



Half-yearly Economic Report 2025

Government of the Hong Kong
Special Administrative Region

HALF-YEARLY ECONOMIC REPORT 2025

OFFICE OF THE GOVERNMENT ECONOMIST
FINANCIAL SECRETARY'S OFFICE
GOVERNMENT OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION

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CHAPTER 1 : OVERVIEW OF ECONOMIC PERFORMANCE

Summary

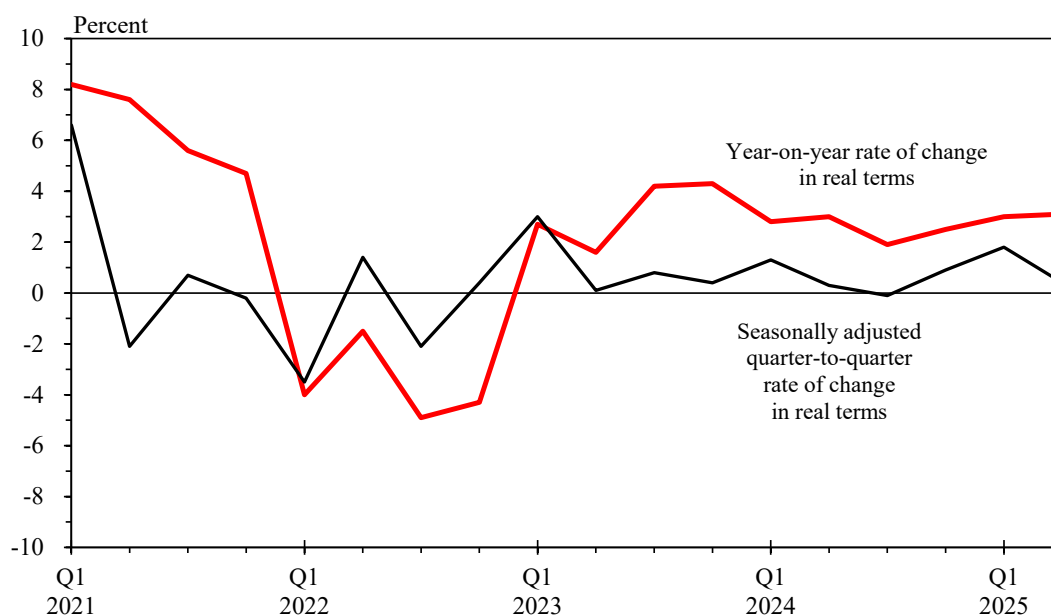
- *The Hong Kong economy continued to expand solidly in the second quarter of 2025, supported by strong exports performance and improved domestic demand. Real Gross Domestic Product (GDP)⁽¹⁾ grew by 3.1% over a year earlier, picking up slightly from the preceding quarter. On a seasonally adjusted quarter-to-quarter comparison⁽²⁾, real GDP rose further by 0.4%.*
- *Hong Kong's total exports of goods saw accelerated year-on-year growth in the second quarter, supported by resilient external demand, together with some rush shipments in response to the temporary easing of the United States' (US) tariff measures. Meanwhile, exports of services continued to expand notably, with all major service groups showing further increases.*
- *Domestically, private consumption expenditure resumed moderate growth in the second quarter after four consecutive quarters of decline, as supported by the stabilisation in the domestic consumption market. Overall investment expenditure increased further, thanks to a surge in expenditure on machinery, equipment and intellectual property products.*
- *The labour market saw some softening in the second quarter. The seasonally adjusted unemployment rate rose to 3.5% in the second quarter from 3.2% in the preceding quarter. The underemployment rate also increased.*
- *The local stock market maintained upward momentum in the second quarter as market sentiment improved subsequently after the US temporarily suspended many of its tariffs. The Hang Seng Index (HSI) recouped lost grounds and sustained the uptrend to close the second quarter at 24 072, up 4.1% from end-March. The residential property market showed some stabilisation in the second quarter. Flat prices held broadly stable, and rentals stayed resilient.*
- *Underlying consumer price inflation stayed modest in the second quarter. Price pressures on major components were largely contained.*

Overall situation

1.1 The Hong Kong economy continued to expand solidly in the second quarter of 2025, supported by strong exports performance and improved domestic demand. Total exports of goods saw accelerated year-on-year growth, supported by resilient external demand and some rush shipments in response to the temporary easing of the US' tariff measures. Exports of services continued to expand notably, with all major service groups showing further increases. Private consumption expenditure resumed moderate growth after four consecutive quarters of decline, as supported by the stabilisation in the domestic consumption market. Overall investment expenditure increased further, thanks to a surge in expenditure on machinery, equipment and intellectual property products.

1.2 Real GDP grew by 3.1% year-on-year in the second quarter (same as the advance estimate), picking up slightly from the growth of 3.0% in the preceding quarter. On a seasonally adjusted quarter-to-quarter comparison, real GDP rose by 0.4% (same as the advance estimate), further to the 1.8% increase in the preceding quarter.

Diagram 1.1 : The Hong Kong economy continued to expand solidly in the second quarter of 2025



The external sector

1.3 *Total exports of goods* based on the GDP compilation framework saw accelerated year-on-year growth of 11.5% in real terms in the second quarter of 2025, following an 8.4% increase in the preceding quarter. Resilient external demand, together with some rush shipments in response to the temporary easing of the US' tariff measures, rendered support to export performance. Analysed by major market and by reference to external merchandise trade statistics, exports to the Mainland posted further double-digit growth. Exports to ASEAN markets accelerated further, and those to most high-income Asian economies saw increases of varying degrees. Exports to the US turned to a decline, and those to the European Union fell further.

1.4 *Exports of services* continued to expand notably by 7.5% in real terms in the second quarter over a year earlier, after growing by 6.3% in the preceding quarter. Exports of all major service groups showed further increases. Specifically, exports of travel and transport services rose further thanks to strong growth in inbound tourism and sustained expansion in cross-boundary traffic. Exports of financial services and business and other services also continued to grow, supported by vibrant financial and related business service activities amid the buoyant local stock market.

**Table 1.1 : Gross Domestic Product, its main expenditure components
and the main price indicators
(year-on-year rate of change (%))**

	<u>2024[#]</u>	<u>Q1[#]</u>	<u>Q2[#]</u>	<u>2024</u> <u>Q3[#]</u>	<u>Q4[#]</u>	<u>2025</u> <u>Q1[#]</u>	<u>Q2[#]</u>
<i>Change in real terms of GDP and its main expenditure components (%)</i>							
Private consumption	-0.7	0.9	-1.9	-1.3	-0.2	-1.2	1.9
Expenditure		(-0.7)	(0.4)	(-0.2)	(0.3)	(-1.7)	(3.4)
Government consumption	0.9	-1.6	1.7	1.6	2.1	0.9	2.5
expenditure		(1.1)	(-0.6)	(0.6)	(0.8)	(0.2)	(0.9)
Gross domestic fixed	1.9	-0.9	3.1	5.8	-0.7	1.1	2.8
capital formation							
Building and construction	3.6	9.7	10.2	-0.4	-4.8	-5.5	-9.5
Costs of ownership transfer	11.7	-35.7	31.5	6.8	75.0	41.0	-8.7
Machinery, equipment and	-2.5	-12.9	-15.3	14.8	-1.9	11.1	38.4
intellectual property products							
Total exports of goods ^{&}	4.7	6.7	7.4	3.9	1.3	8.4	11.5
		(2.9)	(*)	(-2.1)	(0.3)	(10.3)	(2.9)
Imports of goods ^{&}	2.4	3.3	3.4	2.8	0.4	7.2	12.6
		(0.7)	(-0.5)	(0.5)	(-0.5)	(7.6)	(4.6)
Exports of services ^{&}	5.1	9.9	1.0	2.8	6.5	6.3	7.5
		(0.1)	(-1.8)	(3.5)	(4.7)	(-0.3)	(-0.5)
Imports of services ^{&}	11.6	18.2	11.7	9.0	8.3	4.7	7.2
		(3.8)	(0.5)	(1.3)	(2.6)	(*)	(3.0)
Gross Domestic Product	2.5	2.8	3.0	1.9	2.5	3.0	3.1
		(1.3)	(0.3)	(-0.1)	(0.9)	(1.8)	(0.4)
<i>Change in the main price indicators (%)</i>							
GDP deflator	3.8	3.8	4.5	4.3	2.8	1.3	0.5
		(0.7)	(1.2)	(1.0)	(-0.2)	(-0.7)	(0.4)
Composite CPI							
Headline	1.7	1.9	1.2	2.4	1.4	1.6	1.8
		(*)	(-0.4)	(1.5)	(0.3)	(0.2)	(-0.2)
Underlying[^]	1.1	1.0	1.0	1.1	1.2	1.2	1.1
		(*)	(0.4)	(0.4)	(0.5)	(*)	(0.2)
<i>Change in nominal GDP (%)</i>	6.4	6.7	7.6	6.3	5.3	4.4	3.7

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⁽²⁾.

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

(*) Change within $\pm 0.05\%$.

The domestic sector

1.5 Private consumption showed some stabilisation in the second quarter of 2025, following a year of subdued performance amid the ongoing changes in residents' consumption patterns. The continued increase in employment earnings, the decline in local interest rates, the buoyant local stock market, and the stabilisation of residential property market have provided support. *Private consumption expenditure* turned to an increase of 1.9% in real terms over a year earlier, after declining by 1.2% in the preceding quarter. On a seasonally adjusted quarter-to-quarter basis, private consumption expenditure increased by 3.4%. Meanwhile, *government consumption expenditure* increased by 2.5% in real terms over a year earlier, after rising by 0.9% in the preceding quarter. On a seasonally adjusted quarter-to-quarter basis, government consumption expenditure increased by 0.9%.

**Table 1.2 : Consumer spending by major component^(a)
(year-on-year rate of change in real terms (%))**

Of which :

		Total consumer spending in the domestic market ^(a)	Food	Durables	Non- durables	Services	Residents' expenditure abroad	Visitor spending	Private consumption expenditure ^(b)
2024	Annual	-2.0	-3.3	-14.3	-10.3	2.2	27.1	7.2	-0.7
	Q1	0.2	-4.2	-11.8	1.8	2.0	58.9	41.3	0.9
	Q2	-4.2	-6.1	-15.4	-17.5	1.5	23.7	-8.5	-1.9
	Q3	-2.9	-1.7	-17.1	-14.5	1.9	17.6	-3.1	-1.3
	Q4	-1.0	-0.8	-13.6	-9.5	3.5	17.2	5.9	-0.2
2025	Q1	-0.8	-0.3	-16.6	-8.1	2.9	1.8	4.9	-1.2
	Q2	2.3	0.6	-6.2	3.1	3.2	6.9	13.4	1.9

- Notes : (a) Consumer spending in the domestic market comprises both local consumer and visitor spending.
(b) Private consumption expenditure is obtained by deducting visitor spending from total consumer spending in the domestic market, and adding back residents' expenditure abroad.

Diagram 1.2 : Private consumption expenditure resumed moderate growth

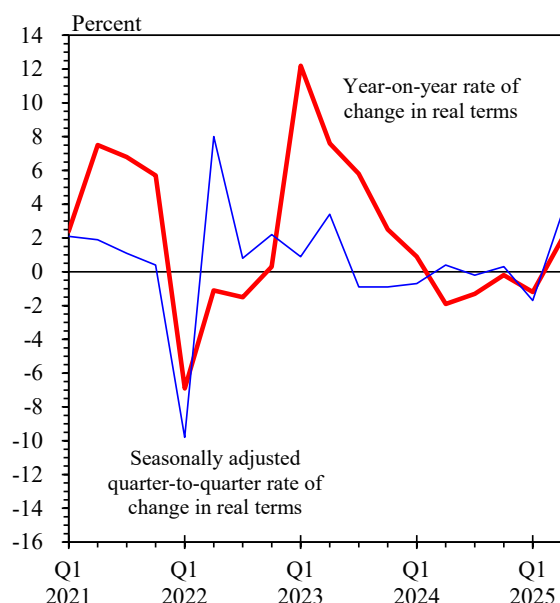
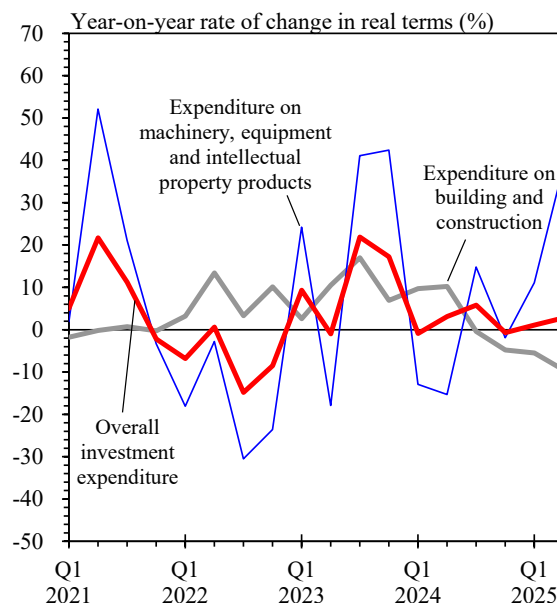


Diagram 1.3 : Overall investment expenditure increased further



1.6 Overall investment expenditure in terms of *gross domestic fixed capital formation* increased by 2.8% in real terms in the second quarter over a year earlier, further to a 1.1% increase in the preceding quarter. Expenditure on acquisitions of machinery, equipment and intellectual property products leapt by 38.4%, with private sector spending showing particularly strong growth. Yet, expenditure on building and construction continued to contract by 9.5%. Costs of ownership transfer shrank by 8.7% from a high base last year. Meanwhile, overall business sentiment was still cautious in general over the past few months amid ongoing external uncertainties, though there were some relative improvements more recently (See **Box 1.1** on business sentiment in Hong Kong).

Box 1.1

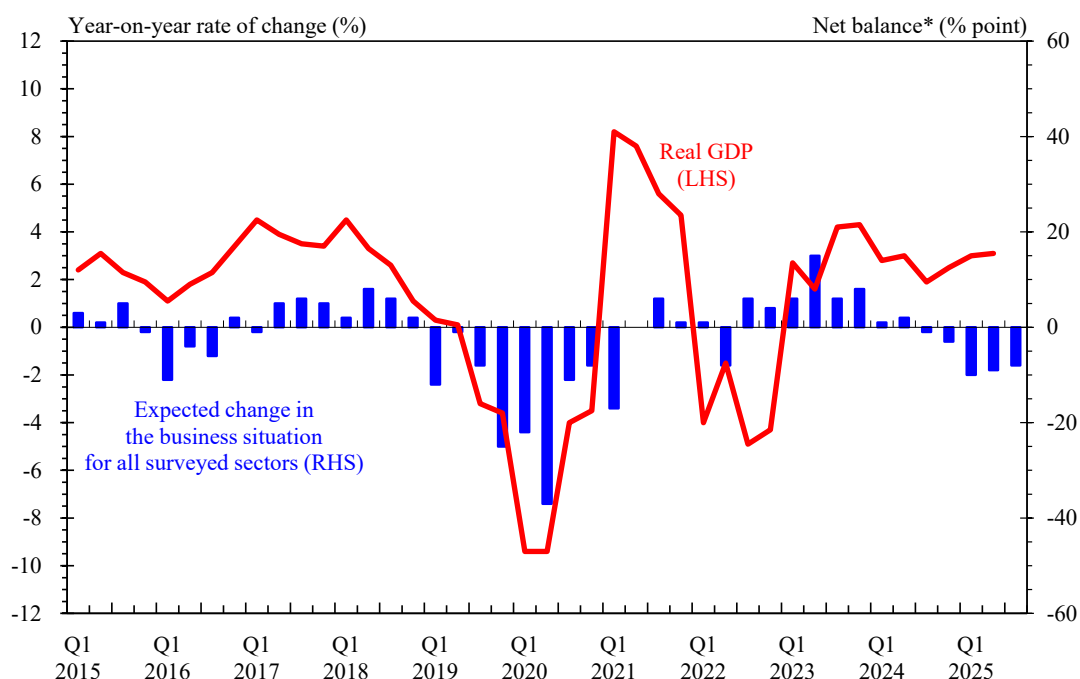
Business sentiment in Hong Kong

This box article gives a general overview of the prevailing business sentiment in Hong Kong, based on results from various surveys that are available in the public domain. Survey results indicate that overall business sentiment was still cautious in general over the past few months amid ongoing external uncertainties, though there were some relative improvements more recently.

According to the results of the Census and Statistics Department (C&SD)'s Quarterly Business Tendency Survey (QBTS)⁽¹⁾ conducted during 3 June to 7 July, business sentiment among large enterprises in Hong Kong in the third quarter of 2025 was slightly better than a quarter ago (*Chart 1*). While the proportion of large enterprises expecting their business situation to improve in the third quarter over the second quarter was smaller than the proportion of those expecting the situation to worsen by 8 percentage points (i.e. a net balance of -8), the net balance went up slightly from -9 in the previous round.

Business sentiment of large enterprises showed varied movements across sectors (*Table 1*). The net balance for “financing and insurance” sector improved within the positive zone, and that for “real estate” sector increased to reach the positive zone. Those for “accommodation and food services”, “manufacturing”, “information and communications” and “import/export trade and wholesale” sectors showed relative improvement, though still within the negative zone. On the other hand, those for “construction”, “transportation, storage and courier services” and “professional and business services” sectors declined further in the negative zone, while that for “retail” sector dipped into the negative zone. Meanwhile, large enterprises’ appetite for hiring remained stable as a whole (*Table 2*).

Chart 1 : Business sentiment of large enterprises was slightly better than the previous quarter



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

(1) The Quarterly Business Tendency Survey collected views from around 500-600 large establishments on their near-term business outlook. Respondents were asked to exclude seasonal influences in their responses.

Box 1.1 (Cont'd)

Table 1 : Business sentiment of large enterprises showed varied movements across sectors

QBTS: Expected changes in business situation						
	Net balance* (% point)					
	2024			2025		
	Q2	Q3	Q4	Q1	Q2	Q3
Manufacturing	+8	-2	-19	-22	-20	-2
Construction	-11	-16	-12	-14	-16	-22
Import/export trade and wholesale	-9	-1	-8	-15	-19	-18
Retail	-16	-16	-19	-31	+4	-14
Accommodation and food services	+7	+6	-3	-36	-37	-16
Transportation, storage and courier services	+4	-2	-1	-27	-25	-31
Information and communications	+1	-3	-5	-11	-17	-9
Financing and insurance	+19	+7	+2	+10	+8	+11
Real estate	+8	0	+6	-15	-11	+3
Professional and business services	-9	-3	+3	-8	-6	-14
All sectors above	+2	-1	-3	-10	-9	-8

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

Table 2 : Hiring sentiment of large enterprises remained stable as a whole

QBTS: Expected changes in number of persons engaged						
	Net balance* (% point)					
	2024			2025		
	Q2	Q3	Q4	Q1	Q2	Q3
Manufacturing	+7	+13	+3	+4	-2	+4
Construction	+11	+3	-7	-12	-12	-6
Import/export trade and wholesale	+1	0	+4	-4	+1	-6
Retail	+6	+3	+2	0	+1	0
Accommodation and food services	+11	+4	-7	-5	-22	-7
Transportation, storage and courier services	+9	+9	+10	-2	+6	+9
Information and communications	-15	-8	-4	-7	-3	-13
Financing and insurance	+12	+7	+5	+9	+6	+4
Real estate	+15	+9	+9	-1	+15	+10
Professional and business services	+5	-3	-3	-5	-3	-6
All sectors above	+7	+3	+1	-3	-2	-2

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

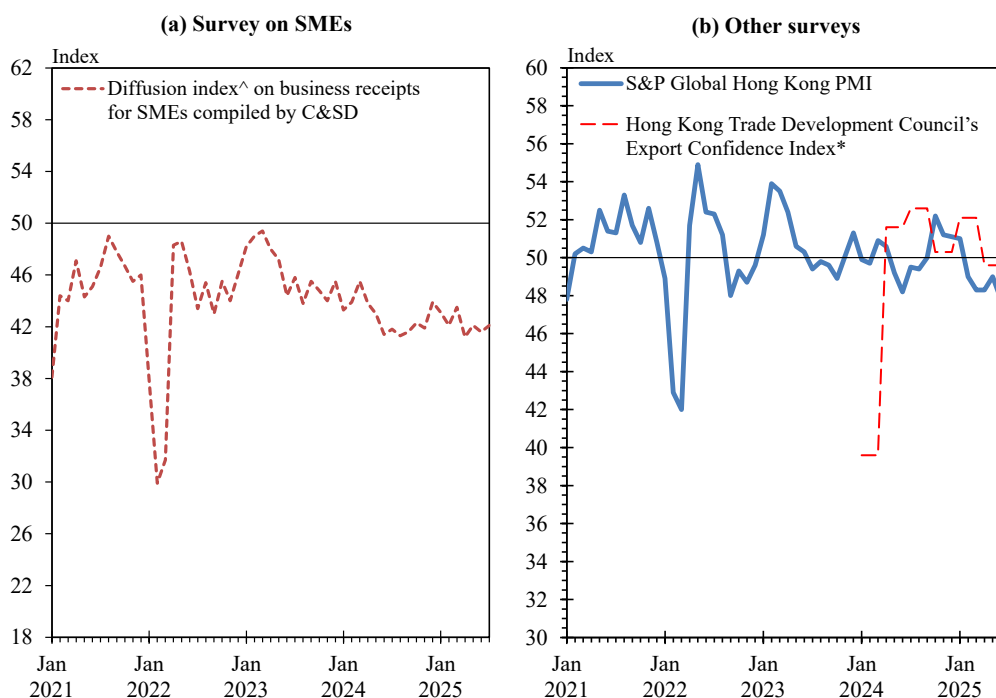
As for small and medium-sized enterprises (SMEs), C&SD compiles a set of diffusion indices on a monthly basis⁽²⁾ to gauge the general direction of change in their views on the business situation versus the preceding month. The overall index on the current situation saw fluctuations at low levels in the past several months, yet the latest reading moved back up to 42.1 in July (**Chart 2a**). The employment sentiment among SMEs remained largely stable during May to July. Credit conditions stayed accommodative during the same period.

As for other surveys in the public domain, the S&P Global Purchasing Managers’ Index (PMI) of Hong Kong⁽³⁾, which gauges the performance of the private sector’s business activity, hovered below the boom-bust line throughout May to July and moved back up somewhat to 49.2 in July (**Chart 2b**). The latest Hong Kong Trade Development Council (HKTDC) Export Confidence Index⁽⁴⁾, which was compiled based on the information collected earlier during 28 April to 15 May, showed that confidence among exporters deteriorated amid the implementation of US’ exceptionally high tariff of 145% on Chinese goods at that time.

(2) It refers to the results from the Monthly Survey on the Business Situation of SMEs that solicits feedback from a panel sample of around 600 SMEs each month.

Box 1.1 (Cont'd)

Chart 2 : Other business sentiment indicators remained cautious over the past few months, though saw some increases in the latest month



Notes : (^) The diffusion index is computed by adding the percentage of SMEs reporting “up” to one half of the percentage of SMEs reporting “same”. A diffusion index reading above 50 indicates that the business condition is generally favourable, whereas an index below 50 indicates otherwise. Respondents were asked to exclude seasonal effects in reporting their views.

(*) Quarterly data since 2024 Q1. A reading above 50 indicates an upward trend and an optimistic outlook, while a reading below 50 indicates a downward trend and a pessimistic outlook.

It is worth noting that these surveys are essentially opinion-based, thereby unavoidably subject to various limitations (e.g. results are not directly comparable) and hence the results should be interpreted with care. These survey findings taken together suggest that overall business sentiment was still cautious in general over the past few months, though there were some relative improvements more recently. Looking forward, the ongoing uncertainties in the external environment would continue to affect the local business sentiment. Nonetheless, the resilient local economy and sustained steady growth in the Mainland economy should provide support.

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- (3) According to the press release by S&P Global, the S&P Global Hong Kong PMI is compiled according to monthly replies to questionnaires sent to purchasing managers in around 400 private sector companies. It is a composite index based on five individual indices with the following weights: New Orders (30%); Output (25%); Employment (20%); Suppliers' Delivery Times (15%); and Stocks of Purchases (10%), with the Suppliers' Delivery Times index inverted so that it moves in a comparable direction. Survey responses reflect the change, if any, in the prevailing month compared to the previous month.
- (4) The HKTDC Export Confidence Index aims to gauge the prospects of the near-term export performance of Hong Kong traders. It is a composite index based on five individual sub-indices with the following weight: Sales and New Orders (50.0%); Trade Value (12.5%); Cost (12.5%); Procurement (12.5%); and Inventory (12.5%), with the Cost index and Inventory index inverted so that they move in comparable direction. The business confidence survey is conducted on a quarterly basis, with more than 500 participating Hong Kong traders from six major industry sectors interviewed, namely electronics, clothing, toys, jewellery, timepieces and equipment/materials.

The labour sector

1.7 The labour market saw some softening in the second quarter of 2025. The seasonally adjusted *unemployment rate* rose to 3.5% in the second quarter from 3.2% in the preceding quarter. The *underemployment rate* also increased to 1.4% from 1.1%. The unemployment rates of many major sectors went up over the preceding quarter. Wages and labour earnings continued to post decent increases in the first quarter over a year earlier. More recent General Household Survey data showed that employment earnings grew solidly further in the second quarter over a year earlier.

The asset markets

1.8 The *local stock market* maintained upward momentum in the second quarter of 2025. Despite a sharp sell-off alongside other major markets following the US' announcement of the so-called "reciprocal tariffs" in early April, market sentiment improved subsequently as trade tensions eased after the US temporarily suspended many of these tariffs. The HSI recouped lost grounds and sustained the uptrend to close the second quarter at 24 072, up 4.1% from end-March. Trading activities remained active, with the average daily turnover reaching \$237.7 billion, an increase of 95.5% over a year ago, though down slightly by 2.1% from the preceding quarter. Fund raising activities stayed vibrant.

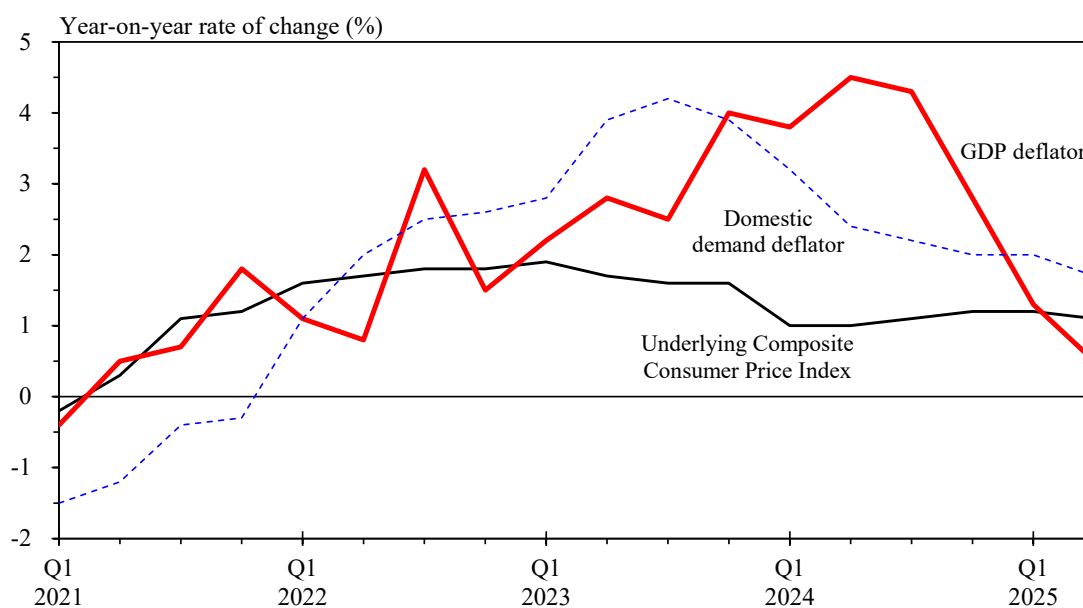
1.9 The *residential property market* showed some stabilisation in the second quarter. Market sentiment continued to improve amid easing external uncertainties, particularly after the sharp declines in the Hong Kong Interbank Offered Rates in May which subsequently lowered mortgage rates. The number of transactions, in terms of the total number of sale and purchase agreements for residential property received by the Land Registry, rebounded appreciably by 37% over the preceding quarter to 16 574 in the second quarter, only 7% lower than the high level a year ago. Overall flat prices held broadly stable, rising back by 1% during the second quarter. Largely driven by the notable declines in mortgage rates during the quarter, the index of home purchase affordability improved further to around 55%, which was comparable to the long-term average. Overall flat rentals stayed resilient, with a further increase of 1% between March and June. The *non-residential property market* stayed weak in general in the second quarter. While prices and rentals remained soft, trading activities of all major market segments picked up.

Inflation

1.10 Underlying consumer price inflation stayed modest in the second quarter of 2025. Major components generally saw modest to moderate changes as compared with a year earlier, as domestic and external price pressures stayed broadly in check. Netting out the effects of the Government's one-off relief measures, the *underlying Composite Consumer Price Index (Composite CPI)* increased by 1.1% over a year earlier, following the 1.2% increase in the preceding quarter.

1.11 As a broad measure of the overall change in prices in the economy, the *GDP deflator* rose mildly by 0.5% year-on-year in the second quarter, after increasing by 1.3% in the preceding quarter. The *terms of trade* decreased further by 0.6% compared with a year earlier, while the domestic demand deflator continued to increase by 1.7%.

Diagram 1.4 : Underlying consumer price inflation stayed modest in the second quarter of 2025



Net output of major economic sectors

1.12 The statistics of net output of major economic sectors are only up to the first quarter of 2025. The net output of the services sector rose by 2.5% year-on-year in real terms in the first quarter of 2025, notably faster than the increase of 1.7% in the preceding quarter and the increase of 2.0% for 2024 as a whole. Most major service sectors continued to record year-on-year growth in net output in the first quarter. Specifically, import and export trade, as well as financing and insurance saw visibly accelerated growth in net output, while many other service sectors posted moderate increases in net output. Yet, wholesale and retail trades, and accommodation and food services registered declines in net output, reflecting the impact of subdued local consumption at that time. The net output of real estate also showed a moderate decrease amid relatively cautious market sentiment back then. As for the secondary sector, the net output of the manufacturing sector continued to grow modestly, while that of the construction sector declined further.

**Table 1.3 : Net output of major economic sectors
(year-on-year rate of change in real terms (%))**

	<u>2024</u>	<u>2024</u>				<u>2025</u>
		<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>
Manufacturing	0.8	1.8	0.7	-0.1	1.0	0.7
Construction	4.4	8.2	11.7	2.1	-4.7	-4.9
Services	2.0	2.6	2.3	1.5	1.7	2.5
Import/export, wholesale and retail trades	0.4	1.7	-0.1	0.2	-0.2	4.2
Import and export trade	2.4	2.9	2.4	2.4	1.8	6.2
Wholesale and retail trades	-10.1	-5.4	-13.5	-12.8	-8.8	-8.5
Accommodation and food services	-1.8	2.2	-7.0	-4.9	2.6	-1.8
Transportation, storage, postal and courier services	11.0	19.7	11.1	7.2	6.8	2.6
Transportation and storage	11.7	21.1	11.7	8.0	7.0	2.6
Postal and courier services	-2.1	-6.9	-1.6	-2.3	2.0	2.5
Information and communications	1.8	1.9	1.7	2.2	1.5	1.1
Financing and insurance	0.9	-0.2	*	1.8	1.9	4.2
Real estate, professional and business services	1.6	2.1	2.8	-0.1	1.7	-0.5
Real estate	1.7	1.6	3.6	-1.8	3.8	-4.1
Professional and business services	1.6	2.5	2.3	1.0	0.5	1.8
Public administration, social and personal services	3.1	3.4	3.1	3.0	3.0	1.7

Notes : Figures are subject to revision later on as more data become available.

(*) Change within $\pm 0.05\%$.

Other economic developments

1.13 In the *World Competitiveness Yearbook 2025* published by the International Institute for Management Development, Hong Kong's ranking rose for the second consecutive year to third globally. This marked Hong Kong's return to the global top three for the first time since 2019. Among the four competitiveness factors, Hong Kong rose to second globally in "Government efficiency" and "Business efficiency". Hong Kong's rankings in "Economic performance" and "Infrastructure" also improved to sixth and seventh globally. The improvement showed that the Government's policy directions are on the right course and that various policies have yielded results. In the face of a complicated global economic and political landscape, Hong Kong will continue to actively integrate into the overall national development and align with national development strategies to consolidate our functional roles as a "super connector" and a "super value-adder", while continuously strengthening our governance systems and governance efficacy. Hong Kong will also strengthen international exchanges and co-operation, expand and deepen regional trade, and explore new markets, with a view to building a vibrant economy, striving for development and improving people's livelihoods on all fronts.

1.14 The Government released the *Report on Hong Kong's Business Environment: Unique Strengths under "One Country, Two Systems"* in July. The report provides all sectors of the community, and Mainland and overseas investors with details on Hong Kong's latest developments and strengths, comprehensively showcasing the city's open, safe, stable, efficient and internationalised business environment.

Notes :

- (1) The Gross Domestic Product (GDP) is an overall measure of net output produced within an economy in a specified period, such as a calendar year or a quarter, before deducting the consumption of fixed capital. In accordance with the expenditure approach to its estimation, GDP is compiled as total final expenditures on goods and services (including private consumption expenditure, government consumption expenditure, gross domestic fixed capital formation, changes in inventories, and exports of goods and services), less imports of goods and services.
- (2) The seasonally adjusted quarter-to-quarter GDP series, by removing the variations that occur at about the same time and in about the same magnitude each year, provides another perspective for discerning the trend, particularly in regard to turning points. A detailed examination reveals the presence of seasonality in the overall GDP and in some of its main components, including private consumption expenditure, government consumption expenditure, exports of goods, imports of goods, exports of services, and imports of services. However, due to the presence of considerable short-term fluctuations, no clear seasonal pattern is found in gross domestic fixed capital formation. Therefore, the seasonally adjusted series of GDP is compiled separately at the overall level, rather than summing up from its main components.

CHAPTER 2 : THE EXTERNAL SECTOR

Summary

- *The global economy stayed generally resilient in the second quarter of 2025 despite ongoing uncertainties in the trade policy of the United States (US). The Mainland economy continued to post solid growth. The US economy resumed growth over the preceding quarter, partly due to a steep decline in imports as firms drew down inventories built up in the preceding quarter. Growth in the euro area economy slowed somewhat. Meanwhile, other Asian economies generally sustained solid growth momentum.*
- *Hong Kong's merchandise exports continued to grow notably by 12.0% year-on-year in real terms⁽¹⁾ in the second quarter, supported by resilient external demand and some rush shipments in response to the temporary easing of US tariff measures. Exports to the Mainland posted further double-digit growth. Exports to ASEAN markets accelerated further, and those to most high income Asian economies saw increases of varying degrees. Exports to the US turned to a decline, and those to the European Union (EU) fell further.*
- *Exports of services continued to expand by 7.5% in real terms in the second quarter over a year earlier. Exports of all major service groups showed further increases, supported by strong growth in inbound tourism, sustained expansion in cross-boundary traffic, and vibrant financial and related business service activities amid the buoyant local stock market.*
- *The Government has continued its efforts to bolster Hong Kong's status as an international trade centre and logistics hub amid the uncertain external environment. Moreover, the Government has been steadfast in enhancing Hong Kong's economic links with the Mainland and overseas economies. The Chief Executive and Financial Secretary visited different Mainland cities and overseas economies to promote Hong Kong's business advantages and foster co-operation in various areas.*

Merchandise trade

External environment

2.1 The global economy stayed generally resilient in the second quarter of 2025 despite ongoing uncertainties in the trade policy of the US. The Mainland economy continued to post solid growth. The US economy resumed growth over the preceding quarter, partly due to a steep decline in imports as firms drew down inventories built up in the preceding quarter. Growth in the euro area economy slowed somewhat. Meanwhile, other Asian economies generally sustained solid growth momentum.

2.2 Global trade tensions escalated abruptly at the start of the quarter, as the US announced the so-called “reciprocal tariffs” on 2 April to increase import tariffs significantly. Trade tensions eased somewhat after the US announced a 90-day suspension on these tariffs in full for all trading partners except China on 9 April, and started trade talks with many of these economies. On 7 August, the US implemented a new set of full “reciprocal tariff” rates, which were generally higher than the 10% baseline tariff for most economies but lower than those announced on 2 April⁽²⁾. As for the US’ tariff on imports from China (including Hong Kong), the additional tariff rate was once raised to 145% in mid-April before being temporarily reduced to 30% following the high-level trade talks between the two countries in Geneva in May⁽³⁾. Separately, the US will remove the tariff exemption on parcels valued at or under US\$800 for all trading partners, to be effective on 29 August (save for those from China including Hong Kong, where the exemption has already been suspended since May). The outlook of the US’ tariff policy is still highly uncertain. At the time of writing, the China-US trade talks are still ongoing. Moreover, the US is conducting investigations under Section 232 of the US Trade Expansion Act of 1962 on several commodities (e.g. semiconductors, pharmaceuticals, processed critical minerals, etc.), after imposing additional tariffs on steel and aluminium, automobiles and automobile parts, and copper earlier this year. Additional tariffs on these commodities are expected once the investigations are completed.

2.3 In July, the International Monetary Fund (IMF) revised up its global economic growth forecast for 2025 slightly compared with three months ago, to 3.0%. Yet, it still represents a slowdown from the growth rate of 3.3% in 2024, being visibly below the pre-pandemic historical average of 3.7%. The IMF also noted that the near-term risks to global economic growth remain tilted to the downside, as risks from potentially higher tariffs, elevated trade uncertainties, and geopolitical tensions persist⁽⁴⁾.

2.4 The Mainland economy continued to post solid growth in the second quarter, growing by 5.2% over a year earlier, averaging 5.3% for the first half of the year. In the second quarter, the year-on-year growth in retail sales of consumer goods picked up somewhat, while that of fixed asset investment eased. Despite the evolving trade tensions during the quarter, merchandise exports stayed resilient (see **Box 2.1**). On policy, the authorities introduced new financial support and enhanced structural monetary policy instruments in early May, including those for technological innovation, industrial upgrading, service consumption, elderly care, and agriculture and small businesses. The Politburo meeting held in late July stressed that the authorities would continue proactive macroeconomic policy and strengthen it as appropriate, striving to achieve the economic and social development goals this year.

2.5 As regards the advanced economies, the US economy resumed growth of 3.0% in the second quarter on an annualised seasonally-adjusted quarter-to-quarter basis. The upturn was partly driven by a steep decline in imports as firms drew down inventories built up in the preceding quarter in anticipation of the imminent US tariffs. Meanwhile, growth in domestic demand continued to moderate. On a year-on-year comparison, economic growth held steady at 2.0%. As inflation edged up to the level above the Federal Reserve (Fed)'s target of 2%, the Fed kept the target range for the federal funds rate unchanged during the quarter, and continued to reduce the size of its balance sheet. Meanwhile, growth in the euro area economy decelerated to 0.1% in the second quarter on a seasonally-adjusted quarter-to-quarter basis, translating into a somewhat moderated growth of 1.4% on a year-on-year basis. Though inflation stayed generally on par with the European Central Bank (ECB)'s 2% target during the quarter, the ECB cut interest rates further in April and June by 25 basis points each amid weaker economic growth prospects in the near term due to high uncertainties in trade policy, cumulating in a reduction of 100 basis points so far this year.

