

Market overview in Baltics

November 2019

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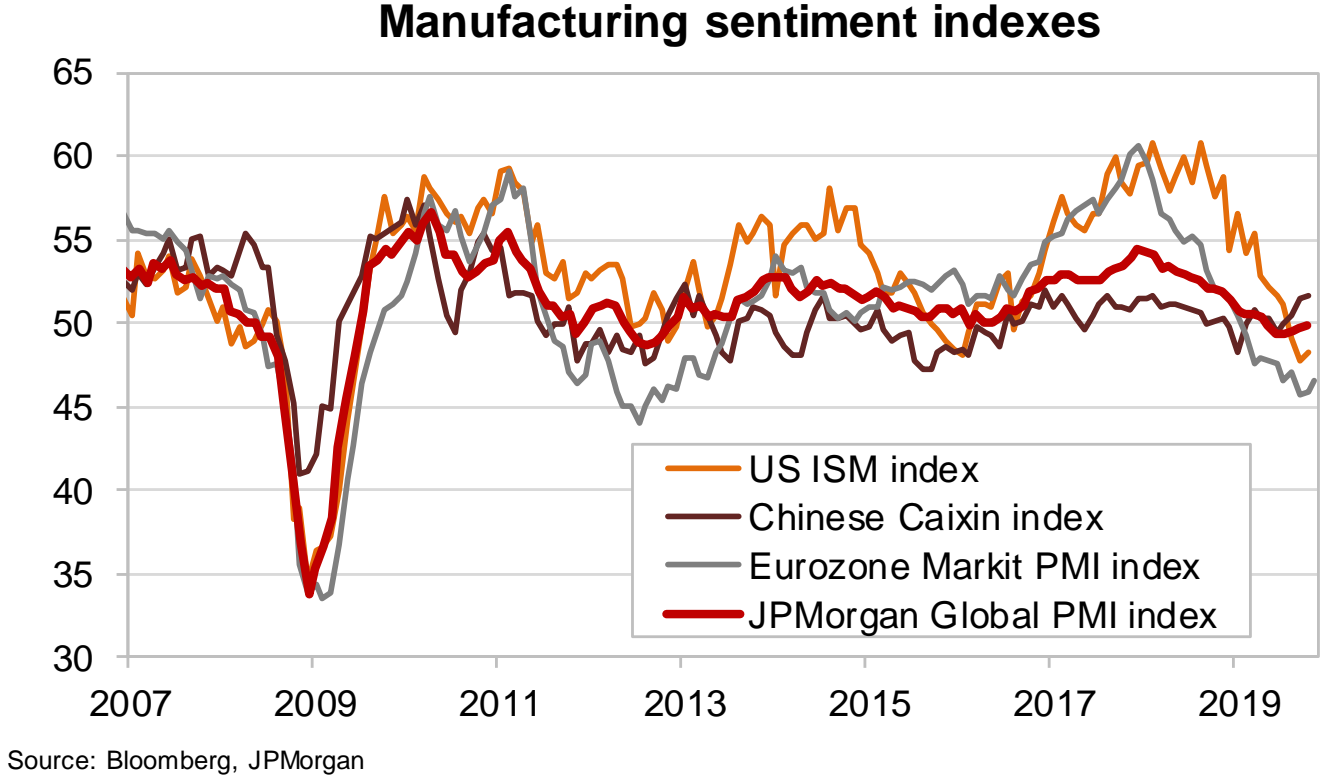

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Our agenda

- **Global macro climate**
- **Trends in the Baltic manufacturing sector**
- **How engineering industries are performing?**
- **Challenges & opportunities**

Global macro climate

Global manufacturing is flirting with recession



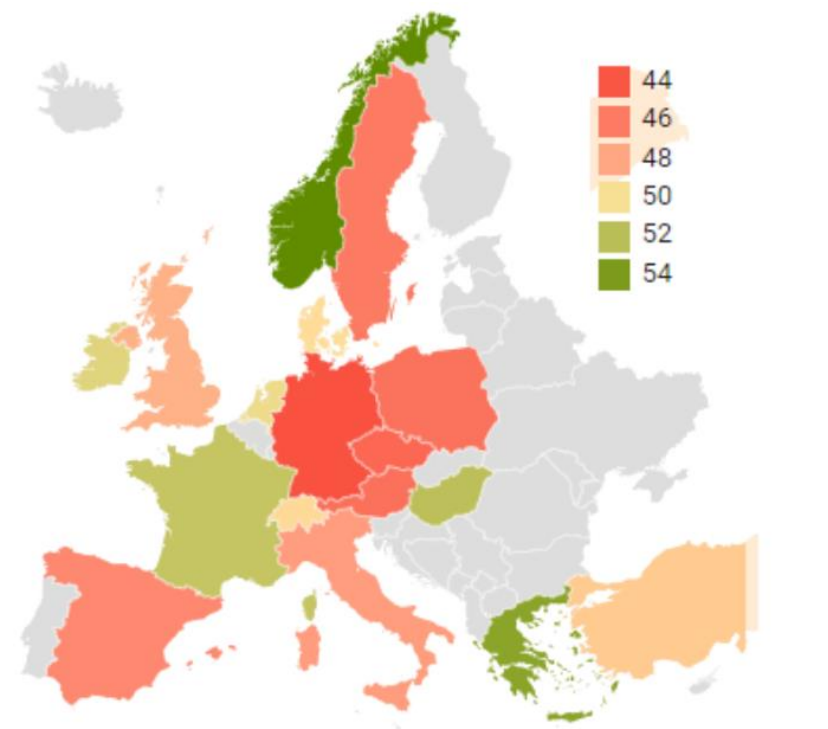
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Global macro climate

