

Financial results for the four months ended July 31, 2022

The Government announced today (August 31) its financial results for the four months ended July 31, 2022.

Expenditure for the period April to July 2022 amounted to HK\$250.7 billion and revenue HK\$96.3 billion, resulting in a cumulative year-to-date deficit of HK\$134.4 billion after taking into account the proceeds of HK\$20 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\$822.8 billion as at July 31, 2022.

Detailed figures are shown in Tables 1 and 2.

TABLE 1. CONSOLIDATED ACCOUNT (Note 1)

	Month ended July 31, 2022 HK\$ million	Four months ended July 31, 2022 HK\$ million
Revenue	29,090.4	96,330.0
Expenditure	(54,219.2)	(250,685.2)
Deficit before issuance of Green Bond	(25,128.8)	(154,355.2)
Proceeds received from issuance of Green Bond	–	20,000.0
Deficit after issuance of Green Bond	(25,128.8)	(134,355.2)
Financing		
Domestic		
Banking Sector (Note 2)	33,914.2	141,609.0

Non-Banking Sector	(8,785.4)	(7,253.8)
External	–	–
Total	25,128.8	134,355.2

Government Debts as at July 31, 2022 (Note 3)

HK\$75,177 million

Debts Guaranteed by Government as at July 31, 2022 (Note 4)

HK\$127,487.2 million

TABLE 2. FISCAL RESERVES

	Month ended July 31, 2022 HK\$ million	Four months ended July 31, 2022 HK\$ million
Fiscal Reserves at start of period	847,920.1	957,146.5
Consolidated Deficit after issuance of Green Bond	(25,128.8)	(134,355.2)
Fiscal Reserves at end of period (Note 5)	822,791.3	822,791.3

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 July 31, 2022, was HK\$206,439 million.

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

3. These were the Green Bonds (equivalent to HK\$75,177 million as at July 31, 2022) issued under the Government Green Bond Programme. They were denominated in US dollars (US\$4,500 million with maturity from May 2024 to February 2051), euros (1,750 million euros with maturity from November 2026 to November 2041), Renminbi (RMB5,000 million with maturity from November 2024 to November 2026) and Hong Kong dollars (HK\$20,000 million with maturity in May 2025). They do not include the outstanding bonds with nominal value of HK\$169,245 million and alternative bonds with nominal value of US\$1,000 million (equivalent to HK\$7,850 million as at July 31, 2022) 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\$44,445 million, which may be redeemed before maturity upon request from bond holders), bonds with nominal value of HK\$21,300 million will mature within the period from August 2022 to July 2023 and the rest within the period from August 2023 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\$257,367 million, being the balance of the Land Fund held in the name of "Future Fund", for long-term investments initially up to December 31, 2025. The Future Fund also includes HK\$4,800 million, being one-third of the actual surplus in 2015-16 as top-up.

Provisional Statistics of Retail Sales for July 2022

The Census and Statistics Department (C&SD) released the latest figures on retail sales today (August 31).

The value of total retail sales in July 2022, provisionally estimated at \$28.3 billion, increased by 4.1% compared with the same month in 2021. The revised estimate of the value of total retail sales in June 2022 decreased by 1.3% compared with a year earlier. For the first 7 months of 2022 taken together, it was provisionally estimated that the value of total retail sales decreased by 1.7% compared with the same period in 2021.

Of the total retail sales value in July 2022, online sales accounted for 7.9%. The value of online retail sales in that month, provisionally estimated at \$2.2 billion, increased by 8.6% compared with the same month in 2021. The revised estimate of online retail sales in June 2022 increased by 0.3% compared with a year earlier. For the first 7 months of 2022 taken together, it was provisionally estimated that the value of online retail sales increased by 21.8% compared with the same period in 2021.

After netting out the effect of price changes over the same period, the provisional estimate of the volume of total retail sales in July 2022 increased by 1.0% compared with a year earlier. The revised estimate of the volume of total retail sales in June 2022 decreased by 4.2% compared with a year earlier. For the first 7 months of 2022 taken together, the provisional estimate of the total retail sales decreased by 4.7% in volume compared with the same period in 2021.

