

# [HK SAR Government welcomes introduction of block trading under mutual access programme](#)

The China Securities Regulatory Commission and the Securities and Futures Commission issued a joint announcement today (August 11) on the consensus to introduce block trading (manual trades) under the mutual market access programme. The Hong Kong Special Administrative Region (HK SAR) Government welcomed the decision.

The Chief Executive, Mr John Lee, said, "In accordance with the National 14th Five-Year Plan, the HK SAR Government has strived to deepen and widen the mutual access between the Mainland and Hong Kong financial markets. Following the expansion of the scope of eligible stocks under Stock Connect to include Exchange-traded Funds, stocks of foreign companies primary listed in Hong Kong, and more listed companies in Shanghai and Shenzhen over the last year, the measure announced by the regulators of the two places today signifies another breakthrough of Stock Connect, enriching the existing trading channels and enhancing trading efficiency. The measure will further facilitate the mutual access and concerted development of the two capital markets, strengthening Hong Kong's position and function as an international financial centre and global offshore Renminbi business hub. I am most grateful to the Central People's Government and relevant authorities for their staunch support."

The Financial Secretary, Mr Paul Chan, said, "The introduction of the block trading arrangement is important in deepening the interaction and integration of the capital markets. It can enhance the certainty and transparency in the transaction price and timing for large-sized securities transactions, thereby allowing investors to manage their asset allocation more efficiently at lower costs, while reducing the potential price impact of relevant transactions through auto-matching. The measure would help meet the increasing demand of cross-border block trading from investors in the two places, and is conducive to further enhancing cross-border liquidity. I am most grateful to the Central People's Government for supporting this initiative. We will continue to closely liaise with relevant Mainland authorities and institutions to implement the arrangement as soon as possible."

According to the joint announcement, offshore investors will be able to conduct block trades on the Shanghai Stock Exchange and the Shenzhen Stock Exchange through the Northbound trading of Stock Connect, while Mainland investors will be able to conduct manual trades on the Stock Exchange of Hong Kong Limited through the Southbound trading of Stock Connect under the initiative. The stock exchanges of the two places will study the relevant business, technical and regulatory arrangements and consult the market to develop an implementation proposal. A separate announcement will be made on

the implementation details and the launch date.

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## Law and order situation in the first half of 2023

### 1. Overall crime situation

In the first half of 2023, a total of 42 923 crimes were recorded, showing an increase of 11 489 cases (+36.5%) when compared with 31 434 cases in the same period of 2022. Amongst them were 4 759 cases of violent crime, with an increase of 675 cases (+16.5%). Analysis showed that there were dual factors causing such a surge, namely the increase in deception cases and the society's resumption of normalcy. The detection rate of overall crimes in the first half of 2023 was 27.2%. The increase in overall crime and violent crime moderated in the second quarter of 2023 when compared with the same period of last year. For overall crime, the rise of 48% in the first quarter of this year narrowed down to 27% in the second quarter when compared to the same quarters last year, while for violent crime, the rise of 22% in the first quarter narrowed down to 12% in the second quarter when compared to the same quarters last year.

Although the increase of deception cases led to the rise of the overall crime, over the past six months, the increase in deception cases had indeed already moderated. While the number in the first quarter of 2023 represented an increase of 65% over the same period last year, a narrower increase of 42% was observed in the second quarter when compared to the same quarter of 2022. Such trend suggested that Police's collaboration with other stakeholders is starting to bear fruit and the massive publicity and education efforts had raised public awareness. In fact, technology crimes and deception cases recorded a rapid surge around the globe in recent years, which resembled the situation of Hong Kong.

Besides, looking back on the first half of last year amid the epidemic outbreak, the number of traditional crimes was at a very low level, with figures of wounding and serious assault, burglary, rape, theft and robbery hitting a record low. As the society started to resume normalcy this year, it was noted that records of most traditional crimes had returned to pre-epidemic normal levels.

Leaving deception cases aside, a total of 24 180 crimes were recorded in the first half of 2023, representing a mild increase of around 13% when compared to the same period in 2019 (21 440 cases) before the epidemic outbreak. Various traditional crimes trended downwards, including burglary, wounding and serious assault, arson, rape and indecent assault, except for theft and blackmail which posted a significant increase in the number of cases recorded. "Naked chat" blackmail, which was classified as technology

crime by its nature, accounted for 76% of the blackmail cases reported. This further indicated that the situation of traditional crimes remained stable.

