



香港特別行政區政府  
Hong Kong SAR Government

2007年經濟概況及2008年展望  
2007 Economic Background and 2008 Prospects

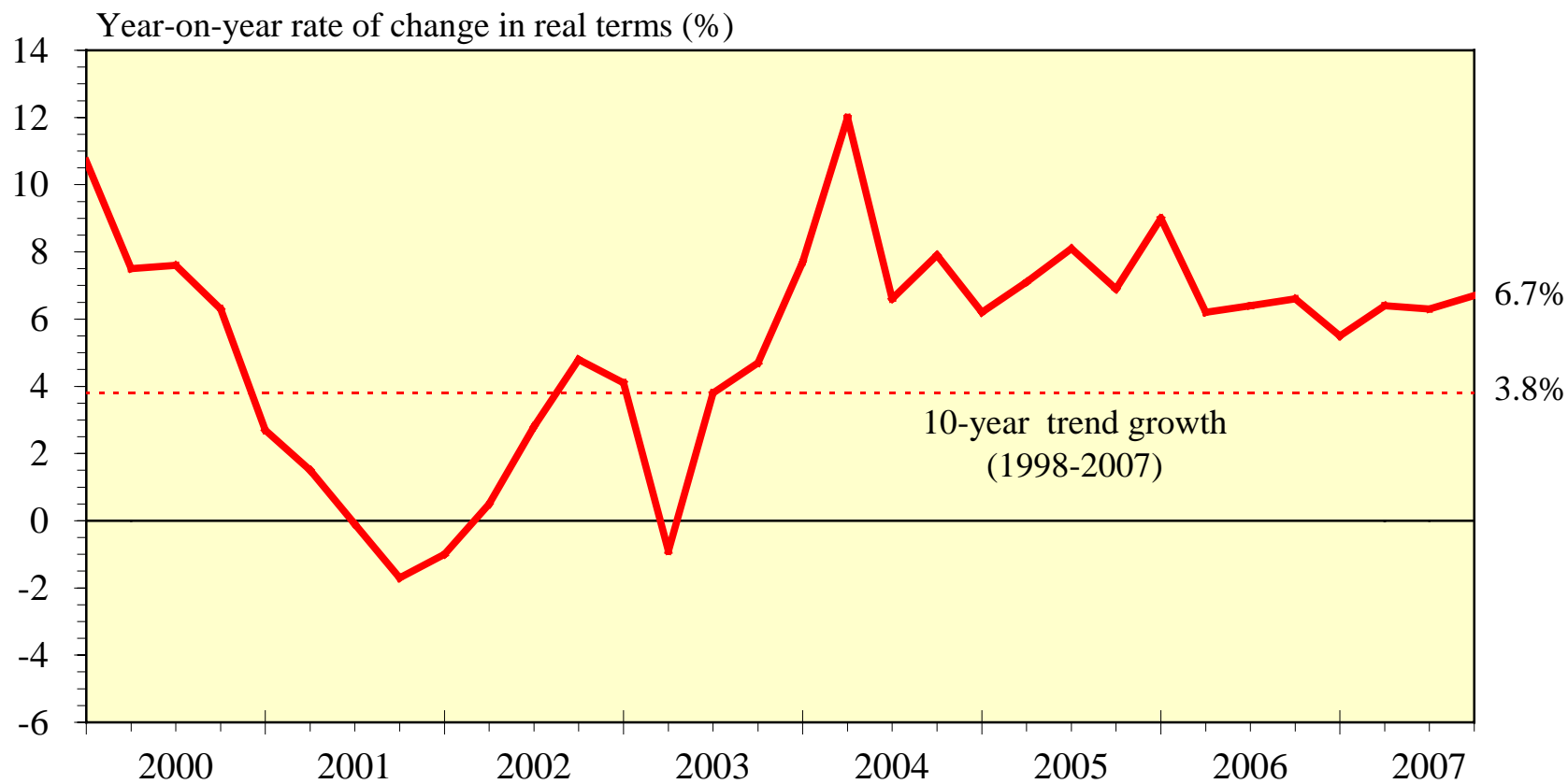
二零零八年二月二十八日  
28 February 2008



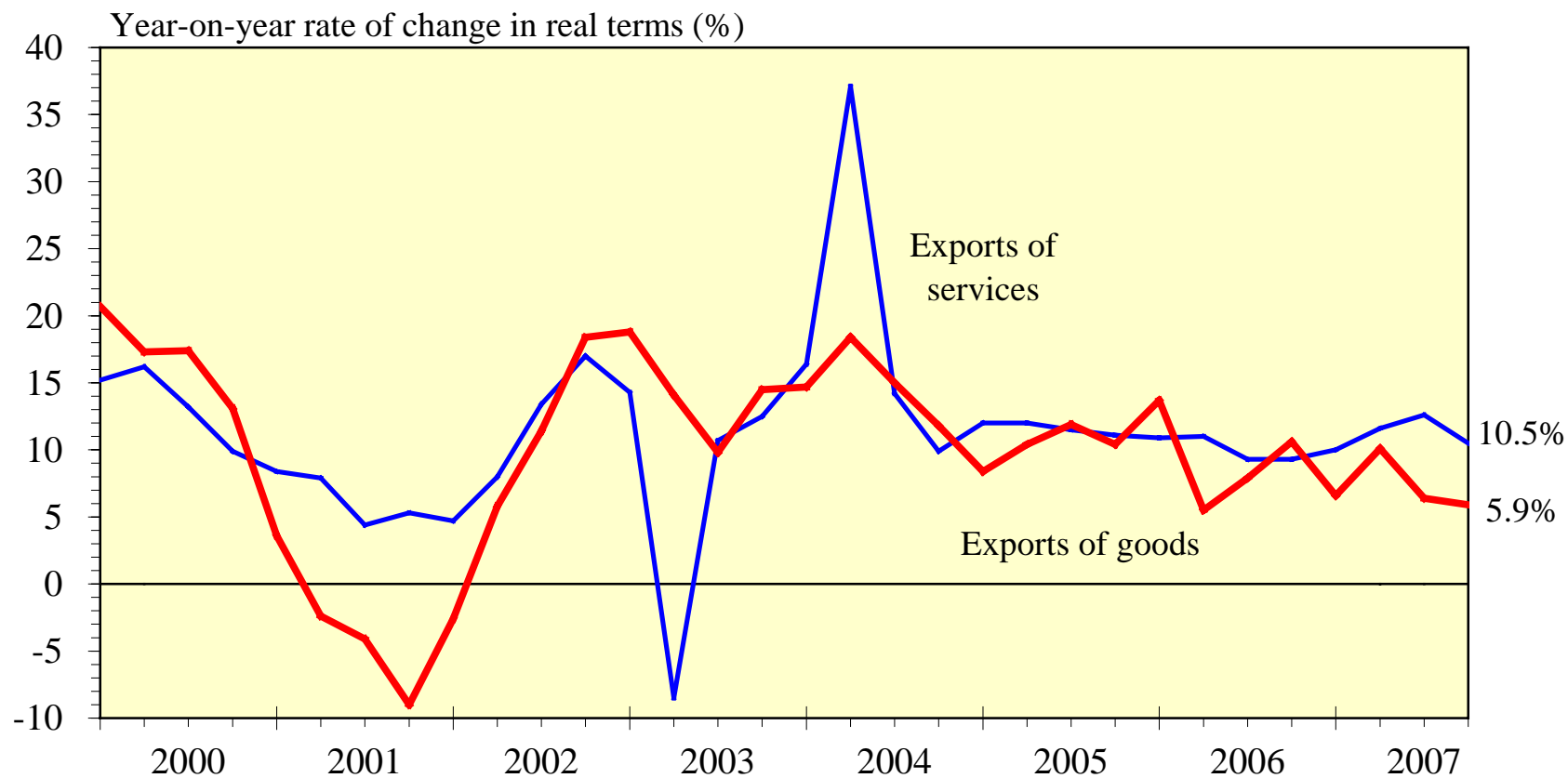
## **Salient features of economic performance in 2007**

