

News Release

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S&P Global Hong Kong SAR PMI[®]

Business activity growth eases in November

Key findings

Expansion in new orders slows amid renewed fall in exports

Staffing levels rise for the first time in seven months

Business sentiment slips to lowest in 13 months

Business conditions in the Hong Kong SAR private sector improved in November, albeit at a softer pace compared to October. Private sector output growth slowed, in line with the trend for new orders. This was as new business from abroad and mainland China fell. Business sentiment also deteriorated with pessimism levels at their highest in 13 months. That said, firms continued to raise their buying activity and inventory levels. Staffing levels also expanded for the first time since April as capacity pressures rose. Finally, input cost inflation fell to a near four-year low, underpinning a softer rise in average charges.

The headline seasonally adjusted S&P Global Hong Kong SAR Purchasing Manager's Index™ (PMI[®]) – a composite single-figured indicator of performance – posted 51.2 in November, down from 52.2 in October. The latest reading signalled that business conditions improved in the penultimate month of the year, though at a softer and only modest pace.

Business activity growth was sustained for a second straight month as new business inflows expanded, with better local client interests and business development efforts bearing fruit. The wholesale & retail segment experienced the quickest expansion in both new business and activity. That said, rates of output and new business growth across the private sector eased from October as export demand softened. Incoming new business from mainland China and abroad both fell in November, with anecdotal evidence pointing to reduced client budgets and rising competition.

A sustained expansion in new sales contributed to backlogs accumulating for the first time in 14 months. The rate of increase was marginal but nevertheless the most pronounced since June 2023. Consequent of the rise in unfinished business, Hong Kong SAR firms raised their workforce capacity for the first time in seven months, mainly in the wholesale & retail sector.

Purchasing activity rose in line with expanded operations

S&P Global Hong Kong PMI
sa, >50 = improvement since previous month



Source: S&P Global PMI.
Data were collected 12-26 November 2024.

Comment

Jingyi Pan, Economics Associate Director at S&P Global Market Intelligence, said:

“The latest S&P Global Hong Kong SAR PMI signalled that economic growth has improved in the final quarter of the year based on October and November data so far. This was despite a softening of output growth in the latest survey period. Sustained new business expansion and a renewed accumulation of backlogged work further indicate that private sector output may remain in growth in the near-term, with firms also adding staff for the first time since April.”

“Additionally, cost pressures eased for Hong Kong SAR firms as input price inflation eased to a near four-year low, thereby enabling selling price inflation to soften in the Hong Kong SAR economy.”

“That said, business sentiment has clearly softened with pessimism levels at a 13-month high, partially reflecting concerns over potential trade barriers affecting future business conditions. Moreover, export orders fell in November, indicating subdued external demand.”

PMI[®]

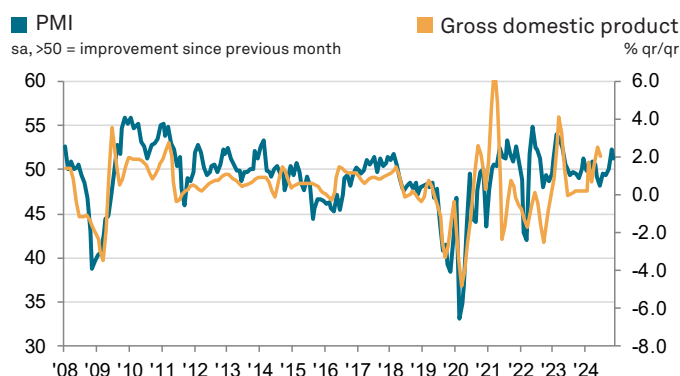
by S&P Global

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and new business in November. This supported a third straight monthly increase in stocks of purchases. The rate of accumulation eased from October, however, as buying activity growth slowed and some supplies were delayed. Indeed, average lead times lengthened for a fourth straight month and at the sharpest pace since April, which panellists linked to supply constraints.

Turning to prices, average input costs increased in November, underpinned by higher purchase prices and wages. The rate of inflation eased to the lowest since January 2021, however, falling below the series average as purchase price inflation softened. As a result, Hong Kong SAR private sector firms raised selling prices at the softest pace in four months.

Sentiment in the Hong Kong SAR private sector remained pessimistic in the penultimate month of the year. The level of pessimism rose to the highest in just over a year as firms were concerned about the economic outlook, potential trade barriers and intense competition negatively affecting output in the next 12 months.



Sources: S&P Global PMI, HKSAR Census and Statistics Department via S&P Global Market Intelligence.

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Survey methodology

The S&P Global Hong Kong SAR PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 private sector companies. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. The sectors covered by the survey include manufacturing, construction, wholesale, retail and services. Data were first collected July 1998.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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