

# 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- June 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 continued to expand solidly in the second quarter of 2025. Supported by strong exports performance and improved domestic demand, Real Gross Domestic Product (GDP) grew by 3.1% over a year earlier, picking up slightly from the growth of 3.0% in the preceding quarter.
- Hong Kong's total exports of goods saw accelerated year-on-year growth of 11.5% in real terms in the second quarter. Notwithstanding the ongoing uncertainties to global economy and trade brought about by the United States' (US) trade policy, resilient external demand, together with some rush shipments in response to the US' temporary easing of tariff measures, rendered support.
- Exports of services continued to expand notably by 7.5% year-on-year in real terms in the second quarter, thanks to strong growth in inbound tourism, sustained expansion in cross-boundary traffic, and vibrant financial and related business service activities amid the buoyant local stock market.
- Domestically, private consumption resumed moderate growth of 1.9% year-on-year in real terms in the second quarter, showing a turnaround after a year of subdued performance. Meanwhile, overall investment expenditure increased further by 2.8% in real terms over a year earlier.

- The labour market softened somewhat. The seasonally adjusted unemployment rate rose to 3.7% in May to July 2025, higher than the 3.2% in the first quarter. Nevertheless, employment earnings continued to record solid growth in the second quarter.
- Consumer price inflation stayed modest. The underlying Composite Consumer Price Index increased by 1.2% year-on-year for the first seven months of 2025 combined.
- A fiscal deficit of \$80.3 billion (about US\$10.29 billion) was recorded for 2024-25.
- Fiscal reserves stood at \$538.4 billion (about US\$69.02 billion) as at July 31, 2025.

### **Economic outlook**

- Looking ahead, the Hong Kong economy is expected to maintain growth for the rest of 2025. Steady economic growth in Asia, in particular the Mainland, together with the sustained increases in local employment earnings, the robust stock market, and the stabilisation of residential property market will bode well for various sectors of the Hong Kong economy. The Government's various measures to boost consumption, attract investment and diversify markets will also provide further support to the Hong Kong economy.
- The tariff rates of the US stay elevated, and its tariff policy on some commodities remains quite uncertain. The impact of these developments on international trade flows and also the US' inflation and economic activities may surface gradually later this year. Furthermore, the uncertainty surrounding the pace of US interest rate cut will also affect local investment sentiment. Hong Kong's economic growth momentum going forward will, to a certain extent, depend on how these factors evolve.
- The real GDP is forecast to grow by 2% to 3% for 2025 as a whole.
- On the inflation outlook, as pressures from domestic costs and external prices stay broadly in check, overall inflation should remain modest in the near term. The forecasts for the underlying and headline consumer price inflation rates for 2025 are at 1.5% and 1.8% respectively.
- In the medium term, changes in the global landscape will bring new opportunities, and Hong Kong's roles as a "super connector" and a "super value-adder" between the Mainland and the rest of the world will be even more prominent. The "Global South" will continue to be an important driver of global economic growth. In particular, the Mainland is promoting high-quality development through scientific and technological innovation, comprehensively deepening reform, and expanding high-standard opening-up.
- Under "one country, two systems", Hong Kong is the only place where the global advantage and the China advantage come together, and is thus well-positioned to capture the opportunities ahead and achieve high-quality, sustainable growth. The current-term Government has been vigorously expanding economic capacity and enhancing competitiveness, and has 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.

(Revision date: September 2, 2025)