



2024 Economic Background and 2025 Prospects

Government of the Hong Kong
Special Administrative Region

***2024 ECONOMIC BACKGROUND
AND
2025 PROSPECTS***

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

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CHAPTER 1 : OVERVIEW OF ECONOMIC PERFORMANCE IN 2024

Summary

- *The Hong Kong economy posted moderate growth in 2024, mainly supported by the external sector. Real Gross Domestic Product (GDP)⁽¹⁾ grew by 2.5% in 2024. Total exports of goods reverted to growth. Exports of services continued to increase. Overall investment expenditure expanded further. However, private consumption expenditure turned to a slight decline.*
- *Hong Kong's total exports of goods resumed growth in 2024, thanks to improved external demand for goods. Exports to the Mainland rebounded sharply. Exports to the US turned to an increase, and those to the EU recorded a narrowed decline. Exports to the Association of Southeast Asian Nations (ASEAN) markets revived notably, while those to some high-income Asian economies continued to decline. Meanwhile, exports of services saw a broad-based expansion in 2024. Exports of financial services as well as business and other services resumed growth. Exports of transport services grew further. Exports of travel services continued to grow, though at a moderated pace due to the change in consumption patterns of visitors.*
- *Domestically, private consumption expenditure turned to a slight decline in 2024 amid the change in consumption patterns of residents. Meanwhile, overall investment expenditure showed further expansion alongside the economic growth.*
- *The labour market remained tight in 2024. The seasonally adjusted unemployment rate stayed low at 3.1% in the fourth quarter of 2024. The underemployment rate also stayed low.*
- *The local stock market displayed considerable volatility in 2024. The Hang Seng Index (HSI) soared to a two-year high of 23 100 on 7 October after the US Federal Reserve (the Fed) started to cut interest rates in September, before retreating to close the year at 20 060, up 17.7% over a year earlier. The residential property market stayed subdued in most of 2024 before showing some stabilisation in the latter part of the year. Trading activities in 2024 as a whole rebounded notably from a low base in 2023. Flat prices went down by another 7% during the year.*

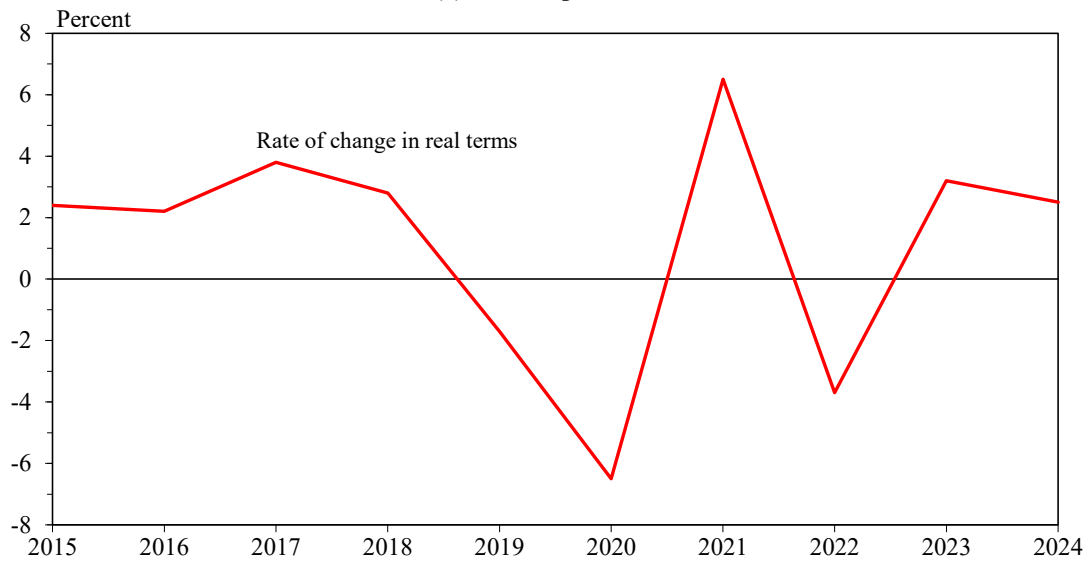
- *Underlying consumer price inflation was mild in 2024. Food prices as a whole saw modest increases alongside narrowing increases in prices of meals out and takeaway food over the course of the year. Prices of electricity fell visibly. Private housing rentals showed tepid increases. Price pressures on other major components remained broadly in check. The underlying Composite Consumer Price Index (Composite CPI) rose by 1.1% in 2024, compared to 1.7% in 2023.*

Overall situation

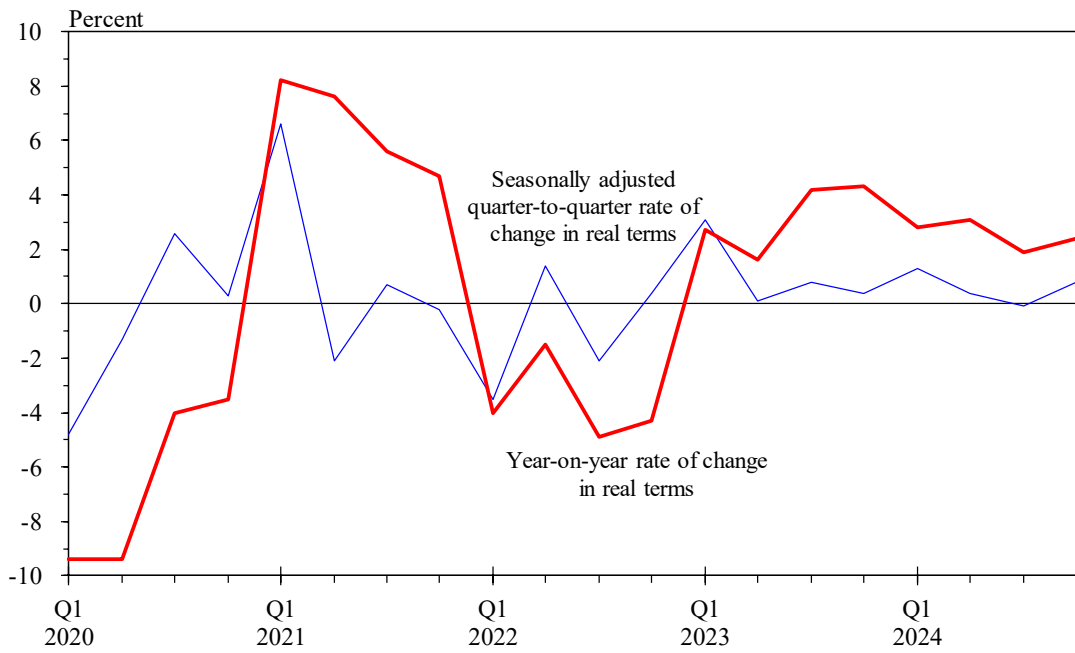
1.1 The Hong Kong economy posted moderate growth in 2024, mainly supported by the external sector. Total exports of goods reverted to growth. Exports of services continued to increase. Overall investment expenditure expanded further. However, private consumption expenditure turned to a slight decline. Real GDP grew by 2.5% in 2024, after an increase of 3.2% in the preceding year. The year-on-year growth rates were 2.8%, 3.1%, 1.9% and 2.4% respectively in the four quarters. The labour market remained tight during the year. Underlying consumer price inflation was mild.

Diagram 1.1 : The Hong Kong economy posted moderate growth in 2024

(a) Annual profile



(b) Quarterly profile



The external sector

1.2 Thanks to improved external demand for goods, *total exports of goods* based on the GDP compilation framework resumed growth of 4.7% in real terms in 2024, after falling by 10.0% in 2023. Analysed by major market and by reference to external merchandise trade statistics, exports to the Mainland rebounded sharply. Exports to the US turned to an increase, and those to the EU recorded a narrowed decline. Exports to ASEAN markets revived notably, while those to some high-income Asian economies continued to decline.

1.3 *Exports of services* saw a broad-based expansion of 4.8% in real terms in 2024, further to visible growth of 19.5% in 2023. Exports of financial services turned to an increase as cross-border financial and fund raising activities improved. Exports of business and other services also resumed growth alongside the economic expansion. Exports of transport services grew further in tandem with increased visitor arrivals and regional trade flows. Exports of travel services continued to grow, though at a moderated pace due to the change in consumption patterns of visitors.

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

	<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>
<i>Change in real terms of GDP and its main expenditure components (%)</i>										
Private consumption Expenditure	6.8	-0.6	12.2 (0.9)	7.6 (3.3)	5.8 (-0.8)	2.5 (-0.9)	1.0 (-0.6)	-1.7 (0.5)	-1.3 (-0.3)	-0.2 (0.2)
Government consumption expenditure	-3.9	1.0	1.1 (-2.4)	-8.9 (-3.8)	-3.4 (0.9)	-4.7 (0.5)	-1.5 (1.1)	2.0 (-0.5)	1.7 (0.5)	2.0 (0.7)
Gross domestic fixed capital formation	11.4	2.4	9.2	-1.0	21.9	17.2	0.4	4.4	5.7	-0.9
Building and construction	9.1	3.1	2.6	10.5	17.0	6.9	9.7	10.1	-0.7	-6.5
Costs of ownership transfer	-5.1	14.6	17.5	-9.3	-18.0	-11.8	-29.2	32.4	7.6	76.8
Machinery, equipment and intellectual property products	19.5	-0.8	24.2	-17.9	41.1	42.4	-12.0	-14.4	16.5	0.9
Total exports of goods ^{&}	-10.0	4.7	-18.6 (0.4)	-14.8 (-0.3)	-8.5 (0.9)	2.8 (3.1)	6.7 (2.9)	7.4 (*)	4.0 (-2.0)	1.3 (0.3)
Imports of goods ^{&}	-8.3	2.4	-14.4 (2.0)	-15.7 (-0.3)	-5.9 (0.9)	3.8 (2.0)	3.3 (0.7)	3.4 (-0.4)	2.8 (0.5)	0.4 (-0.4)
Exports of services ^{&}	19.5	4.8	14.3 (10.6)	21.9 (6.3)	21.9 (1.6)	20.2 (1.4)	9.5 (-0.1)	1.3 (-1.4)	2.9 (3.3)	5.6 (3.7)
Imports of services ^{&}	25.6	11.5	21.4 (11.7)	27.5 (6.1)	28.3 (3.2)	25.2 (3.5)	18.4 (3.9)	11.8 (0.4)	8.9 (1.2)	7.8 (2.3)
Gross Domestic Product	3.2	2.5	2.7 (3.1)	1.6 (0.1)	4.2 (0.8)	4.3 (0.4)	2.8 (1.3)	3.1 (0.4)	1.9 (-0.1)	2.4 (0.8)
<i>Change in the main price indicators (%)</i>										
GDP deflator	2.9	3.8	2.2 (0.9)	2.8 (0.8)	2.5 (0.9)	4.0 (1.4)	3.7 (0.7)	4.3 (1.3)	4.6 (1.0)	2.9 (*)
Composite CPI										
Headline	2.1	1.7	1.9 (0.6)	2.0 (0.3)	1.9 (0.3)	2.6 (1.3)	1.9 (*)	1.2 (-0.4)	2.4 (1.5)	1.4 (0.3)
Underlying[^]	1.7	1.1	1.9 (0.6)	1.7 (0.4)	1.6 (0.2)	1.6 (0.3)	1.0 (*)	1.0 (0.4)	1.1 (0.4)	1.2 (0.5)
<i>Change in nominal GDP (%)</i>	6.2	6.5	5.0	4.4	6.8	8.5	6.6	7.5	6.6	5.3

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⁽²⁾.

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

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

The domestic sector

1.4 Consumption activities declined slightly in 2024 amid the change in consumption patterns of residents. After a mild increase in the first quarter, *private consumption expenditure* declined in the subsequent quarters, but the rate of decline narrowed towards the end of the year. For 2024 as a whole, private consumption expenditure declined by 0.6% in real terms, after an increase of 6.8% in 2023. Meanwhile, *government consumption expenditure* increased by 1.0% in real terms in 2024, after a 3.9% decline in 2023.

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

Of which :

		Total consumer spending in the domestic market ^(a)	Food	Durables	Non- durables	Services	Residents' expenditure abroad	Visitor spending	Private consumption expenditure ^(b)
2023	Annual	7.9	3.8	5.0	18.1	6.1	296.7	499.5	6.8
	H1	10.8	7.1	16.4	21.2	7.7	381.5	601.2	9.8
	H2	5.2	0.5	-3.3	15.2	4.5	247.6	434.3	4.1
	Q1	13.2	10.8	17.0	27.1	9.6	332.2	485.5	12.2
	Q2	8.5	4.0	15.7	16.6	6.0	428.4	735.8	7.6
	Q3	6.8	2.1	2.8	17.2	5.4	381.9	740.4	5.8
	Q4	3.7	-1.1	-7.6	13.4	3.8	177.0	300.6	2.5
2024	Annual	-2.0	-3.3	-13.8	-9.6	2.3	27.2	7.7	-0.6
	H1	-2.0	-5.2	-13.0	-8.1	2.0	39.7	14.7	-0.4
	H2	-2.0	-1.3	-14.5	-11.1	2.6	17.1	1.8	-0.7
	Q1	0.2	-4.2	-11.8	1.8	2.2	59.7	42.6	1.0
	Q2	-4.1	-6.1	-14.4	-16.4	1.7	24.1	-8.0	-1.7
	Q3	-2.9	-1.7	-15.7	-13.6	1.8	17.3	-2.6	-1.3
	Q4	-1.1	-0.8	-13.5	-8.8	3.2	16.9	5.8	-0.2

- 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 declined slightly in 2024

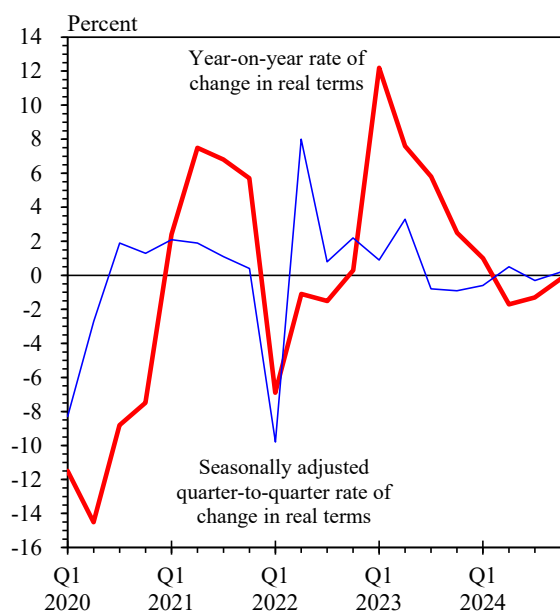
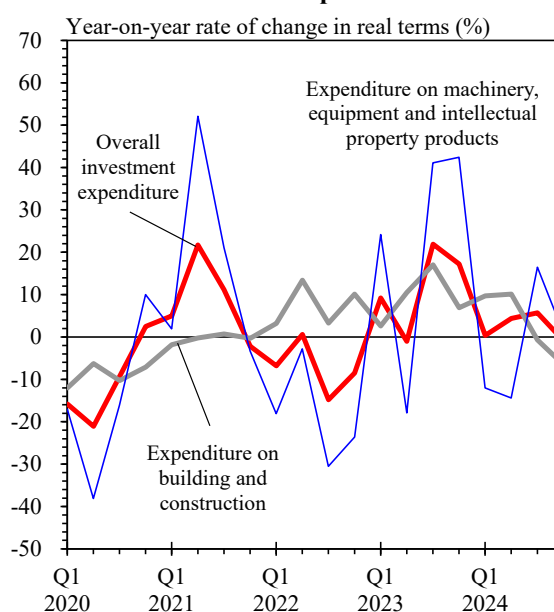


Diagram 1.3 : Overall investment expenditure increased in 2024 in tandem with the economic expansion



1.5 Overall investment spending in terms of *gross domestic fixed capital formation* increased by 2.4% in real terms in 2024 in tandem with the economic expansion, further to an 11.4% increase in 2023. Expenditure on building and construction rose by 3.1%, supported by the increase in public sector spending. Expenditure on acquisitions of machinery, equipment and intellectual property products declined slightly by 0.8%. Separately, the costs of ownership transfer jumped as the overall number of property transactions rebounded notably.

Box 1.1

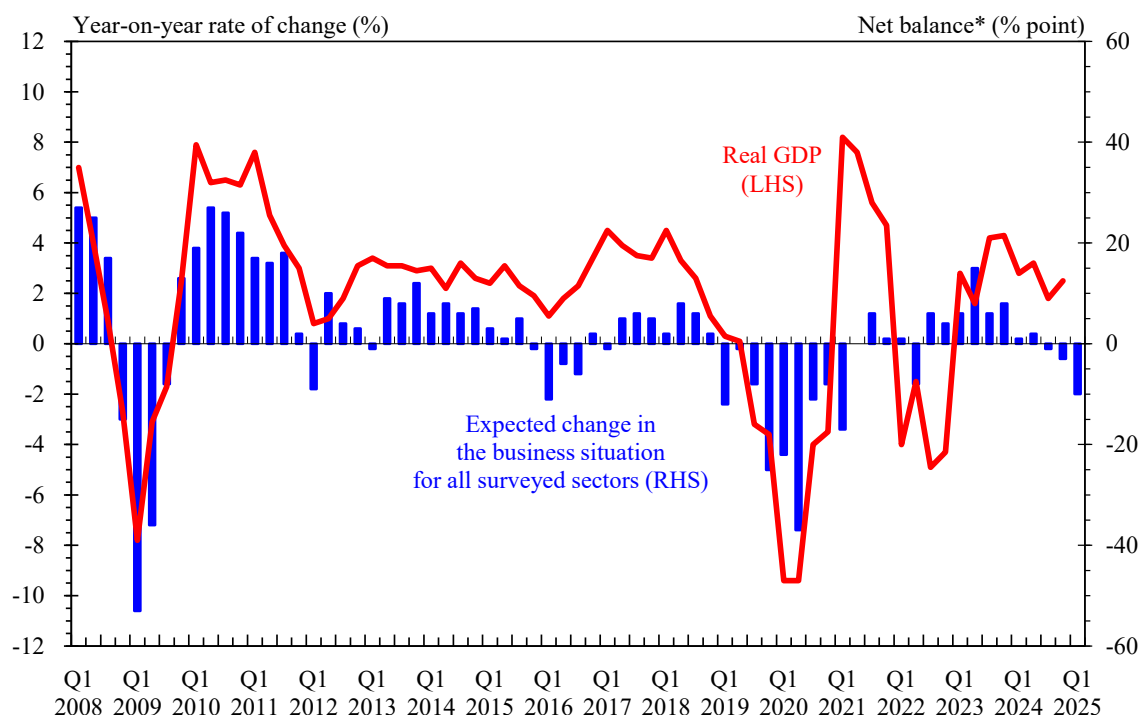
Business sentiment in Hong Kong

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. Survey results suggested that business sentiment showed signs of improvements on entering the fourth quarter of 2024 before turning more cautious recently amid heightened external uncertainties.

According to the results of the Census and Statistics Department (C&SD)'s Quarterly Business Tendency Survey (QBTS)⁽¹⁾ conducted during 3 December 2024 to 7 January 2025, business sentiment among large enterprises in Hong Kong weakened in the first quarter of 2025 amid increased uncertainties in the external environment (*Chart 1*). The proportion of large enterprises expecting their business situation to improve in the first quarter of 2025 over the fourth quarter of 2024 was smaller than the proportion of those expecting the situation to worsen by 10 percentage points (i.e. a net balance of -10), following the net balance of -3 in the previous round.

Business sentiment of large enterprises weakened in most sectors (*Table 1*). The net balances for “construction”, “manufacturing”, “information and communications”, “import/export trade and wholesale”, “retail”, “transportation, storage and courier services” and “accommodation and food services” sectors fell by varying degrees within the negative zone. Those for “professional and business services” and “real estate” sectors fell into the negative zone. Meanwhile, the net balance for “financing and insurance” sector improved within the positive zone. Large enterprises’ appetite for hiring also weakened (*Table 2*).

Chart 1 : Latest business sentiment of large enterprises weakened amid increased uncertainties in the external environment



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 weakened in most sectors

QBTS: Expected changes in business situation						
	Net balance* (% point)					
	2023	2024				2025
	Q4	Q1	Q2	Q3	Q4	Q1
Manufacturing	-2	+2	+8	-2	-19	-22
Construction	+1	-9	-11	-16	-12	-14
Import/export trade and wholesale	+5	-9	-9	-1	-8	-15
Retail	+32	+3	-16	-16	-19	-31
Accommodation and food services	+33	+9	+7	+6	-3	-36
Transportation, storage and courier services	+11	+5	+4	-2	-1	-27
Information and communications	+9	-4	+1	-3	-5	-11
Financing and insurance	+10	+14	+19	+7	+2	+10
Real estate	+6	-6	+8	0	+6	-15
Professional and business services	+1	+1	-9	-3	+3	-8
All sectors above	+8	+1	+2	-1	-3	-10

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 also weakened

QBTS: Expected changes in number of persons engaged						
	Net balance* (% point)					
	2023	2024				2025
	Q4	Q1	Q2	Q3	Q4	Q1
Manufacturing	+11	+13	+7	+13	+3	+4
Construction	+2	-8	+11	+3	-7	-12
Import/export trade and wholesale	+1	-1	+1	0	+4	-4
Retail	+14	+7	+6	+3	+2	0
Accommodation and food services	+23	+21	+11	+4	-7	-5
Transportation, storage and courier services	+8	+8	+9	+9	+10	-2
Information and communications	-2	-11	-15	-8	-4	-7
Financing and insurance	+10	+10	+12	+7	+5	+9
Real estate	+19	+10	+15	+9	+9	-1
Professional and business services	+6	+6	+5	-3	-3	-5
All sectors above	+9	+6	+7	+3	+1	-3

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⁽²⁾ 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 increased to 43.9 in December 2024 before retreating somewhat to 43.1 in January 2025, though remaining higher than 41.6 in September 2024 (*Chart 2a*). During the period from September 2024 to January 2025, employment sentiment among SMEs saw some improvement, and credit conditions stayed accommodative. Meanwhile, the Standard Chartered Hong Kong SME Leading Business Index⁽³⁾ declined in the first quarter of 2025, though still higher than that in the third quarter.

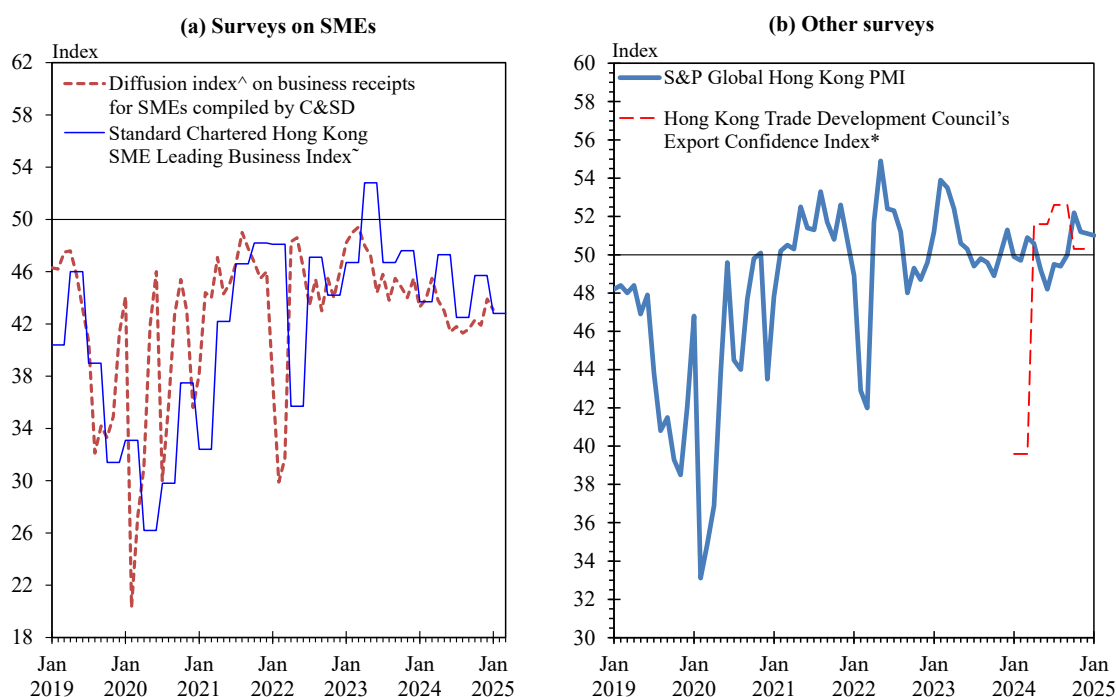
As for other surveys in the public domain, the S&P Global Purchasing Managers’ Index (PMI) of Hong Kong⁽⁴⁾, which gauges the performance of the private sector’s business activity, stayed in the expansionary zone throughout the fourth quarter of 2024 and in January 2025. The latest Hong Kong Trade Development Council (HKTDC) Export Confidence Index⁽⁵⁾, compiled based on information collected during 1 to 15 November 2024, indicated increased caution among exporters in the midst of the uncertain global trading environment. That said, exporters remained relatively more optimistic about the ASEAN and Mainland markets. Among the exporters surveyed, the top three challenges to their businesses in the next twelve months were rising labour and production costs, rising transport costs, and China-US trade friction and geopolitical conflict diminishing export confidence.

(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 : Other selected survey results generally showed some improvement on entering the fourth quarter of 2024



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. Survey results suggested that business sentiment showed signs of improvements on entering the fourth quarter of 2024 before turning more cautious recently amid heightened external uncertainties. Looking ahead, global economic uncertainties would continue to weigh on business environment. Yet, the various measures introduced by the Central Government to boost the Mainland economy and benefit Hong Kong, together with the SAR Government’s various initiatives to lift market sentiment and create new impetus for economic development, should bode well for business sentiment.

- (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

1.6 The labour market remained tight in 2024. The seasonally adjusted *unemployment rate* stayed low at 3.1% in the fourth quarter, slightly higher than the 2.9% a year ago. The *underemployment rate* also stayed low at 1.1% in the fourth quarter, though edging up from 1.0% a year ago. The unemployment rates of various major sectors remained generally low, though the unemployment rates of some sectors were higher than a year ago. Wages and labour earnings attained decent year-on-year increases throughout the year.

The asset markets

1.7 The *local stock market* displayed considerable volatility in 2024. Weighed by heightened geopolitical tensions and tempered expectations for US interest rate cuts, the HSI hit a low of 14 961 in late January and remained under pressure in the first quarter. The market rebounded briefly following the announcement of enhancement measures on mutual access between the capital markets of the Mainland and Hong Kong in late April, before cooling down again amid uncertainties surrounding the economic outlook of the major economies. The HSI then rallied after the Fed's 50-basis-point interest rate cut on 18 September and the Central Government's subsequent launch of a package of stimulus measures to boost the Mainland economy. The HSI soared to a two-year high of 23 100 on 7 October before retreating somewhat and closed the year at 20 060, 17.7% higher than end-2023. Trading activities regained momentum during the year especially in the fourth quarter, with the average daily turnover expanding by 25.5% to \$131.8 billion for 2024 as a whole. Fund raising activities revived notably in the latter part of the year. For the year as a whole, total equity capital raised increased by 22.9% over the low base of comparison in 2023 to \$191.8 billion. Within the total, the amount of funds raised through Initial Public Offerings (IPOs) almost doubled to \$88.0 billion. Hong Kong ranked fourth among stock exchange markets globally in terms of the amount of funds raised through IPOs in 2024.

1.8 The *residential property market* stayed subdued in most of 2024 before showing some stabilisation in the latter part of the year. After a temporary uptick following the cancellation of all demand-side management measures (DSMMs) announced in the first quarter, the market eased back in the second and third quarters amid tight financial conditions and an uncertain global environment. It then stabilised after the US started to cut interest rates in September, later also supported by the adjustment to the maximum loan-to-value ratio and the debt servicing ratio limit. For the year as a whole, the number of transactions, in terms of the total number of sale and purchase agreements for

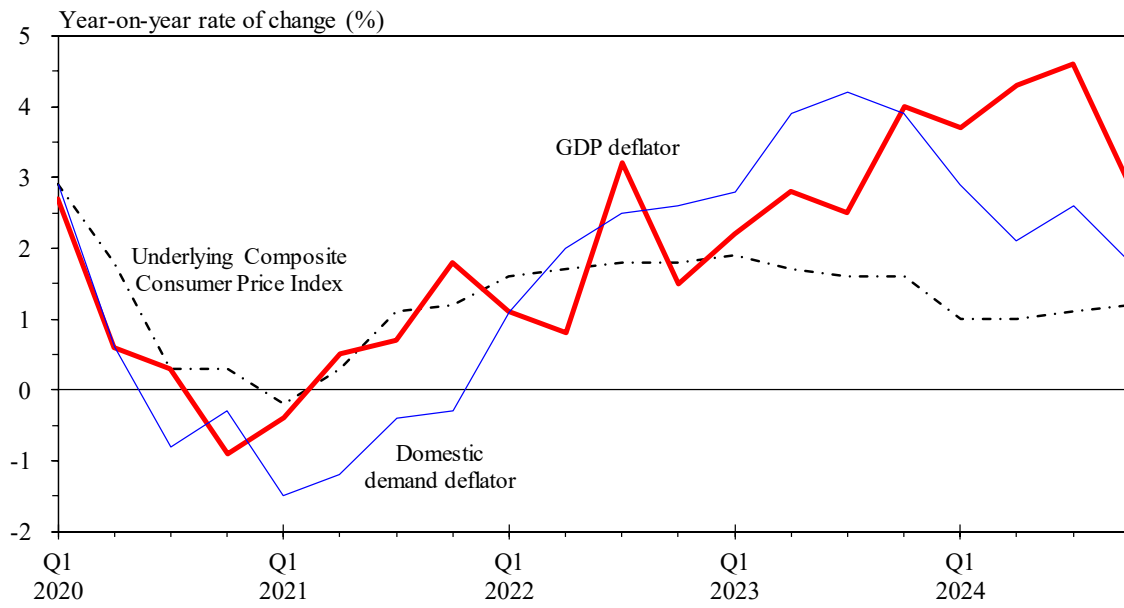
residential property received by the Land Registry, rebounded notably by 23% to 53 099 from a low base of 43 002 in the preceding year. Overall flat prices fell further during 2024, though month-to-month increase was seen in several months when there were changes in DSMMs and macroprudential measures as well as interest rate cuts. Flat prices in December 2024 were on average 7% lower than a year ago, and 27% below the peak in September 2021. The index of home purchase affordability improved further to around 61% in the fourth quarter of 2024 alongside the decrease in mortgage rates. Yet it was still above the long-term average of 54% over 2004-2023. Meanwhile, overall flat rentals in December 2024 were on average 4% higher than in December 2023, but still 3% below the peak in August 2019. The *non-residential property market* remained weak in general in 2024. Trading activities for all major market segments stayed at very low levels. Both prices and rentals decreased.

Inflation

1.9 Underlying consumer price inflation was mild in 2024. Food prices as a whole saw modest increases, alongside narrowing increases in prices of meals out and takeaway food over the course of the year. Prices of electricity fell visibly. Private housing rentals showed tepid increases. Price pressures on other major components remained broadly in check. Netting out the effects of the Government's one-off relief measures, the *underlying Composite CPI* rose by 1.1% in 2024, compared to 1.7% in 2023, with the quarterly figures moving within a narrow range between 1.0% and 1.2%. Domestic business cost pressures remained contained. Nominal wages recorded growth, while commercial rentals declined. Overall external price pressures eased during the year. Meanwhile, *headline Composite CPI inflation* was 1.7% in 2024, compared to 2.1% in 2023. The headline inflation rate was higher than its underlying counterpart in 2024 mainly due to lower rates concessions and, to a lesser extent, smaller electricity charges subsidy provided by the Government in the year.

1.10 As a broad measure of the overall change in prices in the economy, the increase in the *GDP deflator* picked up to 3.8% in 2024 from 2.9% in 2023. The *terms of trade* turned to a mild increase of 0.8% in 2024, following a 0.4% decline in the preceding year. Taking out the external trade components, the domestic demand deflator increased by 2.3% in 2024, after rising by 3.7% in the preceding year.

Diagram 1.4 : Underlying consumer price inflation was mild in 2024



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

1.11 The net output of the services sector increased further by 1.8% year-on-year in real terms in the third quarter of 2024, after rising by 2.0% in the preceding quarter. Most major service sectors continued to record growth in net outputs. The net output of transportation and storage continued to increase visibly alongside the recovery of handling capacity, though the pace moderated with the dissipation of the low base of comparison. The net outputs of the information and communications, import and export trade, public administration, social and personal services, financing and insurance, and professional and business services continued to see increases at varying degrees. The net outputs of wholesale and retail trades and accommodation and food services sectors registered narrower declines. Meanwhile, the net output of the real estate sector turned to a decline as the residential property market quietened visibly, and that of the postal and courier services sector declined further. As for the secondary sector, the net output of the manufacturing sector recorded a marginal decline, while that of the construction sector increased at a decelerated pace after strong growth in preceding quarters.

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

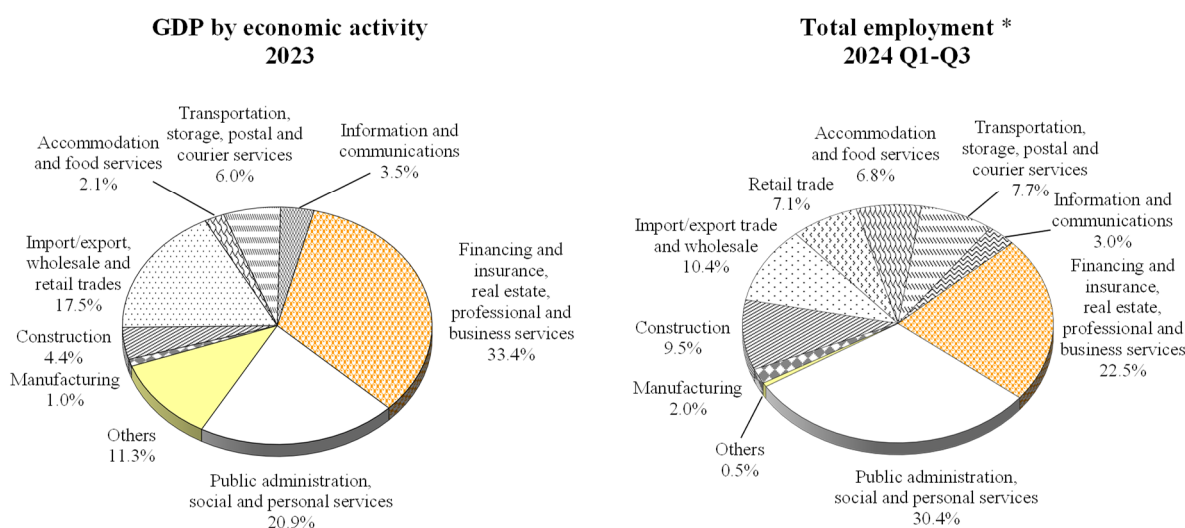
	<u>2023</u>	<u>2023</u>				<u>2024</u>		
		<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>
Manufacturing	3.7	3.8	2.7	4.3	4.1	1.8	0.7	-0.1
Construction	8.6	2.6	10.6	16.4	5.8	8.3	11.8	1.8
Services	3.4	2.8	1.4	3.9	5.1	3.1	2.0	1.8
Import/export, wholesale and retail trades	-0.5	-7.1	-3.5	1.6	6.3	0.9	-0.3	0.3
Import and export trade	-4.4	-12.9	-7.4	-1.6	4.1	2.1	2.3	2.7
Wholesale and retail trades	25.9	44.4	23.0	23.9	19.2	-6.0	-13.4	-12.7
Accommodation and food services	29.3	82.3	23.5	17.9	15.0	1.9	-6.6	-5.1
Transportation, storage, postal and courier services	29.7	30.2	26.2	30.8	31.0	19.3	10.5	6.8
Transportation and storage	32.1	32.8	28.7	32.6	33.6	20.2	10.9	7.1
Postal and courier services	-15.0	-13.2	-16.6	-13.8	-16.4	-6.4	-1.2	-1.9
Information and communications	1.1	0.5	-0.4	1.9	2.2	2.2	2.3	2.8
Financing and insurance	-1.6	-2.0	-2.5	-0.3	-1.4	-0.4	0.1	1.3
Real estate, professional and business services	2.3	5.9	-1.4	2.1	2.3	1.7	2.7	-0.2
Real estate	6.1	11.2	1.0	7.1	4.6	1.8	3.2	-2.3
Professional and business services	*	2.8	-2.9	-0.8	0.9	1.6	2.4	1.1
Public administration, social and personal services	2.4	3.0	1.4	1.9	3.5	3.0	2.9	2.4

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

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

1.12 The services sector is the mainstay of the Hong Kong economy, making up 93.5% of GDP in 2023 and providing 87.9% of total employment in the first three quarters of 2024. Hong Kong is a global centre for world trade, finance, transportation and business, supported by its strategic location at the centre of Asia and at the doorstep of the Mainland where a huge market and great growth potential are, and its uniqueness with both Chinese advantages and international advantages. Hong Kong's institutional strengths and favourable factors for business operations include the rule of law and judicial independence, efficient and transparent markets, a regulatory regime in line with international rules, a simple tax system with low tax rates, free flow of goods and factors of production including talents, capital, and information, etc., world-class infrastructure and a flexible labour market with a well-educated workforce.

Diagram 1.5 : The services sector continued to be the mainstay of the economy



Note : (*) Figures refer to the Composite Employment Estimates, which are compiled based on results of the General Household Survey and the Quarterly Survey of Employment and Vacancies. Figures are averages of the first three quarters of 2024.

Other economic developments

1.13 The 2024 Policy Address set out a range of initiatives to create new impetus for economic development. There were measures to consolidate and enhance our advantages, develop new quality productive forces, build Hong Kong into an international hub for high-calibre talents, as well as fostering economic diversification. Specific initiatives include developing Hong Kong into an international gold trading market through measures such as building world-class gold storage facilities; establishing a commodity trading ecosystem by exploring the introduction of tax concessions and facilitating the set-up of accredited warehouses in Hong Kong etc.; building a high value-added supply chain service centre to help Mainland enterprises “go global”; setting up a \$10 billion Innovation and Technology (I&T) Industry-Oriented Fund to channel market capital towards specified emerging and future industries of strategic importance; and reducing the import duty on liquor with a view to fostering trading of liquor and boosting development of related high value-added industries.

1.14 The 2024-25 Budget (the Budget) rolled out a series of measures aimed at bolstering confidence and creating favourable conditions for recovery. These included continuing to attract enterprises, capital and talent on all fronts, as well as providing assistance to small and medium-sized enterprises through various measures. For the property market, the Budget announced the immediate cancellation of all DSMs for residential properties, including the Special Stamp Duty, the Buyer’s Stamp Duty and the New Residential Stamp Duty. It was highlighted that there would be promotion of a mega event economy to attract tourists and bring wider entertainment and leisure choices for local residents. The Budget placed significant emphasis on long-term planning for development. Among others, I&T and financial services were considered the two main engines driving Hong Kong towards high-quality development.

