

Sector View

Luxury Goods

Swiss watch exports down 5.6% in November with stability in Hong Kong!

	1 M	3 M	6 M	31/12/15
Pers & H/H Gds	5.2%	0.5%	4.3%	0.4%
DJ Stoxx 600	6.4%	6.6%	12.1%	-1.6%

*Stoxx Sector Indices

Companies covered

BURBERRY	NEUTRAL	1350p
CHRISTIAN DIOR	BUY	EUR190
HERMES Intl	BUY	EUR410
HUGO BOSS	NEUTRAL	EUR70
KERING	BUY	EUR218
LVMH	BUY	EUR194
MONCLER	BUY	EUR17,5
PRADA	NEUTRAL	HKD31
RICHEMONT	BUY	CHF73
SALVATORE FERRAGAMO	NEUTRAL	EUR23,8
THE SWATCH GROUP	NEUTRAL	CHF320
TOD'S GROUP	SELL	EUR53

Swiss watch exports were down 5.6% in November after falling 16% in October, implying a 10.4% decrease over 11m. Together, exports to Hong Kong and Mainland China grew 2% in November following -14% in October. This was the first month of growth since January 2015! Nevertheless, this positive news would have to be confirmed in coming months to speak about a new trend!

ANALYSIS

- With a 5.6% decrease, Swiss watch exports remained under pressure in November, albeit to a lesser extent than in October (-16%). We would highlight that during the month, exports were still stable in Hong Kong (12% of total exports), following -20% in October, in the first clear sign of sequential improvement for almost two years (January 2015)! It nevertheless implies -25% for 11 months, while momentum was slightly positive in Mainland China (6% of total exports) with 6% growth. Over 11m, exports to Mainland China, were down no more than 6%. The situation is clearly improving in Greater China (together exports to HK and MC were up 2% in November)!
- Among others countries, note the 18% decline in the US, following -16% in October, the second biggest country for the industry with 11% of total exports, and the still-positive trend in the UK (+6.5%), even if others European countries were less well oriented, particularly France and Italy which delivered poor figures again (respectively -19% and -12%).
- By price segment, high-end watches (above CHF3,500 export price) incurred a 7% decline in exports in November while in the mid-range segment (CHF200-CHF500, export price), exports were down 8.5%. Positive news in November stemmed from the range between CHF500 and CHF3,000 where exports rose 2.6%.

NEXT CATALYSTS

- FY 2016 Swiss watches exports to be released on

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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