HARGREAVES LANSDOWN

A SAVINGS AND RESILIENCE BAROMETER FOR GREAT BRITAIN

Summary of findings from wave III

January 2023

CONTENTS

FOREWORD

CHRIS HILL
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Back in 2021, with the pandemic appearing to melt away due to the advent of the vaccines, Hargreaves Lansdown became keen to develop a stronger understanding of how it had impacted household finances across the country. We worked with Oxford Economics, with input from our Sounding Board, to develop and launch the HL Savings and Resilience Barometer in January 2022.

We are delighted to publish our third 6 monthly report into the financial resilience of the nation and are now really starting to see the complex impacts of the economic environment on households.

Since the pandemic, the inflationary pressure, which was expected to some degree as we came out of lockdown, has been worsened by the significant rise in the cost of energy. The position of households in this cost of living crisis has never been of more interest. In this report we draw out how sharper rises in inflation on essential goods and services impact the purchasing power of the poorest more than any other segment.

We take a holistic approach to assessing financial resilience, considering all 5 pillars of our 5 to Thrive framework: debt, protections, savings, planning for later life and investment, and consequently we can look at the long-term impacts of today's events, as well as the more immediate strains on finances. Our barometer allows us to consider, for example, how the issues in the housing market at the end of 2022 are impacting younger homeowners, with their resilience in later life much more severely hit.

We can also explore how resilience is hit in different income groups where the variation is stark but perhaps unsurprising. The breakdown of data on resilience by employment status, size of household and age are of particular interest. Especially for policy makers considering how to support different groups in the cost of living crisis.

We are keen to draw out more information from this complex data set. In addition to the headline resilience score, we have grouped households under 5 measures: great, good, fair, poor and very poor. These measures are very helpful in drawing out how resilient some groups are compared to others.

The impact of the current high inflationary environment will have a long term effect on financial resilience. Deeper understanding of this by financial firms and policy makers alike will enable them to design interventions to ensure that financial resilience is rebuilt.

We continue to work with our Sounding Board to develop our insights and I would like to thank L&G, Nationwide, Stepchange, HM Treasury, the Department for Work and Pensions, the Money and Pensions Service, the FCA, the Resolution Foundation, Nest Insight and Professor Sharon Collard, Director of the Personal Finance Research Centre at the University of Bristol for their input and ongoing engagement.

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EXECUTIVE SUMMARY

Overall, the Savings and Resilience Barometer shows the nation's financial resilience has fallen back to 60.5, down from a peak in Q4 2021 at 63.7 but still higher than the pre-pandemic level of 58.8. The report explores some of the key reasons for these changes.

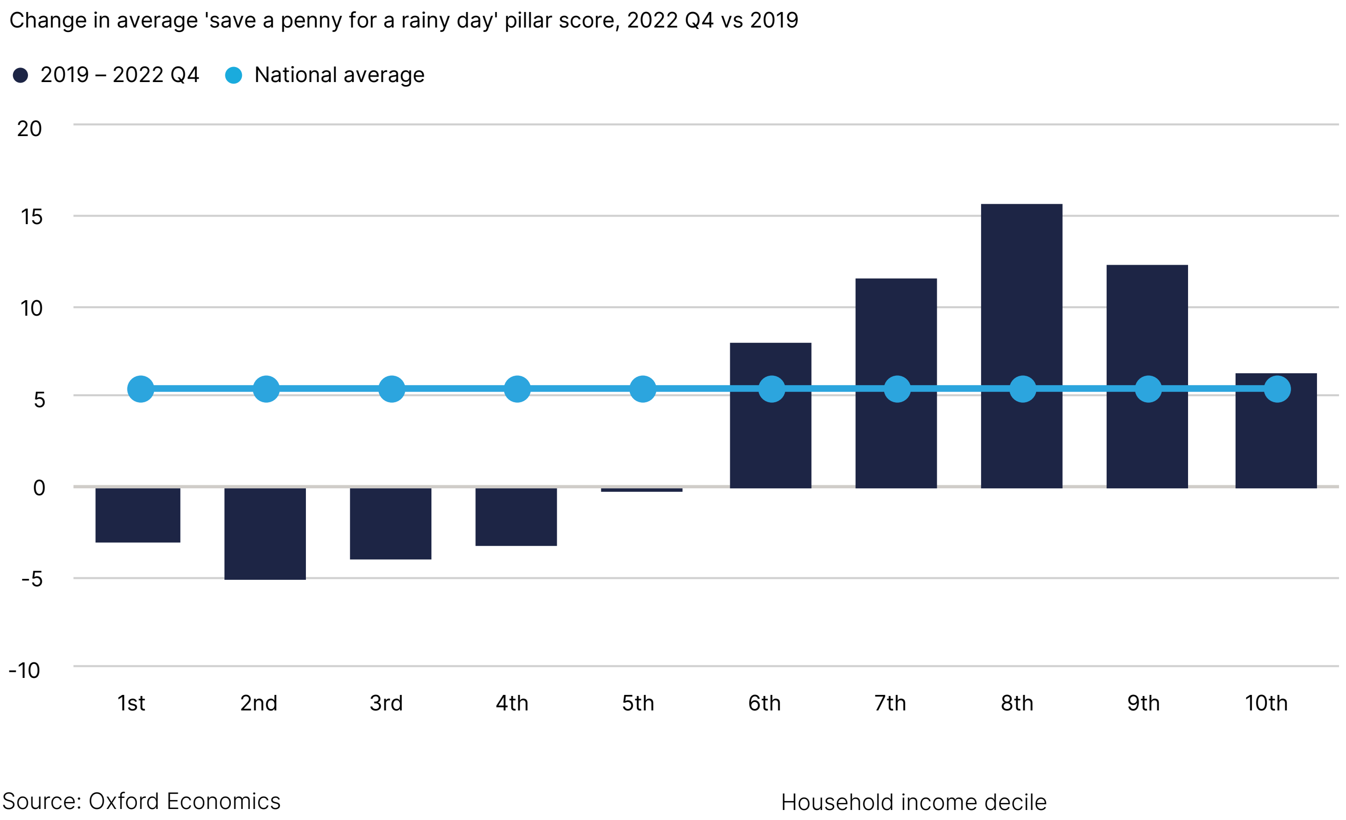
The 'cost of living' squeeze means low income households are now less financially secure than before the pandemic

The outlook for UK households has darkened further since the launch of our July Barometer report, with our expectation now that inflation will remain higher for longer. More persistent inflation has been coupled with a recent spike in interest rates which has exacerbated the living cost crunch for those homeowners that have recently needed to roll over their mortgage.

Inflation in 2022 was led by increases in the price of day-to-day essentials, with ONS data indicating that the cost of these items had risen at twice the rate of discretionary spending. This dynamic has led to a disproportionate squeeze on low income households – in 2019, on average, this group allocated 62.1% of their spending, seven percentage points higher than the average share of high income households.

Moreover, as reported previously, the gains to short-term resilience that were enjoyed during the pandemic were skewed disproportionately towards more affluent households who were more likely to take advantage of the savings created by remote working and more able to save and invest. The combined effect of these trends is brought to life in Fig. 1. This demonstrates that, despite an aggregate gain in short-term resilience, by the end of 2022, households with below-average incomes were, on average, less financially secure than before the pandemic.

FIG. 1. GAINS IN SHORT-TERM RESILIENCE SINCE THE PANDEMIC HAVE BEEN VERY UNEVENLY DISTRIBUTED



Source: Oxford Economics

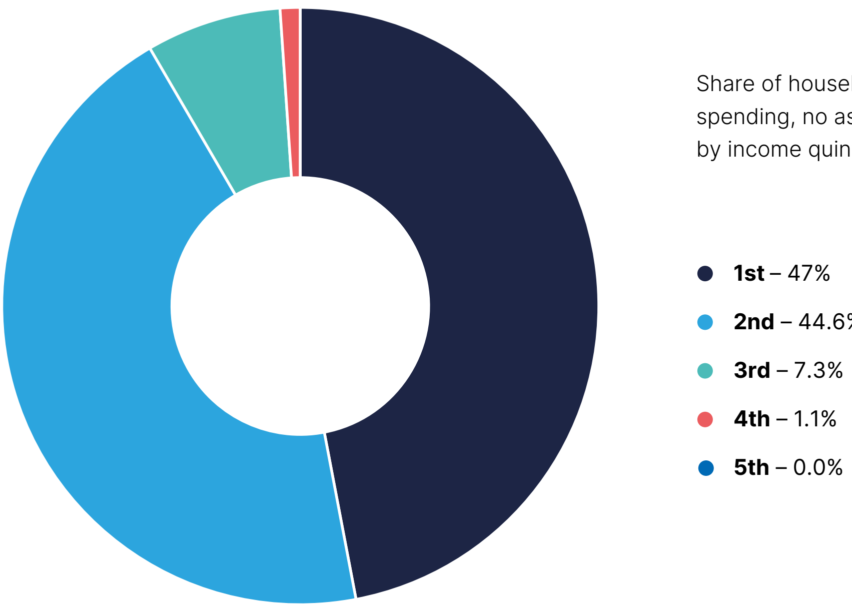
Debt concerns set to mount in 2023

Looking ahead, we expect debt management concerns to become more prominent in 2023. Although our modelling suggests that the 'cost of living' crisis is likely to have peaked in 2022 Q4, our forecast implies that spending conditions will remain highly constrained. On average, we expect nearly 30% of households to continue to need to financially adjust in 2023, approximately three times the 2019 rate, with that share up to nearly 80% among low income households.

Broadly speaking this 'financial adjustment' can be achieved by cutting back, drawing down on assets or taking on more debt. A clear concern is that the nature of inflation will limit households' ability to cut back leaving an unenviable choice, for those with low savings, of enduring quite a drastic living standards shock – think turning off the heating – or taking on debt.

Fig. 2 focuses on households that are expected to need to cut back in 2023 and that currently hold debt but no assets. Across the nation this represents approximately 4% of households – those that could be deemed as most 'at risk' from a debt perspective. Clearly, despite being less likely to hold debt on average, lower income households are overwhelmingly more likely to sit in this 'at risk' group with 93% of this group being in the bottom two income quintiles.

