

Monetary Statistics for December 2019

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 edged down by 0.1 per cent in December 2019. Among the total, Hong Kong dollar deposits edged down by 0.3 per cent; overall foreign-currency deposits increased by 0.1 per cent. Renminbi deposits in Hong Kong decreased by 0.9 per cent to RMB632.2 billion at the end of December. The total remittance of renminbi for cross-border trade settlement amounted to RMB541.1 billion in December, compared with RMB444.5 billion in November.

Total loans and advances increased by 0.1 per cent in December. Among the total, loans for use in Hong Kong (including trade finance) increased by 0.4 per cent while loans for use outside Hong Kong decreased by 0.7 per cent from a month ago. The Hong Kong-dollar loan-to-deposit ratio picked up to 90.3 per cent at the end of December from 90.0 per cent at the end of November, as Hong Kong-dollar deposits declined while Hong Kong-dollar loans stayed virtually unchanged.

In the fourth quarter of 2019, loans for use in Hong Kong (including trade finance) increased by 0.6 per cent following growth of 1.9 per cent in the previous quarter. Analysed by economic use, the increase in loans during the fourth quarter was mainly led by residential mortgage loans and loans to building, construction, property development and investment.

Hong Kong dollar M2 and M3 both edged down by 0.4 per cent in December, and rose by 2.4 per cent and 2.3 per cent respectively compared to a year ago. The seasonally-adjusted Hong Kong dollar M1 increased by 0.6 per cent in December, but declined by 1.5 per cent compared to a year ago, reflecting in part investment-related activities. Total M2 and M3 both edged down by 0.1 per cent in December, and expanded by 2.8 per cent and 2.7 per cent respectively 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.

Residential mortgage loans in negative

equity: End of December 2019

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 2019.

The estimated number of RMLs in negative equity increased to 128 cases at end-December 2019 from 53 cases at end-September 2019. The majority of these cases were bank staff housing loans, while a small number of them were RMLs under mortgage insurance programme. These loans generally have a higher loan-to-value ratio.

The aggregate value of RMLs in negative equity increased to HK\$764 million at end-December 2019 compared with HK\$330 million at end-September 2019.

The unsecured portion of these loans increased to HK\$25 million at end-December 2019 from HK\$7 million at end-September 2019.

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 authorized 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 authorized institutions do not maintain records on the outstanding balances of the second mortgages.

The mortgage portfolios of the surveyed authorized 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.

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\$4,259.1 billion as at December 31, 2019, HK\$116.2 billion higher than that at the end of November 2019. Hong Kong dollar assets increased by HK\$107.8 billion and foreign currency assets increased by HK\$8.4 billion.

The rise in Hong Kong dollar assets was mainly due to an increase in Exchange Fund Bills and Notes issued but not yet settled and additional placements from Fiscal Reserves. The rise in foreign currency assets was mainly due to income from foreign currency investments, which was partly offset by a decrease in unsettled purchases of securities.

The Currency Board Account shows that the Monetary Base at the end of December 2019 was HK\$1,662.4 billion, increased by HK\$8.5 billion, or 0.5 per cent, from the end of November 2019. The rise was mainly due to an increase in the outstanding amount of Certificates of Indebtedness.

The amount of Backing Assets increased by HK\$1.4 billion, or 0.1 per cent, to HK\$1,848.7 billion. The increase was mainly attributable to the issuance of Certificates of Indebtedness and interest from investments, which were partly offset by the negative effect in translating foreign currency investments into Hong Kong dollar. The backing ratio decreased from 111.70 per cent at the end of November 2019 to 111.21 per cent at the end of December 2019.

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.

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 Special Data Dissemination Standard (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 2020, the scheduled dates for issuing the press releases are as follows:

January 7 (Issued)	SDDS International Reserves (Hong Kong's Latest Foreign Currency Reserve Assets Figures)
January 14 (Issued)	SDDS Analytical Accounts of the Central Bank (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

Correctional officer stops remand person in custody committing self-harm

A correctional officer stopped a remand person in custody committing self-harm in Lai Chi Kok Reception Centre today (January 31). At 1.05pm, the 52-year-old male remand person in custody suddenly turned emotional and hit his head against the grille bars of the visiting booth when he was receiving a social visit inside the visit room. An officer at the scene immediately stopped the act and called for reinforcement. The person in custody was found conscious. After receiving an examination and treatment in the institution hospital, he did not need to be sent to a public hospital. A clinical psychologist of the department will follow up on the case.

A spokesman for the Correctional Services Department said, "The department uses all possible measures to prevent persons in its custody from attempting suicide or self-harm. These measures include administrative arrangements, the improvement of institution facilities, staff training and first aid services."

â€‹The person in custody was remanded for the offence of robbery in December 2019.

Residential Mortgage Survey Results for December 2019

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

The Hong Kong Monetary Authority (HKMA) announced the results of the residential mortgage survey for December 2019.

The number of mortgage applications in December decreased month-on-month by 16.7 per cent to 7 836.

Mortgage loans approved in December decreased by 5.4 per cent compared with November to HK\$26.6 billion. Among these, mortgage loans financing primary market transactions decreased by 17.7 per cent to HK\$5.3 billion and those financing secondary market transactions increased by 5.2 per cent to HK\$15.8 billion. Mortgage loans for refinancing decreased by 17.5 per cent to HK\$5.5 billion.

Mortgage loans drawn down during December decreased by 3.1 per cent compared with November to HK\$21.4 billion.

The ratio of new mortgage loans priced with reference to HIBOR decreased from 79.7 per cent in November to 77.1 per cent in December. The ratio of new mortgage loans priced with reference to best lending rates increased from 17.7 per cent in November to 19.8 per cent in December.

The outstanding value of mortgage loans increased month-on-month by 0.5 per cent to HK\$1,436.5 billion at end-December.

The mortgage delinquency ratio remained unchanged at 0.03 per cent and the rescheduled loan ratio remained unchanged at nearly 0 per cent.