

Standard Chartered Hong Kong SME Leading Business Index

Results

Q2 2023



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Overall Index in Q2 2023

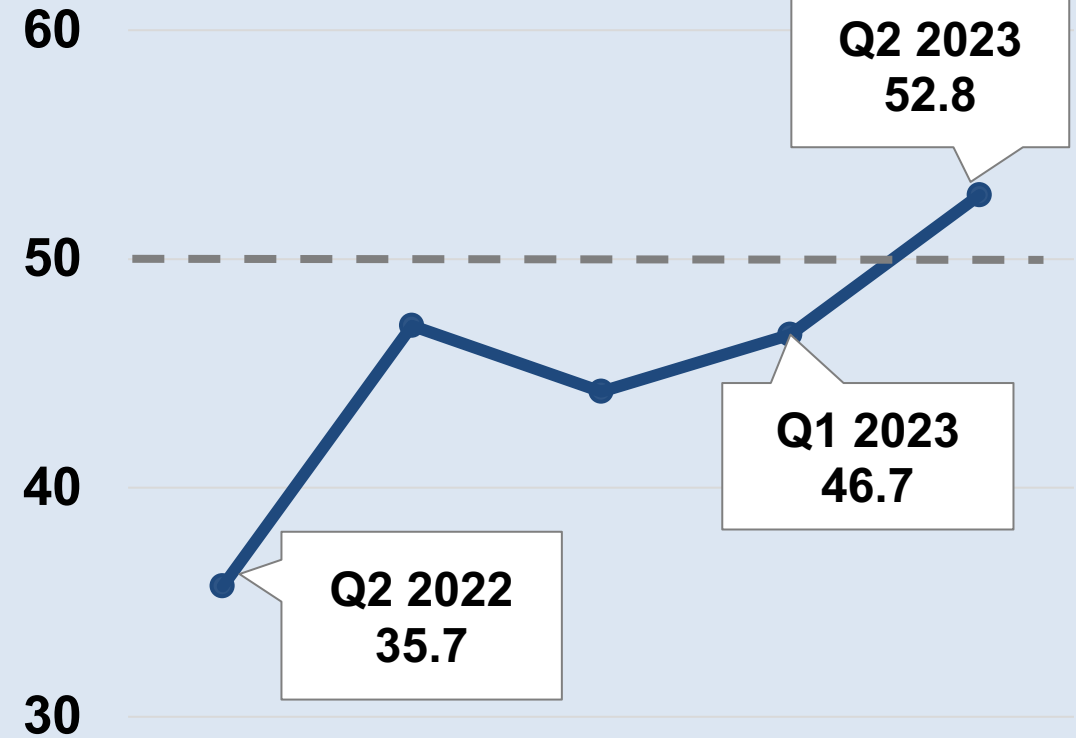
Quarter-over-quarter
increase

52.8

+6.1



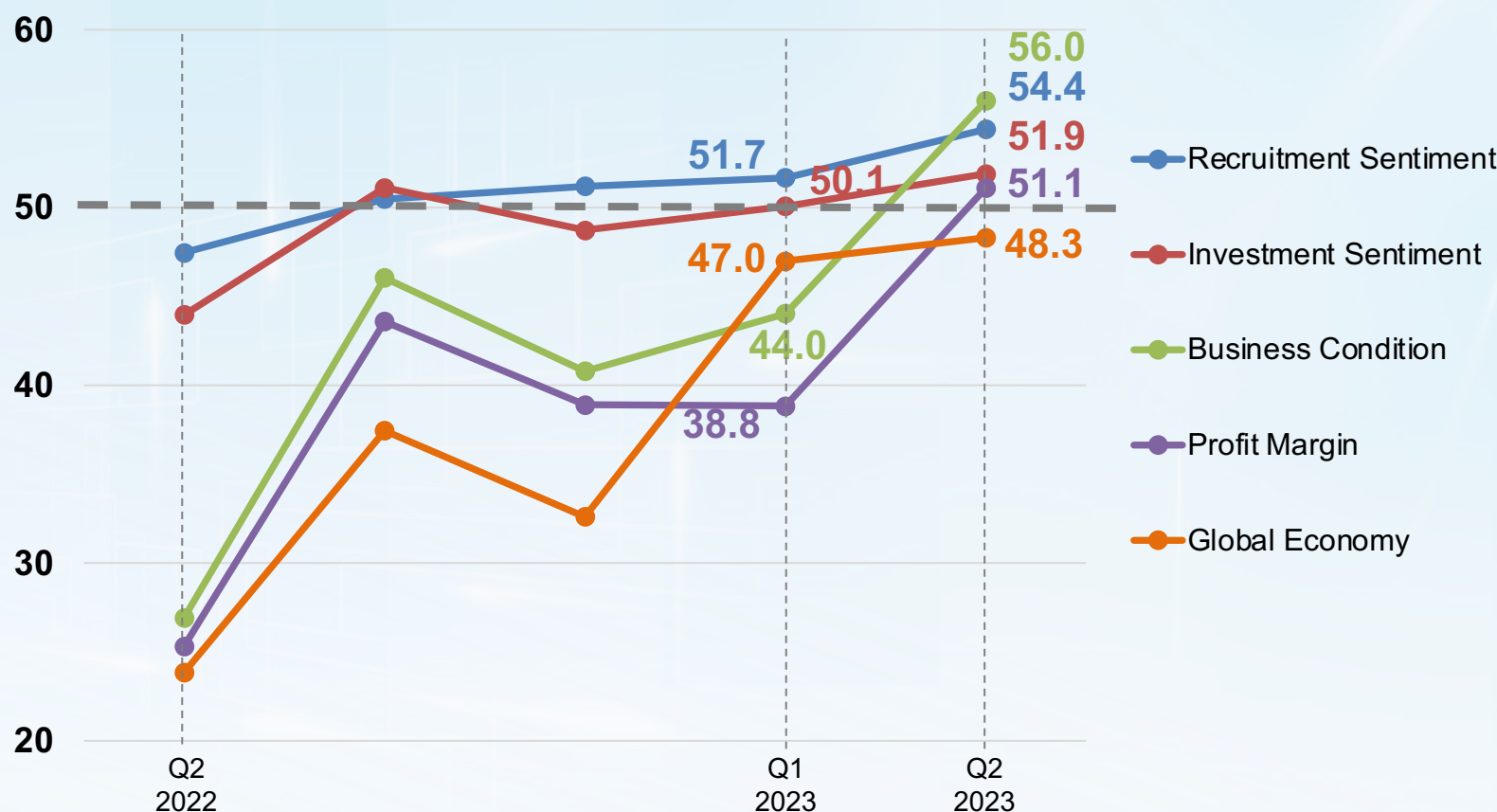
Overall Index



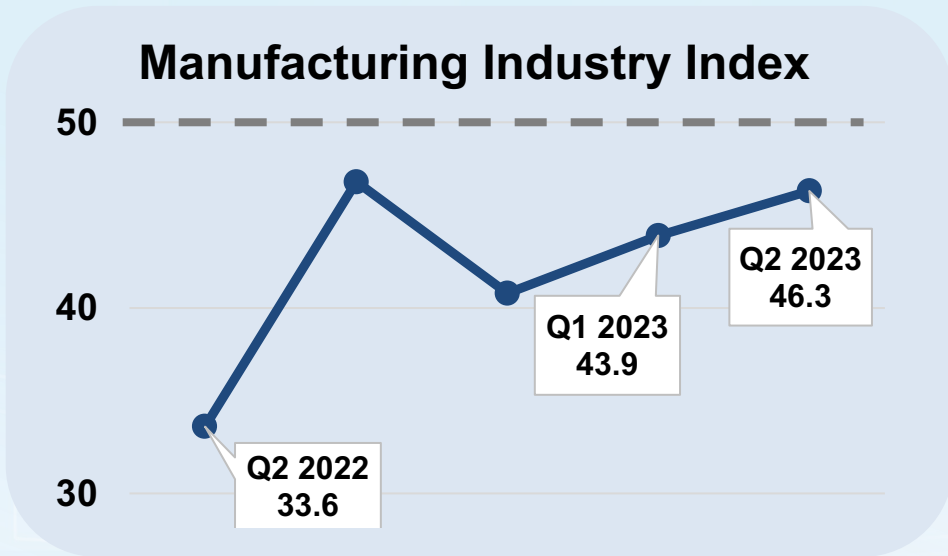
Five Component Sub-Indices of Overall Index

- All sub-indices registered uplifts, with the “Profit Margin” (+12.3) and “Business Condition” (+12.0) showing the most significant increments, reflecting that SMEs have confidence on their turnover in this quarter
- “Recruitment Sentiment” further increased to 54.4, the highest point since the onset of the pandemic
- Except for “Global Economy”, all other sub-indices exceeded 50 neutral line, indicating that SMEs remained cautious about the prospects of the global economy

