



# First Quarter Economic Report 2022

Government of the Hong Kong  
Special Administrative Region

# ***FIRST QUARTER ECONOMIC REPORT 2022***

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*

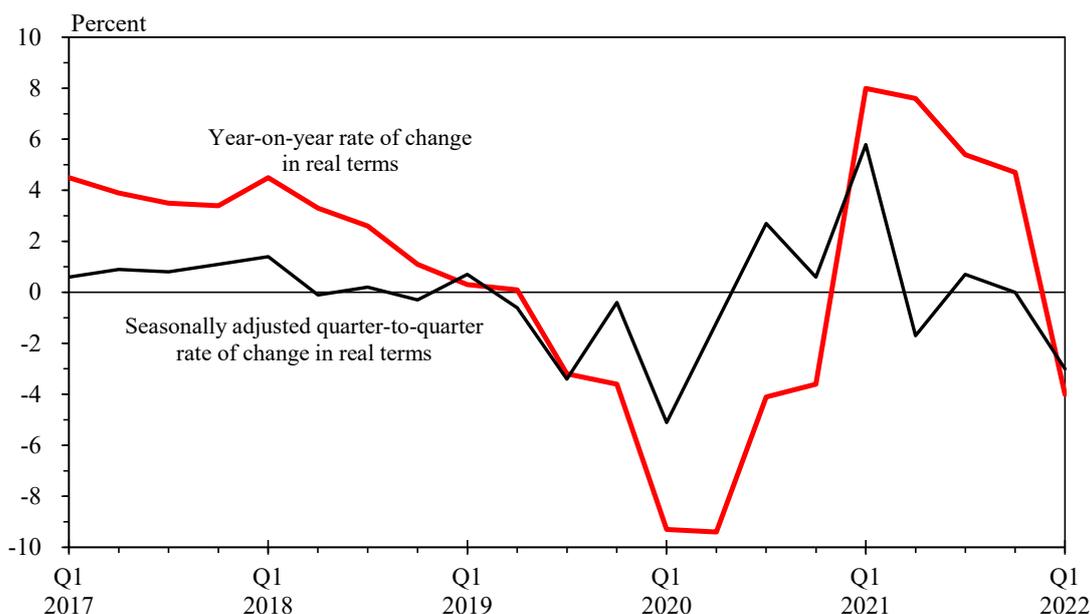
- *The Hong Kong economy saw a marked deterioration in the first quarter of 2022. Slower global demand growth and epidemic-induced cross-boundary transportation disruptions posed significant drags to exports. The fifth wave of local epidemic and resultant restrictive measures weighed heavily on a wide range of domestic economic activities and economic sentiment. Real Gross Domestic Product (GDP)<sup>(1)</sup> contracted by 4.0% from a year earlier. On a seasonally adjusted quarter-to-quarter comparison<sup>(2)</sup>, real GDP fell notably by 3.0%.*
- *Total exports of goods worsened abruptly in the first quarter. Exports to the Mainland turned to a sharp fall, while those to the US, EU and the major markets in Asia posted moderated growth. Exports of services contracted as global economic growth decelerated, cargo movements shrank and cross-border financial and fund-raising activities moderated.*
- *Domestic demand weakened markedly. Private consumption expenditure turned to a decline in the first quarter amid a drastic fall in people flow and deteriorating labour market situation. Overall investment expenditure saw an enlarged dip as business sentiment worsened.*
- *The labour market was under severe pressure. The seasonally adjusted unemployment rate increased notably from 4.0% in the fourth quarter of 2021 to 5.0% in the first quarter of 2022, reversing the downtrend since early 2021. The underemployment rate also increased markedly from 1.7% to 3.1%.*
- *The local stock market exhibited substantial volatility in the first quarter. The Hang Seng Index (HSI) underwent a sharp correction between mid-February and mid-March amid concerns over the impending tightening of US monetary policy, situation in Ukraine, regulatory requirements in the Mainland and the austere local epidemic situation, but recouped most of the loss towards the end of the quarter. The residential property market remained soft in the first quarter. Flat prices fell further amid subdued trading.*
- *Consumer price inflation rose further in the first quarter, but remained moderate in overall terms. Prices of basic food picked up visibly amid epidemic-induced temporary supply disruptions. Prices of energy-related items as well as clothing and footwear also recorded notable increases partly due to the low bases of comparison. Nonetheless, price pressures on other major components were broadly in check. Private housing rentals continued to decline though at a narrowed rate.*

## Overall situation

1.1 Hong Kong's economic situation deteriorated markedly in the first quarter of 2022. Externally, the slower growth in global demand and epidemic-induced cross-boundary transportation disruptions posed significant drags to exports. Domestically, the fifth wave of local epidemic and resultant restrictive measures weighed heavily on a wide range of economic activities as well as economic sentiment.

1.2 In the first quarter of 2022, real GDP fell by 4.0% year-on-year (the same as the advance estimate), having expanded by 4.7% in the preceding quarter. On a seasonally adjusted quarter-to-quarter comparison, real GDP decreased by 3.0% in the first quarter (revised from the advance estimate of -2.9%), after staying virtually unchanged in the preceding quarter.

**Diagram 1.1 : Real GDP contracted in the first quarter of 2022**



## The external sector

1.3 Growth momentum of the global economy slowed in the first quarter of 2022. Rampant inflation curtailed purchasing power and weighed on demand growth in the advanced economies. The spread of Omicron disrupted economic activities and dampened sentiment first in Europe and the US, and later also the Mainland. Added to these was the tension in Ukraine, which further dragged economic growth particularly in Europe through pushing up international energy and commodity prices, aggravating supply chain and

transportation disruptions, and denting economic sentiment. With inflation pressure turning even more intensive, many major central banks have stepped up monetary policy tightening.

1.4 In the first quarter, the Mainland posted an accelerated year-on-year growth, but the strong performance in January and February was followed by a sharp reversal in March amid the outbreak of Omicron in some major cities. The US economy contracted from the preceding quarter, and growth of the euro area remained mild. Many other Asian economies also showed moderated growth. In April, the International Monetary Fund (IMF) downgraded its global economic growth projection for 2022 to 3.6%<sup>(3)</sup>, 0.8 percentage point lower than its January forecast. The IMF reckoned that the global economy is subject to unusually high uncertainty, including possible worsening of the situation in Ukraine, COVID-19 resurgence involving new variant, and higher interest rates leading to widespread debt distress.

1.5 *Total exports of goods* compiled under the GDP accounting framework fell by 4.5% year-on-year in real terms in the first quarter, in stark contrast to the increase of 13.5% in the preceding quarter. In addition to the slower growth in external demand, disruptions to cross-boundary cargo flows between the Mainland and Hong Kong amid the fifth wave of local epidemic also constrained export performance in the latter part of the quarter. An exceptionally high base of comparison also contributed to the fall. Analysed by major market, exports to the Mainland turned to a sharp decline, while those to the US and the EU posted moderated growth. Growth in exports to other major markets in Asia also decelerated in general, though remaining robust in many cases.

1.6 *Exports of services* contracted by 2.8% in real terms in the first quarter, after growing by 6.9% in the preceding quarter. Exports of transport services declined as cargo movements shrank and passenger flows remained scant. Exports of business and other services fell along with decelerated global economic growth, while exports of financial services declined amid moderated cross-border financial and fund-raising activities. Meanwhile, exports of travel services stayed at a very low level as inbound tourism remained frozen.

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

	<u>2020</u> <sup>#</sup>	<u>2021</u> <sup>#</sup>	<u>2021</u>				<u>2022</u>
			<u>Q1</u> <sup>#</sup>	<u>Q2</u> <sup>#</sup>	<u>Q3</u> <sup>#</sup>	<u>Q4</u> <sup>#</sup>	<u>Q1</u> <sup>#</sup>
<i>Change in real terms of GDP and its main expenditure components (%)</i>							
Private consumption expenditure	-10.5	5.4	2.3 (1.5)	7.3 (1.7)	6.5 (1.2)	5.3 (0.7)	-5.5 (-8.8)
Government consumption expenditure	7.9	4.6	6.3 (2.7)	2.8 (-0.9)	5.1 (2.0)	4.1 (0.4)	6.0 (4.2)
Gross domestic fixed capital formation	-11.5	9.8	5.4	23.8	13.0	-0.6	-8.4
Building and construction	-9.8	0.7	-2.3	1.1	2.6	1.5	-0.2
Costs of ownership transfer	-4.0	39.2	82.0	61.7	37.3	-2.2	-33.7
Machinery, equipment and intellectual property products	-16.0	16.8	3.2	55.3	22.5	-2.3	-14.0
Total exports of goods <sup>&amp;</sup>	-1.4	18.9	30.6 (11.2)	20.5 (-1.2)	14.2 (-0.1)	13.5 (3.1)	-4.5 (-6.3)
Imports of goods <sup>&amp;</sup>	-3.2	17.4	23.3 (7.2)	21.7 (1.7)	16.7 (1.0)	9.9 (-0.4)	-5.9 (-8.2)
Exports of services <sup>&amp;</sup>	-34.8	1.5	-8.3 (12.6)	3.9 (-5.4)	5.8 (1.4)	6.9 (-1.3)	-2.8 (2.7)
Imports of services <sup>&amp;</sup>	-32.2	1.7	-11.1 (2.8)	10.8 (-1.5)	5.9 (1.7)	4.5 (1.3)	-3.4 (-5.1)
<b>Gross Domestic Product</b>	<b>-6.5</b>	<b>6.3</b>	<b>8.0</b> <b>(5.8)</b>	<b>7.6</b> <b>(-1.7)</b>	<b>5.4</b> <b>(0.7)</b>	<b>4.7</b> <b>(*)</b>	<b>-4.0</b> <b>(-3.0)</b>
<i>Change in the main price indicators (%)</i>							
<b>GDP deflator</b>	<b>0.6</b>	<b>0.9</b>	<b>-0.4</b> <b>(0.8)</b>	<b>0.7</b> <b>(0.3)</b>	<b>1.0</b> <b>(0.4)</b>	<b>2.0</b> <b>(0.5)</b>	<b>0.4</b> <b>(-0.9)</b>
<b>Composite CPI</b>							
<b>Headline</b>	<b>0.3<sup>@</sup></b>	<b>1.6<sup>@</sup></b>	<b>1.2<sup>@</sup></b> <b>(1.1)<sup>@</sup></b>	<b>0.8<sup>@</sup></b> <b>(0.3)<sup>@</sup></b>	<b>2.3<sup>@</sup></b> <b>(-0.8)<sup>@</sup></b>	<b>2.0<sup>@</sup></b> <b>(1.4)<sup>@</sup></b>	<b>1.5<sup>@</sup></b> <b>(0.7)<sup>@</sup></b>
<b>Underlying<sup>^</sup></b>	<b>1.3<sup>@</sup></b>	<b>0.6<sup>@</sup></b>	<b>-0.2<sup>@</sup></b> <b>(0.3)<sup>@</sup></b>	<b>0.3<sup>@</sup></b> <b>(0.4)<sup>@</sup></b>	<b>1.1<sup>@</sup></b> <b>(0.3)<sup>@</sup></b>	<b>1.2<sup>@</sup></b> <b>(0.3)<sup>@</sup></b>	<b>1.6<sup>@</sup></b> <b>(0.6)<sup>@</sup></b>
<i>Change in nominal GDP (%)</i>	<b>-5.9</b>	<b>7.2</b>	<b>7.5</b>	<b>8.4</b>	<b>6.5</b>	<b>6.8</b>	<b>-3.6</b>

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.

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

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

(@) By reference to the new 2019/20-based CPI series. Splicing has been applied to the indices in order to obtain better estimates of the rates of change for the year 2020.

## The domestic sector

1.7 Domestic demand weakened markedly in the first quarter of 2022. *Private consumption expenditure* declined by 5.5% in real terms, having increased by 5.3% in the preceding quarter. The austere epidemic situation and various social distancing measures led to a drastic fall in people flow and seriously disrupted consumption activities. The deteriorating labour market further dampened consumption sentiment. On a seasonally adjusted quarter-to-quarter comparison, private consumption expenditure fell by 8.8% in real terms. Meanwhile, *government consumption expenditure* rose by 6.0% year-on-year in real terms in the first quarter, after a 4.1% growth in the preceding quarter.

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

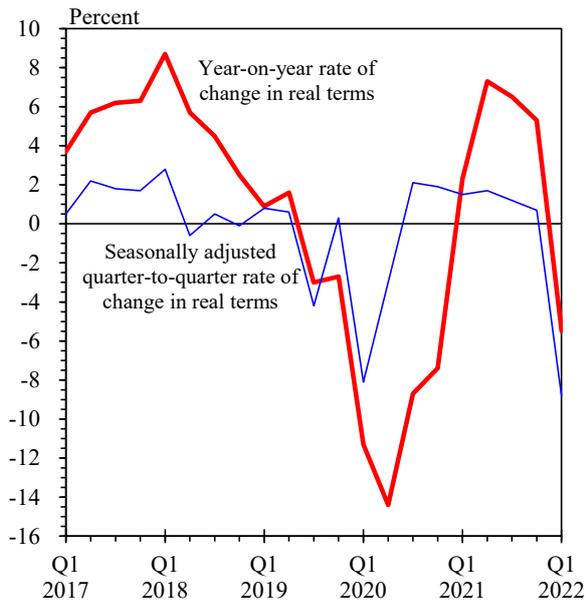
*Of which :*

		Total consumer spending in the domestic market <sup>(a)</sup>	<i>Of which :</i>				Residents' expenditure abroad	Visitor spending	Private consumption expenditure <sup>(b)</sup>
			Food	Durables	Non- durables	Services			
2021	Annual	5.7	-4.5	18.9	12.7	4.3	-40.3	-40.8	5.4
	Q1	3.5	-9.3	35.8	12.3	0.2	-76.5	-74.9	2.3
	Q2	7.1	-7.5	20.1	19.1	5.9	40.6	13.4	7.3
	Q3	6.6	-1.1	11.9	10.6	6.4	1.9	22.7	6.5
	Q4	5.6	0.7	11.4	9.4	4.7	2.8	36.4	5.3
2022	Q1	-5.5	-8.4	-9.1	-9.8	-3.4	19.8	22.2	-5.5

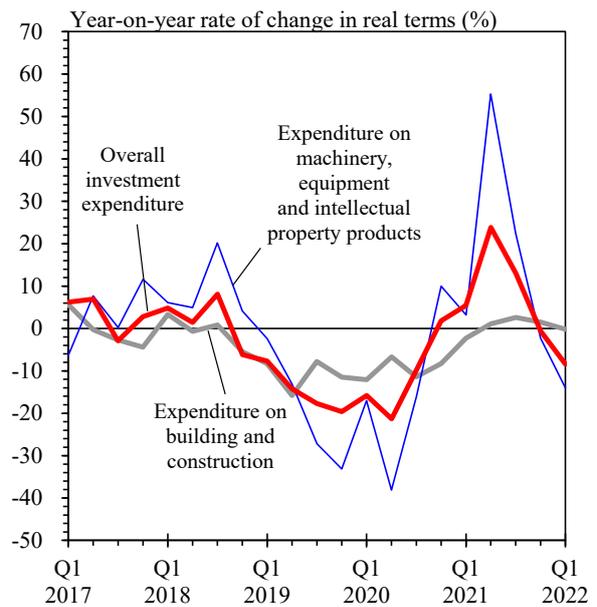
Notes : (a) Consumer spending in the domestic market comprises both local consumer and visitor spending.

(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 fall**



**Diagram 1.3 : Overall investment expenditure posted an enlarged decline**



1.8 Overall investment spending in terms of *gross domestic fixed capital formation* dropped by 8.4% in real terms in the first quarter from a year earlier, enlarged from the 0.6% decrease in the preceding quarter. Within the total, expenditure on acquisitions of machinery, equipment and intellectual property products fell by 14.0% as business sentiment worsened (see **Box 1.1**). Expenditure on building and construction declined by 0.2% as the decrease in private sector spending more than offset the increase in public sector spending. The costs of ownership transfer plunged along with sharp falls in both residential and non-residential property transactions.

## Box 1.1

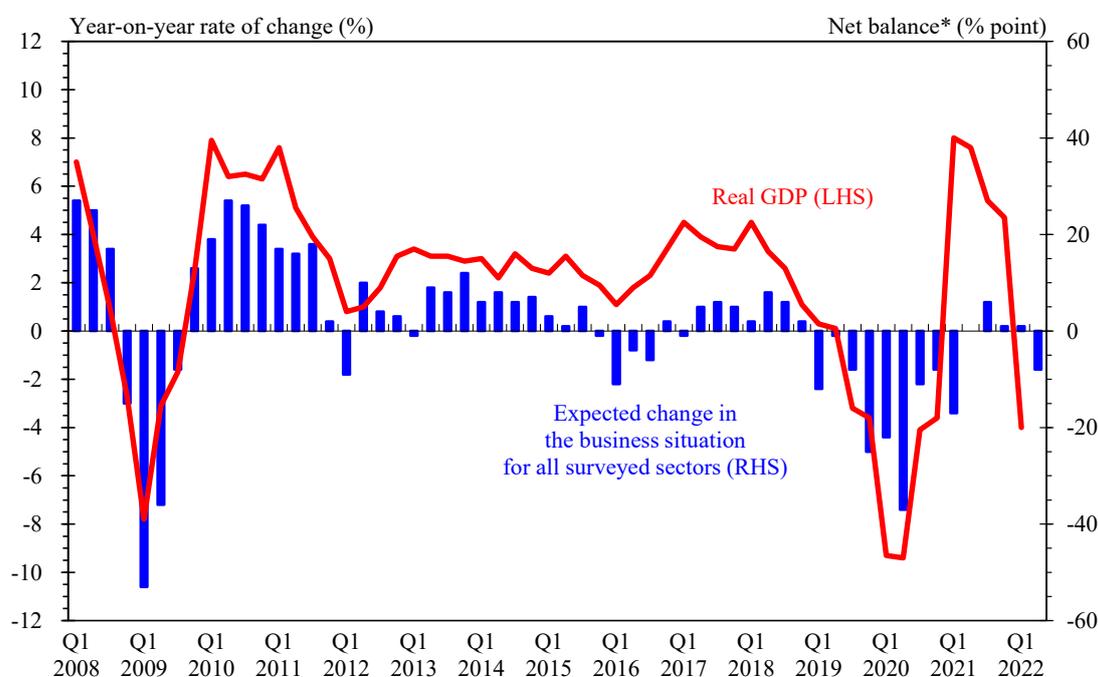
### Business sentiment in Hong Kong

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 generally indicated that business sentiment worsened amid the fifth wave of local epidemic, but has shown notable improvement more recently as the epidemic receded.

According to the results of the Census and Statistics Department (C&SD)'s Quarterly Business Tendency Survey (QBTS)<sup>(1)</sup> conducted during 2 March 2022 to 12 April 2022, business sentiment among large enterprises in Hong Kong turned more cautious compared to three months ago (*Chart 1*). The proportion of large enterprises expecting business situation to improve in the second quarter of 2022 over the first quarter was smaller than the proportion of those expecting the situation to worsen by 8 percentage points (i.e. a net balance of -8), lower than +1 in the previous round. However, it should be noted that the latest survey results have not fully reflected the gradual improvement in business following the recent moderation of local epidemic situation.

Deterioration of large enterprises' business sentiment was seen in many surveyed sectors (*Table 1*). The net balances for "import/export trade and wholesale", "financing and insurance", "real estate" and "professional and business services" sectors dived into the negative zone. Meanwhile, those for "manufacturing", "construction", and "transportation, storage, and courier services" sectors became more negative. On the other hand, the net balances for "retail" and "accommodation and food services" sectors were well above the boom-bust threshold, conceivably supported by the new round of Consumption Voucher Scheme. The net balance for "information and communications" sector edged up to the positive zone. Large enterprises' hiring sentiment remained largely stable (*Table 2*).

**Chart 1 : Business sentiment among large enterprises turned more cautious amid the fifth wave of local epidemic**



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 in many sectors weakened**

QBTS: Expected changes in business situation						
	Net balance* (% point)					
	2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2
Manufacturing	-5	+14	+23	+14	-8	-19
Construction	-28	-13	-21	-6	-17	-32
Import/export trade and wholesale	-13	0	+8	0	+2	-7
Retail	-18	+5	+18	+9	-11	+11
Accommodation and food services	-44	+20	+33	+29	+2	+23
Transportation, storage and courier services	-39	-13	-18	-2	-7	-12
Information and communications	-18	+5	+5	+5	-2	+1
Financing and insurance	-10	0	+6	-2	+5	-4
Real estate	-16	+4	+14	+7	+8	-2
Professional and business services	-13	-7	+7	-1	+3	-19
All sectors above	-17	0	+6	+1	+1	-8

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 remained largely stable**

QBTS: Expected changes in number of persons engaged						
	Net balance* (% point)					
	2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2
Manufacturing	-3	+9	+10	+8	-4	-1
Construction	-16	-2	-11	+11	+8	+3
Import/export trade and wholesale	-16	-1	+2	-4	-2	0
Retail	-20	-13	-5	-12	-5	+4
Accommodation and food services	-18	+11	+19	+18	+8	-2
Transportation, storage and courier services	-21	-12	-2	-3	+3	+1
Information and communications	-3	+2	-3	+6	-7	+7
Financing and insurance	+6	+5	+10	+5	+9	+4
Real estate	-13	+9	+4	+5	+9	-9
Professional and business services	-4	-1	-2	-2	-5	-2
All sectors above	-11	-1	+2	+1	0	+1

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<sup>(2)</sup> to gauge the general direction of change in their views on business situation versus the preceding month. The overall index on current situation fell further from 37.8 in January to 29.9 in February and 31.7 in March amid the severe local epidemic situation, and then rose back sharply to 48.3 in April as the epidemic eased (**Chart 2a**). The employment situation remained soft, and credit conditions stayed largely accommodative. Separately, the Standard Chartered Hong Kong SME Leading Business Index<sup>(3)</sup> for the second quarter, which was based on survey conducted in March, declined.

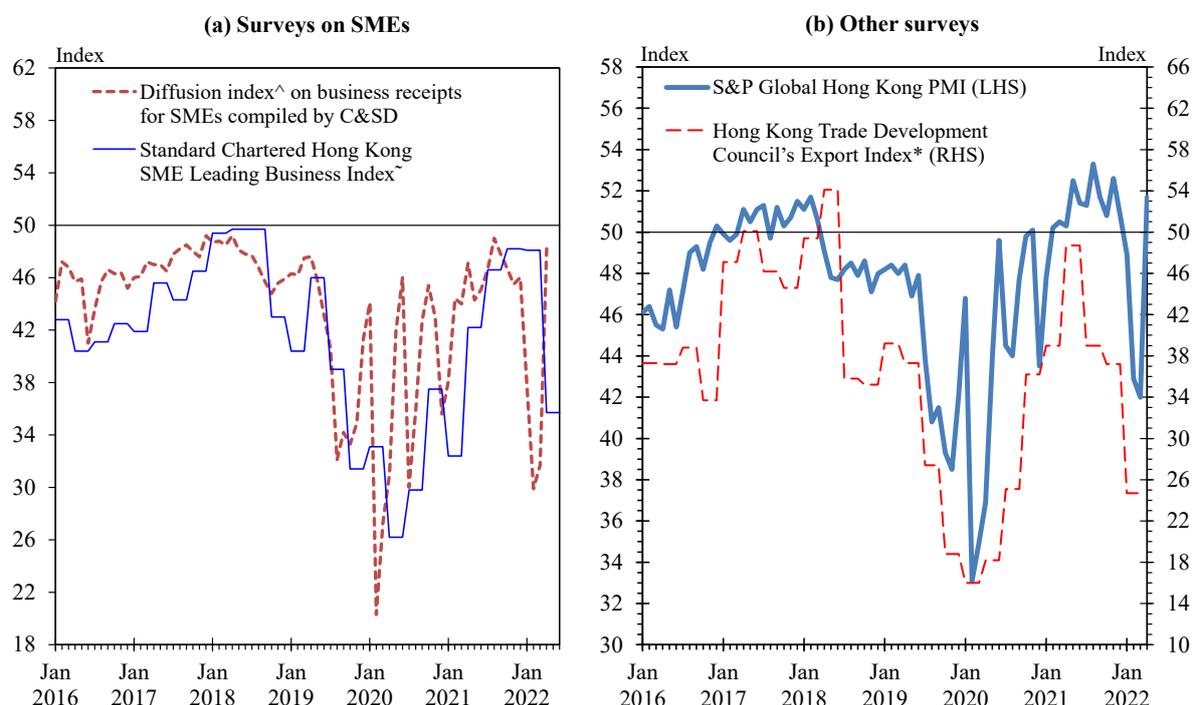
As for other surveys in the public domain, the S&P Global Purchasing Managers’ Index (PMI) of Hong Kong<sup>(4)</sup>, which gauges the performance of the private sector’s business activity, likewise bounced back visibly to 51.7 in April, having declined to 42.0 in March. Separately, the Hong Kong Trade Development Council’s Export Index<sup>(5)</sup> fell sharply from 37.2 in the fourth quarter of 2021 to 24.7 in the first quarter of 2022, as the evolving pandemic and supply chain disruptions weighed on exporters’ confidence (**Chart 2b**). Among the traders surveyed, 53.5% indicated the persistence of the pandemic as the biggest threat to their businesses in the near term, followed by shuttering economic recovery (11.4%) and continued closure of borders (9.3%).

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

(3) Conducted independently by Hong Kong Productivity Council, the quarterly survey enables the public and SMEs to gain insights into the forthcoming business climate for better forward planning. The Overall Index comprises five areas, including local SMEs’ outlook on the “Recruitment Sentiment”, “Investment Sentiment”, “Business Condition”, “Profit Margin”, and “Global Economy” for the next quarter.

## Box 1.1 (Cont'd)

**Chart 2 : More recent surveys suggested that business sentiment improved visibly as the local epidemic receded**



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 requested to exclude seasonal effects in reporting their views.

(~) Launched in Q3 2012 and quarterly data.

(\*) 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. Still, these survey findings taken together suggested that business sentiment worsened amid the fifth wave of local epidemic, but have shown visible improvement of late. Looking ahead, while the increased headwinds on the external front will cast a shadow on the business outlook, the easing local epidemic situation and resultant relaxation of social distancing measures, together with various support measures rolled out by the Government, should help support business sentiment in the near term. The Government will closely monitor external and local developments.

- (4) 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 executives in around 400 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.
- (5) The Hong Kong Trade Development Council's Export Index is designed to gauge the prospects of the near-term export performance of Hong Kong traders. The business confidence survey is conducted on a quarterly basis, with 500 participating Hong Kong traders from six major industry sectors interviewed, namely electronics, clothing, jewellery, timepieces, toys and machinery.

## **The labour sector**

1.9 The labour market was under severe pressure. The *seasonally adjusted unemployment rate* increased notably from 4.0% in the fourth quarter of 2021 to 5.0% in the first quarter of 2022, reversing the downtrend since early 2021. The unemployment rates of most major sectors increased, particularly those of the consumption- and tourism-related sectors, the arts, entertainment and recreation sector, and the construction sector. The unemployment rates of both lower-skilled and higher-skilled workers went up, with the former remaining visibly higher than the latter. The *underemployment rate* also increased markedly from 1.7% to 3.1%. Overall wages and labour earnings showed slightly faster year-on-year increases in the fourth quarter of 2021, but more recent statistics from the General Household Survey pointed to some slight deceleration in the increase in nominal earnings of low-income workers in the first quarter of 2022.

## **The asset markets**

1.10 The *local stock market* exhibited substantial volatility in the first quarter of 2022. The HSI underwent a sharp correction between mid-February and mid-March, as market sentiment was dampened by concerns over the impending tightening of US monetary policy, situation in Ukraine, regulatory requirements in the Mainland and the austere local epidemic situation. It plunged to 18 415 on 15 March, but recouped most of the loss to close at 21 997 at end-March, down by 6.0% from end-2021. Trading activities were active, with average daily turnover in the securities market rising by 16.0% over the preceding quarter to \$146.5 billion, though 34.7% lower than the quarterly record high a year earlier. Fund raising activities were tepid amid the volatile local stock market.

1.11 The *residential property market* remained soft in the first quarter. Market sentiment was dampened by monetary policy tightening of the US Federal Reserve and the austere local epidemic situation, with the latter also disrupting activities. The number of residential property transactions, in terms of the total number of sale and purchase agreements for residential property received by the Land Registry, plunged by 34% from the preceding quarter or 45% from a year earlier to 10 056 in the first quarter, the lowest level since the fourth quarter of 2018. Flat prices fell by 3% during the first quarter. The index of home purchase affordability remained elevated at around 71%. Meanwhile, flat rentals on average declined by 2%. The commercial and industrial property markets quietened down visibly in the quarter, with trading

activities retreating to low levels. Prices and rentals for major market segments generally softened.

## **Inflation**

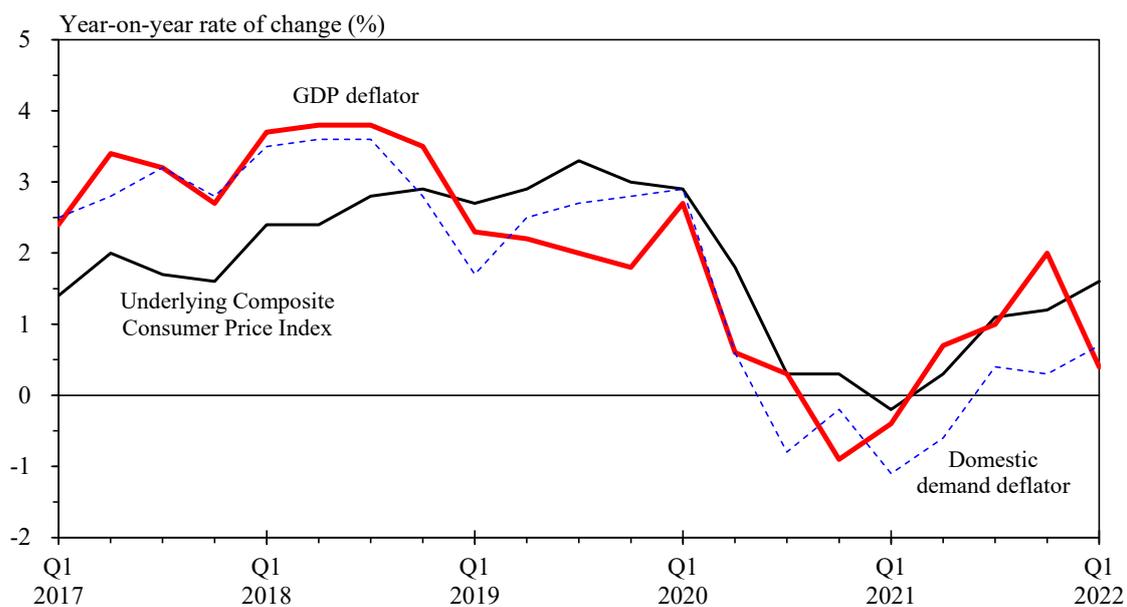
1.12 Inflationary pressures increased further in the first quarter of 2022, but remained moderate in overall terms. Netting out the effects of the Government's one-off relief measures to reflect the underlying inflation trend, the *underlying Composite CPI* rose by 1.6% year-on-year in the first quarter, up from 1.2% in the preceding quarter. Prices of basic food picked up visibly amid epidemic-induced temporary supply disruptions. Prices of energy-related items as well as clothing and footwear also recorded notable increases, partly due to the low bases of comparison. Nonetheless, price pressures on other major components were broadly in check. Private housing rentals continued to decline, though at a narrowed rate as the earlier increase in fresh-letting residential rentals gradually fed through.

1.13 Domestic business cost pressures were mild, with commercial rentals staying soft and wage growth remaining moderate. Meanwhile, external price pressures continued to intensify. On top of the pandemic-induced supply chain and transportation disruptions, tension in Ukraine pushed up international commodity and energy prices and thus inflation in many major economies. Against this backdrop, the year-on-year increase in prices of overall merchandise imports accelerated further.

1.14 The *headline Composite CPI* rose by 1.5% year-on-year in the first quarter, having risen by 2.0% in the preceding quarter. The headline inflation rate was marginally lower than the underlying inflation rate in the first quarter, as the effect of the Government's provision of additional electricity charge subsidy slightly outweighed that of a lower quarterly ceiling of rates concession for domestic tenement.

1.15 The *GDP deflator* rose by 0.4% in the first quarter over a year earlier, having increased by 2.0% in the preceding quarter. The terms of trade deteriorated as import prices rose faster than export prices. Taking out the external trade components, the domestic demand deflator increased by 0.7% in the first quarter, after rising by 0.3% in the preceding quarter.

**Diagram 1.4 : Consumer price inflation rose further in the first quarter, but remained moderate in overall terms**



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**

1.16 The net output of the services sector rebounded by 5.8% in real terms in 2021, having declined by 6.7% in 2020. As for the quarterly profile, the faster year-on-year growth of 6.7% and 6.4% in the first and second quarters against lower bases of comparison were followed by increases of 5.3% and 4.8% in the third and fourth quarters. The net output of all major services sectors expanded by varying degrees in the year. Due to the marked revival of external demand and vibrant regional trade flows, the net output of import and export trade rose notably in 2021, and that of transportation and storage also increased. The net output of wholesale and retail trades as well as accommodation and food services rebounded markedly, thanks to the stable epidemic situation during most of 2021 and the boosting effect of the Consumption Voucher Scheme in the second half of the year. The net output of postal and courier services grew appreciably, while that of professional and business services, financing and insurance, information and communications as well as public administration, social and personal services showed moderate growth. The net output of real estate, which covers activities of private sector developers and property agencies, also increased moderately. As for the secondary sector, the net output of the construction sector and the manufacturing sector resumed growth. However, the net outputs of wholesale and retail trades, transportation and storage, and accommodation and food services in 2021 were still significantly lower than their pre-recession levels in 2018 by 50.5%, 36.3% and 40.6% respectively in real terms.

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

	<u>2020</u>		<u>2020</u>				<u>2021</u>			
			<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
Manufacturing	-5.8	5.5	-4.6	-5.1	-7.4	-6.1	2.6	5.6	7.6	5.8
Construction	-12.5	0.7	-15.3	-9.2	-14.7	-10.2	-1.2	1.6	1.7	0.8
Services <sup>(b)</sup>	-6.7	5.8	-9.0	-8.7	-5.3	-4.0	6.7	6.4	5.3	4.8
Import/export, wholesale and retail trades	-15.0	12.9	-22.7	-20.7	-10.6	-7.8	23.9	15.1	8.3	7.7
Import and export trade	-8.1	13.2	-13.8	-11.8	-5.0	-3.6	25.9	15.6	8.3	6.8
Wholesale and retail trades	-47.3	11.0	-60.1	-56.5	-41.9	-29.9	12.1	12.1	10.4	10.1
Accommodation <sup>(c)</sup> and food services	-44.8	22.0	-49.5	-44.7	-47.8	-35.6	-5.2	16.4	44.4	36.8
Transportation, storage, postal and courier services	-36.9	8.6	-29.9	-47.1	-38.8	-32.6	-3.0	16.6	17.6	7.4
Transportation and storage	-39.8	7.6	-31.4	-50.7	-42.0	-36.1	-6.4	17.1	18.5	6.5
Postal and courier services	10.5	19.1	-4.4	12.5	18.3	16.4	38.0	14.7	9.5	16.0
Information and communications	1.7	2.6	1.3	0.7	2.2	2.4	3.6	2.0	2.3	2.4
Financing and insurance	4.0	4.8	2.6	3.2	5.3	4.8	7.3	5.9	2.8	3.4
Real estate, professional and business services	-4.6	2.4	-5.4	-6.1	-4.0	-2.9	1.4	2.4	3.3	2.4
Real estate	-3.6	2.4	-8.5	-4.7	-1.0	0.6	2.7	2.2	3.1	1.7
Professional and business services	-5.4	2.3	-2.7	-7.2	-6.2	-5.5	0.4	2.4	3.5	3.0
Public administration, social and personal services	-2.3	3.5	-3.0	-3.1	-1.2	-2.1	2.3	4.4	3.7	3.6

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.

(c) Accommodation services cover hotels, guesthouses, boarding houses and other establishments providing short-term accommodation.

## **Other economic developments**

1.17 In the 2022-23 Budget (the Budget), the Financial Secretary continued to adopt an expansionary fiscal policy, focusing on supporting an all-out effort to win the fight against the epidemic, relieving the hardship of people and SMEs, rendering support to the struggling economy, and fostering a post-epidemic economic revival. Measures to support businesses included enhancing the Special 100% Loan Guarantee product under the SME Financing Guarantee Scheme, introducing rental enforcement moratorium for tenants of specific sectors through legislation, and various reductions in taxes and fees. The Budget announced a new round of Consumption Voucher Scheme, under which electronic consumption vouchers with a total value of \$10,000 per eligible person would be disbursed by instalment. The first phase of vouchers valued at \$5,000 were issued to around 6.3 million eligible persons in April. Furthermore, a number of other one-off measures were unveiled to relieve people's hardship, including a reduction in salaries tax and tax under personal assessment for the 2021/22 assessment year, rates concessions for domestic properties for 2022-23, electricity subsidy, etc. It is estimated that the counter-cyclical measures (costing a total of over \$170 billion) mentioned in the Budget, together with the spending in infrastructure projects and other items, would have a stimulus effect of around 3% of GDP.

1.18 The Budget sets out the medium- and long-term development directions of Hong Kong in accordance with our positioning as charted in the 14th Five-Year Plan, seeking to enhance our economic resilience and enrich industrial development. Resources were set aside to spur the development of industries such as innovation and technology (I&T), financial services, arts and culture, and tourism. To promote investment in sectors that have good potential for contributing to the economy, the funding allocation to the Hong Kong Growth Portfolio under the Future Fund would be increased by \$10 billion, of which \$5 billion each were for setting up the Strategic Tech Fund and the Guangdong-Hong Kong-Macao Greater Bay Area Investment Fund respectively. On promotion of I&T development, additional resources would be allocated to strengthen the entire ecosystem and value chain. To build capacity for future development, a dedicated fund would be set up to expedite the implementation of infrastructure works relating to land, housing and transportation within the Northern Metropolis. Various initiatives were also set out to upgrade the manpower skills of the workforce, with an aim of consolidating Hong Kong's status as a financial, commercial and I&T centre as well as raising its productivity and competitiveness in the long run.

## 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.
- (3) The table below presents a more detailed comparison between the growth forecasts made by the IMF in April 2022 and those three months ago.

