

VERDICT ON THE CREDIT CRUNCH

This brief examines how the current economic climate and situation in the financial markets is impacting retail. It analyses the success of the discount retailers and looks at the wider impact of the credit crunch in other countries through a focus on Eastern Europe. The brief also looks at the various ways retailers can deal with the downturn and look to emerge from it as stronger businesses.

VERDICT VIEW	1
CATALYST	1
SUMMARY	1
ANALYSIS	2
Economic Overview	2
Sector Analysis	4
Clothing	4
Home Related Retailing	7
The Discounters	10
Dealing with the Downturn	12
Strategies to cope with the recession	12
Focus on Eastern Europe	13
Predictions of an economic decoupling of the region from the wider world prove unfounded	13
List of Tables	
Table 1: Performance of housing related-retail sectors 2007-2009	9
List of Figures	
Figure 1: Sources of retail spending growth, 1990 - 2012	3
Figure 2: Year-on-year growth rates in clothing & footwear expenditure, 2007 and 2008	6
Figure 3: Quarterly growth of home related sectors 2006-2009	8
Figure 4: Housing Equity Withdrawal and interest rates 1997-2007	8
Figure 5: Main users of Big Four grocers who also shop at discounters 2007-08	11
Figure 6: HICP - All items - Index (2005=100) - Percentage change, year to July 2008	14