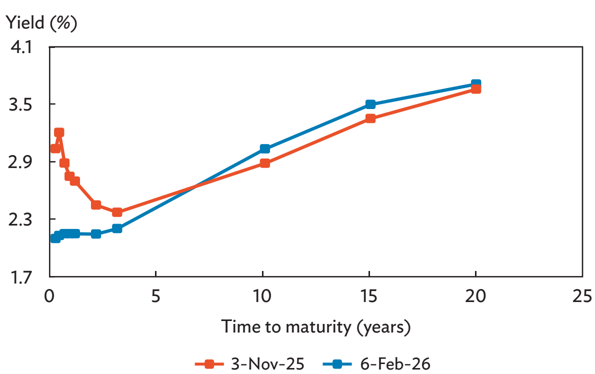
Hong Kong, China

Yield Movements

Between 3 November and 6 February, the yield curve for local currency (LCY) government bonds in Hong Kong, China steepened. Yields fell an average of 63 basis points (bps) for bonds with maturities of up to 3 years but edged up an average of 12 bps for bonds with maturities of 10 years and longer (**Figure 1**). The yield spread between 2- and 10-year bonds widened to 89 bps from 44 bps during the review period. Yields at the shorter end of the curve declined after the 25 bps downward adjustment of the base rate by the Hong Kong Monetary Authority on 11 December, following the United States Federal Reserve's 25 bps rate cut. The rate adjustment lowered borrowing costs, including bond yields. Meanwhile, yields rose for longer-term bonds on increased supply with the reopening of 10-year and 15-year Hong Kong Special Administrative Region (HKSAR) government infrastructure bonds during the review period. The steepening of the yield curve also reflected market expectations of faster economic growth. Hong Kong, China's year-on-year (y-o-y) economic expansion quickened to 3.8% in the fourth quarter (Q4) of 2025 from 3.7% in the previous quarter, propelled by faster growth in exports, particularly electronics, and private consumption.

Figure 1: Hong Kong, China's Benchmark Yield Curve—Local Currency Government Bonds

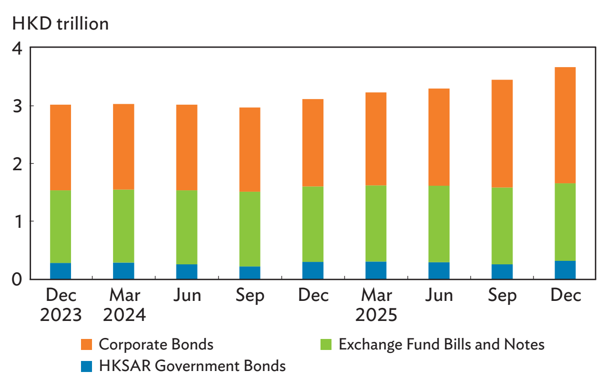


Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

Hong Kong, China's LCY bond market expanded faster in Q4 2025, supported by a high volume of government bond issuance. LCY bonds outstanding reached HKD3,679.7 billion at the end of December, with growth accelerating to 6.3% quarter-on-quarter (q-o-q) from 4.7% q-o-q in the previous quarter (**Figure 2**). This faster expansion was underpinned by a rebound in the HKSAR government bond stock—which surged 24.4% q-o-q to HKD320.1 billion in Q4 2025 after contracting in the prior quarter—on robust issuance, including HKD55.0 billion worth of Silver Bonds.[19] Corporate bonds outstanding (HKD2,017.6 billion) continued to expand in Q4 2025, although growth decelerated to 7.8% q-o-q from 11.1% q-o-q in the prior quarter as a slowdown in issuance and a larger volume of maturities capped growth.

Figure 2: Composition of Local Currency Bonds Outstanding in Hong Kong, China



HKD = Hong Kong dollar, HKSAR = Hong Kong Special Administrative Region.
Source: Hong Kong Monetary Authority.

