

Navigator

Now, next and how for business

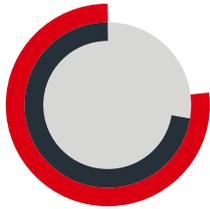
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Optimistic outlook...

but fears of protectionism



77% | 72%
of firms bullish about growth of cross-border business in next 12 months



61% | 57%
of firms think governments are becoming more protective of their domestic economies



61% | 53%
expect an increase in the volume of trade in services



40%
report increased costs of doing business



28%
report a shortage in skills and labour

● Global ● UK

Seemingly contradictory... so why is this?

Trade rebounding

- ◆ Stronger world economy
- ◆ Higher commodity prices
- ◆ Weaker US dollar

1.4x faster

Volume of goods trade grew **1.4x** faster than global GDP in 2017

Growth drivers



33%
of firms report increasing demand from consumers and businesses



31%
report favourable economic conditions



22%
greater use of technology

Redrawing trade map

74% of cross-border trade in Europe and Asia-Pacific is within region

Regional ties are prioritised in firms' expansion plans over the next **3-5 years**

7% vs 6%
Annual growth in trade in services to outpace trade in goods to 2030

Strategies for growth

Joint venture or local subsidiary

Rather than export to a market, consider becoming a local provider

28% of firms using joint ventures and subsidiaries to navigate local barriers

E-commerce

Leveraging e-commerce platforms to access markets in a more cost-efficient manner can offset costs of increasing trade protection

24% of firms expect to grow their services business through e-commerce

Fast-growing markets

Costs may be rising, but opportunities are rising even faster

32% of firms are looking to new markets as their primary growth strategy

Asia spotlight

Asia most optimistic...

although protectionist fears remain



Asia-Pacific has most positive outlook for growth of cross-border business



Emerging economies are significantly more optimistic than developed markets



● MENA ● Asia-Pacific
Protectionist sentiment strongest among companies in MENA and Asia-Pacific

Trade shifting east



Asia-Pacific accounted for around one-third of world merchandise trade in 2017. Projected to rise to 37% by 2030

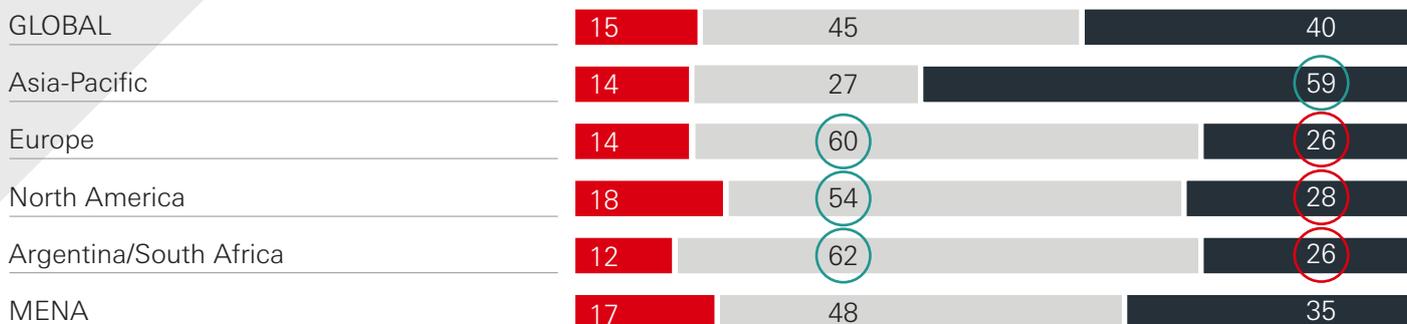
With stronger growth projected

Annual trade growth in Asia-Pacific 2020-30:

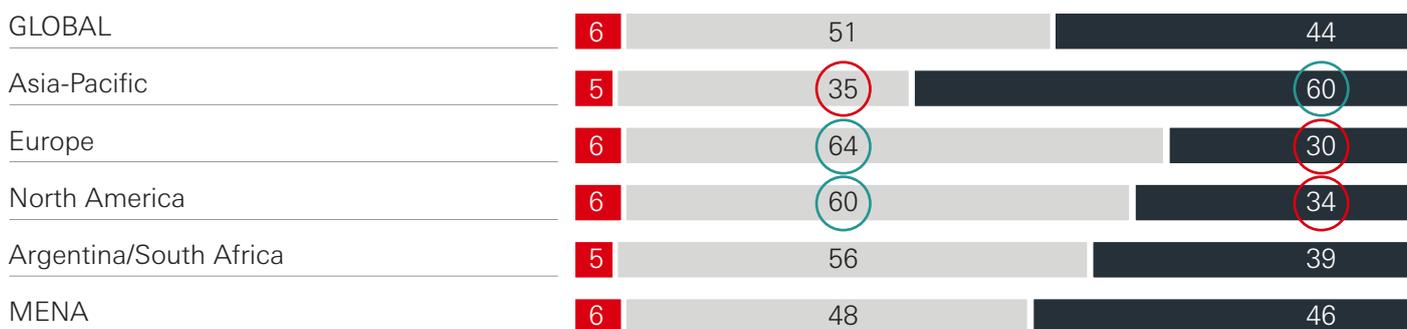


Impact of trade policies in the next two years

Belt & Road Initiative



ASEAN



● Negative impact ● No impact ● Positive impact

○ ○ Shows significant difference from the global average. Green is above and red is below.

HSBC Navigator is the most comprehensive report of global trade and business confidence, covering **6,000 companies** in **26 markets** and an economic forecast of medium to long-term bilateral trade for goods and services.