## 2. Deception

The number of deception cases rose from 12 326 cases to 18 743 cases, registering an increase of 52.1% (+ 6 417 cases). Over 75% of the reports were online deception. Majority of the cases were e-shopping fraud (4 872 cases), phishing scams (2 741 cases), employment fraud (2 287 cases), investment fraud (2 163 cases) and telephone deception (1 579 cases), noting a soar ranging from 23% to one-fold. The total pecuniary loss amounted to \$2.69 billion, representing an increase of 28%.

With a view to tackling various types of deception, Police have been mounting intelligence-led operations, neutralising multiple deception syndicates in the past six months with the arrest of over 1 790 persons.

The Anti-Deception Coordination Centre (ADCC) continued to contribute by preventing victims of 192 cases from wiring money to fraudsters and intercepting over \$600 million.

It takes more than the efforts of Police to combat deception. Therefore, Police have all along been proactively working in collaboration with relevant departments, regulatory authorities and industries. Since September last year, Police proposed setting up a working group with the Office of the Communications Authority (OFCA) and mobile network operators to take forward a series of measures, including the blockage of hyperlinks and telephone numbers relating to deception cases.

To combat fraudulent calls originating from outside Hong Kong, telecommunications service providers have started to block all spoofed calls from outside Hong Kong with the prefix "+852", and to send voice and text alerts to service users when they receive incoming calls originating from outside Hong Kong with caller number prefixed with "+852". Besides, since the implementation of the OFCA's Code of Practice on Management of Scam Calls on June 30, the mobile network operators had been taking the initiative to identify and intercept scam calls on the technical front, and target particularly syndicates which made a large number of scam calls with the use of technical devices. These measures will better keep members of the public safe from scams.

Since the above measures came into effect, the number of deception cases in June fell from the peak as recorded for the period from March to May. The number of telephone deception cases in June also dropped by more than 10% when compared with May, and even by 23% when comparing the first half of 2023 with the second half of 2022, showcasing the importance of collaboration between Police and stakeholders.

Furthermore, in response to the upsurge in phishing scams, the OFCA, subject to the examination conducted by the working group, will also introduce an SMS sender registration system for companies. It is the target of the working group to commence a pilot run of the scheme for the banking

industry by the end of this year, with a view to assisting members of the public to ascertain the authenticity of SMS messages.

Apart from the OFCA and mobile network operators, the banking industry is another key stakeholder in combating deception cases. Therefore, Police joined hands with the Hong Kong Monetary Authority and the banking industry in April to actively explore all possibilities. One of the initiatives is the launch of the Financial Intelligence Evaluation Sharing Tool (FINEST) which facilitates the exchange of suspicious transaction data of corporate clients for more effective combat against criminal activities.

Police will also strengthen efforts in conducting anti-deception publicity and education work, and actively promote the use of "Scameter" and its mobile application "Scameter+". The search engines have been widely used by the public. To date, they have logged around 1.07 million enquiries, of which 16% involved risks and around 60% of those involved risks related to confirmed deception cases. In June, Police rolled out Project SILVERSHIELD, in which various government departments and public and private organisations were invited for collaboration on the recruitment of volunteers to promote anti-scam knowledge through communal efforts. Police also collaborated with the OFCA and mobile network operators in August to send anti-deception SMS to mobile phone users in Hong Kong, in a bid to further heighten public awareness on phishing scams.

Over the past year, Police and stakeholders have taken forward various innovative initiatives to combat deception. Apart from Police's deception figures which showed a moderated increase lately, with reference to the figures recently released by the Hong Kong Computer Emergency Response Team Coordination Centre, the number of phishing-related cybersecurity events drastically dropped by nearly 80% in the first quarter of 2023 when compared to the fourth quarter last year. This indicates that the collaboration and complementation between Police and stakeholders can yield remarkable results.

Police will continue to focus on quelling and preventing deception and provide a large amount of manpower and resources for crime prevention, hoping that members of the public pay more attention to the anti-deception messages, remain vigilant and remind others of the modus operandi of scammers. The public are also urged to make good use of the tools provided by Police including "Anti-scam Helpline 18222", "Scameter" or "Scameter +", so as to avoid being victimised.