1.15 Hong Kong’s economic fundamentals and competitiveness have been well recognised internationally. Hong Kong ranked as the world’s freest economy in the Fraser Institute’s *Economic Freedom of the World 2024 Annual Report*. Meanwhile, in the *World Competitiveness Yearbook 2024* published by the International Institute for Management Development (IMD), Hong Kong’s ranking improved by two places to fifth globally. On finance, Hong Kong was ranked as the world’s third most competitive financial centre and top in Asia in the *Global Financial Centres Index 36 Report* published by Z/Yen and the China Development Institute. On innovation and digital development, Hong Kong’s ranking in the IMD’s *World Digital Competitiveness Ranking 2024* improved by three places to seventh globally. In the *Global Innovation Index 2024* published

by the World Intellectual Property Organization, the Shenzhen-Hong Kong-Guangzhou science and technology cluster ranked second globally for the fifth consecutive year. Hong Kong's ranking in the *World Talent Ranking 2024* published by the IMD rose visibly to ninth from 16th in 2023, returning to the top 10 for the first time since 2016. The Government is committed to further enhancing Hong Kong's competitiveness amid keen global competition.

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 : ECONOMIC OUTLOOK FOR 2025 AND THE MEDIUM TERM

Summary

- *The external environment is clouded by immense uncertainties in 2025, but there are also positive factors. Escalating trade protectionism will disrupt global trade and investment flows. Possible slower interest rate cuts in the US resulting from renewed inflationary pressures there may dampen global economic confidence. Nevertheless, further monetary easing across major economies should render support to global demand. The Mainland economy would also sustain stable growth thanks to its sound fundamentals and strong policy support by the Central Government. In mid-January, the International Monetary Fund (IMF) projected that the global economy would grow further by 3.3% in 2025, a slight pick-up from the 3.2% growth in 2024, despite remaining below the pre-pandemic average annual growth of 3.7%.*
- *While Hong Kong's total exports of goods would be affected by the US' trade protection measures, steady global economic growth would support these exports to grow further in 2025.*
- *On exports of services, increased convenience of cross-border travel alongside the Central Government's measures and the SAR Government's various initiatives should help bring more visitors to Hong Kong. Cross-border financial and business activities would be supported by gradually easing financial conditions, while exports of trade-related services would benefit from continued growth of trade in goods.*
- *On domestic demand, improved economic sentiment alongside the Mainland's more proactive policies to boost its economy, easing financial conditions, and the SAR Government's various initiatives to promote economic growth and development should be supportive. This should be conducive to fixed asset investment, but uncertainties in the external environment may affect investor sentiment. The same set of factors, coupled with sustained growth of employment income, should boost private consumption, though the change in residents' consumption pattern may constrain the pace of recovery.*
- *In sum, the Hong Kong economy is forecast to grow by 2% to 3% in 2025, after growing by 2.5% in 2024.*

- *Underlying consumer price inflation should remain moderate in 2025. Domestic costs may see some upward pressures as the Hong Kong economy continues to grow. External price pressures should remain contained, provided that trade conflicts and geopolitical tension would not push up prices significantly. Underlying Composite Consumer Price Index (CPI) inflation is forecast at 1.5% in 2025, compared with 1.1% in 2024.*
- *The medium-term outlook for the Hong Kong economy is bright. Further loosening of financial conditions amid the broad trend of monetary policy normalisation should support global demand in the coming years. Asia should remain as an important growth engine of the global economy. In particular, the Mainland will achieve economic transformation and upgrading and sustain steady growth. These developments will provide substantial opportunities for different segments of the Hong Kong economy.*
- *Hong Kong is the only place in the world where the global advantage and the China advantage come together. The Government is committed to harnessing Hong Kong's institutional strengths under "One Country, Two Systems" to reinforce and enhance Hong Kong's status as "three centres and a hub", further enhancing our role as a "super connector" and "super value-adder" connecting the Mainland with the world. The Government's proactive efforts in expanding economic capacity, enhancing competitiveness, and developing strategic growth areas are bearing fruit, and will help Hong Kong achieve sustainable growth. The Hong Kong economy is expected to grow by 2.9% per annum from 2026 to 2029. The trend rate of underlying Composite CPI inflation is forecast at 2.5% per annum over the same period.*

Global economic outlook

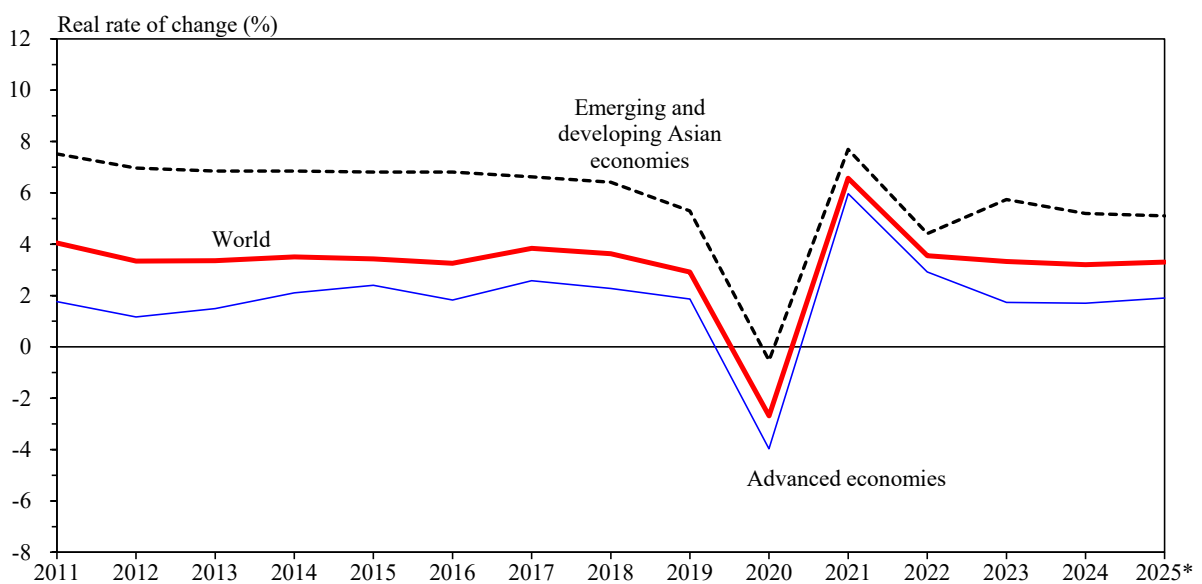
2.1 The external environment is clouded by immense uncertainties in 2025, but there are also positive factors. In February, the US announced the imposition of a 10% additional tariff on imports from China, and 25% tariffs on all steel and aluminum imports. These trade protectionist measures, together with uncertainties about whether additional ones will be introduced, will disrupt global trade and investment flows. The US' economic policies may also reignite inflationary pressures there and potentially slow the pace of interest rate cuts by the US Federal Reserve (Fed), dampening global economic confidence and increasing the vulnerability and volatility in financial markets. Nevertheless, the market still expects further monetary easing across major economies, which should render support to global economic growth. In mid-January, the IMF projected that the global economy would grow further by 3.3% in 2025, a slight pick-up from the 3.2% growth in 2024, despite remaining below the pre-pandemic average annual growth of 3.7%.

2.2 The Mainland economy grew further by 5.0% in 2024, with the momentum picking up visibly in the fourth quarter following the Central Government's stepped-up policy support since late September. The annual Central Economic Work Conference held in December 2024 called for more proactive fiscal policy and accommodative monetary policy in 2025, with a view to boosting domestic demand and stabilising economic growth. Looking ahead, despite the challenging external environment, sound fundamentals and strong policy support should help the Mainland economy sustain stable growth in 2025.

2.3 As for the major advanced economies, the US economy posted solid growth of 2.8% in 2024, while the Fed cut interest rates three times by a total of 100 basis points during the year. Going into 2025, while growth momentum will likely sustain in the immediate future amid the expansionary fiscal measures, policy uncertainties may pose a drag. Inflation may stay elevated for longer, and the Fed may adopt a more prudent stance towards lowering interest rates. The IMF forecast that economic growth in the US would decelerate slightly to 2.7% in 2025. As for the euro area economy, it continued to record mild growth of 0.7% in 2024. The European Central Bank (ECB) cut its deposit facility rate by a total of 100 basis points in 2024, and further by 25 basis points in January 2025. Looking ahead, further interest rate cuts by the ECB should be conducive to domestic demand, though geopolitical tensions and trade conflicts would pose challenges. The IMF forecast the euro area economy to see a slight pick-up in growth to 1.0% in 2025.

2.4 Economic growth generally held up well in other Asian economies in 2024, supported by strong merchandise exports amid the global electronics and technology up-cycle and continued recovery of the tourism sector. Looking forward to 2025, while the regional trade outlook will be overshadowed by heightened trade tensions and geopolitical fragmentation, firm domestic demand is expected to underpin economic growth. The Asian Development Bank forecast in December 2024 that developing Asia (excluding the Mainland) will expand further by 5.1% in 2025, a notch higher than the estimated 5.0% growth in 2024.

Diagram 2.1 : The global economy should sustain moderate growth in 2025



Source : IMF World Economic Outlook Update, January 2025.

Note : (*) Forecasts from the IMF.

Table 2.1 : Growth forecasts for major economies in 2025

	2025			
	<u>2024</u>[*] (%)	<u>IMF</u>[*] (%)	<u>UN</u>[@] (%)	Private sector <u>forecast</u>[^] (%)
World (PPP ^{##} weighted)	3.2	3.3	2.8	-
Advanced economies	1.7	1.9	-	-
US	2.8 [#]	2.7	1.9	2.2
Euro area	0.7 [#]	1.0	1.1	0.9
UK	0.9 [#]	1.6	1.2	1.2
Japan	0.1 [#]	1.1	1.0	1.2
Emerging market and developing economies	4.2	4.2	-	-
Emerging and developing Asia	5.2	5.1	-	-
Mainland China	5.0 [#]	4.6	4.8	4.5
India [~]	6.5	6.5	6.6	6.3
ASEAN-5 ^{\$}	4.5	4.6	-	-
Middle East and Central Asia	2.4	3.6	-	-

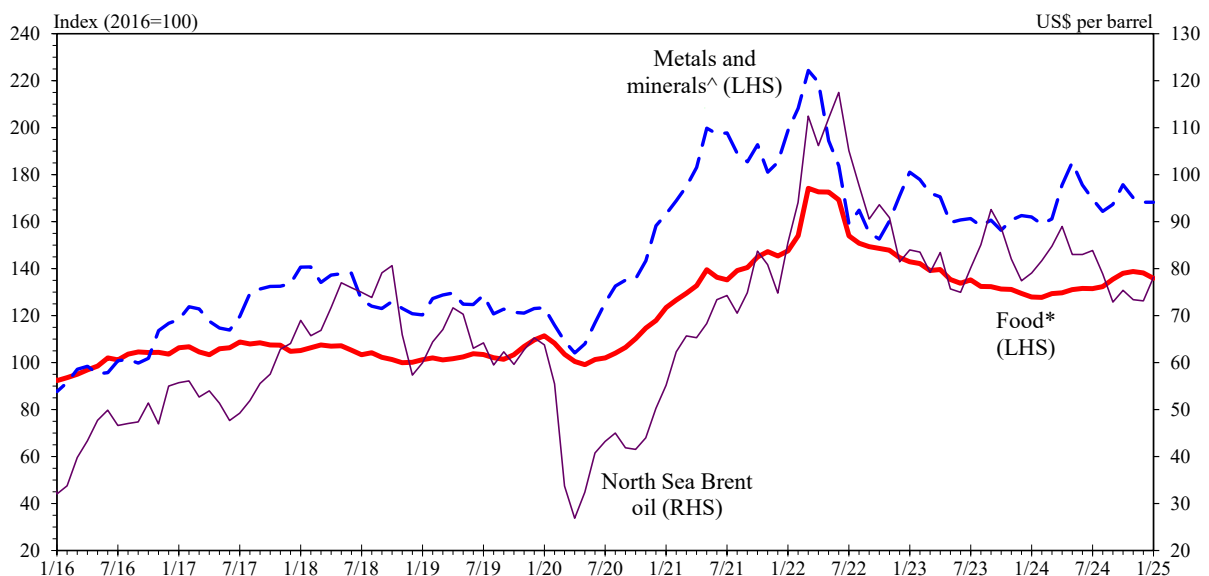
Notes : (*) IMF World Economic Outlook Update, January 2025.
 (@) United Nations World Economic Situation and Prospects, January 2025.
 (^) Average forecasts as at 18 February 2025.
 (-) Not available.
 (#) Actual figures.
 (##) PPP refers to purchasing power parity.
 (~) India's GDP growth refers to the fiscal year.
 (\$) Includes Indonesia, Malaysia, the Philippines, Singapore and Thailand.

World inflation and global commodity prices

2.5 Global inflation continued to ease in 2024 amid softening commodity and energy prices and the feeding through of monetary tightening in preceding years, though some stickiness was seen in services prices in some economies. The global disinflationary process is expected to continue in 2025, though there are upside risks stemming from escalating trade protectionism. Inflation levels in major economies are expected to approach or return to their central banks' targets. In mid-January, the IMF forecast that global headline inflation would fall further from an average of 5.7% in 2024 to 4.2% in 2025, within which inflation in the advanced economies would ease from 2.6% to 2.1%.

2.6 International crude oil prices at end-2024 were lower than a year earlier, as supply concerns stemming from production cuts by major oil-producing economies and escalated geopolitical conflicts were outweighed by weakening global demand. International prices of selected metals and food showed some uptick during the year, but remained well below their earlier peak levels. The outlook for international commodity prices will hinge on a host of demand-side and supply-side factors. For oil prices in particular, the evolving geopolitical situation and the production decisions of major oil-producing economies would be the major determining factors.

Diagram 2.2 : International commodity prices in 2025 will hinge on a host of demand-side and supply-side factors

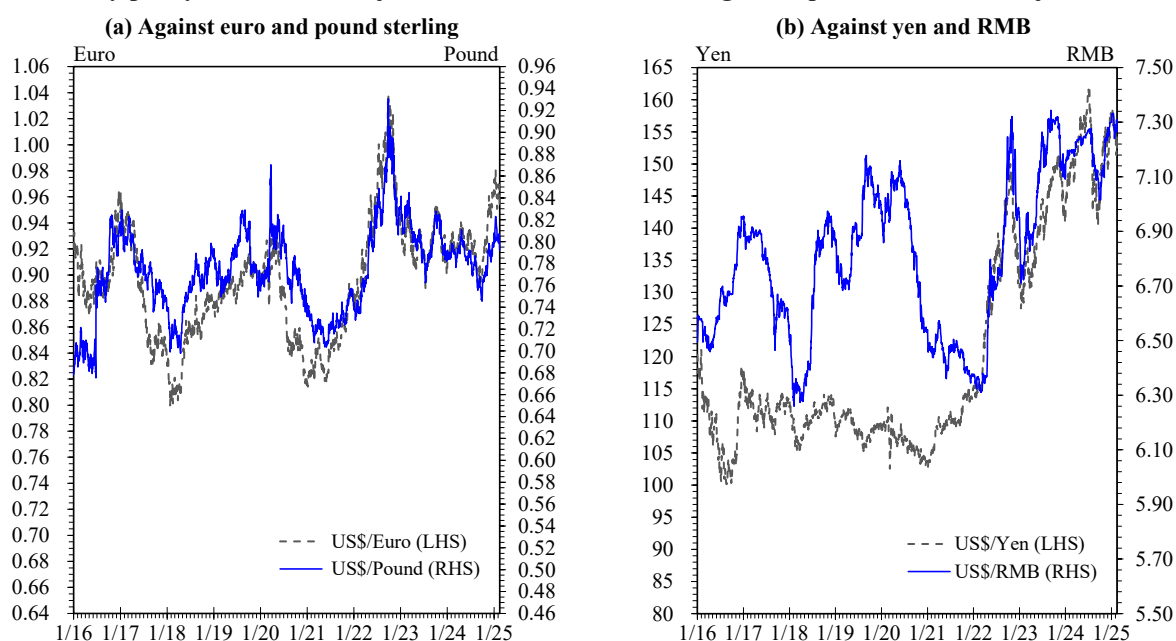


Notes: (*) Food Price Index from the Food and Agriculture Organization of the United Nations, rebased to show average in 2016 = 100.
 (^) Metals and Minerals Price Index from the World Bank, rebased to show average in 2016 = 100.

Exchange rate movements

2.7 The US dollar strengthened against all major currencies for 2024 as a whole, alongside market expectations for a slower pace of interest rate cuts. Following closely the movements of the US dollar, the Hong Kong dollar also appreciated against the currencies of our major trading partners. The nominal trade-weighted effective exchange rate index rose by 3% in December 2024 over a year earlier. The direction of exchange rate movements in 2025 will be subject to various uncertainties, including the monetary policy decisions of major central banks, relative economic growth performances of major economies, and geopolitical developments.

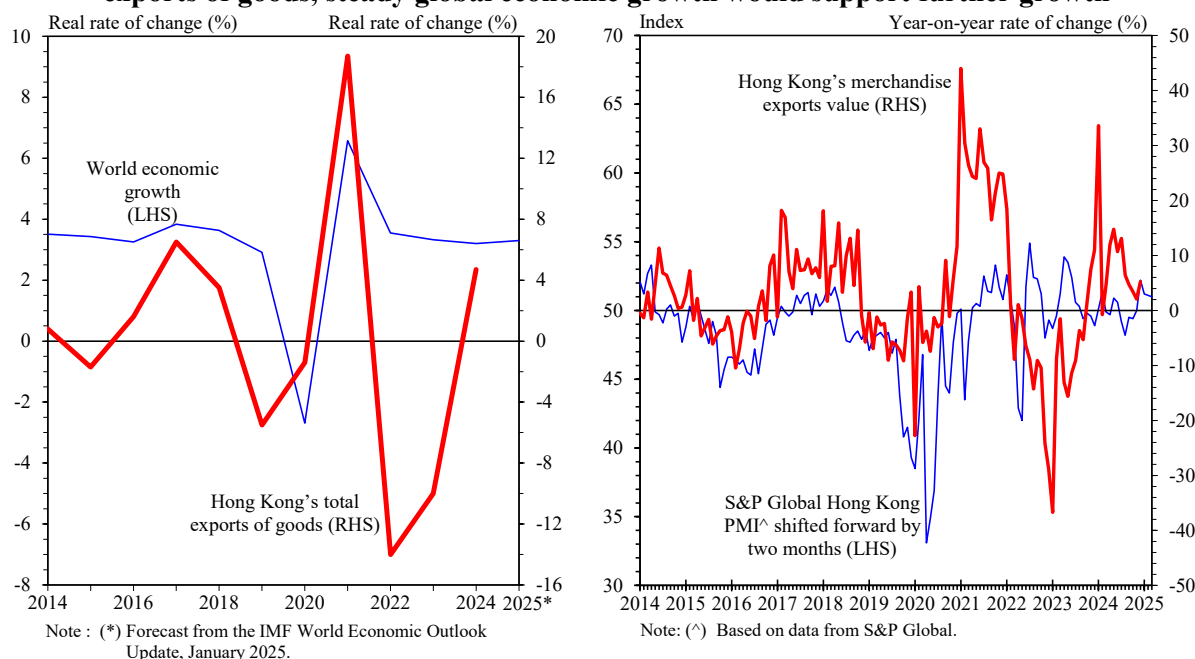
Diagram 2.3 : Exchange rate movements in 2025 will be subject to various uncertainties, including monetary policy decisions of major central banks and relative growth performances of major economies



Outlook for the Hong Kong economy in 2025

2.8 Hong Kong's total exports of goods resumed growth in 2024, supported by improved external demand for goods. Going forward, while the US' trade protection measures would adversely affect its performance, steady global economic growth would support further growth in total exports of goods in 2025.

Diagram 2.4 : While the US' trade protection measures would affect Hong Kong's exports of goods, steady global economic growth would support further growth



2.9 Exports of services saw a broad-based expansion in 2024. In 2025, increased convenience of cross-border travel alongside the Central Government's measures benefitting Hong Kong and the SAR Government's various initiatives to boost Hong Kong's attractiveness as a tourist destination should help bring more visitors to Hong Kong, though relatively strong Hong Kong dollar would pose constraints on visitors' spending. Cross-border financial and business activities would be supported by gradually easing financial conditions. Meanwhile, the performance of exports of trade-related services would benefit from continued growth of trade in goods.

2.10 Growth in domestic demand moderated in 2024. Looking ahead, improved economic sentiment alongside the Mainland’s more proactive policies to boost its economy, easing financial conditions, and the SAR Government’s various initiatives to promote economic growth and development of Hong Kong should be supportive. This should be conducive to fixed asset investment, but uncertainties in the external environment may affect investor sentiment. The same set of factors, coupled with sustained growth of employment income, should boost private consumption which already showed signs of stabilisation towards the end of last year, though the change in residents’ consumption pattern may constrain the pace of recovery.

Diagram 2.5 : Improved economic sentiment and sustained employment income growth should boost private consumption, though the change in residents’ consumption pattern may constrain the pace of recovery

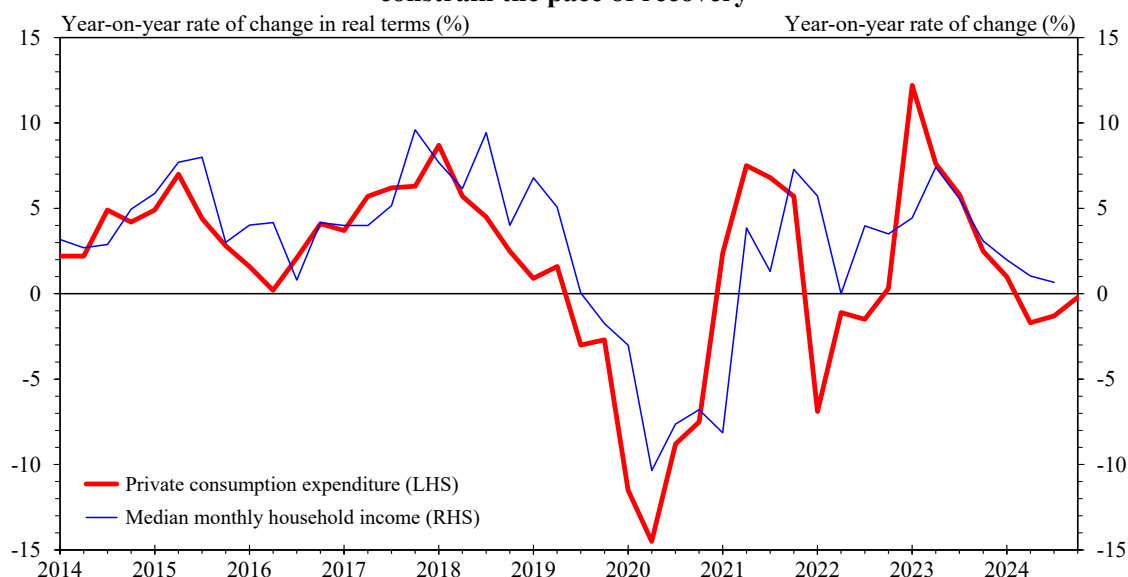
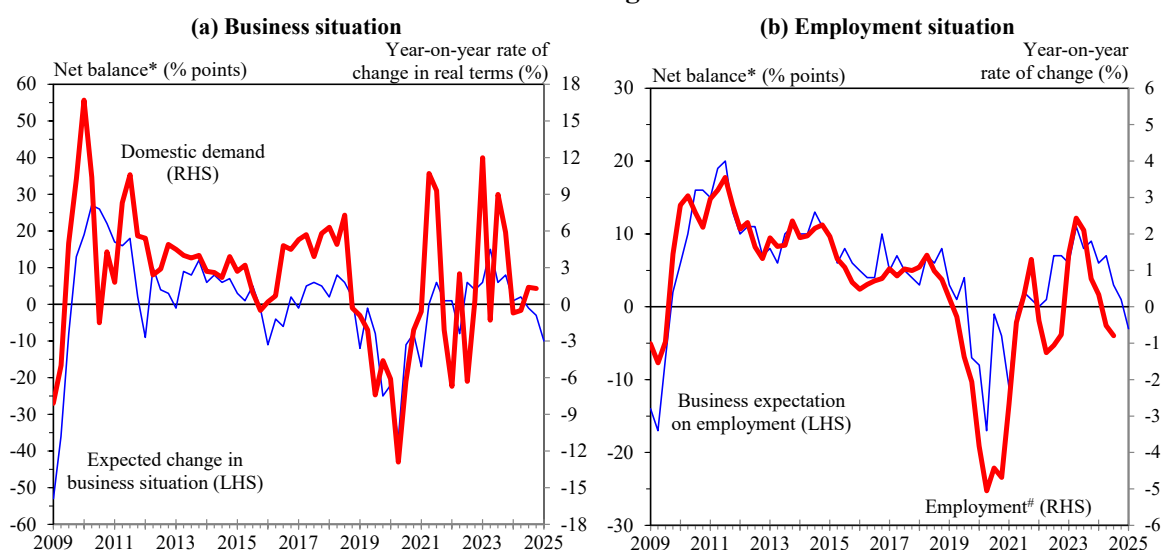


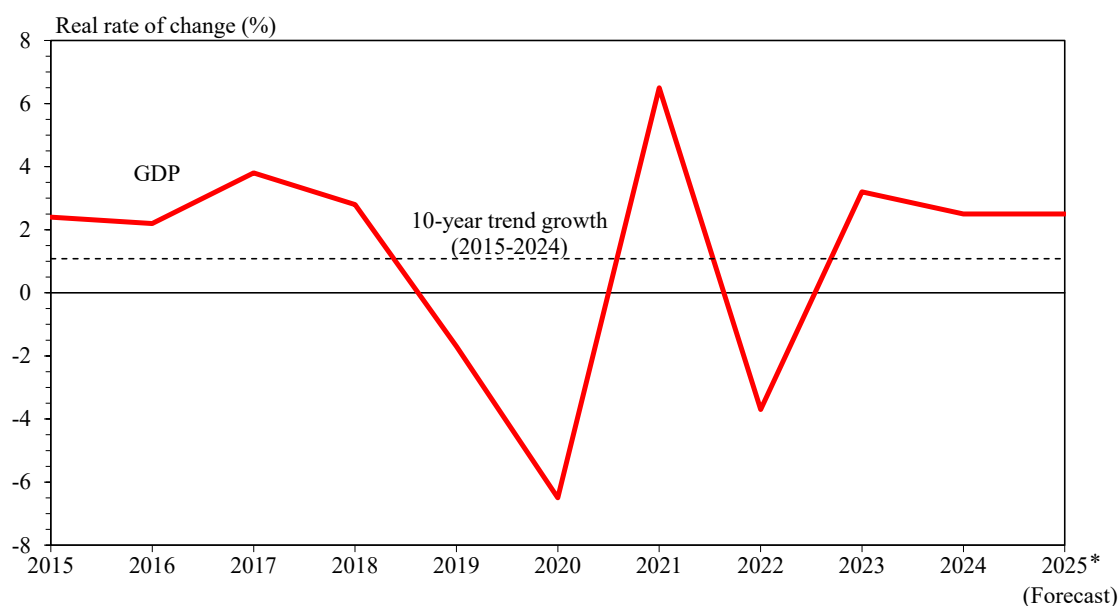
Diagram 2.6 : Business and hiring sentiment among large enterprises weakened on entering 2025



Notes : (*) Net balance indicates the direction of expected change in business situation / number of persons engaged versus the preceding quarter. It refers to the difference in percentage points between the proportion of establishments choosing “better” / “up” over that choosing “worse” / “down”. A positive sign indicates a likely upward trend while a negative sign, a likely downward trend.
 (#) Employment in the private sector.

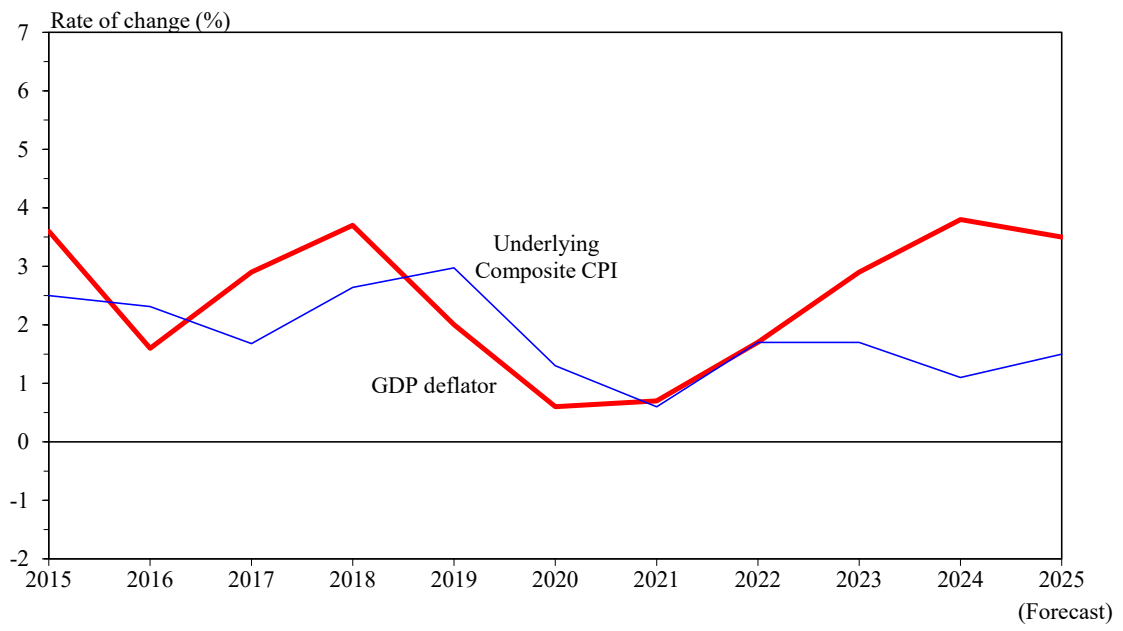
2.11 In sum, the Hong Kong economy is expected to grow moderately in 2025. Real GDP is forecast to grow by 2% to 3% in 2025, after growing by 2.5% in 2024. The forecast is predicated on the assumptions that the impacts of geopolitical tensions and trade conflicts would see no further significant deterioration, and the broad global monetary easing trend would continue. For comparison, the latest forecasts by private sector analysts for Hong Kong’s economic growth in 2025 range from 1.3% to 2.8%, averaging 2.2%. The IMF forecast made in October 2024 is 3.0%.

Diagram 2.7 : Real GDP is forecast to grow by 2% to 3% in 2025



2.12 Underlying consumer price inflation in Hong Kong was mild in 2024. It should remain moderate in 2025. As the Hong Kong economy continues to grow, domestic costs such as rentals and labour costs may see some upward pressures. External price pressures should remain contained, provided that trade conflicts and geopolitical tension would not push up prices significantly. Underlying Composite CPI inflation is forecast at 1.5% in 2025, compared with 1.1% in 2024. The GDP deflator is forecast to rise by 3.5% in 2025. For reference, the latest forecasts for headline consumer price inflation in 2025 by private sector analysts average 1.9%, and the IMF forecast made in October 2024 is 2.3%.

Diagram 2.8 : Underlying Composite CPI inflation is forecast to remain moderate at 1.5% in 2025



Forecast rate of change in 2025 (%)

Gross Domestic Product (GDP)

<i>Real GDP</i>	2 to 3
<i>Nominal GDP</i>	5.5 to 6.5
<i>Per capita GDP in real terms</i>	1.6 to 2.6
<i>Per capita GDP at current market prices</i>	HK\$443,500 – 447,700 (US\$56,900 – 57,400)

Underlying Composite CPI **1.5**

GDP Deflator **3.5**

Forecast on Hong Kong's real GDP growth in 2025 recently made by other selected parties

	(%)
Asian Development Bank (December 2024)	2.3
IMF (October 2024)	3.0
Average forecast by private sector analysts [#]	2.2

Note : (#) Real GDP growth forecasts by private sector analysts fall between 1.3% and 2.8%.

Medium-term outlook for the Hong Kong economy

2.13 The medium-term outlook for the Hong Kong economy is bright. Further loosening of financial conditions amid the broad trend of monetary policy normalisation should support global demand in the coming years. Asia should remain as an important growth engine of the global economy. In particular, the Mainland economy, through utilising innovation and technology to lead the development of new quality productive force, boosting domestic demand, and deepening reforms and further opening up, will achieve economic transformation and upgrading and sustain steady growth. These developments will provide substantial opportunities for different segments of the Hong Kong economy, though the tense China-US relations may pose challenges.

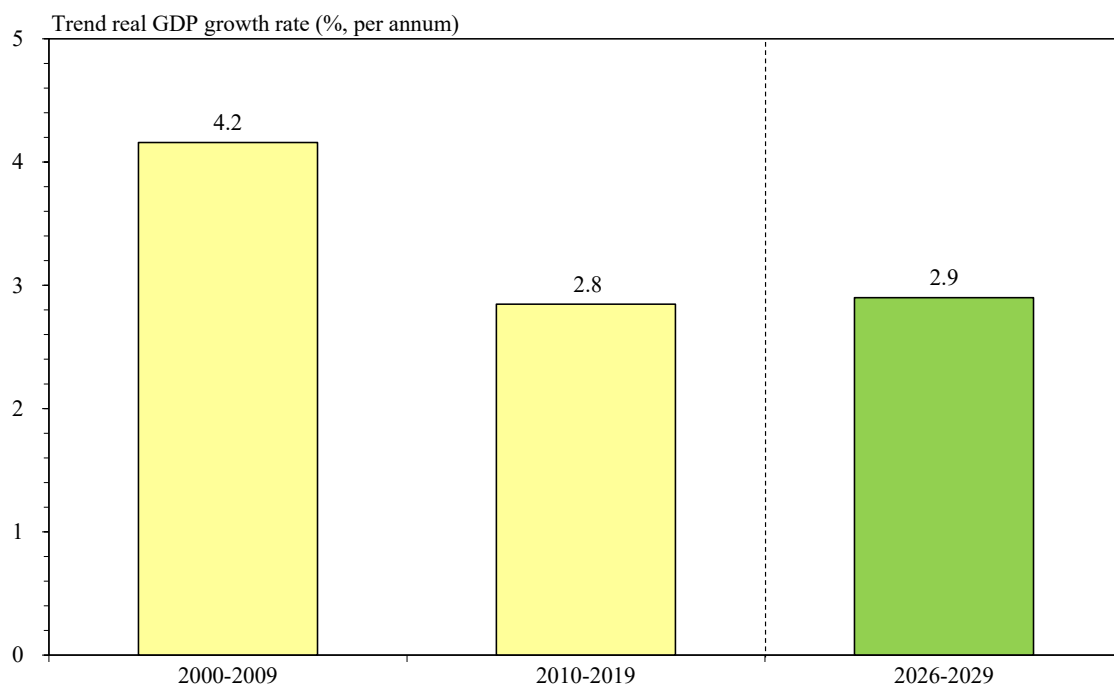
2.14 As the only place in the world where the global advantage and the China advantage come together, Hong Kong is well-positioned to capture these opportunities ahead. The Government is committed to, amongst others, harnessing Hong Kong's institutional strengths under "One Country, Two Systems" to reinforce and enhance Hong Kong's status as an international financial, shipping and trade centre, and to support Hong Kong in building itself into an international hub for high-calibre talent. Hong Kong will continue to play an active role as a "super connector" and "super value-adder" connecting the Mainland with the world, facilitating our country's effort in going global while attracting foreign companies to the Mainland market.

2.15 In the face of keen competition and challenges in the external environment, the Government has been putting in proactive efforts in expanding economic capacity, enhancing competitiveness, and developing strategic growth areas. These measures are bearing fruit, and will help Hong Kong achieve sustainable growth. For example, the Office for Attracting Strategic Enterprises has already attracted 66 strategic enterprises to set up or expand their businesses in Hong Kong by the end of last year. Over 180 000 talents have arrived Hong Kong through various talent admission schemes launched by the Government since late 2022. The Three-runway System at the Hong Kong International Airport was commissioned last November, and the Kai Tak Sports Park will open in March.

2.16 Considering the above factors, the Hong Kong economy is expected to grow by 2.9% per annum in real terms from 2026 to 2029, compared with the average annual growth of 2.8% during the ten years before COVID-19 (2010-2019).

2.17 The inflation outlook for Hong Kong in the medium term will hinge on a range of domestic and external factors. Domestic cost might pick up as the Hong Kong economy continues to expand in the years ahead. Nevertheless, the Government’s initiatives to increase productive capacity and raise productivity and efficiency of the economy should help contain the upward pressures. External price pressures should remain largely moderate, with the continued efforts by major central banks to rein in inflation. Yet, international commodity price fluctuations stemming from geopolitical tensions warrant attention. Taking all these factors into account, the trend rate of underlying Composite CPI inflation in Hong Kong from 2026 to 2029 is forecast at 2.5% per annum.

Diagram 2.9 : Medium-term trend growth forecast at 2.9% per annum



Note : The Hong Kong economy recorded the largest ever contraction amid the outbreak of the COVID-19 pandemic in 2020, rebounded sharply in 2021 and shrank again in 2022, in stark contrast to the growth trend in the pre-pandemic years. Hence, the 10-year trend growth for the period 2010 – 2019 is used to better illustrate the underlying growth trajectory in recent years.

CHAPTER 3 : THE EXTERNAL SECTOR

Summary

- *The global economy showed steady performance in 2024. According to the International Monetary Fund (IMF), the global economy grew by 3.2% in 2024, slightly slower than the growth of 3.3% in 2023. The Mainland economy grew further. The US economy expanded solidly, while the euro area economy continued to record mild growth. Economic growth momentum generally held up well in other Asian economies.*
- *Hong Kong's merchandise exports resumed growth of 4.9% in real terms⁽¹⁾ in 2024, supported by improved external demand for goods. Exports to the Mainland rebounded sharply. Exports to the US turned to an increase, and those to the EU recorded a narrowed decline. Exports to the Association of Southeast Asian Nations (ASEAN) markets revived notably, while those to some high-income Asian economies continued to decline.*
- *Exports of services saw a broad-based expansion of 4.8% in real terms in 2024. Exports of financial services turned to an increase, those of business and other services resumed growth, and those of transport services grew further. Exports of travel services continued to grow, though at a moderated pace due to the change in consumption patterns of visitors.*
- *The Government continued to strengthen Hong Kong's economic links with the Mainland, and made further progress in enhancing trade and investment relations with overseas economies in 2024. The Chief Executive (CE), the Financial Secretary (FS), and various Principal Officials visited different Mainland cities and overseas economies to promote Hong Kong's business advantages and opportunities and strengthen bilateral economic and trade relations. In addition, Hong Kong signed a protocol to amend the Free Trade Agreement (FTA) with ASEAN in January. An Investment Promotion and Protection Agreement (IPPA) was signed with Bahrain in March, and an FTA was signed with Peru in November.*

Merchandise trade

External environment

3.1 The global economy showed steady performance in 2024. According to the IMF, the global economy grew by 3.2% in 2024, slightly slower than the estimated growth of 3.3% in 2023 and below the average annual growth of 3.7% in the two decades before the pandemic.

