,168	-4,488	-5,137	-5,052	-5,491
Capital account <sup>(a)</sup>	-90	-10,363	1,231	5,740	-684	-95	-204	-218	-168
Financial account <sup>(b)</sup>	243,839	363,230	276,830	241,045	487,264	135,307	133,254	84,729	133,974
Financial non-reserve assets	-19,211	372,371	644,042	320,929	576,964	170,819	195,925	107,682	102,538
<i>Direct investment</i>	-263,703	-340,141	-27,086	-201,964	-303,831	22,522	-176,277	-108,090	-41,987
<i>Portfolio investment</i>	528,049	620,493	317,357	452,935	1,099,561	457,532	376,553	138,542	126,934
<i>Financial derivatives</i>	-18,790	-45,126	-140,392	-102,848	31,934	62,258	-19,168	-40,701	29,546
<i>Other investment</i>	-264,766	137,145	494,163	172,806	-250,699	-371,492	14,816	117,932	-11,955
Reserve assets	263,050	-9,142	-367,212	-79,884	-89,700	-35,513	-62,671	-22,953	31,436
Net errors and omissions	56,918	34,164	-10,489	-17,798	77,895	40,135	34,948	-35,431	38,243
<b>Overall Balance of Payments</b>	<b>263,050</b>	<b>-9,142</b>	<b>-367,212</b>	<b>-79,884</b>	<b>-89,700</b>	<b>-35,513</b>	<b>-62,671</b>	<b>-22,953</b>	<b>31,436</b>

Notes: Individual figures may not add up exactly to the total due to rounding.

(a) In accordance with the accounting rules adopted in compiling Balance of Payments, a positive value for the balance figure in the current account and capital account represents a surplus whereas a negative value represents a deficit.

(b) A new sign convention has been adopted for the entire series of the financial account since June 2023. A positive value indicates an increase in net assets (a net financial outflow) while a negative value indicates a decrease in net assets (a net inflow). A positive value for the reserve assets represents an increase while a negative value represents a decrease.

(#) Figures are subject to revision later on as more data become available.

**Table 6 : Goods and services trade  
(at current market prices)**

	(\$Mn)								
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023<sup>#</sup></u>	<u>2024<sup>#</sup></u>		<u>2024</u>		<u>2025</u>
						Q2 <sup>#</sup>	Q3 <sup>#</sup>	Q4 <sup>#</sup>	Q1 <sup>#</sup>
Total exports of goods	4,198,338	5,236,005	4,812,517	4,512,404	4,924,729	1,200,847	1,263,601	1,312,766	1,287,107
Imports of goods	4,239,663	5,211,334	4,852,975	4,638,703	4,940,265	1,214,897	1,264,183	1,307,483	1,290,090
<b>Goods trade balance</b>	<b>-41,325</b> <b>(-1.0)</b>	<b>24,671</b> <b>(0.5)</b>	<b>-40,458</b> <b>(-0.8)</b>	<b>-126,299</b> <b>(-2.7)</b>	<b>-15,536</b> <b>(-0.3)</b>	<b>-14,050</b> <b>(-1.2)</b>	<b>-582</b> <b>(*)</b>	<b>5,283</b> <b>(0.4)</b>	<b>-2,983</b> <b>(-0.2)</b>
Exports of services	519,205	615,069	650,549	762,172	847,317	191,504	214,728	222,740	236,863
Imports of services	426,257	480,027	495,151	618,375	702,365	164,043	175,955	188,687	181,951
<b>Services trade balance</b>	<b>92,948</b> <b>(21.8)</b>	<b>135,042</b> <b>(28.1)</b>	<b>155,398</b> <b>(31.4)</b>	<b>143,797</b> <b>(23.3)</b>	<b>144,952</b> <b>(20.6)</b>	<b>27,461</b> <b>(16.7)</b>	<b>38,773</b> <b>(22.0)</b>	<b>34,053</b> <b>(18.0)</b>	<b>54,912</b> <b>(30.2)</b>
Exports of goods and services	4,717,543	5,851,074	5,463,066	5,274,576	5,772,046	1,392,351	1,478,329	1,535,506	1,523,970
Imports of goods and services	4,665,920	5,691,361	5,348,126	5,257,078	5,642,630	1,378,940	1,440,138	1,496,170	1,472,041
<b>Goods and services trade balance</b>	<b>51,623</b> <b>&lt;1.1&gt;</b>	<b>159,713</b> <b>&lt;2.8&gt;</b>	<b>114,940</b> <b>&lt;2.1&gt;</b>	<b>17,498</b> <b>&lt;0.3&gt;</b>	<b>129,416</b> <b>&lt;2.3&gt;</b>	<b>13,411</b> <b>&lt;1.0&gt;</b>	<b>38,191</b> <b>&lt;2.7&gt;</b>	<b>39,336</b> <b>&lt;2.6&gt;</b>	<b>51,929</b> <b>&lt;3.5&gt;</b>

Notes: Figures in this table are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.

(#) Figures are subject to revision later on as more data become available.

() As a percentage of the total value of imports of goods/services.

< > As a percentage of the total value of imports of goods and services.

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

**Table 7 : Total exports of goods by market  
(in value terms)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>		<u>2024</u>			<u>2025</u>
							Q2	Q3	Q4	Q1
	(% change)			(% change)		(\$Mn)	(% change over a year earlier)			
<b>All markets</b>	<b>-1.5</b>	<b>26.3</b>	<b>-8.6</b>	<b>-7.8</b>	<b>8.7</b>	<b>4,542,371</b>	<b>12.5</b>	<b>8.0</b>	<b>3.5</b>	<b>10.9</b>
Mainland of China	5.1	27.0	-12.9	-9.7	15.6	2,681,658	18.8	16.0	9.1	16.2
United States	-14.9	19.6	-5.5	-6.9	8.5	295,571	27.5	6.5	-3.9	4.0
Vietnam	5.3	22.2	8.9	-0.5	29.1	144,409	28.8	27.6	41.0	69.1
Taiwan	11.6	46.0	7.2	-9.9	1.1	140,415	13.5	-5.6	1.5	40.6
India	-17.6	36.6	29.0	-2.7	-18.0	137,022	-22.7	-23.8	-32.2	-20.2
United Arab Emirates	-0.4	38.8	35.3	8.9	-8.0	95,152	6.1	-23.8	-26.0	-36.9
Japan	-9.7	8.7	-13.8	-17.7	-4.4	80,656	0.5	-4.4	-10.7	1.7
Thailand	-13.1	17.4	3.3	9.7	18.8	77,017	25.8	18.5	-2.7	-9.8
Netherlands	-5.2	22.8	0.1	-2.5	-9.7	69,982	-10.4	29.7	-23.5	-34.8
Korea	-7.6	42.7	9.2	-9.5	-6.6	68,816	-1.7	-10.8	-5.9	-7.7
Rest of the world	-11.5	24.4	-11.6	-6.1	-1.5	751,674	-1.8	-4.9	1.6	4.8

Note: Individual figures may not add up exactly to the total due to rounding.



**Table 8 : Imports of goods by source  
(in value terms)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>		<u>2024</u>		<u>2025</u>	
							Q2	Q3	Q4	Q1
	(% change)			(% change)		(\$Mn)	(% change over a year earlier)			
<b>All sources</b>	<b>-3.3</b>	<b>24.3</b>	<b>-7.2</b>	<b>-5.7</b>	<b>6.0</b>	<b>4,922,101</b>	<b>7.4</b>	<b>6.0</b>	<b>2.9</b>	<b>9.8</b>
Mainland of China	-6.5	26.5	-14.6	-2.7	6.0	2,144,663	8.8	7.1	-0.3	4.1
Taiwan	22.8	35.0	7.3	-10.5	5.9	556,972	-5.6	15.8	19.5	53.9
Singapore	8.1	31.7	-3.7	-17.3	18.2	389,673	30.9	8.2	20.2	2.4
Korea	12.3	31.3	-10.7	-22.8	28.4	287,096	48.6	21.0	1.0	-23.6
Japan	-5.0	12.8	-10.4	-8.8	2.5	226,970	-2.4	1.9	3.7	-2.8
United States	-17.9	18.3	1.3	-4.6	3.2	206,101	-6.8	-3.1	9.5	-6.2
Malaysia	1.2	1.7	6.1	-15.3	10.8	165,884	8.7	9.6	31.3	47.6
Vietnam	28.4	16.9	22.3	-7.0	22.7	164,158	55.8	39.6	-16.4	68.9
Thailand	1.4	18.9	-8.9	-8.6	-4.9	81,386	-1.0	-23.3	-8.1	-7.0
Philippines	-0.1	25.1	7.4	-15.7	-5.9	74,686	-7.6	-0.7	9.3	18.0
Rest of the world	-17.0	17.0	-3.6	9.9	-7.3	624,513	-7.0	-9.6	-9.6	6.6

Note: Individual figures may not add up exactly to the total due to rounding.

