

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	2006 2nd Qtr
Current Account⁽¹⁾	122,491	157,692	32,750	32,029	43,367	49,547	36,584	15,201
Goods	-72,514	-59,347	-19,677	-19,646	-6,941	-13,083	-29,801	-35,369
Services	187,056	231,623	49,908	50,833	60,661	70,221	62,594	61,943
Factor income	23,410	2,463	6,999	4,763	-6,085	-3,214	8,053	-7,622
Current transfers	-15,461	-17,046	-4,481	-3,921	-4,268	-4,377	-4,262	-3,750
Capital and Financial Account⁽¹⁾	-184,640	-160,882	-54,444	-7,427	-48,610	-50,400	-49,186	-26,394
Capital transfers	-2,561	-5,237	-2,653	-1,511	-683	-390	-415	472
<i>Financial non-reserve assets (net change)</i>	-156,594	-144,966	-49,238	-11,415	-44,956	-39,356	-37,308	-16,803
Direct investment	-91,038	25,845	970	3,928	-30,607	51,554	27,362	-29,913
Portfolio investment	-306,368	-168,100	-70,770	-91,131	-19,263	13,063	34,018	-78,343
Financial derivatives	44,319	13,754	4,206	5,749	952	2,847	2,275	14,544
Other investment	196,492	-16,464	16,357	70,038	3,961	-106,821	-100,963	76,910
Reserve assets (net change)⁽²⁾	-25,486	-10,679	-2,554	5,500	-2,971	-10,654	-11,463	-10,063
Net errors and omissions⁽³⁾	62,149	3,190	21,695	-24,602	5,244	853	12,602	11,192
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)	10,063 (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	2006 2nd Qtr
Current Account⁽¹⁾	122,491	157,692	32,750	32,029	43,367	49,547	36,584	15,201
<i>Credit⁽²⁾</i>	2,866,456	3,244,342	700,738	799,332	869,376	874,895	814,226	878,490
<i>Debit⁽²⁾</i>	-2,743,965	-3,086,650	-667,988	-767,303	-826,010	-825,348	-777,642	-863,288
Goods	-72,514	-59,347	-19,677	-19,646	-6,941	-13,083	-29,801	-35,369
<i>Credit</i>	2,027,031	2,251,744	479,096	555,352	614,625	602,671	538,460	586,741
<i>Debit</i>	-2,099,545	-2,311,091	-498,773	-574,998	-621,566	-615,754	-568,261	-622,110
Services	187,056	231,623	49,908	50,833	60,661	70,221	62,594	61,943
<i>Credit</i>	429,563	483,455	109,667	109,835	128,678	135,275	125,162	126,151
<i>Debit</i>	-242,507	-251,832	-59,759	-59,002	-68,017	-65,054	-62,568	-64,208
Transportation, credit	135,188	152,147	34,882	37,120	40,845	39,300	38,449	41,510
Transportation, debit	-67,657	-73,067	-16,813	-17,846	-19,765	-18,643	-17,990	-19,880
Travel, credit	70,084	79,994	19,322	18,482	19,726	22,464	21,971	21,475
Travel, debit	-103,347	-103,492	-25,456	-24,100	-28,469	-25,467	-25,867	-26,037
Insurance services, credit	3,197	3,506	808	901	825	972	952	1,018
Insurance services, debit	-4,761	-5,262	-1,160	-1,323	-1,306	-1,473	-1,302	-1,486
Financial services, credit	35,460	43,946	9,527	9,943	11,412	13,064	13,499	14,429
Financial services, debit	-9,070	-8,450	-2,205	-2,050	-2,107	-2,088	-2,149	-2,098
Other services, credit	185,634	203,862	45,128	43,389	55,870	59,475	50,291	47,719
Other services, debit	-57,672	-61,561	-14,125	-13,683	-16,370	-17,383	-15,260	-14,707
Factor income	23,410	2,463	6,999	4,763	-6,085	-3,214	8,053	-7,622
<i>Credit</i>	404,991	503,370	110,408	133,049	124,892	135,021	149,209	163,840
