CHAPTER 1 : OVERVIEW OF ECONOMIC PERFORMANCE

***Summary***

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

**Overall situation**

* 1. The Hong Kong economy continued to expand solidly in the second quarter of 2025, supported by strong exports performance and improved domestic demand. Total exports of goods saw accelerated year-on-year growth, supported by resilient external demand and some rush shipments in response to the temporary easing of the US’ tariff measures. Exports of services continued to expand notably, with all major service groups showing further increases. Private consumption expenditure resumed moderate growth after four consecutive quarters of decline, as supported by the stabilisation in the domestic consumption market. Overall investment expenditure increased further, thanks to a surge in expenditure on machinery, equipment and intellectual property products.
  2. Real GDP grew by 3.1% year-on-year in the second quarter (same as the advance estimate), picking up slightly from the growth of 3.0% in the preceding quarter. On a seasonally adjusted quarter-to-quarter comparison, real GDP rose by 0.4% (same as the advance estimate), further to the 1.8% increase in the preceding quarter.



**The external sector**

* 1. *Total exports of goods* based on the GDP compilation framework saw accelerated year-on-year growth of 11.5% in real terms in the second quarter of 2025, following an 8.4% increase in the preceding quarter. Resilient external demand, together with some rush shipments in response to the temporary easing of the US’ tariff measures, rendered support to export performance. Analysed by major market and by reference to external merchandise trade statistics, exports to the Mainland posted further double-digit growth. Exports to ASEAN markets accelerated further, and those to most high-income Asian economies saw increases of varying degrees. Exports to the US turned to a decline, and those to the European Union fell further.
  2. *Exports of services* continued to expand notably by 7.5% in real terms in the second quarter over a year earlier, after growing by 6.3% in the preceding quarter. Exports of all major service groups showed further increases. Specifically, exports of travel and transport services rose further thanks to strong growth in inbound tourism and sustained expansion in cross-boundary traffic. Exports of financial services and business and other services also continued to grow, supported by vibrant financial and related business service activities amid the buoyant local stock market.

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

**and the main price indicators**

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

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

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

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

(#) Revised figures.

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

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

(\*) Change within ± 0.05%.

**The domestic sector**

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

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

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

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

Notes : (a) Consumer spending in the domestic market comprises both local consumer and visitor spending.

(b) Private consumption expenditure is obtained by deducting visitor spending from total consumer spending in the domestic market, and adding back residents’ expenditure abroad.



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

**Box 1.1**

**Business sentiment in Hong Kong**

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

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

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Chart 1 : Business sentiment of large enterprises was slightly better than the previous quarter** | | | |
| 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 stable as a whole** | |
| |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **QBTS: Expected changes in business situation** | | | | | | | |  | Net balance\* (% point) | | | | | | | 2024 | | | 2025 | | | | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | | Manufacturing | +8 | -2 | -19 | -22 | -20 | -2 | | Construction | -11 | -16 | -12 | -14 | -16 | -22 | | Import/export trade and wholesale | -9 | -1 | -8 | -15 | -19 | -18 | | Retail | -16 | -16 | -19 | -31 | +4 | -14 | | Accommodation and food services | +7 | +6 | -3 | -36 | -37 | -16 | | Transportation, storage and courier services | +4 | -2 | -1 | -27 | -25 | -31 | | Information and communications | +1 | -3 | -5 | -11 | -17 | -9 | | Financing and insurance | +19 | +7 | +2 | +10 | +8 | +11 | | Real estate | +8 | 0 | +6 | -15 | -11 | +3 | | Professional and business services | -9 | -3 | +3 | -8 | -6 | -14 | | All sectors above | +2 | -1 | -3 | -10 | -9 | -8 | | | |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **QBTS: Expected changes in number of persons engaged** | | | | | | | |  | Net balance\* (% point) | | | | | | | 2024 | | | 2025 | | | | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | | Manufacturing | +7 | +13 | +3 | +4 | -2 | +4 | | Construction | +11 | +3 | -7 | -12 | -12 | -6 | | Import/export trade and wholesale | +1 | 0 | +4 | -4 | +1 | -6 | | Retail | +6 | +3 | +2 | 0 | +1 | 0 | | Accommodation and food services | +11 | +4 | -7 | -5 | -22 | -7 | | Transportation, storage and courier services | +9 | +9 | +10 | -2 | +6 | +9 | | Information and communications | -15 | -8 | -4 | -7 | -3 | -13 | | Financing and insurance | +12 | +7 | +5 | +9 | +6 | +4 | | Real estate | +15 | +9 | +9 | -1 | +15 | +10 | | Professional and business services | +5 | -3 | -3 | -5 | -3 | -6 | | All sectors above | +7 | +3 | +1 | -3 | -2 | -2 | | |
| Note : (\*) | Net balance indicates the direction of expected change in the 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 saw fluctuations at low levels in the past several months, yet the latest reading moved back up to 42.1 in July (***Chart 2a***). The employment sentiment among SMEs remained largely stable during May to July. Credit conditions stayed accommodative during the same period.

