

Table 1 Hong Kong's Balance of Payments Account

Standard Component	HK\$ million							
	2005 Annual	2006 Annual	2006 1st Qtr	2006 2nd Qtr	2006 3rd Qtr	2006 4th Qtr	2007 1st Qtr	2007 2nd Qtr
Current Account⁽¹⁾	157,338	159,905	37,007	14,737	51,900	56,261	62,765	26,193
Goods	-59,347	-108,983	-29,801	-35,369	-18,569	-25,243	-34,224	-46,204
Services	231,562	281,034	63,017	61,479	74,757	81,781	75,089	70,923
Factor income	1,648	5,114	8,053	-7,622	238	4,446	27,421	6,057
Current transfers	-16,524	-17,260	-4,262	-3,750	-4,526	-4,722	-5,521	-4,583
Capital and Financial Account⁽¹⁾	-182,431	-201,722	-49,186	-26,394	-60,115	-66,028	-54,005	-40,224
Capital transfers	-4,939	-2,226	-415	472	-1,729	-554	-1,196	3,730
<i>Financial non-reserve assets (net change)</i>	-166,812	-152,761	-37,308	-16,803	-45,233	-53,418	-40,437	-33,973
Direct investment	49,996	-4,402	27,362	-29,913	-15,817	13,967	1,299	23,778
Portfolio investment	-245,017	-258,082	34,018	-78,343	17,248	-231,005	5,840	-19,988
Financial derivatives	30,502	38,873	2,275	14,544	8,312	13,742	26,380	16,070
Other investment	-2,294	70,850	-100,963	76,910	-54,975	149,879	-73,957	-53,832
Reserve assets (net change)⁽²⁾	-10,679	-46,735	-11,463	-10,063	-13,153	-12,056	-12,372	-9,981
Net errors and omissions⁽³⁾	25,093	41,817	12,179	11,656	8,215	9,766	-8,760	14,032
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)	9,981 (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 Component	2005 Annual	2006 Annual	2006 1st Qtr	2006 2nd Qtr	2006 3rd Qtr	2006 4th Qtr	2007 1st Qtr	2007 2nd Qtr
Current Account⁽¹⁾	157,338	159,905	37,007	14,737	51,900	56,261	62,765	26,193
<i>Credit</i> ⁽²⁾	3,258,838	3,682,847	817,787	882,020	978,208	1,004,834	925,803	1,010,336
<i>Debit</i> ⁽²⁾	-3,101,500	-3,522,942	-780,780	-867,282	-926,308	-948,572	-863,038	-984,144
Goods	-59,347	-108,983	-29,801	-35,369	-18,569	-25,243	-34,224	-46,204
<i>Credit</i>	2,251,744	2,467,357	538,460	586,741	667,228	674,929	587,298	656,509
<i>Debit</i>	-2,311,091	-2,576,340	-568,261	-622,110	-685,797	-700,172	-621,522	-702,713
Services	231,562	281,034	63,017	61,479	74,757	81,781	75,089	70,923
<i>Credit</i>	495,799	565,049	128,723	129,681	150,732	155,913	144,830	146,160
<i>Debit</i>	-264,237	-284,015	-65,706	-68,202	-75,975	-74,132	-69,741	-75,237
Transportation, credit	158,007	173,074	39,955	42,437	46,047	44,635	41,595	45,411
Transportation, debit	-81,361	-87,893	-19,892	-21,950	-23,559	-22,492	-20,856	-23,981
Travel, credit	80,061	90,340	21,902	20,820	22,219	25,399	25,729	24,053
Travel, debit	-103,474	-108,537	-25,918	-26,267	-29,129	-27,223	-26,818	-28,319
Insurance services, credit	3,218	3,638	874	918	864	982	962	1,056
Insurance services, debit	-4,710	-5,189	-1,158	-1,307	-1,256	-1,468	-1,285	-1,384
Financial services, credit	49,158	69,170	15,270	17,003	18,184	18,713	19,873	20,777
Financial services, debit	-10,932	-11,758	-2,724	-2,916	-2,959	-3,159	-3,550	-4,044
Other services, credit	205,355	228,827	50,722	48,503	63,418	66,184	56,671	54,863
Other services, debit	-63,760	-70,638	-16,014	-15,762	-19,072	-19,790	-17,232	-17,509
Factor income	1,648	5,114	8,053	-7,622	238	4,446	27,421	6,057
<i>Credit</i>	503,964	643,141	149,209	163,840	158,243	171,849	191,779	205,576
<i>Debit</i>	-502,316	-638,027	-141,156	-171,463	-158,005	-167,403	-164,358	-199,519
Investment income, credit	501,654	640,833	148,634	163,264	157,665	171,271	191,101	204,898
Direct investment income	272,525	336,872	80,642	84,958	80,980	90,291	103,835	106,056
Dividends and distributed branch profits	112,489	101,357	11,125	38,856	36,436	14,940	16,002	65,804
Reinvested earnings and undistributed branch profits	155,384	229,011	68,074	44,569	42,555	73,813	86,025	38,507
Income on debt (interest)	4,653	6,504	1,443	1,534	1,990	1,537	1,808	1,745
Portfolio investment income	140,595	171,406	39,765	45,720	41,900	44,021	46,712	57,987
Income on equity	52,622	59,458	13,657	18,836	13,205	13,759	15,519	25,784
Income on bonds and notes	81,733	101,531	24,016	24,421	26,107	26,987	27,461	28,582
Income on money market instruments	6,240	10,416	2,092	2,463	2,587	3,274	3,732	3,621
Other investment income	88,534	132,555	28,226	32,586	34,784	36,959	40,553	40,855
Investment income, debit	-499,608	-635,190	-140,478	-170,758	-157,286	-166,668	-163,606	-198,778
Direct investment income	-394,982	-478,649	-112,928	-121,009	-118,538	-126,174	-129,861	-139,418
Dividends and distributed branch profits	-191,761	-183,820	-36,870	-59,521	-61,242	-26,186	-19,406	-81,504
Reinvested earnings and undistributed branch profits	-198,371	-289,519	-74,504	-60,388	-56,298	-98,329	-109,271	-56,925
Income on debt (interest)	-4,850	-5,311	-1,554	-1,100	-999	-1,659	-1,184	-989

