GlobalDemographics

The Recession Report

The Impact of Slower GDP Growth on Household Spending in 2009 and 2010 compared with 2008

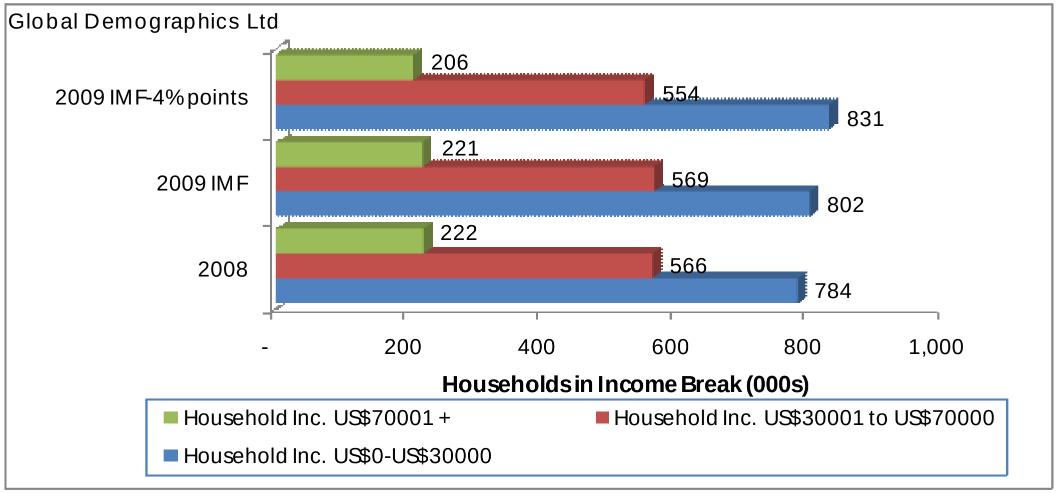
New Zealand

Global Demographics Limited

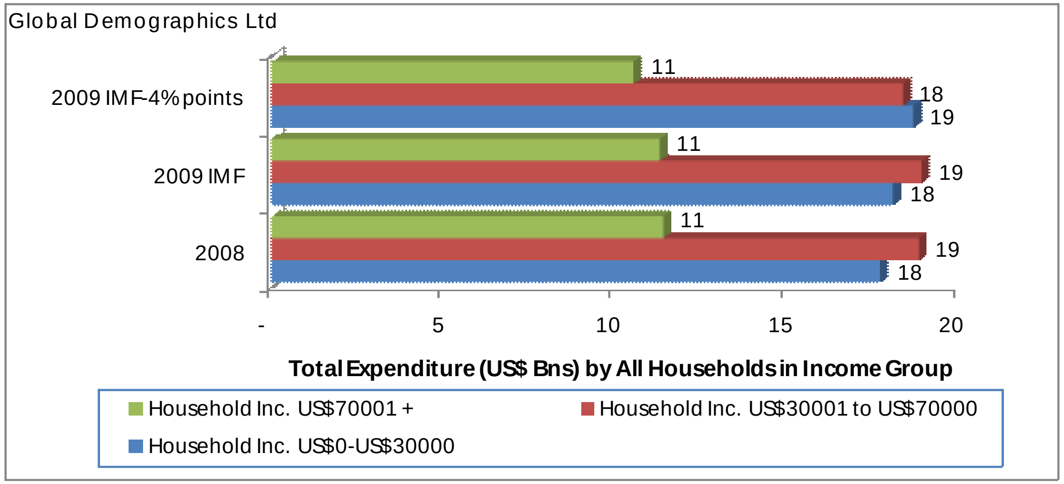
February 2009

Key Numbers

GDP Growth rates Used	2008	2009	2010
Base case = IMF	0.6%	0.0%	1.7%
Middle case - IMF - 2% points		-2.0%	0.7%
Worst case = IMF - 4% points		-4.0%	-0.3%



In 2009 total high income households are projected to decrease from 222 thousand in 2008 to 221 thousand (-0.7%) in 2009 under base scenario and to 206 thousand (-7.1%) under the worst case. Lower income households increase by 2.3% and increase by 6.0% respectively.



Total Expenditure of all households will increase from US$48 Bn in 2008 to US$48 Bn (0.8 %) under base case and decrease to US$48 Bn (-0.7 %) under the worst case. Total expenditure of all households in the top income segment is projected to decrease by -0.8 % from US$11 Bn in 2008 to reach US$11 Bn in 2009 under the base case scenario and decrease by -7.5% to reach US$11 Bn under the worst case scenario.

GlobalDemographics

Table of Contents

Methodology and Caveat	4
The Pattern of Impact of GDP on Household Expenditure	5
The Demographic Environment	6
Impact on Employment	7
Impact on Employment - Table	8
Impact on the Number of Households in each Income Segment	9
Impact on the Number of Households in each Income Segment - Table	10
Impact on Average and Total Household Income	11
Impact on Average and Total Household Income - Table	12
Impact on Total Household Income and Expenditure by Income Segment: Base Case.	13
Impact on Total Household Income and Expenditure by Income Segment: Base Case. - Table	14
Impact on Total Household Income and Expenditure by Income Segment: IMF – 2% Points	15
Impact on Total Household Income and Expenditure by Income Segment: IMF – 2% Points. – Table	16
Impact on Total Household Income and Expenditure by Income Segment: IMF – 4% Points	17
Impact on Total Household Income and Expenditure by Income Segment: IMF – 4% Points. – Table	18
Estimated Total Market Value by Expenditure Categories and Income Segment	19
Estimated Total Market Value of Expenditure Categories – Overall and Lowest Income Segment	20
Estimated Total Market Value of Expenditure Categories – Middle and Upper Income Segment	21
Further Information	22
Copyright Notice	23

Methodology and Caveat

Historically there has been a consistent relationship between:

•GDP and GDP per capita

•GDP per capita and average household income

•GDP per capita and distribution of households by income

•Household income and the propensity to :

- spend
- save
- pay tax

•Overall household expenditure and propensity to spend on each of 12 categories (e.g. food, clothing, etc.)

Global Demographics Limited has modelled these relationships historically and provided forecasts of households by income level and expenditure per household by income level.

In this report we show what is the possible impact of the expected slower GDP growth rates for 2009 on household expenditure in 2009 relative to 2008.

We are not economists so we do not provide GDP forecasts. Rather, we have taken the latest IMF forecasts for 2008, 2009 and 2010 and then reduced the 2009 forecast by each of 2% points and 4% points (and 2010 by half that) to achieve worst case scenarios. The reader can then form their judgement of what GDP will do in 2009 and 2010 and from this report gain an understanding of the possible impact of that outcome on the overall level of consumer spend, and consumer spend in the category their business is involved in.

