CHAPTER 1 : OVERVIEW OF ECONOMIC PERFORMANCE

***Summary***

* *The Hong Kong economy expanded solidly in the first quarter of 2025, largely supported by visible growth in exports of goods and services. The resumption of moderate growth in overall investment expenditure also contributed, yet private consumption expenditure continued to register a modest decline. Real Gross Domestic Product (GDP)(1) grew by 3.1% over a year earlier, or 1.9% on a seasonally adjusted quarter-to-quarter comparison(2).*
* *Hong Kong’s total exports of goods posted accelerated year‑on-year growth in the first quarter, supported by broadly sustained external demand and likely some front-loading of shipments in anticipation of imminent tariff hikes. Meanwhile, exports of services continued to expand visibly. Exports of all major service groups rose further, thanks to the further increase in visitor arrivals, growth in cross‑boundary traffic, increase in other cross-boundary activities and buoyant local stock market.*
* *Domestically, private consumption expenditure continued to register a small decline in the first quarter, reflecting the lingering impact of changes in residents’ consumption patterns. Overall investment expenditure resumed moderate growth, thanks partly to the visible increase in costs of ownership transfer, and partly to the increase in expenditure on machinery, equipment, and intellectual property products.*
* *The labour market remained tight in the first quarter. The seasonally adjusted unemployment rate stayed low at 3.2%, slightly higher than the 3.1% in the preceding quarter. The underemployment rate remained unchanged at a low level of 1.1%.*
* *The local stock market surged after the Chinese New Year holidays through mid-March, as market sentiment was fuelled by the Mainland’s breakthrough development in artificial intelligence (AI) and the Central Government’s measures to stimulate the domestic economy as unveiled at the “Two Sessions”. However, the market cooled down towards the end of the quarter amid concerns over the US trade policy outlook. The Hang Seng Index (HSI) closed the first quarter at 23 120, up 15.3% from end-2024. The residential property market remained soft in the first quarter. Flat prices fell for the quarter as a whole, while rentals continued to show resilience.*
* *Underlying consumer price inflation stayed modest in the first quarter. Price pressures on various major components stayed largely contained.*

**Overall situation**

* 1. The Hong Kong economy expanded solidly in the first quarter of 2025. The expansion was largely supported by visible growth in exports of goods and services, driven in part by the anticipation of imminent tariff hikes by the United States (US). The resumption of moderate growth in overall investment expenditure also contributed to the expansion in the economy, yet private consumption expenditure continued to register a modest decline.
  2. Real GDP grew by 3.1% year-on-year in the first quarter (same as the advance estimate), having increased by 2.5% in the preceding quarter. On a seasonally adjusted quarter-to-quarter comparison, real GDP increased visibly by 1.9% (revised from the advance estimate of 2.0%), an acceleration from a 0.9% increase in the preceding quarter.



**The external sector**

* 1. Supported by broadly sustained external demand and likely some front‑loading of shipments in anticipation of imminent tariff hikes, *total exports of goods* based on the GDP compilation framework posted accelerated year-on-year growth of 8.4% in real terms in the first quarter of 2025, following a 1.3% increase in the preceding quarter. Analysed by major market and by reference to external merchandise trade statistics, exports to the Mainland grew strongly in the first quarter over a year earlier. Exports to the US rose back, while those to the EU fell further. Exports to ASEAN markets soared, while those to high-income Asian economies showed mixed performance.
  2. *Exports of services* continued to expand visibly by 6.6% in real terms in the first quarter over a year earlier, after growing by 6.5% in the preceding quarter. Exports of all major service groups rose further. Specifically, exports of travel and transport services continued to expand, supported by the further increase in visitor arrivals and growth in cross-boundary traffic. Exports of financial services and business and other services rose further, thanks to the increase in other cross-boundary activities and buoyant local stock market.

