

# Monetary Statistics for July 2018

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

According to statistics published today (August 31) by the Hong Kong Monetary Authority, total deposits with authorised institutions edged down by 0.1 per cent in July 2018. Hong Kong-dollar deposits edged up by 0.2 per cent during the month, as the increase in time deposits exceeded the decline in demand and savings deposits. Overall foreign-currency deposits decreased by 0.4 per cent in July. Renminbi deposits in Hong Kong rose by 3.9 per cent to RMB607.6 billion at the end of July. The total remittance of renminbi for cross-border trade settlement amounted to RMB361.6 billion in July, compared with RMB345.7 billion in June.

Total loans and advances decreased by 0.3 per cent in July. Among the total, loans for use in Hong Kong (including trade finance) declined by 0.6 per cent from a month ago, while loans for use outside Hong Kong edged up by 0.2 per cent. The Hong Kong-dollar loan-to-deposit ratio decreased to 85.1 per cent at the end of July from 85.4 per cent at the end of June, as Hong Kong-dollar loans declined while Hong Kong-dollar deposits edged up.

On a seasonally-adjusted basis, Hong Kong-dollar M1 declined by 1.2 per cent in July but increased by 5.7 per cent year-on-year. Seasonally unadjusted Hong Kong-dollar M3 edged up by 0.1 per cent during the month but grew by 4.5 per cent from a year earlier.

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## Financial results for the four months ended July 31, 2018

The Government announced today (August 31) its financial results for the four months ended July 31, 2018.

Expenditure for the period April to July 2018 amounted to HK\$168.7 billion and revenue HK\$126.3 billion, resulting in a cumulative year-to-date deficit of HK\$42.4 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\$1,060.5 billion as at July 31, 2018.

Detailed figures are shown in Tables 1 and 2.

TABLE 1. CONSOLIDATED ACCOUNT (Note 1)

|                               | Month ended<br>July 31, 2018<br>HK\$ million | Four months ended<br>July 31, 2018<br>HK\$ million |
|-------------------------------|----------------------------------------------|----------------------------------------------------|
| Revenue                       | 22,551.6                                     | 126,313.8                                          |
| Expenditure                   | (40,565.5)                                   | (168,740.4)                                        |
|                               |                                              |                                                    |
| Deficit                       | (18,013.9)                                   | (42,426.6)                                         |
|                               |                                              |                                                    |
| Financing                     |                                              |                                                    |
| Domestic                      |                                              |                                                    |
| Banking<br>Sector<br>(Note 2) | 17,914.2                                     | 39,865.8                                           |
| Non-Banking<br>Sector         | 99.7                                         | 2,560.8                                            |
| External                      | —                                            | —                                                  |
|                               |                                              |                                                    |
| Total                         | 18,013.9                                     | 42,426.6                                           |

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

HK\$1,500 million

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

HK\$24,339.8 million

TABLE 2. FISCAL RESERVES

|                                                 | Month ended<br>July 31, 2018<br>HK\$ million | Four months ended<br>July 31, 2018<br>HK\$ million |
|-------------------------------------------------|----------------------------------------------|----------------------------------------------------|
| Fiscal Reserves<br>at start of period           | 1,078,521.0                                  | 1,102,933.7                                        |
| Consolidated Deficit                            | (18,013.9)                                   | (42,426.6)                                         |
|                                                 |                                              |                                                    |
| Fiscal Reserves<br>at end of period<br>(Note 5) | 1,060,507.1                                  | 1,060,507.1                                        |

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 July 31, 2018 was HK\$145,105 million.

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

3. These were the outstanding institutional notes as at July 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\$105,834 million and alternative bonds with nominal value of US\$3,000 million (equivalent to HK\$23,547 million as at July 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\$5,834 million, which may be redeemed before maturity upon request from bond holders), bonds with nominal value of HK\$10,000 million were repaid upon maturity on August 7, 2018; bonds with nominal value of HK\$23,200 million will mature within the period from September 2018 to July 2019 and the rest within the period from August 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 the "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.

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## **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 (August 31) that the total assets of the Exchange Fund amounted to HK\$4,144.4 billion as at July 31, 2018, HK\$43.6 billion higher than that at the end of June 2018. Foreign currency assets increased by HK\$15.4 billion and Hong Kong dollar assets increased by HK\$28.2 billion.

The rise in foreign currency assets was mainly due to an increase in unsettled purchases of securities and mark-to-market gains on foreign currency portfolios, which were partly offset by the redemption of

Certificates of Indebtedness. The rise in Hong Kong dollar assets was mainly due to an increase in Exchange Fund Bills and Notes issued but not yet settled, which was partly offset by the withdrawals of placements by Fiscal Reserves.

The Currency Board Account shows that the Monetary Base at the end of July 2018 was HK\$1,645.1 billion, decreased by HK\$7.0 billion, or 0.4 per cent, from the end of June 2018. The decline was mainly due to the decrease in the outstanding amount of Certificates of Indebtedness.

