CHAPTER 1 : OVERVIEW OF ECONOMIC PERFORMANCE

***Summary***

* *The Hong Kong economy continued to record moderate growth in the second quarter of 2024, though the performance of individual segments varied. Real Gross Domestic Product (GDP)(1) grew further by 3.3% over a year earlier. Total exports of goods continued to grow strongly, while exports of services saw decelerated growth. Overall investment expenditure rose further. However, private consumption expenditure turned to a slight decline. On a seasonally adjusted quarter-to-quarter comparison(2), real GDP increased by 0.4%.*
* *Hong Kong’s total exports of goods continued to grow strongly in the second quarter, supported by the sustained external demand for goods. Exports to the Mainland continued to rise notably. Exports to the US returned to a visible increase, while those to the EU recorded a narrowed decline. Exports to many major Asian markets also showed improvements. Meanwhile, exports of services recorded decelerated growth. Exports of transport services grew further in tandem with increased visitors and regional trade flows. Exports of financial services reverted to an increase. Exports of business and other services continued to grow moderately. Yet, exports of travel services turned to a contraction amid the change in consumption patterns of visitors and the strength of the Hong Kong dollar.*
* *Domestically, private consumption expenditure turned to a slight decline in the second quarter, mainly affected by the changes in the consumption patterns of residents. Meanwhile, overall investment expenditure rose further alongside the overall economic growth.*
* *The labour market stayed tight in the second quarter. The seasonally adjusted unemployment rate stayed low at 3.0%, same as the preceding quarter. The underemployment rate was also low at 1.2%, though slightly higher than the level of 1.1% in the preceding quarter.*
* *The local stock market fared better in the second quarter. As market sentiment improved following the announcement of enhancement measures on mutual access between the capital markets of the Mainland and Hong Kong, the Hang Seng Index (HSI) rose markedly to a near 10-month high of 19 636 on 20 May. Yet, dampened by expectations for delayed US interest rate cuts and concerns about the Mainland’s economic recovery momentum, it then retreated and closed the quarter at 17 719 or 7.1% higher than end-March. The residential property market was very active at the beginning of the second quarter following the cancellation of the demand-side management measures (DSMMs) for residential properties, but quietened progressively thereafter as pent-up demand faded. Market sentiment turned increasingly cautious during the quarter as the prospect of US interest rate cuts dimmed. Flat prices declined for the quarter as a whole.*
* *Underlying consumer price inflation remained modest in the second quarter. Prices of meals out and takeaway food continued to increase at a relatively fast pace over a year earlier. Increases in private housing rentals remained small. Meanwhile, prices of electricity continued to decrease notably against a high base of comparison. Price pressures on other major components were broadly in check.*

**Overall situation**

* 1. The Hong Kong economy continued to record moderate growth in the second quarter of 2024, though the performance of individual segments varied. Total exports of goods continued to grow strongly, while exports of services saw decelerated growth. Overall investment expenditure rose further. However, private consumption expenditure turned to a slight decline.
  2. Real GDP grew by 3.3% year-on-year in the second quarter (same as the advance estimate), having increased by 2.8% in the preceding quarter. On a seasonally adjusted quarter-to-quarter comparison, real GDP increased by 0.4% (same as the advance estimate), after a 2.5% increase in the preceding quarter.



**The external sector**

* 1. *Total exports of goods* based on the GDP compilation framework grew strongly by 7.5% year-on-year in real terms in the second quarter of 2024, after rising by 6.8% in the preceding quarter. The sustained external demand for goods rendered support to export performance. Analysed by major market and by reference to external merchandise trade statistics, exports to the Mainland continued to rise notably in the second quarter over a year earlier. Exports to the US returned to a visible increase, while those to the EU recorded a narrowed decline. Exports to many major Asian markets also showed improvements.
  2. *Exports of services* recorded decelerated growth of 1.4% year-on-year in real terms in the second quarter, after growing by 9.4% in the preceding quarter. Exports of transport services grew further in tandem with increased visitors and regional trade flows. Exports of financial services reverted to an increase as cross-border financial and fund raising activities showed improvement. Exports of business and other services continued to grow moderately. Meanwhile, exports of travel services turned to a contraction amid the change in consumption patterns of visitors and the strength of the Hong Kong dollar.

