

First Meeting of the Economic and Employment Council

Agenda Item 2 : Recent Situation of the Overall Economy and the Labour Market and Outlook for 2004

Introduction

This paper reviews the overall situation in the Hong Kong economy and the labour market in 2003, and broadly examines the outlook for 2004. A fuller discussion of the 2003 performance and the 2004 prospects will be presented and documented along with the Financial Secretary's 2004/05 Budget.

Economic performance in 2003

2. The economy went through a sharp gyration during 2003, with the revival impetus earlier in the year abruptly disrupted by the outbreak of SARS in late March. Yet as SARS was brought under control, the economic situation began to turn around towards the end of May, and then turned progressively better since. By the third quarter, the economy promptly resumed growth, and the upswing extended well into the fourth quarter along with the upturn in inbound tourism, reviving domestic sector, and vibrant external trade.

3. On a year-on-year comparison, GDP still grew strongly by 4.5% in real terms in the first quarter of 2003, relapsed to a 0.5% decline in the second quarter, yet bounced up to an appreciable growth at 4.0% in the third quarter (*Table 1 and Chart 1*). Growth in the fourth quarter was probably even better. On a seasonally adjusted quarter-to-quarter comparison, the turnaround in GDP was even more conspicuous, from respective decreases of 0.3% and 3.7% in real terms in the first two quarters of 2003 to a distinct growth at 6.4% in the third quarter. For 2003 as a whole, the earlier GDP forecast of a 3% growth in real terms should be well attainable, better than the 2.3% growth in 2002.

4. External trade remained vibrant, thereby rendering a considerable cushion to the economy against the setback in the domestic sector at the height of the SARS threat. Total exports of goods, having surged by 19.1% in the first quarter of 2003 over a year earlier, rose markedly by 14.3% in real terms in the second quarter. Notwithstanding a much elevated base of comparison in the second half of the preceding year, exports still attained robust increases by 9.8% in the third quarter and around 14% in the fourth quarter (*Chart 2*). The strong

export performance in 2003 had benefited much from the generally improved global economic environment during the year. Also relevant was enhanced price attractiveness of Hong Kong's exports, stemming from the exchange rate movements and the domestic cost adjustments, as well as ascending competitiveness of Mainland products as the main source of Hong Kong's re-exports to the overseas markets. The war on Iraq and the outbreak of SARS had inflicted only brief and limited impact on Hong Kong's exports.

5. On invisible trade, exports of services still had robust growth at 12.5% in real terms in the first quarter of 2003 over a year earlier. This strong growth momentum was disrupted by the spread of SARS in Hong Kong, causing exports of services to plummet by 13.9% in the second quarter (*Chart 3*). Yet exports of services turned up promptly to a 6.9% rise in the third quarter. The latest available data suggest a further leap in exports of services in the fourth quarter. The remarkable turnaround owed much to the swift and strong revival in inbound tourism in the latter part of the year, aided further by the launch of the "individual visit" scheme for the Mainland visitors to Hong Kong since late July (*Table 2 and Chart 4*). Also, offshore trade was robust all through, thereby adding impetus to the economic recovery after SARS.

6. Local consumer spending, having receded abruptly in April upon the spread of SARS, turned up steadily in May and June as the SARS threat receded. By August, the volume of retail sales resumed increase for the first time in seven months, in stark contrast to the steep decline in April at the height of the SARS threat. The upturn in retail sales continued in the more recent period, marked by broad-based improvement across many types of outlets and commodities. Retail sales rose by 1.2% in volume in the third quarter of 2003 over a year earlier, followed by a more distinct rise by 5.2% in the fourth quarter, as against decreases by 0.8% and 7.7% in the first and second quarters (*Table 3 and Chart 5*). Private consumption expenditure rose back for the first time in two years, by 2.0% in real terms in the third quarter of 2003 over a year earlier, after declines by 1.7% and 2.6% in the first and second quarters (*Chart 6*). Consumer sentiment appeared especially upbeat towards the end of the year, boosted by the rally in the local stock market, a more active property market, and steady improvement in the overall employment situation.

7. Investment spending also showed some relative improvement. After a 3.5% rise in the first quarter, and a 5.7% fall in the second quarter owing to the SARS impact, overall investment had a much narrowed decline by merely 0.4% in real terms in the third quarter of 2003 over a year earlier. This was mainly contributed by a distinct pick-up in machinery and equipment acquisition, conceivably upon improved business outlook (*Chart 7*). Yet building and

construction output remained weak in the third quarter, due to winding down of several large infrastructural projects and a lull in private sector building projects (*Chart 8*). While figures for the fourth quarter are not yet available, machinery and equipment intake as reflected by retained imports of capital goods should have accelerated further in recent months (*Table 3*). But building and construction output still appeared slack.

8. The stock market bounced back visibly after mid-May, and surged further to successive two-year highs towards the end of 2003, and then even more in January 2004. The upbeat sentiment was boosted by the signing of the Closer Economic Partnership Arrangement (CEPA) between Hong Kong and the Mainland, launch of the “individual visit” scheme for Mainland visitors to Hong Kong, and rally in the US and regional stock markets. The Hang Seng Index reached a 28-month high at 12 594 on 12 December, before closing 2003 at 12 576, up by 34.9% over end-2002 (*Table 4 and Chart 9*). It stood at 13 577 on the 9 February 2004 closing. The average daily turnover in the local stock market also went markedly higher, from \$6 billion in the first quarter of 2003 to \$8 billion in the second quarter, \$12 billion in the third quarter, and further to \$15 billion in the fourth quarter.

9. The property market had manifestly turned around in late 2003, after the languish performance earlier in the year. The pick-up in transactions was particularly notable in the residential property market. Flat prices on average rebounded by around 9% between July and December 2003. Flat rentals also seemed to have ceased to decline towards the end of the year (*Table 4 and Chart 10*). Agreements for sale and purchase of property surged from 17 500 in the second quarter of 2003 to 22 500 in the third quarter, and further to 29 600 in the fourth quarter. Within the total, agreements in respect of residential property leaped from 14 300 in the second quarter of 2003 to 18 700 in the third quarter, and further to 24 100 in the fourth quarter (*Chart 11*).

10. Consumer prices in the first half of 2003 were much dampened by slack domestic demand, depressed wages and rentals, and reduced profit margin especially during the SARS threat. The Government’s relief measures specifically in respect of the rates concession in July-September and the waiver of water and sewage charges in August-November also exerted a downward effect. Yet the year-on-year decline in the Composite CPI tapered successively after mid-2003, from 4.0% in July to 2.7% in October and further to 1.9% in December. To a certain extent, this was attributable to smaller price discounts on many of the consumer items upon improved retail business. Dissipation of the downward effect brought about by the said relief measures was also relevant. These apart, there were more apparent supply cost pressures from firmer prices

of retained imports, amidst a weaker US dollar and continued uptrend in world commodity prices. On a seasonally adjusted quarter-to-quarter comparison, the Composite CPI went down by 0.1%, 1.1% and 1.9% respectively in the first three quarters of 2003, before turning up by 0.8% in the fourth quarter. For 2003 as a whole, the Composite CPI fell by 2.6%, smaller than the 3.0% decline in 2002 (*Table 5 and Chart 12*).

Labour market situation in 2003

11. The labour market remained slack in overall terms in 2003. A progressive improvement was nevertheless observed in the latter part of the year, from the severe setback in the earlier months brought about by the abrupt economic downturn inflicted by SARS. The seasonally adjusted unemployment rate and the underemployment rate soared to their respective peak levels at 8.7% in May - July and 4.3% in April - June. The corresponding total numbers unemployed (*not seasonally adjusted*) and underemployed at the peak were 309 000 and 151 000. As overall economic activity including in particular inbound tourism and local consumer spending bounced up upon dissipation of the SARS impact, the seasonally adjusted unemployment rate came down distinctly, to 8.3% in the third quarter and 7.3% in the fourth quarter, as did the underemployment rate, to 3.6% and 3.3% in these two quarters. Yet for 2003 as a whole, the unemployment rate and underemployment rate, averaging at 7.9% and 3.5% respectively, were still higher than those of 7.3% and 3.0% in 2002 (*Table 6 and Chart 13*).

12. Total labour force expanded only modestly by 0.4% in 2003, much smaller than the 1.8% rise in 2002. The slower increase was entirely attributable to a decline in the labour force participation rate over the past year, especially that for persons aged 15-19 and 50 and above. Total employment contracted further, by 0.3% in 2003, albeit lesser than the 0.6% fall in 2002 (*Table 7*). The reduction in employment last year occurred mostly amongst persons aged 15-39, those with secondary education and below, and those engaged as clerks, craft and related workers, and plant and machine operators and assemblers. Yet in some other occupation categories such as professionals and associate professionals, service workers and shop sales workers, and workers in elementary occupations, there was gain in employment. Total employment, having contracted in the second and third quarters of 2003 over the preceding quarter under the SARS impact, showed a renewed increase in the fourth quarter, by 1.3% (*Chart 14*).

13. Analysed by economic sector, there was a fairly extensive decline

in unemployment rate between the third and fourth quarters of 2003. The unemployment rate had the most visible decrease in the tourism and consumption-related sectors, including the retail trade, restaurants, hotels, and amusement and recreational services, underpinned by the revival in local consumer spending and surge in inbound tourism. The unemployment rate also fell appreciably in real estate and in decoration and maintenance, in tandem with the rebound in the property market (*Table 8 and Chart 15*).

14. Analysed by sex, the unemployment rates for male and female workers both declined between the third and fourth quarters of 2003, with the former rate having a larger fall than the latter. The difference between the two unemployment rates, with that for males higher than that for females, thus narrowed to 2.6 percentage points by the fourth quarter (*Table 9 and Chart 16*).

15. Analysed by age group, while the unemployment rate went down almost across-the-board between the third and fourth quarters of 2003, the decrease was most visible amongst younger persons aged 15-24, as more first-time job-seekers were absorbed into employment following the upturn in overall economic activity (*Table 10 and Chart 17*).

16. Analysed by occupation category, there was likewise a widespread decline in unemployment rate between the third and fourth quarters of 2003. The unemployment rates for service workers and shop sales workers and for workers in elementary occupations fell visibly, in line with a pick-up in labour demand in the distributive and catering trades. So did the unemployment rates for clerks and for craft and related workers. As to workers at the upper segment of the occupational hierarchy, professionals and associate professionals also had notable decreases in unemployment rate (*Table 11 and Chart 18*).

17. Analysed by educational attainment, decline in unemployment rate was generally seen amongst persons with primary education and above between the third and fourth quarters of 2003. The fall was more distinct amongst persons with upper secondary education and above, as more of the fresh graduates entering the labour market were absorbed into employment (*Table 12 and Chart 19*).

18. There was however a clear lengthening in the median duration of unemployment, from 90 days in the third quarter of 2003 to 109 days in the fourth quarter, as well as a surge in the proportion of persons unemployed for six months or more, from 31% to 36% between these two quarters.

19. As a rough indicator of the labour market situation, the number of

vacancies received and the number of job placements achieved at the employment services run by the Labour Department, having resumed increases in the third quarter, rose significantly further by 19% and 21% respectively in the fourth quarter of 2003 over a year earlier. As another crude indicator, the number of newly authorised unemployment cases under the Comprehensive Social Security Assistance (CSSA) Scheme fell for the first time in three years, by 6% in the fourth quarter of 2003 from a year earlier, reversing the 10% rise in the third quarter. Compared with the preceding quarter, the number of these new cases in the third and fourth quarters of 2003 fell even more distinctly, by 32% and 23% respectively.

20. Labour income in money terms came down further in 2003. As an indication, both labour earnings and labour wages fell by 2.1% in money terms in the first nine months of 2003 over a year earlier, with a more distinct fall towards mid-year under the SARS impact. These followed the corresponding decreases by 1.1% and 1.0% in 2002 (*Chart 20*). Nevertheless, netting out the decline in consumer prices as represented by the Composite CPI and the CPI(A) respectively, labour earnings and labour wages still registered modest increases, by 0.6% and 0.3% in real terms in the first nine months of 2003 over a year earlier. These followed the corresponding increases by 2.0% and 1.3% in 2002.

Outlook for 2004

21. The short-term outlook for the Hong Kong economy appears rather favourable. In overall terms, growth in 2004 is expected to be faster and more broadly-based than in 2003.

22. Externally, the outlook for exports of goods in 2004 should remain good, on the back of a further improved global and regional economic environment and continued impressive growth in the Mainland economy. Moreover, the further weakening in the US dollar in recent months should bode well for the external competitiveness of Hong Kong's exports. The elimination of import tariff for Hong Kong's domestic exports to the Mainland in 374 Mainland product codes under CEPA as from the beginning of this year is also a positive factor.

23. The outlook for exports of services in 2004 should likewise be upbeat. In particular, inbound tourism and related services are expected to continue for a strong surge, with Mainland visitors including those coming under the "individual visit" scheme still rendering the key growth impetus, and with visitor arrivals from other major sources possibly recovering further. As to

offshore trade, it should stay robust on the back of the Mainland's vibrant trade flows and the further structural shift from re-exports towards offshore trade. Moreover, with CEPA enabling Hong Kong companies to have earlier and wider access to the Mainland market in 18 service sectors, exports of services can be further engendered.