There is, however, a warning associated with this analysis. Consumers' propensity to spend is affected by the overall economic environment. At present confidence is low and it is likely that the relationship between income levels and expenditure, which are consistent as incomes increase, may not be maintained when incomes are stable or decreasing. Expenditure may in fact reduce at a faster rate. So these are forecasts based on the assumption 'past relationships continue to hold' but the reader should be aware there might be variations from that assumption. We, however, take the view that, while this is probably the case in the short term (6 months) over a one year period historic relationships will hold as, overall, even under the worst case scenario the majority of households (90%) suffer no reduction in income.

The Pattern of Impact of GDP on Household Expenditure

GDP Slows

Employment drops/productivity per worker increases. Impacts distribution of households by income – generally lower

More lower income households

Increases *total* spend of low income segment

Some discretionary reduction – but limited as smaller share of total expenditure

Middle income not impacted

Impacts average household income marginally

Fewer High income households

Reduces total spend of High income household segment

Discretionary cut back has bigger effect – but partially maintain lifestyle by reducing savings

Recovery might be faster as spare (labour) resources which would not exist under normative case

The Demographic Environment

A recession has an economic impact on the community. It does not, however, affect the demographic profile of the community. Total population and total households do not vary because of a recession – at least not in a 2-year period.

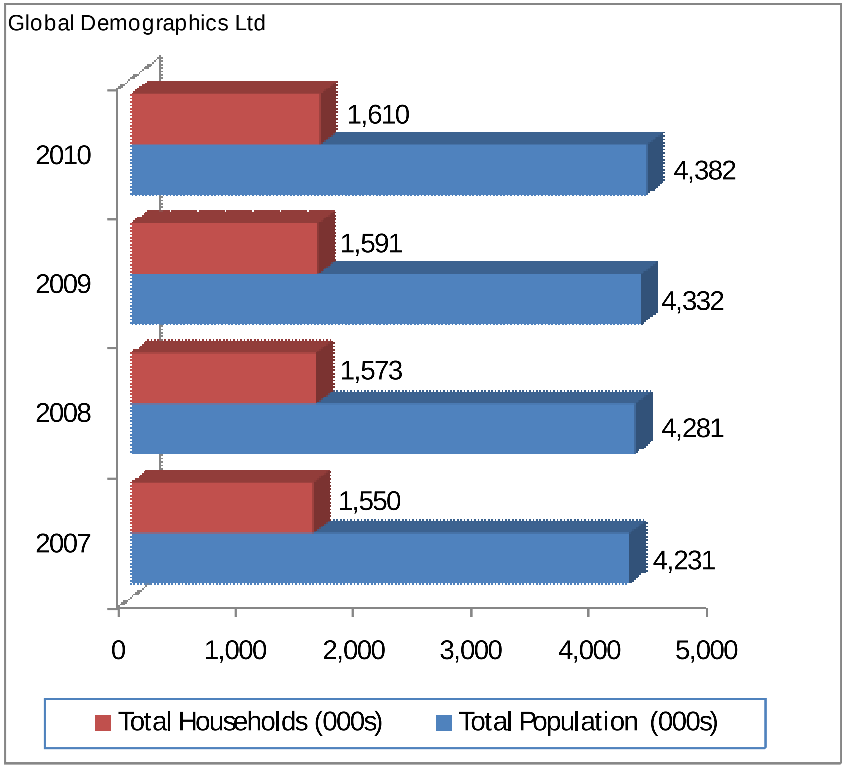
What is affected is the economic well-being of these households.

This report looks at the impact on total spending given:

1. economic trends (variation in GDP and its impact on incomes and expenditure) AND

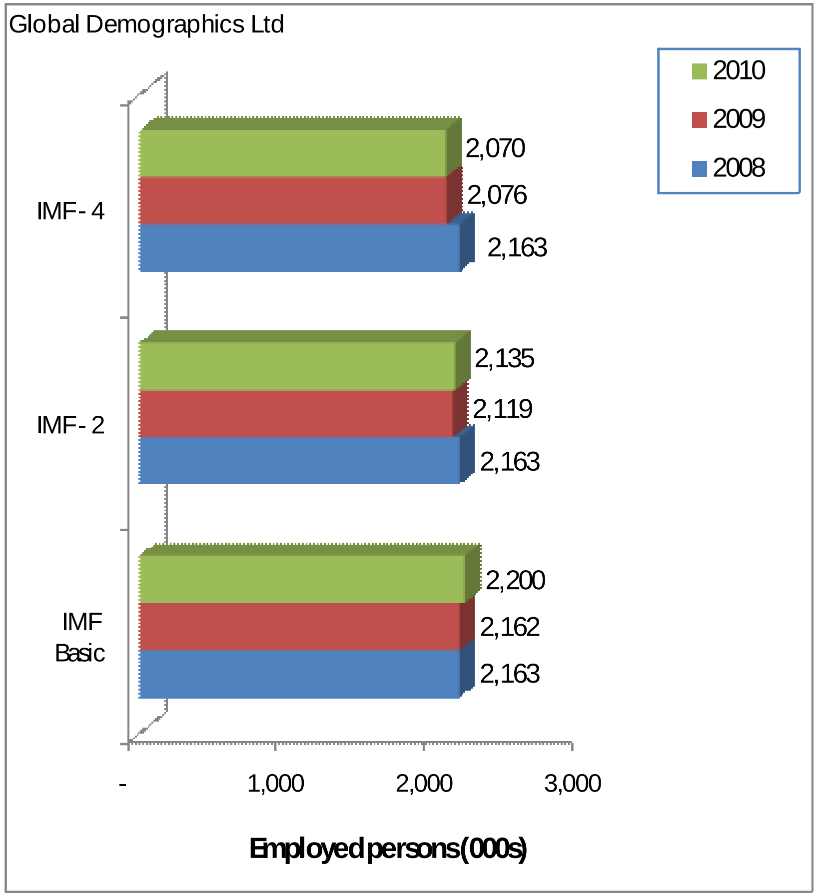
2.trends in overall demographics which will continue over 2009 and 2010.

In the case of the New Zealand, total population is projected to grow by 1.2% and 1.2% for each of 2009 and 2010. This adds an average of 50,000 persons per annum. In terms of households the growth rate is faster at 1.2% in 2009 and 1.2% in 2010, adding an average of 19,000 households per annum.



Impact on Employment

If it is assumed that productivity per worker is maintained (businesses adjust their workforce according to revenue), then under the base case the total employed persons declines by 0.0% in 2009. However, under the IMF -2% scenario the total employed labour force would decline by -2.0%, followed by an increase of 0.7% in 2010. Under the disaster scenario (IMF - 4%) the total employed labour force would decline by -4.0% in 2009 followed by a decrease of -0.3% in 2010.



It should be noted that firms and governments (as an employer) will absorb some loss of productivity to minimise cost of losing good staff.

