

Box 1.1

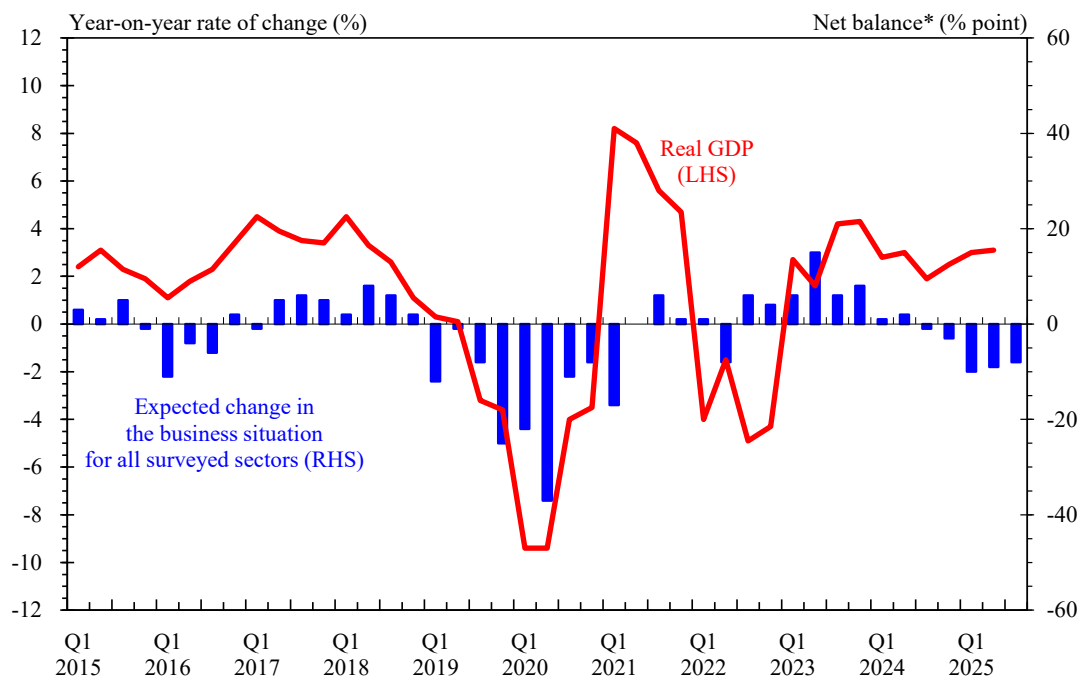
Business sentiment in Hong Kong

This box article gives a general overview of the prevailing business sentiment in Hong Kong, based on results from various surveys that are available in the public domain. Survey results indicate that overall business sentiment was still cautious in general over the past few months amid ongoing external uncertainties, though there were some relative improvements more recently.

According to the results of the Census and Statistics Department (C&SD)'s Quarterly Business Tendency Survey (QBTS)⁽¹⁾ conducted during 3 June to 7 July, business sentiment among large enterprises in Hong Kong in the third quarter of 2025 was slightly better than a quarter ago (*Chart 1*). While the proportion of large enterprises expecting their business situation to improve in the third quarter over the second quarter was smaller than the proportion of those expecting the situation to worsen by 8 percentage points (i.e. a net balance of -8), the net balance went up slightly from -9 in the previous round.

Business sentiment of large enterprises showed varied movements across sectors (*Table 1*). The net balance for “financing and insurance” sector improved within the positive zone, and that for “real estate” sector increased to reach the positive zone. Those for “accommodation and food services”, “manufacturing”, “information and communications” and “import/export trade and wholesale” sectors showed relative improvement, though still within the negative zone. On the other hand, those for “construction”, “transportation, storage and courier services” and “professional and business services” sectors declined further in the negative zone, while that for “retail” sector dipped into the negative zone. Meanwhile, large enterprises’ appetite for hiring remained stable as a whole (*Table 2*).

Chart 1 : Business sentiment of large enterprises was slightly better than the previous quarter



Note : (*) Net balance indicates the direction of expected change in the business situation versus the preceding quarter. It refers to the difference in percentage points between the proportion of establishments choosing “better” over that choosing “worse”. A positive sign indicates a likely upward trend while a negative sign, a likely downward trend.

