

## **Press Release**

(embargoed until 4:15 p.m. on 21 November 2006)

### **Economic Situation in the Third Quarter of 2006 and Latest GDP and Price Forecasts for 2006**

The Government released today (Tuesday) the Third Quarter Economic Report 2006, together with the preliminary figures on Gross Domestic Product for the third quarter of 2006.

The Acting Government Economist, Mrs Helen Chan, described the economic situation in the third quarter of 2006 and provided the latest GDP and price forecasts for the year.

#### **MAIN POINTS**

- \* The Hong Kong economy gathered strong momentum again in the third quarter of 2006, with GDP expanding briskly by 6.8% in real terms, up distinctly from a 5.5% increase in the second quarter (figure revised up from the earlier estimate of 5.2%). This signified the twelfth consecutive quarter of distinctly above-trend growth since the current upturn began in mid-2003.
- \* External trade regained vigor in the third quarter after some moderation in the second quarter. Merchandise exports resumed a faster growth of 8.9% in real terms in the third quarter over a year earlier, thanks to thriving trade flows of the Mainland and the renewed weakening of the US dollar in recent months. Exports of services likewise grew strongly, by 8.6% in real terms, along with vibrant offshore trade and buoyant financial market activities during the quarter.
- \* Domestic demand continued to play an important role in the current economic upturn. Private consumption expenditure rose notably further by 4.4% in real terms in the third quarter, on the back of upbeat consumer sentiment and an improving labour market. Overall investment expenditure surged by 12.7% in real terms in the third quarter, the fastest since the fourth quarter of 2000, underlining the strength of business confidence and also sustained business expansion in the corporate sector. While overall building and construction activity continued to be dragged down by the sharp fall in public sector output, private sector output seemed to have stabilized over the past two quarters.
- \* With robust economic expansion transpiring into broad-based job creation, the labour market continued to show extensive improvements recently. Some 311 000 additional jobs have been created since the trough in 2003, bringing the seasonally adjusted unemployment rate down to a 64-month low of 4.5% in the three months ending October. The number of long-term unemployed has fallen by 55%.

- \* The outlook for the remainder of 2006 is for a further expansion in economic activity at a solid pace. Externally, despite the economic slow-down in the US, the economic situation elsewhere is still very favourable. The vibrant Mainland economy and its surging trade flows, in particular, will continue to provide the main impetus to Hong Kong's trade growth. Economic recovery in the euro area and Japan remains on track. The recent easing in oil prices and the pause in interest rate hikes in the US will also help to reduce some downside risks to the global economy. Against this background, Hong Kong's external trade looks set for further growth in the fourth quarter, particularly with the additional boost from a weak US dollar.
  
- \* Domestic demand has been gathering strength over the past few quarters, and this trend is likely to extend into the fourth quarter. Consumer demand should continue to hold up well under the support of rising household incomes, lower local interest rates and the positive wealth effect from the recent stock market rally. The prevailing business confidence is likewise strong, which should provide the favourable ground for a further surge in machinery and equipment investment. Construction activity, though likely to remain weak in the near term, might also show some relative improvement if private sector activity can continue to stabilise.
  
- \* In the light of an exceptionally strong GDP outturn of 6.8% growth for the first three quarters of 2006, and even after allowing for some possible moderation in external trade in the fourth quarter, the forecast GDP growth for 2006 as a whole is revised upward from 4-5% to 6.5% in the current update.
  
- \* CPI inflation has remained moderate so far this year and is likely to remain so through to the year-end given the substantial easing in oil prices lately and also continued notable growth in labour productivity. With the actual outturn of the Composite CPI in the first ten months of 2006 in line with expectations, the forecast rate of increase in the Composite CPI for 2006 as a whole is maintained at 2%. The forecast rate of change in the GDP deflator for 2006 as a whole is likewise kept unchanged at 0%.

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## DETAIL

### GDP

According to the preliminary figure on the *Gross Domestic Product (GDP)* released today by the Census and Statistics Department, GDP grew strongly by 6.8% in real terms in the third quarter of 2006 over a year earlier. This was not only the twelfth consecutive quarter that economic growth was distinctly above the trend growth of 3.9% in the past ten years, it was also considerably up from the 5.5% growth in the second quarter (revised up from the earlier estimate of 5.2%). On a seasonally adjusted quarter-to-quarter comparison, the pace of economic expansion likewise accelerated notably, to 3.5% in real terms in the third quarter of 2006 from 0.3% in the second quarter (revised up from the earlier estimate of virtually no growth) (*Chart*).

