

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

The Government announced today (August 12) 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 230 000 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:

- Islands District – Sheung Ling Pei, Ha Ling Pei, Pa Mei Village, Ma Wan New Village, Wong Ka Wai and Lung Tseng Tau in Tung Chung, and Mun Tung Estate
- Kowloon City District – Harbourfront Landmark and Whampoa Garden (Palm Mansions, Lily Mansions, Cotton Tree Mansions, Banyan Mansions, Bamboo Mansions, Oak Mansions, Bauhinia Mansions, Willow Mansions, Juniper Mansions and Cherry Mansions)
- Kwun Tong District – Lam Tin Estate, Tak Tin Estate, Cha Kwo Ling Tsuen, Choi Hing Court, Lok Nga Court, On Kay Court, and residential premises around Fan Wa Street and Cha Kwo Ling Road (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 of them 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.

[Progress in handling of banking complaints by HKMA](#)

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

The Hong Kong Monetary Authority (HKMA) announced today (August 12) the progress made in its handling of banking complaints received as at end-July 2022. Banking complaints include cases concerning general banking services and conduct-related issues.

In July 2022, 283 cases were received and the handling of 278 cases was completed. As at end-July, the handling of 953 cases was in progress.

A table summarising the progress made in the handling of banking complaints by the HKMA is attached.

[Grading of beach water quality released](#)

The Environmental Protection Department (EPD) today (August 12) released the latest grading of water quality for 38 gazetted beaches (see Note 1) and one non-gazetted beach (i.e. Discovery Bay, see Note 2).

Sixteen beaches were rated as Good (Grade 1), 21 as Fair (Grade 2) and two as Poor (Grade 3).

Grade 1 beaches are:

Cheung Chau Tung Wan Beach*

Silverstrand Beach*

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|-------------------------------|------------------------|
| Clear Water Bay First Beach | South Bay Beach |
| Clear Water Bay Second Beach* | St Stephen's Beach |
| Hap Mun Bay Beach* | Stanley Main Beach* |
| Hung Shing Yeh Beach* | Tai Po Lung Mei Beach* |
| Kiu Tsui Beach | Tong Fuk Beach |
| Lo So Shing Beach | Trio Beach* |
| Repulse Bay Beach* | Upper Cheung Sha Beach |

Grade 2 beaches are:

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|-----------------------|-------------------------|
| Approach Beach | Kwun Yam Beach |
| Big Wave Bay Beach | Lido Beach* |
| Butterfly Beach* | Lower Cheung Sha Beach* |
| Cafeteria New Beach | Ma Wan Tung Wan Beach* |
| Cafeteria Old Beach | Middle Bay Beach |
| Chung Hom Kok Beach | Pui O Beach* |
| Deep Water Bay Beach* | Shek O Beach* |
| Discovery Bay | Silver Mine Bay Beach* |
| Golden Beach* | Ting Kau Beach* |
| Hoi Mei Wan Beach | Turtle Cove Beach |
| Kadoorie Beach* | |

Grade 3 beaches are:

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|--------------|-------------------|
| Casam Beach* | Castle Peak Beach |
|--------------|-------------------|

Compared with the grading released last week, Ma Wan Tung Wan Beach has been changed from Grade 1 to Grade 2, and Casam Beach from Grade 2 to Grade 3.

"The changes are generally within the normal range of fluctuation of the bacteriological water quality of the beaches," an EPD spokesman said.

Under the present grading system, beaches are classified into four grades, namely Good (Grade 1), Fair (Grade 2), Poor (Grade 3) and Very Poor (Grade 4), according to the level of E. coli in the water. Grades are calculated on the basis of the geometric mean of the E. coli counts on the five most recent sampling occasions.

While the ratings represent the general water quality at the beaches, the EPD spokesman reminded members of the public that water quality could be temporarily affected during and after periods of heavy rain. Bathers should avoid swimming at beaches for up to three days after a storm or heavy rainfall.

A summary of beach grades is published weekly before the weekend. The latest beach grades based on the most current data may be obtained from the EPD's website on Beach Water Quality (www.epd.gov.hk/epd/beach) or the beach hotline, 2511 6666.

Note 1: Lifeguard services are provided by the Leisure and Cultural Services Department at 21 gazetted beaches, marked with an asterisk (*) above, from August 6.

Note 2: Discovery Bay is a non-gazetted beach without lifeguard service.

[Economic Situation in the second quarter of 2022 and latest GDP and price forecasts for 2022 \(with photo/video\)](#)

The Government released today (August 12) the Half-Yearly Economic Report 2022, together with the revised figures on Gross Domestic Product (GDP) for the second quarter of 2022.

