

Monetary Statistics for March 2021

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

According to statistics published today (April 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 decreased by 0.2 per cent and 0.4 per cent respectively in March 2021. For the first quarter of 2021 as a whole, total deposits and Hong Kong dollar deposits grew by 1.2 per cent and 2.7 per cent respectively, and increased by 0.9 per cent and 2.1 per cent respectively if the deposits created by IPO-related loans were excluded.

The monetary statistics in March are subject to distortions caused by fund flows associated with large-scale IPO activities (see Chart). As these IPO activities ended and issuers returned application monies, total deposits decreased by 1.0 per cent in March. Among the total, Hong Kong dollar deposits declined by 1.8 per cent, while overall foreign currency deposits remained virtually unchanged. Renminbi deposits in Hong Kong increased by 1.5 per cent to RMB 772.5 billion at the end of March. The total remittance of Renminbi for cross-border trade settlement amounted to RMB 676.4 billion in March, compared with RMB 441.1 billion in February. 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 increased by 0.7 per cent in March, and increased by 2.4 per cent in the year to end-March. As IPO activities ended and customers repaid subscription loans, total loans and advances decreased by 0.4 per cent in March. Among the total, loans for use in Hong Kong (including trade finance) decreased by 0.6 per cent, while loans for use outside Hong Kong edged up by 0.1 per cent. The Hong Kong dollar loan-to-deposit ratio increased to 83.3 per cent at the end of March from 82.8 per cent at the end of February, as Hong Kong dollar deposits decreased at a faster pace than Hong Kong dollar loans.

For the first quarter of 2021 as a whole, loans for use in Hong Kong (including trade finance) increased by 3.6 per cent following a 5.4 per cent decline in the previous quarter. Analysed by economic use, the increase in loans during the first quarter was mainly led by trade finance, loans to stockbrokers, and loans to building, construction, property development and investment.

Hong Kong dollar M2 and M3 both went down by 1.8 per cent in March, but increased by 9.2 per cent and 9.1 per cent respectively compared to a year ago. The seasonally-adjusted Hong Kong dollar M1 decreased by 3.6 per cent in March, but rose by 27.5 per cent compared to a year ago, reflecting in part investment-related activities. Total M2 and M3 declined by 1.0 per cent and

0.9 per cent respectively in March, but expanded by 6.5 per cent and 6.4 per cent respectively from a year earlier. Excluding the deposits created by the IPO-related loans, Hong Kong dollar M2 and M3 both decreased by 0.4 per cent, but went up by 2.1 per cent and 2.0 per cent respectively in the year to end-March; total M2 and M3 decreased by 0.3 per cent and 0.2 per cent respectively in March, but both increased by 0.7 per cent in the year to end-March.

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.