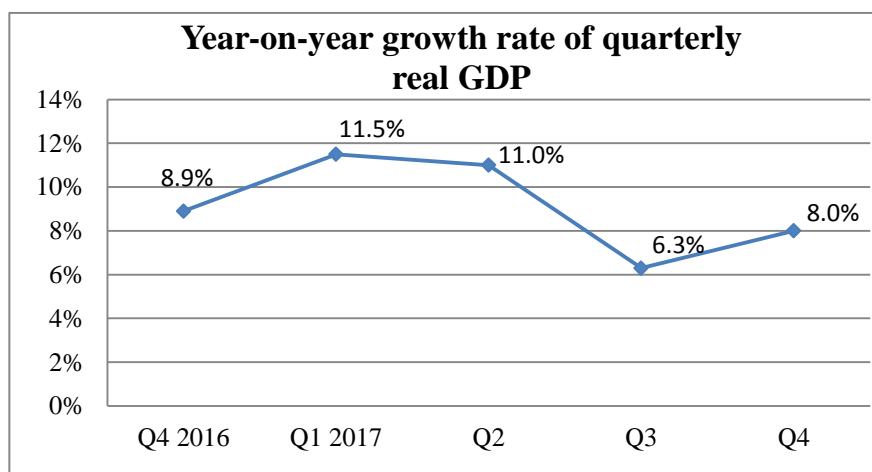


# Economic Outlook of Macao

## 2017

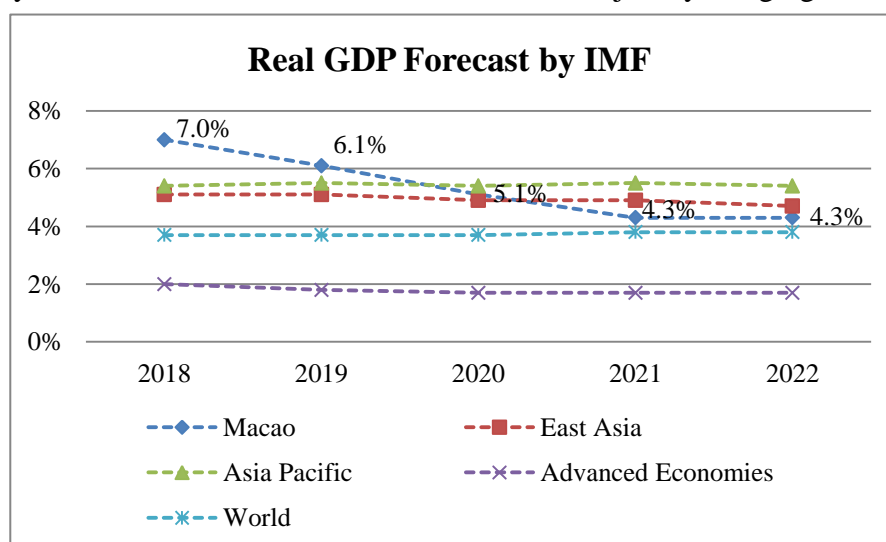
### Overall Economy

The pace of Macao's economic growth accelerated significantly in 2017. Driven by the rapid expansion of external demand, Gross Domestic Product (GDP) reached



MOP404.20 billion<sup>1</sup>, with a growth rate of 9.1%<sup>2</sup> in real terms. Export of services rose by 16.6% year-on-year to MOP307.06 billion, contributing 11.2 percentage points to real economic growth. Private consumption expenditure and government final consumption expenditure registered MOP98.01 billion and MOP39.97 billion respectively, increased by 2.6% and 6.0% year-on-year, contributing 0.4 and 0.2 percentage points to real economic growth. Gross fixed capital formation dropped by 4.8% year-on-year to MOP74.79 billion, dragging down real economic growth by 2.2 percentage points. Merchandise exports rose by 12.4% year-on-year to MOP13.85 billion, contributing 0.4 percentage points to real economic growth. Merchandise imports and services imports expanded by 0.2% and 12.7% year-on-year respectively to MOP92.53 billion and MOP36.85 billion, jointly bringing down real economic growth by 1.0 percentage point.

