



Standard Chartered Hong Kong SME Leading Business Index

Quarter 2, 2026

About the Index

Sponsored by Standard Chartered Bank (Hong Kong) Limited, the “Standard Chartered Hong Kong SME Leading Business Index” (Standard Chartered SME Index) is a forward-looking survey on local SMEs’ confidence on the recent business environment. HKPC’s professional team interviews no less than 800 local SMEs’ top management from the Manufacturing, Construction, Import / Export Trade and Wholesale, Retail, Transportation, Storage and Courier Services, Accommodation and Food Services, Information and Communications, Financing and Insurance, Professional and Business Services, Real Estate, as well as Social and Personal Services every quarter. The survey covers SMEs’ perception of their “Business Condition”, “Profit Margin”, “Investment Sentiment”, “Recruitment Sentiment”, and “Global Economy” in this quarter.

Methodology

Sample Distribution

Data were collected from 825 SMEs using publicly available SME directories and HKSAR Census database. The sample was stratified by the Hong Kong Standard Industrial Classification (HSIC) version 2.0, and based on the number of SME establishments in Hong Kong. The stratified sample covers eleven categories namely: 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, and 11) Social and Personal Services.

Index Calculation

Standard Chartered SME Index is a composite index based on the diffusion indices of the five surveyed areas with the following weights:

Diffusion Indices	Weights
Recruitment Sentiment	25%
Investment Sentiment	25%
Business Condition	20%
Profit Margin	20%
Global Economy	10%

Respondents indicated the change of business sentiments in three ways: increase, no change or decline. Each diffusion index is calculated using the following formula:

$$\text{Increase\%} \times 100 + \text{No Change\%} \times 50 + \text{Decline\%} \times 0$$

Diffusion indices, which have been broadly used as leading indicators, are convenient summary measures indicating the prevailing direction of change in business sentiments. An index above the 50 neutral level generally indicates optimistic business sentiment, while that below 50 neutral level indicates pessimistic business sentiment. A reading at 50 neutral level indicates neutral business sentiment.



Summary

The 56th survey of the Standard Chartered Hong Kong SME Leading Business Index was conducted in March 2026. Top management of 825 SMEs were surveyed to gauge their views on the outlook of the overall business environment in Q2 2026 and to explore their current situation of talent recruitment and talent requirements.

Key Findings

The Q2 2026 “Standard Chartered SME Index” was 43.3, down slightly by 0.6 from the previous quarter. It reflected that SMEs remained cautious about their overall business sentiment and continued to adjust their business strategies to cope with challenges, amid an uncertain external economic outlook. Key findings of the survey are as follows:

- ⊕ Among the five component sub-indices, “Global Economy” sub-index recorded a significant drop, falling by 15.5 to 20.9, returning to a level close to Q3 2025. This reflected a marked deterioration in SMEs’ perceptions of the external economic environment. The largest declines were observed in the “Transportation, Storage and Courier Services” and “Social and Personal Services” industries, with respective drops of 24.8 and 22.5. This was followed by “Financing and Insurance”, “Import / Export Trade and Wholesale”, and “Manufacturing”, each recording declines of more than 15 points;
- ⊕ In contrast, the other four sub-indices remained relatively stable. “Investment Sentiment” (51.1, +1.4), “Business Condition” (40.6, +1.1), and “Profit Margin” (38.5, +1.9) all recorded modest improvements compared to the previous quarter, with “Investment Sentiment” returning above the 50 neutral line. Meanwhile, “Recruitment Sentiment” (50.5) continued to stay above the 50 neutral line;
- ⊕ Regarding the cost components, the proportion of SMEs anticipating an increase in raw material costs rose sharply by 21 percentage points to 67%. Conversely, the proportion of SMEs expecting staff salary increases declined by 1 percentage point to 20%. Notably, despite heightened expectations of raw material cost pressures, only 23% of SMEs planned to raise prices for their products or services, indicating that most SMEs were not yet prepared to fully pass rising costs on to customers.



Key Findings (cont.)