	<u>2021</u>	<u>2022</u>	
	(%)	<u>January round</u> (%)	<u>April round</u> (%)
World (PPP <sup>##</sup> weighted)	6.1	4.4	3.6
Advanced economies	5.2	3.9	3.3
US	5.7 <sup>#</sup>	4.0	3.7
Euro area	5.4 <sup>#</sup>	3.9	2.8
UK	7.4 <sup>#</sup>	4.7	3.7
Japan	1.6 <sup>#</sup>	3.3	2.4
Emerging market and developing economies	6.8	4.8	3.8
Emerging and developing Asia	7.3	5.9	5.4
Mainland China	8.1 <sup>#</sup>	4.8	4.4
India <sup>^</sup>	8.9	9.0	8.2
ASEAN-5 <sup>§</sup>	3.4	5.6	5.3
Middle East and Central Asia	5.7	4.3	4.6

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

## CHAPTER 2 : THE EXTERNAL SECTOR

### *Summary*

- *Growth momentum of the global economy slowed in the first quarter of 2022. Rampant inflation weighed on demand growth in the advanced economies, while the spread of Omicron disrupted economic activities and dampened sentiment in many places at different times. Heightened geopolitical tensions posed a further drag in the latter part of the quarter. Many major central banks have stepped up policy tightening in face of intensive inflation pressure. In April, the International Monetary Fund (IMF) downgraded its global economic growth projection for 2022 to 3.6%, and noted unusually high uncertainty surrounding the outlook.*
- *Hong Kong's merchandise exports worsened abruptly and fell by 6.0% year-on-year in real terms<sup>(1)</sup> in the first quarter. In addition to the moderated growth in external demand, disruptions to cross-boundary cargo flows between the Mainland and Hong Kong amid the fifth wave of local epidemic also constrained export performance in the latter part of the quarter. Exports to the Mainland turned to a sharp fall, while those to the US and the EU posted decelerated growth. Growth in exports to other major markets in Asia decelerated in general but remained robust.*
- *Exports of services contracted by 2.8% year-on-year in real terms in the first quarter, after growing by 6.9% in the preceding quarter. Exports of transport services declined as cargo flows slowed and passenger traffic remained scant. Exports of business and other services fell along with decelerated global economic growth, while exports of financial services declined amid moderated cross-border financial and fund-raising activities. Meanwhile, exports of travel services stayed at a very low level as inbound tourism remained frozen.*
- *To attract investment from the Mainland and overseas, the Financial Secretary announced in the 2022-23 Budget that an additional recurrent expenditure of around \$90 million would be provided in phases to strengthen InvestHK's work and Hong Kong's investment promotion network in the Mainland and overseas. Separately, to consolidate Hong Kong's status as a business hub in Asia and explore business opportunities for Hong Kong companies, the Hong Kong Trade Development Council (TDC) will continue to strengthen its promotional efforts in ASEAN and mature markets, actively develop digital platforms, and organise events to introduce Hong Kong products and services to the Mainland market.*

## Goods trade

### *External environment*

2.1 Growth momentum of the global economy slowed in the first quarter of 2022. Rampant inflation curtailed purchasing power and weighed on demand growth in the advanced economies. The spread of Omicron disrupted economic activities and dampened sentiment first in Europe and the US, and later also the Mainland. Added to these was the tension in Ukraine, which further dragged economic growth particularly in Europe through pushing up international energy and commodity prices, aggravating supply chain and transportation disruptions, and denting economic sentiment. With inflation pressure turning even more intensive, many major central banks have stepped up monetary policy tightening. In April, the IMF downgraded its global economic growth projection for 2022 to 3.6%, 0.8 percentage point lower than its January forecast. The IMF reckoned that the global economy is subject to unusually high uncertainty, including possible worsening of the situation in Ukraine, COVID-19 resurgence involving new variant, and higher interest rates leading to widespread debt distress.

2.2 Among the major economies, the Mainland posted an accelerated year-on-year growth of 4.8% in the first quarter, but the strong performance in January and February was followed by a sharp reversal in March amid the outbreak of Omicron in some major cities. The US economy contracted from the preceding quarter amid soaring inflation and the spread of Omicron. Growth of the euro area economy remained mild amid increased tension in Ukraine. Many other Asian economies also showed moderated growth.

2.3 In response to rampant inflation and generally tightened labour market conditions, central banks in the advanced economies generally tightened their policy stance in recent months. The US Federal Reserve (Fed) raised the target range for the federal funds rate by 25 basis points in March and by another 50 basis points in May, and would start reducing the size of its balance sheet in June. While keeping its policy rate at record lows in April, the European Central Bank indicated the intention to wind down its Asset Purchase Programme more quickly and hinted at a rate hike some time after the conclusion of net asset purchases. The Bank of England raised its policy rate from 0.5% in February successively to 1% in May. On the other hand, the People's Bank of China cut the reserve requirement ratio for financial institutions in April, while the Bank of Japan kept its policy rates at record lows. On the fiscal front, the Mainland authority announced tax cuts and refunds amounting to RMB 2.5 trillion in 2022 to help bolster the economy. The European Commission continued to disburse

payments under “Next Generation EU” to member states to support recovery from the pandemic and build resilience.

2.4 As regards economic and trade relations between the Mainland and the US, high-level dialogues continued with both sides seeking to address issues of mutual concerns. The US Trade Representative reinstated tariff exclusions on 352 types of Chinese imports in March. Yet, many Chinese enterprises were still subject to various forms of restrictions or scrutiny imposed by the US government.

### ***Total exports of goods***

2.5 Hong Kong’s *merchandise exports* fell by 6.0% year-on-year in real terms in the first quarter of 2022, in stark contrast to the increase of 14.0% in the preceding quarter. In addition to the slower growth in external demand, disruption to cross-boundary cargo flows between the Mainland and Hong Kong amid the fifth wave of local epidemic also constrained export performance in the latter part of the quarter. An exceptionally high base of comparison also contributed to the fall.

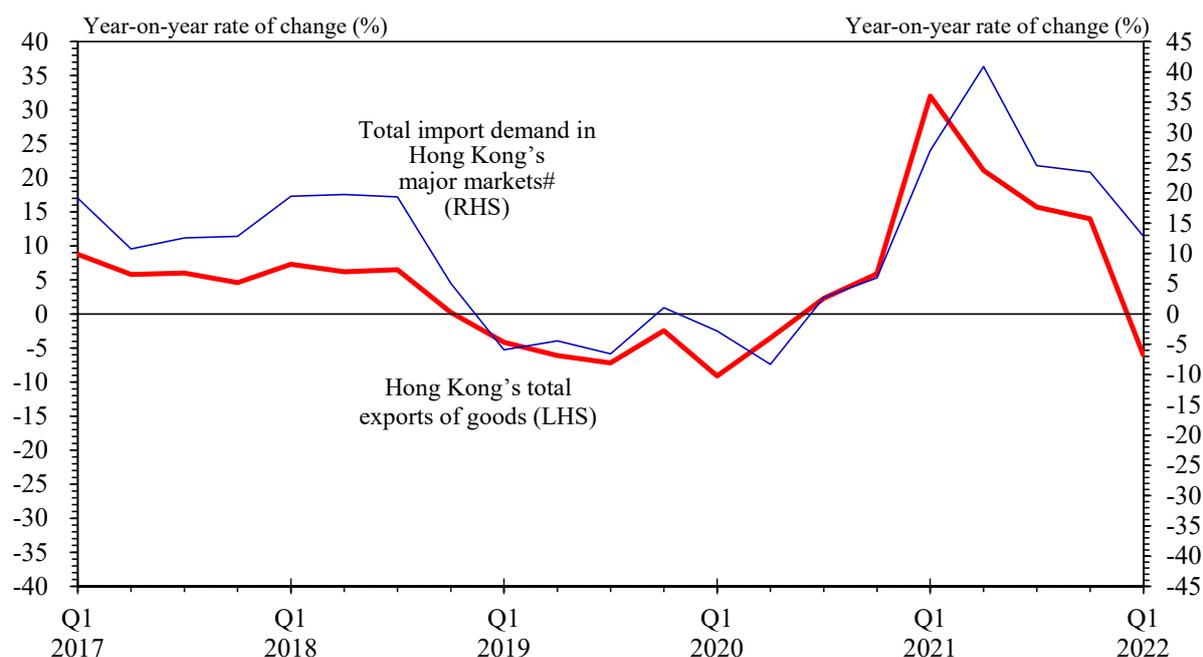
**Table 2.1 : Total exports of goods  
(year-on-year rate of change (%))**

	<u>In value terms</u>	<u>In real terms<sup>(a)</sup></u>		<u>Change in prices</u>
2021 Annual	26.3	19.9		5.4
Q1	33.2	32.0	(14.3)	1.0
Q2	27.2	21.1	(-4.2)	5.0
Q3	22.7	15.7	(1.0)	6.1
Q4	23.8	14.0	(1.9)	9.0
2022 Q1	3.4	-6.0	(-4.2)	10.3

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*.

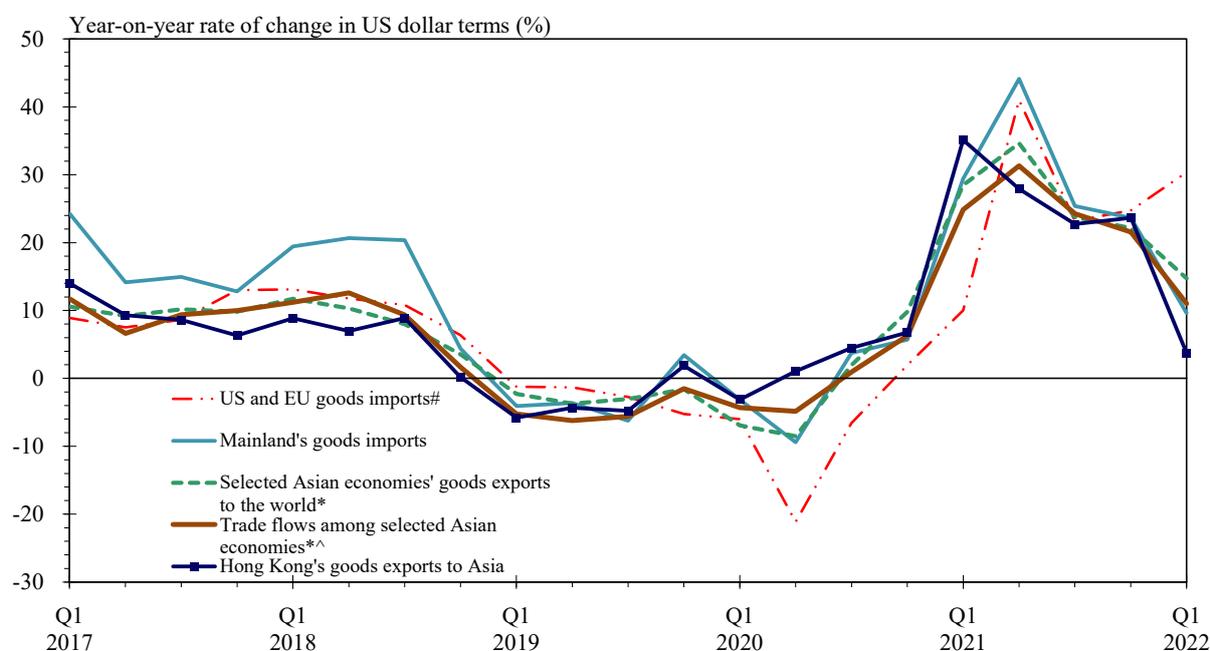
**Diagram 2.1 : Merchandise exports worsened abruptly in the first quarter of 2022**



Notes : Total exports of goods 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 United States and the European Union taken together.

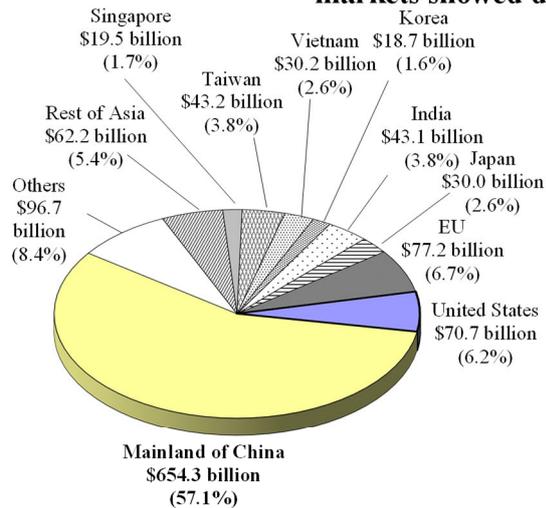
(#) Import demand figure for the EU for the first quarter of 2022 is based on information available as of early May 2022.

**Diagram 2.2 : Regional trade flows showed moderated growth**



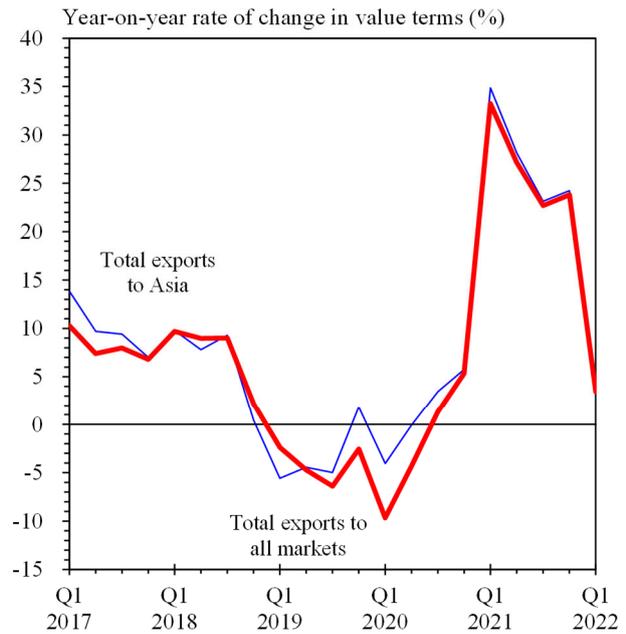
Notes : (\*) "Selected Asian economies" include the Mainland of China, Hong Kong, Singapore, Korea, Taiwan, Japan, Indonesia, Malaysia, Thailand and the Philippines.  
 (^) The trade flows were measured by the sum of the individual economies' exports of goods to the other nine economies within the "selected Asian economies".  
 (#) EU goods imports for the first quarter of 2022 are based on the information available as of early May 2022.

**Diagram 2.3 : Exports to the Mainland turned to a sharp fall, while those to other Asian markets showed decelerated growth in general**



**Total exports of goods in the first quarter of 2022: \$1,146.0 billion**

Note : Figures in brackets are individual markets' percentage shares in total exports of goods.



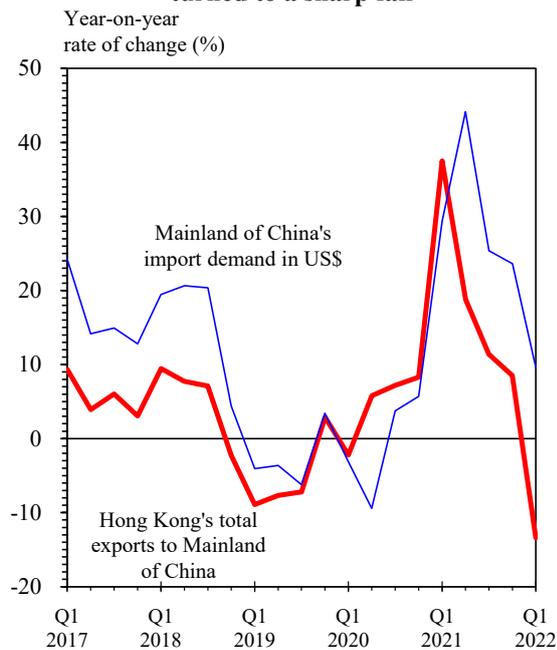
**Table 2.2 : Total exports of goods by major market (year-on-year rate of change in real terms (%))**

	Annual	Q1	2021			2022
			Q2	Q3	Q4	Q1
Mainland of China	17.7	37.5	18.8	11.4	8.5	-13.4
United States	20.5	21.4	17.4	19.8	23.2	11.2
European Union	19.9	26.0	10.2	22.5	21.4	2.1
ASEAN	18.4	11.4	18.6	17.0	26.0	13.6
Vietnam	19.7	32.9	22.8	3.5	23.1	14.1
Singapore	17.4	-2.2	14.3	34.4	23.2	28.0
India	32.6	21.3	48.9	20.9	47.1	38.0
Japan	7.2	7.9	-1.2	16.9	6.2	7.7
Taiwan	35.0	44.6	28.3	36.8	32.3	23.4
Korea	41.0	33.9	28.6	56.9	44.3	9.8
Overall*	19.9	32.0	21.1	15.7	14.0	-6.0

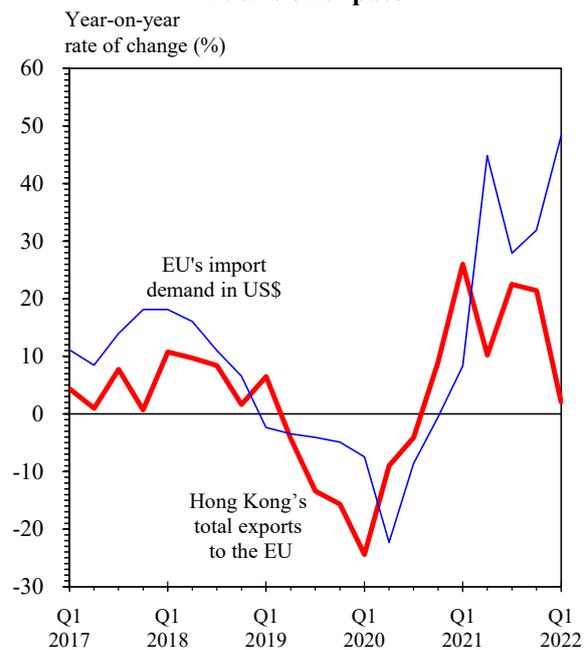
Note : (\*) The growth rates here are not strictly comparable with those in the GDP accounts in Table 1.1. Figures in Table 1.1 are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National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

2.6 Analysed by major market, exports to the Mainland turned to a sharp fall in the first quarter mainly due to disruptions to cross-boundary cargo flows. Exports to the US and the EU posted moderated growth. Apart from slower economic growth in these two markets, the transportation disruptions between the Mainland and Hong Kong constrained re-exports of Mainland origin to these destinations. Growth in exports to other major markets in Asia also decelerated in general, though remaining robust in many cases.

**Diagram 2.4 : Exports to the Mainland turned to a sharp fall**

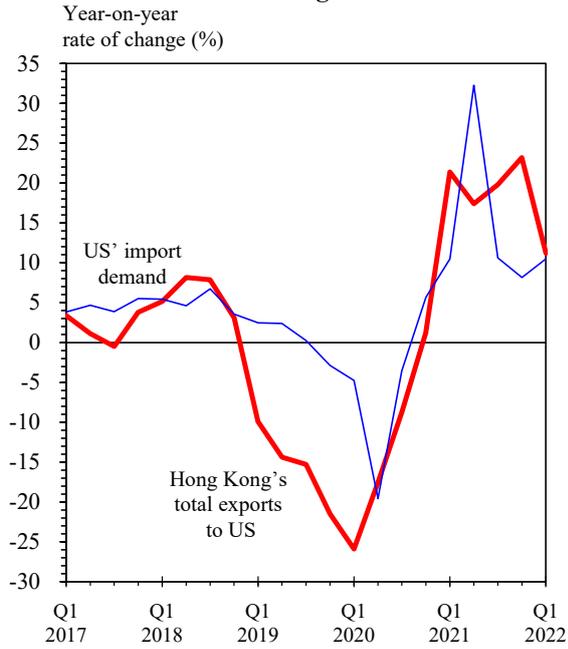


**Diagram 2.5 : Exports to the EU grew at a much slower pace**

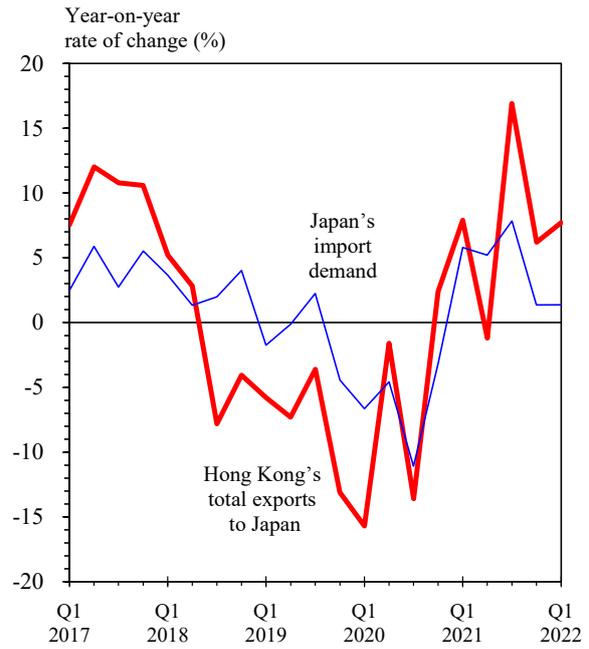


Note: Import demand figure for the EU for the first quarter of 2022 is based on the information available as of early May 2022.

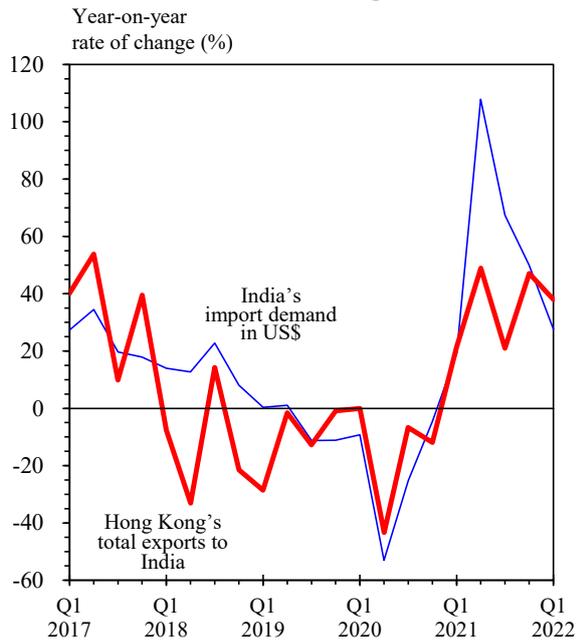
**Diagram 2.6 : Exports to the US saw moderated growth**



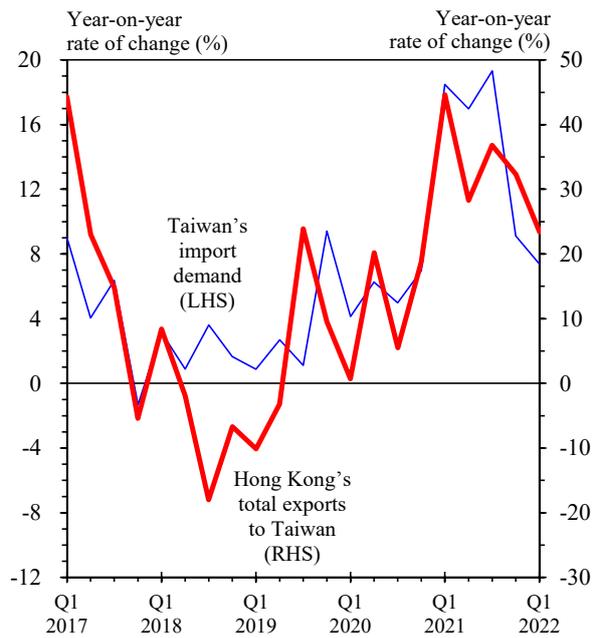
**Diagram 2.7 : Exports to Japan rose further**



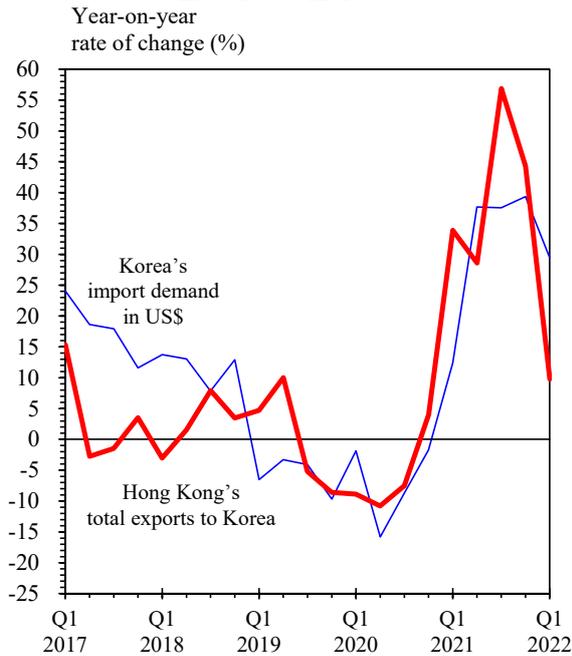
**Diagram 2.8 : Exports to India continued to surge**



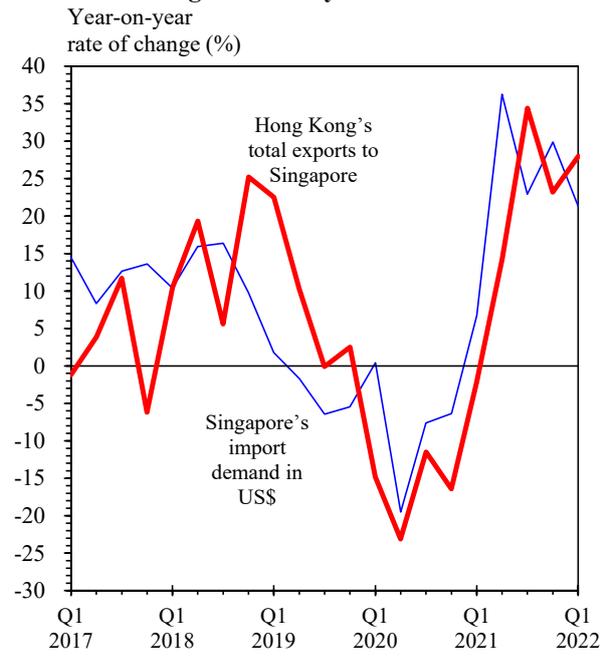
**Diagram 2.9 : Exports to Taiwan stayed robust**



**Diagram 2.10 : Exports to Korea posted a moderated increase**



**Diagram 2.11 : Exports to Singapore grew notably further**



### ***Imports of goods***

2.7 *Imports of goods* fell by 7.0% in real terms in the first quarter of 2022, after a 9.6% increase in the preceding quarter. *Retained imports*, which refer to imports for domestic use and accounted for around one-fifth of total imports in 2021, decreased by 13.1% in real terms as domestic demand weakened amid the fifth wave of local epidemic. Imports for subsequent *re-exports*<sup>(2)</sup> also fell along with worsening export performance.

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

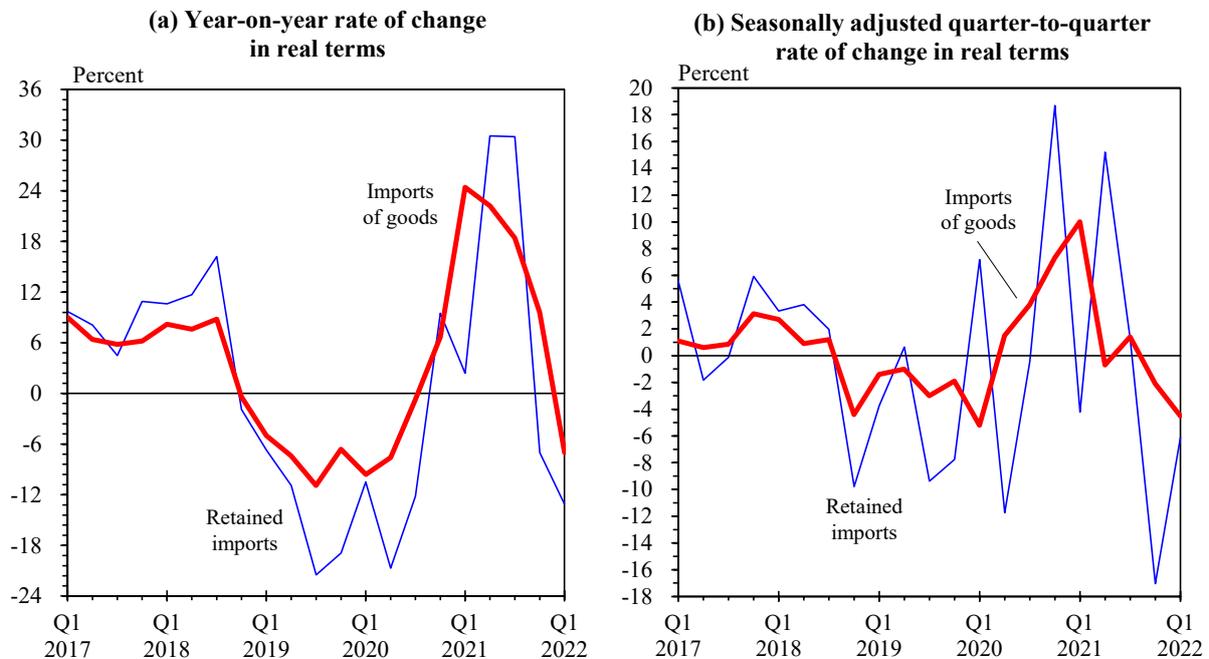
		<u>Imports of goods</u>			<u>Retained imports<sup>(a)</sup></u>				
		<u>In value terms</u>	<u>In real terms<sup>(+)</sup></u>	<u>Change in prices</u>	<u>In value terms</u>	<u>In real terms</u>	<u>Change in prices</u>		
2021	Annual	24.3	18.1	5.5	18.2	12.6	5.6		
	Q1	25.6	24.4	(10.0)	3.1	2.4	(-4.2)	1.2	
	Q2	27.9	22.2	(-0.7)	4.7	35.4	30.5	(15.2)	3.8
	Q3	25.8	18.4	(1.4)	6.5	40.1	30.4	(1.2)	8.3
	Q4	19.0	9.6	(-2.1)	9.0	1.0	(-17.0)	8.9	
2022	Q1	2.9	-7.0	(-4.5)	10.6	-2.0	-13.1	(-6.1)	11.1

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 merchandising under the standards stipulated in the *System of National Accounts 2008*.

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

**Diagram 2.12 : Imports of goods fell**

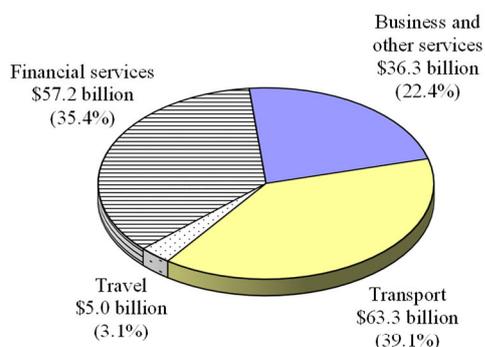


## Services trade

### *Exports of services*

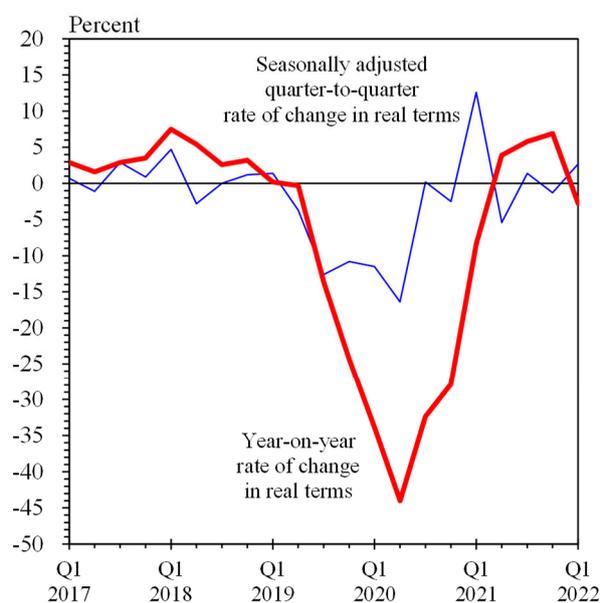
2.8 *Exports of services* contracted by 2.8% in real terms in the first quarter of 2022, after growing by 6.9% in the preceding quarter. Exports of transport services declined as cargo movements shrank and passenger flows remained scant. Exports of business and other services fell along with decelerated global economic growth, while exports of financial services declined amid moderated cross-border financial and fund-raising activities. Meanwhile, exports of travel services stayed at a very low level as inbound tourism remained frozen.

**Diagram 2.13 : The contribution from travel services to total exports of services stayed meagre as inbound tourism remained frozen**



**Exports of services in the first quarter of 2022:**  
\$161.9 billion

**Diagram 2.14 : Exports of services contracted in the first quarter of 2022**



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

		<i>Of which :</i>				
		<u>Exports of services</u>	<u>Transport</u>	<u>Travel<sup>(a)</sup></u>	<u>Financial services</u>	<u>Business and other services</u>
2021	Annual	1.5	5.4	-41.1	1.5	2.9
	Q1	-8.3 (12.6)	-6.6	-75.4	3.9	0.2
	Q2	3.9 (-5.4)	6.9	21.3	0.3	1.9
	Q3	5.8 (1.4)	10.9	36.9	2.7	1.5
	Q4	6.9 (-1.3)	11.4	40.9	-2.1	7.7
2022	Q1	-2.8 (2.7)	-3.1	24.9	-3.5	-4.1

Notes : 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*.

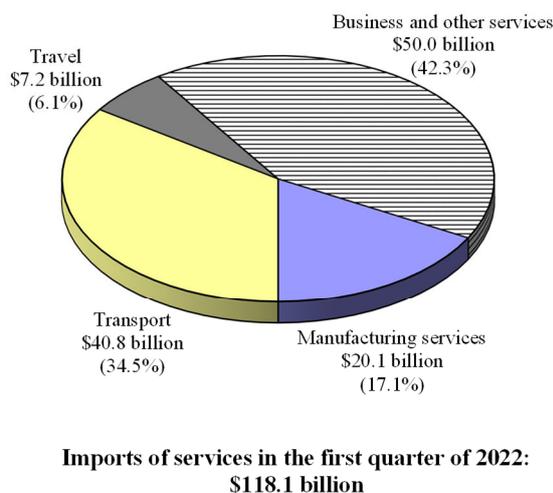
(a) Comprising mainly inbound tourism receipts.

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

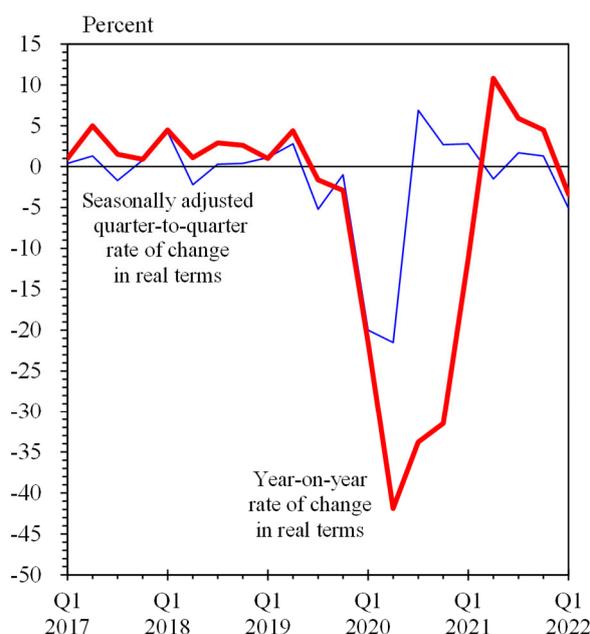
### ***Imports of services***

2.9 *Imports of services* decreased by 3.4% in real terms in the first quarter of 2022, following a 4.5% growth in the previous quarter. Imports of transport services decreased as trade and cargo flows fell. Imports of manufacturing services fell, mainly reflecting the impact of pandemic-induced production and transportation disruptions. Imports of business and other services also recorded a decline amid slowing global economic growth momentum. Imports of travel services were meagre as outbound tourism was heavily constrained by travel restrictions.

**Diagram 2.15 : The share of travel services to overall imports of services remained low as outbound tourism was still under heavy constrain**



**Diagram 2.16 : Imports of services decreased**



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

*Of which :*

		Imports of services	Travel <sup>(+)</sup>	Transport	Manufacturing services <sup>(^)</sup>	Business and other services
2021	Annual	1.7	-42.3	12.3	9.5	2.0
	Q1	-11.1 (2.8)	-77.9	9.8	10.5	4.0
	Q2	10.8 (-1.5)	43.1	18.8	9.3	3.4
	Q3	5.9 (1.7)	2.5	12.2	9.5	0.5
	Q4	4.5 (1.3)	1.6	9.1	9.0	0.1
2022	Q1	-3.4 (-5.1)	20.5	-2.1	-4.4	-6.3

Notes : 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*.

(+) 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

2.10 Based on the GDP accounting framework, the goods surplus widened over a year earlier to \$14 billion in the first quarter of 2022, as the value of exports of goods grew at a faster pace than that in imports. The services surplus also widened to \$44 billion. The combined goods and services account registered a surplus of \$58 billion in the first quarter of 2022, equivalent to 4.4% of total import value, compared to the surplus of \$44 billion or 3.5% in the first quarter of 2021.

**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>	
2021	Annual	5,244	597	5,222	480	21	117	138	2.4
	Q1	1,169	149	1,162	112	6	38	44	3.5
	Q2	1,239	130	1,268	109	-30	21	-9	-0.6
	Q3	1,366	157	1,363	123	3	34	37	2.5
	Q4	1,471	160	1,429	136	41	24	66	4.2
2022	Q1	1,219	162	1,205	118	14	44	58	4.4

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*.

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

## Other developments

2.11 To attract investment from the Mainland and overseas, the Financial Secretary announced in the 2022-23 Budget that an additional recurrent expenditure of around \$90 million would be provided in phases to strengthen InvestHK's work and Hong Kong's investment promotion network in the Mainland and overseas. Meanwhile, to consolidate Hong Kong's status as a business hub in Asia and explore business opportunities for Hong Kong companies, the TDC will continue to strengthen its promotional efforts in ASEAN and mature markets, actively develop digital platforms, and organise events to introduce Hong Kong products and services to the Mainland market.