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

**and the main price indicators**

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2024# | 2024 | | | | 2025 |
|  |  | Q1# | Q2# | Q3# | Q4# | Q1# |
| *Change in real terms of GDP and*  *its main expenditure components (%)* |  |  |  |  |  |  |
| Private consumption  Expenditure | -0.7 | 0.9  (-0.7) | -1.9  (0.4) | -1.3  (-0.2) | -0.2  (0.3) | -1.1  (-1.6) |
| Government consumption  expenditure | 0.9 | -1.6  (1.1) | 1.7  (-0.6) | 1.6  (0.6) | 2.1  (0.8) | 1.2  (0.5) |
| Gross domestic fixed  capital formation | 1.9 | -0.9 | 3.1 | 5.8 | -0.7 | 2.8 |
| Building and construction | 3.6 | 9.7 | 10.2 | -0.4 | -4.8 | -2.3 |
| Costs of ownership transfer | 11.7 | -35.7 | 31.5 | 6.8 | 75.0 | 41.4 |
| Machinery, equipment and  intellectual property products | -2.5 | -12.9 | -15.3 | 14.8 | -1.9 | 9.1 |
| Total exports of goods& | 4.7 | 6.7  (2.9) | 7.4  (\*) | 3.9  (-2.1) | 1.3  (0.3) | 8.4  (10.2) |
| Imports of goods& | 2.4 | 3.3  (0.7) | 3.4  (-0.5) | 2.8  (0.5) | 0.4  (-0.5) | 7.1  (7.5) |
| Exports of services& | 5.1 | 9.9  (0.1) | 1.0  (-1.8) | 2.8  (3.5) | 6.5  (4.7) | 6.6  (\*) |
| Imports of services& | 11.6 | 18.2  (3.8) | 11.7  (0.5) | 9.0  (1.3) | 8.3  (2.6) | 5.5  (0.7) |
| **Gross Domestic Product** | **2.5** | **2.8**  **(1.3)** | **3.0**  **(0.3)** | **1.9**  **(-0.1)** | **2.5**  **(0.9)** | **3.1**  **(1.9)** |
| *Change in the main*  *price indicators (%)* |  |  |  |  |  |  |
| **GDP deflator** | **3.8** | **3.8**  **(0.7)** | **4.5**  **(1.2)** | **4.3**  **(1.0)** | **2.8**  **(-0.2)** | **1.2**  **(-0.8)** |
| **Composite CPI** |  |  |  |  |  |  |
| **Headline** | **1.7** | **1.9**  **(**\***)** | **1.2**  **(-0.4)** | **2.4**  **(1.5)** | **1.4**  **(0.3)** | **1.6**  **(0.2)** |
| **Underlying^** | **1.1** | **1.0**  **(**\***)** | **1.0**  **(0.4)** | **1.1**  **(0.4)** | **1.2**  **(0.5)** | **1.2**  **(**\***)** |
| *Change in* **nominal GDP** *(%)* | **6.4** | **6.7** | **7.6** | **6.3** | **5.3** | **4.3** |

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. Private consumption continued to be subject to the lingering impact of changes in residents’ consumption patterns in the first quarter of 2025. *Private consumption expenditure* declined modestly by 1.1% in real terms from a year ago, after a marginal decline of 0.2% in the preceding quarter. On a seasonally adjusted quarter‑to‑quarter basis, private consumption expenditure decreased by 1.6%. Meanwhile, *government consumption expenditure* increased by 1.2% in real terms over a year earlier, after rising by 2.1% in the preceding quarter. On a seasonally adjusted quarter‑to‑quarter basis, government consumption expenditure increased by 0.5%.

