

Consumer Price Indices for November 2019

The Census and Statistics Department (C&SD) released today (December 20) the Consumer Price Index (CPI) figures for November 2019. According to the Composite CPI, overall consumer prices rose by 3.0% in November 2019 over the same month a year earlier, slightly smaller than the corresponding increase (3.1%) in October 2019. Netting out the effects of all Government's one-off relief measures, the year-on-year rate of increase in the Composite CPI (i.e. the underlying inflation rate) in November 2019 was 2.9%, smaller than that in October 2019 (3.1%). The smaller increase in November was mainly due to the decreases in the charges for package tours as well as inbound and outbound transport fares.

On a seasonally adjusted basis, the average monthly rate of increase in the Composite CPI for the three-month period ending November 2019 was 0.1%, and that for the three-month period ending October 2019 was 0.2%. Netting out the effects of all Government's one-off relief measures, the corresponding rates of increase were 0.1% and 0.2% respectively.

Analysed by sub-index, the year-on-year rates of increase in the CPI(A), CPI(B) and CPI(C) were 3.5%, 2.9% and 2.5% respectively in November 2019, as compared to 3.5%, 3.1% and 2.9% respectively in October 2019. Netting out the effects of all Government's one-off relief measures, the year-on-year rates of increase in the CPI(A), CPI(B) and CPI(C) were 3.6%, 2.8% and 2.4% respectively in November 2019, as compared to 3.6%, 3.0% and 2.8% respectively in October 2019.

On a seasonally adjusted basis, for the three-month period ending November 2019, the average monthly rates of increase in the seasonally adjusted CPI(A), CPI(B) and CPI(C) were 0.1%, 0.1% and 0.2% respectively. The corresponding rates of increase for the three-month period ending October 2019 were all 0.2%. Netting out the effects of all Government's one-off relief measures, the corresponding average monthly rates of increase in the seasonally adjusted CPI(A), CPI(B) and CPI(C) for the three-month period ending November 2019 were 0.1%, 0.1% and 0.2% respectively, and the corresponding rates of increase for the three-month period ending October 2019 were all 0.2%.

Amongst the various components of the Composite CPI, year-on-year increases in prices were recorded in November 2019 for food (excluding meals bought away from home) (13.9%), miscellaneous goods (3.3%), housing (3.0%), meals bought away from home (2.2%), transport (2.1%) and miscellaneous services (1.5%).

On the other hand, year-on-year decreases in the components of the Composite CPI were recorded in November 2019 for electricity, gas and water (-6.4%); clothing and footwear (-3.5%); durable goods (-2.3%) as well as alcoholic drinks and tobacco (-0.1%).

Taking the first 11 months of 2019 together, the Composite CPI rose by 2.9% over a year earlier. The respective increases in the CPI(A), CPI(B) and CPI(C) were 3.3%, 2.7% and 2.6% respectively. The corresponding increases after netting out the effects of all Government's one-off relief measures were 3.0%, 3.5%, 2.8% and 2.6% respectively.

For the three months ending November 2019, the Composite CPI rose by 3.1% over a year earlier, while the CPI(A), CPI(B) and CPI(C) rose by 3.5%, 3.0% and 2.8% respectively. The corresponding increases after netting out the effects of all Government's one-off relief measures were 3.1%, 3.6%, 3.0% and 2.7% respectively.

For the 12 months ending November 2019, the Composite CPI was on average 2.8% higher than that in the preceding 12-month period. The respective increases in the CPI(A), CPI(B) and CPI(C) were 3.3%, 2.7% and 2.6% respectively. The corresponding increases after netting out the effects of all Government's one-off relief measures were 3.0%, 3.5%, 2.8% and 2.6% respectively.

Commentary

A Government spokesman said that the underlying consumer price inflation rate eased further to 2.9% in November. Price pressures on many major CPI components abated somewhat, though food inflation remained visible due to elevated pork prices.

Looking ahead, overall inflation pressures will likely be contained in the near term by mild imported inflation and easing local cost pressures amid sub-par economic conditions. The Government will continue to monitor the inflation situation closely, particularly the impact on the lower-income people.

