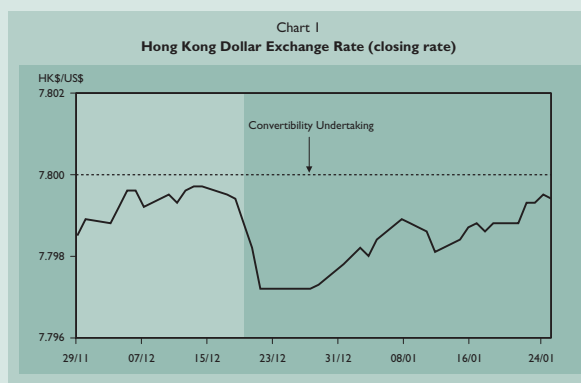


REPORT ON CURRENCY BOARD OPERATIONS (20 DECEMBER 2001 - 25 JANUARY 2002)

The Hong Kong dollar exchange and money markets remained stable during the reporting period despite the unfolding crisis in Argentina and concerns about the depreciation of the yen. Local interbank interest rates were generally stable, with the shorter-term rates staying close to, and the longer-term rates above, their US counterparts. The monetary base increased from HK\$227.08 bn to HK\$232.64 bn, mainly as a result of an increase in the outstanding amount of Certificates of Indebtedness. In accordance with currency board principles, changes in the monetary base were fully matched by corresponding changes in foreign reserves.

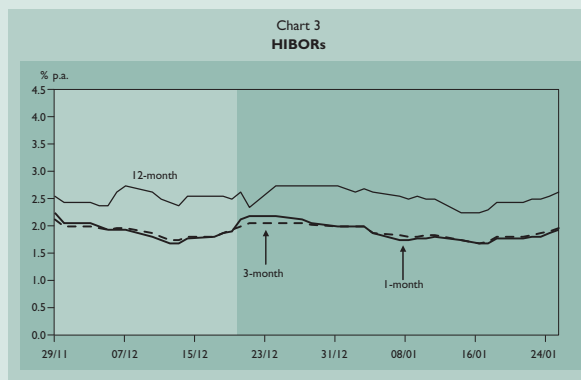
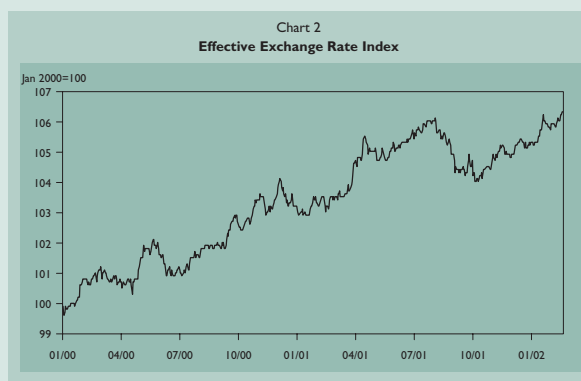
Hong Kong Dollar Exchange Rate

The Hong Kong dollar exchange rate remained stable throughout the reporting period despite Argentina's abolition of its currency board system and increased concerns about the depreciation of the yen. Partly reflecting increased liquidity demand towards the year-end, the exchange rate strengthened in the beginning of the period. Thereafter, in line with generally softer local interbank interest rates, the exchange rate eased for the rest of the reporting period and closed at 7.7994 (Charts 1 and 2).



Interest Rates

Interbank interest rates were largely stable during the period. Reflecting partly increased demand for Hong Kong dollar funding towards the year-end period, 1-month HIBOR strengthened at the beginning of the reporting period. It then gradually eased to close at 1.94% at the end of the period. 3-month and 12-month HIBORs tracked the movement of 1-month HIBOR and closed at 1.97% and 2.63% respectively (Chart 3).

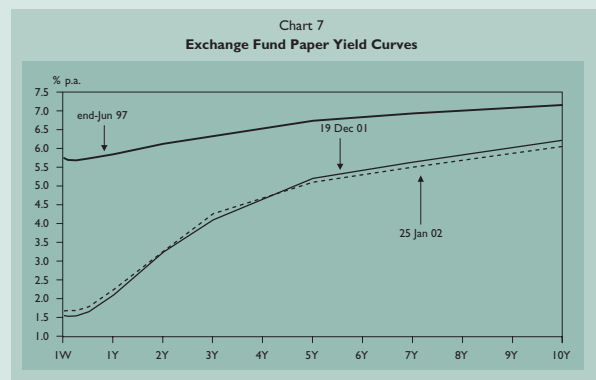
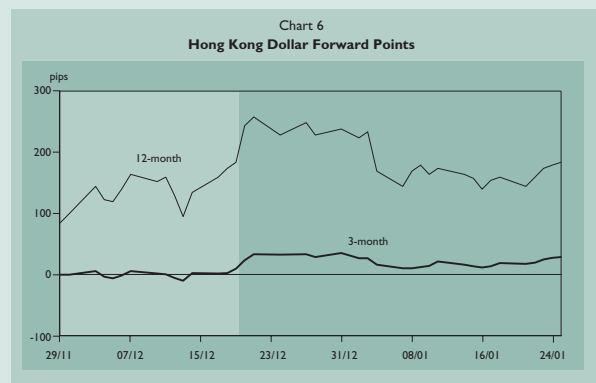
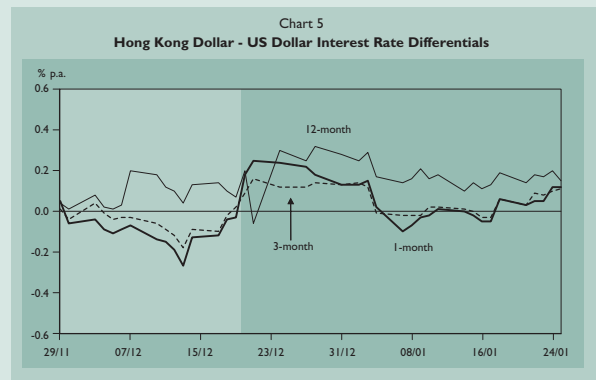
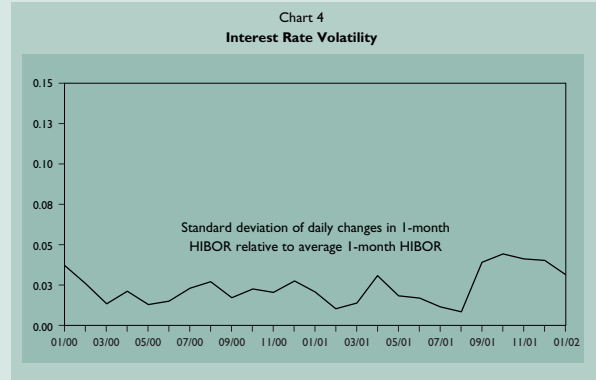


Interest rate volatility, measured by the standard deviation of daily changes in 1-month HIBOR relative to the average 1-month HIBOR, remained low and stable (Chart 4).¹

The positive 1-month and 3-month spreads were largely closed in mid-January, but widened again towards the end of the period. On the other hand, 12-month Hong Kong dollar interbank interest rate maintained a modest spread above its US counterpart during most of the period (Chart 5).