The Government Economist, Mr Adolph Leung, gave an account of the economic situation in the second quarter of 2022 and the latest GDP and price forecasts for 2022.

Main points

* The Hong Kong economy improved in overall terms in the second quarter of 2022, but the extent of improvement was weaker than expected. Weakened global demand and continued cross-boundary transportation disruptions dragged heavily on export performance. Meanwhile, domestic activities saw some revival but the momentum softened in the latter part of the quarter. Real GDP decreased at a moderated pace of 1.3% from a year earlier, after contracting by 3.9% in the preceding quarter. On a seasonally adjusted quarter-to-quarter comparison, real GDP reverted to an increase of 1.0%.

* Total exports of goods recorded a widened year-on-year fall of 8.6% in real terms in the second quarter. Exports to the Mainland fell visibly further. Exports to the US and the EU showed moderated growth. Meanwhile, exports to most other major markets in Asia continued to increase. Exports of services reverted to a mild increase of 2.3% in real terms. Exports of travel services grew visibly, but were still very subdued. Exports of financial services improved as cross-border financial activities recovered somewhat.

* Domestic demand showed some improvement in the second quarter. Private consumption expenditure regained lost ground with marginal growth of 0.1% in real terms over a year earlier, thanks to the generally improved local epidemic situation and relaxed social distancing measures in tandem, as well as the Government's various support measures. Overall investment expenditure saw a narrowed decline of 3.0% in real terms along with improved business sentiment.

* The labour market improved in the second quarter. After rising from 5.0% in the first quarter to 5.4% in February – April, the seasonally adjusted unemployment rate fell successively to 4.7% in the second quarter. The unemployment rates of most major sectors decreased in the second quarter from the high levels in February – April, particularly those of the food and beverage service activities sector, the retail sector, the construction sector, and the arts, entertainment and recreation sector. The underemployment rate increased from 3.1% in the first quarter to 3.8% in February-April, before declining to 3.0% in the second quarter.

* The local stock market was lacklustre in the second quarter after a sharp correction in the preceding quarter. The Hang Seng Index moved within a range of 19 380 to 22 502 and closed at 21 860 at end-June, down by 0.6% from end-March. Market sentiment remained cautious amid concerns over more aggressive tightening of US monetary policy, poor performance of global stock markets, continued conflict in Ukraine, and the epidemic situation in the Mainland in the earlier part of the quarter. The residential property market showed some revival on entering the second quarter along with the moderation of the local epidemic, but quietened thereafter. Flat prices showed little change. Trading activities surged over the low base in the preceding quarter, but were lower than a year earlier.

* Looking forward, the markedly deteriorating external environment will weigh heavily on Hong Kong's export performance in the remainder of the year. Elevated inflation in the advanced economies and the aggressive tightening of monetary policy by many major central banks in response will further weaken the global growth momentum, though the expected revival of the Mainland economy should provide some offset. Risk factors including the evolving pandemic and heightened geopolitical tensions warrant close attention. Nonetheless, if cross-boundary logistics disruptions between the Mainland and Hong Kong show more visible easing, Hong Kong's external trade may get some relief. The latest adjustments to the quarantine and testing arrangements for inbound visitors should also help exports of services.

* Domestically, economic activities should revive further provided that the local epidemic situation remains under control. The Consumption Voucher Scheme will continue to support consumption demand, but tighter financial conditions may have some dampening effect on consumer sentiment and spending. Rising borrowing costs may also make businesses more cautious in undertaking fixed asset investment. It remains vital for the community to work in unison with the Government to keep the epidemic under control.

* Taking into account the worse-than-expected economic performance in the first half and the sharp deterioration of global economic prospects, the real

GDP growth forecast for 2022 is revised down to -0.5% to 0.5%, from 1%-2% as announced in the May round of review. The Government will continue to closely monitor the situation.

* Underlying consumer price inflation, though edging up further to 1.7% in the second quarter from 1.6% in the preceding quarter, remained moderate in overall terms. Prices of meals out and takeaway food showed an accelerated increase amid the generally moderated local epidemic situation and relaxed social distancing measures. Prices of energy-related items soared, while those of basic food and clothing and footwear continued to see visible increases. Nonetheless, price pressures on other major components stayed broadly in check. Looking ahead, external price pressures are expected to remain notable in view of elevated inflation in some major import sources. Yet, overall inflation should remain moderate in the near term as domestic cost pressures stay mild. The forecast rates of underlying and headline consumer price inflation for 2022 are maintained at 2% and 2.1% respectively, the same as those announced in the May round of review.

