

Bauhinia's first quarterly survey findings on Hong Kong's consumer confidence

Indications show that most people of Hong Kong are becoming more optimistic about the economic outlook of the city, according to a recent survey released by the Bauhinia Foundation Research Centre today (16 July 2009).

More than half of the respondents in the survey believe the local economy will improve over the next twelve months. Half of the respondents also believe the city's employment market will improve in the same timeframe.

Chairman of the Centre, Mr Anthony Ting Yuk Wu said: "Reflecting the level of consumer confidence in Hong Kong, the survey findings released today will be benchmarked as a base of measurement to compile the "Bauhinia Hong Kong Consumer Confidence Index" that will be released at a quarterly interval. The Index will provide useful statistical reference for different sectors of the community, including policymakers and researchers."

Making reference to similar international indices and taking into account the local social context, the survey covers five main areas of questions, i.e., (1) respondents' perception of Hong Kong's economy and overall employment situations; (2) respondents' existing and anticipated household income and employment situations; (3) respondents' daily consumption and their expectations of future consumption; (4) respondents' current and expected investment in real estates and non-recurrent consumption; and (5) respondents' current and expected personal investments.

According to the Bauhinia survey, most people were more pessimistic about Hong Kong's economy during the past three months, but there is a shared sense of optimism about the economic prospects over the coming three to twelve months.

With regard to household income and households' employment situations, it was found that more than 10% of the respondents anticipated that their household income would improve over the coming three months. More than 20% believed there would be improvement in their household income in the coming year. It was also noted that close to 20% of the respondents said their family members had been unemployed in the past three months, and close to 10% of them did not think that the employment situation of their families would improve in the next three months.

On consumption of daily necessities, about 10% of the respondents said their households had increased their spending over the past three months. The percentage of those who expected to spend less over the coming three months was down about 10 percentage points, compared to that of the past three months. At the same time, about half of the respondents did not expect any change in their daily consumption in the coming three months. It is worth noting that the desire to increase spending for daily consumption was particularly strong among the respondents aged between 18 and 29.

On the topic of real estate and non-recurrent consumption, about 2% of the respondents said they had invested in the property market in the past three months; and those who planned to purchase properties in the coming three months accounted for 3.5%. On the other hand, it was found that one thirds of the respondents said they had made

purchases of non-essential commodities valued above \$3,000 in the past three months. However, less than 30% said they would buy similar items in the next three months.

Mr Wu continued to say, "Our survey findings indicate that there is a gradual revival of confidence in Hong Kong's economy. The consensus seems to be that we will see improvements in our employment situations in the coming year.

"At the same time, it should be noted that our consumption pattern will become more cautious than before, and the same is also true for our personal investment. But it appears that the people of Hong Kong have stronger desires to purchase properties than before."

He added, "Hong Kong's economic situations are closely related to the economic activities of its people. Our consumer confidence index, which measures public perception of the economy and its future, will provide important information for policymakers, academics and stakeholders in making economic forecasts."

In summary, Mr Wu said Hong Kong needed to focus on economic developments to maintain its long-term competitiveness. The Centre will attach great importance to studies on economic issues in the coming year. A list of new research projects and initiatives is attached.

The first Bauhinia quarterly consumer confidence survey was conducted by phone between the 8th and 13th of June 2009. Survey respondents are permanent Hong Kong residents above the age of 18. From a random sample, a total of 1,030 respondents were interviewed.

Bauhinia Foundation Research Centre New Research Projects and Initiatives in 2009

Polling

- To launch the consumer confidence survey and the *Bauhinia Hong Kong Consumer Confidence Index*, which will be released at a quarterly interval, to assess public perception of the economy and its prospects

Database Construction

- To establish socioeconomic databases relevant to the long-term development of Hong Kong, including comparisons of governments' revenues and expenditures across the world as well as data collected during previous Bauhinia studies

Research Projects

- To follow up on issues related to Guangdong-Hong Kong cooperation, especially with regard to education and financial services
- To study areas of cooperation between Hong Kong and Shanghai in the development of China's financial centres

Lectures on Governance

- The Centre organized a series of 'Bauhinia Lectures' in May and June to enhance understanding of Hong Kong's governance. Topics covered included the evolution of Hong Kong's governance system, political infrastructure, design of the executive-led government and political appointment system, the development of think tanks, political supporting organizations, special interest groups and lobbyists, political mobilization and alliance formation in the legislature

Plans are afoot to launch the second phase of study programmes on governance in October, which will cover the relevant topics such as leadership, polling and voting, political thoughts and lobbying. Relevant academics will be invited to take part in the discussions

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