**Table 9 : Exports and imports of services by component  
(at current market prices)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023<sup>#</sup></u>	<u>2024<sup>#</sup></u>		<u>2024</u>			<u>2025</u>
							Q2 <sup>#</sup>	Q3 <sup>#</sup>	Q4 <sup>#</sup>	Q1 <sup>#</sup>
	(% change)			(% change)		(\$Mn)	(% change over a year earlier)			
<b>Exports of services</b>	<b>-35.0</b>	<b>18.5</b>	<b>5.8</b>	<b>17.2</b>	<b>11.2</b>	<b>847,317</b>	<b>7.1</b>	<b>10.5</b>	<b>11.2</b>	<b>8.5</b>
Transport	-24.7	37.8	2.0	-10.1	18.8	278,765	15.5	21.8	15.1	4.1
Travel	-90.2	-35.1	70.7	565.5	7.3	175,240	-9.2	-5.4	5.1	4.5
Financial services	-0.3	10.0	8.8	-2.8	9.5	214,942	12.2	12.8	17.4	18.6
Other services	-9.0	11.7	2.5	3.0	6.2	178,370	6.7	7.4	6.2	7.1
<b>Imports of services</b>	<b>-32.8</b>	<b>12.6</b>	<b>3.2</b>	<b>24.9</b>	<b>13.6</b>	<b>702,365</b>	<b>13.1</b>	<b>12.6</b>	<b>9.8</b>	<b>4.8</b>
Transport	-19.8	35.7	-1.5	-8.8	15.3	162,079	14.4	18.0	9.0	2.5
Travel	-79.7	-38.9	64.4	313.2	25.3	222,678	20.2	17.8	18.0	2.6
Manufacturing <sup>^</sup>	-10.4	20.0	-4.3	-6.0	2.0	86,965	5.3	4.4	-3.2	0.7
Other services	-1.4	7.1	2.3	3.6	7.3	230,643	9.0	7.8	8.4	9.9

Notes: Individual figures may not add up exactly to the total due to rounding.

Figures in this table are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.

(#) Figures are subject to revision later on as more data become available.

(^) This includes the value of processing fees paid by Hong Kong to the processing units outside Hong Kong and raw materials / semi-manufactures directly procured by these processing units.

**Table 10 : Incoming visitors by nationality/region**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>		<u>2024</u>		<u>2025</u>
						Q2	Q3	Q4	Q1
<u>('000)</u>									
<b>All sources</b>	<b>3 568.9</b>	<b>91.4</b>	<b>604.6</b>	<b>33 999.7</b>	<b>44 502.8</b>	<b>9 922.4</b>	<b>11 437.5</b>	<b>11 914.0</b>	<b>12 228.2</b>
Mainland of China	2 685.1	65.6	375.2	26 755.6	34 043.1	7 452.3	9 095.7	8 797.0	9 245.4
South and Southeast Asia	194.9	9.5	77.2	2 398.1	3 456.7	873.0	706.4	1 086.0	893.5
Taiwan	115.4	2.6	24.4	809.3	1 244.6	307.2	328.2	324.1	370.4
Europe	160.2	6.6	39.5	775.7	1 232.5	288.2	253.5	380.3	360.2
United States	82.7	1.4	26.5	597.0	884.3	220.3	201.2	260.0	236.9
Japan	54.4	0.3	7.2	344.2	560.2	114.2	134.5	158.2	206.6
Others	276.2	5.3	54.6	2 319.8	3 081.4	667.1	718.0	908.5	915.2
<u>(% change over a year earlier)</u>									
<b>All sources</b>	<b>-93.6</b>	<b>-97.4</b>	<b>561.5</b>	<b>5 523.8</b>	<b>30.9</b>	<b>17.2</b>	<b>9.6</b>	<b>11.6</b>	<b>8.9</b>
Mainland of China	-93.8	-97.6	471.7	7 030.7	27.2	10.4	6.1	8.9	6.3
South and Southeast Asia	-93.6	-95.1	710.3	3 006.1	44.1	46.2	26.9	15.0	12.9
Taiwan	-92.8	-97.8	853.7	3 213.5	53.8	57.6	40.3	28.9	29.9
Europe	-90.8	-95.9	499.0	1 865.5	58.9	55.0	39.1	33.6	16.0
United States	-92.6	-98.3	1 799.9	2 155.7	48.1	50.3	19.2	19.3	16.9
Japan	-95.1	-99.4	1 973.2	4 683.9	62.8	62.0	27.3	20.3	34.8
Others	-92.5	-98.1	920.6	4 149.4	32.8	26.9	16.3	17.9	16.2

Note: The requirement for visitors to furnish an arrival or departure card is cancelled with immediate effect on 16 October 2024 as stipulated in the 2024 Policy Address, to facilitate a faster and more convenient immigration clearance. “Place of residence” data derived solely from arrival cards is no longer available. The classification method of this table has been changed from by country/region of residence to by nationality/region. Individual figures may not add up exactly to the total due to rounding.

**Table 11 : Property market**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Completion of new property by the private sector</b>							
('000 m <sup>2</sup> of internal floor area)							
Residential property <sup>(a)</sup> (in units)	11 280	14 595	17 791	20 968	13 643	20 888	14 386
Commercial property	233	276	303	304	384	136	111
<i>of which :</i>							
Office space	164	153	198	179	267	69	70
Other commercial premises <sup>(b)</sup>	69	123	105	125	118	67	42
Industrial property <sup>(c)</sup>	30	78	105	44	56	38	30
<i>of which :</i>							
Industrial-cum-office premises	0	0	0	0	0	0	0
Conventional flatted factory space	30	5	23	41	56	38	30
Storage premises <sup>(d)</sup>	0	73	83	3	0	0	0
<b>Production of public housing</b>							
(in units)							
Rental housing flats <sup>(e)</sup>	10 147	21 755	11 268	20 137	9 634	6 605	13 057
Subsidised sales flats <sup>(e)</sup>	1 310	229	2 788	4 863	7 027	7 610	3 222
<b>Building plans with consent to commence work in the private sector</b>							
('000 m <sup>2</sup> of usable floor area)							
Residential property	893.3	645.8	872.8	704.5	796.5	521.5	866.4
Commercial property	319.0	312.4	488.6	131.5	844.9	228.1	743.0
Industrial property <sup>(f)</sup>	225.3	76.2	62.5	105.2	177.7	182.6	39.8
Other properties	555.4	235.1	241.2	101.2	236.7	409.6	187.5
Total	1 993.0	1 269.4	1 665.2	1 042.4	2 055.9	1 341.7	1 836.7
<b>Agreements for sale and purchase of property</b>							
(Number)							
Residential property <sup>(g)</sup>	55 982	54 701	61 591	57 247	59 797	59 880	74 297
Primary market	16 826	16 793	18 645	15 633	21 108	15 317	17 650
Secondary market	39 156	37 908	42 946	41 614	38 689	44 563	56 647
Selected types of non-residential properties <sup>(h)</sup>							
Office space	1 470	1 105	1 955	1 331	861	686	1 077
Other commercial premises	2 067	1 523	2 198	1 926	1 300	1 269	2 189
Flatted factory space	3 407	2 727	5 135	4 852	2 426	2 117	3 637

Notes: Individual figures may not add up exactly to the total due to rounding.

- (a) Figures before 2002 cover all completed residential premises to which either temporary or full Occupation Permits have been granted, as well as village type houses issued with Letters of Compliance. Property developments subject to a Consent Scheme need a Certificate of Compliance, Consent to Assign or Consent to Lease in addition to an Occupation Permit before the premises can be individually assigned. Village-type housing units are excluded as from 2002 and units issued with temporary Occupation Permits are also excluded as from 2004 onwards.

Residential premises here pertain to private residential units, excluding units built under the Private Sector Participation Scheme (PSPS), Home Ownership Scheme (HOS), Buy or Rent Option, Mortgage Subsidy Scheme, Sandwich Class Housing Scheme, Urban Improvement Scheme (UIS) and Flat-for-Sale Scheme. Figures from 2004 onwards also cover those private flats converted from subsidised flats.

- (b) These include retail premises and other premises designed or adapted for commercial use, with the exception of purpose-built offices. Car-parking space and commercial premises built by the Hong Kong Housing Authority and the Hong Kong Housing Society are excluded.
- (c) These include industrial-cum-office premises, but exclude specialised factory buildings which are developed mainly for own use.
- (d) These include storage premises at the container terminals and the airport.

