

BANKING

| | Amount (\$bn) | % change, yoy, unless otherwise stated | | | | | | | | |
|--|------------------|--|-------|-------|-----------|-------|-------|-------|--------|-------|
| | | Monthly | | | Quarterly | | | | Yearly | |
| | | 1/04 | 1/04 | 12/03 | Q4/03 | Q3/03 | Q2/03 | Q1/03 | 2003 | 2002 |
| HKD M0 (in HKD) | 139.9 | 7.5 | 12.9 | 12.9 | 12.4 | 11.9 | 9.9 | 12.9 | 11.4 | 10.8 |
| HKD M1 (in HKD) | 371.3 | 39.4 | 36.7 | 36.7 | 23.7 | 18.7 | 13.4 | 36.7 | 12.9 | 12.8 |
| HKD M2 (in HKD) | 2,171.3 | 9.3 | 6.2 | 6.2 | 4.1 | 0.5 | -0.5 | 6.2 | -0.7 | 0.5 |
| HKD M3 (in HKD) | 2,186.7 | 9.0 | 5.9 | 5.9 | 3.9 | 0.5 | -0.5 | 5.9 | -0.6 | 0.7 |
| Spread (Prime-Hibor1) (pa) (%) | N.A. | 4.93 | 4.85 | 4.88 | 4.01 | 3.74 | 3.69 | 4.08 | 3.37 | 3.40 |
| Res. mortg. loans outstanding# | | | | | | | | | | |
| (before adjusted to reclassification) | N.A. | -2.3 | -2.2 | -2.2 | -3.1 | -2.6 | -0.8 | -2.2 | 1.0 | 1.6 |
| (after adjusted to reclassification) | 521.5 | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| Loans-to-Deposits Ratio (pa) (%) | | | | | | | | | | |
| (Total) | N.A. | 57.5 | 57.1 | 57.8 | 59.5 | 61.5 | 62.8 | 60.4 | 64.7 | 67.5 |
| (HKD) | N.A. | 82.3 | 81.5 | 82.3 | 84.6 | 87.6 | 89.3 | 86.0 | 89.6 | 90.1 |
| Foreign Currency Reserves ¹ (in US\$bn) | 123.6 | 123.6 | 118.4 | 118.4 | 112.1 | 114.4 | 113.6 | 118.4 | 111.9 | 111.2 |
| Deposits | 3,645.2 | 10.1 | 7.5 | 7.5 | 4.4 | 0.6 | -0.1 | 7.5 | -2.6 | -3.4 |
| HKD Deposits ² | 1,983.4 | 9.6 | 5.8 | 5.8 | 3.6 | -0.3 | -1.5 | 5.8 | -1.6 | 0.2 |
| FC Deposits ³ | 1,661.8 | 10.8 | 9.6 | 9.6 | 5.4 | 1.9 | 1.6 | 9.6 | -3.8 | -7.4 |
| Loans & Advances | 2,096.1 | 0.9 | -2.0 | -2.0 | -3.8 | -4.3 | -4.5 | -2.0 | -4.9 | -11.2 |
| Loans in HKD | 1,632.0 | 0.7 | -2.6 | -2.6 | -3.6 | -3.0 | -3.0 | -2.6 | -1.9 | -0.3 |
| Loans in FC | 464.1 | 1.6 | 0.3 | 0.3 | -4.7 | -8.7 | -9.7 | 0.3 | -14.3 | -33.6 |
| Loans for use in HK ⁴ | 1,862.5 | 1.4 | -1.4 | -1.4 | -2.9 | -2.8 | -2.9 | -1.4 | -2.4 | -4.3 |
| Loans for use outside HK ⁵ | 233.6 | -3.1 | -6.6 | -6.6 | -10.2 | -14.8 | -15.4 | -6.6 | -20.7 | -38.6 |
| Loans for use in HK (eop) – Q4/2003 | 1,808.7 | N.A. | -1.4 | -1.4 | -2.9 | -2.8 | -2.9 | -1.4 | -2.4 | -4.4 |
| Mortgage Lending | 616.2 | N.A. | -4.0 | -4.0 | -4.4 | -4.1 | -2.1 | -4.0 | -0.8 | 3.3 |
| Property Development & Investment | 360.3 | N.A. | -4.9 | -4.9 | -1.7 | -1.6 | -2.3 | -4.9 | -2.6 | -2.4 |
| Trade Finances ⁴ | 100.1 | N.A. | 10.2 | 10.2 | 3.0 | 6.5 | 7.6 | 10.2 | 2.5 | -14.6 |
| Financial Concerns | 146.6 | N.A. | 16.8 | 16.8 | 7.2 | -1.3 | -11.9 | 16.8 | -11.6 | -16.4 |
| Wholesale & Retail Trade | 93.6 | N.A. | -6.7 | -6.7 | -4.8 | -0.2 | 0.1 | -6.7 | -0.8 | -15.8 |
| Manufacturing | 84.4 | N.A. | 19.4 | 19.4 | 12.0 | 2.7 | -0.5 | 19.4 | -0.8 | -3.4 |
| Credit Card | 49.5 | N.A. | -3.7 | -3.7 | -8.5 | -11.4 | -10.9 | -3.7 | -6.3 | 12.8 |
| Private Purposes | 77.4 | N.A. | -3.4 | -3.4 | -7.3 | -8.5 | -7.0 | -3.4 | -2.3 | -2.4 |

