

Hong Kong & Mainland China News – Jan-2022

China factory activity surges

by www.thestandard.com.hk

Wednesday, Jan 05, 2022

China's factory activity grew at its fastest pace in six months in December, driven by production hikes and easing price pressures, but a weaker job market and business confidence added uncertainty.

The Caixin/Markit Manufacturing Purchasing Managers' Index rose to 50.9 in December - its highest level since June. Economists in a Reuters poll had expected the index to rise to 50.0, which separates growth from contraction on a monthly basis, from November's 49.9.

The relative strength in the Caixin PMI tallies with an official survey released on Friday which showed China's factory activity edged up.

Factory output increased at the fastest pace in a year, the private survey showed, helped by easing price pressures.

Soaring raw materials prices, which have weighed on manufacturers, have eased recently amid government efforts to increase supply and stabilize prices.

But the survey also showed new export orders fell, albeit at a slower pace, and a gauge for employment continued to contract, hitting the lowest level since February.

This came as Asia's factory activity grew in December as companies took rising global cases of the new Omicron coronavirus variant in stride.

China 'will open doors wider'

by www.thestandard.com.hk

Tuesday, Jan 11, 2022

China will open its doors wider to the world in the future and not the other way around, a former head of the country's top financial regulator said yesterday.

China Banking and Insurance Regulatory Commission's former chairman Shang Fulin told the Asian Financial Forum that "internal circulation," which was first raised by President Xi Jinping in 2020, was not aimed to closing the economy, but rather at tapping into the resources of both domestic and external markets as well as promoting international cooperation.

Speaking at the same event, which was held online this year, Ashley Alder, the chief executive of Securities and Futures Commission, said more quantitative ESG reporting is needed so that regulators can monitor the progress of sustainability in different industries more effectively.

The International Financial Reporting Standards Foundation is currently working on an unified ESG reporting standard, which he hopes could be launched later this year, so as to mitigate "greenwashing" behaviors by increasing the consistency and comparability of the standard.

Greenwashing is referring to misleading or deceiving consumers into believing that a company's products are environmentally friendly.

Meanwhile, Edward Moncreiffe, chairman of the Hong Kong Federation of Insurers, suggested at the same event that the Insurance Authority should provide incentives for insurers to invest in green assets.

China's global trade surplus surges in 2021

by www.rthk.hk
Friday, Jan 14, 2022

China's global trade surplus surged to US\$676.4 billion in 2021, likely the highest ever recorded by any country, as exports jumped 29.9 percent over a year earlier despite semiconductor shortages that disrupted manufacturing.

The country's trade surplus in December swelled 20.8 percent over a year earlier to a monthly record of US\$94.4 billion, customs data showed Friday.

Exports rose to US\$3.3 trillion in 2021 despite shortages of processor chips for smartphones and other products as global demand rebounded from the pandemic. Manufacturers also were hampered by power rationing imposed in some areas.

Although China piled up a series of monthly export surpluses last year, trade grew more slowly in December as the world's second-largest economy showed signs of slowing.

Exports rose 20.9 percent year on year last month, after increasing 22 percent in November. Imports climbed 19.5 percent in December, down from a 31.7 percent gain the month before.

China's swelling trade surplus in 2021 prompted less criticism from the United States and other trading partners than in earlier years as they focused on containing coronavirus infections.

The surplus with the US, one of the irritants behind a lingering trade war, rose 25.1 percent in 2021 over a year earlier to US\$396.6 billion.

Mainland exporters benefited from being allowed to resume normal business much earlier in the pandemic than their foreign competitors.

Most forecasters had expected them to also benefit from the spread of omicron. But recent outbreaks of the coronavirus variant have seen lockdowns and transport restrictions imposed on cities, including Tianjin - the manufacturing centre where the local transmission of omicron was first detected on the mainland.

110k companies newly registered

by news.gov.hk
Friday, Jan 14, 2022

The total number of local companies registered reached 1,375,172 in 2021, while 110,840 were newly registered in the year, the Companies Registry announced today.

Among the newly registered companies, 66,538 were incorporated online at the e-Registry or via the CR eFiling mobile application.

In 2021, a total of 1,316 non-Hong Kong companies that have newly established a place of business in the city were registered under the Companies Ordinance.

The number of registered non-Hong Kong companies reached 14,348 by the end of the year, up 4.33% year-on-year.

Upon the commencement of new fund re-domiciliation mechanisms under the open-ended fund company (OFC) and limited partnership fund (LPF) regimes on November 1 last year, existing funds set up in the form of a company or limited partnership outside Hong Kong may register as an OFC or LPF in Hong Kong.

