

Composite Interest Rate: End of June 2019

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) announced today (July 18) the composite interest rate at the end of June 2019. (Note 1)

The composite interest rate, which is a measure of the average cost of funds of banks, increased by 11 basis points to 0.95 per cent at the end of June 2019, from 0.84 per cent at the end of May 2019 (see Chart 1 in the Annex). The increase in composite interest rate reflected increases in the weighted funding cost for both deposits and interbank funds during the month (see Chart 2 in the Annex). (Note 2)

The historical data of the composite interest rate from the end of the fourth quarter of 2003 to the end of June 2019 are available in the Monthly Statistical Bulletin on the HKMA website (www.hkma.gov.hk). The next data release is scheduled for August 19, 2019 and will provide the composite interest rate at the end of July 2019.

Note 1: The composite interest rate is a weighted average interest rate of all Hong Kong dollar interest-rate-sensitive liabilities, which include deposits from customers, amounts due to banks, negotiable certificates of deposit and other debt instruments, and all other liabilities that do not involve any formal payment of interest but the values of which are sensitive to interest rate movements (such as Hong Kong dollar non-interest bearing demand deposits) on the books of banks. Data from retail banks, which account for about 90 per cent of the total customers' deposits in the banking sector, are used in the calculation. It should be noted that the composite interest rate represents only average interest expenses. There are various other costs involved in the making of a loan, such as operating costs (e.g. staff and rental expenses), credit cost and hedging cost, which are not covered by the composite interest rate.

Note 2: Since June 2019, the composite interest rate and weighted deposit rate have been calculated based on the new local "Interest rate risk in the banking book" (IRRBB) framework. As such, these figures are not strictly comparable with those of previous months.

Unemployment and underemployment

statistics for April – June 2019

According to the latest labour force statistics (i.e. provisional figures for April – June 2019) released today (July 18) by the Census and Statistics Department (C&SD), the seasonally adjusted unemployment rate stood at 2.8% in April – June 2019, same as that in March – May 2019. The underemployment rate also remained unchanged at 1.0% in the two periods.

Comparing April – June 2019 with March – May 2019, movements in the unemployment rate (not seasonally adjusted) in different industry sectors varied, with a relatively notable decrease observed in the foundation and superstructure works of the construction sector and a relatively notable increase in the accommodation services sector. Movements in the underemployment rates in different industry sectors also varied, but were generally small in magnitude.

Total employment increased by around 1 600 from 3 869 100 in March – May 2019 to 3 870 700 in April – June 2019. Over the same period, the labour force also increased by around 1 700 from 3 983 300 to 3 985 000.

The number of unemployed persons (not seasonally adjusted) in April – June 2019 was 114 300, about the same as that in March – May 2019 (114 100). The number of underemployed persons increased by around 2 000 from 39 200 in March – May 2019 to 41 200 in April – June 2019.

Commentary

Commenting on the latest unemployment figures, the Secretary for Labour and Welfare, Dr Law Chi-kwong said, "The labour market stayed tight in April – June 2019. Both the unemployment rate (seasonally adjusted) and the underemployment rate remained unchanged, at 2.8% and 1.0% respectively."

"The unemployment situation was broadly steady in most economic sectors. However, the unemployment rate in foundation and superstructure works of the construction sector has been generally rising over the past year notwithstanding the decrease in the latest three-month period, conceivably due to the completion of some major infrastructure projects. The unemployment rate in the import and export trade sector also increased visibly over a year earlier amid weaker trade flows."

Looking ahead, Dr Law said, "The labour market is expected to remain largely stable in the near term. The Government will stay vigilant to how a softer economic environment and other unfavourable factors will affect the local labour market going forward."

He noted that the Labour Department (LD) has adopted a series of on-going measures to promote the employment of elderly persons, including setting up special counters at job centres to provide priority registration and job referral services for elderly job-seekers, organising tailor-made employment briefings for the elderly, setting up a dedicated webpage for elderly job-

seekers on the Interactive Employment Service website and enhancing the functions of the vacancy search terminals to facilitate their access to employment information and search for suitable vacancies.

On large-scale job fairs, the LD will organise the Sha Tin Job Fair on July 23 and 24 at Sha Tin Town Hall and more than 50 employers will participate. The LD will also organise the Kowloon West Job Fair on August 15 and 16 at the Dragon Centre in Sham Shui Po. In addition, industry-based or district-based job fairs are regularly organised at the LD's industry-based recruitment centres and job centres located across the territory.

Further information

The unemployment and underemployment statistics were compiled from the findings of the continuous General Household Survey.

The survey for April – June 2019 covered a sample of some 26 000 households or 75 000 persons, selected in accordance with a scientifically designed sampling scheme to represent the population of Hong Kong.

Data on labour force characteristics were obtained from the survey by interviewing each member aged 15 or over in the sampled households.

In the survey, the definitions used in measuring unemployment and underemployment follow closely those recommended by the International Labour Organization.

Detailed analysis of labour force characteristics is given in the "Quarterly Report on General Household Survey" which is published four times a year. The latest issue of the publication contains statistics for the quarter January – March 2019 while the next issue covering the quarter April – June 2019 will be available by end-August 2019. Users can download this publication free of charge at the website of the C&SD (www.censtatd.gov.hk/hkstat/sub/sp200.jsp?productCode=B1050001).

For enquiries about labour force statistics, please contact the Household Statistics Analysis Section of the C&SD (Tel: 2887 5508 or email: ghs@censtatd.gov.hk).

Thirty-two immigration offenders arrested

The Immigration Department (ImmD) mounted a territory-wide anti-illegal worker operation codenamed "Twilight" from July 15 to 17. A total of 27 illegal workers and five suspected employers were arrested.