FIG. 2. LOWER INCOME HOUSEHOLDS MOST AT RISK FROM BEING FORCED INTO DEBT IN 2023



Source: Oxford Economics

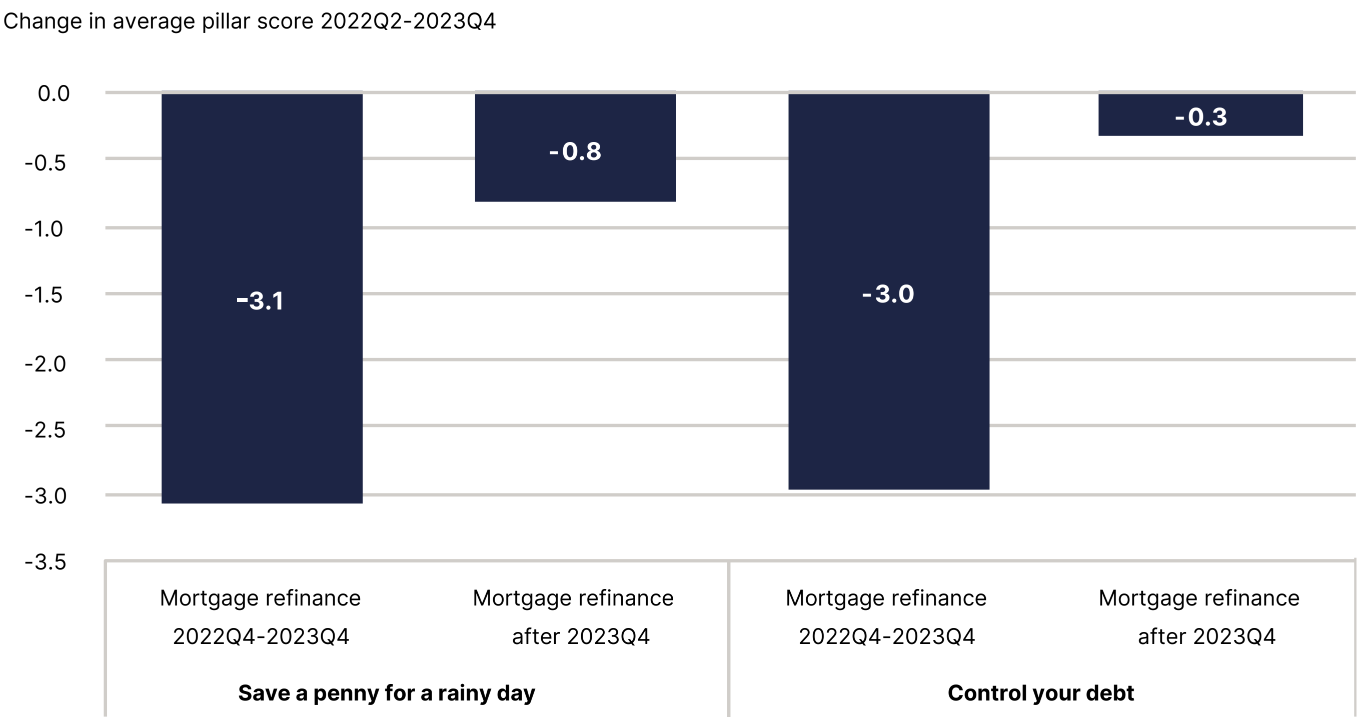
We expect the other key theme of 2023 to be the housing market with households unfortunate enough to have had to refinance their mortgage in recent months having faced a very steep increase in their monthly outgoings. We have adapted the structure of the Barometer model to better capture the variation that will naturally be created across households depending on the timing and terms of their mortgage renewals.

We plan to publish in more depth on this issue later in the year but Fig. 3 provides some initial insights. The chart contrasts the fortunes of mortgage-holding households that will need to refinance in 2023 and those that do not. The former group are projected to suffer much more significant falls in their short-term resilience and debt sustainability positions as measured by the Barometer.

Thrivers and Survivors
The report also considers how different households are currently positioned in the midst of the cost of living crisis. This shows:

- **Household Income** – Unsurprisingly financial resilience improves with the level of household income, even though there are choices to be made to improve resilience. Almost 9 in 10 of the lowest income households have poor or very poor resilience, however almost a third of middle-income households fall into this category showing the squeeze isn't simply impacting the lowest income households.
- **Family makeup** – Children understandably reduce financial resilience with the additional costs that they place on households, but the findings draw out the stark differences that come from sharing household costs. Only 13% of single person households without children have very good financial resilience compared to 41% of couples with no children.
- **Age** – The most resilient households are those aged 40-49 with almost 6 in 10 having good or very good financial resilience.
- **Employment** – We see that the self-employed and those employed part-time have far lower resilience than those employed and working full-time.

FIG. 3. HOUSEHOLDS NEEDING TO REFINANCE THIS YEAR SET TO SUFFER A LARGE HIT TO THEIR SHORT-TERM RESILIENCE

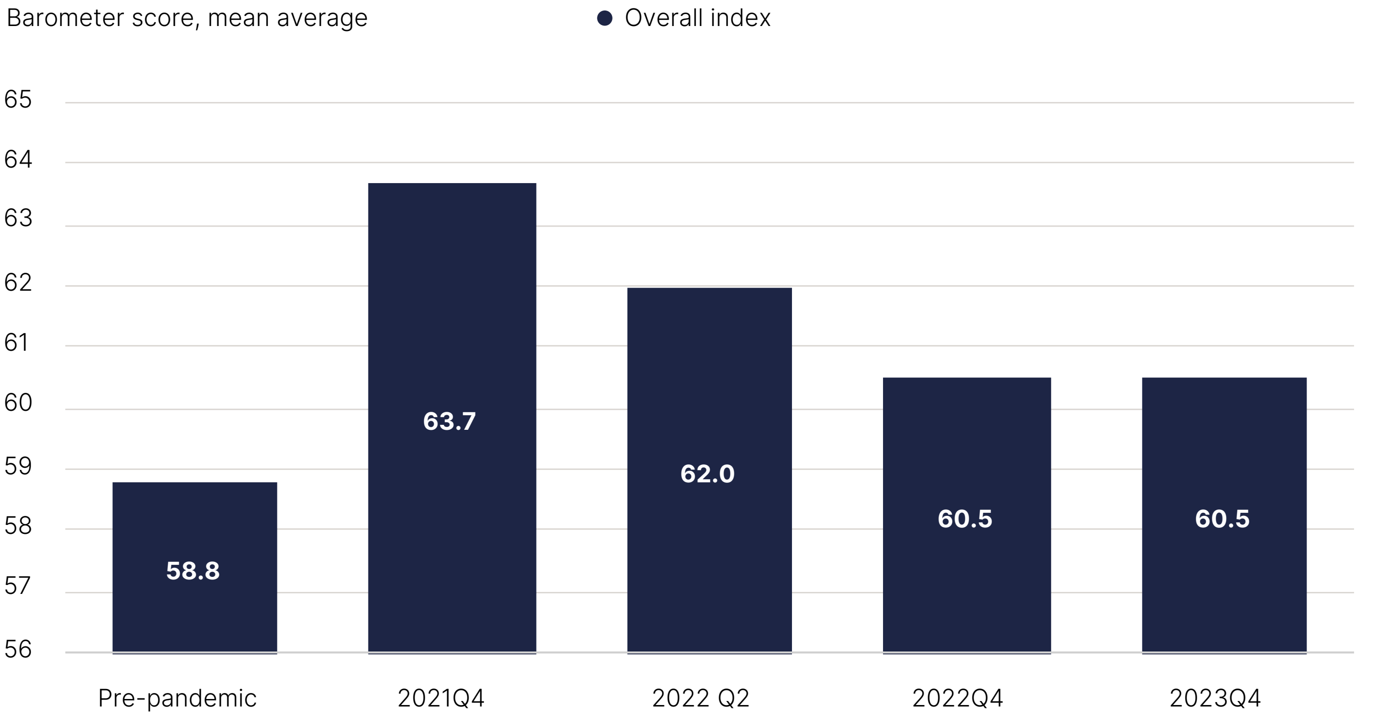


Source: Oxford Economics

FINANCIAL RESILIENCE – THE CURRENT STATE OF THE NATION

2022 saw a marked decline in the overall strength of the nation's financial resilience as measured by the Barometer. The average household score fell back to 60.5 in 2022 Q4, compared to 63.7 a year earlier, eroding three-fifths of the boost that was experienced during the pandemic (Fig. 4). The adverse trend last year was driven by surging inflation on day-to-day essentials, notably food and heating, leading to a disproportionate impact on lower-income households.

FIG. 4. HOW NATIONAL FINANCIAL RESILIENCE HAS CHANGED FROM PRE-PANDEMIC TO 2022 Q4



Source: Oxford Economics

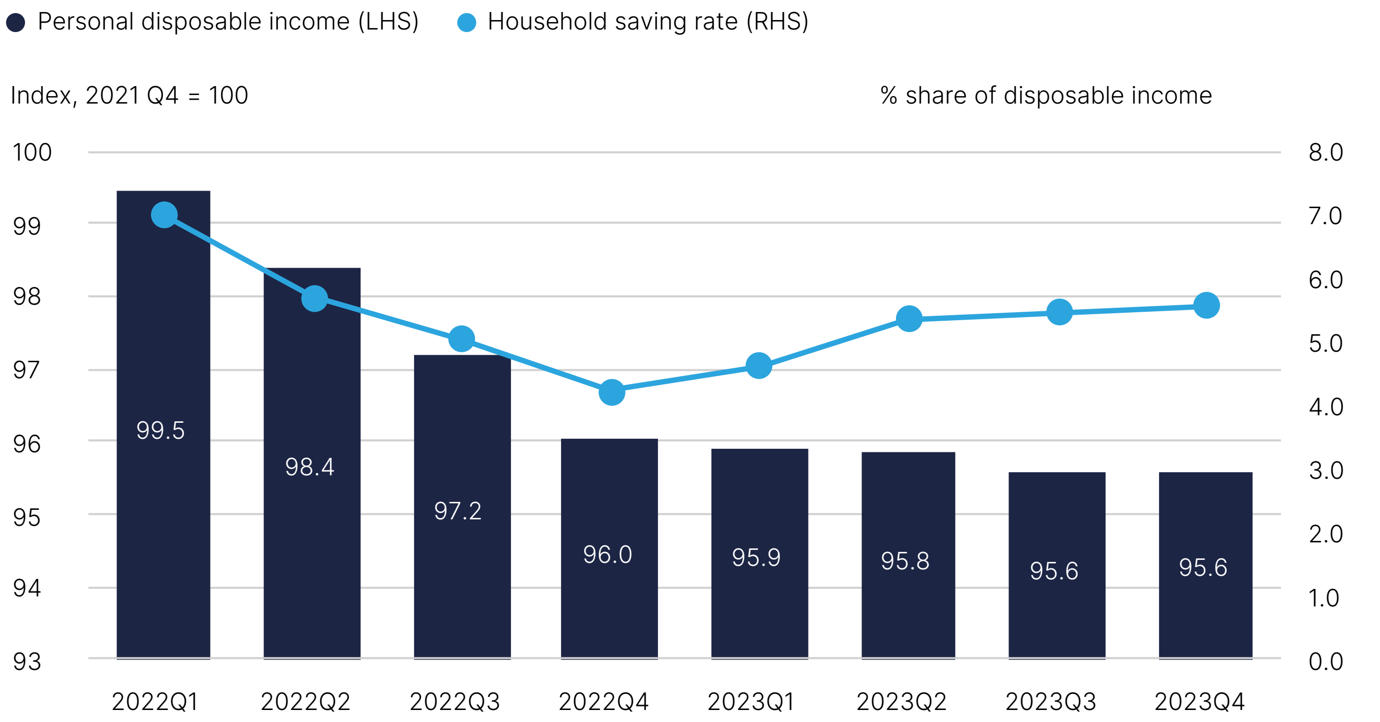
Inflation set to stay higher for longer leading to a sustained squeeze on living standards...

The outlook for UK households has darkened further since the launch of our July Barometer report, with our expectation now that inflation will remain higher for longer. At the time of writing, our forecast for headline CPI inflation this year is 7.6% which we expect to be coupled with a shallow but persistent recession.

