

Half-Yearly Monetary and Financial Stability Report

March 2026

Table of Contents

1. Summary and overview	3
2. Global setting and outlook	7
2.1 External environment	7
2.2 Chinese Mainland	9
3. Domestic economy	19
3.1 Real activities	19
3.2 Labour market conditions	21
3.3 Inflation	21
4. Monetary and financial conditions	26
4.1 Exchange rate and capital flows	26
4.2 Monetary environment and interest rates	27
4.3 Equity market	31
4.4 Debt market	33
4.5 Property markets	36
5. Banking sector performance	40
5.1 Profitability	40
5.2 Capital and liquidity positions	41
5.3 Credit risk	42
5.4 Risks and resilience	48
Box 1. Corporate operational flexibility as a buffer against economic policy uncertainty: Global evidence and policy implications	13
Box 2. Assessing the linkages between hedge funds and prime brokers in sovereign bond markets: Evidence from commercial data	16
Box 3. Understanding the evolution of youth labour force participation rate in Hong Kong	22
Box 4. Assessing the effects of Commercial Data Interchange on loans to small and medium-sized enterprises in Hong Kong	52

Glossary of terms

Abbreviation