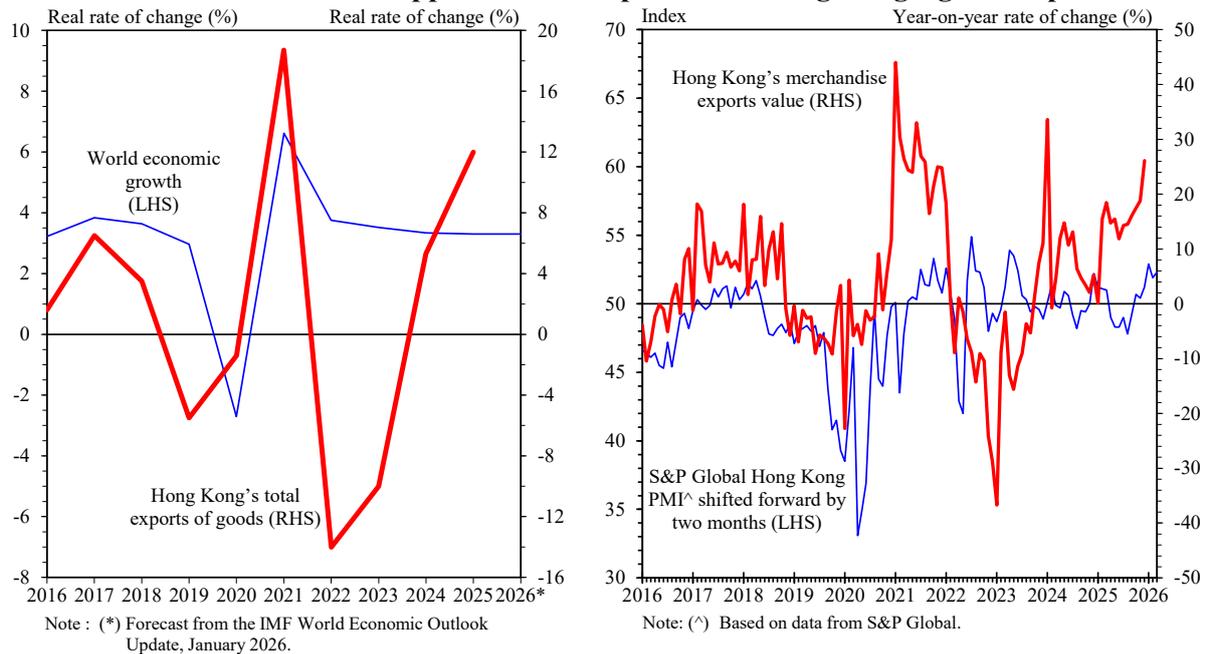


## Outlook for the Hong Kong economy in 2026

2.12 The near-term outlook of the Hong Kong economy is cautiously optimistic amidst a steady global economic backdrop. The positive momentum, characterised by robust exports, solid investment and improving private consumption spending, is expected to carry onto 2026. Real GDP is forecast to expand by 2.5% to 3.5% in 2026, after growing by 3.5% in 2025.

2.13 External trade is expected to continue to be the key growth driver. Hong Kong’s merchandise exports saw stellar growth in 2025 despite increased trade barriers by some major economies. Among various commodities, exports of electrical machinery and related parts were particularly strong, fuelled by the investment boom in new technologies including AI. Hong Kong’s total exports of goods in 2026 should see some further decent growth, underpinned by strong global demand for AI-related electronic products and partial easing of trade tensions.

