

Residential Mortgage Survey Results for March 2021

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 March 2021.

The number of mortgage applications in March increased month-on-month by 44.1 per cent to 17 946.

Mortgage loans approved in March increased by 39 per cent compared with February to HK\$53 billion. Among these, mortgage loans financing primary market transactions increased by 86.5 per cent to HK\$9.7 billion and those financing secondary market transactions increased by 31.5 per cent to HK\$36.2 billion. Mortgage loans for refinancing increased by 31.7 per cent to HK\$7.1 billion.

Mortgage loans drawn down during March increased by 56.3 per cent compared with February to HK\$30.2 billion.

The ratio of new mortgage loans priced with reference to HIBOR decreased from 95.9 per cent in February to 95.7 per cent in March. The ratio of new mortgage loans priced with reference to best lending rates increased from 1.7 per cent in February to 1.8 per cent in March.

The outstanding value of mortgage loans increased month-on-month by 0.6 per cent to HK\$1,605.3 billion at end-March.

The mortgage delinquency ratio remained unchanged at 0.04 per cent and the rescheduled loan ratio remained unchanged at nearly 0 per cent.

Residential mortgage loans in negative equity: End of March 2021

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

The Hong Kong Monetary Authority announced today (April 30) the results of its survey on residential mortgage loans (RMLs) in negative equity at end-March 2021.

The estimated number of RMLs in negative equity decreased to 67 cases at

end-March 2021 from 185 cases at end-December 2020. These cases were related to bank staff housing loans or RMLs under mortgage insurance programme, which generally have a higher loan-to-value ratio.

The aggregate value of RMLs in negative equity decreased to HK\$379 million at end-March 2021 compared with HK\$1,060 million at end-December 2020.

The unsecured portion of these loans decreased to HK\$10 million at end-March 2021 from HK\$30 million at end-December 2020.

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 authorised 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 authorised 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.

[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.

Island East Swimming Pool reopened

Attention TV/radio announcers:

Please broadcast the following as soon as possible:

Here is an item of interest to swimmers.

The Leisure and Cultural Services Department announced today (April 30) that Island East Swimming Pool in Eastern District, closed earlier due to an insufficient number of lifeguards on duty, has been reopened.

Red tide sighted

A red tide was sighted over the past week, an inter-departmental red tide working group reported today (April 30).

The red tide was spotted by staff of the Agriculture, Fisheries and Conservation Department (AFCD) at the Cheung Sha Wan Fish Culture Zone on April 26. The red tide persists and no associated fish deaths have been reported as at today.

A spokesman for the working group said, "The red tide was formed by *Takayama tuberculata*, which is not common in Hong Kong waters and non-toxic."

The AFCD urged mariculturists at the Cheung Sha Wan Fish Culture Zone to monitor the situation closely and increase aeration where necessary.

Red tide is a natural phenomenon. The AFCD's proactive phytoplankton monitoring programme will continue monitoring red tide occurrences to minimise the impact on the mariculture industry and the public.