

Table 1 Hong Kong's Balance of Payments Account

	HK\$ million						
Standard Components	2005 Annual	2006 Annual	2006 1st Qtr	2006 2nd Qtr	2006 3rd Qtr	2006 4th Qtr	2007 1st Qtr
Current Account⁽¹⁾	157,338	159,905	37,007	14,737	51,900	56,261	61,865
Goods	-59,347	-108,983	-29,801	-35,369	-18,569	-25,243	-34,224
Services	231,562	281,034	63,017	61,479	74,757	81,781	74,189
Factor income	1,648	5,114	8,053	-7,622	238	4,446	27,421
Current transfers	-16,524	-17,260	-4,262	-3,750	-4,526	-4,722	-5,521
Capital and Financial Account⁽¹⁾	-182,431	-201,722	-49,186	-26,394	-60,115	-66,028	-54,005
Capital transfers	-4,939	-2,226	-415	472	-1,729	-554	-1,196
<i>Financial non-reserve assets (net change)</i>	-166,812	-152,761	-37,308	-16,803	-45,233	-53,418	-40,437
Direct investment	49,996	-4,402	27,362	-29,913	-15,817	13,967	1,299
Portfolio investment	-245,017	-258,082	34,018	-78,343	17,248	-231,005	5,840
Financial derivatives	30,502	38,873	2,275	14,544	8,312	13,742	26,380
Other investment	-2,294	70,850	-100,963	76,910	-54,975	149,879	-73,957
Reserve assets (net change)⁽²⁾	-10,679	-46,735	-11,463	-10,063	-13,153	-12,056	-12,372
Net errors and omissions⁽³⁾	25,093	41,817	12,179	11,656	8,215	9,766	-7,860
Overall Balance of Payments	10,679 (in surplus)	46,735 (in surplus)	11,463 (in surplus)	10,063 (in surplus)	13,153 (in surplus)	12,056 (in surplus)	12,372 (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 and non-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 however occur for various reasons as the data are collected from different sources. Equality between the sum 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	2005 Annual	2006 Annual	2006 1st Qtr	2006 2nd Qtr	2006 3rd Qtr	2006 4th Qtr	2007 1st Qtr
Current Account⁽¹⁾	157,338	159,905	37,007	14,737	51,900	56,261	61,865
<i>Credit</i> ⁽²⁾	3,258,838	3,682,847	817,787	882,020	978,208	1,004,834	924,630
<i>Debit</i> ⁽²⁾	-3,101,500	-3,522,942	-780,780	-867,282	-926,308	-948,572	-862,765
Goods	-59,347	-108,983	-29,801	-35,369	-18,569	-25,243	-34,224
<i>Credit</i>	2,251,744	2,467,357	538,460	586,741	667,228	674,929	587,298
<i>Debit</i>	-2,311,091	-2,576,340	-568,261	-622,110	-685,797	-700,172	-621,522
Services	231,562	281,034	63,017	61,479	74,757	81,781	74,189
<i>Credit</i>	495,799	565,049	128,723	129,681	150,732	155,913	143,657
<i>Debit</i>	-264,237	-284,015	-65,706	-68,202	-75,975	-74,132	-69,468
Transportation, credit	158,007	173,074	39,955	42,437	46,047	44,635	42,285
Transportation, debit	-81,361	-87,893	-19,892	-21,950	-23,559	-22,492	-20,920
Travel, credit	80,061	90,340	21,902	20,820	22,219	25,399	25,097
Travel, debit	-103,474	-108,537	-25,918	-26,267	-29,129	-27,223	-26,818
Insurance services, credit	3,218	3,638	874	918	864	982	962
Insurance services, debit	-4,710	-5,189	-1,158	-1,307	-1,256	-1,468	-1,315
Financial services, credit	49,158	69,170	15,270	17,003	18,184	18,713	19,232
Financial services, debit	-10,932	-11,758	-2,724	-2,916	-2,959	-3,159	-3,229
Other services, credit	205,355	228,827	50,722	48,503	63,418	66,184	56,081
Other services, debit	-63,760	-70,638	-16,014	-15,762	-19,072	-19,790	-17,186
Factor income	1,648	5,114	8,053	-7,622	238	4,446	27,421
<i>Credit</i>	503,964	643,141	149,209	163,840	158,243	171,849	191,779
<i>Debit</i>	-502,316	-638,027	-141,156	-171,463	-158,005	-167,403	-164,358
Investment income, credit	501,654	640,833	148,634	163,264	157,665	171,271	191,101
Direct investment income	272,525	336,872	80,642	84,958	80,980	90,291	103,835
Dividends and distributed branch profits	112,489	101,357	11,125	38,856	36,436	14,940	16,002
Reinvested earnings and undistributed branch profits	155,384	229,011	68,074	44,569	42,555	73,813	86,025
Income on debt (interest)	4,653	6,504	1,443	1,534	1,990	1,537	1,808
Portfolio investment income	140,595	171,406	39,765	45,720	41,900	44,021	46,712
Income on equity	52,622	59,458	13,657	18,836	13,205	13,759	15,519
Income on bonds and notes	81,733	101,531	24,016	24,421	26,107	26,987	27,461
Income on money market instruments	6,240	10,416	2,092	2,463	2,587	3,274	3,732
Other investment income	88,534	132,555	28,226	32,586	34,784	36,959	40,553
Investment income, debit	-499,608	-635,190	-140,478	-170,758	-157,286	-166,668	-163,606
Direct investment income	-394,982	-478,649	-112,928	-121,009	-118,538	-126,174	-129,861
Dividends and distributed branch profits	-191,761	-183,820	-36,870	-59,521	-61,242	-26,186	-19,406
Reinvested earnings and undistributed branch profits	-198,371	-289,519	-74,504	-60,388	-56,298	-98,329	-109,271
Income on debt (interest)	-4,850	-5,311	-1,554	-1,100	-999	-1,659	-1,184