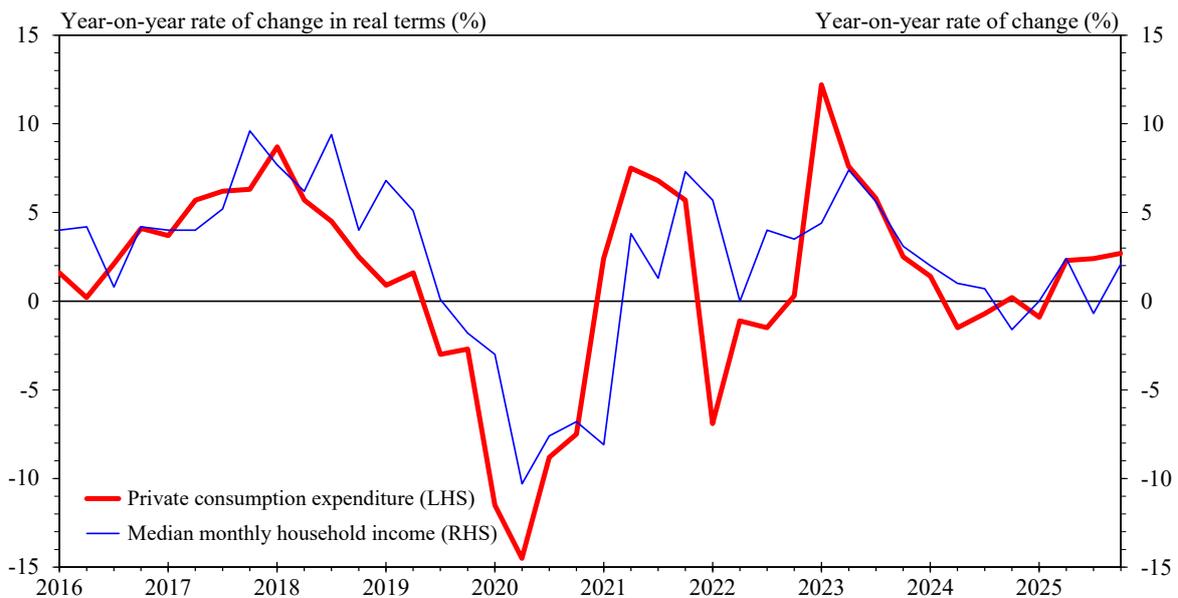
**Diagram 2.4 : Strong global demand for AI-related electronic products and partial easing of trade tensions should support further expansion in Hong Kong’s goods exports**



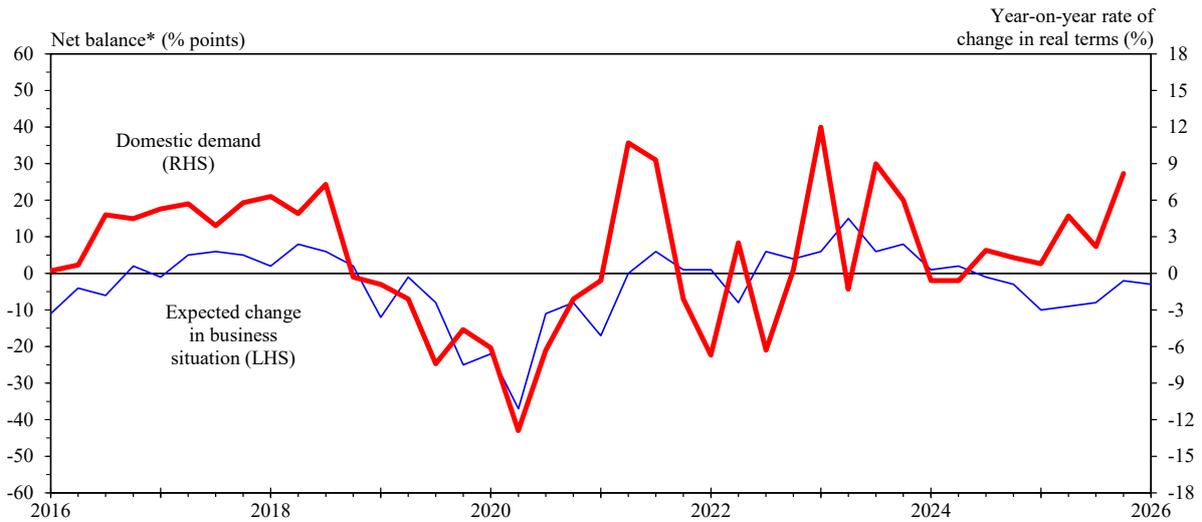
2.14 Exports of services registered broad-based and notable growth in 2025, supported by the strong recovery in visitor arrivals and vibrant financial and business activities. In 2026, ongoing enhancements to cross-border transport and travel arrangements, together with the Government’s efforts in launching a series of mega events, are expected to foster further increases in visitor flows and services activities. Cross-border financial and professional services should also benefit from further easing in global financial conditions, more buoyant fundraising, investment and secondary-market activities in the financial markets, and the continued deepening of mutual market access, while trade-related services will be underpinned by resilient merchandise trading activities.

