

Sector View

Luxury Goods

Swiss watch exports down 5.7% in September (-9% in August)

	1 M	3 M	6 M	31/12/15
Pers & H/H Gds	-0.4%	-0.8%	-1.2%	0.4%
DJ Stoxx 600	0.7%	1.9%	-1.6%	-6.1%

*Stoxx Sector Indices

Companies covered

BURBERRY	NEUTRAL	1260p
CHRISTIAN DIOR	BUY	EUR175
HERMES Intl	BUY	EUR370
HUGO BOSS	NEUTRAL	EUR74
KERING	BUY	EUR193
LVMH	BUY	EUR180
MONCLER	BUY	EUR17,5
PRADA	NEUTRAL	HKD31
RICHEMONT	NEUTRAL	CHF60
SALVATORE FERRAGAMO	BUY	EUR23
THE SWATCH GROUP	SELL	CHF270
TOD'S GROUP	SELL	EUR53

After a 9% decline in August, Swiss watch exports fell 5.7% in September, implying -10% over 9m. In September, exports to Mainland China and to HK were down respectively 1% and 40%. On the other hand, exports to the US were up 4.7% and those to the UK enjoyed a 32% increase. The situation remains very tough in HK but a regular improvement is confirmed in our view in Mainland China.

ANALYSIS

- Swiss watch exports declined 5.7% in September to CHF1.7bn, implying -10.2% over 9m, this follows a 9% decrease in August and -14% in July. By region, it is worth noting the 40% decline in Hong Kong (12% of total exports) following -30% in July and in August. In Mainland China (6% of total Swiss watch market), exports were almost stable. Over the first nine months, exports to Hong Kong and to Mainland China are down respectively 29% and 8.6%. Together, Mainland China and HK accounted for 19% of total Swiss watch exports for the first nine months (29% in 2013) and were down 23%! Together, exports to HK and MC were down 25% in September. On the other hand, exports to the US bounced back 4.7% after -12% in August and -14% in July. In Europe, the situation was mixed in September with a 22% decrease in France but a 32% increase to UK.
- The high-end segment (above CHF3,000 export price or above CHF9,000 selling price) was down 7%. The mid-range segment (CHF500 to CHF3,000 export price) was better (+1% growth), while the entry price (CHF200 to CHF500) was down 11.6%.

NEXT CATALYSTS

- October Swiss watch exports to be released on 22nd November.

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Loic Morvan, lmorvan@bryangarnier.com

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NEUTRAL ratings 0%

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London	Paris	New York	Munich	New Delhi
Beaufort House	26 Avenue des Champs Elysées	750 Lexington Avenue	Widenmayerstrasse 29	The Imperial Hotel Janpath
15 St. Botolph Street	75008 Paris	New York, NY 10022	80538 Munich	New Delhi 110 001
London EC3A 7BB	Tel: +33 (0) 1 56 68 75 00	Tel: +1 (0) 212 337 7000	Germany	Tel +91 11 4132 6062
Tel: +44 (0) 207 332 2500	Fax: +33 (0) 1 56 68 75 01	Fax: +1 (0) 212 337 7002	+49 89 2422 62 11	+91 98 1111 5119
Fax: +44 (0) 207 332 2559	Regulated by the	FINRA and SIPC member		Fax +91 11 2621 9062
Authorised and regulated by the	Financial Conduct Authority (FCA) and the			Geneva
Financial Conduct Authority (FCA)	Autorité de Contrôle prudentiel et de			rue de Grenus 7
	resolution (ACPR)			CP 2113
				Genève 1, CH 1211
				Tel +4122 731 3263
				Fax+4122731 3243
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