European manufacturing trapped in the contraction zone

Manufacturing PMI indexes in Europe
October 2019, below 50 points = contraction

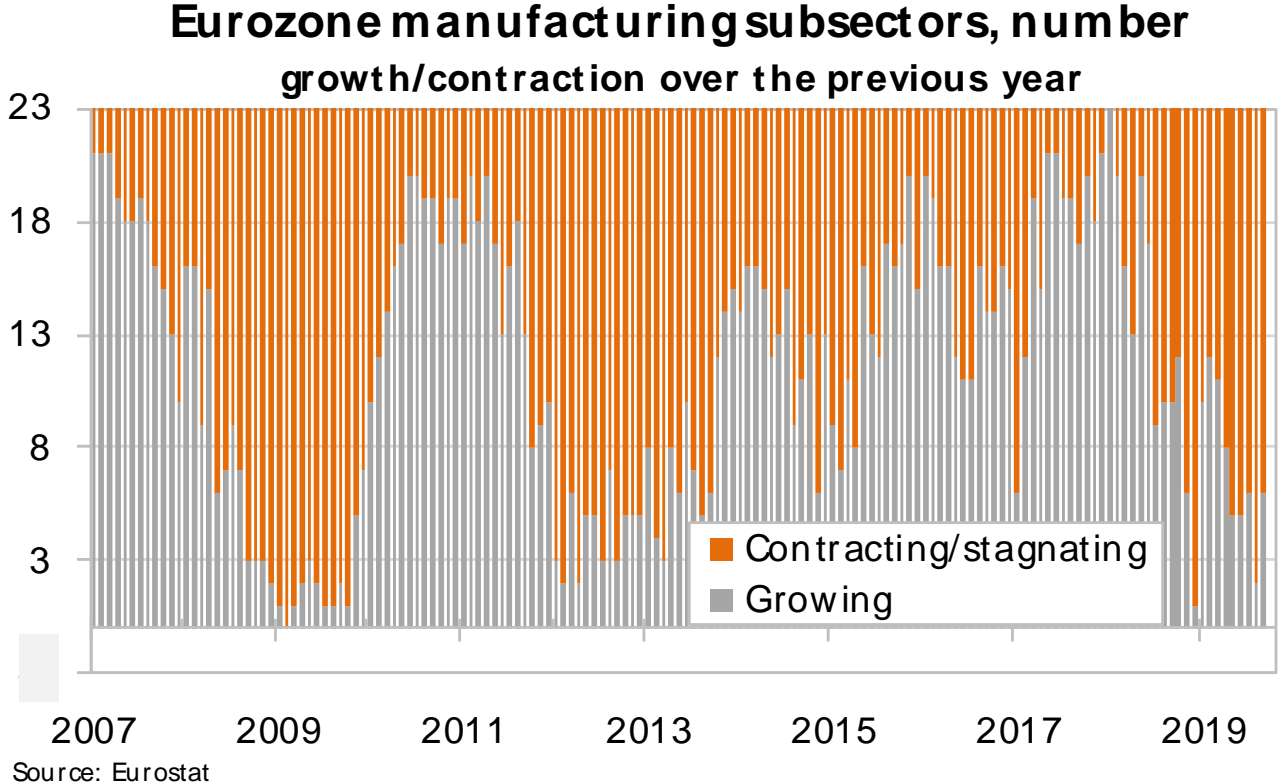


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Global macro climate

European manufacturing trapped in the contraction zone

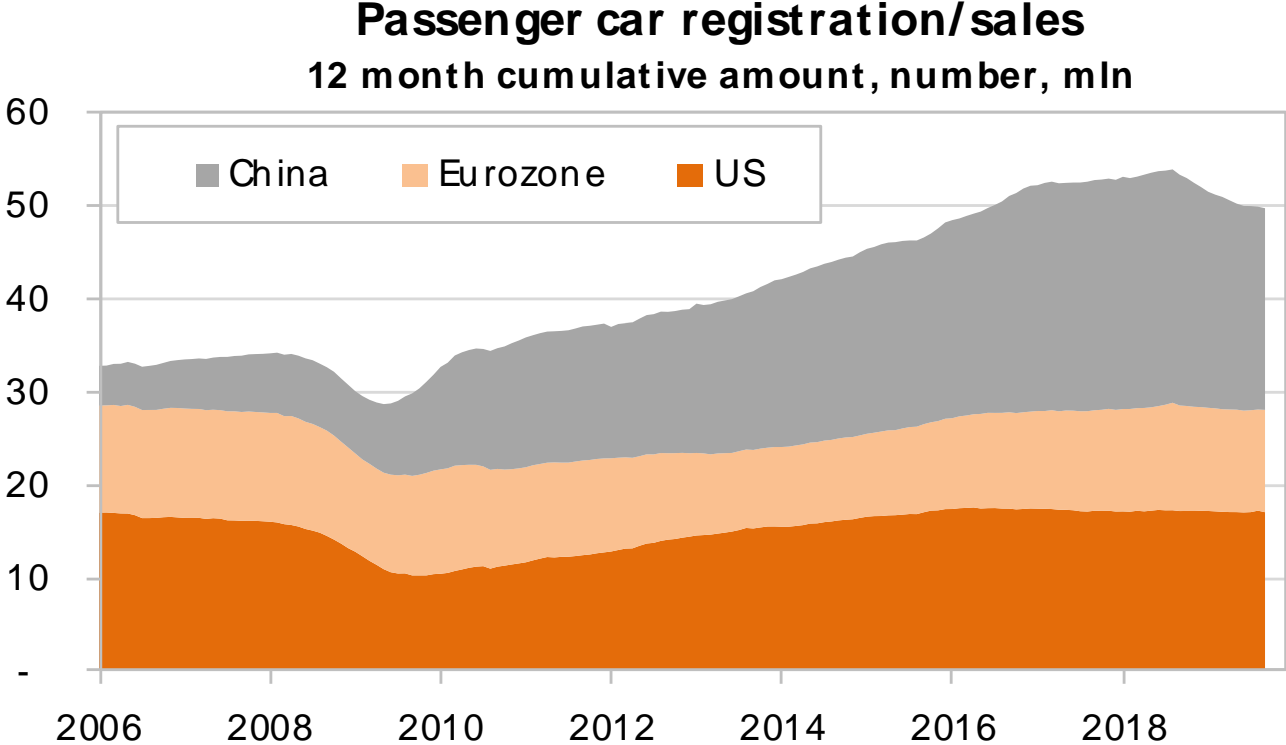


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Global macro climate

