

Business expectations for the first quarter of 2022

The Census and Statistics Department (C&SD) released today (January 21) the results of the Quarterly Business Tendency Survey for the first quarter (Q1) of 2022.

Business Situation

For all surveyed sectors taken together, the proportion of respondents expecting their business situation to be better (14%) in Q1 2022 over the preceding quarter is slightly higher than that expecting it to be worse (13%). The results are broadly the same as those of the Q4 2021 round of survey.

Analysed by sector, while the number of the surveyed sectors with respondents expecting their business situation to be better on balance in Q1 2022 as compared with Q4 2021 is the same as the number of surveyed sectors expecting a worse business situation, more respondents in the construction sector and the retail sector expect their business situation to be worse in Q1 2022 as compared with Q4 2021.

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 December 2, 2021 to January 11, 2022, while the Government announced on January 5, 2022 the tightening of social distancing measures with effect from January 7.

Volume of Business/Output

Respondents in quite a number of the surveyed sectors expect their volume of business/output to increase on balance or remain broadly unchanged in Q1 2022 as compared with Q4 2021. In particular, more respondents in the accommodation and food services sector expect their volume of business to increase in Q1 2022 over Q4 2021. In the manufacturing sector and the retail sector, however, more respondents expect their volume of production/sales to decrease in Q1 2022 over Q4 2021.

Employment

Respondents in all of the surveyed sectors expect their employment to remain broadly unchanged or increase on balance in Q1 2022 as compared with Q4 2021. In particular, slightly more respondents in the financing and insurance; real estate; construction; accommodation and food services; and transportation, storage and courier services sectors expect their employment to increase in Q1 2022 over Q4 2021.

Selling Price/Service Charge

Respondents in all of the surveyed sectors expect their selling prices/service charges to remain broadly unchanged or go up on balance in Q1 2022 as compared with Q4 2021. In particular, more respondents in the accommodation and food services; transportation, storage and courier services; and real estate sectors expect their prices of food provided/service charges to go up in Q1 2022 over Q4 2021.

Commentary

A government spokesman said that business sentiment among large enterprises remained stable as compared to three months ago. Hiring sentiment also held steady in overall terms. However, it should be noted that the latest survey results, largely reflecting the business sentiment in December 2021, have yet to fully reflect the impact of the latest wave of local epidemic.

The spokesman pointed out that while the tightened social distancing measures in response to the local epidemic development will likely weigh on business sentiment of the related sectors in the near term, the latest round of measures under the Anti-epidemic Fund should provide some relief. It is thus essential for the community to abide by the anti-epidemic measures and strive towards wider coverage of vaccination, so as to put the local epidemic under control as swiftly as possible. The Government will continue to 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 Q1 2021 to Q1 2022.

Table 1 shows the net balances of views on expectations in respect of different variables for Q1 2022.

The survey results are published in greater detail in the "Report on Quarterly Business Tendency Survey, Q1 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).