3.2 Trade conflicts escalated in the second half of 2024. Starting from September, the US imposed additional tariffs on imports of electric vehicles, batteries, solar cells, steel and aluminium products, ship-to-shore cranes, selected critical minerals and selected medical products from the Mainland in phases. Since October, the EU has imposed tariffs on imports of electric vehicles from the Mainland. In December, the US announced its plan to impose further tariffs on imports of selected tungsten products, solar wafers and polysilicon from the Mainland, which came into effect on 1 January 2025.

3.3 Notwithstanding the challenging external environment, the Mainland economy grew further by 5.0% in 2024. Exports rebounded against a low base of comparison in 2023, while domestic demand picked up in the fourth quarter after the Central Government stepped up policy support. The People's Bank of China reduced the reserve requirement ratios for financial institutions by 0.5 percentage point and lowered benchmark policy interest rates by 20 basis points in September. Restrictions on home purchases were lifted and mortgage rates for existing loans were lowered. On the fiscal front, RMB 300 billion were allocated from ultra-long-term special treasury bonds receipts to finance large-scale equipment upgrades and consumer goods trade-in programmes in the second half of 2024. The local governments were allowed to swap hidden debts amounting to RMB 10 trillion over the course of five years starting from 2024, which should help ease their financial burden.

3.4 As regards the advanced economies, the US economy expanded by 2.8% in 2024, further to the growth of 2.9% in 2023. Domestic demand saw faster growth and imports of goods recovered notably albeit some moderation towards the end of the year. As personal consumption expenditure inflation came down towards the Federal Reserve (Fed)'s target and the labour market showed gradual softening, the Fed cut the target range for the federal funds rate by 50 basis points in September, followed by two additional 25-basis-point cuts in November and December. Meanwhile, the euro area economy continued to record mild growth of 0.7% in 2024. Headline CPI inflation fell below the

European Central Bank (ECB)'s target for the first time in three years in September, before picking up slightly in the last quarter. The ECB cut key interest rates four times by a total of 100 basis points during the year.

3.5 Economic growth momentum generally held up well in other Asian economies in 2024, supported by strong global demand for electronics and technology products that boosted merchandise trade as well as continued recovery of the tourism sector. Intra-regional trade improved in tandem. As inflationary pressures broadly eased during the year, a number of central banks in the region have lowered their policy rates since the third quarter of 2024.

Merchandise exports

3.6 Thanks to improved external demand for goods, Hong Kong's *merchandise exports* resumed growth of 4.9% in real terms in 2024, after falling by 11.6% in 2023. Strong year-on-year growth of 7.1% and 8.1% was recorded in the first and second quarters, though the growth rate moderated to 4.2% and 0.7% in the third and fourth quarters respectively alongside softening economic growth in some major markets and a higher base of comparison.

**Table 3.1 : Merchandise exports
(year-on-year rate of change (%))**

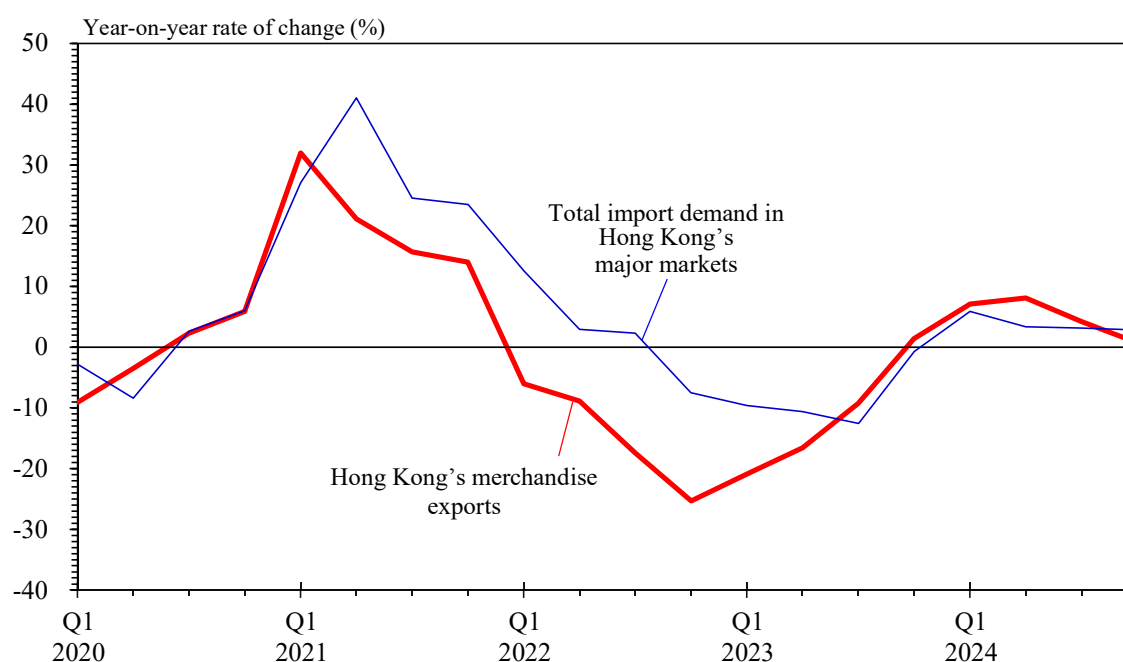
		In value <u>terms</u>	In real <u>terms</u> ^(a)		Change <u>in prices</u>
2023	Annual	-7.8	-11.6		4.4
	Q1	-17.7	-20.9	(-3.9)	4.7
	Q2	-13.3	-16.6	(-0.4)	4.1
	Q3	-6.0	-9.2	(2.2)	3.7
	Q4	6.6	1.4	(3.8)	4.6
2024	Annual	8.7	4.9		3.6
	Q1	11.9	7.1	(*)	4.5
	Q2	12.5	8.1	(2.2)	3.9
	Q3	8.0	4.2	(-1.3)	3.4
	Q4	3.5	0.7	(*)	2.9

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*.

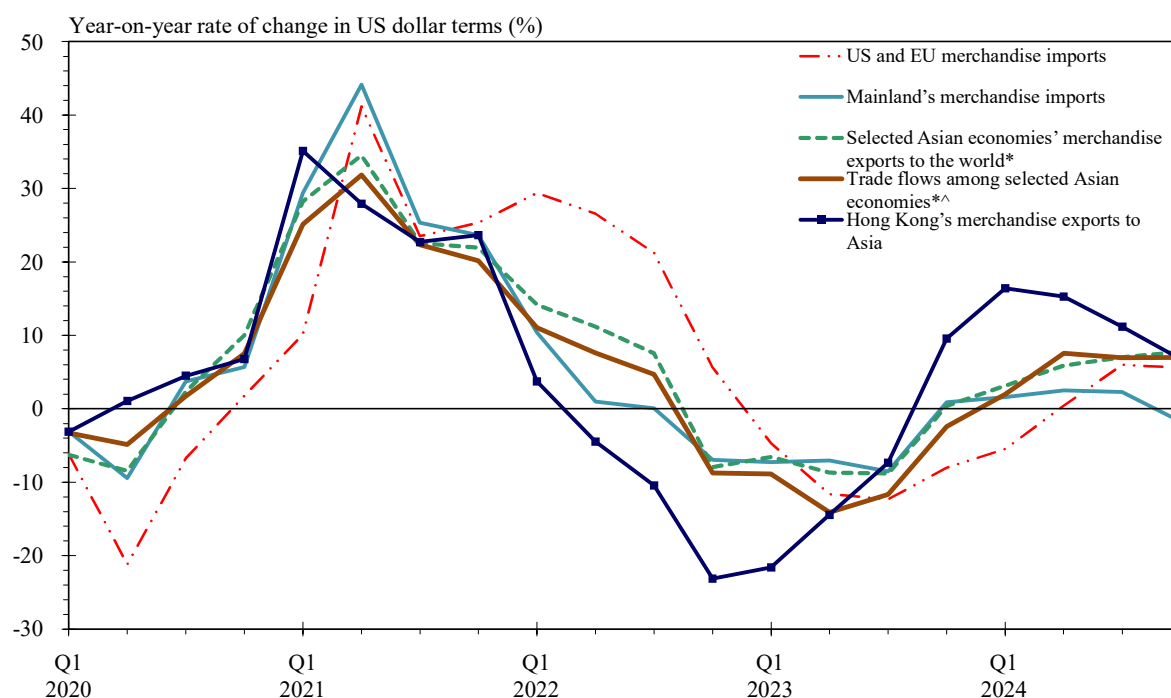
(*) Change within $\pm 0.05\%$.

Diagram 3.1 : Merchandise exports resumed growth in 2024



Note : 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.

Diagram 3.2 : Regional trade flows improved in 2024



- Notes :
- (*) “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 ten economies within the “selected Asian economies”.

3.7 Analysed by major market, exports to the Mainland rebounded sharply in 2024. Exports to the US turned to an increase, and those to the EU recorded a narrowed decline. Exports to ASEAN markets revived notably, while those to some high-income Asian economies continued to decline.

**Table 3.2 : Merchandise exports by major market
(year-on-year rate of change in real terms (%))**

	<u>Annual</u>	<u>2023</u>				<u>2024</u>				
		<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
Mainland of China	-13.8	-27.2	-17.6	-12.0	3.5	10.4	13.8	12.6	10.8	5.5
US	-10.2	-13.3	-22.9	-8.5	7.2	3.2	-0.1	21.0	1.2	-7.9
EU	-14.7	-8.7	-18.4	-15.5	-16.1	-1.1	-11.6	-0.4	9.4	-0.8
ASEAN	-12.0	-18.6	-19.2	-9.0	*	17.3	15.5	21.7	12.3	19.8
Vietnam	-5.3	-19.5	-11.6	2.5	11.1	25.9	12.2	26.9	24.7	39.0
Singapore	-26.2	-30.8	-27.6	-27.9	-17.7	2.4	3.5	2.0	-15.1	19.8
India	-8.7	-17.5	-25.3	-9.7	22.6	-17.8	9.5	-20.8	-23.7	-31.2
Japan	-20.5	-32.5	-21.2	-17.4	-6.5	-3.9	-3.0	0.6	-3.6	-9.5
Taiwan	-11.8	-20.3	-19.7	-8.2	4.4	-2.7	-8.3	8.1	-8.2	-1.5
Korea	-10.0	0.2	-11.7	-15.3	-12.1	-9.4	-9.8	-4.7	-14.0	-8.9
Overall [#]	-11.6	-20.9	-16.6	-9.2	1.4	4.9	7.1	8.1	4.2	0.7

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

(#) 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 merchandising under the standards stipulated in the *System of National Accounts 2008*.

Diagram 3.3 : Exports to the Mainland rebounded sharply in 2024

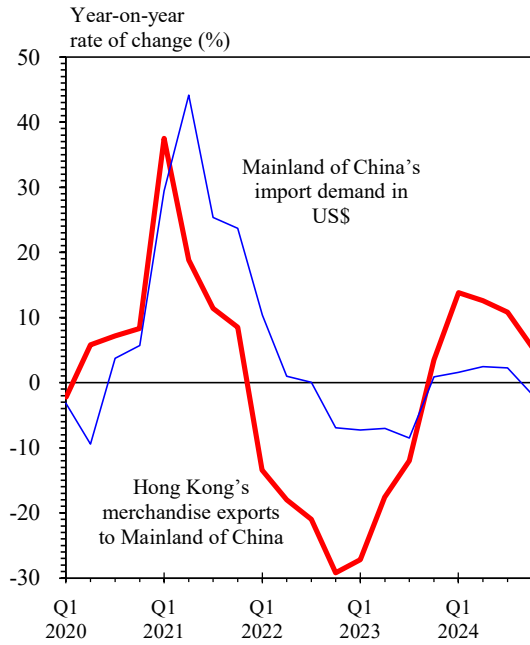


Diagram 3.4 : Exports to the EU recorded a narrowed decline in 2024

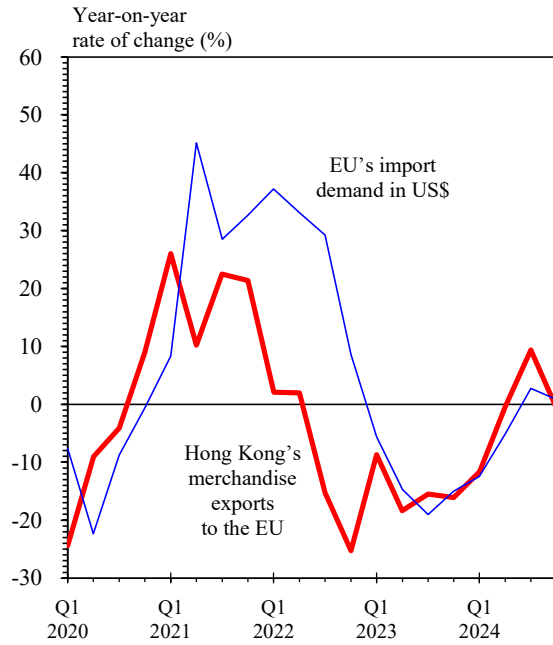


Diagram 3.5 : Exports to the US turned to an increase in 2024

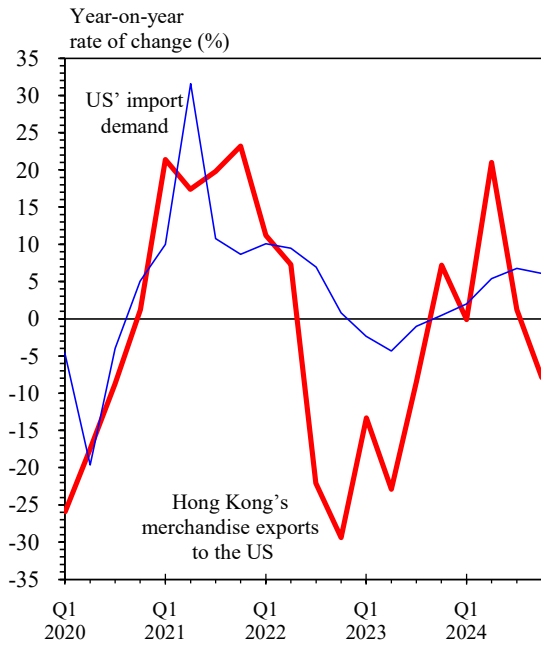


Diagram 3.6 : Exports to Japan declined at a moderated pace in 2024

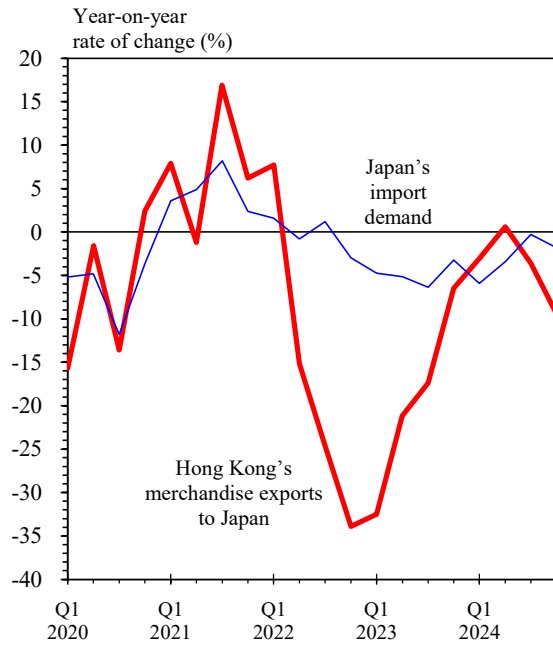


Diagram 3.7 : Exports to India fell notably in 2024

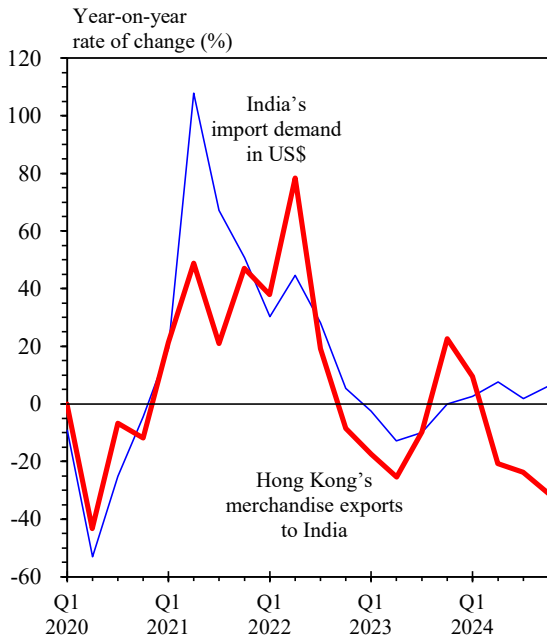


Diagram 3.8 : Exports to Taiwan registered narrower decline in 2024

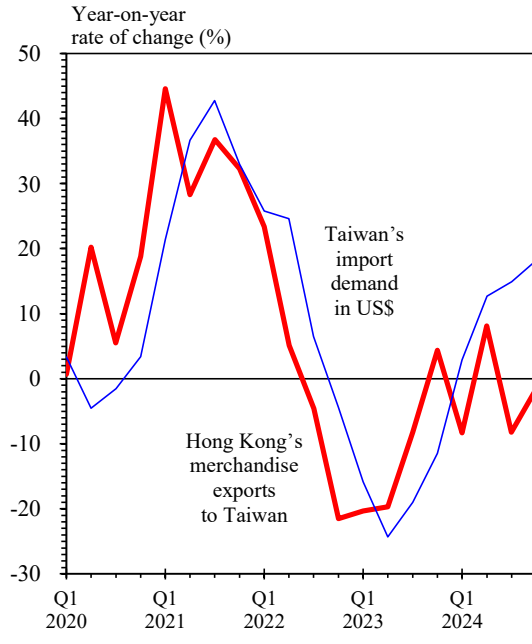


Diagram 3.9 : Exports to Korea continued to fall in 2024

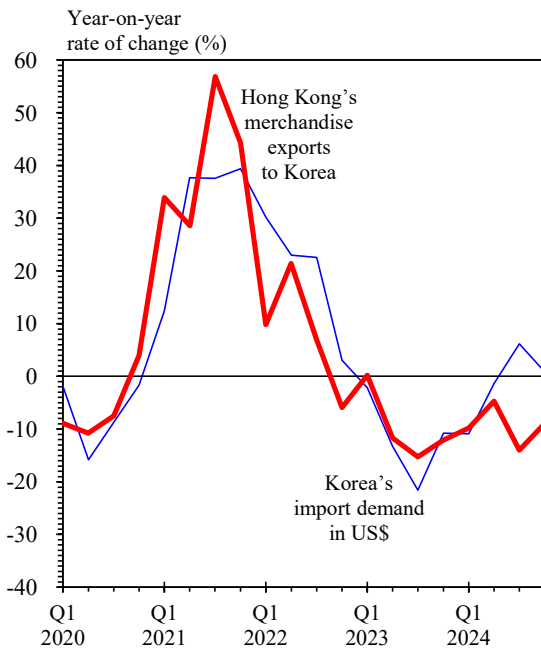
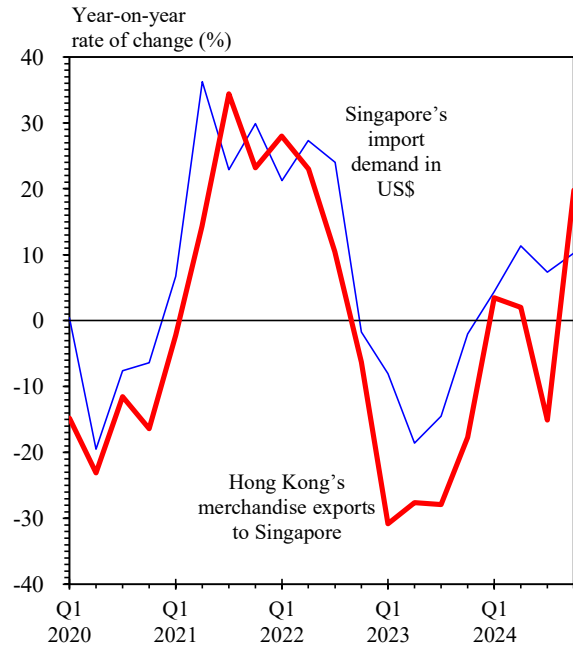


Diagram 3.10 : Exports to Singapore turned to an increase in 2024



Merchandise imports

3.8 *Merchandise imports* rose by 2.6% in real terms in 2024, after declining by 9.2% in 2023. *Retained imports*, which refer to imports for domestic use and accounted for around one-fifth of merchandise imports in 2024, turned to a decline of 5.9%. Imports for subsequent *re-exports*⁽²⁾ grew in tandem with the growth in exports.

**Table 3.3 : Merchandise imports and retained imports
(year-on-year rate of change (%))**

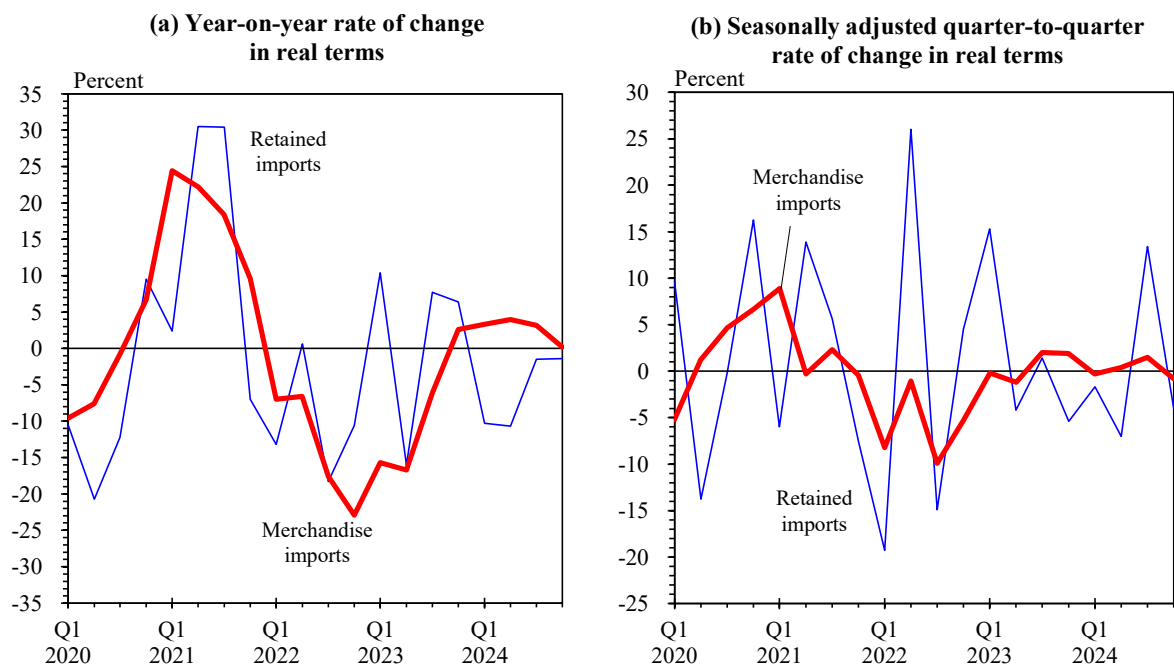
		<u>Merchandise imports</u>			<u>Retained imports</u> ^(a)				
		<u>In value terms</u>	<u>In real terms</u> ⁽⁺⁾	<u>Change in prices</u>	<u>In value terms</u>	<u>In real terms</u>	<u>Change in prices</u>		
2023	Annual	-5.7	-9.2	3.9	7.7	0.9	6.7		
	Q1	-12.7	-15.7	(-0.2)	3.9	17.7	10.4	(15.3)	6.5
	Q2	-13.6	-16.7	(-1.2)	3.7	-10.6	-16.0	(-4.2)	6.0
	Q3	-2.8	-6.1	(2.0)	3.5	16.2	7.7	(1.4)	7.6
	Q4	7.0	2.6	(1.9)	4.1	12.7	6.4	(-5.4)	6.9
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	(-7.0)	-0.3
	Q3	6.0	3.2	(1.5)	2.6	-1.8	-1.5	(13.4)	-0.1
	Q4	2.9	0.2	(-0.8)	2.6	0.6	-1.4	(-4.0)	1.2

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 3.11 : Merchandise imports rose in 2024



Services trade

Exports of services

3.9 *Exports of services* saw a broad-based expansion of 4.8% in real terms in 2024, further to visible growth of 19.5% in 2023. Exports of financial services turned to an increase as cross-border financial and fund raising activities improved. Exports of business and other services also resumed growth alongside the economic expansion. Exports of transport services grew further in tandem with increased visitor arrivals and regional trade flows. Exports of travel services continued to grow, though at a moderated pace due to the change in consumption patterns of visitors.

Diagram 3.12 : Transport and financial services together constituted over half of exports of services

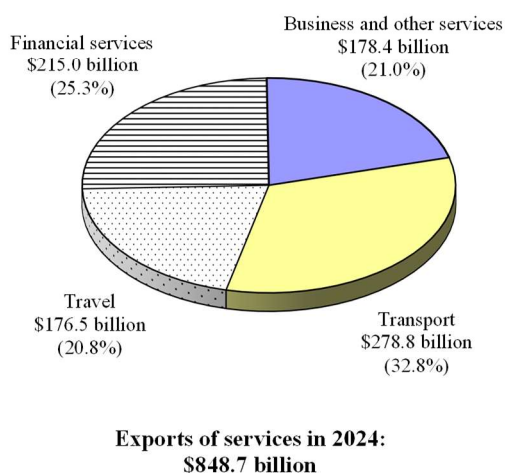


Diagram 3.13 : Exports of services grew further in 2024

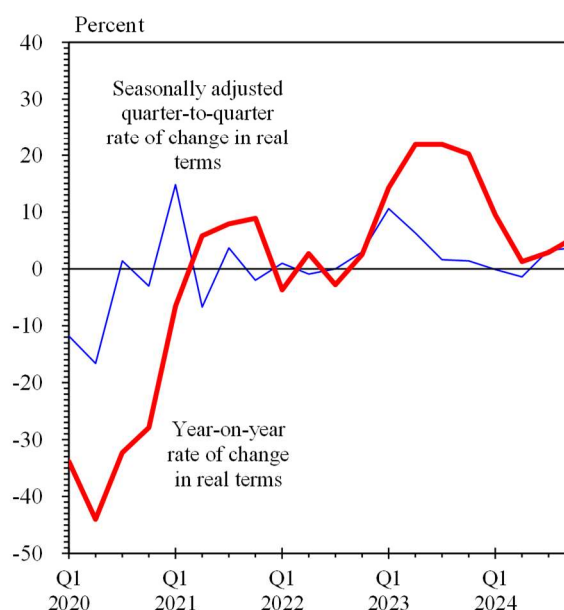


Table 3.4 : Exports of services by major service group (year-on-year rate of change in real terms (%))

		<i>Of which :</i>				
		<u>Exports of services</u>	<u>Transport</u>	<u>Travel^(a)</u>	<u>Financial services</u>	<u>Business and other services</u>
2023	Annual	19.5	4.4	521.2	-5.8	-0.3
	Q1	14.3 (10.6)	2.9	504.3	-7.3	-0.2
	Q2	21.9 (6.3)	0.9	771.1	-1.8	-1.9
	Q3	21.9 (1.6)	5.6	789.5	-5.2	-0.4
	Q4	20.2 (1.4)	7.9	310.5	-8.1	1.2
2024	Annual	4.8	6.9	7.4	1.1	3.3
	Q1	9.5 (-0.1)	12.0	42.3	-5.8	1.7
	Q2	1.3 (-1.4)	4.8	-8.8	2.8	3.6
	Q3	2.9 (3.3)	5.1	-3.0	3.2	4.4
	Q4	5.6 (3.7)	6.4	5.9	6.1	3.4

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*.

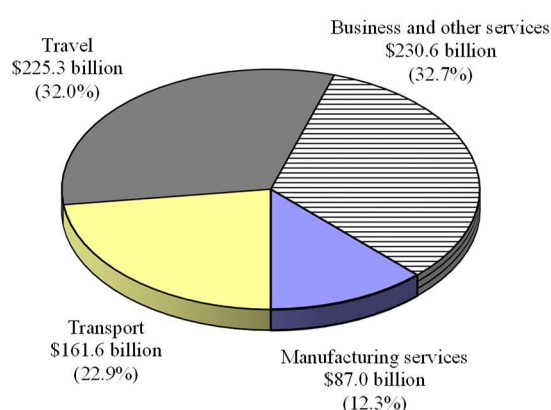
(a) Comprising mainly inbound tourism receipts.

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

Imports of services

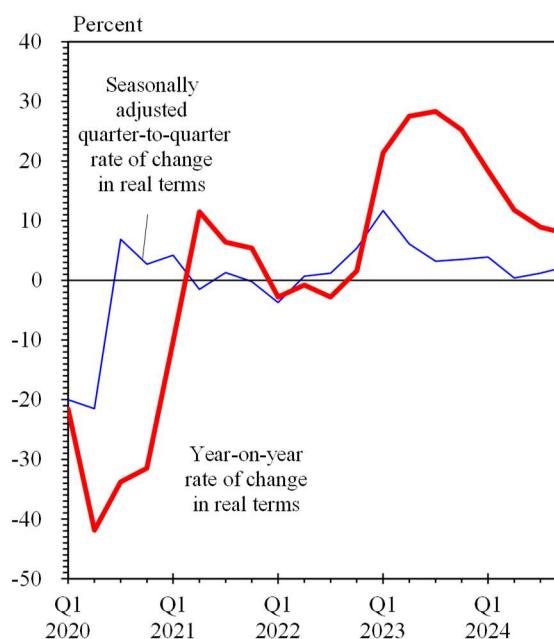
3.10 *Imports of services* grew by 11.5% in real terms in 2024, after jumping by 25.6% in 2023. This was mainly driven by the continued strong growth in imports of travel services. Imports of transport services and manufacturing services reverted to increases, while those of business and other services grew further.

Diagram 3.14 : Business and other services and travel together constituted over 60% of imports of services



**Imports of services in 2024:
\$704.4 billion**

Diagram 3.15 : Imports of services grew further in 2024



**Table 3.5 : 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> ⁽⁺⁾	<u>Transport</u>	<u>Manufacturing services</u> ^(^)	<u>Business and other services</u>
2023	Annual	25.6	309.4	-3.7	-2.5	0.8
	Q1	21.4 (11.7)	368.3	-0.5	-6.1	0.6
	Q2	27.5 (6.1)	465.7	-10.5	-2.5	*
	Q3	28.3 (3.2)	392.3	-5.7	-1.8	1.5
	Q4	25.2 (3.5)	177.1	2.1	-0.3	1.1
2024	Annual	11.5	29.1	3.6	4.8	5.2
	Q1	18.4 (3.9)	63.0	9.1	5.3	2.1
	Q2	11.8 (0.4)	26.0	2.6	7.8	6.9
	Q3	8.9 (1.2)	18.5	2.1	7.1	6.1
	Q4	7.8 (2.3)	19.0	0.6	-0.5	6.3

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.

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

Goods and services balance

3.11 Based on the GDP compilation framework, the goods deficit narrowed to \$15 billion in 2024, as the value of exports of goods saw a larger increase than that of imports. Meanwhile, the services surplus was virtually unchanged at \$144 billion. The combined goods and services account registered a surplus of \$129 billion in 2024, equivalent to 2.3% of total import value, compared to a surplus of \$17 billion or 0.3% in 2023.

**Table 3.6 : 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>	
2023	Annual	4,512	762	4,639	618	-126	144	17	0.3
	Q1	1,029	189	1,066	145	-37	44	7	0.5
	Q2	1,071	179	1,133	145	-62	34	-28	-2.2
	Q3	1,166	194	1,187	156	-20	38	18	1.3
	Q4	1,247	200	1,253	172	-7	28	21	1.5
2024	Annual	4,925	849	4,940	704	-15	144	129	2.3
	Q1	1,148	219	1,154	174	-6	44	38	2.9
	Q2	1,201	192	1,215	165	-14	27	13	0.9
	Q3	1,264	215	1,264	177	-1	38	38	2.6
	Q4	1,313	223	1,307	189	5	34	40	2.7

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

3.12 The Government continued to strengthen Hong Kong's economic links with the Mainland in 2024. In October, the HKSAR Government and the Ministry of Commerce signed the Second Agreement Concerning Amendment to the CEPA Agreement on Trade in Services (Amendment Agreement II), which introduces new liberalisation measures across different service sectors where Hong Kong enjoys competitive advantages, such as financial services, construction and related engineering services, testing and certification, telecommunications, motion pictures, television and tourism services. The Amendment Agreement II makes it easier for Hong Kong service suppliers to establish enterprises and develop business on the Mainland, enabling more Hong Kong professionals to obtain qualifications to practise on the Mainland, and allowing more of Hong Kong's quality services to be provided to the Mainland market. In November, the CE led a delegation to attend the seventh China International Import Expo in Shanghai, to promote Hong Kong's advantages and its role as a connecting platform under the national dual circulation strategy to Mainland and overseas enterprises. In the same month, a delegation of the HKSAR Government and senior representatives of business sectors visited five Mainland cities of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), namely Foshan, Guangzhou, Dongguan, Huizhou and Shenzhen, to further promote co-operation with the Guangdong Province and GBA cities on business, trade and various industries.

3.13 The Government also made further progress in enhancing trade and investment relations with overseas economies during the year. In late July to early August, the CE led a delegation to visit three member states of ASEAN, namely Laos, Cambodia and Vietnam, to explore business opportunities and consolidate their support for Hong Kong's accession to the Regional Comprehensive Economic Partnership. In November, the CE attended the 31st Asia-Pacific Economic Cooperation Economic Leaders' Meeting in Peru, where he had bilateral meetings with leaders of other economies to exchange issues of mutual interest, and met with local business leaders to promote Hong Kong's strengths and business opportunities. The FS visited France and the United States in May, Australia in September, and Spain, the United Kingdom and Saudi Arabia during October to November, to promote Hong Kong's business advantages and opportunities, particularly in the financial services and innovation and technology sectors. The FS also attended the 57th Annual Meeting of the Board of Governors of the Asian Development Bank in Georgia in May, and the World Economic Forum Annual Meeting in Switzerland in January 2025, where he exchanged views on strengthening economic and trade

relations and investment cooperation with representatives of other countries and regions.

3.14 Hong Kong signed a protocol in January 2024 to update the Product Specific Rules (PSR) of origin under its FTA with ASEAN, enhancing the coverage of the PSR from more than 200 categories of products to almost 600, thereby enabling Hong Kong businesses to more easily and effectively gain Hong Kong-originating status for an increased number of specified products, and thus enjoy preferential tariff treatment when expanding into the growing ASEAN market. In addition, a set of domestic regulation disciplines aiming to facilitate services trade agreed under the World Trade Organization (WTO) has entered into force since February. The disciplines aim to cut red tapes and lower trade costs by improving the transparency, predictability and effectiveness of the relevant domestic measures that businesses have to comply with to supply their services in a market. Hong Kong businesses will benefit from a more transparent, predictable and efficient regulatory environment when they enter markets of economies participating in this plurilateral WTO initiative. In March, an IPPA was signed with Bahrain to strengthen mutual investment protection, with a view to enhancing the confidence of investors, expanding investment flows and further strengthening the economic and trade ties between the two places. Moreover, Hong Kong and Peru signed an FTA in November, the first FTA signed by the current-term of HKSAR Government. The FTA will provide manufacturers, service providers and investors of Hong Kong and Peru with legal certainty and better conditions, creating business opportunities and enhancing bilateral trade and investment between the two places.

Notes :

- (1) 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 3, but is included in the trade aggregates under GDP in accordance with the international compilation standard.
- (2) Re-exports are those goods which have previously been imported into Hong Kong and are subsequently exported without having undergone in Hong Kong any manufacturing processes which change permanently the shape, nature, form or utility of the goods.

CHAPTER 4 : DEVELOPMENTS IN SELECTED SECTORS

Summary

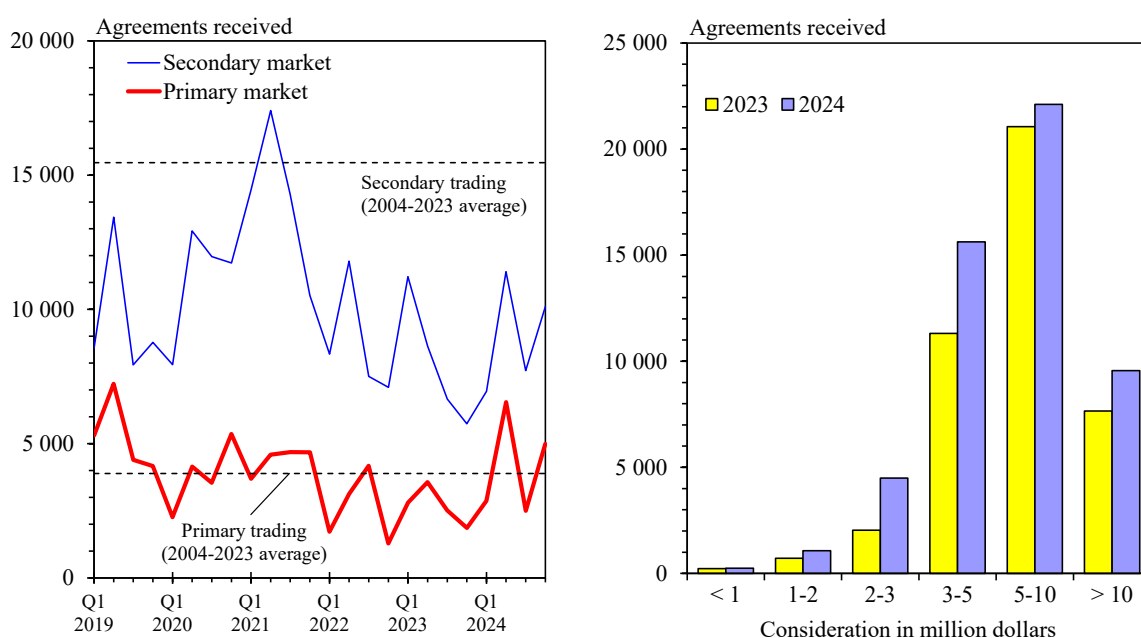
- *The residential property market stayed subdued in most of 2024 before showing some stabilisation in the latter part of the year. After a temporary uptick following the cancellation of all demand-side management measures (DSMMs) announced in the first quarter, the market eased back in the second and third quarters amid tight financial conditions and an uncertain global environment. It then stabilised after the US started to cut interest rates in September, later also supported by adjustments to the maximum loan-to-value (LTV) ratio and the debt servicing ratio (DSR) limit. Trading activities in 2024 as a whole rebounded notably from a low base in 2023. Flat prices went down by another 7% during the year.*
- *Reflecting the Government's sustained efforts in increasing flat supply, the total private first-hand flat supply in the coming three to four years remained at a high level of 107 000 units as estimated at end-2024.*
- *The non-residential property market remained weak in general in 2024. Trading activities for all major market segments stayed at very low levels. Both prices and rentals decreased.*
- *The tourism sector continued to revive in 2024. Visitor arrivals rose by 30.9% to nearly 45 million, reaching 68% of the level in 2018.*
- *The logistics sector showed mixed performance in 2024. Total container throughput fell by another 4.9%, while air freight throughput grew visibly by 14.1%.*

Property

4.1 The *residential property market* stayed subdued in most of 2024 before showing some stabilisation in the latter part of the year. After a temporary uptick following the cancellation of all DSMMs announced in the first quarter, the market eased back in the second and third quarters amid tight financial conditions and an uncertain global environment. It then stabilised after the US started to cut interest rates in September, later also supported by adjustments to the maximum LTV ratio and the DSR limit.

