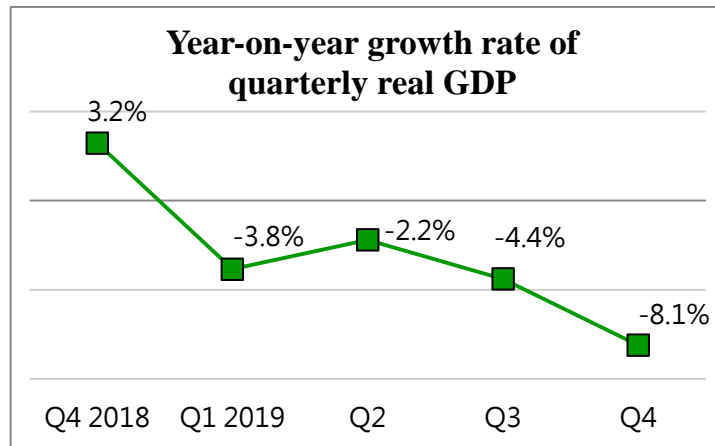


Economic Outlook of Macao

2019

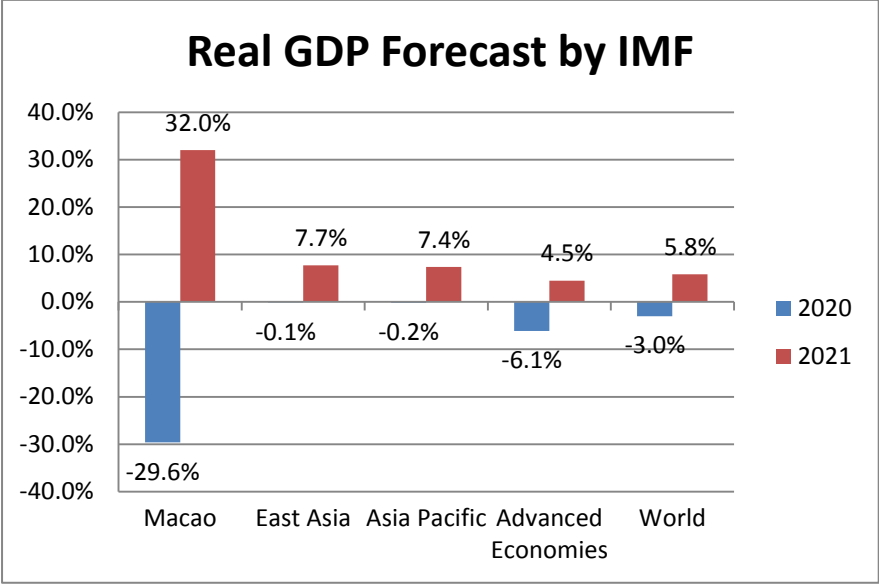
Overall Economy

The economy of Macao was affected by the decline in investment and services exports in 2019 with Gross Domestic Product (GDP) at MOP434.67 billion, which shrank by 4.7% year-on-year



