

Advance estimates on Gross Domestic Product for fourth quarter and whole year of 2019

The Census and Statistics Department (C&SD) released today (February 3) the advance estimates on Gross Domestic Product (GDP) for the fourth quarter of 2019 and the whole year of 2019.

According to the advance estimates, GDP decreased by 2.9% in real terms in the fourth quarter of 2019 from a year earlier, compared with the decrease of 2.8% in the third quarter of 2019. The decline of GDP was mainly attributable to the weak performance in both domestic and external demand. For 2019 as a whole, GDP decreased by 1.2% in real terms from 2018.

Analysed by major GDP component, private consumption expenditure (PCE) decreased by 3.0% in real terms in the fourth quarter of 2019 from a year earlier, compared with the 3.3% decline in the third quarter. For 2019 as a whole, PCE decreased by 1.1% in real terms from 2018.

Government consumption expenditure (GCE) measured in national accounts terms grew by 6.0% in real terms in the fourth quarter of 2019 over a year earlier, after the increase of 5.9% in the third quarter. For 2019 as a whole, GCE increased by 5.1% in real terms over 2018.

Gross domestic fixed capital formation (GDFCF) decreased significantly by 16.2% in real terms in the fourth quarter of 2019 from a year earlier, compared with the decrease of 15.2% in the third quarter. For 2019 as a whole, GDFCF decreased by 12.2% in real terms from 2018.

Over the same period, total exports of goods measured in national accounts terms recorded a decline of 2.6% in real terms from a year earlier, compared with the decrease of 6.9% in the third quarter. Imports of goods measured in national accounts terms dropped by 7.2% in real terms in the fourth quarter of 2019, compared with the decline of 11.0% in the third quarter. For 2019 as a whole, total exports of goods and imports of goods recorded decreases of 4.7% and 7.4% respectively in real terms from 2018.

Exports of services fell by 25.0% in real terms in the fourth quarter of 2019 from a year earlier, deteriorating from the drop of 14.4% in the third quarter. Imports of services decreased by 4.9% in real terms in the fourth quarter of 2019, compared with the decrease of 4.4% in the third quarter. For 2019 as a whole, exports of services and imports of services decreased by 10.4% and 2.3% respectively in real terms from 2018.

On a seasonally adjusted quarter-to-quarter comparison basis, GDP decreased by 0.4% in real terms in the fourth quarter of 2019 when compared with the third quarter.

Commentary

A Government spokesman said that according to the advance estimates, GDP contracted by 2.9% in real terms in the fourth quarter of 2019 from a year earlier, marking the second consecutive quarter of year-on-year contraction. The local social incidents with violence during the quarter took a further heavy toll on economic sentiment as well as consumption- and tourism-related activities. Total exports of goods continued to decline amid the difficult external environment, though at a somewhat narrower rate. For 2019 as a whole, real GDP contracted by 1.2%, the first annual decline since 2009.

Analysed by major component, Hong Kong's total exports of goods showed a somewhat narrower year-on-year decline in the fourth quarter of 2019 upon a low base of comparison. Yet, the year-on-year fall in exports of services widened notably to 25.0% amid a severe setback in inbound tourism. As for domestic demand, private consumption expenditure remained weak and registered a year-on-year decline for two quarters in a row, as the local social incidents with violence caused severe disruptions to consumption-related activities and dampened consumer sentiment. Overall investment expenditure plummeted further amid pessimistic business sentiment and subdued economic conditions.

The outlook for the Hong Kong economy in 2020 is subject to high uncertainties, including those stemming from the pace of global economic recovery, US-Mainland trade relations and the local social incidents. It also depends much on the development of the novel coronavirus infection in Hong Kong and Asia, which could further weigh on economic sentiment, consumption- and tourism-related activities and even economic performance of some Asian economies. The Government will monitor the situation closely.

The revised figures on GDP and more detailed statistics for the fourth quarter and the whole year of 2019, as well as the real GDP growth forecast for 2020 will be released on February 26, 2020 when the 2020-21 Budget is announced.

Further information

The year-on-year percentage changes of GDP and selected major expenditure components in real terms from the fourth quarter of 2018 to the fourth quarter of 2019 are shown in Table 1.

When more data become available, C&SD will compile revised figures on GDP. The revised figures on GDP and more detailed statistics for the fourth quarter and the whole year of 2019 will be released at the C&SD website (www.censtatd.gov.hk/hkstat/sub/sp250.jsp), the Gross Domestic Product (Yearly) Report (www.censtatd.gov.hk/hkstat/sub/sp250.jsp?productCode=B1030002) and the Gross Domestic Product (Quarterly) Report (www.censtatd.gov.hk/hkstat/sub/sp250.jsp?productCode=B1030001) on February

26, 2020.

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