4.2 For 2024 as a whole, the total number of sale and purchase agreements for residential property received by the Land Registry rebounded notably by 23% to 53 099 from a low base of 43 002 in the preceding year. Nevertheless, it was still lower than the five-year average of 56 405 in 2019-2023. Within the total, primary market transactions surged by 57% to 16 912, and secondary market transactions rose by 12% to 36 187. Total consideration also increased noticeably by 17% to \$454.4 billion.

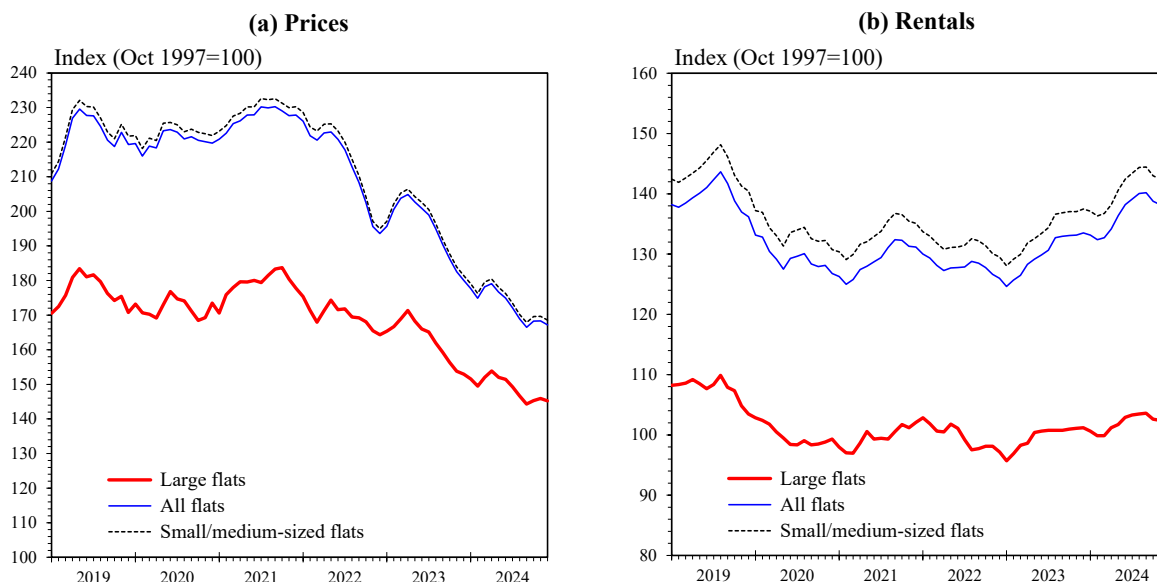
Diagram 4.1 : Trading activities rebounded notably in 2024



4.3 Overall flat prices fell further during 2024, though month-to-month increases were seen in several months when there were changes in DSMMs and macroprudential measures as well as interest rate cuts. Flat prices in December 2024 were on average 7% lower than a year ago, and 27% below the peak in September 2021. Analysed by size, prices of small/medium-sized flats and large flats declined by 7% and 5% respectively during the year.

4.4 Meanwhile, the leasing market for residential property performed better in 2024, due in part to an influx of talents. Overall flat rentals in December 2024 were on average 4% higher than in December 2023, but still 3% below the peak in August 2019. Analysed by size, rentals of small/medium-sized flats and large flats increased by 4% and 1% respectively during the year. Reflecting the movements of prices and rentals, the average rental yield for residential property rose to 3.1% in December 2024 from 2.8% a year earlier.

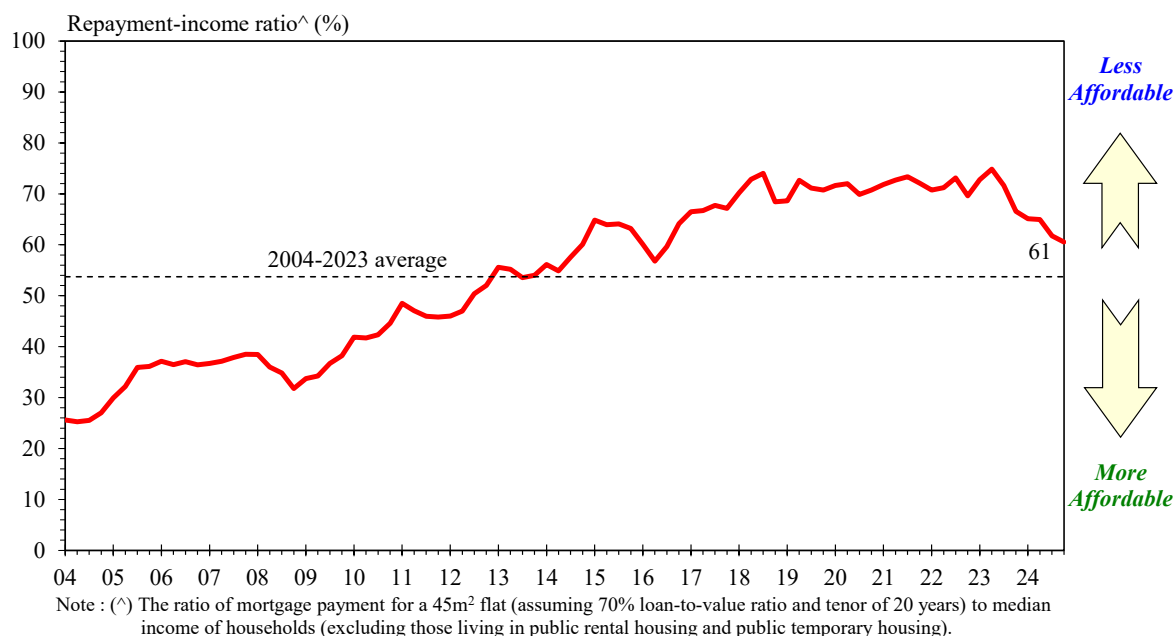
Diagram 4.2 : Flat prices fell further in 2024, while rentals continued to increase



Note : Residential property price index pertains to secondary market transactions only. Large flats refer to those with a saleable area of at least 100 m², and small/medium-sized flats with a saleable area of less than 100 m².

4.5 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 further to around 61% in the fourth quarter of 2024 alongside the decrease in mortgage rates. Yet it was still above the long-term average of 54% over 2004-2023⁽¹⁾.

Diagram 4.3 : Affordability of home purchases improved further



4.6 Maintaining a sustained supply of housing land in a prudent and pragmatic manner is a policy priority of the Government to ensure the healthy and stable development of the residential property market. For the 2024-25 financial year, a total of four residential sites were sold by the Government under the Land Sale Programme, capable of providing about 1 970 units in total. Taking all sources of land supply into account, the total private housing land supply in 2024-25 is estimated to have a capacity to produce about 8 930 units, around 68% of the annual private housing supply target (13 200 units). Despite the shortfall of about 4 270 flats in this financial year when comparing against the annual target, private housing land supply from the past four financial years has exceeded the annual target by an aggregate of about 12 000 flats, far more than the shortfall in this financial year.

4.7 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 107 000 units as estimated at end-2024. Another 2 100 units could be added to the total supply after the conversion of a number of residential sites into “disposed sites”.

4.8 The demand-supply balance of private flats showed some relaxation in 2024. The gross completions of private flats jumped by 75% to 24 300 units. After netting off demolitions, the net completions of 23 100 units were higher than the take-up of 17 300 units⁽²⁾. As a result, the vacancy rate rose from 4.1% at end-2023 to 4.5% at end-2024, on par with the long-term average of 2004-2023. The Rating and Valuation Department forecasts gross completions at 20 900 units in 2025 and 20 100 units in 2026⁽³⁾, compared with the average of 17 300 units per annum in the past ten years (2015-2024).

4.9 The Government has been adopting a pragmatic approach in continuously evaluating the residential property market situation. After prudent consideration of the then market situation and the high level of housing supply in the coming few years, the Government cancelled all DSMMs for residential properties on 28 February 2024 as announced in the 2024-25 Budget. Throughout the year, the Hong Kong Monetary Authority also made several rounds of adjustments to the countercyclical macroprudential measures for property mortgage loans in accordance with the evolving market situation. After the adjustments on 16 October 2024 which the Chief Executive announced in his Policy Address, the maximum LTV ratio and the DSR limit were standardised at 70% and 50% respectively for all residential properties and non-residential properties, reverting to the pre-2009 levels before the countercyclical macroprudential measures were first introduced.

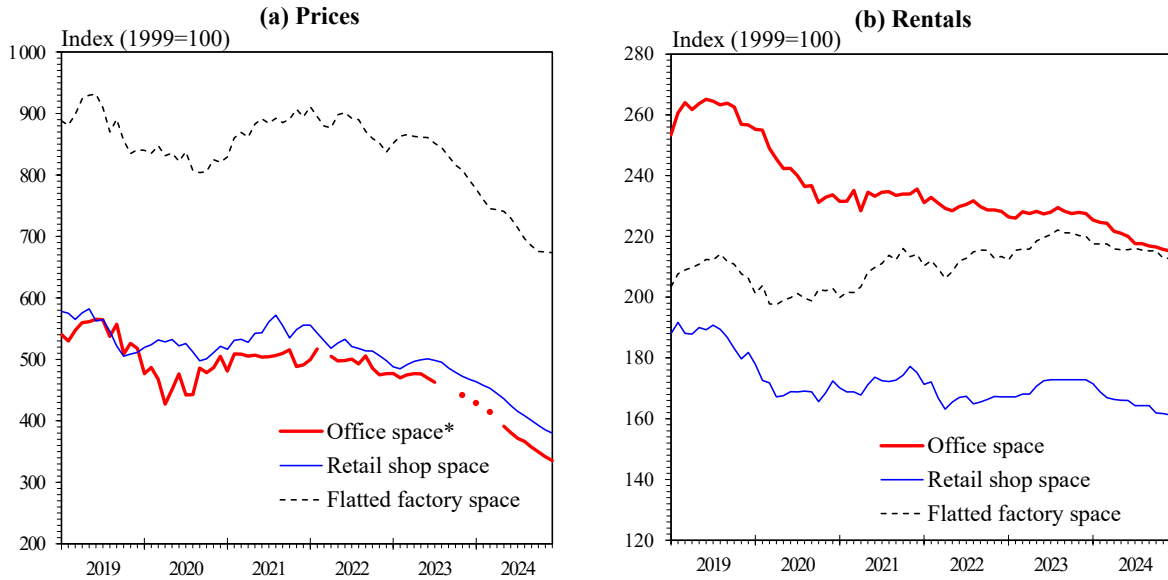
4.10 The *non-residential property market* remained weak in general in 2024. Trading activities for all major market segments stayed at very low levels. Both prices and rentals decreased.

4.11 Prices for overall *office space* on average plunged by 24% between November 2023 (price index for overall office space in December 2023 was not available, due to insufficient transactions for Grade A office space in that month) and December 2024. Analysed by grade, prices of Grade A, B and C office space declined by 26%, 22% and 21% respectively. Overall office rentals in December 2024 were 5% lower than those in December 2023. Within the total, rentals of Grade A, B and C office space all retreated by 5%. Compared with the respective peaks in 2018 and 2019, prices and rentals of office space in December 2024 were 44% and 19% lower. The average rental yields of Grade A, B and C office space rose to 3.4%, 3.7% and 3.9% respectively in December 2024 from 2.6%, 3.0% and 3.3% in November 2023. Transactions for office space fell further by 7% to 600 cases in 2024, notably below the annual average of 790 cases in 2019-2023. As to the demand-supply balance, with a negative take-up of 58 600 m² and a completion of 147 300 m², the vacancy rate rose further from 14.9% at end-2023 to 16.3% at end-2024, staying well above the long-term average of 9.3% over 2004-2023.

4.12 Prices and rentals of *retail shop space* fell by 19% and 7% respectively between December 2023 and December 2024. Compared with the respective peaks in 2018 and 2019, prices and rentals in December 2024 were 37% and 16% lower. The average rental yield increased from 2.9% in December 2023 to 3.3% in December 2024. For all commercial spaces, transactions stayed virtually unchanged at 1 110 cases⁽⁴⁾ in 2024, considerably below the annual average of 1 450 cases in 2019-2023. With a negative take-up of 123 600 m² and a completion of 69 100 m², the vacancy rate climbed up from 10.3% at end-2023 to 11.8% at end-2024, above the long-term average of 9.1% over 2004-2023.

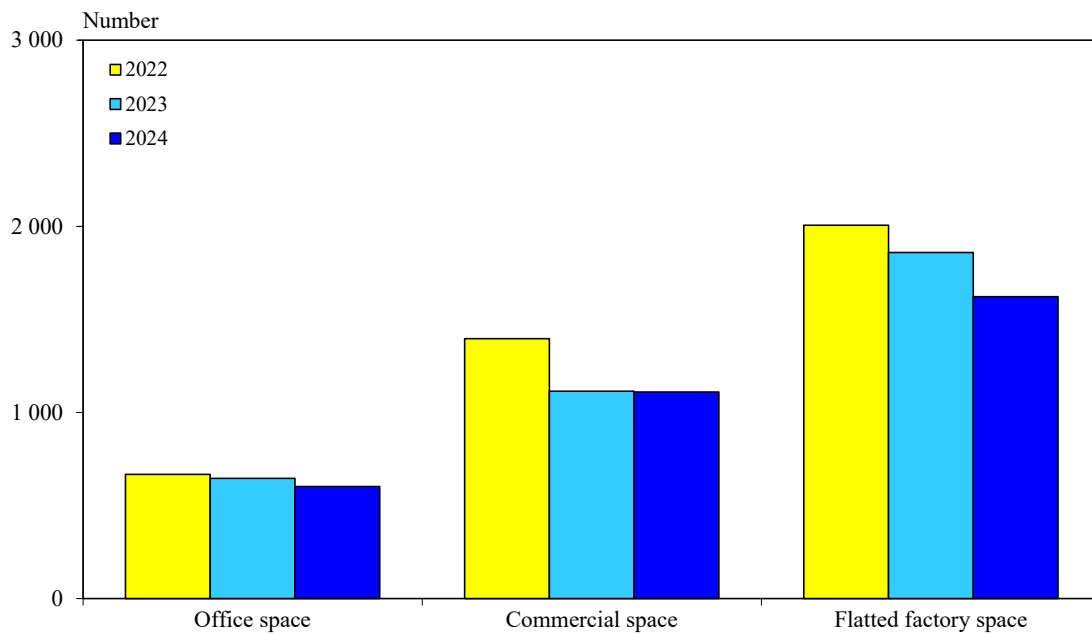
4.13 Prices and rentals of *flatted factory space* also declined by 15% and 3% respectively between December 2023 and December 2024. Compared with the respective peaks in 2019 and 2023, prices and rentals in December 2024 were 28% and 4% lower. The average rental yield rose from 3.3% in December 2023 to 3.8% in December 2024. Transactions fell further by 13% to 1 620 cases in 2024, well below the annual average of 2 410 cases in 2019-2023. With a negative take-up of 212 100 m² and a completion of 22 900 m², the vacancy rate went up from 5.7% at end-2023 to 7.0% at end-2024, higher than the long-term average of 6.3% over 2004-2023.

Diagram 4.4 : The non-residential property market remained weak in general in 2024



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.

Diagram 4.5 : Transactions of non-residential properties stayed at very low levels in 2024



Land

4.14 Four sites with a total area of about 1.0 hectare were disposed of in 2024, fetching a land premium of about \$1.7 billion. Among these sites, there were two residential sites and two sites for electric vehicle charging stations. In addition, the tender exercise for one residential site in Sha Tin, one industrial site in Yuen Long, and one logistics services and public vehicle park site in Tsing Yi commenced in the fourth quarter, while the tender closing date of another industrial site in Yuen Long was further extended from 27 December 2024 to 21 March 2025. Regarding exchange of land, eight sites with a total area of about 14.8 hectares were approved in 2024. As to lease modifications, a total of 59 sites were approved.

Tourism

4.15 The tourism sector continued to revive in 2024. *Visitor arrivals* rose by 30.9% to 44.5 million and recovered to 68.3% of the level in 2018, up from 52.2% in the previous year. Mainland visitors, which accounted for 76.5% of the total in 2024, grew by 27.2% to 34.0 million. Non-Mainland visitors registered stronger growth, up by 44.4% to 10.5 million, with visitor arrivals from other short-haul markets and long-haul markets increasing by 40.9% and 53.2% to 7.3 million and 3.2 million respectively⁽⁵⁾. Analysed by length of stay, overnight and same-day visitors rose by 27.9% and 34.0% to 21.9 million and 22.6 million respectively. Meanwhile, visitor spending, as measured by exports of travel services, rose by 7.4% in real terms in 2024, notwithstanding the impact of changing consumption patterns of visitors.

Table 4.1 : 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

Notes : (*) See note (5) at the end of this chapter for the definitions of other short-haul and long-haul markets.

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 4.2 : 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

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

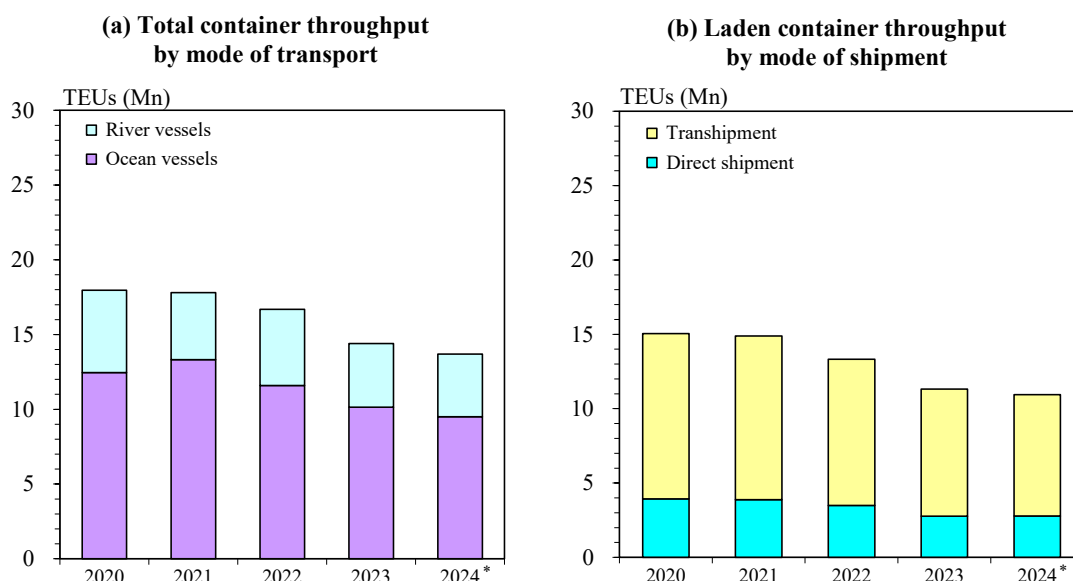
4.16 In tandem with the increase in overnight visitor arrivals, the average hotel room occupancy rate increased to 85% in 2024, higher than the 82% recorded in 2023. Meanwhile, the average achieved hotel room rate fell by 4.3% from a year earlier to \$1,332⁽⁶⁾ in 2024.

4.17 The multiple-entry Individual Visit Scheme (IVS) for Shenzhen permanent residents has been resumed starting from 1 December 2024. A new arrangement was also implemented to expand eligible individuals from Shenzhen permanent residents to Shenzhen non-permanent residents holding residence permits, facilitating their visits to Hong Kong with greater ease and flexibility. Meanwhile, the Government announced in November the calendar of mega events in Hong Kong for the first half of 2025, encompassing 93 events in various areas. Separately, the Government promulgated the Development Blueprint for Hong Kong’s Tourism Industry 2.0 in December, outlining in a forward-looking manner the core principles, development strategies and pathways for the future development of Hong Kong’s tourism industry.

Logistics

4.18 The logistics sector showed mixed performance in 2024. *Total container throughput* fell by another 4.9% to about 13.7 million twenty-foot equivalent units (TEUs). Within the laden container throughput, direct shipment edged up by 0.5%, while transshipment went down by 4.6%. The value of trade handled at the Hong Kong port fell by 4.1% and its share in total trade shrank from 12.5% in 2023 to 11.1% in 2024.

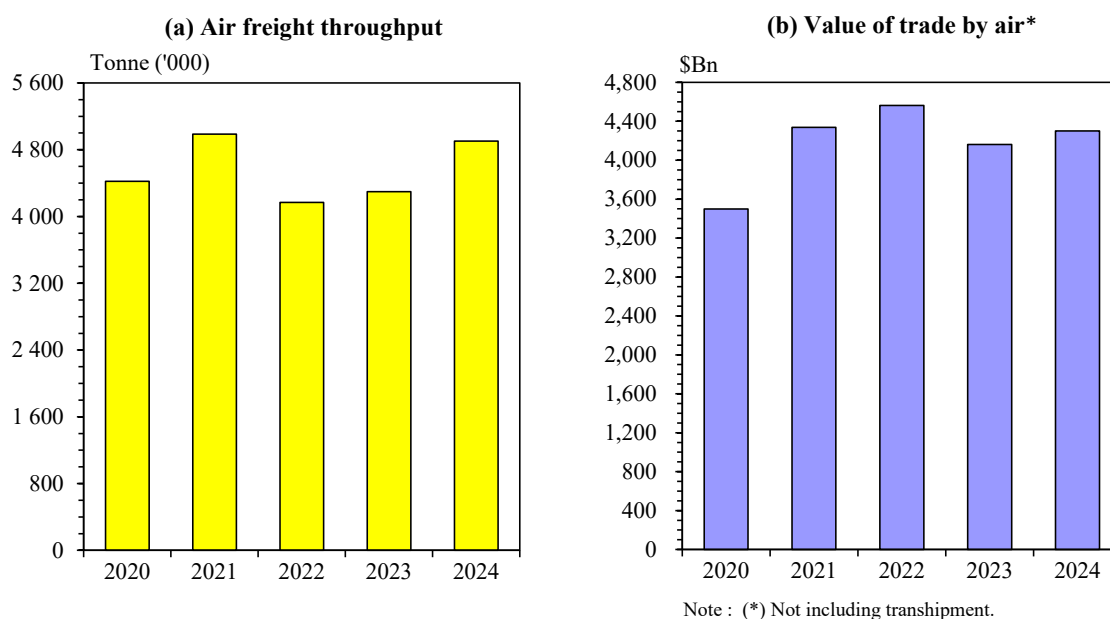
Diagram 4.6 : Container throughput fell further in 2024



Note : (*) Total container throughput for 2024 is the preliminary estimate by Hong Kong Maritime and Port Board. Its breakdown by mode of transport and the laden container throughput by mode of shipment are crudely estimated from the profile in the first eleven months of 2024.

4.19 *Air freight throughput*, on the other hand, grew visibly by 14.1% to 4.9 million tonnes in 2024. The value of trade by air rose back by 3.4%, albeit with a further decline in its share of total trade from 47.2% to 45.5%.

Diagram 4.7 : Air freight throughput grew visibly in 2024, and the value of trade by air rose back



Transport

4.20 Traffic flows for all modes of cross-boundary passenger transport continued to grow in 2024, though by varying extents. Air passenger trips and land-based cross-boundary passenger trips both rose significantly by 34.3% and 44.1% to 53.1 million and 247.8 million trips respectively, while water-borne cross-boundary passenger trips increased by 9.6% to 8.8 million. Average daily cross-boundary vehicle movements surged further by 48.5% to 42 199.

Innovation and technology

4.21 To promote the development of artificial intelligence (AI) ecosystem, Cyberport commissioned the first-phase facilities of its Artificial Intelligence Supercomputing Centre (AISC) in December 2024 to meet the strong local demand for computing power and enhance Hong Kong R&D's capabilities in various fields. A \$3 billion three-year AI Subsidy Scheme has also been rolled out to provide subsidies to eligible AISC users to leverage the computing power.

4.22 In December 2024, the Government and the China Association for Science and Technology signed the Co-operation Framework Agreement on Supporting Hong Kong in Becoming an International Hub for High-calibre Talents and Jointly Serving High-level Self-reliance in Science and Technology. The agreement helps strengthen the co-operation between the Mainland and Hong Kong in various areas, such as strengthening exchanges between scientific research and academic organisations, nurturing scientific and technological talent, promoting popular science, and facilitating technological integration and development in the Guangdong-Hong Kong-Macao Greater Bay Area.

Arts, Cultural and Creative Industries

4.23 In November 2024, the Government promulgated the Blueprint for Arts and Culture and Creative Industries Development to set out a clear vision, principles and strategic directions for the future development of the arts, culture and creative industries to further consolidate Hong Kong's position as an East-meets-West centre for international cultural exchanges. The Blueprint sets out a total of 71 measures under four strategic directions, namely, (i) promote profound traditional Chinese culture and develop cultural contents with Hong Kong character; (ii) develop diverse arts and culture industries with international perspective; (iii) establish international platforms to foster East-meets-West arts and cultural exchanges; and (iv) enhance the ecosystem for the arts, culture and creative industries. The Government will collaborate with major stakeholders and drive participation of the business sector and other areas to take forward measures set out in the Blueprint.

4.24 Meanwhile, the Government continues to establish various platforms and brands to further give play to its role of “bringing in” different cultures while assisting Chinese culture to “go global”, including supporting the organisation of the inaugural Hong Kong Performing Arts Expo in October 2024 with over 1 600 arts leaders and practitioners from around 60 countries and regions participating, and coordinating the 4th Guangdong-Hong Kong-Macao Greater Bay Area Culture and Arts Festival as the host city in the same month.

Environment

4.25 In December 2024, the Government announced the Green Transformation Roadmap of Public Buses and Taxis. Major measures include subsidising franchised bus operators to purchase about 600 electric buses and the taxi trades to purchase 3 000 electric taxis. In addition, the Government will continue to take a multipronged approach to encourage the industry to expand charging facilities. It is expected to provide at least 500 fast chargers throughout Hong Kong by end-2027 to cater for the expected growth in the number of electric taxis.

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) Take-up figures represent the net increase in the number of units occupied. The figures are arrived at by adding the completions in that year to the vacancy figures at the beginning of the year, then subtracting the year's demolition and the year-end vacancy figures. Take-up should not be confused with the sales of new developments, and it bears no direct relationship to the number of units sold by developers. Negative take-up means that there is a decrease in the number of units occupied (i.e. property previously occupied was released during the year and remained vacant at the year-end). Also, take-up, demolition, completion and vacancy figures on residential and non-residential properties are preliminary figures from the Rating and Valuation Department, and are subject to revision.
- (3) Forecast completions in 2025 and 2026 are preliminary figures only, and are subject to revision upon the availability of more data.
- (4) The take-up, completion and vacancy figures refer to commercial space, which comprises retail premises and other premises designed or adapted for commercial use but excludes purpose-built office space.
- (5) 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. In 2024, visitor arrivals from the Mainland, other short-haul and long-haul markets accounted for respective shares of 76%, 16% and 7% of the total (figures do not add up to 100% due to rounding).
- (6) 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 5 : THE FINANCIAL SECTOR[#]

Summary

- *The high interest rate environment in Hong Kong continued in 2024, but with a modest tapering during the year. Alongside the expectation of US interest rate cuts, the Hong Kong dollar interbank interest rates trended down modestly during 2024, notwithstanding a brief rebound in September amid the buoyant local equity market and seasonal factors. The Hong Kong Monetary Authority (HKMA) adjusted the Base Rate under the Discount Window downward by 100 basis points cumulatively to 4.75% at end-2024, in tandem with the policy rate cuts by the same magnitude by the US Federal Reserve (the Fed) since September. Many local banks lowered their Best Lending Rates three times, by a total of 62.5 basis points.*
- *The Hong Kong dollar spot exchange rate against the US dollar weakened slightly in the first four months of 2024, but generally gained strength thereafter. With the US dollar appreciating against all major currencies, the trade-weighted Hong Kong dollar Nominal and Real Effective Exchange Rate Indices increased by 2.7% and 2.9% respectively during 2024.*
- *Total loans and advances decreased by 2.8% during 2024. Within the total, loans for use in Hong Kong and loans for use outside Hong Kong decreased by 1.8% and 5.7% respectively.*
- *The local stock market displayed considerable volatility in 2024. The Hang Seng Index (HSI) staged a brief rebound following the announcement of enhancement measures on mutual access between the capital markets of the Mainland and Hong Kong in late April, before cooling down again amid uncertainties surrounding the economic outlook of the major economies. The HSI then rallied after the Fed's 50-basis-point interest rate cut on 18 September and the Central Government's subsequent launch of a package of stimulus measures to boost the Mainland economy. The HSI soared to a two-year high of 23 100 on 7 October before retreating to close the year at 20 060, up 17.7% over a year earlier. Trading activities regained momentum during 2024 especially in the fourth quarter. Fund raising activities stayed quiet in early 2024, but revived notably in the latter part of the year.*

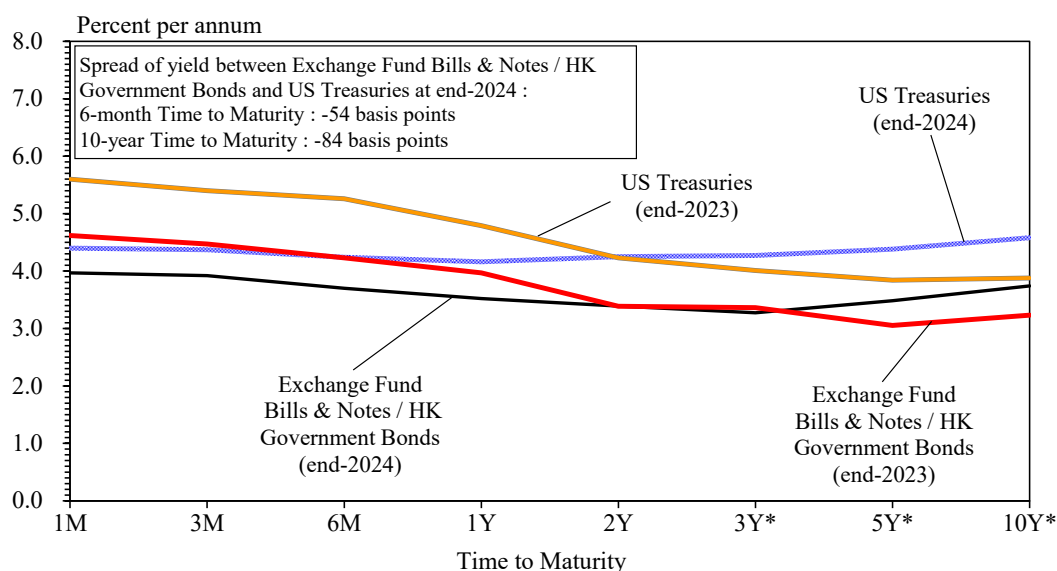
(#) This chapter is jointly prepared by the HKMA and the Office of the Government Economist.

Interest rates and exchange rates

5.1 The high interest rate environment in Hong Kong continued in 2024, but with a modest tapering during the year. Alongside the expectation of US interest rate cuts, the *Hong Kong dollar interbank interest rates* (HIBORs) trended down modestly during 2024, notwithstanding a brief rebound in September amid the buoyant local equity market and seasonal factors. The overnight HIBOR and 3-month HIBOR stood at 5.65% and 4.37% respectively at end-2024, lower than the 6.09% and 5.15% at end-2023. In tandem with the three policy rate cuts totalling 100 basis points by the Fed from September to December, the HKMA adjusted the *Base Rate*⁽¹⁾ under the Discount Window downward by the same magnitude to 4.75% at end-2024.

5.2 Both *Hong Kong dollar* and *US dollar yields* declined for the short tenors and rose for the longer tenors. Reflecting their relative movements, the negative yield spread between 6-month Exchange Fund Bills and 6-month US Treasury Bills narrowed from 103 basis points at end-2023 to 54 basis points at end-2024, while that between the 10-year Hong Kong Government Bonds and 10-year US Treasury Notes widened from 65 basis points to 84 basis points.

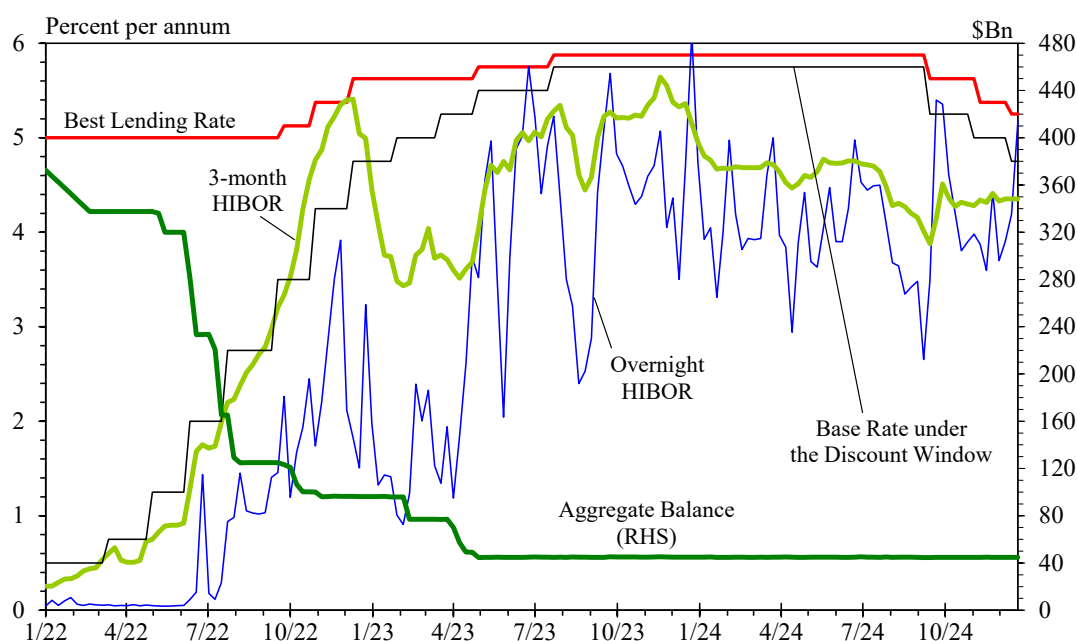
Diagram 5.1 : Both Hong Kong dollar and US dollar yields declined for the short tenors and rose for the longer tenors



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, the Government Sustainable Bond Programme or the Government Bond Programme.

5.3 On the retail front, following the US policy rate cuts, many local banks lowered their *Best Lending Rates* by 25 basis points in September, 25 basis points in November and 12.5 basis points in December. At end-2024, the Best Lending Rates in the market ranged from 5.25% to 5.75%. The *average savings deposit rate* for deposits of less than \$100,000 quoted by major banks decreased from 0.79% at end-2023 to 0.30% at end-2024, while the *one-year time deposit rate* declined from 0.67% to 0.39%. The *composite interest rate*⁽²⁾, which indicates the average cost of funds for retail banks, decreased from 2.94% to 2.24% over the same period.

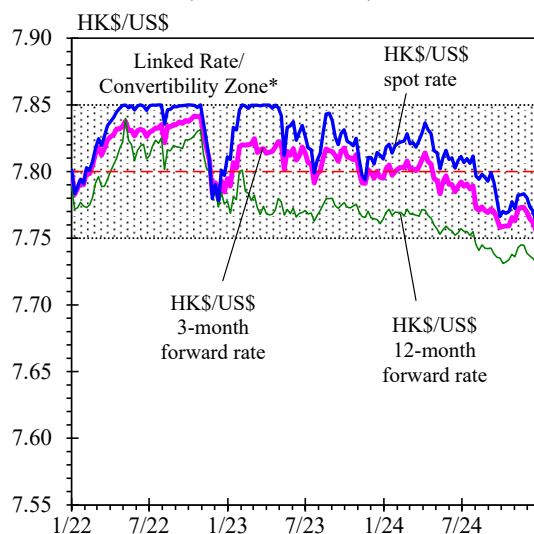
**Diagram 5.2 : Interest rates tapered modestly during 2024
(end of the week)**



5.4 The *Hong Kong dollar spot exchange rate against the US dollar* weakened slightly in the first four months of 2024, but then generally strengthened supported mainly by strong equity and dividend-related funding demand as well as growing expectations for US interest rate cuts. The spot exchange rate closed the year at 7.763, compared to 7.812 at end-2023. The discounts of 3-month and 12-month *Hong Kong dollar forward rates* narrowed from 166 pips and 515 pips (each pip is equivalent to HK\$0.0001) at end-2023 to 88 pips and 314 pips respectively at end-2024. The Aggregate Balance stayed virtually unchanged throughout the year, at \$44.8 billion at end-2024.

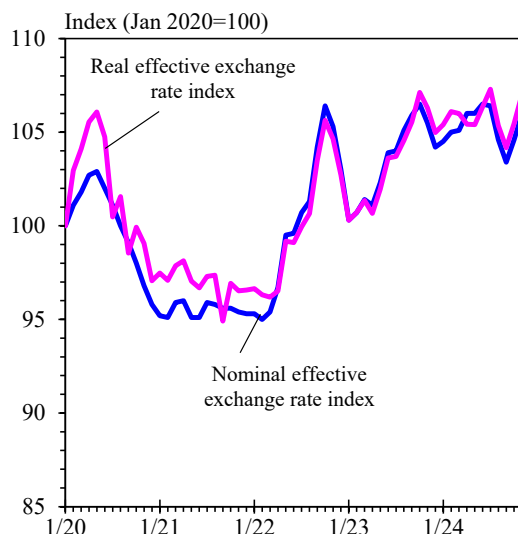
5.5 Under the Linked Exchange Rate System, movements of the Hong Kong dollar exchange rate against other currencies closely followed those of the US dollar. As the US dollar appreciated against all major currencies, the *trade-weighted Hong Kong dollar Nominal and Real Effective Exchange Rate Indices*⁽³⁾ increased by 2.7% and 2.9% respectively during 2024.

Diagram 5.3 : The Hong Kong dollar spot exchange rate against the US dollar weakened slightly in the first four months of 2024, but generally strengthened thereafter (end of the week)



Note : (*) The shaded area represents the Convertibility Zone that was introduced in May 2005 as part of the three refinements to the Linked Exchange Rate System.

Diagram 5.4 : The trade-weighted nominal and real effective exchange rate indices increased during 2024 (average of the month)



Money supply and banking sector

5.6 The Hong Kong dollar broad *money supply* (HK\$M3) rose by 2.8% over end-2023 to \$8,490 billion at end-2024, and the seasonally adjusted Hong Kong dollar narrow money supply (HK\$M1) increased by 1.3% to \$1,601 billion⁽⁴⁾. Meanwhile, *total deposits* with authorized institutions (AIs)⁽⁵⁾ grew by 7.1% to \$17,373 billion, within which Hong Kong dollar deposits and foreign currency deposits rose by 2.8% and 10.9% respectively.

