

Standard Chartered Hong Kong SME Leading Business Index


Q2 2022
Results



Background

- The “Standard Chartered Hong Kong SME Leading Business Index”, independently implemented by Hong Kong Productivity Council and sponsored by Standard Chartered Bank (Hong Kong) Limited.

Survey Objectives



- To analyse Hong Kong SMEs' confidence in the recent business environment
- To look into SMEs' planning and action on the fifth wave of epidemic

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Results
Q2 2022



Key Points of This Quarter



35.7

Q2 Overall Index dropped 12.4 from last quarter, the strongest downtrend ever



76%

With the impact of the fifth wave of epidemic, nearly 80% of SMEs reported a decrease in income



46%

Under tight anti-epidemic measures (during March 2022), 46% of SMEs have suspended their businesses or could only last for 6 months at most

Overall Index in Q2 2022

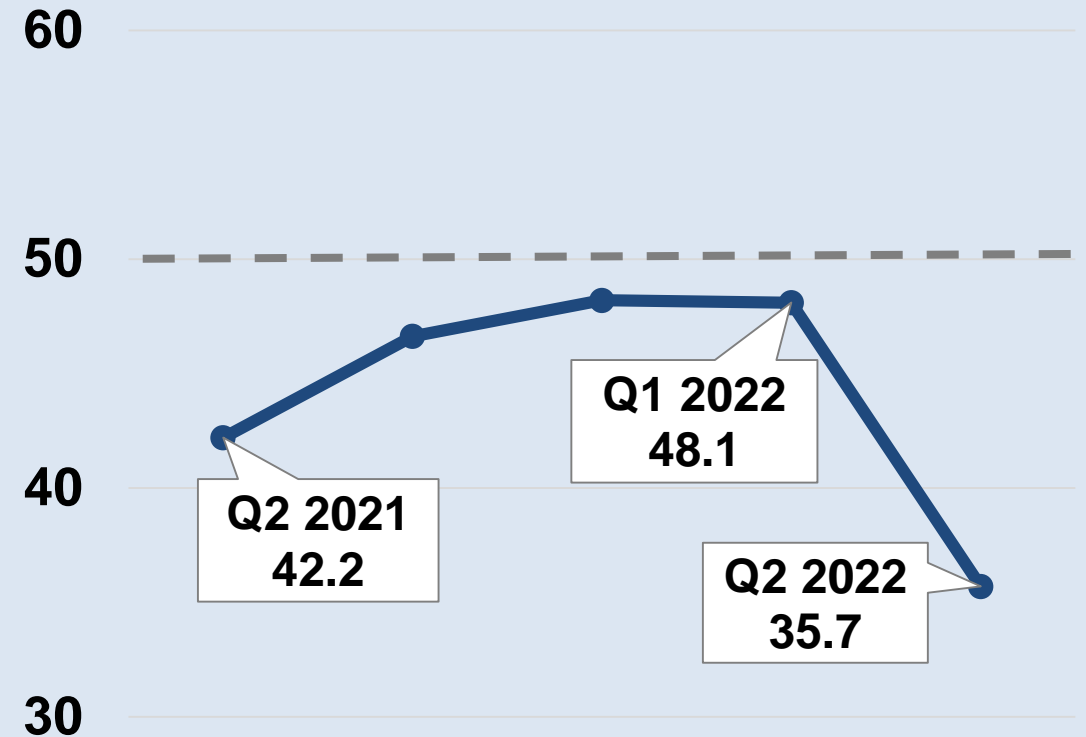
35.7

Quarter-
over-quarter
decrease

-12.4



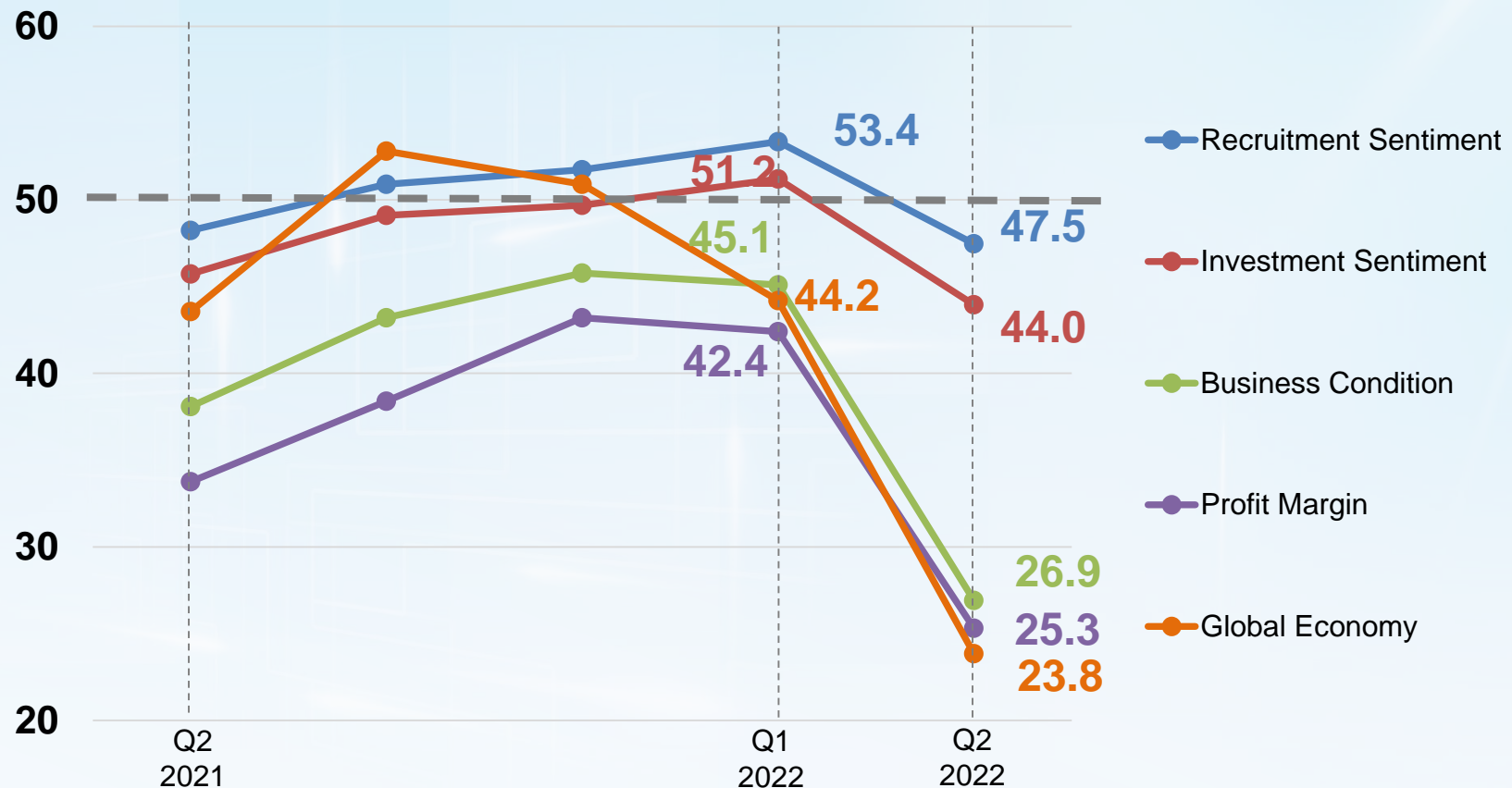
Overall Index



Five Component Sub-Indices of Overall Index

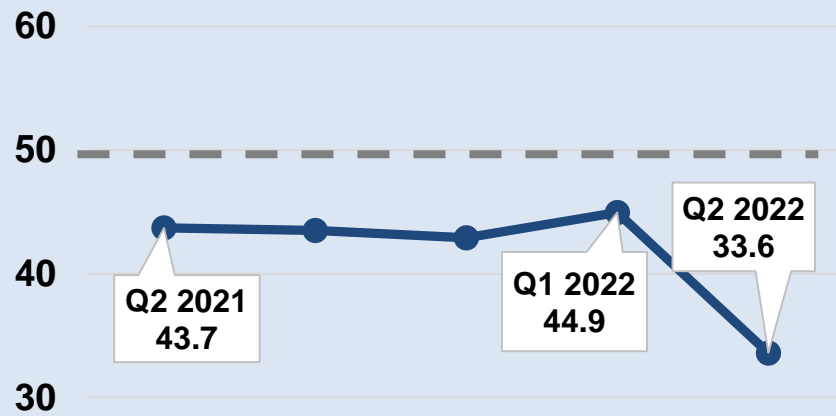
- All five component sub-indices dropped below the neutral level of 50 simultaneously
- “Global Economy” recorded the most significant decline, down 20.4 to 23.8