<i>Debit</i>	-381,581	-500,908	-103,409	-128,287	-130,977	-138,235	-141,156	-171,463
Investment income, credit	403,122	501,504	109,942	132,583	124,425	134,554	148,634	163,264
Direct investment income	230,066	272,596	54,378	76,796	66,254	75,168	80,642	84,958
Dividends and distributed branch profits	154,058	94,358	10,791	27,651	19,607	36,310	11,125	38,856
Reinvested earnings and undistributed branch profits	70,729	173,640	42,756	48,146	45,374	37,364	68,074	44,569
Income on debt (interest)	5,279	4,598	831	1,000	1,273	1,494	1,443	1,534
Portfolio investment income	124,934	136,348	34,877	33,504	35,184	32,783	39,765	45,720
Income on equity	50,122	48,365	14,275	11,874	12,513	9,703	13,657	18,836
Income on bonds and notes	69,762	81,767	19,193	20,086	21,038	21,451	24,016	24,421
Income on money market instruments	5,050	6,217	1,410	1,544	1,634	1,629	2,092	2,463
Other investment income	48,122	92,560	20,687	22,282	22,987	26,603	28,226	32,586
Investment income, debit	-379,084	-498,299	-102,777	-127,636	-130,319	-137,567	-140,478	-170,758
Direct investment income	-313,591	-392,739	-84,994	-96,143	-103,795	-107,807	-112,928	-121,009
Dividends and distributed branch profits	-134,129	-165,121	-23,683	-44,495	-47,797	-49,147	-36,870	-59,521
Reinvested earnings and undistributed branch profits	-174,731	-223,134	-60,283	-50,635	-54,749	-57,466	-74,504	-60,388
Income on debt (interest)	-4,731	-4,484	-1,028	-1,013	-1,248	-1,195	-1,554	-1,100

**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	2006 2nd Qtr
Portfolio investment income	-31,411	-38,208	-3,949	-17,213	-8,915	-8,130	-4,037	-22,122
Income on equity	-28,715	-35,077	-3,143	-16,425	-8,123	-7,386	-3,301	-21,349
Income on bonds and notes	-2,643	-3,061	-791	-769	-768	-733	-701	-708
Income on money market instruments	-53	-70	-15	-20	-24	-11	-35	-66
Other investment income	-34,082	-67,352	-13,834	-14,280	-17,609	-21,629	-23,513	-27,626
Compensation of employees, credit	1,869	1,866	466	466	467	467	575	576
Compensation of employees, debit	-2,497	-2,609	-632	-650	-658	-668	-678	-705
Current transfers	-15,461	-17,046	-4,481	-3,921	-4,268	-4,377	-4,262	-3,750
<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>	<i>1,757</i>
General government	0	0	0	0	0	0	0	0
Other sectors	4,871	5,773	1,567	1,096	1,181	1,928	1,395	1,757
<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>	<i>-5,507</i>
General government	-1,330	-1,361	-364	-338	-339	-320	-367	-343
Other sectors	-19,003	-21,458	-5,683	-4,679	-5,111	-5,985	-5,290	-5,164

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	2006 2nd Qtr
Capital and Financial Account⁽¹⁾	-184,640	-160,882	-54,444	-7,427	-48,610	-50,400	-49,186	-26,394
Capital Account	-2,561	-5,237	-2,653	-1,511	-683	-390	-415	472
Capital transfers	-2,561	-5,237	-2,653	-1,511	-683	-390	-415	472
General government	0	0	0	0	0	0	0	0
Other sectors	-2,561	-5,237	-2,653	-1,511	-683	-390	-415	472
Non-produced and non-financial assets	...	...	...	...	...	...	...	...
