

Hong Kong & Mainland China News – Aug-2021

Mainland exports rise almost 20pc year on year

by news.rthk.hk

Saturday, Aug 07, 2021

China's exports remained robust in July despite losing some steam, customs data showed on Saturday, with analysts noting a rebound in port activity but warning that the recent spread of the Delta variant could act as a drag on growth.

Outbound shipments from the world's second-largest economy have remained resilient this year, boosted by demand for goods like medical gear and electronics needed to work from home -- with a resurgence in coronavirus cases elsewhere increasing reliance on Chinese products.

With strict lockdowns and mass testing, business activity has largely returned to normal in China, although the country is now stepping up measures to contain the spread of the Delta variant with local outbreaks detected in more than a dozen provinces.

But trade remained strong in July, with exports growing slightly less than expected at 19.3 percent from a year ago, the Customs Administration said.

A Bloomberg poll of analysts had forecast the rise at 19.9 percent year-on-year, after a surprise spike of 32.2 percent in June.

Imports, meanwhile, grew 28.1 percent from the same period last year, official data showed.

With the latest figures, China's overall trade surplus came in at US\$56.6 billion in July, up from US\$51.5 billion in June.

Electronic products continued to support export growth in the first seven months of the year even as demand for mask exports eased from last year, official data showed

ANZ Research Asia senior strategist Irene Cheung noted this week that there has been a "rebound in port activities" following the previous disruption.

"On the other hand, imports could have received a boost from the increase in commodity prices," she added.

China has been working to temper the rising costs of bulk commodities, which have piled pressure on smaller enterprises.

But ING economists added in a note that stricter social distancing measures due to China's Covid-19 resurgence in recent weeks are likely to cause some damage, even if the impact may be somewhat offset by exports of electronic parts and products.

"In addition to the Delta variant, China is dealing with other negative shocks to its near-term growth," Nomura economists said this week.

On top of natural disasters including heavy rainfall and flooding in the central Henan province, which have constrained economic activity, Beijing has also introduced tightened measures in the property sector and high-polluting industries.

Zhiwei Zhang, chief economist at Pinpoint Asset Management said there were signs "export may weaken in coming months."

"The imports of processing trade... slowed in July," Zhang said in a note, adding that the Covid outbreak was among "the main sources of uncertainty in China for the next few months."

Mainland's factory gate inflation surges

by news.rthk.hk

Monday, Aug 09 2021

Mainland factory inflation rose more than expected in July, data showed on Monday, as surging commodity prices offset government measures to temper costs.

The world's second largest economy has largely bounced back from strict coronavirus lockdowns last year but a fresh spike in cases of the highly transmissible Delta variant has raised concerns about the recovery.

That has raised concerns that inflation could spike further if lockdowns in parts of the country cause supply problems.

The producer price index (PPI), which measures the cost of goods at the factory gate, rose to 9.0 percent on-year, the same as May, which was a 13-year high, according to the National Bureau of Statistics.

That came despite moves by the government to temper the price increases by raising export tariffs on certain iron and steel products, temporarily exempting tariffs on pig iron and scrap steel, and cancelling export tax rebates for some steel products, to increase supply in the domestic market.

"The price increase of industrial products expanded slightly, affected by sharp increases in the costs of crude oil, coal and related products," said NBS senior statistician Dong Lijuan in a statement.

While the PPI remains elevated, consumer inflation ticked down to 1.0 percent, with officials stressing their work to stabilise prices in the wake of recent disasters including floods in central China and with companies appearing to absorb the increases instead of passing them on to consumers.

The slight fall in the consumer price index (CPI), a key gauge of retail inflation, came on the back of easing food prices as pork prices fell 43.5 percent on-year, supported by China's pork reserves and rising supplies.

This was even as "extreme weather such as typhoons and heavy rainfall in some areas" bumped up the cost of fresh vegetable production, storage and transportation.

Economy grows 7.6% in Q2

by news.gov.hk

Friday, Aug 13, 2021

The Hong Kong economy remains on track for recovery, with gross domestic product (GDP) growing notably by 7.6% in the second quarter over a year earlier due to the improving global economic conditions and the receding local epidemic.

Government Economist Andrew Au made the statement when presenting the city's latest economic figures at a press conference today.

The underlying Composite Consumer Price Index rose modestly by 0.3% year-on-year in the second quarter as domestic economic activity continued to recover and external price pressures increased.

