

Press Release

(embargoed until 4:15 p.m. on 25 November 2005)

Economic Situation in the Third Quarter of 2005 and Latest GDP and Price Forecasts for 2005

The Government released today (Friday) the Third Quarter Economic Report 2005, together with the preliminary figure on Gross Domestic Product for the third quarter of 2005.

The Government Economist, Mr K C Kwok, described the economic situation in the third quarter of 2005 and provided the latest GDP and price forecasts for the year.

MAIN POINTS

- * The Hong Kong economy turned out a spectacular performance in the third quarter of 2005, with GDP leaping by 8.2% in real terms, following a revised 7.3% growth (up from 6.8% in the earlier release) in the preceding quarter. The stronger-than-expected expansion was characterised by continued surge in exports of goods and services, re-acceleration in consumer spending growth, and sustained notable growth in machinery and equipment investment.
- * Externally, notwithstanding various uncertainties looming in the trading environment, merchandise exports continued to surge in the third quarter, by 12.8% in real terms over a year earlier, thanks to the fairly strong performance of the overseas markets as well as Mainland's buoyant trade flows. Exports of services also stayed strong, up by 8.2% in real terms in the third quarter, buoyed by flourishing offshore trade and transportation services as well as further growth in inbound tourism.
- * On the domestic front, private consumption expenditure re-accelerated to a solid 4.6% growth in real terms in the third quarter, supported by improving employment incomes and a generally upbeat sentiment.
- * Sanguine economic prospects and the vibrant business activity continued to spur machinery and equipment demand, which grew by 8.1% in the third quarter. Yet construction activity was still sluggish, thereby persistently holding back the pace of investment upturn. Overall investment spending rose further in the third quarter, albeit modestly by 2.4% in real terms over a year earlier.
- * The strength of economic expansion continued to be manifested in new job creation, with over 220 000 additional jobs created since the trough in 2003, some 40% of them falling in the lower-skilled category. Total employment rose to another new high in the three months ending October. The seasonally adjusted unemployment rate fell to 5.5% in the third quarter and further to a four-year low of 5.3% in August – October. Meanwhile, labour income continued to increase.

- * Despite the on-going external uncertainties stemming from high oil prices, rising US interest rates and exchange rate movements, their impacts on Hong Kong's external trade have so far been very moderate. Barring unforeseen adverse developments stemming from avian flu, Hong Kong's external trade would very likely still attain solid growth through to the end of the year, albeit possibly coming down to single-digit growth pace in the coming months.
- * Locally, the improving employment conditions and rise-back in labour incomes should continue to support consumption in the fourth quarter, even though the momentum might be dented somewhat by rising interest rates and the recent correction in the local property market. As to investment, the sluggishness in construction activity is expected to continue in the near term, yet in tandem with a more entrenched recovery, machinery and equipment investment looks set to expand notably further, thereby rendering a firm support to overall investment.
- * On the back of the highly robust growth of 7.3% attained in the first three quarters of 2005, and after allowing for some slow-down in the economy in the fourth quarter as outlined above, the forecast GDP growth for 2005 as a whole is raised from 4.5-5.5% to 7% in the current round of forecast update.
- * The inflation environment remains benign, as both unit labour cost and unit rental cost continue to show modest increases in recent period. As a result, consumer price inflation remained moderate up till now, at 1.8% in October and averaging at only 1.0% for the first ten months as a whole. Given a lower-than-expected actual outturn so far, and with the pace of rise-back in CPI inflation likely to remain gradual in the remaining months of the year, the forecast Composite CPI inflation for 2005 as a whole is revised slightly downward to 1.2% from the earlier forecast of 1.5%. As to the forecast rate of change in the GDP deflator, it is revised up by half of a percentage point to -0.5%, from the earlier forecast of -1%, mainly on account of the expected continued improvement in the terms of trade brought about by a stronger US dollar.

