



## BUSINESS

# HSBC: Luxury Sector Should Turn a Corner in H2

● Equity analyst Erwan

Rambourg said "it's time to be a bit more positive" as he expects second-half sales to pick up slightly and decent, profitable growth to resume in 2026.

BY MILES SOCHA

**HSBC thinks** "its time to be a bit more positive on the luxury sector" after a year of pain, much of it self-inflicted.

So said a new report issued Tuesday by luxury analyst Erwan Rambourg, who expects sales in the second half of 2025 to pick up slightly "and 2026 to revert to decent, profitable growth."

The bank is forecasting sales to be up 2.9 percent on average in the second half as soft luxury brands start to find solutions after suffering "from greedflation and a lack of creativity," according to the report, no doubt alluding to the designer changes currently under way at Gucci, Dior, Chanel, Balenciaga and a host of other European brands.

Louis Vuitton's introduction of lipsticks and makeup got a shout-out as "re-awakened creativity at more palatable price points."

"We believe the Chinese cluster should start to turn the corner in terms of luxury demand," Rambourg wrote in the report. "And although we acknowledge that there are short-term hurdles for the American cluster (inflationary pressures, a tough basis of comparison as we lap last year's post-election bump), we do not foresee a dire scenario there."

HSBC also upgraded LVMH Moët Hennessy Louis Vuitton and Kering to buy from hold, and downgraded Hermès International to hold from buy.

While Rambourg has doubts that Louis Vuitton can grow at or above midsingle digits in the long term, "we believe in Dior's rebound, think cost containment will go some way toward defending the margin, and also see many opportunities for the LVMH group to simplify its structure."

Jonathan Anderson, Dior's new creative director, has already unveiled his first men's collection to strong acclaim, and is dressing celebrities in haute couture at the Venice Film Festival to mixed receptions.

As for Kering, its new chief executive officer Luca de Meo, who officially arrives on Sept. 15 after a lifelong career in the automobile industry, will be Teflon-coated for criticism in the first three to four quarters of his tenure, "and we think the likely changes introduced will lower the risk" on shares.

HSBC said Hermès remains "a much better business than the rest of our coverage," however the bank does not see sales accelerating much in the second half. (Revenues in the first half rose 8 percent.)

Rambourg noted his forecast of "sequential improvement" is also supported by "a less punishing basis of comparison in Japan," a favorable basis of comparison in Europe after the Paris Olympic Games in 2024 boosted spending and a recovery in U.S. equity markets after the panic selloff in early April.