According to the World Economic Outlook published by the International Monetary Fund (IMF) in October 2017, the

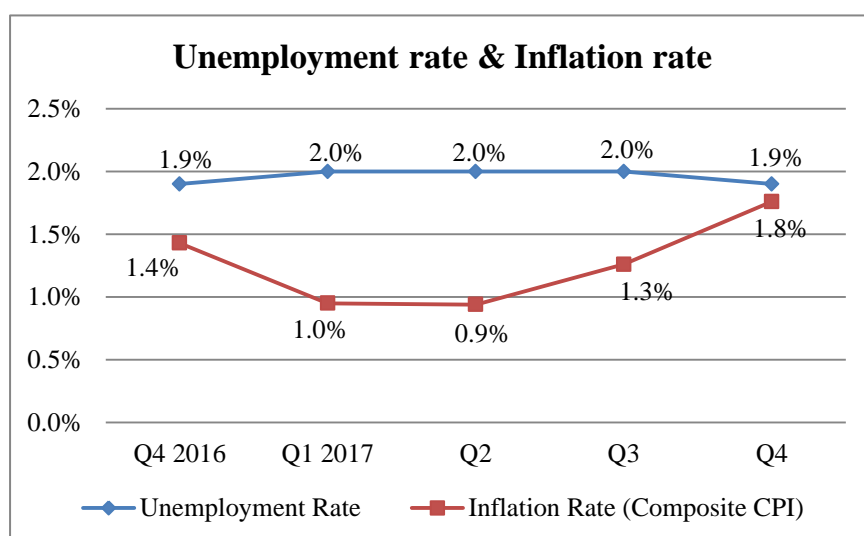


real economic growth of Macao in 2018 is projected at 7.0%, which is higher than the average projection of 1.7% for the group “Advanced Economies in Asia” to which Macao belongs.

### **Employment and Inflation**

The labour market remained stable amid the expansion of the overall economy. In 2017, the labour force totalled 387 thousand, with an employed population of 380 thousand and a labour force participation rate of 70.8%. Unemployment rate was 2.0%, a slight increase of 0.1 percentage points year-on-year, while under-employment rate went slightly down by 0.1 percentage points year-on-year to 0.4%. Median monthly employment earnings of the employed population remained unchanged year-on-year at MOP15,000.

Inflation remained mild with the composite CPI in 2017 rose by 1.2% year-on-year, of which 0.9 percentage points were attributed to charges for eating out and outpatient services, tuition fees and footwear prices.

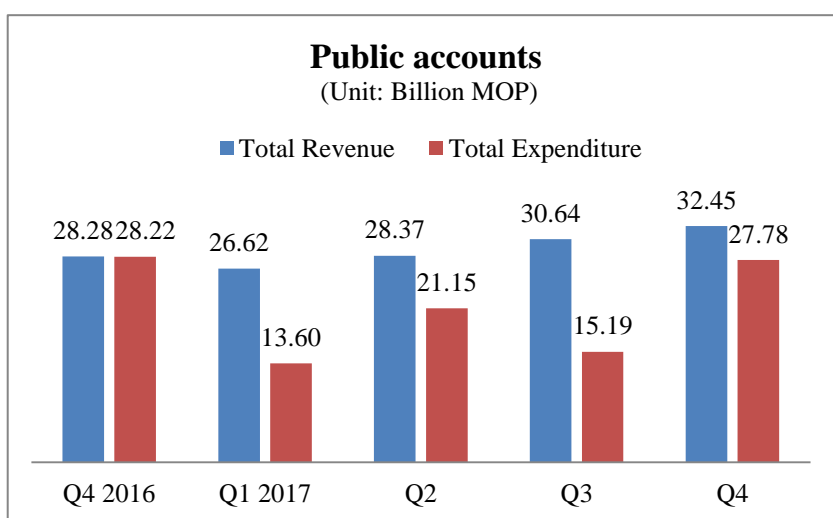


### **Public Finance**

Public finance is sound, with public revenue in 2017 amounted to MOP118.07 billion, up by 15.3% year-on-year, while public expenditure was MOP77.69 billion, down by 3.8% year-on-year. The preliminary estimated fiscal reserve as at the end of December 2017 increased by 11.7% year-on-year to MOP490 billion, composed of the basic reserve of

MOP127.9 billion and the excess reserve of MOP362.1 billion.

