

HKMA's Response to US Fed's Interest Rate Decision

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

The Federal Open Market Committee of the United States Federal Reserve (the Fed) announced early today (Hong Kong time) after its two-day meeting that it had decided to keep the target range for the federal funds rate unchanged at 5.25-5.5 per cent.

The market generally interpreted the Fed's rate decision as interest rates nearing the peak, with a slightly larger extent of rate cuts next year than previously expected. Nevertheless, the Fed's future interest rate decisions will continue to be dependent on the latest economic data and the impact of continual rate hikes on the economy during the past year or so. There remains uncertainty in the interest rate path and the high interest rate environment may last for some time.

The financial and monetary markets of Hong Kong continue to operate in a smooth and orderly manner. The Hong Kong dollar exchange rate remains stable, and the Hong Kong dollar interbank rates might remain high for some time. The public should carefully assess and manage the relevant risks when making property purchase, mortgage or other borrowing decisions. The HKMA will continue to closely monitor market developments and maintain monetary and financial stability.