Atradius

Managing risk, enabling trade

July 2017

market monitor

Focus on chemicals performance and outlook

Disclaimer

In this issue...

On the following pages we indicate the general outlook for each sector featured using these symbols:

Excellent Good Fair Poor Bleak

Merger mania

Globally, the chemicals industry still seems to be performing quite well, with generally robust business financials, good payment records and low insolvency rates compared to other industries. The performance of the chemicals sector in all countries covered in this issue of the Market Monitor is rated between 'Good' and 'Fair'.

However, throughout all subsectors chemicals businesses are facing major challenges. While global chemicals sales are still growing year-on-year, annual sales increases have slowed down from about 5% in the early 2000s to 2% in 2016. Organic growth has slowed down, and chemicals businesses' return assumptions and profit margins are lower than in the past. Another issue is the soaring costs of developing and testing new chemicals.

These issues are the main drivers of the search by chemicals businesses for solutions that can increase long-term growth prospects, optimise/re-evaluate business portfolios and decrease costs. This has triggered the on-going wave of mergers and acquisitions (M&A) in the industry, especially in the agrichemicals, basic and speciality chemicals segments.

The surge of M&A activities since 2015 is also sustained by the willingness of external investors to increase their activities in the chemicals industry and the currently benign global financing environment with low interest rates. Another push factor is persistently low oil and gas prices, which is a main driver of major investments, especially in the US chemicals sector. According to PwC, chemicals M&A volumes amounted to USD 237 billion in 2015 and USD 220 billion in 2016, and this trend is set to continue in 2017. Among the largest M&A deals since the end of 2015 are the mergers between Dow Chemical and DuPont (worth USD 130 billion), Bayer and Monsanto (worth USD 66 billion) and ChemChina and Syngenta (worth USD 43 billion).

China

- Slower, but still solid growth
- Payments take around 60-90 days on average
- Private businesses face financing issues

Overview

Credit risk assessment	significantly improving	improving	stable	deteriorating	significantly deteriorating
Trend in non-payments over the last 6 months			✔		
Development of non-payments over the coming 6 months			✔		
Trend in insolvencies over the last 6 months			✔		
Development of insolvencies over the coming 6 months			✔		
Financing conditions	**very high**	**high**	**average**	**low**	**very low**
Dependence on bank finance			✔		
Overall indebtedness of the sector			✔		
Willingness of banks to provide credit to this sector				✔	
Business conditions	**significantly improving**	**improving**	**stable**	**deteriorating**	**significantly deteriorating**
Profit margins: general trend over the last 12 months			✔		
General demand situation (sales)			✔		

Source: Atradius

The Chinese chemicals industry has entered a phase of lower but still solid growth, following the slowdown in GDP growth (forecast to increase 6.7% in 2017 and 6.1% in 2018). However, despite the slowdown, both Chinese GDP expansion and chemicals demand growth rates remain above global average.

The performance of the Chinese chemicals industry is still hampered by a lack of advanced technology, despite government efforts to accelerate the acquisition of Western know-how. Still many Chinese firms do not invest enough in research and development and rely primarily on imported technology. The government is actively encouraging joint ventures between foreign companies and state-owned enterprises. The benefits for foreign companies investing in China include a growing domestic market in which they can sell their products, and low construction and labour costs when building greenfield projects. In the long term, China's growing industrialisation and urbanisation will provide further growth opportunities for the chemicals industry, and an expanding middle class will require higher-quality chemical products.

Many subsectors have faced oversupplies because of the investment-led growth model that has resulted in excessive spending on new factories in the past. Overcapacity issues have resulted in deteriorating business profitability in some segments like Purified Terephthalic Acid (PTA) and fertilizers, while the lower oil price has hit the oil exploration industry. However, the oil-refining and petrochemicals sectors recorded sustained growth thanks to cost reduction and robust demand. The Chinese petrochemicals industry achieved revenues of CNY 13.29 trillion (EUR 1.79 trillion) in 2016, and profits remained stable around CNY 644.4 billion (EUR 87 billion) with profitability of 4.8%, on average. Overcapacities have meanwhile abated in the fine and specialty chemicals segment, leading to market stabilization.

