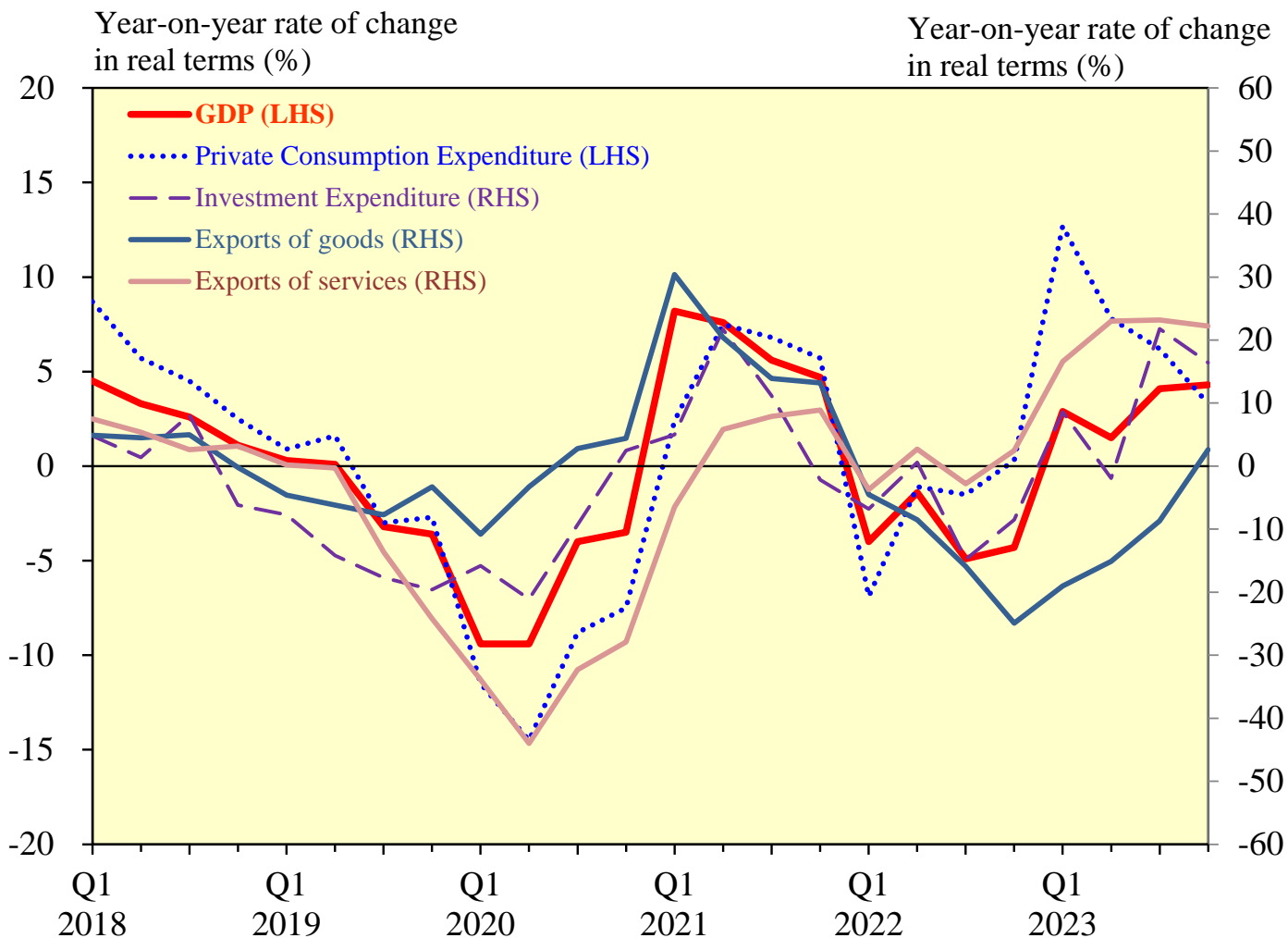


2023 Economic Performance

Summary of economic performance in 2023

- The Hong Kong economy staged a recovery in 2023 in the aftermath of the pandemic
- Real GDP resumed growth of 3.2% in 2023, having contracted by 3.7% in the preceding year
- Exports of goods fell further, dragged by the weak external demand for goods. Exports of services reverted to visible growth, thanks to the revival of visitor arrivals
- Private consumption rebounded after the removal of anti-epidemic measures, supported by rising household income and the Government's various initiatives. Investment expenditure turned to an increase alongside the economic recovery
- Labour market improved along with the local economic recovery
- Consumer price inflation stayed moderate in overall terms

