Atradius Country Report

Western Europe - May 2019
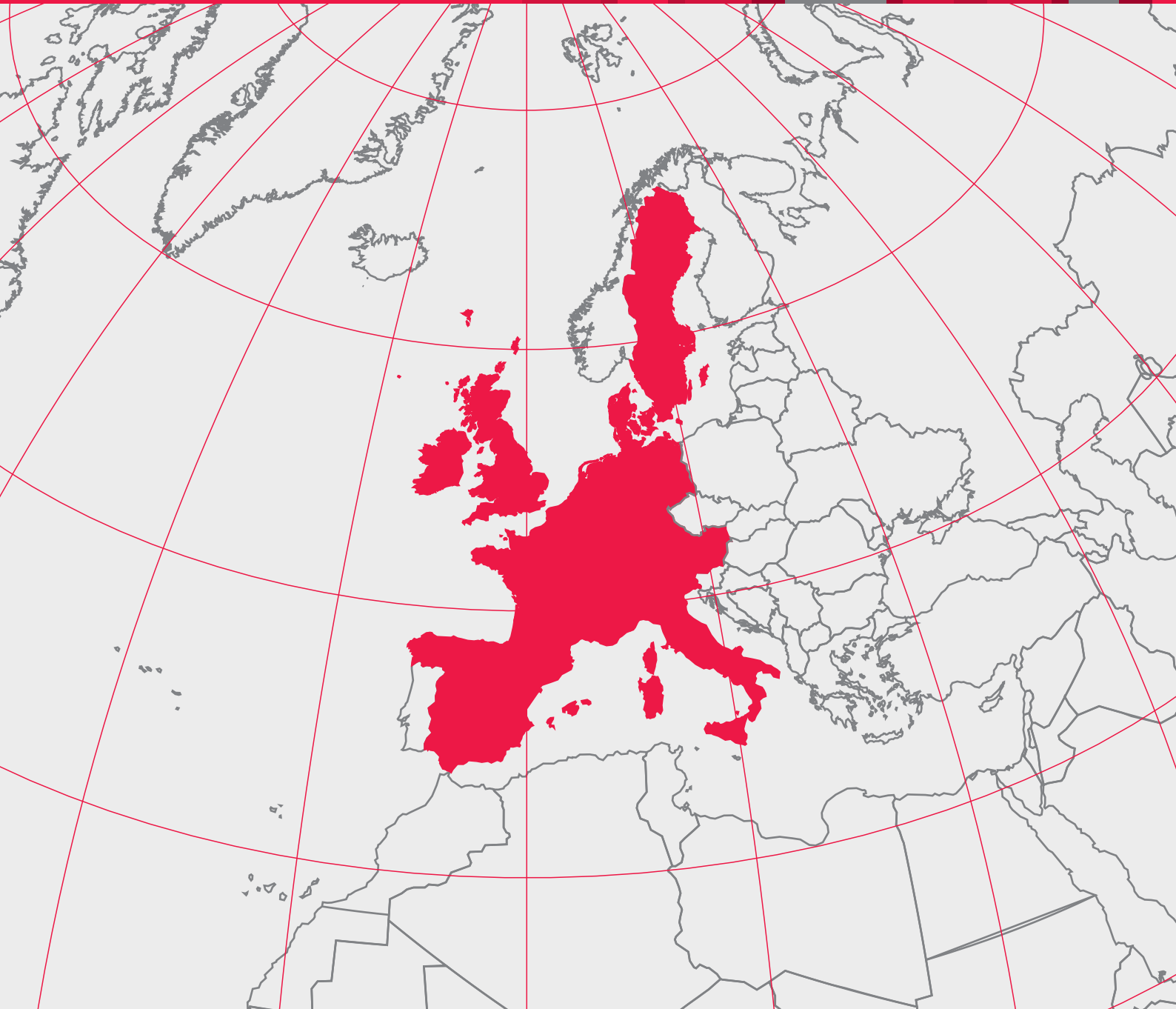
Contents

Austria

Main import sources (2017, % of total)	
Germany:	41.8 %
Italy:	5.8 %
Switzerland:	5.1 %
Czech Republic:	4.4 %
Netherlands:	4.2 %

Main export markets (2017, % of total)	
Germany:	29.5 %
USA:	6.3 %
Italy:	6.2 %
France:	4.8 %
Switzerland:	4.8 %

Key indicators	2016	2017	2018	2019*	2020*
Real GDP growth (y-on-y, % change)	2.0	2.7	2.8	1.5	2.0
Inflation (y-on-y, % change)	0.9	2.1	2.0	1.3	1.7
Real private consumption (y-on-y, % change)	1.5	1.6	1.9	1.6	1.9
Real government consumption (y-on-y, % change)	1.7	1.5	0.2	1.8	2.1
Industrial production (y-on-y, % change)	2.9	4.5	4.0	1.6	1.9
Unemployment rate (%)	6.0	5.5	4.8	4.7	4.5
Real fixed investment (y-on-y, % change)	4.4	3.9	3.4	2.5	2.9
Real export of goods and services (y-on-y, % change)	2.9	4.9	4.1	2.2	2.9
Fiscal balance (% of GDP)	-1.6	-0.8	-0.3	-0.2	-0.2
Public debt (% of GDP)	106.1	99.4	95.6	92.9	89.5

* forecast   Source: Oxford Economics

Austrian industries performance forecast

May 2019

Excellent:
The credit risk situation in the sector is strong / business performance in the sector is strong compared to its long-term trend.

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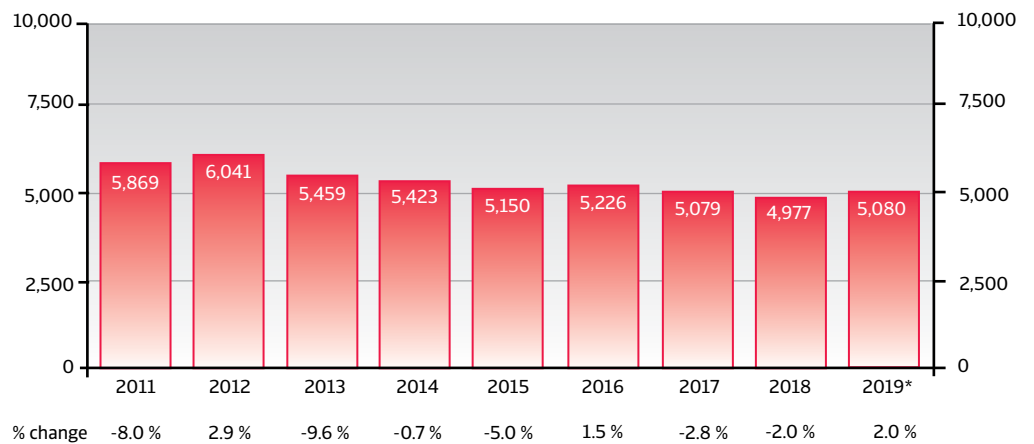| Agriculture	Automotive/ Transport	Chemicals/ Pharma	Construction	Construction Materials
Good	Poor	Good	Poor	Poor

Consumer Durables	Electronics/ICT	Financial Services	Food	Machines/ Engineering
Fair	Fair	Excellent	Good	Good

Metals	Paper	Services	Steel	Textiles
Fair	Fair	Good	Poor	Poor

The insolvency environment

Modest insolvency increase expected in 2019

Accelerated economic growth led to decrease in insolvencies in 2017 and 2018. However, in line with a more modest GDP expansion in 2019, business failures are expected to increase slightly.

Austrian business insolvencies
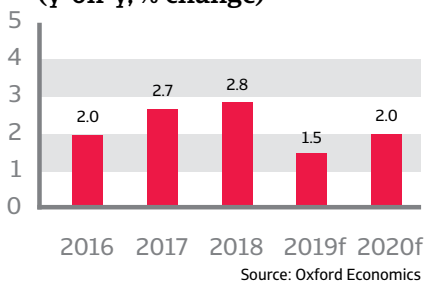(year-on-year change)

	2011	2012	2013	2014	2015	2016	2017	2018	2019*
	5,869	6,041	5,459	5,423	5,150	5,226	5,079	4,977	5,080
% change	-8.0 %	2.9 %	-9.6 %	-0.7 %	-5.0 %	1.5 %	-2.8 %	-2.0 %	2.0 %

*forecast

Sources: National Statistics Office, Oxford Economics, Atradius Economic Research

Economic situation

Real GDP growth
(y-on-y, % change)

2016	2017	2018	2019f	2020f
2.0	2.7	2.8	1.5	2.0

Source: Oxford Economics

Real export of goods and services (y-on-y, % change)

| 2016	2017	2018	2019f	2020f
2.9	4.9	4.1	2.2	2.9

Source: Oxford Economics

Lower GDP growth in 2019 as exports lose steam

Austrian GDP growth accelerated to 2.8% in 2018, mainly fuelled by robust growth in investments and exports. At the same time decreasing unemployment and elevated consumer confidence sustained private consumption.

In 2019, the economic expansion is expected to decelerate to around 1.5%, due to weaker exports as well as decreasing investment and lower industrial production growth.