24. On the domestic front, with the unemployment rate coming down visibly in tandem with the economic upturn, and with the positive developments in the asset markets in recent times also lifting consumers' inclination to spend, local consumer spending looks set for a stronger rebound in 2004. Investment spending on machinery and equipment should also pick up further in 2004, in the light of more intensive activity and better business prospects. Building and construction output seems likely to turn around during the course of 2004, given a more active property market and a larger number of new building consents recently arisen.

25. Labour demand can be expected to increase further on a broader front, as the upturn in economic activity should in turn create more job opportunities. Employment gain may be more visible in the import/export trade, in the tourism and consumption-related businesses including the retail trade, restaurants and hotels, in real estate, as well as in building and construction covering also decoration and maintenance. Notably, the pick-up in the more labour-intensive sectors should augur well for jobs at the lower to middle segments of the occupational hierarchy.

26. As to labour income, the better performance of the overall economy and the labour market should help alleviate the downward pressure on both labour earnings and labour wages during the course of 2004. But as the manpower resource balance, though improved, is still generally loose, labour earnings and labour wages may still be generally soft in the meantime.

27. Some caution factors will have to be watched over, even though as yet they do not appear to impinge much on the near-term growth prospect. The re-emergence of discrete SARS cases in Guangdong, and more significantly, the rapid spread of avian flu in the region lately, are causing concern. Also, there continues to be attention on China-US trade relations, as well as on the tracks in US dollar exchange rate and interest-rates influencing the global economic and financial scene.

28. The recent narrow-down in decline in overall consumer prices can be expected to carry forward to 2004. In face of the rebound in consumer spending, local retailers and service providers are likely to continue to reduce the price discounts and other concessions on their goods and services, and some of them may proceed to make modest upward adjustments to the prices. Domestic costs, predominantly wages and rentals, appear to have been stabilising from the earlier declines. Also, greater price pressure from the external source, stemming from the weaker US dollar and firmer world commodity prices, may gradually feed through to the local market.

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Chart 1 : Gross Domestic Product

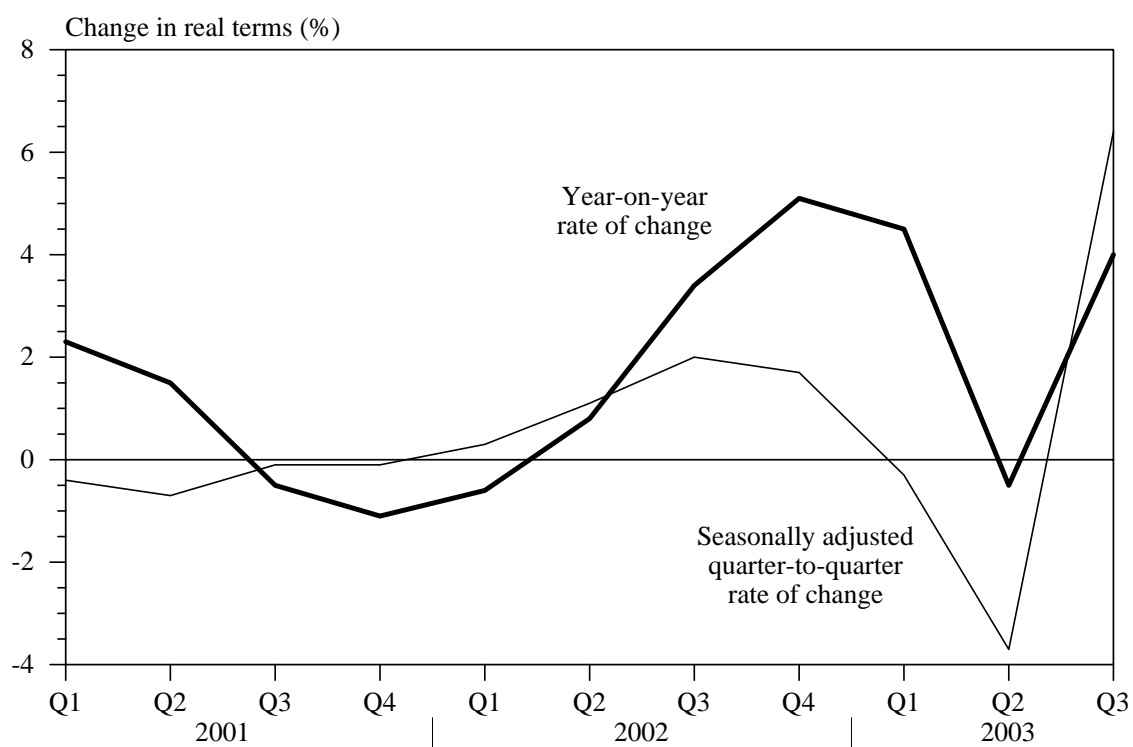
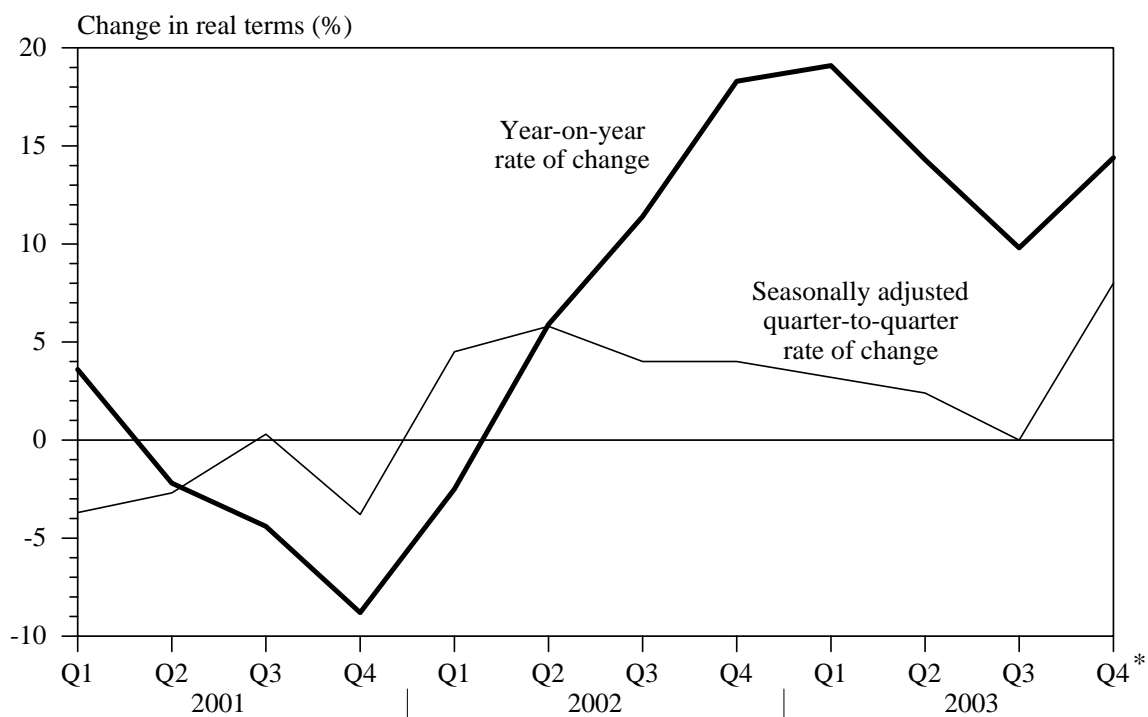


Chart 2 : Total exports of goods



Note : (*) Crude estimate.