2. The latest figures on GDP and its major expenditure components up to the third quarter of 2006 are presented in *Table 1*. Developments in different segments of the economy in the third quarter of 2006 are described below.

### External trade

3. Exports regained vigor in the third quarter after some moderation in the second quarter, supported by the pick-up in Mainland's already strong trade flows during the quarter, surging intraregional trade flows and also the renewed weakening of the US dollar over the past few months. *Total exports of goods* picked up to an 8.9% growth in real terms in the third quarter over a year earlier, up from a 6.4% increase in the preceding quarter. On a seasonally adjusted quarter-to-quarter comparison, total exports of goods expanded by 6.4% in real terms in the third quarter, following a slight 1.1% decline in the preceding quarter.

4. Export performance varied across regions. The Mainland market continued to be the key growth spot, under the support of a rapidly growing Mainland economy and its vibrant trade flows. Exports to other Asian markets such as Taiwan, Singapore and Korea also attained strong growth of close to or exceeding 10%, in tandem with their generally strong import demand and the buoyant intra-regional trade. Yet exports to Japan slowed down further, dragged by the weakness of the yen. Export performance to markets outside Asia was not as impressive. Exports to the EU showed only a modest increase, again partly due to dampening effect of the earlier weakening of the euro. Exports to the United States were likewise weak, partly due to a slowing US economy, and conceivably also due to the drag from the on-going shift to offshore trade.

5. *Exports of services* maintained strong growth at 8.6% in real terms in the third quarter, broadly similar to the increase in the second quarter. Exports of trade-related services were bolstered by buoyant trade flows of the Mainland, while exports of transportation services sustained strong growth in tandem with the faster

trade growth. Exports of financial and insurance services also attained near double-digit growth amidst the more active financial market activities. Yet the momentum in exports of travel services slowed upon a somewhat less rapid growth in incoming visitors. On a seasonally adjusted quarter-to-quarter comparison, exports of services expanded briskly by 4.3% in the third quarter, after a 2.2% increase in the preceding quarter.

### **Domestic sector**

6. Domestic demand continued to hold up very well in the third quarter. Local consumer spending rose solidly further in the third quarter, amidst improving employment income, expanding job opportunities and a buoyant stock market. A more stable property market, together with the pause in interest rate hikes, also helped. *Private consumption expenditure (PCE)* attained a solid growth of 4.4% in real terms in the third quarter over a year earlier, further to growth of 4.5% and 5.1% in the first two quarters. On a seasonally adjusted quarter-to-quarter comparison, private consumption expenditure increased by 0.5% in real terms in the third quarter, following a 1.2% growth in the second quarter.

7. *Overall investment spending* accelerated markedly to double-digit growth at 12.7% in real terms in the third quarter over a year earlier, marking the fastest growth since the fourth quarter of 2000. Machinery and equipment investment, which surged by 22.4%, was the key driver of overall investment growth, reflecting the strong business confidence. Activity in the construction sector remained weak in overall terms, as public sector output continued to fall sharply. On the other hand, the decline in output in the private sector segment seemed to have been largely arrested in the past two quarters.

### **The labour sector**

8. The labour market continued to experience broad-based improvement. Strong expansion in labour demand pushed total employment to successive new highs over the past few months, bringing the *seasonally adjusted unemployment rate* down to 4.7% in the third quarter, and further down to a 64-month low of 4.5% in August - October. Since the trough in mid-2003, some 311 000 additional jobs have been created, leading to a significant improvement in employment conditions for workers at different skill levels. At the same time, the long-term unemployment situation continued to improve, most apparently in the manufacturing and construction sectors. The total number of job vacancies in the private sector remained on a broad-based rise in June 2006 over a year ago, while labour incomes continued to rise modestly in overall terms.