The indebtedness of the non-financial private sector remains moderate compared to that of other advanced countries. However, the banking sector has a big exposure to countries in Central and Eastern Europe.
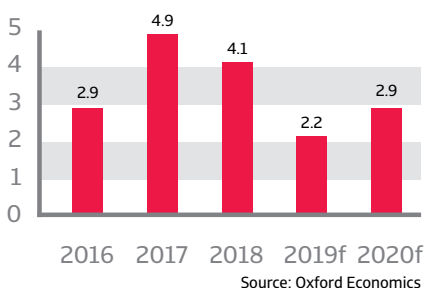
Belgium

Main import sources (2017, % of total)	
Netherlands:	17,2 %
Germany:	13.8 %
France:	9.5 %
USA:	7.2 %
United Kingdom:	4.8 %

Main export markets (2017, % of total)	
Germany:	16.6 %
France:	14.9 %
Netherlands:	12.0 %
United Kingdom:	8.4 %
Italy:	4.9 %

Key indicators	2016	2017	2018	2019*	2020*
Real GDP growth (y-on-y, % change)	1.7	1.7	1.4	1.3	1.2
Inflation (y-on-y, % change)	2.0	2.1	2.1	1.7	1.7
Real private consumption (y-on-y, % change)	1.7	1.1	0.6	1.4	1.6
Real government consumption (y-on-y, % change)	-0.2	0.6	08	1.0	1.2
Industrial production (y-on-y, % change)	4.4	2.8	1.1	1.5	2.3
Unemployment rate (%)	7.8	7.1	5.9	5.6	5.8
Real fixed investment (y-on-y, % change)	3.8	1.8	2.0	2.7	1.9
Real export of goods and services (y-on-y, % change)	7.6	5.0	3.5	3.1	3.1
Fiscal balance (% of GDP)	-2.6	-0.9	-0.8	-1.3	-1.4
Public debt (% of GDP)	128.5	121.9	121.1	118.8	116.3

* forecast   Source: Oxford Economics

Belgian industries performance forecast

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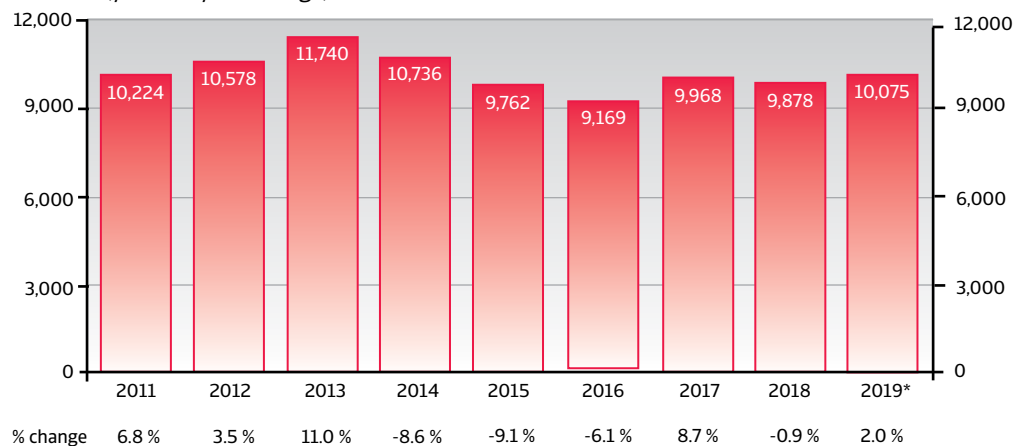| Agriculture	Automotive/ Transport	Chemicals/ Pharma	Construction	Construction Materials
Consumer Durables	Electronics/ICT	Financial Services	Food	Machines/ Engineering
Metals	Paper	Services	Steel	Textiles

5

The insolvency environment

High level of corporate insolvencies remains

Belgian corporate insolvencies are expected to increase slightly in 2019 after a modest 1% decrease in 2018. With about 10,075 cases forecast this year, the number of insolvencies will still be higher than the levels seen before the start of the global credit crisis in 2008 (about 7,700 cases in 2007).

Belgian business insolvencies
(year-on-year change)

	2011	2012	2013	2014	2015	2016	2017	2018	2019*
	10,224	10,578	11,740	10,736	9,762	9,169	9,968	9,878	10,075
% change	6.8 %	3.5 %	11.0 %	-8.6 %	-9.1 %	-6.1 %	8.7 %	-0.9 %	2.0 %

*forecast

Sources: National Statistics Office, Oxford Economics, Atradius Economic Research

Economic situation

Real GDP growth
(y-on-y, % change)

2016	2017	2018	2019f	2020f
1.7	1.7	1.4	1.3	1.2

Source: Oxford Economics

Industrial production
(y-on-y, % change)

2016	2017	2018	2019f	2020f
4.4	2.8	1.1	1.5	2.3

Source: Oxford Economics
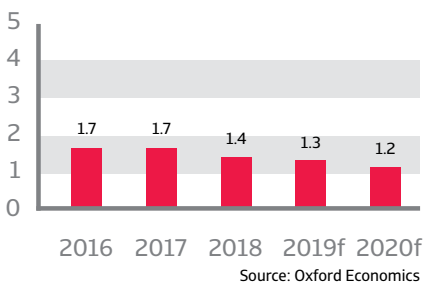
Domestic demand drives growth

Belgian economic growth slowed in 2018, and is expected to remain below 1.5% in 2019 and 2020. Besides domestic demand, public investment will contribute to economic activity with the launch of some major public investment projects.

The UK is an important main export market for Belgium, especially for industries like transport equipment, textiles, and chemicals, which could be negatively affected by the UK leaving the EU.

The fiscal deficits should increase again in 2019 and 2020 while central government debt remains high at about 100% of GDP, one of the highest in the European Union in terms of the government debt-to-GDP ratio. More fiscal consolidation seems to be necessary in the medium term.
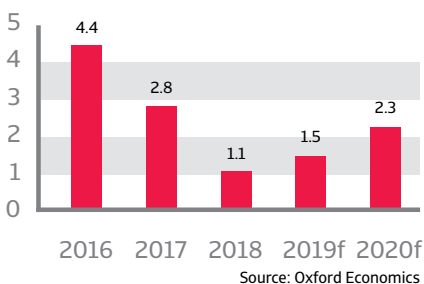
Denmark

Main import sources (2017, % of total)	
Germany:	21.4 %
Sweden:	11.9 %
Netherlands:	7.7 %
China:	7.3 %
Norway:	5.0 %

Main export markets (2017, % of total)	
Germany:	14.3 %
Sweden:	10.7 %
United Kingdom:	7.4 %
Norway:	5.8 %
USA:	4.4 %

Key indicators	2016	2017	2018	2019*	2020*
Real GDP growth (y-on-y, % change)	2.4	2.3	1.4	1.9	1.8
Inflation (y-on-y, % change)	0.3	1.1	0.8	1.3	1.5
Real private consumption (y-on-y, % change)	2.1	2.1	2.3	2.1	2.6
Real government consumption (y-on-y, % change)	0.2	0.7	0.5	1.0	1.3
Industrial production (y-on-y, % change)	4.2	2.0	2.1	3.2	1.9
Unemployment rate (%)	4.1	4.2	3.9	3.7	3.8
Real fixed investment (y-on-y, % change)	7.6	4.6	5.0	-4.2	2.0
Real export of goods and services (y-on-y, % change)	3.9	3.6	0.5	2.5	2.0
Fiscal balance (% of GDP)	-0.4	1.1	0.0	0.2	0.2
Public debt (% of GDP)	51.7	49.3	48.2	46.4	44.5

* forecast   Source: Oxford Economics

Danish industries performance forecast

May 2019

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Bleak	Fair	Good	Poor	Poor

Consumer Durables	Electronics/ICT	Financial Services	Food	Machines/ Engineering
Poor	Fair	Fair	Good	Fair

Metals	Paper	Services	Steel	Textiles
Fair	Bleak	Fair	Poor	Poor

The insolvency environment

Insolvencies expected to level off in 2019

Danish business insolvencies increased sharply in 2015 and 2016 due to the introduction of a new form of company in official statistics and the clearing of a backlog of insolvencies by the national statistics office. It is expected that business failures will just level off this year, after a 7% increase recorded in 2018.

Danish business insolvencies
(year-on-year change)
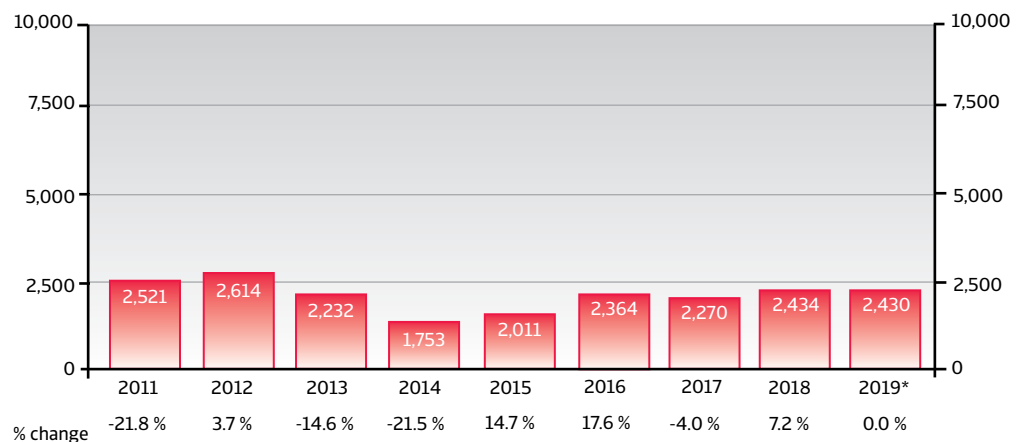
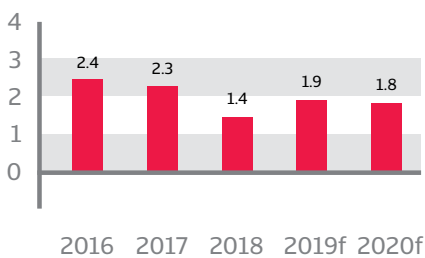|	2011	2012	2013	2014	2015	2016	2017	2018	2019*
	2,521	2,614	2,232	1,753	2,011	2,364	2,270	2,434	2,430
% change	-21.8 %	3.7 %	-14.6 %	-21.5 %	14.7 %	17.6 %	-4.0 %	7.2 %	0.0 %

*forecast

Sources: National Statistics Office, Oxford Economics, Atradius Economic Research

Economic situation

Real GDP growth
(y-on-y, % change)

| 2016	2017	2018	2019f	2020f
2.4	2.3	1.4	1.9	1.8

Source: Oxford Economics

Robust domestic demand sustains growth

The Danish economy is expected to grow about 2% in 2019, driven by robust domestic demand, while exports remain susceptible to weaker external demand.