Chart 3 : Exports of services

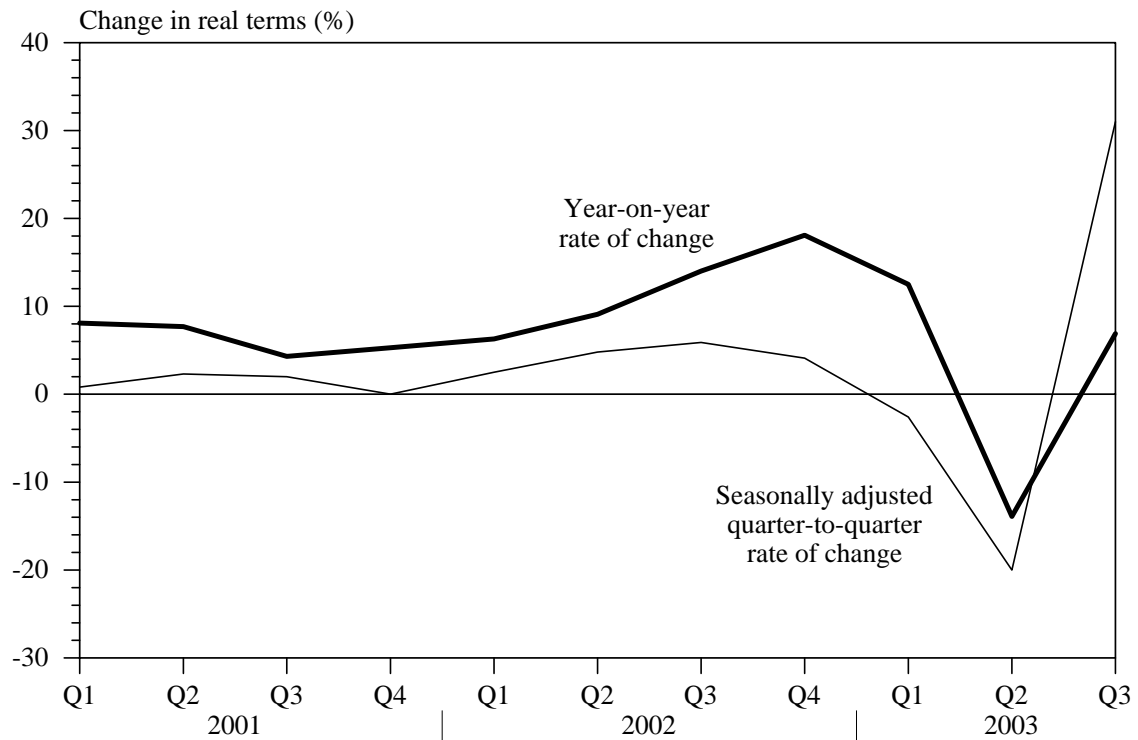


Chart 4 : Visitor arrivals

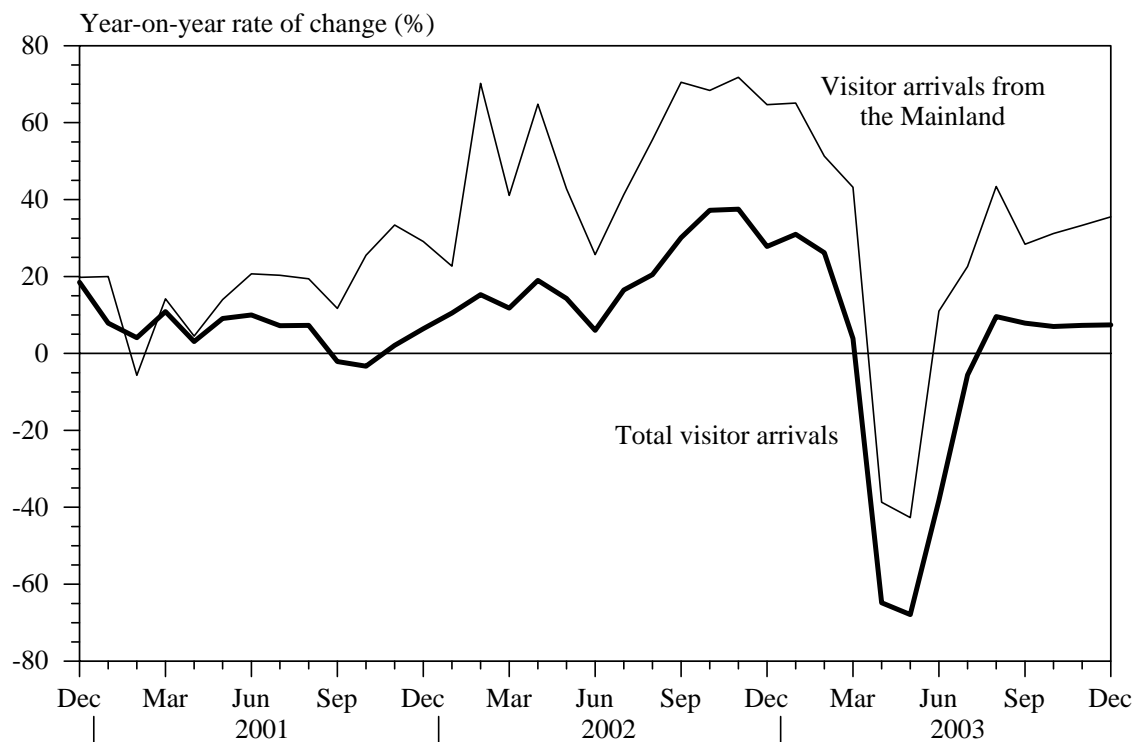


Chart 5 : Volume of retail sales

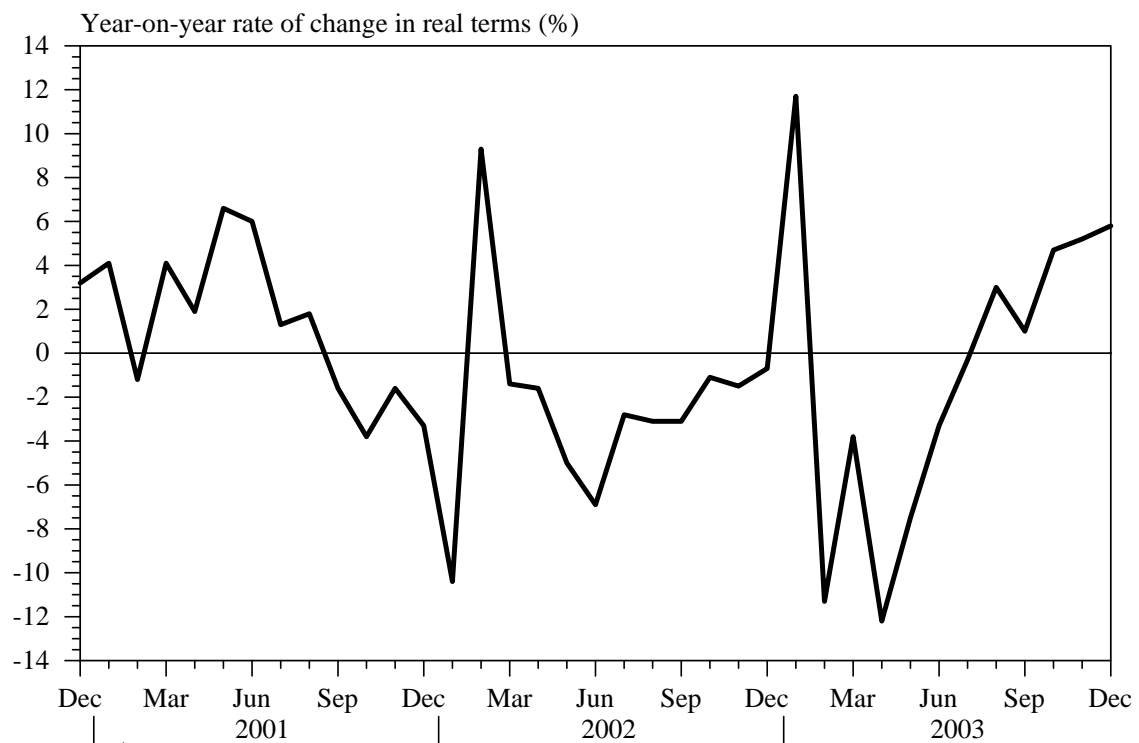


Chart 6 : Private consumption expenditure

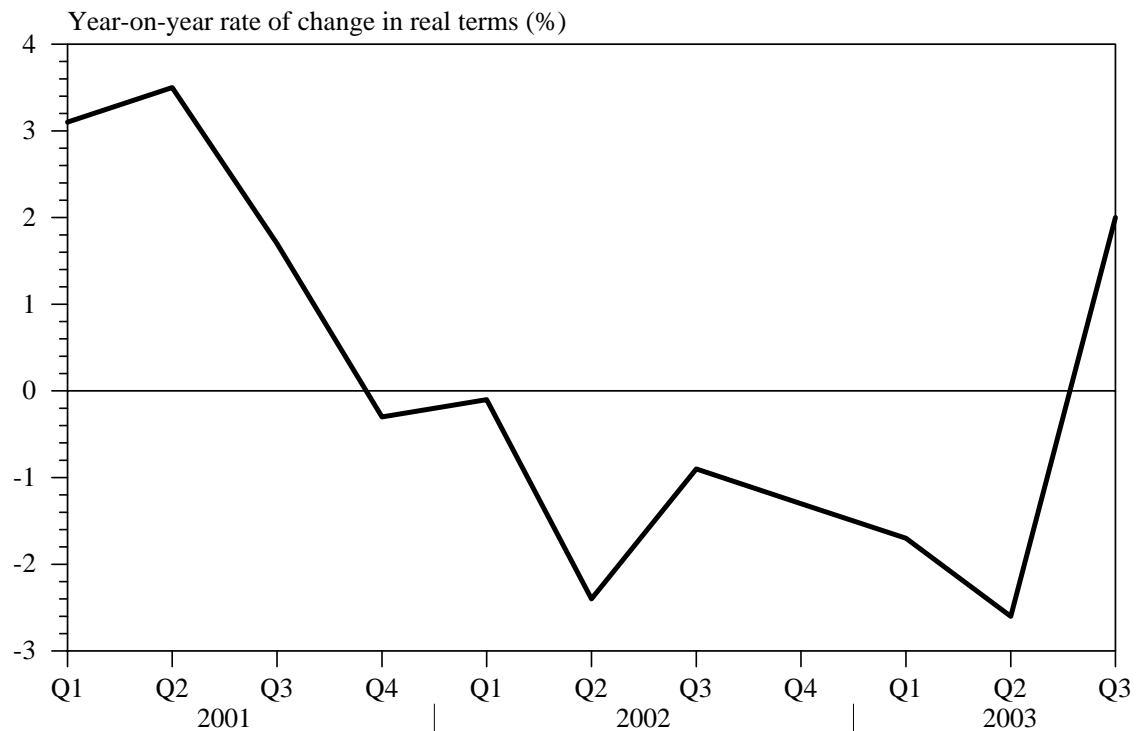


Chart 7 : Investment spending on machinery and equipment and retained imports of capital goods

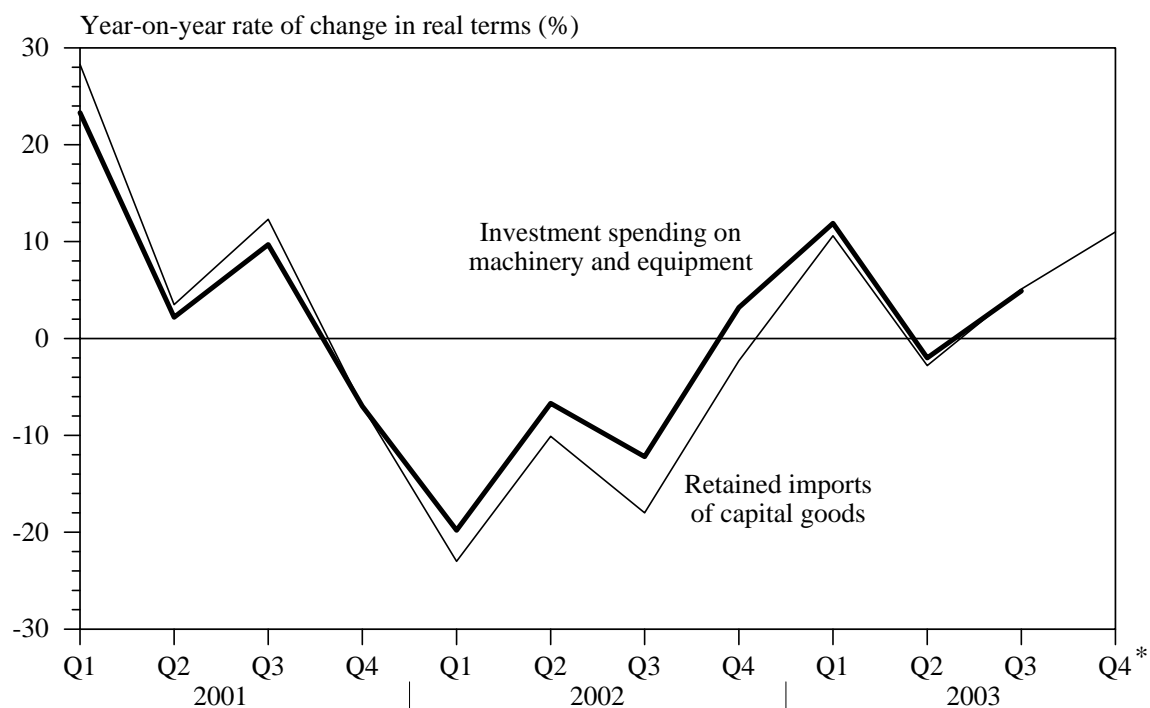
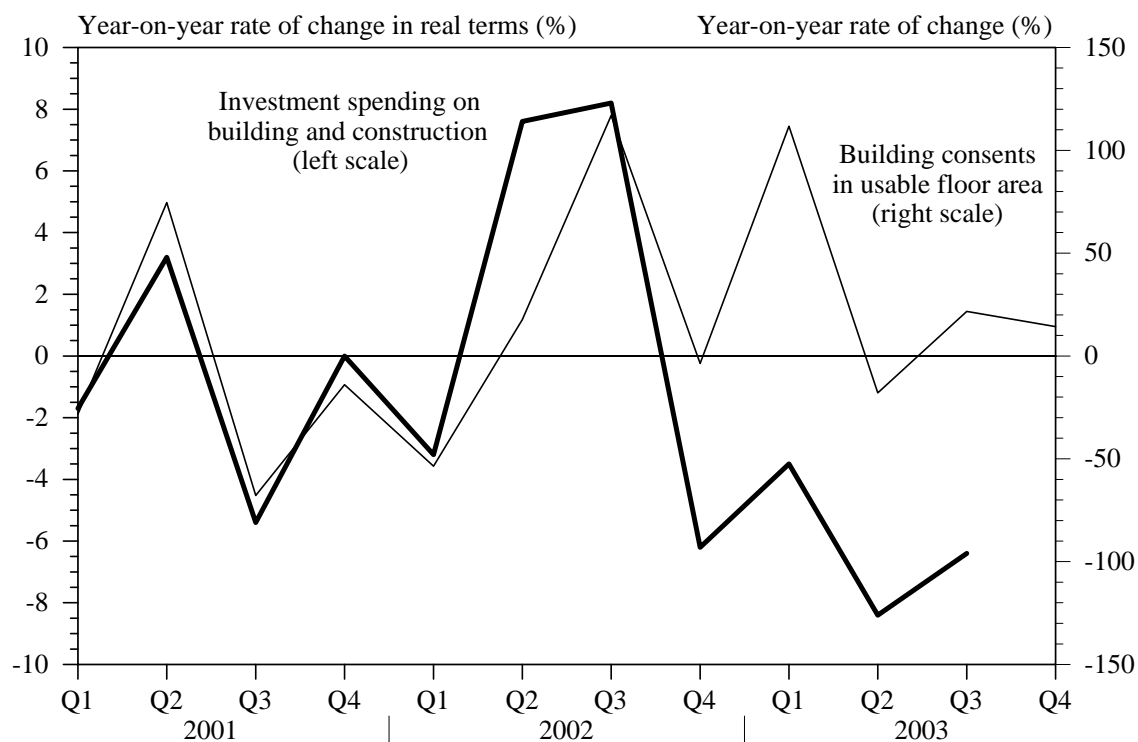


