



economiccurrent

May 2009

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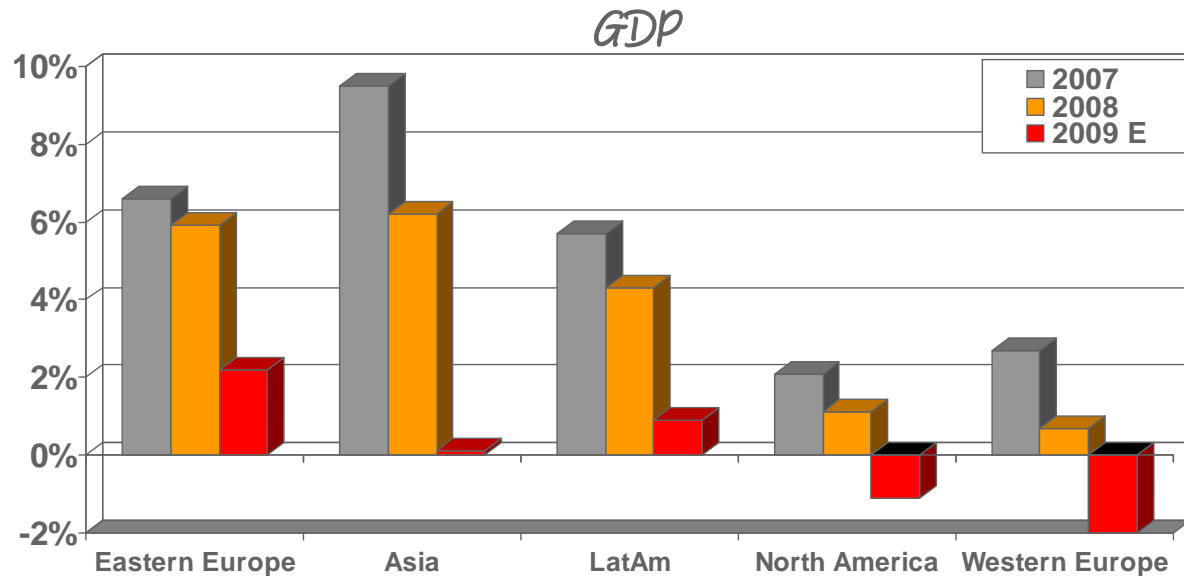
Just ask
nielsen
.....



- Evidence of reduced shopping trips and moderating transaction size
- Confidence in current conditions remain low, however, optimism for a recovery growing

KPI Summary

	Chg vs. Previous Month	Feb 09	Mar 09
Brazil	↔	3	3
Canada	↔	2	2
China	↓	1	3
France	↔	3	3
Germany	↔	3	3
India	↔	1	1
Italy	↔	3	3
Russia		2	
Spain	↑	5	3
United Kingdom	↔	3	3
United States	↓	4	5



- The UBS Global Economics team now expects 2009 world GDP to contract -0.4%, before returning to growth of 2.7% in 2010.
- Recovery will plateau at a level well below potential and a far cry from past recoveries.

1 Very Strong Growth: >= +5%
 3 Neutral: between -1 and +1%
 5 Very Negative: <= -4%
2 Growth: between +1 and plus 4%
 4 Negative: between -1% and -4%

Global Top-Line: Trips slowing, Optimism gaining

	Dec '08	Jan '09	Feb '09	Mar '09	Apr '09	May '09	Jun '09	Jul '09	Aug '09	Sept '09	Oct '09	Nov '09
Nielsen Market Index Volume*												
Nielsen Market Index Value**												
Are consumers moving to Store Brands?												
Are shoppers shifting to value channels?												
Are retailers selling more on promotion?												
Are consumers shopping more frequently?												
Are consumers spending more per trip?												
Nielsen Global Consumer Confidence^												

- Very Strong Growth: $\geq +5\%$
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*Nielsen Market Index Volume defined as unit change vs. YAGO
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 ^ Nielsen Global Consumer Confidence measure is from 4/09 and is benchmarked vs. the Global Confidence avg. of 77

