

Hong Kong & Mainland China News – August-2019

HKMA predicts further monetary accommodation

By www.thestandard.com.hk

Thursday, August 1, 2019

The Hong Kong Monetary Authority chief said today that a rate cut by the US Federal Reserve indicates more such moves ahead to boost the American economy.

He was speaking after the HKMA lowered the base rate by 25 basis points to 2.5 percent, following the lead of the Fed, which cut its main interest rate for the first time since 2008.

HKMA chief executive, Norman Chan, said the cut was significant as it marks a reversal of the interest rate normalization in the US.

"It may indicate a beginning series of moves towards monetary accommodation. In the short term this change could be supportive of the US economy," he said. "However in the medium and long run, its impact on the real economy, inflation and asset market is highly uncertain."

Chan also said the Hong Kong dollar's peg to the greenback is resilient.

"During the last few months, despite the social unrest we have not noticed any erosion of the confidence of the Hong Kong dollar," he said.

Chan said the Hong Kong dollar rate in fact has strengthened slightly due to other factors and that is a good indication that the linkage is a very good system.

Iran offers visa-free access

By www.news.gov.hk

Friday, August 2, 2019

Hong Kong Special Administrative Region passport holders can now visit Iran without a visa for up to 21 days, the Immigration Department announced today.

Noting Iran is along the Belt & Road, the department said the visa-free arrangement will bring greater travel convenience, and strengthen the tourism, cultural and economic ties between the two places.

Including Iran, 166 countries and territories have granted visa-free access or visa-on-arrival to HKSAR passport holders.

HK forex reserves rise to US\$448.5b

By www.thestandard.com.hk

Wednesday, August 7, 2019

Foreign currency reserve assets of Hong Kong increased to US\$448.5 billion at end July from US\$445.7 billion at end June, the Hong Kong Monetary Authority announced.

Including unsettled foreign exchange contracts, the foreign currency reserve assets of Hong Kong at the end of July amounted to US\$441.3 billion, from US\$438.5 billion at end June.

The total foreign currency reserve assets of US\$448.5 billion represent about seven times the currency in circulation or 47 percent of Hong Kong dollar M3.

China's exports unexpectedly rise in July

By news.rthk.hk

Thursday, August 8, 2019

China's exports beat expectations to rise in July while its purchases continued to shrink, official data showed on Thursday, despite simmering US trade tensions.

The trade war with the United States and weakening global demand had weighed on the mainland's manufacturing sector during the first six months of the year, with its global exports roughly flat from a year earlier.

But in July China's exports rose 3.3 percent on-year, the customs administration's figures showed, ahead of the one percent drop forecast by a Bloomberg News poll.

China's economy slowed to 6.2 percent growth in the second quarter, the slowest quarterly pace in nearly 30 years.

But it does not look to be out of the woods yet, with shrinking imports pointing to weak demand at home.

Imports fell 5.6 percent on-year in July, contracting for the third consecutive month – though by less than the forecast 9 percent drop.

China's trade surplus fell to US\$45.1 billion for the month, from US\$51.0 billion in June.

The trade war with the US has escalated in recent weeks, with President Donald Trump vowing to add 10 percent tariffs on another US\$300 billion worth of Chinese imports starting on September 1, extending punitive tariffs to nearly every product.

Beijing fired back by allowing the yuan to weaken and by suspending purchases of American farm goods.

Exports to the US in July fell 6.5 percent on-year while imports dropped 19.1 percent, bringing China's surplus with the US down slightly from June to US\$28 billion in July.

"Exports still look set to remain subdued in the coming quarters as any prop from a weaker renminbi should be overshadowed by further US tariffs and broader external weakness," said Julian Evans-Pritchard of Capital Economics.

"August exports may benefit from some front-loading before the new tariffs go into effect on September 1st, this bump will probably be smaller than it was ahead of earlier rounds of tariffs as US port storage facilities have little spare capacity," he said in a note.

July inflation up 3.3%

By www.news.gov.hk

Tuesday, August 20, 2019

Overall consumer prices rose 3.3% year-on-year in July, the Census & Statistics Department announced today.

Netting out the effects of all the Government's one-off relief measures, the underlying inflation rate was 3.2%, same as that in June.

The month saw year-on-year price increases in food, housing, miscellaneous goods, alcoholic drinks and tobacco, meals bought away from home, transport and miscellaneous services.

Decreases were recorded for electricity, gas and water, clothing and footwear and durable goods.

The Government said the effect of the enlarged pork price increase was offset by the narrower rise in charges for package tours.