Details

GDP

According to the revised figures on the Gross Domestic Product (GDP) released today by the Census and Statistics Department, real GDP decreased at a moderated pace of 1.3% year-on-year in the second quarter of 2022 (revised from the advance estimate of a 1.4% decrease), after contracting by 3.9% in the preceding quarter. On a seasonally adjusted quarter-to-quarter comparison, real GDP reverted to an increase of 1.0% in the second quarter (revised from the advance estimate of a 0.9% increase), having declined by 2.9% in the preceding quarter (Chart).

The latest figures on GDP and its major expenditure components up to the second quarter of 2022 are presented in Table 1. Developments in different segments of the economy in the second quarter of 2022 are described below.

External trade

Total exports of goods fell by 8.6% year-on-year in real terms in the second quarter of 2022, widened from a 4.5% decline in the preceding quarter. In addition to the weakened external demand, disruptions to cross-boundary land cargo flows between the Mainland and Hong Kong, despite the gradual improvement from the very severe situation in March, continued to constrain both exports to the Mainland and re-exports of Mainland origin to other parts of the world. Analysed by major market, exports to the Mainland fell visibly further in the second quarter. Exports to the US and the EU showed moderated growth. Exports to most other major markets in Asia continued to increase, but those to Japan fell visibly. On a seasonally adjusted quarter-to-quarter basis, total exports of goods fell by 5.2% in real terms in the second quarter, after a decrease of 6.3% in the preceding quarter.

Exports of services reverted to a mild year-on-year increase of 2.3% in

real terms in the second quarter, from a fall of 2.9% in the preceding quarter. Exports of travel services grew visibly as the number of inbound visitors rebounded alongside the relaxation of some travel restrictions, but remained far below the pre-pandemic level. Exports of financial services improved as cross-border financial activities recovered somewhat. Exports of transport services fell amid weakened trade flows, while exports of business and other services continued to decline alongside the worsening external environment. On a seasonally adjusted quarter-to-quarter basis, exports of services fell by 0.5% in real terms in the second quarter, having increased by 2.5% in the preceding quarter.

Domestic sector

Domestic activities showed some improvement in the second quarter of 2022. Private consumption expenditure increased marginally by 0.1% in real terms in the second quarter over a year earlier, after falling by 5.8% in the preceding quarter. Local consumption activities revived thanks to the generally improved local epidemic situation and relaxed social distancing measures in tandem. The Government's various support measures also helped support demand. However, the momentum in the latter part of the quarter was constrained by the increase in the number of COVID-19 cases and tightened financial conditions. On a seasonally adjusted quarter to quarter comparison, private consumption expenditure increased by 8.0% in real terms, after falling by 9.1% in the preceding quarter. Meanwhile, government consumption expenditure expanded further by 13.0% year-on-year in real terms in the second quarter, after a 6.7% increase in the preceding quarter.

Overall investment spending in terms of gross domestic fixed capital formation declined by 3.0% year-on-year in real terms in the second quarter, narrowed from the 7.8% decrease in the preceding quarter. Within the total, expenditure on acquisitions of machinery, equipment and intellectual property products saw a much narrowed decline of 2.1% along with improved business sentiment. Expenditure on building and construction rose by an accelerated 5.2% as the increase in public sector spending more than offset the decrease in private sector spending. The costs of ownership transfer continued to plunge as transactions of property dwindled from the hectic level a year earlier.

The labour sector

The labour market improved in the second quarter of 2022. After rising from 5.0% in the first quarter to 5.4% in February – April, the seasonally adjusted unemployment rate fell successively to 4.7% in the second quarter. The unemployment rates of most major sectors decreased in the second quarter from the high levels in February – April, particularly those of the food and beverage service activities sector, the retail sector, the construction sector, and the arts, entertainment and recreation sector. The unemployment rates of both lower-skilled and higher-skilled workers declined from the earlier high levels, with the former still visibly higher than the latter. The underemployment rate increased from 3.1% in the first quarter to 3.8% in February – April, before declining to 3.0% in the second quarter.

The asset markets

The local stock market was lacklustre in the second quarter of 2022 after a sharp correction in the first quarter. Market sentiment remained cautious amid concerns over more aggressive tightening of US monetary policy, poor performance of global stock markets, continued conflict in Ukraine, and the epidemic situation in the Mainland in the earlier part of the quarter. The Hang Seng Index (HSI) moved within a range of 19 380 to 22 502 and closed at 21 860 at end-June, down by 0.6% from end-March. On August 11, the HSI closed at 20 082.

