**HOMI FASHION&JEWELS: A STEADILY GROWING SUPPLY CHAIN, DESPITE ECONOMIC INSTABILITY**

*HOMI Fashion&Jewels Exhibition has been confirmed as a reference point for the fashion system, in an economic context with lower growth rates compared to the previous year, due to hyperinflation and the increasing prices of raw materials and energy.*

**OVERVIEW**

After experiencing 18 months of robust growth (from early 2021 to mid-2022), the fashion industry is once again facing a difficult time. The fashion market, with the exclusion of the luxury sector, is going to struggle to deliver a significant growth in 2023. McKinsey's analysis of fashion forecasts has predicted growing sales (though not exceeding +3 percent), weighed down by a contraction of the European market (which is expected to shrink between 1 and 4 percent).

China and the US are expected to fare better, growing between 2 and 7 percent and between 1 and 6 percent, respectively. Europe, on the other hand, is under high pressure from currency rates and a growing energy crisis, which are likely to result in modest sales growth *(data: The State of Fashion 2023. Mckinsey Fashion Report: Predictions for 2023\_5 December 2022)*

**PRODUCTION AND DOMESTIC DEMAND IN ITALY** (*data source: Expoplanning platform)*

By the end of 2022, **Italian production** in the **Fashion & Bijoux** supply chain is expected to be worth over **€6 billion**. These levels, thanks to the aforementioned supply chain inflation, exceed those of 2021 by 12 percent and by a good 25 points compared to the pre-pandemic period (when Italian production was worth over €4.8 billion in this supply chain).

Italy's domestic demand, expressed in terms of **(apparent) consumption**, for products of the **Fashion & Bijoux** supply chain, is estimated to close the year at **€3.6 billion**, up by no less than 18 pp compared to 2021 and about 34 pp compared to 2019 levels.

**ITALY’S FOREIGN TRADE** *(data source: Expoplanning platform)*

After a particularly favourable 2021 (closed with a growth of 31.3 percent in Euro values), **Italian exports** of **Fashion & Bijoux** products confirmed favourable dynamics, although less accelerated (+10.7 percent), throughout 2022, to exceed the amount of **€4.5 billion** for the first time at the end of the year. More specifically, the greater share of Italian exports in this sector is **Fashion Accessories**, with a 2022 (pre-estimates) value of **over €2.9 billion**, up by 8.6 percent compared to 2021. Italian **Costume Jewellery** exports are also expected to close the year with a new all-time high of **€1,603 million** (+14.7% compared to 2021), also due to price increases.

In **2023**, Italian exports of **Fashion & Bijoux** products are expected to grow at an average annual growth rate **(CAGR**) of **11.4% in Euro values**, bringing the total value of our exports to over €5 billion. In the following three-year period **(2024-2026**), considering the possible 'normalisation' of prices in the supply chain, the growth rate is expected to be only slightly less accelerated (CAGR: +7.9% in Euro values), bringing the sector's exports to a value of around **€6.3 billion** at the end of the forecast horizon.

**WORLD TRADE** (*data source: Expoplanning platform)*

After a very favourable 2021 (+32.5 percent compared to 2020 in Euro values), at the end of 2022, according to ExportPlanning pre-estimates, world trade **Fashion & Bijoux** products are expected to exceed **€64 billion**, a new all-time high. The average annual growth reached +11.1 percent in Euro values this year, but with very different trends between the two sectors considered.

A less accelerated growth rate is expected in **2023** due to a probable 'normalization' of prices in the supply chain and a progressive slowdown in the global economy: **+7.7 per cent in Euro values**, with more consistent trends between the two sectors considered. A further decelerating average annual growth rate **(CAGR**)of +5.2 per cent in Euro values is expected in the following three-year period **(2024-2026**), when world trade in **Fashion & Bijoux** products are expected to reach **€80 billion** at the end of the forecast horizon.