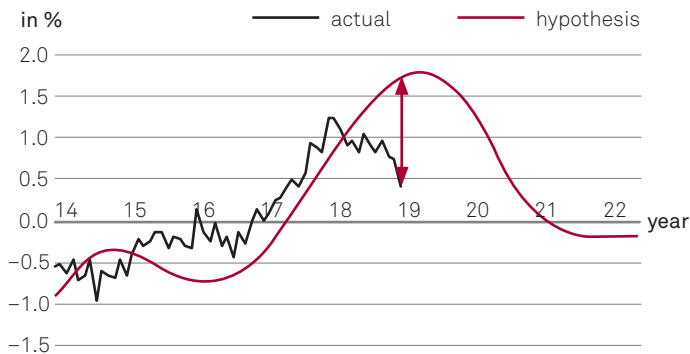


# How Are the Economic Indicators Changing?

## hpo economic commentary, 1<sup>st</sup> quarter 2019

### Industrial production in Europe remains far below expectations.

**US sentiment indicators have declined:** The euphoric sentiment in the USA lasted until mid-2018. As expected, however, the USA has now clearly passed its peak, as was the case earlier in Europe and Asia. The sentiment in Europe and the USA is still very positive as compared to historical standards. Nevertheless, sentiment has deteriorated significantly from the highs of 2018, and it can be assumed that sentiment will continue to deteriorate in the coming quarters. Asia's sentiment has been depressed for some time and continued to decline to a low level in the fourth quarter of 2018.



**Industrial production Europe**  
(deviation from long-term trend growth  
in percent for 2014–2022)

**The industrial production in Europe remains below expectations:** The disappointing development of industrial production in Europe is surprising. The Peter Meier Forecasting Model is based on the hypothesis that various economic indicators (e.g., industrial production) behave similarly to an oscillating system. This assumption has proven to be very solid in the past. For example, actual industrial production in the US and Asia is currently following our long-term hypotheses well and is at a very high level. In Europe, on the other hand, industrial production in 2018 fell far short of expectations. Production developed satisfactorily until the end of 2017, but growth has slowed significantly since then. Given that the industrial cycle is already well advanced, it cannot be assumed that this shortfall will be made up in the coming months (cf. chart).

**Retail trade sales in all three major regions are developing as expected:** Europe and the USA continue to show a very dynamic development. This development is likely to continue for another few months, especially in Europe, and thus support the current economic cycle. Asia continued to experience a slowdown of the dynamic in the fourth quarter. Especially the comparatively low level of industrial production in Europe meant that the peak of momentum in many sectors occurred earlier than expected and had already been exceeded.

**The scaling down of incoming orders is already reality and will accentuate in the coming quarters according to the model.**

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#### Who is hpo forecasting?

The forecasting specialists at hpo forecasting create company-specific forecasts for the incoming orders of industrial companies (capital goods and consumer durables). The forecasts are based on the scientifically founded and empirically proven Peter Meier Forecasting Model.

hpo forecasting – we predict your business