

Results of monthly survey on business situation of small and medium-sized enterprises for October 2021

The Census and Statistics Department (C&SD) released today (November 9) the results of the Monthly Survey on Business Situation of Small and Medium-sized Enterprises (SMEs) for October 2021.

The current diffusion index (DI) on business receipts amongst SMEs decreased from 47.8 in September 2021 in the contractionary zone to 46.7 in October 2021, whereas the one-month's ahead (i.e. November 2021) outlook DI on business receipts was 49.7. Analysed by sector, the current DIs on business receipts for majority of the surveyed sectors dropped by varying degrees in October 2021 as compared with previous month, particularly for restaurants (from 54.2 to 44.2) and wholesale trade (from 47.4 to 43.4). On the other hand, increases were observed in the retail trade (from 46.7 to 48.6) and business services (from 46.2 to 47.5).

The current DI on new orders for the import and export trades decreased from 49.4 in September 2021 to 49.1 in October 2021, whereas the outlook DI on new orders in one month's time (i.e. November 2021) was 48.6.

Commentary

A government spokesman said that business sentiment among SMEs softened somewhat in October, partly due to increased uncertainties over the global economic outlook. The adverse weather in some days of the month also affected the performance of the restaurants sector. Yet, the diffusion index on employment rose back, suggesting that the hiring sentiment of SMEs held largely stable.

The spokesman added that the threat of the more infectious Delta variant and supply bottlenecks in many places may continue to weigh on the business sentiment of the trade-related sectors going forward. Yet, the stabilised local epidemic situation, improved employment and income conditions, and the Consumption Voucher Scheme should remain supportive to the further revival of consumption-related activities in the near term. To pave way for a broader-based economic recovery, it is essential for the community to strive towards more widespread vaccination and abide by the anti-epidemic measures. The Government will monitor the situation closely.

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/en/EIndexbySubject.html?pcode=B1080015&scode=300).

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