

November sales fall by 4pc in largest drop since March

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Retail sales fell by 4.2 per cent in November from a year ago, the largest drop since March, although authorities have predicted better performance ahead because of the axing of most remaining Covid-19 rules and an expected rise in inbound travellers.

Provisional figures released by the Census and Statistics Department yesterday showed November sales totalled HK\$29.5 billion, down from HK\$31.9 billion in October.

The figure marked the largest monthly drop in retail sales performance since March, when it fell by 13.8 per cent.

Total retail sales for the first 11 months of last year also declined by 1.1 per cent compared with the same period in 2021. But online retail sales for November increased by 9.4 per cent from the same month last year, reaching HK\$3.8 billion, accounting for 12.8 per cent of all sales.

Government spokesman said retail business softened after improving in the preceding month. For October and November combined, the value of retail sales remained largely stable compared with a year earlier.

"While tightened financial conditions will continue to weigh on local consumption demand, the further relaxation of social-distancing measures and continued improvement in labour market conditions will provide support," he said.

The sector also stood to

benefit from an expected increase in inbound arrivals taking advantage of the end to travel curbs after three years.

Annie Tse Yau On-ye, chairwoman of the Hong Kong Retail Management Association, said November's sales figures were not ideal, pointing to a survey by the organisation that found more than 60 per cent of retailers had suffered a drop in business.

Retailers that witnessed an uptick in trade only reported growth in the single digits, she said.

"November's performance was also weaker because the '0+3' scheme was still in effect at the time, which encouraged local residents to travel overseas. So, the local retail sector was affected," Tse said, referring to the three-day medical surveillance period that was previously mandatory for inbound travellers.

The latest figures do not reflect the government's round of easing of Covid-controls last month, including dropping social-distancing measures, the vaccine pass scheme, and mandatory polymerase chain reaction (PCR) tests for inbound travellers, as well as quarantine requirements for close contacts.

Tse predicted better figures for December, traditionally a peak spending season.

She said uncertainty remained over the short-term impact of the reopening of the city's border with the mainland on the retail sector.

"Many local retailers will still be cautious in the next half of the year, as the Covid-19 situation on the mainland will still need some time to recover," she said.