CHAPTER 1 : OVERVIEW OF ECONOMIC PERFORMANCE

***Summary***

* *The Hong Kong economy recorded moderate growth in the first quarter of 2024. Exports of services remained as an important driver of growth, while total exports of goods improved further. Meanwhile, private consumption and overall investment expenditures showed mild expansion. Real Gross Domestic Product (GDP)(1) grew by 2.7% over a year earlier. On a seasonally adjusted quarter-to-quarter comparison(2), real GDP increased by 2.3%.*
* *Hong Kong’s total exports of goods rose in the first quarter over a year earlier as external demand turned slightly more favourable, though a very low base of comparison also contributed. Exports to the Mainland surged. Exports to the US declined marginally. Exports to the EU recorded a double-digit fall. Exports to other major Asian markets showed mixed performance. Meanwhile, exports of services continued to grow notably. Exports of travel services jumped further thanks to the continued revival of visitor arrivals. Exports of transport services continued to rise, and exports of business and other services showed modest growth. Yet, exports of financial services declined further.*
* *Domestically, private consumption expenditure rose mildly in the first quarter, supported by the continued increase in employment earnings and the Government’s various initiatives to boost sentiment. Overall investment expenditure increased slightly alongside the economic expansion.*
* *The labour market remained tight in the first quarter. The seasonally adjusted unemployment rate stayed low at 3.0%. The underemployment rate was also low at 1.1%.*
* *The local stock market remained under pressure in the first quarter. Dampened by heightened geopolitical tensions and tempered expectations for US interest rate cuts, the Hang Seng Index (HSI) headed down on entering 2024. The HSI closed the quarter at 16 541, down by 3.0% from end-2023. After staying quiet in the first two months of 2024, the residential property market turned active in March as market sentiment improved after the cancellation of all demand‑side management measures (DSMMs) for residential properties and the adjustments of macroprudential measures. Flat prices showed signs of stabilisation towards the end of the quarter.*
* *Underlying consumer price inflation was modest in the first quarter. While prices of meals out and takeaway food continued to rise relatively fast over a year earlier, prices of electricity dropped notably against a high base of comparison. Private housing rentals were largely steady. Price pressures on other major components were broadly in check.*

**Overall situation**

* 1. The Hong Kong economy recorded moderate growth in the first quarter of 2024. Exports of services remained as an important driver of growth, while total exports of goods improved further. Meanwhile, private consumption and overall investment expenditures showed mild expansion.
  2. Real GDP grew by 2.7% year-on-year in the first quarter (same as the advance estimate), having increased by 4.3% in the preceding quarter. On a seasonally adjusted quarter-to-quarter comparison, real GDP increased by 2.3% (same as the advance estimate), after a 0.2% increase in the preceding quarter.



**The external sector**

* 1. After growing by 2.8% year-on-year in real terms in the preceding quarter, *total exports of goods* based on the GDP compilation framework rose by 6.8% in the first quarter of 2024 as external demand turned slightly more favourable, though a very low base of comparison also contributed. Analysed by major market and by reference to external merchandise trade statistics, exports to the Mainland surged against a very low base of comparison. Exports to the US declined marginally. Exports to the EU recorded a double-digit fall. Exports to other major Asian markets showed mixed performance.
  2. *Exports of services* continued to grow notably by 8.4% year-on-year in real terms in the first quarter, after expanding by 21.2% in the preceding quarter. Exports of travel services jumped further by 40.4% and recovered to 53% of the level in the same quarter in 2018, thanks to the continued revival of visitor arrivals. Exports of transport services continued to rise. Exports of business and other services showed modest growth amid the complicated external environment. Meanwhile, exports of financial services declined further as cross-border financial and fund raising activities remained weak amid tight financial conditions.