Financial Account	-182,080	-155,645	-51,792	-5,915	-47,928	-50,011	-48,771	-26,866
<i>Financial non-reserve assets (net change)</i>	<i>-156,594</i>	<i>-144,966</i>	<i>-49,238</i>	<i>-11,415</i>	<i>-44,956</i>	<i>-39,356</i>	<i>-37,308</i>	<i>-16,803</i>
<i>Direct investment</i>	<i>-91,038</i>	<i>25,845</i>	<i>970</i>	<i>3,928</i>	<i>-30,607</i>	<i>51,554</i>	<i>27,362</i>	<i>-29,913</i>
<i>Direct investment abroad</i>	-356,111	-253,402	-92,378	-57,386	-84,303	-19,335	-75,257	-88,435
Equity capital	-88,862	-68,822	-10,724	-25,671	-9,722	-22,705	-9,318	-10,714
Claims on affiliated enterprises	-88,862	-68,822	-10,724	-25,671	-9,722	-22,705	-9,318	-10,714
Liabilities to affiliated enterprises	...	...	...	...	...	...	...	...
Reinvested earnings	-70,729	-173,640	-42,756	-48,146	-45,374	-37,364	-68,074	-44,569
Other capital	-196,519	-10,940	-38,898	16,431	-29,207	40,734	2,135	-33,152
Claims on affiliated enterprises	-104,048	-42,605	-36,203	14,535	-45,544	24,605	7,028	-33,368
Liabilities to affiliated enterprises	-92,472	31,665	-2,695	1,895	16,337	16,128	-4,893	216
<i>Direct investment in Hong Kong</i>	265,072	279,247	93,347	61,315	53,696	70,889	102,618	58,521
Equity capital	29,559	21,921	-1,037	16,612	3,196	3,150	3,052	4,762
Claims on direct investors	...	...	...	...	...	...	...	...
Liabilities to direct investors	29,559	21,921	-1,037	16,612	3,196	3,150	3,052	4,762
Reinvested earnings	174,731	223,134	60,283	50,635	54,749	57,466	74,504	60,388
Other capital	60,782	34,192	34,102	-5,932	-4,250	10,273	25,063	-6,629
Claims on direct investors	-4,384	-10,854	2,261	-2,550	-7,396	-3,169	12,456	1,977
Liabilities to direct investors	65,166	45,046	31,841	-3,382	3,145	13,442	12,607	-8,605
<i>Portfolio investment</i>	<i>-306,368</i>	<i>-168,100</i>	<i>-70,770</i>	<i>-91,131</i>	<i>-19,263</i>	<i>13,063</i>	<i>34,018</i>	<i>-78,343</i>
<i>Assets</i>	-336,549	-238,631	-77,461	-107,108	-44,125	-9,938	-14,265	-124,181
Equity securities	-237,423	-197,988	-69,977	-39,790	-31,627	-56,594	64,214	-113,904
Banks	-5,959	-12,849	866	-3,072	-4,640	-6,004	7,446	-4,244
Other sectors	-231,464	-185,138	-70,843	-36,718	-26,988	-50,590	56,768	-109,660
Debt securities	-99,126	-40,643	-7,484	-67,318	-12,498	46,656	-78,479	-10,277
Bonds and notes	-70,734	-39,642	-22,095	-45,580	-12,082	40,114	-30,637	-34,937
Banks	-10,757	-48,623	-11,424	-24,627	-10,767	-1,805	-31,026	-29,212
Other sectors	-59,977	8,980	-10,671	-20,953	-1,315	41,920	388	-5,726
Money market instruments	-28,393	-1,001	14,611	-21,738	-416	6,542	-47,842	24,660
Banks	-27,442	15,915	19,913	-10,027	-581	6,609	-39,221	19,735
Other sectors	-950	-16,916	-5,302	-11,711	165	-68	-8,621	4,925
<i>Liabilities</i>	30,181	70,530	6,690	15,977	24,862	23,001	48,283	45,838
Equity securities	15,349	84,487	7,450	19,466	19,589	37,982	51,025	41,743
Banks	-3,093	-3,614	-1,312	328	-802	-1,827	2,504	2,018
Other sectors	18,442	88,100	8,762	19,138	20,391	39,809	48,521	39,725
Debt securities	14,832	-13,956	-760	-3,489	5,273	-14,981	-2,742	4,096
Bonds and notes	13,835	-11,402	-630	-5,514	7,245	-12,503	-3,177	-9
Banks	7,580	2,802	141	1,981	3,495	-2,814	-7,880	914
Other sectors	6,255	-14,204	-770	-7,495	3,750	-9,689	4,703	-923
