

Advance estimates on Gross Domestic Product for second quarter of 2021

The Census and Statistics Department (C&SD) released today (July 30) the advance estimates on Gross Domestic Product (GDP) for the second quarter of 2021.

According to the advance estimates, GDP increased by 7.5% in real terms in the second quarter of 2021 over a year earlier, compared with the increase of 8.0% in the first quarter. The growth in GDP in the second quarter of 2021 was mainly attributable to the visible increases in both domestic and external demand.

Analysed by major GDP component, private consumption expenditure increased by 6.5% in real terms in the second quarter of 2021 over a year earlier, compared with the 2.1% increase in the first quarter.

Government consumption expenditure measured in national accounts terms grew by 2.9% in real terms in the second quarter of 2021 over a year earlier, after the increase of 7.0% in the first quarter.

Gross domestic fixed capital formation increased by 23.7% in real terms in the second quarter of 2021 over a year earlier, much higher than the 4.8% growth in the first quarter.

Over the same period, total exports of goods measured in national accounts terms recorded an increase of 20.3% in real terms over a year earlier, compared with the increase of 30.1% in the first quarter. Imports of goods measured in national accounts terms grew by 21.4% in real terms in the second quarter of 2021, after the increase of 22.9% in the first quarter.

Exports of services rose by 2.6% in real terms in the second quarter of 2021 over a year earlier, as against the decrease of 7.3% in the first quarter. Imports of services increased by 8.4% in real terms in the second quarter of 2021, as against the decrease of 12.0% in the first quarter.

On a seasonally adjusted quarter-to-quarter comparison basis, GDP decreased by 1.0% in real terms in the second quarter of 2021 when compared with the first quarter of 2021.

Commentary

A Government spokesman said that the Hong Kong economy is on the path to recovery alongside the improving global economic conditions and receding local epidemic. According to the advance estimates, real GDP sustained notable year-on-year growth of 7.5% in the second quarter of 2021, having expanded by 8.0% in the first quarter. For the first half of 2021 as a whole, real GDP grew by 7.8% over a year earlier. On a seasonally adjusted basis, real GDP recorded a modest decline in the second quarter from the preceding

quarter, mainly reflecting some slowdown in exports of goods from the exceptionally strong growth in the first quarter.

The economic recovery remained uneven in the second quarter. While exports of goods were robust and surpassed the peak reached in the same period of 2018, tourism remained at a standstill due to the pandemic. Consumption-related activities improved further, but were still notably below their pre-recession levels. It is thus essential for the community to strive towards more widespread vaccination so as to pave way for a broader based economic recovery.

Analysed by major expenditure component, total exports of goods expanded strongly year-on-year, underpinned by strengthening global demand. Exports of services resumed a modest increase. On the domestic front, private consumption expenditure picked up in growth on the back of the receding local epidemic and improving labour market conditions. Overall investment expenditure saw accelerated growth amid improved business sentiment, though also helped by a low base of comparison.

Looking ahead, the global economic recovery should continue to support Hong Kong's exports of goods in the near term, though there may be some moderation from the exceptionally strong performance in the first half of 2021. Exports of services should likewise sustain growth. However, the spread of more infectious COVID-19 variants in many places of the world continues to cast uncertainty over the global economic outlook. Other risk factors such as the China-US relations, geopolitical tensions and the evolving monetary policy stance of major central banks also warrant attention. Locally, the stabilised epidemic situation and the Consumption Voucher Scheme will help stimulate consumer sentiment and lend support to consumption-related sectors. The Government will monitor the situation closely.

The revised figures on GDP and more detailed statistics for the second quarter of 2021, as well as the revised GDP forecast for 2021 will be released on August 13, 2021.

Further information

The year-on-year percentage changes of GDP and selected major expenditure components in real terms from the second quarter of 2020 to the second 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 second 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 August 13, 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).