China: Chemicals sector

	2016	2017f	2018f
GDP growth (%)	6.7	6.7	6.1
Sector value added growth (%)	8.2	5.2	6.1

Sector share in the national economy (%)	3.0
Average sector growth over the past 3 years (%)	7.4
Average sector growth over the past 5 years (%)	8.8
Degree of export orientation	low
Degree of competition	high

Sources: Macrobond, Oxford Economics, Atradius

Competition in the Chinese chemicals sector is high as overcapacities have driven businesses to reduce output and cut prices in order to gain a competitive edge. This goes at the expense of smaller and medium-sized companies, which have to leave the market or are being taken over by larger entities.

On average, payments in the Chinese chemicals sector take around 60-90 days. The level of payment delays and insolvencies is average in the Chinese chemicals sector, and no major increase of business failures is expected in 2017, as demand for chemical products is relatively stable across all subsectors and among all consumer segments.

Our underwriting approach to the Chinese chemicals sector is generally neutral for all main subsectors (basic chemicals, petrochemicals, fine and specialty chemicals). We take into consideration the performance of each subsector, the background of the businesses' shareholders, the nature of the buyer (seller or manufacturer), their financial performance and funding facilities. We are more cautious with highly geared private businesses in the chemicals sector, as banks are currently restrictive in offering loans to privately-owned companies, which could lead to serious working capital issues.

Chinese chemicals sector

Strengths	China is one of largest markets for chemicals in the world
	Chemicals are widely used in various sectors and domestic demand is robust
	Government's guidance for economic development (13th Five Year Plan, covering 2016 – 2020)
Weaknesses	Overcapacities still exist
	Increasing labour costs have weakened China's international competition
	Mainly low-end chemical products are produced

Source: Atradius

Italy

- **Competition in low value-added segments remains high**
- **Payments take 60 days on average**
- **Fiscal crimes plague the fuel wholesalers segment**

Overview

Credit risk assessment	significantly improving	improving	stable	deteriorating	significantly deteriorating
Trend in non-payments over the last 6 months			✔		
Development of non-payments over the coming 6 months				✔	
Trend in insolvencies over the last 6 months			✔		
Development of insolvencies over the coming 6 months			✔		
Financing conditions	**very high**	**high**	**average**	**low**	**very low**
Dependence on bank finance				✔	
Overall indebtedness of the sector				✔	
Willingness of banks to provide credit to this sector		✔			
Business conditions	**significantly improving**	**improving**	**stable**	**deteriorating**	**significantly deteriorating**
Profit margins: general trend over the last 12 months			✔		
General demand situation (sales)			✔		

Source: Atradius

Italian chemicals production increased 1.2% in January–October 2016. However, in Q4 of 2016 growth slowed down with stocks of raw materials at low levels, so that in 2016 chemicals production increased just 0.9% to a value of EUR 85 billion - a continued recovery without acceleration. In 2016 chemicals exports increased 2.1% in volume, while export values remained substantial despite falling prices. In particular exports of speciality chemicals (paints, inks and adhesives, detergents and cosmetics) showed a robust growth rate of 5.2%.

Domestic demand continued to increase (up 1.4% in volume), although at a slower pace than in 2015 (up 2.5%), thanks to the positive performance of the automotive sector as well as growth in the pharmaceuticals and rubber/plastics segments. In addition, the furniture industry registered a rebound and the negative trend in chemicals demand from the construction industry bottomed out.

In 2017 Italian chemicals production is expected to increase 1.2%, with domestic demand showing a growth rate similar to 2016 (up 1.3%) and a modest acceleration in export growth (up 2.5%). Expected improvements in domestic demand will gradually reduce the difference between strongly export-oriented chemicals businesses and (thus far, more vulnerable) companies highly dependent on the domestic market. That said, as domestic demand still remains below the pre-crisis level and overcapacities continue, competition in the low value chemicals segment remains high. In contrast, it is reduced in the high value segment due to high entry barriers. In this segment chemicals companies have been able to get close to pre-crisis levels as value-added has grown by 4.7% between 2007 and 2016, even by 16% since 2012, mainly due to strong performance in overseas markets.

Italy: Chemicals sector

	2016	2017f	2018f
GDP growth (%)	1.0	1.3	1.0
Sector value added growth (%)	1.0	3.4	1.0

Sector share in the national economy (%)	1.1
Average sector growth over the past 3 years (%)	2.0
Average sector growth over the past 5 years (%)	1.2
Degree of export orientation	high
Degree of competition	high

Sources: Macrobond, Oxford Economics, Atradius

On average, payments in the Italian chemicals sector take around 60 days. Payment experience is good, and the level of protracted payments has been low over the past couple of years. Payments generally occur on time. The level of payment delays and insolvencies is low in the Italian chemicals/pharmaceuticals sector, and this is expected to remain generally unchanged in H2 of 2017.