### Notes :

- (1) 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 to the international compilation standard.
- (2) 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*

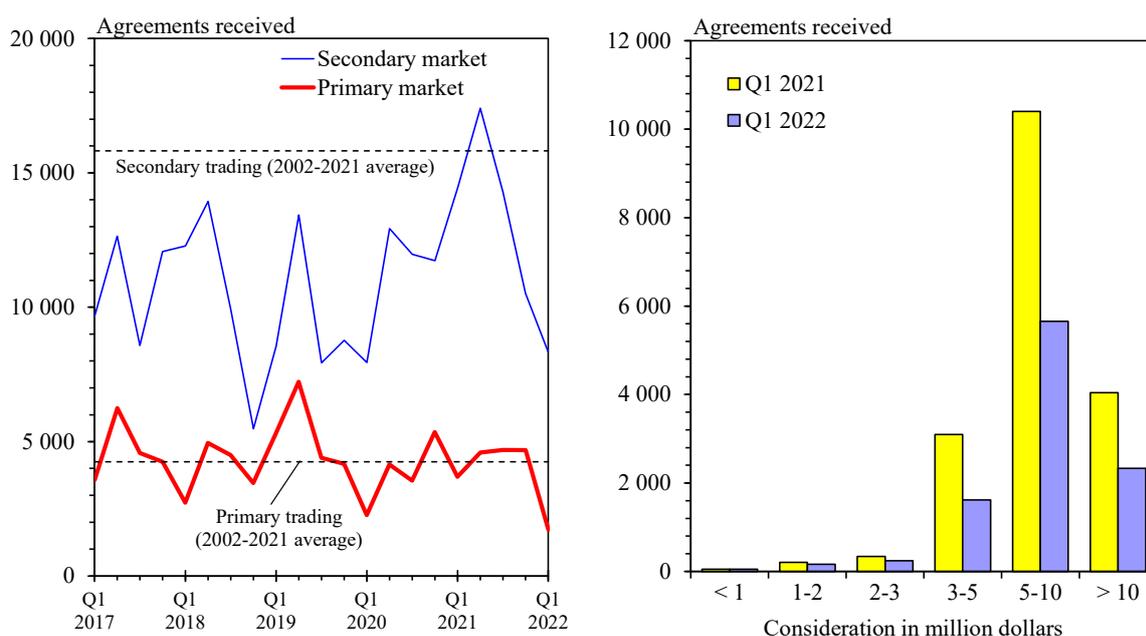
- *The residential property market remained soft in the first quarter of 2022. Market sentiment was dampened by monetary policy tightening of the US Federal Reserve (Fed) and the austere local epidemic situation, with the latter also disrupting activities. Flat prices fell by 3% during the quarter amid subdued trading.*
- *Reflecting the Government's sustained efforts in increasing land and flat supply, total private first-hand flat supply in the coming three to four years would rise to a record high of 99 000 units as estimated at end-March 2022.*
- *The commercial and industrial property markets quietened down visibly in the first quarter, with trading activities retreating to low levels. Prices and rentals for major market segments generally softened during the first quarter.*
- *The tourism sector stayed at a standstill. There were only 11 500 visitor arrivals in the first quarter, 0.1% of the pre-recession level of 18 million in the first quarter of 2019.*
- *The logistics sector recorded a sharp fall in the first quarter. Total container throughput plunged by 10.1% from a year earlier, due to the consequential effects of the austere local epidemic situation and continued congestions at many ports around the world. Air freight throughput likewise dropped by 9.1%.*

## Property

3.1 The *residential property market* remained soft in the first quarter of 2022. Market sentiment was dampened by monetary policy tightening of the US Fed and the austere local epidemic situation, with the latter also disrupting activities. Flat prices fell further amid subdued trading.

3.2 The total number of sale and purchase agreements for residential property received by the Land Registry plunged by 34% from the preceding quarter or 45% from a year earlier to 10 056 in the first quarter, the lowest level since the fourth quarter of 2018. Within the total, primary market transactions plummeted by 63% from the preceding quarter as developers withheld the launching of new projects amid the austere local epidemic situation, while secondary market transactions fell by 21%. Total consideration shrank by 33% from the preceding quarter to \$99.8 billion.

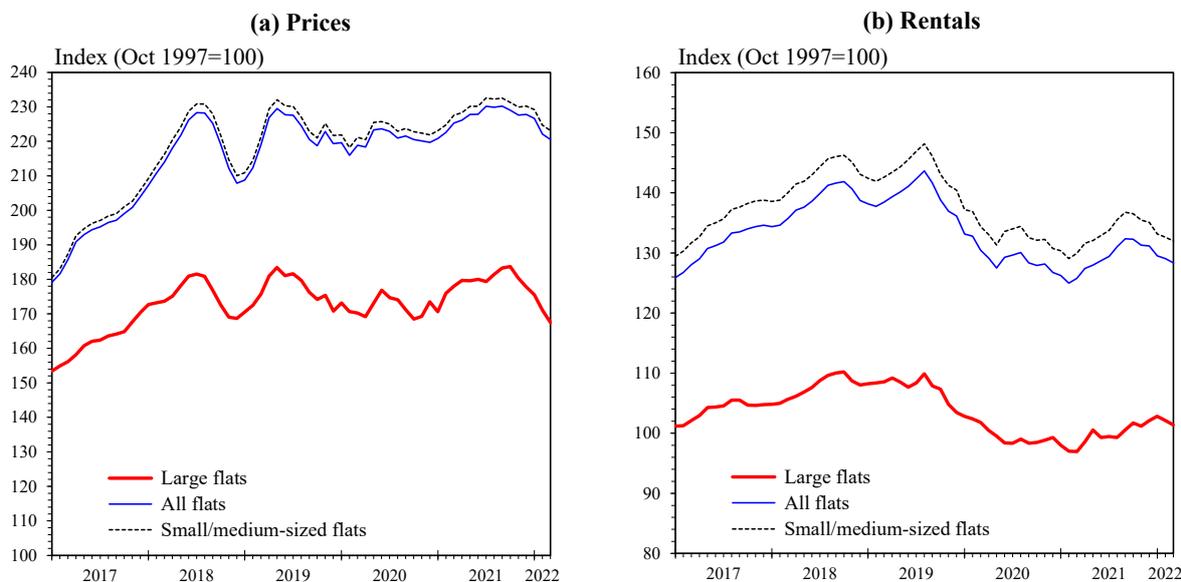
**Diagram 3.1 : Trading activities plunged to subdued levels in the first quarter**



3.3 After a decline of 1% during the fourth quarter of 2021, flat prices on average fell by 3% during the first quarter of 2022. Analysed by size, prices of small/medium-sized flats and large flats declined by 3% and 6% respectively. Flat prices in March 2022 were on average 4% lower than the recent peak in September 2021.

3.4 Flat rentals on average declined by 2% during the first quarter. Analysed by size, rentals of small/medium-sized flats and large flats declined by 2% and 1% respectively. Flat rentals in March 2022 were on average 11% below the recent peak in August 2019. The average rental yield for residential property stayed at 2.2% in March 2022, same as that in December 2021.

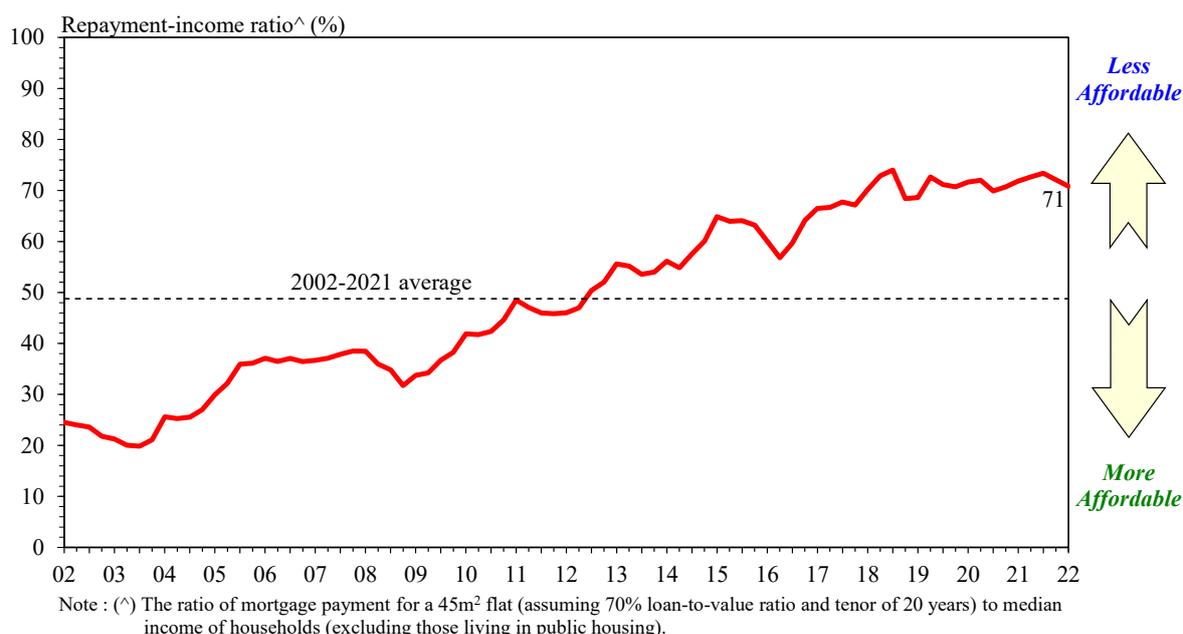
**Diagram 3.2 : Flat prices and rentals declined during the first quarter**



Note : Residential property price index pertains to secondary market transactions only. Large flats refer to those with a saleable area of at least 100 m<sup>2</sup>, and small/medium-sized flats with a saleable area of less than 100 m<sup>2</sup>.

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 housing) remained elevated at around 71% in the first quarter, significantly above the long-term average of 49% over 2002-2021<sup>(1)</sup>. Should interest rates rise by three percentage points to a level closer to the historical standards, the ratio would soar to 93%.

**Diagram 3.3 : The index of home purchase affordability remained elevated**

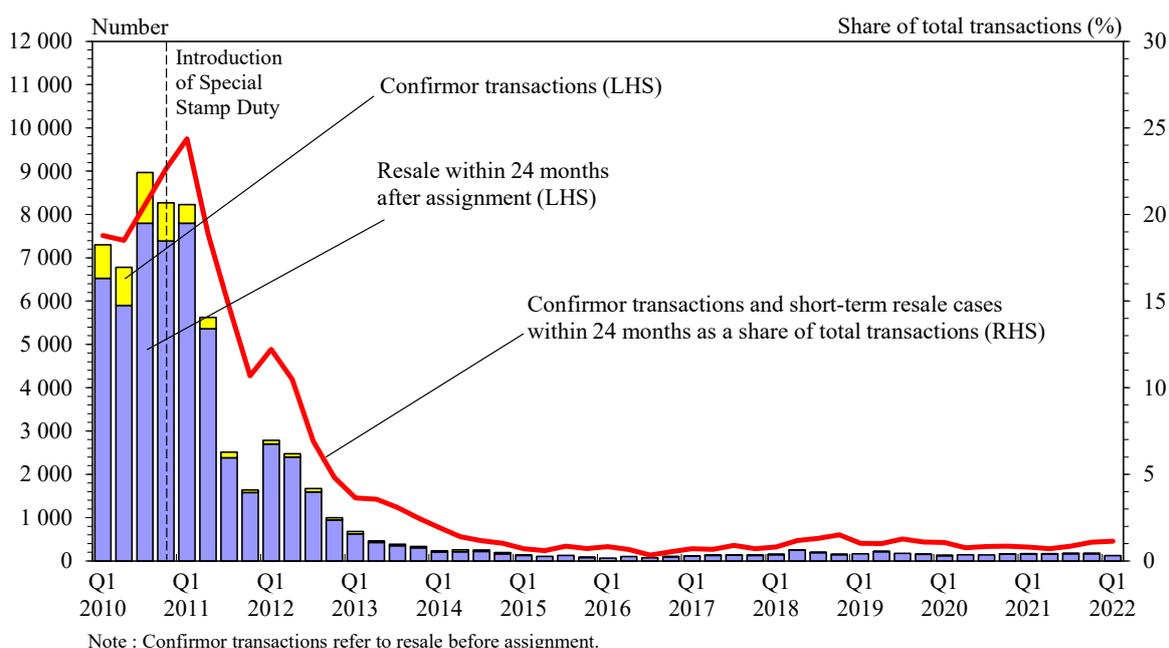


3.6 Raising flat supply through increasing land supply is a policy priority of the Government<sup>(2)</sup>. In February, the Government announced the 2022-23 Land Sale Programme, which comprises 13 residential sites capable of providing about 8 200 flats in total. Combining the various sources (including Government land sale, railway property development projects, the Urban Renewal Authority’s projects, and private development and redevelopment projects), the total potential private housing land supply in 2022-23 is estimated to have a capacity to produce about 17 900 units.

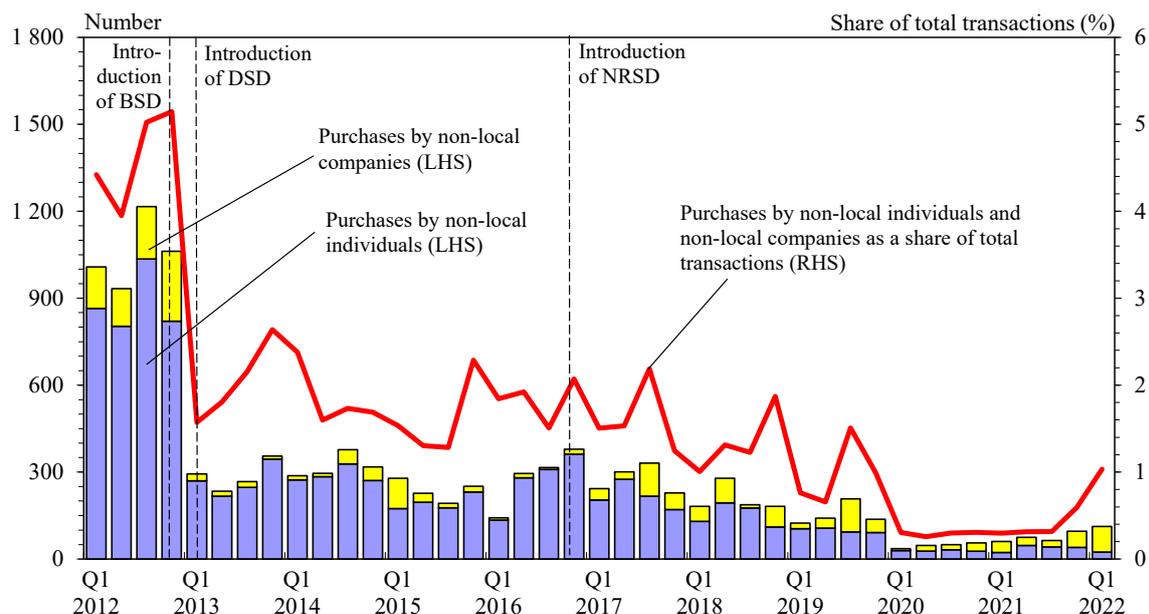
3.7 Reflecting the Government’s sustained efforts in raising land supply, the *total supply of first-hand flats* in the private sector in the coming three to four years (comprising unsold flats of completed projects, flats under construction but not yet sold and flats on disposed sites where construction can start any time) would rise to a record high of 99 000 units as estimated at end-March 2022. Another 5 700 units could be added to the total supply after the conversion of a number of residential sites into “disposed sites”. Also, the annual average completions of private residential flats are projected at over 19 000 units in 2022-2026, an increase of about 14% over the annual average of the past five years.

3.8 To dampen speculative, investment and non-local demand, and to reduce the possible risks to financial stability arising from an exuberant property market, the Government implemented a number of demand-side management and macro-prudential measures during 2009 to 2017. These measures have yielded notable results. On *speculative activities*, the number of short-term resale (comprising confirmor transactions and resale within 24 months after assignment) remained low at 41 cases per month or 1.1% of total transactions in the first quarter, well below the monthly average of 2 661 cases or 20.0% in January to November 2010 (i.e. the period before the introduction of the Special Stamp Duty). Reflecting the effects of the Buyer’s Stamp Duty, *purchases by non-local individuals and non-local companies* also stayed low at 37 cases per month or 1.0% of total transactions in the first quarter, much lower than the monthly average of 365 cases or 4.5% in January to October 2012. As an indicator of *investment activities*, purchases subject to the New Residential Stamp Duty stayed at a modest level of 207 cases per month or 5.7% of total transactions in the first quarter, markedly lower than the monthly average of 1 412 cases subject to Doubled Ad Valorem Stamp Duty or 26.5% in January to November 2016. As to *mortgage lending*, the average loan-to-value ratio of new mortgages was 56% in the first quarter, likewise below the average of 64% in January to October 2009 before the first round of macro-prudential measures for residential property mortgage lending was introduced by the Hong Kong Monetary Authority.

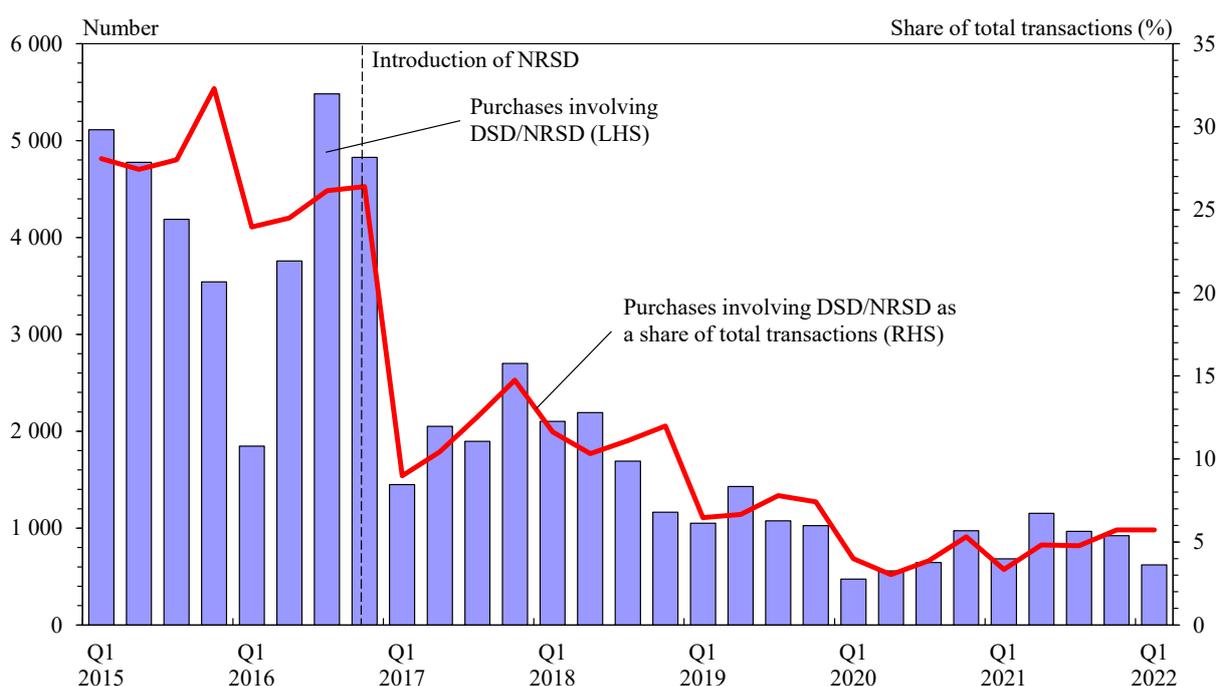
**Diagram 3.4 : Speculative activities remained low**



**Diagram 3.5 : Purchases by non-local buyers stayed low**



**Diagram 3.6 : Investment activities were modest**



3.9 In the 2022-23 Budget, the Financial Secretary announced raising the mortgage caps for eligible home buyers under the Mortgage Insurance Programme (MIP) of the Hong Kong Mortgage Corporation Insurance Limited to provide assistance for home buyers with housing needs. The specific measures included (i) raising the cap on the value of a property eligible for a mortgage loan of a maximum cover of 90% loan-to-value (LTV) ratio from \$8 million to \$10 million for first-time home buyers; (ii) raising the cap on the value of a property eligible for a mortgage loan of a maximum cover of 80% LTV

ratio from \$10 million to \$12 million; and (iii) extend the coverage of the MIP to properties valued above \$12 million and up to \$19.2 million subject to a mortgage loan cap of \$9.6 million.

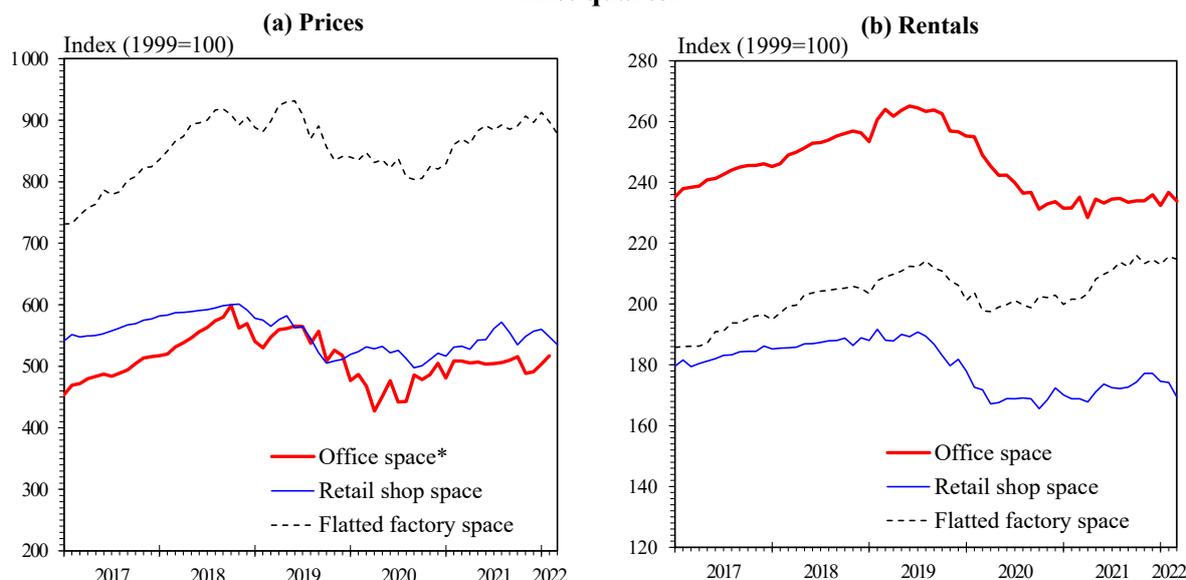
3.10 The *commercial* and *industrial property markets* quietened down visibly in the first quarter, with trading activities retreating to low levels. Prices and rentals for major market segments generally softened during the first quarter.

3.11 Price index for overall *office space*, which is compiled based on the weighted average of the price indices for different office grades, was not available in March 2022, as there were no transactions for Grade A office space in that month and hence the price index for this particular office grade cannot be compiled. Comparing the latest available data in February 2022 with that in December 2021, prices of office space on average increased by 5%, with the respective 10% and 6% increases in prices of Grade A and Grade C office space more than offsetting the 3% decline in prices of Grade B office space. Meanwhile, office rentals on average edged down by 1% between December 2021 and March 2022. Within the total, rentals of Grade A office space stayed virtually unchanged, while those of Grade B and Grade C office space fell by 3% and 2% respectively. Compared with the respective peaks in 2018 and 2019, prices of office space in February 2022 and rentals in March 2022 on average were 14% and 12% lower. The average rental yields of Grade A, B and C office space were 2.3%, 2.8% and 2.7% respectively in February 2022, compared with 2.5%, 2.7% and 2.9% in December 2021. Transactions for office space plummeted by 37% from the preceding quarter or by 44% from a year earlier to 140 cases in the first quarter, the lowest level since the first quarter of 2020.

3.12 Prices and rentals of *retail shop space* both fell by 4% between December 2021 and March 2022, conceivably reflecting the difficult business environment amid the austere local epidemic situation. Compared with the respective peaks in 2018 and 2019, prices and rentals in March 2022 were 11% and 12% lower. The average rental yield stayed at 2.5% in March 2022, unchanged from December 2021. For all commercial spaces, transactions fell sharply by 35% from the preceding quarter or by 41% from a year earlier to 320 cases<sup>(3)</sup> in the first quarter, the lowest level since the second quarter of 2020.

3.13 Prices of *flatted factory space* went down by 2% between December 2021 and March 2022, while rentals were virtually unchanged. Compared with the respective peaks in 2019 and 2021, prices and rentals in March 2022 were 6% and 1% lower. The average rental yield edged up from 2.9% in December 2021 to 3.0% in March 2022. Transactions plunged by 39% from the preceding quarter or by 44% from a year earlier to 490 cases in the first quarter, the lowest level since the second quarter of 2020.

**Diagram 3.7 : Prices and rentals of non-residential properties generally softened during the first quarter**



Note : (\*) The price index of overall office space cannot be compiled in March 2022, as there were no transactions for Grade A office space in that month.

## Land

3.14 Four sites (comprising one residential site, one commercial site, one industrial site and one telecommunications station site) with a total area of about 1.8 hectares, were disposed of in the first quarter, fetching a land premium of about \$4.7 billion. In addition, the tender exercise for one residential site in Tai Lam, Tuen Mun commenced in the quarter. In the first quarter, one land exchange case and lease modifications of 14 sites were approved.

## Tourism

3.15 The tourism sector stayed at a standstill. There were only 11 500 *visitor arrivals* in the first quarter, 0.1% of the pre-recession level of 18 million in the first quarter of 2019. Visitors from the Mainland, other short-haul markets and long-haul markets all remained at extremely low levels<sup>(4)</sup>, and so did overnight and same-day visitors. Visitor spending, as measured by exports of travel services, was only 6.1% of the level in the first quarter of 2019 in real terms.

**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

Notes : (\*) See note (4) 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

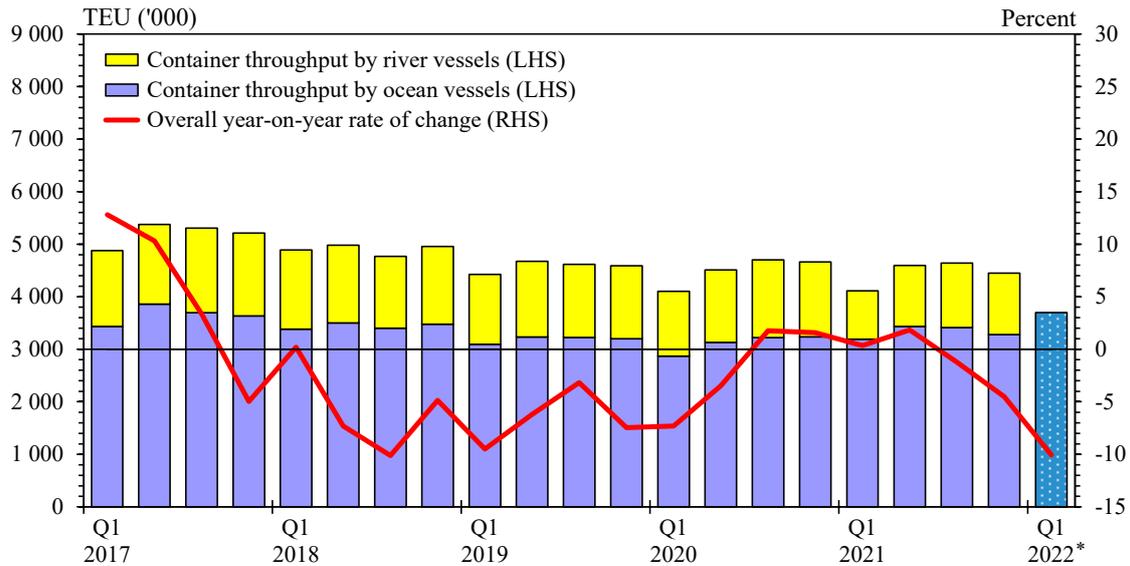
Note : Figures may not add up to total visitor arrivals due to rounding.

3.16 The hotel sector remained under pressure. Dampened by the austere local epidemic situation, the average hotel room occupancy rate fell to 57% in the first quarter from 71% in the preceding quarter and was only somewhat higher than the low level of 52% a year earlier. The average achieved hotel room rate rose by 17.1% over a year earlier to \$992<sup>(5)</sup>.

## Logistics

3.17 The logistics sector recorded a sharp fall in the first quarter. *Total container throughput* plunged by 10.1% from a year earlier to 3.7 million twenty-foot equivalent units (TEUs), due to the consequential effects of the austere local epidemic situation and continued congestions at many ports around the world. Yet the value of trade handled at the Hong Kong port increased by 25.6%, and its share in total trade went up from 14.1% a year earlier to 17.1%, conceivably reflecting some temporary diversion of cross-boundary freight from road to water transport due to the epidemic situation.

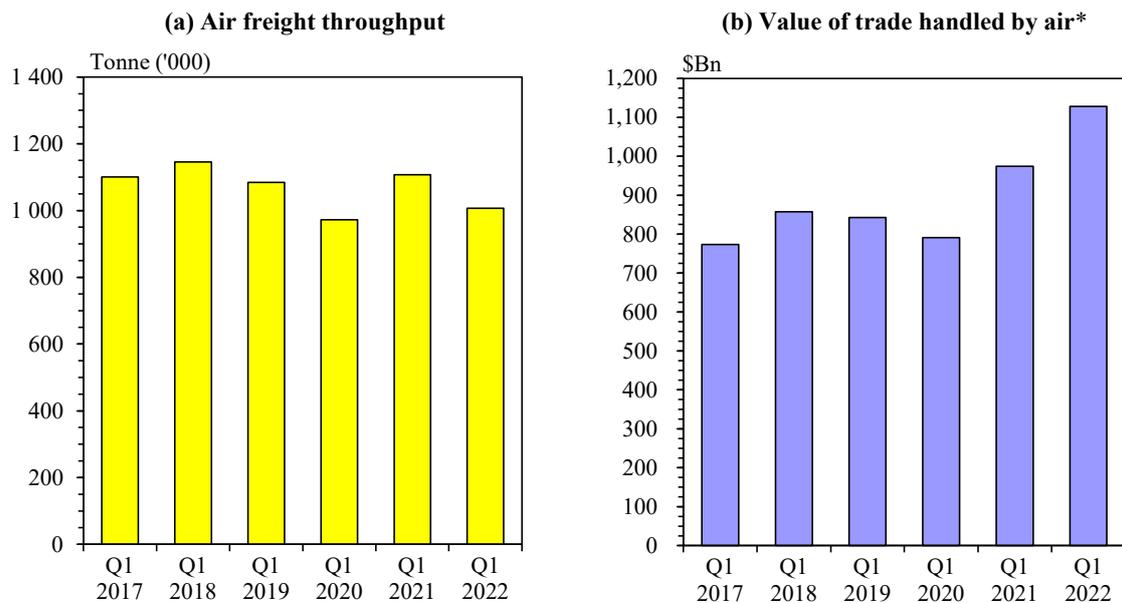
**Diagram 3.8 : Container throughput plunged in the first quarter**



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.

3.18 *Air freight throughput* likewise dropped by 9.1% from a year earlier to 1.0 million tonnes in the first quarter. Yet the value of trade by air increased by 15.7%, and its share in total trade rose from 42.7% a year earlier to 47.9%, conceivably reflecting a surge in the price of goods transported amid supply chain disruptions caused by the epidemic.

**Diagram 3.9 : Air freight throughput declined in the first quarter, while value of trade handled by air increased**



Note : (\*) Not including transshipment.

## **Transport**

3.19 Traffic flows for all modes of cross-boundary passenger transport remained at extremely low levels in the first quarter, as most of the travel restrictions and boundary control measures in response to the COVID-19 pandemic remained in place. Air passenger traffic amounted to around 251 000 trips, only 1.3% of the pre-recession level of 18.8 million in the first quarter of 2019. Water-borne and land-based cross-boundary passenger trips totalled around 15 100 and 157 400 respectively, only 0.3% and 0.2% of their corresponding pre-recession levels of 4.7 million and 65.3 million in the first quarter of 2019. Meanwhile, average daily cross-boundary vehicle movements plunged by 35.7% from a year earlier to merely 10 066 amid the austere local epidemic situation, far below the pre-recession level of 42 624 in the first quarter of 2019.

## **Innovation and technology**

3.20 The Financial Secretary announced a number of measures to promote the development of innovation and technology (I&T) in the 2022-23 Budget. The measures included (i) increasing the funding allocated to the Hong Kong Growth Portfolio under the Future Fund to set up a new \$5 billion Strategic Tech Fund for investing in technology enterprises which are of strategic value to Hong Kong; (ii) earmarking \$10 billion to further promote the development of life and health technology through providing support to hardware, research talent, clinical trials and data application; (iii) doubling the total annual funding to \$440 million to strengthen support to the R&D activities of 16 State Key Laboratories and six Hong Kong Branches of Chinese National Engineering Research Centres in Hong Kong; (iv) doubling the annual funding for each university under the Technology Start-up Support Scheme for Universities to \$16 million to help universities realise their R&D outcomes; (v) setting up a Digital Economy Development Committee to accelerate the progress of digital economy; and (vi) earmarking \$600 million to complete a comprehensive e-government audit in the coming three years with the aim of reviewing the progress made by government departments in using technologies and assisting them in enhancing the efficiency of public service provision through the adoption of I&T solutions.

## **Environment**

3.21 The Financial Secretary announced various environmental protection measures in the 2022-23 Budget, including (i) injecting an additional funding of \$200 million into the Green Tech Fund to subsidise some 40 additional projects in priority areas such as net-zero electricity generation, energy saving and green buildings, green transport and waste reduction; and (ii) injecting an additional sum of \$1.5 billion to extend the EV-charging at Home Subsidy Scheme for four years to the 2027-28 financial year in order to promote the installation of electric vehicle charging-enabling infrastructure in car parks of existing private residential buildings.

3.22 Separately, the Government will commence planning studies on developing new waste-to-energy (WtE) facilities to handle municipal solid waste (MSW). Modern WtE facilities adopt advanced technology to transform unavoidable and non-recyclable MSW into resources through waste incineration for generation of electricity, which have already been proved as safe, efficient and decarbonising. By complementing the blueprints for environmental protection in waste reduction and decarbonisation, the WtE facilities would support Hong Kong on its way to achieving “Zero Landfill” by around 2035 and carbon neutrality in waste management before 2050.

## 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) For details of the measures promulgated in 2010, see Box 3.1 in the First Quarter Economic Report 2010, Box 3.1 in the Third Quarter Economic Report 2010 and note (2) at the end of Chapter 4 in the 2010 Economic Background and 2011 Prospects. For details of the measures promulgated in 2011, see note (2) at the end of Chapter 3 in the Half-yearly Economic Report 2011 and Box 3.1 in the Third Quarter Economic Report 2011. For details of the measures promulgated in 2012, see Box 3.1 in the Third Quarter Economic Report 2012 and Box 4.1 in the 2012 Economic Background and 2013 Prospects. For details of the measures promulgated in 2013, see Box 4.2 in the 2012 Economic Background and 2013 Prospects and Box 3.1 in the First Quarter Economic Report 2013. For details of the measures promulgated in 2014, see Box 4.1 in the 2013 Economic Background and 2014 Prospects. For details of the measures promulgated in 2015, see Box 3.1 of the First Quarter Economic Report 2015. For details of the measures promulgated in 2016, see note (1) at the end of Chapter 4 in the 2016 Economic Background and 2017 Prospects. For details of the measures promulgated in 2017, see note (3) at the end of Chapter 3 in the First Quarter Economic Report 2017, note (2) at the end of Chapter 3 in the Half-yearly Economic Report 2017 and Box 3.1 of the Third Quarter Economic Report 2017. For details of the measures promulgated in 2018, see Box 3.1 in the Half-yearly Economic Report 2018 and Box 3.1 of the Third Quarter Economic Report 2018. For details of the measures promulgated in 2019, see Box 3.1 of the Third Quarter Economic Report 2019. For details of the measures promulgated in 2020, see Box 4.1 of the 2020 Economic Background and 2021 Prospects. For details of the measures promulgated in 2021, see Box 3.1 of the Third Quarter Economic Report 2021.
- (3) The figures on transaction refer to commercial space, which comprises retail premises and other premises designed or adapted for commercial use but excludes purpose-built office space.
- (4) 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 first quarter of 2022, visitor arrivals from the Mainland, other short-haul and long-haul markets accounted for respective shares of 75%, 17% and 8% of the total.
- (5) The figures on hotel room occupancy and achieved room rate do not include guesthouses.

## CHAPTER 4 : THE FINANCIAL SECTOR<sup>#</sup>

### *Summary*

- *The low interest rate environment in Hong Kong continued in the first quarter of 2022, notwithstanding the start of the interest rate lift-off in the US towards the end of the quarter. Hong Kong dollar interbank interest rates and interest rates on the retail front remained at low levels.*
- *The Hong Kong dollar spot exchange rate against the US dollar weakened during the first quarter. As the US dollar strengthened against many major currencies though weakened against the renminbi (RMB), the trade-weighted Hong Kong dollar Nominal Effective Exchange Rate Index edged up by 0.1% while the Real Effective Exchange Rate Index edged down by 0.3% amid the moderate local inflation.*
- *Total loans and advances grew by 1.2% during the first quarter. Within the total, loans for use in Hong Kong rose by 1.9%, while loans for use outside Hong Kong edged down by 0.4%.*
- *The local stock market exhibited substantial volatility in the first quarter. After staying range-bound in January and early February, the Hang Seng Index (HSI) underwent a sharp correction between mid-February and mid-March amid concerns over the impending tightening of US monetary policy, situation in Ukraine, regulatory requirements in the Mainland and the austere local epidemic situation. It then recouped most of the loss and closed the quarter at 21 997, down by 6.0% from end-2021. Trading activities were active in the quarter, but fund raising activities were tepid.*

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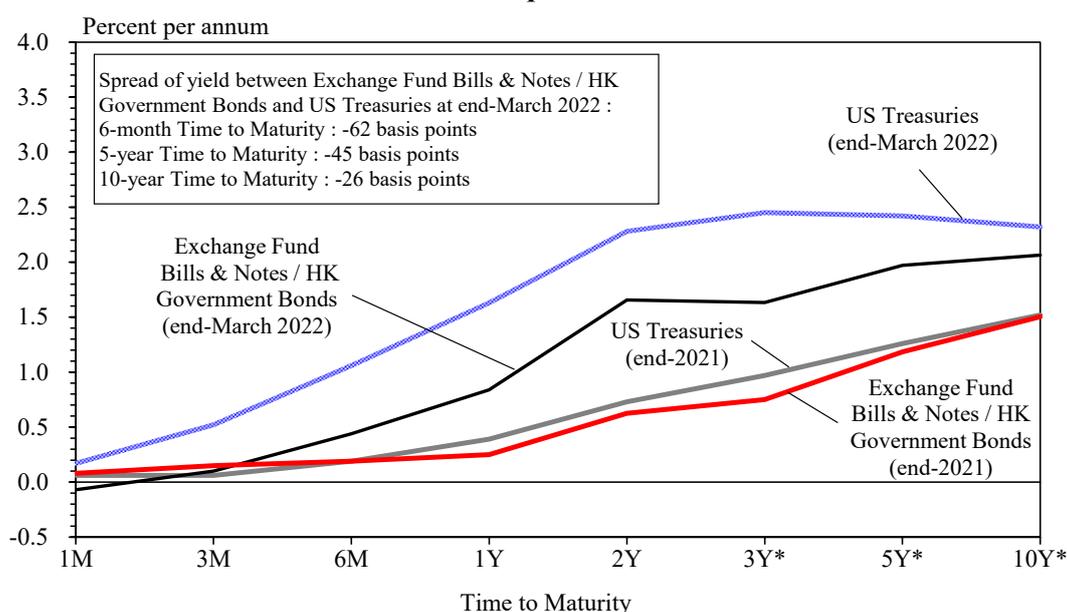
(#) *This chapter is jointly prepared by the Hong Kong Monetary Authority (HKMA) and the Office of the Government Economist.*

## Interest rates and exchange rates

4.1 The low interest rate environment in Hong Kong continued in the first quarter of 2022, notwithstanding the start of the interest rate lift-off in the US towards the end of the quarter. The US Federal Open Market Committee raised the target range for the Federal Funds Rate from 0.00-0.25% to 0.25-0.50% in mid-March. Consequently, the HKMA adjusted the *Base Rate* under the Discount Window upward from 0.50% to 0.75%<sup>(1)</sup>. Meanwhile, the *Hong Kong dollar interbank interest rates* (HIBORs) remained at low levels during the quarter. While the overnight HIBOR edged up from 0.06% at end-2021 to 0.09% at end-March 2022 and the 3-month HIBOR increased from 0.26% to 0.55%, they were still low by historical standards. The Aggregate Balance remained sizeable, though it declined slightly from \$377.5 billion at end-2021 to \$337.6 billion at end-March 2022 as HKMA increased the issuance of Exchange Fund Bills during the first quarter<sup>(2)</sup>.

