

# Composite Interest Rate: End of March 2024

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

The Hong Kong Monetary Authority (HKMA) announced today (April 18) the composite interest rate at the end of March 2024 (Note 1).

The composite interest rate, which is a measure of the average cost of funds of banks, decreased by 5 basis points to 2.73 per cent at the end of March 2024, from 2.78 per cent at the end of February 2024 (see Chart 1 in the Annex). The decrease in composite interest rate mainly reflected the decrease in the weighted funding cost for deposits during the month (see Chart 2 in the Annex) (Note 2).

The historical data of the composite interest rate from the end of the fourth quarter of 2003 to the end of March 2024 are available in the Monthly Statistical Bulletin on the HKMA website ([www.hkma.gov.hk](http://www.hkma.gov.hk)).

Note 1: The composite interest rate is a weighted average interest rate of all Hong Kong dollar interest-rate-sensitive liabilities, which include deposits from customers, amounts due to banks, negotiable certificates of deposit and other debt instruments, and all other liabilities that do not involve any formal payment of interest but the values of which are sensitive to interest rate movements (such as Hong Kong dollar non-interest bearing demand deposits) on the books of banks. Data from retail banks, which account for about 90 per cent of the total customers' deposits in the banking sector, are used in the calculation. It should be noted that the composite interest rate represents only average interest expenses. There are various other costs involved in the making of a loan, such as operating costs (e.g. staff and rental expenses), credit cost and hedging cost, which are not covered by the composite interest rate.

Note 2: Since June 2019, the composite interest rate and weighted deposit rate have been calculated based on the new local "Interest rate risk in the banking book" (IRRBB) framework. As such, these figures are not strictly comparable with those of previous months.

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## Red flag lowered at Silverstrand Beach

Attention TV/radio announcers:

Please broadcast the following as soon as possible and repeat it at regular intervals:

Here is an item of interest to swimmers.

The Leisure and Cultural Services Department said today (April 18) that the red flag at Silverstrand Beach in Sai Kung District has been lowered.

The red flag was hoisted earlier due to inclement weather.

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## Opening remarks by S for Housing on housing at LegCo Finance Committee special meeting

Following are the opening remarks (English translation) by the Secretary for Housing, Ms Winnie Ho, on housing at the special meeting of the Legislative Council Finance Committee today (April 18):

Chairman and Members,

Housing is a livelihood issue that the Government attaches great importance to. The Housing Bureau and the Housing Department are committed to ensuring the implementation of relevant housing initiatives through measures to enhance the quantity, speed, efficiency and quality as well as making the appropriate resource and financial arrangements, so as to make Hong Kong a better place for living and working.

Public housing

Regarding public housing supply, the Government has identified sufficient land to meet the supply target of about 308 000 public housing units in the next 10 years. As for traditional public rental housing (PRH), the Hong Kong Housing Authority will continue to optimise the construction processes and methods through the application of innovative construction technologies and to enable early delivery of PRH flats and moving-in by residents.

Meanwhile, Light Public Housing (LPH) will be built under a Government-led approach so as to fill the short-term gap of public housing supply at the soonest. The target is to construct about 30 000 units by 2027-28. The design and construction works for the first batch of about 17 000 LPH units commenced in December 2023 with anticipated intake in the first quarter of next year. I am very grateful to the Finance Committee for approving the proposals of funding and post creation for the second batch of LPH projects in February this year. In addition, the Government has identified sites for delivering over 21 000 transitional housing units, exceeding the original target of 20 000 units. As at late March this year, about 13 600 units have

been put into service. Another 6 300 units or so are expected to be available this year and the remaining 1 200 units will be completed in the first quarter of 2025. The Government will continue to press ahead with the relevant work, striving to provide the most pragmatic assistance to those with housing needs as soon as possible.

### Enriching the housing ladder

The Government has also been committed to enriching the housing ladder by providing subsidised sale flats (SSFs) to help low- to middle-income families to achieve home ownership, thus enabling better-off PRH residents to move up the housing ladder. Taking into account about 9 600 Home Ownership Scheme (HOS) flats and recovered Tenants Purchase Scheme flats put up for sale under the HOS 2023 as well as about 2 400 Green Form Subsidised Home Ownership Scheme (GSH) flats under the GSH 2023, more than 12 000 flats are available in total. We have also launched the Private Subsidised Sale Flat – Pilot Scheme to tap into the market forces and encourage private developers to participate in developing SSFs. The site on Cheung Man Road, Chai Wan, was put up for tender in late March. As regards Starter Homes for Hong Kong Residents (SH) projects, with the SH projects put up for sale earlier by the Urban Renewal Authority and those currently taken forward by the Government, a total of over 6 600 SH flats can be provided.