Impact on Employment

Impact on Employment		2007	2008	2009	2010
IMF					
Total GDP		104.3	104.9	104.9	106.7
Productivity per worker		48,506	48,506	48,506	48,506
Employed persons		2,151	2,163	2,162	2,200
YOY growth in employed persons			0.6%	0.0%	1.7%
IMF -2 points					
Total GDP	US$ Bn	104.3	104.9	102.8	103.6
Productivity per worker	US$ pa	48,506	48,506	48,506	48,506
Employed persons	000s	2,151	2,163	2,119	2,135
YOY growth in employed persons			0.6%	-2.0%	0.7%
IMF - 4 points					
Total GDP		104.3	104.9	100.7	100.4
Productivity per worker		48,506	48,506	48,506	48,506
Employed persons		2,151	2,163	2,076	2,070
YOY growth in employed persons			0.6%	-4.0%	-0.3%

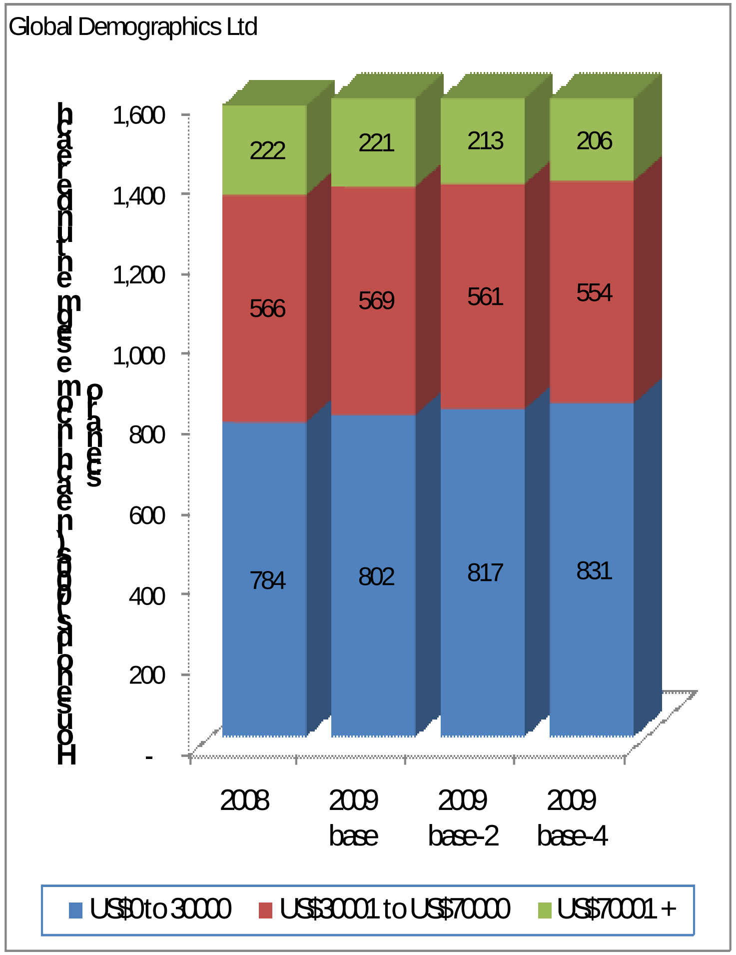
(All financials are US$s 2008 exch rate 2007 real values)

Global Demographics Ltd

Impact on Number of Households in each Income Segment

With the change in overall earnings of households so the distribution of households changes. If average earnings decrease then the lower income segments increase in size and the higher income segments decrease (overall, households move down the distribution). The net effect is that the middle group tends to stay relatively stable in size.

Under the base case scenario 2009 the lower income segment increases in number of households by 2.3% to 802 thousand households and the top income segment decreases by -0.7% to 221 thousand households.   Under the -2% scenario 2009 sees the lower income segment increase in number of households by 4.1% and the top income segment decreases by -3.9%. Whereas under the -4% scenario the high income segment is expected to decline by -7.1% in 2009 and also decline by -1.1% in 2010. The lowest income segment increases by 6.0% and 2.4% respectively.



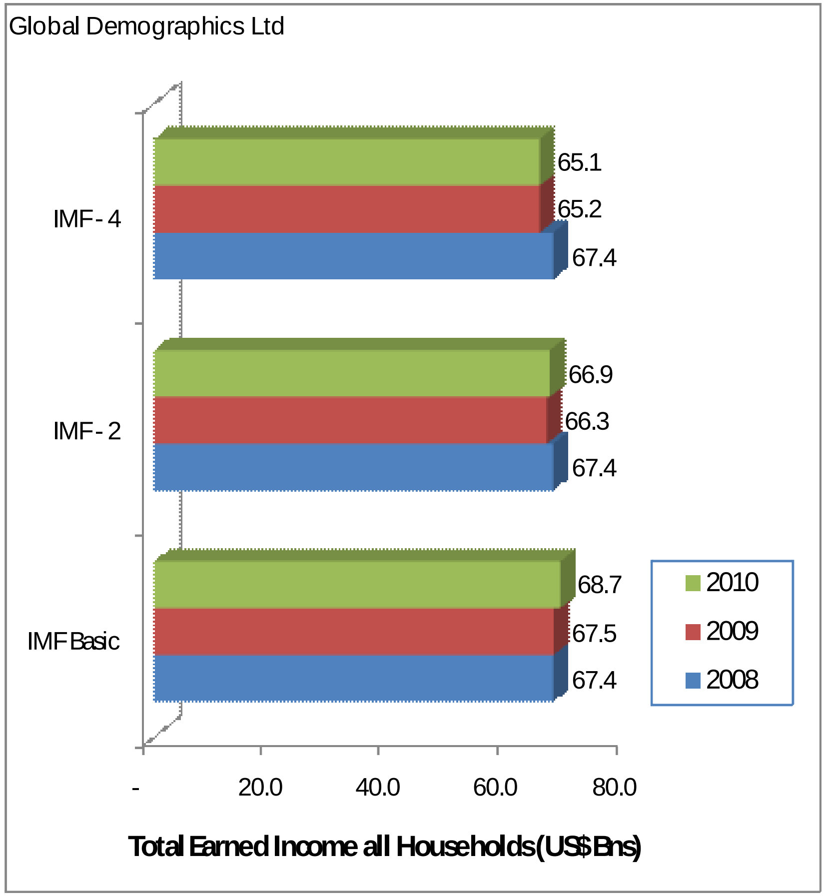
Impact on Number of Households in each Income Segment

