

Table 1 Hong Kong's Balance of Payments Account

	HK\$ million						
Standard Components	2004 Annual	2005 Annual	2005 1st Qtr	2005 2nd Qtr	2005 3rd Qtr	2005 4th Qtr	2006 1st Qtr
Current Account⁽¹⁾	122,491	157,692	32,750	32,029	43,367	49,547	35,507
Goods	-72,514	-59,347	-19,677	-19,646	-6,941	-13,083	-29,801
Services	187,056	231,623	49,908	50,833	60,661	70,221	61,517
Factor income	23,410	2,463	6,999	4,763	-6,085	-3,214	8,053
Current transfers	-15,461	-17,046	-4,481	-3,921	-4,268	-4,377	-4,262
Capital and Financial Account⁽¹⁾	-184,640	-160,882	-54,444	-7,427	-48,610	-50,400	-49,186
Capital transfers	-2,561	-5,237	-2,653	-1,511	-683	-390	-415
<i>Financial non-reserve assets (net change)</i>	-156,594	-144,966	-49,238	-11,415	-44,956	-39,356	-37,308
Direct investment	-91,038	25,845	970	3,928	-30,607	51,554	27,362
Portfolio investment	-306,368	-168,100	-70,770	-91,131	-19,263	13,063	34,018
Financial derivatives	44,319	13,754	4,206	5,749	952	2,847	2,275
Other investment	196,492	-16,464	16,357	70,038	3,961	-106,821	-100,963
Reserve assets (net change)⁽²⁾	-25,486	-10,679	-2,554	5,500	-2,971	-10,654	-11,463
Net errors and omissions⁽³⁾	62,149	3,190	21,695	-24,602	5,244	853	13,679
Overall Balance of Payments	25,486 (in surplus)	10,679 (in surplus)	2,554 (in surplus)	-5,500 (in deficit)	2,971 (in surplus)	10,654 (in surplus)	11,463 (in surplus)

Notes : (1) In accordance with the Balance of Payments accounting rules, a positive value for the balance figure in the current account represents a surplus whereas a negative value represents a deficit. For the capital and financial account, a positive value indicates a net capital and financial inflow and a negative value indicates a net outflow. As increases in external assets are debit entries and decreases are credit entries, a negative value for net change in reserve assets represents a net increase and a positive value represents a net decrease.

(2) The estimates on net change in reserve assets under the Balance of Payments framework are transaction figures. Effects from valuation changes (including price changes and exchange rate changes) and reclassifications are excluded.

(3) In principle, the net sum of credit entries and debit entries is zero. In practice, discrepancies between the credit and debit entries may occur for various reasons, as the data are collected from many sources. Equality between the sums of credit entries and debit entries is brought about by the inclusion of a balancing item which reflects net errors and omissions.