Auto industry is looking suspicious



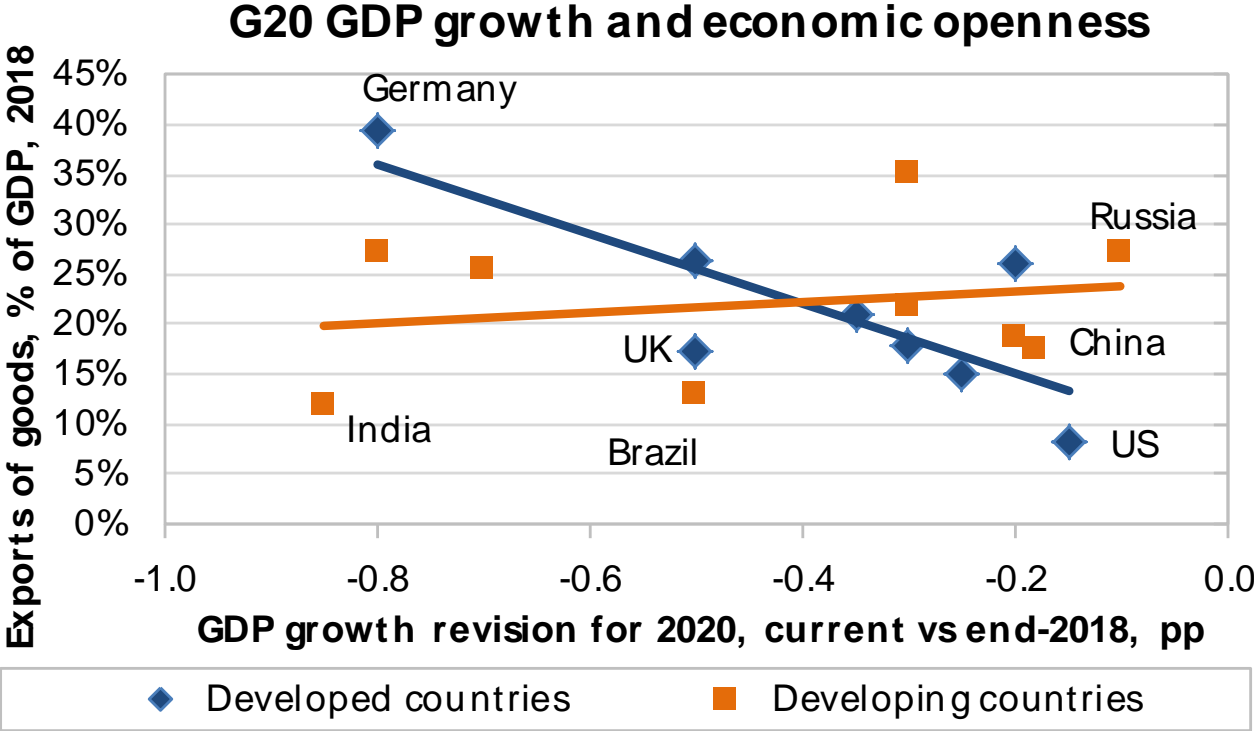
Source: Bloomberg, CBL AM calculations

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Global macro climate

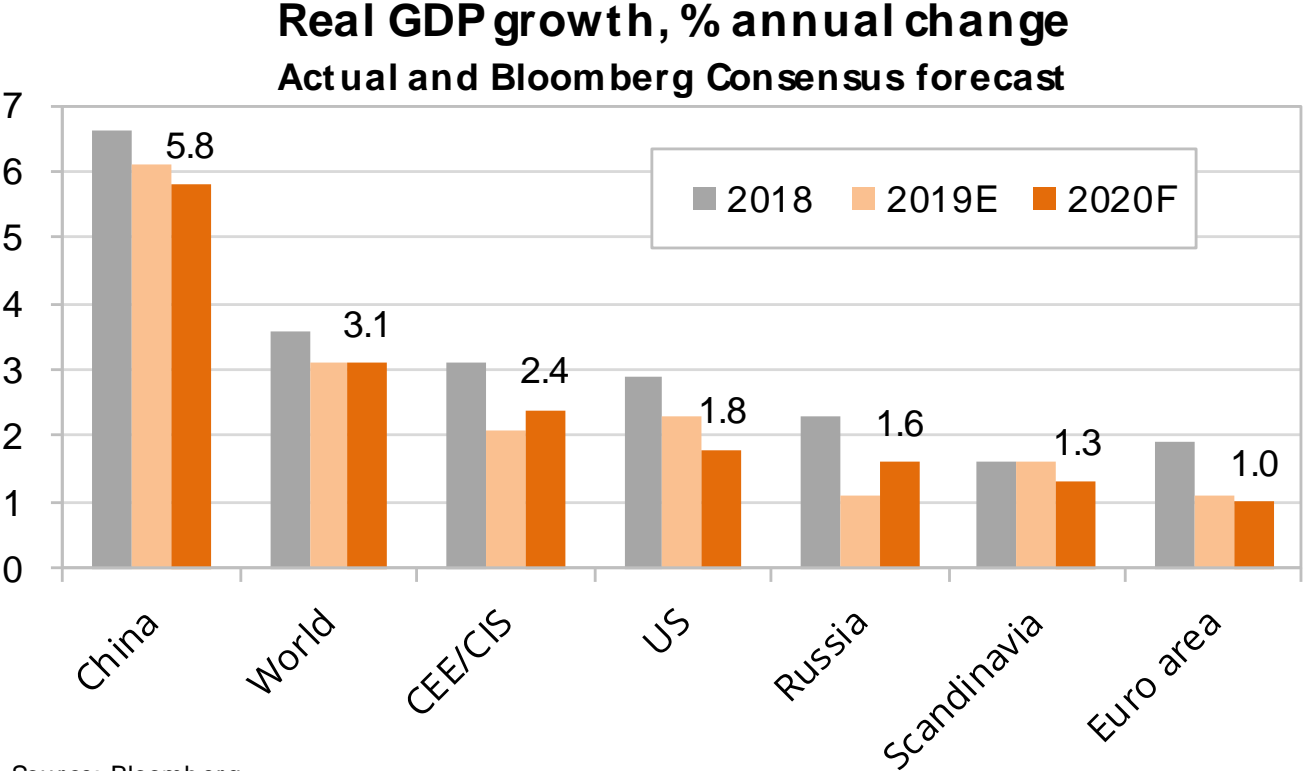
Globalization mini-crisis



Source: IMF, Bloomberg, CBL AM calculations

Global macro climate

But consumers are still spending



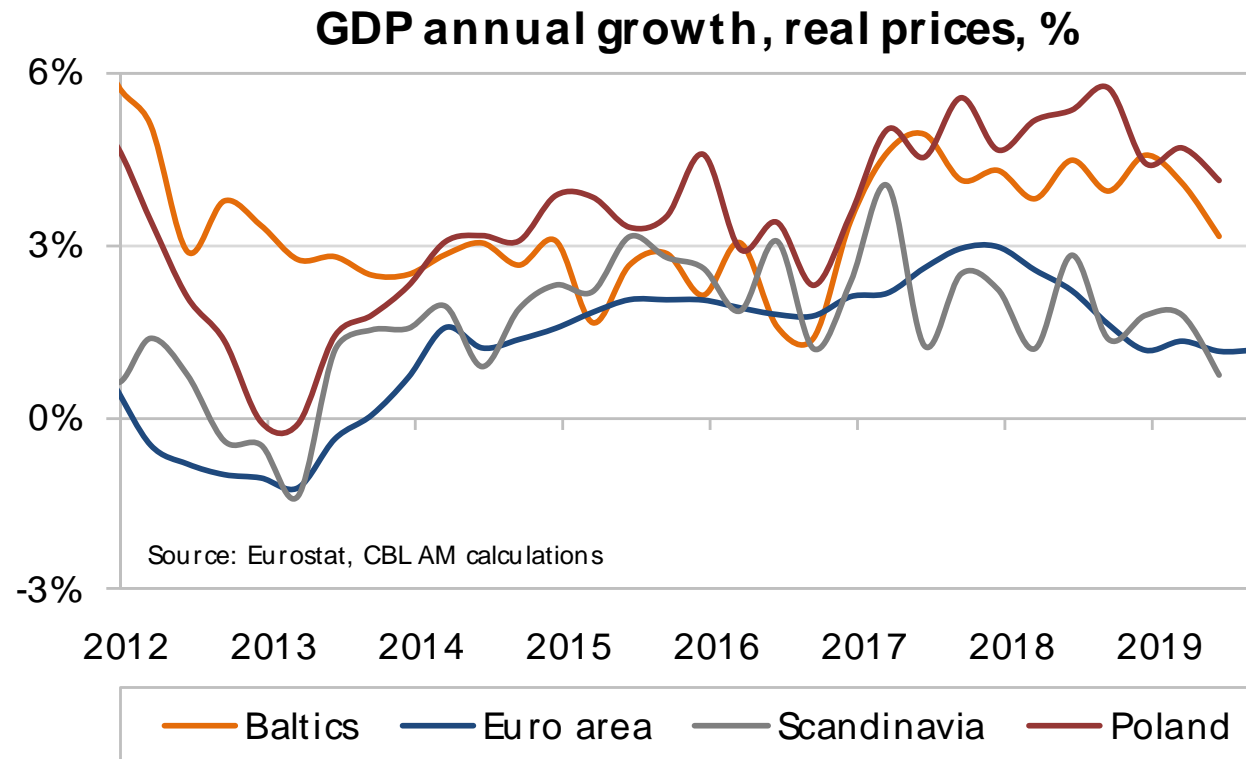
Source: Bloomberg