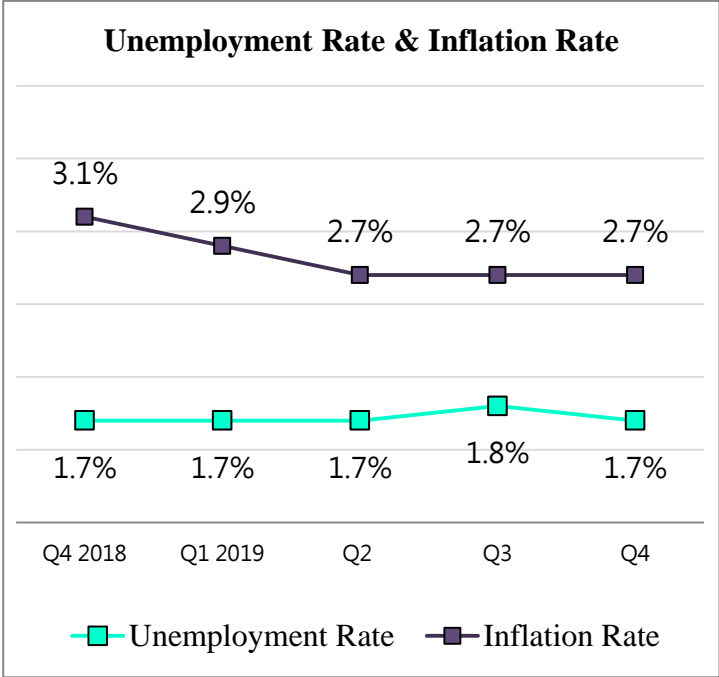
in real terms. While gaming services exports declined by 4.0%, total exports of services reduced by 3.4% to MOP348.39 billion, dragging down the economic growth rate by 2.7 percentage points. Private consumption expenditure and government final consumption expenditure registered at MOP110.22 billion and MOP45.17 billion respectively, increased by 2.9% and 3.9% year-on-year in real terms, contributing 0.7 and 0.4 percentage points to real economic growth. Merchandise exports recorded at MOP14.57 billion, declined by 8.3% year-on-year in real terms, dragging down the economic growth rate by 0.3 percentage points. Gross fixed capital formation dropped by 20.1% year-on-year to MOP59.47 billion, dragging down real economic growth by 3.4 percentage points. Merchandise imports went up by 1.1% to MOP107.89 billion, dragging down real economic growth by 0.3 percentage points; service imports reduced by 8.9% to MOP37.45 billion, contributing 0.8 percentage points to real economic growth.

According to the World Economic Outlook published by the International Monetary Fund (IMF) in April 2020, the Macao economy is projected to contract by 29.6% in 2020, which is lower than the projected of 4.5% contraction rate for the group of Advanced Asian Economies in which Macao belongs to.



Employment and Inflation

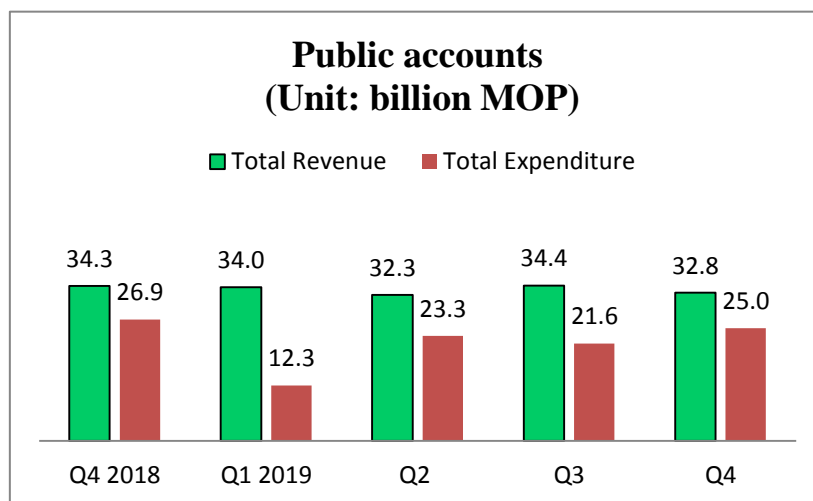
The labour market showed stable performance. In Q4 2019, labour force totalled 395,000, with an employed population of 388,000 and a labour force participation rate of 70.3%. Unemployment rate was 1.7%, dropped by 0.1 percentage point year-on-year and under-employment rate remained at 0.5%. Median monthly employment earnings of the employed population increased by MOP1,000 year-on-year to MOP17,000, while that of the local employed population was MOP20,000.



Inflation in 2019 remained mild with composite CPI rose by 2.75%, down 0.26 percentage point year-on-year, attributable to rising prices on eating out, fresh pork and petrol.