### 3. Homicide

In the first half of 2023, 16 cases of homicide were recorded, which was the same as the number recorded in the corresponding period last year. Among them, seven cases involved domestic or family violence. 15 cases had already been detected. For the remaining case, the suspect has absconded overseas but his identity has been ascertained and Police are making every effort to bring him to justice.

### 4. Wounding and serious assault

There were 1 796 cases of wounding and serious assault, dropping by nearly 13% when compared to that of the same period in 2019 as prior to the epidemic outbreak. Comparing to the same period last year, there was an increase of 10% (+163 cases). The rise was attributed to the upsurge in cases involving domestic violence and various conflicts. The detection rate was 69.7%. Besides, triad-related wounding and serious assault took 130 cases which saw a drop when compared to the same period last year and in 2019 (dropped by 17.2% and 3.7% respectively), thus indicating that the situation had not deteriorated.

Over the past few months, a number of cases of street violence occurred in Hong Kong and attracted serious public concerns. With reference to the risk assessment and peak hours of crowd gathering, Police have immediately mobilised officers from the back office, plainclothes duties, marine region, etc. to carry out high-profile patrols, stops and searches, and anti-crime operations in crime black spots and other hotspots with crowds throughout all districts in Hong Kong, with a view to posing deterrent effect against violent acts and strengthening the sense of security among members of the public.

## 5. Theft

There were 11 092 theft cases, showing an increase of around 12% when compared to that of the same period in 2019 as prior to the epidemic outbreak. When compared to the same period last year, it represented an increase of 2 857 cases (+34.7%). The upsurge was attributed to the rise of miscellaneous theft, most of which involved victims failing to properly look after their belongings in public places and shops (5 987 cases, +1 713 cases), and shop theft (3 939 cases, +949 cases).

Police had already stepped up efforts to conduct patrols, and stop and search suspicious persons at crime black spots, and had enhanced crime prevention publicity and held press conferences to remind the public of taking care of their belongings. In addition, Police held an engagement session with over 50 representatives of the retail industry in June to discuss strategies for combating shop theft. Police also took the opportunity to provide suggestions on enhancing security measures for the participants.

## 6. Robbery and burglary

There were 59 cases of robbery, representing a rise of 18 cases (+43.9%). The detection rate rose 5.3 percentage points to 71%. The number of robbery cases was half the average number of cases over the past decade (119.9 cases).

There were 572 burglary cases. Amongst them, Police detected a total of 165 cases and arrested 147 persons. Although it was a rise of 191 cases (+50.1%) when compared to the same period last year, it was a drop by 27% when compared to the first half of 2019 as prior to the epidemic outbreak, showing an improving trend. The rise in burglary cases was mostly attributed to cases involving residential premises (+181 cases, +87%). It was believed that burglars preyed on homes which were left unattended when people had

resumed work, schooling and trips. Police advise the public to properly lock windows and doors and take anti-theft measures, as well as not to keep valuables at home to prevent loss. In July, Police met the Hong Kong Association of Property Management Companies Limited and introduced various reporting channels in different situations.

## 7. Sexual offences

There were 21 rape cases, representing an increase of one case. All the cases were detected, and none involved strangers. A total of 565 cases of indecent assault were recorded, representing an increase of 163 cases (+40.5%). The upsurge was attributed to the rise of cases which happened in public places and MTR premises, as well as the post-epidemic resumption of social activities. Detection rate of indecent assault cases was 78%.

When compared to that of the same period in 2019 as prior to the epidemic outbreak, the number of rape and indecent assault cases dropped by around 28% and 1.4% respectively, which showed no signs of deterioration. Police will continue to monitor the trend of sexual offences and collaborate with relevant stakeholders for targeted publicity and public education.

## 8. Serious drug offence

There were 592 cases of serious drug offence, registering a drop of 91 cases. In the first half of 2023, Police continued to mount operations to combat drug offences, thereby resulting in an increase in the amount of cocaine, cannabis and heroin seized, with a soar ranging from 70% to 2.7-fold. 99 youths were arrested, representing a drop of over 30% for two consecutive years since the first half of 2021 with 224 youths arrested, as well as the lowest in the past 10 years. The significant drop was believed to be the result of enhanced anti-drugs publicity and education work jointly done by Police, schools, parents and non-governmental organisations since 2021, including the establishment of "Leadership Institute on Narcotics", and the publication of the booklet "A Chronicle of Juvenile Crimes – Strategies for Teachers and Parents" which facilitates teachers' introduction of drug harms to students.

