

Record of discussion of meeting of Exchange Fund Advisory Committee Currency Board Sub-Committee held on April 30

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

(Approved for Issue by the Exchange Fund Advisory Committee by circulation)

Report on Currency Board Operations (25 December, 2024 – 16 April, 2025)

The Currency Board Sub-Committee (Sub-Committee) noted that the Hong Kong dollar (HKD) traded within a range of 7.7555 – 7.7927 against the US dollar (USD) during the review period. The HKD exchange rate moderated in early January 2025 as liquidity tightness subsided at the end of 2024 and global markets reacted to US tariff announcements, but strengthened in mid-February 2025, supported by strong performance of the local stock market amid Mainland China's recent advancements in artificial intelligence and net inflows from the Southbound Stock Connect. In early April, in response to further US tariffs, the HKD strengthened further as long USD carry trades unwound amid a risk-off sentiment and southbound inflows continued. HKD interbank rates (HIBORs) continued to track the USD rates while shorter-tenor rates were also being affected by local supply and demand. Short-term HIBORs tightened briefly near the year-end but softened thereafter as funding demand faded. The Convertibility Undertakings were not triggered during the review period and the Aggregate Balance was stable at around HK\$45 billion. No abnormality was noted in the usage of the Discount Window. Overall, the HKD exchange and interbank markets continued to trade in a smooth and orderly manner.

The Sub-Committee noted that the Monetary Base increased to HK\$1,980.99 billion at the end of the review period. In accordance with the Currency Board principles, all changes in the Monetary Base had been fully matched by changes in foreign reserves.

The Report on Currency Board Operations for the review period is at Annex.

Monitoring of Risks and Vulnerabilities

The Sub-Committee noted that downside growth risks to the global economy had intensified following the US announcement of imposing reciprocal tariffs that exceeded market expectations. In response, global financial markets had gyrated, although they continued to operate smoothly with no sign of

widespread funding stress. While the postponement of reciprocal tariffs had offered some reprieve for export-reliant Asian economies which generally faced higher rates, the prospect of tariffs being implemented further down the road still posed significant growth headwinds.

The Sub-Committee noted that in Mainland China, the economy entered 2025 amid some green shoots and improved equity market sentiment. In particular, at the "two sessions" in March, the authorities sent strong pro-growth signals, including prioritising consumption and strengthening fiscal support. From April onwards, the Mainland economic outlook faced stiffer external headwinds due to the US reciprocal tariffs. It was expected that Mainland China would place increasing emphasis on supporting consumption.

The Sub-Committee noted that in Hong Kong, downside risks to the growth outlook heightened following the imposition of the US reciprocal tariffs. Yet, several factors might help alleviate some of the impact, including the Mainland's pro-growth policies and its advancement in artificial intelligence, the prospective US rate cuts expected by the markets, and the ongoing recovery of inbound tourism. Meanwhile, housing market transactions gained momentum in March following the Government's adjustment in stamp duties for lower-value properties, although market sentiment turned conservative in early April amid the global financial market volatility. The commercial real estate markets remained subdued, especially in the office segment.

A Study on "Discount Window Stigma"

The Sub-Committee noted a paper that examined the usage of the Hong Kong Monetary Authority's (HKMA) Discount Window and the associated "stigma effect" by banks over time. The results showed that the Discount Window was tapped more frequently and the associated stigma diminished in the current period of tight liquidity, compared with the previous period of tight liquidity in 2018 – 2020. This trend coincided with the HKMA's proactive communication efforts with banks to alleviate concerns about the "stigma effect" during recent periods.

Analytical Accounts of Exchange Fund

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

The Hong Kong Monetary Authority (HKMA) released today (June 13) the key analytical accounts of the Exchange Fund at the end of May 2025.

Foreign assets, representing the external assets of the Exchange Fund, increased during the month by HK\$201.3 billion to HK\$3,586.6 billion.

The Monetary Base, comprising Certificates of Indebtedness, Government-issued currency notes and coins in circulation, the balance of the banking system and Exchange Fund Bills and Notes issued, amounted to HK\$2,124.9 billion.

Claims on the private sector in Hong Kong amounted to HK\$325.6 billion.

Foreign liabilities amounted to HK\$31.0 billion.

The analytical accounts of the Exchange Fund are released in accordance with the International Monetary Fund's Special Data Dissemination Standard (SDDS) and are referred to as the Analytical Accounts of the Central Bank under SDDS (Annex).

