

# 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 (August 31) the analytical data on the Hong Kong Special Administrative Region's foreign currency reserves and foreign currency liquidity as at the end of July 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.

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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 August 2018, the scheduled dates for issuing the press releases are as follows:

August 7 (Issued)	SDDS International Reserves (Hong Kong's Latest Foreign Currency Reserve Assets Figures)
August 14 (Issued)	SDDS Analytical Accounts of the Central Bank (Analytical Accounts of the Exchange Fund)
August 31	SDDS Template on International Reserves and Foreign Currency Liquidity
August 31	Exchange Fund Abridged Balance Sheet and Currency Board Account

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## Residential Mortgage Survey Results for July 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 July 2018.

The number of mortgage applications in July decreased month-on-month by 2.5% to 14 217.

Mortgage loans approved in July increased by 9% compared with June to HK\$44.3 billion. Among these, mortgage loans financing primary market transactions increased by 41.8% to HK\$8 billion and those financing secondary market transactions decreased by 1.1% to HK\$23.8 billion. Mortgage loans for refinancing increased by 14.6% to HK\$12.5 billion.

Mortgage loans drawn down during July decreased by 10.6% compared with June to HK\$30.1 billion.

The ratio of new mortgage loans priced with reference to HIBOR increased from 89.7% in June to 94.5% in July. The ratio of new mortgage loans priced at fixed rates decreased from 5.2% in June to 0.3% in July.

The outstanding value of mortgage loans increased month-on-month by 0.7% to HK\$1,266.9 billion at end-July.

The mortgage delinquency ratio remained unchanged at 0.02% and the rescheduled loan ratio remained unchanged at nearly 0%.

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## [Monetary Statistics for July 2018](#)

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

According to statistics published today (August 31) by the Hong Kong Monetary Authority, total deposits with authorised institutions edged down by 0.1 per cent in July 2018. Hong Kong-dollar deposits edged up by 0.2 per cent during the month, as the increase in time deposits exceeded the decline in demand and savings deposits. Overall foreign-currency deposits decreased by 0.4 per cent in July. Renminbi deposits in Hong Kong rose by 3.9 per cent to RMB607.6 billion at the end of July. The total remittance of renminbi for cross-border trade settlement amounted to RMB361.6 billion in July, compared with RMB345.7 billion in June.

Total loans and advances decreased by 0.3 per cent in July. Among the total, loans for use in Hong Kong (including trade finance) declined by 0.6 per cent from a month ago, while loans for use outside Hong Kong edged up by 0.2 per cent. The Hong Kong-dollar loan-to-deposit ratio decreased to 85.1 per cent at the end of July from 85.4 per cent at the end of June, as Hong Kong-dollar loans declined while Hong Kong-dollar deposits edged up.

On a seasonally-adjusted basis, Hong Kong-dollar M1 declined by 1.2 per cent in July but increased by 5.7 per cent year-on-year. Seasonally unadjusted Hong Kong-dollar M3 edged up by 0.1 per cent during the month but grew by 4.5 per cent from a year earlier.

## Financial results for the four months ended July 31, 2018

The Government announced today (August 31) its financial results for the four months ended July 31, 2018.

Expenditure for the period April to July 2018 amounted to HK\$168.7 billion and revenue HK\$126.3 billion, resulting in a cumulative year-to-date deficit of HK\$42.4 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\$1,060.5 billion as at July 31, 2018.

Detailed figures are shown in Tables 1 and 2.

TABLE 1. CONSOLIDATED ACCOUNT (Note 1)

	Month ended July 31, 2018 HK\$ million	Four months ended July 31, 2018 HK\$ million
Revenue	22,551.6	126,313.8
Expenditure	(40,565.5)	(168,740.4)
Deficit	(18,013.9)	(42,426.6)
Financing		
Domestic		
Sector		
Banking (Note 2)	17,914.2	39,865.8

Non-Banking Sector	99.7	2,560.8
External	–	–
Total	18,013.9	42,426.6

Government Debts as at July 31, 2018 (Note 3)

HK\$1,500 million

Debts Guaranteed by Government as at July 31, 2018 (Note 4)

HK\$24,339.8 million

TABLE 2. FISCAL RESERVES

	Month ended July 31, 2018 HK\$ million	Four months ended July 31, 2018 HK\$ million
Fiscal Reserves at start of period	1,078,521.0	1,102,933.7
Consolidated Deficit	(18,013.9)	(42,426.6)
Fiscal Reserves at end of period (Note 5)	1,060,507.1	1,060,507.1

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 July 31, 2018 was HK\$145,105 million.

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

3. These were the outstanding institutional notes as at July 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\$105,834 million and alternative bonds with nominal value of US\$3,000 million (equivalent to HK\$23,547 million as at July 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\$5,834 million, which may be redeemed before maturity upon request from bond holders), bonds with nominal value of HK\$10,000 million were repaid upon maturity on August 7, 2018; bonds with nominal value of HK\$23,200 million will mature within the period from September 2018 to July 2019 and the rest within the period from August 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 the "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.

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## 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 (August 31) that the total assets of the Exchange Fund amounted to HK\$4,144.4 billion as at July 31, 2018, HK\$43.6 billion higher than that at the end of June 2018. Foreign currency assets increased by HK\$15.4 billion and Hong Kong dollar assets increased by HK\$28.2 billion.

The rise in foreign currency assets was mainly due to an increase in unsettled purchases of securities and mark-to-market gains on foreign currency portfolios, which were partly offset by the redemption of Certificates of Indebtedness. The rise in Hong Kong dollar assets was mainly due to an increase in Exchange Fund Bills and Notes issued but not yet settled, which was partly offset by the withdrawals of placements by Fiscal Reserves.

The Currency Board Account shows that the Monetary Base at the end of July 2018 was HK\$1,645.1 billion, decreased by HK\$7.0 billion, or 0.4 per cent, from the end of June 2018. The decline was mainly due to the decrease in the outstanding amount of Certificates of Indebtedness.

The amount of Backing Assets decreased by HK\$6.3 billion, or 0.3 per cent, to HK\$1,796.1 billion. The decrease was mainly attributable to the redemption of Certificates of Indebtedness, which was partly offset by income from investments. The backing ratio increased from 109.10 per cent at the end of June 2018 to 109.18 per cent at the end of July 2018.

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