4.2 Both *Hong Kong dollar* and *US dollar yield curves* shifted upward during the first quarter, with the latter showing a larger movement. As a result, the yield spread between 6-month Exchange Fund Bills and 6-month US Treasury Bills turned from zero at end-2021 to negative 62 basis points at end-March 2022, and the negative yield spread between the 10-year Hong Kong Government Bonds and 10-year US Treasury Notes widened from 2 basis points to 26 basis points.

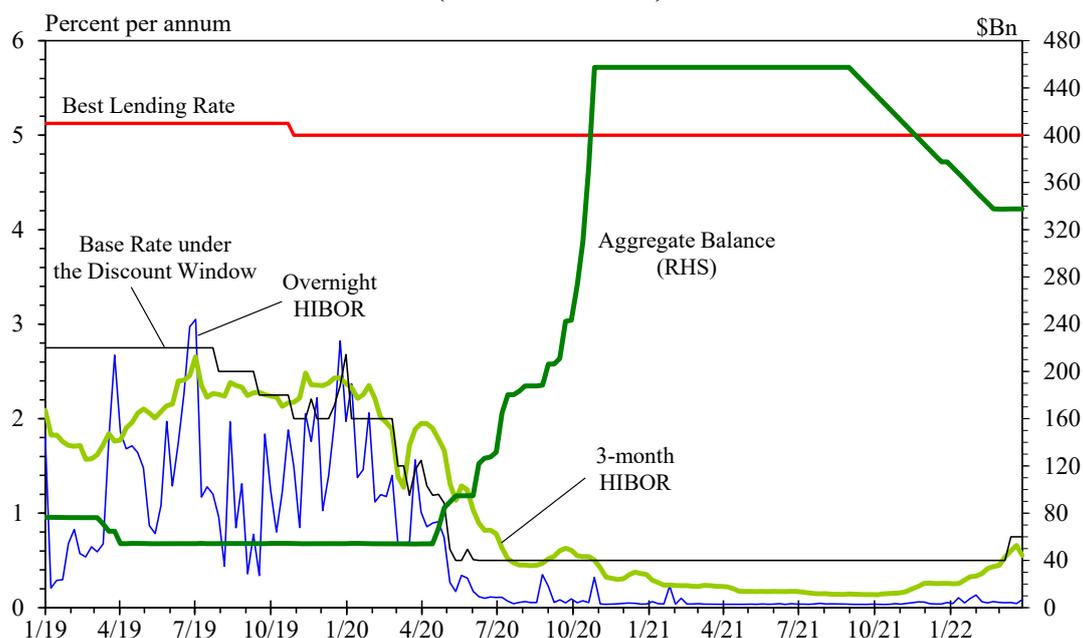
**Diagram 4.1 : Both Hong Kong dollar and US dollar yield curves shifted upward during the first quarter**



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 at low levels. The *Best Lending Rates* in the market remained unchanged, ranging from 5.00% to 5.50% in the first quarter. The *average savings deposit rate* for deposits of less than \$100,000 quoted by major banks and the 1-year *time deposit rate* also stayed unchanged at 0.001% and 0.08% respectively. The *composite interest rate*<sup>(3)</sup>, which indicates the average cost of funds for retail banks, edged up from 0.21% at end-2021 to 0.24% at end-March 2022.

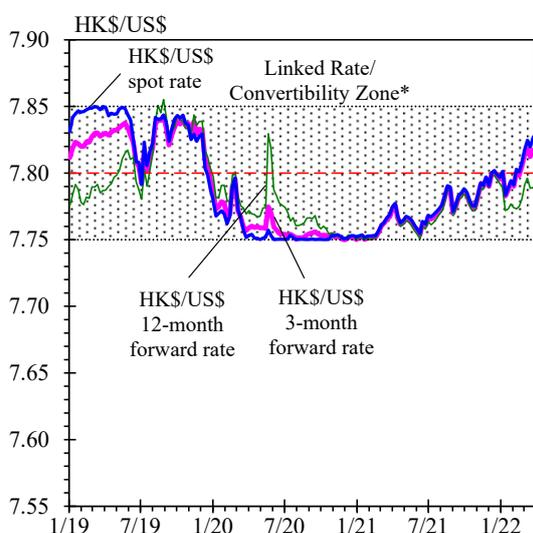
**Diagram 4.2 : Interbank interest rates and interest rates on the retail front remained at low levels during the first quarter (end for the week)**



4.4 The *Hong Kong dollar spot exchange rate against the US dollar* weakened during the first quarter, amid market concerns over the tightening of US monetary policy and the volatile local stock market. It closed the first quarter at 7.830, compared with 7.797 at end-2021. The *Hong Kong dollar forward rates* registered enlarged discounts to the spot rate, with the discount of 3-month forward rate widening noticeably from 12 pips (each pip is equivalent to HK\$0.0001) at end-2021 to 116 pips at end-March 2022, and that of 12-month forward rate from 48 pips to 432 pips.

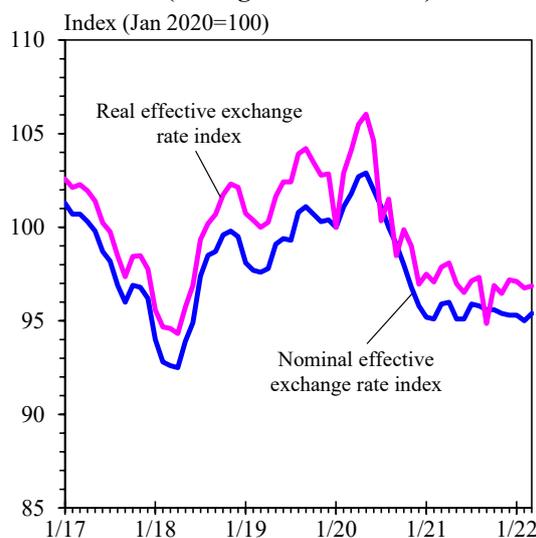
4.5 Under the Linked Exchange Rate System, movements in the Hong Kong dollar exchange rate against other currencies closely followed those of the US dollar. As the US dollar strengthened against many major currencies though weakened against the RMB, the *trade-weighted Hong Kong dollar Nominal Effective Exchange Rate Index*<sup>(4)</sup> edged up by 0.1% during the first quarter while the *Real Effective Exchange Rate Index* edged down by 0.3% amid the moderate local inflation.

**Diagram 4.3 : The Hong Kong dollar spot exchange rate against the US dollar weakened during the first quarter (end for 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.

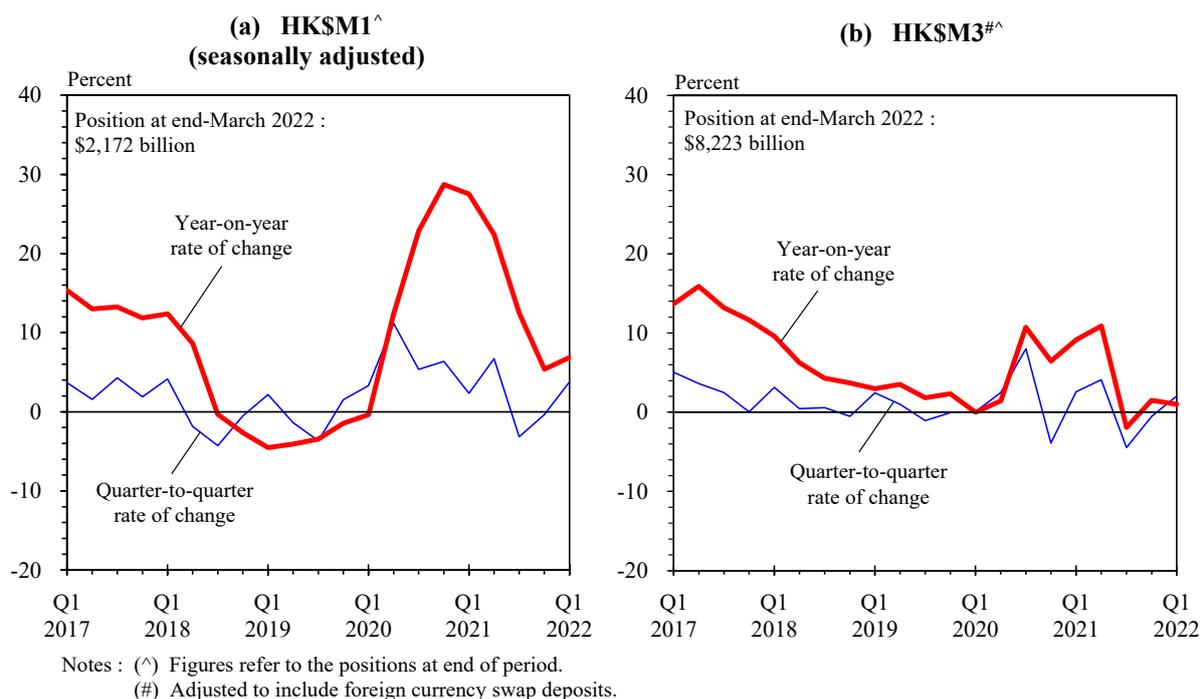
**Diagram 4.4 : The trade-weighted nominal effective exchange rate index edged up during the first quarter while the real effective exchange rate index edged down (average for the month)**



## Money supply and banking sector

4.6 The monetary aggregates rose in the first quarter. The Hong Kong dollar broad *money supply* (HK\$M3) went up by 2.1% over end-2021 to \$8,223 billion at end-March 2022, and the seasonally adjusted Hong Kong dollar narrow money supply (HK\$M1) rose by 3.8% to \$2,172 billion<sup>(5)</sup>. Meanwhile, *total deposits* with authorized institutions (AIs)<sup>(6)</sup> increased by 1.1% to \$15,349 billion, within which Hong Kong dollar deposits rose by 2.2%, while foreign currency deposits remained virtually unchanged.

**Diagram 4.5 : The monetary aggregates rose in the first quarter**



**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>	
		<u>HK\$<sup>^</sup></u>	<u>Total</u>	<u>HK\$<sup>#</sup></u>	<u>Total</u>	<u>HK\$<sup>#</sup></u>	<u>Total</u>
2021	Q1	2.3	4.8	2.6	1.0	2.6	1.0
	Q2	6.7	14.2	4.1	3.0	4.1	3.0
	Q3	-3.2	-7.4	-4.5	-1.0	-4.5	-1.0
	Q4	-0.4	-2.5	-0.5	1.3	-0.5	1.3
2022	Q1	3.8	2.3	2.1	0.7	2.1	0.7
Total amount at end-March 2022 (\$Bn)		2,172	3,571	8,210	16,394	8,223	16,428
% change over a year earlier		6.9	5.4	1.0	4.0	1.0	4.0

Notes : (^) Seasonally adjusted.

(#) Adjusted to include foreign currency swap deposits.

4.7 *Total loans and advances* grew by 1.2% over end-2021 to \$11,031 billion at end-March 2022. Within the total, Hong Kong dollar loans and foreign currency loans went up by 0.4% and 2.4% respectively. Reflecting the relative movements in loans and deposits, the loan-to-deposit ratio for Hong Kong dollar declined from 86.7% at end-2021 to 85.2% at end-March 2022, while that for foreign currency increased from 57.5% to 58.9%.

4.8 Loans for use in Hong Kong (including trade finance) rose by 1.9% over end-2021 to \$7,869 billion at end-March 2022, while loans for use outside Hong Kong edged down by 0.4% to \$3,162 billion. Within the former, loans to most economic sectors increased. Trade finance rebounded by 9.6% after recording a visible decline in the preceding quarter, and loans to manufacturing by 5.2%. Loans to financial concerns and loans to wholesale and retail trade also reverted to increases of 2.0% and 8.0% respectively. Meanwhile, loans to stockbrokers fell by 8.8%, dampened by the volatile local stock market during the quarter. As for property-related lending, loans for purchase of residential property and loans to building, construction, property development and investment increased by 1.3% and 1.9% respectively.

**Table 4.2 : Loans and advances**

All loans and advances for use in Hong Kong

		Loans to :								All loans and advances for use outside Hong Kong <sup>(c)</sup>	Total loans and advances
		Trade finance	Manu- facturing	Whole- sale and retail trade	Building, construction, property development and investment	Purchase of residential property <sup>(a)</sup>	Financial concerns	Stock- brokers	Total <sup>(b)</sup>		
% change during the quarter											
2021	Q1	8.5	4.2	0.1	3.4	1.4	2.3	50.8	3.5	1.0	2.8
	Q2	17.8	-1.7	-1.9	0.4	2.6	0.5	152.0	5.9	0.3	4.3
	Q3	5.5	2.7	-2.5	-1.1	3.1	-3.2	-77.6	-3.6	2.2	-2.0
	Q4	-15.4	-1.7	-2.5	3.0	2.6	-0.5	-10.2	-0.7	-2.3	-1.2
2022	Q1	9.6	5.2	8.0	1.9	1.3	2.0	-8.8	1.9	-0.4	1.2
Total amount at end-March 2022 (\$Bn)		531	334	352	1,743	1,866	927	52	7,869	3,162	11,031
% change over a year earlier		15.3	4.4	0.7	4.1	9.9	-1.2	-53.7	3.3	-0.3	2.2

- 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 remains resilient. The Hong Kong incorporated AIs were well capitalised, with the total capital adequacy ratio staying at a high level of 20.2% at end-2021. Asset quality of the local banking sector also remained sound. While the ratio of classified loans to total loans for retail banks went up slightly from 0.78% at end-September 2021 to 0.83% at end-2021, this was still low by historical standards. Meanwhile, the delinquency ratio for credit card lending edged down from 0.22% at end-September 2021 to 0.20% at end-2021. The delinquency ratio for residential mortgage loans stayed at a low level of 0.04% at end-March 2022, same as end-2021.

**Table 4.3 : Asset quality of retail banks\***

(as % of total loans)

<u>At end of period</u>	<u>Pass loans</u>	<u>Special mention loans</u>	<u>Classified loans</u> (gross)
2020 Q1	97.86	1.60	0.55
Q2	97.62	1.67	0.71
Q3	97.64	1.61	0.75
Q4	97.45	1.73	0.82
2021 Q1	97.57	1.60	0.82
Q2	97.78	1.42	0.81
Q3	97.73	1.48	0.78
Q4	97.58	1.59	0.83

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

(\*) Period-end figures relate to 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”.

4.10 Different segments of the *offshore RMB business* recorded a mixed performance in the first quarter. RMB trade settlement transactions handled by banks in Hong Kong rose by 17.8% over a year earlier to RMB2,001.7 billion. Total RMB deposits (including customer deposits and outstanding certificates of deposit) declined by 14.5% from end-2021 to RMB808.1 billion at end-March 2022. As to financing activities, RMB bond issuance declined from RMB35.8 billion in the preceding quarter to RMB25.8 billion in the first quarter, while outstanding RMB bank loans rose by 8.8% over end-2021 to RMB178.0 billion at end-March 2022.

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

<u>At end of period</u>		<u>Interest rates on<sup>(a)</sup></u>					<u>Number of AIs engaged in RMB business</u>	<u>Amount of cross-border RMB trade settlement<sup>(c)</sup></u> (RMB Mn)
		<u>Demand and savings deposits</u> (RMB Mn)	<u>Time deposits</u> (RMB Mn)	<u>Total deposits</u> (RMB Mn)	<u>Savings deposits<sup>(b)</sup></u> (%)	<u>Three-month time deposits<sup>(b)</sup></u> (%)		
2021	Q1	265,396	507,084	772,481	0.16	0.31	143	1,698,745
	Q2	286,607	534,585	821,192	0.16	0.31	142	1,694,123
	Q3	281,073	574,858	855,931	0.16	0.31	144	1,876,862
	Q4	286,728	640,070	926,797	0.16	0.31	146	1,813,844
2022	Q1	272,981	518,361	791,342	0.16	0.31	146	2,001,669
% change in 2022 Q1 over 2021 Q1		2.9	2.2	2.4	N.A.	N.A.	N.A.	17.8
% change in 2022 Q1 over 2021 Q4		-4.8	-19.0	-14.6	N.A.	N.A.	N.A.	10.4

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 3.5% over the preceding quarter to \$1,153.8 billion in the first quarter, underpinned by the respective increases of 2.8% and 6.3% in public and private sector debt issuance<sup>(7)</sup>. The total outstanding amount of Hong Kong dollar debt securities increased by 0.8% over end-2021 to \$2,374.8 billion at end-March 2022, equivalent to 28.9% of HK\$M3 or 24.1% of Hong Kong dollar-denominated assets of the banking sector<sup>(8)</sup>.

4.12 As to the Government Bond (GB) Programme, a total of \$3.3 billion institutional GBs were issued through tenders in the first quarter. At end-March 2022, the total outstanding amount of Hong Kong dollar bonds under the GB Programme was \$171.4 billion, comprising 14 institutional issues totalling \$88.8 billion and five retail issues (two iBonds and three Silver Bonds) totalling \$82.6 billion. In addition, one US dollar sukuk with an issuance size of US\$1.0 billion was outstanding under the GB Programme.

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

		Exchange Fund paper	Statutory bodies/ government- owned corporations	Government	Public sector total	AIs <sup>(a)</sup>	Local corporations	Non-MDBs overseas borrowers <sup>(b)</sup>	Private sector total	MDBs <sup>(b)</sup>	Total
<b>New Issuance</b>											
2021	Annual	3,403.9	64.4	69.4	3,537.7	376.5	59.1	343.6	779.3	17.1	4,334.0
	Q1	815.2	25.6	2.7	843.5	118.4	20.0	121.7	260.1	6.5	1,110.0
	Q2	826.9	15.0	28.2	870.1	97.1	10.0	81.7	188.8	1.6	1,060.5
	Q3	851.6	11.8	31.0	894.3	71.9	11.4	64.1	147.4	6.6	1,048.3
	Q4	910.2	12.0	7.5	929.7	89.1	17.7	76.1	183.0	2.5	1,115.1
2022	Q1	937.7	14.6	3.3	955.6	106.3	18.5	69.7	194.4	3.8	1,153.8
% change in 2022 Q1 over 2021 Q1		15.0	-43.0	22.2	13.3	-10.2	-7.5	-42.8	-25.2	-41.5	3.9
% change in 2022 Q1 over 2021 Q4		3.0	21.6	-56.0	2.8	19.3	4.1	-8.5	6.3	53.5	3.5
<b>Outstanding (at end of period)</b>											
2021	Q1	1,068.3	93.6	119.2	1,281.1	353.5	135.1	529.3	1,018.0	27.5	2,326.5
	Q2	1,068.4	96.0	147.3	1,311.7	309.9	132.0	501.1	943.0	24.9	2,279.6
	Q3	1,088.5	99.5	163.7	1,351.6	278.4	136.6	470.5	885.5	27.8	2,264.9
	Q4	1,148.6	101.6	168.2	1,418.4	274.6	144.7	489.8	909.1	29.3	2,356.8
2022	Q1	1,189.2	110.0	171.4	1,470.6	262.5	146.0	465.4	873.8	30.4	2,374.8
% change in 2022 Q1 over 2021 Q1		11.3	17.5	43.8	14.8	-25.8	8.0	-12.1	-14.2	10.6	2.1
% change in 2022 Q1 over 2021 Q4		3.5	8.2	1.9	3.7	-4.4	0.9	-5.0	-3.9	3.8	0.8

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

(a) AIs : Authorized institutions.

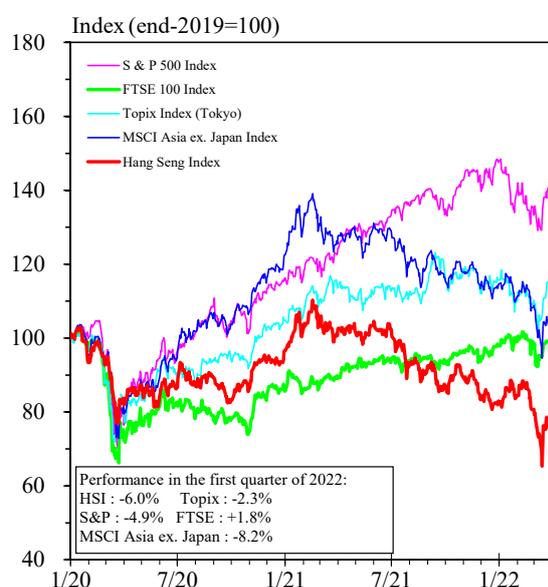
(b) MDBs : Multilateral Development Banks.

## The stock and derivatives markets

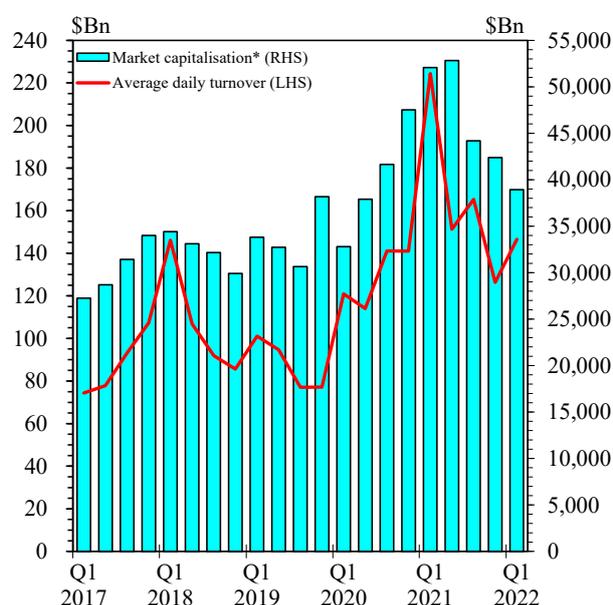
4.13 The *local stock market* exhibited substantial volatility in the first quarter. The HSI moved within the range of around 22 900 and 25 000 during January and early February. Yet it underwent a sharp correction between mid-February and mid-March, as market sentiment was dampened by concerns over the impending tightening of US monetary policy, situation in Ukraine, regulatory requirements in the Mainland and the austere local epidemic situation. The HSI plunged to 18 415 on 15 March, but recouped most of the loss to close at 21 997 at end-March, down by 6.0% from end-2021. In parallel, *market capitalisation* shrank by 8.1% during the quarter to \$38.9 trillion. The local stock market ranked the seventh largest in the world and the fourth largest in Asia<sup>(9)</sup>.

4.14 Trading activities in the local stock market were active in the first quarter. *Average daily turnover* in the securities market rose by 16.0% over the preceding quarter to \$146.5 billion, though 34.7% lower than the quarterly record high a year earlier. Within the total, the average daily trading value of unit trusts (including Exchange-Traded Funds), callable bull/bear contracts, equities and derivative warrants<sup>(10)</sup> increased by 49.1%, 26.6%, 13.9% and 1.8% respectively over the preceding quarter. As to futures and options<sup>(11)</sup>, the average daily trading volume surged by 32.0%. Within the total, trading of Hang Seng China Enterprises Index futures, HSI options, stock options and HSI futures rose notably by 39.0%, 28.8%, 24.9% and 24.7% respectively.

**Diagram 4.6 : The local stock market exhibited substantial volatility in the first quarter**



**Diagram 4.7 : Market capitalisation shrank, while trading activities were active**



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*
2021	Annual	138 582	26 456	127 649	637 246	1 174 889
	Q1	164 096	33 963	133 426	826 689	1 410 544
	Q2	123 166	22 138	107 831	545 936	997 372
	Q3	138 989	26 926	139 745	667 391	1 225 576
	Q4	128 147	22 823	128 641	510 155	1 016 537
2022	Q1	159 738	29 387	178 800	637 181	1 342 258
	% change in 2022 Q1 over 2021 Q1	-2.7	-13.5	34.0	-22.9	-4.8
	% change in 2022 Q1 over 2021 Q4	24.7	28.8	39.0	24.9	32.0

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 were tepid in the first quarter amid the volatile local stock market. *Total equity capital raised*, comprising new share floatation and post-listing arrangements on the Main Board and GEM<sup>(12)</sup>, plunged by 54.1% from the preceding quarter or 70.7% from the hectic level a year earlier to \$77.3 billion in the first quarter. Within the total, the amount of funds raised through Initial Public Offerings (IPOs) plummeted by 67.8% from the preceding quarter to \$14.6 billion. Hong Kong ranked the sixth globally in terms of the amount of funds raised through IPOs in the first quarter<sup>(13)</sup>.

4.16 Mainland enterprises continued to play an important role in the Hong Kong stock market. At end-March, a total of 1 371 Mainland enterprises (including 301 H-share companies, 175 “Red Chip” companies and 895 private enterprises) were listed on the Main Board and GEM, accounting for 53% of the total number of listed companies and 77% of total market capitalisation. Mainland-related stocks accounted for 87% of equity turnover and 93% of total equity fund raised in the Hong Kong stock exchange in the first quarter.

## **Fund management and investment funds**

4.17 Performance of fund management business<sup>(14)</sup> was mixed in the first quarter. Along with the general decline in financial asset prices, the aggregate net asset value of the approved constituent funds under the *Mandatory Provident Fund (MPF) schemes*<sup>(15)</sup> decreased by 5.2% from end-2021 to \$1,120.9 billion at end-March 2022. The monthly average gross retail sales of *mutual funds* rose by 3.8% over the preceding quarter to US\$6.1 billion in January - February<sup>(16)</sup>, though 47.0% lower than the high level a year earlier.

## **Insurance sector**

4.18 The *insurance sector*<sup>(17)</sup> recorded solid expansion in 2021. For the year as a whole, new office premium of long-term business surged by 25.0% over the low base in 2020, within which premium from non-investment linked plans (which accounted for 81% of total premium for this segment) and investment linked plans increased by 12.8% and 140.7% respectively. As to general business, gross and net premium rose by 2.6% and 1.4% respectively.

**Table 4.7 : Insurance business in Hong Kong<sup>@</sup> (\$Mn)**

		General business			New office premium of long-term business <sup>^</sup>					Gross premium from long-term business and general business
		Gross premium	Net premium	Underwriting profit	Individual life and annuity (non-linked)	Individual life and annuity (linked)	Other individual business	Non-retirement scheme group business	All long-term business	
2020	Annual	60,297	40,932	2,232	120,224	12,794	26	367	133,411	193,708
	Q1	18,264	12,221	329	32,453	2,481	23 <sup>#</sup>	128	35,085	53,349
	Q2	15,219	10,579	295	28,259	2,089	23 <sup>#</sup>	67	30,438	45,657
	Q3	15,014	10,045	811	29,822	3,264	22 <sup>#</sup>	99	33,207	48,221
	Q4	11,800	8,087	797	29,690	4,960	N.A.	73	34,681	46,481
2021	Annual	61,835	41,490	1,958	135,605	30,796	30	369	166,800	228,635
	Q1	18,267	11,950	512	34,291	6,283	6	140	40,720	58,987
	Q2	15,114	10,158	282	32,674	7,072	9	72	39,827	54,941
	Q3	15,427	10,685	429	33,272	8,548	7	92	41,919	57,346
	Q4	13,027	8,697	735	35,368	8,893	8	65	44,334	57,361
% change in 2021 Q4 over 2020 Q4		10.4	7.5	-7.8	19.1	79.3	N.A.	-11.0	27.8	23.4
% change in 2021 over 2020		2.6	1.4	-12.3	12.8	140.7	15.4	0.5	25.0	18.0

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

(<sup>^</sup>) Retirement scheme business is excluded.

(<sup>#</sup>) The quarterly breakdowns of 2020 do not tally with the annual figure as premiums have been reclassified in the fourth quarter of 2020.

N.A. Not applicable.

## Highlights of policy and market developments

4.19 In January, the Hong Kong Exchanges and Clearing Limited (HKEX) announced the signing of a new strategic cooperation agreement with Shenzhen Stock Exchange to further enhance market connectivity and support the development of Hong Kong's and the Mainland's capital markets. Under the new agreement, the two exchanges will conduct joint marketing activities on a regular basis and take part in reciprocal training and secondment programmes for their employees to enhance understanding of the respective markets.

4.20 In March, the Green and Sustainable Finance Cross-Agency Steering Group (Steering Group) published its preliminary feasibility assessment of carbon market opportunities for Hong Kong. Based on the assessment, the Steering Group intends to proceed with next steps to support the development of Hong Kong as a regional carbon trading centre, including to: (i) develop Hong Kong into a global, high-quality voluntary carbon market; (ii) collaborate with relevant authorities and stakeholders to work towards establishing the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) Unified Carbon Market; (iii) explore opportunities to link up international investors with the GBA Unified Carbon Market and potentially the national emissions trading system; and (iv) strengthen cooperation with the Guangzhou Futures Exchange on carbon market development to enable Hong Kong to act as the Mainland's offshore risk management centre. In the same month, the HKEX signed a Memorandum of Understanding (MoU) with the Guangzhou-based China Emissions Exchange (CEEX) to explore cooperation in tackling climate change and promoting sustainability through carbon finance. Under the MoU, HKEX and CEEX will jointly explore the development of a voluntary carbon emission reduction programme in the GBA, with an aim of supporting the Mainland's efforts to peak carbon emissions before 2030 and reach carbon neutrality before 2060. These initiatives will be conducive to reinforcing Hong Kong's position as a green and sustainable finance hub in the region.

## 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) To meet the ongoing demand for Exchange Fund paper by banks amidst the abundance of liquidity in the banking system, the HKMA has increased the issuance size of 91-day Exchange Fund Bills since September 2021. The increase in the supply of Exchange Fund Bills is consistent with the Currency Board principles, since the additional issuance simply represents a change in the composition of the Monetary Base. During the first quarter of 2022, the additional issuance size of the Bills amounted to \$40 billion in total and the Aggregate Balance decreased by the same amount.
- (3) 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.
- (4) 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.

- (5) 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.

- (6) AIs include licensed banks, restricted licence banks and deposit-taking companies. At end-March 2022, there were 157 licensed banks, 15 restricted licence banks and 12 deposit-taking companies in Hong Kong. Altogether, 184 AIs (excluding representative offices) from 31 countries and territories (including Hong Kong) had a presence in Hong Kong.
- (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.
- (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-March 2022, there were 124 classes of stock options contracts and 98 classes of stock futures contracts.
- (12) At end-March 2022, there were 2 224 and 349 companies listed on the Main Board and GEM respectively.
- (13) The ranking is based on the amount of funds raised through IPOs (excluding fundraising of special purpose acquisition companies) compiled by Dealogic.
- (14) At end-March 2022, there was one SFC-authorized retail hedge fund with net asset size of US\$135 million. The amount of net assets under management increased by 14.4% over end-2021, and represented a 5.5% increase over a year earlier and a 15.6% decrease from end-2002, the year when the hedge funds guidelines were first issued.
- (15) At end-March 2022, there were 13 approved trustees. On MPF products, 24 master trust schemes, two industry schemes and one employer sponsored scheme, comprising altogether 411 constituent funds, were approved by the Mandatory Provident Fund Schemes Authority. A total of 330 000 employers, 2.66 million employees and 232 000 self-employed persons are estimated to have participated in MPF schemes.

- (16) 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. At end-February 2022, the survey covered a total of 1 375 active authorised funds.
- (17) At end-March 2022, there were 163 authorized insurers in Hong Kong. Within this total, 53 were engaged in long-term insurance business, 90 in general insurance business, 19 in composite insurance business, and one in special purpose business. These authorized insurers come from 22 countries and territories (including Hong Kong).

## CHAPTER 5 : THE LABOUR SECTOR

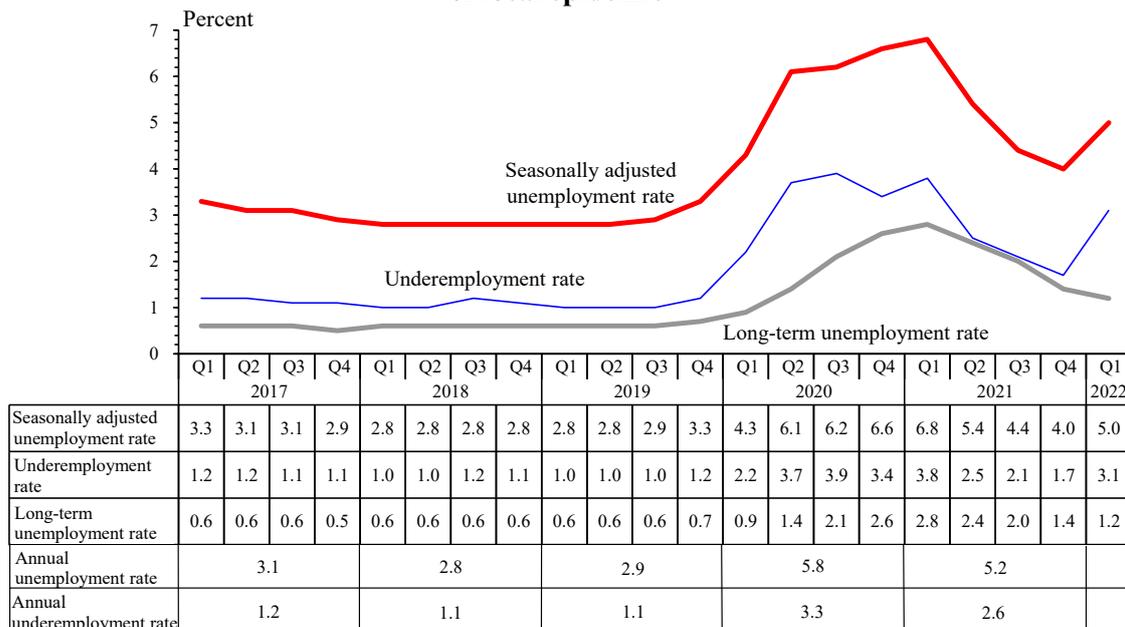
### *Summary*

- *The labour market was under severe pressure amid the fifth wave of local epidemic. The seasonally adjusted unemployment rate increased notably from 4.0% in the fourth quarter of 2021 to 5.0% in the first quarter of 2022, reversing the downtrend since early 2021. The underemployment rate also increased markedly from 1.7% to 3.1%.*
- *The unemployment rates of most major sectors increased in the first quarter compared with the preceding quarter, particularly those of the consumption- and tourism-related sectors, the arts, entertainment and recreation sector, and the construction sector. The unemployment rates of both lower-skilled and higher-skilled workers went up, with the former remaining visibly higher than the latter.*
- *The latest results of establishment surveys indicated that the labour market situation continued to improve before the onslaught of the fifth wave of local epidemic. In December 2021, private sector employment rose further over three months ago and recorded a faster year-on-year growth. The number of private sector vacancies continued to increase visibly over three months ago and was sharply higher than the year-ago level. Yet, according to the more recent statistics from the General Household Survey (GHS), total employment fell in the first quarter of 2022 compared with the preceding quarter and turned to a year-on-year decline, reflecting the deteriorating local epidemic situation.*
- *Establishment surveys also indicated that both nominal wages and labour earnings on average showed slightly faster year-on-year increases in the fourth quarter of 2021. Yet, more recent GHS data showed that the year-on-year increase in nominal earnings of low-income workers decelerated slightly in the first quarter of 2022. While the median household income recorded a visible year-on-year increase in nominal terms in the same quarter, that was partly due to a low base of comparison.*

## Overall labour market situation<sup>(1)</sup>

5.1 The labour market was under severe pressure amid the fifth wave of local epidemic. The seasonally adjusted *unemployment rate*<sup>(2)</sup> increased notably from 4.0% in the fourth quarter of 2021 to 5.0% in the first quarter of 2022, reversing the downtrend since early 2021. The *underemployment rate*<sup>(3)</sup> also increased markedly from 1.7% to 3.1%. The unemployment rates of most major sectors increased, particularly those of the consumption- and tourism-related sectors (viz. retail, accommodation and food services sectors), the arts, entertainment and recreation sector, and the construction sector. The unemployment rates of both lower-skilled and higher-skilled workers went up, with the former remaining visibly higher than the latter. The latest results of establishment surveys indicated that the labour market situation continued to improve before the onslaught of the fifth wave of local epidemic. In December 2021, private sector employment rose further over three months ago and recorded a faster year-on-year increase. The number of private sector vacancies continued to increase visibly over three months ago and was sharply higher than the year-ago level. Yet, according to the more recent statistics from the General Household Survey (GHS), total employment fell in the first quarter of 2022 compared with the preceding quarter and turned to a year-on-year decline, reflecting the deteriorating local epidemic situation. Establishment surveys also showed that both nominal wages and labour earnings on average recorded slightly faster year-on-year increases in the fourth quarter of 2021. Yet, more recent GHS data indicated that the increase in nominal earnings of low-income workers decelerated slightly in the first quarter of 2022. While the median household income recorded a visible year-on-year increase in nominal terms in the same quarter, that was partly due to a low base of comparison.

**Diagram 5.1 : The labour market was under severe pressure amid the fifth wave of local epidemic**



**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>
2021 Annual	5.2	2.6	2.2
Q1	6.8	3.8	2.8
Q2	5.4	2.5	2.4
Q3	4.4	2.1	2.0
Q4	4.0	1.7	1.4
<i>Three months ending</i>			
2022 Jan	3.9	1.8	1.2
Feb	4.5	2.3	1.1
Mar	5.0	3.1	1.2

Note : \* Seasonally adjusted (except for annual figures).

Source : General Household Survey, Census and Statistics Department.