Chart 8 : Investment spending on building and construction and building consents



**Chart 9 : Hang Seng Index and average daily turnover
in the local stock market**

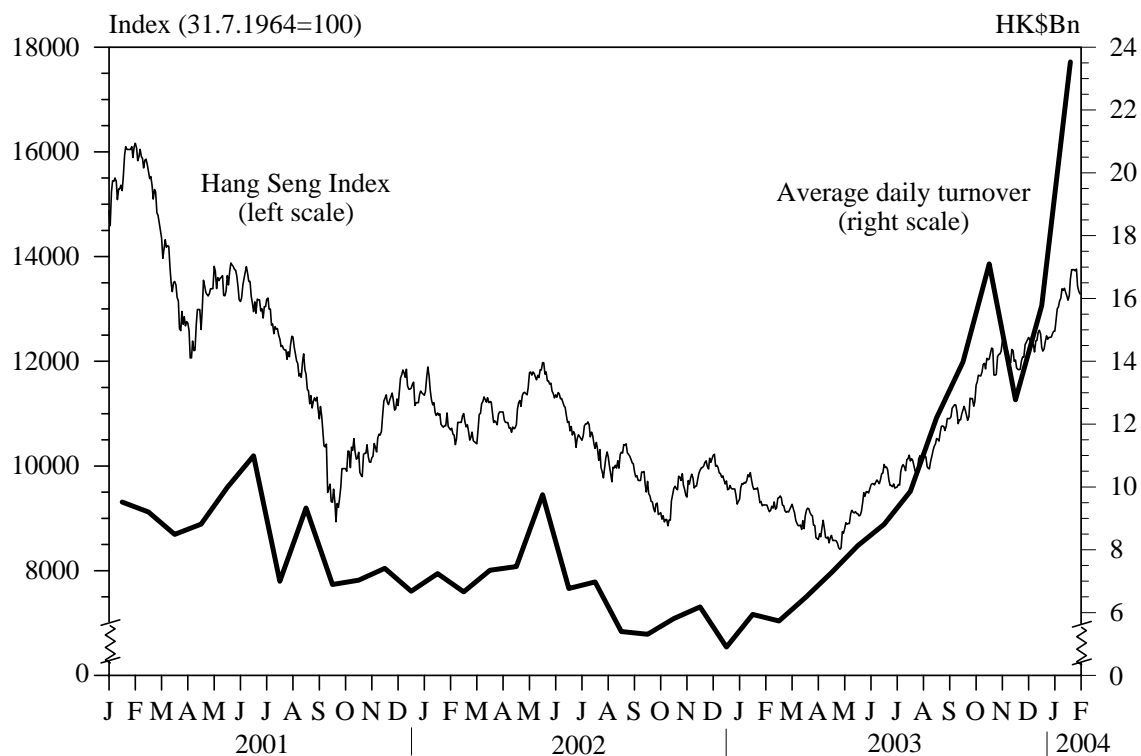


Chart 10 : Prices and rentals of private residential flats

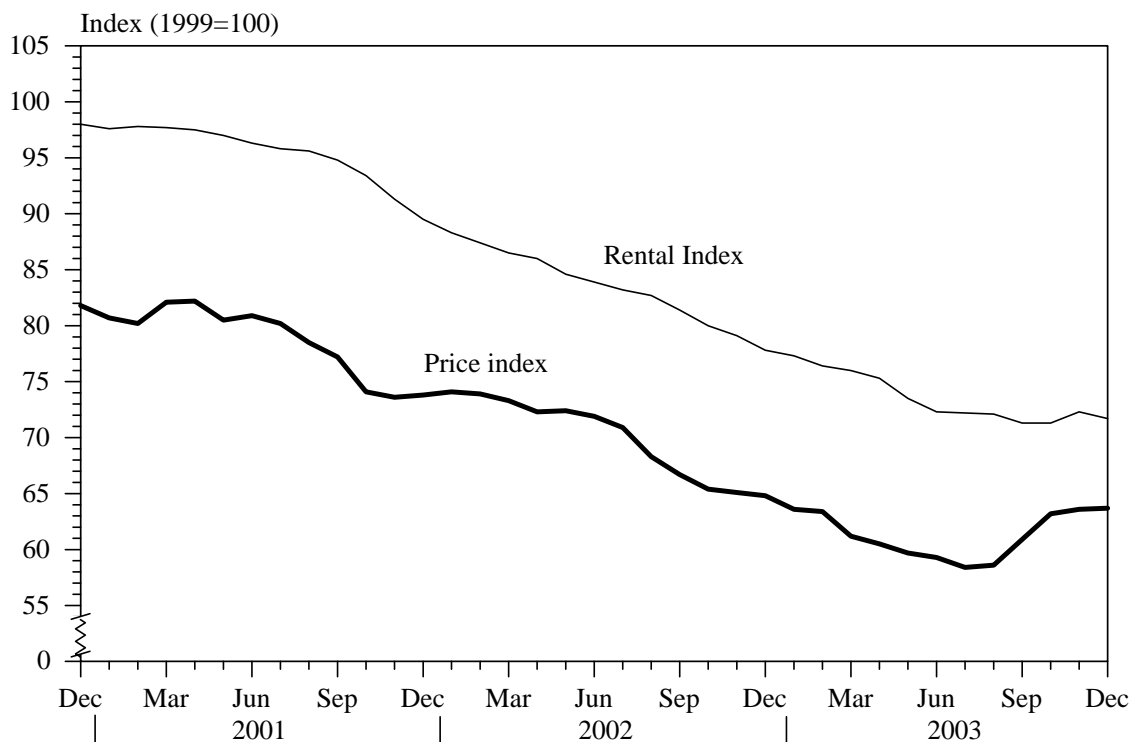


Chart 11: Number of sale and purchase agreements of property

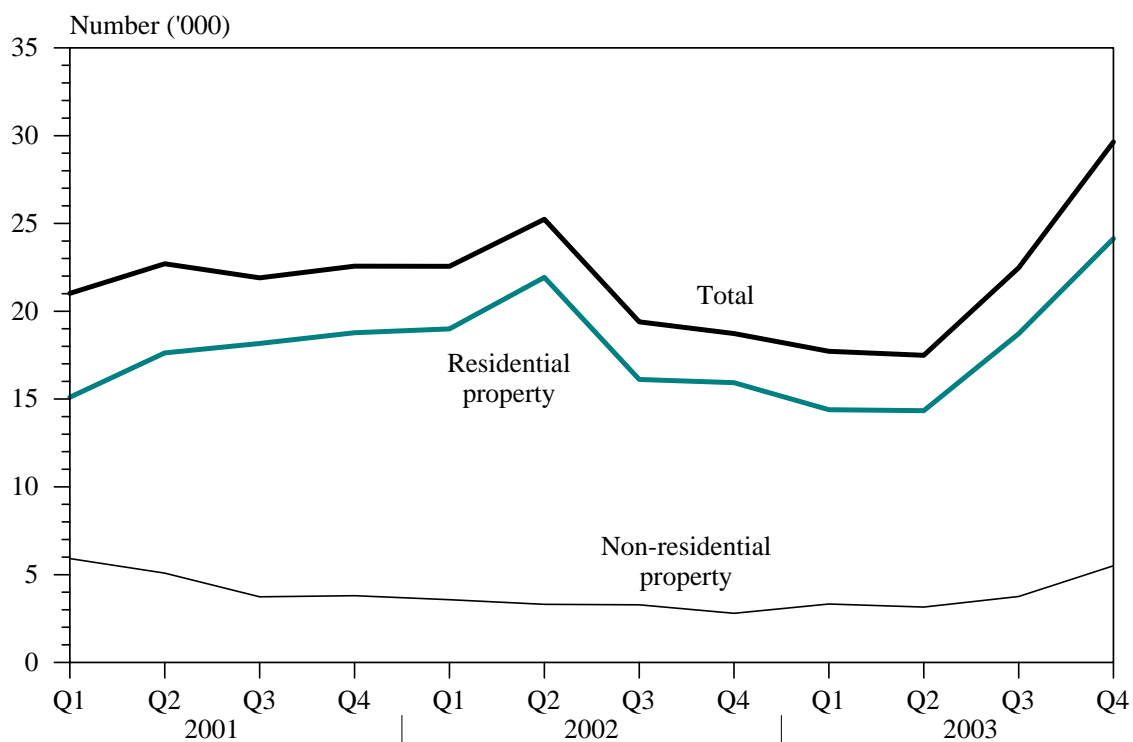


Chart 12 : Composite Consumer Price Index

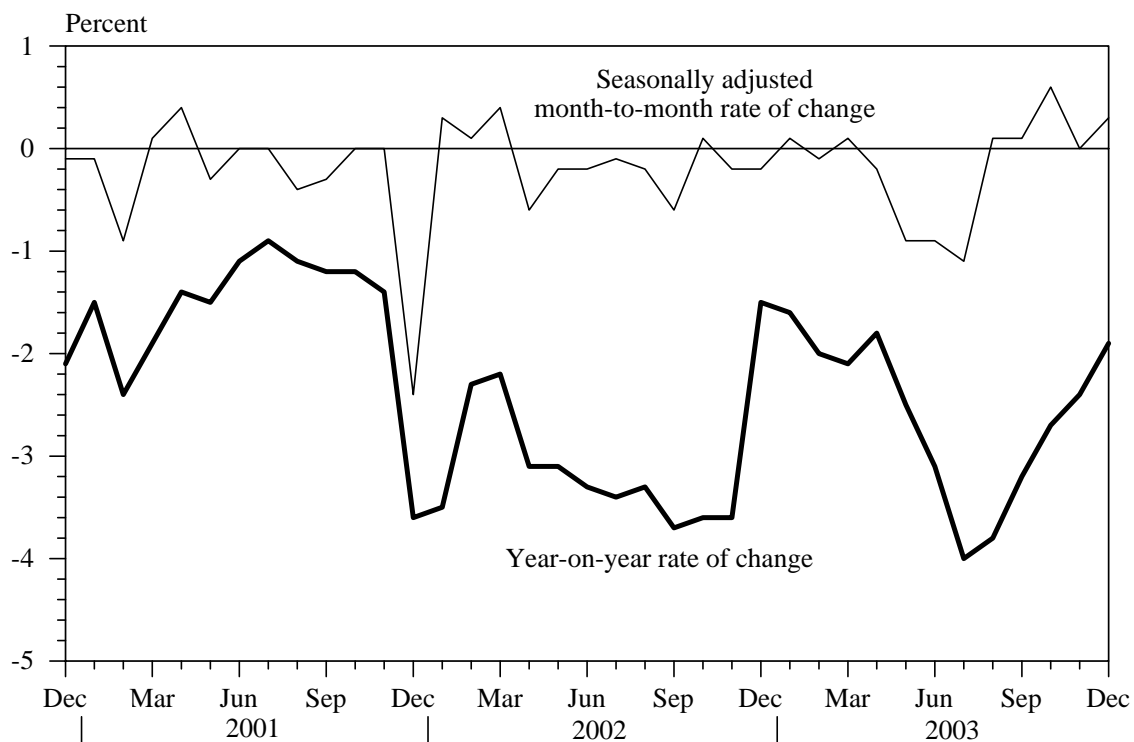


Chart 13 : Unemployment and underemployment rates

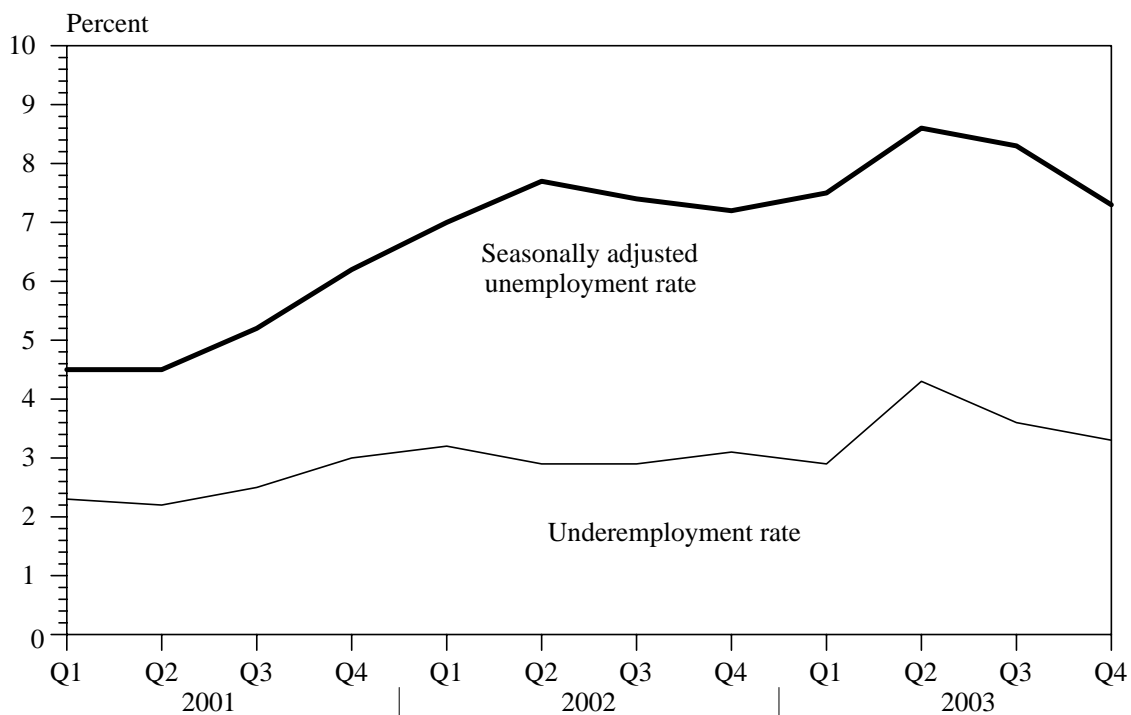


Chart 14 : Total labor force and total employment

