# HKSAR Government responds to Hong Kong credit ratings affirmations by S&P and Moody's

In response to reports by two rating agencies, namely S&P and Moody's which affirmed Hong Kong's credit ratings today (May 27), a Government spokesman made the following response:

The Government noted that S&P has maintained Hong Kong's "AA+" credit rating with a "stable" outlook, while Moody's has affirmed Hong Kong's "Aa3" credit rating, and upgraded the outlook from "negative" to "stable".

Both S&P and Moody's provided positive evaluations of Hong Kong's credit profile, including its substantial fiscal buffers and foreign exchange reserves, a strong external balance sheet, and high per-capita income levels. Moody's highlighted that, despite global trade tensions and lower trade growth, Hong Kong's effective policy framework, along with the resilience of its economy and financial system, will continue to support its creditworthiness. S&P noted that the Hong Kong Special Administrative Region (HKSAR) Government's policy flexibility and effectiveness have improved, while Hong Kong's Linked Exchange Rate System has provided an anchor for the financial system, even through episodes of volatility.

The recent affirmations of Hong Kong's credit ratings by Fitch, S&P and Moody's, all with "stable" outlooks, demonstrate Hong Kong's resilience in maintaining stability amid increasing global economic and financial uncertainties.

Recent data has further underscored the robustness of Hong Kong's financial system. Bank deposits have continued to grow, capital markets remain active, and the IPO (initial public offering) market is thriving. For example, IPO fundraising in Hong Kong has exceeded HK$76 billion so far this year, more than seven times the amount raised during the same period last year and nearly 90 per cent of the total raised in all of last year.

Both S&P and Moody's have highlighted the HKSAR Government's substantial fiscal reserves. Despite pressures on public finances following the pandemic, the Government has implemented a series of measures to maintain a robust fiscal situation. The 2025-26 Budget outlined a reinforced fiscal consolidation programme, focusing primarily on expenditure control, supplemented by revenue generation, to gradually restore balance to government accounts.

According to the HKSAR Government's medium-range forecast, the Operating Account (i.e. the Government's daily income and expenses) is expected to be largely balanced in this financial year, and will return to a surplus in the next financial year (2026-27).

As for the Capital Account, which primarily involves capital works expenditures, which represents investments for the future,  such as the development of the Northern Metropolis, the Government will make flexible use of market resources, such as public-private partnerships and increasing the scale of bond issuances, to fast-track the related projects. Even so, the level of deficit in the Capital Account will gradually decrease starting from the 2026-27 financial year.

Overall, after counting the proceeds from bond issuances, the Consolidated Accounts will return to a surplus in the 2028-29 financial year. Over the next five years, fiscal reserves are projected to remain at a level well above HK$500 billion.

On the economic front, Hong Kong's economy saw robust growth in the first quarter of this year. While the tariff war continues to affect the global economy, the recent easing in international trade tensions has slightly alleviated external unfavourable factors and uncertainties. Meanwhile, the Mainland continues to advance high-level opening up, with steady economic growth supported by ample policy room and tools to address and resolve various risks and challenges. With breakthroughs and expedited developments in technology innovation, green transformation and the digital economy, the Mainland offers the greatest backing for Hong Kong's economic development.

Looking ahead, the Government is confident in addressing external challenges while seizing new opportunities in this evolving landscape. The HKSAR Government remains committed to leveraging Hong Kong's institutional advantages under the "one country, two systems" framework, reinforcing and enhancing its status as an international financial, shipping and trade centre. At the same time, the Government will make great strides to promote Hong Kong’s development as an international innovation and technology centre. These factors will drive high-quality, sustainable economic and social development.