



Third Quarter Economic Report 2024

Government of the Hong Kong
Special Administrative Region

THIRD QUARTER ECONOMIC REPORT 2024

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

November 2024

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CHAPTER 1 : OVERVIEW OF ECONOMIC PERFORMANCE

Summary

- *The Hong Kong economy continued to expand, though at a moderated pace, in the third quarter of 2024 over a year earlier. Real Gross Domestic Product (GDP)⁽¹⁾ grew by 1.8% year-on-year in the third quarter, having increased by 3.2% in the preceding quarter. Total exports of goods saw decelerated growth, while exports of services increased further. Overall investment expenditure rose further. However, private consumption expenditure continued to decline. On a seasonally adjusted quarter-to-quarter comparison⁽²⁾, real GDP decreased by 1.1%.*
- *Hong Kong's total exports of goods grew at a moderated pace in the third quarter alongside softening economic growth in some major markets. Exports to the Mainland continued to expand visibly. Exports to the US grew at a moderated pace, while those to the EU saw a rebound. Meanwhile, exports to many major Asian markets declined. Exports of services increased further. Exports of financial services, business and other services, and transport services grew further. Meanwhile, exports of travel services continued to decline alongside the change in consumption patterns of visitors and the strength of the Hong Kong dollar.*
- *Domestically, private consumption expenditure continued to decline in the third quarter amid the change in consumption patterns of residents. Meanwhile, overall investment expenditure increased further in tandem with the overall economic growth.*
- *The labour market remained tight in the third quarter. The seasonally adjusted unemployment rate stayed low at 3.0%, same as the preceding quarter. The underemployment rate also remained unchanged at a low level of 1.2%.*
- *The local stock market stayed soft on entering the third quarter amid uncertainties surrounding the pace of US interest rate cuts and the economic outlook of major economies. Following the US' rate cut in mid-September and the Mainland's subsequent announcement of a package of support measures, market sentiment improved visibly and the Hang Seng Index (HSI) jumped to close the quarter at 21 134, 19.3% higher than end-June. The residential property market was quiet for most of the third quarter, but market sentiment improved and developers stepped up launches of new projects after the US' rate cut. For the quarter as a whole, trading activities were lower than the preceding quarter, while flat prices remained soft.*

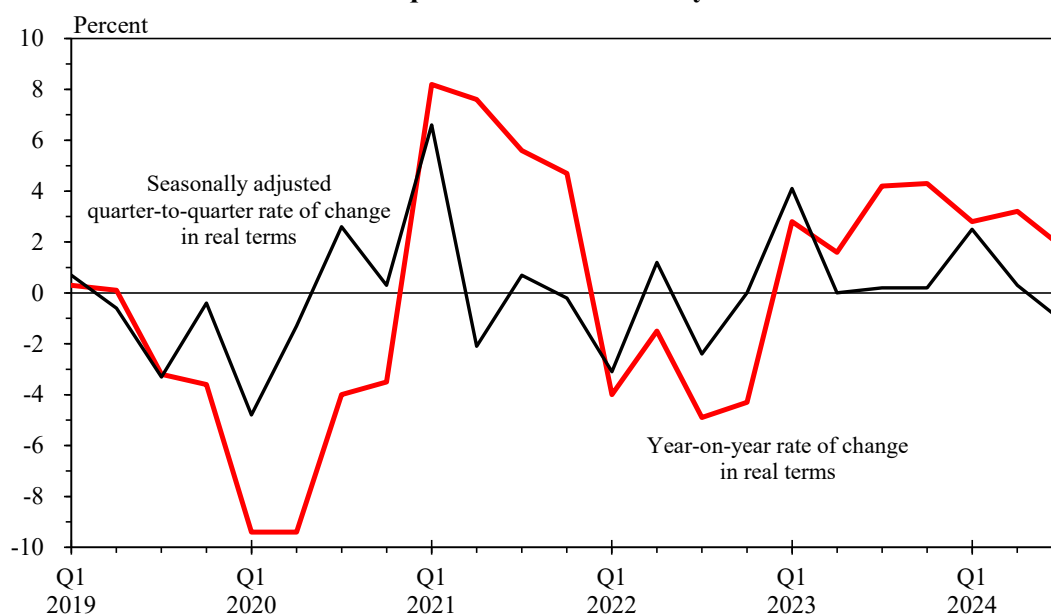
- *Underlying consumer price inflation remained modest in overall terms in the third quarter. Prices of meals out and takeaway food increased at a moderated pace over a year earlier. Increases in private housing rentals remained small. Prices of electricity continued to record visible decline. Price pressures on other major components were generally in check.*

Overall situation

1.1 The Hong Kong economy continued to expand, though at a moderated pace, in the third quarter of 2024 over a year earlier. Total exports of goods saw decelerated growth, while exports of services increased further. Overall investment expenditure rose further. However, private consumption expenditure continued to decline.

1.2 Real GDP grew by 1.8% year-on-year in the third quarter (same as the advance estimate), having increased by 3.2% in the preceding quarter. On a seasonally adjusted quarter-to-quarter comparison, real GDP decreased by 1.1% (same as the advance estimate), after a 0.3% increase in the preceding quarter.

Diagram 1.1 : The Hong Kong economy continued to expand, though at a moderated pace, in the third quarter of 2024 over a year earlier



The external sector

1.3 *Total exports of goods* based on the GDP compilation framework grew by 4.0% year-on-year in real terms in the third quarter of 2024, after an increase of 7.5% in the preceding quarter. The moderation was mainly due to softening economic growth in some major markets. Analysed by major market and by reference to external merchandise trade statistics, exports to the Mainland continued to increase visibly in the third quarter over a year earlier. Exports to the US grew at a moderated pace, while those to the EU saw a rebound. Meanwhile, exports to many major Asian markets declined.

1.4 *Exports of services* increased further by 2.4% year-on-year in real terms in the third quarter, after growing by 1.1% in the preceding quarter. Exports of financial services rose further in tandem with improved cross-border financial and fund raising activities. Exports of business and other services also grew further along with the economic expansion. Exports of transport services continued to grow as visitor arrivals and regional trade flows increased. Meanwhile, exports of travel services continued to decline alongside the change in consumption patterns of visitors and the strength of the Hong Kong dollar.

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

	<u>2022[#]</u>	<u>2023[#]</u>	<u>Q1[#]</u>	<u>Q2[#]</u>	<u>2023[#]</u> <u>Q3[#]</u>	<u>Q4[#]</u>	<u>Q1[#]</u>	<u>2024[#]</u> <u>Q2[#]</u>	<u>Q3[#]</u>
<i>Change in real terms of GDP and its main expenditure components (%)</i>									
Private consumption Expenditure	-2.2	7.7	13.0 (1.5)	8.4 (3.6)	6.7 (-0.8)	3.5 (-0.7)	1.2 (-0.7)	-1.6 (0.7)	-1.3 (-0.5)
Government consumption expenditure	8.0	-4.3	1.2 (-3.7)	-9.5 (-4.4)	-3.9 (1.8)	-5.2 (1.3)	-2.2 (-0.9)	2.2 (-0.2)	2.1 (1.7)
Gross domestic fixed capital formation	-7.4	11.1	8.9	-1.9	21.7	17.5	0.1	4.1	3.7
Building and construction	7.4	7.5	0.7	8.0	16.0	6.1	10.6	11.3	-3.5
Costs of ownership transfer	-43.2	0.2	25.8	-6.0	-15.6	-3.4	-27.6	35.8	9.2
Machinery, equipment and intellectual property products	-18.9	20.5	25.4	-17.1	42.0	43.7	-14.2	-18.5	15.1
Total exports of goods ^{&}	-14.0	-10.3	-19.1 (0.4)	-15.1 (-0.2)	-8.7 (0.1)	2.8 (3.0)	6.8 (4.0)	7.5 (0.2)	4.0 (-3.1)
Imports of goods ^{&}	-13.2	-8.6	-14.8 (2.3)	-16.0 (-1.1)	-6.1 (1.3)	3.8 (1.8)	3.3 (1.4)	3.4 (-1.3)	2.8 (0.8)
Exports of services ^{&}	-0.5	20.9	15.7 (12.3)	23.4 (5.3)	23.4 (2.0)	21.2 (1.9)	9.4 (-0.2)	1.1 (-2.5)	2.4 (3.4)
Imports of services ^{&}	-1.2	25.9	21.1 (12.3)	27.0 (5.9)	28.7 (2.9)	26.7 (3.8)	18.0 (4.3)	12.3 (0.6)	8.2 (-0.5)
Gross Domestic Product	-3.7	3.3	2.8 (4.1)	1.6 (*)	4.2 (0.2)	4.3 (0.2)	2.8 (2.5)	3.2 (0.3)	1.8 (-1.1)
<i>Change in the main price indicators (%)</i>									
GDP deflator	1.7	2.8	2.1 (0.8)	2.7 (0.8)	2.4 (1.6)	3.8 (0.6)	3.8 (0.8)	4.3 (1.2)	4.2 (1.4)
Composite CPI									
Headline	1.9	2.1	1.9 (0.6)	2.0 (0.2)	1.9 (0.4)	2.6 (1.3)	1.9 (0.1)	1.2 (-0.5)	2.4 (1.6)
Underlying[^]	1.7	1.7	1.9 (0.7)	1.7 (0.3)	1.6 (0.3)	1.6 (0.3)	1.0 (*)	1.0 (0.3)	1.1 (0.5)
<i>Change in nominal GDP (%)</i>	-2.1	6.1	5.0	4.3	6.7	8.3	6.8	7.6	6.1

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 remained weak in the third quarter of 2024 amid the change in consumption patterns of residents. After decreasing by 1.6% year-on-year in real terms in the preceding quarter, *private consumption expenditure* declined further by 1.3% in the third quarter. On a seasonally adjusted quarter-to-quarter basis, private consumption expenditure decreased by 0.5%. Meanwhile, *government consumption expenditure* rose by 2.1% year-on-year in the third quarter, after rising by 2.2% in the preceding quarter.

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

Of which :

		Total consumer spending in the domestic market ^(a)	<u>Food</u>	<u>Durables</u>	<u>Non- durables</u>	<u>Services</u>	<u>Residents' expenditure abroad</u>	<u>Visitor spending</u>	<u>Private consumption expenditure^(b)</u>
2023	Annual	8.8	0.4	12.1	22.8	6.0	292.1	499.6	7.7
	Q1	14.2	7.2	24.9	32.2	9.5	317.7	485.0	13.0
	Q2	9.6	0.6	23.5	21.3	6.1	411.4	736.5	8.4
	Q3	7.7	-1.3	9.7	21.7	5.3	381.7	740.6	6.7
	Q4	4.6	-4.3	-1.5	18.1	3.4	179.8	300.5	3.5
2024	Q1	0.3	-4.2	-11.8	1.8	2.5	64.7	42.9	1.2
	Q2	-4.2	-6.1	-14.4	-16.4	1.8	28.4	-8.1	-1.6
	Q3	-3.1	-1.7	-15.7	-13.6	1.7	20.2	-2.6	-1.3

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 declined further

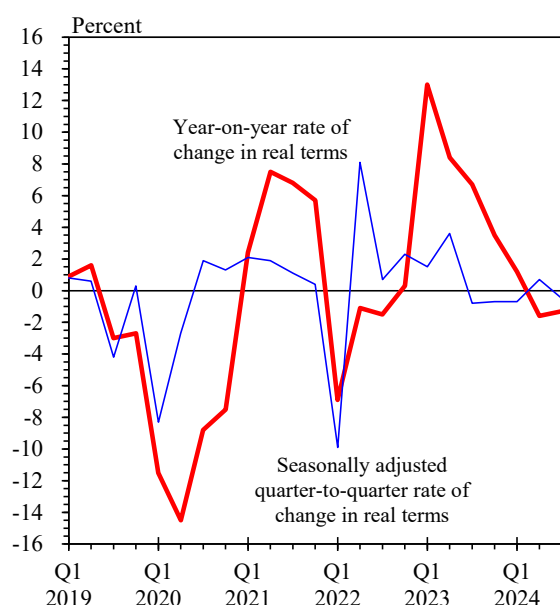
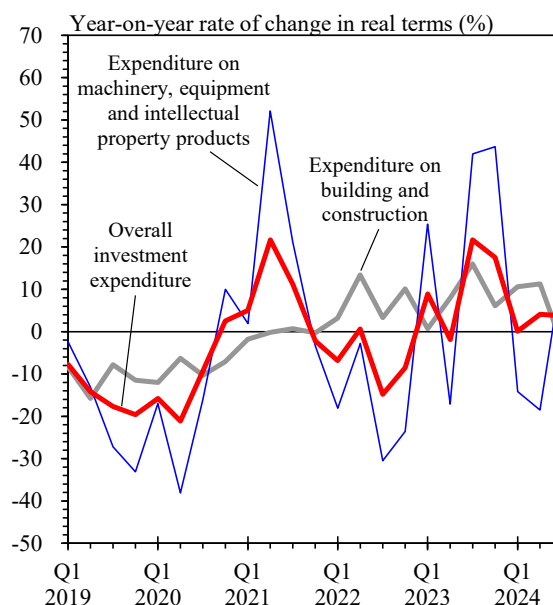


Diagram 1.3 : Overall investment expenditure continued to increase



1.6 Overall investment expenditure in terms of *gross domestic fixed capital formation* increased by 3.7% in real terms in the third quarter over a year earlier, after a 4.1% increase in the preceding quarter. Expenditure on acquisitions of machinery, equipment and intellectual property products resumed growth of 15.1% alongside the overall economic growth. Expenditure on building and construction declined by 3.5%, with the increase in public sector spending more than offset by the decline in private sector spending. Separately, the costs of ownership transfer rose further as property transactions continued to increase.

Box 1.1

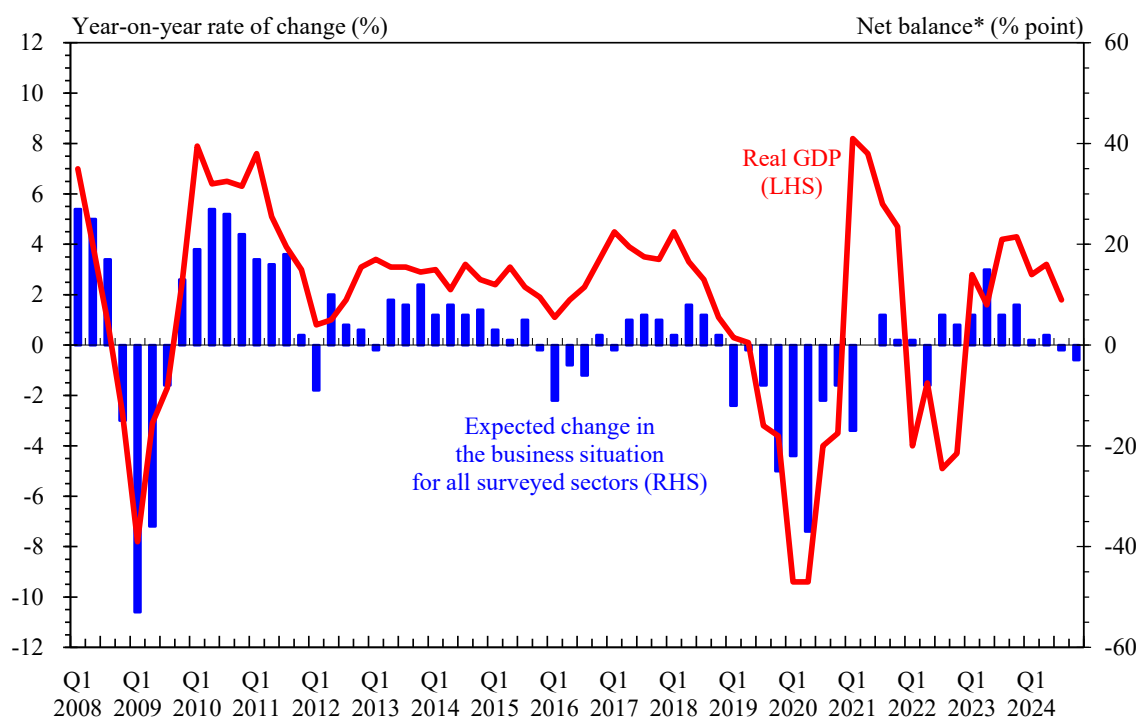
Business sentiment in Hong Kong

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 stayed generally subdued in the past few months, but some indicators have shown signs of improvement most recently.

According to the results of the Census and Statistics Department (C&SD)'s Quarterly Business Tendency Survey (QBTS)⁽¹⁾ conducted during 3 September 2024 to 15 October 2024, business sentiment among large enterprises in Hong Kong for the fourth quarter remained soft in overall terms (**Chart 1**). The proportion of large enterprises expecting their business situation to improve in the fourth quarter of 2024 over the third quarter was less than the proportion of those expecting the situation to worsen by 3 percentage points (i.e. a net balance of -3), following the net balance of -1 in the previous round.

Business sentiment of large enterprises varied across sectors (**Table 1**). The net balance for “financing and insurance” sector remained in the positive zone, and those for the “real estate” and “professional and business services” sectors turned positive. Those for “transportation, storage and courier services” and “construction” sectors showed relative improvement within the negative zone. Meanwhile, the net balance for “accommodation and food services” sector fell into the negative zone. Those for “information and communications”, “import/export trade and wholesale”, “manufacturing”, and “retail” sectors fell by varying degrees within the negative zone. Large enterprises' appetite for hiring stayed largely steady in overall terms (**Table 2**).

Chart 1 : Business sentiment of large enterprises remained soft 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 varied across sectors

QBTS: Expected changes in business situation						
	Net balance* (% point)					
	2023		2024			
	Q3	Q4	Q1	Q2	Q3	Q4
Manufacturing	+20	-2	+2	+8	-2	-19
Construction	+10	+1	-9	-11	-16	-12
Import/export trade and wholesale	+7	+5	-9	-9	-1	-8
Retail	+18	+32	+3	-16	-16	-19
Accommodation and food services	+41	+33	+9	+7	+6	-3
Transportation, storage and courier services	+4	+11	+5	+4	-2	-1
Information and communications	+2	+9	-4	+1	-3	-5
Financing and insurance	+4	+10	+14	+19	+7	+2
Real estate	-2	+6	-6	+8	0	+6
Professional and business services	+5	+1	+1	-9	-3	+3
All sectors above	+6	+8	+1	+2	-1	-3

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

Table 2 : Hiring sentiment of large enterprises stayed largely steady in overall terms

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

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

As for small and medium-sized enterprises (SMEs), C&SD compiles a set of diffusion indices on a monthly basis⁽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 hovered at a relatively low level between 41.3 and 42.3 during August to October (**Chart 2a**). Employment sentiment among SMEs showed some improvement over the same period, and credit conditions stayed accommodative. Meanwhile, the Standard Chartered Hong Kong SME Leading Business Index⁽³⁾ declined in the third quarter, but rose back in the fourth quarter.

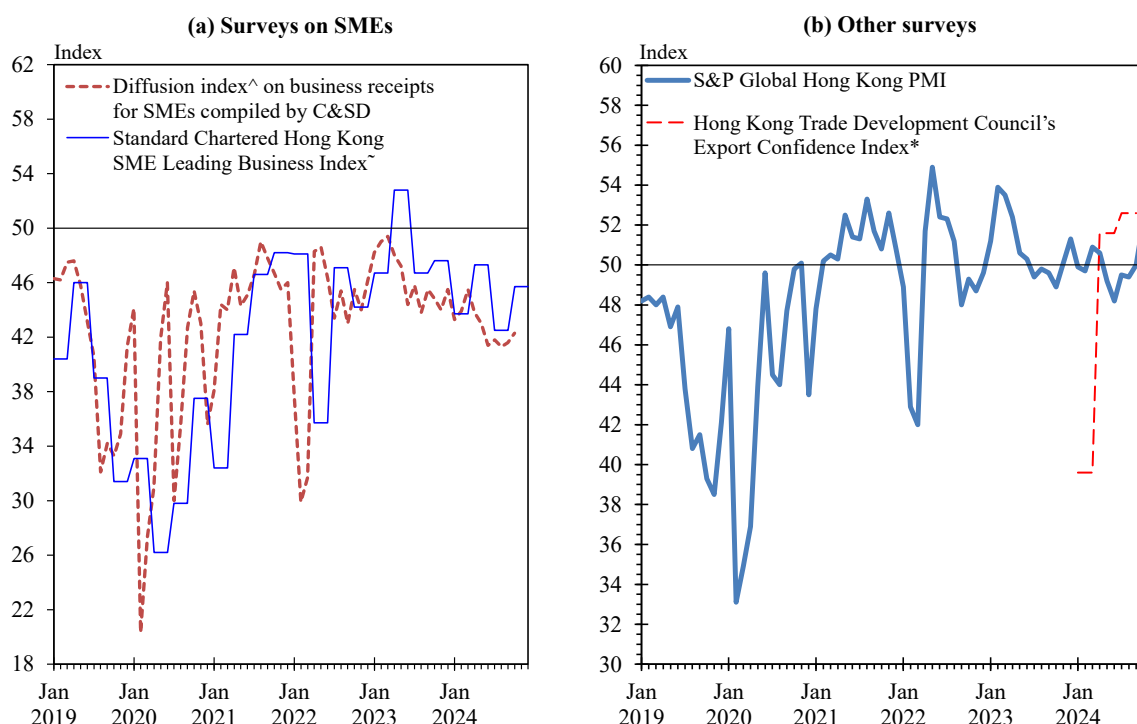
As for other surveys in the public domain, the S&P Global Purchasing Managers’ Index (PMI) of Hong Kong⁽⁴⁾, which gauges the performance of the private sector’s business activity, stayed in the contractionary zone in August, but rose to the boom-bust line in September and further to 52.2 in October. The Hong Kong Trade Development Council (HKTDC) Export Confidence Index⁽⁵⁾ indicated optimism among exporters, with expectation of moderate and sustained export growth. Exporters remained upbeat about the ASEAN and Mainland markets. Among the exporters surveyed, the top three challenges to their businesses in the next twelve months were rising transport costs, rising labour and production costs, as well as high capital costs.

(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 : Other business sentiment indicators stayed generally subdued in the past few months, but some indicators have shown signs of improvement most recently



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.

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

It is worth noting that these surveys are essentially opinion-based, thereby unavoidably subject to various limitations (e.g. results are not directly comparable) and hence the results should be interpreted with care. These survey findings taken together suggest that overall business sentiment stayed generally subdued in the past few months, but some indicators have shown signs of improvement most recently. Looking ahead, the gradually easing financial conditions, the Central Government’s latest policy measures for supporting the Mainland economy as well as its various measures benefitting Hong Kong should bode well for business sentiment, though global economic uncertainties and trade conflicts may pose some negative impacts.

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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 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 third quarter of 2024. The seasonally adjusted *unemployment rate* stayed low at 3.0%, same as the preceding quarter. The *underemployment rate* also remained unchanged at a low level of 1.2%. The unemployment rates of major sectors showed diverse movements in the third quarter as compared with the preceding quarter. Wages and labour earnings continued to record decent increases in the second quarter over a year earlier. More recent General Household Survey data indicated that employment earnings continued to record solid growth in the third quarter over a year earlier.

The asset markets

1.8 The *local stock market* stayed soft on entering the third quarter of 2024 amid uncertainties surrounding the pace of US interest rate cuts and the economic outlook of major economies. The HSI was range-bound between 17 000 and 18 000 during most of the quarter. Following the US' rate cut by 50 basis points on 18 September and the Mainland's subsequent announcement of a package of measures to shore up the economy and capital markets, market sentiment improved visibly and the HSI jumped to close the quarter at 21 134, 19.3% higher than end-June. Trading activities turned more active towards the quarter-end, with daily turnover reaching a record-high of \$505.9 billion on the last trading day. For the quarter as a whole, average daily turnover contracted slightly by 2.3% from the preceding quarter to \$118.8 billion, though up 20.7% over a year earlier. Fund raising activities picked up notably.

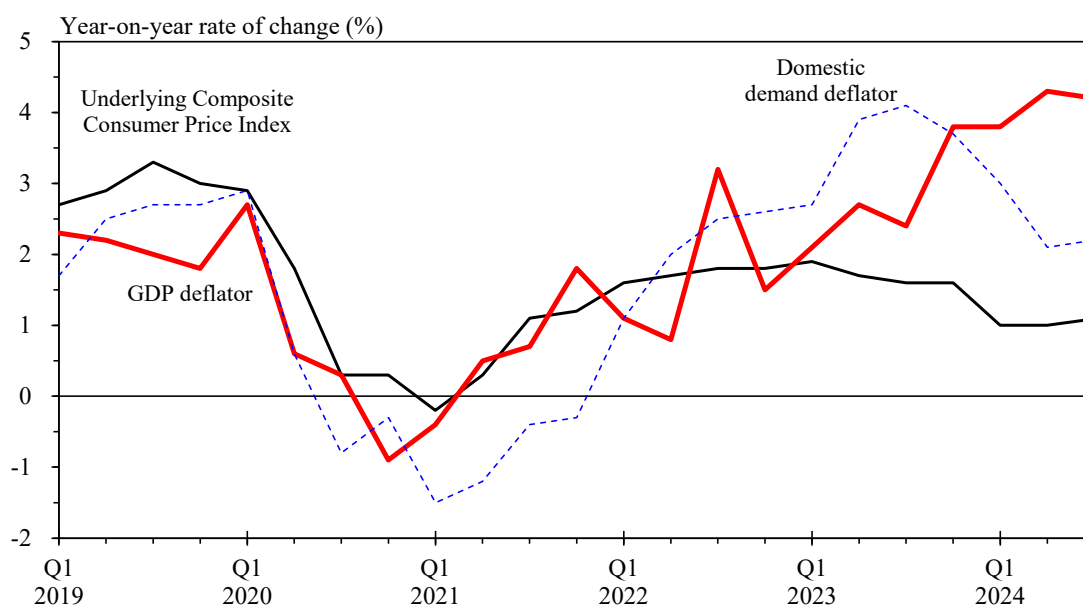
1.9 The *residential property market* was quiet for most of the third quarter, but market sentiment improved and developers stepped up launches of new projects after the US' rate cut in September. For the quarter as a whole, trading activities were lower than the preceding quarter, while flat prices remained soft. The number of transactions, in terms of the total number of sale and purchase agreements for residential property received by the Land Registry, retreated by 43% from the preceding quarter to 10 225 in the third quarter, though still 11% higher than a year earlier. Overall flat prices declined by 5% during the quarter. The index of home purchase affordability improved to around 62% in the quarter alongside the fall in flat prices, but it remained above the long-term average of 54% over 2004-2023. Meanwhile, overall flat rentals increased further by 2% during the quarter. The *non-residential property market* stayed weak. Trading activities for all major market segments remained subdued. Prices and rentals stayed soft.

Inflation

1.10 Underlying consumer price inflation remained modest in overall terms in the third quarter of 2024. Prices of meals out and takeaway food increased at a moderated pace over a year earlier. Increases in private housing rentals remained small. Prices of electricity continued to record visible decline. Price pressures on other major components were generally in check. Netting out the effects of the Government's one-off relief measures, the *underlying Composite Consumer Price Index (Composite CPI)* rose by 1.1% year-on-year in the third quarter, compared with 1.0% in the preceding quarter. Domestic business cost pressures remained largely contained. While nominal wages continued to record growth, commercial rentals declined. External price pressures softened in overall terms. Meanwhile, *headline Composite CPI* rose by 2.4% year-on-year in the third quarter, compared with 1.2% in the preceding quarter. The headline inflation was higher than its underlying counterpart by a large margin in the third quarter, as no rates concession was provided by the Government during the quarter and the electricity charges subsidy was smaller than the same period last year.

1.11 As a broad measure of the overall change in prices in the economy, the *GDP deflator* rose by 4.2% year-on-year in the third quarter, after increasing by 4.3% in the preceding quarter. The *terms of trade* increased by 1.0%. Taking out the external trade components, the domestic demand deflator increased by 2.2% in the third quarter over a year earlier, after rising by 2.1% in the preceding quarter.

**Diagram 1.4 : Underlying consumer inflation remained modest in overall terms
in the third 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.

Net output of major economic sectors

1.12 The net output of the services sector increased further by 2.0% year-on-year in real terms in the second quarter of 2024, after rising by 3.1% in the preceding quarter. Most major service sectors continued to record growth in net outputs, though some sectors showed weaker performance. The net output of transportation and storage continued to register a double-digit growth rate alongside the recovery of handling capacity. The net outputs of the real estate, public administration, social and personal services, import and export trade, professional and business services, and information and communications increased moderately. The net output of the financing and insurance sector resumed modest growth after quarters of contraction, whereas that of the postal and courier services sector showed a narrowed decrease. However, affected by the change in consumption patterns of residents and visitors, the net output of the accommodation and food services sector turned to a decline, while that of wholesale and retail trades sector saw a sharper fall. As for the secondary sector, the net outputs of the manufacturing sector increased further, and that of the construction sector showed very sharp growth amid the strong public sector spending.

**Table 1.3 : Net output of major economic sectors
(year-on-year rate of change in real terms (%))**

	<u>2023</u>	<u>2023</u>				<u>2024</u>	
		<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>
Manufacturing	3.7	3.8	2.7	4.3	4.1	1.8	0.7
Construction	5.6	-0.3	6.6	13.5	3.8	9.2	13.2
Services	3.7	3.4	1.7	4.2	5.3	3.1	2.0
Import/export, wholesale and retail trades	-0.4	-7.1	-3.6	1.5	6.5	0.9	-0.1
Import and export trade	-4.4	-12.8	-7.5	-1.8	4.3	2.2	2.6
Wholesale and retail trades	26.0	43.6	22.4	24.5	19.8	-6.2	-14.0
Accommodation and food services	29.3	83.9	22.8	18.4	14.6	0.9	-6.4
Transportation, storage, postal and courier services	30.2	30.3	26.8	31.4	31.8	19.5	10.6
Transportation and storage	32.8	33.0	29.5	33.4	34.6	20.4	11.0
Postal and courier services	-17.7	-15.7	-19.5	-16.8	-18.9	-6.5	-1.4
Information and communications	1.0	0.4	-0.4	1.8	2.1	2.2	2.1
Financing and insurance	-1.6	-2.2	-2.6	-0.2	-1.4	-0.5	0.2
Real estate, professional and business services	2.6	5.5	-0.8	2.8	2.7	1.2	2.7
Real estate	6.6	11.5	1.7	8.0	5.0	1.9	3.4
Professional and business services	0.2	2.0	-2.5	-0.2	1.2	0.7	2.3
Public administration, social and personal services	3.6	5.7	2.4	2.9	3.6	3.1	2.9

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

Other economic developments

1.13 The 2024 Policy Address set out a range of initiatives to create new impetus for economic development. There were measures to consolidate and enhance our advantages, develop new quality productive forces, build Hong Kong into an international hub for high-calibre talents, as well as promoting integrated development of culture, sports and tourism for a more diversified economy. Specific initiatives include developing an international gold trading market through measures such as building world-class gold storage facilities; establishing a commodity trading ecosystem by exploring the introduction of tax concessions and facilitating the set-up of accredited warehouses etc.; building a high value-added supply chain service centre to help Mainland enterprises “go global”. Moreover, the Government will reduce the import duty on liquor with a view to fostering trading of liquor and boosting development of related high value-added industries.

1.14 In the *Economic Freedom of the World 2024 Annual Report* published by the Fraser Institute, Hong Kong ranked as the world’s freest economies among 165 economies. Among the five areas of assessment, Hong Kong ranked top in “Freedom to trade internationally” and “Regulation”, and its ranking in “Sound money” rose to third globally. In the *Global Financial Centres Index 36 Report* published by Z/Yen from the United Kingdom and the China Development Institute from Shenzhen, Hong Kong ranked third globally, moving up one place from the March issue of the index this year. Hong Kong also ranked first in the Asia-Pacific region. In the *World Talent Ranking 2024* published by the International Institute for Management Development, Hong Kong’s ranking rose visibly to nine, from 16 last year, being the top 10 for the first time since 2016. Separately, in the *Global Innovation Index 2024* published by the World Intellectual Property Organization, Shenzhen-Hong Kong-Guangzhou cluster continued to rank second among the top 100 science and technology clusters for the fifth consecutive year.