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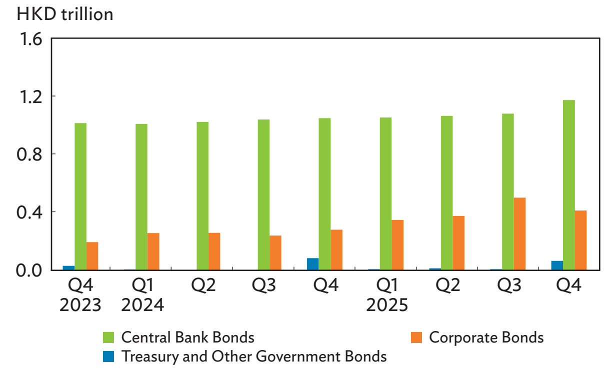
[19] Silver Bonds are 3-year retail government bonds specifically offered to senior citizens in Hong Kong, China.

LCY bond issuance growth moderated in Q4 2025 on lower debt sales from the private sector. New issues of LCY bonds grew 4.0% q-o-q to HKD1,643.7 billion, which was slower than the 9.2% q-o-q growth in the previous quarter (**Figure 3**). Corporate bond sales fell 17.7% q-o-q to HKD410.8 billion, dragged down by subdued issuance from real estate firms. Meanwhile, issuance of HKSAR government bonds jumped nearly ninefold to HKD64.8 billion, driven largely by a HKD55.0 billion issuance of Silver Bonds in October. Other government issuances during the quarter included reopenings of infrastructure bonds with maturities of 3–15 years totaling HKD5.8 billion, HKD2.5 billion of 2-year digital green bonds, and HKD1.5 billion of 1-year floating-rate notes.[20]

Figure 3: Composition of Local Currency Bond Issuance in Hong Kong, China



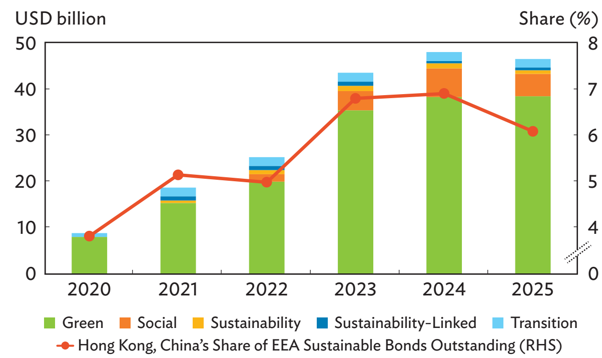
HKD = Hong Kong dollar, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.

Source: Hong Kong Monetary Authority.

Sustainable Bond Market

Sustained public sector issuance continued to spur Hong Kong, China's sustainable bond market in 2025. The stock of sustainable bonds has increased over fivefold since 2020, reaching USD46.6 billion at the end of 2025 and comprising 6.1% of the emerging East Asian total (**Figure 4**).[21] Total sustainable bonds outstanding saw a decline of 3.1% y-o-y in 2025, reversing robust 10.3% y-o-y growth in 2024, as heightened global uncertainty dampened investor sentiment and capped private sector issuance in 2025. Private sector issuances tallied USD2.2 billion in 2025, down 61.3% from USD5.7 billion in the previous year. The largest corporate issuer in 2025 was CCB Shipping and Leasing, with USD800.0 million of green bonds, followed by Swire Properties, with total issuance worth USD526.5 million of green bonds denominated in Hong Kong dollars and Chinese yuan. Meanwhile, public sector issuances grew 2.0% y-o-y to USD4.0 billion in 2025. In June, the Government of the Hong Kong Special Administrative Region of the People's Republic of China issued a multicurrency tranche of green bonds worth a total of USD2.7 billion. This was followed by a multicurrency digital green bond offering in November worth the equivalent of USD1.3 billion and denominated in Hong Kong dollars, Chinese yuan, euros, and United States dollars. It was Hong Kong, China's third issuance of tokenized green bonds as part of initiatives to promote fintech and develop its sustainable bond market.

Figure 4: Sustainable Bonds Outstanding in Hong Kong, China



EEA = emerging East Asia, RHS = right-hand side, USD = United States dollar.

Notes:

1. Emerging East Asia is defined to include the member states of ASEAN plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.
2. Data include both local currency and foreign currency sustainable bonds.
3. Sustainability-linked bonds include transition-linked bonds.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

[20] The 2-year green bonds were part of a multicurrency digital green bond issuance under the HKSAR Government Sustainable Bond Programme.

[21] Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.