



Half-yearly Economic Report 2024

Government of the Hong Kong
Special Administrative Region

HALF-YEARLY ECONOMIC REPORT 2024

OFFICE OF THE GOVERNMENT ECONOMIST
FINANCIAL SECRETARY'S OFFICE
GOVERNMENT OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION

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CHAPTER 1 : OVERVIEW OF ECONOMIC PERFORMANCE

Summary

- *The Hong Kong economy continued to record moderate growth in the second quarter of 2024, though the performance of individual segments varied. Real Gross Domestic Product (GDP)⁽¹⁾ grew further by 3.3% over a year earlier. Total exports of goods continued to grow strongly, while exports of services saw decelerated growth. Overall investment expenditure rose further. However, private consumption expenditure turned to a slight decline. On a seasonally adjusted quarter-to-quarter comparison⁽²⁾, real GDP increased by 0.4%.*
- *Hong Kong's total exports of goods continued to grow strongly in the second quarter, supported by the sustained external demand for goods. Exports to the Mainland continued to rise notably. Exports to the US returned to a visible increase, while those to the EU recorded a narrowed decline. Exports to many major Asian markets also showed improvements. Meanwhile, exports of services recorded decelerated growth. Exports of transport services grew further in tandem with increased visitors and regional trade flows. Exports of financial services reverted to an increase. Exports of business and other services continued to grow moderately. Yet, exports of travel services turned to a contraction amid the change in consumption patterns of visitors and the strength of the Hong Kong dollar.*
- *Domestically, private consumption expenditure turned to a slight decline in the second quarter, mainly affected by the changes in the consumption patterns of residents. Meanwhile, overall investment expenditure rose further alongside the overall economic growth.*
- *The labour market stayed tight in the second quarter. The seasonally adjusted unemployment rate stayed low at 3.0%, same as the preceding quarter. The underemployment rate was also low at 1.2%, though slightly higher than the level of 1.1% in the preceding quarter.*
- *The local stock market fared better in the second quarter. As market sentiment improved following the announcement of enhancement measures on mutual access between the capital markets of the Mainland and Hong Kong, the Hang Seng Index (HSI) rose markedly to a near 10-month high of 19 636 on 20 May. Yet, dampened by expectations for delayed US interest rate cuts and concerns about the Mainland's economic recovery momentum, it then retreated and closed the quarter at 17 719 or 7.1% higher than end-March. The residential property market was very active at the beginning of the second quarter following the cancellation of the demand-side management measures (DSMMs) for residential properties, but quietened*

progressively thereafter as pent-up demand faded. Market sentiment turned increasingly cautious during the quarter as the prospect of US interest rate cuts dimmed. Flat prices declined for the quarter as a whole.

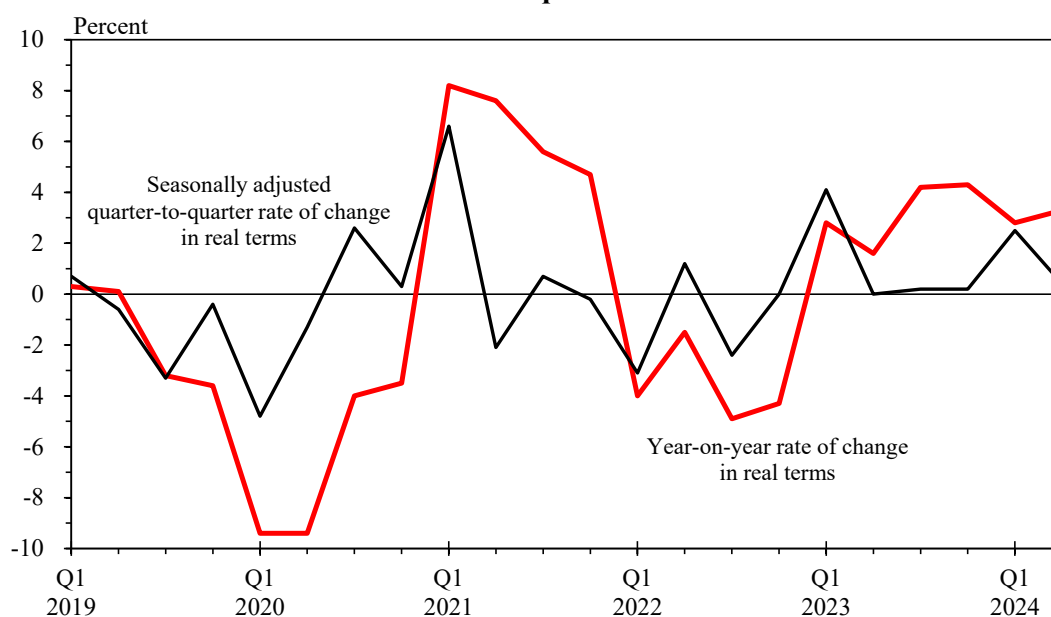
- *Underlying consumer price inflation remained modest in the second quarter. Prices of meals out and takeaway food continued to increase at a relatively fast pace over a year earlier. Increases in private housing rentals remained small. Meanwhile, prices of electricity continued to decrease notably against a high base of comparison. Price pressures on other major components were broadly in check.*

Overall situation

1.1 The Hong Kong economy continued to record moderate growth in the second quarter of 2024, though the performance of individual segments varied. Total exports of goods continued to grow strongly, while exports of services saw decelerated growth. Overall investment expenditure rose further. However, private consumption expenditure turned to a slight decline.

1.2 Real GDP grew by 3.3% year-on-year in the second quarter (same as the advance estimate), having increased by 2.8% in the preceding quarter. On a seasonally adjusted quarter-to-quarter rate of change in real terms, real GDP increased by 0.4% (same as the advance estimate), after a 2.5% increase in the preceding quarter.

Diagram 1.1 : The Hong Kong economy continued to record moderate growth in the second quarter of 2024



The external sector

1.3 *Total exports of goods* based on the GDP compilation framework grew strongly by 7.5% year-on-year in real terms in the second quarter of 2024, after rising by 6.8% in the preceding quarter. The sustained external demand for goods rendered support to export performance. Analysed by major market and by reference to external merchandise trade statistics, exports to the Mainland continued to rise notably in the second quarter over a year earlier. Exports to the US returned to a visible increase, while those to the EU recorded a narrowed decline. Exports to many major Asian markets also showed improvements.

1.4 *Exports of services* recorded decelerated growth of 1.4% year-on-year in real terms in the second quarter, after growing by 9.4% in the preceding quarter. Exports of transport services grew further in tandem with increased visitors and regional trade flows. Exports of financial services reverted to an increase as cross-border financial and fund raising activities showed improvement. Exports of business and other services continued to grow moderately. Meanwhile, exports of travel services turned to a contraction amid the change in consumption patterns of visitors and the strength of the Hong Kong dollar.

**Table 1.1 : Gross Domestic Product, its main expenditure components
and the main price indicators
(year-on-year rate of change (%))**

	<u>2022</u> [#]	<u>2023</u> [#]	<u>Q1</u> [#]	<u>Q2</u> [#]	<u>Q3</u> [#]	<u>Q4</u> [#]	<u>Q1</u> [#]	<u>Q2</u> [#]
			<u>2023</u>		<u>2024</u>			
<i>Change in real terms of GDP and its main expenditure components (%)</i>								
Private consumption Expenditure	-2.2	7.7	13.0 (1.5)	8.4 (3.6)	6.7 (-0.8)	3.5 (-0.7)	1.2 (-0.7)	-1.5 (0.7)
Government consumption expenditure	8.0	-4.3	1.2 (-3.7)	-9.5 (-4.4)	-3.9 (1.8)	-5.2 (1.3)	-2.2 (-0.9)	2.0 (-0.4)
Gross domestic fixed capital formation	-7.4	11.1	8.9	-1.9	21.7	17.5	0.1	6.0
Building and construction	7.4	7.5	0.7	8.0	16.0	6.1	10.6	16.0
Costs of ownership transfer	-43.2	0.2	25.8	-6.0	-15.6	-3.4	-27.6	36.0
Machinery, equipment and intellectual property products	-18.9	20.5	25.4	-17.1	42.0	43.7	-14.2	-21.8
Total exports of goods ^{&}	-14.0	-10.3	-19.1 (0.4)	-15.1 (-0.2)	-8.7 (0.1)	2.8 (3.0)	6.8 (4.0)	7.5 (0.2)
Imports of goods ^{&}	-13.2	-8.6	-14.8 (2.3)	-16.0 (-1.1)	-6.1 (1.3)	3.8 (1.8)	3.3 (1.4)	3.4 (-1.3)
Exports of services ^{&}	-0.5	20.9	15.7 (12.3)	23.4 (5.3)	23.4 (2.0)	21.2 (1.9)	9.4 (-0.2)	1.4 (-2.2)
Imports of services ^{&}	-1.2	25.9	21.1 (12.3)	27.0 (5.9)	28.7 (2.9)	26.7 (3.8)	18.0 (4.3)	12.4 (0.7)
Gross Domestic Product	-3.7	3.3	2.8 (4.1)	1.6 (*)	4.2 (0.2)	4.3 (0.2)	2.8 (2.5)	3.3 (0.4)
<i>Change in the main price indicators (%)</i>								
GDP deflator	1.7	2.8	2.1 (0.8)	2.7 (0.8)	2.4 (1.6)	3.8 (0.6)	3.8 (0.8)	4.2 (1.1)
Composite CPI								
Headline	1.9	2.1	1.9 (0.6)	2.0 (0.2)	1.9 (0.4)	2.6 (1.3)	1.9 (0.1)	1.2 (-0.5)
Underlying[^]	1.7	1.7	1.9 (0.7)	1.7 (0.3)	1.6 (0.3)	1.6 (0.3)	1.0 (*)	1.0 (0.3)
<i>Change in nominal GDP (%)</i>	-2.1	6.1	5.0	4.3	6.7	8.3	6.8	7.6

Notes : Figures are subject to revision later on as more data become available. The seasonally adjusted quarter-to-quarter rate of change is not applicable to gross domestic fixed capital formation, as no clear seasonal pattern is found for this category due to the presence of considerable short-term fluctuations.

(&) Figures are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.

(#) Revised figures.

() Seasonally adjusted quarter-to-quarter rate of change⁽²⁾.

(^) After netting out the effects of the Government's one-off relief measures.

(*) Change within $\pm 0.05\%$.

The domestic sector

1.5 Consumption activities weakened in the second quarter of 2024, mainly affected by the changes in the consumption patterns of residents. After increasing by 1.2% year-on-year in real terms in the preceding quarter, *private consumption expenditure* declined by 1.5% in the second quarter. On a seasonally adjusted quarter-to-quarter basis, private consumption expenditure increased by 0.7%. Meanwhile, *government consumption expenditure* rose by 2.0% year-on-year in the second quarter, after a 2.2% decrease in the preceding quarter.

**Table 1.2 : Consumer spending by major component^(a)
(year-on-year rate of change in real terms (%))**

Of which :

		Total consumer spending in the domestic market ^(a)	<u>Food</u>	<u>Durables</u>	<u>Non- durables</u>	<u>Services</u>	<u>Residents' expenditure abroad</u>	<u>Visitor spending</u>	<u>Private consumption expenditure^(b)</u>
2023	Annual	8.8	0.4	12.1	22.8	6.0	292.1	499.6	7.7
	Q1	14.2	7.2	24.9	32.2	9.5	317.7	485.0	13.0
	Q2	9.6	0.6	23.5	21.3	6.1	411.4	736.5	8.4
	Q3	7.7	-1.3	9.7	21.7	5.3	381.7	740.6	6.7
	Q4	4.6	-4.3	-1.5	18.1	3.4	179.8	300.5	3.5
2024	Q1	0.3	-4.2	-11.8	1.8	2.5	64.7	42.9	1.2
	Q2	-4.2	-6.1	-14.4	-16.4	1.8	29.3	-8.0	-1.5

Notes : (a) Consumer spending in the domestic market comprises both local consumer and visitor spending.

(b) Private consumption expenditure is obtained by deducting visitor spending from total consumer spending in the domestic market, and adding back residents' expenditure abroad.

Diagram 1.2 : Private consumption expenditure turned to a slight decline

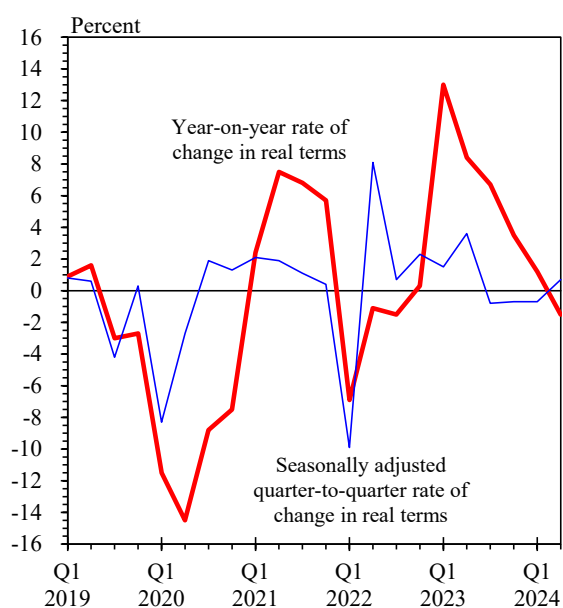
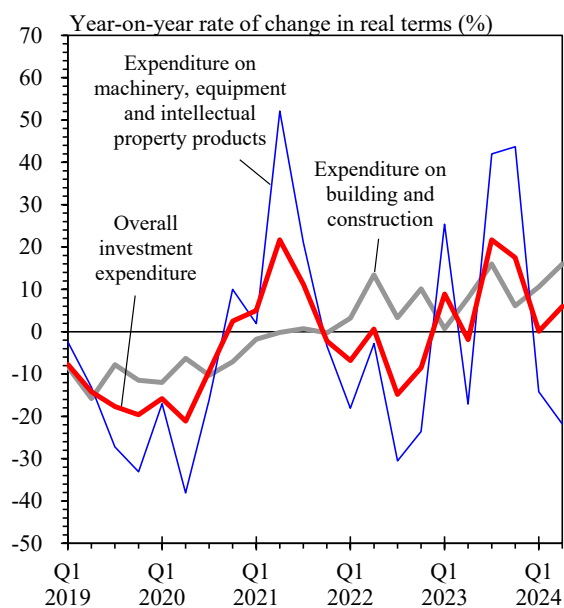


Diagram 1.3 : Overall investment expenditure rose further



1.6 Alongside the overall economic growth, overall investment expenditure in terms of *gross domestic fixed capital formation* rose by 6.0% in real terms in the second quarter over a year earlier, after a 0.1% increase in the preceding quarter. Expenditure on building and construction rose by an accelerated 16.0%, with public sector spending showing particularly strong growth. Expenditure on acquisitions of machinery, equipment and intellectual property products continued to decline by 21.8% amid tight financial conditions and generally weakened business sentiment (see **Box 1.1**). Separately, the costs of ownership transfer rebounded strongly as property transactions increased after the cancellation of all DSMs for residential properties and the adjustments of macroprudential measures.

Box 1.1

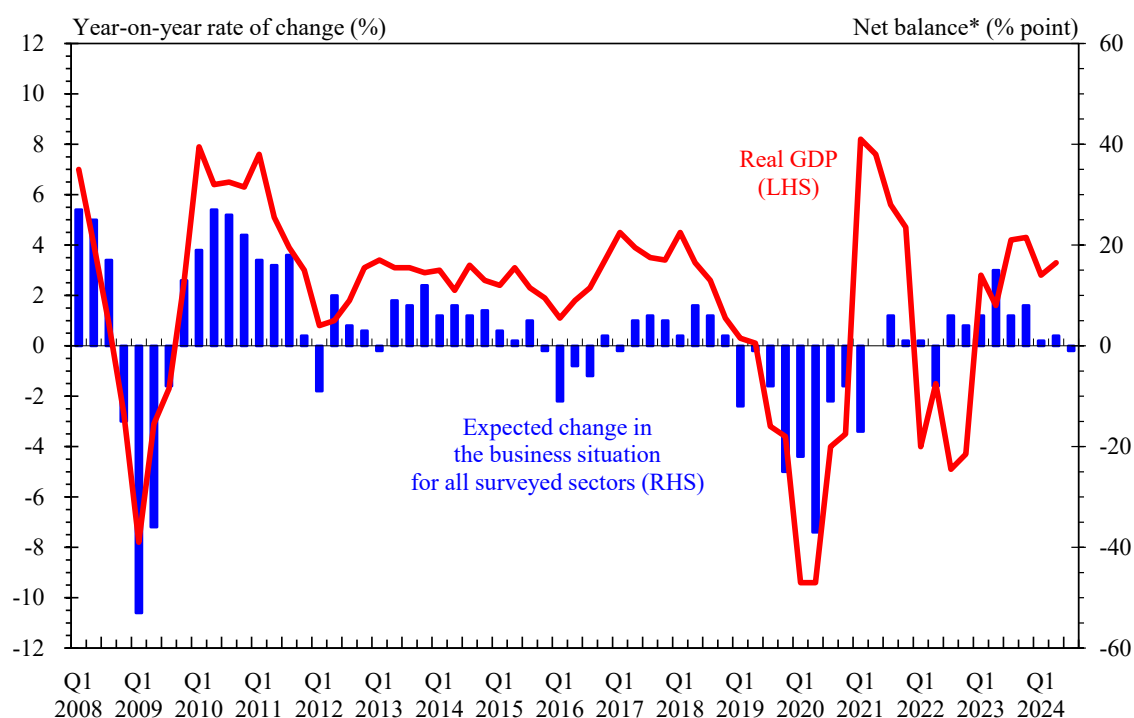
Business sentiment in Hong Kong

This box article gives a general overview of the prevailing business sentiment in Hong Kong, based on results from various surveys that are available in the public domain. Survey results indicate that overall business sentiment in the past few months generally weakened.

According to the results of the Census and Statistics Department (C&SD)'s Quarterly Business Tendency Survey (QBTS)⁽¹⁾ conducted during 1 June 2024 to 8 July 2024, business sentiment among large enterprises in Hong Kong softened slightly in overall terms as compared to three months ago (*Chart 1*). The proportion of large enterprises expecting their business situation to improve in the third quarter of 2024 over the second quarter was less than the proportion of those expecting the situation to worsen by 1 percentage point (i.e. a net balance of -1), down from the net balance of +2 in the previous round.

Business sentiment of large enterprises eased in most sectors (*Table 1*). The net balances of the “accommodation and food services” and “financing and insurance” sectors declined in the positive zone, while that of “real estate” fell to zero. The net balances of “manufacturing”, “transportation, storage and courier services” and “information and communications” dipped into the negative zone, while those of “construction” and “retail” sectors stayed deeply negative. The net balances of “import/export trade and wholesale” and “professional and business services” showed relative improvement within the negative zone. Meanwhile, large enterprises' appetite for hiring stayed largely positive (*Table 2*).

Chart 1 : Business sentiment of large enterprises softened slightly in overall terms



Note : (*) Net balance indicates the direction of expected change in the business situation versus the preceding quarter. It refers to the difference in percentage points between the proportion of establishments choosing “better” over that choosing “worse”. A positive sign indicates a likely upward trend while a negative sign, a likely downward trend.

(1) The Quarterly Business Tendency Survey collected views from around 500-600 large establishments on their near-term business outlook. Respondents were asked to exclude seasonal influences in their responses.

Box 1.1 (Cont'd)

Table 1 : Business sentiment of large enterprises eased in most sectors

QBTS: Expected changes in business situation						
	Net balance* (% point)					
	2023			2024		
	Q2	Q3	Q4	Q1	Q2	Q3
Manufacturing	+36	+20	-2	+2	+8	-2
Construction	+6	+10	+1	-9	-11	-16
Import/export trade and wholesale	+10	+7	+5	-9	-9	-1
Retail	+34	+18	+32	+3	-16	-16
Accommodation and food services	+64	+41	+33	+9	+7	+6
Transportation, storage and courier services	+13	+4	+11	+5	+4	-2
Information and communications	+6	+2	+9	-4	+1	-3
Financing and insurance	+25	+4	+10	+14	+19	+7
Real estate	+13	-2	+6	-6	+8	0
Professional and business services	-4	+5	+1	+1	-9	-3
All sectors above	+15	+6	+8	+1	+2	-1

Note: (*) Net balance indicates the direction of expected change in the business situation versus the preceding quarter. It refers to the difference in percentage points between the proportion of establishments choosing "better" over that choosing "worse". A positive sign indicates a likely upward trend while a negative sign, a likely downward trend.

Table 2 : Hiring sentiment of large enterprises stayed largely positive

QBTS: Expected changes in number of persons engaged						
	Net balance* (% point)					
	2023			2024		
	Q2	Q3	Q4	Q1	Q2	Q3
Manufacturing	+18	+26	+11	+13	+7	+13
Construction	+6	+6	+2	-8	+11	+3
Import/export trade and wholesale	-1	-2	+1	-1	+1	0
Retail	+20	+8	+14	+7	+6	+3
Accommodation and food services	+50	+31	+23	+21	+11	+4
Transportation, storage and courier services	0	+6	+8	+8	+9	+9
Information and communications	-6	-6	-2	-11	-15	-8
Financing and insurance	+13	+8	+10	+10	+12	+7
Real estate	+9	+8	+19	+10	+15	+9
Professional and business services	+7	+4	+6	+6	+5	-3
All sectors above	+11	+8	+9	+6	+7	+3

Note: (*) Net balance indicates the direction of expected change in the number of persons engaged versus the preceding quarter. It refers to the difference in percentage points between the proportion of establishments choosing "up" over that choosing "down". A positive sign indicates a likely upward trend while a negative sign, a likely downward trend.

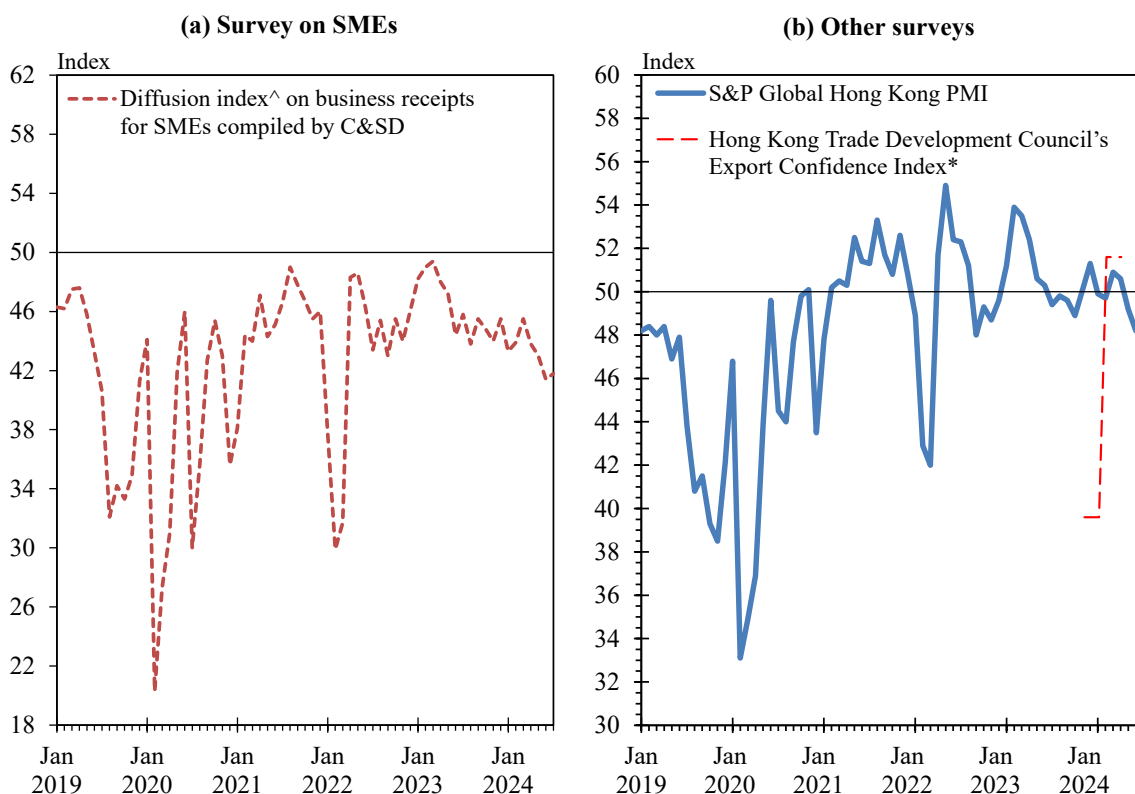
As for small and medium-sized enterprises (SMEs), C&SD compiles a set of diffusion indices on a monthly basis⁽²⁾ to gauge the general direction of change in their views on the business situation versus the preceding month. The overall index on the current situation eased to 43.0 in May and 41.4 in June, before edging up to 41.8 in July (*Chart 2a*). Employment sentiment among SMEs was generally stable in May and June, but softened in July. Meanwhile, credit conditions stayed accommodative.

As for other surveys in the public domain, the S&P Global Purchasing Managers' Index (PMI) of Hong Kong⁽³⁾, which gauges the performance of the private sector's business activity, dipped into the contractionary zone in May and stayed below the boom-bust line in June and July. The Hong Kong Trade Development Council (HKTDC) Export Confidence Index⁽⁴⁾ showed improvement in the current export environment, and stronger confidence among exporters in future export performance. Exporters showed general optimism in export performance in major export markets such as the Mainland, US, EU and the ASEAN. Among the exporters surveyed, the top three challenges to their businesses in the next twelve months were rising transport costs, high capital costs, and exchange-rate fluctuations, currency devaluations in target markets.

(2) It refers to the results from the Monthly Survey on the Business Situation of SMEs that solicits feedback from a panel sample of around 600 SMEs each month.

Box 1.1 (Cont'd)

Chart 2 : Business sentiment indicators generally weakened in the past few months, though confidence among exporters improved



Notes: (^) The diffusion index is computed by adding the percentage of SMEs reporting “up” to one half of the percentage of SMEs reporting “same”. A diffusion index reading above 50 indicates that the business condition is generally favourable, whereas an index below 50 indicates otherwise. Respondents were asked to exclude seasonal effects in reporting their views.

(*) Quarterly data since 2024 Q1. A reading above 50 indicates an upward trend and an optimistic outlook, while a reading below 50 indicates a downward trend and a pessimistic outlook.

It is worth noting that these surveys are essentially opinion-based, thereby unavoidably subject to various limitations (e.g. results are not directly comparable) and hence the results should be interpreted with care. These survey findings taken together suggest that overall business sentiment in the past few months generally weakened. Looking ahead, while uncertainties surrounding the global economy will affect business sentiment, the Central Government’s various measures that benefit Hong Kong and continued growth of the local economy should provide support.

(3) According to the press release by S&P Global, the S&P Global Hong Kong PMI is compiled according to monthly replies to questionnaires sent to purchasing managers in around 400 private sector companies. It is a composite index based on five individual indices with the following weights: New Orders (30%); Output (25%); Employment (20%); Suppliers’ Delivery Times (15%); and Stocks of Purchases (10%), with the Suppliers’ Delivery Times index inverted so that it moves in a comparable direction. Survey responses reflect the change, if any, in the prevailing month compared to the previous month.

(4) The HKTDC Export Confidence Index aims to gauge the prospects of the near-term export performance of Hong Kong traders. It is a composite index based on five individual sub-indices with the following weight: Sales and New Orders (50.0%); Trade Value (12.5%); Cost (12.5%); Procurement (12.5%); and Inventory (12.5%), with the Cost index and Inventory index inverted so that they move in comparable direction. The business confidence survey is conducted on a quarterly basis, with more than 500 participating Hong Kong traders from six major industry sectors interviewed, namely electronics, clothing, toys, jewellery, timepieces and equipment/materials.

The labour sector

1.7 The labour market stayed tight in the second quarter of 2024. The seasonally adjusted *unemployment rate* stayed low at 3.0% in the second quarter, same as the preceding quarter. The *underemployment rate* was also low at 1.2%, though slightly higher than the level of 1.1% in the preceding quarter. The unemployment rates of major sectors were generally low in the second quarter, though showing diverse movements compared with the preceding quarter. Wages and labour earnings continued to attain decent increases in the first quarter over a year earlier. More recent General Household Survey data indicated that employment earnings continued to record solid growth in the second quarter over a year earlier.

The asset markets

1.8 The *local stock market* fared better in the second quarter of 2024. Market sentiment improved following the announcement of enhancement measures on mutual access between the capital markets of the Mainland and Hong Kong in late April. The HSI rose markedly to 19 636 on 20 May, the highest in almost 10 months. Yet, dampened by expectations for delayed US interest rate cuts and concerns about the Mainland's economic recovery momentum, the HSI then retreated and closed the quarter at 17 719 or 7.1% higher than end-March. Trading activities picked up further. The average daily turnover rose by 22.4% over the preceding quarter or 18.2% over a year earlier to \$121.6 billion. Fund raising activities revived somewhat.

1.9 The *residential property market* was very active at the beginning of the second quarter following the cancellation of the DSMMs for residential properties, but quietened progressively thereafter as pent-up demand faded. Market sentiment turned increasingly cautious during the quarter as the prospect of US interest rate cuts dimmed. Flat prices declined for the quarter as a whole, and many developers adopted a conservative pricing strategy when launching new projects. The number of transactions, in terms of the total number of sale and purchase agreements for residential property received by the Land Registry, surged to 8 551 in April, the highest level since October 2012, and then fell to 5 546 in May and 3 856 in June. There were in total 17 953 sale and purchase agreements received in the second quarter, up by 83% over the preceding quarter or 47% over a year earlier. Overall flat prices recorded a 2% decline during the second quarter, with the small increase in April more than offset by the decreases in May and June. The index of home purchase affordability was virtually unchanged at around 65% in the second quarter, and it remained above the

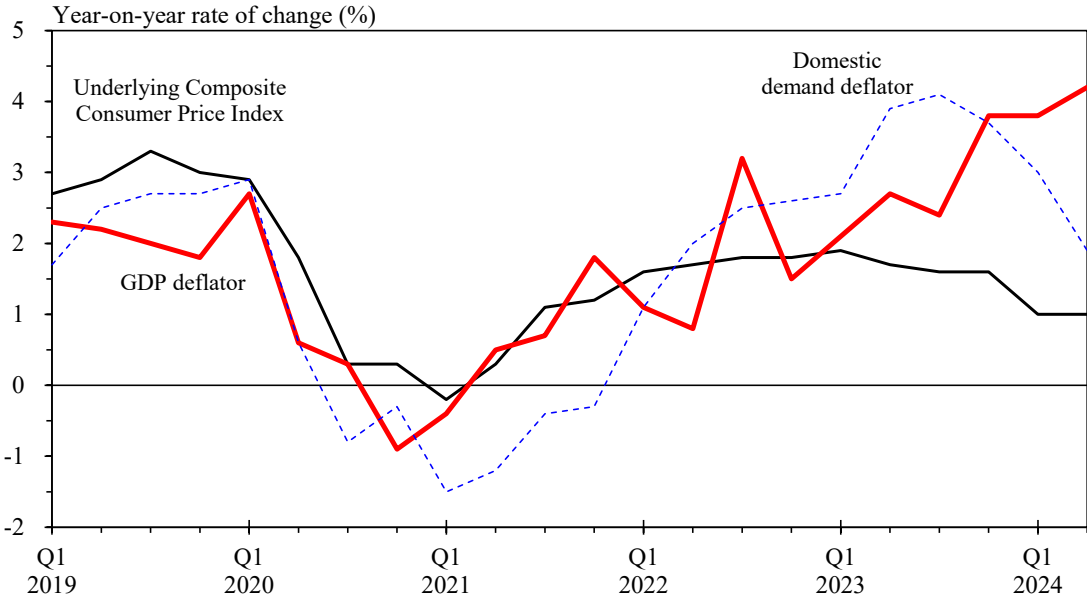
long-term average of 54% over 2004-2023. Meanwhile, overall flat rentals rose by 2% during the second quarter. The *non-residential property market* remained sluggish. Despite some rebound from the low levels in the preceding quarter, trading activities for all major market segments stayed generally subdued. Prices and rentals fell further.

Inflation

1.10 Underlying consumer price inflation remained modest in the second quarter of 2024. Prices of meals out and takeaway food continued to increase at a relatively fast pace over a year earlier. Increases in private housing rentals remained small. Meanwhile, prices of electricity continued to decrease notably against a high base of comparison. Price pressures on other major components were broadly in check. Netting out the effects of the Government's one-off relief measures, the *underlying Composite Consumer Price Index (Composite CPI)* rose by 1.0% year-on-year in the second quarter, same as that in the preceding quarter. Domestic business cost pressures remained largely contained. Nominal wages continued to record moderate growth, while commercial rentals stayed soft. External price pressures eased for most end-use categories. Meanwhile, *headline Composite CPI* rose by 1.2% in the second quarter, compared with a 1.9% increase in the preceding quarter. The headline inflation rate was higher than its underlying counterpart in the second quarter, mainly due to the decrease in electricity charges subsidy provided by the Government during the quarter compared to the same period last year.

1.11 As a broad measure of the overall change in prices in the economy, the *GDP deflator* rose further by 4.2% year-on-year in the second quarter, after increasing by 3.8% in the preceding quarter. The *terms of trade* increased further by 1.2%. Taking out the external trade components, the domestic demand deflator increased by 1.9% over a year earlier in the second quarter, after rising by 3.0% in the preceding quarter.

Diagram 1.4 : Underlying consumer inflation remained modest in the second quarter of 2024



Note : The year-on-year rates of change of the Composite Consumer Price Index from the fourth quarter of 2020 onwards are computed from the new 2019/20-based series, and those before are from the old 2014/15-based series.

GDP by major economic sector

1.12 The net output of the services sector increased further by 3.1% in real terms in the first quarter of 2024, after increasing by 5.3% in the preceding quarter and 3.7% for 2023 as a whole. The net outputs of many major service sectors continued to grow, albeit at a moderated pace. The net output of transportation and storage registered double-digit year-on-year growth alongside the recovery of handling capacity, while those of public administration, social and personal services, import and export trade, real estate, information and communications, accommodation and food services, and professional and business services recorded mild increases. Meanwhile, net outputs of financing and insurance, as well as postal and courier services saw narrowed declines. However, the net output of the wholesale and retail trades turned to a decline. As for the secondary sector, the net outputs of the manufacturing sector and the construction sector continued to increase.

**Table 1.3 : GDP by economic activity^(a)
(year-on-year rate of change in real terms (%))**

	<u>2023</u>	<u>2023</u>			<u>2024</u>	
		<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>
Manufacturing	3.7	3.8	2.7	4.3	4.1	1.8
Construction	5.6	-0.3	6.6	13.5	3.8	9.2
Services ^(b)	3.7	3.4	1.7	4.2	5.3	3.1
Import/export, wholesale and retail trades	-0.4	-7.1	-3.6	1.5	6.5	0.9
Import and export trade	-4.4	-12.8	-7.5	-1.8	4.3	2.2
Wholesale and retail trades	26.0	43.6	22.4	24.5	19.8	-6.2
Accommodation and food services	29.3	83.9	22.8	18.4	14.6	0.9
Transportation, storage, postal and courier services	30.2	30.3	26.8	31.4	31.8	19.5
Transportation and storage	32.8	33.0	29.5	33.4	34.6	20.4
Postal and courier services	-17.7	-15.7	-19.5	-16.8	-18.9	-6.5
Information and communications	1.0	0.4	-0.4	1.8	2.1	2.2
Financing and insurance	-1.6	-2.2	-2.6	-0.2	-1.4	-0.5
Real estate, professional and business services	2.6	5.5	-0.8	2.8	2.7	1.2
Real estate	6.6	11.5	1.7	8.0	5.0	1.9
Professional and business services	0.2	2.0	-2.5	-0.2	1.2	0.7
Public administration, social and personal services	3.6	5.7	2.4	2.9	3.6	3.1

Notes : Figures are subject to revision later on as more data become available.

- (a) The GDP figures shown in this table are compiled from the production approach, while those shown in Table 1.1 are compiled from the expenditure approach. For details, see Note (1) to this chapter.
- (b) In the context of value-added contribution to GDP, the services sectors include ownership of premises as well, which is analytically a service activity.

Other economic developments

1.13 In May the Government announced the calendar of mega events in Hong Kong for the second half of 2024, featuring more than 100 mega events and bringing the total number of mega events to at least 210 for the whole year. These mega events are expected to attract more tourists and stimulate local consumer sentiment, thereby generating business opportunities for tourism, hotel, catering, retail and other sectors. These mega events, coupled with the Central Government's recently announced measures benefitting Hong Kong, including the further enhanced Individual Visit Scheme and the increase of duty-free allowance for luggage articles for Mainland resident visitors, are expected to have a synergy effect in boosting various sectors.

1.14 In the *World Competitiveness Yearbook 2024* published by the International Institute for Management Development, Hong Kong's ranking improved by two places to fifth globally. Among the four competitiveness factors, Hong Kong's rankings in "Business efficiency" and "Infrastructure" rose notably and came within the top 10 globally. Our ranking in "Government efficiency" stayed high among the top three. Our ranking in "Economic performance" also saw significant improvement, reflecting the economic recovery in 2023. The Government is vigorously attracting enterprises, capital and talent from around the world to come to Hong Kong, proactively driving the development of areas including financial services, innovation and technology, and trade where Hong Kong enjoys an edge, and embracing green transformation and digital economy development, so as to expedite the formation of new quality productive forces and spearhead the high-quality development of our economy in the medium to long run. Work in these areas is being implemented steadily and has made good progress.

Notes :

- (1) The Gross Domestic Product (GDP) is an overall measure of net output produced within an economy in a specified period, such as a calendar year or a quarter, before deducting the consumption of fixed capital. In accordance with the expenditure approach to its estimation, GDP is compiled as total final expenditures on goods and services (including private consumption expenditure, government consumption expenditure, gross domestic fixed capital formation, changes in inventories, and exports of goods and services), less imports of goods and services.
- (2) The seasonally adjusted quarter-to-quarter GDP series, by removing the variations that occur at about the same time and in about the same magnitude each year, provides another perspective for discerning the trend, particularly in regard to turning points. A detailed examination reveals the presence of seasonality in the overall GDP and in some of its main components, including private consumption expenditure, government consumption expenditure, exports of goods, imports of goods, exports of services, and imports of services. However, due to the presence of considerable short-term fluctuations, no clear seasonal pattern is found in gross domestic fixed capital formation. Therefore, the seasonally adjusted series of GDP is compiled separately at the overall level, rather than summing up from its main components.

