Burberry, Richemont shares slump on China jitters, weaker US

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Shares in Burberry and Richemont slumped on Friday, hit by concern over the damage to the luxury industry from China's COVID-19 lockdowns as dismal GDP data from the country cast a gloomy outlook for the future.

Adding to investor jitters, the companies also highlighted signs of weakness creeping into the U.S. market, the industry's other main growth engine.

Shares of Burberry were down 6.5% while Richemont traded 4.9% lower.

Financial reports from the two luxury groups showed sales from mainland China were down 35% at Burberry, while Cartier-owner Richemont posted a 37% drop. Richemont flagged a decline of 12% in June as lockdowns eased up.

But signs of more recent improvement were overshadowed by dismal second-quarter GDP figures showing weakness in China's economy, with sluggish growth of 0.4% in the April-June quarter from a year earlier.

Citi analyst Thomas Chauvet highlighted weakening macro data in the United States and an "uncertain shape of recovery in China".

The luxury sector had rebounded from the pandemic more quickly than many other sectors as people rushed to spend savings accumulated during lockdowns once socialising resumed.