May 2019

Is the HK$ set to devalue?

Louis-Vincent Gave
Which fiscal policy is more unsustainable?

Hong Kong vs USA, Budget Deficit as a % of GDP

Hong Kong

United States

Gavekal Data/Macrobond
Why should HK$ devalue when worker productivity is stronger in HK?

Hong Kong & USA Productivity

Hong Kong, Labor Productivity, Total

United States, Labor Productivity & Costs, Nonfarm Business; Labor Productivity (Output Per Hour), SA

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Why borrow in US$ when borrowing in HK$ is cheaper?

Hong Kong & USA - Interbank Rates, 3 Month, Fixing

Percent


Hong Kong, HIBOR

United States, LIBOR

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At US$440bn, FX reserves are close to all time highs

Hong Kong FX Reserves

Hong Kong, International Reserves, Official Reserve Assets, Foreign Currency Reserves, Total, USD

Gavekal Data/Macrobond
FX reserves are 2x the monetary base

Hong Kong, "Monetary Statistics, Monetary Aggregates, Monetary Base, Total, HKD"/"FX Spot Rates, Macrobond, HKD per USD"
FX reserves are 45% of M3, pretty much in line with historical average.
HK real estate prices are bouncing back

Hong Kong, Real Estate Residential Prices, Overall Price Index

Gavekal Data/Macrobond
Even as affordability ratio remains stretched

*Hong Kong, Real Estate Indicators, Affordability Ratio, Hong Kong Economy*
Contact and disclaimer

Thank you!

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