- Economic growth remained strong at 6.3% in 2007 and distinctly above trend for 17 quarters
- Impact of global financial turbulence not significant. External trade still vibrant, particularly so for exports of services
- Domestic demand was an important growth driver, amidst upbeat consumer and business confidence
- Financial sector showed the fastest expansion among all major sectors
- Labour market saw further significant improvements
- Inflation went up, reflecting the strong consumption market, global food inflation, elevated energy prices and a weak US dollar

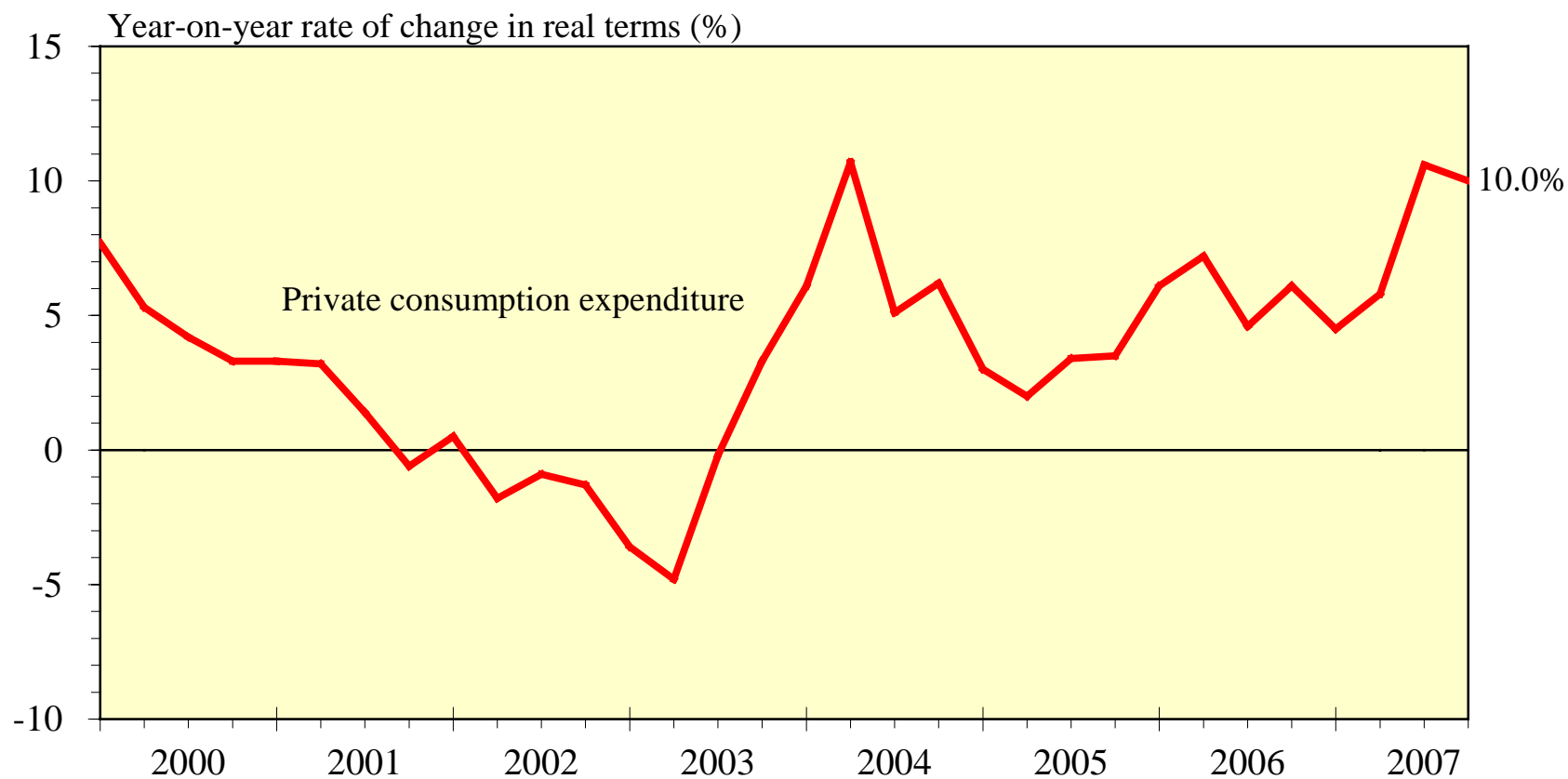
# Economic growth remained strong throughout 2007



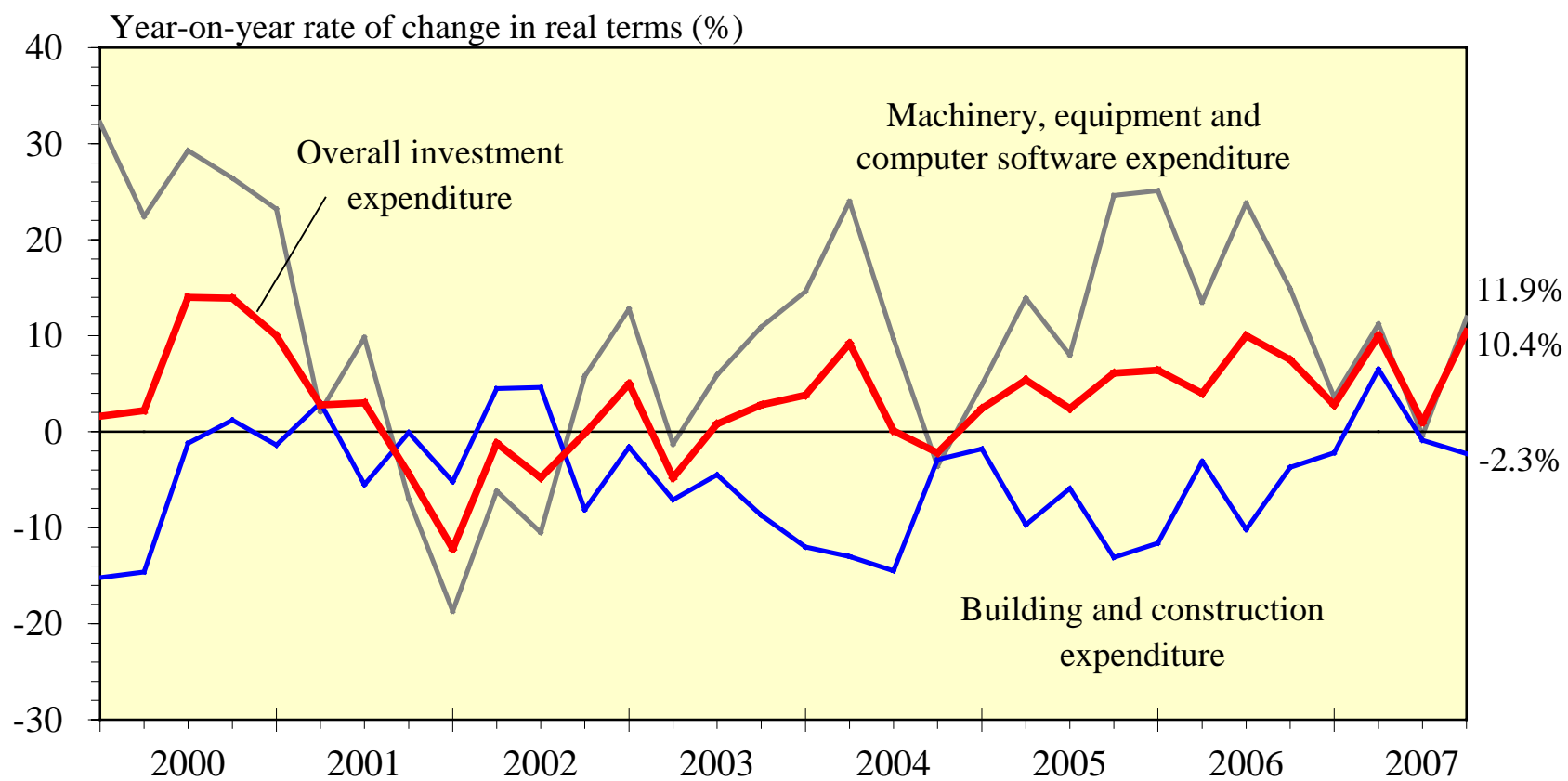
## Export growth stayed vibrant, particularly in exports of services



