



香港特別行政區政府  
Hong Kong SAR Government

2010年經濟概況及2011年展望  
2010 Economic Background and 2011 Prospects

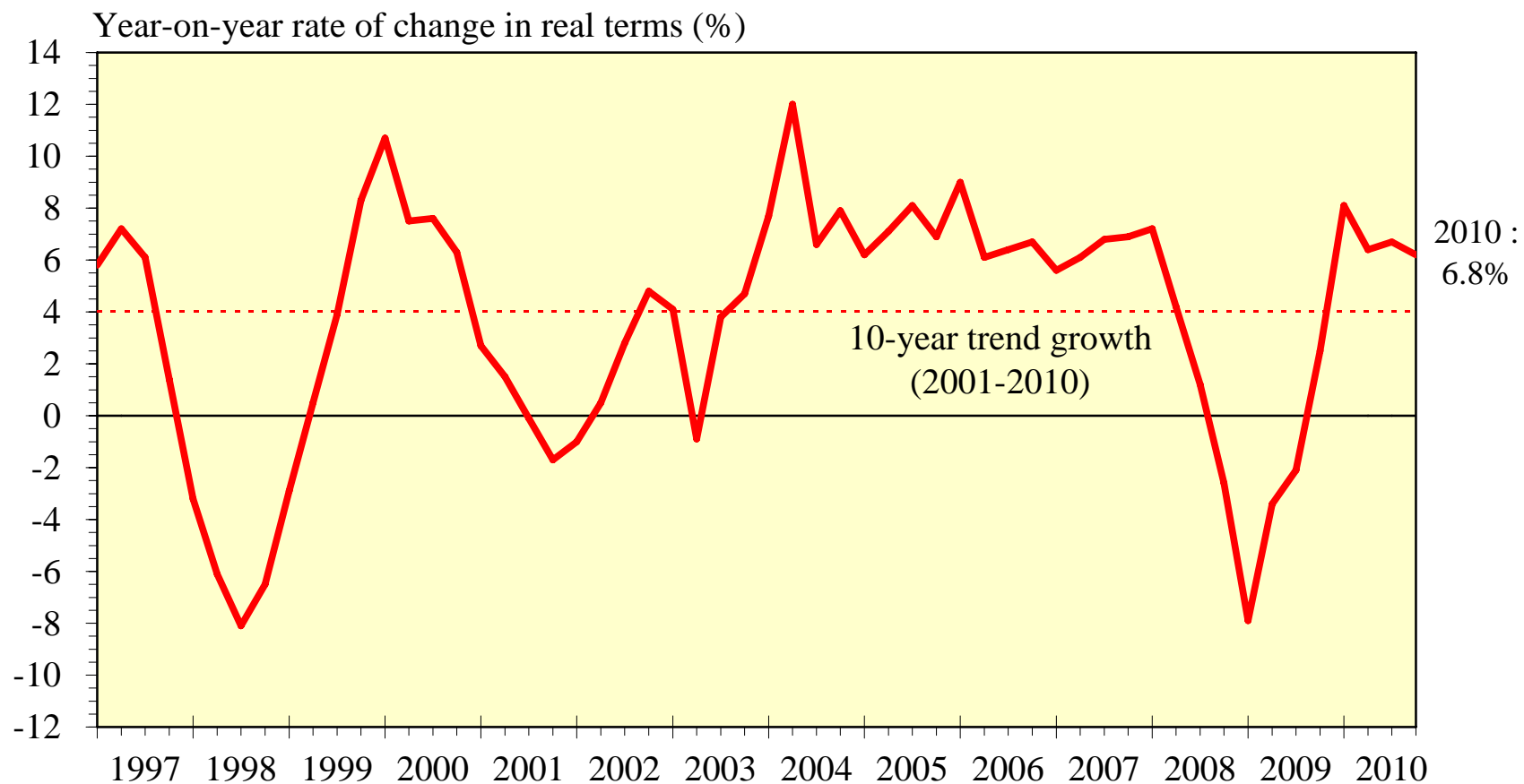
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23 February 2011

# 2010 Performance

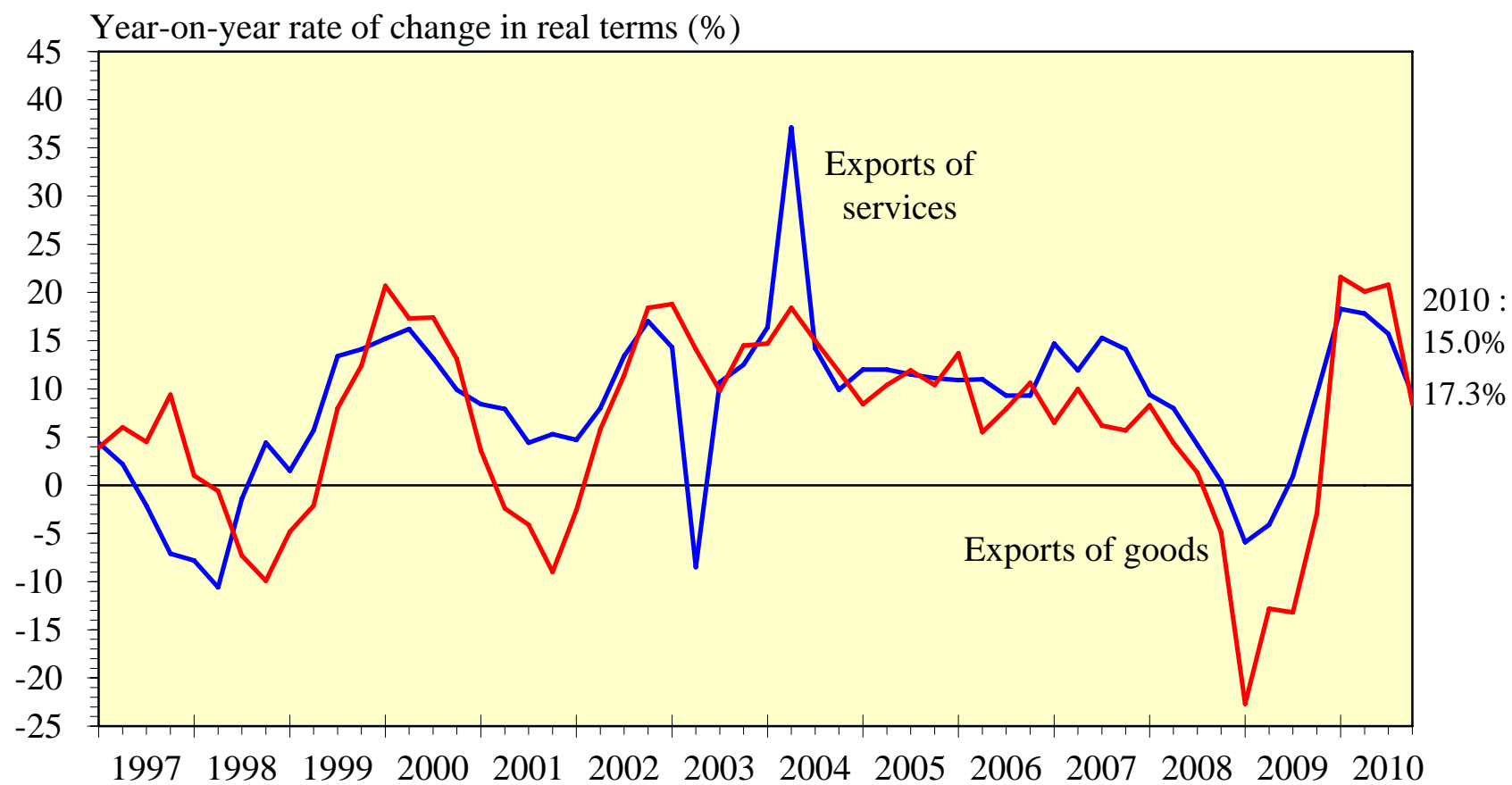
## **Salient features of economic performance in 2010**

