

## Monetary Statistics for April 2018

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

According to statistics published today (May 31) by the Hong Kong Monetary Authority, total deposits with authorized institutions grew by 3.2% in April 2018. As the increase in demand deposits exceeded the decrease in savings and time deposits, Hong Kong-dollar deposits rose by 5.1% during the month. Overall foreign-currency deposits picked up by 1.0% in April. Renminbi deposits in Hong Kong increased by 7.8% to RMB597.6 billion at the end of April. The total remittance of renminbi for cross-border trade settlement amounted to RMB326.4 billion in April, compared with RMB335.6 billion in March.

Total loans and advances rose by 3.3% in April. The loan growth in April 2018 was mainly driven by initial public offering (IPO) loans (around HK\$284 billion) straddling the end of April. Excluding IPO loans, the loan growth in April would have been 0.3%. Among the total, loans for use in Hong Kong (including trade finance) expanded by 4.3% from a month ago while loans for use outside Hong Kong grew by 0.9%. As Hong Kong-dollar loans increased at a faster pace than Hong Kong-dollar deposits, the Hong Kong-dollar loan-to-deposit ratio went up to 84.1% at the end of April from 83.2% at the end of March.

Seasonally adjusted Hong Kong-dollar M1 rose by 2.6% in April and expanded by 15.6% year on year. Seasonally unadjusted Hong Kong-dollar M3 went up by 4.8% during the month and rose by 13.6% from a year earlier.

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## Residential Mortgage Survey Results for April 2018

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

The Hong Kong Monetary Authority (HKMA) announced the results of the residential mortgage survey for April 2018.

The number of mortgage applications in April increased month-on-month by 8.6 per cent to 14 898.

Mortgage loans approved in April decreased by 5.6 per cent compared with March to HK\$37.3 billion. Among these, mortgage loans financing primary market transactions decreased by 15 per cent to HK\$6.5 billion and those financing secondary market transactions decreased by 5.7 per cent to HK\$20.8

billion. Mortgage loans for refinancing increased by 1.9 per cent to HK\$10 billion.

Mortgage loans drawn down during April decreased by 11.3 per cent compared with March to HK\$26.4 billion.

The ratio of new mortgage loans priced with reference to HIBOR decreased from 50.3 per cent in March to 46.3 per cent in April. The ratio of new mortgage loans priced at fixed rates increased from 45.4 per cent in March to 49.3 per cent in April.

The outstanding value of mortgage loans increased month-on-month by 0.6 per cent to HK\$1,236.3 billion at end-April.

The mortgage delinquency ratio remained unchanged at 0.02 per cent and the rescheduled loan ratio remained unchanged at nearly 0 per cent.

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## Provisional statistics of retail sales for April 2018

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

The value of total retail sales in April 2018, provisionally estimated at \$39.5 billion, increased by 12.3% over the same month in 2017. The revised estimate of the value of total retail sales in March 2018 increased by 11.5% over a year earlier. For the first four months of 2018 taken together, it was provisionally estimated that the value of total retail sales increased by 13.9% over the same period in 2017.

After netting out the effect of price changes over the same period, the provisional estimate of the volume of total retail sales in April 2018 increased by 11.1% over a year earlier. The revised estimate of the volume of total retail sales in March 2018 increased by 10.1% over a year earlier. For the first four months of 2018 taken together, the provisional estimate of the total retail sales increased by 12.3% in volume over the same period in 2017.

Analysed by broad type of retail outlet in descending order of the provisional estimate of the value of sales and comparing April 2018 with April 2017, the value of sales of jewellery, watches and clocks, and valuable gifts increased by 24.6%. This was followed by sales of wearing apparel (+6.3% in value); medicines and cosmetics (+17.9%); commodities in supermarkets (+1.1%); commodities in department stores (+12.6%); electrical goods and other consumer durable goods, not elsewhere classified (+17.7%); other consumer goods, not elsewhere classified (+17.1%); food, alcoholic

drinks and tobacco (+3.9%); motor vehicles and parts (+16.4%); fuels (+10.0%); footwear, allied products and other clothing accessories (+9.4%); furniture and fixtures (+1.4%); books, newspapers, stationery and gifts (+0.3%); Chinese drugs and herbs (+2.3%); and optical shops (+8.0%).

Based on the seasonally adjusted series, the provisional estimate of the value of total retail sales increased by 6.1% in the three months ending April 2018 over the preceding three-month period, while the provisional estimate of the volume of total retail sales increased by 5.4%.

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. They 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.

