

# International Reserves and Foreign Currency Liquidity

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) released today (January 31) the analytical data on the Hong Kong Special Administrative Region's foreign currency reserves and foreign currency liquidity as at the end of December 2021 (Annex). These data are published monthly in the Template on International Reserves and Foreign Currency Liquidity in accordance with the International Monetary Fund's Special Data Dissemination Standard (SDDS).

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At present, four press releases relating to the Exchange Fund's data are issued by the HKMA each month. Three of these releases are issued to disseminate monetary data in accordance with the International Monetary Fund's SDDS. The fourth press release, on the Exchange Fund's Abridged Balance Sheet and Currency Board Account, is made in accordance with the HKMA's policy of maintaining a high level of transparency. For the month of January 2022, the scheduled dates for issuing the press releases are as follows:

|                        |  |
|------------------------|--|
| January 7<br>(Issued)  | SDDS International Reserves<br>(Hong Kong's Latest Foreign Currency Reserve<br>Assets Figures) |
| January 14<br>(Issued) | SDDS Analytical Accounts of the Central Bank<br>(Analytical Accounts of the Exchange Fund)     |
| January 31             | SDDS Template on International Reserves and<br>Foreign Currency Liquidity                      |
| January 31             | Exchange Fund Abridged Balance Sheet and<br>Currency Board Account                             |

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## Exchange Fund Abridged Balance Sheet and Currency Board Account

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) announced today (January 31) that the total assets of the Exchange Fund amounted to HK\$4,577.8 billion as

at December 31, 2021, HK\$48.4 billion lower than that at the end of November 2021. Hong Kong dollar assets decreased by HK\$68.3 billion while foreign currency assets increased by HK\$19.9 billion.

The decline in Hong Kong dollar assets was mainly due to a decrease in Exchange Fund Bills and Notes issued but not yet settled. The rise in foreign currency assets was mainly due to the mark-to-market revaluation on investments and the issuance of Certificates of Indebtedness.

The Currency Board Account shows that the Monetary Base at the end of December 2021 was HK\$2,131.6 billion, increased by HK\$12.1 billion, or 0.6 per cent, from the end of November 2021. The rise was mainly due to an increase in the outstanding amount of Certificates of Indebtedness.

The amount of Backing Assets increased by HK\$10.6 billion, or 0.5 per cent, to HK\$2,349.8 billion. The increase was mainly attributable to the issuance of Certificates of Indebtedness, which was partly offset by the mark-to-market revaluation on investments. The backing ratio decreased from 110.37 per cent at the end of November 2021 to 110.24 per cent at the end of December 2021.

The figures in the Exchange Fund Abridged Balance Sheet and the Currency Board Account are unaudited. The audit of the Exchange Fund's annual financial statements by the Director of Audit is in progress.

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|            |  |
|------------|--|
| January 7  | SDDS International Reserves  |
| (Issued)   | (Hong Kong's Latest Foreign Currency Reserve Assets Figures)           |
| January 14 | SDDS Analytical Accounts of the Central Bank                           |
| (Issued)   | (Analytical Accounts of the Exchange Fund)                             |
| January 31 | SDDS Template on International Reserves and Foreign Currency Liquidity |
| January 31 | Exchange Fund Abridged Balance Sheet and Currency Board Account        |

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# **Residential mortgage loans in negative equity: End of December 2021**

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority announced today (January 31) the results of its survey on residential mortgage loans (RMLs) in negative equity at end-December 2021.

The estimated number of RMLs in negative equity increased to 21 cases at end-December 2021 from three cases at end-September 2021. These cases were related to bank staff housing loans or RMLs under mortgage insurance programme, which generally have a higher loan-to-value ratio.

The aggregate value of RMLs in negative equity increased to HK\$126 million at end-December 2021 compared with HK\$9 million at end-September 2021.

The unsecured portion of these loans increased to HK\$2 million at end-December 2021 from HK\$330,000 at end-September 2021.

Since the first quarter of 2011, there have been no RMLs in negative equity with delinquencies of more than three months.

