

Results of monthly survey on business situation of small and medium-sized enterprises for November 2023

The Census and Statistics Department (C&SD) released today (December 11) the results of the Monthly Survey on Business Situation of Small and Medium-sized Enterprises (SMEs) for November 2023.

The current diffusion index (DI) on business receipts amongst SMEs decreased from 44.8 in October 2023 in the contractionary zone to 44.0 in November 2023, whereas the one-month's ahead (i.e. December 2023) outlook DI on business receipts was 48.3. Analysed by sector, the current DIs on business receipts for majority of the surveyed sectors dropped by varying degrees in November 2023 as compared with previous month, particularly for the import and export trades (from 45.0 to 43.6) and logistics (from 43.3 to 41.9).

The current DI on new orders for the import and export trades decreased from 45.6 in October 2023 to 43.9 in November 2023, whereas the outlook DI on new orders in one month's time (i.e. December 2023) was 47.8.

Commentary

A Government spokesman said that overall business sentiment among SMEs eased further in November. The overall employment situation also softened slightly. Nonetheless, expectations on the business situation in one month's time remained stable.

Looking forward, the spokesman said that business sentiment will continue to be dampened by the unfavourable external environment, though the expected further recovery of consumption- and tourism-related activities and the Government's various initiatives that bolster the economy should provide support. 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.

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 around 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 browse and 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).

Statistics on trade involving outward processing in the mainland of China, third quarter 2023

In the third quarter of 2023, 17.5% of Hong Kong's total exports to the mainland of China (the Mainland) were for outward processing in the Mainland. On the other hand, 30.3% of Hong Kong's imports from the Mainland were related to outward processing in the Mainland, according to statistics released today (December 11) by the Census and Statistics Department (C&SD). Over the same period, 60.6% of Hong Kong's re-exports of Mainland origin to other places were produced through outward processing in the Mainland.

In the third quarter of 2022, the corresponding proportions were 17.9% for total exports to the Mainland, 32.0% for imports from the Mainland and 58.6% for re-exports of Mainland origin to other places.

In the first nine months of 2023, 16.9% of Hong Kong's total exports to the Mainland were for outward processing in the Mainland. On the other hand, 29.5% of Hong Kong's imports from the Mainland were related to outward processing in the Mainland. Over the same period, 60.2% of Hong Kong's re-exports of Mainland origin to other places were produced through outward

processing in the Mainland.

The corresponding proportions in the first nine months of 2022 were 18.0% for total exports to the Mainland, 31.1% for imports from the Mainland and 60.2% for re-exports of Mainland origin to other places.

In value terms, \$106.2 billion of Hong Kong's total exports to the Mainland in the third quarter of 2023 were for outward processing in the Mainland, representing a decrease of 10.9% compared with the third quarter of 2022. On the other hand, the value of imports from the Mainland related to outward processing in the Mainland decreased by 5.5% compared with the third quarter of 2022 to \$157.4 billion. Meanwhile, \$177.8 billion of Hong Kong's re-exports of Mainland origin to other places were produced through outward processing in the Mainland, representing a decrease of 1.6% compared with the third quarter of 2022.

In the first nine months of 2023, \$281.3 billion of Hong Kong's total exports to the Mainland were for outward processing in the Mainland, representing a decrease of 20.6% compared with the first nine months of 2022. On the other hand, the value of imports from the Mainland related to outward processing in the Mainland decreased by 11.3% compared with the first nine months of 2022 to \$427.7 billion. Meanwhile, \$503.7 billion of Hong Kong's re-exports of Mainland origin to other places were produced through outward processing in the Mainland, representing a decrease of 13.4% compared with the first nine months of 2022.

The statistics for the third quarter and first nine months of 2023 are given in the attached tables.

Information on trade involving outward processing in the Mainland is collected in a sample survey conducted by the C&SD. For the purpose of the survey, exports to the Mainland for outward processing refer to raw materials or semi-manufactures exported from or through Hong Kong to the Mainland for processing with a contractual arrangement for subsequent re-importation of the processed goods into Hong Kong.

Imports from the Mainland related to outward processing refer to processed goods imported from the Mainland, of which all or part of the raw materials or semi-manufactures have been under contractual arrangement exported from or through Hong Kong to the Mainland for processing.

Re-exports of Mainland origin to other places involving outward processing in the Mainland refer to processed goods re-exported through Hong Kong, of which all or part of the raw materials or semi-manufactures have been exported from or through Hong Kong to the Mainland for processing with a contractual arrangement for subsequent re-importation of the processed goods into Hong Kong.

