Luxury Daily®
The News and Intelligence You Need on Luxury

MARKETING

Luxury uncertainty remains in spite of recovery signs

August 9, 2017

Moncler's market cap grew the most among the luxury brands in the SLI this month. Image credit: Moncler

By STAFF REPORTS

Despite positive results for many luxury labels in the first half of 2017, the Savigny Luxury Index fell 1.4 percent through July.

According to the report, investors remain uncertain about luxury brands, even with signs the market is improving, such as revenue growth at LVMH, Kering and Herms. While investors appear cautious, the outlook for luxury is more positive as demand in China is returning and European tourism recovers from the aftershocks of terrorist attacks.

Mixed results

The Savigny Luxury Index charts the market capitalization of luxury brands against the MSCI World Index, a benchmark that measures global equity across 23 countries. While the MCSI also fell this month by 0.7 percent, the SLI's decline was greater.

Among the brands whose shares decreased were Herms and LVMH, both of whom had positive first halves but warned investors that they were cautious for the remainder of 2017. Luxottica also lost market cap after Essilor dropped its growth forecasts for the year.

Louis Vuitton's Series 7 campaign. Image credit: Louis Vuitton

Even though the collective market cap of luxury brands fell, there were some winners.

Moncler's market cap has surpassed Ralph Lauren's. The outerwear label's consolidated revenues for the first half of 2017 were up 17 percent from 2016.

With the watch market showing signs of bouncing back, Swatch and Richemont also gained.

The global luxury market is expected to bounce back this year with predicted growth of 2 to 4 percent, according to a new joint report from Altagamma and Bain & Company.

This growth can be attributed to a healthy desire for luxury goods from Chinese consumers, many of whom buy their luxury products internationally. Additionally, increased consumer confidence in Europe is also driving luxury's growth (see story).