

## Hong Kong exports to recover after June slump - Moody's Economy.com

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HONG KONG (XFN-ASIA) - Hong Kong's exports will probably bounce back and post positive growth in July after "unexpectedly" slipping into negative territory in June, said Sherman Chan, an economist at Moody's Corp unit Moody's Economy.com.

"I had forecast Hong Kong's June export growth to come in at around 12.4 pct. So the steep drop for the month came as a big surprise and was totally unexpected," she said.

She believes that Hong Kong's exports will grow at a steady pace despite slowing a global economy.

"I expect last month's decline to be an one-off phenomenon. Exports in July will probably grow by about 8 to 10 pct and average monthly growth in the second half of the year will probably be in the 7-8 pct range," she said.

The Hong Kong government announced today that exports in June fell 0.6 pct year-on-year to 223.2 bln hkd, after rising 10.3 pct in May.

A government spokesman attributed the sharp decline to slowing global economic growth.

Within the region, exports to South Korea fell by 10.0 pct, followed by mainland China with 6.2 pct, and Japan with 5.5 pct.

Exports to some major destinations in other regions also fell marginally, with shipments to the UK slipping 0.6 pct and exports to the US shedding 0.1 pct.

Chan said several factors must have caused the sharp decline in Hong Kong's exports last month.

"About 50 pct of Hong Kong's total exports are accounted for by re-exports from the mainland. As China's exports slowed in June, this must have significantly affected the volume of Hong Kong's re-exports," she said.

"Hong Kong is also facing increasing competition from Singapore and Malaysia in the re-export business from China, and this could probably be another issue which adversely affected June exports," she said.

(1 usd = 7.8 hkd)

Source: Xinhua



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