

Advance estimates on Gross Domestic Product for fourth quarter and whole year of 2021

The Census and Statistics Department (C&SD) released today (January 28) the advance estimates on Gross Domestic Product (GDP) for the fourth quarter and the whole year of 2021.

According to the advance estimates, GDP increased by 4.8% in real terms in the fourth quarter of 2021 over a year earlier, compared with the increase of 5.5% in the third quarter. The continuous expansion in GDP was attributable to the sustained solid growth in local consumption and external demand. For 2021 as a whole, GDP increased by 6.4% in real terms over 2020.

Analysed by major GDP component, private consumption expenditure (PCE) increased by 6.0% in real terms in the fourth quarter of 2021 over a year earlier, compared with the 6.8% increase in the third quarter. For 2021 as a whole, PCE increased by 5.7% in real terms over 2020.

Government consumption expenditure (GCE) measured in national accounts terms grew by 4.1% in real terms in the fourth quarter of 2021 over a year earlier, after the increase of 5.0% in the third quarter. For 2021 as a whole, GCE increased by 4.6% in real terms over 2020.

Gross domestic fixed capital formation (GDFCF) increased marginally by 0.1% in real terms in the fourth quarter of 2021 over a year earlier, compared with the 13.1% growth in the third quarter. For 2021 as a whole, GDFCF increased by 10.1% in real terms over 2020.

Over the same period, total exports of goods measured in national accounts terms recorded an increase of 13.3% in real terms over a year earlier, slower than the increase of 14.2% in the third quarter. Imports of goods measured in national accounts terms grew by 9.7% in real terms in the fourth quarter of 2021, after the increase of 16.9% in the third quarter. For 2021 as a whole, total exports of goods and imports of goods recorded increases of 19.0% and 17.5% respectively in real terms over 2020.

Exports of services rose by 5.7% in real terms in the fourth quarter of 2021 over a year earlier, compared with the increase of 5.4% in the third quarter. Imports of services increased by 5.2% in real terms in the fourth quarter of 2021, compared with the 6.0% increase in the third quarter. For 2021 as a whole, exports of services and imports of services increased by 0.8% and 1.9% respectively in real terms over 2020.

On a seasonally adjusted quarter-to-quarter comparison basis, GDP increased by 0.2% in real terms in the fourth quarter of 2021 when compared with the third quarter of 2021.

Commentary

A Government spokesman said that the Hong Kong economy recovered further in the fourth quarter of 2021 thanks to robust export performance and improved private consumption. According to the advance estimates, real GDP grew by 4.8% in the fourth quarter of 2021 over a year earlier, following a 5.5% expansion in the third quarter. On a seasonally adjusted quarter-to-quarter basis, real GDP rose by 0.2% in the fourth quarter, further to the 0.6% growth in the third quarter.

For 2021 as a whole, real GDP expanded notably by 6.4%, reversing the declines in the previous two years. Yet it was still about 2% below the level in 2018. The double-digit growth of exports of goods through the year, benefiting from the sharp revival of external demand, along with the recovery of private consumption expenditure, especially in the second half of the year amid the stable epidemic situation, improved labour market conditions and the launch of Consumption Voucher Scheme, contributed to the strong rebound of the economy in 2021. However, the still-frozen inbound tourism continued to pose a drag.

Looking ahead, the Hong Kong economy is expected to expand further in 2022, but the growth pace is subject to various uncertainties, especially those relating to the local epidemic development. The latest wave of epidemic and the tightened anti-epidemic measures have posed renewed pressures on economic activities and weighed on sentiment. It is essential for the community to work together with the Government to contain the epidemic.

Developments in the external environment also warrant attention. The global economic recovery, which should render further support to Hong Kong's exports, is envisaged to slow in 2022. High inflation in some major economies may persist longer as a result of supply bottlenecks amid the evolving pandemic. While this development would increase pressure on local inflation, it could lead to a faster pace of monetary policy tightening by major central banks, with possible impacts on the global economy and financial market volatility. Developments of China-US relations and geopolitical tensions would also add uncertainties.

The revised figures on GDP and more detailed statistics for the fourth quarter and the whole year of 2021, as well as the real GDP growth forecast for 2022 will be released on February 23, 2022 when the 2022-23 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 2020 to the fourth 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 fourth quarter and the whole year of 2021 will be released at the C&SD website (www.censtatd.gov.hk/en/scode250.html), 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/en/EIndexbySubject.html?pcode=B1030001&scode=250) on February 23, 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).