⊕ The thematic survey of this quarter explored the current situation of talent recruitment and talent requirements among Hong Kong SMEs:

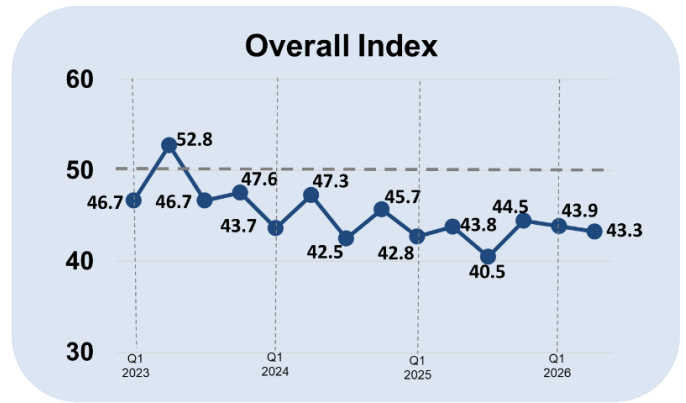
- The survey revealed that, in addition to sales, customer service and administrative roles, some SMEs have begun recruiting talent in IT, digital and AI-related support, highlighting their growing emphasis on AI and digital applications in daily operations;
- In terms of recruitment criteria, over half (51%) of SMEs seeking to fill staff vacancies indicated that they preferred job applicants who are capable of using AI, reflecting the rising importance of digital and AI competencies in hiring decisions. At the same time, SMEs continued to place strong emphasis on candidates' ability to work independently, relevant experience, communication skills, work attitude and learning ability;
- Among SMEs needing to fill up job vacancies due to resignation, more than 60% (63%) reported difficulties in staff recruitment, indicating that manpower shortages remain persistent. To cope with recruitment challenges, SMEs mainly relied on reorganising work allocation and workflows, strengthening internal training and talent development, and flexible use of outsourcing and flexible employment arrangements. Some SMEs also indicated plans to introduce AI and automation solutions to reduce reliance on manpower and enhance operation efficiency;
- The survey also showed that among SMEs with recruitment needs, 77% would consider hiring fresh graduates. In addition to the value of work attitude, communication skills and learning ability, SMEs also expected graduates to possess basic digital skills and the ability to apply AI tools to meet the demands of increasingly digitalised business operations.



Standard Chartered SME Index

Q2 2026

43.3



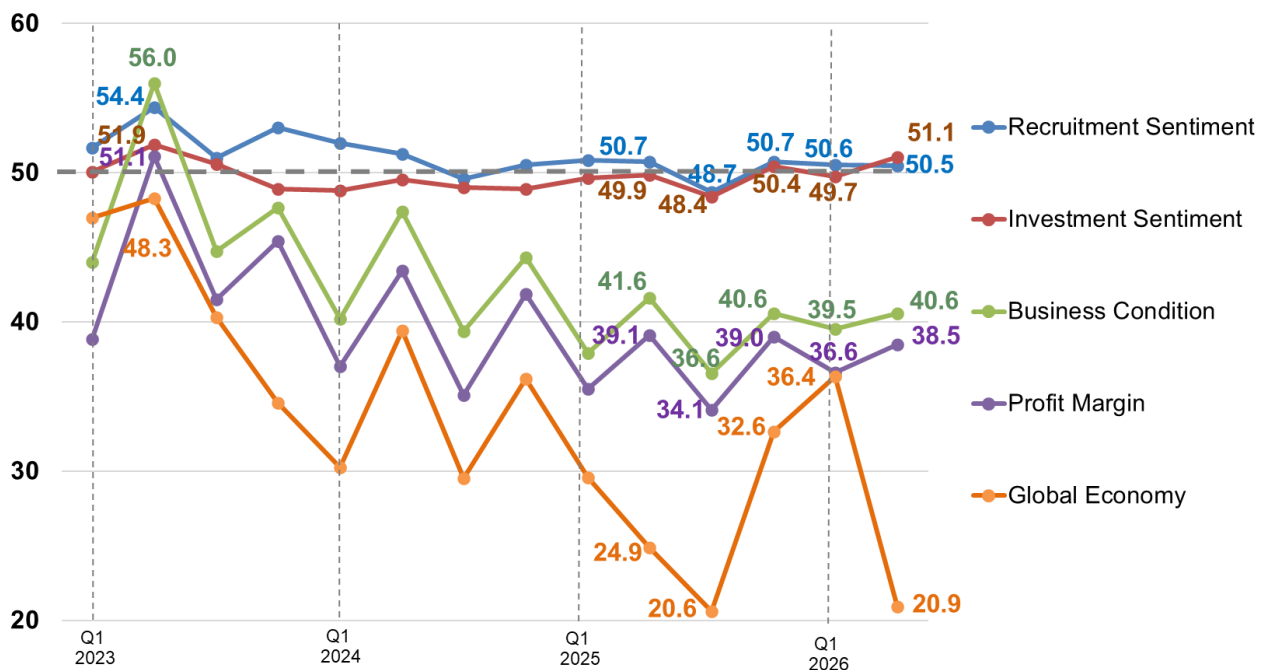
The Q2 2026 Overall Index was 43.3, down slightly by 0.6 from the previous quarter. It reflected that SMEs remained cautious about their overall business sentiment and continued to adjust their business strategies to cope with challenges, amid an uncertain external economic outlook.

