Residential mortgage survey results for June 2023

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

The Hong Kong Monetary Authority announced the results of the residential mortgage survey for June 2023.

The number of mortgage applications in June decreased month-on-month by 13.4 per cent to 8 250.

Mortgage loans approved in June decreased by 19.4 per cent compared with May to HK$34.3 billion. Among these, mortgage loans financing primary market transactions decreased by 43.2 per cent to HK$7.7 billion and those financing secondary market transactions decreased by 21.6 per cent to HK$17.6 billion. Mortgage loans for refinancing increased by 36.5 per cent to HK$9.1 billion.

Mortgage loans drawn down during June increased by 19.3 per cent compared with May to HK$28.5 billion.

The ratio of new mortgage loans priced with reference to HIBOR increased from 94 per cent in May to 94.8 per cent in June. The ratio of new mortgage loans priced with reference to best lending rates decreased from 2.8 per cent in May to 2.5 per cent in June.

The outstanding value of mortgage loans increased month-on-month by 0.7 per cent to HK$1,841.3 billion at end-June.

The mortgage delinquency ratio remained unchanged at 0.07 per cent and the rescheduled loan ratio remained unchanged at nearly 0 per cent.

Exchange Fund Abridged Balance Sheet and Currency Board Account

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

The Hong Kong Monetary Authority (HKMA) announced today (July 31) that the total assets of the Exchange Fund amounted to HK$3,983.9 billion as at June 30, 2023, HK$41.5 billion higher than that at the end of May 2023. Foreign currency assets increased by HK$33.1 billion and Hong Kong dollar assets increased by HK$8.4 billion.

The rise in foreign currency assets was mainly due to the proceeds from the issuance of Government Green Bonds, which was partly offset by the withdrawals of Fiscal Reserves placements. The rise in Hong Kong dollar assets was mainly due to the mark-to-market revaluation on Hong Kong equities.

The Currency Board Account shows that the Monetary Base at the end of June 2023 was HK$1,871.3 billion, increased by HK$4.3 billion, or 0.2 per cent, from the end of May 2023. The rise was mainly due to amortisation of discount on Exchange Fund Bills and Notes.

The amount of Backing Assets increased by HK$4.1 billion, or 0.2 per cent, to HK$2,049.8 billion at the end of June 2023. The increase was mainly attributable to the interest from investments, which was partly offset by the mark-to-market revaluation on investments. The backing ratio decreased from 109.57 per cent at the end of May 2023 to 109.54 per cent at the end of June 2023.

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At present, four press releases relating to the Exchange Fund's data are issued by the HKMA each month. Three of these releases are issued to disseminate monetary data in accordance with the International Monetary Fund's Special Data Dissemination Standard (SDDS). The fourth press release, on the Exchange Fund's Abridged Balance Sheet and Currency Board Account, is made in accordance with the HKMA's policy of maintaining a high level of transparency. For the month of July 2023, the scheduled dates for issuing the press releases are as follows:

July 7 (Issued)	SDDS International Reserves (Hong Kong's Latest Foreign Currency Reserve Assets Figures)
July 14 (Issued)	SDDS Analytical Accounts of the Central Bank (Analytical Accounts of the Exchange Fund)
July 31	SDDS Template on International Reserves and Foreign Currency Liquidity
July 31	Exchange Fund Abridged Balance Sheet and Currency Board Account

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Advance estimates on Gross Domestic Product for second quarter of 2023

The Census and Statistics Department (C&SD) released today (July 31) the advance estimates on Gross Domestic Product (GDP) for the second quarter of 2023.

According to the advance estimates, GDP increased by 1.5% in real terms in the second quarter of 2023 over a year earlier, compared with the increase of 2.9% in the first quarter. The continuous expansion in GDP in the second quarter of 2023 was mainly attributable to the sustained solid growth in private consumption and services trade.

Analysed by major GDP component, private consumption expenditure increased by 8.5% in real terms in the second quarter of 2023 over a year earlier, after the increase of 13.0% in the first quarter.

Government consumption expenditure measured in national accounts terms recorded a decline of 9.6% in real terms in the second quarter of 2023 from a year earlier, as against the increase of 1.3% in the first quarter.

Gross domestic fixed capital formation decreased by 1.0% in real terms in the second quarter of 2023 from a year earlier, as against the increase of 7.9% in the first quarter.