Analysed by broad type of retail outlet in descending order of the provisional estimate of the value of sales and comparing July 2022 with July 2021, the value of sales of commodities in supermarkets increased by 1.7%. This was followed by sales of jewellery, watches and clocks, and valuable gifts (+28.3% in value); other consumer goods not elsewhere classified (+7.7%); wearing apparel (+3.7%); food, alcoholic drinks and tobacco (+2.2%); electrical goods and other consumer durable goods not elsewhere classified (+0.6%); medicines and cosmetics (+4.5%); fuels (+9.0%); footwear, allied products and other clothing accessories (+2.2%); Chinese drugs and herbs (+1.2%); and optical shops (+9.6%).

On the other hand, the value of sales of commodities in department stores decreased by 9.7% in July 2022 over a year earlier. This was followed by sales of motor vehicles and parts (-11.9% in value); furniture and fixtures (-3.2%); and books, newspapers, stationery and gifts (-9.2%).

Based on the seasonally adjusted series, the provisional estimate of the value of total retail sales increased by 7.3% in the three months ending July 2022 compared with the preceding three-month period, while the provisional estimate of the volume of total retail sales increased by 7.6%.

Commentary

A government spokesman said that the value of retail sales resumed a moderate year-on-year increase in July. Improving labour market conditions supported consumer spending, while a lower base of comparison also partly contributed to the year-on-year increase.

Looking ahead, the spokesman pointed out that the Phase II Consumption Voucher Scheme should render support to consumption demand in the coming months. Yet tighter financial conditions and development of the local epidemic will also have bearings on the performance of the retail sector. It is vital for the community to work in unison with the Government to bring the epidemic under control.

Further information

Table 1 presents the revised figures on value index and value of retail sales for all retail outlets and by broad type of retail outlet for June 2022 as well as the provisional figures for July 2022. The provisional figures on the value of retail sales for all retail outlets and by broad type of retail outlet as well as the corresponding year-on-year changes for the first 7 months of 2022 taken together are also shown.

Table 2 presents the revised figures on value of online retail sales for June 2022 as well as the provisional figures for July 2022. The provisional figures on year-on-year changes for the first 7 months of 2022 taken together are also shown.

Table 3 presents the revised figures on volume index of retail sales for all retail outlets and by broad type of retail outlet for June 2022 as well

as the provisional figures for July 2022. The provisional figures on year-on-year changes for the first 7 months of 2022 taken together are also shown.

Table 4 shows the movements of the value and volume of total retail sales in terms of the year-on-year rate of change for a month compared with the same month in the preceding year based on the original series, and in terms of the rate of change for a three-month period compared with the preceding three-month period based on the seasonally adjusted series.

The classification of retail establishments follows the Hong Kong Standard Industrial Classification (HSIC) Version 2.0, which is used in various economic surveys for classifying economic units into different industry classes.

These retail sales statistics measure the sales receipts in respect of goods sold by local retail establishments and are primarily intended for gauging the short-term business performance of the local retail sector. Data on retail sales are collected from local retail establishments through the Monthly Survey of Retail Sales (MRS). Local retail establishments with and without physical shops are covered in MRS and their sales, both through conventional shops and online channels, are included in the retail sales statistics.

The retail sales statistics cover consumer spending on goods but not on services (such as those on housing, catering, medical care and health services, transport and communication, financial services, education and entertainment) which account for over 50% of the overall consumer spending. Moreover, they include spending on goods in Hong Kong by visitors but exclude spending outside Hong Kong by Hong Kong residents. Hence they should not be regarded as indicators for measuring overall consumer spending.

Users interested in the trend of overall consumer spending should refer to the data series of private consumption expenditure (PCE), which is a major component of the Gross Domestic Product published at quarterly intervals. Compiled from a wide range of data sources, PCE covers consumer spending on both goods (including goods purchased from all channels) and services by Hong Kong residents whether locally or abroad. Please refer to the C&SD publication "Gross Domestic Product (Quarterly)" for more details.

More detailed statistics are given in the "Report on Monthly Survey of Retail Sales". Users can download this publication at the website of the C&SD (www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1080003&scode=530). Alternatively, the historical series of retail sales statistics can be downloaded in the form of a statistical table at the website of the C&SD (www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=D5600089&scode=530).

Users who have enquiries about the survey results may contact the Distribution Services Statistics Section of the C&SD (Tel: 3903 7400; email: mrs@censtatd.gov.hk).

