



澳門金融管理局
AUTORIDADE MONETÁRIA DE MACAU

Press Release

**INVESTMENT MANAGEMENT REVIEW OF THE
MACAO SAR FISCAL RESERVE
FOR THE FIRST QUARTER OF 2016**

Following the approval by the Legislative Assembly of the 2014 government budget balance, MOP90.29 billion was transferred to Macao SAR's Fiscal Reserve during February 2016 in accordance with the prescribed law. At the end of March 2016, the total amount of the SAR's Fiscal Reserve recorded a quarterly increase of 26% to MOP436.01 billion (preliminary figure), which comprised MOP132.82 billion as the Basic Reserve and MOP303.19 billion as the Excess Reserve.

As of the end of March 2016, the investment portfolio of the Fiscal Reserve was composed of global exposures to fixed-income, equity and money markets, while currency allocation mainly covered the USD, HKD and CNH/CNY. For the first quarter of 2016, the investment return of the Fiscal Reserve was MOP0.62 billion, representing an annualised rate of return of 0.6%. The quarterly performances of the investments in individual financial markets are summarised as follows:

1. The fixed-income market, with proven credit quality of assets in the corresponding portfolio and support for bond prices by lower expectation for US rate hike and sufficient supply of global liquidity, recorded an income of about MOP0.60 billion in the first quarter. Fixed-income investments continued to be one of the main sources of income for the Fiscal Reserve.
2. Money market placements, in line with the transfer of 2014 government budget surplus to the Fiscal Reserve by law within the period, were deployed into proper tenors in a timely manner. The quarterly interest income was about MOP0.58 billion.
3. Equity markets experienced large volatility in the first quarter with a plunge followed by a significant rebound. Along with a stabilising global market, equity investments in the Fiscal Reserve have recovered a majority of the loss in the earlier period of the quarter. At the end of March, the quarterly loss of the equity portfolio narrowed to MOP1.22 billion approximately.



澳門金融管理局
AUTORIDADE MONETÁRIA DE MACAU

4. Amongst the currency composition of the Fiscal Reserve, the USD weakened on expectations of the rate hike deferral by the US Federal Reserve. The CNY/CNH slightly strengthened due to positive effects of economic stabilisation measures implemented by the central government. The overall revaluation gain from currency exposures amounted to about MOP0.66 billion for the first quarter of 2016.

For the first quarter of 2016, the currency exposure, fixed-income investment and interest income offered reasonable returns to the Fiscal Reserve, whereas the equity investment reported a loss in revaluation due to the recent downturn of global equity markets. As a result, the Fiscal Reserve ended the first quarter of 2016 with a total investment return of MOP0.62 billion approximately, representing an annualised rate of return of around 0.6% for the period.

The AMCM will continue to strictly comply with the investment philosophy that emphasises safety, efficiency and prudence, according to the statutory requirements and policy functions of the Fiscal Reserve, with an objective to optimise the overall investment management of the Fiscal Reserve.

Monetary Authority of Macao

27 April, 2016



澳門金融管理局
AUTORIDADE MONETÁRIA DE MACAU

Table 1. ASSET BREAKDOWN OF THE FISCAL RESERVE AS AT 31 MAR 2016

	%	Of Which:		
		Bond Market	Money Market	Equity Market
U.S. Dollar	53.0%	11.4%	36.3%	5.3%
H.K. Dollar	23.0%	4.9%	18.1%	
Offshore Renminbi	10.6%	4.0%	3.5%	3.1%
Onshore Renminbi	9.1%	5.9%	0.6%	2.6%
Australian Dollar	3.4%	3.4%	0.0%	
Macao Pataca	0.2%		0.2%	
Others	0.7%	0.7%	0.0%	
Total	100.0%	30.3%	58.7%	11.0%

Table 2. INVESTMENT-INCOME BREAKDOWN OF THE FISCAL RESERVE FOR FIRST QUARTER 2016 (UNAUDITED)

(10⁶ Patacas)

Income Breakdown by Type	1 ST Quarter 2016
Money Market	578.2
Bond Market	598.0
Foreign Exchange	658.4
Equity Market	-1,218.7
Total Investment Income	615.90