

Half-Yearly Monetary and Financial Stability Report

September 2017

Table of Contents

1. Summary and overview	4
2. Global setting and outlook	10
2.1 External environment	10
2.2 Mainland China	21
3. Domestic economy	36
3.1 Real activities	36
3.2 Inflation and unemployment	37
4. Monetary and financial conditions	40
4.1 Exchange rate and capital flows	40
4.2 Money and credit	42
4.3 Equity market	58
4.4 Debt market	60
4.5 Property markets	62
5. Banking sector performance	66
5.1 Profitability and capitalisation	66
5.2 Liquidity and interest rate risks	68
5.3 Credit risk	70
5.4 Systemic risk	75
Box 1. Identifying the latest stage of the US business cycle with cluster analysis	15
Box 2. Real estate prices and corporate borrowing in Mainland China	31
Box 3. Analysis on the determinants of HIBOR-LIBOR spreads	49
Box 4. Safehavenness of the Chinese renminbi	54
Box 5. Inward monetary policy spillover and implications for US dollar lending of foreign banks in Hong Kong	79

Glossary of terms

Abbreviations