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 global economy showed some signs of softening in the third quarter of 2024. The Mainland economy recorded slightly moderated growth, but activities saw some acceleration towards the end of the quarter. The US economy expanded at a slightly decelerated pace, while growth in the euro area economy remained mild. Economic growth in other Asian economies generally stayed solid. As the global disinflationary trend continued, the major central banks eased their monetary policies during the quarter. In October, the International Monetary Fund (IMF) forecast that the global economy would grow by 3.2% in 2024 and 2025⁽¹⁾.*
- *Hong Kong's merchandise exports grew by a moderated 4.2% year-on-year in real terms⁽²⁾ in the third quarter alongside softening economic growth in some major markets. Exports to the Mainland continued to increase visibly. Exports to the US grew at a moderated pace, while those to the EU saw a rebound. Meanwhile, exports to many major Asian markets declined.*
- *Exports of services increased further by 2.4% year-on-year in real terms in the third quarter. Exports of financial services, business and other services, and transport services grew further. Meanwhile, exports of travel services continued to decline alongside the change in consumption patterns of visitors and the strength of the Hong Kong dollar.*
- *The Government continued to strengthen Hong Kong's economic links with the Mainland and overseas economies. In October, the Hong Kong Special Administrative Region (HKSAR) Government and the Ministry of Commerce signed the Second Agreement Concerning Amendment to the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) Agreement on Trade in Services, which introduces new liberalisation measures across different service sectors where Hong Kong enjoys competitive advantages, making it easier for Hong Kong service suppliers to set up enterprises and develop business on the Mainland. The Chief Executive and Financial Secretary visited different Mainland cities and overseas economies to promote Hong Kong's business advantages and foster co-operation in various areas.*

Merchandise trade

External environment

2.1 The global economy showed some signs of softening in the third quarter of 2024. The Mainland economy recorded slightly moderated growth, but activities saw some acceleration towards the end of the quarter. The US economy expanded at a slightly decelerated pace, while growth in the euro area economy remained mild. Economic growth in other Asian economies generally stayed solid. As the global disinflationary trend continued, the major central banks eased their monetary policies during the quarter. Meanwhile, trade conflicts escalated. Subsequent to the initial announcement in May, the US' additional tariffs on imports of electric vehicles, batteries, solar cells, steel and aluminium products, ship-to-shore cranes, selected critical minerals and selected medical products from the Mainland came into effect in September. The EU's tariff measures against imports of electric vehicles from the Mainland came into effect in October.

2.2 In October, the IMF forecast global economic growth for both 2024 and 2025 at 3.2%, slightly lower than the growth of 3.3% in 2023 and visibly below the average annual growth of 3.7% in the two decades before the pandemic. The IMF also warned that downside risks to the global economic outlook have gained prominence, including an escalation in regional conflicts, monetary policy remaining tight for too long leading to a faster-than-anticipated growth deceleration, a resurgence of financial market volatility, and an intensification of protectionist policies.

2.3 The Mainland economy grew further by 4.6% over a year earlier in the third quarter, compared with 4.7% in the second quarter. Major economic indicators pointed to a pick-up in growth momentum towards the end of the quarter. Riding on the improvement in domestic consumption and investment, both industrial and service production gathered pace in September. The authorities unveiled a series of policy measures to stimulate the economy since late September. The People's Bank of China reduced reserve requirement ratios for financial institutions by 0.5 percentage point and lowered benchmark rates by 20 basis points to bolster economic activities, alongside the introduction of other measures aimed at stabilising the property market and boosting the capital market. On the fiscal front, in October, the Minister of Finance announced that a host of additional measures would be rolled out to help resolve the local governments' debt risks, stabilise the property market, replenish large

state-owned commercial banks' core tier-1 capital, and enhance support to low-income groups.

2.4 As for the advanced economies, the US economy expanded by 2.8% in the third quarter on an annualised seasonally-adjusted quarter-to-quarter basis, decelerating slightly from 3.0% in the preceding quarter. Personal consumption stayed resilient, but investment growth slowed. With inflation staying on a broad downward trend and the labour market showing gradual softening over the past year or so, the Federal Reserve cut the target range for the federal funds rate by 50 basis points in September, marking the first rate cut after the beginning of its rate hike cycle in March 2022. This was followed by another 25-basis-point cut in November. The euro area economy continued to record mild growth of 0.4% on a seasonally-adjusted basis in the third quarter over the preceding quarter. In September, headline CPI inflation fell below the European Central Bank (ECB)'s target of 2% for the first time in three years. After a 25-basis-point cut in June, the ECB cut key interest rates further in September and October by 25 basis points each.

2.5 Economic growth generally stayed solid in other Asian economies in the third quarter. Intra-regional trade continued to rise in tandem. Inflation in many regional economies eased during the quarter. The central banks of the Philippines and Indonesia lowered their policy rates in August and September respectively, followed by South Korea and Thailand in October.

Merchandise exports

2.6 Hong Kong's *merchandise exports* grew by 4.2% year-on-year in real terms in the third quarter of 2024, after an increase of 8.1% in the preceding quarter. The moderation was mainly due to softening economic growth in some major markets.

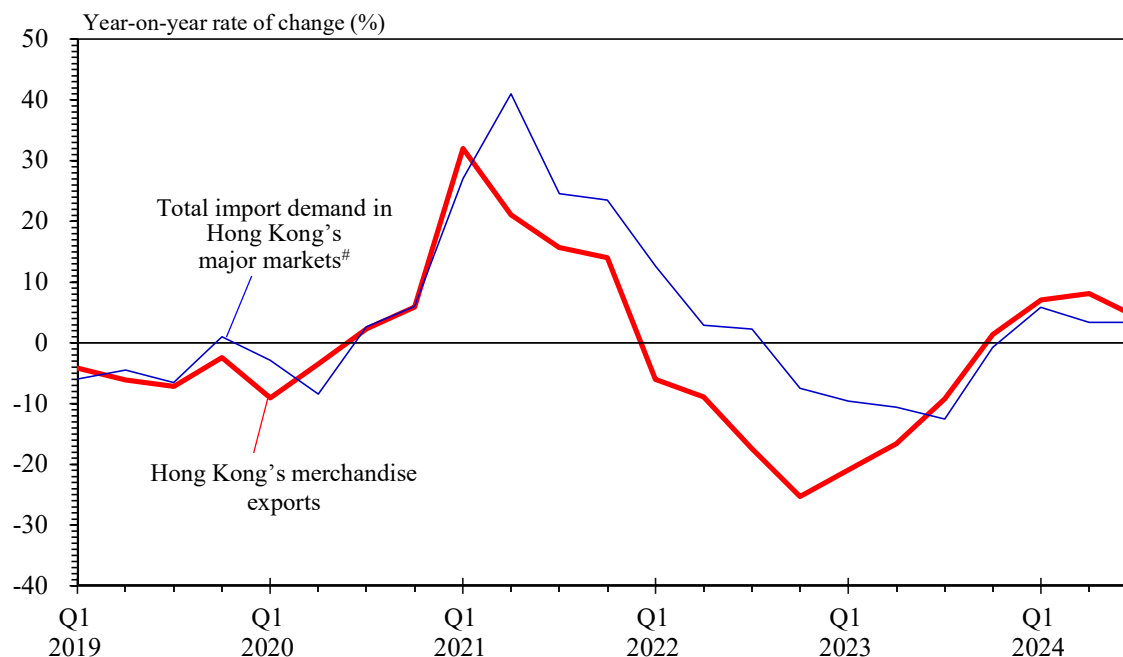
**Table 2.1 : Merchandise exports
(year-on-year rate of change (%))**

		In value <u>terms</u>	In real <u>terms</u> ^(a)		Change <u>in prices</u>
2023	Annual	-7.8	-11.6		4.4
	Q1	-17.7	-20.9	(0.2)	4.7
	Q2	-13.3	-16.6	(-1.0)	4.1
	Q3	-6.0	-9.2	(0.4)	3.7
	Q4	6.6	1.4	(2.0)	4.6
2024	Q1	11.9	7.1	(4.1)	4.5
	Q2	12.5	8.1	(1.7)	3.9
	Q3	8.0	4.2	(-3.1)	3.4

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*.

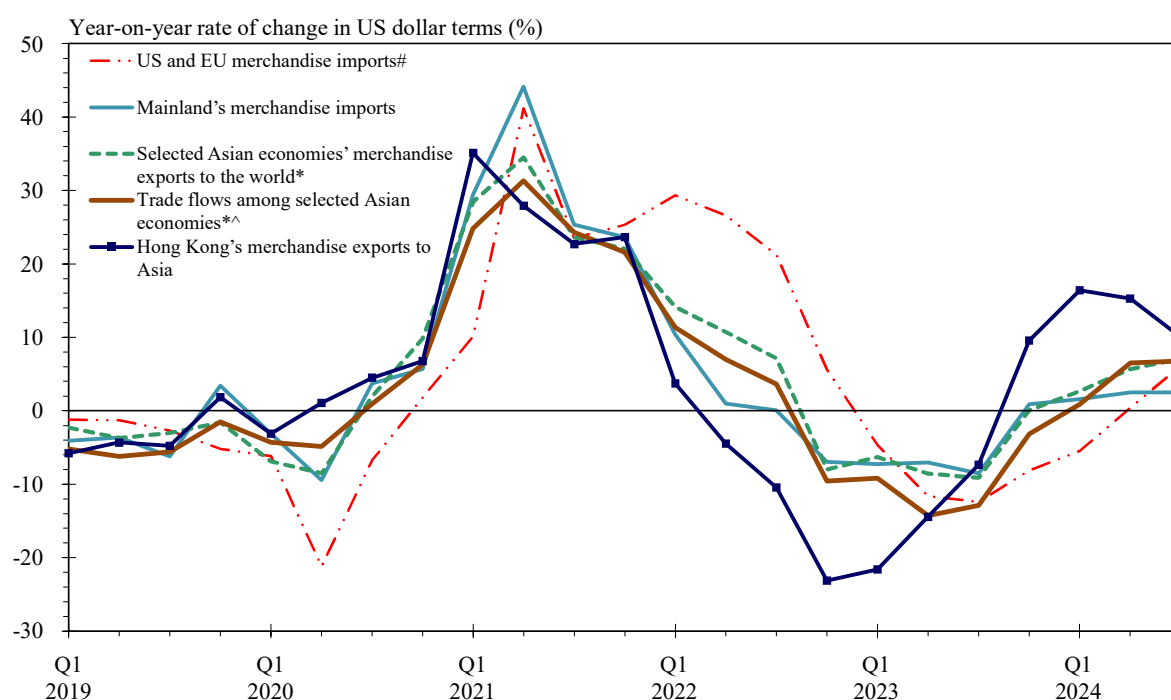
Diagram 2.1 : Merchandise exports grew at a moderated pace in the third quarter



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 third quarter of 2024 is based on information available as of early November 2024.

Diagram 2.2 : Regional trade flows continued to rise



Notes : (#) EU merchandise imports for the third quarter of 2024 are based on the information available as of early November 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".

2.7 Analysed by major market, exports to the Mainland continued to increase visibly in the third quarter over a year earlier. Exports to the US grew at a moderated pace, while those to the EU saw a rebound. Meanwhile, exports to many major Asian markets declined.

**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>Q1</u>	<u>2024</u> <u>Q2</u>	<u>Q3</u>
Mainland of China	-13.8	-27.2	-17.6	-12.0	3.5	13.8	12.6	10.8
US	-10.2	-13.3	-22.9	-8.5	7.2	-0.1	21.0	1.2
EU	-14.7	-8.7	-18.4	-15.5	-16.1	-11.6	-0.4	9.4
ASEAN	-12.0	-18.6	-19.2	-9.0	*	15.5	21.7	12.3
Vietnam	-5.3	-19.5	-11.6	2.5	11.1	12.2	26.9	24.7
Singapore	-26.2	-30.8	-27.6	-27.9	-17.7	3.5	2.0	-15.1
India	-8.7	-17.5	-25.3	-9.7	22.6	9.5	-20.8	-23.7
Japan	-20.5	-32.5	-21.2	-17.4	-6.5	-3.0	0.6	-3.6
Taiwan	-11.8	-20.3	-19.7	-8.2	4.4	-8.3	8.1	-8.2
Korea	-10.0	0.2	-11.7	-15.3	-12.1	-9.8	-4.7	-14.0
Overall [#]	-11.6	-20.9	-16.6	-9.2	1.4	7.1	8.1	4.2

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*.

Diagram 2.3 : Exports to the Mainland continued to increase visibly

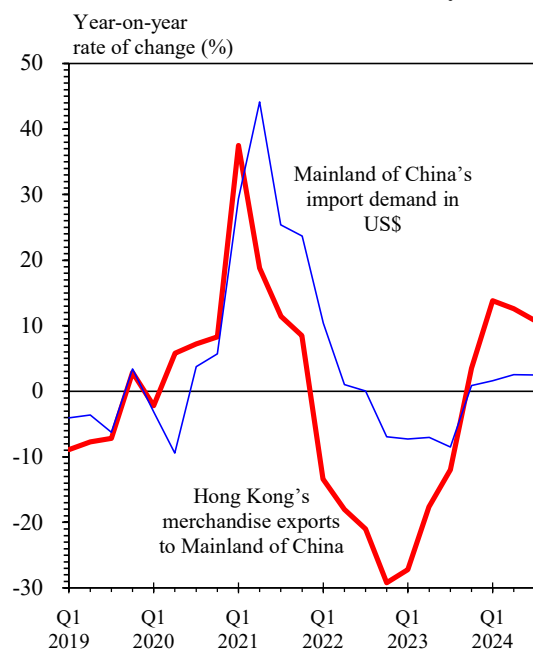
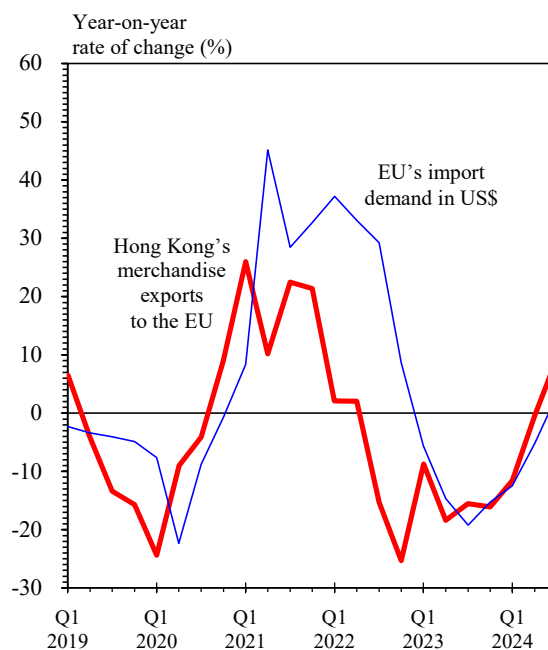


Diagram 2.4 : Exports to the EU saw a rebound



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

Diagram 2.5 : Exports to the US grew at a moderated pace

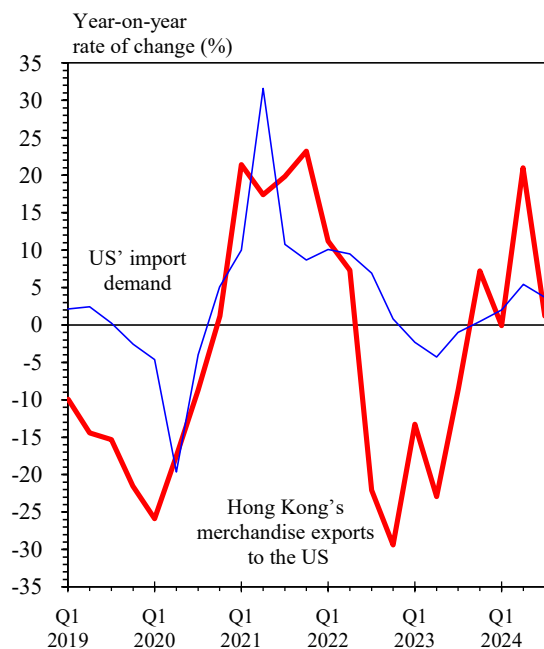


Diagram 2.6 : Exports to Japan declined

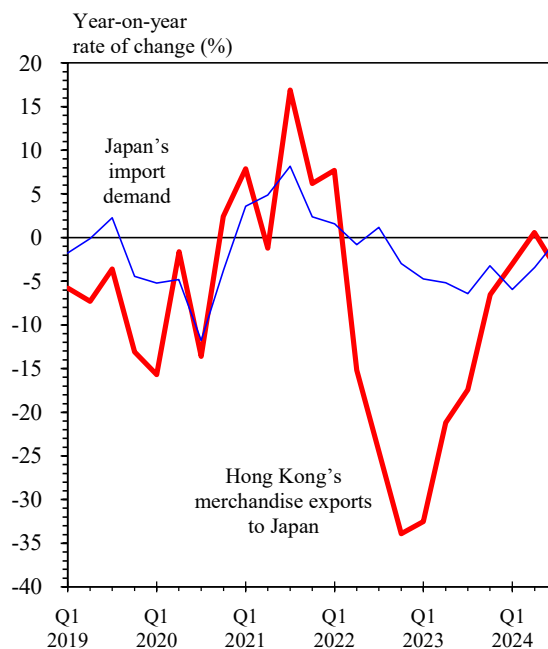


Diagram 2.7 : Exports to India continued to fall notably

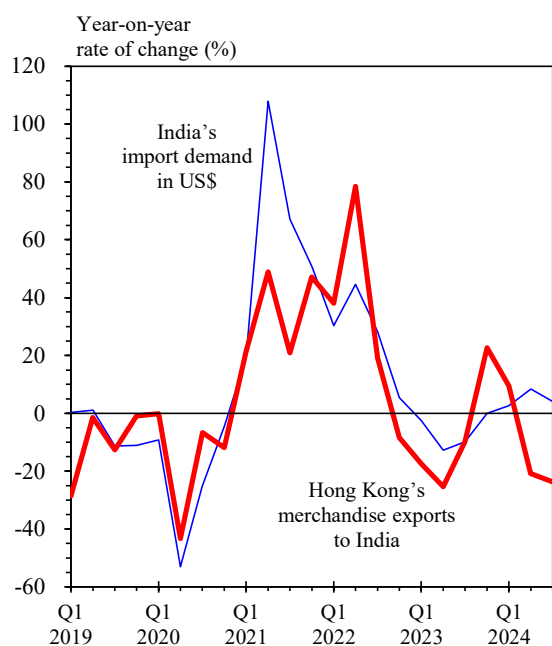


Diagram 2.8 : Exports to Taiwan turned to a decrease

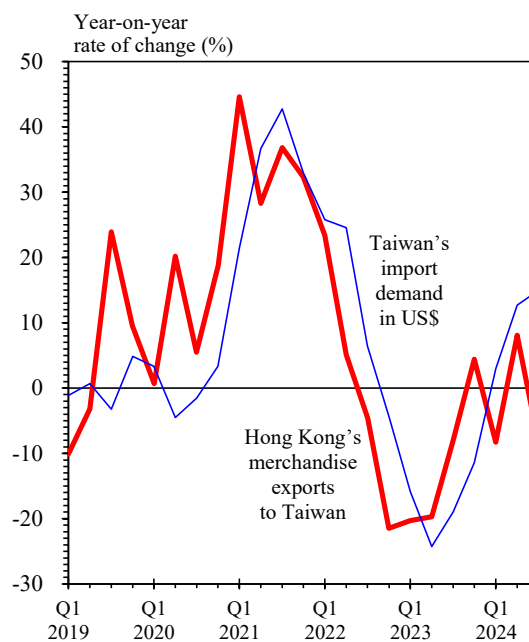


Diagram 2.9 : Exports to Korea declined further

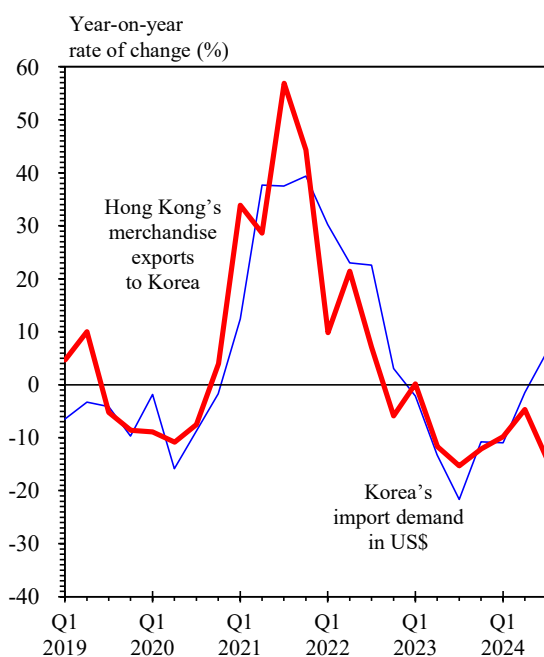
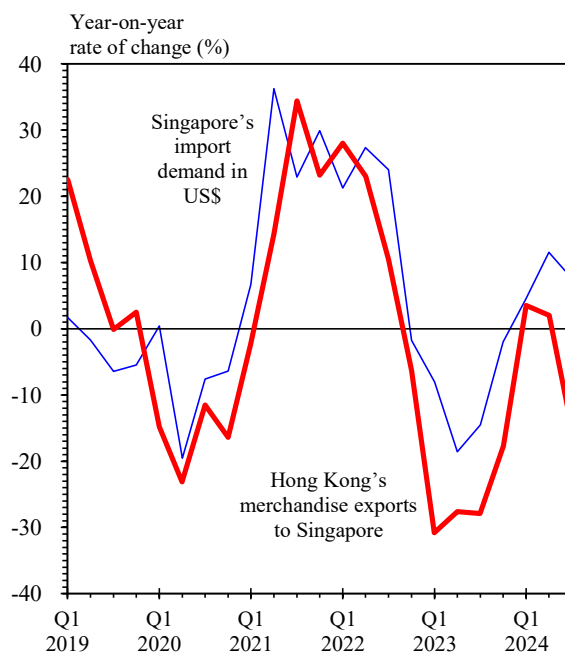


Diagram 2.10 : Exports to Singapore turned to a fall



Merchandise imports

2.8 *Merchandise imports* rose by 3.2% year-on-year in real terms in the third quarter of 2024, after growing by 4.0% 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 a narrowed 1.5%. Imports for subsequent *re-exports*⁽³⁾ continued to rise in tandem with the growth in exports.

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

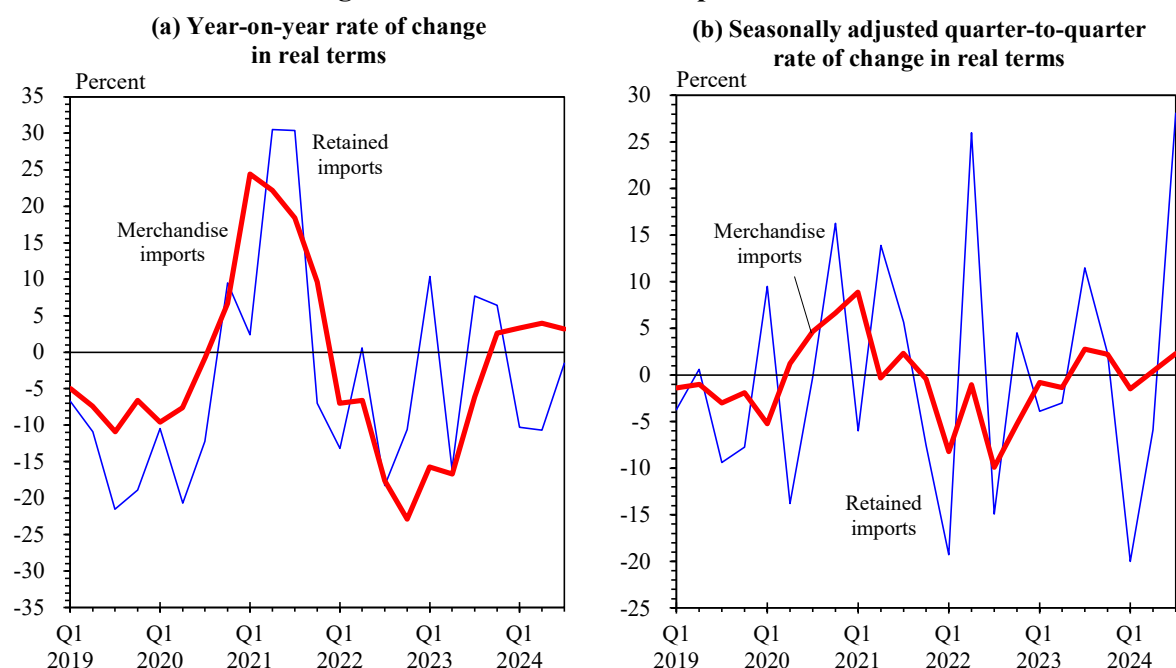
		<u>Merchandise imports</u>				<u>Retained imports</u> ^(a)			
		<u>In value terms</u>	<u>In real terms</u> ⁽⁺⁾	<u>Change in prices</u>	<u>In value terms</u>	<u>In real terms</u>	<u>Change in prices</u>		
2023	Annual	-5.7	-9.2	3.9	7.7	0.9		6.7	
	Q1	-12.7	-15.7	(-0.8)	3.9	17.7	10.4	(-3.9)	6.5
	Q2	-13.6	-16.7	(-1.3)	3.7	-10.6	-16.0	(-3.0)	6.0
	Q3	-2.8	-6.1	(2.8)	3.5	16.2	7.7	(11.5)	7.6
	Q4	7.0	2.6	(2.2)	4.1	12.7	6.4	(2.3)	6.9
2024	Q1	8.0	3.3	(-1.5)	4.6	-6.2	-10.3	(-20.0)	4.8
	Q2	7.4	4.0	(0.4)	3.1	-10.8	-10.7	(-5.9)	-0.3
	Q3	6.0	3.2	(2.3)	2.6	-1.8	-1.5	(28.1)	-0.1

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

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

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

Diagram 2.11 : Merchandise imports rose further



Services trade

Exports of services

2.9 *Exports of services* increased further by 2.4% year-on-year in real terms in the third quarter of 2024, after growing by 1.1% in the preceding quarter. Exports of financial services rose further in tandem with improved cross-border financial and fund raising activities. Exports of business and other services also grew further along with the economic expansion. Exports of transport services continued to grow as visitor arrivals and regional trade flows increased. Meanwhile, exports of travel services continued to decline alongside the change in consumption patterns of visitors and the strength of the Hong Kong dollar.

Diagram 2.12 : Travel, transport and financial services are the major types of exports of services

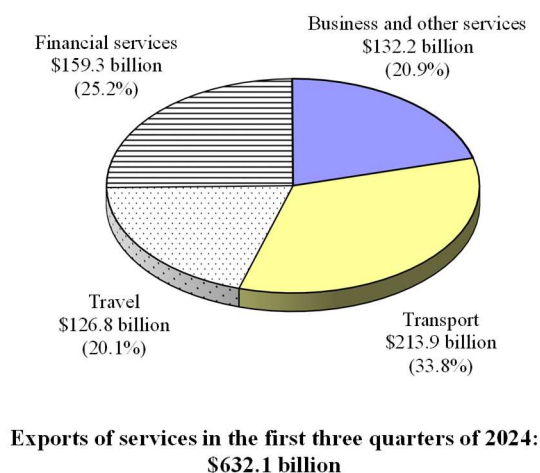


Diagram 2.13 : Exports of services increased further

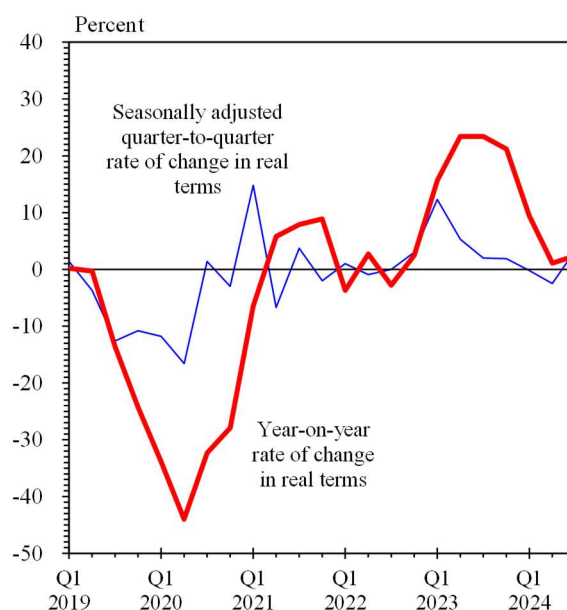


Table 2.4 : Exports of services by major service group (year-on-year rate of change in real terms (%))

		<i>Of which :</i>					
		Exports of services		Transport	Travel ^(a)	Financial services	Business and other services
2023	Annual	20.9		5.0	521.5	-4.2	2.0
	Q1	15.7	(12.3)	3.3	504.2	-5.5	2.2
	Q2	23.4	(5.3)	2.1	771.0	-0.3	0.4
	Q3	23.4	(2.0)	6.6	789.4	-3.6	2.0
	Q4	21.2	(1.9)	7.6	311.3	-6.6	3.2
2024	Q1	9.4	(-0.2)	12.0	42.2	-5.9	2.0
	Q2	1.1	(-2.5)	4.4	-8.8	2.8	3.5
	Q3	2.4	(3.4)	2.9	-3.1	4.2	4.6

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

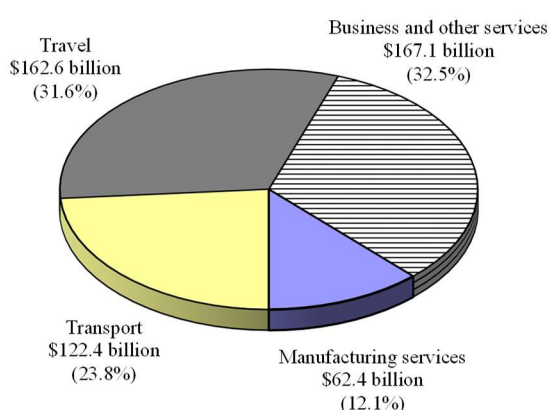
(a) Comprising mainly inbound tourism receipts.

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

Imports of services

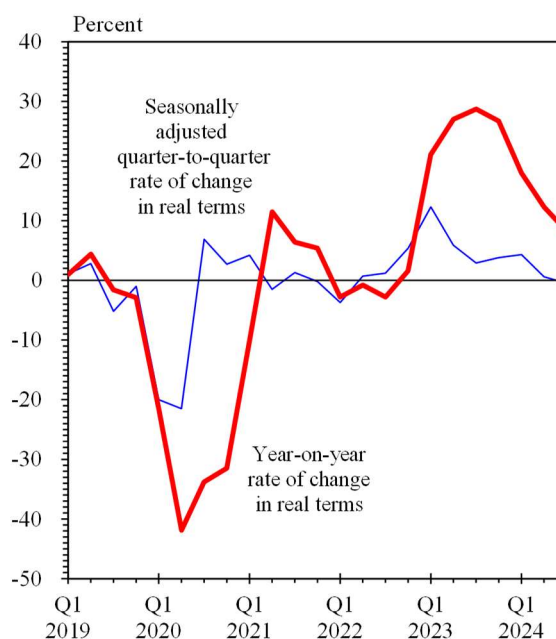
2.10 *Imports of services* grew by 8.2% in real terms in the third quarter of 2024 over a year earlier, further to the 12.3% growth in the preceding quarter. This was mainly attributable to the continued increase in imports of travel services. Imports of transport services, manufacturing services, and business and other services also continued to expand by varying degrees.

