

China's manufacturing activity increases

By rthk.hk

Friday, August 01, 2014

Manufacturing activity on the mainland last month rose at its fastest pace in more than two years.

The National Bureau of Statistics said in a statement that the official purchasing managers index hit 51.7 in July. The figure was up from 51 in June.

The index tracks manufacturing activity in factories and workshops, and is a closely watched indicator of the health of the economy. A reading above 50 indicates growth, while anything below points to contraction.

Separately, banking giant HSBC said its final purchasing managers index reading for July also came in at 51.7 - up from 50.7 in June, but weaker than the preliminary 52 announced last week.

The bank said small revisions to several sub-indices brought the number down from the preliminary figure.

But it said the economy was improving sequentially.

Captive insurance market promoted

By news.gov.hk

Tuesday, August 05, 2014

Permanent Secretary for Financial Services & the Treasury Au King-chi introduced the Government's policy on promoting captive insurance at a seminar in Beijing today.

Miss Au said as Mainland enterprises start to go global, the Hong Kong Government hopes to encourage more of them to leverage the city's advantages to strengthen financial co-operation and development.

She said enterprises can raise capital from international markets by issuing renminbi bonds and listings, and carry out cross-boundary renminbi trade settlement to manage foreign-exchange risks.

While Mainland enterprises can access world-class risk-management services for their offshore business by forming captive insurers in Hong Kong, the city's insurance market will be broadened, achieving a mutually beneficial result, she added.

Miss Au also called on the State Council's State-owned Assets Supervision & Administration Commission and the China Overseas Development Association to promote Hong Kong's status as a major renminbi offshore centre.

Foreign currency reserves up

By news.gov.hk

Thursday, August 07, 2014

Hong Kong's official foreign currency reserve assets grew to US\$325.1 billion in July, up US\$4.2 billion on June, the Monetary Authority said today.

Including unsettled foreign exchange contracts, foreign currency reserve assets at the end of July stood at US\$326 billion.

Total foreign currency reserve assets of US\$325.1 billion represent over seven times the currency in circulation or about 49% of Hong Kong dollar M3.

Home prices at new all-time high

By rthk.hk

Thursday, August 07, 2014

Local home prices have hit a fresh all-time high, according to new government data.

An index that tracks movement in residential prices rose for the third straight month in June.

Other data just released also showed that home rental prices also hit their highest level since November.

China's exports rise, imports fall

By rthk.hk

Saturday, August 09, 2014

China's exports rose far more than expected in July - surging 14.5 percent from a year earlier.

But imports fell unexpectedly - slipping 1.6 percent.

The latest data, released on Friday, indicated stronger external demand but tepid local consumption.

The country's trade surplus also widened to US\$47.3 billion last month - up from US\$31.6 billion in June.

After a weak start this year, China's exports have shown signs of improvement, helped by stronger global growth as well as supportive domestic policies and the effects of a weaker yuan.

Imports have also been weak, highlighting sluggish domestic demand.

Manufacturing appears to have picked up in the world's second-largest economy but unexpected weakness in the services sector has renewed concerns about the country's growth outlook.

The weak housing market remains China's biggest risk, posing a drag on the broader economy and investor confidence.

China inflation below target

By thestandard.com.hk

Monday, August 11, 2014

China posted mild consumer inflation, well below the annual target in July, giving authorities room to further relax monetary policy, but deflationary pressure for producers remained stubborn, highlighting a wobbly economic rebound.

Data from the National Bureau of Statistics on Saturday showed that the consumer price index held steady at 2.3 percent year on year, while the producer price index fell 0.9 percent for the 29th consecutive month.

Both indicators matched analyst forecasts.

Analysts attributed the steady CPI to slides in prices for fresh fruit and vegetables, which offset rises in other categories.

"In general, China's inflation outlook remains mild; however, the deflation risks may even rise in the foreseeable future if the growth momentum weakens again," ANZ economists Liu Li-Gang and Zhou Hao said in a research note, reacting to the data.

"Against this backdrop, the central bank should maintain an accommodative bias in the monetary policy stance."

Ma Zihui, researcher at Huarong Securities in Beijing, said the slide in the PPI was "not a good message."

He added: "July macroeconomic data might come out worse than some people expected."

HK tax system 'the best'

By thestandard.com.hk

Thursday, August 21, 2014

Prominent US economist Arthur Laffer says Hong Kong has the best tax system in the world.

"Hong Kong is the perfect example on how it runs the government ... a low and flat income tax at 15 percent, corporate tax at 16.5 percent," he said.

"I don't see problems in Hong Kong. I see solutions."

Laffer told The Standard that the government is not responsible for solving the rich and poor gap, and subsidies for the poor "have to be very careful."

The government should not act as the father of the country, said Laffer.

"If I were the father of a country, I would redistribute the income so that everyone is treated equally ... But redistribution of income reduces income," he said.

His "Laffer Curve" popular since the 1970s posits that after a certain point of taxation there will be zero income if the tax rate is either zero or 100 percent as people have no incentive to work.

Laffer is also known as being the adviser on tax policies for former US president Ronald Reagan and former UK prime minister Margaret Thatcher.

Nordic tax deal signed

By news.gov.hk

Friday, August 22, 2014

Hong Kong today signed a tax information exchange agreement with six Nordic jurisdictions.

Special Representative for Hong Kong Economic & Trade Affairs to the European Union Linda Lai signed the agreement today in Paris.

It involves Denmark, Sweden, Norway, Iceland, Greenland, and the Faroe Islands.

Secretary for Financial Services & the Treasury Prof KC Chan welcomed the deal, saying it demonstrates Hong Kong's continued commitment to promoting tax transparency and avoiding double taxation with its trading and investment partners.

The agreement will come into force after the completion of ratification procedures in Hong Kong and the Nordic jurisdictions.