



# DAILY INFORMATION BULLETIN

WEDNESDAY, JANUARY 3, 1979

<u>CONTENTS</u>	<u>PAGE NO.</u>
MONEY SUPPLY FIGURES FOR NOVEMBER .....	1
GOVERNMENT TAKING THE LEAD IN SUPPORTING LOCAL PRODUCTS ....	2
\$45.58 MILLION WORTH OF CONTRACTS AWARDED IN NOVEMBER 1978 .....	3
FOURTH STUDENTS' CONCERT .....	4
WATER CUT .....	4

## MONEY SUPPLY FIGURES FOR NOVEMBER

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GOVERNMENT TODAY (WEDNESDAY) RELEASED THE BANKING AND MONEY SUPPLY FIGURES FOR NOVEMBER.

THEY SHOW THAT THE MONEY SUPPLY ON THE WIDER DEFINITION (M2) ROSE IN NOVEMBER, AFTER FALLING SLIGHTLY IN OCTOBER, BUT THE LONGER-TERM RATE OF GROWTH FELL BACK DURING THE MONTH.

TWO NEW BANKS BEGAN TO FUNCTION IN NOVEMBER, BUT ARE NOT LIKELY TO HAVE ANY GREAT EFFECT ON THE FIGURES.

M1 (NOTES AND COINS IN CIRCULATION AND DEMAND DEPOSITS AT LICENSED BANKS) FELL BY \$523 MILLION (2.4 PER CENT) IN NOVEMBER, TO \$20,958 MILLION, WHICH WAS 20.7 PER CENT ABOVE THE NOVEMBER, 1977, FIGURE.

M2 (M1, PLUS TIME DEPOSITS AND SAVINGS DEPOSITS) ROSE BY \$812 MILLION IN NOVEMBER (1.1 PER CENT) TO \$71,490 MILLION, 26.8 PER CENT ABOVE THE FIGURE FOR THE END OF NOVEMBER, 1977.

THE ANNUAL GROWTH RATE FOR BOTH M1 AND M2 HAS NOW FALLEN TWO MONTHS IN A ROW.

M1 AT THE END OF OCTOBER WAS 25.0 PER CENT ABOVE THE OCTOBER, 1977, FIGURE, AND AT THE END OF SEPTEMBER THE FIGURE WAS 30.2 PER CENT UP ON THE SEPTEMBER, 1977, FIGURE. M2 AT THE END OF OCTOBER WAS 27.6 PER CENT UP ON THE YEAR, AND AT THE END OF SEPTEMBER WAS 30.3 PER CENT UP.

COMPARING THE AVERAGE FOR THE PERIOD SEPTEMBER-NOVEMBER, 1978, WITH THE SAME PERIOD OF 1977, TO SMOOTH OUT ANY UNUSUAL MONTHLY FLUCTUATIONS, M1 SHOWS AN INCREASE OF 25.2 PER CENT AND M2 AN INCREASE OF 28.2 PER CENT.

THIS COMPARISON ALSO SHOWS SOME SLOWING DOWN IN THE RATE OF INCREASE SINCE OCTOBER.

THERE WAS A VERY PRONOUNCED MOVEMENT IN NOVEMBER FROM DEMAND DEPOSITS, WHICH EARN NO INTEREST, TO TIME DEPOSITS: THIS PRESUMABLY REFLECTS THE INCREASES IN INTEREST RATES ON TIME DEPOSITS ON OCTOBER 30 AND NOVEMBER 9.

THERE WAS AN INCREASE IN LOANS AND ADVANCES IN HONG KONG, WITH THE TOTAL OUTSTANDING RISING DURING NOVEMBER BY \$2,353 MILLION TO \$50,886 MILLION, WHICH WAS 43.1 PER CENT ABOVE THE LEVEL AT THE END OF NOVEMBER, 1977.

THE RATE OF GROWTH OF LOANS AND ADVANCES, ON AN ANNUAL COMPARISON, HAS BEEN ACCELERATING IN THE SECOND HALF OF 1978, WITH OCTOBER 41.5 PER CENT ABOVE OCTOBER, 1977, AND SEPTEMBER 37.7 PER CENT ABOVE SEPTEMBER, 1977.

THE TREND IS ALSO APPARENT FROM A THREE MONTHLY COMPARISON, WITH SEPTEMBER-NOVEMBER, 1978, 40.8 PER CENT UP ON THE SAME PERIOD OF 1977.

THERE WAS A RISE IN BALANCES DUE TO BANKS ABROAD, AND A LESS PRONOUNCED RISE IN BALANCES DUE FROM BANKS ABROAD. THESE MOVEMENTS MAY HAVE REFLECTED TIGHT MONEY MARKET CONDITIONS IN HONG KONG AT THE END OF NOVEMBER, AND THE CONSEQUENT NEED OF A NUMBER OF BANKS IN HONG KONG TO BRING FUNDS IN FROM ABROAD.

