

Box 1.1

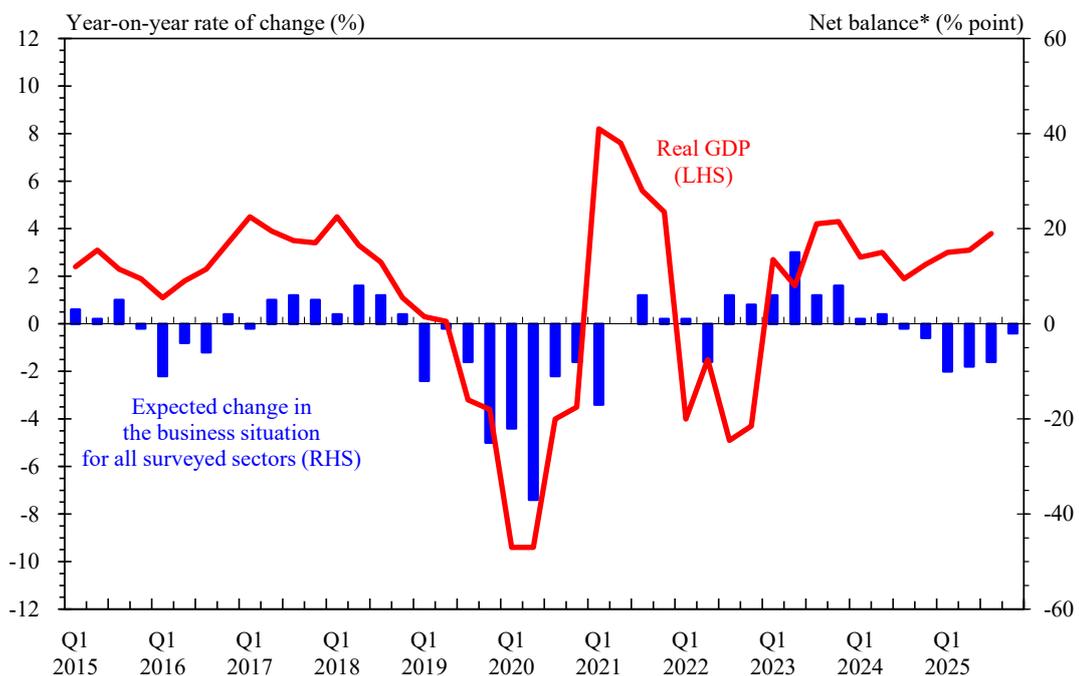
Business sentiment in Hong Kong

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 improved visibly lately, compared with earlier this year.

According to the results of the Census and Statistics Department (C&SD)’s Quarterly Business Tendency Survey (QBTS)⁽¹⁾ conducted during 2 September to 10 October, business sentiment among large enterprises in Hong Kong improved visibly for the fourth quarter of 2025 (*Chart 1*). While the proportion of large enterprises expecting their business situation to improve in the fourth quarter over the third quarter was smaller than the proportion of those expecting the situation to worsen by 2 percentage points (i.e. a net balance of -2), the net balance went up notably from those in the past three rounds, which ranged from -10 to -8.

Compared with the previous round, business sentiment of large enterprises for the fourth quarter of 2025 improved in a majority of economic sectors (*Table 1*). The net balances for “retail” and “accommodation and food services” sectors increased sharply to return to the positive zone, and those for “financing and insurance” and “real estate” sectors improved within the positive zone. Those for “professional and business services”, “transportation, storage and courier services” and “import/export trade and wholesale” sectors also improved though still within the negative zone. Yet, the net balances for “manufacturing”, “information and communications” and “construction” sectors fell within the negative zone. Meanwhile, large enterprises’ appetite for hiring was largely steady on the whole (*Table 2*).

Chart 1 : Business sentiment among large enterprises improved visibly for the fourth 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 improved in a majority of economic sectors

QBTS: Expected changes in business situation						
	Net balance* (% point)					
	2024		2025			
	Q3	Q4	Q1	Q2	Q3	Q4
Manufacturing	-2	-19	-22	-20	-2	-15
Construction	-16	-12	-14	-16	-22	-24
Import/export trade and wholesale	-1	-8	-15	-19	-18	-11
Retail	-16	-19	-31	+4	-14	+14
Accommodation and food services	+6	-3	-36	-37	-16	+10
Transportation, storage and courier services	-2	-1	-27	-25	-31	-11
Information and communications	-3	-5	-11	-17	-9	-16
Financing and insurance	+7	+2	+10	+8	+11	+13
Real estate	0	+6	-15	-11	+3	+7
Professional and business services	-3	+3	-8	-6	-14	-9
All sectors above	-1	-3	-10	-9	-8	-2

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 was largely steady on the whole

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

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 increased successively from 42.1 in July to 44.8 in October, a 19-month high (*Chart 2a*). The employment sentiment among SMEs was stable over the same period, and credit conditions stayed accommodative. Meanwhile, the Standard Chartered Hong Kong SME Leading Business Index⁽³⁾ bounced back in the fourth quarter to reach a year-high.

