Economic Research Department October 2025

Market Monitor – Hong Kong

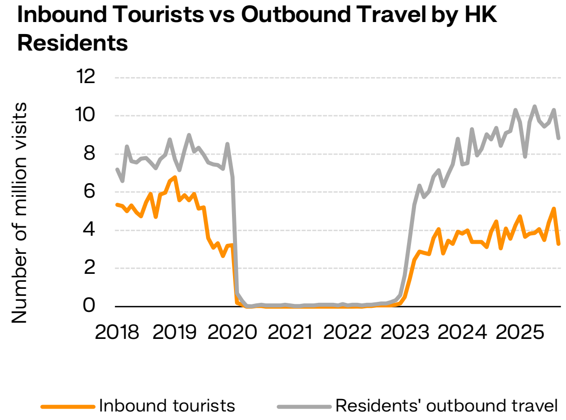
Retail sales extended recovery trends

- Hong Kong's retail sales continued to recover, while merchandise trade maintained solid growth.
- The 2025 Policy Address outlines a reform roadmap to advance Hong Kong's economic transformation.
- The residential property market stabilised further, driving an uptick in mortgage loans.

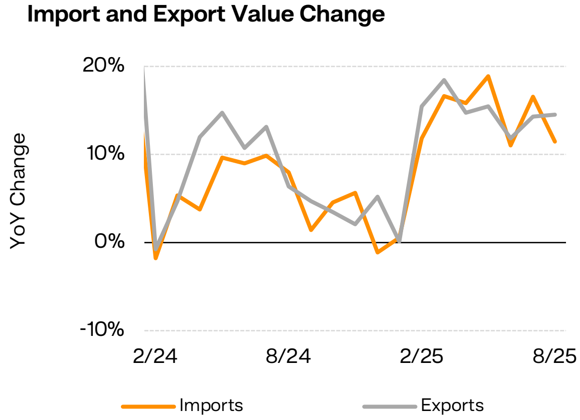
Retail sales continued to recover

Retail sales posted another monthly gain. Retail sales recorded 3.8% YoY growth in August, the fourth monthly increase in a row and the highest growth rate in 20 months. Besides, visitor arrivals rose by 7.5% YoY to 3.3 million in September, driven by the SAR Government's proactive efforts in hosting mega events to boost the tourism sector. Early data also found a surge in tourist arrivals during the National Day Golden Week period. Moving forward, lower interest rates, sustained growth in inbound tourism, and the revival of financial and property market activities are expected to sustain the recovery in retail sales.

Merchandise trade maintained solid growth. Nominal goods exports and imports rose by 14.5% and 11.5% year-on-year (YoY), respectively, in August. Strong export growth continued to be driven by robust trade with the Chinese Mainland and major Asian markets including Malaysia, Vietnam, the Philippines, Taiwan, and Thailand. Exports to the US also returned to growth, rising by 17.3% YoY. The total trade deficit for July and August reached HKD 59.5 billion, compared to HKD 55.0 billion in the same period last year. Although Hong Kong's external trade is expected to face challenges from trade policy uncertainties, resilient demand from Chinese Mainland and strengthened trade ties with non-US markets will render support to trade performance ahead.



Source: CEIC



Source: Bloomberg

The 2025 Policy Address deepens reforms to nurture new growth drivers

The 2025 Policy Address outlines a roadmap to advance Hong Kong's economic transformation. In the 2025 Policy Address, the SAR Government is accelerating the development of the Northern Metropolis through establishing a new Committee on Development of the Northern Metropolis under the Chief Executive's direct oversight to formulate strategic planning, expedite key decisions, remove barriers and streamline administrative workflows. There are also initiatives to foster emerging industries, including artificial intelligence, life & health sciences, and new energy, positioning Hong Kong as a leading innovation and technology hub.

