

Hong Kong, China

Yield Movements

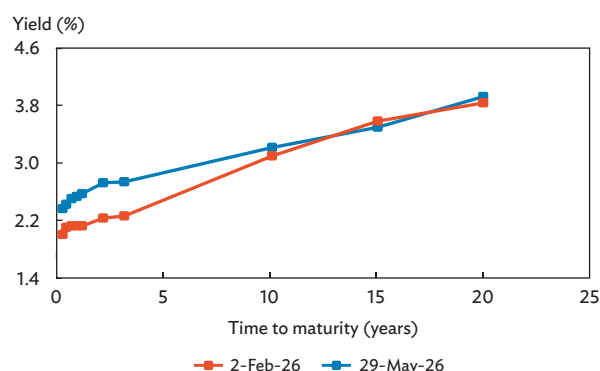
Local currency (LCY) government bond yields rose for most tenors between 2 February and 29 May due to inflationary pressures brought about by the ongoing global energy crisis (**Figure 1A**). Yields edged down in February on benign domestic inflation but trended up from March through May as the Middle East conflict drove global inflation expectations (**Figure 1B**).

Local Currency Bond Market Size and Issuance

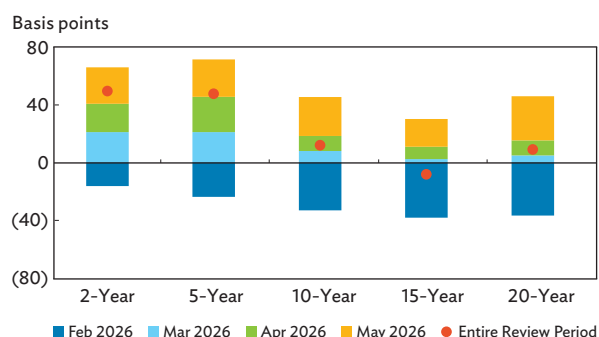
Hong Kong, China’s LCY bond market expanded by 2.4% quarter-on-quarter (q-o-q) in the first quarter (Q1) of 2026 to reach HKD3.8 trillion at the end of March, bolstered by a rebound in corporate bond issuance (**Figure 2**). Total issuance tallied HKD1.5 trillion, supported by a 30.7% q-o-q increase in corporate bond sales (**Figure 3**).

Figure 1: Local Currency Government Bond Yields in Hong Kong, China

A. Local Currency Government Bond Yield Curve



B. Changes in Local Currency Government Bond Yields

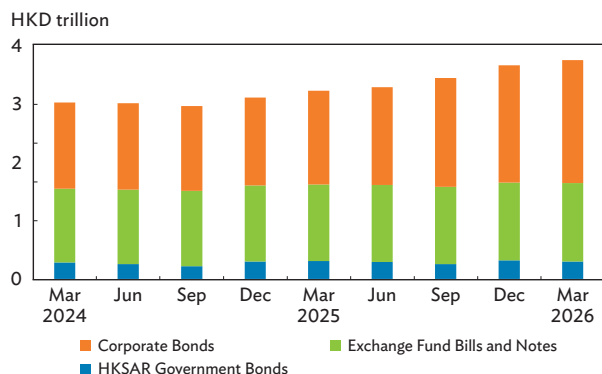


() = negative.

Note: Data coverage is from 2 February 2026 to 29 May 2026.

Source: AsianBondsOnline calculations based on Bloomberg LP data.

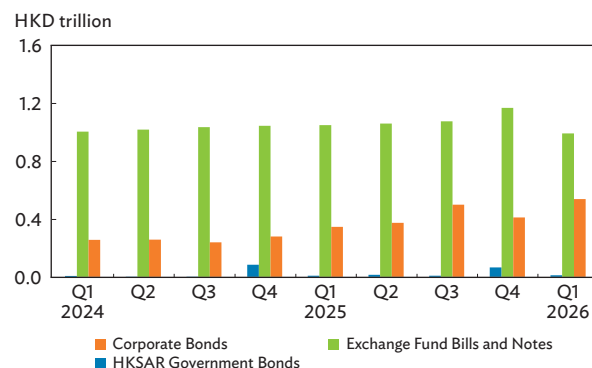
Figure 2: Local Government Bonds Outstanding in Hong Kong, China



HKD = Hong Kong dollar, HKSAR = Hong Kong Special Administrative Region.

Source: Hong Kong Monetary Authority.

Figure 3: Quarterly Bond Issuance in Hong Kong, China



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

Source: Hong Kong Monetary Authority.

Sustainable Bond Market

Hong Kong, China’s sustainable bond stock reached USD46.4 billion at the end of March on a marginal 0.5% q-o-q contraction due to a higher volume of maturities in Q1 2026 (Figure 4A). Sustainable bonds outstanding in Hong Kong, China at the end of Q1 2026 were predominantly medium-term instruments, with a size-weighted average tenor of 4.7 years. Public sector securities had a slightly longer average tenor (5.1 years) than their private sector counterparts (4.1 years) (Figure 4B).

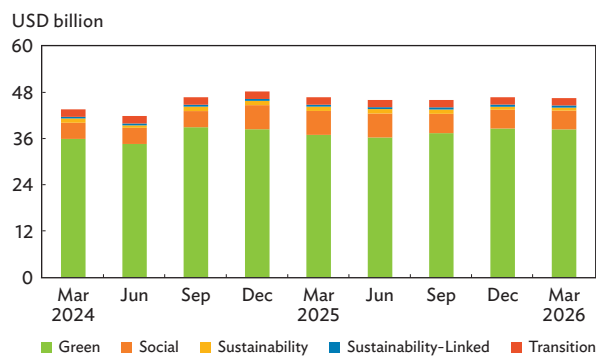
Policy and Regulatory Developments

Borrowing Ceiling for Sustainable and Infrastructure Bond Programs Raised to HKD900 Billion

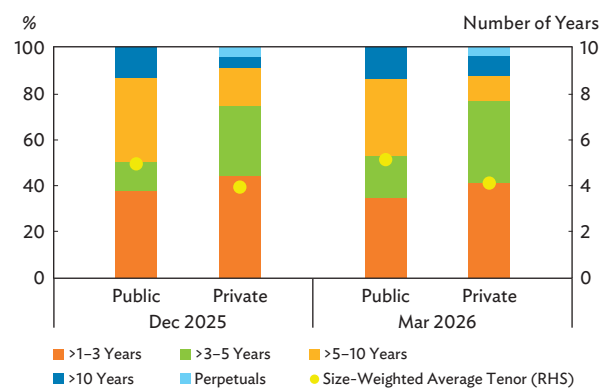
Under its fiscal year 2026/27 budget finalized in February 2026, the Government of the Hong Kong Special Administrative Region of the People’s Republic of China launched an expanded issuance program targeting HKD160 billion–HKD220 billion of annual bond issuance over the next 5 years. To accommodate the accelerated issuance plan, the cumulative borrowing ceiling for the sustainable and infrastructure bond programs was officially raised to HKD900 billion from HKD700 billion.

Figure 4: Sustainable Bond Market in Hong Kong, China

A. Sustainable Bonds Outstanding



B. Maturity Structure of Sustainable Bonds Outstanding



RHS = right-hand side, USD = United States dollar.

Source: AsianBondsOnline calculations based on Bloomberg LP data.