## Private consumption showed the strongest performance since 1993



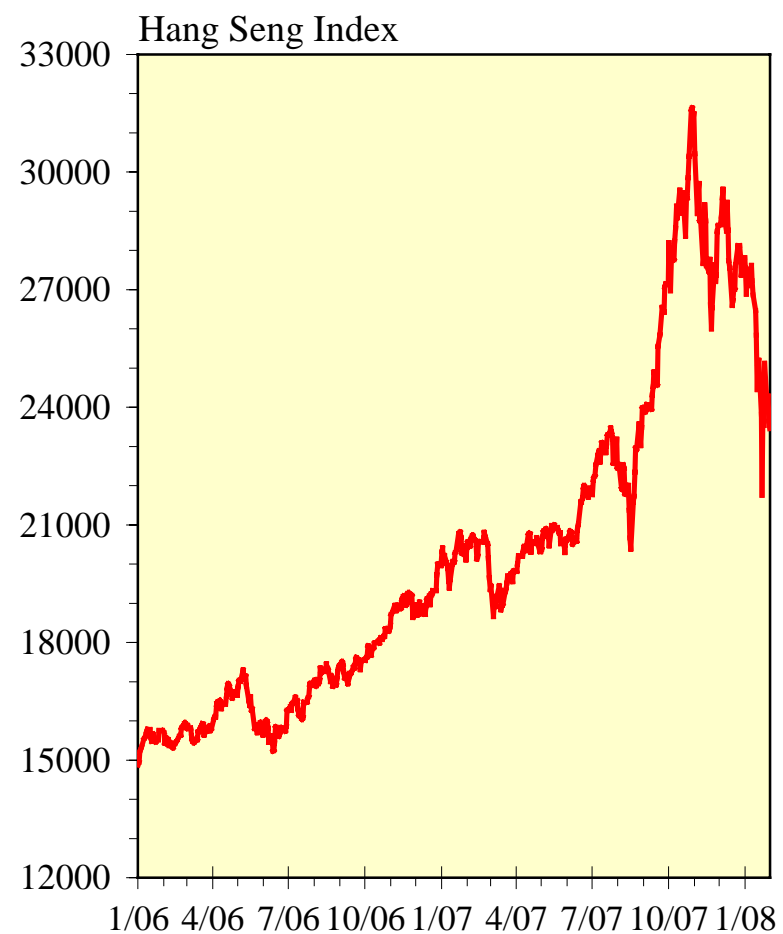
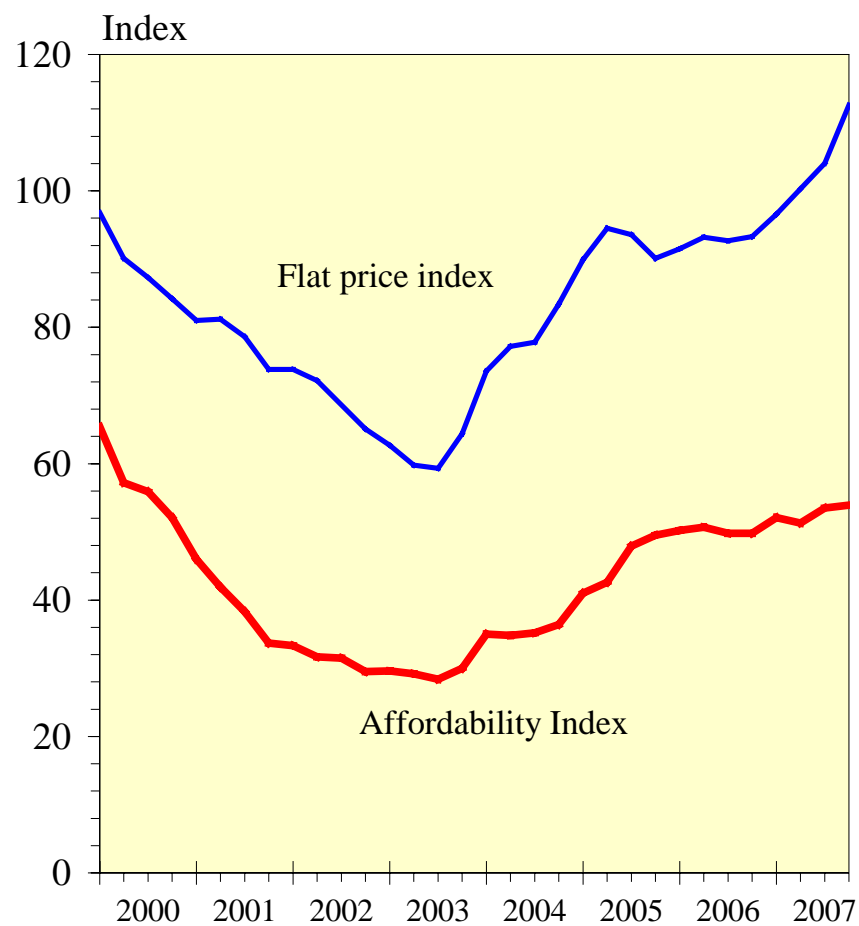
# Business confidence upbeat