Amid increased volatility in Argentina's financial markets as well as concerns about the depreciation of the yen, 12-month forward point rose to 260 pips at the beginning of the period. Nevertheless, partly reflecting investor differentiation between markets with different fundamental conditions, it was subsequently reduced and closed at 180 pips at the end of the period. The Hong Kong dollar 3-month forward points turned into a small premium during the period (Chart 6).

Reflecting in part the movements of the US Treasury yield curve, **yields on Exchange Fund paper declined at the longer end, but firmed slightly at the shorter end** (Chart 7). The yield spread between 5-year Exchange Fund paper and US Treasuries widened slightly by 1 bp to 70 bp, while that between 10-year



¹ The standard deviation of daily changes in 1-month HIBOR relative to its monthly average measures the extent of interest rate fluctuations relative to the average level of interest rates, which may vary over time.

Exchange Fund paper and US Treasuries narrowed by 9 bp to 95 bp (Table 1).

The **Base Rate** remained unchanged at 3.25% (Chart 8). The **Best Lending Rate** was also unchanged.

The average deposit rate offered by the major authorized institutions for 1-month time deposits decreased from 0.45% on 20 December 2001 to 0.43% on 25 January 2002.² Meanwhile, the effective deposit rate decreased from 0.91% in November to 0.69% in December 2001 (Chart 9).³

Monetary Base

The **monetary base**, which comprises the outstanding amount of Certificates of Indebtedness (CIs), coins in circulation, the Aggregate Balance, and the outstanding amount of Exchange Fund Bills and Notes, **increased from HK\$227.1 bn to HK\$232.6 bn during the reporting period** (Table 2). Movements in individual components are discussed below.

Table 1
Yield Spreads between Exchange Fund Paper and US Treasuries (basis points)

	27-Jun-97	20-Dec-01	25-Jan-02
3-month	56	-13	-8
1-year	21	32	37
3-year	3	40	63
5-year	27	69	70
10-year	54	104	95

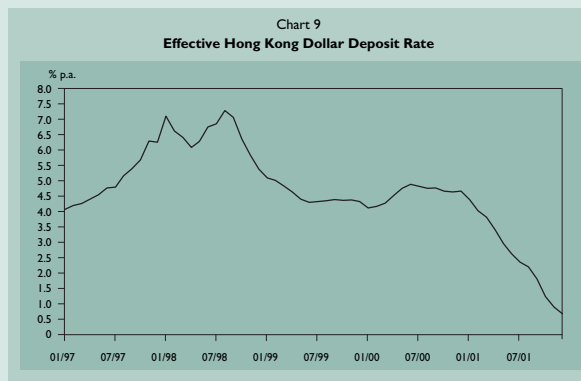
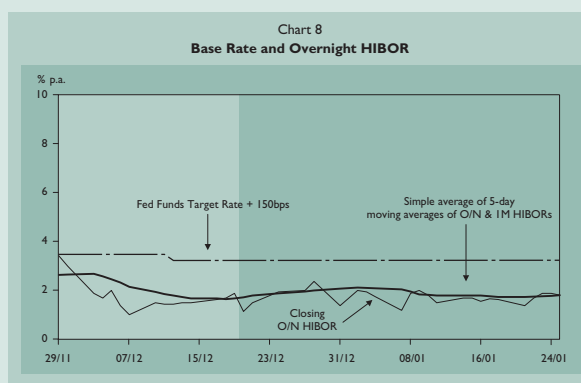


Table 2
Monetary Base

(HK\$ bn)	20-Dec-01	25-Jan-02
CIs	104.65	109.85
Coins in Circulation	5.94	5.98
Aggregate Balance	0.36	0.37
Outstanding EFBNs	116.13	116.44
Monetary Base	227.08	232.64

2 The quoted figures refer to the average of interest rates offered by the major authorized institutions for one-month time deposits of amount less than HK\$100,000.

3 This is the average of the interest rates on demand, savings and time deposits. As the banking statistics classify deposits by remaining maturities, we have used certain assumptions regarding the maturity distribution to compute the effective deposit rate.

Certificates of Indebtedness

In response to increased demand for banknotes by the public before the seasonal holidays, the three note-issuing banks (NIBs) submitted to the HKMA a total of US\$0.53 bn in exchange for HK\$4.14 bn worth of CIs between 20 and 24 December 2001. As public demand for cash gradually subsided after the holidays, the NIBs redeemed a total of HK\$3.16 bn of CIs in exchange for US\$0.41 bn during 27 December 2001 to 16 January 2002. Thereafter, in anticipation of a rise in public demand for cash during the month-end period, the NIBs submitted to the HKMA a total of US\$0.54 bn in exchange for HK\$4.22 bn worth of CIs for the rest of the period. As a result, the **outstanding amount of CIs increased from HK\$104.65 bn to HK\$109.85 bn** (Chart 10).

Coins

The total amount of **coins in circulation increased marginally** from HK\$5.94 bn to HK\$5.98 bn during the period (Chart 11).

Aggregate Balance

In the absence of foreign exchange operations conducted for the currency board account, **the Aggregate Balance remained stable** at around HK\$0.30 bn, with small fluctuations due to interest payments and new issues of Exchange Fund paper (Chart 12).

During the period, **a total of HK\$0.33 bn of interest payments on Exchange Fund paper were made. An additional HK\$0.29 bn (in market value) of Exchange Fund paper was issued to absorb these interest payments.** The remaining amount was carried forward in the Aggregate Balance.

Outstanding Exchange Fund Bills and Notes

The market value of outstanding Exchange Fund paper increased slightly from HK\$116.13 bn to HK\$116.44 bn. The increase was mainly a result of additional net issues (paragraph above). All issues of Exchange Fund Bills and Notes were well received by the market (Table 3). **Holdings of Exchange Fund**

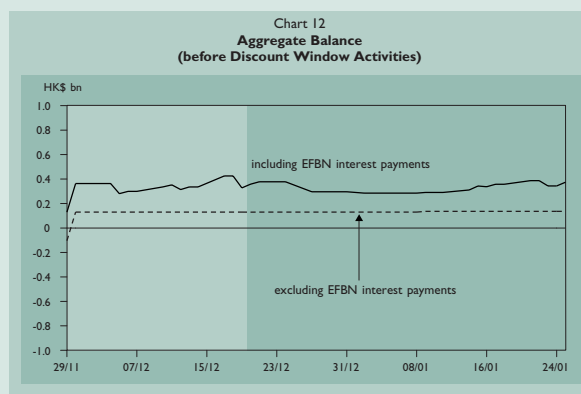
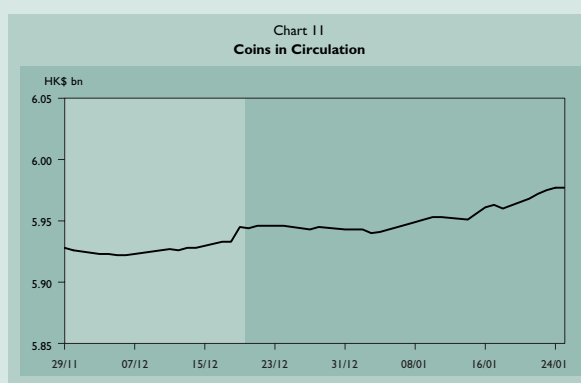
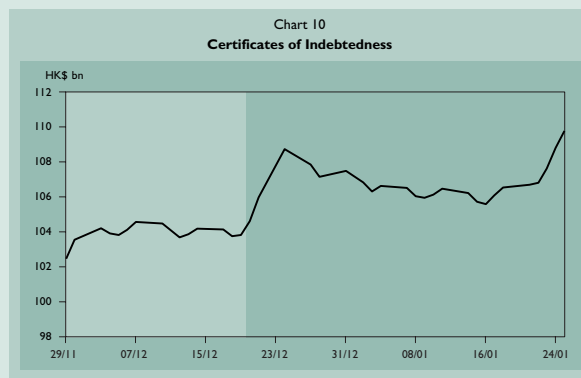