Among the five component sub-indices, "Global Economy" sub-index recorded a significant drop, falling by 15.5 to 20.9, returning to a level close to Q3 2025. This reflected a marked deterioration in SMEs' perceptions of the external economic environment. The largest declines were observed in the "Transportation, Storage and Courier Services" and "Social and Personal Services" industries, with respective drops of 24.8 and 22.5. This was followed by "Financing and Insurance", "Import / Export Trade and Wholesale", and "Manufacturing", each recording declines of more than 15 points.

In contrast, the other four sub-indices remained relatively stable. "Investment Sentiment" (51.1, +1.4), "Business Condition" (40.6, +1.1), and "Profit Margin" (38.5, +1.9) all recorded modest improvements compared to the previous quarter, with "Investment Sentiment" returning above the 50 neutral line. Meanwhile, "Recruitment Sentiment" (50.5) continued to stay above the 50 neutral line.

5

Five Component Sub-Indices of Overall Index



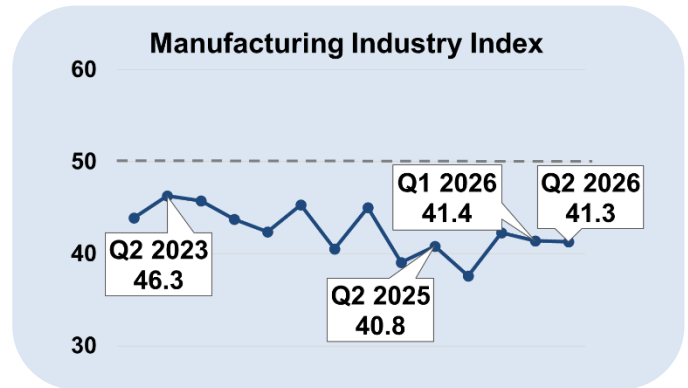
The 3 Key Industry Indices

Manufacturing Industry 41.3

Industry index of Manufacturing Industry remained stable at 41.3. “Global Economy” sub-index dropped sharply by 15.3 to 17.4. In contrast, “Recruitment Sentiment”, “Business Condition” and “Profit Margin” recorded slight increases.



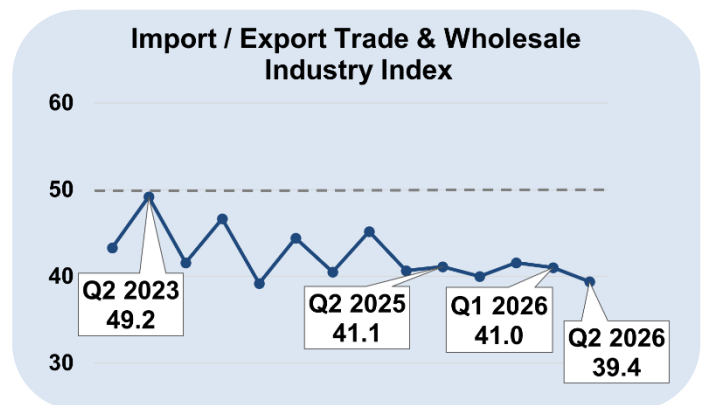
Component Indices	Index	Compared to last quarter	Compared to same period of last year
Recruitment Sentiment	47.9	Up	Down
Investment Sentiment	50.7	Down	Up
Business Condition	39.6	Up	Up
Profit Margin	34.7	Up	Unchanged
Global Economy	17.4	Down	Up