Alongside higher inflation, policy developments have exacerbated the squeeze on living standards. Compared to July, we now expect a more severe tightening of monetary policy. In large part, this stance has been driven by policymakers' concerns that higher inflation was becoming entrenched. Things have not been helped, however, by instability in fiscal policy with the adverse market reaction to the government's mini-budget announcement in September triggering a sharper period of rate hikes than was otherwise likely to have occurred. The episode has also led to a surge in mortgage lending rates that has had a chilling effect on the housing market.

Overall, we estimate that household disposable income contracted by 4% in real terms during 2022 (Fig. 5). Moreover, the prospects of a strong rebound this year currently seem remote with our baseline projection that income will broadly stagnate.

FIG. 5. WE EXPECT A FURTHER GRADUAL CONTRACTION IN REAL INCOMES IN 2023 FOLLOWING A DISMAL LAST 12 MONTHS



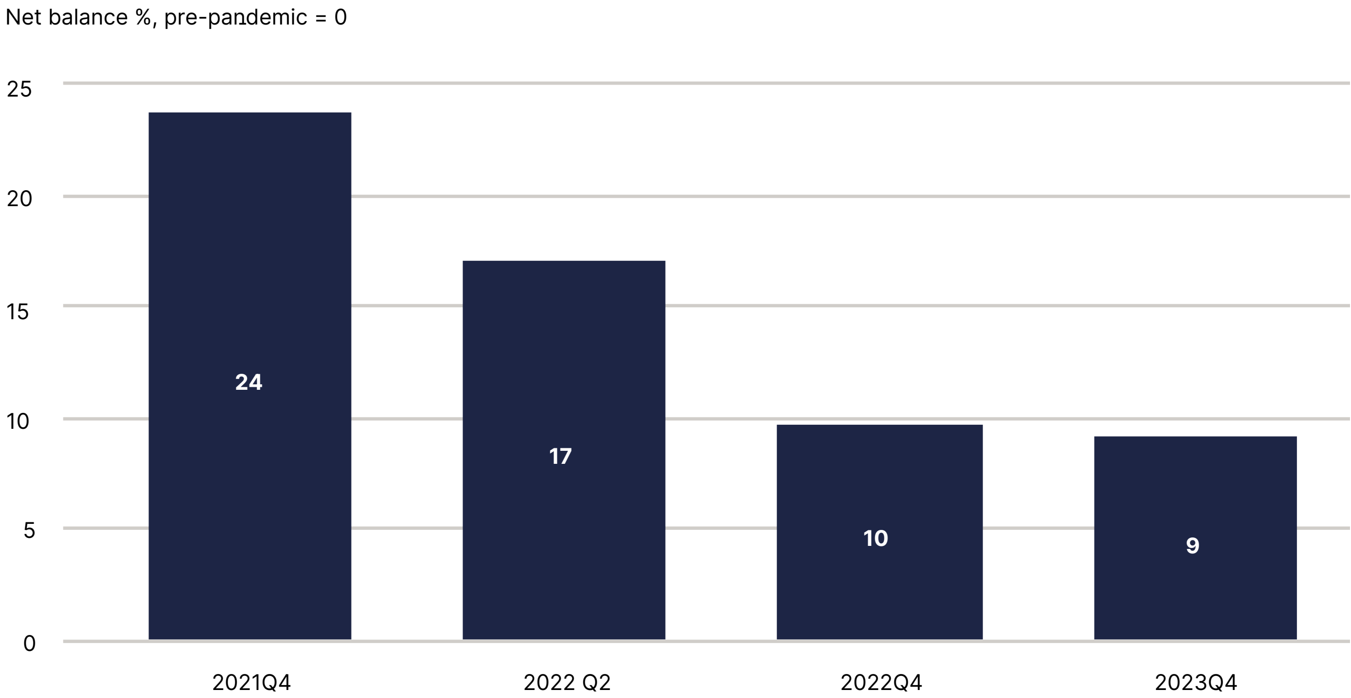
Source: Oxford Economics

...Which we expect to erode two-thirds of the boost to financial resilience created by the pandemic

A new feature of this edition is that we have used the distribution of scores within the Barometer to categorise households into five groups according to the strength of their financial position standardised to pre-pandemic norms. Further detail on the methodology involved can be found in the Appendix to this document.

Through this lens, the Barometer can be used to provide a clear summary measure to track progress between editions. It is also possible to consider the net position of households – as measured by the proportion of households in 'good' or 'great' financial health less the share whose position is categorised as 'poor' or 'very poor'. Under this measure resilience has fallen back by 14 percentage points during 2022, eroding nearly two-thirds of the gains created by the pandemic (Fig. 6).

FIG. 6. MAJORITY OF THE PANDEMIC GAINS TO FINANCIAL RESILIENCE WIPED OUT IN 2022

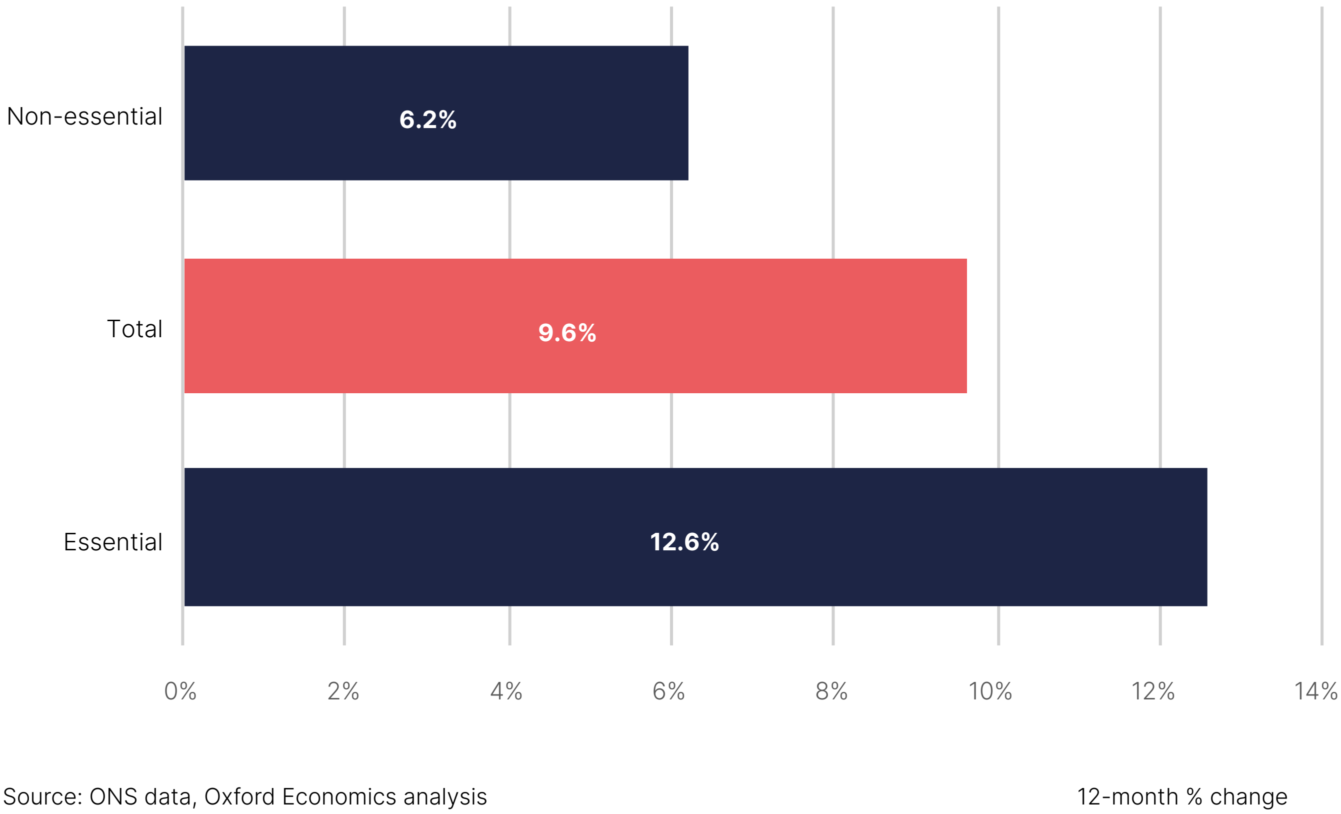


Source: Oxford Economics

Inflation has been disproportionately concentrated on essential goods and services...

One of the more pernicious features of this inflationary episode is that it has been disproportionately weighted towards non-discretionary items—the day-to-day essentials for which consumers struggle to cut back. This has manifested itself most prominently in the energy price crisis which has forced a series of government interventions, but very strong inflationary pressure has also been witnessed in supermarkets and at the petrol pump. Using the latest inflation data at the time of writing, which covered the 12-month period leading up to October 2022, we estimate that 'essential inflation' has run at 12.1%, more than double the rate across non-essential items (Fig. 7).

FIG. 7. INFLATION HAS BEEN SKEWED TOWARDS ESSENTIAL ITEMS



Source: ONS data, Oxford Economics analysis

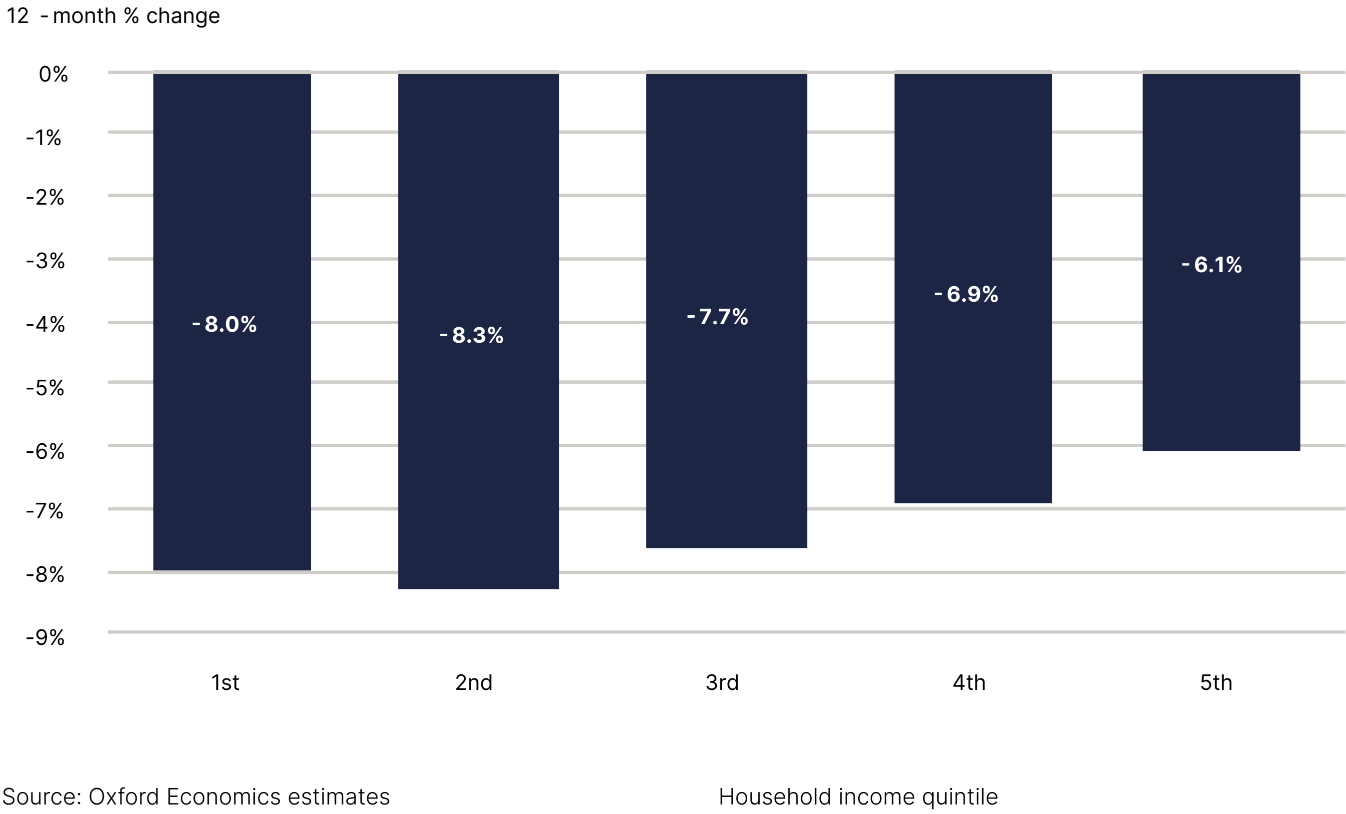
...Which has created a bigger squeeze on households with less purchasing power...