Number of Households in segment		2007	2008	2009	2010
All Households	000s	1,550.4	1,572.7	1,591.4	1,610.1
IMF	**GDP Chg**	**3.0%**	**0.6%**	**0.0%**	**1.7%**
Number of households in income range					
Hhold Inc. 0-US$30000	000s	768.4	784.4	802.3	807.5
Hhold Inc. US$30001 to US$70000	000s	560.5	566.1	568.6	577.4
Hhold Inc. US$70001 +	000s	221.5	222.2	220.6	225.2
YOY % Change			**2007-08**	**2008-09**	**2009-10**
Hhold Inc. 0-US$30000	% pa		2.1%	2.3%	0.7%
Hhold Inc. US$30001 to US$70000	% pa		1.0%	0.4%	1.5%
Hhold Inc. US$70001 +	% pa		0.3%	-0.7%	2.1%
IMF -2 points	**GDP Chg**	**3.0%**	**0.6%**	**-2.0%**	**0.7%**
Number of households in income range					
Hhold Inc. 0-US$30000	000s	768.4	784.4	816.6	829.2
Hhold Inc. US$30001 to US$70000	000s	560.5	566.1	561.3	566.3
Hhold Inc. US$70001 +	000s	221.5	222.2	213.5	214.5
YOY % Change			**2007-08**	**2008-09**	**2009-10**
Hhold Inc. 0-US$30000	% pa		2.1%	4.1%	1.5%
Hhold Inc. US$30001 to US$70000	% pa		1.0%	-0.9%	0.9%
Hhold Inc. US$70001 +	% pa		0.3%	-3.9%	0.5%
IMF - 4 points	**GDP Chg**	**3.0%**	**0.6%**	**-4.0%**	**-0.3%**
Number of households in income range					
Hhold Inc. 0-US$30000	000s	768.4	784.4	831.3	851.2
Hhold Inc. US$30001 to US$70000	000s	560.5	566.1	553.6	554.8
Hhold Inc. US$70001 +	000s	221.5	222.2	206.5	204.2
YOY % Change			**2007-08**	**2008-09**	**2009-10**
Hhold Inc. 0-US$30000	% pa		2.1%	6.0%	2.4%
Hhold Inc. US$30001 to US$70000	% pa		1.0%	-2.2%	0.2%
Hhold Inc. US$70001 +	% pa		0.3%	-7.1%	-1.1%

Global Demographics Ltd (All financials are US$s 2008 exch rate 2007 real values)

Impact on Average and Total Household Incomes

Under the IMF base case scenario, average household income decrease by -1.0% in 2009 and, with the increase in number of households, total earned income of all households is projected to increase by 0.14% in 2009 and increase by 1.7% in 2010. Under the negative case (IMF-2%) the indications are that average household income declines by -2.8% on a per household basis in 2009 which, combined with the projected increase in number of households, means total earned income of all households decreases by -1.6% in 2009 and 0.8% in 2010. Under the 'disaster' scenario the decline in average household income in 2009 (-4.5%), combined with the increase in number of households, means that total earned income of all households decreases by -3.3% in 2009. In 2010 it is expected to decline by -0.1%.



Impact on Average and Total Household Incomes

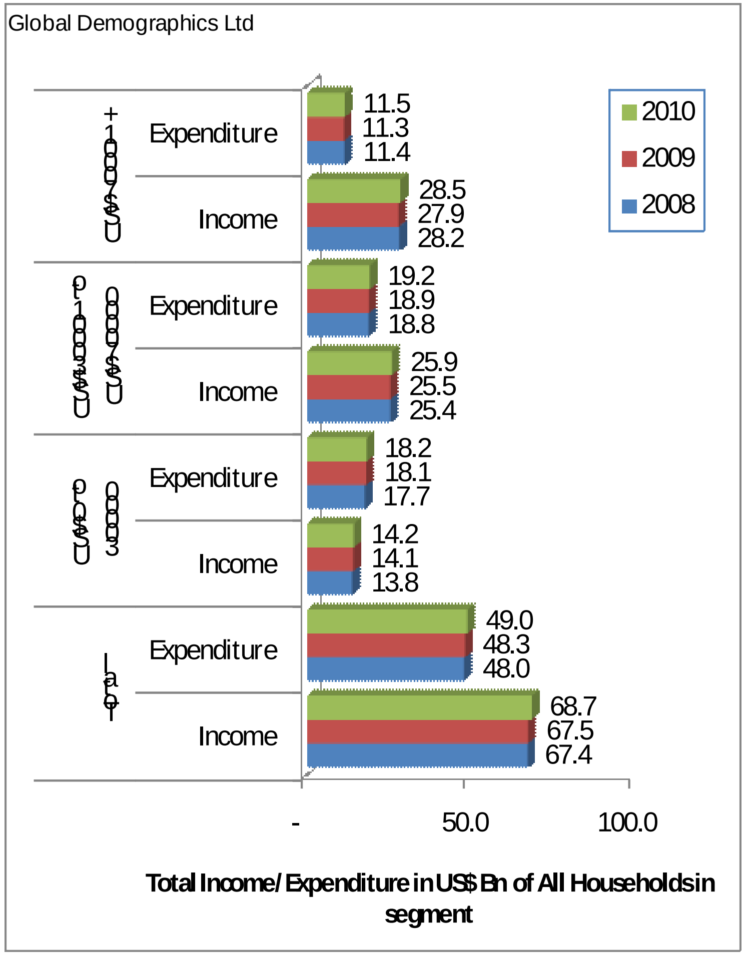
Impact on Total Earned Incomes		2007	2008	2009	2010
IMF					
GDP Growth rate per annum	% pa	3.0%	0.6%	0.0%	1.7%
Average Household Income	US$ pa	43,132	42,870	42,426	42,638
Number of households	000s	1,550	1,573	1,591	1,610
Total Incomes all Households	US$ Bn	66.9	67.4	67.5	68.7
Growth in total earned income	% pa		0.8%	0.1%	1.7%
IMF -2 points					
GDP Growth rate per annum	% pa	3.0%	0.6%	-2.0%	0.7%
Average Household Income	US$ pa	43,132	42,870	41,688	41,539
Number of households	000s	1,550	1,573	1,591	1,610
Total Incomes all Households	US$ Bn	66.9	67.4	66.3	66.9
Growth in total earned income	% pa		0.8%	-1.6%	0.8%
IMF - 4 points					
GDP Growth rate per annum	% pa	3.0%	0.6%	-4.0%	-0.3%
Average Household Income	US$ pa	43,132	42,870	40,952	40,456
Number of households	000s	1,550	1,573	1,591	1,610
Total Incomes all Households	US$ Bn	66.9	67.4	65.2	65.1
Growth in total earned income	% pa		0.8%	-3.3%	-0.1%

Global Demographics Ltd (All financials are US$s 2008 exch rate 2007 real values)

Impact on Total Household Income and Expenditure by Income Segment - Base Case

The chart on this page and table on the next page shows what is expected to happen to total income and expenditure of ALL households, both overall and by income segment under the base case scenario.

Under the base IMF case, in 2009 total income of all households is expected to grow by 0.14% to reach US$68 Bn. However, expenditure grows by 0.8% to reach US$48 Bn and savings decline by -5.2%. The lowest income segment's total expenditure increases by 2.2% to US$18 Bn in 2009 and increases by 0.7% in 2010. This compares with the top income group where total expenditure is expected to decrease by -0.8% in 2009 to reach US$11.3 Bn and increase by 2.2% in 2010. In contrast total expenditure of the middle income segment shows growth of 0.4% and growth of 1.6% respectively for 2009 and 2010.