Chart 15 : Unemployment rates by major economic sector*

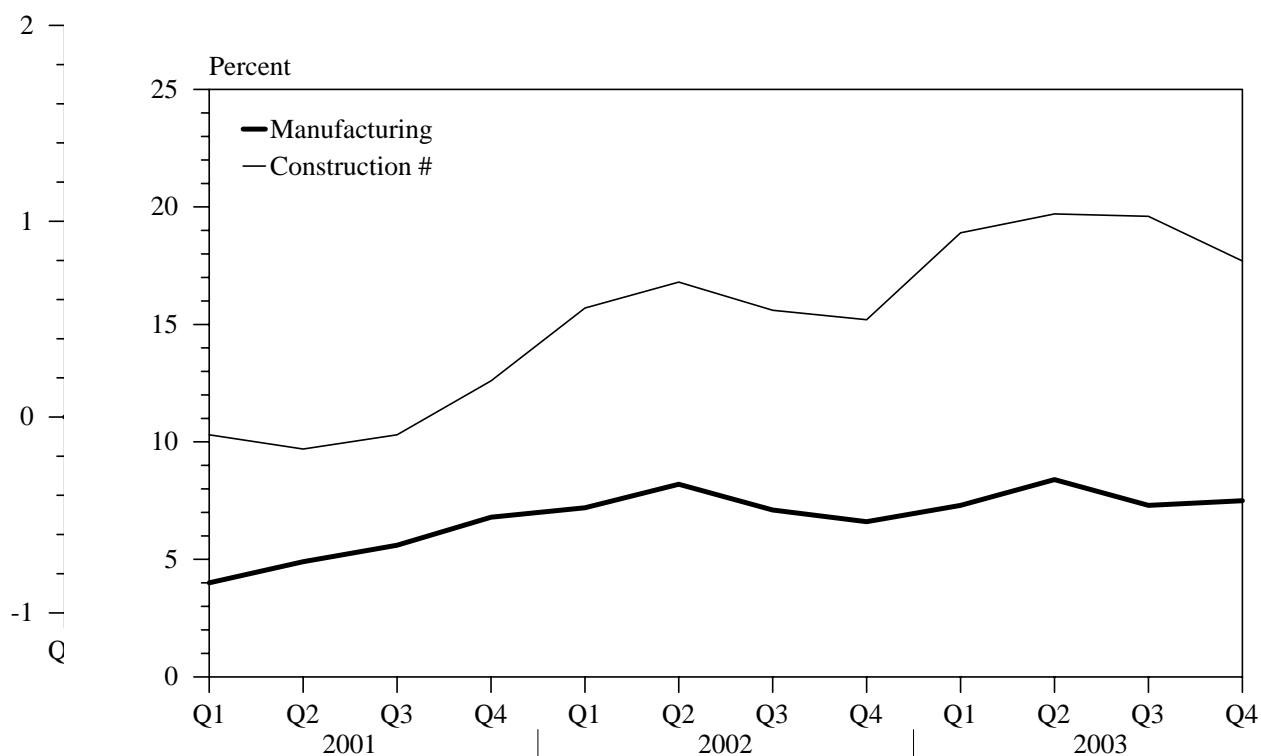
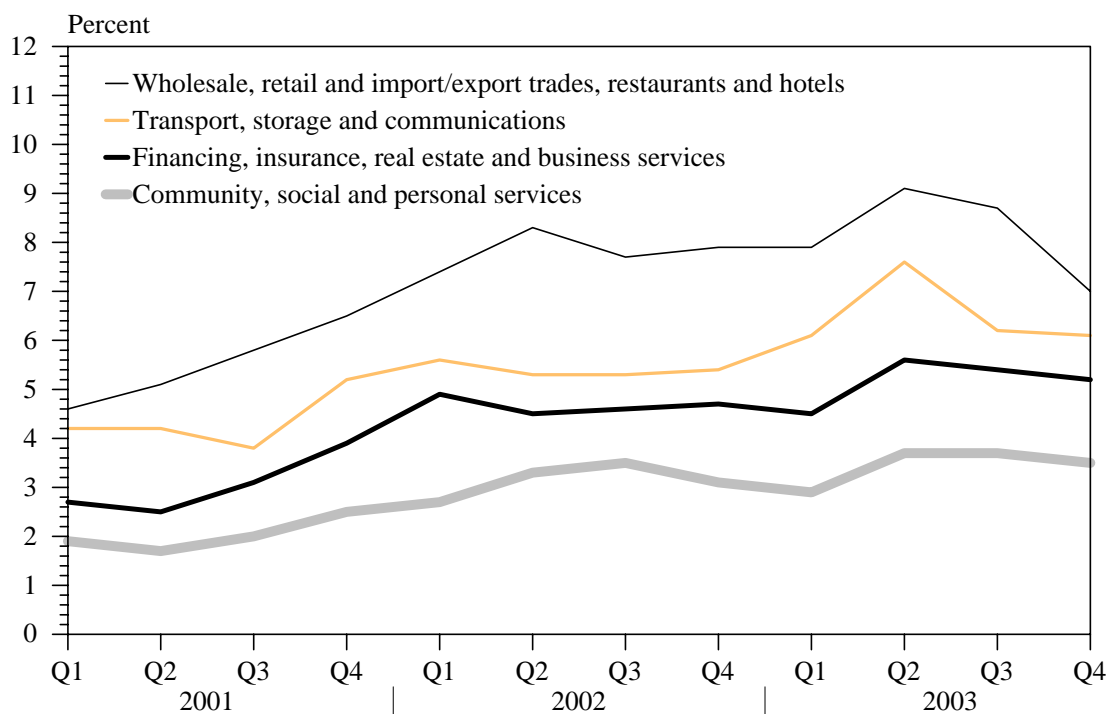
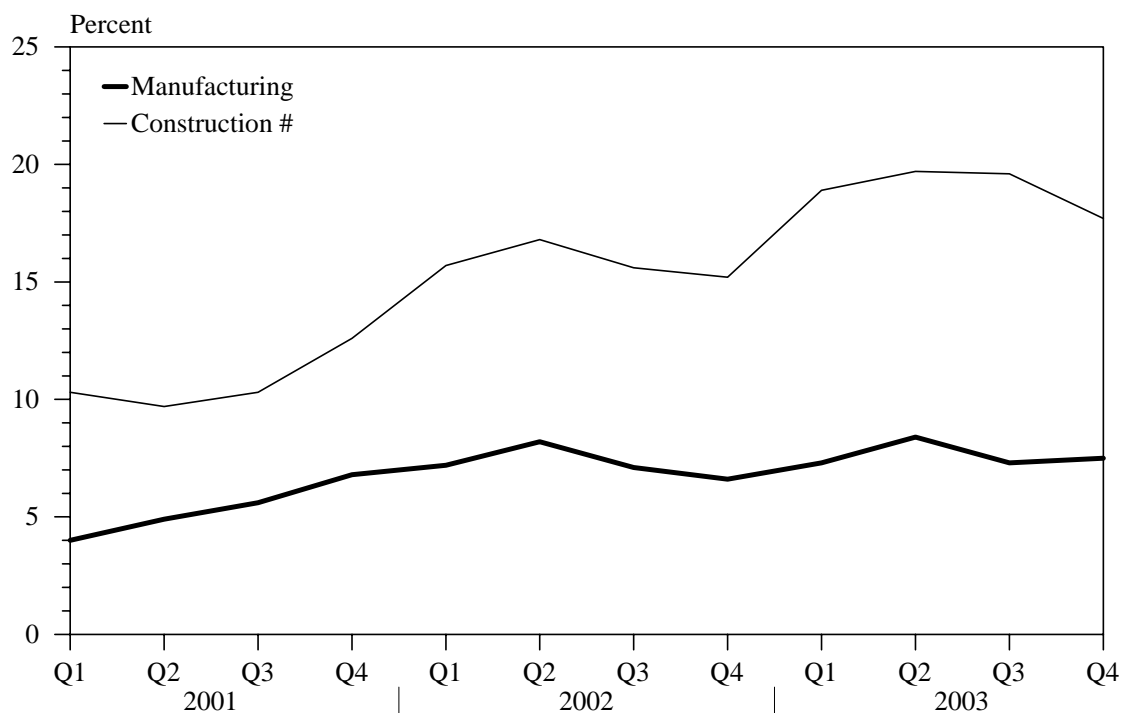


Chart 15 : Unemployment rates by major economic sector*



Notes : (*) Not seasonally adjusted, and not including first-time job-seekers and re-entrants into the labour force.

(#) Including both site and non-site workers.

Chart 16 : Unemployment rates by sex

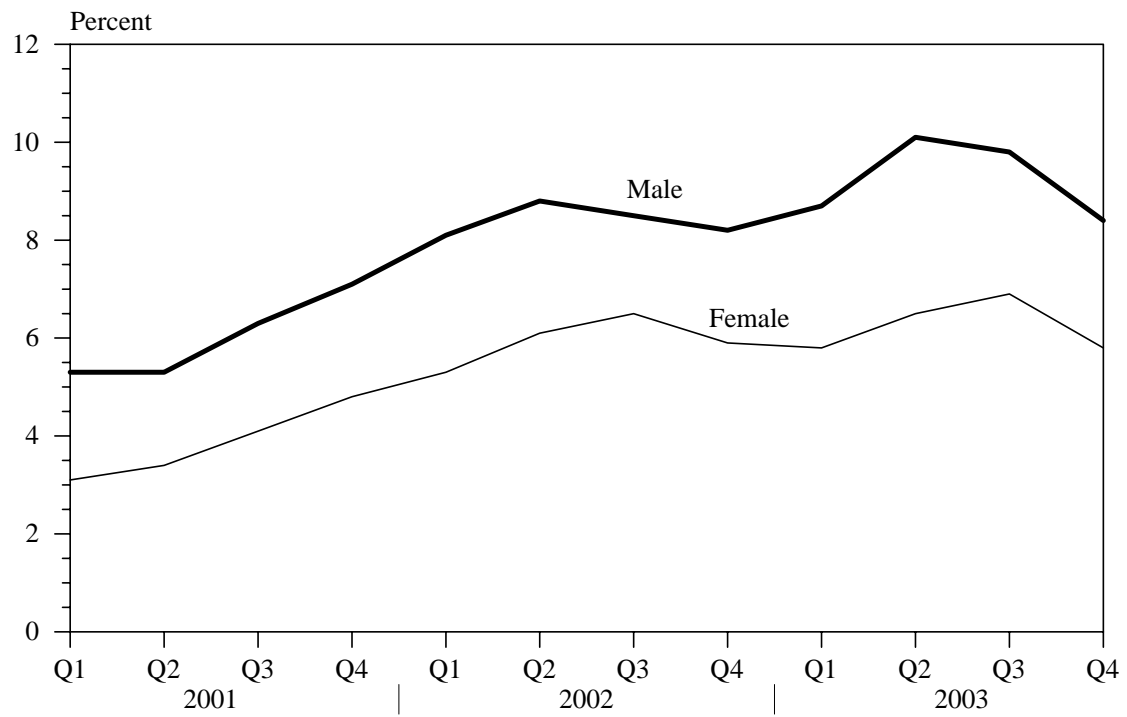


Chart 17 : Unemployment rates by age group

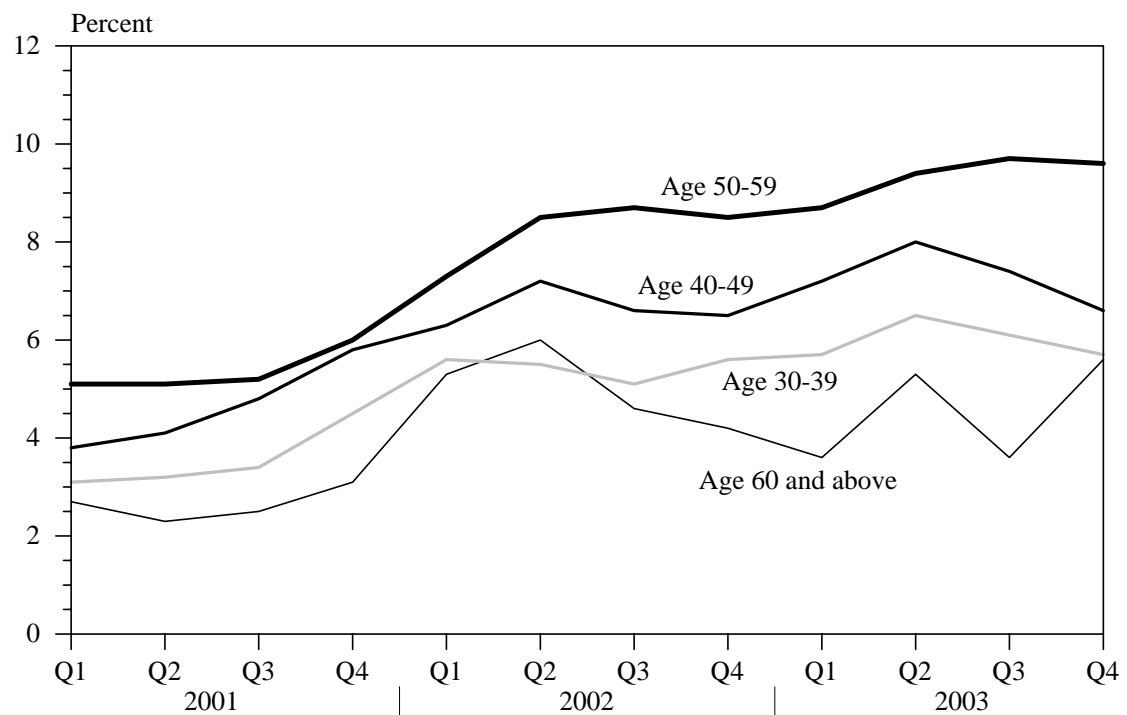
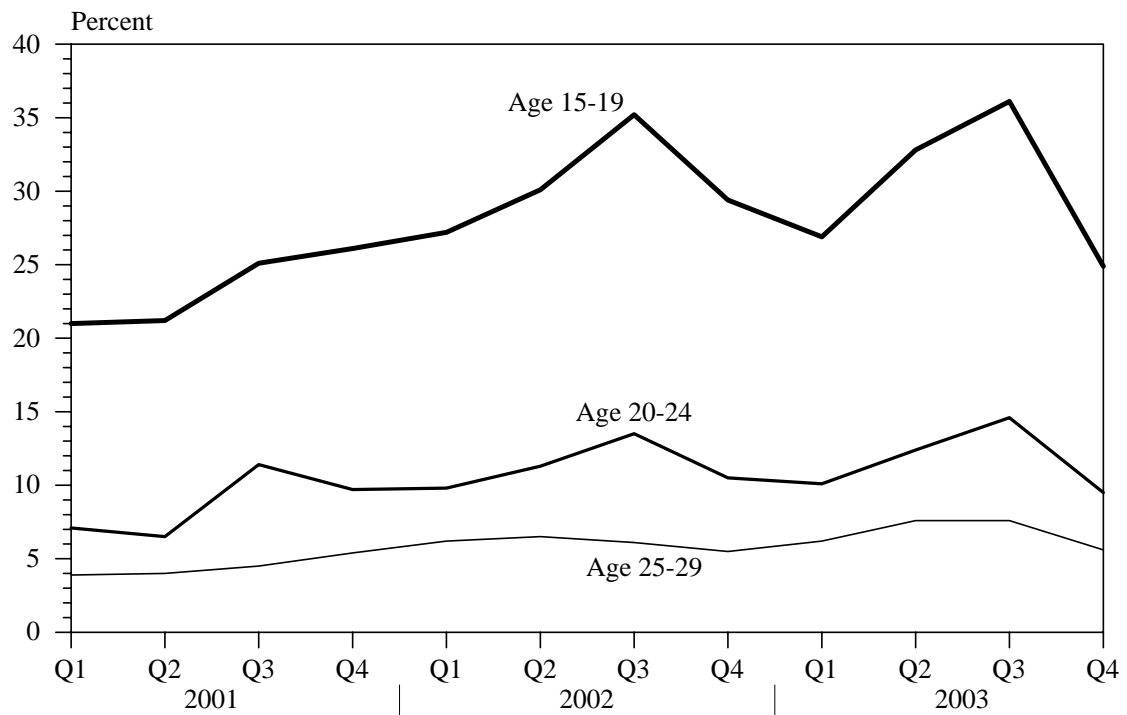