## 9. Youth crime

In the first half of 2023, arrested youths aged 10 to 20 registered an increase of 284 persons (+22.8%) to 1 529 persons. Involved crimes mainly included wounding and serious assault (232 persons), deception (217 persons), miscellaneous theft (102 persons), shop theft (97 persons) and indecent assault (84 persons). The number of youth arrestees saw an increase when compared with the same period last year, during which the figures hit the third-lowest in record amid the epidemic outbreak.

Youth crime is a complex social issue, which requires different sectors of the community to strengthen collaboration on publicity and education with a view to cultivating youths' law-abiding awareness. Over the past year, Police stepped up efforts to conduct crime prevention work with school heads associations, parent-teacher associations and school sponsoring bodies. The

Junior Police Call also organised a number of Mainland exchange programmes for youngsters to learn more about national development. To further raise students' crime prevention awareness, Police continued to arrange school visits by the anti-scam mascot "Little Grape", and stage a roving "Interactive Anti-drugs Drama" for schools. Before the commencement of the new school year, Police will publish a booklet titled "A Chronicle of Juvenile Crimes – Strategies for Teachers and Parents II", which will provide anti-crime strategies and messages for teachers, parents and youngsters.

#### 10. Enforcement on National Security Law

As at June 30 this year, Police arrested a total of 260 persons. Amongst them, around 60% have been charged.

#### 11. Conclusion

While the first half of 2023 saw an increase in the crime statistics due to an upsurge in deception cases and the resumption of social activities after the epidemic, the overall law and order situation remained stable. Compared with other international cities, Hong Kong has all along been maintaining a low crime rate.

Hong Kong is our home. We must all play our part in preventing and combating crimes. Apart from the all-out efforts made by Police in upholding law and order, the support of the community and members of the public is vital for crime prevention and detection work. With the co-operation of all relevant stakeholders and members of the public, the efforts of Police will certainly yield more effective results. To this end, Police have rolled out various campaigns in phases to call on members of the public to assist in crime investigation by reporting suspicious activities. Members of the public are encouraged to spot and report suspicious incidents through the WeChat "Spot and Report" mini programme as introduced in June. Police have also recently launched the Hong Kong Taxi Drivers "Spot and Report" Campaign and will soon seek to extend the scope of the programme to cover the bus and trucking industries. Besides, since the introduction of "Counter-terrorism (CT) Reporting Hotline" and "CT Reward" Scheme in June last year, Police received a total of over 20 000 messages, a considerable number of which contained useful information for Police to conduct follow-up actions. During the period from June to July this year, Police received three cases reported by taxi drivers, enabling the successful interception of two cases of gang fight and the arrest of a drug criminal. Furthermore, Police have launched Project CARCAMS to encourage vehicle owners to join to assist in crime investigation by providing Police with footage of their dashboard cameras where necessary.

Following a major transition from chaos to order, Hong Kong is at the crucial stage of advancing to prosperity. Police will remain steadfast in performing our duties and maintaining law and order to make Hong Kong a better place to live and work.

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## Update on dengue fever

The Centre for Health Protection (CHP) of the Department of Health today (August 11) reported the latest number of dengue fever (DF) cases, and urged the public to maintain strict environmental hygiene, mosquito control and personal protective measures both locally and during travel.

From August 4 to yesterday (August 10), the CHP recorded three imported DF cases. The patients had been to Thailand, India and the Philippines respectively during the incubation periods.

As of yesterday, 25 imported cases of DF had been recorded in 2023. In 2022, 26 imported cases of DF were recorded.

The latest surveillance data shows that there is an increase in DF cases noted in some places in Asia (such as Malaysia, Taiwan and Thailand) and South America compared to the same period last year, and the trend is rising. Members of the public, while travelling abroad, should stay vigilant and carry out effective mosquito prevention and control measures. Detailed information on the latest DF situation in Hong Kong, as well as neighbouring and overseas countries and areas, has been uploaded to the CHP's website ([www.chp.gov.hk/files/pdf/df\\_imported\\_cases\\_and\\_overseas\\_figures\\_eng.pdf](http://www.chp.gov.hk/files/pdf/df_imported_cases_and_overseas_figures_eng.pdf)).