Public Finance

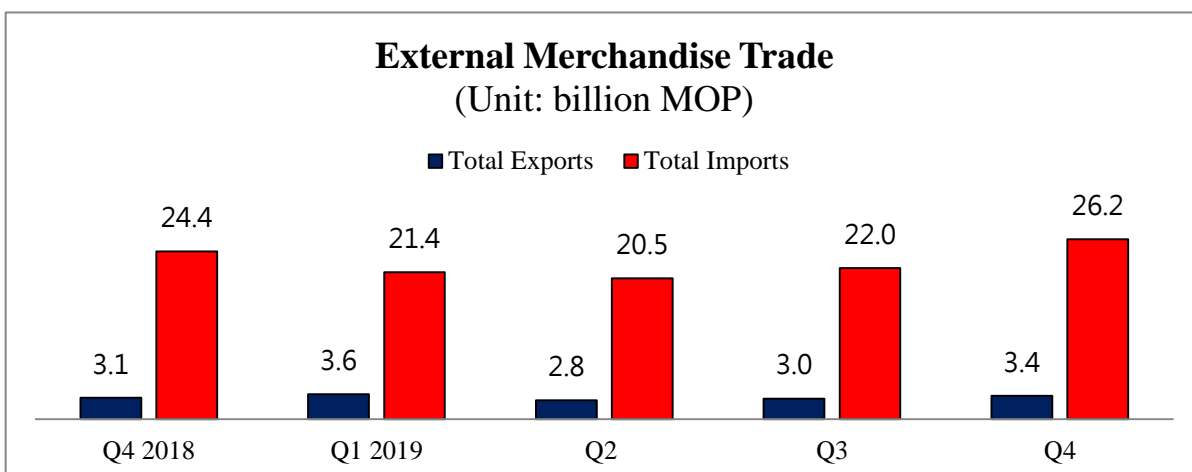
The public finance position is sound, with public revenue in 2019 amounted to MOP133.51 billion, down 0.5% year-on-year; while public expenditure was amounted to MOP82.10 billion, up



2.2% year-on-year. The preliminary estimate of fiscal reserve as at the end of 2019 increased by 13.9% year-on-year to MOP579.40 billion, which was composed of basic reserve of MOP148.89 billion and excess reserve of MOP430.51 billion.

External Merchandise Trade

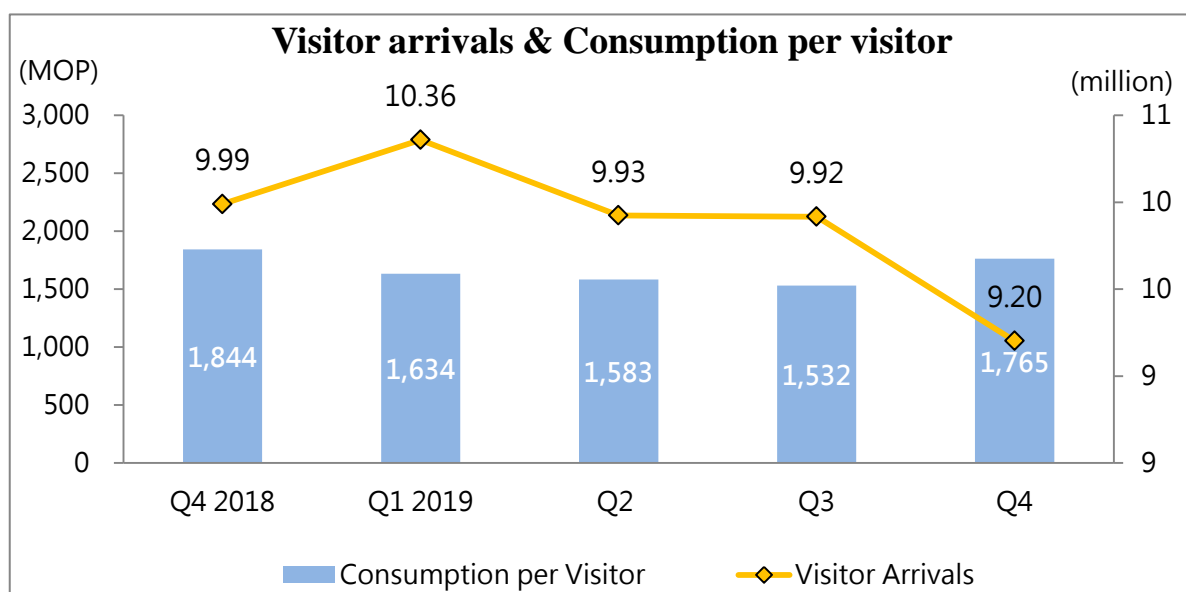
External merchandise trade in 2019 remained stable. The total value of exports rose by 5.0% year-on-year to MOP12.80 billion as export of textiles, garments, diamond jewellery soared and total value of imports rose by 0.6% year-on-year to MOP90.13 billion. During the said period, Macao trade deficit dropped by 0.7% year-on-year to MOP 77.33 billion, and the major trading partners were Mainland China, the European Union, Hong Kong, Switzerland and so forth.