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

	HK\$ million							
Standard Component	2005 Annual	2006 Annual	2006 1st Qtr	2006 2nd Qtr	2006 3rd Qtr	2006 4th Qtr	2007 1st Qtr	2007 2nd Qtr
Portfolio investment income	-38,317	-51,389	-4,037	-22,122	-12,826	-12,403	-4,587	-30,658
Income on equity	-35,178	-48,259	-3,301	-21,349	-12,041	-11,568	-3,670	-29,565
Income on bonds and notes	-3,052	-2,787	-701	-708	-659	-719	-827	-977
Income on money market instruments	-87	-343	-35	-66	-127	-116	-90	-116
Other investment income	-66,309	-105,152	-23,513	-27,626	-25,922	-28,091	-29,158	-28,703
Compensation of employees, credit	2,309	2,307	575	576	578	578	678	678
Compensation of employees, debit	-2,708	-2,837	-678	-705	-719	-735	-752	-741
Current transfers	-16,524	-17,260	-4,262	-3,750	-4,526	-4,722	-5,521	-4,583
<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>	<i>2,091</i>
General government	0	0	0	0	0	0	0	0
Other sectors	7,331	7,301	1,395	1,757	2,005	2,143	1,896	2,091
<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>	<i>-6,674</i>
General government	-1,408	-1,501	-367	-343	-380	-412	-433	-418
Other sectors	-22,447	-23,059	-5,290	-5,164	-6,151	-6,454	-6,984	-6,256

