



First Quarter Economic Report 2024

Government of the Hong Kong
Special Administrative Region

FIRST QUARTER ECONOMIC REPORT 2024

OFFICE OF THE GOVERNMENT ECONOMIST
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CHAPTER 1 : OVERVIEW OF ECONOMIC PERFORMANCE

Summary

- *The Hong Kong economy recorded moderate growth in the first quarter of 2024. Exports of services remained as an important driver of growth, while total exports of goods improved further. Meanwhile, private consumption and overall investment expenditures showed mild expansion. Real Gross Domestic Product (GDP)⁽¹⁾ grew by 2.7% over a year earlier. On a seasonally adjusted quarter-to-quarter comparison⁽²⁾, real GDP increased by 2.3%.*
- *Hong Kong's total exports of goods rose in the first quarter over a year earlier as external demand turned slightly more favourable, though a very low base of comparison also contributed. Exports to the Mainland surged. Exports to the US declined marginally. Exports to the EU recorded a double-digit fall. Exports to other major Asian markets showed mixed performance. Meanwhile, exports of services continued to grow notably. Exports of travel services jumped further thanks to the continued revival of visitor arrivals. Exports of transport services continued to rise, and exports of business and other services showed modest growth. Yet, exports of financial services declined further.*
- *Domestically, private consumption expenditure rose mildly in the first quarter, supported by the continued increase in employment earnings and the Government's various initiatives to boost sentiment. Overall investment expenditure increased slightly alongside the economic expansion.*
- *The labour market remained tight in the first quarter. The seasonally adjusted unemployment rate stayed low at 3.0%. The underemployment rate was also low at 1.1%.*
- *The local stock market remained under pressure in the first quarter. Dampened by heightened geopolitical tensions and tempered expectations for US interest rate cuts, the Hang Seng Index (HSI) headed down on entering 2024. The HSI closed the quarter at 16 541, down by 3.0% from end-2023. After staying quiet in the first two months of 2024, the residential property market turned active in March as market sentiment improved after the cancellation of all demand-side management measures (DSMMs) for residential properties and the adjustments of macroprudential measures. Flat prices showed signs of stabilisation towards the end of the quarter.*

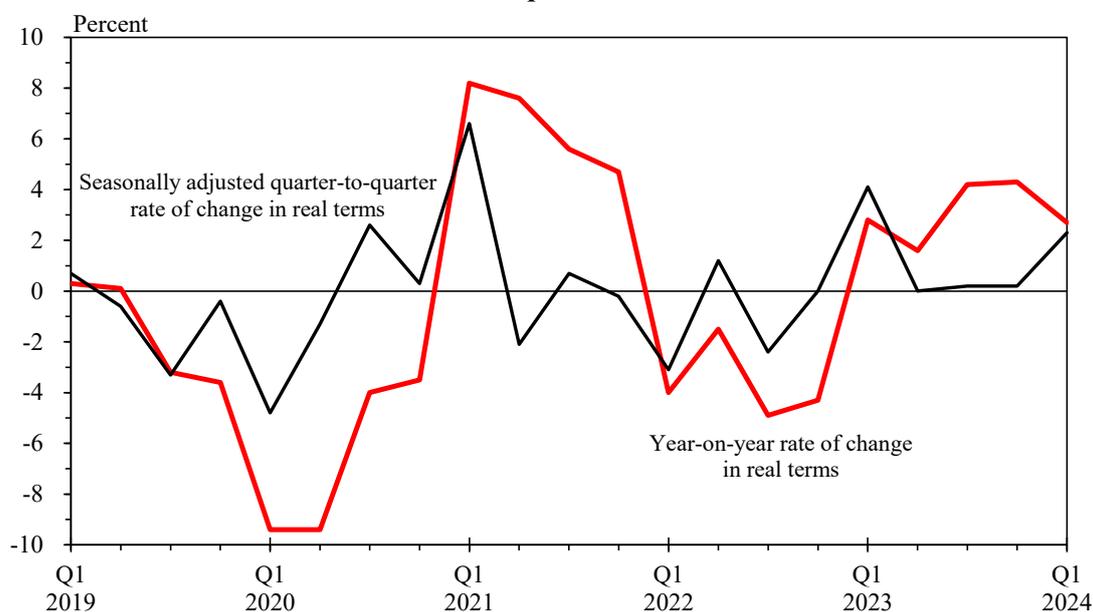
- *Underlying consumer price inflation was modest in the first quarter. While prices of meals out and takeaway food continued to rise relatively fast over a year earlier, prices of electricity dropped notably against a high base of comparison. Private housing rentals were largely steady. Price pressures on other major components were broadly in check.*

Overall situation

1.1 The Hong Kong economy recorded moderate growth in the first quarter of 2024. Exports of services remained as an important driver of growth, while total exports of goods improved further. Meanwhile, private consumption and overall investment expenditures showed mild expansion.

1.2 Real GDP grew by 2.7% year-on-year in the first quarter (same as the advance estimate), having increased by 4.3% in the preceding quarter. On a seasonally adjusted quarter-to-quarter comparison, real GDP increased by 2.3% (same as the advance estimate), after a 0.2% increase in the preceding quarter.

Diagram 1.1 : The Hong Kong economy recorded moderate growth in the first quarter of 2024



The external sector

1.3 After growing by 2.8% year-on-year in real terms in the preceding quarter, *total exports of goods* based on the GDP compilation framework rose by 6.8% in the first quarter of 2024 as external demand turned slightly more favourable, though a very low base of comparison also contributed. Analysed by major market and by reference to external merchandise trade statistics, exports to the Mainland surged against a very low base of comparison. Exports to the US declined marginally. Exports to the EU recorded a double-digit fall. Exports to other major Asian markets showed mixed performance.

1.4 *Exports of services* continued to grow notably by 8.4% year-on-year in real terms in the first quarter, after expanding by 21.2% in the preceding quarter. Exports of travel services jumped further by 40.4% and recovered to 53% of the level in the same quarter in 2018, thanks to the continued revival of visitor arrivals. Exports of transport services continued to rise. Exports of business and other services showed modest growth amid the complicated external environment. Meanwhile, exports of financial services declined further as cross-border financial and fund raising activities remained weak amid tight financial conditions.

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

	<u>2022</u> [#]	<u>2023</u> [#]	<u>Q1</u> [#]	<u>2023</u>		<u>Q4</u> [#]	<u>2024</u>
				<u>Q2</u> [#]	<u>Q3</u> [#]		<u>Q1</u> [#]
<i>Change in real terms of GDP and its main expenditure components (%)</i>							
Private consumption Expenditure	-2.2	7.7	13.0 (1.5)	8.4 (3.6)	6.7 (-0.8)	3.5 (-0.7)	1.0 (-0.9)
Government consumption expenditure	8.0	-4.3	1.2 (-3.7)	-9.5 (-4.4)	-3.9 (1.8)	-5.2 (1.3)	-3.0 (-1.7)
Gross domestic fixed capital formation	-7.4	11.1	8.9	-1.9	21.7	17.5	0.3
Building and construction	7.4	7.5	0.7	8.0	16.0	6.1	11.3
Costs of ownership transfer	-43.2	0.2	25.8	-6.0	-15.6	-3.4	-27.1
Machinery, equipment and intellectual property products	-18.9	20.5	25.4	-17.1	42.0	43.7	-15.0
Total exports of goods ^{&}	-14.0	-10.3	-19.1 (0.4)	-15.1 (-0.2)	-8.7 (0.1)	2.8 (3.0)	6.8 (4.0)
Imports of goods ^{&}	-13.2	-8.6	-14.8 (2.3)	-16.0 (-1.1)	-6.1 (1.3)	3.8 (1.8)	3.3 (1.4)
Exports of services ^{&}	-0.5	20.9	15.7 (12.3)	23.4 (5.3)	23.4 (2.0)	21.2 (1.9)	8.4 (-1.1)
Imports of services ^{&}	-1.2	25.9	21.1 (12.3)	27.0 (5.9)	28.7 (2.9)	26.7 (3.8)	17.2 (3.6)
Gross Domestic Product	-3.7	3.3	2.8 (4.1)	1.6 (*)	4.2 (0.2)	4.3 (0.2)	2.7 (2.3)
<i>Change in the main price indicators (%)</i>							
GDP deflator	1.7	2.8	2.1 (0.8)	2.7 (0.8)	2.4 (1.6)	3.8 (0.6)	4.3 (1.3)
Composite CPI							
Headline	1.9	2.1	1.9 (0.6)	2.0 (0.2)	1.9 (0.4)	2.6 (1.3)	1.9 (0.1)
Underlying [^]	1.7	1.7	1.9 (0.7)	1.7 (0.3)	1.6 (0.3)	1.6 (0.3)	1.0 (*)
<i>Change in nominal GDP (%)</i>	-2.1	6.1	5.0	4.3	6.7	8.3	7.1

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

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

(#) Revised figures.

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

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

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

The domestic sector

1.5 Consumption activities showed mild expansion in the first quarter of 2024. The continued increase in employment earnings and the Government's various initiatives to boost sentiment rendered support. The hosting of more mega events also helped. After increasing by 3.5% year-on-year in real terms in the preceding quarter, *private consumption expenditure* rose by 1.0% in the first quarter. On a seasonally adjusted quarter-to-quarter basis, private consumption expenditure decreased by 0.9%. Meanwhile, *government consumption expenditure* declined by 3.0% year-on-year in the first quarter, after a 5.2% decrease in the preceding quarter.

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

Of which :

		Total consumer spending in the domestic market ^(a)	<u>Food</u>	<u>Durables</u>	<u>Non- durables</u>	<u>Services</u>	Residents' expenditure <u>abroad</u>	<u>Visitor spending</u>	<u>Private consumption expenditure^(b)</u>
2023	Annual	8.8	0.4	12.1	22.8	6.0	292.1	499.6	7.7
	Q1	14.2	7.2	24.9	32.2	9.5	317.7	485.0	13.0
	Q2	9.6	0.6	23.5	21.3	6.1	411.4	736.5	8.4
	Q3	7.7	-1.3	9.7	21.7	5.3	381.7	740.6	6.7
	Q4	4.6	-4.3	-1.5	18.1	3.4	179.8	300.5	3.5
2024	Q1	0.2	-4.2	-11.8	1.8	2.4	60.9	41.5	1.0

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 expanded mildly

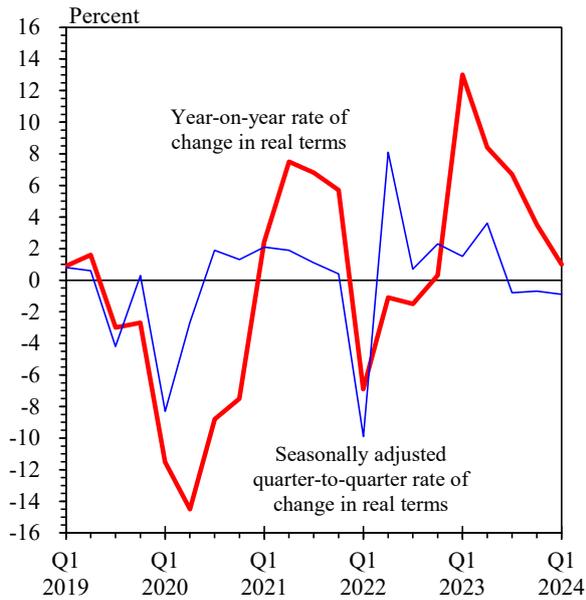
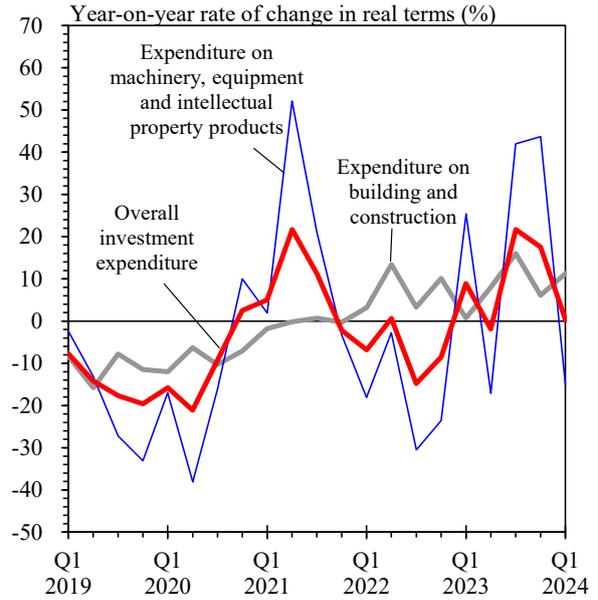


Diagram 1.3 : Overall investment expenditure grew slightly



1.6 Overall investment spending in terms of *gross domestic fixed capital formation* increased slightly by 0.3% in real terms in the first quarter over a year earlier alongside the economic expansion, further to a 17.5% increase in the preceding quarter. Expenditure on building and construction rose by 11.3%, with private sector spending increasing sharply and public sector spending recording modest gain. Expenditure on acquisitions of machinery, equipment and intellectual property products fell back by 15.0% amid tight financial conditions. Separately, the costs of ownership transfer fell as property transactions shrank.

Box 1.1

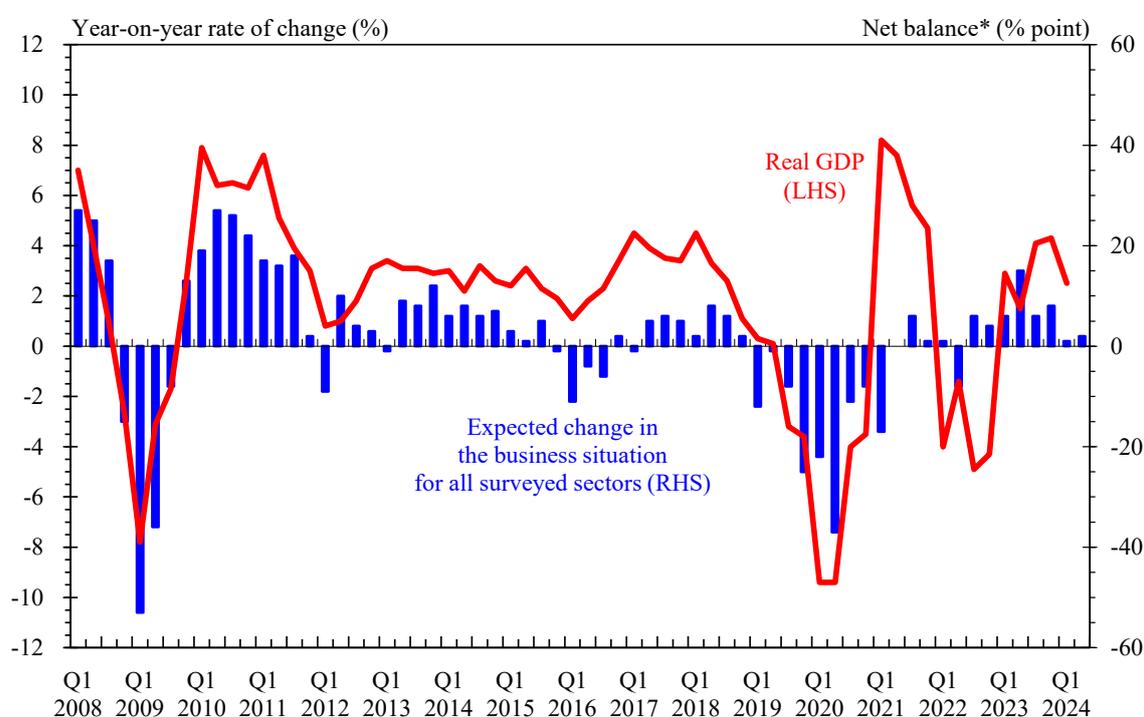
Business sentiment in Hong Kong

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

According to the results of the Census and Statistics Department (C&SD)'s Quarterly Business Tendency Survey (QBTS)⁽¹⁾ conducted during 2 March 2024 to 11 April 2024, business sentiment among large enterprises in Hong Kong was largely stable in overall terms as compared to three months ago (*Chart 1*). The proportion of large enterprises expecting their business situation to improve in the second quarter of 2024 over the first quarter was larger than the proportion of those expecting the situation to worsen by 2 percentage points (i.e. a net balance of +2), somewhat higher than the net balance of +1 in the previous round.

Business sentiment of large enterprises was positive in a majority of sectors (*Table 1*). The net balance for the “financing and insurance” and “manufacturing” sectors improved within the positive zone, while those for “real estate” and “information and communications” sectors reverted to positive. The net balances for the “accommodation and food services” and “transportation, storage and courier services” sectors remained positive notwithstanding mild moderations. Meanwhile, the net balances for “retail” and “professional and business services” sectors turned negative, while those of “construction” and “import/export trade and wholesale” sectors remained in the negative zone. Large enterprises' appetite for hiring was also stable (*Table 2*).

Chart 1 : Business sentiment of large enterprises was largely stable in overall terms



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

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

Box 1.1 (Cont'd)

Table 1 : Business sentiment of large enterprises was positive in a majority of sectors

QBTS: Expected changes in business situation						
	Net balance* (% point)					
	2023				2024	
	Q1	Q2	Q3	Q4	Q1	Q2
Manufacturing	+23	+36	+20	-2	+2	+8
Construction	-7	+6	+10	+1	-9	-11
Import/export trade and wholesale	-8	+10	+7	+5	-9	-9
Retail	+12	+34	+18	+32	+3	-16
Accommodation and food services	+39	+64	+41	+33	+9	+7
Transportation, storage and courier services	-5	+13	+4	+11	+5	+4
Information and communications	-1	+6	+2	+9	-4	+1
Financing and insurance	+25	+25	+4	+10	+14	+19
Real estate	+4	+13	-2	+6	-6	+8
Professional and business services	-3	-4	+5	+1	+1	-9
All sectors above	+6	+15	+6	+8	+1	+2

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 was stable

QBTS: Expected changes in number of persons engaged						
	Net balance* (% point)					
	2023				2024	
	Q1	Q2	Q3	Q4	Q1	Q2
Manufacturing	+8	+18	+26	+11	+13	+7
Construction	+16	+6	+6	+2	-8	+11
Import/export trade and wholesale	-6	-1	-2	+1	-1	+1
Retail	+6	+20	+8	+14	+7	+6
Accommodation and food services	+24	+50	+31	+23	+21	+11
Transportation, storage and courier services	+9	0	+6	+8	+8	+9
Information and communications	-6	-6	-6	-2	-11	-15
Financing and insurance	+9	+13	+8	+10	+10	+12
Real estate	0	+9	+8	+19	+10	+15
Professional and business services	+5	+7	+4	+6	+6	+5
All sectors above	+6	+11	+8	+9	+6	+7

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

As for small and medium-sized enterprises (SMEs), C&SD compiles a set of diffusion indices on a monthly basis⁽²⁾ to gauge the general direction of change in their views on the business situation versus the preceding month. The overall index on the current situation rose from 43.3 in January to 45.5 in March, before easing back to 43.8 in April (*Chart 2a*). Employment sentiment among SMEs also showed some improvement over the same period while credit conditions stayed accommodative. Meanwhile, the Standard Chartered Hong Kong SME Leading Business Index⁽³⁾ rose back in the second quarter.

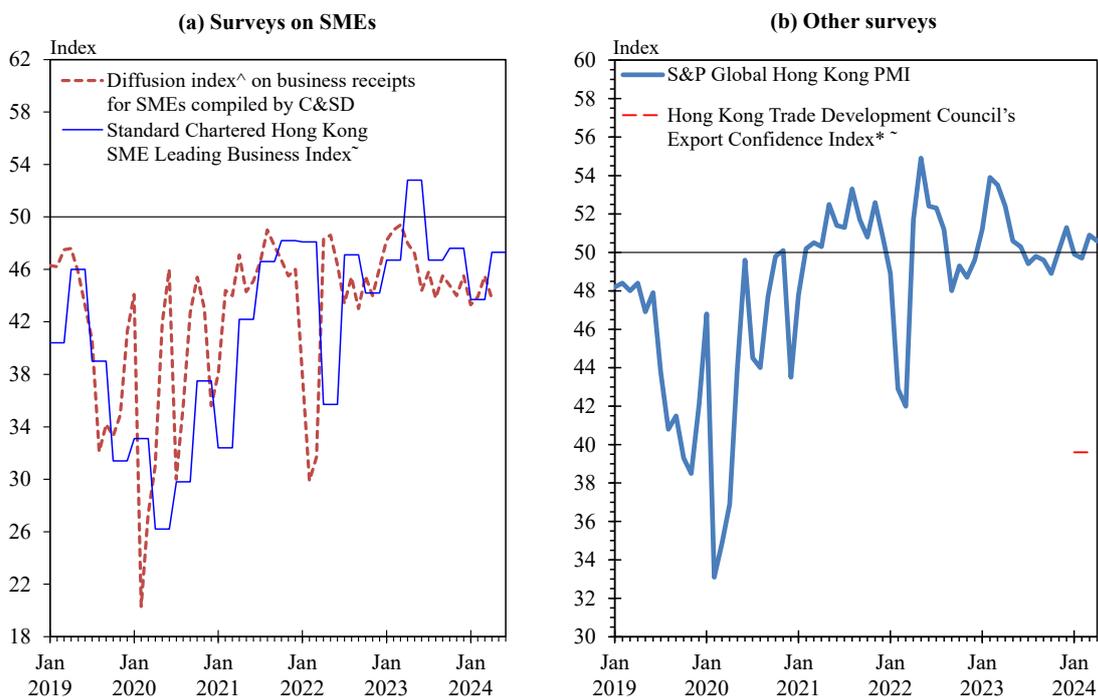
As for other surveys in the public domain, the S&P Global Purchasing Managers’ Index (PMI) of Hong Kong⁽⁴⁾, which gauges the performance of the private sector’s business activity, returned to the expansionary zone in March and April, with readings of 50.9 and 50.6 respectively. The Hong Kong Trade Development Council (HKTDC) Export Confidence Index⁽⁵⁾ suggested a subdued export environment for the time being, but exporters generally had stronger confidence in future performance. Among the exporters surveyed, 83.3% saw economic slowdown or recession risk in overseas markets as the major challenge to their businesses in the next twelve months, followed by rising transport costs (63.2%) and geopolitical impact on supply chains and production and/or sourcing (58.8%).

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

(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 “Recruitment Sentiment”, “Investment Sentiment”, “Business Condition”, “Profit Margin”, and “Global Economy” for the next quarter.

Box 1.1 (Cont'd)

Chart 2 : Business sentiment indicators in the past few months were generally stable



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

(~) Quarterly data.

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

It is worth noting that these surveys are essentially opinion-based, thereby unavoidably subject to various limitations (e.g. results are not directly comparable) and hence the results should be interpreted with care. These survey findings taken together suggest that overall business sentiment in the past few months was generally stable, with some positive signs seen in various surveys. Looking ahead, while the complicated external environment will still affect business sentiment in the near term, continued growth of the economy should provide support.

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- (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 managers in around 400 private sector companies. It is a composite index based on five individual indices with the following weights: New Orders (30%); Output (25%); Employment (20%); Suppliers’ Delivery Times (15%); and Stocks of Purchases (10%), with the Suppliers’ Delivery Times index inverted so that it moves in a comparable direction. Survey responses reflect the change, if any, in the prevailing month compared to the previous month.
- (5) The HKTDC Export Confidence Index, revamped from the previously HKTDC’s Export Index, aims to gauge the prospects of the near-term export performance of Hong Kong traders. It is a composite index based on five individual sub-indices with the following weight: Sales and New Orders (50.0%); Trade Value (12.5%); Cost (12.5%); Procurement (12.5%); and Inventory (12.5%), with the Cost index and Inventory index inverted so that they move in comparable direction. The business confidence survey is conducted on a quarterly basis, with more than 500 participating Hong Kong traders from six major industry sectors interviewed, namely electronics, clothing, toys, jewellery, timepieces and equipment/materials.

The labour sector

1.7 The labour market remained tight in the first quarter of 2024. The seasonally adjusted *unemployment rate* stayed low at 3.0%, slightly higher than the 2.9% in the preceding quarter. The *underemployment rate* was also low at 1.1%, though edging up from 1.0%. The unemployment rates of various major sectors stayed low in general. Wages and labour earnings continued to record decent year-on-year increases in the fourth quarter of 2023. More recent General Household Survey (GHS) data indicated that employment earnings continued to grow solidly in the first quarter of 2024 over a year earlier.

The asset markets

1.8 The *local stock market* remained under pressure in the first quarter of 2024. Dampened by heightened geopolitical tensions and tempered expectations for US interest rate cuts, the HSI slid to 14 961 on 22 January, the lowest since October 2022. It then recouped some of the lost ground as market sentiment improved alongside the accelerated growth of the Mainland economy. The HSI closed the quarter at 16 541, down by 3.0% from end-2023. Trading activities stayed soft in the first quarter but regained some momentum towards the end of the period. The average daily turnover increased by 9.2% over the preceding quarter to \$99.4 billion, though still down 22.3% from the year-ago level. Fund raising activities remained quiet.

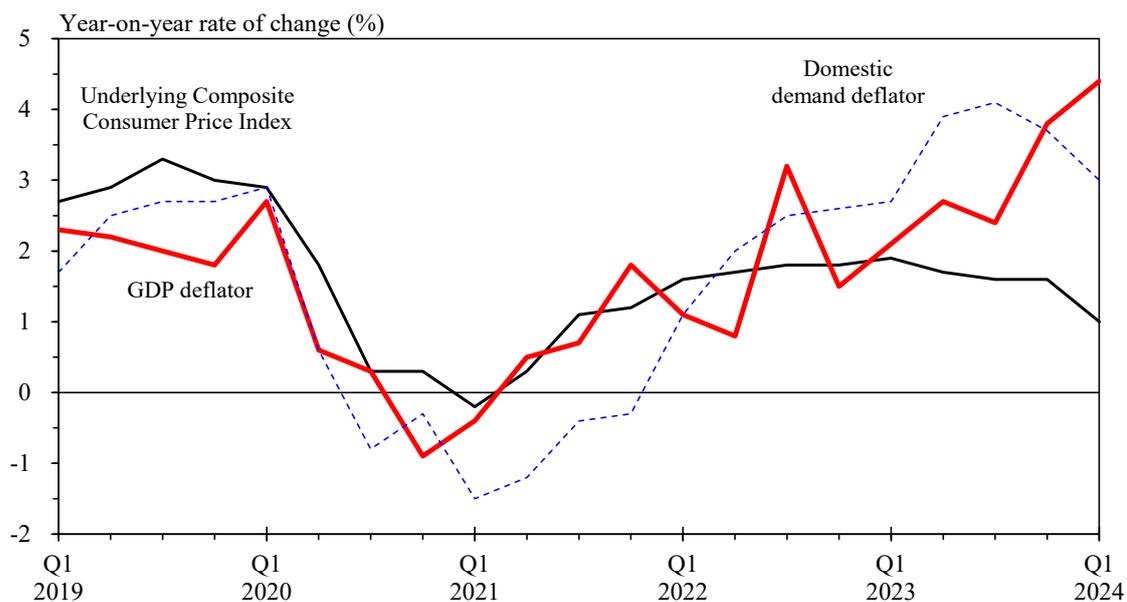
1.9 After staying quiet in the first two months of 2024, the *residential property market* turned active in March as market sentiment improved after the cancellation of all DSMMs for residential properties and the adjustments of macroprudential measures as announced in the 2024-25 Budget (the Budget). The number of transactions, in terms of the total number of sale and purchase agreements for residential property received by the Land Registry, rebounded by 29% from a low base in the preceding quarter to 9 823 for the first quarter, but the level was still 30% lower than a year earlier. Overall flat prices fell further by 3% during the first two months of 2024, but then rose back by 1% in March, culminating in a 2% decline during the first quarter. The index of home purchase affordability declined further to around 65% in the first quarter, but remained above the long-term average of 54% over 2004-2023. Meanwhile, overall flat rentals were little changed during the first quarter. The *non-residential property market* stayed lacklustre in the first quarter. Trading activities for all major market segments declined further, while prices and rentals stayed soft.

Inflation

1.10 Underlying consumer price inflation was modest in the first quarter of 2024. While prices of meals out and takeaway food continued to rise relatively fast over a year earlier, prices of electricity dropped notably against a high base of comparison. Private housing rentals were largely steady. Price pressures on other major components were broadly in check. Netting out the effects of the Government's one-off relief measures, *underlying Composite CPI inflation rate* was 1.0% in the first quarter, compared with 1.6% in the preceding quarter. Domestic business cost pressures stayed generally contained. Nominal wages continued to record moderate growth, while commercial rentals remained soft. External price pressures on consumption-related items moderated. Meanwhile, *headline Composite CPI inflation rate* was 1.9% in the first quarter, compared with 2.6% in the preceding quarter. The headline inflation rate was higher than its underlying counterpart in the first quarter as the provision of rates concession by the Government in the same quarter last year resulted in a low base of comparison.

1.11 As a broad measure of the overall change in prices in the economy, the *GDP deflator* rose further by 4.3% year-on-year in the first quarter, after increasing by 3.8% in the preceding quarter. The *terms of trade* increased further by 0.7%. Taking out the external trade components, the domestic demand deflator increased by 3.0% over a year earlier in the first quarter, after rising by 3.7% in the preceding quarter.

Diagram 1.4 : Underlying consumer inflation was modest in the first quarter of 2024



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

GDP by major economic sector

1.12 The net output of the services sector rebounded by 3.7% in real terms in 2023, after a 3.4% decline in 2022. The year-on-year growth rates were 3.4%, 1.7%, 4.2% and 5.3% respectively in the four quarters. Following the removal of anti-epidemic measures and resumption of normal travel with the Mainland and the rest of the world in early 2023, net outputs of many major service sectors showed improvements. In particular, the net outputs of transportation and storage, accommodation and food services, and wholesale and retail trades rebounded strongly and posted double-digit increases in the year. Those of real estate, as well as professional and business services also resumed growth. Net outputs of public administration, social and personal services, as well as information and communications increased further, while those of financing and insurance, and import and export trade saw narrowed declines. Yet, the net output of postal and courier services recorded widened fall. As for the secondary sector, the net outputs of the manufacturing sector and the construction sector continued to increase.

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

	<u>2022</u>	<u>2023</u>	<u>2022</u>				<u>2023</u>			
			<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
Manufacturing	0.2	3.7	-1.3	2.7	-0.5	-0.1	3.8	2.7	4.3	4.1
Construction	8.3	5.6	5.2	13.7	2.9	11.7	-0.3	6.6	13.5	3.8
Services ^(b)	-3.4	3.7	-3.7	-1.3	-3.7	-4.5	3.4	1.7	4.2	5.3
Import/export, wholesale and retail trades	-11.9	-0.4	-7.4	-6.1	-12.2	-19.4	-7.1	-3.6	1.5	6.5
Import and export trade	-12.6	-4.4	-6.6	-6.7	-13.1	-21.7	-12.8	-7.5	-1.8	4.3
Wholesale and retail trades	-7.1	26.0	-13.6	-2.0	-6.6	-6.9	43.6	22.4	24.5	19.8
Accommodation and food services	-6.8	29.3	-25.7	-1.1	-2.4	-1.9	83.9	22.8	18.4	14.6
Transportation, storage, postal and courier services	-4.5	30.2	-10.3	-2.9	-5.0	0.4	30.3	26.8	31.4	31.8
Transportation and storage	-4.5	32.8	-10.6	-2.6	-5.8	1.4	33.0	29.5	33.4	34.6
Postal and courier services	-5.2	-17.7	-4.8	-3.8	-5.0	-6.6	-15.7	-19.5	-16.8	-18.9
Information and communications	0.5	1.0	0.4	1.3	*	0.3	0.4	-0.4	1.8	2.1
Financing and insurance	-2.6	-1.6	-3.2	0.9	-5.7	-2.3	-2.2	-2.6	-0.2	-1.4
Real estate, professional and business services	-2.1	2.6	-4.4	-0.2	-1.8	-1.8	5.5	-0.8	2.8	2.7
Real estate	-3.5	6.6	-7.9	-1.1	-1.7	-2.7	11.5	1.7	8.0	5.0
Professional and business services	-1.1	0.2	-1.3	0.2	-1.9	-1.3	2.0	-2.5	-0.2	1.2
Public administration, social and personal services	1.3	3.6	0.1	0.6	2.1	2.3	5.7	2.4	2.9	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.