(1) The Quarterly Business Tendency Survey collected views from around 500-600 large establishments on their near-term business outlook. Respondents were asked to exclude seasonal influences in their responses.

Box 1.1 (Cont'd)

Table 1 : Business sentiment of large enterprises showed varied movements across sectors

QBTS: Expected changes in business situation						
	Net balance* (% point)					
	2024			2025		
	Q2	Q3	Q4	Q1	Q2	Q3
Manufacturing	+8	-2	-19	-22	-20	-2
Construction	-11	-16	-12	-14	-16	-22
Import/export trade and wholesale	-9	-1	-8	-15	-19	-18
Retail	-16	-16	-19	-31	+4	-14
Accommodation and food services	+7	+6	-3	-36	-37	-16
Transportation, storage and courier services	+4	-2	-1	-27	-25	-31
Information and communications	+1	-3	-5	-11	-17	-9
Financing and insurance	+19	+7	+2	+10	+8	+11
Real estate	+8	0	+6	-15	-11	+3
Professional and business services	-9	-3	+3	-8	-6	-14
All sectors above	+2	-1	-3	-10	-9	-8

Note : (*) Net balance indicates the direction of expected change in the business situation versus the preceding quarter. It refers to the difference in percentage points between the proportion of establishments choosing “better” over that choosing “worse”. A positive sign indicates a likely upward trend while a negative sign, a likely downward trend.

Table 2 : Hiring sentiment of large enterprises remained stable as a whole

QBTS: Expected changes in number of persons engaged						
	Net balance* (% point)					
	2024			2025		
	Q2	Q3	Q4	Q1	Q2	Q3
Manufacturing	+7	+13	+3	+4	-2	+4
Construction	+11	+3	-7	-12	-12	-6
Import/export trade and wholesale	+1	0	+4	-4	+1	-6
Retail	+6	+3	+2	0	+1	0
Accommodation and food services	+11	+4	-7	-5	-22	-7
Transportation, storage and courier services	+9	+9	+10	-2	+6	+9
Information and communications	-15	-8	-4	-7	-3	-13
Financing and insurance	+12	+7	+5	+9	+6	+4
Real estate	+15	+9	+9	-1	+15	+10
Professional and business services	+5	-3	-3	-5	-3	-6
All sectors above	+7	+3	+1	-3	-2	-2

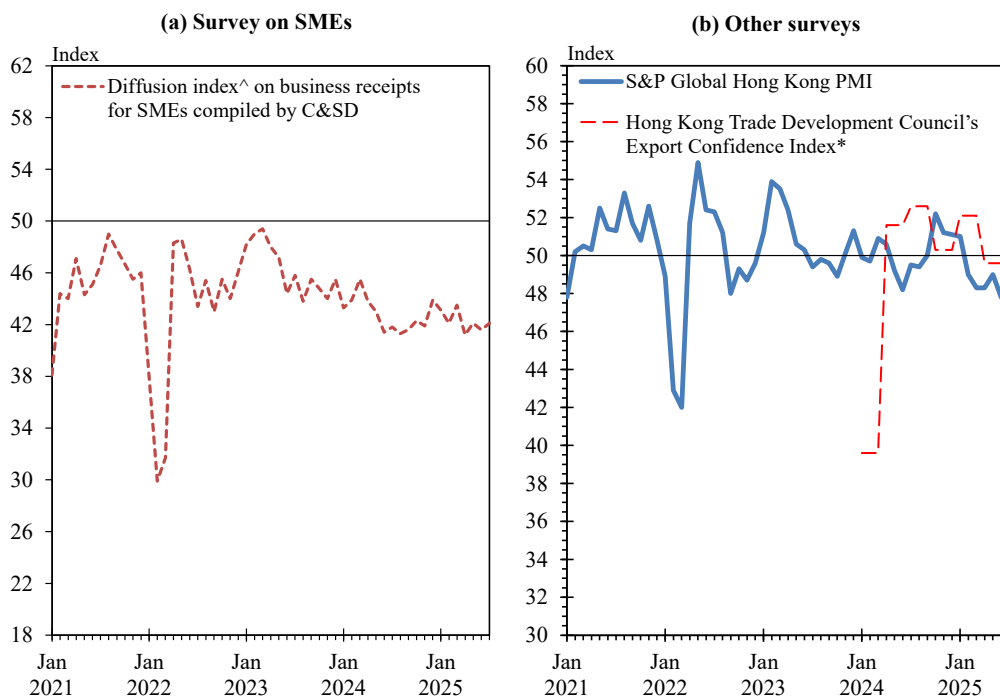
Note : (*) Net balance indicates the direction of expected change in the number of persons engaged versus the preceding quarter. It refers to the difference in percentage points between the proportion of establishments choosing “up” over that choosing “down”. A positive sign indicates a likely upward trend while a negative sign, a likely downward trend.

