

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 (February 26) that the total assets of the Exchange Fund amounted to HK\$4,534.9 billion as at January 31, 2021, HK\$34.1 billion higher than that at the end of December 2020. Foreign currency assets increased by HK\$22.2 billion and Hong Kong dollar assets increased by HK\$11.9 billion.

The rise in foreign currency assets was mainly due to the issuance of Certificates of Indebtedness and an increase in unsettled purchase of securities. The rise in Hong Kong dollar assets was mainly due to the mark-to-market revaluation on Hong Kong equities.

The Currency Board Account shows that the Monetary Base at the end of January 2021 was HK\$2,115.9 billion, increased by HK\$17.9 billion, or 0.9 per cent, from the end of December 2020. The rise was mainly due to an increase in the outstanding amount of Certificates of Indebtedness, which reflected the seasonal demand for banknotes around Lunar New Year.

The amount of Backing Assets increased by HK\$18.3 billion, or 0.8 per cent, to HK\$2,324.6 billion. The increase was mainly attributable to the issuance of Certificates of Indebtedness. The backing ratio decreased from 109.93 per cent at the end of December 2020 to 109.87 per cent at the end of January 2021.

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 February 2021, the scheduled dates for issuing the press releases are as follows:

February 5 (Issued)	SDDS International Reserves (Hong Kong's Latest Foreign Currency Reserve Assets Figures)
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February 11 (Issued)	SDDS Analytical Accounts of the Central Bank (Analytical Accounts of the Exchange Fund)
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February 26	SDDS Template on International Reserves and Foreign Currency Liquidity
February 26	Exchange Fund Abridged Balance Sheet and Currency Board Account

Ninth round of compulsory testing for staff members of RCHEs, RCHDs and nursing homes to commence shortly

The Government today (February 26) announced that the ninth round of compulsory testing for staff members of residential care homes for the elderly (RCHEs), residential care homes for persons with disabilities (RCHDs) and nursing homes will commence shortly.

In accordance with section 10(1) of the Prevention and Control of Disease (Compulsory Testing for Certain Persons) Regulation (Cap. 599J) (the Regulation), the Secretary for Food and Health issued a compulsory testing notice yesterday (February 25), requiring persons who are employed by and will be on duty at RCHEs, RCHDs, nursing homes and day service units attached to the premises of residential care homes during the period from March 13 to 22, 2021, or who will provide services to residents or users through hire-of-service contracts with residential care homes and the aforementioned units during that period (including full-time, part-time and relief staff), to undergo polymerase chain reaction-based nucleic acid tests for COVID-19 during the period from March 3 to 12, 2021, according to the requirements and procedure set out in the notice (the Specified Test).

The staff of the aforementioned institutions may choose the following means to undergo the Specified Test:

- (1) To undergo the Specified Test in any of the Community Testing Centres (see the list at www.communitytest.gov.hk/en), Temporary Testing Centres (if any) (see the list at www.swd.gov.hk/en/index/site_pubsvc/page_supportser/sub_ttc), or mobile specimen collection stations (if any) (see the list at www.coronavirus.gov.hk/eng/early-testing.html) in accordance with the instructions given by the staff at the centre/station;
- (2) To undergo the Specified Test as arranged by institution operators at a

laboratory listed on the "COVID-19 Thematic Website" (see the list at www.coronavirus.gov.hk/pdf/List_of_recognised_laboratories RTPCR.pdf) and as instructed by the staff of the laboratory;

(3) To obtain a specimen bottle from one of the 121 post offices, 47 general out-patient clinics of the Hospital Authority or vending machines set up at 20 MTR stations, collect a deep throat saliva sample in the specimen bottle as per the guidelines provided together with the specimen bottle, and return the specimen bottle with the sample (see the specimen bottles distribution and specimen collection locations and times at www.coronavirus.gov.hk/eng/early-testing.html);

(4) To undergo the Specified Test at general out-patient clinics of the Hospital Authority as instructed by a medical professional of the Hospital Authority; or

(5) To self-arrange testing provided by a laboratory listed on the "COVID-19 Thematic Website" at their own expense (see the list at www.coronavirus.gov.hk/pdf/List_of_recognised_laboratories RTPCR.pdf).

Any person who fails to comply with the testing notice commits an offence and may be subject to a fixed penalty of \$5,000. He or she would also be issued with a compulsory testing order requiring him or her to undergo testing within a specified time frame. Failure to comply with the order is an offence and the offender would be liable to a fine at level 4 (\$25,000) and imprisonment for six months.