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

Other economic developments

1.13 The Budget rolled out a series of measures aimed at bolstering confidence and creating favourable conditions for recovery. These included continuing to attract enterprises, capital and talent on all fronts, as well as providing assistance to small and medium-sized enterprises (SMEs) through various measures, such as extending the application period for the 80% and 90% Guarantee Products under the SME Financing Guarantee Scheme for two years. For the property market, the Budget announced the immediate cancellation of all DSMMs for residential properties, including the Special Stamp Duty, the Buyer's Stamp Duty and the New Residential Stamp Duty. The Budget also highlighted the promotion of a mega event economy to attract tourists and bring wider entertainment and leisure choices for local residents. By creating a vibrant atmosphere, these events can stimulate spending and drive business of different sectors, such as tourism, hotel, catering and retail. Furthermore, staging more mega events can showcase Hong Kong's charm and reinforce the city's status as an events capital.

1.14 The Budget also placed significant emphasis on long-term planning for development. Among others, innovation and technology (I&T) and financial services were considered the two main engines driving Hong Kong towards high-quality development. For I&T, building upon the investments made over the years, the Budget sought to accelerate the development of such areas as artificial intelligence, life and health technology, and new industrialisation. On financial services, the Budget highlighted ongoing efforts to enhance mutual market access with the Mainland, and strengthen the development of our asset and wealth management, securities and bond markets.

Notes :

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

CHAPTER 2 : THE EXTERNAL SECTOR

Summary

- *The external environment remained rather complicated in the first quarter of 2024. On one hand, global economic growth held up relatively well. On the other hand, the disinflation process in the US decelerated, constraining the extent of possible interest rate cuts this year. In April, the International Monetary Fund (IMF) revised up its forecast for this year's global economic growth slightly to 3.2%⁽¹⁾.*
- *Hong Kong's merchandise exports rose by 7.1% year-on-year in real terms⁽²⁾ in the first quarter as external demand turned slightly more favourable, though a very low base of comparison also contributed. Exports to the Mainland surged. Exports to the US declined marginally. Exports to the EU recorded a double-digit fall. Exports to other major Asian markets showed mixed performance.*
- *Exports of services continued to grow notably by 8.4% year-on-year in real terms in the first quarter. Exports of travel services jumped further thanks to the continued revival of visitor arrivals. Exports of transport services continued to rise, and exports of business and other services showed modest growth. Meanwhile, exports of financial services declined further.*
- *In the 2024-25 Budget (the Budget), the Financial Secretary announced a plan to develop Hong Kong into a multinational supply chain management centre in line with the trend of Mainland manufacturing enterprises extending their production supply chains abroad. Meanwhile, the Government continued to strengthen Hong Kong's economic links with other economies, with a protocol signed in January to amend the Free Trade Agreement (FTA) between the Association of Southeast Asian Nations (ASEAN) and Hong Kong, and an Investment Promotion and Protection Agreement (IPPA) signed with Bahrain in March. The Chief Executive and various Principal Officials visited different Mainland cities to enhance co-operation and exchange in various policy areas.*

Merchandise trade

External environment

2.1 The external environment remained rather complicated in the first quarter of 2024. The Mainland economy continued to expand at a solid pace and the US economy grew further with resilient domestic demand, while the euro area economy remained weak. Meanwhile, the disinflation process in the US decelerated, constraining the extent of possible interest rate cuts this year. In April, the IMF revised up the forecast for this year's global economic growth slightly by 0.1 percentage point to 3.2%, same as the estimated growth in 2023 but visibly lower than the average annual growth of 3.8% during 2000 to 2019. The IMF also cited downside risks to the global economic outlook, such as commodity price spikes amid geopolitical tensions, persistent core inflation triggering a rise in interest rate expectations and a fall in asset prices thereby raising risks to financial stability, intensifying geoeconomic fragmentation, and the impact of fiscal consolidation and risks of debt distress.

2.2 The growth momentum of the Mainland economy strengthened further in the first quarter. Real GDP growth accelerated to 5.3% year-on-year, supported by consumption and investment. The authorities have strengthened policy support to bolster domestic demand and market confidence. On fiscal policy, the authorities will increase bond issuance this year, and most of the proceeds of the additional RMB 1 trillion treasury bonds issued in the fourth quarter of 2023 will be used this year. On monetary policy, the People's Bank of China reduced the reserve requirement ratios of financial institutions by 50 basis points in February, and the over-5-years loan prime rate went down by 25 basis points.

2.3 As for the advanced economies, the US economy grew by 1.6% in the first quarter on an annualised seasonally-adjusted quarter-to-quarter basis. While the growth rate was slower than in the preceding quarter, domestic demand remained resilient. The easing of inflation decelerated. The Federal Reserve (Fed) kept the target range for the federal funds rate unchanged during the quarter, and continued to reduce the size of its balance sheet as planned. The market has lowered its expectation of the extent of possible interest rate cuts by the Fed this year. In the euro area, the economy remained weak in the first quarter, growing by 0.3% over the preceding quarter on a seasonally-adjusted basis. Inflation continued to ease. The European Central Bank held its key interest rates unchanged in the first quarter, and said that it would be appropriate to ease

monetary policy if upcoming data reinforced confidence that inflation was converging to their target in a sustained manner.

2.4 Meanwhile, other major Asian economies continued to expand in the first quarter on the back of further growth of domestic demand and recovery of exports. Intra-regional trade showed further improvement in tandem. On monetary policy, most central banks in the region kept their monetary policies unchanged during the quarter. Yet, the central bank of Taiwan raised interest rates in March to contain local price pressures. The Bank of Japan also raised key interest rate in March, ending the negative interest rate policy since 2016.

Merchandise exports

2.5 After growing by 1.4% year-on-year in real terms in the preceding quarter, Hong Kong's *merchandise exports* rose by 7.1% in the first quarter of 2024 as external demand turned slightly more favourable, though a very low base of comparison also contributed.

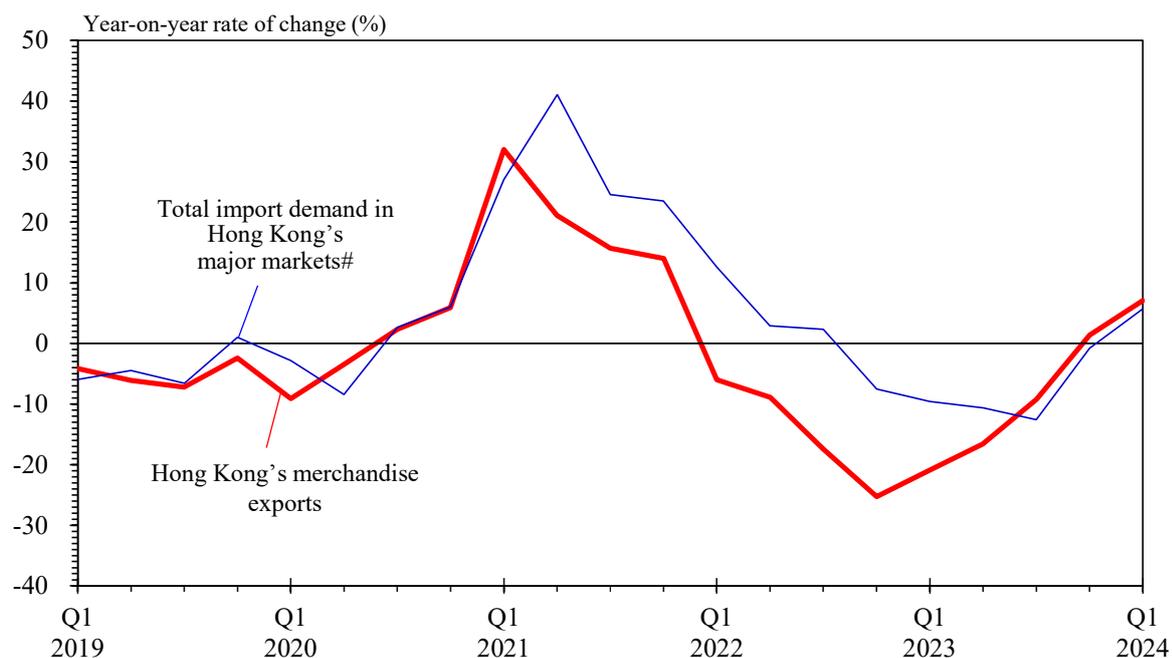
**Table 2.1 : Merchandise exports
(year-on-year rate of change (%))**

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

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*.

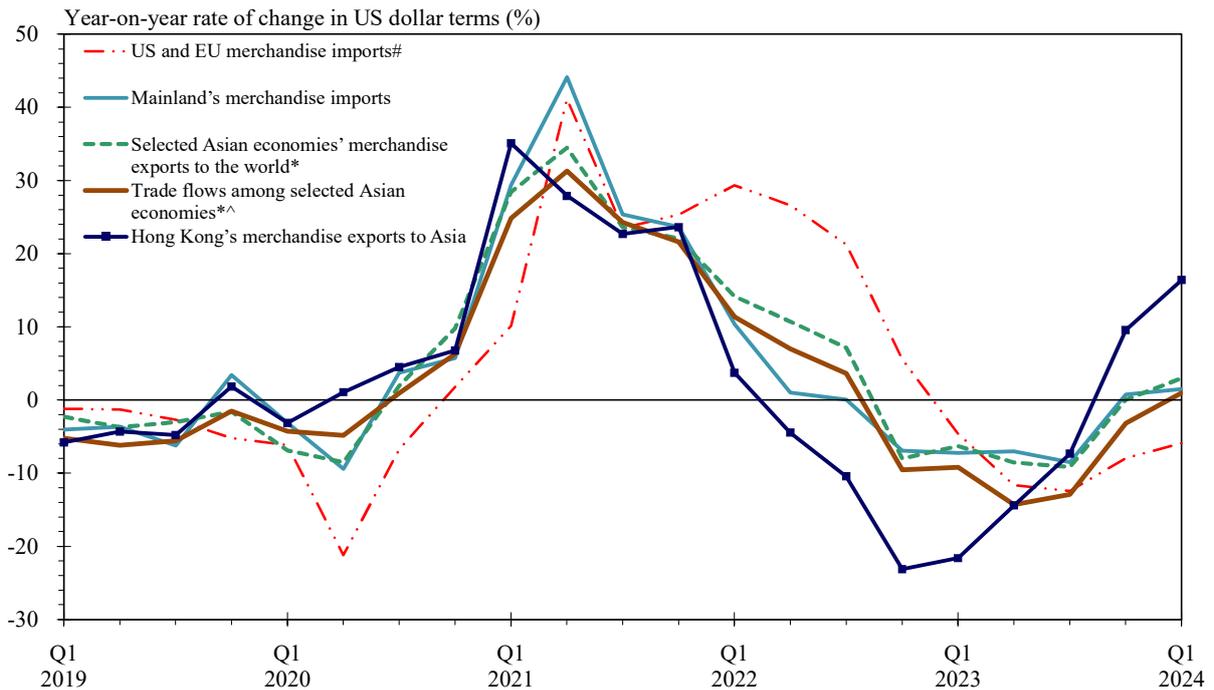
Diagram 2.1 : Merchandise exports rose in the first quarter



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

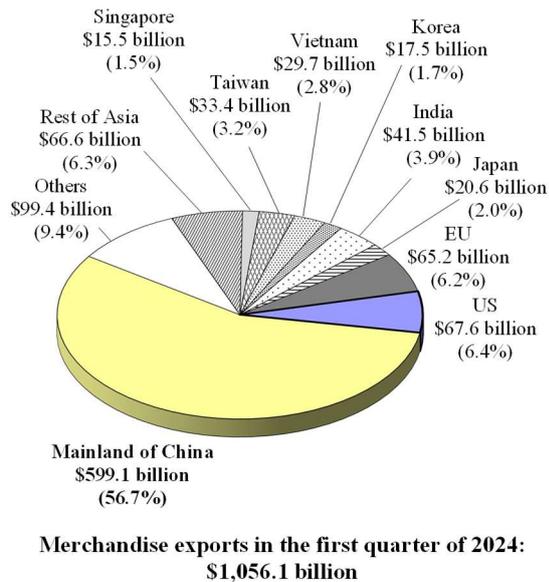
(#) Import demand for the EU for the first quarter of 2024 is based on information available as of early May 2024.

Diagram 2.2 : Regional trade flows showed further improvement

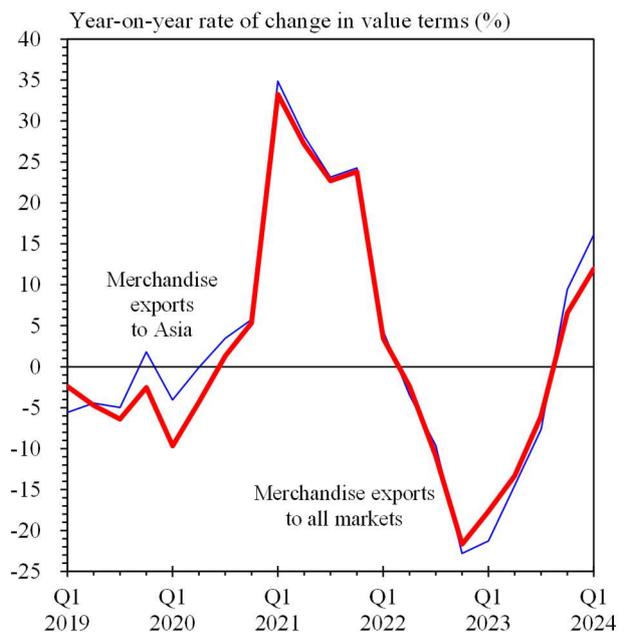


- Notes :
- (#) EU merchandise imports for the first quarter of 2024 are based on the information available as of early May 2024.
 - (*) “Selected Asian economies” include the Mainland of China, Hong Kong, Singapore, Korea, Taiwan, Japan, Indonesia, Malaysia, Thailand and the Philippines.
 - (^) The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

Diagram 2.3 : Exports to Asia showed mixed performance



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



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

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

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

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

2.6 Analysed by major market, exports to the Mainland surged in the first quarter over a year earlier against a very low base of comparison. Exports to the US declined marginally. Exports to the EU recorded a double-digit fall. Exports to other major Asian markets showed mixed performance.

Diagram 2.4 : Exports to the Mainland surged

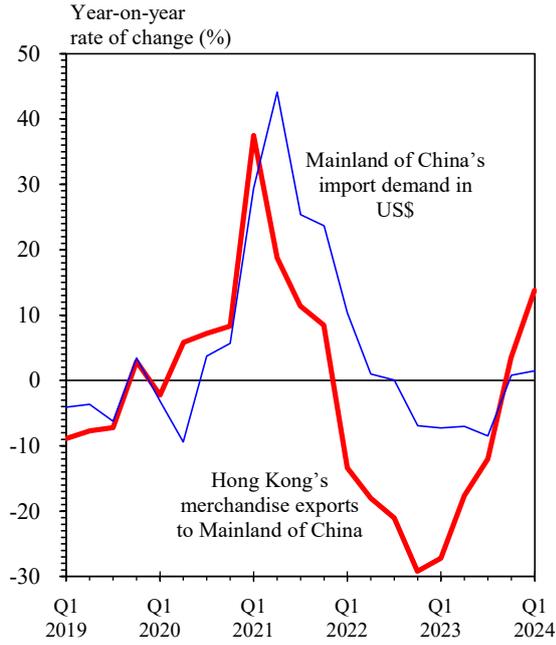
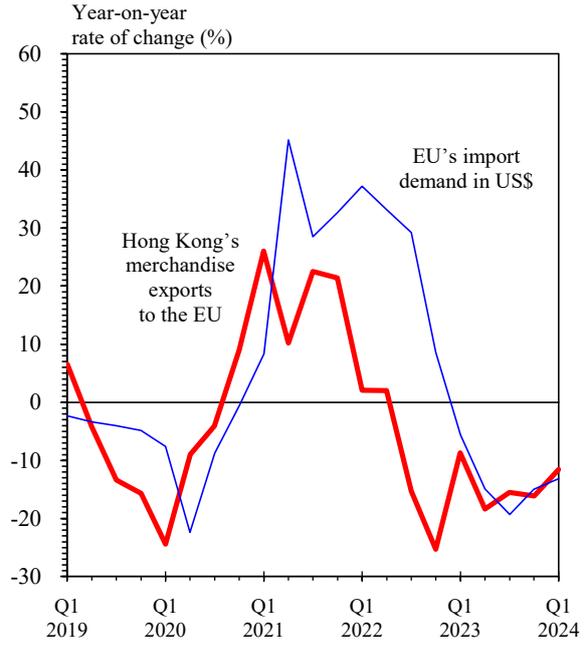


Diagram 2.5 : Exports to the EU recorded a double-digit fall



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

Diagram 2.6 : Exports to the US declined marginally

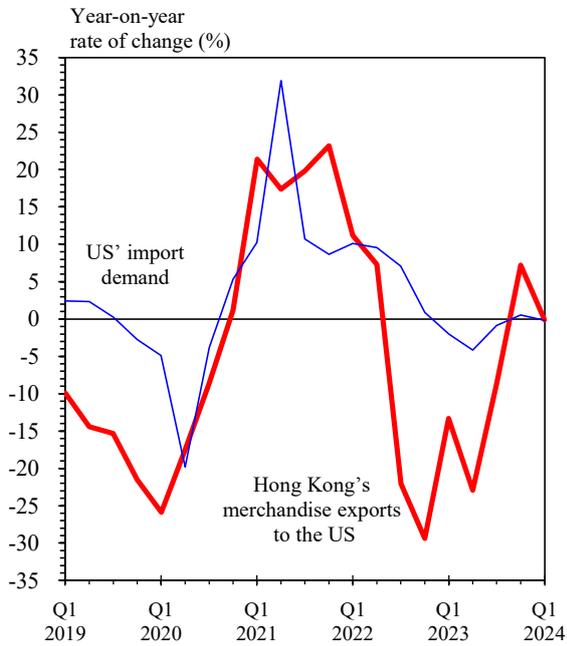


Diagram 2.7 : Exports to Japan declined further

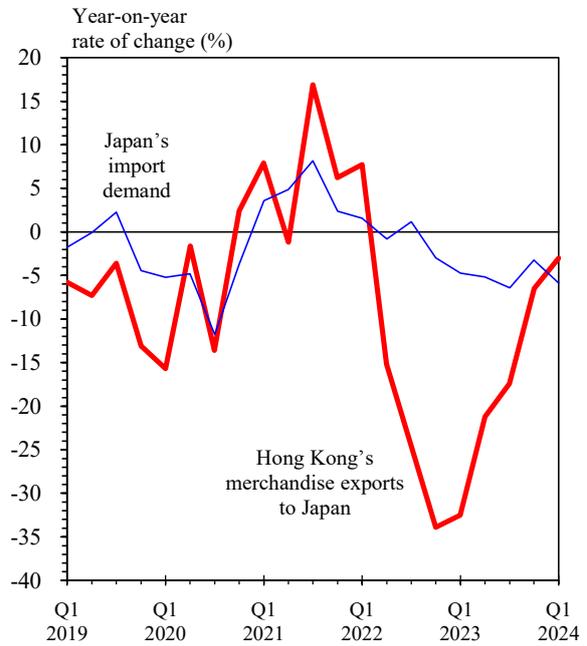


Diagram 2.8 : Exports to India expanded further

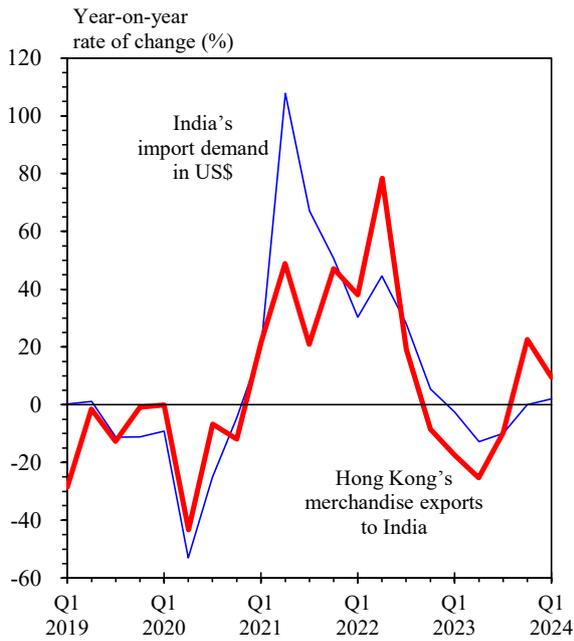


Diagram 2.9 : Exports to Taiwan turned to a decrease

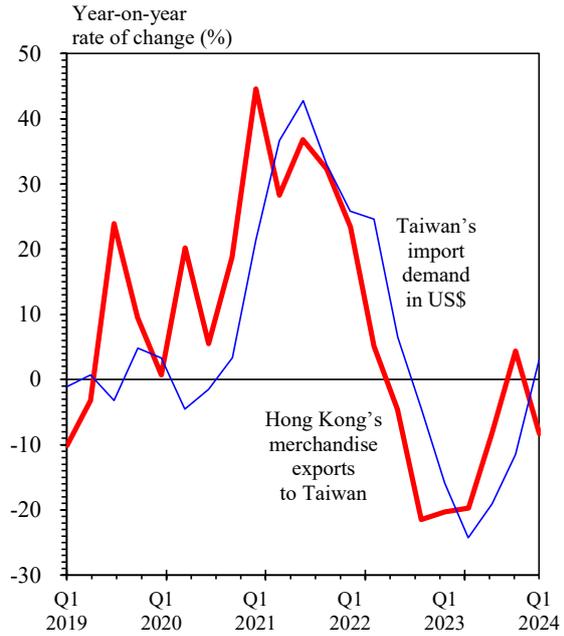


Diagram 2.10 : Exports to Korea continued to shrink

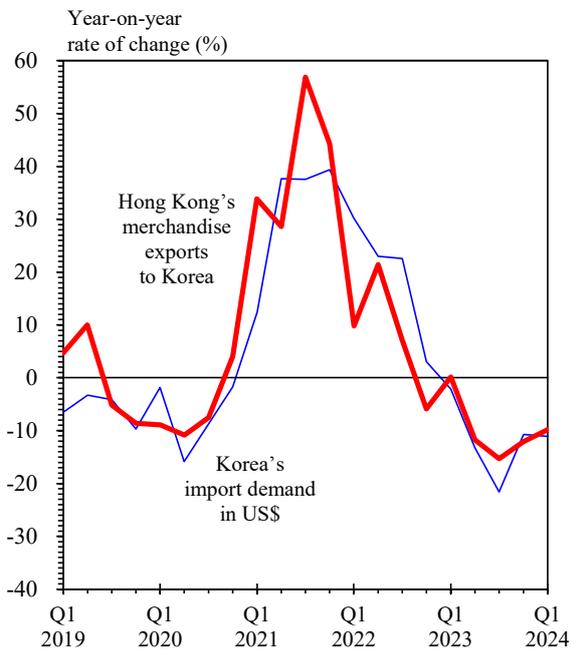
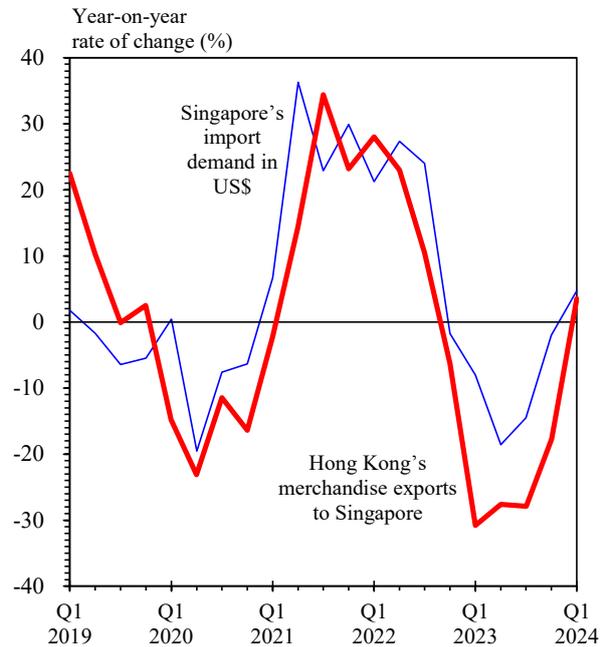


Diagram 2.11 : Exports to Singapore reverted to a moderate increase



Merchandise imports

2.7 *Merchandise imports* increased by 3.3% year-on-year in real terms in the first quarter of 2024, after growing by 2.6% in the preceding quarter. *Retained imports*, which refer to imports for domestic use and accounted for around one-fifth of merchandise imports in 2023, declined by 10.8%. Imports for subsequent *re-exports*⁽³⁾ grew.

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

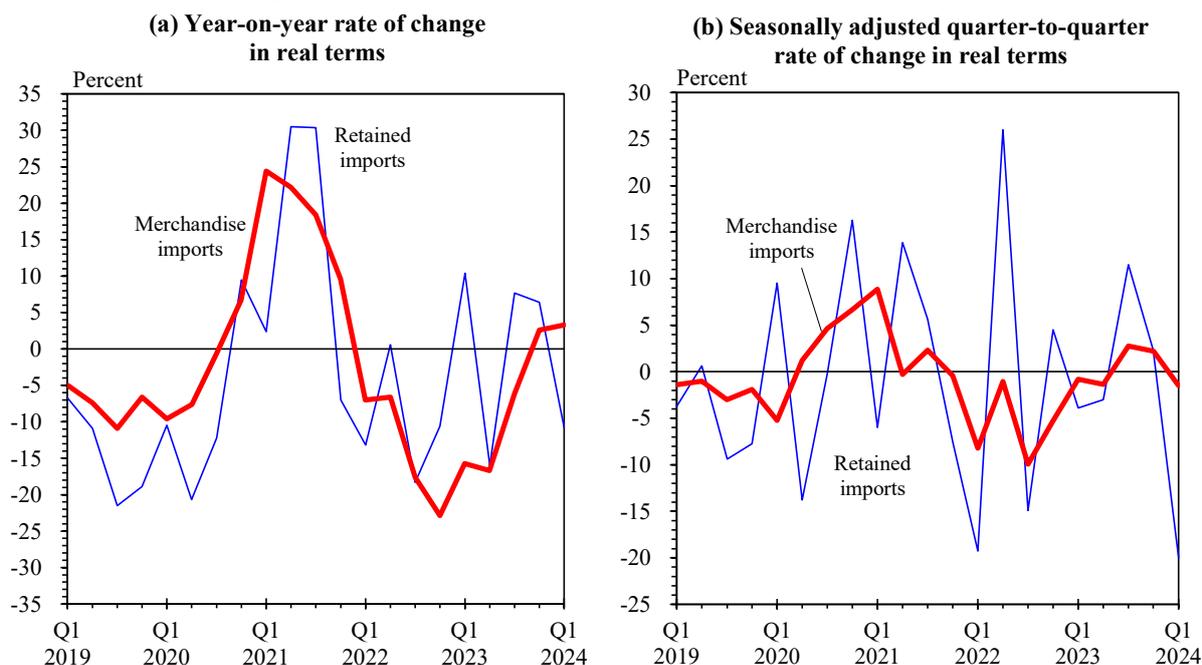
		<u>Merchandise imports</u>			<u>Retained imports</u> ^(a)				
		<u>In value terms</u>	<u>In real terms</u> ⁽⁺⁾	<u>Change in prices</u>	<u>In value terms</u>	<u>In real terms</u>	<u>Change in prices</u>		
2023	Annual	-5.7	-9.2	3.9	3.2	0.9	2.4		
	Q1	-12.7	-15.7	(-0.8)	3.9	13.0	10.4	(-3.9)	2.3
	Q2	-13.6	-16.7	(-1.3)	3.7	-14.2	-16.0	(-3.0)	1.8
	Q3	-2.8	-6.1	(2.8)	3.5	11.5	7.7	(11.5)	3.2
	Q4	7.0	2.6	(2.2)	4.1	7.8	6.4	(2.3)	2.2
2024	Q1	8.0	3.3	(-1.5)	4.6	-6.9	-10.8	(-20.0)	4.6

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

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

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

Diagram 2.12 : Merchandise imports increased year-on-year



Services trade

Exports of services

2.8 *Exports of services* continued to grow notably by 8.4% year-on-year in real terms in the first quarter of 2024, after expanding by 21.2% in the preceding quarter. Exports of travel services jumped further by 40.4% and recovered to 53% of the level in the same quarter in 2018, thanks to the continued revival of visitor arrivals. Exports of transport services continued to rise. Exports of business and other services showed modest growth amid the complicated external environment. Meanwhile, exports of financial services declined further as cross-border financial and fund raising activities remained weak amid tight financial conditions.

Diagram 2.13 : The contribution from travel services continued to rise, but remained lower than the pre-pandemic level

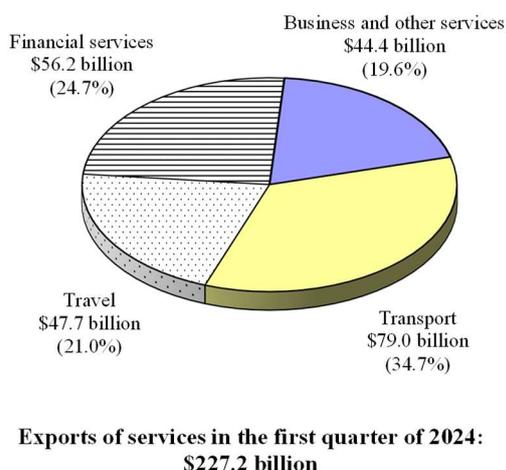


Diagram 2.14 : Exports of services continued to grow notably year-on-year

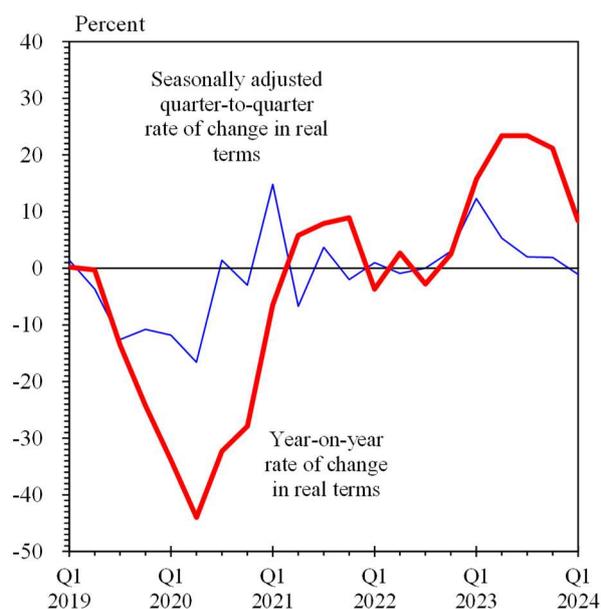


Table 2.4 : Exports of services by major service group (year-on-year rate of change in real terms (%))

		<i>Of which :</i>				
		<u>Exports of services</u>	<u>Transport</u>	<u>Travel^(a)</u>	<u>Financial services</u>	<u>Business and other services</u>
2023	Annual	20.9	5.0	521.5	-4.2	2.0
	Q1	15.7 (12.3)	3.3	504.2	-5.5	2.2
	Q2	23.4 (5.3)	2.1	771.0	-0.3	0.4
	Q3	23.4 (2.0)	6.6	789.4	-3.6	2.0
	Q4	21.2 (1.9)	7.6	311.3	-6.6	3.2
2024	Q1	8.4 (-1.1)	10.0	40.4	-6.1	2.1

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

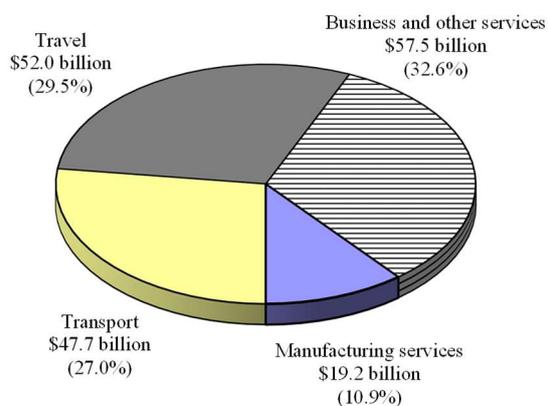
(a) Comprising mainly inbound tourism receipts.

