

Hong Kong, China

Yield Movements

From 1 June to 31 August, yields on local currency (LCY) government debt securities in Hong Kong, China rose, in line with higher yields in advanced economies and reflecting elevated global energy prices (**Figure 1A**, **Figure 1B**). Hong Kong, China posted the largest increases in government yields in emerging East Asia as they broadly tracked the movements of United States Treasury yields.¹⁰

Local Currency Bonds Outstanding and Issuance

Hong Kong, China's LCY debt securities market expanded 6.3% quarter-on-quarter (q-o-q) in the second quarter (Q2) of 2026 to reach HKD4.0 trillion, driven largely by the corporate bond segment (**Figure 2A**). Excluding debt securities with tenors of 1 year or less, LCY bonds

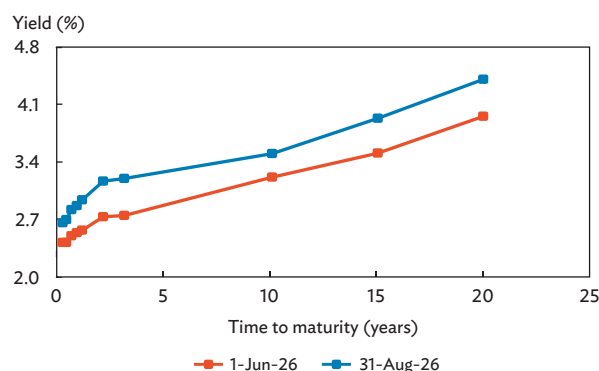
outstanding increased 10.3% q-o-q to HKD1.8 trillion. Bond issuance climbed 41.8% q-o-q to HKD214.1 billion, supported primarily by corporate bonds, particularly infrastructure-related issuers (**Figure 2B**).

Sustainable Bond Market

Hong Kong, China's sustainable bond market expanded 14.4% q-o-q in Q2 to reach USD53.1 billion, supported primarily by the robust issuance of green and sustainability bonds from the private sector (**Figure 3A**). Issuance rose almost threefold to USD7.3 billion from USD2.5 billion in the previous quarter (**Figure 3B**). About 88.1% of new issuances comprised green and sustainability bonds from real estate and transportation firms. The remaining 11.9% came from a sovereign issuance of EUR-denominated green bonds in May as part of a multitranche institutional bond offering.

Figure 1: Yields for Local Currency Government Debt Securities in Hong Kong, China

A. Local Currency Government Debt Securities Yield Curve



() = negative.

Notes:

1. Data coverage is from 1 June 2026 to 31 August 2026.
2. Bonds are defined as debt securities with maturities longer than 1 year.
3. The 20-year bond yield decreased by 0.3 basis point in June.

Source: AsianBondsOnline calculations based on Bloomberg LP data.

B. Changes in Local Currency Government Bond Yields

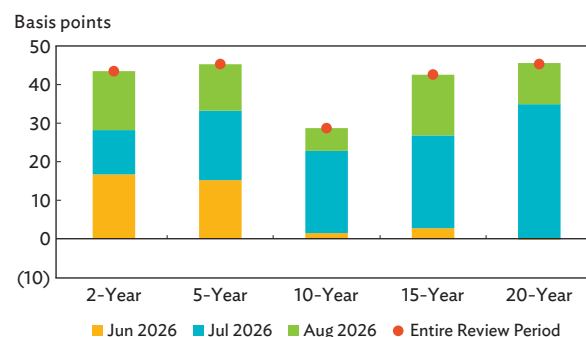
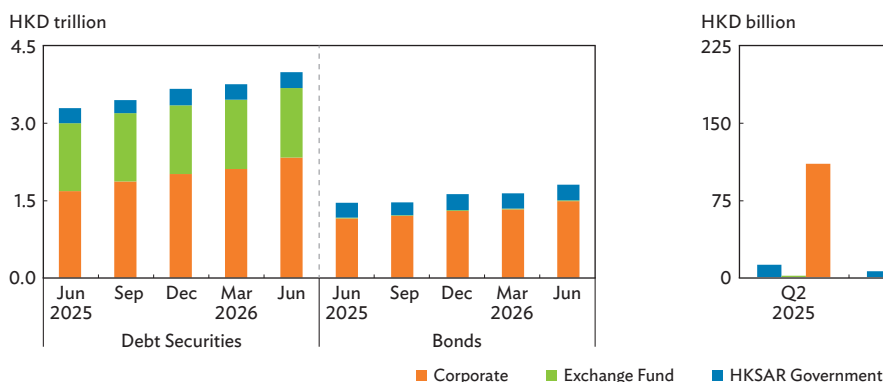
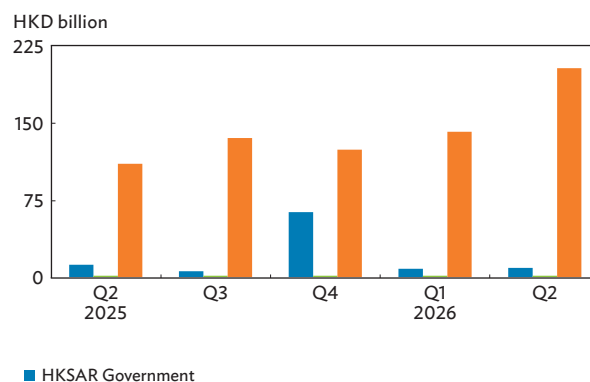