Money market instruments	997	-2,555	-130	2,025	-1,972	-2,478	435	4,105
Banks	1,402	-2,382	...	2,082	-1,040	-3,424	760	4,089
Other sectors	-405	-172	-130	-57	-931	946	-325	15

**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	2006 2nd Qtr
<i>Financial derivatives</i>	44,319	13,754	4,206	5,749	952	2,847	2,275	14,544
Assets	160,444	136,611	43,467	29,671	34,916	28,558	31,766	32,283
Banks	148,261	117,911	36,160	26,722	28,443	26,586	27,115	30,137
Other sectors	12,183	18,701	7,308	2,949	6,473	1,972	4,651	2,146
Liabilities	-116,125	-122,857	-39,262	-23,922	-33,963	-25,710	-29,491	-17,738
Banks	-103,211	-108,333	-33,479	-21,024	-31,865	-21,966	-26,961	-14,930
Other sectors	-12,914	-14,524	-5,782	-2,898	-2,099	-3,744	-2,530	-2,809
<i>Other investment</i>	196,492	-16,464	16,357	70,038	3,961	-106,821	-100,963	76,910
Assets	-253,687	-57,879	204,682	29,998	307	-292,866	-43,959	-73,764
Trade credits	-72,078	-22,094	-4,080	-8,608	-8,705	-702	-5,711	-3,851
Loans	-44,943	5,262	17,348	34,302	-19,336	-27,052	-105	-12,078
Banks	-32,388	6,873	17,088	31,557	-10,350	-31,422	-7,455	-14,956
Other sectors	-12,555	-1,611	260	2,745	-8,986	4,370	7,350	2,879
Currency and deposits	-139,864	-39,592	197,904	6,188	24,828	-268,513	-31,703	-58,466
Banks	-262,135	-22,154	209,079	-11,459	-6,701	-213,074	-2,507	-94,529
Other sectors	122,270	-17,438	-11,175	17,647	31,529	-55,439	-29,196	36,063
Other assets	3,198	-1,455	-6,491	-1,884	3,520	3,400	-6,441	630
Banks	2,127	-2,527	-4,837	-544	-419	3,273	-2,175	4,270
Other sectors	1,071	1,072	-1,654	-1,341	3,939	127	-4,265	-3,639
Liabilities	450,180	41,415	-188,325	40,041	3,655	186,045	-57,004	150,674
Trade credits	11,324	12,491	-3,976	5,646	11,450	-629	3,567	3,768
Loans	963	32,977	-18,598	6,916	-14,905	59,563	-29,141	30,982
Banks	11,499	-7,140	-19,591	3,949	-8,598	17,100	-6,110	-10,171
Other sectors	-10,535	40,117	993	2,967	-6,307	42,464	-23,031	41,153
Currency and deposits	440,283	-24,295	-168,913	18,757	6,056	119,805	-28,309	122,516
Banks	439,672	-24,973	-169,141	18,318	5,574	120,276	-27,888	122,180
Other sectors	611	678	227	439	482	-471	-422	336
Other liabilities	-2,391	20,242	3,161	8,722	1,053	7,306	-3,120	-6,592
Banks	-7,548	6,026	6,024	10,728	-7,572	-3,153	4,267	-4,374
Other sectors	5,157	14,216	-2,863	-2,006	8,625	10,459	-7,388	-2,218
<i>Reserve assets (net change)</i> ⁽²⁾	-25,486	-10,679	-2,554	5,500	-2,971	-10,654	-11,463	-10,063

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								
			2005	2005	2005	2005	2006	2006
Gross External Debt Position	2004	2005	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr
General Government	12,490	12,325	12,261	12,457	12,260	12,325	12,848	12,666
Short-term	149	0	148	0	0	0	0	0
Money market instruments	149	0	148	0	0	0	0	0
Loans	0	0	0	0	0	0	0	0
Trade credits	0	0	0	0	0	0	0	0
Other debt liabilities	0	0	0	0	0	0	0	0
Long-term	12,341	12,325	12,113	12,457	12,260	12,325	12,848	12,666
Bonds and notes	12,341	12,325	12,113	12,457	12,260	12,325	12,848	12,666
Loans	0	0	0	0	0	0	0	0
Trade credits	0	0	0	0	0	0	0	0
Other debt liabilities	0	0	0	0	0	0	0	0
Monetary Authority	258	1,564	1,480	6,161	1,799	1,564	2,109	2,115
Short-term	160	1,194	1,437	5,966	1,504	1,194	1,746	1,676
Money market instruments	...	...	...	...	...	...	...	...
