



MAY 2023

Allianz Trade

Export Forecast

Allianz Trade Export Forecast approaching the long-term trend

The Allianz Trade Export Forecast stands at -0.79 points in May 2023 (February: -1.26 points). The leading indicator for the Swiss export economy is therefore approaching the long-term growth rate. After stagnating in the fourth quarter of 2022, exports began growing again in the first quarter of 2023. Inflation picked up over the same period. Economic forecasts were revised upwards around the world – but not for Switzerland.

At -0.79 points, the Allianz Trade Export Forecast was significantly higher at the beginning of May than three months ago (-1.26), confirming the upward trend. Nevertheless, the indicator remains below zero, the level which represents the long-term growth rate. In addition, the Export Forecast predicts that export business will be below-average and in some cases might even shrink over the next six to twelve months.

International organisations have revised this year's growth expectations for global value creation upwards slightly by 0.1 percentage points to 2.4% (average of estimates). The World Trade Organization (WTO) predicts that the volume of world trade will increase by 1.7% in 2023 (previous forecast: 1.0%; for 2024: 3.2%). For Switzerland, the forecasts are less positive. After last year's figure of 2.1%, Allianz Trade anticipates that real growth will amount to only 0.6% in 2023 (2024: 1.7%). As recently as December, the forecast was 1.3%.

Swiss PMI falls again

The Purchasing Managers' Index (PMI) for Swiss industry fell to 45.3 points in April, remaining below the growth threshold for the fourth month in succession. Production levels have dropped significantly and declining order backlogs mean that a turnaround is unlikely in the near future. Nevertheless, employment remains robust. Industrial companies are continuing to hire employees despite the lack of orders.

The shortage of skilled workers and the large number of unfilled positions are contributing to this positive trend. The Switzerland Services PMI has also lost ground, but remains consistently in the growth zone.

Financial markets stagnating

In March, the financial system triggered a series of shock waves – starting with the collapse of banks in the US. In Switzerland, Credit Suisse was caught up in these upheavals and eventually had to give up its independence. Fortunately, the turmoil on the financial markets has eased somewhat and investor confidence has increased.

Nevertheless, hedging transactions on the derivatives markets are still hugely popular. The gold price is reaching new highs and the inverted yield curve, a feared indicator of recession on the financial markets, has fallen even deeper into negative territory.

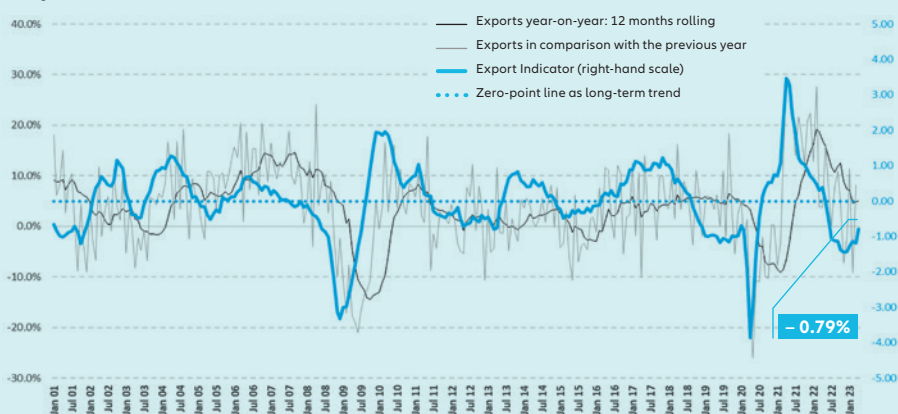
Inflation spiral continues

Although energy prices have fallen significantly, the inflationary spiral has developed a momentum of its own, in the form of higher wages, profit margins and interest costs. Inflation remains high in the Swiss construction industry. As a result, planning applications have been on the decline for a year, and since the start of this year the figures have well and truly plummeted. Inflation was 3.2% in the first quarter, but fell in March (2.9%) and April (2.6%).

Jan Möllmann, CEO of Allianz Trade Switzerland, comments: „The most recent

figures from the Allianz Trade Export Forecast confirm the dynamic trend reversal in the report of three months ago. An important backbone of the domestic economy and foreign trade is the labour market, which remains very solid, especially in the service sector. The employment situation is also satisfactory in the manufacturing industry. One worrying development, however, is that technology companies have announced plans for job cuts on a scale not seen in the sector for many years.“ In the short term, the risks are considerable, says Möllmann.

Export Forecast



The Allianz Trade Export Forecast indicates the future trend in Swiss goods exports (blue, right-hand scale, in standard deviations), with the zero-point line depicting the long-term, average growth trend in the annual rates of change. The graph also documents the official export statistics (including 12 months rolling, left-hand scale).

