Economic Indicators Analysis

5 August 2026

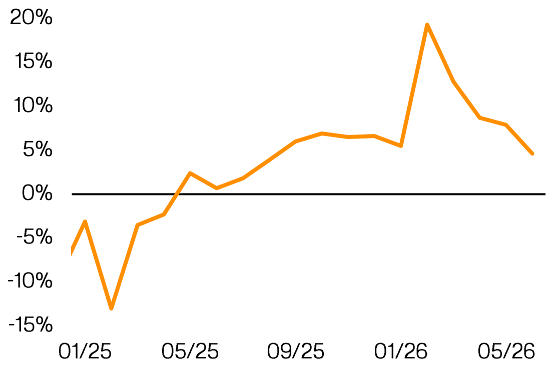
Hong Kong's Retail Recovery Remains Intact Despite Slowing Growth

Summary:

- Hong Kong's retail sales expanded further, albeit with a softer monthly growth rate of 4.6% YoY in June.
- Most retail categories reported lower sales growth in June, likely reflecting the adverse weather conditions during the month.
- Tourist arrivals maintained steady growth, providing a solid support for the retail sector.

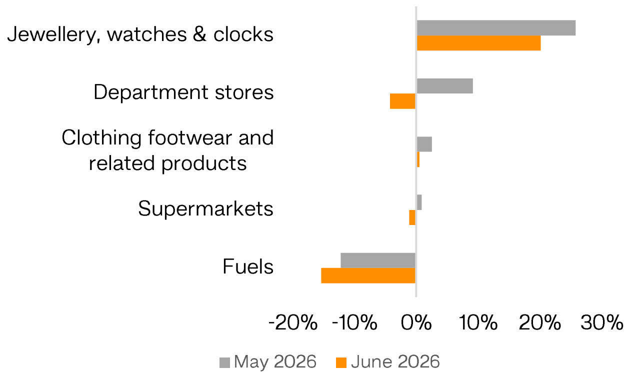
Retail sales readings on volume and value both softened in June. On a year-over-year basis (YoY), Hong Kong's total retail sales value grew by 4.6% in June, moderating from 7.9% in May. Meanwhile, growth of retail sales volume slowed to 2.3% in June, down from 4.8% in May. In recent months, total retail sales have been distorted by volatility in vehicle sales following the expiry of the first registration tax concessions for electric private cars in March. Overall, Hong Kong's retail sales reached HKD 202.59 billion in 1H 2026, representing a 9.6% YoY increase.

Retail Sales (YoY)



Source: CEIC

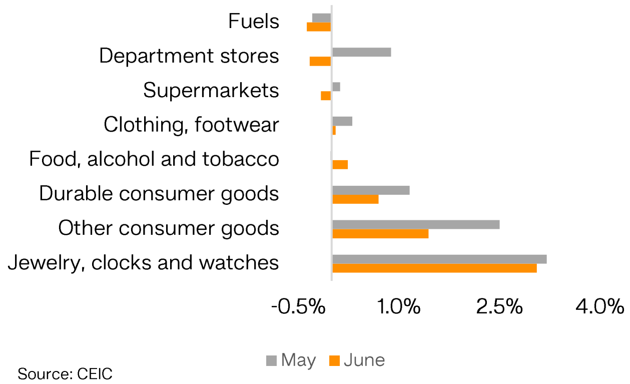
Retail sales by category (YoY)



Source: CEIC

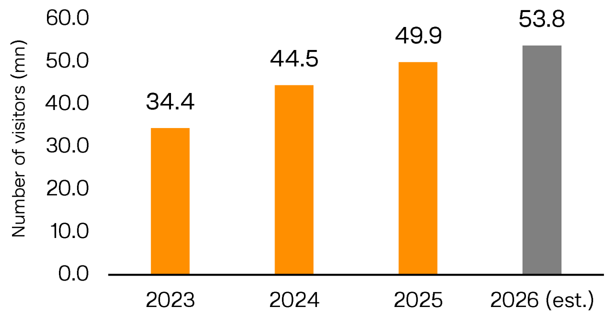
Most retail categories reported lower sales growth in June, likely reflecting adverse weather conditions during the month. A key headwind for retail sales was the vehicle segment, where the expiry of first registration tax concessions for electric private cars in March triggered significant volatility in sales in recent months. The growth of vehicle sales turned negative in June, declining 4.3% YoY after increases of 80.8%, 46.1%, and 1.8% in March, April, and May, respectively. In the meantime, other retail categories reported weaker sales growth in June, such as fuels (from -12.2% to -15.3% YoY), supermarkets (from +0.9% to -1.1%), clothing, footwear and related products (from +2.6% to +0.6%) and department stores (from +9.2% to -4.2%). Part of the reason for the slowdown would be linked to adverse weather conditions in June, given a series of heavy rain outbreaks during the month. Hong Kong Observatory issued three Black Rainstorm Warning Signals in the month, with the monthly rainfall of June 2026 rising to 600.5 millimetres, 22% above the normal of 491.5 millimetres.

Growth Contribution by Category (Ppts)



Source: CEIC

Hong Kong Visitor Arrivals



Source: CSTB, HKSAR

Tourism-related categories remained a key pillar of retail sales. Sales of jewellery, watches and clocks, and valuable gifts rose by 20.1% in June following a strong growth of 25.8% YoY in May. This category contributed 3.1 percentage points to the headline retail sales growth. Sales of electrical goods and other consumer durable goods not elsewhere classified, which cover consumer electronics, also recorded resilient growth of 11.3% in June (May: 13.1%). The continued strength in these categories suggests that inbound tourism remained supportive of consumer spending.

Visitors from the Chinese Mainland continued to underpin retail activity. Total inbound visitor arrivals moderated slightly, increasing by 6.9% YoY to 3.72 million in June. Nonetheless, visitor arrivals from the Chinese Mainland remained robust, growing by 10.5% YoY in June (May: +11.6%) and accounting for more than 77% of total visitor arrivals. Buoyed by the RMB's strength, the sustained inflow of Mainland tourists continues to underpin retail spending in Hong Kong.

Looking ahead, Hong Kong's retail sector is poised to maintain a steady recovery. Although retail sales moderated somewhat in June, the broader recovery trend remain intact. Hong Kong's private consumption should continue to benefit from sustained inbound tourism, a gradual housing market recovery and improving labour market conditions. These favourable factors are likely to provide further support to retail spending in 2H 2026.

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