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

**and the main price indicators**

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2022# | 2023# | 2023 | | | | 2024 |
|  |  |  | Q1# | Q2# | Q3# | Q4# | Q1# |
| *Change in real terms of GDP and*  *its main expenditure components (%)* |  |  |  |  |  |  |  |
| Private consumption  Expenditure | -2.2 | 7.7 | 13.0  (1.5) | 8.4  (3.6) | 6.7  (-0.8) | 3.5  (-0.7) | 1.0  (-0.9) |
| Government consumption  expenditure | 8.0 | -4.3 | 1.2  (-3.7) | -9.5  (-4.4) | -3.9  (1.8) | -5.2  (1.3) | -3.0  (-1.7) |
| Gross domestic fixed  capital formation | -7.4 | 11.1 | 8.9 | -1.9 | 21.7 | 17.5 | 0.3 |
| Building and construction | 7.4 | 7.5 | 0.7 | 8.0 | 16.0 | 6.1 | 11.3 |
| Costs of ownership transfer | -43.2 | 0.2 | 25.8 | -6.0 | -15.6 | -3.4 | -27.1 |
| Machinery, equipment and  intellectual property products | -18.9 | 20.5 | 25.4 | -17.1 | 42.0 | 43.7 | -15.0 |
| Total exports of goods& | -14.0 | -10.3 | -19.1  (0.4) | -15.1  (-0.2) | -8.7  (0.1) | 2.8  (3.0) | 6.8  (4.0) |
| Imports of goods& | -13.2 | -8.6 | -14.8  (2.3) | -16.0  (-1.1) | -6.1  (1.3) | 3.8  (1.8) | 3.3  (1.4) |
| Exports of services& | -0.5 | 20.9 | 15.7  (12.3) | 23.4  (5.3) | 23.4  (2.0) | 21.2  (1.9) | 8.4  (-1.1) |
| Imports of services& | -1.2 | 25.9 | 21.1  (12.3) | 27.0  (5.9) | 28.7  (2.9) | 26.7  (3.8) | 17.2  (3.6) |
| **Gross Domestic Product** | **-3.7** | **3.3** | **2.8**  **(4.1)** | **1.6**  **(\*)** | **4.2**  **(0.2)** | **4.3**  **(0.2)** | **2.7**  **(2.3)** |
| *Change in the main*  *price indicators (%)* |  |  |  |  |  |  |  |
| **GDP deflator** | **1.7** | **2.8** | **2.1**  **(0.8)** | **2.7**  **(0.8)** | **2.4**  **(1.6)** | **3.8**  **(0.6)** | **4.3**  **(1.3)** |
| **Composite CPI** |  |  |  |  |  |  |  |
| **Headline** | **1.9** | **2.1** | **1.9**  **(0.6)** | **2.0**  **(0.2)** | **1.9**  **(0.4)** | **2.6**  **(1.3)** | **1.9**  **(0.1)** |
| **Underlying^** | **1.7** | **1.7** | **1.9**  **(0.7)** | **1.7**  **(0.3)** | **1.6**  **(0.3)** | **1.6**  **(0.3)** | **1.0**  **(\*)** |
| *Change in* **nominal GDP** *(%)* | **-2.1** | **6.1** | **5.0** | **4.3** | **6.7** | **8.3** | **7.1** |

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 merchanting under the standards stipulated in the *System of National Accounts 2008*.

(#) Revised figures.

(+) Seasonally adjusted quarter-to-quarter rate of change(2).

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

(\*) Change within ± 0.05%.

**The domestic sector**

* 1. Consumption activities showed mild expansion in the first quarter of 2024. The continued increase in employment earnings and the Government’s various initiatives to boost sentiment rendered support. The hosting of more mega events also helped. After increasing by 3.5% year-on-year in real terms in the preceding quarter, *private consumption expenditure* rose by 1.0% in the first quarter. On a seasonally adjusted quarter‑to‑quarter basis, private consumption expenditure decreased by 0.9%. Meanwhile, *government consumption expenditure* declined by 3.0% year-on-year in the first quarter, after a 5.2% decrease 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) |
|  |  |  |  |  |  |  |  |  |  |
| 2023 | Annual | 8.8 | 0.4 | 12.1 | 22.8 | 6.0 | 292.1 | 499.6 | 7.7 |
|  | Q1 | 14.2 | 7.2 | 24.9 | 32.2 | 9.5 | 317.7 | 485.0 | 13.0 |
|  | Q2 | 9.6 | 0.6 | 23.5 | 21.3 | 6.1 | 411.4 | 736.5 | 8.4 |
|  | Q3 | 7.7 | -1.3 | 9.7 | 21.7 | 5.3 | 381.7 | 740.6 | 6.7 |
|  | Q4 | 4.6 | -4.3 | -1.5 | 18.1 | 3.4 | 179.8 | 300.5 | 3.5 |
|  |  |  |  |  |  |  |  |  |  |
| 2024 | Q1 | 0.2 | -4.2 | -11.8 | 1.8 | 2.4 | 60.9 | 41.5 | 1.0 |

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* increased slightly by 0.3% in real terms in the first quarter over a year earlier alongside the economic expansion, further to a 17.5% increase in the preceding quarter. Expenditure on building and construction rose by 11.3%, with private sector spending increasing sharply and public sector spending recording modest gain. Expenditure on acquisitions of machinery, equipment and intellectual property products fell back by 15.0% amid tight financial conditions. 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 overall business sentiment in the past few months was generally stable with some positive signs.

