

Increasing the issuance of Exchange Fund Bills

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

The Hong Kong Monetary Authority (HKMA) announced today (December 13) a plan to suitably increase the issuance size of Exchange Fund Bills to meet the ongoing demand for Exchange Fund paper by banks amidst the abundance of liquidity in the banking system.

The HKMA plans to increase the issuance size of 91-day Exchange Fund Bills by HK\$5,000 million in each of the eight regular tenders on January 4, 11, 18, 25 and 31 and February 8, 15 and 22, 2022. If all the eight planned increases are executed, the issuance size of the Bills will be increased by HK\$40,000 million in total. The HKMA will continue to monitor market situations, and reserves the flexibility of adjusting or not executing the aforesaid eight increases.

The increase in the supply of Exchange Fund Bills is consistent with Currency Board principles, since the additional issuance simply represents a change in the composition of the Monetary Base, with a shift from the Aggregate Balance to Exchange Fund paper. The Aggregate Balance will decrease by the same amount as the increase in Exchange Fund Bills. The Monetary Base remains fully backed by foreign exchange reserves.

Following the established practice, information about the issuance size of the Exchange Fund Paper and changes in the Aggregate Balance will be updated and published regularly on the HKMA website and the dedicated pages on Refinitiv and Bloomberg.

The updated tentative issuance schedule for Exchange Fund Bills and Notes is at Annex.