

Apparel and Footwear: Half-Year Update

June 2023

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Scope Key findings: Uneven global recovery

GLOBAL OVERVIEW

Overall, apparel and footwear's sales forecasts see mild growth downgrade Upgrades or downgrades vs annual research for all 16 markets in scope Global inflation moderates only gradually as price pressures show signs of persistence The many drivers of inflation within apparel and footwear Raw materials and transport costs are the highest concerns among industry players Select commodity prices show increased raw material costs for textile industry since 2020 Consumers expected to focus more on essential purchases Company news: Primark's sales on the rise, but inflation and weak Sterling shrink its profits Company news: "Dollar shop" marketplace Temu is thriving in inflation-weary US market Company news: Western luxury houses bank on China's reopening to boost global growth

KEY MARKETS OUTLOOK - AMERICAS

US: Resilient consumer spending mitigates recession risks in early 2023 Minor dip in US apparel and footwear consumption in 2023 followed by resilient growth Brazil: Conflicting monetary and fiscal policies fuel uncertainty and hamper economic growth Apparel and Footwear in Brazil to post healthy growth, but lower than initially expected Mexico: Outlook improves slightly as consumer spending and manufacturing rebound Stronger growth in an already optimistic scenario for apparel and footwear in Mexico

KEY MARKETS OUTLOOK - ASIA PACIFIC

China: Rebound in private consumption and surging investment to support economic growth China's brighter post-COVID-19 economic outlook boosts short-term fashion sales Indonesia: Economic growth to ease amid weaker export growth Indonesian fashion market sees reduced short-term growth but remains strong and dynamic India: Economic growth to ease, but will remain one of the strongest economies globally Growth in India's fashion market stays on track, backed by strong local consumption Japan: Weak foreign demand and high inflation are key downside risks Return to pre-pandemic routines behind rebound in fashion sales in 2023 in Japan

KEY MARKETS OUTLOOK - EMEA

Eurozone: Impact of persistent inflationary pressures weigh on economic outlook France and Spain show mild revisions Germany and Italy see more significant short-term downgrades UK: Outlook clouded by persistent inflation, high interest rates and weak external prospects Short-term negative economic outlook hampers UK apparel and footwear growth in 2023

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