According to the results of the Census and Statistics Department (C&SD)’s Quarterly Business Tendency Survey (QBTS)(1) conducted during 2 March 2024 to 11 April 2024, business sentiment among large enterprises in Hong Kong was largely stable in overall terms as compared to three months ago (***Chart 1***). The proportion of large enterprises expecting their business situation to improve in the second quarter of 2024 over the first quarter was larger than the proportion of those expecting the situation to worsen by 2 percentage points (i.e. a net balance of +2), somewhat higher than the net balance of +1 in the previous round.

Business sentiment of large enterprises was positive in a majority of sectors (***Table 1***). The net balance for the “financing and insurance” and “manufacturing” sectors improved within the positive zone, while those for “real estate” and “information and communications” sectors reverted to positive. The net balances for the “accommodation and food services” and “transportation, storage and courier services” sectors remained positive notwithstanding mild moderations. Meanwhile, the net balances for “retail” and “professional and business services” sectors turned negative, while those of “construction” and “import/export trade and wholesale” sectors remained in the negative zone. Large enterprises’ appetite for hiring was also stable (***Table 2***).

|  |  |  |  |
| --- | --- | --- | --- |
| **Chart 1 : Business sentiment of large enterprises was largely stable in overall terms** | | | |
| 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 was positive in a majority of sectors** | | **Table 2 : Hiring sentiment of large enterprises was stable** | | |
| |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **QBTS: Expected changes in business situation** | | | | | | | |  | Net balance\* (% point) | | | | | | | 2023 | | | | 2024 | | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | | Manufacturing | +23 | +36 | +20 | -2 | +2 | +8 | | Construction | -7 | +6 | +10 | +1 | -9 | -11 | | Import/export trade and wholesale | -8 | +10 | +7 | +5 | -9 | -9 | | Retail | +12 | +34 | +18 | +32 | +3 | -16 | | Accommodation and food services | +39 | +64 | +41 | +33 | +9 | +7 | | Transportation, storage and courier services | -5 | +13 | +4 | +11 | +5 | +4 | | Information and communications | -1 | +6 | +2 | +9 | -4 | +1 | | Financing and insurance | +25 | +25 | +4 | +10 | +14 | +19 | | Real estate | +4 | +13 | -2 | +6 | -6 | +8 | | Professional and business services | -3 | -4 | +5 | +1 | +1 | -9 | | All sectors above | +6 | +15 | +6 | +8 | +1 | +2 | | | |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **QBTS: Expected changes in number of persons engaged** | | | | | | | |  | Net balance\* (% point) | | | | | | | 2023 | | | | 2024 | | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | | Manufacturing | +8 | +18 | +26 | +11 | +13 | +7 | | Construction | +16 | +6 | +6 | +2 | -8 | +11 | | Import/export trade and wholesale | -6 | -1 | -2 | +1 | -1 | +1 | | Retail | +6 | +20 | +8 | +14 | +7 | +6 | | Accommodation and food services | +24 | +50 | +31 | +23 | +21 | +11 | | Transportation, storage and courier services | +9 | 0 | +6 | +8 | +8 | +9 | | Information and communications | -6 | -6 | -6 | -2 | -11 | -15 | | Financing and insurance | +9 | +13 | +8 | +10 | +10 | +12 | | Real estate | 0 | +9 | +8 | +19 | +10 | +15 | | Professional and business services | +5 | +7 | +4 | +6 | +6 | +5 | | All sectors above | +6 | +11 | +8 | +9 | +6 | +7 | | | |
| 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. The overall index on the current situation rose from 43.3 in January to 45.5 in March, before easing back to 43.8 in April (***Chart 2a***). Employment sentiment among SMEs also showed some improvement over the same period while credit conditions stayed accommodative. Meanwhile, the Standard Chartered Hong Kong SME Leading Business Index(3) rose back in the second quarter.

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, returned to the expansionary zone in March and April, with readings of 50.9 and 50.6 respectively. The Hong Kong Trade Development Council (HKTDC) Export Confidence Index(5) suggested a subdued export environment for the time being, but exporters generally had stronger confidence in future performance. Among the exporters surveyed, 83.3% saw economic slowdown or recession risk in overseas markets as the major challenge to their businesses in the next twelve months, followed by rising transport costs (63.2%) and geopolitical impact on supply chains and production and/or sourcing (58.8%).