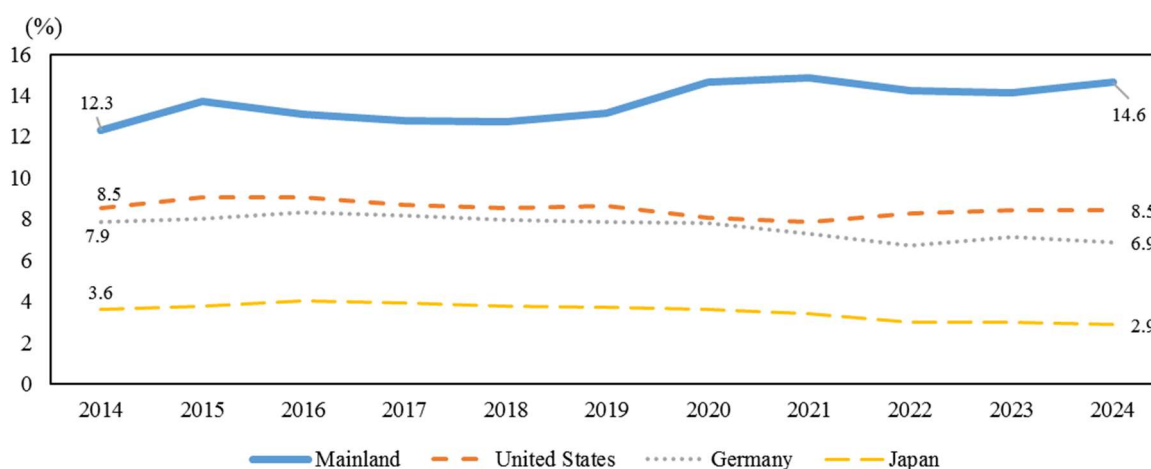
2.6 Other Asian economies generally sustained solid growth momentum in the second quarter. Alongside strong domestic demand, external trade recorded further growth, thanks in part to rush shipments amid the temporary suspension of the US' full "reciprocal tariffs". Many regional economies eased their monetary policies to support economic growth amid external headwinds. Since April, the central banks of South Korea, Indonesia, Thailand, India, Malaysia and the Philippines had lowered their policy rates by 25 to 75 basis points.

Box 2.1

Mainland's export market diversification

Mainland's merchandise exports have continued to demonstrate remarkable resilience despite elevated global trade tensions and shifting geopolitical dynamics over the past decade. During 2014 to 2024, the value of Mainland's merchandise exports rose from USD 2.3 trillion to around USD 3.6 trillion, marking an average annual growth of 4.3%, visibly outpacing the global average of 2.5%. Consequently, its share of world merchandise exports increased from 12.3% in 2014 to 14.6% in 2024, surpassing other major economies and staying as the world's largest merchandise exporter (*Chart 1*). A key driver of this positive trend is the changing market structure, as Mainland's exporters diversified their global presence and expanded into various markets.

Chart 1 : Trends in world merchandise export shares: Mainland vs other major economies (2014–2024)



Source: World Trade Organization

Shifting Export Market Structure

The market structure of Mainland's merchandise exports has changed dramatically and become more diversified over the past decade. A notable trend is the declining reliance on traditional markets. For instance, while exports to the US grew at an average annual rate of 2.9% from 2014 to USD 525 billion in 2024, its share in Mainland's exports dropped visibly from 16.9% to 14.7% over the period. The share fell further to less than 12% in the first half of 2025 in tandem with lingering uncertainties of US' tariff policies, reflecting the ongoing efforts of Mainland exporters to seek opportunities in other markets as global trade tensions have intensified since 2018. Similarly, Mainland's exports to some other major traditional markets such as the Japan, Netherlands and UK increased at an average annual rate of 0.2%, 3.5% and 3.3% respectively from 2014 to 2024, but their shares in Mainland's exports also fell from 6.4%, 2.8% and 2.4% in 2014 to 4.3%, 2.5% and 2.2% respectively in the first half of 2025.

Box 2.1 (Cont'd)

In contrast, the shares of emerging markets and developing economies in Mainland's exports increased. The shares of exports to ASEAN and Latin America economies, both being major forces of Mainland's exports, surged from 11.6% and 5.8% respectively in 2014 to 16.4% and 7.7% in 2024, and further to 17.8% and 7.8% in the first half of 2025. Specifically, Mainland's exports to Vietnam and Malaysia grew strongly, rising by 9.8% and 8.1% respectively per year on average from 2014 to 2024. Meanwhile, exports to Mexico and Brazil also experienced notable growth, surging markedly by 10.8% and 7.5% respectively per year on average during the same period. Mainland's exports to Africa and the Middle East also expanded, albeit at a relatively moderated pace (*Table 1*). The share of Mainland's exports to the Belt and Road Initiative (BRI) economies⁽¹⁾ as a whole rose from less than 40% in 2014 to more than 50% in the first half of 2025.

Table 1: Mainland's merchandise exports by selected trading partners

	Share of total exports (%)			Average growth per year (2014-2024)(%)
	2014	2024	2025H1	
US	16.9	14.7	11.9	2.9
ASEAN	11.6	16.4	17.8	8.0
Latin America	5.8	7.7	7.8	7.4
Africa	4.5	5.0	5.7	5.4
Middle East ⁽²⁾	4.8	4.9	5.2	4.6

Source: General Administration of Customs of the People's Republic of China

The rising importance of emerging markets and developing economies for Mainland's exports could mainly be attributed to the deepening ties with the Global South, thereby forging new trade corridors with economies in Africa, Latin America, and beyond. The BRI has enhanced trade connectivity with member countries through various channels such as improving infrastructure - ports, railways, and digital networks. Meanwhile, bilateral and regional trade agreements, such as Regional Comprehensive Economic Partnership (RCEP) and various other free trade agreements, have improved market access through lower tariffs and more efficient customs processes, enabling the Mainland to deepen ties with the Asia-Pacific region and others. Additionally, supply chain diversification with rising outbound manufacturing direct investments has enhanced flexibility for Chinese firms to navigate global tariff barriers and respond to shifting demands across different regions more effectively, while the increasing importance of other developing Asian economies has also accelerated the growth in demand for various goods from the Mainland.

(1) The BRI encompasses many emerging markets and developing economies globally. It includes all member states of ASEAN, the majority of countries in Latin America and Africa, and other economies. Currently, over 150 countries participate in the BRI.

(2) In this box article, the "Middle East" refers to Saudi Arabia, United Arab Emirates (UAE), Qatar, Iran, Iraq, Kuwait, Oman, Bahrain, Jordan, Lebanon, and Israel.

Box 2.1 (Cont'd)

Mainland's export market diversification has also been manifested by a significant shift in product-mix toward more sophisticated goods over the past decade. The Organisation for Economic Co-operation and Development estimates that the share of traditional products, viz. textiles, wearing apparel, leather and related products, in Mainland's exports declined from 16.3% of the total in 2014 to 11.4% in 2023. Meanwhile, the share of higher-tech products in Mainland's total exports gained prominence. For example, the shares of electrical equipment, electronic components and boards, as well as motor vehicles and other transport equipment went up from 14.0% and 5.1% of its total exports in 2014, to 17.9% and 7.8% in 2023 respectively. This trend has aligned with the Mainland's industrial upgrading, transitioning from labour-intensive manufacturing toward more technology- and capital-intensive sectors. The growth in exports of higher-tech products has been particularly pronounced in emerging markets such as ASEAN and some Latin America economies, where demand for machinery, electronics, and vehicles has expanded alongside infrastructure development and rising consumer purchasing power.

Implications to Hong Kong

The Mainland's export sector has not only demonstrated exceptional resilience and adaptability over the past decade, but has also been strengthened by the ongoing diversification towards emerging markets and developing economies. It is imperative for Hong Kong as a "super connector" and "super value-adder" to adapt to these shifting patterns in order to maintain our competitive edge. With stronger trade relations with ASEAN, for instance, Hong Kong is positioned as a leading hub for multinational supply chain management to strategically align with growing Mainland's exports to ASEAN (notably electronics-related products). Besides, Hong Kong can provide a full spectrum of professional support and financial services for trading enterprises (including Mainland enterprises), which can help them actively expand into markets along the BRI. By supporting Mainland enterprises in their innovation and upgrading efforts in expanding new business, Hong Kong does not only create opportunities for its own professional services sector, but also contributes to the national goal of high-quality development. In turn, this reinforces Hong Kong's status as an international financial, shipping and trading centre, fostering a more resilient and dynamic economy.

Merchandise exports

2.7 Hong Kong's *merchandise exports* continued to grow notably by 12.0% year-on-year in real terms in the second quarter of 2025, further to the 8.7% growth in the preceding quarter. Resilient external demand, together with some rush shipments in response to the temporary easing of US tariff measures, rendered support to export performance.

**Table 2.1 : Merchandise exports
(year-on-year rate of change (%))**

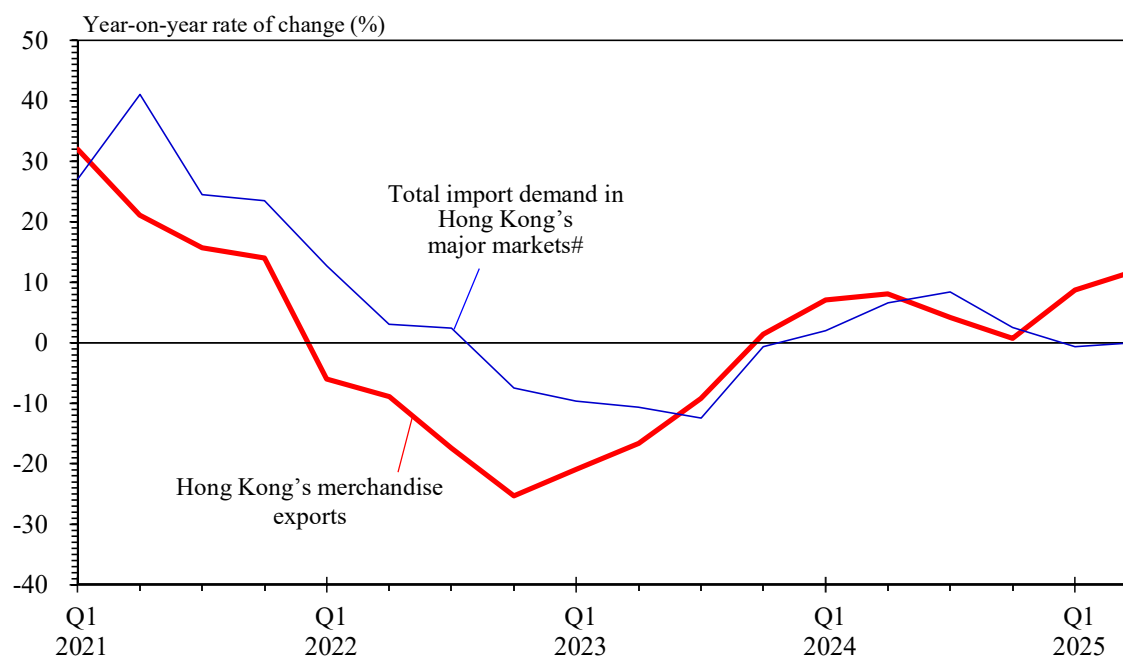
		In value <u>terms</u>	In real <u>terms</u> ^(a)		Change <u>in prices</u>
2024	Annual	8.7	4.9		3.6
	Q1	11.9	7.1	(*)	4.5
	Q2	12.5	8.1	(2.2)	3.9
	Q3	8.0	4.2	(-1.3)	3.4
	Q4	3.5	0.7	(*)	2.9
2025	Q1	10.9	8.7	(9.5)	1.9
	Q2	14.0	12.0	(3.4)	1.9

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

(a) The growth rates here are not strictly comparable with those in the GDP accounts in Table 1.1. Figures in Table 1.1 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*.

(*) Change of less than $\pm 0.05\%$.

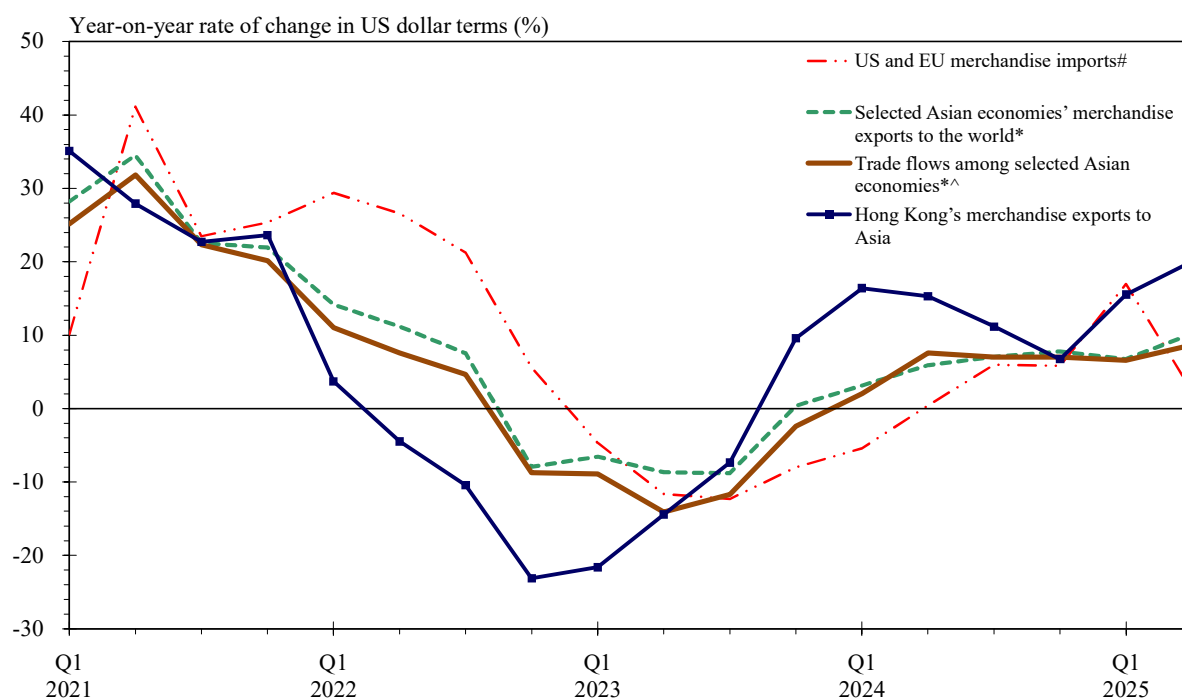
Diagram 2.1 : Merchandise exports continued to grow notably in the second quarter



Notes : Merchandise exports as depicted refer to the year-on-year rate of change in real terms, while total import demand in Hong Kong's major markets as depicted refers to the year-on-year rate of change in US dollar terms in the aggregate import demand in Asia, the US and the EU taken together.

(#) Import demand for the EU for the second quarter of 2025 is based on information available as of early August 2025.

Diagram 2.2 : Regional trade flows generally showed further expansion



Notes : (#) EU merchandise imports for the second quarter of 2025 are based on the information available as of early August 2025.

(*) “Selected Asian economies” include Mainland China, Hong Kong, Singapore, Korea, Taiwan, Japan, Indonesia, Malaysia, Thailand, Vietnam and the Philippines.

(^) The trade flows were measured by the sum of the individual economies’ merchandise exports to the other ten economies within the “selected Asian economies”.

2.8 Analysed by major market, exports to the Mainland posted further double-digit growth in the second quarter over a year earlier. Exports to ASEAN markets accelerated further, and those to most high-income Asian economies saw increases of varying degrees. Exports to the US turned to a decline, and those to the EU fell further.

**Table 2.2 : Merchandise exports by major market
(year-on-year rate of change in real terms (%))**

	<u>Annual</u>	<u>Q1</u>	<u>2024</u> <u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>2025</u> <u>Q1</u>	<u>Q2</u>
Mainland of China	10.4	13.8	12.6	10.8	5.5	14.3	17.8
US	3.2	-0.1	21.0	1.2	-7.9	2.1	-11.1
EU	-1.1	-11.6	-0.4	9.4	-0.8	-8.4	-11.0
ASEAN	17.3	15.5	21.7	12.3	19.8	22.4	25.6
Vietnam	25.9	12.2	26.9	24.7	39.0	65.2	39.5
Singapore	2.4	3.5	2.0	-15.1	19.8	3.6	4.2
India	-17.8	9.5	-20.8	-23.7	-31.2	-19.0	24.3
Japan	-3.9	-3.0	0.6	-3.6	-9.5	0.5	31.2
Taiwan	-2.7	-8.3	8.1	-8.2	-1.5	33.4	20.7
Korea	-9.4	-9.8	-4.7	-14.0	-8.9	-9.4	-22.3
Overall [#]	4.9	7.1	8.1	4.2	0.7	8.7	12.0

Note : (#) The growth rates here are not strictly comparable with those in the GDP accounts in Table 1.1. Figures in Table 1.1 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*.

Diagram 2.3 : Exports to the Mainland posted further double-digit growth

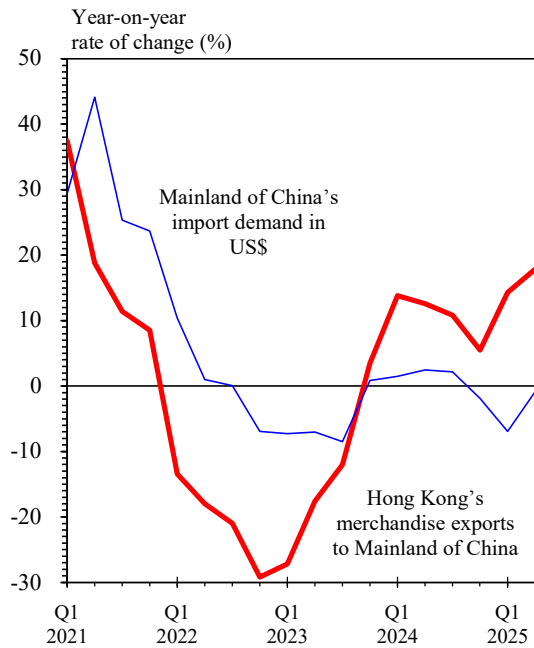
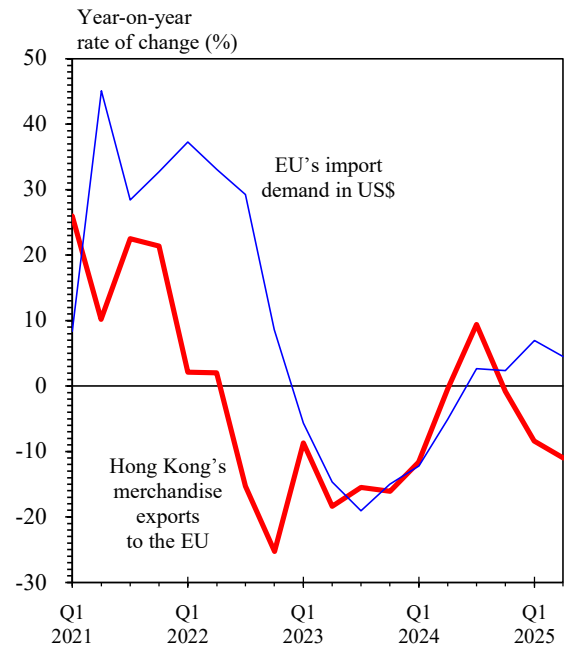


Diagram 2.4 : Exports to the EU fell further



Note : The import demand figure for the EU for the second quarter of 2025 is based on the information available as of early August 2025.

Diagram 2.5 : Exports to the US turned to a decline

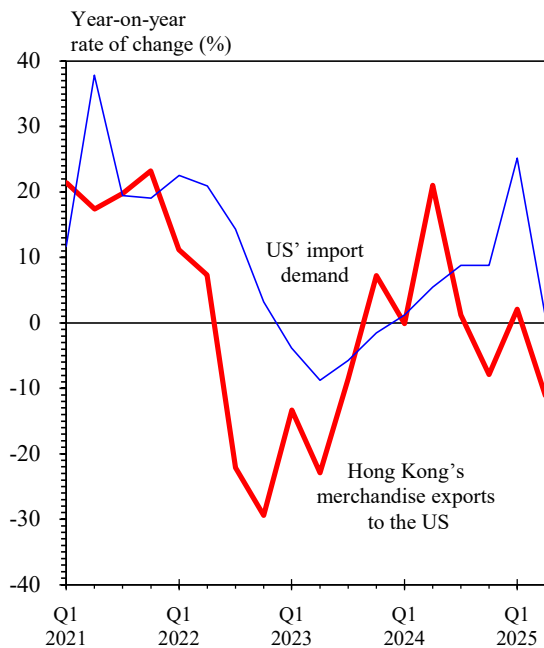
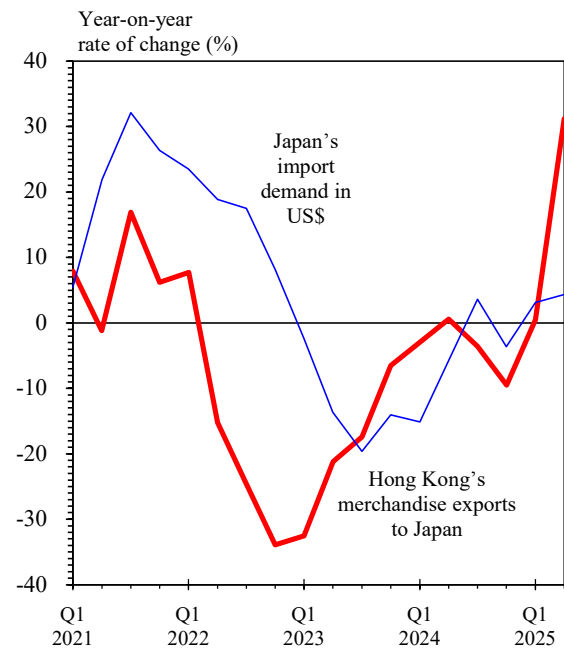
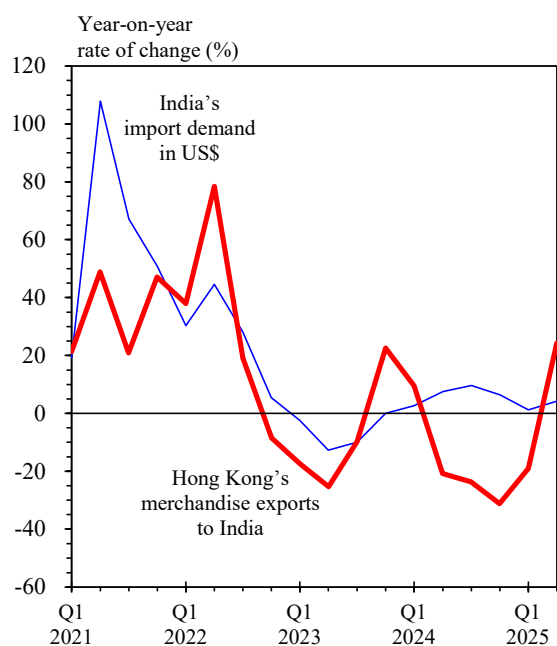


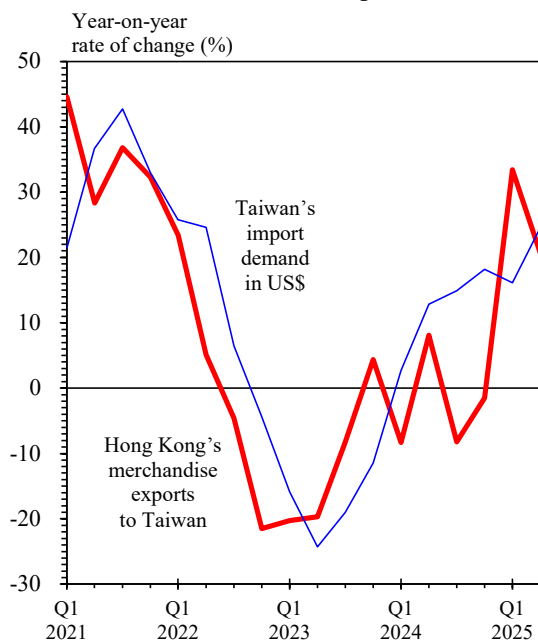
Diagram 2.6 : Exports to Japan rose notably



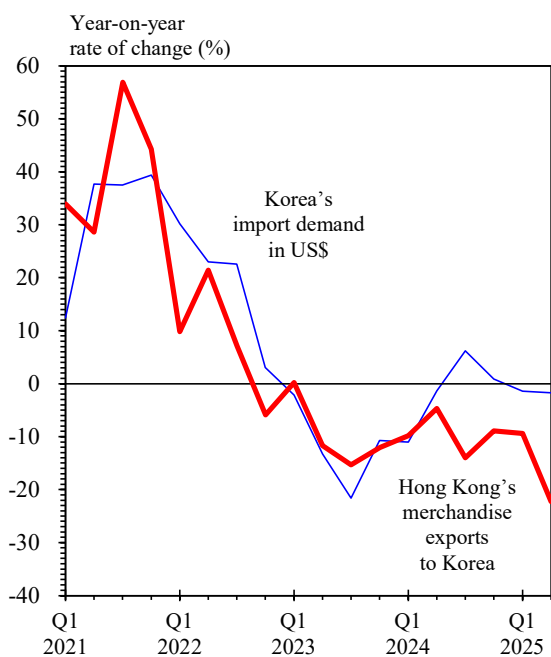
**Diagram 2.7 : Exports to India
saw a rebound**



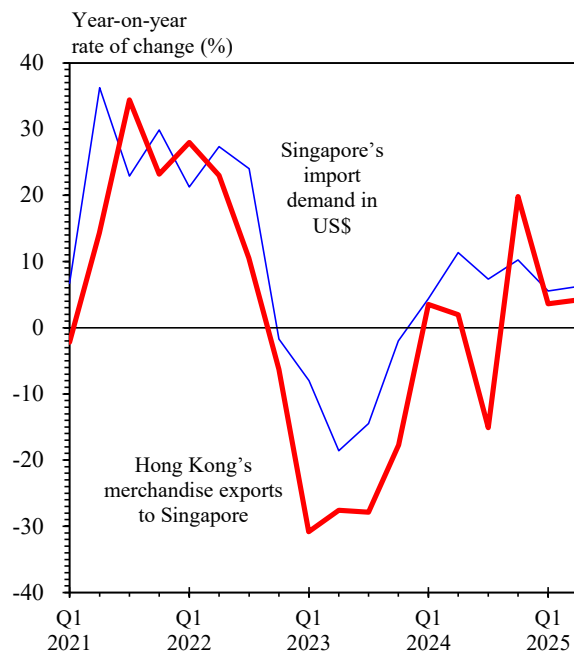
**Diagram 2.8 : Exports to Taiwan
continued to expand**



**Diagram 2.9 : Exports to Korea
declined further**



**Diagram 2.10 : Exports to Singapore
registered faster growth**



Merchandise imports

2.9 *Merchandise imports* rose further by 12.9% year-on-year in real terms in the second quarter of 2025, after growing by 7.3% in the preceding quarter. *Retained imports*, which refer to imports for domestic use and accounted for around one-fifth of merchandise imports in 2024, saw visible growth of 15.8%.

**Table 2.3 : Merchandise imports and retained imports
(year-on-year rate of change (%))**

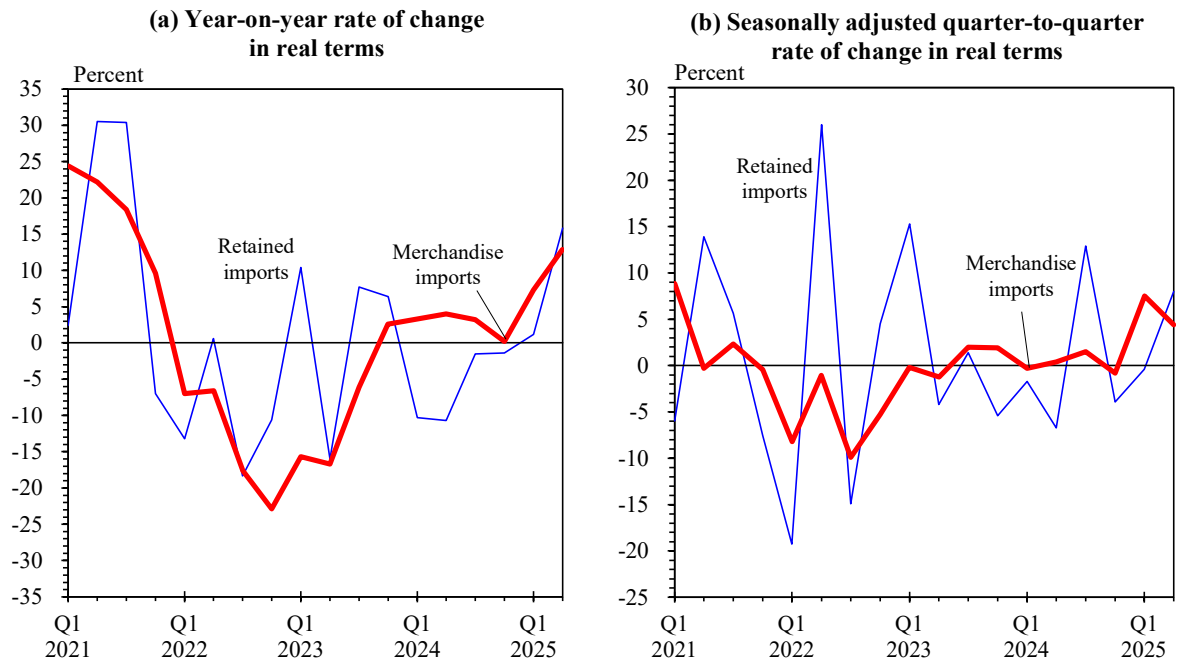
		<u>Merchandise imports</u>				<u>Retained imports^(a)</u>			
		<u>In value terms</u>	<u>In real terms⁽⁺⁾</u>		<u>Change in prices</u>	<u>In value terms</u>	<u>In real terms</u>		<u>Change in prices</u>
2024	Annual	6.0	2.6		3.2	-5.4	-5.9		0.4
	Q1	8.0	3.3	(-0.3)	4.6	-7.1	-10.3	(-1.7)	3.7
	Q2	7.4	4.0	(0.4)	3.1	-11.8	-10.7	(-6.7)	-1.3
	Q3	6.0	3.2	(1.5)	2.6	-2.7	-1.5	(12.9)	-1.1
	Q4	2.9	0.2	(-0.8)	2.6	-0.4	-1.4	(-3.9)	0.2
2025	Q1	9.8	7.3	(7.5)	2.0	4.9	1.1	(-0.4)	2.4
	Q2	15.2	12.9	(4.4)	1.9	19.5	15.8	(8.0)	2.5

Notes : (a) Based on the results of the Annual Survey of Re-export Trade conducted by the Census and Statistics Department, re-export margins by individual end-use category are estimated and adopted for deriving the value of imports retained for use in Hong Kong.

(+) The growth rates here are not strictly comparable with those in the GDP accounts in Table 1.1. Figures in Table 1.1 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*.

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

Diagram 2.11 : Merchandise imports rose further



Services trade

Exports of services

2.10 *Exports of services* continued to expand by 7.5% in real terms in the second quarter of 2025 over a year earlier, faster than the growth of 6.3% in the preceding quarter. Exports of all major service groups showed further increases. Specifically, exports of travel and transport services rose further thanks to strong growth in inbound tourism and sustained expansion in cross-boundary traffic. Exports of financial services and business and other services also continued to grow, supported by vibrant financial and related business service activities amid the buoyant local stock market.

Diagram 2.12 : Transport and financial services together constituted over half of exports of services

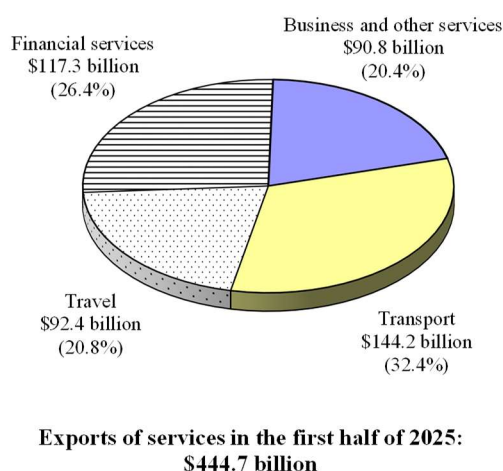


Diagram 2.13 : Exports of services continued to expand year-on-year

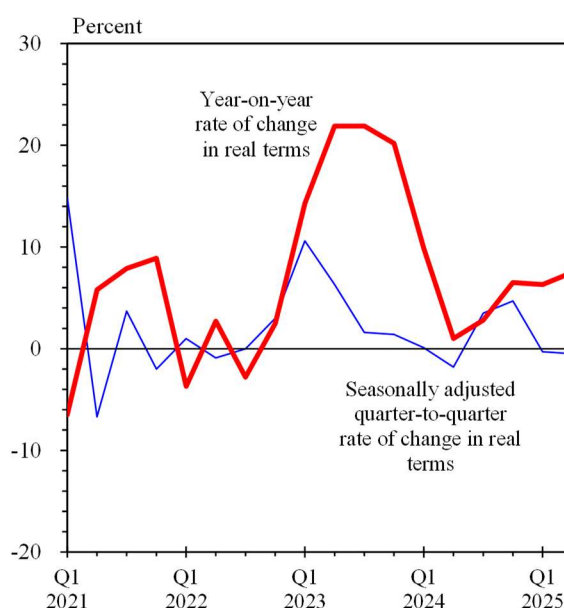


Table 2.4 : Exports of services by major service group (year-on-year rate of change in real terms (%))

		Of which :				
		Exports of services		Transport	Travel ^(a)	Financial services
						Business and other services
2024	Annual	5.1		7.5	6.9	2.4
	Q1	9.9	(0.1)	12.3	41.0	-5.1
	Q2	1.0	(-1.8)	5.0	-9.2	4.2
	Q3	2.8	(3.5)	5.8	-3.4	4.6
	Q4	6.5	(4.7)	7.3	5.9	7.7
2025	Q1	6.3	(-0.3)	5.6	4.7	10.4
	Q2	7.5	(-0.5)	5.4	13.6	9.4

Notes : Figures are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchandising under the standards stipulated in the *System of National Accounts 2008*.

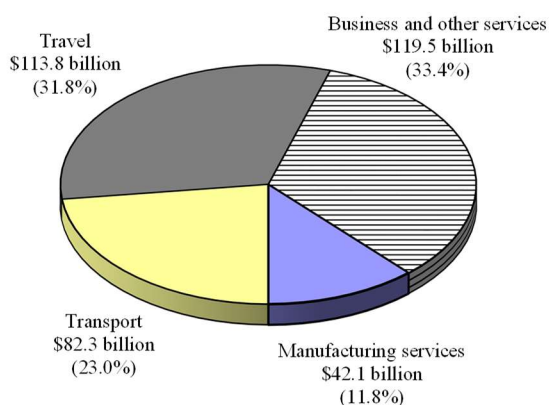
(a) Comprising mainly inbound tourism receipts.

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

Imports of services

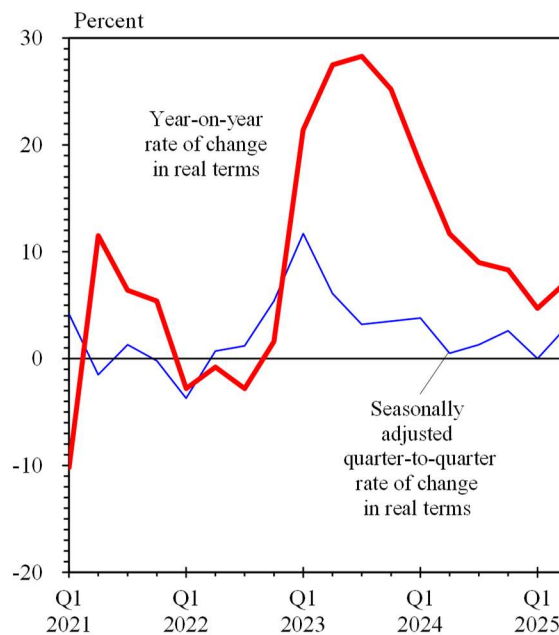
2.11 *Imports of services* expanded by 7.2% year-on-year in real terms in the second quarter of 2025, further to 4.7% growth in the preceding quarter. Imports of travel services, transport services, manufacturing services, and business and other services all rose by varying degrees.

Diagram 2.14 : Business and other services and travel together constituted over 60% of imports of services



Imports of services in the first half of 2025:
\$357.7 billion

Diagram 2.15 : Imports of services expanded



**Table 2.5 : Imports of services by major service group
(year-on-year rate of change in real terms (%))**

Of which :

		<u>Imports of services</u>		<u>Travel</u> ⁽⁺⁾	<u>Transport</u>	<u>Manufacturing services</u> ^(^)	<u>Business and other services</u>
2024	Annual	11.6		28.7	4.0	4.8	5.2
	Q1	18.2	(3.8)	61.8	9.2	5.3	2.0
	Q2	11.7	(0.5)	25.4	2.5	7.8	6.9
	Q3	9.0	(1.3)	18.4	2.4	7.1	6.1
	Q4	8.3	(2.6)	18.9	1.9	-0.4	6.4
2025	Q1	4.7	(*)	2.9	1.5	2.3	9.3
	Q2	7.2	(3.0)	9.2	4.3	9.1	6.2

Notes : 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*.

(+) Comprising mainly outbound travel spending.

(^) This includes the value of processing fees paid by Hong Kong to the processing units outside Hong Kong and raw materials / semi-manufactures directly procured by these processing units.

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

(*) Change of less than $\pm 0.05\%$.

Goods and services balance

2.12 Based on the GDP compilation framework and compared to a year earlier, the goods deficit widened to \$38 billion in the second quarter of 2025, as the value of imports of goods saw a larger increase than that of exports. Meanwhile, the services surplus widened slightly to \$30 billion. The combined goods and services account registered a deficit of \$8 billion in the second quarter, equivalent to 0.5% of total import value, compared to a surplus of \$13 billion or 1.0% in the second quarter last year.

**Table 2.6 : Goods and services balance
(\$ billion at current market prices)**

		<u>Total exports</u>		<u>Imports</u>		<u>Trade balance</u>			<u>As % of imports</u>
		<u>Goods</u>	<u>Services</u>	<u>Goods</u>	<u>Services</u>	<u>Goods</u>	<u>Services</u>	<u>Combined</u>	
2024	Annual	4,925	847	4,940	702	-16	145	129	2.3
	Q1	1,148	218	1,154	174	-6	45	38	2.9
	Q2	1,201	192	1,215	164	-14	27	13	1.0
	Q3	1,264	215	1,264	176	-1	39	38	2.7
	Q4	1,313	223	1,307	189	5	34	39	2.6
2025	Q1	1,287	238	1,291	181	-3	57	54	3.6
	Q2	1,381	207	1,419	177	-38	30	-8	-0.5

Notes : 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*.