# Financial services was the best performer in recent years among major economic sectors

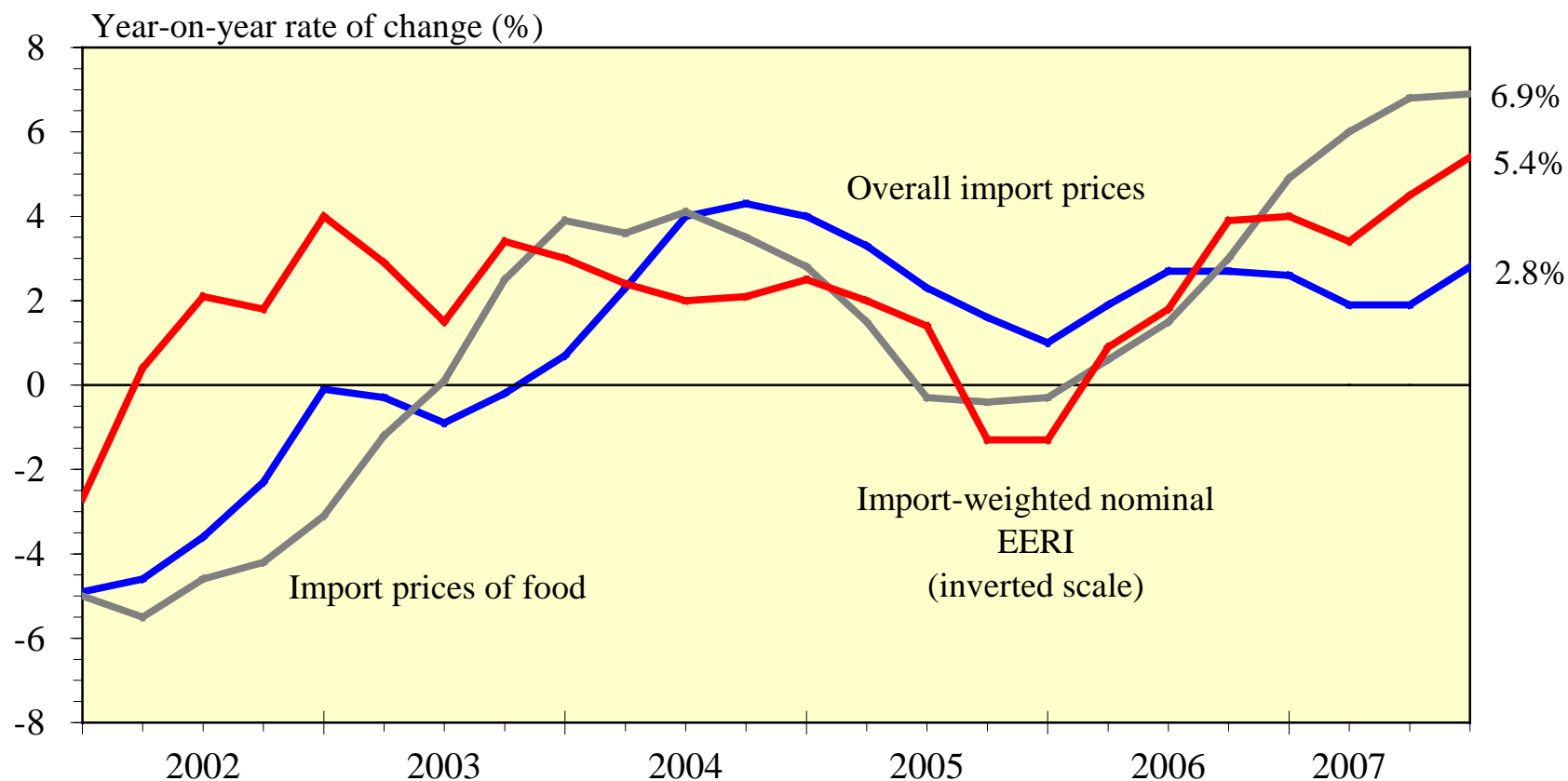
	<u>Year-on-year rate of increase in value added in real terms</u>			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007 Q1-Q3</u>
	%	%	%	%
Services	9.9	7.5	7.2	7.1
Wholesale and retail	6.9	8.3	7.1	8.3
Import and export trades	15.4	15.9	9.0	7.0
Restaurants and hotels	23.0	6.8	9.4	8.7
Transport and storage	13.7	6.9	6.6	5.2
Communications	14.6	9.4	7.7	5.3
<b>Financing and insurance</b>	<b>21.0</b>	<b>11.9</b>	<b>19.7</b>	<b>18.9</b>
Real estate and business services	2.6	4.2	2.0	6.9
Community, social and personal services	2.6	-0.1	1.8	1.3

# Housing prices rose further, but stock market volatile





## Inflation went up amidst a strong consumption market and higher food prices



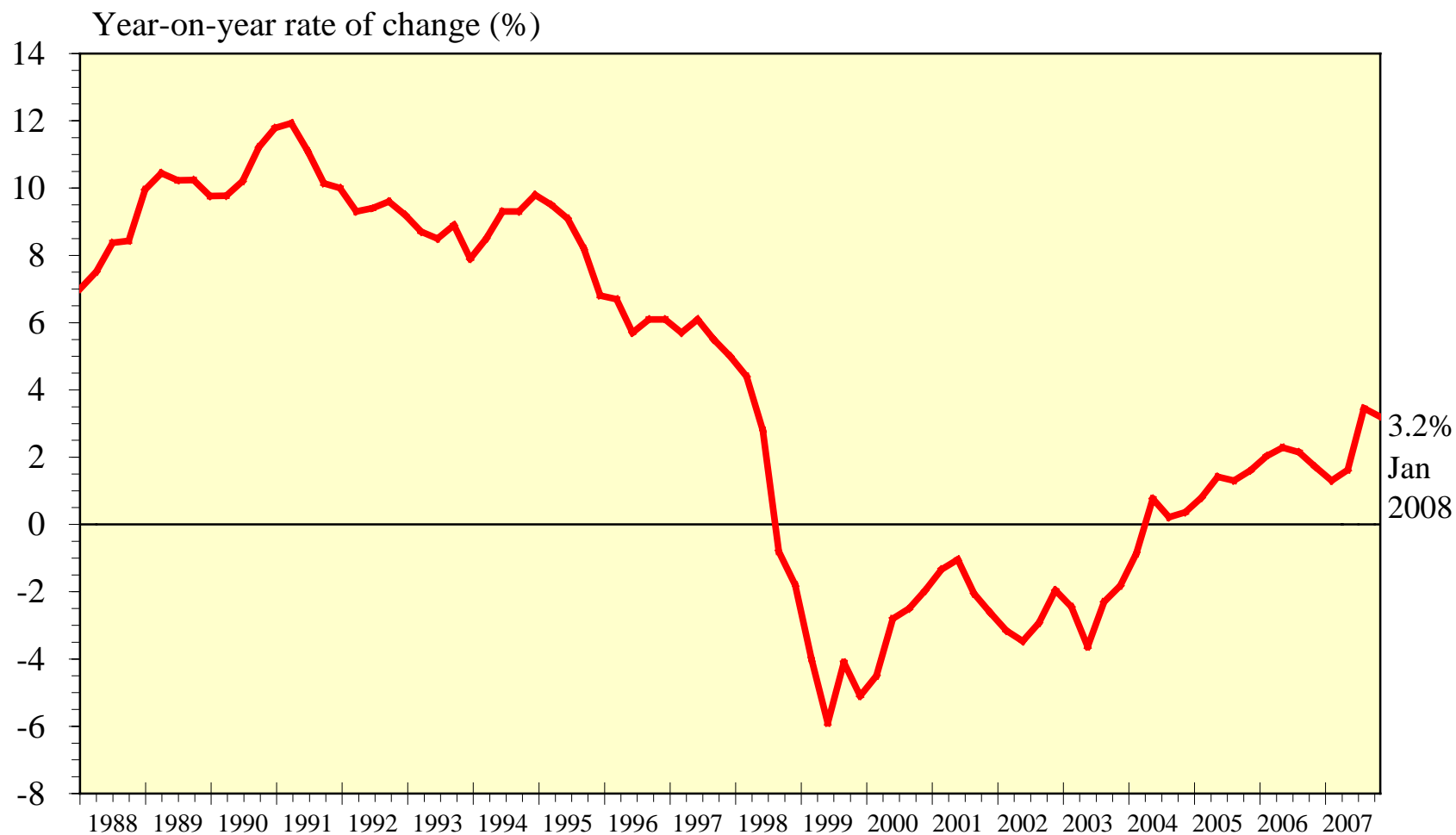
Note : The import-weighted nominal EERI(IEERI) is inverted in scale for easier comprehension. An increase in IEERI indicates weakening of the Hong Kong dollar.