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 : Business sentiment indicators in the past few months were generally stable**



|  |  |  |
| --- | --- | --- |
| 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. These survey findings taken together suggest that overall business sentiment in the past few months was generally stable, with some positive signs seen in various surveys. Looking ahead, while the complicated external environment will still affect business sentiment in the near term, continued growth of the economy should provide 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 HKTDC Export Confidence Index, revamped from the previously HKTDC’s Export 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. The labour market remained tight in the first quarter of 2024. The seasonally adjusted *unemployment rate* stayed low at 3.0%, slightly higher than the 2.9% in the preceding quarter. The *underemployment rate* was also low at 1.1%, though edging up from 1.0%. The unemployment rates of various major sectors stayed low in general. Wages and labour earnings continued to record decent year-on-year increases in the fourth quarter of 2023. More recent General Household Survey (GHS) data indicated that employment earnings continued to grow solidly in the first quarter of 2024 over a year earlier.

**The asset markets**

* 1. The *local stock market* remained under pressure in the first quarter of 2024. Dampened by heightened geopolitical tensions and tempered expectations for US interest rate cuts, the HSI slid to 14 961 on 22 January, the lowest since October 2022. It then recouped some of the lost ground as market sentiment improved alongside the accelerated growth of the Mainland economy. The HSI closed the quarter at 16 541, down by 3.0% from end-2023. Trading activities stayed soft in the first quarter but regained some momentum towards the end of the period. The average daily turnover increased by 9.2% over the preceding quarter to $99.4 billion, though still down 22.3% from the year-ago level. Fund raising activities remained quiet.
  2. After staying quiet in the first two months of 2024, the *residential property market* turned active in March as market sentiment improved after the cancellation of all DSMMs for residential properties and the adjustments of macroprudential measures as announced in the 2024-25 Budget (the Budget). The number of transactions, in terms of the total number of sale and purchase agreements for residential property received by the Land Registry, rebounded by 29% from a low base in the preceding quarter to 9 823 for the first quarter, but the level was still 30% lower than a year earlier. Overall flat prices fell further by 3% during the first two months of 2024, but then rose back by 1% in March, culminating in a 2% decline during the first quarter. The index of home purchase affordability declined further to around 65% in the first quarter, but remained above the long-term average of 54% over 2004‑2023. Meanwhile, overall flat rentals were little changed during the first quarter. The *non-residential property market* stayed lacklustre in the first quarter. Trading activities for all major market segments declined further, while prices and rentals stayed soft.

**Inflation**

* 1. Underlying consumer price inflation was modest in the first quarter of 2024. While prices of meals out and takeaway food continued to rise relatively fast over a year earlier, prices of electricity dropped notably against a high base of comparison. Private housing rentals were largely steady. Price pressures on other major components were broadly in check. Netting out the effects of the Government’s one-off relief measures, *underlying Composite CPI inflation rate* was 1.0% in the first quarter, compared with 1.6% in the preceding quarter. Domestic business cost pressures stayed generally contained. Nominal wages continued to record moderate growth, while commercial rentals remained soft. External price pressures on consumption-related items moderated. Meanwhile, *headline Composite CPI inflation rate* was 1.9% in the first quarter, compared with 2.6% in the preceding quarter. The headline inflation rate was higher than its underlying counterpart in the first quarter as the provision of rates concession by the Government in the same quarter last year resulted in a low base of comparison.
  2. As a broad measure of the overall change in prices in the economy, the *GDP deflator* rose further by 4.3% year-on-year in the first quarter, after increasing by 3.8% in the preceding quarter. The *terms of trade* increased further by 0.7%. Taking out the external trade components, the domestic demand deflator increased by 3.0% over a year earlier in the first quarter, after rising by 3.7% 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 rebounded by 3.7% in real terms in 2023, after a 3.4% decline in 2022. The year-on-year growth rates were 3.4%, 1.7%, 4.2% and 5.3% respectively in the four quarters. Following the removal of anti-epidemic measures and resumption of normal travel with the Mainland and the rest of the world in early 2023, net outputs of many major service sectors showed improvements. In particular, the net outputs of transportation and storage, accommodation and food services, and wholesale and retail trades rebounded strongly and posted double-digit increases in the year. Those of real estate, as well as professional and business services also resumed growth. Net outputs of public administration, social and personal services, as well as information and communications increased further, while those of financing and insurance, and import and export trade saw narrowed declines. Yet, the net output of postal and courier services recorded widened fall. As for the secondary sector, the net outputs of the manufacturing sector and the construction sector continued to increase.

