

Composite Interest Rate: End of August 2018

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

The Hong Kong Monetary Authority (HKMA) announced today (September 19) the composite interest rate at the end of August 2018.

The composite interest rate, which is a measure of the average cost of funds of banks, increased by 3 basis points to 0.66% at the end of August 2018, from 0.63% at the end of July 2018 (see Chart 1 in the Annex). The rise in composite interest rate reflected increases in the weighted funding costs for both deposits and interbank funds during the month (see Chart 2 in the Annex).

The historical data of the composite interest rate from the end of the fourth quarter of 2003 to the end of August 2018 are available in the Monthly Statistical Bulletin on the HKMA website (www.hkma.gov.hk). The next data release is scheduled for October 19, 2018 and will provide the composite interest rate at the end of September 2018.

The composite interest rate is a weighted average interest rate of all Hong Kong dollar interest bearing liabilities, which include deposits from customers, amounts due to banks, negotiable certificates of deposit and other debt instruments, and Hong Kong dollar non-interest bearing demand deposits on the books of banks. Data from retail banks, which account for about 90% of the total customers' deposits in the banking sector, are used in the calculation. It should be noted that the composite interest rate represents only average interest expenses. There are various other costs involved in the making of a loan, such as operating costs (e.g. staff and rental expenses), credit cost and hedging cost, which are not covered by the composite interest rate.

Chain volume measures of Gross Domestic Product by economic activity for second quarter of 2018

The Census and Statistics Department (C&SD) released today (September 19) the preliminary figures of chain volume measures of Gross Domestic Product (GDP) by economic activity for the second quarter of 2018.

GDP figures by economic activity show the value of production in respect of individual economic activities. The value of production is measured by net output or value added, which is calculated by deducting intermediate input consumed in the process of production from the gross value of output. Volume measures of GDP by economic activity, expressed in terms of chain volume measures net of the effect of price changes, enable analysis of the output growth profiles of individual economic sectors in real terms.

According to the preliminary figures, overall GDP increased by 3.5% in real terms in the second quarter of 2018 over a year earlier, compared with the 4.6% increase in the first quarter of 2018.

Analysed by constituent services sector and on a year-on-year comparison, net output in respect of all the services activities taken together increased by 3.8% in real terms in the second quarter of 2018 over a year earlier, compared with the 4.4% increase in the first quarter.

Net output in the import and export, wholesale and retail trades sector grew by 5.7% in real terms in the second quarter of 2018 over a year earlier, following the growth of 6.4% in the first quarter. The continued growth of this sector was mainly attributable to the solid growth of external merchandise trade during the quarter.

Net output in the financing and insurance sector increased by 5.2% in real terms in the second quarter of 2018 over a year earlier, compared with the 6.8% rise in the first quarter. Trading activities stayed generally active during the quarter, rendering support to the continued growth of net output in this sector.

Net output in the accommodation services (covering hotels, guesthouses, boarding houses and other establishments providing short term accommodation) and food services sector grew by 3.7% in real terms in the second quarter of 2018 over a year earlier, following the increase of 5.9% in the first quarter.

Net output in the transportation, storage, postal and courier services sector rose by 4.4% in real terms in the second quarter of 2018 over a year earlier, compared with the growth of 4.9% in the first quarter.

Net output in the information and communications sector registered an increase of 3.4% in real terms in the second quarter of 2018 over a year earlier, compared with the growth of 3.1% in the first quarter.

Net output in the real estate, professional and business services sector rose by 2.0% in real terms in the second quarter of 2018 over a year earlier, similar to the growth of 2.1% in the first quarter.

Net output in the public administration, social and personal services sector increased by 3.0% in real terms in the second quarter of 2018 over a year earlier, compared with the growth of 3.4% in the first quarter.

As for sectors other than the services sectors, net output in the local manufacturing sector rose by 1.6% in real terms in the second quarter of 2018

over a year earlier, compared with the 1.1% growth in the first quarter.

Net output in the electricity, gas and water supply, and waste management sector recorded an increase of 4.4% in real terms in the second quarter of 2018 over a year earlier, compared with the growth of 4.2% in the first quarter.

