

Hong Kong & Mainland China News – May-2026

China services activity grows at faster rate in April, private PMI shows

by www.thestandard.com.hk

May 06, 2026

China's services activity expanded at a faster pace in April, helped by stronger growth in new business, although overseas demand continued to decline, a private-sector survey showed on Wednesday.

The RatingDog China General Services purchasing managers' index, compiled by S&P Global, rose to 52.6 in April from 52.1 in March, staying above the 50-mark that separates expansion from contraction.

The reading contrasted with an official survey released last week, which showed services activity slipping back into contraction after expanding the previous month. The two surveys cover different samples.

China's export engine has shown signs of strain, while retail sales and industrial output have cooled. Producer prices have also emerged from a years-long deflationary stretch, a shift analysts say could squeeze companies already facing higher costs and limited pricing power amid weak demand.

External risks are adding to the pressure. The war in the Middle East has heightened uncertainty over global demand and supply chains, threatening to further erode margins for Chinese firms grappling with soft orders and cautious spending by households and businesses.

New business rose at a faster pace in April, driven mainly by domestic demand. New export business declined for a second straight month, though only marginally.

Service providers cut staffing levels for a third consecutive month, citing retirement, resignations and cost-saving measures. Outstanding business remained in expansion territory, continuing a trend seen since October 2025.

Input cost inflation accelerated to its highest so far this year, with firms pointing to firmer oil, fuel and freight costs from the Middle East conflict. Companies reduced their selling prices for a second month to help attract and retain clients.

Business confidence about activity over the coming year remained positive in April.

The Composite Output Index rose to 53.1 in April from 51.5 in March, remaining above the 50.0 no-change threshold.

Retuers

HSBC raises HK 2026 GDP forecast to 3.8pc

by www.thestandard.com.hk

May 07, 2026

HSBC Global Investment Research has raised its GDP forecasts for 2026 and 2027 from 2.7 percent and 2.8 percent to 3.8 percent and 3 percent respectively, citing the economy's robust performance in the first quarter.

According to the report released on Thursday, Hong Kong's economy grew by 5.9 percent year-on-year in the first quarter, marking the highest in nearly five years. With stable local economic growth, the direct impact of the Middle East conflict is expected to be relatively limited.

The report noted that Hong Kong's energy is almost entirely dependent on imports, with a large portion coming from mainland China and only a small portion from the Middle East. The government has also implemented support measures such as fuel subsidies and tunnel toll reductions to mitigate some of the impact.

It pointed out that the booming demand driven by AI and the recovery of trade with the mainland, may become a key buffer for trade this year. But if the impact of the Middle East conflict continues and dampens global demand, there is a downside risk.

Meanwhile, Hong Kong's role as a safe harbour attracts capital seeking stability, and its interconnectedness further draws in funds and talent. The residential property market continues its strong recovery, the wealth effect is boosting consumption, and the job market is also improving, according to the report.

Three Mideast banks launching, expanding ops in HK

by www.rthk.hk
May 08, 2026

The UAE's top lender and two other Middle Eastern banks are launching or expanding operations in Hong Kong, as they target better China connectivity and foreign business growth amid uncertainty in the domestic economic outlook.

First Abu Dhabi Bank, the No. 1 lender by assets in the United Arab Emirates, plans to roughly double its office space in Hong Kong, said two sources familiar with the matter.

Mashreq Bank, the UAE's fifth-largest, will relocate staff to a new office in Central in the third quarter, it said in a statement in response to a query.

The growing presence of the Middle Eastern financial institutions in Hong Kong comes against the backdrop of the US-Israeli war on Iran that has put Gulf countries centre stage by disrupting their oil supplies.

Financial industry sources said the Middle Eastern banks' moves were tied to their efforts to internationalise and strengthen links with China, as cross-border trade and investment between the two regions remain strong.

"Our growth in Hong Kong is firmly anchored in our ability to provide banking solutions facilitating the increasing trade and investment flows between Greater China and MENA (Middle East and North Africa)," said Chermaine Lai, country head at Mashreq Bank Hong Kong.

Oman's Sohar International Bank announced in April it has received approval from the Hong Kong Monetary Authority (HKMA) to establish a representative office, marking its foray into an international market for the first time.

First Abu Dhabi Bank and Sohar International did not respond to requests for comment.

The sources spoke on the condition of anonymity as they were not authorised to speak to the media.

Mashreq, whose new office is double the size of its current premises, said the bank sees Hong Kong as a "significant offshore hub for China-related financing activity".

Sohar International expects to kick off its business in the city in the second half, according to a person with direct knowledge of the matter.

The three Gulf banks will operate from Cheung Kong Centre II, an office tower in Central, the sources said.

Sam Gourlay, property consultancy JLL's head of office leasing advisory in Hong Kong, said the recent Middle East conflict may have, in some cases, prompted banks to fast-track their strategic investment plans in the city.