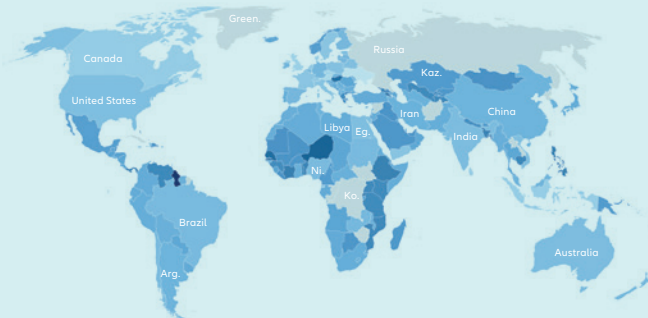
Business Climate

▲ Trending higher

Greece
Mexico
Turkey

▼ Trending lower

Nigeria
Netherlands
Austria



The global Business Climate map shows the current trends in the leading economic indicators by region. All sectors are taken into account. Our global climate indicator currently stands at 95.8 points, which is 4.2 points below the long-term average of 100 (score three months ago: 94.9). There is positive momentum in Greece, Mexico, Turkey and a number of African countries. Leading indicators in Nigeria, the Netherlands and Austria, among others, are displaying negative momentum.

Merchandise Exports (YoY)

Last official releases

1	Slovenia	24.8%
2	Greece	18.8%
3	Costa Rica	14.5%
4	Netherlands	12.3%
5	Hungary	11.0%
6	Chile	10.9%
7	Mexico	9.3%
8	Denmark	9.0%
9	Czech Republic	8.8%
10	United States	8.8%
11	Bulgaria	8.4%
12	United Kingdom	8.2%
13	Spain	7.3%
14	Italy	6.2%
15	Australia	5.6%
16	Kenya	5.3%
17	Portugal	4.9%
18	Brazil	4.8%
19	Poland	4.7%
20	Slovakia	4.6%
21	Canada	4.3%
22	Germany	4.1%
23	Sweden	3.7%
24	Indonesia	3.3%
25	Austria	2.9%

26 Switzerland 2.5%

27	Malaysia	1.8%
28	China	1.0%
29	New Zealand	0.3%
30	India	-1.2%
31	Colombia	-1.3%
32	World	-1.8%
33	France	-1.8%
34	Israel	-2.5%
35	Uruguay	-2.8%
36	Thailand	-4.5%
37	Singapore	-5.2%
38	South Africa	-5.9%
39	Finland	-7.4%
40	Saudi Arabia	-7.6%
41	Japan	-8.0%
42	Vietnam	-9.7%
43	South Korea	-12.6%
44	Philippines	-15.5%
45	Argentina	-18.7%
46	Taiwan, China	-19.2%
47	Hong Kong SAR, China	-23.4%
48	Norway	-24.4%
49	Russian Federation	-36.5%
50	Ukraine	-42.3%

The table shows the annual rates of change in exports of goods to various countries. Last official data available: January, February and March 2023. The data are pre-adjusted for seasonal and working-day factors; in nominal USD.

As their fears increase, investors and private which would impact the export eco-

nomy households could go into saving mode, sooner or later.

Foreign trade benefits from pharma and watches

Despite the current recovery, the leading indicators of Switzerland's most important trading partners have mostly deteriorated. The foreign country purchasing managers' index, which is weighted by shares of exports, stands at 48 points, two points below the neutral level. Stagnating growth in the euro zone, concerns about a recession in the US and a slowdown in the global economy are likely to weaken the Swiss export economy in the first half of 2023. The improvement in supply chain conditions and the reduction of existing order backlogs are positive developments. An increase in manufacturing was recorded in the US and China, while Japan and the euro zone reported declines.

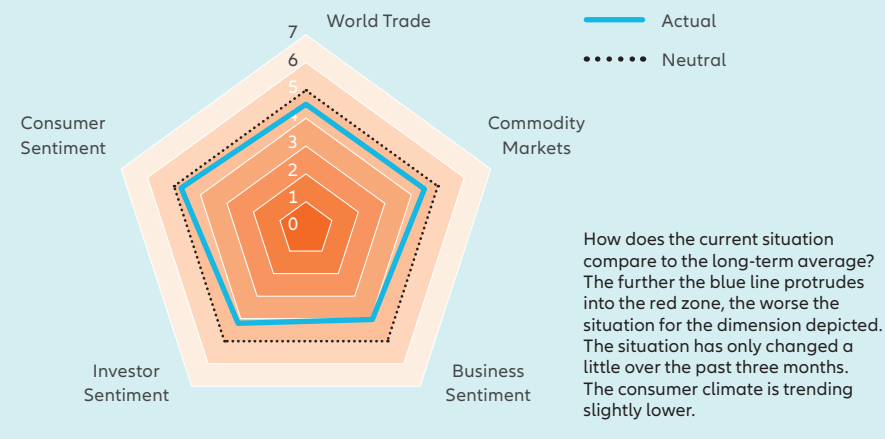
Swiss exports rose by a seasonally adjusted 3.9% in the first quarter of 2023 (in real terms: +5.0%). Imports were up by 1.1% (in real terms: +1.0%). As a result, exports almost made up for the dip in the final quarter of 2022. The trade surplus amounted to CHF 8.3 billion in the first three months of 2023.

