## Half-Yearly Monetary and Financial Stability Report March 2016

## **Table of Contents**

| 1.                | Summary and overview  | 4        |
|-------------------|---|----------|
| _                 |   |          |
| 2.                | Global setting and outlook  | 10       |
|                   | 2.1 External environment  | 10       |
|                   | 2.2 Mainland China  | 16       |
|                   |   |          |
| 3.                | Domestic economy  | 37       |
|                   | 3.1 Real activities   | 37       |
|                   | 3.2 Consumer prices   | 39       |
| Л                 | Monotony and financial conditions   | 44       |
| 4.                | Monetary and financial conditions   |          |
|                   | 4.1 Exchange rate and capital flows   | 44       |
|                   | <ul><li>4.2 Money and credit</li><li>4.3 Equity market</li></ul>                                | 47<br>56 |
|                   | 4.4 Debt market   | 58       |
|                   | 4.5 Property markets  | 60       |
|                   |   | 00       |
| 5.                | Banking sector performance  | 64       |
|                   | 5.1 Profitability and capitalisation  | 64       |
|                   | 5.2 Liquidity, interest rate and credit risks   | 66       |
| Bo                | ox 1. Analysis on service sector developments in Mainland China                                 | 27       |
| Bo                | ox 2. Leveraged activities in the Mainland corporate bond market                                | 33       |
| Bo                | ox 3. Examining the impact of interest rate hikes on Hong Kong's private consumption            | 41       |
| Bo                | ox 4. CNH-CNY spread determination: Before and after the new central parity quotation mechanism | 53       |
| Bo                | ox 5. A stress-testing framework with macro-financial feedback linkages                         | 77       |
| Glossary of terms |   |          |

## Abbreviation