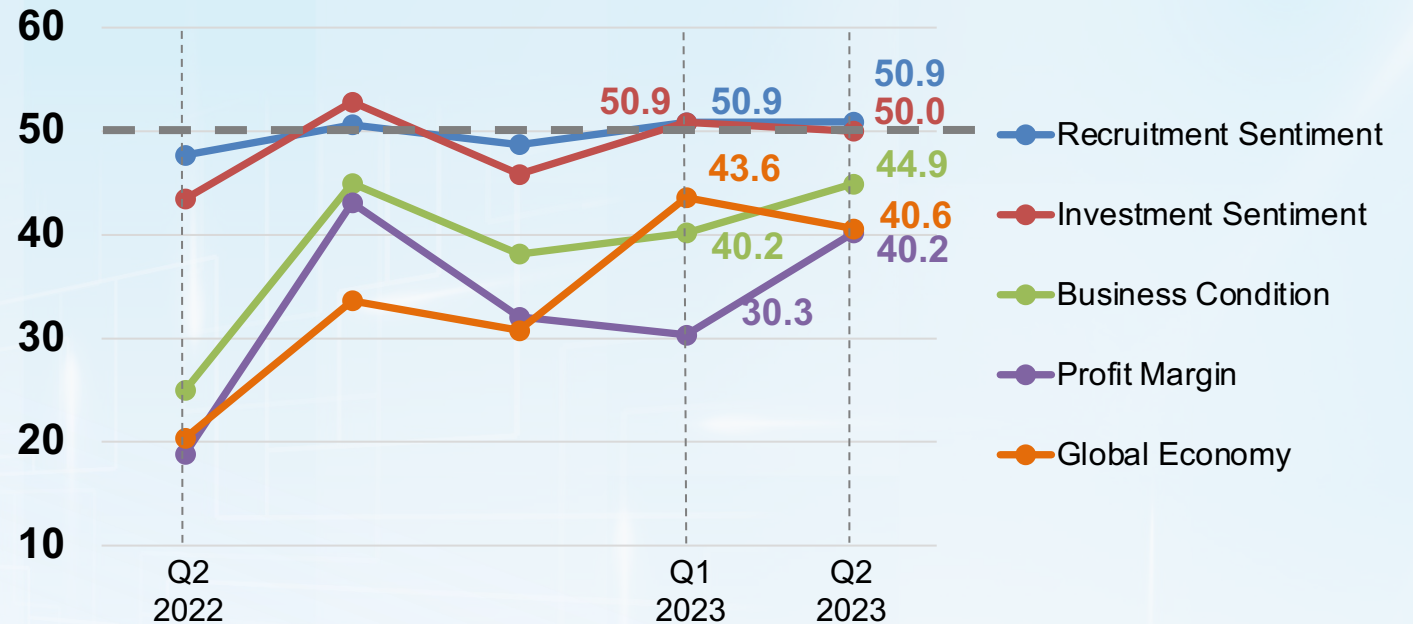
Five Component Sub-Indices of Overall Index



Manufacturing



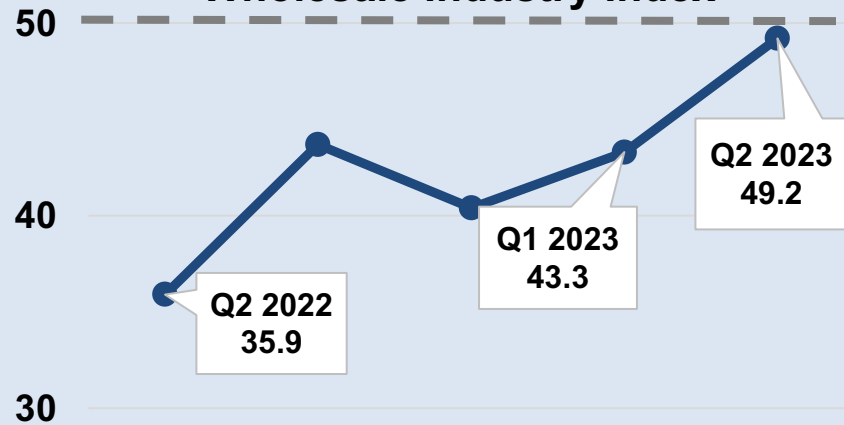
Component Sub-Indices of Manufacturing Industry