**Table 11 : Property market (Cont'd)**

	<u>2022</u>	<u>2023</u>	<u>2024</u>		<u>2024</u>		<u>2025</u>
				Q2	Q3	Q4	Q1
<b>Completion of new property by the private sector</b>							
('000 m <sup>2</sup> of internal floor area)							
Residential property <sup>(a)</sup> (in units)	21 168	13 852	24 261	2 120	3 826	13 340	5 486
Commercial property	469	249	216	72	5	26	47
<i>of which :</i>							
Office space	351	159	147	64	0	1	30
Other commercial premises <sup>(b)</sup>	118	91	69	8	5	25	17
Industrial property <sup>(c)</sup>	180	58	23	12	11	0	5
<i>of which :</i>							
Industrial-cum-office premises	0	0	0	0	0	0	0
Conventional flatted factory space	105	57	23	12	11	0	5
Storage premises <sup>(d)</sup>	75	0	0	0	0	0	0
<b>Production of public housing</b>							
(in units)							
Rental housing flats <sup>(e)</sup>	12 285	3 838	10 743	872	1 299	2 604	N.A.
Subsidised sales flats <sup>(e)</sup>	6 996	5 674	8 129	1 076	1 089	5 716	N.A.
<b>Building plans with consent to commence work in the private sector</b>							
('000 m <sup>2</sup> of usable floor area)							
Residential property	483.1	437.1	268.5	87.3	43.5	44.5	N.A.
Commercial property	105.5	385.4	140.1	27.1	11.4	74.3	N.A.
Industrial property <sup>(f)</sup>	61.2	45.9	62.7	46.7	16.0	0	N.A.
Other properties	242.9	208.2	108.8	0.4	23.1	32.5	N.A.
Total	892.6	1 076.5	580.2	161.6	93.9	151.3	N.A.
<b>Agreements for sale and purchase of property</b>							
(Number)							
Residential property <sup>(g)</sup>	45 050	43 002	53 099	17 953	10 225	15 098	12 193
Primary market	10 315	10 752	16 912	6 550	2 501	4 992	3 897
Secondary market	34 735	32 250	36 187	11 403	7 724	10 106	8 296
Selected types of non-residential properties <sup>(h)</sup>							
Office space	667	646	602	153	130	187	224
Other commercial premises	1 397	1 114	1 110	341	231	338	265
Flatted factory space	2 006	1 860	1 621	402	410	452	558

Notes: (e) The series, sourced from the Housing Authority's housing production figures, exhaustively cover all housing production and to count projects (including surplus HOS projects) which undergo transfer of usage at the time of disposal and according to their actual usage. Moreover, surplus HOS courts and blocks pending disposal are excluded from production statistics until they are disposed. Rental and sales flats projects of the Housing Society are included.

(f) These include multi-purpose industrial premises designed also for office use.

(g) The figures are derived from sale and purchase agreements of domestic units received for registration for the relevant periods. They generally relate to transactions executed up to four weeks prior to their submission for registration. Sales of domestic units refer to sale and purchase agreements with payment of stamp duty. These statistics do not include sales of units under the Home Ownership Scheme, the Private Sector Participation Scheme and the Tenants Purchase Scheme except those after payment of premium. Primary sales generally refer to sales from developers. Secondary sales refer to sales from parties other than developers.

(h) Timing of the figures for non-residential properties is based on the date on which the sale and purchase agreement is signed, which may differ from the date on which the agreement is received for registration.

N.A. Not yet available.

**Table 12 : Property prices and rentals**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>(Index (1999=100))</u>							
Property price indices :							
Residential flats <sup>(a)</sup>	296.8	286.1	333.9	377.3	383.0	381.2	392.7
Office space	448.9	426.9	487.1	554.7	543.0	468.8	502.5
Shopping space	559.2	526.9	558.4	591.4	549.7	518.9	543.4
Flatted factory space	723.9	692.7	778.1	888.1	887.9	826.1	879.0
Property rental indices <sup>(b)</sup> :							
Residential flats	172.8	168.2	182.6	193.0	194.4	180.3	179.8
Office space	226.7	232.3	241.8	252.2	261.4	241.7	233.4
Shopping space	182.5	178.6	182.5	187.0	187.2	169.9	172.0
Flatted factory space	174.4	181.4	190.7	202.3	209.7	200.5	208.8
<u>(% change over a year earlier)</u>							
Property price indices :							
Residential flats <sup>(a)</sup>	15.5	-3.6	16.7	13.0	1.5	-0.5	3.0
Office space	6.1	-4.9	14.1	13.9	-2.1	-13.7	7.2
Shopping space	7.3	-5.8	6.0	5.9	-7.1	-5.6	4.7
Flatted factory space	8.4	-4.3	12.3	14.1	*	-7.0	6.4
Property rental indices <sup>(b)</sup> :							
Residential flats	8.3	-2.7	8.6	5.7	0.7	-7.3	-0.3
Office space	6.1	2.5	4.1	4.3	3.6	-7.5	-3.4
Shopping space	5.4	-2.1	2.2	2.5	0.1	-9.2	1.2
Flatted factory space	8.9	4.0	5.1	6.1	3.7	-4.4	4.1

Notes: (a) Figures pertain to prices of existing flats traded in the secondary market, but not new flats sold in the primary market.

(b) All rental indices shown in this table have been adjusted for concessionary leasing terms such as provision of refurbishment, granting of rent-free periods, and waiver of miscellaneous charges, if known.

For residential property, changes in rentals cover only new tenancies for which rentals are freshly determined.

For non-residential property, changes in rentals cover also lease renewals upon which rentals may be revised.

(#) Figures for non-residential property are provisional.

(+) Provisional figures.

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

**Table 12 : Property prices and rentals (Cont'd)**

	<u>2022</u>	<u>2023</u>	<u>2024<sup>#</sup></u>		<u>2024</u>		<u>2025</u>
				Q2	Q3	Q4 <sup>#</sup>	Q1 <sup>+</sup>
<u>(Index (1999=100))</u>							
Property price indices :							
Residential flats <sup>(a)</sup>	369.7	337.4	298.7	305.9	292.5	290.6	285.7
Office space	495.7	468.7	373.7	386.2	365.1	342.1	326.3
Shopping space	523.0	488.3	422.9	435.2	408.3	390.2	380.6
Flatted factory space	880.3	842.3	718.0	738.0	698.3	674.9	667.3
Property rental indices <sup>(b)</sup> :							
Residential flats	178.3	181.1	190.5	189.8	194.7	192.4	193.1
Office space	230.0	227.7	219.9	220.9	217.5	216.3	214.6
Shopping space	167.0	170.9	165.3	166.1	164.3	161.6	158.8
Flatted factory space	211.9	218.6	215.6	215.7	215.7	213.3	211.5
<u>(% change over a year earlier)</u>							
Property price indices :							
Residential flats <sup>(a)</sup>	-5.9	-8.7	-11.5	-12.7	-13.1	-8.1	-6.6
Office space	-1.4	-5.4	-20.3	-18.6	-21.1	-22.6	-22.6
Shopping space	-3.8	-6.6	-13.4	-12.8	-17.2	-17.5	-16.9
Flatted factory space	0.1	-4.3	-14.8	-14.4	-17.1	-16.2	-12.3
Property rental indices <sup>(b)</sup> :							
Residential flats	-0.8	1.6	5.2	5.6	5.8	3.7	4.4
Office space	-1.5	-1.0	-3.4	-3.0	-4.9	-5.0	-4.5
Shopping space	-2.9	2.3	-3.3	-2.5	-4.9	-6.5	-6.1
Flatted factory space	1.5	3.2	-1.4	-1.1	-2.5	-3.3	-2.8

