

Transcript of remarks by Acting FS at media session (with video)

Thursday, December 15, 2016

Following is the transcript of remarks by the Acting Financial Secretary, Professor K C Chan, at a media session after attending the Academia International Conference on Economic and Financial Cooperation: Hong Kong and the World under the Belt and Road Initiative this morning (December 15):

Reporter: Is it going to have any immediate impact on the economy?

Acting Financial Secretary: Well, if you talk about immediate impact, I don't think the interest rate increase itself will have an immediate impact. I think the impact is going to work through the financial markets first. In a sense, how this affects the longer term interest rates, and that reflects in market expectations of the future interest rate tightening in the US, as well as the currencies, you know, of the US dollar versus the other currencies. So we have to really watch how the market interprets what's going on. If the markets interpret a substantial tightening is ahead of us, it clearly will have an impact on the markets. The markets, generally speaking, I think anticipated the news, but I think there's still a possibility that the market itself may have not prepared for the full impact of the interest rate tightening in the future. So we have to watch how it goes.

(Please also refer to the Chinese portion of the transcript.)

Ends