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

Imports of services

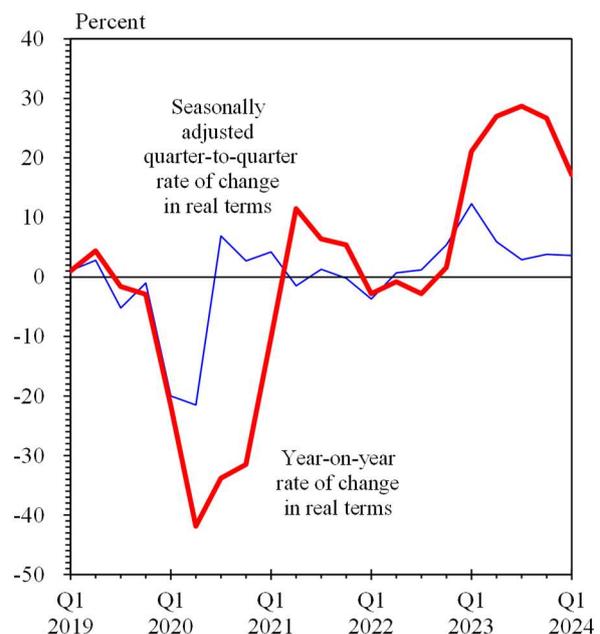
2.9 *Imports of services* expanded strongly by 17.2% in real terms in the first quarter of 2024 over a year earlier, further to the 26.7% growth in the preceding quarter. This was mainly driven by the surge in imports of travel services. Imports of transport services, manufacturing services, and business and other services recorded growth of various paces.

Diagram 2.15 : Business and other services had the largest share in imports of services



Imports of services in the first quarter of 2024:
\$176.4 billion

Diagram 2.16 : Imports of services expanded strongly further



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

Of which :

		<u>Imports of services</u>	<u>Travel</u> ⁽⁺⁾	<u>Transport</u>	<u>Manufacturing services</u> ^(^)	<u>Business and other services</u>
2023	Annual	25.9	309.9	-2.1	-5.1	1.3
	Q1	21.1 (12.3)	366.7	0.5	-11.1	1.3
	Q2	27.0 (5.9)	451.2	-9.1	-3.6	0.3
	Q3	28.7 (2.9)	393.1	-3.8	-4.0	2.1
	Q4	26.7 (3.8)	184.7	4.2	-2.6	1.6
2024	Q1	17.2 (3.6)	58.9	9.7	5.2	1.1

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

(+) Comprising mainly outbound travel spending.

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

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

Goods and services balance

2.10 Based on the GDP compilation framework and compared to a year earlier, the goods deficit narrowed to \$7 billion in the first quarter of 2024, as the value of exports of goods saw a larger increase than that of imports. Meanwhile, the services surplus widened to \$51 billion. The combined goods and services account registered a surplus of \$44 billion in the first quarter of 2024, equivalent to 3.3% of total import value, compared to a surplus of \$9 billion or 0.7% in the first quarter of 2023.

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

		<u>Total exports</u>		<u>Imports</u>		<u>Trade balance</u>			<u>As % of imports</u>
		<u>Goods</u>	<u>Services</u>	<u>Goods</u>	<u>Services</u>	<u>Goods</u>	<u>Services</u>	<u>Combined</u>	
2023	Annual	4,499	772	4,628	621	-129	151	22	0.4
	Q1	1,023	191	1,061	145	-38	47	9	0.7
	Q2	1,067	182	1,129	145	-62	37	-25	-2.0
	Q3	1,163	197	1,184	157	-21	39	18	1.3
	Q4	1,246	202	1,254	174	-8	28	20	1.4
2024	Q1	1,142	227	1,149	176	-7	51	44	3.3

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 In the Budget, the Financial Secretary announced a plan to develop Hong Kong into a multinational supply chain management centre in line with the trend of Mainland manufacturing enterprises extending their production supply chains abroad. The Government, in coordination with “Team Hong Kong” organisations, will work together to study implementation details, including establishing a single window to provide one-stop services for the enterprises. Efforts will be stepped up to attract the enterprises to set up headquarters in Hong Kong for managing their offshore trading. A further injection of \$500 million into the Dedicated Fund on Branding, Upgrading and Domestic Sales to help small and medium enterprises boost their competitiveness and tap into the Mainland and overseas markets was also announced.

2.12 Meanwhile, the Government continued to strengthen Hong Kong’s economic links with other economies. A protocol was signed in January to update the Product Specific Rules (PSR) of origin under Hong Kong’s FTA with ASEAN, enhancing the coverage of the PSR from more than 200 categories of products to almost 600, thereby enabling Hong Kong businesses to more easily and effectively enjoy preferential tariff treatment when expanding into the growing ASEAN market. Moreover, an IPPA was signed with Bahrain in March to strengthen mutual investment protection, with a view to enhancing the confidence of investors, expanding investment flows and further strengthening the economic and trade ties between the two places. In the same month, the Chief Executive visited Beijing to attend the opening meeting of the second annual session of the 14th National People’s Congress, during which he called on central ministries to exchange views and enhance co-operation and exchange in areas of financial services and health. The Financial Secretary visited Hangzhou and Suzhou in April, to explore deepening co-operation with both places in areas such as trade and innovation and technology, and to jointly foster the development of new quality productive forces and accelerate the promotion of high-quality development.

2.13 In addition, a set of domestic regulation disciplines aiming to facilitate services trade agreed under the World Trade Organization (WTO) has entered into force since 27 February 2024. The disciplines aim to cut red tapes and lower trade costs by improving the transparency, predictability and effectiveness of the relevant domestic measures that businesses have to comply with to supply their services in a market. At the same time, Hong Kong businesses will benefit from a more transparent, predictable and efficient regulatory environment when they enter markets of economies participating in this plurilateral WTO initiative.

Notes :

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

	<u>2023</u>	<u>2024</u>	
	(%)	<u>January round</u> (%)	<u>April round</u> (%)
World (PPP ^{##} weighted)	3.2	3.1	3.2
Advanced economies	1.6	1.5	1.7
US	2.5 [#]	2.1	2.7
Euro area	0.4 [#]	0.9	0.8
UK	0.1 [#]	0.6	0.5
Japan	1.9 [#]	0.9	0.9
Emerging market and developing economies	4.3	4.1	4.2
Emerging and developing Asia	5.6	5.2	5.2
Mainland China	5.2 [#]	4.6	4.6
India [^]	7.8	6.5	6.8
ASEAN-5 [§]	4.1	4.7	4.5
Middle East and Central Asia	2.0	2.9	2.8

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

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

CHAPTER 3 : DEVELOPMENTS IN SELECTED SECTORS

Summary

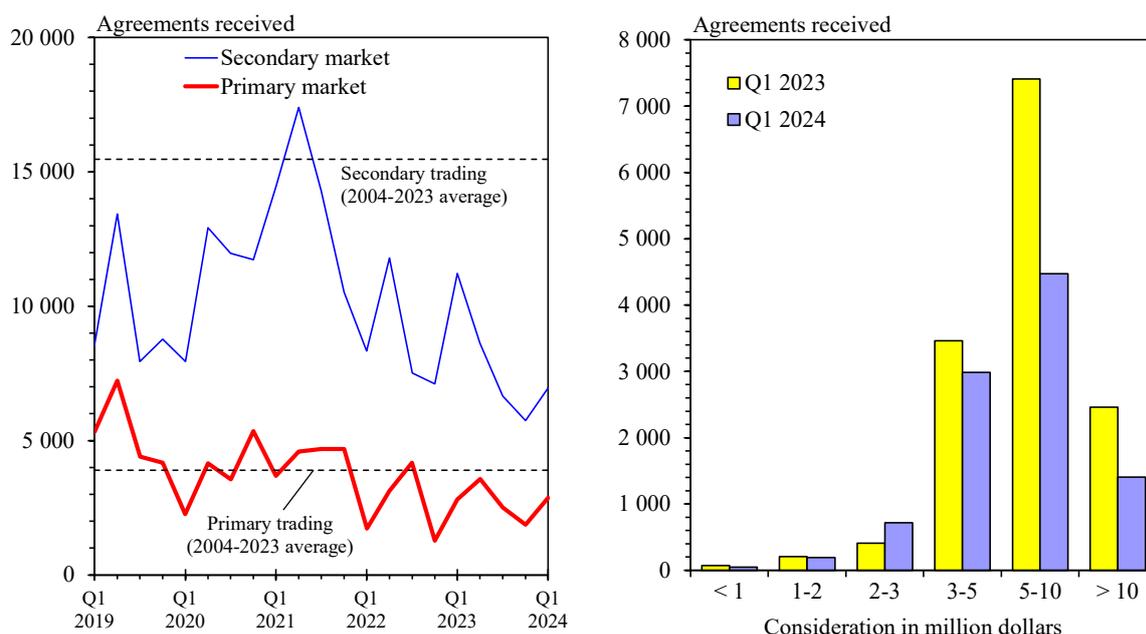
- *After staying quiet in the first two months of 2024, the residential property market turned active in March as market sentiment improved after the cancellation of all demand-side management measures (DSMMs) for residential properties and the adjustments of macroprudential measures. Flat prices showed signs of stabilisation towards the end of the quarter.*
- *Reflecting the Government's sustained efforts to raise land and flat supply, the total private first-hand flat supply in the coming three to four years would rise to 112 000 units as estimated at end-March 2024.*
- *The non-residential property market stayed lacklustre in the first quarter. Trading activities for all major market segments declined further, while prices and rentals stayed soft.*
- *The tourism sector continued to improve in the first quarter. Visitor arrivals rose further from 10.7 million in the fourth quarter of 2023 to 11.2 million in the first quarter of 2024, equivalent to 72% of the level in the same period in 2018.*
- *The logistics sector showed mixed performance in the first quarter. Total container throughput declined further by 2.7% from a year earlier, while air freight throughput increased by 18.9%.*

Property

3.1 After staying quiet in the first two months of 2024, the *residential property market* turned active in March as market sentiment improved after the cancellation of all DSMMs (namely Special Stamp Duty, Buyer’s Stamp Duty and New Residential Stamp Duty) for residential properties and the adjustments of macroprudential measures as announced in the 2024-25 Budget (the Budget). Flat prices showed signs of stabilisation towards the end of the quarter.

3.2 The total number of sale and purchase agreements for residential property received by the Land Registry rebounded by 29% from a low base in the preceding quarter to 9 823 in the first quarter, but the level was still 30% lower than a year earlier. Within the total, primary and secondary market transactions increased by 54% and 21% over the preceding quarter respectively. In parallel, total consideration rose back by 12% over the preceding quarter to \$77.0 billion, but was still 36% lower than the same quarter last year.

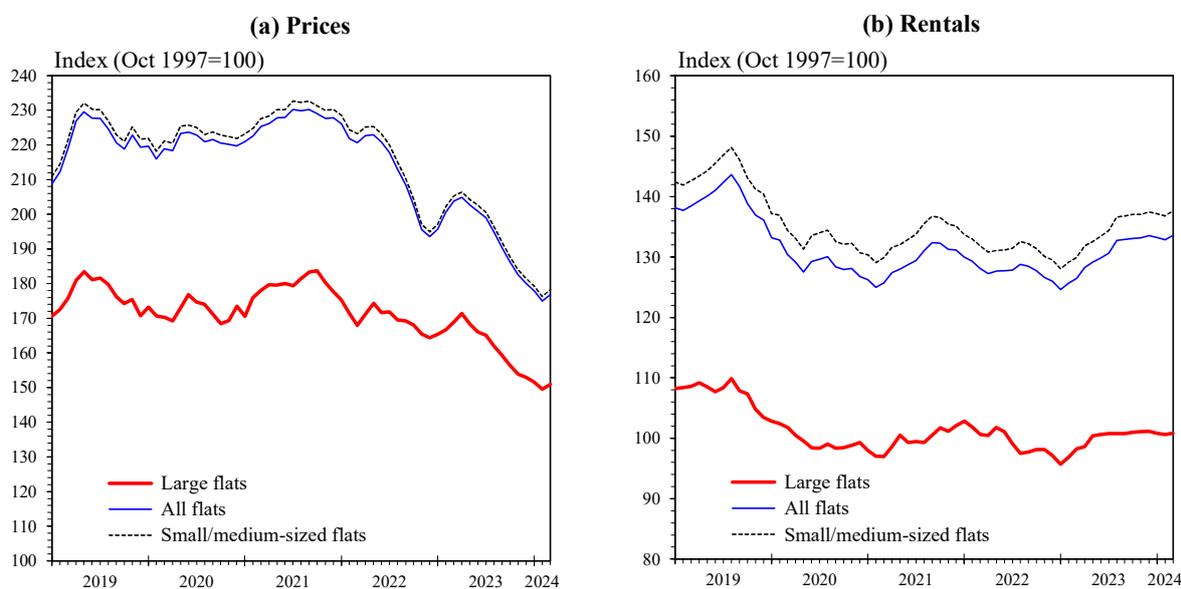
Diagram 3.1 : Trading activities rebounded in the first quarter of 2024 from a low base in the preceding quarter



3.3 Overall flat prices fell further by 3% during the first two months of 2024, but then rose back by 1% in March, the first monthly increase since April 2023. Taking the first quarter as a whole, flat prices declined by 2%. Analysed by size, prices of small/medium-sized flats and large flats dropped by 2% and 1% during the quarter respectively. Flat prices in March 2024 were on average 23% below the peak in September 2021.

3.4 Meanwhile, overall flat rentals were little changed during the first quarter after staying on a general uptrend for most of 2023. Analysed by size, rentals of small/medium-sized flats and large flats both showed little change. The average rental yield for residential property edged up from 2.8% in December 2023 to 2.9% in March 2024.

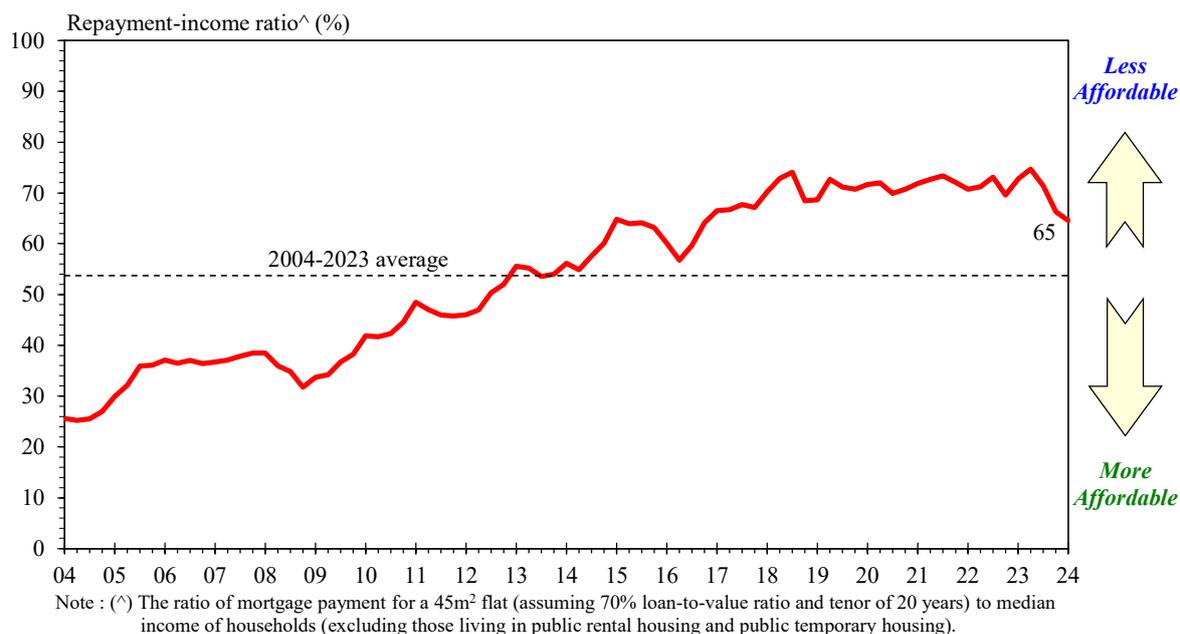
Diagram 3.2 : Flat prices showed signs of stabilisation towards the end of the first quarter; rentals were little changed during the quarter



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

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

Diagram 3.3 : The index of home purchase affordability declined further



3.6 Increasing housing land supply is a policy priority of the Government. In February, the Government announced the 2024-25 Land Sale Programme, which comprises eight residential sites capable of providing about 5 700 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 private housing land supply in the 2024-25 financial year is estimated to have a capacity to produce about 15 100 units, exceeding the private housing supply annual target of 13 200 units by around 15%.

3.7 Reflecting the Government’s sustained efforts to raise land and flat supply, the *total supply of first-hand flats in the private sector* in the coming three to four years (comprising unsold flats of completed projects, flats under construction but not yet sold and flats on disposed sites where construction can start any time) would rise to 112 000 units as estimated at end-March 2024. Another 3 100 units could be added to the total supply after the conversion of a number of residential sites into “disposed sites”.

3.8 The Government has also been adopting a pragmatic approach in continuously evaluating the residential property market situation. After prudent consideration of the latest market situation and the high level of housing supply in the coming few years, the Government cancelled all DSMMs for residential properties on 28 February 2024. The Hong Kong Monetary Authority (HKMA) also adjusted the countercyclical macroprudential measures for property mortgage loans in accordance with the evolving market situation on the same day⁽²⁾.

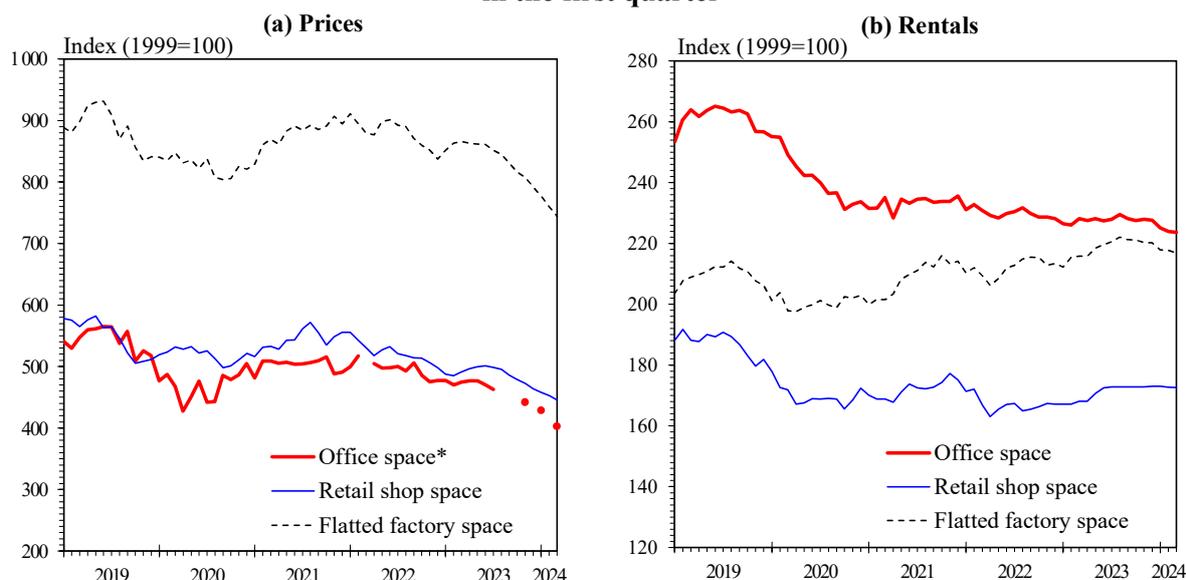
3.9 The *non-residential property market* stayed lacklustre in the first quarter. Trading activities for all major market segments declined further, while prices and rentals stayed soft.

3.10 Price index for overall office space was not available in December 2023 as there were insufficient transactions for Grade A office space in that month. Comparing the data in March 2024 with those in November 2023, prices for *office space* on average fell by 9%. Analysed by grade, prices of Grade A, B and C office space declined by 10%, 10% and 8% respectively. Meanwhile, overall office rentals on average fell by 2% between December 2023 and March 2024. Within the total, rentals of Grade A, B, and C office space retreated by 2%, 1% and 3% respectively. Compared with the respective peaks in 2018 and 2019, prices and rentals in March 2024 on average were 33% and 16% lower. The average rental yields of Grade A, B and C office space rose to 2.9%, 3.3% and 3.5% respectively in March 2024, from 2.6%, 3.0% and 3.3% in November 2023. Transactions for office space declined by 2% from the preceding quarter or by 28% from a year earlier to 131 cases in the first quarter, considerably below the quarterly average of 197 cases in 2019-2023.

3.11 Prices of *retail shop space* declined by 4% between December 2023 and March 2024, while rentals were little changed. Compared with the respective peaks in 2018 and 2019, prices and rentals in March 2024 were 26% and 10% lower. The average rental yield edged up from 2.9% in December 2023 to 3.0% in March 2024. For all commercial spaces, transactions decreased by 12% from the preceding quarter or by 37% from a year earlier to 197 cases⁽³⁾ in the first quarter, far below the quarterly average of 363 cases in 2019-2023.

3.12 Prices and rentals of *flatted factory space* fell by 6% and 1% respectively during the quarter. Compared with the respective peaks in 2019 and 2023, prices and rentals in March 2024 were 20% and 2% lower. The average rental yield rose from 3.3% in December 2023 to 3.5% in March 2024. Transactions fell by 4% from the preceding quarter or by 32% from a year earlier to 356 cases in the first quarter, far below the quarterly average of 602 cases in 2019-2023.

Diagram 3.4 : Prices and rentals of non-residential properties stayed soft in the first quarter



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

Land

3.13 No land site was disposed in the first quarter. Meanwhile, one land exchange case and lease modifications of four sites were approved in the first quarter.

Tourism

3.14 The tourism sector continued to improve. *Visitor arrivals* rose further from 10.7 million in the fourth quarter of 2023 to 11.2 million in the first quarter of 2024, equivalent to 72% of the level in the same period in 2018. Mainland visitors, which accounted for 77% of the total in the first quarter, increased from 8.1 million in the preceding quarter to 8.7 million. There were 1.8 million and 0.8 million visitors from other short-haul markets and long-haul markets respectively, slightly down from the preceding quarter⁽⁴⁾. Analysed by length of stay, overnight and same-day visitors both rose to 5.6 million. Visitor spending, as measured by exports of travel services, jumped by 40.4% in real terms over a year earlier and recovered to 53% of the level in the same period in 2018.

Table 3.1 : Number of visitor arrivals

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

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
	Q2	62 700	1 800
	Q3	164 600	9 100
	Q4	329 800	25 100
2023	Q1	2 340 400	2 074 400
	Q2	4 237 500	4 231 700
	Q3	5 267 600	5 170 500
	Q4	5 313 900	5 363 800
2024	Q1	5 613 400	5 615 400

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

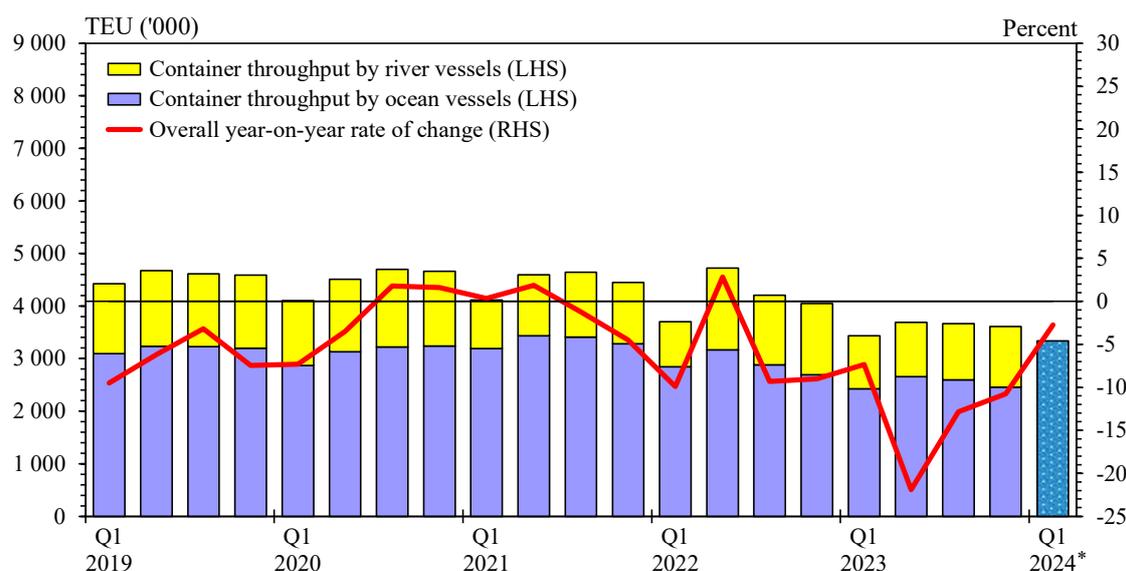
3.15 Hotel businesses continued to recover though the momentum has slowed somewhat. The average hotel room occupancy rate increased from 76% a year earlier to 85%, though it edged down from 86% in the fourth quarter of 2023 and remained below the 91% recorded in the same quarter in 2018. Meanwhile, the average achieved hotel room rate rose by 19.3% over a year earlier to \$1,431⁽⁵⁾.

3.16 The Financial Secretary announced various measures in the Budget to build Hong Kong as a premier destination for business and tourism, including an allocation of additional funding of over \$1.09 billion to the Tourism Commission and the Hong Kong Tourism Board for supporting their work. Highlights include the revamping of “A Symphony of Lights” light-and-sound show, organisation of regular pyrotechnic and drone shows against the backdrop of the splendid night views of Victoria Harbour and the promotion of immersive and in-depth tourism with themes like “Citywalk”. Meanwhile, \$100 million was earmarked to boost mega-event promotions over the next three years.

Logistics

3.17 The logistics sector showed mixed performance in the first quarter. *Total container throughput* declined further, albeit by a smaller 2.7% from a year earlier, to about 3.3 million twenty-foot equivalent units (TEUs). The value of trade handled at the Hong Kong port fell by 5.1% and its share in total trade dropped from 13.7% a year earlier to 11.9%.

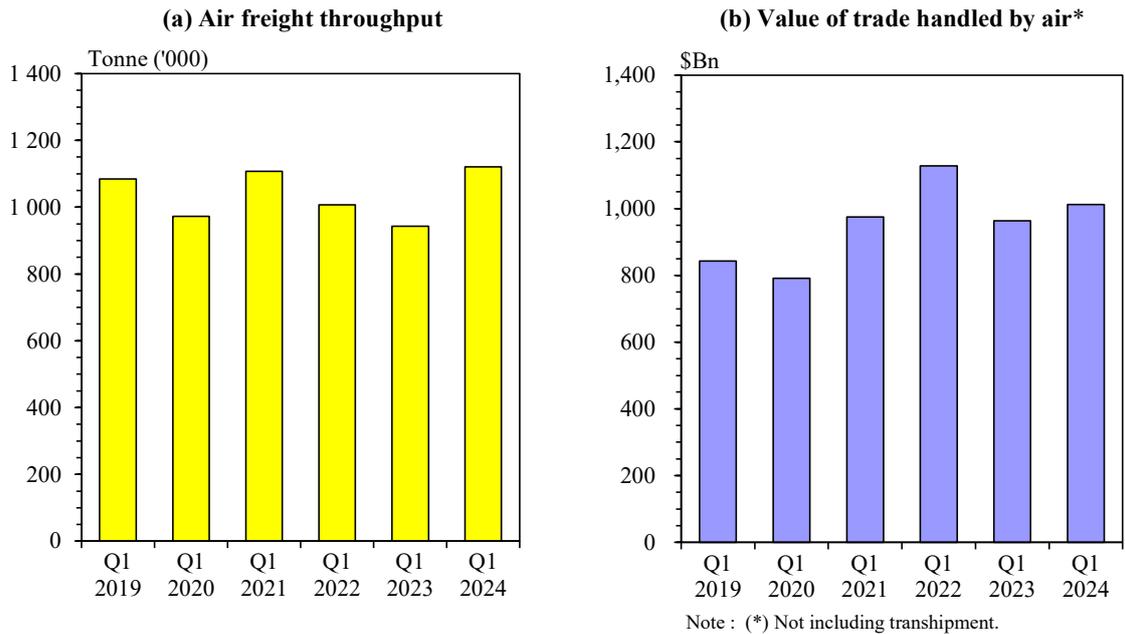
Diagram 3.5 : Container throughput declined further in the first quarter



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* increased by 18.9% year-on-year to 1.1 million tonnes in the first quarter, partly due to a low base of comparison. The value of trade by air rose by 5.0%, though its share in total trade decreased from 48.2% to 46.1%.

Diagram 3.6 : Air freight throughput and the value of trade handled by air rose in the first quarter



Transport

3.19 Traffic flows for all modes of cross-boundary passenger transport continued to improve in the first quarter. Air passenger trips as well as water-borne and land-based cross-boundary passenger trips increased from 11.8 million, 2.3 million and 55.8 million trips in the preceding quarter to 12.7 million, 2.4 million and 58.3 million trips in the first quarter respectively. Air passenger trips and water-borne cross-boundary passenger trips returned to 69.3% and 36.8% of their corresponding levels in the same quarter in 2018, while land-based cross-boundary passenger trips were 4.7% higher than the level in the same quarter in 2018. Meanwhile, average daily cross-boundary vehicle movements rose by 5.4% over the preceding quarter to 38 811, equivalent to 92.9% of the daily average in the same quarter in 2018.

Innovation and technology

3.20 The Financial Secretary announced a number of measures to promote the development of innovation and technology in the Budget. The measures included (i) allocating \$3 billion to support local universities, research institutes and enterprises to leverage the computing power of the Artificial Intelligence (AI) Supercomputing Centre in phases from 2024 and to promote AI ecosystem development; (ii) establishing the Hong Kong Microelectronics Research and Development Institute in 2024 to support the research and development of third-generation semiconductors; (iii) launching a \$6 billion subsidy programme to support universities to set up life and health technology research institutes; (iv) setting up the Greater Bay Area International Clinical Trial Institute in Hetao Shenzhen Hong Kong Science and Technology Innovation Co-operation Zone this year to provide a one-stop clinical support platform that coordinates clinical trial resources, and to promote cooperation with the clinical trial network in the Mainland, in particular the Greater Bay Area; (v) allocating \$2 billion to support InnoHK research clusters to establish presence in the Lok Ma Chau Loop and another \$200 million to provide assistance to start-ups engaging in life and health technology in the Hong Kong-Shenzhen I&T Park (HSITP) in the form of incubation and acceleration programmes, etc., thereby facilitating the setting up of the InnoLife Healthtech Hub in HSITP; (vi) launching the New Industrialisation Acceleration Scheme this year and providing enterprises in the fields of life and health technologies, AI and data science, advanced manufacturing, and new energy technologies with funding up to \$200 million each on a 1 (Government): 2 (Company) matching basis to set up new production facilities in Hong Kong; (vii) earmarking \$3 billion for the implementation of a Frontier Technology Research Infrastructure Support Scheme to accelerate related cross-disciplinary research spearheaded by eight funded universities and renowned scholars; (viii) allocating \$300 million to set up a “digital identity of enterprises” platform (viz. business version of “iAM Smart”); and (ix) allocating \$100 million under the Social Innovation and Entrepreneurship Development Fund to launch territory-wide digital inclusion programmes to enhance the capability of elderlies in adopting digital technologies and to reduce digital exclusion.