**Table 13 : Monetary aggregates**

	2015	2016	2017	2018	2019	2020	2021
<u>(at end of period)</u>							
Hong Kong dollar money supply (\$Mn)							
M1	1,253,380	1,428,775	1,598,014	1,555,731	1,533,104	1,972,719	2,078,911
M2 <sup>(a)</sup>	5,765,549	6,280,230	7,010,345	7,262,451	7,438,789	7,922,089	8,043,994
M3 <sup>(a)</sup>	5,778,772	6,292,666	7,024,514	7,284,322	7,454,655	7,937,038	8,057,408
Total money supply (\$Mn)							
M1	1,971,146	2,213,970	2,431,461	2,421,598	2,484,738	3,231,921	3,490,858
M2	11,618,441	12,508,127	13,755,255	14,348,059	14,745,872	15,606,608	16,272,650
M3	11,655,019	12,551,331	13,803,837	14,403,688	14,786,375	15,644,043	16,310,866
Deposits (\$Mn)							
HK\$	5,312,403	5,809,060	6,484,616	6,715,262	6,884,143	7,311,368	7,414,381
Foreign currency	5,437,346	5,918,240	6,267,872	6,671,119	6,887,444	7,202,247	7,771,839
Total	10,749,749	11,727,300	12,752,488	13,386,381	13,771,586	14,513,615	15,186,220
Loans and advances (\$Mn)							
HK\$	4,152,589	4,479,107	5,359,983	5,836,238	6,219,377	6,106,960	6,425,857
Foreign currency	3,381,951	3,544,284	3,953,686	3,886,385	4,157,325	4,391,617	4,467,291
Total	7,534,540	8,023,390	9,313,668	9,722,623	10,376,701	10,498,577	10,893,147
Nominal Effective Exchange Rate Indices							
(Jan 2020 =100) <sup>(b)</sup>							
Trade-weighted	95.7	98.4	98.4	96.2	99.4	100.0	95.5
Import-weighted	96.5	98.8	98.8	96.5	99.5	100.1	95.8
Export-weighted	94.8	97.9	98.0	95.8	99.2	100.0	95.1
<u>(% change over a year earlier)</u>							
Hong Kong dollar money supply							
M1	12.2	14.0	11.8	-2.6	-1.5	28.7	5.4
M2 <sup>(a)</sup>	10.3	8.9	11.6	3.6	2.4	6.5	1.5
M3 <sup>(a)</sup>	10.4	8.9	11.6	3.7	2.3	6.5	1.5
Total money supply							
M1	15.4	12.3	9.8	-0.4	2.6	30.1	8.0
M2	5.5	7.7	10.0	4.3	2.8	5.8	4.3
M3	5.5	7.7	10.0	4.3	2.7	5.8	4.3
Deposits							
HK\$	10.7	9.3	11.6	3.6	2.5	6.2	1.4
Foreign currency	3.1	8.8	5.9	6.4	3.2	4.6	7.9
Total	6.7	9.1	8.7	5.0	2.9	5.4	4.6
Loans and advances							
HK\$	3.8	7.9	19.7	8.9	6.6	-1.8	5.2
Foreign currency	3.2	4.8	11.6	-1.7	7.0	5.6	1.7
Total	3.5	6.5	16.1	4.4	6.7	1.2	3.8
Nominal Effective Exchange Rate Indices							
(Jan 2020 =100) <sup>(b)</sup>							
Trade-weighted	5.5	2.8	*	-2.2	3.3	0.6	-4.5
Import-weighted	5.9	2.4	*	-2.3	3.1	0.6	-4.3
Export-weighted	5.1	3.3	0.1	-2.2	3.5	0.8	-4.9

**Definition of Terms :**

The Hong Kong Dollar Money Supply is the Hong Kong dollar component of the respective monetary aggregate.

**Total Money Supply:**

- M1: Legal tender notes and coins with the public, plus customers' demand deposits with licensed banks.
- M2: M1 plus customers' savings and time deposits with licensed banks, plus negotiable certificates of deposit issued by licensed banks and held outside the monetary sector, as well as short-term Exchange Fund placements of less than one month.
- M3: M2 plus customers' deposits with restricted licence banks and deposit-taking companies, plus negotiable certificates of deposit issued by such institutions and held outside the monetary sector.



**Table 13 : Monetary aggregates (Cont'd)**

	2022	2023	2024	Q2	2024 Q3	Q4	2025 Q1
<u>(at end of period)</u>							
Hong Kong dollar money supply (\$Mn)							
M1	1,708,421	1,533,291	1,552,925	1,529,717	1,584,835	1,552,925	1,621,373
M2 <sup>(a)</sup>	8,096,517	8,250,109	8,474,517	8,341,838	8,450,647	8,474,517	8,890,247
M3 <sup>(a)</sup>	8,109,000	8,262,831	8,490,464	8,355,640	8,465,626	8,490,464	8,906,242
Total money supply (\$Mn)							
M1	2,769,343	2,598,203	2,748,458	2,646,669	2,824,711	2,748,458	2,866,480
M2	16,536,625	17,195,266	18,458,425	17,774,310	18,209,671	18,458,425	19,048,522
M3	16,569,431	17,234,052	18,501,577	17,816,783	18,251,104	18,501,577	19,094,640
Deposits (\$Mn)							
HK\$	7,468,230	7,623,772	7,839,207	7,709,630	7,810,675	7,839,207	8,238,559
Foreign currency	7,971,455	8,598,297	9,533,510	9,033,116	9,352,815	9,533,510	9,738,543
Total	15,439,685	16,222,070	17,372,718	16,742,746	17,163,489	17,372,718	17,977,102
Loans and advances (\$Mn)							
HK\$	6,602,964	6,420,797	6,046,318	6,266,223	6,120,220	6,046,318	5,956,539
Foreign currency	3,968,334	3,770,518	3,862,085	3,729,939	3,855,820	3,862,085	4,014,931
Total	10,571,298	10,191,315	9,908,403	9,996,162	9,976,040	9,908,403	9,971,470
Nominal Effective Exchange Rate Indices							
(Jan 2020 =100) <sup>(b)</sup>							
Trade-weighted	100.1	103.4	105.4	106.2	104.8	105.8	107.1
Import-weighted	100.8	103.9	106.0	106.9	105.4	106.4	107.7
Export-weighted	99.3	102.9	104.7	105.3	104.2	105.2	106.3
<u>(% change over a year earlier)</u>							
Hong Kong dollar money supply							
M1	-17.8	-10.3	1.3	-5.9	3.2	1.3	7.0
M2 <sup>(a)</sup>	0.7	1.9	2.7	1.5	3.0	2.7	7.7
M3 <sup>(a)</sup>	0.6	1.9	2.8	1.5	3.0	2.8	7.7
Total money supply							
M1	-20.7	-6.2	5.8	2.5	12.9	5.8	12.1
M2	1.6	4.0	7.3	7.4	8.5	7.3	10.8
M3	1.6	4.0	7.4	7.4	8.5	7.4	10.8
Deposits							
HK\$	0.7	2.1	2.8	1.5	3.0	2.8	7.9
Foreign currency	2.6	7.9	10.9	14.7	14.0	10.9	13.7
Total	1.7	5.1	7.1	8.2	8.7	7.1	11.0
Loans and advances							
HK\$	2.8	-2.8	-5.8	-7.0	-6.5	-5.8	-6.2
Foreign currency	-11.2	-5.0	2.4	-1.3	2.9	2.4	7.5
Total	-3.0	-3.6	-2.8	-5.0	-3.1	-2.8	-1.2
Nominal Effective Exchange Rate Indices							
(Jan 2020 =100) <sup>(b)</sup>							
Trade-weighted	4.8	3.3	1.9	3.6	-0.2	0.4	2.1
Import-weighted	5.2	3.1	2.0	3.9	*	0.5	2.2
Export-weighted	4.4	3.6	1.7	3.2	-0.3	0.4	1.9

Notes: (a) Adjusted to include foreign currency swap deposits.

(b) Period average.

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

**Table 14 : Rates of change in business receipts indices for services industries/domains**

(%)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>		<u>2024</u>			
					Q1	Q2	Q3	Q4	
<b>Services Industry</b>									
Import and export trade	23.9	-8.5	-7.2	2.3	7.9	0.4	1.6	0.2	
Wholesale	13.3	-5.8	-3.2	-2.5	1.0	0.4	-3.1	-7.7	
Retail	8.1	-0.8	16.2	-7.3	-1.3	-11.9	-9.6	-6.6	
Transportation	54.1	5.8	-17.3	13.8	12.5	14.8	17.3	10.6	
<i>within which:</i>									
Land transport	4.0	-3.3	21.6	12.4	19.4	11.0	8.3	11.7	
Water transport	85.9	5.0	-45.8	12.4	-7.7	8.7	30.7	21.5	
Air transport	43.3	9.7	7.4	14.9	26.1	20.1	12.1	4.7	
Warehousing and storage	27.6	-4.6	1.8	2.2	6.8	6.9	-1.0	-3.4	
Courier	19.0	-9.3	-11.9	4.9	1.7	6.8	2.2	8.5	
Accommodation services <sup>(a)</sup>	38.3	17.3	59.9	5.3	37.1	-2.3	-10.2	3.5	
Food services	16.8	-6.3	26.1	-0.1	2.3	-2.0	-1.3	0.4	
Information and communications	7.7	6.2	3.3	5.0	4.3	5.7	5.5	4.4	
<i>within which:</i>									
Telecommunications	6.1	8.7	1.8	3.8	3.0	4.2	4.3	3.7	
Film entertainment	26.7	-10.4	21.1	8.9	-13.5	1.8	-3.7	71.4	
Banking	-4.3	10.2	21.2	5.2	7.4	4.3	7.1	1.9	
Financing (except banking)	17.4	-14.7	-0.6	12.5	-3.2	4.5	13.5	36.3	
<i>within which:</i>									
Financial markets and asset management	19.6	-17.6	-3.1	11.8	-6.5	3.3	12.2	40.2	
<i>within which : Asset management</i>	23.3	-19.6	-4.2	22.9	-7.5	5.2	23.7	72.0	
Insurance	2.5	-6.0	-1.1	12.2	18.2	1.5	11.7	18.1	
Real estate	-1.9	-8.9	-0.6	0.9	*	-0.9	0.1	4.7	
Professional, scientific and technical services	6.6	3.5	3.5	4.4	5.1	5.7	3.6	3.4	
Administrative and support services	1.7	10.5	16.6	8.9	11.5	7.9	8.1	8.3	
<b>Services Domain</b>									
Tourism, convention and exhibition services	-17.7	36.8	347.3	7.2 <sup>+</sup>	47.2 <sup>+</sup>	-6.9 <sup>+</sup>	-5.3 <sup>+</sup>	4.8 <sup>+</sup>	
Computer and information technology services	20.1	-0.4	39.2	52.0	108.6	84.9	34.5	20.8	

Notes: Upon the implementation of the new Hong Kong Standard Industrial Classification (HSIC) Version 2.0 by the C&SD in October 2008, the new classification has been adopted in compiling the quarterly business receipts indices. Starting from the first quarter of 2009, all business receipts indices are compiled based on the HSIC Version 2.0, and the base period of the indices has been changed to 2008 (i.e. with the quarterly average of the indices in 2008 taken as 100). The series of business receipts indices under the HSIC Version 2.0 has also been backcasted to the first quarter of 2005.