**Table 1.1 : Gross Domestic Product, its main expenditure components**

**and the main price indicators**

**(year-on-year rate of change (%))**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2022# | 2023# | 2023 | | | | 2024 | |
|  |  |  | Q1# | Q2# | Q3# | Q4# | Q1# | Q2# |
| *Change in real terms of GDP and*  *its main expenditure components (%)* |  |  |  |  |  |  |  |  |
| Private consumption  Expenditure | -2.2 | 7.7 | 13.0  (1.5) | 8.4  (3.6) | 6.7  (-0.8) | 3.5  (-0.7) | 1.2  (-0.7) | -1.5  (0.7) |
| Government consumption  expenditure | 8.0 | -4.3 | 1.2  (-3.7) | -9.5  (-4.4) | -3.9  (1.8) | -5.2  (1.3) | -2.2  (-0.9) | 2.0  (-0.4) |
| Gross domestic fixed  capital formation | -7.4 | 11.1 | 8.9 | -1.9 | 21.7 | 17.5 | 0.1 | 6.0 |
| Building and construction | 7.4 | 7.5 | 0.7 | 8.0 | 16.0 | 6.1 | 10.6 | 16.0 |
| Costs of ownership transfer | -43.2 | 0.2 | 25.8 | -6.0 | -15.6 | -3.4 | -27.6 | 36.0 |
| Machinery, equipment and  intellectual property products | -18.9 | 20.5 | 25.4 | -17.1 | 42.0 | 43.7 | -14.2 | -21.8 |
| Total exports of goods& | -14.0 | -10.3 | -19.1  (0.4) | -15.1  (-0.2) | -8.7  (0.1) | 2.8  (3.0) | 6.8  (4.0) | 7.5  (0.2) |
| Imports of goods& | -13.2 | -8.6 | -14.8  (2.3) | -16.0  (-1.1) | -6.1  (1.3) | 3.8  (1.8) | 3.3  (1.4) | 3.4  (-1.3) |
| Exports of services& | -0.5 | 20.9 | 15.7  (12.3) | 23.4  (5.3) | 23.4  (2.0) | 21.2  (1.9) | 9.4  (-0.2) | 1.4  (-2.2) |
| Imports of services& | -1.2 | 25.9 | 21.1  (12.3) | 27.0  (5.9) | 28.7  (2.9) | 26.7  (3.8) | 18.0  (4.3) | 12.4  (0.7) |
| **Gross Domestic Product** | **-3.7** | **3.3** | **2.8**  **(4.1)** | **1.6**  **(\*)** | **4.2**  **(0.2)** | **4.3**  **(0.2)** | **2.8**  **(2.5)** | **3.3**  **(0.4)** |
| *Change in the main*  *price indicators (%)* |  |  |  |  |  |  |  |  |
| **GDP deflator** | **1.7** | **2.8** | **2.1**  **(0.8)** | **2.7**  **(0.8)** | **2.4**  **(1.6)** | **3.8**  **(0.6)** | **3.8**  **(0.8)** | **4.2**  **(1.1)** |
| **Composite CPI** |  |  |  |  |  |  |  |  |
| **Headline** | **1.9** | **2.1** | **1.9**  **(0.6)** | **2.0**  **(0.2)** | **1.9**  **(0.4)** | **2.6**  **(1.3)** | **1.9**  **(0.1)** | **1.2**  **(-0.5)** |
| **Underlying^** | **1.7** | **1.7** | **1.9**  **(0.7)** | **1.7**  **(0.3)** | **1.6**  **(0.3)** | **1.6**  **(0.3)** | **1.0**  **(\*)** | **1.0**  **(0.3)** |
| *Change in* **nominal GDP** *(%)* | **-2.1** | **6.1** | **5.0** | **4.3** | **6.7** | **8.3** | **6.8** | **7.6** |

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 ± 0.05%.

