

Hong Kong's Balance of Payments and International Investment Position statistics for first quarter of 2018

The Census and Statistics Department (C&SD) released today (June 22) the preliminary Balance of Payments (BoP) and International Investment Position (IIP) statistics of Hong Kong for the first quarter of 2018. 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 surplus of \$73.8 billion (as a ratio of 10.7% to GDP) in the first quarter of 2018, compared with a surplus of \$73.5 billion (as a ratio of 10.2% to GDP) in the fourth quarter of 2017. Reserve assets correspondingly increased by the same amount (\$73.8 billion) in the first quarter of 2018.

Current account

On a year-on-year comparison, the current account recorded a surplus of \$16.3 billion (as a ratio of 2.4% to GDP) in the first quarter of 2018, compared with a surplus of \$20.2 billion (as a ratio of 3.2% to GDP) in the same quarter of 2017. The decrease in the current account surplus was mainly due to an increase in the goods deficit, partly offset by an increase in the services surplus and an increase in the net inflow of primary income.

The goods deficit increased to \$76.9 billion in the first quarter of 2018, compared with the \$56.6 billion in the same quarter of 2017. This was due to a larger increase in imports of goods relative to that in respect of exports of goods. Over the same period, the services surplus increased to \$74.5 billion in the first quarter of 2018, compared with the \$61.8 billion in the same quarter of 2017. This was due to a larger increase in exports of services relative to that in respect of imports of services. The overall balance on goods and services recorded a deficit of \$2.4 billion in the first quarter of 2018, as against a surplus of \$5.3 billion in the same quarter of 2017.

The primary income inflow and outflow amounted to \$349.6 billion and \$325.4 billion respectively, thus yielding a net inflow of \$24.2 billion in the first quarter of 2018, compared with a net inflow of \$19.8 billion in the same quarter of 2017.

The secondary income inflow and outflow amounted to \$3.1 billion and \$8.6 billion respectively, resulting in a net outflow of \$5.6 billion in the first quarter of 2018, compared with a net outflow of \$4.9 billion in the same quarter of 2017.

On a seasonally adjusted quarter-to-quarter comparison basis, the current account credit and the current account debit in the first quarter of 2018 increased by 4.8% and 4.6% respectively from the fourth quarter of 2017.

Capital and financial account

In the first quarter of 2018, a net outflow of \$0.1 billion was recorded in the capital account, compared with a net outflow of \$0.4 billion in the fourth quarter of 2017.

An overall net inflow of financial non-reserve assets amounting to \$29.3 billion (as a ratio of 4.3% to GDP) was recorded in the first quarter of 2018, compared with an overall net inflow of \$41.8 billion (as a ratio of 5.8% to GDP) in the fourth quarter of 2017. The overall net inflow recorded in the first quarter of 2018 was the result of a net inflow of other investment, partly offset by a net outflow of portfolio investment, a net outflow of direct investment and a net outflow due to the cash settlement of financial derivatives.

Direct investment recorded a net outflow of \$19.7 billion in the first quarter of 2018, as against a net inflow of \$121.8 billion in the fourth quarter of 2017. Portfolio investment recorded a net outflow of \$245.7 billion in the first quarter of 2018, compared with a net outflow of \$13.6 billion in the fourth quarter of 2017. Financial derivatives recorded a net outflow of \$3.8 billion in the first quarter of 2018, as against a net inflow of \$19.7 billion in the fourth quarter of 2017. Other investment recorded a net inflow of \$298.5 billion in the first quarter of 2018, as against a net outflow of \$86.0 billion in the fourth quarter of 2017.

In the first quarter of 2018, reserve assets increased by \$73.8 billion, compared with an increase of \$73.5 billion in the fourth quarter of 2017.

II. International Investment Position

At the end of the first quarter of 2018, Hong Kong's external financial assets and liabilities amounted to \$43,623.6 billion and \$31,989.8 billion respectively. After netting out the external financial liabilities from the external financial assets, Hong Kong was a net creditor. Hong Kong's net external financial assets amounted to \$11,633.8 billion (as a ratio of 428% to GDP) at the end of the first quarter of 2018, compared with \$10,893.7 billion (as a ratio of 409% to GDP) at the end of the fourth quarter of 2017.

The ratios of both Hong Kong's external financial assets and liabilities to GDP at the end of the first quarter of 2018 remained at a very high level, at 16.0 times and 11.8 times respectively, reflecting that Hong Kong is a highly externally oriented economy and also a major financial centre in the region with considerable cross-territory investment.