(a) Accommodation services sector covers hotels, guesthouses, boarding houses and other establishments providing short-term accommodation.

(+) Provisional figures.

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

**Table 15 : Labour force characteristics**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>		<u>2024</u>		<u>2025</u>
						Q2	Q3	Q4	Q1
<u>(%)</u>									
Labour force participation rate	59.7	59.4	58.2	57.3	57.0	57.1	57.1	56.9	56.9
Seasonally adjusted unemployment rate <sup>(a)</sup>	5.8	5.2	4.3	2.9	3.0	3.0	3.0	3.1	3.2
Underemployment rate	3.3	2.6	2.3	1.1	1.2	1.2	1.2	1.1	1.1
<u>('000)</u>									
Population of working age	6 562.2	6 518.6	6 487.0	6 667.4	6 683.0	6 680.8	6 703.7	6 730.3	6 707.8
Labour force	3 918.5	3 870.4	3 776.3	3 822.3	3 807.4	3 818.0	3 830.1	3 832.4	3 815.5
Persons employed	3 690.9	3 670.2	3 613.2	3 709.6	3 693.6	3 703.3	3 710.2	3 718.9	3 692.7
Persons unemployed	227.6	200.3	163.1	112.7	113.8	114.7	119.9	113.6	122.8
Persons underemployed	129.9	98.9	88.1	41.6	43.9	44.5	46.0	43.5	42.7
<u>(% change over a year earlier)</u>									
Population of working age	-0.2	-0.7	-0.5	2.8	0.2	0.4	0.5	0.7	0.7
Labour force	-1.7	-1.2	-2.4	1.2	-0.4	0.3	-0.2	0.3	0.4
Persons employed	-4.7	-0.6	-1.6	2.7	-0.4	0.2	-0.4	0.1	0.1
Persons unemployed	95.6	-12.0	-18.6	-30.9	0.9	0.5	5.3	7.2	10.0
Persons underemployed	209.6	-23.8	-10.9	-52.8	5.4	6.9	21.4	17.7	6.8

Note: (a) Seasonal adjustment is not applicable to annual unemployment rates.

**Table 16 : Employment in selected major industries**

Selected major industries	2020	2021	2022	2023	2024	2024				(No.)
	(% change)					Mar	Jun	Sep	Dec	
						(% change over a year earlier)				
Manufacturing	-4.0	-5.5	-5.0	-0.6	0.2	1.4	0.3	-0.3	-0.6	73 529
Construction sites (covering manual workers only)	-4.5	8.5	-0.7	7.3	9.1	14.1	11.8	10.7	0.7	120 974
Import and export trade	-11.0	-3.6	-0.9	-2.4	-4.3	-4.9	-5.0	-5.1	-2.2	354 533
Wholesale	-8.8	-3.9	4.2	-3.3	-6.0	-6.4	-6.1	-6.0	-5.4	46 778
Retail	-6.3	-0.6	-1.6	1.7	-4.7	-2.7	-5.1	-5.9	-5.3	232 671
Food and beverage services	-13.6	1.4	1.3	3.5	-0.7	0.6	-0.4	-1.3	-1.6	220 923
Accommodation services <sup>(a)</sup>	-14.7	1.1	-4.5	3.0	3.0	2.1	3.7	3.7	2.4	36 602
Transportation, storage, postal and courier services	-3.7	-4.0	-2.1	-0.1	1.1	1.2	0.7	0.7	1.7	166 408
Information and communications	-0.3	-1.4	-2.2	1.9	0.3	2.1	1.2	-0.5	-1.5	106 752
Financing and insurance	0.6	0.1	-2.1	*	-1.4	-1.5	-2.4	-2.3	0.7	233 330
Real estate	0.4	3.6	-0.5	0.9	1.6	-1.8	0.2	3.6	4.6	145 311
Professional and business services (excluding cleaning and similar services)	-0.3	*	-2.1	3.0	1.0	2.2	1.5	-0.1	0.4	311 520
Cleaning and similar services	0.3	1.3	0.8	*	-1.3	-2.3	-4.3	0.1	1.4	81 823
Education	-1.0	-0.1	1.1	4.0	0.3	2.3	-0.2	-0.4	-0.3	216 150
Human health services	4.1	2.9	2.5	2.8	2.7	2.4	2.6	2.3	3.5	159 585
Residential care and social work services	0.4	0.9	0.9	4.7	3.9	4.5	4.3	3.7	3.1	73 236
Arts, entertainment, recreation and other services	-5.4	-1.7	-3.4	7.1	1.1	3.6	1.4	-0.3	-0.2	122 667
Civil service <sup>(b)</sup>	0.7	-0.2	-1.2	-1.1	-0.2	-0.3	-0.2	-0.1	*	172 576
Others <sup>(c)</sup>	-1.7	1.2	3.3	1.6	5.1	1.0	5.0	6.2	8.1	12 970

Notes: Starting from March 2009, the survey coverage has been expanded to include more economic activities in some of the industries due to the change in industrial classification based on the Hong Kong Standard Industrial Classification (HSIC) Version 2.0. The activities newly covered are in the industries of transportation, storage, postal and courier services; professional and business services; and arts, entertainment, recreation and other services. The series of employment statistics under the HSIC Version 2.0 has also been backcasted to March 2000.

(a) Accommodation services sector covers hotels, guesthouses, boarding houses and other establishments providing short-term accommodation.

(b) These figures cover only those employed on civil service terms of appointment. Judges, judicial officers, ICAC officers, locally engaged staff working in the Hong Kong Economic and Trade Offices outside Hong Kong, and other government employees such as non-civil service contract staff are not included.

(c) Include employment in mining and quarrying; and in electricity and gas supply, and waste management.

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

**Table 17 : Number of manual workers engaged at building and construction sites**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>		<u>2024</u>		
						Mar	Jun	Sep	Dec
<u>(Number)</u>									
Building sites									
Private sector	54 957	58 385	56 160	57 642	55 003	57 986	55 071	54 403	52 550
Public sector <sup>(a)</sup>	22 982	23 622	22 853	26 299	33 626	31 978	35 743	32 211	34 570
Sub-total	77 939	82 006	79 012	83 941	88 628	89 964	90 814	86 614	87 120
Civil engineering sites									
Private sector	2 180	3 095	3 796	2 397	1 337	1 453	1 339	1 361	1 196
Public sector <sup>(a)</sup>	17 064	20 329	21 855	25 974	32 559	32 232	31 956	33 388	32 658
Sub-total	19 244	23 424	25 651	28 372	33 896	33 685	33 295	34 749	33 854
<b>Total</b>	<b>97 182</b>	<b>105 430</b>	<b>104 663</b>	<b>112 313</b>	<b>122 524</b>	<b>123 649</b>	<b>124 109</b>	<b>121 363</b>	<b>120 974</b>
<u>(% change over a year earlier)</u>									
Building sites									
Private sector	-12.6	6.2	-3.8	2.6	-4.6	5.5	-4.4	-5.7	-12.9
Public sector <sup>(a)</sup>	19.3	2.8	-3.3	15.1	27.9	26.3	40.9	26.8	18.7
Sub-total	-5.1	5.2	-3.7	6.2	5.6	12.1	9.5	4.3	-2.6
Civil engineering sites									
Private sector	-12.2	42.0	22.6	-36.8	-44.2	-63.2	-39.5	-23.0	-27.7
Public sector <sup>(a)</sup>	-0.3	19.1	7.5	18.8	25.3	33.3	23.5	34.8	12.4
Sub-total	-1.8	21.7	9.5	10.6	19.5	19.7	18.5	30.9	10.2
<b>Total</b>	<b>-4.5</b>	<b>8.5</b>	<b>-0.7</b>	<b>7.3</b>	<b>9.1</b>	<b>14.1</b>	<b>11.8</b>	<b>10.7</b>	<b>0.7</b>

Notes: Individual figures may not add up exactly to the total due to rounding.

(a) Including the Mass Transit Railway Corporation Limited and the Airport Authority Hong Kong.