DETAIL

GDP

According to the preliminary figure on the *Gross Domestic Product (GDP)* released today by the Census and Statistics Department, GDP grew robustly by 8.2% in real terms in the third quarter of 2005 over a year earlier, following a 6.7% growth (figure revised from that of 6.5% released earlier) in the first half of 2005 and an 8.2% strong growth in 2004. On a seasonally adjusted quarter-to-quarter comparison, GDP expanded for the ninth straight quarter, by 2.7% in real terms in the third quarter of 2005 (*Chart*).

2. The latest figures on GDP and its major expenditure components up to the third quarter of 2005 are presented in *Table 1*. Developments in different segments of the economy in the third quarter of 2005 are described below.

External trade

3. The robust growth trend in external trade continued into the third quarter. Apart from the sustained expansion in the global economy and an on-going export boom in the Mainland economy, the strong trade performance also reflected the external competitiveness of Hong Kong as a trade conduit for the Mainland and for the region. *Total exports of goods* recorded a double-digit growth at 12.8% in real terms in the third quarter over a year earlier, following a 10.1% increase in the first half and a 15.3% surge for 2004 as a whole. On a seasonally adjusted quarter-to-quarter comparison, total exports of goods rose further by 2.0% in real terms in the third quarter, having accelerated sharply in the preceding quarter.

4. The double-digit growth in total exports of goods was marked by continued distinct growth in the Mainland and EU markets, steady growth in the US market, and pick-up in growth in quite a number of the East Asian markets, including Japan, Taiwan, South Korea and Malaysia.

5. *Exports of services* likewise maintained fairly strong growth in the third quarter, rising by 8.2% in real terms in the second quarter over a year earlier, after an 8.7% increase in the first half and following a remarkable 15.3% growth for 2004 as a whole. While exports of trade-related services continued to benefit distinctly from the Mainland's strong trade flows, exports of finance, business and other services grew in tandem with the upturn in business activities. Exports of travel-related services also expanded further, although the momentum was not as fast as in the past few quarters. On a seasonally adjusted quarter-to-quarter comparison, exports of services rose by 5.7% in the third quarter, significantly up from the 0.9% increase in the preceding quarter.

Domestic sector

6. Consumer demand held firm in the third quarter of 2005, supported by improving employment incomes. Amidst the generally upbeat sentiment, *private consumption expenditure* re-accelerated to grow at 4.6% in real terms in the third quarter over a year earlier, distinctly up from the 3.5% growth in the first half and after a 6.8% growth for 2004 as a whole. On a seasonally adjusted quarter-to-quarter comparison, private consumption expenditure accelerated markedly to a 2.2% growth in real terms in the third quarter, from a 0.4% growth in the preceding quarter.

7. Overall investment spending in terms of the *gross domestic fixed capital formation* grew further, though only modestly by 2.4% in real terms in the third quarter over a year earlier, after a 2.5% growth in the first half. Sanguine economic prospects and the general business upturn led to a further visible increase in machinery and equipment investment (up by 8.1%). However, the weak building and construction activity (down by 8.4%), against the background of relatively few large-scale building and infrastructure projects in progress, continued to hold back the pace of upturn in overall investment.

The labour sector

8. The labour market continued to exhibit a broad-based improvement in the third quarter. In particular, the *seasonally adjusted unemployment rate* fell further to 5.5% and further to a four-year low of 5.3% in August - October. *Total employment* rose to another new high of 3.42 million in August - October, and new jobs were created at all levels of the occupational hierarchy and across different service sectors. Fresh graduates and school leavers had been absorbed into employment at a more rapid pace than in the past couple of years. The total number of job vacancies in the private sector continued to surge in June 2005 over a year ago, and labour incomes also rose further.

