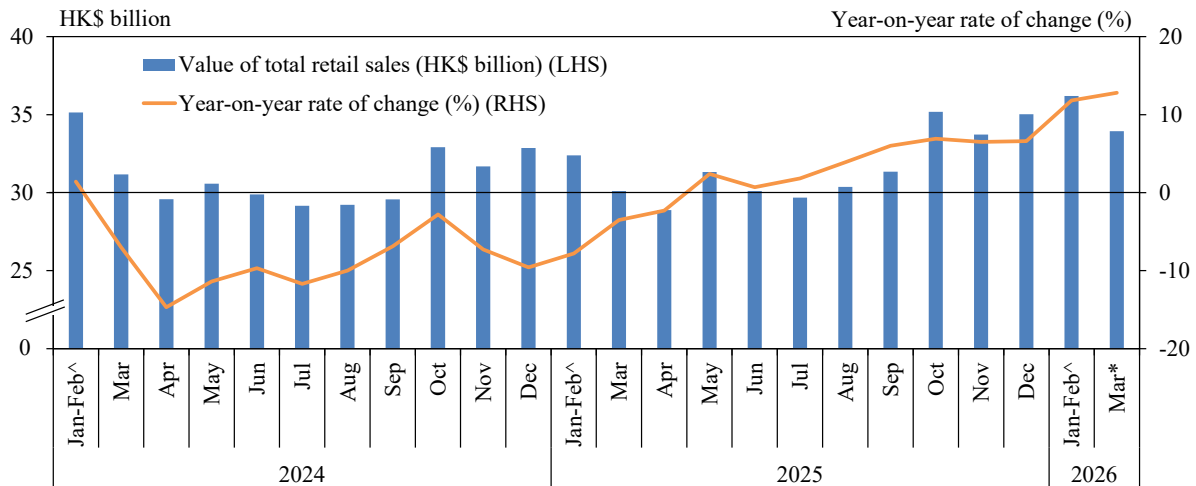


**Box 1.2**

**Recent performance and near-term outlook of retail sales**

**Robust retail sales growth:** Total retail sales value resumed year-on-year increase in May 2025 and the pace of expansion generally strengthened in the ensuing months. In the first quarter of 2026, retail sales value grew robustly by 11.8% year-on-year in January – February combined (taken together to neutralise the effect in individual months due to the different timing of Chinese New Year for each year), and 12.8% year-on-year in March, pointing to a firmly entrenched recovery in consumption in the local market (*Chart 1*).

**Chart 1: Retail sales sustained upward momentum into the first quarter of 2026**



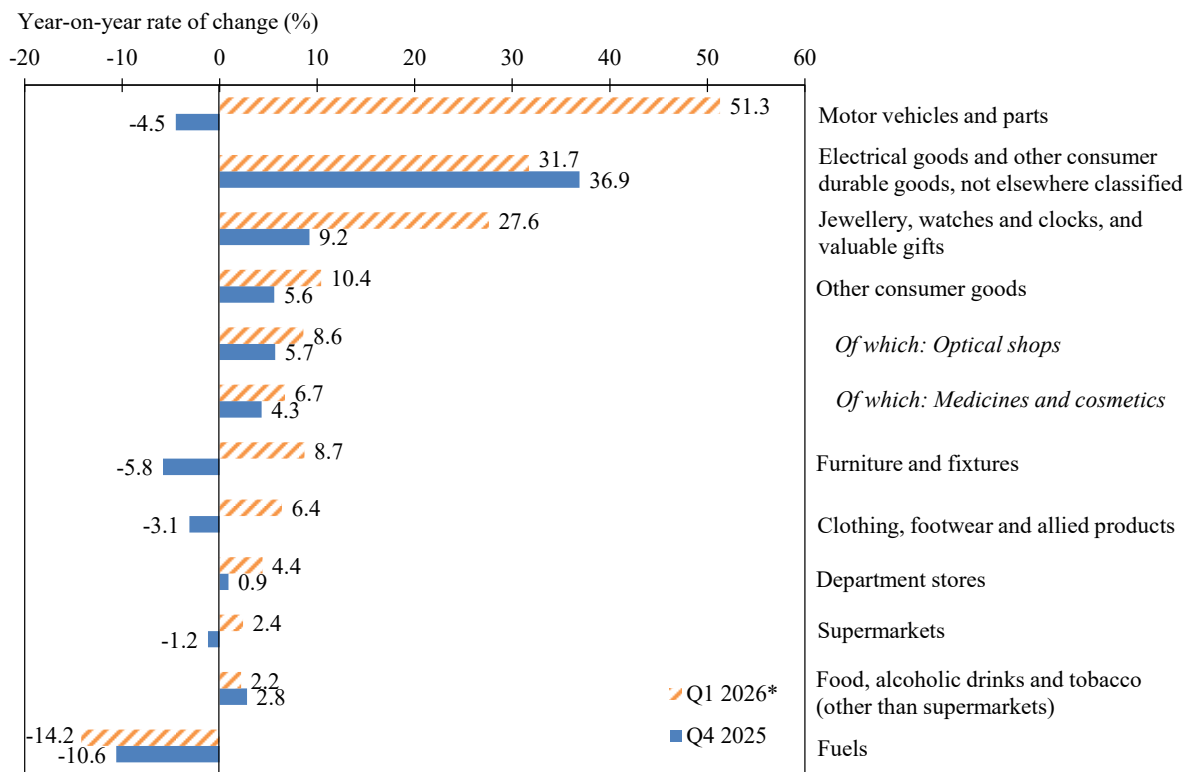
Notes: (^) For value of total retail sales, it refers to the average in January and February combined.  
 (\*) Provisional figures.

