

**For Immediate Release****BEA Expects Chinese Mainland and Hong Kong Economies  
to Sustain Growth Momentum in the second half of 2026**

**Hong Kong, 24 June 2026** - The Bank of East Asia, Limited ("BEA" or the "Bank") expects the Chinese Mainland and Hong Kong economies to maintain stable growth in the second half of 2026, with growth rates at about 4.6% and 3.8% respectively for the full year.

At the media briefing on "2026 2H Economic and Market Outlook: New Developments Amid Global Changes", the Bank's Chief Economist, Mr Tristan Zhuo said, "The Chinese Mainland economy slowed in the second quarter after growing 5% in the first quarter of this year. Although the current pace of recovery is uneven and performance across different sectors shows divergence, the annual growth target of 4.5% to 5% remains achievable."

*The Chinese Mainland Economy:*

- International trade continues to be a key growth driver. Export competitiveness is poised for further gains, underpinned by market diversification, a comprehensive supply chain, and strengths in high-end manufacturing.
- On the domestic front, while growth in retail goods is moderate, retail services remain robust, suggesting potential for private consumption to pick up in the second half of the year.
- Given stable inflation, the People's Bank of China has room for further monetary easing. To bolster growth momentum, policy rate may be cut by 10 bps, and a 25–50 bps reserve requirement ratio (RRR) reduction is possible within the year.

Commenting on the Hong Kong economy, Mr Zhuo said: "Hong Kong's economic recovery is gaining firmer footing. With a broad-based recovery across trade, consumption, and investment, annual GDP growth is projected to hit 3.8% in 2026."

*The Hong Kong Economy:*

- Exports remain strong, fuelled by surging demand for AI-related hardware.
- The consumer sector maintains its upward trend, marked by four consecutive quarters of private consumption growth and a recovery in retail sales partially driven by a resurgence in tourism.
- The private residential sector continues its recovery, supported by improving economic fundamentals, robust rental demand, and a stable interest rate environment. Meanwhile, the office market is showing signs of stabilisation.

*Interest Rate Outlook:*

- The US Federal Reserve has turned more hawkish. The Fed is expected to raise interest rate once by 25 basis points in 2026, taking the upper bound of the Fed Funds Rate target to 4%.
- As the HKD Prime Rate has reached its floor and a transient Fed hike is unlikely to initiate a new tightening cycle, HKD Prime Rate is expected to hold steady.
- In comparison, the HKD interbank rates (HIBOR) are more volatile, and expectations of a Fed rate hike may exert upward pressure on these rates.

In terms of the investment market, BEA's Chief Investment Strategist, Mr Jenson Peng said, "The global economy is growing steadily amid turbulence, while technological transformation reshapes the landscape. Rising inflation risks has led to higher rate hike expectation for central banks, keeping government bond yields elevated. The US-Iran conflict also becomes a tail risk to watch. Against the backdrop of varying regional economic performance and a K-shaped divergence—where technology thrives but consumption lags—investment allocation should focus on structural factors."

*Investment Market Outlook:*

- The year-end target of the S&P 500 Index raised to 7,870, representing a P/E ratio of 23 times.
- The AI-theme for US stocks remains fervent; investors should focus on the following sub-sectors:
  - GPU, CPU, ASIC
  - Foundry and semiconductor equipment
  - Network transmission equipment
  - Power equipment
  - Cloud service providers
- Beyond tech stocks, sectors such as materials, industrials, and financials look optimistic, where earnings growth is expected to accelerate.
- 2026 Hang Seng Index target is revised down slightly to 27,100. The short-term oversold market conditions present buying opportunities, and a phased rebound is expected in the second half of 2026.
- For Hong Kong stocks, sectors such as AI computing power and network infrastructure, humanoid robots, high-end industrial equipment, bulk shipping and air transportation, mainland brokerages, mainland insurers, mainland telecoms, and non-ferrous metals (copper, lithium) appear positive.
- China A-share earnings outlook is superior to that of H-shares. Earnings growth in hard tech and industrial sectors is expected to continue outpacing that of consumption.
- US Treasuries: Short-term bonds may have already priced in rate hike expectations, with risk-reward attractiveness improving.
- Global credit bonds: A moderate allocation to high-grade investment-grade credit bonds is recommended. For global high-yield corporate bonds, investors should control positions and avoid excessive credit quality downgrading.

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

Incorporated in 1918, The Bank of East Asia, Limited ("BEA") is a leading Hong Kong-based financial services group with total consolidated assets of HK\$921.0 billion (US\$118.3 billion) as of 31 December 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 Chief Economist, Mr Tristan Zhuo, shares his view on global economic outlook.*



*BEA's Chief Investment Strategist, Mr Jenson Peng, shares his investment insights for the second half of 2026.*