CHAPTER 1 : OVERVIEW OF ECONOMIC PERFORMANCE

***Summary***

* *Led by inbound tourism and private consumption, the Hong Kong economy continued to recover in the second quarter of 2023, though the momentum softened on the back of the strong rebound in the preceding quarter. Real Gross Domestic Product (GDP)(1) grew by 1.5% year-on-year.* *On a seasonally adjusted quarter-to-quarter comparison(2), real GDP fell by 1.3%.*
* *Hong Kong’s total exports of goods plunged further in the second quarter amid weak external demand for goods. Exports to the Mainland, the US and the EU fell sharply. Exports to other major Asian markets recorded notable declines. However, exports of services continued to grow markedly. Exports of travel services jumped over eight-fold as visitor arrivals surged further. Exports of transport services rose further alongside the continued recovery of inbound tourism, and exports of business and other services showed modest growth. Meanwhile, exports of financial services declined further.*
* *Domestically, private consumption expenditure rose notably further in the second quarter alongside the continued economic recovery. Overall investment expenditure reverted to a mild decline amid tightened financial conditions.*
* *The labour market continued to improve in the second quarter. The seasonally adjusted unemployment rate declined further from 3.1% in the first quarter to 2.9% in the second quarter, and the underemployment rate edged down from 1.2% to 1.1%.*
* *The local stock market was under pressure in the second quarter amid concerns over the recovery momentum of the Mainland economy and expectations of further rate hikes by the US Federal Reserve (Fed). The Hang Seng Index (HSI) closed the quarter at 18 916, down by 7.3% from end‑March. The residential property market showed some consolidation after the rebound in the first quarter. Market sentiment turned cautious.*
* *Consumer price inflation stayed moderate in overall terms in the second quarter. Prices of energy-related items as a whole continued to soar over a year earlier, but at a moderated pace. Prices of meals out and takeaway food, and clothing and footwear rose further visibly, but the former showed a decelerated increase. Meanwhile, price pressures on other major components were broadly in check. Private housing rentals continued to decline.*

**Overall situation**

* 1. The Hong Kong economy continued to recover in the second quarter of 2023, though the momentum softened on the back of the strong rebound in the preceding quarter. Inbound tourism and private consumption remained the key drivers of growth, but merchandise exports stayed weak.
  2. Real GDP grew by 1.5% year-on-year in the second quarter (same as the advance estimate), having increased by 2.9% in the preceding quarter. On a seasonally adjusted quarter-to-quarter comparison, real GDP decreased by 1.3% in the second quarter (same as the advance estimate), after a 5.4% increase in the preceding quarter.



**The external sector**

* 1. *Total exports of goods* based on the GDP compilation framework plunged by 15.2% in real terms in the second quarter of 2023 from a year earlier, after falling by 18.9% in the preceding quarter. The weak external demand for goods continued to put intense pressure on export performance. Analysed by major market and by reference to external merchandise trade statistics, exports to the Mainland fell sharply in the second quarter. Exports to the US and the EU plunged further. Exports to other major Asian markets continued to record notable declines.
  2. *Exports of services* grew markedly by 22.9% year-on-year in real terms in the second quarter, further to 16.6% growth in the preceding quarter. Exports of travel services jumped over eight-fold, recovering to 48% of the pre-pandemic level, as visitor arrivals surged further. Exports of transport services rose further in tandem. Exports of business and other services showed modest growth alongside the difficult external environment. Meanwhile, exports of financial services declined further as cross-border financial and fund raising activities softened amid tightened financial conditions.