Import / Export Trade and Wholesale Industry 39.4

Industry index of Import / Export Trade and Wholesale Industry declined slightly by 1.6 to 39.4. “Global Economy” sub-index dropped sharply by 17.2 to 13.5, the lowest level in nearly six years. “Investment Sentiment” rebounded by 3.6 to 50.7, returning above the 50 neutral line.

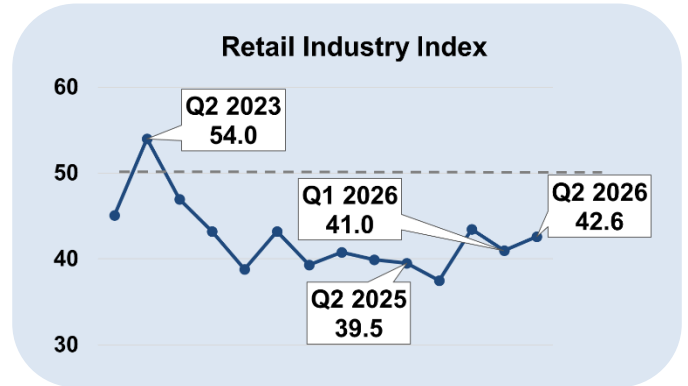
Component Indices	Index	Compared to last quarter	Compared to same period of last year
Recruitment Sentiment	49.7	Down	Down
Investment Sentiment	50.7	Up	Up
Business Condition	33.7	Down	Down
Profit Margin	31.3	Down	Down
Global Economy	13.5	Down	Down