Over the same period, total exports of goods measured in national accounts terms recorded a decline of 15.3% in real terms from a year earlier, after the decrease of 18.9% in the first quarter. Imports of goods measured in national accounts terms fell by 16.1% in real terms in the second quarter of 2023, compared with the 14.6% decline in the first quarter.

Exports of services rose by 22.6% in real terms in the second quarter of 2023 over a year earlier, notably faster than the increase of 16.6% in the first quarter. Imports of services increased by 30.2% in real terms in the second quarter of 2023, after the increase of 20.7% in the first quarter.

On a seasonally adjusted quarter-to-quarter comparison basis, GDP decreased by 1.3% in real terms in the second quarter of 2023 when compared with the first quarter.

Commentary

A Government spokesman said that 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. According to the advance estimates, real GDP grew by 1.5% in the second quarter over a year earlier. On a seasonally adjusted quarter-to-quarter basis, real GDP fell by 1.3%.

Analysed by major expenditure component, total exports of goods continued to plummet as the external demand for goods remained weak. Growth of exports of services accelerated as visitor arrivals rose further. Domestically, private consumption expenditure increased notably alongside the continued economic recovery, while overall investment expenditure saw a mild decline amid tightened financial conditions.

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. In particular, improving labour market conditions, together with the Government's various measures to boost the momentum of the recovery, will provide additional support to private consumption. Yet, exports of goods will continue to face intense pressure, as slower global economic growth weighs on external demand.

The revised figures on GDP and more detailed statistics for the second quarter of 2023, as well as the revised GDP forecast for 2023, will be released on August 11, 2023.

Further information

The year-on-year percentage changes of GDP and selected major expenditure components in real terms from the second quarter of 2022 to the second quarter of 2023 are shown in Table 1.

When more data become available, the C&SD will compile revised figures on GDP. The revised figures on GDP and more detailed statistics for the second quarter of 2023 will be released at the C&SD website (www.censtatd.gov.hk/en/scode250.html) and the Gross Domestic Product by Expenditure Component report (www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1030001&scode=250) on August 11, 2023.

For enquiries about statistics on GDP by expenditure component, please contact the National Income Branch (1) of the C&SD (Tel: 2582 5077 or email: gdp-e@censtatd.gov.hk).

Financial results for the three months ended June 30, 2023

The Government announced today (July 31) its financial results for the three months ended June 30, 2023.

Expenditure for the period April to June 2023 amounted to HK$176.1 billion and revenue HK$74.2 billion, resulting in a cumulative year-to-date deficit of HK$55.3 billion after taking into account the proceeds of HK$46.6 billion received from issuance of green bonds under the Government Green Bond Programme (Green Bond).

A Government spokesperson said that the cumulative year-to-date deficit for the period was mainly due to the fact that some major types of revenue including salaries and profits taxes are mostly received towards the end of a financial year.

The fiscal reserves stood at HK$779.5 billion as at June 30, 2023.

Detailed figures are shown in Tables 1 and 2.

TABLE 1. CONSOLIDATED ACCOUNT (Note 1)

	Month ended June 30, 2023 HK$ million	Three months ended June 30, 2023 HK$ million
Revenue	21,967.1	74,200.6
Expenditure	(51,982.3)	(176,103.2)
Deficit before issuance of Green Bond	(30,015.2)	(101,902.6)
Proceeds received from issuance of Green Bond	46,632.0	46,632.0
Surplus/(Deficit) after issuance of Green Bond	16,616.8	(55,270.6)
Financing		
Domestic		
Banking Sector (Note 2)	(16,057.6)	47,899.5
Non-Banking Sector	(559.2)	7,371.1
External	–	–
Total	(16,616.8)	55,270.6

Government Debts as at June 30, 2023 (Note 3)
HK$167,907 million
Debts Guaranteed by Government as at June 30, 2023 (Note 4)
HK$146,804 million

TABLE 2. FISCAL RESERVES

	Month ended June 30, 2023 HK$ million	Three months ended June 30, 2023 HK$ million
Fiscal Reserves at start of period	762,902.4	834,789.8
Consolidated Surplus/(Deficit) after issuance of Green Bond	16,616.8	(55,270.6)
Fiscal Reserves at end of period (Note 5)	779,519.2	779,519.2

Notes:

1. This Account consolidates the General Revenue Account and the following eight Funds: Capital Works Reserve Fund, Capital Investment Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Land Fund, Loan Fund and Lotteries Fund. It excludes the Bond Fund, the balance of which is not part of the fiscal reserves. The Bond Fund balance as at June 30, 2023, was HK$257,567 million.