Diagram 2.14 : Business and other services, travel, as well as transport services are the major types of imports of services



Imports of services in the first three quarters of 2024:
\$514.5 billion

Diagram 2.15 : Imports of services grew further over a year earlier



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

Of which :

		<u>Imports of services</u>	<u>Travel</u> ⁽⁺⁾	<u>Transport</u>	<u>Manufacturing services</u> ^(^)	<u>Business and other services</u>
2023	Annual	25.9	309.9	-2.1	-5.1	1.3
	Q1	21.1 (12.3)	366.7	0.5	-11.1	1.3
	Q2	27.0 (5.9)	451.2	-9.1	-3.6	0.3
	Q3	28.7 (2.9)	393.1	-3.8	-4.0	2.1
	Q4	26.7 (3.8)	184.7	4.2	-2.6	1.6
2024	Q1	18.0 (4.3)	61.1	10.4	5.1	1.5
	Q2	12.3 (0.6)	27.8	3.8	7.4	6.8
	Q3	8.2 (-0.5)	15.2	3.0	6.5	6.5

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

(+) Comprising mainly outbound travel spending.

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

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

Goods and services balance

2.11 Based on the GDP compilation framework and compared to a year earlier, the goods deficit narrowed noticeably to \$1 billion in the third quarter of 2024, as the value of exports of goods saw a larger increase than that of imports. Meanwhile, the services surplus widened to \$40 billion. The combined goods and services account registered a surplus of \$39 billion in the third quarter of 2024, equivalent to 2.7% of total import value, compared to a surplus of \$18 billion or 1.3% in the third quarter of 2023.

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

		<u>Total exports</u>		<u>Imports</u>		<u>Trade balance</u>			<u>As % of imports</u>
		<u>Goods</u>	<u>Services</u>	<u>Goods</u>	<u>Services</u>	<u>Goods</u>	<u>Services</u>	<u>Combined</u>	
2023	Annual	4,499	772	4,628	621	-129	151	22	0.4
	Q1	1,023	191	1,061	145	-38	47	9	0.7
	Q2	1,067	182	1,129	145	-62	37	-25	-2.0
	Q3	1,163	197	1,184	157	-21	39	18	1.3
	Q4	1,246	202	1,254	174	-8	28	20	1.4
2024	Q1	1,142	222	1,149	173	-7	48	41	3.1
	Q2	1,197	194	1,211	165	-14	29	15	1.1
	Q3	1,260	216	1,261	176	-1	40	39	2.7

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

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

Other developments

2.12 To strengthen the provision of high value-added supply chain services in Hong Kong, the Chief Executive announced in the 2024 Policy Address that Invest Hong Kong and the Hong Kong Trade Development Council will set up a mechanism and enhance the interface for attracting Mainland enterprises to set up headquarters in Hong Kong. In addition, the statutory maximum indemnity percentage of the Hong Kong Export Credit Insurance Corporation (ECIC) will be increased from 90% to 95% to provide greater export protection for enterprises. The ECIC will also provide more free buyer credit checks with extended geographical coverage and enhance financing support for e-commerce businesses.

2.13 Meanwhile, the Government continued to strengthen Hong Kong's economic links with the Mainland and overseas economies. In October, the HKSAR Government and the Ministry of Commerce signed the Second Agreement Concerning Amendment to the CEPA Agreement on Trade in Services (Amendment Agreement II). The Amendment Agreement II introduces new liberalisation measures across different service sectors where Hong Kong enjoys competitive advantages, such as financial services, construction and related engineering services, testing and certification, telecommunications, motion pictures, television and tourism services, making it easier for Hong Kong service suppliers to establish enterprises and develop business on the Mainland, and at the same time enabling more Hong Kong professionals to obtain qualifications to practise on the Mainland, and allowing more of Hong Kong's quality services to be provided to the Mainland market.

2.14 In September, the Financial Secretary visited Australia, where he met with members of the local business, finance and innovation and technology (I&T) sectors, and promoted Hong Kong's business advantages to local business leaders. In the same month, the Chief Executive led a delegation to Beijing to attend the 27th Beijing-Hong Kong Economic Cooperation Symposium and Beijing-Hong Kong Cooperation Promotion Conference to foster co-operation between the two places, with a view to attracting more Mainland enterprises to leverage Hong Kong in accessing the international market, and facilitating exchanges between enterprises from the two places. In October, the Financial Secretary led a delegation from the I&T sector to visit Spain and the United Kingdom. During his visit, he met with members from the political and business communities, and promoted Hong Kong's advantages in the financial services and I&T sectors.

Notes :

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

	<u>2023</u>	<u>July round</u> *	<u>2024</u> <u>October round</u>
	(%)	(%)	(%)
World (PPP ^{##} weighted)	3.3	3.2	3.2
Advanced economies	1.7	1.7	1.8
US	2.9 [#]	2.6	2.8
Euro area	0.4 [#]	0.9	0.8
UK	0.3 [#]	0.7	1.1
Japan	1.7 [#]	0.7	0.3
Emerging market and developing economies	4.4	4.2	4.2
Emerging and developing Asia	5.7	5.4	5.3
Mainland China	5.2 [#]	5.0	4.8
India [^]	8.2	7.0	7.0
ASEAN-5 ^{\$}	4.0	4.4	4.5
Middle East and Central Asia	2.1	2.4	2.4

- Notes :
- (#) Actual figures.
 - (##) PPP refers to purchasing power parity.
 - (*) The IMF has revised the July round growth forecasts based on a new set of PPP weights.
 - (^) Fiscal year.
 - (\$) Includes Indonesia, Malaysia, the Philippines, Singapore and Thailand.

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

CHAPTER 3 : DEVELOPMENTS IN SELECTED SECTORS

Summary

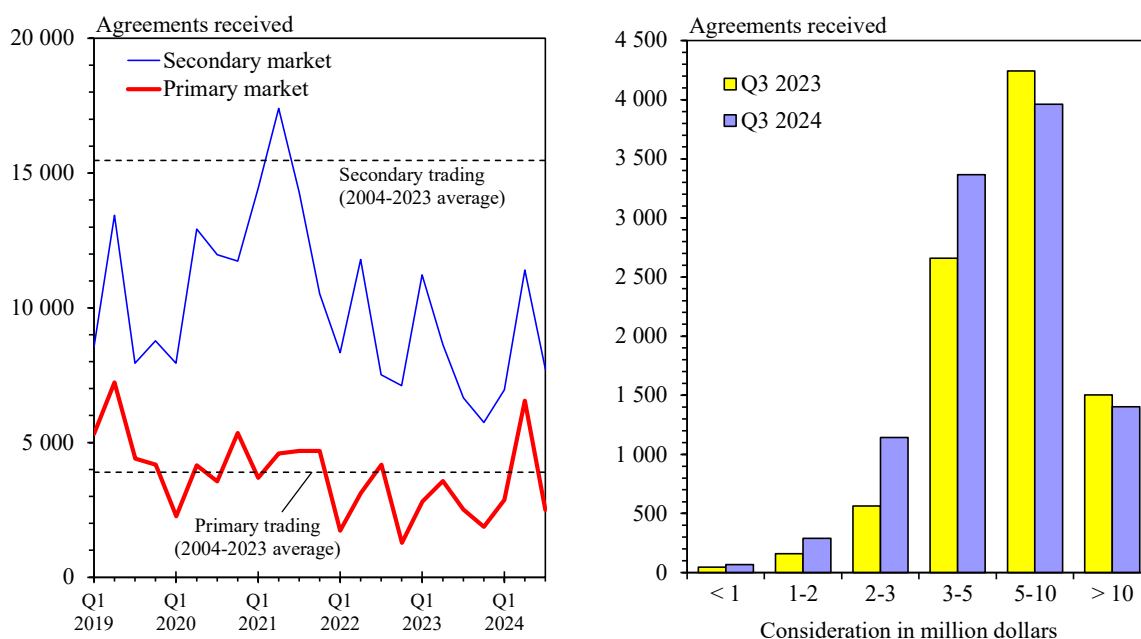
- *The residential property market was quiet for most of the third quarter of 2024, but market sentiment improved and developers stepped up launches of new projects after the US interest rate cut in September. For the quarter as a whole, trading activities were lower than the preceding quarter, while flat prices remained soft.*
- *Reflecting the Government's sustained efforts to raise flat supply, the total private first-hand flat supply in the coming three to four years remained at a high level of 108 000 units as estimated at end-September 2024.*
- *The non-residential property market stayed weak in the third quarter. Trading activities for all major market segments remained subdued. Prices and rentals stayed soft.*
- *The tourism sector continued to recover in the third quarter. Visitor arrivals rose by 9.6% year-on-year in the third quarter to 11.4 million, equivalent to 71% of the level in the same period in 2018.*
- *The logistics sector continued to show mixed performance in the third quarter. Total container throughput fell by 7.5% from a year earlier, while air freight throughput increased by 11.7%.*

Property

3.1 The *residential property market* was quiet for most of the third quarter of 2024, but market sentiment improved and developers stepped up launches of new projects after the US interest rate cut in September. For the quarter as a whole, trading activities were lower than the preceding quarter, while flat prices remained soft.

3.2 The total number of sale and purchase agreements for residential property received by the Land Registry retreated by 43% from the preceding quarter to 10 225 in the third quarter, though the level was still 11% higher than a year earlier. Within the total, primary and secondary market transactions dropped by 62% and 32% from the preceding quarter respectively. In parallel, total consideration decreased by 49% from the preceding quarter to \$85.0 billion.

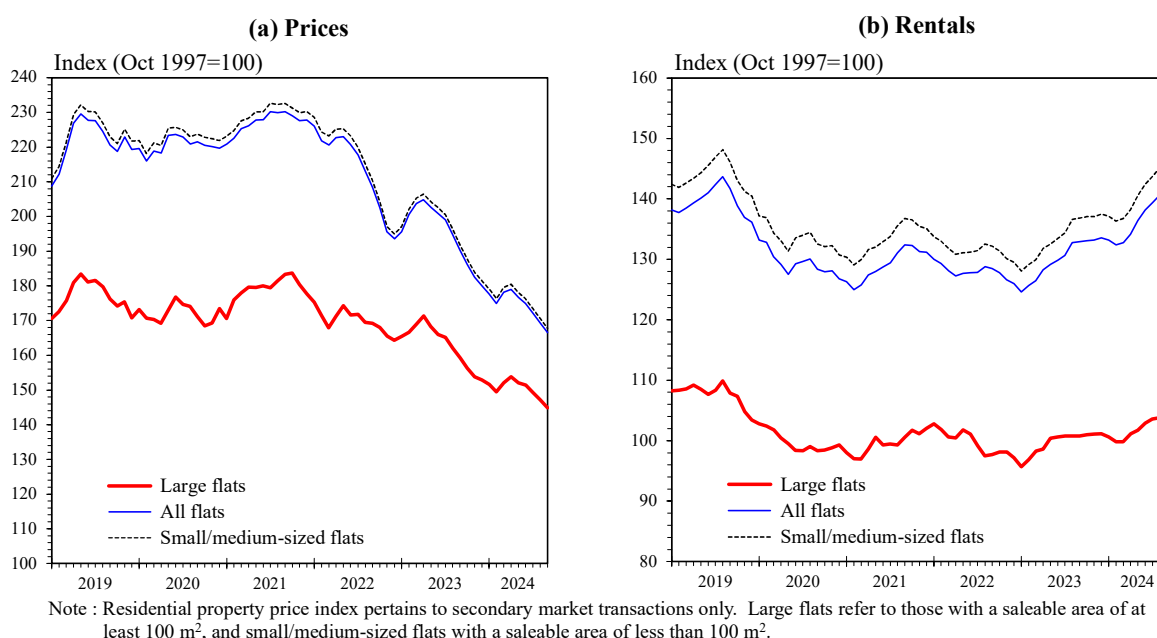
Diagram 3.1 : Trading activities in the third quarter were lower than the preceding quarter



3.3 Overall flat prices declined by 5% during the third quarter. Analysed by size, prices of small/medium-sized flats and large flats dropped by 5% and 4% respectively. Flat prices in September 2024 were on average 8% lower than in December 2023 and 28% below the peak in September 2021.

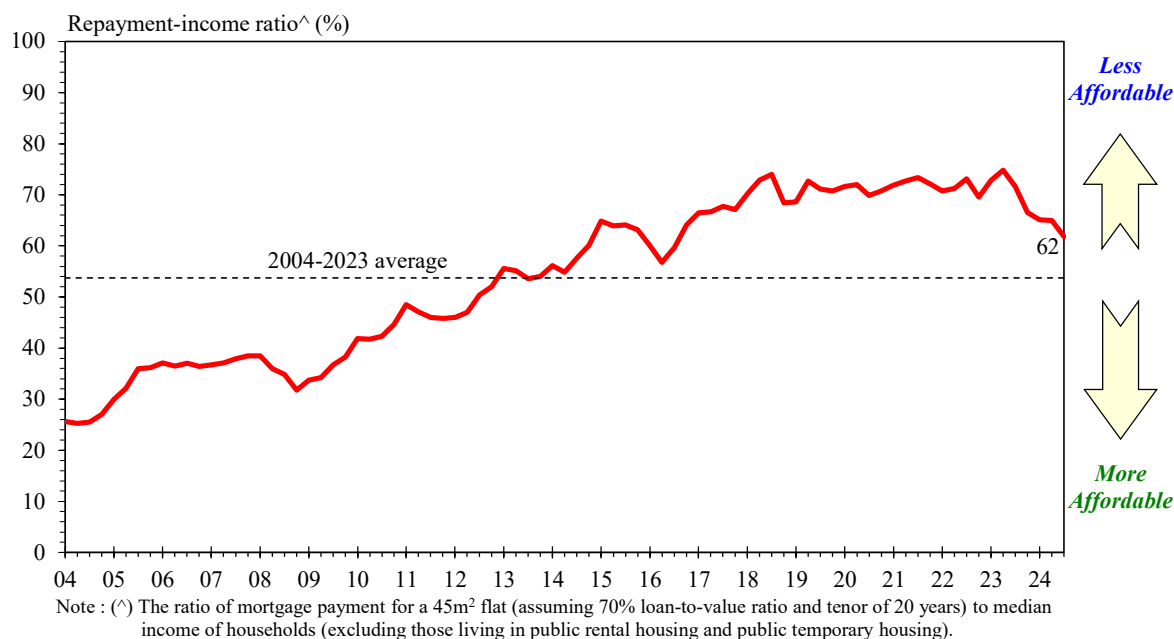
3.4 Meanwhile, overall flat rentals increased further by 2% during the third quarter. Analysed by size, rentals of small/medium-sized flats and large flats went up by 2% and 1% respectively. Flat rentals in September 2024 were on average 5% higher than in December 2023, but were still 2% below the peak in August 2019. The average rental yield for residential property rose from 3.0% in June to 3.2% in September.

Diagram 3.2 : Flat prices declined during the third quarter, while rentals increased further



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) improved to around 62% in the third quarter alongside the fall in flat prices, but it remained above the long-term average of 54% over 2004-2023⁽¹⁾.

Diagram 3.3 : Affordability of home purchases improved



3.6 Maintaining a sustained supply of housing land in a prudent manner is a policy priority of the Government to ensure the healthy and stable development of the residential property market. In October, the Government announced that it would put up one residential site for sale in the fourth quarter. Combining the various sources (including a Government land sale, a railway property development project, and private development and redevelopment projects), the total private housing land supply in the fourth quarter is expected to produce around 2 200 flats. Together with the supply in the previous two quarters, the total private housing land supply for the first three quarters of the 2024-25 financial year is estimated to produce about 5 760 units, or around 44% of the annual private housing supply target (13 200 units).

3.7 Reflecting the Government's sustained efforts to raise 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) remained at a high level of 108 000 units as estimated at end-September 2024. Another 3 600 units could be added to the total supply after the conversion of a number of residential sites into "disposed sites". In October, the Chief Executive announced a number of measures on housing and land supply in the 2024 Policy Address, including the relaxation of the maximum loan-to-value ratios of property mortgage loans (**Box 3.1**).

Box 3.1

Latest Government measures on housing and land supply (October 2024)

In the 2024 Policy Address, the Chief Executive announced various measures on housing and land supply, as well as some adjustments to the countercyclical macroprudential measures for property mortgage loans, as summarised below.

Increase public housing supply and enhance the housing ladder

- Coupled with Light Public Housing (LPH), the total public housing supply in the coming five years (2025-26 to 2029-30) will reach 189 000 units, which is about 80% higher than that of the first five-year period since the current-term Government took office (2022-23 to 2026-27). On LPH, about 9 500 units will be completed next year, moving towards the target of completing about 30 000 units by 2027-28.
- In the past two years, the average waiting time for Public Rental Housing (PRH) has dropped from the peak of 6.1 years to 5.5 years. Following the gradual completion of LPH next year, the Composite Waiting Time for Subsidised Rental Housing could be further shortened to 4.5 years in 2026-27.
- The Government will continue to adopt a phased completion approach for some PRH units, making them available ahead of the completion date of the whole development and enabling applicants to move in earlier. The Advance Allocation Scheme has helped more than 2 000 families to move into PRH units five to nine months in advance and will provide about 10 000 more PRH units ahead of schedule by 2027-28.
- To address the public aspiration for home ownership, the Hong Kong Housing Authority (HA) will further enhance the housing ladder by gradually adjusting the ratio between PRH (including Green Form Subsidised Home Ownership Scheme units) and subsidised sale flats (SSF) from the current 70:30 to 60:40; allocating an extra ballot number to applicants who failed to purchase a SSF in the last two consecutive sale exercises of the same type of SSF; and adjusting the ratio for quota allocation between Green and White Form applicants from the existing 40:60 to 50:50 to encourage more PRH tenants to buy Home Ownership Scheme (HOS) flats.
- To support young people to purchase SSF, HA will allocate an extra ballot number to young family applicants and one-person applicants aged below 40 with White Form status for the purchase of HOS flats from the next HOS sale exercise onwards; and will increase the White Form Secondary Market Scheme quota by 1 500, all of which will be allocated to young family applicants and one-person applicants aged below 40.

Sustain the orderly supply of land for private housing

- The Government will make land available in the next five years (2025-26 to 2029-30) to provide about 80 000 private housing units.

Box 3.1 (Cont'd)

Adjust the countercyclical macroprudential measures for property mortgages

- Taking into account the latest market developments, the Hong Kong Monetary Authority considered that there was room to further adjust the countercyclical macroprudential measures, while continuing to maintain banking stability and ensuring the proper risk management of property mortgage loans. After the adjustments, the maximum loan-to-value ratio for all residential and non-residential properties have been standardised at 70% and the debt servicing ratio limit at 50%.

Tackle the issue of subdivided units

- The Government plans to introduce into the Legislative Council (LegCo) in 2025 a piece of new legislation to regulate the renting of subdivided units (SDUs) in residential buildings. Subject to LegCo's passage of the new legislation, pre-existing substandard SDUs must, within a grace period, be converted to Basic Housing Units (BHUs) that meet the required minimum standards to ensure safe and reasonable living environment, while new SDUs entering the market must apply for recognition as up-to-standard BHUs before being rented out. Under this system, the renting of substandard SDUs or SDUs without recognition as BHUs after the grace period would be illegal and subject to enforcement actions, and thus the number of substandard SDUs in residential buildings will gradually go down to zero.

Create developable land

- The Government remains determined to sustain efforts in land production. According to the latest forecast, the supply of developable land will reach about 3 000 hectares in the next decade (2025-26 to 2034-35), including about 1 700 hectares from the Northern Metropolis and about 300 hectares from the Kau Yi Chau Artificial Islands.
- The Government will also resume around 1 000 hectares of private land for government projects in the five years from 2024-25 to 2028-29 and further resume about 300 hectares of land in the ensuing three years.

Expedite urban redevelopment

- The Government is examining the use of newly developed land to drive large-scale urban redevelopment projects, including the cross-district transfer of plot ratios and the construction of more dedicated rehousing estates. The target is to formulate proposals in the first half of next year.
- The Government will continue encouraging redevelopment and conversion of aged industrial buildings. An array of measures under the revitalisation scheme for industrial buildings will be extended to the end of 2027, including allowing an increase in plot ratio of up to 20% for industrial building redevelopment projects.

The Government recognises that housing is an issue of great public concern, and will take forward various measures to enhance the speed, quantity, quality and efficiency of housing supply as appropriate. The Government will also take into account the latest market situation when adjusting the countercyclical macroprudential measures for property mortgage loans and disposing land, ensuring the market's stable and healthy development.

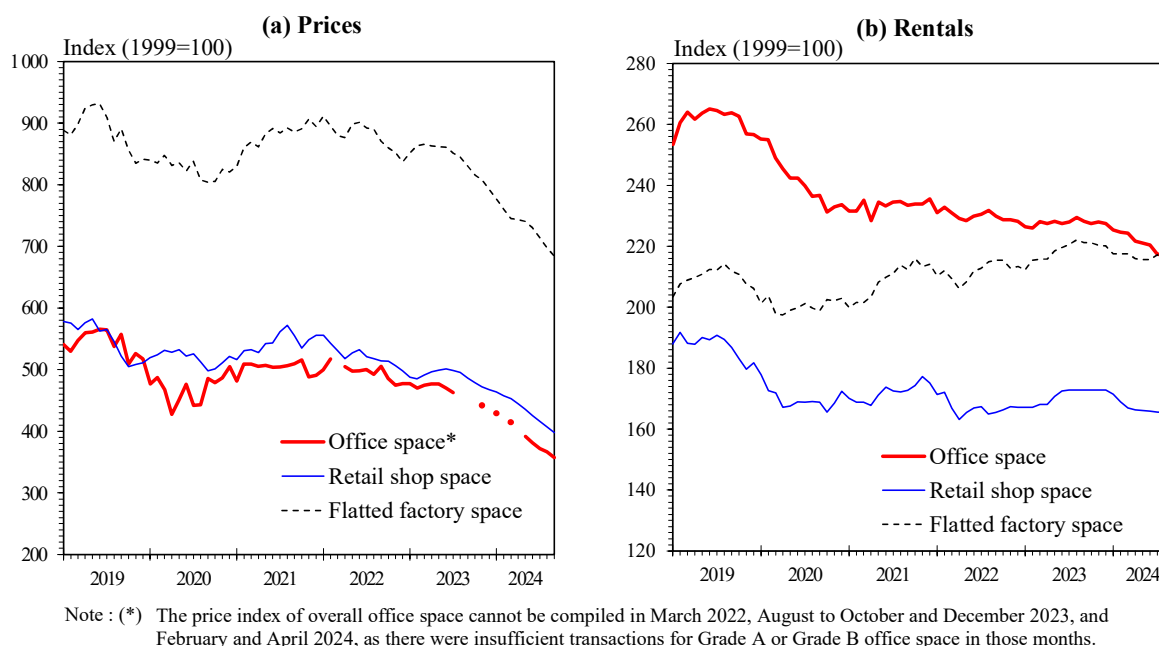
3.8 The *non-residential property market* stayed weak in the third quarter. Trading activities for all major market segments remained subdued. Prices and rentals stayed soft.

3.9 Prices of *office space* on average decreased further by 6% during the third quarter, with prices of Grade A, B, and C office space falling by 5%, 5% and 6% respectively. Meanwhile, overall office rentals declined by 2% between June and September. Within the total, rentals of Grade A, B, and C office space retreated by 2%, 2% and 1% respectively. Compared with the respective peaks in 2018 and 2019, prices and rentals of office space in September 2024 were 40% and 19% lower. The average rental yields of Grade A, B and C office space rose further to 3.2%, 3.5% and 3.8% respectively in September, from 3.1%, 3.4% and 3.6% in June. Transactions for office space fell by 15% from the preceding quarter or by 5% from a year earlier to 130 cases in the third quarter, below the quarterly average of 200 cases in 2019-2023.

3.10 Prices of *retail shop space* went down by another 6% during the third quarter, while rentals were little changed. Compared with the respective peaks in 2018 and 2019, prices and rentals in September 2024 were 34% and 14% lower. The average rental yield rose further from 3.1% in June to 3.3% in September. Transactions of commercial spaces⁽²⁾ fell by 33% from the preceding quarter or by 22% from a year earlier to 230 cases in the third quarter, below the quarterly average of 360 cases in 2019-2023.

3.11 Prices of *flatted factory space* fell further by 6% during the quarter, while rentals were little changed. Compared with the respective peaks in 2019 and 2023, prices and rentals in September 2024 were 27% and 3% lower. The average rental yield increased from 3.5% in June to 3.8% in September. Transactions rose by 3% over the preceding quarter to 410 cases in the third quarter, yet were still 2% below a year earlier and below the quarterly average of 600 cases in 2019-2023.

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



Land

3.12 Two sites (comprising one residential site and one site for an electric vehicle charging station) with a total area of about 0.3 hectares were disposed of in the third quarter, fetching a land premium of about \$0.6 billion. In addition, the tender exercise for a residential site in Sha Tin commenced in the quarter, while one land exchange case and lease modifications of 12 sites were approved.

Tourism

3.13 The tourism sector continued to recover. *Visitor arrivals* rose by 9.6% over a year earlier to 11.4 million in the third quarter, equivalent to 71% of the level in the same period in 2018. Mainland visitors, which accounted for 80% of the total in the quarter, grew by 6.1% over a year earlier to 9.1 million. Visitor arrivals from other short-haul markets and long-haul markets grew by 25.3% and 26.7% over a year earlier to 1.7 million and 0.7 million respectively⁽³⁾. Analysed by length of stay, overnight and same-day visitors rose by 7.4% and 11.8% over a year earlier to 5.7 million and 5.8 million respectively. Meanwhile, visitor spending, as measured by exports of travel services, fell by 3.1% in real terms from a year earlier amid the change in consumption patterns of visitors and the strength of the Hong Kong dollar.

Table 3.1 : Number of visitor arrivals

		<u>All sources</u>	<u>Mainland China</u>	<u>Other short-haul markets*</u>	<u>Long-haul markets*</u>
2019	Q1	18 234 400	14 582 200	2 486 500	1 165 700
	Q2	16 637 500	12 991 300	2 448 200	1 198 000
	Q3	11 891 600	9 356 000	1 648 000	887 600
	Q4	9 149 200	6 845 100	1 356 900	947 100
2020	Q1	3 489 200	2 665 900	483 500	339 800
	Q2	26 900	15 300	4 800	6 700
	Q3	34 100	14 300	10 200	9 700
	Q4	18 600	10 900	5 100	2 700
2021	Q1	16 500	11 600	3 100	1 900
	Q2	17 200	12 700	2 400	2 100
	Q3	29 400	21 800	4 300	3 200
	Q4	28 300	19 700	5 200	3 500
2022	Q1	11 500	8 600	2 000	900
	Q2	64 500	53 400	5 700	5 500
	Q3	173 700	139 600	17 300	16 800
	Q4	354 900	173 500	103 700	77 600
2023	Q1	4 414 800	3 361 200	779 100	274 400
	Q2	8 469 100	6 749 600	1 224 100	495 500
	Q3	10 438 100	8 574 500	1 331 700	531 800
	Q4	10 677 700	8 075 200	1 842 900	759 600
2024	Q1	11 228 800	8 694 900	1 778 700	755 200
	Q2	9 922 400	7 446 000	1 724 200	752 300
	Q3	11 437 500	9 095 300	1 668 200	674 000

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

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

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

		<u>Overnight visitor arrivals</u>	<u>Same-day visitor arrivals</u>
2019	Q1	7 775 100	10 459 300
	Q2	7 145 100	9 492 400
	Q3	5 108 400	6 783 200
	Q4	3 723 700	5 425 500
2020	Q1	1 280 900	2 208 300
	Q2	26 500	300
	Q3	33 800	300
	Q4	18 100	500
2021	Q1	16 300	200
	Q2	16 900	300
	Q3	29 000	300
	Q4	26 900	1 400
2022	Q1	10 700	800
	Q2	62 700	1 800
	Q3	164 600	9 100
	Q4	329 800	25 100
2023	Q1	2 340 400	2 074 400
	Q2	4 237 500	4 231 700
	Q3	5 267 600	5 170 500
	Q4	5 313 900	5 363 800
2024	Q1	5 613 400	5 615 400
	Q2	4 928 900	4 993 600
	Q3	5 656 800	5 780 800

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

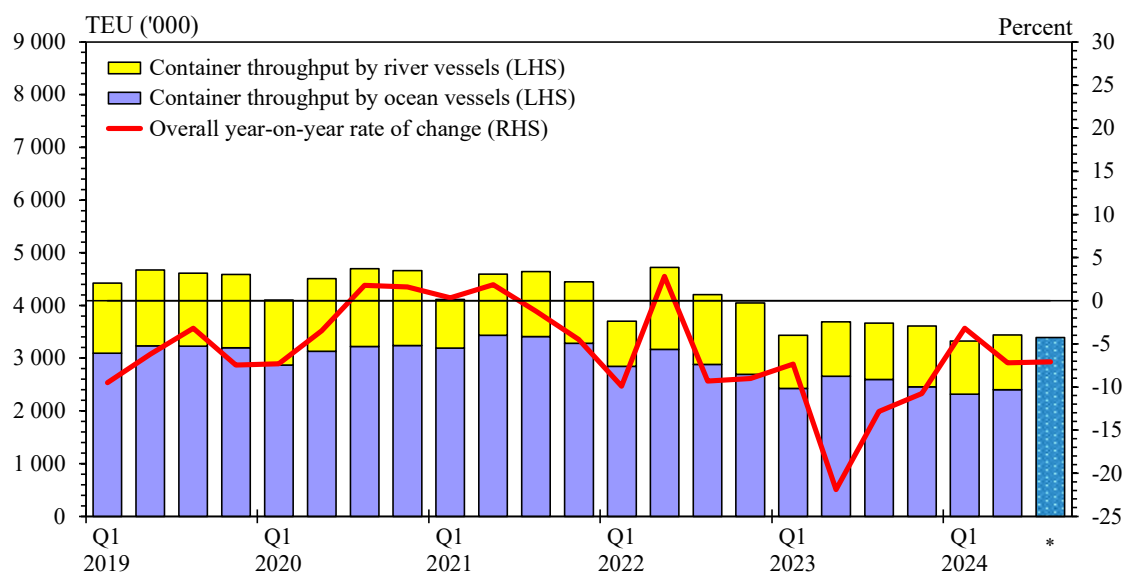
3.14 The average hotel room occupancy rate was 86% in the third quarter, higher than the 84% recorded a year earlier but still below the 91% recorded in the same quarter in 2018. Meanwhile, the average achieved hotel room rate fell by 15.4% from a year earlier to \$1,201⁽⁴⁾.

3.15 The 2024 Policy Address indicated that the Government will develop Hong Kong into a premier tourism destination through innovative thinking and making better use of our rich and unique resources. The Development Blueprint for Hong Kong's Tourism Industry 2.0 will be published this year, with a focus on promoting culture, sports, ecology and mega events. The Government will also set up a Working Group on Developing Tourist Hotspots to identify and develop tourist hotspots of high popularity in various districts.

Logistics

3.16 The logistics sector continued to show mixed performance in the third quarter. *Total container throughput* fell by 7.5% from a year earlier, to about 3.4 million twenty-foot equivalent units (TEUs). The value of trade handled at the Hong Kong port declined by 4.2% and its share in total trade dropped from 11.8% a year earlier to 10.6%.