PRIVATE CONSUMPTION

| | Amount | % change, yoy, unless otherwise stated | | | | | | | | |
|-----------------------------|-------------------|--|-------|-------|-----------|-------|-------|-------|--------|------|
| | | Monthly | | | Quarterly | | | | Yearly | |
| | | 12/03 | 12/03 | 11/03 | Q4/03 | Q3/03 | Q2/03 | Q1/03 | 2003 | 2002 |
| Retail Sales (Value) | \$16.6 bn | 6.7 | 5.2 | 5.3 | -0.4 | -10.9 | -2.9 | -2.3 | -4.1 | -1.2 |
| (Volume) | N.A. | 5.8 | 5.2 | 5.2 | 1.2 | -7.7 | -1.1 | -0.6 | -2.6 | 1.2 |
| Restaurant Receipts (Value) | \$12.6 bn (03 Q4) | N.A. | N.A. | -4.5 | -7.1 | -19.2 | -8.6 | -9.8 | -5.4 | -2.5 |
| (Volume) | N.A. | N.A. | N.A. | -3.3 | -5.8 | -18.1 | -7.3 | -8.6 | -4.2 | -2.3 |
| Department Store (Value) | \$2.1 bn | 3.7 | 8.5 | 5.4 | -2.0 | -12.5 | -4.7 | -2.9 | -0.7 | 2.6 |
| (Volume) | N.A. | 0.8 | 6.4 | 3.5 | -2.5 | -9.7 | -4.4 | -2.9 | 0.5 | 5.8 |
| Visitors Arrivals | 1.79 mn | 7.4 | 7.3 | 7.3 | 4.1 | -57.9 | 19.7 | -6.2 | 20.7 | 5.1 |