## Food price hike being a world-wide phenomenon (Year-on-year rate of increase)

	World food prices*	Hong Kong's Import prices of foodstuffs	Of which : From the Mainland
2006	9.9	1.2	0.6
2006 Q1	5.3	-0.3	-1.5
Q2	10.3	0.6	0.1
Q3	10.2	1.5	1.1
Q4	13.6	3.0	2.8
2007 Q1	11.7	4.9	2.8
Q2	7.5	6.0	3.4
Q3	15.8	6.8	5.7
Q4	21.8	6.9	4.7

Note : (\*) IMF data.

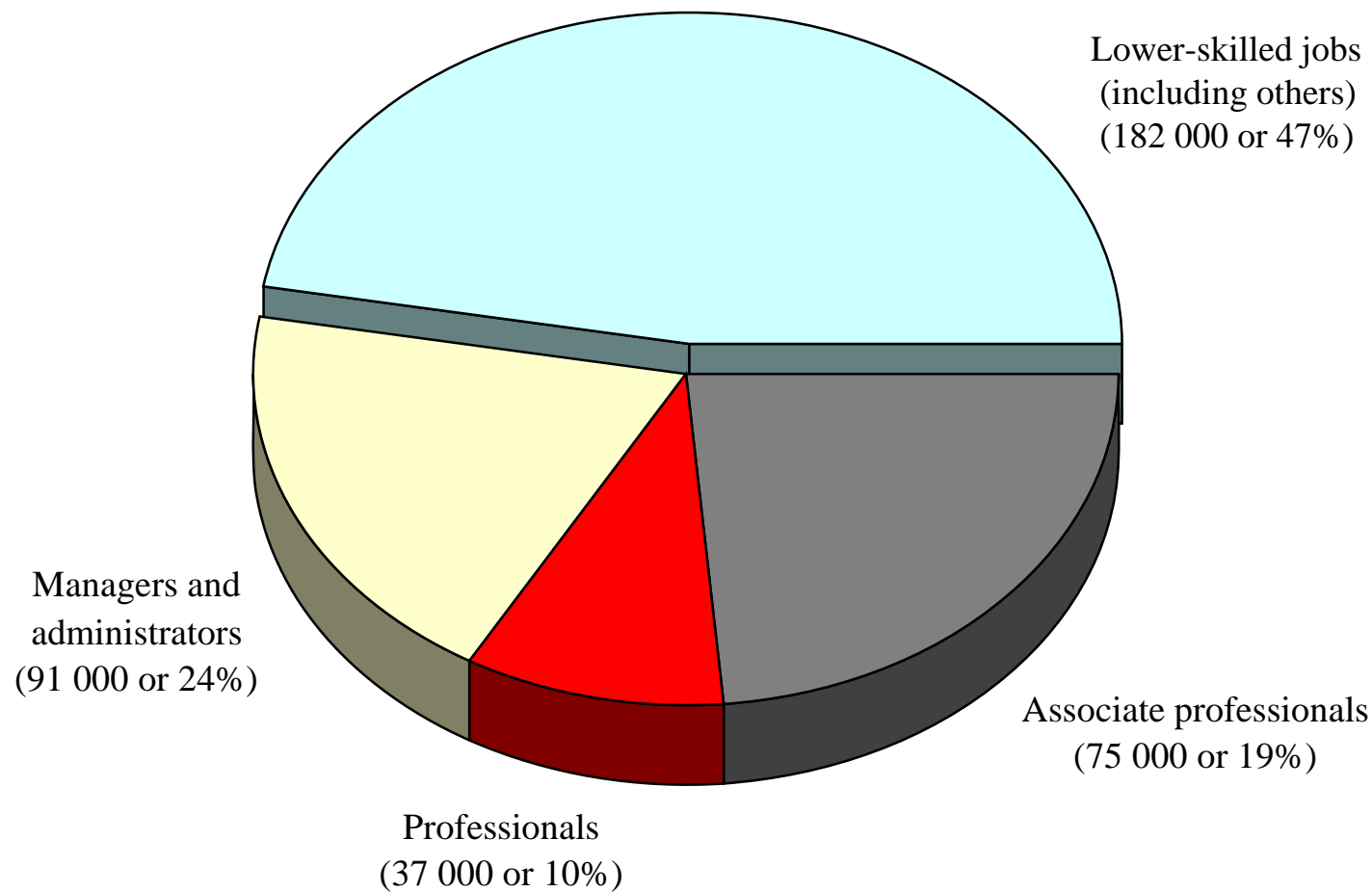
## Current inflation still much lower than in the late 1980s and early 1990s



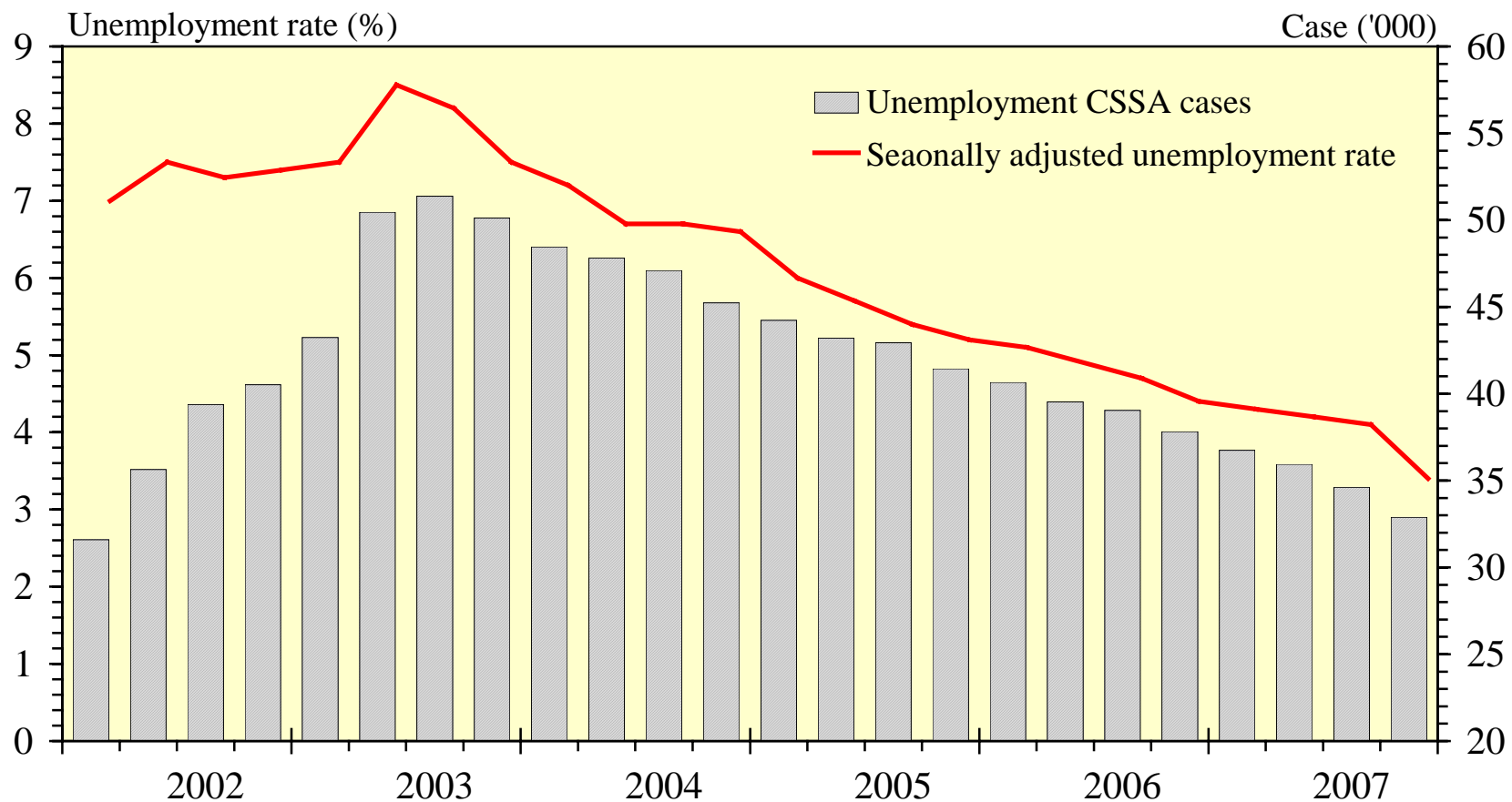
# Further significant improvements in labour market