**Table 1.2 : Consumer spending by major component(a)**

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

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | *Of* | *which :* |  |  |  |  |  |
|  |  | Total consumer spending in the domestic market(a) | Food | Durables | Non- durables | Services | Residents’ expenditure abroad | Visitor spending | Private consumption expenditure(b) |
|  |  |  |  |  |  |  |  |  |  |
| 2024 | Annual | -2.0 | -3.3 | -14.3 | -10.3 | 2.2 | 27.1 | 7.2 | -0.7 |
|  | Q1 | 0.2 | -4.2 | -11.8 | 1.8 | 2.0 | 58.9 | 41.3 | 0.9 |
|  | Q2 | -4.2 | -6.1 | -15.4 | -17.5 | 1.5 | 23.7 | -8.5 | -1.9 |
|  | Q3 | -2.9 | -1.7 | -17.1 | -14.5 | 1.9 | 17.6 | -3.1 | -1.3 |
|  | Q4 | -1.0 | -0.8 | -13.6 | -9.5 | 3.5 | 17.2 | 5.9 | -0.2 |
|  |  |  |  |  |  |  |  |  |  |
| 2025 | Q1 | -0.9 | -0.3 | -16.6 | -8.1 | 2.8 | 3.9 | 5.6 | -1.1 |

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 expenditure in terms of *gross domestic fixed capital formation* resumed a moderate growth of 2.8% in real terms in the first quarter over a year earlier, after a modest decline of 0.7% in the preceding quarter. The costs of ownership transfer surged by 41.4%, alongside the increase in property transactions in the quarter. Expenditure on acquisitions of machinery, equipment and intellectual property products increased visibly by 9.1%. Yet, expenditure on building and construction declined moderately by 2.3%. Meanwhile, business sentiment held up relatively well in the first quarter, yet it has turned more cautious after the significant increases in tariffs by the US in April (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. Results suggest that business sentiment held up relatively well in the first quarter of 2025, though some readings were already affected by the trade tensions during the period. For those surveys that reflected better the situation after the significant increases in tariffs by the US in early April, results generally showed that business sentiment has turned more cautious.

According to the results of the Census and Statistics Department (C&SD)’s Quarterly Business Tendency Survey (QBTS)(1) conducted during 4 March to 10 April, which captured largely the views of large enterprises before early April, business sentiment among large enterprises in Hong Kong were largely stable as compared to three months ago (***Chart 1***). The proportion of large enterprises expecting their business situation to improve in the second quarter of 2025 over the first quarter was smaller than the proportion of those expecting the situation to worsen by 9 percentage points (i.e. a net balance of -9), marginally better than the net balance of -10 in the previous round.

Business sentiment of large enterprises showed varied movements across sectors (***Table 1***). The net balance for “retail” sector increased sharply to reach the positive zone. Those for “manufacturing”, “transportation, storage and courier services”, “professional and business services” and “real estate” sectors improved, though still within the negative zone. Meanwhile, those for “accommodation and food services”, “construction”, “import/export trade and wholesale” and “information and communications” sectors decreased in the negative zone. The net balance for “financing and insurance” sector showed some moderation, but still well in positive zone. Large enterprises’ appetite for hiring remained largely stable (***Table 2***).