Further information

The CPIs and year-on-year rates of change at section level for November 2019 are shown in Table 1. The time series on the year-on-year rates of change in the CPIs before and after netting out the effects of all Government's one-off relief measures are shown in Table 2. For discerning the latest trend in consumer prices, it is also useful to look at the changes in the seasonally adjusted CPIs. The corresponding time series on the average monthly rates of change during the latest three months for the seasonally adjusted CPIs are shown in Table 3. The rates of change in the original and the seasonally adjusted Composite CPI and the underlying inflation rate are presented graphically in Chart 1.

More detailed CPI data (including year-on-year comparison, month-to-month comparison, seasonally adjusted data series and the CPIs by the Classification of Individual Consumption According to Purpose (COICOP)) are available in the monthly reports. Users can download the November 2019 issue of the "Monthly Report on the Consumer Price Index" (www.censtatd.gov.hk/hkstat/sub/sp270.jsp?productCode=B1060001), the time series of CPIs at detailed level

(www.censtatd.gov.hk/hkstat/sub/sp270.jsp?productCode=D5600001), the time series of CPIs at COICOP division level (www.censtatd.gov.hk/hkstat/sub/sp270.jsp?productCode=D5600002) and the time series of CPIs after netting out the effects of all Government's one-off relief measures (www.censtatd.gov.hk/hkstat/sub/sp270.jsp?productCode=D5600003) free of charge at the website of the C&SD.

For enquiries about the CPIs, please contact the Consumer Price Index Section of the C&SD (Tel: 3903 7374 or email: cpi@censtatd.gov.hk).

Chain volume measures of Gross Domestic Product by economic activity for the third quarter of 2019

The Census and Statistics Department (C&SD) released today (December 20) the preliminary figures of chain volume measures of Gross Domestic Product (GDP) by economic activity for the third quarter of 2019.

GDP figures by economic activity show the value of production in respect of individual economic activities. The value of production is measured by net output or value added, which is calculated by deducting intermediate input consumed in the process of production from the gross value of output. Volume measures of GDP by economic activity, expressed in terms of chain volume measures net of the effect of price changes, enable analysis of the output growth profiles of individual economic sectors in real terms.

According to the preliminary figures, overall GDP decreased by 2.9% in real terms in the third quarter of 2019 over a year earlier, as against the increase of 0.4% in the second quarter of 2019.

Analysed by constituent services sector and on a year-on-year comparison, net output in respect of all the services activities taken together decreased by 1.7% in real terms in the third quarter of 2019 over a year earlier, as against the growth of 1.3% in the second quarter.

Net output in the import and export, wholesale and retail trades sector dropped by 10.1% in real terms in the third quarter of 2019 from a year earlier, after the decrease of 3.7% in the second quarter. Enlarged decline in external merchandise trade amid a slowing global economy and intensified US-Mainland trade tensions, as well as further deterioration in retail sales led to a further decline in this sector during the quarter.

Net output in the financing and insurance sector increased by 3.5% in real terms in the third quarter of 2019 over a year earlier, compared with

the 3.7% rise in the second quarter. The resilient performance of the banking sector during the quarter rendered support to the continued growth in this sector.

Net output in the accommodation services (covering hotels, guesthouses, boarding houses and other establishments providing short term accommodation) and food services sector dropped by 13.8% in real terms in the third quarter of 2019 over a year earlier, following the decrease of 1.3% in the second quarter.

Net output in the transportation, storage, postal and courier services sector decreased by 2.2% in real terms in the third quarter of 2019 over a year earlier, as against the increase of 2.0% in the second quarter.

Net output in the information and communications sector increased by 6.1% in real terms in the third quarter of 2019 over a year earlier, virtually the same as the growth in the second quarter.

Net output in the real estate, professional and business services sector recorded a marginal increase of 0.2% in real terms in the third quarter of 2019 over a year earlier, compared with the growth of 1.6% in the second quarter.

Net output in the public administration, social and personal services sector rose by 1.8% in real terms in the third quarter of 2019 over a year earlier, compared with the growth of 3.3% in the second quarter.

As for sectors other than the services sectors, net output in the local manufacturing sector rose by 0.4% in real terms in the third quarter of 2019 over a year earlier, virtually the same as the growth in the second quarter.

Net output in the electricity, gas and water supply, and waste management sector increased by 1.7% in real terms in the third quarter of 2019 from a year earlier, as against the decrease of 1.3% in the second quarter.

Net output in the construction sector decreased by 4.6% in real terms in the third quarter of 2019 from a year earlier, after the decrease of 9.0% in the second quarter.

