

Source: Atradius

Industry performance

Changes since September 2020 - Sources: Atradius, Oxford Economics

Agriculture



Remains Fair

The sector has been impacted by the consequences of the first lockdown (e.g. transport and supply chain issues). As the UK is a large importer of Irish agricultural products, the recently achieved free trade agreement between the EU and the UK alleviates a long period of uncertainty, and it is a positive outcome compared to the alternative of 'no deal.' However, the additional bureaucracy at UK borders is causing problems for the time being.

Automotive/Transport



Remains Poor

The automotive sector has suffered from lower sales of passenger cars and commercial vehicles, while transport has been impacted by decreased traffic and demand for logistics due to the coronavirus-related lockdowns. Transport value added is estimated to have contracted by 24% in 2020, forecast to rebound 12% in 2021. While there was a large number of payment delays, most of those have been repaid or are in payment plans. It is expected that payment problems in the industry will increase again in the coming months, and that highly leveraged buyers will face a higher insolvency risk.

The recently achieved free trade agreement between the EU and the UK alleviates a long period of uncertainty. However, increased bureaucracy has caused problems for the transport sector, with border crossing delays into and out of the UK. This has added significant operational costs for the time being.

Chemicals/Pharmaceuticals



Remains Good

As one of Europe's leading producers and exporters of pharmaceutical and biotech products, businesses will benefit from increasing health expenses globally. Increasing pharmaceutical exports in H2 of 2020 have strongly contributed to the rebound of the Irish economy. Pharmaceuticals businesses' financials are generally robust. Furthermore, these businesses have generally had good payment records and low insolvency rates compared to other industries. After an estimated 20% increase in 2020, pharmaceuticals value added is forecast to grow again in 2021, by 3%.

Construction/ Construction Materials



Up from Bleak to Fair

Construction orders and output deteriorated during the lockdown in early 2020, but they rebounded quickly after the lifting. The sector is supported by ongoing economic growth (in 2020 Ireland avoided an economic contraction, growing 2.1%, and GDP is forecast to increase 2.4% in 2021). Demand for residential housing is expected to increase strongly in H2 of 2021. Sector value added is forecast to increase by about 7% in 2021 after an estimated 8% contraction in 2020.

Consumer Durables



Remains Poor

Private consumption of non-food consumer goods has deteriorated due to the coronavirus impact, with many businesses temporarily closed as a result of the lockdowns. The recent extension of the lockdown until March and the surge in infections additionally hurt retailers, especially brick-and-mortar businesses. Subdued consumer sentiment and rising unemployment could hamper a rebound in 2021.

Electronics/ICT



Up from Poor to Fair

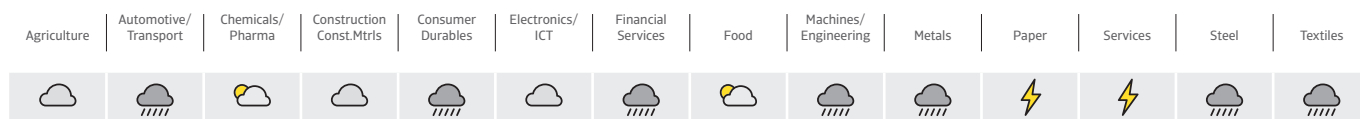
ICT sales initially deteriorated due to the temporary closure of businesses during the first lockdown in 2020. However, since then, spending from businesses and employees on digital goods and services has increased due to the sharp rise of remote working.

Financial Services



Remains Poor

The sector has been impacted by increased non-performing loans and deteriorating profits. However, in 2021 finance value added is forecast to grow by about 2%.



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Industry performance

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Food



Remains Good

The sector has been impacted by the consequences of the first lockdown (e.g. transport and supply chain issues). As the UK is a large importer of Irish food products, the recently achieved free trade agreement between the EU and the UK alleviates a long period of uncertainty, and it is a positive outcome compared to the alternative of 'no deal.' However, the additional bureaucracy at UK borders has caused problems for the time being. Irish food exporters continue to look to diversify their customer base away from the UK. Food value added is forecast to increase by about 2% in 2021.

Services



Remains Bleak

Due to comprehensive lockdown measures in early 2020, reimposed again since autumn last year, many segments have suffered heavily, especially hotels and catering, restaurants, bars, entertainment and cultural events, fairs, airports, bus cruisers, tourism, travel agencies and tour operators. Service sector value added is estimated to have contracted by 13.5% (hotel and catering by more than 32%) in 2020. In 2021 service is forecast to rebound just 4%. Insolvencies are expected to increase sharply in H2 of 2021, subject to the expiry of government support measures for businesses.

Machines/Engineering



Remains Poor

The investments of manufacturing businesses in machines and related items deteriorated in 2020, and a rebound is not on the horizon. Sector value added is estimated to have contracted by more than 7% in 2021. Insolvencies are expected to increase in H2 of 2021, subject to the expiry of government support measures for businesses.

Steel



Remains Poor

Steel value added is estimated to have decreased by 6% in 2020. Insolvencies are expected to increase in H2 of 2021, subject to the expiry of government support measures for businesses.

Metals



Remains Poor

Metals value added is estimated to have decreased by 5% in 2020. Insolvencies are expected to increase in H2 of 2021, subject to the expiry of government support measures for businesses.

Textiles



Remains Poor

Producers, wholesalers and retailers already suffered before the coronavirus outbreak from fierce competition, thin margins, lower sales, changes in customer behaviour and increased competition from new online retailers. The performance has further deteriorated due to low sales during the lockdowns. Textiles value added is forecast to decrease by 0.2% in 2021 after an estimated 10% contraction in 2020. Insolvencies are expected to increase significantly in H2 of 2021, subject to the expiry of government support measures for businesses.

Paper



Remains Bleak

Besides the ongoing digitalization that has led to decreasing demand over the past couple of years, paper producers are impacted by deteriorating sales due to lockdown measures. The outlook for a comprehensive rebound in 2021 remains subdued.