However, we expect non-payments to increase in the oil/fuel wholesalers segment, which is affected by low profitability due to heavy taxation (VAT amounts to 21%-22%, and other excises on fuels reach 68% of the final sales price of fuels) and international competition. Fiscal crimes (i.e. import of fuel from illegal markets to avoid VAT payments) have increased, while public authorities have started to investigate these resulting in the bank accounts of many fuel wholesalers being blocked.

Considering the generally positive outlook for the industry, the low level of bank bad debts and the above-average solvency of many businesses, our underwriting approach to the Italian chemicals sector remains relaxed. However, subsectors and businesses dependent on construction, construction materials and consumer durables still require particular attention. Compared to producers, chemicals wholesalers generally show lower solvency and higher gearing ratios to finance their working capital needs. Due to the issues mentioned above a more cautious underwriting approach is applied to wholesalers of fuels. Also in focus are wholesalers and retailers of pharmaceuticals, which are dependent on public healthcare expenditure and suffer from long payment duration by public bodies and decreased margins.

Italian chemicals sector

Strengths	High degree of internationalisation
	The sector records above average solvency and profit margins compared to Italian manufacturing
	The industry has the lowest bank bad debt ratio in Italy
Weaknesses	High energy and labour costs affect margins
	The oil/fuel downstream segment is affected by low margins and increased fiscal crimes
	Increasing competition, especially from Asia

Source: Atradius

United States

- Many segments continue to enjoy the cost advantage of shale gas
- Impact of the new administration´s economic policies remains to be seen
- Payments take between 30 and 90 days on average

Overview

Credit risk assessment	significantly improving	improving	stable	deteriorating	significantly deteriorating
Trend in non-payments over the last 6 months			✔		
Development of non-payments over the coming 6 months			✔		
Trend in insolvencies over the last 6 months			✔		
Development of insolvencies over the coming 6 months			✔		
Financing conditions	very high	high	average	low	very low
Dependence on bank finance		✔			
Overall indebtedness of the sector			✔		
Willingness of banks to provide credit to this sector		✔			
Business conditions	significantly improving	improving	stable	deteriorating	significantly deteriorating
Profit margins: general trend over the last 12 months			✔		
General demand situation (sales)			✔		

Source: Atradius

US chemicals production grew 1.6% in 2016, and is expected to increase 3.6% in 2017 and 4.8% in 2018, as many subsectors continue to enjoy the cost advantage of shale gas. The US has moved from being a high-cost producer of key petrochemicals and resins in the past to being the world's second lowest cost producer.

Exports of US chemicals linked to shale gas are projected to reach USD 123 billion by 2030. Chemical producers are clearly looking to take further advantage of continued low natural gas prices in the US, which is enabling the significant expansion of methane-based projects. Currently the US is a major importer of methanol, but by 2018 it will be a net exporter of this substance - a significant shift for the US chemicals industry.

Like other US industries, the chemicals sector is still waiting for further clarification of the economic policy under President Trump. While corporate tax cuts would benefit many businesses across all US sectors, any economic stimulus policy that would boost economic performance would have a positive impact on the chemicals industry in 2018, as annual US chemicals demand growth usually exceeds year-on-year GDP growth. The large infrastructure improvements announced by the new administration (but still subject to Congressional approval) would widely benefit US chemical businesses providing polymers, coatings, adhesives, solvents and other materials used in the construction industry. The easing of energy and environmental regulations would also have a positive impact on the chemicals industry.

However, there are also some potential downside risks related to President Trump´s economic policy course. Potential taxes on imports could find US chemicals businesses paying more for feedstocks and negatively impacting supply chains. Protectionist US trade policies - followed by retaliatory measures by trade partners - would hit the US chemicals industry heavily, given its substantial trade surplus (Mexico alone accounts for more than half of the US chemicals trade surplus).