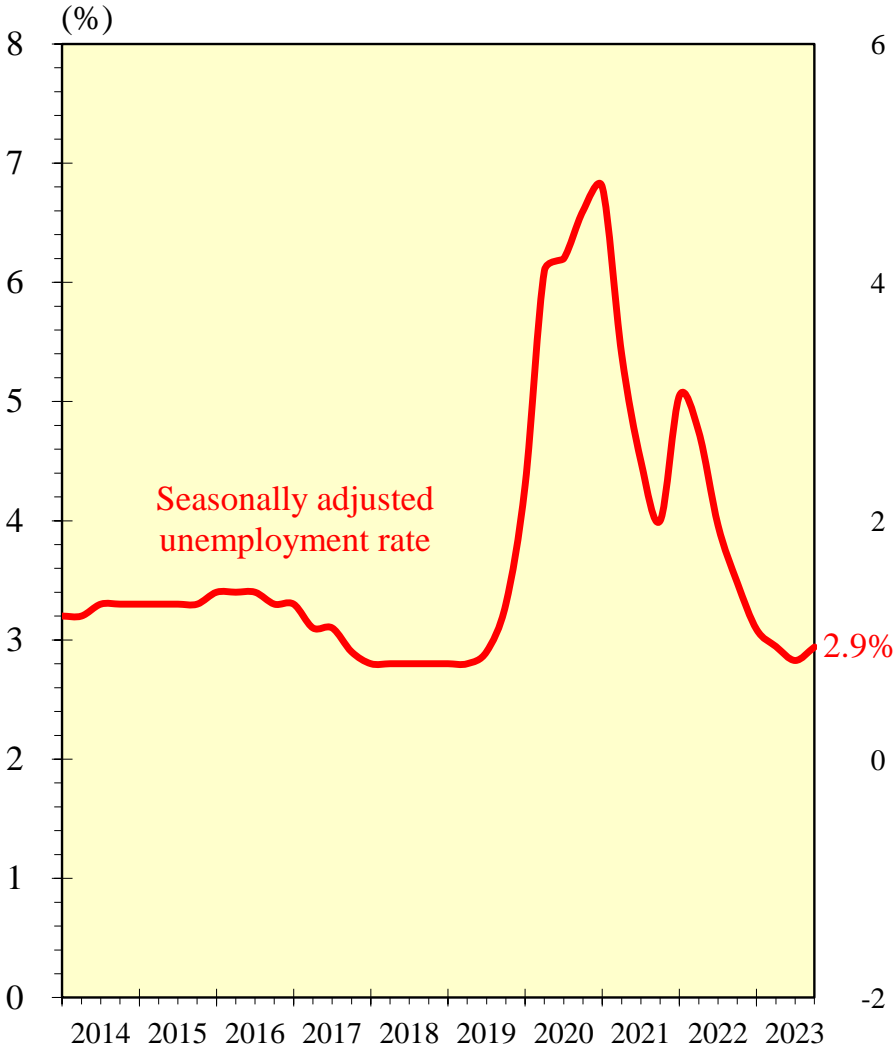
Hong Kong economy staged a recovery in 2023 in the aftermath of the pandemic