Table 3
Issuance of Exchange Fund paper and notes
(20 Dec 01 – 25 Jan 02)

	No. of Issues Launched	Over-subscription Ratio
1-month EFB	2	5.37–17.27
3-month EFB	5	1.50–7.19
6-month EFB	3	1.98–5.16
12-month EFB	1	3.27
3-year EFN	1	3.55

paper by the banking sector (before Discount Window activities) decreased marginally from HK\$108.87 bn (93.75% of total) to HK\$108.42 bn (93.11% of total) during the period (Chart 13).

Discount Window Activities

For the period as a whole, **25 banks in total borrowed HK\$3.61 bn from the Discount Window**, compared with HK\$2.58 bn in the preceding period. All of the borrowing used Exchange Fund paper as collateral (Chart 14). The banks used the Discount Window facility only infrequently (Table 4).

Backing Portfolio

Backing assets increased during the period along with an increase in the outstanding amount of CIs and positive net interest income. As a result, **the backing ratio increased from 111.59% on 20 December 2001 to 111.66% on 25 January 2002** (Chart 15). Under the Linked Exchange Rate system, while specific Exchange Fund assets have been designated for the backing portfolio, all Exchange Fund assets are available to support the Hong Kong dollar exchange rate. 🌀

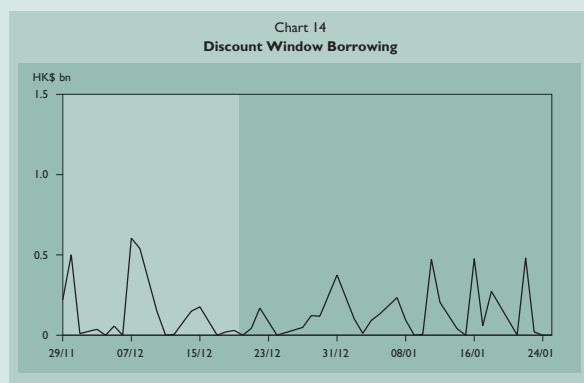
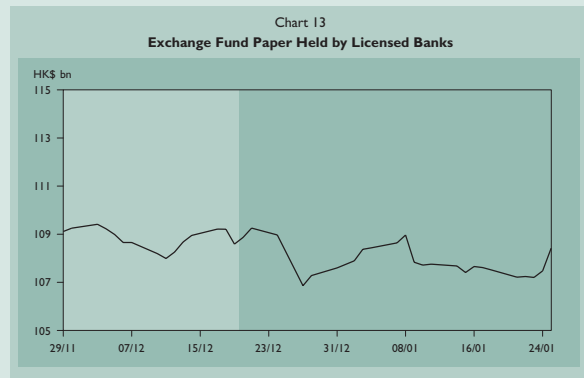
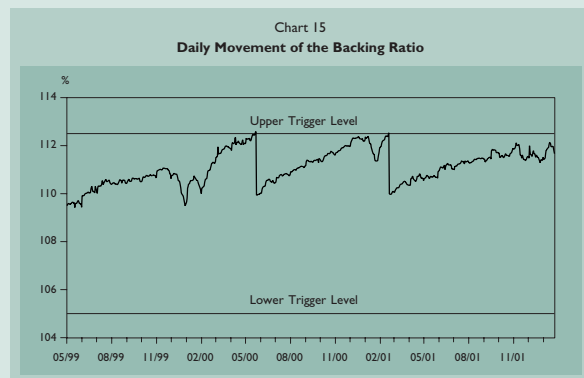


Table 4
Frequency of Individual Bank's
Access to the Discount Window
(20 Dec 01 – 25 Jan 02)

Frequency of Using Discount Window	No. of Banks
1	16
2	2
3	2
4	1
>4	4
Total	25



RECORD OF DISCUSSION OF THE EXCHANGE FUND ADVISORY COMMITTEE SUB-COMMITTEE ON CURRENCY BOARD OPERATIONS ON 8 MARCH 2002

(Approved for Issue by the Exchange Fund Advisory Committee on 28 March 2002)

Currency Board Operations for the Period 26 January - 23 February 2002

The Sub-Committee noted that the Hong Kong dollar exchange rate had been stable during the reporting period and that the operations of the Currency Board system had been normal. The continuing crisis in Argentina and the weakness in the yen had not affected the stability of the Hong Kong dollar. Hong Kong dollar interest rates had remained stable, although they had generally maintained a modest spread above their US dollar counterparts throughout the period. Members noted that, as usual during the period leading up to the Chinese New Year holiday, the increased demand for banknotes had led to a surge in the number of outstanding Certificates of Indebtedness, which had peaked in early February and had gradually declined since.

The Sub-Committee noted that, in accordance with Currency Board principles, changes in the monetary base during the reporting period had been fully matched by changes in foreign reserves.

The report on Currency Board operations for the period under review is at [Annex A](#).

Monitoring of Risks and Vulnerabilities

The Sub-Committee noted that the global outlook had shown some signs of improvement in the past month or so, with increasing signs of a recovery in the US. The strength and the durability of the recovery nevertheless remained uncertain. Japan remained in recession. While there had been a rebound in the yen and in the stock market, it remained to be seen how sustained these trends would be.

Members noted from that the near-term outlook for Hong Kong remained weak. A particular concern was the pronounced decline in exports and what appeared to be an emerging decoupling of export growth between Hong Kong and the Mainland. It was unclear whether this would become a longer-term trend or what the exact causes were. One factor could be a shift in the source of China's exports away from the southern provinces, where there was a closer relationship with re-exports from Hong Kong. Another

factor could be a shift from re-exports to direct exports from the Mainland ports.

The Sub-Committee noted a preliminary assessment of the macro-economic impact of the recent Government budget. Members noted that the near-term policy priority outlined in the budget was to help economic recovery, through a fiscal impulse that was estimated to raise real GDP growth by three-quarters of a percentage point, and that the medium-term strategy focused on expenditure retrenchment, which, if successfully implemented, should improve market confidence in fiscal sustainability.


Definition of Money Supply

The Sub-Committee considered a proposal for making a slight revision to the definition of money supply in Hong Kong. At their discussion of a paper on the Management of Fiscal Transfers and its Implications on 12 September 2001, Members had noted that the current practice of excluding short-term Exchange Fund placements from the money supply statistics, adopted since 1979, had introduced minor statistical distortions to the monetary aggregates and had recommended that the definition of monetary aggregates should be reviewed.