United States: Chemicals sector

	2016	2017f	2018f
GDP growth (%)	1.6	2.2	2.7
Sector value added growth (%)	-0.1	1.1	4.3

Sector share in the national economy (%)	1.6
Average sector growth over the past 3 years (%)	0.6
Average sector growth over the past 5 years (%)	0.2
Degree of export orientation	high
Degree of competition	high

Sources: Macrobond, Oxford Economics, Atradius

Profit margins of US chemicals businesses are generally stable, and the amount of protracted payments in this sector is low. On average, payments in the chemicals industry take between 30 and 90 days. The number of insolvencies is low compared to other industries, and is expected to remain so in 2017 consistent with improving demand for chemicals.

Our underwriting approach to the chemicals sector remains generally positive to neutral. As the sector is highly fragmented and dependent on the broader economy and input costs, we scrutinise single subsector trends and end-markets. We continue to focus on the financial strength of buyers as the volatile price environment settles at what appears to be the bottom, with some price volatility seen in Q1 of 2017 associated with the implementation of the new US administration.

Our underwriting approach remains cautious for the energy and fuel/oil subsector, especially for smaller and local players in this segment. We closely monitor liquidity and business outlooks for public and private buyers in this subsector. We also closely monitor US chemicals companies that do business in countries where the local currency has significantly devalued against the USD.

US chemicals sector

Strengths	Strong international competitive advantage due to low energy prices in the US
	Stable profit margins and low level of protracted payments
Weaknesses	Strong USD hampers export performance
	Sector is vulnerable to global protectionism

Source: Atradius

Market performance snapshots

Brazil

- **A modest rebound after severe deterioration**
- **Many businesses remain highly leveraged**
- **Payments take up to120 days**

In line with the recovery of the Brazilian economy, (GDP is expected to grow 0.5% in 2017 and 2.0% in 2018 after contracting 3.6% in 2016) the chemicals sector is forecast to grow by about 1.5% in 2017 and 2018. After a severe slump, the Brazilian agrichemicals segment currently benefits from a rebound in commodity prices and a good harvest. Both chemicals and pharmaceuticals businesses are able to improve their results and margins again, as interest rates started to decrease again since the end of 2016.

The level of competition in both chemicals and pharmaceuticals sectors is high and a concentration process is ongoing - in particular among medium-sized and large players. In the agrichemicals segment vertical integration processes are underway, with international raw material producers entering the market by buying fertilizer blenders in order to secure their distribution channels.

Apart from a few large players, most Brazilian chemicals and pharmaceuticals businesses are highly leveraged, which is also the result of previous expansion activities before the recession started in late 2014. Banks have been selectively supportive to the sector, helping in particular to stabilise those players that, while showing a fragile financial structure, still have cash flow capabilities.

Payments take up to 120 days in the chemicals sector and average 90 days in the pharmaceuticals sector. Payment behaviour in the agrichemical segment depends heavily on the position of a company within the value chain and external factors, such as the harvest cycle, commodity price development and exchange rate volatility. In the pharmaceuticals sector payment behaviour is influenced by consumer spending capacity and public sector spending behaviour.

Over the past two years payment experience has been rather bad and insolvencies increased in the agrichemicals sector, as this segment suffered from the sharp commodity price decrease since 2014 and a severe drought in 2015-2016, coupled with strong exchange rate fluctuations that increased raw materials costs.

However, the situation has improved since the beginning of 2017 with a decrease in non-payment notifications and insolvencies as agrichemicals benefits from the on-going economic rebound, coupled with a stronger currency and recovered commodity prices.

In the pharmaceuticals segment, businesses that are serving the public sector and retailers have been suffering payment delays in 2016. The current economic rebound, together with a gradual reduction of unemployment should help to avoid further insolvency increases, especially in the pharmaceuticals retail subsector.

Despite the on-going rebound in the chemicals and pharmaceuticals sectors, our underwriting stance remains neutral or even restrictive for the time being. The pharmaceuticals sector remains affected by the high unemployment rate and cuts in public health funding, both at federal and local state level. The agrichemicals sector remains susceptible to sudden changes of important exogenous factors like climate, market prices and exchange rate fluctuations. Despite the on-going deleveraging process, many businesses still face high debt levels, while interests rates remain high at double-digit rates, despite recent decreases. The level of bank support for single businesses is one of the main criteria in our underwriting assessment.

For the Brazilian petrochemicals subsector our underwriting stance is restrictive, as the current oil price level is still far below break-even for pre-salt oil extraction, which is only profitable at an oil price above USD 70 per barrel.