- Economy maintained notable growth pace at 6.2% in Q4, making 6.8% growth for 2010 as a whole
- Full-fledged recovery
- Substantial job growth; unemployment down to 3.8% lately
- Inflation went up, due to higher imported inflation and return of local cost pressures

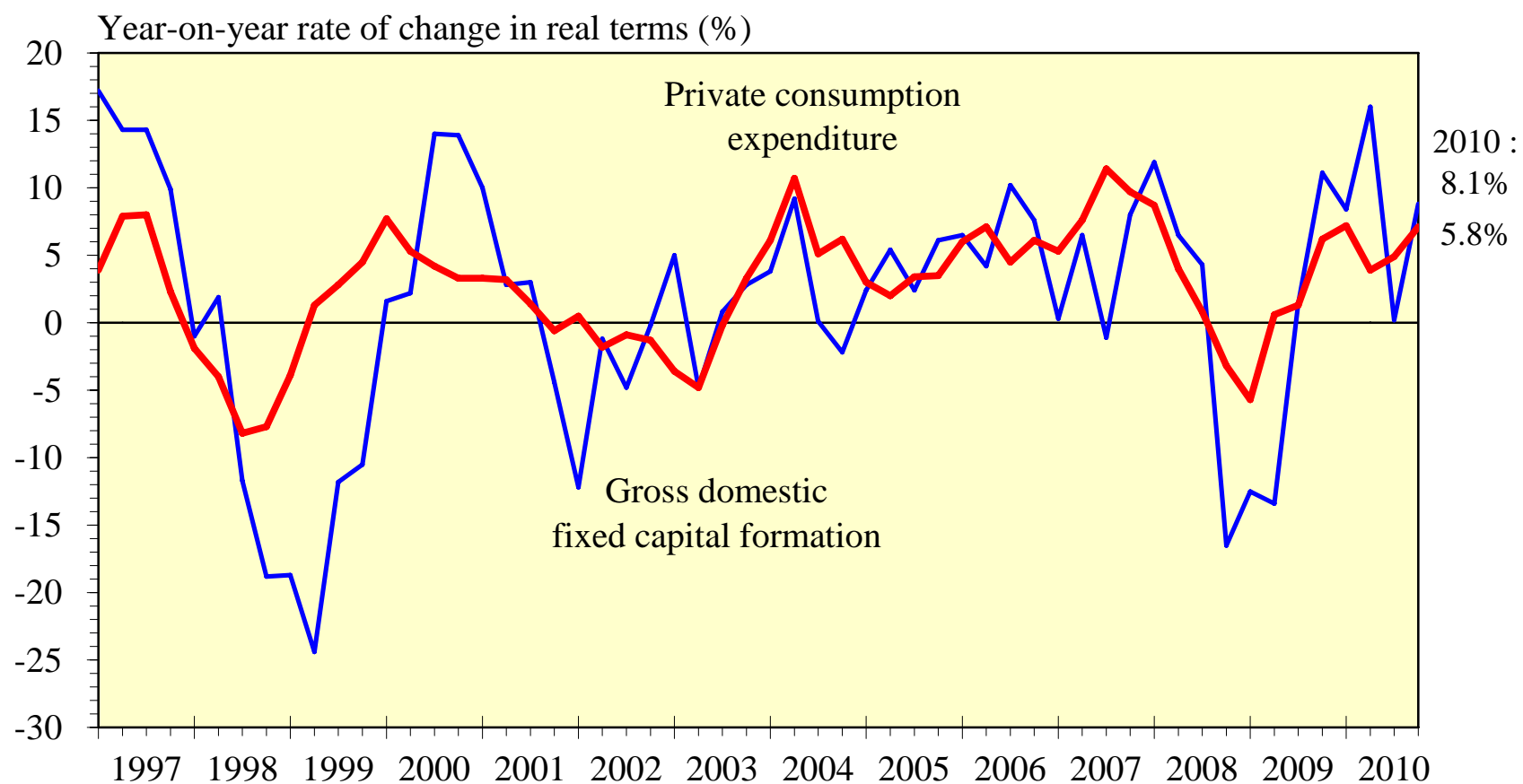
## Broad-based economic expansion in 2010



