

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)
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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.

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Residential mortgage survey results for February 2020

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

The Hong Kong Monetary Authority (HKMA) announced the results of the residential mortgage survey for February 2020.

The number of mortgage applications in February decreased month-on-month by 6.4 per cent to 8 536.

Mortgage loans approved in February decreased by 5 per cent compared with January to HK\$23.7 billion. Among these, mortgage loans financing primary market transactions decreased by 2.1 per cent to HK\$4.5 billion and those financing secondary market transactions decreased by 1.9 per cent to HK\$14.4 billion. Mortgage loans for refinancing decreased by 15.5 per cent to HK\$4.8 billion.

Mortgage loans drawn down during February decreased by 20.2 per cent compared with January to HK\$18.7 billion.

The ratio of new mortgage loans priced with reference to HIBOR increased from 80.2 per cent in January to 87.1 per cent in February. The ratio of new mortgage loans priced with reference to best lending rates decreased from 16.7 per cent in January to 10.2 per cent in February.

The outstanding value of mortgage loans increased month-on-month by 0.4 per cent to HK\$1,452.4 billion at end-February.

The mortgage delinquency ratio increased slightly to 0.03 per cent and

the rescheduled loan ratio remained unchanged at nearly 0 per cent.

Monetary Statistics for February 2020

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

According to statistics published today (March 31) by the Hong Kong Monetary Authority, total deposits with authorised institutions edged down by 0.1 per cent in February 2020. Among the total, Hong Kong dollar deposits declined by 0.5 per cent, while overall foreign-currency deposits increased by 0.3 per cent. Renminbi deposits in Hong Kong increased by 4.3 per cent to RMB638.7 billion at the end of February. The total remittance of renminbi for cross-border trade settlement amounted to RMB481.0 billion in February, compared with RMB404.7 billion in January.

Total loans and advances increased by 0.5 per cent in February. Among the total, loans for use in Hong Kong (including trade finance) went up by 0.9 per cent and loans for use outside Hong Kong decreased by 0.3 per cent from a month ago. The Hong Kong-dollar loan-to-deposit ratio edged up to 89.9 per cent at the end of February from 89.4 per cent at the end of January, as Hong Kong-dollar deposits decreased while Hong Kong-dollar loans stayed virtually unchanged.

Hong Kong dollar M2 and M3 both declined by 0.5 per cent in February, but grew by 1.9 per cent and 1.8 per cent respectively compared to a year ago. The seasonally-adjusted Hong Kong dollar M1 rose by 1.3 per cent in February, and increased by 0.4 per cent compared to a year ago, reflecting in part investment-related activities. Total M2 and M3 both edged up by 0.1 per cent in February, and expanded by 2.3 per cent and 2.2 per cent respectively from a year earlier.

As monthly monetary statistics are subject to volatilities due to a wide range of transient factors, such as seasonal and IPO-related funding demand as well as business and investment-related activities, caution is required when interpreting the statistics.

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).