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Hong Kong SAR Stayed the Fourth Largest Global FX Trading Center

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Being a major hub for global trade and capital activities, the foreign exchange (FX) market showed a comprehensive coverage of global trends in economic and financial collaboration. In 2025, the Bank for International Settlements (BIS) released its Triennial Central Bank Survey of foreign exchange and over-the-counter (OTC) derivatives markets (the Triennial Survey), which based on turnover numbers in April 2025 and provided a relatively authoritative and comprehensive dataset for analysis. The 2025 Triennial Survey suggested, Hong Kong SAR of China remained the fourth largest global FX trading center, but in OTC derivatives market, Hong Kong SAR of China fell to the ninth-ranked globally in average daily turnover. In general, distinct advantages could be seen from HKSAR FX trading center, in terms of resource endowments and supportive policies. We expect under the market expectation of the Federal Reserve (the Fed) continuing rate cuts and the supports from incremental policies, HKSAR FX trading center could be on track for an expansion in the future.

I. The Developing Trends of Global OTC FX and IR Derivatives Market

In recent years, some of the major economies conducted fiscal expansion and monetary policy adjustments, coupled with global trade tensions, the volatility in FX market increased notably. In April 2025, the average daily turnovers of global OTC FX and interest rates (IR) derivatives market reached new highs, increased by 27% and 59% from April 2022 to USD9.5 trn and USD7.9 trn, respectively. From the perspective of regional and currency distribution, the global OTC FX and IR derivatives market showed a clear characteristic of **“high concentration in leading markets with diversified distribution”**.



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1. Distribution by Region: The Market Share of Top FX Trading Centers Further Increased, while Asian Offshore Financial Centers Kept Leading Positions

According to the average daily turnover of global OTC FX market, the top 4 markets were traditional FX and financial centers, i.e., the UK, the US, Singapore, and HKSAR of China. Their total market shares further increased to >75% in April 2025, from 74% in April 2022. Among the top 4 centers, the market shares of the UK and the US were 37.8% and 18.6%, respectively, with that of Singapore rose to 11.8% from 9.5%. The market share of HKSAR of China remained around 7%. As the FX activities were characterized by internationalization and 24/7 trading, the global OTC FX market developed a very diverse geographical distribution. In addition to the top 10 FX trading centers, according to the BIS Triennial Survey, the remaining 42 markets accounted for around 10% of the total global trading¹, indicating the wide coverage of FX trading in developed and emerging markets globally.

2. Distribution by Currency: The USD Remained the Primary Trading Currency, while the Market Proportions of the RMB and HKD Gradually Increased

Both transactional and investment functions of international currencies as public goods, to a certain degree, suggested the characteristics of monopoly and exclusivity. This supported the USD maintaining its dominance for several decades. The USD's market proportion further increased to 89.1% in April 2025, from 88.4% in April 2022. The EUR and the JPY being the second and third most transacted currencies, accounted for 28.5% and 16.9%, respectively. The market shares of the RMB and HKD rose to 8.6% and 3.9%, from 7% and 2.6% in April 2022. Although some currencies, such as the TRY, experienced relatively large gyrations in its exchange rates to some extent, their market shares remained at certain levels, indicating the diversified nature of global FX market in currency distribution.

3. OTC IR Derivatives Market: A More Significant Characteristic of “High Concentration in Leading Markets”

In April 2025, the top 2 OTC IR derivatives markets, i.e., the UK (accounted for 49.6%) and the US (accounted for 23.8%), contributed to >70% market trading globally. Their total market share stayed relatively unchanged compared to that in April 2022. The 3-5 largest OTC IR derivatives markets were Germany, France, and Australia, accounted for 7.5%, 3.7% and 2.9%, notably lower than that of the UK and the US. Singapore and HKSAR of China were the sixth- and ninth-ranked, market shares decreased to 2.4% and 1%, respectively, from 2.8% and 5.8% in April 2022. The market shares by currency distribution of global OTC IR derivatives markets also concentrated on the top 2 currencies, the EUR and the USD. The market proportion of EUR-denominated contracts rose to 38.5% in April 2025, from 31.9% in April 2022, surpassed that of the USD, while the proportion of the USD-denominated contracts fell to 31% from 45.9%. The proportions of the RMB and HKD were 0.7% and 0.1%, respectively, suggesting relatively lower market shares.