Diagram 5.5 : Both the Hong Kong dollar broad and narrow money supply increased during 2024

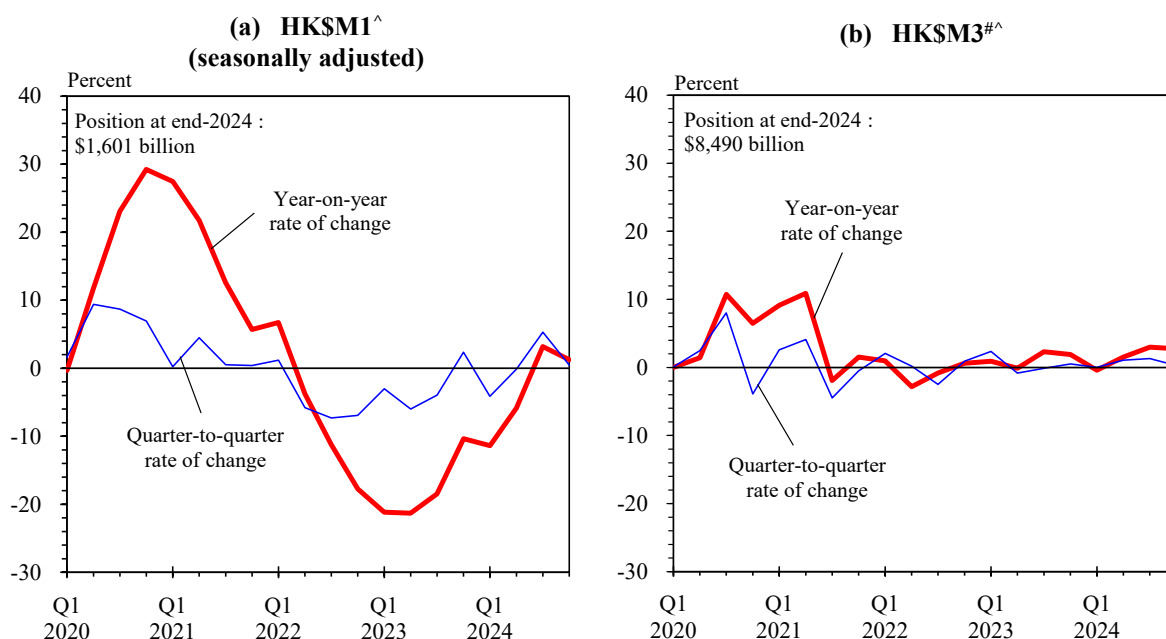


Table 5.1 : Hong Kong dollar money supply and total money supply

% change during the quarter	<u>M1</u>		<u>M2</u>		<u>M3</u>	
	<u>HK\$[^]</u>	<u>Total</u>	<u>HK\$(^a)</u>	<u>Total</u>	<u>HK\$(^a)</u>	<u>Total</u>
2023 Q1	-3.0	-2.0	2.3	0.5	2.3	0.5
Q2	-6.0	-4.8	-0.8	-0.4	-0.8	-0.4
Q3	-3.9	-3.1	-0.1	1.4	-0.1	1.4
Q4	2.3	3.8	0.5	2.4	0.5	2.5
2024 Q1	-4.1	-1.6	*	-0.1	*	*
Q2	-0.1	3.5	1.1	3.4	1.1	3.4
Q3	5.3	6.7	1.3	2.4	1.3	2.4
Q4	0.5	-2.7	0.3	1.4	0.3	1.4
Total amount at end-2024 (\$Bn)	1,601	2,748	8,475	18,458	8,490	18,502
% change over a year earlier	1.3	5.8	2.7	7.3	2.8	7.4

Notes : (^) Seasonally adjusted.

(a) Adjusted to include foreign currency swap deposits.

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

5.7 *Total loans and advances* decreased by 2.8% from a year earlier to \$9,907 billion at end-2024. Analysed by currency, Hong Kong dollar loans decreased by 5.8%, while foreign currency loans increased by 2.4%. Reflecting the relative movements in deposits and loans, the loan-to-deposit ratio for Hong Kong dollar decreased from 84.2% at end-2023 to 77.1% at end-2024, and that for foreign currencies decreased from 43.9% to 40.5%.

5.8 Loans for use in Hong Kong (including trade finance) and loans for use outside Hong Kong declined by 1.8% and 5.7% from a year earlier to \$7,490 billion and \$2,417 billion respectively at end-2024. Within the former, loans to various economic segments showed mixed performance. Trade finance increased by 4.6% alongside the improvement in external trade. Loans to stockbrokers increased by 4.2%, thanks to the vibrant stock market trading activities since the end of the third quarter. On the other hand, loans to financial concerns, loans to wholesale and retail trade, and loans to manufacturing decreased by 6.6%, 2.7% and 1.1% respectively, reflecting the generally cautious business sentiment. As for property-related lending, loans to building, construction, property development and investment declined by 7.5%, while loans for purchase of residential property rose by 1.4%.

Table 5.2 : Loans and advances

All loans and advances for use in Hong Kong

% change during the quarter		Loans to :							Total ^(b)	All loans and advances for use outside Hong Kong ^(c)	Total loans and advances
		Trade finance	Manu-facturing	Whole-sale and retail trade	Building and construction, property development and investment	Purchase of residential property ^(a)	Financial concerns	Stock-brokers			
2023	Q1	-0.9	3.8	-1.1	1.8	0.9	1.2	14.6	1.4	-0.4	0.9
	Q2	-2.4	-3.8	-0.4	-2.0	1.6	1.1	-16.8	-0.4	-4.1	-1.3
	Q3	-2.9	-3.5	-3.0	-2.5	0.9	-5.4	1.5	-1.9	-2.8	-2.2
	Q4	-7.5	-0.8	0.9	0.8	-0.1	0.8	-10.5	-0.1	-3.5	-1.0
2024	Q1	-0.5	0.5	-4.7	-0.7	0.1	-7.5	-10.4	-1.2	-0.5	-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
Total amount at end-2024 (\$Bn)		381	295	293	1,552	2,006	840	49	7,490	2,417	9,907
% change over a year earlier		4.6	-1.1	-2.7	-7.5	1.4	-6.6	4.2	-1.8	-5.7	-2.8

- 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.

5.9 The Hong Kong banking sector stayed 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-September 2024. The banking sector’s overall asset quality deteriorated somewhat, but remained at a healthy level. The ratio of classified loans to total loans for all AIs increased from 1.57% at end-2023 to 1.99% at end-September 2024, and the delinquency ratio for credit card lending edged up from 0.30% to 0.35%. The delinquency ratio for residential mortgage loans stayed low at 0.11% at end-2024, slightly higher than that of 0.08% at end-2023.

Table 5.3 : Asset quality of all authorized institutions^{*^}
(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

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 95.87%, 1.93% and 2.19% respectively at end-September 2024.

5.10 *Offshore renminbi (RMB) business* remained active in 2024. RMB trade settlement transactions handled by banks in Hong Kong increased by 30.1% to RMB15,184.6 billion in 2024. Total RMB deposits (including customer deposits and outstanding certificates of deposit) increased by 2.9% over a year earlier to RMB1,075.3 billion at end-2024. As to financing activities, outstanding RMB bank loans increased by 64.1% over a year earlier to RMB724.0 billion at end-2024. Earlier on, RMB bond issuance (excluding certificates of deposit) amounted to RMB222.3 billion (of which RMB18.0 billion was issued by the Ministry of Finance) in the third quarter of 2024, as compared to RMB109.8 billion in the same period of 2023⁽⁶⁾.

Table 5.4 : Renminbi customer deposits and cross-border renminbi trade settlement in Hong Kong

<u>At end of period</u>		<u>Interest rates on^(a)</u>					<u>Number of AIs engaged in RMB business</u>	<u>Amount of cross-border RMB trade settlement^(c)</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^(b)</u> (%)	<u>Three-month time deposits^(b)</u> (%)		
2023	Q1	319,076	475,018	794,095	0.16	0.31	141	2,312,566
	Q2	399,974	507,327	907,302	0.16	0.31	141	2,791,750
	Q3	361,994	590,571	952,565	0.16	0.31	139	3,145,772
	Q4	381,803	557,400	939,203	0.16	0.31	139	3,418,469
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
% change in Q4 2024 over Q4 2023		7.0	-7.1	-1.3	N.A.	N.A.	N.A.	15.6

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

5.11 As to the Hong Kong dollar *debt market*, total gross issuance of Hong Kong dollar debt securities increased by 4.2% over the preceding year to \$5,135.1 billion in 2024. Issuance by the public and private sector increased by 3.8% and 4.1% respectively⁽⁷⁾. As a result, the total outstanding amount of Hong Kong dollar debt securities rose by 3.0% over a year earlier to \$2,825.1 billion at end-2024, equivalent to 33.3% of HK\$M3 or 28.2% of Hong Kong dollar-denominated assets of the banking sector⁽⁸⁾.

5.12 As to the Hong Kong dollar bonds issued by the Government, a total of \$6.5 billion institutional Government Bonds (GBs) were issued through tenders in 2024 under the GB Programme, while a total of \$10.5 billion institutional GBs were issued through tenders under the Infrastructure Bond Programme (IB Programme). In addition, a \$55.0 billion Silver Bond and a \$17.7 billion Retail Infrastructure Bond were issued under the retail part of the IB Programme in October and December respectively, and a \$2 billion tokenised institutional green bond was issued under the Government Sustainable Bond Programme (GSB Programme, formerly the Government Green Bond Programme) in February. At end-2024, the total outstanding amount of Hong Kong dollar bonds under the three Programmes was \$303.4 billion, of which \$178.2 billion, \$42.0 billion and \$83.2 billion were under the GB Programme, the GSB Programme and the IB Programme respectively. As for GBs denominated in foreign currencies, there was one US dollar sukuk with an issuance size of US\$1.0 billion outstanding under the GB Programme, around US\$21.3 billion equivalent of institutional green bonds outstanding under the GSB Programme, and around US\$0.8 billion equivalent of institutional infrastructure bonds outstanding under the IB Programme.

Table 5.5 : New issuance and outstanding value of Hong Kong dollar debt securities (\$Bn)

		Exchange Fund paper	Statutory bodies/govern ment-owned corporations	Govern -ment	Public sector total	AIs ^(a)	Local corporations	Non-MDBs overseas borrowers ^(b)	Private sector total	MDBs ^(b)	Total
New Issuance											
2023	Annual	3,978.0	76.3	106.3	4,160.6	290.0	30.2	419.7	739.8	26.2	4,926.7
	Q1	975.8	31.8	7.8	1,015.3	86.1	9.0	128.5	223.6	14.9	1,253.8
	Q2	997.2	19.4	9.5	1,026.2	65.2	10.4	106.0	181.6	3.7	1,211.5
	Q3	994.5	16.4	58.5	1,069.4	80.4	7.1	95.0	182.5	6.1	1,258.0
	Q4	1,010.6	8.7	30.5	1,049.8	58.2	3.7	90.2	152.1	1.5	1,203.4
2024	Annual	4,102.5	123.0	91.7	4,317.3	303.3	32.6	434.4	770.3	47.5	5,135.1
	Q1	1,004.5	57.0	5.5	1,066.9	59.7	6.2	113.0	178.9	18.4	1,264.3
	Q2	1,017.4	13.6	1.5	1,032.4	89.2	7.0	131.8	228.0	13.4	1,273.8
	Q3	1,036.2	31.5	1.5	1,069.1	86.2	13.1	96.6	196.0	8.6	1,273.7
	Q4	1,044.6	21.0	83.2	1,148.8	68.1	6.3	93.0	167.4	7.1	1,323.3
% change in 2024 over 2023		3.1	61.2	-13.7	3.8	4.6	8.1	3.5	4.1	81.3	4.2
Outstanding (at end of period)											
2023	Q1	1,216.7	146.0	226.9	1,589.5	305.6	133.9	503.8	943.3	48.7	2,581.5
	Q2	1,227.1	149.3	234.5	1,610.9	296.0	137.3	546.6	979.9	50.9	2,641.8
	Q3	1,240.4	159.2	288.9	1,688.5	288.7	134.3	566.2	989.2	53.8	2,731.4
	Q4	1,255.4	152.0	284.6	1,692.0	290.3	130.1	576.9	997.3	53.8	2,743.1
2024	Q1	1,268.4	187.5	287.2	1,743.1	265.2	120.8	573.5	959.6	55.4	2,758.0
	Q2	1,281.7	172.1	258.7	1,712.5	284.5	114.2	599.2	997.9	64.6	2,775.0
	Q3	1,294.7	183.1	222.1	1,699.9	287.0	119.6	590.9	997.6	63.6	2,761.0
	Q4	1,306.8	177.9	303.3	1,788.0	276.7	120.2	570.2	967.0	70.1	2,825.1
% change at end-2024 over end-2023		4.1	17.0	6.6	5.7	-4.7	-7.6	-1.2	-3.0	30.3	3.0

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

(a) AIs : Authorized institutions.

(b) MDBs : Multilateral Development Banks.

The stock and derivatives markets

5.13 The *local stock market* displayed considerable volatility in 2024. Weighed by heightened geopolitical tensions and tempered expectations for US interest rate cuts, the HSI hit a low of 14 961 in late January and remained under pressure in the first quarter. The HSI rebounded briefly following the announcement of enhancement measures on mutual access between the capital markets of the Mainland and Hong Kong in late April, before cooling down again amid uncertainties surrounding the economic outlook of the major economies. The HSI then rallied after the Fed's 50-basis-point interest rate cut on 18 September and the Central Government's subsequent launch of a package of stimulus measures to boost the Mainland economy. The HSI soared to a two-year high of 23 100 on 7 October before retreating somewhat to close the year at 20 060, 17.7% higher than end-2023. *Market capitalisation* rose by 13.8% over a year earlier to \$35.3 trillion at end-2024. The local stock market ranked the seventh largest in the world and the fourth largest in Asia⁽⁹⁾.

5.14 Trading activities regained momentum during the year especially in the fourth quarter. For 2024 as a whole, *average daily turnover* in the securities market expanded by 25.5% to \$131.8 billion. Within the total, the average daily trading value of unit trusts (including Exchange-Traded Funds (ETFs))⁽¹⁰⁾, equities and callable bull/bear contracts increased by 33.7%, 27.9% and 8.6% respectively, while that of derivative warrants decreased by 9.1%. As to futures and options⁽¹¹⁾, the average daily trading volume rose by 14.5%. Within the total, trading of stock options, HSI futures and Hang Seng China Enterprises Index futures rose by 17.7%, 1.3% and 0.5% respectively, while that of HSI options fell by 13.9%.

Diagram 5.6 : The HSI displayed considerable volatility and rose by 17.7% during 2024

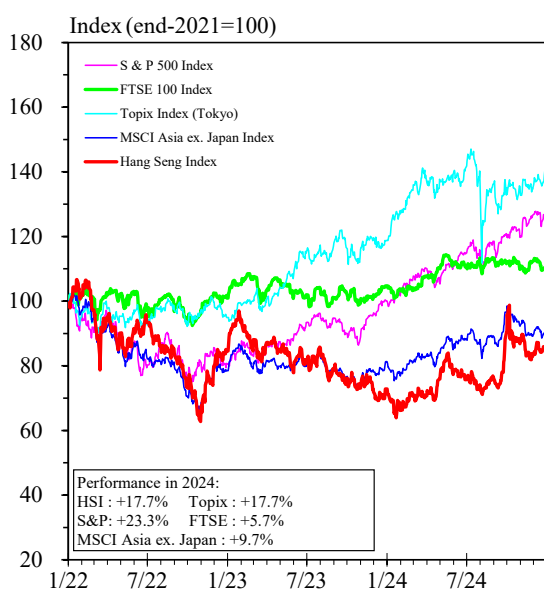
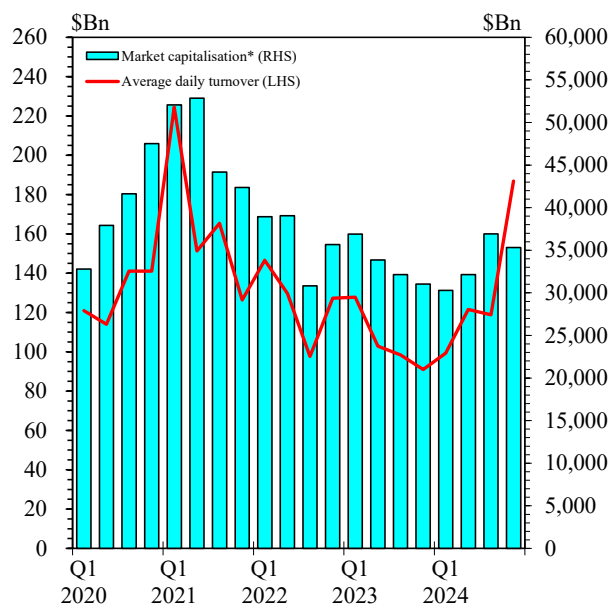


Diagram 5.7 : Market capitalisation rose; trading activities regained momentum during the year



Note : (*) Position at end of quarter.

Table 5.6 : 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 <u>options traded*</u>
2023	Annual	138 446	22 820	186 689	612 182	1 353 839
	Q1	145 708	25 243	196 405	665 210	1 418 700
	Q2	138 717	23 143	188 933	598 988	1 315 783
	Q3	136 670	22 706	179 322	590 969	1 336 408
	Q4	132 813	20 207	182 652	593 478	1 343 428
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
% change in 2024 Q4 over 2023 Q4		5.2	-25.0	-2.7	32.1	23.1
% change in 2024 over 2023		1.3	-13.9	0.5	17.7	14.5

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.

5.15 Fund raising activities in Hong Kong stayed quiet in early 2024, but revived notably in the latter part of the year. *Total equity capital raised*, comprising new share floatation and post-listing arrangements on the Main Board and GEM⁽¹²⁾, increased by 22.9% over the low base of comparison in 2023 to \$191.8 billion. Within the total, the amount of funds raised through IPOs almost doubled to \$88.0 billion. Hong Kong ranked fourth among stock exchange markets globally in terms of the amount of funds raised through IPOs in 2024⁽¹³⁾.

5.16 Mainland enterprises continued to play an important role in the Hong Kong stock market. At end-2024, a total of 1 478 Mainland enterprises (including 364 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 80% of total market capitalisation. Mainland-related stocks accounted for 88% of equity turnover and 90% of total equity funds raised in the Hong Kong Stock Exchange in 2024.

Fund management and investment funds

5.17 Performance of the fund management business improved further in 2024. The aggregate net asset value of the approved constituent funds under the *Mandatory Provident Fund (MPF) schemes*⁽¹⁴⁾ rose by 13.2% over a year earlier to \$1,291.2 billion at end-2024. The gross retail sales of *mutual funds* for the first eleven months of 2024 increased by 46.3% over the same period in the preceding year to US\$75.8 billion⁽¹⁵⁾⁽¹⁶⁾.

Insurance sector

5.18 The *insurance sector*⁽¹⁷⁾ saw robust performance in the first three quarters of 2024. New office premiums of long-term business grew by 15.7% over the same period in the preceding year, within which premium from non-investment linked individual business (which accounted for 96% of total premium for this segment) grew by 18.0%, while investment-linked business contracted by 19.7%. As to general business, gross and net premiums in the first three quarters of 2024 amounted to \$75.0 billion and \$51.7 billion respectively⁽¹⁸⁾.

Table 5.7 : Insurance business in Hong Kong[@] (\$Mn)

		General business [#]			New office premium of long-term business [^]				Gross premium from long-term business and general business
		Gross premium	Net premium	Underwriting profit	Non-linked long-term individual business	Linked long-term individual business	Non-retirement scheme group business	All long-term business	
2023	Q1-Q3	N.A.	N.A.	N.A.	137,318	8,965	236	146,519	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	Q1-Q3	75,017	51,716	2,156	162,036	7,202	357	169,595	244,612
	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.
% change in 2024 Q1-Q3 over 2023 Q1-Q3		N.A.	N.A.	N.A.	18.0	-19.7	51.3	15.7	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.

Highlights of policy and market developments

5.19 The HKMA launched the Digital Bond Grant Scheme (DBGS) in November 2024 with an initial period of three years. Under the DBGS, subsidies are provided to qualifying digital bond issuers to cover eligible expenses incurred, so as to encourage financial institutions and issuers to adopt tokenisation technology in capital market transactions.

5.20 The HKEX Virtual Asset Index Series was launched in November 2024, which provides investors with transparent and reliable benchmarks for Bitcoin and Ether pricing in the Asian time zone. Separately, the Government informed the OECD in December of Hong Kong's commitment to implementing the Crypto-Asset Reporting Framework, the latest global standard, with a view to ensuring global tax transparency in light of the rapid growth of the crypto-asset market.

5.21 The enhancements to the Mainland-Hong Kong Mutual Recognition of Funds arrangement became effective on 1 January 2025, which include relaxing the sales restriction and allowing the delegation of investment management functions of recognised funds to overseas asset management companies within the same group. From 13 January 2025, OTC Clearing Hong Kong Limited, HKEX's clearing subsidiary, will allow offshore investors to use China Government Bonds and Policy Bank Bonds held through Bond Connect as margin collateral for Northbound Swap Connect.

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-2024, there were 150 licensed banks, 15 restricted licence banks and 11 deposit-taking companies in Hong Kong. Altogether, 176 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 for private sector debt may not represent a full coverage of all the Hong Kong dollar debt paper 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-2024, there were 126 classes of stock options contracts and 98 classes of stock futures contracts.
- (12) At end-2024, there were 2 308 and 323 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-2024, there were 12 approved trustees. On MPF products, 21 master trust schemes, two industry schemes and one employer sponsored scheme, comprising altogether 379 constituent funds, were approved by the Mandatory Provident Fund Schemes Authority. A total of 368 000 employers, 2.65 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-2024, there was one SFC-authorised retail hedge fund with net asset size of US\$94 million. This amount of net assets under management decreased by 5.1% from

end-September 2024, and represented a 10.5% decrease from a year earlier and a 41.3% decrease from end-2002, the year when the hedge funds guidelines were first issued.

- (17) At end-2024, there were 157 authorized insurers in Hong Kong. Within this total, 52 were engaged in long-term insurance business, 84 in general insurance business, 18 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 6 : THE LABOUR SECTOR

Summary

- *The labour market remained tight in 2024 as the economy continued to expand. The seasonally adjusted unemployment rate stayed low at 3.1% in the fourth quarter of 2024. The underemployment rate also stayed low.*
- *The unemployment rates of various major sectors showed diverse movements in the fourth quarter compared with a year earlier. The unemployment rates of some sectors increased, notably the construction sector, the retail, accommodation and food services sector, and the transportation, storage, postal and courier services sector. On the other hand, the unemployment rates of some sectors decreased, notably the insurance sector, the manufacturing sector and the real estate sector.*
- *Wages and earnings recorded decent growth throughout the year.*

Overall labour market situation⁽¹⁾

6.1 The labour market remained tight as the economy continued to expand. The seasonally adjusted *unemployment rate*⁽²⁾ stayed low in 2024, though it increased slightly to 3.1% in the fourth quarter from 2.9% a year ago. The *underemployment rate*⁽³⁾ also stayed low throughout the year, though it edged up to 1.1% in the fourth quarter from 1.0% a year ago. The unemployment rates of various major sectors showed diverse movements in the fourth quarter compared with a year earlier. The unemployment rates of some sectors increased, notably the construction sector, the retail, accommodation and food services sector, and the transportation, storage, postal and courier services sector. On the other hand, the unemployment rates of some sectors decreased, notably the insurance sector, the manufacturing sector and the real estate sector. Establishment survey indicated that wages and labour earnings attained decent year-on-year increases in the first three quarters. More recent GHS data indicated that employment earnings continued to record solid growth in the fourth quarter.

Diagram 6.1 : The labour market remained tight in 2024 as the economy continued to expand



Note : # Provisional figures.

Table 6.1 : 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>
2023	Annual	2.9	1.1	0.8
	Q1	3.1	1.2	1.0
	Q2	3.0	1.1	0.9
	Q3	2.8	1.0	0.7
	Q4	2.9	1.0	0.7
2024	Annual [#]	3.0	1.1	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

Notes : * Seasonally adjusted (except for annual figures).

Provisional figures.

Source : General Household Survey, Census and Statistics Department.

Labour force and total employment

6.2 Amid the Government's effort in trawling for talents and importing workers, the working-age population (i.e. land-based non-institutional population aged 15 and above) increased by 0.7% over a year earlier to 6 730 300 in the fourth quarter of 2024. On the other hand, the labour force participation rate declined further to 56.9% mainly due to population ageing. As a result, the *labour force*⁽⁴⁾ increased by 0.3% over a year earlier to 3 832 400.

6.3 *Total employment*⁽⁵⁾ was largely stable in 2024. In the fourth quarter, total employment increased slightly by 0.1% over a year earlier to 3 718 900. Employment of many sectors increased, notably the insurance sector, the postal and courier activities sector, the real estate sector, the human health activities sector, the accommodation services sector, and the foundation and superstructure sector. On the other hand, employment of some sectors decreased, including the decoration, repair and maintenance for buildings sector, the retail sector, the food and beverage service activities sector, the import/export trade and wholesale sector, and the transportation sector.

Table 6.2 : The labour force, and persons employed, unemployed and underemployed

	<u>Labour force</u>	<u>Persons employed</u>	<u>Persons unemployed^(a)</u>	<u>Persons underemployed</u>
2023 Annual	3 822 300 (1.2)	3 709 600 (2.7)	112 700	41 600
Q1	3 808 000 (0.4)	3 692 300 (2.4)	115 700	47 200
Q2	3 808 500 (1.4)	3 694 300 (3.4)	114 200	41 600
Q3	3 838 300 (0.8)	3 724 400 (2.0)	113 900	37 900
Q4	3 820 000 (-0.7)	3 714 100 (-0.2)	105 900	36 900
2024 Annual [#]	3 820 200 (-0.1)	3 705 200 (-0.1)	115 000	43 500
Q1	3 800 100 (-0.2)	3 688 400 (-0.1)	111 700	40 000
Q2	3 818 000 (0.3)	3 703 300 (0.2)	114 700	44 500
Q3	3 830 100 (-0.2)	3 710 200 (-0.4)	119 900	46 000
Q4	3 832 400 (0.3)	3 718 900 (0.1)	113 600	43 500
	<0.1>	<0.2>		

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

() % change over a year earlier.

< > Quarter-to-quarter % change for the fourth quarter of 2024.

Provisional figures.

Source : General Household Survey, Census and Statistics Department.

Diagram 6.2 : Amid the Government's effort in trawling for talents and importing workers, the labour force increased in 2024; Total employment was largely stable



Table 6.3 : Labour force participation rates by gender and by age group (%)

	<u>2023</u>					<u>2024</u>				
	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Annual[#]</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
<u>Male</u>										
15-24	30.1	29.3	29.1	31.7	29.6	28.8	27.9	27.9	30.3	29.0
<i>of which:</i>										
15-19	7.5	6.4	6.1	9.2	7.7	6.9	6.5	6.5	8.2	6.3
20-24	51.6	51.2	51.0	52.9	50.5	50.6	49.3	49.1	52.5	51.7
25-29	87.9	87.8	87.3	86.9	88.9	88.3	88.3	86.9	88.7	89.2
30-39	93.8	93.4	93.9	94.6	94.3	94.3	94.3	94.1	94.3	94.4
40-49	93.8	93.8	94.2	93.8	93.0	93.2	92.9	93.5	93.2	93.3
50-59	85.2	84.9	85.1	85.1	85.2	85.0	84.6	85.1	84.9	85.4
≥ 60	31.6	32.0	31.2	32.0	31.1	30.8	31.0	31.0	30.7	30.5
Overall	63.6	63.8	63.4	63.9	63.2	62.8	62.8	62.8	62.9	62.7
<u>Female</u>										
15-24	31.1	30.9	29.2	32.4	30.6	30.2	29.6	29.3	31.6	30.3
<i>of which:</i>										
15-19	7.5	6.9	6.4	9.7	6.7	7.3	6.2	6.2	9.0	7.6
20-24	52.0	52.7	49.6	52.4	51.9	51.5	51.4	50.6	52.5	51.5
25-29	85.3	85.5	85.1	85.3	84.4	83.5	84.0	83.4	83.5	83.1
30-39	79.6	79.0	79.7	79.7	80.2	80.4	80.1	80.8	80.3	80.4
40-49	74.5	73.7	74.1	74.9	75.1	75.6	75.2	75.8	75.5	75.9
50-59	64.5	64.7	64.0	65.0	65.8	65.9	65.7	65.3	66.1	66.3
≥ 60	16.8	17.0	17.3	16.8	16.8	17.6	17.5	18.0	17.4	17.3
Overall	52.2	52.4	52.2	52.5	52.3	52.4	52.4	52.6	52.5	52.3
<u>Both genders combined</u>										
15-24	30.6	30.1	29.2	32.0	30.1	29.5	28.7	28.6	31.0	29.6
<i>of which:</i>										
15-19	7.5	6.7	6.2	9.4	7.2	7.1	6.4	6.4	8.6	6.9
20-24	51.8	52.0	50.3	52.7	51.2	51.1	50.4	49.8	52.5	51.6
25-29	86.5	86.6	86.2	86.0	86.5	85.8	86.0	85.0	86.0	86.0
30-39	85.6	85.1	85.7	86.1	86.2	86.3	86.2	86.5	86.3	86.4
40-49	82.3	81.8	82.2	82.6	82.4	82.7	82.4	82.9	82.6	82.9
50-59	73.4	73.4	73.1	73.6	74.1	74.0	73.8	73.7	74.1	74.4
≥ 60	23.8	24.1	23.8	24.0	23.5	23.8	23.9	24.1	23.7	23.5
Overall	57.3	57.5	57.2	57.6	57.2	57.1	57.0	57.1	57.1	56.9

Note : # Provisional figures.

Source : General Household Survey, Census and Statistics Department.

Profile of unemployment

6.4 The seasonally adjusted unemployment rate stayed at a low level, though it edged up from 2.9% in the fourth quarter of 2023 to 3.0% in the first three quarters of 2024 and 3.1% in the fourth quarter of 2024. The number of unemployed persons (not seasonally adjusted) increased by 7.2% or 7 600 over a year earlier to 113 600 in the fourth quarter of 2024.

6.5 The unemployment rates of various major sectors showed diverse movements in the fourth quarter of 2024 compared with a year earlier. The unemployment rates of some sectors increased, notably the construction sector (up 0.7 percentage point to 4.4%), the retail, accommodation and food services sector (up 0.7 percentage point to 4.3%), and the transportation, storage, postal and courier services sector (up 0.4 percentage point to 2.8%). On the other hand, the unemployment rates of some sectors decreased, notably the insurance sector (down 0.7 percentage point to 1.3%), the manufacturing sector (down 0.5 percentage point to 3.3%), and the real estate sector (down 0.5 percentage point to 1.6%). For the *low-paying sectors*⁽⁶⁾ as a whole, the unemployment rate increased by 0.2 percentage point to 2.5%, which was still a low level.

6.6 Analysed by skill segment, the unemployment rate of the lower-skilled workers went up by 0.3 percentage point over a year earlier to 3.1% in the fourth quarter, whereas the unemployment rate of the higher-skilled workers remained unchanged at 2.0%.

6.7 Analysed by other socio-economic attributes, the unemployment rates of most age and educational attainment groups went up somewhat in the fourth quarter compared with a year earlier, notably for those aged 60 and above (up 0.4 percentage point to 2.5%) and those aged 50-59 (up 0.3 percentage point to 2.9%). Meanwhile, the unemployment rate of those aged 15-19 fell notably by 1.6 percentage points to 7.6%.

Diagram 6.3 : The unemployment rates of various major sectors showed diverse movements in the fourth quarter compared with a year earlier

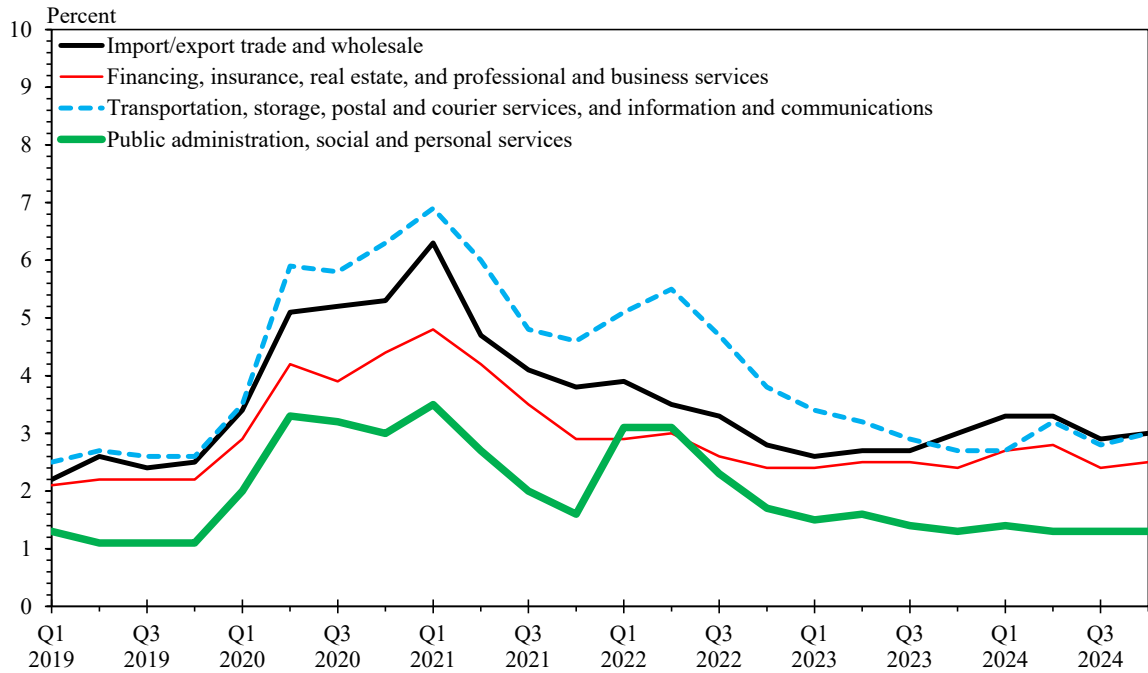
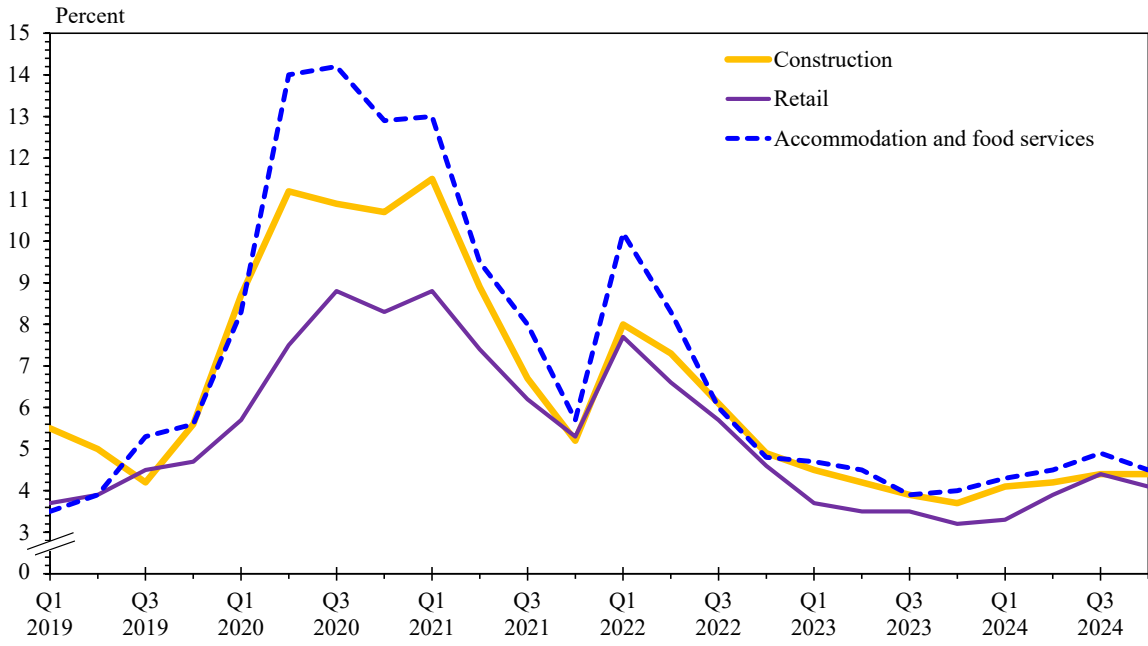


Table 6.4 : Unemployment rates by major economic sector

	<u>2023</u>					<u>2024</u>				
	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Annual</u> [#]	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
Import/export trade and wholesale	2.8	2.6	2.7	2.7	3.0	3.1	3.3	3.3	2.9	3.0
Retail, accommodation and food services	3.9	4.2	4.0	3.7	3.6	4.2	3.8	4.2	4.7	4.3
<i>of which:</i>										
<i>Retail</i>	3.5	3.7	3.5	3.5	3.2	3.9	3.3	3.9	4.4	4.1
<i>Accommodation services</i>	2.9	3.7	3.0	2.5	2.3	3.2	2.6	3.4	3.4	3.3
<i>Food and beverage service activities</i>	4.6	4.9	4.8	4.1	4.3	4.8	4.6	4.7	5.2	4.7
Transportation, storage, postal and courier services	2.8	3.3	3.1	2.6	2.4	2.7	2.5	3.0	2.6	2.8
Information and communications	3.6	3.4	3.3	3.4	3.5	3.3	3.1	3.4	3.3	3.5
Financing, insurance, real estate, professional and business services	2.4	2.4	2.5	2.5	2.4	2.6	2.7	2.8	2.4	2.5
<i>of which:</i>										
<i>Insurance</i>	2.6	2.6	2.8	2.9	2.0	1.5	2.2	1.7	0.9	1.3
<i>Real estate</i>	2.4	2.6	2.6	2.1	2.1	1.9	2.2	2.1	1.5	1.6
Public administration, social and personal services	1.5	1.5	1.6	1.4	1.3	1.3	1.4	1.3	1.3	1.3
Manufacturing	3.8	3.9	4.0	4.0	3.8	3.2	3.2	3.2	3.3	3.3
Construction	4.0	4.5	4.2	3.9	3.7	4.3	4.1	4.2	4.4	4.4
Overall*	2.9	3.0	3.0	3.0	2.8	3.0	2.9	3.0	3.1	3.0
		(3.1)	(3.0)	(2.8)	(2.9)		(3.0)	(3.0)	(3.0)	(3.1)

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

() Seasonally adjusted unemployment rates.

Provisional figures.

Source : General Household Survey, Census and Statistics Department.