"Apart from [general measures](#), travellers returning from areas affected by DF should apply insect repellent for 14 days upon arrival in Hong Kong. If feeling unwell, seek medical advice promptly and provide travel details to the doctor," a spokesman for the CHP said.

The public should take heed of the following advice on mosquito control:

- Thoroughly check all gully traps, roof gutters, surface channels and drains to prevent blockage;
- Scrub and clean drains and surface channels with an alkaline detergent compound at least once a week to remove any deposited mosquito eggs;
- Properly dispose of refuse, such as soft drink cans, empty bottles and boxes, in covered litter containers;
- Completely change the water of flowers and plants at least once a week. The use of saucers should be avoided if possible;
- Level irregular ground surfaces before the rainy season;
- Avoid staying in shrubby areas; and
- Take personal protective measures such as wearing light-coloured long-sleeved clothes and trousers and apply insect repellent containing DEET to clothing or uncovered areas of the body when doing outdoor activities.

DEET-containing insect repellents are effective and the public should take heed of the tips below:



- Read the label instructions carefully first;
- Apply right before entering an area with risk of mosquito bites;
- Apply on exposed skin and clothing;
- Use DEET of up to 30 per cent for pregnant women and up to 10 per cent for children\*;
- Apply sunscreen first, then insect repellent; and
- Re-apply only when needed and follow the instructions.

\* For children who travel to countries or areas where mosquito-borne diseases are endemic or epidemic and where exposure is likely, those aged 2 months or above can use DEET-containing insect repellents with a DEET concentration of up to 30 per cent.

â€‹The public should call 1823 in case of mosquito problems and may visit the following pages for more information: the DF page of the [CHP](#) and the [Travel Health Service](#), the latest [Travel Health News](#), [tips for using insect repellents](#), and the CHP [Facebook Page](#) and [YouTube Channel](#).

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## [Economic situation in second quarter of 2023 and latest GDP and price forecasts for 2023](#)

The Government released today (August 11) the Half-yearly Economic Report 2023, together with the revised figures on Gross Domestic Product (GDP) for the second quarter of 2023.

The Government Economist, Mr Adolph Leung, gave an account of the economic situation in the second quarter of 2023 and the latest GDP and price forecasts for 2023.

### Main points

ï¼Œ Led by inbound tourism and private consumption, the Hong Kong economy continued to recover in the second quarter of 2023, though the momentum softened on the back of the strong rebound in the preceding quarter. Real GDP grew by 1.5% year-on-year, having increased by 2.9% in the preceding quarter. On a seasonally adjusted quarter-to-quarter comparison, real GDP fell by 1.3%.

ï¼Œ Total exports of goods plunged further by 15.2% year-on-year in real terms in the second quarter amid weak external demand for goods. Exports to the Mainland, the US and the EU fell sharply. However, exports of services continued to grow markedly by 22.9%. Exports of travel services jumped over

eight-fold as visitor arrivals surged further. Exports of transport services rose further alongside the continued recovery of inbound tourism, and exports of business and other services showed modest growth. Meanwhile, exports of financial services declined further.

Domestically, private consumption expenditure rose notably further by 8.2% year-on-year in real terms in the second quarter alongside the continued economic recovery. Overall investment expenditure reverted to a mild decline of 0.9% amid tightened financial conditions.

The labour market continued to improve in the second quarter. The seasonally adjusted unemployment rate declined further from 3.1% in the first quarter to 2.9% in the second quarter, and the underemployment rate edged down from 1.2% to 1.1%. The unemployment rates of many major sectors declined.

The local stock market was under pressure in the second quarter amid concerns over the recovery momentum of the Mainland economy and expectations of further rate hikes by the US Federal Reserve (Fed). The Hang Seng Index (HSI) closed the quarter at 18 916, down by 7.3% from end-March. The residential property market showed some consolidation after the rebound in the first quarter. Market sentiment turned cautious.

Looking ahead, inbound tourism and private consumption will remain the major drivers of economic growth for the rest of the year. As transportation and handling capacity continue to recover, visitor arrivals should increase further. The improving economic situation and prospects should bode well for domestic demand, though tight financial conditions may impose constraints. Improved labour market conditions and the Government's various measures that boost the momentum of the recovery will provide additional support to private consumption. Yet, the difficult global economic environment will continue to weigh on Hong Kong's exports of goods.

