

Provisional statistics of retail sales for February 2020

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

The value of total retail sales in February 2020, provisionally estimated at \$22.7 billion, decreased by 44.0% compared with the same month in 2019. The revised estimate of the value of total retail sales in January 2020 decreased by 21.5% compared with a year earlier. For the first two months of 2020 taken together, it was provisionally estimated that the value of total retail sales decreased by 31.8% compared with the same period in 2019.

After netting out the effect of price changes over the same period, the provisional estimate of the volume of total retail sales in February 2020 decreased by 46.7% compared with a year earlier. The revised estimate of the volume of total retail sales in January 2020 decreased by 23.1% compared with a year earlier. For the first two months of 2020 taken together, the provisional estimate of the total retail sales decreased by 33.9% in volume compared with the same period in 2019.

In interpreting these figures, it should be noted that retail sales tend to show greater volatility in the first two months of a year due to the timing of the Lunar New Year. Consumer spending in the local market normally attains a seasonal high before the Festival. As the Lunar New Year fell on January 25 this year but on February 5 last year, it is more appropriate to analyse the retail sales figures for January and February taken together in making year-on-year comparison.

Analysed by broad type of retail outlet in descending order of the provisional estimate of the value of sales and comparing the combined total sales for January and February 2020 with the same period a year earlier, the value of sales of food, alcoholic drinks and tobacco decreased by 9.3%. This was followed by sales of jewellery, watches and clocks, and valuable gifts (-58.6% in value); other consumer goods, not elsewhere classified (-21.9%); electrical goods and other consumer durable goods, not elsewhere classified (-25.1%); medicines and cosmetics (-42.7%); commodities in department stores (-41.4%); wearing apparel (-49.9%); motor vehicles and parts (-24.2%); footwear, allied products and other clothing accessories (-43.1%); furniture and fixtures (-19.6%); Chinese drugs and herbs (-23.7%); books, newspapers, stationery and gifts (-35.0%); and optical shops (-28.6%).

On the other hand, the value of sales of commodities in supermarkets increased by 11.1% in the first two months of 2020 over the same period a year earlier. This was followed by sales of fuels (+6.5% in value).

Based on the seasonally adjusted series, the provisional estimate of the value of total retail sales decreased by 11.0% in the three months ending

February 2020 compared with the preceding three-month period, while the provisional estimate of the volume of total retail sales decreased by 11.7%.

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. Data on retail sales are collected from local retail establishments through the Monthly Survey of Retail Sales (MRS). Local retail establishments with and without physical shops are covered in MRS and their sales, both through conventional shops and online channels, are included in the retail sales statistics.

The retail sales statistics 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 said that the year-on-year fall in retail sales volume widened sharply in February and was the steepest for a single month on record. This mainly reflected the heavy blow to tourism- and consumption-related activities dealt by COVID-19, though the distortions from the timing of the Lunar New Year also contributed. Taking the first two months of 2020 together, retail sales volume plunged by 33.9% from a year earlier.

The spokesman further pointed out that the business environment of retail trade will remain extremely austere in the near term, as the COVID-19 pandemic has brought inbound tourism to a standstill and severely dented local consumption demand. The Government will closely monitor the situation and its repercussion on the overall economy and the employment market.

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 January 2020 as well as the provisional figures for February 2020. 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 two months of 2020 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 January 2020 as well as the provisional figures for February 2020. The provisional figures on year-on-year changes for the first two months of 2020 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 (<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 (<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 C&SD (Tel: 3903 7400; Email: mrs@censtatd.gov.hk).

Hong Kong's Balance of Payments and International Investment Position statistics for fourth quarter of 2019 and whole year of 2019

The Census and Statistics Department (C&SD) released today (March 31) the preliminary Balance of Payments (BoP) and International Investment Position (IIP) statistics of Hong Kong for the fourth quarter of 2019 and the whole year of 2019. This release also included the preliminary External Debt (ED) statistics of Hong Kong for the same period.

I. Balance of Payments

Hong Kong recorded a BoP deficit of \$10.3 billion (as a ratio of 1.4% to GDP) in the fourth quarter of 2019, compared with a deficit of \$59.8 billion (as a ratio of 8.3% to GDP) in the third quarter of 2019. Reserve assets correspondingly decreased by the same amount (\$10.3 billion) in the fourth quarter of 2019.