### **Prices**

9. Along with the sustained economic expansion, consumer price inflation in terms of the year-on-year rate of increase in the *Composite Consumer Price Index (CCPI)* edged slightly higher to 2.3% in the third quarter, from 2.0% in the second

quarter. (In October, the CCPI inflation was 2.0%, giving an average of also 2.0% for the first ten months taken together.) On the domestic front, upward pressures on local business costs remained largely in check, with unit labour cost kept down by rising productivity, and with the increase in unit rental cost also stabilizing in tandem with some softening in shop rentals lately. External cost pressures were likewise modest. On a seasonally adjusted quarter-to-quarter comparison, the CCPI rose by 0.6% in the third quarter, following a 0.9% increase in the second quarter. With regard to the *GDP deflator*, it continued to register a marginal decline, at 0.2% in the third quarter over a year earlier, after a 0.1% decline in the second quarter. This was entirely due to the drag from the continued fall in the terms of trade. Excluding the relative price movements of exports and imports, the domestic demand deflator rose by 2.1% in the third quarter, broadly in line with the rate of consumer price inflation.

### **Latest GDP and price forecasts for 2006**

10. Although the external environment has been overshadowed by a number of downside risks since early this year, including most notably the surge in oil prices and a slowing US economy, so far the global economy as a whole has continued to forge ahead seemingly with much resilience against these possible shocks. This was largely underscored by a robust Mainland economy, and also continued strength in Japan and the EU economies. The pause in interest rate hikes in the US and the substantial ease back in oil prices are other favourable developments in the global scene, which together with the weakness of the dollar, should support Hong Kong's exports of goods and services in the near term and help to cushion against the negative impact of slowing US demand.

11. Domestically, despite successive interest rate hikes since 2005, domestic demand has held up very well. This trend is expected to extend into the fourth quarter. The macro conditions, which were already supportive to consumer demand over the past few quarters, seem to have improved even further lately, with the abundant liquidity in the banking sector leading to the latest fall in local interest rates, an improving job market, and even more upbeat economic sentiment with the stock market rally lately. Also, a sanguine business outlook should continue to bode well for business investment in machinery and equipment. Activity in the construction sector, though likely to remain weak in overall terms, might also stage some relative improvement, now that private sector output has largely arrested its downslide.

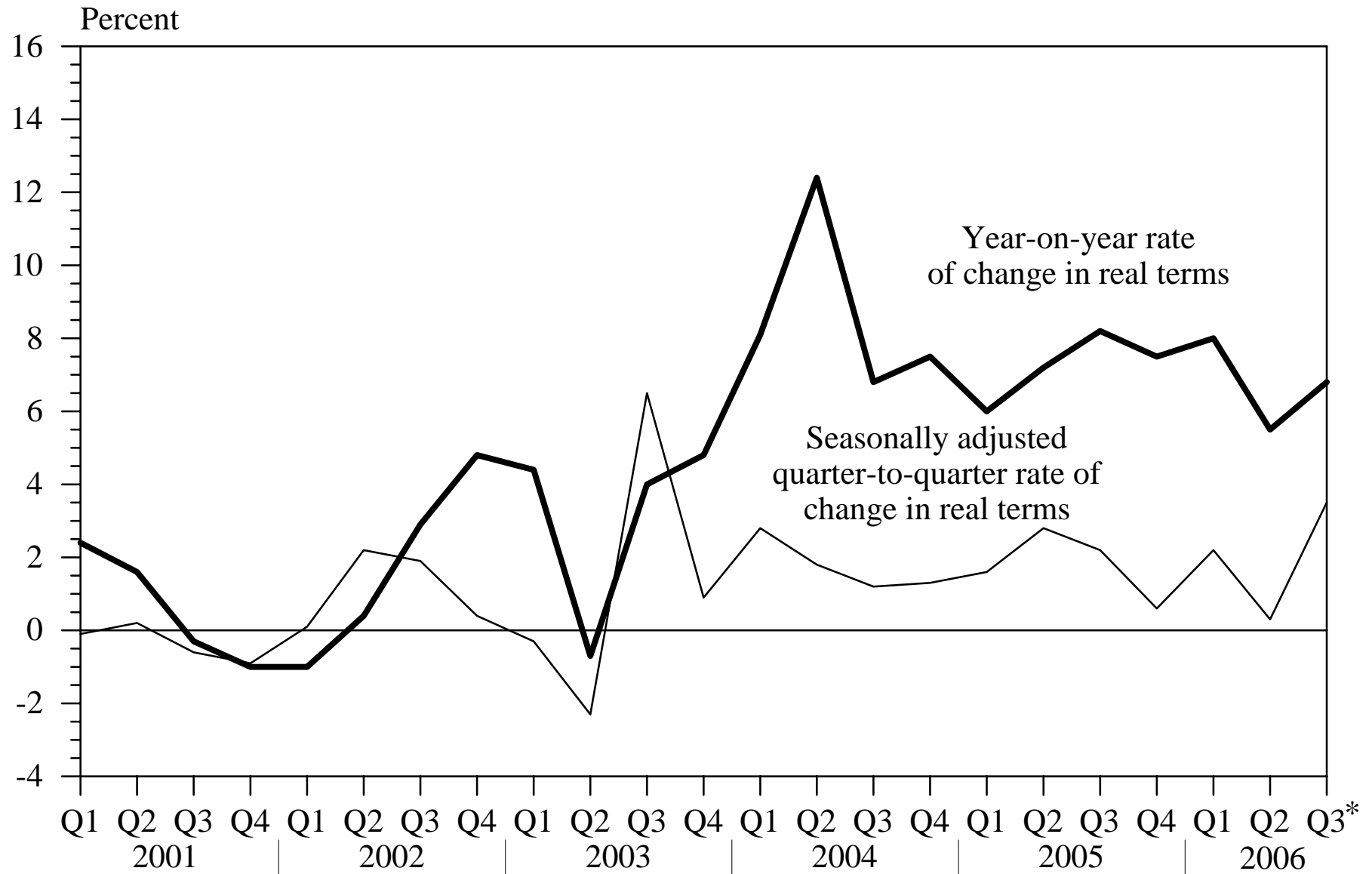
12. On the back of a strong GDP outturn of 6.8% growth for the first three quarters of 2006, and after allowing for some possible moderation in trade because of a likely slowing US demand in the fourth quarter, the forecast GDP growth for 2006 as a whole is revised upwards from 4-5% to 6.5% in the current update (*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*.

