



NOVEMBER 2022

Allianz Trade Export Forecast

Allianz Trade Export Forecast continues to fall

The Allianz Trade Export Forecast stands at -1.40 points in November (August: -1.11 points). The indicator is thus moving further away from zero, the line which marks the long-term trend growth. Negative annual growth rates are expected for exports over the next six to twelve months. Growth forecasts for trade in North America and Switzerland have been revised downwards, while those for Europe have been adjusted upwards.

At -1.40 points, the Allianz Trade Export Forecast is trending well below zero, the level which indicates the long-term average growth rate of the Swiss export industry. The last time the level was this low was in June 2020 during the first year of the COVID-19 pandemic. The Allianz Trade Export Forecast predicts that the export business will shrink by around 8% over the next six to twelve months; in August, the forecast annual rates of change stood at just -6%.

Following the swift recovery after the coronavirus crisis, the Swiss economy has proven quite robust so far this year, recording growth of 0.3% in both the first and second quarters of 2022. Investment picked up again after two quarters of stagnation, while industrial production weakened slightly. Rising inflation, higher interest rates and ongoing geopolitical uncertainties are currently creating a persistent economic headwind. According to the October survey, consumer sentiment has deteriorated further compared with the previous quarter, reaching its lowest level since the survey began in 1972. Expectations for the general economic trend over the next twelve months have worsened further, and households again assess their financial situation much more negatively than in the previous quarter. The only bright spot is the healthy state of the labour market: the employment situation is unchanged at 58 points, 8 points above the critical threshold of 50 which marks the line between contraction and expansion. In addition, the price level has slowly stabilised. Inflation fell from 3.3% in September to just 3% in October. It is likely that the Swiss National Bank will continue to pursue a restrictive monetary policy course and that the policy rate will thus rise to 1.5% at the turn of the year.

International environment remains challenging for the export industry

However, this has not yet left much of a mark on the official foreign trade data. In the third quarter of 2022, seasonally adjusted exports increased by 1.3% (in real terms: +0.7%) to a record CHF 67 billion.

Imports rose by 0.8% (in real terms: -0.5%), reaching an all-time high of CHF 58.9 billion. Growth has generally slowed since the

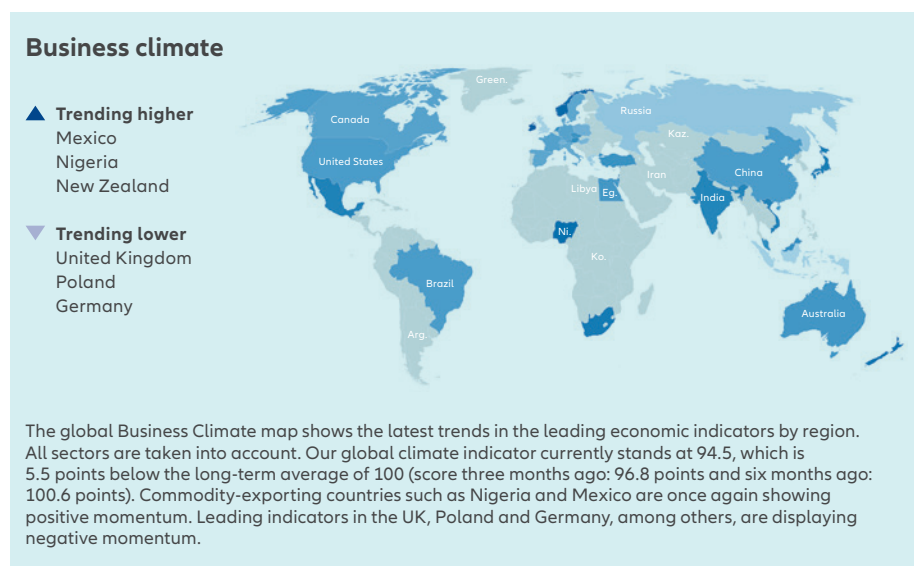
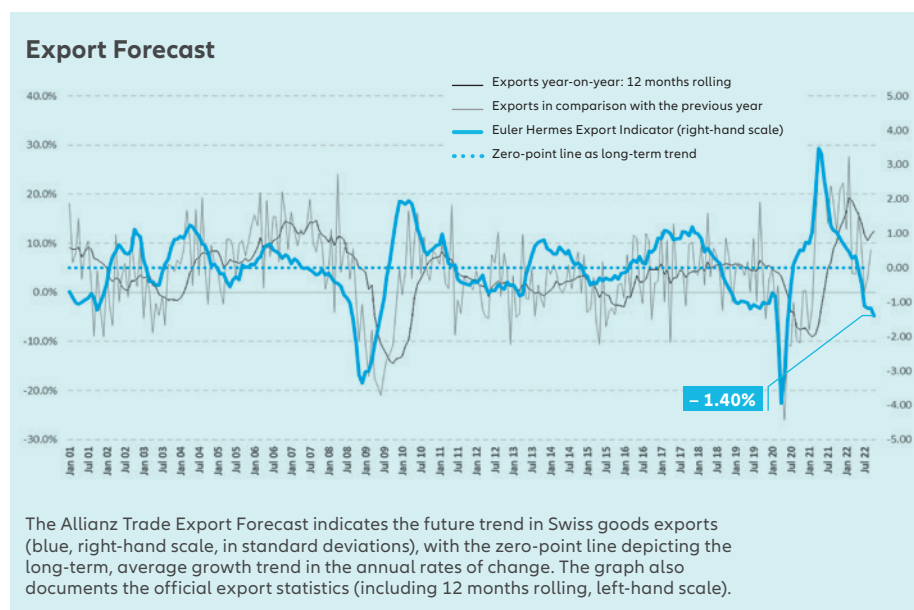
middle of the year. Globally, the leading indicators for industry continue to point downwards. The trade-weighted Purchasing Managers' Index for Swiss industry, which only takes foreign PMIs into account, has fallen by 2.2 points to 48.9 over the past three months and is in negative territory. The rate of decline has at least slowed somewhat.