**The domestic sector**

* 1. Consumption activities weakened in the second quarter of 2024, mainly affected by the changes in the consumption patterns of residents. After increasing by 1.2% year-on-year in real terms in the preceding quarter, *private consumption expenditure* declined by 1.5% in the second quarter. On a seasonally adjusted quarter‑to‑quarter basis, private consumption expenditure increased by 0.7%. Meanwhile, *government consumption expenditure* rose by 2.0% year-on-year in the second quarter, after a 2.2% decrease in the preceding quarter.

**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 | 8.8 | 0.4 | 12.1 | 22.8 | 6.0 | 292.1 | 499.6 | 7.7 |
|  | Q1 | 14.2 | 7.2 | 24.9 | 32.2 | 9.5 | 317.7 | 485.0 | 13.0 |
|  | Q2 | 9.6 | 0.6 | 23.5 | 21.3 | 6.1 | 411.4 | 736.5 | 8.4 |
|  | Q3 | 7.7 | -1.3 | 9.7 | 21.7 | 5.3 | 381.7 | 740.6 | 6.7 |
|  | Q4 | 4.6 | -4.3 | -1.5 | 18.1 | 3.4 | 179.8 | 300.5 | 3.5 |
|  |  |  |  |  |  |  |  |  |  |
| 2024 | Q1 | 0.3 | -4.2 | -11.8 | 1.8 | 2.5 | 64.7 | 42.9 | 1.2 |
|  | Q2 | -4.2 | -6.1 | -14.4 | -16.4 | 1.8 | 29.3 | -8.0 | -1.5 |

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.



* 1. Alongside the overall economic growth, overall investment expenditure in terms of *gross domestic fixed capital formation* rose by 6.0% in real terms in the second quarter over a year earlier, after a 0.1% increase in the preceding quarter. Expenditure on building and construction rose by an accelerated 16.0%, with public sector spending showing particularly strong growth. Expenditure on acquisitions of machinery, equipment and intellectual property products continued to decline by 21.8% amid tight financial conditions and generally weakened business sentiment (see ***Box 1.1***). Separately, the costs of ownership transfer rebounded strongly as property transactions increased after the cancellation of all DSMMs for residential propertiesand the adjustments of macroprudential measures.

**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 indicate that overall business sentiment in the past few months generally weakened.

According to the results of the Census and Statistics Department (C&SD)’s Quarterly Business Tendency Survey (QBTS)(1) conducted during 1 June 2024 to 8 July 2024, business sentiment among large enterprises in Hong Kong softened slightly in overall terms as compared to three months ago (***Chart 1***). The proportion of large enterprises expecting their business situation to improve in the third quarter of 2024 over the second quarter was less than the proportion of those expecting the situation to worsen by 1 percentage point (i.e. a net balance of -1), down from the net balance of +2 in the previous round.

Business sentiment of large enterprises eased in most sectors (***Table 1***). The net balances of the “accommodation and food services” and “financing and insurance” sectors declined in the positive zone, while that of “real estate” fell to zero. The net balances of “manufacturing”, “transportation, storage and courier services” and “information and communications” dipped into the negative zone, while those of “construction” and “retail” sectors stayed deeply negative. The net balances of “import/export trade and wholesale” and “professional and business services” showed relative improvement within the negative zone. Meanwhile, large enterprises’ appetite for hiring stayed largely positive (***Table 2***).