**Table 1.1 : Gross Domestic Product, its main expenditure components**

**and the main price indicators**

**(year-on-year rate of change (%))**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2021# | 2022# | 2022 | | | | 2023 | |
|  |  |  | Q1# | Q2# | Q3# | Q4# | Q1# | Q2# |
| *Change in real terms of GDP and*  *its main expenditure components (%)* |  |  |  |  |  |  |  |  |
| Private consumption  expenditure | 5.6 | -1.2 | -6.2  (-8.8) | -0.2  (8.5) | -0.4  (0.6) | 1.7  (2.0) | 13.0  (1.4) | 8.2  (3.9) |
| Government consumption  expenditure | 5.9 | 8.2 | 6.0  (4.7) | 12.6  (5.4) | 5.4  (-3.9) | 9.1  (2.8) | 1.3  (-2.9) | -9.6  (-5.8) |
| Gross domestic fixed  capital formation | 8.3 | -7.7 | -6.3 | -1.2 | -14.2 | -8.9 | 7.9 | -0.9 |
| Building and construction | -0.5 | 5.1 | 1.9 | 9.1 | 2.5 | 7.2 | -0.8 | 5.6 |
| Costs of ownership transfer | 36.3 | -41.0 | -34.8 | -39.5 | -40.9 | -50.0 | 24.3 | -3.4 |
| Machinery, equipment and  intellectual property products | 15.2 | -16.8 | -14.8 | -1.5 | -28.8 | -21.2 | 24.1 | -10.5 |
| Total exports of goods& | 18.7 | -13.9 | -4.4  (-6.9) | -8.5  (-5.4) | -15.9  (-7.7) | -24.9  (-7.8) | -18.9  (0.7) | -15.2  (-0.6) |
| Imports of goods& | 17.2 | -13.2 | -5.9  (-7.4) | -6.0  (-0.1) | -16.5  (-9.7) | -22.9  (-7.8) | -14.6  (2.6) | -15.9  (-1.5) |
| Exports of services& | 3.4 | -1.4 | -4.3  (0.9) | 2.7  (\*) | -4.0  (-2.9) | 0.6  (2.7) | 16.6  (16.8) | 22.9  (5.4) |
| Imports of services& | 2.5 | -1.7 | -3.5  (-3.0) | -1.5  (0.8) | -3.2  (-0.5) | 1.2  (3.7) | 20.7  (16.0) | 29.0  (7.9) |
| **Gross Domestic Product** | **6.4** | **-3.5** | **-3.9**  **(-1.8)** | **-1.2**  **(0.1)** | **-4.6**  **(-2.5)** | **-4.1**  **(**\***)** | **2.9**  **(5.4)** | **1.5**  **(-1.3)** |
| *Change in the main*  *price indicators (%)* |  |  |  |  |  |  |  |  |
| **GDP deflator** | **0.7** | **1.8** | **1.1**  **(0.2)** | **1.0**  **(0.3)** | **3.5**  **(2.7)** | **1.7**  **(-1.6)** | **2.1**  **(0.8)** | **2.9**  **(1.0)** |
| **Composite CPI** |  |  |  |  |  |  |  |  |
| **Headline** | **1.6** | **1.9** | **1.5**  **(0.6)** | **1.5**  **(0.2)** | **2.7**  **(0.5)** | **1.8**  **(0.6)** | **1.9**  **(0.7)** | **2.0**  **(0.3)** |
| **Underlying^** | **0.6** | **1.7** | **1.6**  **(0.5)** | **1.7**  **(0.5)** | **1.8**  **(0.4)** | **1.8**  **(0.4)** | **1.9**  **(0.7)** | **1.7**  **(0.3)** |
| *Change in* **nominal GDP** *(%)* | **7.2** | **-1.7** | **-2.9** | **-0.2** | **-1.3** | **-2.5** | **5.1** | **4.4** |

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

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

(#) Revised figures.

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

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

(\*) Change within ± 0.05%.

**The domestic sector**

* 1. Consumption activities increased notably further in the second quarter of 2023 alongside the continued economic recovery. Improved labour market conditions and the Government’s various initiatives, such as the disbursement of consumption vouchers and the launch of the “Happy Hong Kong” campaign, also provided support. *Private consumption expenditure* rose by 8.2% year-on-year in real terms in the second quarter, further to the 13.0% surge in the preceding quarter. On a seasonally adjusted quarter‑to‑quarter basis, private consumption expenditure increased by 3.9%. Meanwhile, *government consumption expenditure* turned to a fall of 9.6% year-on-year in the second quarter, after a 1.3% increase in the preceding quarter.

