

Monetary Statistics for June 2021

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

According to statistics published today (July 30) by the Hong Kong Monetary Authority, excluding the deposits created by the initial public offering (IPO)-related loans, total deposits and Hong Kong dollar deposits with authorised institutions increased by 0.3 per cent and 0.7 per cent respectively in June 2021. For the first half of 2021 as a whole, total deposits and Hong Kong dollar deposits grew by 4.6 per cent and 7.6 per cent respectively, and increased by 2.7 per cent and 3.7 per cent respectively if the deposits created by IPO-related loans were excluded.

The monetary statistics in June are subject to distortions caused by fund flows associated with large-scale IPO activities. Total deposits and Hong Kong dollar deposits increased by 2.2 per cent and 4.5 per cent respectively in June, partly driven by the deposits created by IPO-related loans straddling end-June. Overall foreign currency deposits decreased by 0.2 per cent. Renminbi deposits in Hong Kong remained virtually unchanged at RMB821.2 billion at the end of June. The total remittance of renminbi for cross-border trade settlement amounted to RMB650.0 billion in June, compared with RMB482.3 billion in May. 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.

Total loans and advances rose by 4.0 per cent in June, partly driven by IPO-related loans straddling end-June. Among the total, loans for use in Hong Kong (including trade finance) increased by 5.9 per cent, while loans for use outside Hong Kong decreased by 0.3 per cent. Excluding the IPO-related loans, total loans and advances rose by 1.4 per cent in June, and increased by 4.4 per cent in the first half of the year. The Hong Kong dollar loan-to-deposit ratio increased to 84.2 per cent at the end of June from 82.6 per cent at the end of May, as Hong Kong dollar loans increased at a faster pace than Hong Kong dollar deposits.

For the second quarter of 2021 as a whole, loans for use in Hong Kong (including trade finance) grew by 5.8 per cent following a 3.6 per cent increase in the previous quarter. Analysed by economic use, the increase in loans during the second quarter was mainly led by trade finance and loans to stockbrokers.

Hong Kong dollar M2 and M3 both went up by 4.1 per cent in June, and increased by 10.9 per cent compared to a year ago. The seasonally-adjusted Hong Kong dollar M1 increased by 3.1 per cent in June, and rose by 22.4 per cent compared to a year ago, reflecting in part investment-related activities. Total M2 and M3 both increased by 1.9 per cent in June, and expanded by 7.5 per cent from a year earlier. Excluding the deposits created

by the IPO-related loans, Hong Kong dollar M2 and M3 both increased by 0.6 per cent in June, and went up by 3.2 per cent in the first half of the year; total M2 and M3 both edged up by 0.1 per cent in June, and increased by 2.2 per cent in the first half of the year.

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.