



Hong Kong SAR Government

First Quarter Economic Report 2013 & Updated economic forecasts for 2013

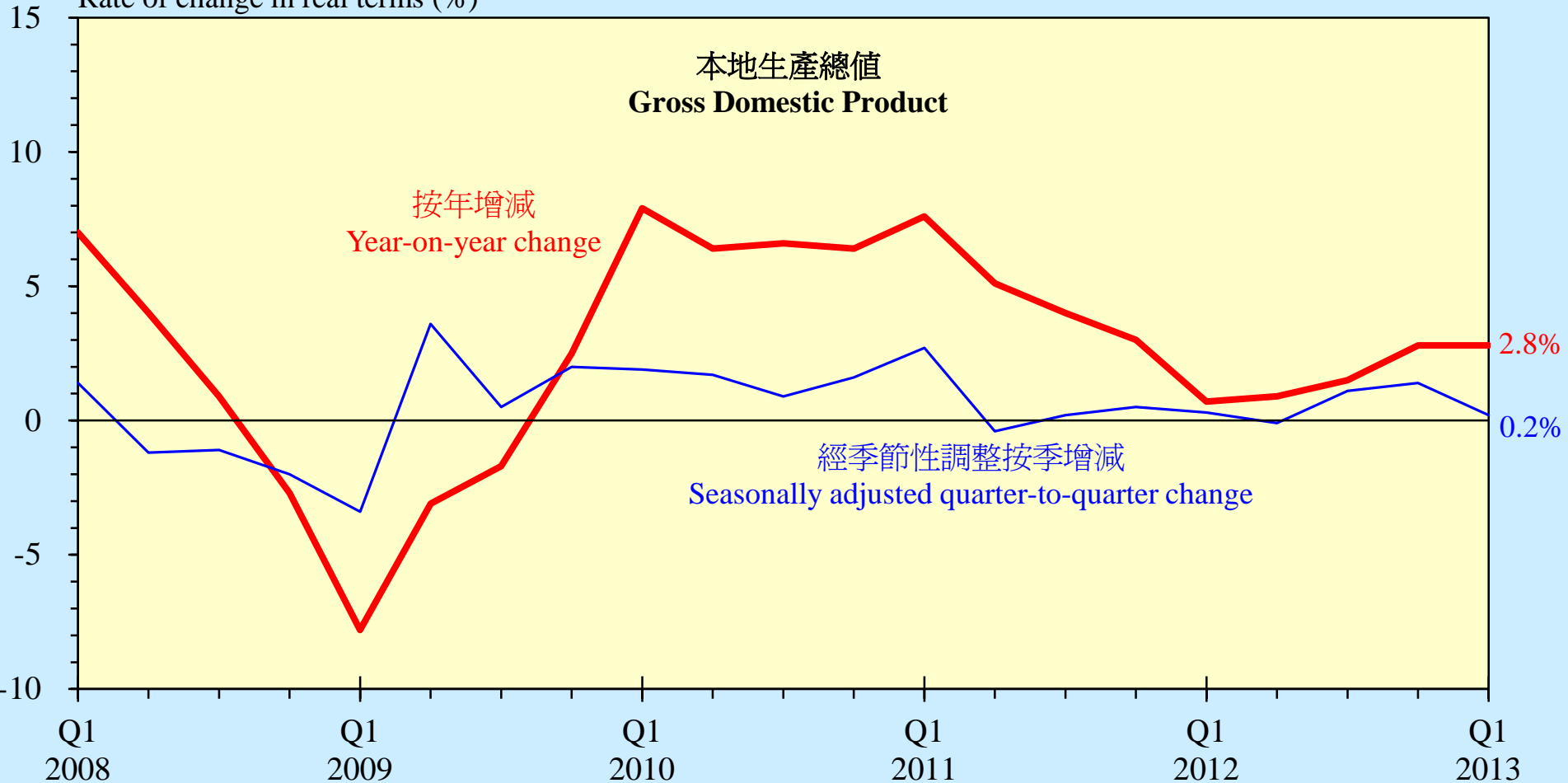
10 May 2013

Economic performance in 2013 Q1

Economy grew by 2.8% in Q1

實質增減率 (%)

Rate of change in real terms (%)

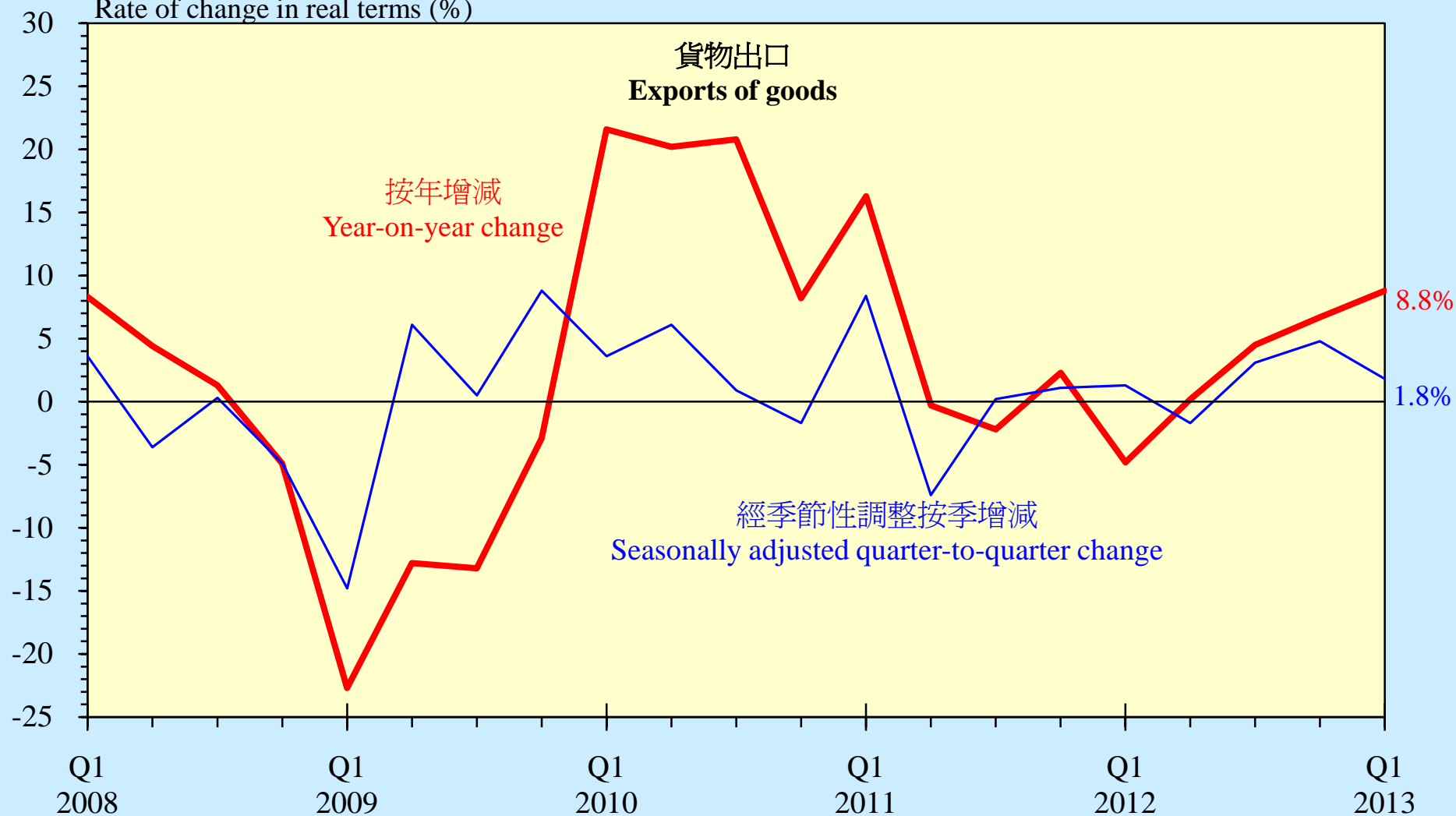


External sector

Exports of goods accelerated in growth, though with considerable volatilities during the quarter

實質增減率 (%)

Rate of change in real terms (%)



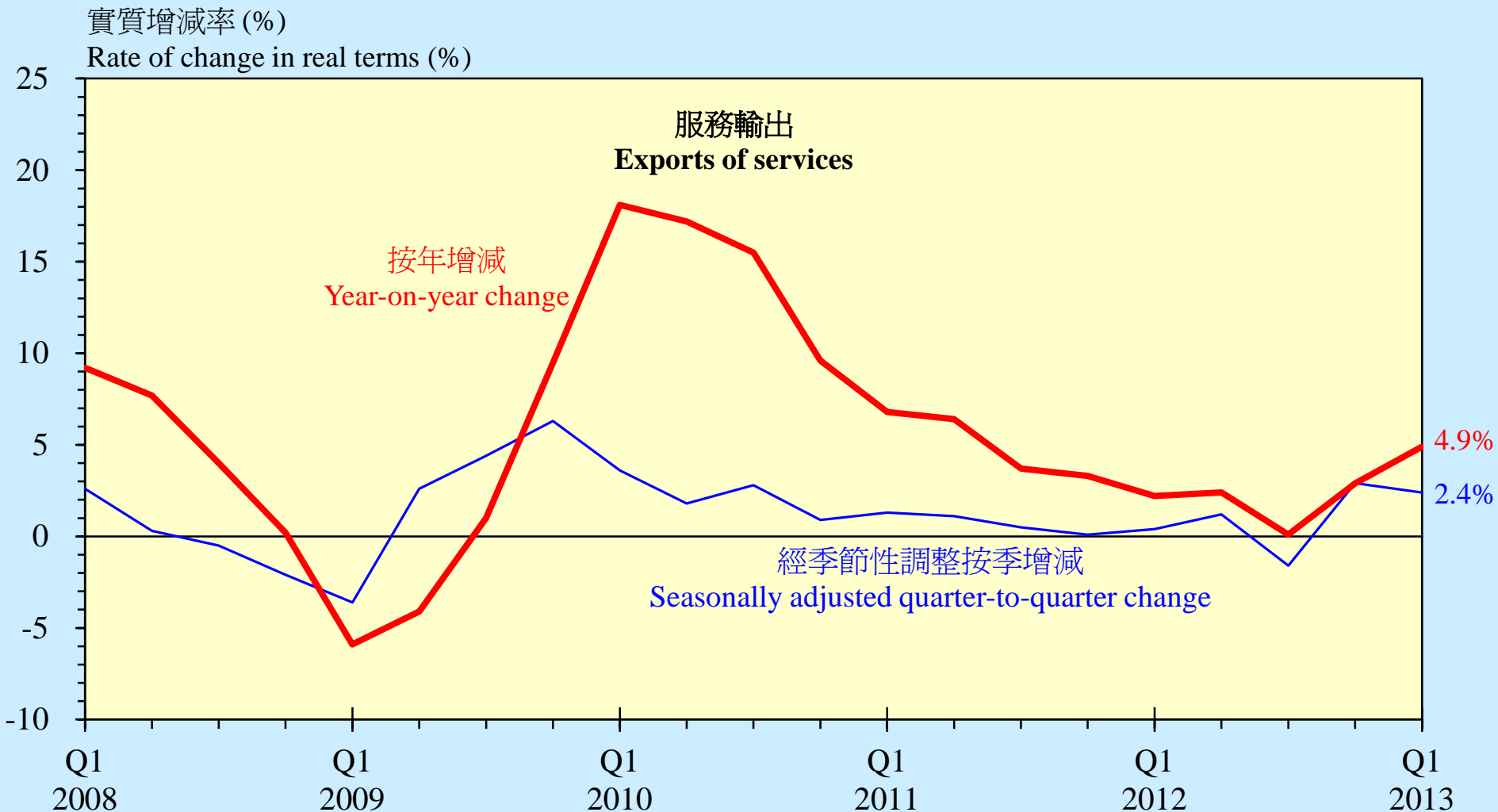
Exports to Mainland and Asia remained the bright spot, yet the US and EU markets weakened again

Hong Kong's merchandise exports in volume terms

Year-on-year rate of change (%)

		EU	USA	Mainland	Japan	Other Asia
2012	Q1	-9.7	-7.1	-7.8	-1.5	-7.4
	Q2	-12.5	0.1	-0.6	1.5	-2.2
	Q3	-14.1	-0.1	9.7	3.3	-4.4
	Q4	-4.8	1.4	12.1	0.4	-2.4
	Annual	-10.4	-1.3	3.4	0.9	-4.1
2013	Q1	-5.4	-5.0	8.5	-4.9	3.8

