



To News Editor
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**The Chinese University of Hong Kong
The Centre for Quality of Life**

October Survey on Public Perception of the Financial Tsunami and the Economic Conditions

The Centre for Quality of Life at The Chinese University of Hong Kong (CUHK) conducted a survey on the public perception of the financial tsunami and the economic conditions from 27 to 28 October. The survey was conducted by Professor Andy Kwan Cheuk-chiu, Director, The Centre for Quality of Life, CUHK. A total of 506 Hong Kong residents aged 18 or above took part in the survey and answered questions about their family financial situation, their perception towards the business environment, the economic outlook and the impact of the financial tsunami, as well as their sentiment over consumption.

From table 1, it was revealed that only 5% of the respondents said they were financially “better off” than a year ago, decreased by 6 percentage points from the survey results in September. 48% said “the same”, while 46% said they were “worse off”, up 9 percentage points from September.

On consumer confidence, 14% of the respondents thought it “is” time to buy major household goods, while 67% said the opposite and 19% said they “don’t know or it’s difficult to tell”. Comparing with the findings in September, those saying “yes” increased by 4 percentage points while those saying “no” decreased by 2 percentage points.

10% of the respondents believed they would be financially “better off” in the coming year, recording a decrease of 3 percentage points from the September survey. 34% believed they would remain “the same”. 48% believed they would be “worse off”, showing a 10 percentage-point increase from the previous survey.

Only 4% of the respondents were optimistic over the economic outlook in the coming year, saying the business environment would be “good”. 28% and 66% said “mediocre” and “bad” respectively. Comparing with the previous survey, those saying “good” dropped 4 percentage points while those saying “bad” increased by 13 percentage points.

39% said they were “optimistic” about the economic conditions of Hong Kong for the coming five years, up 8 percentage points from September. 25% predicted the situations would be “the same”. 30% said they were “pessimistic”, showing a 2 percentage-point decrease from the previous survey.

The survey also found that only 6% of the respondents expected the employment situation would “improve” in the coming year and 10% expected it to remain “unchanged”. 81% thought it would “deteriorate”. Comparing with the September survey, those saying “improve” dropped by 4 percentage points, while those saying “deteriorate” increased drastically by 21 percentage points.

The survey also collected the views of the Hong Kong people on the impact of the recent financial tsunami. 70% of the respondents thought Hong Kong “is” entering a period of recession, while 20% did not agree and 10% said they “don’t know or it’s difficult to tell”.

21% of the respondents were confident that the HKSAR Government “can” lead Hong Kong through the tsunami within a short period of time, whereas 67% thought the opposite. 12% of the respondents said they “don’t know or it’s difficult to tell”.

The Indices of Consumer Confidence, Consumer Sentiment and Employment Confidence (see table 2)

The Index of Consumer Confidence is compiled from the scores of questions number 3, 4 and 5. The higher the index, the stronger people’s confidence about economic conditions.

The Index of Consumer Sentiment is compiled from the scores of questions number 1 to 5. A higher index indicates people are more optimistic about the present situation and future development of economic conditions.

The Index of Employment Confidence is compiled from the score of the sixth question. A higher index shows a stronger confidence about employment situation.

For the first two indices, the baseline is January 2000 with the index as 100. For the Index of Employment Confidence, the baseline is February 2000 with the index as 100.

The Indices of Consumer Confidence and Consumer Sentiment in October 2008 are 59.8 and 61.1 respectively, dropped 6.3 and 5.7 percentage points from the September survey. The consumer confidence of the Hong Kong people has been hard hit by the following factors: the recent financial tsunami, global economic recession, credit crunch and the asset price slump.

The Index of Employment Confidence hits a record low of 22.5, plunged by 21.6 points from the September result, indicating a strong negative sentiment towards the employment outlook among the residents.

In conclusion, the consumer confidence of Hong Kong people has dropped drastically to the same level as that recorded during the SARS period in March 2003, showing that the residents are very anxious about the economic outlook. This will adversely affect domestic demand. Together with the worsening global economy, the local economy will inevitably enter a period of recession.