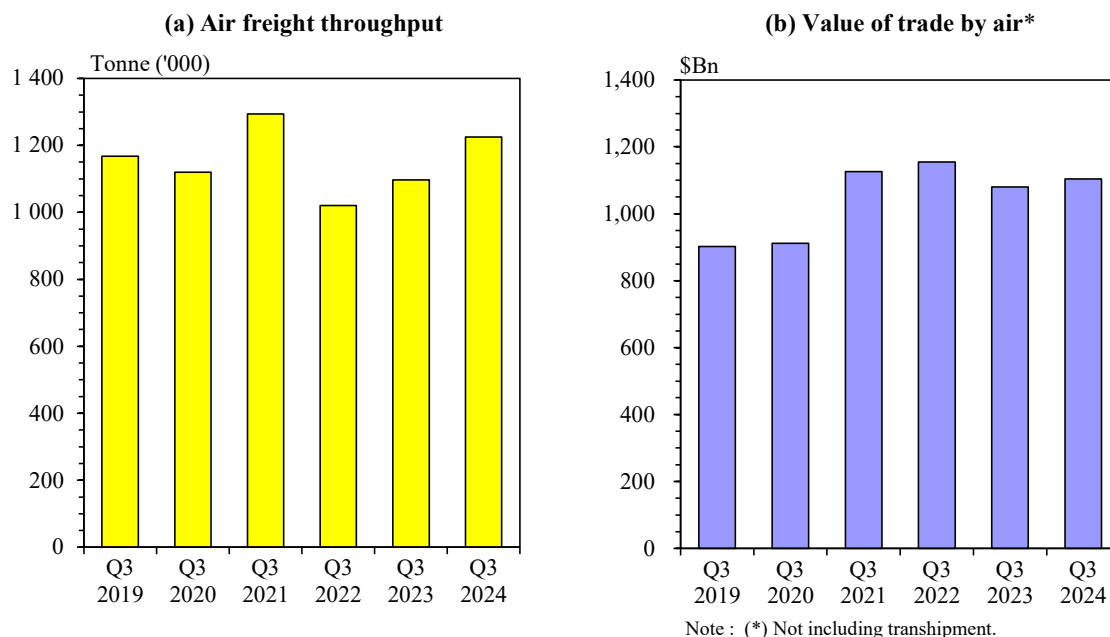
Diagram 3.5 : Container throughput fell in the third quarter



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

3.17 On the other hand, *air freight throughput* increased by 11.7% year-on-year to 1.2 million tonnes in the third quarter. The value of trade by air rose by 2.2%, though its share in total trade decreased from 47.3% a year earlier to 45.2%.

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



Transport

3.18 Traffic flows for most modes of cross-boundary passenger transport recorded modest increases in the third quarter. Air passenger trips rose from 12.6 million trips in the preceding quarter to 13.7 million trips, while water-borne cross-boundary passenger trips stayed at 2.1 million trips. As to land-based cross-boundary traffic, passenger trips increased from 58.4 million to 63.6 million, while average daily cross-boundary vehicle movements also increased further by 4.8% over the preceding quarter to 43 236.

Innovation and technology

3.19 In the 2024 Policy Address, the Chief Executive announced a series of measures to build a more comprehensive innovation and technology (I&T) ecosystem to support Hong Kong's development into an international I&T centre, a position supported by the National 14th Five-Year Plan. The measures include, among others: (i) drawing up a medium to long-term development plan for new industrialisation in Hong Kong; (ii) taking forward the third InnoHK research cluster which focuses on advanced manufacturing, materials, energy and sustainable development; (iii) increasing investment and guiding more market capital to invest in I&T industries by setting up a \$10 billion I&T Industry-Oriented Fund and optimising the Innovation and Technology Venture Fund to invest in strategic industries; (iv) launching the Pilot I&T Accelerator Scheme to attract professional start-up service providers with proven track records from within and outside Hong Kong to set up accelerator bases in Hong Kong; (v) fostering the development of the low-altitude economy in Hong Kong; and (vi) enhancing I&T infrastructure, e.g. operation of Cyberport's Artificial Intelligence (AI) Supercomputing Centre and the \$3 billion AI Subsidy Scheme to grow the local AI ecosystem.

Arts, Cultural and Creative Industries

3.20 As remarked in the 2024 Policy Address, the Cultural and Creative Industries Development Agency adopts an industry-oriented approach to promote the development of the cultural and creative industries. Relevant measures include incubating more cultural and creative projects with potential for industrialisation through the CreateSmart Initiative and strengthening cross-sectoral collaboration, and leveraging market resources; facilitating more registration of local and non-local cultural and creative products on the Asia IP Exchange Portal to foster cross-sectoral exchange, collaboration and business matching, and promoting transactions and transformation of cultural IP; and making the new flagship Hong Kong Fashion Fest, which is the new brand for Hong Kong Fashion Design Week, an annual signature event to develop Hong Kong into a fashion design hub in Asia.

Environment

3.21 The Chief Executive announced in the 2024 Policy Address that, to promote the development of new energy, the Government will earmark around \$750 million under the New Energy Transport Fund to subsidise the taxi trade and franchised bus companies to purchase electric vehicles, and launch the Subsidy Scheme for Trials of Hydrogen Fuel Cell Electric Heavy Vehicles. The Government will also earmark \$300 million for a new scheme to provide subsidies to the private sector for installing quick-charging facilities, with a target of having a total of 3 000 quick chargers installed by 2030. Meanwhile, the Government will continue to promote waste reduction and recycling, with initiatives such as reinforcing publicity and education and expanding the community recycling network. The Government will also inject \$100 million for a new round of the Cleaner Production Partnership Programme to expedite green transformation, renovation and the upgrading of local factories and Hong Kong-owned factories in Guangdong Province.

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) Commercial space comprises retail premises and other premises designed or adapted for commercial use but excludes purpose-built office space.
- (3) Other short-haul markets refer to North Asia, South and Southeast Asia, Taiwan and Macao, but excluding the Mainland, while long-haul markets refer to the Americas, Europe, Africa, the Middle East, Australia, New Zealand and South Pacific. In the third quarter of 2024, visitor arrivals from the Mainland, other short-haul and long-haul markets accounted for respective shares of 80%, 15% and 6% of the total (figures do not add up to 100% due to rounding).
- (4) The figures on hotel room occupancy and achieved room rate do not include guesthouses. The figures are subject to revision later as more data become available.

CHAPTER 4 : THE FINANCIAL SECTOR[#]

Summary

- *Interest rates in Hong Kong remained relatively high in the third quarter despite some softening. In mid-September, the US Federal Open Market Committee (FOMC) lowered the target range for the Federal Funds Rate by 50 basis points. In tandem, the Hong Kong Monetary Authority (HKMA) adjusted the Base Rate under the Discount Window downwards by the same magnitude to 5.25%. Hong Kong dollar interbank interest rates generally came lower during the quarter as dividend-related funding demand subsided, though short-term interest rates climbed towards the quarter-end amid exceptionally vibrant stock market activities. Interest rates on the retail front declined towards the quarter-end.*
- *The Hong Kong dollar spot exchange rate against the US dollar strengthened during the third quarter. With the US dollar weakening against most major currencies, the trade-weighted Hong Kong dollar Nominal and Real Effective Exchange Rate Indices declined by 2.9% and 2.0 respectively during the third quarter.*
- *Total loans and advances decreased by 0.2% during the third quarter. Within the total, loans for use in Hong Kong decreased by 0.8%, while loans for use outside Hong Kong increased by 1.7%.*
- *The local stock market stayed soft on entering the third quarter amid uncertainties surrounding the pace of US interest rate cuts and the economic outlook of major economies. The Hang Seng Index (HSI) was largely range-bound during most of the quarter. Following the US' rate cut and the Mainland's subsequent announcement of a package of support measures, market sentiment improved visibly and the HSI jumped to close the quarter at 21 134, 19.3% higher than end-June. Trading activities also turned more active towards the quarter-end. Fund raising activities picked up notably during the quarter.*

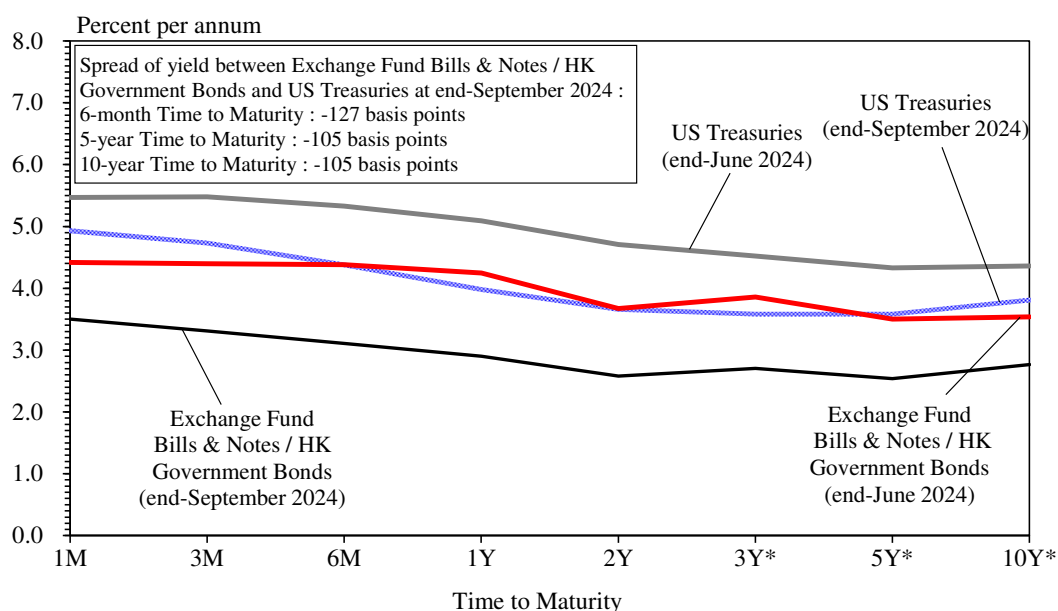
(#) This chapter is jointly prepared by the HKMA and the Office of the Government Economist.

Interest rates and exchange rates

4.1 Interest rates in Hong Kong remained relatively high in the third quarter despite some softening. In mid-September, the US FOMC lowered the target range for the Federal Funds Rate by 50 basis points to 4.75-5.00%. In tandem, the HKMA adjusted the *Base Rate*⁽¹⁾ under the Discount Window downwards by the same magnitude to 5.25%. *Hong Kong dollar interbank interest rates* (HIBORs) generally came lower during the quarter as dividend-related funding demand subsided, though short-term interest rates climbed towards the quarter-end amid exceptionally vibrant stock market activities. The overnight HIBOR rose from 4.98% at end-June to 6.39% at end-September, while the three-month HIBOR came down from 4.75% to 4.18%.

4.2 Both the *Hong Kong dollar* and *US dollar yield curves* shifted downwards during the third quarter, more so for the former. 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 95 basis points at end-June to 127 basis points at end-September, and that between 10-year Hong Kong Government Bonds and 10-year US Treasury Notes from 82 basis points to 105 basis points.

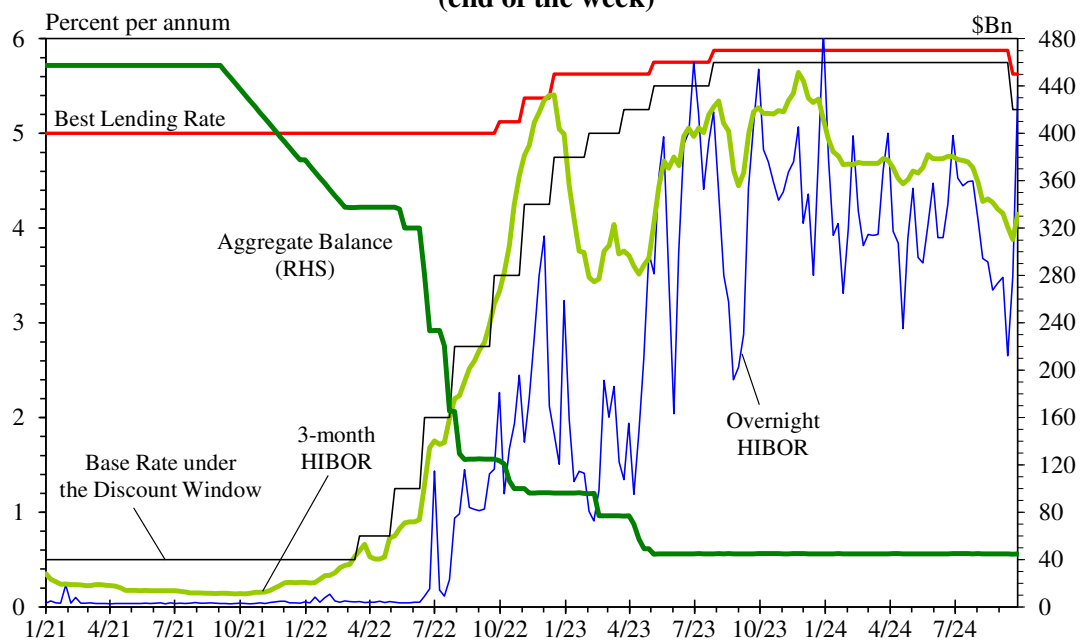
Diagram 4.1 : Both the Hong Kong dollar and US dollar yield curves shifted downwards during the third quarter



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 On the retail front, many local banks lowered their *Best Lending Rates* by 25 basis points after the US rate cut. At end-September, the *Best Lending Rates* in the market ranged from 5.625% to 6.125%. The *average savings deposit rate* for deposits of less than \$100,000 quoted by major banks declined from 0.79% at end-June to 0.55% at end-September, while the *one-year time deposit rate* decreased from 0.65% to 0.62%. The *composite interest rate*⁽²⁾, which indicates the average cost of funds for retail banks, fell from 2.62% at end-June to 2.35% at end-September.

Diagram 4.2 : Interbank interest rates generally came lower during the third quarter, and interest rates on the retail front declined towards the quarter-end (end of the week)



4.4 The *Hong Kong dollar spot exchange rate against the US dollar* strengthened during the third quarter, amid growing expectations for US interest rate cuts and strong equity-related funding demand towards the quarter-end. It closed the quarter at 7.767, compared with 7.808 at end-June. The discounts of 3-month and 12-month *Hong Kong dollar forward rates* narrowed from 193 pips and 544 pips (each pip is equivalent to HK\$0.0001) to 94 pips and 344 pips respectively over the period. The Aggregate Balance was little changed, at \$44.8 billion at end-September.

4.5 Under the Linked Exchange Rate System, movements of the Hong Kong dollar exchange rate against other currencies closely followed those of the US dollar. As the US dollar weakened against most major currencies, the *trade-weighted Hong Kong dollar Nominal and Real Effective Exchange Rate Indices*⁽³⁾ declined by 2.9% and 2.0% respectively during the third quarter.

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

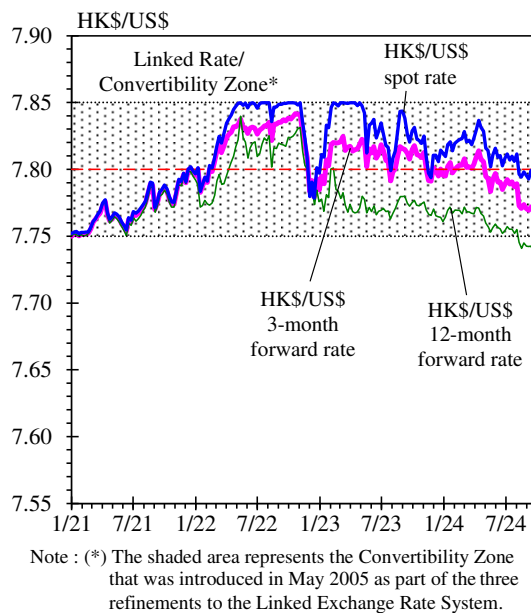
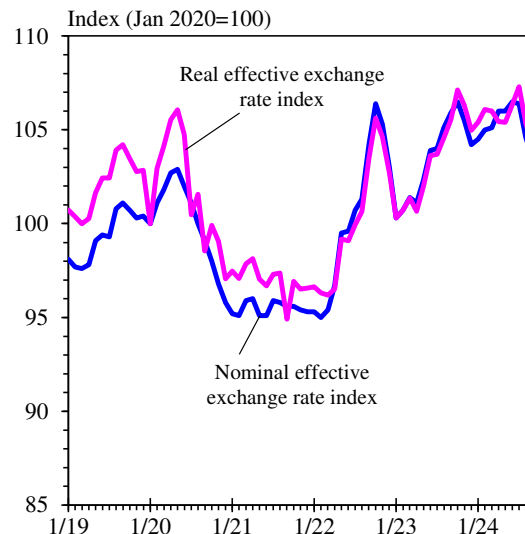


Diagram 4.4 : The trade-weighted nominal and real effective exchange rate indices fell during the third quarter (average of the month)



Money supply and banking sector

4.6 The Hong Kong dollar broad *money supply* (HK\$M3) increased by 1.3% from end-June to \$8,466 billion at end-September, while the seasonally adjusted Hong Kong dollar narrow money supply (HK\$M1) increased by 5.3% to \$1,594 billion⁽⁴⁾. Meanwhile, *total deposits* with authorized institutions (AIs)⁽⁵⁾ increased by 2.5% to \$17,163 billion, within which Hong Kong dollar and foreign currency deposits increased by 1.3% and 3.5% respectively.

Diagram 4.5 : Both the Hong Kong dollar broad and narrow money supply increased during the third quarter

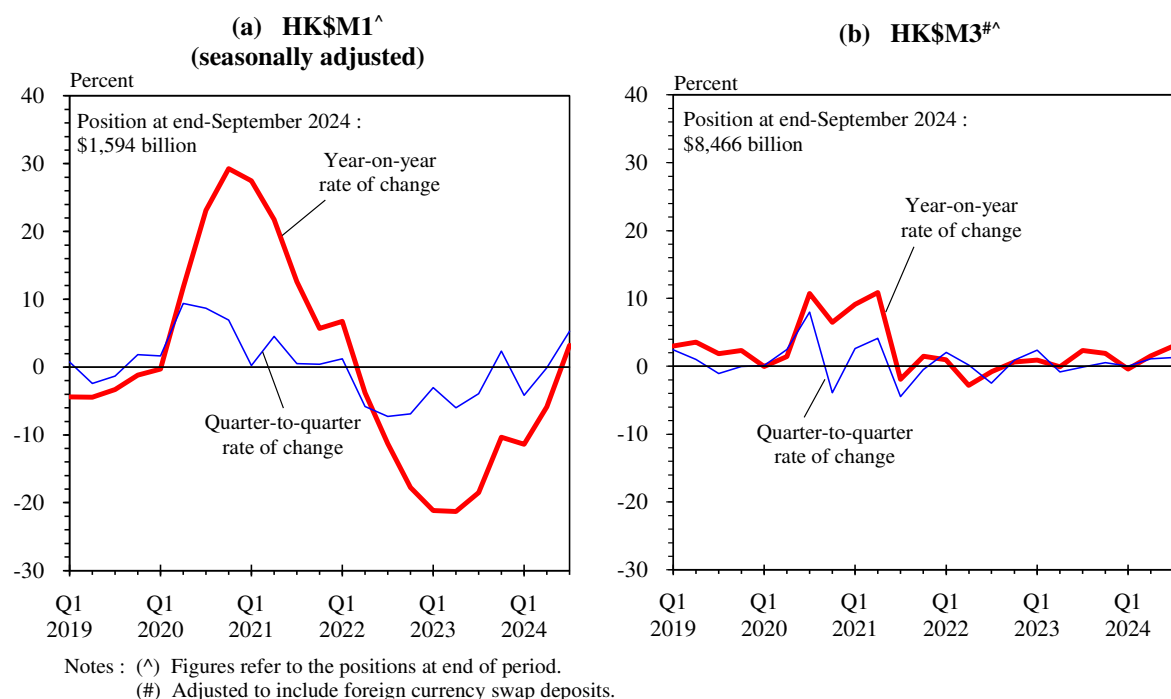


Table 4.1 : Hong Kong dollar money supply and total money supply

		<u>M1</u>		<u>M2</u>		<u>M3</u>	
% change during the quarter		HK\$ [^]	Total	HK\$ ^(a)	Total	HK\$ ^(a)	Total
2023	Q1	-3.0	-2.0	2.3	0.5	2.3	0.5
	Q2	-6.0	-4.8	-0.8	-0.4	-0.8	-0.4
	Q3	-3.9	-3.1	-0.1	1.4	-0.1	1.4
	Q4	2.3	3.8	0.5	2.4	0.5	2.5
2024	Q1	-4.1	-1.6	0.0	-0.1	0.0	0.0
	Q2	-0.1	3.5	1.1	3.4	1.1	3.4
	Q3	5.3	6.7	1.3	2.4	1.3	2.4
Total amount at end-September 2024 (\$Bn)		1,594	2,825	8,451	18,210	8,466	18,251
% change over a year earlier		3.2	12.9	3.0	8.5	3.0	8.5

Notes : (^) Seasonally adjusted.

(a) Adjusted to include foreign currency swap deposits.

4.7 *Total loans and advances* decreased by 0.2% from end-June to \$9,975 billion at end-September. Analysed by currency, Hong Kong dollar loans decreased by 2.3%, while foreign currency loans increased by 3.4%. Reflecting the relative movements in deposits and loans, the loan-to-deposit ratio for Hong Kong dollar fell further from 81.3% at end-June to 78.4% at end-September, while that for foreign currencies inched down from 41.3% to 41.2%.

4.8 Loans for use in Hong Kong (including trade finance) decreased by 0.8% from end-June to \$7,499 billion at end-September, while loans for use outside Hong Kong increased by 1.7% to \$2,475 billion. Within the former, loans to various economic segments saw mixed performance. Loans to stockbrokers surged by 54.9% amid the strong pick-up in stock market activities in the latter part of the quarter, though those to financial concerns fell back modestly by 1.3%. Loans to trade finance also fell back by 1.5%, while those to manufacturing, and wholesale and retail trade increased by 2.1% and 3.4% respectively. As for property-related lending, loans for purchase of residential property edged up by 0.7%, while loans to building, construction, property development and investment decreased further by 3.2%.

Table 4.2 : Loans and advances

All loans and advances for use in Hong Kong

		Loans to :									
% change during the quarter		Trade finance	Manu- facturing	Whole- sale and retail trade	Building and construction, property development and investment	Purchase of residential property ^(a)	Financial concerns	Stock- brokers	Total ^(b)	All loans and advances for use outside Hong Kong ^(c)	Total loans and advances
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	-3.5	-1.0
2024	Q1	-0.5	0.5	-4.7	-0.7	0.1	-7.5	-10.4	-1.2	-0.5	-1.0
	Q2	6.0	-2.7	0.2	-2.8	0.7	0.5	-2.4	0.3	-4.6	-0.9
	Q3	-1.5	2.1	3.4	-3.2	0.7	-1.3	54.9	-0.8	1.7	-0.2
Total amount at end-September 2024 (\$Bn)		379	298	297	1,569	2,007	825	64	7,499	2,475	9,975
% change over a year earlier		-3.8	-1.1	-0.4	-5.8	1.3	-7.5	21.2	-1.8	-6.8	-3.1

- 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 robust and resilient, underpinned by strong capital and liquidity positions. Hong Kong incorporated AIs were well capitalised, with the total capital adequacy ratio staying at a high level of 21.1% at end-June. The local banking sector's overall asset quality deteriorated slightly, but remained at a healthy level. The ratio of classified loans to total loans for all AIs rose from 1.79% at end-March to 1.89% at end-June, and the delinquency ratio for credit card lending edged up from 0.33% to 0.34%. The delinquency ratio for residential mortgage loans edged up from 0.10% to 0.11% during the same period.

Table 4.3 : Asset quality of all authorized institutions^{*^}

<u>At end of period</u>		(as % of total loans)		
		<u>Pass loans</u>	<u>Special mention loans</u>	<u>Classified loans</u> (gross)
2023	Q1	96.57	1.98	1.46
	Q2	96.57	1.93	1.50
	Q3	96.49	1.90	1.61
	Q4	96.41	2.03	1.57
2024	Q1	96.16	2.05	1.79
	Q2	96.18	1.93	1.89

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

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

(^) As a reference, for retail banks, the pass loans, special mention loans and classified loans (gross) as percentages of total loans were 96.04%, 1.86% and 2.10% respectively at end-June 2024.

4.10 *Offshore renminbi (RMB) business* remained generally active in the third quarter. RMB trade settlement transactions handled by banks in Hong Kong increased by 21.3% over a year earlier to RMB3,816.6 billion. Total RMB deposits (including customer deposits and outstanding certificates of deposit) fell back by 5.8% over end-June to RMB1,122.3 billion at end-September, though up by 4.7% over a year earlier. As to financing activities, outstanding RMB bank loans increased by 18.3% over end-June to RMB649.3 billion at end-September. Earlier on, RMB bond issuance amounted to RMB146.8 billion (of which RMB11.0 billion was issued by the Ministry of Finance) in the second quarter, as compared to RMB158.1 billion in the preceding quarter⁽⁶⁾.

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

<u>At end of period</u>		<u>Interest rates on^(a)</u>					<u>Number of AIs engaged in RMB business</u>	<u>Amount of cross-border RMB trade settlement^(c)</u> (RMB Mn)
		<u>Demand and savings deposits</u> (RMB Mn)	<u>Time deposits</u> (RMB Mn)	<u>Total deposits</u> (RMB Mn)	<u>Savings deposits^(b)</u> (%)	<u>Three-month time deposits^(b)</u> (%)		
2023	Q1	319,076	475,018	794,095	0.16	0.31	141	2,312,566
	Q2	399,974	507,327	907,302	0.16	0.31	141	2,791,750
	Q3	361,994	590,571	952,565	0.16	0.31	139	3,145,772
	Q4	381,803	557,400	939,203	0.16	0.31	139	3,418,469
2024	Q1	356,992	587,672	944,664	0.16	0.31	139	3,713,713
	Q2	432,712	628,954	1,061,666	0.16	0.31	138	3,700,964
	Q3	459,606	556,732	1,016,339	0.16	0.31	139	3,816,626
% change in 2024 Q3 over 2023 Q3		27.0	-5.7	6.7	N.A.	N.A.	N.A.	21.3
% change in 2024 Q3 over 2024 Q2		6.2	-11.5	-4.3	N.A.	N.A.	N.A.	3.1

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 was little changed from the preceding quarter at \$1,273.7 billion, with the increase of 3.6% in public sector issuance largely offsetting the decrease of 14.0% in private sector issuance⁽⁷⁾. The total outstanding amount of Hong Kong dollar debt securities decreased by 0.5% over end-June to \$2,761.0 billion at end-September, equivalent to 32.6% of HK\$M3 or 27.1% of Hong Kong dollar-denominated assets of the banking sector⁽⁸⁾.

4.12 As to the Hong Kong dollar bonds issued by the Government, a total of \$1.5 billion institutional Government Bonds (GBs) were issued through tenders in the third quarter under the GB Programme. At end-September, the total outstanding amount of Hong Kong dollar bonds under the GB Programme and Government Sustainable Bond (GSB, formerly the Government Green Bond (GGB)) Programmes was \$222.1 billion, comprising 14 institutional issues totalling \$83.0 billion and two retail issues (Silver Bonds) totalling \$97.1 billion under the GB Programme, as well as two retail issues totalling \$40.0 billion and one tokenised institutional issue of \$2.0 billion under the GSB Programme. As

for GBs denominated in other currencies, there was one US dollar sukuk with an issuance size of US\$1.0 billion outstanding under the GB Programme, as well as around US\$21.7 billion equivalent of institutional green bonds outstanding under the GSB Programme.

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

		Exchange Fund paper	Statutory bodies/govern ment-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	290.0	30.2	419.7	739.8	26.2	4,926.7
	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	80.4	7.1	95.0	182.5	6.1	1,258.0
	Q4	1,010.6	8.7	30.5	1,049.8	58.2	3.7	90.2	152.1	1.5	1,203.4
2024	Q1	1,004.5	57.0	5.5	1,066.9	59.7	6.2	113.0	178.9	18.4	1,264.3
	Q2	1,017.4	13.6	1.5	1,032.4	89.2	7.0	131.8	228.0	13.4	1,273.8
	Q3	1,036.2	31.5	1.5	1,069.1	86.2	13.1	96.6	196.0	8.6	1,273.7
% change in 2024 Q3 over 2023 Q3		4.2	91.8	-97.4	*	7.2	85.0	1.8	7.4	40.8	1.3
% change in 2024 Q3 over 2024 Q2		1.8	132.0	*	3.6	-3.3	87.2	-26.7	-14.0	-35.8	*
Outstanding (at end of period)											
2023	Q1	1,216.7	146.0	226.9	1,589.5	305.6	133.9	503.8	943.3	48.7	2,581.5
	Q2	1,227.1	149.3	234.5	1,610.9	296.0	137.3	546.6	979.9	50.9	2,641.8
	Q3	1,240.4	159.2	288.9	1,688.5	288.7	134.3	566.2	989.2	53.8	2,731.4
	Q4	1,255.4	152.0	284.6	1,692.0	290.3	130.1	576.9	997.3	53.8	2,743.1
2024	Q1	1,268.4	187.5	287.2	1,743.1	265.2	120.8	573.5	959.6	55.4	2,758.0
	Q2	1,281.7	172.1	258.7	1,712.5	284.5	114.2	599.2	997.9	64.6	2,775.0
	Q3	1,294.7	183.1	222.1	1,699.9	287.0	119.6	590.9	997.6	63.6	2,761.0
% change in 2024 Q3 over 2023 Q3		4.4	15.1	-23.1	0.7	-0.6	-10.9	4.4	0.8	18.2	1.1
% change in 2024 Q3 over 2024 Q2		1.0	6.4	-14.2	-0.7	0.9	4.7	-1.4	*	-1.6	-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.

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

The stock and derivatives markets

4.13 The *local stock market* stayed soft on entering the third quarter amid uncertainties surrounding the pace of US interest rate cuts and the economic outlook of major economies. The HSI was range-bound between 17 000 and 18 000 during most of the quarter. Following the US' rate cut by 50 basis points on 18 September and the Mainland's subsequent announcement of a package of measures (see *paragraph 4.19* for details) to shore up the economy and capital markets, market sentiment improved visibly and the HSI jumped to close the quarter at 21 134, 19.3% higher than end-June. *Market capitalisation* rose further by 14.9% to \$36.9 trillion during the quarter. The local stock market ranked the seventh largest in the world and the fourth largest in Asia⁽⁹⁾.

4.14 Trading activities turned more active towards the quarter-end, with daily turnover reaching a record-high of \$505.9 billion on the last trading day. For the quarter as a whole, *average daily turnover* in the securities market contracted slightly by 2.3% from the preceding quarter to \$118.8 billion, though up 20.7% over a year earlier. Within the total, the average daily trading value of equities fell by 6.7% on a quarter-to-quarter basis, while that of unit trusts (including Exchange-Traded Funds (ETFs))⁽¹⁰⁾, derivative warrants and callable bull/bear contracts increased by 10.5%, 13.6% and 22.3% respectively. As to futures and options⁽¹¹⁾, the average daily trading volume decreased by 5.3%. Within the total, trading of stock options, Hang Seng China Enterprises Index futures, HSI futures, and HSI options fell by 5.7%, 9.1%, 8.3%, and 9.1% respectively.

