

# Exchange Fund Abridged Balance Sheet and Currency Board Account

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

The Hong Kong Monetary Authority (HKMA) announced today (September 28) that the total assets of the Exchange Fund amounted to HK\$3,993.7 billion as at August 31, 2018, HK\$150.6 billion lower than that at the end of July 2018. Foreign currency assets decreased by HK\$102.6 billion and Hong Kong dollar assets decreased by HK\$48.0 billion.

The decline in foreign currency assets was mainly due to a decrease in unsettled purchases of securities and the sale of US dollars under the Currency Board arrangements. The decline in Hong Kong dollar assets was mainly due to a decrease in Exchange Fund Bills and Notes issued but not yet settled.

The Currency Board Account shows that the Monetary Base at the end of August 2018 was HK\$1,611.2 billion, decreased by HK\$33.9 billion, or 2.1 per cent, from the end of July 2018. The decline was mainly due to a decrease in the balance of the banking system.

The amount of Backing Assets decreased by HK\$30.3 billion, or 1.7 per cent, to HK\$1,765.7 billion. The decrease was mainly due to the sale of US dollars under the Currency Board arrangements, which was partly offset by income from investments. The backing ratio increased from 109.18 per cent at the end of July 2018 to 109.59 per cent at the end of August 2018.

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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 September 2018, the scheduled dates for issuing the press releases are as follows:

7 September (Issued)	SDDS International Reserves (Hong Kong's Latest Foreign Currency Reserve Assets Figures)
14 September (Issued)	SDDS Analytical Accounts of the Central Bank (Analytical Accounts of the Exchange Fund)

28 September	SDDS Template on International Reserves and Foreign Currency Liquidity
28 September	Exchange Fund Abridged Balance Sheet and Currency Board Account

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## Special traffic arrangements on Hong Kong Island

Police will implement special traffic arrangements to facilitate a public event to be held on Hong Kong Island this Sunday (September 30).

The following traffic arrangements will be implemented from 2am to 12 noon:

### A. Road closure

- Edinburgh Place east of and north of City Hall, except for vehicles leaving from City Hall car park;
- Lung Wo Road, except the slow lane of westbound Lung Wo Road between Tim Wa Avenue and Edinburgh Place;
- Yiu Sing Street; and
- The slow lane of southbound Man Yiu Street from its junction with Lung Wo Road to a point about 40 metres north of the same junction.

### B. Traffic diversions

- Traffic along southbound Man Yiu Street cannot turn left to eastbound Lung Wo Road;
- Traffic along southbound Man Yiu Street cannot turn left to eastbound Yiu Sing Street;
- Traffic along eastbound Man Cheung Street cannot enter Lung Wo Road. Affected vehicles will be diverted via Man Yiu Street;
- Traffic along eastbound Man Po Street cannot enter Yiu Sing Street. Affected vehicles will be diverted via Man Yiu Street;
- Traffic along Edinburgh Place east of City Hall cannot enter Lung Wo Road;
- Traffic along northbound Legislative Council Road cannot turn left to westbound Lung Wo Road. Affected vehicles will be diverted via southbound Legislative Council Road;
- Traffic along eastbound Lung Wui Road cannot enter westbound Lung Wo Road; and
- Traffic along westbound Fenwick Pier Street cannot enter westbound Lung Wo Road.

### C. Suspension of parking spaces

Motorcycle parking spaces at the general pick-up/ drop-off and loading/unloading area on Lung Wo Road north of Star Ferry Multi-Storey Car Park will be suspended.

All vehicles parked illegally will be towed away without prior notice.

Actual implementation of the traffic arrangements will be made depending on traffic and crowd conditions in the area. Motorists are advised to exercise tolerance and patience and take heed of instructions of the Police on site.

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## Residential Mortgage Survey Results for August 2018

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

The Hong Kong Monetary Authority (HKMA) announced the results of the residential mortgage survey for August 2018.

The number of mortgage applications in August increased month-on-month by 26.3 per cent to 17 963.

Mortgage loans approved in August increased by 7.7 per cent compared with July to HK\$47.7 billion. Among these, mortgage loans financing primary market transactions increased by 18.7 per cent to HK\$9.4 billion and those financing secondary market transactions decreased by 12.2 per cent to HK\$20.9 billion. Mortgage loans for refinancing increased by 38.7 per cent to HK\$17.3 billion.

