

HKRMA Monthly Retail Sales Statistics Press Information

Month of January 2010

1) January 2010 Total Retail Sales

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

6.6%*
3.2%*

2) Trend of Retail Sales Growth in HK\$

2009	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
(Value)	7.4%	-12.7%	-7.7%	-4.3%	-6.2%	-4.7%	-5.3%	-0.1%	2.6%	9.8%	11.9%	16.1%
(Volume)	5.4%	-13.9%	-9.2%	-5.4%	-6.4%	-4.1%	-5.2%	-0.9%	1.2%	8.3%	10.0%	11.4%
2010	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
(Value)	6.6%*											
(Volume)	3.2%*											

* provisional figure

Source: Census & Statistics Department, HKSAR

3) Commentary on January Retail Sales (in value)

- a. The single digit sales growth in January 2010 can be caused by the Chinese New Year (CNY) effect, with the high base of comparison due to the timing of CNY, which fell in January in 2009 but February in 2010.
- b. The "Motor vehicles and parts" category continues its strong growth of 59.3%, followed by jewellery, watches and clocks, and valuable gifts (26.6% increase), furniture and fixtures (19.8% increase), electrical goods and photographic equipment (8.7% increase), wearing apparel (6.7% increase), and medicines and cosmetics (5.9% increase).
- c. Due to the CNY effect and plastic shopping bags levy, the sales value of "Supermarkets and supermarket sections of department stores" dropped by 14.3%.
- d. With a mild increase in tourist arrival in January 2010 (5.9% increase across overall market region and 0.8% increase in Mainland China), the sales growth rate of tourist-dependent categories slowed down in January 2010 compared to the previous month.

4) HKRMA Survey on Chinese New Year (CNY) 2010

HKRMA conducted a survey on the sales performance of 2010 CNY (30 January 2010 - 16 February 2010) versus that of 2009 (11 - 28 January 2009).

(A total of 50 retail companies with 2,994 outlets employing 56,785 employees responded.)

a. Major Observations

- 1 CNY sales were generally satisfactory and better than expected due to improved overall economy and revived consumer sentiments.
- 2 Out of the 50 responding companies, 76% (38 companies) of them registered sales increase, 14% (7 companies) sales decrease and 10% (5 companies) stayed flat for the CNY period.
- 3 Among the responding companies, 46% (23 companies) reported increase in gross margin, 14% (7 companies) decrease and 26% (13 companies) flat for the CNY period.
- 4 The "Watch & Jewellery" sector recorded the strongest double-digit sales growth of 10% to as high as 50%.
- 5 Other sectors which also reported sales increase were "Beauty Product/Cosmetics", "Catering/Food", "Health Care Products" and "Supermarkets/Convenience Stores/Drug Stores".
- 6 To a certain extent, sales performance in Department Stores and Fashion & Accessories had been affected by the warm weather before the CNY period.

b. Business Outlook for 2010

The business outlook for 2010 remains positive and steady growth is expected in general.

c. Challenges for the Retail Industry in 2010

- 1 The major challenges would be the ever-increasing operating costs, in particular **escalating Rents, Wages** and other overhead costs.
- 2 **Government regulations, inflation and volatile economic conditions** will continue to be major concerns for the retail industry.
- 3 The discriminative **Plastic Shopping Bags Levy** will continue its negative impact on certain sectors.

d. The Government Budget 2010-11

The Government Budget 2010-11 has not taken any effective measures to benefit the industry and alleviating the pressure of high rental costs.