Five Component Sub-Indices of Overall Index

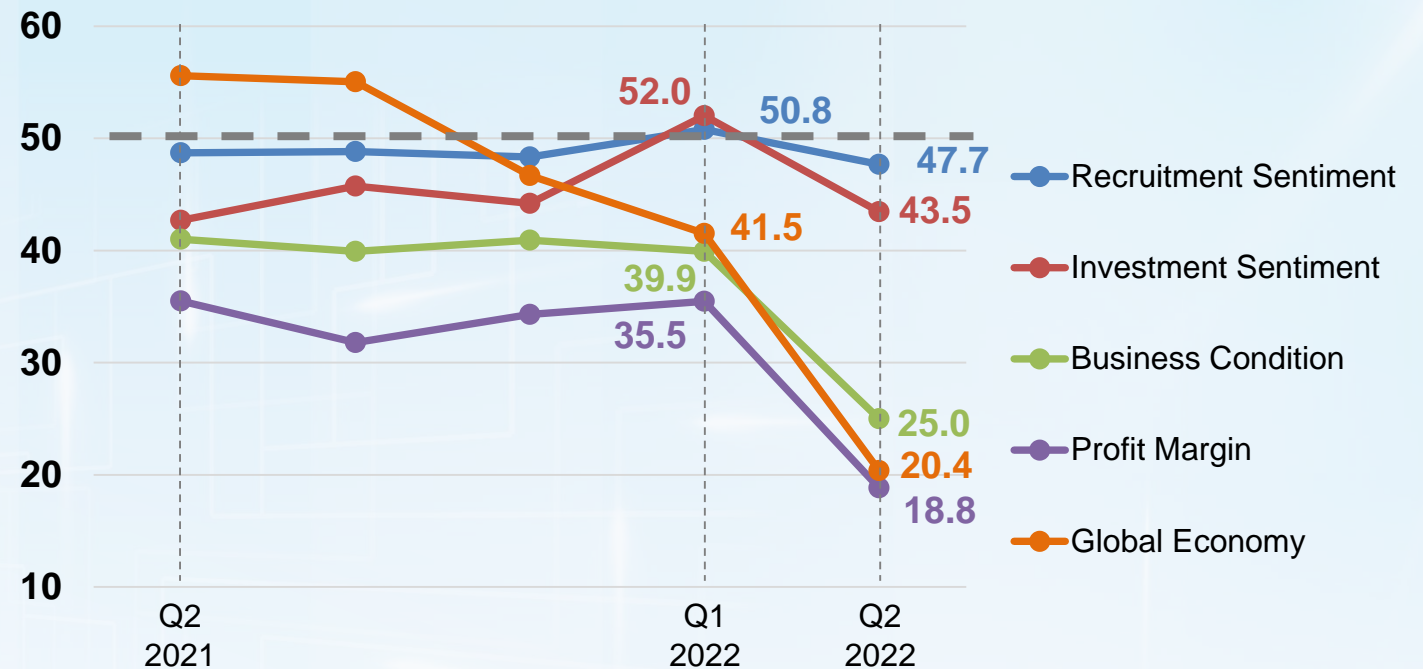


Manufacturing

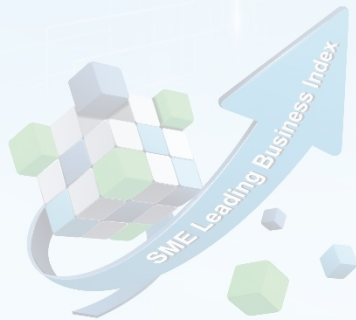
Manufacturing Industry Index



Component Sub-Indices of Manufacturing Industry

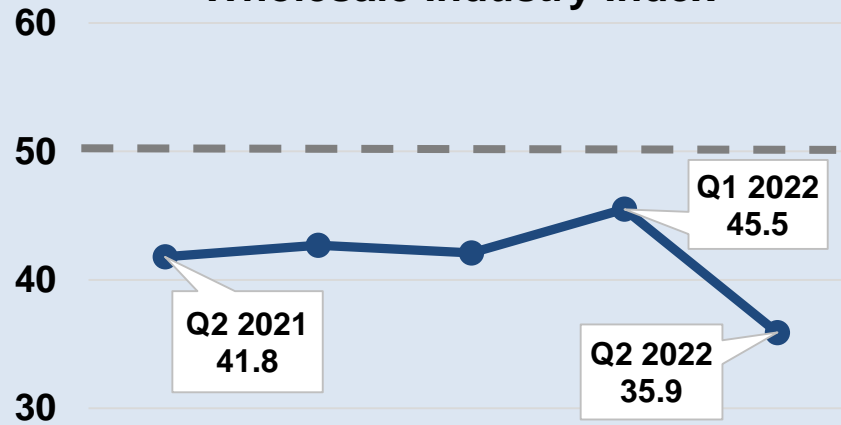


- Industry index declined by 11.3 to 33.6 compared to last quarter
- “Global Economy” component sub-index showed a downturn for four consecutive quarters, dropping to 20.4