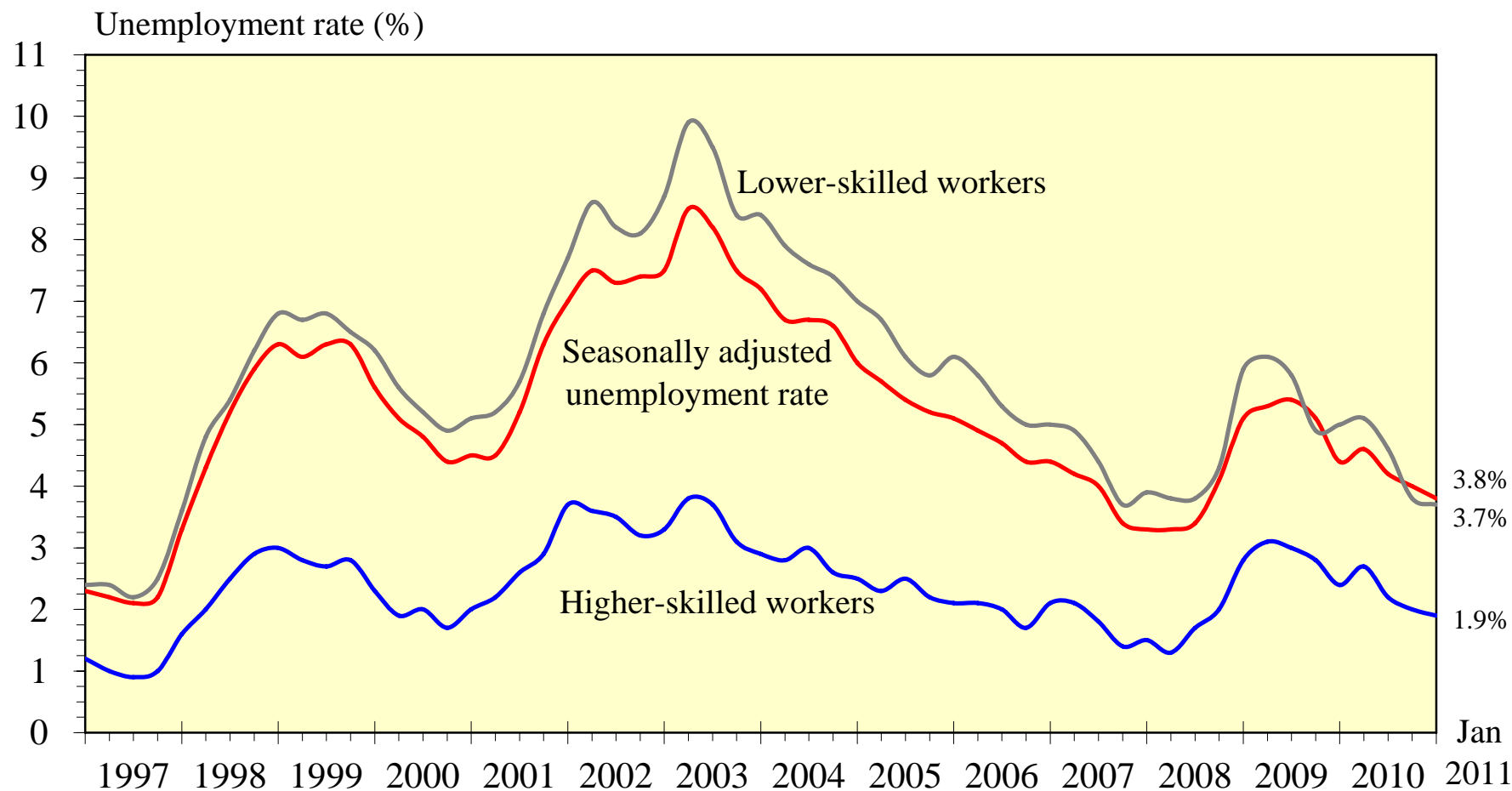
## Exports of both goods and services rebounded sharply



