

Half-Yearly Monetary and Financial Stability Report

March 2024

Table of Contents

1. Summary and overview	3
2. Global setting and outlook	9
2.1 External environment	9
2.2 Mainland China	12
3. Domestic economy	23
3.1 Real activities	23
3.2 Labour market conditions	25
3.3 Inflation	25
4. Monetary and financial conditions	27
4.1 Exchange rate and capital flows	27
4.2 Monetary environment and interest rates	28
4.3 Equity market	32
4.4 Debt market	34
4.5 Property markets	37
5. Banking sector performance	46
5.1 Profitability and capitalisation	46
5.2 Liquidity and interest rate risks	48
5.3 Credit risk	50
5.4 Risks and resilience	58
Box 1. ESG fund flows under shocks: Are they more resilient against macro-financial shocks?	15
Box 2. The financial stability implications of the private credit sector in Asia-Pacific	19
Box 3. The impact of climate change on Hong Kong's housing prices: an initial analysis	42
Box 4. Assessing the mitigating effects of cash buffers on corporate sector vulnerability in Asia-Pacific	61

Glossary of terms

Abbreviation