During the operation, ImmD Task Force officers raided 21 target locations including a company, a factory, a learning centre, a residential flat under renovation, restaurants and a warehouse. Twenty-seven illegal workers and five employers were arrested. The illegal workers comprised 17 men and 10 women, aged 18 to 56. Among them, one woman was a holder of a recognisance form, which prohibits her from taking any employment. In addition, one man and four women were suspected of using and being in possession of forged Hong Kong identity cards. Meanwhile, four men and one woman, aged 27 to 61, were suspected of employing the illegal workers.

"Any person who contravenes a condition of stay in force in respect of him shall be guilty of an offence. Also, visitors are not allowed to take employment in Hong Kong, whether paid or unpaid, without the permission of the Director of Immigration. Offenders are liable to prosecution and upon conviction face a maximum fine of \$50,000 and up to two years' imprisonment. Aiders and abettors are also liable to prosecution and penalties," an ImmD spokesman said.

The spokesman warned that, as stipulated in section 38AA of the Immigration Ordinance, illegal immigrants or people who are the subject of a removal order or a deportation order are prohibited from taking any employment, whether paid or unpaid, or establishing or joining in any business. Offenders are liable upon conviction to a maximum fine of \$50,000 and up to three years' imprisonment. The Court of Appeal has issued a guideline ruling that a sentence of 15 months' imprisonment should be applied in such cases. It is an offence to use or possess a forged Hong Kong identity card or a Hong Kong identity card related to another person. Offenders are liable to prosecution and a maximum penalty of a \$100,000 fine and up to 10 years' imprisonment.

The spokesman reiterated that it is a serious offence to employ people who are not lawfully employable. The maximum penalty is imprisonment for three years and a fine of \$350,000. The High Court has laid down sentencing guidelines that the employer of an illegal worker should be given an immediate custodial sentence. According to the court sentencing, employers must take all practicable steps to determine whether a person is lawfully employable prior to employment. Apart from inspecting a prospective employee's identity card, the employer has the explicit duty to make enquiries regarding the person and ensure that the answers would not cast any reasonable doubt concerning the lawful employability of the person. The court will not accept failure to do so as a defence in proceedings. It is also an offence if an employer fails to inspect the job seeker's valid travel document if the job seeker does not have a Hong Kong permanent identity card. The maximum penalty for failing to inspect such a document is imprisonment for one year and a fine of \$150,000.

Under the existing mechanism, the ImmD will, as a standard procedure, conduct initial screening of vulnerable persons, including illegal workers, illegal immigrants, sex workers and foreign domestic helpers, who are arrested during any operation with a view to ascertaining whether they are trafficking in persons (TIP) victims. When any TIP indicator is revealed in

the initial screening, the officers will conduct a full debriefing and identification by using a standardised checklist to ascertain the presence of TIP elements, such as threat and coercion in the recruitment phase and the nature of exploitation. Identified TIP victims will be provided with various forms of support and assistance, including urgent interference, medical services, counselling, shelter, temporary accommodation and other supporting services. The ImmD calls on TIP victims to report crimes to the relevant departments.

Judicial appointments

The following is issued on behalf of the Judiciary:

The Judiciary today (July 18) announced the re-appointment of the Honourable Mr Justice Godfrey Lam Wan-ho as the President, Competition Tribunal and the Honourable Madam Justice Queeny Au-Yeung Kwai-yue as the Deputy President, Competition Tribunal, each for a term of three years with effect from August 1, 2019, upon expiry of their current terms.

The re-appointments are made by the Chief Executive on the recommendation of the Judicial Officers Recommendation Commission.

President, Competition Tribunal

The Honourable Mr Justice Lam was called to the Bar in Hong Kong in 1993 and was appointed as Senior Counsel in 2008. He was in private practice between 1994 and 2013. He sat as a Deputy Judge of the Court of First Instance of the High Court for a period in 2011 and was appointed as Judge of the Court of First Instance of the High Court in January 2013. He has been appointed as the President, Competition Tribunal since August 1, 2013.

Deputy President, Competition Tribunal

The Honourable Madam Justice Au-Yeung was called to the Bar in Hong Kong in 1985 and was in private practice from 1986 until she joined the Judiciary as Magistrate in 1995. She was appointed as Registrar of the District Court in 2001, District Judge in 2003, Registrar of the High Court in 2007 and Judge of the Court of First Instance of the High Court in August 2012. She has been appointed as Deputy President, Competition Tribunal since August 1, 2013.

The Competition Ordinance (Cap. 619) was passed on June 14, 2012. The Ordinance provides that every Judge of the Court of First Instance of the High Court will, by virtue of his or her appointment as Judge of the Court of First Instance of the High Court, be a member of the Competition Tribunal.

The Ordinance also provides that the Chief Executive shall, on the recommendation of the Judicial Officers Recommendation Commission, appoint two of the members of the Tribunal to be the President and Deputy President of the Tribunal for a term of at least three years, but not more than five years. The President and Deputy President of the Tribunal are eligible for re-appointment.

Fraudulent website related to China CITIC Bank International Limited

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) wishes to alert members of the public to a press release issued by China CITIC Bank International Limited on fraudulent website, which has been reported to the HKMA. Hyperlink to the press release is available on [the HKMA website](#) for ease of reference by members of the public.

Anyone who has provided his or her personal information to the website concerned or has conducted any financial transactions through the website should contact the bank concerned using the contact information provided in the press release, and report to the Police or contact the Cyber Security and Technology Crime Bureau of the Hong Kong Police Force at 2860 5012.