



2025 Economic Background and 2026 Prospects

Government of the Hong Kong
Special Administrative Region

***2025 ECONOMIC BACKGROUND
AND
2026 PROSPECTS***

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

February 2026

CONTENTS

Paragraphs

CHAPTER 1 : OVERVIEW OF ECONOMIC PERFORMANCE IN 2025

Overall situation	1.1 - 1.3
The external sector	1.4 - 1.5
The domestic sector	1.6 - 1.7
The labour sector	1.8
The asset markets	1.9 - 1.10
Inflation	1.11 - 1.12
Net output of major economic sectors	1.13
Other economic developments	1.14 - 1.15
Box 1.1 Business sentiment in Hong Kong	

CHAPTER 2 : ECONOMIC OUTLOOK FOR 2026 AND THE MEDIUM TERM

Global economic outlook	2.1 - 2.5
World inflation and global commodity prices	2.6 - 2.10
Exchange rate movements	2.11
Outlook for the Hong Kong economy in 2026	2.12 - 2.17
Medium-term outlook for the Hong Kong economy	2.18 - 2.21

CHAPTER 3 : THE EXTERNAL SECTOR

Merchandise trade	
External environment	3.1 - 3.6
Merchandise exports	3.7 - 3.8
Merchandise imports	3.9
Services trade	
Exports of services	3.10
Imports of services	3.11
Goods and services balance	3.12
Highlights of policy and market developments	3.13 - 3.16

CHAPTER 4 : DEVELOPMENTS IN SELECTED SECTORS

Property	4.1 - 4.8
Land	4.9
Tourism	4.10 - 4.12
Logistics	4.13 - 4.15
Transport	4.16
Highlights of related measures and development	4.17 - 4.19
Box 4.1 Artificial Intelligence Development in Asia	

CHAPTER 5 : THE FINANCIAL SECTOR

Interest rates and exchange rates	5.1 - 5.5
Money supply and banking sector	5.6 - 5.10
The debt market	5.11 - 5.12
The stock and derivatives markets	5.13 - 5.16
Fund management and investment funds	5.17
Insurance sector	5.18
Highlights of policy and market developments	5.19 - 5.25

CHAPTER 6 : THE LABOUR SECTOR

Overall labour market situation	6.1
Labour force and total employment	6.2 - 6.3
Profile of unemployment	6.4 - 6.8
Underemployment situation	6.9
Vacancies	6.10 - 6.11
Wages and earnings	6.12 - 6.14
Highlights of related measures and policy developments	6.15 - 6.20
Box 6.1 Opportunities and challenges of population ageing in Hong Kong	

CHAPTER 7 : PRICES

Consumer prices	7.1 - 7.3
Costs of factor inputs and import prices	7.4 - 7.5
Output prices	7.6
GDP deflator	7.7

STATISTICAL APPENDIX

CHAPTER 1 : OVERVIEW OF ECONOMIC PERFORMANCE IN 2025

Summary

- *The Hong Kong economy demonstrated remarkable resilience in 2025, notwithstanding episodes of heightened global trade tensions that resulted in higher tariffs on many trade flows. Real Gross Domestic Product (GDP)⁽¹⁾ grew robustly by 3.5% in 2025, faster than the preceding year and marking the third consecutive year of expansion. Growth momentum strengthened progressively over the course of the year, with the year-on-year growth accelerating from 3.2% in the first half to 3.7% and 3.8% in the third and fourth quarters respectively.*
- *Hong Kong's total exports of goods increased solidly in 2025, driven by sustained strong demand for electronic-related products on the back of the massive global investment in artificial intelligence (AI) and other new technologies, and buoyant trade flows in the region. Exports of services also expanded notably in 2025, mainly supported by sustained growth in inbound tourism and cross-boundary traffic, as well as vibrant cross-boundary financial service activities.*
- *Domestically, private consumption expenditure reverted to a modest increase in 2025 amid a gradual improvement in the local consumption market. Overall investment expenditure posted accelerated growth in 2025, alongside a more entrenched economic expansion.*
- *The labour market showed signs of stabilisation towards the latter part of 2025. The seasonally adjusted unemployment rate retreated slightly to 3.8% in the fourth quarter of 2025 from 3.9% in the previous quarter after trending up from 3.1% in the fourth quarter a year ago. The underemployment rate went up to 1.7% in the fourth quarter from 1.1% a year ago. Employment earnings continued to increase throughout the year.*
- *The local stock market staged a strong performance in 2025. The Hang Seng Index (HSI) closed the year at 25 631, achieving a notable 27.8% gain for the year as a whole. Trading activities were very active, with the average daily turnover surging to a record high. The residential property market showed a visible turnaround in 2025. After a relatively soft first quarter, the market has gained a firmer footing since the second quarter, and momentum strengthened more noticeably in the ensuing quarters. Flat prices reverted to a modest increase after three years of declines, and rentals sustained solid performance.*

- *Consumer price inflation remained modest throughout 2025. Price pressures on major components were generally soft, as cost pressures on the domestic and external fronts stayed mild, and firms in general remained prudent in raising prices amid the early stage of recovery in local consumption.*

Overall situation

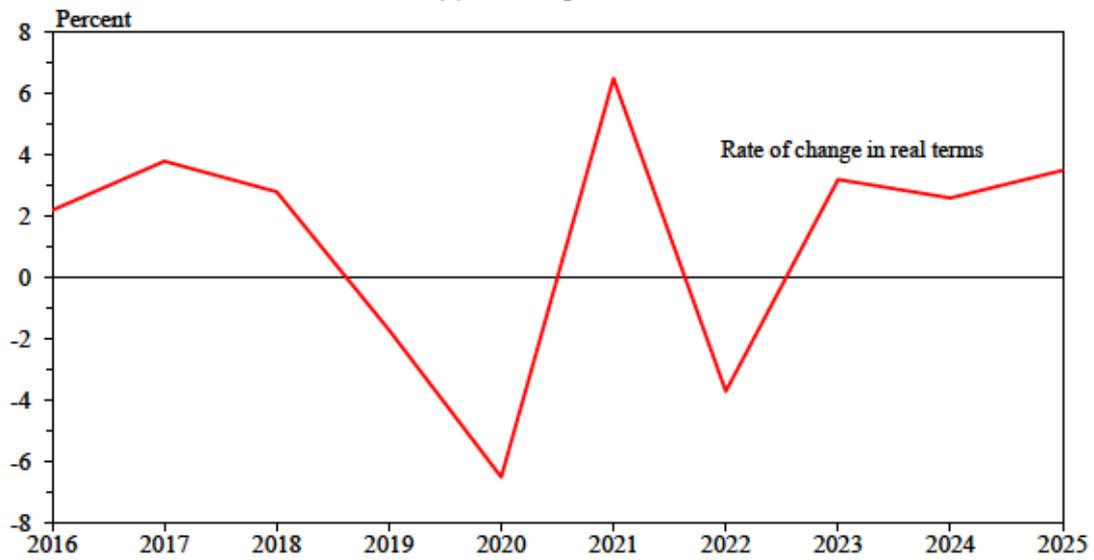
1.1 The Hong Kong economy demonstrated remarkable resilience in 2025, notwithstanding episodes of heightened global trade tensions which resulted in higher tariffs on many trade flows. Real GDP grew by 3.5% in 2025, faster than the 2.6% growth in the preceding year and marking the third consecutive year of expansion. Total exports of goods increased solidly, and exports of services also expanded notably. Domestically, private consumption expenditure reverted to a modest increase, and overall investment expenditure posted accelerated growth.

1.2 In terms of the quarterly profile, economic growth accelerated progressively through the year, with real GDP expanding by 3.1%, 3.2%, 3.7% and 3.8% year-on-year in the four quarters respectively.

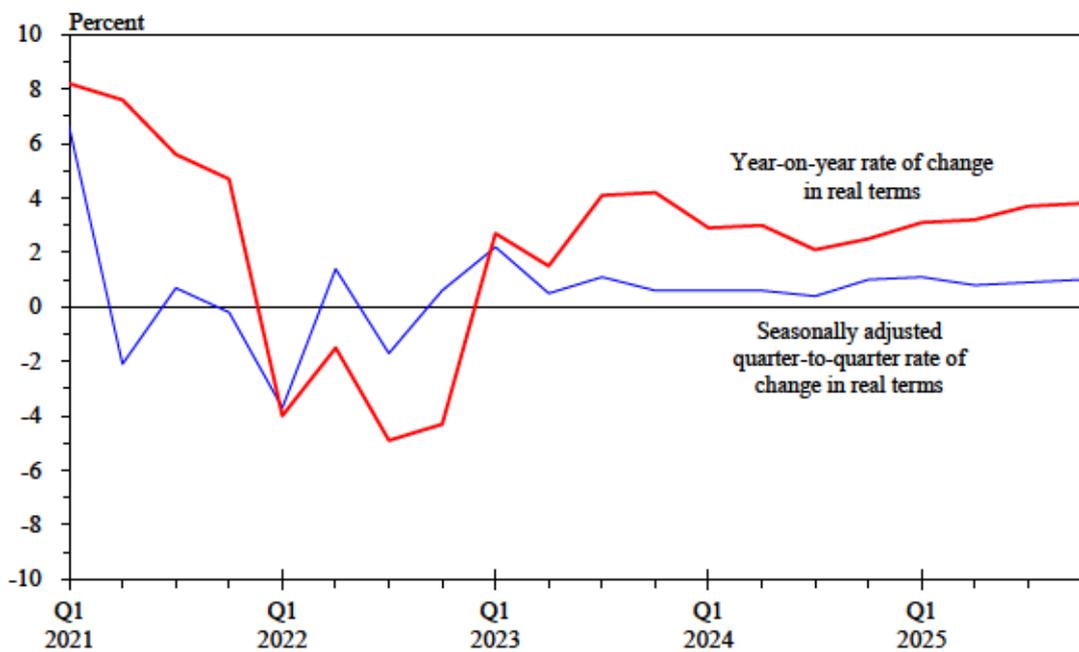
1.3 The labour market showed signs of stabilisation towards the latter part of 2025. Employment earnings continued to increase throughout the year. Local stock market staged a strong performance in the year. Residential property market showed a visible turnaround. Consumer price inflation remained modest throughout the year.

Diagram 1.1 : The Hong Kong economy demonstrated remarkable resilience and staged a robust growth in 2025

(a) Annual profile



(b) Quarterly profile



The external sector

1.4 *Total exports of goods* based on the GDP compilation framework grew solidly by 12.0% in real terms in 2025, a strong pick-up from the 5.3% growth in 2024. Global trade flows were affected by episodes of heightened global trade tensions as triggered by the tariffs of the United States (US) over the year. While the average import tariffs of the US increased visibly by end-2025 over a year ago, sustained strong demand for electronic-related products on the back of the massive global investment in AI and other new technologies, and buoyant trade flows in the region provided a stellar boost to export growth. Analysed by major market and with reference to external merchandise trade statistics, exports to the Mainland posted further double-digit growth. Exports to ASEAN markets soared, and those to most advanced economies in Asia increased by varying degree. Exports to the US recorded accelerated growth, while those to the European Union declined in the first three quarters but bounced back in the last quarter. Analysed by major product group, exports of most products showed growth, in particular for exports of electrical machinery and related parts, as well as telecommunications and sound recording equipment, which sustained strong performance.

1.5 *Exports of services* expanded notably by 6.3% in real terms in 2025, an acceleration from the growth of 4.1% in 2024. Exports of all major service groups saw growth. Specifically, exports of travel and transport services increased visibly further thanks to sustained growth in inbound tourism and cross-boundary traffic. Exports of financial services picked up to expand noticeably, supported by vibrant cross-boundary financial service activities amid advancing global stock markets. Exports of business and other services also grew moderately further.

**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>2025[#]</u>	<u>Q1[#]</u>	<u>Q2[#]</u>	<u>Q3[#]</u>	<u>Q4[#]</u>	<u>Q1[#]</u>	<u>Q2[#]</u>	<u>Q3[#]</u>	<u>Q4[#]</u>
<u>Change in real terms of GDP and its main expenditure components (%)</u>										
Private consumption Expenditure	-0.2	1.7	1.4 (0.4)	-1.5 (-0.4)	-0.7 (0.1)	0.2 (0.2)	-0.9 (-0.7)	2.3 (2.7)	2.4 (0.2)	2.7 (0.6)
Government consumption expenditure	0.7	1.6	-1.5 (0.9)	1.3 (-0.7)	1.3 (0.5)	1.8 (1.2)	0.6 (-0.3)	2.6 (1.0)	2.0 (0.2)	1.4 (0.3)
Gross domestic fixed capital formation	1.9	4.3	-0.7	2.8	6.4	-1.0	1.4	1.8	3.4	10.5
Building and construction	4.8	-9.4	11.3	10.2	1.2	-3.4	-5.6	-12.0	-10.8	-9.3
Costs of ownership transfer	11.6	38.9	-35.7	31.5	6.8	74.9	41.1	-8.3	78.3	68.4
Machinery, equipment and intellectual property products	-4.4	24.7	-15.4	-16.3	13.8	-4.7	12.9	41.6	15.7	31.2
Total exports of goods ^{&}	5.3	12.0	7.3 (2.6)	8.0 (0.2)	4.6 (-0.8)	1.9 (0.7)	8.5 (8.3)	11.6 (3.0)	12.0 (0.1)	15.5 (3.8)
Imports of goods ^{&}	3.0	12.6	3.8 (0.5)	3.9 (-0.3)	3.4 (1.7)	0.9 (-0.2)	7.2 (6.1)	12.7 (4.7)	11.7 (1.1)	18.4 (5.6)
Exports of services ^{&}	4.1	6.3	9.3 (-0.3)	0.2 (-1.3)	1.6 (2.7)	5.2 (3.9)	5.9 (0.5)	8.2 (1.1)	6.6 (1.1)	4.8 (1.8)
Imports of services ^{&}	11.3	4.3	17.7 (3.5)	11.6 (0.6)	9.0 (1.8)	7.5 (1.3)	4.8 (0.8)	6.6 (2.4)	2.3 (-1.8)	3.7 (2.5)
Gross Domestic Product	2.6	3.5	2.9 (0.6)	3.0 (0.6)	2.1 (0.4)	2.5 (1.0)	3.1 (1.1)	3.2 (0.8)	3.7 (0.9)	3.8 (1.0)
<u>Change in the main price indicators (%)</u>										
GDP deflator	4.2	1.0	3.9 (1.3)	4.8 (1.3)	4.9 (0.6)	3.1 (-0.2)	1.3 (-0.3)	0.7 (0.5)	0.8 (0.6)	1.3 (0.4)
Composite CPI										
Headline	1.7	1.4	1.9 (0.1)	1.2 (-0.4)	2.4 (1.5)	1.4 (0.2)	1.6 (0.3)	1.8 (-0.2)	1.1 (0.7)	1.3 (0.4)
Underlying[^]	1.1	1.1	1.0 (0.1)	1.0 (0.3)	1.1 (0.4)	1.2 (0.4)	1.2 (0.1)	1.1 (0.2)	1.0 (0.3)	1.1 (0.4)
Change in nominal GDP (%)	6.9	4.5	7.0	7.9	7.1	5.7	4.5	3.9	4.6	5.1

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 merchandising 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.

The domestic sector

1.6 *Private consumption expenditure* reverted to a modest increase in 2025 amid a gradual improvement in the local consumption market. It resumed growth since the second quarter, with the pace accelerating slightly in the second half of the year. For 2025 as a whole, private consumption expenditure saw a modest increase of 1.7% in real terms, reversing the 0.2% decline in 2024. Meanwhile, *government consumption expenditure* increased by 1.6% in real terms in 2025, after an increase of 0.7% in 2024.

**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	-1.5	-0.8	-11.2	-11.5	2.6	27.2	7.3	-0.2
	H1	-1.6	-2.8	-10.3	-10.0	2.1	39.3	13.9	-0.1
	H2	-1.4	1.3	-12.1	-13.0	3.0	17.5	1.7	-0.2
	Q1	0.7	-1.8	-8.6	0.4	2.4	59.2	41.4	1.4
	Q2	-3.8	-3.7	-12.3	-18.7	1.9	23.8	-8.6	-1.5
	Q3	-2.4	0.8	-14.1	-15.6	2.2	19.2	-3.1	-0.7
	Q4	-0.5	1.8	-10.5	-10.7	3.8	16.0	6.1	0.2
2025	Annual	2.2	-0.1	3.7	-0.5	3.1	3.2	9.6	1.7
	H1	1.2	0.2	-12.0	-2.6	3.7	4.2	9.2	0.8
	H2	3.2	-0.3	17.9	1.6	2.6	2.3	9.9	2.6
	Q1	-0.6	-0.3	-16.6	-8.1	3.4	2.0	4.9	-0.9
	Q2	2.9	0.6	-6.2	3.1	4.0	6.4	14.6	2.3
	Q3	3.1	-1.1	10.7	3.4	3.0	0.4	8.9	2.4
	Q4	3.3	0.5	23.4	0.1	2.2	4.0	10.8	2.7

- 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 reverted to a modest increase in 2025

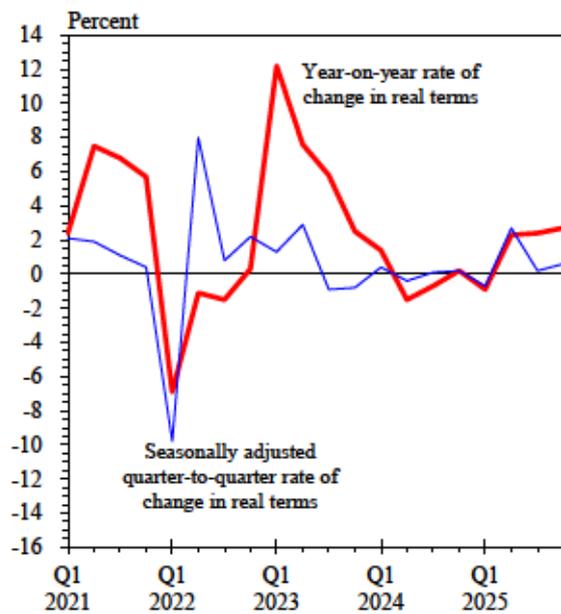
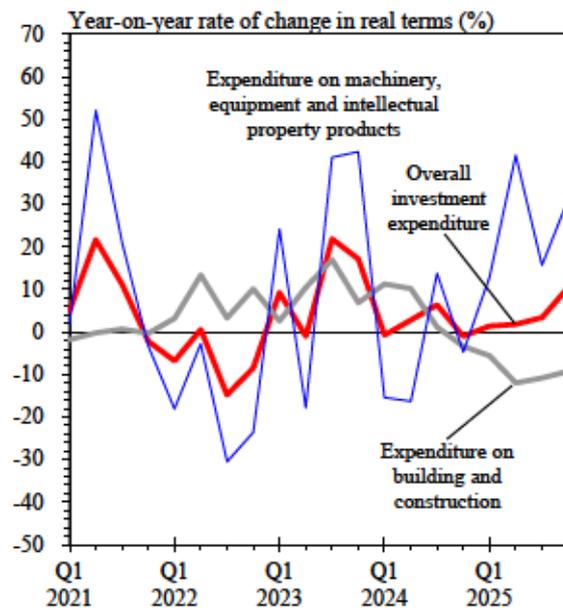


Diagram 1.3 : Overall investment expenditure posted accelerated growth in 2025



1.7 Overall investment spending in terms of *gross domestic fixed capital formation* posted accelerated growth of 4.3% in real terms in 2025, following the 1.9% increase in 2024. Expenditure on acquisitions of machinery, equipment and intellectual property products rose sharply by 24.7%, with private sector spending showing particularly strong growth. Costs of ownership transfer increased markedly by 38.9% as the number of property transactions bounced back strongly. These more than offset the weak performance in the expenditure on building and construction, which turned to a decline of 9.4%. Meanwhile, overall business sentiment has improved visibly since the second half of 2025 (See *Box 1.1* on business sentiment in Hong Kong).

Box 1.1

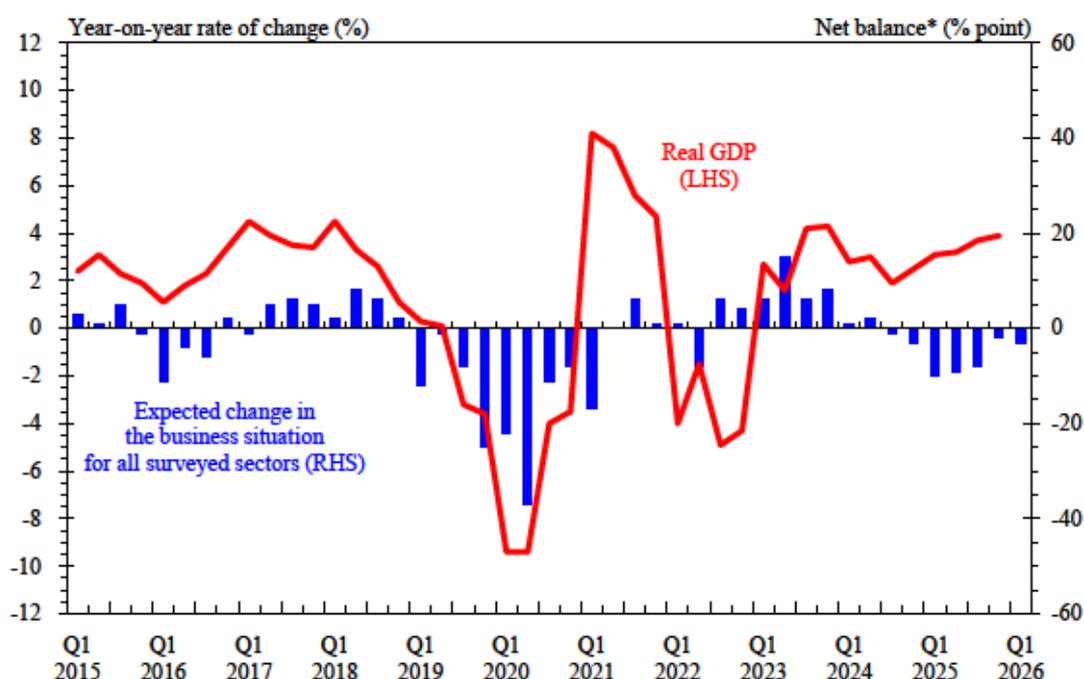
Business sentiment in Hong Kong

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 has improved visibly since the second half of 2025.

According to the results of the Census and Statistics Department (C&SD)'s Quarterly Business Tendency Survey (QBTS)⁽¹⁾, business sentiment among large enterprises in Hong Kong as shown in the latest two rounds of survey (conducted during 2 September 2025 to 10 October 2025 and during 1 December 2025 to 9 January 2026 respectively) improved markedly compared with those conducted earlier in 2025 (*Chart 1*). According to the latest survey, the proportion of large enterprises expecting their business situation to improve in the first quarter of 2026 over the previous quarter was smaller than the proportion of those expecting the situation to worsen by 3 percentage points (i.e. a net balance of -3). The reading was broadly similar to the net balance of -2 in the previous round, and was notably higher than those in the earlier rounds in 2025, which ranged from -10 to -8.

Business sentiment of large enterprises for the first quarter of 2026 showed diverse views across sectors regarding their business situation compared with the previous quarter (*Table 1*). The “financing and insurance” sector was in particular positive about the business outlook, whereas significantly more enterprises in the “construction” and “accommodation and food services” sectors expected their business situation to be worse. As for hiring appetite, the latest overall situation showed some slight easing compared with the previous round, yet broadly similar to the situation in early 2025 (*Table 2*).

Chart 1 : Business sentiment among large enterprises improved markedly compared to the situation earlier in 2025



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 diverse views across sectors regarding their business situation

QBTS: Expected changes in business situation						
	Net balance* (% point)					
	2024	2025				2026
	Q4	Q1	Q2	Q3	Q4	Q1
Manufacturing	-19	-22	-20	-2	-15	-15
Construction	-12	-14	-16	-22	-24	-23
Import/export trade and wholesale	-8	-15	-19	-18	-11	-12
Retail	-19	-31	+4	-14	+14	-1
Accommodation and food services	-3	-36	-37	-16	+10	-22
Transportation, storage and courier services	-1	-27	-25	-31	-11	-13
Information and communications	-5	-11	-17	-9	-16	-8
Financing and insurance	+2	+10	+8	+11	+13	+21
Real estate	+6	-15	-11	+3	+7	-4
Professional and business services	+3	-8	-6	-14	-9	-12
All sectors above	-3	-10	-9	-8	-2	-3

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 : Overall hiring sentiment of large enterprises showed some slight easing

QBTS: Expected changes in number of persons engaged						
	Net balance* (% point)					
	2024	2025				2026
	Q4	Q1	Q2	Q3	Q4	Q1
Manufacturing	+3	+4	-2	+4	+15	+10
Construction	-7	-12	-12	-6	-9	-26
Import/export trade and wholesale	+4	-4	+1	-6	0	+3
Retail	+2	0	+1	0	-12	-4
Accommodation and food services	-7	-5	-22	-7	+5	+6
Transportation, storage and courier services	+10	-2	+6	+9	+7	-19
Information and communications	-4	-7	-3	-13	-1	-4
Financing and insurance	+5	+9	+6	+4	+2	+7
Real estate	+9	-1	+15	+10	+11	+10
Professional and business services	-3	-5	-3	-6	-10	-13
All sectors above	+1	-3	-2	-2	-1	-4

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 was on a general upward trend since mid-2025 and reached a 21-month high in December 2025, though easing somewhat in January 2026 (*Chart 2a*). The employment sentiment among SMEs indicated a general improvement in the past six months or so compared with the situation in the earlier part of 2025, and credit conditions stayed accommodative. Meanwhile, the Standard Chartered Hong Kong SME Leading Business Index⁽³⁾ reached a high of the year in the fourth quarter of 2025 before easing somewhat in the first quarter of 2026, yet the reading remained higher than the first three quarters of 2025.

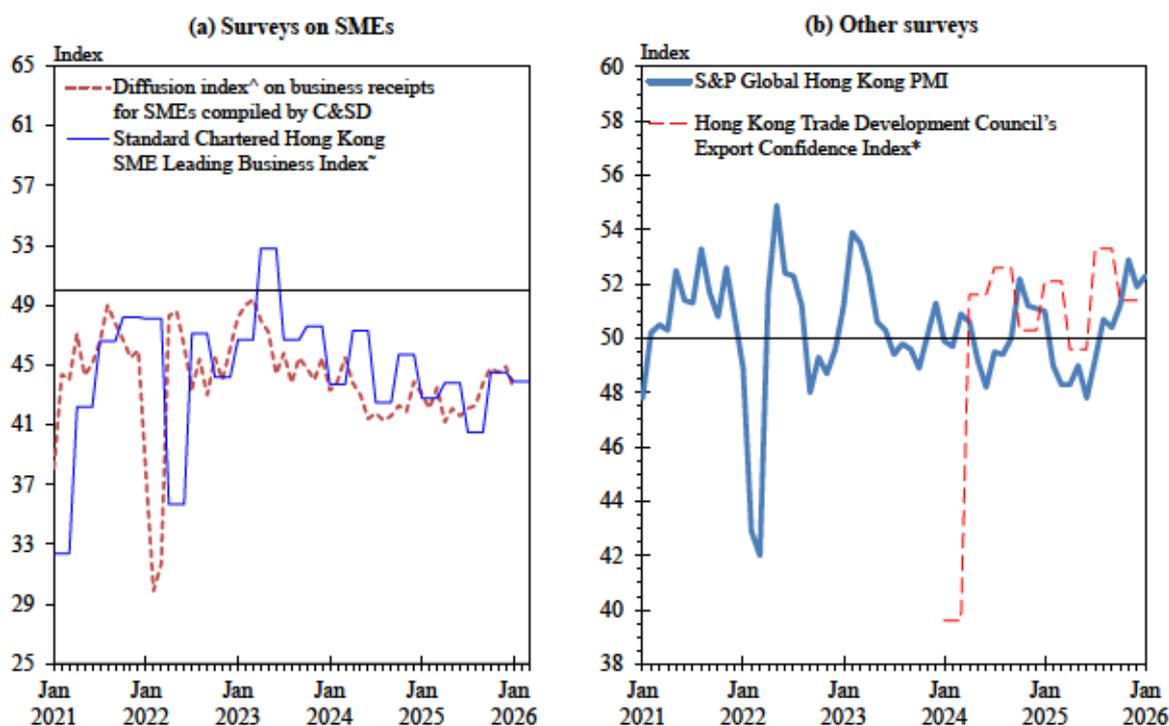
As for other surveys in the public domain, the S&P Global Purchasing Managers' Index (PMI) of Hong Kong⁽⁴⁾, which gauges the performance of the private sector's business activity, stayed above the boom-bust line for six consecutive months and rose to 52.3 in January 2026 (*Chart 2b*). The Hong Kong Trade Development Council (HKTDC) Export Confidence Index⁽⁵⁾, which is compiled based on the information collected earlier during 17 October to 7 November 2025, indicated expectation of continued positive expansion prospects.

(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.

(3) Conducted independently by Hong Kong Productivity Council, the quarterly survey enables the public and SMEs to gain insights into the forthcoming business climate for better forward planning. The Overall Index comprises five areas, including local SMEs' outlook on "Recruitment Sentiment", "Investment Sentiment", "Business Condition", "Profit Margin", and "Global Economy" for the next quarter.

Box 1.1 (Cont'd)

Chart 2 : Other business sentiment indicators generally continued their positive momentum since the second half of 2025



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.

(*) 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 has improved visibly since the second half of 2025. Looking forward, while there are still uncertainties in the external environment that warrant monitoring, the positive momentum of the Hong Kong economy should help support continued improvement in local business sentiment.

(4) 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.

(5) 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

1.8 The labour market showed signs of stabilisation towards the latter part of 2025. The seasonally adjusted *unemployment rate* retreated slightly to 3.8% in the fourth quarter of 2025 from 3.9% in the previous quarter after trending up from 3.1% in the fourth quarter a year ago. The *underemployment rate* went up to 1.7% in the fourth quarter from 1.1% a year ago. The unemployment rates of many sectors went down in the fourth quarter as compared with the preceding quarter. Employment earnings continued to increase throughout the year.

The asset markets

1.9 The *local stock market* staged a strong performance in 2025. The market was initially boosted by the Mainland's breakthrough development in AI, before experiencing a sharp correction alongside other major markets upon the US' announcement of the so-called "reciprocal tariffs" in early April. Market sentiment subsequently improved and remained positive for the rest of the year amid a thriving technology sector, gradual easing of trade tensions, and US interest rate cuts. The HSI closed the year at 25 631, achieving a notable 27.8% gain for the year as a whole. Trading activities were very active, with the average daily turnover surging by 89.5% to a record high of \$249.8 billion. Fund raising activities thrived. Total equity capital raised leaped by 236.0% to \$645.9 billion in 2025. Within the total, the amount of funds raised through Initial Public Offerings (IPOs) increased by 226.1% to \$286.9 billion. Hong Kong ranked first among stock exchange markets globally in terms of the amount of funds raised through IPOs in 2025.

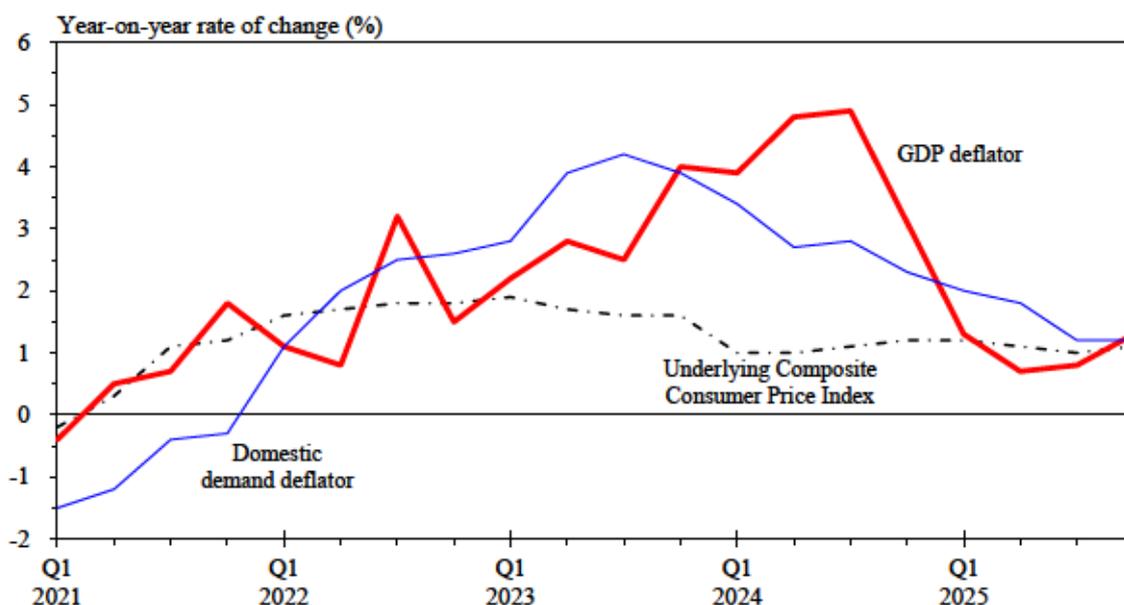
1.10 The *residential property market* showed a visible turnaround in 2025. After a relatively soft first quarter, the market has gained a firmer footing since the second quarter. Momentum started to strengthen more noticeably in the ensuing quarters, buttressed by robust local economic growth, strong performance of the local financial market and the start of interest rate cuts in the US. For 2025 as a whole, the number of transactions, in terms of the total number of sale and purchase agreements for residential property received by the Land Registry, increased further by 18% to a four-year high of 62 832. Overall flat prices reverted to a modest increase of 3% after three years of declines. The index of home purchase affordability increased to around 59% in the fourth quarter as flat prices rose further, above the long-term average over 2005-2024. Overall flat rentals sustained solid performance throughout 2025, rising further by 4% over the year with the overall flat rental index surpassing the 2019 peak. The *non-residential property market* stayed comparatively sluggish in 2025. Prices and rentals across all major market segments remained soft, but trading activities picked up visibly.

Inflation

1.11 Consumer price inflation remained modest throughout 2025. Price pressures on major components were generally soft, as cost pressures on the domestic and external fronts stayed mild, and firms in general remained prudent in raising prices amid the early stage of recovery in local consumption. Netting out the effects of the Government's one-off relief measures, the *underlying Composite Consumer Price Index (Composite CPI)* rose by 1.1% in 2025, same as that in 2024, with the quarterly figures moving within a narrow range between 1.0% and 1.2%. Meanwhile, *headline Composite CPI* rose by 1.4% in 2025, as compared with 1.7% in 2024. The somewhat higher headline inflation rate than its underlying counterpart in 2025 was mainly due to the smaller amount of electricity charges subsidy and lower rates concession offered by the Government compared with the preceding year.

1.12 As a broad measure of the overall change in prices in the economy, the increase in the *GDP deflator* slowed to 1.0% in 2025 from 4.2% in 2024. The *terms of trade* turned to a slight decrease of 0.3% in 2025, following a 0.7% increase in the preceding year. Taking out the external trade components, the domestic demand deflator also saw a decelerated increase of 1.5% in 2025, after rising by 2.8% in the preceding year.

Diagram 1.4 : Consumer price inflation remained modest throughout 2025



Net output of major economic sectors

1.13 The statistics of net output of major economic sectors are only up to the third quarter of 2025. For the first three quarters of 2025 combined, the net output of the services sector increased by 3.0% year-on-year in real terms, further to the 2.3% annual increase in 2024. Most major services sectors saw improvement in net output for the first three quarters combined. In particular, import and export trade and financing and insurance registered visibly accelerated growth in net output, and most other sectors showed mild to moderate growth. Net output of wholesale and retail trades and accommodation and food services continued to decline, but the extents of decline narrowed. Yet, the net output of real estate turned to a decline. As for the secondary sector, the net output of the manufacturing sector saw somewhat faster growth, but that of the construction sector turned to decline.

Table 1.3 : Net output of major economic sectors

	Share of GDP# (%)	Year-on-year rate of change in real terms (%)				
		<u>2024</u>	<u>2024</u>	<u>2025</u>		
				<u>Q1-Q3</u>	<u>Q1</u>	<u>Q2</u>
Manufacturing	1.0	0.8	2.4	0.7	0.9	5.3
Construction	4.3	4.5	-8.2	-4.9	-10.8	-8.7
Services	93.6	2.3	3.0	2.4	3.5	3.1
Import/export, wholesale and retail trades	17.2	0.9	5.2	4.2	6.4	5.2
Import and export trade	14.8	2.9	6.2	6.3	7.3	5.2
Wholesale and retail trades	2.4	-9.8	-1.3	-9.1	0.2	4.6
Accommodation and food services	2.0	-1.8	-1.3	-2.5	-0.4	-0.9
Transportation, storage, postal and courier services	6.1	10.7	3.3	2.6	5.5	2.2
Transportation and storage	5.9	11.4	3.4	2.6	5.7	2.4
Postal and courier services	0.3	-1.2	1.2	2.4	2.2	-1.2
Information and communications	3.3	1.8	0.6	1.0	0.2	0.6
Financing and insurance	26.2	1.3	4.8	3.7	5.2	5.4
Real estate, professional and business services	8.2	2.2	-0.5	-0.5	-0.8	*
Real estate	3.1	3.2	-3.1	-4.2	-4.6	-0.6
Professional and business services	5.1	1.7	1.2	1.8	1.4	0.3
Public administration, social and personal services	20.5	3.3	2.2	2.0	2.6	2.1

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

(#) Percentage share of nominal GDP at basic prices. Only annual figures are available.

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

Other economic developments

1.14 The 2025 Policy Address set clear goals and an actionable blueprint to accelerate Hong Kong's economic and social development, promote Hong Kong's full integration into the overall national development, and strengthen Hong Kong's role in international cooperation. It focused on two key pillars – economic development and livelihood improvement – supported by short, medium, and long-term policies. Some major economic measures include:

- Accelerating the development of the Northern Metropolis;
- Promoting industry development and reform, including the introduction of preferential policy packages to attract more enterprises;
- Consolidating Hong Kong's traditional strengths and enhancing its status as an international hub for finance, trade, shipping, aviation and international legal and dispute resolution services centre;
- Promoting the integrated development of education, technology and talents, with a view to building rich talent resources, knowledge reserve, and capacities for scientific and technological innovation, thereby enhancing Hong Kong's competitiveness; and
- Advancing the integrated development of culture, sports and tourism, generating fresh economic momentum and raising Hong Kong's global appeal.

1.15 Hong Kong's strengths and competitiveness in multiple aspects have been well recognised internationally and witnessed improvement in various rankings in 2025. Hong Kong continued to rank as the world's freest economy in the Fraser Institute's *Economic Freedom of the World 2025 Annual Report*. Meanwhile, in the *World Competitiveness Yearbook 2025* published by the International Institute for Management Development (IMD), Hong Kong's ranking rose for the second consecutive year to third place globally. This marked Hong Kong's return to the global top three for the first time since 2019. On finance, Hong Kong's ranking maintained at third place globally and first place in Asia Pacific in the *Global Financial Centres Index 38 Report* published by Z/Yen and the China Development Institute, and the rating gaps with first place (New York) and second place (London) narrowed amid an increase in Hong Kong's overall rating. On innovation and digital development, Hong Kong's ranking rose by three places to fourth globally in the IMD's *World Digital Competitiveness Ranking 2025*. In the *Global Innovation Index (GII) 2025* published by the World Intellectual Property Organization, the Shenzhen-Hong Kong-Guangzhou cluster ranked first among the top 100 innovation clusters, and Hong Kong's ranking in the GII 2025 rose by three places to 15th globally. In the IMD's *World Talent Ranking 2025*, Hong Kong's ranking leapt markedly to fourth globally from ninth in the previous year, marking the highest-ever ranking and moving to the top spot in Asia.

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 : ECONOMIC OUTLOOK FOR 2026 AND THE MEDIUM TERM

Summary

- *The global economy is expected to see steady growth in 2026, continuing to display resilience amidst ongoing supply chain re-alignment and acceleration in artificial intelligence (AI)-related applications and investments. Meanwhile, the Chinese Mainland economy is expected to sustain stable, high-quality growth, providing continued support to the global economy. Further interest rate cuts by the US Federal Reserve (Fed) would also be supportive of global financial conditions. Nevertheless, risks to the global outlook remain tilted to the downside, in particular potential escalation of geopolitical tensions, renewed increases in tariffs and other trade protectionism measures, high public debt levels in major economies, and a retrenchment in AI-related investment triggered by sharp equity market corrections could possibly weigh on global growth.*
- *Overall, the near-term outlook of the Hong Kong economy is cautiously optimistic. The economy is forecast to grow by 2.5% to 3.5% in 2026, after expanding by 3.5% in 2025.*
- *External trade is expected to continue to be the key growth driver. Hong Kong's total exports of goods should see further decent growth in 2026, following the stellar performance in 2025, underpinned by strong global demand for AI-related electronic products and partial easing of trade tensions. As for exports of services, while exports of trade-related services would be supported by sustained growth in merchandise trade, further improvement in cross-border connectivity and relevant supportive measures are expected to boost visitor flows to Hong Kong and services activities in 2026. Cross-border financial and business activities would benefit from easing global financial conditions, buoyant financial market activities and deepening market access.*
- *More resilient domestic demand will lend support to economic growth. The momentum of gradually improving consumer confidence and business sentiment would support local consumption and investment. The US interest rate cuts since September 2025 and the anticipated further monetary easing this year should also bolster asset market sentiment and be conducive to fixed asset investment and, coupled with sustained growth in employment income, would continue to underpin private consumption.*
- *Underlying consumer price inflation should remain mild in 2026. With continued economic expansion and a stabilising labour market, local cost pressures from rentals and wages may edge up, yet should remain contained.*

Imported inflation should stay moderate, as the global disinflation process continues and supply chains remain resilient in mitigating the pass-through of external price shocks. Underlying Composite Consumer Price Index (CPI) inflation is forecast at 1.7% in 2026, compared with 1.1% in 2025.