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The Baltics States

Solid and broad-based economic growth

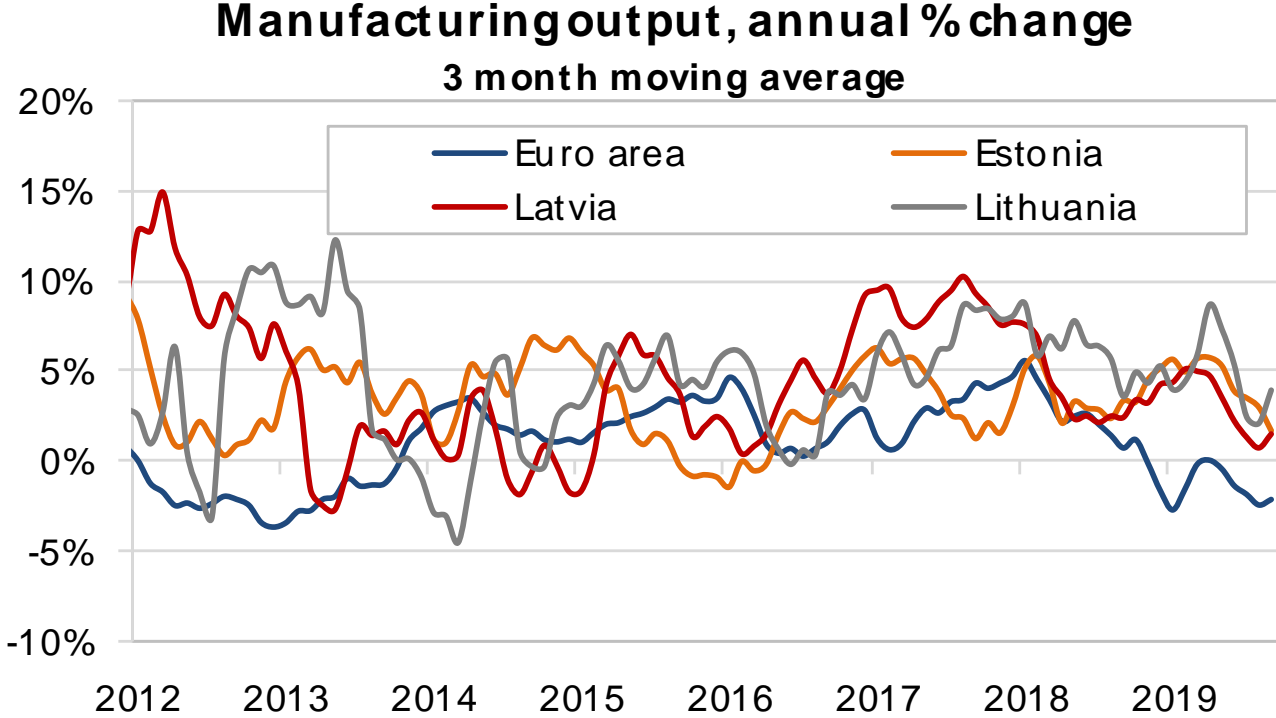


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Manufacturing from a bird's-eye view

Baltic manufacturers are defying the slowdown in the euro zone



Source: Eurostat

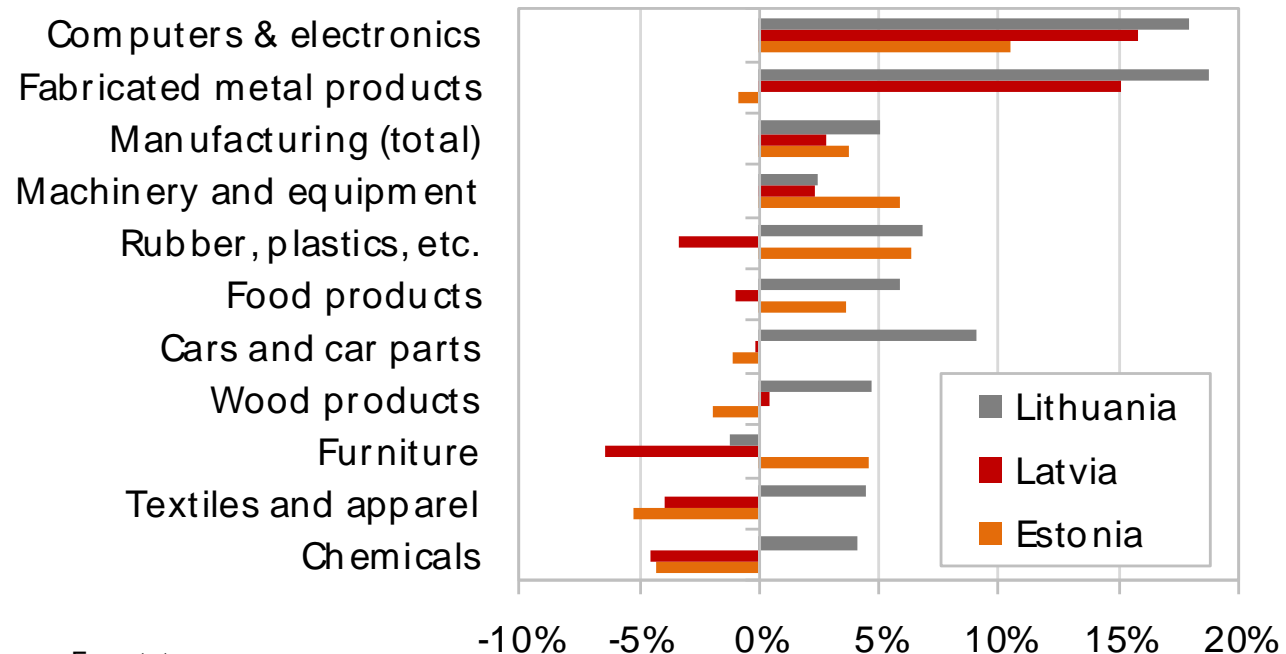
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Engineering industries