CHAPTER 2 : THE EXTERNAL SECTOR

Summary

- *Global economic growth generally sustained in the second quarter of 2024. The Mainland economy maintained steady growth. The US economy expanded further on the back of strong domestic demand, and the euro area economy continued to record mild growth. In July, the International Monetary Fund (IMF) kept its forecast for this year's global economic growth at 3.2%⁽¹⁾.*
- *Hong Kong's merchandise exports continued to grow strongly by 8.1% year-on-year in real terms⁽²⁾ in the second quarter, supported by the sustained external demand for goods. Exports to the Mainland continued to rise notably. Exports to the US returned to a visible increase, while those to the EU recorded a narrowed decline. Exports to many major Asian markets also showed improvements.*
- *Exports of services recorded decelerated growth of 1.4% year-on-year in real terms in the second quarter. Exports of transport services grew further in tandem with increased visitors and regional trade flows. Exports of financial services reverted to an increase. Exports of business and other services continued to grow moderately. Meanwhile, exports of travel services turned to a contraction amid the change in consumption patterns of visitors and the strength of the Hong Kong dollar.*
- *The Government continued to strengthen Hong Kong's economic links with overseas economies and the Mainland. In July, the negotiations for the Free Trade Agreement (FTA) between Hong Kong and Peru were fully concluded. In June, the Ministry of Commerce and the Hong Kong Special Administrative Region (HKSAR) Government substantially concluded the consultations for further liberalisation of trade in services under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA). The Chief Executive and Financial Secretary visited various overseas economies to strengthen economic and trade relations and investment cooperation.*

Merchandise trade

External environment

2.1 Global economic growth generally sustained in the second quarter of 2024 while interest rates in the advanced economies stayed high. The Mainland economy expanded steadily, though the pace moderated slightly. The US economy grew further on the back of strong domestic demand, and the Federal Reserve (Fed) kept the target range for the federal funds rate unchanged during the quarter. The euro area economy continued to record mild growth. In July, the IMF forecast that the global economy would grow by 3.2% in 2024, same as its April forecast. Yet it highlighted downside risks to the global economic outlook, including possibly higher inflation stemming from a lack of progress on services disinflation and renewed trade or geopolitical tensions, prospects of higher-for-even-longer interest rates which in turn increases external, fiscal and financial risks, potential for significant swings in economic policy as a result of elections this year, and trade tariffs generating damaging cross-border spillovers and triggering retaliation.

2.2 Meanwhile, trade conflicts escalated. In May, the US announced its plan to impose additional tariffs on US\$18 billion worth of imports from the Mainland. In June, the EU announced tariff measures against imports of electric vehicles from the Mainland.

2.3 The Mainland economy expanded by 4.7% year-on-year in the second quarter, though moderating somewhat from 5.3% in the first quarter. For the first half as a whole, the growth rate was 5.0%. The authorities have strengthened policy support to bolster domestic demand and market confidence. Among others, a number of large-scale equipment upgrades and consumer goods trade-in programmes were introduced to stimulate demand. To boost the property market, the authorities further eased buying restrictions, and rolled out optimised policies such as removing mortgage rate floors for first- and second-home buyers (except for some first-tier cities) and lowering the relevant minimum down payment ratios. In addition, the People's Bank of China (PBoC) introduced a RMB 300 billion relending facility to support state-owned enterprises in providing affordable housing by acquiring unsold properties, and relevant works had kicked off in different provinces and cities. The PBoC also lowered benchmark policy interest rates by 10-20 basis points in late July, which will be conducive to the recovery of domestic demand. At the third plenary session of the 20th Central Committee of the Communist Party of China, a resolution on further deepening reform comprehensively to advance Chinese

modernisation was adopted. The resolution put forward more than 300 important reform tasks targeting for completion by 2029.

2.4 As regards the advanced economies, the US economy posted accelerated annualised growth of 2.8% in the second quarter on a seasonally-adjusted quarter-to-quarter basis. Domestic demand remained strong, and imports of goods grew further. The disinflation trend in the US stalled in the early part of the quarter before resuming towards the end of the quarter. The US labour market stayed largely resilient over the quarter, but showed some cooling most recently. The Fed maintained the target range for the federal funds rate unchanged during the quarter, but lately the Fed Chair indicated that recent developments had given the Fed more confidence in the disinflation process. The euro area economy grew further by 0.3% on a seasonally-adjusted basis in the second quarter over the preceding quarter. Inflation stayed on a broad downward trend, with headline and core CPI inflation easing to 2.5% and 2.8% respectively in the second quarter. The European Central Bank cut key interest rates by 25 basis points in June.

2.5 In other parts of Asia, economic growth generally held up in the second quarter on the back of continued recovery in merchandise trade and the tourism sector. Intra-regional trade improved further. On monetary policy, most central banks in the region kept their monetary policies unchanged during the quarter, except that the Bank of Japan raised its key policy rate to around 0.25% from the prior range of 0.0%-0.1% in July and the Bank Indonesia raised its policy rates earlier in April to maintain currency stability.

Merchandise exports

2.6 Hong Kong's *merchandise exports* grew strongly by 8.1% year-on-year in real terms in the second quarter of 2024, after rising by 7.1% in the preceding quarter. The sustained external demand for goods rendered support to export performance.

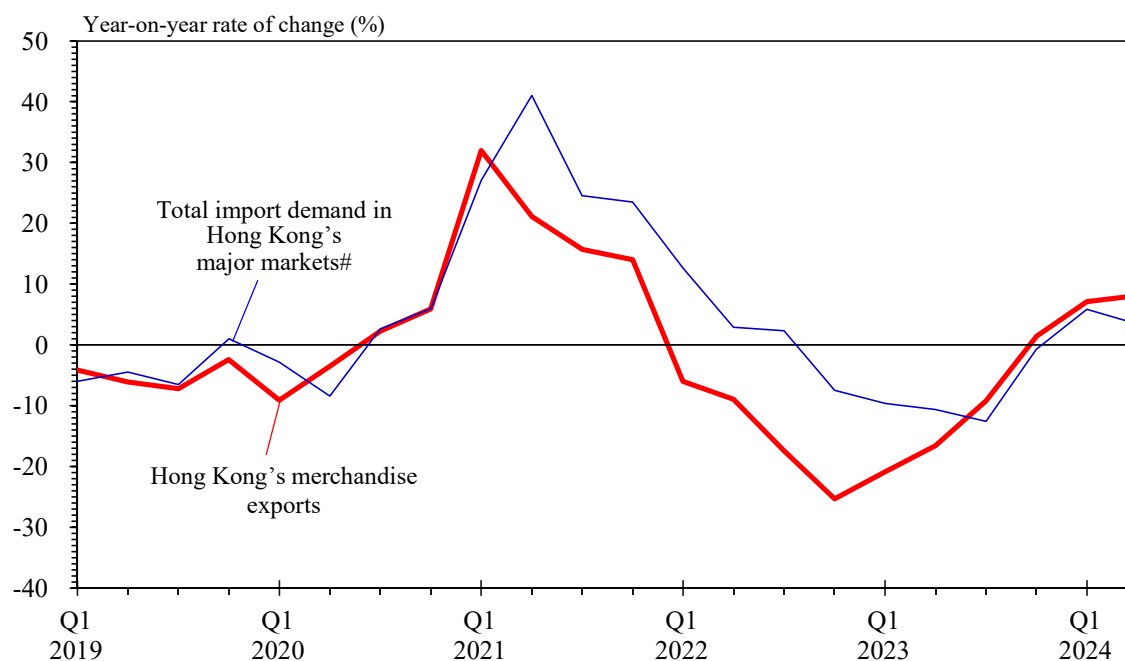
**Table 2.1 : Merchandise exports
(year-on-year rate of change (%))**

		<u>In value terms</u>	<u>In real terms^(a)</u>		<u>Change in prices</u>
2023	Annual	-7.8	-11.6		4.4
	Q1	-17.7	-20.9	(0.2)	4.7
	Q2	-13.3	-16.6	(-1.0)	4.1
	Q3	-6.0	-9.2	(0.4)	3.7
	Q4	6.6	1.4	(2.0)	4.6
2024	Q1	11.9	7.1	(4.1)	4.5
	Q2	12.5	8.1	(1.7)	3.9

Notes : () Seasonally adjusted quarter-to-quarter rate of change.

- (a) The growth rates here are not strictly comparable with those in the GDP accounts in Table 1.1. Figures in Table 1.1 are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.

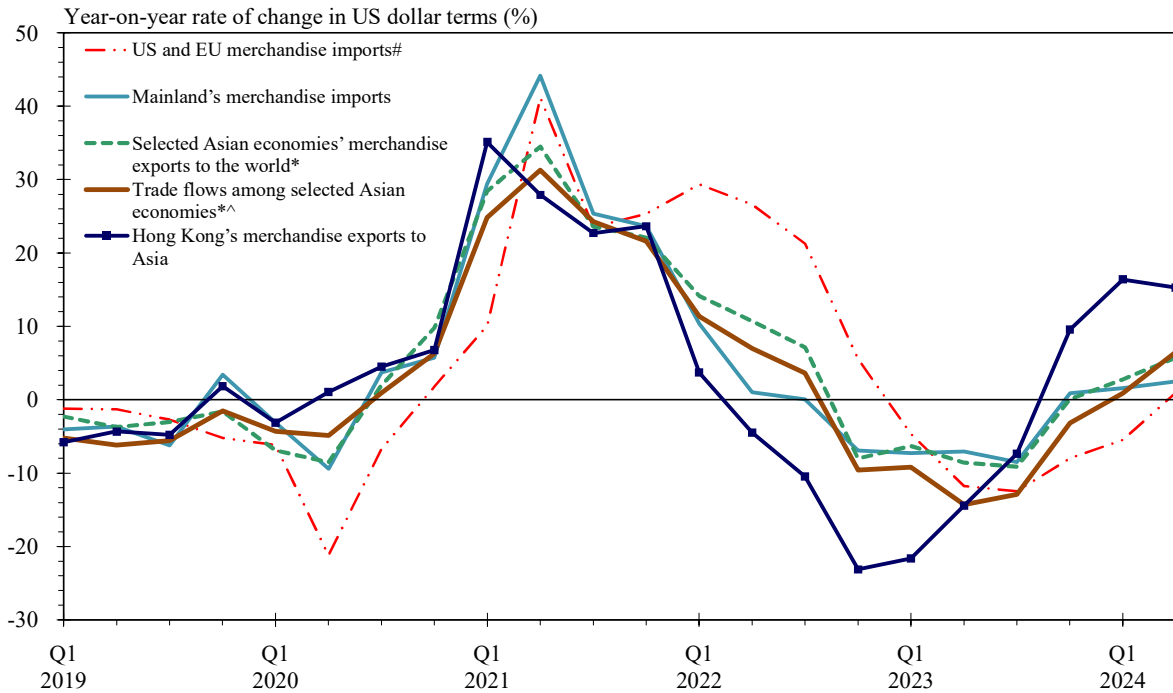
Diagram 2.1 : Merchandise exports continued to grow strongly in the second quarter



Notes : Merchandise exports as depicted refer to the year-on-year rate of change in real terms, while total import demand in Hong Kong's major markets as depicted refers to the year-on-year rate of change in US dollar terms in the aggregate import demand in Asia, the US and the EU taken together.

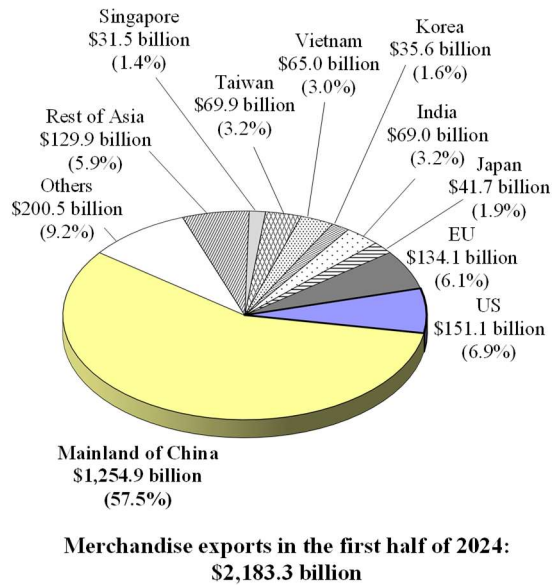
(#) Import demand for the EU for the second quarter of 2024 is based on information available as of early August 2024.

Diagram 2.2 : Regional trade flows improved further

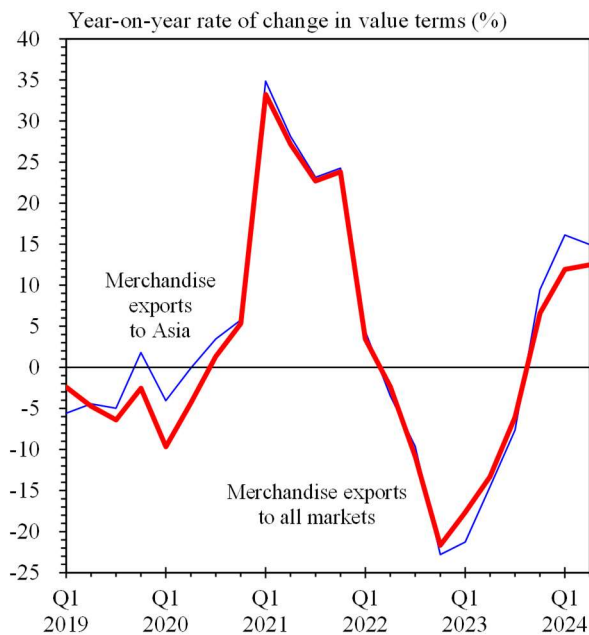


- Notes :
- (#) EU merchandise imports for the second quarter of 2024 are based on the information available as of early August 2024.
 - (*) “Selected Asian economies” include the Mainland of China, Hong Kong, Singapore, Korea, Taiwan, Japan, Indonesia, Malaysia, Thailand and the Philippines.
 - (^) The trade flows were measured by the sum of the individual economies’ merchandise exports to the other nine economies within the “selected Asian economies”.

Diagram 2.3 : Exports to Asia showed improvements



Note : Figures in brackets are individual markets’ percentage shares in merchandise exports.



**Table 2.2 : Merchandise exports by major market
(year-on-year rate of change in real terms (%))**

	<u>Annual</u>	<u>2023</u>				<u>2024</u>	
		<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>
Mainland of China	-13.8	-27.2	-17.6	-12.0	3.5	13.8	12.6
US	-10.2	-13.3	-22.9	-8.5	7.2	-0.1	21.0
EU	-14.7	-8.7	-18.4	-15.5	-16.1	-11.6	-0.4
ASEAN	-12.0	-18.6	-19.2	-9.0	*	15.5	21.7
Vietnam	-5.3	-19.5	-11.6	2.5	11.1	12.2	26.9
Singapore	-26.2	-30.8	-27.6	-27.9	-17.7	3.5	2.0
India	-8.7	-17.5	-25.3	-9.7	22.6	9.5	-20.8
Japan	-20.5	-32.5	-21.2	-17.4	-6.5	-3.0	0.6
Taiwan	-11.8	-20.3	-19.7	-8.2	4.4	-8.3	8.1
Korea	-10.0	0.2	-11.7	-15.3	-12.1	-9.8	-4.7
Overall [#]	-11.6	-20.9	-16.6	-9.2	1.4	7.1	8.1

Notes : (*) Change within $\pm 0.05\%$.

(#) The growth rates here are not strictly comparable with those in the GDP accounts in Table 1.1. Figures in Table 1.1 are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.

2.7 Analysed by major market, exports to the Mainland continued to rise notably in the second quarter over a year earlier. Exports to the US returned to a visible increase, while those to the EU recorded a narrowed decline. Exports to many major Asian markets also showed improvements.

Diagram 2.4 : Exports to the Mainland continued to rise notably

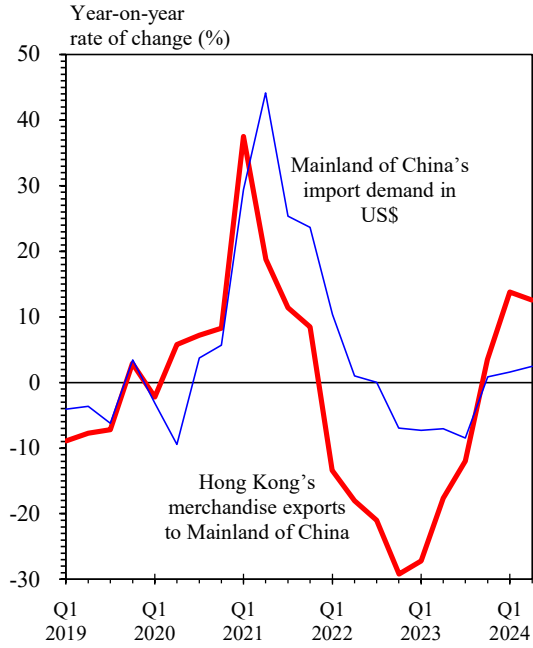
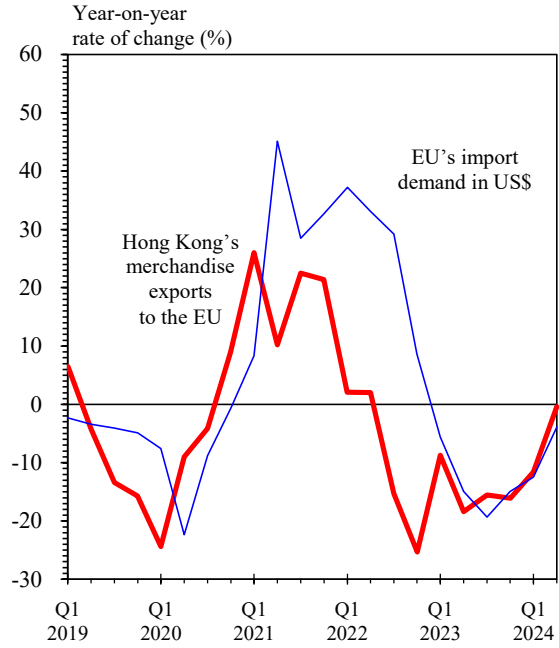


Diagram 2.5 : Exports to the EU recorded a narrowed decline



Note : The import demand figure for the EU for the second quarter of 2024 is based on the information available as of early August 2024.

Diagram 2.6 : Exports to the US returned to a visible increase

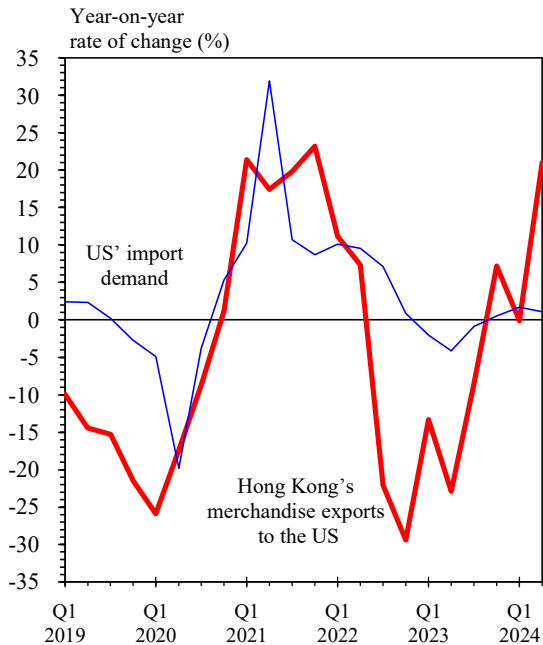


Diagram 2.7 : Exports to Japan reverted to a mild increase

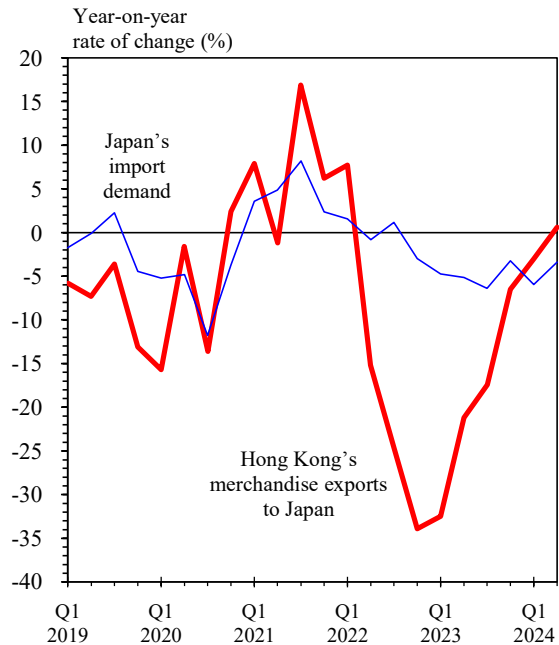


Diagram 2.8 : Exports to India fell visibly

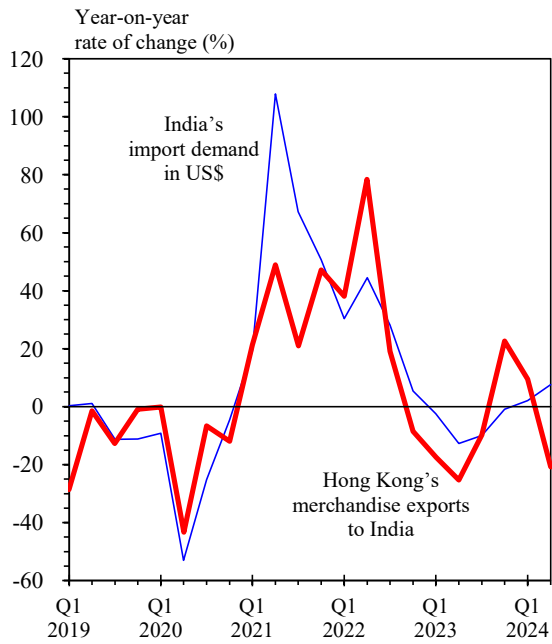


Diagram 2.9 : Exports to Taiwan turned to an increase

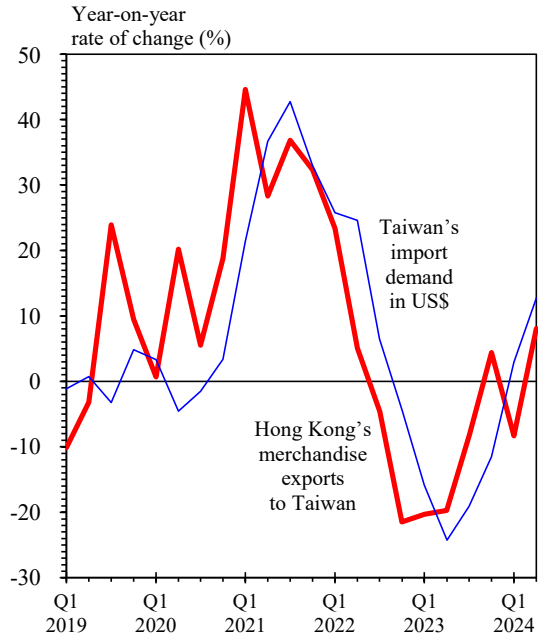


Diagram 2.10 : Exports to Korea registered narrower decline

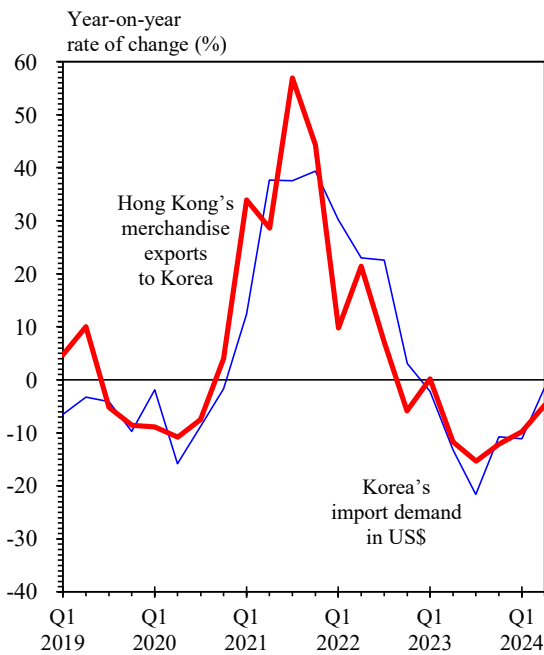
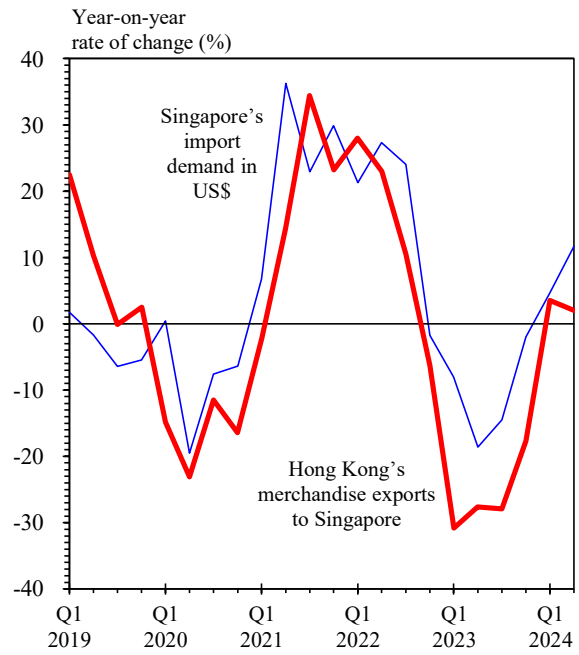


Diagram 2.11 : Exports to Singapore rose moderately



Merchandise imports

2.8 *Merchandise imports* rose by 4.0% year-on-year in real terms in the second quarter of 2024, after a 3.3% increase in the preceding quarter. *Retained imports*, which refer to imports for domestic use and accounted for around one-fifth of merchandise imports in 2023, continued to fall by 10.7%. Imports for subsequent *re-exports*⁽³⁾ increased.

**Table 2.3 : Merchandise imports and retained imports
(year-on-year rate of change (%))**

		<u>Merchandise imports</u>			<u>Retained imports</u> ^(a)				
		<u>In value terms</u>	<u>In real terms</u> ⁽⁺⁾	<u>Change in prices</u>	<u>In value terms</u>	<u>In real terms</u>	<u>Change in prices</u>		
2023	Annual	-5.7	-9.2	3.9	7.7	0.9	6.7		
	Q1	-12.7	-15.7	(-0.8)	3.9	17.7	10.4	(-3.9)	6.5
	Q2	-13.6	-16.7	(-1.3)	3.7	-10.6	-16.0	(-3.0)	6.0
	Q3	-2.8	-6.1	(2.8)	3.5	16.2	7.7	(11.5)	7.6
	Q4	7.0	2.6	(2.2)	4.1	12.7	6.4	(2.3)	6.9
2024	Q1	8.0	3.3	(-1.5)	4.6	-6.2	-10.3	(-20.0)	4.8
	Q2	7.4	4.0	(0.4)	3.1	-10.8	-10.7	(-5.9)	-0.3

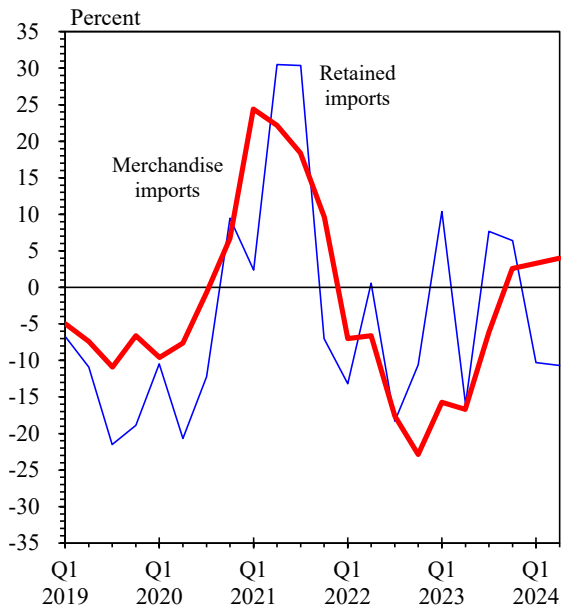
Notes : (a) Based on the results of the Annual Survey of Re-export Trade conducted by the Census and Statistics Department, re-export margins by individual end-use category are estimated and adopted for deriving the value of imports retained for use in Hong Kong.

(+) The growth rates here are not strictly comparable with those in the GDP accounts in Table 1.1. Figures in Table 1.1 are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.

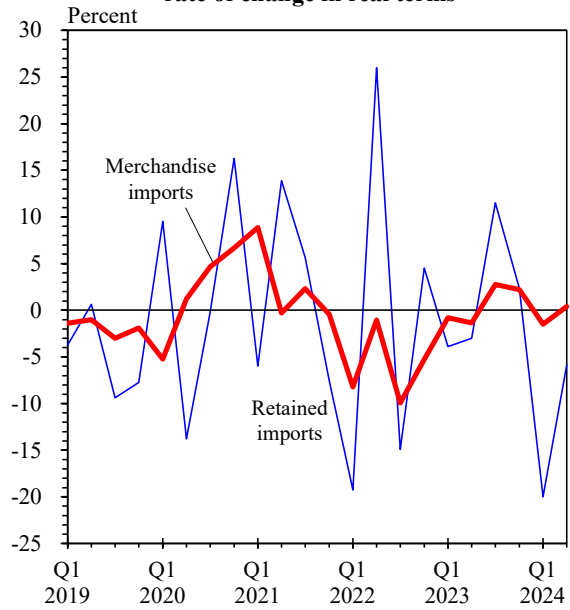
() Seasonally adjusted quarter-to-quarter rate of change.

Diagram 2.12 : Merchandise imports rose further year-on-year

(a) Year-on-year rate of change in real terms



(b) Seasonally adjusted quarter-to-quarter rate of change in real terms



Services trade

Exports of services

2.9 *Exports of services* recorded decelerated growth of 1.4% year-on-year in real terms in the second quarter of 2024, after growing by 9.4% in the preceding quarter. Exports of transport services grew further in tandem with increased visitors and regional trade flows. Exports of financial services reverted to an increase as cross-border financial and fund raising activities showed improvement. Exports of business and other services continued to grow moderately. Meanwhile, exports of travel services turned to a contraction amid the change in consumption patterns of visitors and the strength of the Hong Kong dollar.

Diagram 2.13 : Travel, transport and financial services together constituted around 80% of exports of services

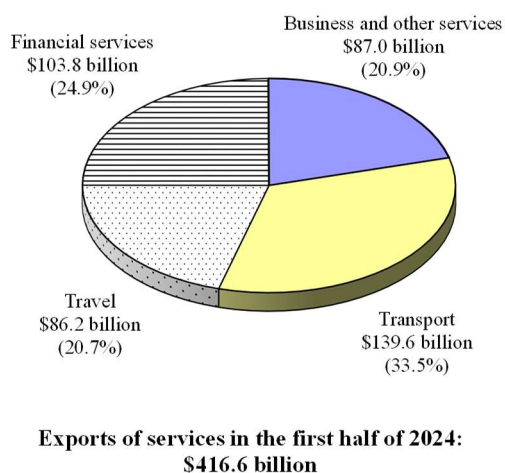


Diagram 2.14 : Exports of services recorded decelerated year-on-year growth

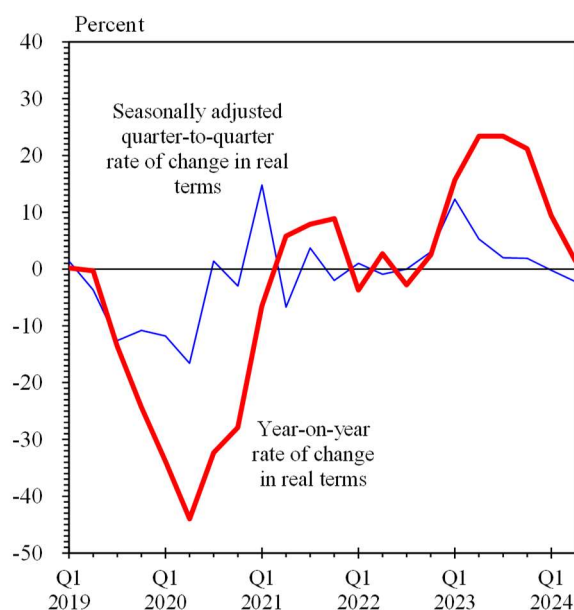


Table 2.4 : Exports of services by major service group (year-on-year rate of change in real terms (%))

		<i>Of which :</i>					
		Exports of services		<u>Transport</u>	<u>Travel^(a)</u>	Financial services	Business and other services
2023	Annual	20.9		5.0	521.5	-4.2	2.0
	Q1	15.7	(12.3)	3.3	504.2	-5.5	2.2
	Q2	23.4	(5.3)	2.1	771.0	-0.3	0.4
	Q3	23.4	(2.0)	6.6	789.4	-3.6	2.0
	Q4	21.2	(1.9)	7.6	311.3	-6.6	3.2
2024	Q1	9.4	(-0.2)	12.0	42.2	-5.9	2.0
	Q2	1.4	(-2.2)	4.6	-8.8	3.9	3.6

Notes : Figures are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.

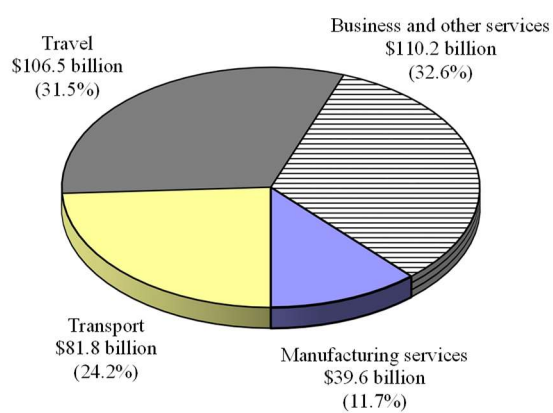
(a) Comprising mainly inbound tourism receipts.

() Seasonally adjusted quarter-to-quarter rate of change.

Imports of services

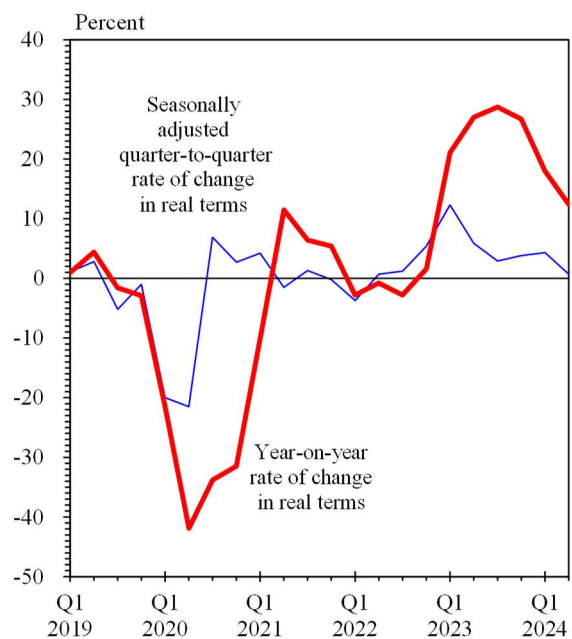
2.10 *Imports of services* grew visibly by 12.4% in real terms in the second quarter of 2024 over a year earlier, further to the 18.0% growth in the preceding quarter. This was mainly driven by the continued growth in imports of travel services. Imports of transport services, manufacturing services, and business and other services also grew further by varying degrees.

Diagram 2.15 : Business and other services, travel, as well as transport services accounted for nearly 90% of imports of services



**Imports of services in the first half of 2024:
\$338.1 billion**

Diagram 2.16 : Imports of services continued to grow visibly



**Table 2.5 : Imports of services by major service group
(year-on-year rate of change in real terms (%))**

Of which :

		<u>Imports of services</u>	<u>Travel</u> ⁽⁺⁾	<u>Transport</u>	<u>Manufacturing services</u> ^(^)	<u>Business and other services</u>
2023	Annual	25.9	309.9	-2.1	-5.1	1.3
	Q1	21.1 (12.3)	366.7	0.5	-11.1	1.3
	Q2	27.0 (5.9)	451.2	-9.1	-3.6	0.3
	Q3	28.7 (2.9)	393.1	-3.8	-4.0	2.1
	Q4	26.7 (3.8)	184.7	4.2	-2.6	1.6
2024	Q1	18.0 (4.3)	61.1	10.4	5.1	1.5
	Q2	12.4 (0.7)	28.7	3.4	7.8	6.4

Notes : Figures are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.

(+) Comprising mainly outbound travel spending.

(^) This includes the value of processing fees paid by Hong Kong to the processing units outside Hong Kong and raw materials / semi-manufactures directly procured by these processing units.

() Seasonally adjusted quarter-to-quarter rate of change.

Goods and services balance

2.11 Based on the GDP compilation framework and compared to a year earlier, the goods deficit narrowed to \$14 billion in the second quarter of 2024, as the value of exports of goods saw a larger increase than that of imports. Meanwhile, the services surplus narrowed to \$30 billion. The combined goods and services account registered a surplus of \$16 billion in the second quarter of 2024, equivalent to 1.2% of total import value, compared to a deficit of \$25 billion or 2.0% in the second quarter of 2023.

**Table 2.6 : Goods and services balance
(\$ billion at current market prices)**

		<u>Total exports</u>		<u>Imports</u>		<u>Trade balance</u>			<u>As % of imports</u>
		<u>Goods</u>	<u>Services</u>	<u>Goods</u>	<u>Services</u>	<u>Goods</u>	<u>Services</u>	<u>Combined</u>	
2023	Annual	4,499	772	4,628	621	-129	151	22	0.4
	Q1	1,023	191	1,061	145	-38	47	9	0.7
	Q2	1,067	182	1,129	145	-62	37	-25	-2.0
	Q3	1,163	197	1,184	157	-21	39	18	1.3
	Q4	1,246	202	1,254	174	-8	28	20	1.4
2024	Q1	1,142	222	1,149	173	-7	48	41	3.1
	Q2	1,197	195	1,211	165	-14	30	16	1.2

Notes : Figures are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.

Figures may not add up exactly to the total due to rounding.

Other developments

2.12 The Government continued to strengthen Hong Kong's economic links with overseas economies and the Mainland. In May, the Secretary for Commerce and Economic Development and the Minister of Foreign Trade and Tourism of Peru jointly announced the substantial conclusion of negotiations of the FTA between Hong Kong and Peru, with a view to signing the FTA within 2024. In July, the negotiations were fully concluded. The FTA will enhance the trade and investment ties between the two sides, and provide products, enterprises and investors from the two places with legal certainty and better access to each other's market. In addition, consultations between the Ministry of Commerce and the HKSAR Government for further liberalisation of trade in services under CEPA were substantially concluded in June. The new liberalisation measures will give Hong Kong enterprises and professionals further preferential treatment to explore the Mainland market, allowing them to better tap into the vast business opportunities brought about by the rapid development of the Mainland. To assist Hong Kong enterprises to develop the Mainland market through electronic commerce (e-commerce) business, "E-commerce Easy" was launched under the Dedicated Fund on Branding, Upgrading and Domestic Sales in July, under which enterprises can flexibly make use of a maximum funding of \$1 million to implement e-commerce projects.

2.13 In late July to early August, the Chief Executive led a delegation to visit three member states of ASEAN, namely Laos, Cambodia and Vietnam, to explore business opportunities and consolidate their support for Hong Kong's accession to the Regional Comprehensive Economic Partnership. Earlier in May, the Financial Secretary attended the 57th Annual Meeting of the Board of Governors of the Asian Development Bank in Georgia, and exchanged views on strengthening economic and trade relations and investment cooperation with representatives of other countries and regions attending the meeting. In the same month, the Financial Secretary visited France to attend the Guangdong-Hong Kong-Macao Greater Bay Area and Europe (France) Economic and Trade Cooperation Conference to promote the enormous business opportunities brought by the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) and Hong Kong's unique role and function as a "super connector" and "super value-adder". The Financial Secretary also led a delegation to the United States to take part in the Bay to Bay Dialogue between the California Bay Area and the GBA in May. During his visit, he briefed the local business community as well as the innovation and technology (I&T) sector the latest developments and business opportunities in Hong Kong, highlighting Hong Kong's role as an international financial centre and an international I&T hub.

Notes :

- (1) The table below presents a more detailed comparison between the growth forecasts made by the IMF in July 2024 and those three months ago.