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 Component	2005 Annual	2006 Annual	2006 1st Qtr	2006 2nd Qtr	2006 3rd Qtr	2006 4th Qtr	2007 1st Qtr	2007 2nd Qtr
Capital and Financial Account⁽¹⁾	-182,431	-201,722	-49,186	-26,394	-60,115	-66,028	-54,005	-40,224
Capital Account	-4,939	-2,226	-415	472	-1,729	-554	-1,196	3,730
Capital transfers	-4,939	-2,226	-415	472	-1,729	-554	-1,196	3,730
General government	0	0	0	0	0	0	0	0
Other sectors	-4,939	-2,226	-415	472	-1,729	-554	-1,196	3,730
Non-produced and non-financial assets	...	...	...	...	...	...	...	...
Financial Account	-177,492	-199,497	-48,771	-26,866	-58,386	-65,473	-52,809	-43,954
Financial non-reserve assets (net change)	-166,812	-152,761	-37,308	-16,803	-45,233	-53,418	-40,437	-33,973
Direct investment	49,996	-4,402	27,362	-29,913	-15,817	13,967	1,299	23,778
Direct investment abroad	-211,513	-337,592	-75,257	-88,435	-85,633	-88,268	-118,908	-67,417
Equity capital	-63,796	-40,513	-9,318	-10,714	-11,479	-9,003	-20,603	-18,398
Claims on affiliated enterprises	-63,796	-40,513	-9,318	-10,714	-11,479	-9,003	-20,603	-18,398
Liabilities to affiliated enterprises	...	...	...	...	...	...	...	...
Reinvested earnings	-155,384	-229,011	-68,074	-44,569	-42,555	-73,813	-86,025	-38,507
Other capital	7,666	-68,068	2,135	-33,152	-31,600	-5,452	-12,280	-10,511
Claims on affiliated enterprises	-25,188	-52,990	7,028	-33,368	-27,256	605	-14,979	-37,022
Liabilities to affiliated enterprises	32,854	-15,078	-4,893	216	-4,344	-6,057	2,699	26,510
Direct investment in Hong Kong	261,510	333,190	102,618	58,521	69,816	102,235	120,207	91,195
Equity capital	28,509	20,235	3,052	4,762	9,514	2,907	880	7,625
Claims on direct investors	...	...	...	...	...	...	...	...
Liabilities to direct investors	28,509	20,235	3,052	4,762	9,514	2,907	880	7,625
Reinvested earnings	198,371	289,519	74,504	60,388	56,298	98,329	109,271	56,925
Other capital	34,630	23,436	25,063	-6,629	4,004	998	10,055	26,645
Claims on direct investors	-7,093	12,487	12,456	1,977	-6,733	4,788	4,202	2,360
Liabilities to direct investors	41,723	10,949	12,607	-8,605	10,738	-3,790	5,853	24,285
Portfolio investment	-245,017	-258,082	34,018	-78,343	17,248	-231,005	5,840	-19,988
Assets	-316,860	-392,979	-14,265	-124,181	-15,487	-239,045	-109,942	-107,423
Equity securities	-217,366	-171,568	64,214	-113,904	12	-121,891	-141,645	-90,034
Banks	-12,018	-932	7,446	-4,244	611	-4,744	2,938	-26
Other sectors	-205,348	-170,637	56,768	-109,660	-599	-117,146	-144,583	-90,007
Debt securities	-99,495	-221,410	-78,479	-10,277	-15,499	-117,155	31,703	-17,389
Bonds and notes	-86,048	-67,163	-30,637	-34,937	27,698	-29,286	33,018	-52,482
Banks	-64,765	-48,535	-31,026	-29,212	26,804	-15,102	-16,011	-21,848
Other sectors	-21,283	-18,628	388	-5,726	894	-14,185	49,029	-30,634
Money market instruments	-13,446	-154,247	-47,842	24,660	-43,197	-87,868	-1,315	35,093
Banks	2,321	-151,799	-39,221	19,735	-35,304	-97,009	-5,825	43,910
Other sectors	-15,767	-2,448	-8,621	4,925	-7,893	9,141	4,510	-8,818
Liabilities	71,843	134,897	48,283	45,838	32,735	8,040	115,782	87,435
Equity securities	77,303	122,080	51,025	41,743	23,826	5,486	107,079	81,602
Banks	-5,581	8,831	2,504	2,018	-477	4,786	13,207	794
Other sectors	82,884	113,249	48,521	39,725	24,303	700	93,873	80,808
Debt securities	-5,460	12,816	-2,742	4,096	8,909	2,554	8,703	5,833
Bonds and notes	-6,638	7,743	-3,177	-9	6,063	4,867	7,406	3,839
Banks	6,908	-5,479	-7,880	914	-478	1,965	3,759	5,071
Other sectors	-13,547	13,222	4,703	-923	6,541	2,902	3,647	-1,232
Money market instruments	1,179	5,073	435	4,105	2,845	-2,312	1,297	1,994
Banks	1,058	4,181	760	4,089	2,138	-2,807	1,127	1,752
Other sectors	121	892	-325	15	707	495	170	242

