Press Release

(embargoed until 4:30 p.m. on 14 August 2026)

Economic performance in second quarter of 2026
and latest GDP and price forecasts for 2026

The Government released today (14 August) the Half-yearly Economic Report 2026, together with the revised figures on Gross Domestic Product (GDP) for the second quarter of 2026.

The Government Economist, Ms Irina Fan, gave an account of the economic performance in the second quarter of 2026 and the latest GDP and price forecasts for 2026.

Main points

* The Hong Kong economy continued to expand robustly in the second quarter of 2026, underpinned by buoyant external trade and resilient domestic demand. Real GDP grew by 4.3% in the second quarter over a year earlier, following 5.9% growth in the preceding quarter. For the first half of 2026, real GDP grew by 5.1% over a year earlier, the strongest half-yearly performance in nearly five years.

* Total exports of goods accelerated, surging by 28.9% year-on-year in real terms in the second quarter, thanks to the robust trade flows driven by strong global demand for artificial intelligence (AI)-related electronic products. Exports of services expanded solidly by 3.4% in real terms over a year earlier, with all major service groups continuing to expand.

* Domestic demand remained resilient across consumption and investment. Private consumption expenditure expanded for the fifth consecutive quarter and rose solidly by 2.8% in real terms in the second quarter over a year earlier. Overall investment expenditure rose further by 4.4% in real terms over a year earlier, underpinned by a further visible increase in private sector investment spending.

* The labour market remained stable in the second quarter. The seasonally adjusted unemployment rate held steady at 3.7%, same as the preceding quarter. The underemployment rate also remained unchanged at 1.6%. Average employment earnings continued to grow over a year earlier.

* Asset market conditions in Hong Kong in the second quarter were broadly supportive of both consumption and investment sentiment. The residential property market extended its positive momentum in the second quarter, with buoyant trading activity and further increases in overall flat prices. As for the local stock market, while the market saw fluctuating movements and the Hang Seng Index (HSI) closed the second quarter lower than at end-March, trading activity remained vibrant, with average daily turnover rising visibly by over 20% in the second quarter over a year earlier. Meanwhile, fund-raising activities

through initial public offerings (IPO) were vibrant. These reflected investors' enthusiasm for frontier technology and AI-related assets. Going into the third quarter, the HSI recouped some lost ground to close at 25 440 on 12 August.

* Consumer price inflation rose slightly but stayed moderate. The underlying Composite Consumer Price Index (Composite CPI) rose by 1.7% in the second quarter over a year earlier, accelerating from 1.4% in the preceding quarter, driven mainly by a sequential increase in fuel-related components following elevated international oil prices since late-February. Price pressures in other components remained largely subdued.

* Looking ahead, the Hong Kong economy should see solid growth in the second half of 2026. The vibrant global demand for AI-related electronic products is expected to continue supporting Hong Kong's merchandise trade performance, and related logistics services should benefit from this momentum as well. Exports of services are also expected to benefit from sustained growth in visitor arrivals, alongside steady demand for financial and business services in Hong Kong. Domestic demand is expected to stay firm, supported by stable labour market conditions, and solid business and consumer sentiment. Nonetheless, external headwinds persist. Geopolitical tensions in the Middle East remain fluid, with potential spillovers to energy markets and global inflation. Inflation dynamics in major economies, the policy trajectories of major central banks, and trade protectionism among advanced economies warrant close attention. Risks associated with the rapid expansion of global AI investment also require monitoring.

* Taking into account the stronger-than-expected actual outturn in the first half of the year and the near-term outlook, the real GDP growth forecast for 2026 as a whole is revised up to 3.5% – 4.5%, from 2.5% – 3.5% in the May round of review. The Government will continue to closely monitor the situation.

* On the inflation outlook, consumer price inflation is expected to rise in the coming months as the earlier surge in international oil prices continues to feed through. The lingering geopolitical tensions in the Middle East have increased the uncertainty of inflation outlook. Meanwhile, price pressures in other areas remain largely contained, which should keep overall inflation at a moderate level. Taking into account the actual inflation outturn in the first half of the year and the factors mentioned above, the forecasts for the underlying and headline consumer price inflation rates for 2026 are maintained at 2.5% and 2.6% respectively, same as those in the May round of review.

Details

GDP

According to the revised figures released today by the Census and Statistics Department, real *GDP* grew by 4.3% year-on-year in the second quarter of 2026 (same as the advance estimate), following 5.9% growth in the preceding quarter. On a seasonally adjusted quarter-to-quarter comparison, real GDP fell somewhat by 0.6% in the second quarter (same as the advance estimate), having increased visibly by 2.9% in the preceding quarter ***(Chart)***.

2. The latest figures on GDP and its major expenditure components up to the second quarter of 2026 are presented in ***Table 1***. Developments in different segments of the economy in the second quarter are described below.