Growth forecasts for the Swiss economy have been revised downwards. Allianz Trade expects that, after real growth of

2.2% in 2022 (September: 2.5%), the year 2023 will only see economic growth of 0.3% (September: 1.3%).

Alen Kahrs, CEO of Allianz Trade Switzerland, comments: „The Swiss export industry is faring quite well despite the weak international environment. I believe the reasons for this are that stronger negative effects can only be expected after a certain delay.

The Swiss export industry benefits from the fact that it has always had to deal with the strength of the Swiss franc, the price range



Merchandise exports (YoY)

Last official releases

1	Saudi Arabia	95.9%
2	Norway	94.4%
3	Qatar	87.5%
4	Colombia	59.7%
5	Uruguay	46.3%
6	Indonesia	39.7%
7	Morocco	37.4%
8	Bosnia and Herzegovina	30.9%
9	India	29.2%
10	Argentina	29.2%
11	Canada	27.2%
12	Israel	24.0%
13	Malaysia	20.8%
14	Greece	20.5%
15	United States	20.4%
16	Vietnam	20.2%
17	Australia	19.6%
18	Mexico	19.5%
19	Taiwan, China	18.3%
20	Belgium	17.9%
21	Korea, Rep.	17.8%
22	Singapore	17.1%
23	Slovenia	16.1%
24	Brazil	16.0%
25	World	14.2%
26	Thailand	13.1%
27	Chile	13.0%
28	High Income Countries	12.4%
29	Finland	12.3%
30	China	12.0%
31	Italy	9.3%
32	Spain	9.3%
33	Netherlands	8.8%
34	Sweden	8.6%
35	United Kingdom	8.1%
36	New Zealand	7.5%
37	Philippines	6.2%
38	Poland	6.0%
39	Portugal	5.7%
40	Austria	5.1%
41	Switzerland	4.2%
42	Denmark	4.2%
43	Hungary	1.4%
44	Germany	1.0%
45	South Africa	0.0%
46	Japan	-0.4%
47	Czech Republic	-1.2%
48	Hong Kong SAR, China	-3.9%
49	France	-4.7%
50	Ukraine	-49.8%

The table shows the annual rates of change in exports of goods to various countries. Last official data available: July, August and September 2022. The data are pre-adjusted for seasonal and working-day factors; in nominal USD.

between USD and CHF has been stable for years, and Switzerland is able to limit inflation more than neighbouring countries due to exchange rates and comparatively moderate interest rates.

