

S&P Global Hong Kong SAR PMI[®]

Strongest deterioration in business conditions for ten months in April

April 2026

Output and new orders decline for second month running

Overall input prices rise at fastest pace since October 2011

Businesses remain pessimistic regarding the outlook

Business conditions across the Hong Kong SAR private sector deteriorated for the second successive month at the start of the second quarter of 2026.

Both output and new orders declined again in April, with the former contracting at the quickest pace since June 2025. Companies mentioned that rising prices had negatively impacted business activity and customer demand. Notably, overall input costs rose at the strongest rate since October 2011 amid a steep rise in raw material prices following the outbreak of war in the Middle East. Looking ahead, private sector businesses remained downbeat about the outlook for the coming year. The degree of negative sentiment was substantial overall, despite easing slightly since March.

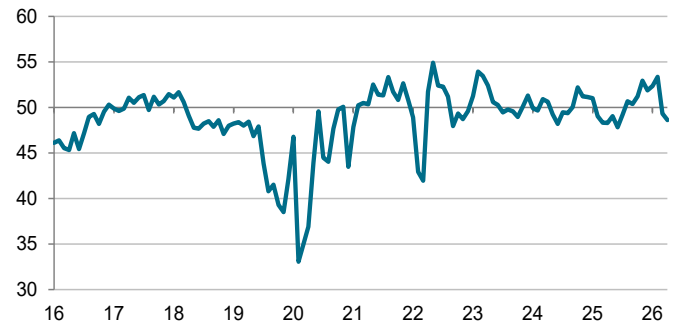
The headline seasonally adjusted S&P Global Hong Kong SAR Purchasing Manager's Index[™] (PMI[®]) – a composite single-figure indicator of performance – posted 48.6 in April, down from 49.3 in March, and was indicative of a sustained deterioration in business conditions that was the most pronounced for ten months.

Private sector firms in Hong Kong SAR lowered their output levels for the second month in a row in April. The rate of decline quickened from the previous survey period and, though modest, was the steepest since June last year. Anecdotal evidence suggested that subdued economic conditions were exacerbated by a sharp rise in prices due to the war in the Middle East.

Companies indicated that overall new business also fell again at the start of the second quarter. The pace of contraction slowed slightly on the month and was moderate overall. This was despite a renewed rise in new export orders. However, demand from Mainland China softened for the first time in seven months.

On the prices front, average input costs increased markedly during April, with the rate of inflation hitting a 14-and-a-half year high. The upturn was partly driven by higher purchasing prices, which in turn were attributed to rising raw material costs. Nevertheless, staff-related expenses rose for the ninth month running. This led Hong Kong SAR private sector firms to raise their selling prices in order to ease pressure on their

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Index, sa, >50 = improvement m/m



Data were collected 9-27 April 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 S&P Global Hong Kong SAR PMI data for April pointed to another deterioration in business conditions, signalling a muted start to the second quarter of the year. Both output and new orders fell moderately, with the reduction in output the most pronounced in just under a year.

"Firms commonly linked the latest deterioration in conditions to the war in the Middle East and its associated impact on prices, in particular for oil and fuels. Overall cost burdens rose at a marked pace not exceeded in 14-and-a-half years, which contributed to the fastest rise in selling prices since August 2023.

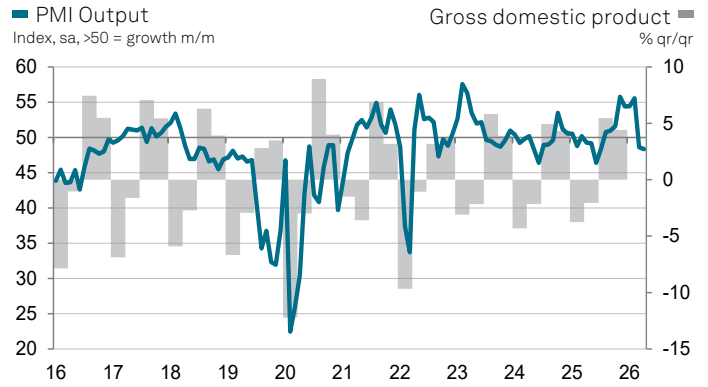
"Forward-looking indicators were also downbeat, as backlogs of work - a bellwether for capacity constraints - fell for the second successive month, signalling that output could be cut further unless there is a pick-up in demand. Moreover, the degree of pessimism around the year ahead remained marked on the back of greater uncertainty regarding the Middle East war and its impact on the global economy."

margins, with the rate of charge inflation the quickest since August 2023.

The reduction in total new orders led to another decrease in backlogs of work in April. Though marginal, the rate of depletion was broadly in line with the series average. Signs of spare capacity and weaker demand conditions discouraged hiring activity, as firms lowered their headcounts for the first time in three months, which was generally linked to the non-replacement of voluntary leavers and company downsizing.

Purchasing activity increased again in the latest survey period, but at a softer pace than that seen in March. Firms often mentioned raising their input buying in order to protect against future increases in raw material prices. At the same time, stocks of inputs rose for the eleventh month running. Firms also registered another improvement in supplier performance during April amid reports of sufficient capacity at suppliers.

Hong Kong SAR private sector firms were downbeat regarding the year-ahead outlook for output in April. The degree of negative sentiment eased only slightly since March and was substantial. Concerns were raised about increased market competition and heightened geopolitical uncertainty stemming from the war in the Middle East.



Sources: S&P Global PMI, HKSAR Census and Statistics Department. ©2026 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.

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PMI by S&P Global

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