

Advance estimates on Gross Domestic Product for fourth quarter and whole year of 2020

The Census and Statistics Department (C&SD) released today (January 29) the advance estimates on Gross Domestic Product (GDP) for the fourth quarter and the whole year of 2020.

According to the advance estimates, GDP decreased by 3.0% in real terms in the fourth quarter of 2020 from a year earlier, compared with the decrease of 3.6% in the third quarter of 2020. The moderation in the decline was attributable to the improvement in both domestic and external demand. For 2020 as a whole, GDP decreased by 6.1% in real terms from 2019.

Analysed by major GDP component, private consumption expenditure (PCE) decreased by 7.6% in real terms in the fourth quarter of 2020 from a year earlier, smaller than the 8.2% decline in the third quarter. For 2020 as a whole, PCE decreased by 10.2% in real terms from 2019.

Government consumption expenditure (GCE) measured in national accounts terms grew by 5.6% in real terms in the fourth quarter of 2020 over a year earlier, after the increase of 7.1% in the third quarter. For 2020 as a whole, GCE increased by 7.8% in real terms over 2019.

Gross domestic fixed capital formation (GDFCF) increased by 2.6% in real terms in the fourth quarter of 2020 over a year earlier, as against the decrease of 10.9% in the third quarter. For 2020 as a whole, GDFCF decreased by 11.6% in real terms from 2019.

Over the same period, total exports of goods measured in national accounts terms recorded an increase of 5.6% in real terms over a year earlier, compared with the increase of 3.9% in the third quarter. Imports of goods measured in national accounts terms grew by 6.9% in real terms in the fourth quarter of 2020, compared with the increase of 1.9% in the third quarter. For 2020 as a whole, total exports of goods and imports of goods recorded decreases of 0.3% and 2.1% respectively in real terms from 2019.

Exports of services fell by 29.6% in real terms in the fourth quarter of 2020 from a year earlier, compared with the decrease of 33.5% in the third quarter. Imports of services decreased by 35.9% in real terms in the fourth quarter of 2020, compared with the decrease of 36.0% in the third quarter. For 2020 as a whole, exports of services and imports of services decreased by 36.8% and 35.2% respectively in real terms from 2019.

On a seasonally adjusted quarter-to-quarter comparison basis, GDP increased by 0.2% in real terms in the fourth quarter of 2020 when compared with the third quarter.

Commentary

A Government spokesman said that the Hong Kong economy recovered further in the fourth quarter of 2020, albeit at a slow pace due to the fourth wave of the local epidemic. The strengthening of exports of goods and active financial market activity continued to render support. According to the advance estimates, GDP fell by 3.0% in real terms in the fourth quarter of 2020 on a year-on-year comparison, narrowing slightly from the 3.6% decline in the third quarter. On a seasonally adjusted quarter-to-quarter comparison, real GDP grew mildly by 0.2% in the fourth quarter, having rebounded by 2.7% in the third quarter.

For 2020 as a whole, real GDP fell by 6.1%. As social stability in Hong Kong has been restored, the severe economic contraction last year was mainly due to the fallout from the COVID-19 pandemic. Consumption- and tourism-related sectors such as accommodation, food services and retail trade were particularly hard-hit by the pandemic and recorded much steeper contractions than the overall economy. In contrast, financial market activity stayed robust and activities relating to exports and imports of goods picked up visibly in recent periods. It is thus of pivotal importance for the community as a whole to spare no effort to fight the virus and keep the epidemic under control at the soonest possible in order to attain a broad-based economic recovery.

Analysing the economic performance in the fourth quarter of 2020 by major expenditure component, Hong Kong's total exports of goods recorded accelerated growth thanks to the further revival of import demand in many major markets, especially the Mainland. Yet, exports of services plunged further as inbound tourism remained at a standstill. Regarding domestic demand, as the threat of COVID-19 and austere labour market conditions continued to weigh on consumer sentiment, private consumption expenditure stayed subdued though registered a slightly narrowed decline. Meanwhile, overall investment expenditure resumed growth against a low base of comparison after eight consecutive quarters of fall.

The Hong Kong economy is expected to see positive growth for 2021 as a whole, but the economic situation in the first half of the year will remain challenging and the degree and speed of recovery is subject to a host of uncertainties, especially those about the pandemic situation. While the Mainland economy is poised to strengthen further and render support to Hong Kong's exports, the pace of recovery in other major economies will hinge on the success of their mass vaccination campaigns. Evolving China-US relations and persistent geopolitical tensions also warrant attention. Locally, the prospect of domestic economic activities depends critically on how fast the local epidemic situation can be contained. The Government will monitor the situation closely and adopt appropriate countercyclical measures to support economic recovery and relieve people's financial burdens.

The revised figures on GDP and more detailed statistics for the fourth quarter and the whole year of 2020, as well as the real GDP growth forecast

for 2021 will be released on February 24, 2021 when the 2021-22 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 2019 to the fourth 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 fourth quarter and the whole year of 2020 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 24, 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).