	US	CA	FR	DE	UK	IT	ES	BR	RU	IN	CN
Nielsen Market Index Volume*											
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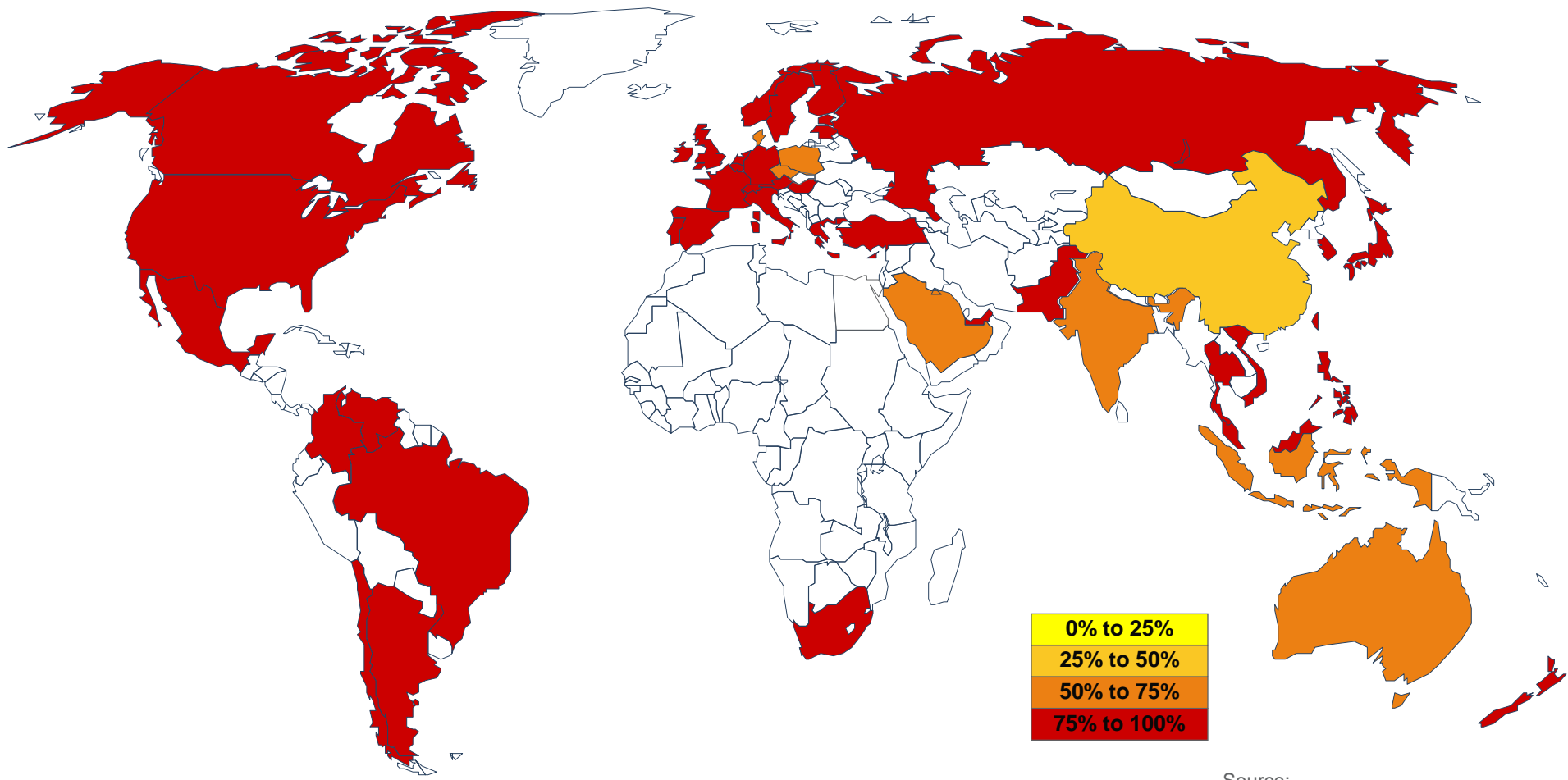
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 China sales data is as of February.



Deep Global Recession

Do you think your country is in economic recession at the moment?