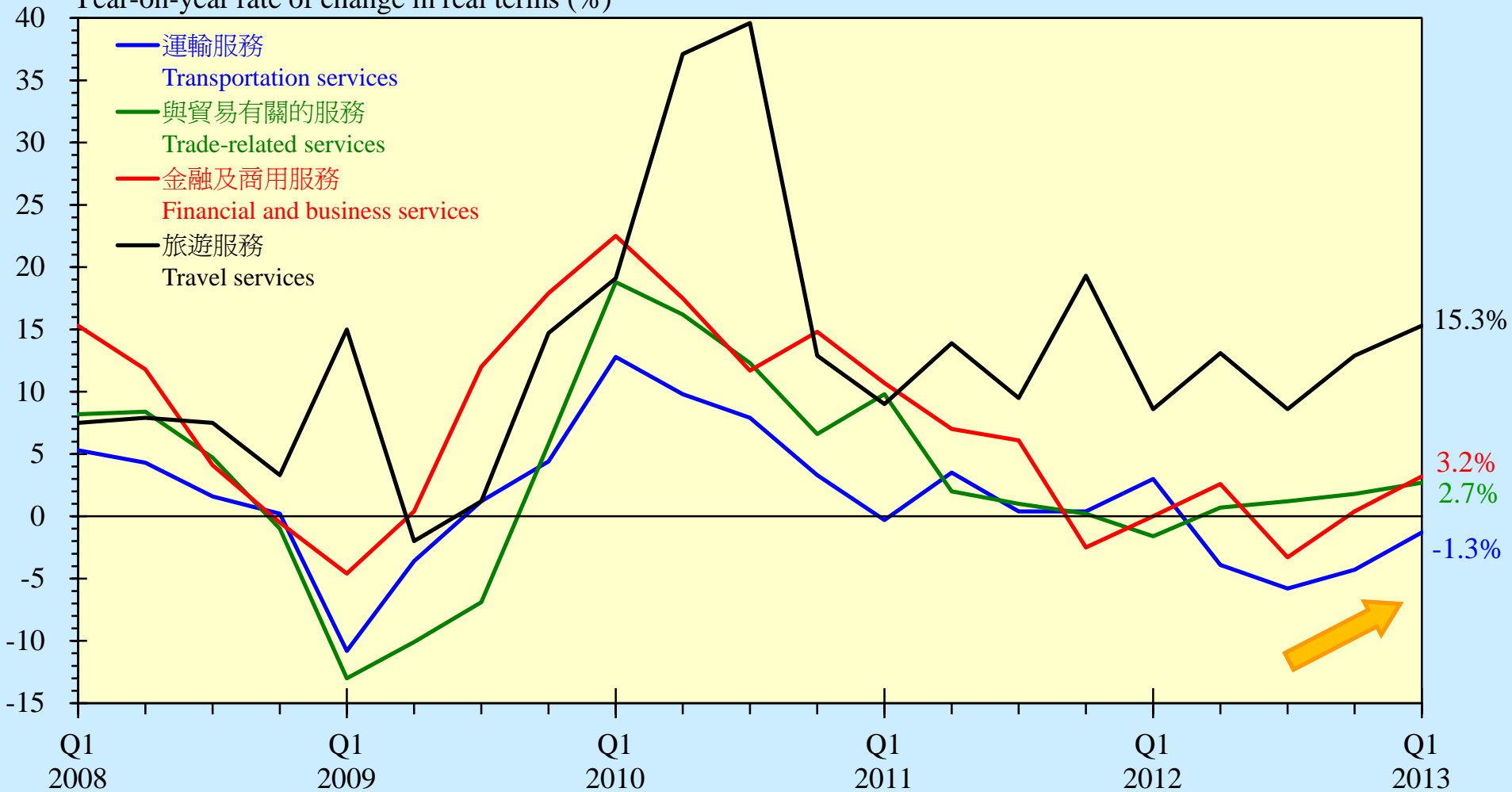
Exports of services strengthened further...



...mainly supported by vibrant tourism, while other service exports also saw some relative improvements

按年實質增減率 (%)

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

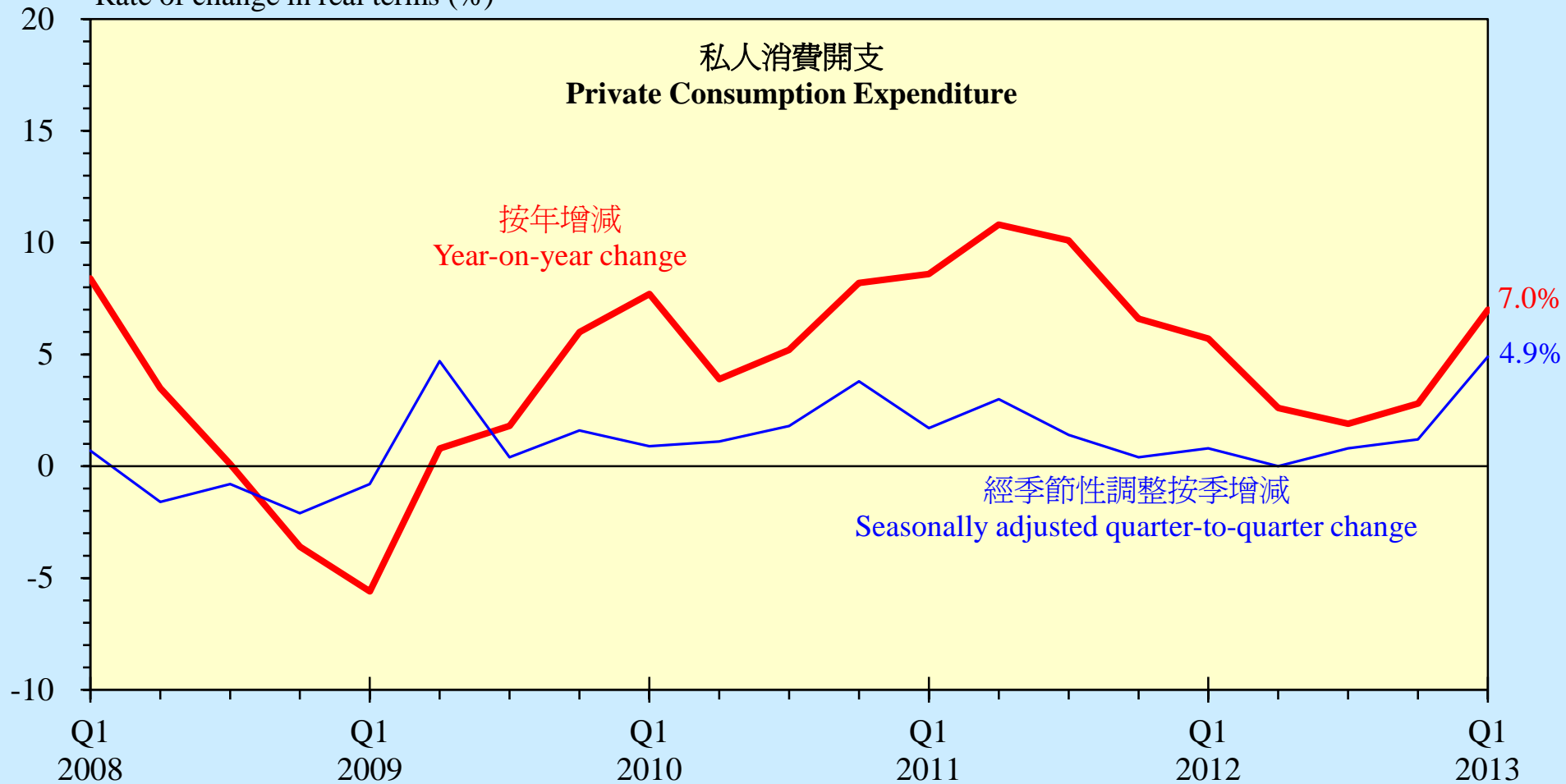


Domestic sector

Private consumption grew strongly on stable labour market and improved incomes

實質增減率(%)

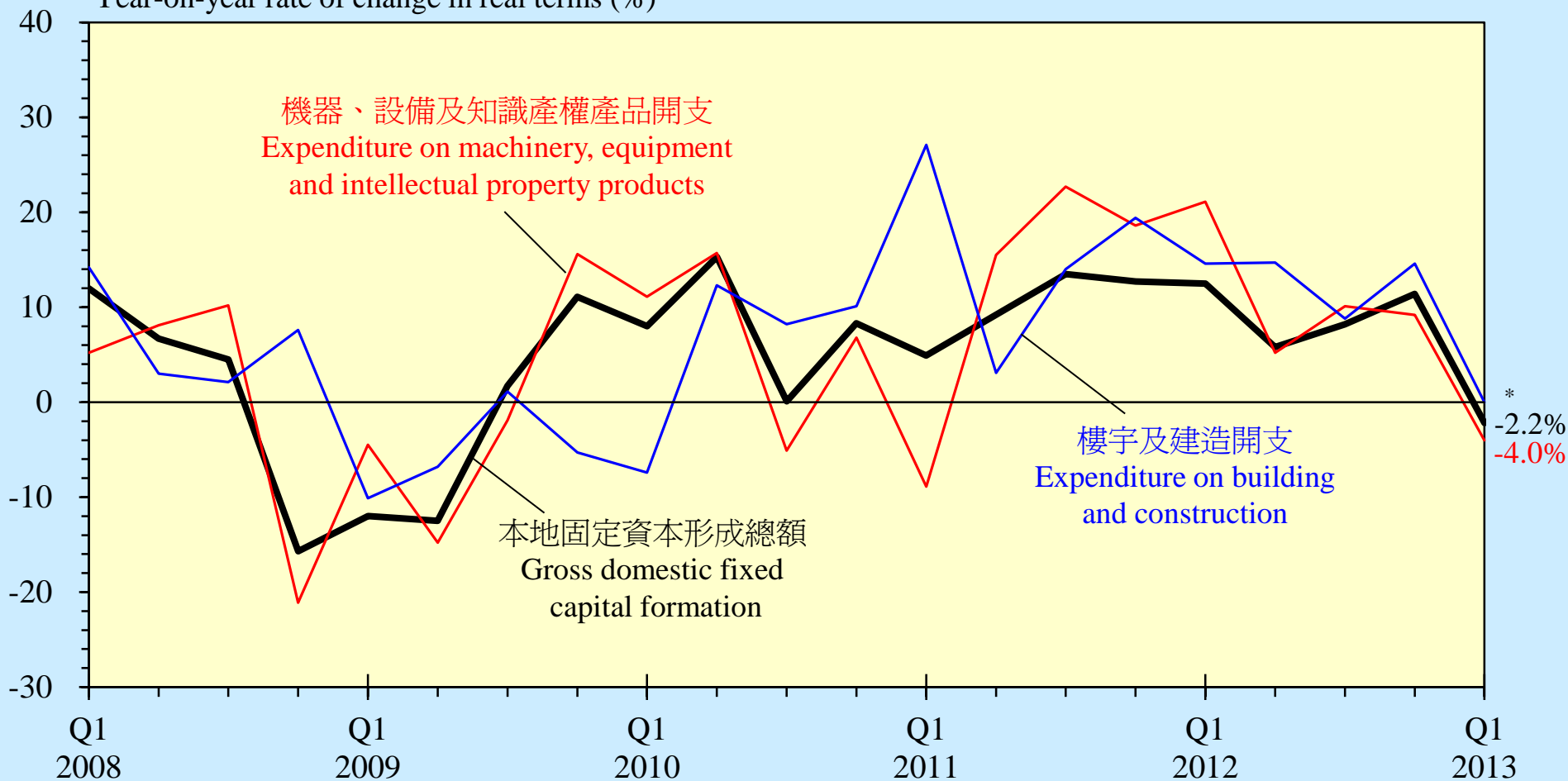
Rate of change in real terms (%)



Investment spending fell back slightly

按年實質增減率 (%)

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



註： (*) 增減小於0.05%。

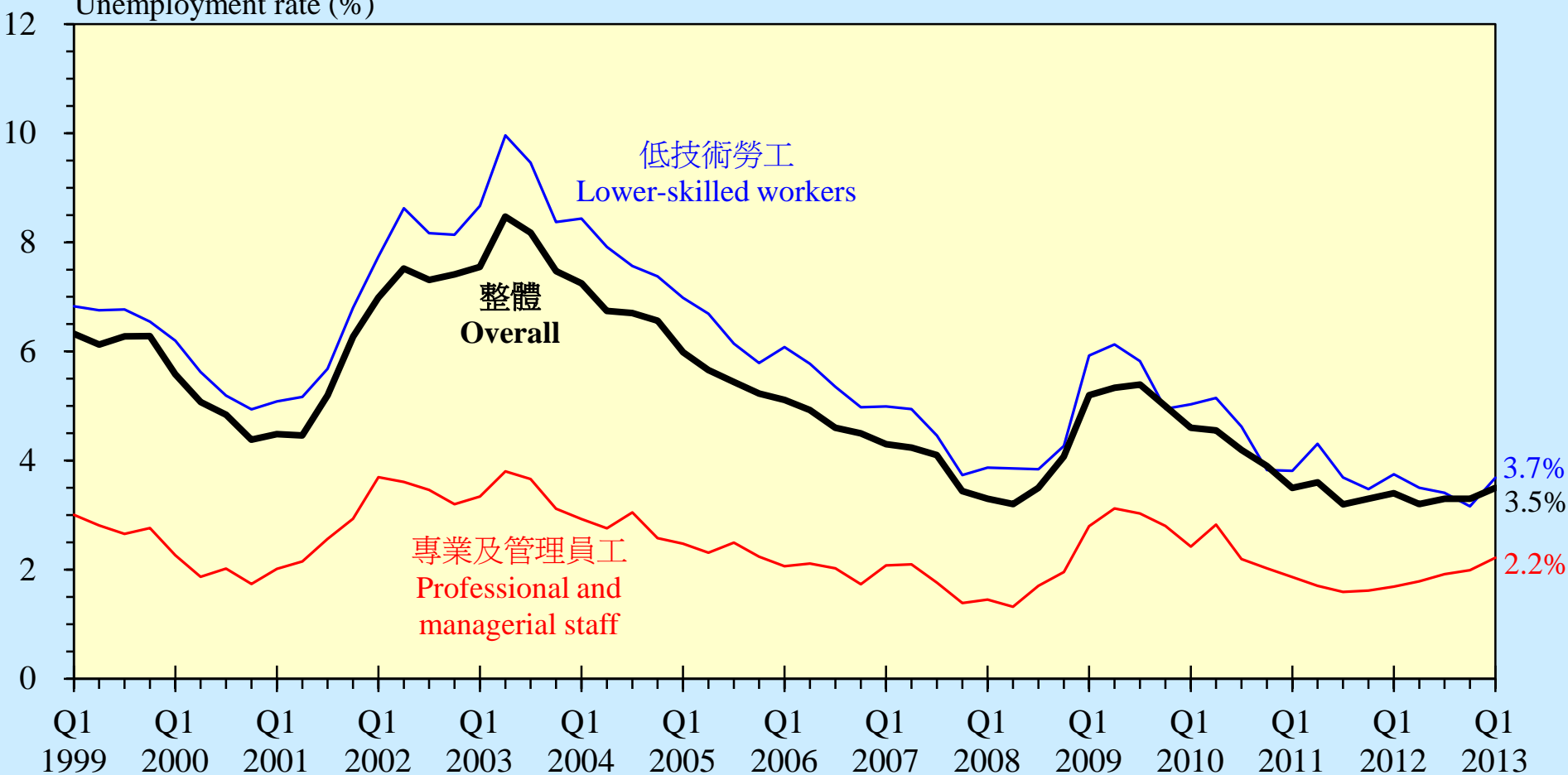
Note : (*) Change less than 0.05%.

