

HKRMA Monthly Retail Sales Statistics Press Information

Month of December 2011

1) December 2011 Total Retail Sales

a. Total value growth vs last year	23.4%
b. Total volume growth vs last year	17.7%

2) (Jan-Dec 2011) Total retail sales growth vs last year 24.80% (Value) 18.40% (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%	29.0%	24.0%	23.0%	23.4%	23.4%*
(Volume)	23.60%	5.00%	20.20%	22.10%	21.10%	22.20%	22.4%	20.7%	15.1%	15.0%	16.9%	17.7%*

* provisional figure

Source: Census & Statistics Department, HKSAR

4) Total Retail Sales (in value)

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

18.3%

Jan-Dec 2011 (405,746m) vs Jan-Dec 2010 (324,869m)

24.8%

5) Commentary on December and 2011 Retail Sales (in value)

- "Other consumer durable goods, not elsewhere classified" continued to exhibit very strong growth (+149.8%) with the launching of new tablet computer. Another sought-after product category, "Electrical goods and photographic equipment", also showed strong growth (+36%).
- The "Jewellery, watches and clocks, and valuable gifts" sector saw a slowdown though still maintaining double-digit growth (+29.2%).
- The "Alcoholic drinks and tobacco" sector saw a growth (+27.3%) and the increased excise duty on cigarettes might have accounted for the double-digit growth. Other sectors such as "Wearing apparel" (+24.7%), "Department stores" (+23.2%) and "Footwear, allied products and other clothing accessories" (+21.6%) also witnessed good growth. The cold weather and festive mood/celebrations could have driven these.
- Food prices are rising less rapidly though still exerting pressure on us---"Fish, livestock and poultry, fresh or frozen" (+3% in value and -14.1% in volume) and "Fruits and vegetables, fresh" (+4.7% in value and -2.8% in volume).

- e. Retail sales remained robust in December, reflecting vibrant local consumption demand tourist spending. This will likely continue to do well in the near term but we need to stay vigilant to the uncertainties in the external environment.
- f. For 2011, retail sales showed encouraging growth in sectors such as "Other consumer durable goods, not elsewhere classified" (+90.8%) and "Jewellery, watches and clocks and valuable gifts" (+46.6%). No doubt, Mainland tourists were the driving force behind the growth. Food price hikes also had a big impact on people's livelihood---"Fish, livestock and poultry, fresh or frozen" (+3.5% in value and -10.8% in volume), "Fruits and vegetables, fresh" (+2.1% in value and -3.6% in volume) and "Other food, not elsewhere classified" (+0.4% in value and -8.6% in volume).

6) Comments on Total Sales for Entire 2011

- a. Sales vary among sectors, ranging from low-to-high single-digit to double-digit growth.
- b. Catering/Food had good performance in the second half and for Supermarkets/Convenience Stores, December sales was encouraging.
- c. Sectors like Beauty & Cosmetics/Drugs, Personal & Health Care Products/Others and Fashion & Accessories also recorded good growth despite market volatility . Local consumption boosted by the Government handout and Mainlanders' spending had accounted for the increase.
- d. The Watch & Jewellery sector, which was sought-after by Mainland tourists, had a decent growth for the year. Sales were strong for the first three quarters. Though there was a slowdown in the fourth quarter, December sales was beyond the expectation.

7) CNY Sales Performance

- a. For Beauty & Cosmetics/Drugs, Personal & Health Care Products/Others, growth ranged from single- to double-digit mainly driven by Mainland tourists.
- b. The Fashion & Accessories sector was confident about its performance and the cold weather had helped to boost sales. For Department Stores, the performance varied and there were comments that sales were affected by the cold weather in December and the short interval between Christmas
- c. The Watch & Jewellery sector enjoyed double-digit growth compared to last year, benefiting from visitor arrivals.
- d. Cold and rainy weather would affect Supermarkets/Convenience Stores business to a certain extent.

8) Other Comments

- a. Manpower cost has been exerting pressure on the industry and the sectors forecast low-to-high single-digit to double-digit increases. To cope with the situation, price adjustments could be one of the considerations in addition to stringent cost control and workflow review.
- b. A survey was conducted among 63 companies in January which represented nine retail categories (23% of the total retail workforce) and one catering sector (14% of the total catering workforce) covering 4,571 outlets and employing 89,513 staff.
- c. The survey findings revealed that the total number of vacancies was 7,910, representing 8.8% of total employment. If dividing the number of responded outlets by total vacancies, the ratio is nearly two vacancies per outlet. "Fashion & Accessories", "Catering/Food", "Beauty Products/Cosmetics" and "Personal & Health Care" all recorded high vacancy rates with an average of 10%.
- d. Visitor arrivals reached an all-time high in 2011 at 41,921,310, an increase of 16.4% YOY. Mainland China registered prominent growth of 23.9% to beyond 28 million and this vibrant inbound tourism benefited the industry to a great extent. The projected total expenditure associated to inbound tourism for 2011 is expected to exceed HK\$253 billion, an increase of 20.5% compared to 2010.
- e. The underlying inflation rate held stable at 6.4% for the fourth consecutive month in December with private housing rentals and food prices remained the largest contributors to inflation.

f. The unemployment rate decreased by 0.1% to 3.3% for October to December. Festivities might have supported the labour market.