



## Press release

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Swiss watch exports in the first half of 2016

### Steep fall across the board

The Swiss watch industry was confronted with a challenging situation throughout the first half. The downturn reported at the end of 2015 worsened with many factors adversely impacting the progress of business. The Hong Kong market failed to recover; this had a preponderant impact on the overall result. The overpriced Swiss franc, insecurity linked to terrorism and changes reported in tourist flows also penalised demand for Swiss watches.

Watch industry exports were worth 9.5 billion francs in the first six months of the year against more than 10 billion in the same period of the four previous years. This is a decline of 10.6% compared to January-June 2015. While Europe still held up to some extent in the first quarter, all the regions are affected by the downturn today.

The forecast for 2016 has worsened significantly. Despite a potential very slight improvement of the situation in the second half, the year-on-year result is likely to show a downturn comparable to the figure recorded at present.

### Products

Watches accounted for 94% of the value of watch industry exports. They were 10.7% down on the first half of 2015. Volumes contracted even more severely with an 11.9% fall. In the six months period, 12 million pieces left Switzerland, 1.6 million fewer than in the previous year.

In value terms the downturn was identical for both mechanical and electronic timepieces. The former on the other hand suffered a more substantial decline in the number of pieces at -14.8%.

Over half the reduction in value is attributable to products in precious metals which lost 16% in the first half. Steel watches were less badly affected with -6.4%. However, they did have a major influence on the reduction of volumes, contracting by more than 800,000 pieces (-11.6%). The *Other metals* category was also seriously affected (-19.9%).

Most price segments reported a double digit decline. Only timepieces priced between 500 and 3,000 francs (export price) held up better without, however, being able to avoid a negative variation (-4.7%). The biggest declines at around 15% were reported in the 200 to 500 francs price range.

All the figures released by FH refer to exports data and not to sales to end-consumers. Differences between these two types of data may therefore exist. These data must be regarded as consolidated figures gathering export results from all Swiss watch companies. They obviously cannot reflect the individual results of one particular company or group of companies, knowing that business activity may greatly vary from one to the other.



## Markets

During the first half of 2016, the fifteen main markets showed the following trend (total value in million francs and % variation by comparison with 2015):

1.	Hong Kong	1,189.5	-26.7%
2.	USA	1,051.0	-9.3%
3.	Japan	631.9	+2.9%
4.	China	590.8	-14.7%
5.	Italy	588.5	-12.6%
6.	Germany	558.3	-4.9%
7.	United Kingdom	529.9	-5.4%
8.	UAE	492.7	+2.7%
9.	France	490.8	-14.8%
10.	Singapore	485.6	-12.8%
11.	South Korea	313.8	-8.9%
12.	Spain	218.7	-6.1%
13.	Saudi Arabia	186.3	-4.6%
14.	Taiwan	181.6	-18.0%
15.	Austria	141.1	-2.0%

Still severely influenced by Hong Kong, Asia posted the biggest fall (12.7%). The situation in America recovered in the second quarter but remained distinctly negative over the first six months of the year (-9.8%). Europe took the opposite track with a steep deterioration in recent months to end at -8.6%.

With 17 consecutive months of steep falls, Hong Kong remained the black spot for Swiss watch industry exports. They were down by 26.7% in the first half; this had a severe impact on the overall result. Japan was one of the rare pockets of growth (+2.9%) because the early part of the year benefited from a favourable base effect. However, the trend of recent months is negative. China (-14.7%) showed no signs of recovery, far from it. In the Middle East the United Arab Emirates reported a small rise (+2.7%). The other main Asian markets were lower.

After a bad start to the year which has a major impact on the overall average, the decline in the United States stabilised at -9.3% between January and June.

No European market was able to escape the sluggish first half. Italy (-12.6%) and France (-14.8%) were the worst affected. Performance in Germany (-4.9%), the United Kingdom (-5.4%), Spain (-6.1%) and Austria (-2.0%) was better than the average, although still with a distinct downward trend.

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