

HKRMA Monthly Retail Sales Statistics Press Information

Month of December 2008

1) November Total Retail Sales

- a. Total value growth vs last year
- b. Total volume growth vs last year

+0.8%
- 0.7%

2) YTD (Jan-Dec) Total Retail Sales growth vs LY

+10.5% (sales value) **+5%** (volume)

3) Trend of Retail Sales Growth in HK\$

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
23.2%	9.5%	20.0%	18.6%	13.0%	11.7%	13.7%	10.2%	7.0%	0.3%	1.2%	0.8%*

* provisional figure

4) Commentary - overall for December

a. Favourable reasons:-

1. Generally there are more HK people staying in HK for Christmas
2. Still record increase number of PRC tourist arrival (+6.4% in Dec. 2008)
3. Cold ; sunny and very dry weather

b. Supermarket and convenient store - minor growth overall but same store sales recorded flat. Convenient store hurt by cold and dry weather.

c. Cosmetics and drug stores are ok with PRC tourists also helped by very dry weather (+12.6% on value; +6.4% on volume)

d. Watch and jewellery - decrease vs LY (-7.8% on value; -9.8% on volume)

e. Generally retailers suffered from declined margin

Early feedback for CNY sales (survey from 1,400 stores)

- 1) **Some general facts: CNY 2009 is on a Sunday and is 26 Jan which is very close to Christmas. Also there is actually less than 2 weekends in CNY shopping as CNY's Eve falls on a Sunday.**
- 2) **Jewellery and watches recorded serious drop in sales - some as much as 20%. Also their margin is lower than LY. There is an obvious trend consumers trade down and diamond products show obvious drop.**
- 3) **Dept store - 1-2 showed some minor increase while majority showed decrease with margin also down YOY. Food within dept store performed better than winter apparel (partially discounting sale has been on for quite some time). CNY is also warmer than same period LY**
- 4) **Telcom products generally are soft as they are non-essential products**
- 5) **Fast food - more mass market type has a low increase while the slightly niche ones suffered double digit drop. Margin is also under challenge**

Chinese New Year

- 1) **Generally it is slightly better than early Dec forecast except jewellery / watch sector**
- 2) **As expected Margin is under a lot of pressure**

Other comments

- 1) **There is no indication of immediate staff layoff But retailers are careful in headcount and tend to use more flexible part-time staff**
- 2) **Outlook for 2009 is very conservative**
- 3) **HK retail is still a lot depend on PRC tourists**