Heavy and engineering industries among the best performers

Manufacturing output, % annual change
Jan-Sept 2019 vs. Jan-Sept 2018



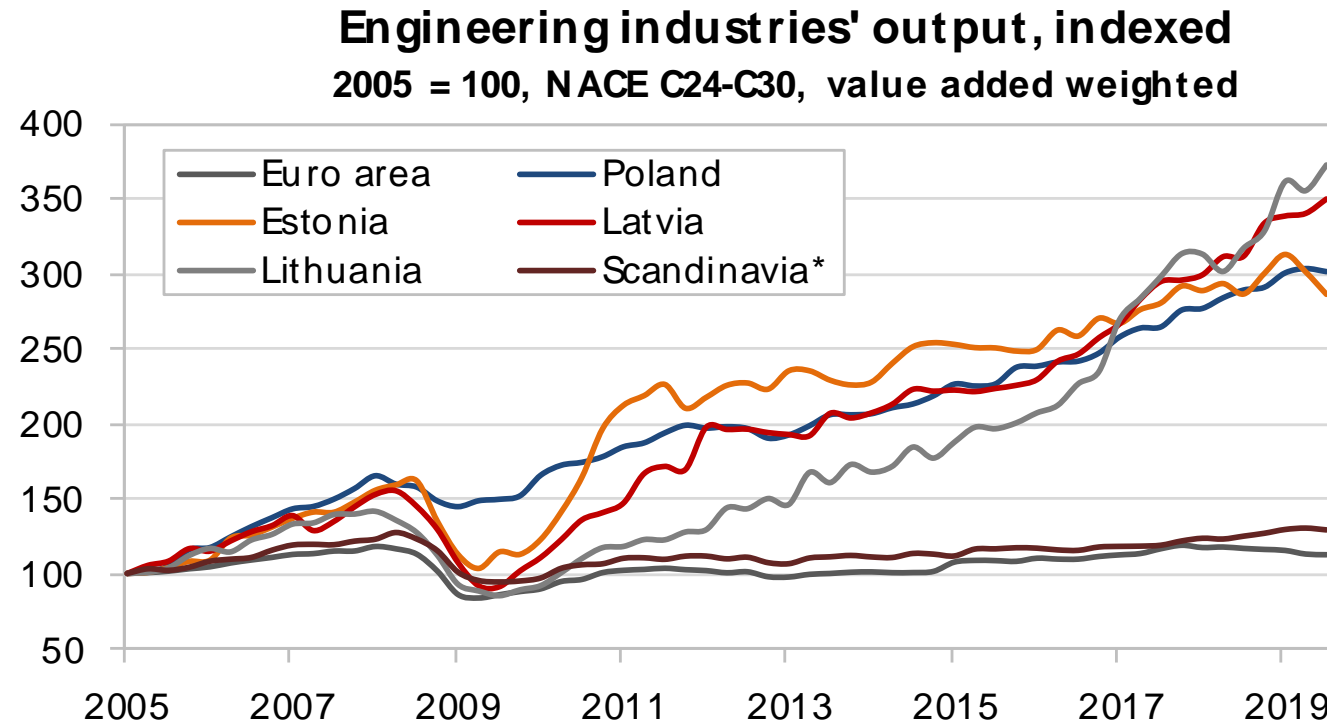
Source: Eurostat

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Engineering industries

Engineering industries in the Baltics outpace old Europe



Source: Eurostat, CBL AM calculations

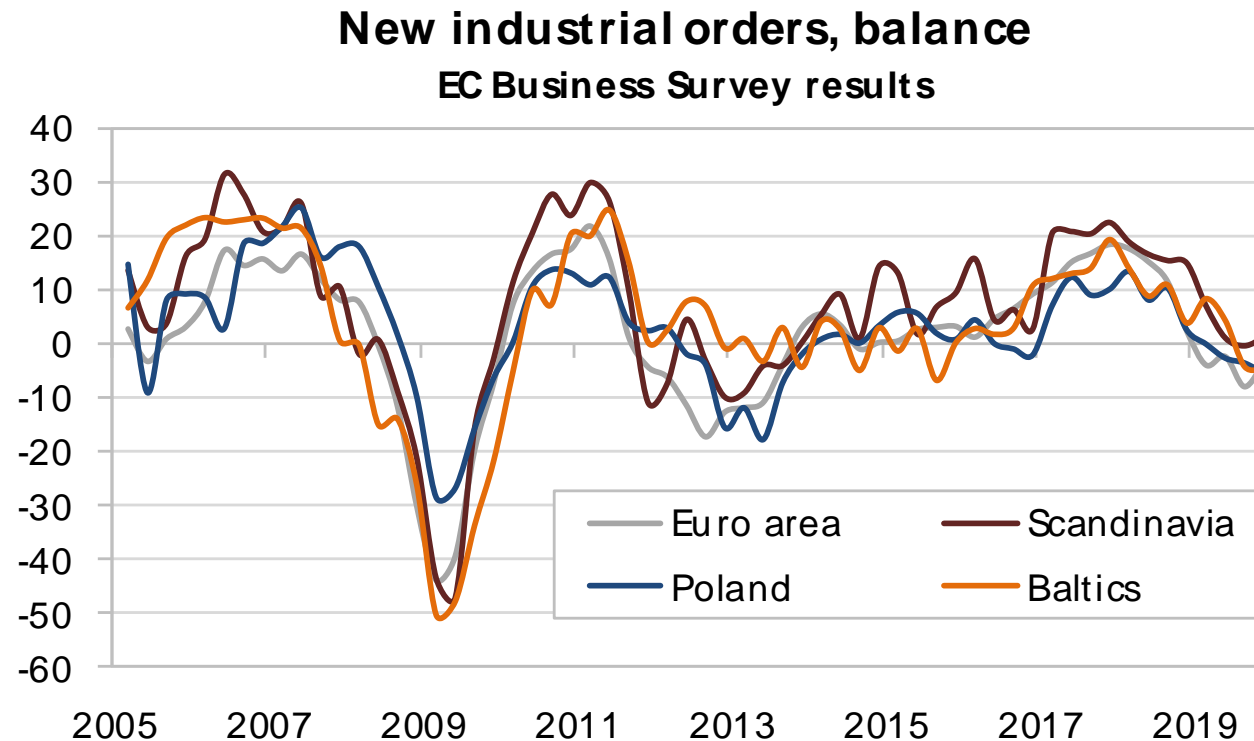
* excl. Finland