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

	HK\$ million						
Standard Components	2005 Annual	2006 Annual	2006 1st Qtr	2006 2nd Qtr	2006 3rd Qtr	2006 4th Qtr	2007 1st Qtr
Portfolio investment income	-38,317	-51,389	-4,037	-22,122	-12,826	-12,403	-4,587
Income on equity	-35,178	-48,259	-3,301	-21,349	-12,041	-11,568	-3,670
Income on bonds and notes	-3,052	-2,787	-701	-708	-659	-719	-827
Income on money market instruments	-87	-343	-35	-66	-127	-116	-90
Other investment income	-66,309	-105,152	-23,513	-27,626	-25,922	-28,091	-29,158
Compensation of employees, credit	2,309	2,307	575	576	578	578	678
Compensation of employees, debit	-2,708	-2,837	-678	-705	-719	-735	-752
Current transfers	-16,524	-17,260	-4,262	-3,750	-4,526	-4,722	-5,521
<i>Credit</i>	<i>7,331</i>	<i>7,301</i>	<i>1,395</i>	<i>1,757</i>	<i>2,005</i>	<i>2,143</i>	<i>1,896</i>
General government	0	0	0	0	0	0	0
Other sectors	7,331	7,301	1,395	1,757	2,005	2,143	1,896
<i>Debit</i>	<i>-23,856</i>	<i>-24,560</i>	<i>-5,657</i>	<i>-5,507</i>	<i>-6,531</i>	<i>-6,865</i>	<i>-7,417</i>
General government	-1,408	-1,501	-367	-343	-380	-412	-433
Other sectors	-22,447	-23,059	-5,290	-5,164	-6,151	-6,454	-6,984