Hong Kong serves as a gateway for moving capital from and into the mainland, and most global banks have their regional hubs in the city, which offers a host of services – from corporate banking to wealth management.

The HKMA has been actively promoting Hong Kong's financial system and market advantages to the Middle Eastern countries over the past few years, including via bilateral meetings with central banks in the Middle East, a spokesperson said.

Gulf lenders have been expanding outside of their home turfs in the Middle East and beyond in recent years as they look to tap new markets and boost trade and investment by opening commercial branches or through mergers.

The banking services offered by First Abu Dhabi Bank, Mashreq Bank and Sohar International include corporate and investment banking, trade finance, transaction banking, treasury services and wealth management.

First Abu Dhabi Bank has offices in locations including Hong Kong, Shanghai and Singapore, and last year it joined China's Cross-Border Interbank Payment System as a direct participant amid strengthening ties between the UAE and China.

Mashreq has also been growing in Asia, particularly in India and in Pakistan, where its digital bank Mashreq NEO became fully operational late last year, while Sohar maintains a more limited international footprint.

Five Middle Eastern lenders currently have a banking presence in Hong Kong, out of about 200 banks registered with HKMA, according to data from the city's de facto central bank.

Sohar International said in a LinkedIn post last month that opening a Hong Kong office reflects the bank's "endeavours to internationalise its business" and will support its clients who do business in the wider Asian market. (Reuters)

Edited by Tony Sabine

Invesco Hong Kong forecasts China's GDP to rise 4.5pc this year, yuan internationalization accelerates

by www.thestandard.com.hk

May 12, 2026

China's economy showed resilience in early 2026, with Invesco Hong Kong forecasting full-year GDP growth of 4.5 percent despite softer domestic demand, supported by robust exports, while yuan internationalization continues to advance steadily as a long-term strategic priority.

China's GDP growth in the first quarter rose 5 percent year on year.

Chris Lau, senior portfolio manager at Invesco Hong Kong, noted that the economy remained highly bifurcated, with robust export growth – particularly in high-tech, electric vehicles, and manufacturing sectors – offsetting relatively soft domestic demand and property sector challenges.

Norbert Ling, head of fixed income portfolio management for APAC at Invesco Hong Kong, highlighted that corporate fundamentals in Asia, especially China, remain stable and resilient. He pointed to low default rates, improving credit quality, deleveraging, and proactive refinancing as key supportive factors for fixed income investors.

Ling also highlighted convertible bonds of Chinese exporters as an attractive investment area, citing expected continued earnings growth driven by the export trend.

He mentioned that yuan internationalization is firmly on the policy agenda and actively accelerating. As the offshore yuan market has grown rapidly in recent years, with larger issue sizes, more diversified issuers, including Triple B credits, and a broader investor base spanning Chinese banks, global asset managers, and insurance companies.

Ling said issuers are increasingly favoring offshore yuan bonds due to lower funding costs than in US dollars and the benefit of a natural currency hedge for Chinese companies expanding overseas.

Lau also noted strong economic prospects in Hong Kong, with first-quarter GDP growth reaching 5.9 percent – the strongest quarterly print since the second quarter of 2021. He expected the momentum to continue, supported by strong domestic demand, especially in a property-led upswing, and improved credit conditions.

Lau said the private residential property index rose 11.5 percent year on year. The firm remains optimistic about medium-term housing prices, supported by rising demand from mainland Chinese buyers and improved affordability. This is underpinned by positive net carry, as rental income now exceeds financing costs following significant rent increases over the past two to three years.

He noted that Hong Kong's loan-to-deposit ratio has been steadily declining since early 2024, as deposits have grown faster than loans. This has pushed banks to invest more in Hong Kong dollar-denominated bonds, driving Hong Kong rates much significantly lower than US rates and supporting overall credit conditions.

Economy grows 5.9% in Q1

by news.gov.hk

May 15, 2026

The Government reported that Hong Kong's economy expanded robustly in the first quarter of 2026, with real gross domestic product (GDP) rising 5.9% year-on-year, the strongest in nearly five years.

Releasing the First Quarter Economic Report 2026 today, the Government noted that the economy in the first quarter was driven by the sustained strong performance in external trade and pick-up in domestic demand, accelerating from the 4% growth in the preceding quarter.

On a seasonally adjusted quarter-to-quarter basis, real GDP rose notably by 2.9%.

Underpinned by sustained global demand for artificial intelligence (AI)-related electronic products and buoyant regional trade flows in Asia, total exports of goods grew markedly by 23.7% year-on-year in real terms in the first quarter.

Exports of services continued to expand solidly by 3.5% in real terms over a year earlier, with broad-based growth across all major service groups.

Domestically, private consumption expenditure saw accelerated growth of 4.9% in the first quarter, while overall investment expenditure continued to expand at a double-digit rate of 17.7% year-on-year in real terms.