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

HK\$ million

Standard Component	2005 Annual	2006 Annual	2006 1st Qtr	2006 2nd Qtr	2006 3rd Qtr	2006 4th Qtr	2007 1st Qtr	2007 2nd Qtr
<i>Financial derivatives</i>	30,502	38,873	2,275	14,544	8,312	13,742	26,380	16,070
Assets	161,784	142,762	31,766	32,283	40,352	38,362	60,120	63,570
Banks	140,690	123,006	27,115	30,137	27,981	37,772	43,711	58,754
Other sectors	21,094	19,756	4,651	2,146	12,370	589	16,410	4,816
Liabilities	-131,282	-103,889	-29,491	-17,738	-32,040	-24,620	-33,740	-47,500
Banks	-119,005	-93,130	-26,961	-14,930	-28,553	-22,686	-28,010	-44,060
Other sectors	-12,277	-10,760	-2,530	-2,809	-3,487	-1,934	-5,731	-3,440
<i>Other investment</i>	-2,294	70,850	-100,963	76,910	-54,975	149,879	-73,957	-53,832
Assets	-144,599	-391,279	-43,959	-73,764	-236,628	-36,928	-11,864	-300,527
Trade credits	-28,133	-13,797	-5,711	-3,851	-7,534	3,298	-4,223	-801
Loans	-793	-55,121	-105	-12,078	15,636	-58,574	-20,973	-24,463
Banks	-5,242	-60,307	-7,455	-14,956	16,913	-54,809	-5,901	-13,656
Other sectors	4,449	5,187	7,350	2,879	-1,278	-3,765	-15,071	-10,806
Currency and deposits	-112,975	-313,969	-31,703	-58,466	-244,191	20,392	27,150	-259,540
Banks	-20,315	-424,236	-2,507	-94,529	-262,279	-64,921	42,132	-272,042
Other sectors	-92,660	110,267	-29,196	36,063	18,087	85,312	-14,982	12,502
Other assets	-2,698	-8,392	-6,441	630	-538	-2,044	-13,818	-15,723
Banks	-4,592	-5,061	-2,175	4,270	-4,348	-2,807	-9,695	-11,934
Other sectors	1,894	-3,332	-4,265	-3,639	3,810	763	-4,123	-3,789
Liabilities	142,305	462,129	-57,004	150,674	181,653	186,807	-62,093	246,695
Trade credits	5,047	-2,293	3,567	3,768	-6,240	-3,388	323	2,563
Loans	68,929	56,816	-29,141	30,982	9,892	45,083	-11,278	-5,427
Banks	-5,318	-20,285	-6,110	-10,171	-3,009	-995	-2,408	5,006
Other sectors	74,247	77,101	-23,031	41,153	12,900	46,078	-8,871	-10,433
Currency and deposits	46,294	405,909	-28,309	122,516	178,914	132,789	-68,496	240,679
Banks	45,476	404,530	-27,888	122,180	178,400	131,838	-68,343	240,575
Other sectors	818	1,379	-422	336	514	951	-153	103
Other liabilities	22,036	1,698	-3,120	-6,592	-912	12,322	17,358	8,880
Banks	2,630	6,182	4,267	-4,374	1,595	4,693	12,555	2,335
Other sectors	19,406	-4,484	-7,388	-2,218	-2,507	7,629	4,803	6,545
<i>Reserve assets (net change) ⁽²⁾</i>	-10,679	-46,735	-11,463	-10,063	-13,153	-12,056	-12,372	-9,981