Labour market

Unemployment rate edged up, but still at low level

失業率 (%)

Unemployment rate (%)



註：除整體失業率外，其他均為未經季節性調整數字。

Note: Not seasonally adjusted except the overall unemployment rate.

Incomes continued to improve

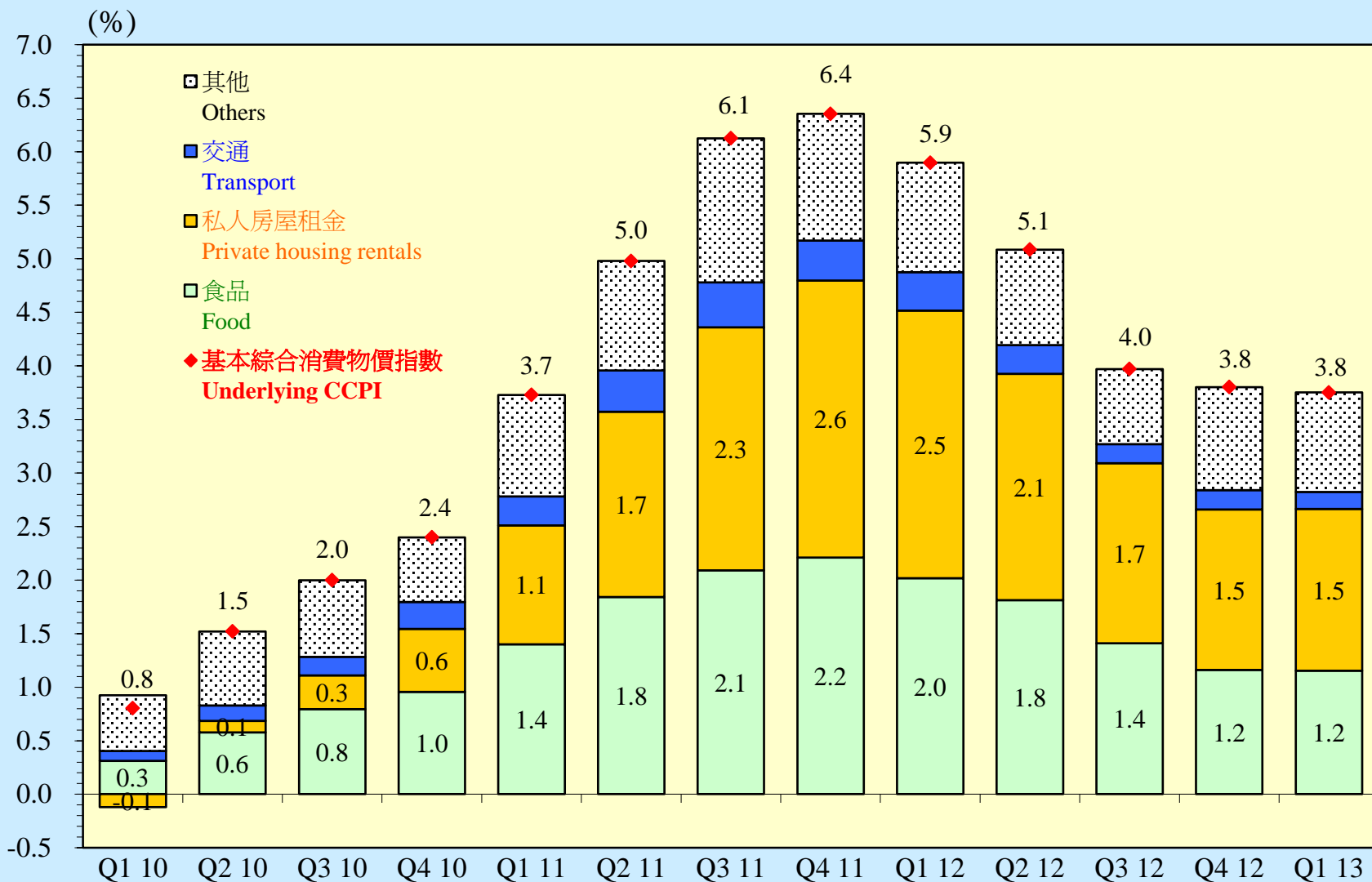
	Year-on-year rate of change	
	Nominal	Real
Index of Payroll per person engaged (2012 Q4)	5.9%	2.0%
Median household income (2013 Q1)	5.8%	2.0%
Average monthly employment earnings of full-time employees in the lowest decile group (2013 Q1)	7.7%	3.4%

Inflation

Underlying inflation held steady at 3.8% in Q1 2013

基本綜合消費物價指數按年變動率的主要組成項目

Contribution to the year-on-year rate of change in the underlying Composite Consumer Price Index by major component

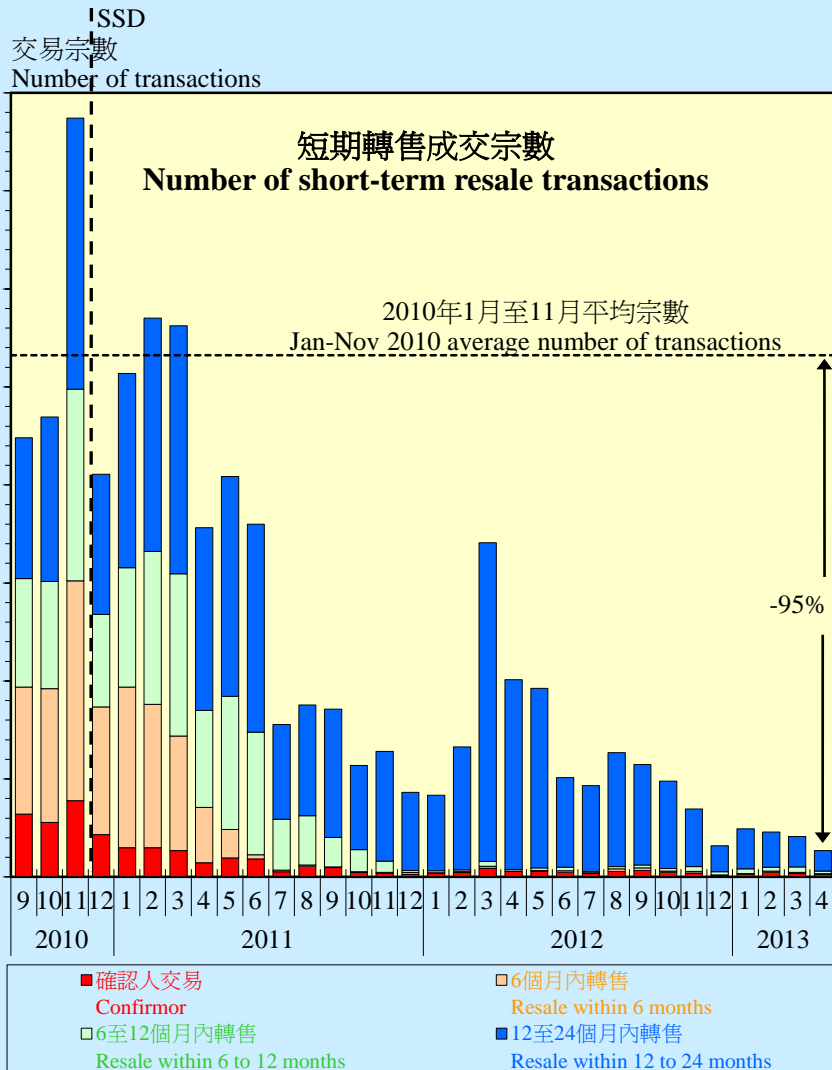


Local property market

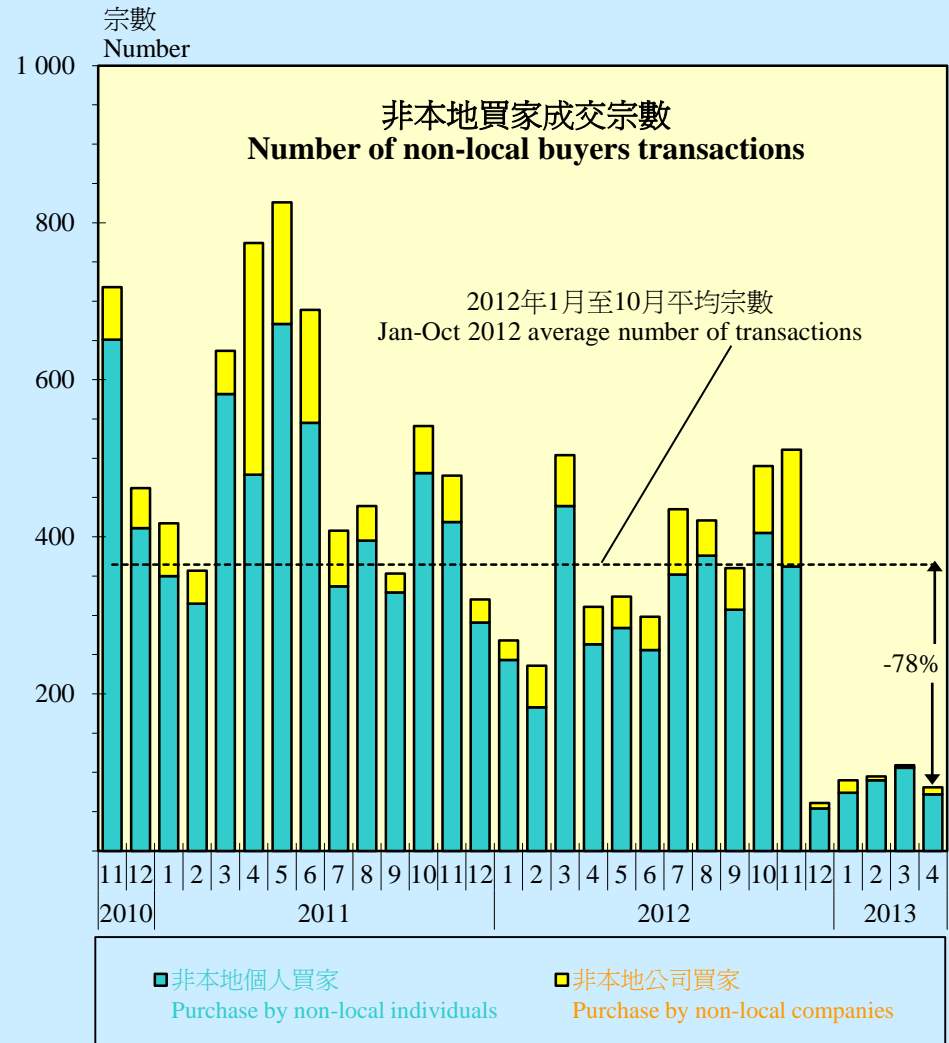
The Government always vigilant to housing bubble risks

- Raising flat supply through increasing land supply as top policy priority
- Counter-cyclical measures to manage demand, including SSD (Nov 2010), enhanced SSD and BSD (Oct 2012), and across-the-board rise in ad valorem stamp duty rates (Feb 2013)
- Six rounds of macro-prudential measures on mortgage lending business since Oct-2009 to safeguard financial stability

SSD curbed speculative activities effectively



BSD also stemmed non-local demand



資料來源：稅務局
Source: Inland Revenue Department.