**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) |
| 2022 | Annual | -1.4 | -7.3 | 4.0 | -2.0 | -0.9 | 55.4 | 57.0 | -1.2 |
|  |  |  |  |  |  |  |  |  |  |
|  | Q1 | -6.2 | -8.4 | -9.1 | -9.8 | -4.3 | 12.4 | 17.6 | -6.2 |
|  | Q2 | -0.2 | -8.0 | 4.6 | 4.6 | -0.6 | 24.9 | 42.0 | -0.2 |
|  | Q3 | -0.4 | -7.5 | 7.7 | 0.9 | -0.5 | 30.5 | 77.6 | -0.4 |
|  | Q4 | 0.8 | -5.5 | 12.1 | -4.0 | 1.5 | 146.7 | 87.3 | 1.7 |
|  |  |  |  |  |  |  |  |  |  |
| 2023 | Q1 | 14.3 | 7.2 | 24.9 | 32.2 | 9.3 | 319.4 | 486.0 | 13.0 |
|  | Q2 | 9.1 | 0.6 | 23.5 | 21.3 | 5.3 | 415.3 | 732.0 | 8.2 |

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.



* 1. Overall investment spending in terms of *gross domestic fixed capital formation* saw a mild decline of 0.9% in real terms in the second quarter from a year earlier, after a 7.9% increase in the preceding quarter, as business sentiment generally eased amid tightened financial conditions and the uncertain global growth outlook (see ***Box 1.1***). Expenditure on acquisitions of machinery, equipment and intellectual property products fell by 10.5%. Meanwhile, expenditure on building and construction increased by 5.6%, with increases seen in both public and private sector spending. Separately, the costs of ownership transfer fell as property transactions shrank.

**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 business sentiment generally eased in the past few months after improving in earlier quarters.

According to the results of the Census and Statistics Department (C&SD)’s Quarterly Business Tendency Survey (QBTS)(1) conducted during 2 June 2023 to 6 July 2023, business sentiment among large enterprises in Hong Kong softened as compared to three months ago, though remaining generally optimistic (***Chart 1***). The proportion of large enterprises expecting their business situation to improve in the third quarter of 2023 over the second quarter was larger than the proportion of those expecting the situation to worsen by 6 percentage points (i.e. a net balance of +6), but was smaller than the net balance of +15 in the previous round.

Large enterprises’ business sentiment softened though remaining positive in a majority of surveyed sectors (***Table 1***). The net balances for the “accommodation and food services”, “financing and insurance”, “manufacturing”, “retail”, “transportation, storage and courier services”, “information and communications” and “import/export trade and wholesale” sectors declined by varying degrees within the positive zone. Meanwhile, the net balance for the “construction” sector increased further in the positive zone, and that for the “professional and business services” sector turned positive. Yet, the net balance for the “real estate” sector fell and became slightly negative. Large enterprises’ appetite for hiring stayed positive (***Table 2***).

