

# Advance estimates on Gross Domestic Product for second quarter of 2023

The Census and Statistics Department (C&SD) released today (July 31) the advance estimates on Gross Domestic Product (GDP) for the second quarter of 2023.

According to the advance estimates, GDP increased by 1.5% in real terms in the second quarter of 2023 over a year earlier, compared with the increase of 2.9% in the first quarter. The continuous expansion in GDP in the second quarter of 2023 was mainly attributable to the sustained solid growth in private consumption and services trade.

Analysed by major GDP component, private consumption expenditure increased by 8.5% in real terms in the second quarter of 2023 over a year earlier, after the increase of 13.0% in the first quarter.

Government consumption expenditure measured in national accounts terms recorded a decline of 9.6% in real terms in the second quarter of 2023 from a year earlier, as against the increase of 1.3% in the first quarter.

Gross domestic fixed capital formation decreased by 1.0% in real terms in the second quarter of 2023 from a year earlier, as against the increase of 7.9% in the first quarter.

Over the same period, total exports of goods measured in national accounts terms recorded a decline of 15.3% in real terms from a year earlier, after the decrease of 18.9% in the first quarter. Imports of goods measured in national accounts terms fell by 16.1% in real terms in the second quarter of 2023, compared with the 14.6% decline in the first quarter.

Exports of services rose by 22.6% in real terms in the second quarter of 2023 over a year earlier, notably faster than the increase of 16.6% in the first quarter. Imports of services increased by 30.2% in real terms in the second quarter of 2023, after the increase of 20.7% in the first quarter.

On a seasonally adjusted quarter-to-quarter comparison basis, GDP decreased by 1.3% in real terms in the second quarter of 2023 when compared with the first quarter.

## Commentary

A Government spokesman said that led by inbound tourism and private consumption, the Hong Kong economy continued to recover in the second quarter of 2023, though the momentum softened on the back of the strong rebound in the preceding quarter. According to the advance estimates, real GDP grew by 1.5% in the second quarter over a year earlier. On a seasonally adjusted quarter-to-quarter basis, real GDP fell by 1.3%.

Analysed by major expenditure component, total exports of goods continued to plummet as the external demand for goods remained weak. Growth of exports of services accelerated as visitor arrivals rose further. Domestically, private consumption expenditure increased notably alongside the continued economic recovery, while overall investment expenditure saw a mild decline amid tightened financial conditions.

Looking ahead, inbound tourism and private consumption will remain the major drivers of economic growth for the rest of the year. As transportation and handling capacity continue to recover, visitor arrivals should increase further. The improving economic situation and prospects should bode well for domestic demand, though tight financial conditions may impose constraints. In particular, improving labour market conditions, together with the Government's various measures to boost the momentum of the recovery, will provide additional support to private consumption. Yet, exports of goods will continue to face intense pressure, as slower global economic growth weighs on external demand.

The revised figures on GDP and more detailed statistics for the second quarter of 2023, as well as the revised GDP forecast for 2023, will be released on August 11, 2023.

#### Further information

The year-on-year percentage changes of GDP and selected major expenditure components in real terms from the second quarter of 2022 to the second quarter of 2023 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 2023 will be released at the C&SD website ([www.censtatd.gov.hk/en/scode250.html](http://www.censtatd.gov.hk/en/scode250.html)) and the Gross Domestic Product by Expenditure Component report ([www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1030001&scode=250](http://www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1030001&scode=250)) on August 11, 2023.

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](mailto:gdp-e@censtatd.gov.hk)).