

## **Transcript of remarks by SFST at media session**

Saturday, December 9, 2017

Following is the transcript of remarks by the Secretary for Financial Services and the Treasury, Mr James Lau, at a media session after attending a radio programme this morning (December 9):

Reporter: (about bubbles and global volatility of the financial markets)

Secretary for Financial Services and the Treasury: Actually, in terms of the global financial markets, I was just saying that in general we see kind of exuberance still prevailing, probably it's kind of recovery from the 2008 crisis. And of course, one thing is that we need to look at the real economy. If you look at the United States, Europe, Hong Kong, China of course, you can see very healthy recovery or growth in 2017. In most places, actually it is higher than 2016. So, in that respect, real economy is really recovering, a pretty solid recovery. As to financial markets, you can see because the real economy has been recovering so well, so you can see the financial markets are actually also picking up. When you see the global financial markets are generally picking up pretty fast, you are looking at twenty something per cent in quite a few major markets.

So you mentioned the kind of geo-political risk, there is one thing which I think we need to pay more attention to. On the one hand, you mentioned North Korea, and of course, we know on the other hand, the United States just recently, just two days ago, announced such kind of recognition of Jerusalem instead of Tel Aviv as the capital (of Israel). That's already scooped a lot of negative reactions from not only the Islamic world, but also from the so-called the Western allies of the United States. So, I think on that one, we would need to be very wary, Jerusalem of course that's a new issue. Not that the Middle East conflict is new, but I mean that particular incident is new. North Korea has been around for some time, right, you have the sanction, the US sanction, and you also have all the missile-testing flying all over the places. The markets did not seem to have kind of allowed for that sort of risk. So that is one area I think we should pay attention to.

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

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