

Provisional statistics of retail sales for July 2024

The Census and Statistics Department (C&SD) released the latest figures on retail sales today (August 30).

The value of total retail sales in July 2024, provisionally estimated at \$29.1 billion, decreased by 11.8% compared with the same month in 2023. The revised estimate of the value of total retail sales in June 2024 decreased by 9.7% compared with a year earlier. For the first 7 months of 2024 taken together, it was provisionally estimated that the value of total retail sales decreased by 7.3% compared with the same period in 2023.

Of the total retail sales value in July 2024, online sales accounted for 7.8%. The value of online retail sales in that month, provisionally estimated at \$2.3 billion, increased by 1.0% compared with the same month in 2023. The revised estimate of online retail sales in June 2024 increased by 5.6% compared with a year earlier. For the first 7 months of 2024 taken together, it was provisionally estimated that the value of online retail sales decreased by 0.1% compared with the same period in 2023.

After netting out the effect of price changes over the same period, the provisional estimate of the volume of total retail sales in July 2024 decreased by 13.3% compared with a year earlier. The revised estimate of the volume of total retail sales in June 2024 decreased by 11.2% compared with a year earlier. For the first 7 months of 2024 taken together, the provisional estimate of the total retail sales decreased by 8.9% in volume compared with the same period in 2023.

Analysed by broad type of retail outlet in descending order of the provisional estimate of the value of sales and comparing July 2024 with July 2023, the value of sales of commodities in supermarkets decreased by 4.2%. This was followed by sales of other consumer goods not elsewhere classified (-6.0% in value); jewellery, watches and clocks, and valuable gifts (-25.0%); wearing apparel (-16.6%); food, alcoholic drinks and tobacco (-4.1%); electrical goods and other consumer durable goods not elsewhere classified (-4.1%); commodities in department stores (-24.3%); motor vehicles and parts (-27.9%); fuels (-9.8%); furniture and fixtures (-22.4%); footwear, allied products and other clothing accessories (-17.9%); Chinese drugs and herbs (-24.9%); and optical shops (-15.7%).

On the other hand, the value of sales of medicines and cosmetics increased by 3.5% in July 2024 over a year earlier. This was followed by sales of books, newspapers, stationery and gifts (+26.1% in value).

Based on the seasonally adjusted series, the provisional estimate of the value of total retail sales decreased by 4.5% in the three months ending July 2024 compared with the preceding three-month period, while the provisional estimate of the volume of total retail sales decreased by 5.1%.

Commentary

A government spokesman said that the value of total retail sales declined further in July from a year earlier amid the continued impact of the change in consumption patterns and the strong Hong Kong dollar. More outbound travels by residents during the summer holidays was also one of the factors.

Looking ahead, the spokesman said that the retail sector will still face challenges in the near term. Nonetheless, the Central Government's various measures benefitting Hong Kong, as well as the SAR Government's strenuous efforts to promote a mega event economy, boost market sentiment and support the development of the sector, should help stimulate retail businesses. Continued growth of the economy and rising employment earnings should also provide support to the retail sector.

The spokesman added that the SAR Government will continue to assist small and medium-sized enterprises, including those in the retail sector, in adopting ready-to-use digital technology solutions through the Digital Transformation Support Pilot Programme to accelerate digital transformation. The E-commerce Easy under the BUD Fund was also officially launched last month with a view to assisting enterprises to develop the Mainland market through electronic commerce business. The Government will continue to assist the local retail sector in upgrading and transformation.

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 June 2024 as well as the provisional figures for July 2024. 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 7 months of 2024 taken together are also shown.

Table 2 presents the revised figures on value of online retail sales for June 2024 as well as the provisional figures for July 2024. The provisional figures on year-on-year changes for the first 7 months of 2024 taken together are also shown.

Table 3 presents the revised figures on volume index of retail sales for all retail outlets and by broad type of retail outlet for June 2024 as well as the provisional figures for July 2024. The provisional figures on year-on-year changes for the first 7 months of 2024 taken together are also shown.

Table 4 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.

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 by Expenditure Component" for more details.

More detailed statistics are given in the "Report on Monthly Survey of Retail Sales". Users can browse and download this publication at the website of the C&SD (www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1080003&scode=530).

Users who have enquiries about the survey results may contact the Distribution Services Statistics Section of the C&SD (Tel: 3903 7400; email : mrs@censtatd.gov.hk).

Financial results for four months ended July 31, 2024

The Government announced today (August 30) its financial results for the four months ended July 31, 2024.

Expenditure for the period April to July 2024 amounted to HK\$242.6 billion and revenue HK\$90.1 billion, resulting in a cumulative year-to-date deficit of HK\$135.4 billion after taking into account the proceeds of HK\$24.9

billion received from issuance of Government Bonds and repayment of HK\$7.8 billion principal on Government Bonds.

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\$599.2 billion as at July 31, 2024.

