

# News Release

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## S&P Global Hong Kong SAR PMI®

### Private sector conditions deteriorate at strongest rate since March 2022

#### Key findings

Solid fall in output amid sharper reduction in orders

Business confidence weakest in nearly five years

Average selling prices fall for third time in four months

Hong Kong SAR private sector conditions deteriorated at the end of the second quarter of 2025, with the rate of decline quickening on the back of sharper reductions in new business and output. The former saw the most pronounced reduction since March 2022, with firms commenting on weaker demand across both local and international markets. Business sentiment also deteriorated, leading firms to cut their purchasing activity and to a stagnation of employment.

Average input prices meanwhile rose at a softer rate in June, while firms lowered their charges for the third time in four months as part of efforts to stimulate demand.

The headline seasonally adjusted S&P Global Hong Kong SAR Purchasing Manager's Index™ (PMI®) – a composite single-figured indicator of performance – posted 47.8 in June, down from 49.0 in May. The latest reading signalled a fifth consecutive deterioration in business conditions, with the rate of decline the steepest since March 2022.

New order inflows across the private sector economy declined for the fifth month running during June. According to panel members, tighter client budgets and US trade policy uncertainty had dampened demand. Moreover, new business from both mainland China and abroad fell at steeper rates than in May. This led to a solid reduction in output, which was the most pronounced for a year.

The reduction in new orders led to signs of increased capacity. Firms were able to work through their existing orders to a greater extent and for a sixth successive month. This occurred despite unchanged staffing levels compared to May.

Concerns over the outlook for business activity partly contributed to the caution around staff hiring. The level of pessimism was the most pronounced since August 2020 due to worries over weak local demand, an increasingly subdued global economy, and US trade policy uncertainty.

S&P Global Hong Kong PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12-25 June 2025.

#### Comment

Usamah Bhatti, Economist at S&P Global Market Intelligence, said:

*“June’s S&P Global Hong Kong SAR PMI data showed that business conditions worsened at the end of the first half of 2025. Business activity contracted at a sharper rate as demand conditions deteriorated both domestically and externally. Forward-looking indicators, including new orders and future activity indices, hinted that the contraction could deepen over the second half of the year.*

*“The sinking of overall business confidence to the lowest level in close to five years was a particular point of concern. A weaker global economic and trade environment, in turn linked to US trade policy uncertainty, are likely to dampen the sector’s performance in the near-term, and marked improvements in confidence and demand will need to be seen before a recovery can take place.”*

PMI®

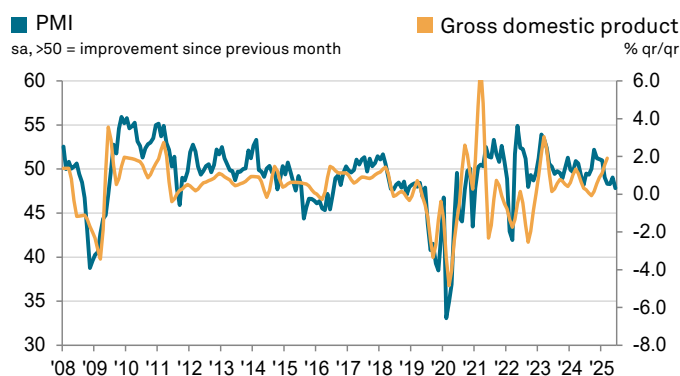
by S&P Global

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June data also showed that firms raised their stocks of purchases. There were some reports that firms had held stock in preparation for an eventual demand recovery. Concurrently, firms lowered their purchasing activity at a sharper rate amid lower production requirements. Despite reduced pressure on supply chains, lead times for inputs lengthened slightly, ending a three-month period of improving vendor performance. Where delivery times increased, firms mentioned shipping delays were a key factor.

Average input prices rose at the slowest pace since January 2021, which survey panellists largely attributed to easing wage inflation. At the same time, average purchase costs increased solidly due to rising raw material prices, albeit at a softer rate than in May. Detailed sector data revealed that the manufacturing, wholesale & retail and services sectors saw rising average input prices, while the construction sector recorded a decline.

In response to easing inflationary pressures, Hong Kong SAR private sector companies lowered their selling prices for the third time in four months. The rate of decrease was only marginal, but often attributed to firms offering discounts as part of efforts to stimulate sales.



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](mailto:economics@spglobal.com).

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