

INTERNATIONAL TRADE CLUB

CREDIT CRUNCH IMPLICATIONS

Agenda

- ✚ Visible signs
- ✚ Reality
- ✚ Implications for business

Public information

- ❖ Lurid headlines
- ❖ Government intervention
- ❖ Political point scoring
- ❖ Anecdotal tales
- ❖ Bank bashing
- ❖ Dismal short term economic forecasts
- ❖ No credit

Reality

- ❖ Huge banking losses
- ❖ Oil price and exchange rate volatility
- ❖ Economic slowdown
- ❖ Loss of confidence
- ❖ Low base rate
- ❖ Weak pound
- ❖ Yes, you can get credit

Early indications

- ✚ Shift in attitude to risk
- ✚ Honouring existing arrangements
- ✚ Pricing
- ✚ Security

Implications for business

- ❖ Survival versus prosperity
- ❖ Cash flow management
- ❖ Working capital management
- ❖ Cost cutting
- ❖ Financing
- ❖ Communication

Conclusion

- ❖ No short term fix
- ❖ Cash is king
- ❖ Send the right messages
- ❖ Gloomy headlines sell newspapers
- ❖ Survive then prosper
- ❖ Get good advice