2. Includes transactions with the Exchange Fund and resident banks.

3. These were the Green Bonds (equivalent to HK$167,907 million as at June 30, 2023) issued under the Government Green Bond Programme. They were denominated in US dollars (US$9,750 million with maturity from May 2024 to January 2053), euros (4,500 million euros with maturity from January 2025 to November 2041), Renminbi (RMB30,000 million with maturity from November 2024 to June 2033) and Hong Kong dollars (HK$20,800 million with maturity from February 2024 to May 2025). They do not include the outstanding bonds with nominal value of HK$213,677 million and alternative bonds with nominal value of US$1,000 million (equivalent to HK$7,839 million as at June 30, 2023) issued under the Government Bond Programme (with proceeds credited to the Bond Fund). Of these bonds under the Government Bond Programme (including Silver Bonds with nominal value of HK$87,177 million, which may be redeemed before maturity upon request from bond holders), bonds with nominal value of HK$67,186 million will mature within the period from July 2023 to June 2024 and the rest within the period from July 2024 to May 2042.

4. Includes guarantees provided under the SME Loan Guarantee Scheme launched in 2001, the Special Loan Guarantee Scheme launched in 2008, the SME Financing Guarantee Scheme launched in 2012 and a commercial loan of the Hong Kong Science and Technology Parks Corporation.

5. Includes HK$307,256 million, being the balance of the Land Fund held in the name of "Future Fund", for long-term investments up to December 31, 2030. The Future Fund also includes HK$4,800 million, being one-third of the actual surplus in 2015-16 as top-up.

Mainland Enterprises Partnership Exchange and Interface Session returns to help Hong Kong professional services seize Belt and Road opportunities (with photos)

The Commerce and Economic Development Bureau (CEDB) in conjunction with the Hong Kong Chinese Enterprises Association (HKCEA) organised today (July 31) the Mainland Enterprises Partnership Exchange and Interface Session to promote closer connection of both state-owned enterprises (SoEs) and Mainland enterprises in Hong Kong with local professional services providers for seizing opportunities arising from the Belt and Road Initiative (B&RI), thereby giving full play to Hong Kong's role as the prime platform for the B&RI.

Upon the resumption of normalcy, this exchange and interface session has returned with more than 170 participants from Mainland and Hong Kong enterprises as well as the professional services sector covering investment and financing, green finance, insurance, architectural and engineering design, accounting, legal and consultancy services, etc.

More than 80 Hong Kong enterprises and professional services providers attended today's session. Over 140 one-on-one business matching sessions were arranged with representatives from 13 SoEs and Mainland enterprises. The session was well received, with the number of SoEs and Mainland enterprises participating in business matchings nearly doubled as compared with the first edition. The number of participating Hong Kong enterprises and professional services providers is also more than twice of that of last time.

The Secretary for Commerce and Economic Development, Mr Algernon Yau, and the Chairman of the HKCEA, Mr Miao Jianmin, spoke at the opening session.

Mr Yau underlined the SoEs as an important force in driving the B&RI, which have undertaken more than 3 000 Belt and Road projects so far. He pointed out that Hong Kong's diversified and comprehensive professional services fully demonstrate the unique advantages under "one country, two systems", making the city the premier professional services platform for SoEs and Mainland enterprises in taking forward Belt and Road projects.

Mr Yau highlighted the CEDB's efforts in assisting different sectors in Hong Kong to partner with Mainland enterprises in going global together. Noting that SoEs will take on board more "small and beautiful" projects which will seek to be high-standard, sustainable and beneficial to people's livelihood, Mr Yau indicated that such projects will be fitting for the Hong Kong professional services ecosystem, in which small and medium enterprises are the majority. He said he believed that the professional services sector of Hong Kong will be provided henceforth with more opportunities to participate in the B&RI.

Mr Yau also expressed his gratitude to the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) and other participating parties for their continued support to Hong Kong's work in taking forward the B&RI.

He stated that the SASAC has been a staunch collaborator of the Hong Kong Special Administrative Region (HKSAR) Government. It has expressed continued and full support for SoEs to work with Hong Kong in opening up new room for development in the context of quality co-operation of the B&RI, so as to jointly enhance the level of collaboration, achieve higher cost-effectiveness, as well as raising quality and resilience. In this regard, the HKSAR Government will take forward relevant work in full swing, with a view to better integrating Hong Kong into national development and at the same time leveraging the competitive edges of Hong Kong's professional services.