PROPERTY

| Private Residential | Amount | % Change mom | | | % Change qoq | | | % Change yoy | | |
|---|-----------|--------------|-------|-------|--------------|-------|--------|--------------|--------|--------|
| | | 1/04 | 12/03 | Q4/03 | Q3/03 | Q2/03 | Q1/03 | 2003 | 2002 | 2001 |
| Price and Rental Indices | | | | | | | | | | |
| Rental (official) : period average | N.A. | N.A. | -0.8 | -0.1 | -2.5 | -3.7 | -3.0 | -11.9 | -12.5 | -2.8 |
| Price (official) : period average | N.A. | N.A. | 0.2 | 7.1 | -0.9 | -4.6 | -3.6 | -12.3 | -11.1 | -12.2 |
| : eop | N.A. | N.A. | 0.2 | 4.6 | 2.7 | -3.1 | -5.6 | -1.7 | -12.2 | -9.8 |
| HK (\$/sf): eop | 2,813 | 2,813 | 2,734 | 2,734 | 2,579 | 2,479 | 2,620 | 2,734 | 2,765 | 3,066 |
| KL (\$/sf): eop | 2,509 | 2,509 | 2,446 | 2,446 | 2,448 | 2,247 | 2,322 | 2,446 | 2,432 | 2,761 |
| NT (\$/sf): eop | 1,832 | 1,832 | 1,799 | 1,799 | 1,910 | 1,890 | 1,936 | 1,799 | 2,024 | 2,216 |
| Rental yield (%) : HK | 4.65 | 4.65 | 4.73 | 4.77 | 4.96 | 4.91 | 4.69 | 4.83 | 4.91 | 5.22 |
| KL | 4.77 | 4.77 | 4.99 | 5.08 | 5.22 | 5.30 | 5.20 | 5.20 | 5.09 | 5.44 |
| NT | 4.65 | 4.65 | 4.74 | 4.90 | 4.73 | 4.70 | 4.62 | 4.74 | 4.51 | 4.56 |
| Sales & purchase agreements | | | | | | | | | | |
| Value | \$22.6 bn | 16.2 | -8.6 | 58.9 | 35.9 | -8.5 | 0 | 2.2 | -3.8 | -13.4 |
| Number | 9,468 | 7.9 | -9.1 | 31.9 | 28.5 | -1.3 | -5.4 | 1.6 | -2.6 | 2.9 |
| New res. mortg. approved of 25 AIs# | | | | | | | | | | |
| Number, during the period | 6,804 | 9.3 | 4.0 | 6.9 | 23.0 | 8.5 | -15.5 | -18.3 | -7.8 | -4.9 |
| Value per loan, during the period | \$1.41 mn | 2.2 | 1.5 | 14.6 | 0.8 | -3.3 | -3.4 | -4.1 | -4.9 | -5.2 |
| Supply | | | | | | | | | | |
| No. of private flats completed | 9,314 | N.A. | N.A. | N.A. | 9,314 | 6,100 | 4,530 | N.A. | 32,746 | 23,986 |
| | 03 Q3 | | | | | | | | | |
| No. of private flats with consent to start work | 5,946 | N.A. | N.A. | N.A. | 5,946 | 6,102 | 12,351 | N.A. | 18,271 | 27,274 |
| | 03 Q3 | | | | | | | | | |

MACROECONOMIC INDICATORS

| | Amount (\$bn) | % change, yoy unless otherwise stated | | | | | | | | |
|---------------------------------|---------------|---------------------------------------|-------|-------|-----------|-------|-------|-------|--------|-------|
| | | Monthly | | | Quarterly | | | | Yearly | |
| | 1/04 | 1/04 | 12/03 | Q4/03 | Q3/03 | Q2/03 | Q1/03 | 2003 | 2002 | 2001 |
| GDP | N.A. | N.A. | N.A. | N.A. | 4.0 | -0.5 | 4.5 | N.A. | 2.3 | 0.5 |
| Composite CPI | N.A. | -1.5 | -1.9 | -2.3 | -3.7 | -2.5 | -1.9 | -2.6 | -3.0 | -1.6 |
| Labour | | | | | | | | | | |
| Unemployment Rate (%) | N.A. | 7.3 | 7.3 | 7.3 | 8.3 | 8.6 | 7.5 | 7.9 | 7.3 | 5.1 |
| Unemployed ('000 people) | N.A. | 245.0 | 253.2 | 253.2 | 297.3 | 300.0 | 259.8 | 277.6 | 255.5 | 174.8 |
| External Trade (Nominal) | | | | | | | | | | |
| Total Exports | 135.3 | 0.2 | 15.8 | 11.4 | 7.1 | 12.2 | 17.6 | 11.7 | 5.4 | -5.8 |
| Domestic Exports | 8.3 | -13.8 | 3.6 | -1.7 | -5.4 | -11.4 | -10.4 | -7.1 | -14.7 | -15.2 |
| Re-exports | 127.1 | 1.3 | 16.9 | 12.4 | 8.2 | 14.4 | 20.3 | 13.4 | 7.7 | -4.6 |
| Total Imports | 134.5 | 0.9 | 17.9 | 13.8 | 6.1 | 9.6 | 17.8 | 11.5 | 3.3 | -5.4 |
| Trade Balance (in \$bn) | 0.8 | 0.8 | -11.5 | -22.5 | -7.5 | -13.3 | -20.1 | -63.3 | -58.9 | -87.2 |