Members considered that, conceptually, there was a case under a Currency Board system for including short-term Exchange Fund placements in the monetary aggregates and that, in practical terms, it was unlikely that such an inclusion would lead to any significant changes in the monetary aggregates or their relationship with other macro-economic variables, such as output and price. Members therefore recommended that the revision to the definition, as proposed in the paper, should be made. The HKMA, however, would provide money supply statistics compiled based on the existing definition, on request by researchers for study purpose.

Comparing Flexibility in Argentina and Hong Kong

The Sub-Committee noted an information paper comparing the experience of Hong Kong and Argentina over the past decade, with particular reference to the question of economic flexibility. Members observed that

there were a number of contrasts between the two systems, including much greater flexibility in Hong Kong's goods and labour markets and in its fiscal arrangements, and that the rigidities in Argentina's experience were incompatible with the maintenance of a fixed exchange rate. Members also noted that Argentina's problems had been compounded by administrative and political weaknesses. 

REPORT ON CURRENCY BOARD OPERATIONS (26 JANUARY - 23 FEBRUARY 2002)

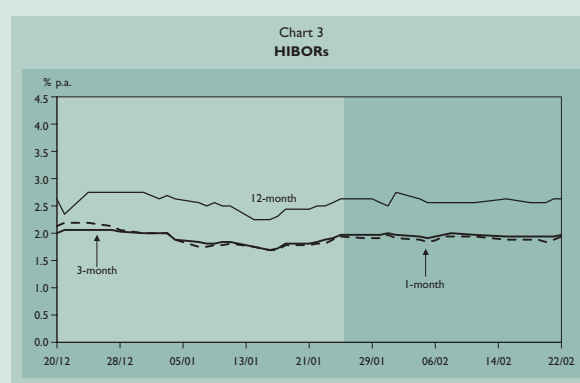
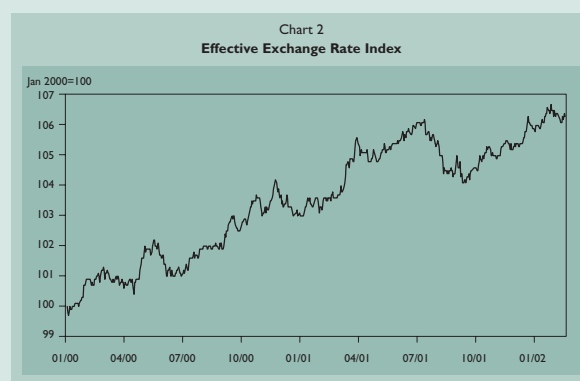
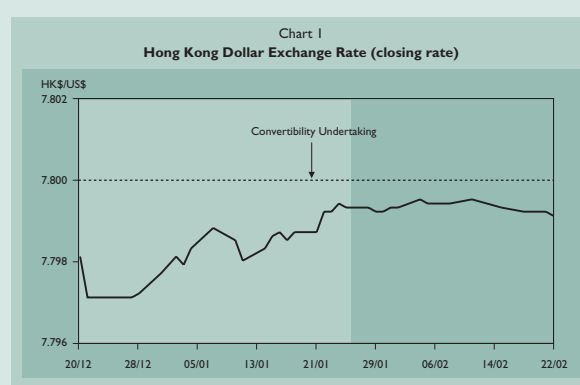
The Hong Kong dollar exchange and money markets remained stable during the reporting period, and the interbank interest rates remained soft. Nevertheless, the spread against US dollar interest rates of all maturities turned slightly positive. The monetary base increased from HK\$233.42 bn to HK\$240.79 bn, mainly as a result of an increase in the outstanding amount of Certificates of Indebtedness. In accordance with Currency Board principles, changes in the monetary base were fully matched by corresponding changes in foreign reserves.

Hong Kong Dollar Exchange Rate

Notwithstanding renewed concerns about the depreciation of the yen, the **Hong Kong dollar exchange rate remained stable** within a narrow range of 7.7992 and 7.7996 during the reporting period (Charts 1 and 2).

Interest Rates

Interbank interest rates remained stable throughout the period. 1-month HIBOR edged up marginally from 1.91% to 1.94% during the period. 3-month and 12-month HIBORs tracked the movement of 1-month HIBOR and closed at 1.97% and 2.63% respectively (Chart 3).

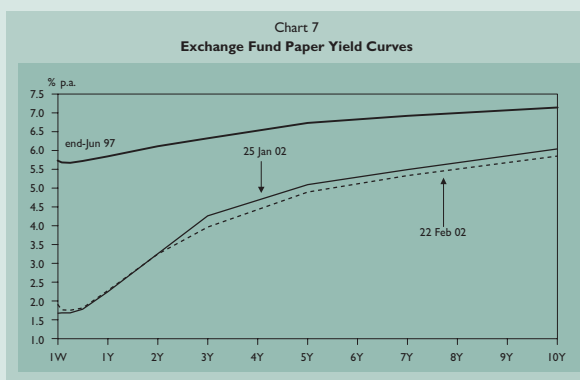
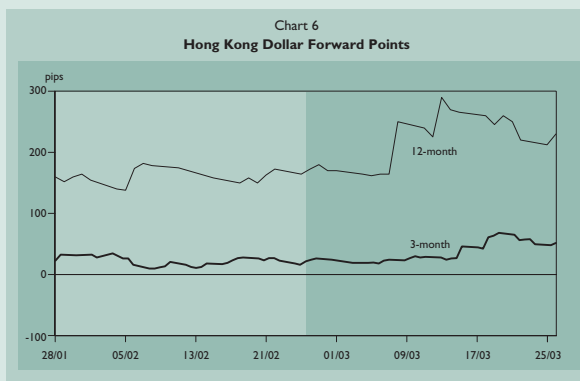
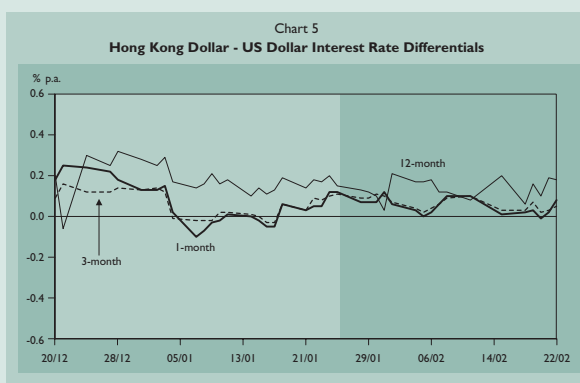
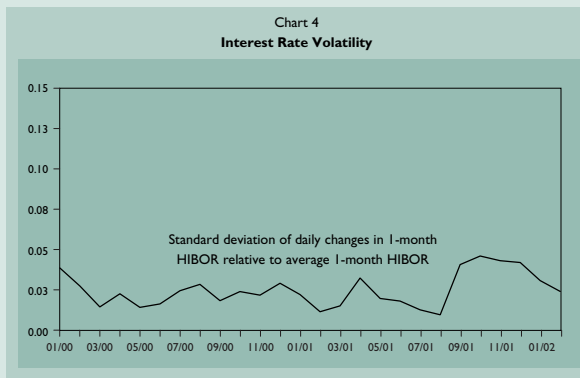


Interest rate volatility, measured by the standard deviation of daily changes in 1-month HIBOR relative to the average 1-month HIBOR, remained low (Chart 4).¹

Hong Kong dollar interbank interest rates of all maturities generally maintained a modest spread above their US dollar counterparts during the period (Chart 5).