¹ The BIS Triennial Central Bank Survey collects information on the size and structure of global FX and OTC derivatives markets every three years. Central banks and other authorities in 52 jurisdictions participated in the 2025 survey. This report was based on the final numbers updated in December 2025.

II. The Development Characteristics of OTC FX and IR Derivatives Market in HKSAR of China

In 2025, HKSAR of China achieved remarkable outcomes in multiple economic and financial sectors. Specifically, both imports and exports value recorded double-digit growths, HKSAR's IPO fundraising topped the global major exchanges, and total deposits in the banking system maintained a steady increase. Driven by both current account and capital account activities, HKSAR of China maintained its position as the world's fourth largest FX trading center in the 2025 Triennial Survey, with the following characteristics emerged.

1. The OTC FX Market in HKSAR of China Recorded Steady Growths, with Cross-border Trading Being Vibrant

In April 2025, the average daily turnover of HKSAR's OTC FX market was approximately USD883.1 bn, an increase of 27.2% compared to April 2022. This represented a steady increase since 1997, with a compound annual growth rate (CAGR) exceeding 9% from 1998 to 2025. In the global OTC FX market, HKSAR's market share remained around 7% in 2025, with little change from the 2022 Triennial Survey. Its global ranking remained the fourth for four consecutive surveys since 2016 (Table).

Table : Average daily turnover in global major FX trading centers

	April 2025	April 2025	April 2025	April 2022
	Global ranking	Average daily turnover in FX OTC market, 100 USD mn	Average daily turnover in FX OTC market, %GDP	Average daily turnover in FX OTC market, 100 USD mn
The UK	1	47,426	130%	37,351
The US	2	23,347	8%	19,124
Singapore	3	14,853	271%	9,295
HKSAR of China	4	8,831	217%	6,944
Japan	5	4,402	11%	4,325

Source: BIS, IMF, Hong Kong Financial Research Institute of Bank of China

Driven by cross-border and offshore financial activities primarily, HKSAR's FX market provided highly internationalized public goods and services to non-residents, while serving local needs, suggested by two evidences: (1) cross-border FX trading constituted the most significant portion of HKSAR's OTC FX transactions. In April 2025, the cross-border FX transactions in HKSAR was USD752.5 billion, accounting for > 85% of the total turnover in the HKSAR market, significantly higher than the global share of 65%. Meanwhile, the local market's transaction value reached USD130.5 billion, an increase of 62.5% compared to April 2022. **(2) HKSAR's FX trading value as a percentage of GDP ranked among the highest globally.** Within major FX trading centers, HKSAR's OTC FX trading value far exceeded its nominal

GDP, with the ratio of FX trading value to nominal GDP reaching 217%, close to that of Singapore (271%), and significantly higher than the UK (130%), Japan (11%), and the US (8%).

2. In HKSAR Market, the Proportion of Transactions in the USD Decreased while that in the HKD Increased, with a Notable Increase in the Proportion of Transactions in the USD/RMB Currency Pairs

By currency, in April 2025, USD and HKD-related currency pairs accounted for over 95% of the total trading in HKSAR’s OTC FX market, covering the most significant currency pairs traded in HKSAR. The USD-related currency pairs accounted for 75.9%, a slight decrease from 82.8% in April 2022, while HKD-related currency pairs increased from 14.3% to 22%. Currency pairs related to the RMB saw rapid growth, with the trading value of USD/RMB and HKD/RMB increasing by 64% and 222.6% respectively, compared to April 2022. Their shares of total trading value rose from 26.8% and 0.3% to 34.6% and 0.7%. USD/RMB remained the most traded currency pair in HKSAR’s OTC FX market. Amid the global trend of investing safe havens, transactions related to the CHF increased significantly. The trading value of USD/CHF and EUR/CHF increased by 153.2% and 136.2% respectively, compared to April 2022, but their proportion of trading value were still relatively low.