There were 342 LPFs newly registered in 2021, bringing the total number to 409 at the end of the year.

Registrar of Companies Kitty Tsui said that the new mechanisms aim to enhance the attractiveness of the OFC and LPF regimes and strengthen Hong Kong's position as an international asset and wealth management centre.

Regarding the licensing of trust or company service providers under the Anti-Money Laundering & Counter-Terrorist Financing Ordinance, a total of 725 licences were granted in 2021 and the total number of such licensees was 6,711.

To enhance the protection of sensitive personal information, while keeping up the transparency and usefulness of the Companies Register, a new inspection regime of the register under the Companies Ordinance began during the year, which is being implemented in three phases from August 2021 to the end of 2023.

Mainland growth slows but faster than expected

by www.rthk.hk

Monday, Jan 17, 2022

China's economy grew 4.0 percent in the fourth quarter from a year earlier, faster than expected but its weakest expansion in one-and-half years, National Bureau of Statistics data showed on Monday.

Gross domestic product (GDP) had been forecast to expand 3.6 percent from a year earlier, according to a Reuters poll of analysts, slowing from 4.9 percent in the third quarter.

GDP grew 8.1 percent in 2021, the data showed, faster than 8.0 percent expected by analysts.

On a quarter-on-quarter basis, GDP rose 1.6 percent in October-December, compared with expectations for a 1.1 percent rise and a revised 0.7 percent gain in the previous quarter.

China's economy got off to a strong start in 2021 as activity rebounded from a pandemic-induced slump the previous year, but it has lost steam due to a property downturn, debt curbs and strict Covid-19 curbs which have hit consumption.

Mainland leaders have pledged more support for the economy, which is facing multiple headwinds into 2022.

Xi confident of growth amid rate cut

by www.thestandard.com.hk

Tuesday, Jan 18, 2022

President Xi Jinping expressed confidence in China's economic growth in the future after the economy grew faster than expected in the final quarter of 2021 but the growth was still at its weakest pace in one-and-a-half years, prompting the central bank to unexpectedly cut its one-year loan rate to banks by 10 basis points.

For the full year, China's economy grew by 8.1 percent - its best expansion since 2011 - and faster than a forecast 8.0 percent.

Xi told the Davos Agenda 2022 via video yesterday the eight percent growth in the economy has revealed the country achieved dual objectives of higher growth and lower inflation despite significant pressure from changes in the domestic and external environment.

The five-day virtual event is being held on the World Economic Forum website and social media channels.

Xi's speech came as The People's Bank of China yesterday unexpectedly cut the borrowing costs of its medium-term loans for the first time since April 2020, while some market analysts expect more policy easing this year to cushion an economic slowdown.

"Economic momentum remains weak amid repeated virus outbreaks and a struggling property sector. As such, we anticipate another 20 bps of cuts to PBOC policy rates during the first half of this year," said analysts at Capital Economics, in a note.

But Nomura said in a note the space left for future rate cuts this year was small. "We expect another 10 bp rate cut before mid-2022."

Adding to another concern to China's economy, the country's property investment dropped 13.9 percent in December from a year earlier, falling at the fastest pace since early 2020.

Investment grew 4.4 percent in 2021, the slowest since 2016.

Weak consumption data also clouded the outlook, with retail sales in December missing expectations with only a 1.7 percent increase from a year earlier, the slowest pace since August 2020. The retail sales in 2021 grew 12.5 percent, missing a market expectation of 12.7 percent.

A bright spot was industrial output, up an annual 4.3 percent in December, picking up from a 3.8 percent increase in November, and better than a 3.6 percent increase in a Reuters poll.

Fixed asset investment rose 4.9 percent in 2021, compared with the 4.8 percent increase tipped by analysts and 5.2 percent in the first 11 months of the year.

Booming shipments to coronavirus-hit economies overseas were a key boost to China's growth last year, with net exports accounting for more than a quarter of GDP growth in the last quarter of 2021 and the country logging its biggest trade surplus last year since records started in 1950.

The job market remained generally stable, with the surveyed average urban unemployment rate standing at 5.1 percent, down 0.5 percentage points from a year ago.

HK's financial system lauded

by news.gov.hk

Thursday, Jan 20, 2022

The International Monetary Fund Staff Mission today commended Hong Kong's strong economic recovery and the Government's efforts to safeguard financial stability.