As for private housing supply, the Government will secure land for the production of around 80 000 private housing units in the coming five years. Based on the latest projection, the supply of first-hand private residential flats for the coming three to four years will be about 109 000 units. At the same time, the Government has been keeping a close watch on the residential property market. After prudent consideration of the overall current situation, the Government cancelled all demand-side management measures for residential properties from the date of announcement of the 2024-25 Budget, with a view to increasing the supply of residential units in the secondary market, facilitating the turnover of the property market, and alleviating the financial burden on Hong Kong Permanent Residents (HKPRs) who already own residential properties and non-HKPRs in their acquisition of residential properties. Thanks to the support of the Members, the Stamp Duty (Amendment) Bill 2024 was passed by the Legislative Council on April 10. We note that the market response has been positive after the announcement of the cancellation of all demand-side management measures. Market information from various channels indicates that transactions in both primary and secondary markets have increased, which show that market confidence has strengthened. Property prices largely remain steady. The Government will continue to closely monitor the situation of the residential property market and take appropriate measures in response to market changes having regard to the changing circumstances.

### Support to families living in inadequate housing

The gradual increase in the supply of public housing has also provided us with more room to tackle the issue of subdivided units (SDUs). The Government is currently providing support to families living in inadequate

housing through various aspects, including:

The Task Force on Tackling the Issue of Subdivided Units led by the Deputy Financial Secretary will put forward various proposals on minimum standards of the living conditions for SDUs, eradication of substandard SDUs in an orderly manner, etc, which we are studying. The Task Force, relevant policy bureaux and departments are taking forward such work at full steam to address the issue of SDUs in a comprehensive manner.

The dedicated team under the Rating and Valuation Department will continue to execute relevant duties related to Part IVA of the Landlord and Tenant (Consolidation) Ordinance that implement tenancy control on SDUs, and will step up the publicity to promote the Ordinance.

The Government launched the three-year Cash Allowance Trial Scheme in late June 2021. As at end-February this year, we had disbursed a total of about \$4.25 billion in cash allowance to about 97 500 eligible PRH General Applicant households. In view of the fact that the Scheme is due to expire in mid-2024, and that more traditional PRH, Transitional Housing and LPH projects will be completed gradually in the coming year with a view to improving the living conditions of the grassroots families on the PRH waiting list, the Government has decided to extend the Scheme for one year until June 2025. The Scheme will be subject to further review in due course.

Chairman, as we can see from the above efforts, the current-term Government is determined to resolving housing problems and building a more balanced and stable housing ladder to provide suitable accommodation to people from different strata. I would like to thank Members again for their suggestions about housing matters and their support for the work of our teams. My colleagues and I are very pleased to answer their questions. Thank you, Chairman.

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## **CJ to attend Standing International Forum of Commercial Courts in Qatar**

The following is issued on behalf of the Judiciary:

Chief Justice Andrew Cheung Kui-nung, Chief Justice of the Court of Final Appeal, will leave for Doha, Qatar, tomorrow (April 19) to attend the fifth Full Meeting of the Standing International Forum of Commercial Courts (SIFoCC).

The SIFoCC is a forum that brings together the world's commercial and appellate courts to facilitate judicial collaboration and co-operation between jurisdictions. During the two-day event, Chief Justice Cheung will

meet with delegations from judiciaries worldwide to share best practices and discuss subjects of mutual interest. He will also be a joint chair of a roundtable discussion themed "Towards greater transnational judicial cooperation".

Chief Justice Cheung will return to Hong Kong on April 22. During his absence, Mr Justice Roberto Alexandre Vieira Ribeiro, Permanent Judge of the Court of Final Appeal, will be the Acting Chief Justice of the Court of Final Appeal.

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## **Effective Exchange Rate Index**

The effective exchange rate index for the Hong Kong dollar on Thursday, April 18, 2024 is 106 (down 0.1 against yesterday's index).