#### Commentary

A government spokesman indicated that retail sales sustained double-digit growth over a year earlier in April, underpinned by strong local consumer spending as well as buoyant inbound tourism. Different broad types of retail outlet registered varying degrees of increase in the value of sales.

Looking ahead, favourable job and income prospects and sustained growth in inbound tourism should continue to support retail sales in the near term. The Government will monitor the situation closely.

#### 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 March 2018 as well as the provisional figures for April 2018. 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 four months of 2018 taken together are also shown.

Table 2 presents the revised figures on volume index of retail sales for all retail outlets and by broad type of retail outlet for March 2018 as well

as the provisional figures for April 2018. The provisional figures on year-on-year changes for the first four months of 2018 taken together are also shown.

Table 3 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.

More detailed statistics are given in the "Report on Monthly Survey of Retail Sales". Users can download this publication free of charge at the website of the C&SD

([www.censtatd.gov.hk/hkstat/sub/sp320.jsp?productCode=B1080003](http://www.censtatd.gov.hk/hkstat/sub/sp320.jsp?productCode=B1080003)).

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/hkstat/sub/sp320.jsp?productCode=D5600089](http://www.censtatd.gov.hk/hkstat/sub/sp320.jsp?productCode=D5600089)).

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](mailto:mrs@censtatd.gov.hk)).

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## [Financial results for the month ended April 30, 2018](#)

The Government announced today (May 31) its financial results for April 2018, the first month of the current financial year.

Expenditure for the first month amounted to HK\$38.4 billion and revenue HK\$33.3 billion, resulting in a deficit of HK\$5.1 billion.

A government spokesperson said that the deficit in April 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\$1,097.9 billion as at April 30, 2018.

More detailed figures are shown in Tables 1 and 2.

TABLE 1. CONSOLIDATED ACCOUNT (Note 1)

	Month ended April 30, 2018 HK\$ million
Revenue	33,325.7
Expenditure	(38,403.7)
Deficit	(5,078.0)
Financing	
Domestic	
Banking Sector (Note 2)	3,884.6
Non-Banking Sector	1,193.4
External	–
Total	5,078.0

Government Debts as at April 30, 2018 (Note 3)

HK\$1,500 million

Debts Guaranteed by Government as at April 30, 2018 (Note 4)

HK\$25,863.7 million

TABLE 2. FISCAL RESERVES

	Month ended April 30, 2018 HK\$ million
Fiscal Reserves at start of period	1,102,933.7
Consolidated Deficit	(5,078.0)
Fiscal Reserves at end of period (Note 5)	1,097,855.7

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 April 30, 2018 was HK\$142,187 million.

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

3. These were the outstanding institutional notes as at April 30, 2018, which were denominated in Hong Kong dollars with maturity in July 2019. They do not include the outstanding bonds with nominal value of HK\$102,181 million and alternative bonds with nominal value of US\$3,000 million (equivalent to HK\$23,546 million as at April 30, 2018) 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\$5,881 million, which may be redeemed before maturity upon request from bond holders), bonds with nominal value of HK\$23,200 million will mature within the period from May 2018 to April 2019 and the rest within the period from May 2019 to March 2032.

4. Includes guarantees provided under the SME Loan Guarantee Scheme launched in 2001, the Special Loan Guarantee Scheme launched in 2008, the Special Concessionary Measures under the SME Financing Guarantee Scheme launched in 2012, and a commercial loan of the Hong Kong Science and Technology Parks Corporation.

5. Includes HK\$219,730 million being the balance of the Land Fund held in the name of "Future Fund" as from January 1, 2016, for long-term investments initially up to December 31, 2025. As from July 1, 2016, the Future Fund also includes HK\$4,800 million, being one-third of the actual surplus in 2015-16 as top-up.

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## [SFST welcomes annual report of Process Review Panel for Financial Reporting Council](#)

The Secretary for Financial Services and the Treasury, Mr James Lau, today (May 31) welcomed the publication of the ninth annual report of the Process Review Panel (PRP) for the Financial Reporting Council (FRC).

Mr Lau said, "Process review is an important institutional function designed to help enhance the transparency and accountability of the FRC in performing its statutory functions under the Financial Reporting Council Ordinance. In 2017, the PRP conducted a comprehensive review of selected cases handled by the FRC in the preceding year and considered that the actions taken by the FRC were consistent with its internal procedures and guidelines. In the annual report, the PRP has made useful observations and suggestions which are conducive to the further improvement of the work of the FRC.

"I would like to express my gratitude to the PRP for its dedication in working with the FRC to enhance our financial reporting and corporate governance regime."