Appointment of Chairman of Electoral Affairs Commission

The Chief Executive has appointed Mr Justice David Lok as the Chairman of the Electoral Affairs Commission (EAC) for a term of three years with effect from September 1, 2022, to August 31, 2025.

A Government spokesperson said, "We are very pleased that Mr Justice Lok has accepted the appointment to be the EAC Chairman. Mr Justice Lok has been serving as a judicial officer for about 27 years and has extensive experience in different courts and tribunals. Mr Justice Lok was responsible for setting up the intellectual property list in the High Court and he is now the judge in charge of the list. Mr Justice Lok had also served on various boards and committees, including the District Court Rules Committee, the Municipal Services Appeals Board and the Public Complaints Committee of the Hospital Authority. We are confident that the EAC will be able to duly discharge its duties under the leadership of Mr Justice Lok."

The EAC is a statutory body established under the Electoral Affairs Commission Ordinance (Cap. 541). Its responsibilities include making recommendations on constituency boundaries, the conduct and supervision of public elections, and making regulations, guidelines and arrangements for the registration of electors. The main objective of the EAC is to ensure that public elections are conducted openly, fairly and honestly.

Government follows up on positive results of sewage surveillance and appeals to residents to undergo virus testing

The Government announced today (August 31) that in order to fight the coronavirus epidemic, the Environmental Protection Department and the Drainage Services Department have been collecting sewage samples for virus testing in all districts, and had detected positive results in some areas, indicating that there may be hidden cases in the premises within these areas.

Rapid test

As regards positive sewage testing results with relatively high viral loads in the following areas, the Housing Department and the respective District Offices will commence distributing about 295 000 sets of the COVID-19 rapid antigen test (RAT) kits to residents, cleaning workers and property management staff working in the following areas for them to take the test on their own, in order to help identify infected persons:

- Eastern District – Oi Tung Estate, Tung Yuk Court, Tung Tao Court, Kai Tsui Court, Hiu Tsui Court, Harmony Garden and Cheerful Garden
- Sha Tin District – Shui Chuen 0 Estate, Chuen Fai Centre, Lai Shing Garden, Springfield Garden, Garden Rivera, Wong Uk Village, Greenfield Court, Kingston Lodge, Greenwood Garden, Green Leaves Garden, Shatinpark Stage 1 to Stage 3 and Kam Fai Court
- Tuen Mun District – Yuet Wu Villa, Siu Shan Court, Siu Hei Court and residential premises around Yan Oi Tong Circuit (See Annex)

Members of the public may refer to (www.coronavirus.gov.hk/rat/eng/rat.html) for enquiries relating to the use of the RAT kits.

When using an RAT kit, please pay attention to and follow the instructions from the manufacturer to perform the test and read the result properly. It is advisable to record the displayed result by taking a photo immediately after reading. Users should wash their hands before and after performing the tests, and avoid placing non-essential items within the specimen collection area. After completing the test, wrap and seal all components of the test kit carefully and dispose properly. If the household environment is contaminated during the specimen collecting process, disinfection should be conducted with 1 in 49 diluted bleach solution or 70 per cent alcohol.

People who obtained a positive result through an RAT for the first time can report via the online platform "Declaration System for individuals tested positive for COVID-19 using Rapid Antigen Test" (www.chp.gov.hk/ratp). If individuals encounter difficulties using the online platform, they can call the automated system at 183 6119 to register their identification document and telephone number. The Centre for Health Protection of the Department of Health will contact the relevant person later to finish the report procedure.

International Reserves and Foreign Currency Liquidity

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

â€‹The Hong Kong Monetary Authority (HKMA) released today (August 31) the analytical data on the Hong Kong Special Administrative Region's foreign currency reserves and foreign currency liquidity as at the end of July 2022 (Annex). These data are published monthly in the Template on International Reserves and Foreign Currency Liquidity in accordance with the International Monetary Fund's Special Data Dissemination Standard (SDDS).

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 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 August 2022, the scheduled dates for issuing the press releases are as follows:

August 5 (Issued)	SDDS International Reserves (Hong Kong's Latest Foreign Currency Reserve Assets Figures)
August 12 (Issued)	SDDS Analytical Accounts of the Central Bank (Analytical Accounts of the Exchange Fund)
August 31	SDDS Template on International Reserves and Foreign Currency Liquidity
August 31	Exchange Fund Abridged Balance Sheet and Currency Board Account