

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.

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 (September 28) the analytical data on the Hong Kong Special Administrative Region's foreign currency reserves and foreign currency liquidity as at the end of August 2018 (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.

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:

September 7 (Issued)	SDDS International Reserves (Hong Kong's Latest Foreign Currency Reserve Assets Figures)
September 14 (Issued)	SDDS Analytical Accounts of the Central Bank (Analytical Accounts of the Exchange Fund)
September 28	SDDS Template on International Reserves and Foreign Currency Liquidity
September 28	Exchange Fund Abridged Balance Sheet and Currency Board Account

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.

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.

Serious incident bulletin on Atlas Air freighter released

The Air Accident Investigation Authority (AAIA) today (September 28) released Serious Incident Bulletin 5/2018 in relation to a serious incident that occurred to a Boeing 747-47UF freighter (registration mark N415MC), operated by Atlas Air, on August 30, 2018 when, as it was landing at Hong Kong International Airport, it sustained damage to the right-hand side No.3 and No.4 engine cowlings and the No.4 engine.

A spokesperson for the AAIA said that the bulletin contains information relating to the serious incident as determined up to the time of issue, and must be regarded as tentative.

"The investigation team will continue with the investigation and will conduct more in-depth analysis of the relevant data and information collected in order to determine the causes and contributing factors of the serious incident," the spokesperson said.

The full Serious Incident Bulletin 5/2018 is available for download from the AAIA webpage (www.thb.gov.hk/aaia/eng/investigation_reports/index.htm).