Private consumption is sustained by historically low interest rates, rising disposable incomes due to a tight labour market and low inflation. Both government consumption and industrial production are expected to pick up in 2019.
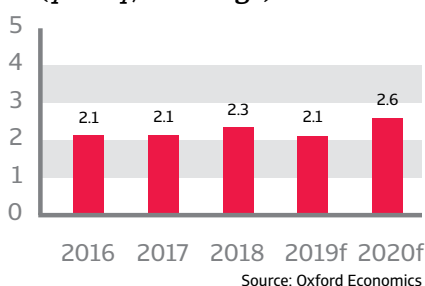
The Danish economy has regained some of its international competitiveness due to structural reforms that addressed the issue of high labour costs. However, Danish exports could be affected by lower Eurozone demand, especially from Germany. Additionally, Brexit could have a negative impact on exports, as the United Kingdom is Denmark's third largest export market.

Public finances are healthy, with small budget surpluses expected in 2019 and 2020. This provides room for fiscal stimulus if required.

Real private consumption
(y-on-y, % change)

2016	2017	2018	2019f	2020f
2.1	2.1	2.3	2.1	2.6

Source: Oxford Economics

France

Main import sources (2017, % of total)	
Germany:	15.8 %
China:	9.0 %
Italy:	7.7 %
Belgium:	6.7 %
USA:	6.5 %

Main export markets (2017, % of total)	
Germany:	14.8 %
Spain:	7.7 %
Italy:	7.6 %
USA:	7.3 %
Belgium:	7.0 %

Key indicators	2016	2017	2018	2019*	2020*
Real GDP growth (y-on-y, % change)	1.1	2.3	1.6	1.4	1.5
Inflation (y-on-y, % change)	0.2	1.0	1.9	1.3	1.4
Real private consumption (y-on-y, % change)	1.9	1.2	0.9	1.3	1.4
Real government consumption (y-on-y, % change)	1.4	1.4	1.0	1.3	1.1
Industrial production (y-on-y, % change)	0.3	2.4	0.7	1.4	1.5
Unemployment rate (%)	9.8	9.1	8.7	8.4	8.2
Real fixed investment (y-on-y, % change)	2.7	4.7	2.9	2.7	2.5
Real export of goods and services (y-on-y, % change)	1.5	4.7	3.0	2.4	2.3
Fiscal balance (% of GDP)	-3.5	-2.7	-2.8	-3.4	-3.0
Public debt (% of GDP)	130.7	129.7	133.3	133.4	132.5

* forecast   Source: Oxford Economics

French industries performance forecast

May 2019

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Agriculture	Automotive/ Transport	Chemicals/ Pharma	Construction	Construction Materials
Poor	Fair	Excellent	Poor	Poor

Consumer Durables	Electronics/ICT	Financial Services	Food	Machines/ Engineering
Fair	Fair	Good	Fair	Fair

Metals	Paper	Services	Steel	Textiles
Fair	Poor	Fair	Fair	Poor

The insolvency environment

The insolvency level remains high in 2019

After declines of 8% in 2016 and 6% in 2017, French business insolvencies decreased only 1% in 2018, and in 2019 a small increase is expected, in line with the ongoing economic stagnation. With about 55,000 cases forecast in 2019 the number of business insolvencies will still be as high as in 2008.

French business insolvencies
(year-on-year change)

Year	Insolvencies	% change
2011	59,480	-1.2 %
2012	61,038	2.6 %
2013	62,929	3.1 %
2014	62,660	-0.4 %
2015	62,867	0.3 %
2016	58,072	-7.6 %
2017	54,518	-6.1 %
2018	53,982	-1.0 %
2019*	55,600	3.0 %

*forecast

Sources: National Statistics Office, Oxford Economics, Atradius Economic Research

Economic situation

Real GDP growth
(y-on-y, % change)

Year	%
2016	1.1
2017	2.3
2018	1.6
2019f	1.4
2020f	1.5

Source: Oxford Economics

Fiscal balance (% of GDP)

Year	%
2016	-3.5
2017	-2.7
2018	-2.8
2019f	-3.4
2020f	-3.0

Source: Oxford Economics
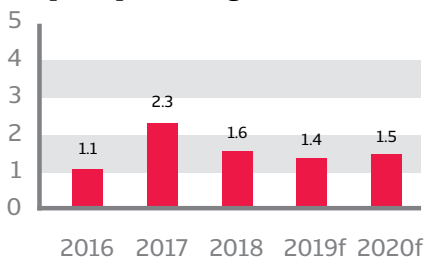
Economic growth expected to stagnate in 2019

The economic expansion is expected to stagnate at about 1.5% annually in 2019 and 2020 due to sluggish domestic demand and lower export growth.

Business sentiment has been impacted by the ongoing social protests and constraints in terms of labour supply and production capacity.

Corporate debt has increased to more than 70% of GDP, and further increases could make French businesses vulnerable to a faster than expected rise in interest rates by the European Central Bank.

At almost 100% of GDP (up from 67% of GDP in 2008), French central government debt remains among the highest in the eurozone. It seems that more measures are required to curb public spending, which, at 57% of GDP, is the highest in the eurozone.

However, additional fiscal spending as a reaction to the social protests will lead to a higher budget deficit in 2019, above the Maastricht deficit threshold of 3% of GDP.
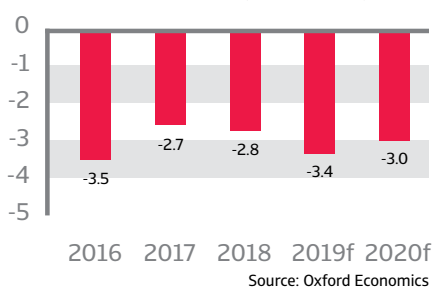
Germany

Main import sources (2017, % of total)	
Netherlands:	13.8 %
China:	7.0 %
France:	6.6 %
Belgium:	5.9 %
Italy:	5.4 %

Main export markets (2017, % of total)	
USA:	8.8 %
France:	8.2 %
China:	6.8 %
Netherlands:	6.7 %
United Kingdom:	6.6 %

Key indicators	2016	2017	2018	2019*	2020*
Real GDP growth (y-on-y, % change)	2.2	2.5	1.5	1.1	1.6
Inflation (y-on-y, % change)	0.5	1.5	1.7	1.4	1.7
Real private consumption (y-on-y, % change)	1.9	2.0	0.9	1.6	2.0
Real government consumption (y-on-y, % change)	4.0	1.6	1.0	1.8	1.4
Industrial production (y-on-y, % change)	1.8	3.3	0.9	-0.5	1.9
Unemployment rate (%)	6.1	5.7	5.2	4.9	4.9
Real fixed investment (y-on-y, % change)	3.4	3.6	2.7	2.6	2.8
Real export of goods and services (y-on-y, % change)	2.1	5.3	2.2	1.2	3.4
Fiscal balance (% of GDP)	0.9	1.0	1.7	0.8	0.4
Public debt (% of GDP)	76.1	71.4	68.1	65.8	63.7

* forecast   Source: Oxford Economics

German industries performance forecast

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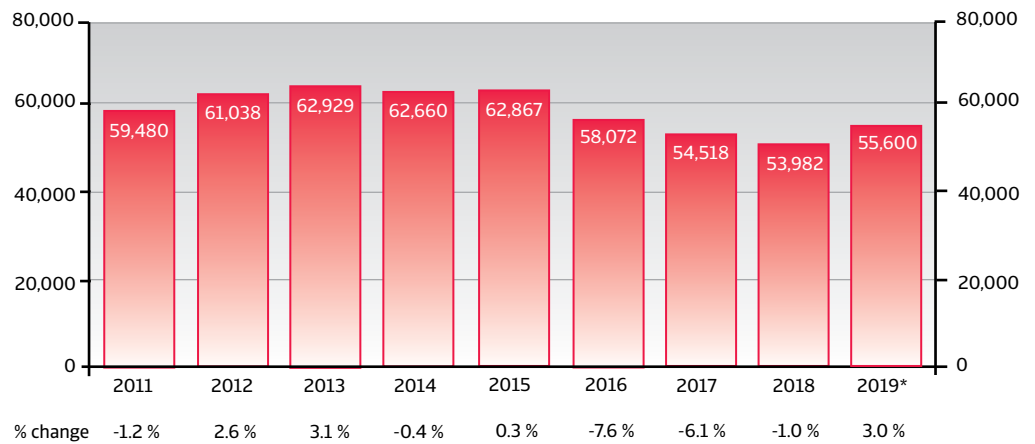
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Fair	Fair	Good	Good	Good

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Fair	Fair	Good	Fair	Good

Metals	Paper	Services	Steel	Textiles
Fair	Poor	Good	Fair	Poor

The insolvency environment

Insolvencies expected to increase after nine years of annual decreases

Germany's consistent economic performance since 2010 resulted in annual decreases in business failures. In 2018 business failures decreased again, by 3.9%, to about 19,300 cases. However, a 2% rise is expected in 2019 as Germany´s GDP growth is forecast to slow down.