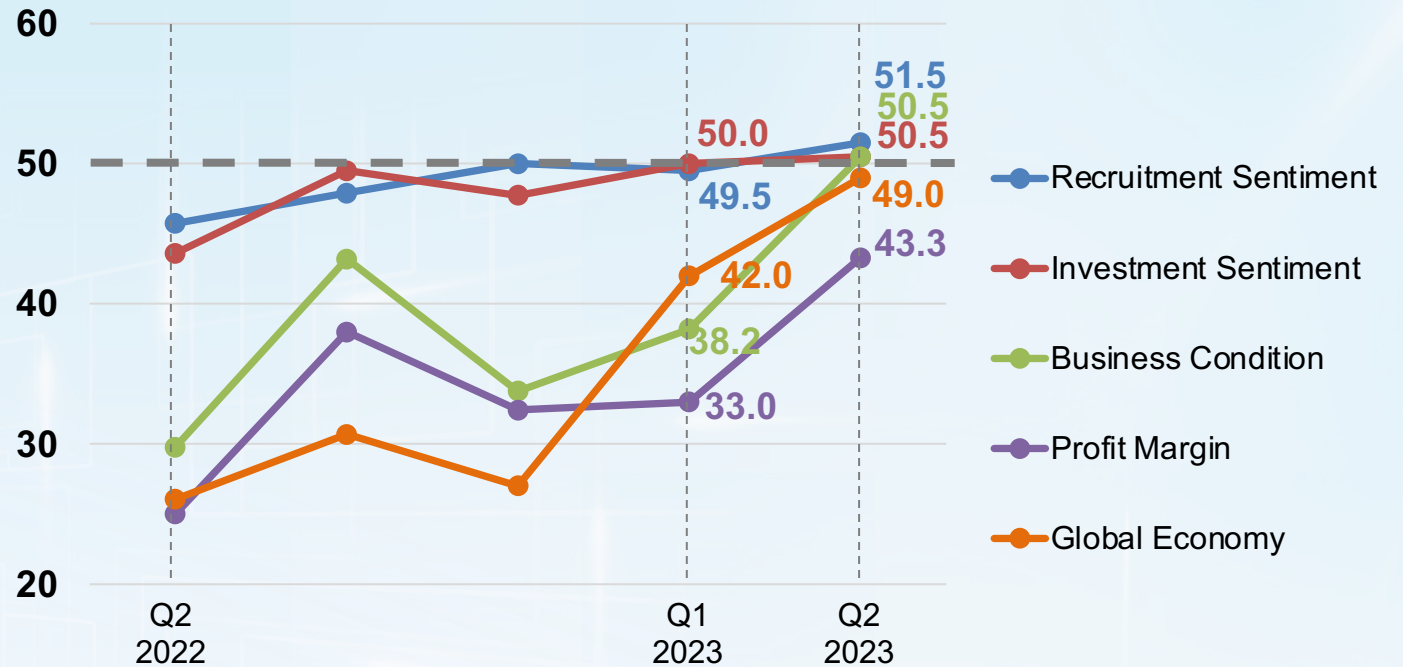
- Industry index of Manufacturing Industry further increased by 2.4 to 46.3 this quarter
- In particular, “Recruitment Sentiment” and “Investment Sentiment” stayed above 50 neutral line. Besides, “Profit Margin” recorded significant uplift (+9.9), while “Business Condition” also increased by 4.7

Import / Export Trade & Wholesale

Import / Export Trade & Wholesale Industry Index



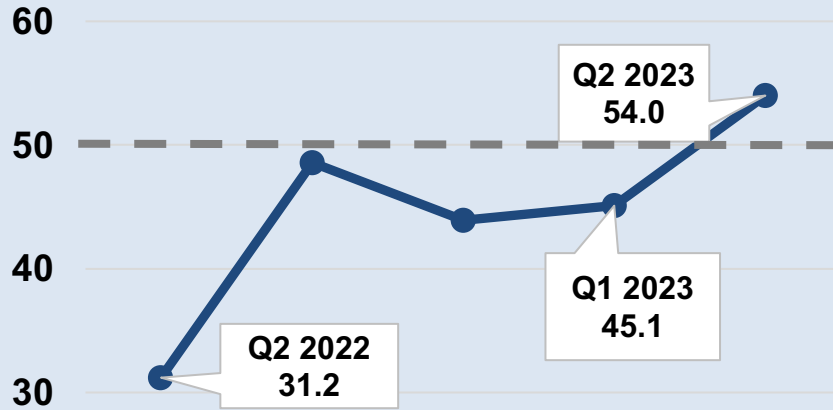
Component Sub-Indices of Import / Export Trade & Wholesale Industry