New financial market reforms are proposed to strengthen Hong Kong's competitiveness. To reinforce Hong Kong's role as a premier international financial centre, the Policy Address proposes a comprehensive reform package. The measures include shortening the stock settlement cycle to T+1, facilitating the return and listing of China Concept Stock companies in Hong Kong, introducing an RMB trading counter under Stock Connect's Southbound trading for Hong Kong stocks, promoting the inclusion of real estate investment trusts (REITs) under mutual market access, and accelerating the development of an international gold trading market. The Policy Address also emphasizes deepening cross-border financial collaboration within the Greater Bay Area by enhancing existing platforms such as Cross-boundary Credit Referencing and the Shenzhen-Hong Kong Cross-boundary Data Validation Platform.

Hong Kong reaffirmed its position as a leading international financial centre. According to the latest Global Financial Centres Index 38 Report, published in September 2025 by the UK's Z/Yen and the China Development Institute, Hong Kong retained its 3rd place globally and 1st place in Asia-Pacific. Notably, its fintech offerings rose from the 4th to the top spot worldwide, while its rankings in business environment, infrastructure, and reputational and general factors also climbed to 1st globally. Additionally, Hong Kong ranked 2nd globally in human capital and 3rd in financial sector development. Across various financial industry sectors, Hong Kong secured top 3 global positions in "banking", "investment management", "insurance" and "finance" sectors.

Besides, Hong Kong was again ranked as the world's freest economy in the Fraser Institute's Economic Freedom of the World 2025 Annual Report. It maintained the top spot in "Freedom to trade internationally" and ranked 3rd in both "Sound money" and "Regulation."

Property market continued to stabilise

The property market continued its stabilisation trends. The official residential property price index rose for the fifth consecutive month, edging up by 0.1% month-on-month (MoM) in August. Its year-to-date (YTD) performance showed a modest 0.2% decline through August. Market activities remained robust, with residential property transactions rising by 6.7% MoM to 5,643 in September. The recovery in the property market has also driven an uptick in mortgage loans, with the total outstanding mortgage loan balance reaching HKD 1,888.3 billion by the end of August 2025, marking a 0.9% increase YTD. The rental market sustained its upward momentum, with rental prices rising by 1.1% MoM in August. Looking ahead, monetary easing by the Federal Reserve and improving homebuyer sentiment are expected to support a continued recovery in the property market.

Disclaimer

This material is prepared by The Bank of East Asia, Limited ("BEA") for customers' reference only. The content is based on information available to the public and reasonably believed to be reliable, but has not been independently verified. Any projections and opinions contained herein are expressed solely as general market commentary, and do not constitute an offer of securities or investment, nor a solicitation, suggestion, investment advice, or guaranteed return in respect of such an offer. The information, forecasts, and opinions contained herein are as of the date hereof and are subject to change without prior notification, and should not be regarded as any investment product or market recommendations. This material has not been reviewed by the Securities and Futures Commission of Hong Kong, Hong Kong Monetary Authority, or any regulatory authority in Hong Kong.

BEA will update the published research as needed. In addition to certain reports published on a periodic basis, other reports may be published at irregular intervals as appropriate without prior notice.

No representation or warranty, express or implied, is given by or on behalf of BEA, as to the accuracy or completeness of the information and stated returns contained in this material, and no liability is accepted for any loss arising, directly or indirectly, from any use of such information (whether due to infringements or contracts or other aspects). Investment involves risks. The price of investment products may go up or down, and may become valueless. Past performance is not indicative of future performance. The investments mentioned in this material may not be suitable for all investors, and the specific investment objectives or experience, financial situation, or other needs of each recipient are not considered. Therefore, you should not make any investment decisions based solely on this material. You should make investment decisions based on your own investment objectives, investment experience, financial situation, and specific needs; if necessary, you should seek independent professional advice before making any investment.

This material is the property of BEA and is protected by relevant intellectual property laws. Without the prior written consent of BEA, the information herein is not allowed to be copied, transferred, sold, distributed, published, broadcast, circulated, modified, or developed commercially, in either electronic or printed forms, nor through any media platforms that exist now or are developed later.

For more information, please visit our webpage at https://www.hkbea.com/html/en/bea-about-bea-economic-research.html. For any enquiries, please contact the Economic Research Department of BEA (email: lerd@hkbea.com/telephone number: (852) 3609-1504/postal address: GPO Box 31, Hong Kong).