

# Monetary Statistics for February 2021

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

According to statistics published today (March 31) by the Hong Kong Monetary Authority, excluding deposits created by the initial public offering (IPO)-related loans, total deposits and Hong Kong dollar deposits with authorised institutions would have decreased by 2.0 per cent and 2.7 per cent respectively in February, due mainly to the withdrawal of deposits for several large loan repayments by corporate customers. The monetary statistics in February are subject to distortions caused by fund flows associated with large IPO activities at the beginning of 2021 (see Chart). Excluding the deposits created by IPO-related loans, total deposits and Hong Kong dollar deposits would have increased by 1.1 per cent and 2.5 per cent respectively in the first two months of 2021 as a whole. 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 (e.g. total deposits increased by 5.4 per cent in 2020), and not to over-generalise fluctuations in a single month.

Large-scale IPO activities brought a 9.8 per cent increase in total deposits at the end of January, with Hong Kong dollar deposits increasing by 18.6 per cent. As these IPO activities ended and issuers returned application monies, total deposits decreased by 7.0 per cent in February on a monthly basis. Among the total, Hong Kong dollar deposits and overall foreign currency deposits declined by 11.8 per cent and 1.3 per cent respectively. Renminbi deposits in Hong Kong decreased by 4.6 per cent to RMB761.0 billion at the end of February. The total remittance of renminbi for cross-border trade settlement amounted to RMB441.1 billion in February, compared with RMB581.3 billion in January.

Excluding the IPO-related loans, total loans and advances would have grown by 1.7 per cent in the first two months of 2021 as a whole. Large-scale IPO activities brought a 11.8 per cent increase in total loans and advances at the end of January. As these IPO activities ended and customers repaid subscription loans, total loans and advances decreased by 7.7 per cent in February. Excluding the IPO-related loans, total loans and advances would have decreased by 0.9 per cent in February, again due to several large loan repayments by corporate customers. Among the total, loans for use in Hong Kong (including trade finance) dropped by 10.7 per cent while loans for use outside Hong Kong went up by 0.6 per cent. The Hong Kong dollar loan-to-deposit ratio decreased to 82.8 per cent at the end of February from 83.9 per cent at the end of January, as Hong Kong dollar deposits decreased at a slower pace than Hong Kong dollar loans.

Hong Kong dollar M2 and M3 both went down by 10.9 per cent in February, but increased by 10.4 per cent and 10.3 per cent respectively compared to a year ago. The seasonally-adjusted Hong Kong dollar M1 edged up by 0.2 per cent in February, and rose by 29.6 per cent compared to a year ago,

reflecting in part investment-related activities. Total M2 and M3 both declined by 6.5 per cent in February, but expanded by 7.6 per cent from a year earlier. Excluding deposits created by the IPO-related loans, Hong Kong dollar M2 and M3 both would have decreased by 2.4 per cent and total M2 and M3 both would have decreased by 1.8 per cent in February. For the first two months of 2021 as a whole, Hong Kong dollar M2 and M3 would both have gone up by 2.5 per cent, and total M2 and M3 would have picked up by 1.0 per cent and 0.9 per cent respectively if the deposits created by the IPO-related loans were excluded.

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.