**Table 2 Hong Kong's Balance of Payments Sub-account Components:
Current Account**

HK\$ million

Standard Components	2004 Annual	2005 Annual	2005 1st Qtr	2005 2nd Qtr	2005 3rd Qtr	2005 4th Qtr	2006 1st Qtr
Current Account⁽¹⁾	122,491	157,692	32,750	32,029	43,367	49,547	35,507
<i>Credit</i> ⁽²⁾	2,866,456	3,244,342	700,738	799,332	869,376	874,895	813,187
<i>Debit</i> ⁽²⁾	-2,743,965	-3,086,650	-667,988	-767,303	-826,010	-825,348	-777,680
Goods	-72,514	-59,347	-19,677	-19,646	-6,941	-13,083	-29,801
<i>Credit</i>	2,027,031	2,251,744	479,096	555,352	614,625	602,671	538,460
<i>Debit</i>	-2,099,545	-2,311,091	-498,773	-574,998	-621,566	-615,754	-568,261
Services	187,056	231,623	49,908	50,833	60,661	70,221	61,517
<i>Credit</i>	429,563	483,455	109,667	109,835	128,678	135,275	124,123
<i>Debit</i>	-242,507	-251,832	-59,759	-59,002	-68,017	-65,054	-62,606
Transportation, credit	135,188	152,147	34,882	37,120	40,845	39,300	39,114
Transportation, debit	-67,657	-73,067	-16,813	-17,846	-19,765	-18,643	-18,109
Travel, credit	70,084	79,994	19,322	18,482	19,726	22,464	21,833
Travel, debit	-103,347	-103,492	-25,456	-24,100	-28,469	-25,467	-25,867
Insurance services, credit	3,197	3,506	808	901	825	972	921
Insurance services, debit	-4,761	-5,262	-1,160	-1,323	-1,306	-1,473	-1,226
Financial services, credit	35,460	43,946	9,527	9,943	11,412	13,064	12,172
Financial services, debit	-9,070	-8,450	-2,205	-2,050	-2,107	-2,088	-2,179
Other services, credit	185,634	203,862	45,128	43,389	55,870	59,475	50,083
Other services, debit	-57,672	-61,561	-14,125	-13,683	-16,370	-17,383	-15,225
Factor income	23,410	2,463	6,999	4,763	-6,085	-3,214	8,053
<i>Credit</i>	404,991	503,370	110,408	133,049	124,892	135,021	149,209
<i>Debit</i>	-381,581	-500,908	-103,409	-128,287	-130,977	-138,235	-141,156
Investment income, credit	403,122	501,504	109,942	132,583	124,425	134,554	148,634
Direct investment income	230,066	272,596	54,378	76,796	66,254	75,168	80,642
Dividends and distributed branch profits	154,058	94,358	10,791	27,651	19,607	36,310	11,125
Reinvested earnings and undistributed branch profits	70,729	173,640	42,756	48,146	45,374	37,364	68,074
Income on debt (interest)	5,279	4,598	831	1,000	1,273	1,494	1,443
Portfolio investment income	124,934	136,348	34,877	33,504	35,184	32,783	39,765
Income on equity	50,122	48,365	14,275	11,874	12,513	9,703	13,657
Income on bonds and notes	69,762	81,767	19,193	20,086	21,038	21,451	24,016
Income on money market instruments	5,050	6,217	1,410	1,544	1,634	1,629	2,092
Other investment income	48,122	92,560	20,687	22,282	22,987	26,603	28,226
Investment income, debit	-379,084	-498,299	-102,777	-127,636	-130,319	-137,567	-140,478
Direct investment income	-313,591	-392,739	-84,994	-96,143	-103,795	-107,807	-112,928
Dividends and distributed branch profits	-134,129	-165,121	-23,683	-44,495	-47,797	-49,147	-36,870
Reinvested earnings and undistributed branch profits	-174,731	-223,134	-60,283	-50,635	-54,749	-57,466	-74,504
Income on debt (interest)	-4,731	-4,484	-1,028	-1,013	-1,248	-1,195	-1,554

**Table 2 (Cont'd.) Hong Kong's Balance of Payments Sub-account Components:
Current Account**

HK\$ million

Standard Components	2004 Annual	2005 Annual	2005 1st Qtr	2005 2nd Qtr	2005 3rd Qtr	2005 4th Qtr	2006 1st Qtr
Portfolio investment income	-31,411	-38,208	-3,949	-17,213	-8,915	-8,130	-4,037
Income on equity	-28,715	-35,077	-3,143	-16,425	-8,123	-7,386	-3,301
Income on bonds and notes	-2,643	-3,061	-791	-769	-768	-733	-701
Income on money market instruments	-53	-70	-15	-20	-24	-11	-35
Other investment income	-34,082	-67,352	-13,834	-14,280	-17,609	-21,629	-23,513
Compensation of employees, credit	1,869	1,866	466	466	467	467	575
Compensation of employees, debit	-2,497	-2,609	-632	-650	-658	-668	-678
Current transfers	-15,461	-17,046	-4,481	-3,921	-4,268	-4,377	-4,262
<i>Credit</i>	<i>4,871</i>	<i>5,773</i>	<i>1,567</i>	<i>1,096</i>	<i>1,181</i>	<i>1,928</i>	<i>1,395</i>
General government	0	0	0	0	0	0	0
Other sectors	4,871	5,773	1,567	1,096	1,181	1,928	1,395
<i>Debit</i>	<i>-20,332</i>	<i>-22,819</i>	<i>-6,048</i>	<i>-5,017</i>	<i>-5,449</i>	<i>-6,306</i>	<i>-5,657</i>
General government	-1,330	-1,361	-364	-338	-339	-320	-367
Other sectors	-19,003	-21,458	-5,683	-4,679	-5,111	-5,985	-5,290

Notes : (1) In accordance with the Balance of Payments accounting rules, a positive value for the balance figure in the current account represents a surplus whereas a negative value represents a deficit.