3. The Proportion of FX Swaps and Spot Transactions in the HKSAR Market Further Increased, while that of Currency Swaps Decreased

Figure 1: Average daily turnover of HKSAR FX market, by product (April 2022)

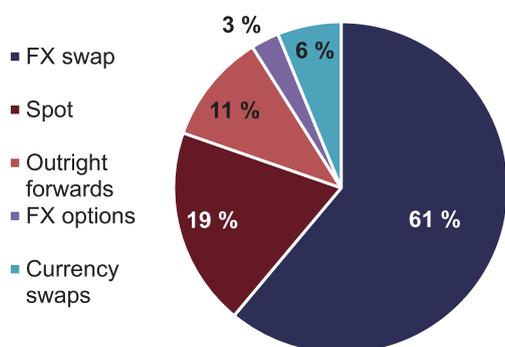
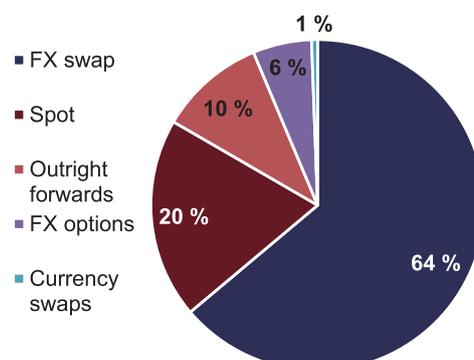


Figure 2: Average daily turnover of HKSAR FX market, by product (April 2025)



Source: BIS, Hong Kong Financial Research Institute of Bank of China

By product, FX swaps and spot transactions continued to be the most commonly traded FX products in HKSAR market. In April 2025, the trading share of these two products further increased, rising from 61% and 19% in April 2022 to 64% and 20%, respectively; while the trading share of currency swaps decreased from 6% to 1% (Figure 1-2). By market participant, financial institutions accounted for approximately 98% of the trading value in HKSAR’s foreign exchange market in 2025, with reporting dealers and other financial institutions accounting for 78% and 20% respectively. In summary, the proportion of FX derivatives trading in HKSAR market remained around 80% during the past 20 years. Financial institutions tend to participate in derivatives trading more frequently than non-financial institutions, indicating the market depth and international recognition of HKSAR’s FX market in hedging and mitigating FX risk exposure.

4. The Turnover of HKSAR’s OTC IR Derivatives Market Decreased Significantly, Primarily due to a Notable Decline in the Trading of AUD-denominated Contracts

Distinct from HKSAR’s OTC FX market, which maintained the world’s fourth largest trading center, HKSAR’s IR derivatives market showed more apparent trading volatility. In April 2025, its average daily turnover was USD84.1 bn, a significant contraction from USD321.1 bn in April 2022. This was a continuous decline for two consecutive surveys since 2019, with its global ranking fell from the third to the ninth. Breakdown by currency, the trading value of Australian dollar (AUD) denominated IR derivatives decreased by 94.1% compared to April 2022, and its share in HKSAR market dropped from 45.3% to 10.2%. Meanwhile, the shares of USD, RMB, and HKD denominated IR derivatives increased from 28.4%, 4.6%, and 2.6% to 36.4%, 29.2%, and 7.2%, respectively.

III. The Competitive Advantages that Enable HKSAR of China to Maintain its Global Leading Position as a FX Trading Center

HKSAR FX trading center maintained a leading position globally overtime, becoming an important cornerstone for the development of an international financial and trade center. Its OTC FX and IR derivatives market showed distinguished advantages in resource endowments and policy environment, which helped attract international enterprises and financial institutions to conduct business in HKSAR of China. This promoted global resource participation in HKSAR through broader international cooperation, and accelerated the development of Hong Kong SAR as an international financial center.

First, HKSAR’s comprehensive financial resource endowments could create natural demands for FX trading. As one of the early-rising international financial centers in Asia, driven by its first-mover advantage, Hong Kong SAR attracted financial activities primarily centered around the Asian time zone. In the 38th edition of the Global Financial Centers Index (GFCI) released in September 2025, Hong Kong SAR maintained its solid position as the world’s third-ranked international financial center. It also secured a top-three global ranking in various sub-sectors characterized by high financial intensity and active capital allocation, such as investment management and financing. In recent years, the HKSAR Government adhered to a dual-track strategy of “consolidating strengths” and “diversifying development”. This expedited the growth of emerging financial industries such as money markets, green finance, and commodities, propelling HKSAR’s transformation from a financing-led hub into a more comprehensive and full-fledged international financial center. The continuous enhancement of HKSAR’s early-established financial resource endowments and advantages generated demands for FX transactions, including spot trading, hedging, and FX&IR risk management.