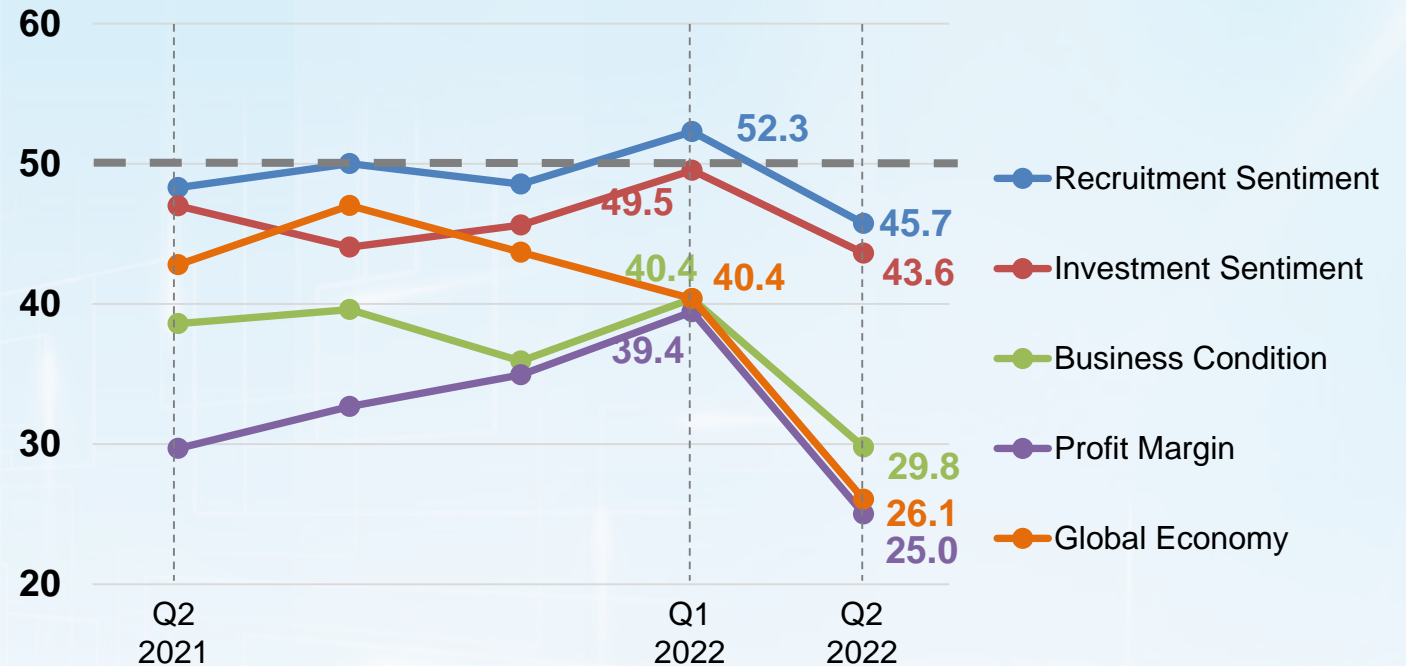


Import / Export Trade & Wholesale

Import / Export Trade & Wholesale Industry Index



Component Sub-Indices of Import / Export Trade & Wholesale Industry

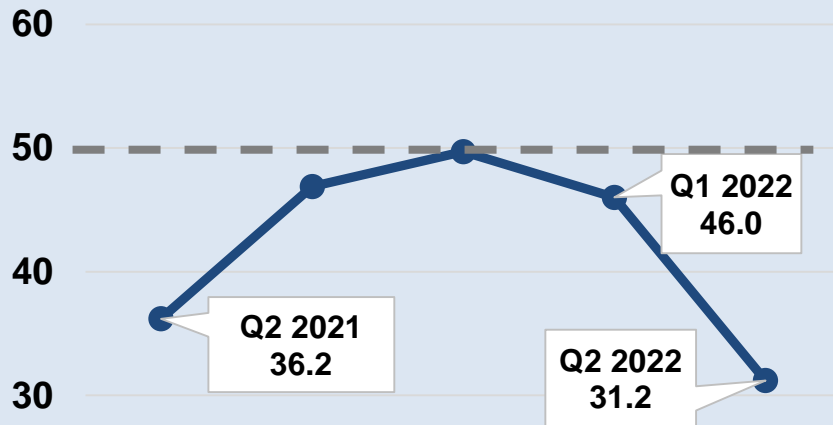


- Industry index decreased by 9.6 to 35.9 compared to last quarter
- All component sub-indices showed a downturn, “Profit Margin” recorded the largest downward trend, dropped by 14.4 to 25.0