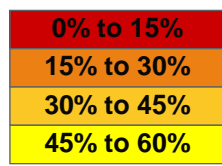
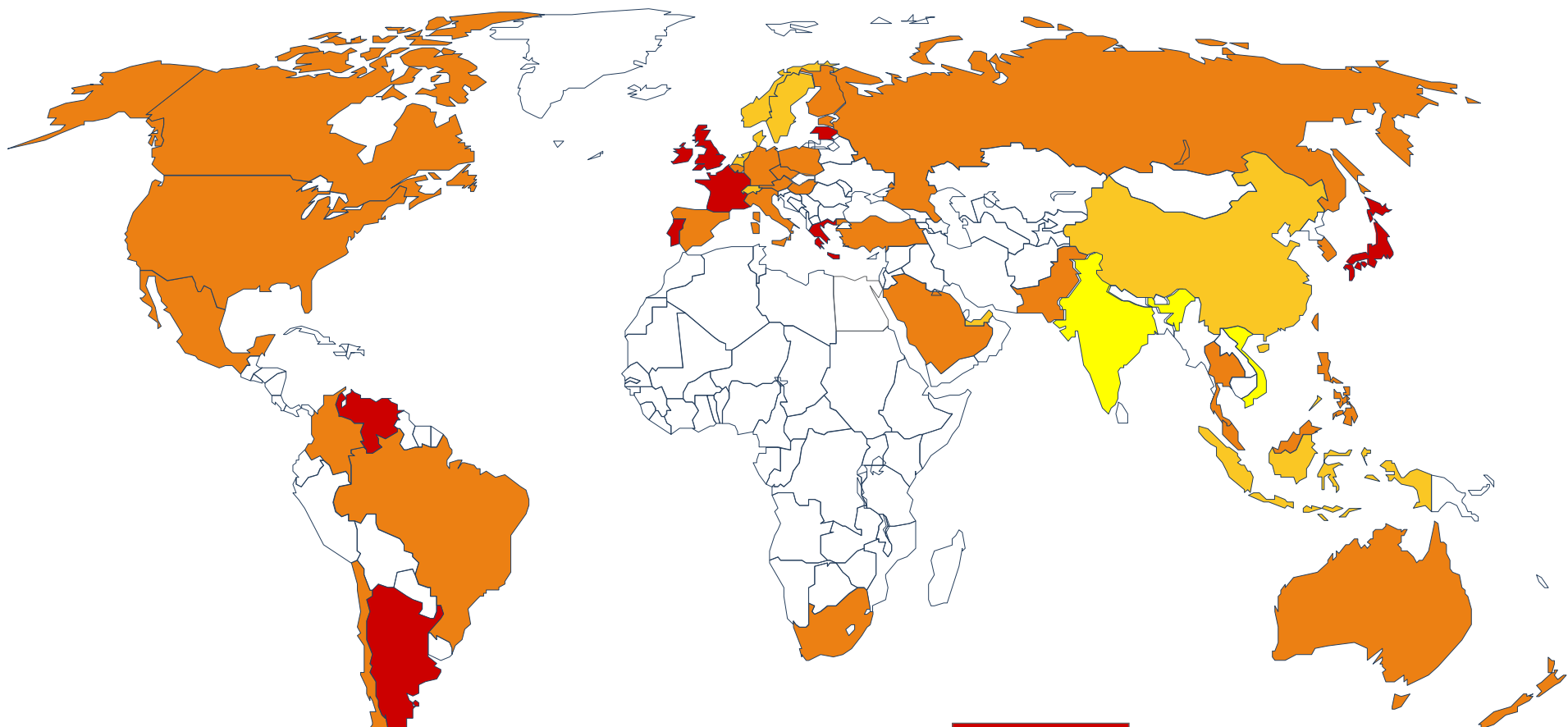


Source:
Global On-Line Consumer Omnibus
Apr 2009: 26,000+ respondents globally



However Emerging Optimism

% Thinking they will be out of a recession in 12 months?



Global Avg: 23%

• While ad spending continues to grow in China and India, Canadian spending has dropped marginally in relation to remaining countries. A fact worth noting as Canada has also been experiencing less of a recession than those respective economies.

