

# 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-January 2026)
- **IPO funds raised: World No. 1** for IPO funds raised among exchanges in 2025 (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 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 demonstrated remarkable resilience and staged a robust growth in 2025. Driven by strong external trade, a rebound in private consumption and accelerated growth in fixed investment, real Gross Domestic Product (GDP) grew by 3.5%, higher than the 2.6% growth in 2024, and marked three consecutive years of expansion.
- Driven by strong demand for electronic-related products, as well as buoyant regional trade flows in Asia, total exports of goods grew markedly by 12.0% in real terms, with particularly notable increases in exports to the Chinese Mainland and the Association of Southeast Asian Nations (ASEAN) markets.
- Exports of services expanded notably by 6.3%, mainly supported by sustained growth in inbound tourism and cross-boundary traffic, as well as vibrant cross-boundary financial service activities.
- Domestically, private consumption expenditure reversed the downward trend starting from the second quarter of 2025, and rose by 1.7% for the whole year. Amid continuing economic expansion and a recovering residential property market, growth in overall investment expenditure accelerated to 4.3%.
- On the labour market, the seasonally adjusted unemployment rate decreased from 3.9% in November 2025 - January 2026 to 3.8% in December 2025 - February 2026. The underemployment rate stood at 1.7%.
- Consumer price inflation stayed modest throughout 2025 and into early 2026. The underlying Composite Consumer Price Index increased by 1.1% in 2025, the same as that in 2024. It increased by 1.6% year-on-year in February 2026.
- A forecast consolidated surplus of \$2.9 billion (about US\$370 million) was recorded for 2025-26.
- Fiscal reserves stood at \$742.2billion (about US\$95.15billion) as at January 31, 2026.

### **Economic outlook**

- The Hong Kong economy is expected to sustain good momentum in 2026, and is forecast to grow by 2.5% to 3.5% for the year as a whole.
- The global economy is expected to grow moderately further, with the Chinese Mainland economy continuing to be a major growth driver. Together with some easing of global trade tensions and sustained trade expansion in Asia driven by investments in artificial intelligence (AI) and other new technologies, total exports of goods should see decent growth. Exports of services will also continue to increase, driven by increasing visitor arrivals and growing demand for financial services.
- Domestically, a stable labour market and rising household incomes will bolster private consumption, while improvement in business sentiment and anticipated interest rate cuts in the United States (U.S.) will support asset market sentiment and investment.
- Nevertheless, external uncertainties, including escalated geopolitical tensions, shifting trade and economic policies of major economies, as well as uncertainty in U.S. interest rate policy, remain and warrant close monitoring.
- Inflation should remain mild this year, though it is expected to be somewhat higher than last year alongside the continued expansion of the local economy. The forecasts for the underlying and headline consumer price inflation rates for 2026 are at 1.7% and 1.8% respectively.

- 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: March 20, 2026)

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**MARCH 2026**