For 2019 as a whole, there was a BoP deficit of \$8.9 billion (as a ratio of 0.3% to GDP), as against a surplus of \$7.6 billion (as a ratio of 0.3% to GDP) in 2018.

Current account

The current account recorded a surplus of \$42.8 billion (as a ratio of 5.7% to GDP) in the fourth quarter of 2019. This implies that Hong Kong continues to save more than invest, enabling Hong Kong to accumulate external financial assets (such as equity securities or debt securities) as a buffer against global financial volatilities. Compared with the current account surplus of \$36.3 billion (as a ratio of 4.8% to GDP) in the fourth quarter of 2018, the increase in surplus was mainly due to an increase in the goods balance and an increase in the net inflow of primary income, partly offset by a decrease in the services surplus.

The goods account recorded a surplus of \$14.0 billion in the fourth quarter of 2019, as against a deficit of \$38.1 billion in the same quarter of 2018. Over the same period, the services surplus decreased to \$11.2 billion in the fourth quarter of 2019, compared with the \$61.8 billion in the same quarter of 2018. The primary income inflow and outflow amounted to \$383.2 billion and \$360.3 billion respectively, thus yielding a net inflow of \$22.9 billion in the fourth quarter of 2019, compared with a net inflow of \$17.9 billion in the same quarter of 2018.

For 2019 as a whole, the current account surplus was \$178.1 billion (as a ratio of 6.2% to GDP), larger than that of \$105.9 billion (as a ratio of 3.7% to GDP) in 2018, mainly due to a decrease in the goods deficit and an increase in the net inflow of primary income, partly offset by a decrease in the services surplus.

Financial account

An overall net outflow of financial non-reserve assets amounting to \$81.8 billion (as a ratio of 11.0% to GDP) was recorded in the fourth quarter of 2019, compared with an overall net outflow of \$163.5 billion (as a ratio of 22.7% to GDP) in the third quarter of 2019. The overall net outflow recorded in the fourth quarter of 2019 was the result of a net outflow of other investment, partly offset by a net inflow of direct investment, a net inflow of portfolio investment and a net inflow due to the cash settlement of financial derivatives.

In the fourth quarter of 2019, reserve assets decreased by \$10.3 billion, compared with a decrease of \$59.8 billion in the third quarter of 2019.

For 2019 as a whole, an overall net outflow of financial non-reserve assets amounting to \$255.2 billion (as a ratio of 8.9% to GDP) was recorded, compared with an overall net outflow of \$165.9 billion (as a ratio of 5.9% to GDP) in 2018. In the third quarter of 2019, due to transfer of funds of the Exchange Fund, the amount of foreign currency deposits placed by the Exchange Fund with local banks increased by \$63.1 billion. Other investment assets of local banks correspondingly increased by the same amount. Excluding this factor, an overall net outflow of financial non-reserve assets amounting to \$192.1 billion (as a ratio of 6.7% to GDP) was recorded for 2019 as a whole. The overall net outflow recorded in 2019 was mainly due to a net outflow of portfolio investment.

In 2019, reserve assets decreased by \$8.9 billion, as against an increase of \$7.6 billion in 2018.

II. International Investment Position

At the end of the fourth quarter of 2019, both Hong Kong's external financial assets and liabilities stood at a very high level, amounting to \$43,759.6 billion (equivalent to 15.3 times of GDP) and \$31,587.9 billion (equivalent to 11.0 times of GDP) respectively, a typical feature of a prominent international financial centre.

After netting out the external financial liabilities from the external financial assets, Hong Kong's net external financial assets amounted to \$12,171.7 billion (equivalent to 4.2 times of GDP) at the end of the fourth quarter of 2019, compared with \$11,171.6 billion (equivalent to 3.9 times of GDP) at the end of the third quarter of 2019. Hong Kong's net external financial assets to GDP ratio is one of the largest in the world, which provides the economy with a strong cushion against sudden external shocks.