Second, HKSAR’s open and innovative policy environment helped foster a market that was highly attractive to international participants. HKSAR of China attracted a vast range of cross-border and offshore FX trading, primarily benefited from its highly internationalized financial markets, low tax burden, and its bridging roles as a “super-connector” and a “super value-adder” between Mainland China and international markets. As of December 2025, HKSAR has signed Comprehensive Avoidance of Double Taxation Agreements (CDTAs) with 55 tax jurisdictions. It also introduced supportive tax policies for key

sectors, such as tax concessions for family-owned investment holding vehicles (FIHVs) managed by eligible single family offices (SFOs) and specific treasury activities of qualified corporate treasury centers (CTCs), to encourage multinational corporations to expand their businesses in HKSAR of China. Moreover, the connect schemes between Mainland China and HKSAR of China became a key feature drawing international investors to the HKSAR market, particularly with the introduction of more sophisticated enhancement measures and product types with stronger integrated functions in recent years. For instance, following the official launch of “Northbound Swap Connect” in 2023, enhancement measures including extended contract tenors and an expanded scope of eligible collateral were introduced in 2025. These measures could create a new method for offshore investors to manage onshore risks in HKSAR market, driving the integration of HKSAR’s OTC FX and IR derivatives markets with the abundant liquidity of both Mainland and overseas markets.

Third, Hong Kong SAR actively cooperated with other markets to guide a broader business cycle among the demand and supply sides of FX transactions and intermediaries, such as financial institutions. In recent years, the HKSAR Government intensified its efforts to expand into external markets through various channels, such as signing currency swap line agreements and promoting multi-currency investment cooperation. In January 2026, the first “China-ASEAN” ETF was listed in HKSAR of China, with simultaneous listings in HKD, RMB, and USD, providing an innovative example for investors to allocated in regional development cooperation in various major currencies. Meanwhile, the unique advantage of HKSAR’s relatively stable exchange rate became increasingly prominent. According to the currency composition of HKSAR’s International Investment Position (IIP), as of 2024 year-end, 75% of HKSAR’s external financial assets and 53% of its external financial liabilities were denominated in foreign currencies, both lower than those of major economies. This was mainly due to the narrow fluctuation range of the USD/HKD exchange rate, which allowed cross-border investors as the demand side of FX trading, export-oriented enterprises and individuals as the supply side, and financial institutions as the intermediary bridge providing financial services, to participate in HKSAR’s foreign exchange trading business cycle under a relatively low exchange rate risk.

IV. The Outlook of HKSAR FX Trading Center

HKSAR of China currently possessed the market foundation for OTC FX and IR derivatives, as well as the anchoring effect of confidence generated by the HKD exchange rate regime. Looking ahead, with the global trend of rebalancing the reallocation of the USD assets, coupled with the introduction of several supportive measures for FX and financial activities in 2025, we expect an accelerated expansion in HKSAR’s OTC FX and IR derivatives market.

First, the Fed’s rate cut cycle could drive a loosening of market liquidity, fostering the synergistic development of the three major currencies, i.e., the HKD, USD and CNH. Potential further rate cuts by the Fed in 2026 are likely to drive market liquidity towards an easing trend, which could be conducive to maintaining active trading in HKSAR’s financial markets. Under the Linked Exchange Rate System (LERS), the transmission of interest rates from the USD money market to the HKD money market would generate FX demands, such as those from carry trades, thereby increasing HKD and USD trading activities in HKSAR. As the world’s largest offshore RMB business hub, HKSAR could see a rising demand for CNH holdings and transactions, driven by the positive effects of expected Fed rate cuts and CNH appreciation against the USD.

This could foster the synergistic development of HKSAR's OTC FX and IR derivatives markets, encouraged by the mutual reinforcement of its three most actively traded currencies.