Supply side measures yielding some positive results

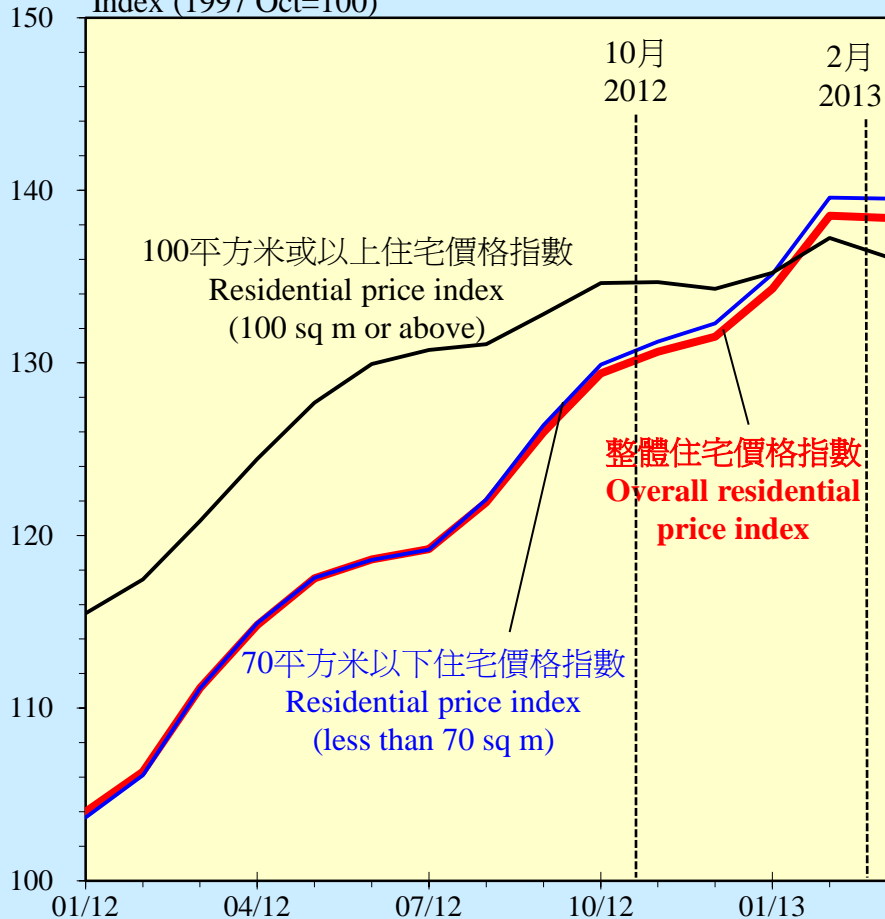
	<u>Consent to commence general building and superstructure work</u>	<u>Completions</u>	<u>Medium term supply (end-year)</u>
2009	10 300	7 157	53 000
2010	10 100	13 405	59 000
2011	14 100	9 449	62 000
2012	18 200	10 100	67 000
2013 (F)	-	13 600	
2014 (F)	-	15 800	

Property market softened after the latest round of demand management measures

住宅價格在三月回軟

Flat prices softened in March

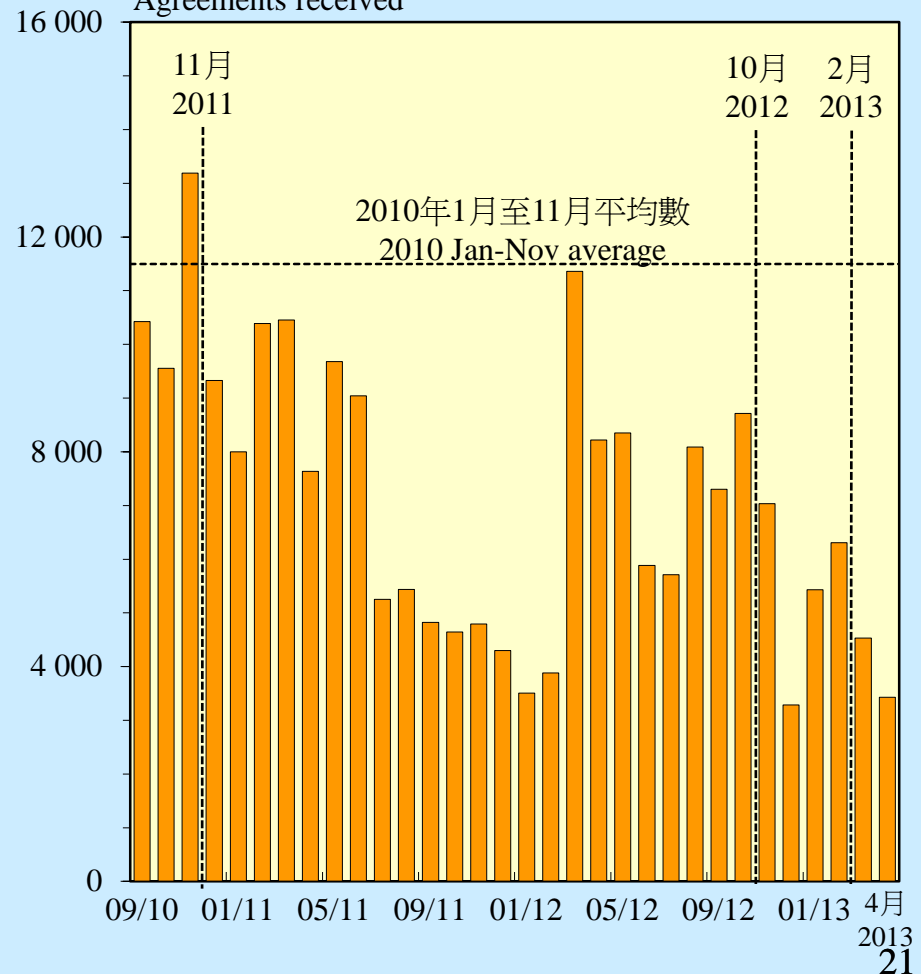
指數(一九九七年十月=100)
Index (1997 Oct=100)



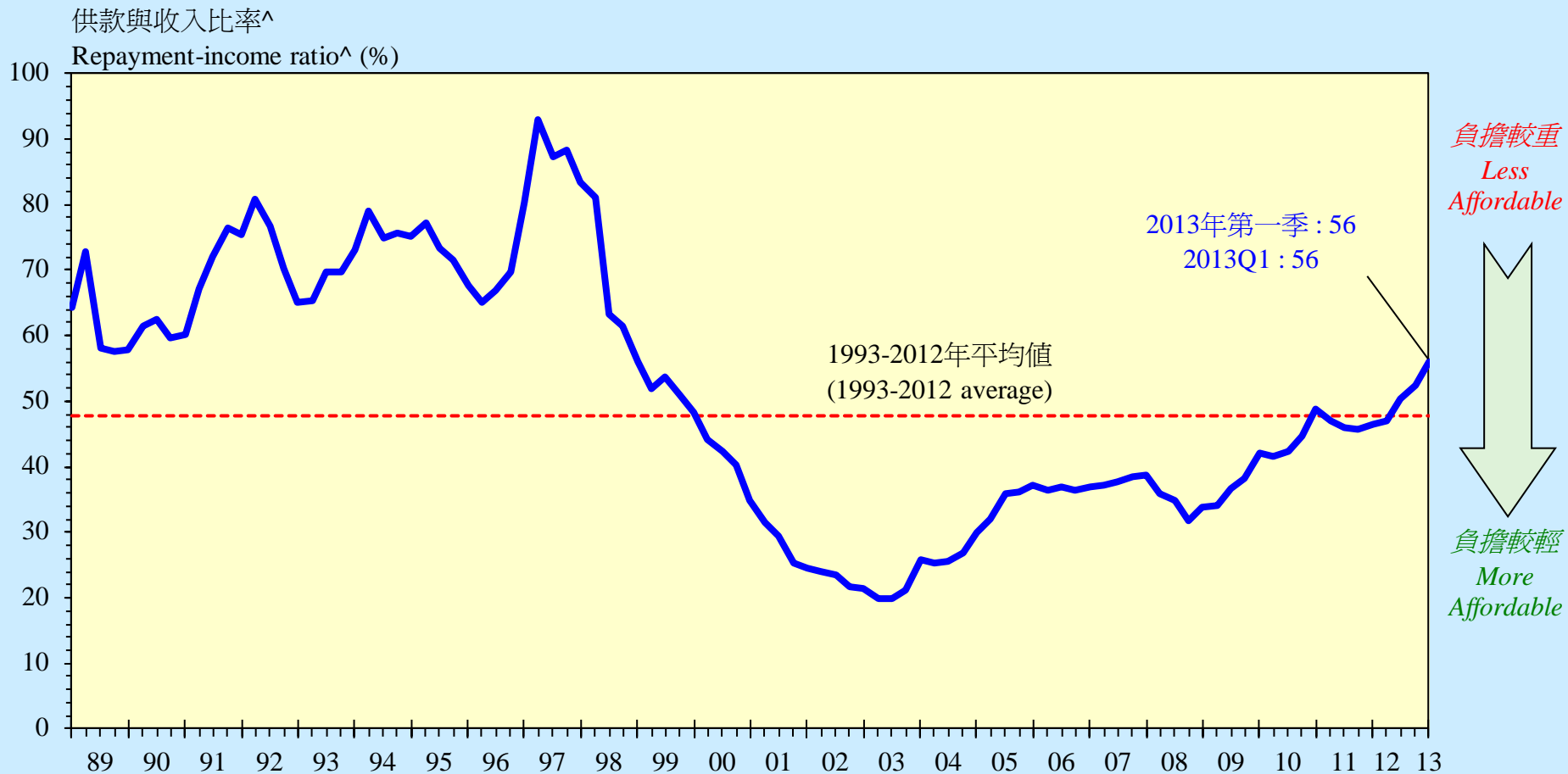
交投量縮減

Trading activities dwindled

買賣合約數目
Agreements received



Mortgage payment to income ratio worsened further



註：(^) 45平方米單位的按揭供款(假設按揭成數為70%及年期為20年)相對住戶入息中位數(不包括居於公營房屋的住戶)的比率。

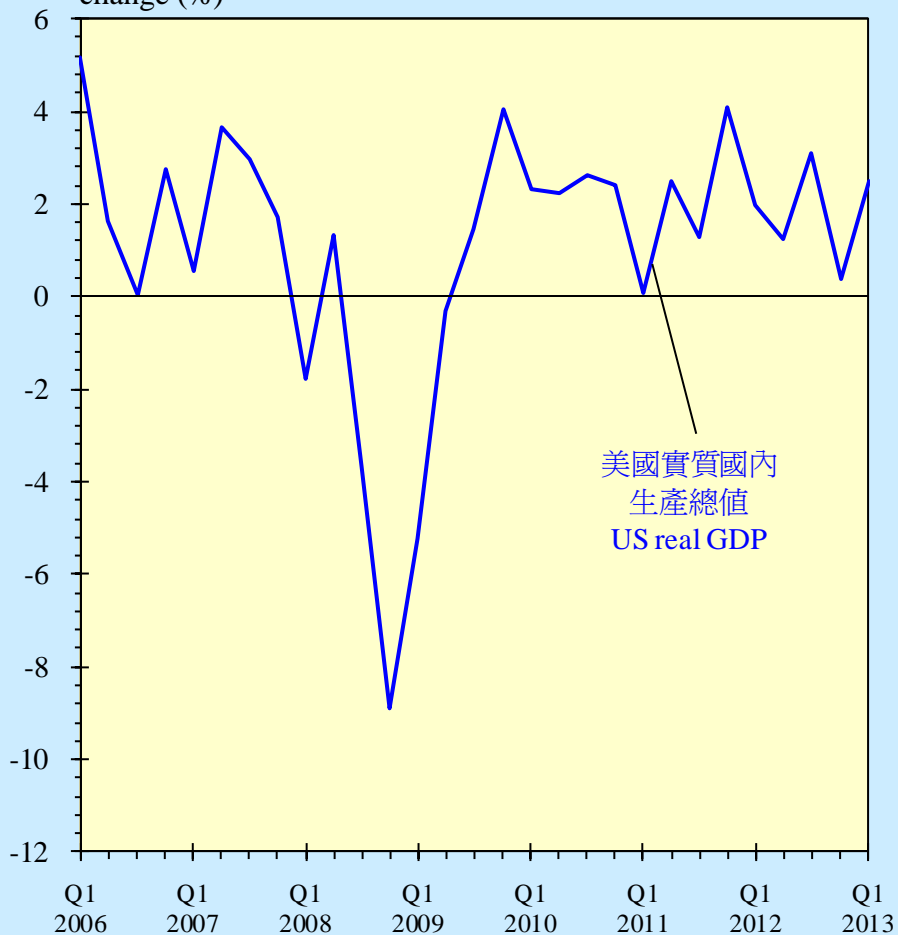
Note : (^) The ratio of mortgage payment for a flat with saleable area of 45 sq m (assuming 70% loan-to-value ratio and tenor of 20 years) to median income of households (excluding those living in public housing).