Loans	0	1,001	1,266	5,813	1,341	1,001	1,535	1,446
Currency and deposits	0	0	0	0	0	0	0	0
Other debt liabilities	160	193	172	153	163	193	211	229
Long-term	97	370	42	195	294	370	364	439
Bonds and notes	97	370	42	195	294	370	364	439
Loans	0	0	0	0	0	0	0	0
Other debt liabilities	0	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	2,361,853
Short-term	2,313,036	2,220,674	2,093,578	2,113,194	2,098,983	2,220,674	2,194,128	2,316,851
Money market instruments	24,230	23,068	24,232	25,447	24,642	23,068	25,023	30,494
Loans	37,450	20,070	10,566	12,019	6,399	20,070	14,581	13,039
Currency and deposits	2,244,175	2,164,589	2,045,982	2,051,618	2,051,773	2,164,589	2,140,735	2,260,159
Other debt liabilities	7,181	12,946	12,798	24,110	16,169	12,946	13,789	13,161
Long-term	45,414	51,351	44,252	50,767	51,344	51,351	42,679	45,001
Bonds and notes	29,290	31,171	28,483	30,849	33,806	31,171	26,046	27,149
Loans	12,203	16,274	11,773	16,019	13,610	16,274	12,507	13,904
Other debt liabilities	3,921	3,906	3,996	3,898	3,928	3,906	4,126	3,949
Other Sectors	224,817	328,455	238,227	269,356	290,200	328,455	328,804	362,993
Short-term	84,664	117,296	91,928	97,799	111,038	117,296	141,347	155,502
Money market instruments	1,753	1,905	1,529	1,644	713	1,905	1,587	1,595
Loans	22,599	33,844	23,127	28,297	29,186	33,844	45,640	58,536
Currency and deposits	1,254	1,696	1,105	1,641	2,222	1,696	1,160	3,040
Trade credits	45,033	55,964	46,406	45,701	55,838	55,964	56,277	61,864
Other debt liabilities	14,026	23,886	19,760	20,516	23,078	23,886	36,682	30,468
Long-term	140,153	211,160	146,299	171,557	179,162	211,160	187,457	207,491
Bonds and notes	24,314	10,865	24,346	18,781	21,889	10,865	14,475	13,185
Loans	89,320	155,256	95,541	118,246	117,794	155,256	149,973	165,330
Trade credits	1,257	2,008	912	3,937	4,370	2,008	2,297	4,157
Other debt liabilities	25,262	43,030	25,499	30,593	35,108	43,030	20,712	24,819
Direct Investment: Inter-company Lending	747,746	849,151	802,877	785,446	819,375	849,151	888,117	933,201
Debt liabilities to affiliated enterprises	162,738	200,893	163,924	151,936	184,802	200,893	208,416	201,666
Debt liabilities to direct investors	585,008	648,258	638,953	633,510	634,573	648,258	679,701	731,535
Gross External Debt	3,343,760	3,463,521	3,192,676	3,237,380	3,273,960	3,463,521	3,468,686	3,672,827

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