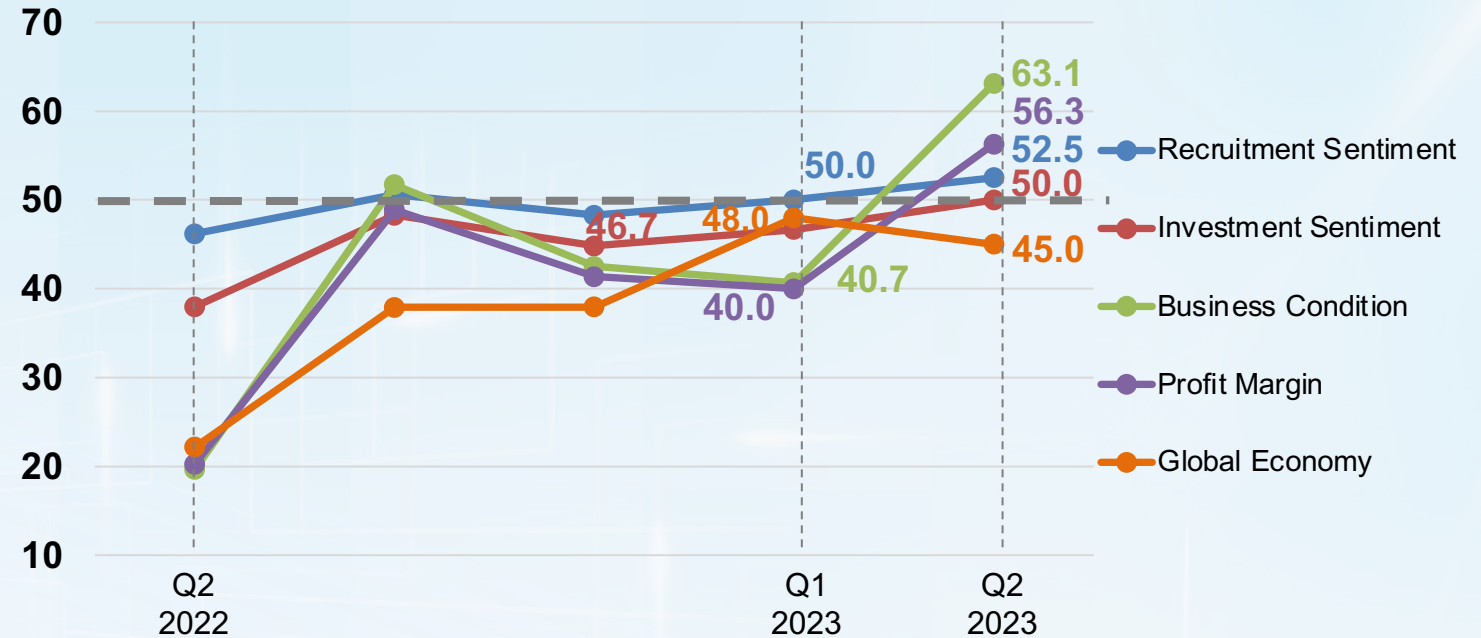
- Industry index of Import / Export Trade & Wholesale Industry was further up by 5.9 to 49.2
- All component sub-indices recorded increments, among which “Recruitment Sentiment”, “Business Condition” and “Investment Sentiment” surpassed the 50 neutral line

Retail

Retail Industry Index



Component Sub-Indices of Retail Industry



- Industry index of Retail Industry registered further uplift of 8.9 to 54.0
- Except a decline of 3.0 in “Global Economy” to 45.0, other component sub-indices went up, of which “Business Condition” and “Profit Margin” recorded significant uplifts of 22.4 and 16.3 to 63.1 and 56.3 respectively

Industry Index

Among 11 industries, 7 industry indices surpassed the 50 neutral line:

67.2

**Accommodation and
Food Services**

58.9

**Information and
Communications**

55.5

**Social and
Personal Services**

55.0

Construction

54.0

Retail

53.6

**Professional and
Business Services**

53.0

**Financing
and Insurance**

Expectation towards Changes on Investment

93%

SMEs expected to maintain or increase their overall investment

Top 5 Industries Expecting to Maintain or Increase their Overall Investment

1 Transportation, Storage and Courier Services 98%

1 Construction 98%

1 Accommodation and Food Services 98%

4 Real Estate 96%

5 Financing and Insurance 93%

5 Retail 93%



Expectation towards Changes on Investment

Most SMEs expected to maintain or increase investment on the following items:

1 Training Related to E-commerce or Digital Technology

2 Overall Staff Training

3 Online Marketing Promotion

4 Facility and Equipment

5 IT System



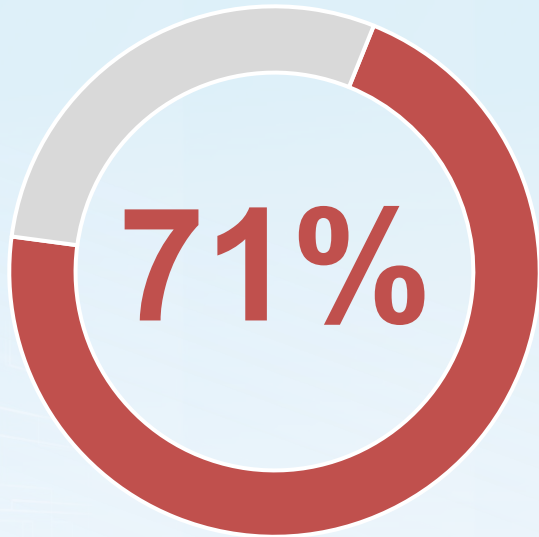
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Featured Topic

Recovery Status of SMEs



Impact of the Pandemic on SMEs



SMEs claimed their business was negatively affected by the pandemic in the past 3 years

Industries Hardest Hit by the Pandemic:

1 Accommodation and Food Services **86%**

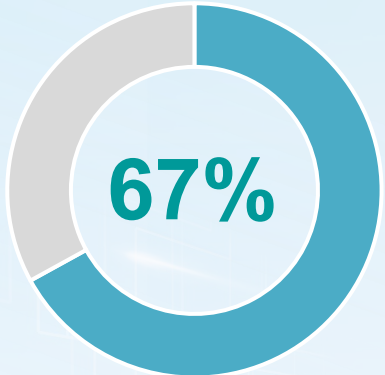
2 Real Estate **84%**

3 Retail **77%**

3 Social and Personal Services **77%**

Changes Adopted by SMEs in Response to the Pandemic

Operations



SMEs had made changes on Operations



Major Changes on Operations:

Percentage of changes to be maintained after pandemic:

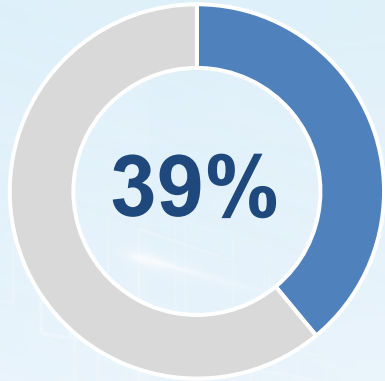
- 1** Replacing physical meetings with virtual meetings **68%**
- 2** Implementing remote working **43%**
- 3** Digitising business operations **94%**

Industries with larger proportion:

- 1** Information and Communications
- 2** Professional and Business Services
- 3** Financing and Insurance
- 4** Real Estate

Changes Adopted by SMEs in Response to the Pandemic

Sales



SMEs had made changes on Sales



Industries with larger proportion:

1 Accommodation and Food Services

2 Retail

3 Social and Personal Services

Major Changes on Sales:

Percentage of changes to be maintained after pandemic:

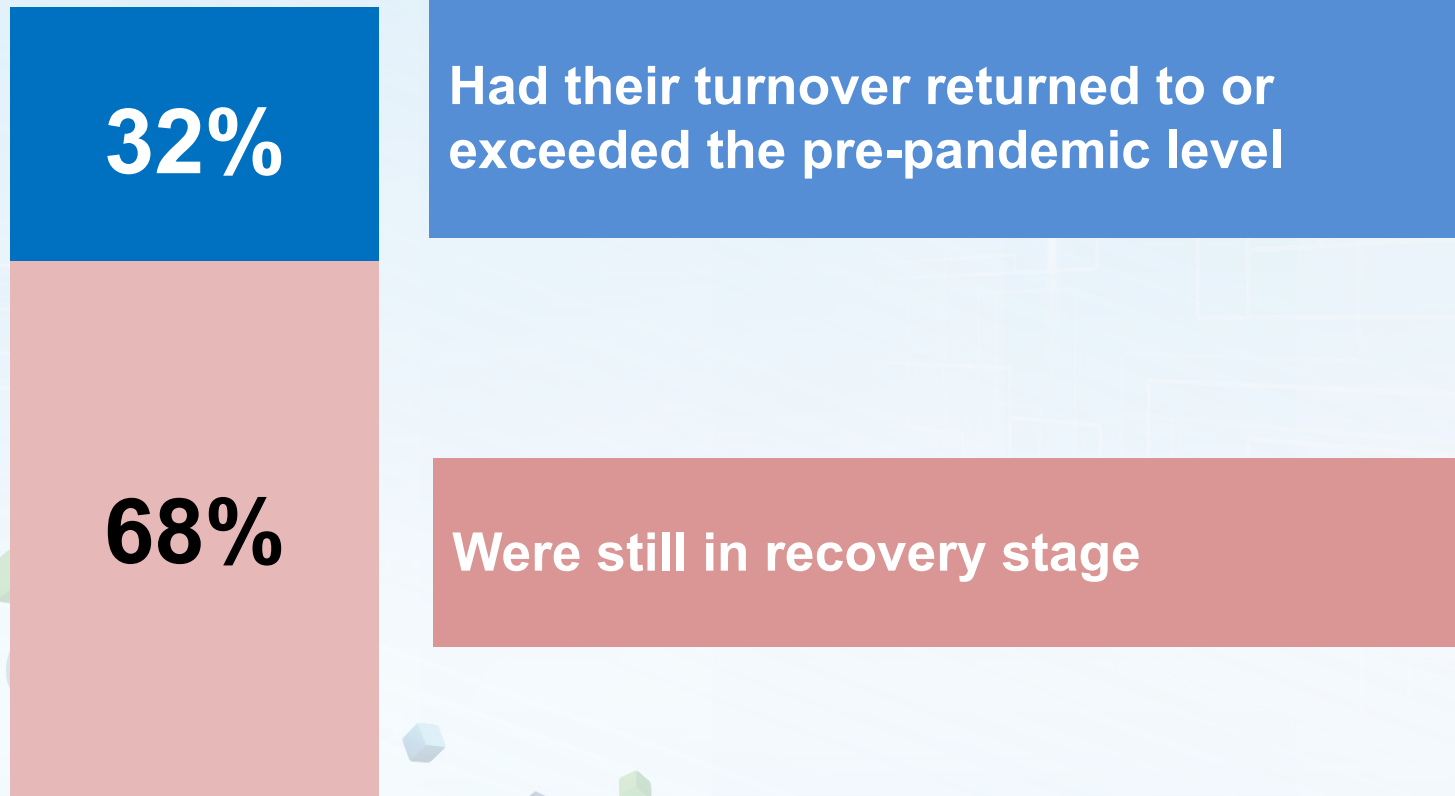
1 Accepting more payment methods 98%

2 Services being provided through digital channels 93%

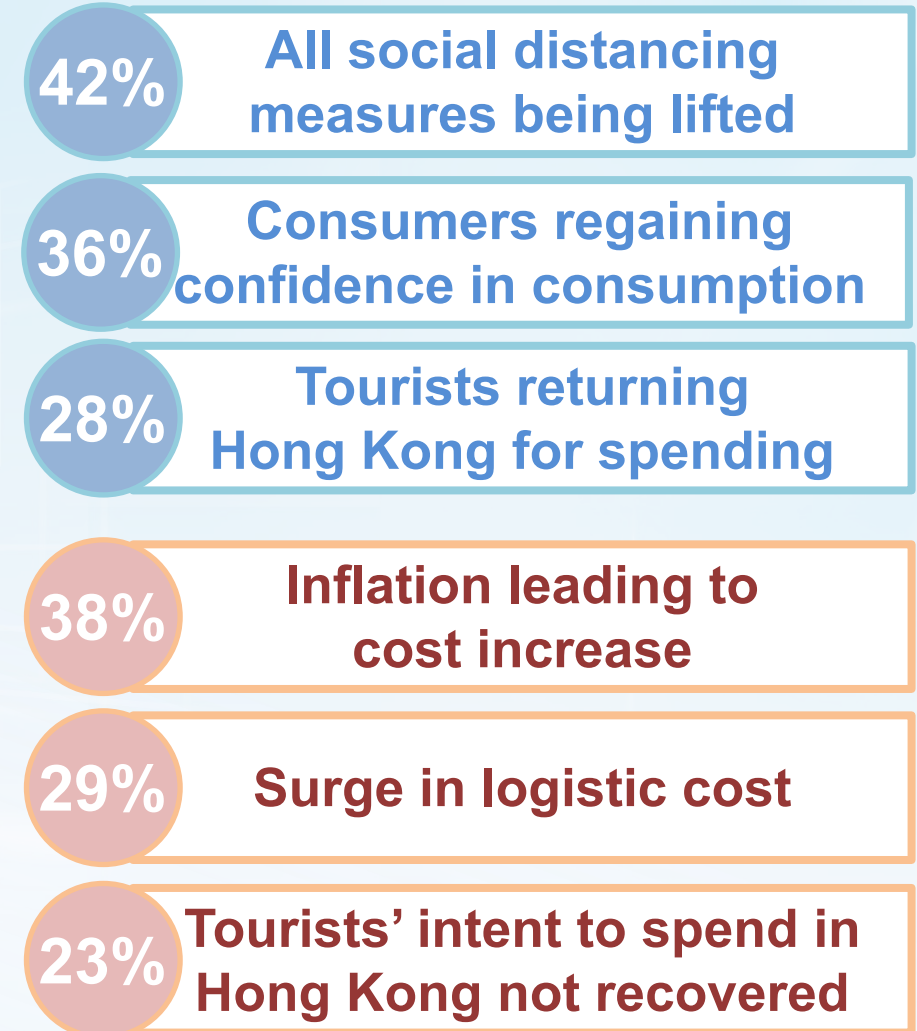
3 Providing new services non-digitally 94%