Private consumption expenditure grew 6.8% year-on-year against a low base of comparison, after expanding by 2.1% in the preceding quarter.

Total goods exports grew robustly by 20.2% as a strong revival of import demand in major economies and vibrant production activity in the region supported Hong Kong's export performance.

The labour market showed improvement as economic activity continued to recover. The seasonally adjusted unemployment rate declined visibly, from the peak of 7.2% in December 2020 through February 2021 to 6.8% in the first quarter of 2021 and further to 5.5% in the second quarter.

The second quarter also saw a buoyant residential property market, thanks to the low interest rate environment, firm end user demand and improving economic prospects. The number of transactions surged by 29% over a year earlier to 22,000, the highest since the second quarter of 2012.

Mr Au said Hong Kong's economy should stay on the path to recovery for the rest of 2021. However, he also noted that the COVID-19 pandemic remains a key source of uncertainty as the more infectious Delta variant has been raging around the world, posing a threat to the global economy.

"The ongoing global economic recovery should continue to support Hong Kong's exports of goods in the rest of the year, though there may be some moderation from the exceptionally strong growth in the first half of this year."

Other sources of uncertainty that warrant attention are China-US relations, geopolitical tensions and the evolving monetary policy stance of major central banks, he added.

Mr Au also factored the Consumption Voucher Scheme into the optimistic economic forecast.

"If the local epidemic remains well contained, the improving labour market conditions, coupled with the boosting effect of the Consumption Voucher Scheme, will help stimulate consumption sentiment further and lend support to consumption-related sectors in the second half of this year."

Considering the robust real GDP outturn in the first half and the support from the voucher scheme, the real GDP growth forecast for 2021 as a whole is revised upwards to 5.5% to 6.5% from 3.5% to 5.5% as announced in May, while underlying and headline consumer price inflation forecasts for this year are 1% and 1.6%.

Finance experts remain confident in HK, survey shows

by www.thestandard.com.hk

Monday, Aug 16, 2021

More than half of Hong Kong's financial professionals and college students are optimistic about the financial services sector's prospects in the next three years, a survey by the Financial Services Development Council found.

But despite the positive outlook, retaining talent is still a challenge because of the pandemic, increasing cost of living, and potential outflow of people who look for better healthcare and education for their children, it found.

The study said the pandemic has led to the more common adoption of remote work, which means Hong Kong can reach out to a wider group of candidates from around the world, whilst the city could also lose its talents to other markets more easily.

Hong Kong may need to explore how to enhance its appeal in order to compete with other regional financial markets which are proactive in building their expat communities, the study said.

The uncertain economic outlook in the post-Covid era is the most worrying, the study said, pointing out that a majority of the senior executives interviewed said they will tend to be conservative during this period, especially in terms of hiring new staff.

A couple of top executives from multinational asset managers said they have not made many changes in their portfolio because of what's been happening in Hong Kong as they are only concerned about profits and not politics.

They added that Hong Kong will remain their choice for global operations, the report stated.

Businesses in HK protected

by news.gov.hk
Friday, Aug 20, 2021

The Hong Kong Special Administrative Region Government will steadfastly safeguard the legitimate rights of all the enterprises in Hong Kong, and welcomes overseas enterprises to keep leveraging the city's advantages to enhance access to the Mainland and Asian markets.

It also welcomes overseas enterprises to seize the opportunities brought about by the 14th Five-Year Plan and the nation's development.

Responding to media enquiries relating to the 30th session of the 13th National People's Congress Standing Committee (NPCSC), the Hong Kong SAR Government said the central authorities always care about the city's development and Hong Kong people's well-being.

It pointed out that as the highest state organ, the National People's Congress (NPC) and its Standing Committee make decisions on Hong Kong matters based on the city's interests. The Hong Kong SAR Government fully supports and executes any such decisions.

The NPCSC enacted the National Security Law in June last year for promulgation and implementation in Hong Kong, and passed the amended Annex I and II to Basic Law in March this year to improve the city's electoral system.

These two important moves have not only helped Hong Kong resolve imminent problems but also demonstrated the central authorities' determination to uphold the "one country, two systems" principle.

It is evident that Hong Kong's rule of law remains unchanged while its status as an international financial centre is as robust as ever.

