

Advance estimates on Gross Domestic Product for second quarter of 2019

The Census and Statistics Department (C&SD) released today (July 31) the advance estimates on Gross Domestic Product (GDP) for the second quarter of 2019.

According to the advance estimates, GDP increased by 0.6% in real terms in the second quarter of 2019 over a year earlier, same as that in the first quarter of 2019. The moderate growth of GDP was mainly attributable to the weak performance in investment expenditure and external demand.

Analysed by major GDP component, private consumption expenditure increased by 1.2% in real terms in the second quarter of 2019 over a year earlier, faster than the 0.4% growth in the first quarter.

Government consumption expenditure measured in national accounts terms grew by 4.0% in real terms in the second quarter of 2019 over a year earlier, after the increase of 4.5% in the first quarter.

Gross domestic fixed capital formation decreased significantly by 12.1% in real terms in the second quarter of 2019 from a year earlier, compared with the decrease of 7.0% in the first quarter.

Over the same period, total exports of goods measured in national accounts terms recorded a decrease of 5.4% in real terms from a year earlier, compared with the decrease of 3.7% in the first quarter. Imports of goods measured in national accounts terms decreased by 7.0% in real terms in the second quarter of 2019, compared with the decline of 4.2% in the first quarter.

Exports of services rose by 0.2% in real terms in the second quarter of 2019 over a year earlier, slower than the growth of 0.8% in the first quarter. Imports of services increased by 1.7% in real terms in the second quarter of 2019, as against the decrease of 1.5% in the first quarter.

On a seasonally adjusted quarter-to-quarter comparison basis, GDP decreased by 0.3% in real terms in the second quarter of 2019 when compared with the first quarter.

Commentary

A Government spokesman said that according to the advance estimates, overall economic performance was subdued in the second quarter of 2019, with GDP growing modestly by 0.6% in real terms over a year earlier. External demand weakened further and domestic demand stayed sluggish.

Hong Kong's total exports of goods showed an enlarged decline in the

second quarter in tandem with the further setback in manufacturing and trading activities in Asia, amid softening global economic growth and US-China trade and technology tensions. Exports of services likewise recorded only marginal growth. As local economic sentiment deteriorated visibly in the face of increasing downside risks facing the global economy and other headwinds, private consumption expenditure only grew modestly and overall investment expenditure fell further.

The Government will monitor the situation closely. The revised figures on GDP and more detailed statistics for the second quarter of 2019 will be released on August 16, 2019.

Further information

The year-on-year percentage changes of GDP and selected major expenditure components in real terms from the second quarter of 2018 to the second quarter of 2019 are shown in Table 1.

When more data become available, the C&SD will compile revised figures on GDP. The revised figures on GDP and more detailed statistics for the second quarter of 2019 will be released at the C&SD website (www.censtatd.gov.hk/hkstat/sub/sp250.jsp) and the Gross Domestic Product (Quarterly) Report (www.censtatd.gov.hk/hkstat/sub/sp250.jsp?productCode=B1030001) on August 16, 2019.

For enquiries about statistics on GDP by expenditure component, please contact the National Income Branch (1) of the C&SD (Tel: 2582 5077 or email: gdp-e@censtatd.gov.hk).

Financial results for the three months ended June 30, 2019

The Government announced today (July 31) its financial results for the three months ended June 30, 2019.

Expenditure for the period April to June 2019 amounted to HK\$124.4 billion and revenue HK\$101.8 billion, resulting in a cumulative year-to-date deficit of HK\$14.8 billion after receipt of net proceeds of HK\$7.8 billion from issuance of green bond under the Government Green Bond Programme (Green Bond).

A government spokesperson said that the cumulative year-to-date deficit for the period was mainly due to the fact that some major types of revenue including salaries and profits taxes are mostly received towards the end of a

financial year.

The fiscal reserves stood at HK\$1,156.1 billion as at June 30, 2019.

Detailed figures are shown in Tables 1 and 2.

TABLE 1. CONSOLIDATED ACCOUNT (Note 1)

	Month ended June 30, 2019 HK\$ million	Three months ended June 30, 2019 HK\$ million
Revenue	32,980.6	101,818.6
Expenditure	(43,473.0)	(124,464.7)
Deficit before issuance of Green Bond	(10,492.4)	(22,646.1)
Net proceeds from issuance of Green Bond	—	7,828.7
Deficit after issuance of Green Bond	(10,492.4)	(14,817.4)
Financing		
Domestic		
Banking Sector (Note 2)	10,398.7	13,355.4
Non-Banking Sector	93.7	1,462.0
External	—	—
Total	10,492.4	14,817.4

Government Debts as at June 30, 2019 (Note 3)

HK\$9,313.5 million

Debts Guaranteed by Government as at June 30, 2019 (Note 4)

HK\$26,430 million

TABLE 2. FISCAL RESERVES

	Month ended June 30, 2019 HK\$ million	Three months ended June 30, 2019 HK\$ million
Fiscal Reserves at start of period	1,166,557.5	1,170,882.5
Consolidated Deficit after issuance of Green Bond	(10,492.4)	(14,817.4)
Fiscal Reserves at end of period (Note 5)	1,156,065.1	1,156,065.1

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 June 30, 2019 was HK\$136,017 million.