- *The medium-term outlook for the Hong Kong economy remains positive. Asia, especially the Chinese Mainland, will remain a key engine of global economic growth. In the international arena, the global trends in supply chains reconfiguration, the push for digital transformation and sustainability will provide substantial opportunities for different segments of the Hong Kong economy.*
- *In the Chinese Mainland, the Recommendations of the Central Committee of the Communist Party of China for Formulating the 15th Five-Year Plan for National Economic and Social Development (2026-2030) (the recommendations for the 15th Five-Year Plan) outlined priorities on high-quality and innovation-driven growth, industrial upgrading, green transition, and boosting domestic demand in navigating global challenges. These priorities also set strategic directions for the Hong Kong's economy, which will be key impetus for future economic growth.*
- *Locally, the acceleration in the development of the Northern Metropolis, rising presence of companies from various strategic industries, as well as strong talent inflow will empower different segments of the economy and support Hong Kong's sustainable and high-quality economic development.*
- *The Hong Kong economy is expected to grow by 3% per annum from 2027 to 2030. The trend rate of underlying Composite CPI inflation is forecast at 2% per annum over the same period.*

Global economic outlook

2.1 The global economy is expected to see steady growth in 2026 amidst ongoing supply chain re-alignment and acceleration in AI-related applications and investments. Global trade tensions have eased somewhat after the US reached preliminary bilateral agreements with a number of major economies since May 2025 and reached consensus with China on major trade issues in late October. Besides, sustained global demand for new technologies such as AI is expected to further drive trading activities in electronics-related products and related services, and the associated financing needs for firms, thereby stimulating fundraising, investment and secondary-market activities in the financial markets. Further interest rate cuts by the US Fed are anticipated, which would be supportive of global financial conditions. The International Monetary Fund (IMF) in January slightly revised up its forecast for global economic growth to 3.3% for 2026, the same as the estimated growth for 2025.

2.2 Nevertheless, downside risks still prevail. The international environment remains complicated. International trade policies are increasingly fragile due to rising protectionism in some major economies. Moreover, the pace of further Fed rate cuts is still uncertain. A slower-than-expected monetary easing by the Fed, or a reassessment by the market of profitability growth prospects about new technologies, could trigger financial market gyrations and dampen global growth prospects if any of these risks materialised. In contrast, more aggressive monetary easing in major advanced economies facilitated by disinflation, or rapid AI adoption that translates into durable productivity gains, or a more pronounced easing in trade tensions, if any of which realised, could provide some upside potential to global growth prospects.

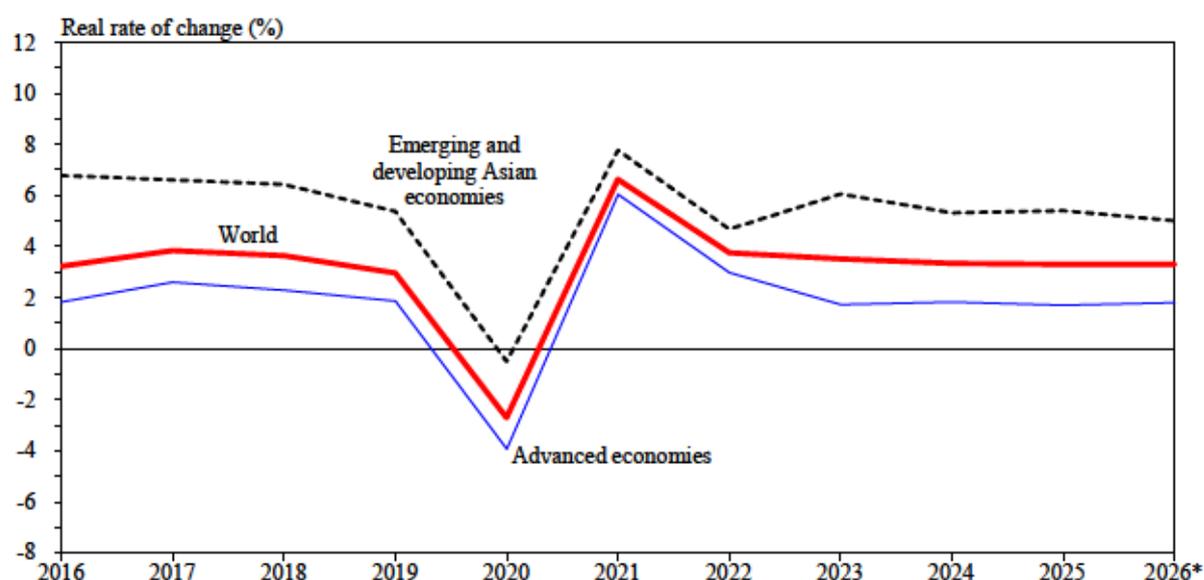
2.3 The Chinese Mainland economy is expected to sustain stable growth in 2026, after expanding solidly by 5.0% in 2025 and meeting the target set at the beginning of the year. The annual Central Economic Work Conference held in December 2025 called for the continuous implementation of a more proactive fiscal policy and an appropriately accommodative monetary policy stance to expand domestic demand, and optimise supply in 2026. Earlier this year, the People's Bank of China cut interest rates on all structural monetary policy tools by 25 basis points. Policy support focuses on enhancing domestic demand and fostering new technology sectors should enable the Chinese Mainland economy to attain stable growth in 2026.

2.4 As for the major advanced economies, the IMF projected in January that the US economy will grow by 2.4% in 2026, after an estimated expansion of 2.1% in 2025, supported by fiscal policy, a lower policy interest rate, waning

impacts from higher trade barriers, as well as robust technology-related investment and its positive spillovers. With CPI inflation broadly in check, the Fed cut interest rates three times by a total of 75 basis points from September 2025. The Fed’s further monetary easing this year is widely anticipated by the market. The extension of tax breaks and other measures announced in mid-2025 should also render support to the economy. On trade policy, ongoing legal disputes over tariff measures, multiple ongoing trade investigations, and potential policy shifts amid US mid-term elections will continue to pose uncertainties. As for the euro area, growth is expected to remain steady in 2026. Germany, France and Italy are expected to pick up somewhat, and Spain continues to show resilience, reflecting reduced trade policy uncertainty and lower energy prices. Inflation in the region has remained stable and close to the European Central Bank’s target. The market generally expects the policy interest rate to remain unchanged in the near term. The IMF projected in January that the euro area economy would grow modestly further by 1.3% in 2026, after growing by 1.5% in 2025.

2.5 Other Asian economies should sustain strong growth momentum in 2026, on the back of positive merchandise exports outlook and solid domestic demand. Most of these economies have reached preliminary trade agreements with the US, and sustained global demand for electronic products is expected to render support to their export performances. The IMF projected in January that the ASEAN-5 to grow by 4.2% in 2026, the same as the estimated growth in 2025. India is to expected to expand by 6.4% in fiscal year 2026/27, after an estimated growth of 7.3% in the preceding year.

Diagram 2.1 : The global economy is expected to see steady growth in 2026



Source : IMF World Economic Outlook Update, January 2026.
 Note : (*) Forecasts from the IMF.

Table 2.1 : Growth forecasts for major economies in 2026

	2026			
	<u>2025*</u> (%)	<u>IMF*</u> (%)	<u>UN@</u> (%)	<u>Private sector forecast^</u> (%)
World (PPP### weighted)	3.3	3.3	3.1	-
Advanced economies	1.7	1.8	-	-
US	2.1	2.4	2.0	2.4
Euro area	1.5#	1.3	1.1	1.1
UK	1.4	1.3	1.1	1.0
Japan	1.1	0.7	0.9	0.8
Emerging market and developing economies	4.4	4.2	-	-
Emerging and developing Asia	5.4	5.0	-	-
The Chinese Mainland	5.0#	4.5	4.6	4.6
India	7.3~	6.4~	6.6	6.6~
ASEAN-5\$	4.2	4.2	-	-
Middle East and Central Asia	3.7	3.9	-	-

Notes : (*) IMF World Economic Outlook Update, January 2026.
 (@) United Nations World Economic Situation and Prospects, January 2026.
 (^) Average forecasts as of January 2026.
 (-) Not available.
 (#) Actual figures.
 (##) PPP refers to purchasing power parity.
 (~) Fiscal year.
 (\$) Includes Indonesia, Malaysia, the Philippines, Singapore and Thailand.

World inflation and global commodity prices

2.6 Global inflation is expected to continue to decline in 2026. Global inflation broadly eased in 2025, partly driven by lower energy prices, though with variation across economies. Higher US tariffs and the countermeasures by their trading partners have posed limited upward pressure on global inflation so far, as their impact has been partly offset by earlier stockpiling and by absorption along the supply chains to a certain extent. Looking ahead, the global disinflation process will likely continue in 2026, but the possible feed-through of higher trade barriers to consumers or any supply shocks could reverse the trend. According to the IMF's latest projections, global headline inflation is forecast to fall from about 5.8% in 2024 to 4.1% in 2025 and further to 3.8% in 2026, with inflation in advanced economies moving closer to central bank targets at varying speeds.

2.7 In 2025, North Sea Brent crude oil prices declined by 15.7%, from US\$ 73.1 per barrel in December 2024 to US\$ 61.7 per barrel in December 2025, despite various episodes of geopolitical tensions in oil producing regions, as

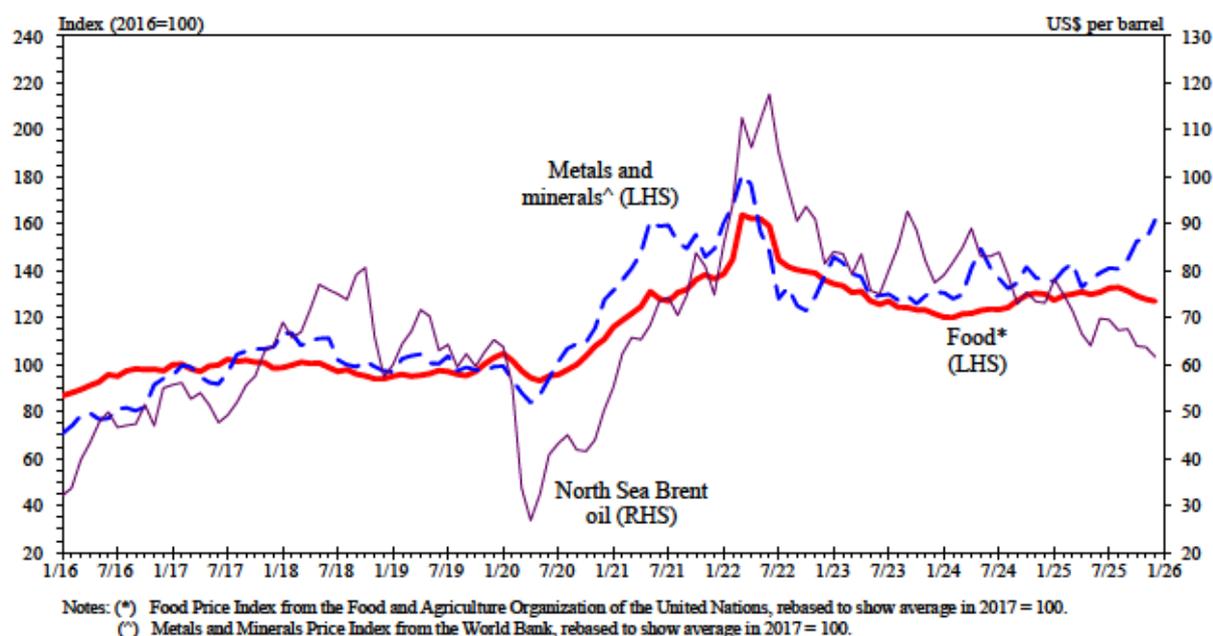
increased oil production outpaced demand. Looking ahead, according to the January projection of the International Energy Agency, global oil demand growth is forecast to be on average 930 000 barrels per day and world oil supply growth is projected to be well larger at 2.5 million barrels per day. As the situation of supply in excess of demand will further widen in 2026, international crude oil prices are likely to continue under pressure.

2.8 Global food prices rose by an average 4.3% in 2025. Food prices are projected to stay largely unchanged in 2026 as supply growth keeps pace with demand, according to the World Bank’s projections in October 2025.

2.9 In 2025, base metals prices firmed by 7.1% amid tariff-related distortions and resilient demand in major economies. Overall, base metal prices are projected to remain broadly stable in 2026, according to the World Bank’s projections.

2.10 Precious metals prices such as gold and silver surged by 43.5% in 2025, fuelled by robust investment demand, geopolitical tensions, and policy uncertainty. Gold prices are projected to continue to rise moderately in 2026, according to the World Bank’s projections, amid rising precautionary demand and expectations of further US monetary easing.

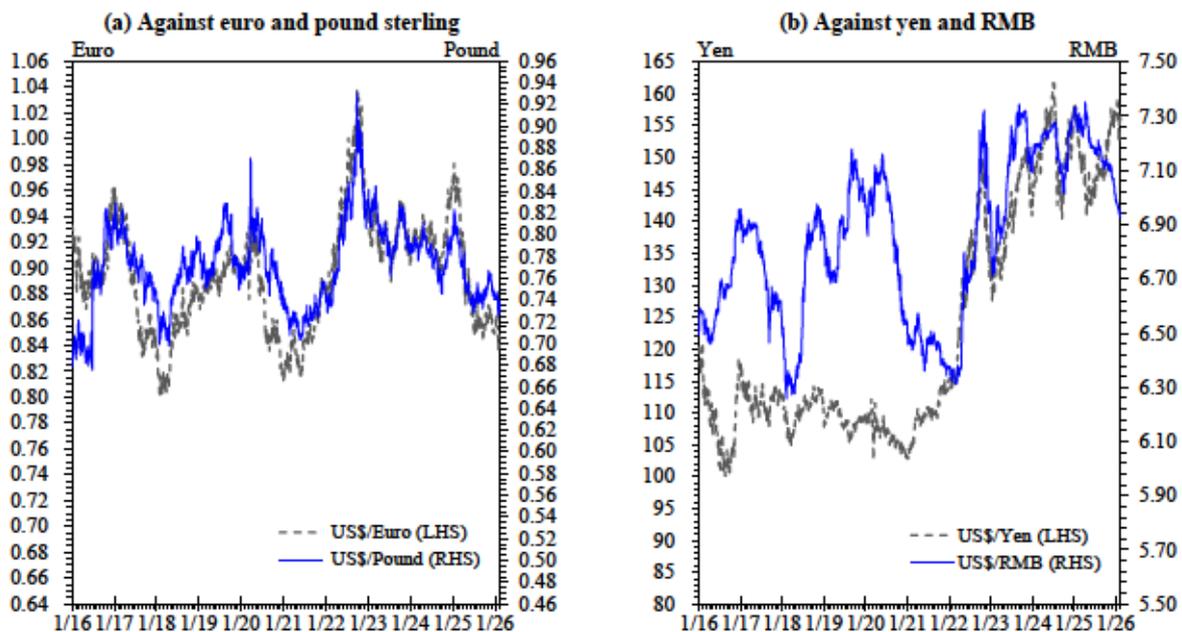
Diagram 2.2 : The outlook for international commodity prices, for oil in particular, is subject to uncertainties



Exchange rate movements

2.11 The US dollar weakened against most major currencies through 2025 amid interest rate cuts by the US Fed in the later part of the year. Under the Linked Exchange Rate System, the Hong Kong dollar also depreciated along the US dollar against other currencies of our major trading partners. The nominal trade-weighted effective exchange rate index fell by 3.2% in December 2025 over a year earlier. While the prevailing market expectations generally point to continued US dollar softness in 2026, the direction of exchange rate movements will continue to hinge on the monetary policy decisions of major central banks, relative economic growth performances of major economies, and geopolitical developments.

Diagram 2.3 : Exchange rate movements in 2026 will continue to hinge on the policy path of major central banks and relative growth performance across major economies

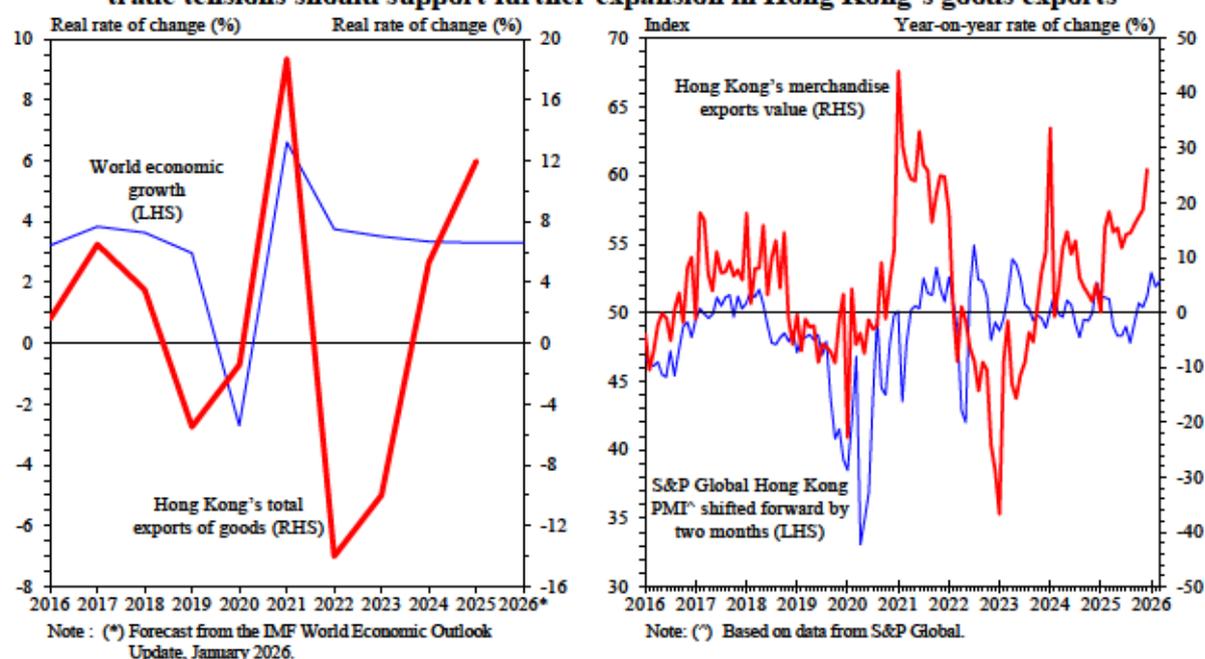


Outlook for the Hong Kong economy in 2026

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

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

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



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

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

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

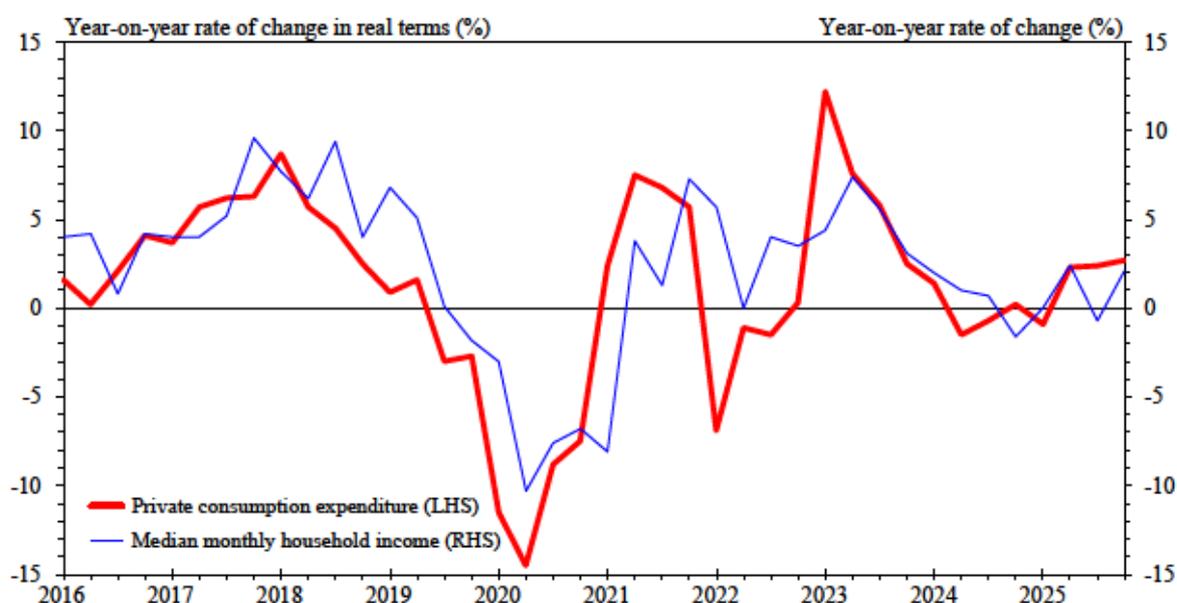
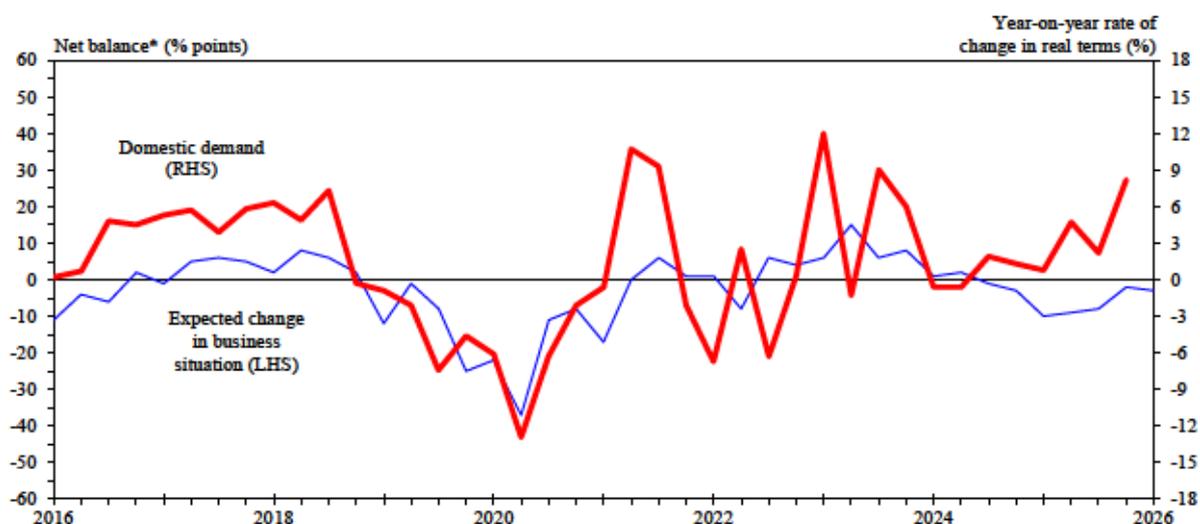


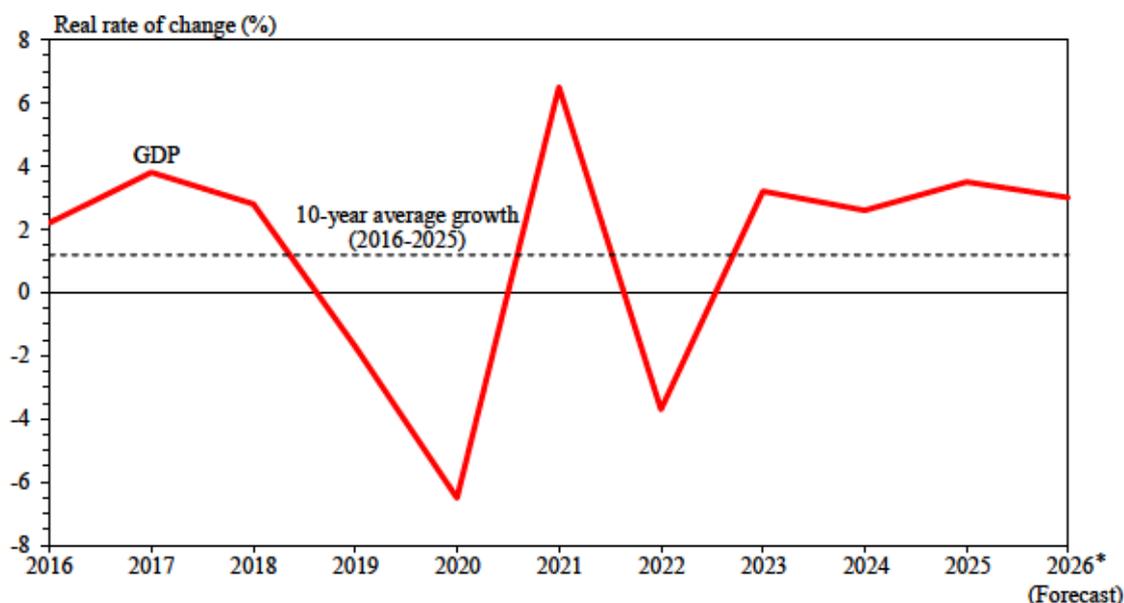
Diagram 2.6 : Business sentiment generally improved in recent quarters



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

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

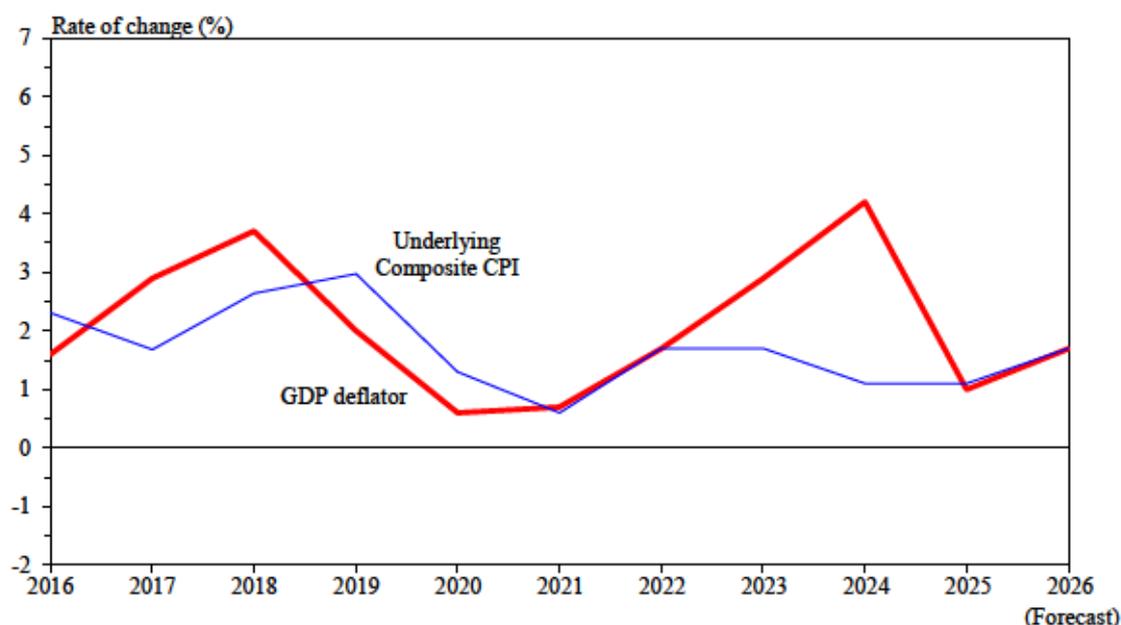
Diagram 2.7 : Real GDP is forecast to grow by 2.5% to 3.5% in 2026



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

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

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



Forecast rate of change in 2026 (%)

Gross Domestic Product (GDP)

<i>Real GDP</i>	2.5 to 3.5
<i>Nominal GDP</i>	4.2 to 5.2

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

Underlying Composite CPI	1.7
---------------------------------	------------

GDP Deflator	1.7
---------------------	------------

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

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

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

Medium-term outlook for the Hong Kong economy

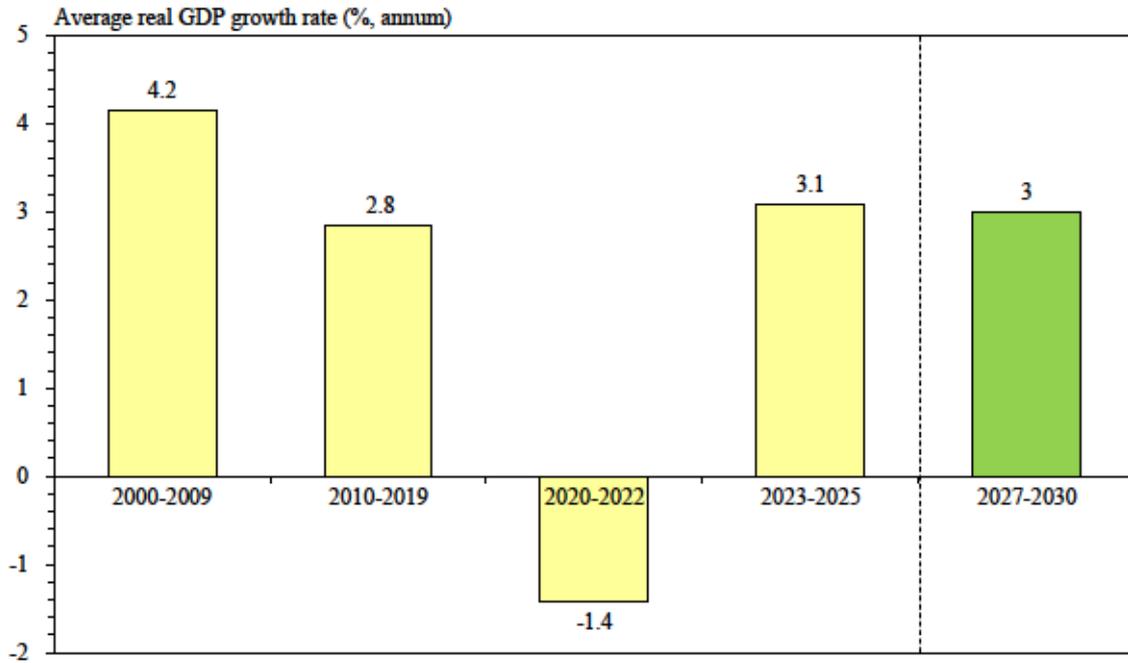
2.18 The medium-term outlook for the Hong Kong economy remains positive. Asia, especially the Chinese Mainland, will remain a key engine of global economic growth. In the international arena, the global trends in supply chains reconfiguration, the push for digital transformation and sustainability will provide substantial opportunities for different segments of the Hong Kong economy.

2.19 In the Chinese Mainland, according to the recommendations for the 15th Five-Year Plan (2026-2030) released in October 2025, the Chinese Mainland's per capita GDP is targeted to be on a par with that of a mid-level developed country by 2035. The document outlined priorities on high-quality and innovation-driven growth, industrial upgrading, green transition, and boosting domestic demand in navigating global challenges. As for promoting the long-term prosperity and stability of Hong Kong, the document, amongst others, mentioned consolidating and enhancing its status as an international financial, shipping, and trade centre, supporting it in developing into an international innovation and technology centre, and support it in building itself into an international hub for high-calibre talent. These priorities set strategic directions for the Hong Kong economy and strengthen our role and functions in better integrating into and contributing to the country's overall development, which will be key impetus for future economic growth. In an evolving international environment, Hong Kong's unique roles as a "super connector" and a "super value-adder" between the Chinese Mainland and the world have become even more prominent. It will continue to draw on its distinctive institutional strengths under the "One Country, Two Systems", and serve as a gateway for attracting capital, enterprises and talent and a strategic platform for Chinese Mainland enterprises to "go global". It will proactively align with the national 15th Five-Year Plan and seize the opportunities arising from the country's development.

2.20 Locally, the acceleration in the development of the Northern Metropolis, rising presence of companies from various strategic industries, as well as strong talent inflow will empower different segments of the economy and support Hong Kong's sustainable and high-quality economic development.

2.21 Considering the above factors, the Hong Kong economy is expected to grow by 3% per annum in real terms from 2027 to 2030, broadly similar to the average annual growth of 3.1% in 2023-25, the post COVID-19 recovery years. The trend rate of underlying Composite CPI inflation in Hong Kong from 2027 to 2030 is forecast at 2% per annum.

Diagram 2.9 : Medium-term trend growth forecast at 3% per annum



Note : The Hong Kong economy recorded a trend contraction for 2020-2022 as the economy was hit by the COVID-19 pandemic.

CHAPTER 3 : THE EXTERNAL SECTOR

Summary

- *The global economy showed steady growth in 2025, notwithstanding that the US increased markedly its trade barriers since early 2025. Across major economies, the Mainland economy continued to grow solidly by 5.0% for the whole year, achieving the official annual growth target. The US economy grew moderately, while the euro area economy grew modestly. Meanwhile, other Asian economies generally saw solid growth momentum on the back of vibrant trading activities.*
- *Hong Kong's merchandise exports increased solidly by 12.8% in real terms⁽¹⁾ in 2025. The robust performance was driven by sustained strong demand for electronic-related products on the back of the massive global investment in artificial intelligence (AI) and other new technologies, as well as buoyant trade flows in the region. For 2025 as a whole, exports to the Mainland posted further double-digit growth. Exports to ASEAN markets soared, and those to most advanced economies in Asia increased by varying degree. Exports to the US recorded accelerated growth, while those to the EU declined.*
- *Exports of services also expanded notably by 6.3% in real terms in 2025. Exports of all major service groups saw growth, mainly supported by sustained growth in inbound tourism and cross-boundary traffic, and vibrant cross-boundary financial service activities.*

Merchandise trade

External environment

3.1 The global economy showed steady growth in 2025, notwithstanding that the US increased markedly its trade barriers since early 2025. Strong investment and trade flows driven by robust demand for AI and other new technologies throughout the year, the easing of global trade tensions in the second half of the year, and the resumption of interest rate cuts by the US Federal Reserve (Fed) since September, all helped support global economic growth. According to the International Monetary Fund, the global economy grew by 3.3% in 2025, on par with the growth in 2024.

3.2 International trade policy underwent sharp and vast changes in 2025. Global trade tensions escalated abruptly in the early part of the year, particularly following the US' announcement of a drastic increase of its trade barriers on almost all trading partners through the so-called "reciprocal tariffs" in April⁽²⁾. Nonetheless, the US soon suspended some of its drastic measures, and held successive trade negotiations with various other economies. As the US concluded bilateral agreements with a number of its trading partners in the ensuing months, and reached consensus with China on major trade issues in late October⁽³⁾, global trade tensions eased gradually in the second half of 2025. By the end of the year, while the US' tariff rates were still visibly higher than a year ago⁽⁴⁾ and there were occasional threats of tariff hikes by the US over various matters, trade tensions in general eased somewhat and short-term uncertainty surrounding trade policy reduced.

3.3 Notwithstanding the external challenges, the Mainland economy continued to grow solidly by 5.0% in 2025, achieving the official annual growth target. Merchandise exports demonstrated remarkable resilience. Following reductions in the reserve requirement ratios and policy rates in May, the authorities also launched in December the national venture capital guidance fund, which was capitalised with RMB 100 billion of central government capital, with a view to increasing support for strategic emerging and future industries.

3.4 As regards the advanced economies, the US economy grew moderately by 2.1% year-on-year in the first three quarters of 2025. Figures show that economic activities continued to see moderate expansion in general heading into the fourth quarter, though the federal government shutdown from the beginning of October to mid-November affected some of the economic activities during the period. Noting the downside risks to the labour market

which outweighed the upside risks to inflation, the Fed cut the target range for the federal funds rate three times by a total of 75 basis points in 2025.

3.5 The euro area economy grew modestly by 1.5% in 2025, following the 0.9% growth in 2024. Merchandise exports registered moderate growth during the year, though monthly data showed considerable volatility in export values. To support the economy amid the heightened global trade tensions at the time, the European Central Bank lowered interest rates four times by a total of 100 basis points in the first half of the year.

3.6 Other Asian economies generally saw solid growth momentum in 2025, on the back of vibrant merchandise trade amid robust global demand for electronic-related products. Specifically, economies of Singapore (5.0%), Taiwan (8.6%) and Vietnam (8.0%) posted accelerated growth for 2025 as a whole. Indonesia (5.1%), Malaysia (4.9%), the Philippines (4.4%) and India (7.8% for first three quarters) also saw robust growth in 2025, while Korea (1.0%) and Japan (1.4% for first three quarters) saw relatively modest growth. In light of external uncertainties, the central banks of Malaysia, Thailand, India, the Philippines, Indonesia and Korea lowered their policy rates by a range of 25 to 125 basis points in 2025. As inflation of Japan was visibly higher than its central bank target most of the year, the Bank of Japan raised its policy rate on two occasions in January and December 2025, by a total of 50 basis point to around 0.75%.

Merchandise exports

3.7 Hong Kong's *merchandise exports* increased solidly by 12.8% in real terms in 2025, a strong pick-up from the 4.9% growth in 2024. Growth momentum strengthened throughout the year, with the year-on-year growth accelerating to 17.2% in the fourth quarter of 2025. The robust performance was driven by sustained strong demand for electronic-related products on the back of the massive global investment in new technologies in particular those related to AI, as well as buoyant trade flows in the region.

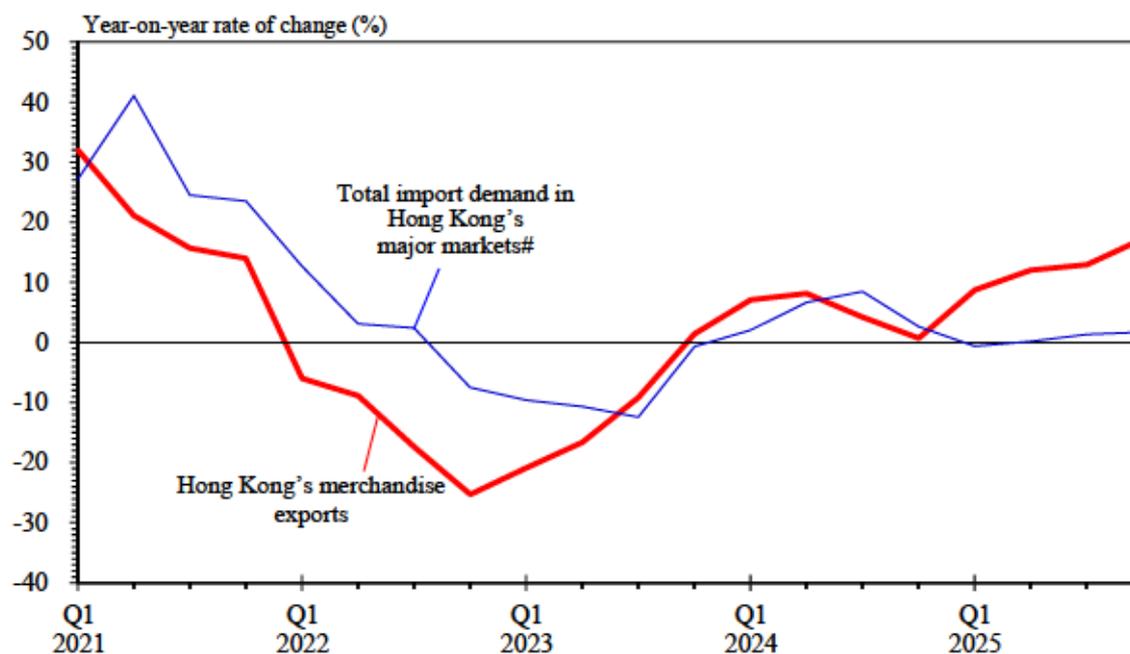
**Table 3.1 : Merchandise exports
(year-on-year rate of change (%))**

		<u>In value terms</u>	<u>In real terms^(a)</u>		<u>Change in prices</u>
2024	Annual	8.7	4.9		3.6
	Q1	11.9	7.1	(-1.7)	4.5
	Q2	12.5	8.1	(2.2)	3.9
	Q3	8.0	4.2	(-0.1)	3.4
	Q4	3.5	0.7	(0.7)	2.9
2025	Annual	15.4	12.8		2.3
	Q1	10.9	8.7	(7.5)	1.9
	Q2	14.0	12.0	(3.1)	1.9
	Q3	15.1	12.9	(0.7)	2.0
	Q4	20.9	17.2	(4.9)	3.1

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

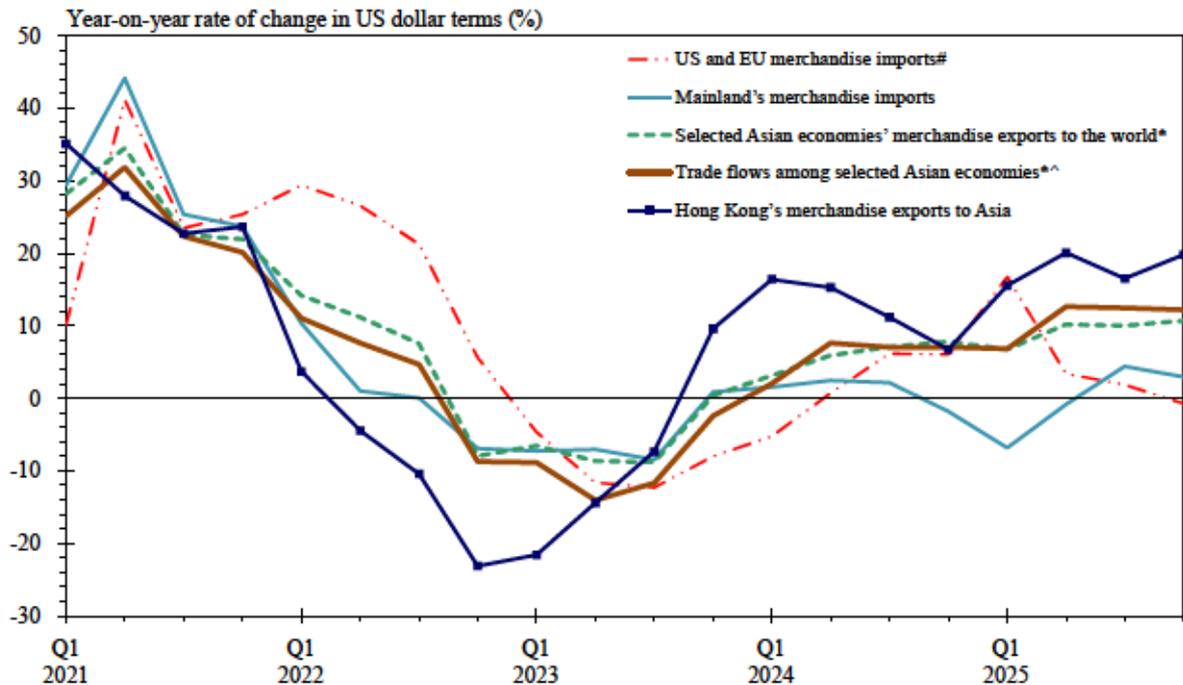
(a) The growth rates here are not strictly comparable with those in the GDP accounts in Table 1.1. Figures in Table 1.1 are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.

Diagram 3.1 : Merchandise exports increased solidly in 2025



- Notes :
- Merchandise exports refer to the year-on-year rate of change in real terms.
 - (#) Total import demand in Hong Kong's major markets refers to the year-on-year rate of change in US dollar terms in the import demand in Asia, the US and the EU taken together, based on information available as of early February 2026.

Diagram 3.2 : Regional trade flows were buoyant in 2025



- Notes :
- (#) Based on the information available as of early February 2026.
 - (*) "Selected Asian economies" include the Mainland, 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".

3.8 Analysed by major market, exports to the Mainland posted further double-digit growth in 2025. Exports to ASEAN markets soared, and those to most advanced economies in Asia increased by varying degree. Exports to the US recorded accelerated growth, while those to the EU declined in the first three quarters but bounced back in the last quarter. Analysed by major product group in value terms, exports of most products showed growth, in particular exports of electrical machinery and related parts, as well as telecommunications and sound recording equipment, sustained strong performance.