	<u>2023</u>	<u>April round</u>	<u>2024</u>
	(%)	(%)	<u>July round</u> (%)
World (PPP ^{##} weighted)	3.3	3.2	3.2
Advanced economies	1.7	1.7	1.7
US	2.5 [#]	2.7	2.6
Euro area	0.4 [#]	0.8	0.9
UK	0.1 [#]	0.5	0.7
Japan	1.8 [#]	0.9	0.7
Emerging market and developing economies	4.4	4.2	4.3
Emerging and developing Asia	5.7	5.2	5.4
Mainland China	5.2 [#]	4.6	5.0
India [^]	8.2	6.8	7.0
ASEAN-5 [§]	4.1	4.5	4.5
Middle East and Central Asia	2.0	2.8	2.4

- Notes : (#) Actual figures.
 (##) PPP refers to purchasing power parity.
 (^) Fiscal year.
 (§) Includes Indonesia, Malaysia, the Philippines, Singapore and Thailand.

- (2) Changes in merchandise exports and imports in real terms are derived by discounting the effect of price changes from changes in the value of the trade aggregates. Estimates of price changes for the trade aggregates are based on changes in unit values, which do not take into account changes in the composition or quality of the goods traded, except for some selected commodities for which specific price indices are available. The real growth figures reported here are based on the external trade quantum index series compiled using the chain linking approach, which were first released in March 2015 to replace the previous trade index numbers compiled using the Laspeyres method with a fixed base year. The series are not comparable with the real trade aggregates under GDP (reported in Chapter 1) which are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*. Apart from this, non-monetary gold is recorded as a separate item in the statistics of merchandise trade and not included in the trade aggregates reported in Chapter 2, but is included in the trade aggregates under GDP in accordance with the international compilation standard.
- (3) Re-exports are those goods which have previously been imported into Hong Kong and are subsequently exported without having undergone in Hong Kong any manufacturing processes which change permanently the shape, nature, form or utility of the goods.

CHAPTER 3 : DEVELOPMENTS IN SELECTED SECTORS

Summary

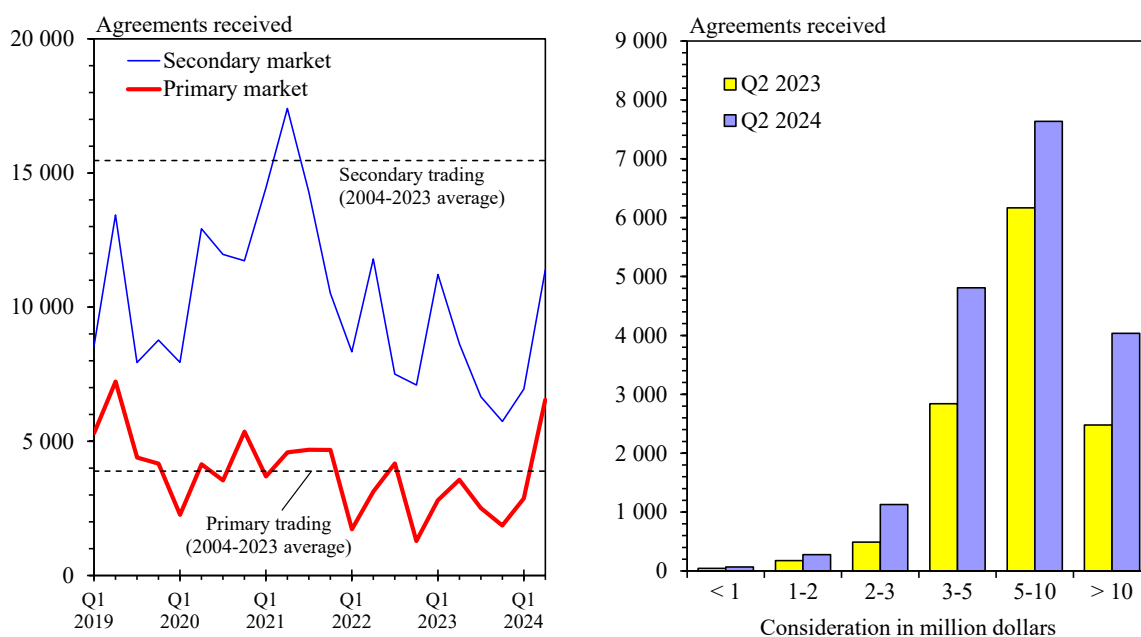
- *The residential property market was very active at the beginning of the second quarter of 2024 following the cancellation of the demand-side management measures (DSMMs) for residential properties, but quietened progressively thereafter as pent-up demand faded. Market sentiment turned increasingly cautious during the quarter as the prospect of US interest rate cuts dimmed. Flat prices declined for the quarter as a whole, and many developers adopted a conservative pricing strategy when launching new projects.*
- *Reflecting the Government's sustained efforts to raise land and flat supply, the total private first-hand flat supply in the coming three to four years would remain at a high level of 109 000 units as estimated at end-June 2024.*
- *The non-residential property market remained sluggish in the second quarter. Trading activities for all major market segments stayed generally subdued while prices and rentals fell further.*
- *The tourism sector continued to recover in the second quarter, though the pace moderated. Visitor arrivals rose by 17.2% year-on-year in the second quarter to 9.9 million, equivalent to 66% of the level in the same period in 2018.*
- *The logistics sector put up mixed performance in the second quarter. Total container throughput decreased by another 7.2% from a year earlier, while air freight throughput increased further by 16.8%.*

Property

3.1 The *residential property market* was very active at the beginning of the second quarter of 2024 following the cancellation of the DSMs for residential properties, but quietened progressively thereafter as pent-up demand faded. Market sentiment turned increasingly cautious during the quarter as the prospect of US interest rate cuts dimmed. Flat prices declined for the quarter as a whole, and many developers adopted a conservative pricing strategy when launching new projects.

3.2 The total number of sale and purchase (S&P) agreements for residential property received by the Land Registry surged to 8 551 in April, the highest level since October 2012, and then fell to 5 546 in May and 3 856 in June. There were in total 17 953 S&P agreements received in the second quarter, up by 83% over the preceding quarter or 47% over a year earlier. Within the total, primary and secondary market transactions increased by 128% and 64% over the preceding quarter respectively. In parallel, total consideration leapt by 115% over the preceding quarter to \$165.3 billion. For the first half of 2024 as a whole, the number of S&P agreements went up by 66% over the second half of 2023 to 27 776, and total consideration by 65% to \$242.3 billion.

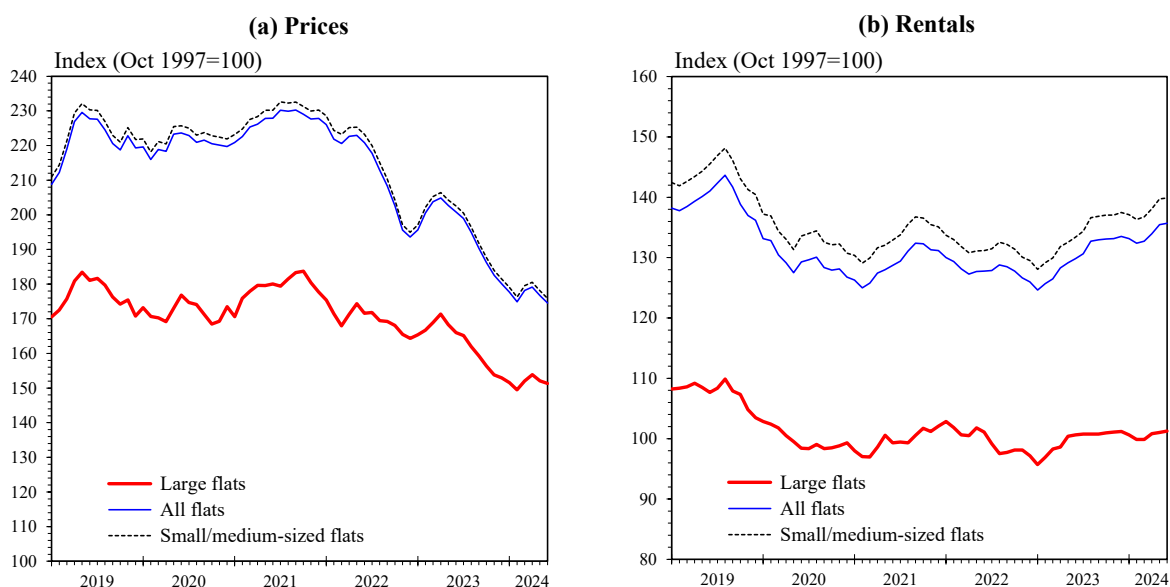
Diagram 3.1 : Trading activities were very active at the beginning of the second quarter, but quietened progressively thereafter



3.3 Overall flat prices recorded a 2% decline during the second quarter, with the small increase in April more than offset by the decreases in May and June. Analysed by size, prices of small/medium-sized flats fell by 2% during the quarter, while those of large flats were little changed. Flat prices in June 2024 were on average 3% lower than in December 2023 and 24% below the peak in September 2021.

3.4 Meanwhile, overall flat rentals rose by 2% during the second quarter. Analysed by size, rentals of small/medium-sized flats and large flats went up by 2% and 1% respectively. Flat rentals in June 2024 were on average 2% higher than in December 2023, but 6% below the peak in August 2019. The average rental yield for residential property edged up from 2.8% in March to 2.9% in June.

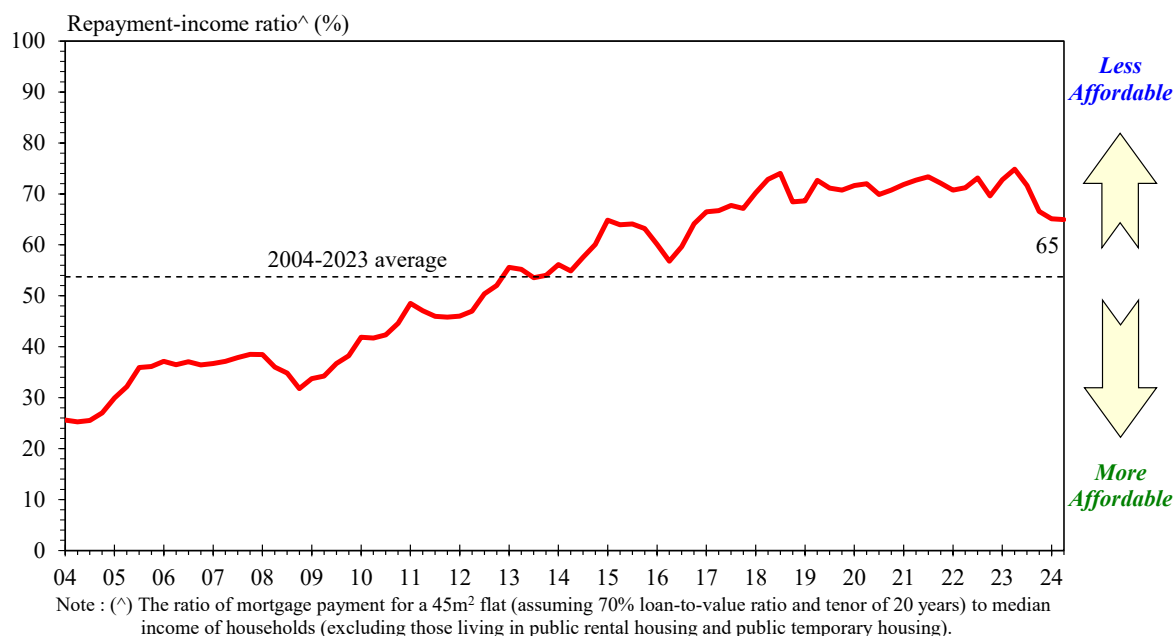
Diagram 3.2 : Flat prices declined during the second quarter, while rentals rose



Note : Residential property price index pertains to secondary market transactions only. Large flats refer to those with a saleable area of at least 100 m², and small/medium-sized flats with a saleable area of less than 100 m².

3.5 The index of home purchase affordability (i.e. the ratio of mortgage payment for a 45-square metre flat to median income of households, excluding those living in public rental housing and public temporary housing) was virtually unchanged at around 65% in the second quarter, and it remained above the long-term average of 54% over 2004-2023⁽¹⁾.

Diagram 3.3 : The index of home purchase affordability was virtually unchanged



3.6 Increasing housing land supply is a policy priority of the Government. In July, the Government announced that it would put up one residential site for sale in the third quarter. Taking into account the Government land sale, an Urban Renewal Authority project, and private development and redevelopment projects, the total private housing land supply in the third quarter is expected to produce around 1 790 flats. Together with the supply in the preceding quarter, the total private housing land supply for the first half of 2024-25 financial year is estimated to produce about 4 065 units, reaching around 30% of the annual private housing supply target (13 200 units).

3.7 Reflecting the Government’s sustained efforts to raise land and flat supply, the *total supply of first-hand flats in the private sector* in the coming three to four years (comprising unsold flats of completed projects, flats under construction but not yet sold and flats on disposed sites where construction can start any time) would remain at a high level of 109 000 units as estimated at end-June 2024. Another 2 000 units could be added to the total supply after the conversion of a number of residential sites into “disposed sites”.

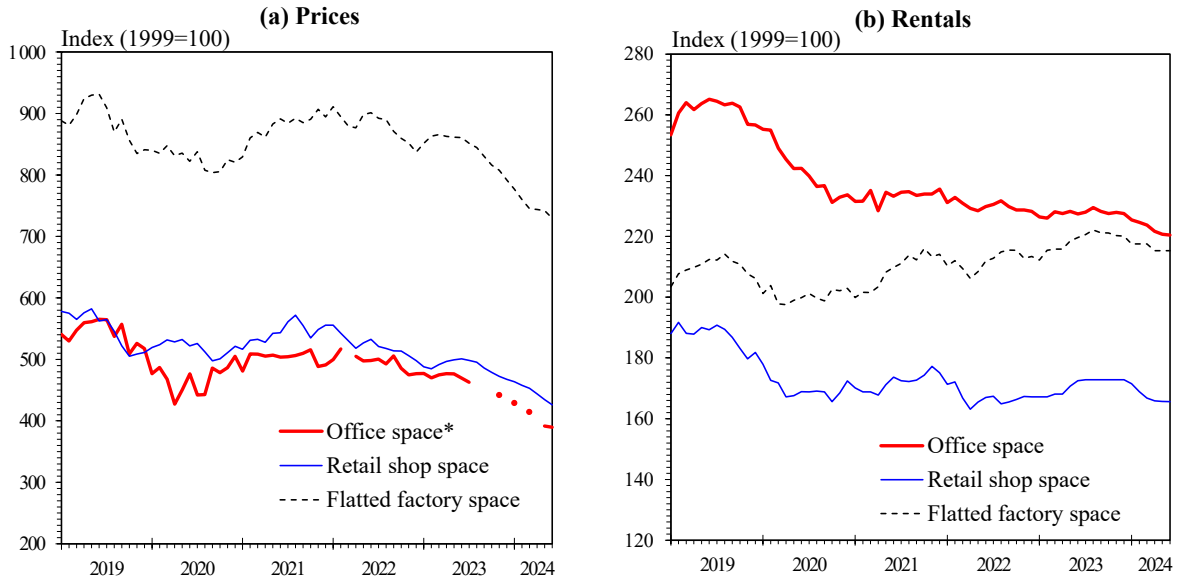
3.8 The *non-residential property market* remained sluggish in the second quarter. Despite some rebound from the low levels in the preceding quarter, trading activities for all major market segments stayed generally subdued. Prices and rentals fell further.

3.9 Prices of *office space* on average went down visibly by 6% during the second quarter, with prices of Grade A, B, and C office space falling by 5%, 7% and 5% respectively. Meanwhile, overall office rentals fell by 1% between March and June. Within the total, rentals of Grade A, B, and C office space retreated by 1%, 2% and 1% respectively. Compared with the respective peaks in 2018 and 2019, prices and rentals of office space in June 2024 on average were 35% and 17% lower. The average rental yields of Grade A, B and C office space rose to 3.1%, 3.3% and 3.5% respectively in June, from 2.9%, 3.1% and 3.4% in March. Transactions for office space increased by 16% over the preceding quarter to 150 cases in the second quarter, but were still 20% lower than the level a year earlier and visibly below the quarterly average of 200 cases in 2019-2023.

3.10 Prices of *retail shop space* declined by a visible 6% during the second quarter, while rentals went down by 1%. Compared with the respective peaks in 2018 and 2019, prices and rentals in June 2024 were 29% and 14% lower. The average rental yield rose from 2.8% in March to 3.0% in June. For commercial spaces, transactions rebounded by 72% over the low level in the preceding quarter or by 20% over a year earlier to 340 cases⁽²⁾ in the second quarter, though they were still somewhat below the quarterly average of 360 cases in 2019-2023.

3.11 Prices and rentals of *flatted factory space* fell by 2% and 1% respectively during the quarter. Compared with the respective peaks in 2019 and 2023, prices and rentals in June 2024 were 22% and 3% lower. The average rental yield remained unchanged at 3.5% in June as compared with that in March. Transactions rose by 13% over the preceding quarter to 400 cases in the second quarter, but were still 27% lower than a year earlier and far below the quarterly average of 600 cases in 2019-2023.

Diagram 3.4 : Prices and rentals of non-residential properties fell further in the second quarter



Note : (*) The price index of overall office space cannot be compiled in March 2022, August to October and December 2023, and February and April 2024, as there were insufficient transactions for Grade A or Grade B office space in those months.

Land

3.12 One site for an electric vehicle charging station with an area of about 0.1 hectare was disposed of in the second quarter, fetching a land premium of about \$82 million. In addition, the tender exercise for a residential site in Sha Tin commenced in the quarter and the tender closing date of an industrial site in Yuen Long has been extended from 28 June 2024 to 27 December 2024. In the second quarter, lease modifications of five sites were approved.

Tourism

3.13 The tourism sector continued to recover, though the pace moderated. *Visitor arrivals* increased by 17.2% over a year earlier to 9.9 million in the second quarter, equivalent to 66% of the level in the same period in 2018. Mainland visitors, which accounted for 75% of the total in the quarter, grew by 10.3% over a year earlier to 7.4 million. Visitor arrivals from other short-haul markets and long-haul markets grew by 40.9% and 51.8% over a year earlier to 1.7 million and 0.8 million respectively⁽³⁾. Analysed by length of stay, overnight and same-day visitors rose by 16.3% and 18.0% over a year earlier to 4.9 million and 5.0 million respectively. Meanwhile, visitor spending, as measured by exports of travel services, fell by 8.8% in real terms from a year earlier amid the change in consumption patterns of visitors and the strength of the Hong Kong dollar.

Table 3.1 : Number of visitor arrivals

		<u>All sources</u>	<u>Mainland China</u>	<u>Other short-haul markets*</u>	<u>Long-haul markets*</u>
2019	Q1	18 234 400	14 582 200	2 486 500	1 165 700
	Q2	16 637 500	12 991 300	2 448 200	1 198 000
	Q3	11 891 600	9 356 000	1 648 000	887 600
	Q4	9 149 200	6 845 100	1 356 900	947 100
2020	Q1	3 489 200	2 665 900	483 500	339 800
	Q2	26 900	15 300	4 800	6 700
	Q3	34 100	14 300	10 200	9 700
	Q4	18 600	10 900	5 100	2 700
2021	Q1	16 500	11 600	3 100	1 900
	Q2	17 200	12 700	2 400	2 100
	Q3	29 400	21 800	4 300	3 200
	Q4	28 300	19 700	5 200	3 500
2022	Q1	11 500	8 600	2 000	900
	Q2	64 500	53 400	5 700	5 500
	Q3	173 700	139 600	17 300	16 800
	Q4	354 900	173 500	103 700	77 600
2023	Q1	4 414 800	3 361 200	779 100	274 400
	Q2	8 469 100	6 749 600	1 224 100	495 500
	Q3	10 438 100	8 574 500	1 331 700	531 800
	Q4	10 677 700	8 075 200	1 842 900	759 600
2024	Q1	11 228 800	8 694 900	1 778 700	755 200
	Q2	9 922 400	7 446 000	1 724 200	752 300

Notes : (*) See note (3) at the end of this chapter for the definitions of other short-haul and long-haul markets.

Figures may not add up to the corresponding totals due to rounding.

Table 3.2 : Number of overnight and same-day visitor arrivals

		<u>Overnight visitor arrivals</u>	<u>Same-day visitor arrivals</u>
2019	Q1	7 775 100	10 459 300
	Q2	7 145 100	9 492 400
	Q3	5 108 400	6 783 200
	Q4	3 723 700	5 425 500
2020	Q1	1 280 900	2 208 300
	Q2	26 500	300
	Q3	33 800	300
	Q4	18 100	500
2021	Q1	16 300	200
	Q2	16 900	300
	Q3	29 000	300
	Q4	26 900	1 400
2022	Q1	10 700	800
	Q2	62 700	1 800
	Q3	164 600	9 100
	Q4	329 800	25 100
2023	Q1	2 340 400	2 074 400
	Q2	4 237 500	4 231 700
	Q3	5 267 600	5 170 500
	Q4	5 313 900	5 363 800
2024	Q1	5 613 400	5 615 400
	Q2	4 928 900	4 993 600

Note : Figures may not add up to total visitor arrivals due to rounding.

3.14 The average hotel room occupancy rate retreated from 83% a year earlier to 81% in the second quarter, and remained below the 90% recorded in the same quarter in 2018. Meanwhile, the average achieved hotel room rate fell by 7.1% from a year earlier to \$1,305⁽⁴⁾.

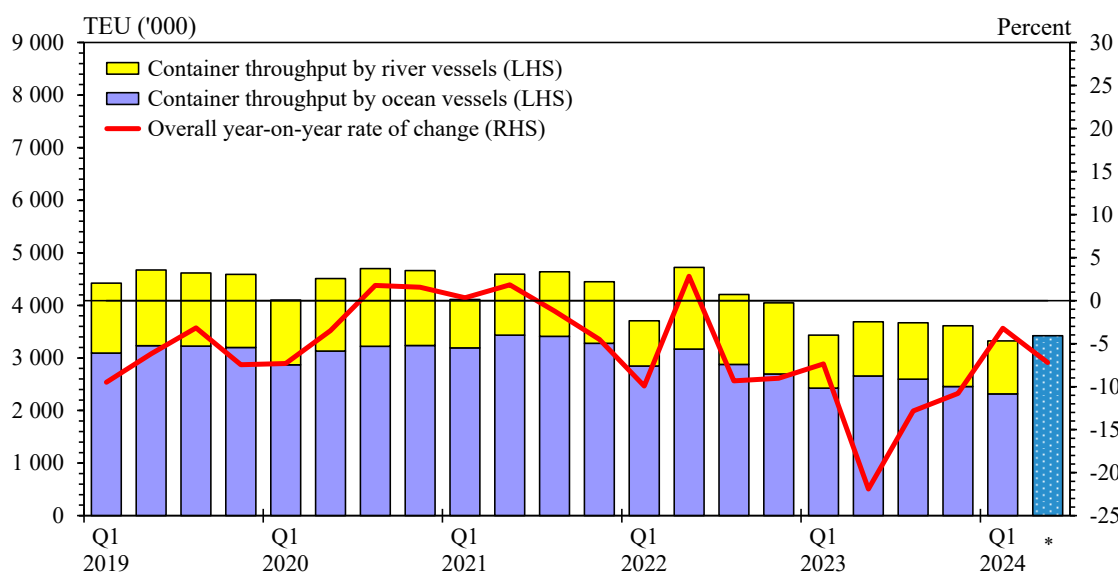
3.15 The Central Government introduced various measures to support Hong Kong's tourism and economic development in recent months. Following the expansion to Xi'an and Qingdao on 6 March 2024, the Individual Visit Scheme (IVS) was further expanded to cover eight more Mainland cities, namely Taiyuan, Hohhot, Harbin, Lhasa, Lanzhou, Xining, Yinchuan and Urumqi starting from 27 May 2024, raising the number of applicable cities of IVS to 59 and covering all provincial capital cities. Besides, the duty-free allowance was increased from RMB5,000 to RMB12,000 for luggage articles brought into the Mainland from Hong Kong by visitors who are Mainland residents starting from 1 July 2024. Together with the measure for additional duty-free goods at the value of RMB3,000 purchased at port entry duty-free stores, this brought the total amount of allowance to RMB15,000. Meanwhile, the SAR Government announced in May the calendar of mega events in Hong Kong for the second half of 2024, with

more than 100 mega events to be held, which will bring the total number of mega events in the city to at least 210 this year. Separately, the Hospitality Campaign was launched in June to promote hospitality and reinforce Hong Kong’s brand as the best tourism destination.

Logistics

3.16 The logistics sector put up mixed performance in the second quarter. *Total container throughput* decreased by another 7.2% from a year earlier, to about 3.4 million twenty-foot equivalent units (TEUs). The value of trade handled at the Hong Kong port declined further by 3.1% and its share in total trade dropped from 12.8% a year earlier to 11.3%.

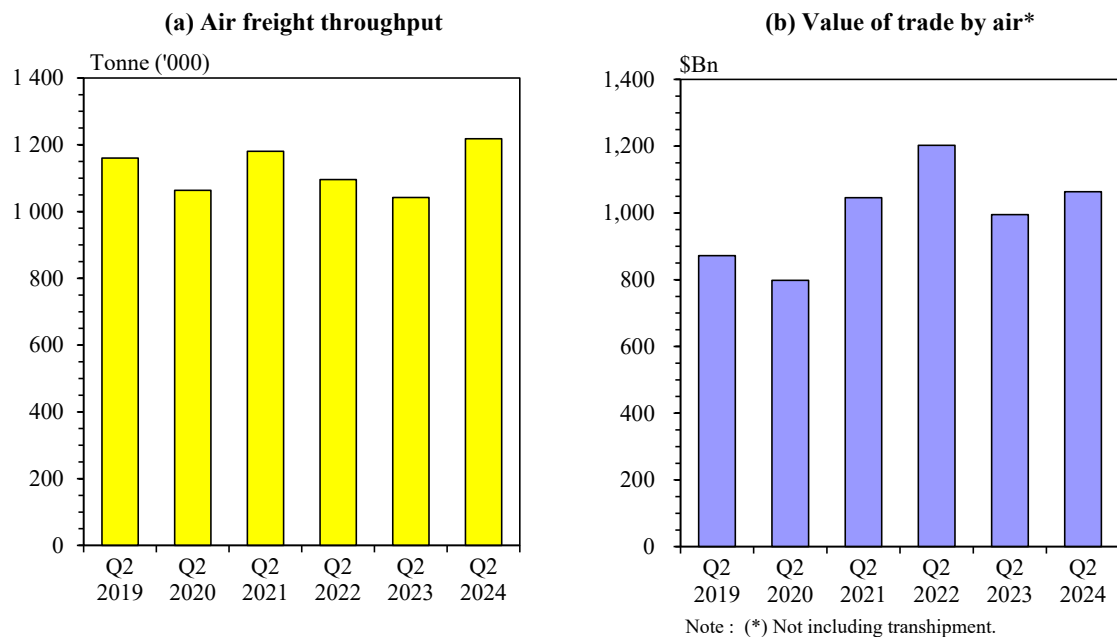
Diagram 3.5 : Container throughput continued to decrease in the second quarter



Note : (*) The container throughput figure for the latest quarter is the preliminary estimate by the Hong Kong Maritime and Port Board, for which a breakdown by ocean and river vessels is not yet available.

3.17 *Air freight throughput* increased further by 16.8% year-on-year to 1.2 million tonnes in the second quarter. The value of trade by air rose by another 6.9%, though its share in total trade decreased from 46.8% to 45.6%.

Diagram 3.6 : Air freight throughput and the value of trade by air increased further in the second quarter



Transport

3.18 Traffic flows for most modes of cross-boundary passenger transport showed steady performance in the second quarter. Air passenger trips edged down from 12.7 million trips in the preceding quarter to 12.6 million trips, while water-borne cross-boundary passenger trips fell from 2.4 million trips to 2.1 million trips. As to land-based cross-boundary traffic, passenger trips edged up from 58.3 million to 58.4 million, while average daily cross-boundary vehicle movements increased further by 6.3% over the preceding quarter to 41 272.

Innovation and technology

3.19 On 18 April, the Hong Kong-Shenzhen Innovation and Technology Park Limited (HSITPL) signed Memoranda of Understanding (MOUs) to form collaborative partnerships with nearly 60 world-class enterprises, academia and research institutes from nine economies, marking a significant milestone of the park entering the operational phase. 45% of the partners originate from the industries of Life & Health Technology, New Energy, and Microelectronics, and 24 of them would be new to set foot or expand business in Hong Kong. To realise the goal of developing Hong Kong into an international innovation and technology (I&T) centre, HSITP will leverage on Hong Kong's competitive advantages in fund raising, tax and legal system, together with the supportive cross-boundary policies in the Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone, to attract I&T companies and talent to strive and excel.

3.20 The Hong Kong Science and Technology Parks Corporation signed partnerships with 11 advanced manufacturing enterprises on 28 June. These enterprises, covering sectors such as biopharmaceuticals and equipment, artificial intelligence, robotics and automation, new energy vehicles, etc., will establish or expand their advanced manufacturing operations in Hong Kong, bringing in new elements and investments to further enhance the development of the I&T ecosystem and promote new industrialisation in Hong Kong.

Arts, Cultural and Creative Industries

3.21 Through the collaboration between the Government and the private and art organisations, the large-scale outdoor art project “Art@Harbour2024” (AAH 2024) was held between late March and early June 2024 to bring the public and tourists a new experience at the Victoria Harbourfront through outdoor art installations and digital art façades by integrating art, science and technology. All five projects under the AAH 2024 were well received by the local public and tourists, with the projects “teamLab: Continuous” and “Science in Art” attracting a total attendance of over 1.3 million and the three arts projects in Tsim Sha Tsui, each attracting more than two million visitors.

3.22 To promote cultural exchanges between the East and the West and showcase the unique charm and diverse characteristics of Chinese culture to the world, the inaugural Chinese Culture Festival is being held from June to September 2024, featuring different performing arts programmes in various forms and related extension activities, such as programmes of the Chinese Opera Festival, exemplary local arts projects, film screenings, exhibitions, and talks.

3.23 Create Hong Kong was restructured as the Cultural and Creative Industries Development Agency (CCIDA) with effect from 14 June 2024, to proactively promote the development of arts, culture and creative sectors as industries under the industry-oriented principle of implementing Hong Kong’s positioning as an East-meets-West centre for international cultural exchange under the National 14th Five-Year Plan. Later in the same month, CCIDA signed MOUs with three prominent Mainland cultural and creative brands, with a view to facilitating more collaboration between Hong Kong brands and the Mainland cultural and creative brands.

Environment

3.24 On 17 June, the Government announced the Strategy of Hydrogen Development in Hong Kong (the Hydrogen Strategy). The Hydrogen Strategy sets out the four major strategies of improving legislation, establishing standards, aligning with the market, and advancing with prudence to create an environment conducive to the development of hydrogen energy in Hong Kong in a prudent and orderly manner, so that Hong Kong would be able to capitalise on the environmental and economic opportunities brought about by the recent developments of hydrogen energy in different parts of the world, the Mainland in particular.

Notes :

- (1) Starting from the third quarter of 2019, the index of home purchase affordability is calculated based on, among others, the mortgage rates of new mortgage loans with reference to both the Best Lending Rate (BLR) and the Hong Kong Interbank Offered Rate (HIBOR). As such, the data from the third quarter of 2019 onwards may not be strictly comparable with those in previous quarters, which were based on the mortgage rates of new mortgages loans with reference to the BLR only.

Figures are subject to revision later as more data become available.

- (2) The figures on transactions refer to commercial space, which comprises retail premises and other premises designed or adapted for commercial use but excludes purpose-built office space.
- (3) Other short-haul markets refer to North Asia, South and Southeast Asia, Taiwan and Macao, but excluding the Mainland, while long-haul markets refer to the Americas, Europe, Africa, the Middle East, Australia, New Zealand and South Pacific. In the second quarter of 2024, visitor arrivals from the Mainland, other short-haul and long-haul markets accounted for respective shares of 75%, 17% and 8% of the total.
- (4) The figures on hotel room occupancy and achieved room rate do not include guesthouses. The figures are subject to revision later as more data become available.

CHAPTER 4 : THE FINANCIAL SECTOR[#]

Summary

- *The high interest rate environment in Hong Kong continued in the second quarter. As the US Federal Open Market Committee (FOMC) left the target range for the Federal Funds Rate unchanged, the Base Rate under the Discount Window operated by the Hong Kong Monetary Authority (HKMA) held at 5.75% at end-June. Hong Kong dollar interbank interest rates came lower on entering the quarter, but rose back somewhat subsequently on the back of more active equity market activities and dividend-related funding demand. Interest rates on the retail front remained stable.*
- *The Hong Kong dollar spot exchange rate against the US dollar strengthened during the second quarter. As the US dollar strengthened slightly against most major currencies, the trade-weighted Hong Kong dollar Nominal and Real Effective Exchange Rate Indices rose by 1.3% and 0.3% respectively during the second quarter.*
- *Total loans and advances decreased by 0.9% during the second quarter. Within the total, loans for use in Hong Kong edged up by 0.3%, while loans for use outside Hong Kong decreased by 4.7%.*
- *The local stock market fared better in the second quarter. As market sentiment improved following the announcement of enhancement measures on mutual access between the capital markets of the Mainland and Hong Kong, the Hang Seng Index (HSI) rose markedly to a near 10-month high of 19 636 on 20 May. Yet, dampened by expectations for delayed US interest rate cuts and concerns about the Mainland's economic recovery momentum, it then retreated and closed the quarter at 17 719 or 7.1% higher than end-March. Trading activities picked up further and fund raising activities revived somewhat.*

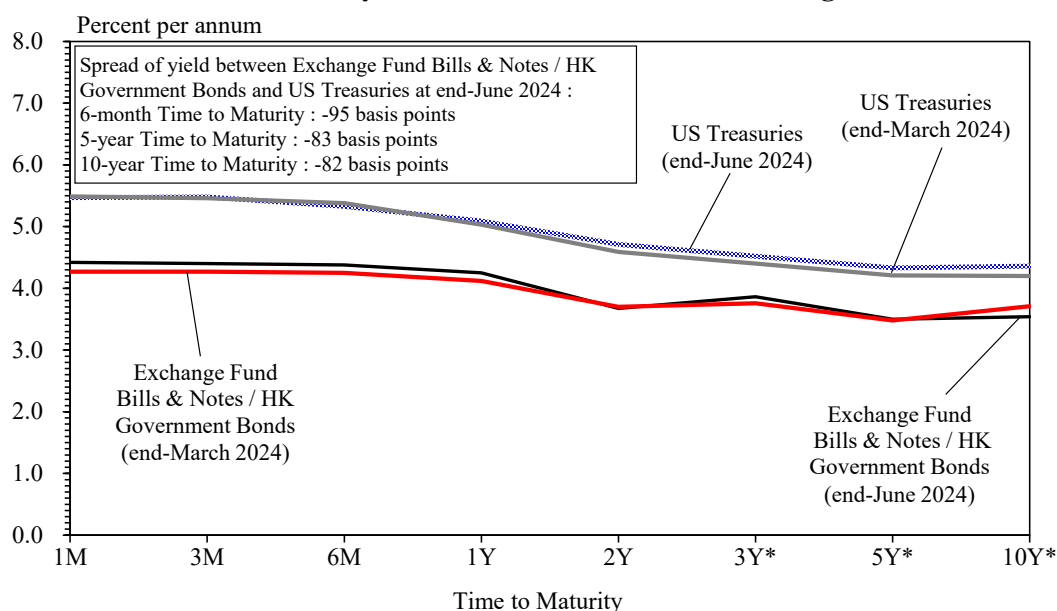
(#) *This chapter is jointly prepared by the HKMA and the Office of the Government Economist.*

Interest rates and exchange rates

4.1 The high interest rate environment in Hong Kong continued in the second quarter. As the US FOMC left the target range for the Federal Funds Rate unchanged at 5.25-5.50%, the *Base Rate*⁽¹⁾ under the Discount Window operated by the HKMA held at 5.75% at end-June. *Hong Kong dollar interbank interest rates* (HIBORs) came lower on entering the quarter, but rose back somewhat subsequently on the back of more active equity market activities and dividend-related funding demand. The 3-month HIBOR rose slightly from 4.72% at end-March to 4.75% at end-June, while the overnight HIBOR inched down from 5.00% to 4.98%, both lower than the year-ago levels.

4.2 During the second quarter, the *Hong Kong dollar yield curve* inverted slightly with short-term yields rising, while the *US dollar yield curve* rose somewhat at the longer tenors. Reflecting the relative movements of the Hong Kong dollar yields and the US dollar counterparts, the negative yield spread between 6-month Exchange Fund Bills and 6-month US Treasury Bills narrowed from 113 basis points at end-March to 95 basis points at end-June, while that between 10-year Hong Kong Government Bonds and 10-year US Treasury Notes widened from 49 basis points to 82 basis points.

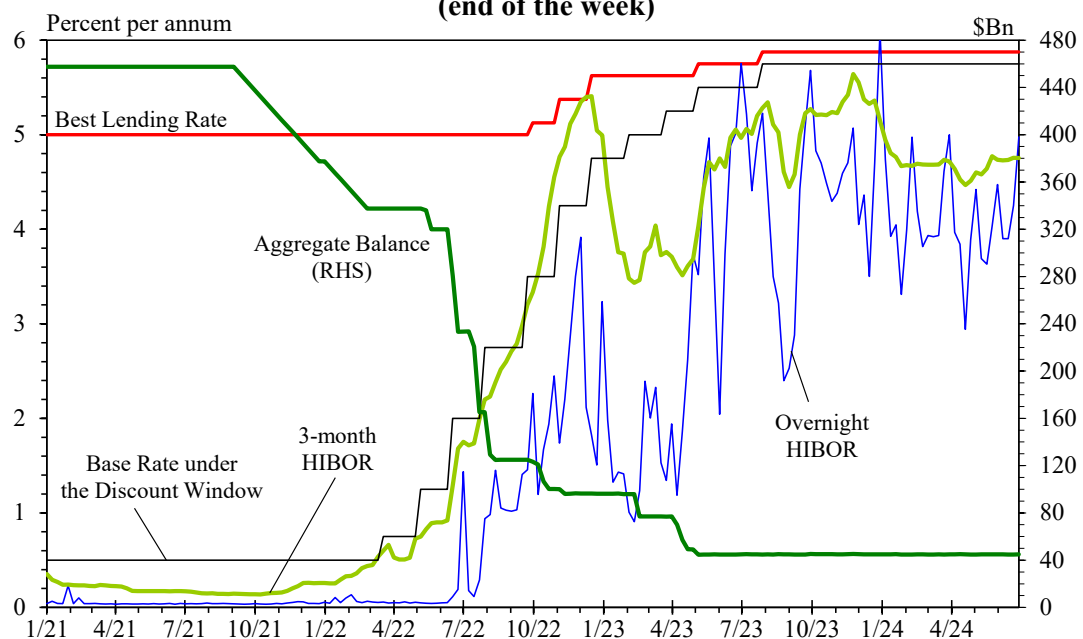
Diagram 4.1 : During the second quarter, the Hong Kong dollar yield curve inverted slightly, while the US dollar yield curve rose somewhat at the longer tenors



Note : (*) With the HKMA stopping new issuance of Exchange Fund Notes of tenors of 3 years or above since January 2015, the Hong Kong dollar yields for tenor of 3 years and above refer to those for Hong Kong Government Bonds.