(2) In a Balance of Payments account, every external transaction is presented by two entries, a credit and a debit. In the current account, exports of goods and services, factor income inflows and transfers from abroad are credit entries, while imports of goods and services, factor income outflows and transfers to abroad are debit entries.

**Table 3 Hong Kong's Balance of Payments Sub-account Components:
Capital and Financial Account**

HK\$ million

Standard Components	2004 Annual	2005 Annual	2005 1st Qtr	2005 2nd Qtr	2005 3rd Qtr	2005 4th Qtr	2006 1st Qtr
Capital and Financial Account⁽¹⁾	-184,640	-160,882	-54,444	-7,427	-48,610	-50,400	-49,186
Capital Account	-2,561	-5,237	-2,653	-1,511	-683	-390	-415
Capital transfers	-2,561	-5,237	-2,653	-1,511	-683	-390	-415
General government	0	0	0	0	0	0	0
Other sectors	-2,561	-5,237	-2,653	-1,511	-683	-390	-415
Non-produced and non-financial assets	...	...	...	...	...	...	...
Financial Account	-182,080	-155,645	-51,792	-5,915	-47,928	-50,011	-48,771
Financial non-reserve assets (net change)	-156,594	-144,966	-49,238	-11,415	-44,956	-39,356	-37,308
Direct investment	-91,038	25,845	970	3,928	-30,607	51,554	27,362
Direct investment abroad	-356,111	-253,402	-92,378	-57,386	-84,303	-19,335	-75,257
Equity capital	-88,862	-68,822	-10,724	-25,671	-9,722	-22,705	-9,318
Claims on affiliated enterprises	-88,862	-68,822	-10,724	-25,671	-9,722	-22,705	-9,318
Liabilities to affiliated enterprises	...	...	...	...	...	...	...
Reinvested earnings	-70,729	-173,640	-42,756	-48,146	-45,374	-37,364	-68,074
Other capital	-196,519	-10,940	-38,898	16,431	-29,207	40,734	2,135
Claims on affiliated enterprises	-104,048	-42,605	-36,203	14,535	-45,544	24,605	7,028
Liabilities to affiliated enterprises	-92,472	31,665	-2,695	1,895	16,337	16,128	-4,893
Direct investment in Hong Kong	265,072	279,247	93,347	61,315	53,696	70,889	102,618
Equity capital	29,559	21,921	-1,037	16,612	3,196	3,150	3,052
Claims on direct investors	...	...	...	...	...	...	...
Liabilities to direct investors	29,559	21,921	-1,037	16,612	3,196	3,150	3,052
Reinvested earnings	174,731	223,134	60,283	50,635	54,749	57,466	74,504
Other capital	60,782	34,192	34,102	-5,932	-4,250	10,273	25,063
Claims on direct investors	-4,384	-10,854	2,261	-2,550	-7,396	-3,169	12,456
Liabilities to direct investors	65,166	45,046	31,841	-3,382	3,145	13,442	12,607
Portfolio investment	-306,368	-168,100	-70,770	-91,131	-19,263	13,063	34,018
Assets	-336,549	-238,631	-77,461	-107,108	-44,125	-9,938	-14,265
Equity securities	-237,423	-197,988	-69,977	-39,790	-31,627	-56,594	64,214
Banks	-5,959	-12,849	866	-3,072	-4,640	-6,004	7,446
Other sectors	-231,464	-185,138	-70,843	-36,718	-26,988	-50,590	56,768
Debt securities	-99,126	-40,643	-7,484	-67,318	-12,498	46,656	-78,479
Bonds and notes	-70,734	-39,642	-22,095	-45,580	-12,082	40,114	-30,637
Banks	-10,757	-48,623	-11,424	-24,627	-10,767	-1,805	-31,026
Other sectors	-59,977	8,980	-10,671	-20,953	-1,315	41,920	388
Money market instruments	-28,393	-1,001	14,611	-21,738	-416	6,542	-47,842
Banks	-27,442	15,915	19,913	-10,027	-581	6,609	-39,221
Other sectors	-950	-16,916	-5,302	-11,711	165	-68	-8,621
Liabilities	30,181	70,530	6,690	15,977	24,862	23,001	48,283
Equity securities	15,349	84,487	7,450	19,466	19,589	37,982	51,025
Banks	-3,093	-3,614	-1,312	328	-802	-1,827	2,504
Other sectors	18,442	88,100	8,762	19,138	20,391	39,809	48,521
Debt securities	14,832	-13,956	-760	-3,489	5,273	-14,981	-2,742
Bonds and notes	13,835	-11,402	-630	-5,514	7,245	-12,503	-3,177
Banks	7,580	2,802	141	1,981	3,495	-2,814	-7,880
Other sectors	6,255	-14,204	-770	-7,495	3,750	-9,689	4,703
Money market instruments	997	-2,555	-130	2,025	-1,972	-2,478	435
Banks	1,402	-2,382	...	2,082	-1,040	-3,424	760
Other sectors	-405	-172	-130	-57	-931	946	-325