|  |  |  |  |
| --- | --- | --- | --- |
| **Chart 1 : Business sentiment of large enterprises softened though remaining generally optimistic** | | | |
| 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 softened though remaining generally optimistic** | | **Table 2 : Hiring sentiment of large enterprises stayed positive** | | |
| |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **QBTS: Expected changes in business situation** | | | | | | | |  | Net balance\* (% point) | | | | | | | 2022 | | | 2023 | | | | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | | Manufacturing | -19 | +24 | -13 | +23 | +36 | +20 | | Construction | -32 | -5 | -5 | -7 | +6 | +10 | | Import/export trade and wholesale | -7 | +6 | +9 | -8 | +10 | +7 | | Retail | +11 | +25 | +16 | +12 | +34 | +18 | | Accommodation and food services | +23 | +49 | +37 | +39 | +64 | +41 | | Transportation, storage and courier services | -12 | -2 | +8 | -5 | +13 | +4 | | Information and communications | +1 | -3 | -4 | -1 | +6 | +2 | | Financing and insurance | -4 | +10 | +4 | +25 | +25 | +4 | | Real estate | -2 | +10 | -2 | +4 | +13 | -2 | | Professional and business services | -19 | -3 | +2 | -3 | -4 | +5 | | All sectors above | -8 | +6 | +4 | +6 | +15 | +6 | | | |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **QBTS: Expected changes in number of persons engaged** | | | | | | | |  | Net balance\* (% point) | | | | | | | 2022 | | | 2023 | | | | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | | Manufacturing | -1 | +7 | +18 | +8 | +18 | +26 | | Construction | +3 | +9 | +18 | +16 | +6 | +6 | | Import/export trade and wholesale | 0 | +1 | 0 | -6 | -1 | -2 | | Retail | +4 | +9 | +5 | +6 | +20 | +8 | | Accommodation and food services | -2 | +36 | +22 | +24 | +50 | +31 | | Transportation, storage and courier services | +1 | +8 | +13 | +9 | 0 | +6 | | Information and communications | +7 | -1 | -8 | -6 | -6 | -6 | | Financing and insurance | +4 | -4 | +5 | +9 | +13 | +8 | | Real estate | -9 | +11 | 0 | 0 | +9 | +8 | | Professional and business services | -2 | 0 | +2 | +5 | +7 | +4 | | All sectors above | +1 | +7 | +7 | +6 | +11 | +8 | | | |
| Note: (\*) | Net balance indicates the direction of expected change in the business situation versus the preceding quarter. It refers to the difference in percentage points between the proportion of establishments choosing “better” over that choosing “worse”. A positive sign indicates a likely upward trend while a negative sign, a likely downward trend. | 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. Business sentiment among SMEs eased in recent months, with the overall index on the current situation falling from 48.0 in April to 45.8 in July (***Chart 2a***). Nonetheless, employment sentiment among SMEs showed some improvement, and credit conditions remained accommodative. The Standard Chartered Hong Kong SME Leading Business Index(3) also eased in the third quarter of 2023.

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, declined from 52.4 in April to 49.4 in July. Separately, reflecting the earlier situation, the Hong Kong Trade Development Council’s Export Index(5) rose notably further from 39.0 in the preceding quarter to 47.8 in the second quarter of 2023, the highest level since the second quarter of 2021 (***Chart 2b***). However, a majority of the exporters surveyed (66.1%) identified economic slowdown or recession risk in overseas markets as the biggest challenge to their businesses in the coming three months, followed by the smaller‑than-expected boost from the Mainland’s economic recovery (10.9%) and US‑Mainland trade tensions (10.7%).

1. 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.
2. 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 : Recent surveys indicated that business sentiment generally eased of late** 

|  |  |  |
| --- | --- | --- |
| 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.  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. Still, these survey findings taken together suggest that business sentiment generally eased in recent months. Looking ahead, business sentiment will continue to be affected by the difficult external environment and tight financial conditions, but the local economic recovery, together with the various measures introduced by the Government to boost the recovery momentum, should render support.

1. According to the press release by S&P Global, the S&P Global Hong Kong PMI is compiled according to monthly replies to questionnaires sent to purchasing managers in around 400 private sector companies. It is a composite index based on five individual indices with the following weights: New Orders (30%); Output (25%); Employment (20%); Suppliers’ Delivery Times (15%); and Stocks of Purchases (10%), with the Suppliers’ Delivery Times index inverted so that it moves in a comparable direction. Survey responses reflect the change, if any, in the prevailing month compared to the previous month.
2. The Hong Kong Trade Development Council’s Export Index is designed to gauge the prospects of the near‑term export performance of Hong Kong traders. The business confidence survey is conducted on a quarterly basis, with 500 participating Hong Kong traders from six major industry sectors interviewed, namely electronics, clothing, toys, jewellery, timepieces and machinery.