Figures may not add up exactly to the total due to rounding.

Other developments

2.13 The Government has continued its efforts to bolster Hong Kong's status as an international trade centre and logistics hub amid the uncertain external environment. In May, the Commerce and Economic Development Bureau and the General Administration of Customs of the People's Republic of China signed the Cooperation Arrangement on Single Window to further strengthen collaboration and exchanges on the Trade Single Window (TSW) between Hong Kong and the Mainland, as well as to enhance system connectivity between the two places. The TSW provides a one-stop electronic platform for the trade to lodge Business-to-Government trade documents for trade declaration and cargo clearance, overhauls and enhances the document submission workflows between participating government agencies and the trade, and enhances the efficiency of cargo clearance in Hong Kong.

2.14 The Government has been steadfast in enhancing Hong Kong's economic links with the Mainland and overseas economies. In May, the Chief Executive led a business delegation to visit Qatar and Kuwait to strengthen exchanges and connections with the Middle East region in areas such as finance, trade, investment and innovation and technology (I&T), and to promote the latest advantages and opportunities in Hong Kong to local political and business communities. In June, the Financial Secretary led a delegation from the I&T sector to attend the World Economic Forum Annual Meeting of the New Champions 2025 in Tianjin, where he met with officials from relevant Central Authorities, leaders of Tianjin, as well as political and business leaders from other regions, and briefed them on Hong Kong's new advantages and opportunities. In the same month, the Financial Secretary also attended the 10th Annual Meeting of the Board of Governors of the Asian Infrastructure Investment Bank (AIIB) in Beijing, where he witnessed the signing of a strategic partnership agreement between the Hong Kong Monetary Authority and AIIB to support venture capital in emerging Asia. He also visited Korea in July to highlight Hong Kong's business advantages to representatives from Korea's financial, industrial and commercial, I&T sectors, among others.

Notes :

- (1) Total merchandise exports comprise domestic exports and re-exports. Changes in merchandise exports and imports in real terms are derived by discounting the effect of price changes from changes in the value of the trade aggregates. Estimates of price changes for the trade aggregates are based on changes in unit values, which do not take into account changes in the composition or quality of the goods traded, except for some selected commodities for which specific price indices are available. The real growth figures reported here are based on the external trade quantum index series compiled using the chain linking approach, which were first released in March 2015 to replace the previous trade index numbers compiled using the Laspeyres method with a fixed base year. The series are not comparable with the real trade aggregates under GDP (reported in Chapter 1) which 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*. Apart from this, non-monetary gold is recorded as a separate item in the statistics of merchandise trade and not included in the trade aggregates reported in Chapter 2, but is included in the trade aggregates under GDP in accordance with the international compilation standard.
- (2) After announcing the temporary suspension of “reciprocal tariffs”, the US reached trade deals with a number of its trading partners (including the EU, the United Kingdom, Japan, Korea, Vietnam, Indonesia, etc.). Under these deals, the tariff rates for these economies were mostly set at around 15% to 20%. These were lower than the full rates of “reciprocal tariffs” initially announced on 2 April. In return, these economies will remove trade barriers previously imposed on US imports, and commit to purchasing a range of goods from the US (including energy products, agricultural products, aircrafts etc.). For economies that have not reached trade deals with the US, the US announced a set of new full “reciprocal tariff” rates on 31 July, which also took effect on 7 August. Except for some economies that are subject to particularly high tariff rates, the tariff rates for other economies largely fall between 10% to 30%.
- (3) The US enacted a number of tariff measures on imports from China (including Hong Kong) earlier in the second quarter. Specifically, the US increased the additional tariff rate sizably to 145% in general (including the 20% tariff implemented earlier in February and March) from 10 April. In addition, starting from 2 May, shipments from China (including Hong Kong) valued at or under US\$800 no longer benefitted from the duty-free de minimis exemption, and tariff rates on these shipments were also raised significantly. In response, the Mainland imposed additional 125% tariffs on all imports from the US from 12 April, among other counter-measures. Subsequently, after the high-level trade talks between the two sides in Geneva in May, as temporary measures, the US reduced the additional tariff rate from 145% to 30%, and the tariff rate for small-valued parcels was also lowered from 120% to 54%. Accordingly, China reduced tariffs on imports from the US from 125% to 10%.

- (4) The table below presents a more detailed comparison between the growth forecasts made by the IMF in July 2025 and those three months ago.

	<u>2024</u>	<u>April round</u>	<u>2025</u> <u>July round</u>
	(%)	(%)	(%)
World (PPP ^{##} weighted)	3.3	2.8	3.0
Advanced economies	1.8	1.4	1.5
US	2.8 [#]	1.8	1.9
Euro area	0.9 [#]	0.8	1.0
UK	1.1 [#]	1.1	1.2
Japan	0.2 [#]	0.6	0.7
Emerging market and developing economies	4.3	3.7	4.1
Emerging and developing Asia	5.3	4.5	5.1
Mainland China	5.0 [#]	4.0	4.8
India [^]	6.5	6.2	6.4
ASEAN-5 ^{\$}	4.6	4.0	4.1
Middle East and Central Asia	2.4	3.0	3.4

Notes : (#) Actual figures.
 (##) PPP refers to purchasing power parity.
 (^) Fiscal year.
 (\$) Includes Indonesia, Malaysia, the Philippines, Singapore and Thailand.

CHAPTER 3 : DEVELOPMENTS IN SELECTED SECTORS

Summary

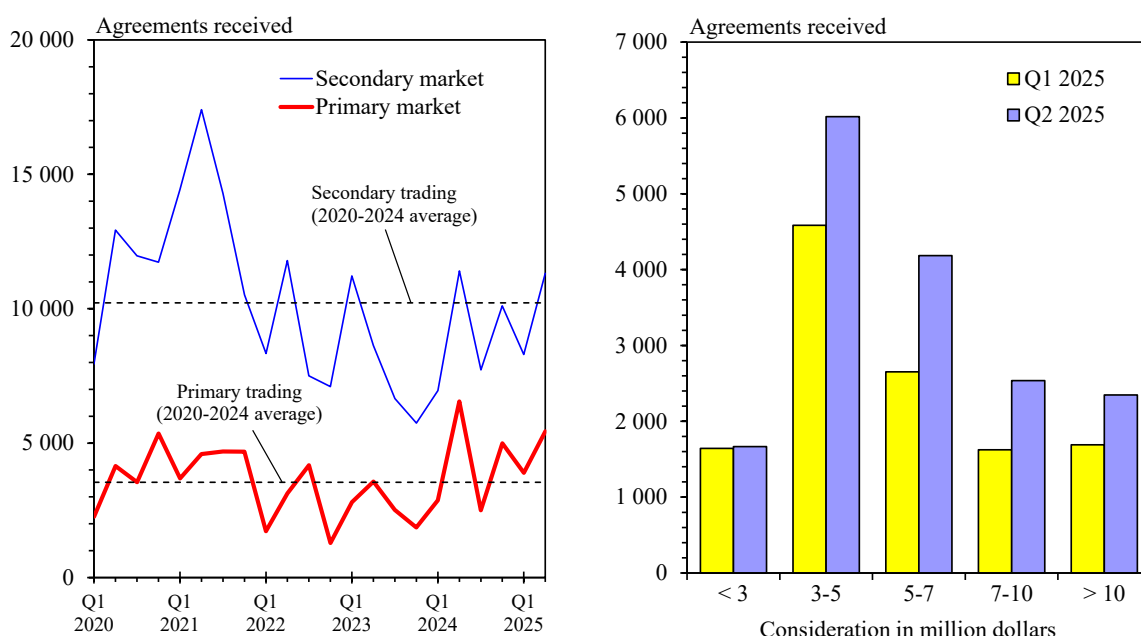
- *The residential property market showed some stabilisation in the second quarter of 2025. Market sentiment continued to improve amid easing external uncertainties, particularly after the sharp declines in the Hong Kong Interbank Offered Rates in May which subsequently lowered mortgage rates. Trading activities turned more active in tandem. Flat prices held broadly stable. Rentals stayed resilient.*
- *Reflecting the Government's sustained efforts in raising flat supply, the total private first-hand flat supply in the coming three to four years remained at a high level of 101 000 units as estimated at end-June.*
- *In the non-residential property market, while prices and rentals remained soft in the second quarter, trading activities of all major market segments picked up.*
- *Inbound tourism improved further, with visitor arrivals rising by 15.0% over a year earlier to 11.4 million in the second quarter.*
- *The performance of the logistics sector varied across major segments in the second quarter. Air freight throughput and total road cargo throughput rose by 0.8% and 7.0% year-on-year respectively, while total port container throughput reverted to its downtrend, posting a decline of 7.7%.*

Property

3.1 The *residential property market* showed some stabilisation in the second quarter of 2025. Market sentiment continued to improve amid easing external uncertainties, particularly after the sharp declines in the Hong Kong Interbank Offered Rates in May which subsequently lowered mortgage rates. Trading activities turned more active in tandem. Flat prices held broadly stable. Rentals stayed resilient.

3.2 The total number of sale and purchase agreements for residential property received by the Land Registry rebounded appreciably by 37% over the preceding quarter to 16 754 in the second quarter, only 7% lower than the high level after the cancellation of all the demand-side management measures for residential properties a year ago. Within the total, both primary and secondary market transactions showed notable rebounds, up by 40% and 36% respectively over the preceding quarter. Total consideration also jumped by 60% over the same period to \$141.5 billion, though it was still some 14% lower than a year earlier.

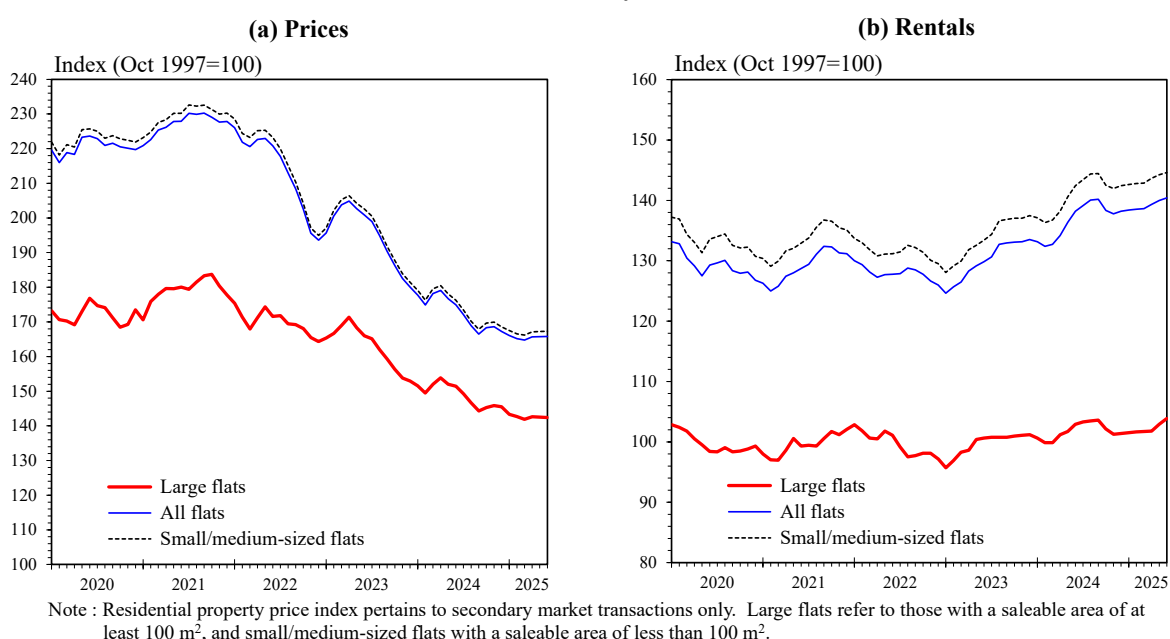
Diagram 3.1 : Trading activities rebounded appreciably in the second quarter



3.3 Overall flat prices held broadly stable, rising back by 1% during the second quarter. Analysed by size, prices of small/medium-sized flats increased by 1% during the quarter, while prices of large flats stayed virtually unchanged. Flat prices in June were on average 1% lower than in December 2024 and still 28% below the peak in September 2021.

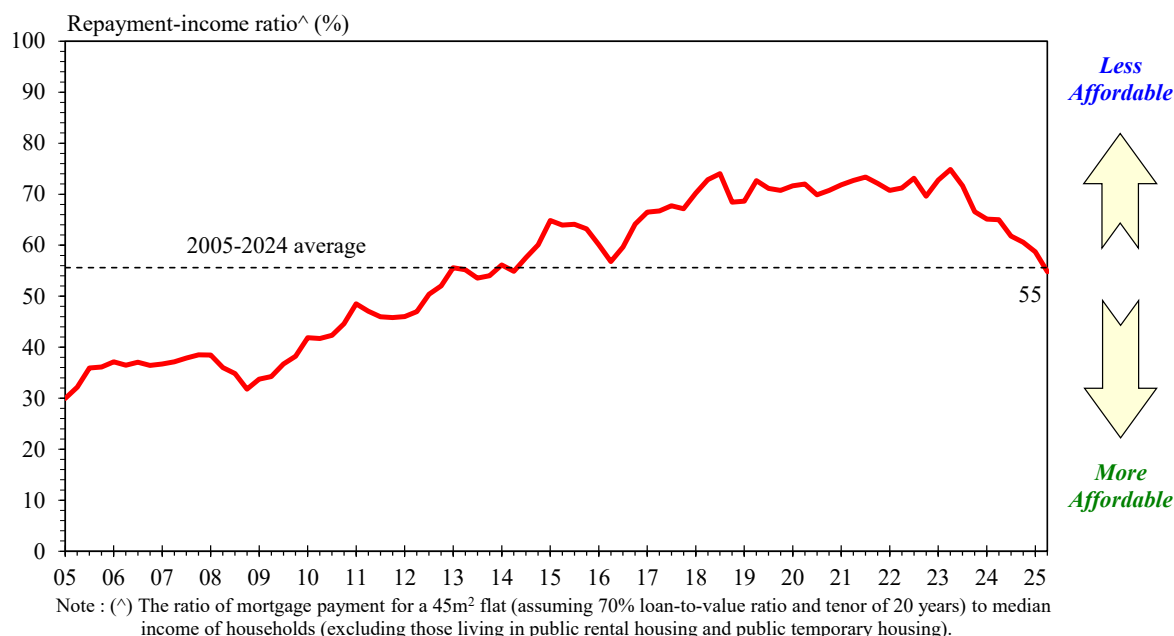
3.4 Meanwhile, overall flat rentals stayed resilient, with a further increase of 1% between March and June. Analysed by size, rentals of small/medium-sized and large flats rose by 1% and 2% respectively. Overall flat rentals in June were on average 2% higher than in December 2024. The average rental yield for residential property remained unchanged at 3.2% in June, same as that in March.

Diagram 3.2 : Flat prices held broadly stable in the second quarter while rentals stayed resilient



3.5 Largely supported by the notable declines in mortgage rates in the second quarter, the index of home purchase affordability (i.e. the ratio of mortgage payment for a 45-square metre flat to median income of households, excluding those living in public rental housing and public temporary housing) improved further to around 55%, which was comparable to the long-term average of 56% over 2005-2024⁽¹⁾.

Diagram 3.3 : Affordability of home purchases improved further



3.6 Maintaining a sustained supply of housing land in a prudent and pragmatic manner is a policy priority of the Government to ensure the healthy and stable development of the residential property market. In July, the Government announced that it would put up one residential site for sale in the third quarter. Taking the site together with six cases of lease modifications, the total private housing land supply in the third quarter is expected to produce around 4 950 flats. Together with the supply in the preceding quarter, the total private housing land supply for the first half of the 2025-26 financial year is estimated to produce about 6 000 units, reaching around 45% of the annual private housing supply target (13 200 units). The Government will continue to flexibly adjust the land disposal strategy according to the market situation, in order to meet the development needs of society.

3.7 Reflecting the Government's sustained efforts in raising flat supply, the *total supply of first-hand flats in the private sector* in the coming three to four years (comprising unsold flats of completed projects, flats under construction but not yet sold and flats on disposed sites where construction can start any time) remained at a high level of 101 000 units as estimated at end-June. Another 5 100 units could be added to the total supply after the conversion of a number of residential sites into "disposed sites".

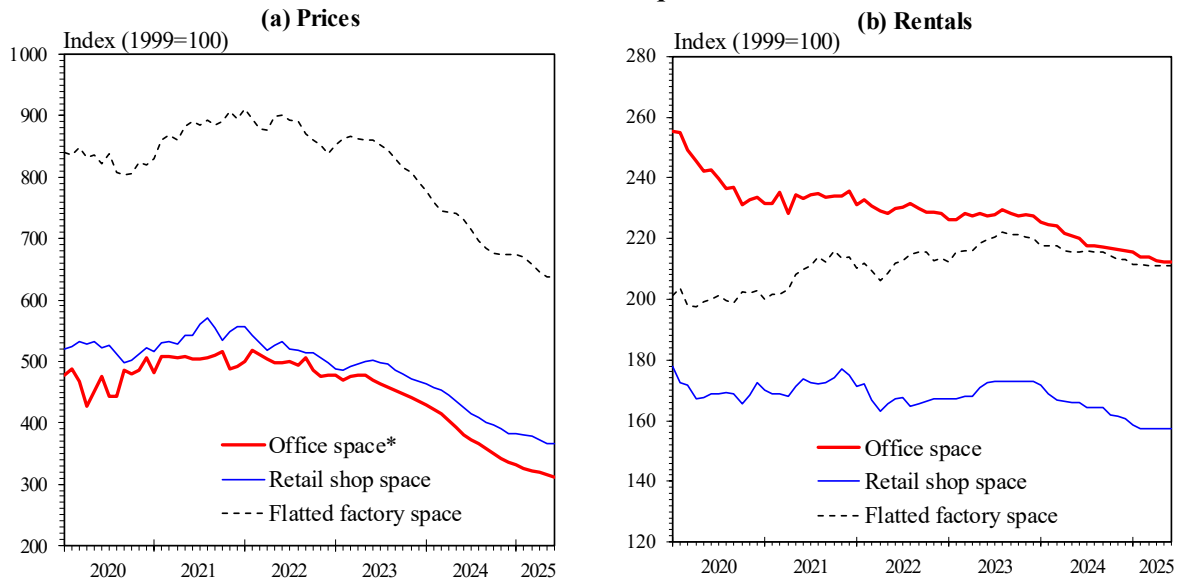
3.8 The *non-residential property market* stayed weak in general in the second quarter. While prices and rentals remained soft, trading activities of all major market segments picked up.

3.9 Prices and rentals for *office space* on average went down by 3% and 1% respectively between March and June. As for Grade A office space, prices and rentals declined by 5% and 1% respectively. Compared with the respective peaks in 2018 and 2019, prices and rentals of overall office space in June on average were 48% and 20% lower. The average rental yields of overall office space and Grade A office space rose further to 4.0% and 3.6% in June from 3.8% and 3.5% in March respectively. Transactions for office space increased by 13% over the preceding quarter to 250 cases in the second quarter, noticeably above the quarterly average of 180 cases in 2020-2024.

3.10 Prices of *retail shop space* declined by 3% during the quarter, while rentals stayed flat. Compared with the respective peaks in 2018 and 2019, prices and rentals in June were 39% and 18% lower. The average rental yield edged up to 3.4% in June from 3.3% in March. For all commercial spaces, transactions bounced back by 33% over the preceding quarter to 360 cases⁽²⁾ in the second quarter, slightly above the quarterly average of 350 cases in 2020-2024.

3.11 Prices of *flatted factory space* retreated by 3% between March and June, while rentals remained virtually unchanged. Compared with the respective peaks in 2019 and 2023, prices and rentals in June were 32% and 5% lower. The average rental yield edged up to 4.0% in June from 3.9% in March. Transactions for flatted factory space rose by 5% over the preceding quarter to 590 cases in the second quarter, above the quarterly average of 560 cases in 2020-2024.

Diagram 3.4 : The non-residential property market stayed weak in general in the second quarter



Note : (*) The price index of overall office space cannot be compiled in March 2022, August to October and December 2023, February and April 2024, and May 2025 as there were insufficient transactions for Grade A or Grade B office space in those months. Missing values in the graph are filled in by linear interpolation.

Land

3.12 No land site was disposed in the second quarter. In addition, the tender exercise for a residential site in Tuen Mun commenced in the quarter, while two land exchange cases and lease modifications of seven sites were approved.

Tourism

3.13 Inbound tourism improved further, with *visitor arrivals* rising by 15.0% over a year earlier to 11.4 million in the second quarter. Mainland visitor arrivals, accounting for 74.9% of the total, grew notably further by 14.7% over a year earlier to 8.5 million, while non-Mainland visitor arrivals grew slightly faster at 15.8% to 2.9 million. Visitor arrivals from long-haul markets rose by 17.7% to 0.9 million, outpacing the short-haul markets (excluding the Mainland) that grew by 14.9% to 2.0 million. Analysed by length of stay, overnight and same-day visitor arrivals rose by 9.5% and 20.4% over a year earlier to 5.4 million and 6.0 million respectively. Meanwhile, visitor spending, as measured by exports of travel services, rose by 13.6% in real terms from a year earlier.

Table 3.1 : Number of visitor arrivals ('000)

		<u>Overall</u>	Mainland <u>China</u>	<u>By source*</u> Other short- haul markets	Long-haul <u>markets</u>	<u>By length of stay</u> Overnight visitors	Same-day <u>visitors</u>
2023	Q3	10 438.1	8 573.5	1 328.7	535.9	5 267.6	5 170.5
		(5 909.4)	(6 038.5)	(7 631.6)	(3 082.2)	(3 100.0)	(56 831.0)
	Q4	10 677.7	8 077.7	1 834.1	765.9	5 313.9	5 363.8
		(2 908.9)	(4 552.7)	(1 689.8)	(872.2)	(1 511.3)	(21 286.8)
2024	Q1	11 228.8	8 698.2	1 770.3	760.3	5 613.4	5 615.4
		(154.3)	(159.2)	(126.3)	(175.1)	(139.9)	(170.7)
	Q2	9 922.4	7 452.3	1 713.0	757.1	4 928.9	4 993.6
		(17.2)	(10.4)	(40.1)	(52.1)	(16.3)	(18.0)
	Q3	11 437.5	9 095.7	1 662.9	679.0	5 656.8	5 780.8
		(9.6)	(6.1)	(25.2)	(26.7)	(7.4)	(11.8)
	Q4	11 914.0	8 797.0	2 133.9	983.2	5 744.9	6 169.2
		(11.6)	(8.9)	(16.3)	(28.4)	(8.1)	(15.0)
2025	Q1	12 228.2	9 245.4	2 084.3	898.6	5 888.4	6 339.8
		(8.9)	(6.3)	(17.7)	(18.2)	(4.9)	(12.9)
	Q2	11 407.9	8 548.4	1 968.4	891.1	5 395.9	6 012.0
		(15.0)	(14.7)	(14.9)	(17.7)	(9.5)	(20.4)

Notes : (*) Other short-haul markets refer to North Asia, South and Southeast Asia, Taiwan and Macao, but excluding the Mainland, while long-haul markets refer to the Americas, Europe, Africa, the Middle East, Australia, New Zealand and South Pacific. Visitors are classified by nationality/region.

() % change over a year earlier. The abnormal year-on-year changes of visitor arrivals in 2023 were due to a low base of comparison amid boundary controls against the COVID-19 pandemic.

Figures may not add up to the corresponding totals due to rounding.

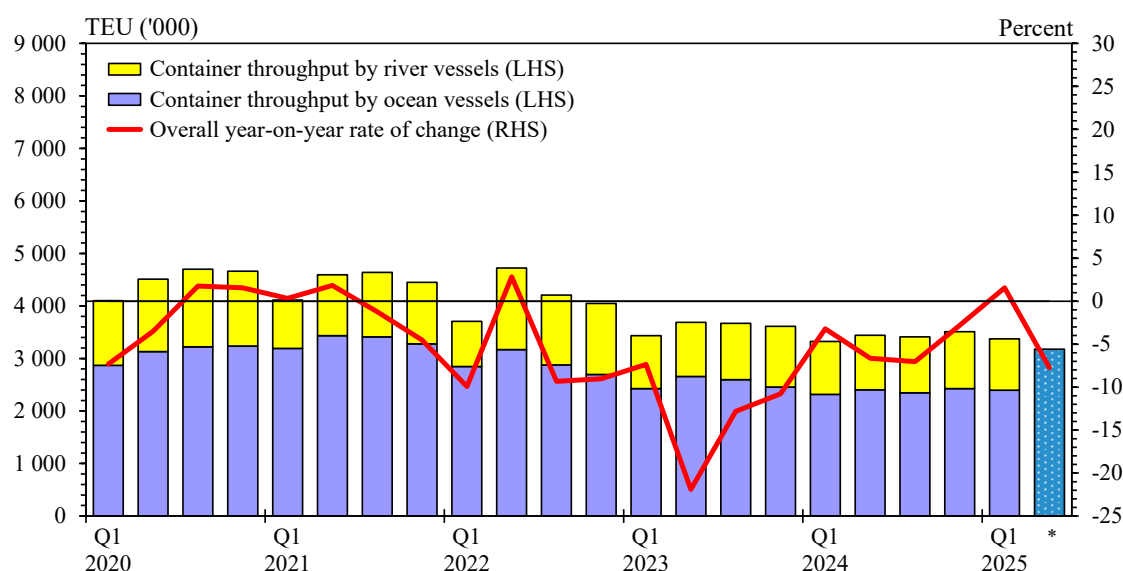
3.14 The average hotel room occupancy rate was 83% in the second quarter, higher than the 81% recorded a year earlier. Meanwhile, the average achieved hotel room rate fell by 10.0% from a year earlier to \$1,174⁽³⁾.

3.15 The Government announced nine projects in May, through consolidating and enriching current tourism resources, to maximise the value of tourist hotspots. All projects are targeted to be rolled out by the end of 2026 to offer tourists new experiences. Meanwhile, close to 100 mega events were held in the first half of 2025, covering signature cultural, arts and creative events; festival, celebration, gala and carnival events; sports and games; finance, economics, innovation and technology (I&T) events, as well as conferences and exhibitions. These mega events enhance Hong Kong's attractiveness as a tourist destination.

Logistics

3.16 The performance of the logistics sector varied across major segments in the second quarter. *Total container throughput* reverted to its downtrend, posting a year-on-year decline of 7.7% to about 3.2 million twenty-foot equivalent units (TEUs). The value of trade handled at the Hong Kong port contracted by 2.6%, with its share in total trade down further to 9.6%.

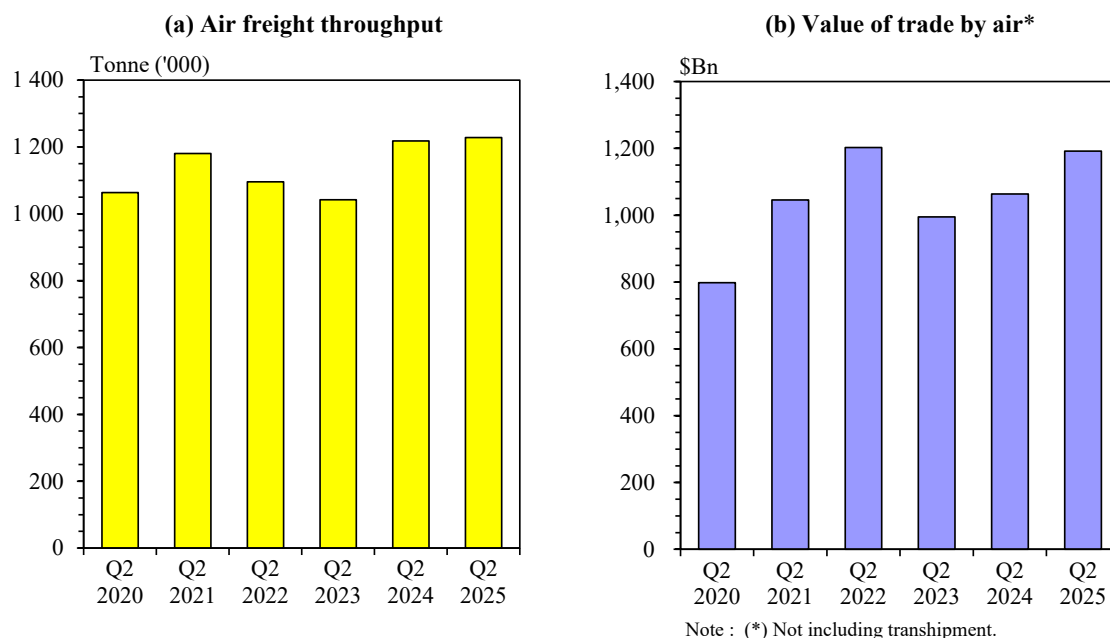
Diagram 3.5 : Container throughput reverted to its downtrend in the second quarter



Note : (*) The container throughput figure for the latest quarter is the preliminary estimate by the Hong Kong Maritime and Port Board, for which a breakdown by ocean and river vessels is not yet available.

3.17 *Air freight throughput* rose slightly by 0.8% year-on-year to 1.2 million tonnes in the second quarter. The value of trade by air increased notably by 12.1%, notwithstanding a slight decline of its share in total trade to 44.6%.

Diagram 3.6 : Air freight throughput rose slightly and the value of trade by air increased notably in the second quarter



3.18 *Total road cargo throughput* expanded noticeably by 7.0% to 4.3 million tonnes in the second quarter over a year earlier. The value of trade by road grew strongly by 22.2%, and the respective share in total trade went up to 45.4%.

Transport

3.19 Cross-boundary traffic flows showed some improvements in the second quarter. Both air and land-based passenger trips increased distinctly by 18.0% and 17.5% over a year earlier to 14.8 million and 68.7 million respectively. Water-borne passenger trips, at 2.0 million, exhibited a narrowed year-on-year decline of 3.1% as compared with the 11.0% decline in the preceding quarter. As regards vehicle flows, average daily cross-boundary vehicle movements stayed vibrant, surging further by 19.1% year-on-year to 49 169.

3.20 The Government announced the policy of “Southbound Travel for Guangdong Vehicles” in July. The Scheme, which is a mutual arrangement with “Northbound Travel for Hong Kong Vehicles” and targeted to be launched in November this year, will open up a new mode of southbound travel for Mainland residents with different travel purposes to use the Hong Kong International Airport or stay in Hong Kong, which will in turn promote social exchanges, benefit many trades and sectors in Hong Kong, as well as promote the integration of the Greater Bay Area.

Innovation and technology

3.21 The Business of Innovation and Technology Week was held in April, featuring signature I&T events such as InnoEX, the annual major exhibition showcasing cutting-edge technology solutions in key areas such as low-altitude economy, artificial intelligence, robotics, cybersecurity and smart mobility, as well as the Hong Kong World Youth Science Conference where top-notch renowned scientists and laureates of the Nobel Prize and Turing Award gathered and exchanged. Concurrently, the World Internet Conference Asia-Pacific Summit was hosted by Hong Kong for its first time, focusing on high-level global dialogues on large language models, digital finance, digital government and smart living. All these events showcased Hong Kong's I&T strengths, fostered international collaboration, drove synergies across industries and further strengthened Hong Kong's position as an international I&T centre.

Environment

3.22 In April, the Air Pollution Control (Amendment) Ordinance 2025 came into operation to update Air Quality Objectives (AQOs), which were benchmarked against the latest Global Air Quality Guidelines introduced by the World Health Organization. Among the 15 updated AQOs, seven were set at the most stringent levels of the Guidelines, which are on par with those of other advanced economies.

Notes :

- (1) Starting from the third quarter of 2019, the index of home purchase affordability is calculated based on, among others, the mortgage rates of new mortgage loans with reference to both the Best Lending Rate (BLR) and the Hong Kong Interbank Offered Rate (HIBOR). As such, the data from the third quarter of 2019 onwards may not be strictly comparable with those in previous quarters, which were based on the mortgage rates of new mortgages loans with reference to the BLR only.

Figures are subject to revision later as more data become available.

- (2) The figures on transactions refer to commercial space, which comprises retail premises and other premises designed or adapted for commercial use but excludes purpose-built office space.
- (3) The figures on hotel room occupancy and achieved room rate do not include guesthouses. The figures are subject to revision later as more data become available.

CHAPTER 4 : THE FINANCIAL SECTOR[#]

Summary

- *Interest rates in Hong Kong fell in the second quarter of 2025. As the US Federal Open Market Committee (FOMC) maintained its target range for the Federal Funds Rate unchanged during the second quarter, the Base Rate under the Discount Window operated by the Hong Kong Monetary Authority (HKMA) was kept unchanged at 4.75%. Yet, the Hong Kong dollar interbank interest rates came down notably as liquidity conditions eased following the expansion of the Aggregate Balance in early May. Interest rates on the retail front eased in tandem.*
- *The Hong Kong dollar spot exchange rate against the US dollar strengthened in the early part of the second quarter amid buoyant capital market activities, eventually triggering the strong-side Convertibility Undertaking (CU) four times. As the resultant widening in negative HKD-USD interest rate spreads amid abundant liquidity spurred carry trade activities, the Hong Kong dollar subsequently weakened. The weak-side CU was triggered once in late June. As the US dollar weakened against most major currencies, the trade-weighted Hong Kong dollar Nominal and Real Effective Exchange Rate Indices decreased by 3.3% and 3.7% respectively during the second quarter.*
- *Total loans and advances increased by 1.9% during the second quarter. Within the total, loans for use in and outside Hong Kong increased by 1.6% and 2.6% respectively.*
- *The local stock market maintained upward momentum in the second quarter. Despite a sharp sell-off alongside other major markets following the US' announcement of the so-called "reciprocal tariffs" in early April, market sentiment improved subsequently as trade tensions eased after the US suspended most of these tariffs for 90 days. The Hang Seng Index (HSI) recouped lost grounds and sustained the uptrend to close the second quarter at 24 072, up 4.1% from end-March. Trading activities remained active, and fund raising activities stayed vibrant.*

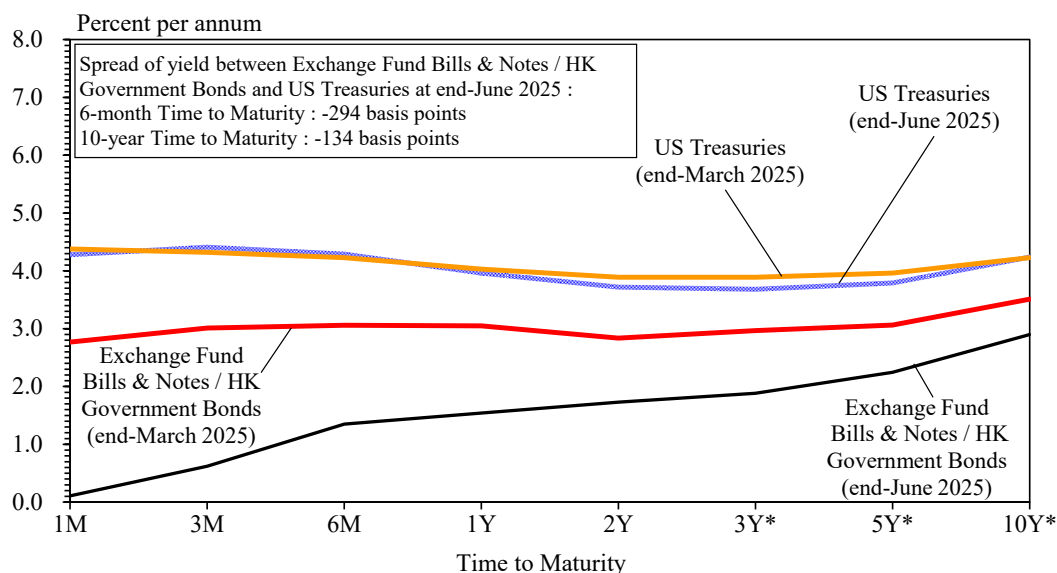
(#) This chapter is jointly prepared by the HKMA and the Office of the Government Economist.

Interest rates and exchange rates

4.1 Interest rates in Hong Kong fell in the second quarter of 2025. As the US FOMC maintained its target range for the Federal Funds Rate unchanged at 4.25-4.50% during the quarter, the *Base Rate*⁽¹⁾ under the Discount Window operated by the HKMA was kept unchanged at 4.75%. After rising briefly in the second half of April amid expectations of higher funding demand during the peak season for dividend payout, the *Hong Kong Interbank Offered Rates* (HIBORs) came down notably in the remainder of the quarter as liquidity conditions eased following the expansion of the Aggregate Balance in early May. The overnight HIBOR and the 3-month HIBOR decreased from 3.85% and 3.88% at end-March to 0.03% and 1.68% at end-June respectively.

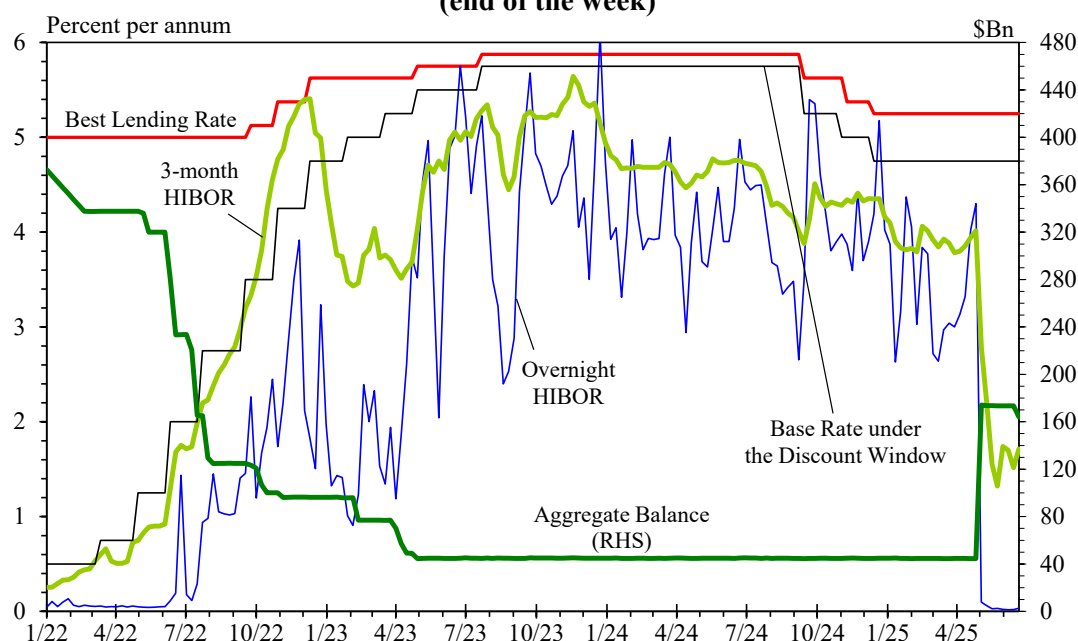
4.2 *Hong Kong dollar yield curve* shifted downward in the second quarter, more so for the shorter tenors, while the *US dollar yields* for the longer tenors retreated somewhat. Reflecting their relative movements, the negative yield spread between 6-month Exchange Fund Bills and 6-month US Treasury Bills widened from 117 basis points at end-March to 294 basis points at end-June, and that between the 10-year Hong Kong Government Bonds and 10-year US Treasury Notes from 72 basis points to 134 basis points.