4.3 Interest rates on the retail front remained stable during the second quarter. The *Best Lending Rates* in the market remained in the range of 5.875% to 6.375%. The *average savings deposit rate* for deposits of less than \$100,000 quoted by major banks stayed unchanged at 0.79%, while the *one-year time deposit rate* edged down from 0.67% at end-March to 0.65% at end-June. The *composite interest rate*⁽²⁾, which indicates the average cost of funds for retail banks, fell from 2.73% at end-March to 2.62% at end-June.

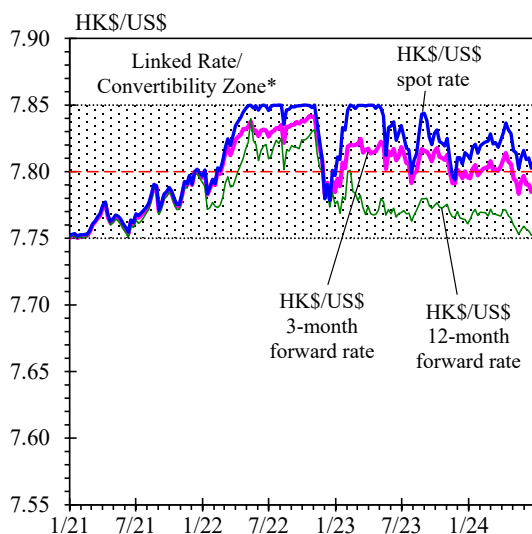
Diagram 4.2 : Interbank interest rates first came lower and then rose back somewhat during the second quarter, while interest rates on the retail front remained stable (end of the week)



4.4 The *Hong Kong dollar spot exchange rate against the US dollar* strengthened during the second quarter, supported by equity and dividend-related funding demand. It closed the second quarter at 7.808, compared with 7.824 at end-March. The discounts of 3-month and 12-month *Hong Kong dollar forward rates* narrowed from 197 pips and 570 pips (each pip is equivalent to HK\$0.0001) to 193 pips and 544 pips respectively over the period. The Aggregate Balance was little changed, at \$45.0 billion at end-June.

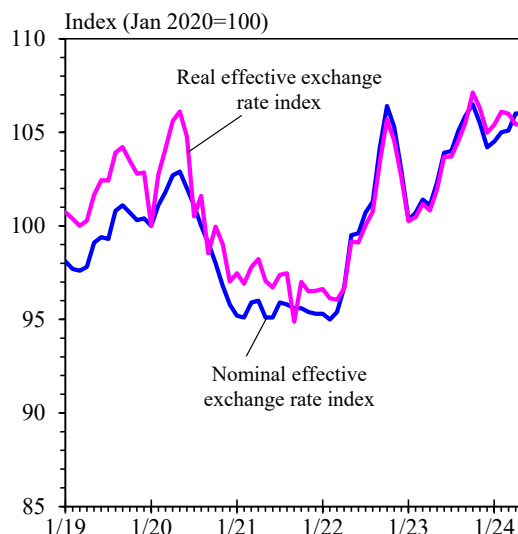
4.5 Under the Linked Exchange Rate System, movements of the Hong Kong dollar exchange rate against other currencies closely followed those of the US dollar. As the US dollar strengthened slightly against most major currencies, the *trade-weighted Hong Kong dollar Nominal and Real Effective Exchange Rate Indices*⁽³⁾ rose by 1.3% and 0.3% respectively during the second quarter.

Diagram 4.3 : The Hong Kong dollar spot exchange rate strengthened against the US dollar during the second quarter (end of the week)



Note : (*) The shaded area represents the Convertibility Zone that was introduced in May 2005 as part of the three refinements to the Linked Exchange Rate System.

Diagram 4.4 : The trade-weighted nominal and real effective exchange rate indices rose during the second quarter (average of the month)



Money supply and banking sector

4.6 The Hong Kong dollar broad *money supply* (HK\$M3) increased by 1.1% from end-March to \$8,356 billion at end-June, while the seasonally adjusted Hong Kong dollar narrow money supply (HK\$M1) edged down by 0.1% to \$1,514 billion⁽⁴⁾. Meanwhile, *total deposits* with authorized institutions (AIs)⁽⁵⁾ increased by 3.4% to \$16,743 billion, within which Hong Kong dollar and foreign currency deposits rose by 1.0% and 5.5% respectively.

Diagram 4.5 : The Hong Kong dollar broad money supply increased during the second quarter, while narrow money supply edged down

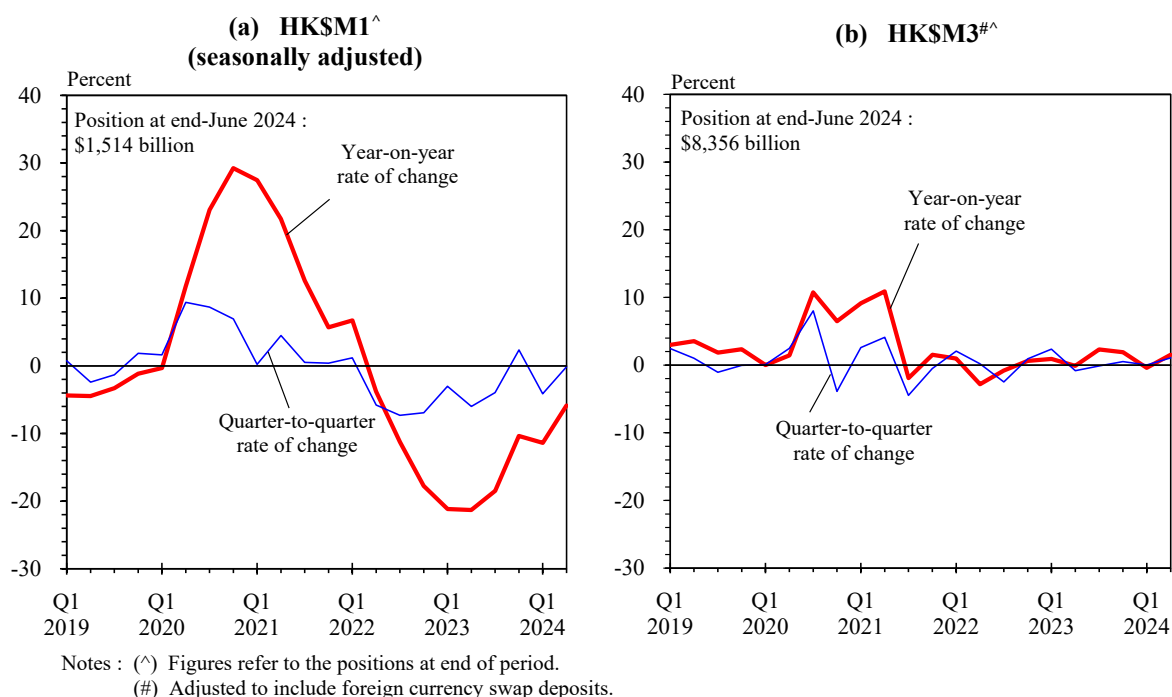


Table 4.1 : Hong Kong dollar money supply and total money supply

% change during the quarter		<u>M1</u>		<u>M2</u>		<u>M3</u>	
		HK\$ [^]	Total	HK\$ [#]	Total	HK\$ [#]	Total
2023	Q1	-3.0	-2.0	2.3	0.5	2.3	0.5
	Q2	-6.0	-4.8	-0.8	-0.4	-0.8	-0.4
	Q3	-3.9	-3.1	-0.1	1.4	-0.1	1.4
	Q4	2.3	3.8	0.5	2.4	0.5	2.5
2024	Q1	-4.1	-1.6	0.0	-0.1	0.0	0.0
	Q2	-0.1	3.5	1.1	3.4	1.1	3.4
Total amount at end-June 2024 (\$Bn)		1,514	2,647	8,342	17,774	8,356	17,817
% change over a year earlier		-5.9	2.5	1.5	7.4	1.5	7.4

Notes : (^) Seasonally adjusted.

(#) Adjusted to include foreign currency swap deposits.

4.7 *Total loans and advances* decreased by 0.9% over end-March to \$9,995 billion at end-June. Within the total, Hong Kong dollar loans and foreign currency loans decreased by 1.3% and 0.2% respectively. Reflecting the relative movements in loans and deposits, the loan-to-deposit ratio for Hong Kong dollar fell further from 83.2% at end-March to 81.3% at end-June, and that for foreign currency went down from 43.6% to 41.3%.

4.8 Loans for use in Hong Kong (including trade finance) edged up by 0.3% from end-March to \$7,561 billion at end-June, while loans for use outside Hong Kong decreased by 4.7% to \$2,433 billion. Within the former, loans to various economic segments saw mixed performance. Trade finance resumed growth of 6.0% thanks to improved external trade performance. Loans to financial concerns also rose back slightly by 0.5% while those to stockbrokers saw a narrower decline of 2.4% alongside some revival in financial market activities. Meanwhile, loans to wholesale and retail trade edged up by 0.2%, while those to manufacturing relapsed to a decline of 2.7%. As for property-related lending, loans to building, construction, property development and investment decreased by 2.8%, while loans for purchase of residential property grew modestly by 0.7%.

Table 4.2 : Loans and advances

All loans and advances for use in Hong Kong

% change during the quarter		Loans to :								All loans and advances for use outside Hong Kong ^(c)	Total loans and advances
		Trade finance	Manu- facturing	Wholesale and retail trade	Building, construction, property development and investment	Purchase of residential property ^(a)	Financial concerns	Stock- brokers	Total ^(b)		
2023	Q1	-0.9	3.8	-1.1	1.8	0.9	1.2	14.6	1.4	-0.4	0.9
	Q2	-2.4	-3.8	-0.4	-2.0	1.6	1.1	-16.8	-0.4	-4.1	-1.3
	Q3	-2.9	-3.5	-3.0	-2.5	0.9	-5.4	1.5	-1.9	-2.8	-2.2
	Q4	-7.5	-0.8	0.9	0.8	-0.1	0.8	-10.5	-0.1	-3.4	-1.0
2024	Q1	-0.5	0.5	-4.7	-0.7	0.1	-7.5	-10.4	-1.2	-0.5	-1.0
	Q2	6.0	-2.7	0.2	-2.8	0.7	0.5	-2.4	0.3	-4.7	-0.9
Total amount at end-June 2024 (\$Bn)		385	292	287	1,620	1,994	836	41	7,561	2,433	9,995
% change over a year earlier		-5.2	-6.5	-6.5	-5.2	1.5	-11.4	-20.6	-2.9	-11.0	-5.0

Notes : (a) Figures also include loans for the purchase of flats under the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme, in addition to those for the purchase of private residential flats.

(b) Loans to individual sectors may not add up to all loans and advances for use in Hong Kong, as some sectors are not included.

(c) Also include loans where the place of use is not known.

4.9 The Hong Kong banking sector remained sound and resilient, underpinned by strong capital and liquidity buffers. Hong Kong incorporated AIs were well capitalised, with the total capital adequacy ratio staying at a high level of 21.1% at end-March. The local banking sector’s overall asset quality deteriorated slightly, but remained at a healthy level. The ratio of classified loans to total loans for all AIs rose from 1.56% at end-2023 to 1.79% at end-March 2024, and the delinquency ratio for credit card lending edged up from 0.30% to 0.33%. The delinquency ratio for residential mortgage loans stayed low at 0.10% at end-June, though slightly higher than the 0.09% at end-March.

Table 4.3 : Asset quality of all AIs^{*^}
(as % of total loans)

<u>At end of period</u>		<u>Pass loans</u>	<u>Special mention loans</u>	<u>Classified loans</u> (gross)
2023	Q1	96.57	1.98	1.46
	Q2	96.57	1.93	1.50
	Q3	96.49	1.90	1.61
	Q4	96.41	2.03	1.56
2024	Q1	96.16	2.05	1.79

Notes : Due to rounding, figures may not add up to 100.

(*) Period-end figures cover Hong Kong offices, overseas branches and major overseas subsidiaries. Loans and advances are classified into the following categories: Pass, Special Mention, Substandard, Doubtful and Loss. Loans in the substandard, doubtful and loss categories are collectively known as “classified loans”.

(^) This table presents the asset quality of all AIs. For retail banks, the pass loans, special mention loans and classified loans (gross) as percentages of total loans were 96.01%, 2.08% and 1.91% respectively at end-March 2024.

4.10 *Offshore renminbi (RMB) business* remained active in the second quarter. RMB trade settlement transactions handled by banks in Hong Kong leapt by 32.6% over a year earlier to RMB3,701.0 billion. Total RMB deposits (including customer deposits and outstanding certificates of deposit) increased by 12.6% over end-March to RMB1,191.2 billion at end-June. As to financing activities, outstanding RMB bank loans grew by 4.8% over end-March to RMB549.1 billion at end-June. Earlier on, RMB bond issuance increased from RMB130.5 billion in the fourth quarter of 2023 to RMB158.1 billion (of which RMB12.0 billion was issued by the Ministry of Finance) in the first quarter of 2024⁽⁶⁾.

Table 4.4 : Renminbi customer deposits and cross-border renminbi trade settlement in Hong Kong

<u>At end of period</u>		<u>Interest rates on^(a)</u>					<u>Number of AIs engaged in RMB business</u>	<u>Amount of cross-border RMB trade settlement^(c)</u> (RMB Mn)
		<u>Demand and savings deposits</u> (RMB Mn)	<u>Time deposits</u> (RMB Mn)	<u>Customer deposits</u> (RMB Mn)	<u>Savings deposits^(b)</u> (%)	<u>Three-month time deposits^(b)</u> (%)		
2023	Q1	319,076	475,018	794,095	0.16	0.31	141	2,312,566
	Q2	399,974	507,327	907,302	0.16	0.31	141	2,791,750
	Q3	361,994	590,571	952,565	0.16	0.31	139	3,145,772
	Q4	381,803	557,400	939,203	0.16	0.31	139	3,418,469
2024	Q1	356,992	587,672	944,664	0.16	0.31	139	3,713,713
	Q2	432,712	628,954	1,061,666	0.16	0.31	138	3,700,964
% change in 2024 Q2 over 2023 Q2		8.2	24.0	17.0	N.A.	N.A.	N.A.	32.6
% change in 2024 Q2 over 2024 Q1		21.2	7.0	12.4	N.A.	N.A.	N.A.	-0.3

Notes : (a) The interest rates are based on a survey conducted by the HKMA.

(b) Period average figures.

(c) Figures during the period.

N.A. Not applicable.

The debt market

4.11 As to the Hong Kong dollar *debt market*, total gross issuance of Hong Kong dollar debt securities increased by 0.8% from the preceding quarter to \$1,273.8 billion in the second quarter, with the increase of 27.4% in private sector issuance largely offsetting the decrease of 3.2% in public sector issuance⁽⁷⁾. The total outstanding amount of Hong Kong dollar debt securities increased by 0.6% over end-March to \$2,774.9 billion at end-June, equivalent to 33.2% of HK\$M3 or 27.6% of Hong Kong dollar-denominated assets of the banking sector⁽⁸⁾.

4.12 As to the Hong Kong dollar bonds issued by the Government, a total of \$1.5 billion institutional Government Bonds (GBs) were issued through tenders in the second quarter under the GB Programme. At end-June, the total outstanding amount of Hong Kong dollar bonds under the GB and Government Sustainable Bond (GSB, formerly the Government Green Bond (GGB)) Programmes was \$258.7 billion, comprising 15 institutional issues totalling \$92.5 billion, three retail issues (Silver Bonds) totalling \$124.2 billion under the GB Programme, as well as two retail issues totalling \$40.0 billion and one tokenised institutional issue of \$2.0 billion under the GSB Programme. As for

GBs denominated in other currencies, there was one US dollar sukuk with an issuance size of US\$1.0 billion outstanding under the GB Programme, as well as around US\$18.5 billion equivalent of institutional green bonds outstanding under the GSB Programme.

Table 4.5 : New issuance and outstanding value of Hong Kong dollar debt securities (\$Bn)

		Exchange Fund paper	Statutory bodies/ government- owned corporations	Govern- ment	Public sector total	AIs ^(a)	Local corporations	Non-MDBs overseas borrowers ^(b)	Private sector total	MDBs ^(b)	Total
New Issuance											
2023	Annual	3,978.0	76.3	106.3	4,160.6	289.9	30.2	419.7	739.7	26.2	4,926.5
	Q1	975.8	31.8	7.8	1,015.3	86.1	9.0	128.5	223.6	14.9	1,253.8
	Q2	997.2	19.4	9.5	1,026.2	65.2	10.4	106.0	181.6	3.7	1,211.5
	Q3	994.5	16.4	58.5	1,069.4	80.3	7.1	95.0	182.3	6.1	1,257.8
	Q4	1,010.6	8.7	30.5	1,049.8	58.2	3.7	90.2	152.1	1.5	1,203.4
2024	Q1	1,004.5	57.0	5.5	1,066.9	59.7	6.2	113.0	178.9	18.4	1,264.3
	Q2	1,017.4	13.6	1.5	1,032.4	89.2	7.0	131.8	228.0	13.4	1,273.8
% change in 2024 Q2 over 2023 Q2		2.0	-30.3	-84.2	0.6	36.8	-32.3	24.3	25.5	257.5	5.1
% change in 2024 Q2 over 2024 Q1		1.3	-76.2	-72.7	-3.2	49.4	13.1	16.6	27.4	-27.3	0.8
Outstanding (at end of period)											
2023	Q1	1,216.7	146.0	226.9	1,589.5	305.6	133.9	503.8	943.3	48.7	2,581.5
	Q2	1,227.1	149.3	234.5	1,610.9	296.0	137.3	546.6	979.9	50.9	2,641.8
	Q3	1,240.4	159.2	288.9	1,688.5	288.6	134.3	566.2	989.0	53.8	2,731.2
	Q4	1,255.4	152.0	284.6	1,692.0	290.1	130.1	576.9	997.1	53.8	2,742.9
2024	Q1	1,268.4	187.5	287.2	1,743.1	265.1	120.8	573.5	959.4	55.4	2,757.9
	Q2	1,281.7	172.1	258.7	1,712.5	284.3	114.2	599.2	997.7	64.6	2,774.9
% change in 2024 Q2 over 2023 Q2		4.4	15.3	10.4	6.3	-4.0	-16.8	9.6	1.8	26.8	5.0
% change in 2024 Q2 over 2024 Q1		1.0	-8.2	-9.9	-1.8	7.3	-5.5	4.5	4.0	16.7	0.6

Notes : Figures may not add up to the corresponding totals due to rounding and may be subject to revisions.

(a) AIs : Authorized institutions.

(b) MDBs : Multilateral Development Banks.

The stock and derivatives markets

4.13 The *local stock market* fared better in the second quarter. Market sentiment improved following the announcement of enhancement measures on mutual access between the capital markets of the Mainland and Hong Kong in late April. The HSI rose markedly to 19 636 on 20 May, the highest in almost 10 months. Yet, dampened by expectations for delayed US interest rate cuts and concerns about the Mainland’s economic recovery momentum, the HSI then retreated and closed the quarter at 17 719 or 7.1% higher than end-March. *Market capitalisation* rose back by 6.1% during the quarter to \$32.1 trillion. The local stock market ranked the seventh largest in the world and the fourth largest in Asia⁽⁹⁾.

4.14 Trading activities picked up further in the second quarter. *Average daily turnover* in the securities market rose by 22.4% over the preceding quarter or 18.2% over a year earlier to \$121.6 billion. Within the total, the average daily trading value of equities, unit trusts (including Exchange-Traded Funds (ETFs))⁽¹⁰⁾ and callable bull/bear contracts increased by 27.5%, 16.9% and 0.8% respectively over the preceding quarter, while that of derivative warrants declined by 11.5%. As to futures and options⁽¹¹⁾, the average daily trading volume increased by 4.3%. Within the total, trading of stock options leapt by 15.8%, while that of Hang Seng China Enterprises Index futures, HSI futures and HSI options fell by 8.2%, 5.3% and 5.1% respectively.

Diagram 4.6 : The local stock market fared better in the second quarter

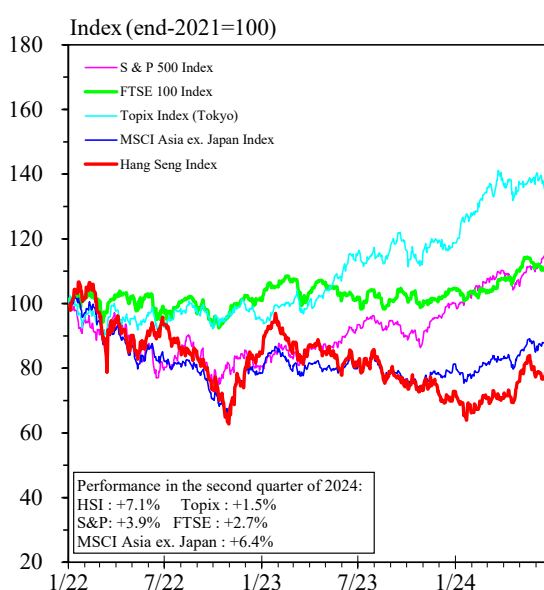
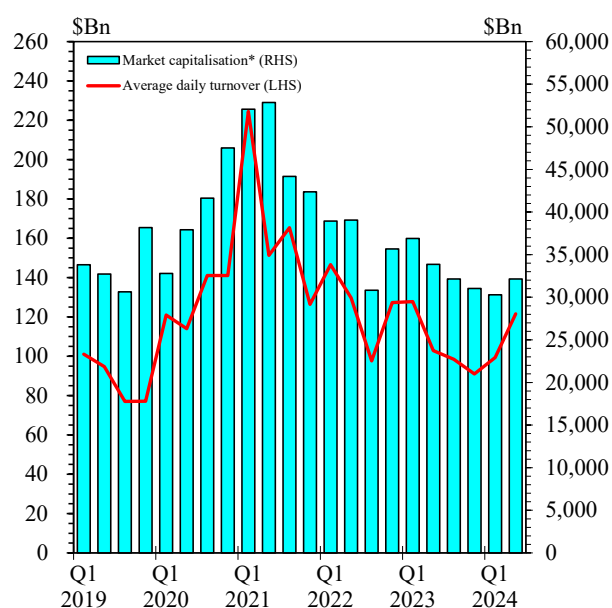


Diagram 4.7 : Market capitalisation rose back, while trading activities picked up further



Note : (*) Position at end of quarter.

Table 4.6 : Average daily turnover of futures and options of the Hong Kong market

		Hang Seng Index futures	Hang Seng Index options	Hang Seng China Enterprises Index futures	Stock options	Total futures and options traded*
2023	Annual	138 446	22 820	186 689	612 182	1 353 839
	Q1	145 708	25 243	196 405	665 210	1 418 700
	Q2	138 717	23 143	188 933	598 988	1 315 783
	Q3	136 670	22 706	179 322	590 969	1 336 408
	Q4	132 813	20 207	182 652	593 478	1 343 428
2024	Q1	149 867	22 591	208 485	645 126	1 500 494
	Q2	141 876	21 446	191 449	747 232	1 565 097
	% change in 2024 Q2 over 2023 Q2	2.3	-7.3	1.3	24.7	18.9
	% change in 2024 Q2 over 2024 Q1	-5.3	-5.1	-8.2	15.8	4.3

Note : (*) Turnover figures for individual futures and options are in number of contracts, and do not add up to the total futures and options traded as some products are not included.

4.15 Fund raising activities in Hong Kong revived somewhat during the second quarter. *Total equity capital raised*, comprising new share floatation and post-listing arrangements on the Main Board and GEM⁽¹²⁾, rebounded by 18.5% over the preceding quarter to \$36.0 billion in the second quarter, but was still 12.8% lower than a year earlier. Within the total, the amount of funds raised through Initial Public Offerings (IPOs) bounced back by 78.5% over the preceding quarter to \$8.6 billion, but still down 23.5% from a year earlier. Hong Kong ranked ninth among stock exchange markets globally in terms of the amount of funds raised through IPOs in the first half of the year⁽¹³⁾.

4.16 Mainland enterprises continued to play a prominent role in the Hong Kong stock market. At end-June, a total of 1 460 Mainland enterprises (including 343 H-share companies and 1 117 Non-H share Mainland enterprises) were listed on the Main Board and GEM, accounting for 56% of the total number of listed companies and 79% of total market capitalisation. Mainland-related stocks accounted for 86% of equity turnover and 87% of total equity funds raised in the Hong Kong Stock Exchange in the first half of 2024.

Fund management and investment funds

4.17 The fund management business saw mixed performance in the second quarter. The aggregate net asset value of the approved constituent funds under the *Mandatory Provident Fund (MPF) schemes*⁽¹⁴⁾ rose by 3.6% over end-March to \$1,225.9 billion at end-June. The monthly average gross retail sales of *mutual funds* fell by 5.9% from the preceding quarter to US\$6.2 billion in April – May⁽¹⁵⁾⁽¹⁶⁾, but were still 39.1% higher than the level a year earlier.

Insurance sector

4.18 The *insurance sector*⁽¹⁷⁾ recorded impressive growth in the first quarter. New office premiums of long-term business leapt by 39.0% over a year earlier, within which premium from non-investment linked plans (which accounted for 97% of total premium for this segment) soared by 45.5%, while that from investment linked plans decreased by 46.0%. As to general business, gross and net premiums rose by 0.9% and 5.3% respectively.

Table 4.7 : Insurance business in Hong Kong[@] (\$Mn)

		General business			New office premium for long-term business [^]					Gross premium from long-term business and general business
		Gross premium	Net premium	Underwriting profit	Individual life and annuity (non-investment linked)	Individual life and annuity (investment linked)	Other individual business	Non-retirement scheme group business	All long-term business	
2023	Annual	67,302	43,280	846	169,438	11,165	50	310	180,963	248,265
	Q1	20,660	12,460	513	43,476	3,419	13	71	46,979	67,639
	Q2	16,324	10,803	940	52,890	3,171	11	87	56,159	72,483
	Q3	16,821	11,459	66	40,916	2,375	12	78	43,381	60,202
	Q4	13,497	8,558	-673	32,156	2,200	14	74	34,444	47,941
2024	Q1	20,838	13,124	1,038	63,279	1,846	13	141	65,279	86,117
% change in 2024 Q1 over 2023 Q1		0.9	5.3	102.3	45.5	-46.0	*	98.6	39.0	27.3

Notes : (@) Figures are based on provisional statistics of the Hong Kong insurance industry.

(^) Retirement scheme business is excluded.

(*) Change within $\pm 0.05\%$.

Highlights of policy and market developments

4.19 To further expand the mutual access between the capital markets of the Mainland and Hong Kong, the China Securities Regulatory Commission announced five measures on 19 April, including (i) expanding the eligible product scope of ETFs under Stock Connect; (ii) including real estate investment trusts (REITs) under Stock Connect; (iii) supporting the inclusion of RMB stock trading counter under Southbound trading of Stock Connect; (iv) enhancing the arrangements for mutual recognition of funds; and (v) encouraging leading enterprises of industries in the Mainland to list in Hong Kong. The new measures will further strengthen Hong Kong's role to connect the Mainland and international capital markets and enhance Hong Kong's status as an offshore RMB centre, thereby contributing to the further development of Hong Kong's financial markets as well as the steady and prudent advancement of RMB internationalisation. Among others, the expansion of eligible scope of ETFs under Stock Connect took effect on 22 July, enriching the asset allocation choices for domestic, Mainland and overseas investors.

4.20 In May 2024, the People's Bank of China, the Securities and Futures Commission (SFC) and the HKMA jointly announced enhancement measures on the mutual access arrangement between the Mainland and Hong Kong interest rate swap markets (Swap Connect), to introduce features including (i) accepting interest rate swap contracts with payment cycles based on the International Monetary Market dates for clearing; (ii) introducing compression service and the clearing of backdated swap contracts; and (iii) rolling out other system enhancements and incentive programmes to reduce the participation costs of Mainland and overseas investors. The enhancements could facilitate better alignment with international practices and enhance capital efficiency for investors, thereby further addressing their diverse risk management needs.

4.21 Asia's first spot virtual asset ETFs were listed in Hong Kong on 30 April. The listing of six bitcoin and ether spot ETFs marked a key milestone in Hong Kong's ETF market development by enhancing its product diversity and liquidity, and further supporting Hong Kong's position as the region's leading ETF marketplace.

4.22 Hong Kong Exchanges and Clearing Limited announced on 18 June the finalised operational model and arrangements to allow Hong Kong's securities and derivatives markets to remain open during severe weather conditions, which will be implemented from 23 September. Under the initiative, trading, post-trade and listing arrangements in securities and derivatives markets, including Stock Connect, derivatives holiday trading, and after-hours trading, will be maintained under severe weather. The arrangements will facilitate investors to continue trading Hong Kong stocks and derivatives as well as Mainland A-shares through Northbound trading of Stock Connect without being affected by the adverse local weather conditions in Hong Kong, further consolidating Hong Kong's role as the two-way gateway and bridge for international and Mainland investors and capital.

4.23 The eMPF Platform was launched on 26 June, signifying the birth of a new digital era for the MPF system, enhancing operational efficiency, reducing administrative costs, and improving user experience. The centralised electronic platform enables employers and scheme members to handle administration tasks and manage MPF assets electronically, including enrolment, making contributions, change of investment choices, account consolidation and withdrawal of benefits, etc. Following the onboarding of all MPF schemes to the eMPF Platform by end-2025, the current systems administered by trustees will be replaced by the eMPF Platform.

Notes :

- (1) Prior to 9 October 2008, the Base Rate was set at either 150 basis points above the prevailing US Federal Funds Target Rate (FFTR) or the average of the five-day moving averages of the overnight and one-month HIBORs, whichever was higher. Between 9 October 2008 and 31 March 2009, this formula for determination of the Base Rate was temporarily changed by reducing the spread of 150 basis points above the prevailing FFTR to 50 basis points and by removing the other leg relating to the moving averages of the relevant interbank interest rates. After a review of the appropriateness of the new Base Rate formula, the narrower 50 basis point spread over the FFTR was retained while the HIBOR leg was re-instated in the calculation of the Base Rate after 31 March 2009.
- (2) In December 2005, the HKMA published a new data series on composite interest rate, reflecting movements in various deposit rates, interbank and other interest rates to closely track the average cost of funds for banks. The published data enable the banks to keep track of changes in funding cost and thus help improve interest rate risk management in the banking sector. Since June 2019, the composite interest rate has been calculated based on the new local “Interest rate risk in the banking book” framework. As such, the figures are not strictly comparable with those of previous months.
- (3) The trade-weighted Nominal Effective Exchange Rate Index (EERI) is an indicator of the overall exchange value of the Hong Kong dollar against a fixed basket of other currencies. Specifically, it is a weighted average of the exchange rates of the Hong Kong dollar against 18 currencies of its major trading partners, with the weights adopted being the respective shares of these trading partners in the total value of merchandise trade for Hong Kong during 2019 and 2020.

The Real EERI of the Hong Kong dollar is obtained by adjusting the Nominal EERI for relative movements in the seasonally adjusted consumer price indices of the respective trading partners.

- (4) The various definitions of the money supply are as follows:

M1 : Notes and coins with the public, plus customers’ demand deposits with licensed banks.

M2 : M1 plus customers’ savings and time deposits with licensed banks, plus negotiable certificates of deposit (NCDs) issued by licensed banks and held outside the monetary sector, as well as short-term Exchange Fund placements of less than one month.

M3 : M2 plus customers’ deposits with restricted licence banks and deposit-taking companies, plus NCDs issued by such institutions and held outside the monetary sector.

Among the various monetary aggregates, more apparent seasonal patterns are found in HK\$M1, currency held by the public, and demand deposits. As monthly monetary statistics are subject to volatilities due to a wide range of transient factors, such as seasonal and IPO-related funding demand as well as business and investment-related activities, caution is required when interpreting the statistics.

- (5) AIs include licensed banks, restricted licence banks and deposit-taking companies. At end-June 2024, there were 149 licenced banks, 16 restricted licence banks and 11 deposit-taking companies in Hong Kong. Altogether, 176 AIs (excluding representative offices) from 32 countries and territories (including Hong Kong) had a presence in Hong Kong.
- (6) HKMA discontinued the old RMB bond issuance data since June 2024 and adopted another data series. The new series has broader coverage sourced from various data sources including Bloomberg, the Central Moneymarkets Unit, Dealogic and Reuters but with longer time lag. Hence the latest data are up to the previous quarter only, and the new data are not directly comparable with those in previous issues of this report. Figures are subject to revisions.
- (7) The figures for private sector debt may not represent a full coverage of all the Hong Kong dollar debt paper issued.
- (8) Assets of the banking sector include notes and coins, amount due from AIs in Hong Kong as well as from banks abroad, loans and advances to customers, NCDs held, negotiable debt instruments other than NCDs held, and other assets. Certificates of indebtedness issued by Exchange Fund and the counterpart bank notes issued are nevertheless excluded.
- (9) The ranking is based on the market capitalisation figures of global stock exchange markets compiled by the World Federation of Exchanges and the London Stock Exchange Group.
- (10) Given the relatively small share (less than 0.5% of the daily turnover in the securities market), trading of debt securities and its movements were not analysed.
- (11) At end-June 2024, there were 126 classes of stock options contracts and 98 classes of stock futures contracts.
- (12) At end-June 2024, there were 2 293 and 324 companies listed on the Main Board and GEM respectively.
- (13) The ranking is based on the amount of funds raised through IPOs (including fundraising of special purpose acquisition companies) compiled by Dealogic.
- (14) At end-June 2024, there were 12 approved trustees. On MPF products, 21 master trust schemes, two industry schemes and one employer sponsored scheme, comprising altogether 379 constituent funds, were approved by the Mandatory Provident Fund Schemes Authority. A total of 364 000 employers, 2.64 million employees and 235 000 self-employed persons are estimated to have participated in MPF schemes.
- (15) These figures are obtained from the Sales and Redemptions Survey conducted by the Hong Kong Investment Funds Association (HKIFA) on their members, and cover only the active authorised funds that have responded to the survey. As HKIFA has revised the coverage of its funds statistics for 2023, the figures in this report may not be comparable with those contained in previous issues of this report.
- (16) At end-June 2024, there was one SFC-authorised retail hedge fund with net asset size of US\$112 million. This amount of net assets under management decreased by 3.4% from

end-March, and represented a 7.4% decrease from a year earlier and a 30.0% decrease from end-2002, the year when the hedge funds guidelines were first issued.

- (17) At end-June 2024, there were 157 authorized insurers in Hong Kong. Within this total, 52 were engaged in long-term insurance business, 85 in general insurance business, 18 in composite insurance business, and two in special purpose business. These authorized insurers come from 22 countries and territories (including Hong Kong).

CHAPTER 5 : THE LABOUR SECTOR

Summary

- *The labour market stayed tight in the second quarter of 2024. The seasonally adjusted unemployment rate stayed low at 3.0%, same as the preceding quarter. The underemployment rate was also low at 1.2%, though slightly higher than the level of 1.1% in the preceding quarter. The labour force and total employment both increased over the preceding quarter, and were higher than the levels a year ago.*
- *The unemployment rates of various major sectors were generally low in the second quarter, though showing diverse movements compared with the preceding quarter.*
- *Establishment survey indicated that wages and labour earnings continued to attain decent increases in the first quarter over a year earlier. More recent General Household Survey (GHS) data indicated that employment earnings continued to record solid growth in the second quarter over a year earlier.*

Overall labour market situation⁽¹⁾

5.1 The labour market stayed tight in the second quarter of 2024. The seasonally adjusted *unemployment rate*⁽²⁾ stayed low at 3.0% in the second quarter, same as the preceding quarter. The *underemployment rate*⁽³⁾ was also low at 1.2%, though slightly higher than the level of 1.1% in the preceding quarter. The unemployment rates of various major sectors were generally low in the second quarter, though showing diverse movements compared with the preceding quarter. Establishment survey indicated that wages and labour earnings continued to attain decent increases in the first quarter over a year earlier. More recent GHS data indicated that employment earnings continued to record solid growth in the second quarter over a year earlier.

Diagram 5.1 : The labour market stayed tight in the second quarter of 2024

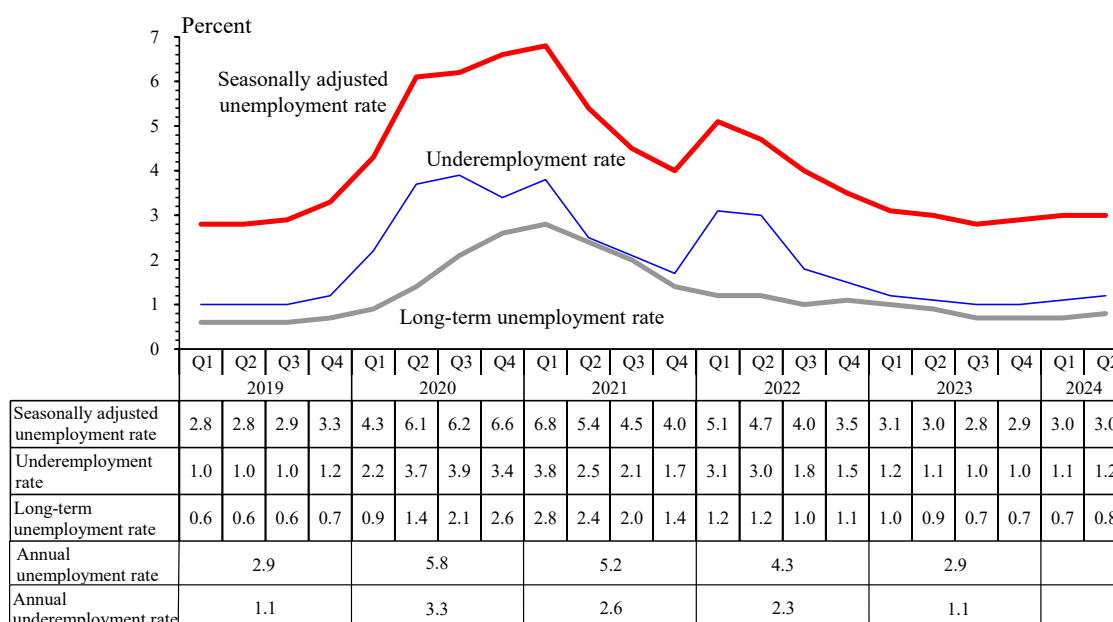


Table 5.1 : The unemployment rate (seasonally adjusted), underemployment rate and long-term unemployment rate

	<u>Unemployment rate*</u> (%)	<u>Underemployment</u> <u>rate (%)</u>	<u>Long-term</u> <u>unemployment rate (%)</u>
2023 Annual	2.9	1.1	0.8
Q1	3.1	1.2	1.0
Q2	3.0	1.1	0.9
Q3	2.8	1.0	0.7
Q4	2.9	1.0	0.7
2024 Q1	3.0	1.1	0.7
<i>Three months ending</i>			
2024 Apr	3.0	1.1	0.8
May	3.0	1.2	0.8
Jun	3.0	1.2	0.8

Notes : The quarterly statistics in 2023 have been revised to take into account the final end-2023 population estimates.

* Seasonally adjusted (except for annual figures).

Source : General Household Survey, Census and Statistics Department.

Labour force and total employment

5.2 The *labour force*⁽⁴⁾ rebounded by 0.5% over the preceding quarter to 3 818 000 in the second quarter, and was 0.3% higher than a year earlier. Analysed by contributory factor, the working-age population (i.e. land-based non-institutional population aged 15 and above) increased by 0.3% over the preceding quarter to 6 680 800, and was 0.4% higher than a year ago. Meanwhile, the overall labour force participation rate edged up by 0.1 percentage point over the preceding quarter to 57.1%, though it was slightly lower than a year ago by 0.1 percentage point amid the persistent drag from population ageing.