Diagram 6.4 : The unemployment rate of the lower-skilled workers went up in the fourth quarter over a year earlier, whereas that of the higher-skilled workers remained unchanged

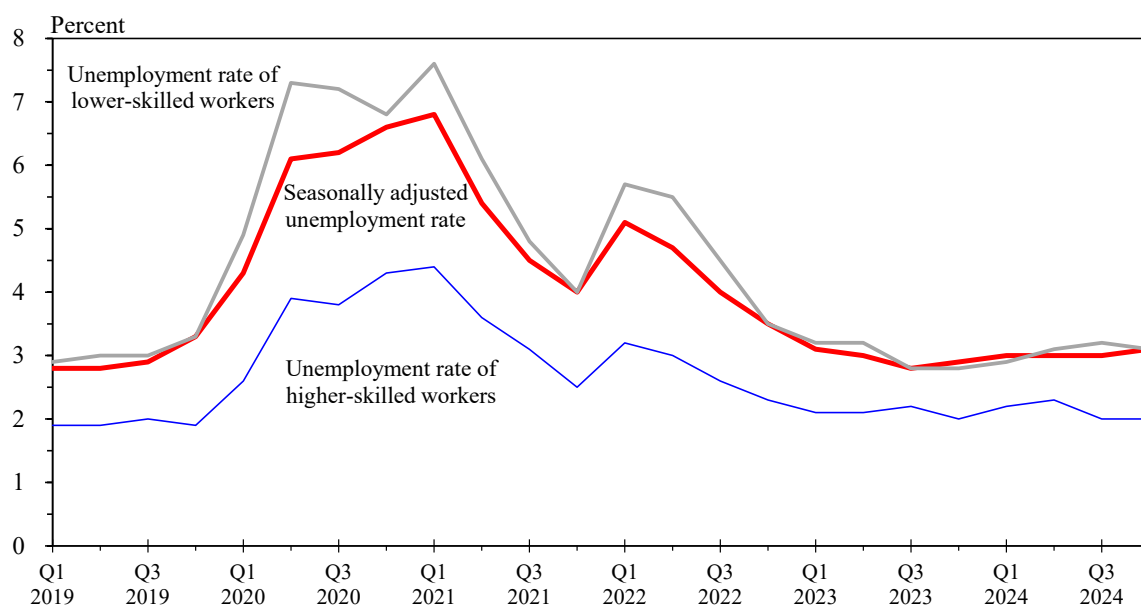


Table 6.5 : Unemployment rates* by skill segment

	2023					2024				
	Annual	Q1	Q2	Q3	Q4	Annual [#]	Q1	Q2	Q3	Q4
<u>Higher-skilled segment</u>	2.1	2.1	2.1	2.2	2.0	2.1	2.2	2.3	2.0	2.0
Managers	1.5	1.3	1.5	1.7	1.7	1.8	2.0	2.1	1.7	1.6
Professionals	1.8	2.0	1.6	1.8	1.6	1.8	1.9	1.7	1.7	1.8
Associate professionals	2.7	2.7	2.9	2.8	2.5	2.6	2.7	2.9	2.4	2.4
<u>Lower-skilled segment[^]</u>	3.0	3.2	3.2	2.8	2.8	3.1	2.9	3.1	3.2	3.1
Clerical support workers	3.2	3.3	3.1	2.9	3.3	3.5	3.4	3.7	3.5	3.4
Service and sales workers	3.4	3.8	3.6	3.0	3.0	3.4	3.2	3.4	3.6	3.5
Craft and related workers	3.9	4.3	4.1	3.9	3.8	4.0	4.0	4.0	4.0	3.9
Plant and machine operators and assemblers	2.1	2.4	2.3	1.9	2.3	2.5	2.1	2.4	2.5	2.8
Elementary occupations	2.3	2.5	2.6	2.3	1.9	2.2	2.0	2.2	2.3	2.3

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

[^] Including other occupations.

[#] Provisional figures.

Source : General Household Survey, Census and Statistics Department.

Table 6.6 : Unemployment rates* by age and educational attainment

	<u>2023</u>					<u>2024</u>				
	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Annual[#]</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
<u>Age</u>										
15-24	8.9	7.8	9.4	10.2	8.5	9.5	9.8	8.2	11.3	8.5
<i>of which:</i>										
15-19	9.6	9.6	11.2	11.5	9.2	10.5	8.1	9.8	15.2	7.6
20-24	8.8	7.6	9.2	10.0	8.4	9.3	10.0	8.0	10.7	8.6
25-29	4.5	4.5	4.0	4.4	4.5	4.6	4.6	4.4	4.7	4.6
30-39	2.3	2.5	2.3	2.2	2.1	2.3	2.1	2.4	2.3	2.3
40-49	2.3	2.4	2.5	2.3	2.2	2.4	2.2	2.7	2.4	2.3
50-59	2.8	3.2	2.9	2.8	2.6	2.9	3.0	2.9	2.9	2.9
≥ 60	2.2	2.2	2.4	2.2	2.1	2.4	2.3	2.4	2.4	2.5
<u>Educational attainment</u>										
Primary education and below	2.2	2.4	2.4	1.9	2.3	2.3	1.9	2.4	2.5	2.5
Lower secondary education	3.7	4.2	3.9	3.3	3.6	3.5	2.9	3.7	3.5	3.7
Upper secondary education [^]	2.8	2.9	3.1	2.6	2.5	2.9	3.0	2.8	3.1	2.7
Post-secondary education	2.9	2.9	2.8	3.3	2.8	3.1	3.1	3.0	3.1	3.0

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

^ Including craft courses.

Provisional figures.

Source : General Household Survey, Census and Statistics Department.

6.8 The situation on unemployment duration was largely stable in 2024. The long-term unemployment rate (i.e. the proportion of persons unemployed for six months or longer in the labour force) stayed low at 0.8% in the fourth quarter, though it edged up from 0.7% a year ago. The number of long-term unemployed persons increased by 7.8% or 2 200 to 30 500. The median duration of unemployment was 82 days, same as a year ago.

Underemployment situation

6.9 The underemployment rate stayed low throughout 2024. It edged up from 1.0% in the fourth quarter of 2023 to 1.1% in the first quarter of 2024 and 1.2% in the second and third quarters before edging down to 1.1% in the fourth quarter. The number of underemployed persons increased by 17.7% or 6 500 over a year earlier to 43 500 in the fourth quarter of 2024.

Profile of employment in establishments

6.10 The quarterly statistics collected from private sector establishments on employment, vacancies, wages and payroll are available up to September 2024. Attempts have been made to bring the analysis more up-to-date by drawing reference to information from supplementary sources wherever possible.

6.11 Total private sector employment declined by 0.8% from a year earlier to 2 721 500 in September 2024. Employment in various industries showed diverse movements. More notable decreases in employment were recorded in the industries of retail, import/export trade and wholesale, and financing and insurance. On the other hand, more visible increases in employment were observed in the industries of construction sites (covering manual workers only), residential care and social work services, and accommodation services.

Table 6.7 : Employment by major economic sector

	2023					2024			
	Annual average	Mar	Jun	Sep	Dec	Mar	Jun	Sep	
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)	408 300 (-5.1)	405 500 (-5.2)	403 300 (-5.2)	
Retail	249 600 (1.7)	248 500 (1.4)	251 900 (2.9)	252 100 (2.8)	245 700 (-0.3)	241 900 (-2.7)	239 100 (-5.1)	237 100 (-5.9)	
Accommodation services	35 500 (3.0)	35 600 (0.6)	35 200 (5.5)	35 300 (5.2)	35 700 (1.2)	36 300 (2.1)	36 500 (3.7)	36 600 (3.7)	
Food and beverage services	224 300 (3.5)	223 900 (9.4)	224 600 (3.4)	224 200 (1.0)	224 500 (0.7)	225 200 (0.6)	223 700 (-0.4)	221 200 (-1.3)	
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)	163 800 (1.2)	164 200 (0.7)	166 000 (0.7)	
Information and communications	108 300 (1.9)	107 400 (0.2)	108 800 (2.5)	108 600 (3.1)	108 400 (1.8)	109 700 (2.1)	110 100 (1.2)	108 000 (-0.5)	
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)	762 300 (-0.1)	765 300 (-0.6)	772 300 (-0.1)	
<i>of which:</i>									
<i>Financing and insurance</i>	233 900 (§)	233 000 (-1.3)	234 900 (0.6)	235 800 (1.4)	231 700 (-0.7)	229 400 (-1.5)	229 300 (-2.4)	230 500 (-2.3)	
Social and personal services	560 700 (4.4)	553 900 (3.9)	559 700 (4.8)	564 100 (5.2)	565 000 (3.8)	569 800 (2.9)	568 100 (1.5)	568 900 (0.9)	
<i>of which:</i>									
<i>Residential care and social work services</i>	69 900 (4.7)	68 900 (2.4)	69 600 (5.9)	70 200 (5.5)	71 000 (5.0)	72 000 (4.5)	72 700 (4.3)	72 800 (3.7)	
Manufacturing	74 400 (-0.6)	74 900 (-1.2)	74 800 (-0.2)	74 000 (-0.5)	74 000 (-0.6)	75 900 (1.4)	75 000 (0.3)	73 800 (-0.3)	
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)	123 600 (14.1)	124 100 (11.8)	121 400 (10.7)	
All establishments surveyed in the private sector^(a)	2 731 000 (1.7)	2 719 800 (1.5) [0.7] <0.9>	2 738 300 (2.4) [0.7] <0.6>	2 743 200 (2.1) [0.2] <§>	2 722 800 (0.8) [-0.7] <-0.7>	2 728 900 (0.3) [0.2] <0.4>	2 724 100 (-0.5) [-0.2] <-0.2>	2 721 500 (-0.8) [-0.1] <-0.3>	
<i>Civil service^(b)</i>	172 900 (-1.1)	173 600 (-1.5)	172 700 (-1.4)	172 600 (-0.8)	172 600 (-0.6)	173 100 (-0.3)	172 400 (-0.2)	172 500 (-0.1)	

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

6.12 Private sector vacancies declined by 17.6% from a year earlier to 66 460 in September 2024. Vacancies in a majority of industries declined.

6.13 The overall manpower balance situation eased somewhat, as the ratio of job vacancies per 100 unemployed persons went down from 69 in December 2023 to 55 in September 2024. Analysed by sector, the manpower shortage situation was particularly tight in the human health services sector, the wholesale sector, the residential care and social work services sector, the real estate sector, the education sector, and the art, entertainment and recreation sector, with their corresponding ratios being well above 100.

Table 6.8 : Vacancies by major economic sector

	Annual average	2023				2024		
		Mar	Jun	Sep	Dec	Mar	Jun	Sep
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)	4 030 (-5.1)	4 480 (6.3)	4 330 (12.3)
Retail	6 090 (24.1)	6 410 (72.5)	6 600 (35.2)	5 900 (18.2)	5 440 (-9.9)	4 720 (-26.3)	3 940 (-40.2)	4 460 (-24.5)
Accommodation services	2 570 (36.8)	2 830 (100.7)	2 620 (46.5)	2 540 (24.9)	2 300 (0.4)	2 100 (-25.6)	1 580 (-39.8)	1 220 (-52.1)
Food and beverage services	6 040 (33.8)	5 810 (140.8)	6 050 (28.7)	6 220 (12.2)	6 100 (12.6)	5 930 (2.2)	5 680 (-6.2)	5 440 (-12.6)
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)	8 820 (18.5)	7 640 (8.7)	5 040 (-26.4)
Information and communications	2 900 (1.7)	3 020 (8.3)	3 040 (9.2)	2 860 (-5.2)	2 690 (-4.8)	3 100 (2.5)	3 040 (0.1)	2 350 (-17.7)
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)	17 570 (-9.5)	17 630 (-13.4)	17 520 (-5.2)
<i>of which:</i>								
<i>Financing and insurance</i>	5 890 (-2.0)	6 200 (12.6)	6 230 (7.8)	5 720 (-13.2)	5 420 (-12.2)	4 840 (-22.0)	4 780 (-23.3)	5 000 (-12.5)
Social and personal services	26 230 (16.6)	25 290 (37.4)	26 040 (21.8)	28 410 (8.1)	25 200 (5.2)	23 810 (-5.9)	20 950 (-19.6)	22 370 (-21.2)
<i>of which:</i>								
<i>Residential care and social work services</i>	5 440 (10.3)	5 260 (13.1)	5 460 (13.6)	5 540 (6.9)	5 500 (8.1)	5 060 (-3.8)	5 050 (-7.5)	4 810 (-13.1)
Manufacturing	2 520 (49.0)	2 380 (69.5)	2 480 (51.1)	2 690 (46.9)	2 520 (34.0)	2 750 (15.7)	2 510 (1.6)	1 810 (-32.8)
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)	2 070 (221.1)	1 800 (-34.9)	1 760 (-31.4)
All establishments surveyed in the private sector^(a)	78 230 (18.5)	77 750 (44.8)	81 460 (30.3)	80 650 (7.8)	73 070 (-0.1)	75 180 (-3.3)	69 440 (-14.8)	66 460 (-17.6)
		[6.3]	[4.8]	[-1.0]	[-9.4]	[2.9]	[-7.6]	[-4.3]
		<5.1>	<4.0>	<-6.2>	<-2.3>	<1.4>	<-8.2>	<-9.4>
<i>Civil service^(b)</i>	19 550 (9.8)	19 170 (14.1)	19 700 (12.7)	19 450 (6.7)	19 870 (6.3)	19 740 (2.9)	19 380 (-1.6)	19 290 (-0.8)

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.

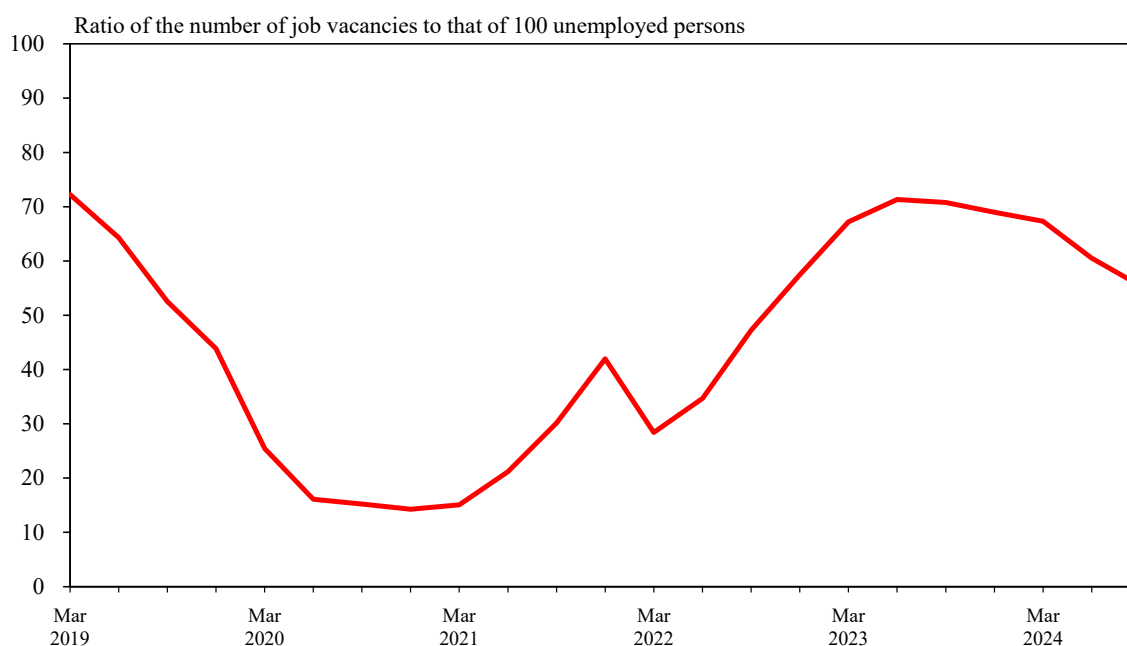
() % change over a year earlier.

[] 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 6.5 : Manpower balance situation eased somewhat in 2024

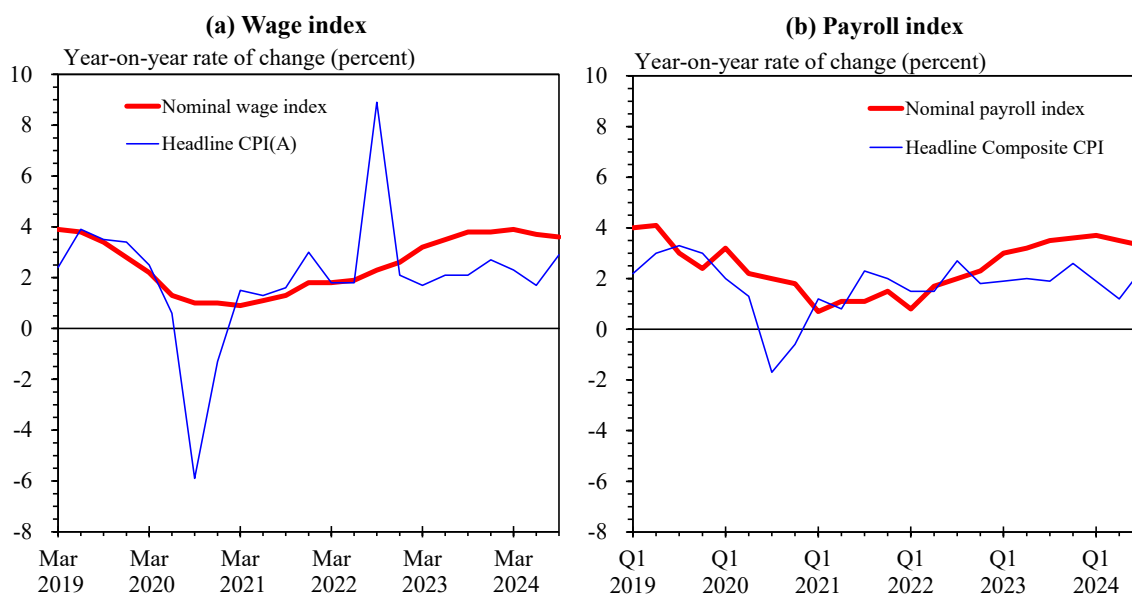


Wages and earnings

6.14 Wages and labour earnings attained decent increases in the first three quarters 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, increased by 3.6% in September over a year earlier, after increasing by 3.7% in June and 3.9% in March. After discounting for *inflation*⁽⁷⁾, the average wage rate rose by 0.6% in real terms in September.

6.15 Nominal *labour earnings*⁽⁸⁾, as measured by the index of nominal payroll per person engaged for all selected industry sections which covers basic wage, overtime pay, discretionary bonuses and other irregular payments, increased by 3.3% in the third quarter of 2024, after increasing by 3.5% in the second quarter and 3.7% in the first quarter. After discounting for inflation, labour earnings rose by 0.9% in real terms in the third quarter. All selected industries saw increases in nominal payroll per person engaged in the third quarter, with most of them registering increases in real terms after discounting for inflation.

Diagram 6.6 : Wages and labour earnings attained decent increases in the first three quarters 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.

6.16 Statistics compiled from the GHS, though not strictly comparable to those from the business establishment surveys, indicated that employment earnings recorded solid growth throughout 2024. The median monthly employment earnings of full-time employees (excluding foreign domestic helpers) increased by 4.8% in nominal terms or 3.4% in *real terms*⁽⁹⁾ in the fourth quarter over a year earlier.

Highlights of related measures and policy developments

6.17 In the 2024 Policy Address, the Chief Executive (CE) pledged that the Government will continue to build Hong Kong into an international hub for high-calibre talents. Various measures were announced and implemented subsequently. The Committee on Education, Technology and Talents, established to co-ordinate and promote the integrated development of education, technology and talents, held its first meeting on 13 December 2024. Earlier, on 1 November 2024, three measures were implemented to enhance the Top Talent Pass Scheme (TTPS) and the Quality Migrant Admission Scheme (QMAS): (i) the validity period of the first visa of high-income talents under TTPS was extended from two years to three years; (ii) the list of universities under the TTPS was expanded by adding 13 top Mainland and overseas universities; and (iii) the criteria and arrangements for the General Points Test under QMAS were enhanced by adopting a more objective and clear scoring criteria and streamlining the application and selection process. Going forward, the Talent List will be updated to include professions required for development of the “eight centres”. Moreover, there will be arrangements to allow a certain number of young and experienced non-degree talents with relevant professional and technical qualifications to apply for entry into Hong Kong under the General Employment Policy and the Admission Scheme for Mainland Talents and Professionals to join the skilled trades facing acute manpower shortage. The Government will also implement a new mechanism under QMAS to proactively invite top-notch talents to come to Hong Kong for development.

6.18 The 2024 Policy Address also set out policy measures on reforming the Employees Retraining Board (ERB) and strengthening the training for local workers. On 1 January 2025, ERB removed the eligibility cap on education level of service targets. Along with the arrangement, ERB will increase the total number of annual training places by at least 15 000 in 2025-26. Moreover, ERB will formulate an action plan within 2025 for reforming its functions, structure and operation mode as well as consolidating the training resources.

6.19 To enhance the support to youth employment, the Government enhanced the Greater Bay Area (GBA) Youth Employment Scheme in January 2025. The eligibility requirements were relaxed to allow young people aged 29 or below with sub-degree or higher qualifications to join the Scheme. Moreover, the upper limit of monthly allowance granted to enterprises was increased to \$12,000. Also, a reciprocal arrangement under the Scheme was introduced to enable enterprises hiring Hong Kong young people to work in GBA Mainland cities to engage an equivalent number of Mainland young people to

work in Hong Kong. Separately, the upper age limit for participants joining the Youth Employment and Training Programme was raised to 29, and workplace attachment opportunities in places outside Hong Kong in GBA Mainland cities were introduced.

6.20 The Government also launched the three-year Re-employment Allowance Pilot Scheme on 15 July 2024, targeting persons aged 40 or above who have not been in paid employment for three consecutive months or more, with a view to encouraging them to rejoin the workforce. Participants who have worked for six consecutive months will receive a maximum re-employment allowance (REA) of \$10,000, and those who have worked for 12 consecutive months will receive an additional maximum REA of \$10,000.

6.21 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 its prevailing level of \$40 per hour to \$42.1 per hour, an increase of \$2.1 or 5.25%. Subject to the approval of the Legislative Council, the revised SMW rate will come into force on 1 May 2025. Separately, the Government will implement the new annual review mechanism of SMW endorsed 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. The occupation classification adopted in the General Household Survey has been enhanced since January – March 2022 to follow the International Standard Classification of Occupations 2008 (ISCO-08) more closely. The series has been backcasted to the quarter of January – March 2016. Starting from the reference quarter of January – March 2016, all the labour force statistics by occupation, unless otherwise specified, are compiled based on the revised classification.

- (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 7 : PRICES

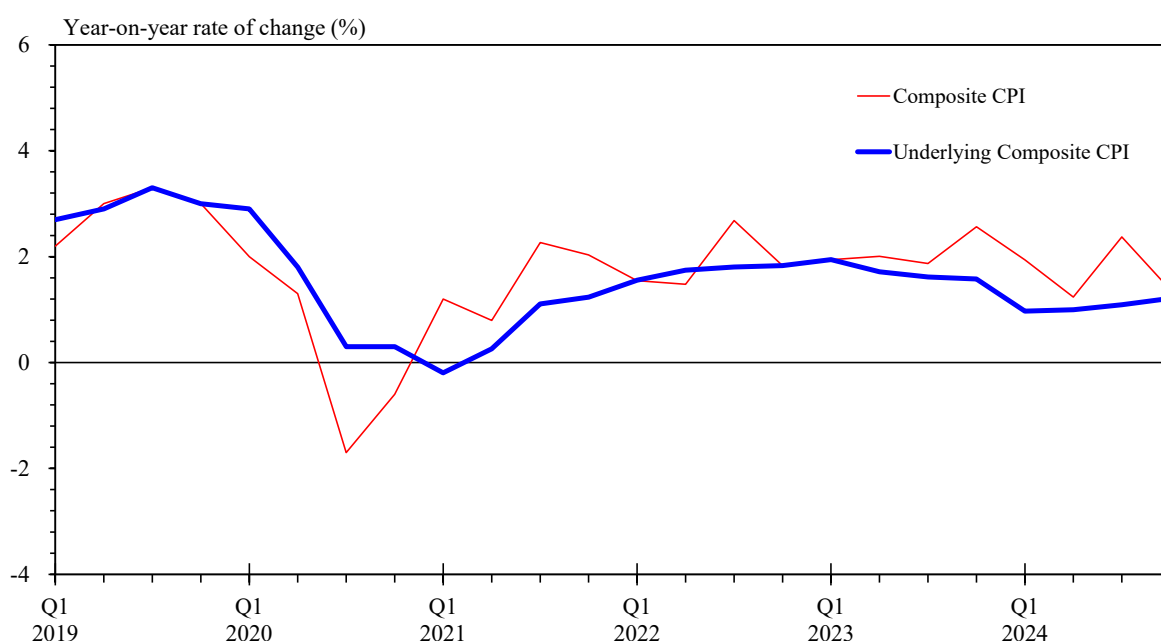
Summary

- *Underlying consumer price inflation was mild in 2024. Food prices as a whole saw modest increases alongside narrowing increases in prices of meals out and takeaway food over the course of the year. Prices of electricity fell visibly. Private housing rentals showed tepid increases. Price pressures on other major components remained broadly in check. The underlying Composite Consumer Price Index (Composite CPI)⁽¹⁾, which nets out the effects of the Government's one-off relief measures, rose by 1.1% in 2024 compared to 1.7% in 2023.*
- *Headline Composite CPI inflation was 1.7% in 2024, compared to 2.1% in 2023. The higher headline inflation rate than its underlying counterpart in 2024 was due to the lower rates concession and smaller electricity charges subsidy provided by the Government in the year.*
- *Domestic business cost pressures remained contained in 2024. Nominal wages recorded growth, while commercial rentals declined.*
- *Overall external price pressures eased in 2024 against the broad trend of receding inflation in many major economies⁽²⁾. Import prices of most end-use categories recorded moderate increases, while those of fuels fell.*

Consumer prices

7.1 Underlying consumer price inflation was mild in 2024. Food prices as a whole saw modest increases, alongside narrowing increases in prices of meals out and takeaway food over the course of the year. Prices of electricity fell visibly. Private housing rentals showed tepid increases. Price pressures on other major components remained broadly in check. Domestic business cost pressures remained contained. Nominal wages recorded growth, while commercial rentals declined. Overall external price pressures eased during the year.

Diagram 7.1: Underlying consumer price inflation was mild in 2024



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.

7.2 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, eased to 1.1% in 2024 from 1.7% in 2023, with quarterly figures moving within a narrow range between 1.0% and 1.2%. Meanwhile, the headline Composite CPI inflation was 1.7% in 2024, compared to 2.1% in 2023. The headline inflation rate was higher than its underlying counterpart in 2024 mainly due to lower rates concessions and, to a lesser extent, smaller electricity charges subsidy provided by the Government in the year.

Table 7.1 : 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^(a)</u>	<u>Headline</u>			
2023	Annual	1.7	2.1	2.3	2.0	2.0
	H1	1.8	2.0	2.1	1.9	2.0
	H2	1.6	2.2	2.5	2.1	2.1
	Q1	1.9	1.9	2.0	1.8	2.0
	Q2	1.7	2.0	2.2	1.9	2.0
	Q3	1.6	1.9	1.9	1.8	1.9
	Q4	1.6	2.6	3.0	2.4	2.3
	2024	Annual	1.1	1.7	2.1	1.6
	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

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

2023	Q1	0.6	0.6	0.7	0.5	0.7
	Q2	0.4	0.3	0.3	0.3	0.3
	Q3	0.2	0.3	0.4	0.3	0.4
	Q4	0.3	1.3	1.7	1.2	0.9
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

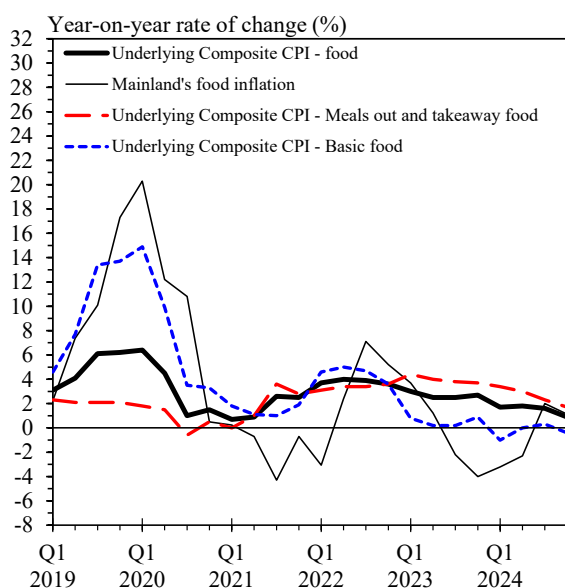
Notes : (a) Underlying consumer price inflation is calculated by netting out the effects of all Government's one-off relief measures introduced since 2007, including the waiver and Government's payment of public housing rentals, rates concession, suspension and subsequent abolition of Employees Retraining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

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

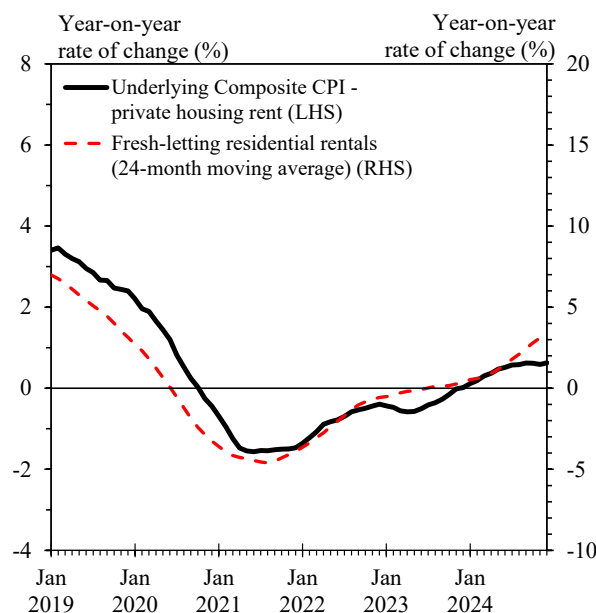
7.3 Analysed by major component of the underlying Composite CPI, food prices as a whole increased modestly by 1.5% in 2024. Within food prices, prices of meals out and takeaway food rose moderately by 2.6%, with narrowing increases over the course of the year. Prices of basic food edged down by 0.3%. Prices of electricity, gas and water declined, led by prices of electricity, but the quarterly rate of decrease moderated towards the end of the year alongside a lower base of comparison. Prices of clothing and footwear and those of durable goods recorded slight declines. Meanwhile, prices of alcoholic drinks and tobacco surged alongside the duty rate hike on tobacco which took effect in late February 2024. Moderate increases were seen in transport, miscellaneous goods and miscellaneous services. As for housing, private housing rentals showed tepid increases of 0.5% on the back of a gradual feed through of rising fresh-letting residential rentals.

Diagram 7.2 : Food and private housing rental components of the underlying Composite CPI

(a) Food prices as a whole increased modestly in 2024



(b) Private housing rentals showed tepid increases in 2024



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

Diagram 7.3 (a) : Prices of meals out and takeaway food rose moderately in 2024, while prices of electricity, gas and water declined

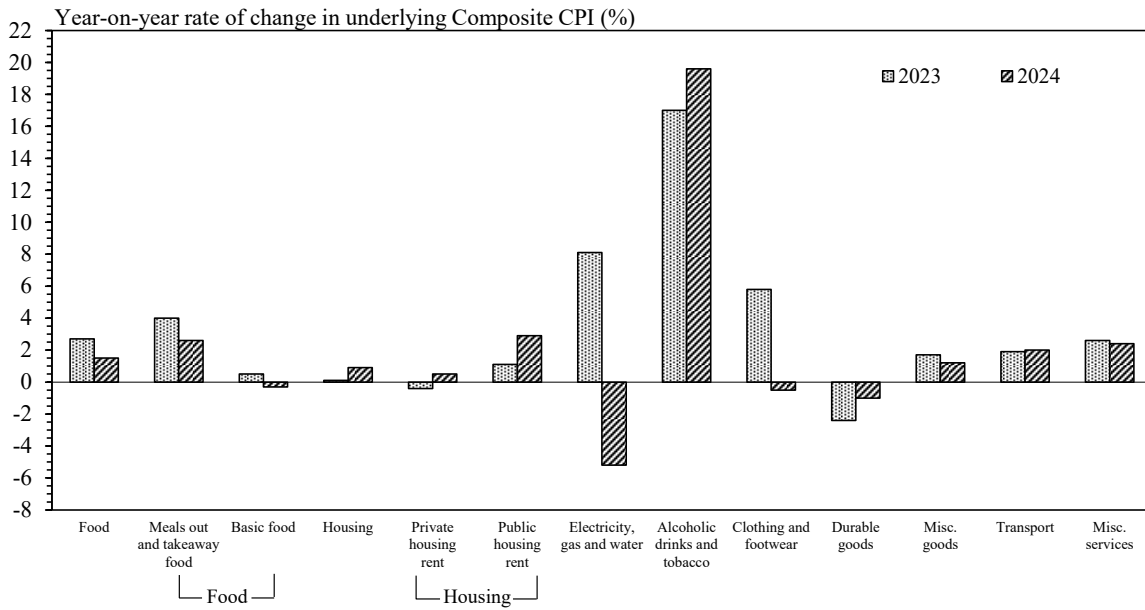
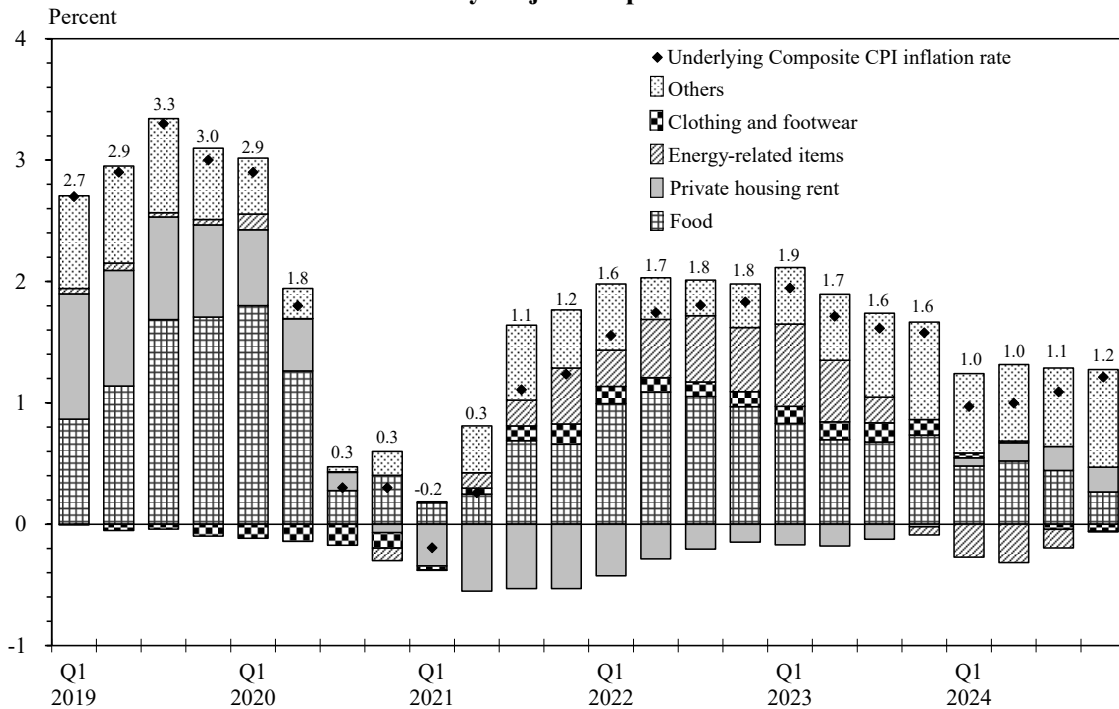


Diagram 7.3 (b) : Contribution to underlying Composite CPI inflation rate by major component



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

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.

Table 7.2 : Underlying Composite CPI by component
(year-on-year rate of change (%))

<u>Expenditure component</u>	<u>Weighting (%)[^]</u>	<u>2023</u>		<u>2024</u>			
		<u>Annual</u>	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
Food	26.49	2.7	1.5	1.7	1.8	1.6	0.9
<i>Meals out and takeaway food</i>	17.39	4.0	2.6	3.4	3.0	2.3	1.7
<i>Basic food</i>	9.10	0.5	-0.3	-1.0	*	0.3	-0.4
Housing ^(a)	38.48	0.1 (1.0)	0.9 (2.1)	0.5 (3.0)	0.7 (1.1)	0.8 (3.3)	1.4 (0.9)
<i>Private housing rent</i>	33.58	-0.4 (0.5)	0.5 (1.4)	0.2 (2.0)	0.4 (0.5)	0.6 (2.4)	0.6 (0.6)
<i>Public housing rent</i>	1.97	1.1 (4.4)	2.9 (7.2)	0.3 (13.5)	0.4 (1.2)	0.4 (13.6)	10.5 (1.3)
Electricity, gas and water	3.07	8.1 (9.6)	-5.2 (-0.3)	-6.9 (-8.0)	-8.4 (-6.7)	-4.8 (4.5)	-0.5 (9.9)
Alcoholic drinks and tobacco	0.52	17.0	19.6	14.3	21.0	21.4	21.4
Clothing and footwear	2.74	5.8	-0.5	1.6	0.4	-1.5	-2.3
Durable goods	4.30	-2.4	-1.0	-1.4	-0.8	-0.7	-0.9
Miscellaneous goods	3.38	1.7	1.2	1.3	1.0	1.0	1.3
Transport	7.28	1.9	2.0	2.1	1.9	2.2	1.7
Miscellaneous services	13.74	2.6 (2.6)	2.4 (2.4)	2.9 (2.9)	2.3 (2.2)	2.3 (2.3)	2.0 (2.0)
All items	100.00	1.7 (2.1)	1.1 (1.7)	1.0 (1.9)	1.0 (1.2)	1.1 (2.4)	1.2 (1.4)

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

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

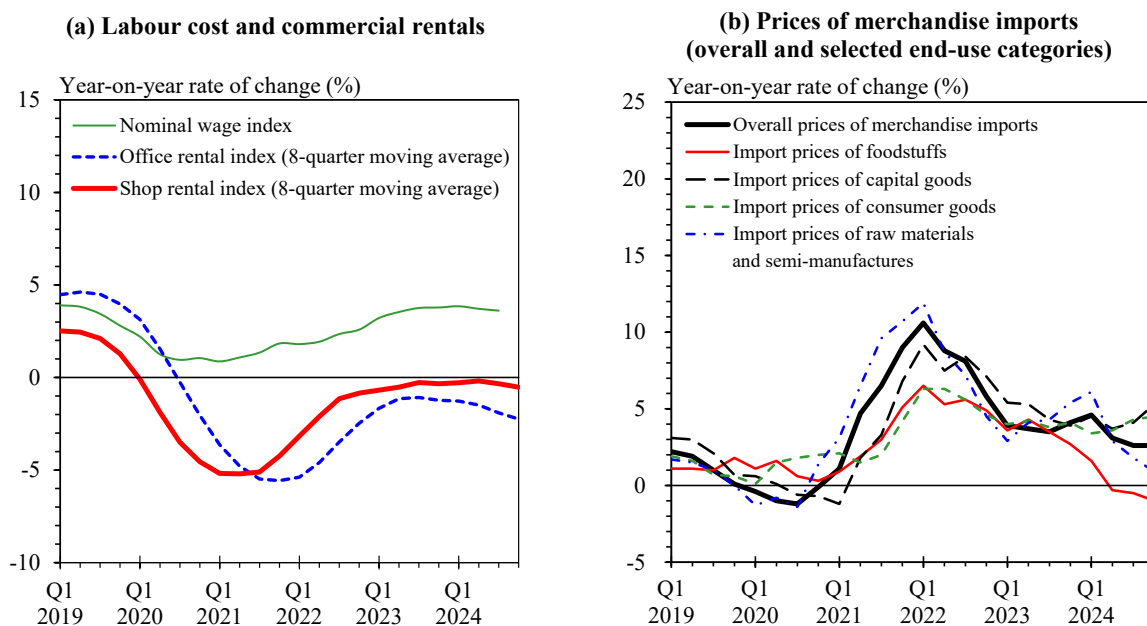
([^]) These are expenditure weights of the reference period 2023, which are used for the compilation of CPIs since the reference month of April 2024. CPIs prior to this are compiled based on expenditure weights of the reference period 2019/20.