## Domestic sector was another key growth driver

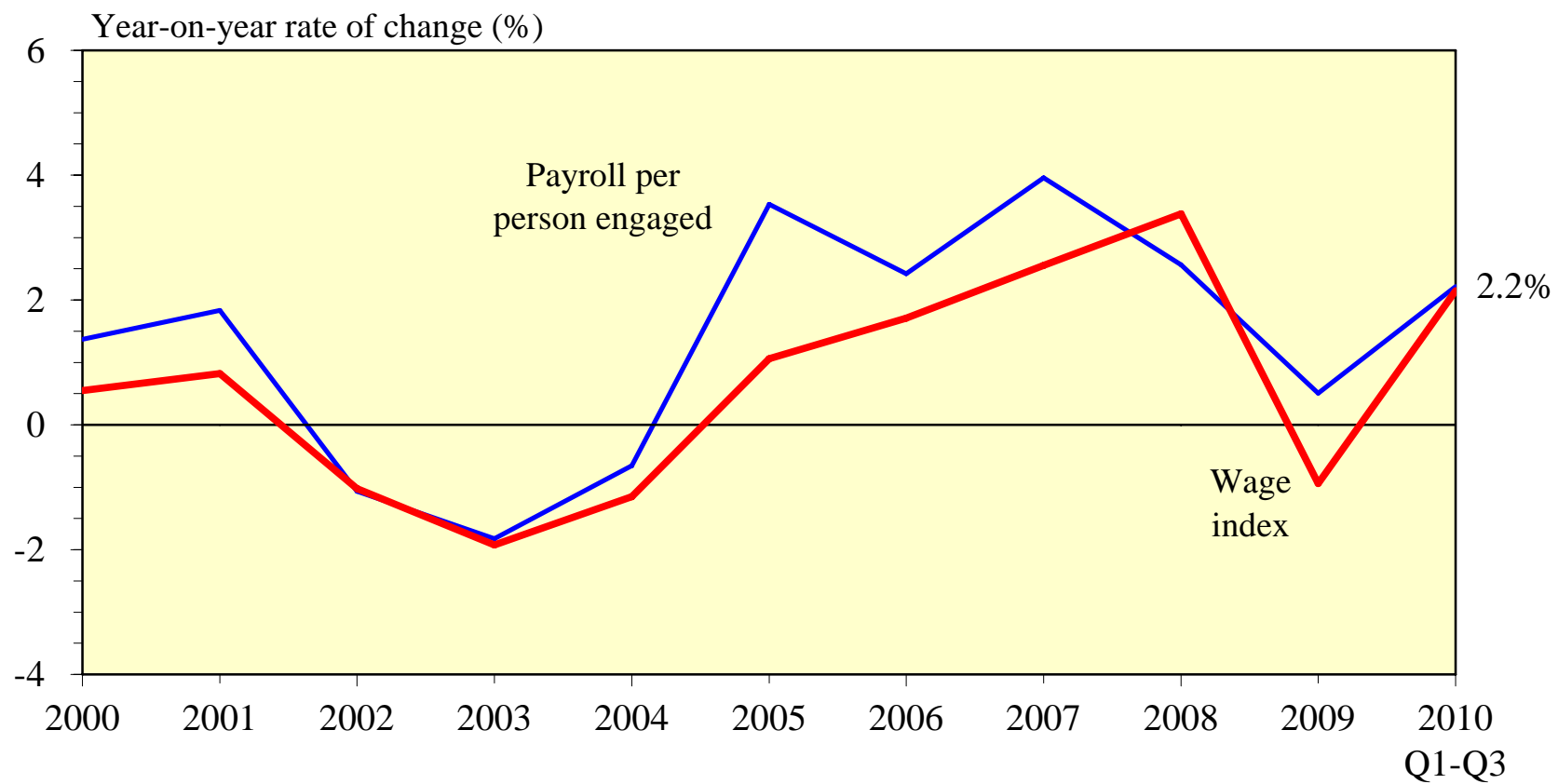


# Broad-based improvements in labour market



Note: Unemployment rates for lower-skilled and higher-skilled workers are not seasonally adjusted.