In respect of public revenue, direct taxes from gaming concessions rose year-on-year by 18.2% to MOP93.96 billion, accounting for 79.6% of public revenue. Profits tax went up slightly year-on-year by 0.2% to MOP5.4 billion,



taking up 4.6% of public revenue. Stamp duty increased substantially year-on-year by 28.6% to MOP3.08 billion, contributing to 2.6% of public revenue. Salaries tax grew by 10.6% year-on-year to MOP2.37 billion, representing 2.0% of public revenue.

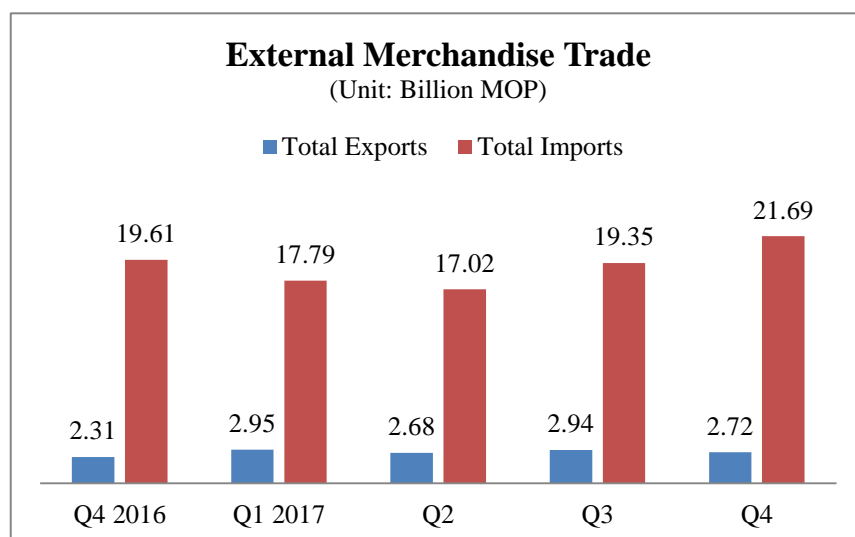
On the public expenditure side, public security expenditure rose year-on-year by 46.3% to MOP10.02 billion, taking up 12.9% of public expenditure. Economic services expenditure expanded year-on-year by 4.8% to MOP8.22 billion, accounting for 10.6% of public expenditure. Education expenditure went up by 9.3% year-on-year to MOP6.66 billion, representing 8.6% of public expenditure. General administrative services expenditure grew year-on-year by 8.4% to MOP6.23 billion, occupying 8.0% of public expenditure. Social security expenditure increased by 5.4% to MOP4.40 billion, capturing 5.7% of public expenditure.

### **External Merchandise Trade**

External merchandise trade experienced a stable development. In respect of merchandise exports, the total value of exports in 2017 rose by 12.3% year-on-year to MOP11.28 billion as driven by the growth of export of machines and apparatus, parts and accessories thereof. On the side of merchandise imports, total value of imports rose by 6.3% year-on-year to MOP75.85 billion following the acceleration of economic growth and steady expansions of visitor expenditure and internal demand. During the period, trade deficit amounted to MOP64.57 billion, down by 5.3% year-on-year. Macao's major trading partners