- Unemployment rate fell to the lowest in almost ten years
- Lower-skilled workers also benefited notably from the economic upturn
- Long-term unemployment declining
- Wages and earnings rising gradually

# Over 380 000 additional jobs created since 2003 trough (Up to Jan 2008)

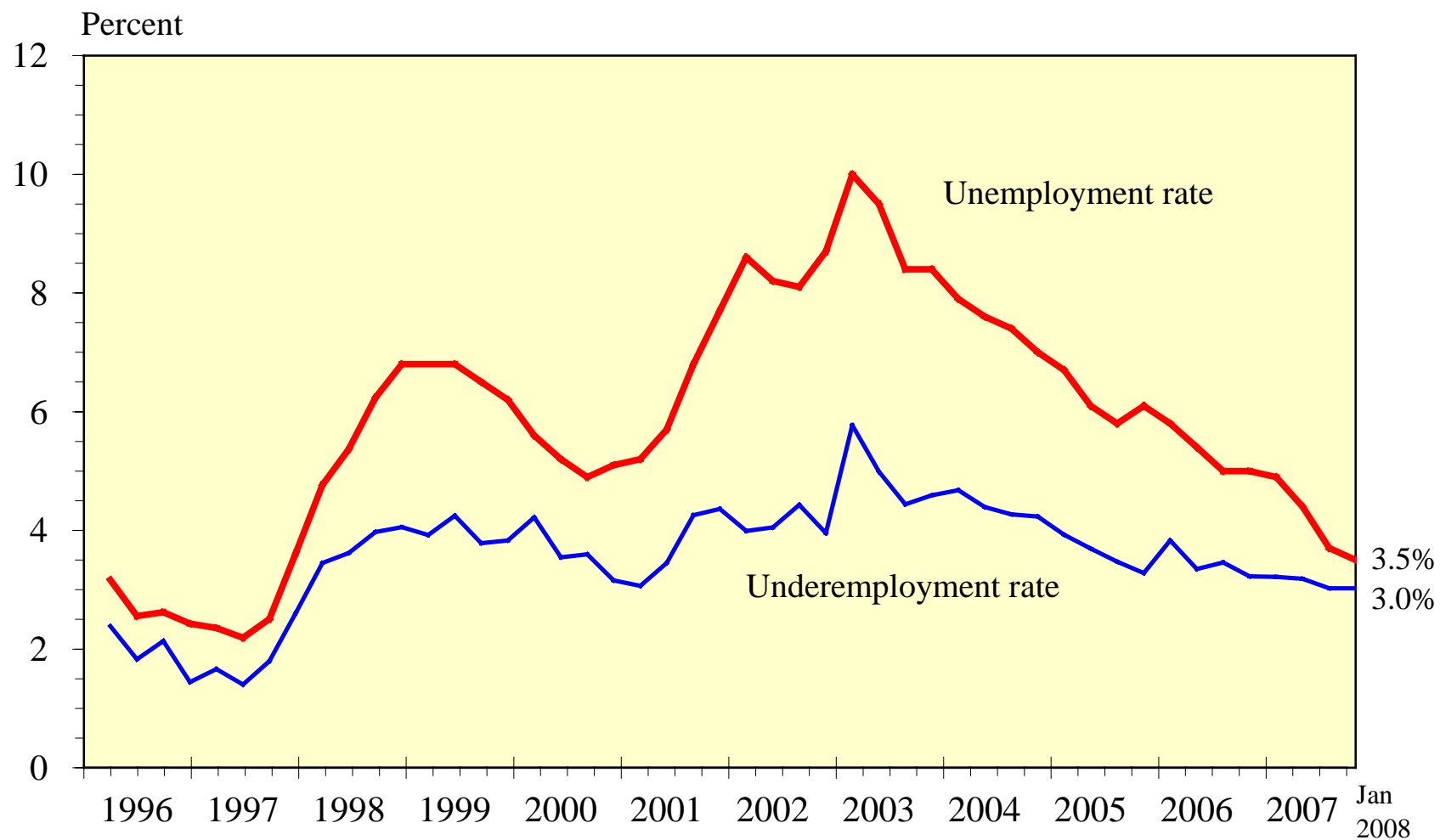


## Both unemployment rate and unemployment CSSA cases falling further

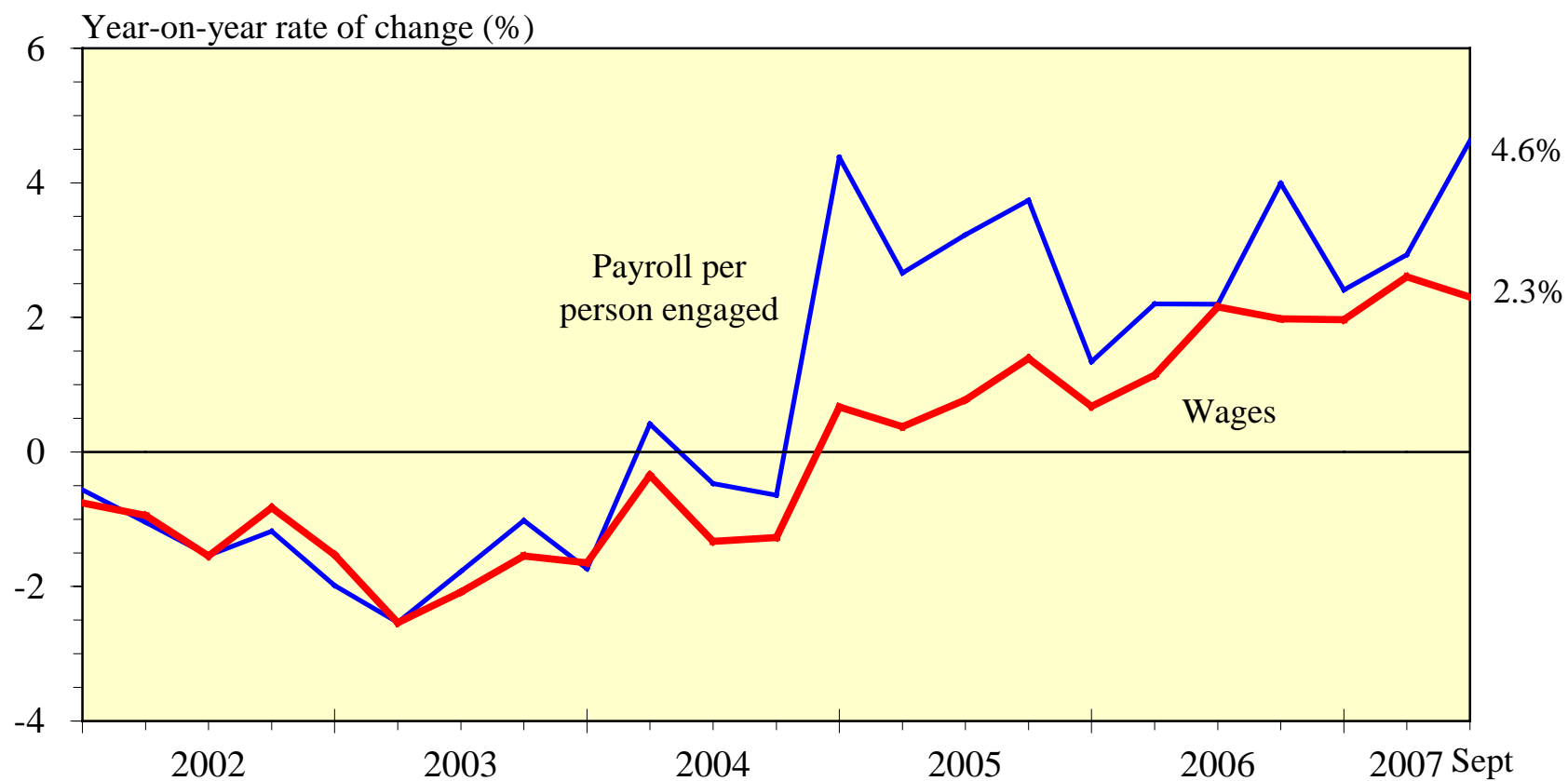