Arts and Culture

3.21 With a view to developing Hong Kong into an East-meets-West centre for international cultural exchange, the Government continues to implement a host of measures to support the development of high-quality arts, culture and creative industries. Among them, “Art March” was launched in March 2024 as a brand to promote a series of mega arts and cultural events organised, funded or supported by the Government, such as art exhibitions, film events and a cultural summit. Hong Kong will also host two large-scale arts events in October this year, including the inaugural Hong Kong Performing Arts Expo and the fourth Guangdong-Hong Kong-Macao Greater Bay Area Culture and Arts Festival.

Environment

3.22 The Financial Secretary set out various green initiatives in the Budget covering green finance, green shipping and green aviation, including extending the Green and Sustainable Finance Grant Scheme and allocating \$65 million to provide incentives for Hong Kong-registered ships that have attained a high rating under international standards of decarbonisation formulated by the International Maritime Organization. The first registration tax (FRT) concession arrangement for electric vehicles (EVs) was also extended for two years to 31 March 2026, though with the concessions reduced by 40% for electric private cars (e-PCs) given the price reduction of EVs and increasing availability of vehicle options. At the same time, e-PCs valued at over \$500,000 before tax will not be entitled to concessions under the “affordable users pay” principle. As for other types of electric vehicles, including electric commercial vehicles, electric motorcycles and electric motor tricycles, the FRT will continue to be waived in full over the next two years.

3.23 The relevant legislation for the regulation of disposable plastic tableware and other plastic products came into effect on 22 April 2024. Adopting a progressive implementation model, the Environmental Protection Department (EPD) will not take enforcement actions against non-compliant businesses during the six-month adaptation period. The EPD has arranged for staff to inspect relevant business premises, and will focus on promotion and education, as well as provide appropriate advice to help businesses to comply with the requirements under the new legislation. The EPD also advises businesses to exhaust their stock of the regulated products within the adaptation period to avoid wastage, and source suitable alternatives as early as possible.

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) On 28 February, the HKMA made several adjustments to the counter-cyclical macroprudential measures for property mortgage loans and other related supervisory requirements on property loans, while continuing to maintain banking stability and ensuring the proper risk management of property lending by banks. The adjustments, which took immediate effect, included: (i) raising the maximum LTV ratio to 70% for self-occupied residential properties for properties valued at \$30 million or below, 60%-70% with a loan cap of \$21 million for properties valued above \$30 million and up to \$35 million, and 60% for properties valued above \$35 million and all non-self-use residential properties; (ii) increasing the maximum LTV ratio for non-residential properties from 60% to 70%; (iii) increasing the maximum LTV ratio for mortgage loans assessed based on the net worth of mortgage applicants from 50% to 60% (applicable to both residential and non-residential properties); (iv) suspending the interest rate stress testing requirement for property mortgage lending; (v) increasing the overall financing cap for property development projects from 50% of the expected value of the completed properties to 60%; and (vi) lifting the additional capital requirement on banks for exposures to property developers offering mortgage financing with high LTV ratios.
- (3) The figures on transactions refer to commercial space, which comprises retail premises and other premises designed or adapted for commercial use but excludes purpose-built office space.
- (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 2024, visitor arrivals from the Mainland, other short-haul and long-haul markets accounted for respective shares of 77%, 16% and 7% of the total.
- (5) The figures on hotel room occupancy and achieved room rate do not include guesthouses. The figures are subject to revision later as more data become available.

CHAPTER 4 : THE FINANCIAL SECTOR[#]

Summary

- *The high interest rate environment in Hong Kong continued in the first quarter of 2024. As the US Federal Open Market Committee (FOMC) maintained the target range for the Federal Funds Rate at 5.25-5.50%, the Base Rate under the Discount Window operated by the Hong Kong Monetary Authority (HKMA) remained unchanged at 5.75% at end-March. Yet the Hong Kong dollar interbank interest rates came lower during the quarter as seasonal demand for Hong Kong dollar funding faded. Interest rates on the retail front held stable.*
- *The Hong Kong dollar spot exchange rate against the US dollar weakened during the first quarter, due partly to the seasonal decline in corporate funding needs. As the US dollar strengthened against most major currencies, the trade-weighted Hong Kong dollar Nominal and Real Effective Exchange Rate Indices rose by 0.9% and 1.0% respectively during the first quarter.*
- *Total loans and advances decreased by 1.0% during the first quarter. Within the total, loans for use in and outside Hong Kong decreased by 1.2% and 0.5% respectively.*
- *The local stock market remained under pressure in the first quarter. Dampened by heightened geopolitical tensions and tempered expectations for US interest rate cuts, the Hang Seng Index (HSI) headed down on entering 2024. It hit a low of 14 961 on 22 January, but subsequently recouped some of the lost ground as market sentiment improved alongside accelerated growth of the Mainland economy. The HSI closed the quarter at 16 541, down by 3.0% from end-2023. Trading activities regained some momentum towards the end of the quarter. Yet fund raising activities remained quiet.*

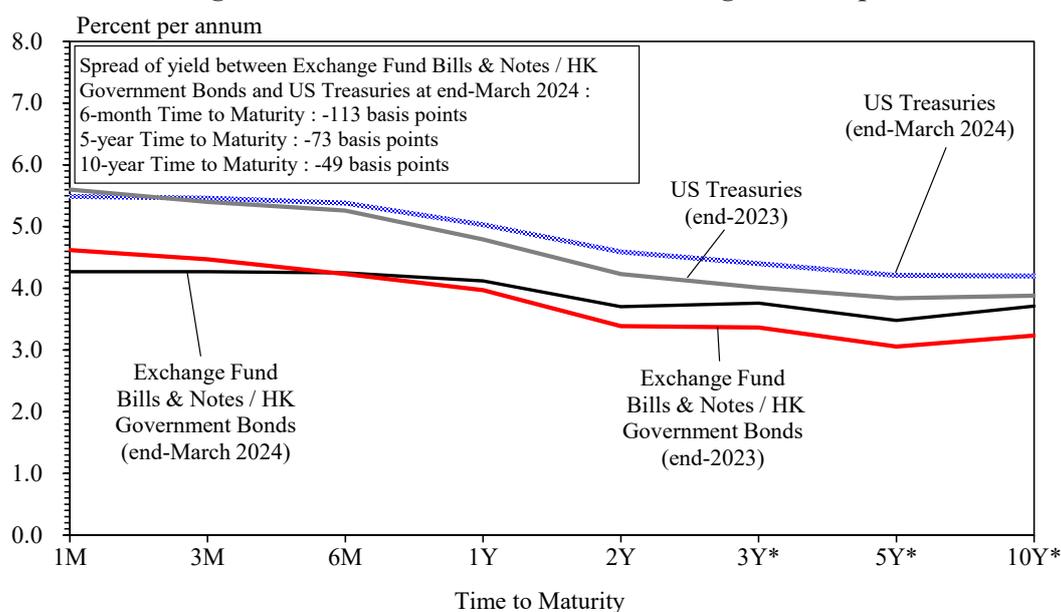
(#) This chapter is jointly prepared by the HKMA and the Office of the Government Economist.

Interest rates and exchange rates

4.1 The high interest rate environment in Hong Kong continued in the first quarter of 2024. As the US FOMC maintained the target range for the Federal Funds Rate at 5.25 – 5.50%, the *Base Rate*⁽¹⁾ under the Discount Window operated by the HKMA was kept unchanged at 5.75% at end-March. Yet the *Hong Kong dollar interbank interest rates* (HIBORs) came lower during the quarter as seasonal demand for Hong Kong dollar funding faded after the year-end. The overnight HIBOR and the 3-month HIBOR receded from 6.09% and 5.15% at end-2023 to 5.00% and 4.72% at end-March 2024 respectively, but still visibly higher than the year-ago levels.

4.2 Both *Hong Kong dollar yields* and *US dollar yields* rose at the medium and long tenors but fell at the shorter end during the first quarter, with the magnitude of changes generally larger for the Hong Kong dollar. Reflecting the relative movements of the Hong Kong dollar yields and the US dollar counterparts, the negative yield spread between 6-month Exchange Fund Bills and 6-month US Treasury Bills widened from 103 basis points at end-2023 to 113 basis point at end-March 2024, while that between 10-year Hong Kong Government Bonds and 10-year US Treasury Notes narrowed from 65 basis points to 49 basis points.

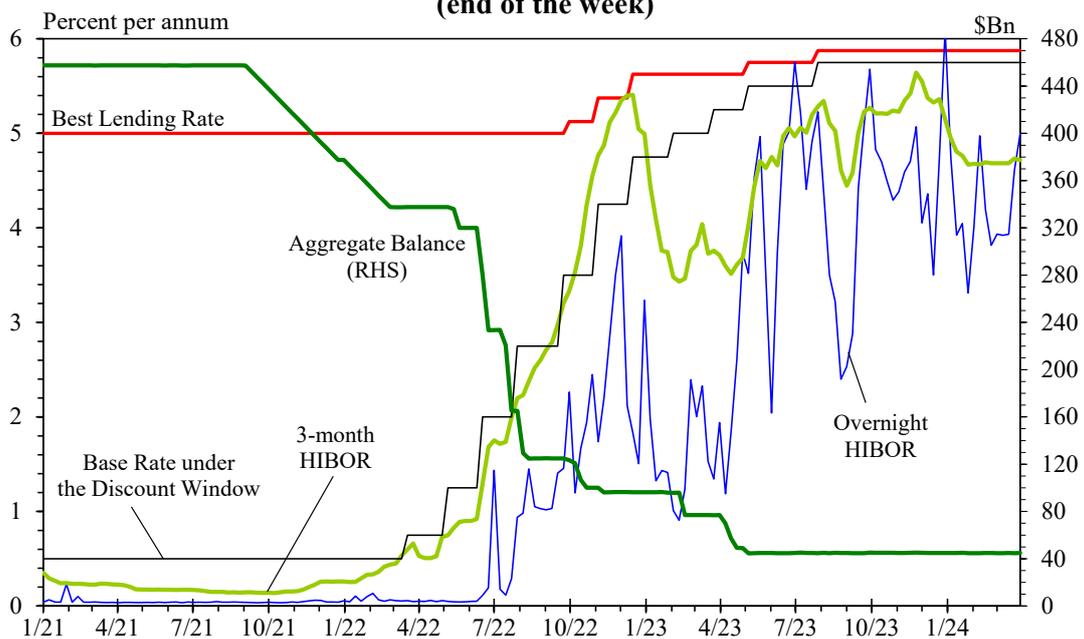
Diagram 4.1 : Both Hong Kong dollar yields and US dollar yields rose at the medium and long tenors but fell at the shorter end during the first quarter



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 held stable during the first quarter. The *Best Lending Rates* in the market remained in the range of 5.875% to 6.375%. The *average savings deposit rate* for deposits of less than \$100,000 quoted by major banks and the *one-year time deposit rate* stayed unchanged at 0.79% and 0.67% respectively at end-March 2024. The *composite interest rate*⁽²⁾, which indicates the average cost of funds for retail banks, decreased from 2.94% at end-2023 to 2.73% at end-March 2024.

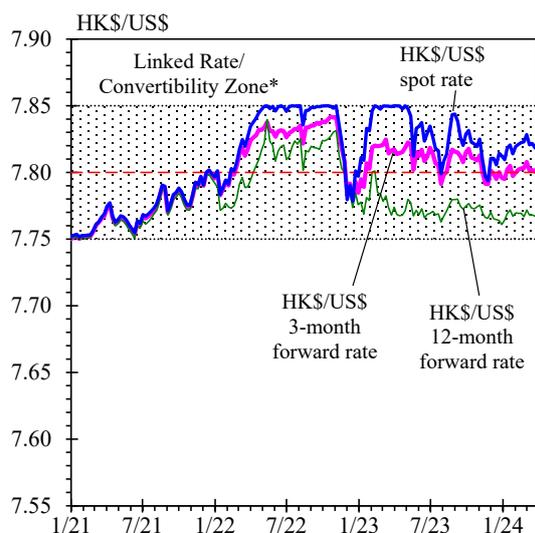
Diagram 4.2 : Interbank interest rates came lower during the first quarter, while interest rates on the retail front held stable (end of the week)



4.4 The *Hong Kong dollar spot exchange rate against the US dollar* weakened during the first quarter, due partly to the seasonal decline in corporate funding needs. It closed the first quarter at 7.824, compared with 7.812 at end-2023. The *Hong Kong dollar forward rates* saw enlarged discounts to the spot rate, with the discounts of 3-month and 12-month forward rates widening from 166 pips and 515 pips (each pip is equivalent to HK\$0.0001) at end-2023 to 197 pips and 570 pips at end-March 2024 respectively. The Aggregate Balance was little changed, at \$44.8 billion at end-March 2024.

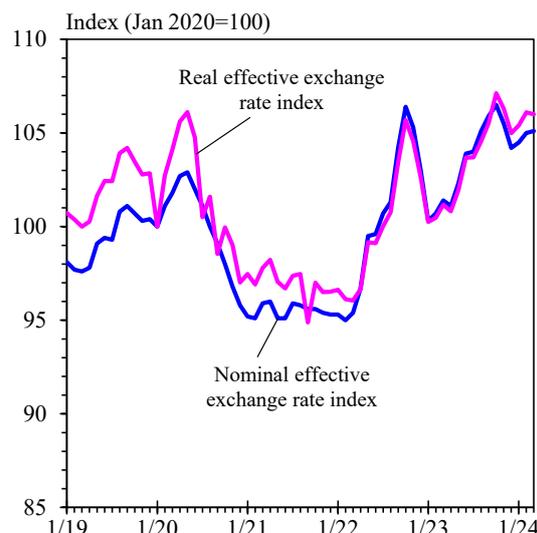
4.5 Under the Linked Exchange Rate System, movements in the Hong Kong dollar exchange rate against other currencies closely followed those of the US dollar. As the US dollar strengthened against most major currencies, the *trade-weighted Hong Kong dollar Nominal and Real Effective Exchange Rate Indices*⁽³⁾ rose by 0.9% and 1.0% respectively during the first quarter.

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



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

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



Money supply and banking sector

4.6 Compared to end-2023, the Hong Kong dollar broad *money supply* (HK\$M3) was virtually unchanged at \$8,266 billion at end-March 2024, while the seasonally adjusted Hong Kong dollar narrow money supply (HK\$M1) declined by 4.1% to \$1,515 billion⁽⁴⁾. Meanwhile, *total deposits* with authorized institutions (AIs)⁽⁵⁾ decreased by 0.2% to \$16,197 billion, within which Hong Kong dollar deposits increased by 0.1% while foreign currency deposits decreased by 0.4%.

Diagram 4.5 : The Hong Kong dollar broad money supply was virtually unchanged during the first quarter, while narrow money supply declined

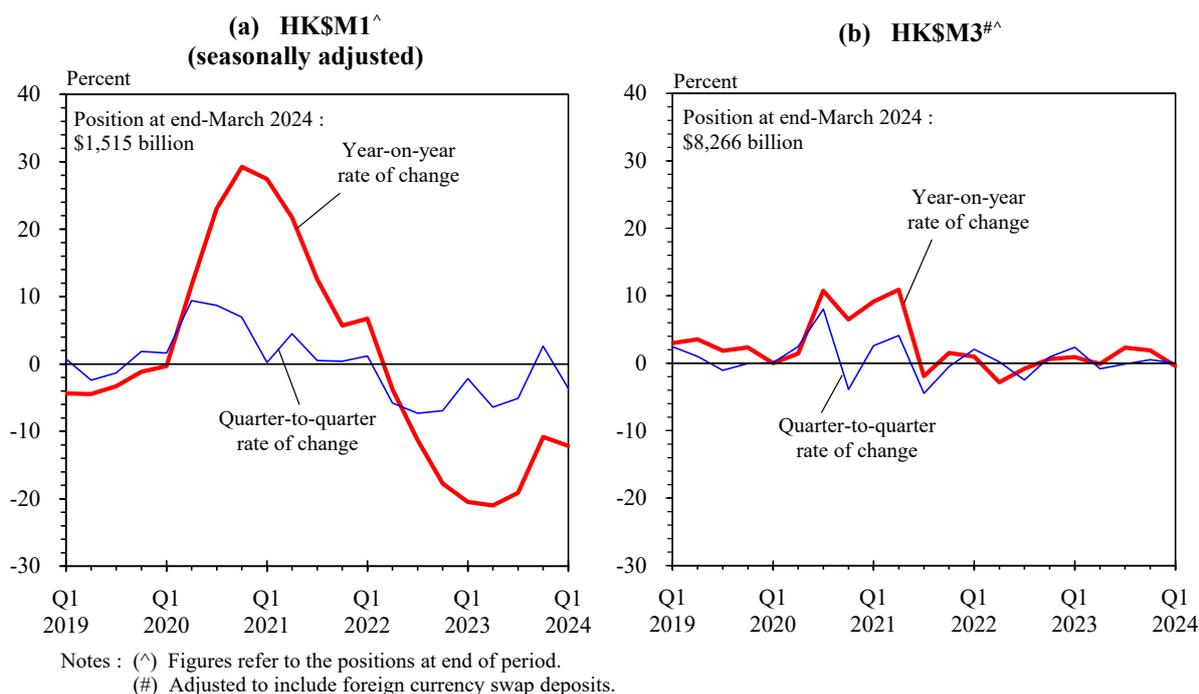


Table 4.1 : Hong Kong dollar money supply and total money supply

% change during the quarter		<u>M1</u>		<u>M2</u>		<u>M3</u>	
		HK\$ [^]	Total	HK\$ [#]	Total	HK\$ [#]	Total
2023	Q1	-3.0	-2.0	2.3	0.5	2.3	0.5
	Q2	-6.0	-4.8	-0.8	-0.4	-0.8	-0.4
	Q3	-3.9	-3.1	-0.1	1.4	-0.1	1.4
	Q4	2.3	3.8	0.5	2.4	0.5	2.5
2024	Q1	-4.1	-1.6	0.0	-0.1	0.0	0.0
Total amount at end-March 2024 (\$Bn)		1,515	2,556	8,253	17,186	8,266	17,226
% change over a year earlier		-11.4	-5.8	-0.4	3.4	-0.4	3.4

Notes : (^) Seasonally adjusted.

(#) Adjusted to include foreign currency swap deposits.

4.7 *Total loans and advances* decreased by 1.0% over end-2023 to \$10,087 billion at end-March 2024. Within the total, Hong Kong dollar loans and foreign currency loans decreased by 1.1% and 0.9% respectively. Reflecting the relative movements in loans and deposits, the loan-to-deposit ratio for Hong Kong dollar fell from 84.2% at end-2023 to 83.2% at end-March 2024, and that for foreign currency edged down from 43.9% to 43.6%.

4.8 Loans for use in Hong Kong (including trade finance) and loans for use outside Hong Kong decreased by 1.2% and 0.5% respectively over end-2023 to \$7,535 billion and \$2,552 billion at end-March 2024. Within the former, loans to most economic segments declined. Loans to stockbrokers and loans to financial concerns shrank by 10.4% and 7.5% respectively amid the sluggish stock market performance and financing activities. Loans to wholesale and retail trade also fell by 4.7%. On the other hand, the decline in trade finance narrowed to 0.5% while loans to manufacturing resumed modest growth of 0.5%, alongside the improving external trade performance. As for property-related lending, loans to building, construction, property development and investment decreased by 0.7%, while loans for purchase of residential property edged up by 0.1%.

Table 4.2 : Loans and advances

All loans and advances for use in Hong Kong

% change during the quarter		Loans to :								All loans and advances for use outside Hong Kong ^(c)	Total loans and advances
		Trade finance	Manu- facturing	Whole- sale and retail trade	Building, construction, property development and investment	Purchase of residential property ^(a)	Financial concerns	Stock- brokers	Total ^(b)		
2023	Q1	-0.9	3.8	-1.1	1.8	0.9	1.2	14.6	1.4	-0.4	0.9
	Q2	-2.4	-3.8	-0.4	-2.0	1.6	1.1	-16.8	-0.4	-4.1	-1.3
	Q3	-2.9	-3.5	-3.0	-2.5	0.9	-5.4	1.5	-1.9	-2.8	-2.2
	Q4	-7.5	-0.8	0.9	0.8	-0.1	0.8	-10.5	-0.1	-3.4	-1.0
2024	Q1	-0.5	0.5	-4.7	-0.7	0.1	-7.5	-10.4	-1.2	-0.5	-1.0
Total amount at end-March 2024 (\$Bn)		363	300	287	1,667	1,980	832	42	7,535	2,552	10,087
% change over a year earlier		-12.8	-7.5	-7.1	-4.4	2.5	-10.8	-32.2	-3.6	-10.4	-5.4

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

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

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

4.9 The Hong Kong banking sector remained sound and resilient, underpinned by strong capital and liquidity buffers. Hong Kong incorporated AIs were well capitalised, with the total capital adequacy ratio staying at a high level of 21.1% at end-2023. The local banking sector's overall asset quality stayed at a healthy level. The ratio of classified loans to total loans for all AIs went down slightly from 1.61% at end-September 2023 to 1.56% at end-2023, though the delinquency ratio for credit card lending edged up from 0.28% to 0.30%. Meanwhile, the delinquency ratio for residential mortgage loans remained at a low level of 0.09% at end-March 2024, slightly higher than that at end-2023.

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

<u>At end of period</u>		<u>Pass loans</u>	<u>Special mention loans</u>	<u>Classified loans</u> (gross)
2022	Q1	97.37	1.66	0.98
	Q2	97.11	1.79	1.10
	Q3	97.08	1.73	1.19
	Q4	96.58	2.02	1.40
2023	Q1	96.57	1.98	1.46
	Q2	96.57	1.93	1.50
	Q3	96.49	1.90	1.61
	Q4	96.41	2.03	1.56

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

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

(^) This table presents the asset quality of all AIs. For retail banks, the pass loans, special mention loans and classified loans (gross) as percentages of total loans were 96.30%, 2.02% and 1.67% respectively at end-2023.

4.10 *Offshore renminbi (RMB) business* remained active in the first quarter. RMB trade settlement transactions handled by banks in Hong Kong surged by 60.6% over a year earlier to RMB3,713.7 billion. Total RMB deposits (including customer deposits and outstanding certificates of deposit) grew by 1.2% over end-2023 to RMB1,058.0 billion at end-March 2024. As to financing activities, RMB bond issuance amounted to RMB93.0 billion in the first quarter (of which RMB12.0 billion was issued by the Ministry of Finance), higher than the RMB90.3 billion in the preceding quarter, while outstanding RMB bank loans increased by 18.8% over end-2023 to RMB524.2 billion at end-March 2024.

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

<u>At end of period</u>		<u>Interest rates on^(a)</u>					<u>Number of AIs engaged in RMB business</u>	<u>Amount of cross-border RMB trade settlement^(c)</u> (RMB Mn)
		<u>Demand and savings deposits</u> (RMB Mn)	<u>Time deposits</u> (RMB Mn)	<u>Customer deposits</u> (RMB Mn)	<u>Savings deposits^(b)</u> (%)	<u>Three-month time deposits^(b)</u> (%)		
2023	Q1	319,076	475,018	794,095	0.16	0.31	141	2,312,566
	Q2	399,974	507,327	907,302	0.16	0.31	141	2,791,750
	Q3	361,994	590,571	952,565	0.16	0.31	139	3,145,772
	Q4	381,803	557,400	939,203	0.16	0.31	139	3,418,469
2024	Q1	356,992	587,672	944,664	0.16	0.31	139	3,713,713
% change in 2024 Q1 over 2023 Q1		11.9	23.7	19.0	N.A.	N.A.	N.A.	60.6
% change in 2024 Q1 over 2023 Q4		-6.5	5.4	0.6	N.A.	N.A.	N.A.	8.6

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 5.1% over the preceding quarter to \$1,264.3 billion in the first quarter, with issuance by the public and private sectors⁽⁶⁾ up by 1.6% and 17.6% respectively. The total outstanding amount of Hong Kong dollar debt securities rose by 0.5% over end-2023 to \$2,757.9 billion at end-March 2024, equivalent to 33.4% of HK\$M3 or 27.5% of Hong Kong dollar-denominated assets of the banking sector⁽⁷⁾.

4.12 As to the Hong Kong dollar bonds issued by the Government, a total of \$3.5 billion institutional Government Bonds (GBs) were issued through tenders in the first quarter under the GB Programme. Meanwhile, the second batch of tokenised institutional green bonds was issued under the Government Green Bond (GGB) Programme in February in Hong Kong dollar, RMB, US dollar and euro, with an issuance size totalling around \$6 billion equivalent, marking the first multi-currency digital bond in the world. At end-March, the total outstanding amount of Hong Kong dollar bonds under the GB and GGB Programmes was \$287.2 billion, comprising 16 institutional issues totalling \$100.5 billion, four retail issues (one iBond and three Silver Bonds) totalling

\$144.7 billion under the GB Programme, as well as two retail issues totalling \$40.0 billion and one tokenised institutional issue of \$2.0 billion under the GGB Programme. As for GBs denominated in other currencies, there was one US dollar sukuk with an issuance size of US\$1.0 billion outstanding under the GB Programme, as well as around US\$19.5 billion equivalent of institutional green bonds outstanding under the GGB Programme.

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

		Exchange Fund paper	Statutory bodies/ government- owned corporations	Govern- ment	Public sector total	AIs ^(a)	Local corporations	Non-MDBs overseas borrowers ^(b)	Private sector total	MDBs ^(b)	Total
New Issuance											
2023	Annual	3,978.0	76.3	106.3	4,160.6	289.9	30.2	419.7	739.7	26.2	4,926.5
	Q1	975.8	31.8	7.8	1,015.3	86.1	9.0	128.5	223.6	14.9	1,253.8
	Q2	997.2	19.4	9.5	1,026.2	65.2	10.4	106.0	181.6	3.7	1,211.5
	Q3	994.5	16.4	58.5	1,069.4	80.3	7.1	95.0	182.3	6.1	1,257.8
	Q4	1,010.6	8.7	30.5	1,049.8	58.2	3.7	90.2	152.1	1.5	1,203.4
2024	Q1	1,004.5	57.0	5.5	1,066.9	59.7	6.2	113.0	178.9	18.4	1,264.3
% change in 2024 Q1 over 2023 Q1		2.9	79.4	-29.5	5.1	-30.6	-31.1	-12.1	-20.0	23.8	0.8
% change in 2024 Q1 over 2023 Q4		-0.6	555.1	-82.0	1.6	2.6	67.8	25.3	17.6	1,134.2	5.1
Outstanding (at end of period)											
2023	Q1	1,216.7	146.0	226.9	1,589.5	305.6	133.9	503.8	943.3	48.7	2,581.5
	Q2	1,227.1	149.3	234.5	1,610.9	296.0	137.3	546.6	979.9	50.9	2,641.8
	Q3	1,240.4	159.2	288.9	1,688.5	288.6	134.3	566.2	989.0	53.8	2,731.2
	Q4	1,255.4	152.0	284.6	1,692.0	290.1	130.1	576.9	997.1	53.8	2,742.9
2024	Q1	1,268.4	187.5	287.2	1,743.1	265.1	120.8	573.5	959.4	55.4	2,757.9
% change in 2024 Q1 over 2023 Q1		4.2	28.5	26.6	9.7	-13.3	-9.7	13.8	1.7	13.6	6.8
% change in 2024 Q1 over 2023 Q4		1.0	23.3	0.9	3.0	-8.6	-7.1	-0.6	-3.8	2.9	0.5

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* remained under pressure in the first quarter. Dampened by heightened geopolitical tensions and tempered expectations for US interest rate cuts, the HSI slid to 14 961 on 22 January, the lowest since October 2022. It then recouped some of the lost ground as market sentiment improved alongside the accelerated growth of the Mainland economy. The HSI closed the quarter at 16 541, down by 3.0% from end-2023. *Market capitalisation* shrank further by 2.4% to \$30.3 trillion during the quarter. The local stock market ranked the eighth largest in the world and the fifth largest in Asia⁽⁸⁾.

4.14 Trading activities in the local stock market stayed soft in the first quarter but regained some momentum towards the end of the quarter. *Average daily turnover* in the securities market increased by 9.2% over the preceding quarter to \$99.4 billion, though still down 22.3% from the year-ago level. Within the total, the average daily trading value of equities leapt by 13.2% over the preceding quarter, while that of derivative warrants, callable bull/bear contracts, and unit trusts (including Exchange-Traded Funds (ETFs))⁽⁹⁾ fell by 5.3%, 1.1% and 1.3% respectively. As to futures and options⁽¹⁰⁾, the average daily trading volume increased by 11.7%. Within the total, trading of Hang Seng China Enterprises Index futures, HSI futures, HSI options, and stock options increased by 14.1%, 12.8%, 11.8% and 8.7% respectively.

Diagram 4.6 : The local stock market remained under pressure in the first quarter

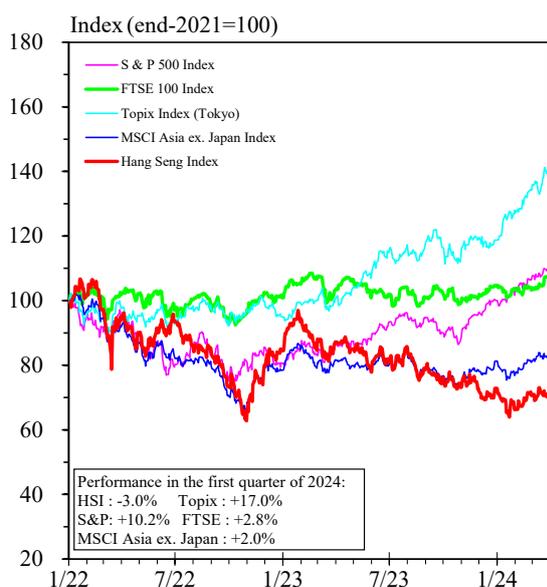
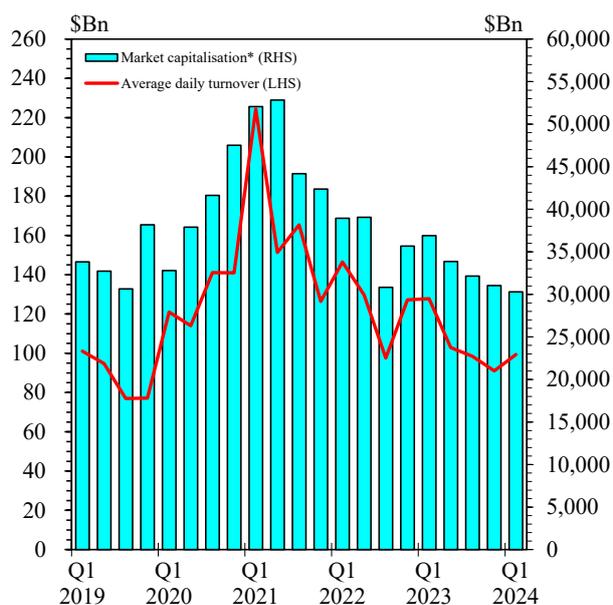


Diagram 4.7 : Market capitalisation shrank further, while trading activities increased somewhat



Note : (*) Position at end of quarter.