The Hong Kong dollar 3-month forward remained at a small premium throughout the period. Despite renewed concerns about volatility in the movements of the yen, the 12-month forward point was generally stable and closed at 173 pips at the end of period (Chart 6).

Reflecting in part the movements of the US Treasury yield curve, **yields on Exchange Fund paper declined, except for those at the shorter end** (Chart 7). The yield spread between 5-year and 10-year



¹ The standard deviation of daily changes in 1-month HIBOR relative to its monthly average measures the extent of interest rate fluctuations relative to the average level of interest rates, which may vary over time.

Exchange Fund paper and US Treasuries narrowed by 6 bp and 4 bp, to 65 bp and 91 bp respectively (Table 1).

The **Base Rate remained unchanged at 3.25%** (Chart 8). **The Best Lending Rate was also unchanged.**

The average deposit rate offered by the major authorized institutions for 1-month time deposits increased marginally from 0.43% on 25 January to 0.46% on 21 February.² Meanwhile, the effective deposit rate decreased from 0.69% in December 2001 to 0.56% in January 2002 (Chart 9).³

Monetary Base

The monetary base, which comprises the outstanding amount of Certificates of Indebtedness (CIs), coins in circulation, the Aggregate Balance, and the outstanding amount of Exchange Fund Bills and Notes, **increased from HK\$233.42 bn to HK\$240.79 bn during the reporting period** (Table 2). Movements in individual components are discussed below.

Table 1

Yield Spreads between Exchange Fund Paper and US Treasuries (basis points)

	27-Jun-97	28-Jan-02	22-Feb-02
3-month	56	-3	-6
1-year	21	4	12
3-year	3	64	37
5-year	27	71	65
10-year	54	95	91

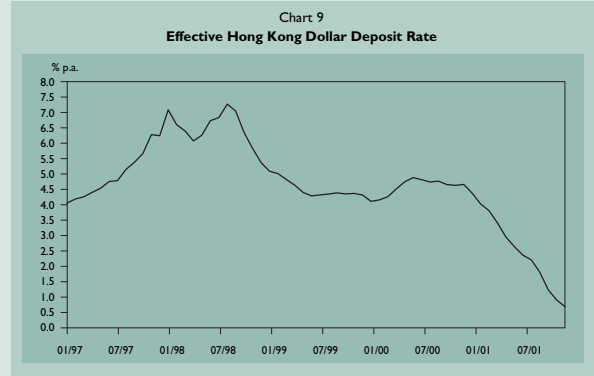
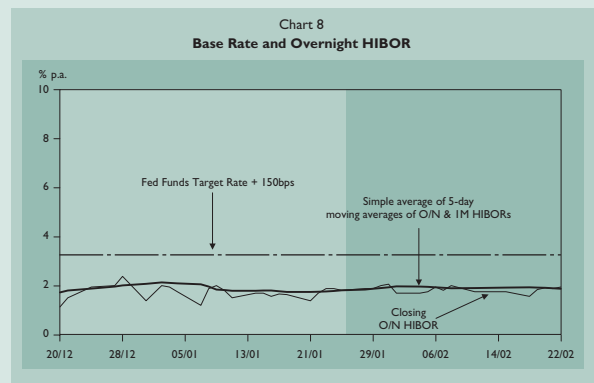


Table 2
Monetary Base

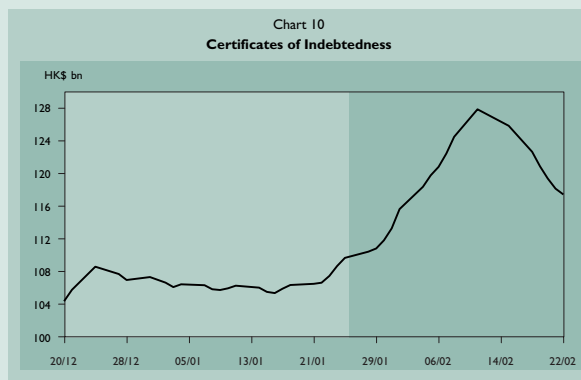
(HK\$ bn)	28-Jan-02	22-Feb-02
CIs	110.60	117.48
Coins in Circulation	5.98	6.03
Aggregate Balance	0.42	0.32
Outstanding EFBNs	116.42	116.97
Monetary Base	233.42	240.79

2 The quoted figures refer to the average of interest rates offered by the major authorized institutions for one-month time deposits of amount less than HK\$100,000.

3 This is the average of the interest rates on demand, savings and time deposits. As the banking statistics classify deposits by remaining maturities, we have used certain assumptions regarding the maturity distribution to compute the effective deposit rate.

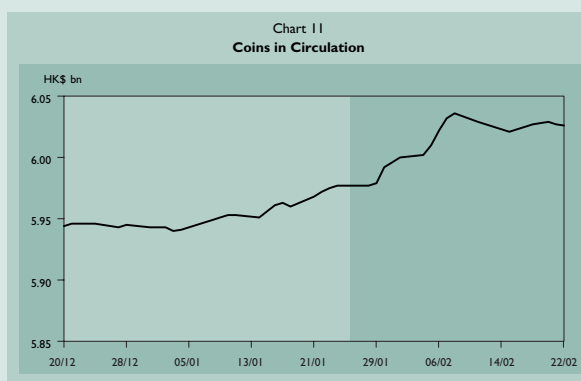
Certificates of Indebtedness

In response to increased demand for banknotes by the public before the Chinese New Year holidays, the three Note-Issuing Banks (NIBs) submitted to the HKMA a total of US\$2.19 bn in exchange for HK\$17.12 bn worth of CIs between 28 January and 11 February. As public demand for cash gradually declined after the holidays, the NIBs redeemed a total of HK\$10.24 bn of CIs in exchange for US\$1.31 bn for the rest of the period. As a result, the **outstanding amount of CIs increased from HK\$110.60 bn to HK\$117.48 bn** (Chart 10).



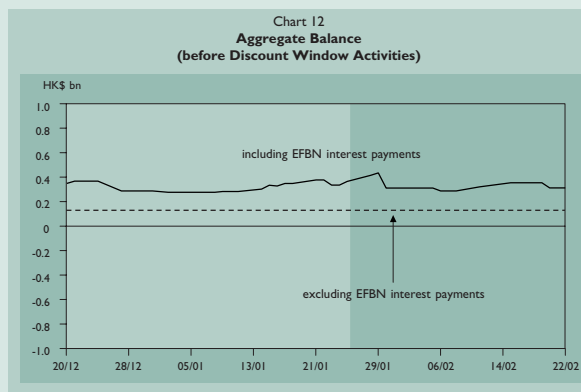
Coins

The total amount of **coins in circulation increased marginally** from HK\$5.98 bn to HK\$6.03 bn during the period (Chart 11).