German business insolvencies
(year-on-year change)

	2011	2012	2013	2014	2015	2016	2017	2018	2019*
Insolvencies	30,099	28,297	25,995	24,085	23,123	21,518	20,093	19,302	19,690
% change	-5.9 %	-6.0 %	-8.1 %	-7.3 %	-4.0 %	-6.9 %	-6.6 %	-3.9 %	2.0 %

*forecast

Sources: National Statistics Office, Oxford Economics, Atradius Economic Research

Economic situation

Real GDP growth
(y-on-y, % change)

2016	2017	2018	2019f	2020f
2.2	2.5	1.5	1.1	1.6

Source: Oxford Economics

Real export of goods and services (y-on-y, % change)

2016	2017	2018	2019f	2020f
2.1	5.3	2.2	1.2	3.4

Source: Oxford Economics

The economic expansion slows down

Economic expansion should slow down in 2019 as external demand is decreasing while global trade uncertainty has increased, having a dampening effect on export growth, manufacturing orders and industrial production.

That said, domestic demand continues to sustain GDP growth. Investments continue to expand, while decreasing unemployment and rising wages support private consumption growth. Despite a slowdown, growth in the manufacturing, construction and services sectors remains robust.
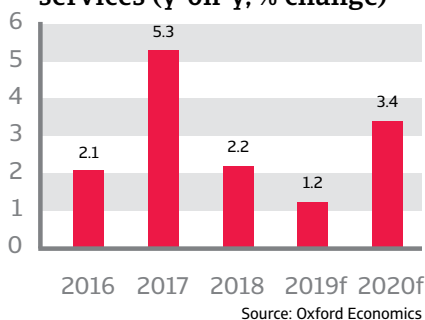
A rebound is expected in 2020, but a marked slowdown in world trade and the potential imposition of US import tariffs on cars and car parts pose a downside risk for the German economy.

The federal government has achieved slight budget surpluses since 2015, largely due to higher tax revenues and lower government transfer payments for unemployment. In 2019 and in 2020 the budget surplus is expected to be maintained.

Ireland

Main import sources (2017, % of total)	
United Kingdom:	22.1 %
USA:	20.6 %
France:	13.3 %
Germany:	8.7 %
China:	5.6 %

Main export markets (2017, % of total)	
USA:	27.1 %
United Kingdom:	11.8 %
Belgium:	10.9 %
Germany:	8.2 %
Switzerland:	5.1 %

Key indicators	2016	2017	2018	2019*	2020*
Real GDP growth (y-on-y, % change)	4.9	7.2	7.0	2.7	2.3
Inflation (y-on-y, % change)	0.0	0.3	0.5	1.9	1.8
Real private consumption (y-on-y, % change)	3.7	1.9	2.6	2.0	2.8
Real government consumption (y-on-y, % change)	3.5	3.9	4.5	1.9	2.7
Industrial production (y-on-y, % change)	2.1	-2.5	0.1	4.5	1.7
Unemployment rate (%)	8.4	6.7	5.8	5.6	5.6
Real fixed investment (y-on-y, % change)	53.1	-30.2	-2.7	-1.2	4.1
Real export of goods and services (y-on-y, % change)	4.4	7.7	6.6	1.7	2.5
Fiscal balance (% of GDP)	-0.5	-0.3	-0.3	0.0	0.3
Public debt (% of GDP)	64.4	59.1	55.2	53.1	50.7

* forecast   Source: Oxford Economics

Irish industries performance forecast

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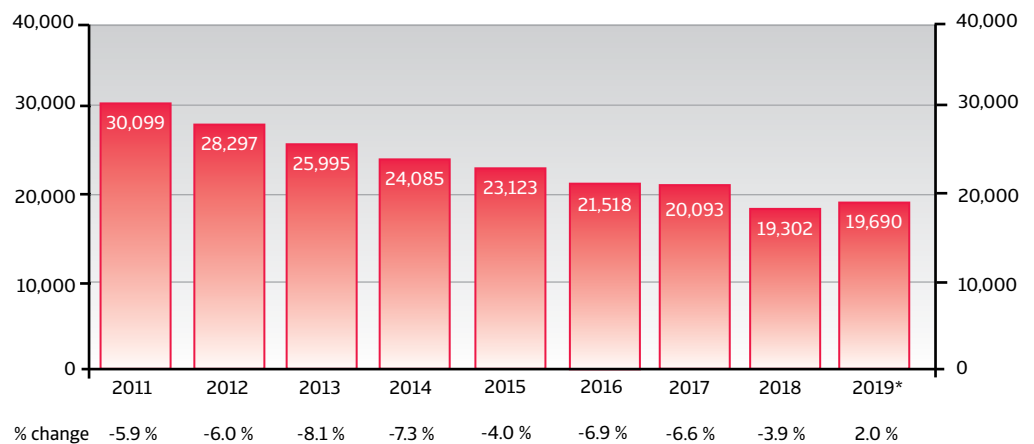
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Fair	Fair	Good	Good	Good

Consumer Durables	Electronics/ICT	Financial Services	Food	Machines/ Engineering
Fair	Good	Good	Good	Fair

Metals	Paper	Services	Steel	Textiles
Fair	Bleak	Fair	Fair	Poor

The insolvency environment

Decrease in insolvencies expected to end in 2019

After six years of increases, Irish business insolvencies have, since 2013, recorded annual declines, decreasing 13% in 2018. However, this positive trend is expected to end in 2019, with insolvencies forecast to increase slightly.

The main reason for this increase is elevated uncertainty around Brexit, with the manufacturing and food sectors most exposed due to their high dependency on exports to the United Kingdom. Both could suffer from exchange rate volatility and potential cross-border trade disruptions.

Irish business insolvencies
(year-on-year change)

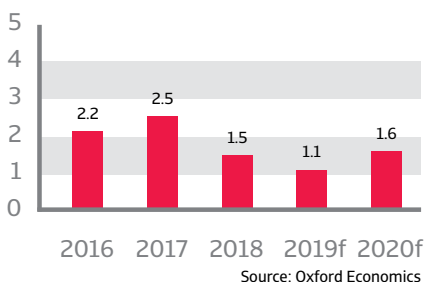|	2011	2012	2013	2014	2015	2016	2017	2018	2019*
insolvencies	1,638	1,684	1,365	1,164	1,049	1,032	874	757	772
% change	7.4 %	2.8 %	-18.9 %	-14.7 %	-10.1 %	-1.4 %	-15.3 %	-13.4 %	2.0 %

*forecast

Sources: National Statistics Office, Oxford Economics, Atradius Economic Research

# Economic situation

Real GDP growth
(y-on-y, % change)

2016	2017	2018	2019f	2020f
4.9	7.2	7.0	2.7	2.3

Source: Oxford Economics
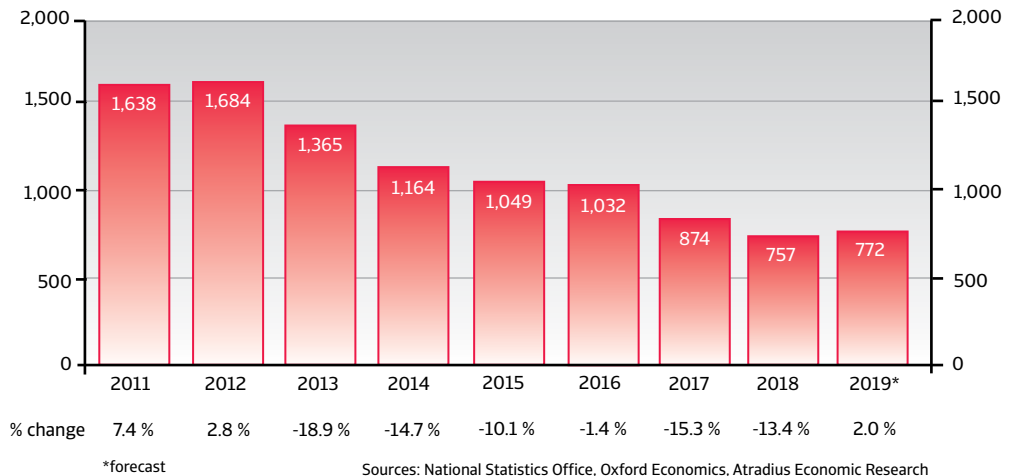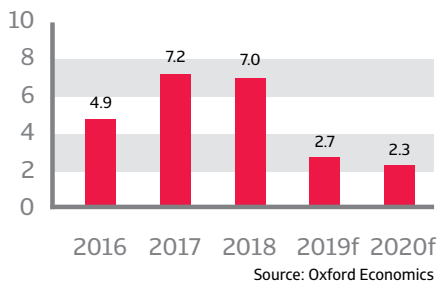
The Brexit decision casts its shadow

The Irish economy grew robustly in 2018, based on export growth and solid domestic demand. In 2019 and 2020 GDP expansion is expected to slow down as export growth decelerates. Domestic demand is forecast to remain robust, driven by rising employment and wage growth. The housing market will remain buoyant, with construction activity increasing further. Inflation is expected to increase to about 2% in 2019, mainly driven by wage growth.

Due to past fiscal austerity, the budget deficit has diminished and public debt, while still high, has decreased.
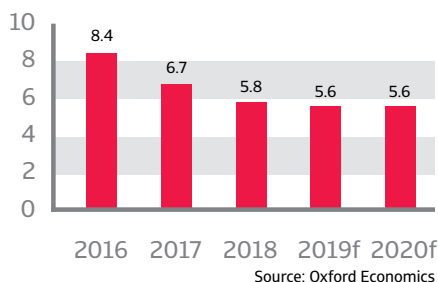
Economic prospects are more uncertain than in the past. As the UK market accounts for about 15% of Irish goods and 20% of services exports, a potential economic downturn in the UK and the outcome of the on-going EU-UK nego-tiations (towards a "soft leave" or "hard leave") could affect Ireland´s economic performance.

Another issue is the high indebtedness of some households and businesses, which makes them vulnerable to any future interest increases by the European Central Bank.