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								
			2006	2006	2006	2006	2007	2007
Gross External Debt Position	2005	2006	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr
General Government	12,227	13,008	12,848	12,666	12,736	13,008	13,022	12,862
Short-term	0	0	0	0	0	0	0	0
Money market instruments	0	0	0	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	12,227	13,008	12,848	12,666	12,736	13,008	13,022	12,862
Bonds and notes	12,227	13,008	12,848	12,666	12,736	13,008	13,022	12,862
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	1,668	3,217	2,109	2,115	2,225	3,217	4,820	4,966
Short-term	1,194	256	1,746	1,676	1,788	256	1,685	1,786
Money market instruments	...	...	...	...	...	...	...	...
Loans	1,001	0	1,535	1,446	1,512	0	1,428	1,516
Currency and deposits	0	0	0	0	0	0	0	0
Other debt liabilities	193	256	211	229	276	256	257	270
Long-term	474	2,960	364	439	437	2,960	3,135	3,180
Bonds and notes	474	2,960	364	439	437	2,960	3,135	3,180
Loans	0	0	0	0	0	0	0	0
Other debt liabilities	0	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	2,894,269
Short-term	2,293,185	2,633,417	2,194,128	2,316,851	2,500,485	2,633,417	2,580,947	2,832,266
Money market instruments	24,065	29,474	25,023	30,494	32,755	29,474	28,113	32,564
Loans	21,765	10,623	14,581	13,039	10,564	10,623	4,677	7,672
Currency and deposits	2,237,604	2,575,635	2,140,735	2,260,159	2,442,708	2,575,635	2,517,569	2,758,985
Other debt liabilities	9,751	17,684	13,789	13,161	14,458	17,684	30,588	33,045
Long-term	53,164	48,253	42,679	45,001	47,115	48,253	56,043	62,003
Bonds and notes	34,605	29,151	26,046	27,149	27,365	29,151	33,023	37,738
Loans	14,686	14,477	12,507	13,904	15,648	14,477	18,475	19,731
Other debt liabilities	3,874	4,624	4,126	3,949	4,102	4,624	4,545	4,534
Other Sectors	334,026	398,591	328,804	362,993	343,628	398,591	432,732	392,087
Short-term	112,405	183,126	141,347	155,502	146,046	183,126	226,539	195,666
Money market instruments	1,918	2,738	1,587	1,595	2,250	2,738	2,739	2,729
Loans	33,714	92,674	45,640	58,536	62,028	92,674	143,963	90,488
Currency and deposits	1,696	4,621	1,160	3,040	3,637	4,621	3,825	4,768
Trade credits	47,692	46,543	56,277	61,864	49,720	46,543	38,360	57,512
Other debt liabilities	27,385	36,551	36,682	30,468	28,411	36,551	37,652	40,170
Long-term	221,621	215,465	187,457	207,491	197,582	215,465	206,193	196,421
Bonds and notes	10,983	17,548	14,475	13,185	18,087	17,548	21,096	22,501
Loans	161,316	171,399	149,973	165,330	153,490	171,399	157,490	149,409
Trade credits	3,310	4,480	2,297	4,157	4,010	4,480	4,764	1,704
Other debt liabilities	46,011	22,038	20,712	24,819	21,996	22,038	22,842	22,807
Direct Investment: Inter-company Lending	830,194	892,529	888,117	933,201	913,818	892,529	895,356	990,925
Debt liabilities to affiliated enterprises	204,371	184,852	208,416	201,666	196,393	184,852	184,876	215,268
Debt liabilities to direct investors	625,823	707,677	679,701	731,535	717,425	707,677	710,480	775,657
Gross External Debt	3,524,463	3,989,016	3,468,686	3,672,827	3,820,009	3,989,016	3,982,918	4,295,108

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