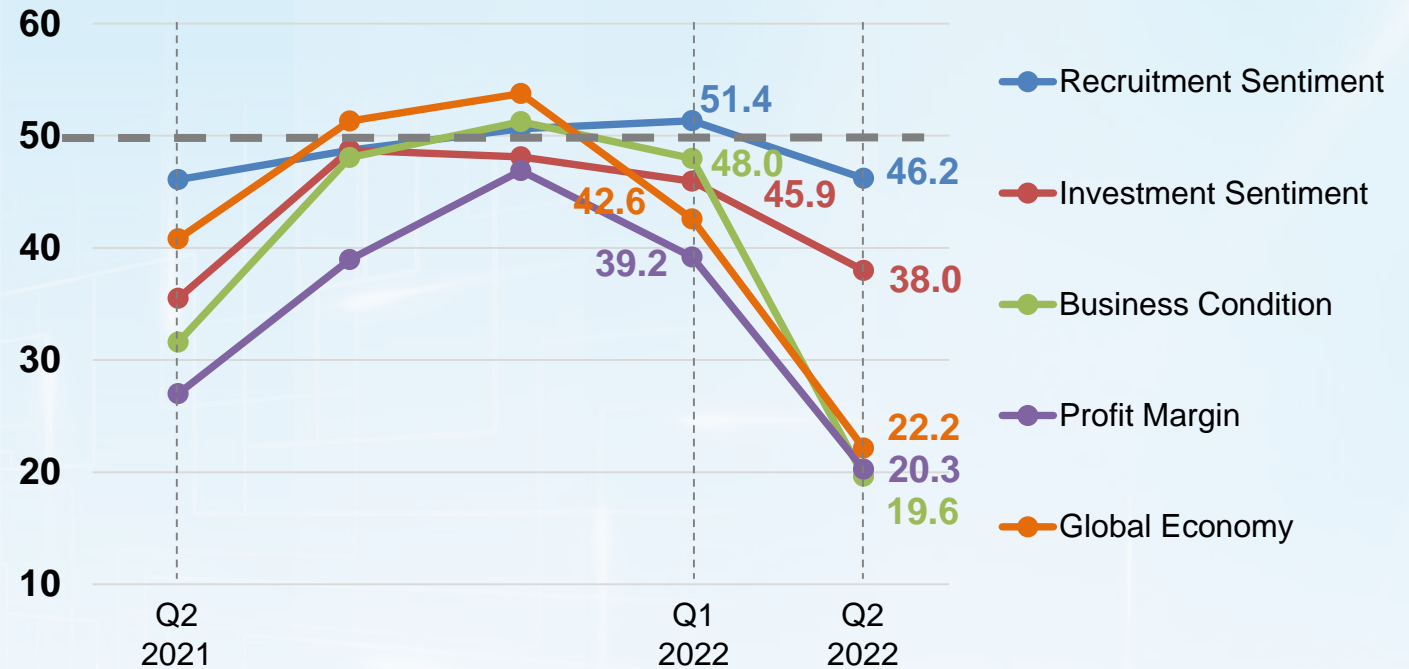


Retail

Retail Industry Index



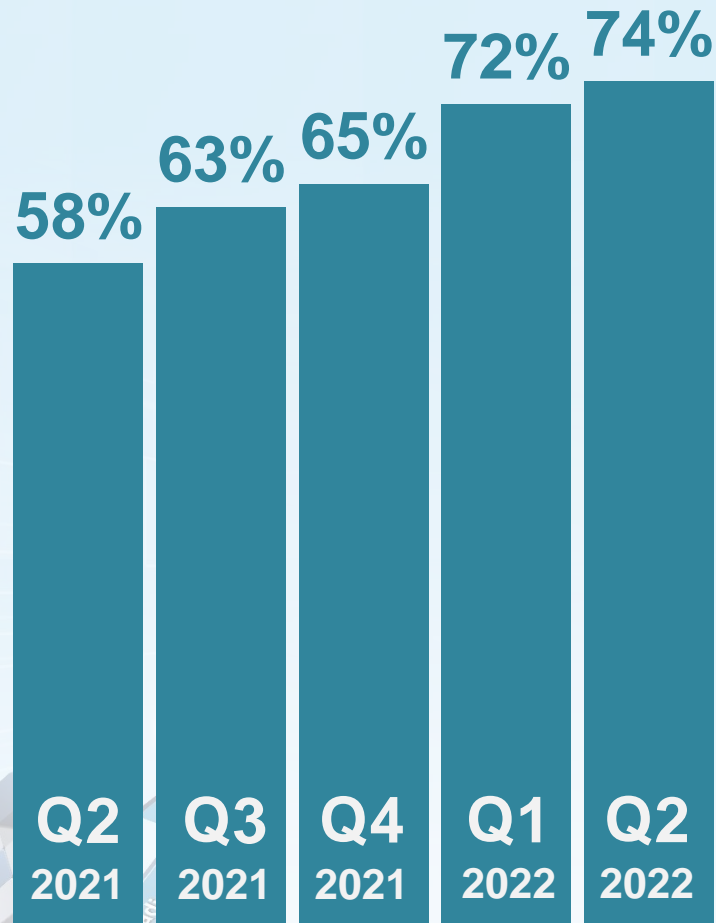
Component Sub-Indices of Retail Industry



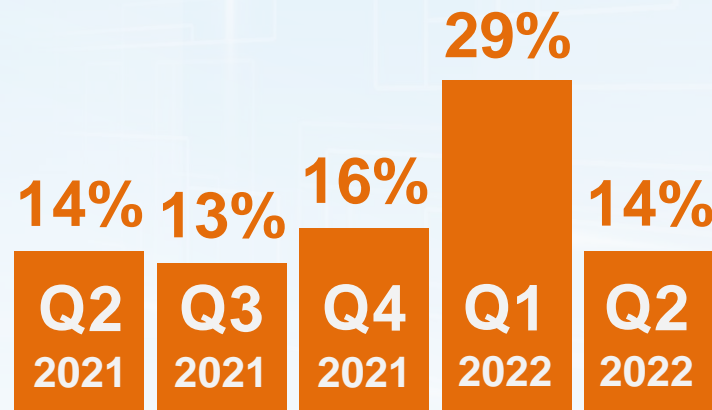
- Industry index decreased by 14.8 to 31.2 compared to last quarter
- All component sub-indices dropped, “Business Condition” recorded largest decline, by 28.4 to 19.6



