

HKRMA Monthly Retail Sales Statistics Press Information

Month of July 2011

1) July 2011 Total Retail Sales

a. Total value growth vs last year	29.1%*
b. Total volume growth vs last year	22.4%*

2) (Jan-Jul 2011) Total retail sales growth vs last year 25.1%* (Value) 19.6%* (Volume)

3) Trend of Retail Sales Growth in HK\$

2010	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
(Value)	6.50%	35.8%	19.0%	15.5%	19.7%	15.3%	19.2%	17.1%	17.2%	21.8%	18.1%	18.6%
(Volume)	3.20%	31.5%	17.3%	12.4%	16.3%	11.9%	16.2%	14.9%	15.8%	19.7%	15.4%	16.0%

2011	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
(Value)	28.10%	8.50%	26.20%	27.80%	27.80%	28.80%	29.1%*					
(Volume)	23.60%	5.00%	20.20%	22.10%	21.10%	22.20%	22.4%*					

* provisional figure

Source: Census & Statistics Department, HKSAR

4) Total Retail Sales (in value)

2010 (324,869 m) vs 2009 (274,742)

18.3%
25.1%

Jan-Jul 2011 (229,646 m) vs Jan-Jul 2010 (183,575 m)

5) Commentary on July Retail Sales (in value)

- a. The majority of the sectors continued to record encouraging double-digit growth even riding on last year's high base.
- b. "Other consumer durable goods, not elsewhere classified" recorded highest sales growth (+73.2%); followed by "Electrical goods and photographic equipment" (65.3%); "Jewellery, watches and clocks, and valuable gifts" (+51.8%); and "Clothing, footwear and allied products" (+33.4%).
- c. The price of food inflation further exert pressure on livelihood---"Fish, livestock and poultry, fresh or frozen" (+4.4% in value but -11.3% in volume), "Fruits and vegetables, fresh" (+2.6% in value but -1.7% in volume), "Bread, pastry, confectionery and biscuits" (+11.8% in value and +3.3% in volume), and "Supermarkets and supermarket sections of departments" (+13.5% in value and +4.9% in volume).

- d. The strong retail sales recorded is contributed to buoyant local consumption demand and tourist spending. Visitor arrivals in July go up by 22.4% year-on-year, which is a new record for single-month arrivals.

6) Indication of August 2011 Sales

- a. The growth momentum continues and the forecasts are single to double-digit growth year-on-year for the majority of the sectors.

7) Indication of Summer Sales

- a. In general, summer sales of this year is stronger than last year. Retailers recorded single to double-digit growth for the majority of the sectors.
- b. More stable weather, i.e. few raining days, has lead to a successful summer sales period.
- c. Some have started summer sales discount a week later than last year and the performance are better than expected.

8) World University Games

- a. To individual sector, additional sales growth was observed.

9) Inflationary Pressure

- a. According to the figures from Census & Statistics Department on 22 Aug 2011, after excluding the effects of all Government's one-off relief measures, the underlying inflation rate went further up to 5.8% in July. Inflation is accelerating into basic food. (e.g. Food excluding meals bought away from home +10.7%; in which pork +25.8%, Salt-water fish +15.1%, Fresh-water fish +13.1%.)
- b. Some retailers recorded decreases in food sales for several consecutive months due mainly to the DEHP (plasticisers in food) issue and the rising food prices.
- c. Some retailers indicated the cost of goods have increased by 10% to 20%.
- d. To cope with the rising inflationary pressure, retail prices have been raised to compensate for the increasing cost of running business.

10) Rental

- a. Growth momentum in the retail leasing market remains strong. Most of the retailers recorded a rental increase on their outlets by 20% to 50% with a few are even facing 100% increases.
- b. The rising rent has caused a substantial increase in operating costs. Rental, as a single factor, has lifted up the overall cost of running businesses ranging from single-digit to 25%.

11) Manpower

- a. The unemployment rate slightly decreased to 3.4% for the period of May to July 2011 (April - June: 3.5%).
- b. Since the introduction of Statutory Minimum Wage (SMW), Catering, Supermarkets & Convenience Stores sectors reported their salary costs have increased by about 10% to 20% so far.
- c. For retailers with fewer direct impact from SMW, there is still a rippling effect to lift junior staff and part-timers salaries.
- d. As the local economy remains buoyant, retail businesses continue to increase hiring to meet with business demand. However, recruitment of new staff has been becoming more challenging after SMW is implemented.
- e. Retail prices have also been increased to compensate for SMW.

12) Economic Outlook

- a. Year 2011: the overall economic situation remains cautiously optimistic with a low double-digit retail sales growth.
- b. Year 2012: more uncertain and may have a slowdown in local economy if the global economies remain stagnant or at recession. The rising trend in rental, cost of labour, and cost of supply will persist in the short run.