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

Costs of factor inputs and import prices

7.4 Domestic business cost pressures remained contained in 2024. Nominal wages recorded growth. Meanwhile, commercial rentals faced by businesses declined. As a proxy, the eight-quarter moving averages of office rentals and shop rentals fell by 2.2% and 0.5% respectively in 2024.

Diagram 7.4 : Domestic business cost pressures remained contained in 2024; overall external price pressures eased



7.5 Overall external price pressures eased in 2024 against the broad trend of receding inflation in many major economies. Prices of overall merchandise imports rose by 3.2% in 2024, compared to 3.9% in the preceding year. For consumption related items, import prices of foodstuffs were largely unchanged from the preceding year, while those of consumer goods recorded moderate increases of 3.9%. Import prices of capital goods and raw materials and semi-manufactures saw increases of 4.4% and 2.7% respectively. Meanwhile, import prices of fuels fell by 7.1%.

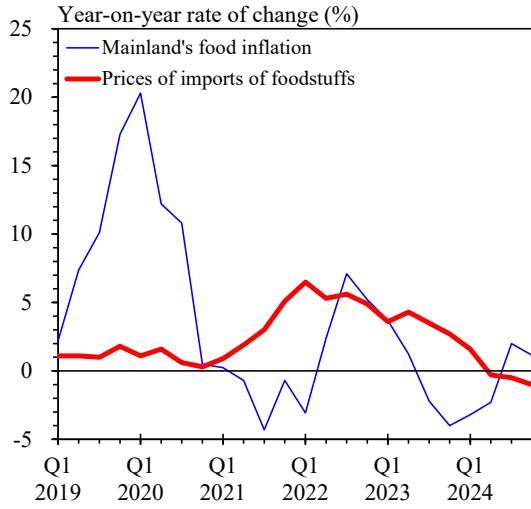
**Table 7.3 : Prices of imports by end-use category
(year-on-year rate of change (%))**

		<u>Foodstuffs</u>	<u>Consumer goods</u>	<u>Raw materials and semi-manufactures</u>	<u>Fuels</u>	<u>Capital goods</u>	<u>All</u>
2023	Annual	3.6	4.0	4.4	-16.2	4.9	3.9
	H1	4.0	4.1	3.6	-12.4	5.3	3.8
	H2	3.1	3.9	4.9	-19.5	4.1	3.9
	Q1	3.6	4.0	2.9	5.4	5.4	3.9
	Q2	4.3	4.2	4.1	-26.7	5.3	3.7
	Q3	3.5	3.8	4.3	-21.7	4.3	3.5
	Q4	2.7	4.1	5.4	-16.7	3.9	4.1
	2024	Annual	*	3.9	2.7	-7.1	4.4
	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

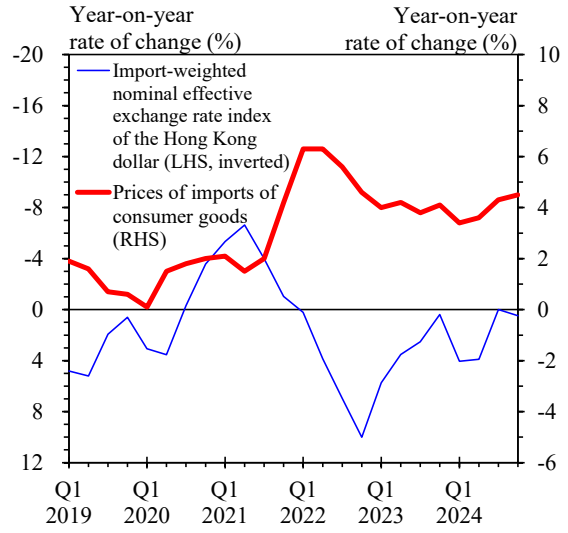
Note: (*) Change within $\pm 0.05\%$.

Diagram 7.5: Prices of merchandise imports by selected end-use category

(a) Import prices of foodstuffs were largely unchanged from the preceding year in 2024

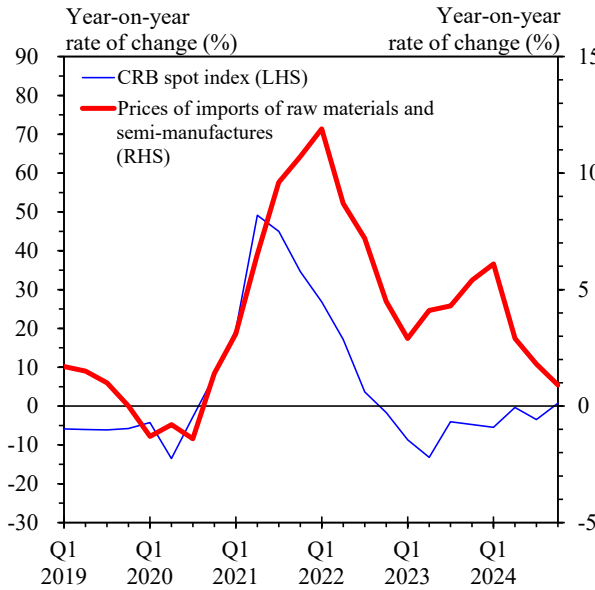


(b) Import prices of consumer goods recorded moderate increases in 2024

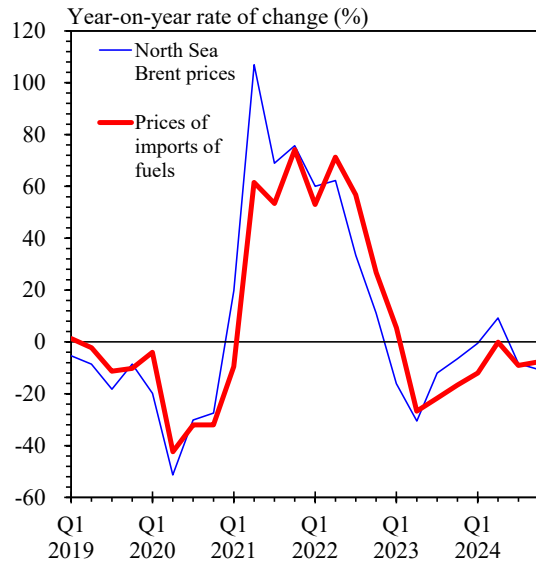


Note : An increase in the nominal EERI indicates strengthening of the Hong Kong dollar. The y-axis of nominal EERI in this graph is inverted for easier comprehension.

(c) Import prices of raw materials and semi-manufactures saw increases in 2024



(d) Import prices of fuels fell in 2024



Output prices

7.6 Output prices, as measured by the *Producer Price Indices*⁽³⁾, recorded mixed performance across industry groups in the first three quarters of 2024. Output prices for the manufacturing sector continued to post moderate year-on-year increases for the first three quarters combined. Among the selected service sectors, output prices for water transport reverted to visible increases, and those for courier services and land transport rose further. Output prices for air transport recorded substantially narrowed declines, as output prices reverted to increases since the second quarter. Output prices for accommodation services declined slightly after registering strong increases in the past two years. Meanwhile, output prices for telecommunications services continued their secular downtrend.

Table 7.4 : 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>2023</u>					<u>2024</u>		
		<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1-Q3</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>
Manufacturing	1.6	0.9	-0.2	3.0	2.7	2.5	1.2	3.1	3.2
Selected service sectors									
Accommodation services	26.2	21.1	29.7	22.5	31.5	-1.3	12.3	-6.1	-8.4
Land transport	*	4.4	-2.3	-1.5	-0.2	1.8	2.8	1.8	0.8
Water transport	-40.0	-38.7	-42.2	-40.7	-38.2	12.3	-5.6	7.2	37.6
Air transport	-23.4	-28.9	-30.0	-23.3	-8.6	-0.6	-7.9	1.7	5.0
Telecommunications	-1.0	-1.1	-1.3	-1.2	-0.5	-1.3	-1.5	-1.5	-1.1
Courier services	4.2	1.4	4.1	5.5	6.1	3.5	5.6	3.8	1.1

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

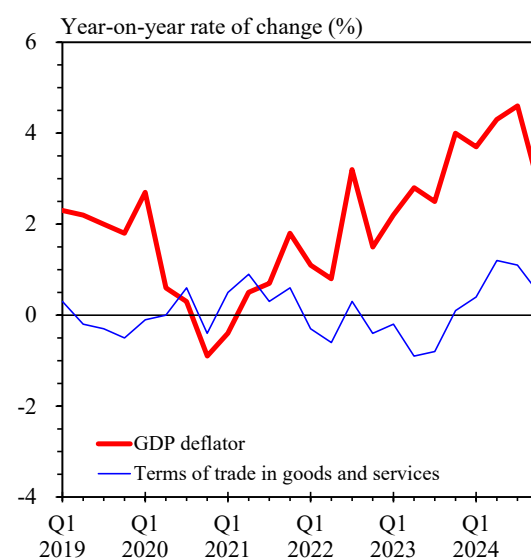
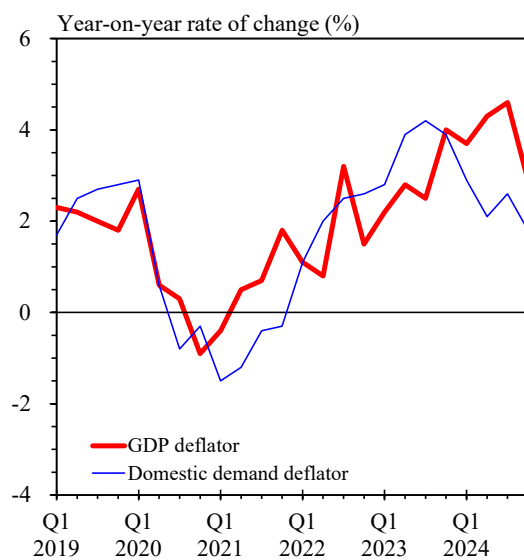
GDP deflator

7.7 As a broad measure of the overall change in prices in the economy, the increase in the *GDP deflator*⁽⁴⁾ picked up to 3.8% in 2024 from 2.9% in 2023. The *terms of trade*⁽⁵⁾ turned to a mild increase of 0.8% in 2024, following a 0.4% decline in the preceding year. Taking out the external trade components, the domestic demand deflator increased by 2.3% in 2024, after rising by 3.7% in the preceding year.

Diagram 7.6: GDP deflator

(a) The increase in the GDP deflator picked up in 2024

(b) Terms of trade increased mildly in 2024



**Table 7.5 : GDP deflator and the main expenditure component deflators
(year-on-year rate of change (%))**

	<u>Annual</u> [#]	<u>2023</u>				<u>2024</u>				
		<u>Q1</u> [#]	<u>Q2</u> [#]	<u>Q3</u> [#]	<u>Q4</u> [#]	<u>Annual</u> [#]	<u>Q1</u> [#]	<u>Q2</u> [#]	<u>Q3</u> [#]	<u>Q4</u> [#]
Private consumption expenditure	4.9	4.6	4.3	5.4	5.2	3.1	3.7	3.4	3.2	2.2
Government consumption expenditure	2.6	2.7	3.2	2.5	2.2	1.7	1.7	1.3	1.8	2.0
Gross domestic fixed capital formation	0.5	-0.6	1.5	0.8	0.3	-0.5	0.7	-2.4	0.1	-0.5
Total exports of goods ^{&}	4.2	3.7	3.7	3.7	5.1	4.2	4.6	4.4	4.2	4.0
Imports of goods ^{&}	4.3	3.6	4.3	4.1	4.9	4.0	4.8	3.7	3.6	3.9
Exports of services ^{&}	-2.0	-2.2	-4.7	-1.6	0.4	6.2	5.7	5.9	7.6	5.5
Imports of services ^{&}	-0.6	0.3	-2.7	1.0	-0.9	2.1	1.3	1.6	3.9	1.8
Gross Domestic Product	2.9	2.2 <0.9>	2.8 <0.8>	2.5 <0.9>	4.0 <1.4>	3.8	3.7 <0.7>	4.3 <1.3>	4.6 <1.0>	2.9 <*>
Total final demand ^{&}	3.4	2.8	3.1	3.3	4.3	3.7	4.1	3.7	4.0	3.3
Domestic demand	3.7	2.8	3.9	4.2	3.9	2.3	2.9	2.1	2.6	1.8
Terms of trade in goods and services ^{&}	-0.4	-0.2	-0.9	-0.8	0.1	0.8	0.4	1.2	1.1	0.6

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.

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

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:

	<u>Approximate proportion of households covered</u> (%)	<u>Average monthly expenditure range (adjusted to 2024 prices)</u> (\$)
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 table below presents the year-on-year rates (%) of consumer price inflation in selected economies.

	<u>2023</u>					<u>2024</u>				
	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
Selected developed economies										
US	4.1	5.8	4.0	3.5	3.2	2.9	3.2	3.2	2.6	2.7
Canada	3.9	5.1	3.5	3.7	3.2	2.4	2.8	2.7	2.0	1.9
EU	6.4	9.4	7.2	5.7	3.4	2.6	2.8	2.6	2.4	2.5
Japan	3.2	3.6	3.4	3.1	2.9	2.7	2.5	2.7	2.8	2.9
Selected major emerging economies										
Mainland China	0.2	1.3	0.1	-0.1	-0.3	0.2	0.0	0.3	0.5	0.2
Russia	5.9	8.6	2.7	5.2	7.2	8.5	7.6	8.3	8.9	9.0
India	5.7	6.2	4.6	6.4	5.4	4.9	5.0	4.9	4.2	5.6
Brazil	4.6	5.3	3.8	4.6	4.7	4.4	4.3	3.9	4.4	4.8
Selected Asian economies										
Hong Kong	2.1	1.9	2.0	1.9	2.6	1.7	1.9	1.2	2.4	1.4
Singapore	4.8	6.1	5.1	4.1	4.0	2.4	3.0	2.8	2.2	1.6
Taiwan	2.5	2.6	2.0	2.4	2.9	2.2	2.3	2.2	2.2	2.0
Korea	3.6	4.6	3.3	3.1	3.4	2.3	3.0	2.7	2.1	1.6
Malaysia	2.5	3.6	2.8	2.0	1.6	1.8	1.7	1.9	1.9	1.8
Thailand	1.2	3.9	1.1	0.5	-0.5	0.4	-0.8	0.8	0.6	1.0
Indonesia	3.7	5.2	3.9	2.9	2.7	2.3	2.8	2.8	2.0	1.6
Philippines	6.0	8.3	6.0	5.4	4.3	3.2	3.3	3.8	3.2	2.6
Vietnam	3.3	4.2	2.4	2.9	3.5	3.6	3.8	4.4	3.5	2.9
Macao	0.9	0.8	0.8	0.9	1.2	0.7	1.2	0.8	0.7	0.3

- (3) 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.
- (4) 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.
- (5) 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)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	(\$Mn)					
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 ^{&}	3,889,225	3,892,886	4,212,774	4,453,350	4,255,098	4,198,338
Imports of goods ^{&}	4,066,527	4,022,579	4,391,306	4,706,347	4,375,619	4,239,663
Exports of services ^{&}	808,948	764,660	811,295	886,883	799,121	519,205
Imports of services ^{&}	574,345	578,106	605,924	639,947	634,243	426,257
GDP	2,398,280	2,490,598	2,659,611	2,835,429	2,845,022	2,675,793
<i>Per capita GDP (\$)</i>	<i>328,924</i>	<i>339,476</i>	<i>359,737</i>	<i>380,462</i>	<i>378,937</i>	<i>357,679</i>
GNI	2,442,656	2,553,191	2,775,163	2,970,244	2,988,739	2,831,876
<i>Per capita GNI (\$)</i>	<i>335,010</i>	<i>348,007</i>	<i>375,367</i>	<i>398,551</i>	<i>398,079</i>	<i>378,542</i>
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 ^(a)	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[#]</u>	<u>2024[#]</u>		<u>2024</u>		
					Q1 [#]	Q2 [#]	Q3 [#]	Q4 [#]
Private consumption expenditure	1,863,524	1,863,500	2,087,509	2,140,116	518,124	538,939	524,668	558,385
Government consumption expenditure	363,591	402,725	397,057	407,802	108,378	96,949	101,058	101,417
Gross domestic fixed capital formation	483,054	451,397	505,526	514,982	116,518	127,323	138,506	132,635
Building and construction	259,950	283,395	303,822	310,216	78,486	84,565	76,080	71,085
Costs of ownership transfer	53,279	28,415	24,441	21,677	4,401	7,601	4,373	5,302
Machinery, equipment and intellectual property products	169,825	139,587	177,263	183,089	33,631	35,157	58,053	56,248
Changes in inventories	-1,909	-23,593	-23,999	-14,761	-14,918	-19,233	15,096	4,294
Total exports of goods ^{&}	5,236,005	4,812,517	4,512,404	4,924,823	1,147,515	1,200,847	1,263,601	1,312,860
Imports of goods ^{&}	5,211,334	4,852,975	4,638,703	4,940,216	1,153,702	1,214,897	1,264,183	1,307,434
Exports of services ^{&}	615,069	650,549	762,172	848,695	218,712	191,839	215,084	223,060
Imports of services ^{&}	480,027	495,151	618,375	704,448	174,240	164,694	176,802	188,712
GDP	2,867,973	2,808,969	2,983,591	3,176,993	766,387	757,073	817,028	836,505
<i>Per capita GDP (\$)</i>	<i>386,879</i>	<i>382,376</i>	<i>395,907</i>	<i>422,242</i>	--	--	--	--
GNI	3,066,705	2,994,738	3,236,312	N.A.	827,663	847,309	904,267	N.A.
<i>Per capita GNI (\$)</i>	<i>413,687</i>	<i>407,664</i>	<i>429,441</i>	<i>N.A.</i>	--	--	--	--
Total final demand	8,559,334	8,157,095	8,240,669	8,821,657	2,094,329	2,136,664	2,258,013	2,332,651
Total final demand excluding re-exports ^(a)	4,454,376	4,349,616	4,765,596	5,018,370	1,210,303	1,187,453	1,277,497	1,343,117
Domestic demand	2,708,260	2,694,029	2,966,093	3,048,139	728,102	743,978	779,328	796,731
Private	2,202,170	2,118,587	2,394,651	2,444,179	567,219	596,412	631,718	648,830
Public	506,090	575,442	571,442	603,960	160,883	147,566	147,610	147,901
External demand	5,851,074	5,463,066	5,274,576	5,773,518	1,366,227	1,392,686	1,478,685	1,535,920

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 ^{&}	-1.7	1.6	6.5	3.5	-5.5	-1.4
Imports of goods ^{&}	-2.7	0.7	7.3	4.7	-8.2	-3.2
Exports of services ^{&}	0.3	-3.5	2.8	4.6	-9.6	-34.8
Imports of services ^{&}	5.0	2.0	2.0	2.8	0.1	-32.2
GDP	2.4	2.2	3.8	2.8	-1.7	-6.5
Per capita GDP	1.5	1.5	3.0	2.0	-2.4	-6.2
RGNI	3.8	3.2	5.7	3.5	-1.7	-5.8
Per capita RGNI	2.9	2.6	4.9	2.7	-2.4	-5.4
Total final demand	-0.4	1.3	5.6	3.9	-5.3	-6.7
Total final demand excluding re-exports ^(a)	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 merchandising under the standards stipulated in the *System of National Accounts 2008*.
 (--) Not applicable.
 (*) Change within $\pm 0.05\%$.
 N.A. Not yet available.
 (^) Average annual rate of change for the 10-year period 2013-2023.
 (~) Average annual rate of change for the 5-year period 2018-2023.

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[#]</u>	<u>2024[#]</u>	<u>2024</u>				Average annual rate of change:	
					Q1 [#]	Q2 [#]	Q3 [#]	Q4 [#]	10 years 2014 to 2024 [#]	5 years 2019 to 2024 [#]
Private consumption expenditure	5.6	-2.2	6.8	-0.6	1.0	-1.7	-1.3	-0.2	1.4	-0.4
Government consumption expenditure	5.9	8.0	-3.9	1.0	-1.5	2.0	1.7	2.0	3.7	3.7
Gross domestic fixed capital formation	8.3	-7.4	11.4	2.4	0.4	4.4	5.7	-0.9	-1.3	0.3
Building and construction	-0.5	7.4	9.1	3.1	9.7	10.1	-0.7	-6.5	0.4	1.8
Costs of ownership transfer	36.2	-43.2	-5.1	14.6	-29.2	32.4	7.6	76.8	-3.8	-4.2
Machinery, equipment and intellectual property products	15.2	-18.9	19.5	-0.8	-12.0	-14.4	16.5	0.9	-3.3	-1.4
Total exports of goods ^{&}	18.7	-14.0	-10.0	4.7	6.7	7.4	4.0	1.3	-0.1	-1.0
Imports of goods ^{&}	17.2	-13.2	-8.3	2.4	3.3	3.4	2.8	0.4	-0.7	-1.6
Exports of services ^{&}	3.4	-0.5	19.5	4.8	9.5	1.3	2.9	5.6	-2.3	-3.4
Imports of services ^{&}	2.5	-1.2	25.6	11.5	18.4	11.8	8.9	7.8	0.8	-0.8
GDP	6.5	-3.7	3.2	2.5	2.8	3.1	1.9	2.4	1.1	0.3
<i>Per capita GDP</i>	<i>7.4</i>	<i>-2.8</i>	<i>0.6</i>	<i>2.7</i>	--	--	--	--	<i>0.7</i>	<i>0.2</i>
RGNI	8.9	-4.5	4.2	N.A.	6.0	7.0	2.0	N.A.	1.9[^]	0.1[~]
<i>Per capita RGNI</i>	<i>9.9</i>	<i>-3.6</i>	<i>1.6</i>	<i>N.A.</i>	--	--	--	--	<i>1.4[^]</i>	<i>-0.2[~]</i>
Total final demand	12.4	-9.4	-2.3	3.2	4.3	3.9	3.0	1.7	*	-0.9
Total final demand excluding re-exports ^(a)	6.0	-4.8	5.5	1.6	1.7	0.5	2.0	2.3	0.1	-0.8
Domestic demand	4.1	-2.5	6.2	0.4	-0.7	-0.5	1.4	1.3	1.0	0.1
Private	3.8	-5.6	8.5	-0.5	-0.8	-2.9	0.2	1.3	0.5	-0.8
Public	5.2	10.7	-2.4	4.3	-0.2	9.9	7.0	1.7	3.5	4.7
External demand	17.0	-12.5	-6.5	4.7	7.2	6.5	3.8	1.9	-0.4	-1.3

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

	2019		2020		2021		2022		2023 [#]	
	\$Mn	% share	\$Mn	% share	\$Mn	% share	\$Mn	% share	\$Mn	% 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	32,794	1.1
Construction	114,499	4.2	104,262	4.1	109,254	4.0	116,833	4.3	126,872	4.4
Services	2,560,716	93.4	2,392,895	93.4	2,571,873	93.7	2,558,082	93.5	2,727,458	93.5
<i>Import/export, wholesale and retail trades</i>	533,352	19.5	471,246	18.4	532,715	19.4	494,689	18.1	510,680	17.5
<i>Accommodation and food services</i>	75,918	2.8	36,934	1.4	45,394	1.7	45,350	1.7	60,962	2.1
<i>Transportation, storage, postal and courier services</i>	151,574	5.5	113,951	4.5	200,986	7.3	204,118	7.5	174,654	6.0
<i>Information and communications</i>	95,557	3.5	93,759	3.7	99,514	3.6	100,103	3.7	101,464	3.5
<i>Financing and insurance</i>	581,499	21.2	599,797	23.4	583,613	21.3	613,477	22.4	727,146	24.9
<i>Real estate, professional and business services</i>	276,497	10.1	244,337	9.5	250,306	9.1	233,094	8.5	246,067	8.4
<i>Public administration, social and personal services</i>	537,238	19.6	529,457	20.7	561,530	20.5	583,006	21.3	610,114	20.9
<i>Ownership of premises</i>	309,081	11.3	303,414	11.8	297,816	10.8	284,245	10.4	296,372	10.2
GDP at basic prices	2,740,721	100.0	2,560,655	100.0	2,745,819	100.0	2,735,484	100.0	2,916,461	100.0
Taxes on products	93,623	--	102,066	--	138,758	--	104,353	--	89,158	--
Statistical discrepancy (%)	0.4	--	0.5	--	-0.6	--	-1.1	--	-0.7	--
GDP at current market prices	2,845,022	--	2,675,793	--	2,867,973	--	2,808,969	--	2,983,591	--

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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023[#]</u>	<u>2023</u>	<u>2024</u>		
							Q4 [#]	Q1 [#]	Q2 [#]	Q3 [#]
Agriculture, fishing, mining and quarrying	-1.8	-0.8	3.8	-2.5	-15.8	1.5	-4.0	-8.2	-10.3	-11.3
Manufacturing	1.3	0.4	-5.8	5.5	0.2	3.7	4.1	1.8	0.7	-0.1
Electricity, gas and water supply, and waste management	0.1	-0.5	-14.2	3.7	-1.2	3.2	5.0	3.0	2.2	3.1
Construction	3.3	-9.7	-11.7	-0.6	8.3	8.6	5.8	8.3	11.8	1.8
Services	3.1	-0.6	-6.7	5.9	-3.4	3.4	5.1	3.1	2.0	1.8
<i>Import/export, wholesale and retail trades</i>	4.2	-7.5	-15.0	13.3	-11.9	-0.5	6.3	0.9	-0.3	0.3
<i>Accommodation and food services</i>	5.9	-11.7	-44.8	22.6	-6.8	29.3	15.0	1.9	-6.6	-5.1
<i>Transportation, storage, postal and courier services</i>	2.5	-1.7	-36.9	7.7	-4.5	29.7	31.0	19.3	10.5	6.8
<i>Information and communications</i>	4.1	4.7	1.7	2.6	0.5	1.1	2.2	2.2	2.3	2.8
<i>Financing and insurance</i>	4.0	3.4	4.0	4.7	-2.6	-1.6	-1.4	-0.4	0.1	1.3
<i>Real estate, professional and business services</i>	-0.4	-0.2	-4.6	2.1	-2.1	2.3	2.3	1.7	2.7	-0.2
<i>Public administration, social and personal services</i>	3.6	3.2	-2.3	4.4	1.3	2.4	3.5	3.0	2.9	2.4
<i>Ownership of premises</i>	1.0	0.6	-0.3	1.2	0.6	1.1	1.4	1.6	1.9	2.1
Taxes on products	-3.9	-11.3	17.6	22.3	-16.6	-11.0	-27.2	-9.9	22.6	-0.1
GDP in chained (2022) dollars	2.8	-1.7	-6.5	6.5	-3.7	3.2	4.3	2.8	3.1	1.9

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

Table 5 : Value added and employment statistics of the Four Key Industries and other selected industries

	<u>2020</u>		<u>2021</u>		<u>2022</u>		<u>2023[#]</u>		<u>Annual percentage change (%)</u>		
	% share \$Bn in total ⁽¹⁾	% share \$Bn in total ⁽¹⁾	% share \$Bn in total ⁽¹⁾	% share \$Bn in total ⁽¹⁾	% share \$Bn in total ⁽¹⁾	% share \$Bn in total ⁽¹⁾	% share \$Bn in total ⁽¹⁾	% share \$Bn in total ⁽¹⁾	2021	2022	2023 [#]
Value added at current prices											
<i>Four Key Industries</i> ⁽²⁾	1,410.7	55.1	1,548.3	56.4	1,540.2	56.3	1,666.1	57.1	9.8	-0.5	8.2
Financial services	599.8	23.4	583.6	21.3	613.5	22.4	727.1	24.9	-2.7	5.1	18.5
Tourism	9.2	0.4	2.3	0.1	11.1	0.4	75.3	2.6	-75.2	387.7	578.6
Trading and logistics	507.0	19.8	650.7	23.7	614.6	22.5	548.8	18.8	28.3	-5.6	-10.7
Professional services and other producer services ⁽³⁾	294.7	11.5	311.7	11.4	301.0	11.0	314.8	10.8	5.8	-3.4	4.6
Other selected industries											
Cultural and creative industries ⁽⁴⁾	115.6	4.5	124.8	4.5	122.1	4.5	135.6	4.7	8.0	-2.2	11.1
Medical services ⁽⁴⁾	47.3	1.8	54.7	2.0	65.7	2.4	63.1	2.2	15.6	20.2	-4.0
Education services ⁽⁴⁾	34.9	1.4	35.8	1.3	36.1	1.3	37.3	1.3	2.3	0.8	3.4
Innovation and technology ⁽⁴⁾	24.4	1.0	24.4	0.9	25.7	0.9	27.4	0.9	0.1	5.5	6.4
Testing and certification services ⁽⁴⁾	6.7	0.3	9.3	0.3	10.9	0.4	7.5	0.3	38.3	17.3	-30.7
Environmental industries ⁽⁴⁾	10.0	0.4	10.2	0.4	10.9	0.4	11.3	0.4	2.2	6.6	3.9
Air transport	37.3	1.5	42.7	1.6	47.6	1.7	71.6	2.5	14.6	11.4	50.6
Sports and related activities	31.0	1.2	38.0	1.4	38.0	1.4	N.A.	N.A.	21.4	1.2	N.A.
Nominal GDP at basic prices	2,560.7	100.0	2,745.8	100.0	2,735.5	100.0	2,916.5	100.0	7.2	-0.4	6.6

Notes: For sports and related activities, value added figures are rounded to the nearest billion and employment figures are rounded to the nearest thousand. Percentage share in total and annual percentage change for each industry are derived from unrounded figures.

- (1) Refers to percentage share in nominal GDP at basic prices. Such GDP figure is slightly different from the commonly used one, i.e. valued at current market prices, in which taxes on products are included.
- (2) Individual figures may not add up exactly to the total due to rounding.
- (3) Other producer services refer to producer services other than financial services, tourism, trading and logistics and professional services.
- (4) The other selected industries reflect the direct contribution of these industries in the private sector only. Some of them are service domains straddling across different industries. For example, "innovation and technology" activities may exist in any industry and organisation. The term "industry" is used to denote the aggregate of the economic activities concerned for easy general understanding.
- (5) Since innovation and technology involves significant non-routine activities, persons engaged in these activities are measured by the volume of labour input to innovation and technology in full-time equivalent terms (in terms of man-years).
- (6) Figures refer to Composite Employment Estimates.
- (#) Figures are subject to revision later on as more data become available.
- N.A. Not yet available.

Table 5 : Value added and employment statistics of the Four Key Industries and other selected industries (Cont'd)

	<u>2020</u>		<u>2021</u>		<u>2022</u>		<u>2023[#]</u>		<u>Annual percentage change (%)</u>		
	Number	share	Number	share	Number	share	Number	share	2021	2022	2023 [#]
	('000)	in total	('000)	in total	('000)	in total	('000)	in total			
<u>Employment</u>											
<i>Four Key Industries</i> ⁽²⁾	1 512.7	41.0	1 477.1	40.2	1 449.8	40.1	1 572.8	42.4	-2.4	-1.8	8.5
Financial services	276.2	7.5	277.5	7.6	269.7	7.5	269.1	7.3	0.5	-2.8	-0.2
Tourism	49.0	1.3	22.5	0.6	29.6	0.8	145.6	3.9	-54.1	31.7	391.5
Trading and logistics	622.6	16.9	608.2	16.6	591.2	16.4	576.3	15.5	-2.3	-2.8	-2.5
Professional services and other producer services ⁽³⁾	564.9	15.3	568.9	15.5	559.3	15.5	581.9	15.7	0.7	-1.7	4.0
<i>Other selected industries</i>											
Cultural and creative industries ⁽⁴⁾	228.6	6.2	225.9	6.2	221.3	6.1	226.2	6.1	-1.2	-2.0	2.2
Medical services ⁽⁴⁾	103.2	2.8	102.2	2.8	111.4	3.1	112.3	3.0	-1.0	9.0	0.8
Education services ⁽⁴⁾	88.5	2.4	87.6	2.4	88.5	2.4	92.9	2.5	-1.0	1.0	4.9
Innovation and technology ⁽⁴⁾⁽⁵⁾	45.3	1.2	46.7	1.3	49.5	1.4	55.1	1.5	3.1	5.9	11.3
Testing and certification services ⁽⁴⁾	15.1	0.4	15.3	0.4	15.1	0.4	14.5	0.4	1.1	-1.4	-3.7
Environmental industries ⁽⁴⁾	47.4	1.3	45.6	1.2	43.6	1.2	44.4	1.2	-3.8	-4.5	2.0
Air transport	57.2	1.6	48.9	1.3	47.2	1.3	49.8	1.3	-14.5	-3.5	5.5
Sports and related activities	75.0	2.0	74.0	2.0	74.0	2.1	N.A.	N.A.	-1.3	0.3	N.A.
Total employment⁽⁶⁾	3 691.7	100.0	3 671.1	100.0	3 614.2	100.0	3 710.6	100.0	-0.6	-1.6	2.7

**Table 6 : Balance of Payments by major component
(at current prices)**

(\$Mn)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023[#]</u>	<u>2023</u>	<u>2024</u>		
						Q4 [#]	Q1 [#]	Q2 [#]	Q3 [#]
Current account ^(a)	166,482	187,012	339,429	286,089	253,103	61,460	95,074	98,194	119,887
Goods	-120,521	-41,325	24,671	-40,458	-126,299	-6,884	-6,187	-14,050	-582
Services	164,878	92,948	135,042	155,398	143,797	28,342	44,472	27,145	38,282
Primary income	143,717	156,083	198,732	185,769	252,721	44,889	61,276	90,236	87,239
Secondary income	-21,592	-20,694	-19,017	-14,620	-17,116	-4,887	-4,488	-5,137	-5,052
Capital account ^(a)	-682	-90	-10,363	1,231	5,740	-185	-95	-204	-218
Financial account ^(b)	236,756	243,839	363,230	276,830	241,045	30,526	135,307	133,254	84,729
Financial non-reserve assets	245,612	-19,211	372,371	644,042	320,929	39,639	170,819	195,925	107,682
<i>Direct investment</i>	-160,730	-263,703	-340,141	-27,086	-201,964	-21,910	22,522	-176,277	-108,090
<i>Portfolio investment</i>	215,764	528,049	620,493	317,357	452,935	-54,767	457,532	376,553	138,542
<i>Financial derivatives</i>	-1,239	-18,790	-45,126	-140,392	-102,848	-34,344	62,258	-19,168	-40,701
<i>Other investment</i>	191,817	-264,766	137,145	494,163	172,806	150,661	-371,492	14,816	117,932
Reserve assets	-8,855	263,050	-9,142	-367,212	-79,884	-9,113	-35,513	-62,671	-22,953
Net errors and omissions	70,957	56,918	34,164	-10,489	-17,798	-30,749	40,328	35,264	-34,940
Overall Balance of Payments	-8,855	263,050	-9,142	-367,212	-79,884	-9,113	-35,513	-62,671	-22,953

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

(\$Mn)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023[#]</u>	<u>2024[#]</u>	<u>2024</u>			
						Q1 [#]	Q2 [#]	Q3 [#]	Q4 [#]
Total exports of goods	4,198,338	5,236,005	4,812,517	4,512,404	4,924,823	1,147,515	1,200,847	1,263,601	1,312,860
Imports of goods	4,239,663	5,211,334	4,852,975	4,638,703	4,940,216	1,153,702	1,214,897	1,264,183	1,307,434
Goods trade balance	-41,325 <-1.0>	24,671 <0.5>	-40,458 <-0.8>	-126,299 <-2.7>	-15,393 <-0.3>	-6,187 <-0.5>	-14,050 <-1.2>	-582 <*>	5,426 <0.4>
Exports of services	519,205	615,069	650,549	762,172	848,695	218,712	191,839	215,084	223,060
Imports of services	426,257	480,027	495,151	618,375	704,448	174,240	164,694	176,802	188,712
Services trade balance	92,948 <21.8>	135,042 <28.1>	155,398 <31.4>	143,797 <23.3>	144,247 <20.5>	44,472 <25.5>	27,145 <16.5>	38,282 <21.7>	34,348 <18.2>
Exports of goods and services	4,717,543	5,851,074	5,463,066	5,274,576	5,773,518	1,366,227	1,392,686	1,478,685	1,535,920
Imports of goods and services	4,665,920	5,691,361	5,348,126	5,257,078	5,644,664	1,327,942	1,379,591	1,440,985	1,496,146
Goods and services trade balance	51,623 <1.1>	159,713 <2.8>	114,940 <2.1>	17,498 <0.3>	128,854 <2.3>	38,285 <2.9>	13,095 <0.9>	37,700 <2.6>	39,774 <2.7>

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 8 : 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>			
	(% change)				(% change)	(\$Mn)	Q1	Q2	Q3	Q4
							(% change over a year earlier)			
All markets	-1.5	26.3	-8.6	-7.8	8.7	4,542,371	11.9	12.5	8.0	3.5
Mainland of China	5.1	27.0	-12.9	-9.7	15.6	2,681,658	20.2	18.8	16.0	9.1
United States	-14.9	19.6	-5.5	-6.9	8.5	295,571	5.5	27.5	6.5	-3.9
Vietnam	5.3	22.2	8.9	-0.5	29.1	144,409	17.7	28.8	27.6	41.0
Taiwan	11.6	46.0	7.2	-9.9	1.1	140,415	-3.7	13.5	-5.6	1.5
India	-17.6	36.6	29.0	-2.7	-18.0	137,022	12.9	-22.7	-23.8	-32.2
United Arab Emirates	-0.4	38.8	35.3	8.9	-8.0	95,152	20.8	6.1	-23.8	-26.0
Japan	-9.7	8.7	-13.8	-17.7	-4.4	80,656	-3.0	0.5	-4.4	-10.7
Thailand	-13.1	17.4	3.3	9.7	18.8	77,017	38.8	25.8	18.5	-2.7
Netherlands	-5.2	22.8	0.1	-2.5	-9.7	69,982	-27.8	-10.4	29.7	-23.5
Korea	-7.6	42.7	9.2	-9.5	-6.6	68,816	-8.0	-1.7	-10.8	-5.9
Rest of the world	-11.5	24.4	-11.6	-6.1	-1.5	751,674	-0.7	-1.8	-4.9	1.6

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

**Table 9 : 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>			
	(% change)				(% change)	(\$Mn)	Q1	Q2	Q3	Q4
							(% change over a year earlier)			
All sources	-3.3	24.3	-7.2	-5.7	6.0	4,922,101	8.0	7.4	6.0	2.9
Mainland of China	-6.5	26.5	-14.6	-2.7	6.0	2,144,663	9.8	8.8	7.1	-0.3
Taiwan	22.8	35.0	7.3	-10.5	5.9	556,972	-7.0	-5.6	15.8	19.5
Singapore	8.1	31.7	-3.7	-17.3	18.2	389,673	15.3	30.9	8.2	20.2
Korea	12.3	31.3	-10.7	-22.8	28.4	287,096	58.4	48.6	21.0	1.0
Japan	-5.0	12.8	-10.4	-8.8	2.5	226,970	6.9	-2.4	1.9	3.7
United States	-17.9	18.3	1.3	-4.6	3.2	206,101	13.9	-6.8	-3.1	9.5
Malaysia	1.2	1.7	6.1	-15.3	10.8	165,884	-7.6	8.7	9.6	31.3
Vietnam	28.4	16.9	22.3	-7.0	22.7	164,158	37.9	55.8	39.6	-16.4
Thailand	1.4	18.9	-8.9	-8.6	-4.9	81,386	19.6	-1.0	-23.3	-8.1
Philippines	-0.1	25.1	7.4	-15.7	-5.9	74,686	-22.8	-7.6	-0.7	9.3
Rest of the world	-17.0	17.0	-3.6	9.9	-7.3	624,513	-2.9	-7.0	-9.6	-9.6

