

Monetary Statistics for July 2021

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

According to statistics published today (August 31) by the Hong Kong Monetary Authority, excluding the deposits created by the initial public offering (IPO)-related loans, total deposits with authorised institutions remained virtually unchanged, while Hong Kong dollar deposits decreased by 1.3 per cent in July 2021, mainly due to the withdrawal of deposits for loan repayments by corporate customers. In the year to end-July, total deposits and Hong Kong dollar deposits grew by 2.7 per cent and 2.3 per cent respectively.

Large-scale IPO activities at the end of June led to an increase in deposits that resulted in a high base effect. As these IPO activities ended and issuers returned application monies, total deposits dropped by 1.8 per cent in July. Among the total, Hong Kong dollar deposits decreased by 4.9 per cent, while overall foreign currency deposits increased by 1.4 per cent. Renminbi deposits in Hong Kong remained virtually unchanged at RMB820.8 billion at the end of July. The total remittance of renminbi for cross-border trade settlement amounted to RMB627.1 billion in July, compared with RMB650.0 billion in June. 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.

Excluding the IPO-related loans, total loans and advances edged down by 0.2 per cent in July, but increased by 4.3 per cent in the year to end-July. As IPO activities ended and customers repaid subscription loans, total loans and advances declined by 2.7 per cent in July. Among the total, loans for use in Hong Kong (including trade finance) declined by 4.1 per cent, while loans for use outside Hong Kong grew by 0.9 per cent. The Hong Kong dollar loan-to-deposit ratio decreased to 83.7 per cent at the end of July from 84.2 per cent at the end of June, as Hong Kong dollar loans decreased at a faster pace than Hong Kong dollar deposits.

Hong Kong dollar M2 and M3 both decreased by 4.5 per cent in July, but increased by 1.8 per cent and 1.7 per cent respectively compared to a year ago. The seasonally-adjusted Hong Kong dollar M1 declined by 0.4 per cent in July, and but rose by 18.3 per cent compared to a year ago, reflecting in part investment-related activities. Total M2 and M3 both decreased by 1.7 per cent in July, but went up by 3.0 per cent from a year earlier. Excluding the deposits created by the IPO-related loans, Hong Kong dollar M2 and M3 both decreased by 1.2 per cent in July, but increased by 2.0 per cent in the year to end-July; total M2 and M3 both edged up by 0.1 per cent in July, and increased by 2.3 per cent in the year to end-July.

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.