Unemployment rate (%)

2016	2017	2018	2019f	2020f
8.4	6.7	5.8	5.6	5.6

Source: Oxford Economics

Italy

Main import sources (2017, % of total)	
Germany:	16.3 %
France:	8.8 %
China:	7.1 %
Netherlands:	5.6 %
Spain:	5.3 %

Main export markets (2017, % of total)	
Germany:	12.5 %
France:	10.3 %
USA:	9.1 %
Spain:	5.2 %
United Kingdom:	5.1 %

Key indicators	2016	2017	2018	2019*	2020*
Real GDP growth (y-on-y, % change)	1.2	1.7	0.8	-0.1	0.4
Inflation (y-on-y, % change)	-0.1	1.2	1.1	0.9	1.0
Real private consumption (y-on-y, % change)	1.3	1.5	0.6	0.3	0.4
Real government consumption (y-on-y, % change)	0.1	-0.2	0.2	0.0	0.3
Industrial production (y-on-y, % change)	2.1	3.7	0.7	-0.9	0.9
Unemployment rate (%)	11.7	11.3	10.6	10.5	10.4
Real fixed investment (y-on-y, % change)	3.7	4.5	3.2	-0.3	0.4
Real export of goods and services (y-on-y, % change)	2.3	6.4	1.4	2.5	2.7
Fiscal balance (% of GDP)	-2.5	-2.4	-2.1	-2.6	-2.7
Public debt (% of GDP)	156.5	153.3	154.0	155.3	155.2

* forecast   Source: Oxford Economics

Italian industries performance forecast

May 2019

Excellent:
The credit risk situation in the sector is strong / business performance in the sector is strong compared to its long-term trend.

Good:
The credit risk situation in the sector is benign / business performance in the sector is above its long-term trend.

Fair:
The credit risk credit situation in the sector is average / business performance in the sector is stable.

Poor:
The credit risk situation in the sector is relatively high / business performance in the sector is below long-term trend.

Bleak:
The credit risk situation in the sector is poor / business performance in the sector is weak compared to its long-term trend.

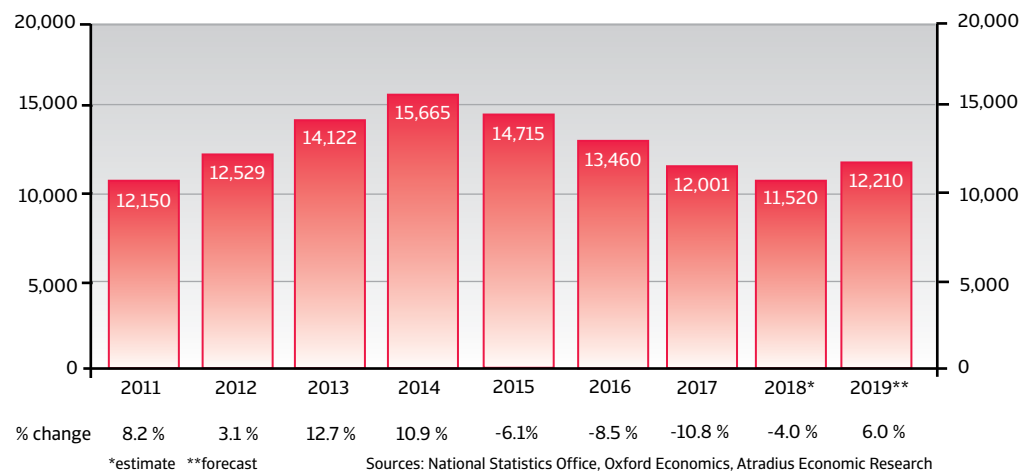| Agriculture	Automotive/Transport	Chemicals/Pharma	Construction	Construction Materials
Consumer Durables	Electronics/ICT	Financial Services	Food	Machines/Engineering
Metals	Paper	Services	Steel	Textiles

15

The insolvency environment

Insolvencies increasing again after four years of decreases

In line with Italy´s economic rebound over past years, corporate insolvencies registered annual declines between 2015 and 2018, but the number of insolvencies remained much higher than in 2008 (7,500 cases).

Due to economic stagnation, increased political uncertainty and tighter credit conditions it is expected that business insolvencies will increase again in 2019, by about 6%. Liquidity problems of Italian businesses are still exacerbated by continuing poor payment behaviour, especially by the public sector. With the exception of the food and chemicals sector, payment duration in other key sectors remains very long (90-120 days), putting strain on the financials of mainly smaller suppliers.

Italian business insolvencies
(year-on-year change)

	2011	2012	2013	2014	2015	2016	2017	2018*	2019**
	12,150	12,529	14,122	15,665	14,715	13,460	12,001	11,520	12,210
% change	8.2 %	3.1 %	12.7 %	10.9 %	-6.1%	-8.5 %	-10.8 %	-4.0 %	6.0 %

*estimate **forecast   Sources: National Statistics Office, Oxford Economics, Atradius Economic Research

Economic situation

Real GDP growth
(y-on-y, % change)

2016	2017	2018	2019f	2020f
1.2	1.7	0.8	-0.1	0.4

Source: Oxford Economics

Industrial production
(y-on-y, % change)

2016	2017	2018	2019f	2020f
2.1	3.7	0.7	-0.9	0.9

Source: Oxford Economics
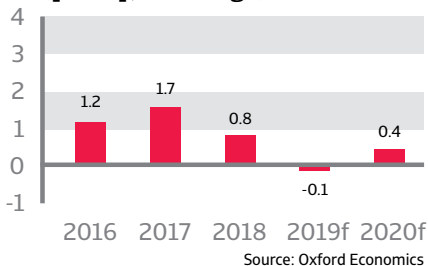
The economy has entered recession

After a modest rebound seen over the past two years Italy entered recession in H2 of 2018, and zero GDP growth is forecast for 2019, mainly due to subdued domestic demand. Private consumption is expected to remain weak, while fixed investments and industrial production are forecast to contract this year.

Additionally the economic outlook is clouded by political uncertainty, slow banking sector recovery, tighter credit conditions and a slowdown in global trade and eurozone demand.
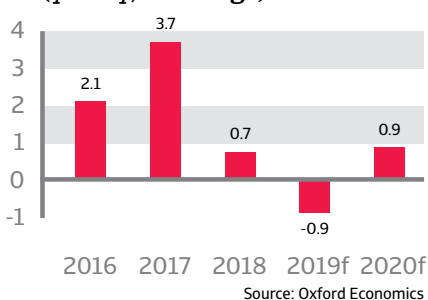
While the state of the Italian banking sector has improved since 2017 due to certain government actions (e.g. recapitalisation), many banks still suffer from non-performing loans, high operating costs and low profitability.

Previous reform efforts have been insufficient to boost higher growth rates, and Italy´s competitiveness has not significantly improved compared to its EU peers. The new government has even withdrawn some key reforms.

Confidence in public finances is weak, as due to increased public spending the fiscal deficit is expected to increase more than 2.5% in 2019 and 2020, with the overly high government debt-to-GDP ratio rising further.

The Netherlands

Main import sources (2017, % of total)	
Germany:	18.5 %
Belgium:	10.7 %
China:	9.0 %
USA:	7.7 %
United Kingdom:	5.3 %

Main export markets (2017, % of total)	
Germany:	21.9 %
Belgium:	10.3 %
United Kingdom:	8.6 %
France:	8.0 %
USA:	4.4 %

Key indicators	2016	2017	2018	2019*	2020*
Real GDP growth (y-on-y, % change)	2.1	3.0	2.6	1.6	1.5
Inflation (y-on-y, % change)	0.3	1.4	1.7	2.0	1.8
Real private consumption (y-on-y, % change)	1.1	1.9	2.4	1.6	1.6
Real government consumption (y-on-y, % change)	1.3	1.1	1.1	1.9	1.8
Industrial production (y-on-y, % change)	1.3	1.3	1.4	1.0	1.2
Unemployment rate (%)	7.3	5.9	4.8	4.5	4.6
Real fixed investment (y-on-y, % change)	-7.3	6.2	4.7	2.1	2.2
Real export of goods and services (y-on-y, % change)	1.5	5.5	2.6	2.1	3.1
Fiscal balance (% of GDP)	0.1	1.3	1.9	1.3	1.3
Public debt (% of GDP)	76.8	69.9	67.3	63.6	60.2

* forecast   Source: Oxford Economics

Dutch industries performance forecast

May 2019

Excellent:
The credit risk situation in the sector is strong / business performance in the sector is strong compared to its long-term trend.

Good:
The credit risk situation in the sector is benign / business performance in the sector is above its long-term trend.

Fair:
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Poor:
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Bleak:
The credit risk situation in the sector is poor / business performance in the sector is weak compared to its long-term trend.

Agriculture	Automotive/ Transport	Chemicals/ Pharma	Construction	Construction Materials
Good	Fair	Excellent	Fair	Fair

Consumer Durables	Electronics/ICT	Financial Services	Food	Machines/ Engineering
Fair	Good	Good	Excellent	Good

Metals	Paper	Services	Steel	Textiles
Good	Fair	Good	Fair	Fair

The insolvency environment

Insolvency improvement trend expected to reverse in 2018

With the economic rebound since 2014, business failures started to decrease annually, declining 8.6% to 4,223 cases in 2018 (including sole proprietorships). However, lower exports and increased economic uncertainty will weigh on GDP growth in 2019, with businesses failures expected to increase 3%.

