

Global insolvencies set to rise for first time in a decade

A new economic research report from [Atradius](#) forecasts that global insolvencies are set to grow for the first time in 10 years, with the UK expected to be in the eye of the storm.

The [Insolvency Forecast](#) by the leading trade credit insurer reports an expected rise in insolvencies of 7% in the **UK** in 2019, the highest increase of all advanced markets. The insolvency outlook has deteriorated following a sharp loss of economic momentum in late 2018 and into 2019. Brexit related uncertainty is a key factor and is reflected in contractions in business investment for four consecutive quarters, with the postponement of investment decisions also having significant impact for supply chains. The impact is most severe in the retail and construction sectors and is set to continue with both business and consumer sentiment remaining low.

The forecast 7% increase for UK in 2019 follows the substantial increase of 10% in 2018. However, Atradius warns that this forecast is based on an orderly Brexit and smooth transition period. The ongoing uncertainty over an agreed exit deal continues to weigh heavily on the economy.

On a global scale, after nearly a decade of annual improvements in the number of corporate insolvencies, 2019 is expected to mark the first year of increase in insolvency levels since the financial crisis. With the world economy forecast to grow only 2.7% in 2019, Atradius anticipates an increase of 1% in insolvencies for advanced markets – the first rise since 2009 marking the end of the recovery cycle. Western Europe as a whole is expected to be the worst performing global region with an average increase in insolvencies of 2%. Following the **UK** at 7%, **Italy** is forecast to see a 6% rise in insolvencies driven by the onset of recession in H2 of 2018 with negative domestic demand and a fragile economic outlook, clouded by political volatility. Meanwhile, **Switzerland** and **Sweden** are expected to see a 3% growth in insolvencies with a 2% increase in the **Netherlands**, **Germany**, **Austria** and **Norway**. More positively, the forecast for **Luxembourg** is more positive with an expected 10% decline in insolvencies, albeit following a 28% increase last year. Insolvencies in **Greece** are forecast to drop by 8%, thanks to its strongest economic performance in a decade, and by 5% in **Spain**, driven by employment growth and stronger consumption. **US** bankruptcies are forecast to remain at current levels with a decline of 1% in **Canada**. In **Japan**, insolvencies are forecast to increase 2% with a drop of 2% in **Australia** and 3% in **New Zealand**.

Simon Rocket of trade partner Atradius, which protects businesses from the risk of trading domestically and overseas, said:

“Uncertainty continues to dominate the economic landscape with an inevitable negative impact for trade. However, businesses cannot afford to stand still and therefore must find a way to navigate these challenging conditions. Risk is an inherent part of trade in any economic environment and goes with the territory. But, despite the current climate, opportunities for trade growth are still out there and can be seized with the right approach to risk management.

“Equipped with comprehensive business intelligence and real-time expert insight into trading conditions in the market and by understanding the credit strength of their customer a business can move forward with confidence. Trade credit insurance has been supporting business in the UK for a 100 years and plays an important role in defining a successful trade journey. At Atradius, we have continued to evolve our service and product to ensure we successfully support businesses; our unrivalled expertise and experience not only enables trade but also provides protection from the risks.”

For more information about Atradius and to access a suite of free economic, country and payment practices reports, visit www.atradius.co.uk or follow [@AtradiusUK](#) on Twitter and [AtradiusUK](#) on LinkedIn

ENDS

Market	Change YOY
UK	+7%
Italy	+6%
Switzerland	+3%
Sweden	+3%
Netherlands	+2%
Japan	+2%
Germany	+2%
Austria	+2%
Norway	+2%
France	+1%
US	0%
Portugal	0%
Ireland	0%
Belgium	0%
Canada	-1%
Finland	-2%
Australia	-2%
New Zealand	-3%
Denmark	-3%
Spain	-5%
Greece	-8%
Luxembourg	-10%
	Source: Atradius

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% change y-o-y



Source: Atradius

About Atradius

Atradius is a global provider of credit insurance, bond and surety, collections and information services, with a strategic presence in over 50 countries. The products offered by Atradius protect companies around the world against the default risks associated with selling goods and services on credit. Atradius is a member of Grupo Catalana Occidente (GCO.MC), one of the largest insurers in Spain and one of the largest credit insurers in the world. You can find more information online at <https://www.atradius.co.uk>