Outlook for the remaining of 2013

US economy, while expanding moderately, was unsteady at times

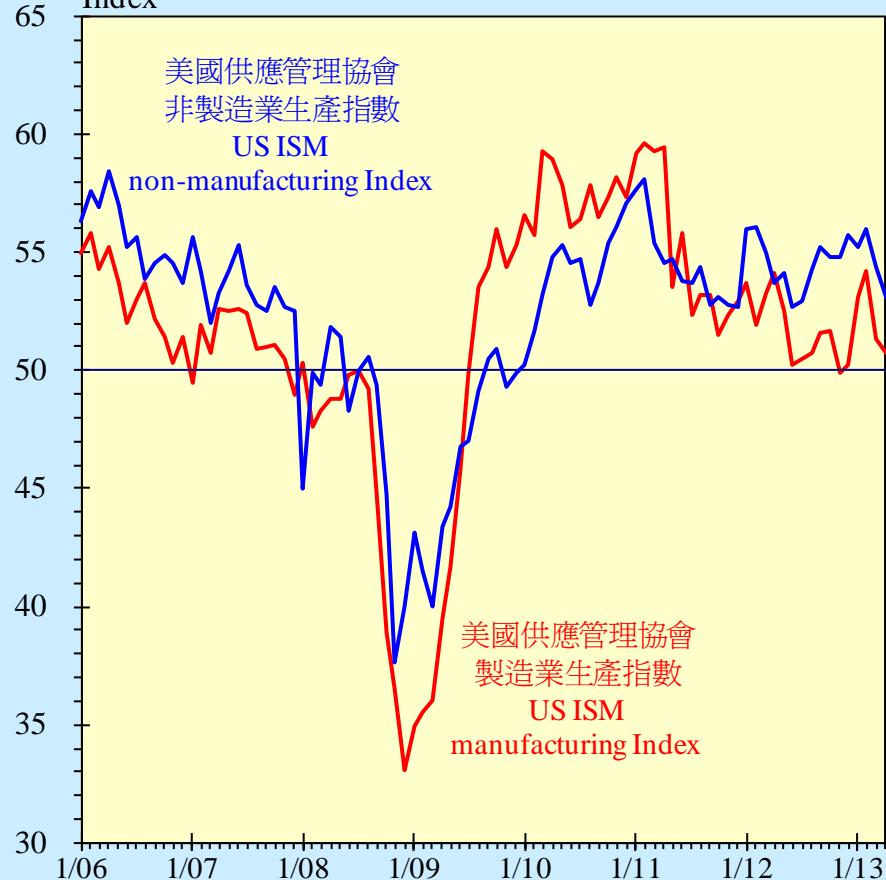
環比折年增減率(%)

Annualised rate of change (%)



指數

Index

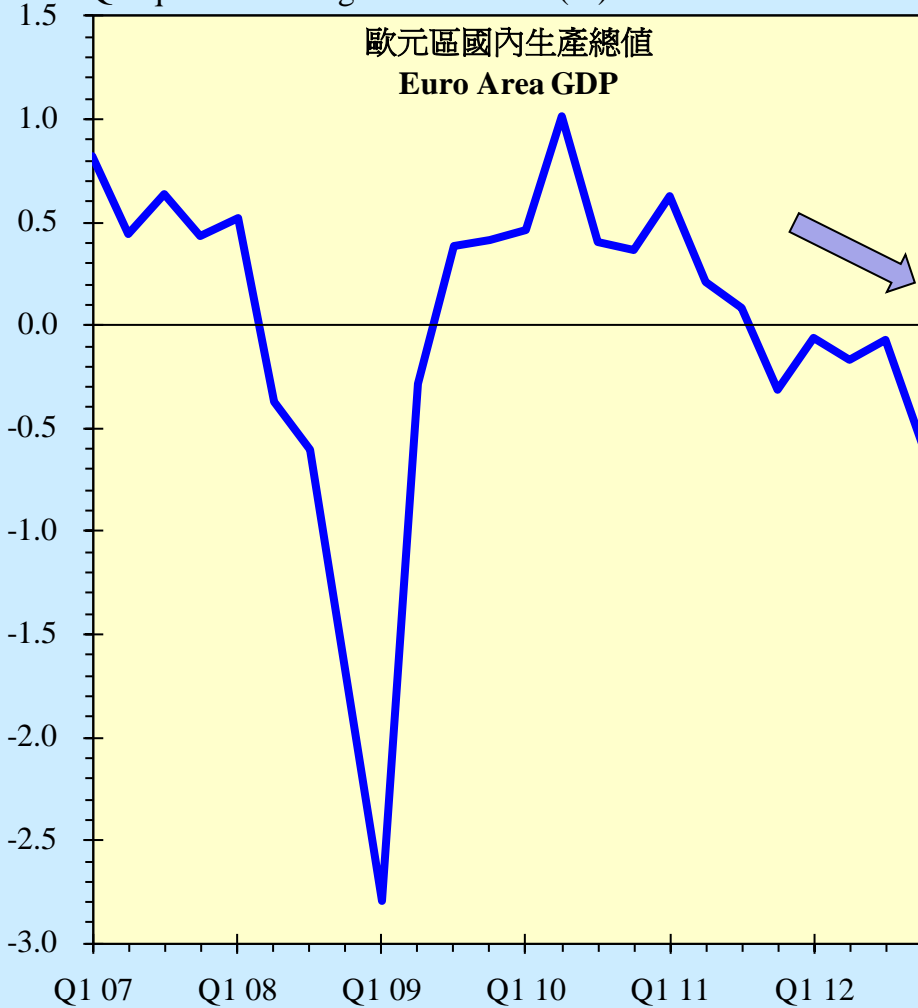


Europe mired in recession

按季實質增減率(%)

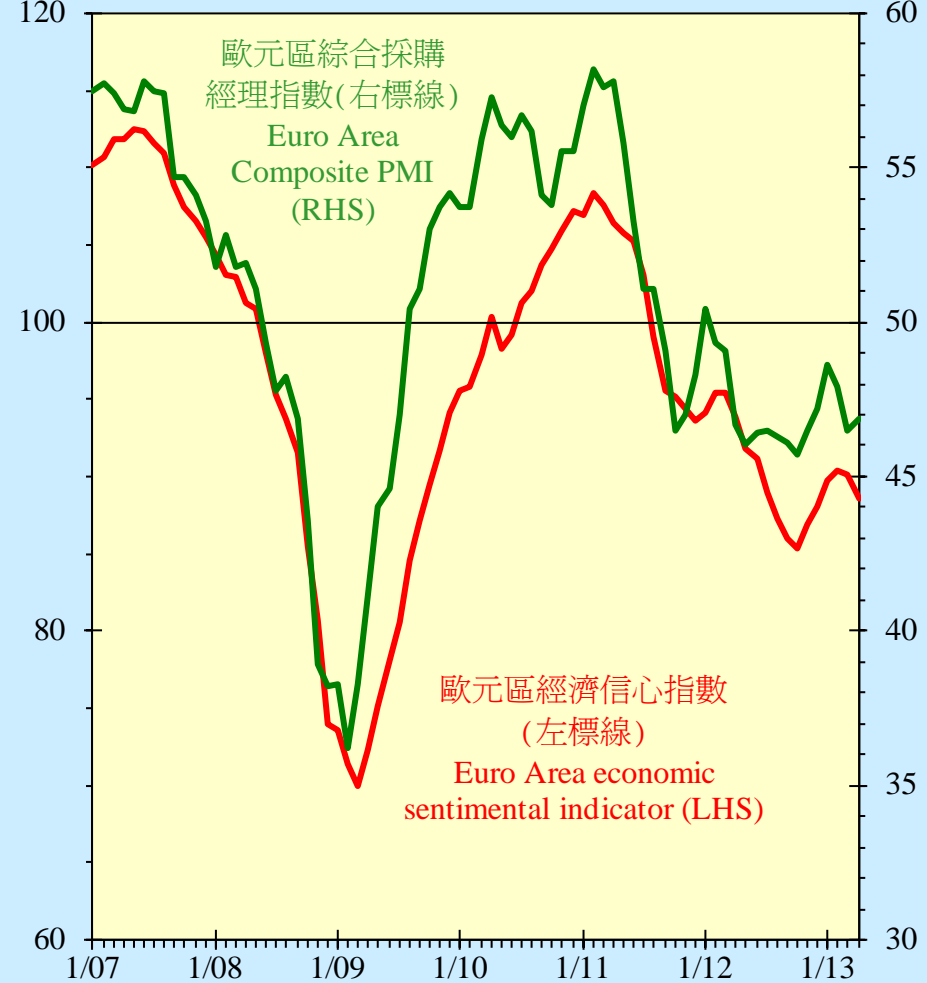
Q-t-q rate of change in real terms (%)

歐元區國內生產總值
Euro Area GDP



指數

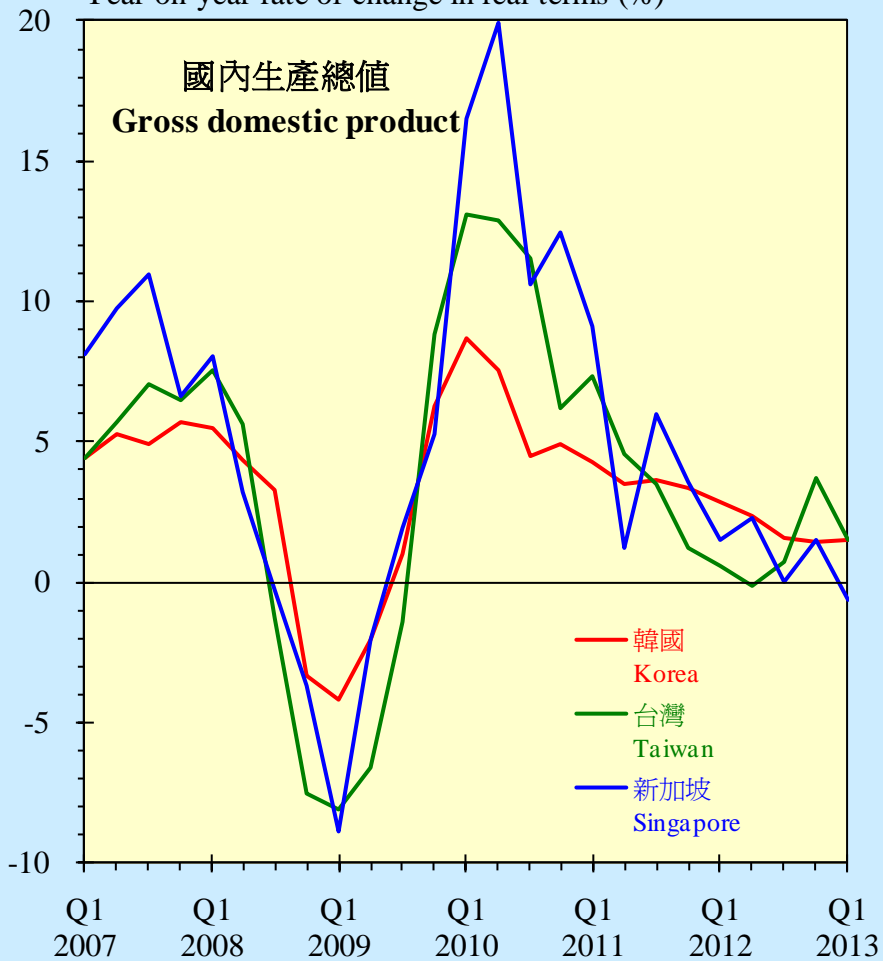
Index



Other Asian economies also dragged by the lull in the advanced economies

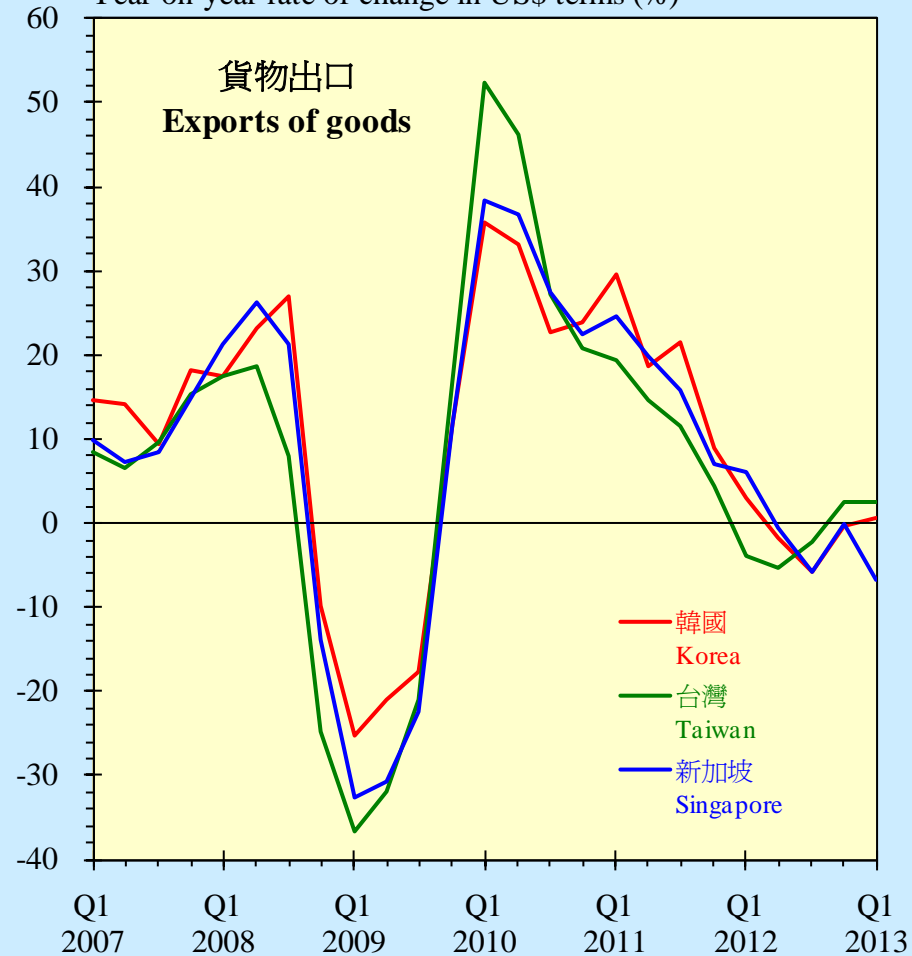
按年實質增減率(%)