13. As to the outlook for consumer price inflation, it is expected to remain moderate in the remainder of 2006, being capped by rising productivity and continued capacity expansion, and with the substantial easing in oil prices lately as another favourable development. With the actual outturn of the first ten months of 2006 in line with expectations, the forecast rate of increase in the *CCPI* for 2006 as a whole is maintained at 2%. As to the forecast rate of change in the *GDP deflator* for 2006 as a whole, it is likewise kept unchanged at 0%.

(The Third Quarter Economic Report 2006 is now available. Users can download the publication free of charge at <http://www.statisticalbookstore.gov.hk> or <http://www.info.gov.hk/hkecon/report>. Print version of the report can also be purchased on-line, or by calling the Publications Sales Unit of ISD at 2537 1910. The hard copy of the report is available for sale at \$68 per copy (15% discount offered if purchased on-line), with a postage charge.)

(The GDP figures up to the third quarter of 2006 are published in the Report of the Gross Domestic Product, Third Quarter 2006. Users can download the publication free of charge at <http://www.statisticalbookstore.gov.hk>. Print version of the report can also be purchased on-line, or by calling the Publications Sales Unit of ISD at 2537 1910. The hard copy of the report is available for sale at \$36 per copy (15% discount offered if purchased on-line), with a postage charge.)

