

Hong Kong & Mainland China News – Apr-2014

Britain, China sign yuan clearing pact

by rthk.hk

Tuesday, April 01, 2014

Britain and China have signed an agreement to set up a clearing service for yuan trading in London on Monday, days after Germany clinched a similar deal in the race to capture a share of the fast-growing Chinese foreign exchange market.

Britain said last week it was on course to be the first country outside Asia to set up a clearing service with China. But that was before a deal on Friday which made Frankfurt the first centre of such payments in Europe.

China is a focus of the British government as it tries to boost the country's exports, including those from its powerful financial services industry.

London's ambitions got a boost last year when China gave British investors the right to buy up to 80 billion yuan of mainland stocks, bonds, funds and money market instruments directly using its currency.

The yuan is jostling with the Swiss franc as the world's seventh most-used currency for payments, according to global transactions organisation SWIFT.

IMF endorses HK finance policies

by news.gov.hk

Wednesday, April 9, 2014

The International Monetary Fund endorses Hong Kong's policies to reinforce the economy and financial system's resilience, and supports the Linked Exchange Rate System as the best arrangement.

The fund made these observations in its preliminary conclusions report on Hong Kong released today, after visiting the city in March and speaking with government officials and private-sector representatives.

Financial Secretary John Tsang welcomed the fund's commendations.

"The Government will continue taking proactive policies to enhance the strengths of our economy and financial system, managing any external risks that may arise, while capturing new opportunities, particularly from increasing integration with the Mainland," he said.

Monetary Authority Chief Executive Norman Chan welcomed the fund's continued support of the Linked Exchange Rate System and its endorsement of the authority's banking supervision work and counter-cyclical prudential measures.

The IMF Staff Mission considers the linked rate system transparent, effective and credible, and notes that it has helped Hong Kong to weather changing and volatile global conditions.

The mission expects Hong Kong's real GDP growth to rise to 3.75% in 2014, due to an improving global economy and solid domestic demand. The mission cautioned against volatility in capital flows and financial markets associated with stimulus tapering in the United States, and disorderly correction in local property prices.

The mission supports the Government's effort to cast fiscal policy in a long-term framework, and considered the Budget's fiscal stimulus unwinding appropriate and in line with the near-term improved economic outlook.

The mission recommends the authorities press ahead with plans to establish a financial-institution resolution regime and strengthen insurance-sector regulation.

Offshore RMB business bolstered

by news.gov.hk

Thursday, April 10, 2014

Hong Kong will maintain its pioneering role in offshore renminbi business development, Chief Executive CY Leung said at the Boao Forum for Asia Annual Conference 2014 in Hainan today.

Speaking at a dinner session on Hong Kong's opportunities and challenges in the process of renminbi internationalisation, he said Hong Kong is happy to see the development of renminbi business in different parts of the world.

This represents more opportunities for Hong Kong to further develop its leading role in the renminbi's internationalisation and hones the city's competitiveness as a financial super-connector linking the country with the rest of the world, he said.

By the end of February, the aggregate amount of renminbi deposits and certificates of deposit in Hong Kong reached RMB1.128 trillion, he said, representing the largest offshore renminbi liquidity pool in the world.

The continued growth of renminbi liquidity in Hong Kong and elsewhere has been the fundamental driving force behind further innovations in the offshore market, meeting individuals', enterprises' and financial institutions' needs for consumption, investment and capital requirements from around the world, he added.

Link set for Shanghai, HK bourses

by news.gov.hk

Thursday, April 10, 2014

Beijing plans to enable mutual stock market access between Hong Kong and Shanghai, Premier Li Keqiang announced today, at the opening of the Boao Forum for Asia.

The Hong Kong Government welcomed the decision.

The Shanghai-Hong Kong Stock Connect pilot programme will allow Mainland investors to trade Hong Kong stocks through the Shanghai Stock Exchange directly, while Hong Kong and overseas investors can also trade Shanghai stocks through the Hong Kong's Stock Exchange directly.

It will take about six months to prepare to launch the programme.

Cross-border investment will be subject to quotas. Mainland investors' Hong Kong securities' purchase will be capped at an aggregate net quota of RMB250 billion and a daily net quota of RMB10.5 billion, while Hong Kong and overseas trades for Shanghai stocks will be capped at an aggregate net quota of RMB300 billion and a daily net quota of RMB13 billion.

