

Results of monthly survey on business situation of small and medium-sized enterprises for December 2020

The Census and Statistics Department (C&SD) released today (January 12) the results of the Monthly Survey on Business Situation of Small and Medium-sized Enterprises (SMEs) for December 2020.

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The current diffusion index (DI) on business receipts amongst SMEs slipped markedly from 43.0 in November 2020 in the contractionary zone to 35.6 in December 2020, whereas the one-month's ahead (i.e. January 2021) outlook DI on business receipts was 39.7. Analysed by sector, the current DI on business receipts for all the surveyed sectors dropped in December 2020 as compared with previous month, particularly for the restaurants (from 41.0 to 14.3), wholesale trade (from 54.2 to 32.4), and logistics (from 44.6 to 34.5).

The current DI on new orders for the import and export trades decreased from 43.3 in November 2020 to 41.5 in December 2020, whereas the outlook DI on new orders in one month's time (i.e. January 2021) was 43.2.

Commentary

A government spokesman said that business sentiment among SMEs worsened further in December 2020 amid the fourth wave of the local epidemic, with the sub-indices for all sectors falling by varying degrees. In particular, the sub-index for restaurants dipped to the lowest level since July 2020 amid the further tightening of social distancing measures.

The spokesman further pointed out that since early 2020, the Government has rolled out relief measures of unprecedented scale to preserve vitality of the economy, relieve people's financial burdens and provide targeted support to hard-hit sectors. The relief measures under the Anti-epidemic Fund and the one-off measures in the 2020-21 Budget amounted to over \$300 billion or around 11% of GDP. The Government will monitor the developments closely and maintain a countercyclical fiscal policy to mitigate the downward pressure on the economy and the impact on people's livelihood.

Further information

The Monthly Survey on Business Situation of Small and Medium-sized Enterprises aims to provide a quick reference, with minimum time lag, for assessing the short-term business situation faced by SMEs. SMEs covered in this survey refer to establishments with fewer than 50 persons engaged. Respondents were asked to exclude seasonal fluctuations in reporting their views. Based on the views collected from the survey, a set of diffusion indices (including current and outlook diffusion indices) is compiled. A

reading above 50 indicates that the business condition is generally favourable, whereas that below 50 indicates otherwise. As for statistics on the business prospects of prominent establishments in Hong Kong, users may refer to the publication entitled "Report on Quarterly Business Tendency Survey" released by the C&SD.

It should be noted that the results of the survey should be interpreted with care. The survey solicits feedback from a panel sample of about 600 SMEs each month and the survey findings are thus subject to sample size constraint. Views collected from the survey refer only to those of respondents on their own establishments rather than those on the respective sectors they are engaged in. Besides, in this type of opinion survey on expected business situation, 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 business situation accords with the underlying trends. For this survey, main bulk of the data were collected in the last week of the reference month.

More detailed statistics are given in the "Report on Monthly Survey on the Business Situation of Small and Medium-sized Enterprises". Users can download the publication at the website of the C&SD (www.censtatd.gov.hk/hkstat/sub/sp300.jsp?productCode=B1080015).

Users who have enquiries about the survey results may contact Industrial Production Statistics Section of the C&SD (Tel: 3903 7246; Fax: 2123 1048; email: sme-survey@censtatd.gov.hk).