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FINANCIAL SERVICES

Luxury stocks climb 10pc in June amid positive results

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Kris Wu in Louis Vuitton Horizon Soft luggage campaign. Image credit: Louis Vuitton

By STAFF REPORTS

Luxury stock prices rebounded in June, driven partly by positive results from some of the business' biggest brands.

The Savigny Luxury Index, which tracks 17 of the biggest luxury companies by market capitalization, rose 10.1 percent last month, following a decline in May (see story). Even with the uptick, there is still some uncertainty surrounding the luxury business, amid ongoing protests in Hong Kong, an unresolved Brexit and a continuing trade dispute between the U.S. and China.

Stock surge

During the month, LVMH revealed to analysts that there is still a strong demand for Louis Vuitton's products in China and the United States, even though the two countries have not yet resolved their trade war.

Despite speculation about a slowdown in China, other companies are also investing in China. Prada launched on JD.com and Chanel is said to be launching on Tmall in the coming months.

Chanel also looked to quash speculation about a potential sale or public offering as it released its financial figures for the second time in its history.

The brand revealed that in 2018, its sales totaled $11.12 billion, up 13 percent from 2017. In an interview with *Reuters* about the results, Chanel's chief financial officer Philippe Blondiaux confirmed the company's plans to remain independent (see story).

Chanel revealed that its sales grew double digits last year. Image credit: Chanel

Moncler saw the steepest stock growth in June, as its share price rose 13.9 percent due in part to the announcement that Milan has won the rights to host the 2026 Olympic Games.

LVMH, Kering and Richemont all saw their stocks grow more than 10 percent.

Pointing to the continued strength of China, Este Lauder's sales in the region helped to propel its results. Its stock also climbed 13.7 percent in the month.

Broker downgrades dealt a 6 percent blow to Tod's shares in June.

Safilo sold off its Solstice retail business and announced it would be losing its Dior eyewear license next year (see story). The group's stock fell 6 percent on the prospect of Dior leaving.

Among the M&A activity this past month was the sale of Sotheby's. The auction house has entered into a merger agreement with BidFair USA, in an acquisition move that will take the company private under its new ownership.

Owned by art collector and telecommunications entrepreneur Patrick Drahi, BidFair USA is purchasing Sotheby's in a deal valued at $3.7 billion. Sotheby's has been a public company for about three decades, but the firm sees potential in shifting its ownership model (see story).