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 Chinese 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 Chinese Mainland for overseas investors as well as a platform for Chinese 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. 7** and **Asia No. 4** by market capitalisation among exchanges (end-March 2026)
- **IPO funds raised: World No. 1** for IPO funds raised among exchanges in the first quarter of 2026 (Note: Funds raised exclude fundraising by listing of SPACs.)
- **GDP per capita at current prices: World No. 22** (around US$59,000) [IMF's World Economic Outlook (October 2025)]

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 on the Chinese 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 (GBA), while maintaining a unique economic and legal system different from the Chinese Mainland.
- IMF recognises Hong Kong's fiscal stance, reaffirms Hong Kong's role as an international financial centre and a "super connector", particularly as a leading fundraising hub and a premier offshore Renminbi centre, and acknowledges that policy initiatives, including the development of the Northern Metropolis, are conducive to the development of innovation and high-value services in Hong Kong, supporting

economic growth and structural transformation. [IMF's 2026 Article IV Consultation with the Hong Kong Special Administrative Region Concluding Statement (May 2026)]

Economic performance

- The Hong Kong economy expanded robustly in the first quarter of 2026, driven by the sustained strong performance in external trade and pick-up in domestic demand. Real Gross Domestic Product (GDP) grew by 5.9% over a year earlier in the first quarter, accelerating from the 4.0% growth in the preceding quarter, and marking the strongest quarterly growth in nearly five years. On a seasonally adjusted quarter-to-quarter comparison, real GDP rose notably by 2.9%.
- Total exports of goods grew markedly by 23.7% year-on-year in real terms in the first quarter, underpinned by sustained global demand for artificial intelligence (AI)-related electronic products and buoyant regional trade flows in Asia.
- Exports of services continued to expand solidly by 3.5% in real terms over a year earlier, with broad-based growth across all major service groups. In particular, exports of travel services continued to grow visibly, driven by strong inbound tourism.
- Domestic demand strengthened across both consumption and investment. Private consumption expenditure saw accelerated growth of 4.9% year-on-year in real terms in the first quarter, reflecting the more entrenched recovery in households' spending. Overall investment expenditure continued to expand at a double-digit rate of 17.7% year-on-year in real terms in the first quarter, alongside the robust economic growth.
- On the labour market, the seasonally adjusted unemployment rate stayed at 3.7% in February - April, same as that in the first quarter. Meanwhile, the underemployment rate edged down to 1.5%.
- Consumer price inflation stayed moderate, though it picked up of late amid the upsurge in international oil prices due to the Middle East conflict. The underlying Composite Consumer Price Index increased by 1.6% year-on-year in April, following an increase of 1.4% in the first quarter. Increases in prices of fuel-related components accelerated, yet price pressures on other components were in check, thus keeping overall inflation moderate.
- A consolidated surplus of $11.2 billion (about US$1.43 billion) was recorded for 2025-26.
- Fiscal reserves stood at $665.5 billion (about US$85.32 billion) as at March 31, 2026.

Economic outlook

- Hong Kong's economic outlook remains broadly resilient, with real GDP forecast to grow by 2.5% – 3.5% in 2026 as a whole. Strong global demand for advanced electronics and AI‑related products is expected to support goods export performance, while services exports should remain firm, underpinned by sustained vibrancy in inbound tourism, robust cross-boundary financial activity, and steady demand for business services. Relatively solid consumer sentiment and resilient business outlook are expected to support domestic demand.
- On the inflation outlook, the feed-through of higher international oil prices to fuel-related components in consumer prices should continue. Overall inflation in Hong Kong is, however, expected to remain relatively well anchored, reflecting the city's low energy intensity as a predominantly service-oriented economy, with stable energy supplies from the Chinese Mainland helping to mitigate external shocks. Taking into account the actual inflation situation in the first quarter and the factors mentioned above,

the forecasts for the underlying and headline consumer price inflation rates for 2026 are revised up to 2.5% and 2.6% respectively in May, from 1.7% and 1.8% as announced in the Budget.

- The Government remains vigilant to external risks facing the near-term outlook, especially those arising from the Middle East conflict. The direct impacts of the Middle-East conflict on our economy have so far been limited, but the situation remains highly uncertain. The Government will closely monitor the developments.
- The medium-term outlook for the Hong Kong economy is positive. The evolving global landscape, marked by trends such as supply chain reconfiguration, digital transformation, and the drive for sustainability, will create new development opportunities. Under "one country, two systems", Hong Kong is the only place in the world where the global advantage and China's advantage come together, and is well-positioned to capture the opportunities ahead by leveraging our roles as a "super connector" and a "super value-adder".
- This year also marks the beginning of our country's 15th Five-Year Plan. Hong Kong will proactively align with the 15th Five-Year Plan, better integrate with and serve the overall national development, and continue to proactively participate in development of the Guangdong-Hong Kong-Macao Greater Bay Area. The Government is committed to expanding economic capacity and enhancing competitiveness, expediting the development of the Northern Metropolis, vigorously attracting talents, developing new quality productive forces tailored to local circumstances, driving growth with innovation and technology (including AI development), and leveraging Hong Kong's strengths in finance to drive industry development, to promote high-quality economic development.

(Revision date: June 1, 2026)