Mortgage loans drawn down during August increased by 7.1 per cent compared with July to HK\$32.3 billion.

The ratio of new mortgage loans priced with reference to HIBOR decreased from 94.5 per cent in July to 93.5 per cent in August. The ratio of new mortgage loans priced with reference to best lending rates increased from 3.1 per cent in July to 4.6 per cent in August.

The outstanding value of mortgage loans increased month-on-month by 0.8 per cent to HK\$1,277 billion at end-August.

The mortgage delinquency ratio remained unchanged at 0.02 per cent and the rescheduled loan ratio remained unchanged at nearly 0 per cent.

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## Monetary statistics for August 2018

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

According to statistics published today (September 28) by the Hong Kong Monetary Authority, total deposits with authorised institutions increased by 0.6 per cent in August 2018. Hong Kong-dollar deposits edged down by 0.1 per cent during the month, as the decrease in demand and savings deposits exceeded the increase in time deposits. Overall foreign-currency deposits increased by 1.4 per cent in August. Renminbi deposits in Hong Kong rose by 1.7 per cent to RMB618.0 billion at the end of August. The total remittance of renminbi for cross-border trade settlement amounted to RMB360.4 billion in August, compared with RMB361.6 billion in July.

Total loans and advances declined by 0.7 per cent in August. Among the total, loans for use in Hong Kong (including trade finance) decreased by 0.5 per cent from a month ago, while loans for use outside Hong Kong dropped by 1.1 per cent. The Hong Kong-dollar loan-to-deposit ratio stayed virtually unchanged at 85.1 per cent at the end of August, as Hong Kong-dollar loans and Hong Kong-dollar deposits edged down at the same pace.

On a seasonally-adjusted basis, Hong Kong-dollar M1 declined by 1.7 per cent in August but increased by 3.3 per cent year-on-year. Seasonally unadjusted Hong Kong-dollar M3 edged down by 0.1 per cent during the month but grew by 5.1 per cent from a year earlier.

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## Financial results for the five months ended August 31, 2018

The Government announced today (September 28) its financial results for the five months ended August 31, 2018.

Expenditure for the period April to August 2018 amounted to HK\$210.8 billion and revenue HK\$144.8 billion, resulting in a cumulative year-to-date deficit of HK\$66 billion.

A government spokesperson said that the cumulative year-to-date deficit for the period was mainly due to the fact that some major types of revenue, including salaries and profits taxes, are mostly received towards the end of a financial year.

The fiscal reserves stood at HK\$1,036.9 billion as at August 31, 2018.

Detailed figures are shown in Tables 1 and 2.

TABLE 1. CONSOLIDATED ACCOUNT (Note 1)

	Month ended August 31, 2018 HK\$ million	Five months ended August 31, 2018 HK\$ million
Revenue	18,429.9	144,743.7
Expenditure	(42,031.2)	(210,771.6)
Deficit	(23,601.3)	(66,027.9)
Financing		
Domestic		
Banking Sector (Note 2)	23,580.7	63,446.5
Non-Banking Sector	20.6	2,581.4
External	—	—
Total	23,601.3	66,027.9

Government Debts as at August 31, 2018 (Note 3)

HK\$1,500 million

Debts Guaranteed by Government as at August 31, 2018 (Note 4)

HK\$24,187.5 million

TABLE 2. FISCAL RESERVES

	Month ended August 31, 2018 HK\$ million	Five months ended August 31, 2018 HK\$ million
Fiscal Reserves at start of period	1,060,507.1	1,102,933.7
Consolidated Deficit	(23,601.3)	(66,027.9)
Fiscal Reserves at end of period (Note 5)	1,036,905.8	1,036,905.8

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 August 31, 2018, was HK\$134,494 million.

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

3. These were the outstanding institutional notes as at August 31, 2018, which were denominated in Hong Kong dollars with maturity in July 2019. They do not include the outstanding bonds with nominal value of HK\$95,814 million and alternative bonds with nominal value of US\$3,000 million (equivalent to HK\$23,549 million as at August 31, 2018) 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\$5,814 million, which may be redeemed before maturity upon request from bond holders), bonds with nominal value of HK\$26,087 million will mature within the period from September 2018 to August 2019 and the rest within the period from September 2019 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.