Source: Census and Statistics Department (C&SD).

**Broad-based strengthening of retail performance:** Retail sales growth was broad-based in the first quarter of 2026 (*Chart 2*). The sales value of “electrical goods and other consumer durable goods, not elsewhere classified” accelerated to grow by 31.7% year-on-year and that of “jewellery, watches and clocks, and valuable gifts” increased sharply by 27.6%. The sales value of “motor vehicles and parts” surged by 51.3%. Elevated gold prices and the expiry of the first registration tax concession for electric private cars at end-March likely provided support, but underlying momentum was solid and broad-based. Growth also extended to livelihood-related categories that were lacklustre in 2025, with the sales values of “furniture and fixtures” and “clothing, footwear and allied products” rebounding by 8.7% and 6.4% year-on-year respectively in the first quarter of 2026. Meanwhile, the sales value of “optical shops” and “medicines and cosmetics” picked up to grow visibly by 8.6% and 6.7% respectively.

**Box 1.2 (Cont'd)**

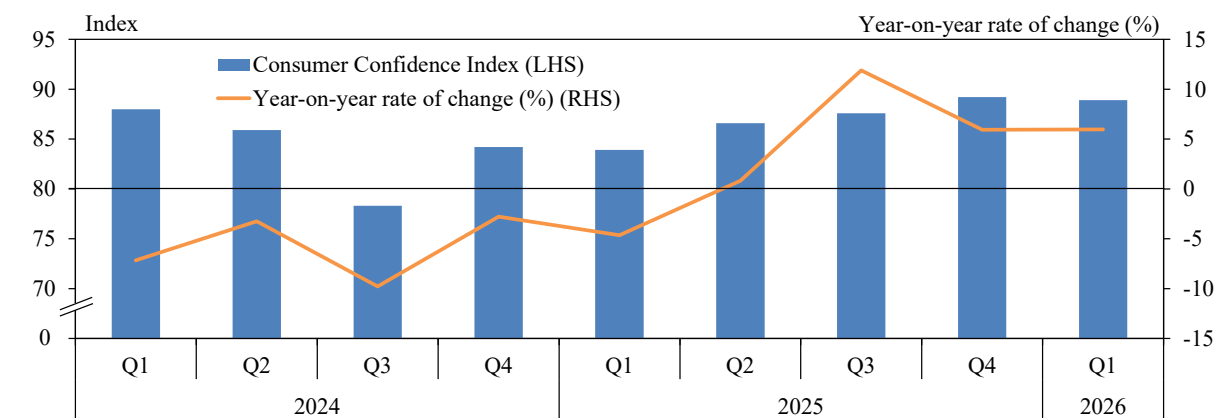
**Chart 2: Sales value of most broad types of retail outlet grew in the first quarter**



Note: (\*) Provisional figures.  
Source: C&SD.