5.3 *Total employment*⁽⁵⁾ likewise rebounded by 0.4% over the preceding quarter to 3 703 300 in the second quarter, and was 0.2% higher than a year earlier. Compared with the preceding quarter, employment of a majority of sectors increased, including the postal and courier activities sector, the social work activities sector, the accommodation services sector, the real estate sector, the arts, entertainment and recreation sector, the transportation sector, and the construction sector. On the other hand, employment in some sectors, such as the food and beverage service activities sector and the retail sector, declined. On a year-on-year comparison, employment of various sectors showed diverse movements.

Table 5.2 : The labour force, and persons employed, unemployed and underemployed

	<u>Labour force</u>	<u>Persons employed</u>	<u>Persons unemployed^(a)</u>	<u>Persons underemployed</u>
2023 Annual	3 822 300 (1.2)	3 709 600 (2.7)	112 700	41 600
Q1	3 808 000 (0.4)	3 692 300 (2.4)	115 700	47 200
Q2	3 808 500 (1.4)	3 694 300 (3.4)	114 200	41 600
Q3	3 838 300 (0.8)	3 724 400 (2.0)	113 900	37 900
Q4	3 820 000 (-0.7)	3 714 100 (-0.2)	105 900	36 900
2024 Q1	3 800 100 (-0.2)	3 688 400 (-0.1)	111 700	40 000
<i>Three months ending</i>				
2024 Apr	3 807 800 (0.2)	3 694 100 (0.2)	113 700	40 500
May	3 813 100 (0.2)	3 696 900 (0.1)	116 200	44 700
Jun	3 818 000 (0.3)	3 703 300 (0.2)	114 700	44 500
	<0.5>	<0.4>		

Notes : The quarterly statistics in 2023 have been revised to take into account the final end-2023 population estimates.

(a) These include first-time job-seekers and re-entrants into the labour force.

() % change over a year earlier.

< > Quarter-to-quarter % change for the second quarter of 2024.

Source : General Household Survey, Census and Statistics Department.

Diagram 5.2 : The labour force and total employment rebounded in the second quarter over the preceding quarter, and were higher than a year earlier



Table 5.3 : Labour force participation rates by gender and by age group (%)

	<u>2023</u>				<u>2024</u>	
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>
<u>Male</u>						
15-24	29.3	29.1	31.7	29.6	27.9	27.9
<i>of which:</i>						
15-19	6.4	6.1	9.2	7.7	6.5	6.5
20-24	51.2	51.0	52.9	50.5	49.3	49.1
25-29	87.8	87.3	86.9	88.9	88.3	86.9
30-39	93.4	93.9	94.6	94.3	94.3	94.1
40-49	93.8	94.2	93.8	93.0	92.9	93.5
50-59	84.9	85.1	85.1	85.2	84.6	85.1
≥ 60	32.0	31.2	32.0	31.1	31.0	31.0
Overall	63.8	63.4	63.9	63.2	62.8	62.8
<u>Female</u>						
15-24	30.9	29.2	32.4	30.6	29.6	29.3
<i>of which:</i>						
15-19	6.9	6.4	9.7	6.7	6.2	6.2
20-24	52.7	49.6	52.4	51.9	51.4	50.6
25-29	85.5	85.1	85.3	84.4	84.0	83.4
30-39	79.0	79.7	79.7	80.2	80.1	80.8
40-49	73.7	74.1	74.9	75.1	75.2	75.8
50-59	64.7	64.0	65.0	65.8	65.7	65.3
≥ 60	17.0	17.3	16.8	16.8	17.5	18.0
Overall	52.4	52.2	52.5	52.3	52.4	52.6
<u>Both genders combined</u>						
15-24	30.1	29.2	32.0	30.1	28.7	28.6
<i>of which:</i>						
15-19	6.7	6.2	9.4	7.2	6.4	6.4
20-24	52.0	50.3	52.7	51.2	50.4	49.8
25-29	86.6	86.2	86.0	86.5	86.0	85.0
30-39	85.1	85.7	86.1	86.2	86.2	86.5
40-49	81.8	82.2	82.6	82.4	82.4	82.9
50-59	73.4	73.1	73.6	74.1	73.8	73.7
≥ 60	24.1	23.8	24.0	23.5	23.9	24.1
Overall	57.5	57.2	57.6	57.2	57.0	57.1

Note : The quarterly statistics in 2023 have been revised to take into account the final end-2023 population estimates.

Source : General Household Survey, Census and Statistics Department.

Profile of unemployment

5.4 The seasonally adjusted unemployment rate stayed at 3.0% in the second quarter, same as the preceding quarter. The number of unemployed persons (not seasonally adjusted) increased by 2.7% or 3 000 to 114 700.

5.5 The unemployment rates of various major sectors (not seasonally adjusted) were generally low in the second quarter, though showing diverse movements compared with the preceding quarter. The unemployment rates of the retail sector and the accommodation services sector went up by 0.6 percentage point and 0.8 percentage point to 3.9% and 3.4% respectively, and the unemployment rate of the food and beverage service activities sector edged up by 0.1 percentage point to 4.7%. The unemployment rate of the transportation sector went up by 0.4 percentage point to 2.6%, and the unemployment rate of the construction sector edged up by 0.1 percentage point to 4.2%. The unemployment rates of a few other sectors also increased, notably the cleaning and similar activities sector (up 0.8 percentage point to 2.8%), and the financing sector (up 0.5 percentage point to 2.8%). On the other hand, the unemployment rates of many sectors declined, in particular for the insurance sector (down 0.5 percentage point to 1.7%). For the *low-paying sectors*⁽⁶⁾ as a whole, the unemployment rate edged up by 0.1 percentage point to 2.5%, which was still a low level.

5.6 Analysed by skill segment, the unemployment rates of lower-skilled and higher-skilled workers went up by 0.2 percentage point and 0.1 percentage point over the preceding quarter to 3.1% and 2.3% in the second quarter respectively.

5.7 Analysed by other socio-economic attributes, the unemployment rates of various age and educational attainment groups showed diverse movements in the second quarter compared with the preceding quarter. The unemployment rates of persons aged 15-19, 30-49, 60 and above and those with lower secondary and below increased, whereas the unemployment rates of persons aged 20-29 and 50-59 and those with upper secondary and above decreased.

Diagram 5.3 : The unemployment rates of various major sectors were generally low in the second quarter, though showing diverse movements compared with the preceding quarter

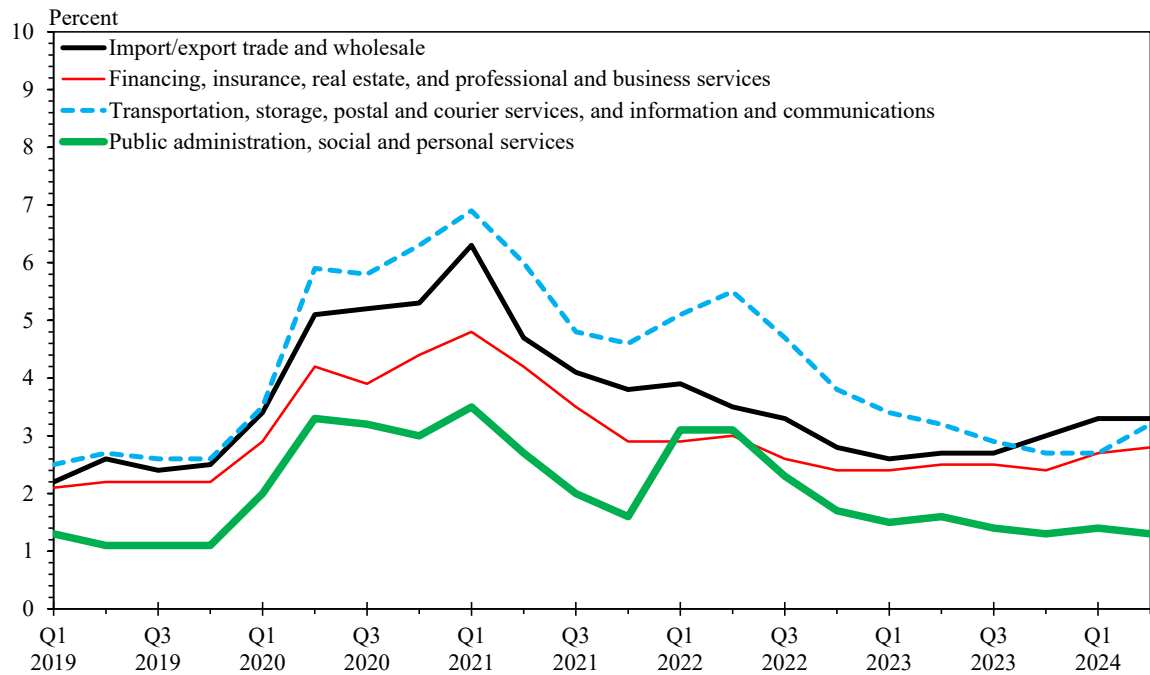
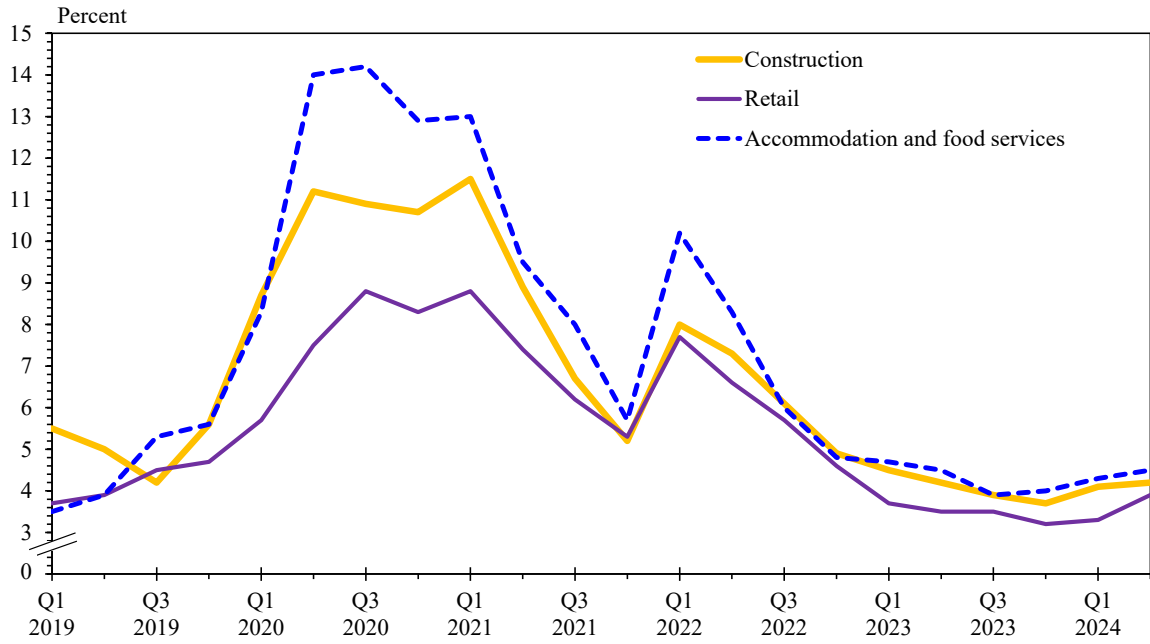


Table 5.4 : Unemployment rates by major economic sector

	<u>2023</u>				<u>2024</u>	
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>
Import/export trade and wholesale	2.6	2.7	2.7	3.0	3.3	3.3
Retail, accommodation and food services	4.2	4.0	3.7	3.6	3.8	4.2
<i>of which:</i>						
<i>Retail</i>	3.7	3.5	3.5	3.2	3.3	3.9
<i>Accommodation services</i>	3.7	3.0	2.5	2.3	2.6	3.4
<i>Food and beverage service activities</i>	4.9	4.8	4.1	4.3	4.6	4.7
Transportation, storage, postal and courier services	3.3	3.1	2.6	2.4	2.5	3.0
<i>of which:</i>						
<i>Transportation</i>	3.1	2.9	2.2	2.1	2.2	2.6
Information and communications	3.4	3.3	3.4	3.5	3.1	3.4
Financing and insurance	2.1	2.0	2.3	1.9	2.3	2.5
<i>of which:</i>						
<i>Financing</i>	2.0	1.8	2.2	1.9	2.3	2.8
<i>Insurance</i>	2.6	2.8	2.9	2.0	2.2	1.7
Real estate	2.6	2.6	2.1	2.1	2.2	2.1
Professional and business services	2.5	2.7	2.8	2.7	3.1	3.3
<i>of which:</i>						
<i>Cleaning and similar activities</i>	1.4	2.0	2.0	2.0	2.0	2.8
Public administration, social and personal services	1.5	1.6	1.4	1.3	1.4	1.3
Manufacturing	3.9	4.0	4.0	3.8	3.2	3.2
Construction	4.5	4.2	3.9	3.7	4.1	4.2
Overall*	3.0 (3.1)	3.0 (3.0)	3.0 (2.8)	2.8 (2.9)	2.9 (3.0)	3.0 (3.0)

Notes : The quarterly statistics in 2023 have been revised to take into account the final end-2023 population estimates.

* Including first-time job-seekers and re-entrants into the labour force.

() Seasonally adjusted unemployment rates.

Source : General Household Survey, Census and Statistics Department.

Diagram 5.4 : The unemployment rates of lower-skilled and higher-skilled workers both went up in the second quarter

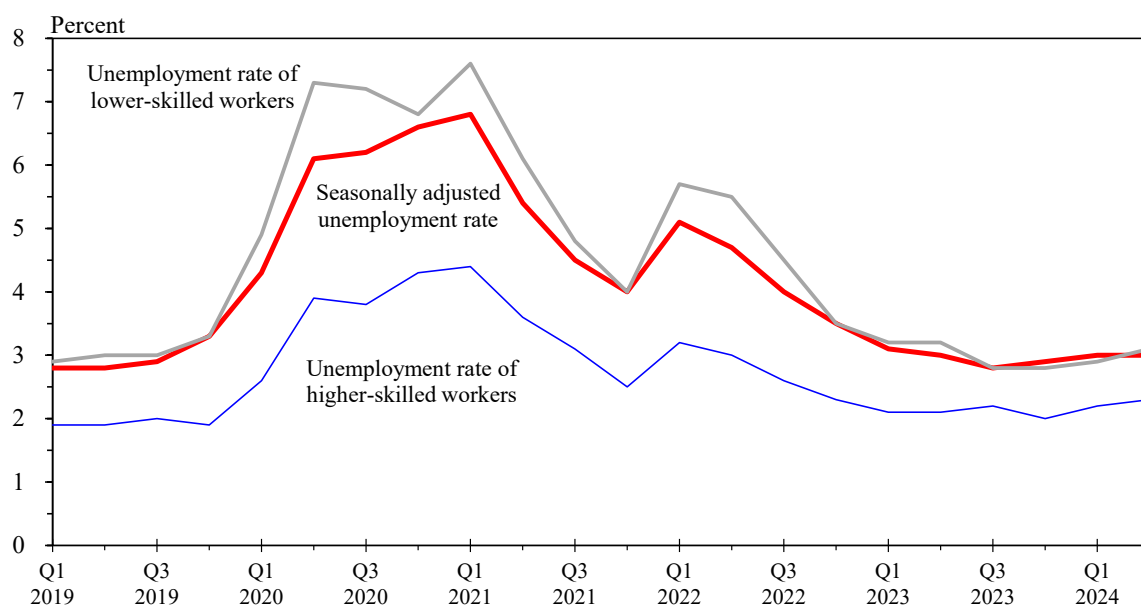


Table 5.5 : Unemployment rates* by skill segment

	<u>2023</u>				<u>2024</u>	
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>
<u>Higher-skilled segment</u>	2.1	2.1	2.2	2.0	2.2	2.3
Managers	1.3	1.5	1.7	1.7	2.0	2.1
Professionals	2.0	1.6	1.8	1.6	1.9	1.7
Associate professionals	2.7	2.9	2.8	2.5	2.7	2.9
<u>Lower-skilled segment[^]</u>	3.2	3.2	2.8	2.8	2.9	3.1
Clerical support workers	3.3	3.1	2.9	3.3	3.4	3.7
Service and sales workers	3.8	3.6	3.0	3.0	3.2	3.4
Craft and related workers	4.3	4.1	3.9	3.8	4.0	4.0
Plant and machine operators and assemblers	2.4	2.3	1.9	2.3	2.1	2.4
Elementary occupations	2.5	2.6	2.3	1.9	2.0	2.2

Notes : The quarterly statistics in 2023 have been revised to take into account the final end-2023 population estimates.

* Not seasonally adjusted, and not including first-time job-seekers and re-entrants into the labour force.

[^] Including other occupations.

Source : General Household Survey, Census and Statistics Department.

Table 5.6 : Unemployment rates* by age and educational attainment

	<u>2023</u>				<u>2024</u>	
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>
<u>Age</u>						
15-24	7.8	9.4	10.2	8.5	9.8	8.2
<i>of which:</i>						
15-19	9.6	11.2	11.5	9.2	8.1	9.8
20-24	7.6	9.2	10.0	8.4	10.0	8.0
25-29	4.5	4.0	4.4	4.5	4.6	4.4
30-39	2.5	2.3	2.2	2.1	2.1	2.4
40-49	2.4	2.5	2.3	2.2	2.2	2.7
50-59	3.2	2.9	2.8	2.6	3.0	2.9
≥ 60	2.2	2.4	2.2	2.1	2.3	2.4
<u>Educational attainment</u>						
Primary education and below	2.4	2.4	1.9	2.3	1.9	2.4
Lower secondary education	4.2	3.9	3.3	3.6	2.9	3.7
Upper secondary education [^]	2.9	3.1	2.6	2.5	3.0	2.8
Post-secondary education	2.9	2.8	3.3	2.8	3.1	3.0

Notes : The quarterly statistics in 2023 have been revised to take into account the final end-2023 population estimates.

* Not seasonally adjusted, but including first-time job-seekers and re-entrants into the labour force.

[^] Including craft courses.

Source : General Household Survey, Census and Statistics Department.

5.8 The situation on unemployment duration was generally stable in the second quarter. The long-term unemployment rate (i.e. the proportion of persons unemployed for six months or longer in the labour force) edged up from 0.7% in the preceding quarter to a still-low level of 0.8% in the second quarter, with the number of long-term unemployed persons increasing by 10.6% or 3 000 to 31 300. The median duration of unemployment remained unchanged at 77 days.

Underemployment situation

5.9 The underemployment rate edged up from 1.1% in the preceding quarter to a still-low level of 1.2% in the second quarter. The number of underemployed persons increased by 11.2% or 4 500 to 44 500.

Profile of employment in establishments

5.10 The quarterly statistics collected from private sector establishments on employment, vacancies, wages and payroll are available up to March. Attempts have been made to bring the analysis more up-to-date by drawing reference to information from supplementary sources wherever possible.

5.11 Total private sector employment bounced back by 0.2% over three months ago to 2 728 900 in March, and was 0.3% higher than a year earlier. Employment in a majority of industries increased compared with three months ago, and were higher than the levels a year earlier, particularly for the industries of construction sites (covering manual workers only), residential care and social work services, arts, entertainment, recreation and other services, and human health services. On the other hand, employment in some industries declined, particularly for the industries of import/export trade and wholesale.

Table 5.7 : Employment by major economic sector

	<u>2023</u>						<u>2024</u>
	<u>Annual average</u>	<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	<u>Dec</u>	<u>Mar</u>	
Import/export trade and wholesale	423 800 (-2.5)	430 100 (-1.9)	427 600 (-1.7)	425 400 (-1.7)	412 100 (-4.8)	408 300 (-5.1)	
Retail	249 600 (1.7)	248 500 (1.4)	251 900 (2.9)	252 100 (2.8)	245 700 (-0.3)	241 900 (-2.7)	
Accommodation services	35 500 (3.0)	35 600 (0.6)	35 200 (5.5)	35 300 (5.2)	35 700 (1.2)	36 300 (2.1)	
Food and beverage services	224 300 (3.5)	223 900 (9.4)	224 600 (3.4)	224 200 (1.0)	224 500 (0.7)	225 200 (0.6)	
Transportation, storage, postal and courier services	163 300 (-0.1)	161 900 (-1.5)	163 000 (0.3)	164 800 (0.5)	163 600 (0.5)	163 800 (1.2)	
Information and communications	108 300 (1.9)	107 400 (0.2)	108 800 (2.5)	108 600 (3.1)	108 400 (1.8)	109 700 (2.1)	
Financing, insurance, real estate, professional and business services	766 900 (1.4)	763 400 (-0.4)	769 700 (2.6)	773 000 (2.8)	761 600 (0.6)	762 300 (-0.1)	
Social and personal services	560 700 (4.4)	553 900 (3.9)	559 700 (4.8)	564 100 (5.2)	565 000 (3.8)	569 800 (2.9)	
<i>of which:</i>							
<i>Human health services</i>	153 400 (2.8)	152 200 (2.4)	152 900 (3.0)	154 200 (3.3)	154 200 (2.6)	155 900 (2.4)	
<i>Residential care and social work services</i>	69 900 (4.7)	68 900 (2.4)	69 600 (5.9)	70 200 (5.5)	71 000 (5.0)	72 000 (4.5)	
<i>Arts, entertainment, recreation and other services</i>	122 600 (7.1)	119 800 (7.1)	123 000 (7.6)	124 900 (8.6)	122 900 (5.1)	124 200 (3.6)	
Manufacturing	74 400 (-0.6)	74 900 (-1.2)	74 800 (-0.2)	74 000 (-0.5)	74 000 (-0.6)	75 900 (1.4)	
Construction sites (covering manual workers only)	112 300 (7.3)	108 400 (10.3)	111 000 (7.4)	109 600 (-0.1)	120 200 (12.0)	123 600 (14.1)	
All establishments surveyed in the private sector^(a)	2 731 000 (1.7)	2 719 800 (1.5)	2 738 300 (2.4)	2 743 200 (2.1)	2 722 800 (0.8)	2 728 900 (0.3)	
		[0.7]	[0.7]	[0.2]	[-0.7]	[0.2]	
		<1.0>	<0.5>	<§>	<-0.7>	<0.5>	
<i>Civil service^(b)</i>	172 900 (-1.1)	173 600 (-1.5)	172 700 (-1.4)	172 600 (-0.8)	172 600 (-0.6)	173 100 (-0.3)	

Notes : Employment figures enumerated from business establishments, as obtained from the Quarterly Survey of Employment and Vacancies, are somewhat different from those enumerated from households, as obtained from the General Household Survey. This is mainly due to the difference in sectoral coverage: while the former survey covers selected major sectors, the latter survey covers all sectors in the economy.

(a) The total figures on private sector employment cover also employment in mining and quarrying; and in electricity and gas supply, and waste management, besides employment in the major sectors indicated above.

(b) These figures cover only those employed on civil service terms of appointment. Judges, judicial officers, ICAC officers, locally engaged staff working in the Hong Kong Economic and Trade Offices outside Hong Kong, and other government employees such as non-civil service contract staff are not included.

() % change over a year earlier.

[] Non-seasonally adjusted % change compared with the level three months ago.

<> Seasonally adjusted % change compared with the level three months ago.

§ Change within $\pm 0.05\%$.

Sources : Quarterly Survey of Employment and Vacancies, Census and Statistics Department.
Quarterly Employment Survey of Construction Sites, Census and Statistics Department.

Vacancies

5.12 Private sector vacancies increased by 2.9% over three months earlier to 75 180 in March, though it was 3.3% lower than a year earlier. Vacancies in some industries increased over three months ago, though the levels were lower than a year ago for a majority of industries.

5.13 The manpower balance situation stayed tight in March. The ratio of job vacancies per 100 unemployed persons was at 67 in March, only slightly lower than the high level of 69 three months ago. Manpower shortage situation was particularly acute in the residential care and social work services sector, the human health services sector, and the arts, entertainment and recreation sector, with their corresponding ratios exceeding 200.

Table 5.8 : Vacancies by major economic sector

	<u>2023</u>				<u>2024</u>	
	<u>Annual average</u>	<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	<u>Dec</u>	<u>Mar</u>
Import/export trade and wholesale	3 870 (3.5)	4 250 (45.8)	4 220 (17.0)	3 860 (-6.3)	3 150 (-27.1)	4 030 (-5.1)
Retail	6 090 (24.1)	6 410 (72.5)	6 600 (35.2)	5 900 (18.2)	5 440 (-9.9)	4 720 (-26.3)
Accommodation services	2 570 (36.8)	2 830 (100.7)	2 620 (46.5)	2 540 (24.9)	2 300 (0.4)	2 100 (-25.6)
Food and beverage services	6 040 (33.8)	5 810 (140.8)	6 050 (28.7)	6 220 (12.2)	6 100 (12.6)	5 930 (2.2)
Transportation, storage, postal and courier services	6 670 (20.2)	7 440 (109.7)	7 020 (87.7)	6 850 (-9.0)	5 370 (-27.3)	8 820 (18.5)
Information and communications	2 900 (1.7)	3 020 (8.3)	3 040 (9.2)	2 860 (-5.2)	2 690 (-4.8)	3 100 (2.5)
Financing, insurance, real estate, professional and business services	18 990 (8.0)	19 410 (17.1)	20 370 (19.7)	18 490 (-0.3)	17 680 (-2.9)	17 570 (-9.5)
Social and personal services	26 230 (16.6)	25 290 (37.4)	26 040 (21.8)	28 410 (8.1)	25 200 (5.2)	23 810 (-5.9)
<i>of which:</i>						
<i>Human health services</i>	6 860 (2.3)	6 610 (30.8)	5 940 (1.2)	8 470 (-9.7)	6 410 (-1.6)	6 380 (-3.4)
<i>Residential care and social work services</i>	5 440 (10.3)	5 260 (13.1)	5 460 (13.6)	5 540 (6.9)	5 500 (8.1)	5 060 (-3.8)
<i>Arts, entertainment, recreation and other services</i>	5 410 (50.2)	5 450 (99.1)	5 510 (68.9)	5 290 (39.1)	5 380 (17.0)	5 050 (-7.2)
Manufacturing	2 520 (49.0)	2 380 (69.5)	2 480 (51.1)	2 690 (46.9)	2 520 (34.0)	2 750 (15.7)
Construction sites (covering manual workers only)	2 090 (302.0)	640 (139.4)	2 760 (335.8)	2 560 (298.9)	2 400 (347.2)	2 070 (221.1)
All establishments surveyed in the private sector^(a)	78 230 (18.5)	77 750 (44.8)	81 460 (30.3)	80 650 (7.8)	73 070 (-0.1)	75 180 (-3.3)
		[6.3] <5.9>	[4.8] <2.5>	[-1.0] <-6.5>	[-9.4] <-1.4>	[2.9] <-2.4>
<i>Civil service^(b)</i>	19 550 (9.8)	19 170 (14.1)	19 700 (12.7)	19 450 (6.7)	19 870 (6.3)	19 740 (2.9)

Notes : (a) The total figures on private sector vacancies cover also vacancies in mining and quarrying; and in electricity and gas supply, and waste management, besides vacancies in the major sectors indicated above.

(b) These figures cover only vacancies for those staff to be employed on civil service terms of appointment.

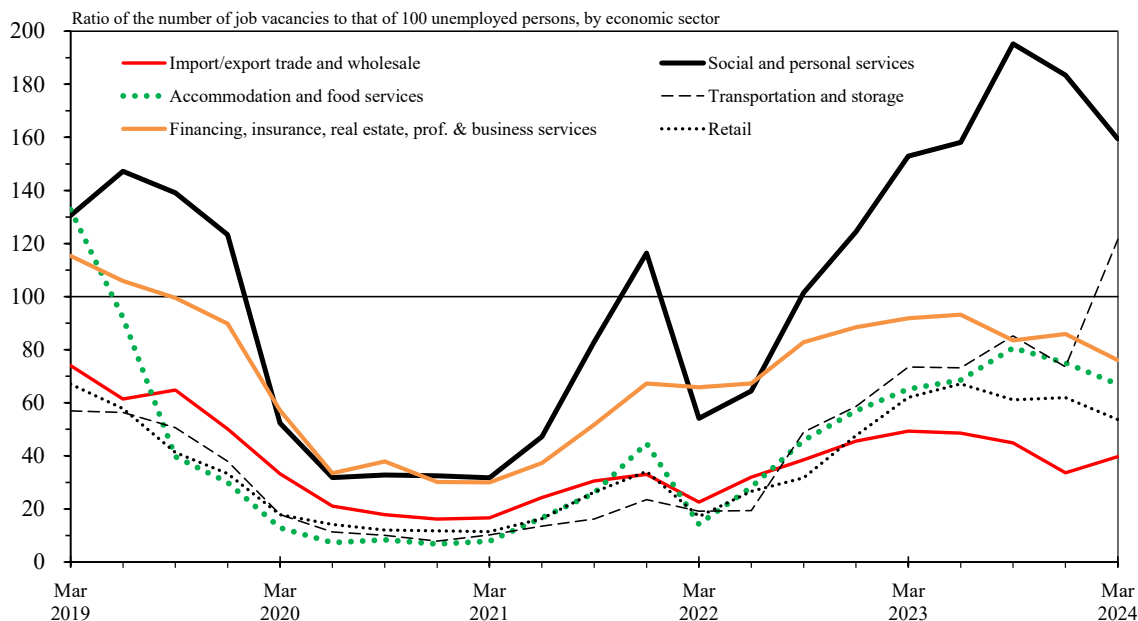
() % change over a year earlier.

[] Non-seasonally adjusted % change compared with the level three months ago.

<> Seasonally adjusted % change compared with the level three months ago.

Sources : Quarterly Survey of Employment and Vacancies, Census and Statistics Department.
Quarterly Employment Survey of Construction Sites, Census and Statistics Department.

Diagram 5.5 : Manpower balance situation stayed tight in March

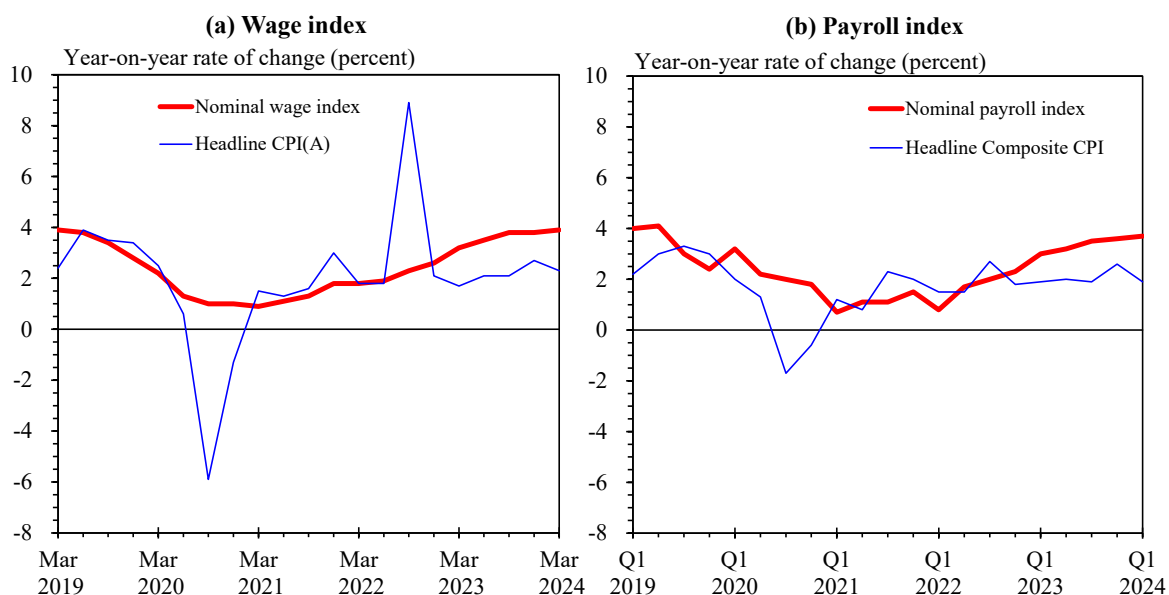


Wages and earnings

5.14 Wages and labour earnings continued to attain decent increases in the first quarter over a year earlier. The average nominal wage rate, as measured by the nominal wage index for all selected industry sections which covers regular payment to employees at the supervisory level or below, rose by 3.9% year-on-year in March, slightly faster than the increase of 3.8% three months ago. After discounting for *inflation*⁽⁷⁾, the average wage rate showed an accelerated increase of 1.5% in real terms.

5.15 Nominal *labour earnings*⁽⁸⁾, as measured by the index of nominal payroll per person engaged for all selected industry sections which covers basic wage, overtime pay, discretionary bonuses and other irregular payments, increased by 3.7% year-on-year in the first quarter, also slightly faster than the increase of 3.6% in the preceding quarter. After discounting for inflation, labour earnings showed an accelerated increase of 1.8% in real terms. All selected industries saw increases in payroll per person engaged in both nominal and real terms.

Diagram 5.6 : Wages and labour earnings continued to attain decent increases in the first quarter over a year earlier



Note : The year-on-year rates of change of the CPIs from the fourth quarter of 2020 onwards are computed from the new 2019/20-based series, and those before are from the old 2014/15-based series.

5.16 More recent statistics compiled from the GHS, though not strictly comparable to those from the business establishment surveys, indicated that employment earnings continued to record solid growth in the second quarter over a year earlier. On a year-on-year comparison, the median monthly employment earnings of full-time employees (excluding foreign domestic helpers) increased by 6.8% in nominal terms or 5.5% in real terms⁽⁹⁾ in the second quarter. Separately, the median monthly household income (excluding foreign domestic helpers) increased by 1.0% in nominal terms, though it declined slightly by 0.2% in real terms⁽¹⁰⁾.

Highlights of related measures and policy developments

5.17 The Government launched the Re-employment Allowance Pilot Scheme (REA Scheme) on 15 July 2024, targeting persons aged 40 or above who have not been in paid employment for three consecutive months or more, with a view to encouraging them to rejoin the workforce. Participants who have worked for six consecutive months will receive a maximum re-employment allowance (REA) of \$10,000, and those who have worked for 12 consecutive months will receive an additional maximum REA of \$10,000. The three-year REA Scheme is expected to benefit some 6 000 persons.

5.18 The Government launched the Special Scheme to Import Care Workers for Residential Care Homes in June 2023 with an overall quota of 7 000, of which around 3 000 were new quotas. Nearly all the new quotas had been allocated. As a result, the Government will provide additional new quotas and allocate them by batch in the next three years, tentatively 3 000 quotas in the first year, 3 000 in the second year, and 2 000 in the third year.

Notes :

- (1) Labour force statistics enumerated from the General Household Survey are statistics which involve the use of the population figures in the compilation process. The statistics of the three-month periods from November 2022 – January 2023 to October – December 2023 have been revised to take into account the final end-2023 population estimates.

The classification of occupation adopted by the Census and Statistics Department follows the International Standard Classification of Occupations (ISCO), which is used to classify the occupation of an employed person or the previous occupation of an unemployed person. The occupation classification adopted in the General Household Survey has been enhanced since January – March 2022 to follow the International Standard Classification of Occupations 2008 (ISCO-08) more closely. The series has been backcasted to the quarter of January – March 2016. Starting from the reference quarter of January – March 2016, all the labour force statistics by occupation, unless otherwise specified, are compiled based on the revised classification.

- (2) For a person aged 15 or above to be classified as unemployed, he or she should: (a) not have a job and not be performing any work for pay or profit during the reference period (i.e. seven days before enumeration); (b) be available for work during the reference period; and (c) be seeking work during the 30 days before enumeration.

Notwithstanding the above, the following types of persons are also considered unemployed: (a) persons without a job, having sought work but not available for work because of temporary sickness; (b) persons without a job, available for work but not having sought work because they will take up new jobs or start business at a subsequent date, or expect to return to their original jobs; and (c) discouraged workers not having sought work because they believe work is not available to them.

Even at full employment, some frictional unemployment is bound to exist as workers move between jobs in order to obtain better terms of employment. The precise level of unemployment which can be described as purely frictional varies amongst economies, depending on the structure and characteristics of their labour markets.

The seasonally adjusted series is compiled using the X-12 ARIMA method, which is a standard method applied in compiling seasonally adjusted statistical data series.

- (3) The main criteria for an employed person aged 15 or above to be classified as underemployed are: involuntarily working less than 35 hours during the reference period (i.e. seven days before enumeration), and either available for additional work during the reference period or seeking additional work during the 30 days before enumeration.

Following these criteria, employed persons taking no-pay leave due to slack work during the reference period are also classified as underemployed if they had worked less than 35 hours or were on leave for the entire reference period.

- (4) The labour force, or the economically active population, is defined to include all persons aged 15 or above who either were engaged in productive work during the reference period (i.e. seven days before enumeration) or would otherwise have been engaged in productive work but were unemployed.

- (5) Figures enumerated from household data. The employed population is defined here to include those persons aged 15 or above who performed work for pay or profit or had a formal job attachment during the reference period (i.e. seven days before enumeration).
- (6) The low-paying sectors as identified by the Minimum Wage Commission include:
- (i) retail (including supermarkets and convenience stores, and other retail stores);
 - (ii) food and beverage services (including Chinese restaurants, non-Chinese restaurants, fast food cafes, Hong Kong style tea cafes, and other food and beverage services);
 - (iii) estate management, security and cleaning services (including real estate maintenance management, security services, cleaning services and membership organisations);
 - (iv) other low-paying sectors, including
 - elderly homes;
 - laundry and dry cleaning services;
 - hairdressing and other personal services;
 - local courier services; and
 - food processing and production.
- (7) Different consumer price indices (CPIs) are used for compiling the real indices of labour earnings and wages, taking into account their relevance to the respective occupation coverage. Specifically, the headline Composite CPI, being an indicator of overall consumer prices, is taken as the price deflator for earnings received by employees at all levels of the occupational hierarchy. The headline CPI(A), being an indicator of consumer prices for the relatively low expenditure group, is taken as the price deflator for wages in respect of employees engaged in occupations up to the supervisory level.
- (8) In addition to wages, which include all regular and guaranteed payments like basic pay and stipulated bonuses and allowances, earnings also cover overtime pay and other non-guaranteed or irregular bonuses and allowances, except severance pay and long service payment. Because of this difference, as well as the difference in sectoral and occupational coverage, the movements in average earnings, as measured by payroll per person engaged, do not necessarily match closely with those in wage rates.
- (9) The headline Composite CPI, being an indicator of overall consumer prices, is taken as the price deflator for the median monthly employment earnings of full-time employees (excluding foreign domestic helpers).
- (10) The headline Composite CPI is also taken as the price deflator for the median monthly household income (excluding foreign domestic helpers).

