



# press release

For immediate release

## Inaugural “Standard Chartered GBA Business Confidence Index”

*First readings suggest a better Q3 on recovery from COVID-19 disruptions*

**23 July 2020, Hong Kong** – Standard Chartered and Hong Kong Trade Development Council (“HKTDC”) released the inaugural “Standard Chartered GBA Business Confidence Index” (“GBAI”), the first forward-looking quarterly survey in the market that looks at the business sentiment and synergistic effects across cities and industries in the Guangdong-Hong Kong-Macao Greater Bay Area (“Greater Bay Area” or “GBA”). The index suggests that respondents expect an evident easing of contractionary pressure in Q3 after a challenging Q2 due to COVID-19 disruptions.

According to the survey, the GBAI’s ‘current performance’ index for business activity stood at 37.0 for Q2-2020, below the neutral line of 50. This reflects the impact of a COVID-related global recession on the export-oriented region. However, the ‘expectations index’ stood at a much better 47.0, suggesting an expectation of a broad-based improvement in Q3 versus Q2. In particular, the ‘new orders’ sub-index stood above the neutral 50 mark, reflecting an optimistic view about the new orders in Q3. Although the GBAI current performance index for credit was at 45.3, the sub-components indicate lower borrowing costs from both banks and non-bank financial institutions as well as improvement in banks’ attitude towards lending.

**Kelvin Lau, Senior Economist, Greater China, Standard Chartered** said: “The survey result indicates that companies in the Greater Bay Area expect a better Q3, likely a reflection of the continued normalisation of activity within China, boosted by aggressive monetary and fiscal policy easing. This pick-up is driven by domestic more than external demand, matching the general perception that China is the first country to begin recovering from COVID-19.”

The GBAI also includes industry and city sub-indices - by industry, ‘innovation and technology’ is expected to improve the fastest, followed by ‘financial services’; by city, Guangzhou and Shenzhen are seen to lead the way in the post-COVID rebound, while Hong Kong is seen to lag. Among companies that plan to expand to other GBA cities, Shenzhen, Zhuhai and Hong Kong are the top preferred destinations.

“Shenzhen proved the most resilient in Q2 and is expected to return to economic expansion in Q3 along with Guangzhou. These cities’ encouraging performance may be



because these finance- and technology-centred cities provide a base for larger companies with greater sustainability and more cash flow. For intra-GBA expansion, Shenzhen and Hong Kong are favourable because they are well-established core cities with high spending power, and Zhuhai is the closest city to Macau and well connected to Hong Kong via the Hong Kong-Zhuhai-Macau Bridge,” Mr Lau added.

The GBAI is compiled based on a quarterly survey conducted by the HKTDC in collaboration with Standard Chartered. Every quarter, at least 1,000 enterprises in key business sectors across the Greater Bay Area provide valuable feedback on a range of subjects, including their current business situation and credit conditions as well as their outlook on these subjects for the coming quarter. The survey also asks respondents thematic questions about what drives their business decisions and plans, and how this might shape the Greater Bay Area’s future.

**Nicholas Kwan, Director of Research, HKTDC**, said: “We are seeing strong policy support from the central government for turning the Greater Bay Area into a global business and innovation centre, by expediting infrastructure connectivity, building advanced manufacturing and modern services industries, and developing a high-quality ‘living circle’.”

“We expect demand for information on this region to continue to ramp up and the GBAI seeks to fulfil this need by offering timely and valuable insights into the region’s transformation, which will better equip businesses and policy makers for future planning,” Mr Kwan added.

To download the report of the “Standard Chartered GBA Business Confidence Index”, please visit the website: <https://sc.com/hk/gba/gba-index/>.

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Photo Caption: (from left) Kelvin Lau, Senior Economist, Greater China, Standard Chartered and Nicholas Kwan, Director of Research, HK TDC at the online press conference of "Standard Chartered GBA Business Confidence Index".

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**Note to editors:**

**Standard Chartered GBA Business Confidence Index**

Standard Chartered GBA Business Confidence Index (GBAI) is the first forward-looking quarterly survey in the market that looks at the business sentiment and synergistic effects across cities and industries in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA). In collaboration with the Hong Kong Trade Development Council, the GBAI is based on information drawn from quarterly surveys of over 1,000 companies operating in the GBA across different industries, including manufacturing and trading, retail and wholesale, financial services, professional services, and innovation and technology.

The GBAI offers a unique look at a range of subjects in the GBA, including current business situation and credit conditions, and outlooks for the coming quarter. It enables investors and businesses to better understand the current business climate, gauge future performance and formulate their market strategies in the GBA.



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## HKTDC

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