

# 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-October 2025)
- **IPO funds raised: World No. 1** for IPO funds raised among exchanges in the first half of 2025 (Note: Funds raised exclude fundraising by listing of SPACs.)
- **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 staged a robust performance in the third quarter of 2025, driven by a continued surge in exports and sustained expansion in domestic demand. Real Gross Domestic Product (GDP) grew by 3.8% over a year earlier, picking up visibly from the growth of 3.1% in the preceding quarter. For the first three quarters as a whole, real GDP grew by 3.3% over a year earlier.
- Hong Kong's total exports of goods continued to grow markedly by 12.1% year-on-year in real terms in the third quarter, propelled by strong demand for electronic-related products and buoyant regional trade flows in Asia.
- Exports of services expanded notably by 6.3% year-on-year in real terms in the third quarter, mainly supported by sustained increases in inbound tourism and cross-boundary traffic, as well as vibrant cross-boundary financial service activities.
- Domestically, private consumption expenditure picked up slightly in growth in the third quarter, rising further by 2.1% year-on-year in real terms, reflecting the continued recovery of the local consumption

market. Overall investment expenditure saw an accelerated increase of 4.3% in real terms over a year earlier, alongside the economic expansion and stabilisation in the residential property market.

- On the labour market, the seasonally adjusted unemployment rate declined slightly to 3.8% in September – November from 3.9% in the third quarter. The underemployment rate stood at 1.6%.
- Consumer price inflation stayed modest. The underlying Composite Consumer Price Index increased by 1.1% year-on-year in the first eleven months.
- A fiscal deficit of \$80.3 billion (about US\$10.29 billion) was recorded for 2024-25.
- Fiscal reserves stood at \$636.3 billion (about US\$81.5 billion) as at November 30, 2025.

### **Economic outlook**

- Economic activities stayed vibrant in general since entering the fourth quarter of 2025. The real GDP is forecast to grow by 3.2% for 2025 as a whole. Consumer price inflation should remain modest in the near term. The forecasts for the underlying and headline consumer price inflation rates for 2025 are at 1.2% and 1.5% respectively.
- The Hong Kong economy should sustain good momentum in 2026. The global economy is expected to see further moderate growth. Asia in particular the Mainland economy will continue to be a major growth driver. These will be conducive to Hong Kong's exports. The gradually improving consumer confidence and business sentiment will help local consumption and investment activities. The interest rate cuts so far by the United States since September 2025 and the expected further decline in interest rate in 2026 will also benefit local asset market sentiment. Yet, the international economic and geopolitical environment is still complicated, and uncertainties in policies in the global trade arena remain.
- The ongoing changes in the global landscape are bringing new opportunities to Hong Kong's roles as a "super connector" and a "super value-adder" between the Mainland and the rest of the world. Under "one country, two systems", Hong Kong is the only place where the global advantage and the China advantage come together. As a long-standing open and dynamic international trade and financial centre, Hong Kong is well-positioned to capture these new opportunities ahead, through our strong ties with traditional markets and increasing engagement with markets in the Global South.
- The current-term Government has been vigorously expanding economic capacity and enhancing competitiveness, and has achieved considerable results. The country's solid development will continue to act as staunch support to Hong Kong. We will actively integrate into and serve the overall national development strategy, proactively align with the 15th Five-Year Plan and focus on Hong Kong's advantageous positioning. 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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