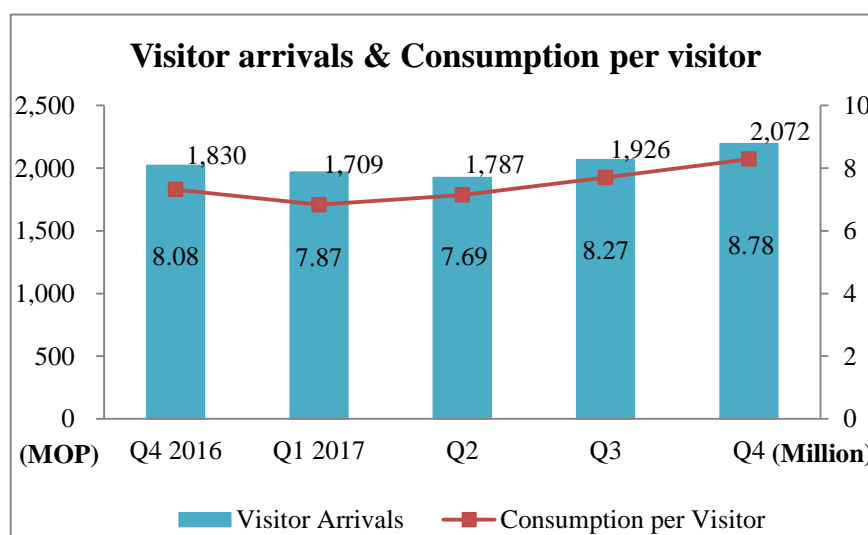
include Mainland China, the European Union, the United States, Hong Kong and so forth.

The total value of merchandise exported under CEPA in 2017 amounted to MOP95.19 million, down by 4.0% year-on-year, with tariffs of MOP5.23 million exempted, which is 0.4% higher than the previous year.



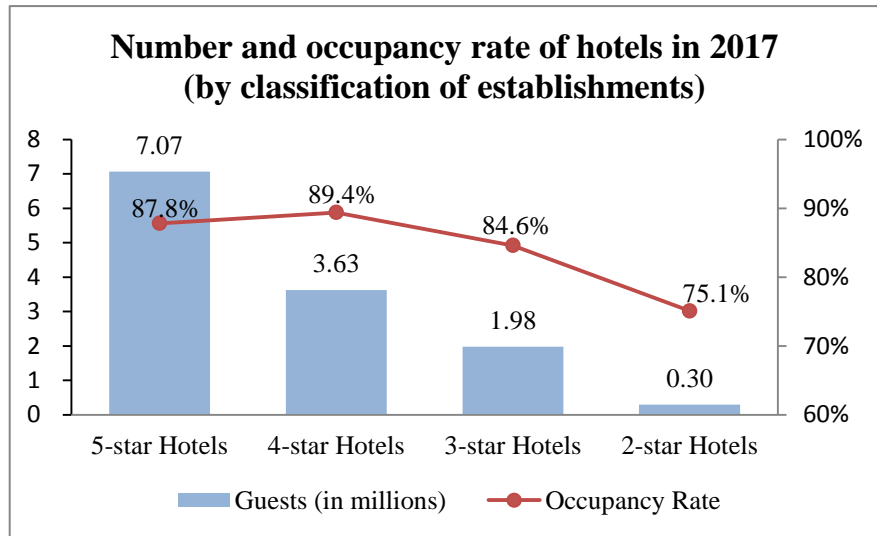
## Tourism and Gaming

The tourism sector remained stable. Total visitor arrivals in 2017 rose by 5.4% year-on-year to 32.61 million. Accounting for 68.1% of total visitor arrivals, visitors from Mainland China went up by 8.5% to



