

Exhibit 2

How We Consume— From Poor to Rich

Food and clothing have the lowest income elasticities of demand. The elasticity for food starts well below 1 and declines as we move from the poorest to the richest nations. Spending won't keep pace with global income growth.

Elasticities for recreation, medical care and other categories are high initially, fall as income increases and settle in at levels well above 1. Their shares of the global consumer budget will grow as income rises.

Six countries show the elasticities typically associated with various income levels.