The Hong Kong SAR Government also noted that with the ample opportunities brought about by the nation's development, it believes that enterprises will be very confident in doing business and investing in Hong Kong.

It welcomes and is grateful for the central authorities' arrangement for a delegation to visit Hong Kong next week to introduce the 14th Five-Year Plan to different sectors through various meetings.

This will enable different sectors to better understand the national strategy and support for the city in various aspects presented in the plan announced by the NPC in March this year, it added.

Foreign investors looking to expand in HK: Eddie Yue

by news.rthk.hk

Sunday, Aug 22, 2021

Hong Kong remains resilient as a global financial hub favoured by investors and businesses from around the world despite external uncertainties and challenges, says Monetary Authority chief Eddie Yue.

In an interview with Xinhua News Agency, Yue said Hong Kong has held up well against unfavourable conditions in recent years, including social unrest, US sanctions, and the Covid-19 epidemic, and he believes foreign investors remain optimistic about Hong Kong's prospects.

Thanks to the enactment of the national security law, stability and tranquillity were resumed, which has provided a stable business environment and made financial institutions at ease here, he said.

A year ago, some foreign investors were concerned as the national security law began to take effect, but now they are only interested in how to seize the emerging opportunities in Hong Kong and the Chinese mainland, especially financial technology and green finance, Yue said.

"They actually consider putting more resources and expanding business here," he said.

"Despite challenges in the past two years, Hong Kong's financial industry is still stable. Its international financial centre status does not diminish but has become even stronger."

Beijing to drive Greater Bay development for Hong Kong

by www.thestanadard.com.hk

Monday, Aug 23, 2021

The central government will drive development in the Greater Bay Area, Qianhai and Hengqin districts to guarantee Hong Kong's bright future, a Beijing official said.

Huang Liuquan, a deputy director of the State Council's Hong Kong and Macau Affairs Office, led a delegation to Hong Kong to explain the central government's 14th five-year plan and its relevance to Hong Kong.

Speaking at a seminar at government headquarters, Huang said the central government will continue its emphasis on the Greater Bay Area, especially projects in Qianhai in Shenzhen and Hengqin in Zhuhai.

"The central government will roll out more measures benefiting Hong Kong citizens, which will guarantee Hong Kong a future as bright as the mainland's," said Huang.

He also praised the SAR government for its efforts to safeguard national security, bring stability to Hong Kong, along with containing the pandemic and restoring the city's economy.

Meanwhile, chief executive Carrie Lam Cheng Yuet-ngor said that in order to maintain prosperity and stability in Hong Kong, the city must continue upholding and implementing the principles of "one country, two systems," "Hong Kong people administering Hong Kong" and a high degree of autonomy.

She also added that Hong Kong must firmly safeguard the country's sovereignty, security and development interests, administering the SAR according to the rule of law and in accordance with the actual situation in Hong Kong, as well as enhancing the governance capability of the government.

Luo Huining, the director of Beijing's liaison office in Hong Kong, also told the seminar that Hong Kong will make new contributions to the nation's development by combining its comparative advantages with those of the mainland cities.

Hong Kong should grasp development opportunities in Shenzhen and other mainland cities amid this historic opportunity, Luo added.

Hong Kong is eighth safest city: survey

by www.thestandard.com.hk

Tuesday, Aug 24, 2021

Hong Kong came in as the eighth safest city in the world with 78.6 points, according to the Safe Cities Index 2021 conducted by The Economist Intelligence Unit.

The survey is sponsored by NEC Corporation and is based on the fourth iteration of the index, which ranks 60 cities across 76 indicators including digital, health, infrastructure, personal and environmental security.

Copenhagen in Denmark scored 82.4 points to come in first as the safest city, followed by Toronto in Canada with 82.2 points.

Hong Kong ranked eighth on the list with 78.6 points. The city topped the list on infrastructure security at 93.4 points and ranked third on health security with 84 points.

Although Hong Kong's overall ranking jumped to the eighth from 20th in 2019, the score was still lower than the score of 83.7 points achieved in 2019.

Hong Kong scored 70.1 points to rank 21st on digital security, while Beijing scored 53.3 points and ranked 45th on the list. As for personal security, Hong Kong scored 70.4 points to rank 21st, marking a decrease of 21.5 points.

The report also listed other key findings, like income and transparency, as factors that remain strongly correlated with higher index scores, and noted that while most cities have strong environmental policies, they must now deliver results.