**The labour sector**

* 1. The labour market continued to improve in the second quarter of 2023 along with the local economic recovery. The seasonally adjusted *unemployment rate* declined further from 3.1% in the first quarter to 2.9% in the second quarter, and the *underemployment rate* edged down from 1.2% to 1.1%. The unemployment rates of many major sectors declined, such as those of the consumption- and tourism-related sectors (viz. retail, accommodation and food services sectors), the arts, entertainment and recreation sector, the transportation and storage sector, and the construction sector. The unemployment rates of the remaining sectors stayed low in general. The unemployment rates of lower-skilled and higher-skilled workers both held steady. Year-on-year increases in wages and labour earnings accelerated in the first quarter. More recent General Household Survey (GHS) data indicated that median monthly employment earnings of full-time employees (excluding foreign domestic helpers) saw an accelerated year-on-year increase in the second quarter.

**The asset markets**

* 1. The *local stock market* was under pressure in the second quarter of 2023. Dampened by concerns over the recovery momentum of the Mainland economy and expectations of further rate hikes by the US Fed, the HSI fell visibly in the latter part of May and hit a low of 18 217 on 1 June. It then recouped some of the loss and closed the quarter at 18 916, down by 7.3% from end-March. Trading activities turned quieter in the second quarter amid the cautious market atmosphere, with the average daily turnover contracting by 19.5% from the preceding quarter or 20.7% from a year earlier to $102.8 billion. Fund raising activities remained tepid.
  2. The *residential property market* showed some consolidation in the second quarter, after the rebound in the first quarter. Market sentiment turned cautious amid an uncertain global economic outlook, rising local interest rates and expectations of further rate hikes by the US Fed. The number of transactions, in terms of the total number of sale and purchase agreements for residential property received by the Land Registry, declined by 13% from the preceding quarter or 18% from a year earlier to 12 199. Overall flat prices recorded a 1% decline during the second quarter. The index of home purchase affordability rose further to 75% in the second quarter along with the increase in mortgage rates, significantly above the long-term average of 51% over 2003‑2022. Meanwhile, overall flat rentals increased by 3% during the second quarter. The *non-residential property market* largely held steady. While trading activities remained subdued, prices and rentals of different segments showed mixed performance.

**Inflation**

* 1. Consumer price inflation stayed moderate in overall terms in the second quarter of 2023. Netting out the effects of the Government’s one-off relief measures, *underlying Composite CPI inflation* stayed moderate at 1.7% in the second quarter, compared with 1.9% in the preceding quarter. Prices of energy-related items as a whole continued to soar over a year earlier, but at a moderated pace. Prices of meals out and takeaway food, and clothing and footwear rose further visibly, but the former showed a decelerated increase.Price pressures on other major components were broadly in check. Private housing rentals continued to decline. Domestic business cost pressures stayed largely mild, as wage growth remained moderate while commercial rentals continued to be soft.As inflation in many major economies stayed high, external price pressures remained generally notable. The *headline Composite CPI inflation rate* was 2.0%, compared with 1.9% in the preceding quarter.
  2. As a broad measure of the overall change in prices in the economy, the *GDP deflator* rose by 2.9% in the second quarter over a year earlier, after a 2.1% increase in the preceding quarter. The *terms of trade* deteriorated as import prices rose faster than export prices. Taking out the external trade components, the domestic demand deflator increased by 3.8% in the second quarter, after rising by 3.1% in the preceding quarter.



Note : The year-on-year rates of change of the Composite Consumer Price Index 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.

