

Business expectations for fourth quarter of 2018

The Census and Statistics Department (C&SD) released today (October 19) the results of the Quarterly Business Tendency Survey for the fourth quarter (Q4) of 2018.

Business situation

For all surveyed sectors taken together, the proportion of respondents expecting their business situation to be better (14%) in Q4 2018 over Q3 2018 is slightly higher than that expecting it to be worse (12%).

When compared with the results of the Q3 2018 survey round, the proportion of respondents expecting a worse business situation in Q4 2018 as compared with the preceding quarter has increased to 12%, against the corresponding proportion of 8% in Q3 2018.

Analysed by sector, more respondents in the retail; accommodation and food services; information and communications; and financing and insurance sectors expect their business situation to be better in Q4 2018 as compared with Q3 2018, relative to those expecting a worse business situation. In the construction sector, however, significantly more respondents expect their business situation to be worse, as compared to those expecting a better business situation.

A Government spokesman cautioned that the results of the survey should be interpreted with care. He said, "In this type of survey on expectations, the views collected in the survey are affected by the events in the community occurring around the time of enumeration, and it is difficult to establish precisely the extent to which respondents' perception of the future accords with the underlying trends." The enumeration period for this survey round was from September 4, 2018 to October 12, 2018.

Volume of business/output

Respondents in quite a number of the surveyed sectors expect their volume of business/output to increase on balance in Q4 2018 as compared with Q3 2018. In particular, more respondents in the retail; accommodation and food services; information and communications; transportation, storage and courier services; and financing and insurance sectors expect their volume of business/output to increase, as compared to those expecting it to decrease. On the other hand, more respondents in the manufacturing sector expect their volume of output to decrease, as compared to those expecting it to increase.

Employment

Respondents in most of the surveyed sectors expect their employment to

increase on balance in Q4 2018 as compared with Q3 2018. More respondents in the real estate; transportation, storage and courier services; information and communications; accommodation and food services; retail; manufacturing; and financing and insurance sectors expect their employment to increase in Q4 2018 over Q3 2018.

Selling price/service charge

Respondents in most of the surveyed sectors expect their selling prices/service charges to remain broadly unchanged or to go up on balance in Q4 2018 as compared with Q3 2018. In particular, more respondents in the accommodation and food services sector and transportation, storage and courier services sector expect their selling prices/service charges to go up. On the other hand, more respondents in the construction sector expect the tender prices to go down, as compared to those expecting an increase in tender prices.

Further information

The survey gathers views on short-term business performance from the senior management of about 560 prominent establishments in various sectors in Hong Kong with a view to providing a quick reference, with minimum time lag, for predicting the short-term future economic performance of the local economy.

The survey covers 10 major sectors in Hong Kong, namely manufacturing; construction; import/export trade and wholesale; retail; accommodation and food services (mainly covering services rendered by hotels and restaurants); transportation, storage and courier services; information and communications; financing and insurance; real estate; and professional and business services sectors.

Views collected in the survey refer only to those of respondents on their own establishments rather than those on the respective sectors they are engaged in, and are limited to the expected direction of quarter-to-quarter change (e.g. "up", "same" or "down") but not the magnitude of change. In collecting views on the quarter-to-quarter changes, if the variable in question is subject to seasonal variations, respondents are asked to provide the expected changes after excluding the normal seasonal variations.

Survey results are generally presented as "net balance", i.e. the difference between the percentage of respondents choosing "up" and that choosing "down". The percentage distribution of respondents among various response categories (e.g. "up", "same" and "down") reflects how varied their business expectations are. The "net balance", with its appropriate sign, indicates the direction of expected change in the variable concerned. A positive sign indicates a likely upward trend while a negative sign indicates a likely downward trend. However, the magnitude of the "net balance" reflects only the prevalence of optimism or pessimism, but not the magnitude of expected change, since information relating to such magnitude is not collected in the survey.

Furthermore, owing to sample size constraint, care should be taken in interpreting survey results involving a small percentage (e.g. less than 10%) of respondents in individual sectors.

Chart 1 shows the views on expected changes in business situation for the period Q4 2017 to Q4 2018.

Table 1 shows the net balances of views on expectations in respect of different variables for Q4 2018.

The survey results are published in greater detail in the "Report on Quarterly Business Tendency Survey, Q4 2018". Users can download the publication free of charge at the website of the C&SD (www.censtatd.gov.hk/hkstat/sub/sp300.jsp?productCode=B1110008).

Users who have enquiries about the survey results may contact the Business Expectation Statistics Section of the C&SD (Tel: 3903 7263 or email: business-prospects@censtatd.gov.hk).

Composite interest rate: End of September 2018

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) announced today (October 19) the composite interest rate at the end of September 2018.*

The composite interest rate, which is a measure of the average cost of funds of banks, increased by 10 basis points to 0.76% at the end of September 2018, from 0.66% at the end of August 2018 (see Chart 1 in the Annex). The rise in composite interest rate reflected increases in the weighted funding costs for both deposits and interbank funds during the month (see Chart 2 in the Annex).