External trade

3. *Total exports of goods* saw accelerated growth of 28.9% year-on-year in real terms in the second quarter, up from 23.8% in the preceding quarter. The strong export growth was underpinned by robust trade flows, driven by strong global demand for AI-related electronic products. Analysed by major market and with reference to external merchandise trade statistics, exports to the Mainland continued to register double-digit growth. Exports to Association of Southeast Asian Nations markets sustained their momentum and accelerated, and those to many other Asian economies also expanded at a faster pace. Exports to the United States grew markedly, and those to the European Union recorded solid growth. On a seasonally adjusted quarter-to-quarter basis, total exports of goods rose notably further by 7.0% in real terms in the second quarter.

4. *Exports of services* expanded solidly by 3.4% in real terms in the second quarter over a year earlier, after rising by 3.3% in the preceding quarter. Exports of all major service groups continued to expand. Specifically, exports of transport services, financial services, and business and other services recorded accelerated growth, supported by vibrant performance in cross-boundary traffic and financial service activities. Exports of travel services continued to expand, driven by solid growth in inbound tourism. On a seasonally adjusted quarter-to-quarter basis, exports of services increased by 1.2% in real terms in the second quarter.

Domestic sector

5. *Private consumption expenditure* rose solidly by 2.8% in real terms in the second quarter over a year earlier, after an increase of 4.9% in the preceding quarter and recording the fifth consecutive quarter of expansion. All major categories of consumption expenditure in the domestic market increased in the second quarter

compared with a year earlier. On a seasonally adjusted quarter-to-quarter basis, private consumption expenditure rose by 0.6% in real terms in the second quarter. Meanwhile, *government consumption expenditure* was broadly unchanged in real terms in the second quarter compared with a year earlier, after rising by 2.8% in the preceding quarter. On a seasonally adjusted quarter-to-quarter basis, government consumption expenditure decreased by 1.9% in real terms in the second quarter.

6. Overall investment expenditure in terms of *gross domestic fixed capital formation* rose further by 4.4% year-on-year in real terms in the second quarter, though decelerating from 18.3% growth in the preceding quarter. The deceleration was mainly due to a slowdown in public sector expenditure on building and construction, which primarily reflected the lumpiness of milestone-based payments in the quarter. Private sector investment expenditure nevertheless stayed robust and increased visibly further in the second quarter, marking its third consecutive quarter of double-digit growth. Growth was supported by continued visible rise in expenditure on acquisitions of machinery, equipment and intellectual property products, further surge in costs of ownership transfer amid active property transactions, and a return to moderate growth in expenditure on building and construction, reversing its downward trend.

Labour sector

7. The labour market remained stable in the second quarter. The seasonally adjusted *unemployment rate* held steady at 3.7%, same as the preceding quarter. The *underemployment rate* also remained unchanged at 1.6%. The average monthly employment earnings of full-time employees (excluding foreign domestic helpers) showed sustained growth of 2.3% in nominal terms over a year earlier.

Asset markets

8. Asset market conditions in Hong Kong in the second quarter were broadly supportive of both consumption and investment sentiment. The *residential property market* extended its positive momentum in the second quarter. The number of transactions, in terms of the total number of sale and purchase agreements for residential property received by the Land Registry, rose visibly by another 19% over the preceding quarter to 22 156 in the second quarter, the highest quarterly level in fourteen years, and markedly higher than a year ago by 32%. Overall flat prices went up notably further by 3% during the second quarter, translating into a year-to-date gain of 8%. Overall flat rentals also stayed resilient, rising by another 2% in the second quarter.

9. The *local stock market* saw fluctuating movements in the second quarter. The HSI closed the quarter at 22 881, 7.7% lower than at end-March. Nonetheless, trading activity remained vibrant, with average daily turnover rising visibly by 21.8%

year-on-year to $289.5 billion in the second quarter. Meanwhile, IPO fund-raising activities were vibrant. These reflected investors' enthusiasm for frontier technology and AI-related assets. Going into the third quarter, the HSI recouped some lost ground to close at 25 440 on 12 August.

Prices

10. Consumer price inflation rose slightly in the second quarter, driven mainly by a sequential increase in fuel-related components following elevated international oil prices since late-February. Price pressures in other components remained largely subdued, keeping overall inflation at a moderate level. The *underlying Composite CPI* rose by 1.7% in the second quarter over a year earlier, accelerating from 1.4% in the preceding quarter. Including the effects of the Government's one-off relief measures, the *headline Composite CPI* rose by 1.9% year-on-year in the second quarter, up from 1.6% in the preceding quarter.