Dutch business insolvencies
(year-on-year change)
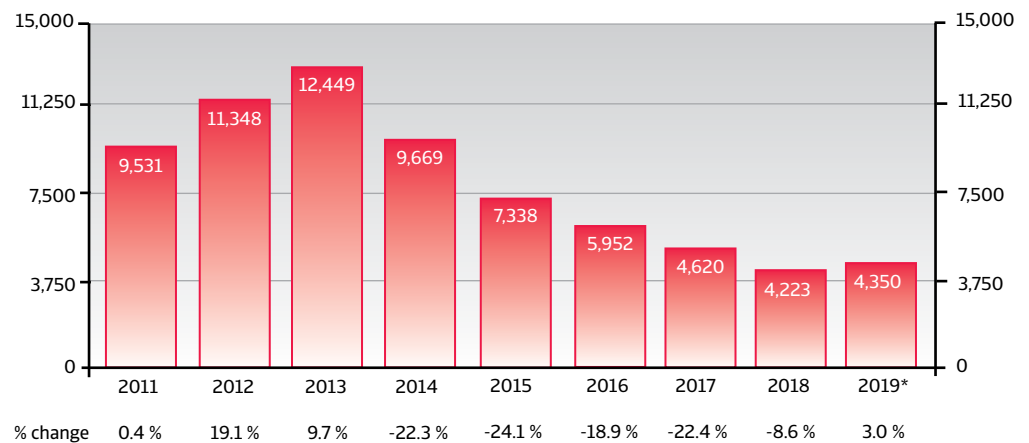
	2011	2012	2013	2014	2015	2016	2017	2018	2019*
	9,531	11,348	12,449	9,669	7,338	5,952	4,620	4,223	4,350
% change	0.4 %	19.1 %	9.7 %	-22.3 %	-24.1 %	-18.9 %	-22.4 %	-8.6 %	3.0 %

*forecast

Sources: National Statistics Office, Oxford Economics, Atradius Economic Research

Economic situation

Real GDP growth
(y-on-y, % change)

2016	2017	2018	2019f	2020f
2.1	3.0	2.6	1.6	1.5

Source: Oxford Economics

Unemployment rate (%)

2016	2017	2018	2019f	2020f
7.3	5.9	4.8	4.5	4.6

Source: Oxford Economics
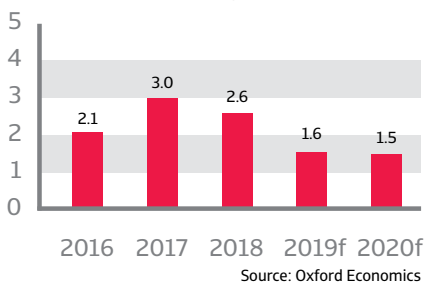
Slowdown of growth in 2019 due to reduced exports and investments

The economic expansion is expected to slow in 2019 after solid performance in 2017 and 2018. While domestic demand remains robust, both exports and investment growth are forecast to decline.

Exports are impacted by lower demand from France and Germany (which together account for more than 30% of Dutch exports) and increased global trade uncertainty. Trade and investment ties with the UK are very close, and the sectors that could see the biggest impact by Brexit are transport equipment, chemicals, electronics, and food.
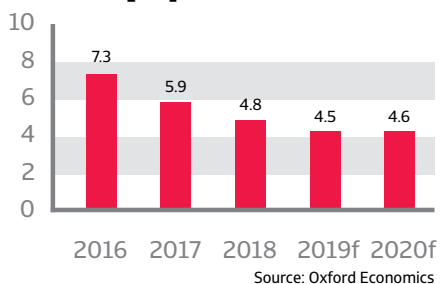
That said, in 2019 private consumption continues to benefit from decreasing unemployment and higher disposable household income. However, a potential downside risk would be another deterioration in house prices, given the high level of mortgage debt and banks' exposure to the housing market. Any major downward correction in the property market would negatively affect household consumption and the stability of the finance sector.

Spain

Main import sources (2017, % of total)	
Germany:	12.5 %
France:	10.7 %
China:	8.3 %
Italy:	6.5 %
USA:	4.4 %

Main export markets (2017, % of total)	
France:	14.7 %
Germany:	10.9 %
Italy:	7.8 %
Portugal:	7.0 %
United Kingdom:	6.7 %

Key indicators	2016	2017	2018	2019*	2020*
Real GDP growth (y-on-y, % change)	3.2	3.0	2.6	2.2	2.0
Inflation (y-on-y, % change)	-0.2	2.0	1.7	1.3	1.7
Real private consumption (y-on-y, % change)	2.9	2.5	2.4	2.0	1.8
Real government consumption (y-on-y, % change)	1.0	1.9	2.3	2.4	1.5
Industrial production (y-on-y, % change)	1.9	3.2	0.3	0.7	1.9
Unemployment rate (%)	19.6	17.2	15.3	13.8	12.8
Real fixed investment (y-on-y, % change)	2.9	4.8	5.2	3.9	2.8
Real export of goods and services (y-on-y, % change)	5.2	5.2	2.2	2.6	3.0
Fiscal balance (% of GDP)	-4.5	-3.1	-2.7	-2.3	-1.9
Public debt (% of GDP)	116.5	114.7	114.2	112.4	110.3

* forecast   Source: Oxford Economics

Spanish industries performance forecast

May 2019

Excellent:
The credit risk situation in the sector is strong / business performance in the sector is strong compared to its long-term trend.

Good:
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Bleak:
The credit risk situation in the sector is poor / business performance in the sector is weak compared to its long-term trend.

Agriculture	Automotive/ Transport	Chemicals/ Pharma	Construction	Construction Materials
Fair	Fair	Good	Poor	Poor

Consumer Durables	Electronics/ICT	Financial Services	Food	Machines/ Engineering
Fair	Fair	Fair	Good	Fair

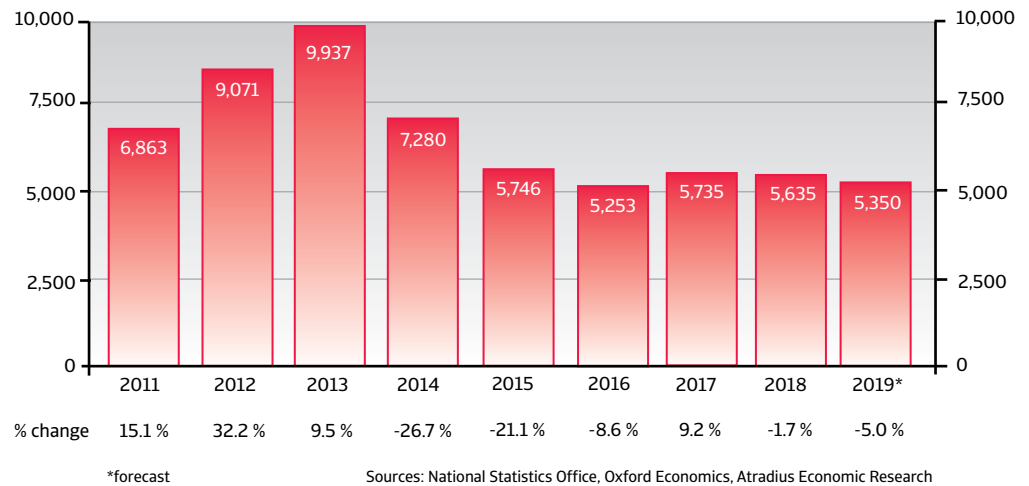| Metals	Paper	Services	Steel	Textiles
Fair	Poor	Good	Fair	Poor

The insolvency environment

More improvement in insolvencies expected in 2019, but numbers remain high

Corporate defaults have closely mirrored economic conditions, with high year-on-year increases seen from 2011 to 2013. With the economic rebound, insolvencies have been declining almost every year since 2014, and this positive trend is expected to continue, with business failures forecast to decrease 5% in 2019.
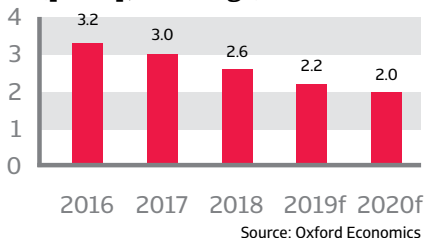
However, this would still leave business insolvencies at a high level of about 5,350 cases. This is still much higher than in 2008, when about 3,300 cases were recorded.

### Spanish business insolvencies
(year-on-year change)

	2011	2012	2013	2014	2015	2016	2017	2018	2019*
	6,863	9,071	9,937	7,280	5,746	5,253	5,735	5,635	5,350
% change	15.1 %	32.2 %	9.5 %	-26.7 %	-21.1 %	-8.6 %	9.2 %	-1.7 %	-5.0 %

*forecast

Sources: National Statistics Office, Oxford Economics, Atradius Economic Research

Economic situation

Real GDP growth
(y-on-y, % change)

2016	2017	2018	2019f	2020f
3.2	3.0	2.6	2.2	2.0

Source: Oxford Economics

Real private consumption
(y-on-y, % change)

2016	2017	2018	2019f	2020f
2.9	2.5	2.4	2.0	1.8

Source: Oxford Economics

Lower, but still robust growth rates expected in 2019 and 2020

Spain's economic performance remained solid in 2018, with GDP increasing 2.5%. In 2019 and 2020 economic growth is expected to moderate somewhat, but to remain robust. Domestic demand remains the key driver, supported by rising exports. Household consumption growth is sustained by rising employment, higher wages and low interest rates. Lower financing costs support business investments.
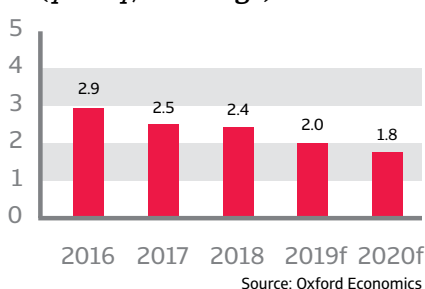
The unemployment rate is forecast to decrease further in 2019 and 2020, but to remain above the eurozone average. The deleveraging of household and corporate debt continued in 2018, but there is still some way to go, especially for businesses in the construction sector and households with lower income.