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

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.

**Box 1.1 (Cont’d)**

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



|  |  |  |
| --- | --- | --- |
| Notes : | (^) | The diffusion index is computed by adding the percentage of SMEs reporting “up” to one half of the percentage of SMEs reporting “same”. A diffusion index reading above 50 indicates that the business condition is generally favourable, whereas an index below 50 indicates otherwise. Respondents were asked to exclude seasonal effects in reporting their views. |
|  | (\*) | Quarterly data since 2024 Q1. A reading above 50 indicates an upward trend and an optimistic outlook, while a reading below 50 indicates a downward trend and a pessimistic outlook. |

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

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

**The asset markets**

* 1. The *local stock market* maintained upward momentum in the second quarter of 2025. Despite a sharp sell-off alongside other major markets following the US’ announcement of the so-called “reciprocal tariffs” in early April, market sentiment improved subsequently as trade tensions eased after the US temporarily suspended many of these tariffs. The HSI recouped lost grounds and sustained the uptrend to close the second quarter at 24 072, up 4.1% from end-March. Trading activities remained active, with the average daily turnover reaching $237.7 billion, an increase of 95.5% over a year ago, though down slightly by 2.1% from the preceding quarter. Fund raising activities stayed vibrant.
  2. The *residential property market* showed some stabilisation in the second quarter. Market sentiment continued to improve amid easing external uncertainties, particularly after the sharp declines in the Hong Kong Interbank Offered Rates in May which subsequently lowered mortgage rates. The number of transactions, in terms of the total number of sale and purchase agreements for residential property received by the Land Registry, rebounded appreciably by 37% over the preceding quarter to 16 574 in the second quarter, only 7% lower than the high level a year ago. Overall flat prices held broadly stable, rising back by 1% during the second quarter. Largely driven by the notable declines in mortgage rates during the quarter, the index of home purchase affordability improved further to around 55%, which was comparable to the long-term average. Overall flat rentals stayed resilient, with a further increase of 1% between March and June. The *non-residential property market* stayed weak in general in the second quarter. While prices and rentals remained soft, trading activities of all major market segments picked up.

**Inflation**

* 1. Underlying consumer price inflation stayed modest in the second quarter of 2025. Major components generally saw modest to moderate changes as compared with a year earlier, as domestic and external price pressures stayed broadly in check. Netting out the effects of the Government’s one-off relief measures, the *underlying Composite Consumer Price Index (Composite CPI)* increased by 1.1% over a year earlier, following the 1.2% increase in the preceding quarter.
  2. As a broad measure of the overall change in prices in the economy, the *GDP deflator* rose mildly by 0.5% year-on-year in the second quarter, after increasing by 1.3% in the preceding quarter. The *terms of trade* decreased further by 0.6% compared with a year earlier, while the domestic demand deflator continued to increase by 1.7%.



**Net output of major economic sectors**

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

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

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

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

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

(\*) Change within ± 0.05%.

**Other economic developments**

* 1. In the *World Competitiveness Yearbook 2025* published by the International Institute for Management Development, Hong Kong’s ranking rose for the second consecutive year to third globally. This marked Hong Kong’s return to the global top three for the first time since 2019.  Among the four competitiveness factors, Hong Kong rose to second globally in “Government efficiency” and “Business efficiency”. Hong Kong’s rankings in “Economic performance” and “Infrastructure” also improved to sixth and seventh globally. The improvement showed that the Government’s policy directions are on the right course and that various policies have yielded results. In the face of a complicated global economic and political landscape, Hong Kong will continue to actively integrate into the overall national development and align with national development strategies to consolidate our functional roles as a “super connector” and a “super value-adder”, while continuously strengthening our governance systems and governance efficacy. Hong Kong will also strengthen international exchanges and co-operation, expand and deepen regional trade, and explore new markets, with a view to building a vibrant economy, striving for development and improving people’s livelihoods on all fronts.
  2. The Government released the *Report on Hong Kong’s Business Environment: Unique Strengths under “One Country, Two Systems”* in July. The report provides all sectors of the community, and Mainland and overseas investors with details on Hong Kong’s latest developments and strengths, comprehensively showcasing the city’s open, safe, stable, efficient and internationalised business environment.

**Notes :**

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