Chart 18 : Unemployment rates by occupation category

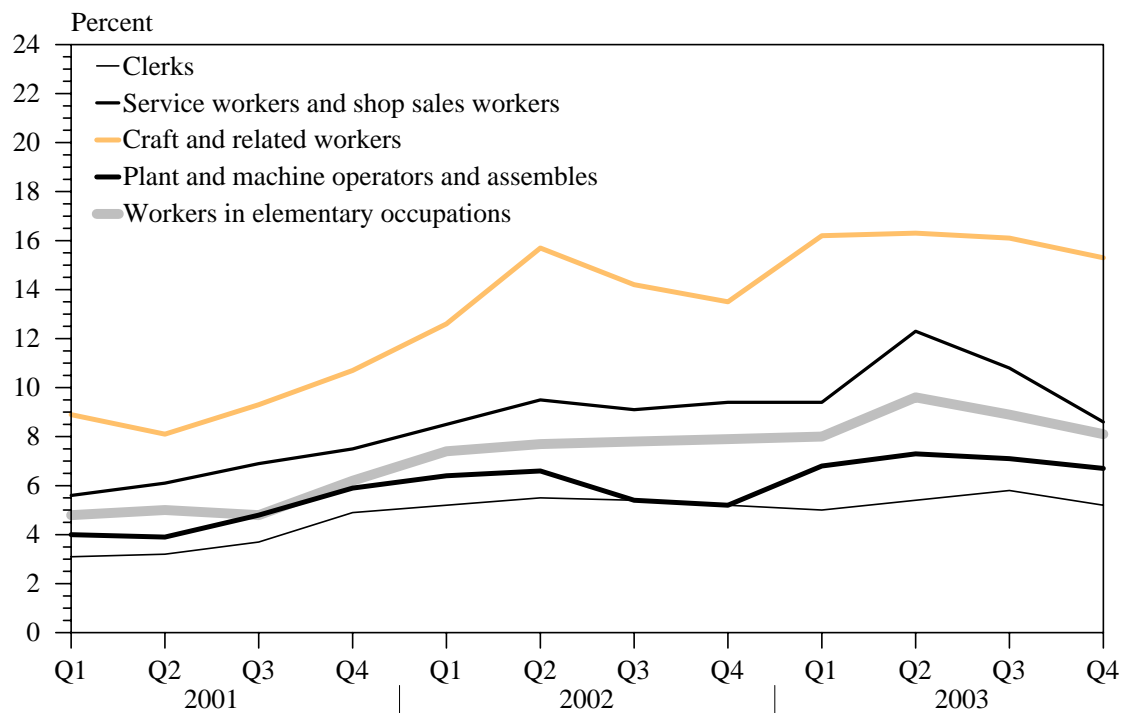
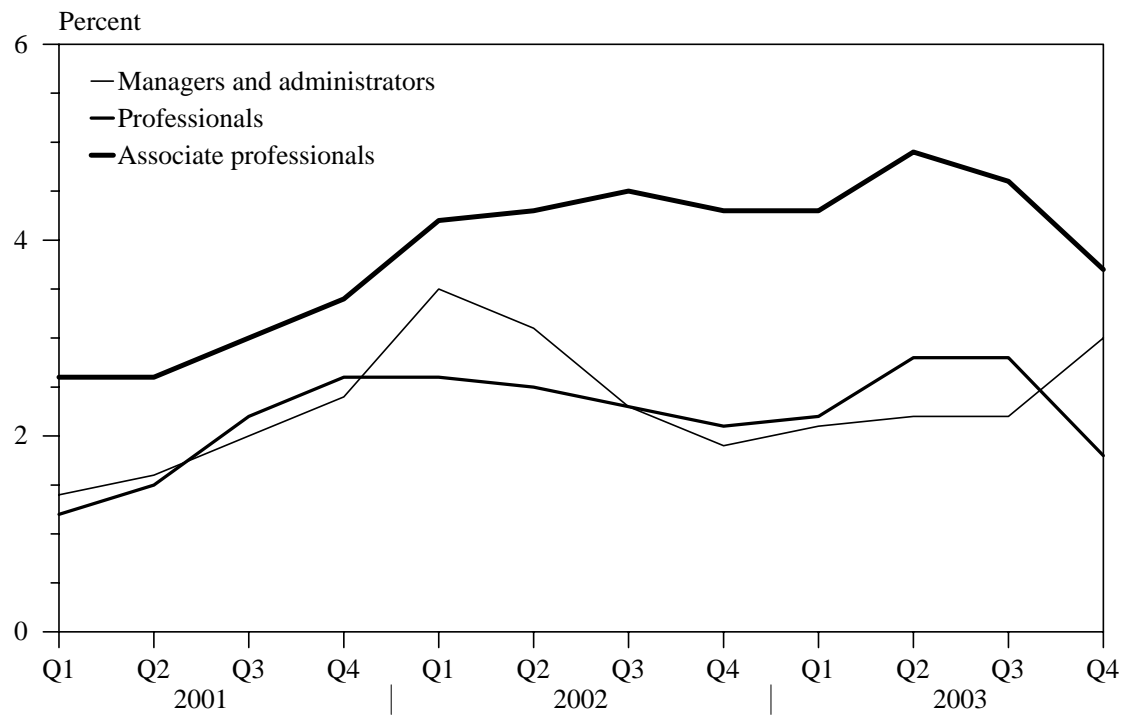
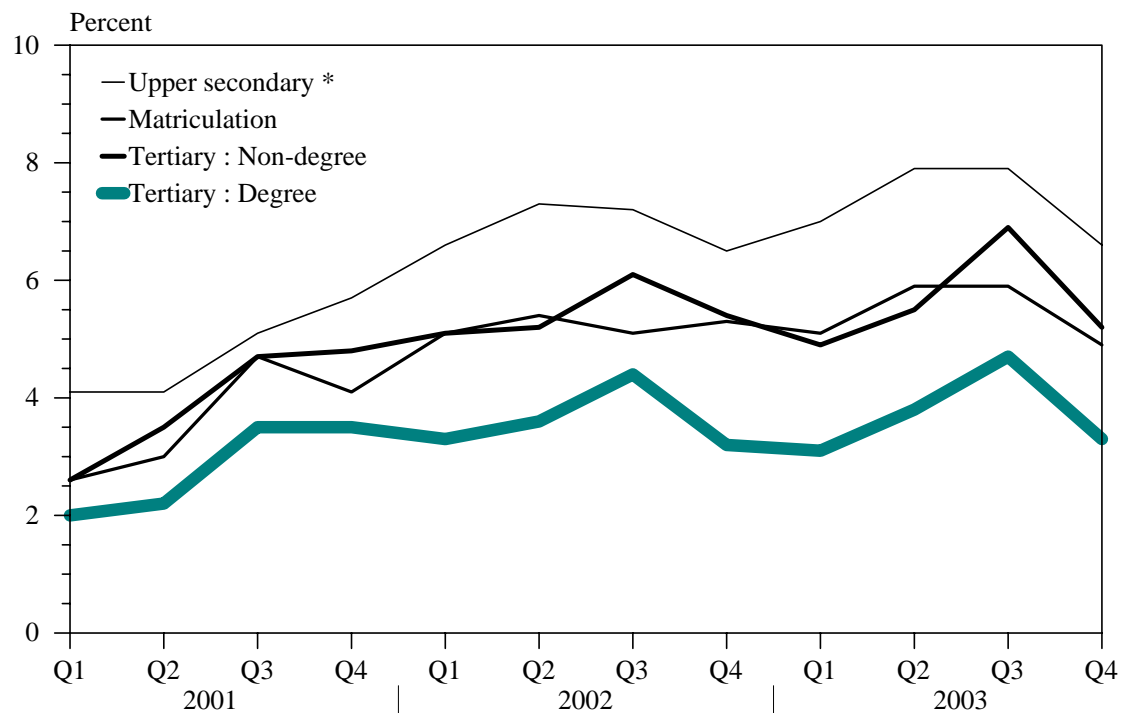
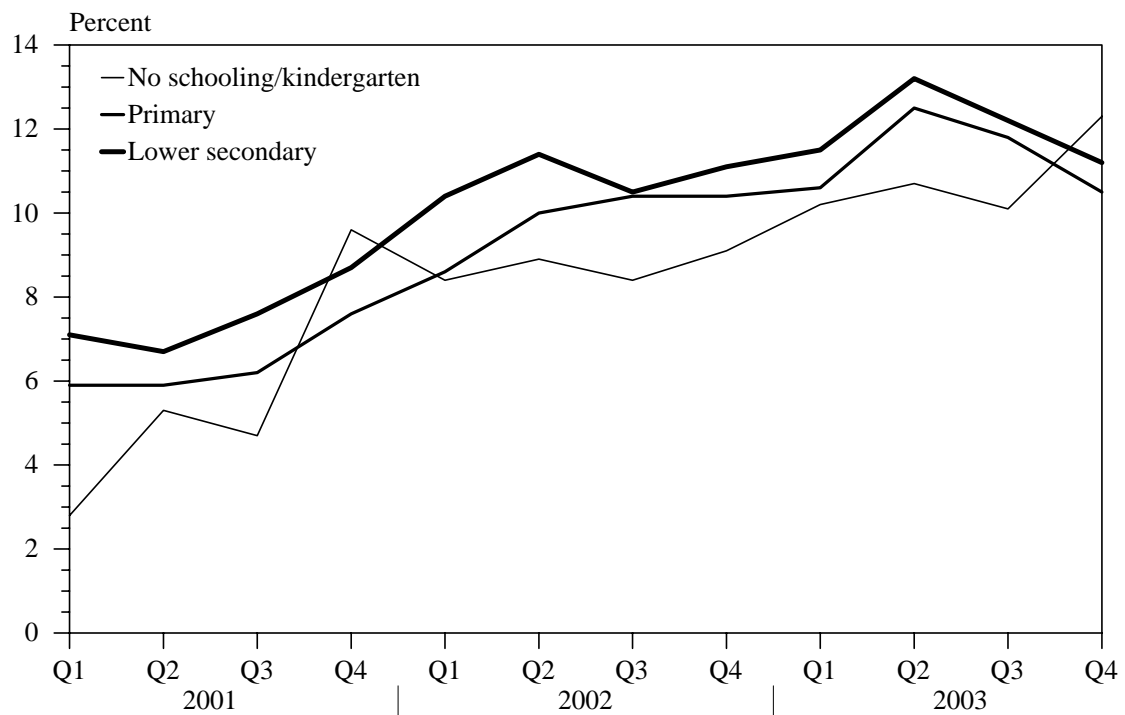
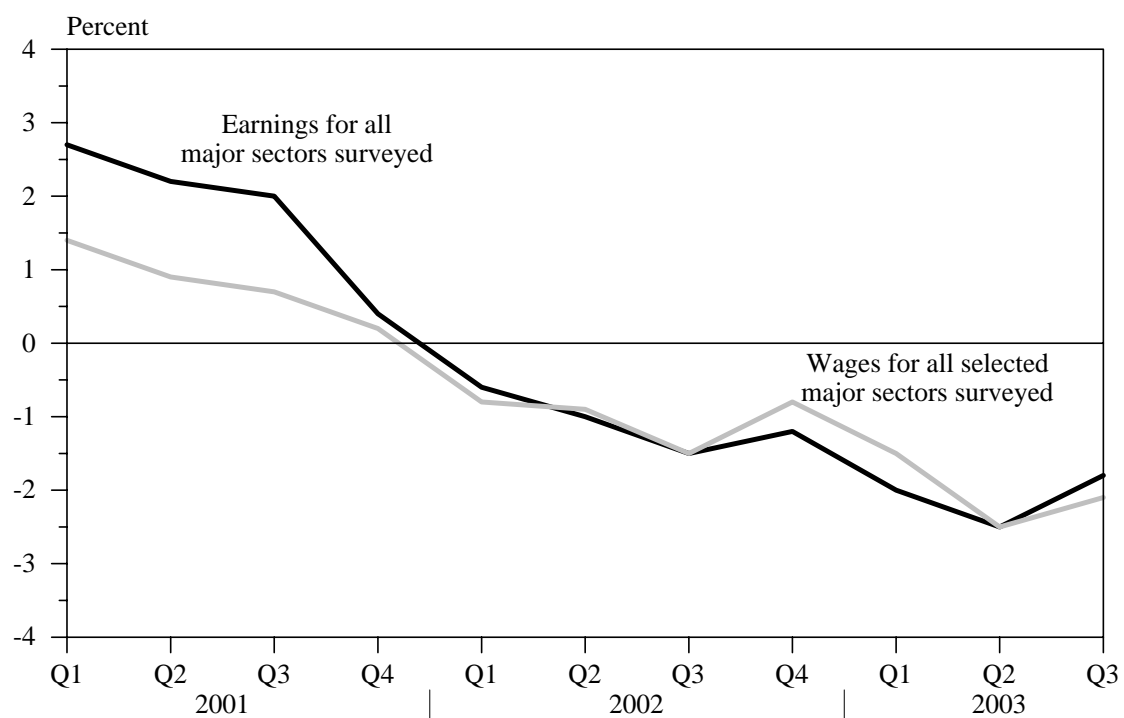


Chart 19 : Unemployment rates by educational attainment



Note : (*) Including craft courses.

