**HOMI FASHION&JEWELS: THE INDUSTRY CONFIRMS ITS DYNAMISM AND RESILIENCE**

*In an international context marked by a gradual global economic slowdown, growth is expected to be lower in 2023. Sustainability, digitalization and artificial intelligence will be the drivers impacting the economy and the future of the fashion system.*

**ITALY OVERVIEW**

Despite a slowdown in growth rates compared to 2022, fashion is advancing underpinned by exports, with an increase of 7.5% over last year. According to the 2023 closing forecast data provided by the National Chamber of Italian Fashion, **the Italian fashion industry 'in the broadest sense**' (clothing but also textiles, leather goods, footwear, jewellery, cosmetics and eyewear) is expected to close 2023 with **a 5% increase in turnover**, reaching 103.55 billion euros.

A more than positive result given the difficult socio-economic situation, also driven by exports, that are expected to reach 92.81 billion euros with a 7.5% increase over 2022, but slowing down after the +17.8% in 2022 compared to 2021.

Also the **first final figures for 2023** have outlined a **satisfactory** picture**:** revenues in January and February rose by 14.4% compared to the first two months of 2022, due to a +13.8% in the 'core' sectors (textiles, clothing, leather goods and footwear) and a +15.9% in related sectors (beauty, eyewear, jewellery and costume jewellery). This data substantially confirmed the trend expressed in the last quarter of 2022.

The increase in turnover was only partly passed on to consumer prices. In the first four months of 2023, consumer prices of fashion products grew only by 3% despite the rise in the general consumer price index, which reached 8.5% *(data by the National Chamber of Italian Fashion*).

**Forecasts for 2023 are therefore expecting growth, albeit slower** and driven by exports (data by Confindustria Moda). In particular, with respect to the **FASHION sector**, the first market of the Textile-Clothing segment was France, which absorbed 11.5% of total sales registering a +18.2%, while the second place was occupied by Germany (+11.6%) and the USA (+14.9%), which absorbed 7.1% of total exports. On the other hand, sales to China went down (-1.7%), while sales to Switzerland, the logistical hub of the main luxury centers, were stable.

For what concerns the **JEWELS sector**, the USA confirmed to be the number one foreign country. Despite a moderate +5.9% in January-March 2022, they were still the fastest growing market in the last four years, followed by Switzerland (+18.3%), the Arab Emirates (+11.3%), and the main EU market, France (+18.8%). Sales in Russia and Ukraine plummeted further due to the ongoing conflict (-78.2% overall).

There is also positive data regarding the **domestic market:** in 2022 the variable 'apparent consumption' (which intercepts both the intermediate intra-industry demand and the final consumption of Italian households) registered a +21.7%.

Nevertheless, the domestic market is very sensitive to price policies due to high inflation, an issue that also affects the **fashion & jewellery segment, which, however, has proven to be responsive and was capable of renewing itself**. Indeed, the supply chain has taken advantage of the excellent opportunities made available by technology: from the multiplicity of new online purchasing channels, including e-commerce, marketplaces and social commerce, to the implementation of business models that are more oriented towards sustainability and production ethics, as well as to transparency and traceability of the supply chain and circularity.

As far as the fashion system is concerned, the new consumer sensitivity necessarily implies a **paradigm shift within the entire production chain, which must therefore be more ethical and at the same time oriented towards digitalization processes**. As a matter of fact, this last aspect allows for the progress and innovation of countless fundamental touch-points, such as the development of new frontiers of live shopping, fashion gaming, the potential of 3D printing, artificial intelligence and augmented reality.

**ITALIAN PRODUCTION AND DOMESTIC DEMAND** *(focus on Fashion & Bijoux industry. Data source Expoplanning platform\_July 2022)*

At the end of 2022, the **Italian production coming from the Fashion & Bijoux industry** was worth **more than 6 billion euros**, with a higher growth in the Jewellery sector compared to a more contained growth in the Fashion Accessories sector.

For what concerns products from the Fashion & Bijoux industry, Italy's domestic demand, expressed in terms of apparent consumption, was worth almost 3.6 billion euros in 2022, with an increase of no less than 17% compared to 2021. Once again, in the sector of Bijoux Products, the positive differential against pre-pandemic levels appears more significant (+38.7% for values in euros) compared to the Fashion Accessories sector, reaching just over 28%.

**ITALIAN FOREIGN TRADE** *(focus on Fashion & Bijoux industry. Data source Expoplanning platform\_July 2022)*

In 2022, **Italian exports of products from the Fashion & Bijoux industry** confirmed a favorable trend with a double-digit percentage growth **(+10.7%)**, reaching for the first time ever a value above **4.5 billion euros**. More specifically, the majority of Italian exports from the sector are attributable to **Fashion Accessories**, which were **worth almost 3 billion euros in 2022** and up by +9.7% compared to 2021. Also Italian exports of **Bijoux Products** - partly thanks to a rise in prices - registered a new all-time high, reaching a total value of 1,570 million euros (+12.5% compared to 2021).

**In 2023**, **Italian exports of products from the Fashion & Bijoux industry** are expected to grow at a compound annual growth rate (CAGR) **of +6.2% for values in euros**, thus bringing the total value of our exports close to 4.8 billion euros.

**In the following three-year period (2024-2026**), it is expected a slightly faster growth rate (CAGR of +7.9% in 2024 for values in euros, CAGR of +8.1% in the following two-year period), which should bring Italian exports in the sector to a value of more than 6 billion euros at the end of the forecast horizon.

**WORLD TRADE -** *(focus on Fashion & Bijoux industry. Data source Expoplanning platform\_July 2022)*

In 2022, world trade in products of the **Fashion & Bijoux** industry was worth close to **60 billion euros**. However, the average annual growth experienced last year, +4.5% for values in euros, reflects very different trends between the two sectors under analysis. In particular, due to a rise in the prices of basic raw materials and, above all, energy, together with the depreciation of Euro (-11.1% against Dollar, on a yearly average), world trade in jewellery products showed a significant increase (+17%), reaching values close to 22 billion euros.

On the other hand, world trade in **Fashion Accessories** showed a definitely slower trend, with an average contraction of -1.6% in 2022. At the end of the year, the total value of world trade in the sector was **close to 38 billion euros**.

In 2023, as a result of the 'normalization' of prices along the supply chain and in the presence of a progressive slowdown of international economy, it is expected a **less accelerated growth rate of +3.7%** for values in euros, with more homogeneous trends between the two sectors under analysis. In the following three-year period (2024-2026), the annual growth rate (CAGR) is expected to slightly re-accelerate, with a +5.1% growth for values in euros next year and a +5.6% annual growth rate in the following two-year period, which will allow world trade in Fashion & Bijoux products to approach **73 billion euros** at the end of **the forecast horizon**.

HOMI Fashion&Jewels Exhibition from 15 to 18 September 2023 at Fieramilano (Rho).

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