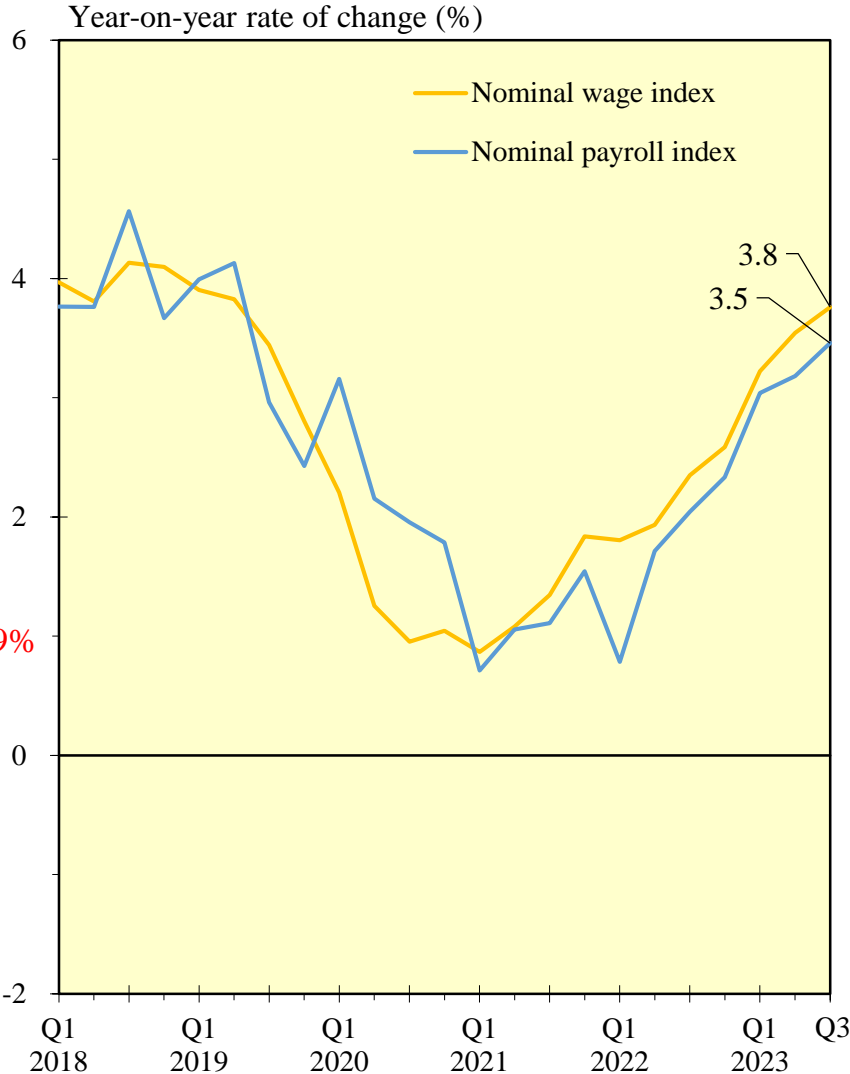
2023 real rate of change (%)	
GDP	+3.2
Private Consumption Expenditure	+7.3
Investment Expenditure	+10.8
Exports of Services	+21.2
Exports of Goods	-10.3