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Challenges & opportunities

New industrial orders pointing to decelerating growth



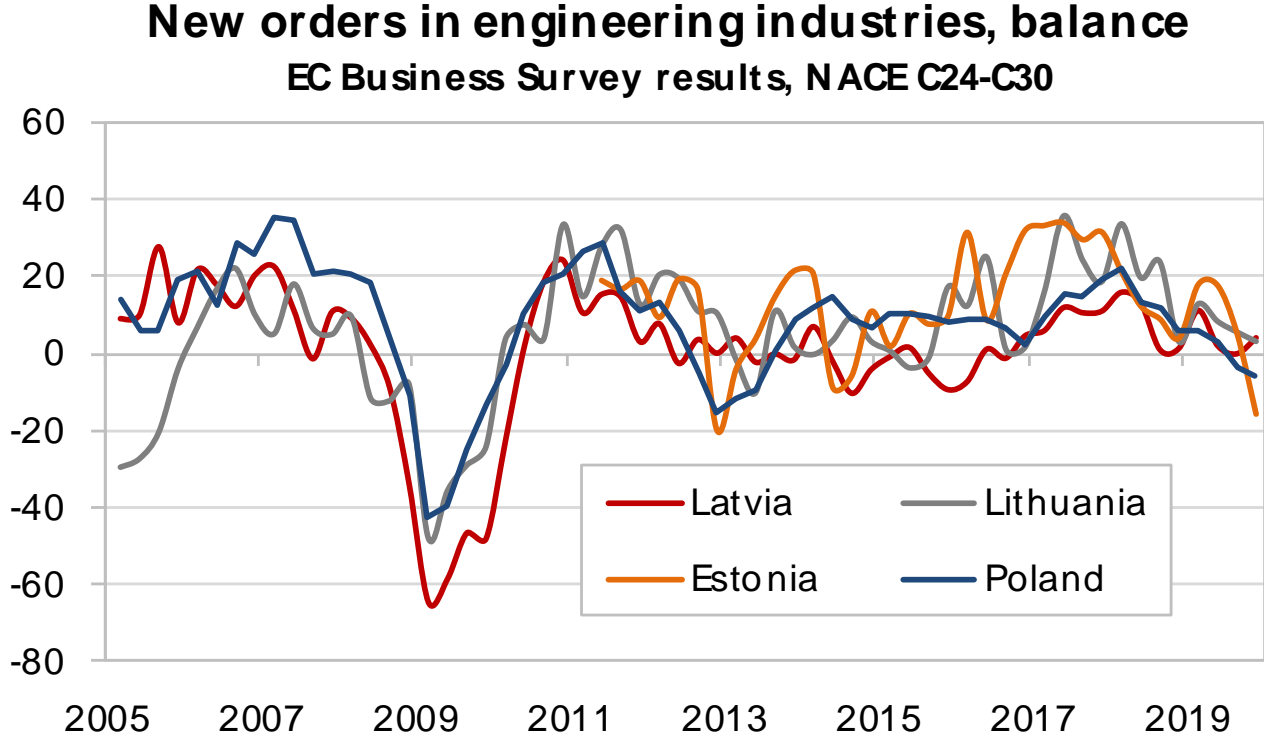
Source: European Commission, CBL AM calculations

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Challenges & opportunities

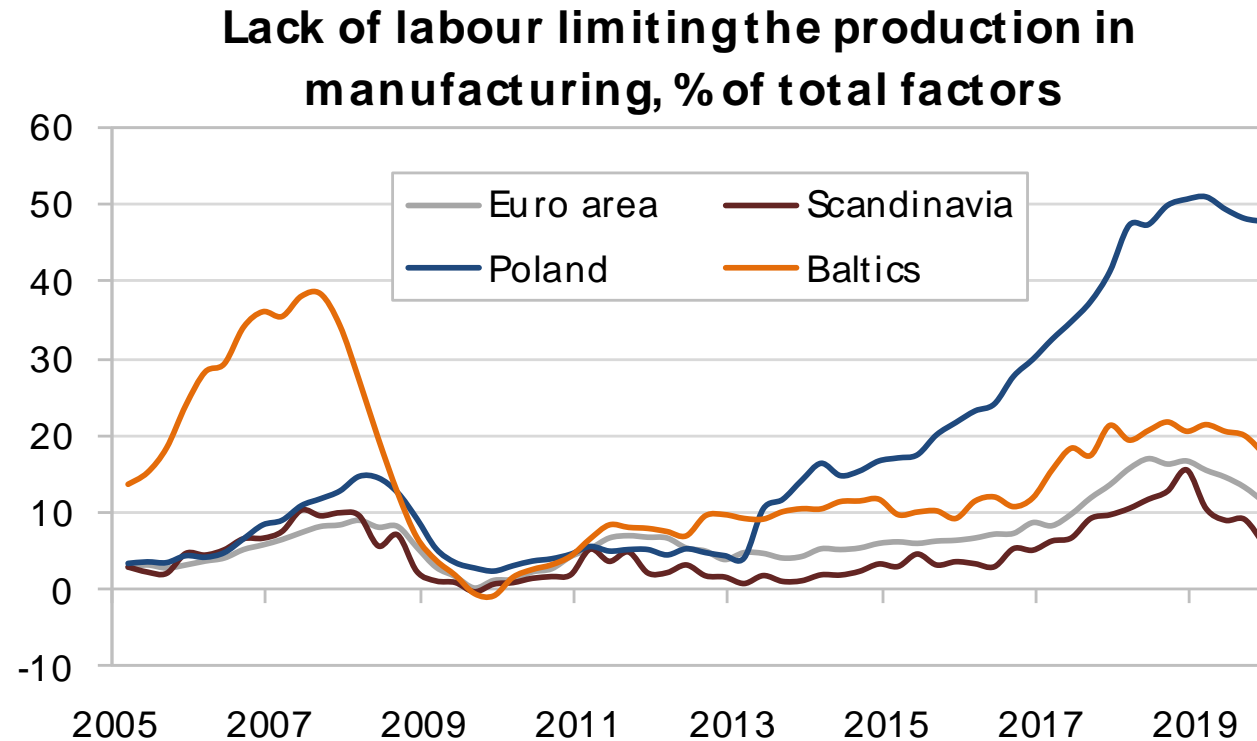
New industrial orders – a close-up



Source: European Commission, CBL AM calculations (sectors are value added weighted)