Diagram 4.1 : Hong Kong dollar yield curve shifted downward, more so for the shorter tenors, while the US dollar yields for the longer tenors retreated somewhat



4.3 Interest rates on the retail front eased in tandem during the second quarter. While the *average savings deposit rate* for deposits of less than \$100,000 quoted by major banks and the *one year time deposit rate* stayed unchanged at 0.22% and 0.27% respectively at end-June, the *composite interest rate*⁽²⁾, which indicates the average cost of funds for retail banks, decreased further from 2.07% at end-March to 1.26% at end-June. The *Best Lending Rates* among banks ranged from 5.25% to 5.75% at end-June, same as the situation at end-March.

Diagram 4.2 : Interbank interest rates trended down during the second quarter, and interest rates on the retail front eased in tandem (end of the week)



4.4 The *Hong Kong dollar spot exchange rate against the US dollar* strengthened in the early part of the second quarter amid buoyant capital market activities. The strong-side CU was triggered four times in early May, with the HKMA selling a total of 129.4 billion Hong Kong dollars. As the resultant widening in negative HKD-USD interest rate spreads amid abundant liquidity spurred carry trade activities, the Hong Kong dollar subsequently weakened. In late June, the weak-side CU was triggered once and the HKMA purchased \$9.4 billion Hong Kong dollars. As a result, the Aggregate Balance increased from \$44.6 billion at end-March to \$164.1 billion at end-June. The spot exchange rate closed the second quarter at 7.8499, compared with 7.7793 at end-March. The discounts of 3-month and 12-month *Hong Kong dollar forward rates* widened from 149 pips and 417 pips (each pip is equivalent to HK\$0.0001) to 574 pips and 1 227 pips respectively at end-June.

4.5 Under the Linked Exchange Rate System, movements in the Hong Kong dollar exchange rate against other currencies closely followed those of the US dollar. As the US dollar weakened against most major currencies, the *trade-weighted Hong Kong dollar Nominal and Real Effective Exchange Rate Indices*⁽³⁾ decreased by 3.3% and 3.7% respectively during the second quarter.

Diagram 4.3 : The Hong Kong dollar spot exchange rate against the US dollar weakened after triggering the strong-side Convertibility Undertaking in early May (end of the week)

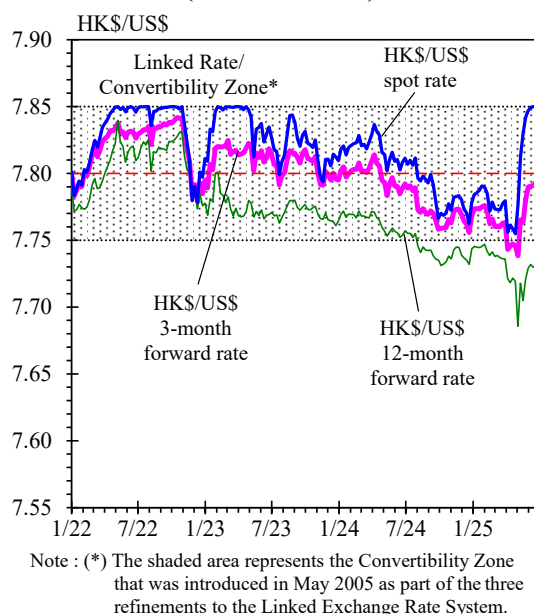
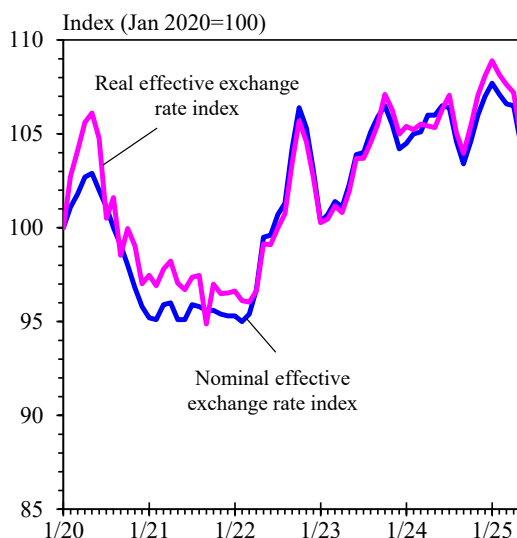


Diagram 4.4 : The trade-weighted nominal and real effective exchange rate indices both decreased during the second quarter (average of the month)



Money supply and banking sector

4.6 The Hong Kong dollar broad *money supply* (HK\$M3) rose by 1.7% over end-March to \$9,060 billion at end-June, and the seasonally adjusted Hong Kong dollar narrow money supply (HK\$M1) increased by 16.0% to \$1,886 billion⁽⁴⁾. Meanwhile, *total deposits* with authorized institutions (AIs)⁽⁵⁾ grew by 4.0% to \$18,698 billion, within which Hong Kong dollar deposits and foreign currency deposits increased by 1.8% and 5.9% respectively.

Diagram 4.5 : Both the Hong Kong dollar broad and narrow money supply increased during the second quarter

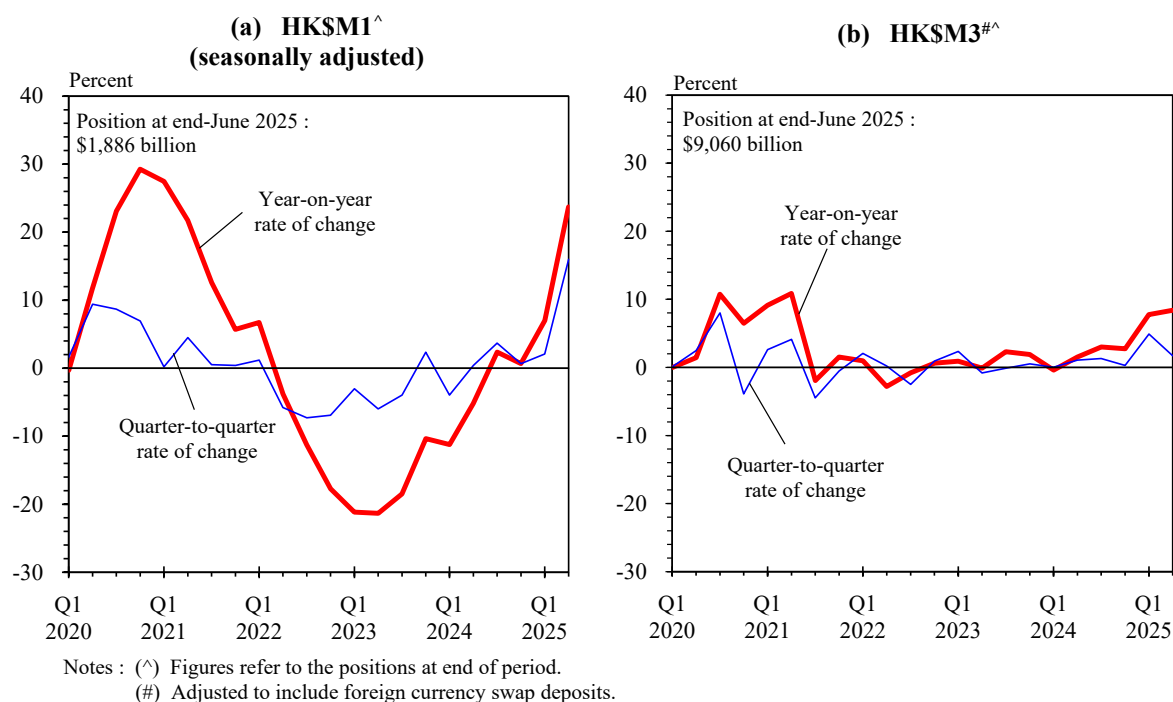


Table 4.1 : Hong Kong dollar money supply and total money supply

% change during the quarter		<u>M1</u>		<u>M2</u>		<u>M3</u>	
		<u>HK\$[^]</u>	<u>Total</u>	<u>HK\$^(a)</u>	<u>Total</u>	<u>HK\$^(a)</u>	<u>Total</u>
2024	Q1	-3.9	-1.6	*	-0.1	*	*
	Q2	0.4	3.5	1.1	3.4	1.1	3.4
	Q3	3.7	6.7	1.3	2.4	1.3	2.4
	Q4	0.7	-2.7	0.3	1.4	0.3	1.4
2025	Q1	2.1	4.3	4.9	3.2	4.9	3.2
	Q2	16.0	12.2	1.7	4.0	1.7	4.1
Total amount at end-June 2025 (\$Bn)		1,886	3,215	9,044	19,820	9,060	19,868
% change over a year earlier		23.7	21.5	8.4	11.5	8.4	11.5

Notes : (^) Seasonally adjusted.

(a) Adjusted to include foreign currency swap deposits.

(*) Change within $\pm 0.05\%$.

4.7 *Total loans and advances* increased by 1.9% over end-March to \$10,158 billion at end-June. Analysed by currency, Hong Kong dollar loans and foreign currency loans increased by 1.3% and 2.7% respectively. Reflecting the relative movements in deposits and loans, the loan-to-deposit ratio for Hong Kong dollar decreased from 72.3% at end-March to 72.0% at end-June, and that for foreign currencies decreased from 41.2% to 40.0%.

4.8 Loans for use in Hong Kong (including trade finance) and loans for use outside Hong Kong increased by 1.6% and 2.6% respectively over end-March to \$7,651 billion and \$2,508 billion at end-June. Within the former, loans to most economic segments increased. Loans to stockbrokers rose notably by 16.3%, thanks to vibrant equity market activities during the period. Loans to manufacturing and trade finance increased by 4.8% and 3.7% respectively amid resilient trade performance. Loans to financial concerns and wholesale and retail trade rose by 3.7% and 2.5% respectively. As for property-related lending, loans for purchase of residential property rose slightly by 0.6%, while loans to building, construction, property development and investment edged down by 0.1%.

Table 4.2 : Loans and advances

All loans and advances for use in Hong Kong										
% change during the quarter		Loans to :							All loans and advances for use outside Hong Kong ^(c)	
		Trade finance	Manu- facturing	Whole- sale and retail trade	Building and construction, property development and investment	Purchase of residential property ^(a)	Financial concerns	Stock- brokers		
									Total ^(b)	Total loans and advances
2024	Q1	-0.5	0.5	-4.7	-0.7	0.1	-7.5	-10.4	-1.2	-1.0
	Q2	6.0	-2.7	0.2	-2.8	0.7	0.5	-2.4	0.3	-0.9
	Q3	-1.5	2.1	3.4	-3.1	0.7	-1.3	54.9	-0.8	-0.2
	Q4	0.6	-0.9	-1.5	-1.1	-0.1	1.8	-23.1	-0.1	-0.7
2025	Q1	-4.7	5.1	-2.1	-2.7	0.6	4.4	10.6	0.5	0.6
	Q2	3.7	4.8	2.5	-0.1	0.6	3.7	16.3	1.6	1.9
Total amount at end-June 2025 (\$Bn)		377	325	294	1,508	2,031	910	63	7,651	10,158
% change over a year earlier		-2.0	11.4	2.2	-6.9	1.9	8.8	53.2	1.2	1.6

- Notes:
- (a) Figures also include loans for the purchase of flats under the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme, in addition to those for the purchase of private residential flats.
 - (b) Loans to individual sectors may not add up to all loans and advances for use in Hong Kong, as some sectors are not included.
 - (c) Also include loans where the place of use is not known.

4.9 The Hong Kong banking sector remained strong and resilient, underpinned by robust capital and liquidity positions. Hong Kong incorporated AIs were well capitalised, with the total capital adequacy ratio staying at a high level of 24.2% at end-March. The banking sector's asset quality deteriorated slightly, but remained at a healthy level. The ratio of classified loans to total loans for all AIs edged up from 1.96% at end-2024 to 1.98% at end-March 2025, and the delinquency ratio for credit card lending also edged up from 0.35% to 0.37%. The delinquency ratio for residential mortgage loans stayed low at 0.13% at end-June, same as that in end-March.

Table 4.3 : Asset quality of all authorized institutions^{*^}

		(as % of total loans)		
<u>At end of period</u>		<u>Pass loans</u>	<u>Special mention loans</u>	<u>Classified loans</u> (gross)
2024	Q1	96.16	2.05	1.79
	Q2	96.18	1.93	1.89
	Q3	96.00	2.01	1.99
	Q4	95.89	2.15	1.96
2025	Q1	95.77	2.25	1.98

Notes : Due to rounding, figures may not add up to 100.

(*) Period-end figures relate to Hong Kong offices, overseas branches and major overseas subsidiaries. Loans and advances are classified into the following categories: Pass, Special Mention, Substandard, Doubtful and Loss. Loans in the substandard, doubtful and loss categories are collectively known as “classified loans”.

(^) As a reference, for retail banks, the pass loans, special mention loans and classified loans (gross) as percentages of total loans were 95.67%, 2.16% and 2.17% respectively at end-March 2025.

4.10 *Offshore renminbi (RMB) business* saw mixed performance in the second quarter. RMB trade settlement transactions handled by banks in Hong Kong edged up by 0.2% over a year earlier to RMB3,709.2 billion. Meanwhile, total RMB deposits (including customer deposits and outstanding certificates of deposit) decreased by 8.6% over end-March to RMB985.1 billion at end-June. As to financing activities, outstanding RMB bank loans increased by 3.9% over end-March to RMB836.1 billion at end-June. Earlier on, RMB bond issuance (excluding certificates of deposit) amounted to RMB189.2 billion (of which RMB12.5 billion was issued by the Ministry of Finance) in the first quarter, as compared to RMB158.1 billion in the same period of 2024⁽⁶⁾.

Table 4.4 : Renminbi customer deposits and cross-border renminbi trade settlement in Hong Kong

<u>At end of period</u>		<u>Interest rates on^(a)</u>					<u>Number of AIs engaged in RMB business</u>	<u>Amount of cross-border RMB trade settlement^(c)</u> (RMB Mn)
		<u>Demand and savings deposits</u> (RMB Mn)	<u>Time deposits</u> (RMB Mn)	<u>Total deposits</u> (RMB Mn)	<u>Savings deposits^(b)</u> (%)	<u>Three-month time deposits^(b)</u> (%)		
2024	Q1	356,992	587,672	944,664	0.16	0.31	139	3,713,713
	Q2	432,712	628,954	1,061,666	0.16	0.31	138	3,700,964
	Q3	459,606	556,732	1,016,339	0.16	0.31	139	3,816,626
	Q4	408,585	518,004	926,589	0.16	0.31	138	3,953,280
2025	Q1	423,009	536,839	959,848	0.16	0.31	138	3,625,469
	Q2	395,342	486,720	882,061	0.16	0.31	139	3,709,233
% change in 2025 Q2 over 2024 Q2		-8.6	-22.6	-16.9	N.A.	N.A.	N.A.	0.2
% change in 2025 Q2 over 2025 Q1		-6.5	-9.3	-8.1	N.A.	N.A.	N.A.	2.3

Notes : (a) The interest rates are based on a survey conducted by the HKMA.

(b) Period average figures.

(c) Figures during the period.

N.A. Not applicable.

The debt market

4.11 As to the Hong Kong dollar *debt market*, total gross issuance of Hong Kong dollar debt securities increased by 2.8% over the preceding quarter to \$1,433.9 billion⁽⁷⁾ in the second quarter. The total outstanding amount of Hong Kong dollar debt securities rose by 2.7% over end-March to \$3,015.7 billion at end-June, equivalent to 33.3% of HK\$M3 or 29.3% of Hong Kong dollar-denominated assets of the banking sector⁽⁸⁾.

4.12 As to the Hong Kong dollar bonds issued by the Government, a total of \$12.0 billion institutional Government Bonds (GBs) were issued through tenders in the second quarter under the Infrastructure Bond Programme (IB Programme). At end-June, the total outstanding amount of Hong Kong dollar bonds under the GB Programme, Government Sustainable Bond Programme (GSB Programme), and IB Programme was around \$293.8 billion, comprising 10 institutional issues totalling \$72.0 billion, two retail issues (Silver Bonds) totalling \$96.0 billion under the GB Programme, one institutional issue worth \$2.0 billion and one retail issue (one Retail Green Bond) totalling \$20.0 billion under the GSB Programme, as well as 11 institutional issues totalling \$31.5 billion and two retail issues (one Silver Bond and one Retail Infrastructure Bond) totalling around \$72.3 billion under the IB Programme. As for GBs denominated in other currencies, there was one US dollar sukuk with an issuance size of US\$1.0 billion outstanding under the GB Programme, around US\$21.6 billion equivalent of institutional green bonds outstanding under the GSB Programme, and around US\$3.1 billion equivalent of institutional infrastructure bonds outstanding under the IB Programme.

**Table 4.5: New issuance and outstanding value of
Hong Kong dollar debt securities (\$Bn)**

		Exchange Fund	The HKSAR Government	Local Public sector ^(a)	AIs ^(b)	Local corporations	Non-MDBs issuers outside Hong Kong ^(c)	MDBs ^(c)	Statutory bodies/govern- ment-owned corporations in Hong Kong	Total
New Issuance										
2024	Annual	4,102.5	91.7	4,194.3	303.3	32.6	434.4	47.5	123.0	5,135.1
	Q1	1,004.5	5.5	1,010.0	59.7	6.2	113.0	18.4	57.0	1,264.3
	Q2	1,017.4	1.5	1,018.9	89.2	7.0	131.8	13.4	13.6	1,273.8
	Q3	1,036.2	1.5	1,037.7	86.2	13.1	96.6	8.6	31.5	1,273.7
	Q4	1,044.6	83.2	1,127.8	68.1	6.3	93.0	7.1	21.0	1,323.3
2025	Q1	1,049.0	7.5	1,056.5	98.9	7.7	188.6	15.3	27.8	1,394.8
	Q2	1,060.2	13.5	1,073.7	85.5	23.9	221.8	15.2	13.7	1,433.9
% change in 2025 Q2 over 2024 Q2		4.2	800.0	5.4	-4.1	240.4	68.3	14.0	1.3	12.6
% change in 2025 Q2 over 2025 Q1		1.1	80.0	1.6	-13.5	209.8	17.6	-0.2	-50.5	2.8
Outstanding (as at end of period)										
2024	Q1	1,268.4	287.2	1,555.6	265.2	120.8	573.5	55.4	187.5	2,758.0
	Q2	1,281.7	258.7	1,540.4	284.5	114.2	599.2	64.6	172.1	2,775.0
	Q3	1,294.7	222.1	1,516.8	287.0	119.6	590.9	63.6	183.1	2,761.0
	Q4	1,306.8	303.3	1,610.1	276.7	120.2	570.2	70.1	177.9	2,825.1
2025	Q1	1,318.1	308.9	1,627.0	293.2	119.9	635.1	80.4	181.8	2,937.4
	Q2	1,325.3	293.9	1,619.2	284.5	134.4	699.8	94.0	183.9	3,015.7
% change in 2025 Q2 over 2024 Q2		3.4	13.6	5.1	*	17.6	16.8	45.4	6.8	8.7
% change in 2025 Q2 over 2025 Q1		0.5	-4.9	-0.5	-3.0	12.1	10.2	16.9	1.1	2.7

Notes : Figures may not add up to the corresponding totals due to rounding. Figures are provisional and may be subject to revision.

(a) Sum of Exchange Fund and the HKSAR Government.

(b) AIs : Authorized institutions.

(c) MDBs : Multilateral Development Banks.

(*) Change within $\pm 0.05\%$.

The stock and derivatives markets

4.13 The *local stock market* maintained upward momentum in the second quarter. Local equities experienced a sharp sell-off alongside other major markets following the US' announcement of the so-called "reciprocal tariffs" in early April. On 7 April, the HSI plunged by 3 022 points or 13.2% to 19 828, marking the largest single-day fall on record. Yet, market sentiment improved subsequently as trade tensions eased after the US suspended most of these tariffs for 90 days. The HSI recouped lost grounds and sustained the uptrend to close the quarter at 24 072, up 4.1% from end-March. *Market capitalisation* rose further by 6.8% to \$42.7 trillion during the quarter. The local stock market ranked the sixth largest in the world and the third largest in Asia⁽⁹⁾.

4.14 Trading activities remained active in the second quarter. *Average daily turnover* in the securities market reached \$237.7 billion, an increase of 95.5% over a year ago, though down slightly by 2.1% from the preceding quarter. Within the total, the average daily trading value of unit trusts (including Exchange-Traded Funds (ETFs))⁽¹⁰⁾, callable bull/bear contracts and equities decreased by 7.0%, 5.9% and 1.3% respectively on a quarter-to-quarter basis, while that of derivative warrants rose by 9.1%. As to futures and options⁽¹¹⁾, the average daily trading volume fell by 17.7%. Within the total, trading of HSI options, stock options, HSI futures and Hang Seng China Enterprises Index futures decreased by 25.0%, 20.0%, 15.3% and 11.3% respectively.

Diagram 4.6 : The HSI rose by 4.1% during the second quarter despite a sharp sell-off in early April

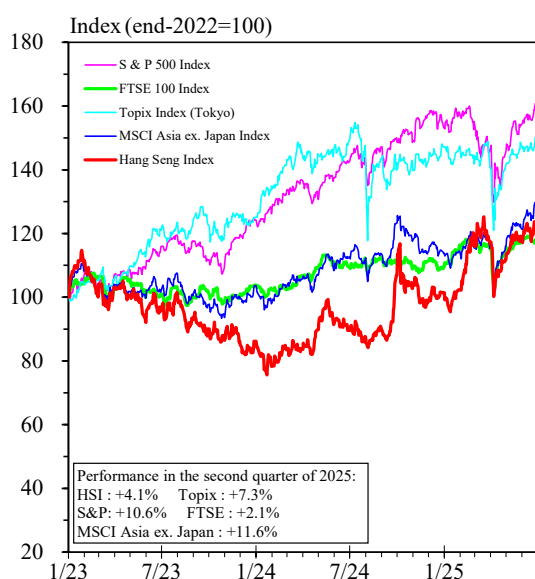
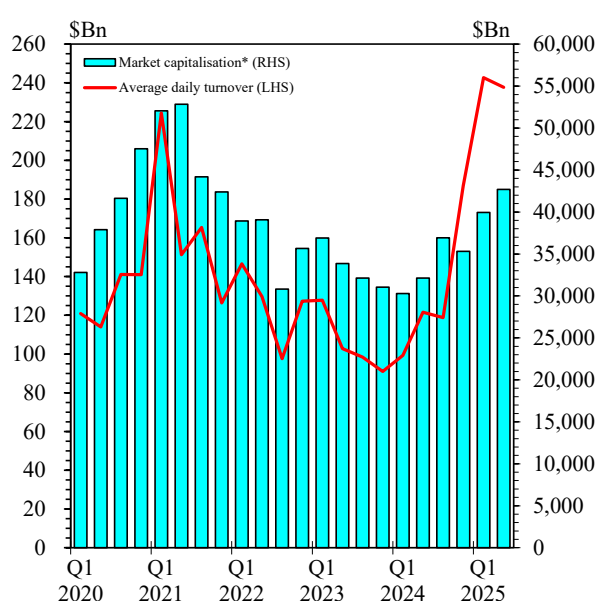


Diagram 4.7 : Market capitalisation rose further; trading activities remained active in the second quarter



Note : (*) Position at end of quarter.

**Table 4.6 : Average daily turnover of futures and options
of the Hong Kong market**

		Hang Seng Index <u>futures</u>	Hang Seng Index <u>options</u>	Hang Seng China Enterprises <u>Index futures</u>	Stock <u>options</u>	Total futures and <u>options traded*</u>
2024	Annual	140 276	19 645	187 684	720 297	1 550 593
	Q1	149 867	22 591	208 485	645 126	1 500 494
	Q2	141 876	21 446	191 449	747 232	1 565 097
	Q3	130 138	19 505	173 985	704 694	1 482 419
	Q4	139 757	15 146	177 714	784 043	1 653 975
2025	Q1	143 619	18 509	170 690	964 803	1 866 001
	Q2	121 666	13 876	151 409	771 454	1 534 850
% change in 2025 Q2 over 2024 Q2		-14.2	-35.3	-20.9	3.2	-1.9
% change in 2025 Q2 over 2025 Q1		-15.3	-25.0	-11.3	-20.0	-17.7

Note : (*) Turnover figures for individual futures and options are in number of contracts, and do not add up to the total futures and options traded as some products are not included.

4.15 Fund raising activities stayed vibrant in the second quarter. *Total equity capital raised*, comprising new share floatation and post-listing arrangements on the Main Board and GEM⁽¹²⁾, surged by 247.2% over a year earlier to \$125.1 billion during the quarter, though 21.5% lower than the preceding quarter. Within the total, the amount of funds raised through IPOs surged by 386.5% over the preceding quarter, or by more than nine-fold over a year ago to \$90.7 billion. Hong Kong ranked first among stock exchange markets globally in terms of the amount of funds raised through IPOs in the first half of the year⁽¹³⁾.

4.16 Mainland enterprises remained the driving force in the Hong Kong stock market. At end-June, a total of 1 504 Mainland enterprises (including 386 H-share companies and 1 118 Non-H share Mainland enterprises) were listed on the Main Board and GEM, representing 57% of the total number of listed companies and 81% of total market capitalisation. Mainland-related stocks accounted for 91% of equity turnover and 94% of total equity funds raised on the Hong Kong Stock Exchange in the first half of 2025.

Fund management and investment funds

4.17 Performance of the fund management business saw mixed performance in the second quarter. The aggregate net asset value of the approved constituent funds under the *Mandatory Provident Fund (MPF) schemes*⁽¹⁴⁾ rose by 6.9% over end-March to \$1,429.4 billion at end-June. The monthly average gross retail sales of *mutual funds* fell by 6.7% over the preceding quarter to US\$7.9 billion in April – May⁽¹⁵⁾⁽¹⁶⁾, but were 28.1% higher than the level a year earlier.

Insurance sector

4.18 The *insurance sector*⁽¹⁷⁾ recorded solid growth in the first quarter. New office premiums of long-term business surged by 43.1% over a year earlier, within which premium from non-investment linked individual business (which accounted for 96.4% of total premium for this segment) rose by 42.3%, and that from investment-linked business increased by 74.8%. As to general business, gross and net premiums amounted to \$31.2 billion and \$20.6 billion respectively⁽¹⁸⁾.

Table 4.7 : Insurance business in Hong Kong[@] (\$Mn)

		General business [#]			New office premium of long-term business [^]				Gross premium from long-term business and general business
		Gross premium	Net premium	Underwriting profit	Non-linked long-term individual business	Linked long-term individual business	Non-retirement scheme group business	All long-term business	
2024	Annual	100,453	69,658	3,267	208,133	11,169	454	219,756	320,209
	Q1	N.A.	N.A.	N.A.	63,292	1,846	141	65,279	N.A.
	Q2	N.A.	N.A.	N.A.	48,004	2,457	125	50,586	N.A.
	Q3	N.A.	N.A.	N.A.	50,740	2,899	91	53,730	N.A.
	Q4	25,436	17,942	1,111	46,097	3,967	97	50,161	75,597
2025	Q1	31,245	20,588	882	90,087	3,227	99	93,413	124,658
% change in 2025 Q1 over 2024 Q1		N.A.	N.A.	N.A.	42.3	74.8	-29.8	43.1	N.A.

Notes : ([@]) Provisional statistics of the Hong Kong insurance industry.

([#]) Following the implementation of the Risk-based Capital (RBC) regime on 1 July 2024, a new set of regulatory returns was introduced and some definitions were modified. Under the RBC regime, an element reflecting offshore business in respect of general insurance was included. In addition, the insurers must now report their underwriting performance based on financial year instead of calendar year, causing some data to be partially covered in this set of statistics. It is therefore inappropriate to make a direct comparison between the latest figures with those published in previous years.

([^]) Retirement scheme business is excluded.

(N.A.) Not applicable.

Highlights of policy and market developments

4.19 The HKMA and the People's Bank of China (PBoC) launched the Payment Connect, i.e. the linkage between the Mainland's Internet Banking Payment System and Hong Kong's Faster Payment System (FPS), on 22 June to support secure, efficient and convenient real-time cross-boundary payment for residents and institutions in both places. The initiative will further promote Hong Kong's position as an offshore Renminbi business hub, as well as signify a milestone for the FPS in expanding cross-boundary payment.

4.20 The Stablecoins Ordinance was implemented on 1 August, which established a licensing regime for fiat-referenced stablecoins issuers in Hong Kong and further enhanced Hong Kong's regulatory framework on virtual-asset activities, thereby fostering financial stability and encouraging financial innovation. Earlier, the Government issued the Policy Statement 2.0 on the Development of Digital Assets in Hong Kong on 26 June, reinforcing its commitment to establishing Hong Kong as a global hub for innovation in the digital asset (DA) field. A two-month joint public consultation on the legislative proposals for establishing licensing regimes for DA dealing and custodian service providers was also launched subsequently.

4.21 The PBoC and HKMA announced on 8 July to expand the Southbound Bond Connect investor scope to include securities firms, fund companies, insurance companies and wealth management companies. Starting from 25 August, the offshore RMB bond repurchase (repo) business will be enhanced to support re-hypothecation and cross-currency repo under the Northbound channel, and the CMU OmniClear will also enhance the operational arrangements accordingly. These measures will expand the depth and breadth of the offshore repo market, and bolster the development of Hong Kong's bond market by widening the investor base and enhancing market liquidity.

4.22 The first sukuk exchange-traded fund (ETF) that invests in Saudi Arabia was listed in Hong Kong on 29 May, being Asia's first investment-grade sukuk ETF. Its listing underscores Hong Kong's commitment to deepening regional market ties as well as diversifying product offerings.

Notes :

- (1) Prior to 9 October 2008, the Base Rate was set at either 150 basis points above the prevailing US Federal Funds Target Rate (FFTR) or the average of the five-day moving averages of the overnight and one-month HIBORs, whichever was higher. Between 9 October 2008 and 31 March 2009, this formula for determination of the Base Rate was temporarily changed by reducing the spread of 150 basis points above the prevailing FFTR to 50 basis points and by removing the other leg relating to the moving averages of the relevant interbank interest rates. After a review of the appropriateness of the new Base Rate formula, the narrower 50 basis point spread over the FFTR was retained while the HIBOR leg was re-instated in the calculation of the Base Rate after 31 March 2009.
- (2) In December 2005, the HKMA published a new data series on composite interest rate, reflecting movements in various deposit rates, interbank and other interest rates to closely track the average cost of funds for banks. The published data enable the banks to keep track of changes in funding cost and thus help improve interest rate risk management in the banking sector. Since June 2019, the composite interest rate has been calculated based on the new local “Interest rate risk in the banking book” framework. As such, the figures are not strictly comparable with those of previous months.
- (3) The trade-weighted Nominal Effective Exchange Rate Index (EERI) is an indicator of the overall exchange value of the Hong Kong dollar against a fixed basket of other currencies. Specifically, it is a weighted average of the exchange rates of the Hong Kong dollar against 18 currencies of its major trading partners, with the weights adopted being the respective shares of these trading partners in the total value of merchandise trade for Hong Kong during 2019 and 2020.

The Real EERI of the Hong Kong dollar is obtained by adjusting the Nominal EERI for relative movements in the seasonally adjusted consumer price indices of the respective trading partners.

- (4) The various definitions of the money supply are as follows:

M1 : Notes and coins with the public, plus customers’ demand deposits with licensed banks.

M2 : M1 plus customers’ savings and time deposits with licensed banks, plus negotiable certificates of deposit (NCDs) issued by licensed banks and held outside the monetary sector, as well as short-term Exchange Fund placements of less than one month.

M3 : M2 plus customers’ deposits with restricted licence banks and deposit-taking companies, plus NCDs issued by such institutions and held outside the monetary sector.

Among the various monetary aggregates, more apparent seasonal patterns are found in HK\$M1, currency held by the public, and demand deposits. As monthly monetary statistics are subject to volatilities due to a wide range of transient factors, such as seasonal and IPO-related funding demand as well as business and investment-related activities, caution is required when interpreting the statistics.

- (5) AIs include licensed banks, restricted licence banks and deposit-taking companies. At end-June 2025, there were 149 licensed banks, 15 restricted licence banks and 11 deposit-taking companies in Hong Kong. Altogether, 175 AIs (excluding representative offices) from 32 countries and territories (including Hong Kong) had a presence in Hong Kong.
- (6) HKMA discontinued the old RMB bond issuance data since June 2024 and adopted another data series. The new series has broader coverage sourced from various data sources including Bloomberg, the Central Moneymarkets Unit, Dealogic and Reuters but with longer time lag. Hence the latest data are up to the previous quarter only, and the new data are not directly comparable with those in previous issues of this report. Figures are subject to revisions.
- (7) The figures may not represent a full coverage of all the Hong Kong dollar debt securities issued.
- (8) Assets of the banking sector include notes and coins, amount due from Authorized institutions in Hong Kong as well as from banks abroad, loans and advances to customers, negotiable certificates of deposit (NCDs) held, negotiable debt instruments other than NCDs held, and other assets. Certificates of indebtedness issued by Exchange Fund and the counterpart bank notes issued are nevertheless excluded.
- (9) The ranking is based on the market capitalisation figures of global stock exchange markets compiled by the World Federation of Exchanges and the London Stock Exchange Group.
- (10) Given the relatively small share (less than 0.2% of the daily turnover in the securities market), trading of debt securities and its movements were not analysed.
- (11) At end-June 2025, there were 132 classes of stock options contracts and 97 classes of stock futures contracts.
- (12) At end-June 2025, there were 2 329 and 316 companies listed on the Main Board and GEM respectively.
- (13) The ranking is based on the amount of funds raised through IPOs (including fundraising of special purpose acquisition companies) compiled by Dealogic.
- (14) At end-June 2025, there were 12 approved trustees. On MPF products, 21 master trust schemes, two industry schemes and one employer sponsored scheme, comprising altogether 378 constituent funds, were approved by the Mandatory Provident Fund Schemes Authority. A total of 354 000 employers, 2.65 million employees and 231 000 self-employed persons are estimated to have participated in MPF schemes.
- (15) These figures are obtained from the Sales and Redemptions Survey conducted by the Hong Kong Investment Funds Association (HKIFA) on their members, and cover only the active authorised funds that have responded to the survey. As HKIFA has revised the coverage of its funds statistics since 2023, the figures in this report may not be comparable with those contained in previous issues of this report.
- (16) At end-June 2025, there was one SFC-authorised retail hedge fund with net asset size of US\$75 million. This amount of net assets under management decreased by 9.6% from

end-March, and represented a 33.0% decrease from a year earlier and a 53.1% decrease from end-2002, the year when the hedge funds guidelines were first issued.

- (17) At end-June 2025, there were 158 authorized insurers in Hong Kong. Within this total, 51 were engaged in long-term insurance business, 85 in general insurance business, 19 in composite insurance business, and three in special purpose business. These authorized insurers come from 22 countries and territories (including Hong Kong).
- (18) Following the implementation of the RBC regime on 1 July 2024, an element reflecting offshore business is now included in respect of general insurance, and the coverage, classifications and definitions for related statistics have been modified. It is therefore inappropriate to make a direct comparison between the latest figures with those published in previous years.

CHAPTER 5 : THE LABOUR SECTOR

Summary

- *The labour market saw some softening in the second quarter of 2025. The seasonally adjusted unemployment rate rose to 3.5% in the second quarter from 3.2% in the preceding quarter. The underemployment rate also increased from 1.1% to 1.4%. Both the labour force and total employment fell from the preceding quarter or a year earlier.*
- *The unemployment rates of many major sectors went up in the second quarter from the preceding quarter.*
- *Wages and labour earnings continued to post decent increases in the first quarter over a year earlier. More recent General Household Survey (GHS) data showed that the trend of solid year-on-year growth in employment earnings extended further in the second quarter.*

Overall labour market situation⁽¹⁾

5.1 The labour market saw some softening in the second quarter of 2025. The seasonally adjusted *unemployment rate*⁽²⁾ rose to 3.5% in the second quarter from 3.2% in the preceding quarter. The *underemployment rate*⁽³⁾ also increased from 1.1% to 1.4%. The unemployment rates of many major sectors went up. Establishment survey indicated that wages and labour earnings continued to post decent increases in the first quarter over a year earlier. More recent GHS data showed that the trend of solid year-on-year growth in employment earnings extended further in the second quarter.

Diagram 5.1 : The labour market saw some softening in the second quarter of 2025

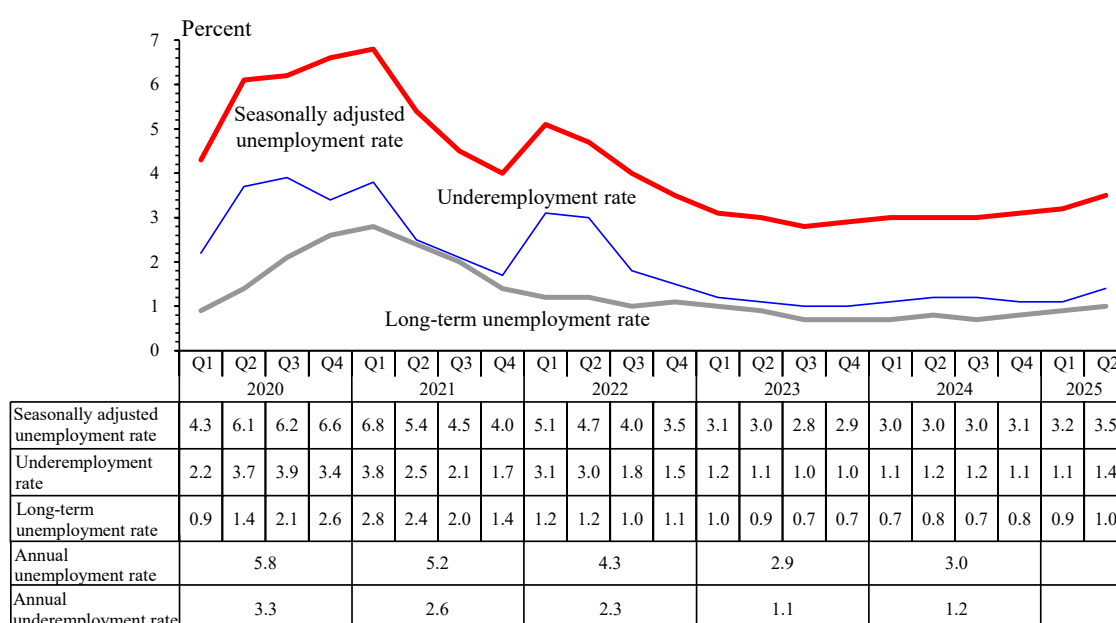


Table 5.1 : The unemployment rate (seasonally adjusted), underemployment rate and long-term unemployment rate

		<u>Unemployment rate*</u> (%)	<u>Underemployment</u> <u>rate (%)</u>	<u>Long-term</u> <u>unemployment rate (%)</u>
2024	Annual	3.0	1.2	0.8
	Q1	3.0	1.1	0.7
	Q2	3.0	1.2	0.8
	Q3	3.0	1.2	0.7
	Q4	3.1	1.1	0.8
2025	Q1	3.2	1.1	0.9
<i>Three months ending</i>				
2025	Apr	3.4	1.3	1.0
	May	3.5	1.4	1.0
	Jun	3.5	1.4	1.0

Notes : The quarterly statistics in 2024 have been revised to take into account the final end-2024 population estimates.