The total value of merchandise exported under CEPA in 2019 amounted to MOP86.74 million, down 9.4% year-on-year with MOP4.77 million of tariffs being exempted, which was 7.2% lower than the same period in previous year.

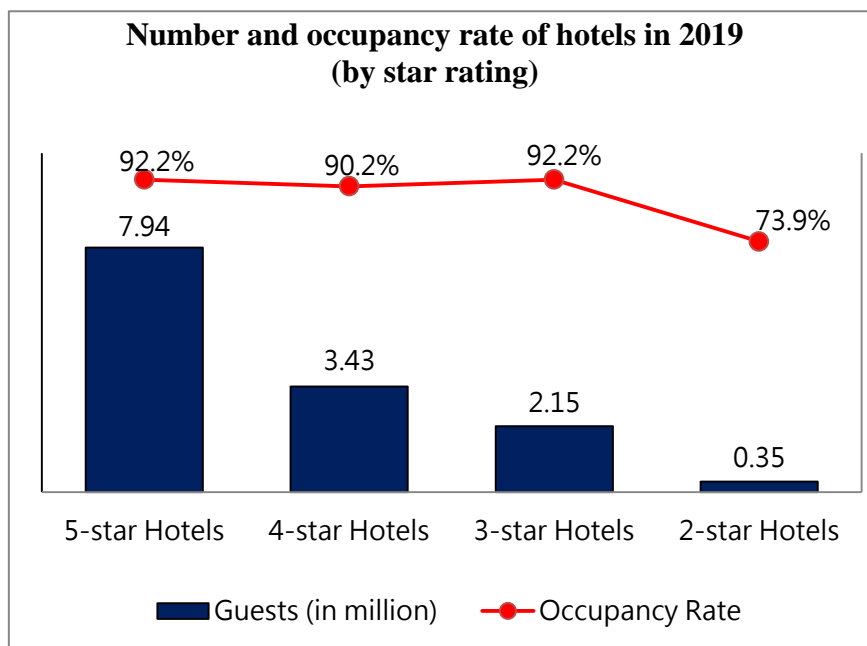
Tourism and Gaming

In 2019, the tourism sector remained resilient with total visitor arrivals rose by 10.1% year-on-year to 39.41 million. Accounting for 70.9% of total visitor arrivals, the number of visitors from Mainland China soared by 10.5% to 27.92 million, among which 13.07 million travelled to Macao under the Individual Traveller Scheme, up 6.6% year-on-year. The number of visitors from Hong Kong increased by 16.2% to 7.35 million, accounted for 18.7% of total visitor arrivals. In Q4 2019, per capita spending of visitors declined by 4.3% year-on-year to MOP1,765.