Poland

- Solid growth expected in 2017
- Low number of insolvencies
- Some issues in the petrochemicals subsector

According to the Polish Central Statistical Office, chemicals production grew 2.2% in 2016. Further production growth is expected to follow the forecast GDP expansion of 3.6% and the on-going economic rebound in the eurozone. Production of chemicals increased 6.7% (in constant prices) year-on-year in Q1 of 2017. The benign economic environment and the still low oil price positively impact chemicals businesses' profit margins. However, energy prices have increased in 2017, which has a negative impact. In general businesses' profit margins are expected to remain stable in 2017.

Gearing in the Polish chemicals sector is average, and many companies use investment credits in order to finance their investment projects for innovations. Polish banks are generally willing to provide loans to the chemicals sector. The Polish benchmark interest rate has been low at 1.5% for two years, and the subsequent low interest rates for credit has spurred chemicals businesses to use bank loans to finance their investments. As no major interest rate increase is expected in 2017, the risk that funding costs could adversely affect the financials or operational results of businesses is low.

On average, payments in the Polish chemicals sector take 30-60 days, but can take up to 180-240 days for seasonal products (e.g. fertilizers). Payment behaviour has been good over the past two years, and the number of non-payments and insolvencies has been low. Given the solid performance of the chemicals sector in 2017 no increase in business failures is expected.

Due to the solid performance in 2016 which is expected to continue in 2017, our underwriting stance remains generally open for the chemicals sector. However, we are more cautious with smaller fuel wholesalers and smaller chains of fuel stations in the petrochemicals subsector due to a grey economy in fuel trade in the past, which has led to increased VAT and excise tax controls.

When underwriting the chemicals industry we especially assess the impact of raw material price changes on businesses' sales and profitability. Costs for raw materials account for a large share of total costs, meaning that changes in certain raw material markets (availability and price) significantly affect the activities and financial performance of businesses.

Market performance at a glance

Czech Republic

- The Czech chemicals industry is recording increasing demand, but due to decreased producers prices nominal revenues and margins have decreased. The currently robust economic performance (Czech GDP is forecast to increase 3% in 2017) has led to rising demand for petrochemical products, while the rubber and plastics subsectors are benefitting from robust automotive industry demand. Performance of agribusiness-related chemicals segments and pharmaceuticals is stable.
- Financing requirements and gearing are both high in the industry. Companies producing chemicals are forced to carry high fixed assets, which are quite often financed with bank loans. While the currently low interest rates provide some relief, the high indebtedness of some businesses limits their ability to invest.
- Payment duration in the chemicals sector ranges between 30 days and 60 days. In some wholesale segments the payment terms are shorter, starting at 14 days.
- Payment behaviour is generally stable, and non-payment notifications are not expected to increase in the coming months. Chemicals sector business insolvencies are rather low compared to other industries. No major change is expected in the coming six months.
- Our underwriting stance is open for the plastics and the fine and speciality chemicals segments due to the benign demand situation. However, we are more cautious when underwriting the petrochemicals segment, which benefits from solid demand from transportation, but is also affected by high competition, lower revenues and pressure on net margins (especially in the oil/fuel distribution segment).

Indonesia

- The Indonesian chemicals sector value added grew 6.5%, and in 2017 a growth rate of about 7.5% is expected, driven by demand from the construction and automotive industries and an increasing population with rising incomes. However, some inefficiencies and red tape remain stumbling blocks.
- The sector mainly consists of a large number of smaller players, with only a few bigger companies active. Indonesian chemicals businesses are mainly serving the domestic market. The government recently introduced regulations in order to reduce gas prices for the fertilizer and petrochemicals segments, which should have a positive impact on profit margins.
- On average, payments in the Indonesian chemicals sector take 60 days. The number of non-payment notifications increased in 2016 in the plastics subsector, but no further increase is expected in 2017. The insolvency environment is stable, and no major increase in business failures is expected due to continued demand growth and limited competition in the market.
- Our underwriting approach to the chemicals sector is generally positive for all major segments, especially for petrochemicals and syntetic rubber. For the plastics subsector we have a more cautious approach due to some credit insurance claims in 2016.