Looking ahead, the Government noted that Hong Kong's economic outlook remains broadly resilient. Sustained global demand for AI-related investment and products presents an upside risk to growth. Yet, the Middle East conflict remains highly uncertain, poses downside risk to growth and upside risk to inflation.

Taking into account the stronger-than-expected outturn in the first quarter and the potential near-term headwinds in the external environment, the real GDP growth forecast for 2026 as a whole is maintained at 2.5% to 3.5%, the same as that announced in the Budget.

Meanwhile, the forecast for the underlying inflation rate for 2026 is revised up to 2.5% from 1.7%.

IMF commends HK's growth

by news.gov.hk
May 15, 2026

The International Monetary Fund (IMF) commended Hong Kong's resilient economic growth in a statement published today outlining its assessment of the city's economic and financial situation.

The IMF conducts annual health checks on economies known as Article IV Missions. This year's mission in Hong Kong noted in a concluding statement that the city's economy has continued to recover, supported by robust technology-related exports, improving private demand and a rebound in financial market activity.

It also reaffirmed Hong Kong's role as an international financial centre and "super connector".

The mission observed that policy initiatives such as the Northern Metropolis are conducive to fostering innovation and high-value services, while supporting economic growth and structural transformation.

Moreover, the mission considers Hong Kong's fiscal stance appropriate in light of current economic conditions, while supporting a focus on achieving stronger medium-term consolidation to rebuild fiscal reserves and address rising spending pressures.

The mission states that financial sector risks are manageable, supported by strong buffers and robust regulatory oversight. It also recognises that Hong Kong is well placed to build further on its digital and sustainable finance agenda.

Financial Secretary Paul Chan welcomed the mission's assessment of Hong Kong's ongoing economic recovery and its support for the Government's efforts to drive economic growth and achieve economic diversification.

"The Hong Kong economy expanded robustly in the first quarter of 2026," he said. "Looking ahead, Hong Kong's economic growth outlook is positive, underpinned by strong global demand for AI-related electronics, sustained growth in visitor arrivals and robust cross-boundary financial activities."

Mr Chan added that a favourable business environment and gradually improving consumer sentiment will continue to support domestic demand.

"We will closely monitor the development of the situation in the Middle East, dynamically assess the economic situation, and react flexibly," he said.

The Financial Secretary also mentioned that the Government takes note of the mission's views on Hong Kong's commercial real estate (CRE) sector.

He stressed that the global CRE market has faced challenges in the post-pandemic era, amid changing office work and consumption patterns.

He outlined that the Government has in recent years introduced a series of market-stabilising policy measures, adding that Hong Kong's CRE market has indeed stabilised, with transaction and leasing volumes rising significantly, and prices and rents becoming steady.

Regarding the pace of fiscal consolidation, Mr Chan said the Government's programme is progressing as planned.

He remarked that, according to the Medium Range Forecast set out in the Budget, the Operating Account will record surpluses for each of the next five years, with surpluses increasing year by year. This, he said, indicated the effectiveness of the Government's measures to increase revenue and control expenditure.

Nevertheless, Mr Chan said, the Capital Account will still record deficits during this period, resulting in a deficit – before issuance and repayment of bonds – in the Consolidated Account, mainly due to the Government's infrastructure spending in accelerating the development of the Northern Metropolis and driving Hong Kong's high-quality development.

"These investments for the future will bring broader economic benefits and tax revenues to Hong Kong," he emphasised. "We will make good use of market forces to finance these infrastructure projects."

Furthermore, Mr Chan highlighted that two major credit rating agencies recently affirmed Hong Kong's credit ratings and "stable" outlook. He said this reflected a resilience underpinned by the city's sound economic fundamentals, robust public finances, and a well-established financial system.

"The Government will analyse and study the various recommendations put forward by the mission," he said.

The mission visited Hong Kong from March 16 to 27 and held discussions with Government officials, financial regulators and private sector representatives.

The full report will be discussed by the IMF Executive Board later this month.

Hong Kong taps Central Asia growth

by news.gov.hk

May 24, 2026

Chief Executive John Lee will lead a trade mission to Kazakhstan and Uzbekistan in June, courting openings beyond traditional markets, while Hong Kong Trade Development Council (HKTDC) Chairman Frederick Ma is optimistic the visit will deliver.

Kazakhstan stands as Central Asia's most developed economy and regional powerhouse, boasting an impressive gross domestic product that soared past US\$300 billion in 2025.

Leading the region in both economic output and purchasing power, Kazakhstan serves as a vital business and logistics hub bridging China and Europe.

In this diverse nation, Kazakh and Russian are the predominant languages, while Islam and Christianity represent the major religions.

Meanwhile, Uzbekistan claims the title of the region's most populous country, strategically positioned at the heart of Central Asia and sharing borders with all its neighbouring nations.