CHAPTER 6 : PRICES

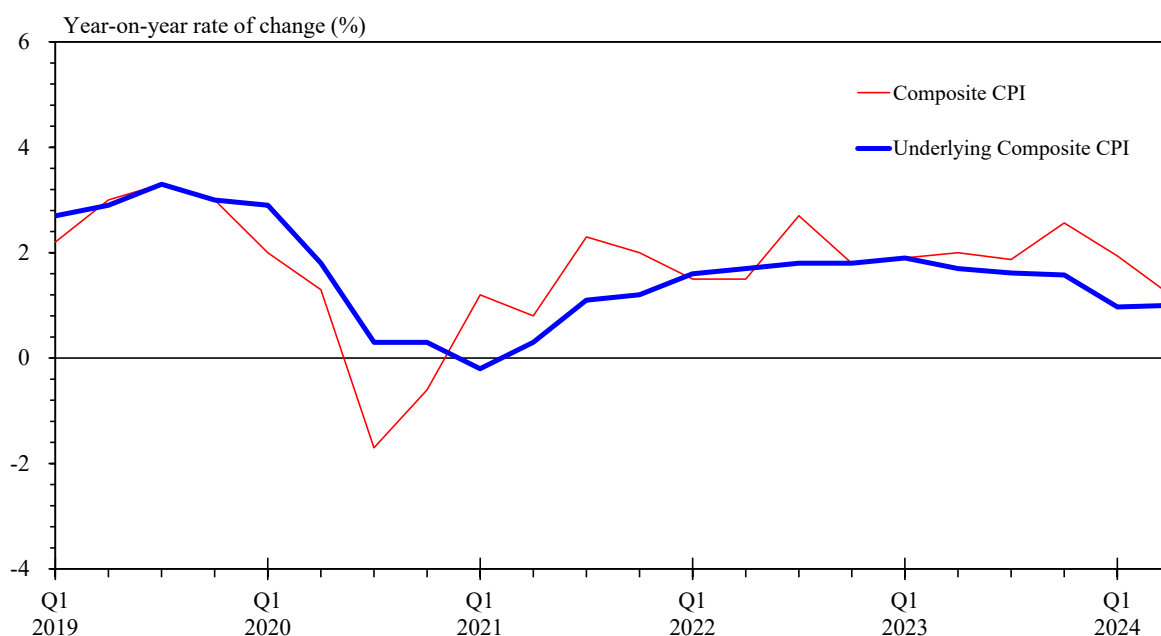
Summary

- *Underlying consumer price inflation remained modest in the second quarter of 2024. Prices of meals out and takeaway food continued to increase at a relatively fast pace over a year earlier. Increases in private housing rentals remained small. Meanwhile, prices of electricity continued to decrease notably against a high base of comparison. Price pressures on other major components were broadly in check. The underlying Composite Consumer Price Index (Composite CPI)⁽¹⁾, which nets out the effects of the Government's one-off relief measures, rose by 1.0% year-on-year in the second quarter, same as that in the preceding quarter.*
- *The headline Composite CPI rose by 1.2% year-on-year in the second quarter, compared with 1.9% in the preceding quarter. The headline inflation rate was higher than its underlying counterpart in the second quarter, mainly due to the decrease in electricity charges subsidy provided by the Government during the quarter compared to the same period last year.*
- *Domestic business cost pressures remained largely contained. Nominal wages continued to record moderate growth, while commercial rentals stayed soft. External price pressures eased for most end-use categories.*

Consumer prices

6.1 Underlying consumer price inflation remained modest in the second quarter of 2024. Prices of meals out and takeaway food continued to increase at a relatively fast pace over a year earlier. Increases in private housing rentals remained small. Meanwhile, prices of electricity continued to decrease notably against a high base of comparison. Price pressures on other major components were broadly in check. Domestic business cost pressures remained largely contained. Nominal wages continued to record moderate growth, while commercial rentals stayed soft. External price pressures eased for most end-use categories.

Diagram 6.1: Underlying consumer price inflation remained modest in the second quarter of 2024



Note : The year-on-year rates of change of the CPIs from the fourth quarter of 2020 onwards are computed from the new 2019/20-based series, and those before are from the old 2014/15-based series.

6.2 The underlying consumer price inflation, in terms of the year-on-year rate of change in the underlying Composite CPI which nets out the effects of the Government's one-off relief measures, was 1.0% in the second quarter of 2024, same as that in the preceding quarter. The headline Composite CPI inflation rate was 1.2% in the second quarter, compared with 1.9% in the preceding quarter. The headline inflation rate was higher than its underlying counterpart in the second quarter, mainly due to the decrease in electricity charges subsidy provided by the Government during the quarter compared to the same period last year.

Table 6.1 : Consumer Price Indices
(year-on-year rate of change (%))

		<u>Composite CPI</u>		<u>CPI(A)</u>	<u>CPI(B)</u>	<u>CPI(C)</u>
		<u>Underlying^(a)</u>	<u>Headline</u>			
2023	Annual	1.7	2.1	2.3	2.0	2.0
	H1	1.8	2.0	2.1	1.9	2.0
	H2	1.6	2.2	2.5	2.1	2.1
	Q1	1.9	1.9	2.0	1.8	2.0
	Q2	1.7	2.0	2.2	1.9	2.0
	Q3	1.6	1.9	1.9	1.8	1.9
	Q4	1.6	2.6	3.0	2.4	2.3
	2024	H1	1.0	1.6	1.8	1.5
Q1		1.0	1.9	2.2	1.8	1.8
Q2		1.0	1.2	1.4	1.2	1.2

(seasonally adjusted quarter-to-quarter rate of change (%))

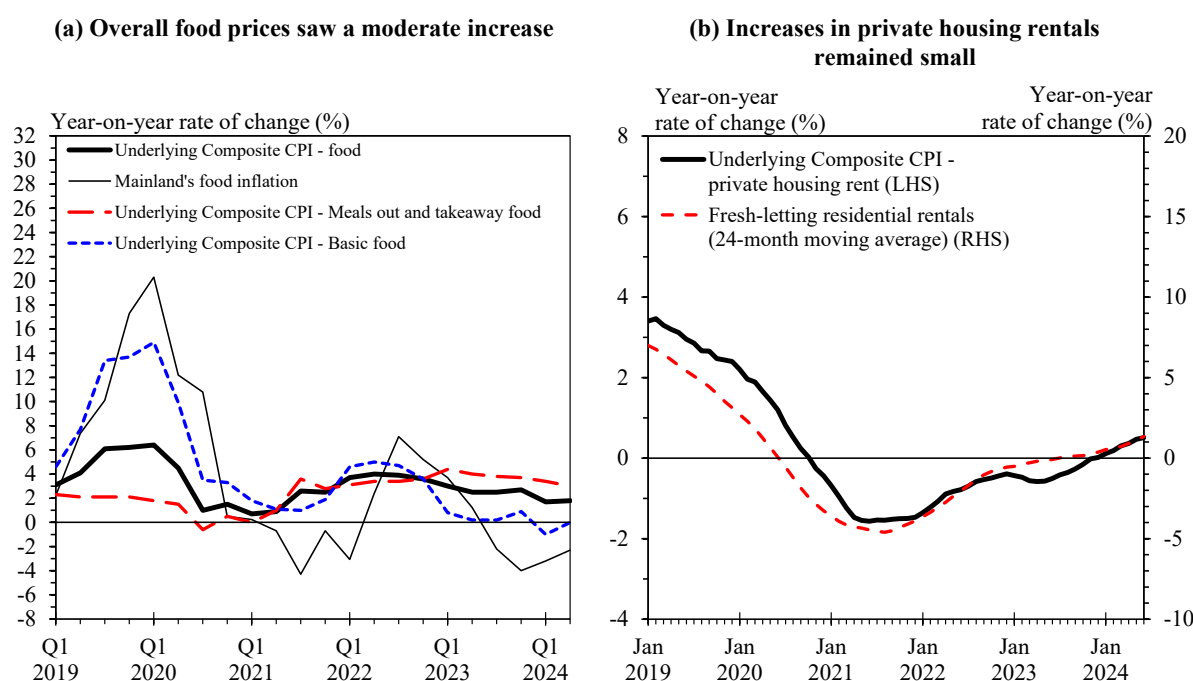
2023	Q1	0.7	0.6	0.6	0.6	0.6
	Q2	0.3	0.2	0.2	0.2	0.3
	Q3	0.3	0.4	0.5	0.4	0.4
	Q4	0.3	1.3	1.6	1.1	1.0
2024	Q1	*	0.1	-0.1	0.1	-0.1
	Q2	0.3	-0.5	-0.6	-0.4	-0.1

Notes : (a) Underlying consumer price inflation is calculated by netting out the effects of all Government's one-off relief measures introduced since 2007, including the waiver and Government's payment of public housing rentals, rates concession, suspension and subsequent abolition of Employees Retraining Levy, subsidies for household electricity charges, and waiver of examination fees.

(*) Change within $\pm 0.05\%$.

6.3 Analysed by the major component of the underlying Composite CPI, prices of meals out and takeaway food continued to increase at a relatively fast pace of 3.0% over a year earlier, while prices of basic food were largely stable. Prices of alcoholic drinks and tobacco were visibly higher than a year ago, attributable to the increased tobacco duty. Mild increases were seen for prices of transport and miscellaneous services. Price increases of clothing and footwear and miscellaneous goods were tepid. Increases in private housing rentals remained small at 0.4%. Meanwhile, prices of electricity, gas and water saw noticeable declines, as prices of electricity continued to decline notably against a high base of comparison. Prices of durable goods fell further.

Diagram 6.2 : Food and private housing rental components of the underlying Composite CPI



Note : The year-on-year rates of change of the CPI from the fourth quarter of 2020 onwards are computed from the new 2019/20-based series, and those before are from the old 2014/15-based series.

Diagram 6.3 (a) : Prices of meals out and takeaway food continued to increase at a relatively fast pace; prices of electricity, gas and water saw noticeable declines

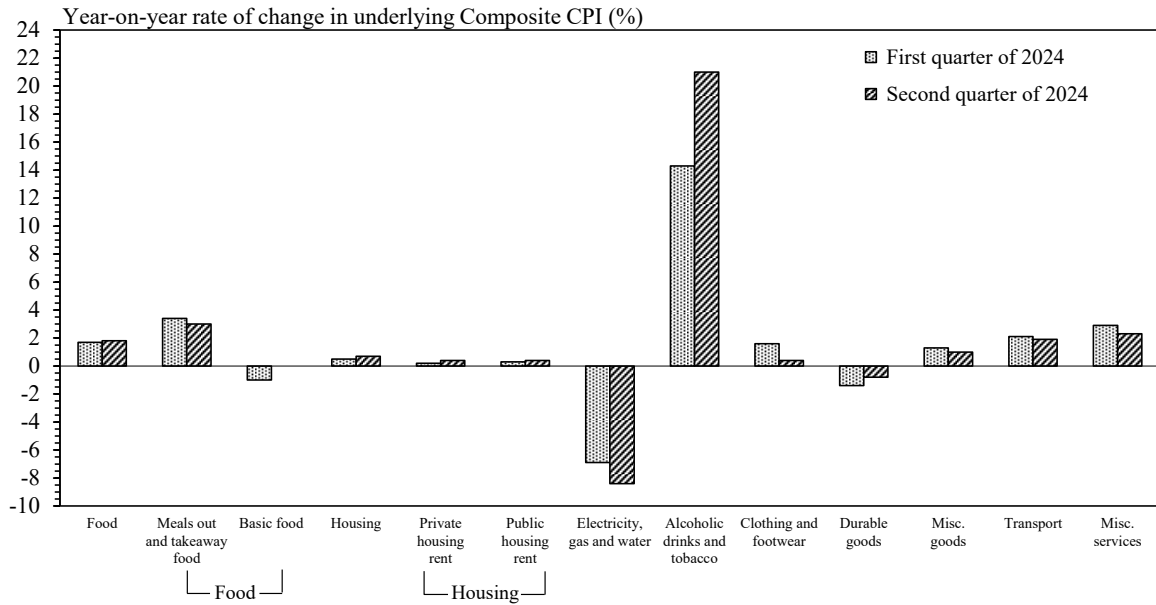
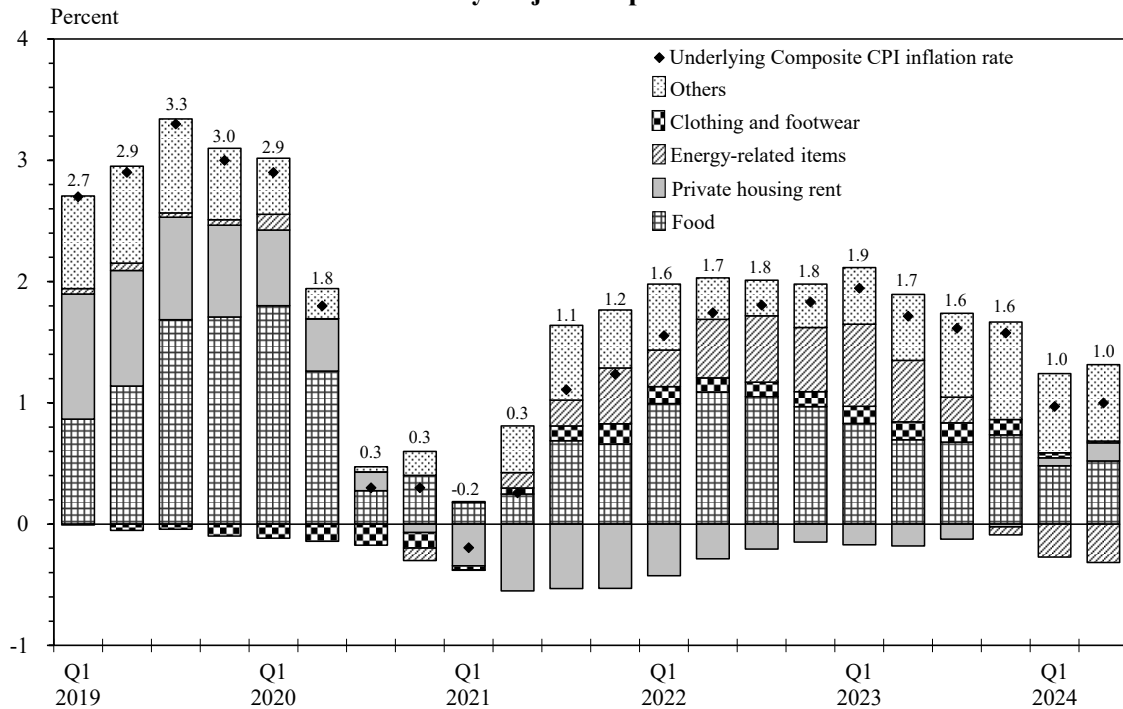


Diagram 6.3 (b) : Contribution to underlying Composite CPI inflation rate by major component



Notes : Energy-related items include electricity, town gas, liquefied petroleum gas and other fuel, and motor fuel.

The year-on-year rates of change of the CPIs from the fourth quarter of 2020 onwards are computed from the new 2019/20-based series, and those before are from the old 2014/15-based series.

**Table 6.2 : Underlying Composite CPI by component
(year-on-year rate of change (%))**

<u>Expenditure component</u>	<u>Weighting (%)[^]</u>	<u>2022</u>		<u>2023</u>				<u>2024</u>	
		<u>Annual</u>	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>
Food	26.49	3.8	2.7	3.0	2.5	2.5	2.7	1.7	1.8
<i>Meals out and takeaway food</i>	17.39	3.4	4.0	4.4	4.0	3.8	3.7	3.4	3.0
<i>Basic food</i>	9.10	4.5	0.5	0.8	0.2	0.2	0.9	-1.0	*
Housing ^(a)	38.48	-0.5 (0.2)	0.1 (1.0)	-0.1 (-0.1)	-0.1 (0.6)	0.2 (0.8)	0.4 (2.8)	0.5 (3.0)	0.7 (1.1)
<i>Private housing rent</i>	33.58	-0.8 (-0.6)	-0.4 (0.5)	-0.5 (-0.5)	-0.5 (0.2)	-0.4 (0.4)	-0.1 (1.8)	0.2 (2.0)	0.4 (0.5)
<i>Public housing rent</i>	1.97	0.3 (9.6)	1.1 (4.4)	1.2 (0.7)	1.5 (1.7)	1.5 (1.7)	0.3 (13.5)	0.3 (13.5)	0.4 (1.2)
Electricity, gas and water	3.07	10.4 (7.2)	8.1 (9.6)	17.2 (20.4)	13.2 (15.9)	5.2 (6.1)	-2.1 (-2.3)	-6.9 (-8.0)	-8.4 (-6.7)
Alcoholic drinks and tobacco	0.52	1.3	17.0	11.2	18.8	19.0	18.8	14.3	21.0
Clothing and footwear	2.74	5.3	5.8	5.9	5.9	6.5	5.0	1.6	0.4
Durable goods	4.30	0.6	-2.4	-2.3	-3.6	-2.5	-1.2	-1.4	-0.8
Miscellaneous goods	3.38	0.4	1.7	0.9	1.5	2.2	2.2	1.3	1.0
Transport	7.28	2.9	1.9	1.4	1.7	2.0	2.5	2.1	1.9
Miscellaneous services	13.74	1.3 (1.3)	2.6 (2.6)	2.1 (2.2)	2.5 (2.5)	2.5 (2.5)	3.2 (3.2)	2.9 (2.9)	2.3 (2.2)
All items	100.00	1.7 (1.9)	1.7 (2.1)	1.9 (1.9)	1.7 (2.0)	1.6 (1.9)	1.6 (2.6)	1.0 (1.9)	1.0 (1.2)

Notes : (a) The housing component covers rents, rates, Government rent, management fees and other housing charges. Its sub-components on private and public housing rents as presented here, however, cover rents, rates and Government rent only. Hence, the combined weighting of private and public housing rents is slightly less than the weighting of the entire housing component.

() Figures in brackets represent the headline rates of change before netting out the effects of Government's one-off relief measures.

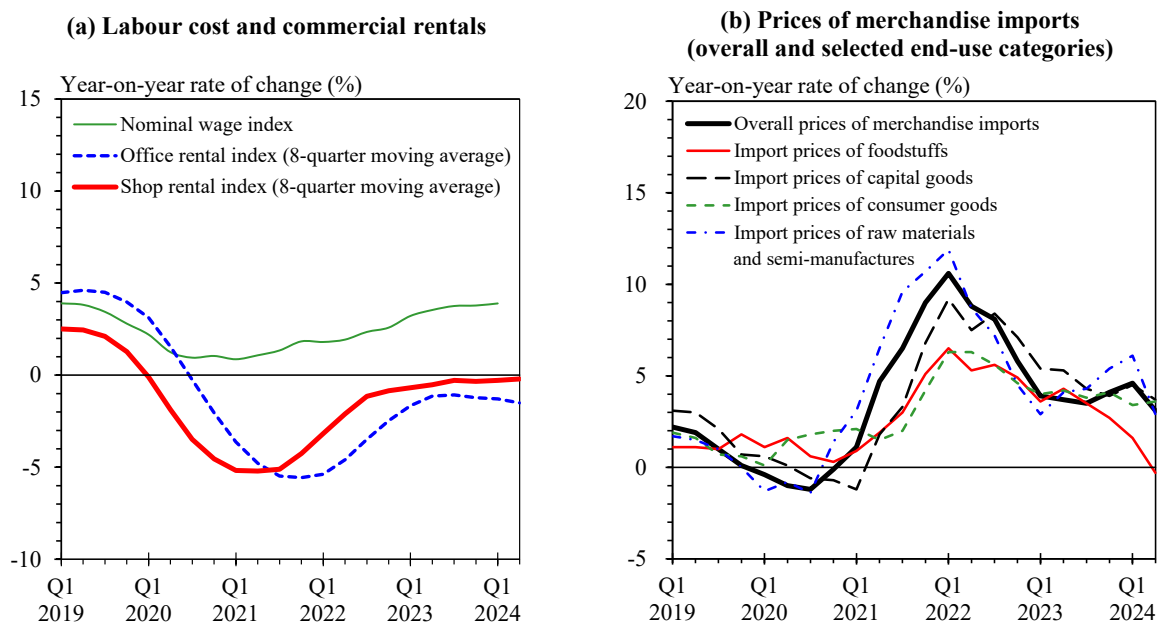
([^]) These are expenditure weights of the reference period 2023, which are used for the compilation of CPIs since the reference month of April 2024. CPIs prior to this are compiled based on expenditure weights of the reference period 2019/20.

(*) Change within $\pm 0.05\%$.

Costs of factor inputs and import prices

6.4 Domestic business cost pressures remained largely contained in the second quarter of 2024. Nominal wages continued to record moderate growth. Commercial rentals faced by businesses stayed soft. As proxies, the eight-quarter moving averages of office rentals and shop rentals fell by 1.5% and 0.2% respectively in the second quarter.

**Diagram 6.4 : Domestic business cost pressures remained largely contained;
external price pressures eased in overall terms**



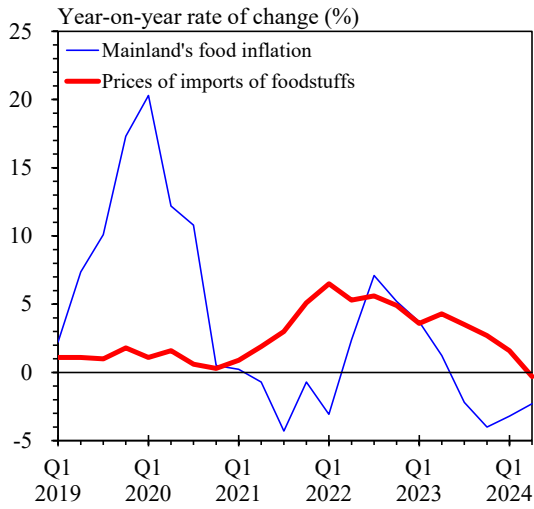
6.5 External price pressures eased in overall terms in the second quarter of 2024, along with the broad moderating trend of inflation in many major economies⁽²⁾. Import price pressures softened for most end-use categories. Increases in import prices of capital goods and raw materials and semi-manufactures moderated to 3.7% and 2.9% respectively. For consumption-related items, import prices of foodstuffs saw modest declines of 0.3%, while those of consumer goods continued to show moderate increases of 3.6%. Those of fuels showed a narrowed decline, mainly due to base effects.

**Table 6.3 : Prices of imports by end-use category
(year-on-year rate of change (%))**

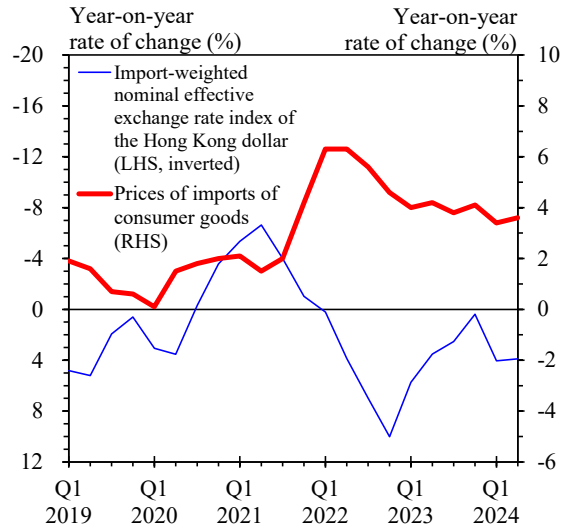
		<u>Foodstuffs</u>	<u>Consumer goods</u>	<u>Raw materials and semi-manufactures</u>	<u>Fuels</u>	<u>Capital goods</u>	<u>All</u>
2023	Annual	3.6	4.0	4.4	-16.2	4.9	3.9
	H1	4.0	4.1	3.6	-12.4	5.3	3.8
	H2	3.1	3.9	4.9	-19.5	4.1	3.9
	Q1	3.6	4.0	2.9	5.4	5.4	3.9
	Q2	4.3	4.2	4.1	-26.7	5.3	3.7
	Q3	3.5	3.8	4.3	-21.7	4.3	3.5
	Q4	2.7	4.1	5.4	-16.7	3.9	4.1
2024	H1	0.7	3.5	4.4	-5.9	4.1	3.8
	Q1	1.6	3.4	6.1	-12.0	4.5	4.6
	Q2	-0.3	3.6	2.9	-0.1	3.7	3.1

Diagram 6.5: Prices of merchandise imports by selected end-use category

(a) Import prices of foodstuffs saw modest declines

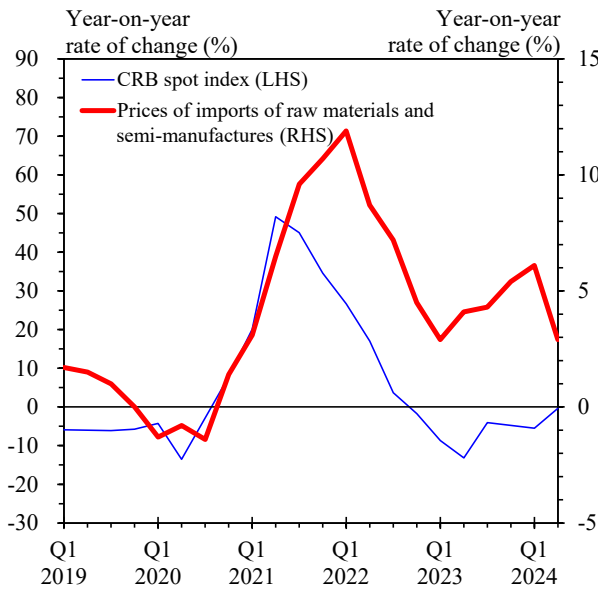


(b) Import prices of consumer goods continued to show moderate increases

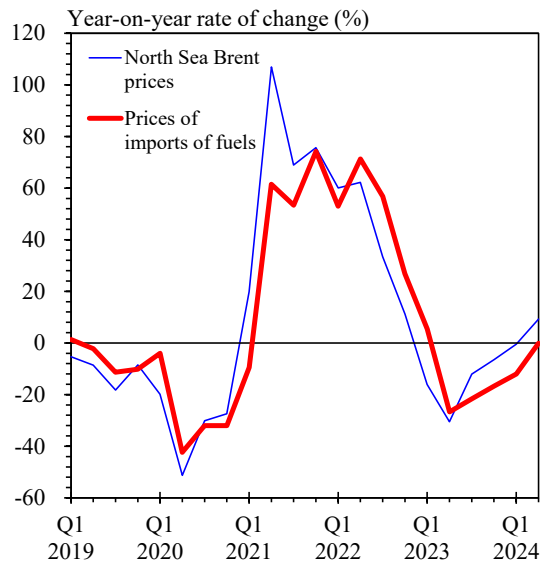


Note : An increase in the nominal EERI indicates strengthening of the Hong Kong dollar. The y-axis of nominal EERI in this graph is inverted for easier comprehension.

(c) Increases of import prices of raw materials and semi-manufactures moderated



(d) Import prices of fuels showed a narrowed decline



Output prices

6.6 Output prices, as measured by the *Producer Price Indices*⁽³⁾, saw mixed movements across different sectors in the first quarter of 2024. Output prices for the manufacturing sector rose mildly. Among the selected service sectors, output prices for accommodation services and courier services continued to rise and those for land transport turned to increases. On the other hand, output prices for water transport and air transport declined further, though by lesser extents partly due to base effects. Output prices for telecommunications services extended its secular downtrend.

Table 6.4 : Producer Price Indices for the manufacturing sector and selected service sectors (year-on-year rate of change (%))

<u>Industry group</u>	<u>2022</u>		<u>2023</u>				<u>2024</u>
	<u>Annual</u>	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>
Manufacturing	0.8	1.6	0.9	-0.2	3.0	2.7	1.2
Selected service sectors							
Accommodation services	13.0	26.2	21.1	29.7	22.5	31.5	12.3
Land transport	9.5	*	4.4	-2.3	-1.5	-0.2	2.8
Water transport	18.1	-40.0	-38.7	-42.2	-40.7	-38.2	-5.6
Air transport	2.8	-23.4	-28.9	-30.0	-23.3	-8.6	-7.9
Telecommunications	-1.3	-1.0	-1.1	-1.3	-1.2	-0.5	-1.5
Courier services	-4.5	4.2	1.4	4.1	5.5	6.1	5.6

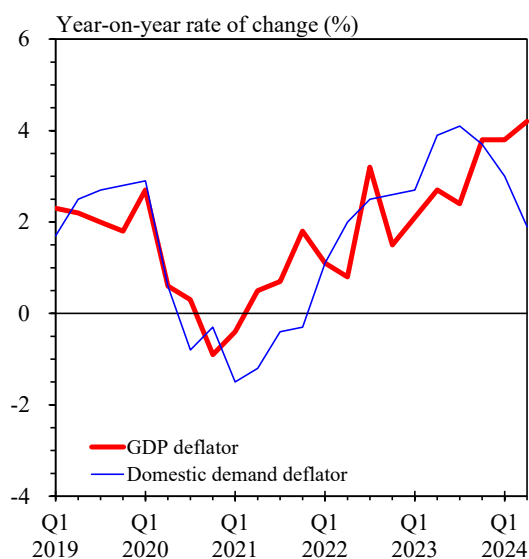
Note : (*) Change within $\pm 0.05\%$.

GDP deflator

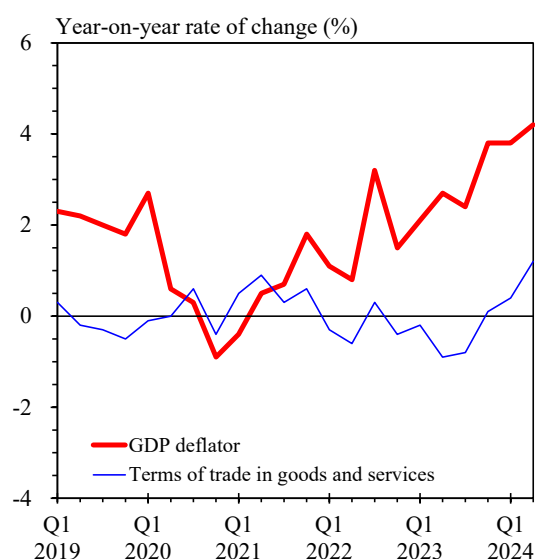
6.7 As a broad measure of the overall change in prices in the economy, the *GDP deflator*⁽⁴⁾ rose further by 4.2% year-on-year in the second quarter of 2024, after increasing by 3.8% in the preceding quarter. The *terms of trade*⁽⁵⁾ increased further by 1.2%. Taking out the external trade components, the domestic demand deflator increased by 1.9% over a year earlier in the second quarter, after rising by 3.0% in the preceding quarter.

Diagram 6.6: GDP deflator

(a) The GDP deflator rose further



(b) Terms of trade increased further



**Table 6.5 : GDP deflator and the main expenditure component deflators
(year-on-year rate of change (%))**

	2022		2023				2024	
	Annual [#]	Annual [#]	Q1 [#]	Q2 [#]	Q3 [#]	Q4 [#]	Q1 [#]	Q2 [#]
Private consumption expenditure	2.3	4.8	4.5	4.3	5.4	5.2	3.6	3.3
Government consumption expenditure	2.6	2.5	2.6	3.1	2.4	2.1	1.6	1.2
Gross domestic fixed capital formation	1.0	-0.3	-1.9	0.6	0.3	-0.4	0.7	-2.9
Total exports of goods ^{&}	6.8	4.2	3.8	3.7	3.7	5.1	4.5	4.4
Imports of goods ^{&}	7.3	4.3	3.6	4.3	4.1	4.9	4.8	3.7
Exports of services ^{&}	6.3	-1.8	-2.1	-4.4	-1.6	0.6	5.9	5.8
Imports of services ^{&}	4.4	-0.4	0.2	-2.4	1.2	-0.6	1.4	1.3
Gross Domestic Product	1.7	2.8	2.1 <0.8>	2.7 <0.8>	2.4 <1.6>	3.8 <0.6>	3.8 <0.8>	4.2 <1.1>
Total final demand ^{&}	5.2	3.4	2.7	3.1	3.2	4.3	4.1	3.7
Domestic demand	2.1	3.6	2.7	3.9	4.1	3.7	3.0	1.9
Terms of trade in goods and services ^{&}	-0.3	-0.4	-0.2	-0.9	-0.8	0.1	0.4	1.2

Notes : Figures are derived based on the series of chain volume measures of GDP. They are subject to revision later on as more data become available.

(&) Figures are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.

(#) Revised figures.

< > Seasonally adjusted quarter-to-quarter rate of change.

Notes :

- (1) The Consumer Price Indices (A), (B) and (C) are compiled with reference to the average expenditure patterns for different groups of households as obtained from the Household Expenditure Survey. Then, by aggregating the expenditure patterns of all the households covered by the above three indices, a Composite CPI is compiled.

In May 2021, the Census and Statistics Department updated the base period for compiling the CPIs. CPI figures quoted in this report refer to the 2019/20-based series unless otherwise stated. In May 2024, the Census and Statistics Department updated the expenditure weights for compiling the CPIs. The expenditure weights of the reference period 2023 are used to compile the CPI figures since the reference month of April 2024, CPIs prior to this are compiled based on expenditure weights of the reference period 2019/20.

The expenditure ranges of the households covered in the 2019/20-based CPIs are shown below:

	<u>Approximate proportion of households covered</u> (%)	<u>Average monthly expenditure range (adjusted to 2023 prices)</u> (\$)
CPI(A)	50	6,800 to 29,200
CPI(B)	30	29,200 to 50,400
CPI(C)	10	50,400 to 95,900

The expenditure weights of the reference period 2023 are as follows:

<u>Expenditure component</u>	<u>Composite CPI</u> (%)	<u>CPI(A)</u> (%)	<u>CPI(B)</u> (%)	<u>CPI(C)</u> (%)
Food	26.49	31.58	26.09	20.98
<i>Meals out and takeaway food</i>	17.39	19.33	17.71	14.63
<i>Basic food</i>	9.10	12.25	8.38	6.35
Housing	38.48	39.54	38.67	36.94
<i>Private housing rent</i>	33.58	32.27	34.99	33.18
<i>Public housing rent</i>	1.97	5.17	0.66	--
<i>Management fees and other housing charges</i>	2.93	2.10	3.02	3.76
Electricity, gas and water	3.07	4.21	2.82	2.07
Alcoholic drinks and tobacco	0.52	0.84	0.44	0.27
Clothing and footwear	2.74	2.00	2.85	3.46
Durable goods	4.30	3.53	4.26	5.29
Miscellaneous goods	3.38	3.27	3.51	3.32
Transport	7.28	5.29	7.52	9.31
Miscellaneous services	13.74	9.74	13.84	18.36
All items	100.00	100.00	100.00	100.00

- (2) The table below presents the year-on-year rates (%) of consumer price inflation in selected economies.

	<u>2022</u>		<u>2023</u>				<u>2024</u>	
	<u>Annual</u>	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>
Selected developed economies								
US	8.0	4.1	5.8	4.0	3.5	3.2	3.2	3.2
Canada	6.8	3.9	5.1	3.5	3.7	3.2	2.8	2.7
EU	9.2	6.4	9.4	7.2	5.7	3.4	2.8	2.6
Japan	2.5	3.2	3.6	3.4	3.1	2.9	2.5	2.7
Selected major emerging economies								
Mainland China	2.0	0.2	1.3	0.1	-0.1	-0.3	0.0	0.3
Russia	13.8	5.9	8.6	2.7	5.2	7.2	7.6	8.2
India	6.7	5.7	6.2	4.6	6.4	5.4	5.0	4.9
Brazil	9.3	4.6	5.3	3.8	4.6	4.7	4.3	3.9
Selected Asian economies								
Hong Kong	1.9	2.1	1.9	2.0	1.9	2.6	1.9	1.2
Singapore	6.1	4.8	6.1	5.1	4.1	4.0	3.0	2.8
Taiwan	2.9	2.5	2.6	2.0	2.4	2.9	2.3	2.2
Korea	5.1	3.6	4.6	3.3	3.1	3.4	3.0	2.7
Malaysia	3.3	2.5	3.6	2.8	2.0	1.6	1.7	1.9
Thailand	6.1	1.2	3.9	1.1	0.5	-0.5	-0.8	0.8
Indonesia	4.2	3.7	5.2	3.9	2.9	2.7	2.8	2.8
Philippines	5.8	6.0	8.3	6.0	5.4	4.3	3.3	3.8
Vietnam	3.2	3.3	4.2	2.4	2.9	3.5	3.8	4.4
Macao	1.0	0.9	0.8	0.8	0.9	1.2	1.2	0.8

- (3) The Producer Price Indices are designed to reflect changes in the prices of goods and services received by local producers. Producer prices refer to the transacted prices, net of any discounts or rebates allowed to the buyers.
- (4) The implicit price deflators of GDP and its main expenditure components are derived by dividing GDP at current prices by the corresponding chained-dollar figures. The rate of change in the GDP deflator may differ substantially from that in the Composite CPI over the same time span. The Composite CPI covers consumer price inflation in particular. Yet the GDP deflator is a much broader measure of inflation for the entire economy, and takes into account all the price changes related to consumption, investment, exports and imports. Also, the rate of change in the GDP deflator may differ appreciably from that in the total final demand deflator, depending on the movement in the prices of final demand and imports. Likewise, the rate of change in the GDP deflator may differ appreciably from that in the domestic demand deflator, depending on the movement in the prices of imports and exports.
- (5) The terms of trade is defined as the ratio of the prices of total exports to the prices of total imports.

Statistical Appendix

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**Table 1 : Gross Domestic Product by expenditure component
(at current market prices)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
	(\$Mn)					
Private consumption expenditure	1,502,768	1,593,091	1,650,101	1,784,375	1,936,427	1,973,720
Government consumption expenditure	214,216	231,263	247,973	261,447	281,420	309,437
Gross domestic fixed capital formation	530,916	537,205	535,216	575,977	612,439	520,575
Building and construction	244,047	262,780	283,447	297,306	308,596	278,091
Costs of ownership transfer	43,967	45,846	44,517	65,810	67,482	49,209
Machinery, equipment and intellectual property products	242,902	228,579	207,252	212,861	236,361	193,275
Changes in inventories	7,473	-20,580	447	10,973	11,204	-3,067
Total exports of goods ^{&}	3,986,769	3,889,225	3,892,886	4,212,774	4,453,350	4,255,098
Imports of goods ^{&}	4,237,700	4,066,527	4,022,579	4,391,306	4,706,347	4,375,619
Exports of services ^{&}	829,085	808,948	764,660	811,295	886,883	799,121
Imports of services ^{&}	573,522	574,345	578,106	605,924	639,947	634,243
GDP	2,260,005	2,398,280	2,490,598	2,659,611	2,835,429	2,845,022
<i>Per capita GDP (\$)</i>	<i>312,609</i>	<i>328,924</i>	<i>339,476</i>	<i>359,737</i>	<i>380,462</i>	<i>378,937</i>
GNI	2,306,612	2,442,656	2,553,191	2,775,163	2,970,244	2,988,739
<i>Per capita GNI (\$)</i>	<i>319,056</i>	<i>335,010</i>	<i>348,007</i>	<i>375,367</i>	<i>398,551</i>	<i>398,079</i>
Total final demand	7,071,227	7,039,152	7,091,283	7,656,841	8,181,723	7,854,884
Total final demand excluding re-exports ^(a)	4,116,670	4,139,786	4,190,686	4,496,472	4,819,554	4,602,059
Domestic demand	2,255,373	2,340,979	2,433,737	2,632,772	2,841,490	2,800,665
Private	1,929,514	1,991,436	2,062,216	2,240,487	2,425,554	2,359,687
Public	325,859	349,543	371,521	392,285	415,936	440,978
External demand	4,815,854	4,698,173	4,657,546	5,024,069	5,340,233	5,054,219

Definition of Terms :

Total final demand	= private consumption expenditure + government consumption expenditure + gross domestic fixed capital formation + changes in inventories + total exports of goods + exports of services
Private sector domestic demand	= private consumption expenditure + gross domestic fixed capital formation by the private sector + changes in inventories
Public sector domestic demand	= government consumption expenditure + gross domestic fixed capital formation by the public sector
Domestic demand	= private sector domestic demand + public sector domestic demand
External demand	= total exports of goods + exports of services

**Table 1 : Gross Domestic Product by expenditure component
(at current market prices) (Cont'd)**

	(\$Mn)							
	<u>2020</u>	<u>2021</u>	<u>2022[#]</u>	<u>2023[#]</u>	<u>2023</u>		<u>2024</u>	
					Q3 [#]	Q4 [#]	Q1 [#]	Q2 [#]
Private consumption expenditure	1,775,202	1,863,524	1,863,515	2,103,948	518,987	552,915	522,442	542,894
Government consumption expenditure	341,052	363,591	402,722	395,436	97,141	96,988	107,461	96,145
Gross domestic fixed capital formation	455,695	483,054	451,397	499,969	129,954	133,832	114,277	126,398
Building and construction	254,459	259,950	283,395	301,378	77,185	76,611	77,922	87,316
Costs of ownership transfer	40,071	53,279	28,415	25,519	5,230	3,979	4,729	8,033
Machinery, equipment and intellectual property products	161,165	169,825	139,587	173,072	47,539	53,242	31,626	31,049
Changes in inventories	52,221	-1,909	-23,593	-39,252	1,694	-10,871	-18,012	-24,102
Total exports of goods ^{&}	4,198,338	5,236,005	4,812,517	4,498,541	1,163,068	1,245,942	1,141,579	1,196,879
Imports of goods ^{&}	4,239,663	5,211,334	4,852,975	4,627,682	1,184,443	1,253,628	1,148,671	1,211,051
Exports of services ^{&}	519,205	615,069	650,549	771,733	196,591	202,162	221,705	194,924
Imports of services ^{&}	426,257	480,027	495,151	621,092	157,143	174,404	173,326	164,814
GDP	2,675,793	2,867,973	2,808,981	2,981,601	765,849	792,936	767,455	757,273
<i>Per capita GDP (\$)</i>	<i>357,679</i>	<i>386,879</i>	<i>382,377</i>	<i>395,642</i>	--	--	--	--
GNI	2,831,876	3,066,705	2,994,750	3,249,275	859,283	847,923	828,731	N.A.
<i>Per capita GNI (\$)</i>	<i>378,542</i>	<i>413,687</i>	<i>407,665</i>	<i>431,161</i>	--	--	--	--
Total final demand	7,341,713	8,559,334	8,157,107	8,230,375	2,107,435	2,220,968	2,089,452	2,133,138
Total final demand excluding re-exports ^(a)	4,099,539	4,454,376	4,349,628	4,723,008	1,194,869	1,259,437	1,199,509	1,176,086
Domestic demand	2,624,170	2,708,260	2,694,041	2,960,101	747,776	772,864	726,168	741,335
Private	2,147,406	2,202,170	2,118,602	2,389,226	611,912	629,872	566,135	593,154
Public	476,764	506,090	575,439	570,875	135,864	142,992	160,033	148,181
External demand	4,717,543	5,851,074	5,463,066	5,270,274	1,359,659	1,448,104	1,363,284	1,391,803

- Notes: (a) Re-export margin is nevertheless retained in the total final demand.
 (#) Figures are subject to revision later on as more data become available.
 (&) Figures are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.
 (--) Not applicable.
 N.A. Not yet available.