Looking ahead, inflation pressures should remain largely contained in the near term amid the earlier easing in fresh-letting residential rentals, modest global inflation and subdued local economic conditions, it added.

Complementary roles for HK, SZ

By www.news.gov.hk

Wednesday, August 21, 2019

Financial Secretary Paul Chan today said there are strong complementary developments between Hong Kong and Shenzhen in innovation and technology.

Speaking to the media after attending a radio programme, Mr Chan noted that the development in 11 cities of the Guangdong-Hong Kong-Macao Greater Bay Area will be co-ordinated so that they can rise together economically.

“Between Shenzhen and Hong Kong, there are strong complementary developments. Say for example, in the area of I&T.

“Shenzhen has strength in terms of manufacturing, in terms of the supply chain, in terms of having a number of leading tech companies.

“But Hong Kong has the advantage of research capabilities in our universities, as well as in our intellectual property protection. So in a nutshell, basically it is up to us to harness these complementary advantages to develop ourselves further.”

Mr Chan added that as a financial centre, Hong Kong also has distinct advantages.

“One is ‘one country, two systems’, the second is the common law system, the rule of law and an independent judiciary, and the third is the confidence of the international community in Hong Kong.

“So I think it is imperative for us to uphold and defend our advantages and make good use of these advantages to achieve greater success.”

China plans six new pilot free trade zones for specific roles

By www.thestandard.com.hk

Monday, August 26, 2019

China announced a master plan for six new pilot free trade zones in the six provincial regions of Shandong, Jiangsu, Hebei, Yunnan and Heilongjiang and Guangxi, Xinhua reports.

The State Council said setting up new pilot FTZs is "a major decision by the Communist Party of China Central Committee and the State Council and a strategic move to advance reform and opening up in the new era."

This will bring the total number of the pilot FTZs to 18, which serve as pioneers of the country's reform and opening up as they test new styles of foreign investment management, trade facilitation and transformation of government functions to better integrate the economy with international practices.

Each pilot FTZ will carry out distinctive and differentiated pilot reform tasks. The FTZs aim at addressing systemic issues centered on investment, trade and finance, and deepening trade and economic cooperation with neighboring countries and regions, said officials.

Shandong pilot FTZ will further open up by accelerating the shift of growth drivers and developing the blue economy. The province will focus on cultivating new modes of trade, fostering distinctive maritime industries and exploring subnational economic cooperation among China, Japan and South Korea.

The Jiangsu zone is poised to improve overseas investment cooperation, strengthen the role of the financial sector in supporting the real economy and promoting innovative development in the manufacturing sector.

The Hebei zone is to become a major international trade and logistics gateway, a new-type industrial base, an international innovation platform and a pioneering zone for opening-up and development, through facilitating international trade in commodities, supporting the opening-up and development of the bio-medicine and health sectors, and pushing for innovation and development in life sciences and bio-technologies.

The Yunnan zone, by building an important link connecting major corridors in South Asia and Southeast Asia, aims at strengthening the connectivity between the Belt and Road Initiative and the Yangtze River Economic Belt.

The Heilongjiang zone is to deepen industrial restructuring and build a hub in regional cooperation with Russia and Northeast Asia, emphasizing on transformation and upgrade of the real economy.

The Guangxi zone will make efforts to connect the 21st Century Maritime Silk Road with the Silk Road Economic Belt through the gateway for China's southwest, by constructing smooth international transport routes, and build a pioneering pilot zone for China-ASEAN cooperation.

HKMA updates bank liquidity facility framework

By www.thestandard.com.hk

Monday, August 26, 2019

The Hong Kong Monetary Authority announced today that it has completed a review of its framework for providing Hong Kong dollar liquidity to banks.

A new resolution facility is introduced and a number of refinements have been made to various established arrangements within an updated liquidity facilities framework, the HKMA said.

A key objective of the review, begun in 2018 following the commencement of the Financial Institutions (Resolution) Ordinance, is to ensure that the HKMA's liquidity facilities framework can support Hong Kong's resolution regime.

HKMA chief executive ,Norman Chan Tak-Lam, said the framework outlines the facilities that are already in place, as well as the newly introduced resolution facility, in a systematic way to foster a better understanding of the different ways that liquidity may be made available to banks by the HKMA.

"This is part of our ongoing work to maintain the integrity and stability of the monetary and financial systems of Hong Kong," a Hong Kong Association of Banks spokesperson said. "The updated liquidity facilities framework allows a better understanding by the market and the industry of the different facilities through which the HKMA makes HKD liquidity available to banks."