Taking into account the actual outturn in the first half of 2023 and the factors mentioned above, the real GDP growth forecast for 2023 as a whole is revised to 4.0% – 5.0%, from 3.5% – 5.5% in the May round of review. The Government will continue to closely monitor the situation.

Consumer price inflation stayed moderate in overall terms in the second quarter. The underlying Composite Consumer Price Index rose by 1.7% year-on-year in the second quarter, compared with the 1.9% increase in the preceding quarter. Prices of energy-related items as a whole continued to soar over a year earlier, but at a moderated pace. Prices of meals out and takeaway food, and clothing and footwear rose further visibly, but the former showed a decelerated increase. Meanwhile, price pressures on other major components were broadly in check. Private housing rentals continued to decline.

Looking ahead, overall inflation should stay moderate in the near term. External price pressures should recede further. While domestic business cost might face some upward pressures alongside the economic recovery, it should remain largely moderate in the near term. Taking into account the inflation situation in the first half of 2023 and factors mentioned above, the forecast

rates of underlying and headline consumer price inflation for 2023 are revised down to 2.0% and 2.4% respectively, from 2.5% and 2.9% in the May round of review.

## Details

### GDP

According to the revised figures released today by the Census and Statistics Department, real Gross Domestic Product (GDP) grew by 1.5% year-on-year in the second quarter of 2023 (same as the advance estimate), having increased by 2.9% in the preceding quarter. On a seasonally adjusted quarter-to-quarter comparison, real GDP decreased by 1.3% in the second quarter (same as the advance estimate) after a 5.4% increase in the preceding quarter (Chart).

The latest figures on GDP and its major expenditure components up to the second quarter of 2023 are presented in Table 1. Developments in different segments of the economy in the second quarter are described below.

### External trade

Total exports of goods plunged by 15.2% in real terms in the second quarter of 2023 from a year earlier, after falling by 18.9% in the preceding quarter. The weak external demand for goods continued to put intense pressure on export performance. Analysed by major market and by reference to external merchandise trade statistics, exports to the Mainland fell sharply in the second quarter. Exports to the US and the EU plunged further. Exports to other major Asian markets continued to record notable declines. On a seasonally adjusted quarter-to-quarter basis, total exports of goods decreased by 0.6% in the second quarter, after an increase of 0.7% in the preceding quarter.

Exports of services grew markedly by 22.9% year-on-year in real terms in the second quarter, further to 16.6% growth in the preceding quarter. Exports of travel services jumped over eight-fold, recovering to 48% of the pre-pandemic level, as visitor arrivals surged further. Exports of transport services rose further in tandem. Exports of business and other services showed modest growth alongside the difficult external environment. Meanwhile, exports of financial services declined further as cross-border financial and fundraising activities softened amid tightened financial conditions. On a seasonally adjusted quarter-to-quarter basis, exports of services increased by 5.4% in the second quarter, after a 16.8% surge in the preceding quarter.

### Domestic sector

Consumption activities increased notably further in the second quarter of 2023 alongside the continued economic recovery. Improved labour market conditions and the Government's various initiatives, such as the disbursement of consumption vouchers and the launch of the "Happy Hong Kong" Campaign, also provided support. Private consumption expenditure rose by 8.2% year-on-

year in real terms in the second quarter, further to the 13.0% surge in the preceding quarter. On a seasonally adjusted quarter to quarter basis, private consumption expenditure increased by 3.9%, following an increase of 1.4% in the preceding quarter. Meanwhile, government consumption expenditure turned to a fall of 9.6% year-on-year in the second quarter, after a 1.3% increase in the preceding quarter.

Overall investment spending in terms of gross domestic fixed capital formation saw a mild decline of 0.9% in real terms in the second quarter from a year earlier, after a 7.9% increase in the preceding quarter, as business sentiment generally eased amid tightened financial conditions and the uncertain global growth outlook. Expenditure on acquisitions of machinery, equipment and intellectual property products fell by 10.5%. Meanwhile, expenditure on building and construction increased by 5.6%, with increases seen in both public and private sector spending. Separately, the costs of ownership transfer fell as property transactions shrank.

### The labour sector

The labour market continued to improve in the second quarter of 2023 along with the local economic recovery. The seasonally adjusted unemployment rate declined further from 3.1% in the first quarter to 2.9% in the second quarter, and the underemployment rate edged down from 1.2% to 1.1%. The unemployment rates of many major sectors declined, and those of the remaining sectors stayed low in general.