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

		Hang Seng Index futures	Hang Seng Index options	Hang Seng China Enterprises Index futures	Stock options	Total futures and options traded*
2023	Annual	138 446	22 820	186 689	612 182	1 353 839
	Q1	145 708	25 243	196 405	665 210	1 418 700
	Q2	138 717	23 143	188 933	598 988	1 315 783
	Q3	136 670	22 706	179 322	590 969	1 336 408
	Q4	132 813	20 207	182 652	593 478	1 343 428
2024	Q1	149 867	22 591	208 485	645 126	1 500 494
% change in 2024 Q1 over 2023 Q1		2.9	-10.5	6.2	-3.0	5.8
% change in 2024 Q1 over 2023 Q4		12.8	11.8	14.1	8.7	11.7

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

4.15 Fund raising activities in Hong Kong remained quiet during the first quarter amid the weak local stock market performance. *Total equity capital raised*, comprising new share floatation and post-listing arrangements on the Main Board and GEM⁽¹¹⁾, shrank by 52.7% from the preceding quarter or by 21.3% from a year earlier to \$26.5 billion in the first quarter. Within the total, the amount of funds raised through Initial Public Offerings (IPOs) decreased by 77.9% from the preceding quarter or by 28.9% from a year earlier to \$4.7 billion. Hong Kong ranked tenth among stock exchange markets globally in terms of the amount of funds raised through IPOs in the first quarter⁽¹²⁾.

4.16 Mainland enterprises continued to play an important role in the Hong Kong stock market. At end-March, a total of 1 450 Mainland enterprises (including 340 H-share companies and 1 110 Non-H share Mainland enterprises) were listed on the Main Board and GEM, accounting for 56% of the total number of listed companies and 77% of total market capitalisation. Mainland-related stocks accounted for 86% of equity turnover and 87% of total equity funds raised in the Hong Kong Stock Exchange in the first quarter.

Fund management and investment funds

4.17 Performance of fund management business generally improved in the first quarter. The aggregate net asset value of the approved constituent funds under the *Mandatory Provident Fund (MPF) schemes*⁽¹³⁾ rose by 3.7% over end-2023 to \$1,183.0 billion at end-March 2024. The monthly average gross retail sales of *mutual funds* increased by 76.4% from the preceding quarter to US\$6.9 billion in January – February⁽¹⁴⁾⁽¹⁵⁾, and were 29.2% higher than the level a year earlier.

Insurance sector

4.18 The *insurance sector*⁽¹⁶⁾ saw solid growth in 2023. For the year as a whole, new office premiums of long-term business leapt by 34.2%, within which premium from non-investment linked plans (which accounted for 94% of total premium for this segment) soared by 41.8%, though that from investment linked plans decreased by 25.1%. As to general business, gross and net premiums rose by 4.1% and 2.7% respectively.

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

		General business			New office premium for long-term business [^]					
		Gross premium	Net premium	Underwriting profit	Individual life and annuity (non-investment linked)	Individual life and annuity (investment linked)	Other individual business	Non-retirement scheme group business	All long-term business	Gross premium from long-term business and general business
2022	Annual	64,624	42,138	4,186	119,480	14,899	43	460	134,882	199,506
	Q1	19,327	11,966	1,063	37,744	4,573	12	114	42,443	61,770
	Q2	15,875	10,528	1,482	35,287	3,941	9	209	39,446	55,321
	Q3	16,183	11,230	852	26,855	3,345	11	72	30,283	46,466
	Q4	13,239	8,414	789	19,594	3,040	11	65	22,710	35,949
2023	Annual	67,302	43,280	846	169,438	11,165	50	310	180,963	248,265
	Q1	20,660	12,460	513	43,476	3,419	13	71	46,979	67,639
	Q2	16,324	10,803	940	52,890	3,171	11	87	56,159	72,483
	Q3	16,821	11,459	66	40,916	2,375	12	78	43,381	60,202
	Q4	13,497	8,558	-673	32,156	2,200	14	74	34,444	47,941
	% change in 2023 Q4 over 2022 Q4	1.9	1.7	N.A.	64.1	-27.6	27.3	13.8	51.7	33.4
	% change in 2023 over 2022	4.1	2.7	-79.8	41.8	-25.1	16.3	-32.6	34.2	24.4

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

([^]) Retirement scheme business is excluded.

N.A. Not applicable.

Highlights of policy and market developments

4.19 To deepen financial cooperation between the Mainland and Hong Kong, the People's Bank of China (PBoC) announced six measures on 24 January, including: (i) expanding the list of eligible collateral to include RMB bonds for the HKMA's RMB Liquidity Facility; (ii) further opening up the onshore repurchase agreement (repo) market to support all foreign institutional investors with access to the China Interbank Bond Market to trade repo; (iii) issuing amendments to enhance the implementation arrangements for the Cross-boundary Wealth Management Connect Pilot Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA); (iv) introducing facilitative measures on remittances for property purchase by Hong Kong residents in the GBA; (v) deepening the collaboration on cross-boundary credit referencing; and (vi) expanding the cross-boundary pilots of e-CNY. The new measures are conducive to giving full play to Hong Kong's role as an international financial centre and offshore RMB business hub, and actively contributing to the high-quality development of the country's finance.

4.20 As part of the "Fintech 2025" strategy, the HKMA launched a series of initiatives in March to increase Hong Kong's readiness in issuing central bank digital currency (CBDC), including Project Ensemble, an initiative testing the functionality of a wholesale CBDC (wCBDC) and movement of tokenised deposits. This project centres around innovative financial market infrastructure that enables seamless interbank settlement of tokenised money through wCBDC. The HKMA also announced the launch of Phase 2 of the e-HKD Pilot Programme to further explore innovative cases for an e-HKD in Hong Kong. An enhanced e-HKD sandbox, leveraged on the wCBDC sandbox to be built under Project Ensemble, will support the Phase 2 programme to accelerate the development and testing of use cases by pilot participants and facilitate the study of interoperability and interbank settlement between e-HKD and other forms of tokenised money.

4.21 To stay abreast of international trends in green and sustainable finance and accelerate our development as an international green finance centre, the Government issued a vision statement on 25 March on developing the sustainability disclosure ecosystem in Hong Kong. The statement sets out the vision and approach of the Government and financial regulators in developing a comprehensive ecosystem for sustainability disclosure in Hong Kong, including Hong Kong's aspiration to be among the first jurisdictions to align the local sustainability disclosure requirements with the International Financial Reporting Standards - Sustainability Disclosure Standards. Earlier in the month, the Prototype Hong Kong Green Fintech Map was launched, featuring about 50 green fintech firms. The Prototype will help companies and financial institutions better understand the availability and development of green fintech solutions that meet their business needs, thereby raising the profile of firms in the green fintech landscape.

4.22 A number of large-scale financial mega events were held in the first quarter of 2024, namely the Asian Financial Forum in January, the inaugural Hong Kong Green Week in February, and the Financial Mega Event Week (including the second edition of the Wealth for Good in Hong Kong Summit) in March, to showcase Hong Kong's strengths, development potential and investment opportunities as an international centre for green tech and green finance, as well as an international asset and wealth management hub. According to the market study commissioned by Invest Hong Kong, there were over 2 700 single family offices in the city as at end-2023 and around 900 of which were with a wealth level of over USD\$100 million. This reflects Hong Kong's well-developed status as a premier hub for global family offices.

Notes :

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

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

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

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

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

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

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

- (5) AIs include licensed banks, restricted licence banks and deposit-taking companies. At end-March 2024, there were 150 licenced banks, 16 restricted licence banks and 11 deposit-taking companies in Hong Kong. Altogether, 177 AIs (excluding representative offices) from 32 countries and territories (including Hong Kong) had a presence in Hong Kong.
- (6) The figures for private sector debt may not represent a full coverage of all the Hong Kong dollar debt paper issued.
- (7) 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.
- (8) The ranking is based on the market capitalisation figures of global stock exchange markets compiled by the World Federation of Exchanges and the London Stock Exchange Group.
- (9) 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.
- (10) At end-March 2024, there were 126 classes of stock options contracts and 98 classes of stock futures contracts.
- (11) At end-March 2024, there were 2 285 and 326 companies listed on the Main Board and GEM respectively.
- (12) The ranking is based on the amount of funds raised through IPOs (including fundraising of special purpose acquisition companies) compiled by Dealogic.
- (13) At end-March 2024, there were 12 approved trustees. On MPF products, 21 master trust schemes, two industry schemes and one employer sponsored scheme, comprising altogether 379 constituent funds, were approved by the Mandatory Provident Fund Schemes Authority. A total of 361 000 employers, 2.64 million employees and 236 000 self-employed persons are estimated to have participated in MPF schemes.
- (14) These figures are obtained from the Sales and Redemptions Survey conducted by the Hong Kong Investment Funds Association (HKIFA) on their members, and cover only the active authorised funds that have responded to the survey. As HKIFA has revised the coverage of its funds statistics for 2023, the figures in this report may not be comparable with those contained in previous issues of this report.
- (15) At end-March 2024, there was one SFC-authorized retail hedge fund with net asset size of US\$116 million. This amount of net assets under management increased by 10.5% from end-2023 and was similar to the level a year earlier, and represented a 27.5% decrease from end-2002, the year when the hedge funds guidelines were first issued.
- (16) At end-March 2024, there were 160 authorized insurers in Hong Kong. Within this total, 53 were engaged in long-term insurance business, 87 in general insurance business, 18 in composite insurance business, and two in special purpose business. These authorized insurers come from 22 countries and territories (including Hong Kong).

CHAPTER 5 : THE LABOUR SECTOR

Summary

- *The labour market remained tight in the first quarter of 2024. The seasonally adjusted unemployment rate stayed low at 3.0%. The underemployment rate was also low at 1.1%. Both the labour force and total employment recorded year-on-year increases.*
- *The unemployment rates of various major sectors stayed low in general in the first quarter.*
- *Establishment survey indicated that wages and labour earnings continued to record decent year-on-year increases in the fourth quarter of 2023. More recent General Household Survey (GHS) data indicated that employment earnings continued to grow solidly in the first quarter of 2024 over a year earlier.*

Overall labour market situation⁽¹⁾

5.1 The labour market remained tight in the first quarter of 2024. The seasonally adjusted *unemployment rate*⁽²⁾ stayed low at 3.0%, slightly higher than the 2.9% in the preceding quarter. The *underemployment rate*⁽³⁾ was also low at 1.1%, though edging up from 1.0%. The unemployment rates of various major sectors stayed low in general in the first quarter. Establishment survey indicated that wages and labour earnings continued to record decent year-on-year increases in the fourth quarter of 2023. More recent General Household Survey (GHS) data indicated that employment earnings continued to grow solidly in the first quarter of 2024 over a year earlier.

Diagram 5.1 : The labour market remained tight in the first quarter of 2024

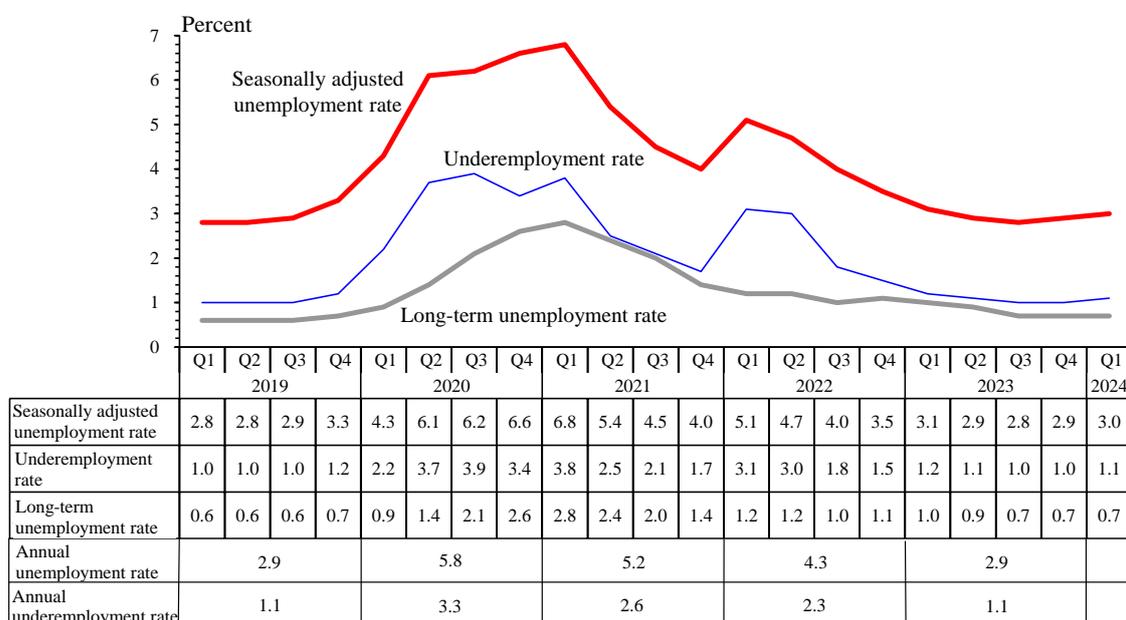


Table 5.1 : The unemployment rate (seasonally adjusted), underemployment rate and long-term unemployment rate

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

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*⁽⁴⁾ declined by 0.3% from the preceding quarter to 3 800 100 in the first quarter, but increased by 0.8% over a year earlier. Analysed by contributory factor, the working-age population (i.e. land-based non-institutional population aged 15 and above) increased by 0.2% quarter-to-quarter or 2.3% year-on-year to 6 661 100. Meanwhile, reflecting the persistent drag from population ageing, the overall labour force participation rate continued to decline, by 0.3 percentage point quarter-to-quarter or 0.9 percentage point year-on-year to 57.0% in the first quarter.

5.3 *Total employment*⁽⁵⁾ declined by 0.5% from the preceding quarter to 3 688 400 in the first quarter, but rose by 0.9% over a year earlier. Employment of many sectors decreased compared with the preceding quarter, particularly for the postal and courier activities sector, the wholesale sector, the arts, entertainment and recreation sector, the decoration, repair and maintenance for buildings sector, the financing sector, and the retail sector, but the levels in some of these sectors were still higher than a year ago. Employment of some major sectors increased compared with the preceding quarter, notably for the warehousing and support activities for transportation sector, the information and communications sector, and the social work activities sector, and the levels in most of these sectors were also higher than a year ago.

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

	<u>Labour force</u>	<u>Persons employed</u>	<u>Persons unemployed^(a)</u>	<u>Persons underemployed</u>
2023 Annual	3 822 300 (1.2)	3 709 600 (2.7)	112 700	41 600
Q1	3 769 200 (-0.6)	3 654 100 (1.4)	115 100	46 700
Q2	3 802 400 (1.3)	3 688 800 (3.2)	113 600	41 500
Q3	3 834 300 (0.7)	3 720 300 (1.9)	114 000	37 900
Q4	3 812 500 (-0.9)	3 706 800 (-0.4)	105 700	37 000
<i>Three months ending</i>				
2024 Jan	3 799 700 (0.5)	3 697 000 (1.0)	102 600	38 800
Feb	3 797 000 (0.8)	3 694 700 (1.2)	102 300	37 600
Mar	3 800 100 (0.8)	3 688 400 (0.9)	111 700	40 000
	<-0.3>	<-0.5>		

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 2024.

Source : General Household Survey, Census and Statistics Department.

Diagram 5.2 : The labour force and total employment declined in the first quarter from the preceding quarter, but rose over a year earlier



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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u> <u>Q1</u>	<u>2023</u> <u>Q2</u>	<u>2023</u> <u>Q3</u>	<u>2023</u> <u>Q4</u>	<u>2024</u> <u>Q1</u>
<u>Male</u>										
15-24	39.2	35.4	34.4	31.4	30.1	29.9	29.8	32.0	29.9	27.9
<i>of which:</i>										
15-19	11.3	7.3	6.6	7.0	7.5	6.5	6.3	9.2	7.7	6.5
20-24	59.6	56.5	57.2	53.3	51.6	52.7	52.2	53.9	51.2	49.3
25-29	91.3	90.8	91.7	89.7	87.9	88.4	87.4	87.1	88.9	88.3
30-39	95.9	95.0	95.2	94.0	93.8	93.6	93.9	94.6	94.3	94.3
40-49	93.9	93.5	93.5	93.4	93.8	93.8	94.2	93.8	93.0	92.9
50-59	85.2	84.8	85.4	85.2	85.2	85.1	85.2	85.2	85.2	84.6
≥ 60	32.0	31.6	31.0	32.0	31.6	31.9	31.2	31.9	31.2	31.0
Overall	67.6	66.3	65.8	64.7	63.6	64.0	63.6	64.0	63.3	62.8
<u>Female</u>										
15-24	40.5	36.6	35.3	32.5	31.1	31.6	30.0	32.6	30.8	29.6
<i>of which:</i>										
15-19	11.6	7.2	7.8	7.7	7.5	7.0	6.6	9.7	6.7	6.2
20-24	60.1	57.8	57.5	54.2	52.0	54.4	50.9	53.1	52.5	51.4
25-29	87.5	87.5	88.2	86.2	85.3	86.1	85.4	85.6	84.7	84.0
30-39	79.3	79.1	79.3	78.9	79.6	79.5	80.1	80.1	80.4	80.1
40-49	73.7	73.6	74.3	74.0	74.5	74.4	74.5	75.2	75.2	75.2
50-59	62.3	62.9	64.0	64.6	64.5	65.1	64.3	65.1	65.8	65.7
≥ 60	15.7	15.6	16.3	16.5	16.8	17.1	17.2	16.9	16.8	17.5
Overall	55.1	54.3	54.2	52.9	52.2	52.9	52.5	52.7	52.5	52.4
<u>Both genders combined</u>										
15-24	39.8	36.0	34.9	31.9	30.6	30.8	29.9	32.3	30.3	28.7
<i>of which:</i>										
15-19	11.5	7.3	7.2	7.3	7.5	6.8	6.4	9.4	7.2	6.4
20-24	59.9	57.2	57.4	53.8	51.8	53.6	51.5	53.5	51.9	50.4
25-29	89.2	89.0	89.8	87.9	86.5	87.2	86.3	86.3	86.7	86.0
30-39	86.0	85.6	85.9	85.3	85.6	85.5	86.0	86.2	86.3	86.2
40-49	82.0	81.8	82.1	81.9	82.3	82.2	82.5	82.8	82.4	82.4
50-59	72.7	72.7	73.4	73.5	73.4	73.7	73.3	73.8	74.1	73.8
≥ 60	23.5	23.2	23.3	23.9	23.8	24.1	23.8	24.0	23.6	23.9
Overall	60.7	59.7	59.4	58.2	57.3	57.9	57.5	57.8	57.3	57.0

Source : General Household Survey, Census and Statistics Department.

Profile of unemployment

5.4 The seasonally adjusted unemployment rate edged up from 2.9% in the preceding quarter to 3.0% in the first quarter. The number of unemployed persons (not seasonally adjusted) increased by 5.6% or 5 900 to 111 700.

5.5 The unemployment rates of various major sectors (not seasonally adjusted) stayed low in general in the first quarter. While the unemployment rates of many sectors increased compared with the preceding quarter, they were either below or broadly similar to the pre-recession low levels in the second quarter of 2019. Specifically, the unemployment rate of the construction sector increased by 0.4 percentage point over the preceding quarter to 4.1% in the first quarter (but below the 5.0% in the second quarter of 2019). The unemployment rate of the retail, accommodation and food services sector increased by 0.2 percentage point to 3.8% (but slightly below the 3.9% in the second quarter of 2019). The unemployment rate of the transportation sector increased slightly by 0.1 percentage point to 2.2% (slightly above the 2.0% in the second quarter of 2019). For the *low-paying sectors*⁽⁶⁾ as a whole, the unemployment rate edged up by 0.1 percentage point to 2.4%.

5.6 Analysed by skill segment, the unemployment rates of lower-skilled and higher-skilled workers went up by 0.1 percentage point and 0.2 percentage point over the preceding quarter to 2.9% and 2.2% in the first quarter respectively, which were still low.

5.7 Analysed by other socio-economic attributes, the unemployment rates of many age and educational attainment groups went up in the first quarter compared with the preceding quarter, notably for persons aged 20-24 (up 1.7 percentage points to 10.0%) and those with upper secondary education (up 0.5 percentage point to 3.0%). The unemployment rates of some age and educational attainment groups declined, particularly for persons aged 15-19 (down 1.2 percentage points to 8.1%) and those with lower secondary education (down 0.7 percentage point to 2.9%).

Diagram 5.3 : The unemployment rates of various major sectors stayed low in general in the first quarter

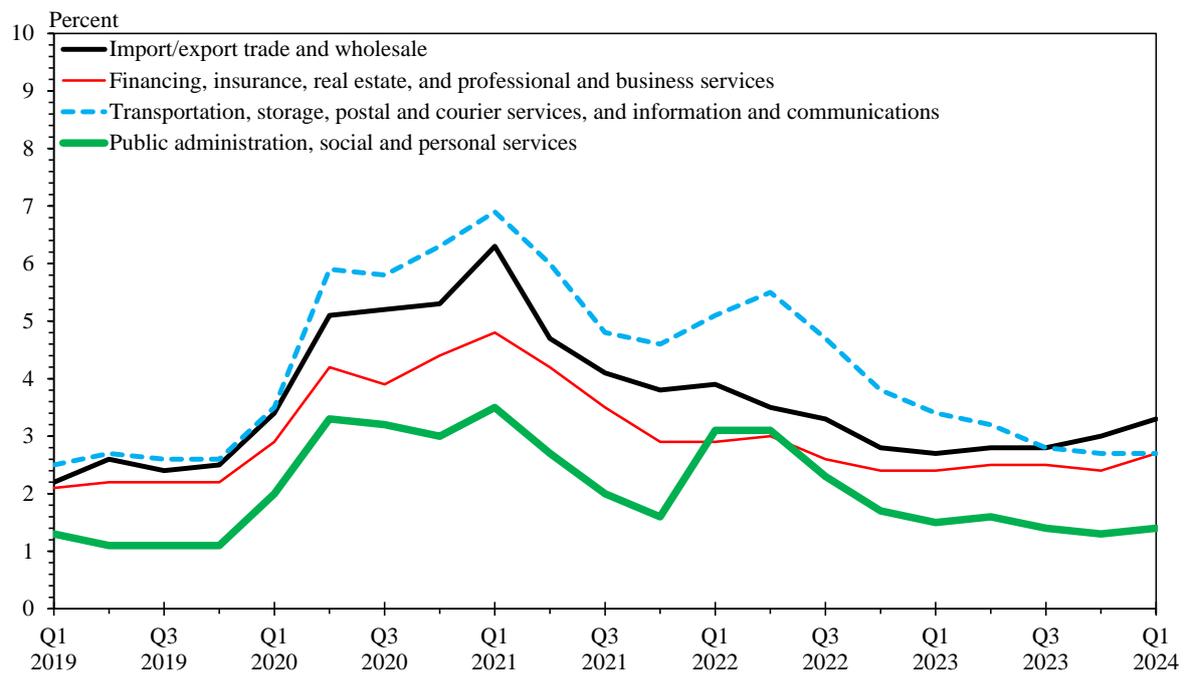
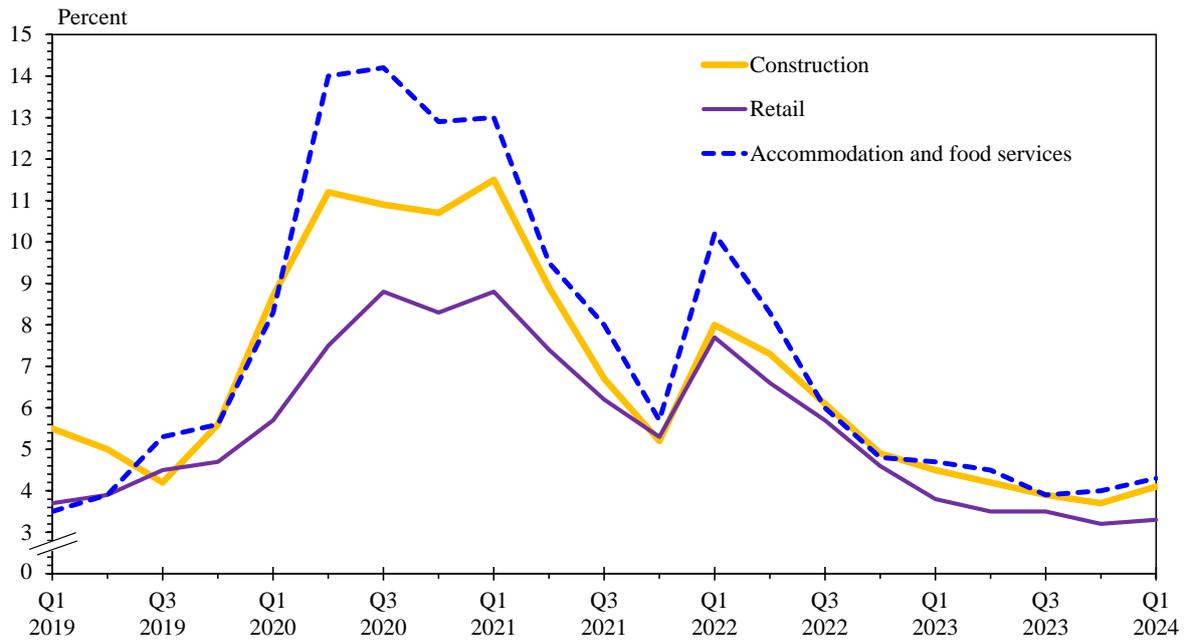


Table 5.4 : Unemployment rates by major economic sector

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

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 lower-skilled and higher-skilled workers both increased in the first quarter, but were still at low levels

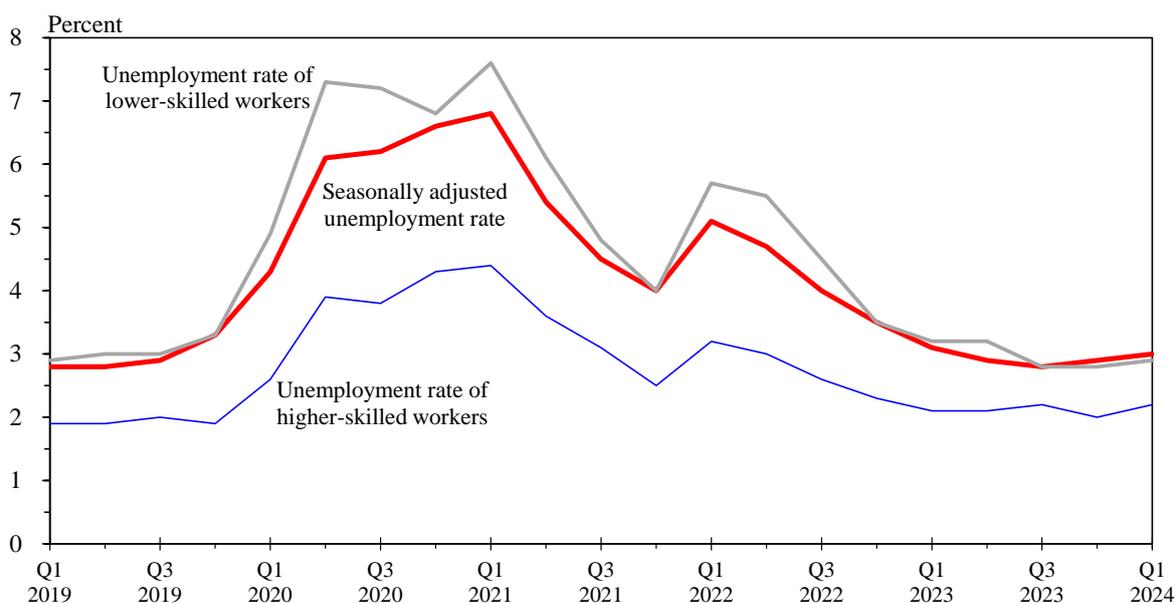


Table 5.5 : Unemployment rates* by skill segment

	<u>2023</u>				<u>2024</u>
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>
<u>Higher-skilled segment</u>	2.1	2.1	2.2	2.0	2.2
Managers	1.4	1.5	1.7	1.8	2.0
Professionals	2.0	1.6	1.9	1.6	1.9
Associate professionals	2.7	2.9	2.8	2.5	2.7
<u>Lower-skilled segment</u> [^]	3.2	3.2	2.8	2.8	2.9
Clerical support workers	3.3	3.1	3.0	3.3	3.4
Service and sales workers	3.8	3.6	3.1	3.0	3.2
Craft and related workers	4.3	4.1	3.9	3.8	4.0
Plant and machine operators and assemblers	2.4	2.2	1.9	2.3	2.1
Elementary occupations	2.5	2.6	2.3	1.9	2.0

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>2023</u>				<u>2024</u>
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>
<u>Age</u>					
15-24	7.9	9.3	10.2	8.4	9.8
<i>of which:</i>					
15-19	9.8	11.2	11.4	9.3	8.1
20-24	7.7	9.1	10.0	8.3	10.0
25-29	4.5	4.0	4.4	4.5	4.6
30-39	2.5	2.3	2.2	2.1	2.1
40-49	2.4	2.5	2.3	2.2	2.2
50-59	3.2	2.9	2.8	2.6	3.0
≥ 60	2.2	2.4	2.2	2.1	2.3
<u>Educational attainment</u>					
Primary education and below	2.4	2.3	1.9	2.2	1.9
Lower secondary education	4.2	3.9	3.3	3.6	2.9
Upper secondary education [^]	3.0	3.1	2.6	2.5	3.0
Post-secondary education	2.9	2.7	3.3	2.8	3.1

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 The situation on unemployment duration was largely stable in the first quarter. The long-term unemployment rate (i.e. the proportion of persons unemployed for six months or longer in the labour force) stayed unchanged at 0.7% in the first quarter, same as the preceding quarter. The number of long-term unemployed persons was at 28 200, about the same as the preceding quarter (28 400). The median duration of unemployment shortened somewhat by 5 days to 77 days.

Underemployment situation

5.9 The underemployment rate increased slightly from 1.0% in the preceding quarter to 1.1% in the first quarter. The number of underemployed persons increased by 8.2% or 3 000 over the preceding quarter to 40 000 in the first quarter.

Profile of employment in establishments

5.10 The quarterly statistics collected from private sector establishments on employment, vacancies, wages and payroll are available up to December 2023. Attempts have been made to bring the analysis more up-to-date by drawing reference to information from supplementary sources wherever possible.

5.11 Total private sector employment increased further by 0.8% over a year earlier to 2 722 800 in December 2023, though it was 0.7% lower than the level three months ago on a seasonally adjusted comparison. Compared with a year ago, employment in many industries increased, notably for the industries of construction sites (covering manual workers only), arts, entertainment, recreation and other services, residential care and social work services, and education. On the other hand, employment in some industries declined, notably for the industries of import/export trade and wholesale.