**Table 18 : Rates of change in indices of payroll per person engaged  
by selected industry section**

(%)

	2020	2021	2022	2023	2024	2024			
Selected industry sections						Q1	Q2	Q3	Q4
<b>(in nominal terms)</b>									
Manufacturing	-0.1	-0.6	1.0	3.8	3.7	3.9	3.6	3.6	3.4
Import/export and wholesale trades	0.5	0.1	0.9	2.6	3.0	3.0	3.0	3.0	3.1
Retail trade	0.1	0.2	1.1	2.7	2.0	2.3	2.0	1.8	1.7
Transportation, storage, postal and courier services	-5.4	-3.8	1.9	9.3	5.6	8.5	8.6	2.5	3.8
Accommodation <sup>(a)</sup> and food service activities	-2.9	-1.0	2.2	5.3	4.4	5.7	4.8	3.9	3.3
Information and communications	2.3	1.8	2.8	3.9	3.6	3.8	3.3	3.5	3.4
Financial and insurance activities	1.7	1.7	2.7	3.5	3.4	3.6	3.3	3.7	3.8
Real estate activities	1.5	1.4	2.1	2.8	2.9	3.0	2.8	2.9	2.9
Professional and business services	1.6	1.5	2.7	3.4	3.5	3.8	3.4	3.5	3.3
Social and personal services	6.2	0.1	1.3	2.0	1.9	2.9	1.6	1.4	1.7
<b>All selected industry sections surveyed</b>	<b>2.4</b>	<b>1.0</b>	<b>1.7</b>	<b>3.3</b>	<b>3.5</b>	<b>3.7</b>	<b>3.5</b>	<b>3.3</b>	<b>3.4</b>
<b>(in real terms)</b>									
Manufacturing	-0.4	-2.1	-0.9	1.7	1.9	2.0	2.4	1.2	2.0
Import/export and wholesale trades	0.2	-1.4	-1.0	0.5	1.3	1.0	1.8	0.6	1.7
Retail trade	-0.1	-1.4	-0.7	0.5	0.2	0.4	0.8	-0.6	0.3
Transportation, storage, postal and courier services	-5.6	-5.3	*	7.0	3.8	6.5	7.3	0.1	2.4
Accommodation <sup>(a)</sup> and food service activities	-3.2	-2.6	0.3	3.1	2.6	3.7	3.5	1.5	1.9
Information and communications	2.0	0.2	0.9	1.7	1.8	1.8	2.0	1.1	2.0
Financial and insurance activities	1.2	0.2	0.8	1.3	1.6	1.6	2.1	1.2	2.3
Real estate activities	1.3	-0.1	0.2	0.7	1.2	1.0	1.6	0.5	1.5
Professional and business services	1.4	-0.1	0.8	1.2	1.8	1.9	2.2	1.1	1.9
Social and personal services	6.0	-1.5	-0.6	-0.1	0.1	1.0	0.4	-0.9	0.3
<b>All selected industry sections surveyed</b>	<b>2.1</b>	<b>-0.5</b>	<b>-0.2</b>	<b>1.1</b>	<b>1.7</b>	<b>1.8</b>	<b>2.2</b>	<b>0.9</b>	<b>2.0</b>

Notes: The rates of change in real terms are compiled from the Real Indices of Payroll per Person Engaged. The Indices are derived by deflating the Nominal Indices of Payroll per Person Engaged by the 2019/20-based Composite CPI.

In addition to wages, which include all regular and guaranteed payments like basic pay and stipulated bonuses and allowances, payroll also covers overtime pay and other non-guaranteed or irregular bonuses and allowances, except severance pay and long service payment. Because of this difference, as well as the difference in industrial and occupational coverage, the movements in payroll per person engaged do not necessarily match closely with those in wage rates.

(a) Accommodation services sector covers hotels, guesthouses, boarding houses and other establishments providing short-term accommodation.

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

**Table 19 : Rates of change in wage indices  
by selected industry section**

	(%)								
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>			
Selected industry sections						Mar	Jun	Sep	Dec
<b>(in nominal terms)</b>									
Manufacturing	2.0	1.6	2.0	4.1	4.0	4.5	4.2	3.7	3.3
Import/export, wholesale and retail trades	1.0	0.9	1.7	2.6	3.1	3.1	3.1	3.0	3.0
Transportation	0.1	-0.9	1.4	5.6	3.7	4.4	4.2	3.4	3.1
Accommodation <sup>(a)</sup> and food service activities	1.0	1.4	2.1	4.2	4.3	4.7	4.5	4.2	4.0
Financial and insurance activities <sup>(b)</sup>	2.3	2.5	3.2	3.9	4.0	4.1	3.7	3.9	4.1
Real estate leasing and maintenance management	2.7	3.0	2.9	3.2	3.3	3.4	3.3	3.3	3.2
Professional and business services	1.7	1.8	2.5	3.4	4.0	4.0	4.0	4.0	3.9
Personal services	0.7	0.3	0.6	3.5	4.0	4.2	3.9	4.1	4.0
<b>All industries surveyed</b>	<b>1.3</b>	<b>1.3</b>	<b>2.2</b>	<b>3.6</b>	<b>3.7</b>	<b>3.9</b>	<b>3.7</b>	<b>3.6</b>	<b>3.5</b>
<b>(in real terms)</b>									
Manufacturing	3.1	-0.3	-1.5	2.0	1.8	2.1	2.5	0.7	1.6
Import/export, wholesale and retail trades	2.1	-0.9	-1.9	0.5	0.9	0.8	1.3	0.1	1.3
Transportation	1.3	-2.7	-2.2	3.4	1.5	2.0	2.4	0.4	1.4
Accommodation <sup>(a)</sup> and food service activities	2.1	-0.3	-1.5	2.0	2.1	2.4	2.7	1.3	2.3
Financial and insurance activities <sup>(b)</sup>	3.7	0.7	-0.6	1.7	1.8	1.7	2.0	0.9	2.3
Real estate leasing and maintenance management	3.8	1.3	-0.8	1.0	1.1	1.0	1.5	0.4	1.5
Professional and business services	2.8	0.1	-1.2	1.2	1.8	1.6	2.2	1.1	2.2
Personal services	1.7	-1.6	-2.9	1.3	1.8	1.9	2.2	1.1	2.2
<b>All industries surveyed</b>	<b>2.5</b>	<b>-0.5</b>	<b>-1.4</b>	<b>1.4</b>	<b>1.5</b>	<b>1.5</b>	<b>1.9</b>	<b>0.6</b>	<b>1.8</b>

Notes: The rates of change in real terms are compiled from the Real Wage Indices. The Indices are derived by deflating the Nominal Wage Indices by the 2019/20-based CPI(A).

(a) Accommodation services sector covers hotels, guesthouses, boarding houses and other establishments providing short-term accommodation.

(b) Excluding stock, commodity and bullion brokers; and exchanges and services companies.

**Table 20 : Monthly wage level and distribution analysed  
by industry section : all employees**

(HK\$)

Industry sections	May – Jun 2023			May – Jun 2024		
	25th percentile	50th percentile	75th percentile	25th percentile	50th percentile	75th percentile
Manufacturing <sup>(a)</sup>	15,800	18,900	30,000	16,400	19,600	31,300
Electricity and gas supply; sewerage, waste management and remediation activities	22,000	29,800	44,800	22,300	31,000	46,400
Construction	19,700	24,600	32,000	20,500	25,700	33,200
Import and export trade	15,300	19,900	29,000	16,000	20,800	29,600
Wholesale	13,800	16,300	22,500	14,300	17,200	23,600
Retail trade	11,400	14,100	18,500	11,500	14,500	18,600
<i>within which:</i>						
Supermarkets and convenience stores	8,100	12,500	15,000	8,100	12,800	15,700
Other retail stores	12,000	14,800	18,800	12,300	15,200	19,300
Land transport	15,500	20,600	27,600	16,000	21,300	28,600
Other transportation, storage, postal and courier services <sup>(b)</sup>	14,400	19,400	25,000	15,000	20,800	26,100
Food and beverage services	11,000	14,700	19,000	11,300	15,300	19,500
<i>within which:</i>						
Hong Kong style tea cafes	12,500	14,600	18,700	13,000	15,300	19,300
Chinese restaurants	13,500	16,300	22,100	14,100	17,100	23,000
Restaurants, other than Chinese	13,000	15,500	19,400	13,600	16,200	20,500
Fast food cafes <sup>(c)</sup>	4,900	11,000	14,700	5,000	11,300	15,000
Other food and beverage services	8,700	13,700	17,500	9,200	14,300	18,400
Accommodation services <sup>(d)</sup>	14,500	17,100	21,500	14,900	18,000	22,100
Information and communications	17,600	26,000	37,100	18,000	27,300	38,200
Financing and insurance	20,400	31,600	50,300	21,200	32,800	52,200
Real estate activities <sup>(e)</sup>	15,600	23,500	35,300	16,000	24,200	36,200
Estate management, security and cleaning services	11,400	14,200	17,000	11,700	14,700	17,700
<i>within which:</i>						
Real estate maintenance management	13,300	15,700	18,700	13,800	16,300	18,900
Security services <sup>(f)</sup>	12,400	15,000	17,700	13,000	15,600	18,500
Cleaning services	9,000	11,200	12,800	9,200	11,700	13,100
Membership organisations <sup>(g)</sup>	12,500	14,900	24,400	13,000	15,700	24,500
Professional, scientific and technical services	16,600	26,700	39,200	17,000	27,900	41,000
Administrative and support services activities	13,000	18,700	28,600	13,500	19,600	29,000
Travel agency, reservation service and related activities	11,500	15,500	22,700	12,000	16,200	23,500
Education and public administration (excluding the Government)	15,100	31,800	52,900	15,300	32,800	53,800
Human health activities; and beauty and body prettifying treatment	15,500	20,700	40,000	16,300	21,500	41,900
Miscellaneous activities	11,700	14,700	18,000	12,300	15,100	18,100
<i>within which:</i>						
Elderly homes	14,400	16,100	19,000	15,000	16,700	19,800
Laundry and dry cleaning services	8,600	12,900	15,500	9,000	13,200	15,800
Hairdressing and other personal services	10,400	13,700	16,200	10,800	14,000	16,700
Local courier services	8,500	12,200	16,000	9,000	13,100	17,000
Food processing and production	12,600	14,500	18,800	13,000	15,100	18,900
Other activities not classified above	14,200	18,100	28,000	15,000	18,900	29,100
<b>All industry sections above</b>	<b>14,300</b>	<b>19,800</b>	<b>31,100</b>	<b>14,800</b>	<b>20,500</b>	<b>32,000</b>