## Labour force and total employment

5.2 The *labour force*<sup>(4)</sup> continued to fall, by 1.3% quarter-to-quarter or 2.3% year-on-year to 3 799 000 in the first quarter of 2022, reflecting partly a fall in the working-age population and partly a decline in the labour force participation rate. The working-age population (i.e. land-based non-institutional population aged 15 and above) declined by 0.7% from the preceding quarter or 0.3% from a year earlier. The overall labour force participation rate declined by 0.4 percentage point from the preceding quarter or 1.2 percentage points from a year earlier to a record low of 58.5%, as a result of both population ageing and some people choosing to leave the labour force. Analysed by age group, the labour force participation rates of many groups declined on a year-on-year comparison, more notably for persons aged 20-24, though some age groups (more notably those aged 15-19) recorded increases against low bases of comparison.

5.3 *Total employment*<sup>(5)</sup> turned to a decline of 2.6% quarter-to-quarter or 0.5% year-on-year to 3 610 500 in the first quarter of 2022. Analysed by sector and on a year-on-year comparison, employment of the retail sector and the food and beverage service activities sector turned to decline as the business situation in these sectors worsened sharply amid the fifth wave of local epidemic. Employment of the arts, entertainment and recreation sector, the repair, laundry, domestic and other personal service activities sector, and the warehousing and support activities for transportation sector also decreased visibly. Employment of the manufacturing sector decreased further, continuing its longer-term downtrend. On the other hand, employment of some other sectors increased, particularly in the public administration sector and the real estate sector.

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

	<u>Labour force</u>	<u>Persons employed</u>	<u>Persons unemployed<sup>(a)</sup></u>	<u>Persons underemployed</u>
2021 Annual	3 870 400 (-1.2)	3 670 200 (-0.6)	200 300	98 900
Q1	3 888 500 (-0.8)	3 627 600 (-3.4)	260 900	148 600
Q2	3 885 700 (-0.5)	3 671 100 (0.3)	214 500	95 800
Q3	3 871 500 (-0.9)	3 690 700 (1.1)	180 700	80 000
Q4	3 850 300 (-1.3)	3 705 100 (1.3)	145 200	66 700
<i>Three months ending</i>				
2022 Jan	3 837 600 (-1.4)	3 700 100 (1.6)	137 500	70 400
Feb	3 826 100 (-1.4)	3 664 500 (1.2)	161 600	89 200
Mar	3 799 000 (-2.3)	3 610 500 (-0.5)	188 500	117 000
	<-1.3>	<-2.6>		

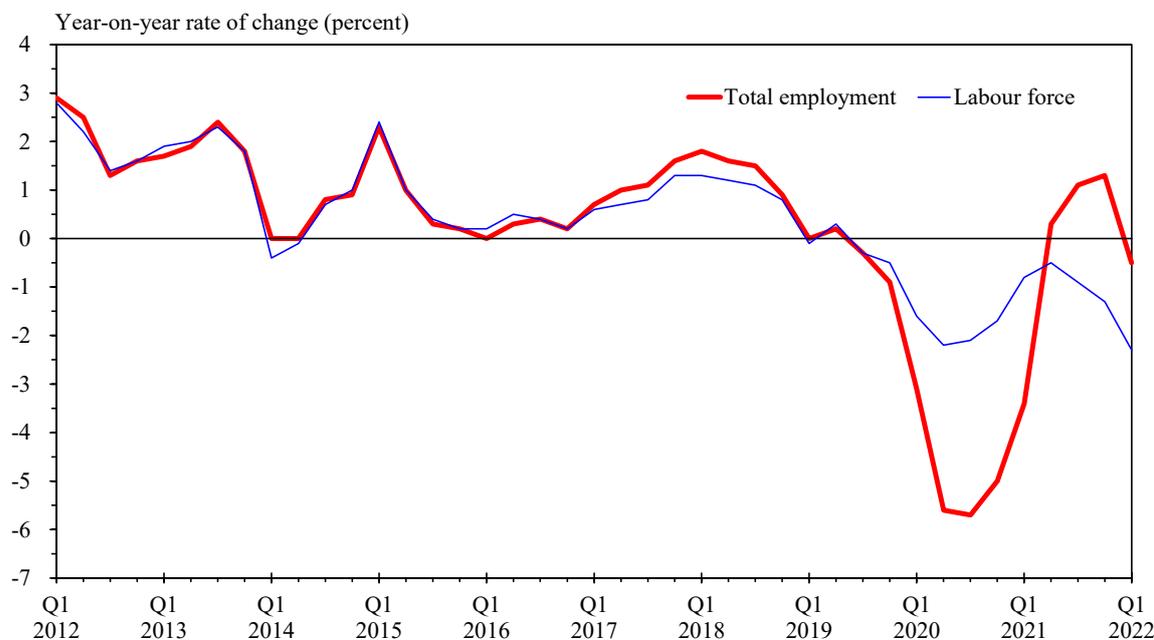
Notes : (a) These include first-time job-seekers and re-entrants into the labour force.

( ) % change over a year earlier.

< > Quarter-to-quarter % change for the first quarter of 2022.

Source : General Household Survey, Census and Statistics Department.

**Diagram 5.2 : Labour force continued to fall from a year earlier, while total employment turned to a decline**



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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2021 Q1</u>	<u>2022 Q1</u>
<u>Male</u>							
15-24	38.1	39.2	39.2	35.4	34.4	33.9	32.3
<i>of which:</i>							
15-19	9.8	10.3	11.3	7.3	6.6	5.6	6.5
20-24	59.2	60.1	59.6	56.5	57.2	56.1	54.8
25-29	92.6	92.9	91.3	90.8	91.7	91.4	91.0
30-39	96.6	96.4	95.9	95.0	95.2	95.0	93.4
40-49	95.2	95.2	93.9	93.5	93.5	93.6	93.1
50-59	86.7	86.9	85.2	84.8	85.4	85.6	85.6
≥ 60	30.3	32.2	32.0	31.6	31.0	32.1	31.1
Overall	68.4	68.6	67.6	66.3	65.8	66.2	64.7
<u>Female</u>							
15-24	41.5	40.9	40.5	36.6	35.3	36.1	32.6
<i>of which:</i>							
15-19	11.7	11.9	11.6	7.2	7.8	5.3	7.2
20-24	61.8	60.4	60.1	57.8	57.5	59.5	53.9
25-29	86.6	86.8	87.5	87.5	88.2	87.5	87.0
30-39	79.2	79.6	79.3	79.1	79.3	79.5	79.5
40-49	73.9	74.3	73.7	73.6	74.3	73.9	75.1
50-59	60.3	61.6	62.3	62.9	64.0	64.7	64.2
≥ 60	13.8	14.7	15.7	15.6	16.3	16.1	16.2
Overall	55.2	55.3	55.1	54.3	54.2	54.4	53.5
<u>Both genders combined</u>							
15-24	39.8	40.0	39.8	36.0	34.9	35.0	32.4
<i>of which:</i>							
15-19	10.7	11.1	11.5	7.3	7.2	5.5	6.8
20-24	60.5	60.3	59.9	57.2	57.4	57.8	54.3
25-29	89.3	89.6	89.2	89.0	89.8	89.3	88.9
30-39	86.2	86.3	86.0	85.6	85.9	85.9	85.3
40-49	82.7	82.8	82.0	81.8	82.1	81.9	82.4
50-59	72.6	73.3	72.7	72.7	73.4	73.9	73.5
≥ 60	21.7	23.0	23.5	23.2	23.3	23.8	23.3
Overall	61.1	61.3	60.7	59.7	59.4	59.7	58.5

Source : General Household Survey, Census and Statistics Department.

## Profile of unemployment

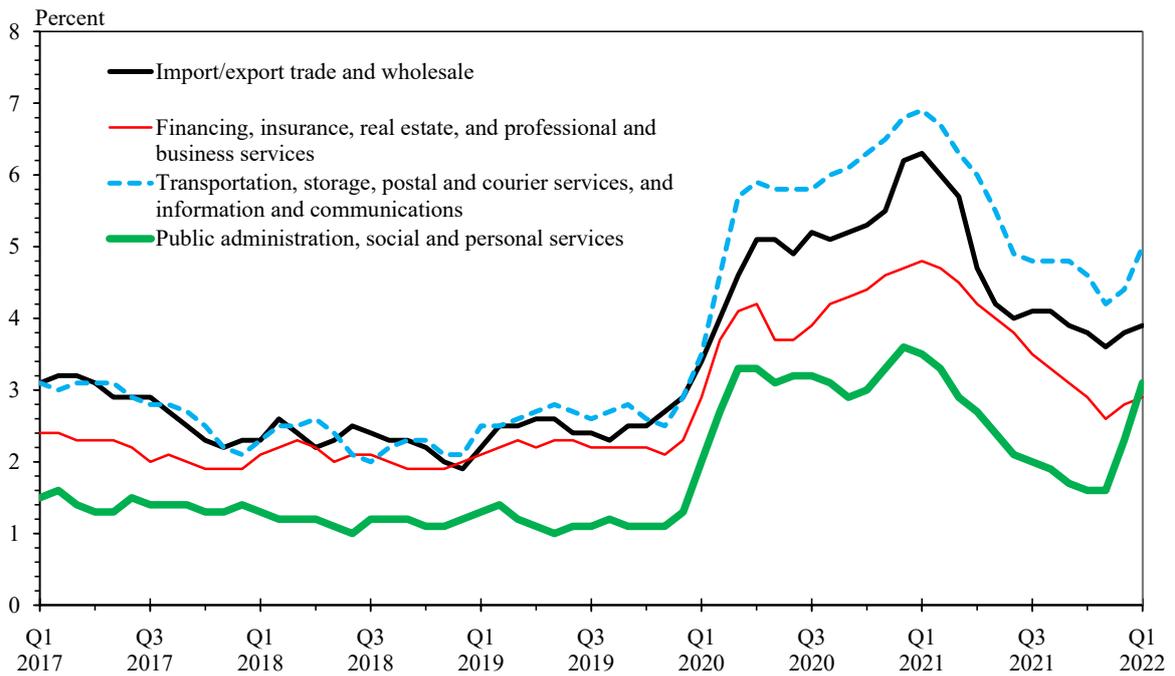
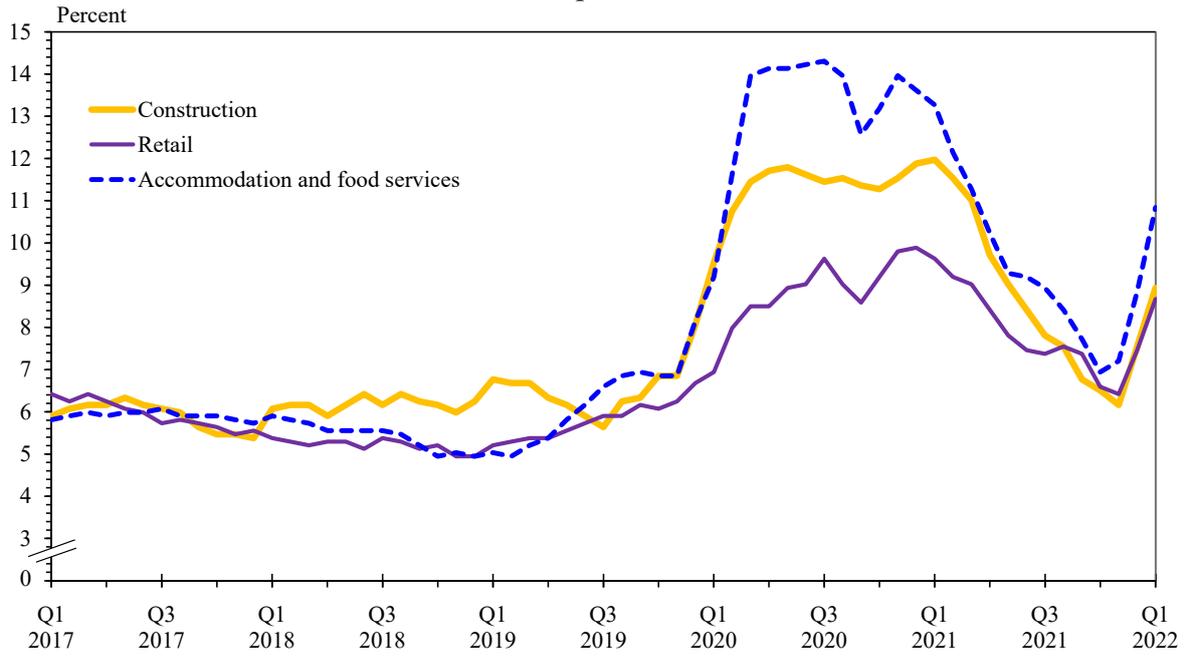
5.4 The seasonally adjusted unemployment rate increased notably by 1.0 percentage point over the preceding quarter to 5.0% in the first quarter of 2022, reversing the downtrend since early 2021. The number of unemployed persons (not seasonally adjusted) increased markedly by 29.8% (or 43 300) to 188 500.

5.5 The unemployment rates of most major sectors increased in the first quarter of 2022 compared with the preceding quarter. The unemployment rate of the retail, accommodation and food services sectors combined (not seasonally adjusted) surged by 3.4 percentage points to 8.9%. Among these sectors, the unemployment rate for food and beverage service activities soared by 5.0 percentage points to 11.0%, and the unemployment rates of the retail sector and the accommodation services sector increased visibly by 2.4 and 1.5 percentage points to 7.7% and 5.6% respectively. Other sectors that saw visible increases in unemployment rates included arts, entertainment and recreation (up 7.3 percentage points to 11.3%), and construction (up 2.8 percentage points to 8.0%). For the *low-paying sectors*<sup>(6)</sup> (LPS) as a whole, the unemployment rate went up notably by 1.9 percentage points to 5.3%.

5.6 Analysed by skill segment, the unemployment rates of both lower-skilled and higher-skilled workers went up, with the former remaining visibly higher than the latter. The unemployment rate of the lower-skilled workers increased by 1.7 percentage points over the preceding quarter to 5.7% in the first quarter of 2022, and that of the higher-skilled workers increased by 0.7 percentage point to 3.2%.

5.7 Analysed by other socio-economic attributes, the unemployment rates increased across all groups in the first quarter of 2022 on a quarter-to-quarter comparison. Analysed by age, the unemployment rates of persons aged 15-24, 50-59, and 60 and over rose the most, by 1.7, 1.8 and 1.7 percentage points to 10.5%, 5.5% and 4.9% respectively. Analysed by level of educational attainment, the unemployment rates for those with primary and below education (up 2.8 percentage points to 5.8%) and those with lower secondary education (up 2.5 percentage points to 7.2%) saw sharp increases.

**Diagram 5.3 : The unemployment rates of most sectors increased in the first quarter of 2022**



**Table 5.4 : Unemployment rates by major economic sector**

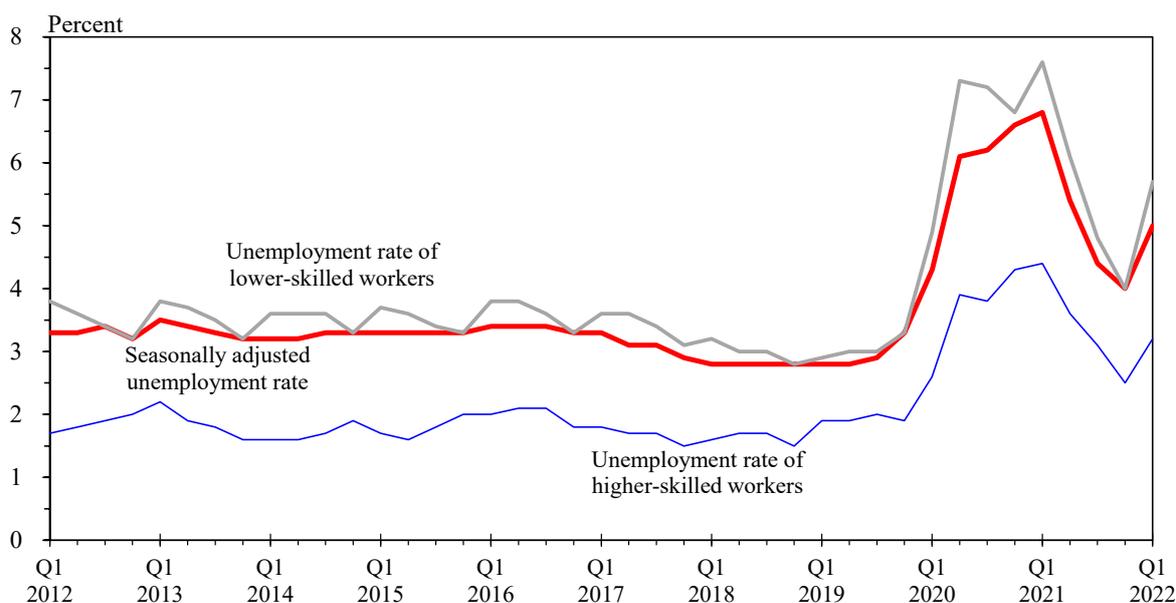
	<u>2021</u>				<u>2022</u>
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>
Import/export trade and wholesale	6.3	4.7	4.1	3.8	3.9
Retail	8.8	7.4	6.2	5.3	7.7
Accommodation and food services	13.0	9.5	8.0	5.7	10.2
Transportation, storage, postal and courier services	7.3	6.6	5.0	4.9	5.3
Information and communications	5.9	4.8	4.4	4.0	4.6
Financing and insurance	3.9	3.1	2.7	2.2	2.3
Real estate	4.2	3.0	2.6	2.0	2.4
Professional and business services	5.7	5.3	4.3	3.8	3.4
Public administration, social and personal services	3.5	2.7	2.0	1.6	3.1
Manufacturing	6.6	6.9	6.8	5.6	5.5
Construction	11.5	8.9	6.7	5.2	8.0
Overall*	6.7 (6.8)	5.5 (5.4)	4.7 (4.4)	3.8 (4.0)	5.0 (5.0)

Notes : \* 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 both lower-skilled and higher-skilled workers went up in the first quarter of 2022**



**Table 5.5 : Unemployment rates\* by skill segment**

	<u>2021</u>				<u>2022</u>
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>
<u>Higher-skilled segment</u>	4.4	3.6	3.1	2.5	3.2
Managers	3.5	3.1	2.0	2.1	2.7
Professionals	3.0	2.6	2.3	1.7	2.0
Associate professionals	5.7	4.5	4.1	3.3	4.1
<u>Lower-skilled segment</u> <sup>^</sup>	7.6	6.1	4.8	4.0	5.7
Clerical support workers	6.1	5.2	4.3	4.3	4.6
Service and sales workers	10.0	7.1	6.2	4.7	7.5
Craft and related workers	10.5	8.4	6.1	4.8	8.8
Plant and machine operators and assemblers	5.9	4.9	3.5	3.3	4.1
Elementary occupations	5.7	5.1	3.5	3.1	4.0

Notes : \* 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>2021</u>				<u>2022</u>
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>
<u>Age</u>					
15-24	13.5	13.7	15.2	8.8	10.5
<i>Of which:</i>					
15-19	16.3	18.1	16.5	11.9	14.3
20-24	13.3	13.3	15.0	8.5	10.1
25-29	7.4	6.3	6.2	5.0	5.9
30-39	5.2	4.2	3.5	3.0	3.7
40-49	5.5	4.7	3.6	3.2	4.2
50-59	7.7	5.9	4.3	3.7	5.5
≥ 60	6.7	4.9	3.6	3.2	4.9
<u>Educational attainment</u>					
Primary education and below	8.5	5.6	4.2	3.0	5.8
Lower secondary education	8.7	7.1	5.7	4.7	7.2
Upper secondary education <sup>^</sup>	7.2	5.9	4.5	3.9	5.4
Post-secondary education	5.4	4.6	4.6	3.5	3.7

Notes : \* 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 Nonetheless, indicators for the intensity of unemployment generally improved in the first quarter of 2022. The long-term unemployment rate (i.e. the proportion of persons unemployed for six months or longer in the labour force) decreased from 1.4% in the fourth quarter of 2021 to 1.2% in the first quarter of 2022. The number of long-term unemployed persons fell from 53 500 to 46 000. The share of long-term unemployed persons in total unemployment fell by 12.4 percentage points to 24.4%. The median duration of unemployment shortened from 100 days to 69 days, though remained longer than the pre-recession level of 65 days. Meanwhile, the proportion of dismissal or lay-offs in the total number of unemployed persons (not including first-time job-seekers and re-entrants into the labour force) declined by 4.6 percentage points to 50.1%, but was still notably higher than the pre-recession level of 43.0%.

### **Profile of underemployment**

5.9 The underemployment rate increased markedly by 1.4 percentage points over the preceding quarter to 3.1% in the first quarter of 2022. The number of underemployed persons went up sharply by 75.5% or 50 400 to 117 000. Analysed by sector, the underemployment rate of the retail, accommodation and food services sectors combined increased markedly by 4.2 percentage points to 6.0%. Among these sectors, the underemployment rate for food and beverage service activities soared by 8.1 percentage points to 10.1%, and the underemployment rates of the retail sector and the accommodation services sector increased by 1.4 and 2.0 percentage points to 3.1% and 3.9% respectively. The underemployment rates of most other sectors also went up, particularly in arts, entertainment and recreation (up 7.3 percentage points to 10.5%). Analysed by skill segment, the underemployment rate of the lower-skilled segment increased visibly by 1.9 percentage points over the preceding quarter to 4.2%, and that of the higher-skilled segment rose by 0.5 percentage point to 1.4%.

## Profile of employment in establishments

5.10 The quarterly statistics collected from private sector establishments on employment, vacancies, wages and payroll are available only up to December 2021, which were yet to reflect the deterioration of labour market in the first quarter of 2022 amid the fifth wave of local epidemic. Attempts have been made to bring the analysis more up-to-date by drawing reference to information from supplementary sources wherever possible.

5.11 Overall labour demand continued to strengthen in the fourth quarter of 2021 thanks to the economic recovery, stable local epidemic situation and additional support to local consumption activities from the Consumption Voucher Scheme at that time. Total private sector employment increased further over three months ago to 2 722 900 in December 2021, and recorded an accelerated year-on-year growth of 1.3%. Employment in many selected sectors increased over a year earlier, more notably for manual workers at construction sites (up 10.9%), food and beverage services (up 7.4%), accommodation services (up 7.0%), and real estate (up 5.7%), though the increases in some of these sectors reflected in part the low bases of comparison. Meanwhile, employment in some other sectors fell, notably manufacturing (down 6.7%), and information and communications (down 1.7%). Analysed by establishment size, employment in *small and medium-sized enterprises (SMEs)*<sup>(7)</sup> and large enterprises rose by 1.8% and 0.9% respectively. As for the civil service, employment decreased modestly by 0.2%.

**Table 5.7 : Employment by major economic sector**

	<u>2020</u>					<u>2021</u>				
	<u>Annual average</u>	<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	<u>Dec</u>	<u>Annual average</u>	<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	<u>Dec</u>
Import/export trade and wholesale	452 300 (-10.8)	475 400 (-8.5)	450 200 (-12.0)	444 700 (-11.3)	439 000 (-11.4)	436 000 (-3.6)	434 600 (-8.6)	434 900 (-3.4)	435 100 (-2.2)	439 500 (0.1)
Retail	251 100 (-6.3)	254 900 (-6.5)	249 400 (-8.1)	249 800 (-6.5)	250 300 (-4.1)	249 500 (-0.6)	249 900 (-2.0)	248 100 (-0.5)	248 500 (-0.5)	251 400 (0.5)
Accommodation <sup>(a)</sup> and food services	246 600 (-13.8)	259 500 (-11.7)	248 700 (-15.3)	242 000 (-13.8)	236 100 (-14.4)	250 000 (1.4)	239 900 (-7.5)	252 000 (1.3)	254 500 (5.1)	253 500 (7.4)
Transportation, storage, postal and courier services	173 800 (-3.7)	177 300 (-1.9)	176 100 (-2.3)	175 000 (-3.0)	166 800 (-7.5)	166 900 (-4.0)	165 500 (-6.7)	168 700 (-4.2)	167 200 (-4.4)	166 000 (-0.4)
Information and communications	110 200 (-0.3)	109 700 (-0.8)	110 800 (-0.2)	110 300 (-0.1)	109 900 (-0.3)	108 600 (-1.4)	109 300 (-0.4)	108 800 (-1.8)	108 400 (-1.7)	108 100 (-1.7)
Financing, insurance, real estate, professional and business services	761 700 (0.2)	758 800 (§)	759 900 (-0.1)	764 600 (0.5)	763 500 (0.4)	767 900 (0.8)	761 600 (0.4)	765 700 (0.8)	772 000 (1.0)	772 400 (1.2)
Social and personal services	532 000 (-0.6)	532 300 (0.3)	531 000 (-0.5)	531 800 (-0.9)	532 900 (-1.3)	534 500 (0.5)	534 700 (0.5)	532 500 (0.3)	533 600 (0.3)	537 300 (0.8)
Manufacturing	83 400 (-4.0)	84 200 (-4.8)	84 200 (-3.7)	83 300 (-3.5)	81 900 (-4.1)	78 800 (-5.5)	81 200 (-3.6)	79 200 (-6.0)	78 400 (-5.9)	76 500 (-6.7)
Construction sites (covering manual workers only)	97 200 (-4.5)	101 100 (-5.9)	97 600 (-4.9)	93 900 (-3.1)	96 100 (-3.8)	105 400 (8.5)	102 700 (1.6)	106 100 (8.6)	106 300 (13.2)	106 600 (10.9)
<i>All establishments surveyed in the private sector<sup>(b)</sup></i>	2 719 500 (-4.5)	2 764 300 (-3.8)	2 719 000 (-5.1)	2 706 900 (-4.4)	2 687 900 (-4.7)	2 709 100 (-0.4)	2 690 700 (-2.7)	2 707 300 (-0.4)	2 715 500 (0.3)	2 722 900 (1.3)
		<-1.8>	<-1.6>	<-0.5>	<-0.9>		<0.3>	<0.7>	<0.3>	<0.1>
<i>Civil service<sup>(c)</sup></i>	177 200 (0.7)	177 700 (1.6)	177 300 (1.2)	176 800 (0.1)	177 000 (-0.2)	176 900 (-0.2)	177 600 (-0.1)	176 900 (-0.3)	176 400 (-0.2)	176 600 (-0.2)

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

(b) 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.

(c) 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.

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

§ Change less than 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 Reflecting the strengthening in labour demand at that time, the number of private sector vacancies continued to increase visibly over three months ago to 60 980 in December 2021, and was sharply higher than the year-ago level by 74.0%.

5.13 The numbers of vacancies in all selected sectors increased on a year-on-year comparison in December 2021, particularly for manual workers at construction sites (up 232.1%), accommodation services (up 225.5%), arts, entertainment, recreation and other services (up 206.5%), food and beverage services (up 180.3%), human health services (up 152.9%), manufacturing (up 139.5%), transportation, storage, postal and courier services (up 101.9%), and retail (up 81.4%). Analysed by skill segment, the numbers of vacancies in lower-skilled and higher-skilled segments increased markedly by 89.9% and 55.9% respectively. Analysed by establishment size, the numbers of vacancies in SMEs and large enterprises increased by 75.3% and 73.4% respectively. Separately, the number of job openings in the civil service increased by 6.3% to 15 980.

5.14 The ratio of job vacancies per 100 unemployed persons rose further from 30 in September 2021 to 42 in December 2021. Analysed by skill segment, the ratio in the higher-skilled segment increased from 52 to 67, and that in the lower-skilled segment went up from 27 to 38. Manpower shortage situation continued to be acute in the human health services sector and the residential care and social work services sector, where the ratios rose from 193 and 185 to 234 and 205 respectively.

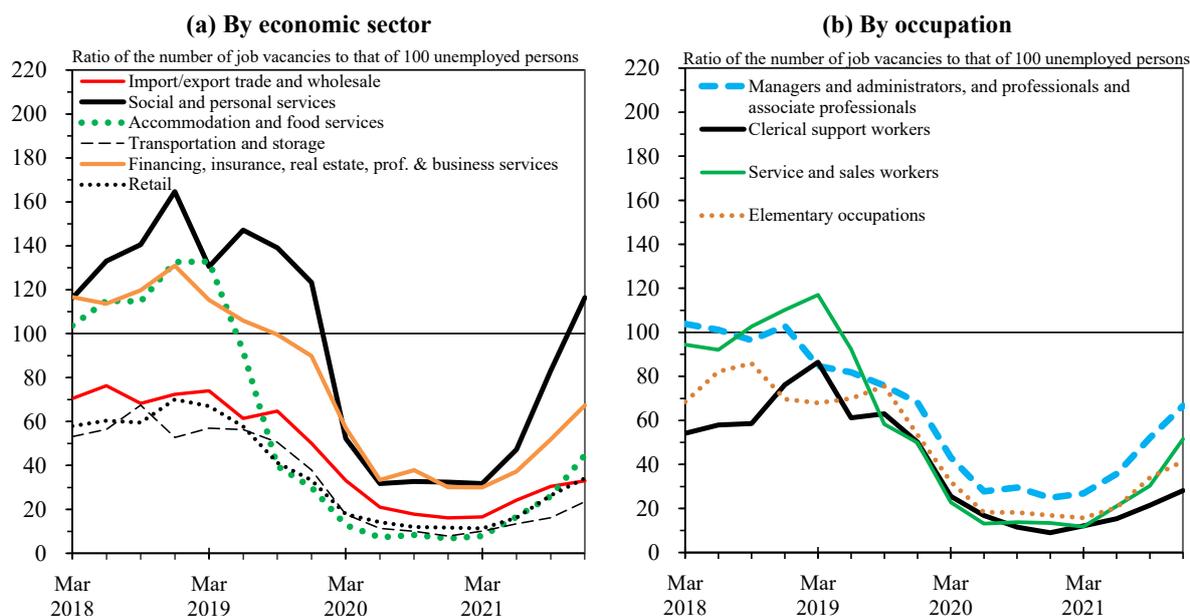
**Table 5.8 : Vacancies by major economic sector**

	<u>Number of vacancies</u>										Vacancy rate in Dec 2021 (%)
	<u>2020</u>					<u>2021</u>					
	<u>Annual average</u>	<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	<u>Dec</u>	<u>Annual average</u>	<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	<u>Dec</u>	
Import/export trade and wholesale	3 450 (-42.9)	4 080 (-40.1)	3 670 (-43.3)	3 180 (-48.4)	2 880 (-39.4)	3 880 (12.4)	3 510 (-13.9)	3 840 (4.8)	4 070 (27.9)	4 090 (41.9)	0.9
Retail	3 060 (-54.3)	3 050 (-63.5)	3 160 (-58.8)	3 140 (-47.3)	2 910 (-40.2)	4 100 (33.9)	2 970 (-2.6)	3 450 (9.4)	4 710 (49.8)	5 270 (81.4)	2.1
Accommodation <sup>(a)</sup> and food services	2 830 (-69.4)	2 910 (-80.2)	2 840 (-74.6)	3 180 (-49.1)	2 400 (-50.6)	4 950 (74.8)	2 760 (-5.2)	4 330 (52.4)	5 760 (81.2)	6 960 (189.8)	2.7
Transportation, storage, postal and courier services	2 180 (-43.6)	2 590 (-45.8)	2 280 (-44.2)	2 090 (-45.0)	1 760 (-37.4)	2 900 (32.8)	2 520 (-2.9)	2 930 (28.5)	2 580 (23.4)	3 560 (101.9)	2.1
Information and communications	1 900 (-33.2)	2 190 (-25.6)	2 040 (-32.9)	1 740 (-39.4)	1 650 (-35.6)	2 090 (9.5)	1 670 (-24.1)	1 930 (-5.5)	2 290 (31.8)	2 460 (49.6)	2.2
Financing, insurance, real estate, professional and business services	13 010 (-31.8)	14 660 (-28.7)	12 360 (-38.6)	13 060 (-29.6)	11 950 (-29.7)	15 080 (15.9)	12 980 (-11.4)	14 000 (13.3)	16 000 (22.5)	17 330 (45.0)	2.2
Social and personal services	11 300 (-32.4)	11 400 (-36.2)	11 650 (-32.3)	11 490 (-31.3)	10 660 (-29.2)	15 630 (38.3)	11 970 (5.1)	13 550 (16.3)	17 570 (52.9)	19 430 (82.3)	3.5
Manufacturing	710 (-68.0)	760 (-69.6)	750 (-71.7)	760 (-60.3)	560 (-68.5)	1 030 (45.4)	690 (-9.0)	940 (24.4)	1 150 (50.7)	1 350 (139.5)	1.7
Construction sites (covering manual workers only)	240 (-64.6)	500 (-42.6)	240 (-68.5)	140 (-75.2)	80 (-84.3)	190 (-22.0)	80 (-84.3)	250 (2.5)	160 (14.7)	260 (232.1)	0.2
<i>All establishments surveyed in the private sector<sup>(b)</sup></i>	<i>38 840 (-42.6)</i>	<i>42 270 (-46.9)</i>	<i>39 120 (-46.7)</i>	<i>38 910 (-38.3)</i>	<i>35 060 (-35.6)</i>	<i>50 080 (28.9)</i>	<i>39 350 (-6.9)</i>	<i>45 440 (16.2)</i>	<i>54 560 (40.2)</i>	<i>60 980 (74.0)</i>	<i>2.2</i>
		<-24.2>	<-7.2>	<-0.5>	<-7.9>		<9.6>	<15.7>	<19.9>	<14.5>	
<i>Civil service<sup>(c)</sup></i>	<i>12 560 (24.8)</i>	<i>10 660 (8.6)</i>	<i>11 320 (10.3)</i>	<i>13 240 (32.7)</i>	<i>15 040 (47.4)</i>	<i>15 660 (24.6)</i>	<i>15 140 (42.0)</i>	<i>15 540 (37.3)</i>	<i>15 960 (20.6)</i>	<i>15 980 (6.3)</i>	<i>8.3</i>

- Notes :
- Vacancy rate refers to the ratio of vacancies to total employment opportunities (actual employment plus vacancies).
  - (a) Accommodation services sector covers hotels, guesthouses, boarding houses and other establishments providing short-term accommodation.
  - (b) 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.
  - (c) These figures cover only vacancies for those staff to be employed on civil service terms of appointment.
  - ( ) % change over a year earlier.
  - <> 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 continued to improve in December 2021**



5.15 The vacancy rate for private sector establishments, measured in terms of the number of job vacancies as a percentage of total employment opportunities, went up further from 2.0% in September 2021 to 2.2% in December 2021. The vacancy rates of most major sectors increased, notably in accommodation services, and arts, entertainment and recreation.

5.16 Information on job vacancies in the private sector received by the Labour Department (LD) could provide some indications on the latest developments in the labour market since entering 2022. The number of such vacancies fell sharply by 44% from the preceding quarter to a monthly average of 59 700 in the first quarter of 2022, and was 3% lower than the year-ago level.

## Wages and earnings

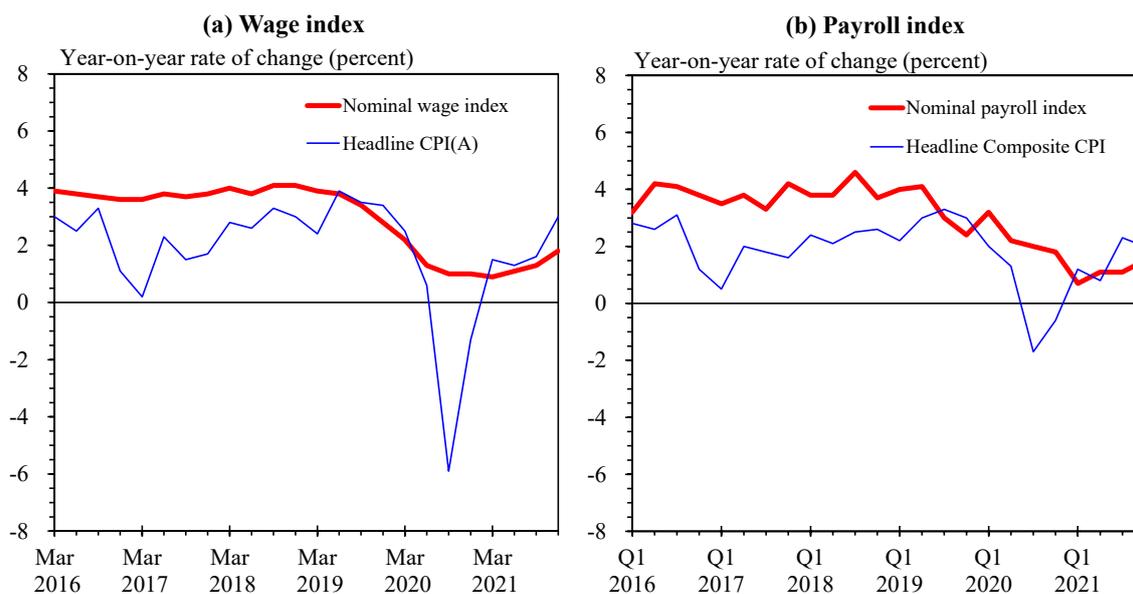
5.17 Both nominal wages and labour earnings on average showed slightly faster year-on-year increases in the fourth quarter of 2021, thanks to the economic recovery at that time. The year-on-year increase in the average nominal wage rate, as measured by the nominal *wage* index for all selected industry sections which covers regular payment to employees at the supervisory level or below, accelerated from 1.3% in September 2021 to 1.8% in December. After discounting for headline inflation<sup>(8)</sup>, wages in real terms decreased by 1.1% in December, as the year-on-year increase in the headline Consumer Price Index (A) in that month was enlarged by the low base caused by the Government's one-off relief measures a year earlier.

5.18 The average nominal wage rates in most selected sectors saw year-on-year increases in December 2021, more notably for those in real estate leasing and maintenance management (up 3.1%), and financial and insurance activities (up 2.8%). Meanwhile, average nominal wage rate in the transportation sector declined slightly by 0.2%. Analysed by occupation, most selected occupations recorded year-on-year increases in average nominal wage rates, more visibly for miscellaneous non-production workers (up 2.9%). The exception was that for operatives, which edged down by 0.1%.

5.19 *Labour earnings*<sup>(9)</sup>, as measured by the index of payroll per person engaged for all selected industry sections which also covers overtime pay, discretionary bonuses and other irregular payments, likewise saw its year-on-year increase in nominal terms accelerate from 1.1% in the third quarter of 2021 to 1.5% in the fourth quarter. After adjusting for inflation, labour earnings declined by 0.4% in real terms in the fourth quarter, as the headline Composite Consumer Price Index (CCPI) recorded a faster increase in that quarter due to the low base effect caused by the Government's one-off measures implemented a year earlier.

5.20 On a year-on-year comparison, labour earnings in most major sectors increased in the fourth quarter of 2021. In particular, with the support provided by the Consumption Voucher Scheme, businesses and thus labour earnings in accommodation and food service activities, and retail trade registered accelerated growth of 3.0% and 1.2% respectively. On the other hand, labour earnings in the transportation, storage, postal and courier services sector, and the social and personal services sector declined modestly by 0.3% and 0.2% respectively.