# 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>2004</u>	<u>2005</u>	<u>2005</u>				<u>2006</u>		
			<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2<sup>#</sup></u>	<u>Q3<sup>+</sup></u>
<i>Change in real terms of GDP and its main expenditure components (%)</i>									
Private consumption expenditure	7.3	3.4	4.1 (0.4)	2.4 (0.5)	3.6 (1.3)	3.4 (0.9)	4.5 (1.6)	5.1 (1.2)	4.4 (0.5)
Government consumption expenditure	0.7	-3.1	-4.6 (-2.6)	-2.3 (-0.7)	-1.6 (0.3)	-3.8 (-1.0)	1.2 (2.6)	-1.5 (-3.1)	-1.0 (0.7)
Gross domestic fixed capital formation	3.0	4.1	0.4 (N.A.)	4.9 (N.A.)	2.8 (N.A.)	8.4 (N.A.)	7.6 (N.A.)	5.0 (N.A.)	12.7 (N.A.)
<i>of which :</i>									
Building and construction	-11.7	-6.1	-1.0	-7.5	-5.2	-10.7	-11.1	-3.7	-5.7
Machinery, equipment and computer software	11.0	10.6	0.8	10.7	7.1	24.0	23.3	12.8	22.4
Total exports of goods	15.3	11.2	8.9 (0.1)	11.1 (6.0)	12.8 (3.1)	11.4 (2.2)	14.4 (2.2)	6.4 (-1.1)	8.9 (6.4)
Imports of goods	14.1	8.6	3.8 (1.9)	7.0 (5.1)	11.0 (2.2)	12.0 (2.6)	14.0 (3.3)	6.7 (-1.6)	8.5 (4.7)
Exports of services	17.9	8.7	8.7 (0.4)	9.1 (2.4)	8.9 (4.3)	8.2 (1.1)	8.9 (0.8)	9.0 (2.2)	8.6 (4.3)
Imports of services	14.6	2.9	6.0 (-2.1)	-0.1 (3.7)	3.5 (0.7)	2.3 (-0.3)	4.9 (1.0)	8.3 (6.8)	5.5 (-2.1)
<b>Gross Domestic Product</b>	<b>8.6</b>	<b>7.3</b>	<b>6.0</b> <b>(1.6)</b>	<b>7.2</b> <b>(2.8)</b>	<b>8.2</b> <b>(2.2)</b>	<b>7.5</b> <b>(0.6)</b>	<b>8.0</b> <b>(2.2)</b>	<b>5.5</b> <b>(0.3)</b>	<b>6.8</b> <b>(3.5)</b>
<i>Change in the main price indicators (%)</i>									
<b>GDP deflator</b>	<b>-3.6</b>	<b>-0.2</b>	<b>-1.4</b> <b>(0.1)</b>	<b>-0.6</b> <b>(0.2)</b>	<b>0.2</b> <b>(*)</b>	<b>0.7</b> <b>(0.5)</b>	<b>-0.1</b> <b>(-0.9)</b>	<b>-0.1</b> <b>(0.2)</b>	<b>-0.2</b> <b>(0.1)</b>
<b>Composite Consumer Price Index</b>	<b>-0.4</b>	<b>1.0<sup>@</sup></b>	<b>0.4<sup>@</sup></b> <b>(*)<sup>@</sup></b>	<b>0.8<sup>@</sup></b> <b>(0.4)<sup>@</sup></b>	<b>1.4<sup>@</sup></b> <b>(0.3)<sup>@</sup></b>	<b>1.3<sup>@</sup></b> <b>(0.6)<sup>@</sup></b>	<b>1.6<sup>@</sup></b> <b>(0.3)<sup>@</sup></b>	<b>2.0<sup>@</sup></b> <b>(0.9)<sup>@</sup></b>	<b>2.3<sup>@</sup></b> <b>(0.6)<sup>@</sup></b>
<b><u>Change in nominal GDP (%)</u></b>	<b>4.7</b>	<b>7.0</b>	<b>4.6</b>	<b>6.6</b>	<b>8.4</b>	<b>8.2</b>	<b>7.9</b>	<b>5.4</b>	<b>6.6</b>

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

(#) 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.

(@) By reference to the new 2004/05-based CPI series.

(\*) Change of less than 0.05%.



**Table 2****Economic forecasts for 2006  
(year-on-year rate of change (%))**

	Forecasts for 2006 as released <u>on 22.8.2006</u> (%)	Latest forecasts for 2006 <u>on 21.11.2006</u> (%)
<b>Gross Domestic Product (GDP)</b>		
<i>Real GDP</i>	4 to 5	6.5
<i>Nominal GDP</i>	4 to 5	6.5
<b>Composite Consumer Price Index</b>	2	2
<b>GDP Deflator</b>	0	0