|  |  |  |  |
| --- | --- | --- | --- |
| **Chart 1 : According to views largely captured before early April, business sentiment of large enterprises were largely stable** | | | |
| The Quarterly Business Tendency Survey collected views from around 500-600 large establishments on their near-term business outlook. Respondents were asked to exclude seasonal influences in their responses.  **Box 1.1 (Cont’d)** | | | |
| **Table 1 : Business sentiment of large enterprises showed varied movements across sectors** | | **Table 2 : Hiring sentiment of large enterprises remained largely stable** | |
| |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **QBTS: Expected changes in business situation** | | | | | | | |  | Net balance\* (% point) | | | | | | | 2024 | | | | 2025 | | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | | Manufacturing | +2 | +8 | -2 | -19 | -22 | -20 | | Construction | -9 | -11 | -16 | -12 | -14 | -16 | | Import/export trade and wholesale | -9 | -9 | -1 | -8 | -15 | -19 | | Retail | +3 | -16 | -16 | -19 | -31 | +4 | | Accommodation and food services | +9 | +7 | +6 | -3 | -36 | -37 | | Transportation, storage and courier services | +5 | +4 | -2 | -1 | -27 | -25 | | Information and communications | -4 | +1 | -3 | -5 | -11 | -17 | | Financing and insurance | +14 | +19 | +7 | +2 | +10 | +8 | | Real estate | -6 | +8 | 0 | +6 | -15 | -11 | | Professional and business services | +1 | -9 | -3 | +3 | -8 | -6 | | All sectors above | +1 | +2 | -1 | -3 | -10 | -9 | | | |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **QBTS: Expected changes in number of persons engaged** | | | | | | | |  | Net balance\* (% point) | | | | | | | 2024 | | | | 2025 | | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | | Manufacturing | +13 | +7 | +13 | +3 | +4 | -2 | | Construction | -8 | +11 | +3 | -7 | -12 | -12 | | Import/export trade and wholesale | -1 | +1 | 0 | +4 | -4 | +1 | | Retail | +7 | +6 | +3 | +2 | 0 | +1 | | Accommodation and food services | +21 | +11 | +4 | -7 | -5 | -22 | | Transportation, storage and courier services | +8 | +9 | +9 | +10 | -2 | +6 | | Information and communications | -11 | -15 | -8 | -4 | -7 | -3 | | Financing and insurance | +10 | +12 | +7 | +5 | +9 | +6 | | Real estate | +10 | +15 | +9 | +9 | -1 | +15 | | Professional and business services | +6 | +5 | -3 | -3 | -5 | -3 | | All sectors above | +6 | +7 | +3 | +1 | -3 | -2 | | |
| 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 fluctuated during the first quarter. With a reading of 43.5 in March, it was largely similar to the level of 43.9 in December 2024. It then fell to 41.2 in April (***Chart 2a***). The employment sentiment among SMEs remained largely stable in the first quarter before softening somewhat in April. Credit conditions stayed accommodative during the same period. Meanwhile, based on views collected in mid-March, the Standard Chartered Hong Kong SME Leading Business Index(3) edged up in the second quarter 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, held up well in the expansionary zone in January, but then entered the contractionary zone in February, declined further to a nine-month low in March and stayed there in April (***Chart 2b***). Moreover, it was noted that pessimism among firms regarding the outlook for the coming twelve months intensified in April. The latest Hong Kong Trade Development Council (HKTDC) Export Confidence Index(5), which was compiled based on the earlier information collected during 3 to 28 February, showed that exporters remained optimistic before the abrupt escalation in tariffs announced by the US in April.

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 : Surveys that reflected better the situation after the significant increases in tariffs by the US in early April generally showed that business sentiment has turned more cautious**



|  |  |  |
| --- | --- | --- |
| 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. While some surveys are yet to fully reflect the situation after the significant increases in tariffs by the US in early April, those that do generally show that business sentiment has turned more cautious. Looking forward, as the downside risk and uncertainties of the global economy have increased notably, business sentiment is subject to mounting pressure. Nonetheless, the Government has been stepping up support to enterprises through various measures to assist businesses in addressing prevailing challenges.

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 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 2025. The seasonally adjusted *unemployment rate* stayed low at 3.2%, slightly higher than the 3.1% in the preceding quarter. The *underemployment rate* remained unchanged at a low level of 1.1%. The unemployment rates of various major sectors increased from the preceding quarter. Wages and labour earnings saw decent increases in the fourth quarter of 2024 over a year earlier. More recent General Household Survey data showed that employment earnings continued to record solid year-on-year growth in the first quarter of 2025.

