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INDUSTRY NEWS & ANALYSIS from COHNREZNICK

July 18th, 2013

Highlights include...

The State of the Consumer

- Consumer confidence has seen a tremendous increase over the past three months, with the index reaching its highest point in five years. In March, the index stood at 61.9 and has since increased to 81.4 in June, beating consensus estimates of 75.0. According to Lynn Franco, Director of The Conference Board Consumer Research Center, *"Consumers are considerably more positive about current business and labor market conditions than they were at the beginning of the year. Expectations have also improved considerably over the past several months, suggesting that the pace of growth is unlikely to slow in the near-term, and may even moderately pick up."*
- Retail sales have been on the rise over the course of the past quarter. May same-store sales also showed signs of a continually improving economy. Retailers posted an increase of 4.3% (vs. +3.7% estimate) for the month with only one retailer having negative results. Recent same store sales results reflect the continued, successful pace of current economic conditions.

Consumer Confidence

- Consumer confidence, as measured by The Conference Board's Consumer Confidence Index, increased 7.1 points to 81.4 in May, its highest point since January 2008. Confidence is still below the 90 reading that indicates a healthy economy, but it has been showing positive signs over the past three months.

Retail Sales

- May Retail Sales saw a 0.6% increase, following a 0.1% increase in April. Indicators have been positive on a y/y basis since November 2009. These increases were stronger than expected and suggest that the economy is coming

out of a recent soft patch.

M&A- Q2 2013

- The U.S. accounted for 42.1% of all worldwide M&A dollars. Worldwide mergers and acquisitions deal volume and value declined in Q2 2013. Lacking large deals seen earlier this year, Q2 aggregate deal value in the U.S. remained virtually flat compared to the year-ago period.
- The consumer M&A sector saw 51 deals in Q2, representing about \$5.7 billion in disclosed proceeds. Year to date, the sector has announced 95 deals compared to 94 in 2012. The specialty retail sector was one of the most active with 11 announced acquisitions.
- E-Commerce, the most active sector, saw 14 announced deals.

Footwear and Apparel M&A

- M&A activity in the Footwear and Apparel sector remained stable in Q2 with 14 transactions announced versus 15 in Q1.

To view the full report click [here](#)

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