

Launch of Bauhinia Hong Kong Consumer Confidence Index

Local consumer confidence for the next three months significantly strengthens in comparison with that of the previous quarter, according to the first-ever Bauhinia Hong Kong Consumer Confidence Index released today (13 October 2009).

The rise in consumer confidence is reflected in respondents' economic expectations and economic behaviours. Consumer confidence over the next twelve months has also slightly strengthened compared to that of the previous quarter.

Two brand new indices - **The Bauhinia Hong Kong Consumer Confidence Index** and **the Bauhinia Hong Kong Expectations Index** - are calculated from the index scores of a series of quarterly telephone survey exercises commencing June this year, and the index scores for the base period (June 2009) are set to be 100. An increase in an index indicates an improvement of consumer confidence or economic conditions, and vice-versa.

The survey covers five main areas of questions, including respondents' perception of Hong Kong's economy and overall employment situations; household income and employment situations; property purchase by families, individual daily consumption and non-recurrent large purchases as well as other personal investments.

The Bauhinia Hong Kong Consumer Confidence Index was 115.4 for the survey period of September 2009 – an indication that consumer confidence in terms of economic expectations and economic behaviours in the next three months has significantly strengthened compared to that of the previous quarter.

The Bauhinia Hong Kong Consumer Expectations Index for the same survey period is 105.1, representing a slight improvement in consumer confidence over the next twelve months compared to that of the previous quarter.

Chairman of the Bauhinia Foundation Research Centre, Mr Anthony Ting Yuk Wu said: "As the global economy is back on a more stabilized path, Hong Kong's economy has started to bounce back, and consumer confidence is clearly strengthening. But our expectations index reveals that consumer confidence is more of a short-term nature at this stage."

Among the five areas of questions asked, a high level of confidence is evident in respondents' expectations for the next three months, but they are most optimistic about Hong Kong's current economic conditions, employment situations as well as their household incomes. They are relatively more conservative when it comes to the prospects in the next twelve months.

The employment situation of respondents' family members has not improved much over the past three months. Their expectation for the next three months has not improved much either, compared to that of the previous survey three months ago.

Property purchase by respondents' families and their expenses on daily necessities have increased significantly over the past three months, and their expectations for the next three months has improved significantly compared to that of the previous survey three months ago.

Respondents' spending on non-recurrent large purchases and investment in financial products have increased significantly over the past three months, but their expectation for the next three months has only slightly improved in comparison with that of the previous survey three months ago.

Mr Wu said, "The investment market has become more active, and consumer confidence has clearly shown signs of recovery over the past three months. But following the financial crisis, people are now becoming more cautious about financial products and other personal investment."

This two-part consumer confidence survey is the second one in a series of quarterly survey exercises commissioned by the Centre, with the first survey completed in June 2009. Reference has been made to the Michigan Consumer Sentiment Index and the local social context in compiling the Indices. Questions in the first part of the survey are related to respondents' perception of Hong Kong's overall economic conditions, Hong Kong's employment situations and respondents' household incomes in three timeframes (i.e. the current situation, the next three months and the next twelve months). Questions in the second part are related to respondents' or their families' various economic and consumption behaviours.

Data collection of the survey took place from 7th to 13th September 2009. Survey respondents are permanent Hong Kong residents aged 18 or above. A total of 1,008 respondents were interviewed from a random sample.

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