**Table 3.2 : Merchandise exports by major market
(year-on-year rate of change in real terms (%))**

	<u>Annual</u>	<u>2024</u>				<u>2025</u>				
		<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
The Mainland	10.4	13.8	12.6	10.8	5.5	14.3	14.3	17.8	11.9	13.5
US	3.2	-0.1	21.0	1.2	-7.9	8.9	2.1	-11.1	5.7	42.4
EU	-1.1	-11.6	-0.4	9.4	-0.8	-3.8	-8.4	-11.0	-4.0	8.5
ASEAN	17.3	15.5	21.7	12.3	19.8	28.6	22.4	25.6	32.9	32.7
Vietnam	25.9	12.2	26.9	24.7	39.0	46.9	65.2	39.5	44.9	41.7
Singapore	2.4	3.5	2.0	-15.1	19.8	3.6	3.6	4.2	19.6	-8.5
India	-17.8	9.5	-20.8	-23.7	-31.2	3.9	-19.0	24.3	14.6	4.2
Japan	-3.9	-3.0	0.6	-3.6	-9.5	11.1	0.5	31.2	2.3	9.7
Taiwan	-2.7	-8.3	8.1	-8.2	-1.5	36.1	33.4	20.7	42.7	48.1
Korea	-9.4	-9.8	-4.7	-14.0	-8.9	-10.0	-9.4	-22.3	-6.8	-0.4
Overall#	4.9	7.1	8.1	4.2	0.7	12.8	8.7	12.0	12.9	17.2

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 3.3 : Exports to the Mainland posted double digit growth and those to ASEAN soared in 2025

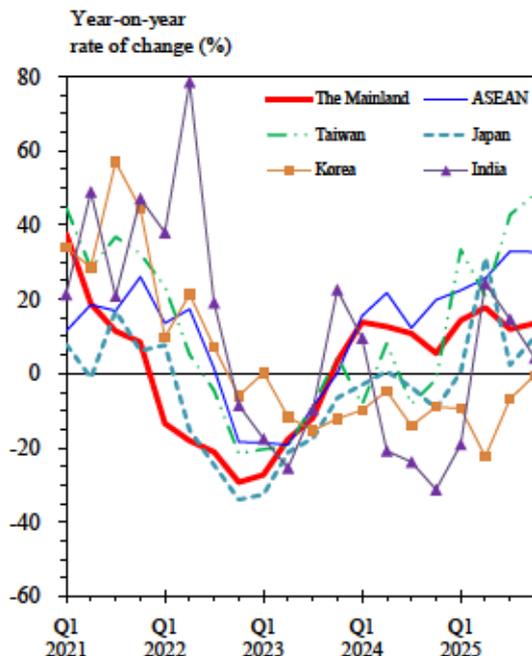
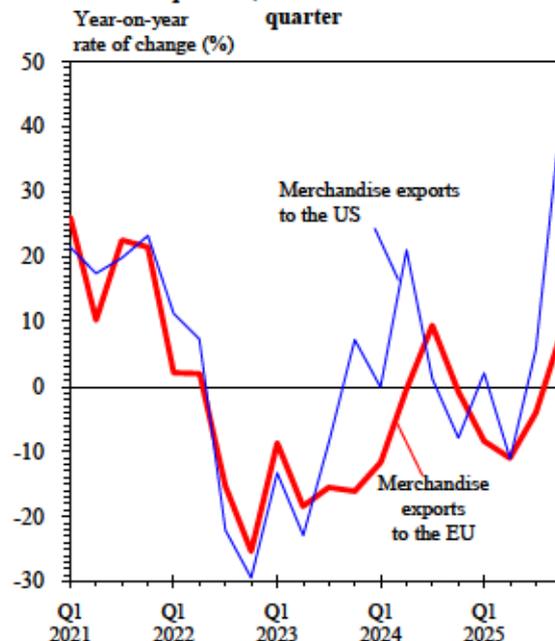


Diagram 3.4 : In 2025, exports to the US recorded accelerated growth; those to the EU declined in the first three quarters, but bounced back in the last quarter



Merchandise imports

3.9 *Merchandise imports* rose by 12.9% in real terms in 2025, also an acceleration from the increase of 2.6% in the preceding year. *Retained imports*, which refer to imports for domestic use and accounted for around one-fifth of merchandise imports, turned to a strong growth of 13.2%.

**Table 3.3 : Merchandise imports and retained imports
(year-on-year rate of change (%))**

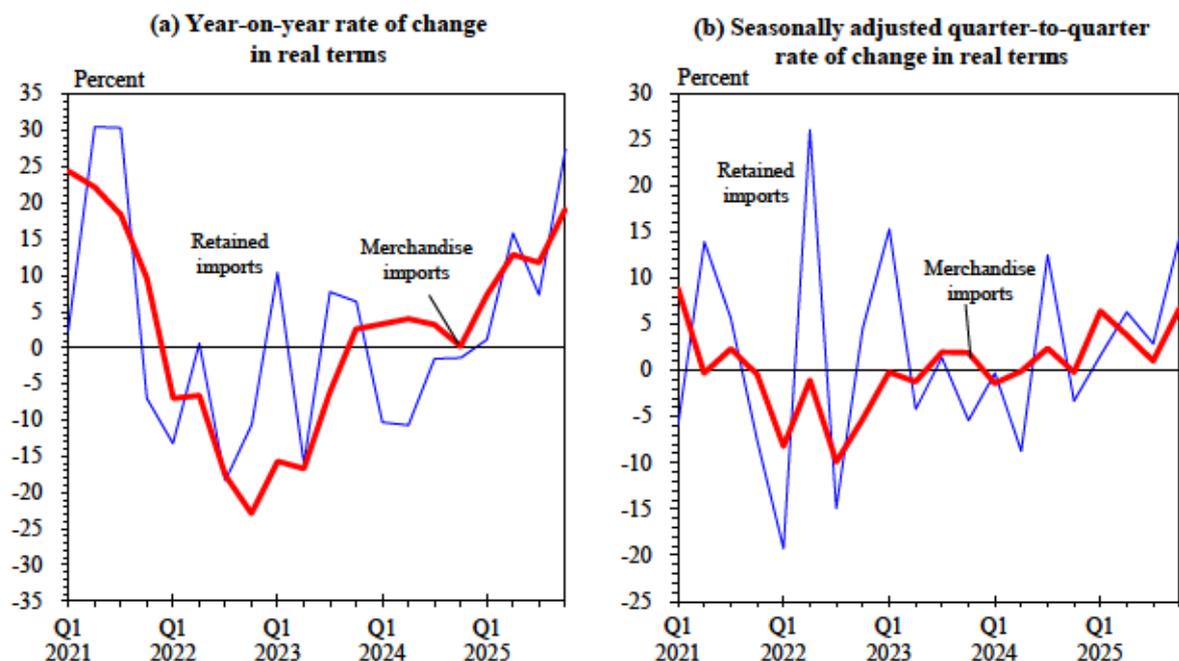
		<u>Merchandise imports</u>			<u>Retained imports^(a)</u>		
		<u>In value terms</u>	<u>In real terms⁽⁺⁾</u>	<u>Change in prices</u>	<u>In value terms</u>	<u>In real terms</u>	<u>Change in prices</u>
2024	Annual	6.0	2.6	3.2	-5.4	-5.9	0.4
	Q1	8.0	3.3 (-1.4)	4.6	-7.1	-10.3 (-0.3)	3.7
	Q2	7.4	4.0 (-0.1)	3.1	-11.8	-10.7 (-8.7)	-1.3
	Q3	6.0	3.2 (2.4)	2.6	-2.7	-1.5 (12.5)	-1.1
	Q4	2.9	0.2 (-0.2)	2.6	-0.4	-1.4 (-3.3)	0.2
2025	Annual	15.5	12.9	2.2	16.1	13.2	2.2
	Q1	9.8	7.3 (6.4)	2.0	4.9	1.1 (1.6)	2.4
	Q2	15.2	12.9 (3.8)	1.9	19.5	15.8 (6.3)	2.5
	Q3	13.9	11.8 (1.0)	1.9	9.3	7.3 (2.9)	1.4
	Q4	22.4	19.1 (6.7)	2.9	29.5	27.4 (14.4)	2.3

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 3.5 : Merchandise imports rose



Services trade

Exports of services

3.10 *Exports of services* also expanded notably by 6.3% in real terms in 2025, an acceleration from the growth of 4.1% in the previous year. Exports of all major service groups saw growth. Specifically, exports of travel and transport services increased visibly further thanks to sustained growth in inbound tourism and cross-boundary traffic. Exports of financial services picked up to expand noticeably, supported by vibrant cross-boundary financial service activities amid advancing global stock markets. Exports of business and other services also grew moderately further.

Diagram 3.6 : Transport and financial services together constituted over half of exports of services

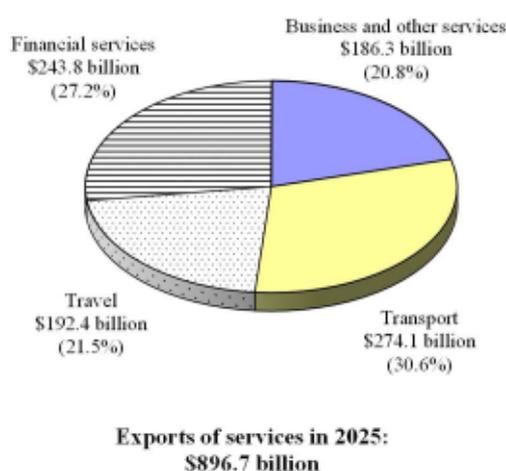


Diagram 3.7 : Exports of services expanded notably in 2025

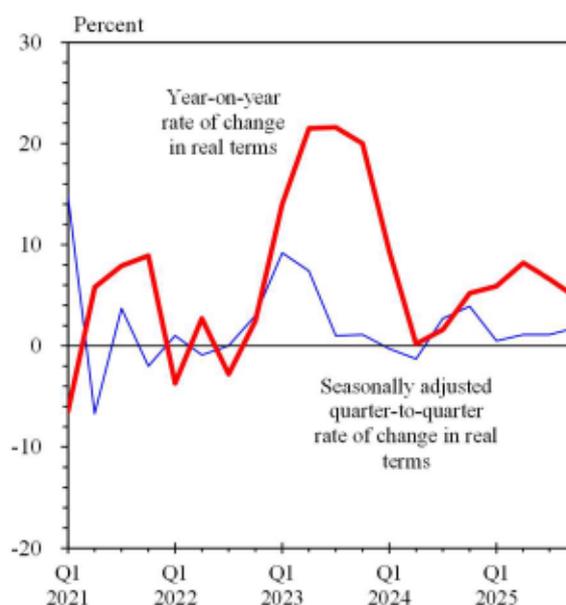


Table 3.4 : Exports of services by major service group (year-on-year rate of change in real terms (%))

		<i>Of which :</i>				
		<u>Exports of services</u>	<u>Transport</u>	<u>Travel^(a)</u>	<u>Financial services</u>	<u>Business and other services</u>
2024	Annual	4.1	3.7	6.9	3.7	2.2
	Q1	9.3	(-0.3)	8.5	41.1	0.5
	Q2	0.2	(-1.3)	2.4	-9.2	2.5
	Q3	1.6	(2.7)	1.9	-3.5	3.4
	Q4	5.2	(3.9)	2.6	5.9	2.5
2025	Annual	6.3	5.9	9.5	7.4	2.2
	Q1	5.9	(0.5)	5.5	8.9	3.6
	Q2	8.2	(1.1)	6.4	14.5	3.5
	Q3	6.6	(1.1)	5.2	8.8	1.1
	Q4	4.8	(1.8)	6.6	10.8	1.0

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*.

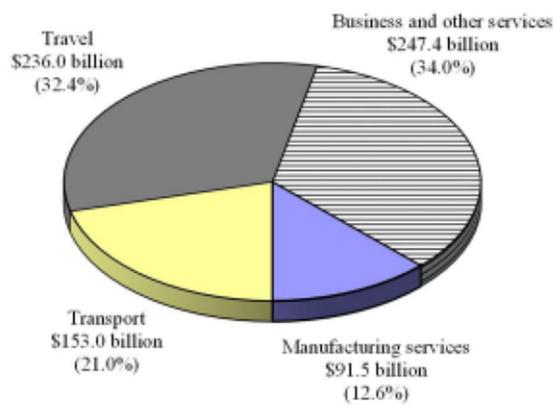
(a) Comprising mainly inbound tourism receipts.

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

Imports of services

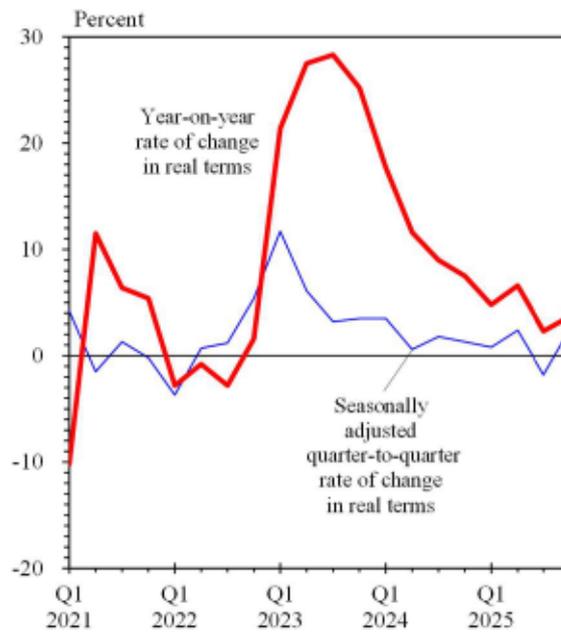
3.11 *Imports of services* rose by 4.3% in real terms in 2025, after growing by 11.3% in the previous year. Imports of travel services, transport services, manufacturing services, and business and other services rose by varying degree.

Diagram 3.8 : Business and other services and travel together constituted over 60% of imports of services



Imports of services in 2025:
\$727.9 billion

Diagram 3.9 : Imports of services rose in 2025



**Table 3.5 : 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	11.3	28.6	0.2	7.6	5.6
	Q1	17.7 (3.5)	61.3	5.3	8.1	2.4
	Q2	11.6 (0.6)	26.2	-0.8	9.9	7.3
	Q3	9.0 (1.8)	19.5	-1.1	9.5	6.4
	Q4	7.5 (1.3)	17.3	-2.7	3.4	6.8
2025	Annual	4.3	4.2	1.9	5.0	5.5
	Q1	4.8 (0.8)	3.0	1.3	2.6	9.4
	Q2	6.6 (2.4)	7.4	5.1	7.0	6.4
	Q3	2.3 (-1.8)	1.3	-1.1	4.0	4.6
	Q4	3.7 (2.5)	5.1	2.8	6.4	1.7

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.

Goods and services balance

3.12 Based on the GDP compilation framework and compared to a year earlier, the goods deficit widened to \$73 billion in 2025, as the increase in the value of exports of goods was smaller than that of imports. Meanwhile, the services surplus widened to \$169 billion. The combined goods and services account registered a surplus of \$96 billion in 2025, equivalent to 1.5% of total import value, compared to a surplus of \$123 billion or 2.2% in 2024.

**Table 3.6 : 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	4,953	835	4,967	698	-14	137	123	2.2
	Q1	1,154	216	1,160	172	-6	43	37	2.8
	Q2	1,208	189	1,221	163	-14	26	12	0.9
	Q3	1,271	211	1,271	176	*	36	36	2.5
	Q4	1,321	219	1,315	187	6	33	39	2.6
2025	Annual	5,759	897	5,832	728	-73	169	96	1.5
	Q1	1,294	234	1,298	179	-3	55	51	3.5
	Q2	1,389	206	1,427	175	-38	31	-7	-0.5
	Q3	1,473	224	1,472	178	1	45	46	2.8
	Q4	1,603	233	1,635	196	-32	38	5	0.3

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.

(*) Balance of less than ± 0.5 billion.

Highlights of policy and market developments

3.13 During the year, an array of measures was rolled out, striving to consolidate Hong Kong's status as a premier international hub, open up new markets, promote digital trade, and promote commodity trading. In the 2025 Policy Address, the Chief Executive (CE) announced a series of measures to strengthen Hong Kong's status as an international trade centre. This includes (a) exploring the signing of new Investment Promotion and Protection Agreements (IPPAs) with Saudi Arabia, Bangladesh, Egypt and Peru; (b) establishing an Economic and Trade Office (ETO) in Kuala Lumpur, which was opened in December 2025, to deepen economic and trade promotion in the ASEAN and neighbouring countries, and expanding the ETO coverage to Latin America and Central Asia; (c) expanding the Trade Single Window (TSW) to cover more trade documents and connect the TSWs of Hong Kong, the Mainland and ASEAN economies to promote the digitalisation of trade; (d) providing half-rate tax concessions for commodity traders to set up businesses in Hong Kong, and deepening connections with Guangzhou Futures Exchange and other commodity markets in the Mainland; (e) setting up the Strategic Committee on Commodities, led by the Financial Secretary (FS) to strengthen the top-down design and long-term strategy of Hong Kong's commodity policy together with industry representatives; and (f) continuing to seek accession to the Regional Comprehensive Economic Partnership (RCEP).

3.14 The GoGlobal Task Force was launched in October 2025, which serves as a one-stop platform co-ordinating efforts across different agencies for more comprehensive support for the overseas expansion of Mainland enterprises. It will further enhance the city's attractiveness for Mainland enterprises to leverage the Hong Kong platform to expand their international businesses. The number of companies in Hong Kong with Mainland or overseas parent companies rose to a record high of 11 070 in 2025, up by 11% over the previous year.

3.15 Hong Kong's economic relationships with other economies in the world are deepened through trade and investment agreements in 2025. The Second Agreement Concerning Amendment to the Agreement on Trade in Services of the Mainland and Hong Kong Closer Economic Partnership Arrangement (Amendment Agreement II) has been implemented since 1 March. The Amendment Agreement II further opens up the services market of the Mainland to Hong Kong, making it easier for Hong Kong service suppliers to establish enterprises and develop business in the Mainland, enabling more Hong Kong professionals to obtain qualifications to practise in the Mainland, and allowing more of Hong Kong's quality services to be provided to the Mainland market.

Separately, the IPPA between Hong Kong and Bahrain took effect in March. With its entry into force, the IPPAs signed by Hong Kong increased to 24, covering 33 foreign economies.

3.16 Hong Kong has also consolidated relationship and economic links with a number of overseas economies and multilateral institution in 2025. The CE led a business delegation to Qatar and Kuwait in May to strengthen links with the Middle East region in areas such as finance, trade, investment and innovation and technology. In June, the FS attended the World Economic Forum Annual Meeting of the New Champions 2025 in Tianjin and 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 in the latter event. Moreover, the FS paid duty visits to Korea, New York, Saudi Arabia, United Kingdom and Italy during the year, to strengthen ties and promote collaboration with these regions. At the junction of October and November, the CE attended the APEC Economic Leaders' Meeting in Korea and had bilateral meetings with member economies' leaders to exchange views on issues of mutual interest.

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 3, but is included in the trade aggregates under GDP in accordance with the international compilation standard.
- (2) The US announced the first set of “reciprocal tariffs” in April 2025, where a baseline 10% tariff was implemented but several economies, such as Vietnam (46%), Thailand (36%) and Indonesia (32%), were subjected to much higher rates. Following 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, Vietnam, Indonesia, etc.) in subsequent months, with tariff rates mostly set at around 15% to 20%, lower than the full rates of “reciprocal tariffs” initially announced in April 2025. In return, these economies will remove trade barriers on US imports, and purchase a range of US goods (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 2025, effective 7 August 2025. Except for some economies that are subjected to particularly high tariff rates, the tariff rates for other economies largely fall between 10% to 30%.
- (3) The US, citing the issue over fentanyl, imposed additional 20% tariffs on Chinese imports (including products of Hong Kong) in early 2025. Tensions escalated abruptly in early April 2025 as the US announced a further 34% “reciprocal tariff” on China, and then raised the rate to 125% on 10 April 2025. Tensions between the two eased in mid-May 2025, with the US temporarily reducing the additional 125% tariff rate to 10%, and there were trade talks in the following months. Consensus was reached between the two sides on major trade issues in late October 2025. The US cut the fentanyl-related tariff on products of China (including products of Hong Kong) to 10%, extended the suspension of additional tariffs, and agreed to suspend additional port fees on Chinese freight vessels by one year starting from 10 November 2025. China also agreed to suspend the corresponding countermeasures for a year. Later in December 2025, the US released the results of a year-long Section 301 investigation on China’s semiconductor industry, and called for imposing tariffs on semiconductor imports from China. Yet, the action will be delayed until June 2027 and the tariff rates will be announced at least 30 days in advance.

- (4) In March 2025, the US imposed 25% tariffs on imports of steel and aluminium, which were then doubled to 50% effective 4 June 2025. In addition, the US imposed 25% tariffs on automobiles and automobile parts, effective 3 April and 3 May 2025 respectively, and further imposed 50% tariffs on copper starting from 1 August 2025. The US imposed additional tariffs on a new range of products, including softwood timber and lumber (10%), kitchen cabinets and vanities (25%) and upholstered wooden products (25%), effective 14 October 2025. The tariff rates on kitchen cabinets and vanities and upholstered wooden products were scheduled to increase to 50% and 30% respectively, but these increases were postponed until 2027. Moreover, the US announced the imposition of 10% tariffs on buses and 25% tariffs on medium- and heavy-duty vehicles starting from 1 November 2025. The US also imposed 25% tariffs on a narrow group of semiconductors effective 15 January 2026. By the time of writing this report, the investigations under Section 232 of the US Trade Expansion Act of 1962 on selected commodities such as robotics and wind turbines are still ongoing, and there may be additional tariffs on these commodities once the investigations are completed. Separately, a US federal appeals court ruled in late August 2025 that the majority of the newly implemented tariffs by the current US administration were illegal. The US supreme court is still examining the US government's appeal as of writing.

CHAPTER 4 : DEVELOPMENTS IN SELECTED SECTORS

Summary

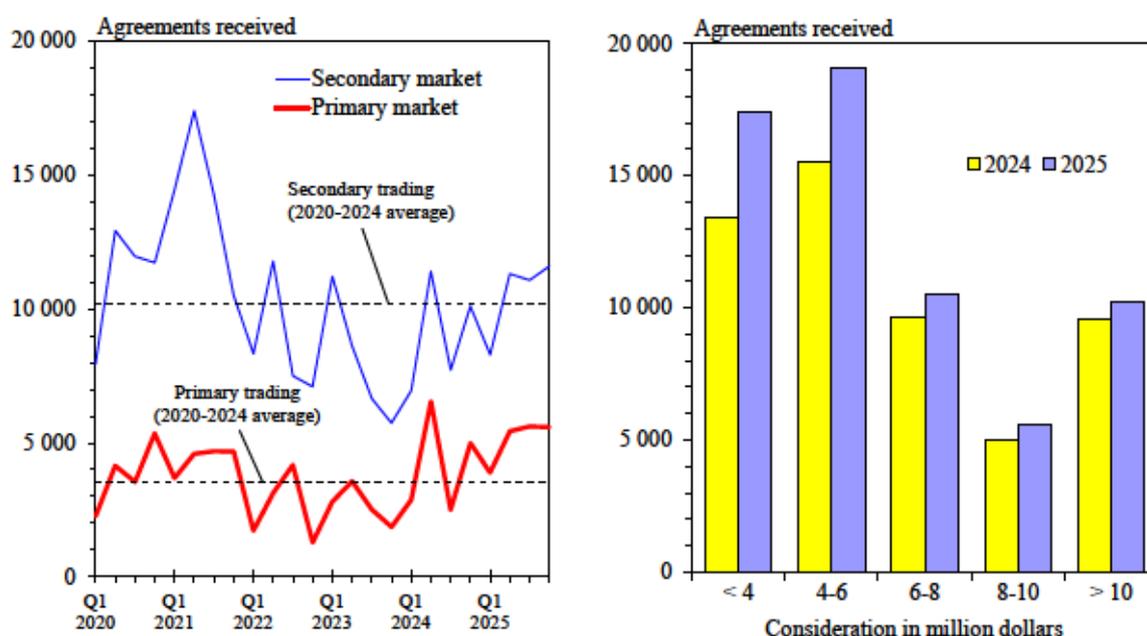
- *The residential property market showed a visible turnaround in 2025. After a relatively soft first quarter, the market gained a firmer footing since the second quarter. Momentum started to strengthen more noticeably in the ensuing quarters, buttressed by robust local economic growth, strong performance of the local financial market and the start of interest rate cuts in the US.*
- *Residential property trading activities were more active, with the total number of sale and purchase agreements for residential property received by the Land Registry in 2025 registering a four-year high of over 62 800.*
- *Overall flat prices reverted to a modest increase of 3% after three years of declines. Overall flat rentals sustained solid performance throughout 2025, rising further by 4% over the year and surpassing the 2019 peak.*
- *The total private first-hand flat supply in the coming three to four years remained at a high level of 104 000 units as estimated at end-2025.*
- *The non-residential property market stayed comparatively sluggish in 2025. Prices and rentals across all major market segments remained soft, nevertheless trading activities picked up visibly. Also, tentative signs of easing in price drops and rising leasing activities emerged towards the end of the year. Average rental yields of non-residential properties continued to rise, but vacancy rates climbed up further.*
- *Inbound tourism registered robust growth in 2025. Visitor arrivals rose by 12.1% to 49.9 million.*
- *The logistics sector in 2025 was underpinned by growth in air freight throughput and road cargo throughput, which rose by 2.8% and 7.0% respectively, while total port container throughput declined by another 5.4%.*

Property

4.1 The *residential property market* showed a visible turnaround in 2025. After a relatively soft first quarter, the market gained a firmer footing since the second quarter. Momentum started to strengthen more noticeably in the ensuing quarters, buttressed by robust local economic growth, strong performance of the local financial market and the start of interest rate cuts in the US.

4.2 For 2025 as a whole, the total number of sale and purchase agreements for residential property received by the Land Registry increased further by 18% over the preceding year to a four-year high of 62 832. Within the total, primary market transactions jumped by 21% to 20 540, and secondary market transactions rose by 17% to 42 292. Total consideration also went up by 14% to \$519.8 billion. Residential property transactions valued below \$4 million rose visibly by 29% following the significant reduction in stamp duty for property transactions with effect in February 2025.

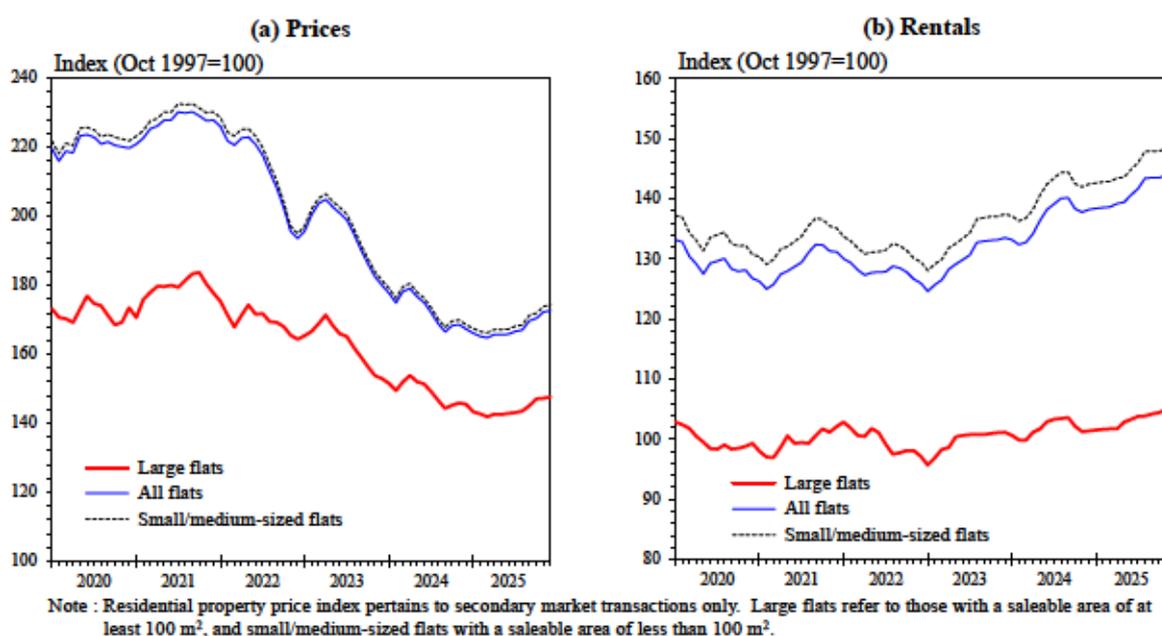
Diagram 4.1 : Trading activities were more active in 2025



4.3 Overall flat prices registered firmer increases towards the end of 2025, turning to an annual increase after three years of declines. Flat prices in December 2025 were on average 3% higher than a year ago, though still 25% below the peak in September 2021. Analysed by size, prices of small/medium-sized flats and large flats rose by 3% and 1% respectively during the year.

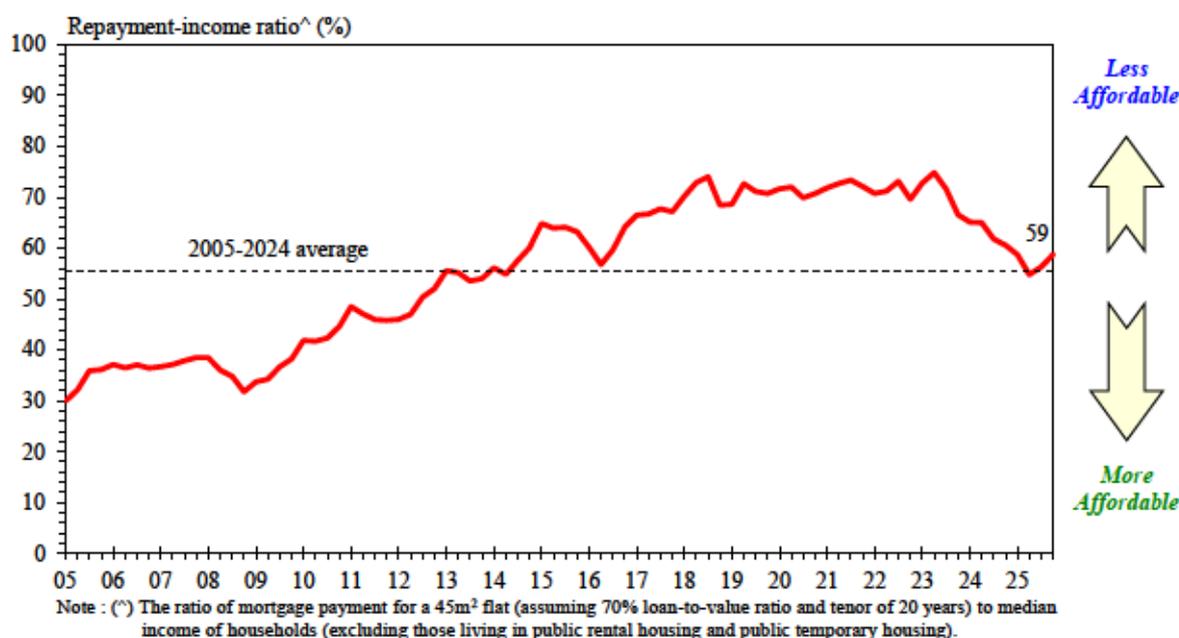
4.4 Meanwhile, the leasing market for residential property sustained solid performance throughout 2025, partially due to rental demand from new arrivals such as non-local students pursuing higher education in Hong Kong. Overall flat rentals in December 2025 were 4% higher than in December 2024, and the overall flat rental index has surpassed the peak in 2019. Analysed by size, rentals of small/medium-sized flats and large flats both increased by 4% during the year. Reflecting the movements of prices and rentals, the average rental yield for residential property remained unchanged at 3.1% in December 2025, same as that a year earlier.

Diagram 4.2 : Both flat prices and rentals rose in 2025



4.5 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) increased to around 59% in the fourth quarter of 2025 as flat prices rose further, above the long-term average of 56% over 2005-2024⁽¹⁾.

Diagram 4.3 : Index of home purchase affordability increased



4.6 As estimated at end-2025, 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) decreased by around 3 000 units over the year, but remained at a high level of 104 000 units.

4.7 The demand-supply balance of private flats slightly tightened in 2025. The gross completions of private flats declined by 24% to 18 400 units. After netting off demolitions, the net completions of 17 500 units were lower than the take-up of 19 400 units⁽²⁾. As a result, the vacancy rate edged down from 4.5% at end-2024 to 4.3% at end-2025, marginally below the long-term average of 4.4% over 2005-2024. The Rating and Valuation Department forecasts gross completions at 17 000 units in 2026 and 15 400 units in 2027⁽³⁾, compared with the average of 18 000 units per annum in the past ten years (2016-2025).

4.8 The *non-residential property market* stayed comparatively sluggish in 2025. Prices and rentals across all major market segments (office space, retail shop space and flatted factory space) remained soft, nevertheless, trading activities picked up visibly. Also, some tentative signs of easing in price drops and more active leasing activity emerged late in the year. Average rental yields of non-residential properties continued to rise, but vacancy rates climbed up further.

Table 4.1 : Key statistics of the non-residential property market

(a) Prices and rentals											
(% change over the preceding period)											
	<u>2024</u>				Dec 2024 versus	<u>2025</u>				Dec 2025 versus	Dec 2025 versus
	<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	<u>Dec</u>	<u>Dec 2023</u>	<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	<u>Dec</u>	<u>Dec 2024</u>	<u>their peaks</u>
Prices											
Office space	-6.2 [#]	-8.0	-6.3	-6.2	-24.2 [#]	-3.8	-4.2	-3.0	-2.0	-12.5	-51.1
<i>Grade A</i>	-9.7 [#]	-8.4	-5.2	-5.2	-25.7 [#]	-3.2	-4.7	-1.9	-1.8	-11.1	-53.1
Retail shop space	-3.1	-6.1	-5.7	-4.4	-18.1	-1.0	-5.6	-2.1	-3.1	-11.4	-43.5
Flatted factory space	-5.9	-2.0	-6.2	-1.5	-14.8	-2.5	-4.8	-5.1	-4.3	-15.6	-38.9
Rentals											
Office space	-1.4	-1.9	-1.3	-0.6	-5.1	-1.0	-1.2	-0.5	-0.6	-3.3	-21.2
<i>Grade A</i>	-1.1	-2.4	-1.5	-0.2	-5.0	-1.3	-1.8	-0.7	-0.8	-4.5	-24.8
Retail shop space	-3.4	-0.5	-1.0	-2.2	-7.0	-2.1	*	-1.6	-1.0	-4.7	-20.1
Flatted factory space	-1.2	-0.9	-0.1	-1.2	-3.3	-0.8	-0.1	-1.9	-0.2	-3.0	-7.0

Notes : (#) Computed using November 2023 figures as December 2023 figures are not available.
 (*) Change within $\pm 0.05\%$.

(b) Transactions											
	<u>2024</u>					<u>2025</u>					2020-2024 yearly average
	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	
Office space	600	130	150	130	190	1 030	220	250	270	290	740
	(-6.8)	(-1.5)	(15.9)	(-15.0)	(43.8)	(71.3)	(19.3)	(13.0)	(7.5)	(5.2)	
Retail shop space [^]	1 110	200	340	230	340	1 260	270	360	300	340	1 420
	(-0.4)	(-10.3)	(70.5)	(-32.3)	(45.9)	(13.3)	(-21.1)	(33.5)	(-16.3)	(14.1)	
Flatted factory space	1 620	360	400	410	450	2 180	560	590	500	530	2 250
	(-12.8)	(-3.0)	(12.6)	(2.0)	(10.2)	(34.2)	(23.7)	(4.8)	(-14.0)	(4.4)	

Notes : Figures may not add up due to rounding.
 () % change over the preceding period.
 (^) 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.

**(c) Average rental yield
(%)**

	<u>2024</u>					<u>2025</u>				
	<u>Annual</u>	<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	<u>Dec</u>	<u>Annual</u>	<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	<u>Dec</u>
Office space	3.4	3.2	3.5	3.7	3.7	4.1	3.8	4.1	4.2	4.3
<i>Grade A</i>	3.1	2.9	3.1	3.2	3.4	3.6	3.5	3.5	3.6	3.7
Retail shop space	3.1	2.9	3.1	3.2	3.3	3.5	3.3	3.5	3.5	3.7
Flatted factory space	3.6	3.5	3.5	3.8	3.8	4.1	3.9	4.1	4.2	4.4

(d) Completion, take-up and vacancy rate

	<u>2024</u>	<u>2025</u>	<u>Average over 2005-2024</u>
<u>Completion (m²)</u>			
Office space	147 300	299 200	167 700
Retail shop space [^]	69 100	96 900	84 600
Flatted factory space	22 900	43 900	35 700
<u>Take-up (m²)</u>			
Office space	-58 600	4 300	109 100
Retail shop space [^]	-123 600	-49 800	48 700
Flatted factory space	-212 100	-113 600	-7 400
<u>Vacancy rate (%)</u>			
Office space	16.3	17.6	9.5
Retail shop space [^]	11.8	12.5	9.1
Flatted factory space	7.0	7.6	6.2

Note : (^) The figures on completion, take-up and vacancy rate refer to commercial space, which comprises retail premises and other premises designed or adapted for commercial use but excludes purpose-built office space.

Land

4.9 Six sites with a total area of about 7.0 hectare were disposed of in 2025, fetching a land premium of about \$8.5 billion. Among these sites, there were four residential sites, one site for an electric vehicle charging station and one site for logistics services and a public vehicle park. In addition, the tender exercises for the pilot area under large-scale land disposal in Hung Shui Kiu/Ha Tsuen New Development Area in the Northern Metropolis, one site for a high-tier data centre in Sandy Ridge, one residential site in Jordan Valley, and one site for an electric vehicle charging station in Tsing Yi commenced in the fourth quarter. Regarding exchange of land, nine sites with a total area of about 4.6 hectares were approved in 2025. As to lease modifications, a total of 57 sites were approved.

Tourism

4.10 The tourism sector registered robust growth in 2025. *Visitor arrivals* rose by 12.1% to 49.9 million. Mainland visitors, which accounted for 75.8% of the total in 2025, grew by 11.1% to 37.8 million. Non-Mainland visitors registered stronger growth, up by 15.3% to 12.1 million, with visitor arrivals from long-haul markets and short-haul markets (excluding the Mainland) increasing by 20.3% and 13.1% to 3.8 million and 8.2 million respectively. Analysed by length of stay, overnight and same-day visitors increased by 5.7% and 18.4% to 23.2 million and 26.7 million respectively. Meanwhile, visitor spending, as measured by exports of travel services, rose by 9.5% in real terms in 2025, supported by the continued increase in visitor arrivals.

Table 4.2 : Number of visitor arrivals ('000)

		<u>Overall</u>	<u>Chinese Mainland</u>	<u>By source*</u>		<u>By length of stay</u>	
				<u>Other short-haul markets</u>	<u>Long-haul markets</u>	<u>Overnight visitors</u>	<u>Same-day visitors</u>
2024	Annual	44 502.8 (30.9)	34 043.2 (27.2)	7 280.1 (40.9)	3 179.6 (53.2)	21 943.9 (27.9)	22 558.9 (34.0)
	Q1	11 228.8 (154.3)	8 698.2 (159.2)	1 770.3 (126.3)	760.3 (175.1)	5 613.4 (139.9)	5 615.4 (170.7)
	Q2	9 922.4 (17.2)	7 452.3 (10.4)	1 713.0 (40.1)	757.1 (52.1)	4 928.9 (16.3)	4 993.6 (18.0)
	Q3	11 437.5 (9.6)	9 095.7 (6.1)	1 662.9 (25.2)	679.0 (26.7)	5 656.8 (7.4)	5 780.8 (11.8)
	Q4	11 914.0 (11.6)	8 797.0 (8.9)	2 133.9 (16.3)	983.2 (28.4)	5 744.9 (8.1)	6 169.2 (15.0)
2025	Annual	49 894.8 (12.1)	37 833.8 (11.1)	8 235.5 (13.1)	3 825.6 (20.3)	23 190.1 (5.7)	26 704.7 (18.4)
	Q1	12 228.2 (8.9)	9 245.4 (6.3)	2 084.3 (17.7)	898.6 (18.2)	5 888.4 (4.9)	6 339.8 (12.9)
	Q2	11 407.9 (15.0)	8 548.4 (14.7)	1 968.4 (14.9)	891.1 (17.7)	5 395.9 (9.5)	6 012.0 (20.4)
	Q3	12 835.5 (12.2)	10 192.1 (12.1)	1 836.4 (10.4)	807.0 (18.9)	5 836.4 (3.2)	6 999.2 (21.1)
	Q4	13 423.2 (12.7)	9 847.9 (11.9)	2 346.4 (10.0)	1 228.9 (25.0)	6 069.4 (5.6)	7 353.8 (19.2)

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.

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

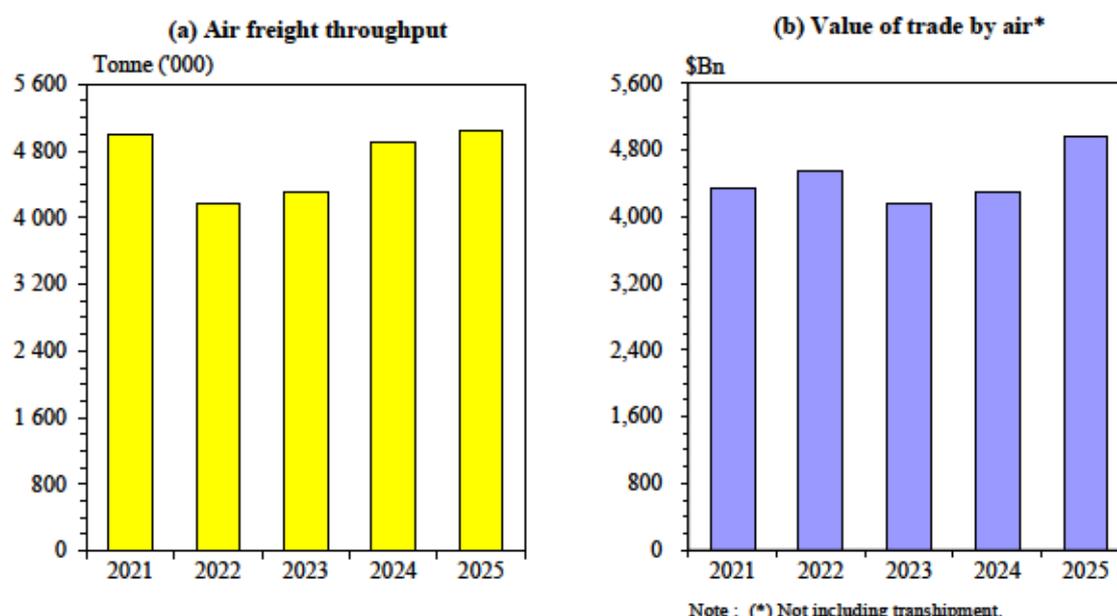
4.11 With overnight visitor arrivals continuing to grow, the average hotel occupancy rate reached 87% in 2025, slightly higher than the 85% achieved in 2024. Separately, the average achieved hotel room rate fell by 5.2% from a year earlier to \$1,263⁽⁴⁾ in 2025.