Aggregate Balance

In the absence of foreign exchange operations conducted for the currency board account, **the Aggregate Balance remained stable** at around HK\$0.30 bn, with small fluctuations due to interest payments and new issues of Exchange Fund paper (Chart 12).



During the period, **a total of HK\$0.28 bn in interest payments on Exchange Fund paper was made**. Taking into account the interest payments carried forward from the last reporting period, **an additional HK\$0.34 bn (in market value) of Exchange Fund paper was issued to absorb these interest payments**.

Outstanding Exchange Fund Bills and Notes

The market value of outstanding Exchange Fund paper increased slightly from HK\$116.42 bn to HK\$116.97 bn. The increase was mainly a result of additional net issues (paragraph above). All issues of Exchange Fund Bills and Notes were well received by the market (Table 3). **Holdings of Exchange Fund**

Table 3
Issuance of Exchange Fund paper and notes
(26 Jan – 23 Feb 02)


	No. of Issues Launched	Over-subscription Ratio
3-month EFB	4	2.19–3.64
6-month EFB	2	4.92–5.38
12-month EFB	1	2.16
2-year EFN	1	4.24

paper by the banking sector (before Discount Window activities) decreased marginally from HK\$108.57 bn (93.26% of total) to HK\$107.85 bn (92.19% of total) during the period (Chart 13).

Discount Window Activities

For the period as a whole, **15 banks in total borrowed HK\$1.12 bn from the Discount Window**, compared with HK\$3.61 bn in the preceding period. All borrowing used Exchange Fund paper as collateral (Chart 14). The banks used the Discount Window facility only infrequently (Table 4).

Backing Portfolio

Backing assets increased during the period mainly due to an increase in the outstanding amount of CIs. Nevertheless, as the monetary base rose more proportionally than the backing assets, **the backing ratio decreased from 111.66% on 25 January to 111.45% on 22 February** (Chart 15). Under the Linked Exchange Rate system, while specific Exchange Fund assets have been designated for the backing portfolio, all Exchange Fund assets are available to support the Hong Kong dollar exchange rate. 

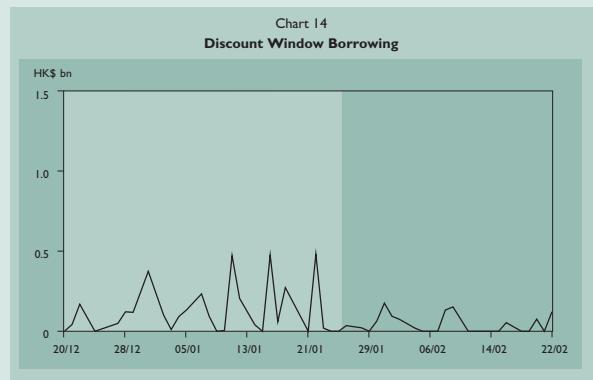
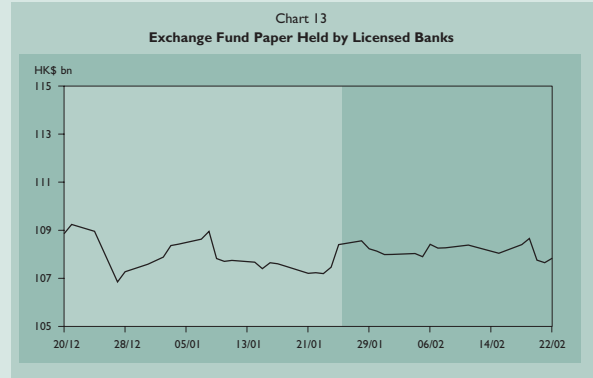
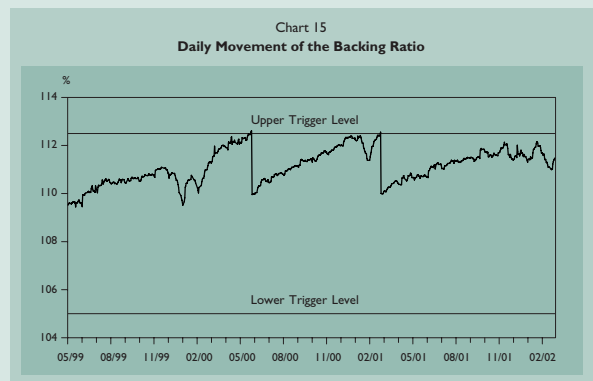


Table 4
Frequency of Individual Bank's
Access to the Discount Window
(26 Jan – 23 Feb 02)

Frequency of Using Discount Window	No. of Banks
1	11
2	2
3	1
4	1
Total	15



REPORT ON CURRENCY BOARD OPERATIONS (25 FEBRUARY - 26 MARCH 2002)

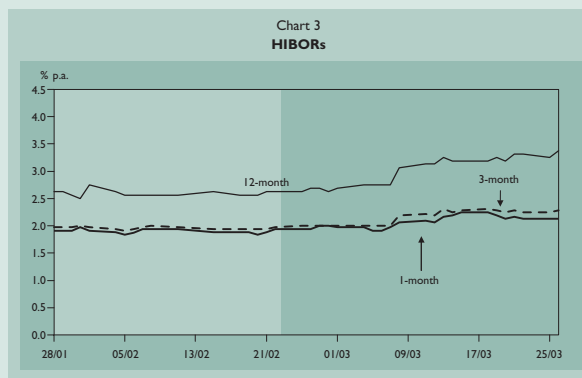
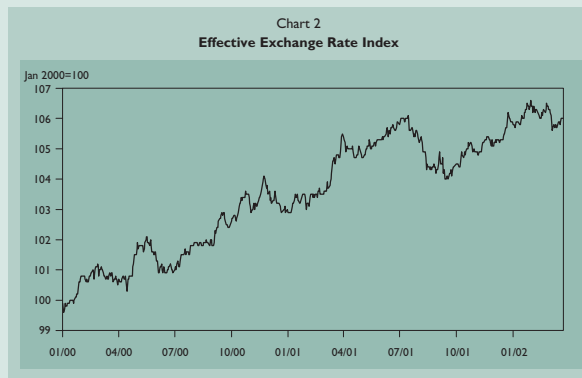
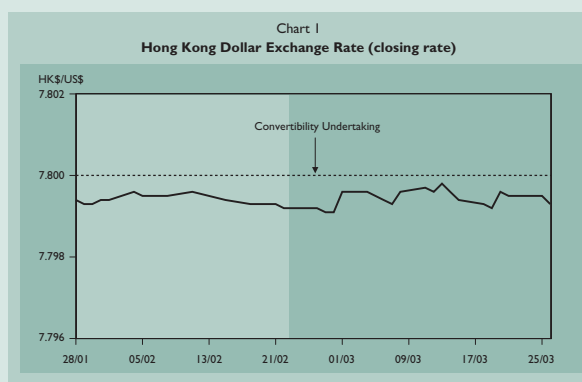
The Hong Kong dollar and money markets remained generally stable during the reporting period. Interbank interest rates rose moderately on rumours about the Linked Exchange Rate system, and interest rate spreads against US dollar counterparts widened. The monetary base fell by HK\$6.0 bn to HK\$233.8 bn, mainly as a result of a decrease in the outstanding amount of Certificates of Indebtedness. In accordance with currency board principles, changes in the monetary base were fully matched by corresponding changes in foreign reserves.

