

Advance estimates on Gross Domestic Product for third quarter of 2021

The Census and Statistics Department (C&SD) released today (November 1) the advance estimates on Gross Domestic Product (GDP) for the third quarter of 2021.

According to the advance estimates, GDP increased by 5.4% in real terms in the third quarter of 2021 over a year earlier, compared with the increase of 7.6% in the second quarter. The continuous expansion in GDP was attributable to the sustained solid growth in both domestic and external demand.

Analysed by major GDP component, private consumption expenditure increased by 7.0% in real terms in the third quarter of 2021 over a year earlier, compared with the 7.2% increase in the second quarter.

Government consumption expenditure measured in national accounts terms grew by 4.1% in real terms in the third quarter of 2021 over a year earlier, after the increase of 3.0% in the second quarter.

Gross domestic fixed capital formation increased by 11.0% in real terms in the third quarter of 2021 over a year earlier, compared with the 23.9% growth in the second quarter.

Over the same period, total exports of goods measured in national accounts terms recorded an increase of 14.3% in real terms over a year earlier, moderated from the increase of 20.5% in the second quarter. Imports of goods measured in national accounts terms grew by 16.5% in real terms in the third quarter of 2021, after the increase of 21.4% in the second quarter.

Exports of services rose by 4.0% in real terms in the third quarter of 2021 over a year earlier, compared with the increase of 3.0% in the second quarter. Imports of services increased by 6.4% in real terms in the third quarter of 2021, compared with the 10.6% increase in the second quarter.

On a seasonally adjusted quarter-to-quarter comparison basis, GDP increased by 0.1% in real terms in the third quarter of 2021 when compared with the second quarter of 2021.

Commentary

A Government spokesman said that Hong Kong's economic recovery became more entrenched in the third quarter alongside the continued revival of global economic activity and stable local epidemic situation. According to the advance estimates, real GDP grew by 5.4% in the third quarter of 2021 over a year earlier, following a 7.6% expansion in the second quarter. The more moderate year-on-year growth in the third quarter was on account of the base effect and the stronger-than-expected economic performance in the first

half of the year. For the first three quarters of 2021 as a whole, real GDP expanded by 7.0% over a year earlier. On a seasonally adjusted basis, real GDP rose slightly by 0.1% over the preceding quarter.

Exports of goods sustained notable year-on-year growth in the third quarter, while consumption-related activities revived further. However, inbound tourism remained virtually frozen, posing a constraint on the pace of economic recovery. It is essential for the community to stay vigilant and strive towards more widespread vaccination, which will help enhance the resilience of the economy and lay a foundation for a broader-based economic recovery.

Analysed by major expenditure component, total exports of goods posted a double-digit increase over a year earlier on the back of solid external demand. Exports of services registered a further moderate increase. Private consumption expenditure continued to rise appreciably thanks to the stable local epidemic situation, improved labour market conditions and the Consumption Voucher Scheme. Overall investment expenditure grew further as business outlook improved over the past year.

Looking ahead, the global economic recovery should render further support to Hong Kong's merchandise exports. However, the pandemic development especially the threat of the more infectious variants, together with supply bottlenecks in many economies, will continue to post downside risks to the global economic outlook. Moreover, the surge in energy prices and elevated inflation pressures in the US and Europe have cast uncertainties over the future course of major central banks' monetary policies. Developments in China-US relations and geopolitical tensions also require attention. Locally, improving employment and income conditions, together with the Consumption Voucher Scheme, should remain supportive to consumption-related sectors in the near term. The Government will monitor the situation closely.

The revised figures on GDP and more detailed statistics for the third quarter of 2021, as well as the revised GDP forecast for 2021, will be released on November 12, 2021.

Further information

The year-on-year percentage changes of GDP and selected major expenditure components in real terms from the third quarter of 2020 to the third 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 third 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 November 12, 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:

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