

Advance estimates on Gross Domestic Product for first quarter of 2020

The Census and Statistics Department (C&SD) released today (May 4) the advance estimates on Gross Domestic Product (GDP) for the first quarter of 2020.

According to the advance estimates, GDP decreased by 8.9% in real terms in the first quarter of 2020 from a year earlier, compared with the decrease of 3.0% in the fourth quarter of 2019. This was the largest decline on record since the reference period of the first quarter of 1974. The decline of GDP was mainly attributable to the continued weak performance in both domestic and external demand, as affected by the COVID-19 pandemic.

Analysed by major GDP component, private consumption expenditure decreased by 10.2% in real terms in the first quarter of 2020 from a year earlier, deteriorating from the 2.9% decline in the fourth quarter of 2019.

Government consumption expenditure measured in national accounts terms grew by 8.3% in real terms in the first quarter of 2020 over a year earlier, after the increase of 6.1% in the fourth quarter of 2019.

Gross domestic fixed capital formation decreased by 13.9% in real terms in the first quarter of 2020 from a year earlier, compared with the decrease of 16.8% in the fourth quarter of 2019.

Over the same period, total exports of goods measured in national accounts terms recorded a decline of 9.7% in real terms from a year earlier, compared with the decrease of 2.5% in the fourth quarter of 2019. Imports of goods measured in national accounts terms dropped by 10.9% in real terms in the first quarter of 2020, compared with the decline of 7.0% in the fourth quarter of 2019.

Exports of services fell significantly by 37.8% in real terms in the first quarter of 2020 from a year earlier, compared with the decrease of 24.2% in the fourth quarter of 2019. Imports of services decreased by 25.4% in real terms in the first quarter of 2020, compared with the decrease of 5.2% in the fourth quarter of 2019.

On a seasonally adjusted quarter-to-quarter comparison basis, GDP decreased by 5.3% in real terms in the first quarter of 2020 when compared with the fourth quarter of 2019.

Commentary

A Government spokesman said that the economic recession deepened in Hong Kong in the first quarter of 2020, as the threat of COVID-19 seriously disrupted a wide range of local economic activities and supply chains in the

region. With the disease evolving into a pandemic in March, the economic fallout became even more severe. According to the advance estimates, GDP contracted sharply by 8.9% in real terms in the first quarter from a year earlier, the steepest for a single quarter on record. On a seasonally adjusted quarter-to-quarter comparison, the fall in real GDP widened markedly to 5.3% in the first quarter, also the steepest on record.

Analysed by major component, Hong Kong's total exports of goods saw a visibly enlarged year-on-year fall in the first quarter, mainly weighed by the serious disruptions to the regional supply chains and related trading activities amid the threat of COVID-19. Exports of services posted the biggest fall for a single quarter on record, partly reflecting the drastic setback in inbound tourism. As regards domestic demand, the fall in private consumption expenditure widened sharply, as the threat of COVID-19 and resulting social distancing measures seriously disrupted consumption-related activities, while austere labour market conditions dealt a heavy blow to consumer sentiment. Overall investment expenditure continued to show a sharp contraction amid pessimistic business sentiment and sluggish construction activity.

Looking ahead, with the COVID-19 pandemic causing a severe contraction of global economic activity, Hong Kong's exports will remain under notable pressure in the near term. Besides, the developments in US-Mainland economic and trade relations, geopolitical tensions and global financial market volatility continue to warrant attention. Locally, economic activities are likely to stay subdued in the near term if the threat of the pandemic continues. The Government has rolled out relief measures of unprecedented scale, including the two rounds of measures under the Anti-epidemic Fund and the massive package of countercyclical measures in the 2020-21 Budget, which should provide some cushioning effects to the economy and the labour market.

Hong Kong's near-term economic outlook is subject to very high uncertainties, hinging crucially on the evolving global public health and economic situations. In view of the severe global economic impact of the COVID-19 pandemic, the real GDP growth forecast for 2020 was revised to -4% to -7%, as announced by the Financial Secretary on April 29. The Government will continue to monitor the situation closely.

Further information

The year-on-year percentage changes of GDP and selected major expenditure components in real terms from the first quarter of 2019 to the first quarter of 2020 are shown in Table 1.

When more data become available, the C&SD will compile revised figures on GDP. The revised figures on GDP and more detailed statistics for the first quarter of 2020 will be released at the C&SD website (www.censtatd.gov.hk/hkstat/sub/sp250.jsp) and the Gross Domestic Product (Quarterly) Report (www.censtatd.gov.hk/hkstat/sub/sp250.jsp?productCode=B1030001) on May 15, 2020.

For enquiries about statistics on GDP by expenditure component, please contact the National Income Branch (1) of the C&SD (Tel: 2582 5077 or email: gdp-e@censtatd.gov.hk).