9. The improvements in the labour market over the past two years have been remarkable. Over 220 000 additional jobs had been created during the current economic recovery, benefiting both higher and lower skilled workers across different sectors. The number of long-term unemployed persons also came down markedly, from the peak of 93 000 in 2003 to about 59 000 in the three-month period August-October 2005. Many of these unemployed workers who managed to secure a job over the past few quarters are those with lower educational attainment or belong to the lower-skilled category. These positive developments indicate that even the hard core of the unemployed were able to benefit from economic revival once the recovery broadened to a full-fledged upturn. They once again re-affirm the remarkable flexibility and adaptability of Hong Kong's labour market in response to external shocks and the challenges emanating from the ongoing restructuring of the economy. Indeed, the quality of the workforce had been improving over the years, as can be seen by the growing size of professional, managerial and technical workers in our workforce, and also the significant improvement in labour

productivity. The huge investment in education and human development over the past years has helped lay a strong foundation for Hong Kong developing into a competitive knowledge-based economy.

Prices

10. Consumer price inflation climbed up slightly further during the third quarter of 2005, reflecting the buoyant economic upturn, progressive feed-through from the earlier rental rebound and also some modest impact from higher fuel cost. Yet on the whole, price pressures remained well contained so far, thanks to the matching expansion in productive capacity along with continued productivity enhancement. The *Composite Consumer Price Index* rose by 1.4% in the third quarter of 2005 over a year earlier, and further by 1.8% in October, up from the 0.8% increase in the second quarter. On a seasonally adjusted quarter-to-quarter comparison, there was a 0.4% increase in the third quarter, following a 0.5% increase in the preceding quarter. As to the *GDP deflator*, the decline narrowed distinctly to 0.2% year-on-year in the third quarter, from 0.7% in the second quarter. Thus the persistent downtrend over the past few years was largely arrested by the third quarter, thanks to the faster rise in domestic prices and also the further fading out of the terms of trade drag amidst a stronger US dollar.

Latest GDP and price forecasts for 2005

11. The global economy continued to expand at a fairly strong pace in the third quarter. The dampening effects of higher oil prices and US interest rates had so far been moderate. The US economy continued to show above-trend growth, despite the damages caused by Hurricane Katrina. The growth in the Mainland economy remained robust, with both exports and domestic investment surging further. The Japanese economy also showed stronger signs of a sustained recovery, while most of the other Asian economies registered moderate to solid growth. On the other hand, the growth pace of the EU economies was still slow. Yet on the whole, up to now, the external environment is still largely positive. Also, the trade agreement recently reached between the Mainland and the US on Mainland's exports of textiles and clothing to the US will help reduce, to a certain extent, the uncertainty hanging over Hong Kong's trading environment.

12. With the global economic environment still holding steady recently, and barring unforeseen adverse developments stemming from avian flu, for the imminent future, exports of goods and services should be able to maintain solid, though somewhat slower, growth as the impacts of the earlier oil price hike and a stronger US dollar increasingly set in.

13. Locally, improving employment incomes and better job opportunities should continue to underpin consumption in the near term. But the growth momentum is likely to slow as household disposable income is reduced by higher mortgage repayments due to successive interest rate increases, and as the local property market adjusts, also in response to interest rate hike. Investment in machinery and

equipment should continue to be spurred by a sanguine business outlook and the need to upgrade productive efficiency, thereby cushioning the impact of the continued slack in construction activity and rendering a firm support to overall investment.