**Table 3**

**2006 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>
<b>International organisations:</b>								
IMF	Jan 2006	5.5	--	--	--	--	1.5	Staff Report for the 2005 Article IV Consultation Discussions, 6 Jan 2006.
	Apr 2006	5.5	--	--	--	--	1.8	World Economic Outlook, Apr 2006.
	Sep 2006	6	--	--	--	--	2.3	World Economic Outlook, Sep 2006.
	Oct 2006	5.5-6	--	--	--	--	--	Preliminary Conclusions of the IMF Mission, 24 Oct 2006.
ADB	Apr 2006	5.5	--	--	--	--	2.5	Asian Development Outlook 2006, Apr 2006.
	Sep 2006	6.5	--	--	--	--	2.4	Asian Development Outlook 2006 Update, Sep 2006.
World Bank	Mar 2006	5.3	--	--	--	--	--	East Asia Update, Mar 2006.
PECC	Nov 2006	6.3	2.1	--	--	--	2	State of the Region 2006-2007, Nov 2006.
<b>Private sector analysts:</b>								
<i>(a) Major local banks</i>								
HSBC	Apr 2006	5.5	3.2	2.5	--	--	2.2	Global Economics, Q2 2006.
	Jun 2006	6.4	3.5	5.8	--	--	2.3	Asian Economics, 22 Jun 2006.
	Oct 2006	6.4	4.4	6.4	--	--	2.2	Macro Currencies, October 2006.
Standard Chartered Bank	Feb 2006	6	--	--	--	--	2.5	On The Ground - Asia, 21 Feb 2006.
	Aug 2006	7	--	--	--	--	2.5	Asia Focus, 16 Aug 2006.
	Nov 2006	7	--	--	--	--	2.5	Asia Focus, 15 Nov 2006.
Hang Seng Bank	Dec 2005	5.3	3	2	8.5	6.4	2.3	Hang Seng Economic Monthly, Nov/Dec 2005.
	May 2006	5.3	--	--	--	--	2.2	Hang Seng Bank, 16 May 2006.
	Jun 2006	6.3	3.6	4.4	10.5	6.2	2.3	Hang Seng Economic Monthly, May/June 2006.
	Nov 2006	6.3	--	--	--	--	2.1	Economic Bulletin, Nov 2006.

**Table 3 (cont'd)**

**2006 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>
Bank of China (HK)	Dec 2005	5	3.3	3	8.5	8	2.5	Economic Review Monthly, Dec 2005.
	May 2006	6.5	4.2	6.8	10.5	8.6	2.2	Economic Review, 26 May 2006.
	Nov 2006	6.5	--	--	--	--	2.2	Bank of China (HK), 15 Nov 2006.
Bank of East Asia	Jan 2006	5.2	4.5	1	9	6	2.5	Economic Analysis, Jan 2006.
	May 2006	5.8	--	--	--	--	--	Sing Tao Daily, 25 May 2006.
	Aug 2006	5.8	--	--	--	--	2.3	Bank of East Asia, 16 Aug 2006.
	Nov 2006	5.8	--	--	--	--	2.1	Bank of East Asia, 16 Nov 2006.
ABN Amro Bank	Feb 2006	4.5	--	--	--	--	3	Asia Vision, 10 Feb 2006.
	May 2006	5.5	--	--	--	--	2.5	Asia Vision, 12 May 2006.
	Aug 2006	6	--	--	--	--	2.5	Asia Vision, 11 Aug 2006.
	Aug 2006	5.5	--	--	--	--	2.5	Asia Vision, 24 Aug 2006.
	Nov 2006	5.5	--	--	--	--	2.6	Asia Vision, 3 Nov 2006.
	Nov 2006	5.5	--	--	--	--	2.2	Asia Vision, 17 Nov 2006.
Citigroup	Feb 2006	5	--	--	--	--	2.8	Hong Kong Economics, 9 Feb 2006.
	May 2006	5.7	3.8	3.8	10.6	8.2	2.6	Hong Kong Economics, 17 May 2006.
	July 2006	5.7	4.3	3.4	--	--	2.2	Asia Economic Outlook and Strategy, 24 Jul 2006.
	Nov 2006	6	--	--	--	--	2.1	Citigroup, 17 Nov 2006
<i>(b) Investment bank</i>								
JP Morgan Chase	Feb 2006	5.7	--	--	--	--	2	JP Morgan Chase, 16 Feb 2006.
	May 2006	5.8	--	--	--	--	2.2	JP Morgan Chase, 16 May 2006.
	May 2006	6	--	--	--	--	--	Sing Tao Daily, 25 May 2006.
	Aug 2006	6	--	--	--	--	2.2	JP Morgan Chase, 21 Aug 2006.
	Nov 2006	5.8	--	--	--	--	2.2	JP Morgan Chase, 16 Nov 2006.