A spokesman for the Social Welfare Department (SWD) said that the SWD and the Department of Health would issue letters to institutions to inform them of the relevant arrangements and requirements. The spokesman reminded that staff of the said institutions who would undergo testing at community testing centres should make advance booking via the community testing centre booking system (www.communitytest.gov.hk) for the free testing service. In addition, institution operators should remind their staff members to properly keep the SMS notifications of their test results or their test result reports.

Institution operators are required to keep records of their staff having received the Specified Test and the results within the time frame specified by the Government. Institution operators also have to co-operate with Checking Officers (Compulsory Testing) of the SWD who are enforcing the Regulation at residential care homes.

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 (February 26) the analytical data on the Hong Kong Special Administrative Region's foreign currency reserves and foreign currency liquidity as at the end of January 2021 (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.

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February 5 (Issued)	SDDS International Reserves (Hong Kong's Latest Foreign Currency Reserve Assets Figures)
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Hong Kong's trade in services statistics for 2019

The Census and Statistics Department (C&SD) released today (February 26) the Hong Kong's trade in services (TIS) statistics for 2019, with detailed

breakdowns by service component and by main destination/source.

Comparing 2019 with 2018, the value of total exports of services decreased by 9.9% to \$798.9 billion, and that of total imports of services decreased by 0.9% to \$634.2 billion. An invisible trade surplus at \$164.7 billion, equivalent to 26.0% of the value of total imports of services, was recorded in 2019. This was smaller than the corresponding surplus of \$246.9 billion in 2018, equivalent to 38.6% of the value of total imports of services in 2018.

Analysis by service component

Analysed by service component, transport was the largest component in exports of services, accounting for 30.9% of the value of total exports of services in 2019. This was followed by travel (28.4%), financial services (21.2%) and other business services (13.6%).

As for imports of services, travel accounted for 33.2% of the value of total imports of services in 2019, followed by transport (22.7%), other business services (14.7%) and manufacturing services (13.9%).

Amongst various service components, the net exports of financial services contributed most significantly to the overall invisible trade surplus, at \$118.6 billion in 2019. This was followed by transport (\$103.1 billion), travel (\$15.9 billion) and other business services (\$15.2 billion).

On the other hand, manufacturing services imported by Hong Kong in outward processing were substantial, resulting in a deficit of \$88.1 billion in 2019. This was followed by charges for the use of intellectual property (\$9.6 billion).

Analysis by main destination/source

The mainland of China (the Mainland) and the United States of America (the USA) were the top two main destinations of exports of services of Hong Kong, accounting for 37.7% and 14.9% respectively of the value of total exports of services in 2019. They were followed by the United Kingdom (the UK) (8.9%), Japan (4.4%) and Singapore (4.2%).

The Mainland and the USA were also the top two main sources of imports of services, accounting for 37.8% and 11.0% respectively of the value of total imports of services in 2019. They were followed by Japan (8.2%), the UK (6.3%) and Singapore (4.4%).

Analysed by region, Asia was the most important destination of the exports of services of Hong Kong, accounting for 58.7% of the value of total exports of services in 2019, followed by Western Europe (19.4%) and North America (16.2%).

For imports of services, Asia was also the most important source,

accounting for 64.6% of the value of total imports of services in 2019, followed by Western Europe (14.8%) and North America (13.0%).

Commentary

A Government spokesman noted that the value of exports of services turned to a visible decline in 2019, primarily dragged by the plunge in exports of travel services as the local incidents involving violence severely disrupted inbound tourism-related activities in the second half of the year. Other services exports also generally weakened amid the global economic slowdown. Nonetheless, the total value of services trade still amounted to half of GDP in 2019, signifying the status of Hong Kong as a global centre for finance and business. In 2019, the Mainland continued to be the most prominent destination for Hong Kong's exports of services, accounting for around 38% of the total.

The spokesman further pointed out that while services trade posted a record decline in 2020 due to the fallout from the COVID-19 pandemic, and the near-term outlook is still clouded by the global epidemic development, Hong Kong's services sector with our unique advantages under "One Country, Two Systems" and strong competitive edges is well positioned to leverage on the continuous Eastward shift of the global economic gravity and integrate proactively into the new pattern of the national development to seize enormous business opportunities in the medium- to long-term. The Government is committed to playing the role of a "facilitator" and "promoter" in developing the economy, and will join hands with enterprises to explore new market opportunities and assist professional service providers to go beyond Hong Kong.