It is important to note that the figures derived from this survey relate only to RMLs provided by authorised institutions on the basis of first mortgages and which the reporting institution knows to be in negative equity (i.e. the outstanding loan amount with the reporting institution exceeds the current market value of the mortgaged property). Not included in these figures are RMLs associated with co-financing schemes which would be in negative equity if the second mortgages were taken into account. The extent to which such RMLs are in negative equity is not known because authorised institutions do not maintain records on the outstanding balances of the second mortgages.

The mortgage portfolios of the surveyed authorised institutions represent about 99 per cent of the industry total. The survey results have been extrapolated to estimate the position of the banking sector as a whole.

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## **Residential mortgage survey results**

## for December 2021

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority announced the results of the residential mortgage survey for December 2021.

The number of mortgage applications in December decreased month-on-month by 15.7 per cent to 10 810.

Mortgage loans approved in December decreased by 13.7 per cent compared with November to HK\$44.3 billion. Among these, mortgage loans financing primary market transactions decreased by 37 per cent to HK\$8.8 billion and those financing secondary market transactions decreased by 5.2 per cent to HK\$24.7 billion. Mortgage loans for refinancing decreased by 4.3 per cent to HK\$10.8 billion.

Mortgage loans drawn down during December increased by 8.8 per cent compared with November to HK\$36.3 billion.

The ratio of new mortgage loans priced with reference to HIBOR decreased from 97.5 per cent in November to 97.2 per cent in December. The ratio of new mortgage loans priced with reference to best lending rates increased from 0.9 per cent in November to 1.2 per cent in December.

The outstanding value of mortgage loans increased month-on-month by 1 per cent to HK\$1,736.4 billion at end-December.

The mortgage delinquency ratio increased slightly to 0.04 per cent and the rescheduled loan ratio remained unchanged at nearly 0 per cent.

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## Monetary statistics for December 2021

The following is issued on behalf of the Hong Kong Monetary Authority:

According to statistics published today (January 31) by the Hong Kong Monetary Authority, total deposits with authorised institutions increased by 0.4 per cent in December 2021. Among the total, foreign currency deposits picked up by 1.5 per cent, while Hong Kong dollar deposits decreased by 0.8 per cent mainly related to normal large-value commercial payments by banks' individual customers, and the decline was within the normal range of fluctuation. It should be noted that changes in deposits are affected by a wide range of factors, such as interest rate movements and fund-raising activities. It is therefore more appropriate to observe the longer-term

trends, and not to over-generalise fluctuations in a single month. For 2021 as a whole, total deposits and Hong Kong dollar deposits grew by 4.6 per cent and 1.4 per cent respectively. In December, renminbi deposits in Hong Kong increased by 6.7 per cent, amounting to RMB926.8 billion at the end of December. The total remittance of renminbi for cross-border trade settlement amounted to RMB708.5 billion in December, compared with RMB606.6 billion in November.

Total loans and advances decreased by 0.8 per cent in December, but rose by 3.8 per cent in 2021 as a whole. Among the total, loans for use in Hong Kong (including trade finance) and loans for use outside Hong Kong decreased by 0.8 per cent and 0.9 per cent respectively in December. The Hong Kong dollar loan-to-deposit ratio increased to 86.7 per cent at the end of December from 85.7 per cent at the end of November, as Hong Kong dollar loans increased while Hong Kong dollar deposits decreased.

In the fourth quarter of 2021, loans for use in Hong Kong (including trade finance) decreased by 0.8 per cent following a 3.6 per cent decline in the previous quarter. Analysed by economic use, the decrease in loans during the quarter was mainly led by trade finance.

Hong Kong dollar M2 and M3 both dropped by 0.7 per cent in December, but both went up by 1.5 per cent compared to a year ago. The seasonally-adjusted Hong Kong dollar M1 decreased by 1.7 per cent in December, but grew by 5.4 per cent compared to a year ago, reflecting in part investment-related activities. Total M2 and M3 both rose by 0.5 per cent in December, and both picked up by 4.3 per cent from a year earlier.

As monthly monetary statistics are subject to volatilities due to a wide range of transient factors, such as seasonal and IPO-related funding demand as well as business and investment-related activities, caution is required when interpreting the statistics.