Business Conditions Compared against Pre-pandemic

SMEs impacted by the pandemic

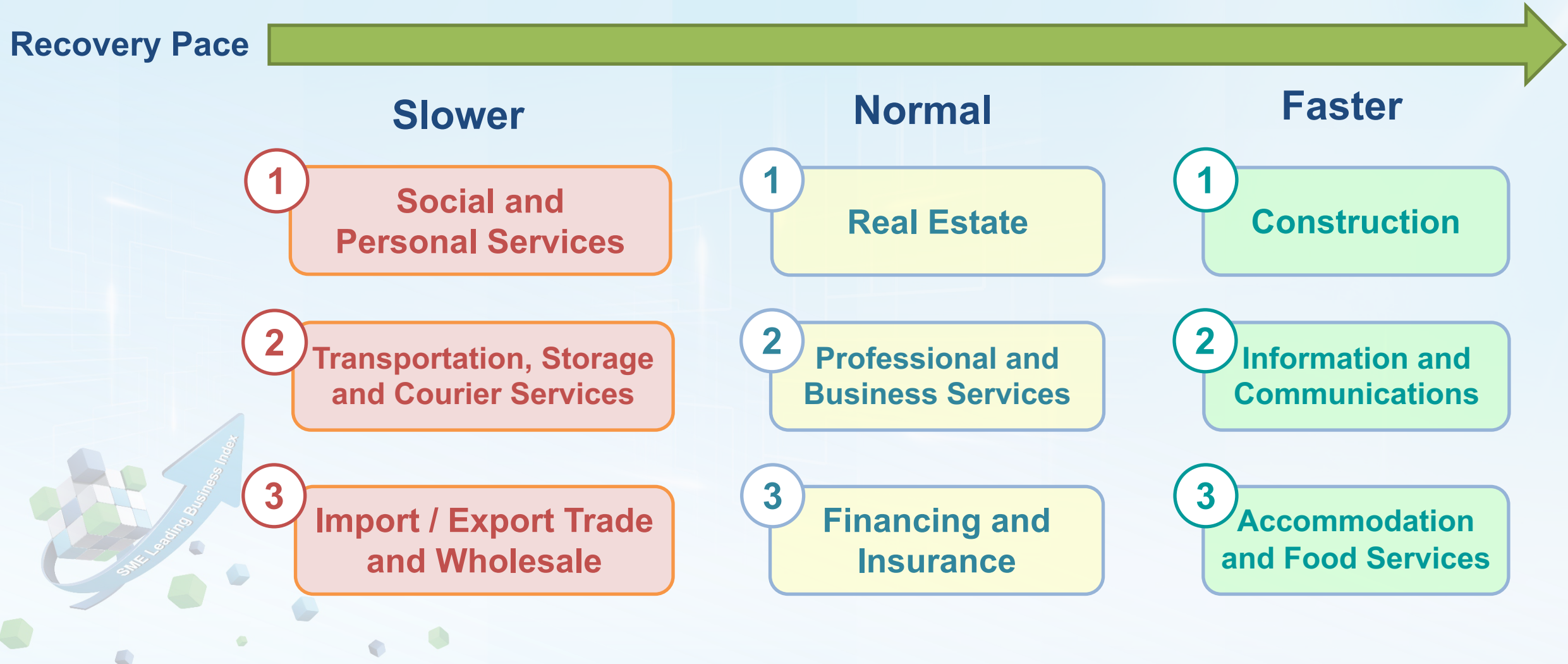


Factors behind:



Business Conditions Compared against Pre-pandemic

Recovery Pace among Different Industries:



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Expert Analysis

