

## **Hong Kong jobless rate steadies at 3.3 percent in April-June**

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HONG KONG (Thomson Financial) - Hong Kong's unemployment rate remained at a decade-low in the three months to June, topping market expectations, although a U.S.-led slowdown may drive the city's jobless rate higher in the second half.

"Tourism contributed to a better-than-expected reading, but pretty soon hiring is expected to cool as businesses begin to hurt from weaker demand due to a slowdown in the U.S.," said Paul Tang, economist at Bank of East Asia.

Hotels and restaurants stepped up hiring in the period, thanks to the city's robust tourism, said Tang.

The number of tourists in the city jumped 11.2 percent in April from a year earlier, and was up 6.3 percent at over 2 million in May, according to data released by the Hong Kong Tourism Board.

Tang, who forecast the city's jobless rate at 3.4 percent for the April to June period, is expecting the reading to spike to about 3.4 to 3.5 percent in the coming months as slowing demand from the U.S. may discourage hiring of more staff.

The United States is Hong Kong's second-largest export market -- with China being the largest -- accounting for nearly half of total trade.

Total employment fell by 1,200 to 3.532 million in the three months to June from the previous period, the government said Thursday.

The underemployment rate, which represents those seeking full-time work but still engaged on a part-time basis, was 1.9 percent, slightly higher than the previous period's 1.8 percent, the government said.

The number of unemployed persons slipped by 600 to 121,500 in the April to June period.

For the three months to June, the city's labour force fell by 1,900 to 3.65 million. In the coming months, however, new graduates are expected to flood the market and impact on the labour situation, the government said.

"Although our employment situation has been steadily improving, there is no room for complacency given the uncertainties in the external economic environment and the local skills mismatch problem," said Secretary for Labour and Welfare Matthew Cheung Kin-chung.

"In the next few months, with the entry of fresh graduates and school leavers into the employment market, the near-term employment outlook will mainly hinge on whether the pace of job creation in the economy is

sufficient to absorb the newcomers," Cheung said.

In the three months to June, the drop in unemployment was most significant in restaurants, hotels, communications, and personal services sectors.

The jobless rate rose in the construction and insurance sectors during the period.

**Source: Xinhua Newsfeed**