Detailed figures are shown in Tables 1 and 2.

TABLE 1. CONSOLIDATED ACCOUNT (Note 1)

	Month ended July 31, 2024 HK\$ million	Four months ended July 31, 2024 HK\$ million
Revenue	26,159.2	90,113.0
Expenditure	(66,425.6)	(242,608.4)
Deficit before issuance and repayment of Government Bonds	(40,266.4)	(152,495.4)
Proceeds received from issuance of Government Bonds	24,880.4	24,880.4
Repayment of Government Bonds	—	(7,800.5)
Deficit after issuance and repayment of Government Bonds	(15,386.0)	(135,415.5)
Financing		
Domestic		
Banking Sector (Note 2)	15,432.1	132,800.7
Non-Banking Sector	(46.1)	2,614.8
External	—	—

Total	15,386.0	135,415.5
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Government Debts as at July 31, 2024 (Note 3)

HK\$209,519 million

Debts Guaranteed by Government as at July 31, 2024 (Note 4)

HK\$140,091 million

TABLE 2. FISCAL RESERVES

	Month ended July 31, 2024 HK\$ million	Four months ended July 31, 2024 HK\$ million
Fiscal Reserves at start of period	614,555.9	734,585.4
Consolidated Deficit after issuance and repayment of Government Bonds	(15,386.0)	(135,415.5)
Fiscal Reserves at end of period (Note 5)	599,169.9	599,169.9

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 July 31, 2024, was HK\$262,199 million.

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

3. These were the Green Bonds (equivalent to HK\$209,519 million as at July 31, 2024) issued under the Government Green Bond Programme. They were denominated in US dollars (US\$9,950 million with maturity from January 2026 to January 2053), euros (5,330 million euros with maturity from January 2025 to November 2041), Renminbi (RMB41,500 million with maturity from November 2024 to July 2054) and Hong Kong dollars (HK\$42,000 million with maturity from May 2025 to October 2026). They do not include the outstanding bonds with nominal value of HK\$216,641 million and alternative bonds with nominal value of US\$1,000 million (equivalent to HK\$7,813 million as at July 31, 2024) 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\$124,141 million, which may be redeemed before maturity upon request from bond holders), bonds with nominal value of HK\$9,500 million, HK\$26,844 million and HK\$1,500 million were repaid upon

maturity on August 7, 2024, August 12, 2024 and August 19, 2024 respectively; bonds with nominal value of HK\$11,000 million will mature within the period from September 2024 to July 2025 and the rest within the period from August 2025 to May 2042.

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 Loan Guarantee Scheme for Cross-boundary Passenger Transport Trade, Loan Guarantee Scheme for Battery Electric Taxis and Loan Guarantee Scheme for Travel Sector launched in 2023.

5. Includes HK\$265,217 million, being the balance of the Land Fund held in the name of "Future Fund", for long-term investments up to December 31, 2030. The Future Fund also includes HK\$4,800 million, being one-third of the actual surplus in 2015-16 as top-up.

EDB announces arrangements for student grant for 2024/25 school year

The Education Bureau (EDB) today (August 30) issued a circular memorandum to all secondary day schools, primary schools, special schools and kindergartens in Hong Kong, announcing the arrangements for the provision of a student grant to day-school students in the 2024/25 school year.

An EDB spokesman said, "The Government provides a student grant of \$2,500 for secondary day-school, primary school and kindergarten students every school year. The provision of the grant has been regularised starting from the 2020/21 school year to alleviate the burden of educational expenses on parents."

The student grant is non-means-tested. All students, at the date of application, studying in secondary day-schools, primary schools, special schools and kindergartens in Hong Kong are eligible for the grant. Students of evening schools, students of private studies, holders of student visas for entry into Hong Kong for studies and students holding Recognisance Forms issued by the Immigration Department are not within the scope of the subsidy.

The spokesman continued, "The following students are deemed eligible for the grant owing to special circumstances: (a) children at the age of 2 years and 8 months or above as at September 1 of the 2024/25 school year concerned attending a Special Child Care Centre subsidised by the Social Welfare Department owing to special needs; (b) newly arrived children attending a full-time Initiation Programme funded by the EDB; and (c) students taking full-time programmes for Secondary Three school leavers offered by the Vocational Training Council. We will issue letters to relevant organisations

and institutions today to inform them of the details."

The spokesman added, "Starting from the 2024/25 school year, electronic submission of student grant applications (e-submission) will be expanded to cover all school types. Parents may log in to the e-platform via an 'iAM Smart+' account with a digital signing function to submit applications for all their eligible children in one go. For the 2024/25 school year, the e-platform will open from 6am on September 13 to 11.59pm on October 2. Parents are encouraged to use e-submission to enjoy more convenient and efficient e-service. A series of videos on e-submission is available on the EDB website (www.edb.gov.hk/en/student-parents/support-subsidies/student-grant/e-submission.html)."