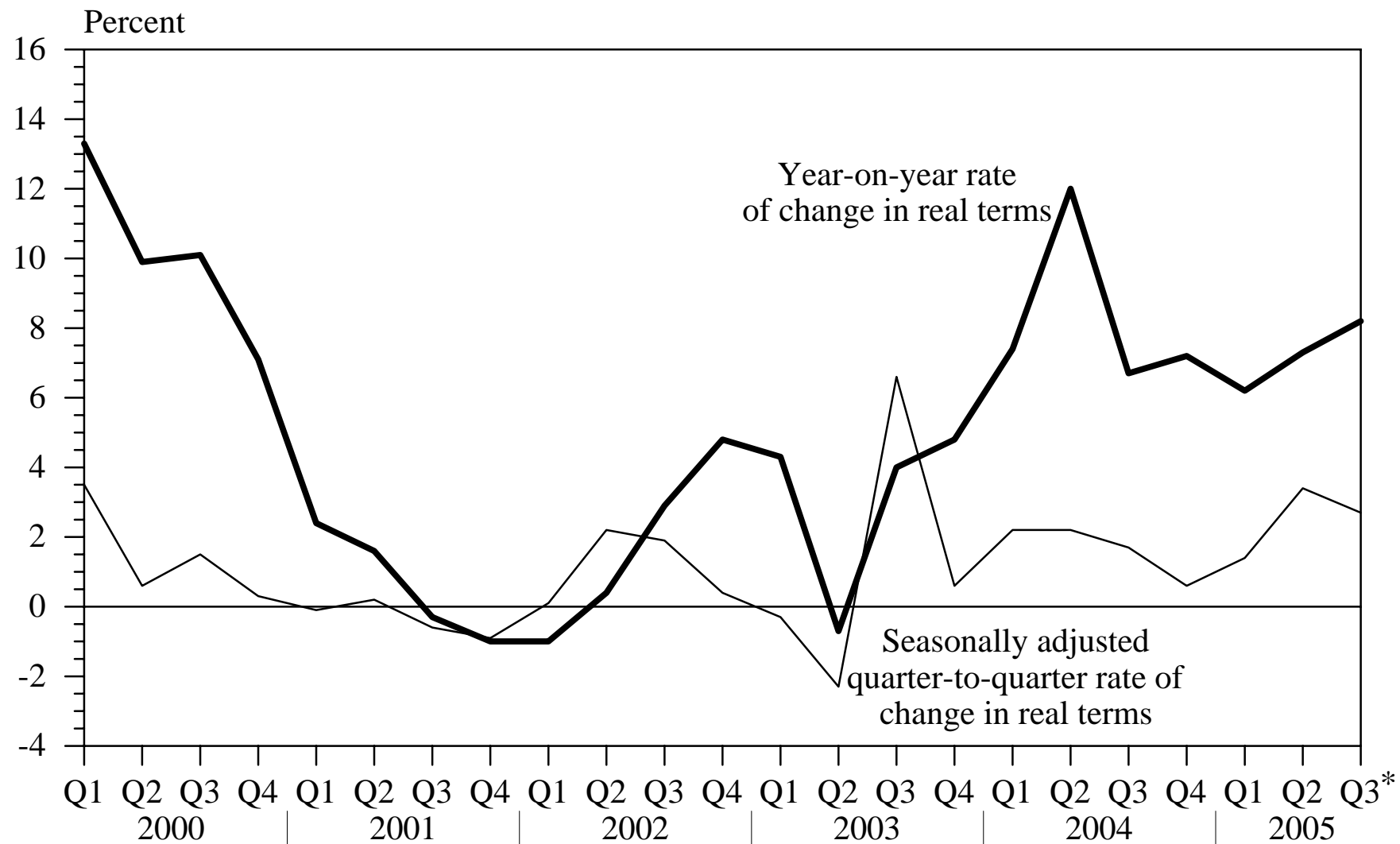
14. On the back of a robust GDP outturn of 7.3% growth for the first three quarters of 2005, the GDP forecast for 2005 as a whole is raised to 7%. This has given due allowance for some moderation in the global and regional demand in the fourth quarter, and has also taken into account the dent in domestic demand from successive interest rate hikes (*Table 2*). For comparison, the forecasts of Hong Kong's GDP growth by a selection of international organisations and local analysts are summarised in *Table 3*.