**Diagram 5.6 : Both nominal wages and labour earnings on average showed slightly faster year-on-year increases in the fourth quarter of 2021**



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.

5.21 More recent statistics from the GHS, though not strictly comparable to those from the business establishment surveys, indicated that the increase in earnings of low-income workers decelerated slightly in nominal terms in the first quarter of 2022. *Average monthly employment earnings*<sup>(10)</sup> of full-time employees (excluding foreign domestic helpers) of the lowest three decile groups combined rose by 3.8% year-on-year in nominal terms, slightly slower than the 4.0% increase in the preceding quarter. The pace of increase was still faster than the headline and underlying CPI(A) inflation rates, which were 1.5% and 1.6% respectively in the same quarter. Meanwhile, the median monthly household income (excluding foreign domestic helpers) rose visibly by 6.3% year-on-year in nominal terms partly due to a low base of comparison.

## **Highlights of labour-related measures and policy developments**

5.22 In response to the challenges brought about by the fifth wave of local epidemic, the Government has rolled out various measures to support enterprises and preserve employment, paving the way for a speedy recovery once the local epidemic subsides. In particular, the Government has earmarked an additional funding of \$6.6 billion for a further round of the Job Creation Scheme under the sixth round of the Anti-epidemic Fund, which will create an additional 30 000 time-limited jobs in the public and private sectors. Also, the Temporary Unemployment Relief was launched in March 2022 to provide a one-off subsidy of \$10,000 to people who have lost their jobs due to the fifth wave of local epidemic, so as to reduce their financial stress before they return to work. Moreover, the Government announced the 2022 Employment Support Scheme (ESS) to provide wage subsidies to employers for three months from May to July 2022, to help them retain current employees or even employ more staff. The total amount of wage subsidies under the 2022 ESS is estimated to be about \$39 billion, benefitting around 1.6 million employees and 140 000 self-employed persons. Separately, the fifth tranche of the Love Upgrading Special Scheme was launched by the Employees Retraining Board in January 2022 for six months until end-June, providing another 20 000 training places with allowance.

5.23 In view of the local outbreak of the fifth wave of local epidemic, LD suspended the organisation of physical job fairs in the first quarter of 2022 to reduce the risk of cross infection posed by the congregation of people. Instead, LD organised an online job fair in March 2022. Over 50 organisations participated in the online job fair, offering more than 2 500 vacancies from various industries including property management, catering, retail, etc. Moreover, LD continued to provide employment and recruitment services through telephone and online platforms such as the Interactive Employment Service website.

5.24 Starting 2022, the number of statutory holidays is increased from 12 days to 13 days this year (the Birthday of the Buddha is the newly added one), and it will be further increased progressively in the coming years, with one additional day every two years, to 17 days by 2030.

5.25 The Employment (Amendment) Bill 2022 (Bill) was introduced into the Legislative Council in March 2022. Among others, the Bill seeks to amend the Employment Ordinance (Cap. 57)(EO) to make it explicit that the absence from work of employees for compliance with a requirement with restriction on movement imposed under the Prevention and Control of Disease Ordinance (Cap.

599) will be deemed as sickness day(s) under EO and to provide for sickness allowance payable to eligible employees under the above circumstances, subject to the fulfilment of the relevant criteria under EO. Upon passage of the Bill, it will come into operation on the day the amendment ordinance is published in the Gazette.

## 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. These statistics for periods after mid-2016 have been revised based on the latest population benchmark from the results of the 2021 Population Census.

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) Manufacturing enterprises which employ fewer than 100 persons and non-manufacturing enterprises which employ fewer than 50 persons are regarded as small and medium-sized enterprises (SMEs) in Hong Kong. Yet, establishments with the same business registration number and engaged in the same industry/services group are combined into one business unit (enterprise) for the purpose of calculating the number of SMEs. Thus, a business with a lot of small chain stores each employing a small number of persons will be considered as a single large enterprise, instead of separate SMEs. An establishment is an economic unit which engages, under a single ownership or control, in one or predominantly one kind of economic activity at a single physical location (e.g. a branch or an outlet of a company).
- (8) 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.
- (9) 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.
- (10) The average (mean) monthly employment earnings are easily affected by extreme values in the survey sample, more so when reckoned for higher-end workers. They should therefore be interpreted with caution, in particular when they are compared over time.

## CHAPTER 6 : PRICES

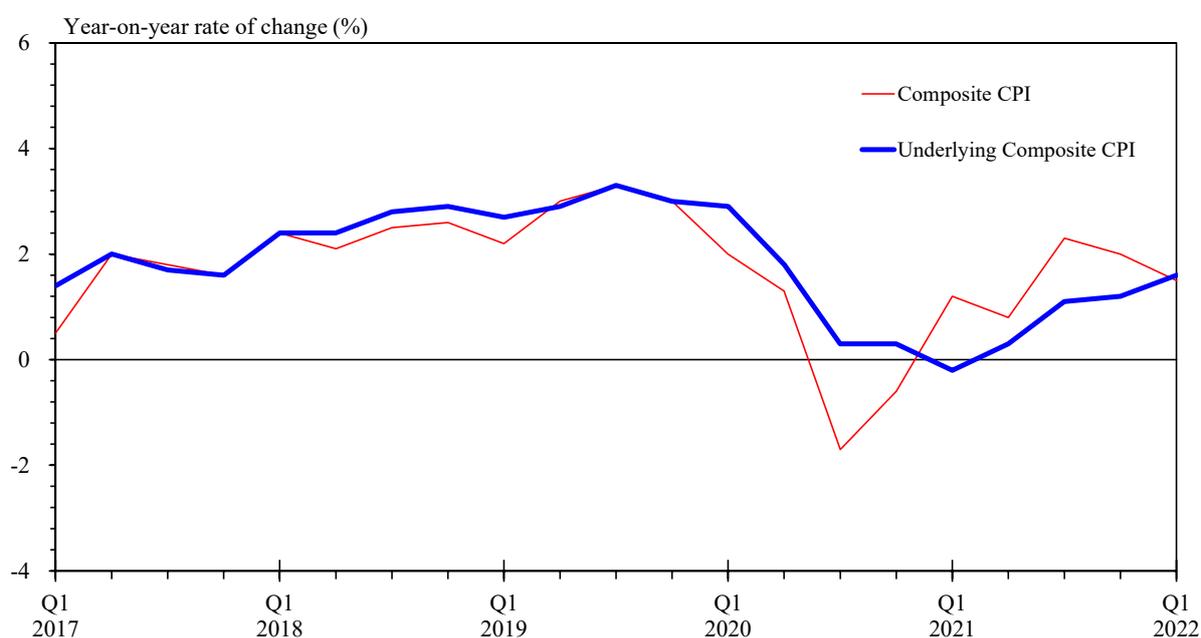
### *Summary*

- *Inflationary pressures increased further in the first quarter of 2022, but remained moderate in overall terms. The underlying Composite Consumer Price Index (Composite CPI)<sup>(1)</sup>, which nets out the effects of the Government's one-off relief measures to reflect the underlying inflation trend, rose by 1.6% year-on-year in the first quarter, up from 1.2% in the preceding quarter. Prices of basic food picked up visibly amid epidemic-induced temporary supply disruptions. Prices of energy-related items as well as clothing and footwear also recorded notable increases partly due to the low bases of comparison. Nonetheless, price pressures on other major components were broadly in check. Private housing rentals continued to decline though at a narrowed rate.*
- *The headline Composite CPI rose by 1.5% year-on-year in the first quarter, having risen by 2.0% in the preceding quarter. The headline inflation rate was marginally lower than the underlying inflation rate in the first quarter, as the effect of the Government's provision of additional electricity charge subsidy slightly outweighed that of a lower quarterly ceiling of rates concession for domestic tenement.*
- *Domestic business cost pressures were mild, with commercial rentals staying soft and wage growth remaining moderate.*
- *External price pressures continued to intensify. On top of the pandemic-induced supply chain and transportation disruptions, tension in Ukraine pushed up international commodity and energy prices and thus inflation in many major economies<sup>(2)</sup>. Against this backdrop, the year-on-year increase in prices of overall merchandise imports accelerated further.*

## Consumer prices

6.1 Underlying consumer price inflation increased further in the first quarter of 2022, but remained moderate in overall terms. Food prices showed a faster year-on-year increase, led by the visible pick-up in prices of basic food amid epidemic-induced temporary supply disruptions. Prices of energy-related items as well as clothing and footwear also recorded notable increases, partly due to the low bases of comparison. Nonetheless, price pressures on other major components were broadly in check. Private housing rentals continued to decline, though at a narrowed rate as the earlier increase in fresh-letting residential rentals gradually fed through. Domestic business cost pressures were mild, with commercial rentals staying soft and wage growth remaining moderate. External price pressures continued to intensify. On top of the pandemic-induced supply chain and transportation disruptions, the tense situation in Ukraine also pushed up international commodity and energy prices and thus inflation in many major economies. As a result, the year-on-year increase in prices of overall merchandise imports accelerated further.

**Diagram 6.1: Underlying consumer price inflation rose further in the first quarter, but remained moderate in overall terms**



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 Composite CPI, which nets out the effects of the Government's one-off relief measures to reflect the underlying inflation trend, rose by 1.6% year-on-year in the first quarter of 2022, up from 1.2% in the preceding quarter. Meanwhile, the headline Composite CPI rose by 1.5% over a year earlier, having risen by 2.0% in the preceding quarter. The headline rate was marginally lower than the underlying rate in the first quarter as the effect of the Government's provision of additional electricity charge subsidy slightly outweighed that of a lower quarterly ceiling of rates concession for domestic tenement.

**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<sup>(a)</sup></u>	<u>Headline</u>			
2021	Annual	0.6	1.6	2.9	1.0	0.9
	H1	*	1.0	2.5	0.3	0.2
	H2	1.2	2.1	3.2	1.6	1.5
	Q1	-0.2	1.2	3.3	0.3	*
	Q2	0.3	0.8	1.6	0.4	0.4
	Q3	1.1	2.3	4.0	1.4	1.3
	Q4	1.2	2.0	2.5	1.8	1.7
2022	Q1	1.6	1.5	1.5	1.5	1.6

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

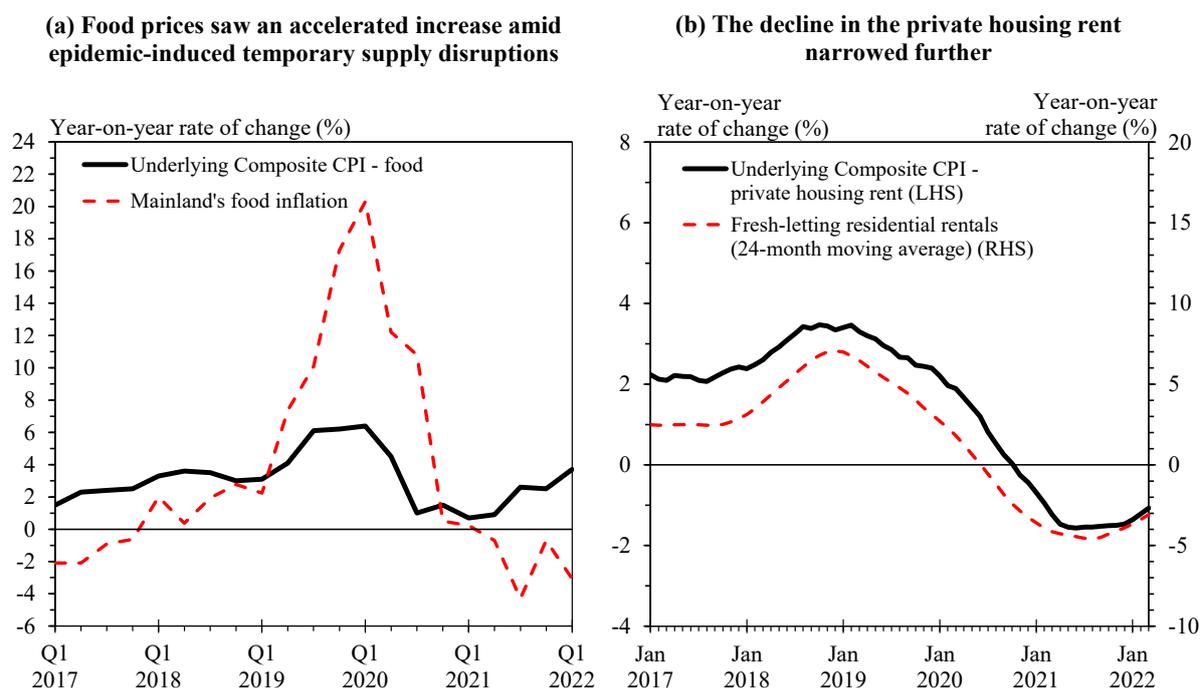
2021	Q1	0.3	1.1	1.6	0.9	0.6
	Q2	0.4	0.3	0.3	0.2	0.4
	Q3	0.3	-0.8	-2.2	-0.2	0.2
	Q4	0.3	1.4	2.7	0.9	0.5
2022	Q1	0.6	0.7	0.7	0.6	0.5

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, allowances for household electricity charges, and waiver of examination fees.

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

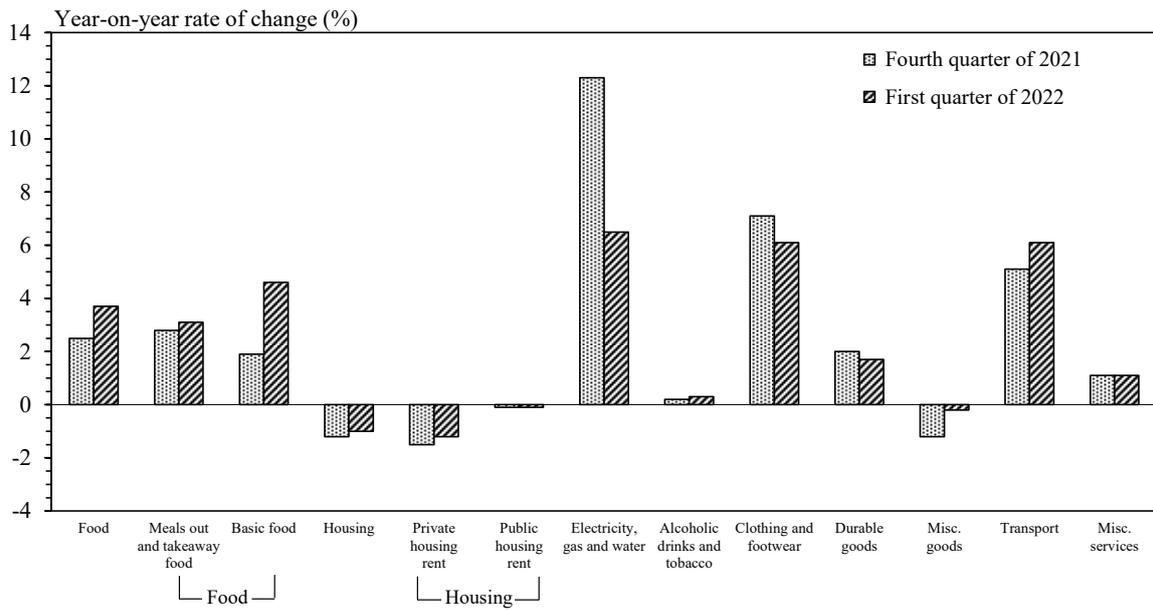
6.3 Analysed by major component of the underlying Composite CPI, the year-on-year rate of increase in food prices, the component with the largest weight other than housing, accelerated to 3.7% in the first quarter of 2022. Within food prices, prices of basic food posted a visible increase of 4.6%, as the supply of certain food items from the Mainland, especially fresh vegetables, was temporarily affected by the epidemic-induced transportation disruptions. Meanwhile, prices of meals out and takeaway food rose further by 3.1% over a year earlier. The year-on-year decline in the private housing rental component narrowed further to 1.2%, reflecting the gradual feed-through of the earlier increase in fresh-letting residential rentals. Prices of transport saw a faster increase, partly due to higher motor fuel prices. The increase in prices of electricity, gas and water remained visible amid elevated international energy prices. Prices of clothing and footwear continued to increase notably against a low base of comparison, while those of durable goods and miscellaneous services showed steady increases. Meanwhile, prices of miscellaneous goods saw a narrowed decline.

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

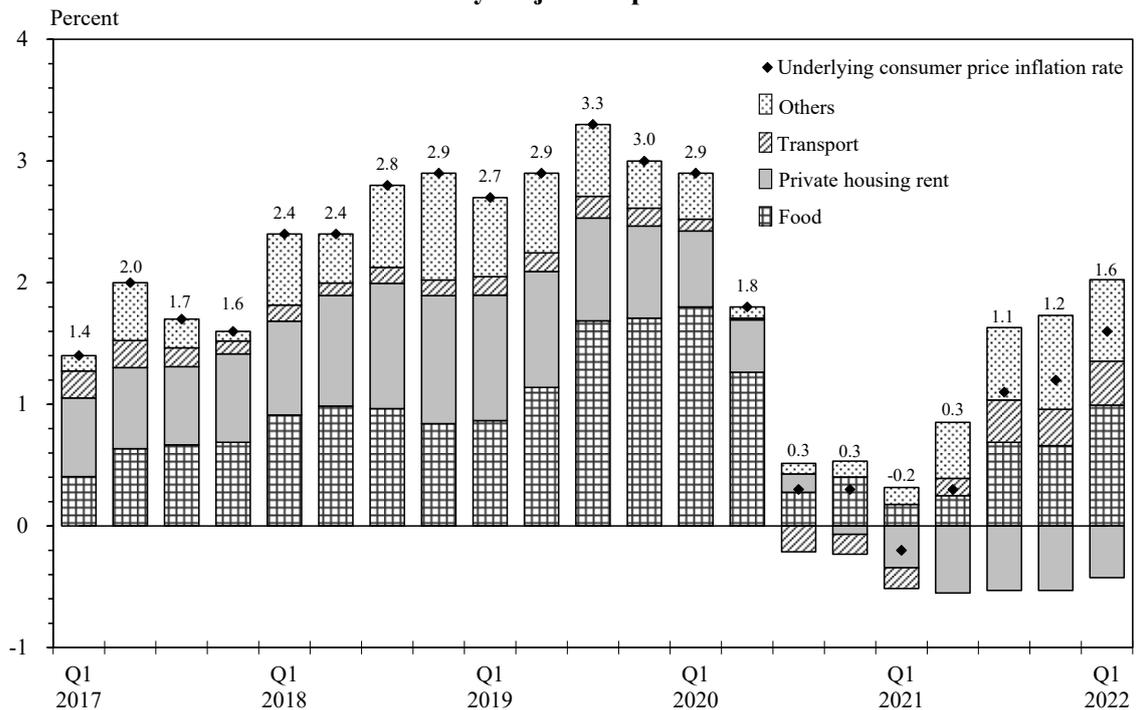


Note : The year-on-year rates of change of the CPI from the fourth quarter of 2020 onwards are computed from the new 2019/20-based series, and those before are from the old 2014/15-based series.

**Diagram 6.3 (a) : Among components of underlying CPI, prices of basic food, energy-related items and clothing and footwear recorded notable increases in the first quarter**



**Diagram 6.3 (b) : Contribution to underlying consumer price inflation rate by major component**



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.

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

<u>Expenditure component</u>	<u>Weighting (%)</u>	<u>2020<sup>(b)</sup></u>	<u>Annual</u>	<u>2021</u>				<u>2022</u>
				<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>
Food	27.41	3.3	1.7	0.7	0.9	2.6	2.5	3.7
<i>Meals out and takeaway food</i>	17.05	0.8	1.8	*	1.0	3.6	2.8	3.1
<i>Basic food</i>	10.36	7.7	1.4	1.8	1.1	1.0	1.9	4.6
Housing <sup>(a)</sup>	40.25	1.3 (-0.1)	-0.7 (0.3)	-0.1 (1.7)	-0.7 (-0.7)	-0.9 (1.0)	-1.2 (-0.6)	-1.0 (-0.3)
<i>Private housing rent</i>	35.46	0.9 (1.1)	-1.4 (-1.3)	-1.0 (-1.0)	-1.6 (-1.6)	-1.5 (-1.6)	-1.5 (-0.8)	-1.2 (-0.5)
<i>Public housing rent</i>	1.87	3.3 (-21.0)	6.1 (29.3)	9.6 (59.2)	9.4 (11.0)	6.1 (100.3)	-0.1 (2.0)	-0.1 (2.0)
Electricity, gas and water	2.82	0.6 (-20.6)	4.7 (27.0)	* (25.4)	2.2 (26.0)	4.8 (20.5)	12.3 (37.0)	6.5 (-2.4)
Alcoholic drinks and tobacco	0.49	0.5	0.1	0.6	-0.1	-0.4	0.2	0.3
Clothing and footwear	2.42	-5.2	3.3	-1.5	2.1	5.4	7.1	6.1
Durable goods	4.00	-2.7	1.0	-0.5	0.7	2.1	2.0	1.7
Miscellaneous goods	3.32	3.1	-3.1	-4.2	-4.1	-2.8	-1.2	-0.2
Transport	6.17	-1.0	2.6	-2.8	2.4	5.9	5.1	6.1
Miscellaneous services	13.12	0.8 (0.8)	0.7 (0.7)	0.5 (0.5)	0.6 (0.6)	0.9 (0.8)	1.1 (1.0)	1.1 (1.0)
All items	100.00	1.3 (0.3)	0.6 (1.6)	-0.2 (1.2)	0.3 (0.8)	1.1 (2.3)	1.2 (2.0)	1.6 (1.5)

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.

(b) Splicing has been applied to the two sets of CPI series in order to obtain better estimates of the rates of change for the year 2020.

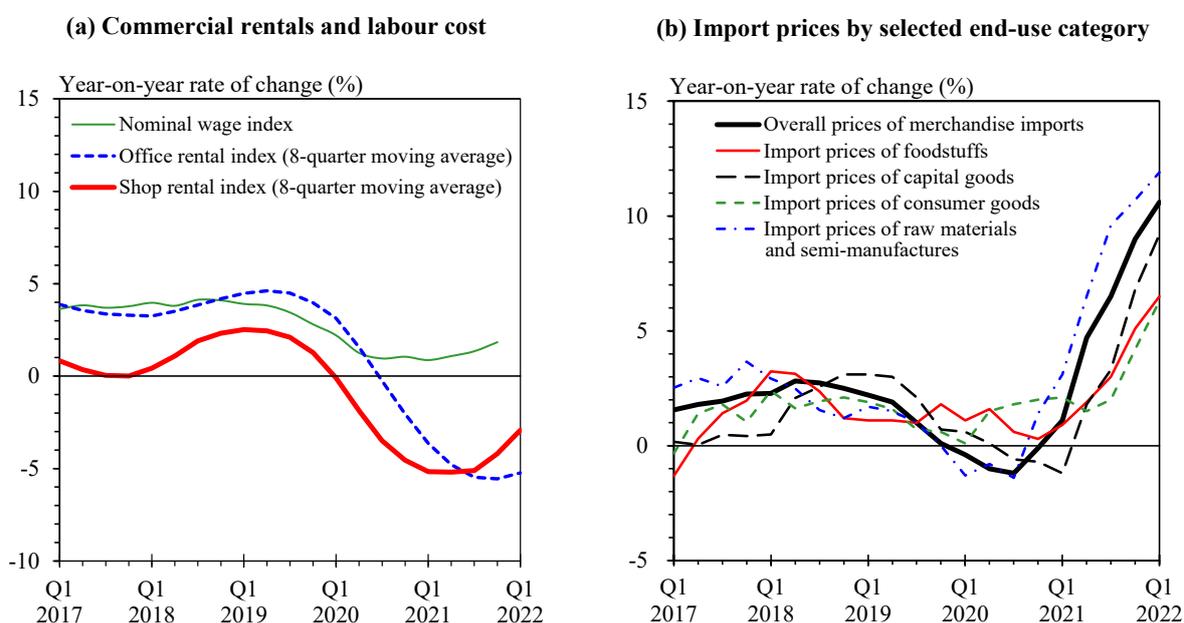
( ) Figures in brackets represent the headline rates of change before netting out the effects of Government's one-off relief measures.

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

## Costs of factor inputs and import prices

6.4 Domestic cost pressures remained mild in the first quarter of 2022. Nominal wage growth was still moderate. Commercial rentals faced by businesses stayed soft. As a proxy, the eight-quarter moving average of office rentals declined by 5.2% in the first quarter and that of shop rentals by 2.9%. Reportedly, some landlords of commercial properties provided temporary rental relief to their tenants in view of the severe disruptions to business caused by the fifth wave of local epidemic.

**Diagram 6.4 : Domestic cost pressures remained mild;  
external price pressures intensified further**



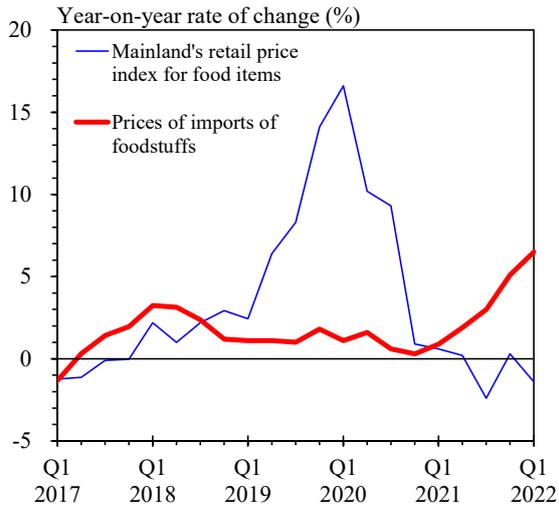
6.5 External price pressures intensified further in the first quarter of 2022. On top of pandemic-induced supply chain and transportation disruptions, the tense situation in Ukraine in the latter part of the quarter pushed up international commodity and energy prices, resulting in higher inflation in many major economies. Against this backdrop, the year-on-year increase in prices of merchandise imports accelerated further from 9.0% in the preceding quarter to 10.6% in the first quarter. Notable price pressures were seen in imports of all major end-use categories. Import prices of fuels surged by 53.0%. Import prices of raw materials and semi-manufactures registered a marked increase of 11.9%. The increases in import prices of capital goods, foodstuffs and consumer goods went up to 9.2%, 6.5% and 6.3% respectively.

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

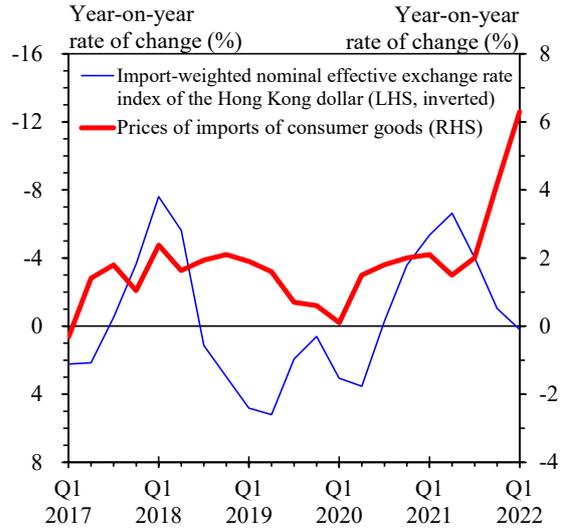
		<u>Foodstuffs</u>	<u>Consumer goods</u>	<u>Raw materials and semi-manufactures</u>	<u>Fuels</u>	<u>Capital goods</u>	<u>All</u>
2021	Annual	2.6	2.5	7.6	39.8	2.9	5.5
	H1	1.3	1.9	4.8	18.1	0.4	2.9
	H2	4.1	3.1	10.1	63.7	5.1	7.8
	Q1	0.9	2.1	3.1	-9.5	-1.2	1.1
	Q2	1.9	1.5	6.5	61.5	1.8	4.7
	Q3	3.0	2.0	9.6	53.4	3.3	6.5
	Q4	5.1	4.2	10.7	74.2	6.8	9.0
2022	Q1	6.5	6.3	11.9	53.0	9.2	10.6

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

**(a) Import prices of foodstuffs picked up further**

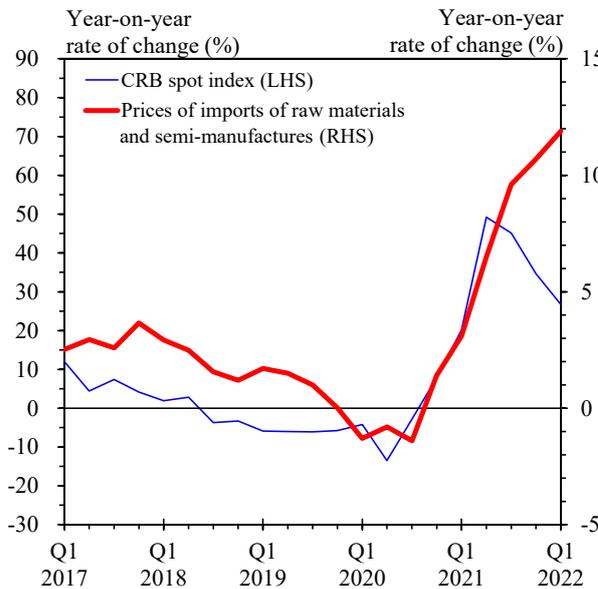


**(b) Import prices of consumer goods saw an accelerated increase**

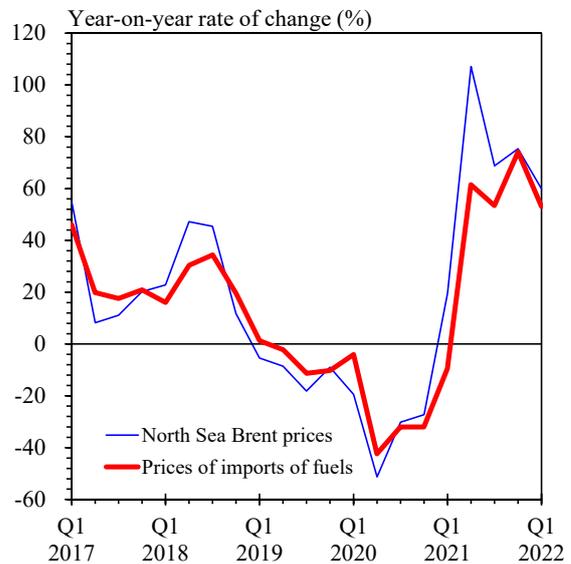


Note : An increase in the nominal EERI indicates strengthening of the Hong Kong dollar. The y-axis of nominal EERI in this graph is inverted for easier comprehension.

**(c) Import prices of raw materials and semi-manufactures rose markedly**



**(d) Import prices of fuels surged**



## Output prices

6.6 Output prices, as measured by the *Producer Price Indices*<sup>(3)</sup>, saw increases in most sectors in 2021. Output prices for the manufacturing sector rose modestly further. Among the selected service sectors, output prices for accommodation services turned to an increase, though still far below the pre-recession level. Output prices for both air transport and water transport surged amid tight capacity and vibrant trade flows. Output prices for land transport reverted to a moderate increase. On the other hand, output prices for courier services declined moderately. Output prices for telecommunications services continued its secular downtrend alongside technological advancement and keen competition.

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

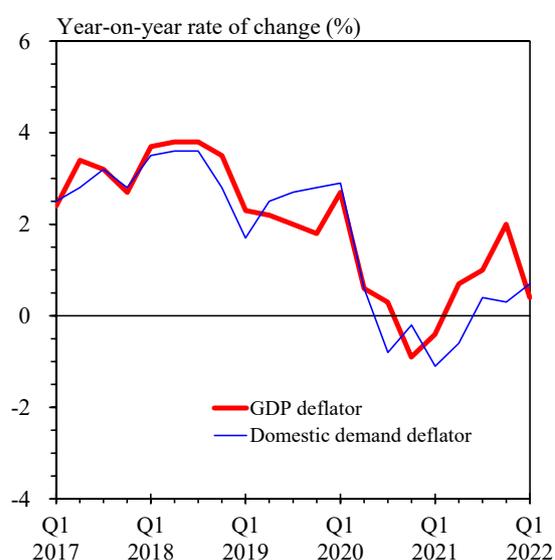
<u>Industry group</u>	<u>Annual</u>	<u>2020</u>				<u>2021</u>				
		<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
Manufacturing	2.3	1.3	1.3	3.8	2.9	1.2	1.9	2.7	-0.8	1.2
Selected service sectors										
Accommodation services	-20.2	-23.4	-23.2	-17.7	-15.8	3.3	-4.0	4.1	7.2	6.6
Land transport	-5.0	-2.6	-3.0	-7.3	-7.2	2.7	-5.2	1.1	7.5	7.8
Water transport	5.6	1.3	1.7	2.5	17.0	63.2	34.4	57.0	76.6	82.2
Air transport	15.9	7.5	10.1	18.3	27.7	36.7	18.9	30.3	34.7	59.1
Telecommunications	-1.8	-2.4	-1.9	-0.6	-2.4	-1.7	-1.7	-1.6	-2.7	-0.6
Courier services	5.1	1.8	-0.7	10.3	9.6	-1.9	2.1	-1.1	-3.7	-4.4

## GDP deflator

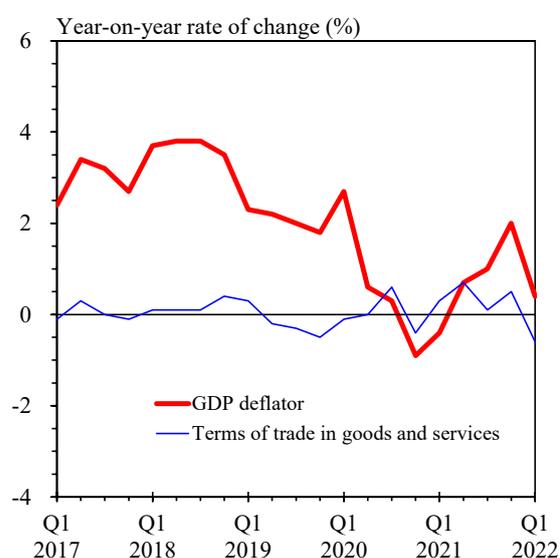
6.7 As a broad measure of the overall change in prices in the economy, the *GDP deflator*<sup>(4)</sup> rose by 0.4% in the first quarter over a year earlier, having increased by 2.0% in the preceding quarter. The *terms of trade*<sup>(5)</sup> deteriorated as import prices rose faster than export prices. Taking out the external trade components, the domestic demand deflator increased by 0.7% in the first quarter, after rising by 0.3% in the preceding quarter.

**Diagram 6.6: GDP deflator**

**(a) GDP deflator rose in the first quarter**



**(b) Terms of trade deteriorated**



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

	<u>2020</u>		<u>2021</u>				<u>2022</u>
	<u>Annual</u> <sup>#</sup>	<u>Annual</u> <sup>#</sup>	<u>Q1</u> <sup>#</sup>	<u>Q2</u> <sup>#</sup>	<u>Q3</u> <sup>#</sup>	<u>Q4</u> <sup>#</sup>	<u>Q1</u> <sup>#</sup>
Private consumption expenditure	0.6	-0.3	-1.4	-0.5	-0.2	0.7	0.2
Government consumption expenditure	2.1	0.8	0.1	0.1	0.8	2.2	1.8
Gross domestic fixed capital formation	-1.5	0.4	-3.1	-1.3	1.3	4.7	2.3
Total exports of goods <sup>&amp;</sup>	0.1	5.0	1.4	4.9	5.2	8.1	9.2
Imports of goods <sup>&amp;</sup>	0.1	4.9	1.3	4.3	5.6	7.9	10.2
Exports of services <sup>&amp;</sup>	-0.4	13.3	6.7	13.7	16.3	16.6	11.5
Imports of services <sup>&amp;</sup>	-0.9	10.6	5.0	12.2	12.2	12.6	9.6
<b>Gross Domestic Product</b>	<b>0.6</b>	<b>0.9</b>	<b>-0.4</b> <b>&lt;0.8&gt;</b>	<b>0.7</b> <b>&lt;0.3&gt;</b>	<b>1.0</b> <b>&lt;0.4&gt;</b>	<b>2.0</b> <b>&lt;0.5&gt;</b>	<b>0.4</b> <b>&lt;-0.9&gt;</b>
Total final demand <sup>&amp;</sup>	0.2	3.8	0.9	3.5	4.3	6.2	6.6
Domestic demand	0.6	-0.2	-1.1	-0.6	0.4	0.3	0.7
Terms of trade in goods and services <sup>&amp;</sup>	*	0.4	0.3	0.7	0.1	0.5	-0.6

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 merchandising under the standards stipulated in the *System of National Accounts 2008*.

(#) Revised figures.

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

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

## Notes :

- (1) The Consumer Price Indices (A), (B) and (C) are compiled by 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 had updated the base period and expenditure weights for compiling the CPIs. CPI figures quoted in this report refer to the 2019/20-based series unless otherwise stated.

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

	Approximate proportion of <u>households covered</u> (%)	Average monthly expenditure range <u>during Oct 2019 to Sep 2020</u> (\$)
CPI(A)	50	6,500 to 27,999
CPI(B)	30	28,000 to 48,499
CPI(C)	10	48,500 to 91,999

The weightings of the various components in the 2019/20-based CPIs are as follows:

<u>Expenditure component</u>	<u>Composite CPI</u> (%)	<u>CPI(A)</u> (%)	<u>CPI(B)</u> (%)	<u>CPI(C)</u> (%)
Food	27.41	32.71	26.76	21.89
<i>Meals out and takeaway food</i>	17.05	18.87	17.27	14.55
<i>Basic food</i>	10.36	13.84	9.49	7.34
Housing	40.25	40.46	40.77	39.24
<i>Private housing rent</i>	35.46	33.43	37.22	35.44
<i>Public housing rent</i>	1.87	4.95	0.55	--
<i>Management fees and other housing charges</i>	2.92	2.08	3.00	3.80
Electricity, gas and water	2.82	3.85	2.57	1.92
Alcoholic drinks and tobacco	0.49	0.76	0.41	0.27
Clothing and footwear	2.42	1.78	2.51	3.08
Durable goods	4.00	3.29	3.94	4.97
Miscellaneous goods	3.32	3.31	3.48	3.10
Transport	6.17	4.52	6.38	7.89
Miscellaneous services	13.12	9.32	13.18	17.64
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>2020</u>					<u>2021</u>					<u>2022</u>
	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>
Selected developed economies											
US <sup>^</sup>	1.7	2.2	1.3	1.7	1.6	3.6	1.4	3.7	4.1	5.0	6.3
Canada	0.7	1.8	*	0.3	0.8	3.4	1.4	3.3	4.1	4.7	5.8
EU	0.7	1.5	0.6	0.5	0.2	2.9	1.4	2.2	3.1	4.9	6.6
Japan	*	0.7	0.1	*	-0.9	-0.2	-0.5	-0.7	-0.2	0.5	0.9
Selected major emerging economies											
Mainland China	2.5	5.0	2.7	2.3	0.1	0.9	*	1.1	0.8	1.8	1.1
Russia	3.4	2.4	3.1	3.5	4.4	6.7	5.5	6.0	6.8	8.3	11.5
India	6.6	6.7	6.6	6.9	6.4	5.1	4.9	5.6	5.1	5.0	6.3
Brazil	3.2	3.8	2.1	2.6	4.3	8.3	5.3	7.7	9.6	10.5	10.7
Selected Asian economies											
Hong Kong	0.3	2.0	1.3	-1.7	-0.6	1.6	1.2	0.8	2.3	2.0	1.5
Singapore	-0.2	0.4	-0.7	-0.3	-0.1	2.3	0.8	2.3	2.5	3.7	4.6
Taiwan	-0.2	0.5	-1.0	-0.5	*	2.0	0.8	2.1	2.3	2.7	2.8
Korea	0.5	1.0	*	0.7	0.5	2.5	1.4	2.5	2.5	3.5	3.8
Malaysia	-1.1	0.9	-2.6	-1.4	-1.5	2.5	0.5	4.2	2.1	3.2	2.2
Thailand	-0.8	0.4	-2.7	-0.7	-0.4	1.2	-0.5	2.4	0.7	2.4	4.7
Indonesia	2.0	2.9	2.3	1.4	1.6	1.6	1.4	1.5	1.6	1.8	2.3
Philippines	2.4	2.5	1.9	2.3	2.9	3.9	4.0	4.0	4.1	3.6	3.4
Vietnam	3.2	5.6	2.8	3.2	1.4	1.8	0.3	2.7	2.5	1.9	1.9
Macao	0.8	2.6	1.6	*	-0.8	*	-1.0	-0.4	0.5	1.0	1.0

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

(<sup>^</sup>) Refer to the core CPI inflation.