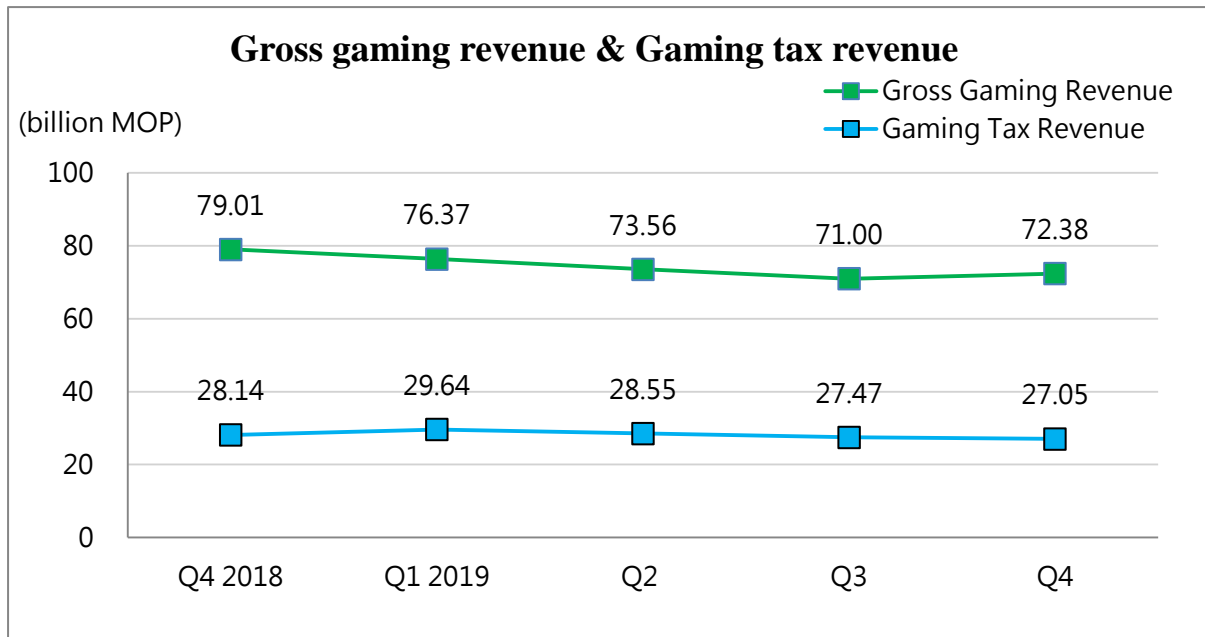
The hotel sector experienced stable development. There were 84 hotels providing 37,000 guest rooms as at the end of December 2019 with 2 being new hotels of the year and the total number of guest rooms decreased by 2.1% year-on-year. Among them, 36 were five-star hotels providing 25,000 guest

rooms with 1 being a new hotel of the year and the number of guest rooms increased by 0.3% year-on-year. Hotel occupancy rate in 2019 was 91.4%, which went down by 0.2 percentage point year-on-year. Total number of room guests was 13.87 million, representing a rise of 0.9% year-on-year with average length of stay of 1.5 nights, which remained flat year-on-year. As for



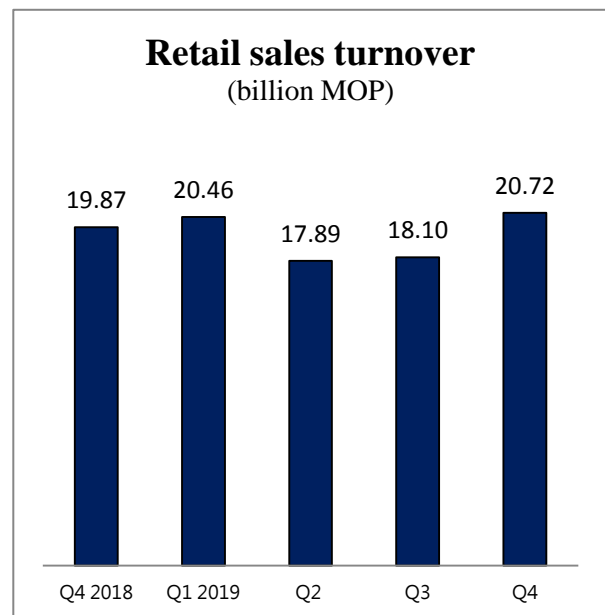
five-star hotels, the occupancy rate in 2019 was 92.2%, down 0.2 percentage points year-on-year; total number of room guests rose by 2.7% year-on-year to 7.94 million and average length of stay of 1.7 nights, which remained flat year-on-year.