4.12 A series of mega events in 2025, including sports and entertainment events following the opening of the Kai Tak Sports Park, have significantly boosted visitor arrivals. In particular, more than 1.7 million visitors came to Hong Kong during the period of the 15th National Games of the People’s Republic of China, representing a 19% increase over the same period in the previous year.

Logistics

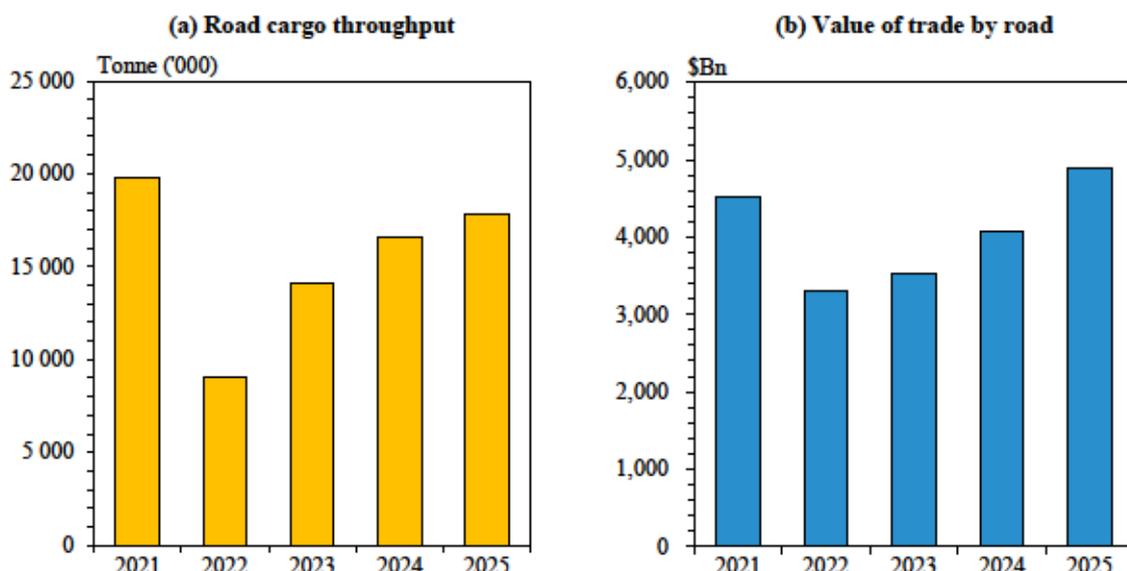
4.13 The logistics sector was underpinned by growth in both air freight throughput and road cargo throughput in 2025. *Air freight throughput* grew further by 2.8% to 5.0 million tonnes. The value of trade by air increased by a visible 15.4%, though its share in total trade edged down from 45.5% to 45.4%.

Diagram 4.4 : Air freight throughput grew further in 2025, and the value of trade by air increased visibly



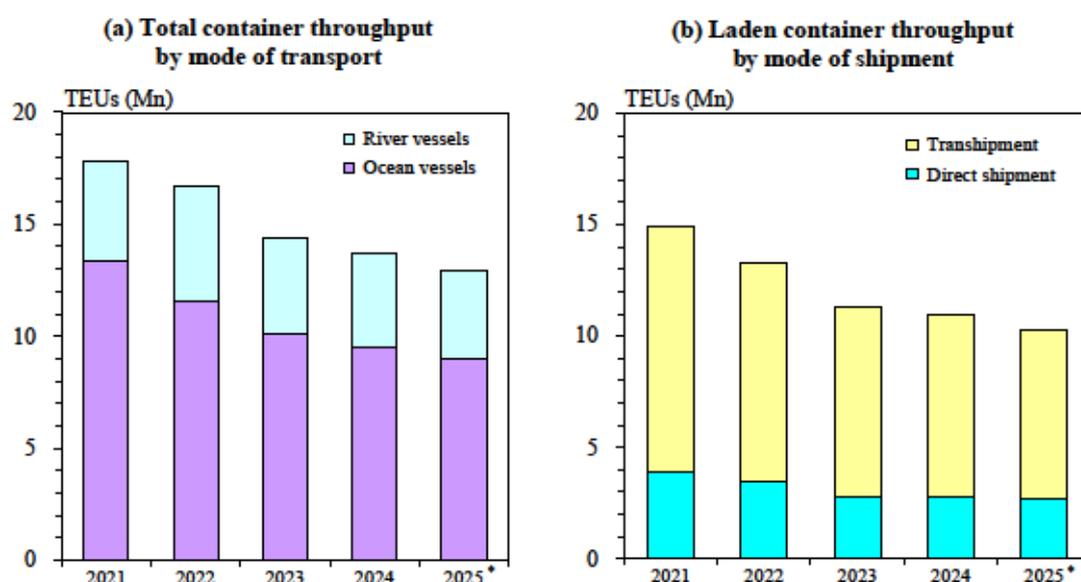
4.14 *Road cargo throughput* expanded by another 7.0% to 17.8 million tonnes in 2025. The value of trade by road continued to post strong growth of 20.4%, with a further increase in its share of total trade from 43.0% to 44.8%.

Diagram 4.5 : Road cargo throughput expanded further in 2025, and the value of trade by road continued to post strong growth



4.15 Meanwhile, *total container throughput* declined by another 5.4% to about 12.9 million twenty-foot equivalent units (TEUs) in 2025. Within the laden container throughput, direct shipment and transshipment went down by 2.7% and 7.7% respectively. The value of trade handled at the Hong Kong port fell by 2.3% and its share in total trade shrank further from 11.1% in 2024 to 9.4% in 2025.

Diagram 4.6 : Container throughput declined further in 2025



Note : (*) Total container throughput for 2025 is the preliminary estimate by Hong Kong Maritime and Port Development Board. Its breakdown by mode of transport and the laden container throughput by mode of shipment are crudely estimated from the profile in the first eleven months of 2025.

Transport

4.16 Cross-boundary traffic flows were supported by air passenger trips and land-based cross-boundary passenger trips in 2025, with both rising notably by 15.0% and 13.4% to 61.0 million and 280.9 million trips respectively. In tandem, average daily cross-boundary vehicle movements jumped by another 17.7% to 49 654. Meanwhile, water-borne cross-boundary passenger trips fell by 4.8% to 8.4 million.

Highlights of related measures and development

4.17 The Hong Kong Park of the Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone officially opened in December 2025. In the first batch of Phase 1 development of the Hong Kong Park, two wet-laboratory enabled buildings and a talent accommodation building have been completed, attracting more than 60 local, Mainland and overseas enterprises and institutions to settle. The establishment of the Hong Kong Park, covering pillar industries such as life and health technology, artificial intelligence (AI) and data science, new technologies and advanced manufacturing, will promote the integration of upstream, midstream, and downstream industries, foster cross-boundary collaboration in innovation and technology (I&T), and contribute to building a comprehensive I&T industry chain in the Guangdong-Hong Kong-Macao Greater Bay Area.

4.18 The Conceptual Outline of the Development Plan for the Innovation and Technology Industry in the San Tin Technopole was promulgated in November 2025, providing a top-level design for the 210 hectares of new I&T land in terms of development vision, objectives and positioning, industrial spatial layout and development model. The new I&T land will be divided into three development hubs (Hetao Hub, Chau Tau Hub and Ki Lun Hub) from north to south, and three industry development corridors (life and health technology corridor, AI and robotics corridor, and microelectronics and advanced industry corridor). The new I&T land around San Tin and the Hetao Hong Kong Park will together form a crucial node for the integrated development of upstream, midstream and downstream industries, offering full-chain support to I&T industries by providing integrated space for offices, prototyping, test and pilot production, as well as manufacturing.

4.19 In December 2025, the Government updated the Hong Kong Biodiversity Strategy and Action Plan (BSAP), outlining strategies and priority actions for the next decade to protect Hong Kong's biodiversity and support sustainable development. Amongst its targets, the updated BSAP seeks to further consolidate Hong Kong's position as an international green and sustainable finance hub. It proposes refining the Environmental, Social and Governance Reporting Code to strengthen biodiversity-related risk disclosure and dependency practices, encouraging voluntary adoption of the Task Force on Nature-related Financial Disclosures framework, supporting conservation and biodiversity projects through the Government Sustainable Bond Programme, and exploring the development of a mechanism or platform to mobilise private-sector and philanthropic resources, such as through public-private matching, towards priority nature-positive initiatives.

Box 4.1

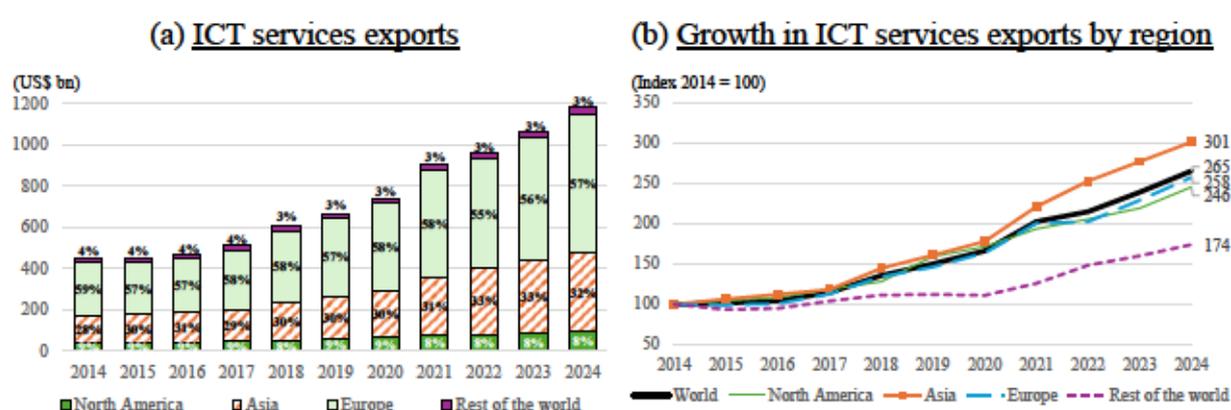
Artificial Intelligence Development in Asia

Artificial intelligence (AI) represents a wide spectrum of technologies designed to enable machines to perceive, interpret, act, and learn with the intent to emulate human cognitive abilities. Across this spectrum, generative AI (Gen AI) can create new content, ranging from text to images, by learning from extensive training data. AI is therefore a core driver of new quality productive forces and holds the potential to vastly augment productivity and efficiency. This article takes a look at recent developments of AI and surveys various international reports to derive insights into AI development in selected Asian economies⁽¹⁾.

AI saw rapid development in recent years, in terms of breakthroughs in machine learning models, computing power, data availability, and algorithmic efficiency as well as its diffusion into different industries. According to the World Trade Organization (WTO)⁽²⁾, trading of AI-related goods (from semiconductors and processors to finished computers, servers and telecommunications equipment) expanded by more than 20% year-on-year in the first half of 2025, contributing nearly half of overall merchandise trade growth. Of this, nearly two-thirds of AI-related trade growth came from Asia. Higher-income Asian economies such as Korea, Japan and Taiwan continued to provide high-value semiconductors and advanced telecom equipment, while emerging economies such as Vietnam and Thailand also benefited from rising related investment and supply-chain diversification.

Strong global demand for AI, supported by wide business adoption and consumer preference for digital services, also drives computer services exports. Based on WTO's statistics, several selected Asian economies were among the world's top twenty exporters of digitally delivered services in 2024, viz. India (5th), Chinese Mainland (6th), Singapore (7th), Japan (12th) and Korea (17th). Indeed, Asia as a region saw the fastest growth in information, communications and technology (ICT) services exports over the past decade, and accounted for some one-third of the world total in 2024 (*Chart 1*).

Chart 1: Global ICT services exports*



Note: (*) ICT services are an aggregation of computer and telecommunications services.

Source: UNCTAD.

¹ The nine selected Asian economies are: Singapore, Korea, Taiwan, India, Indonesia, Malaysia, the Philippines, Thailand, and Vietnam. Chinese Mainland, Hong Kong, Japan and the US are also added for comparison.

² WTO: Global Trade Outlook and Statistics, October 2025.

Box 4.1 (Cont'd)

A market report estimated the size of global AI market at US\$137 billion in 2022 and projected it to hit US\$1.8 trillion by end-2030, implying a remarkable average annual growth of nearly 38% in eight years' time⁽³⁾. North America, which accounted for over 41% of global AI market revenue in 2022, is expected to maintain its leading position, while the Asia-Pacific region is anticipated to register the fastest growth and take up a larger market share from 25% to 39% over the projected period⁽⁴⁾. Other data sources pointed out that the US led the world by a wide margin in terms of private AI investment, amounting to US\$471 billion during 2013-24⁽⁵⁾ (Table 1). Many Asian economies also made significant investment in AI, though their combined investment was only a fraction of the US'. The US also led in terms of the total number of newly funded AI companies.

Table 1: The US and Asian economies drive global AI development

	Private AI investment (2013-24, US\$bn)	Number of newly funded AI companies (2013-24)	Number of data centres (as of Jan 2026)	Number of cloud infrastructure services (as of mid-2024)
US	470.9	6956	3779	145
Chinese Mainland	119.3	1605	364	190
India	11.3	434	269	32
Korea	9.0	270	85	n.a.
Singapore	7.3	239	65	18
Japan	5.9	388	242	27
Indonesia	n.a.	n.a.	183	n.a.
Malaysia			107	
Hong Kong			85	
Thailand			57	
Taiwan			37	
Vietnam			39	
Philippines			35	

Sources: Stanford Institute for Human-Centered AI, Data Center Map, UNCTAD.

The integration of AI into business operations is fueling demand for advanced data centres and cloud infrastructure. Southeast Asian economies have attracted significant investment in cloud and AI infrastructure from major technology companies in the Western world. For example, according to the United Nations Conference on Trade and Development (UNCTAD), in 2024 Microsoft announced investment of US\$1.7 billion in Indonesia and US\$2.2 billion in Malaysia, and in 2025 Amazon Web Services launched a new hub in Thailand with planned investment of over US\$5 billion by 2037⁽⁶⁾. While the US still houses most of the world's data centres (38%), Asia is catching up. The nine Asian economies, Singapore, Korea, Taiwan, India, Indonesia, Malaysia, the Philippines, Thailand, and Vietnam, collectively account for 8% of the world total, whereas Chinese Mainland, Japan and Hong Kong together take up another 7%. In terms of cloud infrastructure services, Asia far outperforms by hosting 349 services, more than double the US' 145.

³ Facts and Factors (2024): Artificial Intelligence market size, trends, growth, forecast report to 2030, <https://www.fnfresearch.com/artificial-intelligence-ai-market>.

⁴ References: Spherical Insights; Grand View Research; and Domainshift.ai.

⁵ Stanford Institute for Human-Centered AI: 2025 AI Index Report.

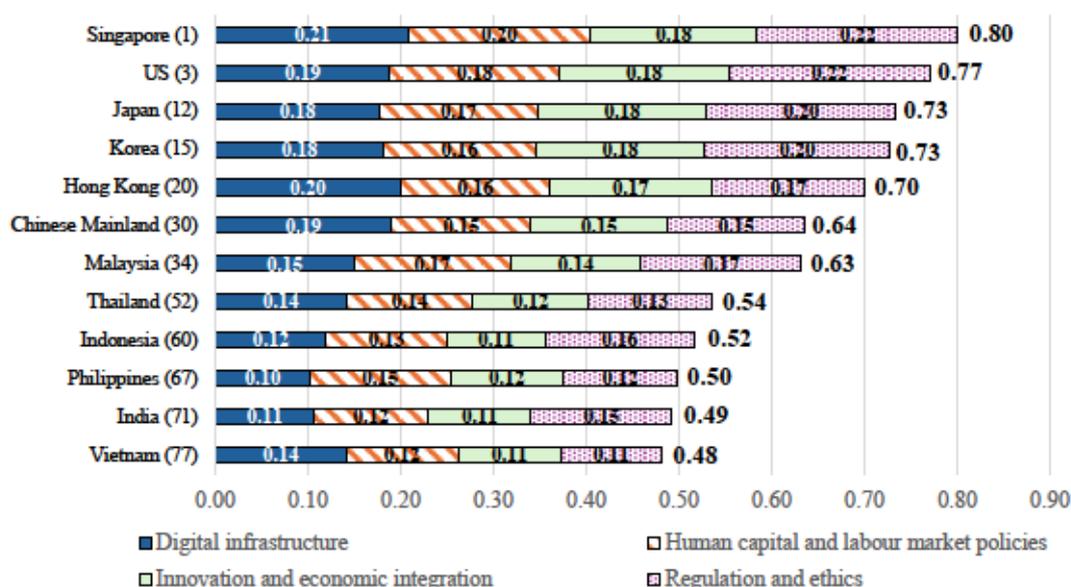
⁶ UNCTAD: Technology and Innovation Report 2025.

Box 4.1 (Cont'd)

Apart from the trade and investment angle, the growing prevalence of AI has prompted a proliferation of measures to gauge the readiness for AI adoption and application in recent years⁷. These measures have common elements to reflect salient aspects of AI adoption, such as infrastructure, human capital, data, innovation (R&D), investment/financing, and institutions. For example, the International Monetary Fund (IMF) proposed an AI Preparedness Index (AIPI)⁸ to summarise the overall AI preparedness based on a set of macro-structural indicators relevant for AI adoption organised under four dimensions: (1) digital infrastructure, (2) human capital and labour market policies, (3) innovation and economic integration, and (4) regulation and ethics⁹.

As depicted in *Chart 2*, higher-income economies tend to have higher AIPI ranking than emerging economies. Singapore ranks top globally. Korea also does well in digital infrastructure, innovation, and regulation. As for emerging economies, Malaysia stands out and compares favourably among its peers in the four dimensions, most notably in human capital and regulation, while Thailand and Vietnam fare relatively better in digital infrastructure among the emerging economies. In overall terms, Hong Kong ranks 20th globally and 4th in Asia, scoring more favourably in digital infrastructure as well as innovation and economic integration as compared to Asia's average.

Chart 2: IMF's AIPI by dimension for selected economies



Note: Taiwan's overall figures are not available. Figures in brackets denote global rank.

Source: IMF.

⁷ For example, the Global AI Index published by Tortoise Media; the Global Index on Responsible AI by the Global Center on AI Governance; the Government AI Readiness Index by Oxford Insights; and the Frontier Technologies Readiness Index covering, inter alia, AI by UNCTAD. Various ranking institutions such as the World Intellectual Property Organization's Global Innovation Index and the International Institute for Management Development's world competitiveness rankings also added indicators on AI in recent years.

⁸ The IMF released the new AIPI in its staff discussion note published in January 2024 titled "Gen-AI: Artificial Intelligence and the Future of Work", based on 2023 data.

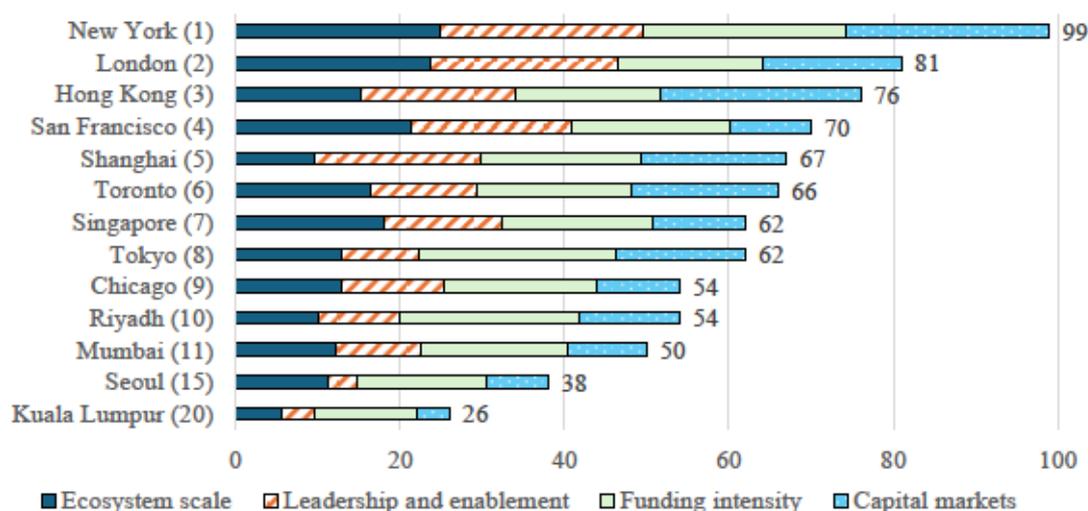
⁹ It should be noted that the IMF pointed out some limitations of AIPI, including the use of simple average with equal weighting of different indicators which may not be equally relevant, sensitivity to outlier bias, etc.

Box 4.1 (Cont'd)

The above discussion shows that Asia is well positioned to adopt and capitalise on AI. Indeed, the Global AI Competitiveness Index (GAICI) released by Deep Knowledge Group⁽¹⁰⁾ in late January 2026 shows that while the US is regarded as the most AI competitive country, four out of the global top ten are from Asia: China (2nd), Singapore (4th), Japan (6th), and Korea (10th), taking into account the corporate and industrial, research innovation, human capital, policy, governance and regulation, and financial perspectives.

At the city level, the GAICI report has a Global AI for Finance Competitiveness Index to gauge financial city hubs' applied AI capability in finance based on four pillars, viz. ecosystem scale, leadership and enablement (institutional framework supporting AI adoption in finance), funding intensity, and capital markets (*Chart 3*). Hong Kong ranks 3rd globally, just behind New York and London, and tops in Asia, showcasing its AI-for-finance advantage with the capital-markets gateway role as an international financial centre. It is also worth noting that seven out of the global top 20 financial hubs are from Asia: Hong Kong (3rd), Shanghai (5th), Singapore (7th), Tokyo (8th), Mumbai (11th), Seoul (15th), and Kuala Lumpur (20th).

Chart 3: Global AI for Finance Competitiveness Index



Note: Figures in brackets denote global rank. The report only shows the rankings of the top 20 hubs.
Source: Deep Knowledge Group.

The above analysis shows that apart from serving as strong trading hubs of AI-related goods and services, the selected Asian economies are well positioned to unleash the potential of AI on multiple fronts. AI is a core enabler of the digital economy. By automating routine tasks, augmenting human decision-making and enabling personalised digital services at scale, AI can drive productivity growth across different economic sectors. With Hong Kong adopting a dual strategy of developing AI as a core industry and empowering other industries through AI, Hong Kong's journey in digitalisation is set to accelerate further in the foreseeable future. To fully realise the augmented growth potential, it is imperative for Hong Kong to continue investing in upskilling and reskilling programmes, empowering our workforce to thrive in the evolving digital economy and stay ahead in the global AI race.

¹⁰ Deep Knowledge Group: <https://www.dkv.global/ai-index>.

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) Take-up figures represent the net increase in the number of units occupied. The figures are arrived at by adding the completions in that year to the vacancy figures at the beginning of the year, then subtracting the year's demolition and the year-end vacancy figures. Take-up should not be confused with the sales of new developments, and it bears no direct relationship to the number of units sold by developers. Negative take-up means that there is a decrease in the number of units occupied. Also, take-up, demolition, completion and vacancy figures on residential and non-residential properties are preliminary figures from the Rating and Valuation Department, and are subject to revision.
- (3) Forecast completions in 2026 and 2027 are preliminary figures only, and are subject to revision upon the availability of more data.
- (4) 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 5 : THE FINANCIAL SECTOR[#]

Summary

- *Interest rates in Hong Kong were volatile but generally trended down in 2025. Having declined visibly in May amid eased liquidity conditions, Hong Kong dollar interbank interest rates (HIBORs) rose back sharply in the latter part of the third quarter, before retreating somewhat towards the year-end. In tandem with the three policy rate cuts totalling 75 basis points by the US Federal Open Market Committee (FOMC) since September, the Hong Kong Monetary Authority (HKMA) adjusted the Base Rate under the Discount Window downward by the same magnitude to 4.00% at end-2025. Interest rates on the retail front eased.*
- *In 2025, the Hong Kong dollar spot exchange rate against the US dollar fluctuated across the entire Convertibility Zone. The strong-side Convertibility Undertaking (CU) was triggered a few times in early May. The resultant widening in negative HKD-USD interest rate spreads spurred carry trade selling flows and weighed on the Hong Kong dollar, triggering the weak-side CU multiple times from late June to mid-August. The Hong Kong dollar stabilised in the latter part of the year. As the US dollar weakened against most major currencies, the trade-weighted Hong Kong dollar Nominal Effective Exchange Rate Index and the Real Effective Exchange Rate Index decreased by 3.2% and 2.9% respectively during 2025.*
- *Total loans and advances increased by 2.3% during 2025. Within the total, loans for use in and outside Hong Kong increased by 1.9% and 3.4% respectively.*
- *The local stock market staged a strong performance in 2025. The market was initially boosted by the Mainland's breakthrough development in artificial intelligence, before experiencing a sharp correction alongside other major markets upon the US' announcement of the so-called "reciprocal tariffs" in early April. Market sentiment subsequently improved and remained positive for the rest of the year amid a thriving technology sector, gradual easing of trade tensions, and US interest rate cuts. The Hang Seng Index (HSI) closed the year at 25 631, achieving a notable 27.8% gain for the year as a whole. Trading activities were very active, and fund raising activities thrived.*

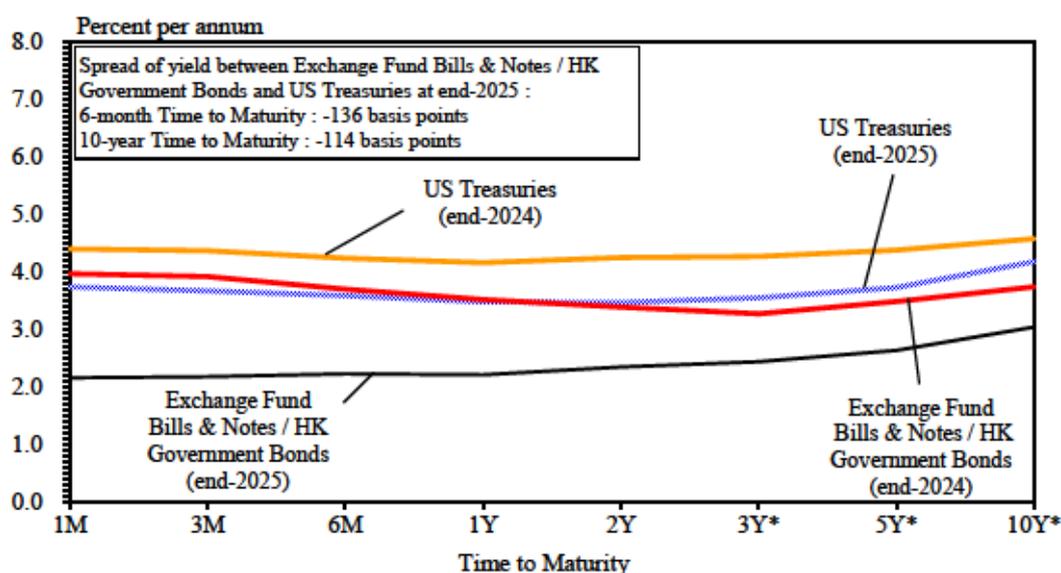
(#) This chapter is jointly prepared by the HKMA and the Office of the Government Economist.

Interest rates and exchange rates

5.1 Interest rates in Hong Kong were volatile but generally trended down in 2025. HIBORs were largely stable in the first four months of 2025. Following the expansion of the Aggregate Balance in early May, eased liquidity conditions pushed HIBORs visibly lower. HIBORs rose back sharply in the latter part of the third quarter as liquidity tightened after repeated weak-side CU triggering, before retreating somewhat towards the year-end. The overnight, 1-month and 3-month HIBORs decreased from 5.65%, 4.58% and 4.37% at end-2024 to 4.38%, 3.08% and 2.93% at end-2025 respectively. In tandem with the three policy rate cuts totalling 75 basis points by the US FOMC in September, October and December, the HKMA adjusted the *Base Rate*⁽¹⁾ under the Discount Window downward by the same magnitude to 4.00% at end-2025.

5.2 Both *Hong Kong dollar* and *US dollar yield curves* shifted downward in 2025. Reflecting their relative movements, the negative yield spread between 6-month Exchange Fund Bills and 6-month US Treasuries widened from 54 basis points at end-2024 to 136 basis points at end-2025, while that between the 10-year Hong Kong Government Bonds and 10-year US Treasury Notes from 84 basis points to 114 basis points.

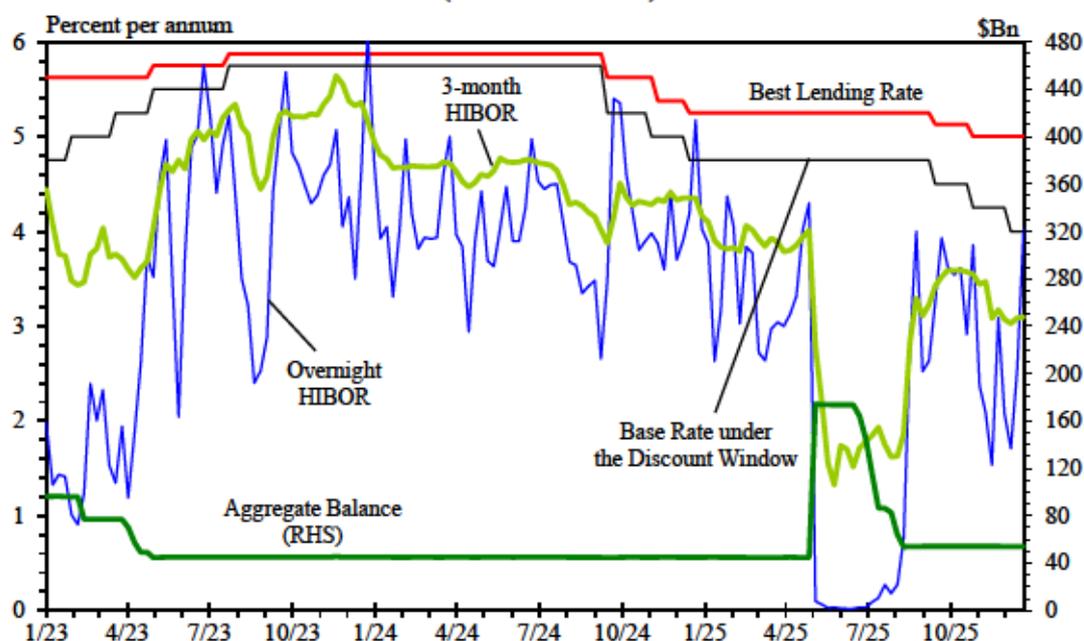
Diagram 5.1 : Both Hong Kong dollar and US dollar yield curves shifted downward in 2025



Note : (*) The Hong Kong dollar yields for tenors of 3 years, 5 years and 10 years refer to those for Hong Kong Government Bonds under the Infrastructure Bond Programme or the Government Sustainable Bond Programme.

5.3 On the retail front, many banks lowered their *Best Lending Rates* by 12.5 basis points in mid-September and another 12.5 basis points in late-October following the cuts in the target range for the US federal funds rate. At end-2025, the Best Lending Rates among banks ranged from 5.00% to 5.50%. The *average savings deposit rate* for deposits of less than \$100,000 quoted by major banks decreased from 0.22% at end-2024 to 0.00% at end-2025, while the *one-year time deposit rate* decreased from 0.39% to 0.15%. The *composite interest rate*⁽²⁾, which indicates the average cost of funds for retail banks, decreased from 2.24% to 1.36% over the same period.

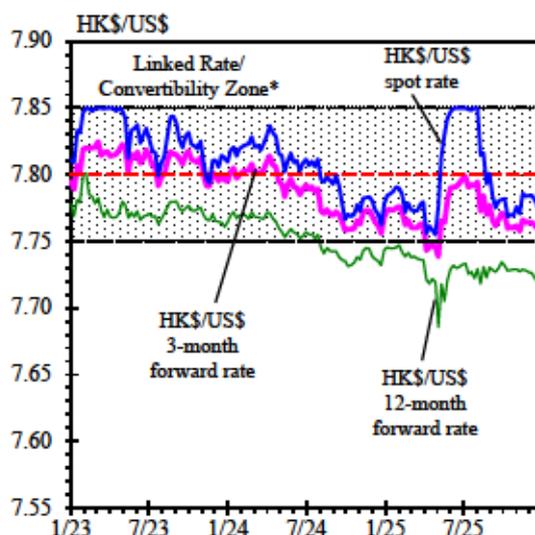
Diagram 5.2 : Interbank interest rates were volatile but generally trended down in 2025, while interest rates on the retail front eased (end of the week)



5.4 In 2025, the *Hong Kong dollar spot exchange rate against the US dollar* fluctuated across the entire Convertibility Zone. It strengthened in the early part of the year amid buoyant capital market activities, triggering the strong-side CU four times in early May. The resultant widening in negative HKD-USD interest rate spreads amid abundant liquidity spurred carry trade selling flows, and the Hong Kong dollar subsequently weakened, triggering the weak-side CU twelve times from late June to mid-August. Thereafter, the Hong Kong dollar exchange rate stabilised and largely stayed on the strong side in the latter part of the year, supported by continued buying flows from the Southbound Stock Connect and seasonal funding demand. The spot exchange rate closed the year at 7.7838, compared with 7.7633 at end-2024. The 3-month and 12-month *Hong Kong dollar forward discount* widened from 88 pips and 314 pips (each pip is equivalent to HK\$0.0001) at end-2024 to 213 pips and 602 pips respectively at end-2025. During the year, the Aggregate Balance increased to \$57.0 billion at end-2025, from \$44.8 billion at end-2024.

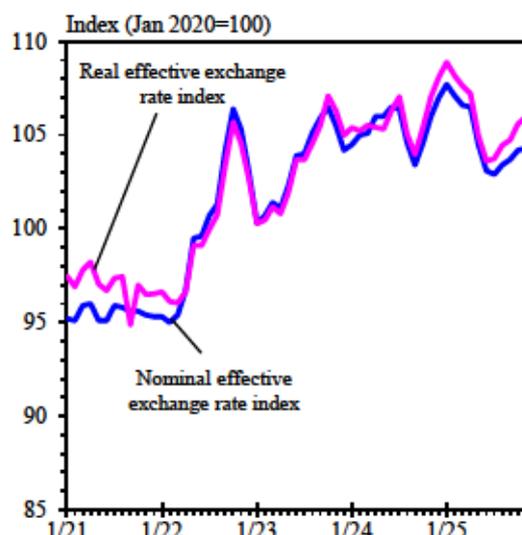
5.5 Under the Linked Exchange Rate System, movements in the Hong Kong dollar exchange rate against other currencies closely followed those of the US dollar. As the US dollar weakened against most major currencies during 2025, the *trade-weighted Hong Kong dollar Nominal and Real Effective Exchange Rate Indices*⁽³⁾ decreased by 3.2% and 2.9 respectively in the year.

Diagram 5.3 : The Hong Kong dollar spot exchange rate against the US dollar triggered the strong-side or weak-side CU multiple times during the year, before stabilising in the latter part of the year (end of the week)



Note : (*) The shaded area represents the Convertibility Zone that was introduced in May 2005 as part of the three refinements to the Linked Exchange Rate System.

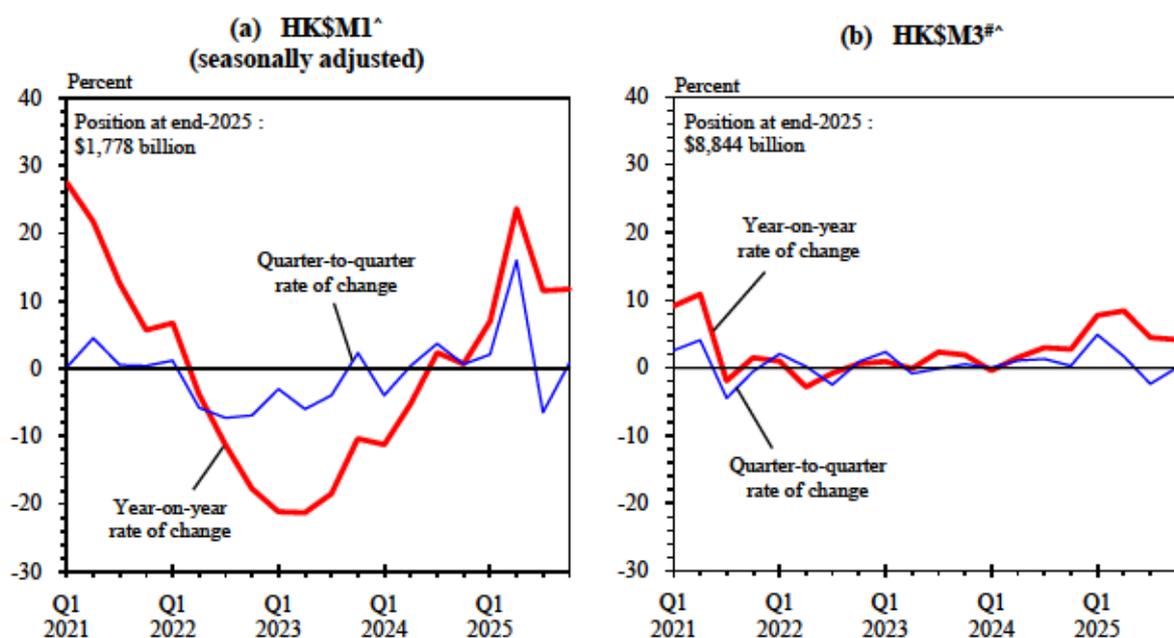
Diagram 5.4 : The trade-weighted nominal and real effective exchange rate indices both decreased during 2025 (average of the month)



Money supply and banking sector

5.6 The Hong Kong dollar broad *money supply* (HK\$M3) rose by 4.2% over end-2024 to \$8,844 billion at end-2025, and the seasonally adjusted Hong Kong dollar narrow money supply (HK\$M1) increased by 11.7% to \$1,778 billion⁽⁴⁾. Meanwhile, *total deposits* with authorized institutions (AIs)⁽⁵⁾ increased by 11.8% to \$19,431 billion, within which Hong Kong dollar deposits and foreign currency deposits increased by 3.8% and 18.5% respectively.

Diagram 5.5 : Both the Hong Kong dollar broad and narrow money supply increased during 2025



Notes : (^) Figures refer to the positions at end of period.
 (#) Adjusted to include foreign currency swap deposits.

Table 5.1 : Hong Kong dollar money supply and total money supply

		<u>M1</u>		<u>M2</u>		<u>M3</u>	
<u>% change during the quarter</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
	Q3	-6.5	-4.5	-2.4	2.1	-2.4	2.1
	Q4	0.9	1.2	*	1.8	*	1.8
Total amount at end-2025 (\$Bn)		1,778	3,110	8,831	20,602	8,844	20,649
% change over a year earlier		11.7	13.2	4.2	11.6	4.2	11.6

Notes : (^) Seasonally adjusted.

(a) Adjusted to include foreign currency swap deposits.

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

5.7 *Total loans and advances* increased by 2.3% over a year earlier to \$10,136 billion at end-2025. Analysed by currency, Hong Kong dollar loans decreased by 1.9%, while foreign currency loans increased by 8.8%. Reflecting the relative movements in deposits and loans, the loan-to-deposit ratio for Hong Kong dollar decreased from 77.1% at end-2024 to 72.9% at end-2025, and that for foreign currencies decreased from 40.5% to 37.2%.

5.8 Loans for use in Hong Kong (including trade finance) and loans for use outside Hong Kong increased by 1.9% and 3.4% over end-2024 to \$7,635 billion and \$2,501 billion at end-2025. Within the former, loans to most economic segments increased. Loans to stockbrokers and financial concern increased notably by 29.1% and 11.9% amid robust equity market activities, and those to manufacturing and trade finance also increased by 3.9% and 2.5% respectively thanks to vibrant external trade. Meanwhile, loans to wholesale and retail trade decreased by 4.7%. As for property-related lending, loans for purchase of residential property increased by 3.4%, while those to building, construction, property development and investment fell by 7.4%.

Table 5.2 : Loans and advances

All loans and advances for use in Hong Kong											
		Loans to :								All loans and advances for use outside Hong Kong ^(c)	Total loans and advances
		Trade finance	Manu- facturing	Wholesale and retail trade	Building and construction, property development and investment	Purchase of residential property ^(a)	Financial concerns	Stock- brokers	Total ^(b)		
% change during the quarter											
2024	Q1	-0.5	0.5	-4.7	-0.7	0.1	-7.5	-10.4	-1.2	-0.4	-1.0
	Q2	6.0	-2.7	0.2	-2.8	0.7	0.5	-2.4	0.3	-4.6	-0.9
	Q3	-1.5	2.1	3.4	-3.1	0.7	-1.3	54.9	-0.8	1.7	-0.2
	Q4	0.6	-0.9	-1.5	-1.1	-0.1	1.8	-23.1	-0.1	-2.3	-0.7
2025	Q1	-4.7	5.1	-2.1	-2.7	0.6	4.4	10.6	0.5	1.1	0.6
	Q2	3.5	4.8	2.5	-0.2	0.6	3.8	16.3	1.6	2.6	1.9
	Q3	-0.7	-0.6	-3.8	-3.2	0.8	3.0	0.4	-0.4	-2.3	-0.9
	Q4	4.6	-5.0	-1.3	-1.5	1.3	0.2	-0.1	0.2	2.0	0.7
Total amount at end-2025 (\$Bn)		391	307	279	1,438	2,074	940	63	7,635	2,501	10,136
% change over a year earlier		2.5	3.9	-4.7	-7.4	3.4	11.9	29.1	1.9	3.4	2.3

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.

5.9 The Hong Kong banking sector remained strong, underpinned by solid capital and liquidity positions. Hong Kong incorporated AIs were well capitalised, with the total capital adequacy ratio staying at a high level of 24.4% at end-September 2025. The local banking sector’s asset quality deteriorated somewhat, 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-September 2025 and the delinquency ratio for credit card lending from 0.35% to 0.39%. The delinquency ratio for residential mortgage loans stayed low at 0.14% at end-2025, slightly higher than that of 0.11% at end-2024.

Table 5.3 : 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 (gross)</u>
2024	Q1	96.16	2.05	1.79
	Q2	96.18	1.93	1.89
	Q3	96.00	2.01	1.99
	Q4	95.88	2.15	1.96
2025	Q1	95.77	2.25	1.98
	Q2	95.87	2.16	1.97
	Q3	95.85	2.17	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 95.81%, 2.05% and 2.14% respectively at end-September 2025.

