

# S&P Global Hong Kong SAR PMI<sup>®</sup>

## Headline PMI signals softest deterioration in operating conditions for six months

July 2025

Softer falls in output and new orders

Renewed drop in employment amid weak business confidence

Sharpest rise in purchase costs for three-and-a-half years

Business conditions across the Hong Kong SAR private sector deteriorated at the start of the second half of 2025, albeit at a slower rate than that seen in June.

The softer deterioration in conditions stemmed from slower reductions in both output and total new orders, though declines in new business from abroad and Mainland China remained steep. Relatively muted demand conditions contributed to a renewed fall in employment levels, while business sentiment regarding the year-ahead outlook remained strongly pessimistic. On the price front, the rate of input cost inflation gathered pace from June to reach a four-month high amid reports of increased purchase costs. That said, prices charged by private sector firms were broadly stable during July.

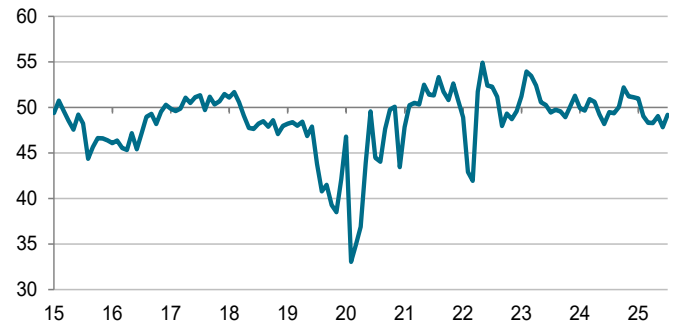
The headline seasonally adjusted S&P Global Hong Kong SAR Purchasing Manager's Index™ (PMI<sup>®</sup>) – a composite single-figured indicator of performance – posted 49.2 in July, up from 47.8 in June. The latest reading signalled a sixth consecutive monthly deterioration in business conditions, albeit with the rate of decline the softest seen over this period.

A key factor keeping the headline index below the neutral 50.0 level was a sustained reduction in new orders during July. Total new business fell for the sixth month in a row, though only modestly, as weaker domestic and global economic conditions weighed on sales in local and international markets. As such, incoming new business from abroad and Mainland China continued to fall sharply in the latest survey period, with the respective rates of decline little-changed from June. In line with the trend seen for overall new business, output fell at a softer and modest pace in July.

Sustained demand weakness contributed to a further decline in backlogs of work that was the strongest in ten months. Reduced capacity pressures also discouraged firms from taking on additional staff, with employment levels falling for the first time since April.

Purchasing activity also fell during July due to reduced production requirements, and at a sharp pace. Lower production also led to a second successive monthly increase in pre-production inventories. Some firms also looked to

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Index, sa, >50 = improvement m/m



Data were collected 10-28 July 2025.

Source: S&P Global PMI. ©2025 S&P Global.

### Comment

Commenting on the latest survey results, Usamah Bhatti, Economist at S&P Global Market Intelligence, said:

"The latest PMI data signalled that private sector firms in Hong Kong SAR entered the second half of 2025 on a subdued note. Demand remained weak, and while overall new order inflows declined at a moderate pace, there were notable reductions in sales across external markets and Mainland China. Reduced pressure on capacity discouraged firms from recruiting new staff, with overall employment falling for the first time in three months.

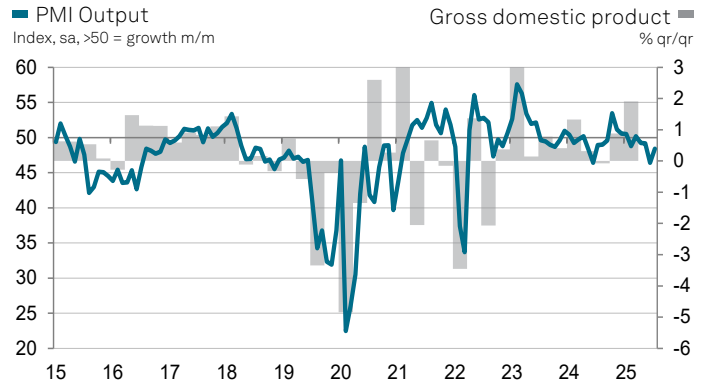
"Cost pressures persisted, with the rate of input price inflation accelerating to a four-month high in July on the back of a robust increase in raw material prices. That said, firms kept their selling prices broadly unchanged in an attempt to stimulate sales.

"Business expectations for the year ahead remained downbeat, despite the overall degree of pessimism softening on the month. Firms cited the impact of weaker domestic and global economic environments on future demand and output, but also the potential impact of higher trade barriers."

expand their inventories amid reports of shipping delays, as indicated by a further lengthening of average supplier delivery times.

Turning to prices, average input costs increased at the start of the third quarter, underpinned by a marked increase in purchase prices as staff costs fell for the first time in six months. Despite this, Hong Kong SAR private sector firms kept their selling prices broadly unchanged.

Sentiment in the Hong Kong SAR private sector regarding future output remained strongly negative in July. Firms highlighted that greater trade barriers, intense competition and a weak global economic environment were key headwinds to growth. That said, the degree of pessimism eased since June and was the least pronounced since February.



Sources: S&P Global PMI, HKSAR Census and Statistics Department. ©2025 S&P Global.

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## 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. Data collection began in 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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