For more information on The Centre for Quality of Life at CUHK, please visit:

<http://www2.cuhk.edu.hk/ssc/qol>

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Table 1

Survey questions	Answer	September 2008	October 2008	Change
問題一 與一年前比較，你和家人目前的財政狀況是變好、變壞或跟一年前一樣？	變好	11%	5%	-6%
	變壞	37%	46%	+9%
	跟一年前一樣	51%	48%	-3%
	唔知道/好難講	1%	1%	不變
問題二 現在是否購買主要家庭用品(如傢具、電視機、冰箱、煮食爐等)的好時機？	係	10%	14%	+4%
	唔係	69%	67%	-2%
	唔知道/好難講	21%	19%	-2%
問題三 展望未來一年，你和家人的財政狀況將會變好、變壞或跟現在一樣？	變好	13%	10%	-3%
	變壞	38%	48%	+10%
	跟現在一樣	41%	34%	-7%
	唔知道/好難講	8%	8%	不變
問題四 展望未來一年，香港的整體營商環境會好、差或一般？	好	8%	4%	-4%
	差	53%	66%	+13%
	一般	34%	28%	-6%
	唔知道/好難講	5%	2%	-3%
問題五 未來五年，香港的整體經濟表現會樂觀、悲觀或跟現在一樣？	樂觀	31%	39%	+8%
	悲觀	32%	30%	-2%
	跟現在一樣	29%	25%	-4%
	唔知道/好難講	8%	7%	-1%
問題六 未來一年，香港失業情況會改善，惡化或跟現在一樣？	改善	10%	6%	-4%
	惡化	60%	81%	+21%
	跟現在一樣	25%	10%	-15%
	唔知道/好難講	5%	3%	-2%

問題七 香港正面對金融海嘯衝擊，你覺得香港是否已步入經濟衰退？	係	-	70%	-
	唔係	-	20%	-
	唔知道/好難講	-	10%	-
問題八 你覺得特區政府能否在短期內成功帶領香港克服這場金融海嘯？	能夠	-	21%	-
	唔能夠	-	67%	-
	唔知道/好難講	-	12%	-

Remarks: The survey was conducted in Cantonese.

Table 2

	Index of Consumer Confidence	Index of Consumer Sentiment	Index of Employment Confidence
January 2000	100	100	-
February 2000	101.1	103.3	100
March 2000	105.3	103.3	106.1
April 2000	97.8	99.1	100.2
May 2000	88.3	89.8	91.6
June 2000	84.1	85.6	84.7
September 2000	90.9	92.1	86.6
December 2000	89.8	91.7	88.8
March 2001	75.5	79.1	69.6
June 2001	78.0	81.3	66.1
September 2001	50.3	55.9	29.1
December 2001	70.5	77.2	45
March 2002	70.0	72.6	45.5
June 2002	65.5	69.4	45.0
September 2002	64.9	67.1	51.2
December 2002	70.0	72.9	77.2
March 2003	56.4	59.1	49.5
June 2003	70.7	73.8	47.8
September 2003	96.7	95.4	102.6
December 2003	103.4	103.2	118.8
March 2004	107.6	104.5	121.2
June 2004	99.2	100.4	114.4
September 2004	101.8	99.6	115.4
December 2004	106.1	105.2	115.6
March 2005	110.8	109.6	128.5
June 2005	114.6	112.6	129.3
September 2005	113.2	111.1	120.3
December 2005	113.7	114.7	118.1
March 2006	107.9	106.0	114.1
June 2006	109.2	109.9	116.7
September 2006	105.5	105.5	109.9
December 2006	108.9	112.2	111.2
March 2007	112.1	113.7	117.3
June 2007	115.7	116.9	112.8
September 2007	111.9	113.3	113.6
December 2007	110.4	111.8	119.5

March 2008	100	100.7	106.7
June 2008	78.4	78.1	76.5
September 2008	66.1	66.8	44.1
October 2008	59.8	61.1	22.5
Comparing with September 2008 (monthly change)	-6.3	-5.7	-21.6