5.10 *Offshore renminbi (RMB) business* remained largely active in 2025. RMB trade settlement transactions handled by banks in Hong Kong decreased by 8.4% to RMB13,905.2 billion in 2025. Total RMB deposits (including customer deposits and outstanding certificates of deposit) increased by 2.0% to RMB1,096.8 billion at end-2025. As to financing activities, outstanding RMB bank loans increased by 29.1% to RMB935.0 billion at end-2025. Earlier on, RMB bond issuance (excluding certificates of deposit) amounted to RMB271.6 billion (of which RMB12.5 billion was issued by the Ministry of Finance) in the third quarter of 2025, as compared to RMB222.3 billion in the same period of 2024⁽⁶⁾.

Table 5.4 : Renminbi customer deposits and cross-border renminbi trade settlement in Hong Kong

At end of period		Demand and savings deposits (RMB Mn)	Time deposits (RMB Mn)	Total deposits (RMB Mn)	Interest rates on ^(a)		Number of AIs engaged in RMB business	Amount of cross-border RMB trade settlement ^(c) (RMB Mn)
					Savings deposits ^(b) (%)	Three-month time deposits ^(b) (%)		
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
	Q3	471,341	530,430	1,001,771	0.16	0.31	141	3,353,375
	Q4	443,097	516,956	960,053	0.16	0.31	141	3,217,085
% change in 2025 Q4 over 2024 Q4		8.4	-0.2	3.6	N.A.	N.A.	N.A.	-18.6

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

5.11 As to the Hong Kong dollar *debt market*, total gross issuance of Hong Kong dollar debt securities increased by 16.6% over the preceding year to \$5,980.5 billion⁽⁷⁾ in 2025. The total outstanding amount of Hong Kong dollar debt securities rose by 19.1% over a year earlier to \$3,359.6 billion at end-2025, equivalent to 38.0% of HK\$M3 or 32.9% of Hong Kong dollar-denominated assets of the banking sector⁽⁸⁾.

5.12 As to the Hong Kong dollar bonds issued by the Government, a total of \$34.0 billion institutional Government Bonds (GBs) were issued through tenders under the Infrastructure Bond Programme (IB Programme) in 2025. In addition, a \$1.5 billion institutional GB was issued via bookbuilding under the IB Programme in June, a \$55.0 billion Silver Bond was issued under the retail part of the IB Programme in October, and a \$2.5 billion tokenised institutional green bond was issued under the Government Sustainable Bond Programme (GSB Programme, formerly the Government Green Bond Programme) in November. At end-2025, the total outstanding amount of Hong Kong dollar bonds under the three Programmes was around \$320.1 billion, comprising nine institutional issues totalling \$70.5 billion and one retail issue (Silver Bond) worth \$53.6 billion under the GB Programme, two institutional issues worth \$4.5 billion and one retail issue (Retail Green Bond) worth \$20.0 billion under the GSB Programme, as well as 13 institutional issues totalling \$44.5 billion and three retail issues (two Silver Bonds and one Retail IB) totalling \$127.0 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\$22.6 billion equivalent of institutional green bonds outstanding under the GSB Programme, and around US\$4.8 billion equivalent of institutional IBs outstanding under the IB Programme.

Table 5.5: 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/government-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	118.0	5,130.1
	Q1	1,004.5	5.5	1,010.0	59.7	6.2	113.0	18.4	52.0	1,259.3
	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	Annual	4,351.3	93.0	4,444.3	426.7	58.3	910.5	64.8	75.9	5,980.5
	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
	Q3	1,074.3	7.3	1,081.5	123.8	11.1	312.5	24.6	19.8	1,573.3
	Q4	1,167.7	64.8	1,232.5	118.5	15.7	187.6	9.8	14.6	1,578.6
% change in 2025 over 2024		6.1	1.4	6.0	40.7	79.0	109.6	36.5	-35.7	16.6
Outstanding (as at end of period)										
2024	Q1	1,268.4	287.2	1,555.6	265.2	120.8	573.5	55.4	182.5	2,753.0
	Q2	1,281.7	258.7	1,540.4	284.5	114.2	599.2	64.6	167.1	2,770.0
	Q3	1,294.7	222.1	1,516.8	287.0	119.6	590.9	63.6	178.1	2,756.0
	Q4	1,306.8	303.3	1,610.1	276.7	120.2	570.2	70.1	172.9	2,820.1
2025	Q1	1,318.1	308.9	1,627.0	293.2	119.9	635.1	80.4	176.8	2,932.4
	Q2	1,325.3	293.9	1,619.2	284.5	134.4	699.8	94.0	178.9	3,010.7
	Q3	1,331.4	257.3	1,588.7	313.1	138.3	870.1	114.1	179.3	3,203.6
	Q4	1,342.0	320.1	1,662.1	350.1	141.8	896.6	121.8	187.1	3,359.6
% change at end-2025 over end-2024		2.7	5.5	3.2	26.5	18.0	57.3	73.8	8.2	19.1

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 Government of the HKSAR.

(b) AIs : Authorized institutions.

(c) MDBs : Multilateral Development Banks.

The stock and derivatives markets

5.13 The *local stock market* staged a strong performance in 2025. The market was initially boosted by the Mainland’s breakthrough development in artificial intelligence, before experiencing a sharp correction alongside other major markets upon the US’ announcement of the so-called “reciprocal tariffs” in early April. Market sentiment subsequently improved and remained positive for the rest of the year amid a thriving technology sector, gradual easing of trade tensions, and US interest rate cuts. The HSI rallied to a four-year high in early-October and closed the year at 25 631, achieving a notable 27.8% gain for the year as a whole. *Market capitalisation* rose sharply by 34.2% over a year earlier to \$47.4 trillion at end-2025. The local stock market ranked the sixth largest in the world and the third largest in Asia⁽⁹⁾.

5.14 Trading activities were very active. For 2025 as a whole, *average daily turnover* in the securities market surged by 89.5% to a record high of \$249.8 billion. Within the total, the average daily trading value of equities, unit trusts (including Exchange-Traded Funds (ETFs))⁽¹⁰⁾, callable bull/bear contracts and derivative warrants increased by 93.6%, 92.6%, 58.7% and 50.0% respectively. As to options and futures⁽¹¹⁾, the average daily trading volume increased by 7.2%. Within the total, trading of stock options rose by 22.1%, while that of Hang Seng Index options fell by 23.4%. Meanwhile, trading of both Hang Seng Index futures and Hang Seng China Enterprises Index futures fell by 9.8% and 21.0% respectively.

Diagram 5.6 : The HSI staged a strong performance and rose by 27.8% in 2025

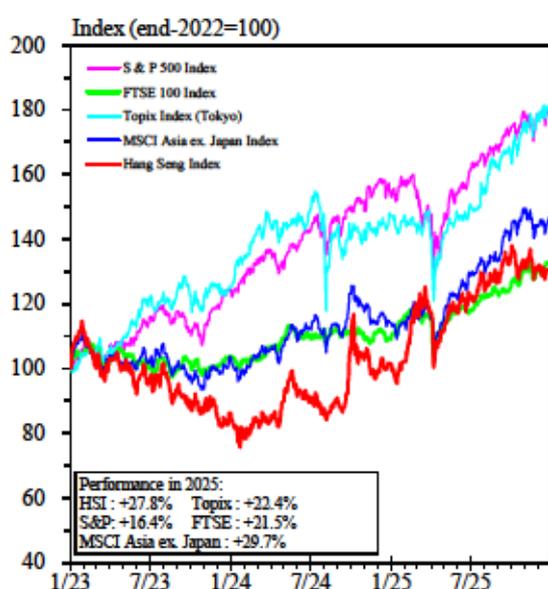
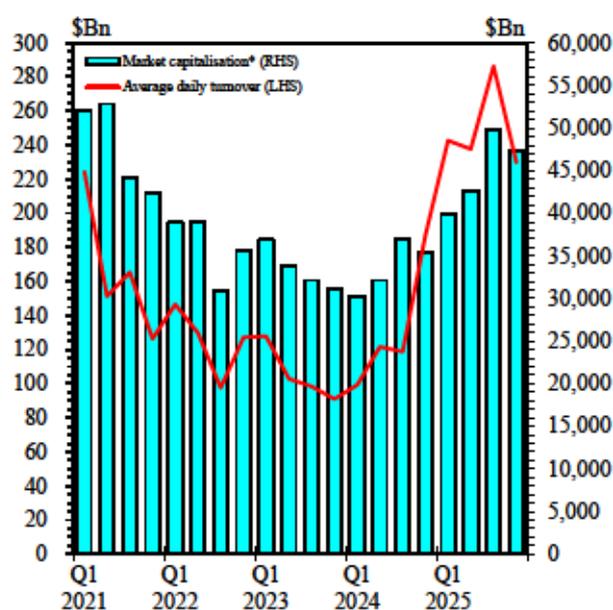


Diagram 5.7 : Market capitalisation rose sharply; trading activities were very active



Note : (*) Position at end of quarter.

Table 5.6 : 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	Annual	126 472	15 043	148 199	879 831	1 662 751
	Q1	143 619	18 509	170 690	964 803	1 866 001
	Q2	121 666	13 876	151 409	771 454	1 534 850
	Q3	122 289	12 656	138 573	919 912	1 647 307
	Q4	118 790	15 326	133 176	860 145	1 604 903
	% change in 2025 Q4 over 2024 Q4	-15.0	1.2	-25.1	9.7	-3.0
	% change in 2025 over 2024	-9.8	-23.4	-21.0	22.1	7.2

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.

5.15 Fund raising activities thrived in 2025. *Total equity capital raised*, comprising new share floatation and post-listing arrangements on the Main Board and GEM⁽¹²⁾, leaped by 236.0% to \$645.9 billion. Within the total, the amount of funds raised through IPOs increased by 226.1% to \$286.9 billion. Hong Kong ranked first among stock exchange markets globally in terms of the amount of funds raised through IPOs in 2025⁽¹³⁾.

5.16 Mainland enterprises remained the driving force in the Hong Kong stock market. At end-2025, a total of 1 552 Mainland enterprises (including 433 H-share companies and 1 119 Non-H share Mainland enterprises) were listed on the Main Board and GEM, representing 58% of the total number of listed companies and 79% of total market capitalisation. Mainland-related stocks accounted for 91% of equity turnover and 89% of total equity funds raised on the Hong Kong Stock Exchange in 2025.

Fund management and investment funds

5.17 Performance of the fund management business improved further in 2025. The aggregate net asset value of the approved constituent funds under the *Mandatory Provident Fund (MPF) schemes*⁽¹⁴⁾ rose by 20.3% over a year earlier to \$1,553.4 billion at end-2025. The gross retail sales of *mutual funds* for the first eleven months of 2025 increased by 31.9% over the same period in the preceding year to US\$100.4 billion⁽¹⁵⁾⁽¹⁶⁾.

Insurance sector

5.18 The *insurance sector*⁽¹⁷⁾ recorded strong growth in the first three quarters of 2025. New office premiums of long-term business surged by 55.9% in the first three quarters over a year earlier, within which premium from non-investment linked individual business (which accounted for 95.1% of total premium for this segment) rose by 55.2%, and that from investment-linked business increased by 75.7%. As to general business, gross and net premiums amounted to \$82.9 billion and \$56.0 billion respectively⁽¹⁸⁾ for the first three quarters as a whole.

Table 5.7 : 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-Q3	82,912	56,008	3,513	251,504	12,656	292	264,452	347,364
	Q1	31,245	20,588	882	90,087	3,227	99	93,413	124,658
	Q2	27,203	19,269	761	76,545	3,691	91	80,327	107,530
	Q3	24,464	16,151	1,870	84,872	5,738	102	90,712	115,176
% change in 2025 Q1-Q3 over 2024 Q1-Q3		10.5	8.3	63.0	55.2	75.7	-18.2	55.9	42.0

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

5.19 In 2025, notable developments were achieved in the financial sector on multiple fronts, including deepening financial connectivity with the Mainland and global markets, digital assets (DA)⁽¹⁹⁾, fintech, strengthening the listing framework, as well as spearheading new engines such as gold trading.

5.20 On financial connectivity, the HKMA and the People's Bank of China announced six new policy measures in January 2025 to deepen the financial market connectivity between Hong Kong and the Mainland, viz. (i) introduction of the HKMA RMB Trade Financing Liquidity Facility; (ii) further enhancement and expansion of Bond Connect (Southbound); (iii) offshore RMB repurchase (repo) using Northbound Bond Connect bonds as collateral; (iv) inclusion of Northbound Bond Connect bonds as eligible margin collateral at OTC Clearing Hong Kong Limited; (v) cross-boundary payment facilitation; and (vi) GBA financial facilitation for Hong Kong residents, with a view to consolidating Hong Kong's status as the global offshore RMB business hub.

5.21 On digital assets, the Stablecoins Ordinance was implemented on 1 August 2025, which established a licensing regime for fiat-referenced stablecoins issuers in Hong Kong and further enhanced Hong Kong's regulatory framework on DA activities. On the other hand, the Financial Services and the Treasury Bureau (FSTB) and the Securities and Futures Commission (SFC) jointly published the consultation conclusions on the legislative proposals for establishing the regulatory regimes for virtual asset (VA) dealing and custodian service providers in December 2025. In response to the feedback received, the FSTB and the SFC also conducted a further public consultation on establishing separate regulatory regimes for VA advisory and management service providers, which ended in January this year.

5.22 On fintech, the HKMA unveiled "Fintech 2030" in November 2025, a forward-looking strategy to make Hong Kong a robust, resilient, and future-ready fintech hub. The "Fintech 2030" will focus on four strategic pillars, including "Creating Next-generation Data and Payment Infrastructure", "A New Holistic Artificial Intelligence Strategy", "Enhancing Business, Technology and Quantum Resilience", and "Tokenisation of Finance", collectively known as "DART", with a comprehensive portfolio of over 40 initiatives.

5.23 On strengthening listing framework, Hong Kong Exchanges and Clearing Limited (HKEX) implemented new Listing Rule requirements in August 2025 which aim to enhance the robustness of the IPO pricing and allocation mechanisms, whilst supporting balanced participation from a broad range of local and international investors. HKEX also revised the initial public float requirements to provide issuers with greater flexibility and certainty in structuring their public offerings, and introduced a new initial free float requirement to ensure there are sufficient tradeable shares upon listing.

5.24 HKEX published a consultation paper on enhancements to the board lot framework in December 2025. In particular, HKEX proposed to standardise board lot units for securities trading, cutting the number of board lot units from over 40 to just eight options. In addition, there will be a significant reduction in minimum board lot value guidance to \$1,000, as well as the addition of new maximum board lot value guidance of \$50,000 for issuers that adopt board lot units larger than 100 shares. The proposed changes aim at enhancing operational efficiency of the secondary market, as well as supporting investor participation in Hong Kong's markets by making board lot values more accessible for retail investors. The consultation period will last until 12 March 2026.

5.25 On gold trading, as highlighted in the 2025 Policy Address, the Government will expedite the building of an international gold trading market through establishing a central clearing system for gold and encouraging more financial institutions to expand gold storage facilities in Hong Kong. In terms of storage facilities, the Airport Authority has completed the first-phase expansion of the precious metals depository at the Hong Kong International Airport, increasing capacity to 200 tonnes, and is pressing ahead with plans of further expansion to 1 000 tonnes. Meanwhile, the Shanghai Gold Exchange has launched its first offshore vault in Hong Kong, and signed a co-operation agreement with the FSTB in January 2026, which would establish a high-level, collaborative governance structure for Hong Kong's new gold central clearing, as well as open new avenues for physical infrastructure synergy and market connectivity. Separately, the central clearing system for gold in Hong Kong, governed by a wholly government-owned company, is scheduled to commence trial operation in 2026.

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-2025, there were 149 licensed banks, 16 restricted licence banks and 11 deposit-taking companies in Hong Kong. Altogether, 176 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 AIs 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-2025, there were 133 classes of stock options contracts and 93 classes of stock futures contracts.
- (12) At end-2025, there were 2 374 and 312 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-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 350 000 employers, 2.63 million employees and 223 000 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-2025, there was one SFC-authorized retail hedge fund with net asset size of US\$85 million. This amount of net assets under management increased by 2.4% from

end-September, and represented a 9.6% decrease from a year earlier and a 46.9% decrease from end-2002, the year when the hedge funds guidelines were first issued.

- (17) At end-2025, there were 159 authorized insurers in Hong Kong. Within this total, 51 were engaged in long-term insurance business, 86 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.
- (19) “Digital asset” is a general term with a broad scope, covering, among others, “virtual asset”, which is a legally defined term under the existing Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615).

CHAPTER 6 : THE LABOUR SECTOR

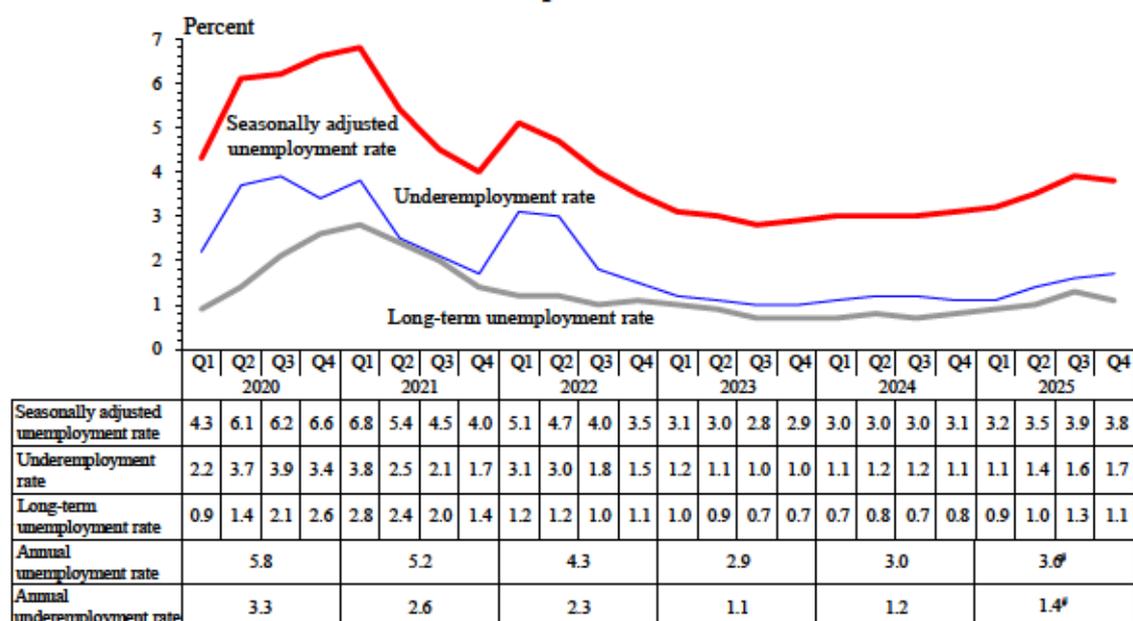
Summary

- *The labour market showed signs of stabilisation towards the latter part of 2025. The seasonally adjusted unemployment rate retreated slightly to 3.8% in the fourth quarter of 2025 from 3.9% in the previous quarter after trending up from 3.1% in the fourth quarter a year ago.*
- *The unemployment rates of many sectors went down in the fourth quarter of 2025 as compared to the preceding quarter.*
- *The underemployment rate went up to 1.7% in the fourth quarter of 2025 from 1.1% a year ago.*
- *Establishment surveys indicated that wages and labour earnings saw further year-on-year growth in the first three quarters of 2025. More recent General Household Survey (GHS) data also pointed to continued increase in employment earnings throughout 2025.*

Overall labour market situation⁽¹⁾

6.1 The labour market showed signs of stabilisation towards the latter part of 2025. The seasonally adjusted *unemployment rate*⁽²⁾ retreated slightly to 3.8% in the fourth quarter of 2025 from 3.9% in the previous quarter after trending up from 3.1% in the fourth quarter a year ago. The unemployment rates of many sectors went down in the fourth quarter of 2025 as compared to the preceding quarter. The overall *underemployment rate*⁽³⁾ went up to 1.7% in the fourth quarter from 1.1% a year ago. Meanwhile, establishment surveys indicated that wages and labour earnings saw further year-on-year growth in the first three quarters of 2025. More recent GHS data also pointed to continued increase in employment earnings throughout 2025.

Diagram 6.1 : The labour market showed signs of stabilisation towards the latter part of 2025



Note : # Provisional figures.

Table 6.1 : 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	Annual [#]	3.6	1.4	1.1
	Q1	3.2	1.1	0.9
	Q2	3.5	1.4	1.0
	Q3	3.9	1.6	1.3
	Q4	3.8	1.7	1.1

Notes : * Seasonally adjusted (except for annual figures).

Provisional figures.

Source : General Household Survey, Census and Statistics Department.

Labour force and total employment

6.2 The *labour force*⁽⁴⁾ increased by 0.1% to 3 805 200 in the fourth quarter of 2025 over a year earlier. Over the same period, the working age population (i.e. land-based non-institutional population aged 15 and above) rose by 0.4% to 6 709 400, whereas the overall labour force participation rate went down by 0.2 percentage point to 56.7%. Analysed by age groups, the labour force participation rates of those aged 15-24 and those aged 60 and above decreased, whereas those of other age groups went up.

6.3 *Total employment*⁽⁵⁾ declined by 0.5% to 3 667 000 in the fourth quarter of 2025 from a year ago, though the trends varied across different sectors. Some major sectors, including the construction sector, the retail sector, the import and export trade sector, the information and communications sector, and the food and beverage service activities sector, recorded year-on-year decreases in employment. On the other hand, employment of some other sectors increased year-on-year, including the human health activities sector, the social work activities sector, the professional and business services sector (excluding cleaning and similar activities), and the financing sector.

Table 6.2 : 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 Annual [#]	3 811 100 (0.1)	3 672 900 (-0.6)	138 200	55 000
Q1	3 815 500 (0.4) <-0.4>	3 692 700 (0.1) <-0.2>	122 800	42 700
Q2	3 793 500 (-0.4) <-0.6>	3 657 300 (-1.0) <-1.0>	136 200	52 600
Q3	3 830 100 (0.5) <-1.0>	3 674 500 (-0.5) <-0.5>	155 600	60 000
Q4	3 805 200 (0.1) <-0.6>	3 667 000 (-0.5) <-0.2>	138 200	64 800

- Notes : (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 $\pm 0.05\%$.
 # Provisional figures.

Source : General Household Survey, Census and Statistics Department.

Diagram 6.2 : The labour force increased over a year earlier in the fourth quarter of 2025, whereas total employment declined



Table 6.3 : Labour force participation rates by gender and by age group (%)

	<u>2024</u>					<u>2025</u>				
	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Annual[#]</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
<u>Male</u>										
15-24	28.8	27.6	27.4	30.3	29.1	28.2	27.5	27.8	29.9	27.6
<i>of which:</i>										
15-19	7.0	6.5	6.4	8.1	6.2	6.8	5.1	7.1	8.4	6.5
20-24	50.0	48.6	48.1	51.7	50.9	49.2	49.5	48.0	51.0	48.4
25-29	88.4	88.3	87.0	88.6	89.3	87.2	88.2	86.4	86.8	87.4
30-39	94.4	94.3	94.2	94.3	94.4	94.5	94.3	94.6	94.6	94.5
40-49	93.3	92.9	93.5	93.2	93.4	93.9	94.0	93.8	93.9	94.0
50-59	85.0	84.6	85.1	84.8	85.3	85.1	85.2	84.8	84.6	85.5
≥ 60	30.8	31.0	31.0	30.8	30.4	29.7	30.0	29.4	30.0	29.3
Overall	62.7	62.7	62.7	62.8	62.6	62.1	62.3	61.9	62.4	61.9
<u>Female</u>										
15-24	30.2	29.3	28.9	31.5	30.4	28.8	28.9	28.9	29.8	27.6
<i>of which:</i>										
15-19	7.0	6.2	6.1	8.9	7.5	6.3	6.8	6.0	6.8	5.6
20-24	51.1	50.8	49.7	51.7	50.7	49.3	49.0	49.6	50.9	47.8
25-29	83.4	83.9	83.4	83.4	83.1	86.0	84.9	85.3	86.8	87.1
30-39	80.5	80.1	80.8	80.3	80.6	81.4	80.7	80.5	82.0	82.4
40-49	75.6	75.2	75.8	75.6	76.2	76.7	76.6	76.4	76.6	77.1
50-59	65.8	65.7	65.2	66.1	66.3	67.0	66.9	67.4	67.0	66.8
≥ 60	17.5	17.5	18.0	17.4	17.3	17.6	17.7	17.8	17.7	17.3
Overall	52.3	52.3	52.4	52.3	52.2	52.6	52.5	52.5	52.8	52.5
<u>Both genders combined</u>										
15-24	29.5	28.5	28.2	30.9	29.7	28.5	28.2	28.3	29.9	27.6
<i>of which:</i>										
15-19	7.0	6.3	6.2	8.5	6.8	6.5	5.9	6.5	7.7	6.1
20-24	50.5	49.7	48.9	51.7	50.8	49.3	49.3	48.8	50.9	48.1
25-29	85.8	86.0	85.1	85.9	86.1	86.6	86.5	85.8	86.8	87.2
30-39	86.4	86.2	86.6	86.3	86.5	87.1	86.6	86.6	87.5	87.7
40-49	82.7	82.3	82.9	82.7	83.1	83.6	83.6	83.4	83.6	83.9
50-59	74.0	73.7	73.7	74.0	74.4	74.7	74.7	74.8	74.5	74.7
≥ 60	23.7	23.8	24.1	23.6	23.4	23.2	23.4	23.2	23.4	22.9
Overall	57.0	56.9	57.0	57.0	56.9	56.9	56.9	56.7	57.1	56.7

Note : # Provisional figures.

Source : General Household Survey, Census and Statistics Department.

Table 6.4 : Employment by major economic sector

	Annual	2024				Annual [#]	2025			
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4
Import/export trade and wholesale	296 500	300 500	298 400	296 100	292 100	285 400	290 900	282 900	283 400	284 300
<i>of which</i>	(-5.0)	(-5.1)	(-2.9)	(-4.2)	(-4.0)	(-3.8)	(-3.2)	(-5.2)	(-4.3)	(-2.7)
<i>Import and export trade</i>	282 800	286 000	284 400	283 000	279 400	272 200	278 000	270 300	269 400	270 900
	(-4.0)	(-3.8)	(-1.7)	(-2.9)	(-3.3)	(-3.8)	(-2.8)	(-5.0)	(-4.8)	(-3.0)
Retail, accommodation and food services	513 700	523 300	513 300	508 200	505 000	492 000	498 400	490 500	489 600	489 800
<i>of which</i>	(-4.4)	(-1.9)	(-3.8)	(-5.5)	(-5.2)	(-4.2)	(-4.8)	(-4.4)	(-3.7)	(-3.0)
<i>Retail</i>	251 500	256 800	251 600	247 000	244 200	235 900	238 800	235 400	235 800	233 800
	(-6.2)	(-4.1)	(-6.0)	(-8.4)	(-7.2)	(-6.2)	(-7.0)	(-6.5)	(-4.5)	(-4.3)
<i>Accommodation services</i>	41 300	40 000	41 100	42 600	42 200	41 600	41 700	40 700	42 000	42 100
	(1.0)	(-4.2)	(1.5)	(1.7)	(3.6)	(0.7)	(4.3)	(-0.9)	(-1.6)	(-0.4)
<i>Food and beverage service activities</i>	220 800	226 500	220 600	218 600	218 600	214 500	217 900	214 400	211 800	213 900
	(-3.2)	(1.1)	(-2.1)	(-3.3)	(-4.3)	(-2.9)	(-3.8)	(-2.8)	(-3.1)	(-2.1)
Transportation, storage, postal and courier services	290 900	283 200	288 200	290 400	285 100	286 400	289 000	288 700	286 000	282 000
	(0.5)	(-1.6)	(-1.0)	(0.1)	(-0.4)	(-1.5)	(2.1)	(0.2)	(-1.5)	(-1.1)
Information and communications	130 900	136 900	132 600	129 200	131 700	129 900	131 100	129 200	130 800	128 300
	(-1.0)	(2.7)	(-0.3)	(-2.4)	(-2.7)	(-0.8)	(-4.2)	(-2.6)	(1.3)	(-2.6)
Financing, insurance, real estate, professional and business services	849 600	843 300	845 400	853 700	858 500	862 900	860 200	858 400	868 900	864 000
<i>of which:</i>	(0.1)	(-1.7)	(-0.8)	(-0.5)	(1.0)	(1.6)	(2.0)	(1.5)	(1.8)	(0.6)
<i>Financing</i>	196 100	198 000	193 500	199 200	198 800	201 800	200 200	200 900	204 000	202 200
	(-3.5)	(-4.9)	(-6.2)	(-3.6)	(-2.9)	(2.9)	(1.1)	(3.8)	(2.4)	(1.8)
<i>Professional and business services (excluding cleaning and similar activities)</i>	349 400	349 700	351 000	346 300	348 500	354 100	351 900	353 900	355 500	355 000
	(1.4)	(1.1)	(2.8)	(-1.1)	(0.2)	(1.3)	(0.6)	(0.8)	(2.7)	(1.9)
Public administration, social and personal services	1 149 500	1 139 400	1 151 300	1 153 300	1 152 900	1 165 900	1 161 300	1 157 700	1 170 300	1 174 300
<i>of which:</i>	(1.9)	(2.3)	(2.4)	(1.0)	(0.9)	(1.4)	(1.9)	(0.6)	(1.5)	(1.9)
<i>Human health activities</i>	165 900	160 800	163 600	165 800	167 300	172 200	171 300	171 200	172 700	173 700
	(4.8)	(0.7)	(2.3)	(3.3)	(4.7)	(3.8)	(6.5)	(4.7)	(4.1)	(3.8)
<i>Social work activities</i>	93 300	92 200	96 000	92 400	92 000	93 700	93 600	93 100	93 900	94 400
	(6.7)	(9.3)	(9.0)	(2.5)	(0.9)	(0.5)	(1.5)	(-3.1)	(1.6)	(2.5)
Manufacturing	86 500	88 800	88 200	83 600	86 100	88 200	88 200	90 700	87 600	86 500
	(-3.3)	(1.3)	(-0.6)	(-5.0)	(-3.6)	(2.1)	(-0.7)	(2.8)	(4.7)	(0.5)
Construction	351 600	350 700	350 800	352 600	350 900	336 600	345 300	335 200	332 700	333 100
	(0.8)	(3.7)	(3.1)	(2.5)	(-0.1)	(-4.3)	(-1.5)	(-4.4)	(-5.6)	(-5.1)
Overall	3 693 600	3 690 000	3 693 100	3 691 500	3 687 000	3 672 900	3 692 700	3 657 300	3 674 500	3 667 000
	(-0.4)	(-0.1)	(§)	(-0.9)	(-0.7)	(-0.6)	(0.1)	(-1.0)	(-0.5)	(-0.5)

Notes : () % change over a year earlier.

Provisional figures.

§ Change within $\pm 0.05\%$.

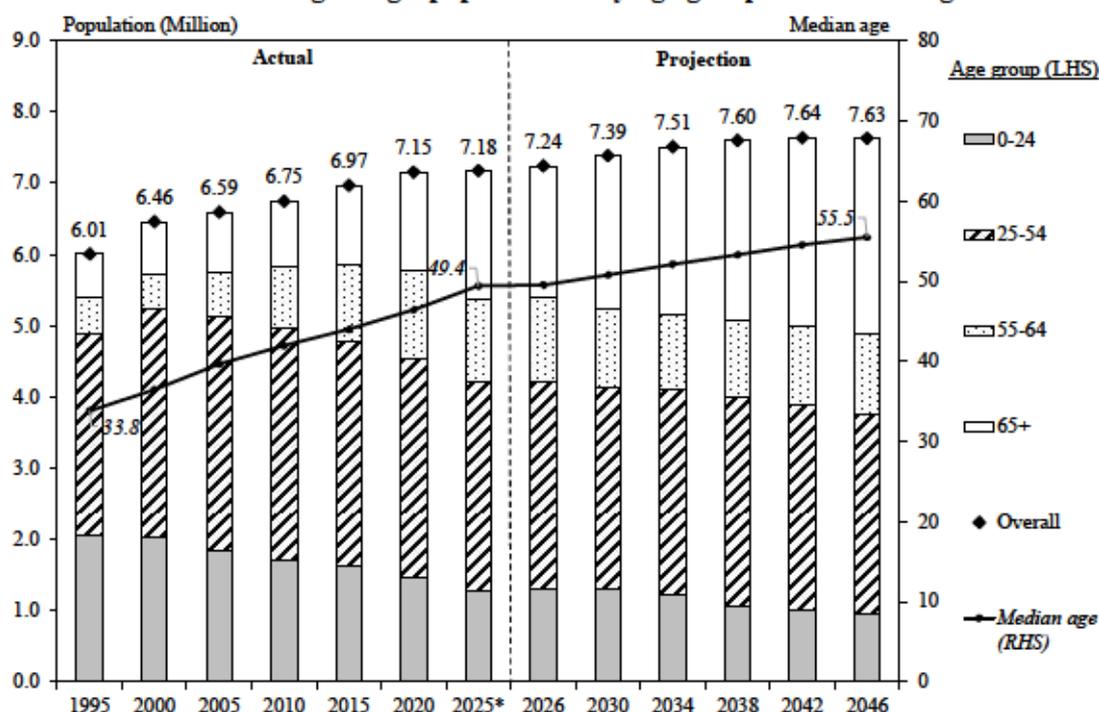
Source : General Household Survey, Census and Statistics Department.

Box 6.1

Opportunities and challenges of population ageing in Hong Kong

Population ageing is a global issue, and Hong Kong is no exception. According to the statistics published by the Census and Statistics Department (C&SD), the number of persons aged 65 and above in Hong Kong surged from 0.60 million⁽¹⁾ in 1995 to 1.79 million in 2025, with their share in total population more than doubled from 10.0% to 25.0% (*Chart 1*). The median age of Hong Kong's population rose notably in tandem from 33.8 to 49.4.

Chart 1: Hong Kong's population⁽²⁾ by age group and median age



Note: (*) Provisional figures.

Source: C&SD.

There are two major forces driving population ageing in Hong Kong. First, fertility of Hong Kong was on a downtrend in the past few decades, with the total fertility rate decreasing visibly from 1 295 live births per 1 000 females in 1995 to 841 in 2024, far below the replacement level of 2 100. Second, people in Hong Kong are living longer. The life expectancy at birth of male and female in Hong Kong reached 82.7 years and 88.2 years respectively in 2024, one of the highest in the world and much higher than their respective levels of 76.0 and 81.5 in 1995. Such trends of low fertility and increasing life expectancy are expected to persist. According to C&SD's projections, the life expectancy at birth of male and female will rise further to 86.4 and 91.8 in 2046 respectively, and the total fertility rate will stay low at 938. As a result, population ageing is projected to intensify further going forward, with the share of persons aged 65 and above reaching 36.0% of Hong Kong's population in 2046.

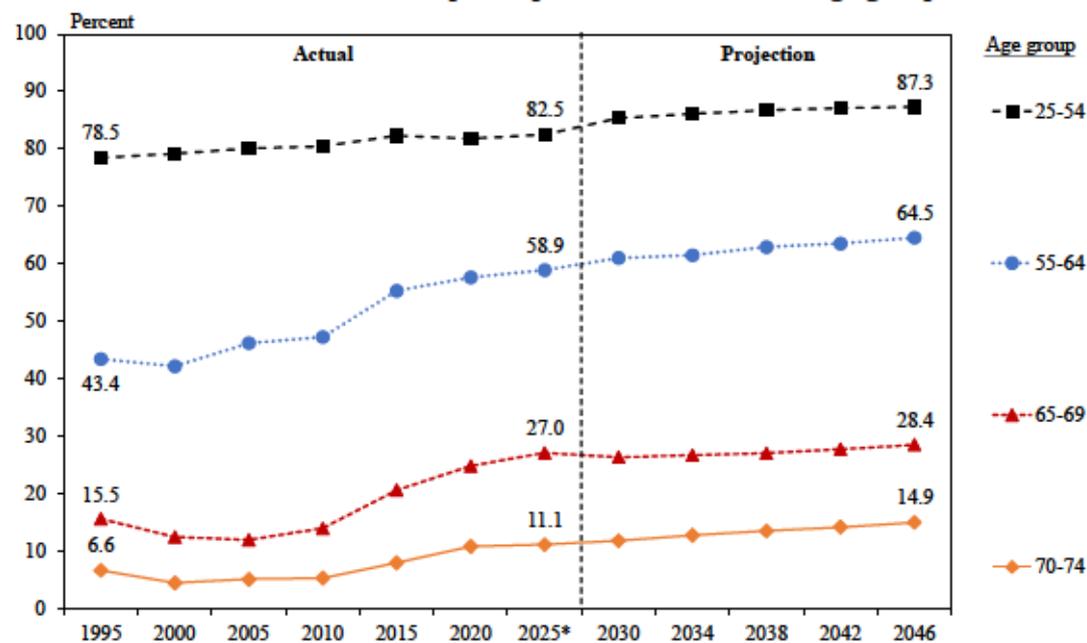
(1) Population and labour statistics quoted in this article exclude foreign domestic helpers.

(2) Refers to mid-year population figures.

Box 6.1 (Cont'd)

As a larger proportion of people in Hong Kong are expected to approach retirement, the overall labour force will be subject to increased downward pressure. That being said, it is noted that the labour force participation rates of prime-age adults (i.e. those aged 25-54) and older age groups (i.e. those aged 55-74) in Hong Kong have been trending up according to C&SD's figures and projections (*Chart 2*). The latter implies that more older people stay active in the labour market, with the labour force aged 55 and above increasing from 0.3 million in 1995 to 0.9 million in 2025, and projected to rise further to 1.0 million in 2046. This will partly offset the drag of population ageing on labour force growth. Taking these factors into consideration, the labour force of Hong Kong is projected to remain relatively stable in size over the next two decades and peak in 2038 followed by a decline (*Chart 3*).

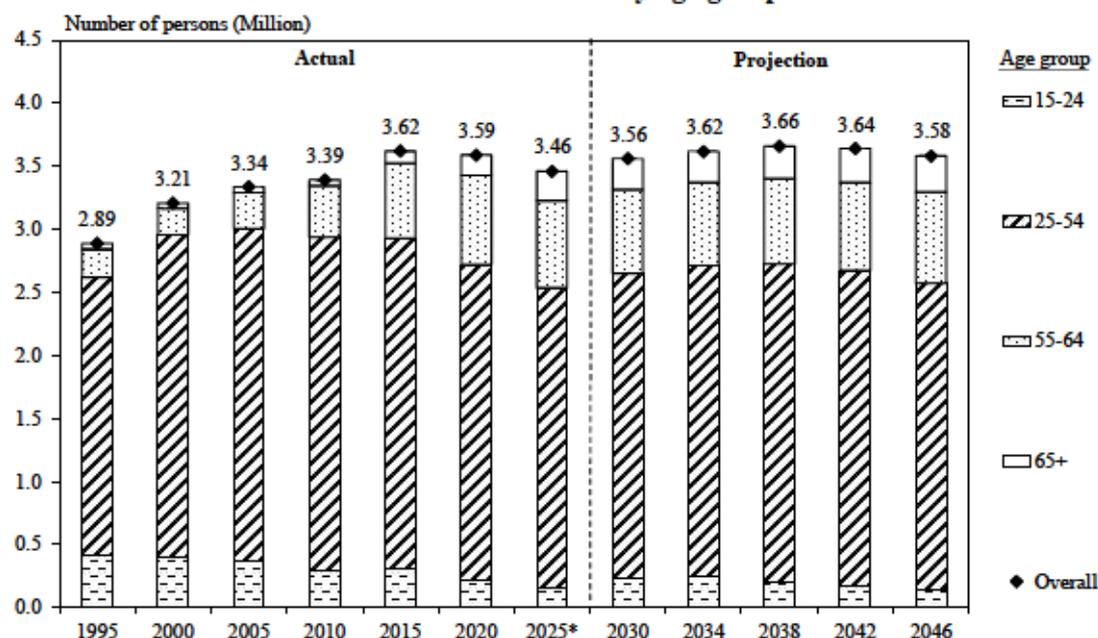
Chart 2: Labour force participation rate of selected age groups



Note: (*) Provisional figures.

Source: C&SD.

Chart 3: Labour force by age group



Note: (*) Provisional figures.

Source: C&SD.

Box 6.1 (Cont'd)

The projected relatively stable labour force reflects the Government's multi-pronged strategy to mitigate the impact of population ageing on the economy. A number of measures have been launched in recent years to 1) provide stronger incentives for childbirth: measures ranging from newborn baby bonus and tax concessions for eligible parents to giving priority to families with newborns in the allocation of public housing; 2) promote stronger participation in the labour market: the Re-employment Allowance Pilot Scheme (launched in July 2024) to encourage more locals to join the workforce and more aided child care centres to facilitate more parents to stay in the labour market after childbirth; and 3) leverage outside talents: the Top Talent Pass Scheme and various enhanced talent admission regimes (e.g. General Employment Policy and Admission Scheme for Mainland Talents and Professionals) proactively trawl for outside talents and inject fresh vitality into the workforce.

Separately, various initiatives have been implemented to enhance labour productivity. These include the enhancement of skills-based training for the workforce via the Employees Retraining Board. The Digital Transformation Support Pilot Programme will also include artificial intelligence (AI) and cybersecurity digital solutions to encourage small and medium enterprises to use AI to enhance their competitiveness.

While population ageing poses challenges, it also brings about opportunities. With an increasing proportion of elderly in the population, the prominence of the silver economy will be on the rise, creating a sizable demand for related products and services. It is crudely estimated that the consumption expenditure of persons aged 60 and above will increase from \$342 billion in 2024 to \$496 billion in 2034. To better seize the opportunities brought by the silver economy, the Government set up a Working Group on Promoting Silver Economy in 2024, and announced 30 measures in May 2025 covering five areas, namely boosting "silver consumption"; developing "silver industry"; promoting "quality assurance of silver products"; enhancing "silver financial and security arrangements"; and unleashing "silver productivity".

To tackle the challenges brought about by an ageing population and further promote the development of silver economy, the Government has set up a Working Group on Ageing Society Strategies led by the Deputy Chief Secretary for Administration, with all the 15 policy bureaux as members. The Working Group will look into how community resources and market participation may be capitalised to drive cross-sector collaboration and synergise with government policy initiatives to formulate timely and strategic responses to ageing society. The Working Group will submit a report to the Chief Executive this year.

Profile of unemployment

6.4 The seasonally adjusted unemployment rate retreated slightly to 3.8% in the fourth quarter of 2025 from 3.9% in the previous quarter after trending up from 3.1% in the fourth quarter a year ago. The number of unemployed persons (not seasonally adjusted) decreased by 11.1% or 17 300 to 138 200 in the fourth quarter from the preceding quarter, despite being 22.6% or 25 500 higher than the level a year earlier.

