

Transcript of remarks by FS at media session

Following is the transcript of remarks by the Financial Secretary, Mr Paul Chan, at a media session after attending the 10th Hong Kong Institute of Bankers Banking Conference this morning (September 27):

Reporter: Mr Chan, what's the impact of the rate hike and the expectations on the Hong Kong economy as well as the property market? Do you have any concerns, and especially coupled with the effect of the protectionist trade tariffs concerns?

Financial Secretary: This time round is the eighth interest rate hike in the US since its normalisation. In the last two rounds of rate hike in March and June respectively, the interbank interest rates has risen, impacting mortgage payments. It is highly probable that in this time round the interest rates in Hong Kong will rise, and according to the report after the conclusion of the FOMC (Federal Open Market Committee) meeting yesterday, there is a high possibility of another interest rate hike in December. And there will be additional rounds of rate hike in 2019, given the very strong economy in the US, underpinned by a very low unemployment rate. So the super-low interest rate environment in Hong Kong probably will finish. Going forward, interest rates will go up.

The impact on our asset market has yet to be seen, but this poses high risks to the asset market, because of the interest rate burden, because of the uncertainties brought about by the escalating trade conflicts between the US and China, as well as the external uncertainties like the situations in some emerging markets and in Europe, in particular Brexit. So I would urge investors to exercise caution in managing their investment and risks.

(Please also refer to the Chinese portion of the transcript.)