

ECONOMY

Retail slump finally sees turnaround in fruitful February

Official figures show an increase of 30 per cent in the value of sales compared to previous year

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Hong Kong's protracted retail slump finally turned around in February, jumping 30 per cent from the same period the year before, when sales hit a record low as the coronavirus pandemic began to hobble the global economy.

Provisional figures released by the Census and Statistics Department yesterday showed retail sales totalled HK\$29.5 billion in February. For the first two months of 2021 combined, retail sales value saw a 2.7 per cent rise compared with a year ago.



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ANNIE TSE, HONG KONG RETAIL MANAGEMENT ASSOCIATION

Annie Tse Yau On-ye, chairwoman of the Hong Kong Retail Management Association (HKRMA), said the sector was still a long way from recovering.

"We have been suffering tremendously since February last year, and we foresee that even though in the coming months we would expect positive growth, that will be purely based on the low base of last year, so it is still far from recovery," she said.

Retail sales tumbled by a record 44 per cent in February 2020 as the impact of the coronavirus on the economy and consumer sentiment began to make itself felt, and as countries began imposing lockdowns and social-distancing restrictions.

Total retail value at that time plunged to HK\$22.7 billion from HK\$40.6 billion in February 2019.

A government spokesman said the sharp increase in retail sales last month was something of a distortion, reflecting not only the different timing of Lunar New Year – from February 12 to 15 – but also the exceptionally low base of comparison from the year before.

The spokesman pointed out that the retail trade would continue to face a difficult business environment in the near term as inbound tourism remained practically non-existent.

Shopping centres and retail stores this year were forced to rely on severely dampened local consumer spending during Lunar New Year – historically the peak time for sales – rather than benefiting from the droves of big-spending tourists who usually visit the city from the mainland during the holiday.

Local businesses have been starved of tourists for more than a year, with the city almost totally locked down to non-residents and all but three border checkpoints – the Hong Kong-Zhuhai-Macau Bridge, Shenzhen Bay Port and the airport – closed.

The government said about 6.1 per cent of sales in February was generated from online transactions, for a total of HK\$1.8 billion. That figure was 56.6 per cent higher than in the same month a year ago.

The city's finance minister, Paul Chan Mo-po, announced in the 2021-22 budget that Hong-kongers would receive HK\$5,000 in electronic spending vouchers to stimulate local consumption.

The vouchers are expected to be rolled out in instalments across five months, possibly as early as this summer, in the hope this will encourage people to spend at local retailers and restaurants.

While the retail sector welcomed the plan, Tse said there had been no updates or discussions between the industry and the government since the idea was introduced a month ago.