6.5 The unemployment rates of many sectors went down in the fourth quarter of 2025 as compared to the preceding quarter. In the retail, accommodation and food services sector, the unemployment rate fell visibly by 0.7 percentage point to 5.2%, though was still 0.9 percentage point higher than a year ago. In the construction sector, the unemployment rate dropped by 0.5 percentage point to 6.7%, driven mainly by the visible decline of 0.7 percentage point in the unemployment rate of the foundation and superstructure sector to 6.3%, whereas that of the decoration, repair and maintenance for buildings sector went up by 0.4 percentage point over the preceding quarter to 8.3%. For the financing, insurance, real estate, professional and business services sector, the trend was mixed. The unemployment rate of the financing sector fell visibly by 0.8 percentage point to 2.1%, and was 0.1 percentage point lower than the level a year ago. The unemployment rate of the professional and business services sector (excluding cleaning and similar activities) fell by 0.3 percentage point to 3.8%, but was 0.5 percentage point higher than the level a year ago. On the other hand, the unemployment rate of the insurance sector went up by 0.5 percentage point to 2.7%. For the *low-paying sectors*⁽⁶⁾ as a whole, the unemployment rate decreased by 0.4 percentage point to 3.0%, though it still exceeded its year-ago level by 0.5 percentage point.

6.6 Analysed by skill segment, the unemployment rates of both the lower-skilled workers and the higher-skilled workers fell by 0.3 percentage point and 0.4 percentage point to 3.8% and 2.4% respectively in the fourth quarter of 2025, though they were still 0.7 percentage point and 0.4 percentage point higher than their respective year-ago levels.

6.7 Analysed by other socio-economic attributes, the unemployment rates of all age groups and educational attainment groups decreased in the fourth quarter of 2025 as compared to the preceding quarter, particularly those aged 15-24 (down 2.3 percentage points from the preceding quarter to 12.1%), those with lower secondary education (down 0.7 percentage point from the preceding quarter to 4.4%), and those aged 50-59 (down 0.5 percentage point from the

preceding quarter to 3.8%). Compared with a year ago, the unemployment rates of all age groups and educational attainment groups increased.

Diagram 6.3 : The unemployment rates of many sectors went down in the fourth quarter of 2025 as compared to the preceding quarter

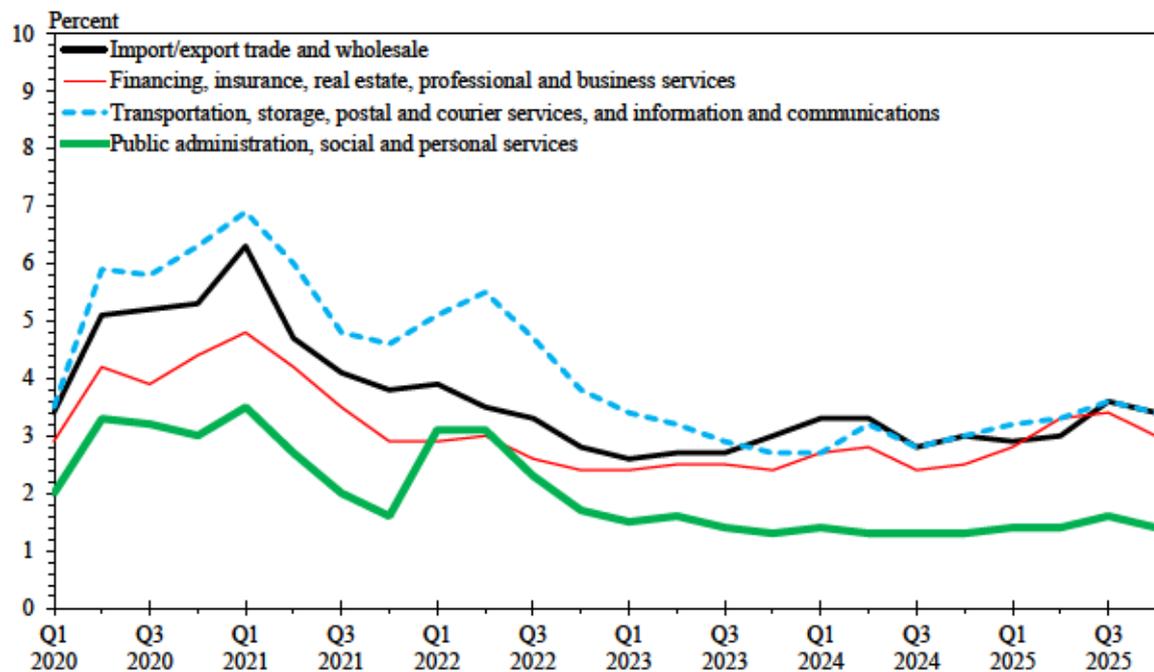
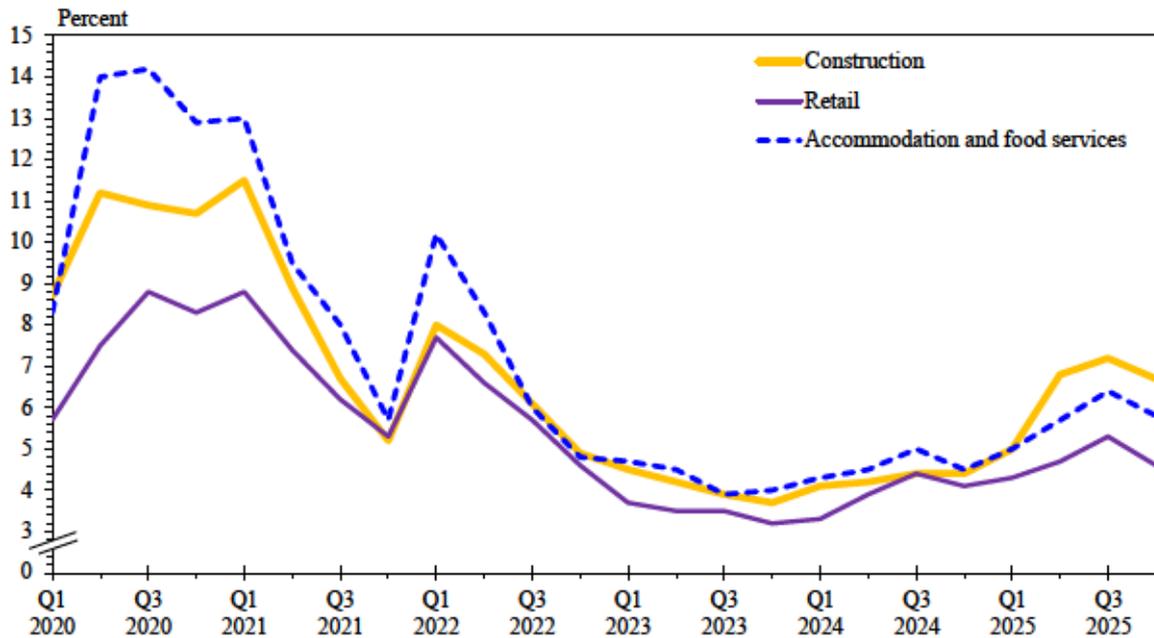


Table 6.5 : Unemployment rates by major economic sector

	<u>2024</u>					<u>2025</u>				
	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Annual[#]</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
Import/export trade and wholesale	3.1	3.3	3.3	2.8	3.0	3.2	2.9	3.0	3.6	3.4
Retail, accommodation and food services	4.2	3.8	4.2	4.7	4.3	5.3	4.7	5.2	5.9	5.2
<i>of which:</i>										
<i>Retail</i>	3.9	3.3	3.9	4.4	4.1	4.7	4.3	4.7	5.3	4.6
<i>Accommodation services</i>	3.2	2.6	3.4	3.4	3.4	3.7	3.1	4.0	4.3	3.6
<i>Food and beverage service activities</i>	4.8	4.6	4.6	5.2	4.7	6.1	5.3	6.0	6.8	6.2
Transportation, storage, postal and courier services	2.7	2.5	3.0	2.6	2.8	2.9	2.8	2.9	3.1	2.9
Information and communications	3.3	3.1	3.4	3.3	3.5	4.2	4.1	4.0	4.6	4.3
Financing, insurance, real estate, professional and business services	2.6	2.7	2.8	2.4	2.5	3.1	2.8	3.3	3.4	3.0
<i>of which:</i>										
<i>Financing</i>	2.4	2.3	2.8	2.3	2.2	2.8	2.6	3.4	2.9	2.1
<i>Insurance</i>	1.6	2.2	1.7	0.9	1.3	2.0	1.5	1.7	2.2	2.7
<i>Professional and business services (excluding cleaning and similar activities)</i>	3.2	3.3	3.3	3.1	3.3	3.9	3.7	4.0	4.1	3.8
Public administration, social and personal services	1.3	1.4	1.3	1.3	1.3	1.5	1.4	1.4	1.6	1.4
Manufacturing	3.2	3.2	3.5	3.3	3.3	3.5	3.4	3.1	3.9	3.5
Construction	4.2	4.1	4.2	4.4	4.4	6.4	5.0	6.8	7.2	6.7
<i>of which:</i>										
<i>Foundation and superstructure</i>	3.8	3.7	4.0	4.0	4.0	6.1	4.6	6.4	7.0	6.3
<i>Decoration, repair and maintenance for buildings</i>	5.7	5.9	5.2	5.7	6.1	7.8	6.6	8.3	7.9	8.3
Overall*	3.0	2.9	3.0	3.1	3.0	3.6	3.2	3.6	4.1	3.6
		(3.0)	(3.0)	(3.0)	(3.1)		(3.2)	(3.5)	(3.9)	(3.8)

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

() Seasonally adjusted unemployment rates.

Provisional figures.

Source : General Household Survey, Census and Statistics Department.

Diagram 6.4 : The unemployment rates of both the lower-skilled and higher-skilled workers fell from the preceding quarter in the fourth quarter of 2025, though they were still higher than their year-ago levels

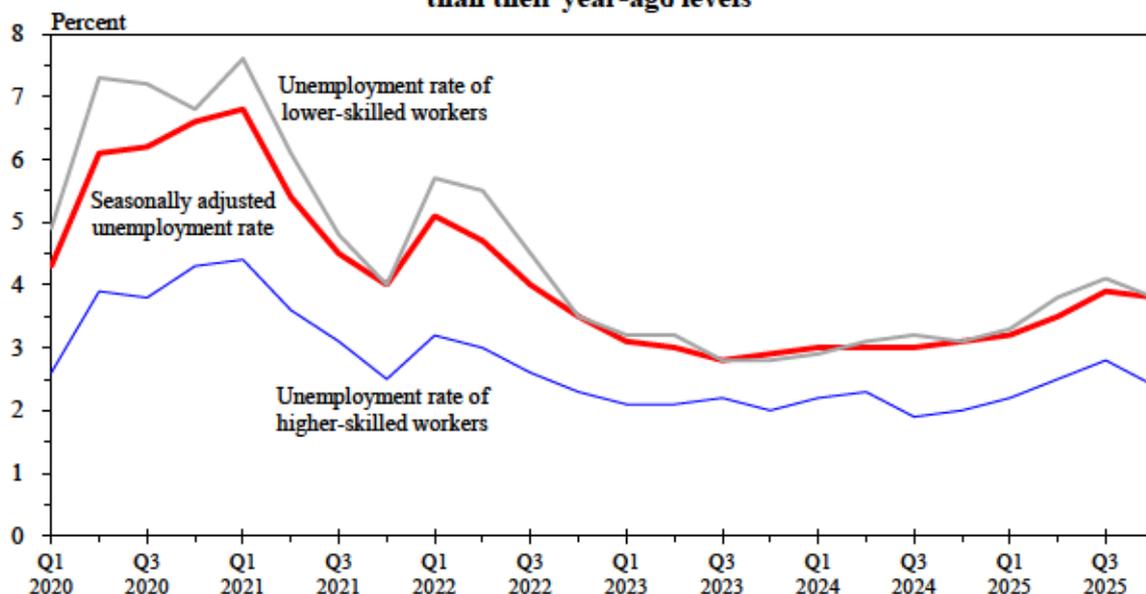


Table 6.6 : Unemployment rates* by skill segment

	<u>2024</u>					<u>2025</u>				
	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Annual[#]</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
<u>Higher-skilled segment</u>	2.1	2.2	2.3	1.9	2.0	2.5	2.2	2.5	2.8	2.4
Managers	1.8	2.0	2.0	1.7	1.6	2.0	1.7	2.1	2.1	2.0
Professionals	1.8	1.9	1.7	1.7	1.9	2.1	2.0	2.1	2.4	2.1
Associate professionals	2.6	2.7	2.9	2.4	2.4	3.1	2.8	3.1	3.4	3.0
<u>Lower-skilled segment[^]</u>	3.0	2.9	3.1	3.2	3.1	3.8	3.3	3.8	4.1	3.8
Clerical support workers	3.5	3.4	3.7	3.5	3.3	3.7	3.5	3.9	3.9	3.3
Services and sales workers	3.4	3.3	3.4	3.6	3.5	4.0	3.5	4.0	4.6	4.1
Craft and related trades workers	3.9	4.0	4.0	4.0	3.9	6.1	4.7	6.2	6.9	6.5
Plant and machine operators and assemblers	2.4	2.1	2.4	2.5	2.8	2.7	2.2	2.3	3.1	3.1
Elementary occupations	2.2	2.1	2.2	2.3	2.3	3.0	2.8	3.0	3.0	3.0

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

[^] Including other occupations.

[#] Provisional figures.

Source : General Household Survey, Census and Statistics Department.

Table 6.7 : Unemployment rates* by age and educational attainment

<u>Age</u>	<u>2024</u>					<u>2025</u>				
	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Annual[#]</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
15-24	9.5	9.9	8.2	11.3	8.6	11.4	8.9	9.9	14.4	12.1
<i>of which:</i>										
15-19	10.5	8.1	9.7	15.4	7.8	11.4	7.7	11.3	15.0	10.8
20-24	9.3	10.1	8.0	10.7	8.7	11.4	9.1	9.8	14.4	12.3
25-29	4.5	4.6	4.4	4.6	4.6	5.1	4.8	5.5	5.2	5.0
30-39	2.3	2.1	2.3	2.3	2.3	2.8	2.7	2.9	3.0	2.7
40-49	2.4	2.2	2.7	2.4	2.3	2.7	2.3	2.7	3.1	2.9
50-59	2.9	3.0	2.9	2.9	2.9	3.9	3.4	3.9	4.3	3.8
≥ 60	2.4	2.3	2.4	2.4	2.5	3.0	2.7	2.9	3.4	3.0
<u>Educational attainment</u>										
Primary education and below	2.3	1.9	2.4	2.5	2.5	3.4	3.0	3.4	3.9	3.5
Lower secondary education	3.4	2.9	3.7	3.5	3.7	4.5	4.2	4.3	5.1	4.4
Upper secondary education [^]	2.9	3.0	2.8	3.1	2.7	3.4	2.9	3.5	3.7	3.4
Post-secondary education	3.0	3.1	3.0	3.1	3.0	3.6	3.3	3.5	4.0	3.6

- Notes : * Not seasonally adjusted, but including first-time job-seekers and re-entrants into the labour force.
 ^ Including craft courses.
 # Provisional figures.

Source : General Household Survey, Census and Statistics Department.

6.8 The long-term unemployment situation worsened in 2025, but displayed some relative improvement in the last quarter of the year. The long-term unemployment rate (i.e. the proportion of persons unemployed for six months or longer in the labour force) was 1.1% in the fourth quarter, lower than the 1.3% in the third quarter, though still higher than the 0.8% a year ago. The number of long-term unemployed persons declined by 9.7% or 4 700 from the preceding quarter to 43 700 in the fourth quarter, despite being 44.8% or 13 500 higher than the year-ago level. Compared with a year ago, the medium duration of unemployment lengthened by around 12 days to 95 days in the fourth quarter.

Underemployment situation

6.9 The underemployment rate went up to 1.7% in the fourth quarter of 2025 from 1.1% a year ago. Over the same period, the number of underemployed persons increased by 50.5% or 21 700 to 64 800.

Vacancies

6.10 Private sector vacancies decreased by 22.6% year-on-year to 51 450 in September 2025, but the decline turned narrower than that recorded in June 2025. Vacancies of many industries decreased at a slower pace from a year earlier.

6.11 The overall manpower balance situation eased slightly further in September 2025. The ratio of job vacancies per 100 unemployed persons decreased slightly further to 33 in September from 36 three months ago. Yet, the manpower shortage situation remained evident in some sectors, including the human health services sector and the residential care and social work services sector, with their corresponding ratios staying well above 100.

Table 6.8 : Vacancies by major economic sector

	Annual average	2024				2025		
		Mar	Jun	Sep	Dec	Mar	Jun	Sep
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)	3 420 (-23.7)	3 410 (-21.2)
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)	3 500 (-11.2)	3 220 (-27.7)
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)	970 (-38.2)	880 (-27.7)
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)	4 090 (-27.9)	3 620 (-33.4)
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)	3 320 (-56.6)	2 780 (-44.9)
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)	2 330 (-23.5)	2 610 (10.7)
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)	14 630 (-17.0)	15 800 (-9.9)
<i>of which:</i>								
<i>Financing and insurance</i>	4 880 (-17.1)	4 840 (-22.0)	4 780 (-23.3)	5 000 (-12.5)	4 920 (-9.2)	4 660 (-3.7)	5 180 (8.5)	5 860 (17.1)
<i>Professional and business services (excluding cleaning and similar services)</i>	6 430 (-4.8)	6 720 (-1.2)	7 120 (-5.1)	6 210 (-5.5)	5 670 (-7.7)	5 050 (-24.9)	4 810 (-32.4)	5 120 (-17.6)
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)	15 220 (-27.3)	16 980 (-24.1)
<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)	3 350 (-31.3)	4 830 (-26.7)
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)	1 700 (-32.5)	1 750 (-2.9)
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)	180 (-90.0)	240 (-86.3)
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)	49 530 (-28.7)	51 450 (-22.6)
		[2.9] <0.4>	[-7.6] <-7.2>	[-4.3] <-9.5>	[-12.1] <-5.2>	[-5.5] <-7.9>	[-10.2] <-9.8>	[3.9] <-1.7>
Civil service ^(b)	19 470 (-0.4)	19 740 (2.9)	19 380 (-1.6)	19 290 (-0.8)	19 470 (-2.0)	18 940 (-4.0)	19 290 (-0.5)	19 590 (1.5)

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.

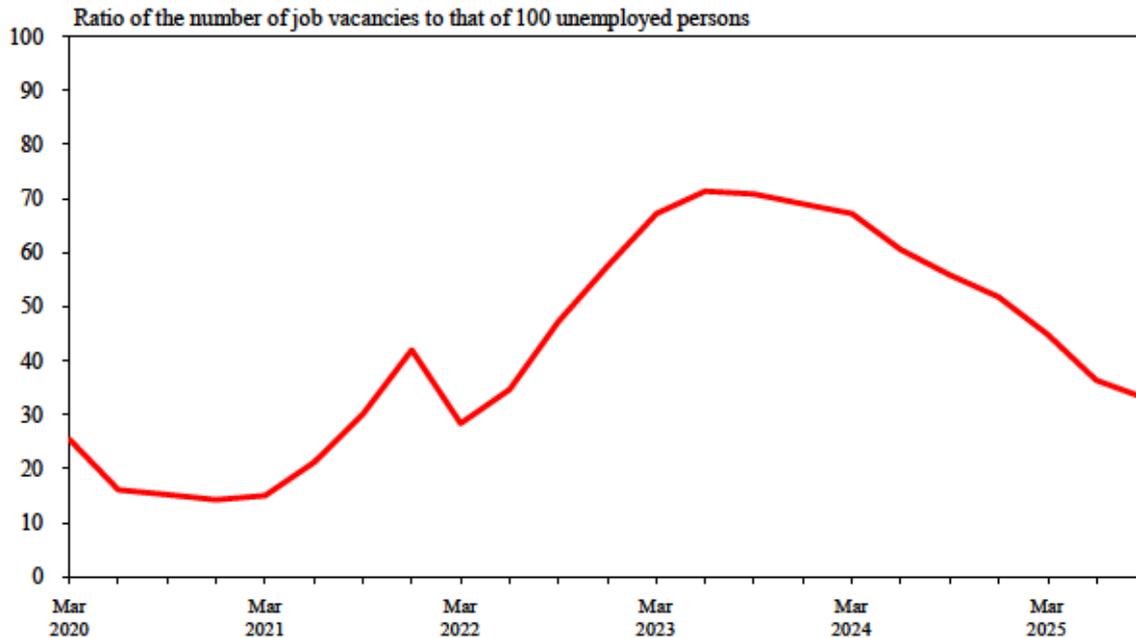
() % change over a year earlier.

[] 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 6.5 : Manpower balance situation eased slightly further in September 2025

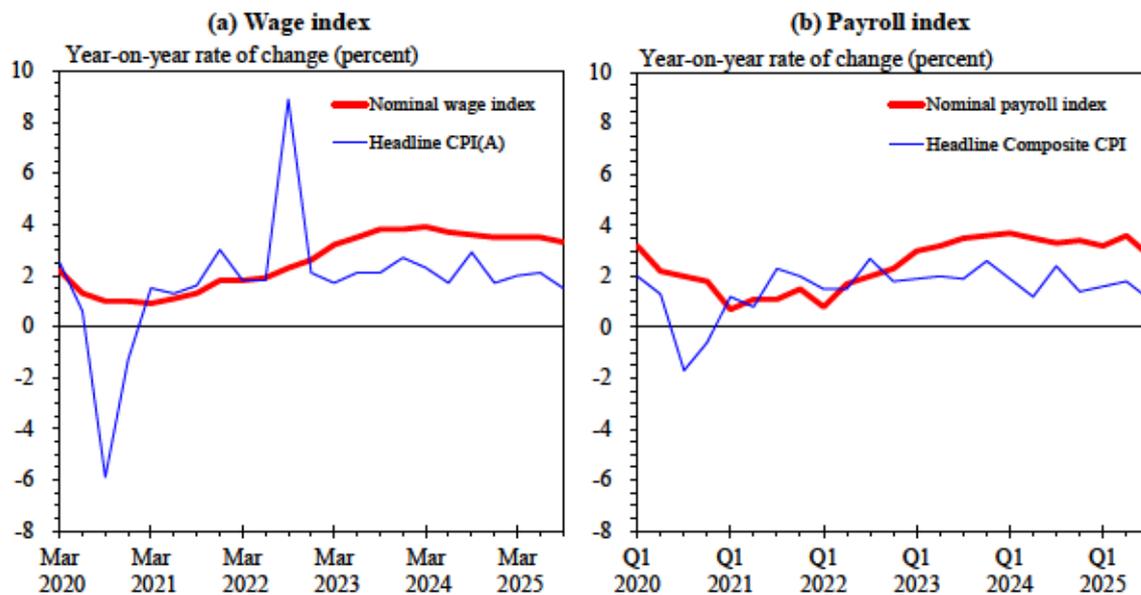


Wages and earnings

6.12 Wages and labour earnings saw further year-on-year growth in the first three quarters of 2025, according to quarterly statistics collected from private sector establishments that are available up to September 2025. 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 3.3% in September, after increasing by 3.5% in both March and June. After discounting for *inflation*⁽⁷⁾, the average wage rate increased by 1.8% in real terms in September.

6.13 Nominal *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, increased by 2.8% in the third quarter of 2025, after rising by 3.2% in the first quarter and 3.6% in the second quarter. After discounting for inflation, labour earnings rose by 1.7% in real terms in the third quarter.

Diagram 6.6 : Wages and labour earnings saw further year-on-year growth in the first three quarters of 2025



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.

6.14 Statistics compiled from the GHS, though not strictly comparable to those from the business establishment surveys, pointed to continued increase in employment earnings throughout 2025. The median monthly employment earnings of full-time employees (excluding foreign domestic helpers) increased by 4.2% in nominal terms or 2.8% in *real terms*⁽⁹⁾ in the fourth quarter over a year earlier.

Highlights of related measures and policy developments

6.15 The Government enhanced the talent policy to attract outside talents to Hong Kong. A new channel under the General Employment Policy (GEP) and the Admission Scheme for Mainland Talents and Professionals (ASMTP) was introduced in 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 pilot arrangement will last for three years with an overall quota of 10 000, and the quota for each skilled trade is limited to 3 000.

6.16 The Talent List was also updated with effect from 1 March 2025 to include nine newly added professions covering a total of 60 professions under nine industry segments to attract top talents and professionals required for the development of the “*eight centres*”⁽¹⁰⁾. Outside talents who meet the eligibility criteria for relevant professions can enjoy immigration facilitation when applying under the Quality Migrant Admission Scheme, the GEP and the ASMTP.

6.17 To safeguard employment priority for local workers, the Government has been strengthening the implementation arrangements of the Enhanced Supplementary Labour Scheme (ESLS). A number of measures were rolled out since 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 (iES) website, refusing to process 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.

6.18 The 2025 Policy Address also introduced monitoring measures for applications to import waiters/waitresses or junior cooks under ESLS. Employers are required to (i) attend once a week an on-site job fair organised by the Labour Department (LD) during the local recruitment period which has been extended from four weeks to six weeks, and (ii) comply with a more stringent manning ratio requirement of local to imported labour, with the calculation basis changed from all posts engaged by an employer to the post being applied for. LD also launched a dedicated webpage for ESLS vacancies on iES website to

facilitate job seekers to apply for such vacancies in September 2025.

6.19 Separately, the Government has started to conduct a mid-term review of the Re-employment Allowance Pilot Scheme which was launched in July 2024 to encourage persons aged 40 or above to re-join the employment market, along with the Employment Programme for the Elderly and Middle-aged, to explore measures to promote silver employment in the first quarter of 2026.

6.20 The Minimum Wage Commission (MWC) has completed the review of the Statutory Minimum Wage (SMW) rate under the new annual review mechanism (new mechanism) and submitted its recommendation report to the Chief Executive in Council (CE-in-C) on 2 February 2026. CE-in-C on 10 February 2026 adopted the recommendation of MWC to raise the SMW rate from its prevailing level of \$42.1 per hour to \$43.1 per hour, representing an increase of \$1.0 or 2.38%. Subject to the approval of the Legislative Council, the revised SMW rate (i.e. the first SMW rate derived under the new mechanism) 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).
- (10) The National 14th Five-Year Plan has established Hong Kong's position as the "eight centres", namely international financial centre, international shipping centre, international trade centre, centre for international legal and dispute resolution services in the Asia-Pacific region, international aviation hub, international innovation and technology centre, regional intellectual property trading centre and East-meets-West centre for international cultural exchange.

CHAPTER 7 : PRICES

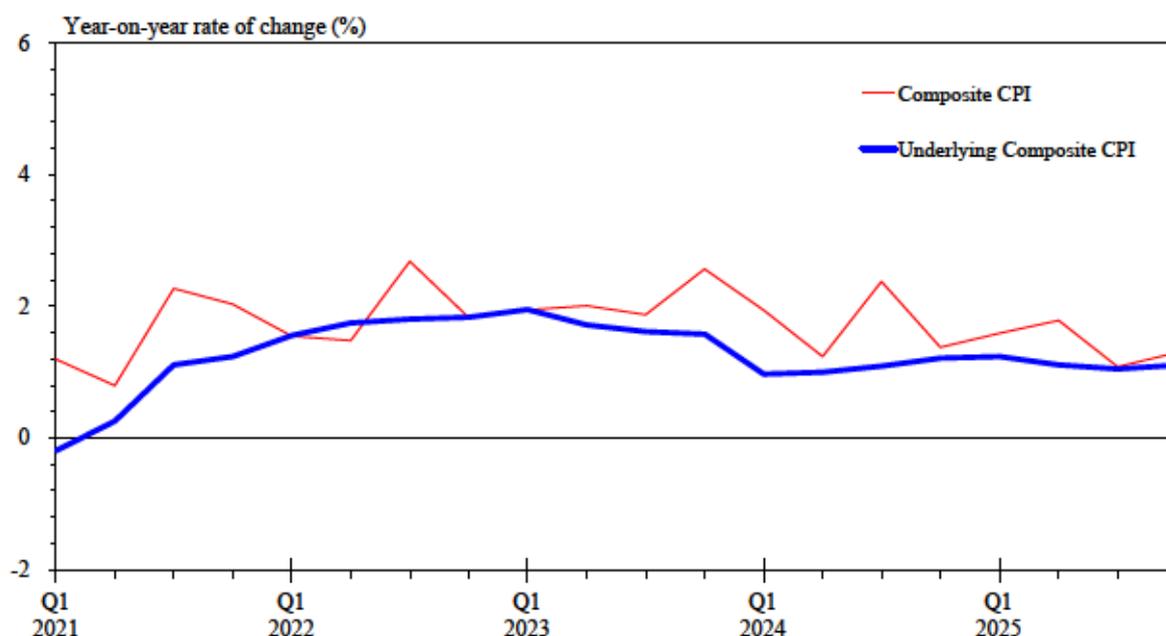
Summary

- *Underlying consumer price inflation remained modest throughout 2025. Cost pressures on the domestic and external fronts stayed mild, and firms in general remained prudent in raising prices amid the early stage of recovery in local consumption. The underlying Composite Consumer Price Index (Composite CPI)⁽¹⁾, which nets out the effects of the Government's one-off relief measures, rose by 1.1% in 2025, same as the preceding year. Price pressures on major components were generally soft.*
- *Meanwhile, the headline Composite CPI inflation rate averaged 1.4% in 2025, compared to 1.7% in 2024. The somewhat higher headline inflation rate than its underlying counterpart in 2025 was mainly due to the smaller amount of electricity charges subsidy and lower rates concession offered by the Government compared with the previous year.*
- *Domestic cost pressures were generally in check in 2025. Commercial rents continued to trend downwards during the year, while the increases in general labour earnings were broadly commensurate with the labour productivity growth over the same period, keeping labour cost pressures contained.*
- *External price pressures were subdued in 2025, with overall import prices rising only modestly amid mild inflation in major import sources.*

Consumer prices

7.1 Underlying consumer price inflation remained modest throughout 2025. Price pressures on major components were generally soft. Domestically, cost pressures were generally in check. Commercial rents continued to trend downwards during the year, while the increases in general labour earnings were broadly commensurate with the labour productivity growth over the same period, keeping labour cost pressures contained. Firms in general remained prudent in raising prices amid the early stage of recovery in local consumption. Externally, price pressures were subdued, with overall import prices rising only modestly amid mild inflation in major import sources.

Diagram 7.1: Underlying consumer price inflation remained modest throughout 2025



7.2 Underlying consumer price inflation, in terms of the year-on-year rate of increase in the underlying Composite CPI which nets out the effects of the Government's one-off relief measures, was 1.1% in 2025, same as the preceding year. Meanwhile, the headline Composite CPI inflation rate averaged 1.4% in 2025, compared to 1.7% in 2024. The headline Composite CPI inflation rate continued to be somewhat higher than its underlying counterpart in 2025, mainly due to the smaller amount of electricity charges subsidy and lower rates concession offered by the Government compared with the previous year.

Table 7.1 : 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	Annual	1.1	1.4	1.9	1.3	1.1
	Q1	1.2	1.6	2.2	1.4	1.2
	Q2	1.1	1.8	2.4	1.6	1.3
	Q3	1.0	1.1	1.5	1.0	0.7
	Q4	1.1	1.3	1.4	1.2	1.2

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

2024	Q1	0.1	0.1	*	0.1	*
	Q2	0.3	-0.4	-0.6	-0.3	-0.1
	Q3	0.4	1.5	2.1	1.3	1.0
	Q4	0.4	0.2	0.2	0.3	0.2
2025	Q1	0.1	0.3	0.6	0.2	0.2
	Q2	0.2	-0.2	-0.3	-0.2	-0.1
	Q3	0.3	0.7	1.0	0.6	0.4
	Q4	0.4	0.4	0.2	0.5	0.7

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 $\pm 0.05\%$.

7.3 Analysing the underlying Composite CPI in 2025 by major component, food prices as a whole rose mildly by 0.7% over a year earlier. Within this category, prices of meals out and takeaway food registered an increase of 1.3%, whereas prices of basic food saw a mild decline of 0.4%. Private housing rentals increased mildly by 1.0%. Public housing rentals rose visibly, reflecting the upward adjustment of public housing rents since October 2024. As for other major components, prices of transport, miscellaneous services, miscellaneous goods, and electricity, gas and water recorded marginal to moderate increases in 2025, while prices of clothing and footwear and durable goods continued to decline. Prices of alcoholic drinks and tobacco increased visibly in early 2025, reflecting the surge in tobacco duty with effect in late February 2024, but the increase tapered in the rest of 2025, showing only moderate increases.

Diagram 7.2 : Food and private housing rental components of the underlying Composite CPI

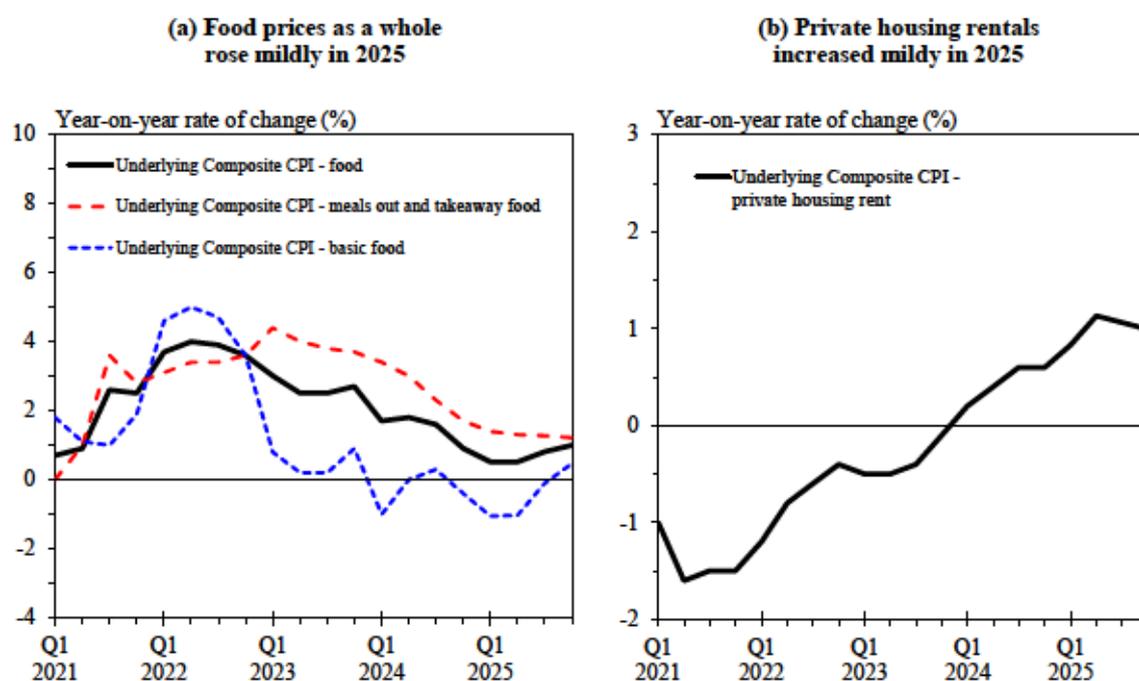


Diagram 7.3 (a) : Prices of transport, miscellaneous services, miscellaneous goods, and electricity, gas and water recorded marginal to moderate increases in 2025

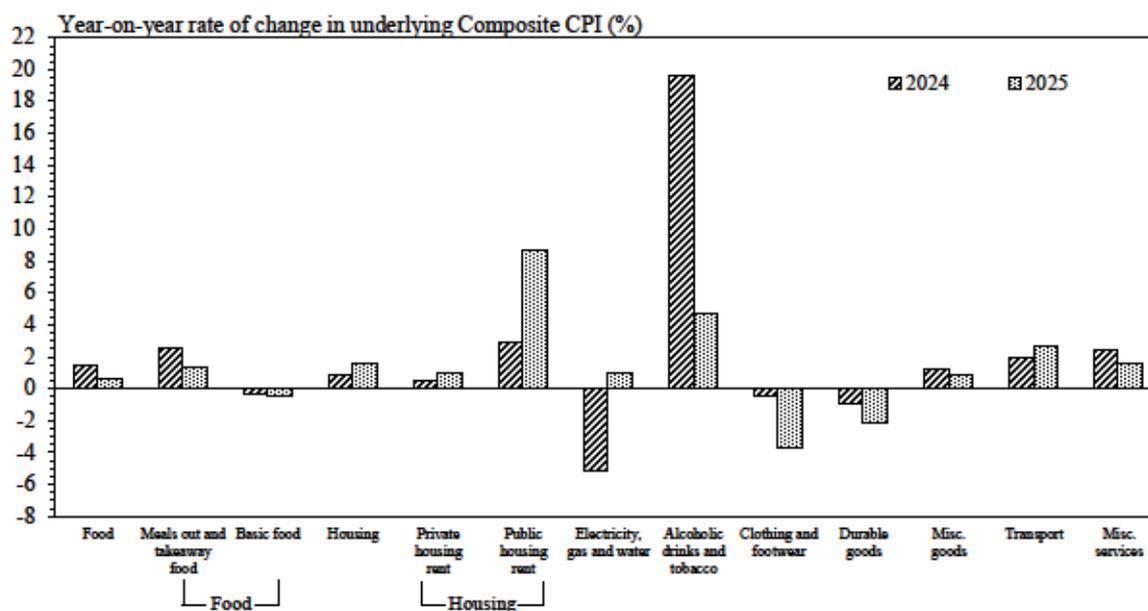
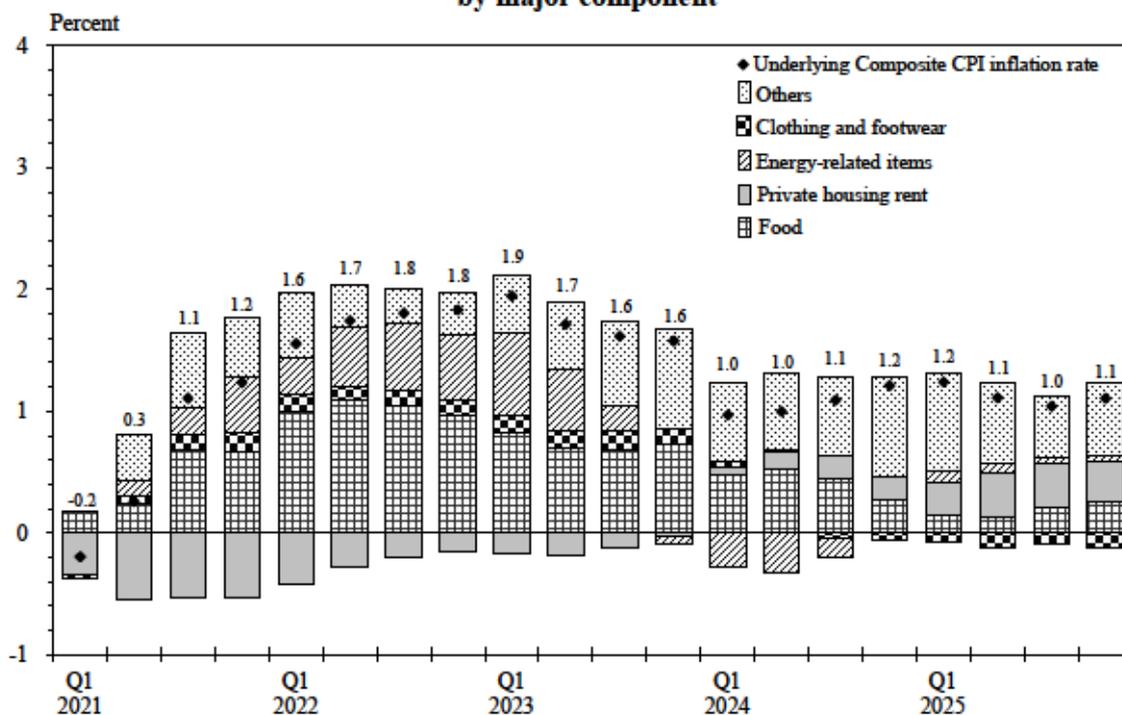


Diagram 7.3 (b) : Contribution to underlying Composite CPI inflation rate by major component



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

Table 7.2 : Underlying Composite CPI by component
(year-on-year rate of change (%))

<u>Expenditure component</u>	<u>Weighting (%)[^]</u>	<u>2024</u>		<u>2025</u>			
		<u>Annual</u>	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
Food	25.53	1.5	0.7	0.5	0.5	0.8	1.0
<i>Meals out and takeaway food</i>	16.82	2.6	1.3	1.4	1.3	1.3	1.2
<i>Basic food</i>	8.71	-0.3	-0.4	-1.1	-1.0	-0.1	0.5
Housing ^(a)	38.89	0.9	1.5	1.5	1.8	1.7	1.1
<i>Private housing rent</i>	33.74	0.5	1.0	0.8	1.1	1.1	1.0
<i>Public housing rent</i>	2.05	2.9	7.9	10.5	10.8	10.8	0.5
Electricity, gas and water	2.97	-5.2	0.7	2.2	1.6	0.2	-1.0
Alcoholic drinks and tobacco	0.48	19.6	4.5	14.7	0.8	1.9	2.0
Clothing and footwear	2.46	-0.5	-3.5	-2.7	-4.5	-3.3	-3.6
Durable goods	3.73	-1.0	-2.2	-0.9	-2.1	-2.8	-3.1
Miscellaneous goods	3.37	1.2	0.9	1.1	0.9	0.3	1.3
Transport	7.49	2.0	2.8	2.8	2.7	2.0	3.7
Miscellaneous services	15.08	2.4	1.6	1.7	1.4	1.3	2.1
All items	100.00	1.1	1.1	1.2	1.1	1.0	1.1

Notes : (^) 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.

