

Blowing in the Wind



WILL HURRICANE KATRINA swamp the United States economy, leaving retailers and their suppliers cold and wet? The jury is still out, but leading economic pundits are sounding cautionary notes.

Using financial markets as an indicator—the stock and bond markets—no major negatives have arisen. Stocks have generally trended up since the hurricane wiped out much of the Gulf Coast in Mississippi and Louisiana. Unemployment could rise in the short term, but jobs expected to be created in rebuilding New Orleans and other cities should mitigate those numbers. The Congressional Budget Office estimates that 400,000 jobs could disappear, at least temporarily.

The swamping of Gulf Coast refineries and other interruptions in the supply of gasoline caused prices to spike immediately after the storm, but those prices have been coming down steadily, and demand remains strong. Retail also suffered a major regional blow. Nearly 125 Wal-Mart stores alone have shut down, most eventually looted and damaged to the point that they will have to be rebuilt. Perception may play a big role in assessing the final impact. A CNN/USA TODAY survey conducted by the Gallup organization revealed that four out of five Americans believe Katrina will hurt their family's financial situation. The region pounded by the storm employs 1.6 million people who produce goods and services valued at about \$130 billion annually.

PARTING SHOT: Researchers conclude that in the long term, natural disasters are actually good for the economy.

Finding Female Customers



Most equine retailers don't have a problem attracting female customers. Nearly every survey conducted in the industry reveals high numbers of women shoppers, but their level of satisfaction isn't always high. One mega-retailer, Home Depot, is struggling with the notion of how to make shopping more female friendly by launching a new prototype for stores. A warmer and softer retail feel with 12-foot fixtures, brighter light and wider aisles are features of the design. Also planned, a store within a store boutique for all design and décor items.

PARTING SHOT: Retailers need to recognize that today's woman is the chief purchasing agent of the family.

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