

Adjustment of the Base Rate

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

The Hong Kong Monetary Authority (HKMA) announced today (March 16) that the Base Rate was adjusted downward to 0.86% with immediate effect according to a pre-set formula.

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.

Following the 100-basis point downward adjustment in the target range for the US federal funds rate on March 15 (US time), 50 basis points above the lower end of the prevailing target range for the US federal funds rate is 0.5%, while the average of the five-day moving averages of the overnight and one-month HIBORs is 0.86%. The Base Rate is therefore set at 0.86% according to the pre-set formula.