**Table 2 : Rates of change in chain volume measures of Gross Domestic Product
by expenditure component (in real terms)**

(%)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Private consumption expenditure	3.3	4.8	2.0	5.5	5.3	-0.8
Government consumption expenditure	3.1	3.4	3.4	2.8	4.2	5.1
Gross domestic fixed capital formation	-0.1	-3.2	-0.1	3.1	1.7	-14.9
Building and construction	9.3	2.2	5.9	-0.5	-0.5	-10.8
Costs of ownership transfer	6.9	-8.3	-2.9	23.2	-11.2	-13.4
Machinery, equipment and intellectual property products	-8.7	-7.7	-6.4	3.8	8.8	-20.8
Total exports of goods ^{&}	0.8	-1.7	1.6	6.5	3.5	-5.5
Imports of goods ^{&}	1.5	-2.7	0.7	7.3	4.7	-8.2
Exports of services ^{&}	1.6	0.3	-3.5	2.8	4.6	-9.6
Imports of services ^{&}	-2.2	5.0	2.0	2.0	2.8	0.1
GDP	2.8	2.4	2.2	3.8	2.8	-1.7
Per capita GDP	2.0	1.5	1.5	3.0	2.0	-2.4
RGNI	2.7	3.8	3.2	5.7	3.5	-1.7
Per capita RGNI	1.9	2.9	2.6	4.9	2.7	-2.4
Total final demand	1.6	-0.4	1.3	5.6	3.9	-5.3
Total final demand excluding re-exports ^(a)	0.6	0.1	1.5	4.5	4.0	-5.0
Domestic demand	2.9	1.6	2.6	5.2	4.4	-3.7
Private	2.6	1.3	2.5	5.7	4.8	-4.6
Public	4.6	2.9	3.1	2.2	2.4	1.5
External demand	1.0	-1.4	0.7	5.8	3.7	-6.1

- Notes: (a) Re-export margin is nevertheless retained in the total final demand.
 (#) Figures are subject to revision later on as more data become available.
 (&) Figures are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchandising under the standards stipulated in the *System of National Accounts 2008*.
 (--) Not applicable.
 (*) Change within $\pm 0.05\%$.
 N.A. Not yet available.

Table 2 : Rates of change in chain volume measures of Gross Domestic Product by expenditure component (in real terms) (Cont'd)

(%)

	<u>2020</u>	<u>2021</u>	<u>2022[#]</u>	<u>2023[#]</u>	<u>2023</u>		<u>2024</u>		Average annual rate of change:	
					Q3 [#]	Q4 [#]	Q1 [#]	Q2 [#]	10 years 2013 to 2023 [#]	5 years 2018 to 2023 [#]
Private consumption expenditure	-10.6	5.6	-2.2	7.7	6.7	3.5	1.2	-1.5	1.9	-0.3
Government consumption expenditure	7.9	5.9	8.0	-4.3	-3.9	-5.2	-2.2	2.0	3.9	4.4
Gross domestic fixed capital formation	-11.1	8.3	-7.4	11.1	21.7	17.5	0.1	6.0	-1.6	-3.4
Building and construction	-9.1	-0.5	7.4	7.5	16.0	6.1	10.6	16.0	0.9	-1.4
Costs of ownership transfer	-4.0	36.2	-43.2	0.2	-15.6	-3.4	-27.6	36.0	-3.9	-8.4
Machinery, equipment and intellectual property products	-16.0	15.2	-18.9	20.5	42.0	43.7	-14.2	-21.8	-4.0	-5.6
Total exports of goods ^{&}	-1.4	18.7	-14.0	-10.3	-8.7	2.8	6.8	7.5	-0.5	-3.1
Imports of goods ^{&}	-3.2	17.2	-13.2	-8.6	-6.1	3.8	3.3	3.4	-0.8	-3.8
Exports of services ^{&}	-34.8	3.4	-0.5	20.9	23.4	21.2	9.4	1.4	-2.5	-6.0
Imports of services ^{&}	-32.2	2.5	-1.2	25.9	28.7	26.7	18.0	12.4	-0.5	-2.9
GDP	-6.5	6.5	-3.7	3.3	4.2	4.3	2.8	3.3	1.1	-0.5
<i>Per capita GDP</i>	<i>-6.2</i>	<i>7.4</i>	<i>-2.8</i>	<i>0.7</i>	--	--	--	--	<i>0.6</i>	<i>-0.8</i>
RGNI	-5.8	8.9	-4.5	4.7	5.8	7.4	6.1	N.A.	2.0	0.2
<i>Per capita RGNI</i>	<i>-5.4</i>	<i>9.9</i>	<i>-3.6</i>	<i>2.1</i>	--	--	--	--	<i>1.5</i>	<i>-0.1</i>
Total final demand	-6.7	12.4	-9.4	-2.4	-0.4	5.4	4.3	4.1	-0.1	-2.6
Total final demand excluding re-exports ^(a)	-11.1	6.0	-4.8	5.7	7.8	7.9	1.7	0.7	*	-2.1
Domestic demand	-6.9	4.1	-2.5	6.1	8.9	6.2	-0.7	-0.3	1.3	-0.7
Private	-9.3	3.8	-5.6	8.3	11.3	8.6	-0.7	-2.7	0.8	-1.7
Public	6.2	5.2	10.7	-2.3	-0.2	-3.2	-0.6	10.6	3.6	4.1
External demand	-6.7	17.0	-12.5	-6.6	-4.9	5.1	7.2	6.6	-0.8	-3.5

**Table 3 : Gross Domestic Product by economic activity
(at current prices)**

	<u>2018</u>		<u>2019</u>		<u>2020</u>		<u>2021</u>		<u>2022[#]</u>	
	\$Mn	% share	\$Mn	% share	\$Mn	% share	\$Mn	% share	\$Mn	% share
Agriculture, fishing, mining and quarrying	1,762	0.1	2,057	0.1	2,648	0.1	2,168	0.1	1,486	0.1
Manufacturing	27,571	1.0	29,366	1.1	25,525	1.0	26,175	1.0	26,598	1.0
Electricity, gas and water supply, and waste management	35,660	1.3	34,083	1.2	35,325	1.4	36,348	1.3	32,485	1.2
Construction	120,473	4.5	114,499	4.2	104,262	4.1	109,254	4.0	116,833	4.3
Services	2,514,947	93.1	2,560,716	93.4	2,392,895	93.4	2,571,873	93.7	2,558,082	93.5
<i>Import/export, wholesale and retail trades</i>	<i>575,103</i>	<i>21.3</i>	<i>533,352</i>	<i>19.5</i>	<i>471,246</i>	<i>18.4</i>	<i>532,715</i>	<i>19.4</i>	<i>494,689</i>	<i>18.1</i>
<i>Accommodation and food services</i>	<i>91,525</i>	<i>3.4</i>	<i>75,918</i>	<i>2.8</i>	<i>36,934</i>	<i>1.4</i>	<i>45,394</i>	<i>1.7</i>	<i>45,350</i>	<i>1.7</i>
<i>Transportation, storage, postal and courier services</i>	<i>158,440</i>	<i>5.9</i>	<i>151,574</i>	<i>5.5</i>	<i>113,951</i>	<i>4.5</i>	<i>200,986</i>	<i>7.3</i>	<i>204,118</i>	<i>7.5</i>
<i>Information and communications</i>	<i>91,449</i>	<i>3.4</i>	<i>95,557</i>	<i>3.5</i>	<i>93,759</i>	<i>3.7</i>	<i>99,514</i>	<i>3.6</i>	<i>100,103</i>	<i>3.7</i>
<i>Financing and insurance</i>	<i>535,126</i>	<i>19.8</i>	<i>581,499</i>	<i>21.2</i>	<i>599,797</i>	<i>23.4</i>	<i>583,613</i>	<i>21.3</i>	<i>613,477</i>	<i>22.4</i>
<i>Real estate, professional and business services</i>	<i>280,843</i>	<i>10.4</i>	<i>276,497</i>	<i>10.1</i>	<i>244,337</i>	<i>9.5</i>	<i>250,306</i>	<i>9.1</i>	<i>233,094</i>	<i>8.5</i>
<i>Public administration, social and personal services</i>	<i>499,433</i>	<i>18.5</i>	<i>537,238</i>	<i>19.6</i>	<i>529,457</i>	<i>20.7</i>	<i>561,530</i>	<i>20.5</i>	<i>583,006</i>	<i>21.3</i>
<i>Ownership of premises</i>	<i>283,028</i>	<i>10.5</i>	<i>309,081</i>	<i>11.3</i>	<i>303,414</i>	<i>11.8</i>	<i>297,816</i>	<i>10.8</i>	<i>284,245</i>	<i>10.4</i>
GDP at basic prices	2,700,413	100.0	2,740,721	100.0	2,560,655	100.0	2,745,819	100.0	2,735,484	100.0
Taxes on products	117,825	--	93,623	--	102,066	--	138,758	--	104,353	--
Statistical discrepancy (%)	0.6	--	0.4	--	0.5	--	-0.6	--	-1.1	--
GDP at current market prices	2,835,429	--	2,845,022	--	2,675,793	--	2,867,973	--	2,808,981	--

Notes: Individual figures may not add up exactly to the total due to rounding.

(#) Figures are subject to revision later on as more data become available.

(--) Not applicable.

Table 4 : Rates of change in chain volume measures of Gross Domestic Product by economic activity (in real terms)

	(%)									
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022[#]</u>	<u>2023[#]</u>	<u>2023</u>			<u>2024</u>
							Q2 [#]	Q3 [#]	Q4 [#]	Q1 [#]
Agriculture, fishing, mining and quarrying	-1.8	-0.8	3.8	-2.5	-15.8	-2.9	2.4	-6.0	-8.0	-9.0
Manufacturing	1.3	0.4	-5.8	5.5	0.2	3.7	2.7	4.3	4.1	1.8
Electricity, gas and water supply, and waste management	0.1	-0.5	-14.2	3.7	-1.2	1.7	3.2	0.2	3.6	4.3
Construction	3.3	-9.7	-11.7	-0.6	8.3	5.6	6.6	13.5	3.8	9.2
Services	3.1	-0.6	-6.7	5.9	-3.4	3.7	1.7	4.2	5.3	3.1
<i>Import/export, wholesale and retail trades</i>	4.2	-7.5	-15.0	13.3	-11.9	-0.4	-3.6	1.5	6.5	0.9
<i>Accommodation and food services</i>	5.9	-11.7	-44.8	22.6	-6.8	29.3	22.8	18.4	14.6	0.9
<i>Transportation, storage, postal and courier services</i>	2.5	-1.7	-36.9	7.7	-4.5	30.2	26.8	31.4	31.8	19.5
<i>Information and communications</i>	4.1	4.7	1.7	2.6	0.5	1.0	-0.4	1.8	2.1	2.2
<i>Financing and insurance</i>	4.0	3.4	4.0	4.7	-2.6	-1.6	-2.6	-0.2	-1.4	-0.5
<i>Real estate, professional and business services</i>	-0.4	-0.2	-4.6	2.1	-2.1	2.6	-0.8	2.8	2.7	1.2
<i>Public administration, social and personal services</i>	3.6	3.2	-2.3	4.4	1.3	3.6	2.4	2.9	3.6	3.1
<i>Ownership of premises</i>	1.0	0.6	-0.3	1.2	0.6	1.1	1.0	0.9	1.4	1.7
Taxes on products	-3.9	-11.3	17.6	22.3	-16.6	-9.5	-8.9	-9.3	-25.6	-9.8
GDP in chained (2022) dollars	2.8	-1.7	-6.5	6.5	-3.7	3.3	1.6	4.2	4.3	2.8

Note: (#) Figures are subject to revision later on as more data become available.

**Table 5 : Balance of Payments by major component
(at current prices)**

	(\$Mn)								
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022[#]</u>	<u>2023[#]</u>		<u>2023</u>		<u>2024</u>
						Q2 [#]	Q3 [#]	Q4 [#]	Q1 [#]
Current account ^(a)	166,482	187,012	339,429	286,089	273,177	50,713	107,311	70,721	98,076
Goods	-120,521	-41,325	24,671	-40,458	-129,141	-62,244	-21,375	-7,686	-7,092
Services	164,878	92,948	135,042	155,398	150,641	36,871	39,448	27,758	48,379
Primary income	143,717	156,083	198,732	185,769	267,674	79,833	93,434	54,987	61,276
Secondary income	-21,592	-20,694	-19,017	-14,620	-15,997	-3,746	-4,196	-4,338	-4,488
Capital account ^(a)	-682	-90	-10,363	1,231	5,892	-109	6,199	-104	-95
Financial account ^(b)	236,756	243,839	363,230	276,830	273,801	80,667	143,500	37,426	135,307
Financial non-reserve assets	245,612	-19,211	372,371	644,042	353,686	171,175	127,401	46,540	170,819
<i>Direct investment</i>	-160,730	-263,703	-340,141	-27,086	-65,687	-65,760	-105,320	16,991	22,522
<i>Portfolio investment</i>	215,764	528,049	620,493	317,357	373,148	296,643	139,908	-44,692	457,532
<i>Financial derivatives</i>	-1,239	-18,790	-45,126	-140,392	-111,677	-10,181	-55,896	-36,805	62,258
<i>Other investment</i>	191,817	-264,766	137,145	494,163	157,901	-49,527	148,708	111,045	-371,492
Reserve assets	-8,855	263,050	-9,142	-367,212	-79,884	-90,508	16,099	-9,113	-35,513
Net errors and omissions	70,957	56,918	34,164	-10,489	-5,268	30,063	29,990	-33,191	37,326
Overall Balance of Payments	-8,855	263,050	-9,142	-367,212	-79,884	-90,508	16,099	-9,113	-35,513

Notes: Individual figures may not add up exactly to the total due to rounding.

(a) In accordance with the accounting rules adopted in compiling Balance of Payments, a positive value for the balance figure in the current account and capital account represents a surplus whereas a negative value represents a deficit.

(b) A new sign convention has been adopted for the entire series of the financial account since June 2023. A positive value indicates an increase in net assets (a net financial outflow) while a negative value indicates a decrease in net assets (a net inflow). A positive value for the reserve assets represents an increase while a negative value represents a decrease.

(#) Figures are subject to revision later on as more data become available.

**Table 6 : Goods and services trade
(at current market prices)**

(\$Mn)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022[#]</u>	<u>2023[#]</u>	<u>2023</u>		<u>2024</u>	
						Q3 [#]	Q4 [#]	Q1 [#]	Q2 [#]
Total exports of goods	4,255,098	4,198,338	5,236,005	4,812,517	4,498,541	1,163,068	1,245,942	1,141,579	1,196,879
Imports of goods	4,375,619	4,239,663	5,211,334	4,852,975	4,627,682	1,184,443	1,253,628	1,148,671	1,211,051
Goods trade balance	-120,521 (-2.8)	-41,325 (-1.0)	24,671 (0.5)	-40,458 (-0.8)	-129,141 (-2.8)	-21,375 (-1.8)	-7,686 (-0.6)	-7,092 (-0.6)	-14,172 (-1.2)
Exports of services	799,121	519,205	615,069	650,549	771,733	196,591	202,162	221,705	194,924
Imports of services	634,243	426,257	480,027	495,151	621,092	157,143	174,404	173,326	164,814
Services trade balance	164,878 (26.0)	92,948 (21.8)	135,042 (28.1)	155,398 (31.4)	150,641 (24.3)	39,448 (25.1)	27,758 (15.9)	48,379 (27.9)	30,110 (18.3)
Exports of goods and services	5,054,219	4,717,543	5,851,074	5,463,066	5,270,274	1,359,659	1,448,104	1,363,284	1,391,803
Imports of goods and services	5,009,862	4,665,920	5,691,361	5,348,126	5,248,774	1,341,586	1,428,032	1,321,997	1,375,865
Goods and services trade balance	44,357 <0.9>	51,623 <1.1>	159,713 <2.8>	114,940 <2.1>	21,500 <0.4>	18,073 <1.3>	20,072 <1.4>	41,287 <3.1>	15,938 <1.2>

Notes: Figures in this table are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.

(#) Figures are subject to revision later on as more data become available.

() As a percentage of the total value of imports of goods/services.

< > As a percentage of the total value of imports of goods and services.

**Table 7 : Total exports of goods by market
(in value terms)**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>		<u>2023</u>		<u>2024</u>	
	(% change)				(% change)		(\$Mn)	Q3	Q4	Q1
							(% change over a year earlier)			
All markets	-4.1	-1.5	26.3	-8.6	-7.8	4,177,405	-6.0	6.6	11.9	12.5
Mainland of China	-3.3	5.1	27.0	-12.9	-9.7	2,320,368	-9.1	9.8	20.2	18.8
United States	-14.8	-14.9	19.6	-5.5	-6.9	272,476	-5.3	9.1	5.5	27.5
India	-12.0	-17.6	36.6	29.0	-2.7	167,022	-1.8	30.7	12.9	-22.7
Taiwan	2.4	11.6	46.0	7.2	-9.9	138,842	-5.1	7.6	-3.7	13.5
Vietnam	-3.6	5.3	22.2	8.9	-0.5	111,878	6.8	18.6	17.7	28.8
United Arab Emirates	7.1	-0.4	38.8	35.3	8.9	103,466	15.2	4.3	20.8	6.1
Japan	-6.4	-9.7	8.7	-13.8	-17.7	84,398	-16.0	-3.8	-3.0	0.5
Netherlands	-4.4	-5.2	22.8	0.1	-2.5	77,475	-4.6	-22.2	-27.8	-10.4
Macao	7.1	-21.5	56.1	-6.6	24.9	75,543	57.7	18.2	-11.5	-21.8
Korea	-2.3	-7.6	42.7	9.2	-9.5	73,706	-16.1	-11.2	-8.0	-1.7
Rest of the world	-2.0	-11.0	22.2	-11.0	-7.3	752,232	-2.9	-4.4	3.7	2.4

Note: Individual figures may not add up exactly to the total due to rounding.

**Table 8 : Imports of goods by source
(in value terms)**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>		<u>2023</u>		<u>2024</u>	
	(% change)				(% change)	(\$Mn)	Q3	Q4	Q1	Q2
							(% change over a year earlier)			
All sources	-6.5	-3.3	24.3	-7.2	-5.7	4,644,991	-2.8	7.0	8.0	7.4
Mainland of China	-5.9	-6.5	26.5	-14.6	-2.7	2,022,317	0.2	8.2	9.8	8.8
Taiwan	-2.4	22.8	35.0	7.3	-10.5	525,905	-5.5	1.0	-7.0	-5.6
Singapore	-7.5	8.1	31.7	-3.7	-17.3	329,557	-7.2	5.5	15.3	30.9
Korea	-20.9	12.3	31.3	-10.7	-22.8	223,626	-21.8	2.4	58.4	48.6
Japan	-2.8	-5.0	12.8	-10.4	-8.8	221,499	-5.8	0.5	6.9	-2.4
United States	-7.9	-17.9	18.3	1.3	-4.6	199,708	2.1	5.1	13.9	-6.8
Malaysia	-14.3	1.2	1.7	6.1	-15.3	149,754	-20.8	-4.6	-7.6	8.7
Vietnam	18.5	28.4	16.9	22.3	-7.0	133,742	-17.5	29.4	37.9	55.8
Thailand	-7.4	1.4	18.9	-8.9	-8.6	85,571	8.1	12.3	19.6	-1.0
Philippines	-9.1	-0.1	25.1	7.4	-15.7	79,341	-15.1	-30.3	-22.8	-7.6
Rest of the world	-4.9	-17.0	17.0	-3.6	9.9	673,972	10.5	18.2	-2.9	-7.0

Note: Individual figures may not add up exactly to the total due to rounding.

**Table 9 : Exports and imports of services by component
(at current market prices)**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022[#]</u>	<u>2023[#]</u>		<u>2023</u>		<u>2024</u>	
	(% change)				(% change)		(\$Mn)	Q3 [#]	Q4 [#]	Q1 [#]
							(% change over a year earlier)			
Exports of services	-9.9	-35.0	18.5	5.8	18.6	771,733	21.4	21.9	15.9	7.3
Transport	-4.7	-24.7	37.8	2.0	-9.4	236,608	-6.6	-0.5	22.9	15.6
Travel	-21.6	-90.2	-35.1	70.7	565.7	163,384	812.3	351.8	49.4	-8.5
Financial services	-2.8	-0.3	10.0	8.8	-0.9	200,071	-1.7	-6.1	-1.9	12.1
Other services	-5.1	-9.0	11.7	2.5	5.3	171,670	5.3	6.8	5.0	6.6
Imports of services	-0.9	-32.8	12.6	3.2	25.4	621,092	30.3	25.9	19.7	13.8
Transport	-1.1	-19.8	35.7	-1.5	-6.6	143,822	-8.4	1.9	21.3	13.8
Travel	1.6	-79.7	-38.9	64.4	315.1	178,473	404.8	181.8	53.0	23.7
Manufacturing [^]	-5.5	-10.4	20.0	-4.3	-8.5	83,000	-7.1	-5.6	1.7	5.3
Other services	-1.3	-1.4	7.1	2.3	4.0	215,797	5.1	5.3	4.2	8.5

Notes: Individual figures may not add up exactly to the total due to rounding.

Figures in this table are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchandising under the standards stipulated in the *System of National Accounts 2008*.

(#) Figures are subject to revision later on as more data become available.

(^) This includes the value of processing fees paid by Hong Kong to the processing units outside Hong Kong and raw materials / semi-manufactures directly procured by these processing units.

Table 10 : Incoming visitors by source

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>		<u>2024</u>	
						Q3	Q4	Q1	Q2
<u>(’000)</u>									
All sources	55 912.6	3 568.9	91.4	604.6	33 999.7	10 438.1	10 677.7	11 228.8	9 922.4
Mainland of China	43 774.7	2 706.4	65.7	375.1	26 760.5	8 574.5	8 075.2	8 694.9	7 446.0
South and Southeast Asia	3 040.5	190.5	9.5	78.5	2 420.6	561.3	954.1	800.5	884.0
Taiwan	1 538.9	105.1	2.5	24.2	783.8	226.6	245.8	280.6	301.6
Europe	1 728.4	158.8	6.6	39.2	764.3	179.0	277.6	303.9	279.7
United States	1 107.2	80.8	1.4	26.0	594.8	167.9	217.0	202.4	220.9
Japan	1 078.8	50.3	0.3	7.3	346.4	108.0	132.6	155.4	115.9
Others	3 644.1	276.9	5.3	54.2	2 329.3	620.6	775.4	791.0	674.4
<u>(% change over a year earlier)</u>									
All sources	-14.2	-93.6	-97.4	561.5	5 523.8	5 909.4	2 908.9	154.3	17.2
Mainland of China	-14.2	-93.8	-97.6	470.8	7 033.6	6 041.0	4 553.1	158.7	10.3
South and Southeast Asia	-14.9	-93.7	-95.0	724.1	2 984.0	5 985.5	1 363.2	164.9	46.6
Taiwan	-20.1	-93.2	-97.6	852.1	3 132.2	6 055.8	1 193.5	127.4	60.5
Europe	-10.8	-90.8	-95.9	498.0	1 848.9	2 823.2	819.6	145.3	52.2
United States	-15.1	-92.7	-98.3	1 803.8	2 188.7	3 288.8	1 018.7	223.0	50.1
Japan	-16.2	-95.3	-99.3	2 014.5	4 634.7	12 837.1	2 036.1	342.0	64.2
Others	-10.7	-92.4	-98.1	915.0	4 199.8	6 612.5	1 776.7	94.7	27.9

Note: Individual figures may not add up exactly to the total due to rounding.

Table 11 : Property market

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Completion of new property by the private sector							
('000 m ² of internal floor area)							
Residential property ^(a) (in units)	15 719	11 280	14 595	17 791	20 968	13 643	20 888
Commercial property	161	233	276	303	304	384	136
<i>of which :</i>							
Office space	104	164	153	198	179	267	69
Other commercial premises ^(b)	57	69	123	105	125	118	67
Industrial property ^(c)	116	30	78	105	44	56	38
<i>of which :</i>							
Industrial-cum-office premises	0	0	0	0	0	0	0
Conventional flatted factory space	36	30	5	23	41	56	38
Storage premises ^(d)	80	0	73	83	3	0	0
Production of public housing							
(in units)							
Rental housing flats ^(e)	5 634	10 147	21 755	11 268	20 137	9 634	6 605
Subsidised sales flats ^(e)	0	1 310	229	2 788	4 863	7 027	7 610
Building plans with consent to commence work in the private sector							
('000 m ² of usable floor area)							
Residential property	647.1	893.3	645.8	872.8	704.5	796.5	521.5
Commercial property	290.3	319.0	312.4	488.6	131.5	844.9	228.1
Industrial property ^(f)	105.9	225.3	76.2	62.5	105.2	177.7	182.6
Other properties	217.1	555.4	235.1	241.2	101.2	236.7	409.6
Total	1 260.4	1 993.0	1 269.4	1 665.2	1 042.4	2 055.9	1 341.7
Agreements for sale and purchase of property							
(Number)							
Residential property ^(g)	63 807	55 982	54 701	61 591	57 247	59 797	59 880
Primary market	16 857	16 826	16 793	18 645	15 633	21 108	15 317
Secondary market	46 950	39 156	37 908	42 946	41 614	38 689	44 563
Selected types of non-residential properties ^(h)							
Office space	1 271	1 470	1 105	1 955	1 331	861	686
Other commercial premises	3 092	2 067	1 523	2 198	1 926	1 300	1 269
Flatted factory space	3 016	3 407	2 727	5 135	4 852	2 426	2 117

Notes: Individual figures may not add up exactly to the total due to rounding.

- (a) Figures before 2002 cover all completed residential premises to which either temporary or full Occupation Permits have been granted, as well as village type houses issued with Letters of Compliance. Property developments subject to a Consent Scheme need a Certificate of Compliance, Consent to Assign or Consent to Lease in addition to an Occupation Permit before the premises can be individually assigned. Village-type housing units are excluded as from 2002 and units issued with temporary Occupation Permits are also excluded as from 2004 onwards.
- Residential premises here pertain to private residential units, excluding units built under the Private Sector Participation Scheme (PSPS), Home Ownership Scheme (HOS), Buy or Rent Option, Mortgage Subsidy Scheme, Sandwich Class Housing Scheme, Urban Improvement Scheme (UIS) and Flat-for-Sale Scheme. Figures from 2004 onwards also cover those private flats converted from subsidised flats.
- (b) These include retail premises and other premises designed or adapted for commercial use, with the exception of purpose-built offices. Car-parking space and commercial premises built by the Hong Kong Housing Authority and the Hong Kong Housing Society are excluded.
- (c) These include industrial-cum-office premises, but exclude specialised factory buildings which are developed mainly for own use.
- (d) These include storage premises at the container terminals and the airport.

Table 11 : Property market (Cont'd)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>		<u>2024</u>	
				Q3	Q4	Q1	Q2
Completion of new property by the private sector							
('000 m ² of internal floor area)							
Residential property ^(a) (in units)	14 386	21 168	13 852	2 534	3 762	4 975	2 120
Commercial property	111	469	249	37	113	113	72
<i>of which :</i>							
Office space	70	351	159	9	106	82	64
Other commercial premises ^(b)	42	118	91	28	8	31	8
Industrial property ^(c)	30	180	58	0	39	0	12
<i>of which :</i>							
Industrial-cum-office premises	0	0	0	0	0	0	0
Conventional flatted factory space	30	105	57	0	39	0	12
Storage premises ^(d)	0	75	0	0	0	0	0
Production of public housing							
(in units)							
Rental housing flats ^(e)	13 057	12 285	3 838	0	3 019	5 968	N.A.
Subsidised sales flats ^(e)	3 222	6 996	5 674	2 112	0	248	N.A.
Building plans with consent to commence work in the private sector							
('000 m ² of usable floor area)							
Residential property	866.4	483.1	437.1	35.5	137.4	64.1	N.A.
Commercial property	743.0	105.5	385.4	71.2	187.5	27.3	N.A.
Industrial property ^(f)	39.8	61.2	45.9	29.3	0.0	0.0	N.A.
Other properties	187.5	242.9	208.2	64.4	70.9	52.8	N.A.
Total	1 836.7	892.6	1 076.5	200.4	395.8	144.2	N.A.
Agreements for sale and purchase of property							
(Number)							
Residential property ^(g)	74 297	45 050	43 002	9 174	7 606	9 823	17 953
Primary market	17 650	10 315	10 752	2 516	1 862	2 869	6 550
Secondary market	56 647	34 735	32 250	6 658	5 744	6 954	11 403
Selected types of non-residential properties ^(h)							
Office space	1 077	667	646	137	134	132	153
Other commercial premises	2 189	1 397	1 114	293	223	198	340
Flatted factory space	3 637	2 006	1 860	420	368	357	404

Notes: (e) The series, sourced from the Housing Authority's housing production figures, exhaustively cover all housing production and to count projects (including surplus HOS projects) which undergo transfer of usage at the time of disposal and according to their actual usage. Moreover, surplus HOS courts and blocks pending disposal are excluded from production statistics until they are disposed. Rental and sales flats projects of the Housing Society are included.

(f) These include multi-purpose industrial premises designed also for office use.

(g) The figures are derived from sale and purchase agreements of domestic units received for registration for the relevant periods. They generally relate to transactions executed up to four weeks prior to their submission for registration. Sales of domestic units refer to sale and purchase agreements with payment of stamp duty. These statistics do not include sales of units under the Home Ownership Scheme, the Private Sector Participation Scheme and the Tenants Purchase Scheme except those after payment of premium. Primary sales generally refer to sales from developers. Secondary sales refer to sales from parties other than developers.

(h) Timing of the figures for non-residential properties is based on the date on which the sale and purchase agreement is signed, which may differ from the date on which the agreement is received for registration.

N.A. Not yet available.

Table 12 : Property prices and rentals

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>(Index (1999=100))</u>							
Property price indices :							
Residential flats ^(a)	256.9	296.8	286.1	333.9	377.3	383.0	381.2
Office space	423.0	448.9	426.9	487.1	554.7	543.0	468.8
Shopping space	521.2	559.2	526.9	558.4	591.4	549.7	518.9
Flatted factory space	668.0	723.9	692.7	778.1	888.1	887.9	826.1
Property rental indices ^(b) :							
Residential flats	159.5	172.8	168.2	182.6	193.0	194.4	180.3
Office space	213.7	226.7	232.3	241.8	252.2	261.4	241.7
Shopping space	173.1	182.5	178.6	182.5	187.0	187.2	169.9
Flatted factory space	160.1	174.4	181.4	190.7	202.3	209.7	200.5
<u>(% change over a year earlier)</u>							
Property price indices :							
Residential flats ^(a)	6.0	15.5	-3.6	16.7	13.0	1.5	-0.5
Office space	3.2	6.1	-4.9	14.1	13.9	-2.1	-13.7
Shopping space	2.8	7.3	-5.8	6.0	5.9	-7.1	-5.6
Flatted factory space	1.9	8.4	-4.3	12.3	14.1	*	-7.0
Property rental indices ^(b) :							
Residential flats	3.2	8.3	-2.7	8.6	5.7	0.7	-7.3
Office space	4.7	6.1	2.5	4.1	4.3	3.6	-7.5
Shopping space	4.6	5.4	-2.1	2.2	2.5	0.1	-9.2
Flatted factory space	8.7	8.9	4.0	5.1	6.1	3.7	-4.4

Notes: (a) Figures pertain to prices of existing flats traded in the secondary market, but not new flats sold in the primary market.

(b) All rental indices shown in this table have been adjusted for concessionary leasing terms such as provision of refurbishment, granting of rent-free periods, and waiver of miscellaneous charges, if known.

For residential property, changes in rentals cover only new tenancies for which rentals are freshly determined. For non-residential property, changes in rentals cover also lease renewals upon which rentals may be revised.

(#) Figures for non-residential property are provisional.

(+) Provisional figures.

(*) Change within $\pm 0.05\%$.

Table 12 : Property prices and rentals (Cont'd)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>		<u>2024</u>	
				Q3	Q4	Q1 [#]	Q2 ⁺
<u>(Index (1999=100))</u>							
Property price indices :							
Residential flats ^(a)	392.7	369.7	337.4	336.7	316.3	305.9	305.7
Office space	502.5	495.7	468.7	462.8	441.8	421.5	390.6
Shopping space	543.4	523.0	488.3	493.3	472.9	458.1	434.8
Flatted factory space	879.0	880.3	842.3	842.2	805.2	760.7	738.5
Property rental indices ^(b) :							
Residential flats	179.8	178.3	181.1	184.0	185.6	184.9	188.1
Office space	233.4	230.0	227.7	228.6	227.6	224.6	220.9
Shopping space	172.0	167.0	170.9	172.8	172.8	169.1	165.7
Flatted factory space	208.8	211.9	218.6	221.3	220.5	217.5	215.3
<u>(% change over a year earlier)</u>							
Property price indices :							
Residential flats ^(a)	3.0	-5.9	-8.7	-8.6	-7.2	-11.5	-12.8
Office space	7.2	-1.4	-5.4	-7.4	-7.8	-11.1	-17.7
Shopping space	4.7	-3.8	-6.6	-4.7	-6.5	-6.1	-12.9
Flatted factory space	6.4	0.1	-4.3	-4.8	-5.2	-11.6	-14.3
Property rental indices ^(b) :							
Residential flats	-0.3	-0.8	1.6	2.9	5.1	5.7	4.6
Office space	-3.4	-1.5	-1.0	-0.9	-0.4	-1.0	-3.0
Shopping space	1.2	-2.9	2.3	4.2	3.5	1.0	-2.8
Flatted factory space	4.1	1.5	3.2	3.2	3.1	1.4	-1.2

Table 13 : Monetary aggregates

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>(at end of period)</u>							
Hong Kong dollar money supply (\$Mn)							
M1	1,116,675	1,253,380	1,428,775	1,598,014	1,555,731	1,533,104	1,972,719
M2 ^(a)	5,225,773	5,765,549	6,280,230	7,010,345	7,262,451	7,438,789	7,922,089
M3 ^(a)	5,236,188	5,778,772	6,292,666	7,024,514	7,284,322	7,454,655	7,937,038
Total money supply (\$Mn)							
M1	1,708,724	1,971,146	2,213,970	2,431,461	2,421,598	2,484,738	3,231,921
M2	11,011,372	11,618,441	12,508,127	13,755,255	14,348,059	14,745,872	15,606,608
M3	11,048,944	11,655,019	12,551,331	13,803,837	14,403,688	14,786,375	15,644,043
Deposits (\$Mn)							
HK\$	4,800,330	5,312,403	5,809,060	6,484,616	6,715,262	6,884,143	7,311,368
Foreign currency	5,272,804	5,437,346	5,918,240	6,267,872	6,671,119	6,887,444	7,202,247
Total	10,073,135	10,749,749	11,727,300	12,752,488	13,386,381	13,771,586	14,513,615
Loans and advances (\$Mn)							
HK\$	4,000,361	4,152,589	4,479,107	5,359,983	5,836,238	6,219,377	6,106,960
Foreign currency	3,275,910	3,381,951	3,544,284	3,953,686	3,886,385	4,157,325	4,391,617
Total	7,276,271	7,534,540	8,023,390	9,313,668	9,722,623	10,376,701	10,498,577
Nominal Effective Exchange Rate Indices (Jan 2020 =100) ^(b)							
Trade-weighted	90.7	95.7	98.4	98.4	96.2	99.4	100.0
Import-weighted	91.1	96.5	98.8	98.8	96.5	99.5	100.1
Export-weighted	90.2	94.8	97.9	98.0	95.8	99.2	100.0
<u>(% change over a year earlier)</u>							
Hong Kong dollar money supply							
M1	11.6	12.2	14.0	11.8	-2.6	-1.5	28.7
M2 ^(a)	9.0	10.3	8.9	11.6	3.6	2.4	6.5
M3 ^(a)	9.0	10.4	8.9	11.6	3.7	2.3	6.5
Total money supply							
M1	13.1	15.4	12.3	9.8	-0.4	2.6	30.1
M2	9.5	5.5	7.7	10.0	4.3	2.8	5.8
M3	9.6	5.5	7.7	10.0	4.3	2.7	5.8
Deposits							
HK\$	9.3	10.7	9.3	11.6	3.6	2.5	6.2
Foreign currency	10.1	3.1	8.8	5.9	6.4	3.2	4.6
Total	9.7	6.7	9.1	8.7	5.0	2.9	5.4
Loans and advances							
HK\$	10.9	3.8	7.9	19.7	8.9	6.6	-1.8
Foreign currency	14.9	3.2	4.8	11.6	-1.7	7.0	5.6
Total	12.7	3.5	6.5	16.1	4.4	6.7	1.2
Nominal Effective Exchange Rate Indices (Jan 2020 =100) ^(b)							
Trade-weighted	1.2	5.5	2.8	*	-2.2	3.3	0.6
Import-weighted	1.4	5.9	2.4	*	-2.3	3.1	0.6
Export-weighted	0.9	5.1	3.3	0.1	-2.2	3.5	0.8

Definition of Terms :

The Hong Kong Dollar Money Supply is the Hong Kong dollar component of the respective monetary aggregate.