### The asset markets

The local stock market was under pressure in the second quarter of 2023. Dampened by concerns over the recovery momentum of the Mainland economy and expectations of further rate hikes by the US Fed, the HSI fell visibly in the latter part of May and hit a low of 18 217 on June 1. It then recouped some of the loss and closed the quarter at 18 916, down by 7.3% from end-March. On August 10, the HSI closed at 19 248.

The residential property market showed some consolidation in the second quarter, after the rebound in the first quarter. Market sentiment turned cautious amid an uncertain global economic outlook, rising local interest rates and expectations of further rate hikes by the US Fed. The number of transactions, in terms of the total number of sale and purchase agreements for residential property received by the Land Registry, declined by 13% from the preceding quarter or 18% from a year earlier to 12 199. Overall flat prices recorded a 1% decline during the second quarter. The index of home purchase affordability rose further to 75% in the second quarter along with the increase in mortgage rates, significantly above the long-term average of 51% over 2003-2022. Meanwhile, overall flat rentals increased by 3% during the second quarter. The non-residential property market largely held steady. While trading activities remained subdued, prices and rentals of different segments showed mixed performance.

### Prices

Consumer price inflation stayed moderate in overall terms in the second quarter of 2023. Netting out the effects of the Government's one-off relief measures, underlying Composite CPI inflation stayed moderate at 1.7% in the second quarter, compared with 1.9% in the preceding quarter. Prices of energy-related items as a whole continued to soar over a year earlier, but at a moderated pace. Prices of meals out and takeaway food, and clothing and footwear rose further visibly, but the former showed a decelerated increase. Price pressures on other major components were broadly in check. Private housing rentals continued to decline. Domestic business cost pressures stayed largely mild, as wage growth remained moderate while commercial rentals continued to be soft. As inflation in many major economies stayed high, external price pressures remained generally notable. The headline Composite CPI inflation rate was 2.0%, compared with 1.9% in the preceding quarter.

### Latest GDP and price forecasts for 2023

Looking ahead, inbound tourism and private consumption will remain the major drivers of economic growth for the rest of the year. As transportation and handling capacity continue to recover, visitor arrivals should increase further. The improving economic situation and prospects should bode well for domestic demand, though tight financial conditions may impose constraints. Improved labour market conditions and the Government's various measures that boost the momentum of the recovery will provide additional support to private consumption. Yet, the difficult global economic environment will continue to weigh on Hong Kong's exports of goods.

Taking into account the actual outturn in the first half of 2023 and the factors mentioned above, the real GDP growth forecast for 2023 as a whole is revised to 4.0% – 5.0%, from 3.5% – 5.5% in the May round of review (Table 2). The Government will continue to closely monitor the situation. For reference, the latest growth forecasts by private sector analysts range from 3.3% to 5.5%, averaging around 4.2%.

On the inflation outlook, overall inflation should stay moderate in the near term. External price pressures should recede further. While domestic business cost might face some upward pressures alongside the economic recovery, it should remain largely moderate in the near term. Taking into account the inflation situation in the first half of 2023 and factors mentioned above, the forecast rates of underlying and headline consumer price inflation for 2023 are revised down to 2.0% and 2.4% respectively, from 2.5% and 2.9% in the May round of review (Table 2).

The Half-yearly Economic Report 2023 is now available for online download, free of charge at [www.hkeconomy.gov.hk/en/situation/index.htm](http://www.hkeconomy.gov.hk/en/situation/index.htm). The Report of the Gross Domestic Product by Expenditure Component, which contains the GDP figures up to the second quarter of 2023, is also available for browse and download, free of charge on the homepage of the Census and Statistics Department, [www.censtatd.gov.hk](http://www.censtatd.gov.hk).

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## Tender of 2-Year Exchange Fund Notes to be held on August 22

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

The Hong Kong Monetary Authority (HKMA) announces that a tender of 2-year Exchange Fund Notes will be held on August 22, 2023 (Tuesday) for settlement on August 23, 2023 (Wednesday), as set out in the published tentative issuance schedule. This is to roll over an issue of 2-year Exchange Fund Notes maturing on the same day.