Table 5.7 : Employment by major economic sector

	<u>2022</u>					<u>2023</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	434 600 (-0.3)	438 300 (0.8)	434 800 (§)	432 700 (-0.6)	432 700 (-1.5)	423 800 (-2.5)	430 100 (-1.9)	427 600 (-1.7)	425 400 (-1.7)	412 100 (-4.8)
Retail	245 400 (-1.6)	245 200 (-1.9)	244 800 (-1.3)	245 200 (-1.3)	246 400 (-2.0)	249 600 (1.7)	248 500 (1.4)	251 900 (2.9)	252 100 (2.8)	245 700 (-0.3)
Accommodation services	34 400 (-4.5)	35 400 (2.8)	33 400 (-9.8)	33 600 (-9.0)	35 300 (-1.3)	35 500 (3.0)	35 600 (0.6)	35 200 (5.5)	35 300 (5.2)	35 700 (1.2)
Food and beverage services	216 700 (1.3)	204 700 (-0.4)	217 200 (1.0)	222 000 (2.0)	223 000 (2.4)	224 300 (3.5)	223 900 (9.4)	224 600 (3.4)	224 200 (1.0)	224 500 (0.7)
Transportation, storage, postal and courier services	163 400 (-2.1)	164 400 (-0.6)	162 500 (-3.7)	164 000 (-1.9)	162 700 (-2.0)	163 300 (-0.1)	161 900 (-1.5)	163 000 (0.3)	164 800 (0.5)	163 600 (0.5)
Information and communications	106 300 (-2.2)	107 200 (-1.9)	106 100 (-2.4)	105 300 (-2.9)	106 400 (-1.5)	108 300 (1.9)	107 400 (0.2)	108 800 (2.5)	108 600 (3.1)	108 400 (1.8)
Financing, insurance, real estate, professional and business services	756 600 (-1.5)	766 600 (0.7)	750 500 (-2.0)	751 800 (-2.6)	757 500 (-1.9)	766 900 (1.4)	763 400 (-0.4)	769 700 (2.6)	773 000 (2.8)	761 600 (0.6)
Social and personal services	536 900 (0.4)	532 900 (-0.3)	533 900 (0.3)	536 400 (0.5)	544 300 (1.3)	560 700 (4.4)	553 900 (3.9)	559 700 (4.8)	564 100 (5.2)	565 000 (3.8)
<i>of which:</i>										
<i>Education</i>	206 400 (1.1)	205 200 (-0.1)	205 500 (0.9)	205 600 (1.7)	209 400 (1.9)	214 700 (4.0)	212 900 (3.8)	214 200 (4.2)	214 900 (4.5)	216 900 (3.5)
<i>Residential care and social work services</i>	66 800 (0.9)	67 300 (2.5)	65 700 (-0.4)	66 500 (0.5)	67 600 (0.9)	69 900 (4.7)	68 900 (2.4)	69 600 (5.9)	70 200 (5.5)	71 000 (5.0)
<i>Arts, entertainment, recreation and other services</i>	114 500 (-3.4)	111 900 (-5.5)	114 300 (-2.8)	115 000 (-3.7)	117 000 (-1.5)	122 600 (7.1)	119 800 (7.1)	123 000 (7.6)	124 900 (8.6)	122 900 (5.1)
Manufacturing	74 900 (-5.0)	75 800 (-6.7)	74 900 (-5.3)	74 400 (-5.1)	74 500 (-2.6)	74 400 (-0.6)	74 900 (-1.2)	74 800 (-0.2)	74 000 (-0.5)	74 000 (-0.6)
Construction sites (covering manual workers only)	104 700 (-0.7)	98 300 (-4.3)	103 400 (-2.5)	109 700 (3.2)	107 300 (0.6)	112 300 (7.3)	108 400 (10.3)	111 000 (7.4)	109 600 (-0.1)	120 200 (12.0)
All establishments surveyed in the private sector^(a)	2 685 700 (-0.9)	2 680 500 (-0.4)	2 673 200 (-1.3)	2 686 900 (-1.1)	2 702 000 (-0.8)	2 731 000 (1.7)	2 719 800 (1.5)	2 738 300 (2.4)	2 743 200 (2.1)	2 722 800 (0.8)
<i>Civil service^(b)</i>	174 800 (-1.2)	176 200 (-0.7)	175 200 (-1.0)	174 000 (-1.3)	173 700 (-1.7)	172 900 (-1.1)	173 600 (-1.5)	172 700 (-1.4)	172 600 (-0.8)	172 600 (-0.6)

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

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

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

() % change over a year earlier.

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

§ Change within $\pm 0.05\%$.

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

Vacancies

5.12 Private sector vacancies, at 73 070 in December 2023, was little changed from the level a year ago, though it was 2.7% lower than the level three months ago on a seasonally adjusted comparison. Vacancies in various industries showed diverse movements.

5.13 The manpower balance situation stayed tight in December 2023. The ratio of job vacancies per 100 unemployed persons was 69 in December 2023, slightly lower than 71 three months ago but visibly higher than 57 a year ago. Manpower shortage situation was particularly acute in the human health services sector, the residential care and social work services sector, the accommodation services sector, and the education sector, with their corresponding ratios exceeding 200.

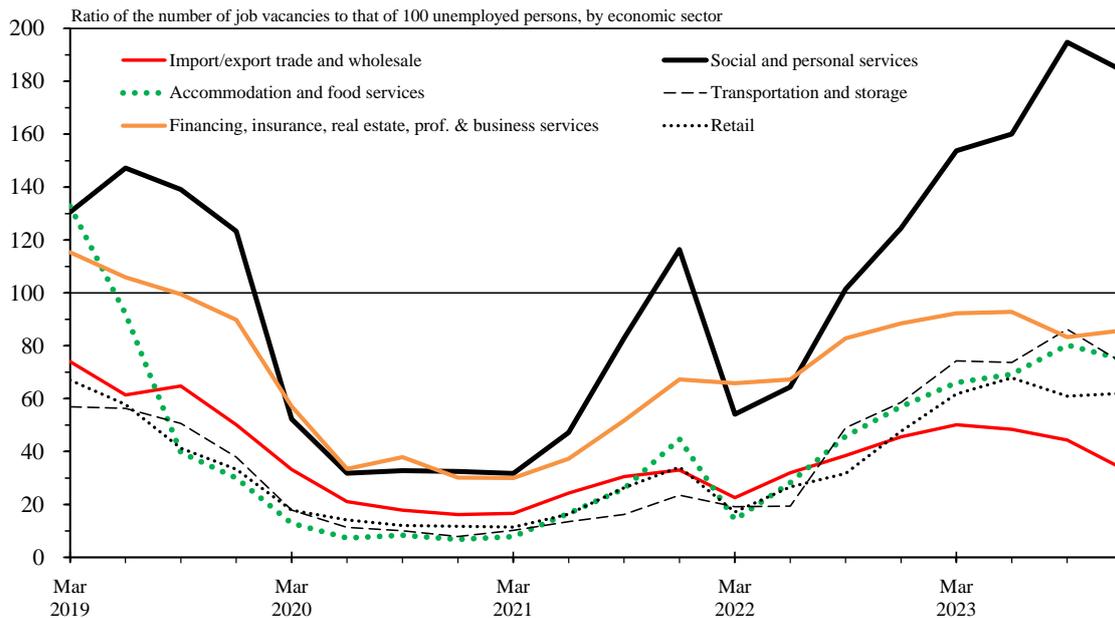
Table 5.8 : Vacancies by major economic sector

	<u>2022</u>					<u>2023</u>				
	Annual average	Mar	Jun	Sep	Dec	Annual average	Mar	Jun	Sep	Dec
Import/export trade and wholesale	3 740 (-3.7)	2 920 (-16.9)	3 600 (-6.3)	4 110 (1.0)	4 310 (5.5)	3 870 (3.5)	4 250 (45.8)	4 220 (17.0)	3 860 (-6.3)	3 150 (-27.1)
Retail	4 900 (19.6)	3 710 (25.1)	4 880 (41.3)	5 000 (6.1)	6 030 (14.4)	6 090 (24.1)	6 410 (72.5)	6 600 (35.2)	5 900 (18.2)	5 440 (-9.9)
Accommodation services	1 880 (56.0)	1 410 (100.7)	1 790 (63.4)	2 030 (47.9)	2 290 (38.7)	2 570 (36.8)	2 830 (100.7)	2 620 (46.5)	2 540 (24.9)	2 300 (0.4)
Food and beverage services	4 520 (20.6)	2 410 (17.2)	4 700 (45.5)	5 540 (26.4)	5 420 (1.9)	6 040 (33.8)	5 810 (140.8)	6 050 (28.7)	6 220 (12.2)	6 100 (12.6)
Transportation, storage, postal and courier services	5 550 (91.5)	3 550 (41.1)	3 740 (27.5)	7 520 (191.6)	7 390 (107.4)	6 670 (20.2)	7 440 (109.7)	7 020 (87.7)	6 850 (-9.0)	5 370 (-27.3)
Information and communications	2 850 (36.8)	2 790 (67.6)	2 780 (44.2)	3 020 (31.9)	2 830 (14.8)	2 900 (1.7)	3 020 (8.3)	3 040 (9.2)	2 860 (-5.2)	2 690 (-4.8)
Financing, insurance, real estate, professional and business services	17 590 (16.7)	16 580 (27.7)	17 020 (21.6)	18 540 (15.9)	18 210 (5.1)	18 990 (8.0)	19 410 (17.1)	20 370 (19.7)	18 490 (-0.3)	17 680 (-2.9)
Social and personal services	22 500 (44.0)	18 410 (53.8)	21 370 (57.8)	26 270 (49.5)	23 950 (23.2)	26 230 (16.6)	25 290 (37.4)	26 040 (21.8)	28 410 (8.1)	25 200 (5.2)
<i>of which:</i>										
<i>Education</i>	7 270 (36.1)	5 980 (44.7)	7 440 (51.0)	7 910 (36.5)	7 750 (19.0)	8 540 (17.4)	7 990 (33.6)	9 140 (22.8)	9 110 (15.2)	7 920 (2.1)
<i>Residential care and social work services</i>	4 930 (22.6)	4 650 (25.3)	4 810 (18.8)	5 180 (23.2)	5 080 (23.3)	5 440 (10.3)	5 260 (13.1)	5 460 (13.6)	5 540 (6.9)	5 500 (8.1)
<i>Arts, entertainment, recreation and other services</i>	3 600 (42.2)	2 740 (58.5)	3 260 (35.2)	3 800 (38.9)	4 600 (41.6)	5 410 (50.2)	5 450 (99.1)	5 510 (68.9)	5 290 (39.1)	5 380 (17.0)
Manufacturing	1 690 (63.8)	1 400 (103.6)	1 640 (74.8)	1 830 (59.7)	1 880 (39.4)	2 520 (49.0)	2 380 (69.5)	2 480 (51.1)	2 690 (46.9)	2 520 (34.0)
Construction sites (covering manual workers only)	520 (177.1)	270 (244.9)	630 (153.6)	640 (291.5)	540 (106.9)	2 090 (302.0)	640 (139.4)	2 760 (335.8)	2 560 (298.9)	2 400 (347.2)
All establishments surveyed in the private sector^(a)	66 050 (31.9)	53 700 (36.5)	62 500 (37.5)	74 840 (37.2)	73 150 (20.0)	78 230 (18.5)	77 750 (44.8)	81 460 (30.3)	80 650 (7.8)	73 070 (-0.1)
<i>Civil service^(b)</i>	17 800 (13.7)	16 800 (10.9)	17 490 (12.5)	18 230 (14.2)	18 690 (16.9)	19 550 (9.8)	19 170 (14.1)	19 700 (12.7)	19 450 (6.7)	19 870 (6.3)

- Notes : (a) The total figures on private sector vacancies cover also vacancies in mining and quarrying; and in electricity and gas supply, and waste management, besides vacancies in the major sectors indicated above.
- (b) These figures cover only vacancies for those staff to be employed on civil service terms of appointment.
- () % change over a year earlier.
- <> Seasonally adjusted % change compared with the level three months ago.

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

Diagram 5.5 : Manpower balance situation stayed tight in December 2023



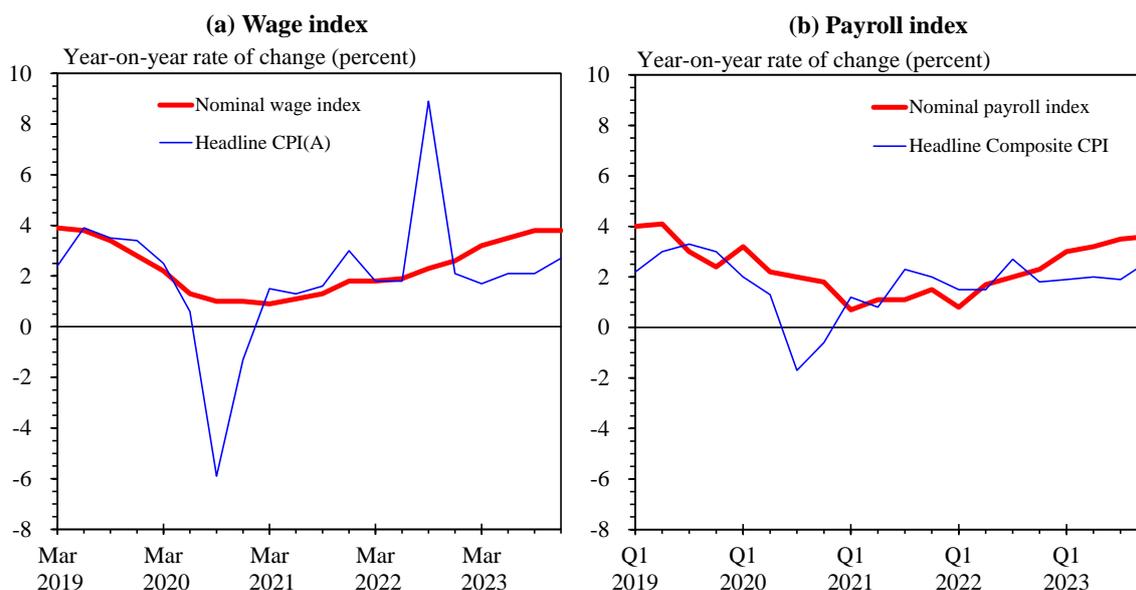
Wages and earnings

5.14 Wages and labour earnings continued to record decent increases in the fourth quarter of 2023 over a year earlier. The average nominal wage rate, as measured by the nominal wage index for all selected industry sections which covers regular payment to employees at the supervisory level or below, rose by 3.8% year-on-year in December 2023, the same as in September 2023. After discounting for *inflation*⁽⁷⁾, the average wage rate increased by 1.1% in real terms.

5.15 Nominal *labour earnings*⁽⁸⁾, as measured by the index of nominal payroll per person engaged for all selected industry sections which covers basic wage, overtime pay, discretionary bonuses and other irregular payments, increased by 3.6% year-on-year in the fourth quarter of 2023, slightly faster than the increase of 3.5% in the preceding quarter. In real terms, labour earnings increased by 1.0%.

5.16 Nominal payroll per person engaged in all selected industries recorded year-on-year increases in the fourth quarter of 2023, particularly for transportation, storage, postal and courier services (up 9.6%), accommodation and food service activities (up 5.5%), and sewerage, waste management and remediation activities (up 4.7%).

Diagram 5.6 : Wages and labour earnings continued to record decent increases in the fourth quarter of 2023 over a year earlier



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

5.17 More recent statistics compiled from the GHS, though not strictly comparable to those from the business establishment surveys, indicated that employment earnings continued to grow solidly in the first quarter of 2024 over a year earlier. The median monthly employment earnings of full-time employees (excluding foreign domestic helpers) increased by 5.4% in nominal terms or 3.4% in real terms⁽⁹⁾ in the first quarter. Separately, the median monthly household income (excluding foreign domestic helpers) increased further by 1.8% in nominal terms in the first quarter over a year earlier, though the rate of increase narrowed somewhat against a higher base of comparison. In real terms⁽¹⁰⁾, the median monthly household income declined slightly by 0.2%, having increased visibly in the past year.

Highlights of related measures and policy developments

5.18 On 30 April 2024, the Chief Executive in Council accepted the recommendations of the Minimum Wage Commission on enhancing the review mechanism of the Statutory Minimum Wage (SMW). The recommendations include reviewing the SMW rate once a year (Annual Review), adopting a formula for implementing the Annual Review and reviewing the aforesaid new review mechanism (New Mechanism) five to ten years after its implementation. It is expected that the first SMW rate derived under the New Mechanism will take effect on 1 May 2026.

Notes :

- (1) Labour force statistics enumerated from the General Household Survey are statistics which involve the use of the population figures in the compilation process. The statistics of the three-month periods from November 2021 – January 2022 to October – December 2022 have been revised to take into account the final end-2022 population estimates.

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

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

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

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

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

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

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

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

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

CHAPTER 6 : PRICES

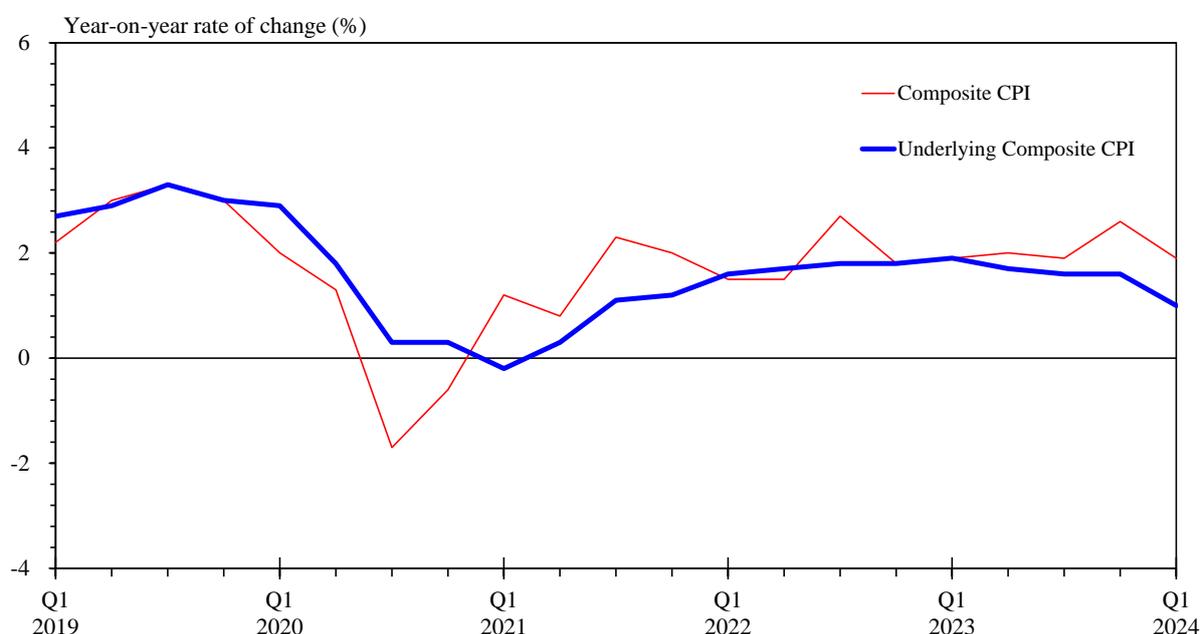
Summary

- *Underlying consumer price inflation was modest in the first quarter of 2024. While prices of meals out and takeaway food continued to rise relatively fast over a year earlier, prices of electricity dropped notably against a high base of comparison. Private housing rentals were largely steady. Price pressures on other major components were broadly in check. The underlying Composite Consumer Price Index (Composite CPI)⁽¹⁾, which nets out the effects of the Government's one-off relief measures, rose by 1.0% year-on-year in the first quarter, after increasing by 1.6% in the preceding quarter.*
- *The headline Composite CPI rose by 1.9% year-on-year in the first quarter, following a 2.6% increase in the preceding quarter. The headline inflation rate was higher than its underlying counterpart in the first quarter as the provision of rates concession by the Government in the same quarter last year resulted in a low base of comparison.*
- *Domestic business cost pressures stayed generally contained. Nominal wages continued to record moderate growth, while commercial rentals remained soft.*
- *External price pressures on consumption-related items moderated.*

Consumer prices

6.1 Underlying consumer price inflation was modest in the first quarter of 2024. While prices of meals out and takeaway food continued to rise relatively fast over a year earlier, prices of electricity dropped notably against a high base of comparison. Private housing rentals were largely steady. Price pressures on other major components were broadly in check. Domestic business cost pressures stayed generally contained. Nominal wages continued to record moderate growth, while commercial rentals remained soft. External price pressures on consumption-related items moderated.

Diagram 6.1: Underlying consumer price inflation was modest in the first quarter of 2024



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

6.2 Underlying consumer price inflation, in terms of the year-on-year rate of change in the underlying Composite CPI which nets out the effects of the Government's one-off relief measures, was 1.0% in the first quarter of 2024, compared with 1.6% in the preceding quarter. The headline Composite CPI inflation rate was 1.9% in the first quarter, compared with 2.6% in the preceding quarter. The headline inflation rate was higher than its underlying counterpart in the first quarter as the provision of rates concession by the Government in the same quarter last year resulted in a low base of comparison.

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

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

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

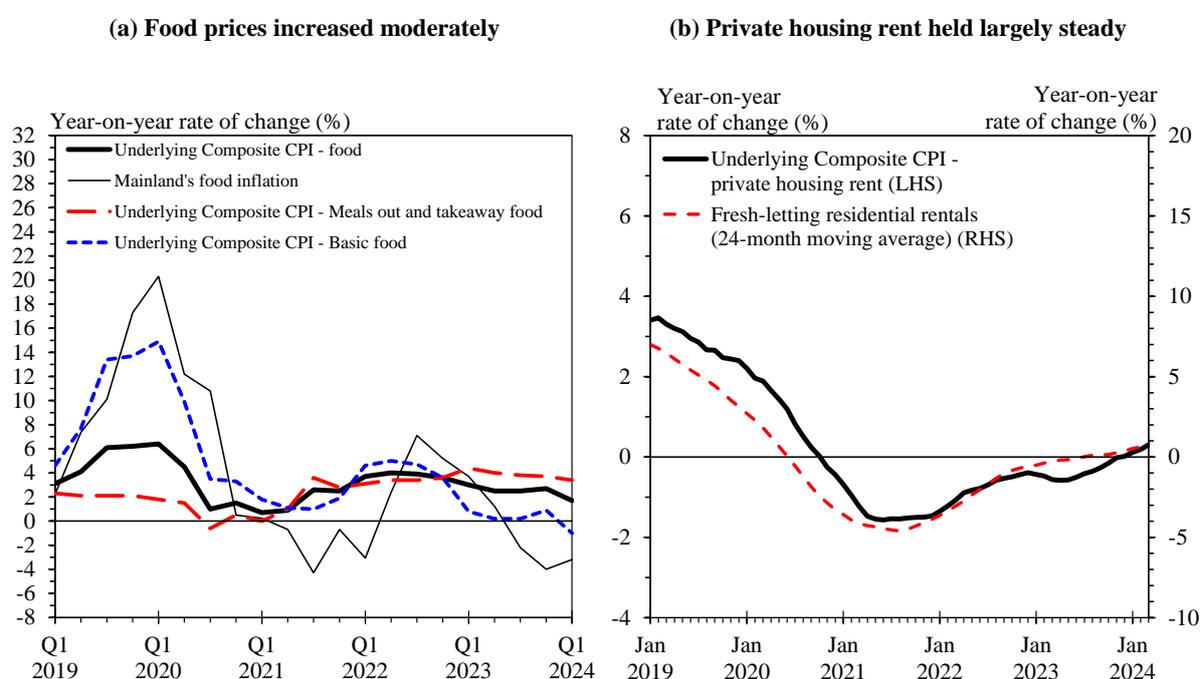
2023	Q1	0.7	0.6	0.6	0.6	0.6
	Q2	0.3	0.2	0.2	0.2	0.3
	Q3	0.3	0.4	0.5	0.4	0.4
	Q4	0.3	1.3	1.6	1.1	1.0
2024	Q1	*	0.1	-0.1	0.1	-0.1

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

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

6.3 Analysed by major component of the underlying Composite CPI, prices of meals out and takeaway food continued to record a relatively fast increase of 3.4% over a year earlier, while prices of basic food declined by 1.0%. Prices of clothing and footwear rose at a moderated rate. Prices of alcoholic drinks and tobacco rose further visibly along with the tobacco duty rate hikes. Price increases of transport and miscellaneous goods remained moderate. Private housing rentals held largely steady with a marginal increase of 0.2%. Meanwhile, prices of electricity, gas and water declined further, as prices of electricity dropped notably from a high base of comparison. Prices of durable goods also continued to fall.

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



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

Diagram 6.3 (a) : Prices of meals out and takeaway food continued to record a relatively fast increase, while prices of electricity, gas and water declined further

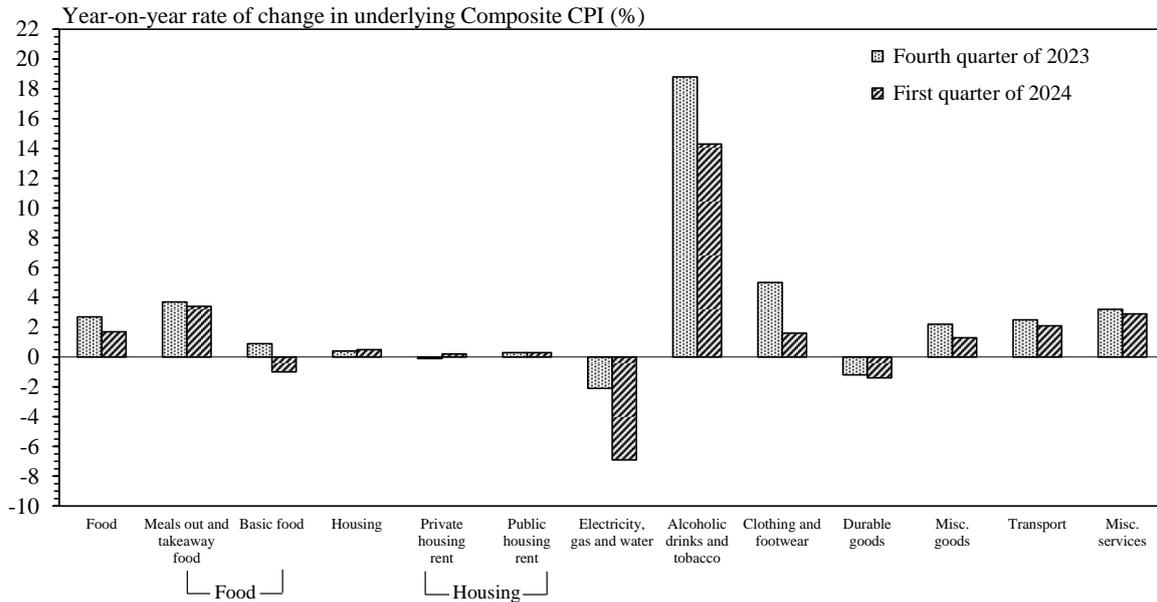
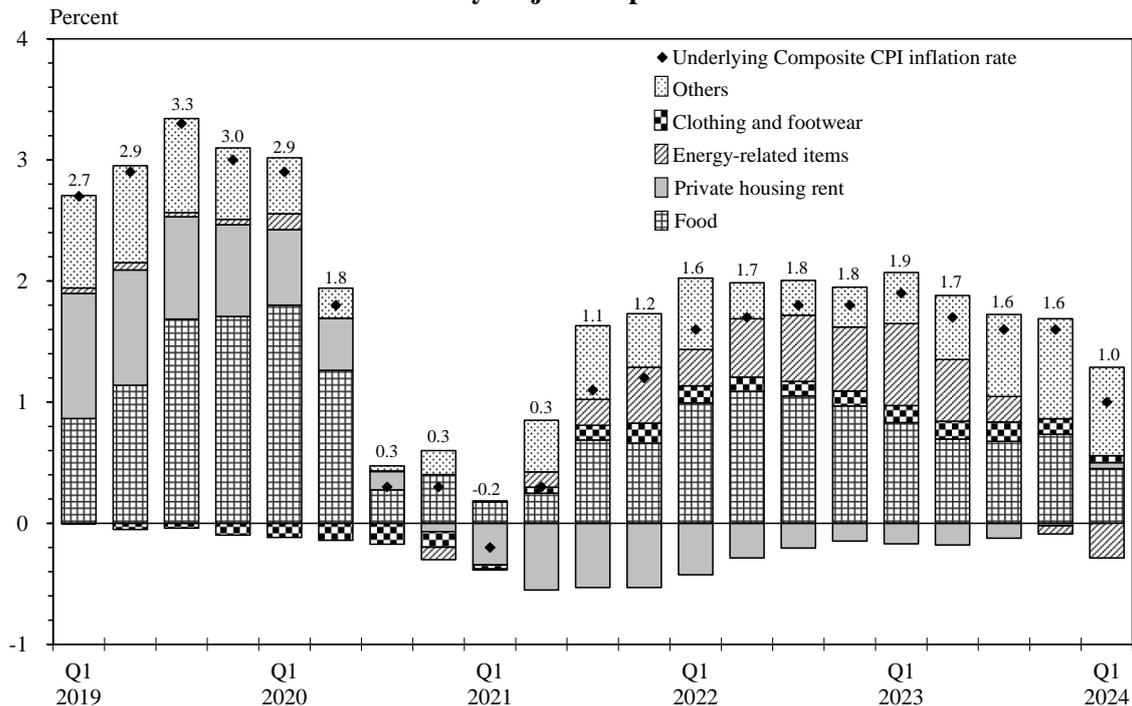


Diagram 6.3 (b) : Contribution to underlying Composite CPI inflation rate by major component



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

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

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

<u>Expenditure component</u>	<u>Weighting (%)</u>	<u>2022</u>		<u>2023</u>				<u>2024</u>
		<u>Annual</u>	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>
Food	27.41	3.8	2.7	3.0	2.5	2.5	2.7	1.7
<i>Meals out and takeaway food</i>	17.05	3.4	4.0	4.4	4.0	3.8	3.7	3.4
<i>Basic food</i>	10.36	4.5	0.5	0.8	0.2	0.2	0.9	-1.0
Housing ^(a)	40.25	-0.5 (0.2)	0.1 (1.0)	-0.1 (-0.1)	-0.1 (0.6)	0.2 (0.8)	0.4 (2.8)	0.5 (3.0)
<i>Private housing rent</i>	35.46	-0.8 (-0.6)	-0.4 (0.5)	-0.5 (-0.5)	-0.5 (0.2)	-0.4 (0.4)	-0.1 (1.8)	0.2 (2.0)
<i>Public housing rent</i>	1.87	0.3 (9.6)	1.1 (4.4)	1.2 (0.7)	1.5 (1.7)	1.5 (1.7)	0.3 (13.5)	0.3 (13.5)
Electricity, gas and water	2.82	10.4 (7.2)	8.1 (9.6)	17.2 (20.4)	13.2 (15.9)	5.2 (6.1)	-2.1 (-2.3)	-6.9 (-8.0)
Alcoholic drinks and tobacco	0.49	1.3	17.0	11.2	18.8	19.0	18.8	14.3
Clothing and footwear	2.42	5.3	5.8	5.9	5.9	6.5	5.0	1.6
Durable goods	4.00	0.6	-2.4	-2.3	-3.6	-2.5	-1.2	-1.4
Miscellaneous goods	3.32	0.4	1.7	0.9	1.5	2.2	2.2	1.3
Transport	6.17	2.9	1.9	1.4	1.7	2.0	2.5	2.1
Miscellaneous services	13.12	1.3 (1.3)	2.6 (2.6)	2.1 (2.2)	2.5 (2.5)	2.5 (2.5)	3.2 (3.2)	2.9 (2.9)
All items	100.00	1.7 (1.9)	1.7 (2.1)	1.9 (1.9)	1.7 (2.0)	1.6 (1.9)	1.6 (2.6)	1.0 (1.9)

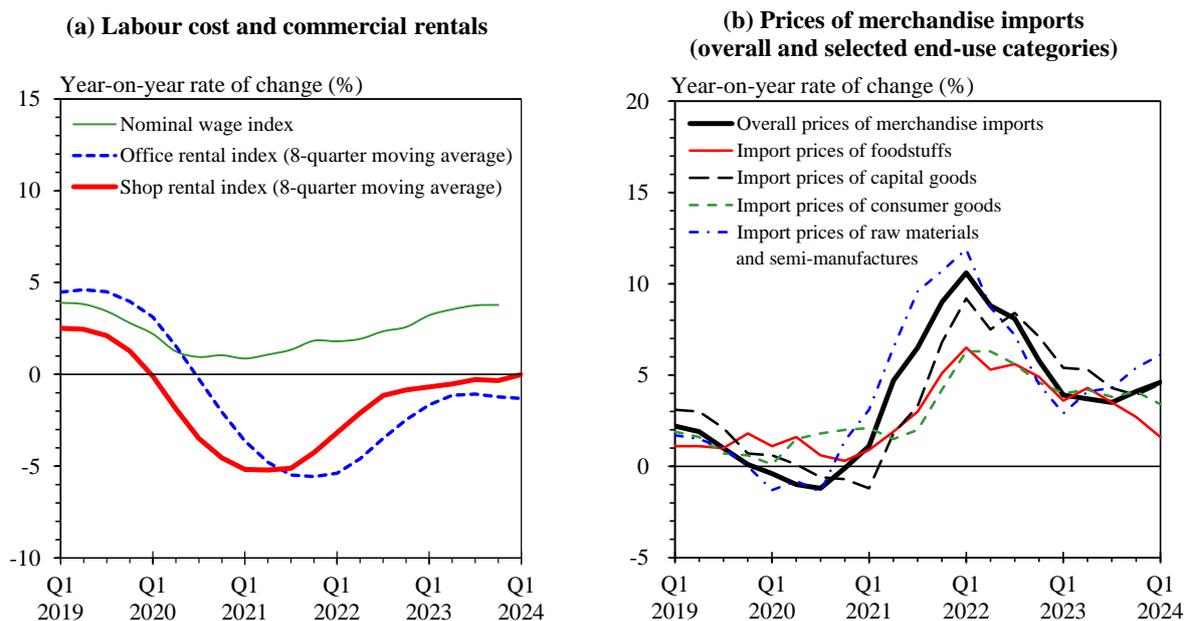
Notes : (a) The housing component covers rents, rates, Government rent, management fees and other housing charges. Its sub-components on private and public housing rents as presented here, however, cover rents, rates and Government rent only. Hence, the combined weighting of private and public housing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

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

Costs of factor inputs and import prices

6.4 Domestic business cost pressures stayed generally contained in the first quarter of 2024. Nominal wages continued to record moderate growth. Commercial rentals faced by businesses remained soft. As a proxy, the eight-quarter moving average of office rentals declined further by 1.3% in the first quarter, while that of shop rentals was virtually unchanged.

