HKSAR Government’s response to Fitch’s affirmation of Hong Kong’s “AA-“credit rating and “stable” outlook

In response to the report from Fitch today (May 23) on maintaining Hong Kong's "AA-"credit rating and "stable" outlook, a Government spokesman made the following response:

We noted Fitch's decision to maintain Hong Kong's credit rating at "AA-" with a "stable" outlook. Fitch recognised Hong Kong's strong credit fundamentals, including large fiscal buffers, robust external finances, and a low level of fiscal debt. It also pointed out that our banking sector is resilient, with solid funding and liquidity.

Hong Kong's financial system remains robust, with a consistently healthy level of overall asset quality in the banking sector according to international standards. Bank deposits have continued to grow. As of the end of March this year, the total amount of bank deposits in Hong Kong was near $18 trillion, marking an 11 per cent year-on-year increase.

Data have demonstrated the continuous reinforcement and enhancement of Hong Kong's status and functions as an international financial centre. The confidence of global investors in Hong Kong is strengthening. The capital markets are active. For the stock market, the Hang Seng Index rose by 18 per cent last year, and has increased by over 15 per cent since the beginning of this year. The total market capitalisation of Hong Kong stocks has exceeded $41 trillion. The average daily turnover in the first four months of 2025 surpassed $250 billion, representing a 144 per cent increase compared to the same period last year. The initial public offering (IPO) market is also thriving, with cumulative funds raised exceeding $60 billion. This week, the Hong Kong Exchanges and Clearing Limited welcomed the world's largest IPO activity so far this year.

The fiscal situation of the Hong Kong Special Administrative Region Government has remained robust. In the 2025-26 Budget, reinforced fiscal consolidation was set out. It focuses primarily on containing expenditure growth, supplemented by revenue increase. It will gradually restore balance to government accounts. According to the 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 surplus in the next financial year (2026-27). The Capital Account mainly involves capital works expenditure, which represents investments for the future, such as the development of the Northern Metropolis. Therefore, the Government will make flexible use of market resources, including increasing the scale of bond issuance, to fast-track the related projects. Even if 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 issuance, the Consolidated Accounts will return to surplus in the

2028-29 financial year.

The tariff war has increased global economic uncertainty, and the world economy is facing broad challenges. However, international trade tensions have recently eased to a certain extent, and the Mainland's economy has continued to grow steadily, supported by more proactive fiscal policies and moderate expansionary monetary policies. These will benefit the trade performance in Hong Kong and the region. Meanwhile, the Mainland's high-level two-way opening up, as well as its pursuit of green transition, innovation and technology, and digital economy, will continue to create business and investment opportunities for Hong Kong.

Leveraging its unique advantages of connecting with both the Mainland and the rest of the world under the "one country, two systems" arrangement, Hong Kong will aptly adjust to the global trade realignment and seize opportunities. In fact, more Mainland and international companies are establishing international headquarters, research and development centres and regional offices in Hong Kong to expand their global business. For example, in 2024, the number of companies in Hong Kong with parent companies located outside Hong Kong increased by about 10 per cent to nearly 10 000, reaching a new historical high. The Office for Attracting Strategic Enterprises and Invest Hong Kong have also achieved good results in attracting businesses and investments.

As a "super connector" and "super value-adder", Hong Kong will continue to actively link the Mainland with the world. While reinforcing connections with traditional markets, we will also forge more economic and investment networks with new markets, particularly those in the Global South. Furthermore, Hong Kong will deepen integration with the Guangdong-Hong Kong-Macao Greater Bay Area. These will allow us to open up new growth points and inject greater impetus into our economy.