15. The inflation environment remains benign, as both unit labour cost and unit rental cost continue to show modest increases in recent period. As a result, *consumer price inflation* remained moderate up till now, at 1.8% in October and averaging at only 1.0% for the first ten months as a whole. Given a lower-than-expected actual outturn so far, and with the pace of rise-back in CPI inflation likely to remain gradual in the remaining months of the year, the forecast Composite CPI inflation for 2005 as a whole is revised slightly downward to 1.2% from the earlier forecast of 1.5%. As to the *GDP deflator*, the decline has been largely arrested by the third quarter and is expected to revert to a slight positive increase in the fourth quarter, due to the continued climb-up in domestic prices and the further fading out of the terms of trade drag amidst a stronger US dollar. For 2005 as a whole, the forecast rate of change in the GDP deflator is revised upward by half of a percentage point to -0.5% from the earlier forecast of -1%.

(The Third Quarter Economic Report 2005 can now be purchased on-line at <http://www.statisticalbookstore.gov.hk>, or by calling the Publications Sales Section of the Information Services Department (ISD) at 2537 1910. The hard copy of the report is available for sale at \$84 per copy (15% discount offered if purchased on-line), yet with a postage charge. The download version of the report is available for sale at \$63 per copy.)

(The GDP figures up to the third quarter of 2005 are published in the Report of the Gross Domestic Product, Third Quarter 2005, which can also be purchased on-line at <http://www.statisticalbookstore.gov.hk>, or by calling the Publications Sales Section of ISD. The hard copy of the report is available for sale at \$32 per copy (15% discount offered if purchased on-line), yet with a postage charge. The download version of the report is available for sale at \$24 per copy.)

Hong Kong's Gross Domestic Product



Note : (*) Preliminary figures.

Table 1

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

	<u>2003[#]</u>	<u>2004[#]</u>	<u>2004</u>				<u>2005</u>		
			<u>Q1[#]</u>	<u>Q2[#]</u>	<u>Q3[#]</u>	<u>Q4[#]</u>	<u>Q1[#]</u>	<u>Q2[#]</u>	<u>Q3⁺</u>
<i>Change in real terms of GDP and its main expenditure components (%)</i>									
Private consumption expenditure	-1.0	6.8	5.7 (1.2)	10.8 (2.3)	5.2 (0.1)	5.8 (1.9)	4.4 (0.2)	2.7 (0.4)	4.6 (2.2)
Government consumption expenditure	1.9	0.7	5.7 (0.1)	* (-3.3)	-1.3 (*)	-1.7 (1.4)	-4.8 (-2.9)	-2.3 (-0.7)	-1.8 (0.6)
Gross domestic fixed capital formation	0.9	4.1	5.1 (N.A.)	11.5 (N.A.)	2.1 (N.A.)	-1.4 (N.A.)	0.4 (N.A.)	4.5 (N.A.)	2.4 (N.A.)
<i>of which :</i>									
Building and construction	-5.6	-11.1	-12.4	-13.4	-14.3	-3.7	-1.0	-7.7	-8.4
Machinery, equipment and computer software	6.7	12.4	16.3	26.9	11.9	-2.1	0.7	10.1	8.1
Total exports of goods	14.2	15.3	15.0 (2.5)	18.7 (5.8)	15.3 (0.6)	12.6 (2.9)	8.9 (*)	11.1 (6.7)	12.8 (2.0)
Imports of goods	13.1	14.1	16.3 (3.7)	20.3 (3.6)	14.2 (-1.1)	7.0 (0.6)	3.8 (1.6)	7.0 (5.5)	11.0 (2.3)
Exports of services	7.9	15.3	13.9 (0.6)	32.7 (0.7)	12.2 (5.9)	7.7 (*)	8.8 (1.5)	8.6 (0.9)	8.2 (5.7)
Imports of services	-2.1	10.7	3.6 (-4.3)	30.0 (9.9)	7.2 (-1.0)	6.1 (0.8)	5.4 (-3.8)	0.1 (4.4)	3.7 (2.3)
Gross Domestic Product	3.1	8.2	7.4 (2.2)	12.0 (2.2)	6.7 (1.7)	7.2 (0.6)	6.2 (1.4)	7.3 (3.4)	8.2 (2.7)
<i>Change in the main price indicators (%)</i>									
GDP deflator	-6.4	-3.3	-4.6 (-0.5)	-3.4 (-0.8)	-2.9 (-0.8)	-2.5 (-0.5)	-1.5 (0.5)	-0.7 (*)	-0.2 (*)
Composite Consumer Price Index	-2.6	-0.4	-1.8 (0.3)	-0.9 (*)	0.8 (-0.2)	0.2 (0.3)	0.4 (0.3)	0.8 (0.5)	1.4 (0.4)
<u>Change in nominal GDP (%)</u>	-3.4	4.7	2.4	8.3	3.7	4.5	4.5	6.5	8.1