The 3 Key Industry Indices

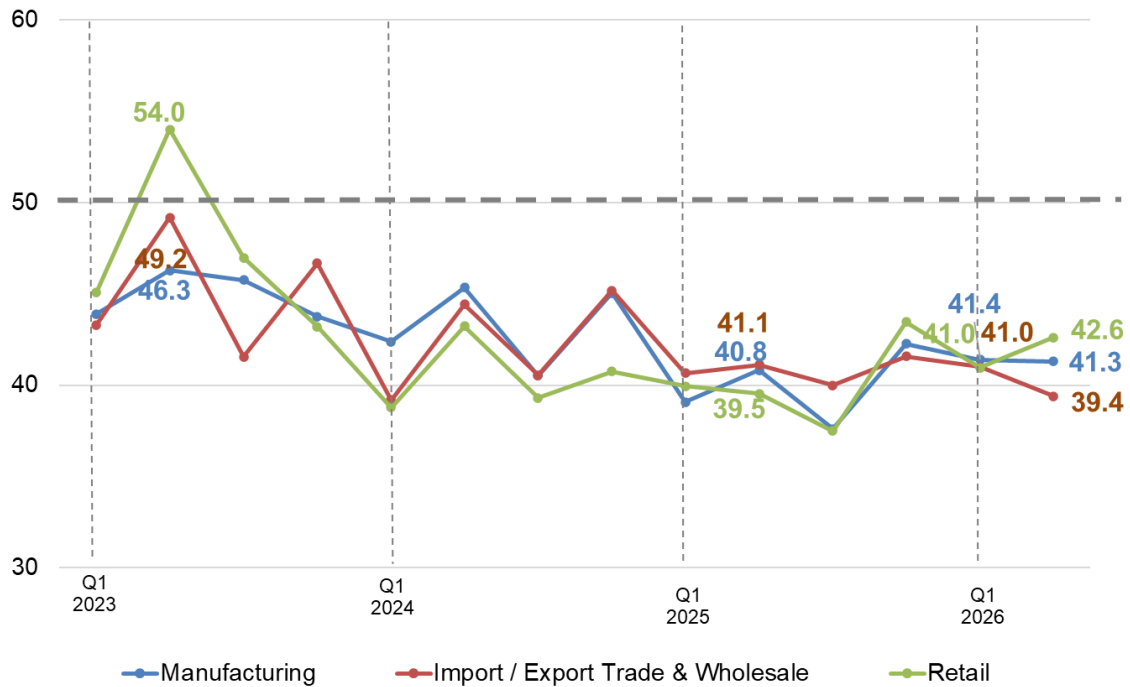
Retail Industry 42.6

Industry index of Retail Industry rose slightly to 42.6. “Global Economy” sub-index declined by 9.7 to 23.8, but remained higher than the level in Q3 2025. All other four sub-indices recorded increases, with “Profit Margin” (+6.6) showing the largest rise.



Component Indices	Index	Compared to last quarter	Compared to same period of last year
Recruitment Sentiment	48.3	Up	Down
Investment Sentiment	51.2	Up	Up
Business Condition	38.4	Up	Up
Profit Margin	38.4	Up	Up
Global Economy	23.8	Down	Up

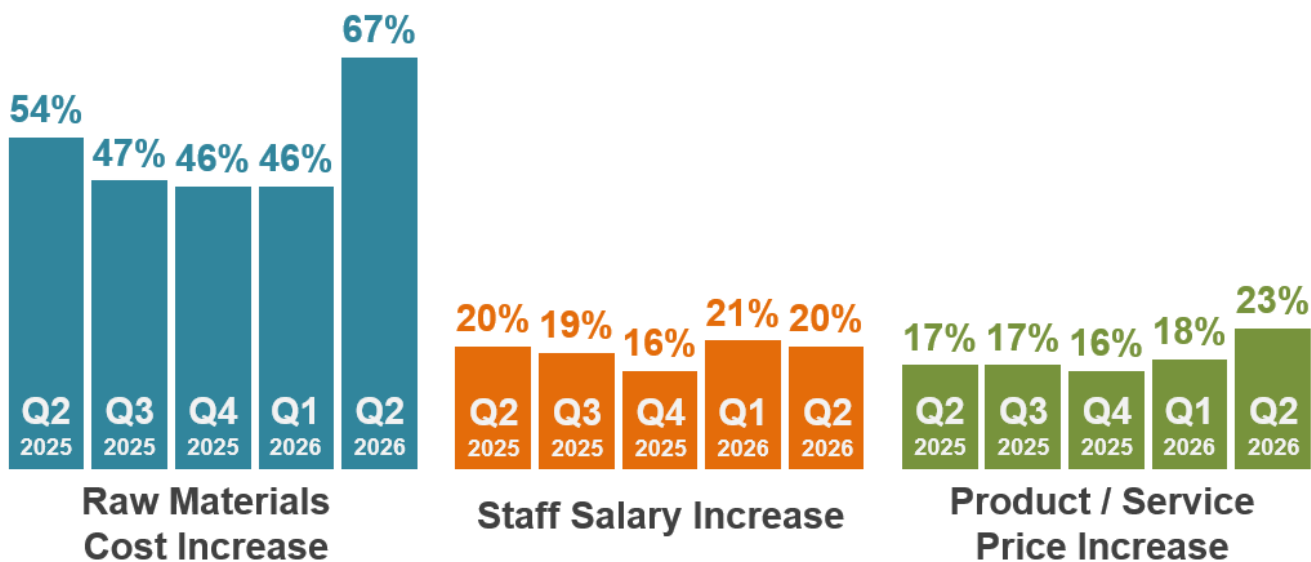
3 Key-Industry Indices



Market Prospects

Regarding the cost components, the proportion of SMEs anticipating an increase in raw material costs rose sharply by 21 percentage points to 67%. Conversely, the proportion of SMEs expecting staff salary increases declined by 1 percentage point to 20%. Notably, despite heightened expectations of raw material cost pressures, only 23% of SMEs planned to raise prices for their products or services, indicating that most SMEs were not yet prepared to fully pass rising costs on to customers.