# Employment conditions of lower-skilled workers improved markedly



# Wages and earnings on the rise

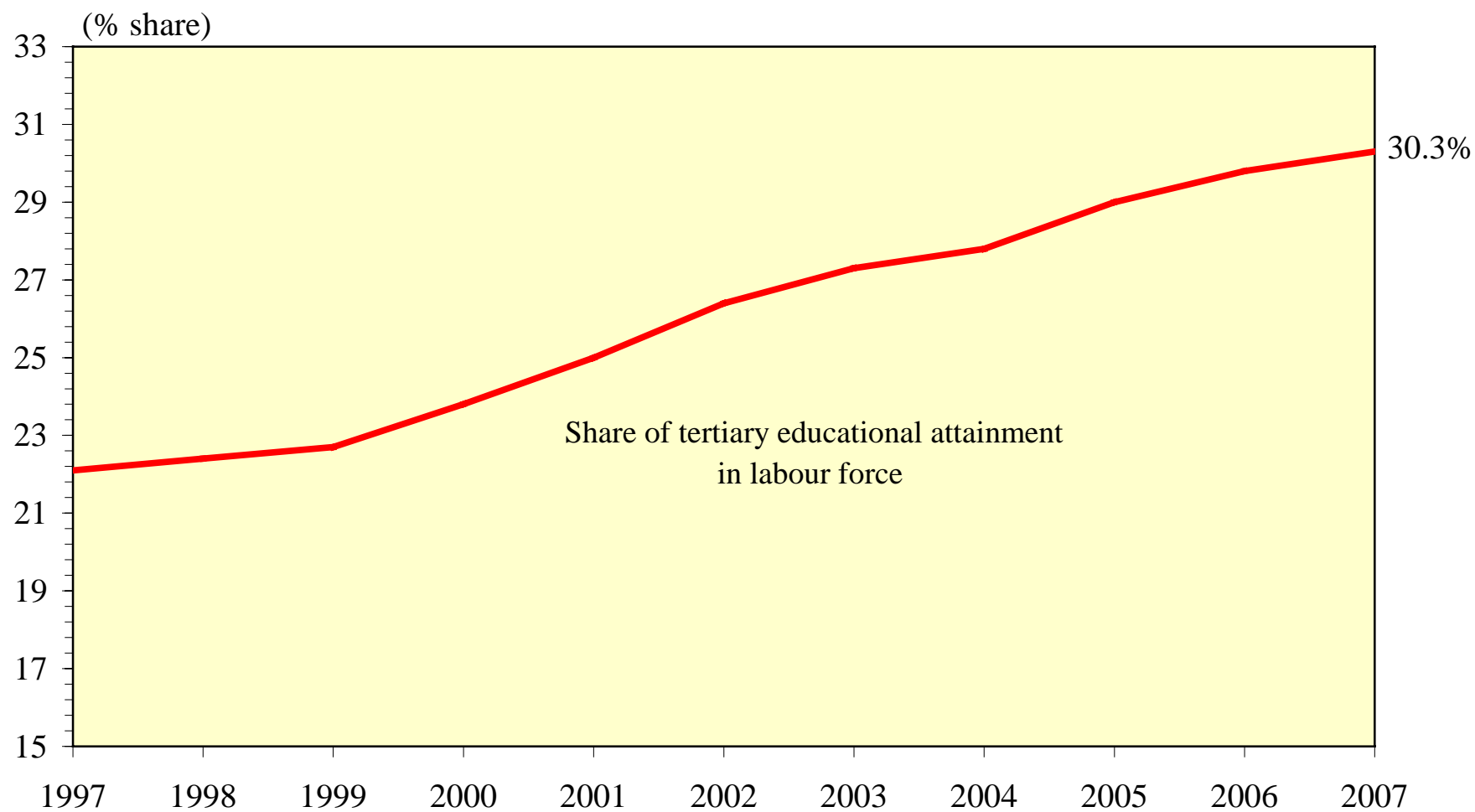


**Moving towards a knowledge-based economy  
– proportion of managerial and professional  
staff in the workforce on the rise**

	<u>Managers, administrators and professionals</u>	<u>% share in total employment*</u>
1995	780 000	28%
2000	966 000	32%
2005	1 162 000	37%
2007	1 260 000	39%

\* Excluding foreign domestic helpers.

