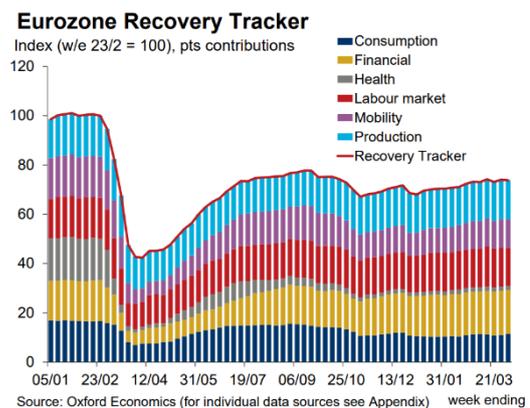
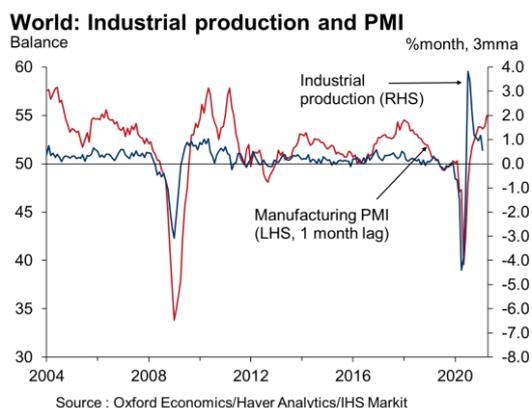


„Global Industry Overview – Which sectors will lead and lag the post-pandemic recovery?“ - By Jeremy Leonard

The economic situation follows a similar pattern in most of the countries in the world. In the times of the first wave of the pandemic there is a steep decline of the economic output and a sharp recovery. Generally, the industry is less affected by the disease than services and has become relatively immune to the second and third wave of COVID19 while some restaurants, hotels or tourism in general is still waiting for recovery.

The contribution to the world’s industrial production is dominated by China (27.2%), the USA (17.6%) and the European Union (12.8%) even without the UK (2.2%).



The growth rate in 2020 and 2021 differ from region to region.

China is an exception. As the first confronted with the COVID19 crisis they managed to have a growth of +3.4% in 2020 and are expected to have a growth of 6.5% in 2021.

The USA made a dip of -3.2% but will recover fast and grow with a rate of +6.5 in 2021.

The EU lags behind. The impact in 2020 was rather strong with -8.0% and the recovery will not be completed by 2021. There will be a growth of only +7.1%.

Even worse is the situation in the UK. The impact was even stronger with -8.6% in 2020 and the recovery is even slower (+2.8% growth in 2021).

For the rest of the industrialized world we see the same three patterns:

Fast recovery in India (-7.1% / +14.5%) and Brazil (-2.9% / +7,8%), slow recovery in Japan (-6.8% / +6.5%) and even slower recovery in Russia (-3.8% / +2.0%).

Of course, there are some ambiguities in these figures: extended lockdowns, delays in vaccination programs might cause a delay in the recovery. Also, a shortage of raw materials, semi-conductors etc. might impede this process.

In times of the pandemic large governmental programs while reduced possibilities to spend money lead to an increase in savings in both, the US and the EU. These savings are expected to be spend as soon as the lockdown measures will be eased. In all countries the service sector will be allowed to participate in the economy again and it will be the driver of recovery in the second half of 2021. In the US and the UK, the growth of the service sector will be higher than the industrial sector. For Germany the industrial sector will remain stronger, but the service sector will recover fast.

The utilization of the capacity seems to be lower than before the pandemic. Nevertheless, there is a significant capex demand despite some manufacturing capacity which is still idle.

This capex demand is driving a demand in industrial goods.

The economical development of a region depends heavily on the quality of the crisis management. The impact of the crisis was relatively small in China, the US is catching fast and the European countries will need longer to reach pre-pandemic levels.