GlobalDemographics

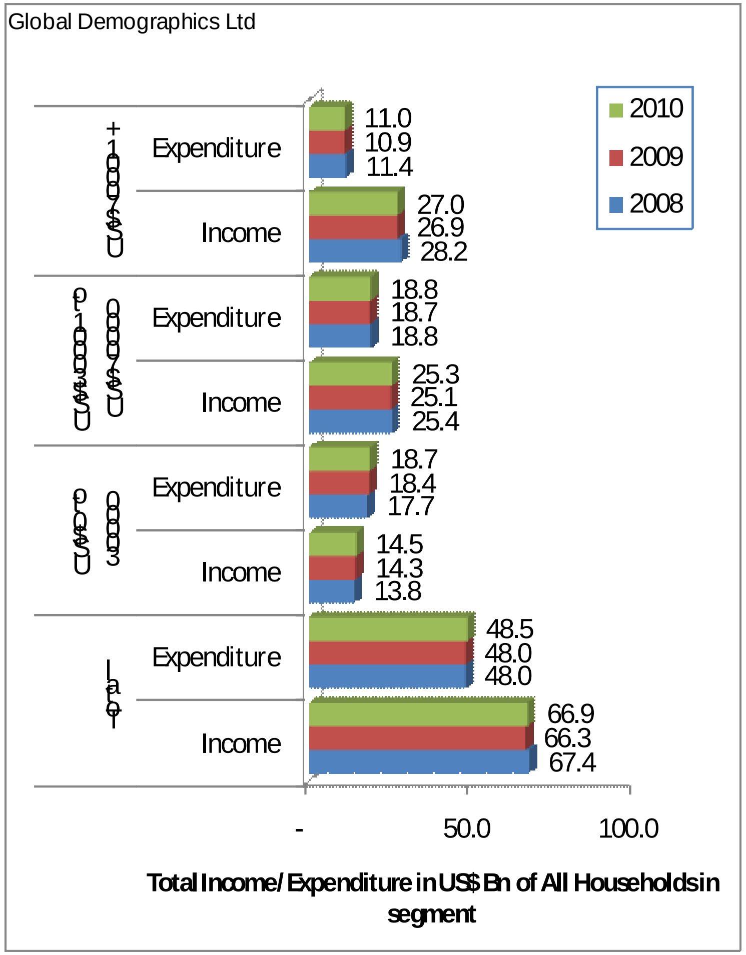
Impact on Total Household Income and Expenditure - IMF Base Case

Total Market size and value		2008	2009	2010			
					Year on Year Growth		
	GDP Chg	0.6%	0.0%	1.7%	2007-08	2008-09	2009-10
All Households							
Households	000s	1,573	1,591	1,610	1.4%	1.2%	1.2%
Average income per household	US$ pa	42,871	42,426	42,638	-0.6%	-1.0%	0.5%
Average Expenditure per Hhold	US$ pa	30,491	30,359	30,422	-0.3%	-0.4%	0.2%
Average Savings per Hhold	US$ pa	2,107	1,973	2,037	-3.6%	-6.3%	3.2%
Income all households	US$ Bns	67.4	67.5	68.7	0.8%	0.1%	1.7%
Expenditure all households	US$ Bns	48.0	48.3	49.0	1.2%	0.8%	1.4%
Savings all households	US$ Bns	3.3	3.1	3.3	-2.2%	-5.2%	4.4%
By Income Segments							
Household Inc. US$0-US$30000							
Households	000s	784	802	808	2.1%	2.3%	0.7%
Average income per household	US$ pa	17,631	17,591	17,610	-0.1%	-0.2%	0.1%
Average Expenditure per Hhold	US$ pa	22,580	22,556	22,568	-0.1%	-0.1%	0.1%
Average Savings per Hhold	US$ pa	- 6,321	- 6,327	- 6,324	0.1%	0.1%	0.0%
Income all households	US$ Bns	13.8	14.1	14.2	1.9%	2.0%	0.8%
Expenditure all households	US$ Bns	17.7	18.1	18.2	2.0%	2.2%	0.7%
Savings all households	US$ Bns	- 5.0	- 5.1	- 5.1	2.1%	2.4%	0.6%
Household Inc. US$30001 to US$70000							
Households	000s	566	569	577	1.0%	0.4%	1.5%
Average income per household	US$ pa	44,863	44,814	44,838	-0.1%	-0.1%	0.1%
Average Expenditure per Hhold	US$ pa	33,290	33,272	33,280	0.0%	-0.1%	0.0%
Average Savings per Hhold	US$ pa	2,323	2,321	2,322	-0.1%	-0.1%	0.0%
Income all households	US$ Bns	25.4	25.5	25.9	0.9%	0.3%	1.6%
Expenditure all households	US$ Bns	18.8	18.9	19.2	1.0%	0.4%	1.6%
Savings all households	US$ Bns	1.3	1.3	1.3	1.0%	0.4%	1.6%
Household Inc. US$70001 +							
Households	000s	222	221	225	0.3%	-0.7%	2.1%
Average income per household	US$ pa	126,888	126,605	126,739	-0.1%	-0.2%	0.1%
Average Expenditure per Hhold	US$ pa	51,285	51,232	51,257	-0.1%	-0.1%	0.0%
Average Savings per Hhold	US$ pa	31,304	31,268	31,284	-0.1%	-0.1%	0.1%
Income all households	US$ Bns	28.2	27.9	28.5	0.2%	-1.0%	2.2%
Expenditure all households	US$ Bns	11.4	11.3	11.5	0.3%	-0.8%	2.2%
Savings all households	US$ Bns	7.0	6.9	7.0	0.2%	-0.9%	2.2%

Global Demographics Ltd (All financials are US$s 2008 exch rate 2007 real values)

Impact on Total Household Income and Expenditure - IMF Base Case -2%

Under the -2% scenario in 2009 average household income declines by -2.8%, expenditure per household declines by -1.2% and savings declines by -16.8%. After taking into account the increasing number of households, this means total expenditure of all households increases by 0.0% in 2009 to reach US$48.0 Bn and increases by 1.0% in 2010. The lowest income segment's total expenditure increases by 3.8% in 2009 to reach US$18.4 Bn and increases by 1.5% in 2010 to reach US$18.7 Bn. This compares with the top income group where total expenditure is expected to decrease to US$10.9 Bn (-4.2%) in 2009 and increase by 0.5% in 2010. Again the middle income segment change is more moderate and shows a reduction of -1.0% and growth of 0.9% respectively for 2009 and 2010.