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

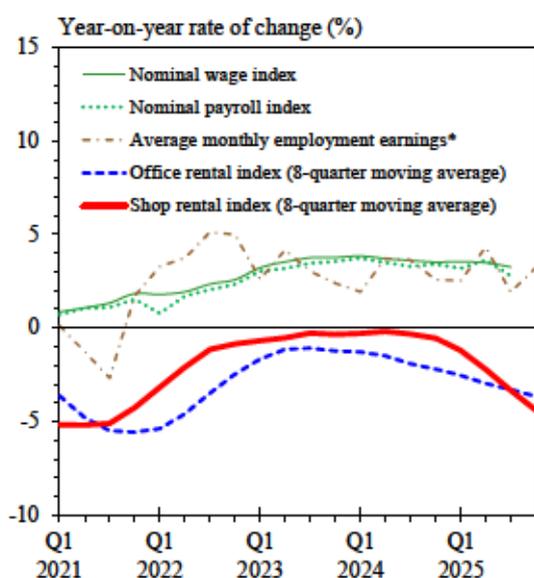
(a) The housing component covers rents, rates, Government rent, management fees and other housing charges. Its sub-components on private and public housing rents as presented here, however, cover rents, rates and Government rent only. Hence, the combined weighting of private and public housing rents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

Costs of factor inputs and import prices

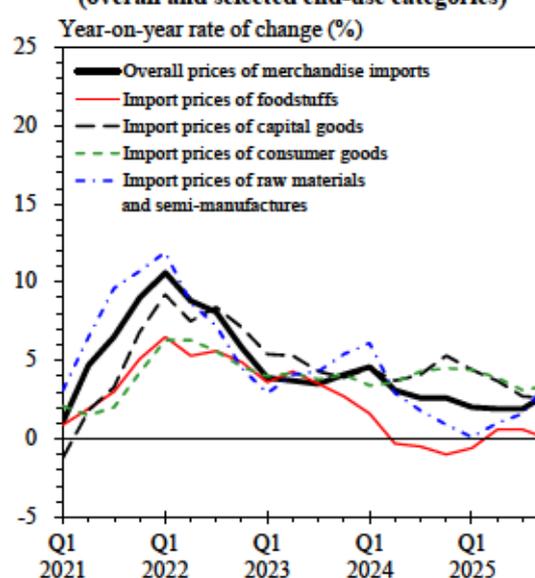
7.4 Domestic cost pressures were generally in check in 2025. The downtrend in commercial rents continued during the year. As a proxy, the eight-quarter moving averages of office rentals and shop rentals fell further by 3.6% and 4.4% respectively in 2025. As for labour cost, data from establishments and households generally showed that labour earnings saw further moderate growth in 2025. The increases in general labour earnings were broadly commensurate with the labour productivity growth over the same period, keeping the increase in labour costs contained on a unit cost basis⁽²⁾.

Diagram 7.4 : Domestic and external price pressures were generally in check in 2025

(a) Labour cost and commercial rentals



(b) Prices of merchandise imports (overall and selected end-use categories)



Note: (*) Refers to the nominal earnings of all full-time employees (excluding foreign domestic helpers).

7.5 External price pressures were subdued in 2025. Overall import prices rose modestly by 2.2% in 2025 amid mild inflation in major import sources, a deceleration from the 3.2% rise in the preceding year. By end-use category, import prices of foodstuffs, consumer goods, raw materials and semi-manufactures, and capital goods continued to register modest to moderate increases in 2025, while import prices of fuels decreased further.

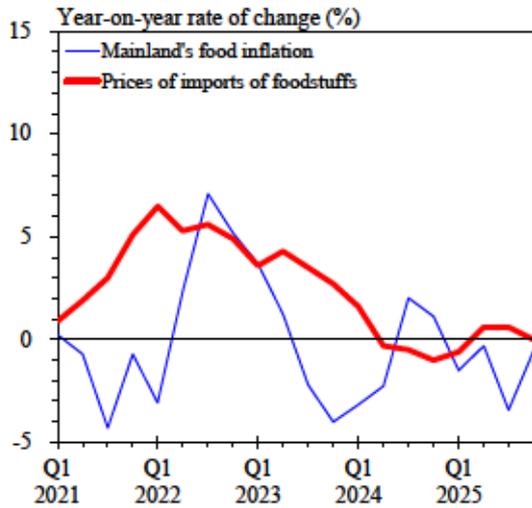
**Table 7.3 : Prices of imports by end-use category
(year-on-year rate of change (%))**

		<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	Annual	0.1	3.8	1.7	-10.0	3.3	2.2
	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
	Q3	0.6	3.1	1.6	-8.5	2.7	1.9
	Q4	*	3.4	3.7	-7.4	2.6	2.9

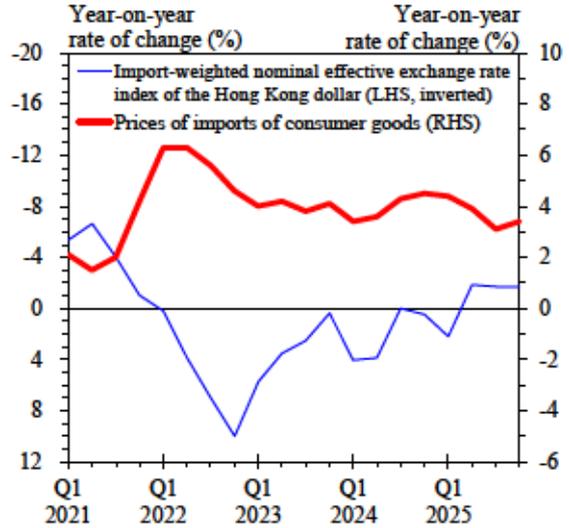
Note: (*) Change within $\pm 0.05\%$.

Diagram 7.5: Prices of merchandise imports by selected end-use category

(a) Import prices of foodstuffs in 2025 were close to the level in the preceding year

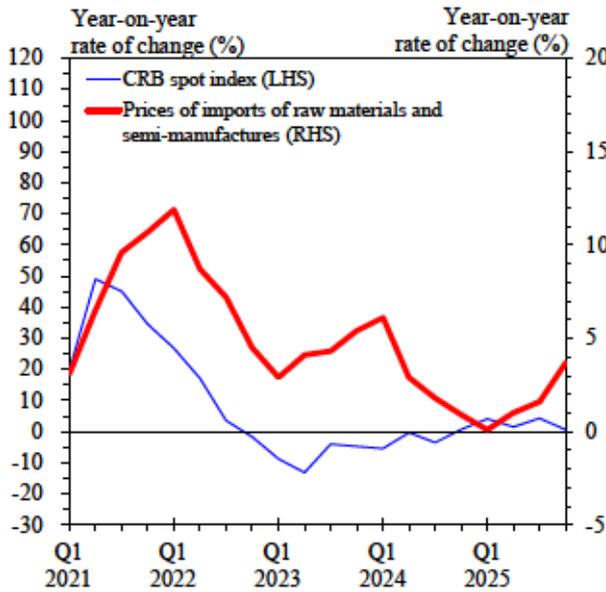


(b) Import prices of consumer goods showed moderate increases in 2025

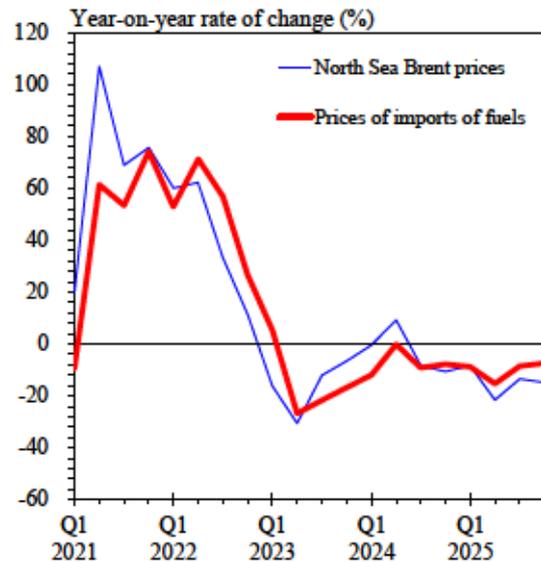


Note : An increase in the nominal EERI indicates strengthening of the Hong Kong dollar. The y-axis of nominal EERI in this graph is inverted for easier comprehension.

(c) Import prices of raw materials and semi-manufactures continued to rise in 2025



(d) Import prices of fuels decreased further in 2025



Output prices

7.6 Output prices of various selected sectors, as measured by their corresponding *Producer Price Indices*⁽³⁾, exhibited varied movements in the first three quarters of 2025, but still broadly reflected the modest inflation in the economy. Specifically, accommodation services and telecommunications decreased modestly. Meanwhile, output prices for water transport retreated throughout 2025 after the earlier spike in prices in the latter part of 2024, as disruptions to global shipping routes due to geopolitical tensions eased partially. Output prices for air transport continued to decrease, reflecting the fall in airline fares amid keen competition. Separately, output prices of courier services and land transport recorded further modest increases. As for output prices of manufacturing, the acceleration was mainly due to a pick-up in output prices of metal, computer, electronic and optical products, machinery and equipment, conceivably arising from a strong demand for relevant products.

Table 7.4 : Producer Price Indices for the manufacturing sector and selected service sectors (year-on-year rate of change (%))

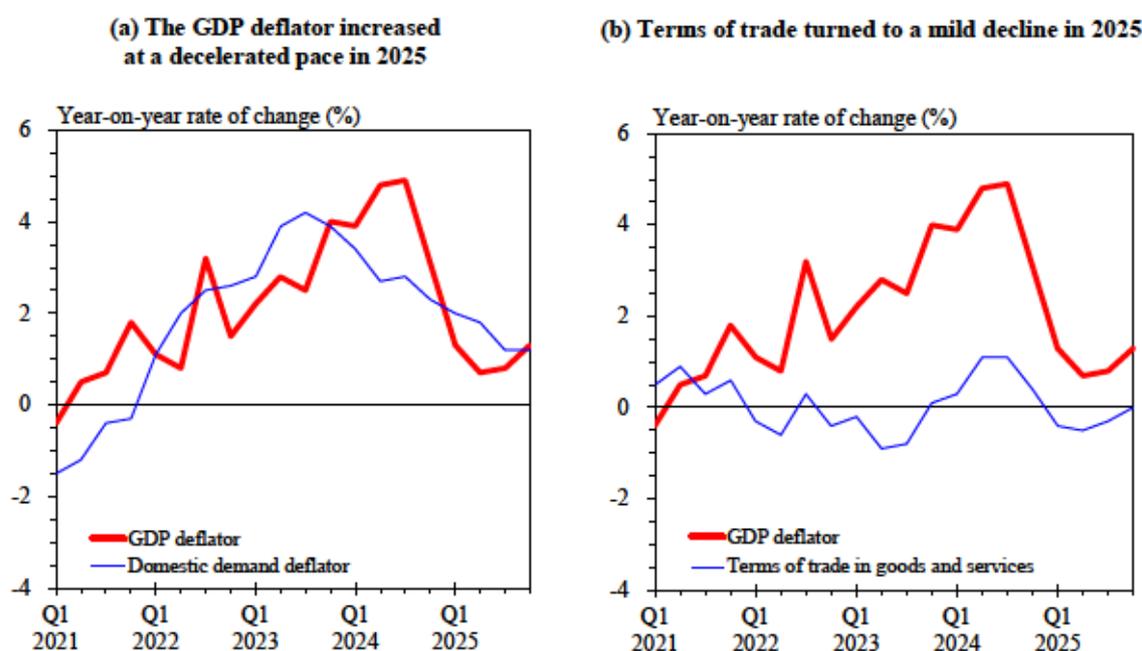
<u>Industry group</u>	<u>Annual</u>	<u>2024</u>					<u>2025</u>		
		<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1-Q3</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>
Manufacturing	2.9	1.2	3.1	3.2	4.1	5.5	4.8	4.0	7.7
Selected service sectors									
Accommodation services	-1.8	12.3	-6.1	-8.4	-3.1	-1.8	-3.3	-1.9	-0.2
Land transport	1.5	2.8	1.8	0.8	0.7	1.3	1.0	1.5	1.3
Water transport	17.2	-5.6	7.2	37.6	34.5	-7.6	5.4	-5.8	-19.2
Air transport	-0.8	-7.9	1.7	5.0	-1.5	-3.2	3.2	-4.2	-8.4
Telecommunications	-1.5	-1.5	-1.5	-1.1	-1.8	-1.9	-1.5	-1.9	-2.2
Courier services	2.9	5.6	3.8	1.1	1.1	2.7	2.4	1.9	3.8

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

GDP deflator

7.7 As a broad measure of the overall change in prices in the economy, the *GDP deflator*⁽⁴⁾ increased by 1.0% in 2025, a deceleration from the increase of 4.2% in the preceding year. The *terms of trade*⁽⁵⁾ turned to a mild decline of 0.3% in 2025, after increasing by 0.7% in the preceding year. Taking out the external trade components, the domestic demand deflator rose by 1.5% in 2025, a deceleration from the 2.8% increase in the preceding year.

Diagram 7.6: GDP deflator



**Table 7.5 : GDP deflator and the main expenditure component deflators
(year-on-year rate of change (%))**

	<u>Annual</u> [#]	<u>2024</u>				<u>Annual</u> [#]	<u>2025</u>			
		<u>Q1</u> [#]	<u>Q2</u> [#]	<u>Q3</u> [#]	<u>Q4</u> [#]		<u>Q1</u> [#]	<u>Q2</u> [#]	<u>Q3</u> [#]	<u>Q4</u> [#]
Private consumption expenditure	2.9	3.6	3.2	2.8	2.2	1.2	1.6	0.9	1.2	1.1
Government consumption expenditure	2.0	1.8	1.6	2.0	2.5	1.2	2.5	0.8	0.8	0.5
Gross domestic fixed capital formation	2.6	2.8	0.4	3.5	3.6	2.3	2.7	5.4	1.0	0.5
Total exports of goods ^{&}	4.2	4.5	4.4	4.2	3.9	3.8	3.4	3.1	3.4	5.1
Imports of goods ^{&}	4.0	4.8	3.7	3.6	3.9	4.2	4.4	3.7	3.7	5.0
Exports of services ^{&}	5.6	4.7	5.9	7.4	4.5	1.0	2.5	0.7	-0.7	1.5
Imports of services ^{&}	1.4	0.9	0.9	3.1	1.1	*	-0.9	0.5	-0.7	1.0
Gross Domestic Product	4.2	3.9 <1.3>	4.8 <1.3>	4.9 <0.6>	3.1 <-0.2>	1.0	1.3 <-0.3>	0.7 <-0.5>	0.8 <-0.6>	1.3 <-0.4>
Total final demand ^{&}	3.9	4.2	3.9	4.0	3.4	2.8	2.9	2.5	2.3	3.5
Domestic demand	2.8	3.4	2.7	2.8	2.3	1.5	2.0	1.8	1.2	1.2
Terms of trade in goods and services ^{&}	0.7	0.3	1.1	1.1	0.4	-0.3	-0.4	-0.5	-0.3	*

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.

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

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

	<u>Approximate proportion of households covered</u> (%)	<u>Average monthly expenditure range (adjusted to 2025 prices)</u> (\$)
CPI(A)	50	7,000 to 29,800
CPI(B)	30	29,800 to 51,500
CPI(C)	10	51,500 to 98,000

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 specific reference periods of expenditure weights adopted in the CPIs since then are as follows:

<u>CPIs by reference period</u>	<u>Reference period of expenditure weights adopted:</u>
Before Q2 2024	October 2019 – September 2020
From Q2 2024 – Q1 2025	Whole year of 2023
From Q2 2025 onwards	Whole year of 2024

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) Labour productivity growth is reflected by the difference between the growth in real output and the growth in labour input of the economy. According to the Labour Productivity Index (LPI) available up to 2024 compiled by the Census and Statistics Department, labour productivity increased in recent years, with the LPI rising by 2.3% in 2024. Labour productivity should rise further at a somewhat accelerated rate in 2025, considering the 3.5% annual growth in real GDP alongside a decline in total employment. This should help cushion the increase in labour cost pressures on a unit cost basis, against the further increases in wages and earnings in 2025 (up by around 3% year-on-year for nominal wages and payroll respectively on average for the first three quarters).
- (3) 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.
- (4) 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.
- (5) The terms of trade is defined as the ratio of the prices of total exports to the prices of total imports.

Statistical Appendix

	<u>Table</u>	<u>Page</u>
1.	Gross Domestic Product by expenditure component (at current market prices)	122-123
2.	Rates of change in chain volume measures of Gross Domestic Product by expenditure component (in real terms)	124-125
3.	Gross Domestic Product by economic activity (at current prices)	126
4.	Rates of change in chain volume measures of Gross Domestic Product by economic activity (in real terms)	127
5.	Value added and employment statistics of the Four Key Industries and other selected industries	128-129
6.	Balance of Payments by major component (at current prices)	130
7.	Goods and services trade (at current market prices)	131
8.	Total exports of goods by market (in value terms)	132
9.	Imports of goods by source (in value terms)	133
10.	Exports and imports of services by component (at current market prices)	134
11.	Incoming visitors by nationality/region	135
12.	Property market	136-137
13.	Property prices and rentals	138-139
14.	Monetary aggregates	140-141
15.	Rates of change in business receipts indices for services industries/domains	142
16.	Labour force characteristics	143
17.	Persons engaged in selected major industries	144
18.	Number of manual workers engaged at building and construction sites	145
19.	Rates of change in indices of payroll per person engaged by selected industry section	146
20.	Rates of change in wage indices by selected industry section	147
21.	Monthly wage level and distribution analysed by industry section : all employees	148
22.	Hourly wage level and distribution analysed by industry section : all employees	149
23.	Rates of change in prices	150-151
24.	Rates of change in Composite Consumer Price Index	152-153
25.	Rates of change in implicit price deflators of GDP and its main expenditure components	154-155

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

	(\$Mn)					
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Private consumption expenditure	1,650,101	1,784,375	1,936,427	1,973,720	1,775,202	1,863,524
Government consumption expenditure	247,973	261,447	281,420	309,437	341,052	363,591
Gross domestic fixed capital formation	535,216	575,977	612,439	520,575	455,695	483,054
Building and construction	283,447	297,306	308,596	278,091	254,459	259,950
Costs of ownership transfer	44,517	65,810	67,482	49,209	40,071	53,279
Machinery, equipment and intellectual property products	207,252	212,861	236,361	193,275	161,165	169,825
Changes in inventories	447	10,973	11,204	-3,067	52,221	-1,909
Total exports of goods ^{&}	3,892,886	4,212,774	4,453,350	4,255,098	4,198,338	5,236,005
Imports of goods ^{&}	4,022,579	4,391,306	4,706,347	4,375,619	4,239,663	5,211,334
Exports of services ^{&}	764,660	811,295	886,883	799,121	519,205	615,069
Imports of services ^{&}	578,106	605,924	639,947	634,243	426,257	480,027
GDP	2,490,598	2,659,611	2,835,429	2,845,022	2,675,793	2,867,973
<i>Per capita GDP (\$)</i>	<i>339,476</i>	<i>359,737</i>	<i>380,462</i>	<i>378,937</i>	<i>357,679</i>	<i>386,879</i>
GNI	2,553,191	2,775,163	2,970,244	2,988,739	2,831,876	3,066,705
<i>Per capita GNI (\$)</i>	<i>348,007</i>	<i>375,367</i>	<i>398,551</i>	<i>398,079</i>	<i>378,542</i>	<i>413,687</i>
Total final demand	7,091,283	7,656,841	8,181,723	7,854,884	7,341,713	8,559,334
Total final demand excluding re-exports ^(a)	4,190,686	4,496,472	4,819,554	4,602,059	4,099,539	4,454,376
Domestic demand	2,433,737	2,632,772	2,841,490	2,800,665	2,624,170	2,708,260
Private	2,062,216	2,240,487	2,425,554	2,359,687	2,147,406	2,202,170
Public	371,521	392,285	415,936	440,978	476,764	506,090
External demand	4,657,546	5,024,069	5,340,233	5,054,219	4,717,543	5,851,074

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>2022</u>	<u>2023</u>	<u>2024[#]</u>	<u>2025[#]</u>			<u>2025</u>	
					Q1 [#]	Q2 [#]	Q3 [#]	Q4 [#]
Private consumption expenditure	1,863,500	2,087,569	2,144,507	2,205,988	523,270	556,212	544,662	581,844
Government consumption expenditure	402,725	396,813	407,390	418,832	111,740	99,821	103,689	103,582
Gross domestic fixed capital formation	451,397	505,510	528,594	564,374	122,491	138,433	150,355	153,095
Building and construction	283,395	303,820	318,909	293,022	76,640	76,254	71,302	68,826
Costs of ownership transfer	28,415	24,441	21,681	27,434	5,348	6,377	7,101	8,608
Machinery, equipment and intellectual property products	139,587	177,249	188,004	243,918	40,503	55,802	71,952	75,661
Changes in inventories	-23,593	-23,999	-16,637	46,959	-6,011	2,132	12,686	38,152
Total exports of goods ^{&}	4,812,517	4,512,404	4,952,640	5,758,767	1,294,442	1,388,999	1,472,729	1,602,597
Imports of goods ^{&}	4,852,975	4,638,703	4,967,052	5,832,001	1,297,807	1,427,312	1,471,827	1,635,055
Exports of services ^{&}	650,502	759,991	835,458	896,708	233,901	205,827	223,528	233,452
Imports of services ^{&}	495,151	618,375	698,059	727,853	179,142	174,966	178,158	195,587
GDP	2,808,922	2,981,210	3,186,841	3,331,774	802,884	789,146	857,664	882,080
<i>Per capita GDP (\$)</i>	<i>382,369</i>	<i>395,591</i>	<i>423,551</i>	<i>444,302</i>	--	--	--	--
GNI	2,994,691	3,233,931	3,503,807	N.A.	882,562	896,124	912,201	N.A.
<i>Per capita GNI (\$)</i>	<i>407,657</i>	<i>429,125</i>	<i>465,678</i>	<i>N.A.</i>	--	--	--	--
Total final demand	8,157,048	8,238,288	8,851,952	9,891,628	2,279,833	2,391,424	2,507,649	2,712,722
Total final demand excluding re-exports ^(a)	4,349,569	4,763,215	5,017,752	5,401,663	1,281,244	1,281,740	1,349,334	1,489,345
Domestic demand	2,694,029	2,965,893	3,063,854	3,236,153	751,490	796,598	811,392	876,673
Private	2,118,587	2,394,709	2,461,361	2,618,594	585,345	648,724	661,034	723,491
Public	575,442	571,184	602,493	617,559	166,145	147,874	150,358	153,182
External demand	5,463,019	5,272,395	5,788,098	6,655,475	1,528,343	1,594,826	1,696,257	1,836,049

- 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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Private consumption expenditure	2.0	5.5	5.3	-0.8	-10.6	5.6
Government consumption expenditure	3.4	2.8	4.2	5.1	7.9	5.9
Gross domestic fixed capital formation	-0.1	3.1	1.7	-14.9	-11.1	8.3
Building and construction	5.9	-0.5	-0.5	-10.8	-9.1	-0.5
Costs of ownership transfer	-2.9	23.2	-11.2	-13.4	-4.0	36.2
Machinery, equipment and intellectual property products	-6.4	3.8	8.8	-20.8	-16.0	15.2
Total exports of goods ^{&}	1.6	6.5	3.5	-5.5	-1.4	18.7
Imports of goods ^{&}	0.7	7.3	4.7	-8.2	-3.2	17.2
Exports of services ^{&}	-3.5	2.8	4.6	-9.6	-34.8	3.4
Imports of services ^{&}	2.0	2.0	2.8	0.1	-32.2	2.5
GDP	2.2	3.8	2.8	-1.7	-6.5	6.5
<i>Per capita GDP</i>	<i>1.5</i>	<i>3.0</i>	<i>2.0</i>	<i>-2.4</i>	<i>-6.2</i>	<i>7.4</i>
RGNI	3.2	5.7	3.5	-1.7	-5.8	8.9
<i>Per capita RGNI</i>	<i>2.6</i>	<i>4.9</i>	<i>2.7</i>	<i>-2.4</i>	<i>-5.4</i>	<i>9.9</i>
Total final demand	1.3	5.6	3.9	-5.3	-6.7	12.4
Total final demand excluding re-exports ^(a)	1.5	4.5	4.0	-5.0	-11.1	6.0
Domestic demand	2.6	5.2	4.4	-3.7	-6.9	4.1
Private	2.5	5.7	4.8	-4.6	-9.3	3.8
Public	3.1	2.2	2.4	1.5	6.2	5.2
External demand	0.7	5.8	3.7	-6.1	-6.7	17.0

- 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 merchandising under the standards stipulated in the *System of National Accounts 2008*.
 (--) Not applicable.
 (*) Change within $\pm 0.05\%$.
 N.A. Not yet available.
 (^) Average annual rate of change for the 10-year period 2014-2024.
 (~) Average annual rate of change for the 5-year period 2019-2024.

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

(%)

	<u>2022</u>	<u>2023</u>	<u>2024[#]</u>	<u>2025[#]</u>	<u>2025</u>				<u>Average annual rate of change:</u>	
					<u>Q1[#]</u>	<u>Q2[#]</u>	<u>Q3[#]</u>	<u>Q4[#]</u>	<u>10 years 2015 to 2025[#]</u>	<u>5 years 2020 to 2025[#]</u>
Private consumption expenditure	-2.2	6.8	-0.2	1.7	-0.9	2.3	2.4	2.7	1.2	2.3
Government consumption expenditure	8.0	-3.9	0.7	1.6	0.6	2.6	2.0	1.4	3.5	2.4
Gross domestic fixed capital formation	-7.4	11.4	1.9	4.3	1.4	1.8	3.4	10.5	-0.6	3.5
Building and construction	7.4	9.1	4.8	-9.4	-5.6	-12.0	-10.8	-9.3	-0.6	2.0
Costs of ownership transfer	-43.2	-4.7	11.6	38.9	41.1	-8.3	78.3	68.4	0.1	2.7
Machinery, equipment and intellectual property products	-18.9	19.5	-4.4	24.7	12.9	41.6	15.7	31.2	-0.7	5.9
Total exports of goods ^{&}	-14.0	-10.0	5.3	12.0	8.5	11.6	12.0	15.5	1.2	1.6
Imports of goods ^{&}	-13.2	-8.3	3.0	12.6	7.2	12.7	11.7	18.4	0.8	1.6
Exports of services ^{&}	-0.5	19.2	4.1	6.3	5.9	8.2	6.6	4.8	-1.8	6.3
Imports of services ^{&}	-1.2	25.6	11.3	4.3	4.8	6.6	2.3	3.7	0.7	8.1
GDP	-3.7	3.2	2.6	3.5	3.1	3.2	3.7	3.8	1.2	2.4
<i>Per capita GDP</i>	<i>-2.8</i>	<i>0.5</i>	<i>2.8</i>	<i>3.8</i>	--	--	--	--	<i>0.9</i>	<i>2.3</i>
RGNI	-4.5	4.1	5.4	N.A.	3.2	3.9	*	N.A.	2.2[^]	1.5~
<i>Per capita RGNI</i>	<i>-3.6</i>	<i>1.5</i>	<i>5.6</i>	<i>N.A.</i>	--	--	--	--	<i>1.8[^]</i>	<i>1.4~</i>
Total final demand	-9.4	-2.3	3.5	8.7	5.5	8.9	8.1	12.0	0.9	2.3
Total final demand excluding re-exports ^(a)	-4.8	5.5	1.7	5.1	2.9	5.9	3.9	7.6	0.6	2.6
Domestic demand	-2.5	6.2	0.5	4.0	0.8	4.7	2.2	8.2	1.3	2.4
Private	-5.6	8.5	-0.2	4.8	0.8	6.0	2.5	9.4	0.9	2.2
Public	10.7	-2.4	3.7	0.9	0.5	-0.5	0.8	2.8	3.3	3.5
External demand	-12.5	-6.5	5.1	11.2	8.1	11.1	11.3	14.0	0.8	2.3

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

	<u>2020</u>		<u>2021</u>		<u>2022</u>		<u>2023</u>		<u>2024[#]</u>	
	\$Mn	% share	\$Mn	% share						
Agriculture, fishing, mining and quarrying	2,648	0.1	2,168	0.1	1,486	0.1	1,131	*	1,189	*
Manufacturing	25,525	1.0	26,175	1.0	26,598	1.0	28,206	1.0	29,777	1.0
Electricity, gas and water supply, and waste management	35,325	1.4	36,348	1.3	32,485	1.2	32,530	1.1	34,212	1.1
Construction	104,262	4.1	109,254	4.0	116,833	4.3	126,546	4.3	132,556	4.3
Services	2,392,895	93.4	2,571,873	93.7	2,558,038	93.5	2,725,954	93.5	2,914,455	93.6
<i>Import/export, wholesale and retail trades</i>	471,246	18.4	532,715	19.4	494,689	18.1	510,316	17.5	535,979	17.2
<i>Accommodation and food services</i>	36,934	1.4	45,394	1.7	45,350	1.7	61,029	2.1	62,345	2.0
<i>Transportation, storage, postal and courier services</i>	113,951	4.5	200,986	7.3	204,118	7.5	174,621	6.0	191,230	6.1
<i>Information and communications</i>	93,759	3.7	99,514	3.6	100,103	3.7	101,636	3.5	104,102	3.3
<i>Financing and insurance</i>	599,797	23.4	583,613	21.3	613,431	22.4	724,770	24.9	816,179	26.2
<i>Real estate, professional and business services</i>	244,337	9.5	250,306	9.1	233,094	8.5	246,034	8.4	254,646	8.2
<i>Public administration, social and personal services</i>	529,457	20.7	561,530	20.5	583,008	21.3	611,185	21.0	638,683	20.5
<i>Ownership of premises</i>	303,414	11.8	297,816	10.8	284,245	10.4	296,363	10.2	311,292	10.0
GDP at basic prices	2,560,655	100.0	2,745,819	100.0	2,735,439	100.0	2,914,367	100.0	3,112,189	100.0
Taxes on products	102,066	--	138,758	--	104,353	--	87,943	--	83,339	--
Statistical discrepancy (%)	0.5	--	-0.6	--	-1.1	--	-0.7	--	-0.3	--
GDP at current market prices	2,675,793	--	2,867,973	--	2,808,922	--	2,981,210	--	3,186,841	--

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.

(*) Figures 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>		
							Q4 [#]	Q1 [#]	Q2 [#]	Q3 [#]
Agriculture, fishing, mining and quarrying	-0.8	3.8	-2.5	-15.8	1.5	1.5	3.1	-5.0	-4.1	-7.2
Manufacturing	0.4	-5.8	5.5	0.2	3.7	0.8	1.0	0.7	0.9	5.3
Electricity, gas and water supply, and waste management	-0.5	-14.2	3.7	-1.2	3.2	2.7	2.8	-2.3	*	-1.7
Construction	-9.7	-11.7	-0.6	8.3	8.6	4.5	-4.2	-4.9	-10.8	-8.7
Services	-0.6	-6.7	5.9	-3.4	3.4	2.3	2.0	2.4	3.5	3.1
<i>Import/export, wholesale and retail trades</i>	-7.5	-15.0	13.3	-11.9	-0.5	0.9	0.2	4.2	6.4	5.2
<i>Accommodation and food services</i>	-11.7	-44.8	22.6	-6.8	29.3	-1.8	2.9	-2.5	-0.4	-0.9
<i>Transportation, storage, postal and courier services</i>	-1.7	-36.9	7.7	-4.5	29.7	10.7	6.5	2.6	5.5	2.2
<i>Information and communications</i>	4.7	1.7	2.6	0.5	0.8	1.8	1.5	1.0	0.2	0.6
<i>Financing and insurance</i>	3.4	4.0	4.7	-2.6	-1.6	1.3	2.3	3.7	5.2	5.4
<i>Real estate, professional and business services</i>	-0.2	-4.6	2.1	-2.1	2.3	2.2	2.3	-0.5	-0.8	*
<i>Public administration, social and personal services</i>	3.2	-2.3	4.4	1.3	2.5	3.3	3.2	2.0	2.6	2.1
<i>Ownership of premises</i>	0.6	-0.3	1.2	0.6	1.1	1.1	0.9	1.0	0.8	0.9
Taxes on products	-11.3	17.6	22.3	-16.6	-10.9	9.7	41.1	33.2	16.2	58.6
GDP in chained (2023) dollars	-1.7	-6.5	6.5	-3.7	3.2	2.6	2.5	3.1	3.2	3.7

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

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

Table 5 : Value added and employment statistics of the Four Key Industries and other selected industries

	<u>2021</u>		<u>2022</u>		<u>2023</u>		<u>2024[#]</u>		<u>Annual percentage change (%)</u>		
	% share \$Bn in total ⁽¹⁾	2022	2023	2024 [#]							
<u>Value added at current prices</u>											
<i>Four Key Industries</i> ⁽²⁾	1,548.3	56.4	1,540.1	56.3	1,663.1	57.1	1,811.9	58.2	-0.5	8.0	9.0
Financial services	583.6	21.3	613.4	22.4	724.8	24.9	816.2	26.2	5.1	18.2	12.6
Tourism	2.3	0.1	11.1	0.4	75.3	2.6	86.4	2.8	387.7	578.7	14.7
Trading and logistics	650.7	23.7	614.6	22.5	547.9	18.8	588.2	18.9	-5.6	-10.9	7.4
Professional services and other producer services ⁽³⁾	311.7	11.4	301.0	11.0	315.1	10.8	321.2	10.3	-3.4	4.7	1.9
<i>Other selected industries</i>											
Cultural and creative industries ⁽⁴⁾	124.8	4.5	122.1	4.5	134.5	4.6	134.5	4.3	-2.2	10.2	-0.1
Medical services ⁽⁴⁾	54.7	2.0	65.7	2.4	63.2	2.2	70.0	2.2	20.2	-3.9	10.8
Education services ⁽⁴⁾	35.8	1.3	36.1	1.3	37.2	1.3	38.3	1.2	0.8	3.3	2.8
Innovation and technology ⁽⁴⁾	24.4	0.9	25.7	0.9	27.4	0.9	29.2	0.9	5.5	6.4	6.7
Testing and certification services ⁽⁴⁾	9.3	0.3	10.9	0.4	7.5	0.3	7.3	0.2	17.3	-30.7	-3.3
Environmental industries ⁽⁴⁾	10.2	0.4	10.9	0.4	11.2	0.4	11.9	0.4	6.6	2.8	6.8
Air transport	42.7	1.6	47.6	1.7	71.4	2.4	76.4	2.5	11.4	50.0	7.0
Sports and related activities	38.0	1.4	38.0	1.4	44.0	1.5	N.A.	N.A.	1.2	15.1	N.A.
Manufacturing and new industrialisation-related industries	71.9	2.6	71.4	2.6	76.9	2.6	82.2	2.6	-0.6	7.6	7.0
Nominal GDP at basic prices	2,745.8	100.0	2,735.4	100.0	2,914.4	100.0	3,112.2	100.0	-0.4	6.5	6.8

Notes: For sports and related activities, value added figures are rounded to the nearest billion and employment figures are rounded to the nearest thousand. Percentage share in total and annual percentage change for each industry are derived from unrounded figures.

- (1) Refers to percentage share in nominal GDP at basic prices. Such GDP figure is slightly different from the commonly used one, i.e. valued at current market prices, in which taxes on products are included.
- (2) Individual figures may not add up exactly to the total due to rounding.
- (3) Other producer services refer to producer services other than financial services, tourism, trading and logistics and professional services.
- (4) The other selected industries reflect the direct contribution of these industries in the private sector only. Some of them are service domains straddling across different industries. For example, "innovation and technology" activities may exist in any industry and organisation. The term "industry" is used to denote the aggregate of the economic activities concerned for easy general understanding.
- (5) Since innovation and technology involves significant non-routine activities, persons engaged in these activities are measured by the volume of labour input to innovation and technology in full-time equivalent terms (in terms of man-years).
- (6) Figures refer to Composite Employment Estimates.
- (#) Figures are subject to revision later on as more data become available.
- N.A. Not yet available.

Table 5 : Value added and employment statistics of the Four Key Industries and other selected industries (Cont'd)

	<u>2021</u>		<u>2022</u>		<u>2023</u>		<u>2024[#]</u>		<u>Annual percentage change (%)</u>		
	Number	% share	Number	% share	Number	% share	Number	% share	2022	2023	2024 [#]
	('000)	in total	('000)	in total	('000)	in total	('000)	in total			
<u>Employment</u>											
<i>Four Key Industries</i> ⁽²⁾	1 477.1	40.2	1 449.8	40.1	1 572.5	42.4	1 562.9	42.3	-1.8	8.5	-0.6
Financial services	277.5	7.6	269.7	7.5	269.1	7.3	265.0	7.2	-2.8	-0.2	-1.5
Tourism	22.5	0.6	29.6	0.8	145.3	3.9	159.7	4.3	31.7	390.6	9.9
Trading and logistics	608.2	16.6	591.2	16.4	576.2	15.5	555.2	15.0	-2.8	-2.5	-3.6
Professional services and other producer services ⁽³⁾	568.9	15.5	559.3	15.5	581.8	15.7	583.0	15.8	-1.7	4.0	0.2
<i>Other selected industries</i>											
Cultural and creative industries ⁽⁴⁾	225.9	6.2	221.3	6.1	226.2	6.1	225.7	6.1	-2.0	2.2	-0.2
Medical services ⁽⁴⁾	102.2	2.8	111.4	3.1	112.4	3.0	115.4	3.1	9.0	0.9	2.7
Education services ⁽⁴⁾	87.6	2.4	88.5	2.4	92.7	2.5	94.7	2.6	1.0	4.8	2.1
Innovation and technology ⁽⁴⁾⁽⁵⁾	46.7	1.3	49.5	1.4	55.1	1.5	59.3	1.6	5.9	11.3	7.6
Testing and certification services ⁽⁴⁾	15.3	0.4	15.1	0.4	14.5	0.4	14.8	0.4	-1.4	-3.7	1.9
Environmental industries ⁽⁴⁾	45.6	1.2	43.6	1.2	44.4	1.2	44.7	1.2	-4.5	2.0	0.6
Air transport	48.9	1.3	47.2	1.3	49.8	1.3	54.4	1.5	-3.5	5.5	9.2
Sports and related activities	74.0	2.0	74.0	2.1	84.0	2.3	N.A.	N.A.	0.3	12.8	N.A.
Manufacturing and new industrialisation-related industries	155.8	4.2	152.0	4.2	154.3	4.2	156.0	4.2	-2.4	1.5	1.1
Total employment⁽⁶⁾	3 671.1	100.0	3 614.2	100.0	3 710.6	100.0	3 694.7	100.0	-1.6	2.7	-0.4

**Table 6 : 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> Q4 [#]	<u>2024</u> Q1 [#]	<u>2025</u> Q2 [#]	<u>2025</u> Q3 [#]
Current account^(a)	187,012	339,429	286,042	250,922	418,597	110,899	124,702	93,127	94,896
Goods	-41,325	24,671	-40,458	-126,299	-14,412	5,887	-3,365	-38,313	902
Services	92,948	135,042	155,351	141,616	137,399	32,715	54,759	30,861	45,370
Primary income	156,083	198,732	185,769	252,721	316,966	78,283	79,678	106,978	54,537
Secondary income	-20,694	-19,017	-14,620	-17,116	-21,357	-5,986	-6,370	-6,399	-5,913
Capital account^(a)	-90	-10,363	1,231	5,740	-794	-189	-78	-124	-83
Financial account^(b)	243,839	363,230	276,830	241,045	461,405	138,418	160,378	126,679	134,503
Financial non-reserve assets	-19,211	372,371	644,042	320,929	551,105	106,982	245,784	21,135	271,025
<i>Direct investment</i>	-263,703	-340,141	-27,086	-201,964	-353,207	-116,655	76,570	-86,154	-39,979
<i>Portfolio investment</i>	528,049	620,493	317,357	452,935	1,238,615	173,889	81,822	263,701	58,375
<i>Financial derivatives</i>	-18,790	-45,126	-140,392	-102,848	-85,998	902	-36,171	-28,712	16,455
<i>Other investment</i>	-264,766	137,145	494,163	172,806	-248,305	48,846	123,563	-127,700	236,174
Reserve assets	263,050	-9,142	-367,212	-79,884	-89,700	31,436	-85,406	105,544	-136,522
Net errors and omissions	56,918	34,164	-10,442	-15,617	43,602	27,708	35,754	33,675	39,690
Overall Balance of Payments	263,050	-9,142	-367,212	-79,884	-89,700	31,436	-85,406	105,544	-136,522

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 7 : Goods and services trade
(at current market prices)**

(\$Mn)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024[#]</u>	<u>2025[#]</u>		<u>2025</u>			
						Q1 [#]	Q2 [#]	Q3 [#]	Q4 [#]	
Total exports of goods	5,236,005	4,812,517	4,512,404	4,952,640	5,758,767	1,294,442	1,388,999	1,472,729	1,602,597	
Imports of goods	5,211,334	4,852,975	4,638,703	4,967,052	5,832,001	1,297,807	1,427,312	1,471,827	1,635,055	
Goods trade balance	24,671 (0.5)	-40,458 (-0.8)	-126,299 (-2.7)	-14,412 (-0.3)	-73,234 (-1.3)	-3,365 (-0.3)	-38,313 (-2.7)	902 (0.1)	-32,458 (-2.0)	
Exports of services	615,069	650,502	759,991	835,458	896,708	233,901	205,827	223,528	233,452	
Imports of services	480,027	495,151	618,375	698,059	727,853	179,142	174,966	178,158	195,587	
Services trade balance	135,042 (28.1)	155,351 (31.4)	141,616 (22.9)	137,399 (19.7)	168,855 (23.2)	54,759 (30.6)	30,861 (17.6)	45,370 (25.5)	37,865 (19.4)	
Exports of goods and services	5,851,074	5,463,019	5,272,395	5,788,098	6,655,475	1,528,343	1,594,826	1,696,257	1,836,049	
Imports of goods and services	5,691,361	5,348,126	5,257,078	5,665,111	6,559,854	1,476,949	1,602,278	1,649,985	1,830,642	
Goods and services trade balance	159,713 <2.8>	114,893 <2.1>	15,317 <0.3>	122,987 <2.2>	95,621 <1.5>	51,394 <3.5>	-7,452 <-0.5>	46,272 <2.8>	5,407 <-0.3>	

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.