Second, amidst the trend of global USD reallocation, the investment appeal of the HKSAR market strengthened, supporting active cross-border capital flows. With the continuous expansion of the U.S. twin deficits in fiscal and trade accounts and ongoing trade frictions, global market had already been reassessing the sustainability of the USD and US Treasuries as primary safe-haven assets and pricing anchors. After the introduction of so-called “reciprocal tariffs” by the US in April 2025, international investors shifted their investment strategies to decentralization and portfolio diversification. Under this backdrop, China mainland's macroeconomy could maintain a steady development trend, the central government also introduced a package of policies to benefit HKSAR. The investment attractiveness of the HKSAR market could continue to improve, and related cross-border capital flows can help support OTC FX and IR derivatives trading.

Third, HKSAR's policy vision to intensify the development of its Fixed Income and Currencies (FIC) markets could propel FX trading to new heights over the medium to long term. In 2025, the Securities and Futures Commission (SFC) and the Hong Kong Monetary Authority (HKMA) jointly released the “Roadmap for the Development of Fixed Income and Currency Markets” (the Roadmap). This framework comprised ten measures, including the implementation of an OTC FIC derivatives regime and the expansion of offshore RMB applications, to position HKSAR as a global FIC hub. Under the framework, concrete measures were being released, for instance, in January 2026, the HKMA announced an increase in the total quota of the RMB Liquidity Facility from RMB100 bn to RMB200 bn. The relevant measures could be implemented step by step under a long-term plan, which can stimulate the medium- and long-term development potential of HKSAR's OTC FX and IR derivatives market.

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主要經濟指標 (Key Economic Indicators)

	2023	2024	2025/Q3	2025/Q4
一、本地生產總值 GDP				
總量 (億港元) GDP(HKD 100million)	29,010	29,729	8,537	-
同比增長率 (%) YoY change(%)	3.3	2.5	3.7	3.8
二、對外商品貿易 External merchandize trade			2025/12	2025/1-12
外貿總值 (億港元) Total trade(HKD 100million)				
總出口 Total exports	45,317	41,774	5,128	52,403
總進口 Total imports	49,275	46,450	5,760	56,868
貿易差額 Trade balance	-3,958	-4,676	-632	-4,465
年增長率 (%) YoY Growth(%)				
總出口 Total exports	-8.6	-7.8	26.1	15.4
總進口 Total imports	-7.2	-5.7	30.6	15.5
三、消費物價 Consumer Price				
綜合消費物價升幅 (%) Change in Composite CPI(%)	1.9	2.1	1.4	1.4
四、零售市場 Retail market				
零售額同比升幅 (%) Change in value of total sales YoY(%)	-0.9	16.2	6.6	1.0
五、訪港遊客 Visitors				
總人數 (萬人次) Total arrivals(10 thousands)	60.5	3,400.0	464.5	4,989.4
年升幅 (%) YoY change(%)	561.5	5,523.8	9.2	12.1
六、勞動就業 Employment			2025/9-2025/11	2025/10-2025/12
失業人數 (萬人) No. of unemployed(10 thousands)	16.3	11.3	14.4	13.8
失業率 (%) Unemployment rate(%)	4.3	2.9	3.8	3.8
就業不足率 (%) Underemployment rate(%)	2.3	1.1	1.6	1.7
七、住宅買賣 Domestic property sales and price index			2025/11	2025/12
合約宗數 (宗) No. of agreements	45,050	43,002	5,588	5,883
住宅售價指數 (1999=100) Domestic price index	369.7	337.4	297.9	298.6
八、金融市場 Financial market			2025/12	2026/1
港幣匯價 (US\$100=HK\$) 期末值	780.8	781.1	778.4	781.4
HKD exchange rate (US\$100 = HK\$), end of period				
銀行體系收市總結餘 (億港元) 期末值	962.5	449.5	570.3	538.4
Closing aggregate balance(HKD 100million), end of period				
銀行總存款升幅 (%)	1.7	5.1	11.8	-
Change in total deposits(%)				
銀行總貸款升幅 (%)	-3.0	-3.6	2.3	-
Change in total loans & advances(%)				
最優惠貸款利率 (%) 期末值	5.6250	5.8750	5.0000	5.0000
Best lending rate (%), end of period				
恒生指數 Hang Seng Index	19,781	17,047	25,631	27,387