

Composite Interest Rate: End of April 2020

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

The Hong Kong Monetary Authority (HKMA) announced today (May 25) the composite interest rate at the end of April 2020. (Note 1)

The composite interest rate, which is a measure of the average cost of funds of banks, decreased by 5 basis points to 0.90 per cent at the end of April 2020, from 0.95 per cent at the end of March 2020 (see Chart 1 in the Annex). The decrease in composite interest rate reflected decreases in the weighted funding cost for deposits and interbank funds during the month (see Chart 2 in the Annex). (Note 2)

The historical data of the composite interest rate from the end of the fourth quarter of 2003 to the end of April 2020 are available in the Monthly Statistical Bulletin on the HKMA website (www.hkma.gov.hk).

Note 1: The composite interest rate is a weighted average interest rate of all Hong Kong dollar interest-rate-sensitive liabilities, which include deposits from customers, amounts due to banks, negotiable certificates of deposit and other debt instruments, and all other liabilities that do not involve any formal payment of interest but the values of which are sensitive to interest rate movements (such as Hong Kong dollar non-interest bearing demand deposits) on the books of banks. Data from retail banks, which account for about 90 per cent 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.

Note 2: Since June 2019, the composite interest rate and weighted deposit rate have been calculated based on the new local "Interest rate risk in the banking book" (IRRBB) framework. As such, these figures are not strictly comparable with those of previous months.

External merchandise trade statistics for April 2020

The Census and Statistics Department (C&SD) released today (May 25) the

external merchandise trade statistics for April 2020. In April 2020, the values of Hong Kong's total exports and imports of goods both recorded year-on-year decreases, at 3.7% and 6.7% respectively.

In April 2020, the value of total exports of goods decreased by 3.7% over a year earlier to \$309.5 billion, after a year-on-year decrease of 5.8% in March 2020. Concurrently, the value of imports of goods decreased by 6.7% over a year earlier to \$332.8 billion in April 2020, after a year-on-year decrease of 11.1% in March 2020. A visible trade deficit of \$23.3 billion, equivalent to 7.0% of the value of imports of goods, was recorded in April 2020.

For the first four months of 2020 as a whole, the value of total exports of goods decreased by 8.1% over the same period in 2019. Concurrently, the value of imports of goods decreased by 9.1%. A visible trade deficit of \$127.3 billion, equivalent to 10.0% of the value of imports of goods, was recorded in the first four months of 2020.

Comparing the three-month period ending April 2020 with the preceding three months on a seasonally adjusted basis, the value of total exports of goods decreased by 0.8%. Meanwhile, the value of imports of goods decreased by 4.0%.

Analysis by country/territory

Comparing April 2020 with April 2019, total exports to Asia as a whole grew by 2.7%. In this region, increases were registered in the values of total exports to some major destinations, in particular Taiwan (+21.6%), Japan (+10.7%) and the mainland of China (the Mainland) (+9.4%). On the other hand, decreases were recorded in the values of total exports to India (-61.6%), Singapore (-27.7%) and Malaysia (-14.7%).

Apart from destinations in Asia, decreases were registered in the values of total exports to some major destinations in other regions, in particular the USA (-24.6%), Germany (-19.6%) and the United Kingdom (-6.9%).

Over the same period of comparison, decreases were registered in the values of imports from some major suppliers, in particular the Mainland (-11.2%), Japan (-10.8%) and the USA (-1.1%). Concurrently, increases were recorded in the values of imports from Vietnam (+77.0%), Taiwan (+29.5%) and Korea (+15.3%).

For the first four months of 2020 as a whole, year-on-year decreases were registered in the values of total exports to some major destinations, in particular the USA (-26.6%), Germany (-24.7%), Singapore (-18.8%) and India (-18.5%). However, year-on-year increases were registered in the values of total exports to Taiwan (+6.5%), Vietnam (+2.4%) and the Mainland (+1.2%).

Over the same period of comparison, year-on-year decreases were registered in the values of imports from some major suppliers, in particular the Mainland (-15.4%), the USA (-15.1%), Malaysia (-4.3%) and Thailand (-3.0%). However, year-on-year increases were registered in the values of

imports from Vietnam (+43.5%), Taiwan (+18.8%), Korea (+12.9%) and Singapore (+8.6%).

Analysis by major commodity

Comparing April 2020 with April 2019, decreases were registered in the values of total exports of some principal commodity divisions, in particular "telecommunications and sound recording and reproducing apparatus and equipment" (by \$12.4 billion or -20.9%), "non-metallic mineral manufactures" (by \$7.7 billion or -64.3%) and "miscellaneous manufactured articles (mainly jewellery, goldsmiths' and silversmiths' wares)" (by \$7.2 billion or -37.3%). However, increases were registered in the values of total exports of "office machines and automatic data processing machines" (by \$8.5 billion or 26.2%) and "electrical machinery, apparatus and appliances, and electrical parts thereof" (by \$7.8 billion or 6.2%).

