

**For Immediate Release**

**BEA Expects Continuous Growth of the Chinese Mainland Economy,  
Catalysing a New Cycle of Economic Expansion in Hong Kong**

**Hong Kong, 20<sup>th</sup> June 2023** — The Bank of East Asia, Limited (“BEA” or the “Bank”) expects both the Chinese Mainland and Hong Kong economies to maintain their momentum for the remainder of 2023, growing at around 6.0% and 5.5% respectively for the full year.

Today, BEA held its 2023 2H Economic and Market Outlook: “New Economic Landscape • New Opportunities” media briefing, during which the Bank’s **Chief Economist, Mr Ricky Choi**, and **Chief Investment Strategist, Mr Frank Lee**, shared their views on the macroeconomic outlook and investment markets.

**Mr Ricky Choi, the Chief Economist at BEA**, said, “The Chinese Mainland economy has staged a notable recovery in Q1 2023, driven by the post-COVID reopening, a rebound of private consumption, and favourable policy support. The consumption and services sector are anticipated to take a lead in sustaining the recovery. Investments in technology and infrastructure will also maintain a steady growth. Altogether, a strengthening domestic demand will drive the revival of the economy and offset the pressure from an uncertain external environment.”

***Chinese Mainland’s Economy:***

- GDP is forecasted to grow by around 6.0% in 2023, with a moderate CPI inflation estimated at 1.5%.
- Domestic demand will remain solid as production and services activities continue to recover. Services consumption will be a key highlight, given the tremendous pent-up demand for sectors such as tourism, entertainment, catering, and transportation services.
- Favourable policy support will continue to boost consumption, confidence, and employment, with further room for targeted fiscal and monetary easing.

Commenting on the Hong Kong economy, Mr Choi said: “Driven by the economic reopening, a resumption of cross-border travel, a strong labour market, improved business sentiment, and the Government’s fiscal measures, Hong Kong’s economy enters a new expansionary cycle with amplifying momentum on multiple fronts. Overall, Hong Kong’s economy is expected to grow substantially in 2023.”

***Hong Kong's Economy:***

- Hong Kong's economy rebounded notably by 2.7% year-on-year in the first quarter of 2023. The strong recovery is driven by a buoyant domestic demand, a rapid rise in inbound tourism, and a revival of private investment.
- GDP is expected to grow at around 5.5% in 2023.
- The unemployment rate is predicted to decline to an average of 2.8% in 2023.
- Given the sustained economic growth, inflationary pressure is expected to go up moderately, with consumer price inflation estimated to be around 2.7% in 2023.
- With an improving market sentiment, it is projected that Hong Kong's residential property prices will rise by around 7.5% in 2023.

***Interest Rate Outlook:***

- Since March 2022, the Fed has cumulatively raised the fed funds rate target range by 500 basis points to 5.00%-5.25%. With sticky inflationary pressure, the Fed is expected to raise rate by at least 25 bps once and keep the interest rate at a high level for an extended period of time.
- During the current tightening cycle, the Hong Kong dollar prime rate rose by a total of 75 basis points, a slower pace than that of the US policy rate. With the US interest rates still facing upward pressure, there is room for increases in rates in Hong Kong.

On the outlook for the investment markets, **Frank Lee, Chief Investment Strategist at BEA**, said, "Chinese Mainland authorities have recently introduced measures to stabilise growth, which will bring support to Hong Kong stocks. For overseas markets, emerging Asian markets are showing promising prospects, while there is a general consensus the risk of the US economy slipping into recession is increasing and funds looking for safe havens will flow from US stocks to US treasuries and gold."

***Investment Markets Outlook:***

- The Hang Seng Index is predicted to test the 22,000 point level in the second half of the year, with a target P/E ratio of 10.5 times.
- Sectors that benefit from the central state-owned enterprises reform are anticipated to outperform, for example, Mainland telecom, banking, power, and infrastructure stocks.
- Emerging Asia economies will benefit from the China-US competition.
- Global stock markets are showing divergent trends, and opportunities and risks coexist in Asian stock markets.
- There is a consensus that the risk of a US economic recession is rising.
- The yields of 1-year US treasuries and other investment-grade bonds are attractive, given that the US is expected to lower interest rates by the end of the year.

**About The Bank of East Asia, Limited**

Incorporated in 1918, The Bank of East Asia, Limited (“BEA”) is a leading Hong Kong-based financial services group listed on The Stock Exchange of Hong Kong, with total consolidated assets of HK\$882.8 billion (US\$113.1 billion) as of 31st December, 2022.

BEA provides a comprehensive range of corporate banking, personal banking, wealth management, and investment services to customers through an extensive network of about 130 outlets covering Hong Kong, the Chinese Mainland, Macau, Taiwan, Southeast Asia, the United Kingdom, and the United States. For more information, please visit [www.hkbea.com](http://www.hkbea.com).

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**Media enquiries:**

Ms Judy Kwan  
Head of Corporate Communications  
The Bank of East Asia, Limited  
Tel.: (852) 3608 5830  
Email: [kwanjtm@hkbea.com](mailto:kwanjtm@hkbea.com)

Mr Mill Seen  
Senior Corporate Communications  
Manager  
The Bank of East Asia, Limited  
Tel: (852) 3608 5829  
Email: [seenmsl@hkbea.com](mailto:seenmsl@hkbea.com)



BEA's Chief Economist, Mr Ricky Choi (left), and Chief Investment Strategist, Mr Frank Lee (right), shared their forecasts at the 2023 2H Economic and Market Outlook: "New Economic Landscape • New Opportunities" media briefing.