

## **Residential Mortgage Survey Results for June 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 June 2018.

The number of mortgage applications in June increased month-on-month by 0.6 per cent to 14 579.

Mortgage loans approved in June decreased by 4.8 per cent compared with May to HK\$40.6 billion. Among these, mortgage loans financing primary market transactions decreased by 11.9 per cent to HK\$5.6 billion and those financing secondary market transactions decreased by 0.5 per cent to HK\$24.1 billion. Mortgage loans for refinancing decreased by 9.6 per cent to HK\$10.9 billion.

Mortgage loans drawn down during June increased by 8.6 per cent compared with May to HK\$33.7 billion.

The ratio of new mortgage loans priced with reference to HIBOR increased from 67.1 per cent in May to 89.7 per cent in June. The ratio of new mortgage loans priced at fixed rates decreased from 28.5 per cent in May to 5.2 per cent in June.

The outstanding value of mortgage loans increased month-on-month by 0.9 per cent to HK\$1,257.8 billion at end-June.

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

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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 (July 31) that the total assets of the Exchange Fund amounted to HK\$4,100.7 billion as at June 30, 2018, HK\$45.4 billion higher than that at the end of May 2018. Foreign currency assets increased by HK\$62.5 billion while Hong Kong dollar assets decreased by HK\$17.1 billion.

The rise in foreign currency assets was mainly due to an increase in unsettled purchases of securities. The decline in Hong Kong dollar assets was mainly due to the fall in market value of Hong Kong equities and withdrawals of placements by Fiscal Reserves.

The Currency Board Account shows that the Monetary Base at the end of June 2018 was HK\$1,652.1 billion, increased by HK\$7.9 billion, or 0.5 per cent, from the end of May 2018. The rise was mainly due to the increase in the outstanding amount of Certificates of Indebtedness.

The amount of Backing Assets increased by HK\$10.0 billion, or 0.6 per cent, to HK\$1,802.3 billion. The increase was mainly attributable to the issuance of Certificates of Indebtedness and income from investments. The backing ratio increased from 109.02 per cent at the end of May 2018 to 109.10 per cent at the end of June 2018.

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

July 6 (Issued)	SDDS International Reserves (Hong Kong's Latest Foreign Currency Reserve Assets Figures)
July 13 (Issued)	SDDS Analytical Accounts of the Central Bank (Analytical Accounts of the Exchange Fund)
July 31	SDDS Template on International Reserves and Foreign Currency Liquidity
July 31	Exchange Fund Abridged Balance Sheet and Currency Board Account

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## [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 (July 31) the analytical data on the Hong Kong Special Administrative Region's foreign currency reserves and foreign currency liquidity as at the end of June 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 July 2018, the scheduled dates for issuing the press releases are as follows:

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July 31	Exchange Fund Abridged Balance Sheet and Currency Board Account

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## 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.

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## 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.