

# Half-Yearly Monetary and Financial Stability Report

## March 2025

### Table of Contents

<b>1. Summary and overview</b>	<b>3</b>
<b>2. Global setting and outlook</b>	<b>9</b>
2.1 External environment	9
2.2 Mainland China	11
<b>3. Domestic economy</b>	<b>20</b>
3.1 Real activities	20
3.2 Labour market conditions	22
3.3 Inflation	22
<b>4. Monetary and financial conditions</b>	<b>27</b>
4.1 Exchange rate and capital flows	27
4.2 Monetary environment and interest rates	28
4.3 Equity market	33
4.4 Debt market	35
4.5 Property markets	37
<b>5. Banking sector performance</b>	<b>42</b>
5.1 Profitability and capitalisation	42
5.2 Liquidity and interest rate risks	44
5.3 Credit risk	45
5.4 Risks and resilience	52
Box 1. Does A.I. lead to analogous investment decisions and collective asset sales among investors under market stress? Evidence from A.I.-driven investment funds	14
Box 2. Tracking Mainland China's housing market sentiment using social media big data and GenA.I.	18
Box 3. Assessing the potential economic impact of digitalising trade documents in Hong Kong	24
Box 4. Utilising GenA.I. tools to monitor systemic risks in global banking: An analysis of earnings call transcript data	56

### Glossary of terms

### Abbreviation