Combining data on the composition of expenditure across households in the Living Costs and Food Survey (LCFS) with the latest inflation data we have estimated how inflation of essential items over the past 12 months has eroded the discretionary purchasing power for households in different income bands. This underscores the fact that the squeeze has, on average, disproportionately affected lower-income households who typically assign a higher share of their spending basket to non-discretionary items[1].

[1] In 2019, on average, low income allocated 62.1% of their spending, seven percentage points higher than the average share of high income households.

As shown in Fig. 8, households among the lowest two income quintiles have had their discretionary purchasing power eroded by around 8% over the past 12 months from increases in the price of essentials, compared to a drop of less than 6% for households in the top income quintile.

FIG. 8. IMPACT OF ESSENTIAL INFLATION ON DISCRETIONARY PURCHASING POWER

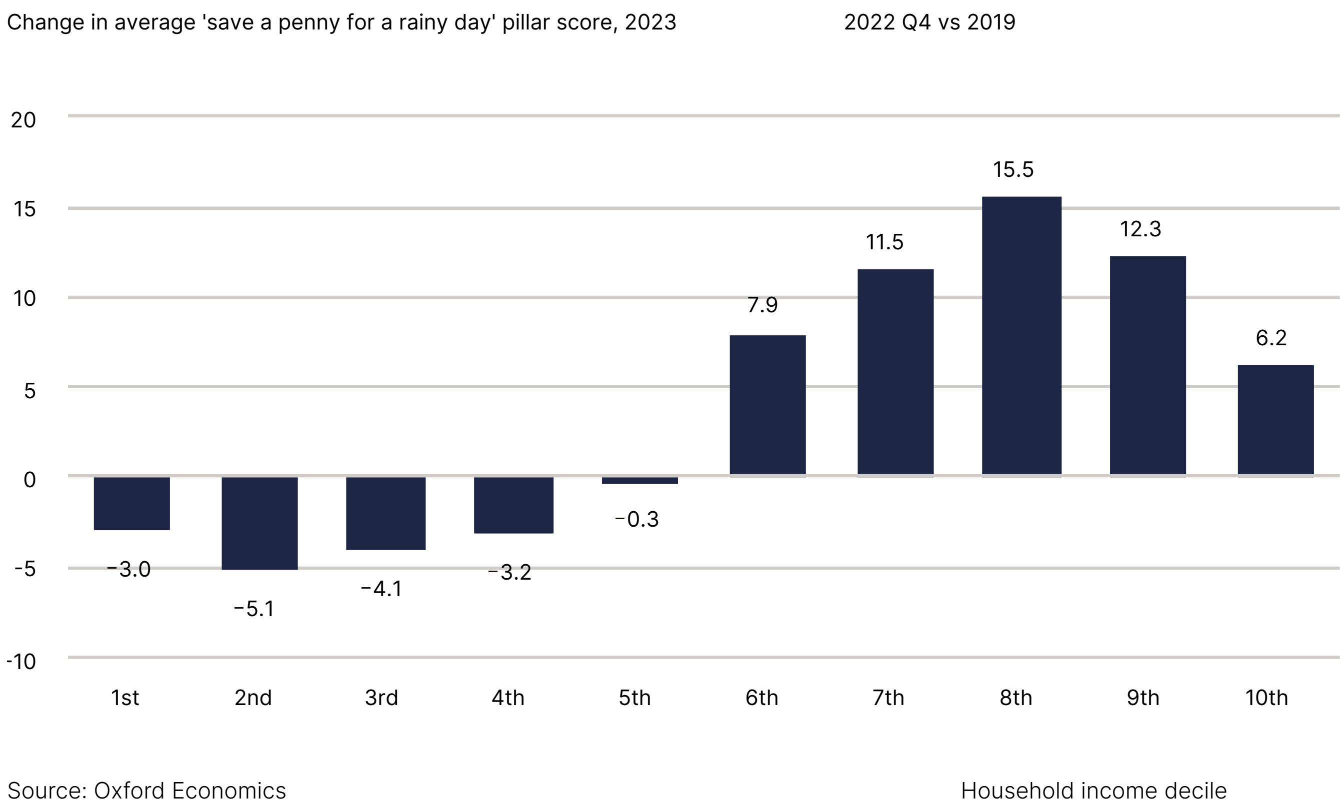


Source: Oxford Economics estimates

...And eroded previous gains in short-term resilience...

When delving deeper into our database, however, the picture is less reassuring. Comparing the estimated position at the end of 2022 to prior to the pandemic, we find that the short-term resilience of households in the bottom half of the income distribution has worsened as shown by their average 'save a penny for a rainy day' pillar scores. In contrast, there have been large gains across all deciles for above-average income households (Fig. 9). Although the reasons for this divergence are many and varied, our analysis shows that two key drivers have been the uneven pattern of savings growth during the pandemic (discussed in previous edition of the Barometer) and the disproportionate impact of recent inflation.

FIG. 9. DESPITE THESE AGGREGATE GAINS THE SHORT-TERM RESILIENCE OF LOWER-INCOME HOUSEHOLDS HAS WORSENED CONSIDERABLY



Source: Oxford Economics

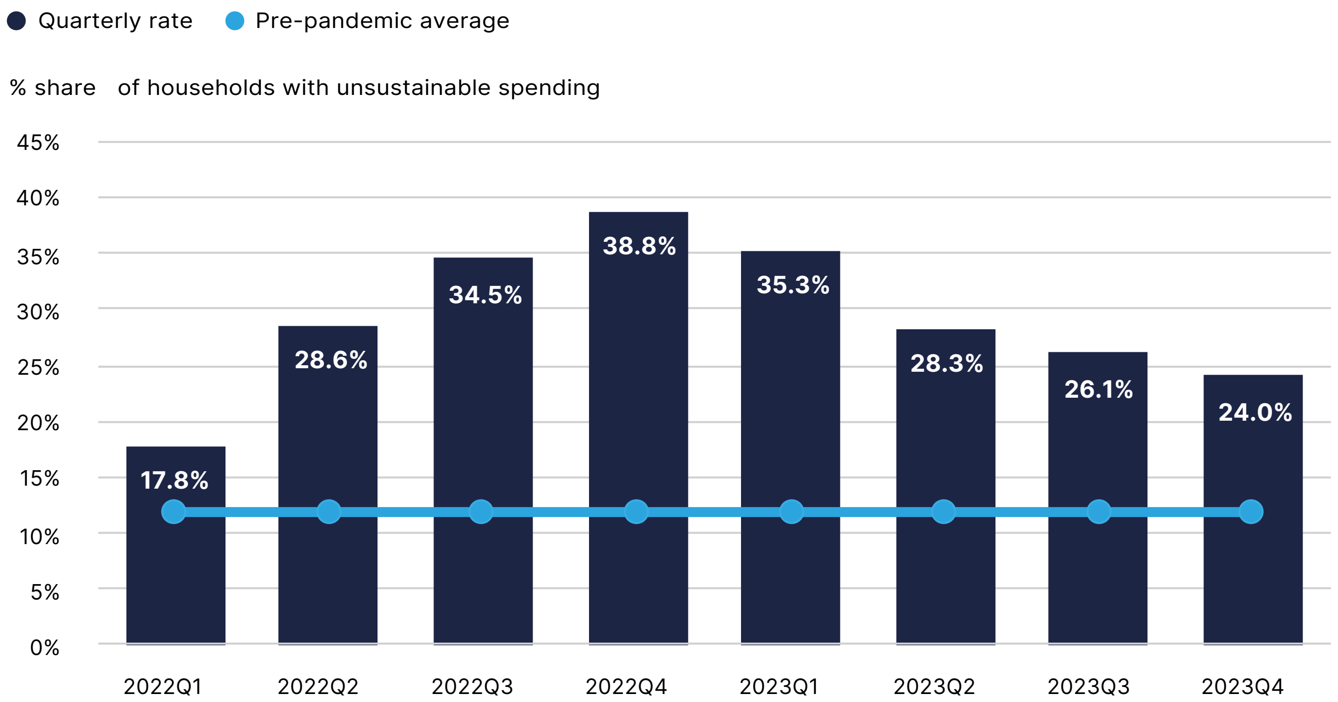
OUTLOOK FOR 2023

ALTHOUGH THE 'COST OF LIVING' CRUNCH MAY ERODE GRADUALLY, WE EXPECT DEBT MANAGEMENT CONCERNS TO MOUNT IN 2023

Fig. 10 provides an alternative view of how we expect the 'cost of living' crisis to evolve. It illustrates the estimated share of households for whom maintaining spending (in real terms) was and is expected to continue to be unsustainable. In the face of such a scenario, households broadly face three options that could be pursued individually or in combination. These are cutting back on spending, drawing down on assets – particularly if these are relatively liquid such as a savings account - or taking on new or additional debt.

By this metric, the crisis peaked during the final quarter of last year when 40% of households across the nation were being forced to adapt, more than three times the pre-pandemic average. Our forecast for this year is for the squeeze to recede gradually although, even by the end of 2023 this would involve nearly a quarter of households being forced to adapt financially.