**Chart 20 : Labour earnings and labour wages
(year-on-year rate of change in money terms)**



**Table 1 : Gross Domestic Product by major component
(year-on-year % change in real terms)**

				<u>Private consumption expenditure</u>	<u>Government consumption expenditure</u>	<u>Gross domestic fixed capital formation</u>	<i>within which :</i>		<u>Exports of goods</u>	<u>Exports of services</u>	<u>Imports of goods</u>	<u>Imports of services</u>
<u>Overall GDP</u>							<u>Building and construction</u>	<u>Machinery and equipment</u>				
1998		-5.0		-6.8	0.7	-7.3	-2.4	-7.9	-4.3	-0.4	-7.3	1.6
1999		3.4		1.3	3.1	-16.6	-15.5	-18.2	3.7	6.7	*	-4.1
2000		10.2		5.9	2.0	11.0	-7.6	27.0	17.1	13.1	18.2	4.2
2001		0.5		2.0	6.1	2.7	-1.1	6.2	-3.3	6.2	-1.9	2.0
2002		2.3		-1.2	2.4	-4.3	1.2	-9.1	8.7	12.2	7.9	0.2
2002	Q1	-0.6	(0.3)	-0.1	2.3	-11.8	-3.2	-19.8	-2.4	6.3	-4.0	-0.7
	Q2	0.8	(1.1)	-2.4	3.0	-0.2	7.6	-6.7	5.9	9.1	6.0	-3.8
	Q3	3.4	(2.0)	-0.9	3.5	-4.3	8.2	-12.2	11.5	14.0	10.8	2.0
	Q4	5.1	(1.7)	-1.3	0.8	-0.7	-6.2	3.2	18.4	18.1	18.2	3.4
2003	Q1	4.5	(-0.3)	-1.7	1.3	3.5	-3.5	11.9	19.1	12.5	18.8	-3.9
	Q2	-0.5	(-3.7)	-2.6	0.4	-5.7	-8.4	-2.0	14.3	-13.9	10.9	-19.6
	Q3	4.0	(6.4)	2.0	0.5	-0.4	-6.4	4.9	10.0	6.9	8.2	0.5

Notes : () Figures in parenthesis denote seasonally adjusted quarter-to-quarter rate of change.

* Change of less than 0.05%.

Table 2 : Visitor arrivals

		<u>Total visitor arrivals</u>		<u>Visitor arrivals from the Mainland</u>	
		<u>Number</u>	<u>Year-on-year change</u> (%)	<u>Number</u>	<u>Year-on-year change</u> (%)
1998		10 159 646	-9.9	2 671 628	13.0
1999		11 328 272	11.5	3 206 452	20.0
2000		13 059 477	15.3	3 785 845	18.1
2001		13 725 332	5.1	4 448 583	17.5
2002		16 566 382	20.7	6 825 199	53.4
2003		15 536 839	-6.2	8 467 211	24.1
2002	Q1	3 593 612	12.4	1 391 575	42.4
	Q2	3 909 491	13.2	1 493 424	44.0
	Q3	4 240 050	22.1	1 818 557	55.1
	Q4	4 823 229	33.9	2 121 643	68.1
2003	Q1	4 301 503	19.7	2 130 761	53.1
	Q2	1 646 156	-57.9	1 104 599	-26.0
	Q3	4 415 405	4.1	2 401 131	32.0
	Q4	5 173 775	7.3	2 830 720	33.4
	Jan	1 545 978	31.0	750 929	65.1
	Feb	1 408 139	26.2	713 489	51.3
	Mar	1 347 386	3.9	666 343	43.2
	Apr	493 666	-64.8	322 216	-38.7
	May	427 254	-67.9	311 821	-42.7
	Jun	725 236	-38.2	470 562	11.0
	Jul	1 291 828	-5.6	693 008	22.6
	Aug	1 644 878	9.6	946 122	43.4
	Sep	1 478 699	7.9	762 001	28.4
	Oct	1 695 633	7.0	878 581	31.2
	Nov	1 685 444	7.3	930 432	33.3
	Dec	1 792 698	7.4	1 021 707	35.5

Table 3 : Retail sales and retained imports of capital goods

<u>Retail sales</u>			<u>Retained imports of capital goods</u>	
	<u>Volume Index</u> (Oct 1999 - Sep 2000=100)	<u>Year-on-year change</u> (%)	<u>Quantum index</u> (2000=100)	<u>Year-on-year change</u> (%)
1998	94.5	-16.7	96.2	-9.3
1999	93.1	-1.5	72.4	-24.7
2000	100.8	8.3	100.0	38.1
2001	102.0	1.2	108.1	8.1
2002	99.3	-2.6	93.4	-13.6
2003	98.8	-0.6	98.9	5.9 +
2002 Q1	102.6	-1.8	80.7	-23.0
Q2	100.2	-4.5	92.5	-10.1
Q3	98.2	-3.0	100.8	-18.0
Q4	96.3	-1.1	99.4	-2.3
2003 Q1	101.8	-0.8	89.3	10.6
Q2	92.5	-7.7	90.0	-2.8
Q3	99.4	1.2	105.9	5.1
Q4	101.4	5.2	110.4	11.0 +
Jan	119.7	11.7	70.2	5.2
Feb	87.7	-11.3	82.3	30.3
Mar	98.1	-3.8	115.4	2.8
Apr	88.2	-12.2	79.6	-17.0
May	95.6	-7.5	99.6	14.2
Jun	93.6	-3.3	90.7	-4.1
Jul	101.1	-0.3	107.3	-0.7
Aug	102.8	3.0	96.8	6.1
Sep	94.4	1.0	113.6	10.2
Oct	99.1	4.7	104.0	-12.6
Nov	94.2	5.2	106.3	25.7
Dec	110.7	5.8	120.3	27.0 +

Note : (+) Crude estimates.

Table 4 : Stock market and property market indicators

Stock market						Property market							
Hang Seng Index			Average daily turnover		Sale and purchase agreements		Flat prices			Flat rentals			
Index (at the end of period)		Year-on- year change (%)	(\$Mn)	Year-on- year change (%)	(No.)	Year-on- year change (%)	Index (1999=100)	Year-on- year change (%)	period-to- period change (%)	Index (1999=100)	Year-on- year change (%)	period-to- period change (%)	
1998	10 048.6	-6.3	6 887.1	-55.5	111 489	-45.7	117.1	-28.2		112.6	-16.3		
1999	16 962.1	68.8	7 771.4	12.8	98 466	-11.7	100.0	-14.6		100.0	-11.2		
2000	15 095.5	-11.0	12 679.6	63.2	85 744	-12.9	89.6	-10.4		98.1	-1.9		
2001	11 397.2	-24.5	8 182.4	-35.5	88 190	2.9	78.7	-12.2		95.4	-2.8		
2002	9 321.3	-18.2	6 652.0	-18.7	85 921	-2.6	69.9	-11.2		83.4	-12.6		
2003+	12 575.9	34.9	10 418.7	56.6	87 309	1.6	61.3	-12.3		73.5	-11.9		
2002	Q1	11 032.9	-13.5	7 112.2	-21.4	22 561	7.3	73.8	-8.9	0.0	87.4	-10.5	-4.4
	Q2	10 598.6	-18.7	8 024.7	-19.7	25 237	11.1	72.2	-11.1	-2.2	84.8	-12.5	-3.0
	Q3	9 072.2	-8.8	5 907.6	-12.0	19 397	-11.4	68.6	-12.7	-5.0	82.4	-13.6	-2.8
	Q4	9 321.3	-18.2	5 644.1	-20.1	18 726	-17.0	65.1	-11.8	-5.1	79.0	-13.6	-4.1
2003	Q1	8 634.5	-21.7	6 062.1	-14.8	17 715	-21.5	62.7	-15.0	-3.7	76.6	-12.4	-3.0
	Q2	9 577.1	-9.6	8 071.2	0.6	17 485	-30.7	59.8	-17.2	-4.6	73.7	-13.1	-3.8
	Q3	11 229.9	23.8	11 981.0	102.8	22 471	15.8	59.3	-13.6	-0.8	71.9	-12.7	-2.4
	Q4+	12 575.9	34.9	15 285.6	170.8	29 638	58.3	63.5	-2.5	7.1	71.8	-9.1	-0.1
	Jan	9 259.0	-13.7	5 944.9	-17.9	7 293	-21.0	63.6	-14.2	-1.9	77.3	-12.5	-0.6
	Feb	9 122.7	-13.0	5 737.2	-13.9	4 622	-32.3	63.4	-14.2	-0.3	76.4	-12.6	-1.2
	Mar	8 634.5	-21.7	6 473.2	-11.9	5 800	-10.8	61.2	-16.5	-3.5	76.0	-12.1	-0.5
	Apr	8 717.2	-24.2	7 270.9	-2.6	6 382	-24.5	60.5	-16.3	-1.1	75.3	-12.4	-0.9
	May	9 487.4	-16.1	8 132.4	-16.6	5 090	-39.9	59.7	-17.5	-1.3	73.5	-13.1	-2.4
	Jun	9 577.1	-9.6	8 810.1	30.2	6 013	-27.7	59.3	-17.5	-0.7	72.3	-13.8	-1.6
	Jul+	10 134.8	-1.3	9 860.1	41.3	7 658	24.2	58.4	-17.6	-1.5	72.2	-13.2	-0.1
	Aug+	10 909.0	8.6	12 202.5	125.9	7 947	31.3	58.6	-14.2	0.3	72.1	-12.8	-0.1
	Sep+	11 229.9	23.8	13 981.4	163.1	6 866	-4.3	60.9	-8.7	3.9	71.3	-12.4	-1.1
	Oct+	12 190.1	29.1	17 101.3	194.2	11 219	64.8	63.2	-3.4	3.8	71.3	-10.9	0.0
	Nov+	12 317.5	22.3	12 775.2	106.7	9 648	66.1	63.6	-2.3	0.6	72.3	-8.6	1.4
	Dec+	12 575.9	34.9	15 774.2	221.6	8 771	43.5	63.7	-1.7	0.2	71.7	-7.8	-0.8

Note: (+) Provisional for property market figures.

Table 5 : Consumer Price Indices

			<u>Composite CPI</u>			<i>within which :</i>			<u>CPI(A)</u>			<u>CPI(B)</u>			<u>CPI(C)</u>		
			<u>Index</u>	<u>Year-on-</u>	<u>Seasonally</u>	<u>Index</u>	<u>Year-on-</u>	<u>Seasonally</u>	<u>Index</u>	<u>Year-on-</u>	<u>Seasonally</u>	<u>Index</u>	<u>Year-on-</u>	<u>Seasonally</u>	<u>Index</u>	<u>Year-on-</u>	<u>Seasonally</u>
			(Oct 1999 -	<u>year change</u>	<u>period-to-</u>	(Oct 1999 -	<u>year change</u>	<u>period-to-</u>	(Oct 1999 -	<u>year change</u>	<u>period-to-</u>	(Oct 1999 -	<u>year change</u>	<u>period-to-</u>	(Oct 1999 -	<u>year change</u>	<u>period-to-</u>
			Sep 2000=100)	(%)	period change	Sep 2000=100)	(%)	period change	Sep 2000=100)	(%)	period change	Sep 2000=100)	(%)	period change	Sep 2000=100)	(%)	period change
1998			107.5	2.8		105.9	2.6		108.4	2.8		107.9	3.2				
1999			103.2	-4.0		102.5	-3.3		103.4	-4.7		103.9	-3.7				
2000			99.4	-3.8		99.5	-3.0		99.4	-3.9		99.3	-4.5				
2001			97.8	-1.6		97.8	-1.7		97.7	-1.6		97.8	-1.5				
2002			94.8	-3.0		94.7	-3.2		94.7	-3.1		95.1	-2.8				
2003			92.4	-2.6		92.7	-2.1		92.1	-2.7		92.3	-2.9				
2002	Q1		95.5	-2.6	-1.1	95.4	-2.8	-0.6	95.4	-2.7	-1.4	95.6	-2.5	-1.3			
	Q2		95.1	-3.2	-0.6	94.9	-3.6	-0.6	95.0	-3.1	-0.6	95.4	-2.9	-0.7			
	Q3		94.5	-3.5	-0.7	94.4	-4.1	-0.7	94.4	-3.4	-0.7	94.8	-2.8	-0.5			
	Q4		94.0	-2.9	-0.6	93.9	-2.4	-0.6	93.9	-3.2	-0.6	94.4	-3.0	-0.6			
2003	Q1		93.6	-2.0	-0.1	93.7	-1.8	0.0	93.5	-2.1	-0.2	93.9	-1.7	0.0			
	Q2		92.8	-2.5	-1.1	93.3	-1.8	-0.5	92.5	-2.6	-1.1	92.7	-2.9	-1.8			
	Q3		91.1	-3.6	-1.9	91.3	-3.3	-2.3	90.9	-3.7	-1.8	91.0	-4.1	-1.6			
	Q4		91.9	-2.3	0.8	92.3	-1.7	1.1	91.6	-2.4	0.7	91.7	-2.9	0.6			
	Jan		93.7	-1.6	0.1	93.6	-1.6	0.0	93.6	-1.7	0.2	94.1	-1.4	0.3			
	Feb		93.5	-2.0	-0.1	93.5	-2.0	0.0	93.4	-2.2	-0.2	93.8	-1.9	-0.2			
	Mar		93.7	-2.1	0.1	94.0	-1.9	0.5	93.4	-2.3	0.0	93.8	-1.9	-0.2			
	Apr		93.7	-1.8	-0.2	94.1	-1.2	0.0	93.4	-2.0	-0.2	93.7	-2.1	-0.6			
	May		92.7	-2.5	-0.9	93.2	-1.7	-0.7	92.4	-2.7	-0.9	92.6	-3.0	-1.0			
	Jun		92.0	-3.1	-0.9	92.5	-2.4	-1.0	91.8	-3.2	-0.8	91.7	-3.7	-0.9			
	Jul		91.1	-4.0	-1.1	91.3	-3.6	-1.4	90.9	-4.1	-1.1	91.0	-4.5	-0.8			
	Aug		91.0	-3.8	0.1	91.2	-3.5	0.0	90.8	-3.9	0.0	90.9	-4.1	0.2			
	Sep		91.2	-3.2	0.1	91.5	-2.8	0.1	91.0	-3.2	0.1	91.0	-3.8	0.0			
	Oct		91.7	-2.7	0.6	92.2	-2.0	0.9	91.5	-2.7	0.6	91.4	-3.3	0.3			
	Nov		91.9	-2.4	0.0	92.2	-1.8	-0.1	91.6	-2.5	0.0	91.8	-2.8	0.3			
	Dec		92.0	-1.9	0.3	92.5	-1.2	0.4	91.8	-2.1	0.2	91.9	-2.5	0.2			