Notes: Monthly wages figures are rounded to the nearest hundred of Hong Kong dollar.

(a) Excluding food processing and production.

(b) Excluding local courier services.

(c) Including takeaway shops.

(d) Including hotels, guesthouses, boarding houses and other establishments providing short term accommodation.

(e) Excluding real estate maintenance management.

(f) Including investigation activities and services to buildings and landscape care activities.

(g) Including incorporated owners/tenants committees, kaifong welfare associations, etc.



**Table 21 : Hourly wage level and distribution analysed  
by industry section : all employees**

(HK\$)

Industry sections	May – Jun 2023			May – Jun 2024		
	25th percentile	50th percentile	75th percentile	25th percentile	50th percentile	75th percentile
Manufacturing <sup>(a)</sup>	59.6	77.4	114.1	62.7	80.6	118.7
Electricity and gas supply; sewerage, waste management and remediation activities	80.6	116.7	186.9	84.0	122.2	188.2
Construction	85.0	106.9	135.9	88.5	110.7	142.9
Import and export trade	62.6	84.2	121.5	65.2	87.4	126.5
Wholesale	56.1	69.4	90.9	59.1	72.8	94.0
Retail trade	48.6	57.1	70.1	50.0	59.1	74.1
<i>within which:</i>						
Supermarkets and convenience stores	45.5	51.2	62.5	47.3	53.0	61.2
Other retail stores	50.0	59.2	76.1	51.7	61.5	79.2
Land transport	61.5	84.4	106.3	64.5	87.5	106.5
Other transportation, storage, postal and courier services <sup>(b)</sup>	55.0	71.4	96.8	57.3	74.9	99.7
Food and beverage services	50.0	57.6	70.0	52.4	60.0	72.8
<i>within which:</i>						
Hong Kong style tea cafes	51.9	57.0	70.0	53.9	60.0	72.2
Chinese restaurants	51.4	58.0	78.6	53.8	60.8	81.9
Restaurants, other than Chinese	53.7	59.3	74.0	56.9	62.0	75.0
Fast food cafes <sup>(c)</sup>	45.2	51.3	60.3	47.0	53.1	63.0
Other food and beverage services	50.2	55.0	67.7	52.6	57.7	71.3
Accommodation services <sup>(d)</sup>	51.3	62.0	78.1	53.7	64.2	81.5
Information and communications	72.1	100.8	157.3	74.1	105.6	165.6
Financing and insurance	80.3	120.1	197.1	84.5	124.6	204.4
Real estate activities <sup>(e)</sup>	67.0	95.8	145.4	68.6	98.4	145.8
Estate management, security and cleaning services	44.9	51.0	62.3	46.8	53.0	65.7
<i>within which:</i>						
Real estate maintenance management	45.0	51.0	66.6	46.9	53.3	69.0
Security services <sup>(f)</sup>	43.9	50.0	59.4	46.5	52.2	63.9
Cleaning services	43.5	50.0	57.5	46.1	51.9	60.0
Membership organisations <sup>(g)</sup>	50.0	62.7	93.2	51.7	64.1	96.8
Professional, scientific and technical services	68.8	104.8	166.1	71.4	107.6	169.2
Administrative and support services activities	54.7	76.7	118.5	57.7	79.7	121.0
Travel agency, reservation service and related activities	52.2	68.2	99.3	53.8	71.1	100.8
Education and public administration (excluding the Government)	71.5	140.8	224.8	73.6	146.2	225.0
Human health activities; and beauty and body prettifying treatment	66.4	96.7	169.4	68.6	99.1	175.9
Miscellaneous activities	48.4	55.9	71.0	50.0	57.9	72.7
<i>within which:</i>						
Elderly homes	47.0	58.0	78.7	48.7	60.0	79.2
Laundry and dry cleaning services	49.8	54.0	63.7	50.0	55.1	66.5
Hairdressing and other personal services	49.3	55.2	64.5	50.0	57.3	66.2
Local courier services	45.0	55.0	68.8	47.3	56.3	67.5
Food processing and production	48.9	56.8	75.3	51.4	59.1	75.3
Other activities not classified above	58.7	76.1	113.7	61.8	79.3	118.1
<b>All industry sections above</b>	<b>57.0</b>	<b>80.1</b>	<b>127.6</b>	<b>59.2</b>	<b>82.9</b>	<b>131.5</b>

Notes: Hourly wages figures are rounded to the nearest ten cents of Hong Kong dollar.

(a) Excluding food processing and production.

(b) Excluding local courier services.

(c) Including takeaway shops.

(d) Including hotels, guesthouses, boarding houses and other establishments providing short term accommodation.

(e) Excluding real estate maintenance management.

(f) Including investigation activities and services to buildings and landscape care activities.

(g) Including incorporated owners/tenants committees, kaifong welfare associations, etc.

**Table 22 : Rates of change in prices**

	(%)							
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
GDP deflator	3.6	1.6	2.9	3.7	2.0	0.6	0.7	1.7
Domestic demand deflator	2.2	1.4	2.8	3.4	2.4	0.6	-0.8	2.1
Consumer Price Indices <sup>(a)</sup> :								
Composite CPI	3.0	2.4	1.5	2.4	2.9	0.3	1.6	1.9
CPI(A)	4.0	2.8	1.5	2.7	3.3	-0.6	2.9	2.2
CPI(B)	2.9	2.3	1.4	2.3	2.7	0.6	1.0	1.7
CPI(C)	2.1	2.1	1.5	2.2	2.6	0.8	0.9	1.8
Unit Value Indices :								
Total exports of goods	0.1	-1.7	1.8	2.4	1.1	-0.6	5.4	7.8
Imports of goods	-0.4	-1.7	1.9	2.6	1.3	-0.7	5.5	8.1
Terms of Trade Index <sup>(b)</sup>	0.5	*	-0.1	-0.1	-0.1	*	*	-0.3
Producer Price Index for all manufacturing industries	-2.7	1.3	3.8	2.0	1.0	2.3	1.2	0.8
Tender Price Indices :								
Public sector								
building projects	5.9	1.0	-0.3	-2.9	-2.6	-3.0	1.0	5.5
Public housing projects	12.5	-0.7	0.3	-1.9	-1.8	-2.7	1.8	5.3

Notes: (a) The year-on-year rates of change before October 2020 were derived using the index series in the base periods at that time (for instance the 2014/15-based index series), compared with the index a year earlier in the same base period.

(b) Derived from merchandise trade index numbers.

(#) Figures are subject to revision later on as more data become available.

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

N.A. Not yet available.

