Hong Kong & Mainland China News – Nov-2020

Digital transactions cross 2b yuan

by www.thestanadard.com.hk
Tuesday, Nov 03, 2020

China has witnessed more than four million transactions totaling over 2 billion yuan (HK$2.32 billion) in its digital currency so far, People's Bank of China governor Yi Gang said yesterday.

Speaking at the Hong Kong Fintech Week conference, Yi said the pilot program on the rollout of a digital currency in four cities has been smooth.

Growth in contactless banking during the virus pandemic has created challenges for central banks, which have to manage the convenience for consumers while ensuring their safety, he said. "Protecting consumers' private information is a challenge," Yi emphasized.

Fintech companies have some key advantages over commercial banks in terms of developing a customer base and managing risk.

Large technology companies do not need to expand branches to attract a large number of customers from fintech products and customers have high loyalty.

In addition, technology companies have more room to control risks, making their products compete with traditional banks.

Hong Kong beefs up cryptocurrency monitoring

by www.rthk.hk
Tuesday, Nov 03, 2020

Hong Kong financial markets' regulator said on Tuesday that the SAR government will introduce a new licensing system for cryptocurrency trading, effectively giving it the power to oversee all virtual assets trading platforms in the city.

The Chief Executive Officer of Securities and Futures Commission (SFC), Ashley Alder, said that platform operators need to apply for a licence with the SFC if they operate or target investors in Hong Kong in future.

"Later today, the government will propose a new licensing regime under the Anti-Money Laundering Ordinance for platforms which trade any type of crypto asset even if not classified as securities," Alder said at this year's Hong Kong Fintech Week.

"Once this new regime is in place, all virtual asset trading platforms in Hong Kong would be regulated, supervised and monitored under one of two regimes: the existing opt-in framework we introduced last year, or the proposed new licensing approach being announced today."

Alder said that although the regulator had brought in a set of rules last year to regulate cryptocurrency exchanges, they only apply to platforms that offer at least one virtual asset that falls under the legal definition of securities.

He added that another "significant limitation" of the existing regulating framework lies in its opt-in approach.

"So if a platform operator is really determined to remain completely off the regulatory radar, it can do so simply by ensuring that its traded crypto assets are not within the legal definition of a security," Alder said.

China exports jump more than 10pct

by www.rthk.hk
Saturday, Nov 07, 2020

China's exports posted strong growth again last month, extending an upward trend on the back of a consumption rebound among its major trading partners, official data showed on Saturday.

Inbound shipments, however, cooled after a surge in September -- with analysts expecting that a drop in import prices weighed on headline numbers.

Although the coronavirus pandemic has battered countries worldwide, foreign trade in the world's second-largest economy fared better than expected, buoyed by healthcare shipments.

Exports rose 11.4 percent on-year in October, customs data showed, better than the 8.9 percent growth predicted by a Bloomberg poll of economists.

Imports meanwhile grew 4.7 percent, short of the 8.8 percent on-year rise expected.

The customs administration said Saturday that China's exports of mechanical and electrical products rose in the first 10 months, as did outbound shipments of textiles including face masks, which rose around 35 percent from a year ago.

Capital Economics cautioned in a report this week, however, that recent data pointed to a drop in new export orders in October, signalling that "foreign demand has started to soften following fresh lockdowns abroad".

The resurgence of infections in key markets -- including the US and Europe -- could strike external demand for China, which has made a renewed push this year for local consumption to underpin growth.

"Most measures suggest that domestic demand continued to strengthen and the infrastructure investment at the heart of the ongoing stimulus is particularly import-intensive," said Capital Economics.

Meanwhile, China's trade surplus with the US -- the core gripe in Washington in the bruising trade war -- rose around 19 percent from last year to US$31.4 billion in October.

This widened slightly from the US$30.8 billion seen in the month before, marking one of the larger surpluses this year according to Chinese figures.

'Joe Biden will reverse anti-HK trade policies'

by www.rthk.hk
Monday, Nov 09, 2020

The Hong Kong Small and Medium Enterprises Association said it is banking on the incoming US president, Joe Biden, to reverse a series of trade sanctions and anti-China policies that had been introduced by incumbent Donald Trump

The honorary chairman of the association, Danny Lau, made the comment as a rule requiring all products made in the city for export to the US to be labelled as “Made in China" came into effect on Monday.

Trump had made the decision back in June, saying Beijing's crackdown on the pro-democracy movement in Hong Kong meant the city was no longer sufficiently autonomous enough from the mainland to deserve special trade privileges.

The SAR government said it'd launched proceedings at the World Trade Organisation to challenge the rule.