GlobalDemographics

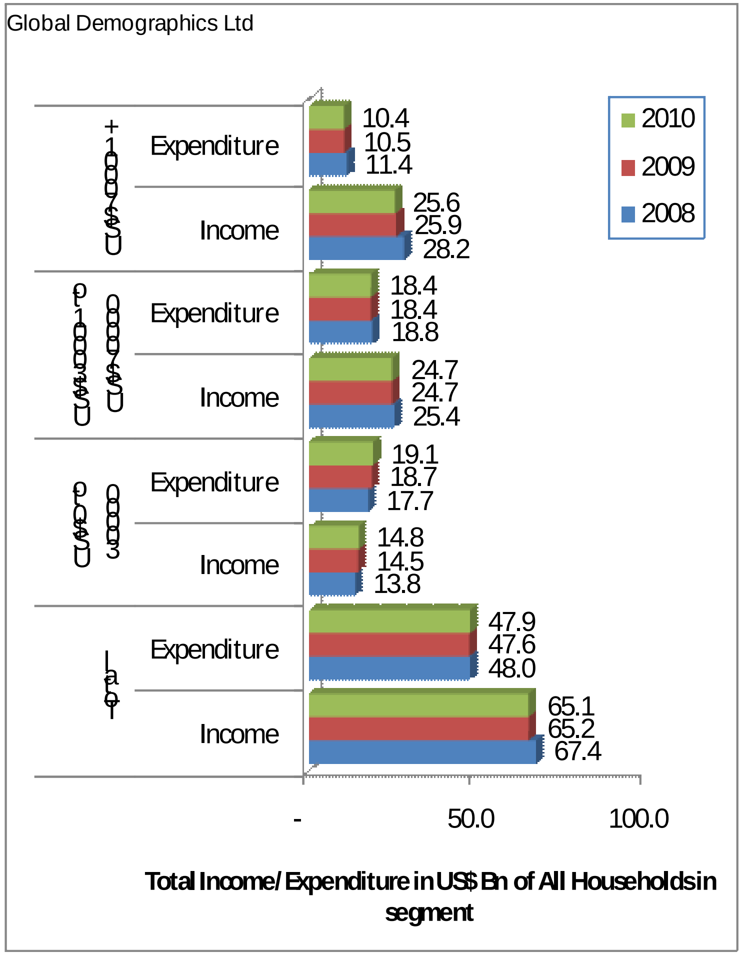
Impact on Total Household Income and Expenditure - IMF Base Case -2%

Total Market size and value		2008	2009	2010			
					Year on Year Growth		
	GDP Chg	0.6%	-2.0%	0.7%	2007-08	2008-09	2009-10
All Households							
Households	000s	1,573	1,591	1,610	1.4%	1.2%	1.2%
Average income per household	US$ pa	42,871	41,688	41,539	-0.6%	-2.8%	-0.4%
Average Expenditure per Hhold	US$ pa	30,491	30,139	30,094	-0.3%	-1.2%	-0.1%
Average Savings per Hhold	US$ pa	2,107	1,752	1,707	-3.6%	-16.8%	-2.6%
Income all households	US$ Bns	67.4	66.3	66.9	0.8%	-1.6%	0.8%
Expenditure all households	US$ Bns	48.0	48.0	48.5	1.2%	0.0%	1.0%
Savings all households	US$ Bns	3.3	2.8	2.7	-2.2%	-15.8%	-1.4%
By Income Segments							
Household Inc. US$0-US$30000							
Households	000s	784	817	829	2.1%	4.1%	1.5%
Average income per household	US$ pa	17,631	17,521	17,507	-0.1%	-0.6%	-0.1%
Average Expenditure per Hhold	US$ pa	22,580	22,515	22,507	-0.1%	-0.3%	0.0%
Average Savings per Hhold	US$ pa	- 6,321	- 6,338	- 6,340	0.1%	0.3%	0.0%
Income all households	US$ Bns	13.8	14.3	14.5	1.9%	3.5%	1.5%
Expenditure all households	US$ Bns	17.7	18.4	18.7	2.0%	3.8%	1.5%
Savings all households	US$ Bns	- 5.0	- 5.2	- 5.3	2.1%	4.4%	1.6%
Household Inc. US$30001 to US$70000							
Households	000s	566	561	566	1.0%	-0.9%	0.9%
Average income per household	US$ pa	44,863	44,732	44,716	-0.1%	-0.3%	0.0%
Average Expenditure per Hhold	US$ pa	33,290	33,240	33,234	0.0%	-0.1%	0.0%
Average Savings per Hhold	US$ pa	2,323	2,318	2,318	-0.1%	-0.2%	0.0%
Income all households	US$ Bns	25.4	25.1	25.3	0.9%	-1.1%	0.9%
Expenditure all households	US$ Bns	18.8	18.7	18.8	1.0%	-1.0%	0.9%
Savings all households	US$ Bns	1.3	1.3	1.3	1.0%	-1.1%	0.9%
Household Inc. US$70001 +							
Households	000s	222	213	215	0.3%	-3.9%	0.5%
Average income per household	US$ pa	126,888	126,134	126,036	-0.1%	-0.6%	-0.1%
Average Expenditure per Hhold	US$ pa	51,285	51,144	51,126	-0.1%	-0.3%	0.0%
Average Savings per Hhold	US$ pa	31,304	31,210	31,197	-0.1%	-0.3%	0.0%
Income all households	US$ Bns	28.2	26.9	27.0	0.2%	-4.5%	0.4%
Expenditure all households	US$ Bns	11.4	10.9	11.0	0.3%	-4.2%	0.5%
Savings all households	US$ Bns	7.0	6.7	6.7	0.2%	-4.2%	0.5%

Global Demographics Ltd (All financials are US$s 2008 exch rate 2007 real values)

Impact on Total Household Income and Expenditure - IMF Base Case -4%

Under the -4% scenario average household income declines by -4.5% in 2009, but average household expenditure declines by a lower -1.9%. This means total expenditure of all households will decline -0.7% in 2009 to US$47.6 Bn and grow 0.7% in 2010 to reach US$47.9 Bn. The lowest income segment increases by 5.5% in 2009 to US$18.7 Bn and increases by 2.3% in 2010. For the top income group total expenditure is expected to decrease by -7.5% to reach US$10.5 Bn in 2009 and decline by -1.2% in 2010. Again the middle income segment change is more moderate and shows a reduction of -2.4% and growth of 0.1% respectively for 2009 and 2010.



