

Advance estimates on Gross Domestic Product for first quarter of 2022

The Census and Statistics Department (C&SD) released today (May 3) the advance estimates on Gross Domestic Product (GDP) for the first quarter of 2022.

According to the advance estimates, GDP decreased by 4.0% in real terms in the first quarter of 2022 from a year earlier, compared with the increase of 4.7% in the fourth quarter of 2021. The decline of GDP was attributable to the weak performance in both domestic and external demand.

Analysed by major GDP component, private consumption expenditure decreased by 5.4% in real terms in the first quarter of 2022 from a year earlier, as against the 5.3% increase in the fourth quarter of 2021.

Government consumption expenditure measured in national accounts terms grew by 5.9% in real terms in the first quarter of 2022 over a year earlier, after the increase of 4.1% in the fourth quarter of 2021.

Gross domestic fixed capital formation decreased by 8.3% in real terms in the first quarter of 2022 from a year earlier, deteriorating from the decrease of 0.6% in the fourth quarter of 2021.

Over the same period, total exports of goods measured in national accounts terms recorded a decline of 4.5% in real terms from a year earlier, as against the 13.5% increase in the fourth quarter of 2021. Imports of goods measured in national accounts terms decreased by 5.9% in real terms in the first quarter of 2022, after the increase of 9.9% in the fourth quarter of 2021.

Exports of services fell by 2.8% in real terms in the first quarter of 2022 from a year earlier, compared with the increase of 6.9% in the fourth quarter of 2021. Imports of services decreased by 2.8% in real terms in the first quarter of 2022, as against the 4.5% increase in the fourth quarter of 2021.

On a seasonally adjusted quarter-to-quarter comparison basis, GDP decreased by 2.9% in real terms in the first quarter of 2022 when compared with the fourth quarter of 2021.

Commentary

A Government spokesman said that the Hong Kong economy faced immense pressure in the first quarter of 2022. Externally, moderating global demand growth and epidemic-induced cross boundary transportation disruptions posed substantial drags to exports. Domestically, a wide range of economic activities as well as economic sentiment were hard hit by the fifth wave of local epidemic and resultant anti-epidemic measures. According to the advance estimates, real GDP contracted by 4.0% in the first quarter of 2022 from a

year earlier, ending the streak of year-on-year growth in the previous four quarters. On a seasonally adjusted quarter-to-quarter basis, real GDP fell by 2.9%, having shown little change in the preceding quarter.

Analysed by major expenditure component, total exports of goods fell. Exports of services also contracted. Domestically, private consumption expenditure turned to a decline while overall investment expenditure saw an enlarged dip.

Looking ahead, the global economy will continue to face significant challenges in the near term. Rampant inflation has seen major central banks expedite their monetary policy tightening, weighing on the economic outlook. Furthermore, tensions in Ukraine will likely keep international energy and commodity prices high, aggravate supply chain disruptions and dampen economic sentiment. The evolving global pandemic and development of China-US relations will continue to pose uncertainty.

Nonetheless, thanks to the support from the Central Government and concerted effort of the community, the local epidemic has been receding since early March, allowing for the gradual relaxation of social distancing measures. This, together with the Government's various support measures, should help the revival of domestic demand in the remainder of the year. The improving local epidemic situation should also be conducive to the alleviation of cross-boundary transportation disruptions and hence recovery of trading activities. It is thus essential for the community to keep working in unison with the Government to put the local epidemic under control.

The revised figures on GDP and more detailed statistics for the first quarter of 2022, as well as the revised GDP forecast for 2022, will be released on May 13, 2022.

Further information

The year-on-year percentage changes of GDP and selected major expenditure components in real terms from the first quarter of 2021 to the first quarter of 2022 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 2022 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 13, 2022.

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).