Diagram 4.6 : The HSI was range-bound during most of the quarter, but jumped towards the quarter-end

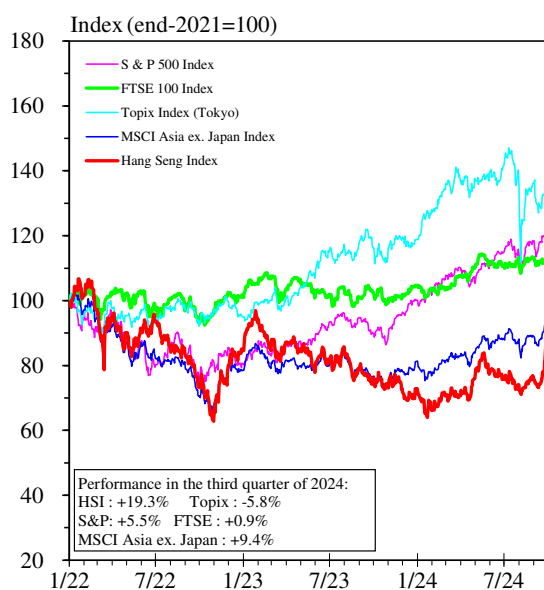
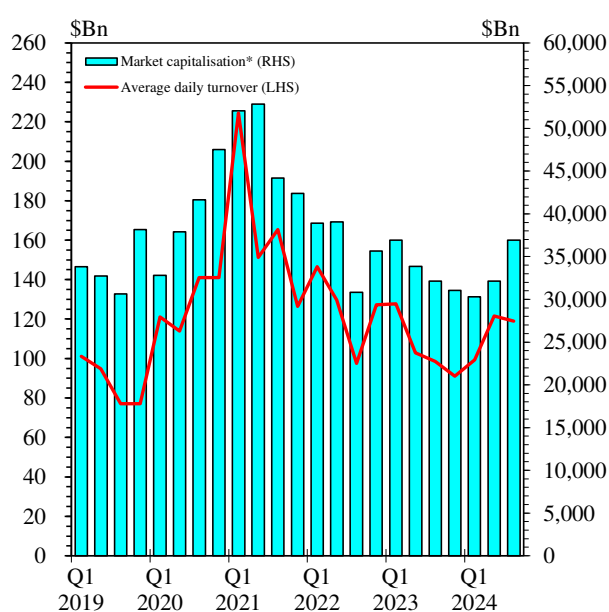


Diagram 4.7 : Market capitalisation rose further; trading activities were generally quiet but turned more active towards quarter-end



Note : (*) Position at end of quarter.

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

		Hang Seng Index futures	Hang Seng Index options	Hang Seng China Enterprises Index futures	Stock options	Total futures and options traded*
2023	Annual	138 446	22 820	186 689	612 182	1 353 839
	Q1	145 708	25 243	196 405	665 210	1 418 700
	Q2	138 717	23 143	188 933	598 988	1 315 783
	Q3	136 670	22 706	179 322	590 969	1 336 408
	Q4	132 813	20 207	182 652	593 478	1 343 428
2024	Q1	149 867	22 591	208 485	645 126	1 500 494
	Q2	141 876	21 446	191 449	747 232	1 565 097
	Q3	130 138	19 505	173 985	704 694	1 482 419
% change in 2024 Q3 over 2023 Q3		-4.8	-14.1	-3.0	19.2	10.9
% change in 2024 Q3 over 2024 Q2		-8.3	-9.1	-9.1	-5.7	-5.3

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

4.15 Thanks to some large flotations, fund raising activities in Hong Kong picked up notably during the third quarter. *Total equity capital raised*, comprising new share floatations and post-listing arrangements on the Main Board and GEM⁽¹²⁾, leaped by 65.9% over the preceding quarter or 140.3% year-on-year to \$59.8 billion in the third quarter. Within the total, the amount of funds raised through IPOs surged almost five-fold over the preceding quarter or more than six-fold over a year earlier to \$42.2 billion. Hong Kong ranked fourth among stock exchange markets globally in terms of the amount of funds raised through IPOs in the first nine months of the year⁽¹³⁾.

4.16 Mainland enterprises continued to play an important role in the Hong Kong stock market. At end-September, a total of 1 466 Mainland enterprises (including 350 H-share companies and 1 116 Non-H share Mainland enterprises) were listed on the Main Board and GEM, accounting for 56% of the total number of listed companies and 80% of total market capitalisation. Mainland-related stocks accounted for 87% of equity turnover and 94% of total equity funds raised in the Hong Kong Stock Exchange in the third quarter.

Fund management and investment funds

4.17 Performance of the fund management business improved further in the third quarter. The aggregate net asset value of the approved constituent funds under the *Mandatory Provident Fund (MPF) schemes*⁽¹⁴⁾ rose by 8.2% over end-June to \$1,326.7 billion at end-September. The monthly average gross retail sales of *mutual funds* increased by 23.4% over the preceding quarter to US\$7.7 billion in July – August⁽¹⁵⁾⁽¹⁶⁾, and was 50.9% higher than the level a year earlier.

Insurance sector

4.18 *Insurance business*⁽¹⁷⁾ fell back in the second quarter, after surging at double-digit rates in the past four quarters. New office premiums of long-term business declined by 9.9% from a year earlier, within which premium from non-investment linked plans (which accounted for 95% of total premium for this segment) decreased by 9.3% and that from investment linked plans fell by 22.5%. As to general business, gross and net premiums rose by 4.4% and 4.6% respectively.

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

		General business			New office premium for long-term business [^]					Gross premium from long-term business and general business
		Gross premium	Net premium	Underwriting profit	Individual life and annuity (non-investment linked)	Individual life and annuity (investment linked)	Other individual business	Non-retirement scheme group business	All long-term business	
2023	Annual	67,302	43,280	846	169,438	11,165	50	310	180,963	248,265
	Q1	20,660	12,460	513	43,476	3,419	13	71	46,979	67,639
	Q2	16,324	10,803	940	52,890	3,171	11	87	56,159	72,483
	Q3	16,821	11,459	66	40,916	2,375	12	78	43,381	60,202
	Q4	13,497	8,558	-673	32,156	2,200	14	74	34,444	47,941
2024	Q1	20,838	13,124	1,038	63,279	1,846	13	141	65,279	86,117
	Q2	17,041	11,298	908	47,987	2,457	17	125	50,586	67,627
% change in 2024 Q2 over 2023 Q2		4.4	4.6	-3.4	-9.3	-22.5	54.5	43.7	-9.9	-6.7

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

(^) Retirement scheme business is excluded.

Highlights of policy and market developments

4.19 The People's Bank of China (PBoC), the National Financial Regulatory Administration, and the China Securities Regulatory Commission announced on 24 September a package of measures to provide financial support for high-quality economic development. These include reducing the reserve requirement ratios for financial institutions, cutting the benchmark interest rates, and lowering the mortgage rates on existing loans, etc. The PBoC also introduced a swap programme and a relending facility of a total initial size of RMB 800 billion which allow eligible funds, insurance companies, brokers and listed companies to access funding for investment in the stock market. The measures, together with the Politburo's pledge to step up countercyclical policy support for the economy and boost the capital market in the Mainland, have visibly revived local market sentiment.

4.20 On financial innovation, the HKMA launched the Project Ensemble Sandbox (the Sandbox) on 28 August and introduced four main themes of tokenisation use cases within the financial sector for the initial round of experimentation, focusing on (i) fixed income and investment funds; (ii) liquidity management; (iii) green and sustainable finance; and (iv) trade and supply chain finance. The Sandbox is designed to facilitate interbank settlement using experimental tokenised money. Earlier on 13 August, the HKMA collaborated with the Hong Kong Cyberport to launch the new Generative Artificial Intelligence (GenA.I.) Sandbox at FiNETech2, a pioneering initiative that promotes responsible innovation in GenA.I. across the banking industry, empowering banks to pilot their novel GenA.I. use cases within a risk-managed framework.

4.21 On 23 September, the HKMA commenced Phase 2 of the e-HKD Pilot Program, an integral part of Project e-HKD+, to explore innovative use cases for new forms of digital money, including e-HKD and tokenised deposits. Under Phase 2, 11 groups of firms from various sectors have been selected to explore use cases across three main themes, namely (i) settlement of tokenised assets, (ii) programmability and (iii) offline payments. Selected firms will also examine commercial feasibility within a real-world setting of new forms of digital money, with a view to unlocking the full potential of digital money.

4.22 On regional financial cooperation, starting from 19 July, the Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited, added the Abu Dhabi Securities Exchange and the Dubai Financial Market as Recognised Stock Exchanges, which will allow public joint stock companies with a primary listing on the main market of these two exchanges in the United Arab Emirates to apply for a secondary listing in Hong Kong. This enables more issuers in the Middle East to tap Hong Kong's markets while further enhancing the diversity of Hong Kong's stock market, thereby strengthening Hong Kong's position as Asia's leading international financial centre. Separately, on 16 September, the HKMA and the Dubai Financial Services Authority signed a Memorandum of Understanding to further deepen their strategic partnership on sustainable finance.

4.23 To promote the development of bond markets in Hong Kong and Macao, the HKMA and the Monetary Authority of Macao (AMCM) jointly announced on 16 September the establishment of a direct linkage between the Central Moneymarkets Unit of the HKMA and the central securities depository operated by a wholly owned subsidiary of the AMCM. Under the direct linkage arrangement, investors in each market, through their accounts in their respective local market, will be able to clear, settle and hold bonds lodged with the other market. This arrangement marks a milestone in the financial cooperation between Hong Kong and Macao.

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-September 2024, there were 149 licensed banks, 16 restricted licence banks and 11 deposit-taking companies in Hong Kong. Altogether, 176 AIs (excluding representative offices) from 32 countries and territories (including Hong Kong) had a presence in Hong Kong.
- (6) HKMA discontinued the old RMB bond issuance data since June 2024 and adopted another data series. The new series has broader coverage sourced from various data sources including Bloomberg, the Central Moneymarkets Unit, Dealogic and Reuters but with longer time lag. Hence the latest data are up to the previous quarter only, and the new data are not directly comparable with those in previous issues of this report. Figures are subject to revisions.
- (7) The figures for private sector debt may not represent a full coverage of all the Hong Kong dollar debt paper issued.
- (8) Assets of the banking sector include notes and coins, amount due from Authorized institutions in Hong Kong as well as from banks abroad, loans and advances to customers, negotiable certificates of deposit (NCDs) held, negotiable debt instruments other than NCDs held, and other assets. Certificates of indebtedness issued by Exchange Fund and the counterpart bank notes issued are nevertheless excluded.
- (9) The ranking is based on the market capitalisation figures of global stock exchange markets compiled by the World Federation of Exchanges and the London Stock Exchange Group.
- (10) Given the relatively small share (less than 0.6% of the daily turnover in the securities market), trading of debt securities and its movements were not analysed.
- (11) At end-September 2024, there were 126 classes of stock options contracts and 98 classes of stock futures contracts.
- (12) At end-September 2024, there were 2 298 and 323 companies listed on the Main Board and GEM respectively.
- (13) The ranking is based on the amount of funds raised through IPOs (including fundraising of special purpose acquisition companies) compiled by Dealogic.
- (14) At end-September 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 367 000 employers, 2.64 million employees and 235 000 self-employed persons are estimated to have participated in MPF schemes.
- (15) These figures are obtained from the Sales and Redemptions Survey conducted by the Hong Kong Investment Funds Association (HKIFA) on their members, and cover only the active authorised funds that have responded to the survey. As HKIFA has revised the coverage of its funds statistics for 2023, the figures in this report may not be comparable with those contained in previous issues of this report.
- (16) At end-September 2024, there was one SFC-authorised retail hedge fund with net asset size of US\$99 million. This amount of net assets under management decreased by 11.6% from end-June 2024, and represented a 15.4% decrease from a year earlier and a

38.1% decrease from end-2002, the year when the hedge funds guidelines were first issued.

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

CHAPTER 5 : THE LABOUR SECTOR

Summary

- *The labour market remained tight in the third quarter of 2024. The seasonally adjusted unemployment rate stayed low at 3.0%, same as the preceding quarter. The underemployment rate also remained unchanged at a low level of 1.2%. The labour force and total employment both increased further over the preceding quarter.*
- *The unemployment rates of various major sectors showed diverse movements in the third quarter as compared with the preceding quarter. The unemployment rates of some sectors went up, in particular for the retail sector, the food and beverage service activities sector, and the social work activities sector. On the other hand, the unemployment rates of many sectors declined, in particular for the transportation sector, the financing, insurance, real estate, professional and business services sector, and the import/export trade and wholesale sector.*
- *Establishment survey indicated that wages and labour earnings continued to record decent increases in the second quarter over a year earlier. More recent General Household Survey (GHS) data indicated that employment earnings continued to record solid growth in the third quarter over a year earlier.*

Overall labour market situation⁽¹⁾

5.1 The labour market remained tight in the third quarter of 2024. The seasonally adjusted *unemployment rate*⁽²⁾ stayed low at 3.0%, same as the preceding quarter. The *underemployment rate*⁽³⁾ also remained unchanged at a low level of 1.2%. The unemployment rates of various major sectors showed diverse movements in the third quarter as compared with the preceding quarter. The unemployment rates of some sectors went up, in particular for the retail sector, the food and beverage service activities sector, and the social work activities sector. On the other hand, the unemployment rates of many sectors declined, in particular for the transportation sector, the financing, insurance, real estate, professional and business services sector, and the import/export trade and wholesale sector. Establishment survey indicated that wages and labour earnings continued to record decent increases in the second quarter over a year earlier. More recent GHS data indicated that employment earnings continued to record solid growth in the third quarter over a year earlier.

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

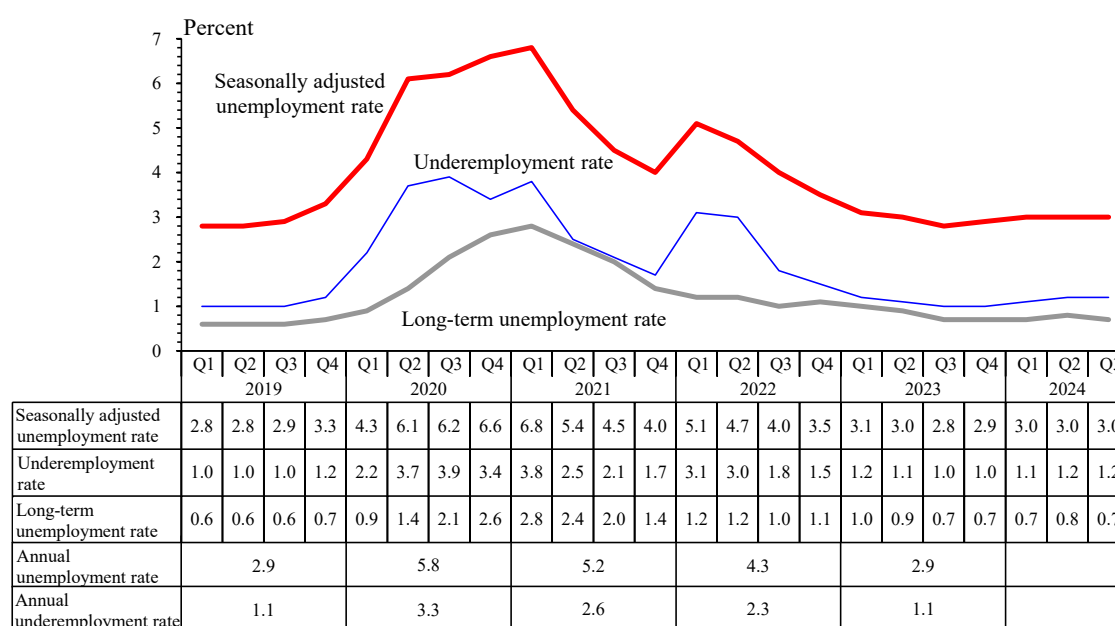


Table 5.1 : The unemployment rate (seasonally adjusted), underemployment rate and long-term unemployment rate

		<u>Unemployment rate*</u> <u>(%)</u>	<u>Underemployment</u> <u>rate (%)</u>	<u>Long-term</u> <u>unemployment rate (%)</u>
2023	Annual	2.9	1.1	0.8
	Q1	3.1	1.2	1.0
	Q2	3.0	1.1	0.9
	Q3	2.8	1.0	0.7
	Q4	2.9	1.0	0.7
2024	Q1	3.0	1.1	0.7
	Q2	3.0	1.2	0.8
<i>Three months ending</i>				
2024	Jul	3.0	1.2	0.8
	Aug	3.0	1.2	0.8
	Sep	3.0	1.2	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⁾ increased further by 0.3% over the preceding quarter to 3 830 100 in the third quarter, though it was 0.2% lower than a year earlier. Analysed by contributory factor, the working-age population (i.e. land-based non-institutional population aged 15 and above) increased by 0.3% over the preceding quarter to 6 703 700, and was 0.5% higher than a year ago. Meanwhile, the overall labour force participation rate stayed at 57.1%, same as the preceding quarter, though it was 0.5 percentage point lower than a year ago under the persistent drag from population ageing.

5.3 *Total employment*⁽⁵⁾ increased further by 0.2% over the preceding quarter to 3 710 200 in the third quarter, though it was 0.4% lower than a year earlier. Employment of various sectors showed diverse movements when compared with the preceding quarter. Specifically, employment of the construction sector and the transportation sector increased further. Many other sectors also saw increases in employment, notably for the arts, entertainment and recreation sector, the financing and insurance sector, the accommodation services sector, and the real estate sector. On the other hand, employment of some sectors decreased. Employment of the information and communications sector, the retail sector, and the food and beverage service activities sector declined further. Employment of the social work activities sector declined somewhat

after increasing visibly in the previous several quarters. On a year-on-year comparison, employment of many sectors declined.

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

		<u>Labour force</u>	<u>Persons employed</u>	<u>Persons unemployed^(a)</u>	<u>Persons underemployed</u>
2023	Annual	3 822 300 (1.2)	3 709 600 (2.7)	112 700	41 600
	Q1	3 808 000 (0.4)	3 692 300 (2.4)	115 700	47 200
	Q2	3 808 500 (1.4)	3 694 300 (3.4)	114 200	41 600
	Q3	3 838 300 (0.8)	3 724 400 (2.0)	113 900	37 900
	Q4	3 820 000 (-0.7)	3 714 100 (-0.2)	105 900	36 900
2024	Q1	3 800 100 (-0.2)	3 688 400 (-0.1)	111 700	40 000
	Q2	3 818 000 (0.3)	3 703 300 (0.2)	114 700	44 500
<i>Three months ending</i>					
2024	Jul	3 826 400 (0.2)	3 708 600 (0.1)	117 800	47 500
	Aug	3 830 800 (0.1)	3 708 500 (-0.2)	122 300	47 500
	Sep	3 830 100 (-0.2)	3 710 200 (-0.4)	119 900	46 000
		<0.3>	<0.2>		

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 third quarter of 2024.

Source : General Household Survey, Census and Statistics Department.

Diagram 5.2 : The labour force and total employment both increased further in the third quarter over the preceding quarter, though they were lower than the levels a year ago



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

	<u>2023</u>				<u>2024</u>		
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>
<u>Male</u>							
15-24	29.3	29.1	31.7	29.6	27.9	27.9	30.3
<i>of which:</i>							
15-19	6.4	6.1	9.2	7.7	6.5	6.5	8.2
20-24	51.2	51.0	52.9	50.5	49.3	49.1	52.5
25-29	87.8	87.3	86.9	88.9	88.3	86.9	88.7
30-39	93.4	93.9	94.6	94.3	94.3	94.1	94.3
40-49	93.8	94.2	93.8	93.0	92.9	93.5	93.2
50-59	84.9	85.1	85.1	85.2	84.6	85.1	84.9
≥ 60	32.0	31.2	32.0	31.1	31.0	31.0	30.7
Overall	63.8	63.4	63.9	63.2	62.8	62.8	62.9
<u>Female</u>							
15-24	30.9	29.2	32.4	30.6	29.6	29.3	31.6
<i>of which:</i>							
15-19	6.9	6.4	9.7	6.7	6.2	6.2	9.0
20-24	52.7	49.6	52.4	51.9	51.4	50.6	52.5
25-29	85.5	85.1	85.3	84.4	84.0	83.4	83.5
30-39	79.0	79.7	79.7	80.2	80.1	80.8	80.3
40-49	73.7	74.1	74.9	75.1	75.2	75.8	75.5
50-59	64.7	64.0	65.0	65.8	65.7	65.3	66.1
≥ 60	17.0	17.3	16.8	16.8	17.5	18.0	17.4
Overall	52.4	52.2	52.5	52.3	52.4	52.6	52.5
<u>Both genders combined</u>							
15-24	30.1	29.2	32.0	30.1	28.7	28.6	31.0
<i>of which:</i>							
15-19	6.7	6.2	9.4	7.2	6.4	6.4	8.6
20-24	52.0	50.3	52.7	51.2	50.4	49.8	52.5
25-29	86.6	86.2	86.0	86.5	86.0	85.0	86.0
30-39	85.1	85.7	86.1	86.2	86.2	86.5	86.3
40-49	81.8	82.2	82.6	82.4	82.4	82.9	82.6
50-59	73.4	73.1	73.6	74.1	73.8	73.7	74.1
≥ 60	24.1	23.8	24.0	23.5	23.9	24.1	23.7
Overall	57.5	57.2	57.6	57.2	57.0	57.1	57.1

Source : General Household Survey, Census and Statistics Department.

Profile of unemployment

5.4 The seasonally adjusted unemployment rate stayed low at 3.0% in the third quarter, same as the preceding quarter. The number of unemployed persons (not seasonally adjusted) increased by 4.5% or 5 200 to 119 900.

5.5 The unemployment rates of various major sectors showed diverse movements in the third quarter as compared with the preceding quarter. The unemployment rates of some sectors went up, in particular for the retail sector (up 0.5 percentage point to 4.4%), the food and beverage service activities sector (up 0.5 percentage point to 5.2%), and the social work activities sector (up 0.5 percentage point to 2.6%). The unemployment rate of the construction sector also increased (up 0.2 percentage point to 4.4%). On the other hand, the unemployment rates of many sectors declined, in particular for the transportation sector (down 0.7 percentage point to 1.9%), the financing, insurance, real estate, professional and business services sector (down 0.4 percentage point to 2.4%), and the import/export trade and wholesale sector (down 0.4 percentage point to 2.9%). For the *low-paying sectors*⁽⁶⁾ as a whole, the unemployment rate went up by 0.2 percentage point to 2.7%, which was still a low level.

5.6 Analysed by skill segment, the unemployment rate of the lower-skilled workers edged up by 0.1 percentage point over the preceding quarter to 3.2% in the third quarter, whereas the unemployment rate of the higher-skilled workers declined by 0.3 percentage point to 2.0%.

5.7 Analysed by other socio-economic attributes, the unemployment rates of various age and educational attainment groups showed diverse movements in the third quarter compared with the preceding quarter. The movements were not large in general except for the unemployment rate for those aged 15-24, which increased visibly by 3.1 percentage points to 11.3% mainly due to the seasonal entry of a new batch of graduates and school leavers into the labour market.

Diagram 5.3 : The unemployment rates of various major sectors showed diverse movements in the third quarter as compared with the preceding quarter

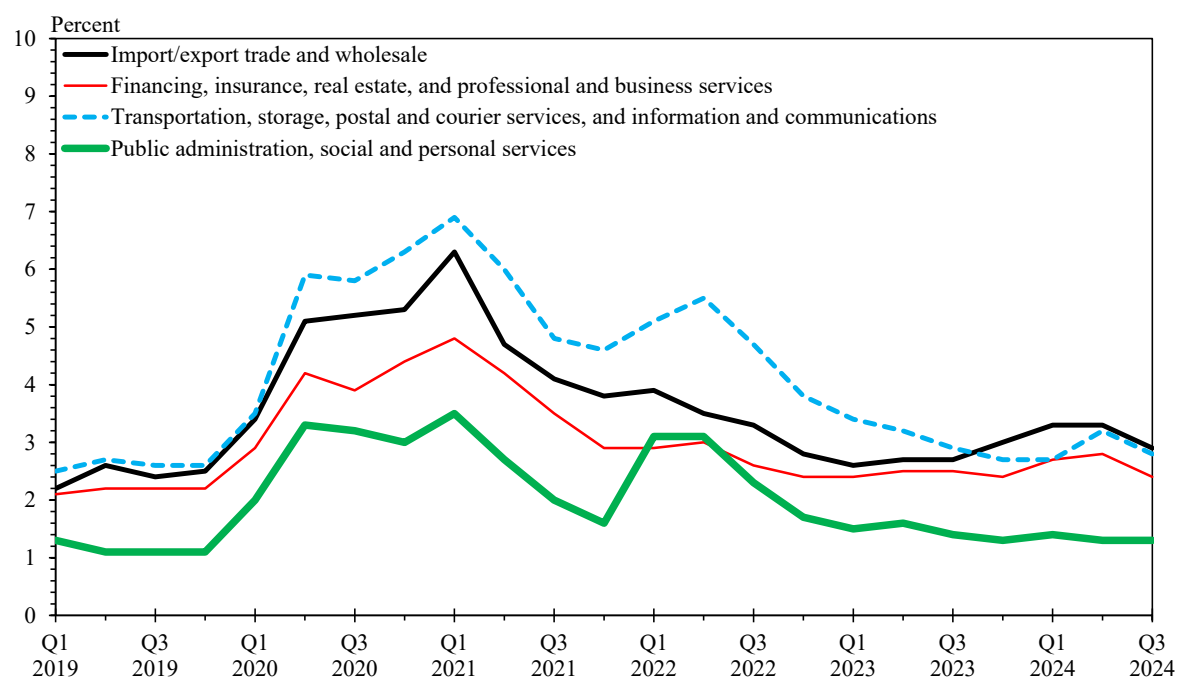
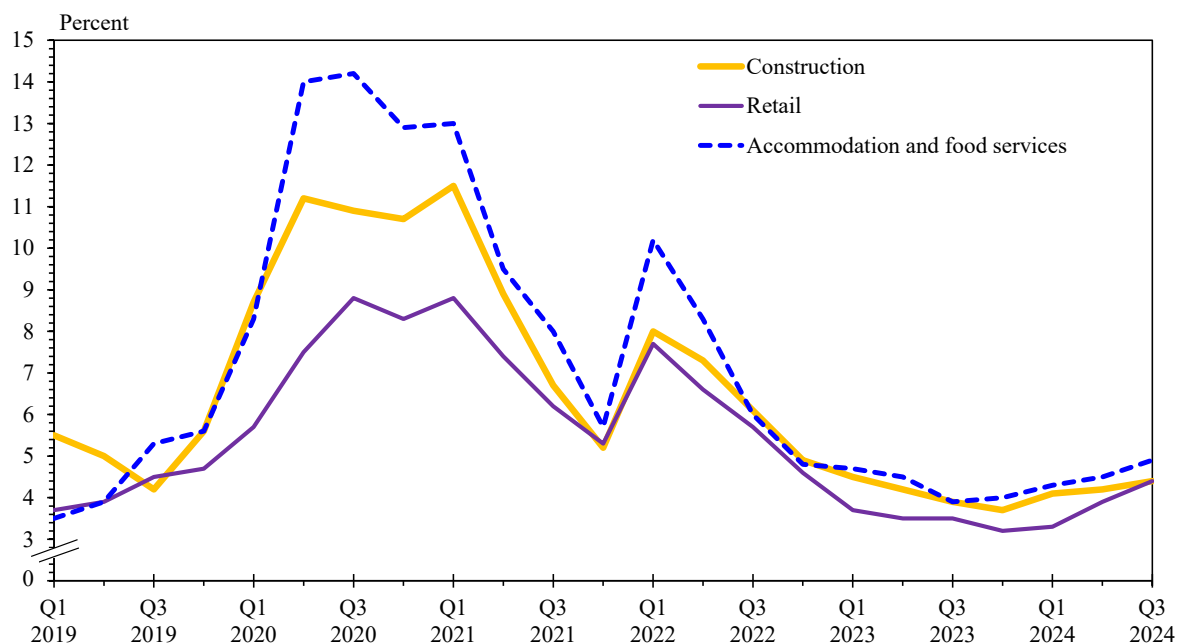


Table 5.4 : Unemployment rates by major economic sector

	<u>2023</u>				<u>2024</u>		
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>
Import/export trade and wholesale	2.6	2.7	2.7	3.0	3.3	3.3	2.9
Retail, accommodation and food services	4.2	4.0	3.7	3.6	3.8	4.2	4.7
<i>of which:</i>							
<i>Retail</i>	3.7	3.5	3.5	3.2	3.3	3.9	4.4
<i>Accommodation services</i>	3.7	3.0	2.5	2.3	2.6	3.4	3.4
<i>Food and beverage service activities</i>	4.9	4.8	4.1	4.3	4.6	4.7	5.2
Transportation, storage, postal and courier services	3.3	3.1	2.6	2.4	2.5	3.0	2.6
<i>of which:</i>							
<i>Transportation</i>	3.1	2.9	2.2	2.1	2.2	2.6	1.9
Information and communications	3.4	3.3	3.4	3.5	3.1	3.4	3.3
Financing, insurance, real estate, professional and business services	2.4	2.5	2.5	2.4	2.7	2.8	2.4
<i>of which:</i>							
<i>Financing and insurance</i>	2.1	2.0	2.3	1.9	2.3	2.5	2.0
<i>Real estate</i>	2.6	2.6	2.1	2.1	2.2	2.1	1.5
<i>Professional and business services</i>	2.5	2.7	2.8	2.7	3.1	3.3	3.0
Public administration, social and personal services	1.5	1.6	1.4	1.3	1.4	1.3	1.3
<i>of which:</i>							
<i>Social work activities</i>	2.9	2.8	2.5	2.1	1.8	2.1	2.6
Manufacturing	3.9	4.0	4.0	3.8	3.2	3.2	3.3
Construction	4.5	4.2	3.9	3.7	4.1	4.2	4.4
Overall*	3.0 (3.1)	3.0 (3.0)	3.0 (2.8)	2.8 (2.9)	2.9 (3.0)	3.0 (3.0)	3.1 (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 rate of the lower-skilled workers edged up in the third quarter, whereas that of the higher-skilled workers declined

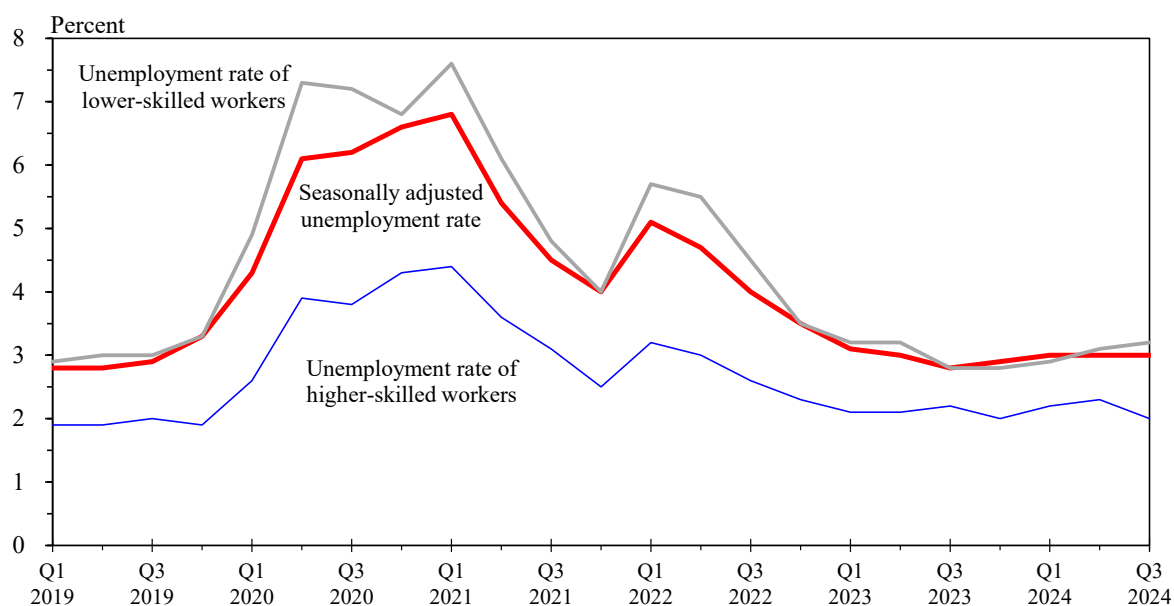


Table 5.5 : Unemployment rates* by skill segment

	<u>2023</u>				<u>2024</u>		
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>
<u>Higher-skilled segment</u>	2.1	2.1	2.2	2.0	2.2	2.3	2.0
Managers	1.3	1.5	1.7	1.7	2.0	2.1	1.7
Professionals	2.0	1.6	1.8	1.6	1.9	1.7	1.7
Associate professionals	2.7	2.9	2.8	2.5	2.7	2.9	2.4
<u>Lower-skilled segment^</u>	3.2	3.2	2.8	2.8	2.9	3.1	3.2
Clerical support workers	3.3	3.1	2.9	3.3	3.4	3.7	3.5
Service and sales workers	3.8	3.6	3.0	3.0	3.2	3.4	3.6
Craft and related workers	4.3	4.1	3.9	3.8	4.0	4.0	4.0
Plant and machine operators and assemblers	2.4	2.3	1.9	2.3	2.1	2.4	2.5
Elementary occupations	2.5	2.6	2.3	1.9	2.0	2.2	2.3

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>Q2</u>	<u>Q3</u>
<u>Age</u>							
15-24	7.8	9.4	10.2	8.5	9.8	8.2	11.3
<i>of which:</i>							
15-19	9.6	11.2	11.5	9.2	8.1	9.8	15.2
20-24	7.6	9.2	10.0	8.4	10.0	8.0	10.7
25-29	4.5	4.0	4.4	4.5	4.6	4.4	4.7
30-39	2.5	2.3	2.2	2.1	2.1	2.4	2.3
40-49	2.4	2.5	2.3	2.2	2.2	2.7	2.4
50-59	3.2	2.9	2.8	2.6	3.0	2.9	2.9
≥ 60	2.2	2.4	2.2	2.1	2.3	2.4	2.4
<u>Educational attainment</u>							
Primary education and below	2.4	2.4	1.9	2.3	1.9	2.4	2.5
Lower secondary education	4.2	3.9	3.3	3.6	2.9	3.7	3.5
Upper secondary education [^]	2.9	3.1	2.6	2.5	3.0	2.8	3.1
Post-secondary education	2.9	2.8	3.3	2.8	3.1	3.0	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 improved in the third quarter. The long-term unemployment rate (i.e. the proportion of persons unemployed for six months or longer in the labour force) edged down by 0.1 percentage point from the preceding quarter to 0.7% in the third quarter. The number of long-term unemployed persons decreased by 12.9% or 4 000 to 27 200. The median duration of unemployment shortened by 16 days to 61 days.

