

Press Release

HKSARG's response to Standard and Poor's announcement of revising Hong Kong's rating outlook

Thursday, March 31, 2016

In response to the announcement by Standard & Poor's Ratings Services (S&P's) today (March 31) that revised its outlook on Hong Kong's rating to negative from stable, the Acting Financial Secretary, Professor K C Chan, made the following comments:

"While S&P's has today revised its rating outlook on Hong Kong to negative from stable, it has affirmed Hong Kong's 'AAA' long-term and 'A-1+' short-term credit ratings.

"It continues to recognise Hong Kong's credit strengths and sound economic fundamentals, including our sizable fiscal reserves, prudent fiscal policy, strong external position and above-average economic growth prospects.

"S&P's further recognises that the Linked Exchange Rate System has facilitated Hong Kong's monetary and financial stability, and that the Hong Kong Monetary Authority's prudent regulations help maintain confidence in the banking sector.

"While we welcome S&P's recognition of Hong Kong's credit strengths and economic fundamentals, we disagree with their assessment and revision of Hong Kong's outlook on grounds that amid the uncertain global economic outlook, the Mainland will continue to be a key source of growth and stability for the global economy.

"Besides, we continue to believe that Hong Kong is in a good position to benefit from the structural rebalancing in the Mainland economy from investment to consumption, as the increase in demand in services will create new business opportunities for a service-oriented economy like Hong Kong."

According to S&P's, the outlook revision on Hong Kong reflects its similar action on the Mainland today, given that Hong Kong and the Mainland have a high degree of financial and economic linkage.

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