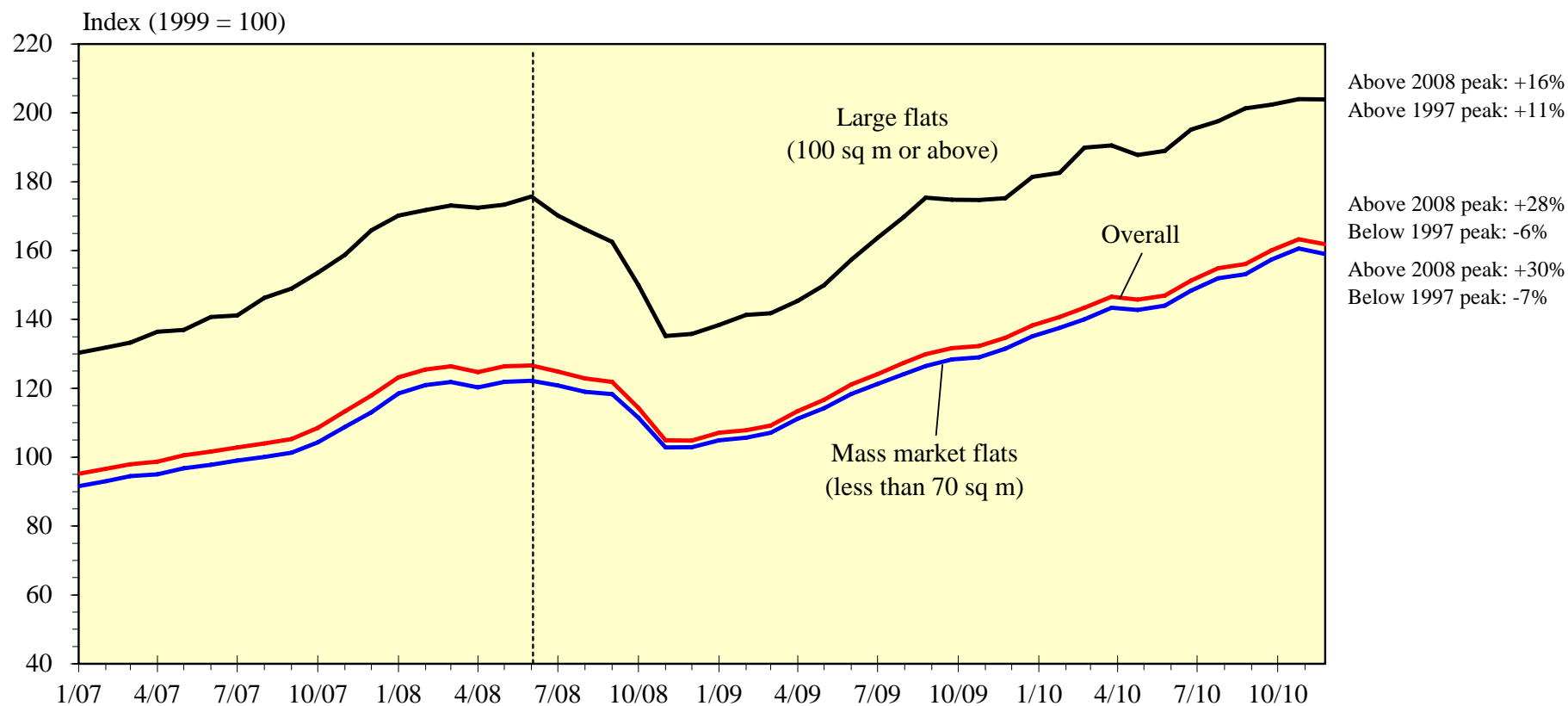
## Labour incomes rose further



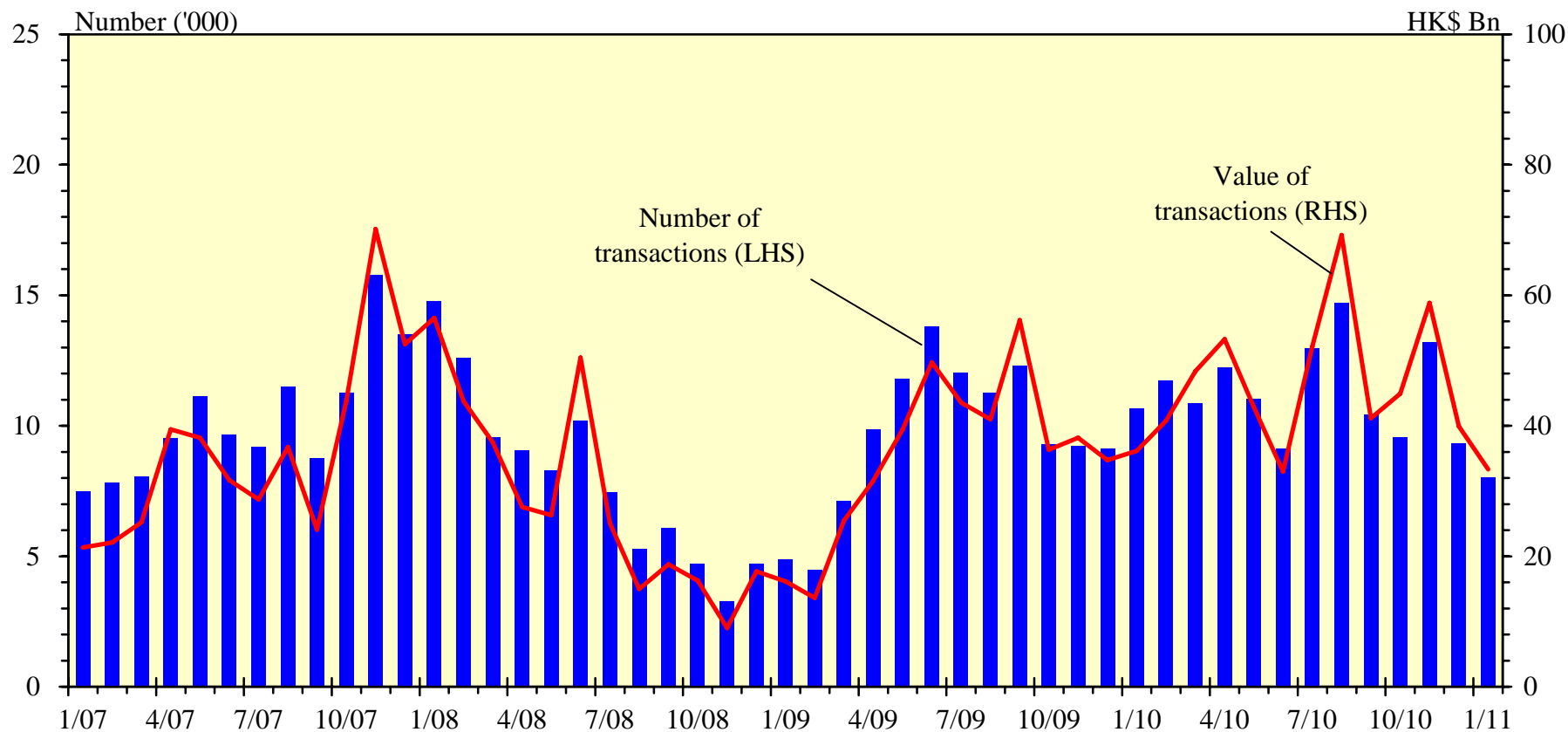


# Property Market

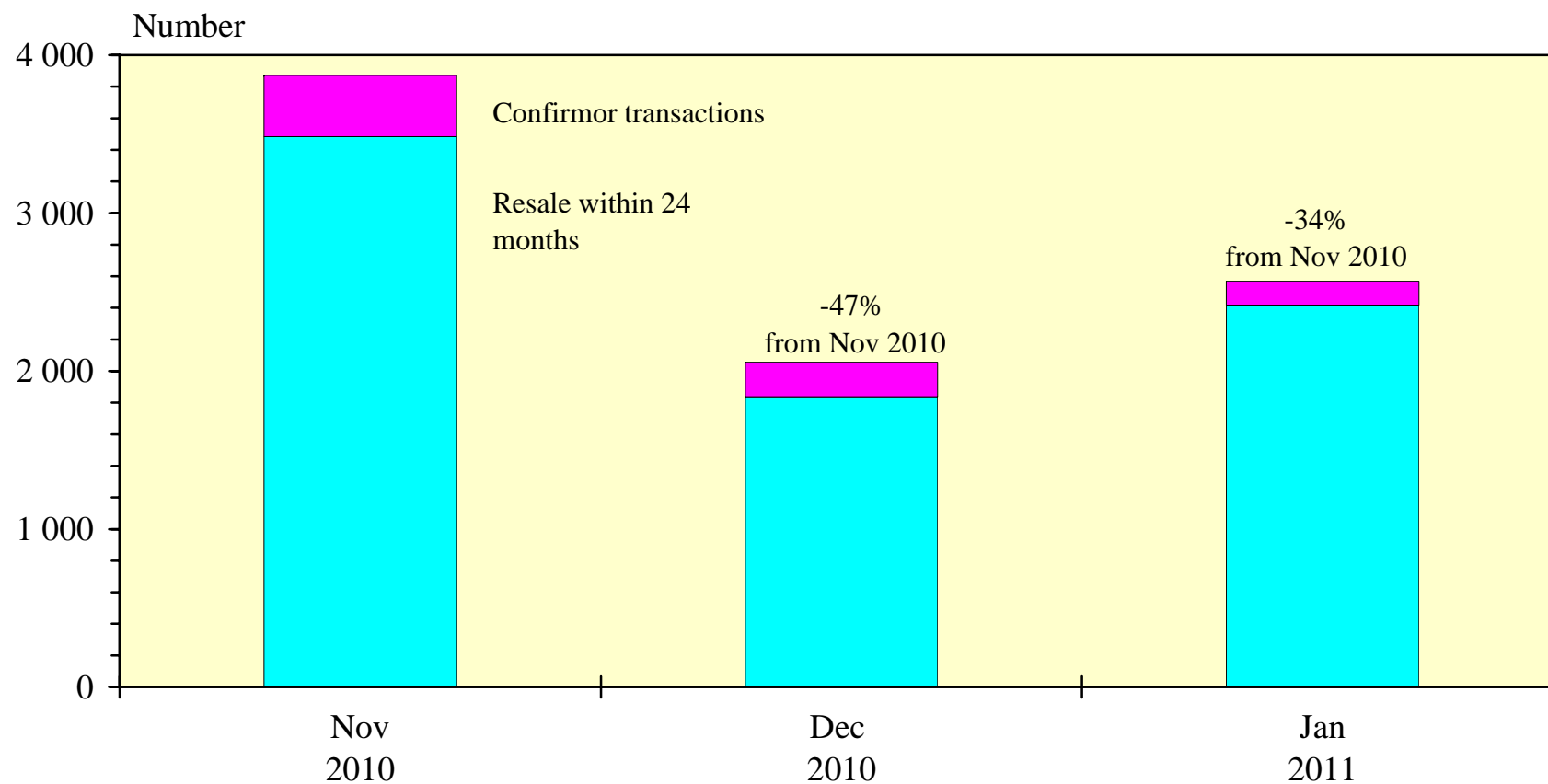
# Flat prices rose by another 20% in 2010, under the boost of abundant liquidity and tight supply