More than two-thirds of the product groups saw an increase in exports in the first quar-

ter of 2023. With a nominal increase of CHF 1.5 billion (+4.5%), chemical and pharmaceutical products made the largest contribution to the overall increase. Vehicle exports were up by a quarter (CHF +301 million) and watch shipments by 5.3% (CHF +334 million). Machinery, electronics and precision instruments were also positive. Plastics export recorded double-digit growth. Metals, food, luxury foods, paper and graphic products declined.

Goods sold increased in value terms in all three major economic regions of Switzerland in the first quarter of 2023. Demand rose most strongly in Europe (+6.5%), followed by North America (+5.4%) and Asia (+2.9%). Vehicle imports climbed significantly by 13.9% or CHF 360 million. It is encouraging to see that the pharmaceutical and luxury goods industries once again played a leading role in Swiss foreign trade in the first quarter and that the export sector as a whole is proving to be crisis-resistant. The significant increases in vehicle imports show that the supply chain problems for lorries are evidently easing.

Trend: Global Assessment



Real GDP Forecast 2023 (% YOY)

	WTO	World Bank	OECD	IMF	Average
World	2.4	1.7	2.6	2.8	2.4
Advanced Economies		0.5		1.3	0.9
United States of America	1.5	0.5	1.5	1.6	1.3
Euro Area	0.9	0.0	0.8	0.8	0.6
Emerging Markets		3.4		3.9	3.7
East Asia and Pacific	4.2	4.3		5.3	4.6
China		4.3	5.3	5.2	4.9
Latin America	1.4	1.3		1.6	1.4
North Africa & Middle East		3.5		3.1	3.3
Sub-Saharan Africa	3.5	3.6		3.6	3.6
Switzerland				0.8	

World Trade Volume 1.7

These are the estimates of the relevant international organisations of the real, inflation-adjusted gross domestic product for various regions of the world for 2023. Global GDP is expected to grow by 2.4% in real terms on average (2022: 3.0%).

About the Allianz Trade Export Forecast

The Allianz Trade Export Forecast takes into account a large amount of data that is relevant in the context of the Swiss export industry. It factors in leading indicators for industry, transport and the financial and commodity markets as well as new sentiment indicators. Around 100 components are incorporated into a dynamic, predictive model, in which data series with a stronger lead time are given a higher weighting. The Allianz Trade Export Forecast has a lead time of up to six months in comparison with the actual exports of the Swiss export industry.

Allianz Trade in Switzerland

Allianz Trade is the global market leader in credit insurance and a recognised specialist in the areas of bonding, guarantees and fidelity insurance, including cyber crime. Its proprietary monitoring system analyses changes in the credit ratings of over 80 million companies on a daily basis. Allianz Trade gives companies security for their trading business by guaranteeing payments and compensating credit losses. In addition, Allianz Trade helps to prevent credit losses by focusing on proactive protection in all trade credit insurance and other financing solutions. In the event of a claim, the company's AA credit rating means that it has sufficient resources – supported by Allianz – to compensate credit losses and ensure that the firm suffering the loss can continue to exist. Headquartered in Paris, Allianz Trade is present in 52 countries with some 5,500 employees. In 2022, the company reported consolidated turnover of EUR 3.3 billion and insured business transactions worth EUR 1,057 billion worldwide. In Switzerland, around 50 staff work at its headquarters in Wallisellen and the other locations in Lausanne and Lugano.

For further information, go to
www.allianz-trade.ch

Forward-looking statements

The statements contained herein may include views, statements about future developments and other forward-looking statements that are based on the present opinions and assumptions of management and involve known and unknown risks and uncertainties. Actual results, performance or events can differ significantly from those that are explicitly or implicitly included in such forward-looking statements. The following factors could cause such differences (list not exhaustive): (i) changes in the economic conditions and the competitive situation, especially in the Allianz Group's core business areas and markets, (ii) financial market developments (especially market volatility and liquidity and credit events), (iii) the frequency and severity of insured claims, including as a result of natural disasters, and the development of claims expenses, (iv) mortality and morbidity rates and trends, (v) persistence levels, (vi) the extent of credit defaults, especially in the banking business, (vii) interest rates, (viii) exchange rates, including the EUR-USD exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the effects of acquisitions, including associated integration issues, and reorganisation measures, and (xi) general competition factors at a local, regional, national and/or global level. Many of these factors may become more likely or more pronounced as a result of terrorist activities and their consequences.

No obligation to update

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