

Business expectations for the first quarter of 2020

The Census and Statistics Department (C&SD) released today (January 17) the results of the Quarterly Business Tendency Survey for the first quarter (Q1) of 2020.

Business situation

For all surveyed sectors taken together, the proportion of respondents expecting their business situation to be worse (31%) in Q1 2020 over Q4 2019 is higher than that expecting it to be better (9%).

When compared with the results of the Q4 2019 survey round, the proportion of respondents expecting a worse business situation in Q1 2020 as compared with the preceding quarter is 31%, which is broadly similar to the corresponding proportion in Q4 2019 (32%).

Analysed by sector, respondents in all of the surveyed sectors expect their business situation to be worse on balance in Q1 2020 as compared with Q4 2019. In particular, significantly more respondents in the accommodation and food services; retail; transportation, storage and courier services; construction; and manufacturing sectors expect their business situation to be worse in Q1 2020 as compared with Q4 2019, relative to those expecting a better business situation.

A Government spokesman cautioned that the results of the survey should be interpreted with care. He said, "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 December 3, 2019 to January 10, 2020.

Volume of business/output

Respondents in all of the surveyed sectors expect their volume of business/output to decrease on balance in Q1 2020 as compared with Q4 2019. In particular, significantly more respondents in the accommodation and food services; retail; construction; and transportation, storage and courier services sectors expect their volume of business/sales/construction output to decrease, as compared to those expecting it to increase.

Employment

Respondents in most of the surveyed sectors expect their employment to remain broadly unchanged or to decrease on balance in Q1 2020 as compared with Q4 2019. In particular, significantly more respondents in the

construction sector expect their employment to decrease in Q1 2020 over Q4 2019. On the other hand, slightly more respondents in the financing and insurance; and manufacturing sectors expect their employment to increase, as compared to those expecting it to decrease.

Selling price/service charge

Respondents in most of the surveyed sectors expect their selling prices/service charges to remain broadly unchanged or to go down on balance in Q1 2020 as compared with Q4 2019. In particular, significantly more respondents in the construction sector expect their tender prices to go down, as compared to those expecting an increase in tender prices. On the other hand, slightly more respondents in the information and communications; and manufacturing sectors expect their service charges/selling prices to go up, as compared to those expecting a decrease in service charges/selling prices.

Further information

The survey gathers views on short-term business performance from the senior management of about 570 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 Q1 2019 to Q1 2020.

Table 1 shows the net balances of views on expectations in respect of different variables for Q1 2020.

The survey results are published in greater detail in the "Report on Quarterly Business Tendency Survey, Q1 2020". Users can download the publication free of charge at the website of the C&SD (www.censtatd.gov.hk/hkstat/sub/sp300.jsp?productCode=B1110008).

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