Financial Secretary John Tsang said the programme is mutually beneficial. It will help increase institutional investment in the Shanghai securities market, enable Mainland investors to invest overseas in an orderly way, open the Mainland's capital market, and promote the renminbi's internationalisation.

For Hong Kong, it will strengthen the co-operation between the two markets, catalyse the two-way renminbi fund flows between the onshore and offshore markets, and increase the liquidity of the offshore renminbi market in Hong Kong, he added.

China inflation accelerates to 2.4%

by rthk.hk

Friday, April 11, 2014

China's inflation rate accelerated to 2.4 percent year-on-year in March, the government said, driven by higher food prices.

The increase in the consumer price index (CPI) announced by the National Bureau of Statistics was up from the 2.0 percent recorded in February, but marginally below economists' forecasts.

Food prices rose 4.1 percent in March from the year before, the bureau said.

The acceleration in inflation may assuage economists' concerns that the risk of deflation in the mainland's economy was rising after February's figure.

China's CPI, a main gauge of inflation, rose by 2.6 percent in 2013, unchanged from 2012 and well below the 3.5 percent target set by the government.

The government kept the inflation goal for this year unchanged last month.

FDI in China up 5.5% in Q1

by rthk.hk

Friday, April 18, 2014

China says foreign direct investment in the mainland rose 5.5 percent in the first three months of the 2014.

FDI, which excludes investment in financial sectors, totalled US\$31.55 billion in the March quarter.

But, the commerce ministry says investment in March fell 1.47 percent to US\$12.24 billion.

Foreign investment into China rebounded in 2013 to US\$118 billion as confidence in the country's growth potential picked up.

The mainland said Wednesday that GDP grew 7.4 percent in the first quarter, down from 7.7 percent from the fourth quarter of 2013.

Exports value up 3.4%

by news.gov.hk

Monday, April 28, 2014

Hong Kong's total exports' and imports' value in March recorded year-on-year increases of 3.4% and 3.2%, the Census & Statistics Department announced today.

Total goods exports' value increased from a year earlier to \$301.5 billion, after a year-on-year decrease of 1.3% in February 2014.

Within this total, re-exports' value increased 3.4% to \$296.4 billion, while domestic exports' value rose 0.9% to \$5.1 billion. Goods imports' value increased 3.2% over a year earlier to \$351.9 billion, after a 6.8% year-on-year increase in February 2014.

A visible trade deficit of \$50.4 billion, equivalent to 14.3% of goods imports' value, was recorded in March.

Comparing the first quarter of 2014 with the preceding quarter on a seasonally-adjusted basis, total goods exports' value dropped 5.4%. Within this total, re-exports' value dropped 5.6% and domestic exports' value rose 7.8%. Goods imports' value dropped 3.1%.

Industrial profits up 10.7pc as economy improves

by thestandard.com.hk – Karen Chiu and reuters

Monday, April 28, 2014

Profits earned by China's industrial companies picked up in March, growing by 10.7 percent to 513.2 billion yuan (HK\$636.4 billion) from a year earlier, government statistics showed yesterday.

This is faster than the 9.4 percent recorded in the January-February period, according to the National Bureau of Statistics.

During the first quarter, profits of industrial companies rose 10.1 percent, the bureau said on its website. Industrial companies include mining firms, manufacturers and power generators.

Analysts see initial signs of stabilization in the Chinese economy due to the government's targeted measures to underpin growth, but believe more policy support may be needed as structural reforms put additional pressure on activity.

However, gross domestic product growth of 27 out of the 29 provinces measured by the government have narrowed in the first quarter amid economic uncertainties and rising risks. Hebei, in particular, saw GDP grow by only 4.2 percent for the three-month period, down as much as 4.9 percentage points from a year ago.

This came as industrial production has slipped following the shut down of many factories amid serious air pollution.

In March, Hebei's industrial production rose by 3.5 percent, compared with the 12 percent rise in 2013. Its first quarter steel production fell 4.6 percent year on year.

Heilongjiang's GDP growth stood at 4.1 percent in January-March, down from 9 percent last year. Only Henan province recorded a 0.3-percentage-point increase in GDP while that of Qinghai stayed flat.