**The asset markets**

* 1. After staying largely range-bound in January 2025, the *local stock market* surged after the Chinese New Year holidays through mid-March, as market sentiment was fuelled by the Mainland’s breakthrough development in AI and the Central Government’s measures to stimulate the domestic economy as unveiled at the “Two Sessions”. However, the market cooled down towards the end of the quarter amid concerns over the US trade policy outlook. The HSI hit a three-year high of 24 771 on 19 March, before retreating somewhat to close the first quarter at 23 120, up 15.3% from end-2024. Trading activities expanded visibly along with the HSI rally in the first quarter, with the average daily turnover jumping to $242.7 billion, 29.9% higher than the preceding quarter or 144.3% over a year ago. Fund raising activities picked up notably.
  2. The *residential property market* remained soft in the first quarter. Market sentiment turned more cautious towards the end of March amid growing external uncertainties from US’ trading and monetary policies. The number of transactions, in terms of the total number of sale and purchase agreements for residential property received by the Land Registry, retreated by 19% from the preceding quarter to 12 193 in the first quarter, but was 24% higher than the level a year ago. Overall flat prices fell by 2% in the first quarter. The index of home purchase affordability improved slightly further to around 59% in the first quarter alongside easing flat prices during the quarter, but remained above the long-term average of 56% over 2005‑2024. Meanwhile, overall flat rentals continued to show resilience, edging up by 0.4% during the first quarter. The *non-residential property market* remained generally weak in the first quarter, with trading activities across major market segments showing mixed performance, as well as prices and rentals declining further.

**Inflation**

* 1. Underlying consumer price inflation stayed modest in the first quarter of 2025. Food prices as a whole increased mildly, with a mild decrease in prices of basic food and a modest increase in prices for meals out and takeaway food. Private housing rentals saw a slightly accelerated increase. Price pressures on other major components stayed largely contained. Netting out the effects of the Government’s one-off relief measures, the *underlying Composite Consumer Price Index (Composite CPI)* increased by 1.2% over a year earlier, same as the increase in the preceding quarter.
  2. As a broad measure of the overall change in prices in the economy, the *GDP deflator* rose by a narrowed 1.2% year-on-year in the first quarter, after increasing by 2.8% in the preceding quarter. The *terms of trade* fell by 0.5%. Taking out the external trade components, the domestic demand deflator increased by 2.0% in the first quarter over a year earlier, same as that 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.

**Net output of major economic sectors**

* 1. The statistics of net output of major economic sectors are only up to the fourth quarter of 2024. The net output of the services sector rose by 1.7% year-on-year in real terms in the fourth quarter of 2024, rendering a moderate growth of 2.0% for 2024 as a whole. Within which, most major service sectors saw year-on-year growth in net output in the fourth quarter of 2024. Specifically, the net output of the transportation and storage sector grew visibly further, and most other service sectors registered modest to moderate growth in net output. The only major sector that saw a decline in net output was wholesale and retail trades, reflecting the impact from changes in consumption patterns of residents and visitors. As for the secondary sector, the net output of the manufacturing sector grew modestly by 1.0% year-on-year in real terms in the fourth quarter of 2024, turning in an annual growth of 0.8% for the year as a whole. The net output of the construction sector declined by 4.7% year-on-year in real terms in the fourth quarter of 2024, yet it still increased by 4.4% for the year as a whole thanks largely to the visible increase in the first half of the year.