- (3) The Producer Price Index is 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. Transportation and other incidental charges are not included.
- (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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	(\$Mn)					
Private consumption expenditure	1,314,969	1,413,058	1,502,768	1,593,091	1,650,101	1,784,375
Government consumption expenditure	185,310	198,572	214,216	231,263	247,973	261,447
Gross domestic fixed capital formation	517,411	515,516	530,916	537,205	535,216	575,977
Building and construction	204,860	211,130	244,047	262,780	283,447	297,306
Costs of ownership transfer	34,074	39,389	43,967	45,846	44,517	65,810
Machinery, equipment and intellectual property products	278,477	264,997	242,902	228,579	207,252	212,861
Changes in inventories	-3,662	-1,673	7,473	-20,580	447	10,973
Total exports of goods <sup>&amp;</sup>	3,632,957	3,926,059	3,986,769	3,889,225	3,892,886	4,212,774
Imports of goods <sup>&amp;</sup>	3,779,686	4,142,651	4,237,700	4,066,527	4,022,579	4,391,306
Exports of services <sup>&amp;</sup>	764,026	812,640	829,085	808,948	764,660	811,295
Imports of services <sup>&amp;</sup>	594,266	583,216	573,522	574,345	578,106	605,924
<b>GDP</b>	<b>2,037,059</b>	<b>2,138,305</b>	<b>2,260,005</b>	<b>2,398,280</b>	<b>2,490,598</b>	<b>2,659,611</b>
<i>Per capita GDP (\$)</i>	<i>284,899</i>	<i>297,860</i>	<i>312,609</i>	<i>328,924</i>	<i>339,476</i>	<i>359,737</i>
<b>GNI</b>	<b>2,066,514</b>	<b>2,178,824</b>	<b>2,306,612</b>	<b>2,442,656</b>	<b>2,553,191</b>	<b>2,775,163</b>
<i>Per capita GNI (\$)</i>	<i>289,019</i>	<i>303,504</i>	<i>319,056</i>	<i>335,010</i>	<i>348,007</i>	<i>375,367</i>
Total final demand	6,411,011	6,864,172	7,071,227	7,039,152	7,091,283	7,656,841
Total final demand excluding re-exports <sup>(a)</sup>	3,828,055	4,025,243	4,116,670	4,139,786	4,190,686	4,496,472
Domestic demand	2,014,028	2,125,473	2,255,373	2,340,979	2,433,737	2,632,772
Private	1,737,274	1,827,460	1,929,514	1,991,436	2,062,216	2,240,487
Public	276,754	298,013	325,859	349,543	371,521	392,285
External demand	4,396,983	4,738,699	4,815,854	4,698,173	4,657,546	5,024,069

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>2018</u>	<u>2019</u>	<u>2020<sup>#</sup></u>	<u>2021<sup>#</sup></u>		<u>2021</u>		<u>2022</u>
					Q2 <sup>#</sup>	Q3 <sup>#</sup>	Q4 <sup>#</sup>	Q1 <sup>#</sup>
Private consumption expenditure	1,936,427	1,973,720	1,777,537	1,866,195	469,133	456,433	490,753	426,128
Government consumption expenditure	281,420	309,437	340,931	359,625	84,411	89,926	90,041	102,702
Gross domestic fixed capital formation	612,439	520,575	453,867	500,150	123,957	127,993	131,416	109,430
Building and construction	308,596	278,091	252,636	259,951	61,701	64,514	67,439	67,337
Costs of ownership transfer	67,482	49,209	40,071	54,194	15,293	14,322	12,394	8,032
Machinery, equipment and intellectual property products	236,361	193,275	161,160	186,005	46,963	49,157	51,583	34,061
Changes in inventories	11,204	-3,067	52,008	5,252	11,354	20,053	-23,668	-18,143
Total exports of goods <sup>&amp;</sup>	4,453,350	4,255,098	4,198,338	5,243,795	1,238,532	1,365,691	1,470,806	1,219,059
Imports of goods <sup>&amp;</sup>	4,706,347	4,375,619	4,239,663	5,222,467	1,268,118	1,362,533	1,429,378	1,204,794
Exports of services <sup>&amp;</sup>	886,883	798,942	518,947	596,699	129,880	157,104	160,382	161,868
Imports of services <sup>&amp;</sup>	639,947	634,243	426,257	479,567	109,050	123,111	135,895	118,081
<b>GDP</b>	<b>2,835,429</b>	<b>2,844,843</b>	<b>2,675,708</b>	<b>2,869,682</b>	<b>680,099</b>	<b>731,556</b>	<b>754,457</b>	<b>678,169</b>
<i>Per capita GDP (\$)</i>	<i>380,462</i>	<i>378,913</i>	<i>357,667</i>	<i>387,110</i>	--	--	--	--
<b>GNI</b>	<b>2,970,244</b>	<b>2,988,560</b>	<b>2,831,791</b>	<b>3,074,650</b>	<b>764,259</b>	<b>795,348</b>	<b>789,937</b>	<b>N.A.</b>
<i>Per capita GNI (\$)</i>	<i>398,551</i>	<i>398,055</i>	<i>378,531</i>	<i>414,759</i>	--	--	--	--
Total final demand	8,181,723	7,854,705	7,341,628	8,571,716	2,057,267	2,217,200	2,319,730	2,001,044
Total final demand excluding re-exports <sup>(a)</sup>	4,819,554	4,601,880	4,099,454	4,466,423	1,075,269	1,145,003	1,173,797	1,047,147
Domestic demand	2,841,490	2,800,665	2,624,343	2,731,222	688,855	694,405	688,542	620,117
Private	2,425,554	2,359,687	2,149,534	2,228,823	574,254	572,592	559,596	468,919
Public	415,936	440,978	474,809	502,399	114,601	121,813	128,946	151,198
External demand	5,340,233	5,054,040	4,717,285	5,840,494	1,368,412	1,522,795	1,631,188	1,380,927

- 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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Private consumption expenditure	4.1	4.6	3.3	4.8	2.0	5.5
Government consumption expenditure	3.6	2.7	3.1	3.4	3.4	2.8
Gross domestic fixed capital formation	6.8	2.6	-0.1	-3.2	-0.1	3.1
Building and construction	7.2	-4.3	9.3	2.2	5.9	-0.5
Costs of ownership transfer	-17.8	-28.1	6.9	-8.3	-2.9	23.2
Machinery, equipment and intellectual property products	10.2	11.3	-8.7	-7.7	-6.4	3.8
Total exports of goods <sup>&amp;</sup>	3.3	8.2	0.8	-1.7	1.6	6.5
Imports of goods <sup>&amp;</sup>	4.6	9.9	1.5	-2.7	0.7	7.3
Exports of services <sup>&amp;</sup>	2.7	6.0	1.6	0.3	-3.5	2.8
Imports of services <sup>&amp;</sup>	2.2	-2.1	-2.2	5.0	2.0	2.0
<b>GDP</b>	<b>1.7</b>	<b>3.1</b>	<b>2.8</b>	<b>2.4</b>	<b>2.2</b>	<b>3.8</b>
<b>Per capita GDP</b>	<b>0.6</b>	<b>2.7</b>	<b>2.0</b>	<b>1.5</b>	<b>1.5</b>	<b>3.0</b>
<b>RGNI</b>	<b>-0.2</b>	<b>4.0</b>	<b>2.7</b>	<b>3.8</b>	<b>3.2</b>	<b>5.7</b>
<b>Per capita RGNI</b>	<b>-1.3</b>	<b>3.6</b>	<b>1.9</b>	<b>2.9</b>	<b>2.6</b>	<b>4.9</b>
Total final demand	3.4	6.6	1.6	-0.4	1.3	5.6
Total final demand excluding re-exports <sup>(a)</sup>	3.2	4.2	0.6	0.1	1.5	4.5
Domestic demand	3.9	4.1	2.9	1.6	2.6	5.2
Private	3.6	4.1	2.6	1.3	2.5	5.7
Public	5.8	3.7	4.6	2.9	3.1	2.2
External demand	3.2	7.8	1.0	-1.4	0.7	5.8

- 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.  
 (\*) 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>2018</u>	<u>2019</u>	<u>2020<sup>#</sup></u>	<u>2021<sup>#</sup></u>	<u>2021</u>			<u>2022</u>	Average annual rate of change:	
					Q2 <sup>#</sup>	Q3 <sup>#</sup>	Q4 <sup>#</sup>		Q1 <sup>#</sup>	10 years 2011 to 2021 <sup>#</sup>
Private consumption expenditure	5.3	-0.8	-10.5	5.4	7.3	6.5	5.3	-5.5	2.3	0.8
Government consumption expenditure	4.2	5.1	7.9	4.6	2.8	5.1	4.1	6.0	4.1	4.9
Gross domestic fixed capital formation	1.7	-14.9	-11.5	9.8	23.8	13.0	-0.6	-8.4	-0.9	-2.8
Building and construction	-0.5	-10.8	-9.8	0.7	1.1	2.6	1.5	-0.2	-0.3	-4.3
Costs of ownership transfer Machinery, equipment and intellectual property products	-11.2	-13.4	-4.0	39.2	61.7	37.3	-2.2	-33.7	-3.3	4.8
8.8	-20.8	-16.0	16.8	55.3	22.5	-2.3	-14.0	-1.6	-2.6	
Total exports of goods <sup>&amp;</sup>	3.5	-5.5	-1.4	18.9	20.5	14.2	13.5	-4.5	3.2	4.1
Imports of goods <sup>&amp;</sup>	4.7	-8.2	-3.2	17.4	21.7	16.7	9.9	-5.9	3.0	3.2
Exports of services <sup>&amp;</sup>	4.6	-9.6	-34.8	1.5	3.9	5.8	6.9	-2.8	-3.7	-8.5
Imports of services <sup>&amp;</sup>	2.8	0.1	-32.2	1.7	10.8	5.9	4.5	-3.4	-2.7	-6.3
<b>GDP</b>	<b>2.8</b>	<b>-1.7</b>	<b>-6.5</b>	<b>6.3</b>	<b>7.6</b>	<b>5.4</b>	<b>4.7</b>	<b>-4.0</b>	<b>1.6</b>	<b>0.8</b>
<i>Per capita GDP</i>	<i>2.0</i>	<i>-2.4</i>	<i>-6.2</i>	<i>7.3</i>	--	--	--	--	<i>1.2</i>	<i>0.6</i>
<b>RGNI</b>	<b>3.5</b>	<b>-1.7</b>	<b>-5.8</b>	<b>8.6</b>	<b>11.3</b>	<b>7.6</b>	<b>6.2</b>	<b>N.A.</b>	<b>2.3</b>	<b>1.9</b>
<i>Per capita RGNI</i>	<i>2.7</i>	<i>-2.5</i>	<i>-5.4</i>	<i>9.5</i>	--	--	--	--	<i>1.8</i>	<i>1.7</i>
Total final demand	3.9	-5.3	-6.7	12.5	16.0	12.1	7.8	-5.1	2.1	1.7
Total final demand excluding re-exports <sup>(a)</sup>	4.0	-5.0	-11.1	6.0	11.6	8.2	1.5	-6.3	0.7	-0.6
Domestic demand	4.4	-3.7	-6.9	4.3	11.0	9.6	-1.8	-6.6	1.8	0.5
Private	4.8	-4.6	-9.2	4.3	12.7	11.0	-2.9	-10.5	1.4	*
Public	2.4	1.5	5.7	4.4	2.9	3.6	3.7	8.2	3.6	3.2
External demand	3.7	-6.1	-6.7	17.0	18.8	13.3	12.9	-4.3	2.3	2.4

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

	2016		2017		2018		2019		2020 <sup>#</sup>	
	\$Mn	% share	\$Mn	% share						
Agriculture, fishing, mining and quarrying	1,898	0.1	1,736	0.1	1,762	0.1	2,057	0.1	2,648	0.1
Manufacturing	26,844	1.1	27,299	1.1	27,571	1.0	29,366	1.1	25,525	1.0
Electricity, gas and water supply, and waste management	34,414	1.4	34,978	1.4	35,660	1.3	34,083	1.2	35,325	1.4
Construction	124,932	5.2	129,714	5.1	120,473	4.5	114,499	4.2	104,262	4.1
Services	2,229,760	92.2	2,357,359	92.4	2,514,947	93.1	2,560,536	93.4	2,392,333	93.4
<i>Import/export, wholesale and retail trades</i>	525,526	21.7	548,636	21.5	575,103	21.3	533,352	19.5	471,246	18.4
<i>Accommodation<sup>(a)</sup> and food services</i>	79,682	3.3	83,507	3.3	91,525	3.4	75,918	2.8	36,934	1.4
<i>Transportation, storage, postal and courier services</i>	149,742	6.2	153,359	6.0	158,440	5.9	151,574	5.5	113,951	4.5
<i>Information and communications</i>	84,208	3.5	86,891	3.4	91,449	3.4	95,557	3.5	93,759	3.7
<i>Financing and insurance</i>	428,903	17.7	480,488	18.8	535,126	19.8	581,319	21.2	599,539	23.4
<i>Real estate, professional and business services</i>	266,139	11.0	274,822	10.8	280,843	10.4	276,497	10.1	244,337	9.5
<i>Public administration, social and personal services</i>	436,912	18.1	465,488	18.2	499,433	18.5	537,238	19.6	529,153	20.7
<i>Ownership of premises</i>	258,649	10.7	264,166	10.4	283,028	10.5	309,081	11.3	303,414	11.9
<b>GDP at basic prices</b>	<b>2,417,849</b>	<b>100.0</b>	<b>2,551,086</b>	<b>100.0</b>	<b>2,700,413</b>	<b>100.0</b>	<b>2,740,541</b>	<b>100.0</b>	<b>2,560,093</b>	<b>100.0</b>
Taxes on products	83,743	--	110,698	--	117,825	--	93,623	--	102,066	--
Statistical discrepancy (%)	-0.4	--	-0.1	--	0.6	--	0.4	--	0.5	--
<b>GDP at current market prices</b>	<b>2,490,598</b>	<b>--</b>	<b>2,659,611</b>	<b>--</b>	<b>2,835,429</b>	<b>--</b>	<b>2,844,843</b>	<b>--</b>	<b>2,675,708</b>	<b>--</b>

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

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

(#) 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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020<sup>#</sup></u>	<u>2021<sup>#</sup></u>	<u>2021</u>			
							Q1 <sup>#</sup>	Q2 <sup>#</sup>	Q3 <sup>#</sup>	Q4 <sup>#</sup>
Agriculture, fishing, mining and quarrying	-2.0	-5.2	-1.8	-0.8	3.8	-2.8	4.6	-4.2	-6.3	-4.9
Manufacturing	-0.4	0.4	1.3	0.4	-5.8	5.5	2.6	5.6	7.6	5.8
Electricity, gas and water supply, and waste management	-0.8	0.9	0.1	-0.5	-14.2	3.7	0.1	5.9	4.0	4.4
Construction	5.1	-1.3	3.3	-9.7	-12.5	0.7	-1.2	1.6	1.7	0.8
Services	2.3	3.5	3.1	-0.7	-6.7	5.8	6.7	6.4	5.3	4.8
<i>Import/export, wholesale and retail trades</i>	0.6	4.2	4.2	-7.5	-15.0	12.9	23.9	15.1	8.3	7.7
<i>Accommodation<sup>(a)</sup> and food services</i>	0.5	2.0	5.9	-11.7	-44.8	22.0	-5.2	16.4	44.4	36.8
<i>Transportation, storage, postal and courier services</i>	3.0	4.8	2.5	-1.7	-36.9	8.6	-3.0	16.6	17.6	7.4
<i>Information and communications</i>	4.1	4.0	4.1	4.7	1.7	2.6	3.6	2.0	2.3	2.4
<i>Financing and insurance</i>	4.2	5.3	4.0	3.4	4.0	4.8	7.3	5.9	2.8	3.4
<i>Real estate, professional and business services</i>	2.8	2.1	-0.4	-0.2	-4.6	2.4	1.4	2.4	3.3	2.4
<i>Public administration, social and personal services</i>	3.0	3.2	3.6	3.2	-2.3	3.5	2.3	4.4	3.7	3.6
<i>Ownership of premises</i>	0.5	0.9	1.0	0.6	-0.3	1.2	1.2	1.2	1.3	1.2
Taxes on products	-9.1	13.7	-3.9	-11.3	17.6	23.5	47.2	39.0	16.9	-0.8
<b>GDP in chained (2020) dollars</b>	<b>2.2</b>	<b>3.8</b>	<b>2.8</b>	<b>-1.7</b>	<b>-6.5</b>	<b>6.3</b>	<b>8.0</b>	<b>7.6</b>	<b>5.4</b>	<b>4.7</b>

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

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

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

(\$Mn)

	2017	2018	2019	2020 <sup>#</sup>	2021 <sup>#</sup>	2021			
						Q1 <sup>#</sup>	Q2 <sup>#</sup>	Q3 <sup>#</sup>	Q4 <sup>#</sup>
Current account <sup>(a)</sup>	121,840	105,942	166,303	186,754	324,333	60,704	70,431	96,161	97,038
Goods	-178,532	-252,997	-120,521	-41,325	21,328	6,328	-29,586	3,158	41,428
Services	205,371	246,936	164,699	92,690	117,132	37,822	20,830	33,993	24,487
Primary income	115,552	134,815	143,717	156,083	204,968	21,535	84,160	63,792	35,480
Secondary income	-20,551	-22,813	-21,592	-20,694	-19,095	-4,981	-4,973	-4,783	-4,358
Capital and financial account <sup>(a)</sup>	-76,488	-175,081	-237,439	-244,344	-380,406	-89,259	-97,917	-64,426	-128,804
Capital account	-645	-1,574	-682	-505	-10,470	-126	-10,140	-91	-113
Financial account	-75,843	-173,507	-236,756	-243,839	-369,936	-89,133	-87,777	-64,335	-128,691
Financial non-reserve assets	174,666	-165,948	-245,612	19,211	-379,078	-80,917	-125,333	-37,116	-135,712
<i>Direct investment</i>	186,887	172,795	160,730	263,703	413,892	202	129,978	101,503	182,209
<i>Portfolio investment</i>	264,159	-616,428	-215,764	-528,049	-817,269	-16,435	-292,487	-283,864	-224,482
<i>Financial derivatives</i>	61,763	33,202	1,239	18,790	41,760	-5,658	17,131	5,268	25,018
<i>Other investment</i>	-338,144	244,483	-191,817	264,766	-17,460	-59,026	20,045	139,977	-118,456
Reserve assets	-250,509	-7,559	8,855	-263,050	9,142	-8,216	37,556	-27,219	7,021
Net errors and omissions	-45,353	69,139	71,136	57,590	56,073	28,555	27,486	-31,735	31,766
<b>Overall Balance of Payments</b>	<b>250,509</b>	<b>7,559</b>	<b>-8,855</b>	<b>263,050</b>	<b>-9,142</b>	<b>8,216</b>	<b>-37,556</b>	<b>27,219</b>	<b>-7,021</b>

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 represents a surplus whereas a negative value represents a deficit. In the capital and financial account, a positive value indicates a net financial inflow while a negative value indicates a net outflow. As increases in external assets are debit entries and decreases are credit entries, a negative value for the reserve assets represents a net increase while a positive value represents a net 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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020<sup>#</sup></u>	<u>2021<sup>#</sup></u>		<u>2021</u>		<u>2022</u>
						Q2 <sup>#</sup>	Q3 <sup>#</sup>	Q4 <sup>#</sup>	Q1 <sup>#</sup>
Total exports of goods	4,212,774	4,453,350	4,255,098	4,198,338	5,243,795	1,238,532	1,365,691	1,470,806	1,219,059
Imports of goods	4,391,306	4,706,347	4,375,619	4,239,663	5,222,467	1,268,118	1,362,533	1,429,378	1,204,794
<b>Goods trade balance</b>	<b>-178,532</b> (-4.1)	<b>-252,997</b> (-5.4)	<b>-120,521</b> (-2.8)	<b>-41,325</b> (-1.0)	<b>21,328</b> (0.4)	<b>-29,586</b> (-2.3)	<b>3,158</b> (0.2)	<b>41,428</b> (2.9)	<b>14,265</b> (1.2)
Exports of services	811,295	886,883	798,942	518,947	596,699	129,880	157,104	160,382	161,868
Imports of services	605,924	639,947	634,243	426,257	479,567	109,050	123,111	135,895	118,081
<b>Services trade balance</b>	<b>205,371</b> (33.9)	<b>246,936</b> (38.6)	<b>164,699</b> (26.0)	<b>92,690</b> (21.7)	<b>117,132</b> (24.4)	<b>20,830</b> (19.1)	<b>33,993</b> (27.6)	<b>24,487</b> (18.0)	<b>43,787</b> (37.1)
Exports of goods and services	5,024,069	5,340,233	5,054,040	4,717,285	5,840,494	1,368,412	1,522,795	1,631,188	1,380,927
Imports of goods and services	4,997,230	5,346,294	5,009,862	4,665,920	5,702,034	1,377,168	1,485,644	1,565,273	1,322,875
<b>Goods and services trade balance</b>	<b>26,839</b> <0.5>	<b>-6,061</b> <-0.1>	<b>44,178</b> <0.9>	<b>51,365</b> <1.1>	<b>138,460</b> <2.4>	<b>-8,756</b> <-0.6>	<b>37,151</b> <2.5>	<b>65,915</b> <4.2>	<b>58,052</b> <4.4>

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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>		<u>2021</u>			<u>2022</u>	
	(% change)				(% change)		(\$Mn)	Q2	Q3	Q4	Q1
								(% change over a year earlier)			
<b>All markets</b>	<b>8.0</b>	<b>7.3</b>	<b>-4.1</b>	<b>-1.5</b>	<b>26.3</b>	<b>4,960,656</b>	<b>27.2</b>	<b>22.7</b>	<b>23.8</b>	<b>3.4</b>	
Mainland of China	8.4	8.6	-3.3	5.1	27.0	2,951,973	27.8	21.8	22.1	-0.9	
United States	1.9	8.1	-14.8	-14.9	19.6	309,619	15.9	17.0	25.7	14.6	
Taiwan	19.9	-3.6	2.4	11.6	46.0	143,816	38.2	50.8	46.4	37.0	
India	35.9	-15.3	-12.0	-17.6	36.6	133,057	53.8	25.1	52.6	45.8	
Japan	10.0	0.7	-6.4	-9.7	8.7	118,849	-0.3	17.9	10.0	10.7	
Vietnam	10.3	4.5	-3.6	5.3	22.2	103,277	24.8	8.0	28.2	20.4	
Netherlands	11.5	11.5	-4.4	-5.2	22.8	79,412	0.1	28.5	26.0	2.3	
Korea	4.9	2.1	-2.3	-7.6	42.7	74,556	31.0	58.4	46.1	10.8	
Germany	10.8	3.0	-8.9	-14.5	24.1	73,585	11.5	33.1	31.0	11.5	
United Kingdom	-2.8	2.0	3.7	-9.4	57.5	73,438	110.7	45.2	-7.2	-44.7	
Rest of the world	3.9	11.5	-0.7	-10.8	22.9	899,075	28.9	21.3	23.4	3.3	

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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>		<u>2021</u>			<u>2022</u>
	(% change)				(% change)	(\$Mn)	Q2	Q3	Q4	Q1
							(% change over a year earlier)			
<b>All sources</b>	<b>8.7</b>	<b>8.4</b>	<b>-6.5</b>	<b>-3.3</b>	<b>24.3</b>	<b>5,307,792</b>	<b>27.9</b>	<b>25.8</b>	<b>19.0</b>	<b>2.9</b>
Mainland of China	5.9	7.7	-5.9	-6.5	26.5	2,433,474	24.8	27.6	24.2	-2.5
Taiwan	12.9	2.7	-2.4	22.8	35.0	547,531	44.2	27.6	30.7	32.4
Singapore	10.1	9.0	-7.5	8.1	31.7	413,813	40.7	30.5	22.7	4.1
Korea	28.5	10.4	-20.9	12.3	31.3	324,618	44.3	42.5	16.7	6.9
Japan	2.7	2.6	-2.8	-5.0	12.8	270,787	20.6	18.2	2.4	-2.7
United States	3.4	8.1	-7.9	-17.9	18.3	206,687	28.5	29.7	12.0	10.7
Malaysia	26.8	64.6	-14.3	1.2	1.7	166,718	-7.3	2.0	7.1	3.0
Vietnam	13.6	7.3	18.5	28.4	16.9	117,652	6.6	15.4	8.7	6.9
Thailand	8.5	2.8	-7.4	1.4	18.9	102,819	23.9	16.4	13.0	10.5
Philippines	27.6	1.1	-9.1	-0.1	25.1	87,702	32.5	24.4	22.6	10.8
Rest of the world	7.7	6.4	-4.9	-17.0	17.0	635,991	32.9	20.7	5.6	-6.7

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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020<sup>#</sup></u>	<u>2021<sup>#</sup></u>		<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2022</u>
	(% change)				(% change)	(\$Mn)	Q2 <sup>#</sup>	Q3 <sup>#</sup>	Q4 <sup>#</sup>	Q1 <sup>#</sup>
							(% change over a year earlier)			
<b>Exports of services</b>	<b>6.1</b>	<b>9.3</b>	<b>-9.9</b>	<b>-35.0</b>	<b>15.0</b>	<b>596,699</b>	<b>18.2</b>	<b>23.0</b>	<b>24.6</b>	<b>8.4</b>
Transport	8.6	9.0	-4.7	-24.7	34.1	249,307	36.5	46.7	48.3	19.6
Travel	1.9	11.2	-21.6	-90.2	-38.1	13,736	25.6	38.1	40.0	29.3
Financial services	13.5	10.9	-2.9	-0.4	9.0	183,687	8.5	12.5	7.5	3.0
Other services	2.9	5.1	-5.1	-9.0	5.3	149,969	3.7	4.2	11.8	-1.8
<b>Imports of services</b>	<b>4.8</b>	<b>5.6</b>	<b>-0.9</b>	<b>-32.8</b>	<b>12.5</b>	<b>479,567</b>	<b>24.2</b>	<b>18.9</b>	<b>17.7</b>	<b>5.9</b>
Transport	3.7	6.6	-1.1	-19.8	39.6	160,913	51.3	44.7	39.5	19.0
Travel	5.6	4.7	1.6	-79.7	-39.1	26,084	53.6	6.9	4.7	23.5
Manufacturing <sup>^</sup>	3.5	2.0	-5.5	-10.4	18.4	93,468	18.4	19.3	21.5	3.3
Other services	5.5	7.6	-1.3	-1.4	5.2	199,102	7.8	3.8	3.8	-3.7

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 merchanting 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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>		<u>2021</u>		<u>2022</u>
						Q2	Q3	Q4	Q1
<u>('000)</u>									
<b>All sources</b>	<b>58 472.2</b>	<b>65 147.6</b>	<b>55 912.6</b>	<b>3 568.9</b>	<b>91.4</b>	<b>17.2</b>	<b>29.4</b>	<b>28.3</b>	<b>11.5</b>
Mainland of China	44 445.3	51 038.2	43 774.7	2 706.4	65.7	12.7	21.8	19.7	8.6
South and Southeast Asia	3 626.2	3 571.7	3 040.5	190.5	9.5	1.5	3.1	2.9	0.8
Taiwan	2 010.8	1 925.2	1 538.9	105.1	2.5	0.5	0.4	0.9	0.6
Europe	1 901.5	1 937.6	1 728.4	158.8	6.6	1.5	1.9	2.0	0.6
United States	1 215.6	1 304.2	1 107.2	80.8	1.4	0.2	0.4	0.4	0.1
Japan	1 230.0	1 287.8	1 078.8	50.3	0.3	#	0.1	0.2	#
Others	4 042.9	4 082.8	3 644.1	276.9	5.3	0.8	1.6	2.3	0.8
<u>(% change over a year earlier)</u>									
<b>All sources</b>	<b>3.2</b>	<b>11.4</b>	<b>-14.2</b>	<b>-93.6</b>	<b>-97.4</b>	<b>-35.9</b>	<b>-14.0</b>	<b>51.7</b>	<b>-30.5</b>
Mainland of China	3.9	14.8	-14.2	-93.8	-97.6	-17.2	52.4	81.1	-25.9
South and Southeast Asia	-2.0	-1.5	-14.9	-93.7	-95.0	-52.5	-62.7	-16.7	-61.3
Taiwan	*	-4.3	-20.1	-93.2	-97.6	-56.7	-67.3	-20.2	-20.9
Europe	-0.2	1.9	-10.8	-90.8	-95.9	-69.8	-74.1	15.8	-53.2
United States	0.3	7.3	-15.1	-92.7	-98.3	-69.5	-48.5	1.0	-61.8
Japan	12.6	4.7	-16.2	-95.3	-99.3	-49.5	-4.1	128.2	11.1
Others	2.2	1.0	-10.7	-92.4	-98.1	-47.9	-18.2	120.8	36.3

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

(#) Less than 0.05.

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

**Table 11 : Property market**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Completion of new property by the private sector</b>							
('000 m <sup>2</sup> of internal floor area)							
Residential property <sup>(a)</sup> (in units)	10 149	8 254	15 719	11 280	14 595	17 791	20 968
Commercial property	226	161	161	233	276	303	304
<i>of which :</i>							
Office space	136	123	104	164	153	198	179
Other commercial premises <sup>(b)</sup>	90	39	57	69	123	105	125
Industrial property <sup>(c)</sup>	170	85	116	30	78	105	44
<i>of which :</i>							
Industrial-cum-office premises	0	0	0	0	0	0	0
Conventional flatted factory space	46	85	36	30	5	23	41
Storage premises <sup>(d)</sup>	123	0	80	0	73	83	3
<b>Production of public housing</b>							
(in units)							
Rental housing flats <sup>(e)</sup>	9 778	20 898	5 634	10 147	21 755	11 268	20 137
Subsidised sales flats <sup>(e)</sup>	0	0	0	1 310	229	2 788	4 863
<b>Building plans with consent to commence work in the private sector</b>							
('000 m <sup>2</sup> of usable floor area)							
Residential property	796.4	816.0	647.1	893.3	645.8	872.8	703.0
Commercial property	210.2	309.5	290.3	319.0	312.4	488.6	109.2
Industrial property <sup>(f)</sup>	70.7	138.1	105.9	225.3	76.2	62.5	98.4
Other properties	428.9	136.4	217.1	555.4	235.1	227.1	91.9
Total	1 506.1	1 400.1	1 260.4	1 993.0	1 269.4	1 651.1	1 002.5
<b>Agreements for sale and purchase of property</b>							
(Number)							
Residential property <sup>(g)</sup>	81 333	50 676	63 807	55 982	54 701	61 591	57 247
Primary market	12 968	11 046	16 857	16 826	16 793	18 645	15 633
Secondary market	68 365	39 630	46 950	39 156	37 908	42 946	41 614
Selected types of non-residential properties <sup>(h)</sup>							
Office space	3 269	1 685	1 271	1 470	1 105	1 955	1 331
Other commercial premises	7 282	4 305	3 092	2 067	1 523	2 198	1 926
Flatted factory space	9 731	4 271	3 016	3 407	2 727	5 135	4 852

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>2019</u>	<u>2020</u>	<u>2021</u>		<u>2021</u>		<u>2022</u>
				Q2	Q3	Q4	Q1
<b>Completion of new property by the private sector</b>							
('000 m <sup>2</sup> of internal floor area)							
Residential property <sup>(a)</sup> (in units)	13 643	20 888	14 386	6 711	2 208	3 218	8 083
Commercial property	384	136	111	25	14	61	21
<i>of which :</i>							
Office space	267	69	70	13	0	49	10
Other commercial premises <sup>(b)</sup>	118	67	42	13	14	12	11
Industrial property <sup>(c)</sup>	56	38	30	15	0	15	41
<i>of which :</i>							
Industrial-cum-office premises	0	0	0	0	0	0	0
Conventional flatted factory space	56	38	30	15	0	15	33
Storage premises <sup>(d)</sup>	0	0	0	0	0	0	7
<b>Production of public housing</b>							
(in units)							
Rental housing flats <sup>(e)</sup>	9 634	6 605	13 057	2 761	3 813	4 074	N.A.
Subsidised sales flats <sup>(e)</sup>	7 027	7 610	3 222	3 222	0	0	N.A.
<b>Building plans with consent to commence work in the private sector</b>							
('000 m <sup>2</sup> of usable floor area)							
Residential property	765.0	520.1	796.8	69.8	439.5	135.3	N.A.
Commercial property	763.0	228.1	741.8	317.0	271.9	40.2	N.A.
Industrial property <sup>(f)</sup>	177.7	182.6	39.8	0.0	7.5	22.9	N.A.
Other properties	234.6	410.8	186.2	52.6	92.1	27.8	N.A.
Total	1 940.3	1 341.5	1 764.6	439.4	811.0	226.3	N.A.
<b>Agreements for sale and purchase of property</b>							
(Number)							
Residential property <sup>(g)</sup>	59 797	59 880	74 297	22 000	18 969	15 197	10 056
Primary market	21 108	15 317	17 650	4 593	4 686	4 679	1 723
Secondary market	38 689	44 563	56 647	17 407	14 283	10 518	8 333
Selected types of non-residential properties <sup>(h)</sup>							
Office space	861	686	1 077	332	283	217	137
Other commercial premises	1 300	1 269	2 189	611	546	493	320
Flatted factory space	2 426	2 117	3 639	1 035	903	816	494

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>(Index (1999=100))</u>							
Property price indices :							
Residential flats <sup>(a)</sup>	206.2	242.4	256.9	296.8	286.1	333.9	377.3
Office space	334.7	409.8	423.0	448.9	426.9	487.1	554.7
Shopping space	420.5	506.8	521.2	559.2	526.9	558.4	591.4
Flatted factory space	489.8	655.4	668.0	723.9	692.7	778.1	888.1
Property rental indices <sup>(b)</sup> :							
Residential flats	142.6	154.5	159.5	172.8	168.2	182.6	193.0
Office space	188.3	204.1	213.7	226.7	232.3	241.8	252.2
Shopping space	151.3	165.5	173.1	182.5	178.6	182.5	187.0
Flatted factory space	131.9	147.3	160.1	174.4	181.4	190.7	202.3
<u>(% change over a year earlier)</u>							
Property price indices :							
Residential flats <sup>(a)</sup>	13.2	17.6	6.0	15.5	-3.6	16.7	13.0
Office space	12.4	22.4	3.2	6.1	-4.9	14.1	13.9
Shopping space	28.4	20.5	2.8	7.3	-5.8	6.0	5.9
Flatted factory space	27.2	33.8	1.9	8.4	-4.3	12.3	14.1
Property rental indices <sup>(b)</sup> :							
Residential flats	6.4	8.3	3.2	8.3	-2.7	8.6	5.7
Office space	10.8	8.4	4.7	6.1	2.5	4.1	4.3
Shopping space	12.7	9.4	4.6	5.4	-2.1	2.2	2.5
Flatted factory space	11.2	11.7	8.7	8.9	4.0	5.1	6.1

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>2019</u>	<u>2020</u>	<u>2021<sup>#</sup></u>		<u>2021</u>		<u>2022</u>
				Q2	Q3	Q4 <sup>#</sup>	Q1 <sup>+</sup>
<u>(Index (1999=100))</u>							
Property price indices :							
Residential flats <sup>(a)</sup>	383.0	381.2	392.7	393.0	397.9	394.5	385.7
Office space	543.0	468.8	502.5	505.2	506.7	498.3	510.4
Shopping space	549.7	518.9	543.5	537.8	562.7	546.9	547.7
Flatted factory space	887.9	826.1	879.2	878.5	887.2	898.1	896.0
Property rental indices <sup>(b)</sup> :							
Residential flats	194.4	180.3	179.8	178.4	182.4	183.3	179.7
Office space	261.4	241.7	233.4	232.0	234.2	234.6	234.3
Shopping space	187.2	169.9	172.2	170.9	172.5	176.2	172.7
Flatted factory space	209.7	200.5	208.8	207.1	212.4	214.6	214.5
<u>(% change over a year earlier)</u>							
Property price indices :							
Residential flats <sup>(a)</sup>	1.5	-0.5	3.0	2.5	3.8	3.7	0.1
Office space	-2.1	-13.7	7.2	11.9	10.9	1.7	2.2
Shopping space	-7.1	-5.6	4.7	2.0	9.9	7.0	4.0
Flatted factory space	*	-7.0	6.4	5.9	8.7	9.9	5.1
Property rental indices <sup>(b)</sup> :							
Residential flats	0.7	-7.3	-0.3	-0.4	1.2	3.1	2.6
Office space	3.6	-7.5	-3.4	-4.7	-1.5	0.9	0.7
Shopping space	0.1	-9.2	1.4	1.8	2.1	4.4	2.1
Flatted factory space	3.7	-4.4	4.1	4.2	6.3	6.0	6.7