Challenges & opportunities

Lack of labor still a problem



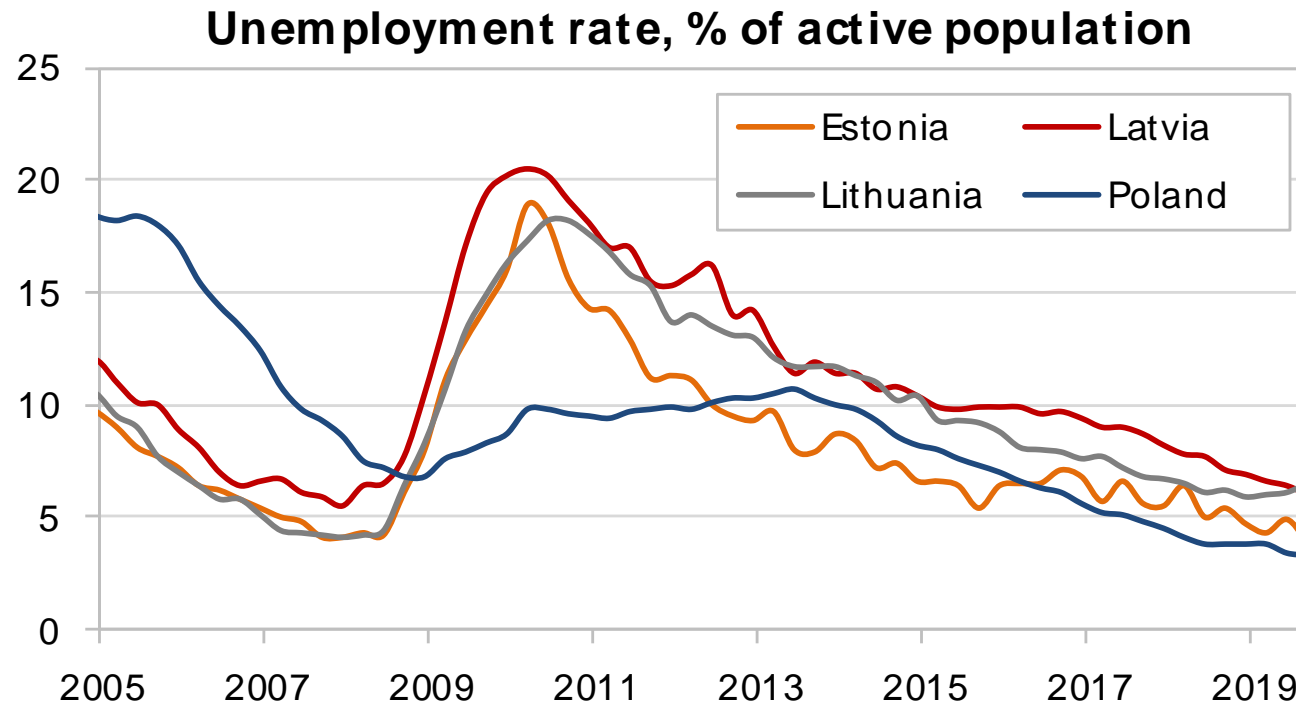
Source: European Commission, CBL AM calculations