**Diagram 6.4 : Domestic business cost pressures stayed generally contained;
external price pressures on consumption-related items moderated**



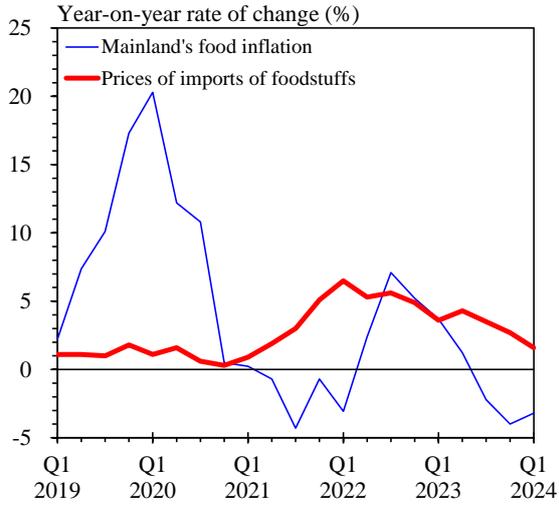
6.5 External price pressures on consumption-related items moderated in the first quarter of 2024. Along with the general downtrend of inflation in many major economies⁽²⁾, the year-on-year increases in import prices of foodstuffs and consumer goods moderated to 1.6% and 3.4% respectively. Import prices of fuels continued to plunge by 12.0% against a high base of comparison. Yet, import prices of capital goods and raw materials and semi-manufactures rose at relatively fast rates of 4.5% and 6.1% respectively.

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

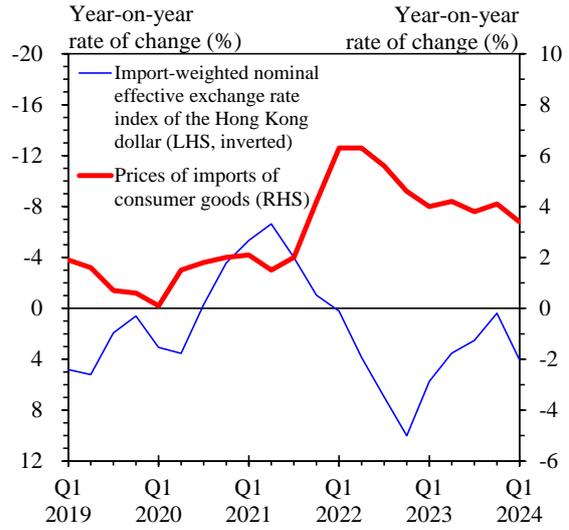
		<u>Foodstuffs</u>	<u>Consumer goods</u>	<u>Raw materials and semi-manufactures</u>	<u>Fuels</u>	<u>Capital goods</u>	<u>All</u>
2023	Annual	3.6	4.0	4.4	-16.2	4.9	3.9
	H1	4.0	4.1	3.6	-12.4	5.3	3.8
	H2	3.1	3.9	4.9	-19.5	4.1	3.9
	Q1	3.6	4.0	2.9	5.4	5.4	3.9
	Q2	4.3	4.2	4.1	-26.7	5.3	3.7
	Q3	3.5	3.8	4.3	-21.7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

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

(a) Increase in import prices of foodstuffs slowed

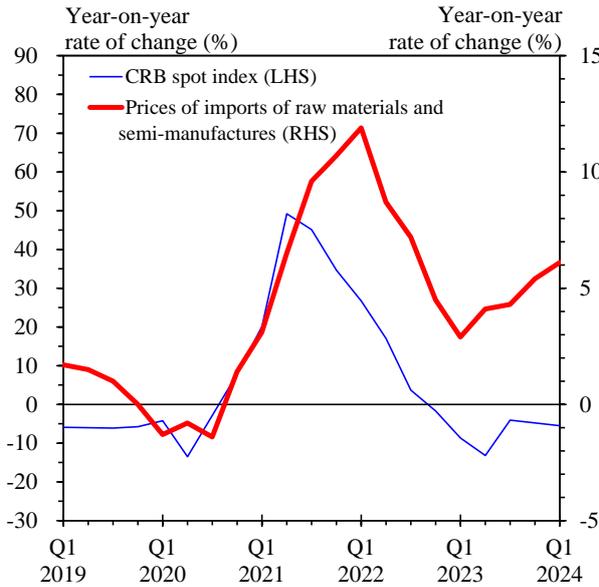


(b) Import prices of consumer goods saw moderated increase

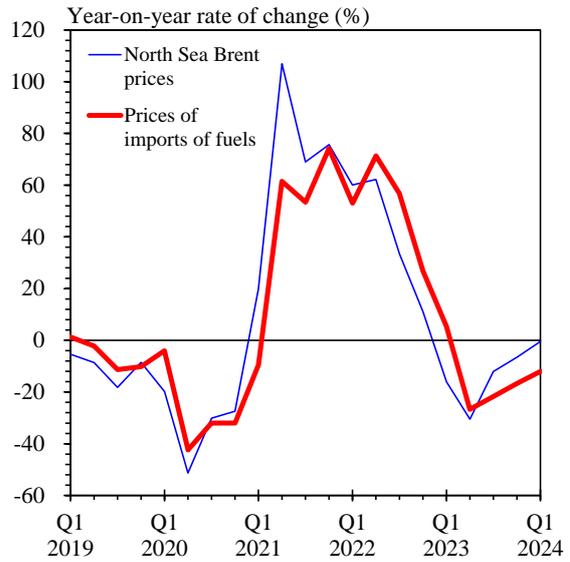


Note : An increase in the nominal EERI indicates strengthening of the Hong Kong dollar. The y-axis of nominal EERI in this graph is inverted for easier comprehension.

(c) Import prices of raw materials and semi-manufactures increased relatively fast



(d) Import prices of fuels continued to plunge



Output prices

6.6 Output prices, as measured by the *Producer Price Indices*⁽³⁾, saw mixed movements across different sectors in 2023. Output prices for the manufacturing sector continued to register a mild increase. Among the selected service sectors, output prices for accommodation services surged and those for courier services turned to increases, while those for land transport were virtually unchanged. On the other hand, output prices for water transport and air transport recorded visible falls from their high levels caused by pandemic-induced disruptions in 2022. Output prices for telecommunications services continued the secular downtrend.

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

<u>Industry group</u>	<u>2022</u>					<u>2023</u>				
	<u>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>
Manufacturing	0.8	2.3	0.8	0.4	-0.3	1.6	0.9	-0.2	3.0	2.7
Selected service sectors										
Accommodation services	13.0	8.9	12.2	17.2	13.6	26.2	21.1	29.7	22.5	31.5
Land transport	9.5	9.4	10.8	9.4	8.5	*	4.4	-2.3	-1.5	-0.2
Water transport	18.1	57.0	40.0	10.2	-17.0	-40.0	-38.7	-42.2	-40.7	-38.2
Air transport	2.8	42.8	17.8	-1.7	-29.5	-23.4	-28.9	-30.0	-23.3	-8.6
Telecommunications	-1.3	-0.6	-0.8	-1.8	-2.2	-1.0	-1.1	-1.3	-1.2	-0.5
Courier services	-4.5	-4.1	-4.1	-4.0	-5.8	4.2	1.4	4.1	5.5	6.1

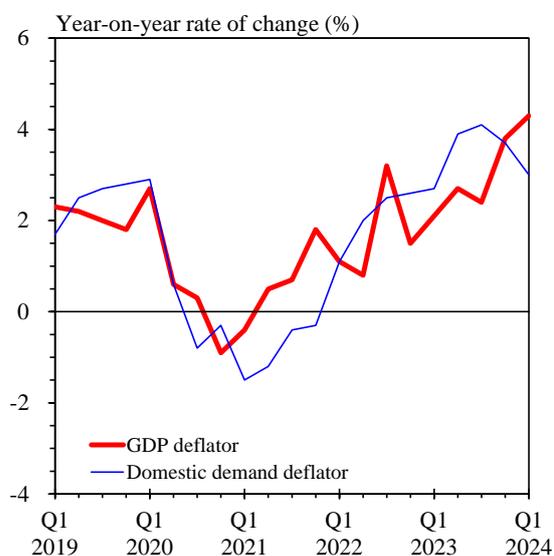
Note : (*) Change within $\pm 0.05\%$.

GDP deflator

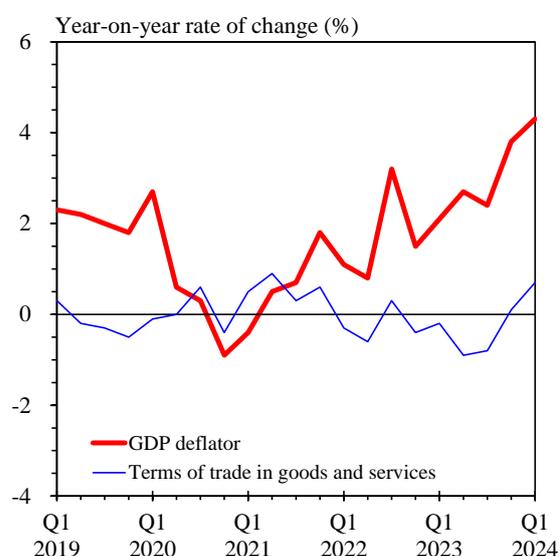
6.7 As a broad measure of the overall change in prices in the economy, the *GDP deflator*⁽⁴⁾ rose further by 4.3% year-on-year in the first quarter of 2024, after increasing by 3.8% in the preceding quarter. The *terms of trade*⁽⁵⁾ increased further by 0.7%. Taking out the external trade components, the domestic demand deflator increased by 3.0% over a year earlier in the first quarter, after rising by 3.7% in the preceding quarter.

Diagram 6.6: GDP deflator

(a) The GDP deflator rose further



(b) Terms of trade increased further



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

	<u>2022</u>		<u>2023</u>				<u>2024</u>
	<u>Annual</u> [#]	<u>Annual</u> [#]	<u>Q1</u> [#]	<u>Q2</u> [#]	<u>Q3</u> [#]	<u>Q4</u> [#]	<u>Q1</u> [#]
Private consumption expenditure	2.3	4.8	4.5	4.3	5.4	5.2	3.7
Government consumption expenditure	2.6	2.5	2.6	3.1	2.4	2.1	2.0
Gross domestic fixed capital formation	1.0	-0.3	-1.9	0.6	0.3	-0.4	0.3
Total exports of goods ^{&}	6.8	4.2	3.8	3.7	3.7	5.1	4.6
Imports of goods ^{&}	7.3	4.3	3.6	4.3	4.1	4.9	4.8
Exports of services ^{&}	6.3	-1.8	-2.1	-4.4	-1.6	0.6	9.5
Imports of services ^{&}	4.4	-0.4	0.2	-2.4	1.2	-0.6	3.9
Gross Domestic Product	1.7	2.8	2.1 <0.8>	2.7 <0.8>	2.4 <1.6>	3.8 <0.6>	4.3 <1.3>
Total final demand ^{&}	5.2	3.4	2.7	3.1	3.2	4.3	4.5
Domestic demand	2.1	3.6	2.7	3.9	4.1	3.7	3.0
Terms of trade in goods and services ^{&}	-0.3	-0.4	-0.2	-0.9	-0.8	0.1	0.7

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

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

(#) Revised figures.

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

Notes :

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

In May 2021, the Census and Statistics Department updated the base period 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>2022</u>					<u>2023</u>					<u>2024</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	8.0	8.0	8.6	8.3	7.1	4.1	5.8	4.0	3.5	3.2	3.2
Canada	6.8	5.8	7.5	7.2	6.7	3.9	5.1	3.5	3.7	3.2	2.8
EU	9.2	6.5	8.8	10.3	11.0	6.4	9.4	7.2	5.7	3.4	2.8
Japan	2.5	0.9	2.4	2.9	3.9	3.2	3.6	3.4	3.1	2.9	2.5
Selected major emerging economies											
Mainland China	2.0	1.1	2.2	2.7	1.8	0.2	1.3	0.1	-0.1	-0.3	0.0
Russia	13.8	11.6	17.0	14.3	12.2	5.9	8.6	2.7	5.2	7.2	7.6
India	6.7	6.3	7.3	7.0	6.1	5.7	6.2	4.6	6.4	5.4	5.0
Brazil	9.3	10.7	11.9	8.6	6.1	4.6	5.3	3.8	4.6	4.7	4.3
Selected Asian economies											
Hong Kong	1.9	1.5	1.5	2.7	1.8	2.1	1.9	2.0	1.9	2.6	1.9
Singapore	6.1	4.6	5.9	7.3	6.6	4.8	6.1	5.1	4.1	4.0	3.0
Taiwan	2.9	2.8	3.5	2.9	2.6	2.5	2.6	2.0	2.4	2.9	2.3
Korea	5.1	3.9	5.4	5.8	5.2	3.6	4.6	3.3	3.1	3.4	3.0
Malaysia	3.3	2.2	2.8	4.5	3.9	2.5	3.6	2.8	2.0	1.6	1.7
Thailand	6.1	4.7	6.5	7.3	5.8	1.2	3.9	1.1	0.5	-0.5	-0.8
Indonesia	4.2	2.3	3.8	5.2	5.5	3.7	5.2	3.9	2.9	2.7	2.8
Philippines	5.8	3.4	5.5	6.5	7.9	6.0	8.3	6.0	5.4	4.3	3.3
Vietnam	3.2	1.9	3.0	3.3	4.4	3.3	4.2	2.4	2.9	3.5	3.8
Macao	1.0	1.0	1.2	1.2	0.8	0.9	0.8	0.8	0.9	1.2	1.2

(3) The Producer Price Indices are designed to reflect changes in the prices of goods and services received by local producers. Producer prices refer to the transacted prices, net of any discounts or rebates allowed to the buyers.

(4) The implicit price deflators of GDP and its main expenditure components are derived by dividing GDP at current prices by the corresponding chained-dollar figures. The rate of change in the GDP deflator may differ substantially from that in the Composite CPI over the same time span. The Composite CPI covers consumer price inflation in particular. Yet the GDP deflator is a much broader measure of inflation for the entire economy, and takes into account all the price changes related to consumption, investment, exports and imports. Also, the rate of change in the GDP deflator may differ appreciably from that in the total final demand deflator, depending on the movement in the prices of final demand and imports. Likewise, the rate of change in the GDP deflator may differ appreciably from that in the domestic demand deflator, depending on the movement in the prices of imports and exports.

(5) The terms of trade is defined as the ratio of the prices of total exports to the prices of total imports.

Statistical Appendix

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

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

Definition of Terms :

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

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

	(\$Mn)							
	<u>2020</u>	<u>2021</u>	<u>2022[#]</u>	<u>2023[#]</u>		<u>2023</u>		<u>2024</u>
					Q2 [#]	Q3 [#]	Q4 [#]	Q1 [#]
Private consumption expenditure	1,775,202	1,863,524	1,863,515	2,103,948	533,899	518,987	552,915	521,999
Government consumption expenditure	341,052	363,591	402,722	395,436	93,155	97,141	96,988	106,947
Gross domestic fixed capital formation	455,695	483,054	451,397	499,969	122,822	129,954	133,832	114,055
Building and construction	254,459	259,950	283,395	301,378	76,598	77,185	76,611	78,672
Costs of ownership transfer	40,071	53,279	28,415	25,519	7,765	5,230	3,979	4,729
Machinery, equipment and intellectual property products	161,165	169,825	139,587	173,072	38,459	47,539	53,242	30,654
Changes in inventories	52,221	-1,909	-23,593	-39,252	-20,591	1,694	-10,871	-17,447
Total exports of goods ^{&}	4,198,338	5,236,005	4,812,517	4,498,541	1,066,822	1,163,068	1,245,942	1,141,982
Imports of goods ^{&}	4,239,663	5,211,334	4,852,975	4,627,682	1,129,066	1,184,443	1,253,628	1,148,666
Exports of services ^{&}	519,205	615,069	650,549	771,733	181,640	196,591	202,162	227,229
Imports of services ^{&}	426,257	480,027	495,151	621,092	144,769	157,143	174,404	176,375
GDP	2,675,793	2,867,973	2,808,981	2,981,601	703,912	765,849	792,936	769,724
<i>Per capita GDP (\$)</i>	<i>357,679</i>	<i>386,879</i>	<i>382,377</i>	<i>395,642</i>	--	--	--	--
GNI	2,831,876	3,066,705	2,994,750	3,249,275	783,745	859,283	847,923	N.A.
<i>Per capita GNI (\$)</i>	<i>378,542</i>	<i>413,687</i>	<i>407,665</i>	<i>431,161</i>	--	--	--	--
Total final demand	7,341,713	8,559,334	8,157,107	8,230,375	1,977,747	2,107,435	2,220,968	2,094,765
Total final demand excluding re-exports ^(a)	4,099,539	4,454,376	4,349,628	4,723,008	1,132,814	1,194,869	1,259,437	1,204,707
Domestic demand	2,624,170	2,708,260	2,694,041	2,960,101	729,285	747,776	772,864	725,554
Private	2,147,406	2,202,170	2,118,602	2,389,226	595,645	611,912	629,872	565,902
Public	476,764	506,090	575,439	570,875	133,640	135,864	142,992	159,652
External demand	4,717,543	5,851,074	5,463,066	5,270,274	1,248,462	1,359,659	1,448,104	1,369,211

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

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

(%)

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

- Notes: (a) Re-export margin is nevertheless retained in the total final demand.
 (#) Figures are subject to revision later on as more data become available.
 (&) Figures are compiled based on the change of ownership principle in recording goods sent abroad for processing and 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>2020</u>	<u>2021</u>	<u>2022[#]</u>	<u>2023[#]</u>	<u>2023</u>			<u>2024</u>	Average annual rate of change:	
					Q2 [#]	Q3 [#]	Q4 [#]	Q1 [#]	10 years 2013 to 2023 [#]	5 years 2018 to 2023 [#]
Private consumption expenditure	-10.6	5.6	-2.2	7.7	8.4	6.7	3.5	1.0	1.9	-0.3
Government consumption expenditure	7.9	5.9	8.0	-4.3	-9.5	-3.9	-5.2	-3.0	3.9	4.4
Gross domestic fixed capital formation	-11.1	8.3	-7.4	11.1	-1.9	21.7	17.5	0.3	-1.6	-3.4
Building and construction	-9.1	-0.5	7.4	7.5	8.0	16.0	6.1	11.3	0.9	-1.4
Costs of ownership transfer	-4.0	36.2	-43.2	0.2	-6.0	-15.6	-3.4	-27.1	-3.9	-8.4
Machinery, equipment and intellectual property products	-16.0	15.2	-18.9	20.5	-17.1	42.0	43.7	-15.0	-4.0	-5.6
Total exports of goods ^{&}	-1.4	18.7	-14.0	-10.3	-15.1	-8.7	2.8	6.8	-0.5	-3.1
Imports of goods ^{&}	-3.2	17.2	-13.2	-8.6	-16.0	-6.1	3.8	3.3	-0.8	-3.8
Exports of services ^{&}	-34.8	3.4	-0.5	20.9	23.4	23.4	21.2	8.4	-2.5	-6.0
Imports of services ^{&}	-32.2	2.5	-1.2	25.9	27.0	28.7	26.7	17.2	-0.5	-2.9
GDP	-6.5	6.5	-3.7	3.3	1.6	4.2	4.3	2.7	1.1	-0.5
Per capita GDP	-6.2	7.4	-2.8	0.7	--	--	--	--	0.6	-0.8
RGNI	-5.8	8.9	-4.5	4.7	-0.6	5.8	7.4	N.A.	2.0	0.2
Per capita RGNI	-5.4	9.9	-3.6	2.1	--	--	--	--	1.5	-0.1
Total final demand	-6.7	12.4	-9.4	-2.4	-7.7	-0.4	5.4	4.2	-0.1	-2.6
Total final demand excluding re-exports ^(a)	-11.1	6.0	-4.8	5.7	0.1	7.8	7.9	1.5	*	-2.1
Domestic demand	-6.9	4.1	-2.5	6.1	-1.6	8.9	6.2	-0.8	1.3	-0.7
Private	-9.3	3.8	-5.6	8.3	-0.4	11.3	8.6	-0.8	0.8	-1.7
Public	6.2	5.2	10.7	-2.3	-6.5	-0.2	-3.2	-1.0	3.6	4.1
External demand	-6.7	17.0	-12.5	-6.6	-10.8	-4.9	5.1	7.1	-0.8	-3.5

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

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

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

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

(--) Not applicable.

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

(%)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022[#]</u>	<u>2023[#]</u>	<u>2023</u>			
							Q1 [#]	Q2 [#]	Q3 [#]	Q4 [#]
Agriculture, fishing, mining and quarrying	-1.8	-0.8	3.8	-2.5	-15.8	-2.9	-0.6	2.4	-6.0	-8.0
Manufacturing	1.3	0.4	-5.8	5.5	0.2	3.7	3.8	2.7	4.3	4.1
Electricity, gas and water supply, and waste management	0.1	-0.5	-14.2	3.7	-1.2	1.7	0.1	3.2	0.2	3.6
Construction	3.3	-9.7	-11.7	-0.6	8.3	5.6	-0.3	6.6	13.5	3.8
Services	3.1	-0.6	-6.7	5.9	-3.4	3.7	3.4	1.7	4.2	5.3
<i>Import/export, wholesale and retail trades</i>	4.2	-7.5	-15.0	13.3	-11.9	-0.4	-7.1	-3.6	1.5	6.5
<i>Accommodation and food services</i>	5.9	-11.7	-44.8	22.6	-6.8	29.3	83.9	22.8	18.4	14.6
<i>Transportation, storage, postal and courier services</i>	2.5	-1.7	-36.9	7.7	-4.5	30.2	30.3	26.8	31.4	31.8
<i>Information and communications</i>	4.1	4.7	1.7	2.6	0.5	1.0	0.4	-0.4	1.8	2.1
<i>Financing and insurance</i>	4.0	3.4	4.0	4.7	-2.6	-1.6	-2.2	-2.6	-0.2	-1.4
<i>Real estate, professional and business services</i>	-0.4	-0.2	-4.6	2.1	-2.1	2.6	5.5	-0.8	2.8	2.7
<i>Public administration, social and personal services</i>	3.6	3.2	-2.3	4.4	1.3	3.6	5.7	2.4	2.9	3.6
<i>Ownership of premises</i>	1.0	0.6	-0.3	1.2	0.6	1.1	1.1	1.0	0.9	1.4
Taxes on products	-3.9	-11.3	17.6	22.3	-16.6	-9.5	6.1	-8.9	-9.3	-25.6
GDP in chained (2022) dollars	2.8	-1.7	-6.5	6.5	-3.7	3.3	2.8	1.6	4.2	4.3

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

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

(\$Mn)

	2019	2020	2021	2022 [#]	2023 [#]	2023			
						Q1 [#]	Q2 [#]	Q3 [#]	Q4 [#]
Current account ^(a)	166,482	187,012	339,429	286,089	273,177	44,432	50,713	107,311	70,721
Goods	-120,521	-41,325	24,671	-40,458	-129,141	-37,836	-62,244	-21,375	-7,686
Services	164,878	92,948	135,042	155,398	150,641	46,564	36,871	39,448	27,758
Primary income	143,717	156,083	198,732	185,769	267,674	39,420	79,833	93,434	54,987
Secondary income	-21,592	-20,694	-19,017	-14,620	-15,997	-3,717	-3,746	-4,196	-4,338
Capital account ^(a)	-682	-90	-10,363	1,231	5,892	-93	-109	6,199	-104
Financial account ^(b)	236,756	243,839	363,230	276,830	273,801	12,208	80,667	143,500	37,426
Financial non-reserve assets	245,612	-19,211	372,371	644,042	353,686	8,570	171,175	127,401	46,540
<i>Direct investment</i>	-160,730	-263,703	-340,141	-27,086	-65,687	88,402	-65,760	-105,320	16,991
<i>Portfolio investment</i>	215,764	528,049	620,493	317,357	373,148	-18,711	296,643	139,908	-44,692
<i>Financial derivatives</i>	-1,239	-18,790	-45,126	-140,392	-111,677	-8,795	-10,181	-55,896	-36,805
<i>Other investment</i>	191,817	-264,766	137,145	494,163	157,901	-52,325	-49,527	148,708	111,045
Reserve assets	-8,855	263,050	-9,142	-367,212	-79,884	3,638	-90,508	16,099	-9,113
Net errors and omissions	70,957	56,918	34,164	-10,489	-5,268	-32,130	30,063	29,990	-33,191
Overall Balance of Payments	-8,855	263,050	-9,142	-367,212	-79,884	3,638	-90,508	16,099	-9,113

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

- (a) In accordance with the accounting rules adopted in compiling Balance of Payments, a positive value for the balance figure in the current account and capital account represents a surplus whereas a negative value represents a deficit.
- (b) A new sign convention has been adopted for the entire series of the financial account since June 2023. A positive value indicates an increase in net assets (a net financial outflow) while a negative value indicates a decrease in net assets (a net inflow). A positive value for the reserve assets represents an increase while a negative value represents a decrease.
- (#) Figures are subject to revision later on as more data become available.

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

	(\$Mn)								
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022[#]</u>	<u>2023[#]</u>		<u>2023</u>		<u>2024</u>
						Q2 [#]	Q3 [#]	Q4 [#]	Q1 [#]
Total exports of goods	4,255,098	4,198,338	5,236,005	4,812,517	4,498,541	1,066,822	1,163,068	1,245,942	1,141,982
Imports of goods	4,375,619	4,239,663	5,211,334	4,852,975	4,627,682	1,129,066	1,184,443	1,253,628	1,148,666
Goods trade balance	-120,521 (-2.8)	-41,325 (-1.0)	24,671 (0.5)	-40,458 (-0.8)	-129,141 (-2.8)	-62,244 (-5.5)	-21,375 (-1.8)	-7,686 (-0.6)	-6,684 (-0.6)
Exports of services	799,121	519,205	615,069	650,549	771,733	181,640	196,591	202,162	227,229
Imports of services	634,243	426,257	480,027	495,151	621,092	144,769	157,143	174,404	176,375
Services trade balance	164,878 (26.0)	92,948 (21.8)	135,042 (28.1)	155,398 (31.4)	150,641 (24.3)	36,871 (25.5)	39,448 (25.1)	27,758 (15.9)	50,854 (28.8)
Exports of goods and services	5,054,219	4,717,543	5,851,074	5,463,066	5,270,274	1,248,462	1,359,659	1,448,104	1,369,211
Imports of goods and services	5,009,862	4,665,920	5,691,361	5,348,126	5,248,774	1,273,835	1,341,586	1,428,032	1,325,041
Goods and services trade balance	44,357 <0.9>	51,623 <1.1>	159,713 <2.8>	114,940 <2.1>	21,500 <0.4>	-25,373 <-2.0>	18,073 <1.3>	20,072 <1.4>	44,170 <3.3>

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

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

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

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

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>		<u>2023</u>			<u>2024</u>
	(% change)				(% change)		(\$Mn)	Q2	Q3	Q4
							(% change over a year earlier)			
All markets	-4.1	-1.5	26.3	-8.6	-7.8	4,177,405	-13.3	-6.0	6.6	11.9
Mainland of China	-3.3	5.1	27.0	-12.9	-9.7	2,320,368	-14.5	-9.1	9.8	20.2
United States	-14.8	-14.9	19.6	-5.5	-6.9	272,476	-19.5	-5.3	9.1	5.5
India	-12.0	-17.6	36.6	29.0	-2.7	167,022	-19.8	-1.8	30.7	12.9
Taiwan	2.4	11.6	46.0	7.2	-9.9	138,842	-18.8	-5.1	7.6	-3.7
Vietnam	-3.6	5.3	22.2	8.9	-0.5	111,878	-6.8	6.8	18.6	17.7
United Arab Emirates	7.1	-0.4	38.8	35.3	8.9	103,466	-3.7	15.2	4.3	20.8
Japan	-6.4	-9.7	8.7	-13.8	-17.7	84,398	-18.0	-16.0	-3.8	-3.0
Netherlands	-4.4	-5.2	22.8	0.1	-2.5	77,475	-7.5	-4.6	-22.2	-27.8
Macao	7.1	-21.5	56.1	-6.6	24.9	75,543	21.9	57.7	18.2	-11.5
Korea	-2.3	-7.6	42.7	9.2	-9.5	73,706	-10.8	-16.1	-11.2	-8.0
Rest of the world	-2.0	-11.0	22.2	-11.0	-7.3	752,232	-9.7	-2.9	-4.4	3.7

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

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>		<u>2023</u>		<u>2024</u>	
	(% change)				(% change)	(\$Mn)	Q2	Q3	Q4	Q1
							(% change over a year earlier)			
All sources	-6.5	-3.3	24.3	-7.2	-5.7	4,644,991	-13.6	-2.8	7.0	8.0
Mainland of China	-5.9	-6.5	26.5	-14.6	-2.7	2,022,317	-9.2	0.2	8.2	9.8
Taiwan	-2.4	22.8	35.0	7.3	-10.5	525,905	-13.9	-5.5	1.0	-7.0
Singapore	-7.5	8.1	31.7	-3.7	-17.3	329,557	-34.1	-7.2	5.5	15.3
Korea	-20.9	12.3	31.3	-10.7	-22.8	223,626	-30.5	-21.8	2.4	58.4
Japan	-2.8	-5.0	12.8	-10.4	-8.8	221,499	-12.5	-5.8	0.5	6.9
United States	-7.9	-17.9	18.3	1.3	-4.6	199,708	-13.9	2.1	5.1	13.9
Malaysia	-14.3	1.2	1.7	6.1	-15.3	149,754	-21.0	-20.8	-4.6	-7.6
Vietnam	18.5	28.4	16.9	22.3	-7.0	133,742	-23.6	-17.5	29.4	37.9
Thailand	-7.4	1.4	18.9	-8.9	-8.6	85,571	-22.0	8.1	12.3	19.6
Philippines	-9.1	-0.1	25.1	7.4	-15.7	79,341	-13.2	-15.1	-30.3	-22.8
Rest of the world	-4.9	-17.0	17.0	-3.6	9.9	673,972	-1.4	10.5	18.2	-2.9

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

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022[#]</u>	<u>2023[#]</u>		<u>2023</u>	<u>2023</u>	<u>2023</u>	<u>2024</u>
	(% change)				(% change)	(\$Mn)	Q2 [#]	Q3 [#]	Q4 [#]	Q1 [#]
							(% change over a year earlier)			
Exports of services	-9.9	-35.0	18.5	5.8	18.6	771,733	18.1	21.4	21.9	18.8
Transport	-4.7	-24.7	37.8	2.0	-9.4	236,608	-14.9	-6.6	-0.5	34.7
Travel	-21.6	-90.2	-35.1	70.7	565.7	163,384	837.2	812.3	351.8	47.6
Financial services	-2.8	-0.3	10.0	8.8	-0.9	200,071	-1.0	-1.7	-6.1	-3.3
Other services	-5.1	-9.0	11.7	2.5	5.3	171,670	3.6	5.3	6.8	5.0
Imports of services	-0.9	-32.8	12.6	3.2	25.4	621,092	24.0	30.3	25.9	21.8
Transport	-1.1	-19.8	35.7	-1.5	-6.6	143,822	-16.0	-8.4	1.9	30.3
Travel	1.6	-79.7	-38.9	64.4	315.1	178,473	460.2	404.8	181.8	52.0
Manufacturing [^]	-5.5	-10.4	20.0	-4.3	-8.5	83,000	-8.3	-7.1	-5.6	1.8
Other services	-1.3	-1.4	7.1	2.3	4.0	215,797	*	5.1	5.3	4.3

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.