Saudi Arabia

- The Saudi Arabian chemicals industry relies on the country's tremendous amounts of hydrocarbons, including gases and liquids associated with crude oil and methane production. In addition to the substantial reserves of cheaply extractable feedstock, the sector also benefits from a supportive government economic policy. Saudi Arabia could become the second largest ethylene producer in the world (after the US) by 2020.
- However, the industry remains affected by the slowdown in the country´s economic performance due to lower oil prices, which has led to lower investments and decreased public spending. Demand and businesses' profit margins are expected to decrease further in 2017.
- That said, the long-term outlook for the chemicals sector is still benign, as the industry is confident of growing exports, despite the increasing use of shale gas as a feedstock for US petrochemicals production.
- The common payment terms are between 60-120 days in this industry. Until 2015 the payment experience in the chemicals sector has been good. However, given the current economic difficulties in Saudi Arabia, non-payments and business failures have increased, and are expected to rise further in the coming months. Many businesses suffer from tight liquidity and decreasing margins.
- Therefore, we maintain a more cautious underwriting approach on the chemicals sector for the time being, especially on large buyers, which are primarily dependent on bank financing.

Spain

- Spanish chemicals production increased 3% in 2016, while turnover grew just 1.7% (up to EUR 59 billion), mainly due to lower international sales prices. Production growth is expected to increase about 2.5% in 2017 and 2018. Profit margins remained stable over the past 12 months, mainly due to less volatility in oil prices, and this should continue in H2 of 2017 and into 2018.
- In general, access to bank financing for chemicals businesses has improved in recent years, for both short-term financing (working capital management) and long-term facilities (i.e. capital expenditure financing). Gearing of businesses in this sector is generally low.
- Payments in the Spanish chemicals sector take 60 days on average. The number of payment delays and insolvencies has been very low over the last couple of years, and this is expected to remain unchanged in H2 of 2017 and into 2018, due to fairly stable commodity prices and the positive growth outlook of the Spanish economy, which is forecast to grow 2.8% in 2017 and 2.2% in 2018.
- Our underwriting stance for all major chemicals subsectors remains relaxed for the time being. We continuously monitor how the development of commodity prices affects the cash flow generation of businesses and their ability to pass on price changes to the final costumer. Special attention is given to highly geared companies, assessing the evolution of their debt burden and the reasons of any significant debt increase.

United Kingdom

- The British chemicals industry adds about GBP 15 billion of value to the UK economy every year, and annual chemicals exports amount to about GDP 50 billion. The majority of companies within the sector are mature, with a stable customer base. High entry barriers protect the industry due to the required high capital expenditure.
- However, profit margins of British chemicals businesses could be negatively affected by decreasing global demand and domestic economic uncertainty over the outcome of the Brexit negotiations. At the same time, high energy costs (e.g. electricity) in the UK remain an issue for the industry, while competition from low cost producers in Asia is increasing.
- Currently, British chemicals exporters continue to benefit from the weaker British pound against the euro and the US dollar.
- A large number of chemicals businesses are financed through asset based finance. In most instances profit levels are sufficient to cover the interest. Bank financing facilities are adequate, and business refinancing does not appear to be a problem.
- On average, payments in the British chemicals sector take between 60 days and 90 days. Payment experience has been very good over the past couple of years, and the level of protracted payments is low. The number of non-payment and insolvency cases was low in 2016, and this trend is expected to remain unchanged in 2017, as potential repercussions of Brexit on the domestic economy and chemicals exports have not yet materialised.
- For the time being our underwriting approach to the chemicals sector remains generally positive for all major subsectors (basic chemicals, petrochemicals, fine and specialty chemicals).