The historical data of the composite interest rate from the end of the fourth quarter of 2003 to the end of September 2018 are available in the Monthly Statistical Bulletin on the HKMA website (www.hkma.gov.hk). The next data release is scheduled for November 19, 2018 and will provide the composite interest rate at the end of October 2018.

* The composite interest rate is a weighted average interest rate of all Hong Kong dollar interest bearing liabilities, which include deposits from customers, amounts due to banks, negotiable certificates of deposit and other debt instruments, and Hong Kong dollar non-interest bearing demand deposits on the books of banks. Data from retail banks, which account for about 90% of

the total customers' deposits in the banking sector, are used in the calculation. It should be noted that the composite interest rate represents only average interest expenses. There are various other costs involved in the making of a loan, such as operating costs (e.g. staff and rental expenses), credit cost and hedging cost, which are not covered by the composite interest rate.

Substantive hearing of CoI into Diaphragm Wall and Platform Slab Construction Works at Hung Hom Station Extension under Shatin to Central Link Project to commence next week

The following is issued on behalf of the Commission of Inquiry into the Diaphragm Wall and Platform Slab Construction Works at the Hung Hom Station Extension under the Shatin to Central Link Project:

The Commission of Inquiry into the Diaphragm Wall and Platform Slab Construction Works at the Hung Hom Station Extension under the Shatin to Central Link Project will commence its substantive hearing next Monday (October 22) at the hearing room on the first floor of the former Tsuen Wan Law Courts Building, 70 Tai Ho Road, Tsuen Wan, New Territories, Hong Kong.

The substantive hearing shall, subject to any adjournments that the Commission may consider necessary from time to time, continue until November 16 and shall, on a provisional basis, resume on November 26 until December 21.

Unless otherwise directed by the Commission, the substantive hearing will be held from 10am to 1pm and from 2.30pm to 5pm on weekdays. The Commission may consider holding the substantive hearing on Saturday mornings during the said periods if necessary.

The substantive hearing will be open to the public and live video/audio broadcast of the proceedings will be provided at the hearing transmission gallery and hall area next to the hearing room. No photography or audio/video recording is allowed at the hearing venue.

2018 Edition of "Hong Kong Annual Digest of Statistics" published

The 2018 Edition of the "Hong Kong Annual Digest of Statistics" was published by the Census and Statistics Department (C&SD) today (October 19). The Digest is available for downloading free of charge at the website of the C&SD (www.censtatd.gov.hk/hkstat/sub/sp460.jsp?productCode=B1010003).

The Digest is a comprehensive and convenient collection of official statistics. It contains some 300 statistical tables on a wide range of topics, including:

- Population
- Labour
- External trade
- National income and Balance of Payments
- Prices
- Business performance
- Science and technology
- Energy
- Housing and property
- Government accounts, finance and insurance
- Transport, communications and tourism
- Education
- Health
- Social welfare
- Law and order
- Culture, entertainment and recreation
- Environment, climate and geography

This Digest aims to provide detailed annual statistical series on various aspects of the social and economic developments of Hong Kong. Most of the data series presented reflect the latest situation covering a time span of the recent 10 years, enabling readers to compare the developments in recent time periods. Descriptions of the scope of the statistical data and definitions of the terms used in this Digest are provided in the "Concepts and definitions" in each chapter.

Enquiries about the "Hong Kong Annual Digest of Statistics" can be directed to the Statistical Information Services Section of C&SD (Tel: 2582 4733; email: gen-enquiry@censtatd.gov.hk).

Hung Shing Yeh Beach to reopen

Attention TV/radio announcers:

Please broadcast the following as soon as possible:

Here is an item of interest to swimmers.

The Leisure and Cultural Services Department (LCSD) announced today (October 19) that Hung Shing Yeh Beach in Islands District will reopen tomorrow (October 20). The beach was temporarily closed earlier for clearance of debris and fallen trees as well as repairs of the shark prevention net and beach facilities after the typhoon.

Twelve beaches under the LCSD have been reopened recently. They are Butterfly Beach, Castle Peak Beach, Kadoorie Beach, Cafeteria Old Beach, Cafeteria New Beach and Golden Beach in Tuen Mun District; Hoi Mei Wan Beach, Approach Beach, Anglers' Beach and Ma Wan Tung Wan Beach in Tsuen Wan District; Lo So Shing Beach in Islands District; and Repulse Bay Beach in Southern District.

Meanwhile, other gazetted beaches in Southern, Tsuen Wan, Islands and Sai Kung Districts, including Deep Water Bay Beach which is normally open all year round, will remain closed until further notice as much longer time is needed for repairing beach facilities and damaged shark prevention nets or clearing debris due to the severe damage brought about by the typhoon earlier. Red flags have been hoisted at these beaches.

The LCSD reminds members of the public not to go to the beaches that are temporarily closed, and not to swim or participate in other activities at those beaches for the sake of safety.