**Table 22 : Rates of change in prices (Cont'd)**

(%)

	<u>2023</u>	<u>2024</u>	<u>2024</u>			<u>2025</u>	Average annual rate of change:	
			Q2	Q3	Q4	Q1	10 years 2014 to 2024	5 years 2019 to 2024
GDP deflator <sup>#</sup>	2.9	3.8	4.5	4.3	2.8	1.2	2.4	1.9
Domestic demand deflator <sup>#</sup>	3.7	2.4	2.4	2.2	2.0	2.0	2.0	1.6
Consumer Price Indices <sup>(a)</sup> :								
Composite CPI	2.1	1.7	1.2	2.4	1.4	1.6	2.0	1.5
CPI(A)	2.3	2.1	1.4	3.1	1.7	2.2	2.3	1.7
CPI(B)	2.0	1.6	1.2	2.1	1.3	1.4	1.8	1.4
CPI(C)	2.0	1.5	1.2	1.9	1.2	1.2	1.7	1.4
Unit Value Indices :								
Total exports of goods	4.4	3.6	3.9	3.4	2.9	1.9	2.4	4.1
Imports of goods	3.9	3.2	3.1	2.6	2.6	2.0	2.3	4.0
Terms of Trade Index <sup>(b)</sup>	0.4	0.4	0.8	0.7	0.3	-0.1	0.1	0.1
Producer Price Index for all manufacturing industries	1.6	2.9	3.1	3.2	4.1	N.A.	1.4	1.8
Tender Price Indices :								
Public sector								
building projects	4.3	2.4	2.5	2.5	1.5	N.A.	1.1	2.0
Public housing projects	4.3	3.2	4.0	3.7	2.3	N.A.	1.9	2.4

**Table 23 : Rates of change in Composite Consumer Price Index**

(%)

	Weight <sup>^</sup>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>All items</b>	<b>100.00</b>	<b>3.0</b> <b>(2.5)</b>	<b>2.4</b> <b>(2.3)</b>	<b>1.5</b> <b>(1.7)</b>	<b>2.4</b> <b>(2.6)</b>	<b>2.9</b> <b>(3.0)</b>	<b>0.3</b> <b>(1.3)</b>	<b>1.6</b> <b>(0.6)</b>
Food	26.49	4.0	3.4	2.2	3.4	4.9	3.3	1.7
<i>Meals out and takeaway food</i>	17.39	4.2	3.3	2.7	2.9	2.2	0.8	1.8
<i>Basic food</i>	9.10	3.4	3.6	1.1	4.3	9.9	7.7	1.4
Housing <sup>(a)</sup>	38.48	5.1	3.7	2.0	2.5	3.5	-0.1	0.3
<i>Private housing rent</i>	33.58	4.7	3.4	1.8	2.2	3.1	1.1	-1.3
<i>Public housing rent</i>	1.97	10.9	7.2	3.0	4.1	7.1	-21.0	29.3
Electricity, gas and water	3.07	8.4	1.0	-1.7	4.9	-5.4	-20.6	27.0
Alcoholic drinks and tobacco	0.52	1.3	1.5	0.6	1.3	1.2	0.5	0.1
Clothing and footwear	2.74	-1.8	-3.4	-0.4	1.6	-1.7	-5.2	3.3
Durable goods	4.30	-5.6	-5.4	-3.2	-2.0	-1.9	-2.7	1.0
Miscellaneous goods	3.38	0.9	1.5	1.4	1.3	2.5	3.1	-3.1
Transport	7.28	-0.3	1.6	2.3	1.6	2.0	-1.0	2.6
Miscellaneous services	13.74	1.1	2.3	0.9	2.1	2.0	0.8	0.7

Notes: The year-on-year rates of change before October 2020 were derived using the index series in the base periods at that time (for instance the 2014/15-based index series), compared with the index a year earlier in the same base period. Figures in brackets represent the underlying rates of change after netting out the effects of Government's one-off relief measures.

(a) Apart from "Private housing rent" and "Public housing rent", the "Housing" section also includes "Management fees and other housing charges".

(<sup>^</sup>) These are expenditure weights of the reference period 2023, which are used for the compilation of CPIs since the reference month of April 2024.

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

**Table 23 : Rates of change in Composite Consumer Price Index (Cont'd)**

(%)										
	Weight^	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>			<u>2025</u>	Average annual rate of change:	
					Q2	Q3	Q4	Q1	10 years 2014 to 2024	5 years 2019 to 2024
<b>All items</b>	<b>100.00</b>	<b>1.9</b> <b>(1.7)</b>	<b>2.1</b> <b>(1.7)</b>	<b>1.7</b> <b>(1.1)</b>	<b>1.2</b> <b>(1.0)</b>	<b>2.4</b> <b>(1.1)</b>	<b>1.4</b> <b>(1.2)</b>	<b>1.6</b> <b>(1.2)</b>	<b>2.0</b> <b>(1.9)</b>	<b>1.5</b> <b>(1.4)</b>
Food	26.49	3.8	2.7	1.5	1.8	1.6	0.9	0.5	3.1	2.6
<i>Meals out and takeaway food</i>	17.39	3.4	4.0	2.6	3.0	2.3	1.7	1.4	2.8	2.5
<i>Basic food</i>	9.10	4.5	0.5	-0.3	*	0.3	-0.4	-1.1	3.6	2.7
Housing <sup>(a)</sup>	38.48	0.2	1.0	2.1	1.1	3.3	0.9	1.5	2.0	0.7
<i>Private housing rent</i>	33.58	-0.6	0.5	1.4	0.5	2.4	0.6	0.8	1.6	0.2
<i>Public housing rent</i>	1.97	9.6	4.4	7.2	1.2	13.6	1.3	10.5	5.5	4.6
Electricity, gas and water	3.07	7.2	9.6	-0.3	-6.7	4.5	9.9	13.5	2.3	3.2
Alcoholic drinks and tobacco	0.52	1.3	17.0	19.6	21.0	21.4	21.4	14.7	4.2	7.4
Clothing and footwear	2.74	5.3	5.8	-0.5	0.4	-1.5	-2.3	-2.7	0.2	1.7
Durable goods	4.30	0.6	-2.4	-1.0	-0.8	-0.7	-0.9	-0.9	-2.3	-0.9
Miscellaneous goods	3.38	0.4	1.7	1.2	1.0	1.0	1.3	1.1	1.1	0.8
Transport	7.28	2.9	1.9	2.0	1.9	2.2	1.7	2.8	1.5	1.6
Miscellaneous services	13.74	1.3	2.6	2.4	2.2	2.3	2.0	1.7	1.6	1.6

**Table 24 : Rates of change in implicit price deflators of GDP  
and its main expenditure components**

(%)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Private consumption expenditure	1.2	1.5	2.5	3.1	2.7	0.6	-0.6
Government consumption expenditure	4.4	3.7	2.5	3.3	4.7	2.1	0.7
Gross domestic fixed capital formation	4.5	-0.3	4.4	4.6	-0.1	-1.5	-2.1
Total exports of goods	-0.7	-1.4	1.7	2.2	1.1	0.1	5.1
Imports of goods	-1.4	-1.8	1.8	2.3	1.3	0.1	4.9
Exports of services	-2.8	-2.0	3.2	4.5	-0.3	-0.4	14.5
Imports of services	-4.6	-1.3	2.7	2.8	-1.0	-0.9	9.9
<b>Gross Domestic Product</b>	<b>3.6</b>	<b>1.6</b>	<b>2.9</b>	<b>3.7</b>	<b>2.0</b>	<b>0.6</b>	<b>0.7</b>
Total final demand	*	-0.6	2.2	2.8	1.4	0.2	3.7
Domestic demand	2.2	1.4	2.8	3.4	2.4	0.6	-0.8

Notes: Figures in this table are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.

(#) Figures are subject to revision later on as more data become available.

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

**Table 24 : Rates of change in implicit price deflators of GDP  
and its main expenditure components (Cont'd)**

	(%)								
	<u>2022</u>	<u>2023<sup>#</sup></u>	<u>2024<sup>#</sup></u>	<u>2024</u>			<u>2025</u>	Average annual rate of change:	
				Q2 <sup>#</sup>	Q3 <sup>#</sup>	Q4 <sup>#</sup>	Q1 <sup>#</sup>	10 years 2014 to 2024 <sup>#</sup>	5 years 2019 to 2024 <sup>#</sup>
Private consumption expenditure	2.3	4.9	3.0	3.3	2.9	2.3	1.8	2.1	2.0
Government consumption expenditure	2.6	2.5	1.9	1.5	1.9	2.3	2.4	2.8	2.0
Gross domestic fixed capital formation	1.0	0.5	0.4	-1.2	0.2	0.9	2.3	1.1	-0.4
Total exports of goods	6.8	4.2	4.2	4.4	4.2	4.0	3.5	2.3	4.0
Imports of goods	7.3	4.3	4.0	3.8	3.6	3.9	4.4	2.3	4.1
Exports of services	6.3	-2.0	5.8	6.0	7.5	4.5	1.8	2.6	4.7
Imports of services	4.4	-0.6	1.7	1.3	3.3	1.3	-0.7	1.2	2.8
<b>Gross Domestic Product</b>	<b>1.7</b>	<b>2.9</b>	<b>3.8</b>	<b>4.5</b>	<b>4.3</b>	<b>2.8</b>	<b>1.2</b>	<b>2.4</b>	<b>1.9</b>
Total final demand	5.2	3.4	3.8	3.8	3.8	3.3	2.8	2.2	3.2
Domestic demand	2.1	3.7	2.4	2.4	2.2	2.0	2.0	2.0	1.6