**Resilient growth momentum is expected to continue, supported by improving consumer confidence.** The strengthening retail performance on a broad basis has partly reflected an improvement in local consumer sentiment. This is evidenced by the general uptrend of the Hong Kong Consumer Confidence Index compiled by the City University of Hong Kong since the second quarter of 2025 (*Chart 3*). A generally supportive macroeconomic backdrop – characterised by sustained economic growth, rising labour earnings, a buoyant stock market, as well as a stabilising residential property market – is expected to continue underpin consumer sentiment.

**Chart 3: Local consumer sentiment improved generally since the second quarter of 2025**

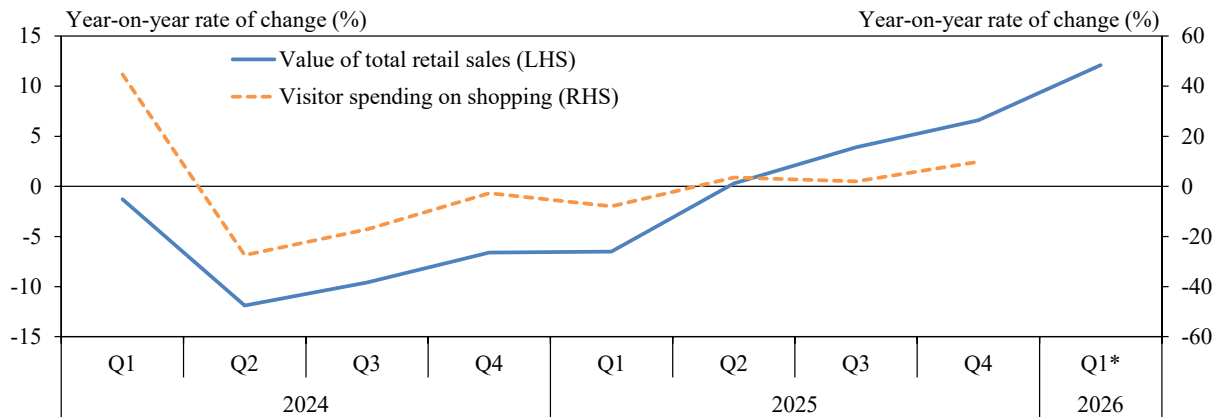


Source: Statistical Consulting Unit of the City University of Hong Kong.

**Box 1.2 (Cont'd)**

**Vibrant inbound tourism** has been, and is likely to remain, a key driver of retail sales growth. Benefitting from the Government’s efforts to promote tourism and stage mega events, as well as the continued support of the Central Government, visitor arrivals increased by 17.0% to 14.3 million in the first quarter of 2026, following a strong rise of 12.1% to 49.9 million in 2025. Using year-to-date statistics compiled by the Hong Kong Tourism Board to derive quarterly figures, visitor spending on shopping has mirrored the pattern in overall retail sales. It returned to year-on-year growth in the second quarter of 2025, rising by 3.6% and 2.0% respectively in the second and third quarters, before accelerating to 9.8% in the fourth quarter (*Chart 4*), thereby providing increasing impetus to retail sales.

**Chart 4: Retail sales and visitor spending on shopping moved broadly in line**



Note: (\*) Provisional figure.  
Sources: C&SD; Hong Kong Tourism Board.

**Online sales channels have provided important new platforms for business expansion.** The share of online sales to total retail sales reached around 8.7% in the first quarter of 2026, with its value up 30.1% year-on-year, following a 13.0% increase in 2025, thereby reinforcing overall retail sales growth. The wider adoption of e-payments, logistics, and data analytics have injected fresh impetus into the retail ecosystem.

**The outlook for retail sales this year remains broadly positive,** supported by sustained economic growth, strong inbound tourism and resilient local consumption. The Government’s initiatives promoting “Mega Events + Tourism” through a wide range of cultural festivals, tourism projects and mega events are expected to encourage longer stays and repeat visits. However, near-term headwinds remain: the expiry of the electric private cars first registration tax concession may weigh on vehicle-related sales following earlier front-loading, while geopolitical tensions and other external uncertainties cloud the global economic and financial outlook and could weigh on consumer and visitor spending sentiment.