

Special announcement on fire in Fanling

Attention TV and radio duty announcers:

Please broadcast the following special announcement as soon as possible, and repeat it at suitable intervals:

A fire broke out at a warehouse in Ma Wat Wai, Fanling, at 3.38pm today (February 22). The Fire Services Department is conducting a firefighting operation.

Members of the public who are being affected by the smoke and an unusual odour carried by the wind are advised to close their doors and windows and stay calm.

Consumer Price Indices for January 2024

The Census and Statistics Department (C&SD) released today (February 22) the Consumer Price Index (CPI) figures for January 2024. According to the Composite CPI, overall consumer prices rose by 1.7% in January 2024 over the same month a year earlier, smaller than the corresponding increase (2.4%) in December 2023. 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 January 2024 was 0.8%, also smaller than that in December 2023 (1.4%). The smaller increase in January 2024 was mainly due to the fact that the Lunar New Year fell in January last year, which resulted in a high base of comparison, in particular food prices.

On a seasonally adjusted basis, the average monthly rate of change in the Composite CPI for the 3-month period ending January 2024 was 0.0%, and that for the 3-month period ending December 2023 was 0.4%. Netting out the effects of all Government's one-off relief measures, the corresponding rates of change were 0.0% and 0.1%.

Analysed by sub-index, the year-on-year rates of increase in the CPI(A), CPI(B) and CPI(C) were 2.0%, 1.6% and 1.5% respectively in January 2024, as compared to 2.7%, 2.2% and 2.3% respectively in December 2023. 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 0.5%, 0.8% and 1.0% respectively in January 2024, as compared to 1.1%, 1.4% and 1.8% respectively in December 2023.

On a seasonally adjusted basis, for the 3-month period ending January 2024, the average monthly rates of change in the CPI(A), CPI(B) and CPI(C) were -0.1%, 0.0% and 0.0% respectively. The corresponding rates of change for the 3-month period ending December 2023 were 0.5%, 0.3% and 0.3% respectively. Netting out the effects of all Government's one-off relief measures, the average monthly rates of change in the seasonally adjusted CPI(A), CPI(B) and CPI(C) for the 3-month period ending January 2024 were -0.1%, 0.0% and 0.0% respectively, and the corresponding rates of change for the 3-month period ending December 2023 were 0.0%, 0.1% and 0.1% respectively.

Amongst the various components of the Composite CPI, year-on-year increases in prices were recorded in January 2024 for alcoholic drinks and tobacco (19.5%), clothing and footwear (3.5%), meals out and takeaway food (3.1%), housing (2.9%), miscellaneous services (2.2%), miscellaneous goods (1.9%), and transport (1.8%).

On the other hand, year-on-year decreases in the components of the Composite CPI were recorded in January 2024 for electricity, gas and water (-7.6%), basic food (-2.3%), and durable goods (-1.4%).

For the 3 months ending January 2024, the Composite CPI rose by 2.2% over a year earlier, while the CPI(A), CPI(B) and CPI(C) rose by 2.6%, 2.1% and 2.0% respectively. The corresponding increases after netting out the effects of all Government's one-off relief measures were 1.3%, 1.0%, 1.3% and 1.6% respectively.

For the 12 months ending January 2024, the Composite CPI was on average 2.0% higher than that in the preceding 12-month period. The respective increases in the CPI(A), CPI(B) and CPI(C) were 2.2%, 1.9% and 2.0% respectively. The corresponding increases after netting out the effects of all Government's one-off relief measures were 1.6%, 1.6%, 1.5% and 1.7% respectively.

Commentary

A Government spokesman said the underlying consumer price inflation moderated visibly in January, partly due to the base effect stemming from the different timing of the Lunar New Year. It would thus be more meaningful to examine the figures for January and February combined, when available, to assess the underlying inflation situation. Among the major components, prices of basic food fell from a year earlier given the high base of comparison, and those of energy-related items declined further. Prices of meals out and takeaway food, and clothing and footwear saw relatively fast increases. Price pressures on other major components remained broadly in check.

Looking ahead, overall inflation should remain moderate in the near term. Domestic costs may face some upward pressures as the Hong Kong economy continues to grow. Meanwhile, external price pressures should continue to ease. The Government will continue to monitor the situation.