Further information

The year-on-year percentage changes of GDP by economic activity in real terms from the third quarter of 2018 to the third quarter of 2019 are shown in Table 1. For enquiries about statistics on GDP by economic activity, please call the National Income Branch (2) of the C&SD at telephone number 3903 7005.

Figures of chain volume measures of GDP by economic activity for the third quarter of 2019 are only preliminary at this stage. When more data become available, the preliminary figures will be revised accordingly. More detailed figures can also be found at the Hong Kong Statistics section of the C&SD website (www.censtatd.gov.hk).

Hong Kong's Balance of Payments and International Investment Position statistics for third quarter of 2019

The Census and Statistics Department (C&SD) released today (December 20) the preliminary Balance of Payments (BoP) and International Investment Position (IIP) statistics of Hong Kong for the third quarter of 2019. This release also included the preliminary External Debt (ED) statistics of Hong Kong for the same period.

I. Balance of Payments

Hong Kong recorded a BoP deficit of \$59.8 billion (as a ratio of 8.3% to GDP) in the third quarter of 2019, as against a surplus of \$28.3 billion (as a ratio of 4.1% to GDP) in the second quarter of 2019. Reserve assets correspondingly decreased by the same amount (\$59.8 billion) in the third quarter of 2019.

Current account

The current account recorded a surplus of \$74.4 billion (as a ratio of 10.3% to GDP) in the third quarter of 2019. This implies that Hong Kong continues to save more than invest, enabling Hong Kong to accumulate external financial assets (such as equity securities or debt securities) as a buffer against global financial volatilities. Compared with the current account surplus of \$48.0 billion (as a ratio of 6.6% to GDP) in the third quarter of 2018, the increase in surplus was mainly due to a decrease in the goods deficit, partly offset by a decrease in the services surplus and a decrease in the net inflow of primary income.

The goods deficit decreased to \$0.3 billion in the third quarter of 2019, compared with the \$51.7 billion in the same quarter of 2018. Over the same period, the services surplus decreased to \$38.9 billion in the third quarter of 2019, compared with the \$63.2 billion in the same quarter of 2018. The primary income inflow and outflow amounted to \$440.0 billion and \$398.7 billion respectively, thus yielding a net inflow of \$41.3 billion in the third quarter of 2019, compared with a net inflow of \$42.3 billion in the same quarter of 2018.

Financial account

An overall net outflow of financial non-reserve assets amounting to \$163.5 billion (as a ratio of 22.6% to GDP) was recorded in the third quarter of 2019, compared with an overall net outflow of \$38.1 billion (as a ratio of 5.5% to GDP) in the second quarter of 2019. In the third quarter of 2019, due to transfer of funds of the Exchange Fund, the amount of foreign currency

deposits placed by the Exchange Fund with local banks increased by \$63.1 billion. Other investment assets of local banks correspondingly increased by the same amount. Excluding this factor, an overall net outflow of financial non-reserve assets amounting to \$100.4 billion was recorded. The overall net outflow recorded in the third quarter of 2019 was mainly due to a net outflow of portfolio investment.

In the third quarter of 2019, reserve assets decreased by \$59.8 billion, as against an increase of \$28.3 billion in the second quarter of 2019.

II. International Investment Position

At the end of the third quarter of 2019, both Hong Kong's external financial assets and liabilities stood at a very high level, amounting to \$42,495.4 billion (equivalent to 14.7 times of GDP) and \$31,323.8 billion (equivalent to 10.8 times of GDP) respectively, a typical feature of a prominent international financial centre.

After netting out the external financial liabilities from the external financial assets, Hong Kong's net external financial assets amounted to \$11,171.6 billion (equivalent to 3.9 times of GDP) at the end of the third quarter of 2019, compared with \$11,202.0 billion (also equivalent to 3.9 times of GDP) at the end of the second quarter of 2019. Hong Kong's net external financial assets to GDP ratio is one of the largest in the world, which provides the economy with a strong cushion against sudden external shocks.

III. External Debt

At the end of the third quarter of 2019, Hong Kong's gross ED amounted to \$12,914.3 billion (equivalent to 4.5 times of GDP). Compared with \$12,760.3 billion (equivalent to 4.4 times of GDP) at the end of the second quarter of 2019, gross ED increased by \$154.0 billion. This was mainly attributable to the increases in ED of other sectors and debt liabilities in direct investment (intercompany lending).

