

Sector View

Luxury Goods

Swiss watch exports declined 9% in August

	1 M	3 M	6 M	31/12/15
Pers & H/H Gds	-3.5%	3.8%	0.8%	-0.1%
DJ Stoxx 600	-1.6%	5.1%	-0.9%	-7.7%

*Stoxx Sector Indices

Swiss watch exports declined 9% in August to CHF1.35bn, implying a 10.9% decrease for the first eight months (-11.1% on 7m). The August performance follows -14% in July, when there were two opening days less than in 2015.

Companies covered

BURBERRY	NEUTRAL	1200p
CHRISTIAN DIOR	BUY	EUR175
HERMES Intl	BUY	EUR370
HUGO BOSS	NEUTRAL	EUR74
KERING	BUY	EUR185
LVMH	BUY	EUR171
MONCLER	BUY	EUR17,5
PRADA	NEUTRAL	HKD31
RICHEMONT	NEUTRAL	CHF63
SALVATORE FERRAGAMO	BUY	EUR23
THE SWATCH GROUP	SELL	CHF270
TOD'S GROUP	SELL	EUR53

ANALYSIS

- **By geographical area**, we want to highlight the 29% fall in exports to Hong Kong, but a 29% increase in Mainland China versus respectively -33% and -6% in July. Together, Mainland China and HK accounted for 19% of total Swiss watches exports for the first eight months versus 29% in 2013! Together, exports to HK and MC were down 13% in August. Over the first eight months, exports to Hong Kong and to Mainland China are down respectively 27.5% and 7.5%. In Europe, it is worth noting the poor performance of France in August (-24%) following -21% in June and -27% in July. Other European countries were also under pressure (France: -24% and Germany: -15%), but the UK (+23%) was an exception thanks to increased tourist's flows following the Brexit and GBP weakness. In the US, exports were also under pressure with a 12% decrease, as was the case in Japan (-27%).
- By segment, the high end one (above CHF3,000 export price or above CHF9,000 selling price) was the most affected with a 14% decrease. The mid-range segment (CHF500 to CHF3,000 export price) was better (+5% growth).

NEXT CATALYSTS

- September Swiss watches exports to be released on October 20th.

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NEUTRAL ratings 33,1%

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