|  |  |  |  |
| --- | --- | --- | --- |
| **Chart 1 : Business sentiment of large enterprises softened slightly in overall terms** | | | |
| 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 eased in most sectors** | | **Table 2 : Hiring sentiment of large enterprises stayed largely positive** | | |
| |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **QBTS: Expected changes in business situation** | | | | | | | |  | Net balance\* (% point) | | | | | | | 2023 | | | 2024 | | | | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | | Manufacturing | +36 | +20 | -2 | +2 | +8 | -2 | | Construction | +6 | +10 | +1 | -9 | -11 | -16 | | Import/export trade and wholesale | +10 | +7 | +5 | -9 | -9 | -1 | | Retail | +34 | +18 | +32 | +3 | -16 | -16 | | Accommodation and food services | +64 | +41 | +33 | +9 | +7 | +6 | | Transportation, storage and courier services | +13 | +4 | +11 | +5 | +4 | -2 | | Information and communications | +6 | +2 | +9 | -4 | +1 | -3 | | Financing and insurance | +25 | +4 | +10 | +14 | +19 | +7 | | Real estate | +13 | -2 | +6 | -6 | +8 | 0 | | Professional and business services | -4 | +5 | +1 | +1 | -9 | -3 | | All sectors above | +15 | +6 | +8 | +1 | +2 | -1 | | | |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **QBTS: Expected changes in number of persons engaged** | | | | | | | |  | Net balance\* (% point) | | | | | | | 2023 | | | 2024 | | | | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | | Manufacturing | +18 | +26 | +11 | +13 | +7 | +13 | | Construction | +6 | +6 | +2 | -8 | +11 | +3 | | Import/export trade and wholesale | -1 | -2 | +1 | -1 | +1 | 0 | | Retail | +20 | +8 | +14 | +7 | +6 | +3 | | Accommodation and food services | +50 | +31 | +23 | +21 | +11 | +4 | | Transportation, storage and courier services | 0 | +6 | +8 | +8 | +9 | +9 | | Information and communications | -6 | -6 | -2 | -11 | -15 | -8 | | Financing and insurance | +13 | +8 | +10 | +10 | +12 | +7 | | Real estate | +9 | +8 | +19 | +10 | +15 | +9 | | Professional and business services | +7 | +4 | +6 | +6 | +5 | -3 | | All sectors above | +11 | +8 | +9 | +6 | +7 | +3 | | | |
| 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. | 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 eased to 43.0 in May and 41.4 in June, before edging up to 41.8 in July (***Chart 2a***). Employment sentiment among SMEs was generally stable in May and June, but softened in July. Meanwhile, credit conditions stayed accommodative.

As for other surveys in the public domain, the S&P Global Purchasing Managers’ Index (PMI) of Hong Kong(3), which gauges the performance of the private sector’s business activity, dipped into the contractionary zone in May and stayed below the boom-bust line in June and July. The Hong Kong Trade Development Council (HKTDC) Export Confidence Index(4) showed improvement in the current export environment, and stronger confidence among exporters in future export performance. Exporters showed general optimism in export performance in major export markets such as the Mainland, US, EU and the ASEAN. Among the exporters surveyed, the top three challenges to their businesses in the next twelve months were rising transport costs, high capital costs, and exchange-rate fluctuations, currency devaluations in target markets.

1. 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.

**Box 1.1 (Cont’d)**

**Chart 2 : Business sentiment indicators generally weakened in the past few months,**

**though confidence among exporters improved**



|  |  |  |
| --- | --- | --- |
| 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 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. These survey findings taken together suggest that overall business sentiment in the past few months generally weakened. Looking ahead, while uncertainties surrounding the global economy will affect business sentiment, the Central Government’s various measures that benefit Hong Kong and continued growth of the local economy should provide support.

1. 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.
2. 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. The labour market stayed tight in the second quarter of 2024. The seasonally adjusted *unemployment rate* stayed low at 3.0% in the second quarter, same as the preceding quarter. The *underemployment rate* was also low at 1.2%, though slightly higher than the level of 1.1% in the preceding quarter. The unemployment rates of major sectors were generally low in the second quarter, though showing diverse movements compared with the preceding quarter. Wages and labour earnings continued to attain decent increases in the first quarter over a year earlier. More recent General Household Survey data indicated that employment earnings continued to record solid growth in the second quarter over a year earlier.