III. External Debt

At the end of the fourth quarter of 2019, Hong Kong's gross ED amounted to \$13,032.4 billion (equivalent to 4.5 times of GDP). Compared with \$12,914.3 billion (equivalent to 4.5 times of GDP) at the end of the third quarter of 2019, gross ED increased by \$118.1 billion. This was mainly attributable to the increases in ED of the banking sector and other sectors, partly offset by the decrease in debt liabilities in direct investment (intercompany lending).

As one of the world's major financial centres, Hong Kong has a significant amount of ED held against the local banking sector arising through normal banking businesses. At the end of the fourth quarter of 2019, 61.3% of Hong Kong's ED was attributable to the banking sector. Other ED mainly consisted of ED of other sectors (23.5%) and debt liabilities in direct investment (intercompany lending) (15.0%).

Further information

BoP is a statistical statement that systematically summarises, for a specific time period (typically a year or a quarter), the economic

transactions of an economy with the rest of the world (i.e. between residents and non-residents).

IIP is a balance sheet showing the stock of external financial assets and liabilities of an economy at a particular time point. The difference between the external financial assets and liabilities is the net IIP of the economy, which represents either its net claim on or net liability to the rest of the world.

Gross ED, at a particular time point, is the outstanding amount of those actual current, and not contingent, liabilities that are owed to non-residents by residents of an economy and that require payment of principals and/or interests by the debtors at some time points in the future.

Table 1 presents Hong Kong's BoP. Table 2 presents the detailed current account, while Table 3 presents the detailed capital and financial account. Table 4 shows Hong Kong's IIP, and Table 5 shows Hong Kong's ED.

Statistics on BoP, IIP and ED for the fourth quarter of 2019 and the whole year of 2019 are only preliminary figures and are subject to revision upon the availability of more data.

More details of the statistics of BoP (including seasonally adjusted current account), IIP and ED, together with the conceptual and methodological details, are presented in the publication Balance of Payments, International Investment Position and External Debt Statistics of Hong Kong, Fourth Quarter 2019 published by the C&SD. Users can download this publication free of charge at the website of the C&SD (www.censtatd.gov.hk/hkstat/sub/sp260.jsp?productCode=B1040001).

For enquiries about the BoP, IIP and ED statistics, please contact the Balance of Payments Section of the C&SD (Tel: 3903 6979; fax: 2116 0278; email: bop@censtatd.gov.hk).

Financial results for the 11 months ended February 29, 2020

The Government announced today (March 31) its financial results for the 11 months ended February 29, 2020.

There was a deficit of HK\$5.9 billion in the month of February. Expenditure for the 11-month period amounted to HK\$535.1 billion and revenue HK\$548 billion, with the cumulative year-to-date surplus at HK\$19.2 billion after receipt of net proceeds of HK\$7.8 billion from issuance of green bonds under the Government Green Bond Programme (Green Bond) and repayment of institutional notes of HK\$1.5 billion.

The fiscal reserves stood at HK\$1,190.1 billion as at February 29, 2020.

Detailed figures are shown in Tables 1 and 2.

TABLE 1. CONSOLIDATED ACCOUNT (Note 1)

	Month ended February 29, 2020 HK\$ million	11 months ended February 29, 2020 HK\$ million
Revenue	67,385.0	547,997.6
Expenditure	(73,236.7)	(535,128.0)
(Deficit) / Surplus before issuance and repayment of government bonds and notes	(5,851.7)	12,869.6
Net proceeds from issuance of Green Bond	–	7,828.7
Repayment of government bonds and notes	–	(1,500.0)
(Deficit) / Surplus after issuance and repayment of government bonds and notes	(5,851.7)	19,198.3
Financing		
Domestic		
Banking Sector (Note 2)	5,612.0	(18,579.1)
Non-Banking Sector	239.7	(619.2)
External	–	–
Total	5,851.7	(19,198.3)

Government Debts as at February 29, 2020 (Note 3)

HK\$7,795 million

Debts Guaranteed by Government as at February 29, 2020 (Note 4)

HK\$29,440.7 million

TABLE 2. FISCAL RESERVES

	Month ended February 29, 2020 HK\$ million	11 months ended February 29, 2020 HK\$ million
Fiscal Reserves at start of period	1,195,932.5	1,170,882.5
Consolidated (Deficit) / Surplus after issuance and repayment of government bonds and notes	(5,851.7)	19,198.3
Fiscal Reserves at end of period (Note 5)	1,190,080.8	1,190,080.8

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 February 29, 2020, was HK\$120,191 million.