Exports reach new high in third quarter

Swiss foreign trade also increased in the third quarter of 2022, with both imports and exports reaching new quarterly highs. The trade balance closed with a surplus of CHF 8 billion. While exports rose by 1.3% in nominal terms (to CHF 66.96 billion), imports were up by 0.8% (to CHF 58.92 billion). However, these nominal values are significantly influenced by inflation and the exchange rate. In real terms – i.e. adjusted for inflation – exports increased by 0.7% compared with the previous quarter (-0.6%). Imports declined by 0.5%.

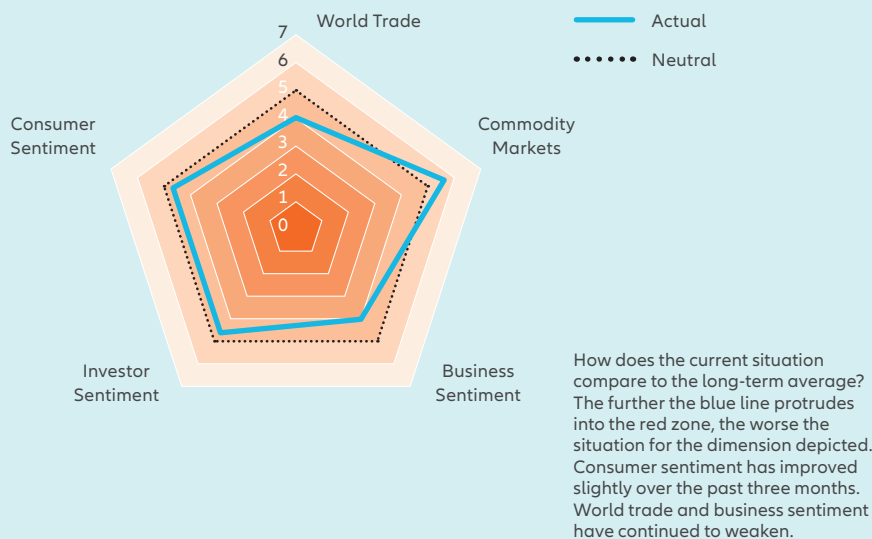
There are major differences in exports when they are broken down by product group. The increase in exports in the third quarter of 2022 was based primarily on the two product groups of chemical and pharmaceutical products and watches.

However, the much lower growth forecasts for the global and domestic Swiss economies in 2023 are likely to lead to lower investment activity and negative second-round effects for the economy as a whole.”

In the case of the former (+1.3% in nominal terms), the increase was due exclusively to higher exports in the immunological products sector. Watch exports (+4.9%) recorded their highest quarterly result to date of CHF 6.4 billion. While shipments of precision instruments remained slightly above the previous quarter's level, those of machinery and electronics, metals and vehicles fell noticeably after a solid growth phase in recent quarters.

Exports to Europe underwent their first decline in two years (-4.4% in nominal terms). By contrast, exports to Asia surged by 10.3%. This increase was broad-based, with the rises in exports to China and Japan in particular standing out (+19.3% and +15.5%, respectively). At +3.2%, exports to North America were also up.

Trend: Global assessment



Real GDP forecast 2022 (% YOY)

	WTO	World Bank	OECD	IMF	Average
World	2.8	2.9	3.0	3.2	3.0
Advanced Economies		2.6		2.4	2.5
United States of America	1.7	2.5	1.5	1.6	1.8
Euro Area	2.7	2.5	3.1	3.1	2.9
Emerging Markets		3.4		3.7	3.6
East Asia and Pacific	3.7	4.4		4.4	4.2
China		4.3	3.2	3.2	3.6
Latin America	3.7	2.5		3.5	3.2
North Africa & Middle East		5.3		5.0	5.2
Sub-Saharan Africa	3.5	3.7		3.6	3.6
Switzerland			2.5	2.2	2.4
World Trade Volume	3.5				

These are the estimates of the relevant international organisations of the real, inflation-adjusted gross domestic product for various regions of the world for 2022. Global GDP is expected to grow by 3.5% on average in real terms.

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 more than 5,500 employees. In 2021, the company reported consolidated turnover of EUR 2.9 billion and insured business transactions worth EUR 931 billion worldwide. In Switzerland, around 50 staff work at its headquarters in Wallisellen and the other locations in Etoy 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

The company is under no obligation to update the information or forward-looking statements herein, with the exception of the information prescribed by law.

Picture credits: Freepik Senivpetro