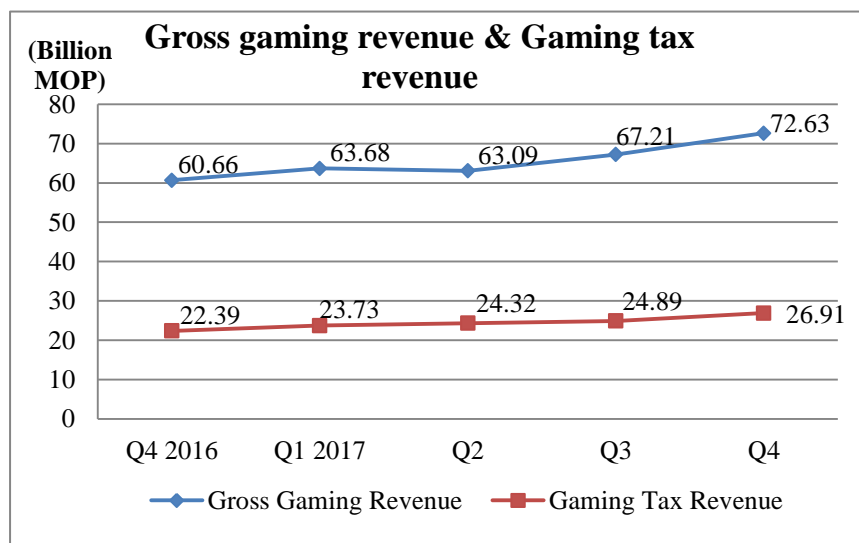
22.20 million, of which 10.62 million travelled to Macao under the Individual Traveller Scheme, increased by 10.8% year-on-year. Visitors from Hong Kong decreased by 4.0% to 6.17 million, accounted for 18.9% of total visitor arrivals. In the fourth quarter of 2017, per capita spending of visitors increased by 13.2% year-on-year to MOP2,072.00.

The hotel sector continued to grow, as the number of hotels as at the end of December 2017 increased by 3 year-on-year to 78, providing 36.5 thousand guest rooms, up by 2.3% year-on-year. Among



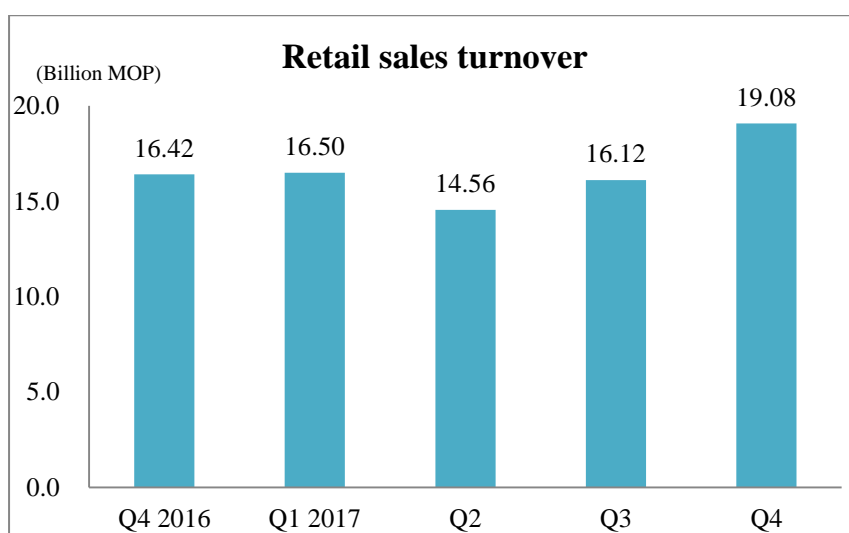
the hotels, 33 were five-star hotels, increased by 1 year-on-year, providing 22.3 thousand guest rooms, an increase of 2.5% year-on-year. Hotel occupancy rate in 2017 was 87.4%, increased by 3.6 percentage points year-on-year. Number of guests amounted to 12.98 million, representing a rise of 9.6% year-on-year. Average length of stay was 1.5 nights, which was 0.1 nights longer year-on-year. The occupancy rate of five-star hotels was 87.8%, up by 4.1 percentage points year-on-year, with number of guests rose by 6.2% year-on-year to 7.07 million and average length of stay increased by 0.1 nights year-on-year to 1.6 nights.

Recovery of gaming services accelerated, with gross gaming revenue in 2017 increased by 19.0% year-on-year to MOP266.61 billion, while tax revenue from gaming rose by 18.3% year-on-year to MOP99.85 billion.



## **Retailing**

Expansion of the retail market sped up as driven by both internal and external demand. Total value of retail sales in 2017 rose by 12.6% year-on-year to MOP 66.26 billion, of which retail sales of watches, clocks and jewellery, goods in department stores, and adults' clothing expanded by 17.0%, 14.9% and 12.0% respectively to MOP14.75 billion, MOP9.88 billion and MOP8.68 billion, whereas retail sales of leather goods increased by 22.4% to MOP7.88 billion.

