

FINANCIAL SERVICES

Luxury investor enthusiasm down despite positive results

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Burberry saw stock prices climb more than 20 percent. Image credit: Burberry

By STAFF REPORTS

Even with luxury groups reporting record sales, investor interest in luxury stocks waned last month.

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The Savigny Luxury Index, which tracks 17 of the biggest luxury companies by market capitalization, finished July down 0.3 percent despite a slight bump in the middle of the month. Strong demand in mainland China helped propel sales growth, in spite of continued trade tensions with the United States, but investors remain concerned about prolonged protests in Hong Kong.

Expectations rise, stocks fall

Luxury stock prices had rebounded 10.1 percent in June, driven partly by positive results from some of the business' biggest brands ([see story](#)).

British fashion label Burberry was the month's big winner, with its stock price growing more than 21 percent.

Burberry revealed significant sales growth in relation to its new creative director. Collections by chief creative officer Riccardo Tisci drove significant response with double-digit percentage growth compared to last year's equivalent collections ([see story](#)).

No other luxury stock saw double-digit growth in prices, though Tod's did increase 9.6 percent. Share prices for luxury groups Richemont and Capri Holdings grew a respective 3.1 and 2.6 percent.



Tod's saw a turnaround in July. Image credit: Tod's

In July, luxury conglomerate LVMH Mot Hennessy Louis Vuitton's revenues were up 15 percent in the first half of 2019, propelled by its fashion and leather goods brands ([see story](#)).

Investors were also interested in the news that LVMH had reached an agreement in a mutually beneficial arrangement with British fashion label Stella McCartney ([see story](#)). The luxury group, however, saw its share price dip 0.3 percent.

French luxury group Kering experienced an even steeper drop. Its stock prices fell 9.7 percent in July, despite revenues growing nearly 20 percent in the first half ([see story](#)).

Kering's stock suffered because of growing expectations for its hallmark brand, Italian fashion label Gucci. Although Gucci saw double-digit revenue growth in the second quarter, it came at a slower rate than anticipated.

Ferragamo, Ralph Lauren, Safilo and Moncler were among the brands that also saw their stock prices fall last month.

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