

FINANCIAL SERVICES

## Luxury stocks fluctuate amid geopolitical uncertainties

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*Tapestry's share price grew 26 percent in September. Image courtesy of Stuart Weitzman*

By STAFF REPORTS

Political and economic tensions persist in Europe and Asia, but the prospect of a busy holiday shopping season on the horizon has eased some luxury investors' concerns.

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The Savigny Luxury Index, which measures the market capitalization of 17 of the biggest public luxury companies, rose just shy of 2 percent in September. Luxury brands based in the United States performed best last month, bolstered by the resumption of trade talks with China and a cut in federal interest rates.

Roller coaster stocks

U.S. luxury conglomerates Tapestry and Capri Holdings both saw stock prices grow 26 percent in September. Tiffany & Co. and Ralph Lauren followed with growth at 9 and 8 percent, respectively.

Despite those strong performances, the prolonged protests in Hong Kong have had economic repercussions for other luxury players.

In June, a report from UBS warned that investors should brace for slips in luxury stocks' valuations if the Hong Kong protests persist. Political unrest, including demonstrations that have turned violent, has adversely affected the luxury sector in recent years ([see story](#)).



*Net-A-Porter is launching on Tmall, and will retail other Richemont brands. Image credit: Cartier*

Richemont's share price fell almost 5 percent in September, as the Swiss luxury group pushes ahead with its investments in mainland China and Hong Kong. This month, Richemont is debuting a Net-A-Porter flagship on Alibaba's Tmall Luxury Pavilion as it continues to cater to Chinese consumers ([see story](#)).

Moncler, Safilo, Tod's and Salvatore Ferragamo also experienced drops in share prices during September.

This month, LVMH's Louis Vuitton, Tiffany and Herms all announced plans to increase their manufacturing capacities as demand is expected to increase from mainland China. Investors are optimistic that China's luxury appetite can counter sustained losses from Hong Kong.

However, trade tensions between the U.S. and Europe are also likely to impact stock prices in the coming months.

Goods imported from Europe could soon be subject to tariffs, as the World Trade Organization has approved the United States' request to hit the E.U. with billions worth of retaliatory taxes.

The WTO has ruled in favor of the U.S. in a long running dispute over subsidies given to Airbus, which the U.S. said put its plane manufacturer Boeing at a disadvantage. As part of its decision, the WTO has given the U.S. permission to tax \$7.5 billion worth of European goods, potentially making doing business in the large luxury market more challenging ([see story](#)).

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