Further information

The CPIs and year-on-year rates of change at section level for January 2024 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 time series on the average monthly rates of change during the latest 3 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 statistics are given in the "Monthly Report on the Consumer Price Index". Users can browse and download this publication at the website of the C&SD (www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1060001&scode=270).

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).

Record of discussion of meeting of Exchange Fund Advisory Committee Currency Board Sub-Committee held on January 11

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

(Approved for Issue by the Exchange Fund Advisory Committee on February 2, 2024)

Report on Currency Board Operations (October 18 – December 29, 2023)

The Currency Board Sub-Committee (Sub-Committee) noted that the Hong Kong dollar (HKD) traded within a range of 7.7906 – 7.8269 against the US dollar (USD) during the review period. The HKD exchange rate strengthened in November, mainly driven by buying flows on firmer HKD interest rates and net buying flows through the Southbound Stock Connect. HKD interbank rates continued to track the USD rates while also being affected by local supply and demand. The Convertibility Undertakings were not triggered and the Aggregate Balance was stable at around HK\$45 billion. No abnormality was noted in the usage of the Discount Window. Overall, the HKD exchange and interbank markets continued to trade in a smooth and orderly manner.

The Sub-Committee noted that the Monetary Base increased to HK\$1,895.86 billion at the end of the review period. In accordance with the Currency Board principles, all changes in the Monetary Base had been fully matched by changes in foreign reserves.

The Report on Currency Board Operations for the review period is at Annex.

Monitoring of Risks and Vulnerabilities

The Sub-Committee noted that market expectations of early interest rate cuts in 2024 had been bolstered by recent signs of cooling global growth and inflation, which underpinned rallies in major bond and equity markets in late 2023. However, there was a risk that financial markets might have discounted the "high for longer" scenario too soon given that services inflation in major advanced economies was still supported by tight labour markets that could render core inflation stickier than expected. Meanwhile, global commercial real estate (CRE) markets could face sustained headwinds, heaping pressure on banks with significant CRE exposures.

The Sub-Committee noted that economic recovery continued in Mainland China in Q4 2023, but the near-term economic outlook continued to face challenges. In response, the authorities strengthened fiscal policy support to bolster infrastructure investment, and vowed to satisfy the reasonable financing needs of property developers regardless of their ownerships. As for the Asia Pacific region, while foreign exchange depreciation and capital outflow pressures subsided in late 2023 along with the rising rate cut expectations in the US, headwinds such as weak external demand would continue to weigh on regional economies. Meanwhile, the rising non-bank financial intermediation (NBFI) in the region was worth close monitoring given the data gaps and opacity of the NBFI market.

The Sub-Committee noted that in Hong Kong, economic activities recovered steadily through the end of 2023 on the back of the continued revival of inbound tourism and consumption demand. Looking ahead, these two segments were expected to support the economy in 2024, but the growth outlook was subject to increased external uncertainties relating to the US policy rate path, dimmer global economic prospects, the recovery pace of the global tech cycle and the evolving geopolitical tensions. While the Government's relaxations of demand-side management measures in late October 2023 had bolstered housing market sentiment somewhat, the housing market as well as the commercial property market remained soft amid the high interest rate environment.

Effective Exchange Rate Index

The effective exchange rate index for the Hong Kong dollar on Thursday, February 22, 2024 is 104.9 (down 0.1 against yesterday's index).

Transcript of remarks by SCST at media session

Following is the transcript of remarks by the Secretary for Culture, Sports and Tourism, Mr Kevin Yeung, at a media session after attending the launching ceremony of Art March 2024 today (February 22):

Reporter: How about the expansion of the resumption of the "one visa, multiple entry" scheme? Is there any update on that? Will it involve how many more cities? How much economic benefit is expected to generate?

Secretary for Culture, Sports and Tourism: We have been in continuous discussions with our Mainland counterparts on various measures to facilitate our Mainland tourists to come to Hong Kong. Any enhancement measures will also benefit the Hong Kong tourism industry as a whole. As soon as we have some finalised proposals, we will make the announcement as soon as possible.

(Please also refer to the Chinese portion of the transcript.)