Industries performance forecast per country

July 2017

	Agriculture	Automotive/ Transport	Chemicals/ Pharma	Construction Const.Mtrls	Consumer Durables	Electronics/ ICT	Financial Services
Austria	🌤	🌧	☀	☁	🌤	☁	🌤
Belgium	☁	🌤	☀	🌧	☁	🌤	☁
Czech Rep.	🌤	☀	🌤	🌧	☁	☁	🌤
Denmark	⛈	☁	🌤	☁	🌧	☁	☁
France	🌧	☁	☀	🌧	☁	☁	🌤
Germany	☁	☁	☀	🌤	☁	☁	🌤
Hungary	☁	☁	🌤	☁	☁	☁	☁
Ireland	☁	☁	🌤	☁	☁	☁	☁
Italy	☁	🌤	🌤	⛈	🌤	🌤	🌤
The Netherlands	🌤	☁	☀	☁	☁	☁	🌤
Poland	☁	🌧	☁	🌧	☁	🌧	🌤
Portugal	☁	🌤	🌧	🌧	🌧	🌧	🌧
Russia	☁	☁	☁	🌧	☁	🌧	☁
Slovakia	☁	🌤	🌤	⛈	☁	☁	🌤
Spain	☁	🌤	🌤	🌧	☁	☁	☁
Sweden	🌤	☁	🌤	☁	🌤	🌤	🌤
Switzerland	🌤	☁	🌤	☁	🌤	☁	☀
Turkey	🌤	🌤	☁	🌧	☁	🌧	🌤
UK	🌤	☁	🌤	🌧	☁	☁	☁
Brazil	☁	🌧	☁	🌧	⛈	⛈	🌤
Canada	☀	☁	☁	☁	☁	☁	☀
Mexico	☁	🌤	☁	🌧	☁	☁	🌤
USA	☁	🌤	🌤	☁	☁	🌤	🌤
Australia	🌤	🌧	☁	🌧	☁	🌤	🌤
China	☀	☁	☁	🌧	☁	☁	☀
Hong Kong	N/A	☁	☁	☁	☁	🌤	🌤
India	☁	☁	🌤	🌧	☁	☁	☁
Indonesia	☁	🌧	☁	🌤	☁	☁	☁
Japan	🌤	☁	☁	☁	☁	🌤	🌤
New Zealand	🌤	🌧	🌤	🌤	🌧	🌤	🌤
Singapore	🌤	🌧	☁	🌧	☁	☁	🌤
Taiwan	N/A	🌧	☁	☁	🌤	🌤	☁
Thailand	☁	☁	☁	☁	🌧	☁	☁
United Arab Emirates	🌤	☁	☁	🌧	🌧	🌧	☁

Food	Machines/ Engineering	Metals	Paper	Services	Steel	Textiles
Good	Good	Fair	Fair	Good	Poor	Poor
Good	Good	Fair	Poor	Poor	Good	Poor
Fair	Fair	Fair	Fair	Fair	Fair	Poor
Good	Fair	Fair	Bleak	Fair	Poor	Poor
Good	Fair	Fair	Poor	Fair	Fair	Poor
Fair	Good	Fair	Poor	Good	Fair	Poor
Fair	Good	Poor	Fair	Good	Poor	Poor
Good	Fair	Fair	Bleak	Poor	Fair	Poor
Good	Good	Poor	Poor	Good	Poor	Poor
Excellent	Fair	Fair	Fair	Good	Fair	Poor
Fair	Poor	Fair	Fair	Good	Fair	Fair
Fair	Fair	Poor	Fair	Good	Poor	Fair
Fair	Poor	Fair	Fair	Poor	Fair	Fair
Fair	Good	Fair	Fair	Fair	Fair	Poor
Good	Fair	Poor	Poor	Good	Poor	Poor
Good	Good	Poor	Fair	Fair	Poor	Poor
Good	Good	Fair	Bleak	Good	Poor	Fair
Good	Fair	Bleak	Poor	Poor	Fair	Poor
Fair	Fair	Poor	Poor	Fair	Poor	Poor
Good	Poor	Poor	Fair	Fair	Poor	Poor
Good	Fair	Fair	Poor	Good	Fair	Bleak
Good	Fair	Poor	Good	Good	Poor	Poor
Good	Fair	Poor	Poor	Good	Poor	Poor
Good	Fair	Poor	Poor	Fair	Poor	Poor
Good	Fair	Bleak	Poor	Good	Bleak	Poor
Excellent	Fair	Poor	Fair	Good	Poor	Fair
Good	Fair	Poor	Good	Good	Poor	Fair
Good	Fair	Poor	Fair	Fair	Poor	Fair
Good	Fair	Fair	Fair	Good	Fair	Poor
Fair	Fair	Fair	Poor	Poor	Poor	Poor
Good	Fair	Fair	Fair	Good	Poor	Fair
Excellent	Fair	Poor	Fair	Good	Poor	Fair
Good	Fair	Fair	Fair	Fair	Poor	Bleak
Poor	Fair	Poor	Fair	Good	Poor	Poor

Excellent

Good

Fair

Poor

Bleak

Industry performance

Changes since June 2017

Asia/Oceania

China

Food

Up from Fair to Good

Food safety has improved after several food scandals in the past and credit insurance claims in this sector have decreased.

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