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

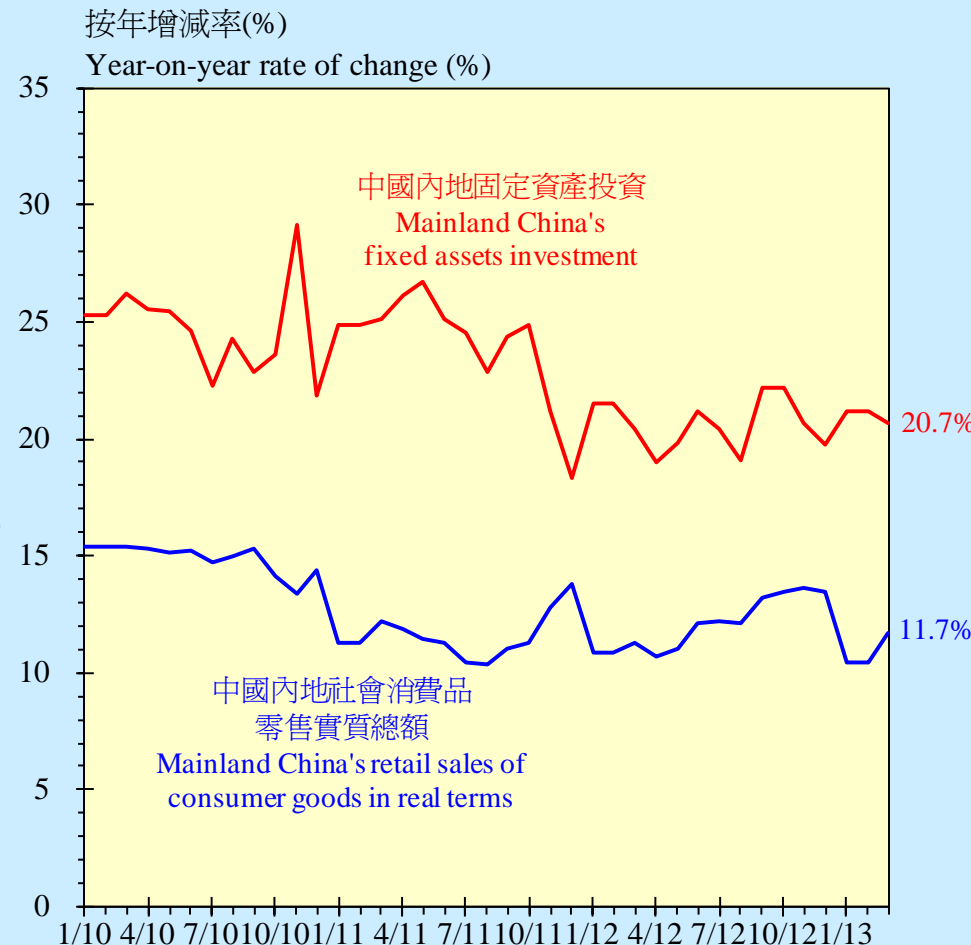
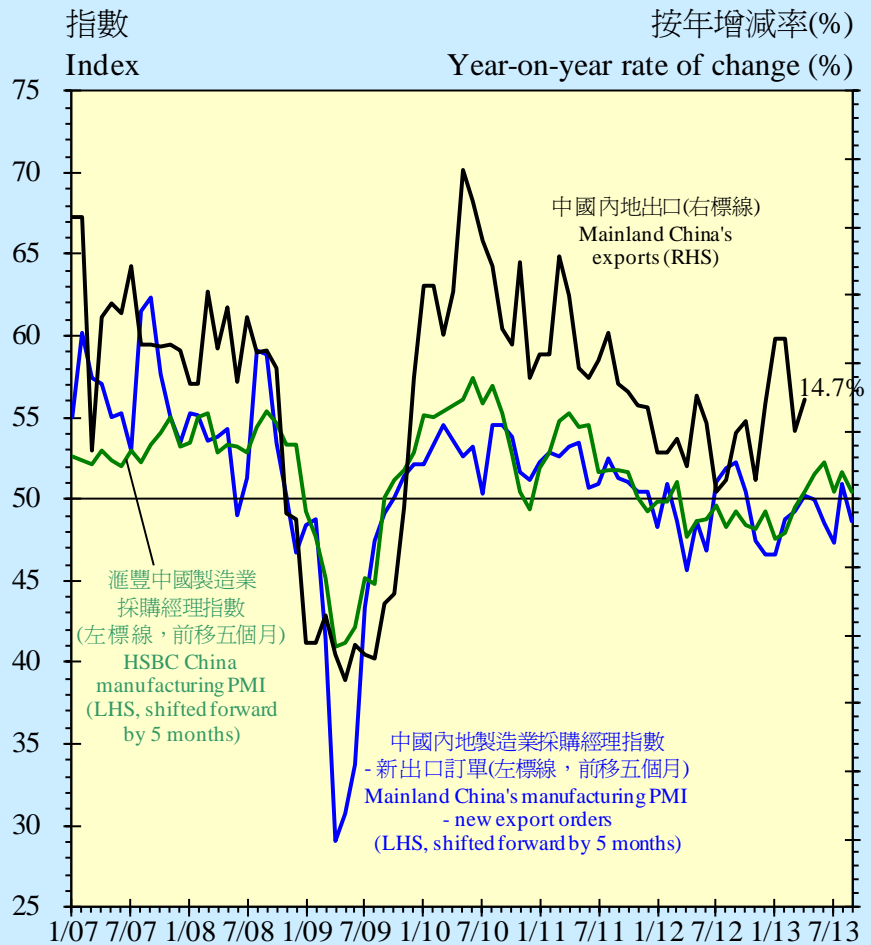


以美金計價按年增減率(%)

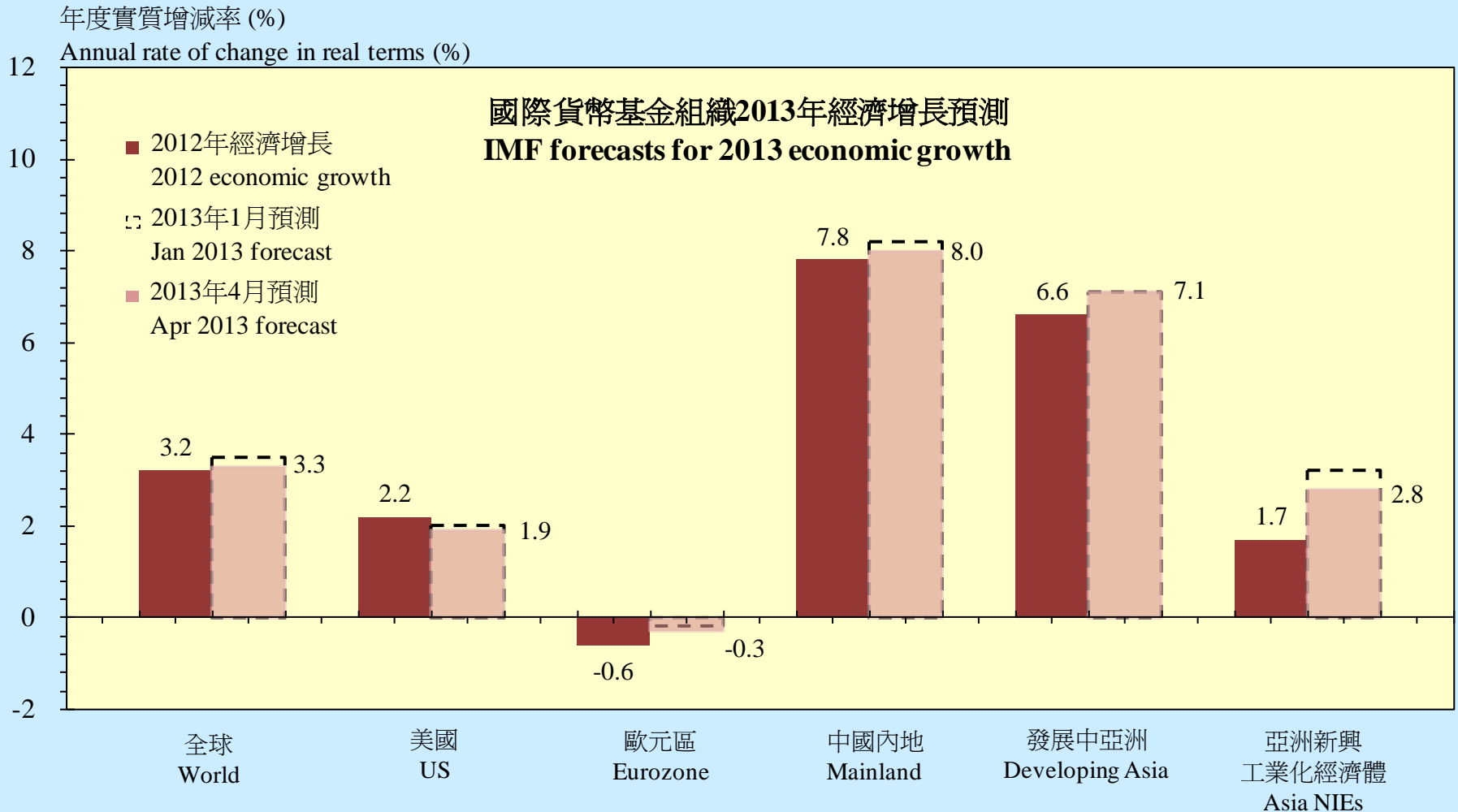
Year-on-year rate of change in US\$ terms (%)



Mainland's external trade remained volatile, but domestic demand was still solid



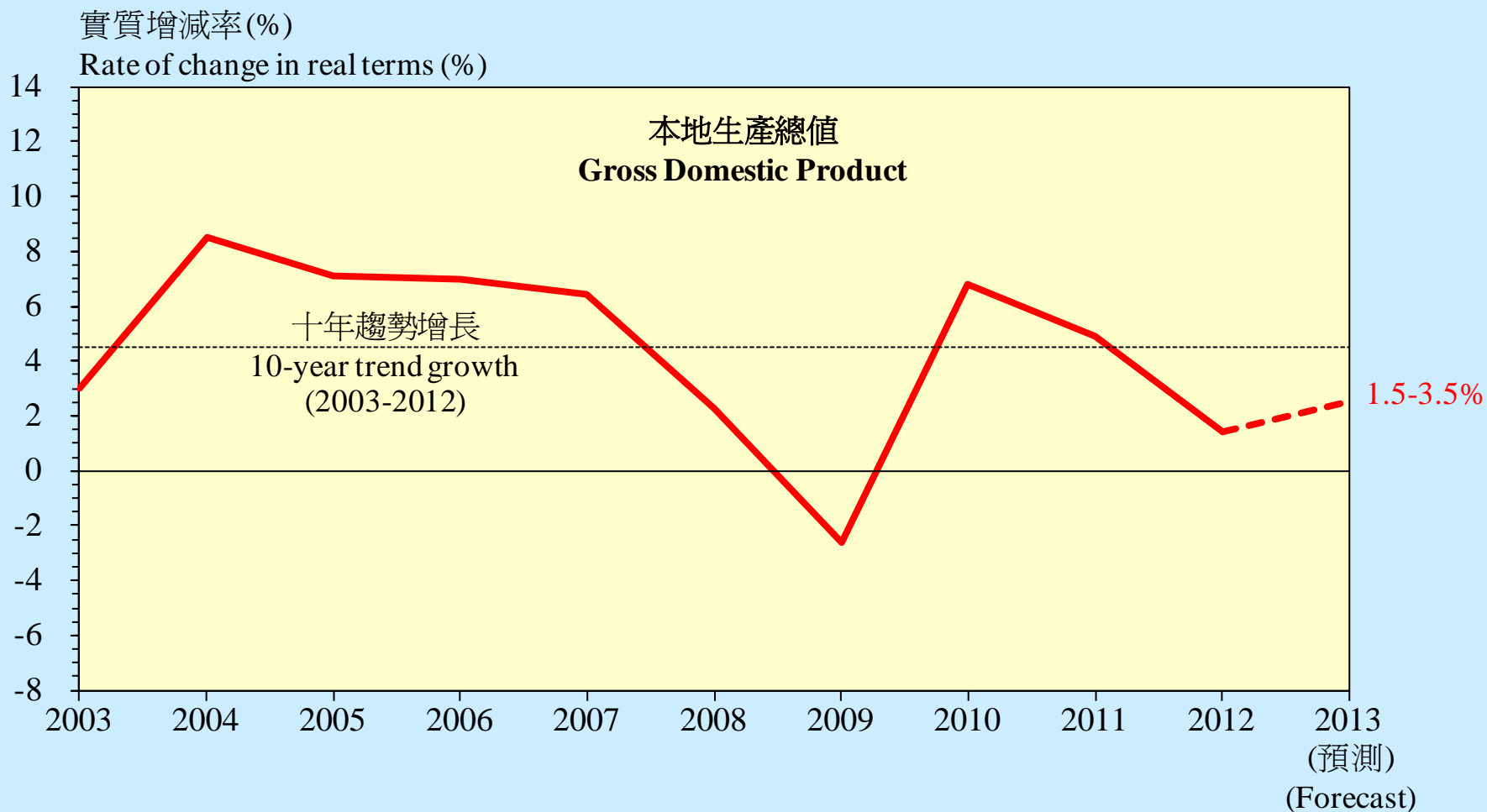
Global growth forecast for 2013



註：2013年亞洲新興工業化經濟體的經濟增長預測是根據國際貨幣基金會對個別經濟體的增長預測計算出來的。

Note: Economic growth forecast for Asia NIEs in 2013 is calculated based on IMF's growth forecast on individual economies.

