

S&P Global Hong Kong SAR PMI[®]

May sees renewed rise in private sector output, but price pressures remain intense

May 2026

Companies signal first rise in business activity for three months

Cost pressures remain marked amid sharp rise in purchasing prices

Firms maintain downbeat assessment over future output

Hong Kong SAR private sector firms recorded a fresh improvement in overall business conditions during May.

Business activity rose modestly for the first time in three months as intakes of new work expanded fractionally. The latter was supported by a solid increase in demand from clients based outside of Hong Kong SAR. Whilst business sentiment remained downbeat overall, the degree of pessimism was the least pronounced in three months.

Turning to prices, overall input costs rose rapidly amid a sharper increase in purchasing costs. Output charges were also raised, with the rate of inflation easing only slightly from April's solid pace.

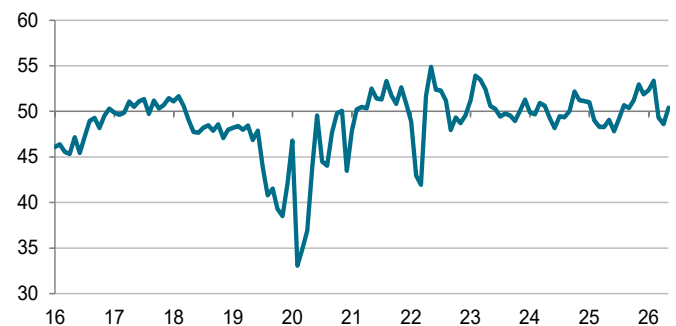
At 50.4 in May, the headline seasonally adjusted S&P Global Hong Kong SAR Purchasing Manager's Index[™] (PMI[®]) – a composite single-figure indicator of performance – was up from 48.6 in April to signal a renewed, albeit marginal, improvement in the health of the Hong Kong SAR private sector economy.

Business activity across the private sector increased for the first time since February in the latest survey period. The rate of growth was modest, however, and well below those seen at the start of 2026. The expansion was driven by greater activity across the construction sector, according to sub-industry data, as the remaining four monitored industries recorded lower activity levels.

New orders also returned to growth, though the respective seasonally adjusted index posted only fractionally above the neutral 50.0 threshold. Survey respondents often mentioned that the introduction of new products had supported the upturn. However, others noted that tough competition and muted domestic economic conditions had dampened overall sales. Helping to drive the increase in total new work was a further rise in demand from overseas clients. In fact, the latest increase in new export orders was the most pronounced for three months and solid.

Amid a renewed rise in new business, backlogs of work fell at a softer rate during May. Notably, the pace of depletion was the slowest in the current three-month sequence and only slight. Firms also signalled a reduction in employment numbers,

S&P Global Hong Kong SAR PMI
Index, sa, >50 = improvement m/m



Data were collected 12-26 May 2026.

Source: S&P Global PMI. ©2026 S&P Global.

Comment

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

"The Hong Kong SAR PMI posted in positive territory for the first time in three months in May. The improvement in business conditions was only marginal, however, and largely reflected a renewed increase in activity and a fractional uptick in new business. Firms indicated that subdued domestic demand continued to weigh on overall sales, as new export orders rose at a quicker and solid pace in May.

"At the same time, businesses continued to signal strong cost pressures, recording the steepest rise in purchasing costs in four-and-a-half years. This was largely attributed to greater raw material prices, particularly for oil-related products. Firms nonetheless looked to absorb some of the increase in expenses as the rate of charge inflation softened amid reports of price promotions being offered to help stimulate sales.

"Despite the slight improvement in overall conditions, businesses continued to highlight concerns around the outlook for the year ahead. Anecdotal evidence suggested that geopolitical uncertainty, higher prices and tariffs all weighed on projections in May."

as firms mentioned that current capacity was sufficient to complete work, thus voluntary leavers were generally not replaced. The overall rate of job shedding was only marginal, however.

Input buying meanwhile rose at a slower pace in May. The latest survey indicated only a modest uplift in purchasing that was reportedly constrained by relatively muted growth in production and difficulties sourcing and receiving inputs. Companies signalled a deterioration in supplier performance for the first time in three months, with anecdotal evidence attributing longer lead times to shipping delays linked to the war in the Middle East. Concurrently, pre-production inventories expanded at the slowest rate in 12 months.

The overall rate of input price inflation slowed during May, but remained marked overall. The increase in total expenses was often linked to a robust rise in purchase costs that was the steepest since November 2021 amid reports of greater raw material prices. Staff costs meanwhile rose at a modest pace that was the slowest since February. Companies often looked to pass on higher expenses to clients via increased selling prices, leading to another solid rise in output charges. However, some firms discounted their prices to help stimulate sales.

Finally, business activity expectations for the year ahead remained downbeat during May. The degree of negative sentiment was the least pronounced in three months, but still marked overall. Panellists suggested that higher prices, tariffs and geopolitical uncertainty could all weigh on the future performance of the private sector economy.

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.

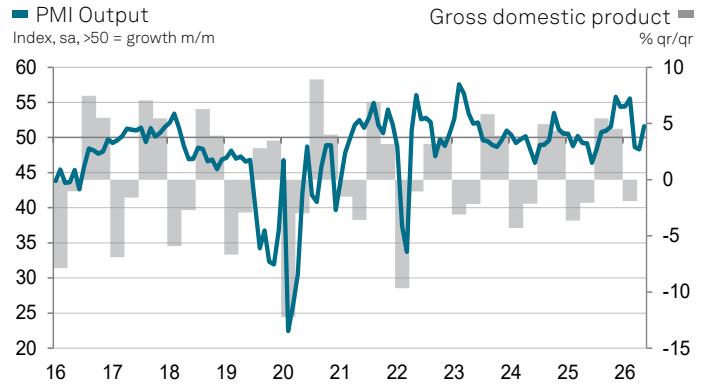
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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

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PMI by S&P Global

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