**Table 3 (Cont'd.) Hong Kong's Balance of Payments Sub-account Components:
Capital and Financial Account**

HK\$ million

Standard Components	2004 Annual	2005 Annual	2005 1st Qtr	2005 2nd Qtr	2005 3rd Qtr	2005 4th Qtr	2006 1st Qtr
<i>Financial derivatives</i>	44,319	13,754	4,206	5,749	952	2,847	2,275
<i>Assets</i>	160,444	136,611	43,467	29,671	34,916	28,558	31,766
Banks	148,261	117,911	36,160	26,722	28,443	26,586	27,115
Other sectors	12,183	18,701	7,308	2,949	6,473	1,972	4,651
<i>Liabilities</i>	-116,125	-122,857	-39,262	-23,922	-33,963	-25,710	-29,491
Banks	-103,211	-108,333	-33,479	-21,024	-31,865	-21,966	-26,961
Other sectors	-12,914	-14,524	-5,782	-2,898	-2,099	-3,744	-2,530
<i>Other investment</i>	196,492	-16,464	16,357	70,038	3,961	-106,821	-100,963
<i>Assets</i>	-253,687	-57,879	204,682	29,998	307	-292,866	-43,959
Trade credits	-72,078	-22,094	-4,080	-8,608	-8,705	-702	-5,711
Loans	-44,943	5,262	17,348	34,302	-19,336	-27,052	-105
Banks	-32,388	6,873	17,088	31,557	-10,350	-31,422	-7,455
Other sectors	-12,555	-1,611	260	2,745	-8,986	4,370	7,350
Currency and deposits	-139,864	-39,592	197,904	6,188	24,828	-268,513	-31,703
Banks	-262,135	-22,154	209,079	-11,459	-6,701	-213,074	-2,507
Other sectors	122,270	-17,438	-11,175	17,647	31,529	-55,439	-29,196
Other assets	3,198	-1,455	-6,491	-1,884	3,520	3,400	-6,441
Banks	2,127	-2,527	-4,837	-544	-419	3,273	-2,175
Other sectors	1,071	1,072	-1,654	-1,341	3,939	127	-4,265
<i>Liabilities</i>	450,180	41,415	-188,325	40,041	3,655	186,045	-57,004
Trade credits	11,324	12,491	-3,976	5,646	11,450	-629	3,567
Loans	963	32,977	-18,598	6,916	-14,905	59,563	-29,141
Banks	11,499	-7,140	-19,591	3,949	-8,598	17,100	-6,110
Other sectors	-10,535	40,117	993	2,967	-6,307	42,464	-23,031
Currency and deposits	440,283	-24,295	-168,913	18,757	6,056	119,805	-28,309
Banks	439,672	-24,973	-169,141	18,318	5,574	120,276	-27,888
Other sectors	611	678	227	439	482	-471	-422
Other liabilities	-2,391	20,242	3,161	8,722	1,053	7,306	-3,120
Banks	-7,548	6,026	6,024	10,728	-7,572	-3,153	4,267
Other sectors	5,157	14,216	-2,863	-2,006	8,625	10,459	-7,388
<i>Reserve assets (net change)</i> ⁽²⁾	-25,486	-10,679	-2,554	5,500	-2,971	-10,654	-11,463

Notes: (1) In accordance with the Balance of Payments accounting rules, a positive value for the balance figure in the current account represents a surplus whereas a negative value represents a deficit. For the capital and financial account, a positive value indicates a net capital and financial inflow and a negative value indicates a net outflow. As increases in external assets are debit entries and decreases are credit entries, a negative value for net change in reserve assets represents a net increase and a positive value represents a net decrease.