As one of the world's major financial centres, Hong Kong has a significant amount of ED held against the local banking sector arising through normal banking businesses. At the end of the third quarter of 2019, 60.6% of Hong Kong's ED was attributable to the banking sector. Other ED mainly consisted of ED of other sectors (23.2%) and debt liabilities in direct investment (intercompany lending) (16.0%).

Further information

BoP is a statistical statement that systematically summarises, for a specific time period (typically a year or a quarter), the economic transactions of an economy with the rest of the world (i.e. between residents and non-residents).

IIP is a balance sheet showing the stock of external financial assets and liabilities of an economy at a particular time point. The difference between the external financial assets and liabilities is the net IIP of the

economy, which represents either its net claim on or net liability to the rest of the world.

Gross ED, at a particular time point, is the outstanding amount of those actual current, and not contingent, liabilities that are owed to non-residents by residents of an economy and that require payment of principals and/or interests by the debtors at some time points in the future.

Table 1 presents Hong Kong's BoP. Table 2 presents the detailed current account, while Table 3 presents the detailed capital and financial account. Table 4 shows Hong Kong's IIP, and Table 5 shows Hong Kong's ED.

With the incorporation of the latest data from surveys and other sources, the statistics on BoP, IIP and ED for 2018 have been revised. As regards the statistics on BoP, IIP and ED for the third quarter of 2019, they are only preliminary figures and are subject to revision upon the availability of more data.

More details of the statistics of BoP (including seasonally adjusted current account), IIP and ED, together with the conceptual and methodological details, are presented in the publication Balance of Payments, International Investment Position and External Debt Statistics of Hong Kong, Third Quarter 2019 published by the C&SD. Users can download this publication free of charge at the website of the C&SD (www.censtatd.gov.hk/hkstat/sub/sp260.jsp?productCode=B1040001).

For enquiries about the BoP, IIP and ED statistics, please contact the Balance of Payments Section of the C&SD (Tel: 3903 6979; fax: 2116 0278; email: bop@censtatd.gov.hk).

Postal services to New South Wales in Australia resuming

Hongkong Post announced today (December 20) that, as advised by the postal administration of Australia, mail delivery services in New South Wales are resuming. However, delivery services (including Speedpost) to the areas with the postcodes 2424, 2427, 2428, 2429, 2430, 2443, 2446 and 2469 are still subject to delay.

Reopening of MTR University Station and public transport arrangements at Ma Liu Shui Public Transport Interchange

University Station of the East Rail Line will be reopened and train services will resume stopping at University Station from its first departure tomorrow (December 21). The Transport Department (TD) reminded members of the public to pay attention to the following public transport arrangements.

The following franchised bus and green minibus (GMB) services originally terminating at Ma Liu Shui Public Transport Interchange will return to normal from the first departures tomorrow:

| Route | Destination |
|--|--------------------------------------|
| KMB route 87K (including peak-only service 87S) | Kam Ying Court |
| KMB route 272A | Pak Shek Kok |
| KMB route 272K | Hong Kong Science Park |
| KMB route 289K | Chevalier Garden |
| GMB route 807A | Ma On Shan Central (Bayshore Towers) |
| GMB route 807C | Ma On Shan Station (Bayshore Towers) |
| GMB route 807S (peak-only service) | Tseng Tau |
| GMB route 807X | Wu Kai Sha Station (Circular) |

GMB route 807K (University Station – Tseng Tau) will resume terminating at Tseng Tau.

The following existing temporary franchised bus routes 82D and 274S will cease operation and the following strengthened franchised bus route 274P will resume normal operation upon the reopening of University Station:

| Route | Destination |
|--------------------------------------|---|
| KMB route 82D (peak-only service) | Tai Wai Station – Pak Shek Kok (via Hong Kong Science Park) |
| KMB route 274S | Wu Kai Sha Station – Tai Po Market Station (via Pak Shek Kok and Hong Kong Science Park) |
| KMB route 274P | Wu Kai Sha Station – Tai Po Industrial Estate (via Pak Shek Kok and Hong Kong Science Park) |

The TD anticipates that traffic in the vicinity of University Station will be relatively busy. Members of the public are advised to use public transport services as far as possible and early planning of journeys is advised to cater for unexpected delays.

The TD will closely monitor the traffic situation and implement appropriate measures whenever necessary. Members of the public are advised to watch out for the latest traffic news on radio and television.

Details of the public transport arrangements have been uploaded to the TD's website (www.td.gov.hk).