

ECONOMY



Shoppers at the Yata Department Store in New Town Plaza, Sha Tin, appear unperturbed by economic headwinds yesterday. Photo: Sam Tsang

US-China trade war expected to hit Christmas sales

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Hong Kong retailers should brace for a slack Christmas season because the appetite of shoppers has been dampened by volatile stock and property markets, a weaker yuan and the ongoing US-China trade war, according to the new head of a local industry association.

Annie Tse Yau On-ye, who was elected chairwoman of the 9,000-member Hong Kong Retail Management Association last month, yesterday said Christmas sales would at best be flat compared with last year, partly because of high growth a year ago

and the current hostile operating environment.

She said overall retail sales between October and December would be lacklustre, having shrunk gradually since February, from 29.9 per cent growth to September's 2.4 per cent rise.

"The outlook is very uncertain," Tse said.

"We have seen the impact of the trade war surface, which together with yuan depreciation has dampened mainland visitors' desire to come and shop in Hong Kong."

The government is expected to reveal October's retail sales figures on November 30.

For 2018, Tse said she expected a "high single-digit rise"

after an 11.1 per cent jump in the first nine months of this year.

Hong Kong has been trapped in the trade war between China and the United States, which have imposed punitive tariffs on each other since July. Vincent Lo Hong-sui, chairman of the city's trade promoter, the Hong Kong Trade and Development Council, warned earlier this month that the upcoming Lunar New Year, in early February, would be a testing time for the city's economy as the trade war intensified.

A 10 per cent tariff the US levied on US\$200 billion worth of Chinese goods is due to rise to 25 per cent on January 1.

Tse said the trade war had already soured the stock market,

which in turn eroded people's desire to shop. The benchmark Hang Seng Index has come off from its all-time high of 33,154 on January 26 to 26,019 yesterday.

Although Hong Kong launched two mega cross-border infrastructure projects in the past two months, the retail sector had seen little benefit so far, she said.

"We have seen more visitors in West Kowloon since the high-speed rail link came into service," she said. "Since the [Hong Kong-Zuhai-Macau] bridge opened, many tourists have come to Hong Kong on a day trip and have concentrated on Tung Chung. But we haven't seen visitors from these two projects spill over to other parts of the city yet."