The mission made the assessment in its concluding statement which was published today following the completion of the 2022 Article IV Consultation with the Hong Kong Special Administrative Region.

It reaffirmed Hong Kong's position as a major international financial centre and recognised that the city's financial sector, underpinned by robust regulatory and supervisory frameworks, has continued to expand even during the COVID-19 pandemic.

The well-functioning Linked Exchange Rate System remains key to safeguarding economic and financial stability, while Hong Kong's macroprudential policies and strong institutional frameworks have also provided it with important buffers to cope with economic shocks.

The mission noted that Hong Kong's economy has recovered strongly with the support of swift and bold policy responses. It projected a growth of 6.4% and 3% in the city's real gross domestic product in 2021 and 2022.

There is upside potential for Hong Kong's economic growth due to factors including a faster-than-expected global recovery and the development of the Guangdong-Hong Kong-Macao Greater Bay Area, it said.

Noting that the large fiscal stimulus has helped mitigate the impact of economic shocks on Hong Kong, the mission recommended that Hong Kong's fiscal policy return to a balanced budget in a gradual manner and it should focus on more targeted support measures with a view to backing balanced and inclusive economic growth and addressing structural challenges.

Meanwhile, the mission recognised the Government's ongoing efforts to enhance the green and sustainable finance ecosystem, such as adopting internationally accepted standards and promoting eligible green and sustainable financing.

It also remarked that capitalising on opportunities from the Mainland and strengthening regional and international collaboration on the green development front are conducive to consolidating Hong Kong's position as a major international financial centre.

Financial Secretary Paul Chan welcomed the mission's recognition of Hong Kong's strong economic recovery supported by the Government's swift and bold policy responses, including the Consumption Voucher Scheme and various anti-epidemic support measures.

He said: "I am glad that the mission commends our resilient financial system underpinned by robust regulatory and supervisory frameworks and ample buffers built over the years.

"We will continue to stay highly vigilant and monitor the economic situation closely, with a view to maintaining financial stability and fostering balanced, inclusive and sustainable growth."

Monetary Authority Chief Executive Eddie Yue also welcomed the mission's positive assessment of Hong Kong's regulatory and supervisory framework that it has kept pace with market developments and technological advancements.

The mission held virtual discussions with government officials, regulators and private sector representatives in Hong Kong from December 1 to 15 last year for the 2022 Article IV Consultation with the Hong Kong SAR.

The full report will be discussed by the fund's executive board next month.

Economy grows 6.4% in 2021

by news.gov.hk

Wednesday, Jan 28, 2022

Hong Kong's economy in the fourth quarter of 2021 grew 4.8% year-on-year, and rose 6.4% for 2021 as a whole, reversing the declines in the previous two years.

The Census & Statistics Department announced the figures today as it released the advance estimates on Gross Domestic Product (GDP) for the fourth quarter and the whole year of 2021.

According to the estimates, private consumption expenditure increased 6% in real terms in the fourth quarter of 2021 over a year earlier and rose 5.7% for the whole year.

Government consumption expenditure climbed 4.1% year-on-year and grew 4.6% for 2021 as a whole.

Gross domestic fixed capital formation increased marginally by 0.1% year-on-year, but expanded 10.1% in the whole of 2021.

Over the same period, total goods exports and imports surged 13.3% and 9.7% from a year earlier. For 2021, total goods exports and imports grew 19% and 17.5%.

Compared with a year earlier, exports of services increased 5.7% for the fourth quarter while imports went up 5.2%. For 2021 in full, exports and imports of services rose 0.8% and 1.9%.

Commenting on the figures, the Government said Hong Kong's economy had recovered further in the fourth quarter of 2021 because of the robust export performance and improved private consumption.

Looking ahead, the city's economy is expected to expand further this year, with the pace subject to uncertainties such as those relating to the local COVID-19 situation. The latest wave of the virus and the tightened anti-epidemic measures have also posed renewed pressures on economic activities and weighed on sentiment.

It is essential for the community to work with the Government to contain the epidemic.

Meanwhile, the global economic recovery, which should render further support to Hong Kong's exports, is envisaged to slow in 2022. High inflation in some major economies may persist longer as a result of supply bottlenecks amid the evolving pandemic.

While this development would increase pressure on local inflation, it could at the same time lead to a faster pace of monetary policy tightening by major central banks, with possible impacts on the global economy and financial market volatility.

The revised GDP figures for the fourth quarter of 2021 and the whole year will be released on February 23 when the 2022-23 Budget is announced, the Government added.