Notes : (#) Revised figures.

(+) Preliminary figures.

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

N.A. Not applicable, as no clear seasonal pattern is found in gross domestic fixed capital formation, due to the presence of considerable short-term fluctuations.

(*) Change of less than 0.05%.

Table 2

**Economic forecasts for 2005
(year-on-year rate of change, in real terms except for
the price indicators and nominal GDP (%))**

	Forecasts for 2005 as released <u>on 26.8.2005</u> (%)	November update of the forecasts for 2005 released <u>on 25.11.2005</u> (%)
Gross Domestic Product (GDP)		
<i>Real GDP</i>	4.5 to 5.5	7
<i>Nominal GDP</i>	3.5 to 4.5	6.5
Composite Consumer Price Index	1.5	1.2
GDP Deflator	-1	-0.5

Table 3

2005 GDP and price forecasts for Hong Kong put out by selected international organisations and private sector analysts

	Date of release	GDP	Private consumption expenditure (growth rate)	Gross Domestic fixed capital Formation in real terms (%)	Total Exports of goods (%)	Exports of services (%)	Rate of change in consumer prices (%)	Reference source
International organisations:								
IMF	Feb 2005	4	2.4	1.1	--	--	1	Country Report No. 05/63, Feb 2005.
	Apr 2005	4	--	--	--	--	1	World Economic Outlook, Apr 2005.
	Sep 2005	6.3	--	--	--	--	1	World Economic Outlook, Sep 2005.
	Oct 2005	6-6.5	--	--	--	--	--	HKSAR Preliminary Conclusions of the IMF Mission, 25 Oct 2005.
ADB	Apr 2005	5.7	--	--	--	--	1.5	Asian Development Outlook 2005, Apr 2005.
	Sep 2005	5.4	--	--	--	--	1.2	Asian Development Outlook 2005 Update, Sep 2005.
World Bank	Apr 2005	4.6	--	--	--	--	--	East Asia Update, Apr 2005.
	Nov 2005	5.5	--	--	--	--	--	East Asia Update, Nov 2005.
United Nations	Jan 2005	6	--	--	--	--	1.5	World Economic situation and Prospects 2005.
Private sector analysts:								
<i>(a) Major local banks</i>								
HSBC	Jan 2005	4	2.6	2.8	--	--	1	Asian Economics, Q1 2005.
	May 2005	4	2.6	2.8	--	--	1	Asian Economic Insight, 6 May 2005.
	Aug 2005	4	2.7	0.3	--	--	1	Asian Economic Insight, 1 Aug 2005.
	Oct 2005	5.5	2.9	1.4	8.4	8.2	1	Asian Economic Insight, 21 Oct 2005.
Standard Chartered Bank	Apr 2005	4	--	--	--	--	1.5	Special Report, 4 April 2005.
	Aug 2005	5.8	--	--	--	--	1	Special Report, 22 Aug 2005.
	Nov 2005	5.8	--	--	--	--	1	On The Ground - Asia, 21 Nov 2005.
Hang Seng Bank	Dec 2004	4	2.8	2.8	9.5	9.8	1	Hang Seng Economic Monthly, Nov/Dec 2004.
	Aug 2005	4.5	--	--	--	--	1.2	Hang Seng Bank, 22 Aug 2005.
	Aug 2005	5.5	--	--	--	--	--	HK Economic Times, 27 Aug 2005.
	Nov 2005	5.5	--	--	--	--	1.2	Hang Seng Bank, 22 Nov 2005.

