

# Economic performance and outlook

## Overview

- The Hong Kong Special Administrative Region, with its ideal location in fast-growing Asia and riding on the opportunities brought by the Mainland economy, has developed into an international business, trade and financial hub, as well as a renowned tourist city, providing high value-added and knowledge-intensive services to the globalised world.
- Hong Kong also serves as the gateway to the Mainland for overseas investors as well as a platform for Mainland enterprises to go global.
- Being a small open economy, Hong Kong has many areas of strength - level playing field for businesses, simple and low tax regime, free flow of capital and information, highly efficient markets, world-class infrastructure, a fine tradition of the rule of law, etc., all being the cornerstones of Hong Kong's economic success. Meanwhile, our unique position under "one country, two systems" will continue to create enormous development potential for the Hong Kong economy.

## World rankings

- **Stock market: World No. 6** and **Asia No. 3** by market capitalisation among exchanges (end-March 2025)
- **IPO funds raised: World No. 4** for IPO funds raised among exchanges in 2024
- **GDP per capita at current prices: World No. 20** (US\$55,610) [IMF's World Economic Outlook (October 2024)]

## Credit ratings

- Moody's: Aa3; S&P: AA+, Fitch: AA-
- **Superior credit ratings** because:
  - Prudent fiscal policy
  - Sizable fiscal reserves and external asset position
  - Sound regulatory framework
  - Market confident in the credit quality of corporate bond issuers; and
  - Flexible economy

## Key advantages

- Under "one country, two systems", Hong Kong will benefit from deepening reform in the Mainland towards a consumption and services-oriented economy, and opportunities related to the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area, while maintaining a unique economic and legal system different from the Mainland of China.
- IMF recognises Hong Kong's position as international financial centre and fiscal consolidation path, reaffirms Hong Kong's status and function as an international financial centre and recognises that Hong Kong's financial system remains resilient, supported by robust institutional frameworks, ample room for policy buffers, and smooth functioning of the Linked Exchange Rate System. [IMF's 2024 Article IV Consultation with the Hong Kong Special Administrative Region Concluding Statement (January 2025)]

## Economic performance

- The Hong Kong economy posted moderate growth in 2024, recording a growth of Real Gross Domestic Product (GDP) of 2.5%.
- Supported by the continuing expansion of external demand, Hong Kong's total exports of goods grew by 4.7 per cent in real terms. Total exports of services grew by 4.8 per cent for the year, thanks to our country's various measures benefitting Hong Kong, together with a large number of mega events organised throughout the year, as well as the recovery of the air traffic capacity.
- Domestically, private consumption expenditure slightly declined by 0.6 per cent for the year, as a result of changes in consumption patterns of local residents. Meanwhile, overall investment expenditure rose by 2.4% as the economy grew and the Government took forward infrastructure projects.
- The labour market remained tight. The latest unemployment rate stayed low at 3.1%.
- Underlying consumer price inflation remained modest. The underlying Composite Consumer Price Index rose by 1.3% year-on-year in December 2024, slightly larger than that in November 2024 (1.2%). For 2024 as a whole, the underlying consumer price inflation rate averaged 1.1%.
- A fiscal deficit of \$80.3 billion (about US\$10.29 billion) was recorded for 2024-25.

- Fiscal reserves stood at \$654.3 billion (about US\$83.88 billion) as at March 31, 2025.

### **Economic outlook**

- Looking ahead, Hong Kong economy is expected to grow moderately in 2025 with a forecasted real GDP growth of 2% to 3%, though there will be immense uncertainties in the external environment. While exports of goods would be affected by the US' trade protection measures, but steady global economic growth would provide support.
- Exports of services would increase further. Increased convenience of cross-border travel alongside the Central Government's measures and the SARG's various initiatives should bring in more visitors. Gradually easing financial conditions would also support cross-border financial as well as business and other activities. Exports of trade-related services would benefit from continued growth of trade in goods. Improved economic sentiment alongside Mainland's more proactive policies to boost the economy, easing financial conditions and the SARG's initiatives to promote economic growth and development should be supportive for domestic demand.
- Taking into account the actual outrun and the latest developments of the global and local situation, the real GDP growth for 2025 as a whole is forecast at 2% to 3%.
- On the inflation outlook, domestic costs may see some upward pressures as the economy continues to grow. Private consumption should also be boosted by sustained growth of employment income, though the change in residents' consumption pattern may constrain the pace of recovery. The underlying inflation rate for 2025 is forecast to be on average 1.5% a year.
- In the medium term, monetary policy normalisation will help sustain solid growth in the global economy. The "Global South", in particular the Mainland, will continue to be an important driver of global economic growth. Geopolitics will still bring challenges to Hong Kong's economy. However, the Mainland is promoting high-quality development through scientific and technological innovation, comprehensively deepening reform, and expanding high-standard opening-up. Hong Kong is also making every effort to promote market diversification and open up new growth areas, and the economy is expected to grow steadily.
- Under "one country, two systems", Hong Kong is the only place in the world that combines the global advantage and the China advantage. The current-term Government has been vigorously expanding economic capacity and enhancing competitiveness, and achieved considerable results. As long as we actively integrate into our country's development and proactively align with national development strategies, we will definitely continue to seize new opportunities arising from the economic development of our country and the world, creating a bright future.

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