As for small and medium-sized enterprises (SMEs), C&SD compiles a set of diffusion indices on a monthly basis⁽²⁾ to gauge the general direction of change in their views on the business situation versus the preceding month. The overall index on the current situation saw fluctuations at low levels in the past several months, yet the latest reading moved back up to 42.1 in July (**Chart 2a**). The employment sentiment among SMEs remained largely stable during May to July. Credit conditions stayed accommodative during the same period.

As for other surveys in the public domain, the S&P Global Purchasing Managers' Index (PMI) of Hong Kong⁽³⁾, which gauges the performance of the private sector's business activity, hovered below the boom-bust line throughout May to July and moved back up somewhat to 49.2 in July (**Chart 2b**). The latest Hong Kong Trade Development Council (HKTDC) Export Confidence Index⁽⁴⁾, which was compiled based on the information collected earlier during 28 April to 15 May, showed that confidence among exporters deteriorated amid the implementation of US' exceptionally high tariff of 145% on Chinese goods at that time.

(2) It refers to the results from the Monthly Survey on the Business Situation of SMEs that solicits feedback from a panel sample of around 600 SMEs each month.

Box 1.1 (Cont'd)

Chart 2 : Other business sentiment indicators remained cautious over the past few months, though saw some increases in the latest month

Notes : (^) The diffusion index is computed by adding the percentage of SMEs reporting “up” to one half of the percentage of SMEs reporting “same”. A diffusion index reading above 50 indicates that the business condition is generally favourable, whereas an index below 50 indicates otherwise. Respondents were asked to exclude seasonal effects in reporting their views.

(*) Quarterly data since 2024 Q1. A reading above 50 indicates an upward trend and an optimistic outlook, while a reading below 50 indicates a downward trend and a pessimistic outlook.

It is worth noting that these surveys are essentially opinion-based, thereby unavoidably subject to various limitations (e.g. results are not directly comparable) and hence the results should be interpreted with care. These survey findings taken together suggest that overall business sentiment was still cautious in general over the past few months, though there were some relative improvements more recently. Looking forward, the ongoing uncertainties in the external environment would continue to affect the local business sentiment. Nonetheless, the resilient local economy and sustained steady growth in the Mainland economy should provide support.

- (3) According to the press release by S&P Global, the S&P Global Hong Kong PMI is compiled according to monthly replies to questionnaires sent to purchasing managers in around 400 private sector companies. It is a composite index based on five individual indices with the following weights: New Orders (30%); Output (25%); Employment (20%); Suppliers' Delivery Times (15%); and Stocks of Purchases (10%), with the Suppliers' Delivery Times index inverted so that it moves in a comparable direction. Survey responses reflect the change, if any, in the prevailing month compared to the previous month.
- (4) The HKTDC Export Confidence Index aims to gauge the prospects of the near-term export performance of Hong Kong traders. It is a composite index based on five individual sub-indices with the following weight: Sales and New Orders (50.0%); Trade Value (12.5%); Cost (12.5%); Procurement (12.5%); and Inventory (12.5%), with the Cost index and Inventory index inverted so that they move in comparable direction. The business confidence survey is conducted on a quarterly basis, with more than 500 participating Hong Kong traders from six major industry sectors interviewed, namely electronics, clothing, toys, jewellery, timepieces and equipment/materials.