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Challenges & opportunities

Declining unemployment continues to put pressure on wages



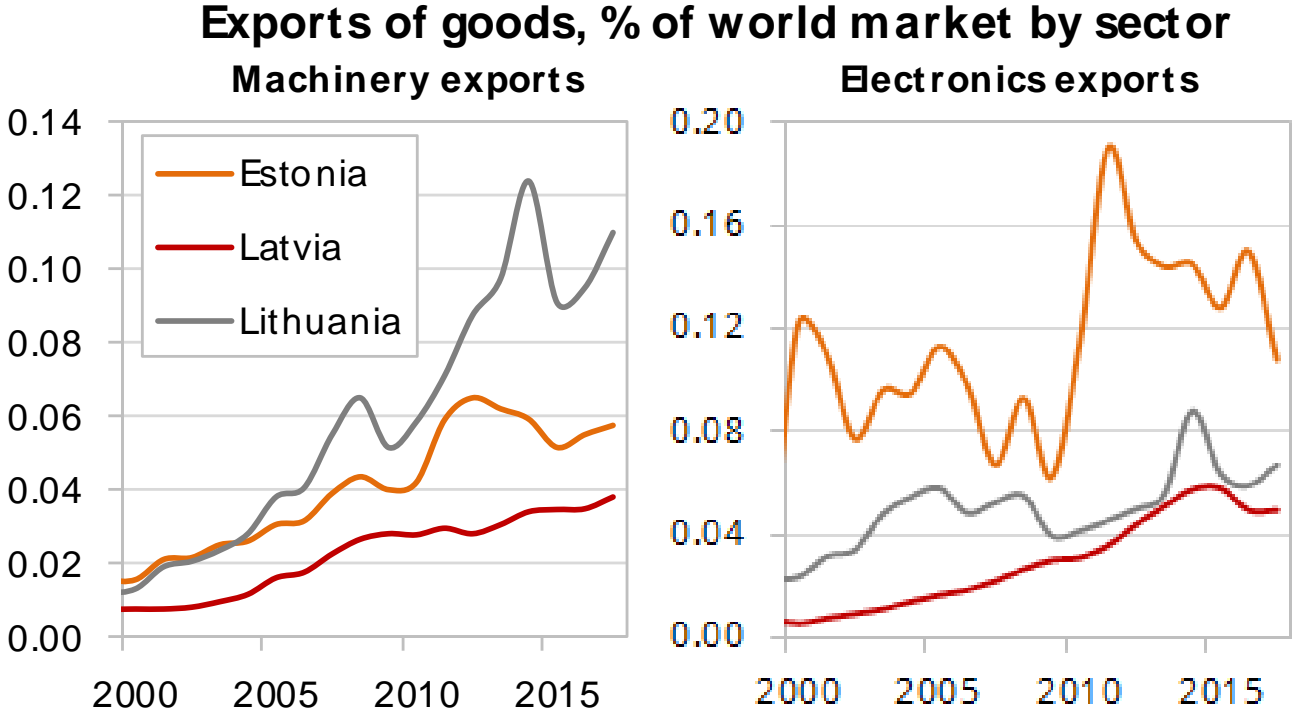
Source: Eurostat

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Challenges & opportunities

Growth in global market share



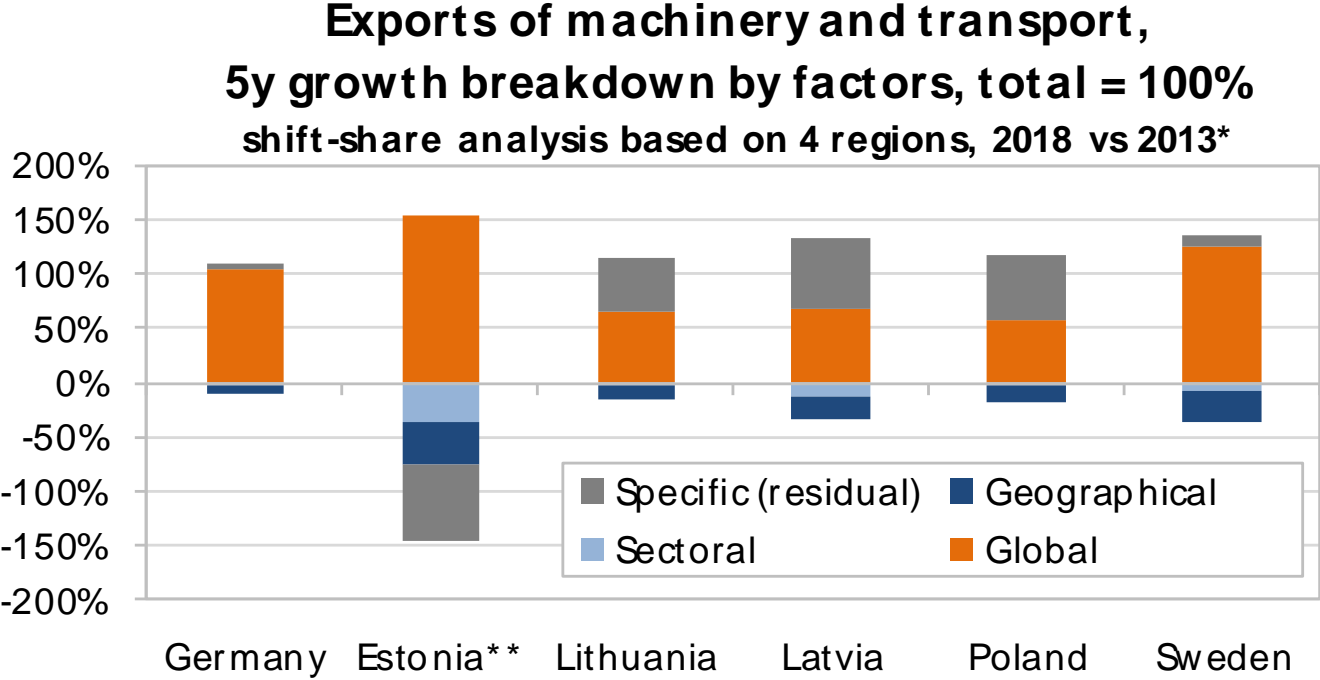
Source: Harvard Atlas of Economic Complexity

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Challenges & opportunities

Growth in global market share

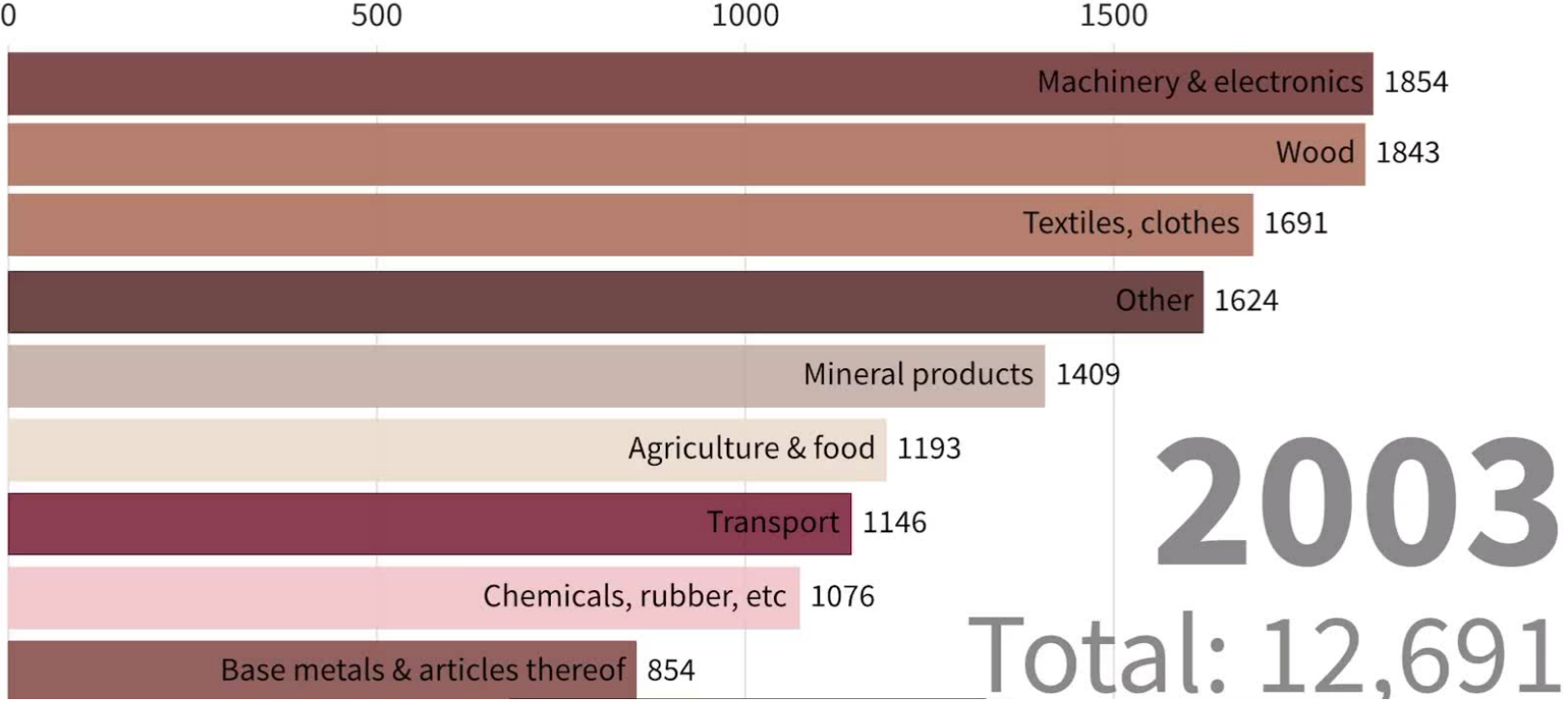


Source: Eurostat, UN Comtrade, CBL AM calculations
* EU28, China, US, Russia, exports SITC breakdown ** scaled by a factor of 10

Challenges & opportunities

Growth in global market share

Export dynamics of goods in Baltics
by sector, combined, bln EUR



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Thank you for attention!

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