**The asset markets**

* 1. The *local stock market* fared better in the second quarter of 2024. Market sentiment improved following the announcement of enhancement measures on mutual access between the capital markets of the Mainland and Hong Kong in late April. The HSI rose markedly to 19 636 on 20 May, the highest in almost 10 months. Yet, dampened by expectations for delayed US interest rate cuts and concerns about the Mainland’s economic recovery momentum, the HSI then retreated and closed the quarter at 17 719 or 7.1% higher than end-March. Trading activities picked up further. The average daily turnover rose by 22.4% over the preceding quarter or 18.2% over a year earlier to $121.6 billion. Fund raising activities revived somewhat.
  2. The *residential property market* was very active at the beginning of the second quarter following the cancellation of the DSMMs for residential properties, but quietened progressively thereafter as pent-up demand faded. Market sentiment turned increasingly cautious during the quarter as the prospect of US interest rate cuts dimmed. Flat prices declined for the quarter as a whole, and many developers adopted a conservative pricing strategy when launching new projects. The number of transactions, in terms of the total number of sale and purchase agreements for residential property received by the Land Registry, surged to 8 551 in April, the highest level since October 2012, and then fell to 5 546 in May and 3 856 in June. There were in total 17 953 sale and purchase agreements received in the second quarter, up by 83% over the preceding quarter or 47% over a year earlier. Overall flat prices recorded a 2% decline during the second quarter, with the small increase in April more than offset by the decreases in May and June. The index of home purchase affordability was virtually unchanged at around 65% in the second quarter, and it remained above the long‑term average of 54% over 2004‑2023. Meanwhile, overall flat rentals rose by 2% during the second quarter. The *non-residential property market* remained sluggish. Despite some rebound from the low levels in the preceding quarter, trading activities for all major market segments stayed generally subdued. Prices and rentals fell further.

**Inflation**

* 1. Underlying consumer price inflation remained modest in the second quarter of 2024. Prices of meals out and takeaway food continued to increase at a relatively fast pace over a year earlier. Increases in private housing rentals remained small. Meanwhile, prices of electricity continued to decrease notably against a high base of comparison. Price pressures on other major components were broadly in check. Netting out the effects of the Government’s one-off relief measures, the *underlying Composite Consumer Price Index (Composite CPI)* rose by 1.0% year-on-year in the second quarter, same as that in the preceding quarter. Domestic business cost pressures remained largely contained. Nominal wages continued to record moderate growth, while commercial rentals stayed soft. External price pressures eased for most end-use categories. Meanwhile, *headline Composite CPI* rose by 1.2% in the second quarter, compared with a 1.9% increase in the preceding quarter. The headline inflation rate was higher than its underlying counterpart in the second quarter, mainly due to the decrease in electricity charges subsidy provided by the Government during the quarter compared to the same period last year.
  2. As a broad measure of the overall change in prices in the economy, the *GDP deflator* rose further by 4.2% year-on-year in the second quarter, after increasing by 3.8% in the preceding quarter. The *terms of trade* increased further by 1.2%. Taking out the external trade components, the domestic demand deflator increased by 1.9% over a year earlier in the second quarter, after rising by 3.0% in the preceding quarter.



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.

**GDP by major economic sector**

* 1. The net output of the services sector increased further by 3.1% in real terms in the first quarter of 2024, after increasing by 5.3% in the preceding quarter and 3.7% for 2023 as a whole. The net outputs of many major service sectors continued to grow, albeit at a moderated pace. The net output of transportation and storage registered double-digit year-on-year growth alongside the recovery of handling capacity, while those of public administration, social and personal services, import and export trade, real estate, information and communications, accommodation and food services, and professional and business services recorded mild increases. Meanwhile, net outputs of financing and insurance, as well as postal and courier services saw narrowed declines.  However, the net output of the wholesale and retail trades turned to a decline. As for the secondary sector, the net outputs of the manufacturing sector and the construction sector continued to increase.