AS A RESULT OF THESE MOVEMENTS, AND OF A SLIGHT INCREASE IN THE VOLUME OF LOANS ABROAD, THE NET IDENTIFIABLE FOREIGN ASSETS OF THE HONG KONG BANKING SECTOR FELL BY \$1,215 MILLION TO \$16,914 MILLION.

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#### GOVERNMENT TAKING THE LEAD IN SUPPORTING LOCAL PRODUCTS

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THE GOVERNMENT IS TAKING THE LEAD IN SUPPORTING LOCAL PRODUCTS — MORE THAN TWO-THIRDS OF THE ORDERS FOR COMMODITY ITEMS DURING THE LAST FINANCIAL YEAR WERE PLACED LOCALLY.

DURING THE YEAR, THE GOVERNMENT SUPPLIES DEPARTMENT PLACED ABOUT \$300 MILLION WORTH OF ORDERS AND CONTRACTS OF WHICH THOSE LODGED WITH LOCAL ORGANISATIONS TOTALLED \$227 MILLION.

OF THESE ABOUT \$130 MILLION WERE FOR HONG KONG PRODUCTS.

THE GOVERNMENT SUPPLIES DEPARTMENT IS RESPONSIBLE FOR THE PURCHASE, STORAGE AND SUPPLY OF ESSENTIAL MATERIALS AND EQUIPMENT REQUIRED BY GOVERNMENT DEPARTMENTS AND CERTAIN SUBVENTED ORGANISATIONS.

THE DIRECTOR OF GOVERNMENT SUPPLIES, MR. FRED YOUNG, POINTED OUT THAT THE OBJECTIVE OF ECONOMIC BUYING COULD ONLY BE ACHIEVED BY THOROUGHLY RESEARCHING AND MONITORING THE MARKET WITH A VIEW TO LOCATING THE BEST POSSIBLE SOURCES OF SUPPLY.

+IT IS THEREFORE ESSENTIAL THAT, TO PROVIDE ULTIMUM VALUE FOR MONEY AND MAXIMUM SATISFACTION TO THE USER, A THOROUGH VALUE ANALYSIS BE CONDUCTED BEFORE LARGE-SCALE BUYING IS UNDERTAKEN,+ MR. YOUNG SAID.

+EXPERIENCE HAS ALSO SHOWN THAT CENTRALISED BUYING IS ESSENTIAL TO ECONOMIC PUBLIC SPENDING,+ HE ADDED.

AND MR. YOUNG, WHO HAS BEEN IN THE PUBLIC PURCHASING ORGANISATION IN HONG KONG FOR MORE THAN 29 YEARS, SAID THE BEST SOURCE OF SUPPLY IS THE HONG KONG MANUFACTURER.

+HE IS REALLY THE PLUM IN THE BUYER'S PUDDING BECAUSE HERE WE HAVE AN AREA WHERE WE CAN INSPECT THE MATERIALS USED TO MANUFACTURE THE END PRODUCT --- WE CAN SEE THE PRODUCT IN THE COURSE OF MANUFACTURE AND, WE CAN INSPECT THE FINISHED ARTICLES ON THE MANUFACTURING PREMISES BEFORE PACKING,+ MR. YOUNG SAID.

+WITH THE DIVERSITY OF MANUFACTURERS AVAILABLE IN HONG KONG,+ HE ADDED, +THE GOVERNMENT IS ABLE TO FIND LOCAL MANUFACTURERS FOR A LARGE NUMBER OF THE ARTICLES IT PURCHASES ANNUALLY.+

THERE IS A WIDE VARIETY OF ITEMS PROVIDED BY LOCAL PRODUCERS FOR THE GOVERNMENT SUPPLIES DEPARTMENT.

/THESE INCLUDE .....

THESE INCLUDE BUILDING MATERIALS, ELECTRICAL APPLIANCES, FOODSTUFF, GLASSWARE, INSECTICIDE SPRAYS, LEATHER GOODS, METALWARE, PLASTIC GOODS AND MATERIALS, TEXTILE ARTICLES, WOODEN AND STEEL FURNITURE AS WELL AS PHARMACEUTICAL PRODUCTS.

MR. YOUNG POINTED OUT THAT THERE WAS A MISCONCEPTION THAT THE GOVERNMENT SUPPLIES DEPARTMENT TENDED TO FAVOUR LOCALLY MANUFACTURED ARTICLES BECAUSE IT WAS THE GOVERNMENT'S BUYING AGENCY.

+WE DO FAVOUR LOCALLY MANUFACTURED ARTICLES BECAUSE OF THE REASONS ALREADY MENTIONED. BUT WE DO NOT FAVOUR THEM IN AS MUCH THAT WE ALLOW THEM ANY SPECIAL CONCESSIONS WHEN IT COMES TO ADJUDICATING ON COMPETITIVE TENDERS AND WHERE HONG KONG PRODUCTS ARE COMPETING AGAINST FOREIGN PRODUCTS,+ HE SAID.

