

Provisional statistics of retail sales for February 2019

The Census and Statistics Department (C&SD) released the latest figures on retail sales today (April 1).

The value of total retail sales in February 2019, provisionally estimated at \$40.7 billion, decreased by 10.1% compared with the same month in 2018. The revised estimate of the value of total retail sales in January 2019 increased by 7.0% over a year earlier. For the first two months of 2019 taken together, it was provisionally estimated that the value of total retail sales decreased by 1.6% compared with the same period in 2018.

After netting out the effect of price changes over the same period, the provisional estimate of the volume of total retail sales in February 2019 decreased by 10.4% compared with a year earlier. The revised estimate of the volume of total retail sales in January 2019 increased by 6.9% over a year earlier. For the first two months of 2019 taken together, the provisional estimate of the total retail sales decreased by 1.8% in volume compared with the same period in 2018.

In interpreting these figures, it should be noted that retail sales tend to show greater volatility in the first two months of a year due to the timing of the Lunar New Year. Consumer spending in the local market normally attains a seasonal high before the festival. As the Lunar New Year fell on February 5 this year but on February 16 last year, it is more appropriate to analyse the retail sales figures for January and February taken together in making year-on-year comparison.

Analysed by broad type of retail outlet in descending order of the provisional estimate of the value of sales and comparing the combined total sales for January and February 2019 with the same period a year earlier, the value of sales of jewellery, watches and clocks, and valuable gifts decreased by 2.8%. This was followed by sales of wearing apparel (-3.7% in value); food, alcoholic drinks and tobacco (-1.0%); electrical goods and other consumer durable goods, not elsewhere classified (-18.3%); fuels (-1.4%); Chinese drugs and herbs (-1.7%); and optical shops (-2.0%).

On the other hand, the value of sales of medicines and cosmetics increased by 2.3% in the first two months of 2019 over the same period a year earlier. This was followed by sales of commodities in department stores (+4.2% in value); commodities in supermarkets (+1.5%); other consumer goods, not elsewhere classified (+4.6%); motor vehicles and parts (+3.7%); footwear, allied products and other clothing accessories (+1.3%); furniture and fixtures (+3.4%); and books, newspapers, stationery and gifts (+1.7%).

Based on the seasonally adjusted series, the provisional estimate of the value of total retail sales decreased by 0.6% in the three months ending February 2019 compared with the preceding three-month period, while the

provisional estimate of the volume of total retail sales decreased by 1.2%.

These retail sales statistics measure the sales receipts in respect of goods sold by local retail establishments and are primarily intended for gauging the short-term business performance of the local retail sector. They cover consumer spending on goods but not on services (such as those on housing, catering, medical care and health services, transport and communication, financial services, education and entertainment) which account for over 50% of the overall consumer spending. Moreover, they include spending on goods in Hong Kong by visitors but exclude spending outside Hong Kong by Hong Kong residents. Hence they should not be regarded as indicators for measuring overall consumer spending.

Users interested in the trend of overall consumer spending should refer to the data series of private consumption expenditure (PCE), which is a major component of the Gross Domestic Product published at quarterly intervals. Compiled from a wide range of data sources, PCE covers consumer spending on both goods (including goods purchased from all channels) and services by Hong Kong residents whether locally or abroad. Please refer to the C&SD publication "Gross Domestic Product (Quarterly)" for more details.

Commentary

A government spokesman said that taking the first two months of 2019 together to remove the effects of the difference in timing of the Lunar New Year holidays, retail sales recorded a modest decline over a year earlier. The weak performance of retail sales in recent months reflected that consumption sentiment remained cautious amid various external uncertainties.

The spokesman pointed out further that, the near-term outlook for retail sales should continue to be affected by moderating global economic growth and various external uncertainties, but the full employment situation and the sustained growth in inbound tourism should provide some support. The Government will closely monitor the situation.

Further information

Table 1 presents the revised figures on value index and value of retail sales for all retail outlets and by broad type of retail outlet for January 2019 as well as the provisional figures for February 2019. The provisional figures on the value of retail sales for all retail outlets and by broad type of retail outlet as well as the corresponding year-on-year changes for the first two months of 2019 taken together are also shown.

Table 2 presents the revised figures on volume index of retail sales for all retail outlets and by broad type of retail outlet for January 2019 as well as the provisional figures for February 2019. The provisional figures on year-on-year changes for the first two months of 2019 taken together are also shown.

Table 3 shows the movements of the value and volume of total retail sales in terms of the year-on-year rate of change for a month compared with

the same month in the preceding year based on the original series, and in terms of the rate of change for a three-month period compared with the preceding three-month period based on the seasonally adjusted series.

The classification of retail establishments follows the Hong Kong Standard Industrial Classification (HSIC) Version 2.0, which is used in various economic surveys for classifying economic units into different industry classes.

More detailed statistics are given in the "Report on Monthly Survey of Retail Sales". Users can download this publication free of charge at the website of the C&SD

(www.censtatd.gov.hk/hkstat/sub/sp320.jsp?productCode=B1080003).

Alternatively, the historical series of retail sales statistics can be downloaded in the form of a statistical table at the website of the C&SD

(www.censtatd.gov.hk/hkstat/sub/sp320.jsp?productCode=D5600089).

Users who have enquiries about the survey results may contact the Distribution Services Statistics Section of C&SD (Tel: 3903 7400; email: mrs@censtatd.gov.hk).