• **China:**

– TV & Print Spend: March 2009 vs year ago **+10%**

• **India:**

– TV, Print & Radio Spend: March 2009 vs year ago **+31%**

• **Canada**

– TV & Print Spend: February 2009 vs year ago **-8.6%**

• **United States:**

– TV & Print Spend: February 2009 vs year ago **-13.2%**
 – Print **-20.9%**
 – TV **-10.9%**

• **U.K:**

– TV & Print Spend: March 2009 vs year ago **-19.1%**
 – Print **-20.1%**
 – TV **-21.2%**

• **Italy:**

– TV & Print Spend: February 2009 vs year ago **-21.6%**
 – Print **-32.8%**
 – TV **-17%**



- What You Need To Know:
 - 9th straight month of declines in unit sales in the U.S. after eight months of increasing dollar sales.
 - March results declined most likely attributed to the change in Easter holiday season vs 2008, however sales may be showing signs of slowing.
 - Canadian market remains somewhat resilient and dollar and unit sales continue to increase, however private label sales are declining (PL declined -4.9% on units for the month of March) and consumers are not shopping as frequently.






- What You Need To Know:

- Although the Unit value (\approx price) growth is declining across most European countries, it remains the main growth driver.
- Volume growth is negative in a majority of markets
- However there is no further deterioration in volume trends. In 10 markets we are recording better volume trends in Q1 2009 (versus Q4 2008)
- In Spain, Germany and Italy volume growth was 2 percentage points better in Q1 2009 than in Q4 2008
- In retrospect the return of the inflation, at the end of 2007 and early 2008, had a bigger effect on volumes than the financial crisis.

- What you need to know:
 - India:
 - Though largely driven by domestic demand, the country is nevertheless vulnerable to the worsening global economic environment.
 - Higher interest rates and a weakening global and domestic outlook have caused companies to scale back investment.
 - China:
 - There is a drop in both value and volume in the FMCG category.
 - The phenomenon was affected by Chinese New Year (a high sales peak) which was in February 2008 but in January in 2009. Therefore, 2009 Feb number appeared to be low next to the 2008 Chinese New Year inflated numbers
 - Brazil:
 - Despite weak economic conditions, confidence rose modestly and there appears to be signs of a recovery in the beverage category, with ongoing weakness in the Foods and Hygiene/Beauty categories.
 - Russia:
 - Consumer Confidence in Russia has fallen to its lowest in recent times, and now Russians are tightening their belts in earnest.
 - The growth in the consumer markets are slowing, but recent stabilization of the currency and oil price increases offer positive signs.



	Jul 08	Aug 08	Sept 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09	May 09	Jun 09
Nielsen Market Index Volume*	-	-	-	-	-	-	-	-	-			
Nielsen Market Index Value**	+	+	+	+	+	+	+	+	-			
Are consumers moving to Store Brands?	+	+	+	+	+	+	+	+	+			
Are shoppers shifting to value channels?	+	+	+	+	+	+	+	+	+			
Are retailers selling more on promotion?	-	-	-	-	-	-	-	-	-			
Are consumers shopping more frequently?	-	-	-	-	-	-	0	0	-			
Are consumers spending more per trip?	+	+	+	+	0	0	+	+	+			
Nielsen Global Consumer Confidence^				-					-			

-  **Very Strong Growth: >= +5%**
-  **Growth: between +1 and plus 4%**
-  **Neutral: between -1 and +1%**
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	<u>2007</u>	<u>2008</u>	<u>2009E</u>	<u>2010E</u>
GDP	2.0%	1.1%	-2.2%	2.2%
Consumer Expenditure	2.8%	0.2%	-1.8%	2.1%
Inflation Rate	2.9%	3.8%	-0.2%	1.5%
Unemployment Rate	4.6%	5.8%	8.5%	8.6%
Savings Rate	0.6%	1.8%	4.8%	5.3%

Rising Unemployment and Declining Consumer Expenditures Has US Economy in Worst Shape in at Least a Quarter Century