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

3. These were the outstanding institutional notes totalling HK\$1,500 million as at June 30, 2019 and the Green Bond totalling US\$1,000 million (equivalent to HK\$7,814 million as at June 30, 2019) with maturity in July 2019 and May 2024 respectively. They do not include the outstanding bonds with nominal value of HK\$92,729 million and alternative bonds with nominal value of US\$3,000 million (equivalent to HK\$23,441 million as at June 30, 2019) 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\$8,729 million, which may be redeemed before maturity upon request from bond holders), bonds with nominal value of HK\$25,138 million and alternative bonds with nominal value of US\$2,000 million (equivalent to HK\$15,627 million as at June 30, 2019) will mature within the period from July 2019 to June 2020 and the rest within the period from July 2020 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 Special Concessionary Measures under 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.

Fifth meeting of Joint Task Force on the Development of the HK-Shenzhen Innovation and Technology Park in the Loop held (with photo)

The Secretary for Innovation and Technology, Mr Nicholas W Yang, and the Vice Mayor of Shenzhen Municipality, Mr Ai Xuefeng, co-chaired the fifth meeting of the Joint Task Force on the Development of the Hong Kong-Shenzhen Innovation and Technology Park (the Park) in the Loop at Hong Kong Science Park today (July 31).

At the meeting, the two sides discussed the work progress of the Hong Kong-Shenzhen Innovation and Technology Park Limited (HSITPL), works progress of supporting infrastructure in the Lok Ma Chau Loop, the arrangement of the bioremediation for sediment treatment in Shenzhen River of Main Works Package 1, as well as exchanged views on the development of the innovation and technology parks of both sides. Representatives from the Shenzhen Government also introduced the development concept of the Shenzhen Innovation and Technology Zone. Both sides agreed to continue keeping close contact to achieve co-ordinated development.

Last year, HSITPL commenced the Master Planning Study and Business Model and Business Planning Study , which are expected to be completed soon. HSITPL also commenced two new consultancy studies in mid-2019, namely the technical feasibility study and the economic impact analysis study of Batch 1 development. HSITPL will formulate the Park's project development and operation plans with reference to the findings of the studies.

As for supporting infrastructure works, the Advance Works of the Loop are well under way. The contract for the consultancy on detailed design and site investigation of Main Works Package 1, which commenced last September, is in good progress. Site investigation of the Loop also commenced this June. The target of making the first batch of land parcels available by 2021 or earlier for the Loop remains unchanged.

Regarding the co-operation arrangements of bioremediation for sediment treatment in Shenzhen River of Main Works Package 1, the Civil Engineering and Development Department (CEDD) and the Shenzhen River Regulation Office of the Shenzhen Municipal People's Government will, drawing from the experience in the regulation of Shenzhen River works jointly conducted by the two cities, discuss and take forward the bioremediation for sediment treatment of the Shenzhen River.

Other officials of the Hong Kong Special Administrative Region Government attending the meeting today included the Permanent Secretary for

Innovation and Technology, Ms Annie Choi; the Commissioner for Innovation and Technology, Ms Rebecca Pun; and representatives from the Development Bureau, the Constitutional and Mainland Affairs Bureau, the Education Bureau, the Commerce and Economic Development Bureau, the Innovation and Technology Commission, and the CEDD.



Temporary closure of Hong Kong-Macau Ferry Terminal

Attention duty announcers, radio and TV stations:

Please broadcast the following message as soon as possible and repeat it at suitable intervals:

The Marine Department announces that due to tropical cyclone warning signal No.8 issued, the Hong Kong-Macau Ferry Terminal in Sheung Wan has been closed temporarily.

Temporary closure of Tuen Mun Ferry Terminal

Attention duty announcers, radio and TV stations:

Please broadcast the following message as soon as possible and repeat it at suitable intervals:

The Marine Department announces that due to tropical cyclone warning signal No.8 issued, the Tuen Mun Ferry Terminal in Tuen Mun has been closed

temporarily.