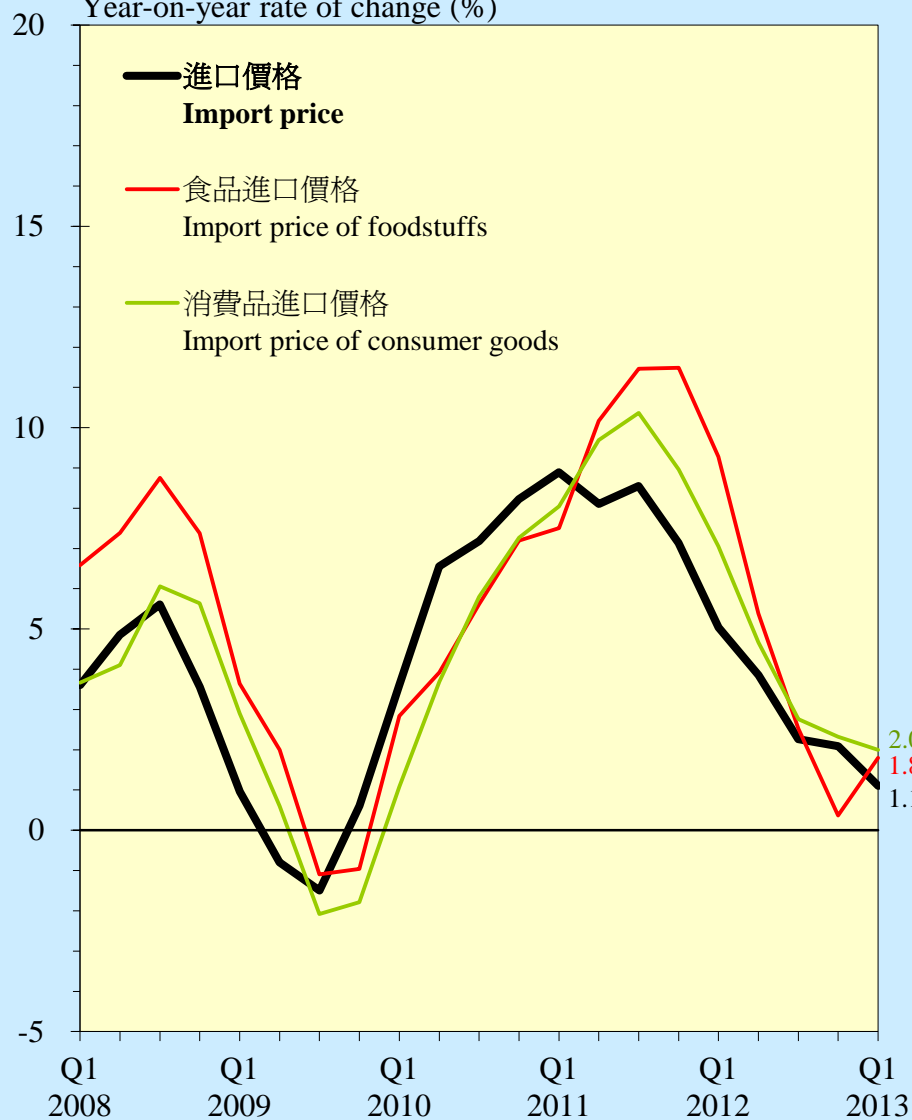
H.K. economy forecast to grow by 1.5-3.5% in 2013



Imported inflation is receding

按年增減率 (%)

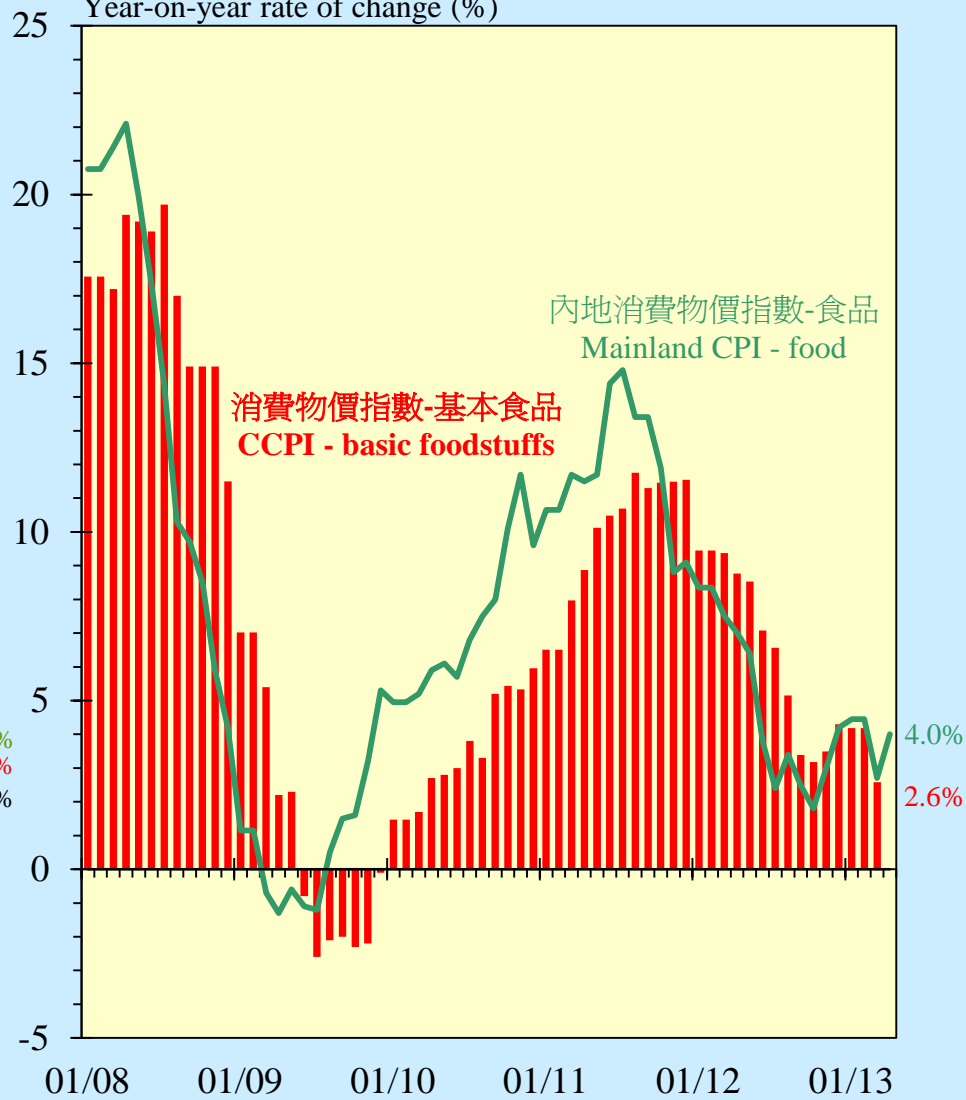
Year-on-year rate of change (%)



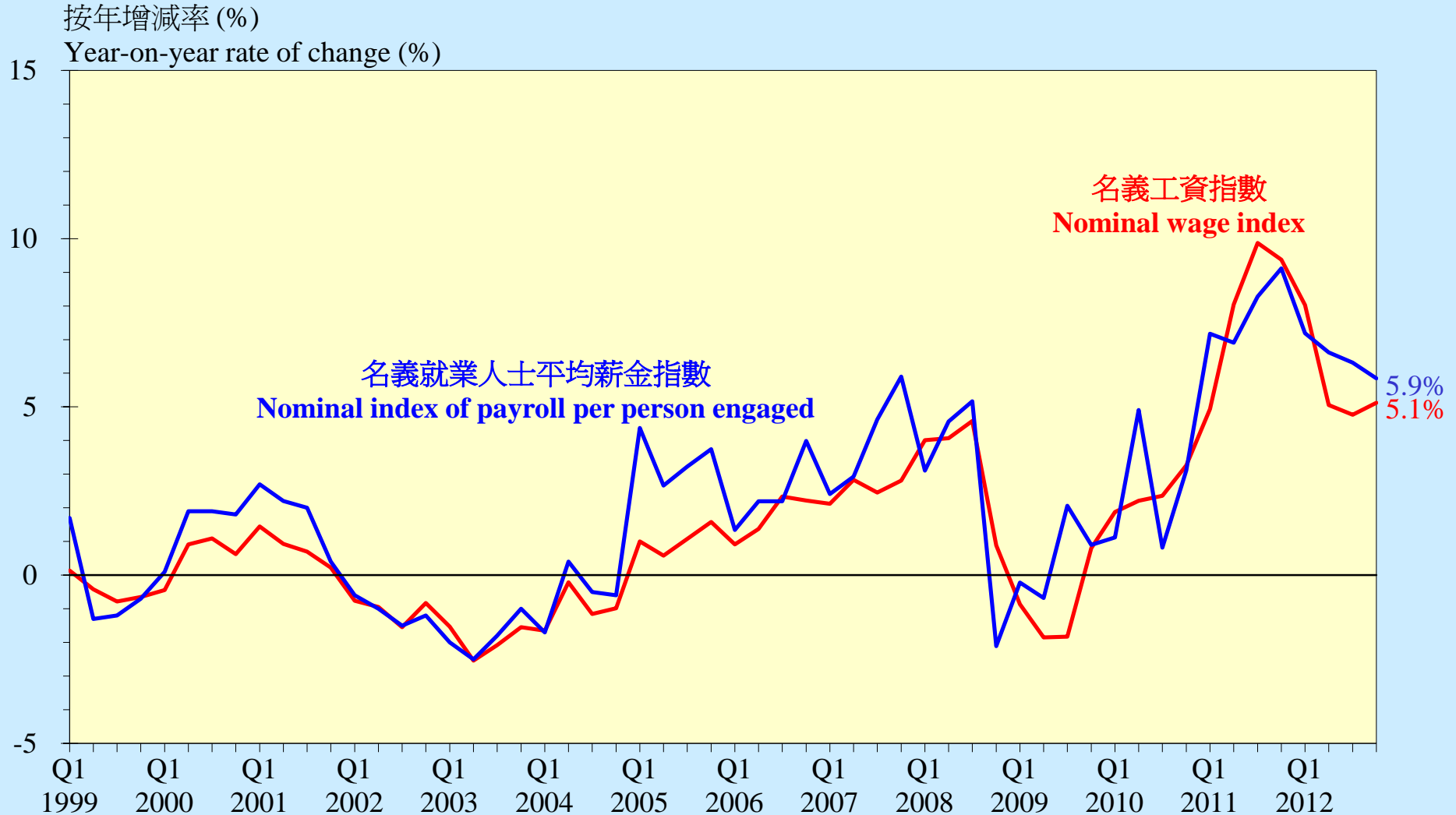
Food inflation to remain tame

按年增減率 (%)

Year-on-year rate of change (%)