Further information

Table 1 presents exports, imports and net exports of services by service component in 2018 and 2019.

Table 2 presents exports of services by main destination and imports of services by main source in 2018 and 2019.

Table 3 presents exports, imports and net exports of services by region of destination/source in 2018 and 2019.

More detailed TIS statistics are given in the report "Hong Kong Trade in Services Statistics in 2019". Users can download this report at the website of the C&SD (www.censtatd.gov.hk/hkstat/sub/sp240.jsp?productCode=B1020011).

The TIS statistics have incorporated the latest international recommendations given in the Manual on Statistics of International Trade in Services 2010. For details, please refer to the website of the C&SD (www.censtatd.gov.hk/hkstat/sub/so240.jsp). They are compiled mainly based on data obtained from the Annual Survey of Imports and Exports of Services conducted by the C&SD, supplemented by data from other relevant sources. The TIS statistics for 2019 are subject to minor revision when more data from

supplementary sources become available.

Enquiries about trade in services statistics can be directed to the Trade in Services Statistics Section of the C&SD (Tel: 3903 7415; email: tis@censtatd.gov.hk).

Financial results for the 10 months ended January 31, 2021

The Government announced today (February 26) its financial results for the 10 months ended January 31, 2021.

There was a surplus of HK\$55.5 billion in the month of January, thereby bringing a cumulative year-to-date deficit of HK\$213.3 billion. Expenditure for the 10-month period amounted to HK\$667.5 billion and revenue HK\$454.2 billion.

The fiscal reserves stood at HK\$947 billion as at January 31, 2021.

A Government spokesperson said that the cumulative year-to-date deficit for the period was mainly due to the payments in respect of various measures under the Anti-epidemic Fund and the Cash Payout Scheme. Taking into account the forecast revenue and expenditure for the remaining two months, the deficit for the 2020-21 financial year is expected to be HK\$257.6 billion and the fiscal reserves are estimated to be HK\$902.7 billion as at the end of March 2021.

Detailed figures are shown in Tables 1 and 2.

TABLE 1. CONSOLIDATED ACCOUNT (Note 1)

	Month ended January 31, 2021 HK\$ million	10 months ended January 31, 2021 HK\$ million
Revenue	102,888.5	454,154.3
Expenditure	(47,418.2)	(667,466.4)
Surplus/(Deficit)	55,470.3	(213,312.1)
Financing		
Domestic		

Banking Sector (Note 2)	(51,944.7)	215,733.1
Non-Banking Sector	(3,525.6)	(2,421.0)
External	–	–
Total	(55,470.3)	213,312.1

Government Debts as at January 31, 2021 (Note 3)

HK\$7,754 million

Debts Guaranteed by Government as at January 31, 2021 (Note 4)

HK\$76,246.7 million

TABLE 2. FISCAL RESERVES

	Month ended January 31, 2021 HK\$ million	10 months ended January 31, 2021 HK\$ million
Fiscal Reserves at start of period	891,525.4	1,160,307.8
Consolidated Surplus/(Deficit)	55,470.3	(213,312.1)
Fiscal Reserves at end of period (Note 5)	946,995.7	946,995.7

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 January 31, 2021, was HK\$150,504 million.

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

3. These were the Green Bonds of US\$1,000 million (equivalent to HK\$7,754 million as at January 31, 2021) which were denominated in US dollars with maturity in May 2024. They do not include the outstanding bonds with nominal value of HK\$116,482 million and alternative bonds with nominal value of US\$1,000 million (equivalent to HK\$7,754 million as at January 31, 2021) 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\$20,882 million, which may be redeemed before maturity upon request from bond holders), bonds with nominal value of

HK\$17,435 million will mature within the period from February 2021 to January 2022 and the rest within the period from February 2022 to March 2034.

4. Includes guarantees provided under the SME Loan Guarantee Scheme launched in 2001, the Special Loan Guarantee Scheme launched in 2008, the SME Financing Guarantee Scheme launched in 2012 and a commercial loan of the Hong Kong Science and Technology Parks Corporation.

5. Includes HK\$219,691 million being the balance of the Land Fund held in the name of "Future Fund", for long-term investments initially up to December 31, 2025. The Future Fund also includes HK\$4,800 million, being one-third of the actual surplus in 2015-16 as top-up.