**GDP by major economic sector**

* 1. The net output of the services sector increased by 3.1% year‑on‑year in real terms in the first quarter of 2023, having declined by 4.2% in the preceding quarter and 3.1% for 2022 as a whole. Net outputs of many major service sectors showed visible improvement and resumed growth. In particular, the net output of accommodation and food services, and wholesale and retail trades surged along with the removal of anti-epidemic measures in both Hong Kong and the Mainland as well as the resumption of normal travel with the Mainland and the rest of the world. The net output of real estate also rose amid a revival in property transactions during the quarter. However, the net output of import and export trade still saw a double-digit decline as the challenging external environment posed a significant drag on trade performance. As for the secondary sector, the net output of the manufacturing sector resumed growth, while that of the construction sector turned to a fall.

**Table 1.3 : GDP by economic activity(a)**

**(year-on-year rate of change in real terms (%))**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2022 | 2022 | | | | 2023 |
|  |  | Q1 | Q2 | Q3 | Q4 | Q1 |
| Manufacturing | 0.2 | -1.3 | 2.7 | -0.5 | -0.1 | 3.8 |
| Construction | 5.8 | 4.1 | 9.2 | 2.0 | 8.0 | -1.7 |
| Services(b) | -3.1 | -3.2 | -1.5 | -3.3 | -4.2 | 3.1 |
| Import/export, wholesale and retail trades | -12.1 | -7.1 | -6.4 | -12.8 | -19.7 | -7.4 |
| Import and export trade | -12.9 | -6.4 | -7.0 | -13.7 | -22.0 | -13.4 |
| Wholesale and retail trades | -6.8 | -12.8 | -1.9 | -6.7 | -6.5 | 43.8 |
| Accommodation and food services | -10.8 | -28.4 | -4.9 | -7.4 | -6.0 | 83.8 |
| Transportation, storage, postal and courier services | -4.6 | -10.6 | -3.4 | -5.2 | 1.0 | 30.6 |
| Transportation and storage | -4.5 | -10.8 | -3.0 | -5.9 | 2.0 | 33.6 |
| Postal and courier services | -6.2 | -6.3 | -5.7 | -6.9 | -5.9 | -15.4 |
| Information and communications | 0.8 | 0.6 | 1.6 | 0.2 | 0.8 | 0.6 |
| Financing and insurance | -0.1 | -0.6 | 1.8 | -1.9 | 0.3 | -2.9 |
| Real estate, professional and business services | -2.7 | -5.0 | -1.0 | -2.2 | -2.4 | 5.2 |
| Real estate | -4.6 | -9.1 | -2.5 | -2.4 | -3.9 | 10.5 |
| Professional and business services | -1.3 | -1.5 | -0.1 | -2.1 | -1.4 | 1.4 |
| Public administration, social and personal services | 0.7 | -0.3 | \* | 1.5 | 1.7 | 5.8 |

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

(a) The GDP figures shown in this table are compiled from the production approach, while those shown in Table 1.1 are compiled from the expenditure approach. For details, see Note (1) to this chapter.

1. In the context of value-added contribution to GDP, the services sectors include ownership of premises as well, which is analytically a service activity.

(\*) Change within ± 0.05%.

**Other economic developments**

* 1. The second instalment of the 2023 Consumption Voucher Scheme was disbursed to some 6.5 million eligible people starting from 16 July 2023, injecting about $13 billion of purchasing power into the market. The vouchers are intended to further strengthen the economic recovery in tandem with the series of events launched under the “Happy Hong Kong” campaign and the spending season in the summer holidays.
  2. In the *World Competitiveness Yearbook 2023* published by the International Institute for Management Development, Hong Kong remained one of the most competitive economies in the world, ranking seventh globally. Among the four competitiveness factors, Hong Kong continued to rank second in “Government efficiency”, and our ranking in “Infrastructure” also improved. The Government is striving to further enhance Hong Kong’s competitiveness amid the increasingly intense competition among economies.  Aside from upholding Hong Kong’s institutional strengths and competitive advantages, the Government has implemented strategies to “compete for talents and enterprises” with a view to attracting strategic enterprises as well as talents and capital from around the world, stepped up investment in infrastructure as well as innovation and technology, and continued to increase land and housing supply, in order to expand capacity for the sustained growth of the Hong Kong economy and pursuit of high-quality development.

**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.