The amount of Backing Assets decreased by HK\$6.3 billion, or 0.3 per cent, to HK\$1,796.1 billion. The decrease was mainly attributable to the redemption of Certificates of Indebtedness, which was partly offset by income from investments. The backing ratio increased from 109.10 per cent at the end of June 2018 to 109.18 per cent at the end of July 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 August 2018, the scheduled dates for issuing the press releases are as follows:

|                       |                                                                                                |
|-----------------------|------------------------------------------------------------------------------------------------|
| August 7<br>(Issued)  | SDDS International Reserves<br>(Hong Kong's Latest Foreign Currency Reserve Assets<br>Figures) |
| August 14<br>(Issued) | SDDS Analytical Accounts of the Central Bank<br>(Analytical Accounts of the Exchange Fund)     |
| August 31             | SDDS Template on International Reserves and Foreign<br>Currency Liquidity                      |
| August 31             | Exchange Fund Abridged Balance Sheet and Currency Board<br>Account                             |

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## Thirteen immigration offenders arrested

The Immigration Department (ImmD) mounted a territory-wide anti-illegal worker operation codenamed "Twilight" from August 29 to 30. A total

of 10 illegal workers and three suspected employers were arrested.

During the operation, ImmD Task Force officers raided 61 target locations including bakery shops, a restaurant, a salon, village houses, street stalls and a temporary bamboo stage under construction. A total of 10 illegal workers and three employers were arrested. The illegal workers comprised eight men and two women, aged 21 to 58. Among them, a man and a woman were holders of recognisance forms, which prohibit them from taking any employment. Furthermore, a woman was suspected of using and being in possession of forged Hong Kong identity card. Meanwhile, three men, aged 54 to 72, were suspected of employing the illegal workers.

"Any person who contravenes a condition of stay in force in respect of him shall be guilty of an offence. Also, visitors are not allowed to take employment in Hong Kong, whether paid or unpaid, without the permission of the Director of Immigration. Offenders are liable to prosecution and upon conviction face a maximum fine of \$50,000 and up to two years' imprisonment. Aiders and abettors are also liable to prosecution and penalties," an ImmD spokesman said.

The spokesman warned that, as stipulated in section 38AA of the Immigration Ordinance, illegal immigrants or people who are the subject of a removal order or a deportation order are prohibited from taking any employment, whether paid or unpaid, or establishing or joining in any business. Offenders are liable upon conviction to a maximum fine of \$50,000 and up to three years' imprisonment. The Court of Appeal has issued a guideline ruling that a sentence of 15 months' imprisonment should be applied in such cases. It is an offence to use or possess a forged Hong Kong identity card or a Hong Kong identity card related to another person. Offenders are liable to prosecution and a maximum penalty of a \$100,000 fine and up to 10 years' imprisonment.

The spokesman reiterated that it is a serious offence to employ people who are not lawfully employable. The maximum penalty is imprisonment for three years and a fine of \$350,000. The High Court has laid down sentencing guidelines that the employer of an illegal worker should be given an immediate custodial sentence. According to the court sentencing, employers must take all practicable steps to determine whether a person is lawfully employable prior to employment. Apart from inspecting a prospective employee's identity card, the employer has the explicit duty to make enquiries regarding the person and ensure that the answers would not cast any reasonable doubt concerning the lawful employability of the person. The court will not accept failure to do so as a defence in proceedings. It is also an offence if an employer fails to inspect the job seeker's valid travel document if the job seeker does not have a Hong Kong permanent identity card. The maximum penalty for failing to inspect such a document is imprisonment for one year and a fine of \$150,000.

Under the existing mechanism, the ImmD will, as a standard procedure, conduct initial screening of vulnerable persons, including illegal workers, illegal immigrants, sex workers and foreign domestic helpers, who are

arrested during any operation with a view to ascertaining whether they are trafficking in persons (TIP) victims. When any TIP indicator is revealed in the initial screening, the officers will conduct a full debriefing and identification by using a standardised checklist to ascertain the presence of TIP elements, such as threat and coercion in the recruitment phase and the nature of exploitation. Identified TIP victims will be provided with various forms of support and assistance, including urgent interference, medical services, counselling, shelter, temporary accommodation and other supporting services. The ImmD calls on TIP victims to report crimes to the relevant departments.

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## [Hong Kong Customs seizes suspected dangerous drugs \(with photo\)](#)

Hong Kong Customs yesterday (August 30) seized about 1 kilogram of suspected crack cocaine and about 350 grams of suspected cocaine with a total estimated market value of about \$1.6 million in Ngau Tau Kok.

During an anti-narcotics operation in Ngau Tau Kok yesterday evening, Customs officers intercepted a man and found about 600 grams of suspected crack cocaine inside a plastic bag carried by him. The 31-year-old man was then arrested.

After follow-up investigation, Customs officers escorted the arrested person to a residential unit nearby where about 400 grams of suspected crack cocaine and about 350 grams of suspected cocaine, as well as a batch of drug manufacturing and packaging paraphernalia were seized.

Investigation is ongoing.

Under the Dangerous Drugs Ordinance, trafficking in a dangerous drug is a serious offence. The maximum penalty upon conviction is a fine of \$5 million and life imprisonment.

Members of the public may report any suspected drug trafficking activities to the Customs 24-hour hotline 2545 6182 or its dedicated crime-reporting email account ([crimereport@customs.gov.hk](mailto:crimereport@customs.gov.hk)).