Proportion of surveyed SMEs:



Thematic Topic

Current Situation of Talent Recruitment and Talent Requirements among Hong Kong SMEs

The survey revealed that, in addition to sales, customer service and administrative roles, some SMEs have begun recruiting talent in IT, digital and AI-related support, highlighting their growing emphasis on AI and digital applications in daily operations.

Among SMEs needing to fill up job vacancies due to resignation:



9

In terms of recruitment criteria, over half (51%) of SMEs seeking to fill staff vacancies indicated that they preferred job applicants who are capable of using AI, reflecting the rising importance of digital and AI competencies in hiring decisions. At the same time, SMEs continued to place strong emphasis on candidates' ability to work independently, relevant experience, communication skills, work attitude and learning ability.

Among SMEs needing to fill up job vacancies due to resignation:



Preferred applicants who are capable of using AI

In addition to AI capabilities, SMEs also place importance on the following attributes:

- 1 Ability to work independently
- 2 Relevant experience
- 3 Good communication skills
- 3 Positive work attitude and sense of responsibility
- 3 Strong learning ability and adaptability

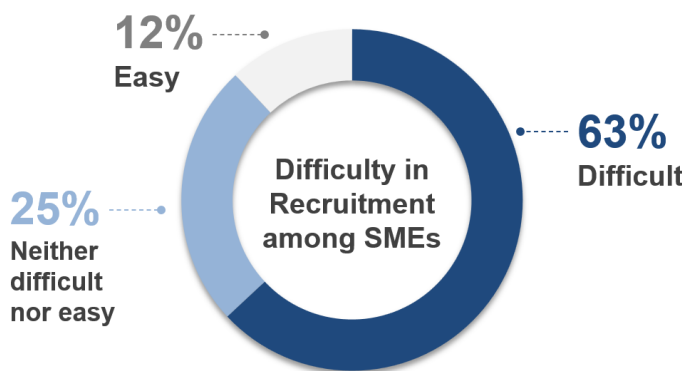


Thematic Topic

Current Situation of Talent Recruitment and Talent Requirements among Hong Kong SMEs

Among SMEs needing to fill up job vacancies due to resignation, more than 60% (63%) reported difficulties in staff recruitment, indicating that manpower shortages remain persistent. To cope with recruitment challenges, SMEs mainly relied on reorganising work allocation and workflows, strengthening internal training and talent development, and flexible use of outsourcing and flexible employment arrangements. Some SMEs also indicated plans to introduce AI and automation solutions to reduce reliance on manpower and enhance operation efficiency.

Among SMEs needing to fill up job vacancies due to resignation:



SMEs' measures in addressing manpower shortages:

- 1 Reorganising work allocation and workflows
- 2 Strengthening talent development and internal training
- 3 Flexible use of outsourcing and flexible employment arrangements
- 4 Adopting AI / automation to reduce reliance on manpower

The survey also showed that among SMEs with recruitment needs, 77% would consider hiring fresh graduates. In addition to the value of work attitude, communication skills and learning ability, SMEs also expected graduates to possess basic digital skills and the ability to apply AI tools to meet the demands of increasingly digitalised business operations.