FIG. 10. THE 'COST OF LIVING' SQUEEZE EXPECTED TO HAVE PEAKED IN 2022 Q4 BUT CUTBACKS WILL BE NECESSARY THROUGHOUT 2023 FOR A LARGE MINORITY

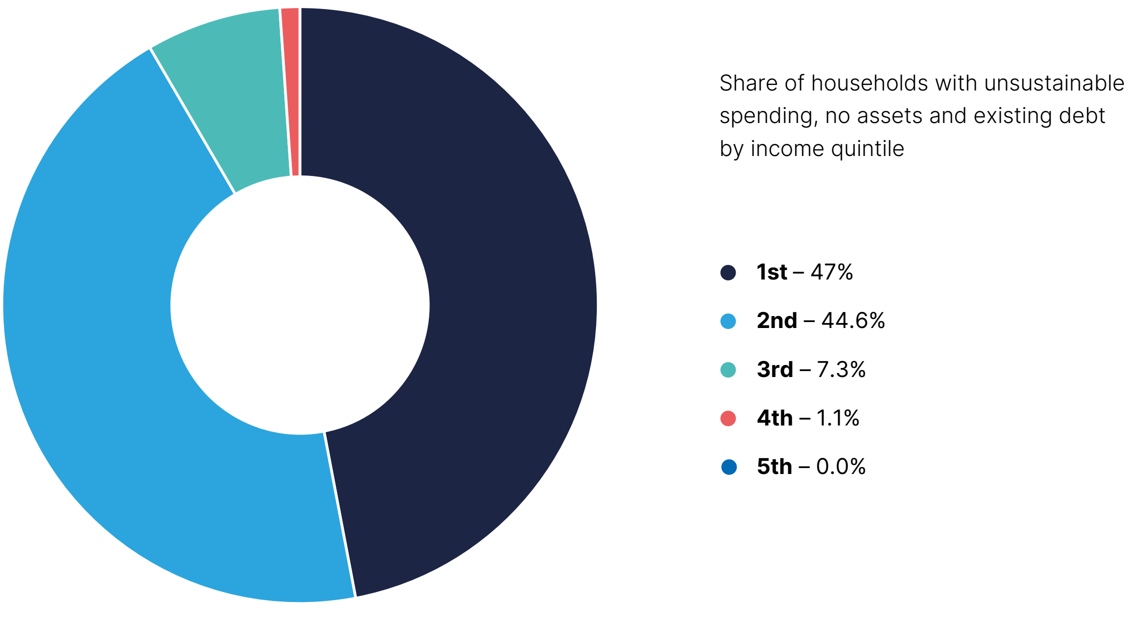


Source: Oxford Economics estimates

For low-income households, who typically have a lower level of short-term liquid assets, a clear concern is that the nature of inflation limits their ability to cut back. In this scenario, households would be faced with the unenviable choice of enduring quite a drastic living standards shock – think turning off the heating – or taking on debt to sustain spending.

Taking on debt to mitigate the impact of short-term financial shocks might represent an appropriate solution, particularly for households with relatively high levels of illiquid assets that can provide security and where options for limiting discretionary spending are limited. Clearly, however, the current level of financial hardship is likely to force households to take on debt in much less favourable circumstances. In our database, we have isolated those that might be deemed most 'at risk' as those needing to adjust financially, whilst having no financial assets to draw upon and an existing level of debt. As shown in Fig. 11, this group is overwhelmingly concentrated among low-income households, with 93% being in the bottom two income quintiles.

FIG. 11. ALTHOUGH LOW INCOME HOUSEHOLDS ARE LESS LIKELY TO HOLD DEBT THEY ARE MUCH MORE LIKELY TO BE AT RISK



Source: Oxford Economics

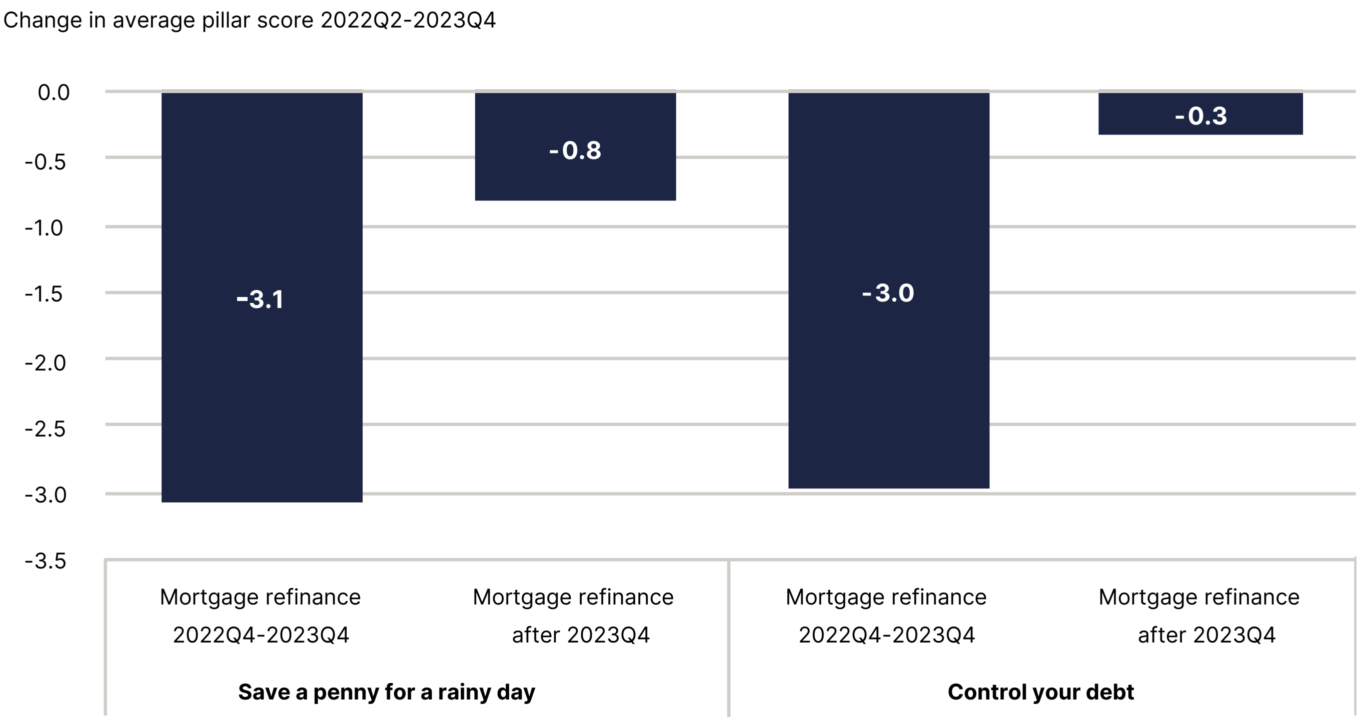
Mortgages have become a whole lot more expensive

Cost of living pressures over the next year are set to be exacerbated by the recent surge in mortgage rates. Although these have begun to fall back in light of developments in the gilt markets, they remain well above levels that were enjoyed by households in the first half of 2022, a trend that we expect to continue this year.

Such a dynamic will create a lottery among homeowners with those who are fortunate enough to avoid refinancing in 2023 facing much lower borrowing costs than those who will need to refinance and first-time buyers. Over the past six months we have made upgrades to the Barometer model that enable it to more accurately simulate how the timing of mortgage refinancing will affect housing costs for mortgage-holding households. We plan to publish a more in-depth piece around the topic later this year but an illustration of how this manifests is shown in Fig. 12.

This separates households with a mortgage in our dataset between those who will be required to refinance between 2022 Q4 and 2023 Q4 and those who will be required to refinance in 2024 onwards. These groups are projected to face very differing fortunes according to the change in the 'save a penny for a rainy day' and 'control your debt' average pillar scores between 2022 Q2 and 2023 Q4. This reflects the impact refinancing will have in further stretching household budgets on top of current inflationary headwinds.

FIG. 12. HOUSEHOLDS NEEDING TO REFINANCE THIS YEAR SET TO SUFFER A LARGE HIT TO THEIR SHORT-TERM RESILIENCE

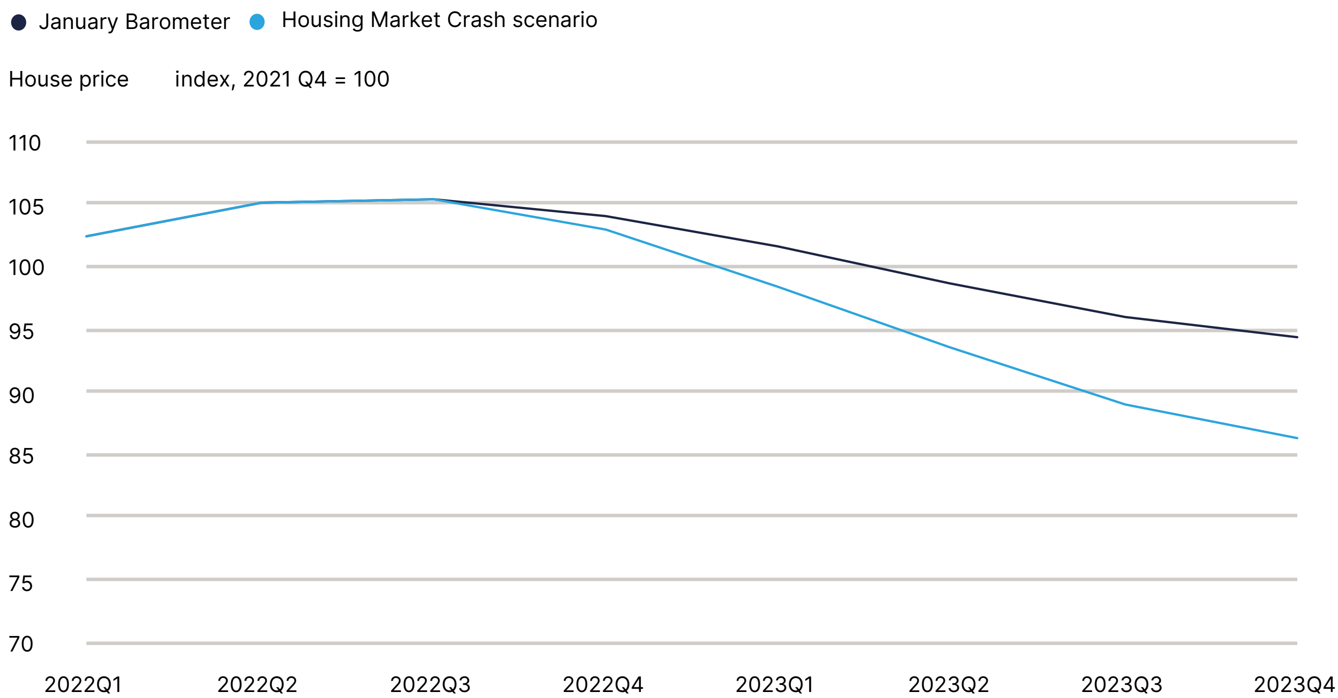


Source: Oxford Economics

...And risks to the housing market are acute and a further downturn would weaken the position of homeowners

The previous analysis has been premised on Oxford's current baseline forecast but, of course, risks abound and remain skewed to the downside. In this edition, we assess the impact of a much more severe downturn in the housing market through the lens of the Barometer. In this alternative scenario, UK house prices are assumed to fall much more sharply than currently expected in the face of various headwinds. Specifically, the average house price declines by 18% by the end of 2023 compared to its 2022 Q3 peak. In comparison, our baseline forecast expects a fall of 10.4% during the same period (Fig. 13).