# Transactions sharply lower in December 2010 and January 2011 following SSD

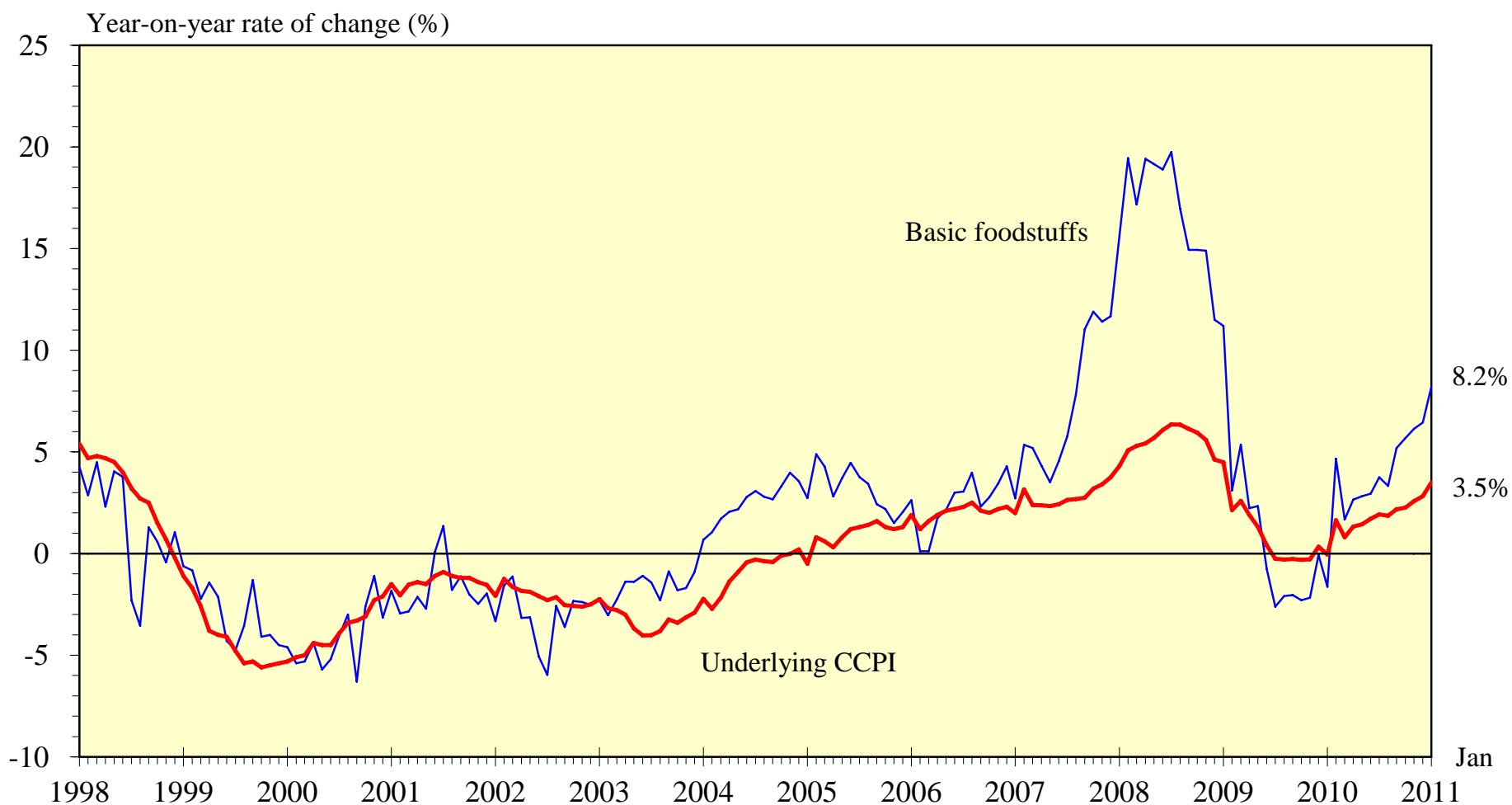


## Short-term resale largely subsided, down 34% in January 2011 over November 2010

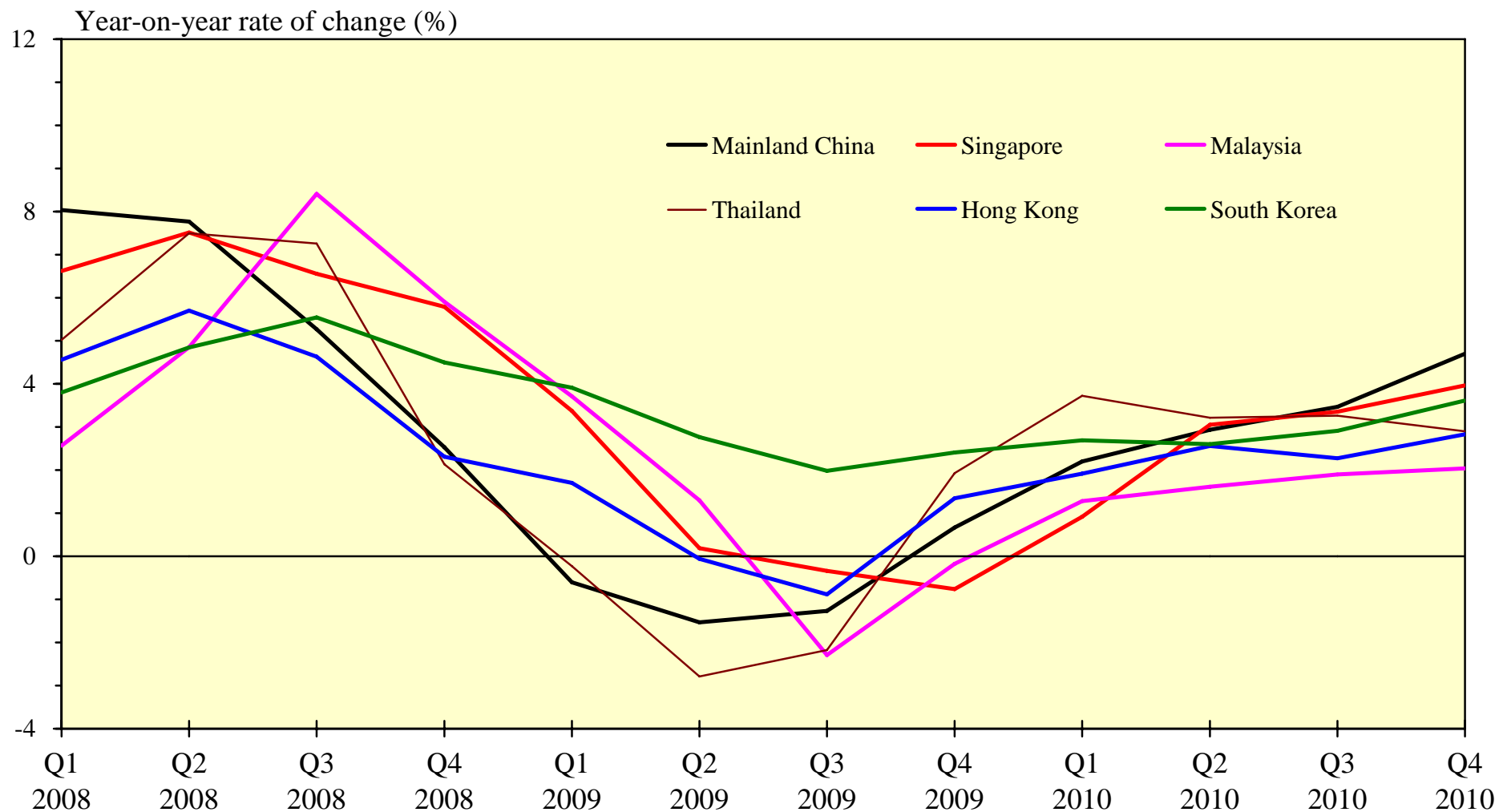


