

WEEKEND JOURNAL.

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Silk Dress

Diane Von Furstenberg wrap holds steady—thanks to its Chinese silk.

Oriental Rugs

They'll only get more expensive, vendors say.

Single Malt Scotch

Glenmorangie will boost price of 18-year-old scotch by \$20.

Buck Up!

The weak dollar is pushing up prices for luxury imports. But from Swiss watches to Japanese SUVs, bargains still exist—and sometimes beat U.S. rivals. Paula Szuchman hunts down the deals.

GERALD WALD, a Miami attorney, prides himself on being a savvy wine shopper, able to find good European bottles for under \$20. When the dollar began sliding and imports rose in price, he turned to domestic labels.

But recently, Mr. Wald's version of oenophile arbitrage hasn't been working as well. Some California winemakers have raised prices by as much as 8% in the past year, partly spurred by demand from euro-rich buyers. So for the holidays, Mr. Wald is planning to serve his latest find—a \$15 Cabernet Sauvignon from the Colchagua Valley in Chile. "I'm going to start searching out South African wines now," he says.

With the U.S. dollar near historic lows against the euro and close to decade lows against currencies from the Swiss franc to the English pound, Americans shopping for imported luxury goods are feeling the pinch. Prices are up for everything from Scottish cashmere sweaters to Italian truffle oil, and more companies are figuring a weaker dollar into their next round of pricing: Hermes says the

stronger euro will likely cause it to bump the U.S. price of its silk twill scarves by as much as 7%, to \$315, in March, while a bottle of 18-year-old Glenmorangie single malt scotch is set to go up \$20 next spring, to \$110.

So what does all this mean for U.S. consumers now, and during the post-holiday bargain period to come? Weekend Journal looked at luxury imports from Irish crystal to Asian rugs, and found that sniffing out the deals is difficult—but not impossible. Some vendors have held the line, either by buying from less-expensive sources, planning in advance to hedge against a falling dollar, or simply taking it on the chin and absorbing the price difference.

Shopping for a Tag Heuer watch? Though the Swiss franc is up 9% against the dollar over the last three months, watch prices have remained flat because their suppliers set prices earlier in the year. Designer fashion may be giving U.S. shoppers sticker shock, but you can still get one of Diane von Furstenberg's iconic wrap dresses for the same \$298 as last year. (She gets the silk from China, where the *(Please Turn to Page W10)*

Plus

Domestic tranquility: Sizing up homegrown alternatives.

W10

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American Style

With import prices rising, U.S.-made products offer alternatives—but not necessarily the best deals. Below, a sampling:

IMPORT	DOMESTIC	COMMENTS
CHEESE		
Chource triple crème, \$1.06/ounce	Bittersweet Plantation Dairy triple crème, \$1.74/ounce	Artisanal American cheeses aren't always a bargain compared with French brands. Some newer U.S. makers, like this one in Louisiana, charge more, citing start-up costs. Online retailer Murray's Cheese says homegrown varieties are popular; 25% of its stock comes from the U.S.
LINENS		
Anichini Giava damask queen duvet, \$1,425	Fino Lino Palace damask queen duvet, \$1,050	Instead of using only European fabrics, New Jersey linen maker Fino Lino recently hired a supplier in Pennsylvania. (Fino Lino's newest Italian damask duvet cover costs \$1,600, or \$550 more than the U.S. fabric version.) Vermont-based Anichini is using European fabrics exclusively. Company says it's offsetting import costs by starting to export to Europe and the Middle East.
LOUDSPEAKERS		
Naim Allae, \$4,100/pair	Martin Logan Aeon i, \$3,395/pair	U.K.-based Naim announced increases on its speakers of about 7%, citing the stronger pound sterling. U.S. maker Martin Logan just raised the price of its Aeon i speakers by 3% to offset the rising cost of steel.
LUGGAGE		
Louis Vuitton Pegase 60, \$1,730	Hartmann Expandable Mobile Traveler, \$625	Like Louis Vuitton's signature canvas carry-on, Hartmann's has leather trimming. Its tweed fabric is milled in Massachusetts, and leather is tanned in Pennsylvania.
WINE		
Chateau Leoville Barton 2001 Bordeaux, \$39.95	Kathryn Hall Sacrashe Vineyard 1999 Cabernet Sauvignon, \$49.95	Retailers expect the price of many French wines to rise about 5% next year, but some California wineries are going even further: Kathryn Hall says it increased its 2001 vintage price tag by 10%, because of limited production and increased name recognition.
WOMEN'S HANDBAGS		
Fendi Compilation Metal Fog clutch, \$410	Thickskin silver ostrich clutch, \$275	U.S. designers say the higher price of imports gives them a boost. Although its Italian leather suppliers raised prices 50% in June, New York-based Thickskin says it hasn't lifted retail prices yet.

Electronics

BUY NOW: Loudspeakers from Kansas

BUYER BEWARE: Loudspeakers from England

No need to rush to stock up on Chinese electronics. With the Chinese currency pegged at 8.2 yuan to the dollar, electronics made in the country are a relative bargain. Even if the Chinese government allows the yuan to move higher, such a move isn't likely to impact prices significantly: The country's labor costs are still relatively low, and Chinese companies that purchase components from places like Taiwan and South Korea would benefit from a stronger currency. "People's expectations are too great about what a revaluation [of the yuan] would mean for U.S. consumers," says Nicholas Lardy, a senior fellow at the Institute for International Economics in Washington, D.C.

And the tried-and-true rule of buying electronics still holds: Older technologies are cheaper than new ones. It might be wise to put off buying an LCD flat-panel television, in particular, as prices are expected to drop up to 27% by the end of 2005 as newer and more efficient factories boost supplies. (A 42-inch set is expected to cost \$3,100 next year, down from \$4,500 today, according to DisplaySearch.)

European electronics are a different story. High-end speakers are expected to be particularly vulnerable to price hikes: Many, like those made by Vienna Acoustics in Austria, or Sonus Faber in Italy, have handmade components and don't benefit from the higher efficiencies of new factories. Retailers suggest buying these products before the spring, when some new lines come out. Danish maker Bang & Olufsen says it's keeping increases in line with previous years—it raised its prices 3.5% in June—by lowering manufacturing costs. This summer, the company opened its first factory in the Czech Republic, where costs are about one-fifth of those in Denmark, says chief operating officer Peter Thorsrup.