

Business expectations for the second quarter of 2024

The Census and Statistics Department (C&SD) released today (April 19) the results of the Quarterly Business Tendency Survey for the second quarter (Q2) of 2024.

Business situation

For all surveyed sectors taken together, the proportion of respondents expecting their business situation to be better (14%) in Q2 2024 over the preceding quarter is slightly higher than that expecting it to be worse (12%).

When compared with the results of the Q1 2024 survey round, the proportion of respondents expecting a better business situation in Q2 2024 is 14%, slightly higher than the corresponding proportion of 13% in Q1 2024, while the proportion of respondents expecting a worse business situation in Q2 2024 is broadly the same as the corresponding proportion in Q1 2024 (12%).

Analysed by sector, more respondents in the financing and insurance sector expect their business situation to be better in Q2 2024 as compared with Q1 2024. On the other hand, more respondents in the retail and construction sectors expect their business situation to be worse, as compared to those expecting it to be better.

The results of the survey should be interpreted with care. 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 March 2, 2024 to April 11, 2024.

Volume of business/output

Respondents in quite a number of the surveyed sectors expect their volume of business/output to decrease on balance or remain broadly unchanged in Q2 2024 as compared with Q1 2024. In particular, more respondents in the retail sector expect their volume of sales to decrease in Q2 2024 over Q1 2024. On the contrary, more respondents in the financing and insurance sector expect their volume of business to increase, as compared to those expecting it to decrease.

Employment

Respondents in most of the surveyed sectors expect their employment to increase on balance or remain broadly unchanged in Q2 2024 as compared with Q1 2024. In particular, more respondents in the real estate, financing and

insurance, accommodation and food services and construction sectors expect their employment to increase in Q2 2024 over Q1 2024. In the information and communications sector, however, more respondents expect their employment to decrease, as compared to those expecting it to increase.

Selling price/service charge

Respondents in most of the surveyed sectors expect their selling prices/service charges to remain broadly unchanged in Q2 2024 as compared with Q1 2024. In the accommodation and food services sector, however, more respondents expect their charges for services rendered/prices of food provided to go up in Q2 2024 over Q1 2024. On the other hand, more respondents in the retail sector expect their selling prices to go down, as compared to those expecting them to go up.

Commentary

A Government spokesman said that large enterprises' overall business sentiment and appetite for hiring improved slightly as compared to three months ago.

Looking forward, the spokesman said that while the complicated external environment will still affect business sentiment in the near term, continued growth of the local economy should provide support. The Government will monitor the situation closely.

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 Q2 2023 to Q2 2024.

Table 1 shows the net balances of views on expectations in respect of different variables for Q2 2024.

The survey results are published in greater detail in the "Report on Quarterly Business Tendency Survey, Q2 2024". Users can browse and download the publication at the website of the C&SD (www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1110008&scode=300).

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