# Inflation

# Inflation climbed up further, driven by higher imported inflation and rise-back in domestic pressures



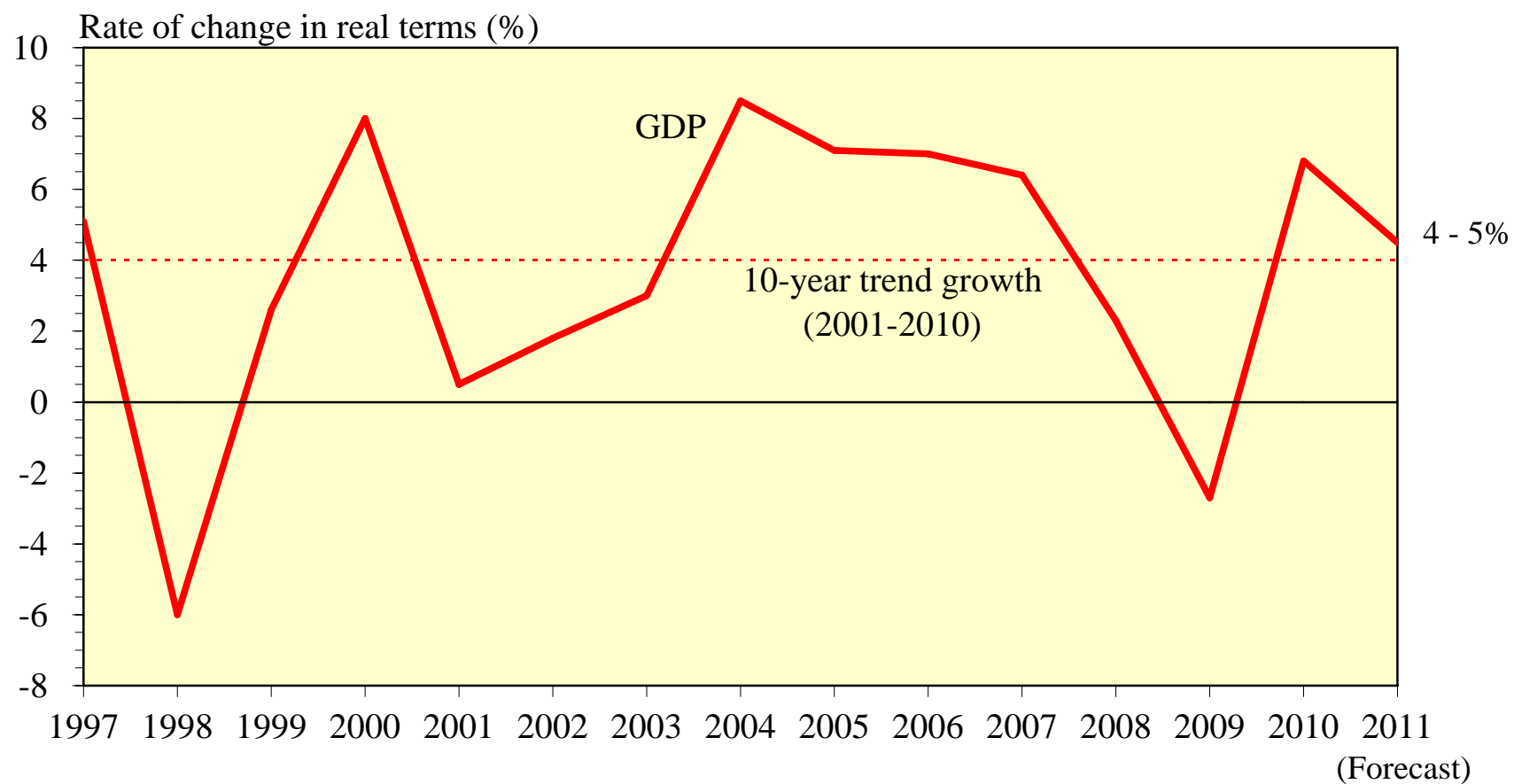
# Rising inflation is a common phenomenon in Asia