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 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 June 2025, the scheduled dates for issuing the press releases are as follows:

June 6 (Issued)	SDDS International Reserves (Hong Kong's Latest Foreign Currency Reserve Assets Figures)
June 13	SDDS Analytical Accounts of the Central Bank (Analytical Accounts of the Exchange Fund)
June 30	SDDS Template on International Reserves and Foreign Currency Liquidity
June 30	Exchange Fund Abridged Balance Sheet and Currency Board Account

[Draft Pok Fu Lam Outline Zoning Plan approved](#)

The Chief Executive in Council has approved the draft Pok Fu Lam Outline Zoning Plan (OZP).

"The approved OZP provides a statutory land use planning framework to guide the development and redevelopment within the Pok Fu Lam area," a spokesman for the Town Planning Board said today (June 13).

The planning scheme area, covering about 413 hectares, is bounded by Mount Davis Road to the north and Pok Fu Lam Country Park to the east. The area extends to the waterfront to its south and west.

The approved OZP has incorporated amendments, which mainly involve rezoning the 4.72-hectare site for the proposed Global Innovation Centre by the University of Hong Kong (HKU) in Pok Fu Lam. To allow the HKU to review and adjust its proposal in response to the views expressed by the representers during the plan-making process and to consult relevant stakeholders including the local community before submitting its revised proposal for the Government's consideration, the site is zoned "Undetermined" in the interim. Upon the HKU's completion of the review and engagement with the community on the revised proposal, further rezoning of the site will be processed in accordance with the Town Planning Ordinance.

Other amendments include rezoning narrow strips of land along Victoria Road and a strip of land to the south of Wah Mei House, Wah Fu Estate, to suitable zonings to reflect the existing alignment of Victoria Road and the land grant boundary of Wah Fu Estate.

The Notes and Explanatory Statement of the OZP have been amended taking into account the above amendments. Opportunity is also taken to update the general information of various land use zones and the planning circumstances, where appropriate.

The approved Pok Fu Lam OZP No. S/H10/23 is available for public inspection during office hours at (i) the Secretariat of the Town Planning Board, (ii) the Planning Enquiry Counters, (iii) the Hong Kong District Planning Office, and (iv) the Southern Home Affairs Enquiry Centre.

Copies of the approved OZP are available for sale at the Map Publications Centre in North Point. The electronic version of the OZP can be viewed at the Town Planning Board's website (www.tpb.gov.hk).

Effective Exchange Rate Index

The effective exchange rate index for the Hong Kong dollar on Friday, June 13, 2025 is 103 (same as yesterday's index).

Draft Tuen Mun Outline Zoning Plan approved

â€‹The Chief Executive in Council has approved the draft Tuen Mun Outline Zoning Plan (OZP).

"The approved OZP provides a statutory land use planning framework to guide the development and redevelopment within the Tuen Mun area," a spokesman for the Town Planning Board said today (June 13).

The planning scheme area, covering an area of about 2 260 hectares, is located at the head of Castle Peak Bay in the North West New Territories. It is bounded by the ridges of Castle Peak to the west, Lam Tei Interchange of Castle Peak Road to the north, and Tai Lam Country Park to the east. To the southeast, it extends to Siu Lam Interchange of Tuen Mun Road, while to the southwest, it extends to the power station at Tap Shek Kok.

The approved OZP has incorporated amendments shown on the draft Tuen Mun OZP No. S/TM/40, which mainly involve (i) rezoning a site to the northwest of Light Rail Transit Goodview Garden Station from "Government, Institution or Community" ("G/IC") to "Residential (Group A)29" ("R(A)29") for private residential development; (ii) rezoning a site being part of the residential development 'Oceania Heights' from "G/IC" to "R(A)" to reflect the as-built conditions; (iii) rezoning a site to the east of Tuen Mun Town Plaza from "Green Belt" ("GB") and an area shown as 'Road' to "R(A)30" for private residential development; and (iv) rezoning a site to the west of Hing Fu Street from "GB" to "G/IC(5)" for columbarium use.

The Notes and Explanatory Statement of the OZP have been amended to reflect the above amendments. Opportunity is also taken to update the general information of various land use zonings and the planning circumstances, where appropriate.

The approved Tuen Mun OZP No. S/TM/41 is available for public inspection during office hours at (i) the Secretariat of the Town Planning Board, (ii) the Planning Enquiry Counters, (iii) the Tuen Mun and Yuen Long West District Planning Office, (iv) the Tuen Mun District Office and (v) the Tuen Mun Rural Committee.

Copies of the approved OZP are available for sale at the Map Publications Centre in North Point. The electronic version of the OZP can be viewed on the Town Planning Board's website (www.tpb.gov.hk).