* Seasonally adjusted (except for annual figures).

Source : General Household Survey, Census and Statistics Department.

Labour force and total employment

5.2 The *labour force*⁽⁴⁾ fell further by 0.6% to 3 793 500 in the second quarter from the preceding quarter, or 0.4% from a year earlier. The working age population (i.e. land-based non-institutional population aged 15 and above) declined by 0.3% to 6 690 500 from the preceding quarter, and the overall labour force participation rate dropped by 0.2 percentage point to 56.7% during the same period. Compared with a year ago, though the working-age population increased by 0.1%, population ageing dragged the overall labour force participation rate by 0.3 percentage point.

5.3 Meanwhile, *total employment*⁽⁵⁾ declined by 1.0% to 3 657 300 in the second quarter from the preceding quarter, or 1.0% from a year earlier. Employment of a majority of major sectors recorded decreases from the preceding quarter, including the construction sector, the import/export trade and wholesale sector, and the retail, accommodation and food services sector. In contrast, employment increased in some sectors, such as the postal and courier activities sector, and the professional and business services sector (excluding cleaning and similar activities), over the preceding quarter.

Table 5.2 : The labour force, and persons employed, unemployed and underemployed

		<u>Labour force</u>		<u>Persons employed</u>		<u>Persons unemployed^(a)</u>	<u>Persons underemployed</u>
2024	Annual	3 807 400 (-0.4)		3 693 600 (-0.4)		113 800	43 900
	Q1	3 801 900 (-0.2) <-0.5>		3 690 000 (-0.1) <-0.6>		111 900	40 000
	Q2	3 807 800 (§) <0.2>		3 693 100 (§) <0.1>		114 700	44 400
	Q3	3 810 500 (-0.7) <0.1>		3 691 500 (-0.9) <§>		119 000	45 800
	Q4	3 799 800 (-0.5) <-0.3>		3 687 000 (-0.7) <-0.1>		112 800	43 100
2025	Q1	3 815 500 (0.4) <0.4>		3 692 700 (0.1) <0.2>		122 800	42 700
<i>Three months ending</i>							
2025	Apr	3 806 500 (§) <-0.5>		3 677 100 (-0.5) <-1.1>		129 400	47 600
	May	3 800 500 (-0.2) <-0.5>		3 664 700 (-0.7) <-1.2>		135 800	53 600
	Jun	3 793 500 (-0.4) <-0.6>		3 657 300 (-1.0) <-1.0>		136 200	52 600

Notes : The quarterly statistics in 2024 have been revised to take into account the final end-2024 population estimates.

(a) These include first-time job-seekers and re-entrants into the labour force.

() % change over a year earlier.

< > % change over a quarter earlier.

§ Change within $\pm 0.05\%$.

Source : General Household Survey, Census and Statistics Department.

Diagram 5.2 : Both the labour force and total employment fell in the second quarter from the preceding quarter or a year earlier



Table 5.3 : Labour force participation rates by gender and by age group (%)

	<u>2024</u>				<u>2025</u>	
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>
<u>Male</u>						
15-24	27.6	27.4	30.3	29.1	27.5	27.8
<i>of which:</i>						
15-19	6.5	6.4	8.1	6.2	5.1	7.1
20-24	48.6	48.1	51.7	50.9	49.5	48.0
25-29	88.3	87.0	88.6	89.3	88.2	86.4
30-39	94.3	94.2	94.3	94.4	94.3	94.6
40-49	92.9	93.5	93.2	93.4	94.0	93.8
50-59	84.6	85.1	84.8	85.3	85.2	84.8
≥ 60	31.0	31.0	30.8	30.4	30.0	29.4
Overall	62.7	62.7	62.8	62.6	62.3	61.9
<u>Female</u>						
15-24	29.3	28.9	31.5	30.4	28.9	28.9
<i>of which:</i>						
15-19	6.2	6.1	8.9	7.5	6.8	6.0
20-24	50.8	49.7	51.7	50.7	49.0	49.6
25-29	83.9	83.4	83.4	83.1	84.9	85.3
30-39	80.1	80.8	80.3	80.6	80.7	80.5
40-49	75.2	75.8	75.6	76.2	76.6	76.4
50-59	65.7	65.2	66.1	66.3	66.9	67.4
≥ 60	17.5	18.0	17.4	17.3	17.7	17.8
Overall	52.3	52.4	52.3	52.2	52.5	52.5
<u>Both genders combined</u>						
15-24	28.5	28.2	30.9	29.7	28.2	28.3
<i>of which:</i>						
15-19	6.3	6.2	8.5	6.8	5.9	6.5
20-24	49.7	48.9	51.7	50.8	49.3	48.8
25-29	86.0	85.1	85.9	86.1	86.5	85.8
30-39	86.2	86.6	86.3	86.5	86.6	86.6
40-49	82.3	82.9	82.7	83.1	83.6	83.4
50-59	73.7	73.7	74.0	74.4	74.7	74.8
≥ 60	23.8	24.1	23.6	23.4	23.4	23.2
Overall	56.9	57.0	57.0	56.9	56.9	56.7

Note : The quarterly statistics in 2024 have been revised to take into account the final end-2024 population estimates.

Source : General Household Survey, Census and Statistics Department.

Profile of unemployment

5.4 The seasonally adjusted unemployment rate rose to 3.5% in the second quarter from 3.2% in the preceding quarter. The number of unemployed persons (not seasonally adjusted) increased by 10.9% or 13 300 to 136 200 over the preceding quarter.

5.5 The unemployment rates of many major sectors (not seasonally adjusted) went up in the second quarter from the preceding quarter, notably the construction sector (up 1.8 percentage points to 6.8%), the financing sector (up 0.8 percentage point to 3.4%), the real estate sector (up 0.7 percentage point to 2.4%), and the retail, accommodation and food services sector (up 0.5 percentage point to 5.2%). On the other hand, the unemployment rates decreased in some sectors, including the arts, entertainment and recreation sector (down 0.5 percentage point to 2.1%), and the manufacturing sector (down 0.3 percentage point to 3.1%). For the *low-paying sectors*⁽⁶⁾ as a whole, the unemployment rate increased by 0.5 percentage point to 3.1% over the preceding quarter.

5.6 Analysed by skill segment, the unemployment rate of the lower-skilled workers saw a larger increase of 0.5 percentage point to 3.8% in the second quarter over the preceding quarter, compared to the 0.3 percentage point rise to 2.5% of the higher-skilled segment.

5.7 Analysed by other socio-economic attributes, the unemployment rates of all age groups and educational attainment groups increased in the second quarter over the preceding quarter. More notable increases were seen for those aged 15-24 (up 1.0 percentage points to 9.9%) partly due to the seasonal entry of a new batch of graduates and school leavers, those aged 25-29 (up 0.7 percentage point to 5.5%), and those with upper secondary education (up 0.6 percentage point to 3.5%).

5.8 The situation on unemployment duration deteriorated slightly in the second quarter. The long-term unemployment rate (i.e. the proportion of persons unemployed for six months or longer in the labour force) edged up by 0.1 percentage point over the preceding quarter to 1.0% in the second quarter. The number of long-term unemployed persons increased by 8.9% or 3 200 to 39 300. The median duration of unemployment shortened by 2 days to 83 days alongside the increase in unemployment.

Diagram 5.3 : The unemployment rates of many major sectors went up in the second quarter from the preceding quarter

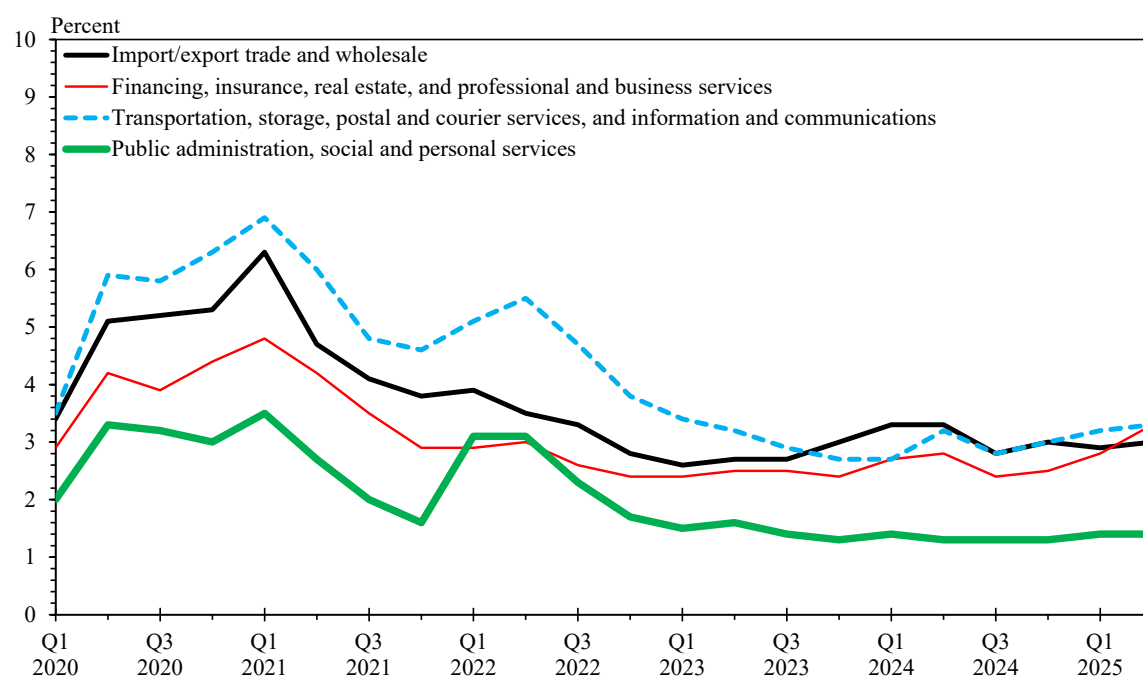
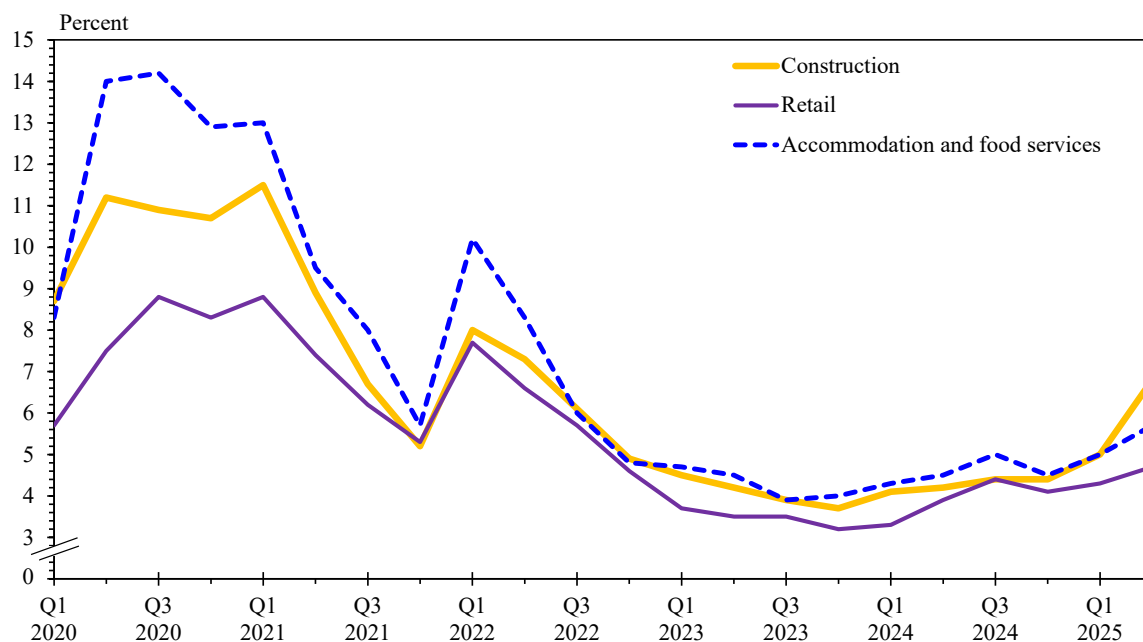


Table 5.4 : Unemployment rates by major economic sector

	<u>2024</u>				<u>2025</u>	
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>
Import/export trade and wholesale	3.3	3.3	2.8	3.0	2.9	3.0
Retail, accommodation and food services	3.8	4.2	4.7	4.3	4.7	5.2
<i>of which:</i>						
<i>Retail</i>	3.3	3.9	4.4	4.1	4.3	4.7
<i>Accommodation services</i>	2.6	3.4	3.4	3.4	3.1	4.0
<i>Food and beverage service activities</i>	4.6	4.6	5.2	4.7	5.3	6.0
Transportation, storage, postal and courier services	2.5	3.0	2.6	2.8	2.8	2.9
Information and communications	3.1	3.4	3.3	3.5	4.1	4.0
Financing, insurance, real estate, professional and business services	2.7	2.8	2.4	2.5	2.8	3.3
<i>of which:</i>						
<i>Financing</i>	2.3	2.8	2.3	2.2	2.6	3.4
<i>Real estate</i>	2.2	2.1	1.5	1.6	1.7	2.4
Public administration, social and personal services	1.4	1.3	1.3	1.3	1.4	1.4
<i>of which:</i>						
<i>Arts, entertainment and recreation</i>	2.5	2.4	2.7	2.5	2.6	2.1
Manufacturing	3.2	3.5	3.3	3.3	3.4	3.1
Construction	4.1	4.2	4.4	4.4	5.0	6.8
Overall*	2.9 (3.0)	3.0 (3.0)	3.1 (3.0)	3.0 (3.1)	3.2 (3.2)	3.6 (3.5)

Notes : The quarterly statistics in 2024 have been revised to take into account the final end-2024 population estimates.

* Including first-time job-seekers and re-entrants into the labour force.

() Seasonally adjusted unemployment rates.

Source : General Household Survey, Census and Statistics Department.

Diagram 5.4 : The unemployment rate of the lower-skilled workers saw a larger increase than that of the higher-skilled segment in the second quarter

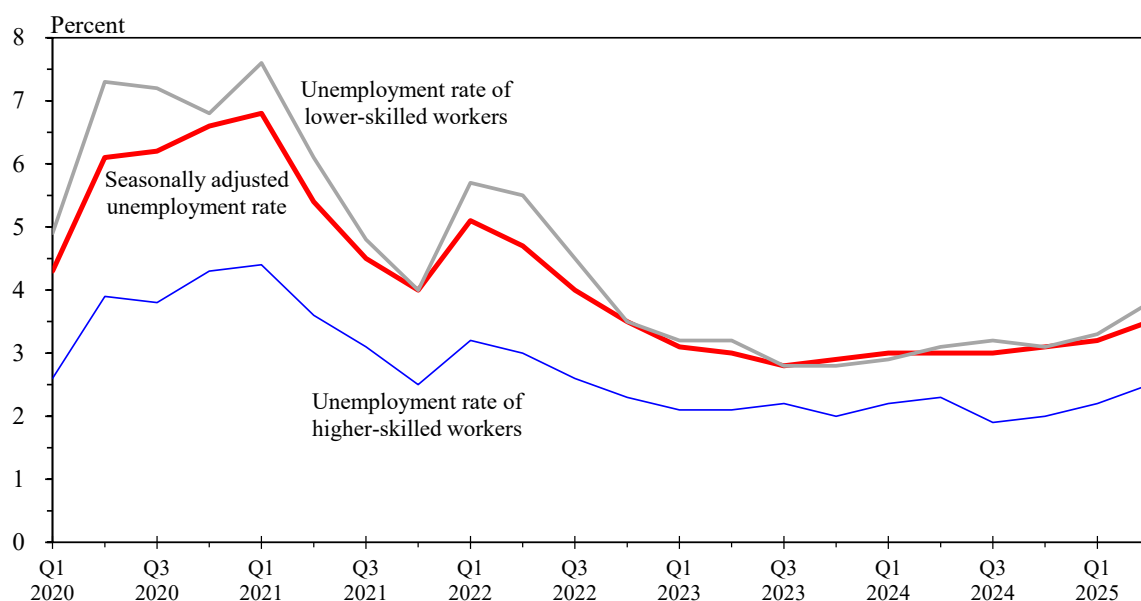


Table 5.5 : Unemployment rates* by skill segment

	2024				2025	
	Q1	Q2	Q3	Q4	Q1	Q2
<u>Higher-skilled segment</u>	2.2	2.3	1.9	2.0	2.2	2.5
Managers	2.0	2.0	1.7	1.6	1.7	2.1
Professionals	1.9	1.7	1.7	1.9	2.0	2.1
Associate professionals	2.7	2.9	2.4	2.4	2.8	3.1
<u>Lower-skilled segment[^]</u>	2.9	3.1	3.2	3.1	3.3	3.8
Clerical support workers	3.4	3.7	3.5	3.3	3.5	3.9
Service and sales workers	3.3	3.4	3.6	3.5	3.5	4.0
Craft and related workers	4.0	4.0	4.0	3.9	4.7	6.2
Plant and machine operators and assemblers	2.1	2.4	2.5	2.8	2.2	2.3
Elementary occupations	2.1	2.2	2.3	2.3	2.8	3.0

Notes : The quarterly statistics in 2024 have been revised to take into account the final end-2024 population estimates.

* Not seasonally adjusted, and not including first-time job-seekers and re-entrants into the labour force.

[^] Including other occupations.

Source : General Household Survey, Census and Statistics Department.

Table 5.6 : Unemployment rates* by age and educational attainment

	<u>2024</u>				<u>2025</u>	
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>
<u>Age</u>						
15-24	9.9	8.2	11.3	8.6	8.9	9.9
<i>of which:</i>						
15-19	8.1	9.7	15.4	7.8	7.7	11.3
20-24	10.1	8.0	10.7	8.7	9.1	9.8
25-29	4.6	4.4	4.6	4.6	4.8	5.5
30-39	2.1	2.3	2.3	2.3	2.7	2.9
40-49	2.2	2.7	2.4	2.3	2.3	2.7
50-59	3.0	2.9	2.9	2.9	3.4	3.9
≥ 60	2.3	2.4	2.4	2.5	2.7	2.9
<u>Educational attainment</u>						
Primary education and below	1.9	2.4	2.5	2.5	3.0	3.4
Lower secondary education	2.9	3.7	3.5	3.7	4.2	4.3
Upper secondary education [^]	3.0	2.8	3.1	2.7	2.9	3.5
Post-secondary education	3.1	3.0	3.1	3.0	3.3	3.5

Notes : The quarterly statistics in 2024 have been revised to take into account the final end-2024 population estimates.

* Not seasonally adjusted, but including first-time job-seekers and re-entrants into the labour force.

[^] Including craft courses.

Source : General Household Survey, Census and Statistics Department.

Underemployment situation

5.9 The underemployment rate increased by 0.3 percentage point over the preceding quarter to 1.4% in the second quarter. The number of underemployed persons rose by 23.1% or 9 900 to 52 600.

Profile of employment in establishments

5.10 The quarterly statistics collected from private sector establishments on employment, vacancies, wages and payroll are available up to March 2025. More up-to-date information was also drawn from other sources to supplement the analysis on wages and payroll.

5.11 Total private sector employment declined by 0.5% from a year earlier to 2 714 400 in March 2025, but showed some stabilisation compared with three months ago on a seasonally adjusted basis. More notable decreases in employment were observed in the industries of retail, information and communications, food and beverage services, and import and export trade on a year-on-year comparison, with all these industries also registering declines from three months ago. Meanwhile, more visible increases in employment were recorded in accommodation services, human health services, real estate, residential care and social work services, and transportation, storage, postal and courier services, with most of these industries posting increases over three months ago. Employment in construction sites (covering manual workers only) was higher than its level three months ago, though it stayed largely unchanged compared with a year earlier.

Table 5.7 : Employment by major economic sector

		<u>2024</u>				<u>2025</u>
	<u>Annual average</u>	<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	<u>Dec</u>	<u>Mar</u>
Import/export trade and wholesale <i>of which:</i>	404 600 (-4.5)	408 300 (-5.1)	405 500 (-5.2)	403 300 (-5.2)	401 300 (-2.6)	396 800 (-2.8)
<i>Import and export trade</i>	356 700 (-4.3)	359 600 (-4.9)	357 200 (-5.0)	355 700 (-5.1)	354 500 (-2.2)	349 800 (-2.7)
Retail	237 700 (-4.7)	241 900 (-2.7)	239 100 (-5.1)	237 100 (-5.9)	232 700 (-5.3)	230 800 (-4.6)
Accommodation services	36 500 (3.0)	36 300 (2.1)	36 500 (3.7)	36 600 (3.7)	36 600 (2.4)	37 800 (4.0)
Food and beverage services	222 700 (-0.7)	225 200 (0.6)	223 700 (-0.4)	221 200 (-1.3)	220 900 (-1.6)	218 900 (-2.8)
Transportation, storage, postal and courier services	165 100 (1.1)	163 800 (1.2)	164 200 (0.7)	166 000 (0.7)	166 400 (1.7)	167 400 (2.2)
Information and communications	108 600 (0.3)	109 700 (2.1)	110 100 (1.2)	108 000 (-0.5)	106 800 (-1.5)	106 100 (-3.3)
Financing, insurance, real estate, professional and business services <i>of which:</i>	768 000 (0.1)	762 300 (-0.1)	765 300 (-0.6)	772 300 (-0.1)	772 000 (1.4)	771 600 (1.2)
<i>Real estate</i>	143 600 (1.6)	139 300 (-1.8)	142 200 (0.2)	147 500 (3.6)	145 300 (4.6)	144 400 (3.7)
Social and personal services	569 600 (1.6)	569 800 (2.9)	568 100 (1.5)	568 900 (0.9)	571 600 (1.2)	574 400 (0.8)
<i>of which:</i>						
<i>Human health services</i>	157 500 (2.7)	155 900 (2.4)	156 800 (2.6)	157 700 (2.3)	159 600 (3.5)	161 900 (3.9)
<i>Residential care and social work services</i>	72 700 (3.9)	72 000 (4.5)	72 700 (4.3)	72 800 (3.7)	73 200 (3.1)	74 000 (2.8)
Manufacturing	74 600 (0.2)	75 900 (1.4)	75 000 (0.3)	73 800 (-0.3)	73 500 (-0.6)	74 000 (-2.5)
Construction sites (covering manual workers only)	122 500 (9.1)	123 600 (14.1)	124 100 (11.8)	121 400 (10.7)	121 000 (0.7)	123 600 (§)
All establishments surveyed in the private sector^(a)	2 722 500 (-0.3)	2 728 900 (0.3)	2 724 100 (-0.5)	2 721 500 (-0.8)	2 715 800 (-0.3)	2 714 400 (-0.5)
		[0.2]	[-0.2]	[-0.1]	[-0.2]	[§]
		<0.3>	<-0.2>	<-0.3>	<-0.1>	<§>
<i>Civil service^(b)</i>	172 600 (-0.2)	173 100 (-0.3)	172 400 (-0.2)	172 500 (-0.1)	172 600 (§)	172 800 (-0.2)

Notes : Employment figures enumerated from business establishments, as obtained from the Quarterly Survey of Employment and Vacancies, are somewhat different from those enumerated from households, as obtained from the General Household Survey. This is mainly due to the difference in sectoral coverage: while the former survey covers selected major sectors, the latter survey covers all sectors in the economy.

(a) The total figures on private sector employment cover also employment in mining and quarrying; and in electricity and gas supply, and waste management, besides employment in the major sectors indicated above.

(b) These figures cover only those employed on civil service terms of appointment. Judges, judicial officers, ICAC officers, locally engaged staff working in the Hong Kong Economic and Trade Offices outside Hong Kong, and other government employees such as non-civil service contract staff are not included.

() % change over a year earlier.

[] Non-seasonally adjusted % change compared with the level three months ago.

< > Seasonally adjusted % change compared with the level three months ago.

§ Change within $\pm 0.05\%$.

Sources : Quarterly Survey of Employment and Vacancies, Census and Statistics Department.
Quarterly Employment Survey of Construction Sites, Census and Statistics Department.

Vacancies

5.12 Private sector vacancies decreased further by 26.6% from a year earlier to 55 170 in March, and were 7.3% lower than three months ago on a seasonally adjusted basis. Vacancies decreased in all industries from a year earlier, notably in the industries of transportation, storage, postal and courier services, human health services, construction sites (covering manual workers only), retail, and food and beverage services. Compared with three months ago, vacancies of most industries saw declines.

5.13 The overall manpower balance situation eased further in March. The ratio of job vacancies per 100 unemployed persons decreased further to 45 in March from 52 three months ago. Yet, the manpower shortage situation remained evident in some sectors, including the residential care and social work services sector, the arts, entertainment and recreation sector, the real estate sector, the human health services sector, and the education sector, with their corresponding ratios staying well above 100.

Table 5.8 : Vacancies by major economic sector

		<u>2024</u>			<u>2025</u>	
	<u>Annual average</u>	<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	<u>Dec</u>	<u>Mar</u>
Import/export trade and wholesale	4 070 (5.2)	4 030 (-5.1)	4 480 (6.3)	4 330 (12.3)	3 420 (8.7)	3 990 (-1.1)
<i>of which:</i>						
<i>Import and export trade</i>	3 510 (7.1)	3 490 (-1.9)	3 900 (8.4)	3 590 (8.7)	3 080 (15.1)	3 440 (-1.3)
Retail	4 230 (-30.5)	4 720 (-26.3)	3 940 (-40.2)	4 460 (-24.5)	3 810 (-30.0)	3 730 (-20.9)
Accommodation services	1 470 (-42.7)	2 100 (-25.6)	1 580 (-39.8)	1 220 (-52.1)	1 000 (-56.5)	980 (-53.4)
Food and beverage services	5 630 (-6.8)	5 930 (2.2)	5 680 (-6.2)	5 440 (-12.6)	5 480 (-10.2)	4 860 (-18.0)
Transportation, storage, postal and courier services	6 390 (-4.1)	8 820 (18.5)	7 640 (8.7)	5 040 (-26.4)	4 080 (-24.0)	3 740 (-57.6)
Information and communications	2 660 (-8.5)	3 100 (2.5)	3 040 (0.1)	2 350 (-17.7)	2 140 (-20.7)	2 430 (-21.5)
Financing, insurance, real estate, professional and business services	17 300 (-8.9)	17 570 (-9.5)	17 630 (-13.4)	17 520 (-5.2)	16 490 (-6.8)	14 990 (-14.7)
<i>of which:</i>						
<i>Real estate</i>	4 470 (-1.4)	4 410 (-4.9)	4 440 (-6.0)	4 600 (5.5)	4 450 (0.3)	3 950 (-10.5)
Social and personal services	21 430 (-18.3)	23 810 (-5.9)	20 950 (-19.6)	22 370 (-21.2)	18 590 (-26.2)	17 730 (-25.5)
<i>of which:</i>						
<i>Human health services</i>	5 420 (-20.9)	6 380 (-3.4)	4 870 (-17.9)	6 590 (-22.3)	3 850 (-39.9)	3 620 (-43.2)
<i>Residential care and social work services</i>	4 980 (-8.5)	5 060 (-3.8)	5 050 (-7.5)	4 810 (-13.1)	4 990 (-9.3)	4 950 (-2.1)
Manufacturing	2 140 (-15.1)	2 750 (15.7)	2 510 (1.6)	1 810 (-32.8)	1 470 (-41.8)	1 800 (-34.5)
Construction sites (covering manual workers only)	1 840 (-12.0)	2 070 (221.1)	1 800 (-34.9)	1 760 (-31.4)	1 730 (-27.7)	730 (-64.9)
All establishments surveyed in the private sector^(a)	67 370 (-13.9)	75 180 (-3.3)	69 440 (-14.8)	66 460 (-17.6)	58 410 (-20.1)	55 170 (-26.6)
		[2.9] <0.9>	[-7.6] <-8.3>	[-4.3] <-8.9>	[-12.1] <-5.2>	[-5.5] <-7.3>
<i>Civil service^(b)</i>	19 470 (-0.4)	19 740 (2.9)	19 380 (-1.6)	19 290 (-0.8)	19 470 (-2.0)	18 940 (-4.0)

Notes : (a) The total figures on private sector vacancies cover also vacancies in mining and quarrying; and in electricity and gas supply, and waste management, besides vacancies in the major sectors indicated above.

(b) These figures cover only vacancies for those staff to be employed on civil service terms of appointment.

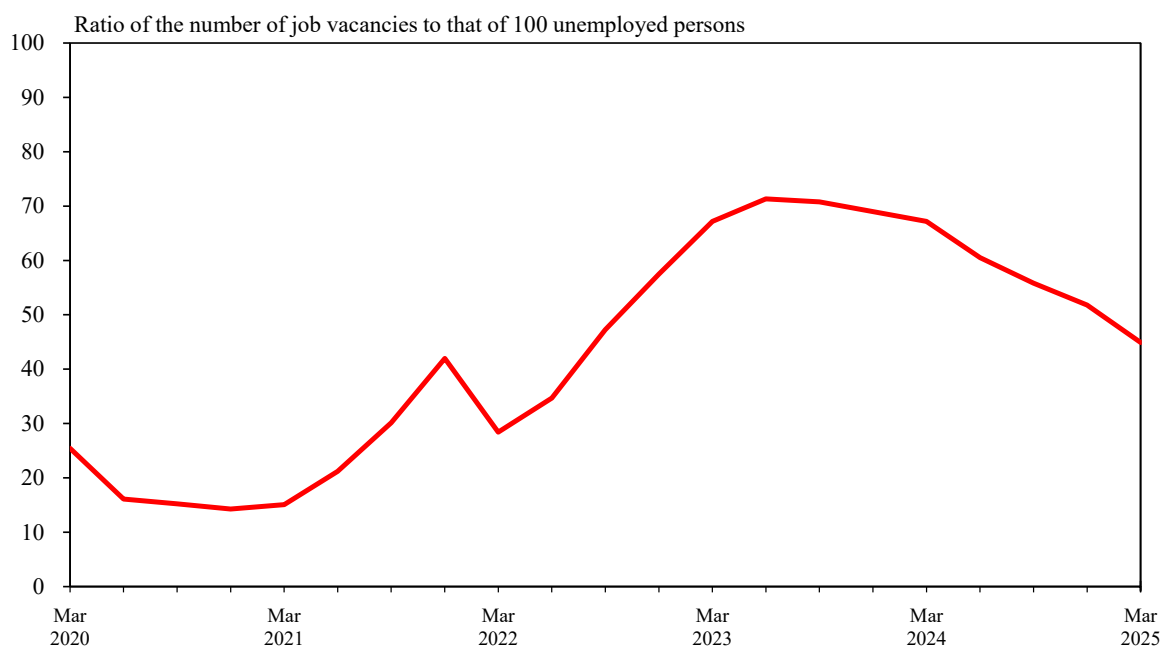
() % change over a year earlier.

[] Non-seasonally adjusted % change compared with the level three months ago.

<> Seasonally adjusted % change compared with the level three months ago.

Sources : Quarterly Survey of Employment and Vacancies, Census and Statistics Department.
Quarterly Employment Survey of Construction Sites, Census and Statistics Department.

Diagram 5.5 : Manpower balance situation eased further in March

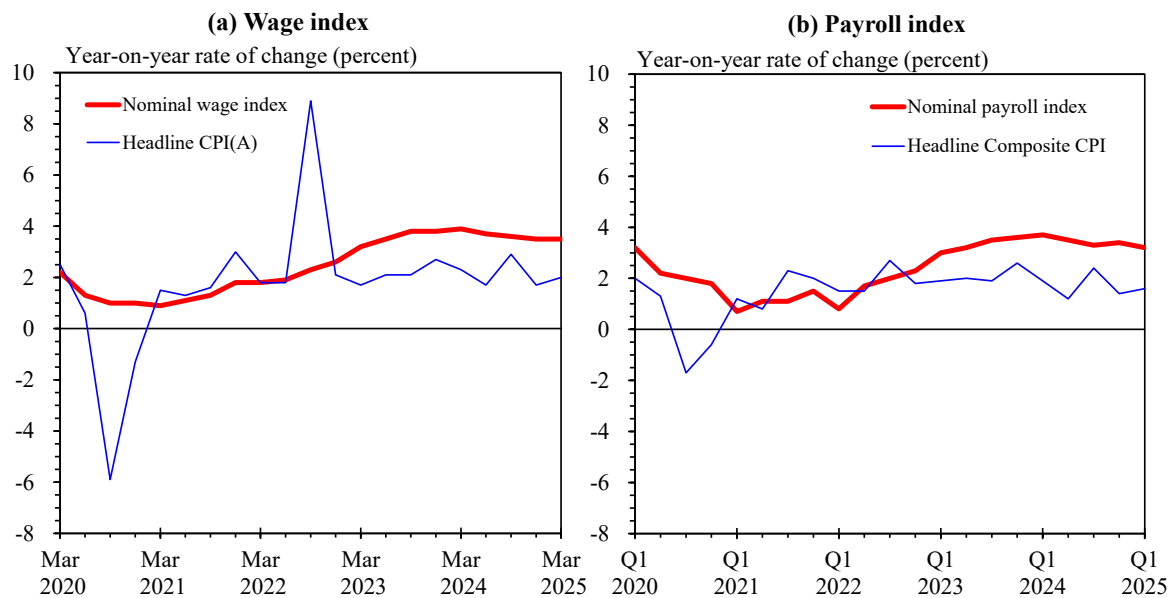


Wages and earnings

5.14 Wages and labour earnings continued to post decent increases in the first quarter over a year earlier. The average nominal wage rate, as measured by the nominal wage index for all selected industry sections which covers regular payment to employees at the supervisory level or below, rose by 3.5% in March. After discounting for *inflation*⁽⁷⁾, the average wage rate increased by 1.6% in real terms.

5.15 *Labour earnings*⁽⁸⁾, as measured by the index of payroll per person engaged for all selected industry sections which covers basic wage, overtime pay, discretionary bonuses and other irregular payments, rose by 3.2% in nominal terms and 1.6% in real terms in the first quarter over a year earlier.

Diagram 5.6 : Wages and labour earnings continued to post decent increases in the first quarter over a year earlier



Note : The year-on-year rates of change of the CPIs from the fourth quarter of 2020 onwards are computed from the new 2019/20-based series, and those before are from the old 2014/15-based series.

5.16 Statistics compiled from the GHS, though not strictly comparable to those from the business establishment surveys, showed that the trend of solid growth in employment earnings extended further in the second quarter. The median monthly employment earnings of full-time employees (excluding foreign domestic helpers) increased by 6.3% in nominal terms or 4.5% in *real terms*⁽⁹⁾ in the second quarter over a year earlier.

Highlights of related measures and policy developments

5.17 A new channel under the General Employment Policy and the Admission Scheme for Mainland Talents and Professionals has been introduced on 30 June 2025 to allow outside individuals to apply for entry into Hong Kong to join eight skilled trades facing acute manpower shortage. Applicants are required to be non-degree professionals meeting the relevant qualifications as specified in the Technical Professional List and aged between 18 and 40. This new arrangement will be piloted for three years with an overall quota of 10 000, and the quota for each skilled trade is limited to 3 000.

5.18 To safeguard employment priority for local workers, the Labour Department (LD) implemented a series of enhancement measures under the Enhanced Supplementary Labour Scheme on 17 June 2025, including launching an online complaint form to enable local employees to report suspected violations, displaying the names of applicant companies alongside job vacancies on the Interactive Employment Service website, suspending the processing of new applications submitted by the same employer within six months, launching a special inspection campaign to check whether establishments employing imported workers have continuously met the manning ratio requirement of full-time local employees to imported workers of 2:1, and requiring employers to report information on full-time local employees and imported workers as well as the relevant manning ratios based on a risk-based approach.

5.19 The Statutory Minimum Wage (SMW) rate was raised to \$42.1 per hour with effect from 1 May 2025, 5.25% above the previous SMW rate of \$40 per hour. LD has launched extensive promotional activities to enhance public awareness of the revised SMW rate. Separately, the Minimum Wage Commission is conducting a review of the SMW rate under the new annual review mechanism and will submit its recommendation report to the Chief Executive in Council by end-February 2026. The next SMW rate is expected to take effect on 1 May 2026.

Notes :

- (1) Labour force statistics enumerated from the General Household Survey are statistics which involve the use of the population figures in the compilation process. The statistics of the three-month periods from November 2023 – January 2024 to October – December 2024 have been revised to take into account the final end-2024 population estimates.

The classification of occupation adopted by the Census and Statistics Department follows the International Standard Classification of Occupations (ISCO), which is used to classify the occupation of an employed person or the previous occupation of an unemployed person.

- (2) For a person aged 15 or above to be classified as unemployed, he or she should: (a) not have a job and not be performing any work for pay or profit during the reference period (i.e. seven days before enumeration); (b) be available for work during the reference period; and (c) be seeking work during the 30 days before enumeration.

Notwithstanding the above, the following types of persons are also considered unemployed: (a) persons without a job, having sought work but not available for work because of temporary sickness; (b) persons without a job, available for work but not having sought work because they will take up new jobs or start business at a subsequent date, or expect to return to their original jobs; and (c) discouraged workers not having sought work because they believe work is not available to them.

Even at full employment, some frictional unemployment is bound to exist as workers move between jobs in order to obtain better terms of employment. The precise level of unemployment which can be described as purely frictional varies amongst economies, depending on the structure and characteristics of their labour markets.

The seasonally adjusted series is compiled using the X-12 ARIMA method, which is a standard method applied in compiling seasonally adjusted statistical data series.

- (3) The main criteria for an employed person aged 15 or above to be classified as underemployed are: involuntarily working less than 35 hours during the reference period (i.e. seven days before enumeration), and either available for additional work during the reference period or seeking additional work during the 30 days before enumeration.

Following these criteria, employed persons taking no-pay leave due to slack work during the reference period are also classified as underemployed if they had worked less than 35 hours or were on leave for the entire reference period.

- (4) The labour force, or the economically active population, is defined to include all persons aged 15 or above who either were engaged in productive work during the reference period (i.e. seven days before enumeration) or would otherwise have been engaged in productive work but were unemployed.
- (5) Figures enumerated from household data. The employed population is defined here to include those persons aged 15 or above who performed work for pay or profit or had a formal job attachment during the reference period (i.e. seven days before enumeration).