2.15 Domestic demand improved in 2025, as private consumption resumed increase and overall investment saw accelerated growth. Looking ahead to 2026, the momentum of gradually improving consumer confidence and business sentiment would continue to support local consumption and investment activities. The interest rate cuts by the US Fed since September 2025 and the anticipated further monetary easing this year would also bolster asset market sentiment. These developments should be conducive to fixed asset investment. Moreover, sustained growth of employment income amid a stabilising local labour market should also underpin further growth in private consumption.

**Diagram 2.5 : Gradually improving economic sentiment and sustained income growth would boost private consumption**



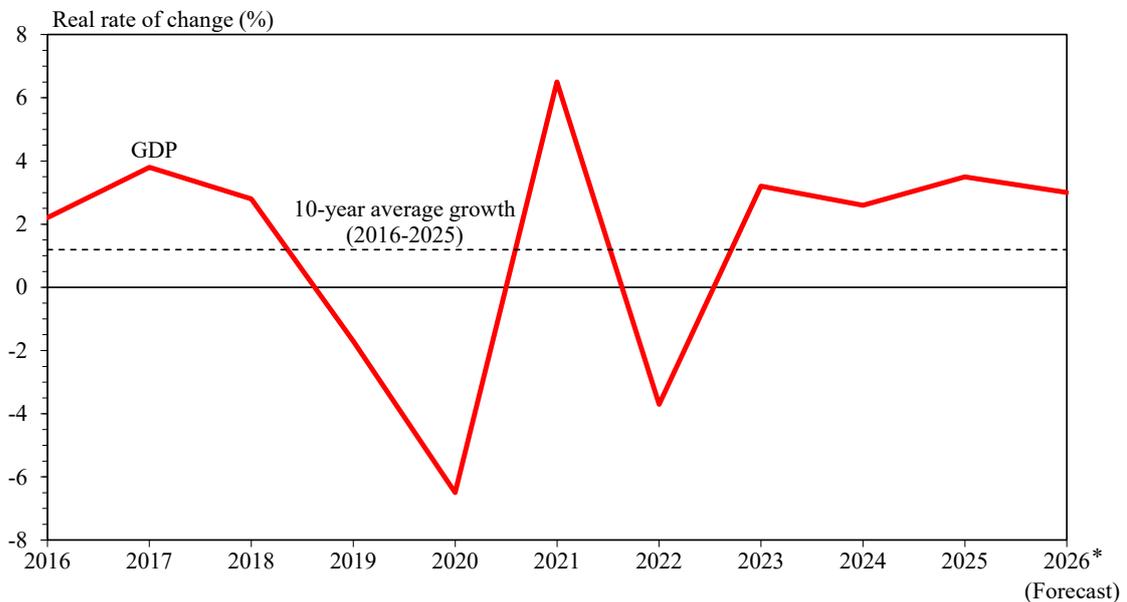
**Diagram 2.6 : Business sentiment generally improved in recent quarters**



Note : (\*) Net balance indicates the direction of expected change in business situation / number of persons engaged versus the preceding quarter. It refers to the difference in percentage points between the proportion of establishments choosing “better” / “up” over that choosing “worse” / “down”. A positive sign indicates a likely upward trend while a negative sign, a likely downward trend.

2.16 Overall, the near-term outlook of the Hong Kong economy is cautiously optimistic. The economy is expected to expand by 2.5% to 3.5% in 2026, after growing by 3.5% in 2025. This outlook is broadly consistent with prevailing projections by market participants and international institutions. For reference, the majority of recent forecasts by private sector analysts for Hong Kong’s economic growth in 2026 range from 2.5% to 3.3%. Among the forecasts by international organisations, the more recent one by the Asian Development Bank, released in December 2025, forecast the Hong Kong economy to grow by 2.6% in 2026.