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Nielsen Market Index Volume*												
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	<u>2007</u>	<u>2008</u>	<u>2009E</u>	<u>2010E</u>
GDP	2.7%	0.6%	-0.4%	2.0%
Consumer Expenditure	4.5%	3.3%	1.0%	2.0%
Inflation Rate	2.1%	2.4%	0.7%	2.4%
Unemployment Rate	6.0%	6.1%	7.2%	7.6%
Savings Rate	2.7%	3.6%	4.7%	4.7%

Rising Unemployment and Lower Consumer Expenditures Should Lead to GDP Contraction in 2009 in Canada

	Jul 08	Aug 08	Sept 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09	May 09	Jun 09
Nielsen Market Index Volume*	-	0	-	0	0	-	0	0	0			
Nielsen Market Index Value**	+	+	+	+	0	+	+	+	0			
Are consumers moving to Store Brands?						+	+	+	+			
Are shoppers shifting to value channels?						0	+	+	+			
Are retailers selling more on promotion?						0	+	+	+			
Are consumers shopping more frequently?	0	0	0	0	-	-	0	0	0			
Are consumers spending more per trip?	+	+	+	0	0	+	+	+	0			
Nielsen Global Consumer Confidence^				-					-			

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	<u>2007</u>	<u>2008</u>	<u>2009E</u>	<u>2010E</u>
GDP	2.1%	0.8%	-1.4%	0.6%
Consumer Expenditure	2.5%	1.1%	-0.1%	0.7%
Inflation Rate	1.6%	3.2%	0.6%	1.9%
Unemployment Rate	8.0%	7.3%	8.5%	8.9%
Savings Rate	15.8%	16.2%	16.7%	16.8%

Record Savings Rates Lead to Lower Consumer Expenditures and Contracting GDP Growth in France

	Jul 08	Aug 08	Sept 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09	May 09	Jun 09
Nielsen Market Index Volume*												
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	<u>2007</u>	<u>2008</u>	<u>2009E</u>	<u>2010E</u>
GDP	2.6%	1.0%	-2.7%	0.8%
Consumer Expenditure	-0.3%	-0.3%	-0.3%	0.1%
Inflation Rate	2.3%	2.7%	0.4%	2.0%
Unemployment Rate	8.9%	7.7%	8.5%	9.5%
Savings Rate	10.9%	11.4%	12.5%	12.6%

German Unemployment Continues to Rise More than Expected, Likely to Reach 9% by Year End

	Jul 08	Aug 08	Sept 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09	May 09	Jun 09
Nielsen Market Index Volume*	0	-	0	0	0	0	0	0	0			
Nielsen Market Index Value**	+	+	+	+	+	+	+	+	+			
Are consumers moving to Store Brands?						0	0	0	0			
Are shoppers shifting to value channels?						+	0	+	+			
Are retailers selling more on promotion?						0	0	0	+			
Are consumers shopping more frequently?	-	-	-	0	+	+	+	+	+			
Are consumers spending more per trip?	+	+	+	+	+	0	0	+	+			
Nielsen Global Consumer Confidence^				-					-			

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	<u>2007</u>	<u>2008</u>	<u>2009E</u>	<u>2010E</u>
GDP	3.0%	0.7%	-3.0%	0.5%
Consumer Expenditure	3.0%	1.4%	-3.1%	-0.2%
Inflation Rate	2.3%	3.6%	1.1%	1.6%
Unemployment Rate	2.5%	3.3%	6.0%	7.4%
Savings Rate	2.2%	1.0%	5.2%	7.7%

4Q08 GDP Contracts 1.5%, UK Now Facing First Recession in 16 Years

	Jul 08	Aug 08	Sept 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09	May 09	Jun 09
Nielsen Market Index Volume*	0	-	0	-	+	-	-	0	0			
Nielsen Market Index Value**	+	0	+	0	+	+	0	0	+			
Are consumers moving to Store Brands?						+	+	+	+			
Are shoppers shifting to value channels?						0	0	0	+			
Are retailers selling more on promotion?						+	0	+	0			
Are consumers shopping more frequently?	-	-	-	-	-	-	-	-	-			
Are consumers spending more per trip?	+	+	+	0	+	+	+	+	+			
Nielsen Global Consumer Confidence^				-					-			