- (6) The low-paying sectors as identified by the Minimum Wage Commission include:
- (i) retail (including supermarkets and convenience stores, and other retail stores);
 - (ii) food and beverage services (including Chinese restaurants, non-Chinese restaurants, fast food cafes, Hong Kong style tea cafes, and other food and beverage services);
 - (iii) estate management, security and cleaning services (including real estate maintenance management, security services, cleaning services and membership organisations);
 - (iv) other low-paying sectors, including
 - elderly homes;
 - laundry and dry cleaning services;
 - hairdressing and other personal services;
 - local courier services; and
 - food processing and production.
- (7) Different consumer price indices (CPIs) are used for compiling the real indices of labour earnings and wages, taking into account their relevance to the respective occupation coverage. Specifically, the headline Composite CPI, being an indicator of overall consumer prices, is taken as the price deflator for earnings received by employees at all levels of the occupational hierarchy. The headline CPI(A), being an indicator of consumer prices for the relatively low expenditure group, is taken as the price deflator for wages in respect of employees engaged in occupations up to the supervisory level.
- (8) In addition to wages, which include all regular and guaranteed payments like basic pay and stipulated bonuses and allowances, earnings also cover overtime pay and other non-guaranteed or irregular bonuses and allowances, except severance pay and long service payment. Because of this difference, as well as the difference in sectoral and occupational coverage, the movements in average earnings, as measured by payroll per person engaged, do not necessarily match closely with those in wage rates.
- (9) The headline Composite CPI, being an indicator of overall consumer prices, is taken as the price deflator for the median monthly employment earnings of full-time employees (excluding foreign domestic helpers).

CHAPTER 6 : PRICES

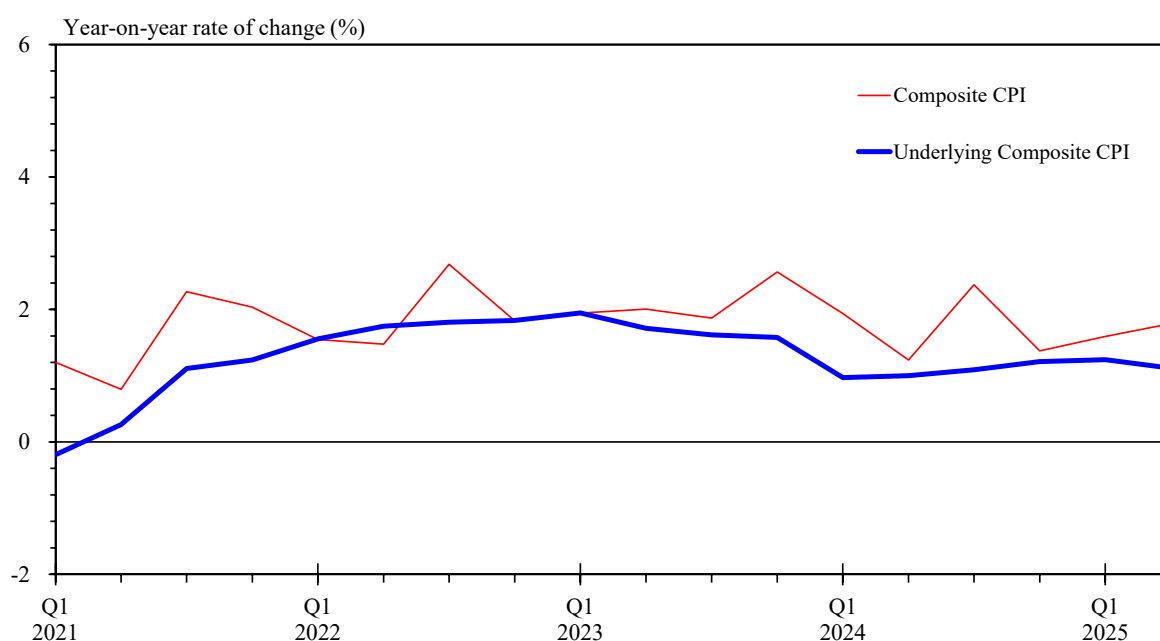
Summary

- *Underlying consumer price inflation stayed modest in the second quarter of 2025. The underlying Composite Consumer Price Index (Composite CPI)⁽¹⁾, which nets out the effects of the Government's one-off relief measures, increased by 1.1% during the quarter over a year earlier, following the increase of 1.2% in the preceding quarter. Price pressures on major components were largely contained.*
- *The headline Composite CPI rose by 1.8% in the second quarter over a year earlier, after increasing by 1.6% in the preceding quarter. The headline inflation rate was higher than its underlying counterpart mainly due to the smaller electricity charges subsidy provided by the Government and lower ceiling of rates concession compared with the same period last year.*
- *Domestic cost pressures stayed generally in check. Commercial rentals continued on the downward trend in the second quarter. Latest wages and payroll per person engaged continued to increase solidly in the first quarter, with the increases broadly in line with labour productivity growth. Overall external price pressures remained contained in the second quarter, though import prices continued to increase modestly.*

Consumer prices

6.1 Underlying consumer price inflation stayed modest in the second quarter of 2025, with price pressures on major components largely contained. Domestic cost pressures stayed generally in check. Commercial rentals continued on the downward trend in the second quarter. Latest wages and payroll per person engaged continued to increase solidly in the first quarter, with the increases broadly in line with labour productivity growth. Overall external price pressures remained contained in the second quarter, though import prices continued to increase modestly.

Diagram 6.1: Underlying consumer price inflation stayed modest in the second quarter of 2025



6.2 Underlying consumer price inflation, in terms of the year-on-year rate of change in the underlying Composite CPI which nets out the effects of the Government's one-off relief measures, was 1.1% in the second quarter, following that of 1.2% in the preceding quarter. The headline Composite CPI inflation rate was 1.8% in the second quarter, following that of 1.6% in the preceding quarter. The headline inflation rate was higher than its underlying counterpart mainly due to the smaller electricity charges subsidy provided by the Government and lower ceiling of rates concession compared with the same period last year.

Table 6.1 : Consumer Price Indices
(year-on-year rate of change (%))

		<u>Composite CPI</u>		<u>CPI(A)</u>	<u>CPI(B)</u>	<u>CPI(C)</u>
		<u>Underlying^(a)</u>	<u>Headline</u>			
2024	Annual	1.1	1.7	2.1	1.6	1.5
	Q1	1.0	1.9	2.2	1.8	1.8
	Q2	1.0	1.2	1.4	1.2	1.2
	Q3	1.1	2.4	3.1	2.1	1.9
	Q4	1.2	1.4	1.7	1.3	1.2
2025	Q1	1.2	1.6	2.2	1.4	1.2
	Q2	1.1	1.8	2.4	1.6	1.3

(seasonally adjusted quarter-to-quarter rate of change (%))

2024	Q1	*	*	-0.1	*	0.1
	Q2	0.4	-0.4	-0.6	-0.3	-0.1
	Q3	0.4	1.5	2.1	1.3	1.0
	Q4	0.5	0.3	0.3	0.3	0.3
2025	Q1	*	0.2	0.4	0.1	0.2
	Q2	0.2	-0.2	-0.3	-0.2	-0.2

Notes : (a) Underlying consumer price inflation is calculated by netting out the effects of all Government's one-off relief measures introduced since 2007, including the waiver and Government's payment of public housing rentals, rates concession, suspension and subsequent abolition of Employees Retraining Levy, subsidies for household electricity charges, and waiver of examination fees.

(*) Change within $\pm 0.05\%$.

6.3 Analysing the underlying Composite CPI in the second quarter by major component, food prices as a whole continued to record a mild increase over a year earlier. Within which, prices of meals out and takeaway food rose modestly by 1.3%, whereas prices of basic food saw a small decline of 1.0%. Private housing rentals accelerated somewhat to a modest increase of 1.1%. Public housing rentals continued to register a visible year-on-year increase, alongside the upward adjustment of public housing rents since October 2024. Prices of alcoholic drinks and tobacco decelerated visibly to a mild year-on-year increase as the base effect from the tobacco duty rate hike in late February 2024 faded. As for other components, prices of transport, electricity, gas and water, miscellaneous services and miscellaneous goods continued to see modest or moderate increases. In contrast, prices of clothing and footwear and durable goods declined moderately further.

Diagram 6.2 : Food and private housing rental components of the underlying Composite CPI

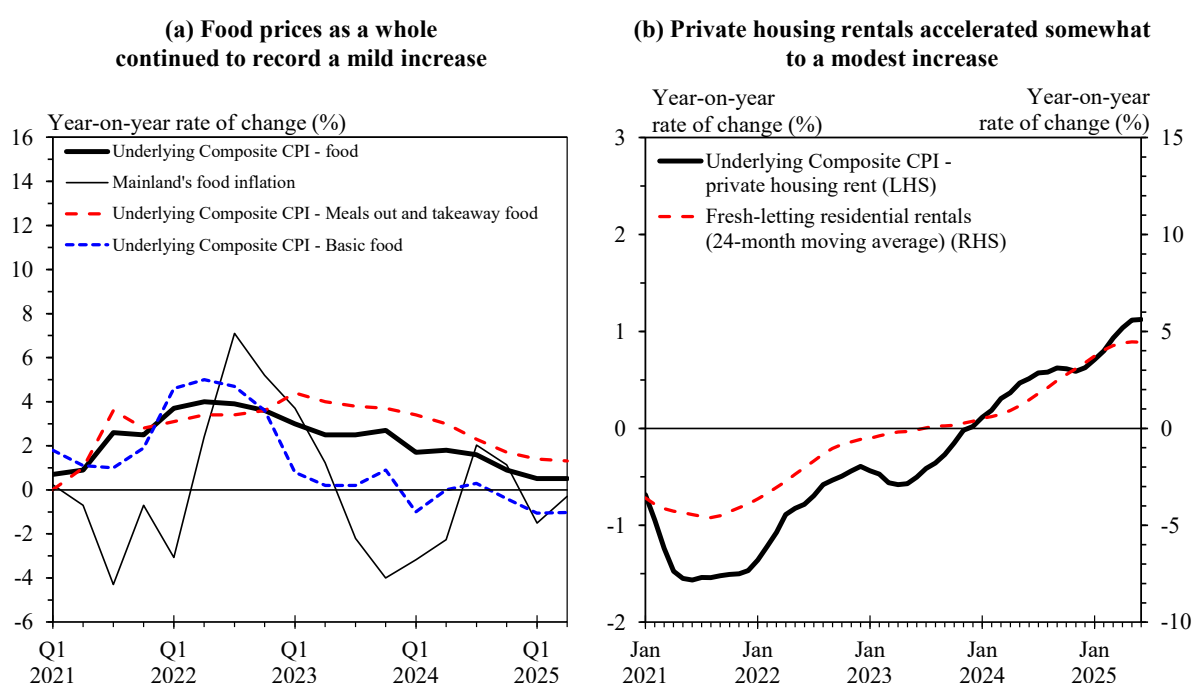


Diagram 6.3 (a) : Prices of transport, electricity, gas and water, miscellaneous services and miscellaneous goods continued to see modest or moderate increases

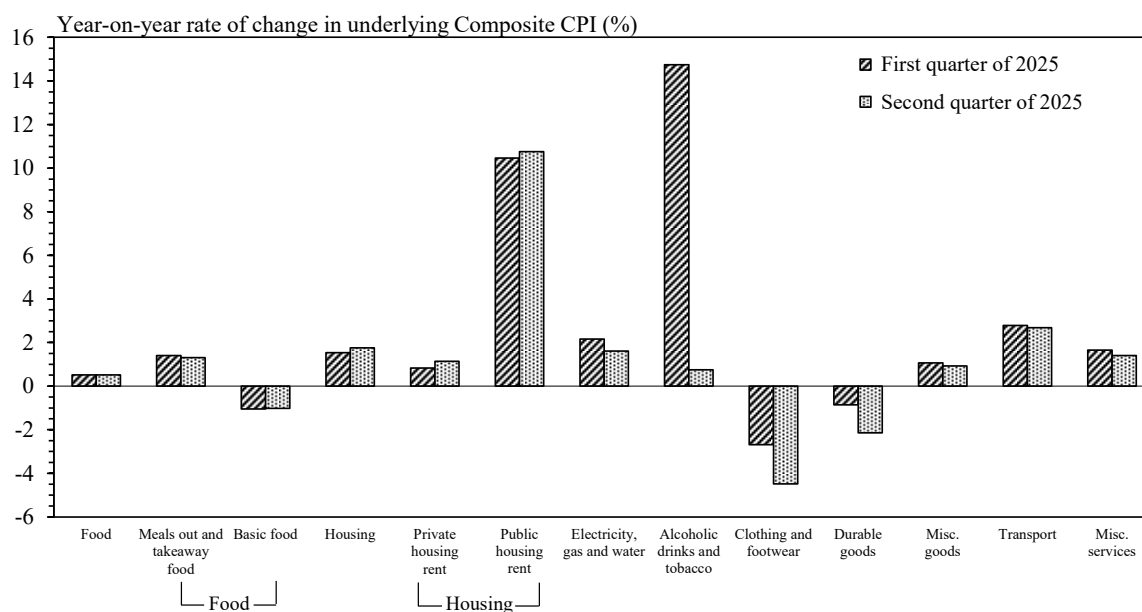
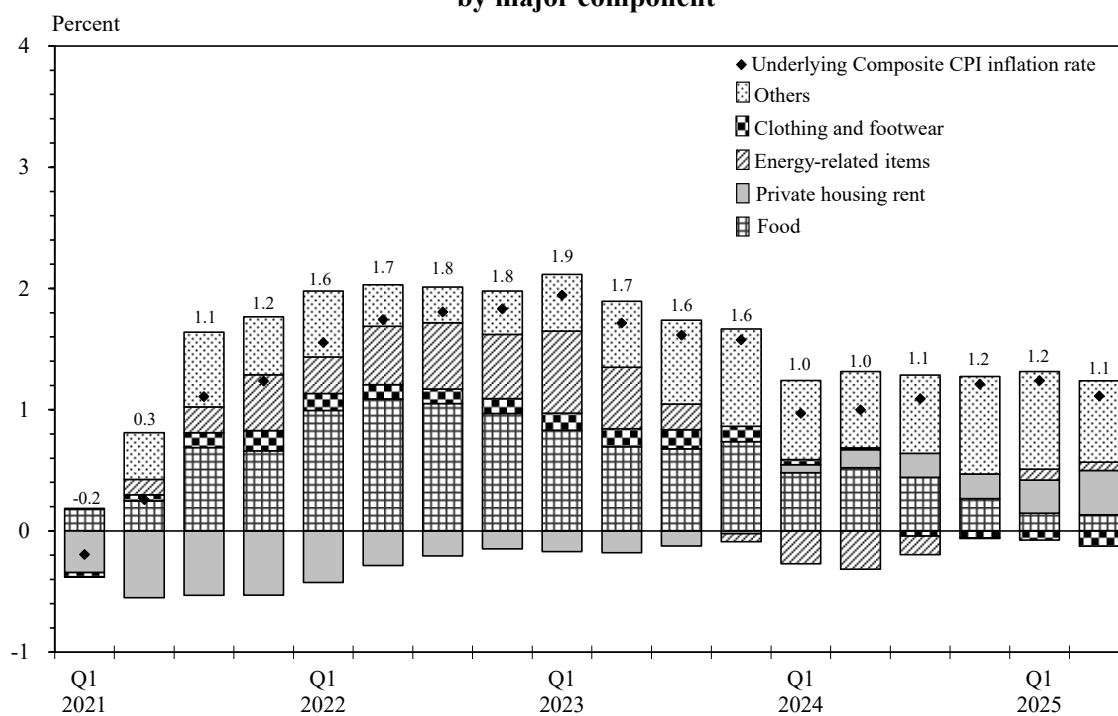


Diagram 6.3 (b) : Contribution to underlying Composite CPI inflation rate by major component



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

Table 6.2 : Underlying Composite CPI by component
(year-on-year rate of change (%))

<u>Expenditure component</u>	<u>Weighting</u>	<u>Annual</u>	<u>2024</u>				<u>2025</u>	
			<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>
	<u>(%)[^]</u>							
Food	25.53	1.5	1.7	1.8	1.6	0.9	0.5	0.5
<i>Meals out and takeaway food</i>	16.82	2.6	3.4	3.0	2.3	1.7	1.4	1.3
<i>Basic food</i>	8.71	-0.3	-1.0	*	0.3	-0.4	-1.1	-1.0
Housing ^(a)	38.89	0.9 (2.1)	0.5 (3.0)	0.7 (1.1)	0.8 (3.3)	1.4 (0.9)	1.5 (1.5)	1.8 (2.8)
<i>Private housing rent</i>	33.74	0.5 (1.4)	0.2 (2.0)	0.4 (0.5)	0.6 (2.4)	0.6 (0.6)	0.8 (0.8)	1.1 (2.0)
<i>Public housing rent</i>	2.05	2.9 (7.2)	0.3 (13.5)	0.4 (1.2)	0.4 (13.6)	10.5 (1.3)	10.5 (10.5)	10.8 (16.4)
Electricity, gas and water	2.97	-5.2 (-0.3)	-6.9 (-8.0)	-8.4 (-6.7)	-4.8 (4.5)	-0.5 (9.9)	2.2 (13.5)	1.6 (11.0)
Alcoholic drinks and tobacco	0.48	19.6	14.3	21.0	21.4	21.4	14.7	0.8
Clothing and footwear	2.46	-0.5	1.6	0.4	-1.5	-2.3	-2.7	-4.5
Durable goods	3.73	-1.0	-1.4	-0.8	-0.7	-0.9	-0.9	-2.1
Miscellaneous goods	3.37	1.2	1.3	1.0	1.0	1.3	1.1	0.9
Transport	7.49	2.0	2.1	1.9	2.2	1.7	2.8	2.7
Miscellaneous services	15.08	2.4 (2.4)	2.9 (2.9)	2.3 (2.2)	2.3 (2.3)	2.0 (2.0)	1.7 (1.7)	1.4 (1.5)
All items	100.00	1.1 (1.7)	1.0 (1.9)	1.0 (1.2)	1.1 (2.4)	1.2 (1.4)	1.2 (1.6)	1.1 (1.8)

Notes : (a) The housing component covers rents, rates, Government rent, management fees and other housing charges. Its sub-components on private and public housing rents as presented here, however, cover rents, rates and Government rent only. Hence, the combined weighting of private and public housing rents is slightly less than the weighting of the entire housing component.

() Figures in brackets represent the headline rates of change before netting out the effects of Government's one-off relief measures.

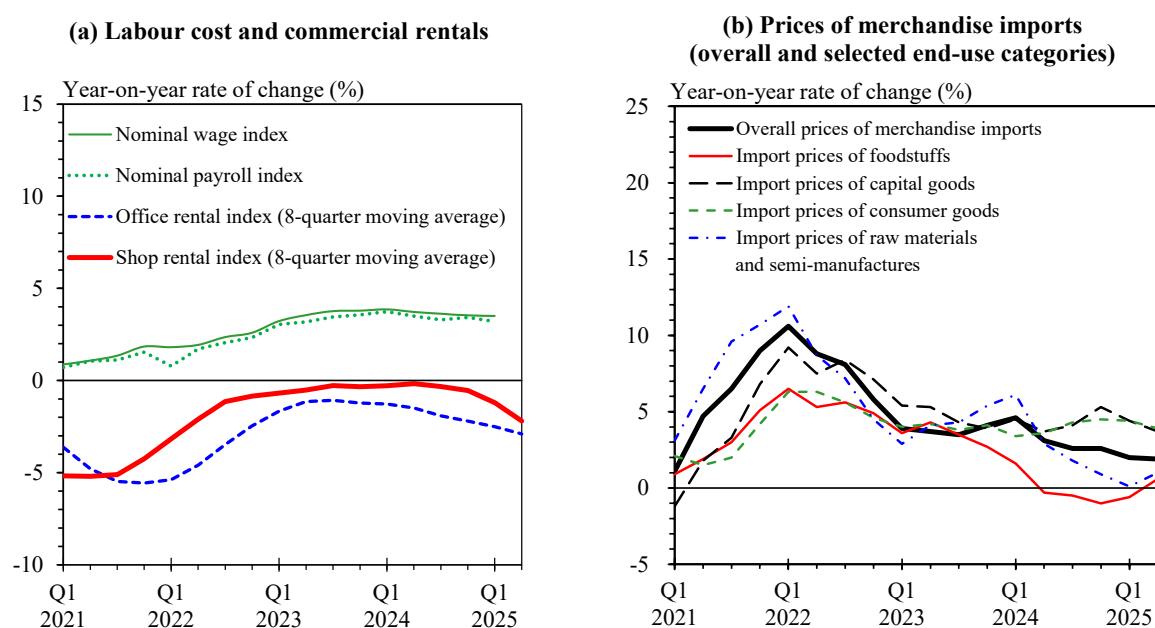
([^]) These are expenditure weights of the reference period 2024, which are used for the compilation of CPIs starting from the second quarter of 2025. Please refer to Note (1) for a detailed description on the methodology by the Census and Statistics Department.

(*) Change within $\pm 0.05\%$.

Costs of factor inputs and import prices

6.4 Domestic cost pressures stayed generally in check. Commercial rentals continued on the downward trend in the second quarter. As a proxy, the eight-quarter moving average of shop and office rentals declined by 2.2% and 2.9% respectively. Meanwhile, latest wages and payroll per person engaged continued to increase solidly over a year earlier in the first quarter, with the increases broadly in line with labour productivity growth.

Diagram 6.4 : Domestic and external price pressures remained contained



6.5 Overall external price pressures remained contained in the second quarter, though import prices continued to increase modestly. Overall import prices rose by 1.9% year-on-year in the second quarter, following an increase of 2.0% in the preceding quarter. By end-use category, import prices of foodstuffs, consumer goods, raw materials and semi-manufactures, and capital goods saw modest to moderate increases, whereas import prices of fuels fell further.

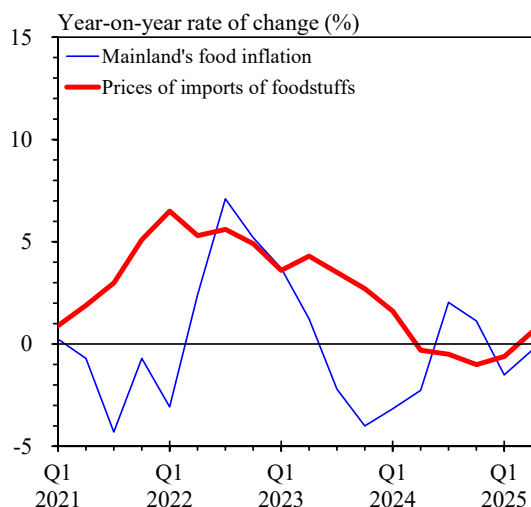
Table 6.3 : Prices of imports by end-use category
(year-on-year rate of change (%))

		<u>Foodstuffs</u>	<u>Consumer goods</u>	<u>Raw materials and semi-manufactures</u>	<u>Fuels</u>	<u>Capital goods</u>	<u>All</u>
2024	Annual	*	3.9	2.7	-7.1	4.4	3.2
	Q1	1.6	3.4	6.1	-12.0	4.5	4.6
	Q2	-0.3	3.6	2.9	-0.1	3.7	3.1
	Q3	-0.5	4.3	1.8	-9.1	4.1	2.6
	Q4	-1.0	4.5	0.9	-7.7	5.3	2.6
2025	Q1	-0.6	4.4	0.1	-8.8	4.4	2.0
	Q2	0.6	3.9	1.0	-15.2	3.7	1.9

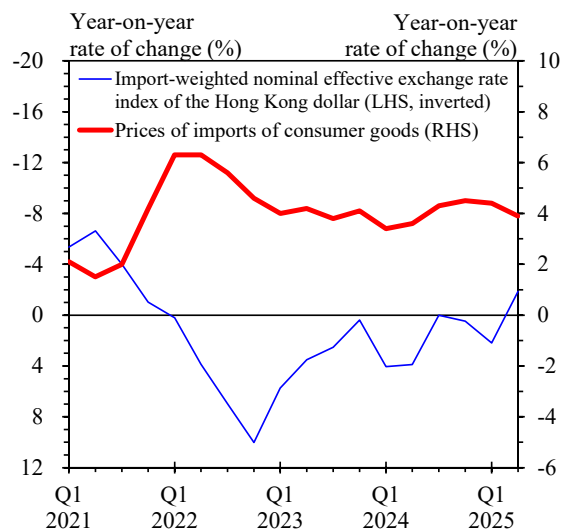
Note : (*) Change within $\pm 0.05\%$.

Diagram 6.5: Prices of merchandise imports by selected end-use category

(a) Import prices of foodstuffs turned to a modest increase

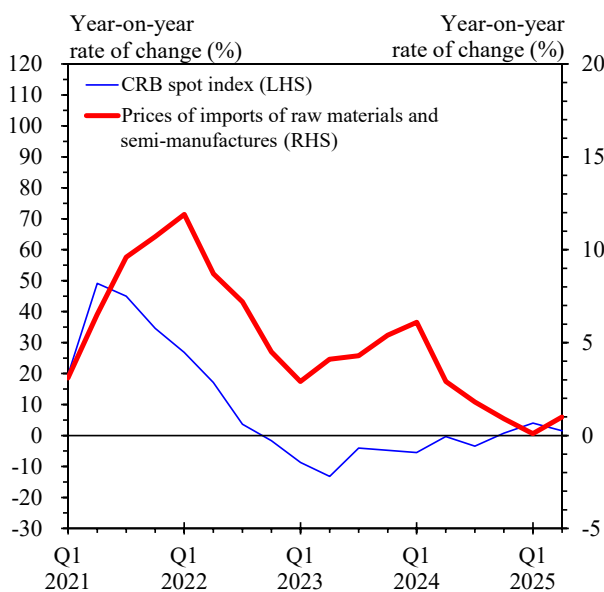


(b) Import prices of consumer goods showed a moderate increase

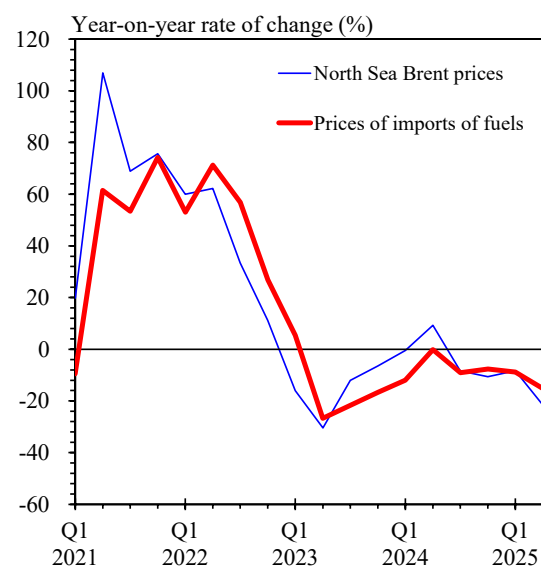


Note : An increase in the nominal EERI indicates strengthening of the Hong Kong dollar. The y-axis of nominal EERI in this graph is inverted for easier comprehension.

(c) Increase in import prices of raw materials and semi-manufactures was modest



(d) Import prices of fuels fell further



Output prices

6.6 Output prices of various selected sectors, as measured by their corresponding *Producer Price Indices*⁽²⁾, generally showed mild to moderate changes in the first quarter compared with a year earlier, largely reflecting the modest inflation in the economy. Among the selected service sectors, output prices for air transport, courier services and land transport showed some modest to moderate increases compared with a year earlier, whereas those of accommodation services and telecommunications services declined moderately. Output prices of water transport eased markedly from the high levels in the second half of 2024. Meanwhile, the increase in output prices for manufacturing accelerated somewhat.

**Table 6.4 : Producer Price Indices for the manufacturing sector
and selected service sectors
(year-on-year rate of change (%))**

<u>Industry group</u>	<u>Annual</u>	<u>2024</u>				<u>2025</u>
		<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>
Manufacturing	2.9	1.2	3.1	3.2	4.1	4.8
Selected service sectors						
Accommodation services	-1.8	12.3	-6.1	-8.4	-3.1	-3.3
Land transport	1.5	2.8	1.8	0.8	0.7	1.0
Water transport	17.2	-5.6	7.2	37.6	34.5	5.4
Air transport	-0.8	-7.9	1.7	5.0	-1.5	3.2
Telecommunications	-1.5	-1.5	-1.5	-1.1	-1.8	-1.5
Courier services	2.9	5.6	3.8	1.1	1.1	2.4

GDP deflator

6.7 As a broad measure of the overall change in prices in the economy, the *GDP deflator*⁽³⁾ rose mildly by 0.5% year-on-year in the second quarter, after increasing by 1.3% in the preceding quarter. The *terms of trade*⁽⁴⁾ decreased by 0.6%. Taking out the external trade components, the domestic demand deflator increased by 1.7% over a year earlier in the second quarter, after rising by 2.0% in the preceding quarter.

Diagram 6.6: GDP deflator

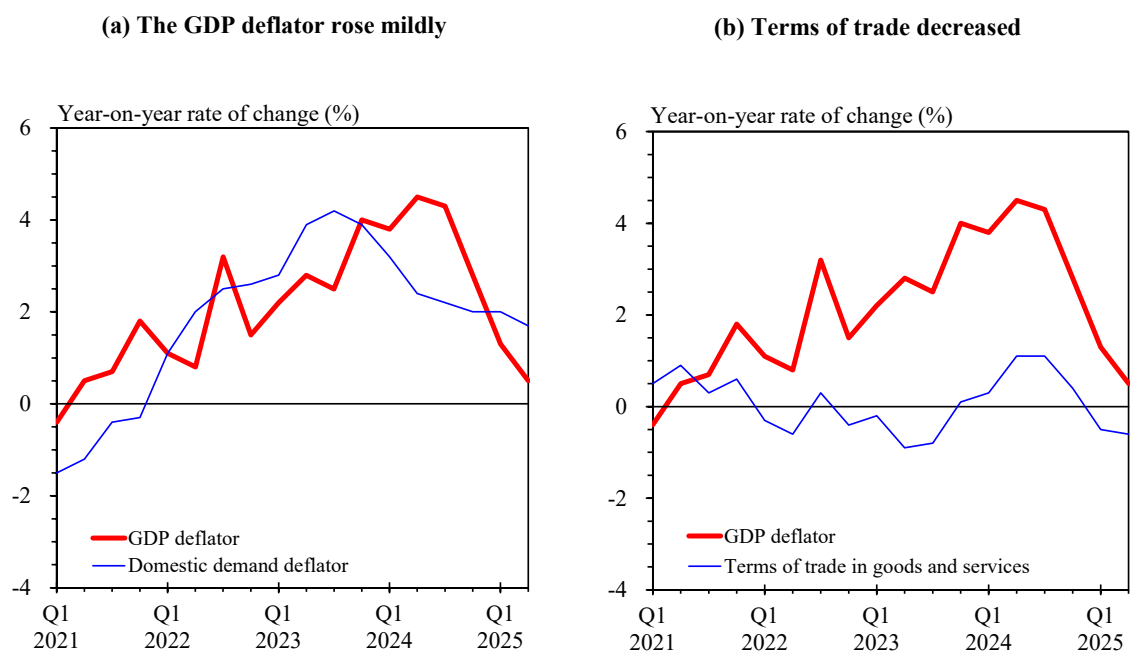


Table 6.5 : GDP deflator and the main expenditure component deflators
(year-on-year rate of change (%))

		<u>2024</u>				<u>2025</u>	
	<u>Annual</u> [#]	<u>Q1</u> [#]	<u>Q2</u> [#]	<u>Q3</u> [#]	<u>Q4</u> [#]	<u>Q1</u> [#]	<u>Q2</u> [#]
Private consumption expenditure	3.0	3.7	3.3	2.9	2.3	1.7	0.9
Government consumption expenditure	1.9	1.8	1.5	1.9	2.3	2.4	0.8
Gross domestic fixed capital formation	0.4	2.0	-1.2	0.2	0.9	2.4	4.4
Total exports of goods ^{&}	4.2	4.5	4.4	4.2	4.0	3.5	3.1
Imports of goods ^{&}	4.0	4.8	3.8	3.6	3.9	4.4	3.7
Exports of services ^{&}	5.8	5.1	6.0	7.5	4.5	2.3	0.6
Imports of services ^{&}	1.7	1.1	1.3	3.3	1.3	-0.7	0.7
Gross Domestic Product	3.8	3.8	4.5	4.3	2.8	1.3	0.5
		<0.7>	<1.2>	<1.0>	<-0.2>	<-0.7>	<-0.4>
Total final demand ^{&}	3.8	4.1	3.8	3.8	3.3	2.9	2.4
Domestic demand	2.4	3.2	2.4	2.2	2.0	2.0	1.7
Terms of trade in goods and services ^{&}	0.7	0.3	1.1	1.1	0.4	-0.5	-0.6

Notes : Figures are derived based on the series of chain volume measures of GDP. They are subject to revision later on as more data become available.

(&) 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.

Notes :

- (1) The Consumer Price Indices (A), (B) and (C) are compiled with reference to the average expenditure patterns for different groups of households as obtained from the Household Expenditure Survey. Then, by aggregating the expenditure patterns of all the households covered by the above three indices, a Composite CPI is compiled.

In May 2021, the Census and Statistics Department (C&SD) updated the base period for compiling the CPIs. CPI figures quoted in this report refer to the 2019/20-based series unless otherwise stated. To capture more recent changes in household consumption patterns for CPI compilation, C&SD has since 2021 adopted an enhanced framework to review the CPI expenditure weights annually. The subsequent update of CPI expenditure weights was first triggered in 2024, as more observable changes in the expenditure weights were identified. Specifically, CPIs for the second quarter of 2024 to the first quarter of 2025 are compiled based on the expenditure weights for 2023, while CPIs starting from the second quarter of 2025 are compiled based on the expenditure weights for 2024. As for CPIs for the first quarter of 2024 and before, they are compiled based on the expenditure weights for 2019/20.

The expenditure ranges of the households covered in the 2019/20-based CPIs are shown below:

	Approximate proportion of <u>households covered</u> (%)	Average monthly expenditure range <u>(adjusted to 2024 prices)</u> (\$)
CPI(A)	50	6,900 to 29,500
CPI(B)	30	29,500 to 51,000
CPI(C)	10	51,000 to 97,000

The expenditure weights of the reference period 2024 are as follows:

<u>Expenditure component</u>	<u>Composite CPI</u> (%)	<u>CPI(A)</u> (%)	<u>CPI(B)</u> (%)	<u>CPI(C)</u> (%)
Food	25.53	30.62	25.14	20.08
<i>Meals out and takeaway food</i>	16.82	18.83	17.13	14.05
<i>Basic food</i>	8.71	11.79	8.01	6.03
Housing	38.89	40.17	39.08	37.12
<i>Private housing rent</i>	33.74	32.51	35.19	33.15
<i>Public housing rent</i>	2.05	5.42	0.68	--
<i>Management fees and other housing charges</i>	3.10	2.24	3.21	3.97
Electricity, gas and water	2.97	4.10	2.73	1.98
Alcoholic drinks and tobacco	0.48	0.75	0.40	0.26
Clothing and footwear	2.46	1.82	2.57	3.09
Durable goods	3.73	3.07	3.70	4.55
Miscellaneous goods	3.37	3.31	3.52	3.25
Transport	7.49	5.50	7.70	9.53
Miscellaneous services	15.08	10.66	15.16	20.14
All items	100.00	100.00	100.00	100.00

- (2) The Producer Price Indices are designed to reflect changes in the prices of goods and services received by local producers. Producer prices refer to the transacted prices, net of any discounts or rebates allowed to the buyers.
- (3) The implicit price deflators of GDP and its main expenditure components are derived by dividing GDP at current prices by the corresponding chained-dollar figures. The rate of change in the GDP deflator may differ substantially from that in the Composite CPI over the same time span. The Composite CPI covers consumer price inflation in particular. Yet the GDP deflator is a much broader measure of inflation for the entire economy, and takes into account all the price changes related to consumption, investment, exports and imports. Also, the rate of change in the GDP deflator may differ appreciably from that in the total final demand deflator, depending on the movement in the prices of final demand and imports. Likewise, the rate of change in the GDP deflator may differ appreciably from that in the domestic demand deflator, depending on the movement in the prices of imports and exports.
- (4) The terms of trade is defined as the ratio of the prices of total exports to the prices of total imports.

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**Table 1 : Gross Domestic Product by expenditure component
(at current market prices)**

	(\$Mn)					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Private consumption expenditure	1,593,091	1,650,101	1,784,375	1,936,427	1,973,720	1,775,202
Government consumption expenditure	231,263	247,973	261,447	281,420	309,437	341,052
Gross domestic fixed capital formation	537,205	535,216	575,977	612,439	520,575	455,695
Building and construction	262,780	283,447	297,306	308,596	278,091	254,459
Costs of ownership transfer	45,846	44,517	65,810	67,482	49,209	40,071
Machinery, equipment and intellectual property products	228,579	207,252	212,861	236,361	193,275	161,165
Changes in inventories	-20,580	447	10,973	11,204	-3,067	52,221
Total exports of goods ^{&}	3,889,225	3,892,886	4,212,774	4,453,350	4,255,098	4,198,338
Imports of goods ^{&}	4,066,527	4,022,579	4,391,306	4,706,347	4,375,619	4,239,663
Exports of services ^{&}	808,948	764,660	811,295	886,883	799,121	519,205
Imports of services ^{&}	574,345	578,106	605,924	639,947	634,243	426,257
GDP	2,398,280	2,490,598	2,659,611	2,835,429	2,845,022	2,675,793
Per capita GDP (\$)	328,924	339,476	359,737	380,462	378,937	357,679
GNI	2,442,656	2,553,191	2,775,163	2,970,244	2,988,739	2,831,876
Per capita GNI (\$)	335,010	348,007	375,367	398,551	398,079	378,542
Total final demand	7,039,152	7,091,283	7,656,841	8,181,723	7,854,884	7,341,713
Total final demand excluding re-exports ^(a)	4,139,786	4,190,686	4,496,472	4,819,554	4,602,059	4,099,539
Domestic demand	2,340,979	2,433,737	2,632,772	2,841,490	2,800,665	2,624,170
Private	1,991,436	2,062,216	2,240,487	2,425,554	2,359,687	2,147,406
Public	349,543	371,521	392,285	415,936	440,978	476,764
External demand	4,698,173	4,657,546	5,024,069	5,340,233	5,054,219	4,717,543

Definition of Terms :

Total final demand	=	private consumption expenditure + government consumption expenditure + gross domestic fixed capital formation + changes in inventories + total exports of goods + exports of services
Private sector domestic demand	=	private consumption expenditure + gross domestic fixed capital formation by the private sector + changes in inventories
Public sector domestic demand	=	government consumption expenditure + gross domestic fixed capital formation by the public sector
Domestic demand	=	private sector domestic demand + public sector domestic demand
External demand	=	total exports of goods + exports of services

**Table 1 : Gross Domestic Product by expenditure component
(at current market prices) (Cont'd)**

	(\$Mn)							
	<u>2021</u>	<u>2022</u>	<u>2023[#]</u>	<u>2024[#]</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>	<u>2025</u>
					Q3 [#]	Q4 [#]	Q1 [#]	Q2 [#]
Private consumption expenditure	1,863,524	1,863,500	2,087,584	2,136,112	522,676	558,892	520,179	552,559
Government consumption expenditure	363,591	402,725	396,813	407,953	101,036	101,788	111,944	100,055
Gross domestic fixed capital formation	483,054	451,397	505,512	517,066	138,673	134,656	120,497	136,598
Building and construction	259,950	283,395	303,822	312,454	76,248	73,174	75,274	77,627
Costs of ownership transfer	53,279	28,415	24,441	21,681	4,373	5,306	5,348	6,378
Machinery, equipment and intellectual property products	169,825	139,587	177,249	182,931	58,052	56,176	39,875	52,593
Changes in inventories	-1,909	-23,593	-23,999	-15,453	13,721	1,809	-5,973	4,014
Total exports of goods ^{&}	5,236,005	4,812,517	4,512,404	4,924,729	1,263,601	1,312,766	1,287,461	1,381,048
Imports of goods ^{&}	5,211,334	4,852,975	4,638,703	4,940,265	1,264,183	1,307,483	1,290,775	1,419,071
Exports of services ^{&}	615,069	650,549	762,172	847,317	214,728	222,740	237,588	207,080
Imports of services ^{&}	480,027	495,151	618,375	702,365	175,955	188,687	180,662	177,073
GDP	2,867,973	2,808,969	2,983,408	3,175,094	814,297	836,481	800,259	785,210
<i>Per capita GDP (\$)</i>	<i>386,879</i>	<i>382,376</i>	<i>395,882</i>	<i>421,990</i>	--	--	--	--
GNI	3,066,705	2,994,738	3,236,129	3,475,900	901,536	898,535	879,937	N.A.
<i>Per capita GNI (\$)</i>	<i>413,687</i>	<i>407,664</i>	<i>429,417</i>	<i>461,969</i>	--	--	--	--
Total final demand	8,559,334	8,157,095	8,240,486	8,817,724	2,254,435	2,332,651	2,271,696	2,381,354
Total final demand excluding re-exports ^(a)	4,454,376	4,349,616	4,765,413	5,014,534	1,273,919	1,343,214	1,281,203	1,281,124
Domestic demand	2,708,260	2,694,029	2,965,910	3,045,678	776,106	797,145	746,647	793,226
Private	2,202,170	2,118,587	2,394,726	2,441,411	628,494	648,767	579,907	644,634
Public	506,090	575,442	571,184	604,267	147,612	148,378	166,740	148,592
External demand	5,851,074	5,463,066	5,274,576	5,772,046	1,478,329	1,535,506	1,525,049	1,588,128

Notes: (a) Re-export margin is nevertheless retained in the total final demand.
 (#) Figures are subject to revision later on as more data become available.
 (&) 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*.
 (--) Not applicable.
 N.A. Not yet available.