Gaming services slackened with gross gaming revenue in 2019 dropped by 3.5% year-on-year to MOP293.31 billion, while tax revenue from gaming dropped by 0.7% year-on-year to MOP112.71 billion.



Retailing

Expansion of the retail market sped down in 2019 with total value of retail sales rose slightly by 0.5% year-on-year to MOP77.18 billion, of which retail sales of watches, clocks and jewellery decreased by 2% to MOP15.85 billion and retail sales of adults' clothing decreased by 12.5% to MOP8.88 billion. Meanwhile, retail sales of goods in department stores rose by 8.2% to MOP13.34 billion, whereas retail sales of leather goods rose by 4.8% to MOP10.28 billion.



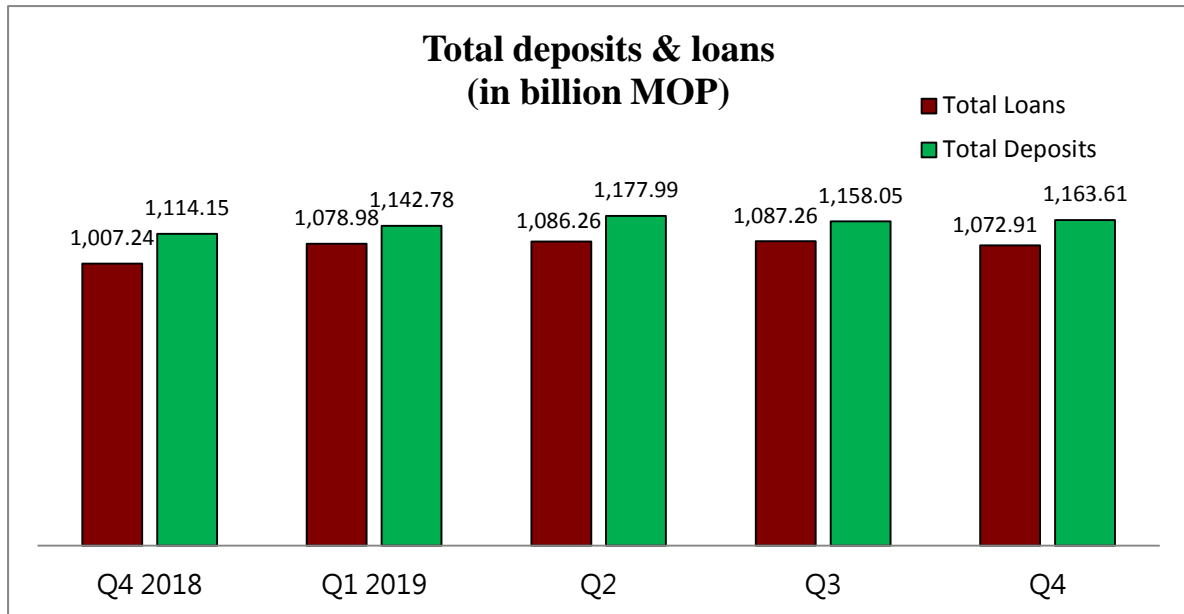
Convention and Exhibition

The number of events in convention and exhibition sector surged in 2019. A total of 1,536 MICE events have been held, despite that a drop in the number of participants and attendees was recorded. Among all MICE activities,

1,459 were meetings and conferences, with 117 events more compared with previous year but the Number of participants and attendees decreased by 1.4% to 292,000 with an average duration of 1.5 days. Meanwhile, 58 exhibitions were held during the same period, with 2 exhibitions less compared with previous year and the number of participants and attendees dropped by 4.3% to 1.69 million with an average duration of 3.4 days. The remaining 19 of the MICE activities were incentive events, which went down by 6 in totals with the number of participants and attendees fell by 60.2% to 22,000 compared with previous year with an average duration of 3.0 days.