Latest GDP and price forecasts for 2026

11. Looking ahead, the Hong Kong economy should see solid growth in the second half of 2026. The vibrant global demand for AI-related electronic products is expected to continue supporting Hong Kong's merchandise trade performance, and related logistics services should benefit from this momentum as well. Exports of services are also expected to benefit from sustained growth in visitor arrivals, alongside steady demand for financial and business services in Hong Kong. Domestic demand is expected to stay firm, supported by stable labour market conditions, and solid business and consumer sentiment. Nonetheless, external headwinds persist. Geopolitical tensions in the Middle East remain fluid, with potential spillovers to energy markets and global inflation. Inflation dynamics in major economies, the policy trajectories of major central banks, and trade protectionism among advanced economies warrant close attention. Risks associated with the rapid expansion of global AI investment also require monitoring.

12. Taking into account the stronger-than-expected actual outturn in the first half of the year and the near-term outlook, the real GDP growth forecast for 2026 as a whole is revised up to 3.5% – 4.5%, from 2.5% – 3.5% in the May round of review ***(Table 2)***. The Government will continue to closely monitor the situation.

13. On the inflation outlook, consumer price inflation is expected to rise in the coming months as the earlier surge in international oil prices continues to feed through. The lingering geopolitical tensions in the Middle East have increased the uncertainty of inflation outlook. Meanwhile, price pressures in other areas remain largely contained, which should keep overall inflation at a moderate level. Taking into account the actual inflation outturn in the first half of the year and the factors mentioned above, the forecasts for the underlying and headline consumer price

inflation rates for 2026 are maintained at 2.5% and 2.6% respectively, same as those in the May round of review ***(Table 2)***.

The Half-yearly Economic Report 2026 is now available for online download, free of charge at www.hkeconomy.gov.hk/en/situation/index.htm. The Report of the Gross Domestic Product by Expenditure Component, which contains the GDP figures up to the second quarter of 2026, is also available for browse and download, free of charge on the homepage of the Census and Statistics Department, www.censtatd.gov.hk.