Table 3 (cont'd)

2005 GDP and price forecasts for Hong Kong put out by selected international organisations and private sector analysts

	Date of release	GDP	Private consumption expenditure (growth rate)	Gross domestic fixed capital formation in real	Total Exports of goods terms (%)	Exports of services	Rate of change in consumer prices (%)	Reference source
Bank of China (HK)	Dec 2004	4.5	4.2	4.5	8.6	10.5	1.2	BOC Economic Review Monthly, Dec 2004.
	Jun 2005	5	4.2	4.5	8.6	9.5	1.2	BOC Economic Review Monthly, Jun 2005.
	Aug 2005	6	4.4	4.5	9	9.6	1.2	BOC Economic Review Monthly, Aug 2005.
Bank of East Asia	Jan 2005	4.5	4.5	4	8.5	11	1.5	Economic Analysis, Jan 2005.
	Aug 2005	5	--	--	--	--	--	HK Economic Times, 27 Aug 2005.
	Nov 2005	5.7	--	--	--	--	1.2	Bank of East Asia, 22 Nov 2005.
ABN Amro Bank	May 2005	4	--	--	--	--	1.5	Asia Vision, 20 May 2005.
	Aug 2005	4.5	--	--	--	--	1	Asia Vision, 19 Aug 2005.
	Nov 2005	6.5	--	--	--	--	1	Asia Vision, 18 Nov 2005.
Citigroup	Jan 2005	4.7	--	--	--	--	--	Oriental Daily News, 21 Jan 2005.
	Feb 2005	4.5	--	--	--	--	1.4	Hong Kong Financial Market Weekly, 21 Feb 2005.
	Aug 2005	5.2	3.3	-0.5	9.5	6.6	1.2	Hong Kong Economic Outlook, 19 Aug 2005.
	Aug 2005	5.8	--	--	--	--	--	HK Economic Times, 31 Aug 2005.
	Oct 2005	5.8	--	--	--	--	1.2	Asia Economic Outlook and Strategy, 28 Oct 2005.
<i>(b) Investment bank</i>								
JP Morgan Chase	Mar 2005	5	--	--	--	--	2.2	Global Data Watch: Asia, 11 Mar 2005.
	Aug 2005	5	--	--	--	--	1.5	JP Morgan Chase, 22 Aug 2005.
Goldman Sachs Asia	Mar 2005	4.5	--	--	--	--	1.3	Asia-Pacific Economics Analyst, 8 Mar 2005.
	Mar 2005	5	--	3.6	--	--	1.3	Goldman Sachs, Economic Flash, 17 Mar 2005.
	Jul 2005	5.5	6	3.8	--	--	1.7	Goldman Sachs, Economic Flash, 18 Jul 2005.
	Nov 2005	5.5	6	3.8	--	--	1.3	Goldman Sachs, 22 Nov 2005.