(2) The estimates on net change in reserve assets under the Balance of Payments framework are transaction figures. Effects from valuation changes (including price changes and exchange rate changes) and reclassifications are excluded.

... Transaction value is relatively insignificant (less than HK\$10 million).

Table 4 Hong Kong's External Debt Statistics (position as at end of period)

HK\$ million

Gross External Debt Position	2004	2005	2005 1st Qtr	2005 2nd Qtr	2005 3rd Qtr	2005 4th Qtr	2006 1st Qtr
General Government	12,490	12,325	12,261	12,457	12,260	12,325	12,848
<i>Short-term</i>	149	0	148	0	0	0	0
Money market instruments	149	0	148	0	0	0	0
Loans	0	0	0	0	0	0	0
Trade credits	0	0	0	0	0	0	0
Other debt liabilities	0	0	0	0	0	0	0
<i>Long-term</i>	12,341	12,325	12,113	12,457	12,260	12,325	12,848
Bonds and notes	12,341	12,325	12,113	12,457	12,260	12,325	12,848
Loans	0	0	0	0	0	0	0
Trade credits	0	0	0	0	0	0	0
Other debt liabilities	0	0	0	0	0	0	0
Monetary Authority	258	1,564	1,480	6,161	1,799	1,564	2,109
<i>Short-term</i>	160	1,194	1,437	5,966	1,504	1,194	1,746
Money market instruments	...	...	...	...	...	...	...
Loans	0	1,001	1,266	5,813	1,341	1,001	1,535
Currency and deposits	0	0	0	0	0	0	0
Other debt liabilities	160	193	172	153	163	193	211
<i>Long-term</i>	97	370	42	195	294	370	364
Bonds and notes	97	370	42	195	294	370	364
Loans	0	0	0	0	0	0	0
Other debt liabilities	0	0	0	0	0	0	0
Banks	2,358,450	2,272,025	2,137,830	2,163,960	2,150,327	2,272,025	2,236,807
<i>Short-term</i>	2,313,036	2,220,674	2,093,578	2,113,194	2,098,983	2,220,674	2,194,128
Money market instruments	24,230	23,068	24,232	25,447	24,642	23,068	25,023
Loans	37,450	20,070	10,566	12,019	6,399	20,070	14,581
Currency and deposits	2,244,175	2,164,589	2,045,982	2,051,618	2,051,773	2,164,589	2,140,735
Other debt liabilities	7,181	12,946	12,798	24,110	16,169	12,946	13,789
<i>Long-term</i>	45,414	51,351	44,252	50,767	51,344	51,351	42,679
Bonds and notes	29,290	31,171	28,483	30,849	33,806	31,171	26,046
Loans	12,203	16,274	11,773	16,019	13,610	16,274	12,507
Other debt liabilities	3,921	3,906	3,996	3,898	3,928	3,906	4,126
Other Sectors	224,817	328,455	238,227	269,356	290,200	328,455	328,804
<i>Short-term</i>	84,664	117,296	91,928	97,799	111,038	117,296	141,347
Money market instruments	1,753	1,905	1,529	1,644	713	1,905	1,587
Loans	22,599	33,844	23,127	28,297	29,186	33,844	45,640
Currency and deposits	1,254	1,696	1,105	1,641	2,222	1,696	1,160
Trade credits	45,033	55,964	46,406	45,701	55,838	55,964	56,277
Other debt liabilities	14,026	23,886	19,760	20,516	23,078	23,886	36,682
<i>Long-term</i>	140,153	211,160	146,299	171,557	179,162	211,160	187,457
Bonds and notes	24,314	10,865	24,346	18,781	21,889	10,865	14,475
Loans	89,320	155,256	95,541	118,246	117,794	155,256	149,973
Trade credits	1,257	2,008	912	3,937	4,370	2,008	2,297
Other debt liabilities	25,262	43,030	25,499	30,593	35,108	43,030	20,712
Direct Investment: Inter-company Lending	747,746	849,151	802,877	785,446	819,375	849,151	888,117
Debt liabilities to affiliated enterprises	162,738	200,893	163,924	151,936	184,802	200,893	208,416
Debt liabilities to direct investors	585,008	648,258	638,953	633,510	634,573	648,258	679,701
Gross External Debt	3,343,760	3,463,521	3,192,676	3,237,380	3,273,960	3,463,521	3,468,686

Note : ... Value is relatively insignificant (less than HK\$10 million).