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

Table 10 : Incoming visitors by source

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>		<u>2023</u>		<u>2024</u>
						Q2	Q3	Q4	Q1
<u>(‘000)</u>									
All sources	55 912.6	3 568.9	91.4	604.6	33 999.7	8 469.1	10 438.1	10 677.7	11 228.8
Mainland of China	43 774.7	2 706.4	65.7	375.1	26 760.5	6 749.6	8 574.5	8 075.2	8 694.9
South and Southeast Asia	3 040.5	190.5	9.5	78.5	2 420.6	603.0	561.3	954.1	800.5
Taiwan	1 538.9	105.1	2.5	24.2	783.8	187.9	226.6	245.8	280.6
Europe	1 728.4	158.8	6.6	39.2	764.3	183.8	179.0	277.6	303.9
United States	1 107.2	80.8	1.4	26.0	594.8	147.2	167.9	217.0	202.4
Japan	1 078.8	50.3	0.3	7.3	346.4	70.6	108.0	132.6	155.4
Others	3 644.1	276.9	5.3	54.2	2 329.3	527.1	620.6	775.4	791.0
<u>(% change over a year earlier)</u>									
All sources	-14.2	-93.6	-97.4	561.5	5 523.8	13 027.6	5 909.4	2 908.9	154.3
Mainland of China	-14.2	-93.8	-97.6	470.8	7 033.6	12 549.3	6 041.0	4 553.1	158.7
South and Southeast Asia	-14.9	-93.7	-95.0	724.1	2 984.0	18 358.0	5 985.5	1 363.2	164.9
Taiwan	-20.1	-93.2	-97.6	852.1	3 132.2	19 373.8	6 055.8	1 193.5	127.4
Europe	-10.8	-90.8	-95.9	498.0	1 848.9	7 780.1	2 823.2	819.6	145.3
United States	-15.1	-92.7	-98.3	1 803.8	2 188.7	9 614.9	3 288.8	1 018.7	223.0
Japan	-16.2	-95.3	-99.3	2 014.5	4 634.7	29 061.2	12 837.1	2 036.1	342.0
Others	-10.7	-92.4	-98.1	915.0	4 199.8	18 499.3	6 612.5	1 776.7	94.7

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

Table 11 : Property market

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

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

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

Table 11 : Property market (Cont'd)

	<u>2021</u>	<u>2022</u>	<u>2023</u>		<u>2023</u>		<u>2024</u>
				Q2	Q3	Q4	Q1
Completion of new property by the private sector							
('000 m ² of internal floor area)							
Residential property ^(a) (in units)	14 386	21 168	13 852	760	2 534	3 762	4 975
Commercial property	111	469	249	74	37	113	113
<i>of which :</i>							
Office space	70	351	159	29	9	106	82
Other commercial premises ^(b)	42	118	91	45	28	8	31
Industrial property ^(c)	30	180	58	0	0	39	0
<i>of which :</i>							
Industrial-cum-office premises	0	0	0	0	0	0	0
Conventional flatted factory space	30	105	57	0	0	39	0
Storage premises ^(d)	0	75	0	0	0	0	0
Production of public housing							
(in units)							
Rental housing flats ^(e)	13 057	12 285	3 838	819	0	3 019	N.A.
Subsidised sales flats ^(e)	3 222	6 996	5 674	0	2 112	0	N.A.
Building plans with consent to commence work in the private sector							
('000 m ² of usable floor area)							
Residential property	866.4	483.1	437.1	139.9	35.5	137.4	N.A.
Commercial property	743.0	105.5	385.4	47.2	71.2	187.5	N.A.
Industrial property ^(f)	39.8	61.2	45.9	0.0	29.3	0.0	N.A.
Other properties	187.5	242.9	208.2	25.9	64.4	70.9	N.A.
Total	1 836.7	892.6	1 076.5	213.0	200.4	395.8	N.A.
Agreements for sale and purchase of property							
(Number)							
Residential property ^(g)	74 297	45 050	43 002	12 199	9 174	7 606	9 823
Primary market	17 650	10 315	10 752	3 569	2 516	1 862	2 869
Secondary market	56 647	34 735	32 250	8 630	6 658	5 744	6 954
Selected types of non-residential properties ^(h)							
Office space	1 077	667	646	192	137	134	131
Other commercial premises	2 189	1 397	1 114	284	293	223	197
Flatted factory space	3 637	2 006	1 861	551	420	369	356

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

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

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

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

N.A. Not yet available.

Table 12 : Property prices and rentals

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

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

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

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

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

(+) Provisional figures.

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

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

	<u>2021</u>	<u>2022</u>	<u>2023[#]</u>		<u>2023</u>		<u>2024</u>
				Q2	Q3	Q4 [#]	Q1 ⁺
<u>(Index (1999=100))</u>							
Property price indices :							
Residential flats ^(a)	392.7	369.7	337.4	350.6	336.7	316.3	305.3
Office space	502.5	495.7	468.7	474.4	462.8	441.8	415.8
Shopping space	543.4	523.0	488.0	499.0	493.3	471.7	452.2
Flatted factory space	879.0	880.3	842.3	861.7	842.2	805.2	760.5
Property rental indices ^(b) :							
Residential flats	179.8	178.3	181.1	179.8	184.0	185.6	185.6
Office space	233.4	230.0	227.7	227.7	228.6	227.7	224.2
Shopping space	172.0	167.0	170.9	170.4	172.8	172.9	172.8
Flatted factory space	208.8	211.9	218.6	218.0	221.3	220.5	217.5
<u>(% change over a year earlier)</u>							
Property price indices :							
Residential flats ^(a)	3.0	-5.9	-8.7	-8.7	-8.6	-7.2	-11.7
Office space	7.2	-1.4	-5.4	-5.1	-7.4	-7.8	-12.3
Shopping space	4.7	-3.8	-6.7	-5.1	-4.7	-6.8	-7.3
Flatted factory space	6.4	0.1	-4.3	-3.4	-4.8	-5.2	-11.6
Property rental indices ^(b) :							
Residential flats	-0.3	-0.8	1.6	1.2	2.9	5.1	6.1
Office space	-3.4	-1.5	-1.0	-0.6	-0.9	-0.4	-1.1
Shopping space	1.2	-2.9	2.3	3.1	4.2	3.6	3.2
Flatted factory space	4.1	1.5	3.2	4.4	3.2	3.1	1.4

Table 13 : Monetary aggregates

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

Definition of Terms :

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

Total Money Supply:

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

Table 13 : Monetary aggregates (Cont'd)

	<u>2021</u>	<u>2022</u>	<u>2023</u>		<u>2023</u>		<u>2024</u>
				Q2	Q3	Q4	Q1
<u>(at end of period)</u>							
Hong Kong dollar money supply (\$Mn)							
M1	2,078,911	1,708,421	1,533,291	1,625,680	1,535,901	1,533,291	1,515,345
M2 ^(a)	8,043,994	8,096,517	8,250,109	8,217,612	8,206,059	8,250,109	8,253,008
M3 ^(a)	8,057,408	8,109,000	8,262,831	8,230,408	8,219,643	8,262,831	8,265,805
Total money supply (\$Mn)							
M1	3,490,858	2,769,343	2,598,203	2,582,312	2,502,111	2,598,203	2,556,002
M2	16,272,650	16,536,625	17,195,266	16,552,573	16,785,739	17,195,266	17,186,277
M3	16,310,866	16,569,431	17,234,052	16,587,509	16,820,252	17,234,052	17,226,182
Deposits (\$Mn)							
HK\$	7,414,381	7,468,230	7,623,772	7,594,580	7,585,828	7,623,772	7,633,086
Foreign currency	7,771,839	7,971,455	8,598,297	7,874,008	8,201,780	8,598,297	8,563,800
Total	15,186,220	15,439,685	16,222,070	15,468,588	15,787,608	16,222,070	16,196,886
Loans and advances (\$Mn)							
HK\$	6,425,857	6,602,964	6,420,797	6,739,946	6,546,102	6,420,797	6,351,444
Foreign currency	4,467,291	3,968,334	3,771,585	3,780,612	3,746,042	3,771,585	3,736,032
Total	10,893,147	10,571,298	10,192,382	10,520,558	10,292,144	10,192,382	10,087,476
Nominal Effective Exchange Rate Indices							
(Jan 2020 =100) ^(b)							
Trade-weighted	95.5	100.1	103.4	102.5	105.0	105.4	104.9
Import-weighted	95.8	100.8	103.9	102.9	105.4	105.9	105.4
Export-weighted	95.1	99.3	102.9	102.0	104.5	104.8	104.3
<u>(% change over a year earlier)</u>							
Hong Kong dollar money supply							
M1	5.4	-17.8	-10.3	-21.7	-19.2	-10.3	-11.4
M2 ^(a)	1.5	0.7	1.9	-0.1	2.3	1.9	-0.4
M3 ^(a)	1.5	0.6	1.9	-0.1	2.3	1.9	-0.4
Total money supply							
M1	8.0	-20.7	-6.2	-22.2	-17.6	-6.2	-5.8
M2	4.3	1.6	4.0	1.5	2.8	4.0	3.4
M3	4.3	1.6	4.0	1.5	2.8	4.0	3.4
Deposits							
HK\$	1.4	0.7	2.1	0.1	2.8	2.1	-0.4
Foreign currency	7.9	2.6	7.9	2.9	3.8	7.9	9.0
Total	4.6	1.7	5.1	1.5	3.3	5.1	4.4
Loans and advances							
HK\$	5.2	2.8	-2.8	2.4	-1.5	-2.8	-6.0
Foreign currency	1.7	-11.2	-5.0	-14.1	-10.3	-5.0	-4.3
Total	3.8	-3.0	-3.6	-4.2	-4.9	-3.6	-5.4
Nominal Effective Exchange Rate Indices							
(Jan 2020 =100) ^(b)							
Trade-weighted	-4.5	4.8	3.3	3.9	2.9	0.6	4.0
Import-weighted	-4.3	5.2	3.1	3.5	2.5	0.4	4.0
Export-weighted	-4.9	4.4	3.6	4.2	3.4	0.7	4.0

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

(b) Period average.

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

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

(%)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>			
					Q1	Q2	Q3	Q4
Services Industry								
Import and export trade	-3.6	23.9	-8.5	-7.2	-17.5	-14.4	-2.8	7.1
Wholesale	-7.9	13.3	-5.8	-3.2	3.8	-12.0	-4.9	1.2
Retail	-24.3	8.1	-0.8	16.2	24.1	17.5	14.5	9.7
Transportation <i>within which:</i>	-19.7	54.1	5.8	-17.3	-20.0	-25.1	-19.4	-3.0
Land transport	-23.9	4.0	-3.3	21.6	29.7	18.9	16.6	22.7
Water transport	10.7	85.9	5.0	-45.8	-47.1	-50.7	-48.0	-33.9
Air transport	-36.2	43.3	9.7	7.4	10.6	-2.7	4.3	17.8
Warehousing and storage	11.5	27.6	-4.6	1.8	0.5	-1.4	0.3	8.0
Courier	28.4	19.0	-9.3	-11.9	-12.5	-13.4	-9.3	-12.6
Accommodation services ^(a)	-59.1	38.3	17.3	59.9	84.7	45.5	45.1	74.2
Food services	-29.4	16.8	-6.3	26.1	81.8	24.3	12.5	7.5
Information and communications <i>within which:</i>	-8.5	7.7	6.2	3.3	6.8	4.2	2.6	0.1
Telecommunications	-9.0	6.1	8.7	1.8	5.4	2.6	-0.5	*
Film entertainment	-44.0	26.7	-10.4	21.1	131.8	33.1	-1.3	-21.2
Banking	-8.0	-4.3	10.2	21.2	30.6	31.0	18.3	8.3
Financing (except banking) <i>within which:</i>	12.2	17.4	-14.7	-0.6	-1.3	3.2	0.4	-4.3
Financial markets and asset management	13.2	19.6	-17.6	-3.1	-5.2	-0.3	-1.9	-5.0
<i>within which : Asset management</i>	11.6	23.3	-19.6	-4.2	-12.7	-5.4	-1.8	5.3
Insurance	6.1	2.5	-6.0	-1.1	-10.0	1.2	4.8	0.9
Real estate	3.2	-1.9	-8.9	-0.6	6.3	-0.9	-4.5	-3.1
Professional, scientific and technical services	-2.1	6.6	3.5	3.5	5.1	4.0	3.4	1.4
Administrative and support services	-25.4	1.7	10.5	16.6	21.5	16.1	16.2	13.5
Services Domain								
Tourism, convention and exhibition services	-86.7	-17.7	36.8	345.0 ⁺	402.7 ⁺	385.5 ⁺	350.7 ⁺	284.9 ⁺
Computer and information technology services	-3.2	20.1	-0.4	39.2	-9.1	5.9	71.8	91.2

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

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

(+) Provisional figures.

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

Table 15 : Labour force characteristics

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>		<u>2023</u>		<u>2024</u>
						Q2	Q3	Q4	Q1
<u>(%)</u>									
Labour force participation rate	60.7	59.7	59.4	58.2	57.3	57.5	57.8	57.3	57.0
Seasonally adjusted unemployment rate ^(a)	2.9	5.8	5.2	4.3	2.9	2.9	2.8	2.9	3.0
Underemployment rate	1.1	3.3	2.6	2.3	1.1	1.1	1.0	1.0	1.1
<u>('000)</u>									
Population of working age	6 572.7	6 562.2	6 518.6	6 487.0	6 667.4	6 611.4	6 635.7	6 649.4	6 661.1
Labour force	3 987.8	3 918.5	3 870.4	3 776.3	3 822.3	3 802.4	3 834.3	3 812.5	3 800.1
Persons employed	3 871.4	3 690.9	3 670.2	3 613.2	3 709.6	3 688.8	3 720.3	3 706.8	3 688.4
Persons unemployed	116.3	227.6	200.3	163.1	112.7	113.6	114.0	105.7	111.7
Persons underemployed	42.0	129.9	98.9	88.1	41.6	41.5	37.9	37.0	40.0
<u>(% change over a year earlier)</u>									
Population of working age	0.8	-0.2	-0.7	-0.5	2.8	2.2	1.5	0.3	2.3
Labour force	-0.2	-1.7	-1.2	-2.4	1.2	1.3	0.7	-0.9	0.8
Persons employed	-0.3	-4.7	-0.6	-1.6	2.7	3.2	1.9	-0.4	0.9
Persons unemployed	3.7	95.6	-12.0	-18.6	-30.9	-37.0	-28.0	-16.9	-2.9
Persons underemployed	-2.8	209.6	-23.8	-10.9	-52.8	-62.9	-45.8	-33.9	-14.4

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

Table 16 : Employment in selected major industries

Selected major industries	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>				(No.)
	(% change)					Mar	Jun	Sep	Dec	
Manufacturing	-3.5	-4.0	-5.5	-5.0	-0.6	-1.2	-0.2	-0.5	-0.6	74 006
Construction sites (covering manual workers only)	-9.0	-4.5	8.5	-0.7	7.3	10.3	7.4	-0.1	12.0	120 179
Import and export trade	-5.7	-11.0	-3.6	-0.9	-2.4	-1.9	-1.7	-1.4	-4.6	362 623
Wholesale	-4.0	-8.8	-3.9	4.2	-3.3	-1.4	-1.5	-4.0	-6.2	49 451
Retail	-1.7	-6.3	-0.6	-1.6	1.7	1.4	2.9	2.8	-0.3	245 680
Food and beverage services	-2.3	-13.6	1.4	1.3	3.5	9.4	3.4	1.0	0.7	224 521
Accommodation services ^(a)	1.8	-14.7	1.1	-4.5	3.0	0.6	5.5	5.2	1.2	35 731
Transportation, storage, postal and courier services	0.3	-3.7	-4.0	-2.1	-0.1	-1.5	0.3	0.5	0.5	163 619
Information and communications	1.9	-0.3	-1.4	-2.2	1.9	0.2	2.5	3.1	1.8	108 353
Financing and insurance	2.9	0.6	0.1	-2.1	*	-1.3	0.6	1.4	-0.7	231 730
Real estate	1.2	0.4	3.6	-0.5	0.9	-1.3	2.7	2.8	-0.5	138 860
Professional and business services (excluding cleaning and similar services)	1.5	-0.3	*	-2.1	3.0	1.1	3.9	4.8	2.3	310 380
Cleaning and similar services	-0.3	0.3	1.3	0.8	*	-2.0	2.7	-0.2	-0.6	80 657
Education	1.7	-1.0	-0.1	1.1	4.0	3.8	4.2	4.5	3.5	216 866
Human health services	4.7	4.1	2.9	2.5	2.8	2.4	3.0	3.3	2.6	154 199
Residential care and social work services	2.4	0.4	0.9	0.9	4.7	2.4	5.9	5.5	5.0	71 033
Arts, entertainment, recreation and other services	0.8	-5.4	-1.7	-3.4	7.1	7.1	7.6	8.6	5.1	122 879
Civil service ^(b)	2.2	0.7	-0.2	-1.2	-1.1	-1.5	-1.4	-0.8	-0.6	172 610
Others ^(c)	1.5	-1.7	1.2	3.3	1.6	0.9	2.0	2.3	1.1	12 001

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

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

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

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

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

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>		<u>2023</u>		
						Mar	Jun	Sep	Dec
<u>(Number)</u>									
Building sites									
Private sector	62 903	54 957	58 385	56 160	57 642	54 940	57 591	57 682	60 354
Public sector ^(a)	19 257	22 982	23 622	22 853	26 299	25 319	25 365	25 398	29 115
Sub-total	82 160	77 939	82 006	79 012	83 941	80 259	82 956	83 080	89 469
Civil engineering sites									
Private sector	2 483	2 180	3 095	3 796	2 397	3 953	2 214	1 768	1 654
Public sector ^(a)	17 108	17 064	20 329	21 855	25 974	24 186	25 879	24 776	29 056
Sub-total	19 591	19 244	23 424	25 651	28 372	28 139	28 093	26 544	30 710
Total	101 750	97 182	105 430	104 663	112 313	108 398	111 049	109 624	120 179
<u>(% change over a year earlier)</u>									
Building sites									
Private sector	-4.3	-12.6	6.2	-3.8	2.6	3.6	-3.5	-1.0	12.4
Public sector ^(a)	-10.9	19.3	2.8	-3.3	15.1	18.7	25.1	6.5	12.1
Sub-total	-5.9	-5.1	5.2	-3.7	6.2	8.0	3.8	1.2	12.3
Civil engineering sites									
Private sector	43.6	-12.2	42.0	22.6	-36.8	2.2	-33.5	-53.8	-60.3
Public sector ^(a)	-25.0	-0.3	19.1	7.5	18.8	20.6	28.6	4.3	23.7
Sub-total	-20.2	-1.8	21.7	9.5	10.6	17.6	19.8	-3.7	11.1
Total	-9.0	-4.5	8.5	-0.7	7.3	10.3	7.4	-0.1	12.0

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	2019	2020	2021	2022	2023	2023			
						Q1	Q2	Q3	Q4
(in nominal terms)									
Manufacturing	3.8	-0.1	-0.6	1.0	3.8	4.0	3.7	3.8	3.9
Import/export and wholesale trades	2.3	0.5	0.1	0.9	2.6	2.2	2.6	2.8	2.9
Retail trade	2.3	0.1	0.2	1.1	2.7	2.1	2.9	3.1	2.7
Transportation, storage, postal and courier services	3.9	-5.4	-3.8	1.9	9.3	6.7	9.9	10.7	9.6
Accommodation ^(a) and food service activities	4.7	-2.9	-1.0	2.2	5.3	4.9	5.2	5.4	5.5
Information and communications	3.9	2.3	1.8	2.8	3.9	3.9	3.7	3.8	4.1
Financial and insurance activities	3.0	1.7	1.7	2.7	3.5	3.2	3.6	3.7	3.5
Real estate activities	4.1	1.5	1.4	2.1	2.8	2.9	2.9	2.8	2.7
Professional and business services	3.8	1.6	1.5	2.7	3.4	3.6	3.3	3.4	3.4
Social and personal services	2.3	6.2	0.1	1.3	2.0	1.7	0.1	3.0	3.2
All selected industry sections surveyed	3.4	2.4	1.0	1.7	3.3	3.0	3.2	3.5	3.6
(in real terms)									
Manufacturing	0.9	-0.4	-2.1	-0.9	1.7	2.0	1.6	1.8	1.3
Import/export and wholesale trades	-0.5	0.2	-1.4	-1.0	0.5	0.2	0.5	0.9	0.3
Retail trade	-0.5	-0.1	-1.4	-0.7	0.5	0.2	0.9	1.2	0.1
Transportation, storage, postal and courier services	1.0	-5.6	-5.3	*	7.0	4.7	7.7	8.6	6.8
Accommodation ^(a) and food service activities	1.8	-3.2	-2.6	0.3	3.1	2.9	3.1	3.4	2.9
Information and communications	0.9	2.0	0.2	0.9	1.7	1.9	1.7	1.8	1.5
Financial and insurance activities	0.2	1.2	0.2	0.8	1.3	1.2	1.6	1.7	0.9
Real estate activities	1.1	1.3	-0.1	0.2	0.7	0.9	0.8	1.0	0.2
Professional and business services	0.9	1.4	-0.1	0.8	1.2	1.6	1.2	1.5	0.8
Social and personal services	-0.6	6.0	-1.5	-0.6	-0.1	-0.3	-1.9	1.1	0.6
All selected industry sections surveyed	0.5	2.1	-0.5	-0.2	1.1	1.1	1.1	1.5	1.0

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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>			
						Mar	Jun	Sep	Dec
(in nominal terms)									
Manufacturing	3.5	2.0	1.6	2.0	4.1	3.9	3.9	4.5	4.6
Import/export, wholesale and retail trades	2.3	1.0	0.9	1.7	2.6	2.3	2.5	2.8	3.0
Transportation	4.4	0.1	-0.9	1.4	5.6	5.3	6.0	6.0	5.2
Accommodation ^(a) and food service activities	4.1	1.0	1.4	2.1	4.2	3.9	4.1	4.3	4.5
Financial and insurance activities ^(b)	3.7	2.3	2.5	3.2	3.9	3.5	3.8	4.1	3.9
Real estate leasing and maintenance management	3.9	2.7	3.0	2.9	3.2	3.0	3.1	3.2	3.2
Professional and business services	3.6	1.7	1.8	2.5	3.4	2.8	3.3	3.6	3.8
Personal services	3.3	0.7	0.3	0.6	3.5	3.3	3.6	3.9	3.7
All industries surveyed	3.5	1.3	1.3	2.2	3.6	3.2	3.5	3.8	3.8
(in real terms)									
Manufacturing	0.2	3.1	-0.3	-1.5	2.0	2.2	1.8	2.4	1.9
Import/export, wholesale and retail trades	-1.0	2.1	-0.9	-1.9	0.5	0.6	0.3	0.7	0.3
Transportation	1.0	1.3	-2.7	-2.2	3.4	3.5	3.8	3.8	2.5
Accommodation ^(a) and food service activities	0.7	2.1	-0.3	-1.5	2.0	2.1	1.9	2.2	1.8
Financial and insurance activities ^(b)	0.2	3.7	0.7	-0.6	1.7	1.8	1.6	1.9	1.2
Real estate leasing and maintenance management	0.5	3.8	1.3	-0.8	1.0	1.4	1.0	1.1	0.5
Professional and business services	0.3	2.8	0.1	-1.2	1.2	1.1	1.2	1.5	1.0
Personal services	0.2	1.7	-1.6	-2.9	1.3	1.6	1.4	1.8	1.0
All industries surveyed	0.1	2.5	-0.5	-1.4	1.4	1.5	1.4	1.7	1.1

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

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

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

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

(HK\$)

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

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

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

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

(HK\$)

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

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

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

Table 22 : Rates of change in prices

(%)

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

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

(b) Derived from merchandise trade index numbers.

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

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

N.A. Not yet available.

(^) Average annual rate change for the 10-year period 2012-2022

(~) Average annual rate change for the 5-year period 2017-2022

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

(%)

	<u>2022</u>	<u>2023</u>	<u>2023</u>			<u>2024</u>	Average annual rate of change:	
			Q2	Q3	Q4		10 years	5 years
							2013 to 2023	2018 to 2023
GDP deflator [#]	1.7	2.8	2.7	2.4	3.8	4.3	2.2	1.6
Domestic demand deflator [#]	2.1	3.6	3.9	4.1	3.7	3.0	2.1	1.5
Consumer Price Indices ^(a) :								
Composite CPI	1.9	2.1	2.0	1.9	2.6	1.9	2.2	1.7
CPI(A)	2.2	2.3	2.2	1.9	3.0	2.2	2.7	2.0
CPI(B)	1.7	2.0	1.9	1.8	2.4	1.8	2.1	1.6
CPI(C)	1.8	2.0	2.0	1.9	2.3	1.8	1.9	1.6
Unit Value Indices :								
Total exports of goods	7.8	4.4	4.1	3.7	4.6	4.5	2.2	3.6
Imports of goods	8.1	3.9	3.7	3.5	4.1	4.6	2.2	3.6
Terms of Trade Index ^(b)	-0.3	0.4	0.4	0.1	0.4	-0.1	*	*
Producer Price Index for all manufacturing industries	0.8	1.6	-0.2	3.0	2.7	N.A.	0.9	1.4
Tender Price Indices :								
Public sector								
building projects	5.5	4.3	4.6	3.8	3.7	N.A.	1.6	1.0
Public housing projects	5.3	N.A.	4.7	3.1	N.A.	N.A.	2.9 [^]	0.1 [~]

Table 23 : Rates of change in Composite Consumer Price Index

(%)

	Weight	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
All items	100.00	4.4 (3.5)	3.0 (2.5)	2.4 (2.3)	1.5 (1.7)	2.4 (2.6)	2.9 (3.0)	0.3 (1.3)
Food	27.41	4.1	4.0	3.4	2.2	3.4	4.9	3.3
<i>Meals out and takeaway food</i>	17.05	4.6	4.2	3.3	2.7	2.9	2.2	0.8
<i>Basic food</i>	10.36	3.4	3.4	3.6	1.1	4.3	9.9	7.7
Housing ^(a)	40.25	6.7	5.1	3.7	2.0	2.5	3.5	-0.1
<i>Private housing rent</i>	35.46	6.0	4.7	3.4	1.8	2.2	3.1	1.1
<i>Public housing rent</i>	1.87	18.3	10.9	7.2	3.0	4.1	7.1	-21.0
Electricity, gas and water	2.82	14.9	8.4	1.0	-1.7	4.9	-5.4	-20.6
Alcoholic drinks and tobacco	0.49	6.5	1.3	1.5	0.6	1.3	1.2	0.5
Clothing and footwear	2.42	0.9	-1.8	-3.4	-0.4	1.6	-1.7	-5.2
Durable goods	4.00	-3.4	-5.6	-5.4	-3.2	-2.0	-1.9	-2.7
Miscellaneous goods	3.32	2.3	0.9	1.5	1.4	1.3	2.5	3.1
Transport	6.17	2.0	-0.3	1.6	2.3	1.6	2.0	-1.0
Miscellaneous services	13.12	3.0	1.1	2.3	0.9	2.1	2.0	0.8

Notes: The year-on-year rates of change before October 2020 were derived using the index series in the base periods at that time (for instance the 2014/15-based index series), compared with the index a year earlier in the same base period. 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	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>			<u>2024</u>	Average annual rate of change:	
					Q2	Q3	Q4	Q1	10 years 2013 to 2023	5 years 2018 to 2023
All items	100.00	1.6 (0.6)	1.9 (1.7)	2.1 (1.7)	2.0 (1.7)	1.9 (1.6)	2.6 (1.6)	1.9 (1.0)	2.2 (2.1)	1.7 (1.8)
Food	27.41	1.7	3.8	2.7	2.5	2.5	2.7	1.7	3.3	3.2
<i>Meals out and takeaway food</i>	17.05	1.8	3.4	4.0	4.0	3.8	3.7	3.4	3.0	2.4
<i>Basic food</i>	10.36	1.4	4.5	0.5	0.2	0.2	0.9	-1.0	3.9	4.7
Housing ^(a)	40.25	0.3	0.2	1.0	0.6	0.8	2.8	3.0	2.5	1.0
<i>Private housing rent</i>	35.46	-1.3	-0.6	0.5	0.2	0.4	1.8	2.0	2.1	0.5
<i>Public housing rent</i>	1.87	29.3	9.6	4.4	1.7	1.7	13.5	13.5	6.6	4.6
Electricity, gas and water	2.82	27.0	7.2	9.6	15.9	6.1	-2.3	-8.0	3.8	2.3
Alcoholic drinks and tobacco	0.49	0.1	1.3	17.0	18.8	19.0	18.8	14.3	3.0	3.8
Clothing and footwear	2.42	3.3	5.3	5.8	5.9	6.5	5.0	1.6	0.4	1.4
Durable goods	4.00	1.0	0.6	-2.4	-3.6	-2.5	-1.2	-1.4	-2.5	-1.1
Miscellaneous goods	3.32	-3.1	0.4	1.7	1.5	2.2	2.2	1.3	1.2	0.9
Transport	6.17	2.6	2.9	1.9	1.7	2.0	2.5	2.1	1.5	1.7
Miscellaneous services	13.12	0.7	1.3	2.6	2.5	2.5	3.2	2.9	1.7	1.5

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

(%)

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

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

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

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

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

	<u>2021</u>	<u>2022[#]</u>	<u>2023[#]</u>	<u>2023</u>			<u>2024</u>	Average annual rate of change:	
				Q2 [#]	Q3 [#]	Q4 [#]	Q1 [#]	10 years 2013 to 2023 [#]	5 years 2018 to 2023 [#]
Private consumption expenditure	-0.6	2.3	4.8	4.3	5.4	5.2	3.7	2.1	2.0
Government consumption expenditure	0.7	2.6	2.5	3.1	2.4	2.1	2.0	3.1	2.5
Gross domestic fixed capital formation	-2.1	1.0	-0.3	0.6	0.3	-0.4	0.3	1.3	-0.6
Total exports of goods	5.1	6.8	4.2	3.7	3.7	5.1	4.6	1.9	3.4
Imports of goods	4.9	7.3	4.3	4.3	4.1	4.9	4.8	1.9	3.6
Exports of services	14.5	6.3	-1.8	-4.4	-1.6	0.6	9.5	2.0	3.5
Imports of services	9.9	4.4	-0.4	-2.4	1.2	-0.6	3.9	1.1	2.3
Gross Domestic Product	0.7	1.7	2.8	2.7	2.4	3.8	4.3	2.2	1.6
Total final demand	3.7	5.2	3.4	3.1	3.2	4.3	4.5	2.0	2.8
Domestic demand	-0.8	2.1	3.6	3.9	4.1	3.7	3.0	2.1	1.5