Over the same period of comparison, decreases were registered in the values of imports of some principal commodity divisions, in particular "telecommunications and sound recording and reproducing apparatus and equipment" (by \$11.7 billion or -21.0%), "non-metallic mineral manufactures" (by \$7.4 billion or -53.1%) and "petroleum, petroleum products and related materials" (by \$6.0 billion or -73.4%). However, increases were registered in the values of imports of "electrical machinery, apparatus and appliances, and electrical parts thereof" (by \$12.6 billion or 9.6%) and "office machines and automatic data processing machines" (by \$3.1 billion or 11.1%).

For the first four months of 2020 as a whole, year-on-year decreases were registered in the values of total exports of some principal commodity divisions, in particular "telecommunications and sound recording and reproducing apparatus and equipment" (by \$46.6 billion or -20.1%), "non-metallic mineral manufactures" (by \$24.1 billion or -42.9%) and "miscellaneous manufactured articles (mainly jewellery, goldsmiths' and silversmiths' wares)" (by \$17.4 billion or -24.8%). However, year-on-year increases were registered in the values of total exports of "electrical machinery, apparatus and appliances, and electrical parts thereof" (by \$15.0 billion or 3.2%) and "power generating machinery and equipment" (by \$8.3 billion or 36.9%).

Over the same period of comparison, year-on-year decreases were registered in the values of imports of some principal commodity divisions, in particular "telecommunications and sound recording and reproducing apparatus and equipment" (by \$38.5 billion or -17.7%), "non-metallic mineral manufactures" (by \$30.7 billion or -47.2%) and "miscellaneous manufactured articles (mainly jewellery, goldsmiths' and silversmiths' wares)" (by \$15.2 billion or -17.7%). However, year-on-year increases were registered in the values of imports of "electrical machinery, apparatus and appliances, and electrical parts thereof" (by \$21.1 billion or 4.2%) and "power generating machinery and equipment" (by \$11.2 billion or 38.9%).

Commentary

Merchandise exports continued to decline in April from a year earlier,

though the rate of decline narrowed slightly. Exports to the US and the EU continued to record double-digit falls as the COVID-19 situation remained serious in these markets. While exports to the Mainland increased visibly, those to many other Asian markets recorded decreases of varying degrees.

Looking ahead, the global economy will remain sluggish until the COVID-19 pandemic is well contained. Hong Kong's merchandise export performance is thus expected to remain under pressure in the near term. The Government will continue to monitor the situation closely.

Further information

Table 1 at the annex presents the analysis of external merchandise trade statistics for April 2020. Table 2 presents the original monthly trade statistics from January 2017 to April 2020, and Table 3 gives the seasonally adjusted series for the same period.

The values of total exports of goods to 10 main destinations for April 2020 are shown in Table 4, whereas the values of imports of goods from 10 main suppliers are given in Table 5.

Tables 6 and 7 show the values of total exports and imports of 10 principal commodity divisions for April 2020.

All the merchandise trade statistics described here are measured at current prices and no account has been taken of changes in prices between the periods of comparison. A separate analysis of the volume and price movements of external merchandise trade for April 2020 will be released in mid-June 2020.

The April 2020 issue of "Hong Kong External Merchandise Trade" contains detailed analysis on the performance of Hong Kong's external merchandise trade in April 2020 and will be available in mid-June 2020. Users can download the publication free of charge at the website of the C&SD (www.censtatd.gov.hk/hkstat/sub/sp230.jsp).

Enquiries on merchandise trade statistics may be directed to the Trade Analysis Section (2) of the C&SD (Tel.: 2582 5042).

Hong Kong Customs further arrests director of trader supplying suspected law-breaking surgical masks

Hong Kong Customs arrested an online trader's director today (May 25) in connection with a case of supplying surgical masks suspected of violating the

Trade Descriptions Ordinance (TDO), following an arrest of the trader's authorised representative last Friday (May 22).

The 20-year-old man arrested today has been released on bail and case investigation is ongoing.

In the case, Customs launched an investigation upon receiving complaints earlier. The trader involved had all along been failing to provide authentication after repeated demands during the Customs investigation to prove the masks supplied comply with the labelled claims. Arrests were made accordingly for suspected violation of the TDO.

Customs strongly condemns any false accusation maliciously alleging that its law enforcement action against the trader is "political repression". The department stresses that its "Guardian" operation, which has been running since January this year, aims to ensure that common protective items available for sale in the market comply with the regulation of relevant ordinances. Immediate public announcements on suspected law-breaking products will be made for the sake of public interest. The operation will go on, under which decisive law enforcement action would continue to be taken if any suspected violation is found.

Public hospitals daily update on COVID-19 cases

The following is issued on behalf of the Hospital Authority:

As at noon today (May 25), no COVID-19 confirmed patient was discharged from hospital in the past 24 hours. So far, a total of 1 030 confirmed and suspected patients have been discharged.