While Lau said the city’s manufacturers have now changed their labels to "Made in China", he hopes a change at the White House means the arrangement won’t be permanent.

“Because you can see Joe (Biden) plans to push forward anti-Trump policies, (for example) he’s considering to rejoin the WHO… so Joe (Biden) is doing something different from Trump and I believe there is a chance that the ‘Made in Hong Kong’ label will appear in the US again,” he said.

Lau told RTHK's Priscilla Ng that he believes Sino-US relationship will take a turn for the better under the Biden presidency. "We are optimistic that he will not go the same path as Trump."

Economy's recovering, SME index shows

by www.thestanadard.com.hk
Thursday, Nov 12, 2020

The Hong Kong economy has bottomed out, an SME confidence index shows.

The Standard Chartered Hong Kong SME Leading Business Index rose 7.7 points to 37.5 for the fourth quarter, the Hong Kong Productivity Council announced.

The overall index recorded an uptrend for two consecutive quarters, but was still at a level below 50 points, indicating pessimistic business sentiment among SMEs, said Kelvin Lau, the senior economist for Greater China and global research at Standard Chartered Bank (Hong Kong).

"The worst is over," Lau said, adding that the economy should recover in the first quarter in 2021.

All five component sub-indices continued to rise during the past two quarters, among which "Global Economy" jumped the most to 23.2 in quarter 4 from 7.9 in the previous quarter.

The council interviewed the management of 816 small and medium enterprises via phone in September.

Yuan flying high as greenback may weaken 20pc

by www.thestanadard.com.hk
Wednesday, Nov 18, 2020

China's yuan climbed to the strongest level in more than two years, while Citibank said the widespread distribution of vaccines to combat the coronavirus pandemic and ongoing monetary easing could cause the US dollar to weaken as much as 20 percent next year.

"When viable, widely distributed vaccines hit the market, we believe that this will catalyze the next leg lower in the structural USD downtrend we expect," the US bank said in a research note.

"Given this set-up, there is the potential for the dollar's losses to be front-loaded, with the USD potentially falling by as much as 20 percent in 2021."

The yuan jumped as much as 0.5 percent to 6.55 a US dollar, surpassing the high it reached earlier this month when a victory by Joe Biden in the US presidential election became apparent. The currency is set to climb for a fourth session, pushing a measure of its relative strength past a level that signals to some investors an asset is overbought.

Meanwhile, the pound, a barometer for markets through four years of Brexit twists and turns, will probably weaken by 5 percent if the UK and European Union fail to reach a trade agreement.

HK first in line to join trade bloc says Chan

by www.thestanadard.com.hk
Monday, Nov 23, 2020

Hong Kong hopes to be among the first economies to join the new Regional Comprehensive Economic Partnership once it opens its doors to new members, said Financial Secretary Paul Chan Mo-po.

Fifteen Asia-Pacific nations, including China, Japan, South Korea and Australia, signed the mega free trade agreement, covering 30 percent of global gross domestic product, aiming revive Covid-19-hit economies by reducing trade costs.

Chan said joining the RCEP would benefit the Hong Kong's trade in services and investment.

Total bilateral trade between Hong Kong and the 15 RCEP members reached US$765.5 billion (HK$5.97 trillion) in 2019, accounting for 71 percent of the city's total trade value, Chan wrote in a blog post yesterday, adding that Hong Kong had expressed its willingness to join the trade agreement back in 2018.

November factory activity in China climbs at fastest pace since 2017

by www.thestanadard.com.hk
Monday, Nov 30, 2020

China's factory activity expanded at the fastest pace in more than three years in November, Reuters reports.

The official manufacturing Purchasing Manager's Index (PMI) was at 52.1 in November from 51.4 in October, data from the National Bureau of Statistics said today. It was the highest PMI reading since September 2017 and remained above the 50-point mark that separates growth from contraction on a monthly basis.

China also reported 18 new coronavirus patients as of Sunday.

While China's vast industrial sector is steadily returning to the levels of activity seen before the coronavirus pandemic in the country, surging infections and fresh lockdowns in many of its key trading partners could dent demand for exports.

The official PMI, which largely focuses on big- and state-owned companies, showed the sub-index for new export orders stood at 51.5 in November, improving further from 51 a month earlier.

Economic indicators ranging from trade to producer prices all suggest a further pick up in the industrial sector. A sub-index for the activity of small firms stood at 50.1 in November, up from October's 49.4.

Analysts at Nomura expect economic growth will quicken to 5.7 percent in the fourth quarter year-on-year, from 4.9 percent in the third quarter.