Labour market improved in 2023 along with the local economic recovery

Unemployment rate declined to low levels

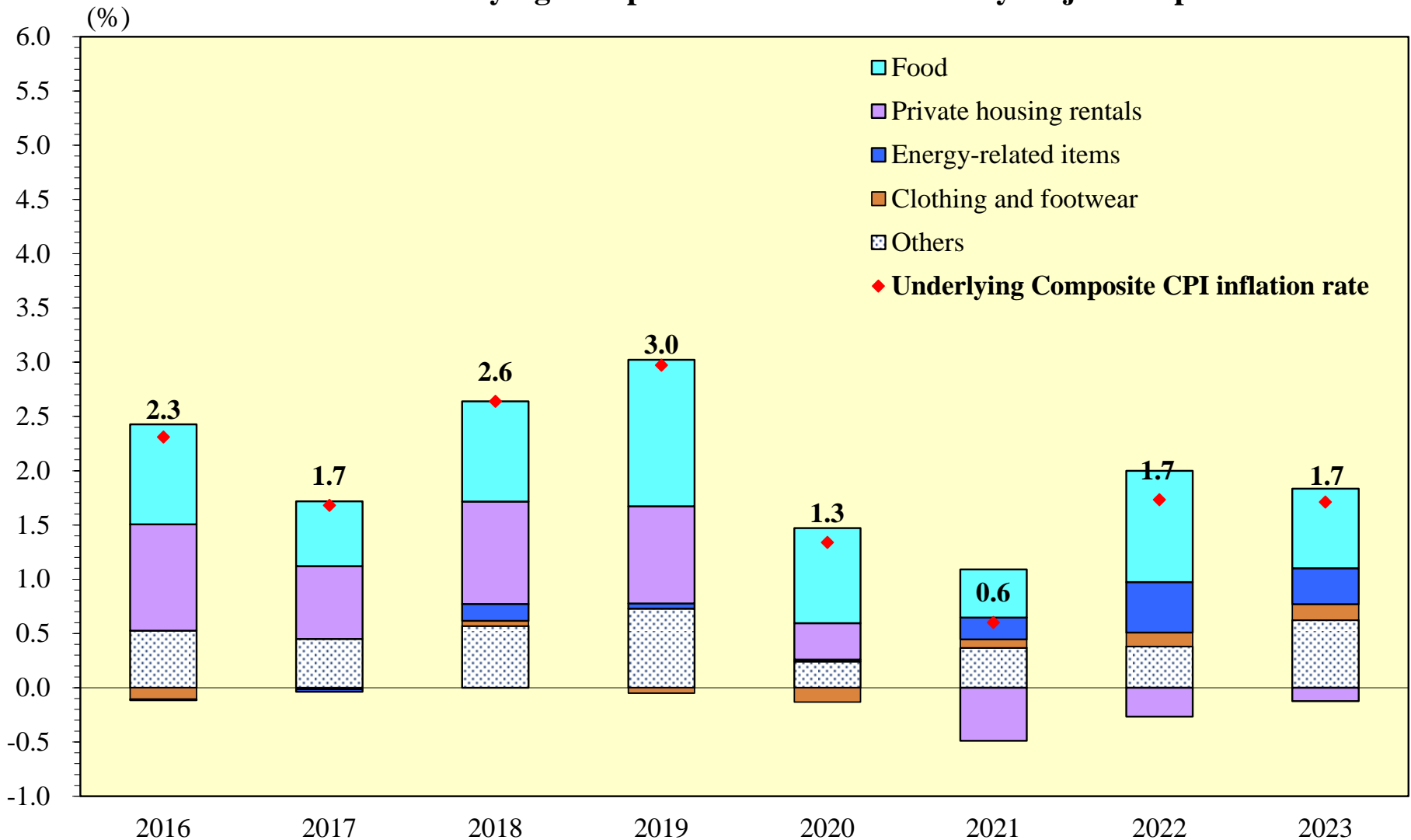


Nominal wages and labour earnings saw accelerated increases



Underlying consumer price inflation stayed moderate in overall terms in 2023

Contribution to underlying Composite CPI inflation rate by major component



Note : Energy-related items include electricity, town gas, liquefied petroleum gas and other fuel, and motor fuel.

2024 Economic Outlook

Hong Kong economy is expected to grow further in 2024

- The external environment is rather complicated in 2024
- Hong Kong's exports of goods will remain under pressure, but the situation may improve later in the year if the advanced economies cut interest rates as expected
- Exports of services should improve further as visitor numbers continue to increase along with the further recovery of handling capacity. The Government's efforts to promote mega event economy should provide additional support
- Domestically, economic confidence should gradually improve
 - Rising household income and the Government's various initiatives should bode well for private consumption
 - Fixed asset investment should expand further on the back of continued economic growth and the Government's efforts in building infrastructure and increasing housing supply

Hong Kong economy is expected to grow further in 2024 (cont'd)

➤ Real GDP growth forecast for 2024: 2.5% to 3.5%

Provided that:

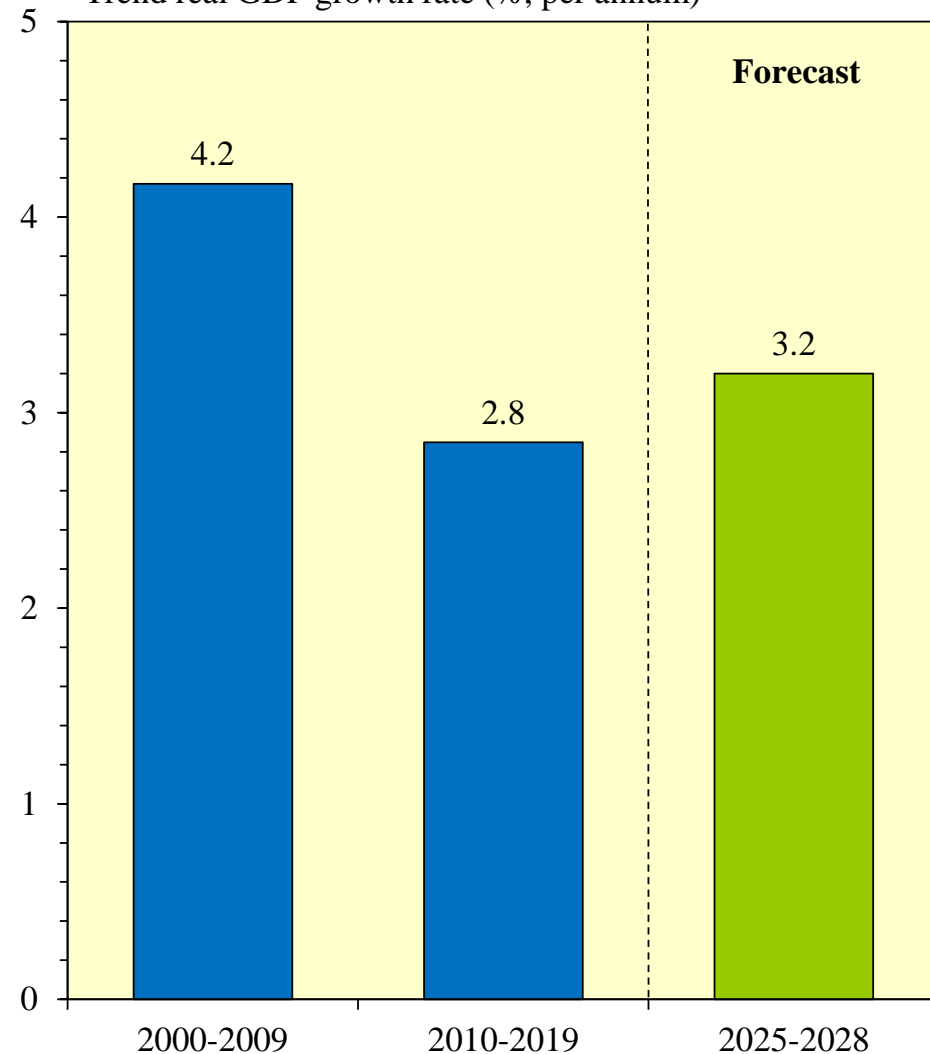
- Impact of geopolitical tensions on the global economy would not significantly worsen
- Advanced economies would start cutting interest rates around the middle of the year
- Global economy would register similar growth as in 2023

Underlying consumer price inflation should remain moderate in 2024

- Domestic costs (commercial rentals and labour costs) may face some upward pressure as the economy continues to grow
- External price pressures should continue to ease in view of the disinflationary effect of monetary policy tightening in the advanced economies in the past two years
- **Underlying Composite CPI inflation forecast for 2024:
1.7%**

Medium-term economic outlook is bright

Trend real GDP growth rate (% , per annum)



- External environment may see some improvements in the coming years, with Asia recording decent growth
- The Mainland will pursue high quality development through deepening reforms and further opening-up
- The Government has been
 - building capacity for economic development
 - strengthening traditional industries and promoting the development of emerging strategic areas with an industry-oriented approach