

Market Monitor – Hong Kong

External trade momentum held up in April

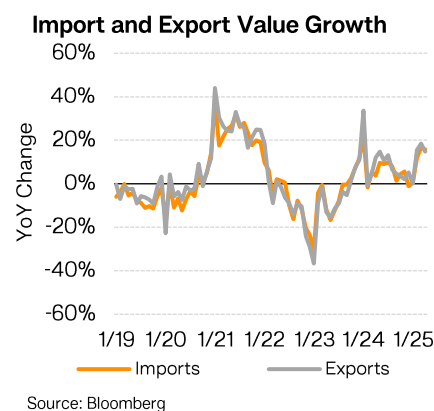


- Hong Kong's merchandise trade continued to grow in April, with exports rising by 14.7% YoY.
- The SAR government announced 30 measures across five key areas to promote the silver economy.
- The stock market rallied strongly in May on easing trade tensions, and the property market showed signs of stabilisation.

External trade held up in April

Hong Kong's merchandise trade continued to grow in April. Goods exports and imports rose by 14.7% year-on-year (YoY) and 15.8%, respectively, in April. Strong export performance was driven by trade with the Mainland and other Asian markets such as Vietnam, Malaysia, and India, while exports to the US slowed from 11.4% YoY growth in March to 1.0% in April, mainly due to a high base effect. Meanwhile, the trade deficit widened to HKD 16.0 billion in April, compared to 10.2 billion in the same period last year, as imports rose faster than exports. In mid-May, China and the US agreed to roll back tariff measures, with the US reducing the additional tariffs from 145% to 30% for 90 days. While recent trade tensions remain volatile, the trade truce is likely to provide a window for exporters to accelerate shipments and support near-term trade performance.

Inbound tourism continued its ongoing recovery. In May, total visitor arrivals jumped by 20.0% YoY to 4.08 million, led by a remarkable increase in inbound tourists during the labour day holidays. Retail sales appeared to find a floor, with YoY declines narrowing from 3.5% in March to 2.3% in April despite the late Easter holidays, which saw more residents travelling abroad and spending less locally.



Economic Research

June 2025

Looking ahead, enhanced tourism offerings, such as the SAR Government's recent plan to develop 9 tourist hotspots featuring industrial brands, mountain peaks, and local neighbourhoods, along with improving sentiments, are poised to support a continued recovery of inbound tourism.

Inflation ticked up in April. Hong Kong's composite price index (CPI) rose by 2.0% year-on-year (YoY) in April, up from 1.4% in March. The uptick was mainly caused by a 2.8% YoY increase in the housing component, which reflected the impact of the lower ceiling of rate concessions in April this year. Excluding the effects of all the Government's one-off relief measures, the underlying composite CPI inflation for April was 1.3% YoY, up from 1.0% in March, due to higher travel-related charges. Going forward, inflation in Hong Kong is expected to rise further, led by the gradual pass-through of the earlier increases in residential rental rates.

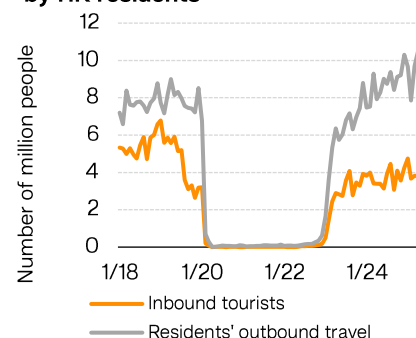
The labour market softened somewhat further. The unemployment rate rose to 3.4% in February-April 2025, up from 3.2% in January-March and the highest since October-December 2022. The number of unemployed persons reached 129,400 for February-April. Higher unemployment rates were seen across sectors, such as in construction, accommodation and food services, financing, and professional and business services. The unemployment rate has been on a gradual rise from a low level of 2.8% in July-September 2023. The softening trend of the labour market warrants close monitoring due to its strong connection to the consumption recovery.

The SAR Government maintained a stable GDP growth forecast for 2025. In mid-May, the SAR Government maintained its GDP growth forecast unchanged at 2%-3% for 2025. The projections for underlying and headline consumer price inflation for 2025 were also unchanged at 1.5% and 1.8%, respectively. In addition, international credit rating agencies have reiterated their confidence in Hong Kong's credit profile. In May, Moody's affirmed Hong Kong's "Aa3" credit rating and upgraded its outlook from "negative" to "stable", while Standard & Poor's upheld Hong Kong's "AA+" credit rating with a "stable" outlook. Both agencies highlighted Hong Kong's sizable fiscal buffers, robust foreign exchange reserves, strong external balance sheet, and high per capita income levels as the key strengths supporting their positive evaluations of Hong Kong's credit profile.