**Table 2 : Rates of change in chain volume measures of Gross Domestic Product
by expenditure component (in real terms)**

	(%)					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Private consumption expenditure	4.8	2.0	5.5	5.3	-0.8	-10.6
Government consumption expenditure	3.4	3.4	2.8	4.2	5.1	7.9
Gross domestic fixed capital formation	-3.2	-0.1	3.1	1.7	-14.9	-11.1
Building and construction	2.2	5.9	-0.5	-0.5	-10.8	-9.1
Costs of ownership transfer	-8.3	-2.9	23.2	-11.2	-13.4	-4.0
Machinery, equipment and intellectual property products	-7.7	-6.4	3.8	8.8	-20.8	-16.0
Total exports of goods ^{&}	-1.7	1.6	6.5	3.5	-5.5	-1.4
Imports of goods ^{&}	-2.7	0.7	7.3	4.7	-8.2	-3.2
Exports of services ^{&}	0.3	-3.5	2.8	4.6	-9.6	-34.8
Imports of services ^{&}	5.0	2.0	2.0	2.8	0.1	-32.2
GDP	2.4	2.2	3.8	2.8	-1.7	-6.5
Per capita GDP	1.5	1.5	3.0	2.0	-2.4	-6.2
RGNI	3.8	3.2	5.7	3.5	-1.7	-5.8
Per capita RGNI	2.9	2.6	4.9	2.7	-2.4	-5.4
Total final demand	-0.4	1.3	5.6	3.9	-5.3	-6.7
Total final demand excluding re-exports ^(a)	0.1	1.5	4.5	4.0	-5.0	-11.1
Domestic demand	1.6	2.6	5.2	4.4	-3.7	-6.9
Private	1.3	2.5	5.7	4.8	-4.6	-9.3
Public	2.9	3.1	2.2	2.4	1.5	6.2
External demand	-1.4	0.7	5.8	3.7	-6.1	-6.7

- Notes:
- (a) Re-export margin is nevertheless retained in the total final demand.
 - (#) Figures are subject to revision later on as more data become available.
 - (&) 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*.
 - (--) Not applicable.
 - (*) Change within $\pm 0.05\%$.
 - N.A. Not yet available.

**Table 2 : Rates of change in chain volume measures of Gross Domestic Product
by expenditure component (in real terms) (Cont'd)**

(%)

	<u>2021</u>	<u>2022</u>	<u>2023[#]</u>	<u>2024[#]</u>	<u>2024</u>		<u>2025</u>		Average annual rate of change:	
					Q3 [#]	Q4 [#]	Q1 [#]	Q2 [#]	10 years 2014 to 2024 [#]	5 years 2019 to 2024 [#]
Private consumption expenditure	5.6	-2.2	6.8	-0.7	-1.3	-0.2	-1.2	1.9	1.4	-0.4
Government consumption expenditure	5.9	8.0	-3.9	0.9	1.6	2.1	0.9	2.5	3.7	3.6
Gross domestic fixed capital formation	8.3	-7.4	11.4	1.9	5.8	-0.7	1.1	2.8	-1.4	0.2
Building and construction	-0.5	7.4	9.1	3.6	-0.4	-4.8	-5.5	-9.5	0.5	1.9
Costs of ownership transfer	36.2	-43.2	-4.7	11.7	6.8	75.0	41.0	-8.7	-4.0	-4.6
Machinery, equipment and intellectual property products	15.2	-18.9	19.5	-2.5	14.8	-1.9	11.1	38.4	-3.4	-1.8
Total exports of goods ^{&}	18.7	-14.0	-10.0	4.7	3.9	1.3	8.4	11.5	-0.1	-1.0
Imports of goods ^{&}	17.2	-13.2	-8.3	2.4	2.8	0.4	7.2	12.6	-0.7	-1.6
Exports of services ^{&}	3.4	-0.5	19.5	5.1	2.8	6.5	6.3	7.5	-2.3	-3.3
Imports of services ^{&}	2.5	-1.2	25.6	11.6	9.0	8.3	4.7	7.2	0.8	-0.8
GDP	6.5	-3.7	3.2	2.5	1.9	2.5	3.0	3.1	1.1	0.3
<i>Per capita GDP</i>	<i>7.4</i>	<i>-2.8</i>	<i>0.6</i>	<i>2.7</i>	--	--	--	--	<i>0.7</i>	<i>0.2</i>
RGNI	8.9	-4.5	4.2	4.8	2.0	4.9	4.0	N.A.	2.1	1.4
<i>Per capita RGNI</i>	<i>9.9</i>	<i>-3.6</i>	<i>1.6</i>	<i>5.0</i>	--	--	--	--	<i>1.7</i>	<i>1.3</i>
Total final demand	12.4	-9.4	-2.3	3.1	2.9	1.7	5.4	8.8	*	-0.9
Total final demand excluding re-exports ^(a)	6.0	-4.8	5.5	1.6	2.0	2.3	2.8	5.8	0.1	-0.8
Domestic demand	4.1	-2.5	6.2	0.2	1.4	1.2	0.5	4.8	1.0	0.1
Private	3.8	-5.6	8.5	-0.7	0.1	1.1	0.4	6.2	0.5	-0.8
Public	5.2	10.7	-2.4	4.2	7.0	1.5	0.9	-0.6	3.5	4.7
External demand	17.0	-12.5	-6.5	4.8	3.8	2.0	8.1	11.0	-0.4	-1.3

**Table 3 : Gross Domestic Product by economic activity
(at current prices)**

	<u>2019</u>		<u>2020</u>		<u>2021</u>		<u>2022</u>		<u>2023[#]</u>	
	\$Mn	%	\$Mn	%	\$Mn	%	\$Mn	%	\$Mn	%
	share		share		share		share		share	
Agriculture, fishing, mining and quarrying	2,057	0.1	2,648	0.1	2,168	0.1	1,486	0.1	1,131	*
Manufacturing	29,366	1.1	25,525	1.0	26,175	1.0	26,598	1.0	28,206	1.0
Electricity, gas and water supply, and waste management	34,083	1.2	35,325	1.4	36,348	1.3	32,485	1.2	32,530	1.1
Construction	114,499	4.2	104,262	4.1	109,254	4.0	116,833	4.3	126,546	4.3
Services	2,560,716	93.4	2,392,895	93.4	2,571,873	93.7	2,558,084	93.5	2,728,135	93.5
<i>Import/export,</i>										
<i>wholesale and retail trades</i>	533,352	19.5	471,246	18.4	532,715	19.4	494,689	18.1	510,316	17.5
<i>Accommodation and</i>										
<i>food services</i>	75,918	2.8	36,934	1.4	45,394	1.7	45,350	1.7	61,029	2.1
<i>Transportation, storage,</i>										
<i>postal and courier services</i>	151,574	5.5	113,951	4.5	200,986	7.3	204,118	7.5	174,621	6.0
<i>Information and</i>										
<i>communications</i>	95,557	3.5	93,759	3.7	99,514	3.6	100,103	3.7	101,636	3.5
<i>Financing and insurance</i>	581,499	21.2	599,797	23.4	583,613	21.3	613,477	22.4	726,951	24.9
<i>Real estate, professional and</i>										
<i>business services</i>	276,497	10.1	244,337	9.5	250,306	9.1	233,094	8.5	246,034	8.4
<i>Public administration, social</i>										
<i>and personal services</i>	537,238	19.6	529,457	20.7	561,530	20.5	583,008	21.3	611,185	21.0
<i>Ownership of premises</i>	309,081	11.3	303,414	11.8	297,816	10.8	284,245	10.4	296,363	10.2
GDP at basic prices	2,740,721	100.0	2,560,655	100.0	2,745,819	100.0	2,735,486	100.0	2,916,548	100.0
Taxes on products	93,623	--	102,066	--	138,758	--	104,353	--	87,943	--
Statistical discrepancy (%)	0.4	--	0.5	--	-0.6	--	-1.1	--	-0.7	--
GDP at current market prices	2,845,022	--	2,675,793	--	2,867,973	--	2,808,969	--	2,983,408	--

Notes: Individual figures may not add up exactly to the total due to rounding.

(#) Figures are subject to revision later on as more data become available.

(--) Not applicable.

(*) Figure denotes less than 0.05%.

**Table 4 : Rates of change in chain volume measures of Gross Domestic Product
by economic activity (in real terms)**

	(%)									
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023[#]</u>	<u>2024[#]</u>	<u>2024</u>			<u>2025</u>
							Q2 [#]	Q3 [#]	Q4 [#]	Q1 [#]
Agriculture, fishing, mining and quarrying	-0.8	3.8	-2.5	-15.8	1.5	-6.5	-5.4	-7.6	-4.5	-5.0
Manufacturing	0.4	-5.8	5.5	0.2	3.7	0.8	0.7	-0.1	1.0	0.7
Electricity, gas and water supply, and waste management	-0.5	-14.2	3.7	-1.2	3.2	2.9	2.1	3.8	3.0	-1.3
Construction	-9.7	-11.7	-0.6	8.3	8.6	4.4	11.7	2.1	-4.7	-4.9
Services	-0.6	-6.7	5.9	-3.4	3.4	2.0	2.3	1.5	1.7	2.5
<i>Import/export, wholesale and retail trades</i>	-7.5	-15.0	13.3	-11.9	-0.5	0.4	-0.1	0.2	-0.2	4.2
<i>Accommodation and food services</i>	-11.7	-44.8	22.6	-6.8	29.3	-1.8	-7.0	-4.9	2.6	-1.8
<i>Transportation, storage, postal and courier services</i>	-1.7	-36.9	7.7	-4.5	29.7	11.0	11.1	7.2	6.8	2.6
<i>Information and communications</i>	4.7	1.7	2.6	0.5	0.8	1.8	1.7	2.2	1.5	1.1
<i>Financing and insurance</i>	3.4	4.0	4.7	-2.6	-1.6	0.9	*	1.8	1.9	4.2
<i>Real estate, professional and business services</i>	-0.2	-4.6	2.1	-2.1	2.3	1.6	2.8	-0.1	1.7	-0.5
<i>Public administration, social and personal services</i>	3.2	-2.3	4.4	1.3	2.5	3.1	3.1	3.0	3.0	1.7
<i>Ownership of premises</i>	0.6	-0.3	1.2	0.6	1.1	1.1	1.3	1.3	0.9	1.0
Taxes on products	-11.3	17.6	22.3	-16.6	-10.9	9.7	19.4	-3.0	41.1	33.2
GDP in chained (2023) dollars	-1.7	-6.5	6.5	-3.7	3.2	2.5	3.0	1.9	2.5	3.0

Notes: (#) Figures are subject to revision later on as more data become available.

(*) Change within $\pm 0.05\%$.

**Table 5 : Balance of Payments by major component
(at current prices)**

	(\$Mn)								
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023[#]</u>	<u>2024[#]</u>		<u>2024</u>		<u>2025</u>
						Q2 [#]	Q3 [#]	Q4 [#]	Q1 [#]
Current account ^(a)	187,012	339,429	286,089	253,103	410,054	98,510	120,378	95,899	126,920
Goods	-41,325	24,671	-40,458	-126,299	-15,536	-14,050	-582	5,283	-3,314
Services	92,948	135,042	155,398	143,797	144,952	27,461	38,773	34,053	56,926
Primary income	156,083	198,732	185,769	252,721	300,806	90,236	87,239	62,054	79,678
Secondary income	-20,694	-19,017	-14,620	-17,116	-20,168	-5,137	-5,052	-5,491	-6,370
Capital account ^(a)	-90	-10,363	1,231	5,740	-684	-204	-218	-168	-78
Financial account ^(b)	243,839	363,230	276,830	241,045	487,264	133,254	84,729	133,974	160,378
Financial non-reserve assets	-19,211	372,371	644,042	320,929	576,964	195,925	107,682	102,538	245,784
<i>Direct investment</i>	-263,703	-340,141	-27,086	-201,964	-303,831	-176,277	-108,090	-41,987	76,570
<i>Portfolio investment</i>	528,049	620,493	317,357	452,935	1,099,561	376,553	138,542	126,934	81,822
<i>Financial derivatives</i>	-18,790	-45,126	-140,392	-102,848	31,934	-19,168	-40,701	29,546	-36,171
<i>Other investment</i>	-264,766	137,145	494,163	172,806	-250,699	14,816	117,932	-11,955	123,563
Reserve assets	263,050	-9,142	-367,212	-79,884	-89,700	-62,671	-22,953	31,436	-85,406
Net errors and omissions	56,918	34,164	-10,489	-17,798	77,895	34,948	-35,431	38,243	33,536
Overall Balance of Payments	263,050	-9,142	-367,212	-79,884	-89,700	-62,671	-22,953	31,436	-85,406

Notes: Individual figures may not add up exactly to the total due to rounding.

(a) In accordance with the accounting rules adopted in compiling Balance of Payments, a positive value for the balance figure in the current account and capital account represents a surplus whereas a negative value represents a deficit.

(b) A new sign convention has been adopted for the entire series of the financial account since June 2023. A positive value indicates an increase in net assets (a net financial outflow) while a negative value indicates a decrease in net assets (a net inflow). A positive value for the reserve assets represents an increase while a negative value represents a decrease.

(#) Figures are subject to revision later on as more data become available.

Table 6 : Goods and services trade
(at current market prices)

(\$Mn)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023[#]</u>	<u>2024[#]</u>	<u>2024</u>		<u>2025</u>	
						Q3 [#]	Q4 [#]	Q1 [#]	Q2 [#]
Total exports of goods	4,198,338	5,236,005	4,812,517	4,512,404	4,924,729	1,263,601	1,312,766	1,287,461	1,381,048
Imports of goods	4,239,663	5,211,334	4,852,975	4,638,703	4,940,265	1,264,183	1,307,483	1,290,775	1,419,071
Goods trade balance	-41,325 (-1.0)	24,671 (0.5)	-40,458 (-0.8)	-126,299 (-2.7)	-15,536 (-0.3)	-582 (*)	5,283 (0.4)	-3,314 (-0.3)	-38,023 (-2.7)
Exports of services	519,205	615,069	650,549	762,172	847,317	214,728	222,740	237,588	207,080
Imports of services	426,257	480,027	495,151	618,375	702,365	175,955	188,687	180,662	177,073
Services trade balance	92,948 (21.8)	135,042 (28.1)	155,398 (31.4)	143,797 (23.3)	144,952 (20.6)	38,773 (22.0)	34,053 (18.0)	56,926 (31.5)	30,007 (16.9)
Exports of goods and services	4,717,543	5,851,074	5,463,066	5,274,576	5,772,046	1,478,329	1,535,506	1,525,049	1,588,128
Imports of goods and services	4,665,920	5,691,361	5,348,126	5,257,078	5,642,630	1,440,138	1,496,170	1,471,437	1,596,144
Goods and services trade balance	51,623 <1.1>	159,713 <2.8>	114,940 <2.1>	17,498 <0.3>	129,416 <2.3>	38,191 <2.7>	39,336 <2.6>	53,612 <3.6>	-8,016 <-0.5>

Notes: Figures in this table 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*.

(#) Figures are subject to revision later on as more data become available.

() As a percentage of the total value of imports of goods/services.

< > As a percentage of the total value of imports of goods and services.

(*) Figure denotes within $\pm 0.05\%$.

**Table 7 : Total exports of goods by market
(in value terms)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>		<u>2024</u>		<u>2025</u>	
							Q3	Q4	Q1	Q2
	(% change)			(% change)		(\$Mn)	(% change over a year earlier)			
All markets	-1.5	26.3	-8.6	-7.8	8.7	4,542,371	8.0	3.5	10.9	14.0
Mainland of China	5.1	27.0	-12.9	-9.7	15.6	2,681,658	16.0	9.1	16.2	19.6
United States	-14.9	19.6	-5.5	-6.9	8.5	295,571	6.5	-3.9	4.0	-10.1
Vietnam	5.3	22.2	8.9	-0.5	29.1	144,409	27.6	41.0	69.1	42.1
Taiwan	11.6	46.0	7.2	-9.9	1.1	140,415	-5.6	1.5	40.6	26.0
India	-17.6	36.6	29.0	-2.7	-18.0	137,022	-23.8	-32.2	-20.2	23.3
United Arab Emirates	-0.4	38.8	35.3	8.9	-8.0	95,152	-23.8	-26.0	-36.9	-6.7
Japan	-9.7	8.7	-13.8	-17.7	-4.4	80,656	-4.4	-10.7	1.7	33.1
Thailand	-13.1	17.4	3.3	9.7	18.8	77,017	18.5	-2.7	-9.8	3.7
Netherlands	-5.2	22.8	0.1	-2.5	-9.7	69,982	29.7	-23.5	-34.8	-26.0
Korea	-7.6	42.7	9.2	-9.5	-6.6	68,816	-10.8	-5.9	-7.7	-22.0
Rest of the world	-11.5	24.4	-11.6	-6.1	-1.5	751,674	-4.9	1.6	4.8	4.5

Note: Individual figures may not add up exactly to the total due to rounding.

**Table 8 : Imports of goods by source
(in value terms)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>		<u>2024</u>		<u>2025</u>	
							Q3	Q4	Q1	Q2
	(% change)			(% change)		(\$Mn)	(% change over a year earlier)			
All sources	-3.3	24.3	-7.2	-5.7	6.0	4,922,101	6.0	2.9	9.8	15.2
Mainland of China	-6.5	26.5	-14.6	-2.7	6.0	2,144,663	7.1	-0.3	4.1	17.0
Taiwan	22.8	35.0	7.3	-10.5	5.9	556,972	15.8	19.5	53.9	27.8
Singapore	8.1	31.7	-3.7	-17.3	18.2	389,673	8.2	20.2	2.4	10.0
Korea	12.3	31.3	-10.7	-22.8	28.4	287,096	21.0	1.0	-23.6	-18.5
Japan	-5.0	12.8	-10.4	-8.8	2.5	226,970	1.9	3.7	-2.8	7.4
United States	-17.9	18.3	1.3	-4.6	3.2	206,101	-3.1	9.5	-6.2	8.6
Malaysia	1.2	1.7	6.1	-15.3	10.8	165,884	9.6	31.3	47.6	12.1
Vietnam	28.4	16.9	22.3	-7.0	22.7	164,158	39.6	-16.4	68.9	72.1
Thailand	1.4	18.9	-8.9	-8.6	-4.9	81,386	-23.3	-8.1	-7.0	17.4
Philippines	-0.1	25.1	7.4	-15.7	-5.9	74,686	-0.7	9.3	18.0	10.0
Rest of the world	-17.0	17.0	-3.6	9.9	-7.3	624,513	-9.6	-9.6	6.6	8.3

Note: Individual figures may not add up exactly to the total due to rounding.

**Table 9 : Exports and imports of services by component
(at current market prices)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023[#]</u>	<u>2024[#]</u>		<u>2024</u>		<u>2025</u>	
							Q3 [#]	Q4 [#]	Q1 [#]	Q2 [#]
	(% change)			(% change)		(\$Mn)	(% change over a year earlier)			
Exports of services	-35.0	18.5	5.8	17.2	11.2	847,317	10.5	11.2	8.8	8.1
Transport	-24.7	37.8	2.0	-10.1	18.8	278,765	21.8	15.1	5.4	3.9
Travel	-90.2	-35.1	70.7	565.5	7.3	175,240	-5.4	5.1	4.5	12.6
Financial services	-0.3	10.0	8.8	-2.8	9.5	214,942	12.8	17.4	18.2	12.1
Other services	-9.0	11.7	2.5	3.0	6.2	178,370	7.4	6.2	7.1	6.5
Imports of services	-32.8	12.6	3.2	24.9	13.6	702,365	12.6	9.8	4.0	7.9
Transport	-19.8	35.7	-1.5	-8.8	15.3	162,079	18.0	9.0	1.5	3.6
Travel	-79.7	-38.9	64.4	313.2	25.3	222,678	17.8	18.0	1.6	12.4
Manufacturing [^]	-10.4	20.0	-4.3	-6.0	2.0	86,965	4.4	-3.2	-0.4	5.8
Other services	-1.4	7.1	2.3	3.6	7.3	230,643	7.8	8.4	9.7	7.3

Notes: Individual figures may not add up exactly to the total due to rounding.

Figures in this table 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*.

(#) Figures are subject to revision later on as more data become available.

(^) This includes the value of processing fees paid by Hong Kong to the processing units outside Hong Kong and raw materials / semi-manufactures directly procured by these processing units.

Table 10 : Incoming visitors by nationality/region

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>		<u>2025</u>	
						Q3	Q4	Q1	Q2
<u>('000)</u>									
All sources	3 568.9	91.4	604.6	33 999.7	44 502.8	11 437.5	11 914.0	12 228.2	11 407.9
Mainland of China	2 685.1	65.6	375.2	26 755.6	34 043.1	9 095.7	8 797.0	9 245.4	8 548.4
South and Southeast Asia	194.9	9.5	77.2	2 398.1	3 456.7	706.4	1 086.0	893.5	991.8
Taiwan	115.4	2.6	24.4	809.3	1 244.6	328.2	324.1	370.4	372.9
Europe	160.2	6.6	39.5	775.7	1 232.5	253.5	380.3	360.2	339.8
United States	82.7	1.4	26.5	597.0	884.3	201.2	260.0	236.9	252.5
Japan	54.4	0.3	7.2	344.2	560.2	134.5	158.2	206.6	142.0
Others	276.2	5.3	54.6	2 319.8	3 081.4	718.0	908.5	915.2	760.4
<u>(% change over a year earlier)</u>									
All sources	-93.6	-97.4	561.5	5 523.8	30.9	9.6	11.6	8.9	15.0
Mainland of China	-93.8	-97.6	471.7	7 030.7	27.2	6.1	8.9	6.3	14.7
South and Southeast Asia	-93.6	-95.1	710.3	3 006.1	44.1	26.9	15.0	12.9	13.6
Taiwan	-92.8	-97.8	853.7	3 213.5	53.8	40.3	28.9	29.9	21.4
Europe	-90.8	-95.9	499.0	1 865.5	58.9	39.1	33.6	16.0	17.9
United States	-92.6	-98.3	1 799.9	2 155.7	48.1	19.2	19.3	16.9	14.6
Japan	-95.1	-99.4	1 973.2	4 683.9	62.8	27.3	20.3	34.8	24.3
Others	-92.5	-98.1	920.6	4 149.4	32.8	16.3	17.9	16.2	14.0

Note: The requirement for visitors to furnish an arrival or departure card is cancelled with immediate effect on 16 October 2024 as stipulated in the 2024 Policy Address, to facilitate a faster and more convenient immigration clearance. “Place of residence” data derived solely from arrival cards is no longer available. The classification method of this table has been changed from by country/region of residence to by nationality/region. Individual figures may not add up exactly to the total due to rounding.

Table 11 : Property market

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Completion of new property by the private sector							
('000 m ² of internal floor area)							
Residential property ^(a) (in units)	11 280	14 595	17 791	20 968	13 643	20 888	14 386
Commercial property	233	276	303	304	384	136	111
<i>of which :</i>							
Office space	164	153	198	179	267	69	70
Other commercial premises ^(b)	69	123	105	125	118	67	42
Industrial property ^(c)	30	78	105	44	56	38	30
<i>of which :</i>							
Industrial-cum-office premises	0	0	0	0	0	0	0
Conventional flatted factory space	30	5	23	41	56	38	30
Storage premises ^(d)	0	73	83	3	0	0	0
Production of public housing							
(in units)							
Rental housing flats ^(e)	10 147	21 755	11 268	20 137	9 634	6 605	13 057
Subsidised sales flats ^(e)	1 310	229	2 788	4 863	7 027	7 610	3 222
Building plans with consent to commence work in the private sector							
('000 m ² of usable floor area)							
Residential property	893.3	645.8	872.8	704.5	796.5	521.5	866.4
Commercial property	319.0	312.4	488.6	131.5	844.9	228.1	743.0
Industrial property ^(f)	225.3	76.2	62.5	105.2	177.7	182.6	39.8
Other properties	555.4	235.1	241.2	101.2	236.7	409.6	187.5
Total	1 993.0	1 269.4	1 665.2	1 042.4	2 055.9	1 341.7	1 836.7
Agreements for sale and purchase of property							
(Number)							
Residential property ^(g)	55 982	54 701	61 591	57 247	59 797	59 880	74 297
Primary market	16 826	16 793	18 645	15 633	21 108	15 317	17 650
Secondary market	39 156	37 908	42 946	41 614	38 689	44 563	56 647
Selected types of non-residential properties ^(h)							
Office space	1 470	1 105	1 955	1 331	861	686	1 077
Other commercial premises	2 067	1 523	2 198	1 926	1 300	1 269	2 189
Flatted factory space	3 407	2 727	5 135	4 852	2 426	2 117	3 637

Notes: Individual figures may not add up exactly to the total due to rounding.

- (a) Figures before 2002 cover all completed residential premises to which either temporary or full Occupation Permits have been granted, as well as village type houses issued with Letters of Compliance. Property developments subject to a Consent Scheme need a Certificate of Compliance, Consent to Assign or Consent to Lease in addition to an Occupation Permit before the premises can be individually assigned. Village-type housing units are excluded as from 2002 and units issued with temporary Occupation Permits are also excluded as from 2004 onwards.

Residential premises here pertain to private residential units, excluding units built under the Private Sector Participation Scheme (PSPS), Home Ownership Scheme (HOS), Buy or Rent Option, Mortgage Subsidy Scheme, Sandwich Class Housing Scheme, Urban Improvement Scheme (UIS) and Flat-for-Sale Scheme. Figures from 2004 onwards also cover those private flats converted from subsidised flats.

- (b) These include retail premises and other premises designed or adapted for commercial use, with the exception of purpose-built offices. Car-parking space and commercial premises built by the Hong Kong Housing Authority and the Hong Kong Housing Society are excluded.
- (c) These include industrial-cum-office premises, but exclude specialised factory buildings which are developed mainly for own use.
- (d) These include storage premises at the container terminals and the airport.

Table 11 : Property market (Cont'd)

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>		<u>2025</u>	
				Q3	Q4	Q1	Q2
Completion of new property by the private sector							
('000 m ² of internal floor area)							
Residential property ^(a) (in units)	21 168	13 852	24 261	3 826	13 340	5 486	4 577
Commercial property	469	249	216	5	26	47	23
<i>of which :</i>							
Office space	351	159	147	0	1	30	12
Other commercial premises ^(b)	118	91	69	5	25	17	11
Industrial property ^(c)	180	58	23	11	0	5	25
<i>of which :</i>							
Industrial-cum-office premises	0	0	0	0	0	0	0
Conventional flatted factory space	105	57	23	11	0	5	25
Storage premises ^(d)	75	0	0	0	0	0	0
Production of public housing							
(in units)							
Rental housing flats ^(e)	12 285	3 838	10 743	1 299	2 604	5 160	N.A.
Subsidised sales flats ^(e)	6 996	5 674	8 129	1 089	5 716	6 545	N.A.
Building plans with consent to commence work in the private sector							
('000 m ² of usable floor area)							
Residential property	483.1	437.1	268.5	43.5	44.5	79.6	N.A.
Commercial property	105.5	385.4	140.1	11.4	74.3	61.0	N.A.
Industrial property ^(f)	61.2	45.9	62.7	16.0	0.0	7.0	N.A.
Other properties	242.9	208.2	108.8	23.1	32.5	31.6	N.A.
Total	892.6	1 076.5	580.2	93.9	151.3	179.1	N.A.
Agreements for sale and purchase of property							
(Number)							
Residential property ^(g)	45 050	43 002	53 099	10 225	15 098	12 193	16 754
Primary market	10 315	10 752	16 912	2 501	4 992	3 897	5 437
Secondary market	34 735	32 250	36 187	7 724	10 106	8 296	11 317
Selected types of non-residential properties ^(h)							
Office space	667	646	602	130	187	224	252
Other commercial premises	1 397	1 114	1 109	231	337	266	355
Flatted factory space	2 006	1 860	1 621	410	452	559	585

Notes: (e) The series, sourced from the Housing Authority's housing production figures, exhaustively cover all housing production and to count projects (including surplus HOS projects) which undergo transfer of usage at the time of disposal and according to their actual usage. Moreover, surplus HOS courts and blocks pending disposal are excluded from production statistics until they are disposed. Rental and sales flats projects of the Housing Society are included.

(f) These include multi-purpose industrial premises designed also for office use.

(g) The figures are derived from sale and purchase agreements of domestic units received for registration for the relevant periods. They generally relate to transactions executed up to four weeks prior to their submission for registration. Sales of domestic units refer to sale and purchase agreements with payment of stamp duty. These statistics do not include sales of units under the Home Ownership Scheme, the Private Sector Participation Scheme and the Tenants Purchase Scheme except those after payment of premium. Primary sales generally refer to sales from developers. Secondary sales refer to sales from parties other than developers.

(h) Timing of the figures for non-residential properties is based on the date on which the sale and purchase agreement is signed, which may differ from the date on which the agreement is received for registration.

N.A. Not yet available.

Table 12 : Property prices and rentals

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>(Index (1999=100))</u>							
Property price indices :							
Residential flats ^(a)	296.8	286.1	333.9	377.3	383.0	381.2	392.7
Office space	448.9	426.9	487.1	554.7	543.0	468.8	502.5
Shopping space	559.2	526.9	558.4	591.4	549.7	518.9	543.4
Flatted factory space	723.9	692.7	778.1	888.1	887.9	826.1	879.0
Property rental indices ^(b) :							
Residential flats	172.8	168.2	182.6	193.0	194.4	180.3	179.8
Office space	226.7	232.3	241.8	252.2	261.4	241.7	233.4
Shopping space	182.5	178.6	182.5	187.0	187.2	169.9	172.0
Flatted factory space	174.4	181.4	190.7	202.3	209.7	200.5	208.8
<u>(% change over a year earlier)</u>							
Property price indices :							
Residential flats ^(a)	15.5	-3.6	16.7	13.0	1.5	-0.5	3.0
Office space	6.1	-4.9	14.1	13.9	-2.1	-13.7	7.2
Shopping space	7.3	-5.8	6.0	5.9	-7.1	-5.6	4.7
Flatted factory space	8.4	-4.3	12.3	14.1	*	-7.0	6.4
Property rental indices ^(b) :							
Residential flats	8.3	-2.7	8.6	5.7	0.7	-7.3	-0.3
Office space	6.1	2.5	4.1	4.3	3.6	-7.5	-3.4
Shopping space	5.4	-2.1	2.2	2.5	0.1	-9.2	1.2
Flatted factory space	8.9	4.0	5.1	6.1	3.7	-4.4	4.1

Notes: (a) Figures pertain to prices of existing flats traded in the secondary market, but not new flats sold in the primary market.

(b) All rental indices shown in this table have been adjusted for concessionary leasing terms such as provision of refurbishment, granting of rent-free periods, and waiver of miscellaneous charges, if known.

For residential property, changes in rentals cover only new tenancies for which rentals are freshly determined.

For non-residential property, changes in rentals cover also lease renewals upon which rentals may be revised.

(#) Figures for non-residential property are provisional.

(+) Provisional figures.

(*) Change within $\pm 0.05\%$.

Table 12 : Property prices and rentals (Cont'd)

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>		<u>2025</u>	
				Q3	Q4	Q1 [#]	Q2 ⁺
<u>(Index (1999=100))</u>							
Property price indices :							
Residential flats ^(a)	369.7	337.4	298.7	292.5	290.6	285.9	286.6
Office space	495.7	468.7	373.7	365.1	342.1	326.3	315.4
Shopping space	523.0	488.3	422.9	408.3	390.2	380.5	368.2
Flatted factory space	880.3	842.3	718.0	698.3	674.9	666.8	639.8
Property rental indices ^(b) :							
Residential flats	178.3	181.1	190.5	194.7	192.4	193.0	194.9
Office space	230.0	227.7	219.9	217.5	216.3	214.3	212.4
Shopping space	167.0	170.9	165.2	164.3	161.3	157.7	157.3
Flatted factory space	211.9	218.6	215.6	215.7	213.3	211.3	211.1
<u>(% change over a year earlier)</u>							
Property price indices :							
Residential flats ^(a)	-5.9	-8.7	-11.5	-13.1	-8.1	-6.5	-6.3
Office space	-1.4	-5.4	-20.3	-21.1	-22.6	-22.6	-18.3
Shopping space	-3.8	-6.6	-13.4	-17.2	-17.5	-16.9	-15.4
Flatted factory space	0.1	-4.3	-14.8	-17.1	-16.2	-12.3	-13.3
Property rental indices ^(b) :							
Residential flats	-0.8	1.6	5.2	5.8	3.7	4.4	2.7
Office space	-1.5	-1.0	-3.4	-4.9	-5.0	-4.7	-3.8
Shopping space	-2.9	2.3	-3.3	-4.9	-6.7	-6.7	-5.3
Flatted factory space	1.5	3.2	-1.4	-2.5	-3.3	-2.9	-2.1

Table 13 : Monetary aggregates

	2015	2016	2017	2018	2019	2020	2021
<u>(at end of period)</u>							
Hong Kong dollar money supply (\$Mn)							
M1	1,253,380	1,428,775	1,598,014	1,555,731	1,533,104	1,972,719	2,078,911
M2 ^(a)	5,765,549	6,280,230	7,010,345	7,262,451	7,438,789	7,922,089	8,043,994
M3 ^(a)	5,778,772	6,292,666	7,024,514	7,284,322	7,454,655	7,937,038	8,057,408
Total money supply (\$Mn)							
M1	1,971,146	2,213,970	2,431,461	2,421,598	2,484,738	3,231,921	3,490,858
M2	11,618,441	12,508,127	13,755,255	14,348,059	14,745,872	15,606,608	16,272,650
M3	11,655,019	12,551,331	13,803,837	14,403,688	14,786,375	15,644,043	16,310,866
Deposits (\$Mn)							
HK\$	5,312,403	5,809,060	6,484,616	6,715,262	6,884,143	7,311,368	7,414,381
Foreign currency	5,437,346	5,918,240	6,267,872	6,671,119	6,887,444	7,202,247	7,771,839
Total	10,749,749	11,727,300	12,752,488	13,386,381	13,771,586	14,513,615	15,186,220
Loans and advances (\$Mn)							
HK\$	4,152,589	4,479,107	5,359,983	5,836,238	6,219,377	6,106,960	6,425,857
Foreign currency	3,381,951	3,544,284	3,953,686	3,886,385	4,157,325	4,391,617	4,467,291
Total	7,534,540	8,023,390	9,313,668	9,722,623	10,376,701	10,498,577	10,893,147
Nominal Effective Exchange Rate Indices							
(Jan 2020 =100) ^(b)							
Trade-weighted	95.7	98.4	98.4	96.2	99.4	100.0	95.5
Import-weighted	96.5	98.8	98.8	96.5	99.5	100.1	95.8
Export-weighted	94.8	97.9	98.0	95.8	99.2	100.0	95.1
<u>(% change over a year earlier)</u>							
Hong Kong dollar money supply							
M1	12.2	14.0	11.8	-2.6	-1.5	28.7	5.4
M2 ^(a)	10.3	8.9	11.6	3.6	2.4	6.5	1.5
M3 ^(a)	10.4	8.9	11.6	3.7	2.3	6.5	1.5
Total money supply							
M1	15.4	12.3	9.8	-0.4	2.6	30.1	8.0
M2	5.5	7.7	10.0	4.3	2.8	5.8	4.3
M3	5.5	7.7	10.0	4.3	2.7	5.8	4.3
Deposits							
HK\$	10.7	9.3	11.6	3.6	2.5	6.2	1.4
Foreign currency	3.1	8.8	5.9	6.4	3.2	4.6	7.9
Total	6.7	9.1	8.7	5.0	2.9	5.4	4.6
Loans and advances							
HK\$	3.8	7.9	19.7	8.9	6.6	-1.8	5.2
Foreign currency	3.2	4.8	11.6	-1.7	7.0	5.6	1.7
Total	3.5	6.5	16.1	4.4	6.7	1.2	3.8
Nominal Effective Exchange Rate Indices							
(Jan 2020 =100) ^(b)							
Trade-weighted	5.5	2.8	*	-2.2	3.3	0.6	-4.5
Import-weighted	5.9	2.4	*	-2.3	3.1	0.6	-4.3
Export-weighted	5.1	3.3	0.1	-2.2	3.5	0.8	-4.9

Definition of Terms :

The Hong Kong Dollar Money Supply is the Hong Kong dollar component of the respective monetary aggregate.