+IN OTHER WORDS WHEN WE MAKE A PURCHASE OF A HONG KONG PRODUCT WE PURCHASE IT BECAUSE IT IS THE RIGHT ARTICLE AT THE RIGHT PRICE AND QUALITY AND HAS COMPETED WITH AND WON IN MANY INSTANCES IN FAIR COMPETITION WITH FOREIGN MANUFACTURED GOODS,+ HE ADDED.

MR. YOUNG SAID THE VALUE OF HONG KONG PRODUCTS WHICH THE DEPARTMENT IS BUYING HAS BEEN INCREASING ANNUALLY AT ABOUT 10 PER CENT WITH A PROPORTIONAL DECREASE IN THE AMOUNT OF OVERSEAS ORDERS, ADDING THAT A FEW YEARS AGO IT BOUGHT MORE THAN TWO-THIRDS OF ITS PRODUCTS OVERSEAS.

ON OTHER ADVANTAGES IN BUYING LOCALLY, MR. YOUNG SAID HE COULD NOT RECALL PLACING AN ORDER WITH A HONG KONG MANUFACTURER THAT WAS NOT HONOURED IN EVERY DETAIL IN ACCORDANCE WITH THE SPECIFICATION, TERMS AND CONDITIONS OF THE CONTRACT.

+IT IS SIMPLY THE TRUTH, WE HAVE NEVER YET BEEN LET DOWN BY A HONG KONG MANUFACTURER,+ HE SAID.

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\$45.58 MILLION WORTH OF CONTRACTS AWARDED IN NOVEMBER 1978  
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THE PUBLIC WORKS DEPARTMENT AWARDED 30 CONTRACTS WORTH \$45.58 MILLION IN NOVEMBER LAST YEAR.

SIXTEEN WERE AWARDED ON THE RECOMMENDATION OF THE CENTRAL TENDER BOARD AND 14 ON THE RECOMMENDATION OF THE PWD TENDER BOARD.

THE BIGGEST CONTRACT AWARDED WAS FOR THE CONSTRUCTION OF THE AIRPORT TUNNEL ROAD -- KOWLOON BAY TO KWUN TONG ROAD, STAGE II -- FOUNDATIONS.

OTHER CONTRACTS INCLUDED THE CONTROLLED TIPPING OF REFUSE AT SAI TSO WAN AND ASSOCIATED WORKS AND THE IMPROVEMENT TO THE FLOOD-LIGHTING INSTALLATION IN THE HONG KONG GOVERNMENT STADIUM.

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FOURTH STUDENTS' CONCERT

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THE FOURTH STUDENTS' CONCERT ORGANISED BY THE MUSIC ADMINISTRATOR'S OFFICE WILL BE HELD ON FRIDAY, JANUARY 5, IN THE RECITAL HALL OF THE HONG KONG ARTS CENTRE AT 5.30 P.M.

+THIS CONCERT IS ORGANISED TO HELP YOUNG STUDENTS BUILD UP CONFIDENCE IN GIVING LIVE PERFORMANCE TO THE PUBLIC,+ A SPOKESMAN FOR THE MUSIC ADMINISTRATOR'S OFFICE SAID.

+IT IS ONE OF A SERIES GIVEN REGULARLY ON THE FIRST FRIDAY OF EVERY MONTH,+ HE ADDED.

PERFORMERS OF THE CONCERTS ARE STUDENTS OF THE TRAINING CLASSES OF THE MUSIC ADMINISTRATOR'S OFFICE. PARENTS, FRIENDS, COLLEAGUES, INSTRUCTORS AS WELL AS MEMBERS OF THE PUBLIC ARE WELCOME TO ATTEND.

FREE ADMISSION TICKETS CAN BE OBTAINED FROM THE MUSIC ADMINISTRATOR'S OFFICE ON THE NINTH FLOOR, ARTS CENTRE, HARBOUR ROAD, WANCHAI, HONG KONG.

FOR ENQUIRIES PLEASE RING 5-283257 EXTENSION 29.

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WATER CUT

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WATER SUPPLY TO A NUMBER OF PREMISES IN TSZ WAN SHAN WILL BE TURNED OFF FOR SIX HOURS FROM MIDNIGHT TO 6 A.M. ON JANUARY 6 FOR NIGHT LEAKAGE TESTS.

THE AFFECTED AREA WILL BE BOUNDED BY TSZ WAN SHAN ROAD, PO KONG VILLAGE ROAD, PO MING LANE, YUK WAH CRESCENT AND HONG WAH STREET INCLUDING YUK WAH STREET, LOK WAH STREET, PO WAI LANE, PO TIN LANE, PO HANG LANE, PO YING LANE, PO KING LANE, PO FUNG LANE AND TSZ WAN SHAN ESTATE BLOCKS 61-67.

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