

Hong Kong

HSBC Navigator: the voice of business 2021

With a positive outlook on international trade and a lack of concern about a labour market shortage, Hong Kong business leaders anticipate sales growth in the coming year.

Businesses in Hong Kong are expecting internationalism to fuel their recovery. On average, they target January 2023 as the month when they'll return to pre-COVID profitability, and **nearly one in two (49%) are optimistic about growth in the next year.** Like most other surveyed regions, a resurgence of COVID-19 (36%) was viewed as the top threat to growth, but **Hong Kong businesses also added macro challenges, like inflation (26%),** to their list of concerns. Still, they anticipate sales growth of 8.6%, on average.

To navigate potential impediments, businesses in the region are leaning heavily on international trade, with **44% increasing the number of international suppliers they are working with** over the last 24 months (compared to 36% global average). They are also **more likely to expect international trade will become**

easier over the next 12 months (31% vs. 20% globally) and are less worried that entering new markets will get more difficult (15% vs. 21% globally). When asked about supply chain issues, they are also less likely to be concerned about increasing costs (30% vs. 36% globally) and significant delays in movement of goods (23% vs. 26% globally).

Hong Kong businesses are also significantly less worried than their international peers about a labour market skills shortage, with only 20% of businesses seeing this as a threat to recovery (eight points below the global average). This theme persisted with only **15% of businesses in Hong Kong citing a shortage of relevant skills as an impediment to growth.**

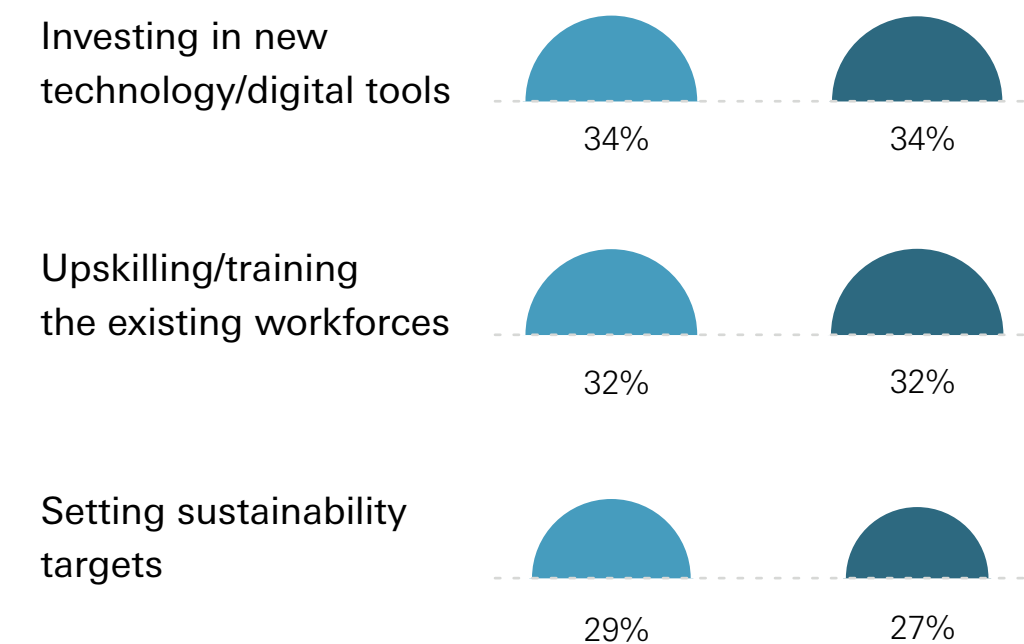
Hong Kong business leaders are managing potential supply chain issues by increasing their number of international suppliers and are not as worried as their global peers about a tight labour market. As a result, almost half of businesses in the region expect a year of solid growth.

Top 5 business priorities over the next 12 months

(Hong Kong)



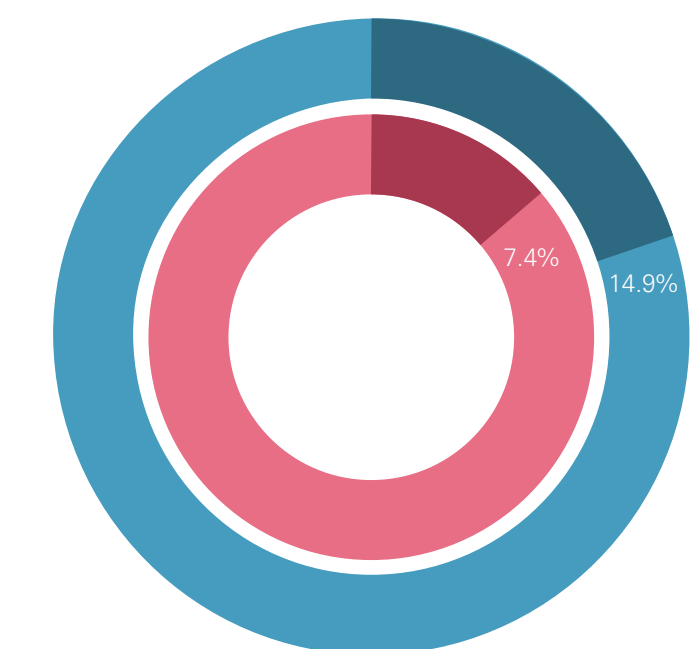
Top 3 measures businesses are taking to build resilience



Rest of world
Hong Kong

Anticipated average revenue increase from greater focus on sustainability

(Hong Kong)



Businesses expecting 30% or more growth
Businesses expecting 30% or less growth

Hong Kong

Key findings:

- Nearly one in two businesses in Hong Kong are optimistic about growth in the next 12 months.
- They consider a resurgence of COVID-19 and inflation the main threats to that growth.
- Since Hong Kong businesses lean on more international suppliers, they expect international trade to be easier over the next 12 months than businesses in other regions do.

Cautious optimism around growth

49%

are optimistic about their future growth prospects over the next 12 months.

Diversifying the supply chain

44%

have increased the number of suppliers that they are working with over the past 24 months.

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Despite headwinds, internationalisation will be the engine of growth over the next 12 months.”

Barry O’Byrne
CEO of HSBC Global Commercial Banking