At present, there are 659 negative pressure rooms in public hospitals with 1 219 negative pressure beds activated. A total of 32 confirmed patients are currently hospitalised in eight hospitals, among which one patient is in serious condition (case number: 595), and the remaining 31 patients are in stable condition.

The Hospital Authority will maintain close contact with the Centre for Health Protection to monitor the latest developments and to inform the public and healthcare workers on the latest information in a timely manner.

CHP announces no new local confirmed cases of COVID-19 today

The Centre for Health Protection (CHP) of the Department of Health has announced that as of 4pm today (May 25), no new local confirmed cases of coronavirus disease 2019 (COVID-19) had been recorded, and that the number of cases in Hong Kong remained at 1 066 so far (comprising 1 065 confirmed cases and one probable case).

In addition, the CHP has issued a letter to schools today to urge them to maintain vigilance against COVID-19 at school when classes resume.

A spokesman for the CHP said, "As schools are collective assembly places, infectious diseases such as COVID-19 could be easily spread among people through their daily contacts. Sources of infection could come from staff, students or visitors (especially those having symptoms). Students or staff with fever (oral temperature higher than 37.5 degrees Celsius, or ear temperature higher than 38 degrees C), regardless of the presence of respiratory symptoms, should not be allowed to attend school. They should wear a mask and consult doctors promptly."

The spokesman reminded that it is of prime importance to measure and record temperature properly. Schools should actively check the body temperature of all students every day when they arrive at school so as to identify students with fever. Staff should also check their temperature before work every day. Students and staff with fever or respiratory illnesses should refrain from attending school and seek medical advice as soon as possible. This additional measure should continue until further notice by the CHP.

If a school notices an increase in fever or respiratory illnesses among students or staff, it should make a report promptly to the CHP. If a case of COVID-19 affecting a staff member or student is detected, the CHP will carry out epidemiological investigations and contact tracing, and provide advice to the school on the necessary prevention and control measures to be taken, including possible school closure.

The CHP again urged members of the public to maintain an appropriate social distance with other people as far as possible in their daily lives to minimise the risk of infection. In particular, they should go out less and avoid social activities such as meal gatherings or other gatherings to reduce the chance of contacting infected persons who may not present any symptoms, and minimise the risk of outbreak clusters emerging in the community.

The spokesman said, "Given that the situation of COVID-19 infection remains severe and that there is a continuous increase in the number of cases reported around the world, members of the public are strongly urged to avoid all non-essential travel outside Hong Kong."

"The CHP also strongly urges the public to maintain at all times strict personal and environmental hygiene, which is key to personal protection against infection and prevention of the spread of the disease in the community. On a personal level, members of the public should wear a surgical mask when having respiratory symptoms, taking public transport or staying in crowded places. They should also perform hand hygiene frequently, especially before touching the mouth, nose or eyes.

"As for household environmental hygiene, members of the public are advised to maintain drainage pipes properly, regularly pour water into drain outlets (U-traps) and cover all floor drain outlets when they are not in use. After using the toilet, they should put the toilet lid down before flushing to avoid spreading germs."

The CHP has set up hotlines (2125 1111 and 2125 1122), which operate from 8am to 8pm daily, for public enquiries. As at 3pm today, a total of 121 701 calls had been received.

Moreover, the Government has launched the website "COVID-19 Thematic Website" (www.coronavirus.gov.hk) for announcing the latest updates on various news on COVID-19 infection and health advice to help the public understand the latest updates.

To prevent pneumonia and respiratory tract infection, members of the public should always maintain good personal and environmental hygiene. They are advised to:

- Wear a surgical mask when taking public transport or staying in crowded places. It is important to wear a mask properly, including performing hand hygiene before wearing and after removing a mask;
- Perform hand hygiene frequently, especially before touching the mouth, nose or eyes, after touching public installations such as handrails or doorknobs, or when hands are contaminated by respiratory secretions after coughing or sneezing;
- Maintain drainage pipes properly and regularly (about once a week) pour about half a litre of water into each drain outlet (U-trap) to ensure environmental hygiene;
- Cover all floor drain outlets when they are not in use;
- After using the toilet, put the toilet lid down before flushing to avoid spreading germs;
- Wash hands with liquid soap and water, and rub for at least 20 seconds. Then rinse with water and dry with a disposable paper towel. If hand washing facilities are not available, or when hands are not visibly soiled, performing hand hygiene with 70 to 80 per cent alcohol-based handrub is an effective alternative;
- Cover your mouth and nose with tissue paper when sneezing or coughing. Dispose of soiled tissues into a lidded rubbish bin, then wash hands thoroughly; and
- When having respiratory symptoms, wear a surgical mask, refrain from work or attending class at school, avoid going to crowded places and seek medical

advice promptly.