**Table 1.3 : Net output of major economic sectors**

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

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2023 | 2024 | 2023 | | | | 2024 | | | |
|  |  |  | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Manufacturing | 3.7 | 0.8 | 3.8 | 2.7 | 4.3 | 4.1 | 1.8 | 0.7 | -0.1 | 1.0 |
| Construction | 8.6 | 4.4 | 2.6 | 10.6 | 16.4 | 5.8 | 8.2 | 11.7 | 2.1 | -4.7 |
| Services | 3.4 | 2.0 | 2.8 | 1.4 | 3.9 | 5.1 | 2.6 | 2.3 | 1.5 | 1.7 |
| Import/export, wholesale and retail trades | -0.5 | 0.4 | -7.1 | -3.5 | 1.6 | 6.3 | 1.7 | -0.1 | 0.2 | -0.2 |
| Import and export trade | -4.4 | 2.4 | -12.9 | -7.4 | -1.6 | 4.1 | 2.9 | 2.4 | 2.4 | 1.8 |
| Wholesale and retail trades | 25.9 | -10.1 | 44.4 | 23.0 | 23.9 | 19.2 | -5.4 | -13.5 | -12.8 | -8.8 |
| Accommodation and food services | 29.3 | -1.8 | 82.3 | 23.5 | 17.9 | 15.0 | 2.2 | -7.0 | -4.9 | 2.6 |
| Transportation, storage, postal and courier services | 29.7 | 11.0 | 30.2 | 26.2 | 30.8 | 31.0 | 19.7 | 11.1 | 7.2 | 6.8 |
| Transportation and storage | 32.1 | 11.7 | 32.8 | 28.7 | 32.6 | 33.6 | 21.1 | 11.7 | 8.0 | 7.0 |
| Postal and courier services | -15.0 | -2.1 | -13.2 | -16.6 | -13.8 | -16.4 | -6.9 | -1.6 | -2.3 | 2.0 |
| Information and communications | 0.8 | 1.8 | 0.4 | -0.6 | 1.6 | 1.8 | 1.9 | 1.7 | 2.2 | 1.5 |
| Financing and insurance | -1.6 | 0.9 | -2.0 | -2.5 | -0.3 | -1.4 | -0.2 | \* | 1.8 | 1.9 |
| Real estate, professional and business services | 2.3 | 1.6 | 5.9 | -1.4 | 2.1 | 2.3 | 2.1 | 2.8 | -0.1 | 1.7 |
| Real estate | 6.1 | 1.7 | 11.2 | 1.0 | 7.1 | 4.6 | 1.6 | 3.6 | -1.8 | 3.8 |
| Professional and business services | \* | 1.6 | 2.8 | -2.9 | -0.8 | 0.9 | 2.5 | 2.3 | 1.0 | 0.5 |
| Public administration, social and personal services | 2.5 | 3.1 | 3.0 | 1.5 | 1.9 | 3.5 | 3.4 | 3.1 | 3.0 | 3.0 |

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

(\*) Change within ± 0.05%.

**Other economic developments**

* 1. The 2025-26 Budget (the Budget) presented a series of measures aimed at accelerating development through boosting new growth drivers and enhancing the competitive edges of traditional industries. Among various measures, on innovation and technology (I&T), the Government will promote Hong Kong into an international exchange and co-operation hub for the AI industry. Through frontier research and real-world application, the Government endeavours to develop AI as a core industry and empower traditional industries in their upgrading and transformation. To spearhead these efforts, the Government will establish the Hong Kong AI Research and Development Institute and launch the Pilot Manufacturing and Production Line Upgrade Support Scheme. On finance, the Government will continue to take forward reforms to the listing regime, host the Hong Kong Global Financial and Industry Summit, and formulate a plan this year on promoting gold market development. For tourism, the Government will allocate funding to pursue the concept of “tourism is everywhere” and implement the Development Blueprint for Hong Kong's Tourism Industry 2.0.
  2. The Budget also highlighted the need to accelerate the development of the Northern Metropolis as an investment in Hong Kong’s future. Specifically, the Government will provide large tracts of I&T land at the Hong Kong Park of the Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone, together with San Tin Technopole. The Government will also adopt an innovative mindset in piloting “large-scale land disposal”. Moreover, the Government will develop a data facility cluster at Sandy Ridge, and also identify suitable sites for the construction of conference and exhibition facilities. The Government recognises the importance of prioritising resources for the development of the Northern Metropolis, as the initiative will provide impetus for the development of the I&T industry, enable more in-depth participation in the development of the Greater Bay Area, and create quality job opportunities for society.
  3. In response to the US’ imposition of the so-called “reciprocal tariffs” in early April 2025, the Chief Executive announced that the Government will strengthen its strategy in seven areas: (i) fully seizing the opportunities in our country’s development and actively integrating into the national blueprint; (ii) strengthening international exchanges and deepen regional ties and co-operation; (iii) accelerating industrial transformation by developing a high value-added, innovation driven economic model; (iv) intensifying efforts to develop technological innovation, attract top-tier talent, and further strengthen Hong Kong’s competitiveness; (v) vigorously advancing international financial co-operation to attract investments and capital; (vi) seizing the opportunities presented by the major trend of geographical diversification to proactively attract foreign companies and capital to establish in Hong Kong; and (vii) continuing to provide support to help Hong Kong enterprises cope with the external challenges.

**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.