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 all 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	2005 Annual	2006 Annual	2006 1st Qtr	2006 2nd Qtr	2006 3rd Qtr	2006 4th Qtr	2007 1st Qtr
Capital and Financial Account⁽¹⁾	-182,431	-201,722	-49,186	-26,394	-60,115	-66,028	-54,005
Capital Account	-4,939	-2,226	-415	472	-1,729	-554	-1,196
Capital transfers	-4,939	-2,226	-415	472	-1,729	-554	-1,196
General government	0	0	0	0	0	0	0
Other sectors	-4,939	-2,226	-415	472	-1,729	-554	-1,196
Non-produced and non-financial assets	...	...	...	...	...	...	...
Financial Account	-177,492	-199,497	-48,771	-26,866	-58,386	-65,473	-52,809
Financial non-reserve assets	-166,812	-152,761	-37,308	-16,803	-45,233	-53,418	-40,437
<i>(net change)</i>							
Direct investment	49,996	-4,402	27,362	-29,913	-15,817	13,967	1,299
<i>Direct investment abroad</i>	-211,513	-337,592	-75,257	-88,435	-85,633	-88,268	-118,908
Equity capital	-63,796	-40,513	-9,318	-10,714	-11,479	-9,003	-20,603
Claims on affiliated enterprises	-63,796	-40,513	-9,318	-10,714	-11,479	-9,003	-20,603
Liabilities to affiliated enterprises	...	...	...	...	...	...	...
Reinvested earnings	-155,384	-229,011	-68,074	-44,569	-42,555	-73,813	-86,025
Other capital	7,666	-68,068	2,135	-33,152	-31,600	-5,452	-12,280
Claims on affiliated enterprises	-25,188	-52,990	7,028	-33,368	-27,256	605	-14,979
Liabilities to affiliated enterprises	32,854	-15,078	-4,893	216	-4,344	-6,057	2,699
<i>Direct investment in Hong Kong</i>	261,510	333,190	102,618	58,521	69,816	102,235	120,207
Equity capital	28,509	20,235	3,052	4,762	9,514	2,907	880
Claims on direct investors	...	...	...	...	...	...	...
Liabilities to direct investors	28,509	20,235	3,052	4,762	9,514	2,907	880
Reinvested earnings	198,371	289,519	74,504	60,388	56,298	98,329	109,271
Other capital	34,630	23,436	25,063	-6,629	4,004	998	10,055
Claims on direct investors	-7,093	12,487	12,456	1,977	-6,733	4,788	4,202
Liabilities to direct investors	41,723	10,949	12,607	-8,605	10,738	-3,790	5,853
Portfolio investment	-245,017	-258,082	34,018	-78,343	17,248	-231,005	5,840
<i>Assets</i>	-316,860	-392,979	-14,265	-124,181	-15,487	-239,045	-109,942
Equity securities	-217,366	-171,568	64,214	-113,904	12	-121,891	-141,645
Banks	-12,018	-932	7,446	-4,244	611	-4,744	2,938
Other sectors	-205,348	-170,637	56,768	-109,660	-599	-117,146	-144,583
Debt securities	-99,495	-221,410	-78,479	-10,277	-15,499	-117,155	31,703
Bonds and notes	-86,048	-67,163	-30,637	-34,937	27,698	-29,286	33,018
Banks	-64,765	-48,535	-31,026	-29,212	26,804	-15,102	-16,011
Other sectors	-21,283	-18,628	388	-5,726	894	-14,185	49,029
Money market instruments	-13,446	-154,247	-47,842	24,660	-43,197	-87,868	-1,315
Banks	2,321	-151,799	-39,221	19,735	-35,304	-97,009	-5,825
Other sectors	-15,767	-2,448	-8,621	4,925	-7,893	9,141	4,510
<i>Liabilities</i>	71,843	134,897	48,283	45,838	32,735	8,040	115,782
Equity securities	77,303	122,080	51,025	41,743	23,826	5,486	107,079
Banks	-5,581	8,831	2,504	2,018	-477	4,786	13,207
Other sectors	82,884	113,249	48,521	39,725	24,303	700	93,873
Debt securities	-5,460	12,816	-2,742	4,096	8,909	2,554	8,703
Bonds and notes	-6,638	7,743	-3,177	-9	6,063	4,867	7,406
Banks	6,908	-5,479	-7,880	914	-478	1,965	3,759
Other sectors	-13,547	13,222	4,703	-923	6,541	2,902	3,647
Money market instruments	1,179	5,073	435	4,105	2,845	-2,312	1,297
Banks	1,058	4,181	760	4,089	2,138	-2,807	1,127
Other sectors	121	892	-325	15	707	495	170

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

HK\$ million

Standard Components	2005 Annual	2006 Annual	2006 1st Qtr	2006 2nd Qtr	2006 3rd Qtr	2006 4th Qtr	2007 1st Qtr
<i>Financial derivatives</i>	30,502	38,873	2,275	14,544	8,312	13,742	26,380
Assets	161,784	142,762	31,766	32,283	40,352	38,362	60,120
Banks	140,690	123,006	27,115	30,137	27,981	37,772	43,711
Other sectors	21,094	19,756	4,651	2,146	12,370	589	16,410
Liabilities	-131,282	-103,889	-29,491	-17,738	-32,040	-24,620	-33,740
Banks	-119,005	-93,130	-26,961	-14,930	-28,553	-22,686	-28,010
Other sectors	-12,277	-10,760	-2,530	-2,809	-3,487	-1,934	-5,731
<i>Other investment</i>	-2,294	70,850	-100,963	76,910	-54,975	149,879	-73,957
Assets	-144,599	-391,279	-43,959	-73,764	-236,628	-36,928	-11,864
Trade credits	-28,133	-13,797	-5,711	-3,851	-7,534	3,298	-4,223
Loans	-793	-55,121	-105	-12,078	15,636	-58,574	-20,973
Banks	-5,242	-60,307	-7,455	-14,956	16,913	-54,809	-5,901
Other sectors	4,449	5,187	7,350	2,879	-1,278	-3,765	-15,071
Currency and deposits	-112,975	-313,969	-31,703	-58,466	-244,191	20,392	27,150
Banks	-20,315	-424,236	-2,507	-94,529	-262,279	-64,921	42,132
Other sectors	-92,660	110,267	-29,196	36,063	18,087	85,312	-14,982
Other assets	-2,698	-8,392	-6,441	630	-538	-2,044	-13,818
Banks	-4,592	-5,061	-2,175	4,270	-4,348	-2,807	-9,695
Other sectors	1,894	-3,332	-4,265	-3,639	3,810	763	-4,123
Liabilities	142,305	462,129	-57,004	150,674	181,653	186,807	-62,093
Trade credits	5,047	-2,293	3,567	3,768	-6,240	-3,388	323
Loans	68,929	56,816	-29,141	30,982	9,892	45,083	-11,278
Banks	-5,318	-20,285	-6,110	-10,171	-3,009	-995	-2,408
Other sectors	74,247	77,101	-23,031	41,153	12,900	46,078	-8,871
Currency and deposits	46,294	405,909	-28,309	122,516	178,914	132,789	-68,496
Banks	45,476	404,530	-27,888	122,180	178,400	131,838	-68,343
Other sectors	818	1,379	-422	336	514	951	-153
Other liabilities	22,036	1,698	-3,120	-6,592	-912	12,322	17,358
Banks	2,630	6,182	4,267	-4,374	1,595	4,693	12,555
Other sectors	19,406	-4,484	-7,388	-2,218	-2,507	7,629	4,803
<i>Reserve assets (net change) ⁽²⁾</i>	-10,679	-46,735	-11,463	-10,063	-13,153	-12,056	-12,372