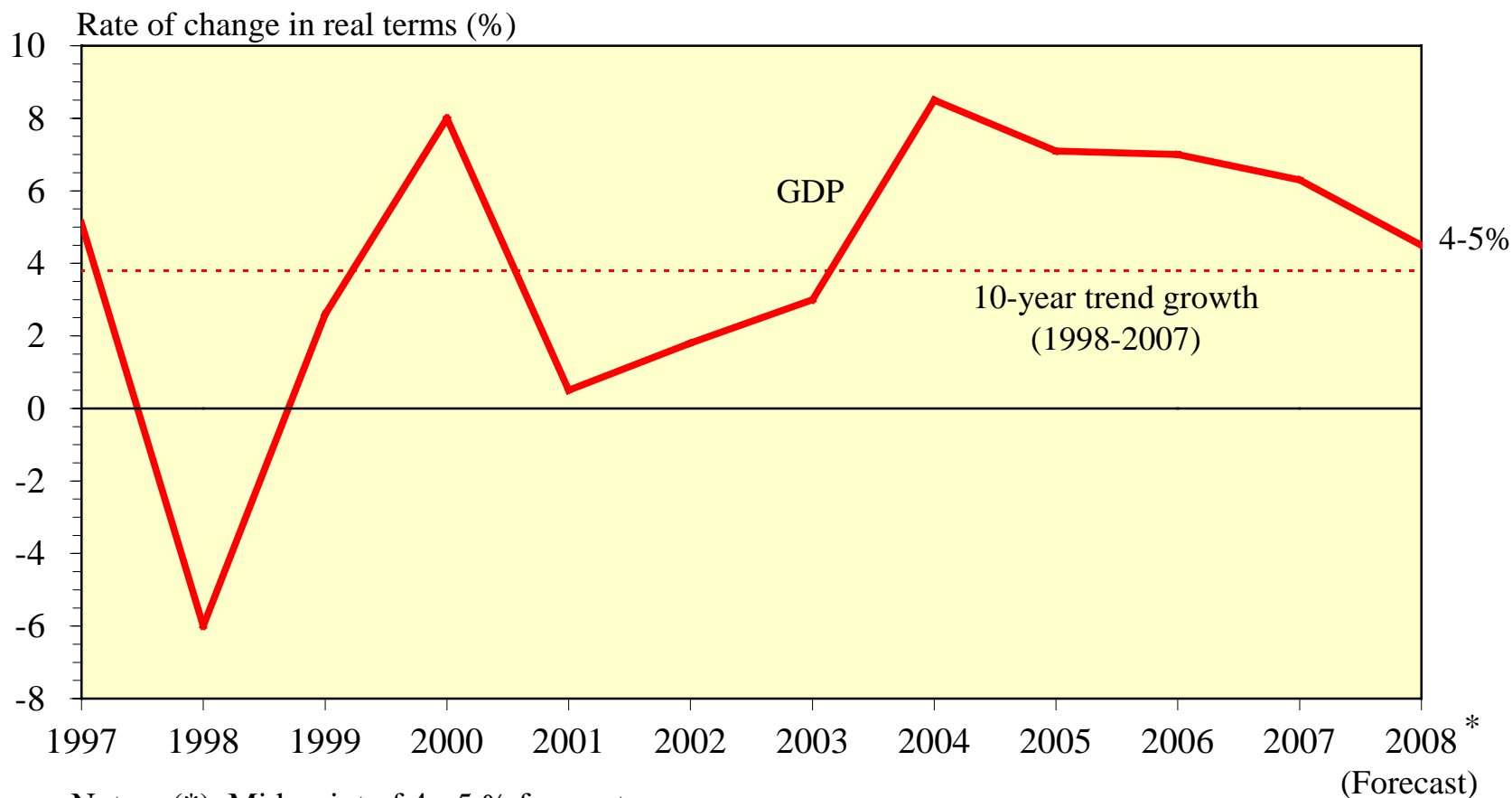
## Educational attainment of labour force improving



## 2008 Economic outlook

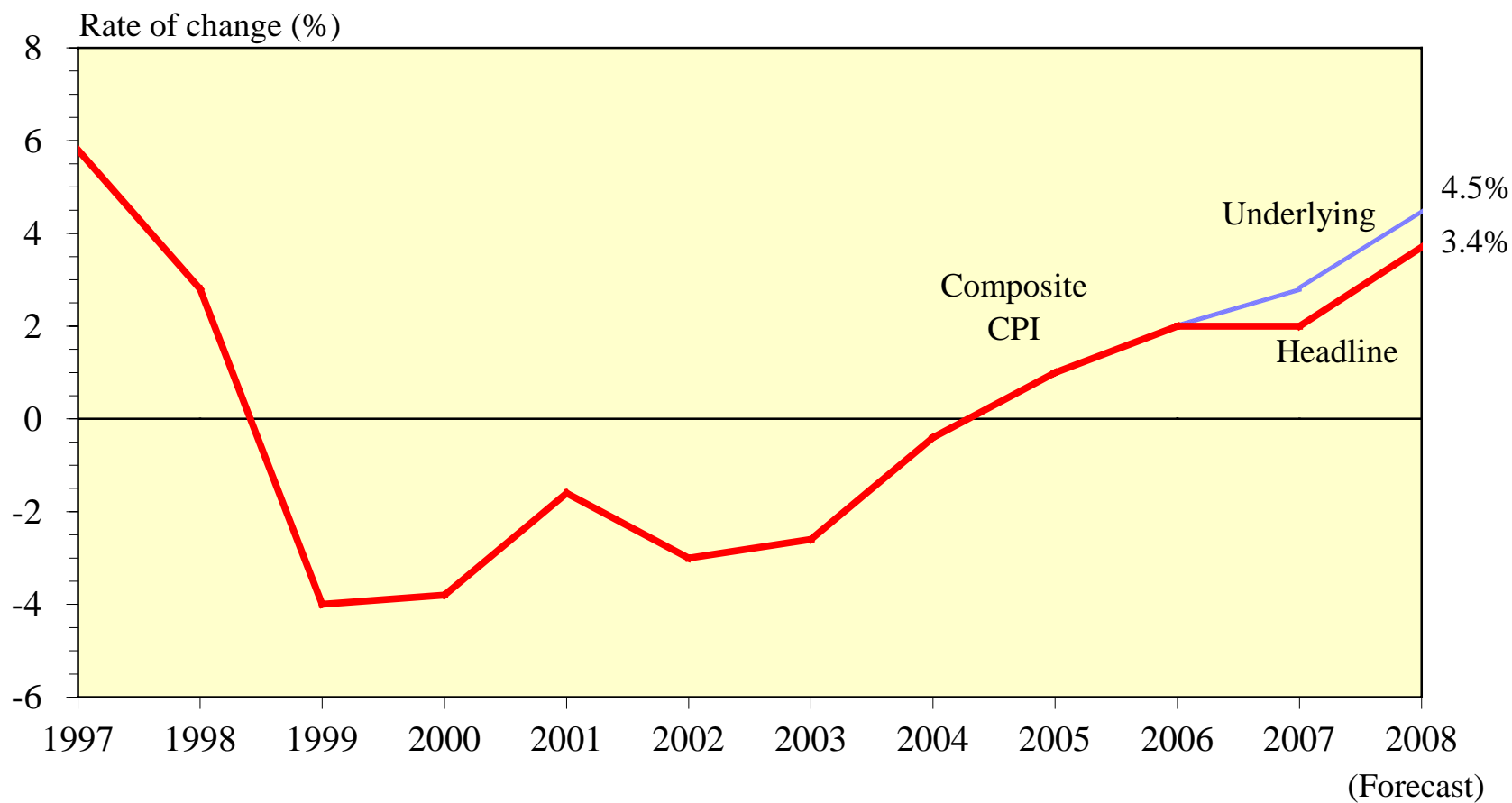
- GDP to expand further, at a solid pace of 4 – 5%, above the average of 3.8% over the past 10 years
- Strong momentum in the Mainland and other emerging market economies, coupled with lower interest rates, should help alleviate the impact arising from the weakness of the US and other advanced economies
- But the continuing global financial turbulence will increase the downside risks in the external environment
- Inflationary pressures to continue, in the face of rising wages and rentals locally, elevated food and energy prices globally, the renminbi appreciation and US dollar weakness

## Economy likely to expand solidly further in 2008





# Inflationary pressures to persist in 2008



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# Thank You

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