Underemployment situation

5.9 The underemployment rate stayed low at 1.2% in the third quarter, same as the preceding quarter. The number of underemployed persons increased by 3.5% or 1 500 to 46 000.

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 June. 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 declined by 0.2% from three months ago to 2 724 100 in June, and was 0.5% lower than a year earlier. Employment of various industries showed mixed movements when compared with three months ago. Specifically, employment in the industries of real estate, and residential care and social work services increased further, while employment in the industries of education, manufacturing, and retail declined. On a year-on-year comparison, decline in employment was largely seen in the industries of import/export trade and wholesale, retail, and cleaning and similar services, whereas employment in many other industries increased, notably for the industry of construction sites (covering manual workers only).

Table 5.7 : Employment by major economic sector

		<u>2023</u>				<u>2024</u>	
	<u>Annual average</u>	<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	<u>Dec</u>	<u>Mar</u>	<u>Jun</u>
Import/export trade and wholesale	423 800 (-2.5)	430 100 (-1.9)	427 600 (-1.7)	425 400 (-1.7)	412 100 (-4.8)	408 300 (-5.1)	405 500 (-5.2)
Retail	249 600 (1.7)	248 500 (1.4)	251 900 (2.9)	252 100 (2.8)	245 700 (-0.3)	241 900 (-2.7)	239 100 (-5.1)
Accommodation services	35 500 (3.0)	35 600 (0.6)	35 200 (5.5)	35 300 (5.2)	35 700 (1.2)	36 300 (2.1)	36 500 (3.7)
Food and beverage services	224 300 (3.5)	223 900 (9.4)	224 600 (3.4)	224 200 (1.0)	224 500 (0.7)	225 200 (0.6)	223 700 (-0.4)
Transportation, storage, postal and courier services	163 300 (-0.1)	161 900 (-1.5)	163 000 (0.3)	164 800 (0.5)	163 600 (0.5)	163 800 (1.2)	164 200 (0.7)
Information and communications	108 300 (1.9)	107 400 (0.2)	108 800 (2.5)	108 600 (3.1)	108 400 (1.8)	109 700 (2.1)	110 100 (1.2)
Financing, insurance, real estate, professional and business services	766 900 (1.4)	763 400 (-0.4)	769 700 (2.6)	773 000 (2.8)	761 600 (0.6)	762 300 (-0.1)	765 300 (-0.6)
<i>of which:</i>							
<i>Real estate</i>	141 200 (0.9)	141 800 (-1.3)	142 000 (2.7)	142 400 (2.8)	138 900 (-0.5)	139 300 (-1.8)	142 200 (0.2)
<i>Cleaning and similar services</i>	82 500 (§)	82 600 (-2.0)	83 900 (2.7)	83 000 (-0.2)	80 700 (-0.6)	80 700 (-2.3)	80 300 (-4.3)
Social and personal services	560 700 (4.4)	553 900 (3.9)	559 700 (4.8)	564 100 (5.2)	565 000 (3.8)	569 800 (2.9)	568 100 (1.5)
<i>of which:</i>							
<i>Education</i>	214 700 (4.0)	212 900 (3.8)	214 200 (4.2)	214 900 (4.5)	216 900 (3.5)	217 800 (2.3)	213 800 (-0.2)
<i>Residential care and social work services</i>	69 900 (4.7)	68 900 (2.4)	69 600 (5.9)	70 200 (5.5)	71 000 (5.0)	72 000 (4.5)	72 700 (4.3)
Manufacturing	74 400 (-0.6)	74 900 (-1.2)	74 800 (-0.2)	74 000 (-0.5)	74 000 (-0.6)	75 900 (1.4)	75 000 (0.3)
Construction sites (covering manual workers only)	112 300 (7.3)	108 400 (10.3)	111 000 (7.4)	109 600 (-0.1)	120 200 (12.0)	123 600 (14.1)	124 100 (11.8)
All establishments surveyed in the private sector^(a)	2 731 000 (1.7)	2 719 800 (1.5)	2 738 300 (2.4)	2 743 200 (2.1)	2 722 800 (0.8)	2 728 900 (0.3)	2 724 100 (-0.5)
		[0.7] <0.9>	[0.7] <0.6>	[0.2] <§>	[-0.7] <-0.6>	[0.2] <0.4>	[-0.2] <-0.2>
<i>Civil service^(b)</i>	172 900 (-1.1)	173 600 (-1.5)	172 700 (-1.4)	172 600 (-0.8)	172 600 (-0.6)	173 100 (-0.3)	172 400 (-0.2)

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

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

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

() % change over a year earlier.

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

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

§ Change within $\pm 0.05\%$.

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

Vacancies

5.12 Private sector vacancies declined by 7.6% from three months ago to 69 440 in June, and was 14.8% lower than a year earlier. Vacancies in a majority of industries declined.

5.13 The manpower balance situation eased further in June. The ratio of job vacancies per 100 unemployed persons declined further to 61 in June from 67 three months ago. Yet, manpower shortage situation remained acute in the human health services sector, and the residential care and social work services sector, with their corresponding ratios exceeding 200.

Table 5.8 : Vacancies by major economic sector

		<u>2023</u>				<u>2024</u>	
	<u>Annual average</u>	<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	<u>Dec</u>	<u>Mar</u>	<u>Jun</u>
Import/export trade and wholesale	3 870 (3.5)	4 250 (45.8)	4 220 (17.0)	3 860 (-6.3)	3 150 (-27.1)	4 030 (-5.1)	4 480 (6.3)
Retail	6 090 (24.1)	6 410 (72.5)	6 600 (35.2)	5 900 (18.2)	5 440 (-9.9)	4 720 (-26.3)	3 940 (-40.2)
Accommodation services	2 570 (36.8)	2 830 (100.7)	2 620 (46.5)	2 540 (24.9)	2 300 (0.4)	2 100 (-25.6)	1 580 (-39.8)
Food and beverage services	6 040 (33.8)	5 810 (140.8)	6 050 (28.7)	6 220 (12.2)	6 100 (12.6)	5 930 (2.2)	5 680 (-6.2)
Transportation, storage, postal and courier services	6 670 (20.2)	7 440 (109.7)	7 020 (87.7)	6 850 (-9.0)	5 370 (-27.3)	8 820 (18.5)	7 640 (8.7)
Information and communications	2 900 (1.7)	3 020 (8.3)	3 040 (9.2)	2 860 (-5.2)	2 690 (-4.8)	3 100 (2.5)	3 040 (0.1)
Financing, insurance, real estate, professional and business services	18 990 (8.0)	19 410 (17.1)	20 370 (19.7)	18 490 (-0.3)	17 680 (-2.9)	17 570 (-9.5)	17 630 (-13.4)
<i>of which:</i>							
Real estate	4 540 (10.9)	4 640 (20.2)	4 730 (13.0)	4 360 (0.5)	4 430 (11.1)	4 410 (-4.9)	4 440 (-6.0)
Cleaning and similar services	1 800 (25.0)	1 780 (47.6)	1 920 (62.0)	1 840 (21.6)	1 680 (-10.1)	1 610 (-9.5)	1 290 (-32.5)
Social and personal services	26 230 (16.6)	25 290 (37.4)	26 040 (21.8)	28 410 (8.1)	25 200 (5.2)	23 810 (-5.9)	20 950 (-19.6)
<i>of which:</i>							
Education	8 540 (17.4)	7 990 (33.6)	9 140 (22.8)	9 110 (15.2)	7 920 (2.1)	7 320 (-8.3)	6 890 (-24.6)
Residential care and social work services	5 440 (10.3)	5 260 (13.1)	5 460 (13.6)	5 540 (6.9)	5 500 (8.1)	5 060 (-3.8)	5 050 (-7.5)
Manufacturing	2 520 (49.0)	2 380 (69.5)	2 480 (51.1)	2 690 (46.9)	2 520 (34.0)	2 750 (15.7)	2 510 (1.6)
Construction sites (covering manual workers only)	2 090 (302.0)	640 (139.4)	2 760 (335.8)	2 560 (298.9)	2 400 (347.2)	2 070 (221.1)	1 800 (-34.9)
All establishments surveyed in the private sector^(a)	78 230 (18.5)	77 750 (44.8)	81 460 (30.3)	80 650 (7.8)	73 070 (-0.1)	75 180 (-3.3)	69 440 (-14.8)
		[6.3]	[4.8]	[-1.0]	[-9.4]	[2.9]	[-7.6]
		<5.4>	<4.0>	<-7.4>	<-1.4>	<1.7>	<-8.1>
Civil service ^(b)	19 550 (9.8)	19 170 (14.1)	19 700 (12.7)	19 450 (6.7)	19 870 (6.3)	19 740 (2.9)	19 380 (-1.6)

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

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

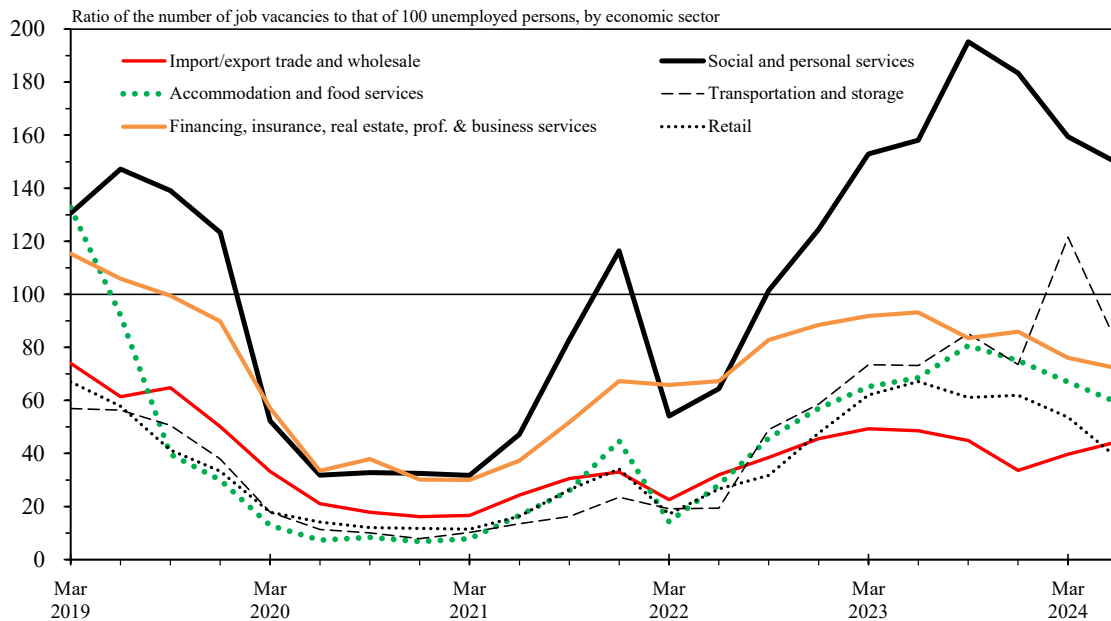
() % change over a year earlier.

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

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

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

Diagram 5.5 : Manpower balance situation eased further in June

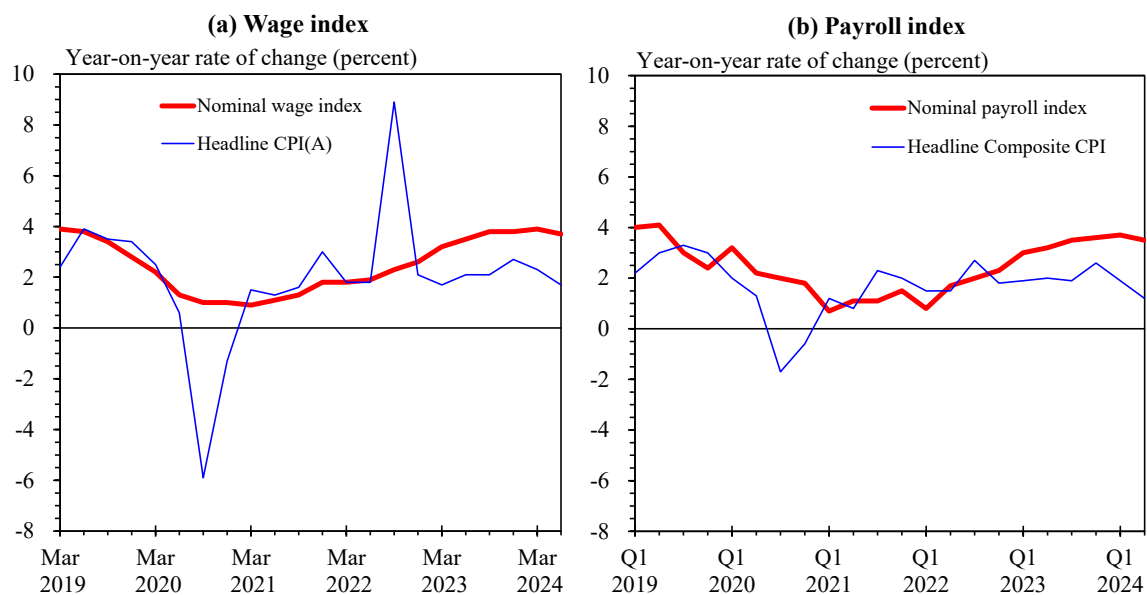


Wages and earnings

5.14 Wages and labour earnings continued to record decent increases in the second quarter over a year earlier. The average nominal wage rate, as measured by the nominal wage index for all selected industry sections which covers regular payment to employees at the supervisory level or below, rose further by 3.7% year-on-year in June. After discounting for *inflation*⁽⁷⁾, the average wage rate increased by 1.9% 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 further by 3.5% year-on-year in the second quarter. After discounting for inflation, labour earnings increased by 2.2% in real terms. All selected industries saw increases in payroll per person engaged in both nominal and real terms.

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



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

5.16 More recent statistics compiled from the GHS, though not strictly comparable to those from the business establishment surveys, indicated that employment earnings continued to record growth in the third quarter over a year earlier. On a year-on-year comparison, the median monthly employment earnings of full-time employees (excluding foreign domestic helpers) increased by 6.7% in nominal terms or 4.2% in *real terms*⁽⁹⁾ in the third quarter. Separately, the median monthly household income (excluding foreign domestic helpers) increased by 0.7% in nominal terms, though it declined by 1.7% in *real terms*⁽¹⁰⁾.

Highlights of related measures and policy developments

5.17 In the 2024 Policy Address, the Chief Executive (CE) pledged that the Government will continue to build Hong Kong into an international hub for high-calibre talents. Various measures were announced, including the establishment of the Committee on Education, Technology and Talents to co-ordinate and promote the integrated development of education, technology and talents. Moreover, the Government will also reform various aspects of the talent admission regime, including (i) updating the Talent List to include talents required for development of the “eight centres”; (ii) expanding the list of universities under the Top Talent Pass Scheme to 198 universities by adding 13 top Mainland and overseas universities, and extending the validity period of the first visa of high-income talents under the Scheme from two years to three years; (iii) implementing arrangements to allow a certain number of young and experienced non-degree talents with relevant professional and technical qualifications to apply for entry into Hong Kong under the General Employment Policy and the Admission Scheme for Mainland Talents and Professionals to join the skilled trades facing acute manpower shortage; (iv) introducing a new mechanism to proactively invite top-notch talents to come to Hong Kong for development through the Quality Migrant Admission Scheme; and (v) extending for two years the pilot arrangement for graduates from the campuses of Hong Kong universities in the Mainland cities of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) to return and work in Hong Kong under the Immigration Arrangements for Non-local Graduates.

5.18 Separately, the Government will reform the Employees Retraining Board (ERB) and vigorously strengthen the training of local workers. The ERB will enhance its role and positioning to devising skills-based training programmes and strategies for the entire workforce. Starting from early 2025, the ERB will introduce a series of measures to enhance its services, including removing from the eligibility criteria the cap on education level of service recipients, and increasing the total number of annual training places by at least 15 000, among others. In addition, the ERB will formulate an action plan within 2025 for reforming its functions, structure and operation mode as well as consolidating its training resources.

5.19 To enhance the support to youth employment, the Government will continue to enhance the GBA Youth Employment Scheme by relaxing eligibility requirements to allow young people aged 29 or below with sub-degree or higher qualifications to join the scheme, increasing the limit of monthly allowance granted to enterprises to \$12,000, and exploring reciprocal arrangements.

Moreover, the Youth Employment and Training Programme will be refined by raising the upper age limit for its participants to 29 and providing additional workplace attachment opportunities in the GBA.

5.20 To support working parents, the Government will set up one more aided standalone child care centre (CCC), in addition to the 10 aided standalone CCCs as announced in the 2023 Policy Address, providing a total of about 2 000 additional places for day child care services in phases over the three years from 2024. Service places under the Neighbourhood Support Child Care Project will be increased by 25% to 2 500, with the estimated number of beneficiaries increasing to 25 000.

5.21 The Minimum Wage Commission (MWC) submitted its report on reviewing the Statutory Minimum Wage (SMW) rate to the CE in Council on 31 October 2024, pursuant to the Minimum Wage Ordinance. The CE in Council will at an appropriate time announce its decision after considering MWC's report. Separately, the Government will implement the new annual review mechanism of SMW endorsed by the CE in Council in April 2024. 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 2022 – January 2023 to October – December 2023 have been revised to take into account the final end-2023 population estimates.

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

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

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

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

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

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

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

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

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

CHAPTER 6 : PRICES

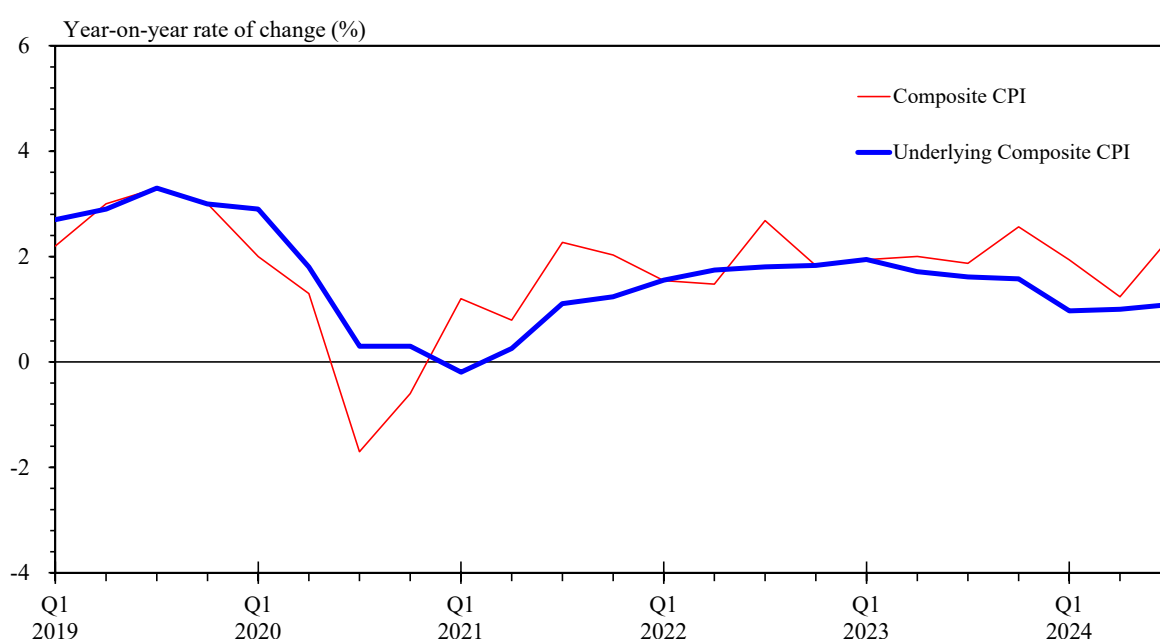
Summary

- *Underlying consumer price inflation remained modest in overall terms in the third quarter of 2024. Prices of meals out and takeaway food increased at a moderated pace over a year earlier. Increases in private housing rentals remained small. Prices of electricity continued to record visible decline. Price pressures on other major components were generally 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 1.1% year-on-year in the third quarter, compared with 1.0% in the preceding quarter.*
- *The headline Composite CPI rose by 2.4% year-on-year in the third quarter, compared with 1.2% in the preceding quarter. The headline inflation was higher than its underlying counterpart in the third quarter, as no rates concession was provided by the Government during the quarter and the electricity charges subsidy was smaller than the same period last year.*
- *Domestic business cost pressures remained largely contained. While nominal wages continued to record growth, commercial rentals declined. External price pressures softened in overall terms.*

Consumer prices

6.1 Underlying consumer price inflation remained modest in overall terms in the third quarter of 2024. Prices of meals out and takeaway food increased at a moderated pace over a year earlier. Increases in private housing rentals remained small. Prices of electricity continued to record visible decline. Price pressures on other major components were generally in check. Domestic business cost pressures remained largely contained. While nominal wages continued to record growth, commercial rentals declined. External price pressures softened in overall terms.

Diagram 6.1: Underlying consumer price inflation remained modest in overall terms in the third quarter of 2024



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

6.2 The underlying consumer price inflation, in terms of the year-on-year rate of change in the underlying Composite CPI which nets out the effects of the Government's one-off relief measures, was 1.1% in the third quarter of 2024, compared with 1.0% in the preceding quarter. The headline Composite CPI inflation was 2.4% in the third quarter, compared with 1.2% in the preceding quarter. The headline inflation was higher than its underlying counterpart by a large margin in the third quarter, as no rates concession was provided by the Government during the quarter and the electricity charges subsidy was smaller than the same period last year.

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

		<u>Composite CPI</u>		<u>CPI(A)</u>	<u>CPI(B)</u>	<u>CPI(C)</u>
		<u>Underlying^(a)</u>	<u>Headline</u>			
2023	Annual	1.7	2.1	2.3	2.0	2.0
	H1	1.8	2.0	2.1	1.9	2.0
	H2	1.6	2.2	2.5	2.1	2.1
	Q1	1.9	1.9	2.0	1.8	2.0
	Q2	1.7	2.0	2.2	1.9	2.0
	Q3	1.6	1.9	1.9	1.8	1.9
	Q4	1.6	2.6	3.0	2.4	2.3
2024	H1	1.0	1.6	1.8	1.5	1.5
	Q1	1.0	1.9	2.2	1.8	1.8
	Q2	1.0	1.2	1.4	1.2	1.2
	Q3	1.1	2.4	3.1	2.1	1.9

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

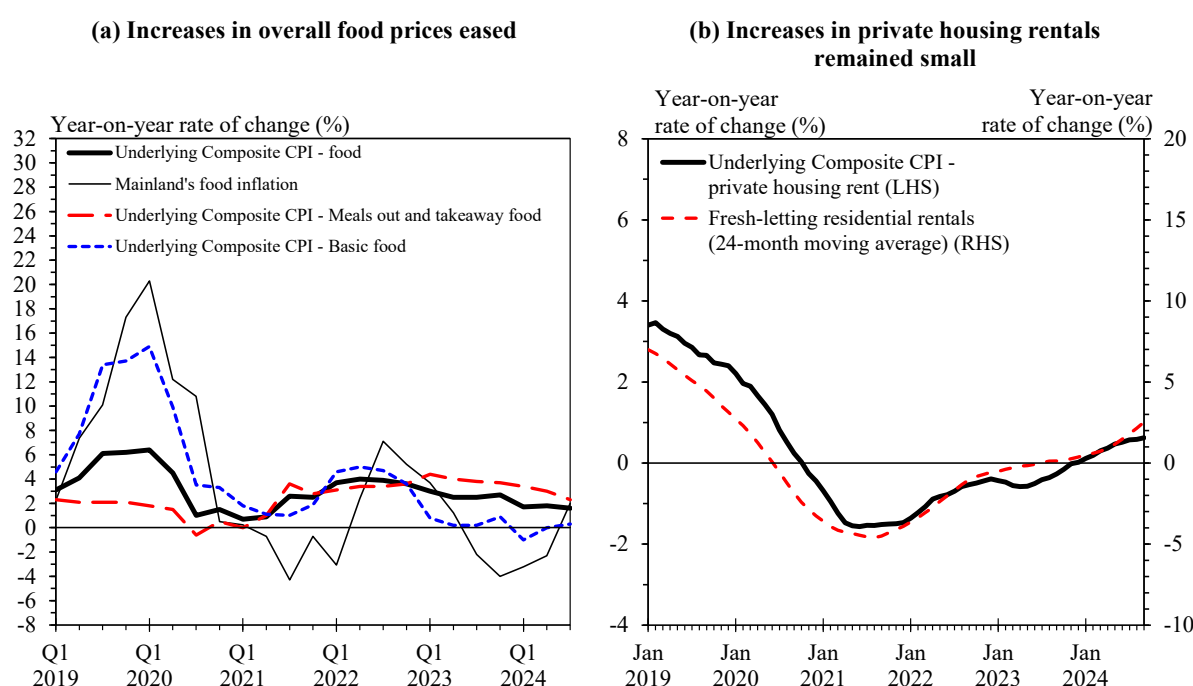
2023	Q1	0.7	0.6	0.6	0.6	0.6
	Q2	0.3	0.2	0.2	0.2	0.3
	Q3	0.3	0.4	0.5	0.4	0.4
	Q4	0.3	1.3	1.6	1.1	1.0
2024	Q1	*	0.1	-0.1	0.1	-0.1
	Q2	0.3	-0.5	-0.6	-0.4	-0.1
	Q3	0.5	1.6	2.1	1.4	1.0

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

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

6.3 Analysed by the major component of the underlying Composite CPI, prices of meals out and takeaway food increased at a moderated pace of 2.3% over a year earlier, while prices of basic food edged up by 0.3%. Increases in private housing rentals remained small at 0.6%. Prices of alcoholic drinks and tobacco were visibly higher than a year ago, due to the increase in tobacco duty. Mild increases were seen for prices of transport and miscellaneous services. Prices of miscellaneous goods inched up. Meanwhile, prices of clothing and footwear turned to a decline and those of durable goods fell further. Prices of electricity, gas and water continued to decrease noticeably.