The resilience of Spanish banks has improved terms of asset quality and capital. However, the level of non-performing loans remained high compared to that of other EU-members. The budget deficit is expected to decrease further in 2019 and 2020.

Sweden

Main import sources (2017, % of total)	
Germany:	18.7 %
Netherlands:	8.9 %
Norway:	8.1 %
Denmark:	7.2 %
United Kingdom:	5.2 %

Main export markets (2017, % of total)	
Germany:	10.7 %
Norway:	10.1 %
Finland:	6.9 %
Denmark:	6.8 %
USA:	6.6 %

Key indicators	2016	2017	2018	2019*	2020*
Real GDP growth (y-on-y, % change)	2.5	2.5	2.4	1.8	2.0
Inflation (y-on-y, % change)	1.0	1.8	2.0	1.7	1.7
Real private consumption (y-on-y, % change)	2.8	2.3	1.2	1.7	2.2
Real government consumption (y-on-y, % change)	3.2	0.4	1.1	1.5	1.5
Industrial production (y-on-y, % change)	1.4	4.8	2.2	0.3	1.1
Unemployment rate (%)	6.9	6.7	6.3	6.4	6.4
Real fixed investment (y-on-y, % change)	3.9	6.5	3.5	1.5	2.2
Real export of goods and services (y-on-y, % change)	2.6	3.7	3.7	2.1	2.5
Fiscal balance (% of GDP)	1.1	1.5	0.9	0.8	0.5
General government gross debt (% of GDP)	52.8	50.4	47.3	44.7	42.4

* forecast   Source: Oxford Economics

Swedish industries performance forecast

May 2019

Excellent:
The credit risk situation in the sector is strong / business performance in the sector is strong compared to its long-term trend.

Good:
The credit risk situation in the sector is benign / business performance in the sector is above its long-term trend.

Fair:
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Poor:
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Bleak:
The credit risk situation in the sector is poor / business performance in the sector is weak compared to its long-term trend.

Agriculture	Automotive/ Transport	Chemicals/ Pharma	Construction	Construction Materials
Good	Fair	Good	Poor	Poor

Consumer Durables	Electronics/ICT	Financial Services	Food	Machines/ Engineering
Fair	Good	Good	Good	Good

Metals	Paper	Services	Steel	Textiles
Poor	Fair	Fair	Poor	Poor

The insolvency environment

Insolvencies increase again in 2019, although less than in 2018

Swedish business insolvencies increased in 2017 and 2018 after three years of annual decreases. In 2019, another 3% increase is expected, mainly due to upward carry-over effects from the large increase seen in 2018.
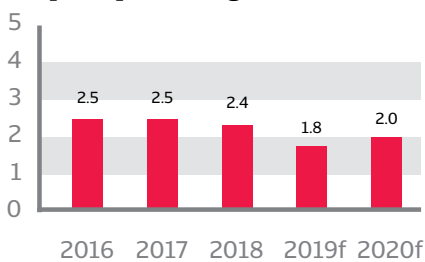
Swedish business insolvencies
(year-on-year change)
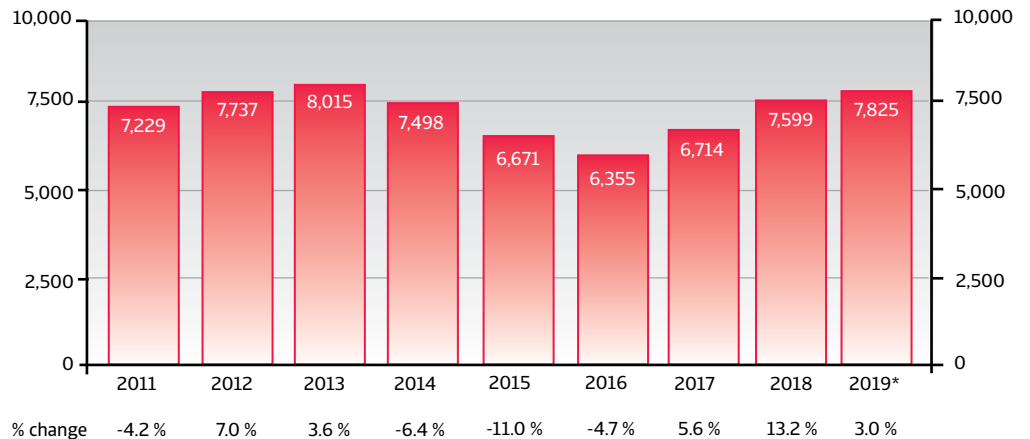
	2011	2012	2013	2014	2015	2016	2017	2018	2019*
	7,229	7,737	8,015	7,498	6,671	6,355	6,714	7,599	7,825
% change	-4.2 %	7.0 %	3.6 %	-6.4 %	-11.0 %	-4.7 %	5.6 %	13.2 %	3.0 %

*forecast

Sources: National Statistics Office, Oxford Economics, Atradius Economic Research

Economic situation

Real GDP growth
(y-on-y, % change)

2016	2017	2018	2019f	2020f
2.5	2.5	2.4	1.8	2.0

Source: Oxford Economics

Fiscal balance
(y-on-y, % change)

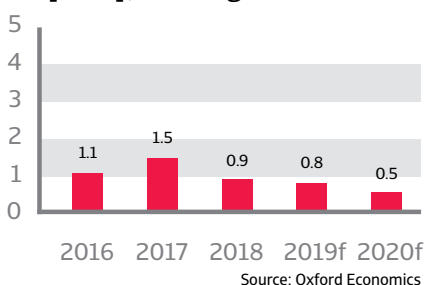| 2016	2017	2018	2019f	2020f
1.1	1.5	0.9	0.8	0.5

Source: Oxford Economics

GDP growth expected to slow down in 2019

In 2017 and 2018 the Swedish economy grew 2.4% annually, supported by a loose monetary policy, robust domestic demand and solid investment and export growth. In 2019, the economic expansion is expected to slow down to below 2%, as both domestic and external demand weakens. As a small open economy highly dependent on exports, Sweden is susceptible to a potential downturn in global trade.

In order to combat deflation and to weaken the currency, the Swedish Central Bank has repeatedly lowered the repo rate since July 2014. Despite a hike in December 2018, the rate remains negative at -0.25%. Inflation is expected to remain close to the Central Bank´s target of 2% in 2019 and 2020.

A potential downside risk to the economy remains high household debt, triggered by housing demand and easy access to credit. Despite a tightening of mortgage amortization requirements the household debt-to-disposable-income-ratio was still more than 180% in 2018, making private households vulnerable to sharp decreases in house prices and interest rate hikes. However, healthy public finances provide room for fiscal loosening in case of an economic downturn.

Switzerland

Atradius
Managing risk, enabling trade

Main import sources (2017, % of total)	
Germany:	20.7 %
USA:	8.0 %
Italy:	7.5 %
United Kingdom:	7.2 %
France:	6.5 %

Main export markets (2017, % of total)	
Germany:	15.1 %
USA:	12.3 %
China:	8.2 %
India:	6.6 %
France:	5.7 %

Key indicators	2016	2017	2018	2019*	2020*
Real GDP growth (y-on-y, % change)	1.6	1.6	2.5	1.1	1.8
Inflation (y-on-y, % change)	-0.4	0.5	0.9	0.6	0.8
Real private consumption (y-on-y, % change)	1.5	1.1	1.0	1.3	1.5
Real government consumption (y-on-y, % change)	1.2	0.9	1.0	0.7	0.6
Industrial production (y-on-y, % change)	0.3	6.0	5.7	3.4	2.8
Unemployment rate (%)	3.3	3.2	2.6	2.4	2.3
Real fixed investment (y-on-y, % change)	3.4	3.3	1.8	0.2	1.6
Real export of goods and services (y-on-y, % change)	7.0	3.6	3.4	1.9	3.8
Fiscal balance (% of GDP)	0.4	1.3	0.8	0.5	0.4
Public debt (% of GDP)	28.8	29.8	28.1	27.2	26.1

* forecast   Source: Oxford Economics

Swiss industries performance forecast

May 2019

Excellent:
The credit risk situation in the sector is strong / business performance in the sector is strong compared to its long-term trend.

Good:
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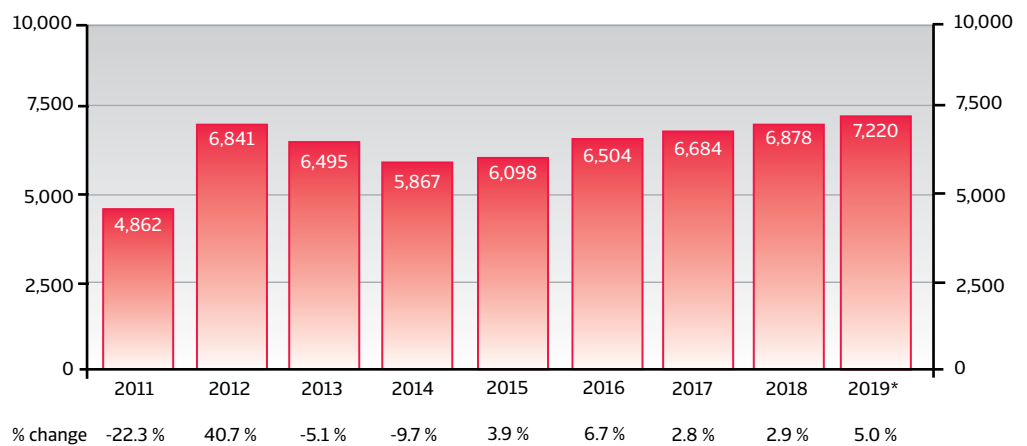
Agriculture	Automotive/Transport	Chemicals/Pharma	Construction	Construction Materials
Good	Fair	Good	Poor	Poor