**Table 3 (cont'd)**

**2006 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
Goldman Sachs Asia	Jan 2006	5.4	--	--	--	--	2.8	Hong Kong Economic Journal, 3 Jan 2006.
	Feb 2006	5.8	--	--	--	--	2.4	Asia-Pacific Economics Flash, 6 Feb 2006.
	May 2006	6.2	--	--	--	--	--	Sing Tao Daily, 25 May 2006.
	Aug 2006	6.2	4.9	5.8	--	--	2.6	Asia Economics Flash, 10 Aug 2006.
Morgan Stanley Asia	Nov 2005	5	3	3	--	--	2	Hong Kong Economics, 28 Nov 2005.
	May 2006	5	--	--	--	--	2	Morgan Stanley Asia, 16 May 2006.
	Aug 2006	5.6	4	5	--	--	2.3	Morgan Stanley Research, 23 Aug 2006.
Merrill Lynch	Jan 2006	6	--	--	--	--	3.9	The Asian Market Economist, 16 Jan 2006.
	Aug 2006	6	--	--	--	--	2.1	The Asian Market Economist, 16 Aug 2006.
	Nov 2006	5.1	--	--	--	--	2.3	The Asian Market Economist, 16 Nov 2006.
Credit Suisse	Jan 2006	4.7	3.6	2.5	--	--	2.6	Asian Daily, 10 Jan 2006.
	Mar 2006	5	4.2	3	--	--	2.3	Global Emerging Markets Outlook, Q2 2006, 24 Mar 2006.
	Jul 2006	5.9	4.6	4	--	--	2.2	Emerging Markets, Q3 2006, 5 Jul 2006.
Lehman Brothers	Feb 2006	5.5	--	--	--	--	3.4	Asia Ex-Japan Weekly Economic Monitor, 10 Feb 2006.
	May 2006	6	--	--	--	--	3	Global Weekly Economic Monitor, 16 May 2006.
	Aug 2006	5.8	--	--	--	--	2.3	Global Weekly Economic Monitor, 16 Aug 2006.
	Nov 2006	6.1	--	--	--	--	2.3	Global Weekly Economic Monitor, 10 Nov 2006.

**Table 3 (cont'd)**

**2006 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
<i>(c) Others</i>								
Economist Intelligence Unit	May 2006	5.3	3.8	4	--	--	1.9	Country Forecast, May 2006.
	Jun 2006	6	3.9	4	--	--	1.8	Country Forecast, Jun 2006.
	Jul 2006	6.2	4.4	4	--	--	2.1	Country Forecast, Jul 2006.
	Aug 2006	6.1	5.4	4	--	--	2.1	Country Forecast, Aug 2006.
	Sep 2006	5.9	4.7	4.9	--	--	2.1	Country Forecast, Sep 2006.
	Nov 2006	5.9	4.7	4.9	--	--	2.1	Country Forecast, Nov 2006.
Hong Kong General Chamber of Commerce	Dec 2005	3.5	--	--	--	--	2.5	Hong Kong Economic Forecast, HKGCC, 2 Dec 2005.
	Feb 2006	4	--	--	--	--	2.5	HKGCC, 14 Feb 2006.
	May 2006	4.5	--	--	--	--	2	HKGCC, 16 May 2006.
	Jun 2006	5.5	--	--	--	--	--	Wen Wei Po, 14 Jun 2006.
	Aug 2006	6.5	--	--	--	--	2.5	HKGCC, 17 Aug 2006.
	Nov 2006	6.5	--	--	--	--	2.3	HKGCC, 17 Nov 2006.
	University of Hong Kong	Jan 2006	5	--	--	--	--	2.5
Apr 2006		5 - 6	--	--	--	--	2.5 - 3	Sing Tao Daily, 7 Apr 2006.
Jul 2006		6.5	--	--	--	--	2	RTHK on internet, 7 Jul 2006.
Oct 2006		5.7	4.8	5	--	--	2.2	HK Economic Times, 11 Oct 2006.
Federation of Hong Kong Industries	Jan 2006	5 - 5.5	--	--	--	--	--	Press release, 11 Jan 2006.
	Jul 2006	6.5 - 7	--	--	10	--	--	Press Release, 27 Jul 2006.

**Observation :**

The forecasts of GDP growth in real terms for 2006 from the private sector analysts listed above are mostly in the range of 6 to 6.5%, averaging at 6.3%.