

# CHINA.ACTION.MONEY.

## Christmas Trade Review



PACIFIC TYCOON

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The Christmas holidays greatly impact the shipping industry and the Chinese economy. Driven by commercial interests around the world, the purchasing of gifts by consumers boosts the requirement for shipping operations and in turn, the demand for shipping containers. A recent study found that many retailers will earn approximately one third of their profits in the build up to Christmas whilst consumer spending is between 35% and 40% higher than during any other month of the year.

For China – the largest exporter in the world – the third and fourth quarters of each and every year are characterised by a rapid expansion in the production and exporting of goods to markets such as the USA and Europe. The January 2015 edition of China. Action. Money analyses how commerce during the Christmas period has impacted global trade and the Chinese economy in 2014.

## Christmas Demand

The global economy is starting to overcome uncertainty and deliver increasingly positive growth figures, a fact underlined by the increase in consumer spending during the Christmas holidays 2014. For example, in the United Kingdom, on average, families spent more than £800 on the celebrations. Highlighting the rise of the online economy, shoppers across the UK are estimated to have spent £17.4 billion – a growth of 19.5% on the year before.

The sheer scale of Christmas spending in the UK is highlighted by the fact that the busiest hour of online shopping during the festive period saw more than £15,000 being spent per second by those with Visa debit and credit cards.

In the USA, December saw the highest level of expenditure on goods in five years. According to a poll, spending per family rose from \$704 to \$781 between 2013 and 2014. This increase of more than 10% in just one year is due to a post-recession high level of economic optimism across the country.

In addition to increased spending in western economies, Christmas festivities are also spreading around the world, driving even greater levels of trade. For example, in rising economic powerhouses such as China and Dubai, celebrating Christmas and purchasing presents for loved ones is increasing in popularity.

By replicating how the season is celebrated in the West, these festivities are boosting global trade and the industries that facilitate it. With the sales of luxury goods rising by 5-10% in China during the period, both domestic spending and imports into the Dragon

Economy will rise. This will support economic growth in China whilst creating demand for transportation and shipping services.

## Christmas and China

In addition to benefitting from rising domestic demand for luxury goods, China's manufacturing prowess is of paramount importance to the Christmas festivities around the world.

- 80% of all toys worldwide are produced in China
- 85% of artificial Christmas trees are made in China
- 63% of shoes purchased worldwide are made in China

Furthermore, China also produces vast quantities of technology and electronics such as Apple iPhones and iPads in addition to Dell laptops. The Chinese production of a wide range of goods ensures that come Christmas time, the economy will be exporting millions of dollars worth of cargo to all corners of the world.

## The Impact on China and Global Shipping

The effect of Christmas is positive for both China and the shipping container industry.

China is the number one exporting nation in the world. During 2014, exports rose more than 6% to a staggering \$2.34 trillion. More than 20% of its economic growth is derived from the export industry and therefore it is vital to sustaining China's burgeoning future. The Christmas holidays create a spike in demand from around the world for goods. As a result, there is a significant increase in the level of demand for Chinese products and in turn the economy continues to progress and the export industry continues to expand and mature.

The shipping industry is responsible for transporting 90% of all trade around the world. To that end, it plays a vital role in ensuring that goods reach their target markets in time for the festivities in December. At the same time, Christmas generates greater demand for transportation services and impetus to the growth of this global industry. Christmas 2014 was a momentous time for the sector, with year-on-year growth seen across the globe. The significant trade levels continue to rise, with the industry predicted to experience more than 5% growth in the next 12 months. China's role as the world's leading manufacturer, the shipping capital of the world and biggest global trade economy continues to fuel the overwhelming need for containers in this market.

Pacific Tycoon's head office is based in Hong Kong, at the heart of the booming East Asian economy. Benefiting from our proximity to the industrial and business-led projects transforming China, we endeavour to monitor and understand each one closely. For further details on the trillion dollar projects shown on this map, visit our website: [www.pacifictycoon.com](http://www.pacifictycoon.com)



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