Hong Kong Dollar Exchange Rate

Notwithstanding increased volatility of the Japanese yen, the Hong Kong dollar exchange rate remained stable within a narrow range of 7.7991 and 7.7998 during the reporting period (Charts 1 and 2).

Interest Rates

Interbank interest rates rose moderately in the second half of the period, affected by rumours about the Linked Exchange Rate system. 1-month HIBOR rose by 19bp to 2.13%. 3-month and 12-month HIBORs tracked the movement of 1-month HIBOR and closed at 2.28% and 3.38% respectively (Chart 3).

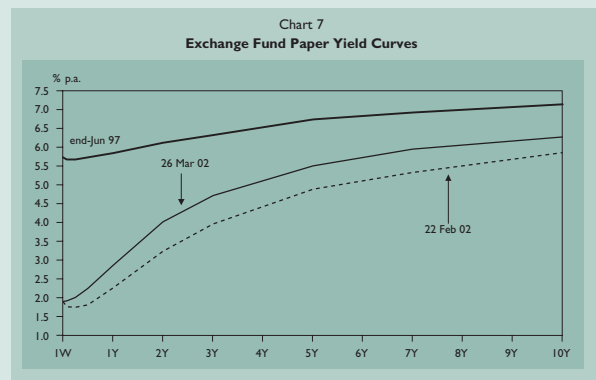
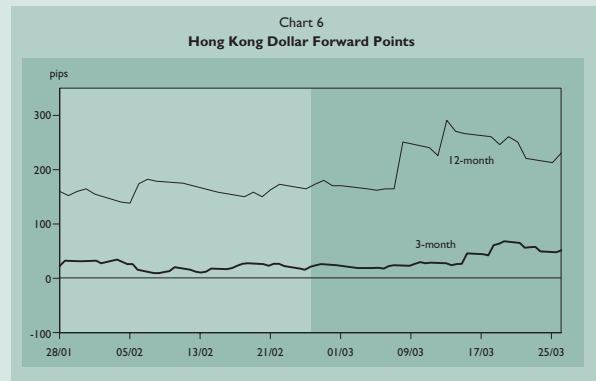
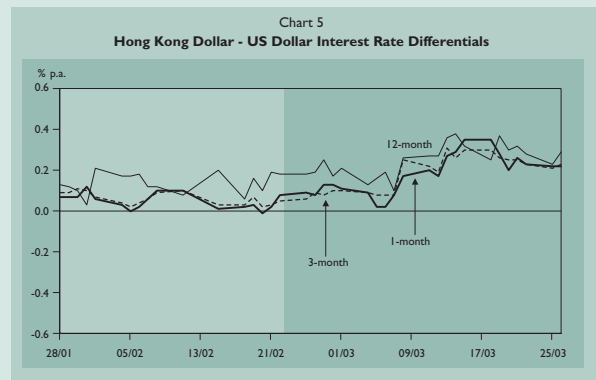
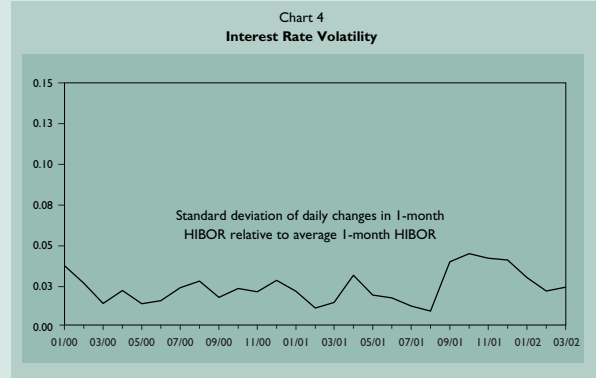


Interest rate volatility, measured by the standard deviation of daily changes in 1-month HIBOR relative to the average 1-month HIBOR, **remained low** (Chart 4).¹

As Hong Kong dollar interbank interest rates increased, their spreads against the US dollar counterparts widened during the period (Chart 5).

In parallel with the increased interest rate differentials, Hong Kong dollar 3-month forward point rose to 52 pips. 12-month forward point reached a recent high of 290 pips in the middle of the period and closed at 230 pips (Chart 6).

Reflecting the movements of the US Treasury yield curve, **yields on Exchange Fund paper rose across all maturities, except for 1-week paper** (Chart 7). The yield spreads between 5-year and 10-year Exchange Fund paper and US Treasuries, however, narrowed by



¹ The standard deviation of daily changes in 1-month HIBOR relative to its monthly average measures the extent of interest rate fluctuations relative to the average level of interest rates, which may vary over time.

5 bp and 13 bp, to 60 bp and 78 bp respectively (Table 1).

The **Base Rate** remained unchanged at **3.25%** (Chart 8). The **Best Lending Rate** was also **unchanged**.

The average deposit rate offered by the major authorized institutions for 1-month time deposits increased marginally from 0.47% on 23 February to 0.54% on 26 March.² Meanwhile, the effective deposit rate was little changed in February 2002 (Chart 9).³

Monetary Base

The **monetary base**, which comprises the outstanding amount of Certificates of Indebtedness (CIs), coins in circulation, the Aggregate Balance, and the outstanding amount of Exchange Fund Bills and Notes, **decreased from HK\$239.76 bn to HK\$233.84 bn during the reporting period** (Table 2). Movements in individual components are discussed below.

Table 1
Yield Spreads between Exchange Fund Paper and US Treasuries (basis points)

	27-Jun-97	22-Feb-02	26-Mar-02
3-month	56	-6	14
1-year	21	12	68
3-year	3	37	48
5-year	27	65	60
10-year	54	91	78

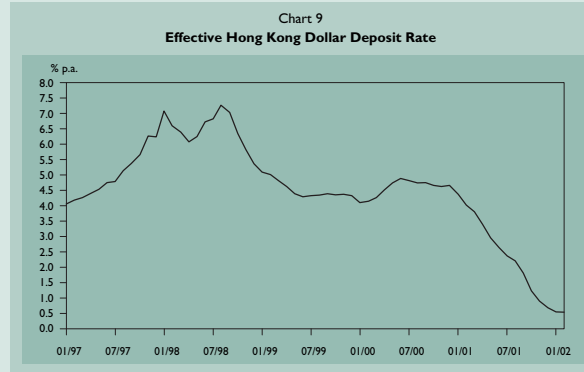
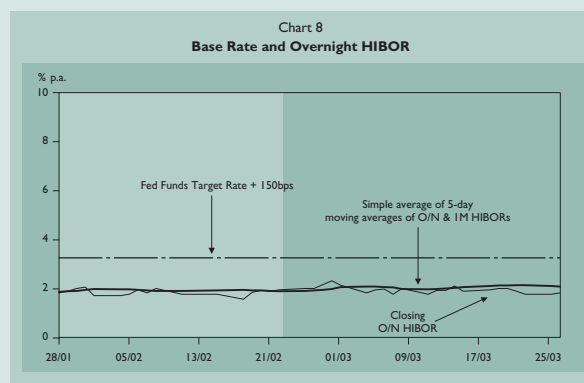