Table 6 : Unemployment and underemployment

		<u>Seasonally adjusted unemployment rate</u> (%)	<u>Numbers unemployed</u>	<u>Underemployment rate</u> (%)	<u>Numbers underemployed</u>
1998		4.7	154 100	2.5	81 800
1999		6.2	207 500	2.9	96 900
2000		4.9	166 900	2.8	93 500
2001		5.1	174 800	2.5	85 500
2002		7.3	255 500	3.0	105 200
2003+		7.9	277 600	3.5	123 500
2002	Q1	7.0	238 600	3.2	109 200
	Q2	7.7	263 400	2.9	100 600
	Q3	7.4	268 000	2.9	101 500
	Q4	7.2	252 100	3.1	109 400
2003	Q1	7.5	259 800	2.9	100 700
	Q2	8.6	300 000	4.3	151 000
	Q3	8.3	297 300	3.6	126 600
	Q4+	7.3	253 200	3.3	115 700

Note : (+) Provisional figures.

Source : General Household Survey, Census and Statistics Department.

Table 7 : Population of working age, labour force participation rate, total labour force and total employment

		Population of <u>working age</u>						<u>Total labour force</u>			Total <u>employment</u>		
		Year- on- year <u>change</u> (%)	Quarter- to- quarter <u>change</u> (%)	<u>Labour force participation rate</u>			Year- on- year <u>change</u> (%)	Quarter- to- quarter <u>change</u> (%)		Year- on- year <u>change</u> (%)	Quarter- to- quarter <u>change</u> (%)		
<u>No.</u>				<u>Male</u> (%)	<u>Female</u> (%)	<u>Overall</u> (%)	<u>No.</u>			<u>No.</u>			
1998		5 346 400	1.4		74.6	48.5	61.3	3 276 100	1.3		3 122 000	-1.3	
1999		5 414 800	1.3		74.0	49.2	61.3	3 319 600	1.3		3 112 100	-0.3	
2000		5 498 700	1.6		73.5	49.9	61.4	3 374 200	1.6		3 207 300	3.1	
2001		5 579 200	1.5		72.9	50.7	61.4	3 427 100	1.6		3 252 300	1.4	
2002		5 642 800	1.1		72.5	51.9	61.8	3 487 100	1.8		3 231 600	-0.6	
2003+		5 706 200	1.1		72.0	51.6	61.4	3 500 900	0.4		3 223 400	-0.3	
2002	Q1	5 619 500	1.2	0.2	72.4	51.5	61.5	3 457 600	1.6	0.2	3 219 000	-1.1	-0.7
	Q2	5 639 900	1.3	0.4	72.3	51.4	61.5	3 466 500	1.6	0.3	3 203 100	-1.7	-0.5
	Q3	5 649 700	1.1	0.2	73.0	52.3	62.3	3 517 000	2.1	1.5	3 249 000	-0.3	1.4
	Q4	5 662 000	0.9	0.2	72.2	52.5	61.9	3 507 400	1.6	-0.3	3 255 300	0.5	0.2
2003	Q1	5 692 600	1.3	0.5	71.9	52.0	61.5	3 503 500	1.3	-0.1	3 243 700	0.8	-0.4
	Q2	5 721 300	1.4	0.5	72.1	51.8	61.5	3 519 500	1.5	0.5	3 219 400	0.5	-0.7
	Q3	5 701 700	0.9	-0.3	72.1	51.3	61.2	3 492 000	-0.7	-0.8	3 194 800	-1.7	-0.8
	Q4+	5 709 000	0.8	0.1	71.8	51.3	61.1	3 488 800	-0.5	-0.1	3 235 500	-0.6	1.3

Note : (+) Provisional figures.

Source : General Household Survey, Census and Statistics Department.

Table 8 : Unemployment rates by previous economic sector (%)

<u>Economic sector</u>	<u>2002</u>						<u>2003</u>							
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003+</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4+</u>
Manufacturing	5.5	7.1	5.4	5.3	7.3	7.6	7.2	8.2	7.1	6.6	7.3	8.4	7.3	7.5
Construction	8.4	12.5	10.2	10.7	15.8	19.0	15.7	16.8	15.6	15.2	18.9	19.7	19.6	17.7
Foundation and superstructure	7.4	11.6	9.1	9.2	14.4	17.0	14.5	14.6	15.0	13.6	16.5	17.2	17.1	17.0
Decoration and maintenance	10.9	14.9	13.2	15.2	20.1	25.0	19.5	24.0	17.3	20.0	26.3	27.2	26.9	19.6
Distributive and catering trades	4.9	6.4	5.3	5.5	7.8	8.2	7.4	8.3	7.7	7.9	7.9	9.1	8.7	7.0
Wholesale/retail trade	5.8	7.2	6.0	6.1	8.7	8.8	8.5	9.1	8.7	8.6	7.9	10.0	9.5	7.7
Import/export trade	3.1	4.1	3.3	3.7	5.2	4.4	5.2	5.5	5.0	5.2	4.9	4.1	5.0	3.7
Restaurants and hotels	6.5	9.2	7.5	7.6	10.8	13.4	9.4	11.9	10.6	11.2	12.4	15.7	13.8	11.5
Transport, storage and communications	3.7	5.3	4.0	4.4	5.4	6.5	5.6	5.3	5.3	5.4	6.1	7.6	6.2	6.1
Transport	3.6	5.3	4.1	4.5	5.0	6.4	5.4	5.0	4.7	4.8	5.9	7.7	6.2	6.0
Storage	5.1	11.0	8.2	5.7	13.5	7.9	14.7	11.8	16.9	11.1	4.5	11.0	5.5	10.1
Communications	4.0	4.8	3.2	3.7	7.2	6.8	6.5	6.7	7.5	8.1	7.6	7.1	6.3	6.3
Financing, insurance, real estate and business services	2.9	3.3	2.6	3.0	4.7	5.2	4.9	4.5	4.6	4.7	4.5	5.6	5.4	5.2
Financing	1.8	2.4	2.1	2.2	3.5	3.7	3.5	3.0	3.9	3.7	3.8	3.6	3.2	3.9
Insurance	2.1	2.4	3.2	2.8	3.6	4.4	3.6	2.1	3.9	4.9	3.3	3.8	4.6	6.0
Real estate	3.9	4.0	3.0	3.5	5.3	6.1	5.6	5.9	4.5	5.0	5.0	6.9	6.7	5.7
Business services	3.3	3.8	2.6	3.4	5.3	5.8	5.7	5.2	5.1	5.2	4.8	6.5	6.2	5.5
Community, social and personal services	1.7	2.2	1.8	2.0	3.2	3.5	2.7	3.3	3.5	3.1	2.9	3.7	3.7	3.5
Public administration	0.6	0.8	0.4	0.5	0.8	1.1	0.5	1.0	0.8	0.9	0.7	1.4	0.9	1.6
Education, medical and welfare services	1.3	1.3	1.3	1.4	2.3	2.7	1.9	2.5	2.7	2.1	2.3	2.5	2.9	3.1
Other services	2.5	3.5	2.8	3.0	4.6	4.8	4.0	4.8	5.0	4.6	4.0	5.4	5.4	4.3

Note : (+) Provisional figures.

Source : General Household Survey, Census and Statistics Department.

Table 9 : Unemployment rates by sex (%)

<u>Sex</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003+</u>	<u>2002</u>				<u>2003</u>			
							<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4+</u>
Male	5.2	7.2	5.6	6.0	8.4	9.3	8.1	8.8	8.5	8.2	8.7	10.1	9.8	8.4
Female	4.0	4.9	4.1	3.9	6.0	6.2	5.3	6.1	6.5	5.9	5.8	6.5	6.9	5.8

Note : (+) Provisional figures.

Source : General Household Survey, Census and Statistics Department.

Table 10 : Unemployment rates by age group (%)

<u>Age group</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003+</u>	<u>2002</u>				<u>2003</u>			
							<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4+</u>
15-19	20.4	26.8	23.7	23.4	30.7	30.2	27.2	30.1	35.2	29.4	26.9	32.8	36.1	24.9
20-24	7.9	10.0	7.8	8.7	11.3	11.6	9.8	11.3	13.5	10.5	10.1	12.4	14.6	9.5
25-29	4.0	5.6	4.3	4.4	6.1	6.7	6.2	6.5	6.1	5.5	6.2	7.6	7.6	5.6
30-39	3.3	4.3	3.2	3.5	5.4	6.0	5.6	5.5	5.1	5.6	5.7	6.5	6.1	5.7
40-49	4.0	5.3	4.3	4.6	6.7	7.3	6.3	7.2	6.6	6.5	7.2	8.0	7.4	6.6
50-59	5.0	7.2	6.0	5.4	8.2	9.4	7.3	8.5	8.7	8.5	8.7	9.4	9.7	9.6
60 and above	2.3	3.5	2.9	2.7	5.0	4.5	5.3	6.0	4.6	4.2	3.6	5.3	3.6	5.6

Note : (+) Provisional figures.

Source : General Household Survey, Census and Statistics Department.

Table 11 : Unemployment rates by previous occupation category (%)

<u>Occupation category</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003+</u>	<u>2002</u>				<u>2003</u>			
							<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4+</u>
Managers and administrators	1.6	2.3	1.7	1.9	2.7	2.4	3.5	3.1	2.3	1.9	2.1	2.2	2.2	3.0
Professionals	1.1	1.5	1.1	1.9	2.4	2.4	2.6	2.5	2.3	2.1	2.2	2.8	2.8	1.8
Associate professionals	3.0	3.4	2.4	2.9	4.3	4.4	4.2	4.3	4.5	4.3	4.3	4.9	4.6	3.7
Clerks	3.7	4.3	3.5	3.7	5.3	5.4	5.2	5.5	5.4	5.2	5.0	5.4	5.8	5.2
Service workers and shop sales workers	5.9	7.7	6.9	6.5	9.1	10.3	8.5	9.5	9.1	9.4	9.4	12.3	10.8	8.6
Craft and related workers	7.3	10.9	8.9	9.3	14.0	16.0	12.6	15.7	14.2	13.5	16.2	16.3	16.1	15.3
Plant and machine operators and assemblers	4.2	6.0	4.2	4.6	5.9	7.0	6.4	6.6	5.4	5.2	6.8	7.3	7.1	6.7
Elementary occupations	4.5	6.1	4.9	5.2	7.7	8.7	7.4	7.7	7.8	7.9	8.0	9.6	8.9	8.1
Others	2.2	3.6	2.7	3.1	3.4	4.2	2.4	2.9	4.7	3.8	4.6	1.6	6.8	3.6

Note : (+) Provisional figures.

Source : General Household Survey, Census and Statistics Department.

Table 12 : Unemployment rates by educational attainment (%)

<u>Educational attainment</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003+</u>	<u>2002</u>				<u>2003</u>			
							<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4+</u>
No schooling/kindergarten	4.5	7.8	6.1	5.6	8.7	10.8	8.4	8.9	8.4	9.1	10.2	10.7	10.1	12.3
Primary	5.3	7.7	6.2	6.4	9.8	11.3	8.6	10.0	10.4	10.4	10.6	12.5	11.8	10.5
Lower secondary	6.9	9.4	7.6	7.5	10.9	12.0	10.4	11.4	10.5	11.1	11.5	13.2	12.2	11.2
Upper secondary @	4.5	5.9	4.7	4.7	6.9	7.4	6.6	7.3	7.2	6.5	7.0	7.9	7.9	6.6
Matriculation	3.6	4.0	3.9	3.6	5.2	5.5	5.1	5.4	5.1	5.3	5.1	5.9	5.9	4.9
Tertiary														
<i>of which :</i>														
Non-degree	3.4	4.0	3.3	3.9	5.5	5.6	5.1	5.2	6.1	5.4	4.9	5.5	6.9	5.2
Degree	2.7	3.4	2.2	2.8	3.6	3.7	3.3	3.6	4.4	3.2	3.1	3.8	4.7	3.3

Notes : (@) Including craft courses.

(+) Provisional figures.

Source : General Household Survey, Census and Statistics Department.