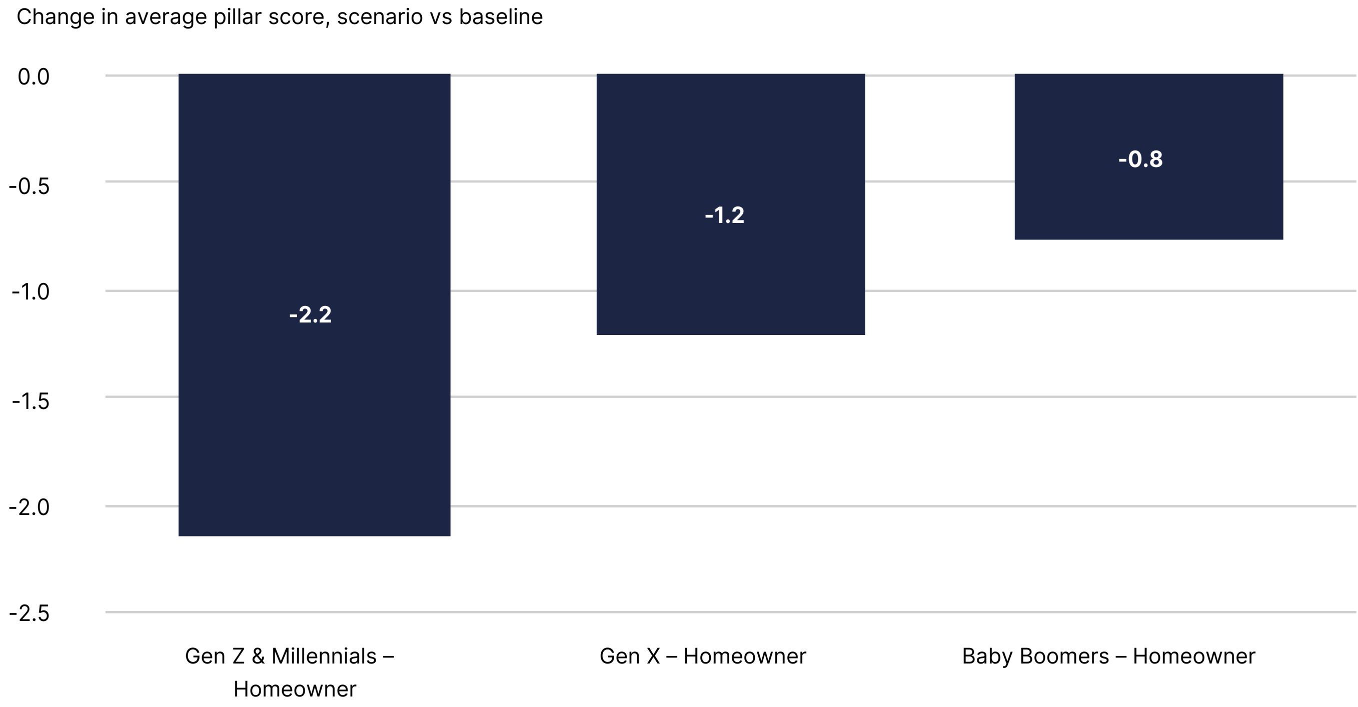
FIG. 13. HOUSE PRICES EXPECTED TO DROP BY 18% BY THE END OF 2023 IN OUR DOWNSIDE SCENARIO



Source: Oxford Economics

Such an outcome would deepen the expected scale of the recession this year, with consumers retrenching further and firms cutting back on investment. In terms of the Barometer, the impact of the scenario is most clearly visible through the 'plan for later life' pillar which tracks the extent to which working-age households are on track for a comfortable retirement. Intuitively, the biggest hit to long-term prospects in this scenario is endured by homeowners (-1.4 points) rather than renters (-0.2 points) but interesting dynamics also emerge intergenerationally. The average fall in the score of Gen Z and Millennial homeowners was almost three times steeper than their Boomer counterparts (Fig. 14). This trend reflects the fact that younger homeowners tend to be more highly leveraged and so movements in market values (positive or negative) have a proportionately larger impact on their equity share.

FIG. 14. YOUNGER HOMEOWNERS EXPECTED TO SUFFER THE BIGGEST HIT TO LONG-TERM FINANCIAL SECURITY



Source: Oxford Economics

THRIVERS AND SURVIVORS: VARIATION IN FINANCIAL RESILIENCE ACROSS THE UK

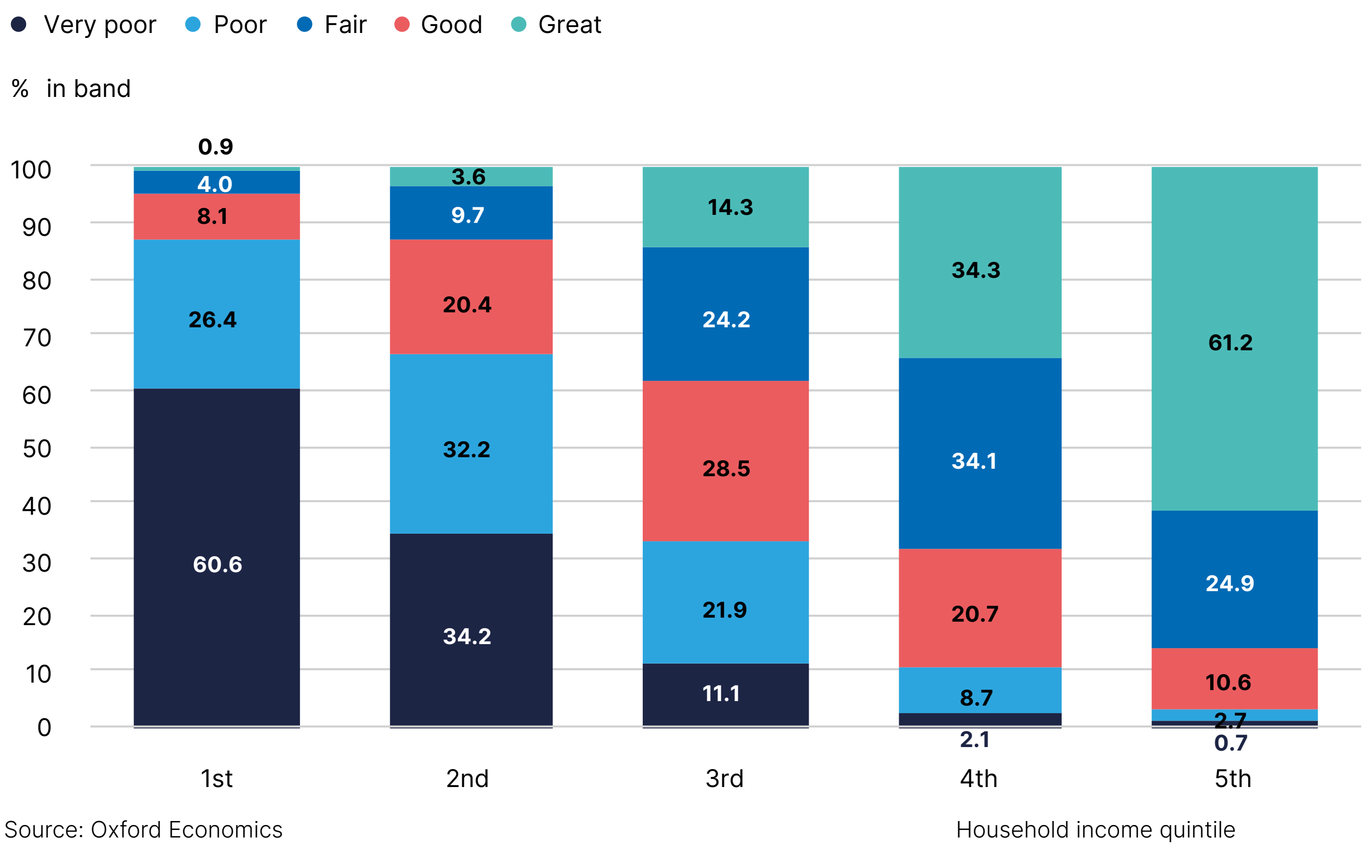
Financial resilience is closely correlated with income, age, employment status and household composition. Ultimately every household's financial position will reflect a mixture of their socioeconomic position, composition and decisions that they take on how to use their income. These charts help to illustrate how the variation that does exist is associated with various indicators that relate to these factors.

Household Income

Fig. 15 shows how closely financial resilience is correlated to household income, with almost symmetric results between the lowest and highest income quintiles:

- 87% of the lowest income quintile have poor or very poor levels of financial resilience, while around 86% of the highest income quantile have good or great levels of financial resilience.
- Around two thirds of the second income quintile have poor or very poor levels of financial resilience, while just over two thirds of the fourth income quantiles have good or great levels of financial resilience.
- This leaves around a third of the middle-income quintile with poor or very poor levels of financial resilience. These households on middle incomes would typically have the means to build their financial resilience but many are struggling to do so at present due to the 'cost of living' crisis.

FIG. 15. DISTRIBUTION OF BAROMETER CATEGORY SCORES BY HOUSEHOLD INCOME QUINTILE (Q2 2022)

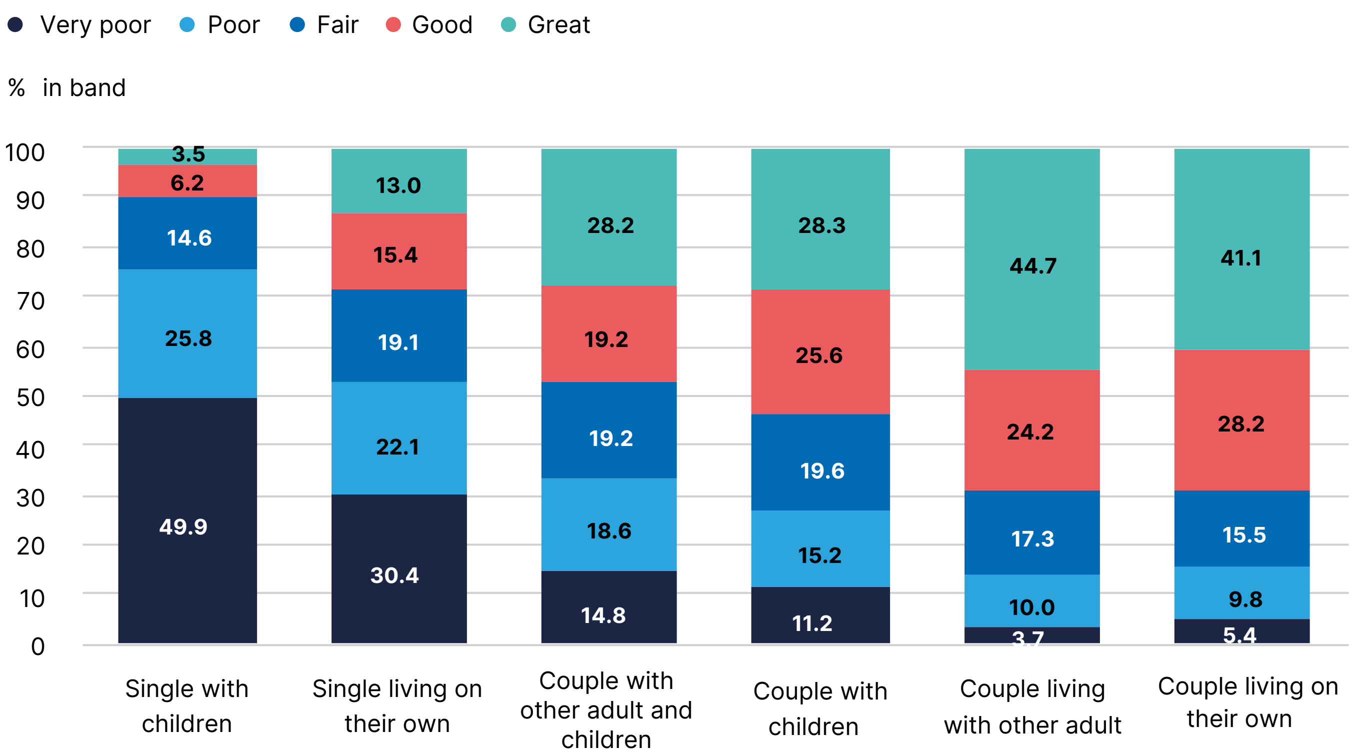


Source: Oxford Economics

Household Family Type

Fig. 16 provides a clear demonstration for how sharing a household with other adults, be it as part of a couple or another adult, is strongly correlated with higher levels of financial resilience. Partly this will be the effect of additional incomes in the household, partly it will be the sharing of costs but there may be additional assistance to manage financial administration to ensure all financial commitments are met and plans for the future can be made.

