Economic performance and outlook

Overview

- The Hong Kong Special Administrative Region, with its ideal location in fast-growing Asia and leveraging 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-June 2026)
- **IPO funds raised: World No. 2** for IPO funds raised among exchanges in the first seven months of 2026 (Note: Funds raised exclude SPAC listings.)
- **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 half of 2026, underpinned by buoyant external trade and resilient domestic demand. Real Gross Domestic Product (GDP) grew by 4.3% over a year earlier in the second quarter, following 5.9% growth in the first quarter. For the first half of 2026, real GDP grew by 5.1% over a year earlier, the strongest half-yearly performance in nearly five years.
- Total exports of goods grew strongly by 26.4% year-on-year in real terms in the first half of the year, thanks to the robust trade flows driven by strong global demand for artificial intelligence (AI)-related electronic products. Exports of services expanded solidly by 3.4% year-on-year in real terms in the first half of the year, with all major service groups continuing to grow.
- Domestic demand remained resilient across consumption and investment. Private consumption expenditure rose solidly by 3.8% year-on-year in real terms in the first half of the year. Overall investment expenditure rose by 11.0% year-on-year in real terms, with growth in private sector investment spending being particularly visible at 15.2%.
- The labour market remained broadly stable. The seasonally adjusted unemployment rate stayed at 3.7% in May–July, the same as in April–June and January–March.
- Consumer price inflation rose slightly, but remained moderate in overall terms. The underlying Composite Consumer Price Index increased by 1.9% year-on-year in July, slightly above 1.7% in the second quarter and 1.4% in the first quarter. Inflation of fuel-related items generally picked up, yet price pressures on other major components were largely contained.
- A consolidated surplus of $11.2 billion (about US$1.43 billion) was recorded for 2025-26.
- Fiscal reserves stood at $645.9 billion (about US$82.8 billion) as at July 31, 2026.

Economic outlook

- The Hong Kong economy should see solid growth in the second half of 2026. The real GDP growth forecast for 2026 as a whole was revised up to 3.5% – 4.5% in the August round of review. The vibrant global demand for AI-related electronic products is expected to continue supporting Hong Kong's merchandise trade performance, and related logistics services should benefit from this momentum as well. Exports of services are also expected to benefit from sustained growth in visitor arrivals, alongside steady demand for financial and business services in Hong Kong. Domestic demand is expected to stay firm, supported by stable labour market conditions, and solid business and consumer sentiment.
- Nonetheless, external headwinds persist. Geopolitical tensions in the Middle East remain fluid, with potential spillovers to energy markets and global inflation. Inflation dynamics in major economies, the policy trajectories of major central banks, and trade protectionism among advanced economies warrant close attention. Risks associated with the rapid expansion of global AI investment also require monitoring.
- On the inflation outlook, consumer price inflation is expected to rise in the coming months as the earlier surge in international oil prices continues to feed through. The lingering geopolitical tensions in the Middle East have increased the uncertainty of inflation outlook. Meanwhile, price pressures in other areas remain largely contained, which should keep overall inflation at a moderate level. The

forecasts for the underlying and headline consumer price inflation rates for 2026 are maintained at 2.5% and 2.6% respectively.

- The medium-term outlook for the Hong Kong economy is positive. The rise of the "Global South", the high-quality development of the Chinese Mainland, the reshaping of the global trade and investment landscape and the global push for digital transformation and sustainability will bring 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 actively integrate into and serve the overall national development, proactively align with the 15th Five-Year Plan and other key national strategies including the development of the Guangdong-Hong Kong-Macao Greater Bay Area. The Government is committed to driving high-quality, inclusive growth through innovation and finance. The Government is also attracting capital, enterprises and talent on all fronts; continuously expanding our commercial and trade networks with a view to supporting local and Chinese Mainland enterprises to go global; and pushing ahead with developing the Northern Metropolis, which will be a new engine for Hong Kong's long-term growth.

(Revision date: September 1, 2026)