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 increased at a moderated pace; prices of electricity, gas and water continued to decrease noticeably

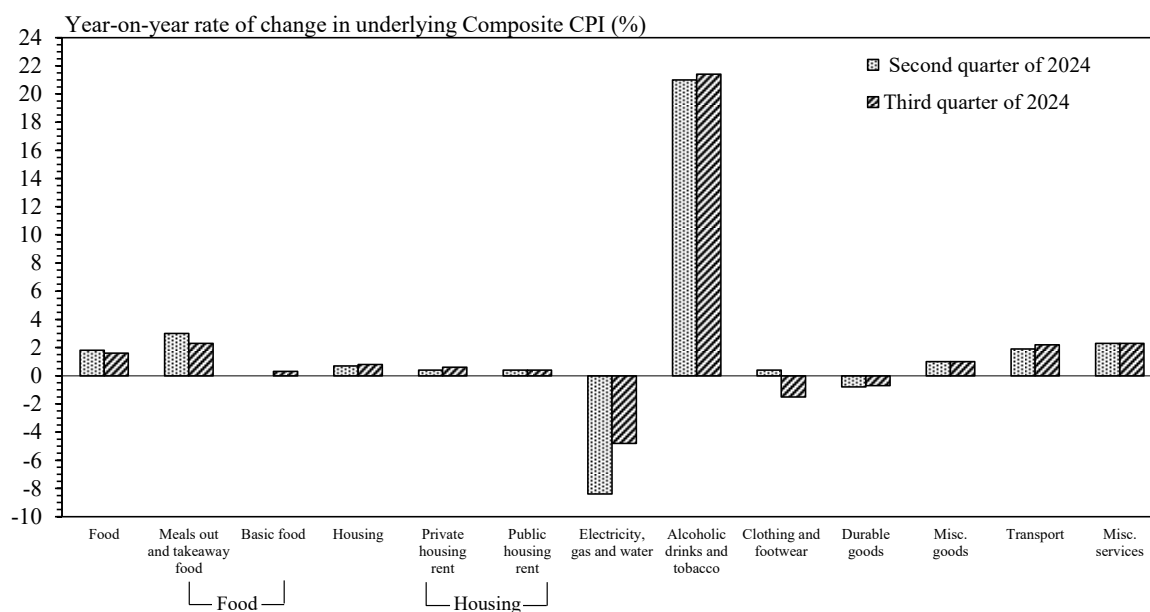
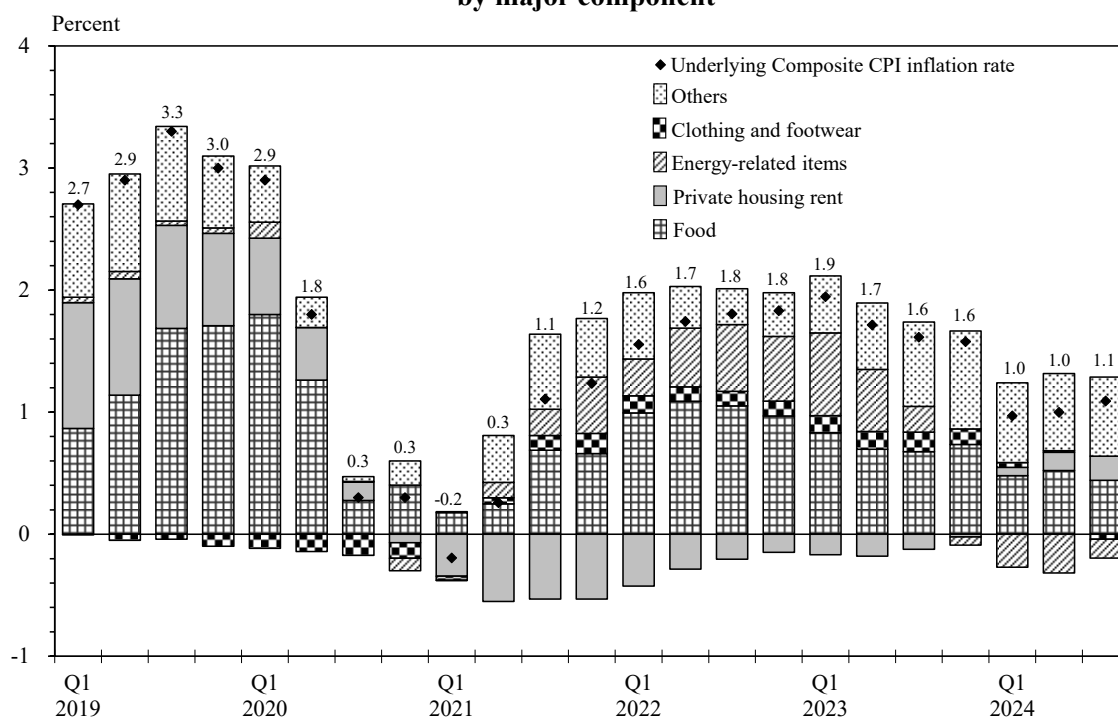


Diagram 6.3 (b) : Contribution to underlying Composite CPI inflation rate by major component



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

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

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

<u>Expenditure component</u>	<u>Weighting (%)[^]</u>	<u>2022</u>			<u>2023</u>				<u>2024</u>	
		<u>Annual</u>	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>
Food	26.49	3.8	2.7	3.0	2.5	2.5	2.7	1.7	1.8	1.6
<i>Meals out and takeaway food</i>	17.39	3.4	4.0	4.4	4.0	3.8	3.7	3.4	3.0	2.3
<i>Basic food</i>	9.10	4.5	0.5	0.8	0.2	0.2	0.9	-1.0	*	0.3
Housing ^(a)	38.48	-0.5 (0.2)	0.1 (1.0)	-0.1 (-0.1)	-0.1 (0.6)	0.2 (0.8)	0.4 (2.8)	0.5 (3.0)	0.7 (1.1)	0.8 (3.3)
<i>Private housing rent</i>	33.58	-0.8 (-0.6)	-0.4 (0.5)	-0.5 (-0.5)	-0.5 (0.2)	-0.4 (0.4)	-0.1 (1.8)	0.2 (2.0)	0.4 (0.5)	0.6 (2.4)
<i>Public housing rent</i>	1.97	0.3 (9.6)	1.1 (4.4)	1.2 (0.7)	1.5 (1.7)	1.5 (1.7)	0.3 (13.5)	0.3 (13.5)	0.4 (1.2)	0.4 (13.6)
Electricity, gas and water	3.07	10.4 (7.2)	8.1 (9.6)	17.2 (20.4)	13.2 (15.9)	5.2 (6.1)	-2.1 (-2.3)	-6.9 (-8.0)	-8.4 (-6.7)	-4.8 (4.5)
Alcoholic drinks and tobacco	0.52	1.3	17.0	11.2	18.8	19.0	18.8	14.3	21.0	21.4
Clothing and footwear	2.74	5.3	5.8	5.9	5.9	6.5	5.0	1.6	0.4	-1.5
Durable goods	4.30	0.6	-2.4	-2.3	-3.6	-2.5	-1.2	-1.4	-0.8	-0.7
Miscellaneous goods	3.38	0.4	1.7	0.9	1.5	2.2	2.2	1.3	1.0	1.0
Transport	7.28	2.9	1.9	1.4	1.7	2.0	2.5	2.1	1.9	2.2
Miscellaneous services	13.74	1.3 (1.3)	2.6 (2.6)	2.1 (2.2)	2.5 (2.5)	2.5 (2.5)	3.2 (3.2)	2.9 (2.9)	2.3 (2.2)	2.3 (2.3)
All items	100.00	1.7 (1.9)	1.7 (2.1)	1.9 (1.9)	1.7 (2.0)	1.6 (1.9)	1.6 (2.6)	1.0 (1.9)	1.0 (1.2)	1.1 (2.4)

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

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

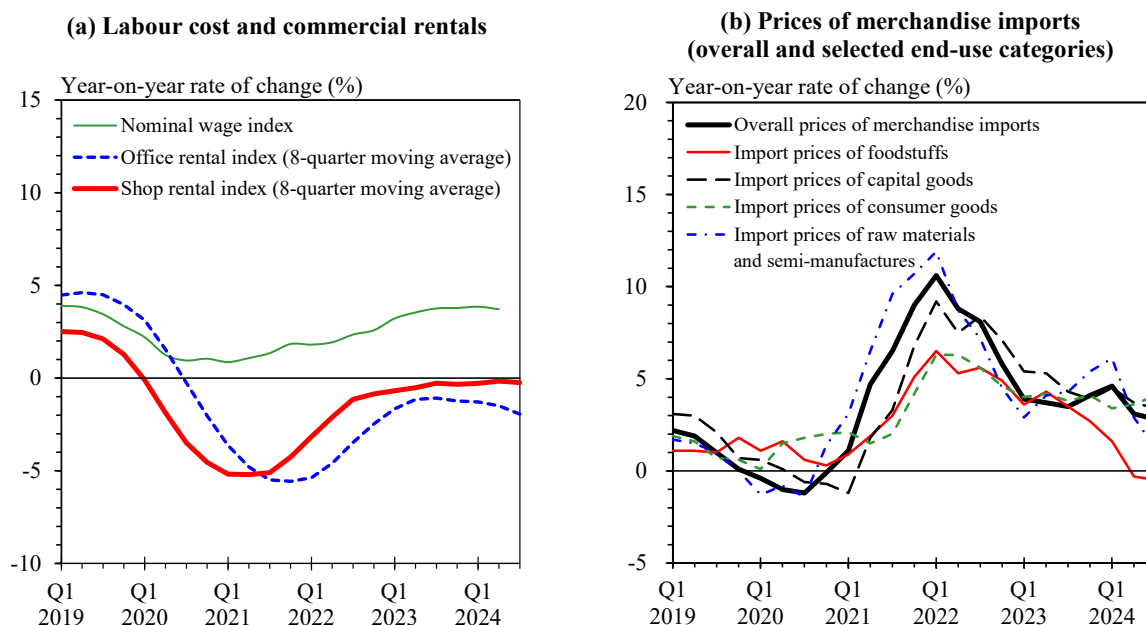
([^]) These are expenditure weights of the reference period 2023, which are used for the compilation of CPIs since the reference month of April 2024. CPIs prior to this are compiled based on expenditure weights of the reference period 2019/20.

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

Costs of factor inputs and import prices

6.4 Domestic business cost pressures remained largely contained in the third quarter of 2024. While nominal wages continued to record growth, commercial rentals faced by businesses declined. As proxies, the eight-quarter moving averages of office rentals and shop rentals fell by 1.9% and 0.2% respectively in the third quarter.

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



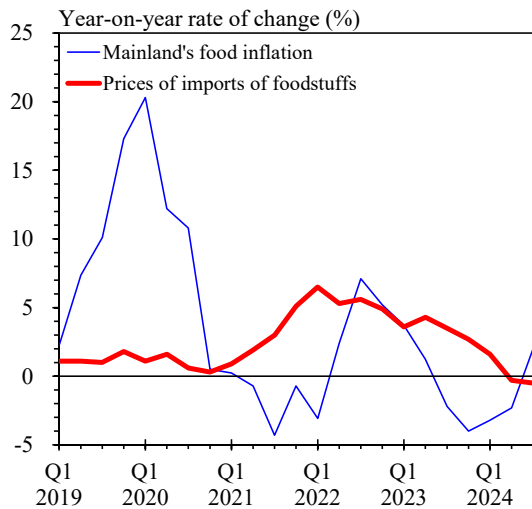
6.5 External price pressures softened in overall terms in the third quarter of 2024, in tandem with the disinflation trend in many major economies⁽²⁾. Increase in import prices of raw materials and semi-manufactures moderated to 1.8%, while import prices of capital goods continued to rise by 4.1%. For consumption-related items, import prices of foodstuffs edged down by 0.5%. Those of fuels registered a widened decline of 9.1%. Those of consumer goods increased further by 4.3%.

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

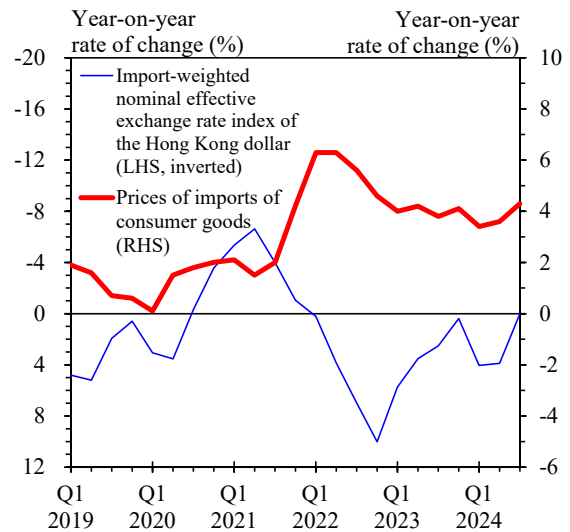
		<u>Foodstuffs</u>	<u>Consumer goods</u>	<u>Raw materials and semi-manufactures</u>	<u>Fuels</u>	<u>Capital goods</u>	<u>All</u>
2023	Annual	3.6	4.0	4.4	-16.2	4.9	3.9
	H1	4.0	4.1	3.6	-12.4	5.3	3.8
	H2	3.1	3.9	4.9	-19.5	4.1	3.9
	Q1	3.6	4.0	2.9	5.4	5.4	3.9
	Q2	4.3	4.2	4.1	-26.7	5.3	3.7
	Q3	3.5	3.8	4.3	-21.7	4.3	3.5
	Q4	2.7	4.1	5.4	-16.7	3.9	4.1
2024	H1	0.7	3.5	4.4	-5.9	4.1	3.8
	Q1	1.6	3.4	6.1	-12.0	4.5	4.6
	Q2	-0.3	3.6	2.9	-0.1	3.7	3.1
	Q3	-0.5	4.3	1.8	-9.1	4.1	2.6

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

(a) Import prices of foodstuffs edged down

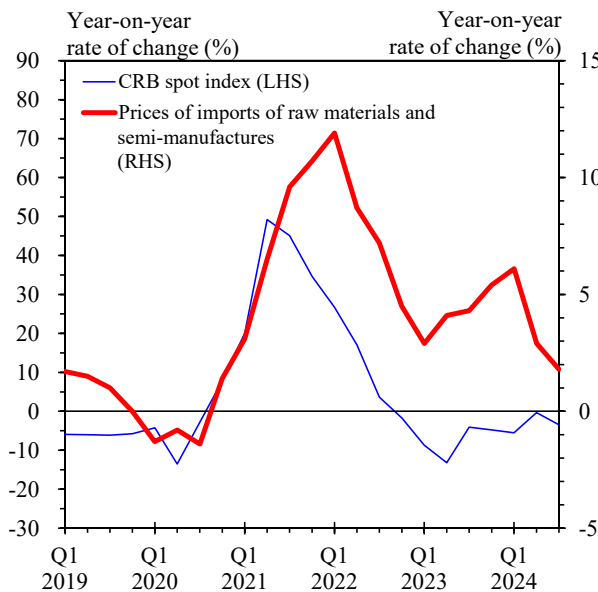


(b) Import prices of consumer goods increased further

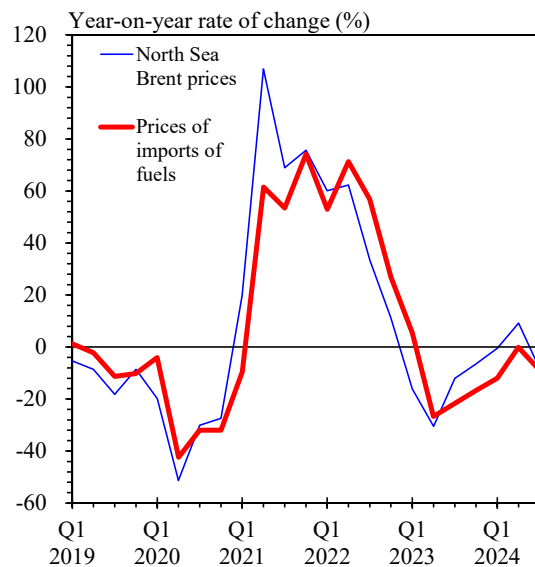


Note : An increase in the nominal EERI indicates strengthening of the Hong Kong dollar. The y-axis of nominal EERI in this graph is inverted for easier comprehension.

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



(d) Import prices of fuels registered a widened decline



Output prices

6.6 Output prices, as measured by the *Producer Price Indices*⁽³⁾, saw mixed movements across different sectors in the second quarter of 2024. Output prices for the manufacturing sector rose further. Among the selected service sectors, output prices for land transport and courier services continued to increase, though at moderated paces. Those for air transport and water transport turned to increases after posting year-on-year declines for more than a year. On the other hand, output prices for accommodation services fell back and those for telecommunications services extended its secular downtrend.

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

<u>Industry group</u>	<u>2022</u>		<u>2023</u>				<u>2024</u>	
	<u>Annual</u>	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>
Manufacturing	0.8	1.6	0.9	-0.2	3.0	2.7	1.2	3.1
Selected service sectors								
Accommodation services	13.0	26.2	21.1	29.7	22.5	31.5	12.3	-6.1
Land transport	9.5	*	4.4	-2.3	-1.5	-0.2	2.8	1.8
Water transport	18.1	-40.0	-38.7	-42.2	-40.7	-38.2	-5.6	7.2
Air transport	2.8	-23.4	-28.9	-30.0	-23.3	-8.6	-7.9	1.7
Telecommunications	-1.3	-1.0	-1.1	-1.3	-1.2	-0.5	-1.5	-1.5
Courier services	-4.5	4.2	1.4	4.1	5.5	6.1	5.6	3.8

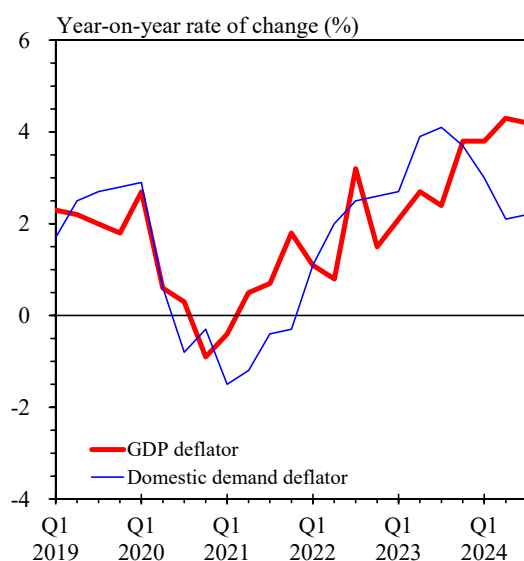
Note : (*) Change within $\pm 0.05\%$.

GDP deflator

6.7 As a broad measure of the overall change in prices in the economy, the *GDP deflator*⁽⁴⁾ rose by 4.2% year-on-year in the third quarter of 2024, after increasing by 4.3% in the preceding quarter. The *terms of trade*⁽⁵⁾ increased by 1.0%. Taking out the external trade components, the domestic demand deflator increased by 2.2% in the third quarter over a year earlier, after rising by 2.1% in the preceding quarter.

Diagram 6.6: GDP deflator

(a) The GDP deflator rose



(b) Terms of trade increased

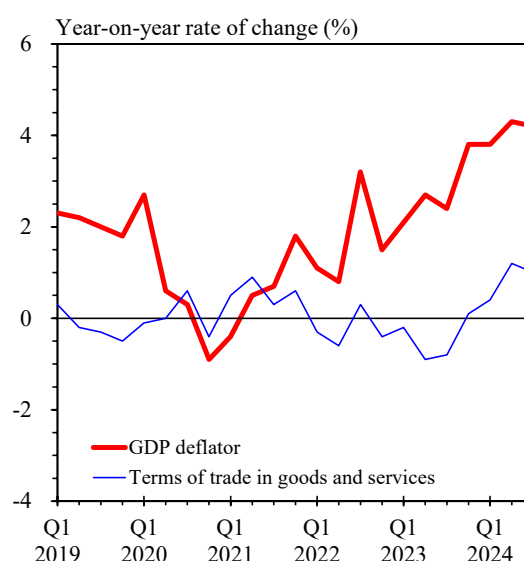


Table 6.5 : GDP deflator and the main expenditure component deflators
(year-on-year rate of change (%))

	<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> [#]	<u>Q2</u> [#]	<u>Q3</u> [#]
Private consumption expenditure	2.3	4.8	4.5	4.3	5.4	5.2	3.6	3.4	2.9
Government consumption expenditure	2.6	2.5	2.6	3.1	2.4	2.1	1.6	1.3	1.8
Gross domestic fixed capital formation	1.0	-0.3	-1.9	0.6	0.3	-0.4	0.7	-2.7	-0.2
Total exports of goods ^{&}	6.8	4.2	3.8	3.7	3.7	5.1	4.5	4.4	4.2
Imports of goods ^{&}	7.3	4.3	3.6	4.3	4.1	4.9	4.8	3.7	3.6
Exports of services ^{&}	6.3	-1.8	-2.1	-4.4	-1.6	0.6	5.9	5.8	7.3
Imports of services ^{&}	4.4	-0.4	0.2	-2.4	1.2	-0.6	1.4	1.4	3.6
Gross Domestic Product	1.7	2.8	2.1 <0.8>	2.7 <0.8>	2.4 <1.6>	3.8 <0.6>	3.8 <0.8>	4.3 <1.2>	4.2 <1.4>
Total final demand ^{&}	5.2	3.4	2.7	3.1	3.2	4.3	4.1	3.7	3.8
Domestic demand	2.1	3.6	2.7	3.9	4.1	3.7	3.0	2.1	2.2
Terms of trade in goods and services ^{&}	-0.3	-0.4	-0.2	-0.9	-0.8	0.1	0.4	1.2	1.0

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

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

(#) Revised figures.

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

Notes :

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

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

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

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

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

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

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

	<u>2022</u>		<u>2023</u>				<u>2024</u>		
	<u>Annual</u>	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>
Selected developed economies									
US	8.0	4.1	5.8	4.0	3.5	3.2	3.2	3.2	2.6
Canada	6.8	3.9	5.1	3.5	3.7	3.2	2.8	2.7	2.0
EU	9.2	6.4	9.4	7.2	5.7	3.4	2.8	2.6	2.4
Japan	2.5	3.2	3.6	3.4	3.1	2.9	2.5	2.7	2.8
Selected major emerging economies									
Mainland China	2.0	0.2	1.3	0.1	-0.1	-0.3	0.0	0.3	0.5
Russia	13.8	5.9	8.6	2.7	5.2	7.2	7.6	8.3	9.0
India	6.7	5.7	6.2	4.6	6.4	5.4	5.0	4.9	4.2
Brazil	9.3	4.6	5.3	3.8	4.6	4.7	4.3	3.9	4.4
Selected Asian economies									
Hong Kong	1.9	2.1	1.9	2.0	1.9	2.6	1.9	1.2	2.4
Singapore	6.1	4.8	6.1	5.1	4.1	4.0	3.0	2.8	2.2
Taiwan	2.9	2.5	2.6	2.0	2.4	2.9	2.3	2.2	2.2
Korea	5.1	3.6	4.6	3.3	3.1	3.4	3.0	2.7	2.1
Malaysia	3.3	2.5	3.6	2.8	2.0	1.6	1.7	1.9	1.9
Thailand	6.1	1.2	3.9	1.1	0.5	-0.5	-0.8	0.8	0.6
Indonesia	4.2	3.7	5.2	3.9	2.9	2.7	2.8	2.8	2.0
Philippines	5.8	6.0	8.3	6.0	5.4	4.3	3.3	3.8	3.2
Vietnam	3.2	3.3	4.2	2.4	2.9	3.5	3.8	4.4	3.5
Macao	1.0	0.9	0.8	0.8	0.9	1.2	1.2	0.8	0.7

- (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)**

	(\$Mn)					
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
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
Per capita GDP (\$)	312,609	328,924	339,476	359,737	380,462	378,937
GNI	2,306,612	2,442,656	2,553,191	2,775,163	2,970,244	2,988,739
Per capita GNI (\$)	319,056	335,010	348,007	375,367	398,551	398,079
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>Q4[#]</u>	<u>Q1[#]</u>	<u>2024</u> <u>Q2[#]</u>	<u>Q3[#]</u>
Private consumption expenditure	1,775,202	1,863,524	1,863,515	2,103,948	552,915	522,442	543,259	526,896
Government consumption expenditure	341,052	363,591	402,722	395,436	96,988	107,461	96,382	101,004
Gross domestic fixed capital formation	455,695	483,054	451,397	499,969	133,832	114,277	124,440	134,474
Building and construction	254,459	259,950	283,395	301,378	76,611	77,922	84,015	73,814
Costs of ownership transfer	40,071	53,279	28,415	25,519	3,979	4,729	8,039	4,527
Machinery, equipment and intellectual property products	161,165	169,825	139,587	173,072	53,242	31,626	32,386	56,133
Changes in inventories	52,221	-1,909	-23,593	-39,252	-10,871	-18,012	-21,866	11,329
Total exports of goods ^{&}	4,198,338	5,236,005	4,812,517	4,498,541	1,245,942	1,141,579	1,196,935	1,259,971
Imports of goods ^{&}	4,239,663	5,211,334	4,852,975	4,627,682	1,253,628	1,148,671	1,211,154	1,261,107
Exports of services ^{&}	519,205	615,069	650,549	771,733	202,162	221,705	194,383	215,991
Imports of services ^{&}	426,257	480,027	495,151	621,092	174,404	173,326	164,942	176,226
GDP	2,675,793	2,867,973	2,808,981	2,981,601	792,936	767,455	757,437	812,332
<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	847,923	828,731	847,673	N.A.
<i>Per capita GNI (\$)</i>	<i>378,542</i>	<i>413,687</i>	<i>407,665</i>	<i>431,161</i>	--	--	--	--
Total final demand	7,341,713	8,559,334	8,157,107	8,230,375	2,220,968	2,089,452	2,133,533	2,249,665
Total final demand excluding re-exports ^(a)	4,099,539	4,454,376	4,349,628	4,723,008	1,259,437	1,199,509	1,176,429	1,259,947
Domestic demand	2,624,170	2,708,260	2,694,041	2,960,101	772,864	726,168	742,215	773,703
Private	2,147,406	2,202,170	2,118,602	2,389,226	629,872	566,135	594,895	626,538
Public	476,764	506,090	575,439	570,875	142,992	160,033	147,320	147,165
External demand	4,717,543	5,851,074	5,463,066	5,270,274	1,448,104	1,363,284	1,391,318	1,475,962

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

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

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

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

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

(%)

	<u>2020</u>	<u>2021</u>	<u>2022[#]</u>	<u>2023[#]</u>	<u>2023</u>	<u>2024</u>			Average annual rate of change:	
					Q4 [#]	Q1 [#]	Q2 [#]	Q3 [#]	10 years 2013 to 2023 [#]	5 years 2018 to 2023 [#]
Private consumption expenditure	-10.6	5.6	-2.2	7.7	3.5	1.2	-1.6	-1.3	1.9	-0.3
Government consumption expenditure	7.9	5.9	8.0	-4.3	-5.2	-2.2	2.2	2.1	3.9	4.4
Gross domestic fixed capital formation	-11.1	8.3	-7.4	11.1	17.5	0.1	4.1	3.7	-1.6	-3.4
Building and construction	-9.1	-0.5	7.4	7.5	6.1	10.6	11.3	-3.5	0.9	-1.4
Costs of ownership transfer	-4.0	36.2	-43.2	0.2	-3.4	-27.6	35.8	9.2	-3.9	-8.4
Machinery, equipment and intellectual property products	-16.0	15.2	-18.9	20.5	43.7	-14.2	-18.5	15.1	-4.0	-5.6
Total exports of goods ^{&}	-1.4	18.7	-14.0	-10.3	2.8	6.8	7.5	4.0	-0.5	-3.1
Imports of goods ^{&}	-3.2	17.2	-13.2	-8.6	3.8	3.3	3.4	2.8	-0.8	-3.8
Exports of services ^{&}	-34.8	3.4	-0.5	20.9	21.2	9.4	1.1	2.4	-2.5	-6.0
Imports of services ^{&}	-32.2	2.5	-1.2	25.9	26.7	18.0	12.3	8.2	-0.5	-2.9
GDP	-6.5	6.5	-3.7	3.3	4.3	2.8	3.2	1.8	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	7.4	6.1	5.9	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	5.4	4.3	4.0	2.9	-0.1	-2.6
Total final demand excluding re-exports ^(a)	-11.1	6.0	-4.8	5.7	7.9	1.7	0.6	1.9	*	-2.1
Domestic demand	-6.9	4.1	-2.5	6.1	6.2	-0.7	-0.3	1.3	1.3	-0.7
Private	-9.3	3.8	-5.6	8.3	8.6	-0.7	-2.6	*	0.8	-1.7
Public	6.2	5.2	10.7	-2.3	-3.2	-0.6	9.8	6.9	3.6	4.1
External demand	-6.7	17.0	-12.5	-6.6	5.1	7.2	6.5	3.7	-0.8	-3.5

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

	<u>2019</u>		<u>2020</u>		<u>2021</u>		<u>2022[#]</u>		<u>2023[#]</u>	
	\$Mn	%	\$Mn	%	\$Mn	%	\$Mn	%	\$Mn	%
	share		share		share		share		share	
Agriculture, fishing, mining and quarrying	2,057	0.1	2,648	0.1	2,168	0.1	1,486	0.1	1,130	*
Manufacturing	29,366	1.1	25,525	1.0	26,175	1.0	26,598	1.0	28,160	1.0
Electricity, gas and water supply, and waste management	34,083	1.2	35,325	1.4	36,348	1.3	32,485	1.2	33,068	1.1
Construction	114,499	4.2	104,262	4.1	109,254	4.0	116,833	4.3	127,328	4.4
Services	2,560,716	93.4	2,392,895	93.4	2,571,873	93.7	2,558,082	93.5	2,727,021	93.5
<i>Import/export, wholesale and retail trades</i>	533,352	19.5	471,246	18.4	532,715	19.4	494,689	18.1	510,529	17.5
<i>Accommodation and food services</i>	75,918	2.8	36,934	1.4	45,394	1.7	45,350	1.7	60,991	2.1
<i>Transportation, storage, postal and courier services</i>	151,574	5.5	113,951	4.5	200,986	7.3	204,118	7.5	174,800	6.0
<i>Information and communications</i>	95,557	3.5	93,759	3.7	99,514	3.6	100,103	3.7	102,361	3.5
<i>Financing and insurance</i>	581,499	21.2	599,797	23.4	583,613	21.3	613,477	22.4	727,174	24.9
<i>Real estate, professional and business services</i>	276,497	10.1	244,337	9.5	250,306	9.1	233,094	8.5	246,083	8.4
<i>Public administration, social and personal services</i>	537,238	19.6	529,457	20.7	561,530	20.5	583,006	21.3	608,597	20.9
<i>Ownership of premises</i>	309,081	11.3	303,414	11.8	297,816	10.8	284,245	10.4	296,487	10.2
GDP at basic prices	2,740,721	100.0	2,560,655	100.0	2,745,819	100.0	2,735,484	100.0	2,916,707	100.0
Taxes on products	93,623	--	102,066	--	138,758	--	104,353	--	89,158	--
Statistical discrepancy (%)	0.4	--	0.5	--	-0.6	--	-1.1	--	-0.8	--
GDP at current market prices	2,845,022	--	2,675,793	--	2,867,973	--	2,808,981	--	2,981,601	--

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.

(*) Figure denotes less than 0.05%.