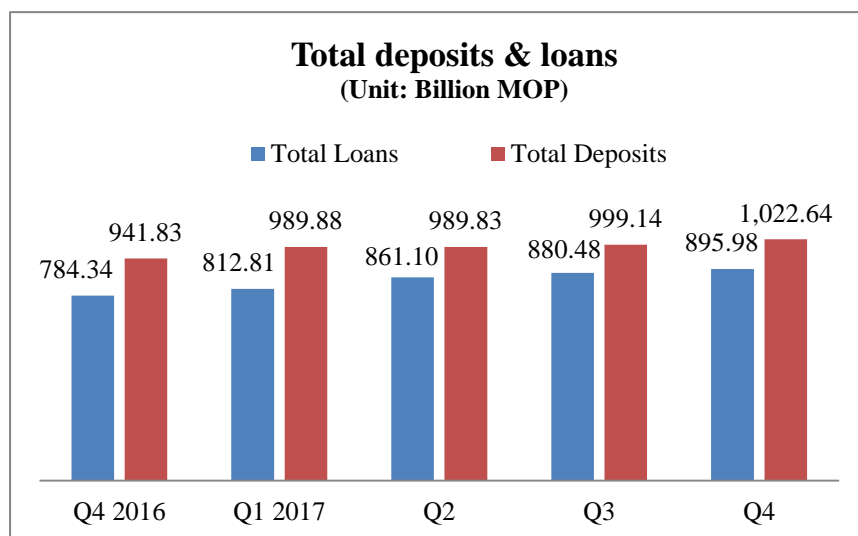


## **Financial Sector**

The financial sector remained stable. The banking profits in 2017 expanded by 3.7% year-on-year to MOP14.81 billion. Total deposits reached MOP1,022.64 billion, up by 8.6%, and total loans valued at MOP895.98 billion, up by 14.2%. Non-performing loans rose by 29.6% year-on-year to MOP2.09 billion; newly-approved housing mortgage loans for the period increased by 1.2% to MOP45.98 billion. Newly-approved commercial real estate loans rose by 6.6% to MOP59.07 billion. Newly-approved small and medium-size enterprise loans grew by 7.9% to MOP25.43 billion.

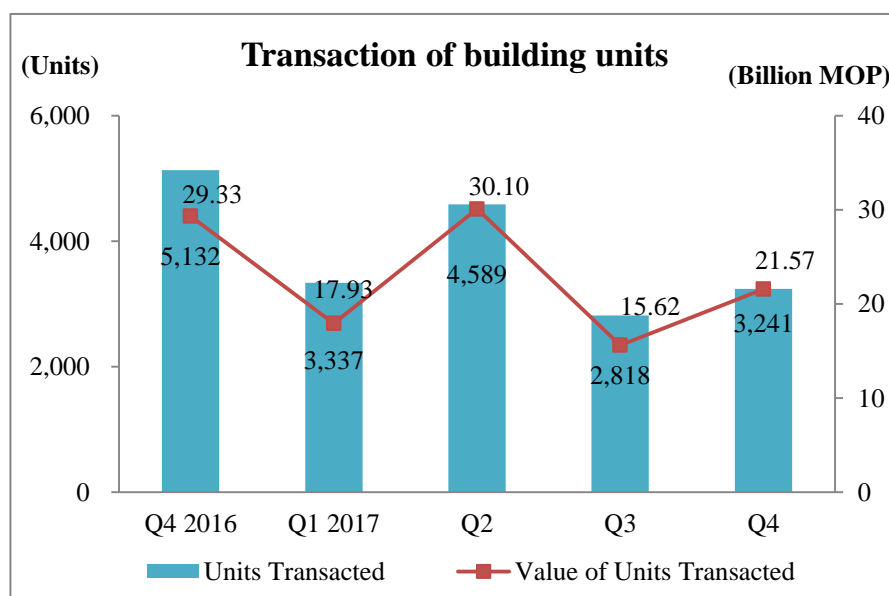
The insurance sector showed a stable development, with gross premium income in 2017 rose by 6.8% year-on-year to MOP21.92 billion, while gross claims paid expanded by 201.4% year-on-year to MOP10.70 billion. Among which, gross premium income of life insurance went up by 6.9% year-on-year to MOP19.64 billion as gross claim paid increased by 32.3% year-on-year to MOP3.73 billion; gross premium income of non-life insurance