Consumer Durables	Electronics/ICT	Financial Services	Food	Machines/Engineering
Fair	Fair	Excellent	Good	Good

Metals	Paper	Services	Steel	Textiles
Fair	Fair	Good	Poor	Poor

The insolvency environment

Corporate insolvencies expected increase again in 2019

Since 2015 Swiss business insolvencies have recorded annual increases due to a more difficult economic environment. In 2019, another 5% rise in business failures, to about 7,220 cases, is forecast.
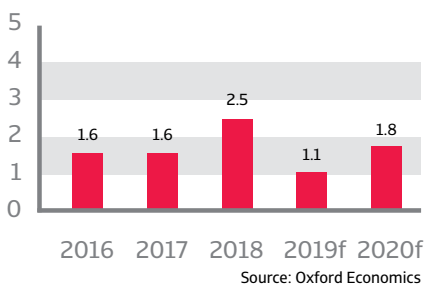
Swiss business insolvencies
(year-on-year change)

	2011	2012	2013	2014	2015	2016	2017	2018	2019*
	4,862	6,841	6,495	5,867	6,098	6,504	6,684	6,878	7,220
% change	-22.3 %	40.7 %	-5.1 %	-9.7 %	3.9 %	6.7 %	2.8 %	2.9 %	5.0 %

*forecast

Sources: National Statistics Office, Oxford Economics, Atradius Economic Research

Economic situation

Real GDP growth
(y-on-y, % change)

2016	2017	2018	2019f	2020f
1.6	1.6	2.5	1.1	1.8

Source: Oxford Economics

Real export of goods and services (y-on-y, % change)

2016	2017	2018	2019f	2020f
7.0	3.6	3.4	1.9	3.8

Source: Oxford Economics

Growth expected to decrease in 2019

After robust economic performance in 2018 with buoyant manufacturing exports, Swiss GDP growth is expected to decrease to about 1% in 2019. The slowdown is mainly due to weaker external demand (especially from the Eurozone and the US) and lower investment growth (due to a less buoyant business sentiment).

Negative interest rates (the Central Bank has kept the benchmark interest rate at -0.75% since 2015) have helped to contain currency appreciation and have supported private consumption, which is expected to grow at a higher level in 2019 than in 2018. Inflation is expected to remain below 1% in 2018.
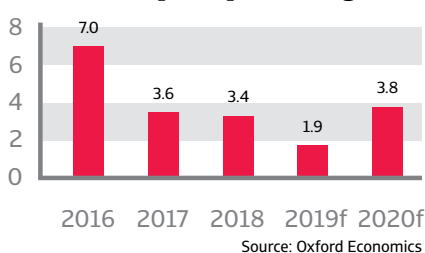
Negotiations with the EU in order to establish a new institutional framework agreement are currently ongoing. A failure to conclude such an agreement would most probably hamper the economic exchange with the EU.

United Kingdom

Main import sources (2017, % of total)

Germany:	14.0 %
China:	9.3 %
USA:	9.2 %
Netherlands:	8.0 %
France:	5.7 %

Main export markets (2017, % of total)

USA:	13.4 %
Germany:	10.6 %
France:	6.9 %
Netherlands:	6.2 %
Ireland:	5.7 %

Key indicators	2016	2017	2018	2019*	2020*
Real GDP growth (y-on-y, % change)	1.8	1.8	1.4	1.4	1.8
Inflation (y-on-y, % change)	0.6	2.7	2.5	1.9	1.7
Real private consumption (y-on-y, % change)	3.2	2.2	1.9	1.6	1.8
Real government consumption (y-on-y, % change)	0.8	-0.2	0.2	2.0	2.0
Industrial production (y-on-y, % change)	1.0	1.8	0.7	-0.3	1.1
Unemployment rate (%)	2.2	2.2	2.5	2.8	2.7
Real fixed investment (y-on-y, % change)	2.3	3.5	0.0	0.2	2.9
Real export of goods and services (y-on-y, % change)	1.0	5.6	0.2	1.5	3.1
Fiscal balance (% of GDP)	-3.0	-1.8	-1.4	-1.3	1.0
Public debt (% of GDP)	87.9	87.1	86.8	85.3	83.2

* forecast   Source: Oxford Economics

British industries performance forecast

May 2019

Excellent:
The credit risk situation in the sector is strong / business performance in the sector is strong compared to its long-term trend.

Good:
The credit risk situation in the sector is benign / business performance in the sector is above its long-term trend.

Fair:
The credit risk credit situation in the sector is average / business performance in the sector is stable.

Poor:
The credit risk situation in the sector is relatively high / business performance in the sector is below long-term trend.

Bleak:
The credit risk situation in the sector is poor / business performance in the sector is weak compared to its long-term trend.

Agriculture	Automotive/Transport	Chemicals/Pharma	Construction	Construction Materials
Poor	Poor	Fair	Poor	Poor

Consumer Durables	Electronics/ICT	Financial Services	Food	Machines/Engineering
Poor	Fair	Fair	Poor	Fair

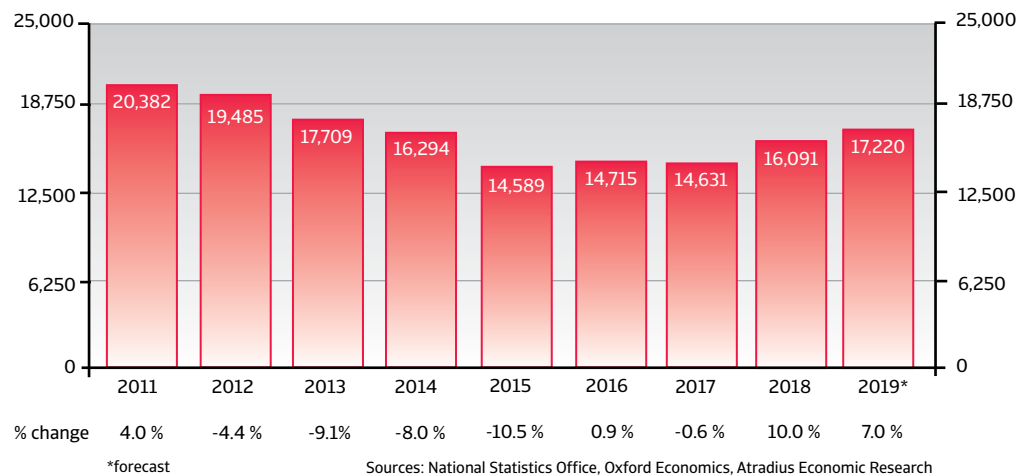| Metals	Paper	Services	Steel	Textiles
Poor	Poor	Poor	Fair	Poor

The insolvency environment

Business insolvencies to increase again in 2019

After an increase of 10% in 2018, British business insolvencies are expected to rise again in 2019, up 7%. This outlook is based on an orderly Brexit, followed by a smooth transition period.

Brexit-related uncertainty has caused businesses (especially large, international companies) to delay investment decisions, which has a significant impact on smaller firms down the supply chain. The construction and retail sectors are the most affected by increasing insolvencies.

British business insolvencies
(year-on-year change)

	2011	2012	2013	2014	2015	2016	2017	2018	2019*
	20,382	19,485	17,709	16,294	14,589	14,715	14,631	16,091	17,220
% change	4.0 %	-4.4 %	-9.1%	-8.0 %	-10.5 %	0.9 %	-0.6 %	10.0 %	7.0 %

*forecast

Sources: National Statistics Office, Oxford Economics, Atradius Economic Research

Economic situation

Real GDP growth
(y-on-y, % change)

2016	2017	2018	2019f	2020f
1.8	1.8	1.4	1.4	1.8

Source: Oxford Economics

Real private consumption
(y-on-y, % change)

2016	2017	2018	2019f	2020f
3.2	2.2	1.9	1.6	1.8

Source: Oxford Economics
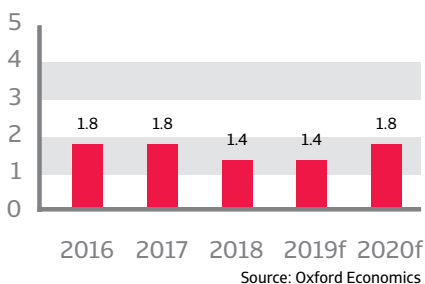
Economic prospects remain fragile

In the aftermath of the June 2016 Brexit vote the UK economy remained resilient, and GDP growth did not record a major slowdown in 2018. UK exports have benefitted from increased international competitiveness due to the weaker pound.

The economic expansion however started to slow down in Q4 of 2018, mainly due to increased Brexit-related risk aversion, strained household finances, and weaker global demand. With lower momentum entering 2019, this year's growth forecast has been revised down to 1.4%. Due to the lower growth outlook it is expected that The Bank of England will keep the benchmark interest rate low at 0.75% for the time being.
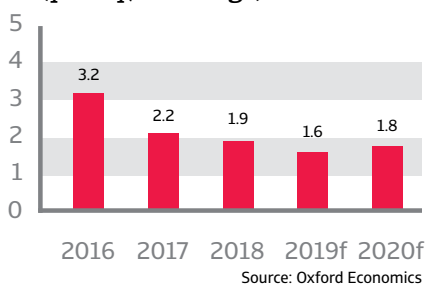
However, those forecasts are based on the assumption of an orderly Brexit and a subsequent acceleration of growth in H2 of 2019, supported by stronger household spending power, a rebound in investments and increased government consumption. A hard Brexit would immediately lead to a downside revision of the forecast.

Besides the potential repercussions of Brexit, another potential downside risk is the increase in consumer debt, coupled with stagnant household incomes. Household debt has increased to 140% of household disposable income, and this poses a potential risk to the financial sector.

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