

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 Fed's future interest rate decisions will be dependent on incoming data, the evolving outlook and the balance of risks. Inflation pressure in the US has somewhat abated lately, and the market expects that the easing cycle might begin soon. Based on the Fed's public communication, a rate cut might happen as soon as the meeting in September. Yet, it remains uncertain whether the pace of easing will follow market expectation.

Hong Kong's financial and monetary markets continue to operate in a smooth and orderly manner. The Hong Kong dollar exchange rate remains stable. The Hong Kong dollar interbank rates will stay relatively high for the time being, while the future rate path remains uncertain. The public should carefully assess and manage the relevant risks when making property purchase, mortgage or other borrowing decisions. The Hong Kong Monetary Authority will continue to closely monitor market developments and maintain monetary and financial stability.