Net output in the construction sector dropped by 3.2% in real terms in the second quarter of 2018 from a year earlier, as against the increase of 3.5% in the first quarter.

Further information

The year-on-year percentage changes of GDP by economic activity in real terms from the second quarter of 2017 to the second quarter of 2018 are shown in Table 1. For enquiries about statistics on GDP by economic activity, please call the National Income Branch (2) of the C&SD at telephone number 3903 7005.

Figures of chain volume measures of GDP by economic activity for the second quarter of 2018 are only preliminary at this stage. When more data become available, the preliminary figures will be revised accordingly. More detailed figures can also be found at the Hong Kong Statistics section of the C&SD website (www.censtatd.gov.hk).

[Operators of unlicensed guesthouses fined](#)

A man and a woman were fined \$6,000 and \$8,000 at Kowloon City Magistrates' Courts today (September 19) for contravening the Hotel and Guesthouse Accommodation Ordinance.

The courts heard that in February this year, officers of the Office of the Licensing Authority (OLA), the Home Affairs Department, inspected two suspected unlicensed guesthouses on Maidstone Lane in To Kwa Wan and Sheung Shing Street in Ho Man Tin. During the inspections, the OLA officers posed as lodgers and successfully rented rooms in these guesthouses on a daily basis.

According to the OLA's records, these guesthouses did not possess licences under the Ordinance on the days of inspection. The man and woman responsible for operating the premises were charged with contravening section 5(1) of the Ordinance.

A department spokesman stressed that operating or managing an unlicensed guesthouse is a criminal offence and will lead to a criminal record. Upon conviction, the offender is liable to a maximum fine of \$200,000 and two

years' imprisonment.

The spokesman appealed to anyone with information about suspected unlicensed guesthouses to report it to the OLA through the hotline (Tel: 2881 7498), by email (hadlaenq@had.gov.hk), by fax (2504 5805) using the report form downloaded from the OLA website (www.hadla.gov.hk), or through the mobile application "Hong Kong Licensed Hotels and Guesthouses".

Temporary suspension of Mobile Library 2 and 7 services

Mobile Libraries 2 and 7 will suspend services during designated periods in September and October for routine maintenance, a Leisure and Cultural Services Department spokesman announced today (September 19).

Mobile Library 7 will suspend services from September 26 to October 10. The affected service points are Fung Tak Estate and Chuk Yuen (South) Estate in Wong Tai Sin, Hoi Fu Court in Mong Kok West, Sceneway Garden in Lam Tin and Kai Yip Estate in Kowloon Bay. For enquiries about Mobile Library 7 services, please call 2926 3056.

Mobile Library 2 will suspend services from October 8 to 13. The affected service points are Hau Tak Estate and Po Lam Estate in Tseung Kwan O, Mei Lam Estate and Saddle Ridge Garden in Sha Tin, Tsui Ping Estate in Kwun Tong and Maple Street in Sham Shui Po. For enquiries about Mobile Library 2 services, please call 2605 1071.

Readers are welcome to use other public libraries during the service suspension periods. They may also renew library materials by telephoning 2698 0002 or 2827 2833, or via www.hkpl.gov.hk.

CSSA caseload for August 2018

The overall Comprehensive Social Security Assistance (CSSA) caseload in August showed a drop of 437 cases, representing a decrease of 0.2 per cent compared with that of July, according to the latest CSSA caseload statistics released by the Social Welfare Department today (September 19).

The total CSSA caseload at the end of August stood at 230 228 (see attached table), with a total of 332 018 recipients.

Analysed by case nature, low-earnings cases registered a month-to-month decrease of 1.2 per cent to 3 907 cases. Both unemployment cases and single parent cases dropped by 0.7 per cent to 12 389 cases and 25 595 cases respectively. Old age cases slipped by 0.1 per cent to 143 651 cases.

Both ill-health cases and permanent disability cases increased slightly by 0.1 per cent to 23 398 cases and 17 013 cases respectively.