Total Money Supply:

- M1: Legal tender notes and coins with the public, plus customers' demand deposits with licensed banks.
- M2: M1 plus customers' savings and time deposits with licensed banks, plus negotiable certificates of deposit issued by licensed banks and held outside the monetary sector, as well as short-term Exchange Fund placements of less than one month.
- M3: M2 plus customers' deposits with restricted licence banks and deposit-taking companies, plus negotiable certificates of deposit issued by such institutions and held outside the monetary sector.

Table 13 : Monetary aggregates (Cont'd)

	2022	2023	2024	2024	2024	2025	
				Q3	Q4	Q1	Q2
<u>(at end of period)</u>							
Hong Kong dollar money supply (\$Mn)							
M1	1,708,421	1,533,291	1,552,925	1,584,835	1,552,925	1,621,373	1,892,426
M2 ^(a)	8,096,517	8,250,109	8,474,517	8,450,647	8,474,517	8,890,247	9,044,196
M3 ^(a)	8,109,000	8,262,831	8,490,464	8,465,626	8,490,464	8,906,242	9,059,767
Total money supply (\$Mn)							
M1	2,769,343	2,598,203	2,748,458	2,824,711	2,748,458	2,866,480	3,215,396
M2	16,536,625	17,195,266	18,458,425	18,209,671	18,458,425	19,048,522	19,819,929
M3	16,569,431	17,234,052	18,501,577	18,251,104	18,501,577	19,094,640	19,868,342
Deposits (\$Mn)							
HK\$	7,468,230	7,623,772	7,839,207	7,810,675	7,839,207	8,238,559	8,386,246
Foreign currency	7,971,455	8,598,297	9,533,510	9,352,815	9,533,510	9,738,543	10,312,216
Total	15,439,685	16,222,070	17,372,718	17,163,489	17,372,718	17,977,102	18,698,462
Loans and advances (\$Mn)							
HK\$	6,602,964	6,420,797	6,046,383	6,120,220	6,046,383	5,956,539	6,035,703
Foreign currency	3,968,334	3,770,518	3,861,425	3,855,820	3,861,425	4,014,931	4,122,678
Total	10,571,298	10,191,315	9,907,808	9,976,040	9,907,808	9,971,470	10,158,381
Nominal Effective Exchange Rate Indices							
(Jan 2020 =100) ^(b)							
Trade-weighted	100.1	103.4	105.4	104.8	105.8	107.1	104.6
Import-weighted	100.8	103.9	106.0	105.4	106.4	107.7	104.9
Export-weighted	99.3	102.9	104.7	104.2	105.2	106.3	104.2
<u>(% change over a year earlier)</u>							
Hong Kong dollar money supply							
M1	-17.8	-10.3	1.3	3.2	1.3	7.0	23.7
M2 ^(a)	0.7	1.9	2.7	3.0	2.7	7.7	8.4
M3 ^(a)	0.6	1.9	2.8	3.0	2.8	7.7	8.4
Total money supply							
M1	-20.7	-6.2	5.8	12.9	5.8	12.1	21.5
M2	1.6	4.0	7.3	8.5	7.3	10.8	11.5
M3	1.6	4.0	7.4	8.5	7.4	10.8	11.5
Deposits							
HK\$	0.7	2.1	2.8	3.0	2.8	7.9	8.8
Foreign currency	2.6	7.9	10.9	14.0	10.9	13.7	14.2
Total	1.7	5.1	7.1	8.7	7.1	11.0	11.7
Loans and advances							
HK\$	2.8	-2.8	-5.8	-6.5	-5.8	-6.2	-3.7
Foreign currency	-11.2	-5.0	2.4	2.9	2.4	7.5	10.5
Total	-3.0	-3.6	-2.8	-3.1	-2.8	-1.2	1.6
Nominal Effective Exchange Rate Indices							
(Jan 2020 =100) ^(b)							
Trade-weighted	4.8	3.3	1.9	-0.2	0.4	2.1	-1.5
Import-weighted	5.2	3.1	2.0	*	0.5	2.2	-1.9
Export-weighted	4.4	3.6	1.7	-0.3	0.4	1.9	-1.0

Notes: (a) Adjusted to include foreign currency swap deposits.

(b) Period average.

(*) Change within $\pm 0.05\%$.

Table 14 : Rates of change in business receipts indices for services industries/domains

	(%)							
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>		<u>2025</u>	
					Q2	Q3	Q4	Q1
Services Industry								
Import and export trade	23.9	-8.5	-7.2	2.3	0.4	1.6	0.2	18.8
Wholesale	13.3	-5.8	-3.2	-2.5	0.4	-3.1	-7.7	-3.0
Retail	8.1	-0.8	16.2	-7.3	-11.9	-9.6	-6.6	-6.5
Transportation	54.1	5.8	-17.3	13.8	14.8	17.3	10.6	1.5
<i>within which:</i>								
Land transport	4.0	-3.3	21.6	12.4	11.0	8.3	11.7	0.6
Water transport	85.9	5.0	-45.8	12.4	8.7	30.7	21.5	0.6
Air transport	43.3	9.7	7.4	14.9	20.1	12.1	4.7	2.4
Warehousing and storage	27.6	-4.6	1.8	2.2	6.9	-1.0	-3.4	-4.3
Courier	19.0	-9.3	-11.9	4.9	6.8	2.2	8.5	7.7
Accommodation services ^(a)	38.3	17.3	59.9	5.3	-2.3	-10.2	3.5	0.8
Food services	16.8	-6.3	26.1	-0.1	-2.0	-1.3	0.4	-0.6
Information and communications	7.7	6.2	3.3	5.0	5.7	5.5	4.4	-0.5
<i>within which:</i>								
Telecommunications	6.1	8.7	1.8	3.8	4.2	4.3	3.7	-2.0
Film entertainment	26.7	-10.4	21.1	8.9	1.8	-3.7	71.4	-1.6
Banking	-4.3	10.2	21.2	5.2	4.3	7.1	1.9	19.0
Financing (except banking)	17.4	-14.7	-0.6	12.5	4.5	13.5	36.3	33.4
<i>within which:</i>								
Financial markets and asset management	19.6	-17.6	-3.1	11.8	3.3	12.2	40.2	33.2
<i>within which : Asset management</i>	23.3	-19.6	-4.2	22.9	5.2	23.7	72.0	51.0
Insurance	2.5	-6.0	-1.1	12.2	1.5	11.7	18.1	23.5
Real estate	-1.9	-8.9	-0.6	0.9	-0.9	0.1	4.7	-6.8
Professional, scientific and technical services	6.6	3.5	3.5	4.4	5.7	3.6	3.4	3.3
Administrative and support services	1.7	10.5	16.6	8.9	7.9	8.1	8.3	8.2
Services Domain								
Tourism, convention and exhibition services	-17.7	36.8	347.1	6.3	-8.4	-4.8	2.8	1.1 ⁺
Computer and information technology services	20.1	-0.4	39.2	52.0	84.9	34.5	20.8	60.9

Notes: Upon the implementation of the new Hong Kong Standard Industrial Classification (HSIC) Version 2.0 by the C&SD in October 2008, the new classification has been adopted in compiling the quarterly business receipts indices. Starting from the first quarter of 2009, all business receipts indices are compiled based on the HSIC Version 2.0, and the base period of the indices has been changed to 2008 (i.e. with the quarterly average of the indices in 2008 taken as 100). The series of business receipts indices under the HSIC Version 2.0 has also been backcasted to the first quarter of 2005.

(a) Accommodation services sector covers hotels, guesthouses, boarding houses and other establishments providing short-term accommodation.

(+) Provisional figures.

Table 15 : Labour force characteristics

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>		<u>2025</u>	
						Q3 [#]	Q4 [#]	Q1	Q2
<u>(%)</u>									
Labour force participation rate	59.7	59.4	58.2	57.3	57.0	57.0	56.9	56.9	56.7
Seasonally adjusted unemployment rate ^(a)	5.8	5.2	4.3	2.9	3.0	3.0	3.1	3.2	3.5
Underemployment rate	3.3	2.6	2.3	1.1	1.2	1.2	1.1	1.1	1.4
<u>('000)</u>									
Population of working age	6 562.2	6 518.6	6 487.0	6 667.4	6 683.0	6 685.1	6 682.7	6 707.8	6 690.5
Labour force	3 918.5	3 870.4	3 776.3	3 822.3	3 807.4	3 810.5	3 799.8	3 815.5	3 793.5
Persons employed	3 690.9	3 670.2	3 613.2	3 709.6	3 693.6	3 691.5	3 687.0	3 692.7	3 657.3
Persons unemployed	227.6	200.3	163.1	112.7	113.8	119.0	112.8	122.8	136.2
Persons underemployed	129.9	98.9	88.1	41.6	43.9	45.8	43.1	42.7	52.6
<u>(% change over a year earlier)</u>									
Population of working age	-0.2	-0.7	-0.5	2.8	0.2	0.3	*	0.4	0.1
Labour force	-1.7	-1.2	-2.4	1.2	-0.4	-0.7	-0.5	0.4	-0.4
Persons employed	-4.7	-0.6	-1.6	2.7	-0.4	-0.9	-0.7	0.1	-1.0
Persons unemployed	95.6	-12.0	-18.6	-30.9	0.9	4.5	6.4	9.8	18.7
Persons underemployed	209.6	-23.8	-10.9	-52.8	5.4	20.9	16.7	6.8	18.5

Notes: (a) Seasonal adjustment is not applicable to annual unemployment rates.

(#) Figures have been revised to take into account the final 2024 population estimates.

(*) Change within $\pm 0.05\%$.

Table 16 : Employment in selected major industries

Selected major industries	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>			<u>2025</u>	(No.)
	(% change)					Jun	Sep	Dec	Mar	
						(% change over a year earlier)				
Manufacturing	-4.0	-5.5	-5.0	-0.6	0.2	0.3	-0.3	-0.6	-2.5	74 008
Construction sites (covering manual workers only)	-4.5	8.5	-0.7	7.3	9.1	11.8	10.7	0.7	*	123 593
Import and export trade	-11.0	-3.6	-0.9	-2.4	-4.3	-5.0	-5.1	-2.2	-2.7	349 802
Wholesale	-8.8	-3.9	4.2	-3.3	-6.0	-6.1	-6.0	-5.4	-3.4	47 003
Retail	-6.3	-0.6	-1.6	1.7	-4.7	-5.1	-5.9	-5.3	-4.6	230 816
Food and beverage services	-13.6	1.4	1.3	3.5	-0.7	-0.4	-1.3	-1.6	-2.8	218 923
Accommodation services ^(a)	-14.7	1.1	-4.5	3.0	3.0	3.7	3.7	2.4	4.0	37 786
Transportation, storage, postal and courier services	-3.7	-4.0	-2.1	-0.1	1.1	0.7	0.7	1.7	2.2	167 380
Information and communications	-0.3	-1.4	-2.2	1.9	0.3	1.2	-0.5	-1.5	-3.3	106 104
Financing and insurance	0.6	0.1	-2.1	*	-1.4	-2.4	-2.3	0.7	1.5	232 711
Real estate	0.4	3.6	-0.5	0.9	1.6	0.2	3.6	4.6	3.7	144 432
Professional and business services (excluding cleaning and similar services)	-0.3	*	-2.1	3.0	1.0	1.5	-0.1	0.4	0.3	313 955
Cleaning and similar services	0.3	1.3	0.8	*	-1.3	-4.3	0.1	1.4	-0.3	80 463
Education	-1.0	-0.1	1.1	4.0	0.3	-0.2	-0.4	-0.3	-0.1	217 594
Human health services	4.1	2.9	2.5	2.8	2.7	2.6	2.3	3.5	3.9	161 949
Residential care and social work services	0.4	0.9	0.9	4.7	3.9	4.3	3.7	3.1	2.8	74 026
Arts, entertainment, recreation and other services	-5.4	-1.7	-3.4	7.1	1.1	1.4	-0.3	-0.2	-2.7	120 848
Civil service ^(b)	0.7	-0.2	-1.2	-1.1	-0.2	-0.2	-0.1	*	-0.2	172 751
Others ^(c)	-1.7	1.2	3.3	1.6	5.1	5.0	6.2	8.1	9.3	13 049

Notes: Starting from March 2009, the survey coverage has been expanded to include more economic activities in some of the industries due to the change in industrial classification based on the Hong Kong Standard Industrial Classification (HSIC) Version 2.0. The activities newly covered are in the industries of transportation, storage, postal and courier services; professional and business services; and arts, entertainment, recreation and other services. The series of employment statistics under the HSIC Version 2.0 has also been backcasted to March 2000.

(a) Accommodation services sector covers hotels, guesthouses, boarding houses and other establishments providing short-term accommodation.

(b) These figures cover only those employed on civil service terms of appointment. Judges, judicial officers, ICAC officers, locally engaged staff working in the Hong Kong Economic and Trade Offices outside Hong Kong, and other government employees such as non-civil service contract staff are not included.

(c) Include employment in mining and quarrying; and in electricity and gas supply, and waste management.

(*) Change within $\pm 0.05\%$.

Table 17 : Number of manual workers engaged at building and construction sites

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>		<u>2024</u>		<u>2025</u>
						Jun	Sep	Dec	Mar
<u>(Number)</u>									
Building sites									
Private sector	54 957	58 385	56 160	57 642	55 003	55 071	54 403	52 550	54 091
Public sector ^(a)	22 982	23 622	22 853	26 299	33 626	35 743	32 211	34 570	34 753
Sub-total	77 939	82 006	79 012	83 941	88 628	90 814	86 614	87 120	88 844
Civil engineering sites									
Private sector	2 180	3 095	3 796	2 397	1 337	1 339	1 361	1 196	1 823
Public sector ^(a)	17 064	20 329	21 855	25 974	32 559	31 956	33 388	32 658	32 926
Sub-total	19 244	23 424	25 651	28 372	33 896	33 295	34 749	33 854	34 749
Total	97 182	105 430	104 663	112 313	122 524	124 109	121 363	120 974	123 593
<u>(% change over a year earlier)</u>									
Building sites									
Private sector	-12.6	6.2	-3.8	2.6	-4.6	-4.4	-5.7	-12.9	-6.7
Public sector ^(a)	19.3	2.8	-3.3	15.1	27.9	40.9	26.8	18.7	8.7
Sub-total	-5.1	5.2	-3.7	6.2	5.6	9.5	4.3	-2.6	-1.2
Civil engineering sites									
Private sector	-12.2	42.0	22.6	-36.8	-44.2	-39.5	-23.0	-27.7	25.5
Public sector ^(a)	-0.3	19.1	7.5	18.8	25.3	23.5	34.8	12.4	2.2
Sub-total	-1.8	21.7	9.5	10.6	19.5	18.5	30.9	10.2	3.2
Total	-4.5	8.5	-0.7	7.3	9.1	11.8	10.7	0.7	*

Notes: Individual figures may not add up exactly to the total due to rounding.

(a) Including the Mass Transit Railway Corporation Limited and the Airport Authority Hong Kong.

(*) Change within $\pm 0.05\%$

**Table 18 : Rates of change in indices of payroll per person engaged
by selected industry section**

									(%)
	2020	2021	2022	2023	2024		2024		2025
Selected industry sections						Q2	Q3	Q4	Q1
(in nominal terms)									
Manufacturing	-0.1	-0.6	1.0	3.8	3.7	3.6	3.6	3.4	3.3
Import/export and wholesale trades	0.5	0.1	0.9	2.6	3.0	3.0	3.0	3.1	3.2
Retail trade	0.1	0.2	1.1	2.7	2.0	2.0	1.8	1.7	2.0
Transportation, storage, postal and courier services	-5.4	-3.8	1.9	9.3	5.6	8.6	2.5	3.8	2.5
Accommodation ^(a) and food service activities	-2.9	-1.0	2.2	5.3	4.4	4.8	3.9	3.3	3.3
Information and communications	2.3	1.8	2.8	3.9	3.6	3.3	3.5	3.4	3.3
Financial and insurance activities	1.7	1.7	2.7	3.5	3.4	3.3	3.7	3.8	3.9
Real estate activities	1.5	1.4	2.1	2.8	2.9	2.8	2.9	2.9	2.8
Professional and business services	1.6	1.5	2.7	3.4	3.5	3.4	3.5	3.3	3.5
Social and personal services	6.2	0.1	1.3	2.0	1.9	1.6	1.4	1.7	2.8
All selected industry sections surveyed	2.4	1.0	1.7	3.3	3.5	3.5	3.3	3.4	3.2
(in real terms)									
Manufacturing	-0.4	-2.1	-0.9	1.7	1.9	2.4	1.2	2.0	1.7
Import/export and wholesale trades	0.2	-1.4	-1.0	0.5	1.3	1.8	0.6	1.7	1.6
Retail trade	-0.1	-1.4	-0.7	0.5	0.2	0.8	-0.6	0.3	0.4
Transportation, storage, postal and courier services	-5.6	-5.3	*	7.0	3.8	7.3	0.1	2.4	0.9
Accommodation ^(a) and food service activities	-3.2	-2.6	0.3	3.1	2.6	3.5	1.5	1.9	1.7
Information and communications	2.0	0.2	0.9	1.7	1.8	2.0	1.1	2.0	1.7
Financial and insurance activities	1.2	0.2	0.8	1.3	1.6	2.1	1.2	2.3	2.3
Real estate activities	1.3	-0.1	0.2	0.7	1.2	1.6	0.5	1.5	1.1
Professional and business services	1.4	-0.1	0.8	1.2	1.8	2.2	1.1	1.9	1.9
Social and personal services	6.0	-1.5	-0.6	-0.1	0.1	0.4	-0.9	0.3	1.2
All selected industry sections surveyed	2.1	-0.5	-0.2	1.1	1.7	2.2	0.9	2.0	1.6

Notes: The rates of change in real terms are compiled from the Real Indices of Payroll per Person Engaged. The Indices are derived by deflating the Nominal Indices of Payroll per Person Engaged by the 2019/20-based Composite CPI.

In addition to wages, which include all regular and guaranteed payments like basic pay and stipulated bonuses and allowances, payroll also covers overtime pay and other non-guaranteed or irregular bonuses and allowances, except severance pay and long service payment. Because of this difference, as well as the difference in industrial and occupational coverage, the movements in payroll per person engaged do not necessarily match closely with those in wage rates.

(a) Accommodation services sector covers hotels, guesthouses, boarding houses and other establishments providing short-term accommodation.

(*) Change within $\pm 0.05\%$.

**Table 19 : Rates of change in wage indices
by selected industry section**

	(%)								
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>		<u>2024</u>		<u>2025</u>
Selected industry sections						Jun	Sep	Dec	Mar
(in nominal terms)									
Manufacturing	2.0	1.6	2.0	4.1	4.0	4.2	3.7	3.3	3.2
Import/export, wholesale and retail trades	1.0	0.9	1.7	2.6	3.1	3.1	3.0	3.0	3.1
Transportation	0.1	-0.9	1.4	5.6	3.7	4.2	3.4	3.1	3.5
Accommodation ^(a) and food service activities	1.0	1.4	2.1	4.2	4.3	4.5	4.2	4.0	3.8
Financial and insurance activities ^(b)	2.3	2.5	3.2	3.9	4.0	3.7	3.9	4.1	4.0
Real estate leasing and maintenance management	2.7	3.0	2.9	3.2	3.3	3.3	3.3	3.2	3.1
Professional and business services	1.7	1.8	2.5	3.4	4.0	4.0	4.0	3.9	4.1
Personal services	0.7	0.3	0.6	3.5	4.0	3.9	4.1	4.0	3.9
All industries surveyed	1.3	1.3	2.2	3.6	3.7	3.7	3.6	3.5	3.5
(in real terms)									
Manufacturing	3.1	-0.3	-1.5	2.0	1.8	2.5	0.7	1.6	1.2
Import/export, wholesale and retail trades	2.1	-0.9	-1.9	0.5	0.9	1.3	0.1	1.3	1.1
Transportation	1.3	-2.7	-2.2	3.4	1.5	2.4	0.4	1.4	1.5
Accommodation ^(a) and food service activities	2.1	-0.3	-1.5	2.0	2.1	2.7	1.3	2.3	1.8
Financial and insurance activities ^(b)	3.7	0.7	-0.6	1.7	1.8	2.0	0.9	2.3	2.0
Real estate leasing and maintenance management	3.8	1.3	-0.8	1.0	1.1	1.5	0.4	1.5	1.1
Professional and business services	2.8	0.1	-1.2	1.2	1.8	2.2	1.1	2.2	2.1
Personal services	1.7	-1.6	-2.9	1.3	1.8	2.2	1.1	2.2	1.9
All industries surveyed	2.5	-0.5	-1.4	1.4	1.5	1.9	0.6	1.8	1.6

Notes: The rates of change in real terms are compiled from the Real Wage Indices. The Indices are derived by deflating the Nominal Wage Indices by the 2019/20-based CPI(A).

(a) Accommodation services sector covers hotels, guesthouses, boarding houses and other establishments providing short-term accommodation.

(b) Excluding stock, commodity and bullion brokers; and exchanges and services companies.

**Table 20 : Monthly wage level and distribution analysed
by industry section : all employees**

(HK\$)

Industry sections	May – Jun 2023			May – Jun 2024		
	25th percentile	50th percentile	75th percentile	25th percentile	50th percentile	75th percentile
Manufacturing ^(a)	15,800	18,900	30,000	16,400	19,600	31,300
Electricity and gas supply; sewerage, waste management and remediation activities	22,000	29,800	44,800	22,300	31,000	46,400
Construction	19,700	24,600	32,000	20,500	25,700	33,200
Import and export trade	15,300	19,900	29,000	16,000	20,800	29,600
Wholesale	13,800	16,300	22,500	14,300	17,200	23,600
Retail trade	11,400	14,100	18,500	11,500	14,500	18,600
<i>within which:</i>						
Supermarkets and convenience stores	8,100	12,500	15,000	8,100	12,800	15,700
Other retail stores	12,000	14,800	18,800	12,300	15,200	19,300
Land transport	15,500	20,600	27,600	16,000	21,300	28,600
Other transportation, storage, postal and courier services ^(b)	14,400	19,400	25,000	15,000	20,800	26,100
Food and beverage services	11,000	14,700	19,000	11,300	15,300	19,500
<i>within which:</i>						
Hong Kong style tea cafes	12,500	14,600	18,700	13,000	15,300	19,300
Chinese restaurants	13,500	16,300	22,100	14,100	17,100	23,000
Restaurants, other than Chinese	13,000	15,500	19,400	13,600	16,200	20,500
Fast food cafes ^(c)	4,900	11,000	14,700	5,000	11,300	15,000
Other food and beverage services	8,700	13,700	17,500	9,200	14,300	18,400
Accommodation services ^(d)	14,500	17,100	21,500	14,900	18,000	22,100
Information and communications	17,600	26,000	37,100	18,000	27,300	38,200
Financing and insurance	20,400	31,600	50,300	21,200	32,800	52,200
Real estate activities ^(e)	15,600	23,500	35,300	16,000	24,200	36,200
Estate management, security and cleaning services	11,400	14,200	17,000	11,700	14,700	17,700
<i>within which:</i>						
Real estate maintenance management	13,300	15,700	18,700	13,800	16,300	18,900
Security services ^(f)	12,400	15,000	17,700	13,000	15,600	18,500
Cleaning services	9,000	11,200	12,800	9,200	11,700	13,100
Membership organisations ^(g)	12,500	14,900	24,400	13,000	15,700	24,500
Professional, scientific and technical services	16,600	26,700	39,200	17,000	27,900	41,000
Administrative and support services activities	13,000	18,700	28,600	13,500	19,600	29,000
Travel agency, reservation service and related activities	11,500	15,500	22,700	12,000	16,200	23,500
Education and public administration (excluding the Government)	15,100	31,800	52,900	15,300	32,800	53,800
Human health activities; and beauty and body prettifying treatment	15,500	20,700	40,000	16,300	21,500	41,900
Miscellaneous activities	11,700	14,700	18,000	12,300	15,100	18,100
<i>within which:</i>						
Elderly homes	14,400	16,100	19,000	15,000	16,700	19,800
Laundry and dry cleaning services	8,600	12,900	15,500	9,000	13,200	15,800
Hairdressing and other personal services	10,400	13,700	16,200	10,800	14,000	16,700
Local courier services	8,500	12,200	16,000	9,000	13,100	17,000
Food processing and production	12,600	14,500	18,800	13,000	15,100	18,900
Other activities not classified above	14,200	18,100	28,000	15,000	18,900	29,100
All industry sections above	14,300	19,800	31,100	14,800	20,500	32,000

Notes: Monthly wages figures are rounded to the nearest hundred of Hong Kong dollar.

(a) Excluding food processing and production.

(b) Excluding local courier services.

(c) Including takeaway shops.

(d) Including hotels, guesthouses, boarding houses and other establishments providing short term accommodation.

(e) Excluding real estate maintenance management.

(f) Including investigation activities and services to buildings and landscape care activities.

(g) Including incorporated owners/tenants committees, kaifong welfare associations, etc.

**Table 21 : Hourly wage level and distribution analysed
by industry section : all employees**

(HK\$)

Industry sections	May – Jun 2023			May – Jun 2024		
	25th percentile	50th percentile	75th percentile	25th percentile	50th percentile	75th percentile
Manufacturing ^(a)	59.6	77.4	114.1	62.7	80.6	118.7
Electricity and gas supply; sewerage, waste management and remediation activities	80.6	116.7	186.9	84.0	122.2	188.2
Construction	85.0	106.9	135.9	88.5	110.7	142.9
Import and export trade	62.6	84.2	121.5	65.2	87.4	126.5
Wholesale	56.1	69.4	90.9	59.1	72.8	94.0
Retail trade	48.6	57.1	70.1	50.0	59.1	74.1
<i>within which:</i>						
Supermarkets and convenience stores	45.5	51.2	62.5	47.3	53.0	61.2
Other retail stores	50.0	59.2	76.1	51.7	61.5	79.2
Land transport	61.5	84.4	106.3	64.5	87.5	106.5
Other transportation, storage, postal and courier services ^(b)	55.0	71.4	96.8	57.3	74.9	99.7
Food and beverage services	50.0	57.6	70.0	52.4	60.0	72.8
<i>within which:</i>						
Hong Kong style tea cafes	51.9	57.0	70.0	53.9	60.0	72.2
Chinese restaurants	51.4	58.0	78.6	53.8	60.8	81.9
Restaurants, other than Chinese	53.7	59.3	74.0	56.9	62.0	75.0
Fast food cafes ^(c)	45.2	51.3	60.3	47.0	53.1	63.0
Other food and beverage services	50.2	55.0	67.7	52.6	57.7	71.3
Accommodation services ^(d)	51.3	62.0	78.1	53.7	64.2	81.5
Information and communications	72.1	100.8	157.3	74.1	105.6	165.6
Financing and insurance	80.3	120.1	197.1	84.5	124.6	204.4
Real estate activities ^(e)	67.0	95.8	145.4	68.6	98.4	145.8
Estate management, security and cleaning services	44.9	51.0	62.3	46.8	53.0	65.7
<i>within which:</i>						
Real estate maintenance management	45.0	51.0	66.6	46.9	53.3	69.0
Security services ^(f)	43.9	50.0	59.4	46.5	52.2	63.9
Cleaning services	43.5	50.0	57.5	46.1	51.9	60.0
Membership organisations ^(g)	50.0	62.7	93.2	51.7	64.1	96.8
Professional, scientific and technical services	68.8	104.8	166.1	71.4	107.6	169.2
Administrative and support services activities	54.7	76.7	118.5	57.7	79.7	121.0
Travel agency, reservation service and related activities	52.2	68.2	99.3	53.8	71.1	100.8
Education and public administration (excluding the Government)	71.5	140.8	224.8	73.6	146.2	225.0
Human health activities; and beauty and body prettifying treatment	66.4	96.7	169.4	68.6	99.1	175.9
Miscellaneous activities	48.4	55.9	71.0	50.0	57.9	72.7
<i>within which:</i>						
Elderly homes	47.0	58.0	78.7	48.7	60.0	79.2
Laundry and dry cleaning services	49.8	54.0	63.7	50.0	55.1	66.5
Hairdressing and other personal services	49.3	55.2	64.5	50.0	57.3	66.2
Local courier services	45.0	55.0	68.8	47.3	56.3	67.5
Food processing and production	48.9	56.8	75.3	51.4	59.1	75.3
Other activities not classified above	58.7	76.1	113.7	61.8	79.3	118.1
All industry sections above	57.0	80.1	127.6	59.2	82.9	131.5

Notes: Hourly wages figures are rounded to the nearest ten cents of Hong Kong dollar.

(a) Excluding food processing and production.

(b) Excluding local courier services.

(c) Including takeaway shops.

(d) Including hotels, guesthouses, boarding houses and other establishments providing short term accommodation.

(e) Excluding real estate maintenance management.

(f) Including investigation activities and services to buildings and landscape care activities.

(g) Including incorporated owners/tenants committees, kaifong welfare associations, etc.

Table 22 : Rates of change in prices

	(%)							
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
GDP deflator	3.6	1.6	2.9	3.7	2.0	0.6	0.7	1.7
Domestic demand deflator	2.2	1.4	2.8	3.4	2.4	0.6	-0.8	2.1
Consumer Price Indices ^(a) :								
Composite CPI	3.0	2.4	1.5	2.4	2.9	0.3	1.6	1.9
CPI(A)	4.0	2.8	1.5	2.7	3.3	-0.6	2.9	2.2
CPI(B)	2.9	2.3	1.4	2.3	2.7	0.6	1.0	1.7
CPI(C)	2.1	2.1	1.5	2.2	2.6	0.8	0.9	1.8
Unit Value Indices :								
Total exports of goods	0.1	-1.7	1.8	2.4	1.1	-0.6	5.4	7.8
Imports of goods	-0.4	-1.7	1.9	2.6	1.3	-0.7	5.5	8.1
Terms of Trade Index ^(b)	0.5	*	-0.1	-0.1	-0.1	*	*	-0.3
Producer Price Index for all manufacturing industries	-2.7	1.3	3.8	2.0	1.0	2.3	1.2	0.8
Tender Price Indices :								
Public sector								
building projects	5.9	1.0	-0.3	-2.9	-2.6	-3.0	1.0	5.5
Public housing projects	12.5	-0.7	0.3	-1.9	-1.8	-2.7	1.8	5.3

Notes: (a) The year-on-year rates of change before October 2020 were derived using the index series in the base periods at that time (for instance the 2014/15-based index series), compared with the index a year earlier in the same base period.

(b) Derived from merchandise trade index numbers.

(#) Figures are subject to revision later on as more data become available.

(*) Change within $\pm 0.05\%$.

N.A. Not yet available.

Table 22 : Rates of change in prices (Cont'd)

(%)

	<u>2023</u>	<u>2024</u>	<u>2024</u>		<u>2025</u>		Average annual rate of change:	
			Q3	Q4	Q1	Q2	10 years 2014 to 2024	5 years 2019 to 2024
GDP deflator [#]	2.9	3.8	4.3	2.8	1.3	0.5	2.4	1.9
Domestic demand deflator [#]	3.7	2.4	2.2	2.0	2.0	1.7	2.0	1.6
Consumer Price Indices ^(a) :								
Composite CPI	2.1	1.7	2.4	1.4	1.6	1.8	2.0	1.5
CPI(A)	2.3	2.1	3.1	1.7	2.2	2.4	2.3	1.7
CPI(B)	2.0	1.6	2.1	1.3	1.4	1.6	1.8	1.4
CPI(C)	2.0	1.5	1.9	1.2	1.2	1.3	1.7	1.4
Unit Value Indices :								
Total exports of goods	4.4	3.6	3.4	2.9	1.9	1.9	2.4	4.1
Imports of goods	3.9	3.2	2.6	2.6	2.0	1.9	2.3	4.0
Terms of Trade Index ^(b)	0.4	0.4	0.7	0.3	-0.1	-0.1	0.1	0.1
Producer Price Index for all manufacturing industries	1.6	2.9	3.2	4.1	4.8	N.A.	1.4	1.8
Tender Price Indices :								
Public sector								
building projects	4.3	2.4	2.5	1.5	0.8	N.A.	1.1	2.0
Public housing projects	4.3	3.2	3.7	2.3	N.A.	N.A.	1.9	2.4

Table 23 : Rates of change in Composite Consumer Price Index

(%)

	Weight [^]	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
All items	100.00	3.0 (2.5)	2.4 (2.3)	1.5 (1.7)	2.4 (2.6)	2.9 (3.0)	0.3 (1.3)	1.6 (0.6)
Food	25.53	4.0	3.4	2.2	3.4	4.9	3.3	1.7
<i>Meals out and takeaway food</i>	16.82	4.2	3.3	2.7	2.9	2.2	0.8	1.8
<i>Basic food</i>	8.71	3.4	3.6	1.1	4.3	9.9	7.7	1.4
Housing ^(a)	38.89	5.1	3.7	2.0	2.5	3.5	-0.1	0.3
<i>Private housing rent</i>	33.74	4.7	3.4	1.8	2.2	3.1	1.1	-1.3
<i>Public housing rent</i>	2.05	10.9	7.2	3.0	4.1	7.1	-21.0	29.3
Electricity, gas and water	2.97	8.4	1.0	-1.7	4.9	-5.4	-20.6	27.0
Alcoholic drinks and tobacco	0.48	1.3	1.5	0.6	1.3	1.2	0.5	0.1
Clothing and footwear	2.46	-1.8	-3.4	-0.4	1.6	-1.7	-5.2	3.3
Durable goods	3.73	-5.6	-5.4	-3.2	-2.0	-1.9	-2.7	1.0
Miscellaneous goods	3.37	0.9	1.5	1.4	1.3	2.5	3.1	-3.1
Transport	7.49	-0.3	1.6	2.3	1.6	2.0	-1.0	2.6
Miscellaneous services	15.08	1.1	2.3	0.9	2.1	2.0	0.8	0.7

Notes: The year-on-year rates of change before October 2020 were derived using the index series in the base periods at that time (for instance the 2014/15-based index series), compared with the index a year earlier in the same base period. Figures in brackets represent the underlying rates of change after netting out the effects of Government's one-off relief measures.

(a) Apart from "Private housing rent" and "Public housing rent", the "Housing" section also includes "Management fees and other housing charges".

([^]) These are expenditure weights of the reference period 2024, which are used for the compilation of CPIs since the reference month of April 2025.

Table 23 : Rates of change in Composite Consumer Price Index (Cont'd)

(%)										
	Weight^	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>		<u>2025</u>		Average annual rate of change:	
					Q3	Q4	Q1	Q2	10 years 2014 to 2024	5 years 2019 to 2024
All items	100.00	1.9 (1.7)	2.1 (1.7)	1.7 (1.1)	2.4 (1.1)	1.4 (1.2)	1.6 (1.2)	1.8 (1.1)	2.0 (1.9)	1.5 (1.4)
Food	25.53	3.8	2.7	1.5	1.6	0.9	0.5	0.5	3.1	2.6
<i>Meals out and takeaway food</i>	16.82	3.4	4.0	2.6	2.3	1.7	1.4	1.3	2.8	2.5
<i>Basic food</i>	8.71	4.5	0.5	-0.3	0.3	-0.4	-1.1	-1.0	3.6	2.7
Housing ^(a)	38.89	0.2	1.0	2.1	3.3	0.9	1.5	2.8	2.0	0.7
<i>Private housing rent</i>	33.74	-0.6	0.5	1.4	2.4	0.6	0.8	2.0	1.6	0.2
<i>Public housing rent</i>	2.05	9.6	4.4	7.2	13.6	1.3	10.5	16.4	5.5	4.6
Electricity, gas and water	2.97	7.2	9.6	-0.3	4.5	9.9	13.5	11.0	2.3	3.2
Alcoholic drinks and tobacco	0.48	1.3	17.0	19.6	21.4	21.4	14.7	0.8	4.2	7.4
Clothing and footwear	2.46	5.3	5.8	-0.5	-1.5	-2.3	-2.7	-4.5	0.2	1.7
Durable goods	3.73	0.6	-2.4	-1.0	-0.7	-0.9	-0.9	-2.1	-2.3	-0.9
Miscellaneous goods	3.37	0.4	1.7	1.2	1.0	1.3	1.1	0.9	1.1	0.8
Transport	7.49	2.9	1.9	2.0	2.2	1.7	2.8	2.7	1.5	1.6
Miscellaneous services	15.08	1.3	2.6	2.4	2.3	2.0	1.7	1.5	1.6	1.6

**Table 24 : Rates of change in implicit price deflators of GDP
and its main expenditure components**

(%)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Private consumption expenditure	1.2	1.5	2.5	3.1	2.7	0.6	-0.6
Government consumption expenditure	4.4	3.7	2.5	3.3	4.7	2.1	0.7
Gross domestic fixed capital formation	4.5	-0.3	4.4	4.6	-0.1	-1.5	-2.1
Total exports of goods	-0.7	-1.4	1.7	2.2	1.1	0.1	5.1
Imports of goods	-1.4	-1.8	1.8	2.3	1.3	0.1	4.9
Exports of services	-2.8	-2.0	3.2	4.5	-0.3	-0.4	14.5
Imports of services	-4.6	-1.3	2.7	2.8	-1.0	-0.9	9.9
Gross Domestic Product	3.6	1.6	2.9	3.7	2.0	0.6	0.7
Total final demand	*	-0.6	2.2	2.8	1.4	0.2	3.7
Domestic demand	2.2	1.4	2.8	3.4	2.4	0.6	-0.8

Notes: Figures in this table 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*.

(#) Figures are subject to revision later on as more data become available.

(*) Change within $\pm 0.05\%$.

**Table 24 : Rates of change in implicit price deflators of GDP
and its main expenditure components (Cont'd)**

	(%)								
	<u>2022</u>	<u>2023[#]</u>	<u>2024[#]</u>	<u>2024</u>		<u>2025</u>		Average annual rate of change:	
				Q3 [#]	Q4 [#]	Q1 [#]	Q2 [#]	10 years 2014 to 2024 [#]	5 years 2019 to 2024 [#]
Private consumption expenditure	2.3	4.9	3.0	2.9	2.3	1.7	0.9	2.1	2.0
Government consumption expenditure	2.6	2.5	1.9	1.9	2.3	2.4	0.8	2.8	2.0
Gross domestic fixed capital formation	1.0	0.5	0.4	0.2	0.9	2.4	4.4	1.1	-0.4
Total exports of goods	6.8	4.2	4.2	4.2	4.0	3.5	3.1	2.3	4.0
Imports of goods	7.3	4.3	4.0	3.6	3.9	4.4	3.7	2.3	4.1
Exports of services	6.3	-2.0	5.8	7.5	4.5	2.3	0.6	2.6	4.7
Imports of services	4.4	-0.6	1.7	3.3	1.3	-0.7	0.7	1.2	2.8
Gross Domestic Product	1.7	2.9	3.8	4.3	2.8	1.3	0.5	2.4	1.9
Total final demand	5.2	3.4	3.8	3.8	3.3	2.9	2.4	2.2	3.2
Domestic demand	2.1	3.7	2.4	2.2	2.0	2.0	1.7	2.0	1.6