expanded by 6.0% year-on-year to MOP2.29 billion, while gross claims paid hiked up by 851.9% year-on-year to MOP6.97 billion.



### Construction and Real Estate Sector

In 2017, gross floor area of newly started private building construction projects declined by 52.7% to 411 thousand m<sup>2</sup>, providing 3,223 units, down by 40.0% year-on-year. During the period, gross floor area of completed

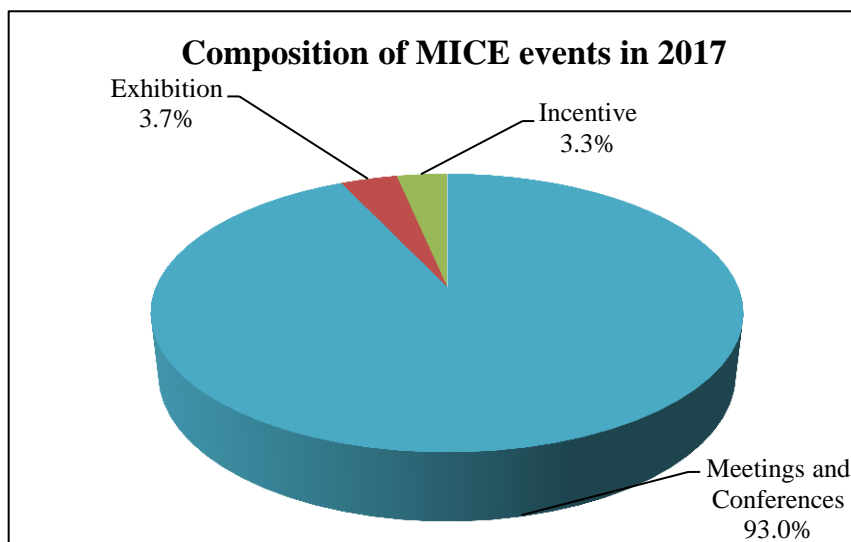


private building construction projects surged by 336.8% to 840 thousand m<sup>2</sup>, and the number of units provided rose sharply by 805.8% to 4,511. Gross area of housing completed grew steeply by 632.1% to 338 thousand m<sup>2</sup>, and number of units provided increased drastically by 968.8% to 4,318. In respect of the real estate market, the total number of units transacted fell by 0.9% to 13,985, yet the total value of transaction rose by 15.0% to MOP85.23 billion. Among all transacted units, the number of residential units went up by 4.0% to 10,581, with

transaction value increased by 18.2% to MOP69.44 billion.

### **Convention and Exhibition**

The development of convention and exhibition sector was stable, with a total of 1,381 MICE events being held in 2017. Among them, 1,285 meetings and conferences were held, up by 90 year-on-year. Number of participants and attendees increased by 39.3% to 245 thousand, and the average duration was 1.6 days. Meanwhile, 51 exhibitions were held during the same period, decreased by 4 year-on-year. Number of participants and attendees increased by 7.2% to 1.61 million, and the average duration was 3.4 days; 45 incentive events were held in 2017, 19 more than the previous year. Number of participants and attendees increased by 5.4% to 48 thousand, and the average duration was 3.0 days.



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1 Unless otherwise specified, the figures of GDP mentioned in this article are evaluated at current prices.

2 Unless otherwise specified, the rates of change mentioned in this article refer to those from 2016 to 2017.

Data Source: Statistics and Census Service, Macao Monetary Authority, Financial Services Bureau, Macao Economic Bureau and IMF.