

Source: Atradius

Industry performance

Changes since September 2020 · Sources: Atradius, Oxford Economics

Agriculture



Remains Good

In H1 of 2020, the sector was impacted by the consequences of the lockdown (e.g. transport and supply chain issues, along with lack of foreign seasonal workers). However, sector performance has rebounded since H2 of 2020, and value added is forecast to increase by 1% in 2021.

Automotive/Transport



Remains Bleak

Automotive producers and suppliers suffered from deteriorating sales for passenger cars and commercial vehicles, which has led to severe liquidity strains and cash shortfalls. Margins were already under pressure before the coronavirus outbreak, due to disappointing sales in 2019 and increased investment meant to help cope with the shift away from combustion engines towards e-mobility. Automotive value added is estimated to have contracted by 16% in 2020.

Payment delays and insolvencies have not yet increased, mainly due to a comprehensive fiscal stimulus (e.g. short-time work schemes and loans and guarantees for businesses to secure liquidity) and a bankruptcy protection scheme in 2020. However, in the passenger transport and aviation segments, insolvencies are expected to increase in H1 of 2021.

Chemicals/Pharmaceuticals



Remains Good

Businesses active in the chemicals and pharmaceuticals industries generally have robust business financials, good payment records and a low insolvency rate compared to other industries. Pharmaceutical producers and wholesalers benefit from globally increasing health expenses, and sector value added is forecast to increase by about 7% in 2021 after growing by the same number in 2020. Chemicals value added is forecast to rebound 4% in 2021 after an estimated 4.5% contraction last year.

Construction/ Construction Materials



Remains Poor

The industry was already performing poorly before the coronavirus outbreak. Operating margins are very tight, with increased credit risk, mainly for smaller players. Due to the recession in 2020 (GDP down 3%), businesses have been additionally affected by postponement of projects and reduced order volumes. Construction value added growth is expected to level off in 2021 after an estimated 3% contraction in 2020.

Consumer Durables



Remains Poor

Private consumption of non-food consumer goods has deteriorated due to the coronavirus impact and several lockdowns. In the wake of the pandemic's second wave, subdued consumer sentiment and rising unemployment could hamper a rebound in the short-term. Retail value added is forecast to level off in 2021 after an estimated 2% contraction in 2020. Payment delays and insolvencies have not yet increased, mainly due to a comprehensive fiscal stimulus (e.g. short-time work schemes and loans and guarantees for businesses to secure liquidity) and a bankruptcy protection scheme in 2020.

Electronics/ICT



Remains Poor

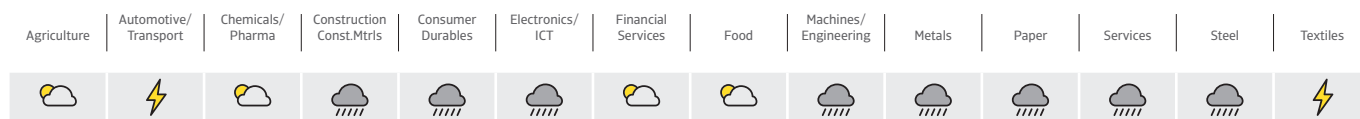
Sales have deteriorated due to the temporary closure of businesses during the lockdowns. However, in 2021, value added of the ICT sector is forecast to increase 5%.

Financial Services



Remains Good

The sector remains relatively robust. However, increased financial troubles for businesses and consumers alike due to the economic downturn could lead to more loan defaults for banks and tighter lending conditions. Currently, finance sector value added is forecast to increase by about 1% in 2021.



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Food



Remains Good

The sector was impacted by transport and supply chain issues in H1 of 2020. Value added is forecast to increase by 1% in 2021.

Machines/Engineering



Remains Poor

Orders on hand and production sharply decreased in H1 of 2020, as domestic and international demand from key buyer sectors like automotive has deteriorated. The outlook for a comprehensive recovery remains subdued. Engineering value added is forecast to increase by just 6% in 2021 after an estimated 10.5% contraction in 2020.

Metals



Remains Poor

In 2020 metal producers suffered due to deteriorating demand from key buyer sectors (automotive, construction and machines). Metals value added is estimated to have contracted 7.5% in 2020.

Paper



Remains Poor

Paper producers are impacted by less demand due to lockdown measures and the ongoing digitisation. Value added of the industry is estimated to have contracted by 14% in 2020, followed by a forecast 3.5% increase in 2021.

Services



Remains Poor

Due to ongoing second wave of the pandemic and subsequent lockdown measures, many segments continue to suffer, especially hotels and catering, restaurants, bars, entertainment and cultural events, travel agencies and tour operators. Hotel and catering value added is estimated to have shrunk 30% in 2020, and a rebound in H1 of 2021 remains uncertain.

Payment delays and insolvencies have not yet increased sharply, mainly due to a comprehensive fiscal stimulus (e.g. short-time work schemes, loans and guarantees for businesses to secure liquidity) and a bankruptcy protection scheme in 2020. However, insolvencies are expected to rise in the service sector as of Q2 of 2020, depending on the extension or expiry of the stimulus. Main affected segments will be hotels, restaurants and tour operators.

Steel



Remains Poor

The steel market is characterised by overcapacity and strong competition. Pressure on margins has increased in an industry where many businesses have already shown low profitability in the past. In 2020 the situation has further worsened due to the massive domestic and global economic downturn triggered by the coronavirus pandemic. Steel sector value added is estimated to have declined by 11% in 2020. In 2021 a modest 5% rebound is forecast.

Textiles



Remains Bleak

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. Their performance has further deteriorated due to low sales during the lockdown. Textile value added is estimated to have shrunk by 7% in 2020. In 2021 a modest 2.5% rebound is forecast.

Payment delays and insolvencies have not yet increased sharply, mainly due to a comprehensive fiscal stimulus (e.g. short-time work schemes and loans and guarantees for businesses to secure liquidity) and a bankruptcy protection scheme in 2020. However, insolvencies are expected to rise as of Q2 of 2020, depending on the extension or expiry of the stimulus.