A total of HK\$1,200 million 2-year Notes will be on offer, of which HK\$5 million will be made available for offer to members of the public who wish to submit non-competitive tender bids through Hong Kong Securities Clearing Company Limited (HKSCC). If the Notes reserved for non-competitive tender are under-subscribed, the non-subscribed amount will be added to the portion of notes for competitive tender (initially set at HK\$1,195 million). The Notes will mature on August 25, 2025 and will carry interest at the rate of 3.98 per cent per annum payable semi-annually in arrears.

Members of the public who wish to submit non-competitive tender applications for Notes that are open to HKSCC may do so through Stock Exchange Participants/Brokers, or for those who hold Investor Accounts of the Central Clearing and Settlement System (CCASS) at the HKSCC, directly through HKSCC, for submission to the HKMA for processing. Competitive tender applications for the Notes must be submitted through any of the Eligible Market Makers appointed by the HKMA, with the current published list available on the HKMA's website at [www.hkma.gov.hk](http://www.hkma.gov.hk). Each tender must be for an amount of HK\$50,000 or integral multiples thereof for both competitive and non-competitive tender.

The tender results will be published on the HKMA's website, the Refinitiv screen (HKMA00E), and Bloomberg. Applicants who submitted non-competitive tender bids through HKSCC may also obtain the tender results from Stock Exchange Participants/Brokers, or for applicants who hold Investor Accounts at HKSCC's CCASS from the CCASS terminal for CCASS Broker/Custodian/Participants and CCASS Phone System.

HKMA Exchange Fund Note Programme Tender Information

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Tender information of 2-Year Exchange Fund Notes:

Issue Number : 02Y2508  
Stock code : 4095 (EFN 3.98 2508)

Tender date and time : August 22, 2023 (Tuesday)  
9.30am to 10.30am

Issue and Settlement Date : August 23, 2023 (Wednesday)  
HK\$1,200 million

Amount on offer : (up to HK\$5 million for non-competitive tender)

Commencement of/  
Deadline for  
submission of non-competitive tender bids by retail investors through HKSCC : Please refer to requirements as set down by HKSCC

Maturity : Two years

Maturity Date : August 25, 2025 (Monday)

Interest Rate : 3.98% p.a.

Interest Payment Dates : February 23, 2024  
August 23, 2024  
February 24, 2025  
August 25, 2025

Tender amount : Each tender must be for an amount of HK\$50,000 or integral multiples thereof for both competitive and non-competitive tender. Members of the public who wish to apply for the Notes through non-competitive tenders that are open to HKSCC may do so through Stock Exchange Participants/ Brokers, or for those who hold Investors Accounts at HKSCC's CCASS, directly through HKSCC. Members of the public who wish to apply for the Notes through competitive tender may only do so through any of the Eligible Market Makers on the current published list.

Other details : Please see Information Memorandum published or approach Eligible Market Makers, HKSCC, or brokers who are Exchange Participants of the Stock Exchange of Hong Kong.

Expected commencement date of dealing on the Stock Exchange of Hong Kong : August 24, 2023 (Thursday)

Price/Yield Table of the new EFN at tender for reference\* only:

Yield-to-Maturity	Price	Yield-to-Maturity	Price
2.980	101.97	3.980	100.07

3.030	101.87	4.030	99.98
3.080	101.78	4.080	99.89
3.130	101.68	4.130	99.79
3.180	101.59	4.180	99.70
3.230	101.49	4.230	99.61
3.280	101.40	4.280	99.52
3.330	101.30	4.330	99.42
3.380	101.21	4.380	99.33
3.430	101.11	4.430	99.24
3.480	101.02	4.480	99.15
3.530	100.92	4.530	99.05
3.580	100.83	4.580	98.96
3.630	100.73	4.630	98.87
3.680	100.64	4.680	98.78
3.730	100.54	4.730	98.69
3.780	100.45	4.780	98.60
3.830	100.35	4.830	98.50
3.880	100.26	4.880	98.41
3.930	100.17	4.930	98.32
3.980	100.07	4.980	98.23

\*Disclaimer: The information provided here is for reference only. Although extreme care has been taken to ensure that the information provided is accurate and up-to-date, the HKMA does not warrant that all, or any part of, the information provided is accurate in all respects. You are encouraged to conduct your own enquiries to verify any particular piece of information provided on it. The HKMA shall not be liable for any loss or damage suffered as a result of any use or reliance on any of the information provided here.