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 and non-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.

... 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	2005	2006	2006 1st Qtr	2006 2nd Qtr	2006 3rd Qtr	2006 4th Qtr	2007 1st Qtr
General Government	12,227	13,008	12,848	12,666	12,736	13,008	13,022
<i>Short-term</i>	0	0	0	0	0	0	0
Money market instruments	0	0	0	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>	12,227	13,008	12,848	12,666	12,736	13,008	13,022
Bonds and notes	12,227	13,008	12,848	12,666	12,736	13,008	13,022
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	1,668	3,217	2,109	2,115	2,225	3,217	4,820
<i>Short-term</i>	1,194	256	1,746	1,676	1,788	256	1,685
Money market instruments	...	...	...	...	...	...	...
Loans	1,001	0	1,535	1,446	1,512	0	1,428
Currency and deposits	0	0	0	0	0	0	0
Other debt liabilities	193	256	211	229	276	256	257
<i>Long-term</i>	474	2,960	364	439	437	2,960	3,135
Bonds and notes	474	2,960	364	439	437	2,960	3,135
Loans	0	0	0	0	0	0	0
Other debt liabilities	0	0	0	0	0	0	0
Banks	2,346,349	2,681,670	2,236,807	2,361,853	2,547,601	2,681,670	2,636,989
<i>Short-term</i>	2,293,185	2,633,417	2,194,128	2,316,851	2,500,485	2,633,417	2,580,947
Money market instruments	24,065	29,474	25,023	30,494	32,755	29,474	28,113
Loans	21,765	10,623	14,581	13,039	10,564	10,623	4,677
Currency and deposits	2,237,604	2,575,635	2,140,735	2,260,159	2,442,708	2,575,635	2,517,569
Other debt liabilities	9,751	17,684	13,789	13,161	14,458	17,684	30,588
<i>Long-term</i>	53,164	48,253	42,679	45,001	47,115	48,253	56,043
Bonds and notes	34,605	29,151	26,046	27,149	27,365	29,151	33,023
Loans	14,686	14,477	12,507	13,904	15,648	14,477	18,475
Other debt liabilities	3,874	4,624	4,126	3,949	4,102	4,624	4,545
Other Sectors	334,026	398,591	328,804	362,993	343,628	398,591	432,732
<i>Short-term</i>	112,405	183,126	141,347	155,502	146,046	183,126	226,539
Money market instruments	1,918	2,738	1,587	1,595	2,250	2,738	2,739
Loans	33,714	92,674	45,640	58,536	62,028	92,674	143,963
Currency and deposits	1,696	4,621	1,160	3,040	3,637	4,621	3,825
Trade credits	47,692	46,543	56,277	61,864	49,720	46,543	38,360
Other debt liabilities	27,385	36,551	36,682	30,468	28,411	36,551	37,652
<i>Long-term</i>	221,621	215,465	187,457	207,491	197,582	215,465	206,193
Bonds and notes	10,983	17,548	14,475	13,185	18,087	17,548	21,096
Loans	161,316	171,399	149,973	165,330	153,490	171,399	157,490
Trade credits	3,310	4,480	2,297	4,157	4,010	4,480	4,764
Other debt liabilities	46,011	22,038	20,712	24,819	21,996	22,038	22,842
Direct Investment: Inter-company Lending	830,194	892,529	888,117	933,201	913,818	892,529	895,356
Debt liabilities to affiliated enterprises	204,371	184,852	208,416	201,666	196,393	184,852	184,876
Debt liabilities to direct investors	625,823	707,677	679,701	731,535	717,425	707,677	710,480
Gross External Debt	3,524,463	3,989,016	3,468,686	3,672,827	3,820,009	3,989,016	3,982,918

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