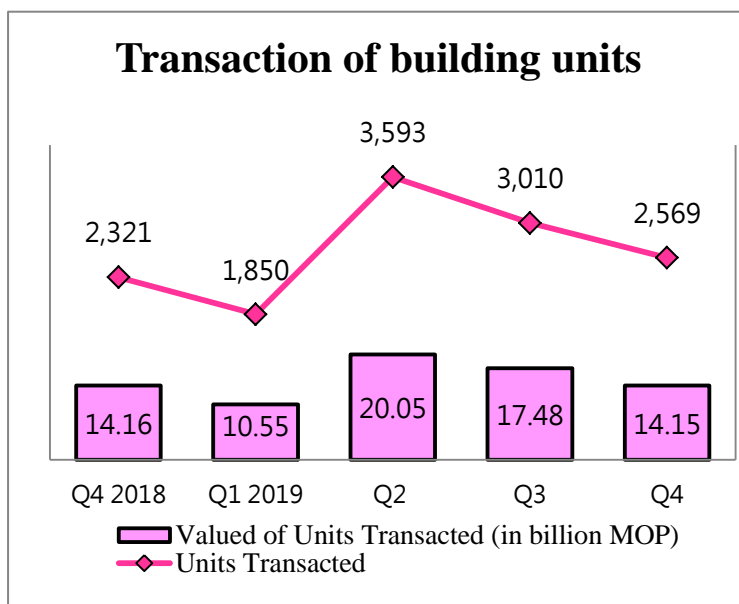
Financial Sector

The financial sector remained stable. The banking profits in 2019 rose by 6.2% year-on-year to MOP17.07 billion. Total deposits reached MOP1,163.61 billion, up 4.4%, and total loans reached MOP1,072.91 billion, up 6.5%; non-performing loans rose by 21.6% year-on-year to MOP2.77 billion. During the period, newly-approved housing mortgage loans decreased by 27.4% to MOP44.65 billion; newly-approved commercial real estate loans went down by 30.9% to MOP50.17 billion; newly-approved small and medium-sized enterprise loans grew by 11.4% to MOP27.02 billion. As for renminbi (RMB) business, total RMB savings reached MOP44.94 billion with a year-on-year increase of 7.3%, while total cross-border RMB settlement amount reached RMB29.27 billion with a year-on-year decrease of 27.2%.



Construction and Real Estate Sector

In 2019, gross floor area of newly started private building construction projects dropped by 23.2% to 442,000 m² providing 396 units, down 76.3% year-on-year. During the period, gross floor area of completed private building construction projects decreased by 63.4% to 474,000 m², and the number of units provided dropped by 29.3% to 3,010. Gross floor area of residential units completed decreased by 35.2% to 298,000 m² with number of units provided down 30.6% to 2,886. In the real estate market, the total number of units transacted went down by 26.9% to 11,022, with the total value of transaction dropped by 30.5% to MOP62.24 billion. Among all transacted units, the number of residential units went down by 23.5% to 8,277, with transaction value fell by 26.5% to MOP51.05 billion.



Remarks

1. Data Source: Statistics and Census Service, Macao Monetary Authority, Financial Services Bureau, Macao Economic Bureau and IMF.
2. Unless otherwise specified, the figures of GDP mentioned in this article are evaluated at current prices.
3. Unless otherwise specified, the rates of change mentioned in this article refer to those from 2018 to 2019.