SUMMARY OF THE ECONOMIC ANALYSIS 39TH EDITION OF MILANO UNICA

ACCORDING TO THE SISTEMA MODA ITALIA RESEARCH CENTER, IN THE FIRST QUARTER OF 2024, MADE-IN-ITALY TEXTILES POSTED A REDUCTION IN BOTH TRADE AND PRODUCTION, CONTINUING ON THE NEGATIVE TREND OF 2023. TOTAL EXPORT SALES IN THE PERIOD TOTALED EURO 772 MILLION, DOWN -16.9%. IMPORTS WERE WORTH EURO 365 MILLION, DOWN -15.8%. DESPITE THESE RESULTS, IN THE JANUARY-MARCH 2024 TIME SPAN, THE TRADE BALANCE WAS SIGNIFICANTLY POSITIVE, AT EURO 407 MILLION. WORTHY OF NOTE IS THE POSITIVE PERFORMANCE OF EXPORTS TO CHINA (+4.6%) AND HONG KONG (+7.4%) WHICH, TAKEN TOGETHER, REPRESENT THE LEADING EXPORT MARKET FOR MADE-IN-ITALY TEXTILES, WITH EURO 70 MILLION IN SALES. WITH REGARD TO MADE-IN-ITALY PRODUCTION, BASED ON ISTAT DATA, THE BEARISH TREND RECORDED FOR WOVEN FABRICS SLOWED SOMEWHAT (-7% VS -12.3% OF THE FIRST QUARTER OF 2023), WHILE KNITS FELL FURTHER (-20.7% VS 13.4% IN THE CORRESPONDING PERIOD OF 2023). ALL PRODUCT CATEGORIES TAKEN INTO ACCOUNT (KNITS, CARDED AND WORSTED WOOL AND COTTON) PRESENTED DIFFERENT BUT STILL DOUBLE-DIGIT REDUCTIONS IN EXPORTS EXCEPT FOR LINEN, DOWN -7.7% IN THE FIRST QUARTER OF 2024. SIMILARLY, IMPORTS ALSO RECORDED A DOUBLE-DIGIT DECREASE, EXCEPT FOR KNITS AND LINEN, WHICH LIMITED THEIR FALL TO -7.5% AND -4.8%, RESPECTIVELY. TOTAL SALES IN 2023 AMOUNTED TO APPROXIMATELY EURO 7.7 BILLION, DOWN -3.1% ON A Y-O-Y BASIS, YET STILL ABOVE PRE-PANDEMIC LEVELS (+1.6% VS 2019). THE TRADE SURPLUS CONFIRMED THE STRENGTH OF MADE-IN-ITALY PRODUCTION, TURNING IN THE SECOND-BEST PERFORMANCE OF THE LAST 7 YEARS WITH A TOTAL OF OVER EURO 2.3 BILLION.

In line with 2023, Made-in-Italy textiles in 2024 seem to be following the same negative trend recorded in the past twelve months with reductions both in trade and production. According to the ISTAT index of industrial production (adjusted for calendar effects), woven fabrics dropped by -7.0%, curbing their fall compared to the first quarter of 2023 (-12.3%). Conversely, knits worsened further, going from -13.4% recorded in the first quarter of 2023 to -20.7% in the corresponding period of 2024.

The analysis of trade in the January-March 2024 time span (latest data available) revealed that - as might be expected - the average data of Made-in-Italy textiles show a negative sign, with different trends across the categories monitored, i.e. knits and woven fabrics with at least 50% of natural fibers. In the first three months of 2024, exports of silk fabrics plummeted (-24.7%). Exports of knits and wool fabrics (carded and worsted) were down -19.4% and -19.1%, respectively. Overseas cotton fabrics exports were also down, yet to a lesser extent (-11.4%), while linen limited the fall to -7.7%.

The analysis of imports also showed a negative sign in every category. Cotton fabrics imports were down sharply (-22.6%), followed by wool (-21.2%) and silk (-19.6%). Lastly, imports of knits and linen recorded a -7.5% and -4.8% reduction, respectively.

From a geograhic perspective, an analysis of exports of Made-in-Italy textiles in the first quarter of 2024 shows negative performances in both EU and extra-EU markets; EU markets (making for 47.1% of total exports) dropped by -20.2%, while the extra-EU markets fell -13.6%.

With regard to the performance of the single markets, the first and second markets – France and Germany – recorded reductions of -22.5% and -31.0%, respectively, making for 8.8% and 7.1% of total sales, respectively. China ranks third, showing a +4.6% increase, and Hong Kong (15th) also posted a positive performance, with +7.4%. On an aggregate basis, China and Hong Kong would jump to the first position, totaling Euro 70 million. Romania comes in fourth, with a -9.1% reduction, followed by Tunisia (-16.8%), Turkey (-34.1%), US (-18.2%), Portugal (-22.6%) and Bulgaria (-18.3%).

The list of the top 15 markets by value for Made-in-Italy textile exports shows two markets with a positive sign: Morocco (+1.1%) and, in particular, Vietnam, which recorded a considerable growth rate (+34.0%).

In the first quarter of 2024, the analysis of imports from a geographic perspective revealed a high concentration in the extra-EU markets (65.1%), while both the macro-areas showed a negative performance: EU down -14.7% and extra-EU -16.4%.

The countries of origin for imports to Italy show varying trends. China, despite a -9.3% reduction, still ranks first with a 23.3% incidence on total imports; Turkey, in the second position, also dropped by -3.7%, accounting for 19.7% of semi-finished textiles imported to Italy. Germany comes in third with a double-digit reduction equal to -22.4%, followed by Pakistan, which was also down by double-digits (-38.9%). Imports from the Czech Republic also decreased (ranking fifth and showing a -24.1% drop), Spain (-23.2%) and the UK (ninth, down -13.6%). Bucking the trend, Japan, in seventh place, showed a +4.5% increase, as did France, with a +10.8% growth rate. Another two markets recorded a positive performance on total imports – each accounting for approximately +2.0% of imports - namely the Netherlands (+60.3%) and Portugal (+22.7%).

2023 closed with sales at approximately Euro 7.7 billion, down -3.1% vs 2022, but higher than the pre-pandemic period (+1.6% vs 2019). The sector's trade balance surplus, confirming the strength of Made-in-Italy products, had recorded the second-best performance in the last 7 years with a positive balance of over Euro 2.3 billion. This result was mainly due to plummeting imports (-17.3% vs 2022) at approximately Euro 1.9 billion, while exports, down -5.4% vs 2022, generated sales of Euro 4.2 billion.

The complete economic note – in Italian and in English – is available for download in the Media section of Milano Unica's website at **www.milanounica.it**

Data processed by Sistema Moda Italia Research Center