

# **Results of Strategic Public Policy Research Funding Scheme 2018-19 announced**

The Policy Innovation and Co-ordination Office (PICO) announced today (February 28) the results of the 2018-19 Strategic Public Policy Research (SPPR) Funding Scheme.

On the advice of the Assessment Panel, PICO has supported three projects with total funding of about \$11 million in the 2018-19 SPPR Funding Scheme. A total of 17 applications had been received.

The SPPR Funding Scheme aims to support longer-term public policy research on strategic themes, build up research capacity and facilitate collaboration among institutions/think tanks on the strategic themes. The strategic themes for 2018-19 include (1) Development of the Guangdong-Hong Kong-Macao Greater Bay Area; (2) Belt and Road Initiative; (3) Economic and Trade Co-operation Zones; (4) Big Data and/or Smart City; (5) Re-industrialisation; (6) Sharing Economy; (7) Land and Housing Strategy; (8) Youth Development; and (9) Challenges of Population Ageing.

Applications to the SPPR Funding Scheme are invited once a year, normally in the second quarter of a year. Applications are assessed by an assessment panel, chaired by and comprising experienced academics, who will take into account comments of reviewers who are academics and experts outside the panel in considering the applications. Each application is considered on its merits and the strategic relevance to public policy development of Hong Kong. A declaration of interests system is in place to ensure that the assessments are fair and impartial.

Details of the funded projects have been uploaded to PICO's website ([www.pico.gov.hk/en/PRFS](http://www.pico.gov.hk/en/PRFS)).

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## **LegCo Finance Committee meeting**

The following is issued on behalf of the Legislative Council Secretariat:

The meeting of the Legislative Council (LegCo) Finance Committee (FC) originally scheduled at 3pm tomorrow (March 1) in Conference Room 1 of the LegCo Complex will start at 3.15pm (or an earlier time between 3pm and 3.15pm). If the preceding House Committee meeting ends before 3 pm, the FC meeting will start at 3pm.

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# International Reserves and Foreign Currency Liquidity

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) released today (February 28) the analytical data on the Hong Kong Special Administrative Region's foreign currency reserves and foreign currency liquidity as at the end of January 2019 (Annex). These data are published monthly in the Template on International Reserves and Foreign Currency Liquidity in accordance with the International Monetary Fund's Special Data Dissemination Standard.

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At present, four press releases relating to the Exchange Fund's data are issued by the HKMA each month. Three of these releases are issued to disseminate monetary data in accordance with the International Monetary Fund's Special Data Dissemination Standard (SDDS). The fourth press release, on the Exchange Fund's Abridged Balance Sheet and Currency Board Account, is made in accordance with the HKMA's policy of maintaining a high level of transparency. For the month of February 2019, the scheduled dates for issuing the press releases are as follows:

February 11 (Issued)	SDDS International Reserves (Hong Kong's Latest Foreign Currency Reserve Assets Figures)
February 14 (Issued)	SDDS Analytical Accounts of the Central Bank (Analytical Accounts of the Exchange Fund)
February 28	SDDS Template on International Reserves and Foreign Currency Liquidity
February 28	Exchange Fund Abridged Balance Sheet and Currency Board Account

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# Monetary Statistics for January 2019

The following is issued on behalf of the Hong Kong Monetary Authority:

According to statistics published today (February 28) by the Hong Kong Monetary Authority, total deposits with authorised institutions grew by 0.7 per cent in January 2019. With increases in savings, demand and time deposits, Hong Kong-dollar deposits expanded by 1.1 per cent during the month. Overall foreign-currency deposits increased by 0.4 per cent in January. Renminbi deposits in Hong Kong declined by 2.6 per cent to RMB599.1 billion at the end of January. The total remittance of renminbi for cross-border trade settlement amounted to RMB408.1 billion in January, compared with RMB384.9 billion in December 2018.

Total loans and advances went up by 1.0 per cent in January. Among the total, loans for use in Hong Kong (including trade finance) grew by 0.9 per cent from a month ago, and loans for use outside Hong Kong expanded by 1.1 per cent (Note). The Hong Kong-dollar loan-to-deposit ratio edged down to 86.8 per cent at the end of January from 86.9 per cent at the end of December 2018, as Hong Kong-dollar loans grew at a slower pace than Hong Kong-dollar deposits.