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	<u>2007</u>	<u>2008</u>	<u>2009E</u>	<u>2010E</u>
GDP	1.4%	-0.5%	-1.9%	0.4%
Consumer Expenditure	1.5%	-0.4%	-0.4%	0.5%
Inflation Rate	2.0%	3.5%	1.7%	2.0%
Unemployment Rate	6.2%	6.7%	7.9%	8.5%
Savings Rate	9.8%	9.2%	9.2%	9.2%

Unemployment Rate Expected to Jump in Italy During 09, Leading to Recession

	Jul 08	Aug 08	Sept 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09	May 09	Jun 09
Nielsen Market Index Volume*						0	-	-	+			
Nielsen Market Index Value**						+	-	-	0			
Are consumers moving to Store Brands?						+	0	+	+			
Are shoppers shifting to value channels?							+					
Are retailers selling more on promotion?						+	0	+	0			
Are consumers shopping more frequently?						-	-	-	-			
Are consumers spending more per trip?						+	+	+	0			
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	<u>2007</u>	<u>2008</u>	<u>2009E</u>	<u>2010E</u>
GDP	3.7%	1.0%	-2.7%	0.0%
Consumer Expenditure	3.4%	0.4%	-2.4%	0.1%
Inflation Rate	2.8%	4.1%	1.5%	2.1%
Unemployment Rate	8.3%	11.0%	14.8%	16.5%
Savings Rate	10.4%	9.2%	11.5%	11.2%

Trouble Ahead in Spain as Unemployment Rises Rapidly and More Bad News Expected from Real Estate Market

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Nielsen Market Index Value**					0	0	0	0	0			
Are consumers moving to Store Brands?												
Are shoppers shifting to value channels?												
Are retailers selling more on promotion?	0	-	-	+	+	0	0	0	0			
Are consumers shopping more frequently?	-	+	+	+	+	+	+	+	+			
Are consumers spending more per trip?	-	-	-	-	+	-	-	0	-			
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	<u>2007</u>	<u>2008</u>	<u>2009E</u>	<u>2010E</u>
GDP	5.7%	5.1%	1.2%	3.7%
Consumer Expenditure	-	-	-	-
Inflation Rate	4.5%	5.9%	4.9%	4.5%
Unemployment Rate	-	-	-	-
Savings Rate	-	-	-	-

Still Forecasting Brazil GDP Growth in 2009, But Growth Rate Likely to Slow

	Jul 08	Aug 08	Sept 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09	May 09	Jun 09
Nielsen Market Index Volume*					0	0	0					
Nielsen Market Index Value**					+	+	+					
Are consumers moving to Store Brands?												
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	<u>2007</u>	<u>2008</u>	<u>2009E</u>	<u>2010E</u>
GDP	8.1%	7.2%	3.5%	4.5%
Consumer Expenditure	12.8%	13.0%	6.0%	5.0%
Inflation Rate	9.0%	14.0%	10.9%	8.0%
Unemployment Rate	-	-	-	-
Savings Rate	-	-	-	-

Depreciation of the Ruble Leading to Rapid Slowdown of the Russian Economy

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~ India data change vs YAGO- Sourced from Annual Shopper Trends last read in Nov 2008

	<u>2007</u>	<u>2008</u>	<u>2009E</u>	<u>2010E</u>
GDP	9.0%	6.6%	6.0%	7.4%
Consumer Expenditure	-	17.1%	14.1%	-
Inflation Rate	6.2%	8.1%	6.0%	0.09%
Unemployment Rate	7.3%	6.8%	7.8%	-
Savings Rate	-	34.9%	36%	36.7%

India GDP Growth Likely to Slow as Consumption and Exports Decline

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Consumer Expenditure	10.6%	8.5%	7.0%	7.8%
Inflation Rate	4.8%	5.9%	0.2%	1.0%
Unemployment Rate	4.0%	4.0%	4.2%	4.5%
Savings Rate	-	-	-	-

Stimulus Policy Measures in China Could Reaccelerate Growth in 2H09

- United States:
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