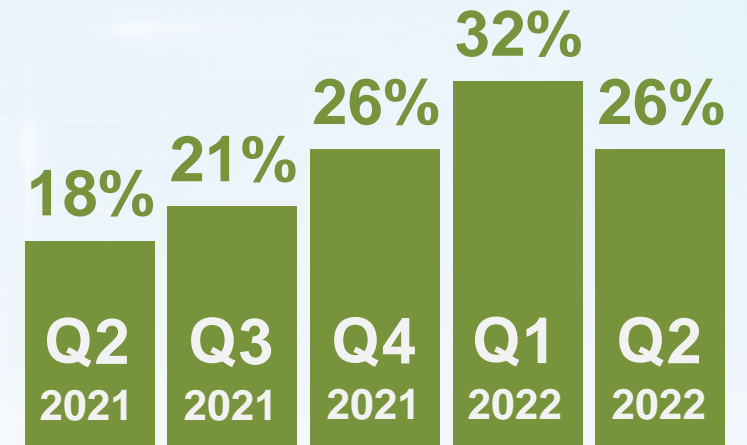
Expectation towards Increase on Cost, Staff Salary and Price Factors



**Raw Materials
Cost Increase**



Staff Salary Increase



**Product / Service
Price Increase**

Expectation towards Changes on Investment

18% of SMEs expected a decrease on overall investment

Items that SMEs expect to lower investment (% of SMEs)

Inventory 43%

Offline Marketing Promotion 38%

Online Marketing Promotion 33%

Office / Factory / Store 30%

23% IT (Related to e-commerce)

25% R&D

26% IT (Related to operation)

29% Equipment and Facility

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Featured Topic

Hong Kong SMEs' Planning and Actions on the Fifth Wave of Epidemic



Impact of the Fifth Wave of Epidemic on SMEs



Top 3 industries that reported a decrease in income:

**Social and
Personal Services**

86%

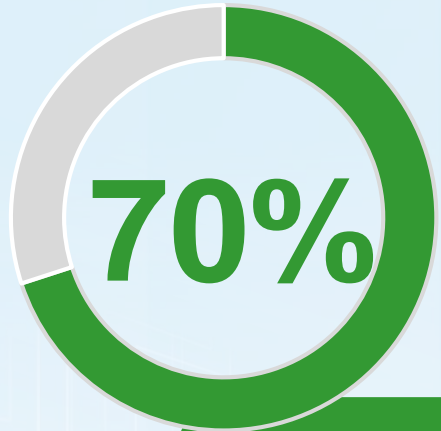
Retail

85%

**Accommodation and
Food Services**

85%

SMEs' Strategy on Coping with Cost Saving



of SMEs needed to cut down on costs

SMEs' Measures on Cost Saving

45%



Downsize Business Scale

35%



Explore Other Suppliers

23%



Leverage on Technology



Impact of Tight Anti-epidemic Measures on SMEs

46%
SMEs

have suspended their businesses or could only last for 6 months at most

3 Most Affected Industries*

63%

Accommodation
and Food Services

60%

Social and
Personal Services

59%

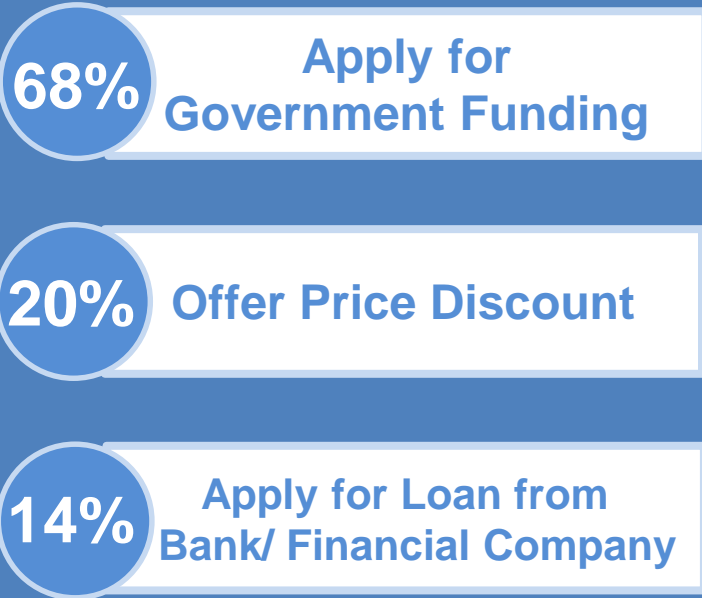
Retail

**Survey conducted in March 2022*

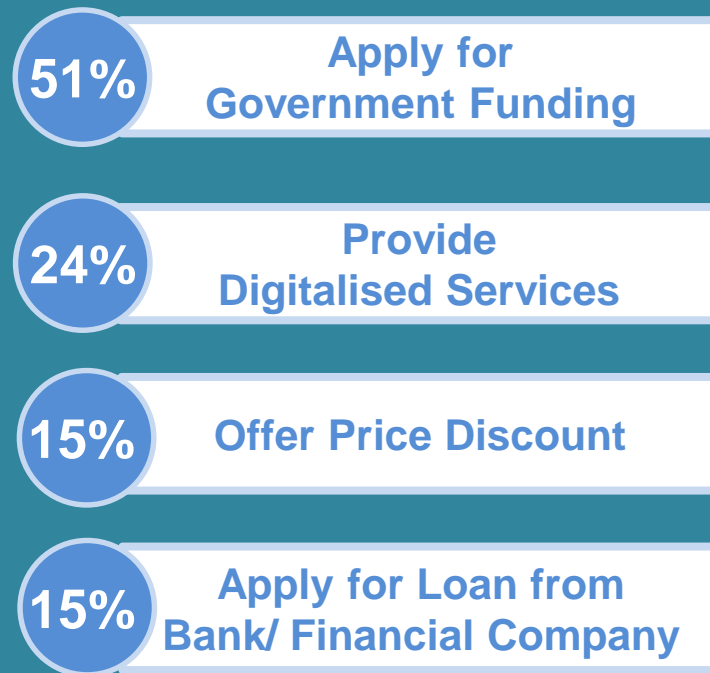


Strategy on Decrease in Income by 3 Most Affected Industries

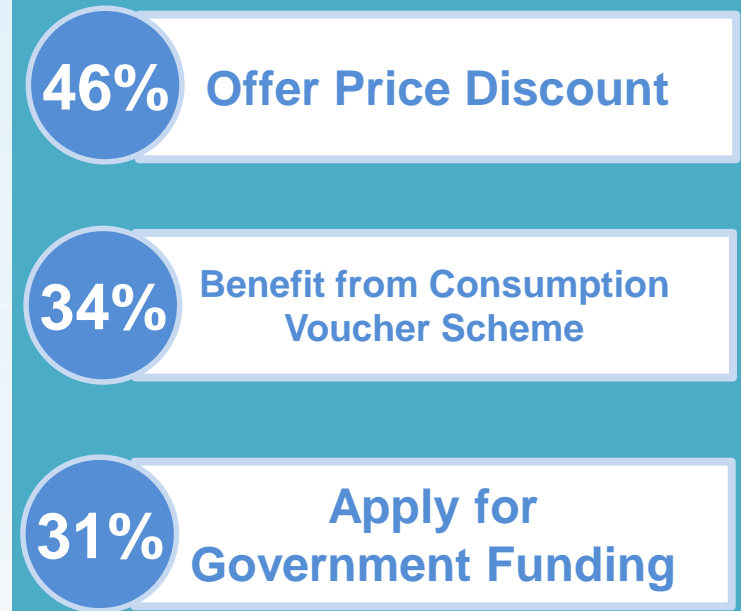
Accommodation and Food Services



Social and Personal Services



Retail



Views from 3 Most Affected Industries on Consumption Voucher Scheme

% of SMEs believing their businesses could benefit from the Consumption Voucher Scheme:

67%

Retail

65%

Accommodation
and Food Services

20%

Social and
Personal Services



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Results

Expert's Analysis



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Report Download

“Standard Chartered Hong Kong SME Leading Business Index”
Reports are available on HKPC website:

<https://u.hkpc.org/scbi-en>



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Survey Background



Introduction



Diffusion Index



An index above 50.0 indicates **optimistic** business sentiment among SMEs

A reading at 50.0 indicates **neutral** business sentiment among SMEs



An index below 50.0 indicates **pessimistic** business sentiment among SMEs



Methodology

Survey Mode

- Telephone Interview
- The sample is stratified by referencing to the number of SMEs in relevant sectors
- This survey was conducted in March 2022
- Management of 812 SMEs were interviewed

Business Category

1. Manufacturing
2. Construction
3. Import / Export Trade and Wholesale
4. Retail
5. Transportation, Storage and Courier Services
6. Accommodation and Food Services
7. Information and Communications
8. Financing and Insurance
9. Professional and Business Services
10. Real Estate
11. Social and Personal Services



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