

Advance estimates on Gross Domestic Product for first quarter of 2021

The Census and Statistics Department (C&SD) released today (May 3) the advance estimates on Gross Domestic Product (GDP) for the first quarter of 2021.

According to the advance estimates, GDP increased by 7.8% in real terms in the first quarter of 2021 over a year earlier, as against the decrease of 2.8% in the fourth quarter of 2020. The larger increase in GDP in the first quarter of 2021 was mainly attributable to the strong performance of external trade during the quarter and the low base of comparison last year.

Analysed by major GDP component, private consumption expenditure increased by 1.6% in real terms in the first quarter of 2021 over a year earlier, as against the 6.9% decline in the fourth quarter of 2020.

Government consumption expenditure measured in national accounts terms grew by 6.7% in real terms in the first quarter of 2021 over a year earlier, after the increase of 6.1% in the fourth quarter of 2020.

Gross domestic fixed capital formation increased by 4.5% in real terms in the first quarter of 2021 over a year earlier, compared with the increase of 3.6% in the fourth quarter of 2020.

Over the same period, total exports of goods measured in national accounts terms recorded an increase of 30.6% in real terms over a year earlier, much higher than the increase of 5.5% in the fourth quarter of 2020. Imports of goods measured in national accounts terms grew by 23.3% in real terms in the first quarter of 2021, compared with the increase of 6.7% in the fourth quarter of 2020.

Exports of services fell by 8.7% in real terms in the first quarter of 2021 from a year earlier, compared with the decrease of 28.8% in the fourth quarter of 2020. Imports of services decreased by 14.9% in real terms in the first quarter of 2021, compared with the decrease of 33.9% in the fourth quarter of 2020.

On a seasonally adjusted quarter-to-quarter comparison basis, GDP increased by 5.3% in real terms in the first quarter of 2021 when compared with the fourth quarter of 2020.

Commentary

A Government spokesman said that the Hong Kong economy saw a visible recovery in the first quarter of 2021, ending the streak of year-on-year contraction in the preceding six quarters. The sharp rebound in the first quarter mainly reflected the very strong growth of exports of goods amid the

global economic recovery led by the Mainland and the US. According to the advance estimates, real GDP resumed appreciable year on year growth of 7.8% in the first quarter of 2021, as compared to the 2.8% decline in the preceding quarter. On a seasonally adjusted quarter to quarter comparison, real GDP rose visibly by 5.3% in the first quarter, a marked acceleration from the 0.5% increase in the preceding quarter.

The economic recovery was, however, uneven and overall economic activity was still below the pre-recession level, as the pandemic and social distancing requirements continued to weigh on certain economic segments, particularly those involving consumer-facing activities. Moreover, tourism remained in the doldrums. It is thus essential for the community as a whole to spare no effort to keep the epidemic under control and to ensure the success of the COVID-19 vaccination programme. This will pave the way for a broad-based economic recovery and a gradual resumption of international travel.

Analysing the economic performance in the first quarter of 2021 by major expenditure component, total exports of goods soared alongside the notable revival of global trading and production activities. Exports of services saw a visibly narrowed decline, though inbound tourism remained at a standstill amid stringent travel restrictions. On the domestic front, private consumption expenditure grew only modestly even against an exceptionally low base of comparison, as outbound tourism was severely hindered and the fourth wave of local epidemic disrupted consumption activities especially in the early part of the quarter. The austere labour market conditions also affected consumer sentiment. Meanwhile, overall investment expenditure sustained moderate growth.

Looking ahead, the global economic recovery led by the Mainland and the US should bode well for Hong Kong's exports of goods in the near term. Exports of services should likewise improve, though the revival of tourism-related activities will likely be slow in view of the still austere pandemic situation in many places around the world. Other risk factors such as China-US relations and geopolitical tensions also warrant attention. Domestically, if the local epidemic remains well contained, business and consumer confidence, supported by the various government relief measures and the improving global economic conditions, can hopefully see a broader based improvement later this year. The Government will monitor the situation closely.

The revised figures on GDP and more detailed statistics for the first quarter of 2021, as well as the revised GDP forecast for 2021 will be released on May 14, 2021.

Further information

The year-on-year percentage changes of GDP and selected major expenditure components in real terms from the first quarter of 2020 to the first quarter of 2021 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 2021 will be released at the C&SD website (www.censtatd.gov.hk/en/scode250.html) and the Gross Domestic Product (Quarterly) Report (www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1030001&scode=250) on May 14, 2021.

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).