New initiatives to promote the silver economy

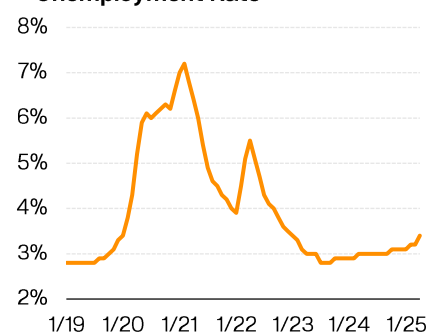
The SAR government rolled out plans to boost the silver economy. On 27th May, the SAR government announced 30 measures to seize development opportunities in the face of an ageing population. The proposal covered five main areas: boosting "silver consumption", developing "silver industry", promoting "quality assurance of silver products", enhancing "silver financial and security arrangements", and unleashing "silver productivity". For the financial sector, there

Inbound tourist vs outbound travel by HK residents



Source: CEIC

Unemployment Rate



Sources: Census and Statistics Department

Economic Research

will be initiatives to promote silver finance, including developing cross-boundary elderly care insurance products, annuity plans, and elderly-friendly banking services guidelines. The SAR government estimated that the spending by elderly aged 60 or above reached HKD 342 billion in 2024, accounting for 10.8% of GDP.

Stock market rallied on trade tension de-escalation

The stock market rallied strongly in May. The Hang Seng Index rose by 5.3% month-on-month (MoM) in May amid positive sentiment driven by the Mainland's easing measures and the US-China trade truce. The initial public offering (IPO) market revived further in May, including the listing of a leading new energy company at HKD 41 billion, marking the world's largest IPO this year. The total IPO proceeds in the first five months of 2025 hit about HKD 77 billion, a notable increase from HKD 9.6 billion raised in the same period last year. Looking ahead, with over 150 companies reportedly in the IPO pipeline, Hong Kong's capital market is likely to remain active in the coming months.

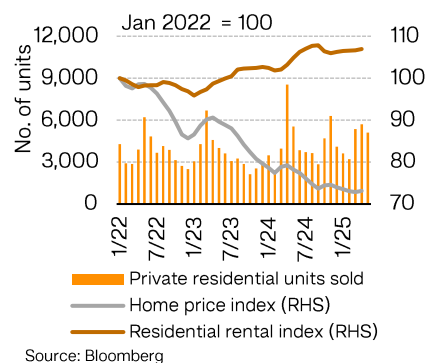
The property market is holding steady. The official residential property price index rose by 0.6% MoM in April, reversing four consecutive months of declines. Additionally, the year-to-date fall in the property price index eased from 1.6% in March to 1.2% in April. The rental rate continued its upward trend, rising by 0.3% MoM in April, supported by sustained demand from incoming talent. Property sales retreated to 5,105 transactions in May. Going ahead, a steady improvement in homebuyer sentiment is set to offer additional stability to the property market.

June 2025

Equity Indices



Private Residential Sales, Price and Rental Rate Indices



Disclaimer

This material is prepared by The Bank of East Asia, Limited ("BEA") for customers' reference only. The content is based on information available to the public and reasonably believed to be reliable, but has not been independently verified. Any projections and opinions contained herein are expressed solely as general market commentary, and do not constitute an offer of securities or investment, nor a solicitation, suggestion, investment advice, or guaranteed return in respect of such an offer. The information, forecasts, and opinions contained herein are as of the date hereof and are subject to change without prior notification, and should not be regarded as any investment product or market recommendations. This material has not been reviewed by the Securities and Futures Commission of Hong Kong, Hong Kong Monetary Authority, or any regulatory authority in Hong Kong.

BEA will update the published research as needed. In addition to certain reports published on a periodic basis, other reports may be published at irregular intervals as appropriate without prior notice.

No representation or warranty, express or implied, is given by or on behalf of BEA, as to the accuracy or completeness of the information and stated returns contained in this material, and no liability is accepted for any loss arising, directly or indirectly, from any use of such information (whether due to infringements or contracts or other aspects). Investment involves risks. The price of investment products may go up or down, and may become valueless. Past performance is not indicative of future performance. The investments mentioned in this material may not be suitable for all investors, and the specific investment objectives or experience, financial situation, or other needs of each recipient are not considered. Therefore, you should not make any investment decisions based solely on this material. You should make investment decisions based on your own investment objectives, investment experience, financial situation, and specific needs; if necessary, you should seek independent professional advice before making any investment.

This material is the property of BEA and is protected by relevant intellectual property laws. Without the prior written consent of BEA, the information herein is not allowed to be copied, transferred, sold, distributed, published, broadcast, circulated, modified, or developed commercially, in either electronic or printed forms, nor through any media platforms that exist now or are developed later.

For more information, please visit our webpage at <https://www.hkbea.com/html/en/bea-about-bea-economic-research.html>. For any enquiries, please contact the Economic Research Department of BEA (email: lerd@hkbea.com/telephone number: (852) 3609-1504/postal address: GPO Box 31, Hong Kong).