External financial assets

Within the total value of external financial assets at the end of the first quarter of 2018, direct investment was the largest component,

accounting for 36.9% (\$16,117.7 billion) of the total value. Portfolio investment (\$13,871.8 billion) and other investment (\$9,511.6 billion) contributed 31.8% and 21.8% respectively.

External financial liabilities

Within the total value of external financial liabilities at the end of the first quarter of 2018, 53.0% (\$16,962.2 billion) was in the form of direct investment. Other investment (\$10,068.9 billion) and portfolio investment (\$4,336.7 billion) contributed 31.5% and 13.6% respectively.

III. External Debt

At the end of the first quarter of 2018, Hong Kong's gross ED (measuring total outstanding gross external liabilities other than equity liabilities) amounted to \$12,775.6 billion (as a ratio of 470% to GDP). Compared with \$12,220.5 billion (as a ratio of 459% to GDP) at the end of the fourth quarter of 2017, gross ED increased by \$555.1 billion. This was mainly attributable to the increases in ED of the banking sector, ED of other sectors and debt liabilities in direct investment (intercompany lending).

Sectoral analysis

At the end of the first quarter of 2018, a major proportion of Hong Kong's ED was attributable to the banking sector, accounting for 63.2% of the total. Other ED mainly consisted of ED of other sectors (19.8%) and debt liabilities in direct investment (intercompany lending) (16.7%).

ED of the banking sector increased from \$7,697.4 billion at the end of the fourth quarter of 2017 (as a ratio of 289% to GDP) to \$8,071.3 billion at the end of the first quarter of 2018 (as a ratio of 297% to GDP). ED of other sectors, debt liabilities in direct investment (intercompany lending) and ED of the Government and the Hong Kong Monetary Authority amounted to \$2,535.1 billion, \$2,138.6 billion, \$26.4 billion and \$4.1 billion respectively at the end of the first quarter of 2018.

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.

BoP and IIP statistics of Hong Kong are compiled in accordance with international standards as stipulated in the Sixth Edition of the Balance of Payments and International Investment Position Manual released by the International Monetary Fund (IMF) in 2009. ED statistics of Hong Kong are compiled according to the 2013 External Debt Statistics: Guide for Compilers and Users published by the Inter-agency Task Force on Finance Statistics chaired by the IMF.

Concepts inherent in these two international guidelines are harmonised with each other.

Table 1 presents Hong Kong's BoP by standard component. Table 2 presents the detailed current account analysed by sub-account component, while Table 3 presents the detailed capital and financial account analysed by sub-account component. Table 4 shows Hong Kong's IIP by broad component, and Table 5 shows Hong Kong's ED by standard component.

Statistics on BoP, IIP and ED for the first quarter of 2018 are only preliminary figures, and are subject to revision upon the availability of more data.

More details of the statistics of BoP, 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, First Quarter 2018 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).

[Zhejiang Semir Garment Co Ltd opens first Hong Kong store \(with photo\)](#)

Shenzhen-listed multi-brand fashion apparel company Zhejiang Semir Garment Co Ltd announced today (June 22) that it will open its Balabala children's apparel brand's first store in Hong Kong tomorrow (June 23), leveraging the city's international status and its sophisticated retail environment to extend its brand globally.

The new store in Kowloon offers Balabala-branded children's casual wear for all ages. The Deputy General Manager of Semir International Group (HK) Limited, Ms Leeky Li, said that the Hong Kong store will take the company to the world stage given the city's sophisticated retail market and international clientele.

Ms Li said, "Hong Kong is an international and well-developed city offering an ideal platform for us to enter the global market. The retail market here is also very established, which means a lot of convenience for us when we set up and grow from here."

She added, "As our regional office, the Hong Kong branch is also a major bridge and contact point to execute our global expansion plan in terms of acquisition, joint venture and overseas franchising. The city is also a key sourcing centre for our group. Therefore, Hong Kong offers us numerous strategic advantages."

Associate Director-General of Investment Promotion Dr Jimmy Chiang welcomed the opening of Balabala's first store in Hong Kong. He said, "Hong Kong is a top shopping destination for international visitors. It also attracts retailers from around the globe to showcase their brands globally. We look forward to Balabala's continuous expansion in the region via the city."