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

3. These were the green bonds of US\$1,000 million (equivalent to HK\$7,795 million as at February 29, 2020) which were denominated in US dollars with maturity in May 2024. They do not include the outstanding bonds with nominal value of HK\$82,420 million and alternative bonds with nominal value of US\$2,000 million (equivalent to HK\$15,591 million as at February 29, 2020) 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\$8,820 million, which may be redeemed before maturity upon request from bond holders), bonds with nominal value of HK\$12,363 million and alternative bonds with nominal value of US\$1,000 million (equivalent to HK\$7,795 million as at February 29, 2020) will mature within the period from March 2020 to February 2021 and the rest within the period from March 2021 to March 2034.

4. Includes guarantees provided under the SME Loan Guarantee Scheme launched in 2001, the Special Loan Guarantee Scheme launched in 2008, 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.

Exchange Fund Abridged Balance Sheet and Currency Board Account

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

The Hong Kong Monetary Authority (HKMA) announced today (March 31) that the total assets of the Exchange Fund amounted to HK\$4,177.8 billion as at February 29, 2020, HK\$16.2 billion lower than that at the end of January 2020. Hong Kong dollar assets decreased by HK\$32.9 billion while foreign currency assets increased by HK\$16.7 billion.

The decline in Hong Kong dollar assets was mainly due to a decrease in bank borrowings and withdrawals of placements by Fiscal Reserves, Hong Kong Special Administrative Region Government funds and statutory bodies. The rise in foreign currency assets was mainly due to an increase in unsettled purchases of securities.

The Currency Board Account shows that the Monetary Base at the end of February 2020 was HK\$1,686.6 billion, decreased by HK\$2.1 billion, or 0.1 per cent, from the end of January 2020. The decline was mainly due to a decrease in the outstanding amount of Certificates of Indebtedness.

The amount of Backing Assets increased by HK\$12.7 billion, or 0.7 per cent, to HK\$1,886.4 billion. The increase was mainly attributable to the rise in the market value of investments which was partly offset by the redemption of Certificates of Indebtedness. The backing ratio increased from 110.96 per cent at the end of January 2020 to 111.85 per cent at the end of February 2020.

At present, four press releases relating to the Exchange Fund's data are issued by the HKMA each month. Three of these releases are issued to disseminate monetary data in accordance with the International Monetary Fund's Special Data Dissemination Standard (SDDS). The fourth press release, on the Exchange Fund's Abridged Balance Sheet and Currency Board Account, is made in accordance with the HKMA's policy of maintaining a high level of transparency. For the month of March 2020, the scheduled dates for issuing the press releases are as follows:

March 6 (Issued)	SDDS International Reserves (Hong Kong's Latest Foreign Currency Reserve Assets Figures)
March 13 (Issued)	SDDS Analytical Accounts of the Central Bank (Analytical Accounts of the Exchange Fund)
March 31	SDDS Template on International Reserves and Foreign Currency Liquidity
March 31	Exchange Fund Abridged Balance Sheet and Currency Board Account

International Reserves and Foreign Currency Liquidity

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

The Hong Kong Monetary Authority (HKMA) released today (March 31) the analytical data on the Hong Kong Special Administrative Region's foreign currency reserves and foreign currency liquidity as at the end of February 2020 (Annex). These data are published monthly in the Template on International Reserves and Foreign Currency Liquidity in accordance with the International Monetary Fund's Special Data Dissemination Standard.

At present, four press releases relating to the Exchange Fund's data are issued by the HKMA each month. Three of these releases are issued to disseminate monetary data in accordance with the International Monetary Fund's Special Data Dissemination Standard (SDDS). The fourth press release, on the Exchange Fund's Abridged Balance Sheet and Currency Board Account, is made in accordance with the HKMA's policy of maintaining a high level of transparency. For the month of March 2020, the scheduled dates for issuing the press releases are as follows:

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