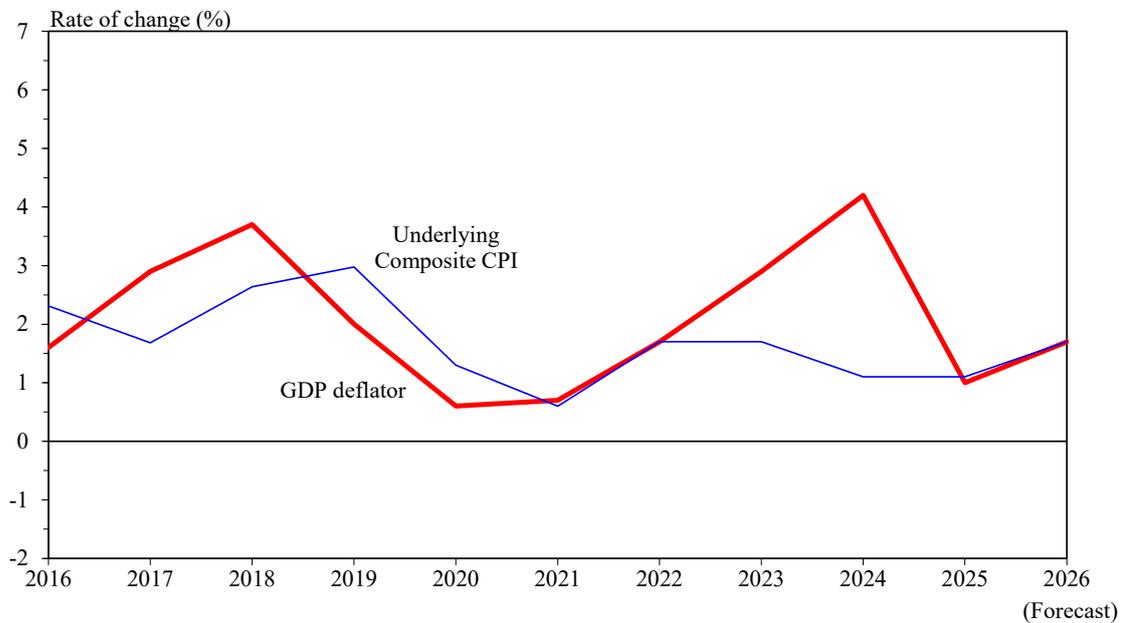
**Diagram 2.7 : Real GDP is forecast to grow by 2.5% to 3.5% in 2026**



Note : (\*) Mid-point of the range forecast.

2.17 Inflation is expected to stay mild in 2026. Consumer price inflation remained modest in 2025 amid moderate external price pressures and domestic cost increases. Domestically, as economic activity continues to expand and the labour market stabilises, some gradual pick-up in local cost pressures on rentals and wages is possible, though the cost pressures should still be moderate. As for external factors, imported inflation should remain contained, barring significant disruptions to global supply chains by geopolitical developments. Against this backdrop, underlying consumer price inflation in 2026 is forecast at 1.7%, up moderately from 1.1% in 2025. The GDP deflator is forecast to increase by 1.7% in 2026. For reference, the latest forecasts for consumer price inflation in 2026 by private sector analysts averaged 1.7%.

**Diagram 2.8 : Underlying Composite CPI inflation is forecast to remain mild at 1.7% in 2026**



**Forecast rate of change in 2026 (%)**

**Gross Domestic Product (GDP)**

<i>Real GDP</i>	<b>2.5 to 3.5</b>
<i>Nominal GDP</i>	4.2 to 5.2
<i>Per capita GDP in real terms</i>	2 to 3
<i>Per capita GDP at current market prices</i>	HK\$460,700 – 465,200 (US\$59,100 – 59,600)

**Underlying Composite CPI** **1.7**

**GDP Deflator** **1.7**

**Forecast on Hong Kong’s real GDP growth in 2026  
recently made by other selected parties**

	(%)
Asian Development Bank (December 2025)	2.6
IMF (October 2025)	2.1
The University of Hong Kong (January 2026)	2.5 – 3.0
Recent forecasts by private sector analysts <sup>#</sup>	2.5 – 3.3

Note: (#) Based on the majority of recent forecasts by private sector analysts.