Table 3 (cont'd)

2005 GDP and price forecasts for Hong Kong put out by selected international organisations and private sector analysts

	<u>Date of release</u>	<u>GDP</u>	<u>Private consumption expenditure</u> (growth rate	<u>Gross domestic fixed capital formation</u> in real	<u>Total Exports of goods</u> terms (%))	<u>Exports of services</u>	<u>Rate of change in consumer prices</u> (%)	<u>Reference Source</u>
Morgan Stanley Asia	Nov 2004	4.5	4	5.7	7.6	8	0.5	Hong Kong Economics, 29 Nov 2004.
	May 2005	4.5	4.5	4.4	7.5	8	0.5	Hong Kong: Economic Forecast Summary, May 2005.
	May 2005	4.5	4.2	4.8	7.9	9	1.2	Hong Kong Economics, 28 May 2005.
	Aug 2005	5.5	--	--	--	--	--	HK Economic Times, 31 Aug 2005.
Merrill Lynch	May 2005	5.3	--	--	--	--	2.1	The Asian Market Economist, 3 May 2005.
	Aug 2005	5.3	--	--	--	--	2.1	The Asian Market Economist, 15 Aug 2005.
	Nov 2005	6.3	--	--	--	--	1.2	The Asian Market Economist, 14 Nov 2005.
Credit Suisse First Boston	Mar 2005	3.5	3.2	3.8	--	--	1.4	Global Emerging Markets Outlook, 10 March 2005.
	Sep 2005	5.5	3.2	3	--	--	1.1	Emerging Markets Economics Research, 27 Sep 2005.
Lehman Brothers	May 2005	5.5	--	--	--	--	--	Reuters, 18 May 2005.
	Aug 2005	5.5	--	--	--	--	1.7	Global Weekly Economic Monitor, 19 Aug 2005.
	Nov 2005	6.3	--	--	--	--	1.5	Global Weekly Economic Monitor, 18 Nov 2005.
<i>(c) Others</i>								
Economist Intelligence Unit	Aug 2005	4.6	5	3.5	--	--	0.6	Country Forecast, Aug 2005.
	Sep 2005	5.7	4	3.9	--	--	0.7	Country Forecast, Sep 2005.
	Oct 2005	5.7	4.1	3	--	--	0.9	Country Forecast, Oct 2005.
	Nov 2005	5.8	5.9	3	--	--	1.1	Country Forecast, Nov 2005.
Hong Kong General Chamber of Commerce	Nov 2004	5.5	--	--	--	--	2.5	HKGCC, 22 Nov 2004.
	May 2005	5.5	--	--	--	--	1	HKGCC, 23 May 2005.
	Aug 2005	5	--	--	--	--	1	HKGCC, 22 Aug 2005.
	Nov 2005	5.5	--	--	--	--	1.5	HKGCC, 22 Nov 2005.

Table 3 (cont'd)**2005 GDP and price forecasts for Hong Kong put out by selected international organisations and private sector analysts**

	<u>Date of release</u>	<u>GDP</u>	<u>Private consumption expenditure</u> (growth rate	<u>Gross domestic fixed capital formation</u> in real	<u>Total Exports of goods</u> terms (%))	<u>Exports of services</u>	<u>Rate of change in consumer prices</u> (%)	<u>Reference Source</u>
Federation of Hong Kong Industries	Jul 2005	5-5.5	--	--	--	--	--	Hong Kong Economic Times, 15 Jul 2005.
Hong Kong University	Jan 2005	6	--	--	--	--	3	The Sun, 12 Jan 2005.
	Jul 2005	5.2	--	--	--	--	--	RTHK Online News, 7 Jul 2005.
	Oct 2005	6.4	3.6	--	9.2	7.5	1.1	Apple Daily, 6 Oct 2005.
	Nov 2005	7	--	--	--	--	--	Oriental Daily News, 10 Nov 2005.
The Better Hong Kong Foundation Forecasts	Apr 2005	6.14	--	--	--	--	2.45	RTHK Online News, 28 Apr 2005.
	Jul 2005	5.58	--	--	--	--	1.25	Sing Pao, 6 Jul 2005.
	Oct 2005	5.74	--	--	10	--	--	Oriental Daily News, 8 Oct 2005.

Observation :

The forecasts of GDP growth in real terms for 2005 from the private sector analysts listed above range from 5% to 7%, averaging at 5.8%.