FIG. 16. DISTRIBUTION OF BAROMETER CATEGORY SCORES BY HOUSEHOLD FAMILY TYPE (Q2 2022)

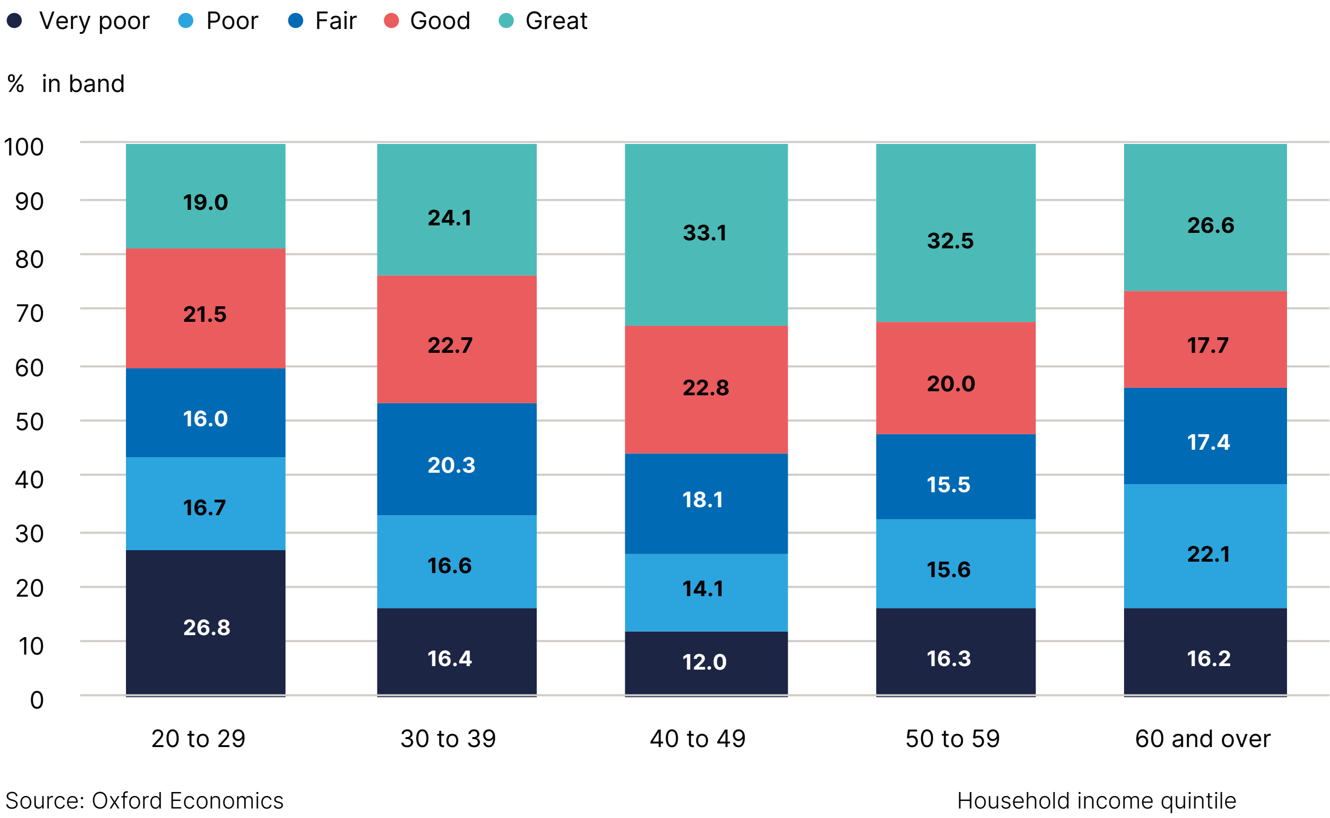


Source: Oxford Economics

Age

Fig. 17 shows how financial resilience is typically highest amongst households where the primary income earner is aged between 40 and 49. Some of this effect may be a result of peak earnings, while some family costs may begin to reduce. Additionally, increasing proximity to retirement may result in additional planning for retirement.

FIG. 17. DISTRIBUTION OF BAROMETER CATEGORY BY AGE OF HOUSEHOLD REFERENCE PERSON (Q2 2022)

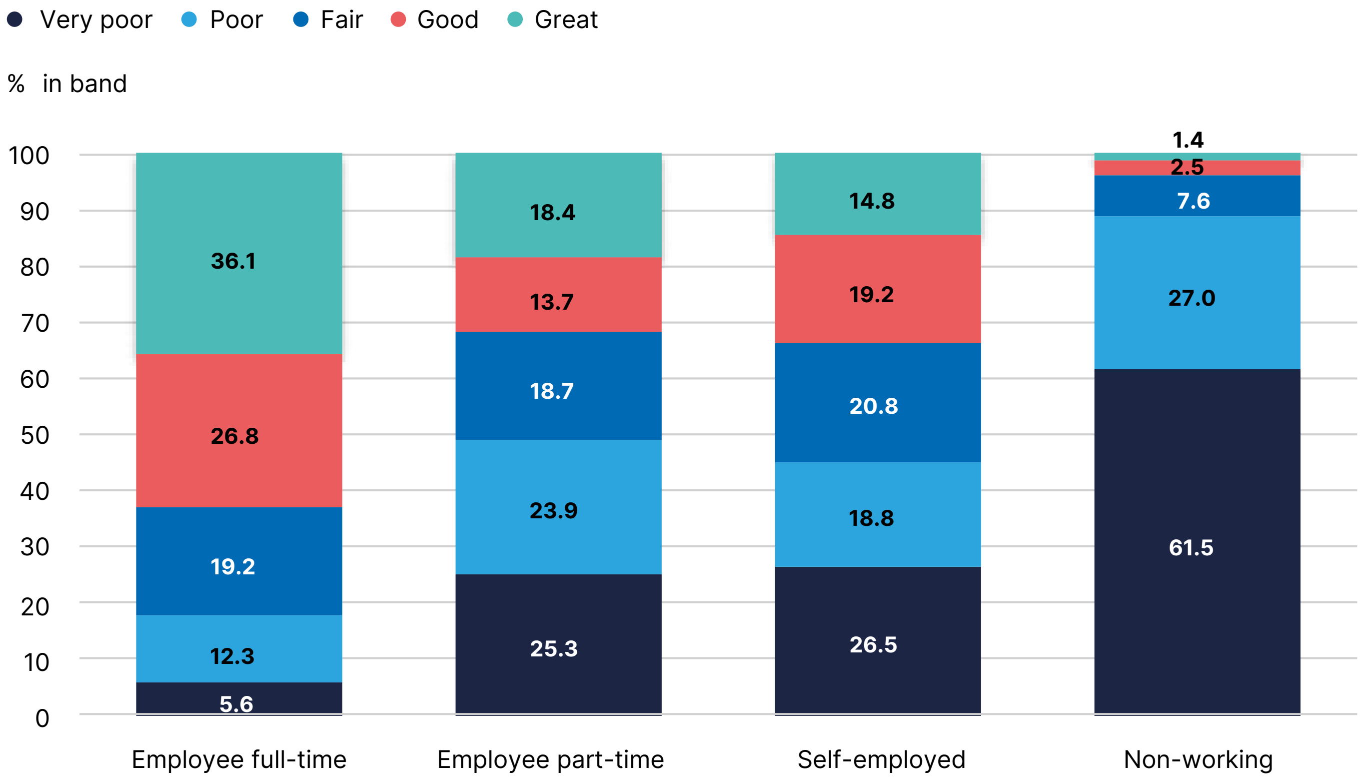


Source: Oxford Economics

Employment

Fig. 18 shows very clearly how employment is an important predictor of financial resilience. Notably, part-time employees and the self-employed appear to have very similar levels of financial resilience, suggesting that the loss of income from working part-time has a similar effect to the reduction in support from working from an employer who may be able to provide financial benefits, such as a workplace pension. Unsurprisingly, those who are not working are extremely likely to suffer from low levels of financial resilience.

FIG. 18. DISTRIBUTION OF BAROMETER CATEGORY BY HOUSEHOLD EMPLOYMENT STATUS (Q2 2022)



Source: Oxford Economics

ABOUT THE BAROMETER

The savings and financial resilience barometer is an index measure designed and produced by Oxford Economics. It is based around Hargreaves Lansdown's five building blocks for financial resilience depicted in Fig. 19. The aim of the barometer is to provide a holistic measure of the state of the nation's finances, monitoring to what extent households are prudently balancing current and future demands whilst guarding against alternative types of risk.

