

# 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

# CONCLUSION

Key findings: Inflation and uncertainty drive diversification in retail and source markets

## **APPENDIX**

Real GDP annual growth forecasts and revisions Q2 2023 vs Q4 2022

Real GDP annual growth forecasts and revisions Q2 2023 vs Q4 2022

Inflation forecasts and revisions Q2 2023 vs Q4 2022

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