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

**Table 10 : Exports and imports of services by component
(at current market prices)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023[#]</u>	<u>2024[#]</u>		<u>2024</u>			
	(% change)				(% change)	(\$Mn)	Q1 [#]	Q2 [#]	Q3 [#]	Q4 [#]
	(% change over a year earlier)									
Exports of services	-35.0	18.5	5.8	17.2	11.4	848,695	15.8	7.3	10.7	11.4
Transport	-24.7	37.8	2.0	-10.1	18.8	278,755	22.5	15.5	21.8	15.1
Travel	-90.2	-35.1	70.7	565.5	8.1	176,510	49.4	-8.4	-4.5	5.5
Financial services	-0.3	10.0	8.8	-2.8	9.6	215,021	-2.0	12.2	12.8	17.6
Other services	-9.0	11.7	2.5	3.0	6.3	178,409	4.7	6.7	7.4	6.3
Imports of services	-32.8	12.6	3.2	24.9	13.9	704,448	20.0	13.6	13.1	9.8
Transport	-19.8	35.7	-1.5	-8.8	15.0	161,560	20.3	14.2	17.8	8.2
Travel	-79.7	-38.9	64.4	313.2	26.8	225,299	55.3	21.8	19.7	18.8
Manufacturing [^]	-10.4	20.0	-4.3	-6.0	2.0	86,957	2.0	5.3	4.4	-3.2
Other services	-1.4	7.1	2.3	3.6	7.3	230,632	4.3	9.0	7.8	8.3

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 merchandising 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 11 : Incoming visitors by nationality/region

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>		<u>2024</u>		
						Q1	Q2	Q3	Q4
<u>('000)</u>									
All sources	3 568.9	91.4	604.6	33 999.7	44 502.8	11 228.8	9 922.4	11 437.5	11 914.0
Mainland of China	2 685.1	65.6	375.2	26 755.6	34 043.1	8 698.2	7 452.3	9 095.7	8 797.0
South and Southeast Asia	194.9	9.5	77.2	2 398.1	3 456.7	791.3	873.0	706.4	1 086.0
Taiwan	115.4	2.6	24.4	809.3	1 244.6	285.2	307.2	328.2	324.1
Europe	160.2	6.6	39.5	775.7	1 232.5	310.5	288.2	253.5	380.3
United States	82.7	1.4	26.5	597.0	884.3	202.7	220.3	201.2	260.0
Japan	54.4	0.3	7.2	344.2	560.2	153.2	114.2	134.5	158.2
Others	276.2	5.3	54.6	2 319.8	3 081.4	787.8	667.1	718.0	908.5
<u>(% change over a year earlier)</u>									
All sources	-93.6	-97.4	561.5	5 523.8	30.9	154.3	17.2	9.6	11.6
Mainland of China	-93.8	-97.6	471.7	7 030.7	27.2	159.2	10.4	6.1	8.9
South and Southeast Asia	-93.6	-95.1	710.3	3 006.1	44.1	163.6	46.2	26.9	15.0
Taiwan	-92.8	-97.8	853.7	3 213.5	53.8	120.7	57.6	40.3	28.9
Europe	-90.8	-95.9	499.0	1 865.5	58.9	152.5	55.0	39.1	33.6
United States	-92.6	-98.3	1 799.9	2 155.7	48.1	218.5	50.3	19.2	19.3
Japan	-95.1	-99.4	1 973.2	4 683.9	62.8	318.8	62.0	27.3	20.3
Others	-92.5	-98.1	920.6	4 149.4	32.8	94.0	26.9	16.3	17.9

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 12 : Property market

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Completion of new property by the private sector							
('000 m ² of internal floor area)							
Residential property ^(a) (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 ^(b)	69	123	105	125	118	67	42
Industrial property ^(c)	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 ^(d)	0	73	83	3	0	0	0
Production of public housing							
(in units)							
Rental housing flats ^(e)	10 147	21 755	11 268	20 137	9 634	6 605	13 057
Subsidised sales flats ^(e)	1 310	229	2 788	4 863	7 027	7 610	3 222
Building plans with consent to commence work in the private sector							
('000 m ² 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 ^(f)	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
Agreements for sale and purchase of property							
(Number)							
Residential property ^(g)	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 ^(h)							
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 12 : Property market (Cont'd)

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>			
				Q1	Q2	Q3	Q4
Completion of new property by the private sector							
('000 m ² of internal floor area)							
Residential property ^(a) (in units)	21 168	13 852	24 261	4 975	2 120	3 826	13 340
Commercial property	469	249	216	113	72	5	26
<i>of which :</i>							
Office space	351	159	147	82	64	0	1
Other commercial premises ^(b)	118	91	69	31	8	5	25
Industrial property ^(c)	180	58	23	0	12	11	0
<i>of which :</i>							
Industrial-cum-office premises	0	0	0	0	0	0	0
Conventional flatted factory space	105	57	23	0	12	11	0
Storage premises ^(d)	75	0	0	0	0	0	0
Production of public housing							
(in units)							
Rental housing flats ^(e)	12 285	3 838	N.A.	5 968	872	1 299	N.A.
Subsidised sales flats ^(e)	6 996	5 674	N.A.	248	1 076	1 089	N.A.
Building plans with consent to commence work in the private sector							
('000 m ² of usable floor area)							
Residential property	483.1	437.1	N.A.	93.2	87.3	41.2	N.A.
Commercial property	105.5	385.4	N.A.	27.3	27.1	11.0	N.A.
Industrial property ^(f)	61.2	45.9	N.A.	0.0	46.7	16.0	N.A.
Other properties	242.9	208.2	N.A.	52.8	0.4	15.8	N.A.
Total	892.6	1 076.5	N.A.	173.3	161.6	84.0	N.A.
Agreements for sale and purchase of property							
(Number)							
Residential property ^(g)	45 050	43 002	53 099	9 823	17 953	10 225	15 098
Primary market	10 315	10 752	16 912	2 869	6 550	2 501	4 992
Secondary market	34 735	32 250	36 187	6 954	11 403	7 724	10 106
Selected types of non-residential properties ^(h)							
Office space	667	646	602	132	153	130	187
Other commercial premises	1 397	1 114	1 110	200	341	231	338
Flatted factory space	2 006	1 860	1 622	357	402	410	453

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 13 : 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 ^(a)	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 ^(b) :							
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 ^(a)	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 ^(b) :							
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 13 : Property prices and rentals (Cont'd)

	<u>2022</u>	<u>2023</u>	<u>2024⁺</u>		<u>2024</u>		
				Q1	Q2	Q3 [#]	Q4 ⁺
<u>(Index (1999=100))</u>							
Property price indices :							
Residential flats ^(a)	369.7	337.4	298.7	305.9	305.9	292.5	290.3
Office space	495.7	468.7	373.8	421.5	386.2	365.1	342.3
Shopping space	523.0	488.3	421.8	458.1	435.2	408.1	386.0
Flatted factory space	880.3	842.3	717.9	760.7	738.0	698.3	674.7
Property rental indices ^(b) :							
Residential flats	178.3	181.1	190.6	184.9	189.8	194.7	193.0
Office space	230.0	227.7	219.7	224.8	220.9	217.3	215.8
Shopping space	167.0	170.9	165.3	169.1	166.1	164.3	161.6
Flatted factory space	211.9	218.6	215.6	217.5	215.7	215.6	213.6
<u>(% change over a year earlier)</u>							
Property price indices :							
Residential flats ^(a)	-5.9	-8.7	-11.5	-11.5	-12.7	-13.1	-8.2
Office space	-1.4	-5.4	-20.2	-11.1	-18.6	-21.1	-22.5
Shopping space	-3.8	-6.6	-13.6	-6.1	-12.8	-17.3	-18.4
Flatted factory space	0.1	-4.3	-14.8	-11.6	-14.4	-17.1	-16.2
Property rental indices ^(b) :							
Residential flats	-0.8	1.6	5.2	5.7	5.6	5.8	4.0
Office space	-1.5	-1.0	-3.5	-0.9	-3.0	-4.9	-5.2
Shopping space	-2.9	2.3	-3.3	1.0	-2.5	-4.9	-6.5
Flatted factory space	1.5	3.2	-1.4	1.4	-1.1	-2.6	-3.1

Table 14 : Monetary aggregates

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<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 ^(a)	5,765,549	6,280,230	7,010,345	7,262,451	7,438,789	7,922,089	8,043,994
M3 ^(a)	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) ^(b)							
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 ^(a)	10.3	8.9	11.6	3.6	2.4	6.5	1.5
M3 ^(a)	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) ^(b)							
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 14 : Monetary aggregates (Cont'd)

	<u>2022</u>	<u>2023</u>	<u>2024</u>		<u>2024</u>			
				Q1	Q2	Q3	Q4	
<u>(at end of period)</u>								
Hong Kong dollar money supply (\$Mn)								
M1	1,708,421	1,533,291	1,552,925	1,515,345	1,529,717	1,584,835	1,552,925	
M2 ^(a)	8,096,517	8,250,109	8,474,517	8,253,008	8,341,838	8,450,647	8,474,517	
M3 ^(a)	8,109,000	8,262,831	8,490,464	8,265,805	8,355,640	8,465,626	8,490,464	
Total money supply (\$Mn)								
M1	2,769,343	2,598,203	2,748,458	2,556,002	2,646,669	2,824,711	2,748,458	
M2	16,536,625	17,195,266	18,458,425	17,186,277	17,774,310	18,209,671	18,458,425	
M3	16,569,431	17,234,052	18,501,577	17,226,182	17,816,783	18,251,104	18,501,577	
Deposits (\$Mn)								
HK\$	7,468,230	7,623,772	7,839,207	7,633,086	7,709,630	7,810,675	7,839,207	
Foreign currency	7,971,455	8,598,297	9,533,510	8,563,800	9,033,116	9,352,815	9,533,510	
Total	15,439,685	16,222,070	17,372,718	16,196,886	16,742,746	17,163,489	17,372,718	
Loans and advances (\$Mn)								
HK\$	6,602,964	6,420,797	6,046,318	6,351,444	6,266,223	6,120,220	6,046,318	
Foreign currency	3,968,334	3,770,518	3,860,709	3,734,784	3,728,550	3,854,400	3,860,709	
Total	10,571,298	10,191,315	9,907,027	10,086,228	9,994,773	9,974,620	9,907,027	
Nominal Effective Exchange Rate Indices								
(Jan 2020 =100) ^(b)								
Trade-weighted	100.1	103.4	105.4	104.9	106.2	104.8	105.8	
Import-weighted	100.8	103.9	106.0	105.4	106.9	105.4	106.4	
Export-weighted	99.3	102.9	104.7	104.3	105.3	104.2	105.2	
<u>(% change over a year earlier)</u>								
Hong Kong dollar money supply								
M1	-17.8	-10.3	1.3	-11.4	-5.9	3.2	1.3	
M2 ^(a)	0.7	1.9	2.7	-0.4	1.5	3.0	2.7	
M3 ^(a)	0.6	1.9	2.8	-0.4	1.5	3.0	2.8	
Total money supply								
M1	-20.7	-6.2	5.8	-5.8	2.5	12.9	5.8	
M2	1.6	4.0	7.3	3.4	7.4	8.5	7.3	
M3	1.6	4.0	7.4	3.4	7.4	8.5	7.4	
Deposits								
HK\$	0.7	2.1	2.8	-0.4	1.5	3.0	2.8	
Foreign currency	2.6	7.9	10.9	9.0	14.7	14.0	10.9	
Total	1.7	5.1	7.1	4.4	8.2	8.7	7.1	
Loans and advances								
HK\$	2.8	-2.8	-5.8	-6.0	-7.0	-6.5	-5.8	
Foreign currency	-11.2	-5.0	2.4	-4.4	-1.4	2.9	2.4	
Total	-3.0	-3.6	-2.8	-5.4	-5.0	-3.1	-2.8	
Nominal Effective Exchange Rate Indices								
(Jan 2020 =100) ^(b)								
Trade-weighted	4.8	3.3	1.9	4.0	3.6	-0.2	0.4	
Import-weighted	5.2	3.1	2.0	4.0	3.9	*	0.5	
Export-weighted	4.4	3.6	1.7	4.0	3.2	-0.3	0.4	

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

(b) Period average.

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

Table 15 : Rates of change in business receipts indices for services industries/domains

(%)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>	<u>2024</u>		
					Q4	Q1	Q2	Q3
Services Industry								
Import and export trade	-3.6	23.9	-8.5	-7.2	7.1	7.9	0.4	1.6
Wholesale	-7.9	13.3	-5.8	-3.2	1.2	1.0	0.4	-3.1
Retail	-24.3	8.1	-0.8	16.2	9.7	-1.3	-11.9	-9.6
Transportation	-19.7	54.1	5.8	-17.3	-3.0	12.5	14.8	17.3
<i>within which:</i>								
Land transport	-23.9	4.0	-3.3	21.6	22.7	19.4	11.0	8.3
Water transport	10.7	85.9	5.0	-45.8	-33.9	-7.7	8.7	30.7
Air transport	-36.2	43.3	9.7	7.4	17.8	26.1	20.1	12.1
Warehousing and storage	11.5	27.6	-4.6	1.8	8.0	6.8	6.9	-1.0
Courier	28.4	19.0	-9.3	-11.9	-12.6	1.7	6.8	2.2
Accommodation services ^(a)	-59.1	38.3	17.3	59.9	74.2	37.1	-2.3	-10.2
Food services	-29.4	16.8	-6.3	26.1	7.5	2.3	-2.0	-1.3
Information and communications	-8.5	7.7	6.2	3.3	0.1	4.3	5.7	5.5
<i>within which:</i>								
Telecommunications	-9.0	6.1	8.7	1.8	*	3.0	4.2	4.3
Film entertainment	-44.0	26.7	-10.4	21.1	-21.2	-13.5	1.8	-3.7
Banking	-8.0	-4.3	10.2	21.2	8.3	7.4	4.3	7.1
Financing (except banking)	12.2	17.4	-14.7	-0.6	-4.3	-3.2	4.5	13.5
<i>within which:</i>								
Financial markets and asset management	13.2	19.6	-17.6	-3.1	-5.0	-6.5	3.3	12.2
<i>within which : Asset management</i>	11.6	23.3	-19.6	-4.2	5.3	-7.5	5.2	23.7
Insurance	6.1	2.5	-6.0	-1.1	0.9	18.2	1.5	11.7
Real estate	3.2	-1.9	-8.9	-0.6	-3.1	*	-0.9	0.1
Professional, scientific and technical services	-2.1	6.6	3.5	3.5	1.4	5.1	5.7	3.6
Administrative and support services	-25.4	1.7	10.5	16.6	13.5	11.5	7.9	8.1
Services Domain								
Tourism, convention and exhibition services	-86.7	-17.7	36.8	347.3	273.9	47.2 ⁺	-6.9 ⁺	-5.3 ⁺
Computer and information technology services	-3.2	20.1	-0.4	39.2	91.2	108.6	84.9	34.5

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 16 : Labour force characteristics

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024⁺</u>	<u>2024</u>			
						Q1	Q2	Q3	Q4
<u>(%)</u>									
Labour force participation rate	59.7	59.4	58.2	57.3	57.1	57.0	57.1	57.1	56.9
Seasonally adjusted unemployment rate ^(a)	5.8	5.2	4.3	2.9	3.0	3.0	3.0	3.0	3.1
Underemployment rate	3.3	2.6	2.3	1.1	1.1	1.1	1.2	1.2	1.1
<u>('000)</u>									
Population of working age	6 562.2	6 518.6	6 487.0	6 667.4	6 694.0	6 661.1	6 680.8	6 703.7	6 730.3
Labour force	3 918.5	3 870.4	3 776.3	3 822.3	3 820.2	3 800.1	3 818.0	3 830.1	3 832.4
Persons employed	3 690.9	3 670.2	3 613.2	3 709.6	3 705.2	3 688.4	3 703.3	3 710.2	3 718.9
Persons unemployed	227.6	200.3	163.1	112.7	115.0	111.7	114.7	119.9	113.6
Persons underemployed	129.9	98.9	88.1	41.6	43.5	40.0	44.5	46.0	43.5
<u>(% change over a year earlier)</u>									
Population of working age	-0.2	-0.7	-0.5	2.8	0.4	0.6	0.4	0.5	0.7
Labour force	-1.7	-1.2	-2.4	1.2	-0.1	-0.2	0.3	-0.2	0.3
Persons employed	-4.7	-0.6	-1.6	2.7	-0.1	-0.1	0.2	-0.4	0.1
Persons unemployed	95.6	-12.0	-18.6	-30.9	2.0	-3.5	0.5	5.3	7.2
Persons underemployed	209.6	-23.8	-10.9	-52.8	4.4	-15.3	6.9	21.4	17.7

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

(+) Provisional figures.

Table 17 : Employment in selected major industries

Selected major industries	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>	<u>2024</u>			(No.)
	(% change)					Dec	Mar	Jun	Sep	
						(% change over a year earlier)				
Manufacturing	-3.5	-4.0	-5.5	-5.0	-0.6	-0.6	1.4	0.3	-0.3	73 811
Construction sites (covering manual workers only)	-9.0	-4.5	8.5	-0.7	7.3	12.0	14.1	11.8	10.7	121 363
Import and export trade	-5.7	-11.0	-3.6	-0.9	-2.4	-4.6	-4.9	-5.0	-5.1	355 684
Wholesale	-4.0	-8.8	-3.9	4.2	-3.3	-6.2	-6.4	-6.1	-6.0	47 624
Retail	-1.7	-6.3	-0.6	-1.6	1.7	-0.3	-2.7	-5.1	-5.9	237 128
Food and beverage services	-2.3	-13.6	1.4	1.3	3.5	0.7	0.6	-0.4	-1.3	221 212
Accommodation services ^(a)	1.8	-14.7	1.1	-4.5	3.0	1.2	2.1	3.7	3.7	36 641
Transportation, storage, postal and courier services	0.3	-3.7	-4.0	-2.1	-0.1	0.5	1.2	0.7	0.7	165 955
Information and communications	1.9	-0.3	-1.4	-2.2	1.9	1.8	2.1	1.2	-0.5	107 965
Financing and insurance	2.9	0.6	0.1	-2.1	*	-0.7	-1.5	-2.4	-2.3	230 462
Real estate	1.2	0.4	3.6	-0.5	0.9	-0.5	-1.8	0.2	3.6	147 500
Professional and business services (excluding cleaning and similar services)	1.5	-0.3	*	-2.1	3.0	2.3	2.2	1.5	-0.1	311 327
Cleaning and similar services	-0.3	0.3	1.3	0.8	*	-0.6	-2.3	-4.3	0.1	83 055
Education	1.7	-1.0	-0.1	1.1	4.0	3.5	2.3	-0.2	-0.4	213 997
Human health services	4.7	4.1	2.9	2.5	2.8	2.6	2.4	2.6	2.3	157 683
Residential care and social work services	2.4	0.4	0.9	0.9	4.7	5.0	4.5	4.3	3.7	72 806
Arts, entertainment, recreation and other services	0.8	-5.4	-1.7	-3.4	7.1	5.1	3.6	1.4	-0.3	124 442
Civil service ^(b)	2.2	0.7	-0.2	-1.2	-1.1	-0.6	-0.3	-0.2	-0.1	172 499
Others ^(c)	1.5	-1.7	1.2	3.3	1.6	1.1	1.0	5.0	6.2	12 796

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 18 : Number of manual workers engaged at building and construction sites

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u> Dec	Mar	<u>2024</u> Jun	Sep
<u>(Number)</u>									
Building sites									
Private sector	62 903	54 957	58 385	56 160	57 642	60 354	57 986	55 071	54 403
Public sector ^(a)	19 257	22 982	23 622	22 853	26 299	29 115	31 978	35 743	32 211
Sub-total	82 160	77 939	82 006	79 012	83 941	89 469	89 964	90 814	86 614
Civil engineering sites									
Private sector	2 483	2 180	3 095	3 796	2 397	1 654	1 453	1 339	1 361
Public sector ^(a)	17 108	17 064	20 329	21 855	25 974	29 056	32 232	31 956	33 388
Sub-total	19 591	19 244	23 424	25 651	28 372	30 710	33 685	33 295	34 749
Total	101 750	97 182	105 430	104 663	112 313	120 179	123 649	124 109	121 363
<u>(% change over a year earlier)</u>									
Building sites									
Private sector	-4.3	-12.6	6.2	-3.8	2.6	12.4	5.5	-4.4	-5.7
Public sector ^(a)	-10.9	19.3	2.8	-3.3	15.1	12.1	26.3	40.9	26.8
Sub-total	-5.9	-5.1	5.2	-3.7	6.2	12.3	12.1	9.5	4.3
Civil engineering sites									
Private sector	43.6	-12.2	42.0	22.6	-36.8	-60.3	-63.2	-39.5	-23.0
Public sector ^(a)	-25.0	-0.3	19.1	7.5	18.8	23.7	33.3	23.5	34.8
Sub-total	-20.2	-1.8	21.7	9.5	10.6	11.1	19.7	18.5	30.9
Total	-9.0	-4.5	8.5	-0.7	7.3	12.0	14.1	11.8	10.7

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

	(%)								
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>	<u>2024</u>		
Selected industry sections						Q4	Q1	Q2	Q3
(in nominal terms)									
Manufacturing	3.8	-0.1	-0.6	1.0	3.8	3.9	3.9	3.6	3.6
Import/export and wholesale trades	2.3	0.5	0.1	0.9	2.6	2.9	3.0	3.0	3.0
Retail trade	2.3	0.1	0.2	1.1	2.7	2.7	2.3	2.0	1.8
Transportation, storage, postal and courier services	3.9	-5.4	-3.8	1.9	9.3	9.6	8.5	8.6	2.5
Accommodation ^(a) and food service activities	4.7	-2.9	-1.0	2.2	5.3	5.5	5.7	4.8	3.9
Information and communications	3.9	2.3	1.8	2.8	3.9	4.1	3.8	3.3	3.5
Financial and insurance activities	3.0	1.7	1.7	2.7	3.5	3.5	3.6	3.3	3.7
Real estate activities	4.1	1.5	1.4	2.1	2.8	2.7	3.0	2.8	2.9
Professional and business services	3.8	1.6	1.5	2.7	3.4	3.4	3.8	3.4	3.5
Social and personal services	2.3	6.2	0.1	1.3	2.0	3.2	2.9	1.6	1.4
All selected industry sections surveyed	3.4	2.4	1.0	1.7	3.3	3.6	3.7	3.5	3.3
(in real terms)									
Manufacturing	0.9	-0.4	-2.1	-0.9	1.7	1.3	2.0	2.4	1.2
Import/export and wholesale trades	-0.5	0.2	-1.4	-1.0	0.5	0.3	1.0	1.8	0.6
Retail trade	-0.5	-0.1	-1.4	-0.7	0.5	0.1	0.4	0.8	-0.6
Transportation, storage, postal and courier services	1.0	-5.6	-5.3	*	7.0	6.8	6.5	7.3	0.1
Accommodation ^(a) and food service activities	1.8	-3.2	-2.6	0.3	3.1	2.9	3.7	3.5	1.5
Information and communications	0.9	2.0	0.2	0.9	1.7	1.5	1.8	2.0	1.1
Financial and insurance activities	0.2	1.2	0.2	0.8	1.3	0.9	1.6	2.1	1.2
Real estate activities	1.1	1.3	-0.1	0.2	0.7	0.2	1.0	1.6	0.5
Professional and business services	0.9	1.4	-0.1	0.8	1.2	0.8	1.9	2.2	1.1
Social and personal services	-0.6	6.0	-1.5	-0.6	-0.1	0.6	1.0	0.4	-0.9
All selected industry sections surveyed	0.5	2.1	-0.5	-0.2	1.1	1.0	1.8	2.2	0.9

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

	(%)								
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>	<u>2024</u>		
Selected industry sections						Dec	Mar	Jun	Sep
(in nominal terms)									
Manufacturing	3.5	2.0	1.6	2.0	4.1	4.6	4.5	4.2	3.7
Import/export, wholesale and retail trades	2.3	1.0	0.9	1.7	2.6	3.0	3.1	3.1	3.0
Transportation	4.4	0.1	-0.9	1.4	5.6	5.2	4.4	4.2	3.4
Accommodation ^(a) and food service activities	4.1	1.0	1.4	2.1	4.2	4.5	4.7	4.5	4.2
Financial and insurance activities ^(b)	3.7	2.3	2.5	3.2	3.9	3.9	4.1	3.7	3.9
Real estate leasing and maintenance management	3.9	2.7	3.0	2.9	3.2	3.2	3.4	3.3	3.3
Professional and business services	3.6	1.7	1.8	2.5	3.4	3.8	4.0	4.0	4.0
Personal services	3.3	0.7	0.3	0.6	3.5	3.7	4.2	3.9	4.1
All industries surveyed	3.5	1.3	1.3	2.2	3.6	3.8	3.9	3.7	3.6
(in real terms)									
Manufacturing	0.2	3.1	-0.3	-1.5	2.0	1.9	2.1	2.5	0.7
Import/export, wholesale and retail trades	-1.0	2.1	-0.9	-1.9	0.5	0.3	0.8	1.3	0.1
Transportation	1.0	1.3	-2.7	-2.2	3.4	2.5	2.0	2.4	0.4
Accommodation ^(a) and food service activities	0.7	2.1	-0.3	-1.5	2.0	1.8	2.4	2.7	1.3
Financial and insurance activities ^(b)	0.2	3.7	0.7	-0.6	1.7	1.2	1.7	2.0	0.9
Real estate leasing and maintenance management	0.5	3.8	1.3	-0.8	1.0	0.5	1.0	1.5	0.4
Professional and business services	0.3	2.8	0.1	-1.2	1.2	1.0	1.6	2.2	1.1
Personal services	0.2	1.7	-1.6	-2.9	1.3	1.0	1.9	2.2	1.1
All industries surveyed	0.1	2.5	-0.5	-1.4	1.4	1.1	1.5	1.9	0.6

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

(HK\$)

Industry sections	May – Jun 2022			May – Jun 2023		
	25th percentile	50th percentile	75th percentile	25th percentile	50th percentile	75th percentile
Manufacturing ^(a)	15,100	18,300	28,800	15,800	18,900	30,000
Electricity and gas supply; sewerage, waste management and remediation activities	21,400	29,000	42,900	22,000	29,800	44,800
Construction	19,100	23,900	30,800	19,700	24,600	32,000
Import and export trade	14,800	19,500	28,500	15,300	19,900	29,000
Wholesale	13,000	15,900	21,300	13,800	16,300	22,500
Retail trade	10,800	13,800	17,800	11,400	14,100	18,500
<i>within which:</i>						
Supermarkets and convenience stores	7,900	12,100	15,000	8,100	12,500	15,000
Other retail stores	11,700	14,300	18,500	12,000	14,800	18,800
Land transport	15,000	19,800	27,400	15,500	20,600	27,600
Other transportation, storage, postal and courier services ^(b)	14,100	18,700	24,500	14,400	19,400	25,000
Food and beverage services	10,500	14,000	18,000	11,000	14,700	19,000
<i>within which:</i>						
Hong Kong style tea cafes	12,000	14,000	18,200	12,500	14,600	18,700
Chinese restaurants	13,100	15,700	21,500	13,500	16,300	22,100
Restaurants, other than Chinese	12,400	14,900	18,600	13,000	15,500	19,400
Fast food cafes ^(c)	4,800	10,600	14,300	4,900	11,000	14,700
Other food and beverage services	8,500	13,200	17,000	8,700	13,700	17,500
Accommodation services ^(d)	14,000	16,400	21,000	14,500	17,100	21,500
Information and communications	17,000	25,100	36,500	17,600	26,000	37,100
Financing and insurance	19,700	30,500	48,000	20,400	31,600	50,300
Real estate activities ^(e)	15,000	22,800	34,500	15,600	23,500	35,300
Estate management, security and cleaning services	10,800	13,500	16,800	11,400	14,200	17,000
<i>within which:</i>						
Real estate maintenance management	12,900	15,200	18,200	13,300	15,700	18,700
Security services ^(f)	12,000	14,500	17,200	12,400	15,000	17,700
Cleaning services	8,400	10,500	11,900	9,000	11,200	12,800
Membership organisations ^(g)	12,000	14,000	23,000	12,500	14,900	24,400
Professional, scientific and technical services	16,500	26,000	38,500	16,600	26,700	39,200
Administrative and support services activities	12,600	18,000	28,000	13,000	18,700	28,600
Travel agency, reservation service and related activities	11,000	15,100	22,000	11,500	15,500	22,700
Education and public administration (excluding the Government)	15,100	31,000	52,700	15,100	31,800	52,900
Human health activities; and beauty and body prettifying treatment	14,800	20,000	40,000	15,500	20,700	40,000
Miscellaneous activities	11,000	13,900	17,100	11,700	14,700	18,000
<i>within which:</i>						
Elderly homes	13,500	15,200	18,000	14,400	16,100	19,000
Laundry and dry cleaning services	8,400	12,500	15,000	8,600	12,900	15,500
Hairdressing and other personal services	10,000	13,000	15,700	10,400	13,700	16,200
Local courier services	8,500	11,600	15,600	8,500	12,200	16,000
Food processing and production	12,000	14,000	18,700	12,600	14,500	18,800
Other activities not classified above	13,500	17,400	27,100	14,200	18,100	28,000
All industry sections above	13,700	19,100	30,200	14,300	19,800	31,100

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

(HK\$)

Industry sections	May – Jun 2022			May – Jun 2023		
	25th percentile	50th percentile	75th percentile	25th percentile	50th percentile	75th percentile
Manufacturing ^(a)	57.4	74.6	109.3	59.6	77.4	114.1
Electricity and gas supply; sewerage, waste management and remediation activities	77.6	112.5	171.4	80.6	116.7	186.9
Construction	81.9	103.5	129.6	85.0	106.9	135.9
Import and export trade	60.8	82.8	119.5	62.6	84.2	121.5
Wholesale	54.2	67.8	89.8	56.1	69.4	90.9
Retail trade	47.2	55.0	66.7	48.6	57.1	70.1
<i>within which:</i>						
Supermarkets and convenience stores	44.0	49.5	58.9	45.5	51.2	62.5
Other retail stores	48.3	57.2	73.6	50.0	59.2	76.1
Land transport	58.2	81.2	107.5	61.5	84.4	106.3
Other transportation, storage, postal and courier services ^(b)	53.2	69.3	93.8	55.0	71.4	96.8
Food and beverage services	48.4	55.0	68.3	50.0	57.6	70.0
<i>within which:</i>						
Hong Kong style tea cafes	50.0	54.0	66.3	51.9	57.0	70.0
Chinese restaurants	49.9	56.1	76.6	51.4	58.0	78.6
Restaurants, other than Chinese	51.2	56.2	71.0	53.7	59.3	74.0
Fast food cafes ^(c)	44.0	49.5	58.0	45.2	51.3	60.3
Other food and beverage services	48.4	53.0	65.1	50.2	55.0	67.7
Accommodation services ^(d)	49.1	59.9	76.4	51.3	62.0	78.1
Information and communications	69.2	98.7	151.7	72.1	100.8	157.3
Financing and insurance	77.7	115.9	191.5	80.3	120.1	197.1
Real estate activities ^(e)	65.8	92.6	143.9	67.0	95.8	145.4
Estate management, security and cleaning services	43.0	48.7	60.4	44.9	51.0	62.3
<i>within which:</i>						
Real estate maintenance management	43.5	49.1	64.5	45.0	51.0	66.6
Security services ^(f)	42.5	48.0	58.4	43.9	50.0	59.4
Cleaning services	41.7	46.9	54.2	43.5	50.0	57.5
Membership organisations ^(g)	50.0	60.6	99.5	50.0	62.7	93.2
Professional, scientific and technical services	67.2	102.6	161.6	68.8	104.8	166.1
Administrative and support services activities	52.5	73.3	116.9	54.7	76.7	118.5
Travel agency, reservation service and related activities	50.0	66.1	97.4	52.2	68.2	99.3
Education and public administration (excluding the Government)	70.0	136.6	222.2	71.5	140.8	224.8
Human health activities; and beauty and body prettifying treatment	65.5	93.8	166.7	66.4	96.7	169.4
Miscellaneous activities	45.8	54.0	70.0	48.4	55.9	71.0
<i>within which:</i>						
Elderly homes	44.6	54.5	73.9	47.0	58.0	78.7
Laundry and dry cleaning services	48.4	52.0	64.5	49.8	54.0	63.7
Hairdressing and other personal services	46.7	53.6	69.9	49.3	55.2	64.5
Local courier services	44.3	53.4	70.4	45.0	55.0	68.8
Food processing and production	47.0	54.5	75.3	48.9	56.8	75.3
Other activities not classified above	56.8	73.1	110.4	58.7	76.1	113.7
All industry sections above	54.8	77.4	123.7	57.0	80.1	127.6

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 23 : 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 ^(a) :								
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 ^(b)	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.

(^) Average annual rate change for the 10-year period 2013-2023

(~) Average annual rate change for the 5-year period 2018-2023

Table 23 : Rates of change in prices (Cont'd)

(%)

	<u>2023</u>	<u>2024</u>	<u>2024</u>				Average annual rate of change:	
			Q1	Q2	Q3	Q4	10 years	5 years
							2014 to 2024	2019 to 2024
GDP deflator [#]	2.9	3.8	3.7	4.3	4.6	2.9	2.4	1.9
Domestic demand deflator [#]	3.7	2.3	2.9	2.1	2.6	1.8	2.0	1.6
Consumer Price Indices ^(a) :								
Composite CPI	2.1	1.7	1.9	1.2	2.4	1.4	2.0	1.5
CPI(A)	2.3	2.1	2.2	1.4	3.1	1.7	2.3	1.7
CPI(B)	2.0	1.6	1.8	1.2	2.1	1.3	1.8	1.4
CPI(C)	2.0	1.5	1.8	1.2	1.9	1.2	1.7	1.4
Unit Value Indices :								
Total exports of goods	4.4	3.6	4.5	3.9	3.4	2.9	2.4	4.1
Imports of goods	3.9	3.2	4.6	3.1	2.6	2.6	2.3	4.0
Terms of Trade Index ^(b)	0.4	0.4	-0.1	0.8	0.7	0.3	0.1	0.1
Producer Price Index for all manufacturing industries	1.6	N.A.	1.2	3.1	3.2	N.A.	0.9 [^]	1.4 [~]
Tender Price Indices :								
Public sector								
building projects	4.3	N.A.	3.1	2.5	2.5	N.A.	1.6 [^]	1.0 [~]
Public housing projects	4.3	N.A.	2.9	4.0	3.7	N.A.	2.4 [^]	1.3 [~]

Table 24 : Rates of change in Composite Consumer Price Index

(%)

	Weight [^]	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
All items	100.00	3.0 (2.5)	2.4 (2.3)	1.5 (1.7)	2.4 (2.6)	2.9 (3.0)	0.3 (1.3)	1.6 (0.6)
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 ^(a)	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".

([^]) 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 24 : Rates of change in Composite Consumer Price Index (Cont'd)

(%)										
	Weight [^]	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>				Average annual rate of change:	
					Q1	Q2	Q3	Q4	10 years 2014 to 2024	5 years 2019 to 2024
All items	100.00	1.9 (1.7)	2.1 (1.7)	1.7 (1.1)	1.9 (1.0)	1.2 (1.0)	2.4 (1.1)	1.4 (1.2)	2.0 (1.9)	1.5 (1.4)
Food	26.49	3.8	2.7	1.5	1.7	1.8	1.6	0.9	3.1	2.6
<i>Meals out and takeaway food</i>	17.39	3.4	4.0	2.6	3.4	3.0	2.3	1.7	2.8	2.5
<i>Basic food</i>	9.10	4.5	0.5	-0.3	-1.0	*	0.3	-0.4	3.6	2.7
Housing ^(a)	38.48	0.2	1.0	2.1	3.0	1.1	3.3	0.9	2.0	0.7
<i>Private housing rent</i>	33.58	-0.6	0.5	1.4	2.0	0.5	2.4	0.6	1.6	0.2
<i>Public housing rent</i>	1.97	9.6	4.4	7.2	13.5	1.2	13.6	1.3	5.5	4.6
Electricity, gas and water	3.07	7.2	9.6	-0.3	-8.0	-6.7	4.5	9.9	2.3	3.2
Alcoholic drinks and tobacco	0.52	1.3	17.0	19.6	14.3	21.0	21.4	21.4	4.2	7.4
Clothing and footwear	2.74	5.3	5.8	-0.5	1.6	0.4	-1.5	-2.3	0.2	1.7
Durable goods	4.30	0.6	-2.4	-1.0	-1.4	-0.8	-0.7	-0.9	-2.3	-0.9
Miscellaneous goods	3.38	0.4	1.7	1.2	1.3	1.0	1.0	1.3	1.1	0.8
Transport	7.28	2.9	1.9	2.0	2.1	1.9	2.2	1.7	1.5	1.6
Miscellaneous services	13.74	1.3	2.6	2.4	2.9	2.2	2.3	2.0	1.6	1.6

**Table 25 : 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
Gross Domestic Product	3.6	1.6	2.9	3.7	2.0	0.6	0.7
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 merchandising 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 25 : Rates of change in implicit price deflators of GDP
and its main expenditure components (Cont'd)**

(%)

	<u>2022</u>	<u>2023[#]</u>	<u>2024[#]</u>	<u>2024</u>				Average annual rate of change:	
				Q1 [#]	Q2 [#]	Q3 [#]	Q4 [#]	10 years 2014 to 2024 [#]	5 years 2019 to 2024 [#]
Private consumption expenditure	2.3	4.9	3.1	3.7	3.4	3.2	2.2	2.1	2.0
Government consumption expenditure	2.6	2.6	1.7	1.7	1.3	1.8	2.0	2.8	2.0
Gross domestic fixed capital formation	1.0	0.5	-0.5	0.7	-2.4	0.1	-0.5	1.0	-0.5
Total exports of goods	6.8	4.2	4.2	4.6	4.4	4.2	4.0	2.3	4.0
Imports of goods	7.3	4.3	4.0	4.8	3.7	3.6	3.9	2.2	4.1
Exports of services	6.3	-2.0	6.2	5.7	5.9	7.6	5.5	2.6	4.8
Imports of services	4.4	-0.6	2.1	1.3	1.6	3.9	1.8	1.3	2.9
Gross Domestic Product	1.7	2.9	3.8	3.7	4.3	4.6	2.9	2.4	1.9
Total final demand	5.2	3.4	3.7	4.1	3.7	4.0	3.3	2.2	3.2
Domestic demand	2.1	3.7	2.3	2.9	2.1	2.6	1.8	2.0	1.6