FORECASTS FOR REAL GDP & CPI

| | 2004F (BEA) | 2003F (Gov) | 2003F (BEA) | 2002 | 2001 |
|--------------------------------|-------------|-------------|-------------|-------|-------|
| GDP | 4.5 | 3.0 | 2.8 | 2.3 | 0.5 |
| Private Consumption | 4.0 | 0 | 0.3 | -1.2 | 2.0 |
| Government | -1.5 | 1.5 | 0.6 | 2.4 | 6.1 |
| Capital Formation | 2.2 | 0.3 | -0.7 | -4.3 | 2.7 |
| Domestic Exports | -7.5 | -8.5 | -8.7 | -11.2 | -10.2 |
| Re-exports | 9.5 | 14.5 | 15.7 | 11.0 | -2.4 |
| Total Exports | 8.3 | 12.5 | 13.6 | 8.7 | -3.3 |
| Imports of Goods | 9.3 | 11.1 | 12.1 | 7.9 | -1.9 |
| Visible Trade (HK\$ billion) | -91.4 | -66.3 | -66.0 | -80.5 | -85.0 |
| Exports of Services | 14.5 | 3.5 | 3.5 | 12.2 | 6.2 |
| Imports of Services | 6.0 | -5.0 | -6.8 | 0.2 | 2.0 |
| Invisible Trade (HK\$ billion) | 229.0 | 186.2 | 189.7 | 163.8 | 125.2 |
| CPI (Composite) | 0 | -2.6 | -2.5 | -3.0 | -1.6 |

Unit: %

Note: *pa*: Period averages; *eop*: End-of-period; *N.A.*: Not applicable
mom: Month-on-month; *qoq*: Quarter-on-quarter; *yoy*: Year-on-year
Gov: HKSAR Government; *BEA*: The Bank of East Asia

¹ Foreign Currency Reserves in Land Fund are not included before June 30, 1997

² Adjusted to include swap deposits

³ Adjusted to exclude swap deposits

⁴ Loans to finance merchandising trade not touching HK would be included in trade finance & loans for use in HK

⁵ Others loans where the place of use is not known would be included in loans for use outside HK

The number of authorized institutions participating in the HKMA Residential Mortgage Survey is reduced from 28 to 25 starting from August 2003

KEY INTERNATIONAL INDICATORS FOR MAJOR ECONOMIES
(Update: 5th March, 2004)

| Country/Region | Unemployment rate | CPI inflation | Real GDP/GNP growth rate | Money supply (M1) growth | Prime lending rate |
|----------------|--------------------|---------------|--------------------------|--------------------------|--------------------|
| Australia | 5.7% (Jan.) | 2.4% (Q4) | 2.6% (Q3) | 8.7% (Dec.) | 9.00% |
| Canada | 7.4% (Jan.) | 1.2% (Jan.) | 1.0% (Q3) | 7.0% (Jan.) | 4.25% |
| China | 4.3%* | 3.2% (Jan.) | 9.9% (Q4) | 15.7% (Jan.) | 5.31% |
| Euro area | 8.8% (Dec.) | 2.0% (Jan.) | 0.6% (Q4) | 11.2% (Jan.) | 3.00% |
| Hong Kong | 7.3% (Nov. – Jan.) | -1.9% (Jan.) | 4.0% (Q3) | 39.4% (Jan.) | 5.00% |
| Japan | 5.0% (Jan.) | -0.3% (Jan.) | 3.6% (Q4) | 4.3% (Jan.) | 1.375% |
| UK | 4.9% (Dec.) | 1.4% (Jan.) | 2.8% (Q4) | 7.7% (Jan.) | 4.00% |
| US | 5.6% (Jan.) | 1.9% (Jan.) | 4.3% (Q4) | 5.6% (Jan.) | 4.00% |

* Figure as at end-December, 2003

This material is prepared by The Bank of East Asia, Ltd.(Economic Research Department) based upon information which we consider reliable. Data are obtained from the Census and Statistics Department, HKSAR; the Hong Kong Monetary Authority; The Economist; Bloomberg and the National Bureau of Statistics, China. Opinions expressed herein are subject to change without notice.