The residential property market showed some revival on entering the second quarter along with the moderation of the local epidemic, but quietened thereafter. Market sentiment turned more cautious as the US Fed and many major central banks stepped up the tightening of monetary policy and the global economic outlook worsened. The number of residential property transactions, in terms of the total number of sale and purchase agreements for residential property received by the Land Registry, surged by 48% over the low base in the preceding quarter to 14 925 in the second quarter, but was still 32% lower than the hectic level a year earlier. Flat prices showed little change for the quarter as a whole. The index of home purchase affordability remained elevated at around 71%. Meanwhile, overall flat rentals remained virtually unchanged between March and June. The non-residential property market stayed generally lacklustre in the second quarter. Trading activities rebounded from the low levels in the preceding quarter, but remained largely subdued. Prices and rentals of office space softened further, while those of retail shop space and flatted factory space stabilised.

Prices

Underlying consumer price inflation, though edging up further, remained moderate in overall terms in the second quarter of 2022. Netting out the effects of the Government's one-off relief measures to reflect the underlying inflation trend, the underlying Composite Consumer Price Index (CCPI) inflation edged up to 1.7% in the second quarter from 1.6% in the preceding quarter. Prices of meals out and takeaway food showed an accelerated increase amid the generally moderated local epidemic situation and relaxed social distancing measures. Prices of energy-related items soared, while those of basic food and clothing and footwear continued to see visible increases. Nonetheless, price pressures on other major components stayed broadly in check. Private housing rentals continued to decline, albeit at a narrowed rate as the earlier increase in fresh-letting residential rentals gradually fed through.

Domestic business cost pressures stayed largely mild, with commercial rentals staying soft and wage growth remaining moderate. External price pressures remained intensive. Inflation in many major economies climbed further alongside continued supply bottlenecks and elevated international commodity and energy prices caused by the persisting tension in Ukraine.

The headline CCPI rose by 1.5% year-on-year in the second quarter, same as in the preceding quarter. The lower headline inflation rate than the underlying inflation rate in the second quarter was due to the additional electricity charge subsidy provided by the Government.

Latest GDP and price forecasts for 2022

Looking forward, the markedly deteriorating external environment will weigh heavily on Hong Kong's export performance in the remainder of the year. Elevated inflation in the advanced economies and the aggressive tightening of monetary policy by many major central banks in response will further weaken the global growth momentum, though the expected revival of the Mainland economy should provide some offset. Risk factors including the evolving pandemic and heightened geopolitical tensions warrant close attention. Nonetheless, if cross-boundary logistics disruptions between the Mainland and Hong Kong show more visible easing, Hong Kong's external trade may get some relief. The latest adjustments to the quarantine and testing arrangements for inbound visitors should also help exports of services.

Domestically, economic activities should revive further provided that the local epidemic situation remains under control. The Consumption Voucher Scheme will continue to support consumption demand, but tighter financial conditions may have some dampening effect on consumer sentiment and spending. Rising borrowing costs may also make businesses more cautious in undertaking fixed asset investment. It remains vital for the community to work in unison with the Government to keep the epidemic under control.

Taking into account the worse-than-expected economic performance in the first half and the sharp deterioration of global economic prospects, the real GDP growth forecast for 2022 is revised down to -0.5% to 0.5%, from 1%-2% as announced 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 -1.7% to 1.5%, averaging around 0.2%.

On the inflation outlook, external price pressures are expected to remain notable in view of elevated inflation in some major import sources. Yet, overall inflation should remain moderate in the near term as domestic cost pressures stay mild. The forecast rates of underlying and headline consumer price inflation for 2022 are maintained at 2% and 2.1% respectively, the same as those announced in the May round of review (Table 2).

The Half-yearly Economic Report 2022 is now available for online download, free of charge at www.hkeconomy.gov.hk/en/situation/index.htm. The Report of the Gross Domestic Product, Second Quarter 2022, which contains the GDP figures up to the second quarter of 2022, is also available for online download, free of charge at the homepage of the Census and Statistics Department, www.censtatd.gov.hk.



Analytical Accounts of Exchange Fund

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

The Hong Kong Monetary Authority (HKMA) released today (August 12) the key analytical accounts of the Exchange Fund at the end of July 2022.

Foreign assets, representing the external assets of the Exchange Fund, decreased during the month by HK\$39.3 billion to HK\$3,654.0 billion.

The Monetary Base, comprising Certificates of Indebtedness, Government-issued currency notes and coins in circulation, the balance of the banking system and Exchange Fund Bills and Notes issued, amounted to HK\$1,977.3 billion.

Claims on the private sector in Hong Kong amounted to HK\$296.5 billion.

Foreign liabilities amounted to HK\$23.8 billion.

The analytical accounts of the Exchange Fund are released in accordance with the International Monetary Fund's Special Data Dissemination Standard (SDDS) and are referred to as the Analytical Accounts of the Central Bank under SDDS (Annex).

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:

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| August 5 (Issued) | SDDS International Reserves (Hong Kong's Latest Foreign Currency Reserve Assets Figures) |
| August 12 | 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 |