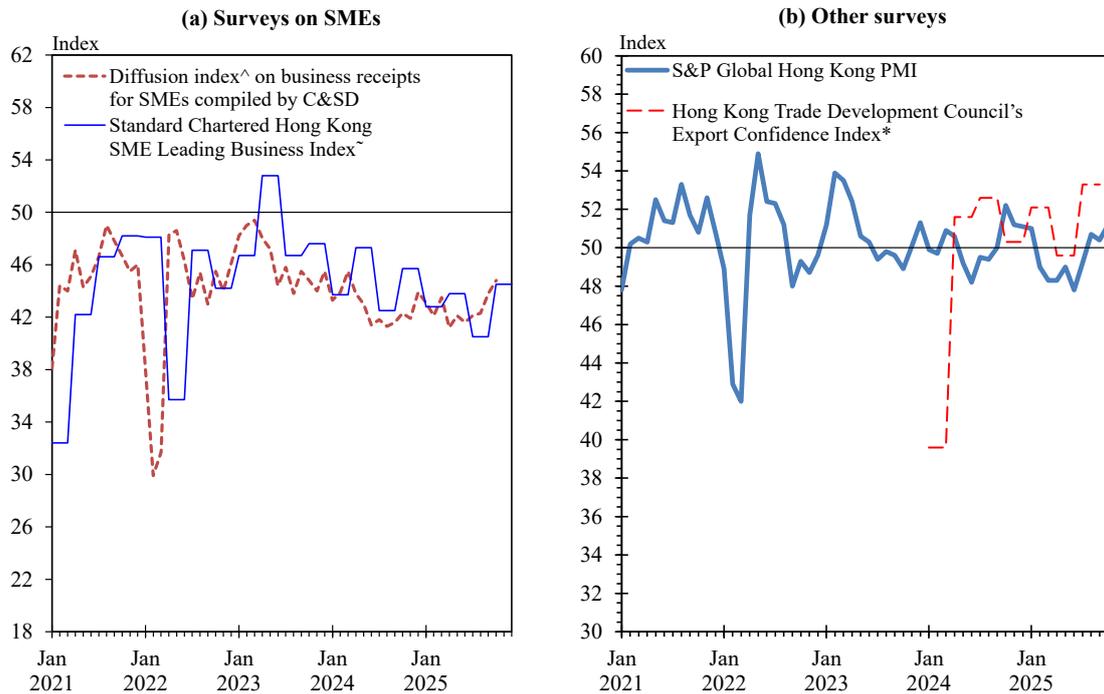
As for other surveys in the public domain, the S&P Global Purchasing Managers' Index (PMI) of Hong Kong⁽⁴⁾, which gauges the performance of the private sector's business activity, rose back into the expansionary zone since August after hovering in the contractionary zone for 6 months, and reached a near 1-year high in October (*Chart 2b*). The Hong Kong Trade Development Council (HKTDC) Export Confidence Index⁽⁵⁾, which is compiled based on the information collected earlier during 28 July to 15 August, indicated increased export optimism amid the easing global trade tensions at the 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.

(3) Conducted independently by Hong Kong Productivity Council, the quarterly survey enables the public and SMEs to gain insights into the forthcoming business climate for better forward planning. The Overall Index comprises five areas, including local SMEs' outlook on “Recruitment Sentiment”, “Investment Sentiment”, “Business Condition”, “Profit Margin”, and “Global Economy” for the next quarter.

Box 1.1 (Cont'd)

Chart 2 : Other business sentiment indicators generally turned better in the past few months



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.

(*) 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 improved visibly of late compared with earlier this year. Looking forward, local business sentiment will be well underpinned by further solid growth of the Hong Kong economy in the near term, though the impacts arising from external uncertainties still warrant close monitoring.

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- (4) 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.
- (5) 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.