

Adjustment of the Base Rate

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

The Hong Kong Monetary Authority announced today (October 31) that the Base Rate was adjusted downward by 25 basis points to 2% with immediate effect according to a pre-set formula. The decrease in the Base Rate follows the 25-basis point downward shift in the target range for the US federal funds rate on October 30 (US time).

The Base Rate is the interest rate forming the foundation upon which the Discount Rates for repurchase transactions through the Discount Window are computed. The Base Rate is currently set at either 50 basis points above the lower end of the prevailing target range for the US federal funds rate or the average of the five-day moving averages of the overnight and one-month Hong Kong Interbank Offered Rates (HIBORs), whichever is the higher.