Total Money Supply:

- M1: Legal tender notes and coins with the public, plus customers' demand deposits with licensed banks.
- M2: M1 plus customers' savings and time deposits with licensed banks, plus negotiable certificates of deposit issued by licensed banks and held outside the monetary sector, as well as short-term Exchange Fund placements of less than one month.
- M3: M2 plus customers' deposits with restricted licence banks and deposit-taking companies, plus negotiable certificates of deposit issued by such institutions and held outside the monetary sector.

Table 13 : Monetary aggregates (Cont'd)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>		<u>2024</u>	
				Q3	Q4	Q1	Q2
<u>(at end of period)</u>							
Hong Kong dollar money supply (\$Mn)							
M1	2,078,911	1,708,421	1,533,291	1,535,901	1,533,291	1,515,345	1,529,717
M2 ^(a)	8,043,994	8,096,517	8,250,109	8,206,059	8,250,109	8,253,008	8,341,838
M3 ^(a)	8,057,408	8,109,000	8,262,831	8,219,643	8,262,831	8,265,805	8,355,640
Total money supply (\$Mn)							
M1	3,490,858	2,769,343	2,598,203	2,502,111	2,598,203	2,556,002	2,646,669
M2	16,272,650	16,536,625	17,195,266	16,785,739	17,195,266	17,186,277	17,774,385
M3	16,310,866	16,569,431	17,234,052	16,820,252	17,234,052	17,226,182	17,816,858
Deposits (\$Mn)							
HK\$	7,414,381	7,468,230	7,623,772	7,585,828	7,623,772	7,633,086	7,709,630
Foreign currency	7,771,839	7,971,455	8,598,297	8,201,780	8,598,297	8,563,800	9,033,116
Total	15,186,220	15,439,685	16,222,070	15,787,608	16,222,070	16,196,886	16,742,746
Loans and advances (\$Mn)							
HK\$	6,425,857	6,602,964	6,420,797	6,546,102	6,420,797	6,351,444	6,266,223
Foreign currency	4,467,291	3,968,334	3,771,585	3,746,042	3,771,585	3,736,032	3,728,550
Total	10,893,147	10,571,298	10,192,382	10,292,144	10,192,382	10,087,476	9,994,773
Nominal Effective Exchange Rate Indices							
(Jan 2020 =100) ^(b)							
Trade-weighted	95.5	100.1	103.4	105.0	105.4	104.9	106.2
Import-weighted	95.8	100.8	103.9	105.4	105.9	105.4	106.9
Export-weighted	95.1	99.3	102.9	104.5	104.8	104.3	105.3
<u>(% change over a year earlier)</u>							
Hong Kong dollar money supply							
M1	5.4	-17.8	-10.3	-19.2	-10.3	-11.4	-5.9
M2 ^(a)	1.5	0.7	1.9	2.3	1.9	-0.4	1.5
M3 ^(a)	1.5	0.6	1.9	2.3	1.9	-0.4	1.5
Total money supply							
M1	8.0	-20.7	-6.2	-17.6	-6.2	-5.8	2.5
M2	4.3	1.6	4.0	2.8	4.0	3.4	7.4
M3	4.3	1.6	4.0	2.8	4.0	3.4	7.4
Deposits							
HK\$	1.4	0.7	2.1	2.8	2.1	-0.4	1.5
Foreign currency	7.9	2.6	7.9	3.8	7.9	9.0	14.7
Total	4.6	1.7	5.1	3.3	5.1	4.4	8.2
Loans and advances							
HK\$	5.2	2.8	-2.8	-1.5	-2.8	-6.0	-7.0
Foreign currency	1.7	-11.2	-5.0	-10.3	-5.0	-4.3	-1.4
Total	3.8	-3.0	-3.6	-4.9	-3.6	-5.4	-5.0
Nominal Effective Exchange Rate Indices							
(Jan 2020 =100) ^(b)							
Trade-weighted	-4.5	4.8	3.3	2.9	0.6	4.0	3.6
Import-weighted	-4.3	5.2	3.1	2.5	0.4	4.0	3.9
Export-weighted	-4.9	4.4	3.6	3.4	0.7	4.0	3.2

Notes: (a) Adjusted to include foreign currency swap deposits.

(b) Period average.

(*) Change within $\pm 0.05\%$.

Table 14 : Rates of change in business receipts indices for services industries/domains

	(%)							
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>			<u>2024</u>
					Q2	Q3	Q4	Q1
Services Industry								
Import and export trade	-3.6	23.9	-8.5	-7.2	-14.4	-2.8	7.1	7.9
Wholesale	-7.9	13.3	-5.8	-3.2	-12.0	-4.9	1.2	1.0
Retail	-24.3	8.1	-0.8	16.2	17.5	14.5	9.7	-1.3
Transportation	-19.7	54.1	5.8	-17.3	-25.1	-19.4	-3.0	12.5
<i>within which:</i>								
Land transport	-23.9	4.0	-3.3	21.6	18.9	16.6	22.7	19.4
Water transport	10.7	85.9	5.0	-45.8	-50.7	-48.0	-33.9	-7.7
Air transport	-36.2	43.3	9.7	7.4	-2.7	4.3	17.8	26.1
Warehousing and storage	11.5	27.6	-4.6	1.8	-1.4	0.3	8.0	6.8
Courier	28.4	19.0	-9.3	-11.9	-13.4	-9.3	-12.6	1.7
Accommodation services ^(a)	-59.1	38.3	17.3	59.9	45.5	45.1	74.2	37.1
Food services	-29.4	16.8	-6.3	26.1	24.3	12.5	7.5	2.3
Information and communications	-8.5	7.7	6.2	3.3	4.2	2.6	0.1	4.3
<i>within which:</i>								
Telecommunications	-9.0	6.1	8.7	1.8	2.6	-0.5	*	3.0
Film entertainment	-44.0	26.7	-10.4	21.1	33.1	-1.3	-21.2	-13.5
Banking	-8.0	-4.3	10.2	21.2	31.0	18.3	8.3	7.4
Financing (except banking)	12.2	17.4	-14.7	-0.6	3.2	0.4	-4.3	-3.2
<i>within which:</i>								
Financial markets and asset management	13.2	19.6	-17.6	-3.1	-0.3	-1.9	-5.0	-6.5
<i>within which : Asset management</i>	11.6	23.3	-19.6	-4.2	-5.4	-1.8	5.3	-7.5
Insurance	6.1	2.5	-6.0	-1.1	1.2	4.8	0.9	18.2
Real estate	3.2	-1.9	-8.9	-0.6	-0.9	-4.5	-3.1	*
Professional, scientific and technical services	-2.1	6.6	3.5	3.5	4.0	3.4	1.4	5.1
Administrative and support services	-25.4	1.7	10.5	16.6	16.1	16.2	13.5	11.5
Services Domain								
Tourism, convention and exhibition services	-86.7	-17.7	36.8	347.3	374.7	345.5	273.9	47.2 ⁺
Computer and information technology services	-3.2	20.1	-0.4	39.2	5.9	71.8	91.2	108.6

Notes: Upon the implementation of the new Hong Kong Standard Industrial Classification (HSIC) Version 2.0 by the C&SD in October 2008, the new classification has been adopted in compiling the quarterly business receipts indices. Starting from the first quarter of 2009, all business receipts indices are compiled based on the HSIC Version 2.0, and the base period of the indices has been changed to 2008 (i.e. with the quarterly average of the indices in 2008 taken as 100). The series of business receipts indices under the HSIC Version 2.0 has also been backcasted to the first quarter of 2005.

(a) Accommodation services sector covers hotels, guesthouses, boarding houses and other establishments providing short-term accommodation.

(+) Provisional figures.

(*) Change within $\pm 0.05\%$.

Table 15 : Labour force characteristics

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>		<u>2024</u>	
						Q3 [#]	Q4 [#]	Q1	Q2
<u>(%)</u>									
Labour force participation rate	60.7	59.7	59.4	58.2	57.3	57.6	57.2	57.0	57.1
Seasonally adjusted unemployment rate ^(a)	2.9	5.8	5.2	4.3	2.9	2.8	2.9	3.0	3.0
Underemployment rate	1.1	3.3	2.6	2.3	1.1	1.0	1.0	1.1	1.2
<u>('000)</u>									
Population of working age	6 572.7	6 562.2	6 518.6	6 487.0	6 667.4	6 668.4	6 681.0	6 661.1	6 680.8
Labour force	3 987.8	3 918.5	3 870.4	3 776.3	3 822.3	3 838.3	3 820.0	3 800.1	3 818.0
Persons employed	3 871.4	3 690.9	3 670.2	3 613.2	3 709.6	3 724.4	3 714.1	3 688.4	3 703.3
Persons unemployed	116.3	227.6	200.3	163.1	112.7	113.9	105.9	111.7	114.7
Persons underemployed	42.0	129.9	98.9	88.1	41.6	37.9	36.9	40.0	44.5
<u>(% change over a year earlier)</u>									
Population of working age	0.8	-0.2	-0.7	-0.5	2.8	2.0	0.7	0.6	0.4
Labour force	-0.2	-1.7	-1.2	-2.4	1.2	0.8	-0.7	-0.2	0.3
Persons employed	-0.3	-4.7	-0.6	-1.6	2.7	2.0	-0.2	-0.1	0.2
Persons unemployed	3.7	95.6	-12.0	-18.6	-30.9	-28.1	-16.7	-3.5	0.5
Persons underemployed	-2.8	209.6	-23.8	-10.9	-52.8	-45.8	-34.0	-15.3	6.9

Note: (a) Seasonal adjustment is not applicable to annual unemployment rates.

(#) Figures have been revised to take into account the final 2023 population estimates.

Table 16 : Employment in selected major industries

Selected major industries	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>			<u>2024</u>	(No.)
	(% change)					Jun	Sep	Dec	Mar	
						(% change over a year earlier)				
Manufacturing	-3.5	-4.0	-5.5	-5.0	-0.6	-0.2	-0.5	-0.6	1.4	75 911
Construction sites (covering manual workers only)	-9.0	-4.5	8.5	-0.7	7.3	7.4	-0.1	12.0	14.1	123 649
Import and export trade	-5.7	-11.0	-3.6	-0.9	-2.4	-1.7	-1.4	-4.6	-4.9	359 617
Wholesale	-4.0	-8.8	-3.9	4.2	-3.3	-1.5	-4.0	-6.2	-6.4	48 672
Retail	-1.7	-6.3	-0.6	-1.6	1.7	2.9	2.8	-0.3	-2.7	241 910
Food and beverage services	-2.3	-13.6	1.4	1.3	3.5	3.4	1.0	0.7	0.6	225 191
Accommodation services ^(a)	1.8	-14.7	1.1	-4.5	3.0	5.5	5.2	1.2	2.1	36 340
Transportation, storage, postal and courier services	0.3	-3.7	-4.0	-2.1	-0.1	0.3	0.5	0.5	1.2	163 828
Information and communications	1.9	-0.3	-1.4	-2.2	1.9	2.5	3.1	1.8	2.1	109 697
Financing and insurance	2.9	0.6	0.1	-2.1	*	0.6	1.4	-0.7	-1.5	229 381
Real estate	1.2	0.4	3.6	-0.5	0.9	2.7	2.8	-0.5	-1.8	139 264
Professional and business services (excluding cleaning and similar services)	1.5	-0.3	*	-2.1	3.0	3.9	4.8	2.3	2.2	313 002
Cleaning and similar services	-0.3	0.3	1.3	0.8	*	2.7	-0.2	-0.6	-2.3	80 679
Education	1.7	-1.0	-0.1	1.1	4.0	4.2	4.5	3.5	2.3	217 763
Human health services	4.7	4.1	2.9	2.5	2.8	3.0	3.3	2.6	2.4	155 865
Residential care and social work services	2.4	0.4	0.9	0.9	4.7	5.9	5.5	5.0	4.5	72 012
Arts, entertainment, recreation and other services	0.8	-5.4	-1.7	-3.4	7.1	7.6	8.6	5.1	3.6	124 153
Civil service ^(b)	2.2	0.7	-0.2	-1.2	-1.1	-1.4	-0.8	-0.6	-0.3	173 112
Others ^(c)	1.5	-1.7	1.2	3.3	1.6	2.0	2.3	1.1	1.0	11 941

Notes: Starting from March 2009, the survey coverage has been expanded to include more economic activities in some of the industries due to the change in industrial classification based on the Hong Kong Standard Industrial Classification (HSIC) Version 2.0. The activities newly covered are in the industries of transportation, storage, postal and courier services; professional and business services; and arts, entertainment, recreation and other services. The series of employment statistics under the HSIC Version 2.0 has also been backcasted to March 2000.

(a) Accommodation services sector covers hotels, guesthouses, boarding houses and other establishments providing short-term accommodation.

(b) These figures cover only those employed on civil service terms of appointment. Judges, judicial officers, ICAC officers, locally engaged staff working in the Hong Kong Economic and Trade Offices outside Hong Kong, and other government employees such as non-civil service contract staff are not included.

(c) Include employment in mining and quarrying; and in electricity and gas supply, and waste management.

(*) Change within $\pm 0.05\%$.

Table 17 : Number of manual workers engaged at building and construction sites

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>		<u>2023</u>		<u>2024</u>
						Jun	Sep	Dec	Mar
<u>(Number)</u>									
Building sites									
Private sector	62 903	54 957	58 385	56 160	57 642	57 591	57 682	60 354	57 986
Public sector ^(a)	19 257	22 982	23 622	22 853	26 299	25 365	25 398	29 115	31 978
Sub-total	82 160	77 939	82 006	79 012	83 941	82 956	83 080	89 469	89 964
Civil engineering sites									
Private sector	2 483	2 180	3 095	3 796	2 397	2 214	1 768	1 654	1 453
Public sector ^(a)	17 108	17 064	20 329	21 855	25 974	25 879	24 776	29 056	32 232
Sub-total	19 591	19 244	23 424	25 651	28 372	28 093	26 544	30 710	33 685
Total	101 750	97 182	105 430	104 663	112 313	111 049	109 624	120 179	123 649
<u>(% change over a year earlier)</u>									
Building sites									
Private sector	-4.3	-12.6	6.2	-3.8	2.6	-3.5	-1.0	12.4	5.5
Public sector ^(a)	-10.9	19.3	2.8	-3.3	15.1	25.1	6.5	12.1	26.3
Sub-total	-5.9	-5.1	5.2	-3.7	6.2	3.8	1.2	12.3	12.1
Civil engineering sites									
Private sector	43.6	-12.2	42.0	22.6	-36.8	-33.5	-53.8	-60.3	-63.2
Public sector ^(a)	-25.0	-0.3	19.1	7.5	18.8	28.6	4.3	23.7	33.3
Sub-total	-20.2	-1.8	21.7	9.5	10.6	19.8	-3.7	11.1	19.7
Total	-9.0	-4.5	8.5	-0.7	7.3	7.4	-0.1	12.0	14.1

Notes: Individual figures may not add up exactly to the total due to rounding.

(a) Including the Mass Transit Railway Corporation Limited and the Airport Authority Hong Kong.

**Table 18 : Rates of change in indices of payroll per person engaged
by selected industry section**

	(%)								
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>		<u>2024</u>	
Selected industry sections						Q2	Q3	Q4	Q1
(in nominal terms)									
Manufacturing	3.8	-0.1	-0.6	1.0	3.8	3.7	3.8	3.9	3.9
Import/export and wholesale trades	2.3	0.5	0.1	0.9	2.6	2.6	2.8	2.9	3.0
Retail trade	2.3	0.1	0.2	1.1	2.7	2.9	3.1	2.7	2.3
Transportation, storage, postal and courier services	3.9	-5.4	-3.8	1.9	9.3	9.9	10.7	9.6	8.5
Accommodation ^(a) and food service activities	4.7	-2.9	-1.0	2.2	5.3	5.2	5.4	5.5	5.7
Information and communications	3.9	2.3	1.8	2.8	3.9	3.7	3.8	4.1	3.8
Financial and insurance activities	3.0	1.7	1.7	2.7	3.5	3.6	3.7	3.5	3.6
Real estate activities	4.1	1.5	1.4	2.1	2.8	2.9	2.8	2.7	3.0
Professional and business services	3.8	1.6	1.5	2.7	3.4	3.3	3.4	3.4	3.8
Social and personal services	2.3	6.2	0.1	1.3	2.0	0.1	3.0	3.2	2.9
All selected industry sections surveyed	3.4	2.4	1.0	1.7	3.3	3.2	3.5	3.6	3.7
(in real terms)									
Manufacturing	0.9	-0.4	-2.1	-0.9	1.7	1.6	1.8	1.3	2.0
Import/export and wholesale trades	-0.5	0.2	-1.4	-1.0	0.5	0.5	0.9	0.3	1.0
Retail trade	-0.5	-0.1	-1.4	-0.7	0.5	0.9	1.2	0.1	0.4
Transportation, storage, postal and courier services	1.0	-5.6	-5.3	*	7.0	7.7	8.6	6.8	6.5
Accommodation ^(a) and food service activities	1.8	-3.2	-2.6	0.3	3.1	3.1	3.4	2.9	3.7
Information and communications	0.9	2.0	0.2	0.9	1.7	1.7	1.8	1.5	1.8
Financial and insurance activities	0.2	1.2	0.2	0.8	1.3	1.6	1.7	0.9	1.6
Real estate activities	1.1	1.3	-0.1	0.2	0.7	0.8	1.0	0.2	1.0
Professional and business services	0.9	1.4	-0.1	0.8	1.2	1.2	1.5	0.8	1.9
Social and personal services	-0.6	6.0	-1.5	-0.6	-0.1	-1.9	1.1	0.6	1.0
All selected industry sections surveyed	0.5	2.1	-0.5	-0.2	1.1	1.1	1.5	1.0	1.8

Notes: The rates of change in real terms are compiled from the Real Indices of Payroll per Person Engaged. The Indices are derived by deflating the Nominal Indices of Payroll per Person Engaged by the 2019/20-based Composite CPI.

In addition to wages, which include all regular and guaranteed payments like basic pay and stipulated bonuses and allowances, payroll also covers overtime pay and other non-guaranteed or irregular bonuses and allowances, except severance pay and long service payment. Because of this difference, as well as the difference in industrial and occupational coverage, the movements in payroll per person engaged do not necessarily match closely with those in wage rates.

(a) Accommodation services sector covers hotels, guesthouses, boarding houses and other establishments providing short-term accommodation.

(*) Change within $\pm 0.05\%$.

**Table 19 : Rates of change in wage indices
by selected industry section**

	(%)								
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>		<u>2023</u>		<u>2024</u>
Selected industry sections						Jun	Sep	Dec	Mar
(in nominal terms)									
Manufacturing	3.5	2.0	1.6	2.0	4.1	3.9	4.5	4.6	4.5
Import/export, wholesale and retail trades	2.3	1.0	0.9	1.7	2.6	2.5	2.8	3.0	3.1
Transportation	4.4	0.1	-0.9	1.4	5.6	6.0	6.0	5.2	4.4
Accommodation ^(a) and food service activities	4.1	1.0	1.4	2.1	4.2	4.1	4.3	4.5	4.7
Financial and insurance activities ^(b)	3.7	2.3	2.5	3.2	3.9	3.8	4.1	3.9	4.1
Real estate leasing and maintenance management	3.9	2.7	3.0	2.9	3.2	3.1	3.2	3.2	3.4
Professional and business services	3.6	1.7	1.8	2.5	3.4	3.3	3.6	3.8	4.0
Personal services	3.3	0.7	0.3	0.6	3.5	3.6	3.9	3.7	4.2
All industries surveyed	3.5	1.3	1.3	2.2	3.6	3.5	3.8	3.8	3.9
(in real terms)									
Manufacturing	0.2	3.1	-0.3	-1.5	2.0	1.8	2.4	1.9	2.1
Import/export, wholesale and retail trades	-1.0	2.1	-0.9	-1.9	0.5	0.3	0.7	0.3	0.8
Transportation	1.0	1.3	-2.7	-2.2	3.4	3.8	3.8	2.5	2.0
Accommodation ^(a) and food service activities	0.7	2.1	-0.3	-1.5	2.0	1.9	2.2	1.8	2.4
Financial and insurance activities ^(b)	0.2	3.7	0.7	-0.6	1.7	1.6	1.9	1.2	1.7
Real estate leasing and maintenance management	0.5	3.8	1.3	-0.8	1.0	1.0	1.1	0.5	1.0
Professional and business services	0.3	2.8	0.1	-1.2	1.2	1.2	1.5	1.0	1.6
Personal services	0.2	1.7	-1.6	-2.9	1.3	1.4	1.8	1.0	1.9
All industries surveyed	0.1	2.5	-0.5	-1.4	1.4	1.4	1.7	1.1	1.5

Notes: The rates of change in real terms are compiled from the Real Wage Indices. The Indices are derived by deflating the Nominal Wage Indices by the 2019/20-based CPI(A).

(a) Accommodation services sector covers hotels, guesthouses, boarding houses and other establishments providing short-term accommodation.

(b) Excluding stock, commodity and bullion brokers; and exchanges and services companies.

**Table 20 : Monthly wage level and distribution analysed
by industry section : all employees**

(HK\$)

Industry sections	May – Jun 2022			May – Jun 2023		
	25th percentile	50th percentile	75th percentile	25th percentile	50th percentile	75th percentile
Manufacturing ^(a)	15,100	18,300	28,800	15,800	18,900	30,000
Electricity and gas supply; sewerage, waste management and remediation activities	21,400	29,000	42,900	22,000	29,800	44,800
Construction	19,100	23,900	30,800	19,700	24,600	32,000
Import and export trade	14,800	19,500	28,500	15,300	19,900	29,000
Wholesale	13,000	15,900	21,300	13,800	16,300	22,500
Retail trade	10,800	13,800	17,800	11,400	14,100	18,500
<i>within which:</i>						
Supermarkets and convenience stores	7,900	12,100	15,000	8,100	12,500	15,000
Other retail stores	11,700	14,300	18,500	12,000	14,800	18,800
Land transport	15,000	19,800	27,400	15,500	20,600	27,600
Other transportation, storage, postal and courier services ^(b)	14,100	18,700	24,500	14,400	19,400	25,000
Food and beverage services	10,500	14,000	18,000	11,000	14,700	19,000
<i>within which:</i>						
Hong Kong style tea cafes	12,000	14,000	18,200	12,500	14,600	18,700
Chinese restaurants	13,100	15,700	21,500	13,500	16,300	22,100
Restaurants, other than Chinese	12,400	14,900	18,600	13,000	15,500	19,400
Fast food cafes ^(c)	4,800	10,600	14,300	4,900	11,000	14,700
Other food and beverage services	8,500	13,200	17,000	8,700	13,700	17,500
Accommodation services ^(d)	14,000	16,400	21,000	14,500	17,100	21,500
Information and communications	17,000	25,100	36,500	17,600	26,000	37,100
Financing and insurance	19,700	30,500	48,000	20,400	31,600	50,300
Real estate activities ^(e)	15,000	22,800	34,500	15,600	23,500	35,300
Estate management, security and cleaning services	10,800	13,500	16,800	11,400	14,200	17,000
<i>within which:</i>						
Real estate maintenance management	12,900	15,200	18,200	13,300	15,700	18,700
Security services ^(f)	12,000	14,500	17,200	12,400	15,000	17,700
Cleaning services	8,400	10,500	11,900	9,000	11,200	12,800
Membership organisations ^(g)	12,000	14,000	23,000	12,500	14,900	24,400
Professional, scientific and technical services	16,500	26,000	38,500	16,600	26,700	39,200
Administrative and support services activities	12,600	18,000	28,000	13,000	18,700	28,600
Travel agency, reservation service and related activities	11,000	15,100	22,000	11,500	15,500	22,700
Education and public administration (excluding the Government)	15,100	31,000	52,700	15,100	31,800	52,900
Human health activities; and beauty and body prettifying treatment	14,800	20,000	40,000	15,500	20,700	40,000
Miscellaneous activities	11,000	13,900	17,100	11,700	14,700	18,000
<i>within which:</i>						
Elderly homes	13,500	15,200	18,000	14,400	16,100	19,000
Laundry and dry cleaning services	8,400	12,500	15,000	8,600	12,900	15,500
Hairdressing and other personal services	10,000	13,000	15,700	10,400	13,700	16,200
Local courier services	8,500	11,600	15,600	8,500	12,200	16,000
Food processing and production	12,000	14,000	18,700	12,600	14,500	18,800
Other activities not classified above	13,500	17,400	27,100	14,200	18,100	28,000
All industry sections above	13,700	19,100	30,200	14,300	19,800	31,100

Notes: Monthly wages figures are rounded to the nearest hundred of Hong Kong dollar.

(a) Excluding food processing and production.

(b) Excluding local courier services.

(c) Including takeaway shops.

(d) Including hotels, guesthouses, boarding houses and other establishments providing short term accommodation.

(e) Excluding real estate maintenance management.

(f) Including investigation activities and services to buildings and landscape care activities.

(g) Including incorporated owners/tenants committees, kaifong welfare associations, etc.

**Table 21 : Hourly wage level and distribution analysed
by industry section : all employees**

(HK\$)

Industry sections	May – Jun 2022			May – Jun 2023		
	25th percentile	50th percentile	75th percentile	25th percentile	50th percentile	75th percentile
Manufacturing ^(a)	57.4	74.6	109.3	59.6	77.4	114.1
Electricity and gas supply; sewerage, waste management and remediation activities	77.6	112.5	171.4	80.6	116.7	186.9
Construction	81.9	103.5	129.6	85.0	106.9	135.9
Import and export trade	60.8	82.8	119.5	62.6	84.2	121.5
Wholesale	54.2	67.8	89.8	56.1	69.4	90.9
Retail trade	47.2	55.0	66.7	48.6	57.1	70.1
<i>within which:</i>						
Supermarkets and convenience stores	44.0	49.5	58.9	45.5	51.2	62.5
Other retail stores	48.3	57.2	73.6	50.0	59.2	76.1
Land transport	58.2	81.2	107.5	61.5	84.4	106.3
Other transportation, storage, postal and courier services ^(b)	53.2	69.3	93.8	55.0	71.4	96.8
Food and beverage services	48.4	55.0	68.3	50.0	57.6	70.0
<i>within which:</i>						
Hong Kong style tea cafes	50.0	54.0	66.3	51.9	57.0	70.0
Chinese restaurants	49.9	56.1	76.6	51.4	58.0	78.6
Restaurants, other than Chinese	51.2	56.2	71.0	53.7	59.3	74.0
Fast food cafes ^(c)	44.0	49.5	58.0	45.2	51.3	60.3
Other food and beverage services	48.4	53.0	65.1	50.2	55.0	67.7
Accommodation services ^(d)	49.1	59.9	76.4	51.3	62.0	78.1
Information and communications	69.2	98.7	151.7	72.1	100.8	157.3
Financing and insurance	77.7	115.9	191.5	80.3	120.1	197.1
Real estate activities ^(e)	65.8	92.6	143.9	67.0	95.8	145.4
Estate management, security and cleaning services	43.0	48.7	60.4	44.9	51.0	62.3
<i>within which:</i>						
Real estate maintenance management	43.5	49.1	64.5	45.0	51.0	66.6
Security services ^(f)	42.5	48.0	58.4	43.9	50.0	59.4
Cleaning services	41.7	46.9	54.2	43.5	50.0	57.5
Membership organisations ^(g)	50.0	60.6	99.5	50.0	62.7	93.2
Professional, scientific and technical services	67.2	102.6	161.6	68.8	104.8	166.1
Administrative and support services activities	52.5	73.3	116.9	54.7	76.7	118.5
Travel agency, reservation service and related activities	50.0	66.1	97.4	52.2	68.2	99.3
Education and public administration (excluding the Government)	70.0	136.6	222.2	71.5	140.8	224.8
Human health activities; and beauty and body prettifying treatment	65.5	93.8	166.7	66.4	96.7	169.4
Miscellaneous activities	45.8	54.0	70.0	48.4	55.9	71.0
<i>within which:</i>						
Elderly homes	44.6	54.5	73.9	47.0	58.0	78.7
Laundry and dry cleaning services	48.4	52.0	64.5	49.8	54.0	63.7
Hairdressing and other personal services	46.7	53.6	69.9	49.3	55.2	64.5
Local courier services	44.3	53.4	70.4	45.0	55.0	68.8
Food processing and production	47.0	54.5	75.3	48.9	56.8	75.3
Other activities not classified above	56.8	73.1	110.4	58.7	76.1	113.7
All industry sections above	54.8	77.4	123.7	57.0	80.1	127.6

Notes: Hourly wages figures are rounded to the nearest ten cents of Hong Kong dollar.

- (a) Excluding food processing and production.
- (b) Excluding local courier services.
- (c) Including takeaway shops.
- (d) Including hotels, guesthouses, boarding houses and other establishments providing short term accommodation.
- (e) Excluding real estate maintenance management.
- (f) Including investigation activities and services to buildings and landscape care activities.
- (g) Including incorporated owners/tenants committees, kaifong welfare associations, etc.

Table 22 : Rates of change in prices

(%)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
GDP deflator	2.9	3.6	1.6	2.9	3.7	2.0	0.6	0.7
Domestic demand deflator	3.1	2.2	1.4	2.8	3.4	2.4	0.6	-0.8
Consumer Price Indices ^(a) :								
Composite CPI	4.4	3.0	2.4	1.5	2.4	2.9	0.3	1.6
CPI(A)	5.6	4.0	2.8	1.5	2.7	3.3	-0.6	2.9
CPI(B)	4.2	2.9	2.3	1.4	2.3	2.7	0.6	1.0
CPI(C)	3.5	2.1	2.1	1.5	2.2	2.6	0.8	0.9
Unit Value Indices :								
Total exports of goods	2.0	0.1	-1.7	1.8	2.4	1.1	-0.6	5.4
Imports of goods	1.9	-0.4	-1.7	1.9	2.6	1.3	-0.7	5.5
Terms of Trade Index ^(b)	0.1	0.5	*	-0.1	-0.1	-0.1	*	*
Producer Price Index for all manufacturing industries	-1.7	-2.7	1.3	3.8	2.0	1.0	2.3	1.2
Tender Price Indices :								
Public sector								
building projects	7.3	5.9	1.0	-0.3	-2.9	-2.6	-3.0	1.0
Public housing projects	8.0	12.5	-0.7	0.3	-1.9	-1.8	-2.7	1.8

Notes: (a) The year-on-year rates of change before October 2020 were derived using the index series in the base periods at that time (for instance the 2014/15-based index series), compared with the index a year earlier in the same base period.

(b) Derived from merchandise trade index numbers.

(#) Figures are subject to revision later on as more data become available.

(*) Change within $\pm 0.05\%$.

N.A. Not yet available.

Table 22 : Rates of change in prices (Cont'd)

(%)

	<u>2022</u>	<u>2023</u>	<u>2023</u>		<u>2024</u>		Average annual rate of change:	
			Q3	Q4	Q1	Q2	10 years	5 years
							2013 to 2023	2018 to 2023
GDP deflator [#]	1.7	2.8	2.4	3.8	3.8	4.2	2.2	1.6
Domestic demand deflator [#]	2.1	3.6	4.1	3.7	3.0	1.9	2.1	1.5
Consumer Price Indices ^(a) :								
Composite CPI	1.9	2.1	1.9	2.6	1.9	1.2	2.2	1.7
CPI(A)	2.2	2.3	1.9	3.0	2.2	1.4	2.7	2.0
CPI(B)	1.7	2.0	1.8	2.4	1.8	1.2	2.1	1.6
CPI(C)	1.8	2.0	1.9	2.3	1.8	1.2	1.9	1.6
Unit Value Indices :								
Total exports of goods	7.8	4.4	3.7	4.6	4.5	3.9	2.2	3.6
Imports of goods	8.1	3.9	3.5	4.1	4.6	3.1	2.2	3.6
Terms of Trade Index ^(b)	-0.3	0.4	0.1	0.4	-0.1	0.8	*	*
Producer Price Index for all manufacturing industries	0.8	1.6	3.0	2.7	1.2	N.A.	0.9	1.4
Tender Price Indices :								
Public sector								
building projects	5.5	4.3	3.8	3.7	3.1	N.A.	1.6	1.0
Public housing projects	5.3	4.3	3.1	3.8	2.9	N.A.	2.4	1.3

Table 23 : Rates of change in Composite Consumer Price Index

(%)

	Weight [^]	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
All items	100.00	4.4 (3.5)	3.0 (2.5)	2.4 (2.3)	1.5 (1.7)	2.4 (2.6)	2.9 (3.0)	0.3 (1.3)
Food	26.49	4.1	4.0	3.4	2.2	3.4	4.9	3.3
<i>Meals out and takeaway food</i>	17.39	4.6	4.2	3.3	2.7	2.9	2.2	0.8
<i>Basic food</i>	9.10	3.4	3.4	3.6	1.1	4.3	9.9	7.7
Housing ^(a)	38.48	6.7	5.1	3.7	2.0	2.5	3.5	-0.1
<i>Private housing rent</i>	33.58	6.0	4.7	3.4	1.8	2.2	3.1	1.1
<i>Public housing rent</i>	1.97	18.3	10.9	7.2	3.0	4.1	7.1	-21.0
Electricity, gas and water	3.07	14.9	8.4	1.0	-1.7	4.9	-5.4	-20.6
Alcoholic drinks and tobacco	0.52	6.5	1.3	1.5	0.6	1.3	1.2	0.5
Clothing and footwear	2.74	0.9	-1.8	-3.4	-0.4	1.6	-1.7	-5.2
Durable goods	4.30	-3.4	-5.6	-5.4	-3.2	-2.0	-1.9	-2.7
Miscellaneous goods	3.38	2.3	0.9	1.5	1.4	1.3	2.5	3.1
Transport	7.28	2.0	-0.3	1.6	2.3	1.6	2.0	-1.0
Miscellaneous services	13.74	3.0	1.1	2.3	0.9	2.1	2.0	0.8

Notes: The year-on-year rates of change before October 2020 were derived using the index series in the base periods at that time (for instance the 2014/15-based index series), compared with the index a year earlier in the same base period. Figures in brackets represent the underlying rates of change after netting out the effects of Government's one-off relief measures.

(a) Apart from "Private housing rent" and "Public housing rent", the "Housing" section also includes "Management fees and other housing charges".

([^]) These are expenditure weights of the reference period 2023, which are used for the compilation of CPIs since the reference month of April 2024.

(*) Change within $\pm 0.05\%$.

Table 23 : Rates of change in Composite Consumer Price Index (Cont'd)

(%)										
	Weight [^]	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>		<u>2024</u>		Average annual rate of change:	
					Q3	Q4	Q1	Q2	10 years 2013 to 2023	5 years 2018 to 2023
All items	100.00	1.6 (0.6)	1.9 (1.7)	2.1 (1.7)	1.9 (1.6)	2.6 (1.6)	1.9 (1.0)	1.2 (1.0)	2.2 (2.1)	1.7 (1.8)
Food	26.49	1.7	3.8	2.7	2.5	2.7	1.7	1.8	3.3	3.2
<i>Meals out and takeaway food</i>	17.39	1.8	3.4	4.0	3.8	3.7	3.4	3.0	3.0	2.4
<i>Basic food</i>	9.10	1.4	4.5	0.5	0.2	0.9	-1.0	*	3.9	4.7
Housing ^(a)	38.48	0.3	0.2	1.0	0.8	2.8	3.0	1.1	2.5	1.0
<i>Private housing rent</i>	33.58	-1.3	-0.6	0.5	0.4	1.8	2.0	0.5	2.1	0.5
<i>Public housing rent</i>	1.97	29.3	9.6	4.4	1.7	13.5	13.5	1.2	6.6	4.6
Electricity, gas and water	3.07	27.0	7.2	9.6	6.1	-2.3	-8.0	-6.7	3.8	2.3
Alcoholic drinks and tobacco	0.52	0.1	1.3	17.0	19.0	18.8	14.3	21.0	3.0	3.8
Clothing and footwear	2.74	3.3	5.3	5.8	6.5	5.0	1.6	0.4	0.4	1.4
Durable goods	4.30	1.0	0.6	-2.4	-2.5	-1.2	-1.4	-0.8	-2.5	-1.1
Miscellaneous goods	3.38	-3.1	0.4	1.7	2.2	2.2	1.3	1.0	1.2	0.9
Transport	7.28	2.6	2.9	1.9	2.0	2.5	2.1	1.9	1.5	1.7
Miscellaneous services	13.74	0.7	1.3	2.6	2.5	3.2	2.9	2.2	1.7	1.5

**Table 24 : Rates of change in implicit price deflators of GDP
and its main expenditure components**

(%)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Private consumption expenditure	2.9	1.2	1.5	2.5	3.1	2.7	0.6
Government consumption expenditure	4.7	4.4	3.7	2.5	3.3	4.7	2.1
Gross domestic fixed capital formation	3.1	4.5	-0.3	4.4	4.6	-0.1	-1.5
Total exports of goods	0.7	-0.7	-1.4	1.7	2.2	1.1	0.1
Imports of goods	0.8	-1.4	-1.8	1.8	2.3	1.3	0.1
Exports of services	0.4	-2.8	-2.0	3.2	4.5	-0.3	-0.4
Imports of services	0.5	-4.6	-1.3	2.7	2.8	-1.0	-0.9
Gross Domestic Product	2.9	3.6	1.6	2.9	3.7	2.0	0.6
Total final demand	1.4	*	-0.6	2.2	2.8	1.4	0.2
Domestic demand	3.1	2.2	1.4	2.8	3.4	2.4	0.6

Notes: Figures in this table are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchandising under the standards stipulated in the *System of National Accounts 2008*.

(#) Figures are subject to revision later on as more data become available.

(*) Change within $\pm 0.05\%$.

**Table 24 : Rates of change in implicit price deflators of GDP
and its main expenditure components (Cont'd)**

(%)

	<u>2021</u>	<u>2022[#]</u>	<u>2023[#]</u>	<u>2023</u>		<u>2024</u>		Average annual rate of change:	
				Q3 [#]	Q4 [#]	Q1 [#]	Q2 [#]	10 years 2013 to 2023 [#]	5 years 2018 to 2023 [#]
Private consumption expenditure	-0.6	2.3	4.8	5.4	5.2	3.6	3.3	2.1	2.0
Government consumption expenditure	0.7	2.6	2.5	2.4	2.1	1.6	1.2	3.1	2.5
Gross domestic fixed capital formation	-2.1	1.0	-0.3	0.3	-0.4	0.7	-2.9	1.3	-0.6
Total exports of goods	5.1	6.8	4.2	3.7	5.1	4.5	4.4	1.9	3.4
Imports of goods	4.9	7.3	4.3	4.1	4.9	4.8	3.7	1.9	3.6
Exports of services	14.5	6.3	-1.8	-1.6	0.6	5.9	5.8	2.0	3.5
Imports of services	9.9	4.4	-0.4	1.2	-0.6	1.4	1.3	1.1	2.3
Gross Domestic Product	0.7	1.7	2.8	2.4	3.8	3.8	4.2	2.2	1.6
Total final demand	3.7	5.2	3.4	3.2	4.3	4.1	3.7	2.0	2.8
Domestic demand	-0.8	2.1	3.6	4.1	3.7	3.0	1.9	2.1	1.5