On a seasonally-adjusted basis, Hong Kong-dollar M1 rose by 2.0 per cent month-on-month in January but declined by 5.4 per cent year-on-year. Seasonally unadjusted Hong Kong-dollar M3 increased by 1.2 per cent during the month and expanded by 1.5 per cent from a year earlier.

Note: The December 2018 figures for loans for use in/outside Hong Kong have been restated to reflect authorised institutions' reclassification of working capital loans. The reported month-on-month growth rates are calculated based on the reclassified loan data. As reclassified loan data before December 2018 are not available, quarter-on-quarter and year-on-year growth rates of loans for use in/outside Hong Kong (including their sub-components) as shown in Table 1H of the Annex are calculated based on the data without such reclassification.

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## Financial results for the 10 months ended January 31, 2019

The Government announced today (February 28) its financial results for the 10 months ended January 31, 2019.

There was a surplus of HK\$49.1 billion in the month of January, thereby

bringing a cumulative year-to-date surplus of HK\$108.1 billion. Expenditure for the 10-month period amounted to HK\$422.5 billion and revenue HK\$530.6 billion.

The fiscal reserves stood at HK\$1,211 billion as at January 31, 2019.

A government spokesperson said that the cumulative year-to-date surplus for the period was mainly due to the receipt of profits tax, land premium and stamp duties. Taking into account the forecast revenue and expenditure for the remaining two months, the surplus for the 2018-19 financial year is expected to decrease to HK\$58.7 billion and the fiscal reserves are estimated to be HK\$1,161.6 billion as at the end of March 2019.

Detailed figures are shown in Tables 1 and 2.

TABLE 1. CONSOLIDATED ACCOUNT (Note 1)

	Month ended January 31, 2019 HK\$ million	10 months ended January 31, 2019 HK\$ million
Revenue	90,860.9	530,558.8
Expenditure	(41,774.8)	(422,468.9)
Surplus	49,086.1	108,089.9
Financing		
Domestic		
Banking Sector (Note 2)	(48,363.4)	(110,266.2)
Non-Banking Sector	(722.7)	2,176.3
External	—	—
Total	(49,086.1)	(108,089.9)

Government Debts as at January 31, 2019 (Note 3)

HK\$1,500 million

Debts Guaranteed by Government as at January 31, 2019 (Note 4)

HK\$24,044.7 million

TABLE 2. FISCAL RESERVES

	Month ended January 31, 2019 HK\$ million	10 months ended January 31, 2019 HK\$ million
Fiscal Reserves at start of period	1,161,937.5	1,102,933.7
Consolidated Surplus	49,086.1	108,089.9
Fiscal Reserves at end of period (Note 5)	1,211,023.6	1,211,023.6

Notes:

1. This Account consolidates the General Revenue Account and the following eight Funds: Capital Works Reserve Fund, Capital Investment Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Land Fund, Loan Fund and Lotteries Fund. It excludes the Bond Fund, the balance of which is not part of the fiscal reserves. The Bond Fund balance as at January 31, 2019, was HK\$151,661 million.

2. Includes transactions with the Exchange Fund and resident banks.

3. These were the outstanding institutional notes as at January 31, 2019, which were denominated in Hong Kong dollars with maturity in July 2019. They do not include the outstanding bonds with nominal value of HK\$107,358 million and alternative bonds with nominal value of US\$3,000 million (equivalent to HK\$23,529 million as at January 31, 2019) issued under the Government Bond Programme (with proceeds credited to the Bond Fund). Of these bonds under the Government Bond Programme (including Silver Bonds with nominal value of HK\$8,758 million, which may be redeemed before maturity upon request from bond holders), bonds with nominal value of HK\$13,200 million were repaid upon maturity on February 20, 2019; bonds with nominal value of HK\$19,561 million and alternative bonds with nominal value of US\$1,000 million (equivalent to HK\$7,843 million as at January 31, 2019) will mature within the period from March 2019 to January 2020 and the rest within the period from February 2020 to March 2032.

4. Includes guarantees provided under the SME Loan Guarantee Scheme launched in 2001, the Special Loan Guarantee Scheme launched in 2008, the Special Concessionary Measures under the SME Financing Guarantee Scheme launched in 2012, and a commercial loan of the Hong Kong Science and Technology Parks Corporation.

5. Includes HK\$219,730 million being the balance of the Land Fund held in the name of "Future Fund" as from January 1, 2016, for long-term investments initially up to December 31, 2025. As from July 1, 2016, the Future Fund also includes HK\$4,800 million, being one-third of the actual surplus in 2015-16 as top-up.