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

(%)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022[#]</u>	<u>2023[#]</u>	<u>2023</u>		<u>2024</u>	
							Q3 [#]	Q4 [#]	Q1 [#]	Q2 [#]
Agriculture, fishing, mining and quarrying	-1.8	-0.8	3.8	-2.5	-15.8	-2.9	-6.0	-8.0	-9.0	-11.2
Manufacturing	1.3	0.4	-5.8	5.5	0.2	3.7	4.3	4.1	1.8	0.7
Electricity, gas and water supply, and waste management	0.1	-0.5	-14.2	3.7	-1.2	1.7	0.2	3.6	4.3	1.6
Construction	3.3	-9.7	-11.7	-0.6	8.3	5.6	13.5	3.8	9.2	13.2
Services	3.1	-0.6	-6.7	5.9	-3.4	3.7	4.2	5.3	3.1	2.0
<i>Import/export, wholesale and retail trades</i>	4.2	-7.5	-15.0	13.3	-11.9	-0.4	1.5	6.5	0.9	-0.1
<i>Accommodation and food services</i>	5.9	-11.7	-44.8	22.6	-6.8	29.3	18.4	14.6	0.9	-6.4
<i>Transportation, storage, postal and courier services</i>	2.5	-1.7	-36.9	7.7	-4.5	30.2	31.4	31.8	19.5	10.6
<i>Information and communications</i>	4.1	4.7	1.7	2.6	0.5	1.0	1.8	2.1	2.2	2.1
<i>Financing and insurance</i>	4.0	3.4	4.0	4.7	-2.6	-1.6	-0.2	-1.4	-0.5	0.2
<i>Real estate, professional and business services</i>	-0.4	-0.2	-4.6	2.1	-2.1	2.6	2.8	2.7	1.2	2.7
<i>Public administration, social and personal services</i>	3.6	3.2	-2.3	4.4	1.3	3.6	2.9	3.6	3.1	2.9
<i>Ownership of premises</i>	1.0	0.6	-0.3	1.2	0.6	1.1	0.9	1.4	1.7	1.9
Taxes on products	-3.9	-11.3	17.6	22.3	-16.6	-9.5	-9.3	-25.6	-9.8	23.9
GDP in chained (2022) dollars	2.8	-1.7	-6.5	6.5	-3.7	3.3	4.2	4.3	2.8	3.2

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

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

(\$Mn)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022[#]</u>	<u>2023[#]</u>	<u>2023</u>		<u>2024</u>	
						Q3 [#]	Q4 [#]	Q1 [#]	Q2 [#]
Current account ^(a)	166,482	187,012	339,429	286,089	273,177	107,311	70,721	98,076	100,321
Goods	-120,521	-41,325	24,671	-40,458	-129,141	-21,375	-7,686	-7,092	-14,219
Services	164,878	92,948	135,042	155,398	150,641	39,448	27,758	48,379	29,441
Primary income	143,717	156,083	198,732	185,769	267,674	93,434	54,987	61,276	90,236
Secondary income	-21,592	-20,694	-19,017	-14,620	-15,997	-4,196	-4,338	-4,488	-5,137
Capital account ^(a)	-682	-90	-10,363	1,231	5,892	6,199	-104	-95	-204
Financial account ^(b)	236,756	243,839	363,230	276,830	273,801	143,500	37,426	135,307	133,254
Financial non-reserve assets	245,612	-19,211	372,371	644,042	353,686	127,401	46,540	170,819	195,925
<i>Direct investment</i>	-160,730	-263,703	-340,141	-27,086	-65,687	-105,320	16,991	22,522	-176,277
<i>Portfolio investment</i>	215,764	528,049	620,493	317,357	373,148	139,908	-44,692	457,532	376,553
<i>Financial derivatives</i>	-1,239	-18,790	-45,126	-140,392	-111,677	-55,896	-36,805	62,258	-19,168
<i>Other investment</i>	191,817	-264,766	137,145	494,163	157,901	148,708	111,045	-371,492	14,816
Reserve assets	-8,855	263,050	-9,142	-367,212	-79,884	16,099	-9,113	-35,513	-62,671
Net errors and omissions	70,957	56,918	34,164	-10,489	-5,268	29,990	-33,191	37,326	33,137
Overall Balance of Payments	-8,855	263,050	-9,142	-367,212	-79,884	16,099	-9,113	-35,513	-62,671

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> Q4 [#]	Q1 [#]	<u>2024</u> Q2 [#]	Q3 [#]
Total exports of goods	4,255,098	4,198,338	5,236,005	4,812,517	4,498,541	1,245,942	1,141,579	1,196,935	1,259,971
Imports of goods	4,375,619	4,239,663	5,211,334	4,852,975	4,627,682	1,253,628	1,148,671	1,211,154	1,261,107
Goods trade balance	-120,521 (-2.8)	-41,325 (-1.0)	24,671 (0.5)	-40,458 (-0.8)	-129,141 (-2.8)	-7,686 (-0.6)	-7,092 (-0.6)	-14,219 (-1.2)	-1,136 (-0.1)
Exports of services	799,121	519,205	615,069	650,549	771,733	202,162	221,705	194,383	215,991
Imports of services	634,243	426,257	480,027	495,151	621,092	174,404	173,326	164,942	176,226
Services trade balance	164,878 (26.0)	92,948 (21.8)	135,042 (28.1)	155,398 (31.4)	150,641 (24.3)	27,758 (15.9)	48,379 (27.9)	29,441 (17.8)	39,765 (22.6)
Exports of goods and services	5,054,219	4,717,543	5,851,074	5,463,066	5,270,274	1,448,104	1,363,284	1,391,318	1,475,962
Imports of goods and services	5,009,862	4,665,920	5,691,361	5,348,126	5,248,774	1,428,032	1,321,997	1,376,096	1,437,333
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>	20,072 <1.4>	41,287 <3.1>	15,222 <1.1>	38,629 <2.7>

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>	
							Q4	Q1	Q2	Q3
	(% change)			(% change)		(\$Mn)	(% change over a year earlier)			
All markets	-4.1	-1.5	26.3	-8.6	-7.8	4,177,405	6.6	11.9	12.5	8.0
Mainland of China	-3.3	5.1	27.0	-12.9	-9.7	2,320,368	9.8	20.2	18.8	16.0
United States	-14.8	-14.9	19.6	-5.5	-6.9	272,476	9.1	5.5	27.5	6.5
India	-12.0	-17.6	36.6	29.0	-2.7	167,022	30.7	12.9	-22.7	-23.8
Taiwan	2.4	11.6	46.0	7.2	-9.9	138,842	7.6	-3.7	13.5	-5.6
Vietnam	-3.6	5.3	22.2	8.9	-0.5	111,878	18.6	17.7	28.8	27.6
United Arab Emirates	7.1	-0.4	38.8	35.3	8.9	103,466	4.3	20.8	6.1	-23.8
Japan	-6.4	-9.7	8.7	-13.8	-17.7	84,398	-3.8	-3.0	0.5	-4.4
Netherlands	-4.4	-5.2	22.8	0.1	-2.5	77,475	-22.2	-27.8	-10.4	29.7
Macao	7.1	-21.5	56.1	-6.6	24.9	75,543	18.2	-11.5	-21.8	-12.1
Korea	-2.3	-7.6	42.7	9.2	-9.5	73,706	-11.2	-8.0	-1.7	-10.8
Rest of the world	-2.0	-11.0	22.2	-11.0	-7.3	752,232	-4.4	3.7	2.4	-2.2

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>	
							Q4	Q1	Q2	Q3
	(% change)				(% change)	(\$Mn)	(% change over a year earlier)			
All sources	-6.5	-3.3	24.3	-7.2	-5.7	4,644,991	7.0	8.0	7.4	6.0
Mainland of China	-5.9	-6.5	26.5	-14.6	-2.7	2,022,317	8.2	9.8	8.8	7.1
Taiwan	-2.4	22.8	35.0	7.3	-10.5	525,905	1.0	-7.0	-5.6	15.8
Singapore	-7.5	8.1	31.7	-3.7	-17.3	329,557	5.5	15.3	30.9	8.2
Korea	-20.9	12.3	31.3	-10.7	-22.8	223,626	2.4	58.4	48.6	21.0
Japan	-2.8	-5.0	12.8	-10.4	-8.8	221,499	0.5	6.9	-2.4	1.9
United States	-7.9	-17.9	18.3	1.3	-4.6	199,708	5.1	13.9	-6.8	-3.1
Malaysia	-14.3	1.2	1.7	6.1	-15.3	149,754	-4.6	-7.6	8.7	9.6
Vietnam	18.5	28.4	16.9	22.3	-7.0	133,742	29.4	37.9	55.8	39.6
Thailand	-7.4	1.4	18.9	-8.9	-8.6	85,571	12.3	19.6	-1.0	-23.3
Philippines	-9.1	-0.1	25.1	7.4	-15.7	79,341	-30.3	-22.8	-7.6	-0.7
Rest of the world	-4.9	-17.0	17.0	-3.6	9.9	673,972	18.2	-2.9	-7.0	-9.6

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

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022[#]</u>	<u>2023[#]</u>		<u>2023</u>		<u>2024</u>	
							Q4 [#]	Q1 [#]	Q2 [#]	Q3 [#]
	(% change)			(% change)		(\$Mn)	(% change over a year earlier)			
Exports of services	-9.9	-35.0	18.5	5.8	18.6	771,733	21.9	15.9	7.0	9.9
Transport	-4.7	-24.7	37.8	2.0	-9.4	236,608	-0.5	22.9	15.5	21.0
Travel	-21.6	-90.2	-35.1	70.7	565.7	163,384	351.8	49.4	-8.5	-4.4
Financial services	-2.8	-0.3	10.0	8.8	-0.9	200,071	-6.1	-1.9	10.9	10.4
Other services	-5.1	-9.0	11.7	2.5	5.3	171,670	6.8	5.0	6.6	7.5
Imports of services	-0.9	-32.8	12.6	3.2	25.4	621,092	25.9	19.7	13.9	12.1
Transport	-1.1	-19.8	35.7	-1.5	-6.6	143,822	1.9	21.3	14.3	16.9
Travel	1.6	-79.7	-38.9	64.4	315.1	178,473	181.8	53.0	23.3	16.1
Manufacturing [^]	-5.5	-10.4	20.0	-4.3	-8.5	83,000	-5.6	1.7	4.9	3.9
Other services	-1.3	-1.4	7.1	2.3	4.0	215,797	5.3	4.2	8.9	8.8

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

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

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

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

Table 10 : Incoming visitors by source

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u> Q4	Q1	<u>2024</u> Q2	Q3
<u>('000)</u>									
All sources	55 912.6	3 568.9	91.4	604.6	33 999.7	10 677.7	11 228.8	9 922.4	11 437.5
Mainland of China	43 774.7	2 706.4	65.7	375.1	26 760.5	8 075.2	8 694.9	7 446.0	9 095.3
South and Southeast Asia	3 040.5	190.5	9.5	78.5	2 420.6	954.1	800.5	884.0	711.9
Taiwan	1 538.9	105.1	2.5	24.2	783.8	245.8	280.6	301.6	319.4
Europe	1 728.4	158.8	6.6	39.2	764.3	277.6	303.9	279.7	247.0
United States	1 107.2	80.8	1.4	26.0	594.8	217.0	202.4	220.9	199.7
Japan	1 078.8	50.3	0.3	7.3	346.4	132.6	155.4	115.9	136.6
Others	3 644.1	276.9	5.3	54.2	2 329.3	775.4	791.0	674.4	727.6
<u>(% change over a year earlier)</u>									
All sources	-14.2	-93.6	-97.4	561.5	5 523.8	2 908.9	154.3	17.2	9.6
Mainland of China	-14.2	-93.8	-97.6	470.8	7 033.6	4 553.1	158.7	10.3	6.1
South and Southeast Asia	-14.9	-93.7	-95.0	724.1	2 984.0	1 363.2	164.9	46.6	26.8
Taiwan	-20.1	-93.2	-97.6	852.1	3 132.2	1 193.5	127.4	60.5	41.0
Europe	-10.8	-90.8	-95.9	498.0	1 848.9	819.6	145.3	52.2	37.9
United States	-15.1	-92.7	-98.3	1 803.8	2 188.7	1 018.7	223.0	50.1	18.9
Japan	-16.2	-95.3	-99.3	2 014.5	4 634.7	2 036.1	342.0	64.2	26.4
Others	-10.7	-92.4	-98.1	915.0	4 199.8	1 776.7	94.7	27.9	17.2

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> Q4	Q1	<u>2024</u> Q2	Q3
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	3 762	4 975	2 120	3 826
Commercial property	111	469	249	113	113	72	5
<i>of which :</i>							
Office space	70	351	159	106	82	64	0
Other commercial premises ^(b)	42	118	91	8	31	8	5
Industrial property ^(c)	30	180	58	39	0	12	11
<i>of which :</i>							
Industrial-cum-office premises	0	0	0	0	0	0	0
Conventional flatted factory space	30	105	57	39	0	12	11
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	3 019	5 968	872	N.A.
Subsidised sales flats ^(e)	3 222	6 996	5 674	0	248	1 076	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	137.4	93.2	85.6	N.A.
Commercial property	743.0	105.5	385.4	187.5	27.3	27.1	N.A.
Industrial property ^(f)	39.8	61.2	45.9	0.0	0.0	46.7	N.A.
Other properties	187.5	242.9	208.2	70.9	52.8	0.4	N.A.
Total	1 836.7	892.6	1 076.5	395.8	173.3	159.9	N.A.
Agreements for sale and purchase of property							
(Number)							
Residential property ^(g)	74 297	45 050	43 002	7 606	9 823	17 953	10 225
Primary market	17 650	10 315	10 752	1 862	2 869	6 550	2 501
Secondary market	56 647	34 735	32 250	5 744	6 954	11 403	7 724
Selected types of non-residential properties ^(h)							
Office space	1 077	667	646	134	132	153	130
Other commercial premises	2 189	1 397	1 114	223	200	341	228
Flatted factory space	3 637	2 006	1 860	368	357	402	413

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> Q4	Q1	<u>2024</u> Q2 [#]	Q3 ⁺
<u>(Index (1999=100))</u>							
Property price indices :							
Residential flats ^(a)	392.7	369.7	337.4	316.3	305.9	305.9	292.8
Office space	502.5	495.7	468.7	441.8	421.5	386.2	365.1
Shopping space	543.4	523.0	488.3	472.9	458.1	435.2	406.9
Flatted factory space	879.0	880.3	842.3	805.2	760.7	738.0	698.6
Property rental indices ^(b) :							
Residential flats	179.8	178.3	181.1	185.6	184.9	189.8	195.4
Office space	233.4	230.0	227.7	227.6	224.8	221.0	216.9
Shopping space	172.0	167.0	170.9	172.8	169.1	166.1	165.5
Flatted factory space	208.8	211.9	218.6	220.5	217.5	215.7	216.8
<u>(% change over a year earlier)</u>							
Property price indices :							
Residential flats ^(a)	3.0	-5.9	-8.7	-7.2	-11.5	-12.7	-13.0
Office space	7.2	-1.4	-5.4	-7.8	-11.1	-18.6	-21.1
Shopping space	4.7	-3.8	-6.6	-6.5	-6.1	-12.8	-17.5
Flatted factory space	6.4	0.1	-4.3	-5.2	-11.6	-14.4	-17.1
Property rental indices ^(b) :							
Residential flats	-0.3	-0.8	1.6	5.1	5.7	5.6	6.2
Office space	-3.4	-1.5	-1.0	-0.4	-0.9	-2.9	-5.1
Shopping space	1.2	-2.9	2.3	3.5	1.0	-2.5	-4.2
Flatted factory space	4.1	1.5	3.2	3.1	1.4	-1.1	-2.0

Table 13 : Monetary aggregates

	2014	2015	2016	2017	2018	2019	2020
<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)

	2021	2022	2023	2023 Q4	Q1	2024 Q2	Q3
<u>(at end of period)</u>							
Hong Kong dollar money supply (\$Mn)							
M1	2,078,911	1,708,421	1,533,291	1,533,291	1,515,345	1,529,717	1,584,835
M2 ^(a)	8,043,994	8,096,517	8,250,109	8,250,109	8,253,008	8,341,838	8,450,647
M3 ^(a)	8,057,408	8,109,000	8,262,831	8,262,831	8,265,805	8,355,640	8,465,626
Total money supply (\$Mn)							
M1	3,490,858	2,769,343	2,598,203	2,598,203	2,556,002	2,646,669	2,824,711
M2	16,272,650	16,536,625	17,195,266	17,195,266	17,186,277	17,774,310	18,209,671
M3	16,310,866	16,569,431	17,234,052	17,234,052	17,226,182	17,816,783	18,251,104
Deposits (\$Mn)							
HK\$	7,414,381	7,468,230	7,623,772	7,623,772	7,633,086	7,709,630	7,810,675
Foreign currency	7,771,839	7,971,455	8,598,297	8,598,297	8,563,800	9,033,116	9,352,815
Total	15,186,220	15,439,685	16,222,070	16,222,070	16,196,886	16,742,746	17,163,489
Loans and advances (\$Mn)							
HK\$	6,425,857	6,602,964	6,420,797	6,420,797	6,351,444	6,266,223	6,120,220
Foreign currency	4,467,291	3,968,334	3,770,518	3,770,518	3,734,784	3,728,550	3,854,400
Total	10,893,147	10,571,298	10,191,315	10,191,315	10,086,228	9,994,773	9,974,620
Nominal Effective Exchange Rate Indices							
(Jan 2020 =100) ^(b)							
Trade-weighted	95.5	100.1	103.4	105.4	104.9	106.2	104.8
Import-weighted	95.8	100.8	103.9	105.9	105.4	106.9	105.4
Export-weighted	95.1	99.3	102.9	104.8	104.3	105.3	104.2
<u>(% change over a year earlier)</u>							
Hong Kong dollar money supply							
M1	5.4	-17.8	-10.3	-10.3	-11.4	-5.9	3.2
M2 ^(a)	1.5	0.7	1.9	1.9	-0.4	1.5	3.0
M3 ^(a)	1.5	0.6	1.9	1.9	-0.4	1.5	3.0
Total money supply							
M1	8.0	-20.7	-6.2	-6.2	-5.8	2.5	12.9
M2	4.3	1.6	4.0	4.0	3.4	7.4	8.5
M3	4.3	1.6	4.0	4.0	3.4	7.4	8.5
Deposits							
HK\$	1.4	0.7	2.1	2.1	-0.4	1.5	3.0
Foreign currency	7.9	2.6	7.9	7.9	9.0	14.7	14.0
Total	4.6	1.7	5.1	5.1	4.4	8.2	8.7
Loans and advances							
HK\$	5.2	2.8	-2.8	-2.8	-6.0	-7.0	-6.5
Foreign currency	1.7	-11.2	-5.0	-5.0	-4.4	-1.4	2.9
Total	3.8	-3.0	-3.6	-3.6	-5.4	-5.0	-3.1
Nominal Effective Exchange Rate Indices							
(Jan 2020 =100) ^(b)							
Trade-weighted	-4.5	4.8	3.3	0.6	4.0	3.6	-0.2
Import-weighted	-4.3	5.2	3.1	0.4	4.0	3.9	*
Export-weighted	-4.9	4.4	3.6	0.7	4.0	3.2	-0.3

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

(b) Period average.

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

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

	(%)							
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>		<u>2024</u>	
					Q3	Q4	Q1	Q2
Services Industry								
Import and export trade	-3.6	23.9	-8.5	-7.2	-2.8	7.1	7.9	0.4
Wholesale	-7.9	13.3	-5.8	-3.2	-4.9	1.2	1.0	0.4
Retail	-24.3	8.1	-0.8	16.2	14.5	9.7	-1.3	-11.9
Transportation	-19.7	54.1	5.8	-17.3	-19.4	-3.0	12.5	14.8
<i>within which:</i>								
Land transport	-23.9	4.0	-3.3	21.6	16.6	22.7	19.4	11.0
Water transport	10.7	85.9	5.0	-45.8	-48.0	-33.9	-7.7	8.7
Air transport	-36.2	43.3	9.7	7.4	4.3	17.8	26.1	20.1
Warehousing and storage	11.5	27.6	-4.6	1.8	0.3	8.0	6.8	6.9
Courier	28.4	19.0	-9.3	-11.9	-9.3	-12.6	1.7	6.8
Accommodation services ^(a)	-59.1	38.3	17.3	59.9	45.1	74.2	37.1	-2.3
Food services	-29.4	16.8	-6.3	26.1	12.5	7.5	2.3	-2.0
Information and communications	-8.5	7.7	6.2	3.3	2.6	0.1	4.3	5.7
<i>within which:</i>								
Telecommunications	-9.0	6.1	8.7	1.8	-0.5	*	3.0	4.2
Film entertainment	-44.0	26.7	-10.4	21.1	-1.3	-21.2	-13.5	1.8
Banking	-8.0	-4.3	10.2	21.2	18.3	8.3	7.4	4.3
Financing (except banking)	12.2	17.4	-14.7	-0.6	0.4	-4.3	-3.2	4.5
<i>within which:</i>								
Financial markets and asset management	13.2	19.6	-17.6	-3.1	-1.9	-5.0	-6.5	3.3
<i>within which : Asset management</i>	11.6	23.3	-19.6	-4.2	-1.8	5.3	-7.5	5.2
Insurance	6.1	2.5	-6.0	-1.1	4.8	0.9	18.2	1.5
Real estate	3.2	-1.9	-8.9	-0.6	-4.5	-3.1	*	-0.9
Professional, scientific and technical services	-2.1	6.6	3.5	3.5	3.4	1.4	5.1	5.7
Administrative and support services	-25.4	1.7	10.5	16.6	16.2	13.5	11.5	7.9
Services Domain								
Tourism, convention and exhibition services	-86.7	-17.7	36.8	347.3	345.5	273.9	47.2 ⁺	-6.9 ⁺
Computer and information technology services	-3.2	20.1	-0.4	39.2	71.8	91.2	108.6	84.9

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

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

(+) Provisional figures.

(*) 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> Q4	Q1	<u>2024</u> Q2	Q3
<u>(%)</u>									
Labour force participation rate	60.7	59.7	59.4	58.2	57.3	57.2	57.0	57.1	57.1
Seasonally adjusted unemployment rate ^(a)	2.9	5.8	5.2	4.3	2.9	2.9	3.0	3.0	3.0
Underemployment rate	1.1	3.3	2.6	2.3	1.1	1.0	1.1	1.2	1.2
<u>('000)</u>									
Population of working age	6 572.7	6 562.2	6 518.6	6 487.0	6 667.4	6 681.0	6 661.1	6 680.8	6 703.7
Labour force	3 987.8	3 918.5	3 870.4	3 776.3	3 822.3	3 820.0	3 800.1	3 818.0	3 830.1
Persons employed	3 871.4	3 690.9	3 670.2	3 613.2	3 709.6	3 714.1	3 688.4	3 703.3	3 710.2
Persons unemployed	116.3	227.6	200.3	163.1	112.7	105.9	111.7	114.7	119.9
Persons underemployed	42.0	129.9	98.9	88.1	41.6	36.9	40.0	44.5	46.0
<u>(% change over a year earlier)</u>									
Population of working age	0.8	-0.2	-0.7	-0.5	2.8	0.7	0.6	0.4	0.5
Labour force	-0.2	-1.7	-1.2	-2.4	1.2	-0.7	-0.2	0.3	-0.2
Persons employed	-0.3	-4.7	-0.6	-1.6	2.7	-0.2	-0.1	0.2	-0.4
Persons unemployed	3.7	95.6	-12.0	-18.6	-30.9	-16.7	-3.5	0.5	5.3
Persons underemployed	-2.8	209.6	-23.8	-10.9	-52.8	-34.0	-15.3	6.9	21.4

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>		<u>2024</u>		(No.)
	(% change)					Sep	Dec	Mar	Jun	
						(% change over a year earlier)				
Manufacturing	-3.5	-4.0	-5.5	-5.0	-0.6	-0.5	-0.6	1.4	0.3	75 006
Construction sites (covering manual workers only)	-9.0	-4.5	8.5	-0.7	7.3	-0.1	12.0	14.1	11.8	124 109
Import and export trade	-5.7	-11.0	-3.6	-0.9	-2.4	-1.4	-4.6	-4.9	-5.0	357 158
Wholesale	-4.0	-8.8	-3.9	4.2	-3.3	-4.0	-6.2	-6.4	-6.1	48 303
Retail	-1.7	-6.3	-0.6	-1.6	1.7	2.8	-0.3	-2.7	-5.1	239 096
Food and beverage services	-2.3	-13.6	1.4	1.3	3.5	1.0	0.7	0.6	-0.4	223 653
Accommodation services ^(a)	1.8	-14.7	1.1	-4.5	3.0	5.2	1.2	2.1	3.7	36 511
Transportation, storage, postal and courier services	0.3	-3.7	-4.0	-2.1	-0.1	0.5	0.5	1.2	0.7	164 204
Information and communications	1.9	-0.3	-1.4	-2.2	1.9	3.1	1.8	2.1	1.2	110 075
Financing and insurance	2.9	0.6	0.1	-2.1	*	1.4	-0.7	-1.5	-2.4	229 278
Real estate	1.2	0.4	3.6	-0.5	0.9	2.8	-0.5	-1.8	0.2	142 211
Professional and business services (excluding cleaning and similar services)	1.5	-0.3	*	-2.1	3.0	4.8	2.3	2.2	1.5	313 465
Cleaning and similar services	-0.3	0.3	1.3	0.8	*	-0.2	-0.6	-2.3	-4.3	80 305
Education	1.7	-1.0	-0.1	1.1	4.0	4.5	3.5	2.3	-0.2	213 833
Human health services	4.7	4.1	2.9	2.5	2.8	3.3	2.6	2.4	2.6	156 825
Residential care and social work services	2.4	0.4	0.9	0.9	4.7	5.5	5.0	4.5	4.3	72 654
Arts, entertainment, recreation and other services	0.8	-5.4	-1.7	-3.4	7.1	8.6	5.1	3.6	1.4	124 811
Civil service ^(b)	2.2	0.7	-0.2	-1.2	-1.1	-0.8	-0.6	-0.3	-0.2	172 395
Others ^(c)	1.5	-1.7	1.2	3.3	1.6	2.3	1.1	1.0	5.0	12 599

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

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

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

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

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

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>
						Sep	Dec	Mar	Jun
<u>(Number)</u>									
Building sites									
Private sector	62 903	54 957	58 385	56 160	57 642	57 682	60 354	57 986	55 071
Public sector ^(a)	19 257	22 982	23 622	22 853	26 299	25 398	29 115	31 978	35 743
Sub-total	82 160	77 939	82 006	79 012	83 941	83 080	89 469	89 964	90 814
Civil engineering sites									
Private sector	2 483	2 180	3 095	3 796	2 397	1 768	1 654	1 453	1 339
Public sector ^(a)	17 108	17 064	20 329	21 855	25 974	24 776	29 056	32 232	31 956
Sub-total	19 591	19 244	23 424	25 651	28 372	26 544	30 710	33 685	33 295
Total	101 750	97 182	105 430	104 663	112 313	109 624	120 179	123 649	124 109
<u>(% change over a year earlier)</u>									
Building sites									
Private sector	-4.3	-12.6	6.2	-3.8	2.6	-1.0	12.4	5.5	-4.4
Public sector ^(a)	-10.9	19.3	2.8	-3.3	15.1	6.5	12.1	26.3	40.9
Sub-total	-5.9	-5.1	5.2	-3.7	6.2	1.2	12.3	12.1	9.5
Civil engineering sites									
Private sector	43.6	-12.2	42.0	22.6	-36.8	-53.8	-60.3	-63.2	-39.5
Public sector ^(a)	-25.0	-0.3	19.1	7.5	18.8	4.3	23.7	33.3	23.5
Sub-total	-20.2	-1.8	21.7	9.5	10.6	-3.7	11.1	19.7	18.5
Total	-9.0	-4.5	8.5	-0.7	7.3	-0.1	12.0	14.1	11.8

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**

(%)

	2019	2020	2021	2022	2023	2023		2024	
Selected industry sections						Q3	Q4	Q1	Q2
(in nominal terms)									
Manufacturing	3.8	-0.1	-0.6	1.0	3.8	3.8	3.9	3.9	3.6
Import/export and wholesale trades	2.3	0.5	0.1	0.9	2.6	2.8	2.9	3.0	3.0
Retail trade	2.3	0.1	0.2	1.1	2.7	3.1	2.7	2.3	2.0
Transportation, storage, postal and courier services	3.9	-5.4	-3.8	1.9	9.3	10.7	9.6	8.5	8.6
Accommodation ^(a) and food service activities	4.7	-2.9	-1.0	2.2	5.3	5.4	5.5	5.7	4.8
Information and communications	3.9	2.3	1.8	2.8	3.9	3.8	4.1	3.8	3.3
Financial and insurance activities	3.0	1.7	1.7	2.7	3.5	3.7	3.5	3.6	3.3
Real estate activities	4.1	1.5	1.4	2.1	2.8	2.8	2.7	3.0	2.8
Professional and business services	3.8	1.6	1.5	2.7	3.4	3.4	3.4	3.8	3.4
Social and personal services	2.3	6.2	0.1	1.3	2.0	3.0	3.2	2.9	1.6
All selected industry sections surveyed	3.4	2.4	1.0	1.7	3.3	3.5	3.6	3.7	3.5
(in real terms)									
Manufacturing	0.9	-0.4	-2.1	-0.9	1.7	1.8	1.3	2.0	2.4
Import/export and wholesale trades	-0.5	0.2	-1.4	-1.0	0.5	0.9	0.3	1.0	1.8
Retail trade	-0.5	-0.1	-1.4	-0.7	0.5	1.2	0.1	0.4	0.8
Transportation, storage, postal and courier services	1.0	-5.6	-5.3	*	7.0	8.6	6.8	6.5	7.3
Accommodation ^(a) and food service activities	1.8	-3.2	-2.6	0.3	3.1	3.4	2.9	3.7	3.5
Information and communications	0.9	2.0	0.2	0.9	1.7	1.8	1.5	1.8	2.0
Financial and insurance activities	0.2	1.2	0.2	0.8	1.3	1.7	0.9	1.6	2.1
Real estate activities	1.1	1.3	-0.1	0.2	0.7	1.0	0.2	1.0	1.6
Professional and business services	0.9	1.4	-0.1	0.8	1.2	1.5	0.8	1.9	2.2
Social and personal services	-0.6	6.0	-1.5	-0.6	-0.1	1.1	0.6	1.0	0.4
All selected industry sections surveyed	0.5	2.1	-0.5	-0.2	1.1	1.5	1.0	1.8	2.2

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

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

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

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

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

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

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

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

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

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

(HK\$)

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

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

(a) Excluding food processing and production.

(b) Excluding local courier services.

(c) Including takeaway shops.

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

(e) Excluding real estate maintenance management.

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

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

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

(HK\$)

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

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

(a) Excluding food processing and production.

(b) Excluding local courier services.

(c) Including takeaway shops.

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

(e) Excluding real estate maintenance management.

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

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

Table 22 : Rates of change in prices

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

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

(b) Derived from merchandise trade index numbers.

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

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

N.A. Not yet available.

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

(%)

	<u>2022</u>	<u>2023</u>	<u>2023</u>	<u>2024</u>			<u>Average annual rate of change:</u>	
			Q4	Q1	Q2	Q3	10 years 2013 to 2023	5 years 2018 to 2023
GDP deflator [#]	1.7	2.8	3.8	3.8	4.3	4.2	2.2	1.6
Domestic demand deflator [#]	2.1	3.6	3.7	3.0	2.1	2.2	2.1	1.5
Consumer Price Indices ^(a) :								
Composite CPI	1.9	2.1	2.6	1.9	1.2	2.4	2.2	1.7
CPI(A)	2.2	2.3	3.0	2.2	1.4	3.1	2.7	2.0
CPI(B)	1.7	2.0	2.4	1.8	1.2	2.1	2.1	1.6
CPI(C)	1.8	2.0	2.3	1.8	1.2	1.9	1.9	1.6
Unit Value Indices :								
Total exports of goods	7.8	4.4	4.6	4.5	3.9	3.4	2.2	3.6
Imports of goods	8.1	3.9	4.1	4.6	3.1	2.6	2.2	3.6
Terms of Trade Index ^(b)	-0.3	0.4	0.4	-0.1	0.8	0.7	*	*
Producer Price Index for all manufacturing industries	0.8	1.6	2.7	1.2	3.1	N.A.	0.9	1.4
Tender Price Indices :								
Public sector								
building projects	5.5	4.3	3.7	3.1	2.5	N.A.	1.6	1.0
Public housing projects	5.3	4.3	3.8	2.9	N.A.	N.A.	2.4	1.3

Table 23 : Rates of change in Composite Consumer Price Index

(%)

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

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

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

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

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

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

(%)										
	Weight^	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>	<u>2024</u>				Average annual rate of change:
						Q4	Q1	Q2	Q3	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)	2.6 (1.6)	1.9 (1.0)	1.2 (1.0)	2.4 (1.1)	2.2 (2.1)	1.7 (1.8)
Food	26.49	1.7	3.8	2.7	2.7	1.7	1.8	1.6	3.3	3.2
<i>Meals out and takeaway food</i>	17.39	1.8	3.4	4.0	3.7	3.4	3.0	2.3	3.0	2.4
<i>Basic food</i>	9.10	1.4	4.5	0.5	0.9	-1.0	*	0.3	3.9	4.7
Housing ^(a)	38.48	0.3	0.2	1.0	2.8	3.0	1.1	3.3	2.5	1.0
<i>Private housing rent</i>	33.58	-1.3	-0.6	0.5	1.8	2.0	0.5	2.4	2.1	0.5
<i>Public housing rent</i>	1.97	29.3	9.6	4.4	13.5	13.5	1.2	13.6	6.6	4.6
Electricity, gas and water	3.07	27.0	7.2	9.6	-2.3	-8.0	-6.7	4.5	3.8	2.3
Alcoholic drinks and tobacco	0.52	0.1	1.3	17.0	18.8	14.3	21.0	21.4	3.0	3.8
Clothing and footwear	2.74	3.3	5.3	5.8	5.0	1.6	0.4	-1.5	0.4	1.4
Durable goods	4.30	1.0	0.6	-2.4	-1.2	-1.4	-0.8	-0.7	-2.5	-1.1
Miscellaneous goods	3.38	-3.1	0.4	1.7	2.2	1.3	1.0	1.0	1.2	0.9
Transport	7.28	2.6	2.9	1.9	2.5	2.1	1.9	2.2	1.5	1.7
Miscellaneous services	13.74	0.7	1.3	2.6	3.2	2.9	2.2	2.3	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 merchanting 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:	
				Q4 [#]	Q1 [#]	Q2 [#]	Q3 [#]	10 years 2013 to 2023 [#]	5 years 2018 to 2023 [#]
Private consumption expenditure	-0.6	2.3	4.8	5.2	3.6	3.4	2.9	2.1	2.0
Government consumption expenditure	0.7	2.6	2.5	2.1	1.6	1.3	1.8	3.1	2.5
Gross domestic fixed capital formation	-2.1	1.0	-0.3	-0.4	0.7	-2.7	-0.2	1.3	-0.6
Total exports of goods	5.1	6.8	4.2	5.1	4.5	4.4	4.2	1.9	3.4
Imports of goods	4.9	7.3	4.3	4.9	4.8	3.7	3.6	1.9	3.6
Exports of services	14.5	6.3	-1.8	0.6	5.9	5.8	7.3	2.0	3.5
Imports of services	9.9	4.4	-0.4	-0.6	1.4	1.4	3.6	1.1	2.3
Gross Domestic Product	0.7	1.7	2.8	3.8	3.8	4.3	4.2	2.2	1.6
Total final demand	3.7	5.2	3.4	4.3	4.1	3.7	3.8	2.0	2.8
Domestic demand	-0.8	2.1	3.6	3.7	3.0	2.1	2.2	2.1	1.5