# 2011 Economic Outlook



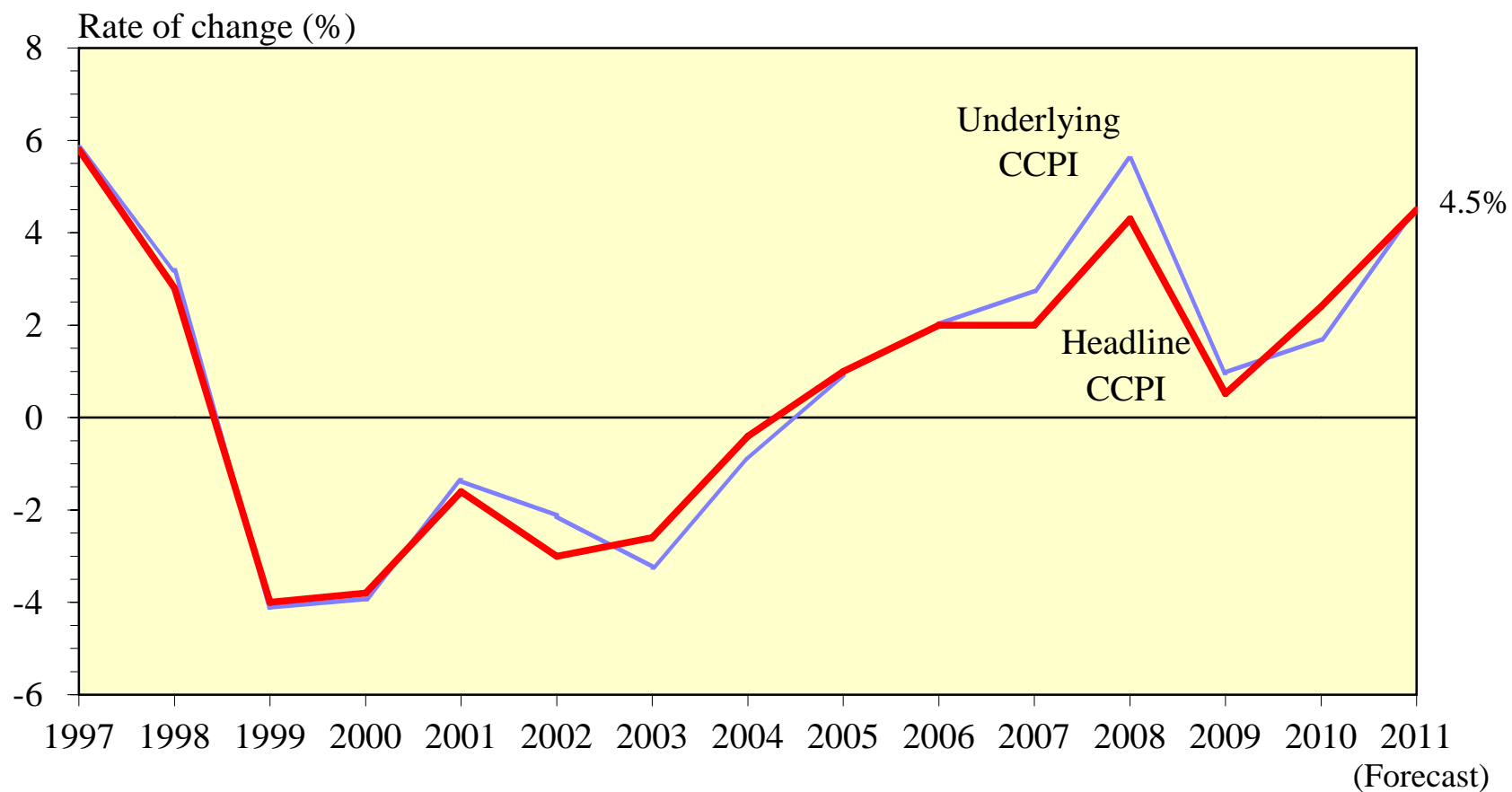
## Economy poised for solid growth in 2011



## 2011 Economic outlook

- Outlook for 2011 is for economy to return to more normal growth path
- Another year of good growth in merchandise exports, though not as rapid as in 2010
- Domestic demand and inbound tourism likely to take up a more prominent role in driving overall economic growth
- **GDP growth forecast for 2011 : 4% to 5%**
- **Underlying inflation will go higher to 4.5%**

## Inflation will go higher to 4.5% in 2011



## **Major sources of risks**

### **External:**

- Sovereign debt problem in the eurozone
- Fragile fundamentals in many advanced economies
- Rising protectionist sentiments in developed economies

### **Local:**

- **Housing market exuberance**
- **Rising inflation**

## Housing market

**Several rounds of measures since the 2010 Budget to contain housing market bubble risks, along 4 directions:**

- **Increase land supply**
- **Curtail speculation**
- **Tighten mortgage terms to forestall excessive credit growth**
- **Increase market transparency**

## **Inflation risks**

- Relief measures to alleviate the impact of inflation on the lower-income group
- Ensure stable and sufficient food supply
- Targeted measures to forestall housing market bubble
- Macro-prudential measures by HKMA
- Contain public expenditure over the medium term
- Inflation-linked bonds

## **Medium term prospects are bright**

- Transformation towards high value-added and knowledge-based economy
- Strengthening economic integration with the Mainland
- The National 12<sup>th</sup> Five-Year Plan: New opportunities
- Uphold Hong Kong's status as international financial centre and regional business hub
- Six economic areas to complement the four traditional pillar industries
- Large-scale infrastructure projects

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**Thank you**

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**23 February 2011**