Figure 2: Local Currency Bonds Outstanding and Issuance in Hong Kong, China**A. Local Currency Debt Securities Outstanding****B. Quarterly Local Currency Bond Issuance**

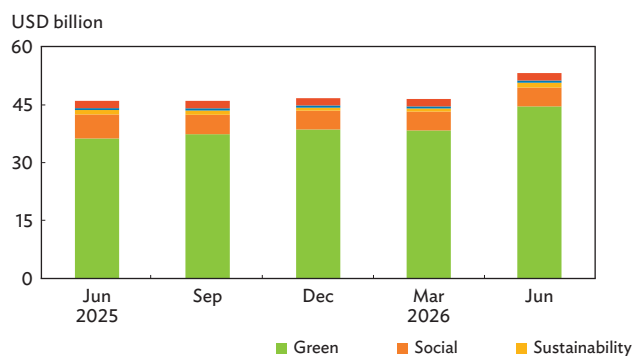
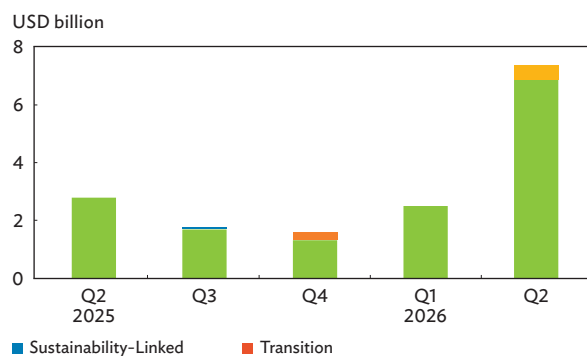
HKD = Hong Kong dollar, HKSAR = Hong Kong Special Administrative Region, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.

Notes:

1. Bonds are defined as securities with maturities longer than 1 year.

2. Exchange Fund Notes are not visible in Figure 2B due to their small amount: HKD1.2 billion of 2-year Exchange Fund Notes were issued each quarter from Q2 2025 to Q2 2026.

Source: Hong Kong Monetary Authority.

Figure 3: Sustainable Bond Market in Hong Kong, China**A. Sustainable Bonds Outstanding by Instrument****B. Sustainable Bond Issuance by Instrument**

Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter, USD = United States dollar.

Source: AsianBondsOnline calculations based on Bloomberg LP data.

Policy and Regulatory Developments

New Measures to Support Fixed-Income and Currency Markets Announced

On 7 July, the Hong Kong Monetary Authority, the People's Bank of China, and the Securities and Futures Commission announced a new package of [measures](#)

to strengthen Hong Kong, China's fixed-income and currency markets by expanding Bond Connect, enhancing Swap Connect, introducing new bond trading and hedging tools, and deepening market infrastructure. The measures are intended to improve market liquidity, broaden investor access, and support Hong Kong, China's role as a regional fixed-income hub and international financial center.