In interpreting the statistics, it should be noted that all imports and exports of goods (not including transshipments and goods-in-transit) are recorded as external trade, irrespective of whether the goods are associated

with outward processing or not. Moreover, the value and proportion of imports from the Mainland and re-exports of Mainland origin to other places involving outward processing in the Mainland refer to those of the entire goods instead of just the value added contributed by outward processing in the Mainland.

A sample of import/export declarations in respect of Hong Kong's trade with the Mainland and Hong Kong's re-exports originated in the Mainland to other places is selected for enumeration to obtain the required information from the establishments concerned. The findings of the survey facilitate a more informed analysis of the nature of Hong Kong's trade with the Mainland. In this respect, the survey results are a useful supplement to the regular trade statistics.

Users can download the times series of outward processing trade statistics in Tables 410-52001 to 410-52003 (www.censtatd.gov.hk/en/scode230.html) at the website of the C&SD.

Enquiries on the survey results may be directed to the Electronic Trading Services and Cargo Statistics Section of the C&SD (Tel: 2582 2126 or email: ops@censtatd.gov.hk).

[Interest rate of fifth interest payment for iBond Series due 2024](#)

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority, as representative of the Hong Kong Special Administrative Region Government, announced today (December 11) the relevant per annum interest rate for the fifth interest payment of iBond Series due 2024 (Issue Number 03GB2406R; Stock Code: 4246) (the Bonds) issued under the Retail Bond Issuance Programme of the Government Bond Programme.

According to the Issue Circular dated May 12, 2021 for the Bonds, the fifth interest payment of the Bonds is scheduled to be made on December 27, 2023, and the relevant interest rate is scheduled to be determined and announced on December 11, 2023 as the higher of the prevailing Floating Rate and Fixed Rate.

On December 11, 2023, the Floating Rate and Fixed Rate are as follows:

Floating Rate: +2.03 per cent (Annex)

Fixed Rate: +2.00 per cent

Based on the Floating Rate and Fixed Rate set out above, the relevant interest rate for the fifth interest payment is determined and announced as 2.03 per cent per annum.

Inspection of aquatic products imported from Japan

In response to the Japanese Government's plan to discharge nuclear-contaminated water at the Fukushima Nuclear Power Station, the Director of Food and Environmental Hygiene issued a Food Safety Order which prohibits all aquatic products, sea salt and seaweeds originating from the 10 metropolis/prefectures, namely Tokyo, Fukushima, Ibaraki, Miyagi, Chiba, Gunma, Tochigi, Niigata, Nagano and Saitama, from being imported into and supplied in Hong Kong.

For other Japanese aquatic products, sea salt, and seaweeds that are not prohibited from being imported into Hong Kong, the Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department will conduct comprehensive radiological tests to verify that the radiation levels of these products do not exceed the guideline levels before they are allowed to be supplied in the market.

As the discharge of nuclear-contaminated water is unprecedented and will continue for 30 years or more, the Government will closely monitor and step up the testing arrangements. Should anomalies be detected, the Government does not preclude further tightening the scope of the import ban.

From noon on December 8 to noon today (December 11), the CFS conducted tests on the radiological levels of 225 food samples imported from Japan, which were of the "aquatic and related products, seaweeds and sea salt" category, in the past three days (including last Saturday and Sunday). No sample was found to have exceeded the safety limit. Details can be found on the CFS's thematic website titled "Control Measures on Foods Imported from Japan" (www.cfs.gov.hk/english/programme/programme_rafs/programme_rafs_fc_01_30_Nuclear_Event_and_Food_Safety.html).

In parallel, the Agriculture, Fisheries and Conservation Department (AFCD) has also tested 50 samples of local catch for radiological levels. All the samples passed the tests. Details can be found on the AFCD's website (www.afcd.gov.hk/english/fisheries/Radiological_testing/Radiological_Test.html).

The Hong Kong Observatory (HKO) has also enhanced the environmental monitoring of the local waters. No anomaly has been detected so far. For details, please refer to the HKO's website (www.hko.gov.hk/en/radiation/monitoring/seawater.html).

From August 24 to noon today, the CFS and the AFCD have conducted tests on the radiological levels of 19 222 samples of food imported from Japan

(including 12 754 samples of aquatic and related products, seaweeds and sea salt) and 5 414 samples of local catch respectively. All the samples passed the tests.

Effective Exchange Rate Index

The effective exchange rate index for the Hong Kong dollar on Monday, December 11, 2023 is 104.9 (up 0.1 against last Saturday's index).

â€‹The effective exchange rate index for the Hong Kong dollar on Saturday, December 9, 2023 was 104.8 (up 0.2 against last Friday's index).