GlobalDemographics

Impact on Total Household Income and Expenditure - IMF Base Case -4%

Total Market size and value		2008	2009	2010			
					Year on Year Growth		
	GDP Chg	0.6%	-4.0%	-0.3%	2007-08	2008-09	2009-10
All Households							
Households	000s	1,573	1,591	1,610	1.4%	1.2%	1.2%
Average income per household	US$ pa	42,871	40,952	40,456	-0.6%	-4.5%	-1.2%
Average Expenditure per Hhold	US$ pa	30,491	29,916	29,765	-0.3%	-1.9%	-0.5%
Average Savings per Hhold	US$ pa	2,107	1,531	1,383	-3.6%	-27.3%	-9.7%
Income all households	US$ Bns	67.4	65.2	65.1	0.8%	-3.3%	-0.1%
Expenditure all households	US$ Bns	48.0	47.6	47.9	1.2%	-0.7%	0.7%
Savings all households	US$ Bns	3.3	2.4	2.2	-2.2%	-26.4%	-8.6%
By Income Segments							
Household Inc. US$0-US$30000							
Households	000s	784	831	851	2.1%	6.0%	2.4%
Average income per household	US$ pa	17,631	17,449	17,399	-0.1%	-1.0%	-0.3%
Average Expenditure per Hhold	US$ pa	22,580	22,473	22,443	-0.1%	-0.5%	-0.1%
Average Savings per Hhold	US$ pa	- 6,321	- 6,348	- 6,356	0.1%	0.4%	0.1%
Income all households	US$ Bns	13.8	14.5	14.8	1.9%	4.9%	2.1%
Expenditure all households	US$ Bns	17.7	18.7	19.1	2.0%	5.5%	2.3%
Savings all households	US$ Bns	- 5.0	- 5.3	- 5.4	2.1%	6.5%	2.5%
Household Inc. US$30001 to US$70000							
Households	000s	566	554	555	1.0%	-2.2%	0.2%
Average income per household	US$ pa	44,863	44,650	44,594	-0.1%	-0.5%	-0.1%
Average Expenditure per Hhold	US$ pa	33,290	33,209	33,187	0.0%	-0.2%	-0.1%
Average Savings per Hhold	US$ pa	2,323	2,316	2,315	-0.1%	-0.3%	-0.1%
Income all households	US$ Bns	25.4	24.7	24.7	0.9%	-2.7%	0.1%
Expenditure all households	US$ Bns	18.8	18.4	18.4	1.0%	-2.4%	0.1%
Savings all households	US$ Bns	1.3	1.3	1.3	1.0%	-2.5%	0.1%
Household Inc. US$70001 +							
Households	000s	222	206	204	0.3%	-7.1%	-1.1%
Average income per household	US$ pa	126,888	125,659	125,339	-0.1%	-1.0%	-0.3%
Average Expenditure per Hhold	US$ pa	51,285	51,054	50,994	-0.1%	-0.4%	-0.1%
Average Savings per Hhold	US$ pa	31,304	31,152	31,114	-0.1%	-0.5%	-0.1%
Income all households	US$ Bns	28.2	25.9	25.6	0.2%	-8.0%	-1.4%
Expenditure all households	US$ Bns	11.4	10.5	10.4	0.3%	-7.5%	-1.2%
Savings all households	US$ Bns	7.0	6.4	6.4	0.2%	-7.5%	-1.2%

Global Demographics Ltd (All financials are US$s 2008 exch rate 2007 real values)

Estimated Total Market Value By Expenditure Category and Income Segment

The Tables on the subsequent two pages show for each scenario the estimated total spend of all households on each of twelve major expenditure categories, as well as the percentage change from 2008.

Because the major change to the income segments is the number of households in them under each scenario, rather than a change in the income of the segments, it does mean that the impact within an income segment is relatively similar across all expenditure categories (they vary more or less in line with the variation in number of households).

However, because the different income segments have different propensities to spend on each category and the size of the segments is changing, this means that for the total market there is some variation in terms of the relative amount each expenditure category is expected to change.

In the case of this country the categories least sensitive to a decline in GDP growth rate are:

- Food, Non Alcoholic Beverages; Housing utilities; Communication;

Conversely the categories most sensitive to a decline in GDP growth rate are:

- Alcohol, Tobacco; Clothing, Footwear; Transport; Recreation, Culture; Education;

In addition, overall, the higher income segment does suffer most and products/services aimed at that segment can expect their 2009 market relative to 2008 to decline by -0.8% (base case) to decline by -7.5% (worse case).

Estimated Total Market Value
– Overall and Lowest Income Segment

			IMF		IMF - 2 points		IMF - 4 points		Chg 2009 v 2008		
		2008	2009	2010	2009	2010	2009	2010	Base	-2%	-4%
All Households	**GDP Chg**	**0.6%**	**0.0%**	**1.7%**	**-2.0%**	**0.7%**	**-4.0%**	**-0.3%**			
Number of Households 000s	000s	1,573	1,591	1,610	1,591	1,610	1,591	1,610	1.2%	1.2%	1.2%
Income - all households	US$ Bns	67	68	69	66	67	65	65	0.1%	-1.6%	-3.3%
Total taxes	US$ Bns	16	16	16	16	16	15	15	-0.6%	-3.5%	-6.4%
Total Savings	US$ Bns	3	3	3	3	3	2	2	-5.2%	-15.8%	-26.4%
Total Expenditure all households	US$ Bns	48	48	49	48	48	48	48	0.8%	0.0%	-0.7%
Expenditure of all households on...											
Food, Non Alcoholic Beverages	US$ Bns	8	8	8	8	8	8	8	0.8%	0.2%	-0.4%
Alcohol, Tobacco	US$ Bns	2	2	2	2	2	2	2	0.7%	-0.1%	-0.9%
Clothing, Footwear	US$ Bns	2	2	2	2	2	2	2	0.6%	-0.3%	-1.2%
Housing: Actual or imputed rentals	US$ Bns	8	8	8	8	8	7	8	0.8%	0.1%	-0.6%
Housing utilities	US$ Bns	7	7	7	7	7	7	7	0.8%	0.2%	-0.4%
Furniture Household Equipment	US$ Bns	3	3	3	3	3	3	3	0.7%	0.0%	-0.8%
Health	US$ Bns	1	2	2	1	2	1	1	0.8%	0.1%	-0.7%
Transport	US$ Bns	8	8	8	8	8	8	8	0.7%	-0.2%	-1.0%
Communication	US$ Bns	-	-	-	-	-	-	-	0.0%	0.0%	0.0%
Recreation, Culture	US$ Bns	4	4	4	4	4	4	4	0.7%	-0.2%	-1.1%
Education	US$ Bns	1	1	1	1	1	1	1	0.7%	-0.1%	-0.9%
Other Consumption Expenditure	US$ Bns	4	5	5	4	5	4	4	0.7%	0.0%	-0.7%
Household Inc. US$0-US$30000	**GDP Chg**	**0.6%**	**0.0%**	**1.7%**	**-2.0%**	**0.7%**	**-4.0%**	**-0.3%**			
Number of Households 000s	000s	784	802	808	817	829	831	851	2.3%	4.1%	6.0%
Income - all households	US$ Bns	14	14	14	14	15	15	15	2.0%	3.5%	4.9%
Total taxes	US$ Bns	1	1	1	1	1	1	1	1.5%	2.0%	2.4%
Total Savings	US$ Bns	- 5	- 5	- 5	- 5	- 5	- 5	- 5	2.4%	4.4%	6.5%
Total Expenditure all households	US$ Bns	18	18	18	18	19	19	19	2.2%	3.8%	5.5%
Expenditure of all households on...											
Food, Non Alcoholic Beverages	US$ Bns	3	3	3	3	3	3	3	2.2%	3.9%	5.6%
Alcohol, Tobacco	US$ Bns	1	1	1	1	1	1	1	2.2%	3.8%	5.4%
Clothing, Footwear	US$ Bns	1	1	1	1	1	1	1	2.1%	3.7%	5.4%
Housing: Actual or imputed rentals	US$ Bns	3	3	3	3	3	3	3	2.2%	3.8%	5.5%
Housing utilities	US$ Bns	3	3	3	3	3	3	3	2.2%	3.9%	5.5%
Furniture Household Equipment	US$ Bns	1	1	1	1	1	1	1	2.2%	3.8%	5.5%
Health	US$ Bns	1	1	1	1	1	1	1	2.2%	3.8%	5.5%
Transport	US$ Bns	3	3	3	3	3	3	3	2.2%	3.8%	5.4%
Communication	US$ Bns	-	-	-	-	-	-	-	0.0%	0.0%	0.0%
Recreation, Culture	US$ Bns	1	1	1	1	1	1	1	2.1%	3.7%	5.3%
Education	US$ Bns	0	0	0	0	0	0	0	2.2%	3.8%	5.4%
Other Consumption Expenditure	US$ Bns	2	2	2	2	2	2	2	2.2%	3.8%	5.5%