Will consider hiring fresh graduates

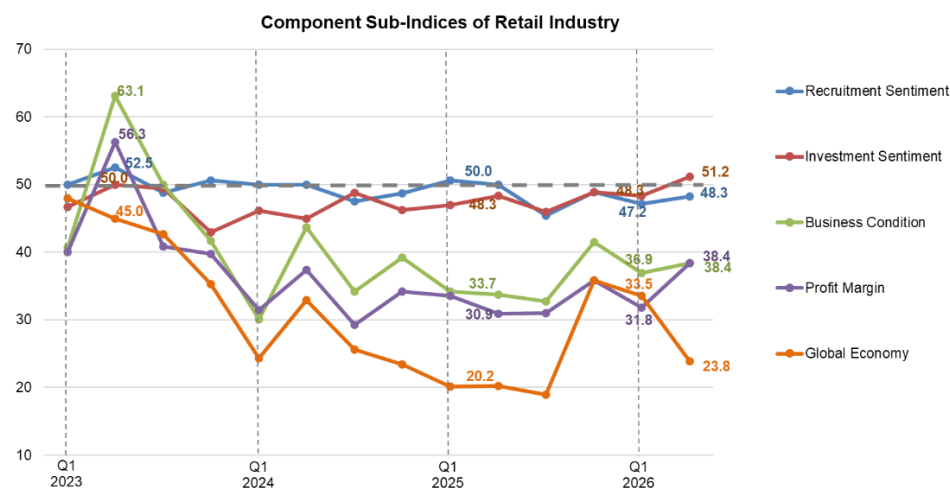
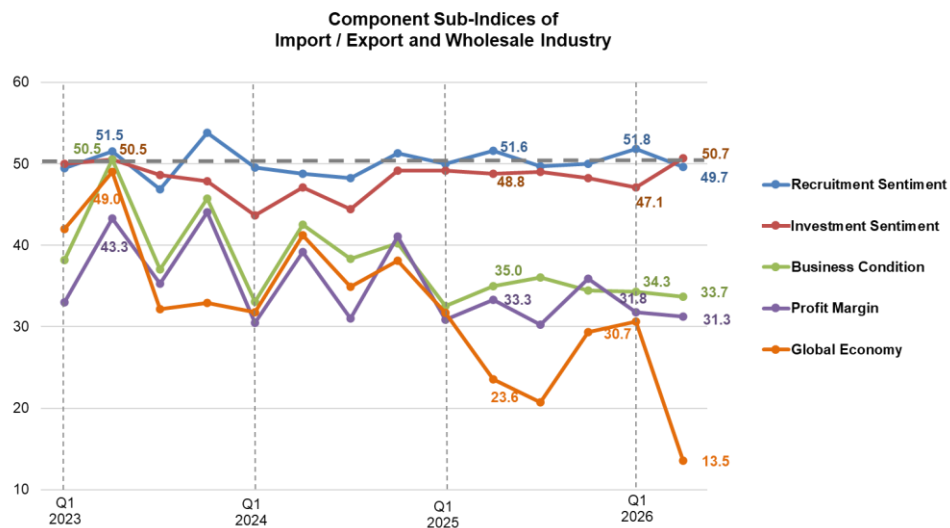
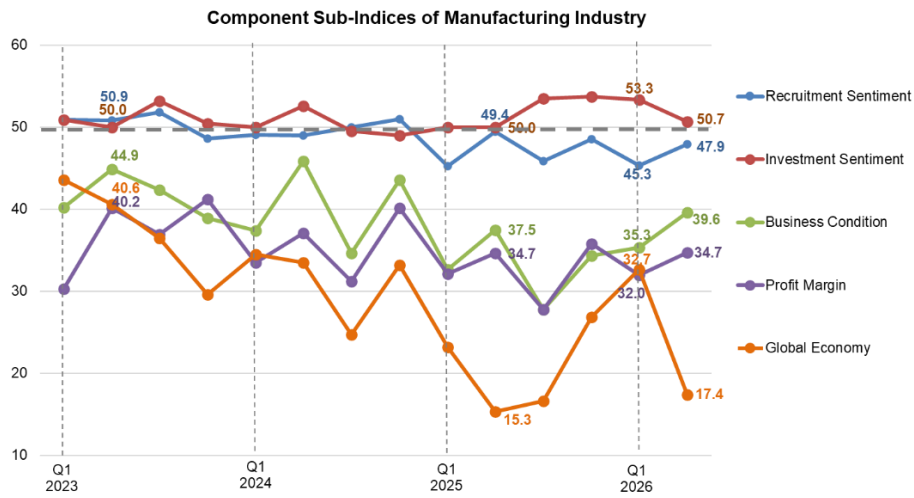
Key attributes of graduates valued by SMEs:

- | Workplace Attitude and Soft Skills | |
|------------------------------------|--|
| 1 | Positive work attitude and sense of responsibility |
| 2 | Good communication skills |
| 3 | Strong learning ability |
-
- | Digital Skills and AI Application Capabilities | |
|--|--|
| 1 | Willingness to explore and learn new technologies / AI |
| 2 | Ability to use AI / digital tools |



