

ECONOMY

Jobless rate holds steady but fifth wave raises warning flags

Tough social-distancing rules could pressure businesses and see figure rise from latest 3.9pc

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Hong Kong's unemployment rate for the three months ended in January held steady at 3.9 per cent, but the government warned that tough social-distancing measures amid a ballooning Covid-19 crisis posed a serious threat to job security.

The figure was unchanged from the previous rolling three-month period running from October to December, the Census and Statistics Department said yesterday.

It remains the lowest jobless figure since February 2020, when unemployment peaked at 7.2 per cent – the worst showing since 2004.

Secretary for Labour and Welfare Law Chi-kwong said the city's fifth wave of Covid-19 cases had started to weigh on the labour market.

"The deterioration in the local epidemic situation of late will put further pressure on the labour market," he said.

"However, the outlook for the labour market would hinge on the development of the local epidemic. It is thus essential for the community to work in unison to help and support the government to put the local epidemic under control as swiftly as possible."

Law also expected the government's latest HK\$27 billion round of pandemic-relief funding to provide some support to roughly 67,000 businesses and 750,000 individuals.

In the latest period, the number of unemployed people decreased by about 8,100 to 135,200, while the underemployment rate increased by 0.1 percentage points to 1.8 per cent.

Unemployment in the catering sector, which has been hit especially hard by the pandemic, grew by 0.3 percentage points to 6.2 per cent. Unemployment in the arts, entertainment and recreation sectors increased by 1.3 percentage points to 5.3 per cent.

8,100

Number of unemployed fell by this many in the three months to January, with improvements in transport and storage industries

But other sectors, including transport and storage industries, saw declines.

According to the Social Welfare Department, the number of people seeking unemployment aid from the Comprehensive Social Security Assistance (CSSA) scheme jumped almost 47 per cent in January from two years ago at the start of the pandemic.

The increase occurred despite the fact that applications were down marginally at 0.2 per cent to 18,453 cases in January compared with December.

The average number of applications for unemployment aid

between November and January was around 479 a month, a 2.1 per cent increase compared with October to December last year.

Iris Pang, chief economist for Greater China at Dutch bank ING, said unemployment would climb to around 4.3 per cent and underemployment would rise to 2 per cent in the period between December 2021 and February 2022.

She also expects the figure to increase further to at least 4.5 per cent from February onwards as prolonged social distancing measures may lead to more job losses.

"Even if the [number of Covid-19 cases] slowly dropped, the government will not relax social distancing measures so hastily," she said.

Hong Kong is set to launch a new vaccine pass scheme on Thursday requiring residents to show proof of inoculation when entering certain premises, including salons, markets, malls and restaurants. But it remains to be seen what impact the new initiative will have on businesses' bottom line.

Businesses previously warned that the move would hurt revenue, as some people still remained resistant to vaccination.

In addition to the vaccine pass, social-distancing measures – including the temporary closure of 17 types of businesses – are set to be extended, and in the case of certain restaurants, even toughened.

With case counts still surging due to the more infectious Omicron variant and pressure mounting from Beijing to bring the outbreak under control, Hong Kong officials have described the city as being in "full-on war mode".