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

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

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2022 | 2023 | 2022 | | | | 2023 | | | |
|  |  |  | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Manufacturing | 0.2 | 3.7 | -1.3 | 2.7 | -0.5 | -0.1 | 3.8 | 2.7 | 4.3 | 4.1 |
| Construction | 8.3 | 5.6 | 5.2 | 13.7 | 2.9 | 11.7 | -0.3 | 6.6 | 13.5 | 3.8 |
| Services(b) | -3.4 | 3.7 | -3.7 | -1.3 | -3.7 | -4.5 | 3.4 | 1.7 | 4.2 | 5.3 |
| Import/export, wholesale and retail trades | -11.9 | -0.4 | -7.4 | -6.1 | -12.2 | -19.4 | -7.1 | -3.6 | 1.5 | 6.5 |
| Import and export trade | -12.6 | -4.4 | -6.6 | -6.7 | -13.1 | -21.7 | -12.8 | -7.5 | -1.8 | 4.3 |
| Wholesale and retail trades | -7.1 | 26.0 | -13.6 | -2.0 | -6.6 | -6.9 | 43.6 | 22.4 | 24.5 | 19.8 |
| Accommodation and food services | -6.8 | 29.3 | -25.7 | -1.1 | -2.4 | -1.9 | 83.9 | 22.8 | 18.4 | 14.6 |
| Transportation, storage, postal and courier services | -4.5 | 30.2 | -10.3 | -2.9 | -5.0 | 0.4 | 30.3 | 26.8 | 31.4 | 31.8 |
| Transportation and storage | -4.5 | 32.8 | -10.6 | -2.6 | -5.8 | 1.4 | 33.0 | 29.5 | 33.4 | 34.6 |
| Postal and courier services | -5.2 | -17.7 | -4.8 | -3.8 | -5.0 | -6.6 | -15.7 | -19.5 | -16.8 | -18.9 |
| Information and communications | 0.5 | 1.0 | 0.4 | 1.3 | \* | 0.3 | 0.4 | -0.4 | 1.8 | 2.1 |
| Financing and insurance | -2.6 | -1.6 | -3.2 | 0.9 | -5.7 | -2.3 | -2.2 | -2.6 | -0.2 | -1.4 |
| Real estate, professional and business services | -2.1 | 2.6 | -4.4 | -0.2 | -1.8 | -1.8 | 5.5 | -0.8 | 2.8 | 2.7 |
| Real estate | -3.5 | 6.6 | -7.9 | -1.1 | -1.7 | -2.7 | 11.5 | 1.7 | 8.0 | 5.0 |
| Professional and business services | -1.1 | 0.2 | -1.3 | 0.2 | -1.9 | -1.3 | 2.0 | -2.5 | -0.2 | 1.2 |
| Public administration, social and personal services | 1.3 | 3.6 | 0.1 | 0.6 | 2.1 | 2.3 | 5.7 | 2.4 | 2.9 | 3.6 |

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 Budget rolled out a series of measures aimed at bolstering confidence and creating favourable conditions for recovery. These included continuing to attract enterprises, capital and talent on all fronts, as well as providing assistance to small and medium-sized enterprises (SMEs) through various measures, such as extending the application period for the 80% and 90% Guarantee Products under the SME Financing Guarantee Scheme for two years. For the property market, the Budget announced the immediate cancellation of all DSMMs for residential properties, including the Special Stamp Duty, the Buyer’s Stamp Duty and the New Residential Stamp Duty. The Budget also highlighted the promotion of a mega event economy to attract tourists and bring wider entertainment and leisure choices for local residents. By creating a vibrant atmosphere, these events can stimulate spending and drive business of different sectors, such as tourism, hotel, catering and retail. Furthermore, staging more mega events can showcase Hong Kong’s charm and reinforce the city’s status as an events capital.
  2. The Budget also placed significant emphasis on long-term planning for development. Among others, innovation and technology (I&T) and financial services were considered the two main engines driving Hong Kong towards high-quality development. For I&T, building upon the investments made over the years, the Budget sought to accelerate the development of such areas as artificial intelligence, life and health technology, and new industrialisation. On financial services, the Budget highlighted ongoing efforts to enhance mutual market access with the Mainland, and strengthen the development of our asset and wealth management, securities and bond markets.

**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.