Business expectations for the third quarter of 2022

The Census and Statistics Department (C&SD) released today (July 15) the results of the Quarterly Business Tendency Survey for the third quarter (Q3) of 2022.

Business situation

For all surveyed sectors taken together, the proportion of respondents expecting their business situation to be better (18%) in Q3 2022 over the preceding quarter is higher than that expecting it to be worse (12%).

When compared with the results of the Q2 2022 survey round, the proportion of respondents expecting a better business situation in Q3 2022 is 18%, higher than the corresponding proportion of 13% in Q2 2022. On the other hand, the proportion of respondents expecting a worse business situation has decreased from 21% in Q2 2022 to 12% in Q3 2022.

Analysed by sector, significantly more respondents in the accommodation and food services; retail; and manufacturing sectors expect their business situation to be better in Q3 2022 as compared with Q2 2022, relative to those expecting a worse business situation.

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 June 2, 2022 to July 6, 2022.

Volume of Business/Output

Respondents in all of the surveyed sectors expect their volume of business/output to increase on balance or remain broadly unchanged in Q3 2022 as compared with Q2 2022. In particular, significantly more respondents in the accommodation and food services; manufacturing; and retail sectors expect their volume of business/production/sales to increase in Q3 2022 over Q2 2022.

Employment

Respondents in all of the surveyed sectors expect their employment to increase on balance or remain broadly unchanged in Q3 2022 as compared with Q2 2022. In particular, significantly more respondents in the accommodation and food services sector expect their employment to increase in Q3 2022 over Q2 2022.

Selling price/service charge

Respondents in most of the surveyed sectors expect their selling prices/service charges to remain broadly unchanged in Q3 2022 as compared with Q2 2022. In accommodation and food services sector, however, more respondents expect their prices of food provided/charges for services rendered to go up in Q3 2022 over Q2 2022.

Commentary

A Government spokesman said that business sentiment among large enterprises improved across a majority of sectors as compared to three months ago thanks to the generally moderated local epidemic situation and the gradual relaxation of social distancing measures. The appetite for hiring also increased.

The spokesman added that the worsening global economic outlook would weigh on sentiment in the externally-oriented sectors in the near term. On the other hand, the continued revival of domestic economic activities from the earlier weaknesses could provide support to local confidence, but the extent would be dependent on the local epidemic situation and financial conditions. The various support measures rolled out by the Government should also help. It remains vital for the community to work in unison with the Government to keep the epidemic under control. 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 Q3 2021 to Q3 2022.

Table 1 shows the net balances of views on expectations in respect of different variables for Q3 2022.

The survey results are published in greater detail in the "Report on Quarterly Business Tendency Survey, Q3 2022". Users can 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).