**Table 1.3 : GDP by economic activity(a)**

**(year-on-year rate of change in real terms (%))**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2023 | 2023 | | | | 2024 |
|  |  | Q1 | Q2 | Q3 | Q4 | Q1 |
| Manufacturing | 3.7 | 3.8 | 2.7 | 4.3 | 4.1 | 1.8 |
| Construction | 5.6 | -0.3 | 6.6 | 13.5 | 3.8 | 9.2 |
| Services(b) | 3.7 | 3.4 | 1.7 | 4.2 | 5.3 | 3.1 |
| Import/export, wholesale and retail trades | -0.4 | -7.1 | -3.6 | 1.5 | 6.5 | 0.9 |
| Import and export trade | -4.4 | -12.8 | -7.5 | -1.8 | 4.3 | 2.2 |
| Wholesale and retail trades | 26.0 | 43.6 | 22.4 | 24.5 | 19.8 | -6.2 |
| Accommodation and food services | 29.3 | 83.9 | 22.8 | 18.4 | 14.6 | 0.9 |
| Transportation, storage, postal and courier services | 30.2 | 30.3 | 26.8 | 31.4 | 31.8 | 19.5 |
| Transportation and storage | 32.8 | 33.0 | 29.5 | 33.4 | 34.6 | 20.4 |
| Postal and courier services | -17.7 | -15.7 | -19.5 | -16.8 | -18.9 | -6.5 |
| Information and communications | 1.0 | 0.4 | -0.4 | 1.8 | 2.1 | 2.2 |
| Financing and insurance | -1.6 | -2.2 | -2.6 | -0.2 | -1.4 | -0.5 |
| Real estate, professional and business services | 2.6 | 5.5 | -0.8 | 2.8 | 2.7 | 1.2 |
| Real estate | 6.6 | 11.5 | 1.7 | 8.0 | 5.0 | 1.9 |
| Professional and business services | 0.2 | 2.0 | -2.5 | -0.2 | 1.2 | 0.7 |
| Public administration, social and personal services | 3.6 | 5.7 | 2.4 | 2.9 | 3.6 | 3.1 |

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

(a) The GDP figures shown in this table are compiled from the production approach, while those shown in Table 1.1 are compiled from the expenditure approach. For details, see Note (1) to this chapter.

1. In the context of value-added contribution to GDP, the services sectors include ownership of premises as well, which is analytically a service activity.

**Other economic developments**

* 1. In May the Government announced the calendar of mega events in Hong Kong for the second half of 2024, featuring more than 100 mega events and bringing the total number of mega events to at least 210 for the whole year. These mega events are expected to attract more tourists and stimulate local consumer sentiment, thereby generating business opportunities for tourism, hotel, catering, retail and other sectors. These mega events, coupled with the Central Government’s recently announced measures benefitting Hong Kong, including the further enhanced Individual Visit Scheme and the increase of duty-free allowance for luggage articles for Mainland resident visitors, are expected to have a synergy effect in boosting various sectors.
  2. In the *World Competitiveness Yearbook 2024* published by the International Institute for Management Development, Hong Kong’s ranking improved by two places to fifth globally. Among the four competitiveness factors, Hong Kong’s rankings in “Business efficiency” and “Infrastructure” rose notably and came within the top 10 globally. Our ranking in “Government efficiency” stayed high among the top three. Our ranking in “Economic performance” also saw significant improvement, reflecting the economic recovery in 2023. The Government is vigorously attracting enterprises, capital and talent from around the world to come to Hong Kong, proactively driving the development of areas including financial services, innovation and technology, and trade where Hong Kong enjoys an edge, and embracing green transformation and digital economy development, so as to expedite the formation of new quality productive forces and spearhead the high-quality development of our economy in the medium to long run. Work in these areas is being implemented steadily and has made good progress.

**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.