Wage pressure eased somewhat

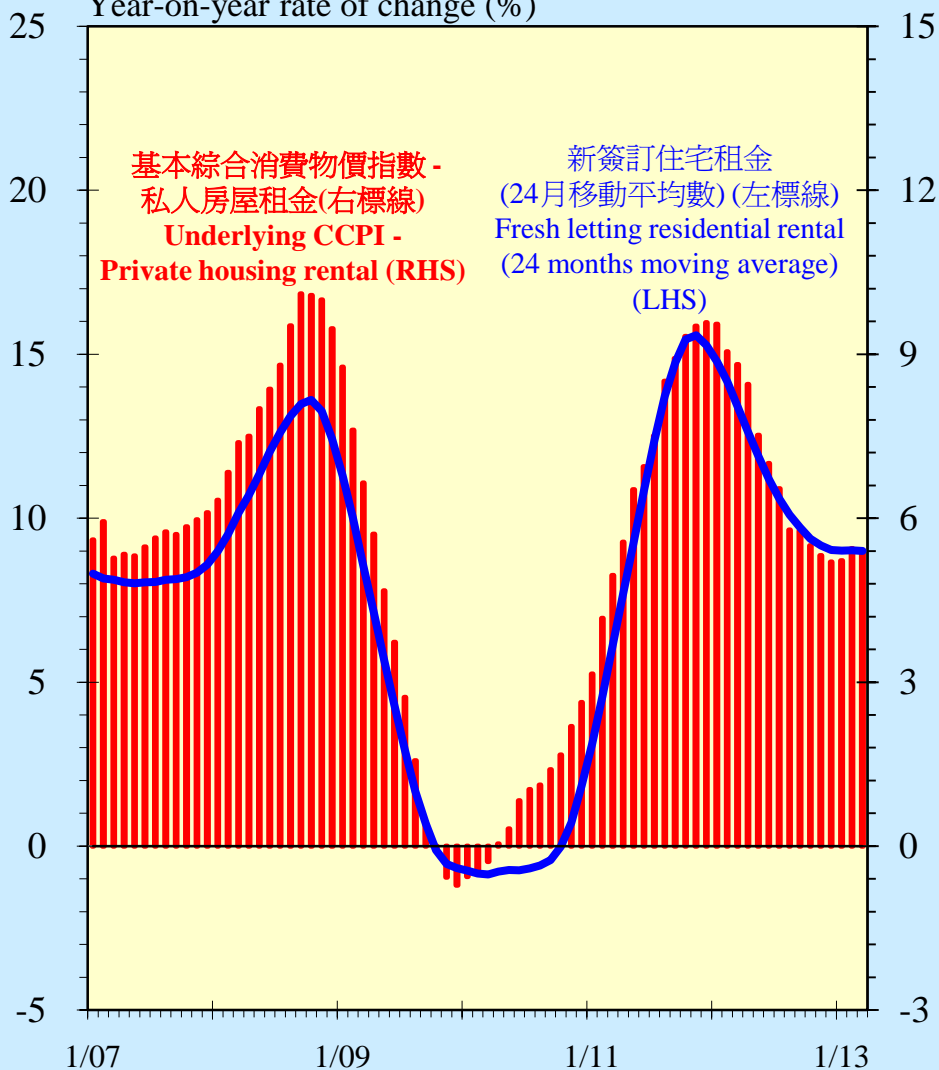


In the near term inflation still affected by the lagged effect of rising residential rental last year

Fresh letting rentals softening visibly of late

按年增減率 (%)

Year-on-year rate of change (%)

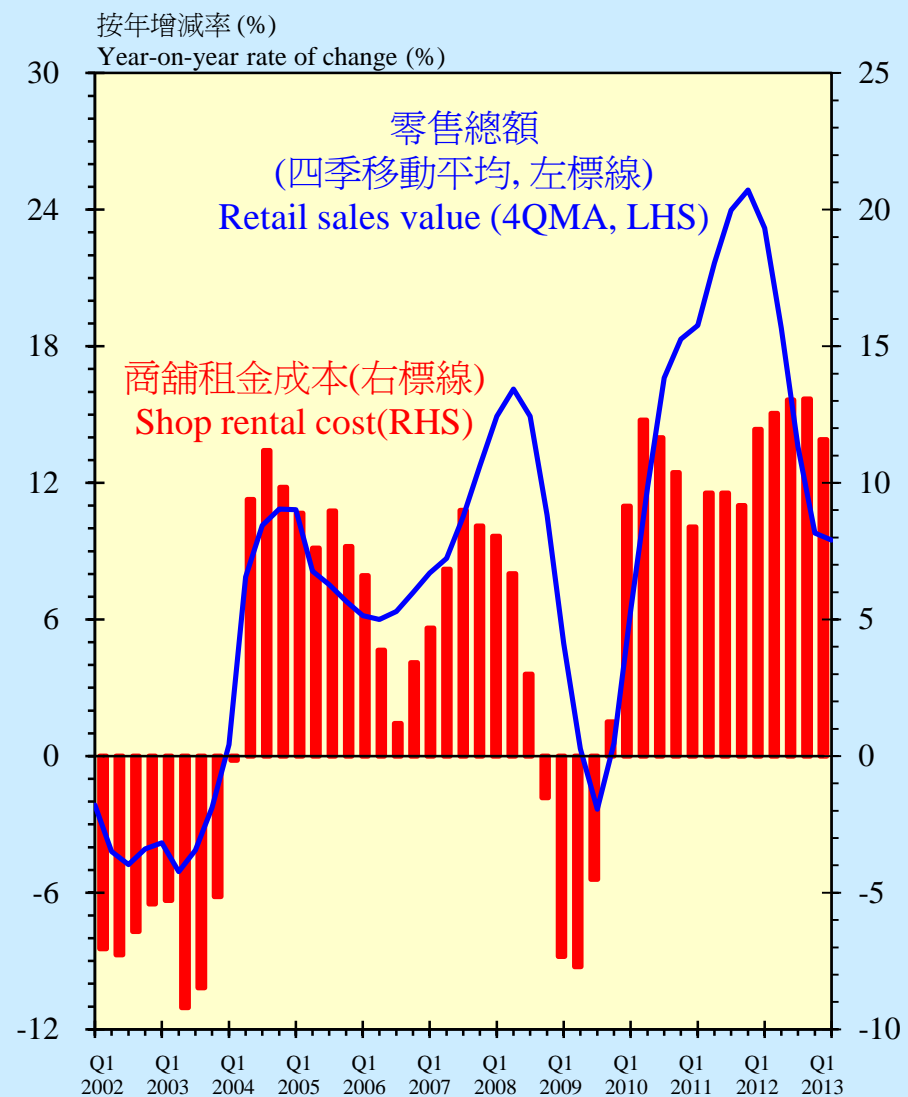
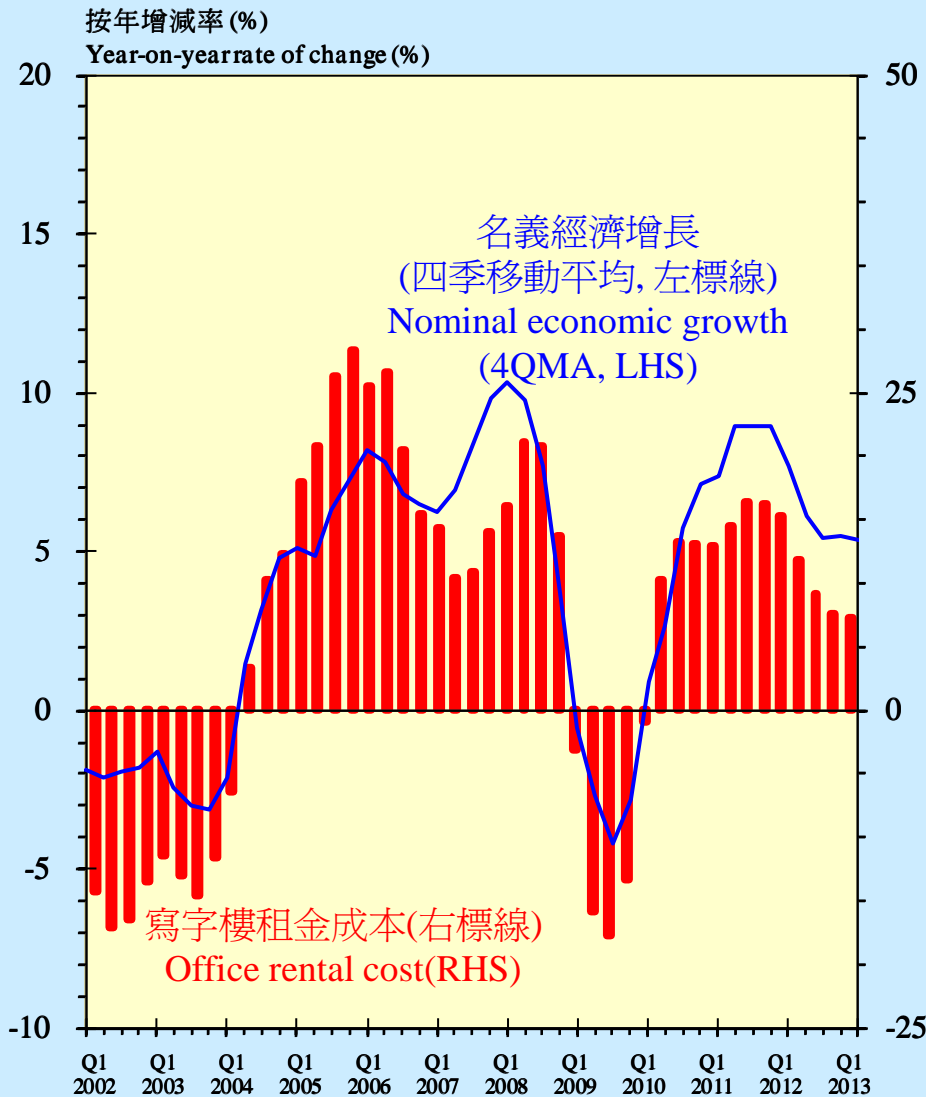


Fresh letting residential rentals % change over 3 months ago

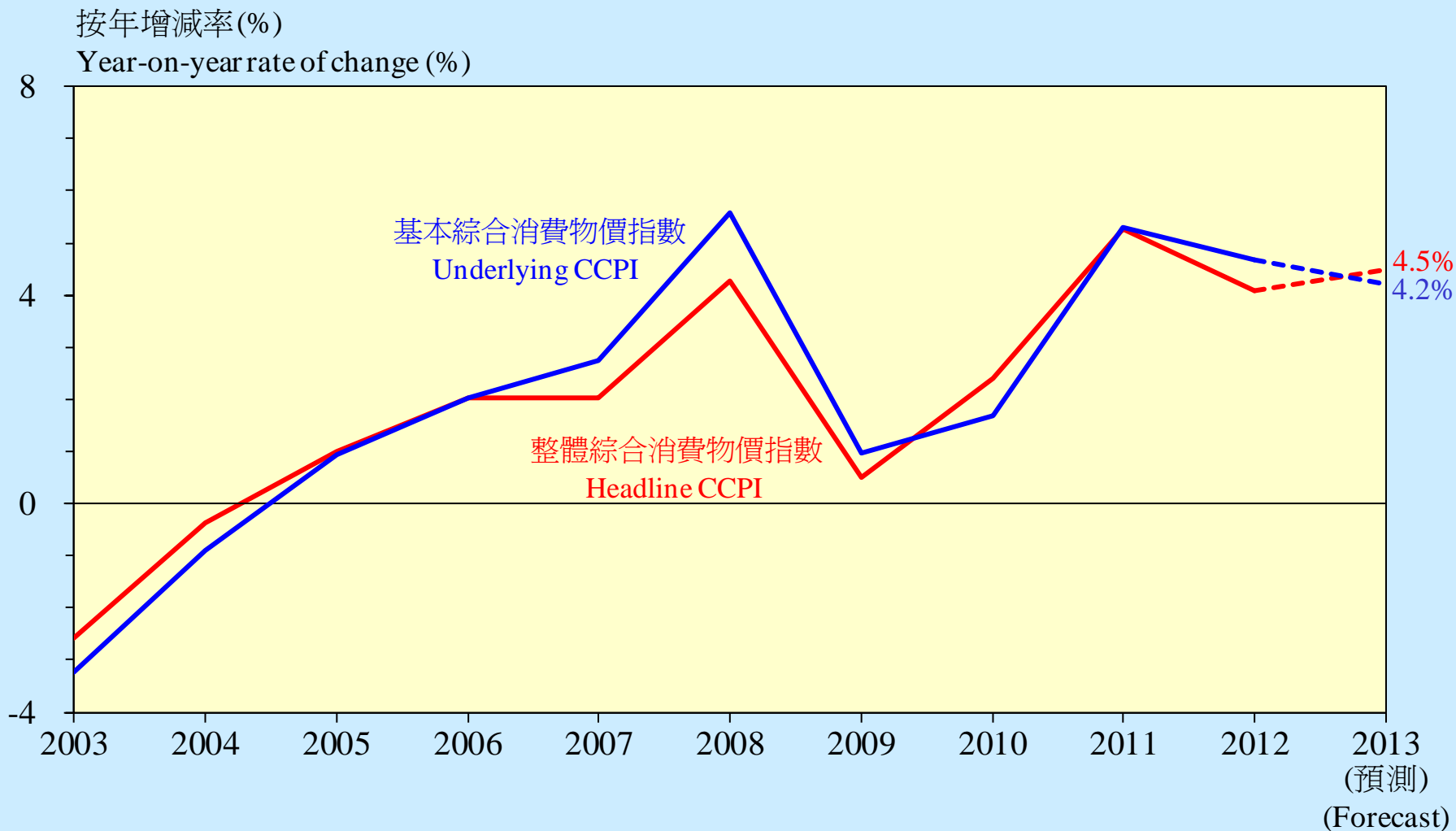
2012	Mar	-1.1
	Jun	6.0
	Sep	3.6
	Dec	2.4
2013	Mar	0.2

Rise in office rental receding...

...shop rental still elevated, but also with slightly tapered rise recently



Room for further easing in inflation limited; inflation expected to edge up in coming months



Latest economic forecasts for 2013 as a whole

**Forecasts as released
on 27 February**

Latest forecasts

Real GDP growth

1.5-3.5%

1.5-3.5%

Headline inflation

4.5%

4.5%

Underlying inflation

4.2%

4.2%

Thank you