Hong Kong's Gross Domestic Product

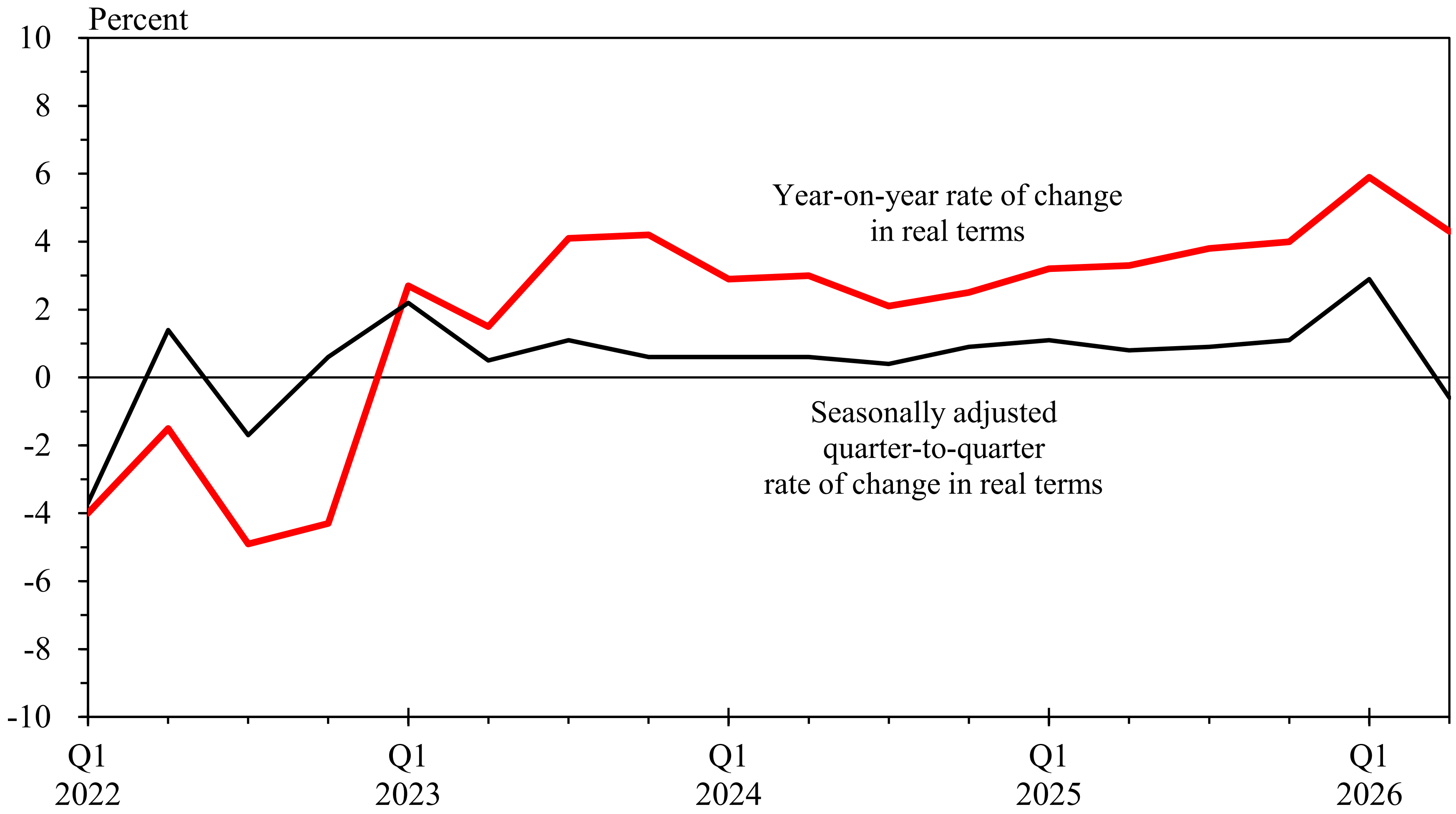

Table 1

Gross Domestic Product, its main expenditure components and the main price indicators (year-on-year rate of change (%))

	2025#	2025 Q1#	2025 Q2#	2025 Q3#	2025 Q4#	2026 Q1#	2026 Q2#
Change in real terms of GDP and its main expenditure components (%)							
Private consumption expenditure	1.7	-0.7 (-0.5)	2.4 (2.7)	2.4 (0.1)	2.5 (0.4)	4.9 (1.7)	2.8 (0.6)
Government consumption expenditure	1.5	0.4 (-0.3)	2.5 (1.1)	1.9 (0.2)	1.5 (0.3)	2.8 (1.3)	* (-1.9)
Gross domestic fixed capital formation	4.8	0.2	1.8	5.1	11.7	18.3	4.4
Building and construction	-9.6	-5.7	-12.0	-10.7	-10.1	5.5	-13.4
Costs of ownership transfer	37.8	40.6	-8.3	76.7	65.8	71.6	57.2
Machinery, equipment and intellectual property products	25.6	10.9	41.8	17.4	33.7	35.7	23.6
Total exports of goods&	12.0	8.7 (8.5)	11.4 (2.7)	12.0 (0.2)	15.4 (3.7)	23.8 (15.9)	28.9 (7.0)
Imports of goods&	12.6	7.2 (6.1)	12.6 (4.5)	11.7 (1.2)	18.2 (5.5)	29.9 (16.4)	29.3 (3.9)
Exports of services&	6.2	6.0 (0.5)	8.0 (0.9)	6.4 (1.1)	4.7 (1.8)	3.3 (-0.6)	3.4 (1.2)
Imports of services&	4.3	5.2 (1.1)	6.4 (1.8)	2.0 (-1.9)	3.7 (2.8)	3.8 (0.9)	3.0 (1.2)
Gross Domestic Product	**3.6**	**3.2 (1.1)**	**3.3 (0.8)**	**3.8 (0.9)**	**4.0 (1.1)**	**5.9 (2.9)**	**4.3 (-0.6)**
Change in the main price indicators (%)							
GDP deflator	**0.9**	**1.0 (-0.4)**	**0.5 (0.5)**	**0.5 (0.6)**	**1.4 (0.6)**	**-0.2 (-1.8)**	**2.4 (3.1)**
Composite CPI							
Headline	**1.4**	**1.6 (0.3)**	**1.8 (-0.2)**	**1.1 (0.7)**	**1.3 (0.4)**	**1.6 (0.6)**	**1.9 (0.2)**
Underlying^	**1.1**	**1.2 (0.1)**	**1.1 (0.2)**	**1.0 (0.3)**	**1.1 (0.4)**	**1.4 (0.4)**	**1.7 (0.6)**
Change in **nominal GDP** *(%)*	**4.5**	**4.3**	**3.8**	**4.3**	**5.4**	**5.6**	**6.9**

Notes : Figures are subject to revision later on as more data become available. The seasonally adjusted quarter-to-quarter rate of change is not applicable to gross domestic fixed capital formation, as no clear seasonal pattern is found for this category due to the presence of considerable short-term fluctuations.

(&) Figures are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.

(#) Revised figures.

( ) Seasonally adjusted quarter-to-quarter rate of change.

(^) After netting out the effects of the Government's one-off relief measures.

(*) Change within ± 0.05%.

Table 2

Economic forecasts for 2026
(rate of change (%))

	Forecasts as released on 15.5.2026 (%)	Latest forecasts on 14.8.2026 (%)
Real Gross Domestic Product (GDP)	2.5 to 3.5	3.5 to 4.5
Composite Consumer Price Index (CCPI)		
Underlying CCPI	*2.5*	*2.5*
Headline CCPI	*2.6*	*2.6*