

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).