Table 2
Monetary Base

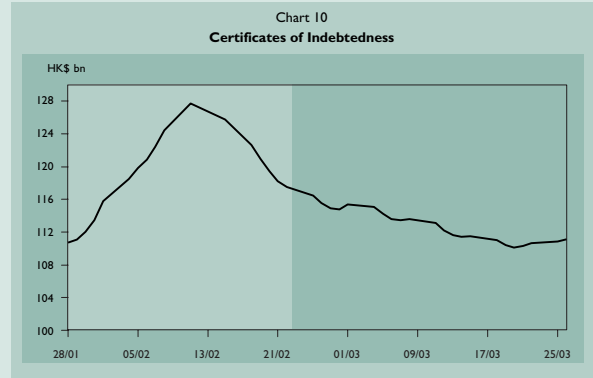
(HK\$ bn)	25-Feb-02	26-Mar-02
CIs	116.39	111.05
Coins in Circulation	6.02	5.96
Aggregate Balance	0.40	0.36
Outstanding EFBNs	116.96	116.48
Monetary Base	239.76	233.84

2 The quoted figures refer to the average of interest rates offered by the major authorized institutions for one-month time deposits of amount less than HK\$100,000.

3 This is the average of the interest rates on demand, savings and time deposits. As the banking statistics classify deposits by remaining maturities, we have used certain assumptions regarding the maturity distribution to compute the effective deposit rate.

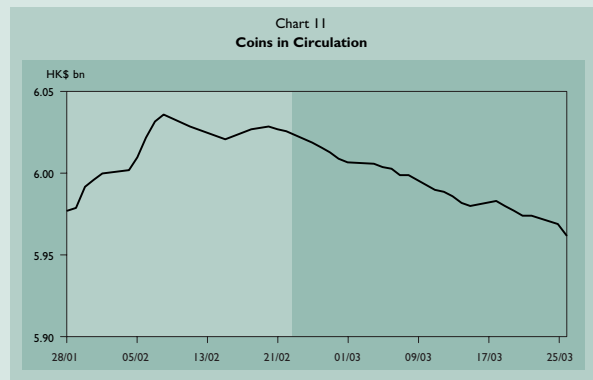
Certificates of Indebtedness

Reflecting continued decline in public demand for cash after the Chinese New Year holidays, the NIBs redeemed a total of HK\$5.34 bn of CIs in exchange for US\$0.68 bn during the period. As a result, the **outstanding amount of CIs decreased from HK\$116.39 bn to HK\$111.05 bn** (Chart 10).



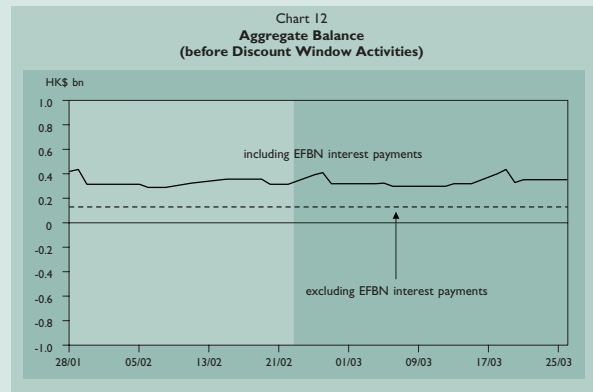
Coins

The total amount of **coins in circulation decreased marginally** from HK\$6.02 bn to HK\$5.96 bn during the period (Chart 11).



Aggregate Balance

In the absence of foreign exchange operations conducted for the currency board account, **the Aggregate Balance remained stable** at around HK\$0.40 bn, with small fluctuations due to interest payments and new issues of Exchange Fund paper (Chart 12).



During the period, a total of **HK\$0.37 bn of interest payments on Exchange Fund paper were made. An additional HK\$0.33 bn (in market value) of Exchange Fund paper was issued to absorb these interest payments.** The remaining amount was carried forward in the Aggregate Balance.

Outstanding Exchange Fund Bills and Notes

The market value of outstanding Exchange Fund paper decreased slightly from HK\$116.96 bn to HK\$116.48 bn. All issues of Exchange Fund Bills and Notes were well received by the market (Table 3). **Holdings of Exchange Fund paper by the banking**

Table 3
Issuance of Exchange Fund paper and notes
(25 Feb – 26 Mar 02)

	No. of Issues Launched	Over-subscription Ratio
1-month EFB	1	10.59
3-month EFB	4	2.35–4.55
6-month EFB	2	2.23–4.58
12-month EFB	1	4.63
5-year EFN	1	3.87

sector (before Discount Window activity) decreased marginally from HK\$108.26 bn (92.56% of total) to HK\$107.45 bn (92.25% of total) during the period (Chart 13).

Discount Window Activity

For the period as a whole, **13 banks in total borrowed HK\$1.29 bn from the Discount Window**, compared with HK\$1.12 bn in the preceding period (Chart 14). All borrowing used Exchange Fund paper as collateral. The banks used the Discount Window facility only infrequently (Table 4).

Backing Portfolio

Backing assets decreased during the period mainly due to a decline in the outstanding amount of CIs as well as some valuation losses. **As a result, the backing ratio decreased from 111.54% on 25 February to 111.16% on 26 March** (Chart 15). Under the Linked Exchange Rate system, while specific Exchange Fund assets have been designated for the backing portfolio, all Exchange Fund assets are available to support the Hong Kong dollar exchange rate. 🌀

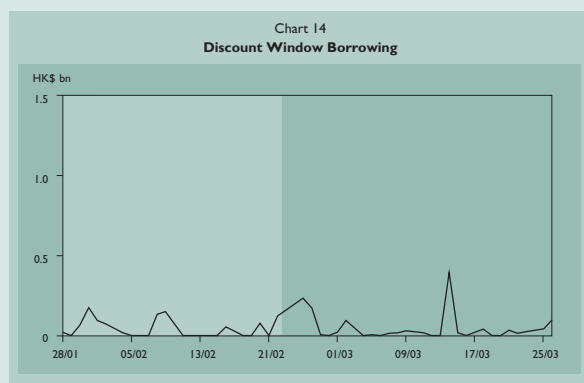
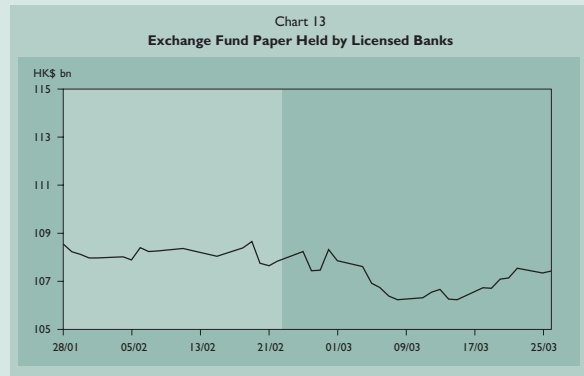


Table 4
Frequency of Individual Bank
Access to the Discount Window
(25 Feb – 26 Mar 02)

Frequency of Using Discount Window	No. of Banks
1	8
2	3
3	0
4	2
Total	13

