



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 2017**

As of the end of the first quarter of 2017, total assets of the Macao SAR Fiscal Reserve stood at MOP472.4 billion approximately, of which MOP128.0 billion belonged to the Basic Reserve and MOP344.4 billion to the Excess Reserve. In February 2017, MOP29.3 billion from the fiscal budget surplus of 2015 was officially transferred into the Fiscal Reserve. During the first quarter of 2017, the Fiscal Reserve continued to be managed under a prudent and effective strategy and recorded an investment income of MOP4.4 billion, representing an annualised 3.9% rate of return for the period.

In the first quarter, asset allocation of the Fiscal Reserve continued to include global bonds (around 31.9%), global equities (around 11.0%) and money market instruments (around 57.1%), with detailed breakdown as in Table 1 below. Currency exposure included major currencies such as the USD, HKD and Chinese Yuan.

- Fixed income market – the global bond markets had varied performance in the first quarter, with the UK and US leading in overall performance. European bond market continued to be dragged by political instability from time to time and lagged its peers. China interbank bond market underperformed as monetary conditions tightened in the first quarter. Overall, investment in fixed income markets brought a total income of MOP1.3 billion approximately in the quarter with a prudent asset allocation mix and continuous risk control measures.
- Equity market – the Fiscal Reserve’s equity investments saw a healthy performance in the first quarter. Global developed market equities maintained a steady rising trend while global emerging market equities recorded a relatively sharp bounce in price. Mainland China’s A share market, however, saw a mild increase during the quarter. Benefiting from a well-balanced allocation amongst these 3 sectors, the Fiscal Reserve recorded a total income of MOP3.0 billion from its equity investments.
- Money market – with the 2015 fiscal budget surplus transfer officially carried out in the first quarter, the Fiscal Reserve managed to appropriately determine placement activities taking into account of such capital inflow. During the first quarter of 2017, money market placements generated an income of MOP0.9 billion for the Fiscal Reserve.
- Foreign Exchange market – with most of the foreign currency exposure being hedged in the first quarter, higher hedging costs were incurred for the Fiscal Reserve. However, as revaluation of the portfolio’s currency position recorded positive results, the Fiscal



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Reserve's loss from currency revaluation was reduced to nearly MOP0.9 billion for the quarter.

For the first quarter of 2017, as demonstrated in Table 2, the Fiscal Reserve recorded a total investment income of around MOP4.4 billion, equivalent to an annualised return rate of 3.9%. Equity investment by the Fiscal Reserve, regarded as carrying higher market risk, generated a relatively good performance in the quarter as global equity markets recovered. Equity investment thus became the largest income source for the Fiscal Reserve for the period. Investment in the traditionally more stable fixed income market and money market, nevertheless, generated a steady income stream at the same time while the operating result in foreign exchange market was dragged by the related hedging costs incurred during the quarter.

**Monetary Authority of Macao**

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**Table 1. ASSET BREAKDOWN OF THE FISCAL RESERVE AS AT 31 MAR 2017**

	%*	Of Which:		
		Bond Market	Money Market	Equity Market
U.S. Dollar	56.3%	20.1%	30.6%	5.6%
H.K. Dollar	28.5%	2.0%	26.5%	
Offshore Renminbi	5.7%	2.8%	0.0%	2.9%
Onshore Renminbi	7.1%	4.6%	0.0%	2.5%
Australian Dollar	1.7%	1.7%	0.0%	
Macao Pataca	0.0%		0.0%	
Others	0.7%	0.7%	0.0%	
<b>Total</b>	<b>100.0%</b>	<b>31.9%</b>	<b>57.1%</b>	<b>11.0%</b>

\*The currency breakdown solely bases on currency denominations of the assets.

**Table 2. INVESTMENT-INCOME BREAKDOWN OF THE FISCAL RESERVE FOR FIRST QUARTER 2017 (UNAUDITED)\***

(10<sup>6</sup> Patacas)

Income Breakdown by Type	1st Quarter 2017
Money Market	901.8
Bond Market	1,311.8
Foreign Exchange	-863.6
Equity Market	3,044.4
<b>Total Investment Income</b>	<b>4,394.4</b>

\*Annualised rate of return of the Fiscal Reserve in the 1<sup>st</sup> quarter of 2017 was approximately 3.9%.