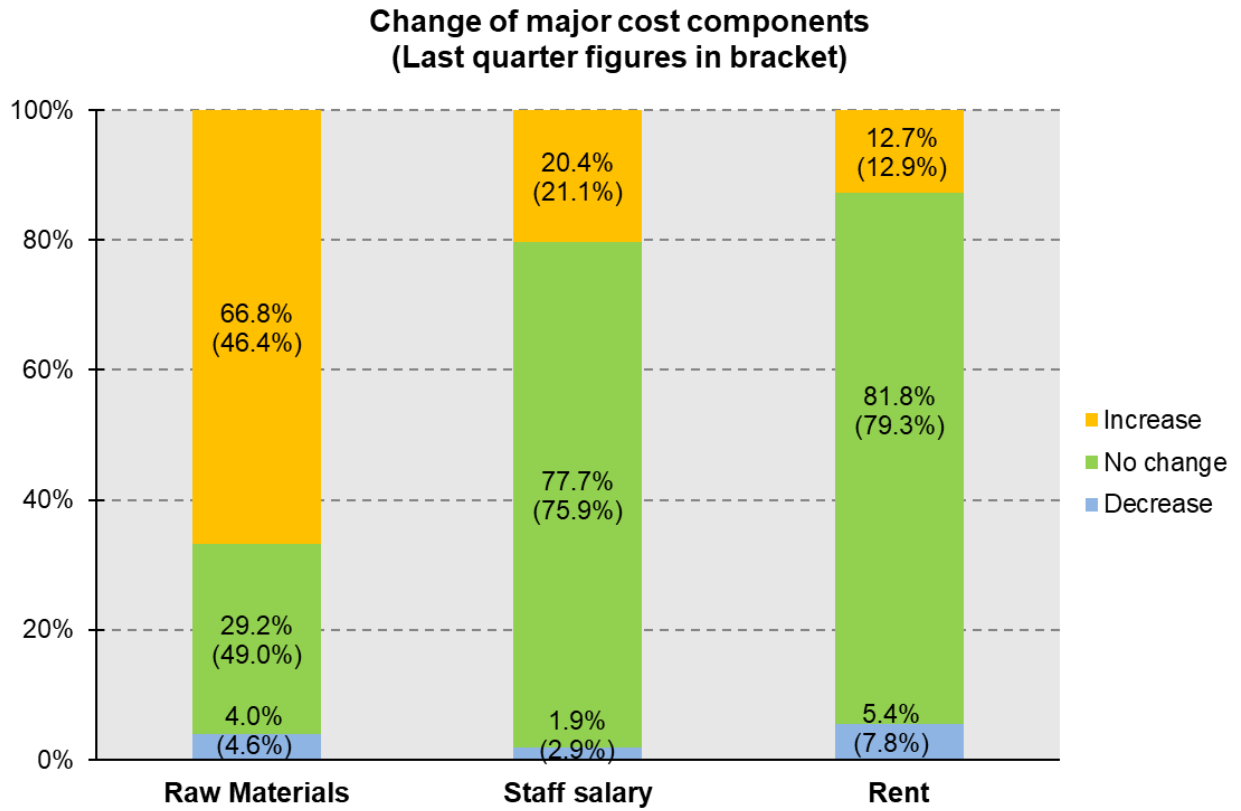
Appendix

Component Sub-Indices of the 3 Key Industry Indices



Appendix

Change of Major Cost Components



Report Release

The Standard Chartered SME Index is released every quarter. Full reports can be downloaded at <https://u.hkpc.org/scbi-en>.

Disclaimer:

The content and data in this report is owned by Hong Kong Productivity Council (HKPC). Without the authorisation of HKPC, any changes to the report content and data, as well as selling of the report, are not permitted. HKPC shall not have any liability, duty or obligation for or relating to the content and data contained herein, any errors, inaccuracies, omissions or delays in the content and data, or for any actions taken in reliance thereon. In no event shall HKPC be liable for any special, incidental or consequential damages, arising out of the use of the content and data.

