

Hong Kong Exporters Cautiously Optimistic for 2010 HKTDC Global Christmas Sales Survey Reveals Uneven Progress

1 February 2010 – A mood of cautious optimism prevails among major markets, according to a survey conducted by the Hong Kong Trade Development Council (HKTDC) following the Christmas sales period. Among surveyed companies, 74 per cent indicated that they had received orders for delivery in the first quarter of this year, while most Hong Kong exporters believe that their export performance this year will be better, or similar, to 2009 results.

Christmas sales in Hong Kong's major overseas markets are seen as an effective forecast of export prospects in the coming year. This year, however, more attention than usual was paid to seasonal sales, in hopes of determining the extent to which the nascent global recovery has stimulated consumer confidence and spending. The newly released HKTDC report, "On the Road to Recovery: Assessment of 2009 Christmas Sales in Major Markets," combines feedback from the Council's global office network together with the results of an HKTDC survey of local exporters.

The HKTDC's overseas offices found a general improvement in global Christmas sales, though results varied significantly. HKTDC Assistant Chief Economist Daniel Poon said Christmas sales in the United States this past year increased one to two per cent over 2008 Christmas results, with the United Kingdom up two to three per cent. Modest declines, however, were recorded in such major markets as France, Germany, Italy and Japan.

Seasonal Sales Strong on Mainland

Surprisingly, December sales were robust on the Chinese mainland – increasing 17.5 per cent, year on year – even though Christmas is not a traditional shopping season for mainlanders. In Latin America, Argentina, Brazil and Chile also fared better, while sales in Russia and Poland were strong as well.

In general, Christmas shoppers continued to trade down, preferring practical and inexpensive items over luxury goods. Consumer electronics were the season's biggest hit, with toys, especially basic items, enjoying strong sales. Winter clothes and shoes also sold well, perhaps in response to the season's heavy snow over much of the northern hemisphere.

Complementing feedback from its global network, the HKTDC commissioned a survey last month, collecting the views of Hong Kong exporters and manufacturers on business prospects, current orders and likely trading by overseas buyers. The 510 interviewees, responding over the phone, were mainly representatives of local small and medium-sized enterprises (SMEs) in consumer electronics, household products, toys and games, garments, footwear, timepieces and jewellery.

Spotlight on Emerging Markets

Survey results, said Mr Poon, show that local "exporters are cautiously optimistic over the business outlook for 2010," noting that 35 per cent of those surveyed believe their export performance will be better this year, while 52 per cent say they will do about the same this year as last year.

The respondents were more positive about emerging markets. In particular, 50 per cent said their sales to the mainland would fare better in 2010, followed by Latin America and Central and Eastern Europe. They were generally less optimistic about traditional markets, including the US, Western Europe and Japan, whose economies are on a slower track of recovery.

Counting on Consumer Electronics

Consistent with the Christmas sales observations, the surveyed companies were most positive about the outlook for consumer electronics. Among other product categories, watches and clocks, footwear, precious jewellery and toys and games were also believed to hold promise.

As for current orders, 74 per cent of the respondents have received orders for delivery during the first quarter of this year, while 15 per cent indicated that they would probably receive orders for shipment this quarter. Sixteen per cent have orders for delivery in the second quarter; 38 per cent have received an intent to order or were negotiating orders with their clients. Turning to the second half of 2010, three per cent of respondents indicated that they had already received orders for delivery in the third quarter, with two per cent in receipt of orders for the fourth quarter of 2010.

Mr Poon noted that toy exporters had received the largest number of confirmed orders for delivery this year. Electronics firms had the largest share of yet-to-be-confirmed orders, likely because of the short life cycle of electronics products.

Most respondents agreed that there would be more order variety among export products, as well as rising prices, increasing numbers of orders, higher inventory level among buyers and higher average quantity of orders. Most, however, did not believe that buyers would place orders earlier, shorten credit period or allow longer delivery lead times. "These factors make the trading environment difficult for Hong Kong suppliers throughout this year," said Mr Poon. He urged Hong Kong exporters to look to emerging markets for new business opportunities, offering products with simpler design and less functionality, building their own brands and taking advantage of their sourcing capability on the mainland.

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About the HKTDC

Established in 1966, the Hong Kong Trade Development Council (HKTDC) is the international marketing arm for Hong Kong-based traders, manufacturers and service providers. With 40 offices worldwide, including 11 on the Chinese mainland, the HKTDC promotes Hong Kong as a platform for doing business with China and Asia. The HKTDC also organises trade fairs and business missions to connect companies with opportunities in Hong Kong and the mainland, while providing information via trade publications, research reports and online. For more information, visit

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