Global Demographics Ltd (All financials are US$s 2008 exch rate 2007 real values)

Estimated Total Market Value
– Middle and Upper Income Segments

			IMF		IMF - 2 points		IMF - 4 points		Chg 2009 v 2008		
		2008	2009	2010	2009	2010	2009	2010	Base	-2%	-4%
Household Inc. US$30001 to US$70000	**GDP Chg**	**0.6%**	**0.0%**	**1.7%**	**-2.0%**	**0.7%**	**-4.0%**	**-0.3%**			
Number of Households 000s	000s	566	569	577	561	566	554	555	0.4%	-0.9%	-2.2%
Income - all households	US$ Bns	25	25	26	25	25	25	25	0.3%	-1.1%	-2.7%
Total taxes	US$ Bns	5	5	5	5	5	5	5	0.1%	-1.7%	-3.5%
Total Savings	US$ Bns	1	1	1	1	1	1	1	0.4%	-1.1%	-2.5%
Total Expenditure all households	US$ Bns	19	19	19	19	19	18	18	0.4%	-1.0%	-2.4%
Expenditure of all households on...											
Food, Non Alcoholic Beverages	US$ Bns	3	3	3	3	3	3	3	0.4%	-1.0%	-2.4%
Alcohol, Tobacco	US$ Bns	1	1	1	1	1	1	1	0.4%	-1.0%	-2.5%
Clothing, Footwear	US$ Bns	1	1	1	1	1	1	1	0.4%	-1.0%	-2.5%
Housing: Actual or imputed rentals	US$ Bns	3	3	3	3	3	3	3	0.4%	-1.0%	-2.4%
Housing utilities	US$ Bns	3	3	3	3	3	3	3	0.4%	-1.0%	-2.4%
Furniture Household Equipment	US$ Bns	1	1	1	1	1	1	1	0.4%	-1.0%	-2.4%
Health	US$ Bns	1	1	1	1	1	1	1	0.4%	-1.0%	-2.4%
Transport	US$ Bns	3	3	3	3	3	3	3	0.4%	-1.0%	-2.5%
Communication	US$ Bns	-	-	-	-	-	-	-	0.0%	0.0%	0.0%
Recreation, Culture	US$ Bns	2	2	2	2	2	2	2	0.4%	-1.0%	-2.5%
Education	US$ Bns	0	0	0	0	0	0	0	0.4%	-1.0%	-2.5%
Other Consumption Expenditure	US$ Bns	2	2	2	2	2	2	2	0.4%	-1.0%	-2.4%
Household Inc. US$70001 +	**GDP Chg**	**0.6%**	**0.0%**	**1.7%**	**-2.0%**	**0.7%**	**-4.0%**	**-0.3%**			
Number of Households 000s	000s	222	221	225	213	215	206	204	-0.7%	-3.9%	-7.1%
Income - all households	US$ Bns	28	28	29	27	27	26	26	-1.0%	-4.5%	-8.0%
Total taxes	US$ Bns	10	10	10	9	9	9	9	-1.2%	-5.1%	-8.9%
Total Savings	US$ Bns	7	7	7	7	7	6	6	-0.9%	-4.2%	-7.5%
Total Expenditure all households	US$ Bns	11	11	12	11	11	11	10	-0.8%	-4.2%	-7.5%
Expenditure of all households on...											
Food, Non Alcoholic Beverages	US$ Bns	2	2	2	2	2	2	2	-0.8%	-4.2%	-7.5%
Alcohol, Tobacco	US$ Bns	0	0	0	0	0	0	0	-0.9%	-4.2%	-7.5%
Clothing, Footwear	US$ Bns	0	0	0	0	0	0	0	-0.9%	-4.3%	-7.6%
Housing: Actual or imputed rentals	US$ Bns	2	2	2	2	2	2	2	-0.8%	-4.2%	-7.5%
Housing utilities	US$ Bns	2	2	2	2	2	1	1	-0.8%	-4.2%	-7.4%
Furniture Household Equipment	US$ Bns	1	1	1	1	1	1	1	-0.8%	-4.2%	-7.5%
Health	US$ Bns	0	0	0	0	0	0	0	-0.8%	-4.2%	-7.5%
Transport	US$ Bns	2	2	2	2	2	2	2	-0.9%	-4.2%	-7.6%
Communication	US$ Bns	-	-	-	-	-	-	-	0.0%	0.0%	0.0%
Recreation, Culture	US$ Bns	1	1	1	1	1	1	1	-0.9%	-4.2%	-7.5%
Education	US$ Bns	0	0	0	0	0	0	0	-0.8%	-4.2%	-7.5%
Other Consumption Expenditure	US$ Bns	1	1	1	1	1	1	1	-0.8%	-4.2%	-7.5%

Global Demographics Ltd (All financials are US$s 2008 exch rate 2007 real values)

Further Information

The Recession Report is available for the following countries and regions.

For more information please go to our website at www.gloabl-dem.com and click on the Recession Report Button.

Also available are the following Regional and Global summaries

- **Global Recession Report**
- Affluent Asia
- Developing Asia
- South America
- Eastern Europe
- Western Europe

Western Europe
Austria
Belgium
Bulgaria
Denmark
Finland
France
Germany
Greece
Iceland
Ireland
Italy
Netherlands
Norway
Portugal
Spain
Sweden
Switzerland
United Kingdom

North America
United States
Can
ada

Eastern Europe
Armenia
Albania
Azerbaijan
Belarus
Czech Republic
Estonia
Georgia
Hungary
Kazakhstan
Latvia
Lithuania
Moldova
Poland
Romania
Russia
Turkey

Africa and Middle East
Egypt
Iran
Israel
South Africa

Affluent Asia
Australia Hong
Kong
Japan
Korea
Macau
New Zealand
Singapore
Taiwan

Developing Asia
Indonesia
Malaysia
Pakistan
Philippines
Sri Lanka
Thailand
Vietnam

India

China

Central and South America

Argentina
Brazil
Chile
Mexico

Copyright