

Residential mortgage loans in negative equity June quarter 2018

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

The Hong Kong Monetary Authority announced today (July 31) the results of its latest survey on residential mortgage loans (RMLs) in negative equity.

Surveyed authorised institutions did not report any RMLs in negative equity at end-June 2018.

It is important to note that the figures derived from this survey relate only to RMLs provided by authorised institutions on the basis of first mortgages and which the reporting institution knows to be in negative equity (i.e. the outstanding loan amount with the reporting institution exceeds the current market value of the mortgaged property). Not included in these figures are RMLs associated with co-financing schemes which would be in negative equity if the second mortgages were taken into account. The extent to which such RMLs are in negative equity is not known because authorised institutions do not maintain records on the outstanding balances of the second mortgages.

The mortgage portfolios of the surveyed authorised institutions represent about 99 per cent of the industry total. The survey results have been extrapolated to estimate the position of the banking sector as a whole.

Financial results for the three months ended June 30, 2018

The Government announced today (July 31) its financial results for the three months ended June 30, 2018.

Expenditure for the period April to June 2018 amounted to HK\$128.2 billion and revenue HK\$103.8 billion, resulting in a cumulative year-to-date deficit of HK\$24.4 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\$1,078.5 billion as at June 30, 2018.

More detailed figures are shown in Tables 1 and 2.

TABLE 1. CONSOLIDATED ACCOUNT (Note 1)

	Month ended June 30, 2018 HK\$ million	Three months ended June 30, 2018 HK\$ million
Revenue	45,907.0	103,762.2
Expenditure	(54,159.3)	(128,174.9)
Deficit	(8,252.3)	(24,412.7)
Financing		
Domestic		
Sector		
Banking (Note 2)	7,778.5	21,951.6
Non-Banking Sector	473.8	2,461.1
External	–	–
Total	8,252.3	24,412.7

Government Debts as at June 30, 2018 (Note 3)

HK\$1,500 million

Debts Guaranteed by Government as at June 30, 2018 (Note 4)

HK\$24,535.1 million

TABLE 2. FISCAL RESERVES

	Month ended June 30, 2018 HK\$ million	Three months ended June 30, 2018 HK\$ million
Fiscal Reserves at start of period	1,086,773.3	1,102,933.7
Consolidated Deficit	(8,252.3)	(24,412.7)
Fiscal Reserves at end of period (Note 5)	1,078,521.0	1,078,521.0

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 June 30, 2018, was HK\$144,210 million.

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

3. These were the outstanding institutional notes as at June 30, 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\$104,652 million and alternative bonds with nominal value of US\$3,000 million (equivalent to HK\$23,540 million as at June 30, 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\$5,852 million, which may be redeemed before maturity upon request from bond holders), bonds with nominal value of HK\$33,200 million will mature within the period from July 2018 to June 2019 and the rest within the period from July 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 "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.

Annual updating of declarations of interests by CE, politically appointed officials and ExCo Members

A Government spokesman said today (July 31) that the Chief Executive (CE), politically appointed officials and Members of the Executive Council (ExCo) have updated their annual declarations of interests, and the updated declarations are available on government websites for public inspection.

The updated declaration of interests of the Chief Executive has been uploaded to the website of the Chief Executive's Office (www.ceo.gov.hk/eng/links.html). The declarations of interests of politically

appointed officials, made in accordance with the Code for Officials under the Political Appointment System (PAO Code), have also been updated and uploaded to the websites of the respective offices or bureaux.

Information on the registrable interests of ExCo Members (including the President as well as ex-officio and non-official ExCo Members) has also been uploaded to the ExCo website after updating (www.ceo.gov.hk/exco/eng/interests.html).

The PAO Code stipulates that politically appointed officials shall declare their investments and interests on appointment and annually thereafter, and these declarations are required to be uploaded to the websites of the respective offices or bureaux. The CE voluntarily observes the above declaration arrangement. ExCo Members are likewise required to declare their registrable interests on appointment and annually thereafter, and these declarations are to be uploaded to the ExCo website.

[Hong Kong Monetary Authority Exchange Fund Bills tender results](#)

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

Tender date	: July 31, 2018
Paper on offer	: EF Bills
Issue number	: Q1831
Issue date	: August 1, 2018
Maturity date	: October 31, 2018
Amount applied	: HK\$77,395 MN
Amount allotted	: HK\$33,511 MN
Average yield accepted	: 1.40 PCT
Highest yield accepted	: 1.44 PCT
Pro rata ratio	: About 22 PCT
Average tender yield	: 1.45 PCT

Tender date	: July 31, 2018
Paper on offer	: EF Bills
Issue number	: H1860
Issue date	: August 1, 2018
Maturity date	: January 30, 2019
Amount applied	: HK\$43,451 MN

Amount allotted : HK\$9,000 MN
Average yield accepted : 1.54 PCT
Highest yield accepted : 1.57 PCT
Pro rata ratio : About 39 PCT
Average tender yield : 1.64 PCT

Hong Kong Monetary Authority tenders to be held in the week beginning August 6, 2018:

Tender date : August 7, 2018
Paper on offer : EF Bills
Issue number : Q1832
Issue date : August 8, 2018
Maturity date : November 7, 2018
Tenor : 91 Days
Amount on offer : HK\$40,096 MN

Tender date : August 7, 2018
Paper on offer : EF Bills
Issue number : H1861
Issue date : August 8, 2018
Maturity date : February 8, 2019
Tenor : 184 Days
Amount on offer : HK\$11,000 MN

Tender date : August 7, 2018
Paper on offer : EF Bills
Issue number : Y1892
Issue date : August 8, 2018
Maturity date : August 7, 2019
Tenor : 364 Days
Amount on offer : HK\$5,000 MN

[Effective Exchange Rate Index](#)

The effective exchange rate index for the Hong Kong dollar on Tuesday, July 31, 2018 is 103.9 (down 0.1 against yesterday's index).