## ECONOMIC PERFORMANCE IN 2025

1. Rates of change in the Gross Domestic Product and its expenditure components and in the main price indicators in 2025:

	(%)
(a) Growth rates in real terms of:	
Private consumption expenditure	1.7
Government consumption expenditure	1.6
Gross domestic fixed capital formation	4.3
<i>of which :</i>	
Building and construction	-9.4
Machinery, equipment and intellectual property products	24.7
Total exports of goods	12.0
Imports of goods	12.6
Exports of services	6.3
Imports of services	4.3
<b>Gross Domestic Product (GDP)</b>	<b>3.5</b>
<i>Growth rate of per capita GDP in real terms</i>	3.8
<i>Per capita GDP at current market prices</i>	HK\$444,300 (US\$57,000)
(b) Rates of change in:	
<b>Underlying Composite Consumer Price Index</b>	<b>1.1</b>
<b>GDP Deflator</b>	<b>1.0</b>
<b>Government Consumption Expenditure Deflator</b>	<b>1.2</b>
(c) <b>Growth rate of nominal GDP</b>	<b>4.5</b>

2. Annual rates of change in total exports based on external merchandise trade index numbers:

	<i>Total exports</i>	
	<i>In value terms</i>	<i>In real terms</i>
	(%)	(%)
2023	-8	-12
2024	9	5
2025	15	13

3. Annual rates of change in real terms of total exports by major market based on external merchandise trade quantum index numbers:

	<i>Total exports</i>					
	<i>Total</i>	<i>The Mainland</i>	<i>US</i>	<i>EU</i>	<i>Vietnam</i>	<i>Taiwan</i>
	(%)	(%)	(%)	(%)	(%)	(%)
2023	-12	-14	-10	-15	-5	-12
2024	5	10	3	-1	26	-3
2025	13	14	9	-4	47	36

4. Annual rates of change in real terms of imports and retained imports based on external merchandise trade quantum index numbers:

	<i>Imports</i>	<i>Retained imports</i>
	(%)	(%)
2023	-9	1
2024	3	-6
2025	13	13

5. Annual rates of change in real terms of exports of services by type:

	<i>Exports of services</i>				
	<i>Total</i> (%)	<i>Transport services</i> (%)	<i>Travel services</i> (%)	<i>Financial services</i> (%)	<i>Other services</i> (%)
2023	19	4	521	-7	0
2024	4	4	7	4	2
2025	6	6	9	7	2

6. Hong Kong's goods and services trade balance in 2025 reckoned on GDP basis:

	(HK\$ billion)
Total exports of goods	5,758.8
Imports of goods	5,832.0
<b><i>Goods trade balance</i></b>	<b>-73.2</b>
Exports of services	896.7
Imports of services	727.9
<b><i>Services trade balance</i></b>	<b>168.9</b>
<b><i>Combined goods and services trade balance</i></b>	<b>95.6</b>

7. Annual averages of the unemployment and underemployment rates and growth in labour force and total employment:

	<i>Unemployment rate (%)</i>	<i>Underemployment rate (%)</i>	<i>Growth in labour force (%)</i>	<i>Growth in total employment (%)</i>
2023	2.9	1.1	1.2	2.7
2024	3.0	1.2	-0.4	-0.4
2025	3.6	1.4	0.1	-0.6

8. Annual rates of change in the Consumer Price Indices:

	<i>Composite CPI</i>		<i>CPI(A)</i>	<i>CPI(B)</i>	<i>CPI(C)</i>
	<i>Underlying (%)</i>	<i>Headline (%)</i>	<i>(%)</i>	<i>(%)</i>	<i>(%)</i>
2023	1.7	2.1	2.3	2.0	2.0
2024	1.1	1.7	2.1	1.6	1.5
2025	1.1	1.4	1.9	1.3	1.1

## ECONOMIC PROSPECTS FOR 2026

Forecast rates of change in the Gross Domestic Product and main price indicators in 2026:

	(%)
<b>Gross Domestic Product (GDP)</b>	
<i>Real GDP</i>	<b>2.5 to 3.5</b>
<i>Nominal GDP</i>	4.2 to 5.2
<i>Growth rate of per capita GDP in real terms</i>	2 to 3
<i>Per capita GDP at current market prices</i>	HK\$460,700-465,200 (US\$59,100-59,600)
<b>Composite Consumer Price Index</b>	
<i>Underlying Composite Consumer Price Index</i>	<b>1.7</b>
<i>Headline Composite Consumer Price Index</i>	<b>1.8</b>
<b>GDP Deflator</b>	<b>1.7</b>