With a storied past as a crucial segment of the ancient Silk Road trade routes, Uzbekistan has cultivated an environment ideal for stable economic growth, consistently achieving over 5% growth each year.

The growth trajectory positions Uzbekistan as a prime entry point for businesses eager to tap into the expansive Central Asian market.

A delegation led by Chief Executive John Lee will visit both countries in June.

Booming economy

HKTDC Chairman Frederick Ma said the trip will be highly beneficial, with a broad cross-sector delegation expected to drive deals.

Kazakhstan is Hong Kong's largest trading partner and a key export market in Central Asia. Hong Kong's investment there is substantial; as of January 2026, Hong Kong ranked fourth among Asian net investors. Financial links are deepening, with the first dual listing last year spanning Hong Kong and Kazakhstan.

Kazakhstan is also rolling out large-scale data centre projects, aiming to be the region's leading digital hub. Mr Ma and his colleagues expect Mainland technology, especially artificial intelligence (AI) firms to see strong outbound opportunities via Hong Kong into this emerging market.

HKTDC Director of Research Bruce Pang explained Hong Kong can provide financial and professional services. As companies build AI platforms and lean on data centres, he noted, fundraising and financing become pivotal - and that is where Hong Kong can step in with solutions.

Embracing

In Uzbekistan, a nation with a population exceeding 38 million, abundant resources such as gold and cotton bolster its growth prospects. The country has made significant strides in enhancing its investment climate, gradually liberalising its foreign exchange market.

Moreover, Uzbekistan has streamlined customs and trade procedures, embraced digital transformation, and improved its legal and institutional frameworks. The HKTDC identifies substantial potential in Uzbekistan's infrastructure and logistics sectors, alongside opportunities for trade co-operation.

“Hong Kong firms can seize a first-mover advantage by setting up or partnering with factories in Uzbekistan to develop products on the ground. Tashkent’s push to build a ‘Made in Uzbekistan’ brand can give Hong Kong companies a springboard into Central Asia and ultimately, European markets,” HKTDC Principal Economist Alice Tsang said.

With the Mainland as Uzbekistan’s largest trading partner, accounting for over 20% of its total foreign trade turnover, and Kazakhstan as the Mainland’s economic anchor in Central Asia, closing 2025 with bilateral trade volume of US\$48.8 billion, accounting for 46% of the Mainland’s trade turnover with the region, the HKTDC noted Central Asia’s appeal to Mainland capital is rising, signalling stronger demand for Hong Kong’s financial and professional services, from cross-border financing and wealth management to legal and compliance, positioning the city as a key intermediary.

transformation

HK tops world in cross-border wealth management

by www.rthk.hk

May 27, 2026

Hong Kong has overtaken Switzerland as the world's largest cross-border wealth hub for the first time, fuelled by capital inflows from the mainland as well as a fundraising boom in the city, according to a report by Boston Consulting Group (BCG).

In its 2026 Global Wealth Report, the group noted that wealth managers booked US\$2.95 trillion worth of international assets in the SAR last year, up almost 11 percent year on year.

That narrowly surpassed Switzerland's US\$2.94 trillion in cross-border wealth during the same period, which rose by 7.6 percent year on year.

Both Hong Kong and Singapore are projected to continue growing as cross-border booking centres at around nine percent annually through 2030, compared with an expected six percent average for Switzerland over the same period.

This, BCG projects, would widen the gap between the SAR and Switzerland to almost US\$600 billion by 2030, supported by the mainland's strong manufacturing capacity, a revival in the SAR's initial public offering (IPO) market, as well as Asia's rapidly growing wealth.

"Hong Kong is cementing its role as China's gateway to global markets, though that same concentration ties its trajectory tightly to economic and regulatory developments on the mainland," the authors said.

"[Meanwhile], geopolitical uncertainty reaffirms Switzerland's role as a core global booking centre, attracting flight-to-safety flows from more volatile regions such as the Middle East," BCG said, adding that Switzerland would continue to draw clients from all regions.

Commenting on the report, Financial Secretary Paul Chan said the country's national 15th Five-Year plan clearly indicated support for Hong Kong to strengthen its role as an international asset and wealth management centre, which also is the backbone of the city's "finance plus" strategy.

He added the rapid development in industries including innovative technologies and artificial intelligence has led to an increase in wealth and he believes the demand for wealth management services on the mainland and throughout Asia would continue to grow, which would benefit relevant industries in the city.

He said the SAR government would continue to seize opportunities to consolidate the city's status as a global financial centre and attract more wealthy individuals and family offices to set up shop here.

According to the report by BCG, cross-border wealth globally rose 8.4 percent to US\$15.7 trillion last year, driven by increasing demand for geographical diversification.(Additional reporting by Reuters)

Edited by Tony Sabine