

**For Immediate Release**

## **BEA Expects Chinese Mainland and Hong Kong Economies to Sustain Growth Momentum in 2026**

**Hong Kong, 16 December 2025** - The Bank of East Asia, Limited ("BEA" or the "Bank") expects the Chinese Mainland and Hong Kong economies to maintain stable growth in 2026 at about 4.8% and 2.5%-3% respectively.

Today BEA held a media briefing on "2026 Economic and Market Outlook: New Opportunities Amid Changes". During the event, the Bank's Chief Economist, Mr Tristan Zhuo said, "The Chinese Mainland's economy has been growing steadily despite the complex external environment. In the first three quarters of 2025, real household disposable income rose 5.2%, while real consumption per capita increased by 4.7%. Stable income growth will help support consumption and gradually improve the composition of economic growth."

### *The Chinese Mainland Economy:*

- GDP grew by 5.2% during the first three quarters of 2025. The Chinese Mainland's comprehensive and resilient supply chains bolstered industrial production growth. Export competitiveness also continued to improve.
- In 2026, proactive fiscal policy and reasonably accommodative monetary policy are expected to continue. Policy rates will likely be lowered by 10 to 20 basis points, while the reserve requirement ratio may be lowered by 50 basis points.
- Given the steady growth rates in the past three years, the official growth target for 2026 could be maintained at around 5%.

Commenting on the Hong Kong economy, Mr Zhuo said: "In 2025, Hong Kong recorded strong growth in exports. Consumption sentiment also improved notably, resulting in more broad-based economic growth. Meanwhile, lower interest rates will boost the real estate sector, driving further recovery in residential property prices in 2026."

### *Hong Kong's Economy:*

- Despite global trade policy uncertainties, Hong Kong's exports sector was robust and served as a key driver for the economy in 2025.
- The value of total retail sales has been recovering since May 2025, and private consumption also started to recover in the second quarter. With improving consumer sentiment, Hong Kong's economic growth is becoming more broad-based. In 2026, GDP growth may come in between 2.5% and 3%.
- The Fed's resumption of its easing cycle will support Hong Kong's housing market, driving further recovery in residential property prices.

*Interest Rate Outlook:*

- As the U.S. labour market softens and inflation expectation remains largely stable, the Fed will continue to loosen monetary policy.
- The real federal funds rate remains in positive territory, with the current upper bound of the target rate at 3.75% and inflation near 3%. In 2026, the Fed could lower rates 3 to 4 times, totalling 75 to 100 basis points.
- Hong Kong dollar prime rates have reached a floor and will remain unchanged regardless of the Fed's future rate cuts. In contrast, HIBOR rates have room for further decline.

In terms of the investment market, BEA's Investment Strategist, Mr Bosco Wu said, "Major global economies are expected to maintain relatively accommodative fiscal and monetary policies. Interest rate cuts are expected to continue in the U.S., while the Chinese Mainland will adopt a more supportive policy stance during the first year of its '15th Five-Year Plan'. In addition, the possibility of a 'pre-election rally' in the U.S. ahead of the midterm elections in the second half of the year may lead to a gradual improvement in risk appetite. However, investors are advised to stay vigilant on potential risks, including heightening geopolitical tensions, a rebound in inflation, and monetary policy uncertainties, which could increase market volatilities. Investors are advised to diversify across geographical regions, asset classes, and sectors."

*Investment Market Outlook:*

- For the Hang Seng Index, the 2026 year-end target is 30,800 points, which is equivalent to a P/E ratio of 12.8 times.
- Key sectors to watch:
  - Artificial intelligence (e.g. chips, cloud platforms, and network equipment)
  - Advanced industries (e.g. smart driving, humanoid robots, nuclear and hydrogen energy equipment, and energy storage devices)
  - Service consumption (e.g. tourism, online entertainment, and online healthcare)
- The year-end target of the S&P 500 Index is 7,500, representing a P/E ratio of 23.8 times.
- Gold price is expected to record a moderate upside in the first quarter of next year, while the medium to long-term outlook remains positive.

**About The Bank of East Asia, Limited**

Incorporated in Hong Kong in 1918, The Bank of East Asia, Limited ("BEA") is a leading Hong-Kong-based financial services group listed on The Stock Exchange of Hong Kong, with total consolidated assets of HK\$891.4 billion (US\$113.5 billion) as of 30 June 2025.

BEA provides a comprehensive range of wholesale banking, personal banking, wealth management and investment services to customers through an extensive network of about 120 outlets covering Hong Kong, the Chinese Mainland, Macau, Taiwan, Southeast Asia, the United Kingdom, and the United States. For more information, please visit: [www.hkbea.com](http://www.hkbea.com).

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BEA's Chief Economist, Mr Tristan Zhuo (right), and Investment Strategist, Mr Bosco Wu (left), shared their insights on the economic and market outlook for 2026.