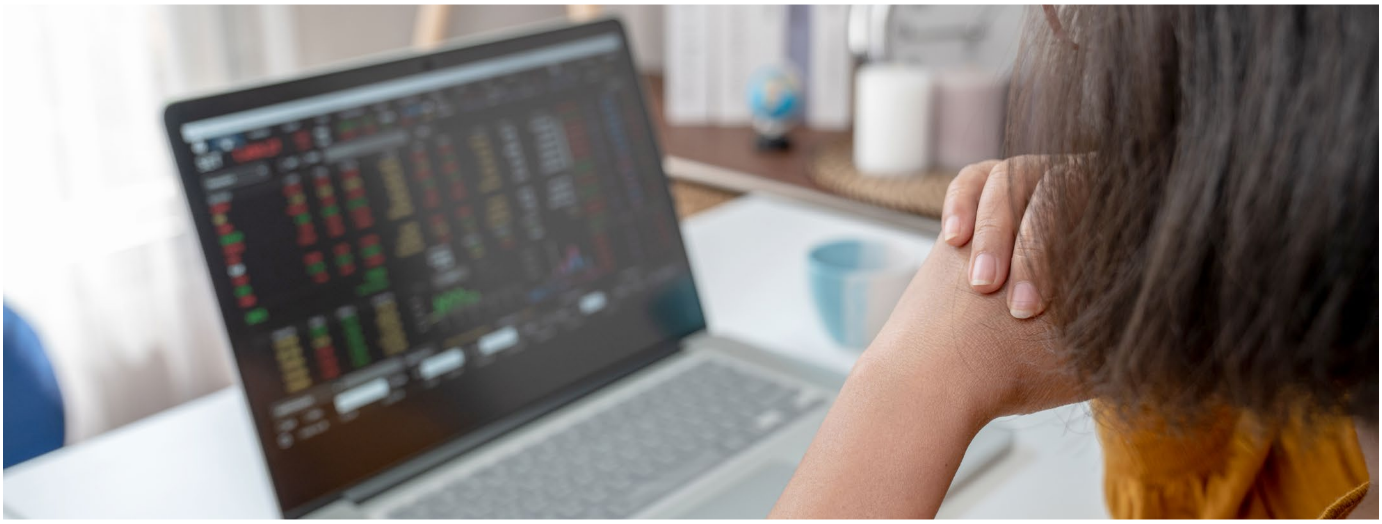
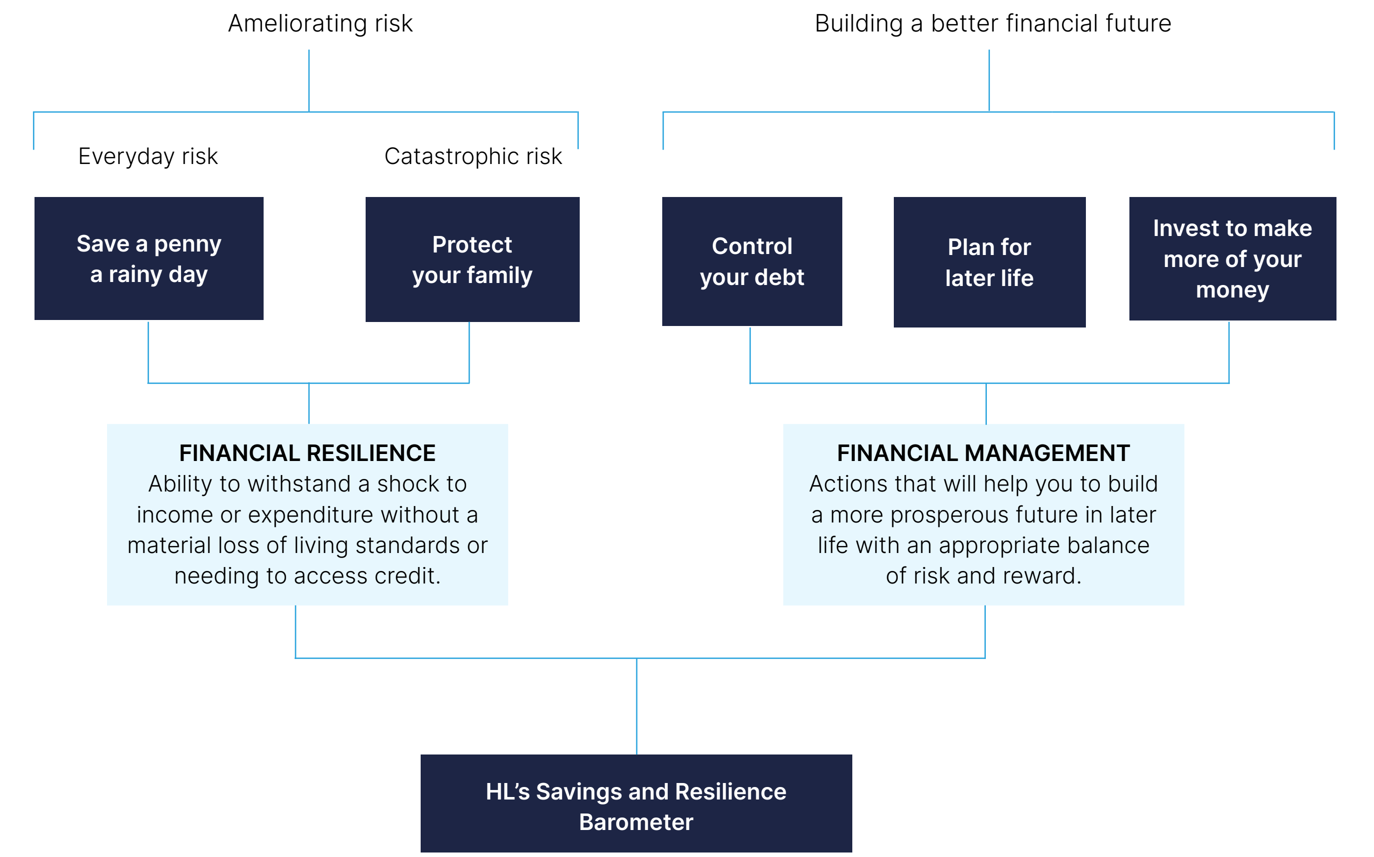


FIG. 19. SAVINGS AND RESILIENCE BAROMETER: CONCEPTUAL STRUCTURE



In collaboration with Hargreaves Lansdown, Oxford Economics mapped each of these pillars to a list of 16 individual indicators (Fig. 20). For the January 2023 release, sick pay and income protection have been combined to provide an overall measure of employment income protect for households in the event of sickness.

The data underpinning the indicators is sourced a household panel dataset for a representative group of British households developed by linking together official datasets. The Wealth and Assets Survey (WAS), published by the ONS, has been used as the core dataset due to the breadth of financial data available in the survey. This source does not include every variable required to measure the factors and the latest survey only extends as far as 2020 Q1. Therefore, we have used a range of methods including econometric analysis to build upon the core dataset using data from the Financial Lives Survey (FLS), Living Costs and Food Survey (LCFS) and the Labour Force Survey (LFS).

Several model improvements have been incorporated in the January 2023 release. These include:

- Enhancing the method used to capture the impact of changes in mortgage interest rates.
- Updating the thresholds for the indicators in the 'Plan for later life' pillar (value of pension, home ownership in retirement, net financial assets) to smooth the values between age groups and over time.
- Extrapolating critical illness and income protection of households using 2021 market data.

For each indicator, the data was used to create an index value on a scale of between zero and 100 for households in the panel. In each case, a score of 100 was assigned to households who had reached a specified resilience threshold e.g., holding liquid assets equivalent to at least three months of essential expenditure. Households whose savings are sufficient to cover more than three months of spending are, therefore, not rewarded for this additional level of security. Such a design is appropriate to capture the concept of resilience and the intrinsic trade-offs involved in financial management. Threshold values are defined with reference to benchmark recommendations where available and, where not, using the statistical distribution of values within the dataset and the judgement of the research working group.

To bring dataset up to date, values have been extrapolated through to 2022 Q2 using a wide range of macroeconomic and survey data and different modelling techniques. A much more detailed description of the approach can be found in the methodology report available on the project's landing page.

Finally, current and future values are projected based on Oxford Economics' baseline forecast for the UK economy from its Global Economic Model (GEM).

To aid the communication of the barometer results, we have designed a method to allocate households between five bands according to their barometer scores. These bands are labelled as: very poor, poor, fair, good and great. We will use the share of households in each band as a reference point to communicate the changing state of financial resilience in the UK.

The bands are primarily based on the quintile distribution of pre-pandemic barometer scores. The pre-pandemic distribution of 'Control your debt', 'Invest to make more of your money' and to a lesser extent 'Protect Your Family' have been adjusted to take account of the nonlinear distribution of scores.

FIG. 20. SAVINGS AND RESILIENCE BAROMETER: BAROMETER INDICATORS

Building rainy day savings	Protect your family	Controlling your debt	Plan for later life	Invest to make more of your money
Adequacy of liquid assets	Adequacy of life insurance protection	Affordability of future debt repayments	Value of pension	Investment intensity
Surplus income	Sick pay and income protection coverage	Use debt	Home ownership in retirement	
Eligibility for and generosity of redundancy package	Critical illness coverage	Existence and severity of arrears	Net financial assets	
	Balance of earnings	Subjective evaluation of debt position		
		Uncertainty of future repayments		

[3] https://www.hl.co.uk/features/5-to-thrive/savings-and-resilience-comparison-tool

Threshold scores for each band are fixed to values observed in the pre-pandemic (2019) period so that changes in the shares can be used to trace developments over time.

FIG. 21. SCORE RANGE AND PRE-PANDEMIC (2018Q1-2020Q1) PROPORTION OF HOUSEHOLDS

	Score range					
Band	Save a penny for a rainy day	Protect Your Family	Control Your Debt	Plan for Later Life	Invest	Overall Index
Very poor	0-27.8	0-53.9	0-54.2	0-7.5	0	0-43.0
Poor	27.8-50.3	53.9-73.4	54.2-66.1	7.5-36.2	1-19.1	43.0-54.9
Fair	50.3-71.7	73.4-80.01	66.1-77.9	36.2-61.3	19.1-51.7	54.9-64.7
Good	71.7-88.6	80.01-92.5	77.9-95	61.3-79.2	51.7-81.9	64.7-74.3
Great	88.6-100	92.5-100	95-100	79.2-100	81.9-100	74.3-100

	Pre-pandemic proportion of population					
Band	Save a penny for a rainy day	Protect Your Family	Control Your Debt	Plan for Later Life	Invest	Overall Index
Very poor	20	20	19	20	55	20
Poor	20	20	19	20	11	20
Fair	20	21	19	20	11	20
Good	20	19	19	20	11	20
Great	20	19	25	20	11	20

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The modelling and results presented here are based on information provided by third parties, upon which Oxford Economics has relied in producing its report and forecasts in good faith. Any subsequent revision or update of those data will affect the assessments and projections shown.

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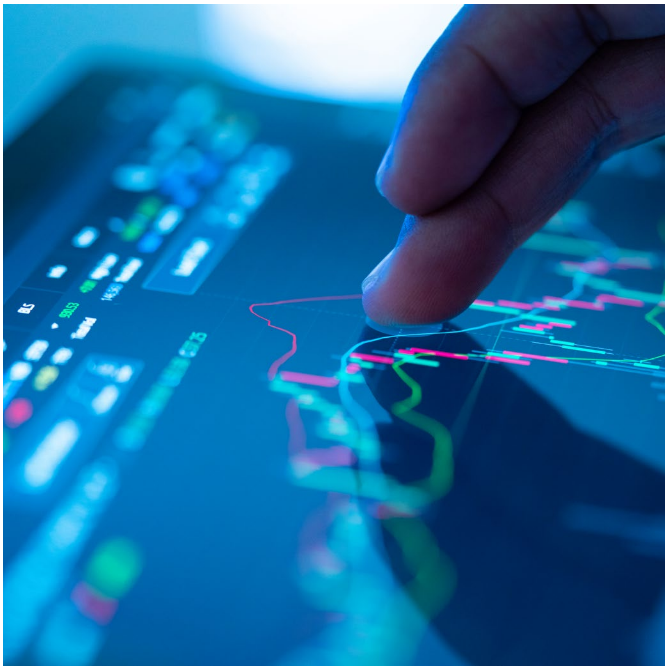

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