To cater for the needs of individual parents, apart from e-submission, the EDB provides an option for parents to return the completed applications in paper form to schools. Only one application, either in electronic form or paper form, can be submitted for each eligible student. Schools are required to submit the completed forms to the EDB for follow-up on or before November 13. The EDB will normally disburse the subsidy in about six weeks after receiving the duly completed application forms and will inform parents of the application progress via SMS and email as appropriate.

Details of the student grant are available on the EDB website (www.edb.gov.hk/en/student-parents/support-subsidies/student-grant/index.html).

Monetary Authority takes disciplinary action against WeChat Pay Hong Kong Limited for contravention of Payment Systems and Stored Value Facilities Ordinance

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

The Hong Kong Monetary Authority (HKMA) announced today (August 30) that it had completed an investigation and disciplinary proceedings for WeChat Pay Hong Kong Limited (WPHK) under the Payment Systems and Stored Value Facilities Ordinance (Chapter 584 of the Laws of Hong Kong) (PSSVF0). The Monetary Authority (MA) has ordered WPHK to pay a pecuniary penalty of HK\$875,000 for contravening section 8Q of the PSSVF0 as it failed to fulfil the minimum criterion under section 6(2)(b) of Part 2 of Schedule 3 to the PSSVF0.

The disciplinary action (Note 1) follows the filing of a self-report by WPHK and further investigation by the HKMA which found that, during the period from 25 August 2016 to 24 October 2021, WPHK failed to have in place adequate and appropriate systems of control to comply with the relevant paragraphs of the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Stored Value Facility (SVF) Licensees) (Guideline) (Note 2).

Specifically, the contravention relates to deficiencies in WPHK's systems of control in two areas, namely:

1. undertaking customer due diligence (CDD) review upon trigger events; and
2. applying enhanced due diligence measures to mitigate and manage the risks in a situation that by its nature may present a high money laundering and terrorist financing risk.

In deciding the disciplinary action, the MA took into account all relevant circumstances and factors, including but not limited to the following:

1. the seriousness of the investigation findings;
2. the need to send a clear deterrent message to the industry about the importance of effective controls and procedures to address money laundering and terrorist financing risks;
3. WPHK has taken remedial measures to address the deficiencies identified by the HKMA and enhance its systems of control;
4. WPHK has filed a self-report to bring the matter to the attention of the HKMA; and
5. WPHK has no previous disciplinary record and is co-operative in resolving concerns identified by the HKMA.

The Executive Director (Enforcement and AML) of the HKMA, Mr Raymond Chan, said, "SVF licensees should apply enhanced due diligence measures on their customers in situations involving potentially high risk of money laundering and terrorist financing. These enhanced due diligence measures should be effective in ensuring that the associated money laundering and terrorist financing risks are properly managed."

Note 1: The disciplinary action is taken under section 33Q of the PSSVF0.

Note 2: Paragraphs 5.2 and 4.8.1 of the Guideline (October 2018 version and September 2020 version), and paragraphs 4.7.1 and 4.11.1 of the Guideline (September 2016 version and February 2018 version).

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 (August 30) that the total assets of the Exchange Fund amounted to HK\$3,970.9 billion as at July 31, 2024, HK\$7.7 billion lower than that at the end of June 2024. Foreign currency assets decreased by HK\$7.2 billion and Hong Kong dollar assets decreased by HK\$0.5 billion.

The decline in foreign currency assets was mainly due to a reduction in the month-end balances of unsettled purchase of securities, which was partly offset by mark-to-market revaluation of investments. The decline in Hong Kong dollar assets was mainly due to mark-to-market revaluation of Hong Kong equities, which was partly offset by an increase in placements with banks.

The Currency Board Account shows that the Monetary Base at the end of July 2024 was HK\$1,923.2 billion, decreased by HK\$4.2 billion, or 0.2 per cent, from the end of June 2024. The decline was mainly due to the decrease in the outstanding amount of Certificates of Indebtedness, which was partly offset by amortisation of discount on Exchange Fund Bills and Notes issued.

The amount of Backing Assets increased by HK\$8.2 billion, or 0.4 per cent, to HK\$2,155.4 billion at the end of July 2024. The increase was mainly attributable to mark-to-market revaluation of investments and interest from investments, which were partly offset by the redemption of Certificates of Indebtedness. The Backing Ratio increased from 111.41 per cent at the end of June 2024 to 112.07 per cent at the end of July 2024.

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 August 2024, the scheduled dates for issuing the press releases are as follows:

August 7 (Issued)	SDDS International Reserves (Hong Kong's Latest Foreign Currency Reserve Assets Figures)
August 14 (Issued)	SDDS Analytical Accounts of the Central Bank (Analytical Accounts of the Exchange Fund)

August 30	SDDS Template on International Reserves and Foreign Currency Liquidity
August 30	Exchange Fund Abridged Balance Sheet and Currency Board Account