About Zhejiang Semir Garment Co Ltd

Founded in 1996 in Wenzhou, Zhejiang Semir Garment Co Ltd is a multi-brand garment company focusing on the business of casual wear and children's wear. With two major brands, Semir and Balabala, the company operates a nationwide sales network with more than 8,600 stores. The company was listed on the Shenzhen Stock Exchange in 2011. For more information, please visit www.semirbiz.com.

About Invest Hong Kong

Invest Hong Kong is the department of the Hong Kong Special Administrative Region Government to attract foreign direct investment and support overseas and Mainland businesses to set up or expand in Hong Kong. It provides free advice and customised services for overseas and Mainland companies enrolled as its clients. For more information, please visit www.investhk.gov.hk.

For an event photo, please visit www.flickr.com/photos/investhk/albums/72157698244899245.



SFST to attend third Annual Meeting of AIIB Board of Governors in Mumbai

The Secretary for Financial Services and the Treasury, Mr James Lau, will depart for Mumbai, India, on Sunday (June 24) to attend the third Annual Meeting of the Board of Governors of the Asian Infrastructure Investment Bank (AIIB) scheduled for June 25 and 26.

This year's theme is "Mobilising Finance for Infrastructure: Innovation and Collaboration". Government officials and leaders from around the world will share ideas and experiences on creating a sustainable future through sound infrastructure investment.

While in Mumbai, Mr Lau will also meet with the AIIB President, Mr Jin Liqun, and other financial officials attending the meeting.

Mr Lau will be back in Hong Kong in the morning of June 27.

During his absence, the Under Secretary for Financial Services and the Treasury, Mr Joseph Chan, will act as the Secretary for Financial Services and the Treasury.

Effective Exchange Rate Index

The effective exchange rate index for the Hong Kong dollar on Friday, June 22, 2018 is 101 (down 0.2 against yesterday's index).

Auctions of traditional vehicle registration marks to be held on July 7 and 8

The Transport Department today (June 22) announced that two auctions of traditional vehicle registration marks will be held on July 7 (Saturday) and 8 (Sunday), in Meeting Room S221, L2, Hong Kong Convention and Exhibition

Centre, Wan Chai.

"A total of 280 vehicle registration marks will be put up for public sale at each auction. The lists of marks have been posted at the department's website, www.td.gov.hk," a department spokesman said.

Applicants who have paid a deposit of \$1,000 to reserve a mark for auction should also participate in the bidding (including the first bid at the reserve price of \$1,000). Otherwise, the mark may be sold to another bidder at the reserve price.

People who wish to participate in the bidding at the auction should take note of the following important points:

(a) Successful bidders are required to produce the following documents for completion of registration and payment procedures immediately after the successful bidding:

(i) the identity document of the successful bidder;
(ii) the identity document of the purchaser if it is different from the successful bidder;
(iii) a copy of the Certificate of Incorporation if the purchaser is a body corporate; and
(iv) a crossed cheque made payable to "The Government of the Hong Kong Special Administrative Region" or "The Government of the HKSAR". (For an auctioned mark paid for by cheque, the first three working days after the date of auction will be required for cheque clearance confirmation before processing of the application for mark assignment can be completed.)
Successful bidders can also pay through the Easy Pay System (EPS). Payment by post-dated cheques, cash or other methods will not be accepted.

(b) Purchasers must make payment of the purchase price through EPS or by crossed cheque and complete the Memorandum of Sale of Registration Mark immediately after the bidding. Subsequent alteration of the particulars in the memorandum will not be permitted.

(c) A vehicle registration mark can only be assigned to a motor vehicle which is registered in the name of the purchaser. The Certificate of Incorporation must be produced immediately by the purchaser if a vehicle registration mark purchased is to be registered under the name of a body corporate.

(d) Special registration marks are non-transferable. Where the ownership of a motor vehicle with a special registration mark is transferred, the allocation of the special registration mark shall be cancelled.

(e) The purchaser shall, within 12 months after the date of auction, apply to the Commissioner for Transport for the registration mark to be assigned to a motor vehicle registered in the name of the purchaser. If the purchaser fails to assign the registration mark within 12 months, allocation of the mark will be cancelled and arranged for re-allocation in accordance with the statutory provision without prior notice to the purchaser.

For other auction details, please refer to the Guidance Notes – Auction of Vehicle Registration Marks, which can be downloaded from the department's website, www.td.gov.hk.