**Table 8 : Total exports of goods by market
(in value terms)**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>		<u>2025</u>			
	(% change)				(% change)	(\$Mn)	Q1	Q2	Q3	Q4
							(% change over a year earlier)			
All markets	26.3	-8.6	-7.8	8.7	15.4	5,240,251	10.9	14.0	15.1	20.9
Mainland of China	27.0	-12.9	-9.7	15.6	16.7	3,128,456	16.2	19.6	13.8	17.1
United States	19.6	-5.5	-6.9	8.5	9.7	324,266	4.0	-10.1	4.3	44.1
Vietnam	22.2	8.9	-0.5	29.1	50.5	217,325	69.1	42.1	49.1	45.5
Taiwan	46.0	7.2	-9.9	1.1	43.6	201,639	40.6	26.0	51.1	57.0
India	36.6	29.0	-2.7	-18.0	5.2	144,210	-20.2	23.3	15.9	10.9
United Arab Emirates	38.8	35.3	8.9	-8.0	5.5	100,348	-36.9	-6.7	17.6	58.8
Japan	8.7	-13.8	-17.7	-4.4	13.5	91,577	1.7	33.1	4.8	13.9
Thailand	17.4	3.3	9.7	18.8	12.0	86,234	-9.8	3.7	14.6	42.8
Malaysia	20.8	10.8	-14.8	20.2	61.6	71,879	12.4	56.6	65.1	117.6
Singapore	17.7	18.6	-21.4	3.1	6.0	71,189	6.2	7.4	22.1	-6.7
Rest of the world	26.2	-12.1	-4.1	-4.1	3.1	803,127	-0.4	-3.7	8.4	8.1

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

**Table 9 : Imports of goods by source
(in value terms)**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>		<u>2025</u>				
	(% change)				(% change)		(\$Mn)	Q1	Q2	Q3	Q4
								(% change over a year earlier)			
All sources	24.3	-7.2	-5.7	6.0	15.5	5,686,833	9.8	15.2	13.9	22.4	
Mainland of China	26.5	-14.6	-2.7	6.0	16.2	2,491,823	4.1	17.0	16.2	26.0	
Taiwan	35.0	7.3	-10.5	5.9	20.0	668,467	53.9	27.8	-3.2	13.4	
Singapore	31.7	-3.7	-17.3	18.2	11.7	435,167	2.4	10.0	20.8	12.6	
Vietnam	16.9	22.3	-7.0	22.7	97.1	323,587	68.9	72.1	93.3	152.6	
Korea	31.3	-10.7	-22.8	28.4	-12.3	251,732	-23.6	-18.5	-8.8	1.9	
Japan	12.8	-10.4	-8.8	2.5	7.7	244,388	-2.8	7.4	16.1	9.4	
United States	18.3	1.3	-4.6	3.2	2.0	210,163	-6.2	8.6	-0.5	6.9	
Malaysia	1.7	6.1	-15.3	10.8	18.3	196,215	47.6	12.1	2.3	16.9	
United Kingdom	2.1	-5.8	15.3	4.1	43.7	104,318	57.4	50.6	34.4	37.0	
Thailand	18.9	-8.9	-8.6	-4.9	5.7	86,024	-7.0	17.4	13.2	0.2	
Rest of the world	19.8	-1.9	5.6	-8.3	7.7	674,949	3.1	3.8	8.9	15.1	

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

**Table 10 : Exports and imports of services by component
(at current market prices)**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024[#]</u>	<u>2025[#]</u>		Q1 [#]	Q2 [#]	<u>2025</u> Q3 [#]	Q4 [#]
	(% change)		(% change)		(\$Mn)		(% change over a year earlier)			
Exports of services	18.5	5.8	16.8	9.9	7.3	896,708	8.5	8.9	5.8	6.4
Transport	37.8	2.0	-10.1	13.8	2.6	274,107	5.3	4.2	-2.2	3.4
Travel	-35.1	70.7	565.5	7.2	9.9	192,448	4.3	13.4	8.5	13.6
Financial services	10.0	8.8	-3.9	11.5	12.7	243,805	17.0	13.6	15.2	5.3
Other services	11.7	2.5	3.0	5.3	5.4	186,348	7.0	6.6	4.1	4.1
Imports of services	12.6	3.2	24.9	12.9	4.3	727,853	3.9	7.1	1.5	4.7
Transport	35.7	-1.5	-8.8	10.0	-1.0	152,962	1.4	3.9	-9.1	-0.3
Travel	-38.9	64.4	313.2	25.3	6.0	235,999	1.6	10.5	3.6	8.0
Manufacturing [^]	20.0	-4.3	-6.0	4.7	2.5	91,537	-1.7	3.9	1.6	6.0
Other services	7.1	2.3	3.6	7.7	6.8	247,355	9.8	7.0	6.4	4.4

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 11 : Incoming visitors by nationality/region

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>		<u>2025</u>		
						Q1	Q2	Q3	Q4
<u>(’000)</u>									
All sources	91.4	604.6	33 999.7	44 502.8	49 894.8	12 228.2	11 407.9	12 835.5	13 423.2
Mainland of China	65.6	375.2	26 755.6	34 043.1	37 833.8	9 245.4	8 548.4	10 192.1	9 847.9
South and Southeast Asia	9.5	77.2	2 398.1	3 456.7	3 766.6	893.5	991.8	746.2	1 135.1
Taiwan	2.6	24.4	809.3	1 244.6	1 578.5	370.4	372.9	417.7	417.4
Europe	6.6	39.5	775.7	1 232.5	1 501.8	360.2	339.8	309.8	492.0
United States	1.4	26.5	597.0	884.3	1 026.0	236.9	252.5	228.2	308.5
Japan	0.3	7.2	344.2	560.2	741.9	206.6	142.0	188.9	204.3
Others	5.3	54.6	2 319.8	3 081.4	3 446.3	915.2	760.4	752.6	1 018.1
<u>(% change over a year earlier)</u>									
All sources	-97.4	561.5	5 523.8	30.9	12.1	8.9	15.0	12.2	12.7
Mainland of China	-97.6	471.7	7 030.7	27.2	11.1	6.3	14.7	12.1	11.9
South and Southeast Asia	-95.1	710.3	3 006.1	44.1	9.0	12.9	13.6	5.6	4.5
Taiwan	-97.8	853.7	3 213.5	53.8	26.8	29.9	21.4	27.3	28.8
Europe	-95.9	499.0	1 865.5	58.9	21.8	16.0	17.9	22.2	29.4
United States	-98.3	1 799.9	2 155.7	48.1	16.0	16.9	14.6	13.4	18.6
Japan	-99.4	1 973.2	4 683.9	62.8	32.4	34.8	24.3	40.5	29.1
Others	-98.1	920.6	4 149.4	32.8	11.8	16.2	14.0	4.8	12.1

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 12 : Property market

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Completion of new property by the private sector							
(‘000 m ² of internal floor area)							
Residential property ^(a) (in units)	14 595	17 791	20 968	13 643	20 888	14 386	21 168
Commercial property	276	303	304	384	136	111	469
<i>of which :</i>							
Office space	153	198	179	267	69	70	351
Other commercial premises ^(b)	123	105	125	118	67	42	118
Industrial property ^(c)	78	105	44	56	38	30	180
<i>of which :</i>							
Industrial-cum-office premises	0	0	0	0	0	0	0
Conventional flatted factory space	5	23	41	56	38	30	105
Storage premises ^(d)	73	83	3	0	0	0	75
Production of public housing							
(in units)							
Rental housing flats ^(e)	21 755	11 268	20 137	9 634	6 605	13 057	12 285
Subsidised sales flats ^(e)	229	2 788	4 863	7 027	7 610	3 222	6 996
Building plans with consent to commence work in the private sector							
(‘000 m ² of usable floor area)							
Residential property	645.8	872.8	704.5	796.5	521.5	866.4	483.1
Commercial property	312.4	488.6	131.5	844.9	228.1	743.0	105.5
Industrial property ^(f)	76.2	62.5	105.2	177.7	182.6	39.8	61.2
Other properties	235.1	241.2	101.2	236.7	409.6	187.5	242.9
Total	1 269.4	1 665.2	1 042.4	2 055.9	1 341.7	1 836.7	892.6
Agreements for sale and purchase of property							
(Number)							
Residential property ^(g)	54 701	61 591	57 247	59 797	59 880	74 297	45 050
Primary market	16 793	18 645	15 633	21 108	15 317	17 650	10 315
Secondary market	37 908	42 946	41 614	38 689	44 563	56 647	34 735
Selected types of non-residential properties ^(h)							
Office space	1 105	1 955	1 331	861	686	1 077	667
Other commercial premises	1 523	2 198	1 926	1 300	1 269	2 189	1 397
Flatted factory space	2 727	5 135	4 852	2 426	2 117	3 637	2 006

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 12 : Property market (Cont'd)

	2023	2024	2025	2025			
				Q1	Q2	Q3	Q4
Completion of new property by the private sector							
('000 m ² of internal floor area)							
Residential property ^(a) (in units)	13 852	24 261	18 448	5 486	4 577	3 291	5 094
Commercial property	249	216	396	47	23	83	244
<i>of which :</i>							
Office space	159	147	299	30	12	70	187
Other commercial premises ^(b)	91	69	97	17	11	13	56
Industrial property ^(c)	58	23	44	5	25	14	0
<i>of which :</i>							
Industrial-cum-office premises	0	0	0	0	0	0	0
Conventional flatted factory space	57	23	44	5	25	14	0
Storage premises ^(d)	0	0	0	0	0	0	0
Production of public housing							
(in units)							
Rental housing flats ^(e)	3 838	10 743	N.A.	5 160	0	3 665	N.A.
Subsidised sales flats ^(e)	5 674	8 129	N.A.	6 545	0	696	N.A.
Building plans with consent to commence work in the private sector							
('000 m ² of usable floor area)							
Residential property	437.1	268.5	N.A.	79.6	54.5	165.6	N.A.
Commercial property	385.4	140.1	N.A.	61.0	14.1	16.6	N.A.
Industrial property ^(f)	45.9	62.7	N.A.	7.0	82.9	0.0	N.A.
Other properties	208.2	108.8	N.A.	31.6	2.7	17.5	N.A.
Total	1 076.5	580.2	N.A.	179.1	154.2	199.7	N.A.
Agreements for sale and purchase of property							
(Number)							
Residential property ^(g)	43 002	53 099	62 832	12 193	16 754	16 700	17 185
Primary market	10 752	16 912	20 540	3 897	5 437	5 620	5 586
Secondary market	32 250	36 187	42 292	8 296	11 317	11 080	11 599
Selected types of non-residential properties ^(h)							
Office space	646	602	1 031	223	252	271	285
Other commercial premises	1 114	1 109	1 257	266	355	297	339
Flatted factory space	1 860	1 621	2 175	559	586	504	526

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 13 : Property prices and rentals

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>(Index (1999=100))</u>							
Property price indices :							
Residential flats ^(a)	286.1	333.9	377.3	383.0	381.2	392.7	369.7
Office space	426.9	487.1	554.7	543.0	468.8	502.5	495.7
Shopping space	526.9	558.4	591.4	549.7	518.9	543.4	523.0
Flatted factory space	692.7	778.1	888.1	887.9	826.1	879.0	880.3
Property rental indices ^(b) :							
Residential flats	168.2	182.6	193.0	194.4	180.3	179.8	178.3
Office space	232.3	241.8	252.2	261.4	241.7	233.4	230.0
Shopping space	178.6	182.5	187.0	187.2	169.9	172.0	167.0
Flatted factory space	181.4	190.7	202.3	209.7	200.5	208.8	211.9
<u>(% change over a year earlier)</u>							
Property price indices :							
Residential flats ^(a)	-3.6	16.7	13.0	1.5	-0.5	3.0	-5.9
Office space	-4.9	14.1	13.9	-2.1	-13.7	7.2	-1.4
Shopping space	-5.8	6.0	5.9	-7.1	-5.6	4.7	-3.8
Flatted factory space	-4.3	12.3	14.1	*	-7.0	6.4	0.1
Property rental indices ^(b) :							
Residential flats	-2.7	8.6	5.7	0.7	-7.3	-0.3	-0.8
Office space	2.5	4.1	4.3	3.6	-7.5	-3.4	-1.5
Shopping space	-2.1	2.2	2.5	0.1	-9.2	1.2	-2.9
Flatted factory space	4.0	5.1	6.1	3.7	-4.4	4.1	1.5

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 13 : Property prices and rentals (Cont'd)

	<u>2023</u>	<u>2024</u>	<u>2025⁺</u>		<u>2025</u>		
				Q1	Q2	Q3 [#]	Q4 ⁺
<u>(Index (1999=100))</u>							
Property price indices :							
Residential flats ^(a)	337.4	298.7	289.9	285.9	286.6	290.1	297.1
Office space	468.7	373.7	309.2	326.3	314.0	302.6	295.6
Shopping space	488.3	422.9	360.4	380.6	365.1	351.8	343.9
Flatted factory space	842.3	718.0	620.7	666.8	635.1	605.7	575.2
Property rental indices ^(b) :							
Residential flats	181.1	190.5	196.8	193.0	194.7	199.0	200.4
Office space	227.7	219.9	211.3	214.3	211.8	210.1	209.2
Shopping space	170.9	165.2	156.1	157.7	157.3	156.2	153.2
Flatted factory space	218.6	215.6	209.3	211.3	211.1	208.1	206.8
<u>(% change over a year earlier)</u>							
Property price indices :							
Residential flats ^(a)	-8.7	-11.5	-2.9	-6.5	-6.3	-0.8	2.2
Office space	-5.4	-20.3	-17.3	-22.6	-18.7	-17.1	-13.6
Shopping space	-6.6	-13.4	-14.8	-16.9	-16.1	-13.8	-11.9
Flatted factory space	-4.3	-14.8	-13.6	-12.3	-13.9	-13.3	-14.8
Property rental indices ^(b) :							
Residential flats	1.6	5.2	3.3	4.4	2.6	2.2	4.2
Office space	-1.0	-3.4	-3.9	-4.7	-4.1	-3.4	-3.3
Shopping space	2.3	-3.3	-5.5	-6.7	-5.3	-4.9	-5.0
Flatted factory space	3.2	-1.4	-2.9	-2.9	-2.1	-3.5	-3.0

Table 14 : Monetary aggregates

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
(at end of period)							
Hong Kong dollar money supply (\$Mn)							
M1	1,428,775	1,598,014	1,555,731	1,533,104	1,972,719	2,078,911	1,708,421
M2 ^(a)	6,280,230	7,010,345	7,262,451	7,438,789	7,922,089	8,043,994	8,096,517
M3 ^(a)	6,292,666	7,024,514	7,284,322	7,454,655	7,937,038	8,057,408	8,109,000
Total money supply (\$Mn)							
M1	2,213,970	2,431,461	2,421,598	2,484,738	3,231,921	3,490,858	2,769,343
M2	12,508,127	13,755,255	14,348,059	14,745,872	15,606,608	16,272,650	16,536,625
M3	12,551,331	13,803,837	14,403,688	14,786,375	15,644,043	16,310,866	16,569,431
Deposits (\$Mn)							
HK\$	5,809,060	6,484,616	6,715,262	6,884,143	7,311,368	7,414,381	7,468,230
Foreign currency	5,918,240	6,267,872	6,671,119	6,887,444	7,202,247	7,771,839	7,971,455
Total	11,727,300	12,752,488	13,386,381	13,771,586	14,513,615	15,186,220	15,439,685
Loans and advances (\$Mn)							
HK\$	4,479,107	5,359,983	5,836,238	6,219,377	6,106,960	6,425,857	6,602,964
Foreign currency	3,544,284	3,953,686	3,886,385	4,157,325	4,391,617	4,467,291	3,968,334
Total	8,023,390	9,313,668	9,722,623	10,376,701	10,498,577	10,893,147	10,571,298
Nominal Effective Exchange Rate Indices							
(Jan 2020 =100)^(b)							
Trade-weighted	98.4	98.4	96.2	99.4	100.0	95.5	100.1
Import-weighted	98.8	98.8	96.5	99.5	100.1	95.8	100.8
Export-weighted	97.9	98.0	95.8	99.2	100.0	95.1	99.3
(% change over a year earlier)							
Hong Kong dollar money supply							
M1	14.0	11.8	-2.6	-1.5	28.7	5.4	-17.8
M2 ^(a)	8.9	11.6	3.6	2.4	6.5	1.5	0.7
M3 ^(a)	8.9	11.6	3.7	2.3	6.5	1.5	0.6
Total money supply							
M1	12.3	9.8	-0.4	2.6	30.1	8.0	-20.7
M2	7.7	10.0	4.3	2.8	5.8	4.3	1.6
M3	7.7	10.0	4.3	2.7	5.8	4.3	1.6
Deposits							
HK\$	9.3	11.6	3.6	2.5	6.2	1.4	0.7
Foreign currency	8.8	5.9	6.4	3.2	4.6	7.9	2.6
Total	9.1	8.7	5.0	2.9	5.4	4.6	1.7
Loans and advances							
HK\$	7.9	19.7	8.9	6.6	-1.8	5.2	2.8
Foreign currency	4.8	11.6	-1.7	7.0	5.6	1.7	-11.2
Total	6.5	16.1	4.4	6.7	1.2	3.8	-3.0
Nominal Effective Exchange Rate Indices							
(Jan 2020 =100)^(b)							
Trade-weighted	2.8	*	-2.2	3.3	0.6	-4.5	4.8
Import-weighted	2.4	*	-2.3	3.1	0.6	-4.3	5.2
Export-weighted	3.3	0.1	-2.2	3.5	0.8	-4.9	4.4

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 14 : Monetary aggregates (Cont'd)

	<u>2023</u>	<u>2024</u>	<u>2025</u>		<u>2025</u>		
				Q1	Q2	Q3	Q4
(at end of period)							
Hong Kong dollar money supply (\$Mn)							
M1	1,533,291	1,552,925	1,734,389	1,621,373	1,892,426	1,767,782	1,734,389
M2 ^(a)	8,250,109	8,474,517	8,830,871	8,890,247	9,044,196	8,830,160	8,830,871
M3 ^(a)	8,262,831	8,490,464	8,844,257	8,906,242	9,059,767	8,843,704	8,844,257
Total money supply (\$Mn)							
M1	2,598,203	2,748,458	3,109,917	2,866,480	3,215,396	3,072,110	3,109,917
M2	17,195,266	18,458,425	20,602,349	19,048,522	19,819,929	20,237,578	20,602,349
M3	17,234,052	18,501,577	20,648,542	19,094,640	19,868,342	20,282,074	20,648,542
Deposits (\$Mn)							
HK\$	7,623,772	7,839,207	8,136,778	8,238,559	8,386,246	8,159,088	8,136,778
Foreign currency	8,598,297	9,533,510	11,294,485	9,738,543	10,312,216	10,985,365	11,294,485
Total	16,222,070	17,372,718	19,431,264	17,977,102	18,698,462	19,144,453	19,431,264
Loans and advances (\$Mn)							
HK\$	6,420,797	6,046,383	5,934,472	5,956,539	6,035,703	6,001,350	5,934,472
Foreign currency	3,770,518	3,861,425	4,201,670	4,014,931	4,122,678	4,067,226	4,201,670
Total	10,191,315	9,907,808	10,136,142	9,971,470	10,158,381	10,068,576	10,136,142
Nominal Effective Exchange Rate Indices							
(Jan 2020 =100)^(b)							
Trade-weighted	103.4	105.4	104.7	107.1	104.6	103.3	104.0
Import-weighted	103.9	106.0	105.1	107.7	104.9	103.6	104.6
Export-weighted	102.9	104.7	104.2	106.3	104.2	103.1	103.4
(% change over a year earlier)							
Hong Kong dollar money supply							
M1	-10.3	1.3	11.7	7.0	23.7	11.5	11.7
M2 ^(a)	1.9	2.7	4.2	7.7	8.4	4.5	4.2
M3 ^(a)	1.9	2.8	4.2	7.7	8.4	4.5	4.2
Total money supply							
M1	-6.2	5.8	13.2	12.1	21.5	8.8	13.2
M2	4.0	7.3	11.6	10.8	11.5	11.1	11.6
M3	4.0	7.4	11.6	10.8	11.5	11.1	11.6
Deposits							
HK\$	2.1	2.8	3.8	7.9	8.8	4.5	3.8
Foreign currency	7.9	10.9	18.5	13.7	14.2	17.5	18.5
Total	5.1	7.1	11.8	11.0	11.7	11.5	11.8
Loans and advances							
HK\$	-2.8	-5.8	-1.9	-6.2	-3.7	-1.9	-1.9
Foreign currency	-5.0	2.4	8.8	7.5	10.5	5.5	8.8
Total	-3.6	-2.8	2.3	-1.2	1.6	0.9	2.3
Nominal Effective Exchange Rate Indices							
(Jan 2020 =100)^(b)							
Trade-weighted	3.3	1.9	-0.7	2.1	-1.5	-1.4	-1.7
Import-weighted	3.1	2.0	-0.8	2.2	-1.9	-1.7	-1.7
Export-weighted	3.6	1.7	-0.5	1.9	-1.0	-1.1	-1.7

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

(b) Period average.

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

Table 15 : 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>		
					Q4	Q1	Q2	Q3
Services Industry								
Import and export trade	23.9	-8.5	-7.2	2.3	0.2	18.8	21.2	23.6
Wholesale	13.3	-5.8	-3.2	-2.5	-7.7	-3.0	0.2	4.0
Retail	8.1	-0.8	16.2	-7.3	-6.6	-6.5	0.3	3.9
Transportation <i>within which:</i>	54.1	5.8	-17.3	13.8	10.6	1.5	-0.9	-5.9
Land transport	4.0	-3.3	21.6	12.4	11.7	0.6	0.2	-0.8
Water transport	85.9	5.0	-45.8	12.4	21.5	0.6	-8.6	-17.2
Air transport	43.3	9.7	7.4	14.9	4.7	2.4	3.9	0.6
Warehousing and storage	27.6	-4.6	1.8	2.2	-3.4	-4.3	-1.6	-3.1
Courier	19.0	-9.3	-11.9	4.9	8.5	7.7	6.1	4.9
Accommodation services ^(a)	38.3	17.3	59.9	5.3	3.5	0.8	1.4	3.4
Food services	16.8	-6.3	26.1	-0.1	0.4	-0.6	0.8	-0.3
Information and communications <i>within which:</i>	7.7	6.2	3.3	5.0	4.4	-0.5	-0.6	-0.2
Telecommunications	6.1	8.7	1.8	3.8	3.7	-2.0	0.6	2.4
Film entertainment	26.7	-10.4	21.1	8.9	71.4	-1.6	-2.4	13.6
Banking	-4.3	10.2	21.2	5.2	1.9	19.0	14.5	12.9
Financing (except banking) <i>within which:</i>	17.4	-14.7	-0.6	12.5	36.3	33.4	28.4	31.5
Financial markets and asset management	19.6	-17.6	-3.1	11.8	40.2	33.2	27.2	31.7
<i>within which: Asset management</i>	23.3	-19.6	-4.2	22.9	72.0	51.0	44.4	48.3
Insurance	2.5	-6.0	-1.1	12.2	18.1	23.5	21.6	41.3
Real estate	-1.9	-8.9	-0.6	0.9	4.7	-6.8	-9.5	-1.3
Professional, scientific and technical services	6.6	3.5	3.5	4.4	3.4	3.3	1.6	1.8
Administrative and support services	1.7	10.5	16.6	8.9	8.3	8.2	8.5	5.4
Services Domain								
Tourism, convention and exhibition services	-17.7	36.8	347.1	6.3	2.8	1.1 ⁺	9.5 ⁺	4.5 ⁺
Computer and information technology services	20.1	-0.4	39.2	52.0	20.8	60.9	75.5	99.1

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 16 : Labour force characteristics

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025⁺</u>	<u>2025</u>			
						Q1	Q2	Q3	Q4
<u>(%)</u>									
Labour force participation rate	59.4	58.2	57.3	57.0	56.9	56.9	56.7	57.1	56.7
Seasonally adjusted unemployment rate ^(a)	5.2	4.3	2.9	3.0	3.6	3.2	3.5	3.9	3.8
Underemployment rate	2.6	2.3	1.1	1.2	1.4	1.1	1.4	1.6	1.7
<u>('000)</u>									
Population of working age	6 518.6	6 487.0	6 667.4	6 683.0	6 703.4	6 707.8	6 690.5	6 705.9	6 709.4
Labour force	3 870.4	3 776.3	3 822.3	3 807.4	3 811.1	3 815.5	3 793.5	3 830.1	3 805.2
Persons employed	3 670.2	3 613.2	3 709.6	3 693.6	3 672.9	3 692.7	3 657.3	3 674.5	3 667.0
Persons unemployed	200.3	163.1	112.7	113.8	138.2	122.8	136.2	155.6	138.2
Persons underemployed	98.9	88.1	41.6	43.9	55.0	42.7	52.6	60.0	64.8
<u>(% change over a year earlier)</u>									
Population of working age	-0.7	-0.5	2.8	0.2	0.3	0.4	0.1	0.3	0.4
Labour force	-1.2	-2.4	1.2	-0.4	0.1	0.4	-0.4	0.5	0.1
Persons employed	-0.6	-1.6	2.7	-0.4	-0.6	0.1	-1.0	-0.5	-0.5
Persons unemployed	-12.0	-18.6	-30.9	0.9	21.5	9.8	18.7	30.7	22.6
Persons underemployed	-23.8	-10.9	-52.8	5.4	25.4	6.8	18.5	30.9	50.5

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

(+) Provisional figures.

Table 17 : Persons engaged in selected major industries

Selected major industries	2020	2021	2022	2023	2024	2024	2025			(No.)
	(% change)					Dec	Mar	Jun	Sep	
						(% change over a year earlier)				
Manufacturing	-4.0	-5.5	-5.0	-0.6	0.2	-0.6	-2.5	0.2	2.1	75 357
Construction sites (covering manual workers only)	-4.5	8.5	-0.7	7.3	9.1	0.7	*	-10.8	-6.2	113 836
Import and export trade	-11.0	-3.6	-0.9	-2.4	-4.3	-2.2	-2.7	-2.7	-3.7	342 696
Wholesale	-8.8	-3.9	4.2	-3.3	-6.0	-5.4	-3.4	-2.4	-1.3	47 008
Retail	-6.3	-0.6	-1.6	1.7	-4.7	-5.3	-4.6	-3.8	-3.0	229 959
Food and beverage services	-13.6	1.4	1.3	3.5	-0.7	-1.6	-2.8	-2.5	-1.7	217 460
Accommodation services ^(a)	-14.7	1.1	-4.5	3.0	3.0	2.4	4.0	-0.3	1.5	37 202
Transportation, storage, postal and courier services	-3.7	-4.0	-2.1	-0.1	1.1	1.7	2.2	1.9	*	165 924
Information and communications	-0.3	-1.4	-2.2	1.9	0.3	-1.5	-3.3	-3.4	0.7	108 676
Financing and insurance	0.6	0.1	-2.1	*	-1.4	0.7	1.5	2.3	3.5	238 492
Real estate	0.4	3.6	-0.5	0.9	1.6	4.6	3.7	3.0	1.3	149 402
Professional and business services (excluding cleaning and similar services)	-0.3	*	-2.1	3.0	1.0	0.4	0.3	0.2	1.1	314 787
Cleaning and similar services	0.3	1.3	0.8	*	-1.3	1.4	-0.3	-2.1	-2.6	80 922
Education	-1.0	-0.1	1.1	4.0	0.3	-0.3	-0.1	2.0	0.9	215 953
Human health services	4.1	2.9	2.5	2.8	2.7	3.5	3.9	3.4	3.6	163 425
Residential care and social work services	0.4	0.9	0.9	4.7	3.9	3.1	2.8	-0.7	0.9	73 483
Arts, entertainment, recreation and other services	-5.4	-1.7	-3.4	7.1	1.1	-0.2	-2.7	-2.6	-1.4	122 645
Civil service ^(b)	0.7	-0.2	-1.2	-1.1	-0.2	*	-0.2	-0.6	-0.9	170 890
Others ^(c)	-1.7	1.2	3.3	1.6	5.1	8.1	9.3	3.6	1.2	12 955

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 statistics on persons engaged 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 persons engaged in mining and quarrying; and in electricity and gas supply, and waste management.

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

Table 18 : 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> Dec	Mar	<u>2025</u> Jun	Sep
<u>(Number)</u>									
Building sites									
Private sector	54 957	58 385	56 160	57 642	55 003	52 550	54 091	50 812	49 513
Public sector ^(a)	22 982	23 622	22 853	26 299	33 626	34 570	34 753	29 841	30 997
Sub-total	77 939	82 006	79 012	83 941	88 628	87 120	88 844	80 653	80 510
Civil engineering sites									
Private sector	2 180	3 095	3 796	2 397	1 337	1 196	1 823	1 108	1 692
Public sector ^(a)	17 064	20 329	21 855	25 974	32 559	32 658	32 926	28 974	31 634
Sub-total	19 244	23 424	25 651	28 372	33 896	33 854	34 749	30 082	33 326
Total	97 182	105 430	104 663	112 313	122 524	120 974	123 593	110 735	113 836
<u>(% change over a year earlier)</u>									
Building sites									
Private sector	-12.6	6.2	-3.8	2.6	-4.6	-12.9	-6.7	-7.7	-9.0
Public sector ^(a)	19.3	2.8	-3.3	15.1	27.9	18.7	8.7	-16.5	-3.8
Sub-total	-5.1	5.2	-3.7	6.2	5.6	-2.6	-1.2	-11.2	-7.0
Civil engineering sites									
Private sector	-12.2	42.0	22.6	-36.8	-44.2	-27.7	25.5	-17.3	24.3
Public sector ^(a)	-0.3	19.1	7.5	18.8	25.3	12.4	2.2	-9.3	-5.3
Sub-total	-1.8	21.7	9.5	10.6	19.5	10.2	3.2	-9.7	-4.1
Total	-4.5	8.5	-0.7	7.3	9.1	0.7	*	-10.8	-6.2

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 19 : Rates of change in indices of payroll per person engaged
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						Q4	Q1	Q2	Q3
(in nominal terms)									
Manufacturing	-0.1	-0.6	1.0	3.8	3.7	3.4	3.3	3.2	3.0
Import/export and wholesale trades	0.5	0.1	0.9	2.6	3.0	3.1	3.2	3.0	3.2
Retail trade	0.1	0.2	1.1	2.7	2.0	1.7	2.0	1.8	2.0
Transportation, storage, postal and courier services	-5.4	-3.8	1.9	9.3	5.6	3.8	2.5	10.9	-0.5
Accommodation ^(a) and food service activities	-2.9	-1.0	2.2	5.3	4.4	3.3	3.3	3.1	3.3
Information and communications	2.3	1.8	2.8	3.9	3.6	3.4	3.3	3.2	3.1
Financial and insurance activities	1.7	1.7	2.7	3.5	3.4	3.8	3.9	3.6	3.8
Real estate activities	1.5	1.4	2.1	2.8	2.9	2.9	2.8	2.9	3.0
Professional and business services	1.6	1.5	2.7	3.4	3.5	3.3	3.5	3.1	3.3
Social and personal services	6.2	0.1	1.3	2.0	1.9	1.7	2.8	3.3	1.8
All selected industry sections surveyed	2.4	1.0	1.7	3.3	3.5	3.4	3.2	3.6	2.8
(in real terms)									
Manufacturing	-0.4	-2.1	-0.9	1.7	1.9	2.0	1.7	1.4	1.9
Import/export and wholesale trades	0.2	-1.4	-1.0	0.5	1.3	1.7	1.6	1.2	2.1
Retail trade	-0.1	-1.4	-0.7	0.5	0.2	0.3	0.4	*	1.0
Transportation, storage, postal and courier services	-5.6	-5.3	*	7.0	3.8	2.4	0.9	9.0	-1.5
Accommodation ^(a) and food service activities	-3.2	-2.6	0.3	3.1	2.6	1.9	1.7	1.3	2.2
Information and communications	2.0	0.2	0.9	1.7	1.8	2.0	1.7	1.4	2.0
Financial and insurance activities	1.2	0.2	0.8	1.3	1.6	2.3	2.3	1.8	2.7
Real estate activities	1.3	-0.1	0.2	0.7	1.2	1.5	1.1	1.1	1.9
Professional and business services	1.4	-0.1	0.8	1.2	1.8	1.9	1.9	1.3	2.2
Social and personal services	6.0	-1.5	-0.6	-0.1	0.1	0.3	1.2	1.4	0.7
All selected industry sections surveyed	2.1	-0.5	-0.2	1.1	1.7	2.0	1.6	1.8	1.7

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 20 : 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						Dec	Mar	Jun	Sep
(in nominal terms)									
Manufacturing	2.0	1.6	2.0	4.1	4.0	3.3	3.2	3.0	3.0
Import/export, wholesale and retail trades	1.0	0.9	1.7	2.6	3.1	3.0	3.1	2.9	3.0
Transportation	0.1	-0.9	1.4	5.6	3.7	3.1	3.5	4.9	2.1
Accommodation ^(a) and food service activities	1.0	1.4	2.1	4.2	4.3	4.0	3.8	3.5	3.7
Financial and insurance activities ^(b)	2.3	2.5	3.2	3.9	4.0	4.1	4.0	3.7	3.9
Real estate leasing and maintenance management	2.7	3.0	2.9	3.2	3.3	3.2	3.1	3.1	3.1
Professional and business services	1.7	1.8	2.5	3.4	4.0	3.9	4.1	3.9	3.8
Personal services	0.7	0.3	0.6	3.5	4.0	4.0	3.9	3.5	3.3
All industries surveyed	1.3	1.3	2.2	3.6	3.7	3.5	3.5	3.5	3.3
(in real terms)									
Manufacturing	3.1	-0.3	-1.5	2.0	1.8	1.6	1.2	1.0	1.6
Import/export, wholesale and retail trades	2.1	-0.9	-1.9	0.5	0.9	1.3	1.1	0.8	1.6
Transportation	1.3	-2.7	-2.2	3.4	1.5	1.4	1.5	2.7	0.6
Accommodation ^(a) and food service activities	2.1	-0.3	-1.5	2.0	2.1	2.3	1.8	1.5	2.2
Financial and insurance activities ^(b)	3.7	0.7	-0.6	1.7	1.8	2.3	2.0	1.7	2.4
Real estate leasing and maintenance management	3.8	1.3	-0.8	1.0	1.1	1.5	1.1	1.0	1.6
Professional and business services	2.8	0.1	-1.2	1.2	1.8	2.2	2.1	1.8	2.4
Personal services	1.7	-1.6	-2.9	1.3	1.8	2.2	1.9	1.4	1.9
All industries surveyed	2.5	-0.5	-1.4	1.4	1.5	1.8	1.6	1.4	1.8

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 21 : 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 22 : 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 23 : Rates of change in prices**(%)**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
GDP deflator	1.6	2.9	3.7	2.0	0.6	0.7	1.7	2.9
Domestic demand deflator	1.4	2.8	3.4	2.4	0.6	-0.8	2.1	3.7
Consumer Price Indices ^(a) :								
Composite CPI	2.4	1.5	2.4	2.9	0.3	1.6	1.9	2.1
CPI(A)	2.8	1.5	2.7	3.3	-0.6	2.9	2.2	2.3
CPI(B)	2.3	1.4	2.3	2.7	0.6	1.0	1.7	2.0
CPI(C)	2.1	1.5	2.2	2.6	0.8	0.9	1.8	2.0
Unit Value Indices :								
Total exports of goods	-1.7	1.8	2.4	1.1	-0.6	5.4	7.8	4.4
Imports of goods	-1.7	1.9	2.6	1.3	-0.7	5.5	8.1	3.9
Terms of Trade Index ^(b)	*	-0.1	-0.1	-0.1	*	*	-0.3	0.4
Producer Price Index for all manufacturing industries	1.3	3.8	2.0	1.0	2.3	1.2	0.8	1.6
Tender Price Indices :								
Public sector								
building projects	1.0	-0.3	-2.9	-2.6	-3.0	1.0	5.5	4.3
Public housing projects	-0.7	0.3	-1.9	-1.8	-2.7	1.8	5.3	4.3

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.

(^) Average annual rate change for the 10-year period 2014-2024.

(~) Average annual rate change for the 5-year period 2019-2024.

Table 23 : Rates of change in prices (Cont'd)

(%)

	2024	2025	2025				Average annual rate of change:	
			Q1	Q2	Q3	Q4	10 years	5 years
							2015 to 2025	2020 to 2025
GDP deflator [#]	4.2	1.0	1.3	0.7	0.8	1.3	2.1	2.1
Domestic demand deflator [#]	2.8	1.5	2.0	1.8	1.2	1.2	2.0	1.8
Consumer Price Indices ^(a) :								
Composite CPI	1.7	1.4	1.6	1.8	1.1	1.3	1.8	1.7
CPI(A)	2.1	1.9	2.2	2.4	1.5	1.4	2.1	2.3
CPI(B)	1.6	1.3	1.4	1.6	1.0	1.2	1.7	1.5
CPI(C)	1.5	1.1	1.2	1.3	0.7	1.2	1.6	1.5
Unit Value Indices :								
Total exports of goods	3.6	2.3	1.9	1.9	2.0	3.1	2.6	4.7
Imports of goods	3.2	2.2	2.0	1.9	1.9	2.9	2.6	4.6
Terms of Trade Index ^(b)	0.4	*	-0.1	-0.1	0.1	0.1	*	0.1
Producer Price Index for all manufacturing industries	2.9	N.A.	4.8	4.0	7.7	N.A.	1.4 [^]	1.8 [~]
Tender Price Indices :								
Public sector								
building projects	2.4	N.A.	0.8	0.2	-0.1	N.A.	1.1 [^]	2.0 [~]
Public housing projects	3.2	N.A.	1.9	-1.3	-0.8	N.A.	1.9 [^]	2.4 [~]

Table 24 : Rates of change in Composite Consumer Price Index

(%)

	Weight [^]	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
All items	100.00	2.4 (2.3)	1.5 (1.7)	2.4 (2.6)	2.9 (3.0)	0.3 (1.3)	1.6 (0.6)	1.9 (1.7)
Food	25.53	3.4	2.2	3.4	4.9	3.3	1.7	3.8
<i>Meals out and takeaway food</i>	16.82	3.3	2.7	2.9	2.2	0.8	1.8	3.4
<i>Basic food</i>	8.71	3.6	1.1	4.3	9.9	7.7	1.4	4.5
Housing ^(a)	38.89	3.7	2.0	2.5	3.5	-0.1	0.3	0.2
<i>Private housing rent</i>	33.74	3.4	1.8	2.2	3.1	1.1	-1.3	-0.6
<i>Public housing rent</i>	2.05	7.2	3.0	4.1	7.1	-21.0	29.3	9.6
Electricity, gas and water	2.97	1.0	-1.7	4.9	-5.4	-20.6	27.0	7.2
Alcoholic drinks and tobacco	0.48	1.5	0.6	1.3	1.2	0.5	0.1	1.3
Clothing and footwear	2.46	-3.4	-0.4	1.6	-1.7	-5.2	3.3	5.3
Durable goods	3.73	-5.4	-3.2	-2.0	-1.9	-2.7	1.0	0.6
Miscellaneous goods	3.37	1.5	1.4	1.3	2.5	3.1	-3.1	0.4
Transport	7.49	1.6	2.3	1.6	2.0	-1.0	2.6	2.9
Miscellaneous services	15.08	2.3	0.9	2.1	2.0	0.8	0.7	1.3

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.

([^]) These are expenditure weights of the reference period 2024, which are used for the compilation of CPIs starting from the second quarter of 2025.

(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.

Table 24 : Rates of change in Composite Consumer Price Index (Cont'd)

(%)										
	Weight [^]	2023	2024	2025	2025				Average annual rate of change:	
					Q1	Q2	Q3	Q4	10 years 2015 to 2025	5 years 2020 to 2025
All items	100.00	2.1 (1.7)	1.7 (1.1)	1.4 (1.1)	1.6 (1.2)	1.8 (1.1)	1.1 (1.0)	1.3 (1.1)	1.8 (1.8)	1.7 (1.2)
Food	25.53	2.7	1.5	0.7	0.5	0.5	0.8	1.0	2.7	2.1
<i>Meals out and takeaway food</i>	16.82	4.0	2.6	1.3	1.4	1.3	1.3	1.2	2.5	2.6
<i>Basic food</i>	8.71	0.5	-0.3	-0.4	-1.1	-1.0	-0.1	0.5	3.2	1.1
Housing ^(a)	38.89	1.0	2.1	1.9	1.5	2.8	1.7	1.6	1.7	1.1
<i>Private housing rent</i>	33.74	0.5	1.4	1.2	0.8	2.0	1.1	1.0	1.3	0.2
<i>Public housing rent</i>	2.05	4.4	7.2	11.7	10.5	16.4	10.8	9.6	5.6	12.1
Electricity, gas and water	2.97	9.6	-0.3	5.8	13.5	11.0	0.6	-0.8	2.1	9.5
Alcoholic drinks and tobacco	0.48	17.0	19.6	4.5	14.7	0.8	1.9	2.0	4.6	8.2
Clothing and footwear	2.46	5.8	-0.5	-3.5	-2.7	-4.5	-3.3	-3.6	0.1	2.0
Durable goods	3.73	-2.4	-1.0	-2.2	-0.9	-2.1	-2.8	-3.1	-1.9	-0.8
Miscellaneous goods	3.37	1.7	1.2	0.9	1.1	0.9	0.3	1.3	1.1	0.2
Transport	7.49	1.9	2.0	2.8	2.8	2.7	2.0	3.7	1.8	2.4
Miscellaneous services	15.08	2.6	2.4	1.6	1.7	1.5	1.3	2.0	1.7	1.7

**Table 25 : Rates of change in implicit price deflators of GDP
and its main expenditure components**

(%)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Private consumption expenditure	1.5	2.5	3.1	2.7	0.6	-0.6	2.3
Government consumption expenditure	3.7	2.5	3.3	4.7	2.1	0.7	2.6
Gross domestic fixed capital formation	-0.3	4.4	4.6	-0.1	-1.5	-2.1	1.0
Total exports of goods	-1.4	1.7	2.2	1.1	0.1	5.1	6.8
Imports of goods	-1.8	1.8	2.3	1.3	0.1	4.9	7.3
Exports of services	-2.0	3.2	4.5	-0.3	-0.4	14.5	6.3
Imports of services	-1.3	2.7	2.8	-1.0	-0.9	9.9	4.4
Gross Domestic Product	1.6	2.9	3.7	2.0	0.6	0.7	1.7
Total final demand	-0.6	2.2	2.8	1.4	0.2	3.7	5.2
Domestic demand	1.4	2.8	3.4	2.4	0.6	-0.8	2.1

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

(%)

	<u>2023</u>	<u>2024[#]</u>	<u>2025[#]</u>	<u>2025</u>				<u>Average annual rate of change:</u>	
				<u>Q1[#]</u>	<u>Q2[#]</u>	<u>Q3[#]</u>	<u>Q4[#]</u>	<u>10 years 2015 to 2025[#]</u>	<u>5 years 2020 to 2025[#]</u>
Private consumption expenditure	4.9	2.9	1.2	1.6	0.9	1.2	1.1	2.1	2.1
Government consumption expenditure	2.5	2.0	1.2	2.5	0.8	0.8	0.5	2.5	1.8
Gross domestic fixed capital formation	0.5	2.6	2.3	2.7	5.4	1.0	0.5	1.1	0.8
Total exports of goods	4.2	4.2	3.8	3.4	3.1	3.4	5.1	2.7	4.8
Imports of goods	4.3	4.0	4.2	4.4	3.7	3.7	5.0	2.8	4.9
Exports of services	-2.0	5.6	1.0	2.5	0.7	-0.7	1.5	2.9	4.9
Imports of services	-0.6	1.4	*	-0.9	0.5	-0.7	1.0	1.7	3.0
Gross Domestic Product	2.9	4.2	1.0	1.3	0.7	0.8	1.3	2.1	2.1
Total final demand	3.4	3.9	2.8	2.9	2.5	2.3	3.5	2.5	3.8
Domestic demand	3.7	2.8	1.5	2.0	1.8	1.2	1.2	2.0	1.8