**Table 13 : Monetary aggregates**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>(at end of period)</u>							
Hong Kong dollar money supply (\$Mn)							
M1	920,920	1,000,344	1,116,675	1,253,380	1,428,775	1,598,014	1,555,731
M2 <sup>(a)</sup>	4,537,384	4,795,130	5,225,773	5,765,549	6,280,230	7,010,345	7,262,451
M3 <sup>(a)</sup>	4,545,590	4,806,012	5,236,188	5,778,772	6,292,666	7,024,514	7,284,322
Total money supply (\$Mn)							
M1	1,377,359	1,510,895	1,708,724	1,971,146	2,213,970	2,431,461	2,421,598
M2	8,950,005	10,056,437	11,011,372	11,618,441	12,508,127	13,755,255	14,348,059
M3	8,970,396	10,085,243	11,048,944	11,655,019	12,551,331	13,803,837	14,403,688
Deposit (\$Mn)							
HK\$	4,176,200	4,390,953	4,800,330	5,312,403	5,809,060	6,484,616	6,715,262
Foreign currency	4,120,234	4,789,109	5,272,804	5,437,346	5,918,240	6,267,872	6,671,119
Total	8,296,434	9,180,062	10,073,135	10,749,749	11,727,300	12,752,488	13,386,381
Loans and advances (\$Mn)							
HK\$	3,333,059	3,606,018	4,000,361	4,152,589	4,479,107	5,359,983	5,836,238
Foreign currency	2,233,751	2,850,795	3,275,910	3,381,951	3,544,284	3,953,686	3,886,385
Total	5,566,810	6,456,813	7,276,271	7,534,540	8,023,390	9,313,668	9,722,623
Nominal Effective Exchange Rate Indices							
<u>(Jan 2020 =100)<sup>(b)</sup></u>							
Trade-weighted	89.6	89.6	90.7	95.7	98.4	98.4	96.2
Import-weighted	89.3	89.8	91.1	96.5	98.8	98.8	96.5
Export-weighted	89.9	89.4	90.2	94.8	97.9	98.0	95.8
<u>(% change over a year earlier)</u>							
Hong Kong dollar money supply							
M1	15.9	8.6	11.6	12.2	14.0	11.8	-2.6
M2 <sup>(a)</sup>	12.1	5.7	9.0	10.3	8.9	11.6	3.6
M3 <sup>(a)</sup>	12.1	5.7	9.0	10.4	8.9	11.6	3.7
Total money supply							
M1	22.2	9.7	13.1	15.4	12.3	9.8	-0.4
M2	11.1	12.4	9.5	5.5	7.7	10.0	4.3
M3	11.0	12.4	9.6	5.5	7.7	10.0	4.3
Deposit							
HK\$	11.7	5.1	9.3	10.7	9.3	11.6	3.6
Foreign currency	7.0	16.2	10.1	3.1	8.8	5.9	6.4
Total	9.3	10.7	9.7	6.7	9.1	8.7	5.0
Loans and advances							
HK\$	5.5	8.2	10.9	3.8	7.9	19.7	8.9
Foreign currency	16.3	27.6	14.9	3.2	4.8	11.6	-1.7
Total	9.6	16.0	12.7	3.5	6.5	16.1	4.4
Nominal Effective Exchange Rate Indices							
<u>(Jan 2020 =100)<sup>(b)</sup></u>							
Trade-weighted	0.3	*	1.2	5.5	2.8	*	-2.2
Import-weighted	0.2	0.6	1.4	5.9	2.4	*	-2.3
Export-weighted	0.2	-0.6	0.9	5.1	3.3	0.1	-2.2

**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>2019</u>	<u>2020</u>	<u>2021</u>		<u>2021</u>		<u>2022</u>
				Q2	Q3	Q4	Q1
<u>(at end of period)</u>							
Hong Kong dollar money supply (\$Mn)							
M1	1,533,104	1,972,719	2,078,911	2,553,280	2,141,722	2,078,911	2,147,571
M2 <sup>(a)</sup>	7,438,789	7,922,089	8,043,994	8,461,821	8,085,088	8,043,994	8,210,310
M3 <sup>(a)</sup>	7,454,655	7,937,038	8,057,408	8,477,737	8,098,753	8,057,408	8,223,237
Total money supply (\$Mn)							
M1	2,484,738	3,231,921	3,490,858	3,866,519	3,579,632	3,490,858	3,570,957
M2	14,745,872	15,606,608	16,272,650	16,231,151	16,065,611	16,272,650	16,393,669
M3	14,786,375	15,644,043	16,310,866	16,270,817	16,104,828	16,310,866	16,428,066
Deposit (\$Mn)							
HK\$	6,884,143	7,311,368	7,414,381	7,865,877	7,480,315	7,414,381	7,577,074
Foreign currency	6,887,444	7,202,247	7,771,839	7,317,676	7,520,132	7,771,839	7,772,255
Total	13,771,586	14,513,615	15,186,220	15,183,554	15,000,447	15,186,220	15,349,329
Loans and advances (\$Mn)							
HK\$	6,219,377	6,106,960	6,425,857	6,619,402	6,332,428	6,425,857	6,453,649
Foreign currency	4,157,325	4,391,617	4,470,799	4,630,411	4,693,781	4,470,799	4,577,545
Total	10,376,701	10,498,577	10,896,656	11,249,814	11,026,209	10,896,656	11,031,194
Nominal Effective Exchange Rate Indices							
(Jan 2020 =100) <sup>(b)</sup>							
Trade-weighted	99.4	100.0	95.5	95.4	95.8	95.4	95.2
Import-weighted	99.5	100.1	95.8	95.7	96.1	95.9	95.8
Export-weighted	99.2	100.0	95.1	95.0	95.4	94.9	94.6
<u>(% change over a year earlier)</u>							
Hong Kong dollar money supply							
M1	-1.5	28.7	5.4	45.2	-11.0	5.4	3.3
M2 <sup>(a)</sup>	2.4	6.5	1.5	10.9	-1.9	1.5	1.0
M3 <sup>(a)</sup>	2.3	6.5	1.5	10.9	-1.9	1.5	1.0
Total money supply							
M1	2.6	30.1	8.0	36.2	0.1	8.0	5.4
M2	2.8	5.8	4.3	7.5	1.4	4.3	4.0
M3	2.7	5.8	4.3	7.5	1.4	4.3	4.0
Deposit							
HK\$	2.5	6.2	1.4	11.5	-2.2	1.4	0.9
Foreign currency	3.2	4.6	7.9	4.2	5.6	7.9	8.3
Total	2.9	5.4	4.6	7.9	1.5	4.6	4.5
Loans and advances							
HK\$	6.6	-1.8	5.2	8.6	-2.8	5.2	3.2
Foreign currency	7.0	5.6	1.8	0.7	4.0	1.8	0.9
Total	6.7	1.2	3.8	5.2	*	3.8	2.2
Nominal Effective Exchange Rate Indices							
(Jan 2020 =100) <sup>(b)</sup>							
Trade-weighted	3.3	0.6	-4.5	-6.9	-4.3	-1.4	-0.2
Import-weighted	3.1	0.6	-4.3	-6.6	-4.0	-1.0	0.2
Export-weighted	3.5	0.8	-4.9	-7.3	-4.6	-1.9	-0.6

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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2021</u>			
					Q1	Q2	Q3	Q4
<b>Services Industry</b>								
Import and export trade	3.7	-6.6	-3.6	23.9	27.6	27.5	22.3	19.7
Wholesale	4.3	-8.3	-7.9	13.3	11.2	12.7	15.4	13.7
Retail	8.7	-11.1	-24.3	8.1	7.5	9.3	7.3	8.3
Transportation	8.0	-2.3	-19.7	54.1	19.3	52.4	76.7	66.6
<i>within which:</i>								
Land transport	5.3	1.3	-23.9	4.0	-4.6	9.3	10.7	1.2
Water transport	4.4	0.1	10.7	85.9	67.1	78.2	105.0	89.3
Air transport	11.3	-4.9	-36.2	43.3	-9.4	44.9	76.1	69.2
Warehousing and storage	12.7	-1.4	11.5	27.6	39.0	37.7	18.5	19.4
Courier	-0.7	-3.9	28.4	19.0	47.3	13.3	9.4	14.6
Accommodation services <sup>(a)</sup>	10.8	-14.3	-59.1	38.3	16.1	58.2	45.0	35.7
Food services	6.0	-5.9	-29.4	16.8	-8.8	10.0	43.9	29.0
Information and communications	3.1	1.2	-8.5	7.7	6.1	9.6	7.2	7.8
<i>within which:</i>								
Telecommunications	2.2	-2.6	-9.0	6.1	7.7	5.4	4.4	6.9
Film entertainment	3.1	-2.3	-44.0	26.7	-17.0	35.2	54.1	43.3
Banking	6.8	2.8	-8.0	-4.3	-3.7	-8.6	2.8	-7.6
Financing (except banking)	10.3	1.1	12.2	17.4	29.1	21.3	19.2	2.2
<i>within which:</i>								
Financial markets and asset management	11.6	0.8	13.2	19.6	36.3	25.9	21.7	-2.3
<i>within which : Asset management</i>	3.7	7.3	11.6	23.3	26.2	31.5	30.5	7.7
Insurance	8.7	8.8	6.1	2.5	-1.6	3.8	3.0	5.0
Real estate	5.4	11.4	3.2	-1.9	10.4	0.2	1.9	-16.7
Professional, scientific and technical services	3.3	1.3	-2.1	6.6	2.9	8.2	8.2	7.2
Administrative and support services	3.5	0.4	-25.4	1.7	-10.6	11.0	3.4	5.3
<b>Services Domain</b>								
Tourism, convention and exhibition services	11.0	-19.3	-86.7	-17.8 <sup>+</sup>	-72.1 <sup>+</sup>	57.9 <sup>+</sup>	48.4 <sup>+</sup>	37.0 <sup>+</sup>
Computer and information technology services	2.9	-7.2	-3.2	20.1	22.8	15.2	21.6	20.9

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.

**Table 15 : Labour force characteristics**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>		<u>2021</u>		<u>2022</u>
						Q2	Q3	Q4	Q1
<u>(%)</u>									
Labour force participation rate	61.1	61.3	60.7	59.7	59.4	59.6	59.3	58.9	58.5
Seasonally adjusted unemployment rate <sup>(a)</sup>	3.1	2.8	2.9	5.8	5.2	5.4	4.4	4.0	5.0
Underemployment rate	1.2	1.1	1.1	3.3	2.6	2.5	2.1	1.7	3.1
<u>('000)</u>									
Population of working age	6 472.5	6 522.6	6 572.7	6 562.2	6 518.6	6 524.8	6 525.6	6 540.1	6 492.8
Labour force	3 956.0	3 996.8	3 987.8	3 918.5	3 870.4	3 885.7	3 871.5	3 850.3	3 799.0
Persons employed	3 832.4	3 884.6	3 871.4	3 690.9	3 670.2	3 671.1	3 690.7	3 705.1	3 610.5
Persons unemployed	123.6	112.1	116.3	227.6	200.3	214.5	180.7	145.2	188.5
Persons underemployed	45.7	43.2	42.0	129.9	98.9	95.8	80.0	66.7	117.0
<u>(% change over a year earlier)</u>									
Population of working age	0.8	0.8	0.8	-0.2	-0.7	-0.5	*	0.1	-0.3
Labour force	0.9	1.0	-0.2	-1.7	-1.2	-0.5	-0.9	-1.3	-2.3
Persons employed	1.2	1.4	-0.3	-4.7	-0.6	0.3	1.1	1.3	-0.5
Persons unemployed	-7.0	-9.3	3.7	95.6	-12.0	-11.7	-29.3	-41.0	-27.8
Persons underemployed	-16.5	-5.4	-2.8	209.6	-23.8	-34.2	-47.6	-50.2	-21.2

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

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

**Table 16 : Employment in selected major industries**

Selected major industries	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2021</u>				(No.)
	(% change)					Mar	Jun	Sep	Dec	
Manufacturing	-3.3	-3.0	-3.5	-4.0	-5.5	-3.6	-6.0	-5.9	-6.7	76 456
Construction sites (covering manual workers only)	10.1	-5.8	-9.0	-4.5	8.5	1.6	8.6	13.2	10.9	106 630
Import and export trade	-0.4	-0.6	-5.7	-11.0	-3.6	-8.6	-3.5	-1.9	0.1	388 770
Wholesale	-0.6	-0.9	-4.0	-8.8	-3.9	-8.4	-2.9	-4.1	0.1	50 730
Retail	0.5	1.7	-1.7	-6.3	-0.6	-2.0	-0.5	-0.5	0.5	251 421
Food and beverage services	0.3	2.8	-2.3	-13.6	1.4	-7.2	1.0	5.2	7.4	217 755
Accommodation services <sup>(a)</sup>	0.3	4.8	1.8	-14.7	1.1	-9.4	3.1	5.0	7.0	35 772
Transportation, storage, postal and courier services	0.2	0.6	0.3	-3.7	-4.0	-6.7	-4.2	-4.4	-0.4	166 039
Information and communications	0.9	1.5	1.9	-0.3	-1.4	-0.4	-1.8	-1.7	-1.7	108 058
Financing and insurance	1.5	2.6	2.9	0.6	0.1	-0.8	0.1	0.4	0.7	240 274
Real estate	1.3	2.0	1.2	0.4	3.6	1.9	2.4	4.3	5.7	144 471
Professional and business services (excluding cleaning and similar services)	2.1	3.2	1.5	-0.3	*	0.3	0.2	-0.3	-0.1	306 181
Cleaning and similar services	0.7	-1.4	-0.3	0.3	1.3	1.6	2.1	1.4	-0.1	81 521
Education	1.6	1.8	1.7	-1.0	-0.1	0.1	-0.1	-0.8	0.3	205 534
Human health services	3.5	3.4	4.7	4.1	2.9	4.0	3.3	2.9	1.6	146 030
Residential care and social work services	1.0	1.0	2.4	0.4	0.9	-0.3	0.4	1.0	2.4	67 020
Arts, entertainment, recreation and other services	-0.6	1.4	0.8	-5.4	-1.7	-2.6	-2.7	-1.1	-0.1	118 738
Civil service <sup>(b)</sup>	1.6	2.1	2.2	0.7	-0.2	-0.1	-0.3	-0.2	-0.2	176 618
Others <sup>(c)</sup>	2.1	*	1.5	-1.7	1.2	2.5	2.2	-0.5	0.7	11 469

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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>		<u>2021</u>		
						Mar	Jun	Sep	Dec
<u>(Number)</u>									
Building sites									
Private sector	65 985	65 700	62 903	54 957	58 385	57 539	59 480	57 706	58 813
Public sector <sup>(a)</sup>	21 660	21 604	19 257	22 982	23 622	25 460	24 750	22 605	21 671
Sub-total	87 645	87 303	82 160	77 939	82 006	82 999	84 230	80 311	80 484
Civil engineering sites									
Private sector	979	1 729	2 483	2 180	3 095	2 034	2 911	3 871	3 565
Public sector <sup>(a)</sup>	30 050	22 816	17 108	17 064	20 329	17 669	18 928	22 138	22 581
Sub-total	31 029	24 546	19 591	19 244	23 424	19 703	21 839	26 009	26 146
<b>Total</b>	<b>118 674</b>	<b>111 849</b>	<b>101 750</b>	<b>97 182</b>	<b>105 430</b>	<b>102 702</b>	<b>106 069</b>	<b>106 320</b>	<b>106 630</b>
<u>(% change over a year earlier)</u>									
Building sites									
Private sector	9.5	-0.4	-4.3	-12.6	6.2	-3.2	7.5	10.5	11.3
Public sector <sup>(a)</sup>	35.1	-0.3	-10.9	19.3	2.8	16.7	6.9	-1.8	-9.5
Sub-total	14.9	-0.4	-5.9	-5.1	5.2	2.1	7.3	6.8	4.8
Civil engineering sites									
Private sector	-29.3	76.6	43.6	-12.2	42.0	-21.7	33.7	107.4	71.5
Public sector <sup>(a)</sup>	-0.3	-24.1	-25.0	-0.3	19.1	2.8	11.5	31.6	30.8
Sub-total	-1.6	-20.9	-20.2	-1.8	21.7	-0.4	14.0	39.2	35.2
<b>Total</b>	<b>10.1</b>	<b>-5.8</b>	<b>-9.0</b>	<b>-4.5</b>	<b>8.5</b>	<b>1.6</b>	<b>8.6</b>	<b>13.2</b>	<b>10.9</b>

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**

(%)

Selected industry sections	2017	2018	2019	2020	2021	2021			
						Q1	Q2	Q3	Q4
<b>(in nominal terms)</b>									
Manufacturing	3.4	4.0	3.8	-0.1	-0.6	-1.8	-0.8	*	0.5
Import/export and wholesale trades	2.9	3.2	2.3	0.5	0.1	-0.5	-0.1	0.1	1.2
Retail trade	3.3	3.0	2.3	0.1	0.2	-0.3	-0.1	0.2	1.2
Transportation, storage, postal and courier services	3.4	4.1	3.9	-5.4	-3.8	-8.2	-4.2	-2.1	-0.3
Accommodation <sup>(a)</sup> and food service activities	4.7	5.3	4.7	-2.9	-1.0	-5.3	-2.1	0.9	3.0
Information and communications	3.3	3.3	3.9	2.3	1.8	1.2	1.8	1.8	2.5
Financial and insurance activities	3.0	3.1	3.0	1.7	1.7	1.4	1.7	1.9	2.2
Real estate activities	4.3	4.3	4.1	1.5	1.4	1.1	1.3	1.4	1.8
Professional and business services	4.2	4.6	3.8	1.6	1.5	1.1	1.3	1.5	1.9
Social and personal services	3.1	4.3	2.3	6.2	0.1	-1.7	1.5	0.8	-0.2
<b>All selected industry sections surveyed</b>	<b>3.7</b>	<b>3.9</b>	<b>3.4</b>	<b>2.4</b>	<b>1.0</b>	<b>0.7</b>	<b>1.1</b>	<b>1.1</b>	<b>1.5</b>
<b>(in real terms)</b>									
Manufacturing	2.0	1.6	0.9	-0.4	-2.1	-3.0	-1.6	-2.1	-1.4
Import/export and wholesale trades	1.4	0.8	-0.5	0.2	-1.4	-1.7	-0.9	-2.1	-0.8
Retail trade	1.8	0.6	-0.5	-0.1	-1.4	-1.6	-0.9	-1.9	-0.8
Transportation, storage, postal and courier services	1.9	1.6	1.0	-5.6	-5.3	-9.3	-5.0	-4.2	-2.2
Accommodation <sup>(a)</sup> and food service activities	3.2	2.8	1.8	-3.2	-2.6	-6.4	-2.9	-1.3	1.0
Information and communications	1.9	0.8	0.9	2.0	0.2	-0.1	0.9	-0.4	0.5
Financial and insurance activities	1.6	0.7	0.2	1.2	0.2	0.1	0.8	-0.3	0.2
Real estate activities	2.8	1.9	1.1	1.3	-0.1	-0.1	0.5	-0.8	-0.2
Professional and business services	2.7	2.2	0.9	1.4	-0.1	-0.1	0.5	-0.8	*
Social and personal services	1.6	1.8	-0.6	6.0	-1.5	-2.9	0.7	-1.4	-2.2
<b>All selected industry sections surveyed</b>	<b>2.3</b>	<b>1.5</b>	<b>0.5</b>	<b>2.1</b>	<b>-0.5</b>	<b>-0.5</b>	<b>0.2</b>	<b>-1.1</b>	<b>-0.4</b>

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**

(%)

Selected industry sections	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2021</u>			
						Mar	Jun	Sep	Dec
<b>(in nominal terms)</b>									
Manufacturing	3.7	3.6	3.5	2.0	1.6	1.5	1.4	1.4	1.8
Import/export, wholesale and retail trades	3.0	3.0	2.3	1.0	0.9	0.5	0.7	0.8	1.7
Transportation	2.9	4.7	4.4	0.1	-0.9	-2.1	-0.8	-0.5	-0.2
Accommodation <sup>(a)</sup> and food service activities	4.7	4.6	4.1	1.0	1.4	0.8	0.8	1.4	2.1
Financial and insurance activities <sup>(b)</sup>	3.5	3.5	3.7	2.3	2.5	2.3	2.4	2.5	2.8
Real estate leasing and maintenance management	4.1	4.4	3.9	2.7	3.0	2.8	2.8	2.9	3.1
Professional and business services	4.7	4.4	3.6	1.7	1.8	1.5	1.5	1.8	2.1
Personal services	4.2	4.1	3.3	0.7	0.3	-0.2	0.1	0.4	0.9
<b>All industries surveyed</b>	<b>3.8</b>	<b>4.0</b>	<b>3.5</b>	<b>1.3</b>	<b>1.3</b>	<b>0.9</b>	<b>1.1</b>	<b>1.3</b>	<b>1.8</b>
<b>(in real terms)</b>									
Manufacturing	2.2	0.8	0.2	3.1	-0.3	0.1	*	-0.2	-1.1
Import/export, wholesale and retail trades	1.6	0.1	-1.0	2.1	-0.9	-1.0	-0.7	-0.7	-1.3
Transportation	1.5	1.7	1.0	1.3	-2.7	-3.5	-2.2	-2.0	-3.1
Accommodation <sup>(a)</sup> and food service activities	3.3	1.7	0.7	2.1	-0.3	-0.6	-0.5	-0.2	-0.9
Financial and insurance activities <sup>(b)</sup>	2.1	0.6	0.2	3.7	0.7	0.8	1.0	0.9	-0.2
Real estate leasing and maintenance management	2.6	1.4	0.5	3.8	1.3	1.3	1.4	1.3	0.1
Professional and business services	3.2	1.5	0.3	2.8	0.1	0.1	0.2	0.2	-0.9
Personal services	2.7	1.1	0.2	1.7	-1.6	-1.6	-1.2	-1.2	-2.0
<b>All industries surveyed</b>	<b>2.3</b>	<b>1.0</b>	<b>0.1</b>	<b>2.5</b>	<b>-0.5</b>	<b>-0.6</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-1.1</b>

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.

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

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

(HK\$)

Industry sections	May – Jun 2020			May – Jun 2021		
	25th percentile	50th percentile	75th percentile	25th percentile	50th percentile	75th percentile
Manufacturing <sup>(a)</sup>	14,500	17,500	27,100	14,600	17,700	27,700
Electricity and gas supply; sewerage, waste management and remediation activities	21,100	28,000	43,100	21,300	28,300	42,500
Construction	18,400	23,000	29,800	18,600	23,200	30,100
Import and export trade	14,200	18,900	28,200	14,300	19,100	28,200
Wholesale	12,200	15,200	20,600	12,300	15,500	20,800
Retail trade	10,500	13,700	18,000	10,400	13,500	17,500
<i>within which:</i>						
Supermarkets and convenience stores	7,600	11,700	14,200	7,600	11,900	14,400
Other retail stores	11,500	14,300	18,800	11,500	14,000	18,100
Land transport	14,500	19,400	28,700	14,500	19,500	27,400
Other transportation, storage, postal and courier services <sup>(b)</sup>	14,000	18,500	24,800	13,800	18,400	24,500
Food and beverage services	10,000	13,600	17,500	11,000	13,900	18,000
<i>within which:</i>						
Hong Kong style tea cafes	12,000	13,700	17,700	12,000	13,800	18,000
Chinese restaurants	12,800	15,100	20,500	12,800	15,200	20,900
Restaurants, other than Chinese	11,800	14,300	18,000	12,300	14,500	18,000
Fast food cafes <sup>(c)</sup>	4,900	10,200	13,700	4,800	10,400	13,800
Other food and beverage services	6,300	13,000	16,800	8,000	13,000	16,600
Accommodation services <sup>(d)</sup>	13,400	15,700	21,000	13,500	16,000	21,000
Information and communications	16,500	23,700	36,000	16,700	24,300	36,000
Financing and insurance	19,000	28,600	47,500	19,200	29,300	47,500
Real estate activities <sup>(e)</sup>	14,200	21,800	34,200	14,300	22,100	34,400
Estate management, security and cleaning services	10,200	13,000	15,700	10,300	13,000	16,300
<i>within which:</i>						
Real estate maintenance management	12,500	14,500	17,400	12,600	14,800	17,800
Security services <sup>(f)</sup>	11,800	13,800	16,500	12,000	14,100	16,800
Cleaning services	8,000	10,000	11,100	8,100	10,200	11,400
Membership organisations <sup>(g)</sup>	11,400	14,000	22,000	11,600	14,100	22,000
Professional, scientific and technical services	16,000	25,000	37,500	16,200	25,100	37,900
Administrative and support services activities	13,000	17,300	27,200	12,600	17,400	27,600
Travel agency, reservation service and related activities	11,000	15,200	21,500	11,000	15,000	21,400
Education and public administration (excluding the Government)	14,500	30,000	52,000	14,700	30,200	52,600
Human health activities; and beauty and body prettifying treatment	14,200	19,600	42,400	14,300	19,900	42,000
Miscellaneous activities	10,800	13,000	17,000	11,000	13,300	17,100
<i>within which:</i>						
Elderly homes	12,800	14,500	17,500	13,000	14,700	17,700
Laundry and dry cleaning services	8,400	12,000	13,900	8,100	12,400	14,300
Hairdressing and other personal services	10,300	12,300	17,000	10,000	12,500	15,500
Local courier services	8,100	11,000	15,000	8,100	11,000	15,000
Food processing and production	11,000	13,200	18,400	11,200	13,400	18,600
Other activities not classified above	12,900	16,600	25,500	13,200	16,900	26,300
<b>All industry sections above</b>	<b>13,200</b>	<b>18,400</b>	<b>28,800</b>	<b>13,400</b>	<b>18,700</b>	<b>29,500</b>

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 2020			May – Jun 2021		
	25th percentile	50th percentile	75th percentile	25th percentile	50th percentile	75th percentile
Manufacturing <sup>(a)</sup>	55.6	71.5	103.9	56.1	72.2	106.3
Electricity and gas supply; sewerage, waste management and remediation activities	76.3	108.9	166.7	77.1	109.4	167.4
Construction	78.9	100.0	125.5	79.6	100.6	126.4
Import and export trade	58.7	80.5	118.3	59.1	81.1	118.3
Wholesale	52.5	65.6	86.5	52.8	66.1	87.5
Retail trade	45.0	53.4	67.0	46.4	53.7	66.7
<i>within which:</i>						
Supermarkets and convenience stores	42.4	47.6	52.0	43.3	48.6	53.2
Other retail stores	46.6	56.6	73.1	47.1	55.8	71.3
Land transport	57.6	80.0	113.5	57.8	79.6	106.7
Other transportation, storage, postal and courier services <sup>(b)</sup>	52.4	68.0	94.6	52.0	67.4	92.3
Food and beverage services	46.7	52.6	66.0	47.0	53.0	65.0
<i>within which:</i>						
Hong Kong style tea cafes	47.6	52.5	64.2	48.1	53.1	65.0
Chinese restaurants	47.1	53.8	72.3	48.1	54.4	73.8
Restaurants, other than Chinese	48.5	54.1	67.1	49.4	54.8	67.8
Fast food cafes <sup>(c)</sup>	44.0	48.1	55.0	43.5	48.5	55.6
Other food and beverage services	45.2	51.1	61.0	46.0	51.0	60.9
Accommodation services <sup>(d)</sup>	47.3	58.1	74.3	47.9	58.7	75.0
Information and communications	66.1	93.9	143.4	67.2	95.8	146.3
Financing and insurance	75.4	110.4	190.2	75.4	112.5	190.1
Real estate activities <sup>(e)</sup>	61.7	88.0	140.7	62.6	89.6	143.4
Estate management, security and cleaning services	41.2	46.4	58.2	41.4	47.1	58.6
<i>within which:</i>						
Real estate maintenance management	41.3	46.9	62.8	41.9	47.6	63.4
Security services <sup>(f)</sup>	41.4	46.1	56.3	41.9	46.6	56.9
Cleaning services	40.2	45.2	51.9	40.6	45.6	52.4
Membership organisations <sup>(g)</sup>	44.6	58.0	91.7	45.0	58.6	91.7
Professional, scientific and technical services	66.7	97.6	159.5	66.7	99.2	160.1
Administrative and support services activities	52.1	71.7	112.5	51.9	71.7	114.7
Travel agency, reservation service and related activities	51.6	66.4	94.1	51.1	66.0	94.7
Education and public administration (excluding the Government)	67.4	133.0	222.2	68.5	133.0	222.9
Human health activities; and beauty and body prettifying treatment	63.2	90.4	173.8	63.8	91.6	173.8
Miscellaneous activities	44.9	51.6	69.0	44.8	52.4	70.0
<i>within which:</i>						
Elderly homes	42.5	52.6	70.4	42.9	53.1	71.8
Laundry and dry cleaning services	45.9	49.5	59.4	45.8	50.5	64.5
Hairdressing and other personal services	46.9	52.0	71.7	46.1	52.4	70.0
Local courier services	46.7	52.2	63.0	45.5	52.5	66.7
Food processing and production	44.4	51.4	69.7	45.3	52.4	73.3
Other activities not classified above	54.4	69.2	104.5	55.6	70.5	107.1
<b>All industry sections above</b>	<b>52.8</b>	<b>74.4</b>	<b>117.6</b>	<b>53.5</b>	<b>75.7</b>	<b>120.3</b>

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
GDP deflator	3.5	1.8	2.9	3.6	1.6	2.9	3.7	2.0
Domestic demand deflator	4.2	1.4	3.1	2.2	1.4	2.8	3.4	2.4
Consumer Price Indices <sup>(a)</sup> :								
Composite CPI	4.1	4.3	4.4	3.0	2.4	1.5	2.4	2.9
CPI(A)	3.6	5.1	5.6	4.0	2.8	1.5	2.7	3.3
CPI(B)	4.3	4.1	4.2	2.9	2.3	1.4	2.3	2.7
CPI(C)	4.1	3.8	3.5	2.1	2.1	1.5	2.2	2.6
Unit Value Indices :								
Total exports of goods	3.4	1.3	2.0	0.1	-1.7	1.8	2.4	1.1
Imports of goods	3.3	0.9	1.9	-0.4	-1.7	1.9	2.6	1.3
Terms of Trade Index <sup>(b)</sup>	0.1	0.4	0.1	0.5	*	-0.1	-0.1	-0.1
Producer Price Index for all manufacturing industries	0.1	-3.1	-1.7	-2.7	1.3	3.8	2.0	1.0
Tender Price Indices :								
Public sector								
building projects	8.3	6.6	7.3	5.9	1.0	-0.3	-2.9	-2.6
Public housing projects	6.4	9.3	8.0	12.5	-0.7	0.3	-1.9	-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>2020</u>	<u>2021</u>	<u>2021</u>			<u>2022</u>	Average annual rate of change:	
			Q2	Q3	Q4		10 years	5 years
							2011 to 2021	2016 to 2021
GDP deflator <sup>#</sup>	0.6	0.9	0.7	1.0	2.0	0.4	2.4	2.0
Domestic demand deflator <sup>#</sup>	0.6	-0.2	-0.6	0.4	0.3	0.7	2.1	1.8
Consumer Price Indices <sup>(a)</sup> :								
Composite CPI	0.3	1.6	0.8	2.3	2.0	1.5	2.7	1.7
CPI(A)	-0.6	2.9	1.6	4.0	2.5	1.5	3.1	2.0
CPI(B)	0.6	1.0	0.4	1.4	1.8	1.5	2.6	1.6
CPI(C)	0.8	0.9	0.4	1.3	1.7	1.6	2.4	1.6
Unit Value Indices :								
Total exports of goods	-0.6	5.4	5.0	6.1	9.0	10.3	1.5	2.0
Imports of goods	-0.7	5.5	4.7	6.5	9.0	10.6	1.4	2.1
Terms of Trade Index <sup>(b)</sup>	*	*	0.3	-0.4	*	-0.2	0.1	-0.1
Producer Price Index for all manufacturing industries	2.3	1.2	2.7	-0.8	1.2	N.A.	0.4	2.0
Tender Price Indices :								
Public sector								
building projects	-3.0	1.0	-0.2	1.4	3.3	N.A.	2.0	-1.6
Public housing projects	-2.7	1.8	0.5	1.9	5.7	N.A.	3.0	-0.9

**Table 23 : Rates of change in Composite Consumer Price Index**

(%)

	Weight	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>All items</b>	<b>100.00</b>	<b>4.1</b> <b>(4.7)</b>	<b>4.3</b> <b>(4.0)</b>	<b>4.4</b> <b>(3.5)</b>	<b>3.0</b> <b>(2.5)</b>	<b>2.4</b> <b>(2.3)</b>	<b>1.5</b> <b>(1.7)</b>	<b>2.4</b> <b>(2.6)</b>
Food	27.41	5.8	4.4	4.1	4.0	3.4	2.2	3.4
<i>Meals out and takeaway food</i>	17.05	5.4	4.4	4.6	4.2	3.3	2.7	2.9
<i>Basic food</i>	10.36	6.5	4.4	3.4	3.4	3.6	1.1	4.3
Housing <sup>(a)</sup>	40.25	5.6	6.7	6.7	5.1	3.7	2.0	2.5
<i>Private housing rent</i>	35.46	6.8	6.3	6.0	4.7	3.4	1.8	2.2
<i>Public housing rent</i>	1.87	-7.1	16.0	18.3	10.9	7.2	3.0	4.1
Electricity, gas and water	2.82	-8.2	6.9	14.9	8.4	1.0	-1.7	4.9
Alcoholic drinks and tobacco	0.49	3.0	1.5	6.5	1.3	1.5	0.6	1.3
Clothing and footwear	2.42	3.1	1.7	0.9	-1.8	-3.4	-0.4	1.6
Durable goods	4.00	-1.4	-4.3	-3.4	-5.6	-5.4	-3.2	-2.0
Miscellaneous goods	3.32	2.2	2.2	2.3	0.9	1.5	1.4	1.3
Transport	6.17	3.0	2.3	2.0	-0.3	1.6	2.3	1.6
Miscellaneous services	13.12	2.8	3.7	3.0	1.1	2.3	0.9	2.1

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. The weights quoted in this table correspond to that in the 2019/20-based index series.

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".

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

(%)										
	Weight	2019	2020	2021	2021			2022	Average annual rate of change:	
					Q2	Q3	Q4		Q1	10 years 2011 to 2021
<b>All items</b>	<b>100.00</b>	<b>2.9</b>	<b>0.3</b>	<b>1.6</b>	<b>0.8</b>	<b>2.3</b>	<b>2.0</b>	<b>1.5</b>	<b>2.7</b>	<b>1.7</b>
		<b>(3.0)</b>	<b>(1.3)</b>	<b>(0.6)</b>	<b>(0.3)</b>	<b>(1.1)</b>	<b>(1.2)</b>	<b>(1.6)</b>	<b>(2.7)</b>	<b>(2.0)</b>
Food	27.41	4.9	3.3	1.7	0.9	2.6	2.5	3.7	3.7	3.1
<i>Meals out and takeaway food</i>	17.05	2.2	0.8	1.8	1.0	3.6	2.8	3.1	3.2	2.1
<i>Basic food</i>	10.36	9.9	7.7	1.4	1.1	1.0	1.9	4.6	4.5	4.8
Housing <sup>(a)</sup>	40.25	3.5	-0.1	0.3	-0.7	1.0	-0.6	-0.3	3.6	1.6
<i>Private housing rent</i>	35.46	3.1	1.1	-1.3	-1.6	-1.6	-0.8	-0.5	3.4	1.4
<i>Public housing rent</i>	1.87	7.1	-21.0	29.3	11.0	100.3	2.0	2.0	5.9	3.2
Electricity, gas and water	2.82	-5.4	-20.6	27.0	26.0	20.5	37.0	-2.4	2.0	-0.4
Alcoholic drinks and tobacco	0.49	1.2	0.5	0.1	-0.1	-0.4	0.2	0.3	1.7	0.7
Clothing and footwear	2.42	-1.7	-5.2	3.3	2.1	5.4	7.1	6.1	-0.2	-0.5
Durable goods	4.00	-1.9	-2.7	1.0	0.7	2.1	2.0	1.7	-2.9	-1.8
Miscellaneous goods	3.32	2.5	3.1	-3.1	-4.1	-2.8	-1.2	-0.2	1.4	1.0
Transport	6.17	2.0	-1.0	2.6	2.4	5.9	5.1	6.1	1.6	1.5
Miscellaneous services	13.12	2.0	0.8	0.7	0.6	0.8	1.0	1.0	1.9	1.3

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

(%)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Private consumption expenditure	3.2	2.7	2.9	1.2	1.5	2.5	3.1
Government consumption expenditure	6.2	4.3	4.7	4.4	3.7	2.5	3.3
Gross domestic fixed capital formation	6.4	-2.9	3.1	4.5	-0.3	4.4	4.6
Total exports of goods	3.2	-0.1	0.7	-0.7	-1.4	1.7	2.2
Imports of goods	4.3	-0.3	0.8	-1.4	-1.8	1.8	2.3
Exports of services	4.7	0.4	0.4	-2.8	-2.0	3.2	4.5
Imports of services	0.6	0.3	0.5	-4.6	-1.3	2.7	2.8
<b>Gross Domestic Product</b>	<b>3.5</b>	<b>1.8</b>	<b>2.9</b>	<b>3.6</b>	<b>1.6</b>	<b>2.9</b>	<b>3.7</b>
Total final demand	3.7	0.4	1.4	*	-0.6	2.2	2.8
Domestic demand	4.2	1.4	3.1	2.2	1.4	2.8	3.4

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>2019</u>	<u>2020<sup>#</sup></u>	<u>2021<sup>#</sup></u>	<u>2021</u>			<u>2022</u>	Average annual rate of change:	
				Q2 <sup>#</sup>	Q3 <sup>#</sup>	Q4 <sup>#</sup>	Q1 <sup>#</sup>	10 years 2011 to 2021 <sup>#</sup>	5 years 2016 to 2021 <sup>#</sup>
Private consumption expenditure	2.7	0.6	-0.3	-0.5	-0.2	0.7	0.2	2.0	1.7
Government consumption expenditure	4.7	2.1	0.8	0.1	0.8	2.2	1.8	3.7	2.7
Gross domestic fixed capital formation	-0.1	-1.5	0.4	-1.3	1.3	4.7	2.3	1.8	1.5
Total exports of goods	1.1	0.1	5.0	4.9	5.2	8.1	9.2	1.1	2.0
Imports of goods	1.3	0.1	4.9	4.3	5.6	7.9	10.2	1.2	2.1
Exports of services	-0.3	-0.4	13.3	13.7	16.3	16.6	11.5	2.0	4.0
Imports of services	-1.0	-0.9	10.6	12.2	12.2	12.6	9.6	0.9	2.8
<b>Gross Domestic Product</b>	<b>2.0</b>	<b>0.6</b>	<b>0.9</b>	<b>0.7</b>	<b>1.0</b>	<b>2.0</b>	<b>0.4</b>	<b>2.4</b>	<b>2.0</b>
Total final demand	1.4	0.2	3.8	3.5	4.3	6.2	6.6	1.5	2.1
Domestic demand	2.4	0.6	-0.2	-0.6	0.4	0.3	0.7	2.1	1.8

