

A close-up, black and white photograph of a robotic arm holding a microchip. The microchip is square with a grid of gold pins on one side and a central square area with text. The robotic arm is made of dark metal with various joints and bolts. The background is blurred, showing more of the robotic structure.

2021 Industry Outlook

Analysis of how sectors are positioned for recovery

Introduction to the report

The next normal is...

An unprecedented pace of change is occurring.

This means business leaders are continuously assessing the damage caused by COVID-19, and quickly taking stock of the opportunities and risks as they re-calibrate their growth strategies for 2021.

In this report, our insights team have performed a broad analysis of multiple data points to help form a much clearer picture of how different sectors are positioned going into 2021.

Some of the sector-by-sector analysis in this study includes data covering equity market value indicators, employment forecasts, COVID-19 lockdown resilience assessments, as well as long-term value-added growth forecasts from our partners at Oxford Economics.

This report combines the above data points from various sources to provide guidance on questions such as:

- **Which sectors have benefitted most in 2020?**
- **Which are best placed for 2021 should lockdowns persist?**
- **Where could we see acceleration post-pandemic, looking 3-5 years ahead?**



Steven Dooley

Currency Strategist
APAC, WUBS



Guillaume Dejean

Sr. FX & Macro Strategist
France, WUBS



George Vessey

FX & Macro Strategist
UK, WUBS



Nawaz Ali

Head of Market Insights
Europe, WUBS

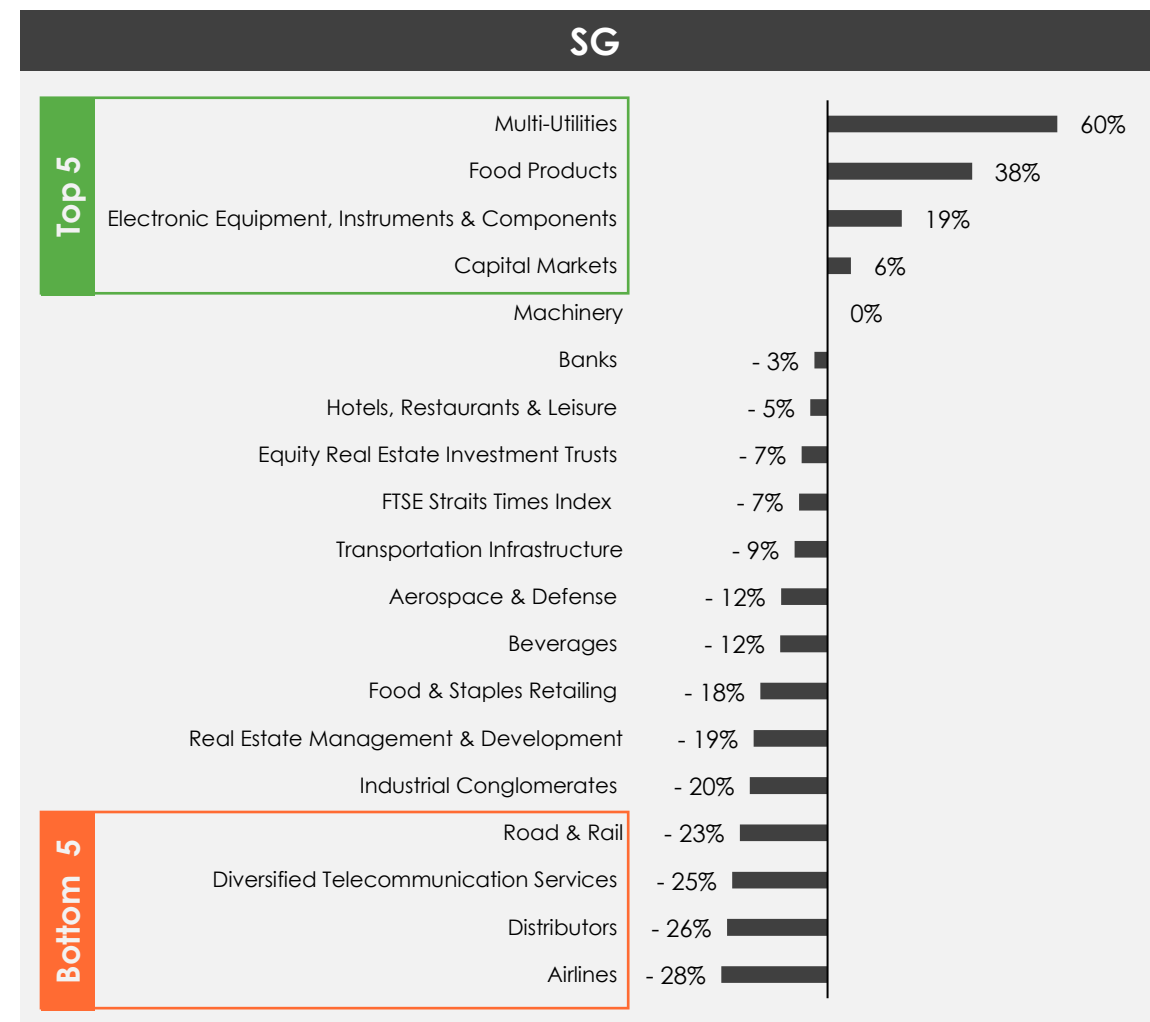
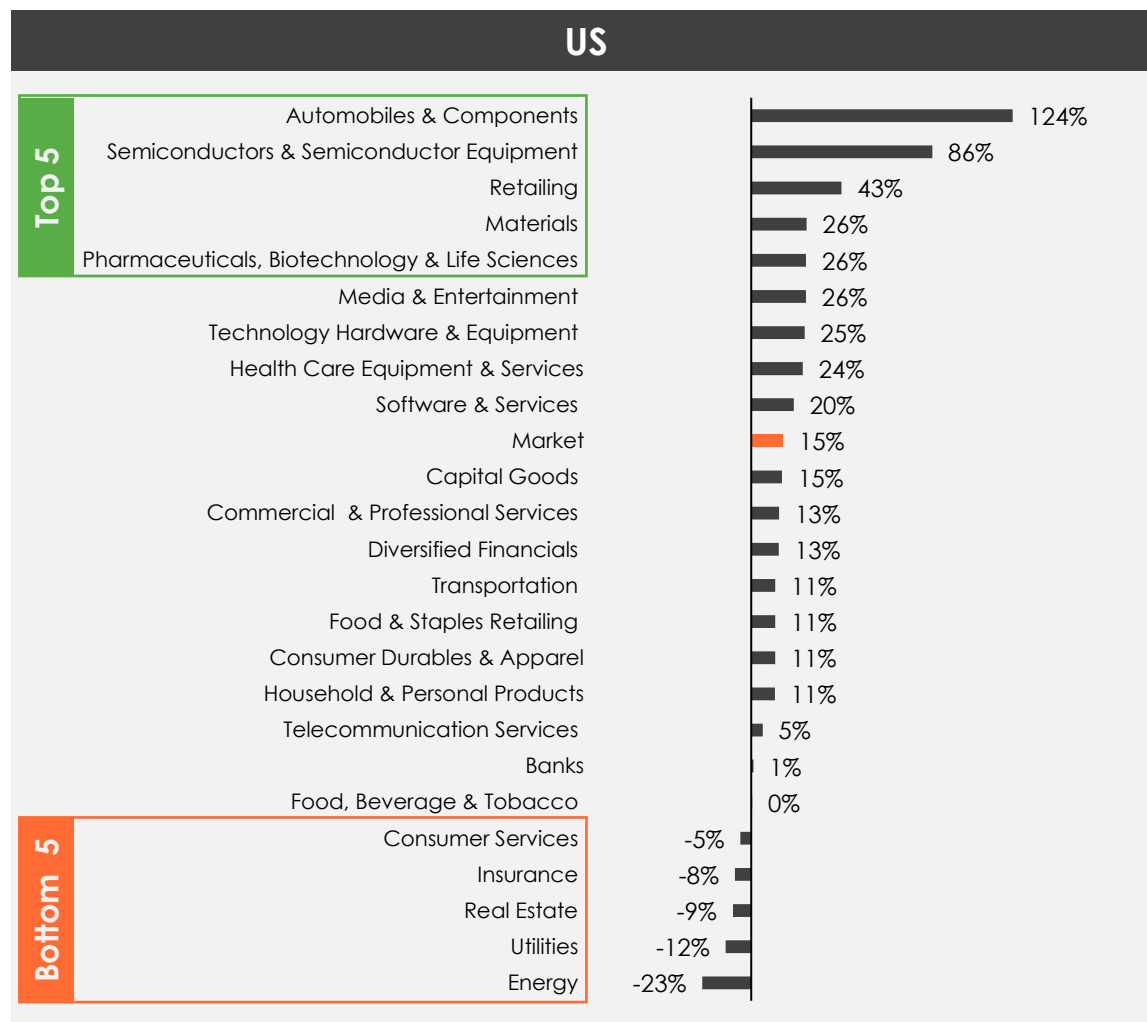


2020 analysis

Who has outperformed through the pandemic?

2020 share price moves offer vital clues

Analysing the share price performance of equity sectors in both the US and Singapore reveal clear patterns – such as the growth of semiconductors as technology dominates while retailing holds up well





2021 outlook

What sectors appear most resilient and future-proof?

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Digital services are most resilient to further lockdowns

Sector resilience (and vulnerability) to lockdown measures			
Industry Group	Sector	Ability to work remotely	Shut down resilience
Business	Information	High	High
	Finance	High	High
	Real Estate	Medium	Medium
	Professional Services	High	Medium
	Management	High	High
Consumer	Wholesale	Medium	Medium
	Retail	Low	Low
	Recreation	Low	Low
	Food and Accommodation	Low	Low
Industrial	Agriculture	Low	Medium
	Mining	Low	Medium
	Transportation	Low	Low
	Utilities	Low	High
	Construction	Low	Medium
	Manufacturing	Low	Low
Social/Support	Administrative	Low	Medium
	Education	Medium	Medium
	Social Services/Healthcare	Low	High
	Government	Medium	High

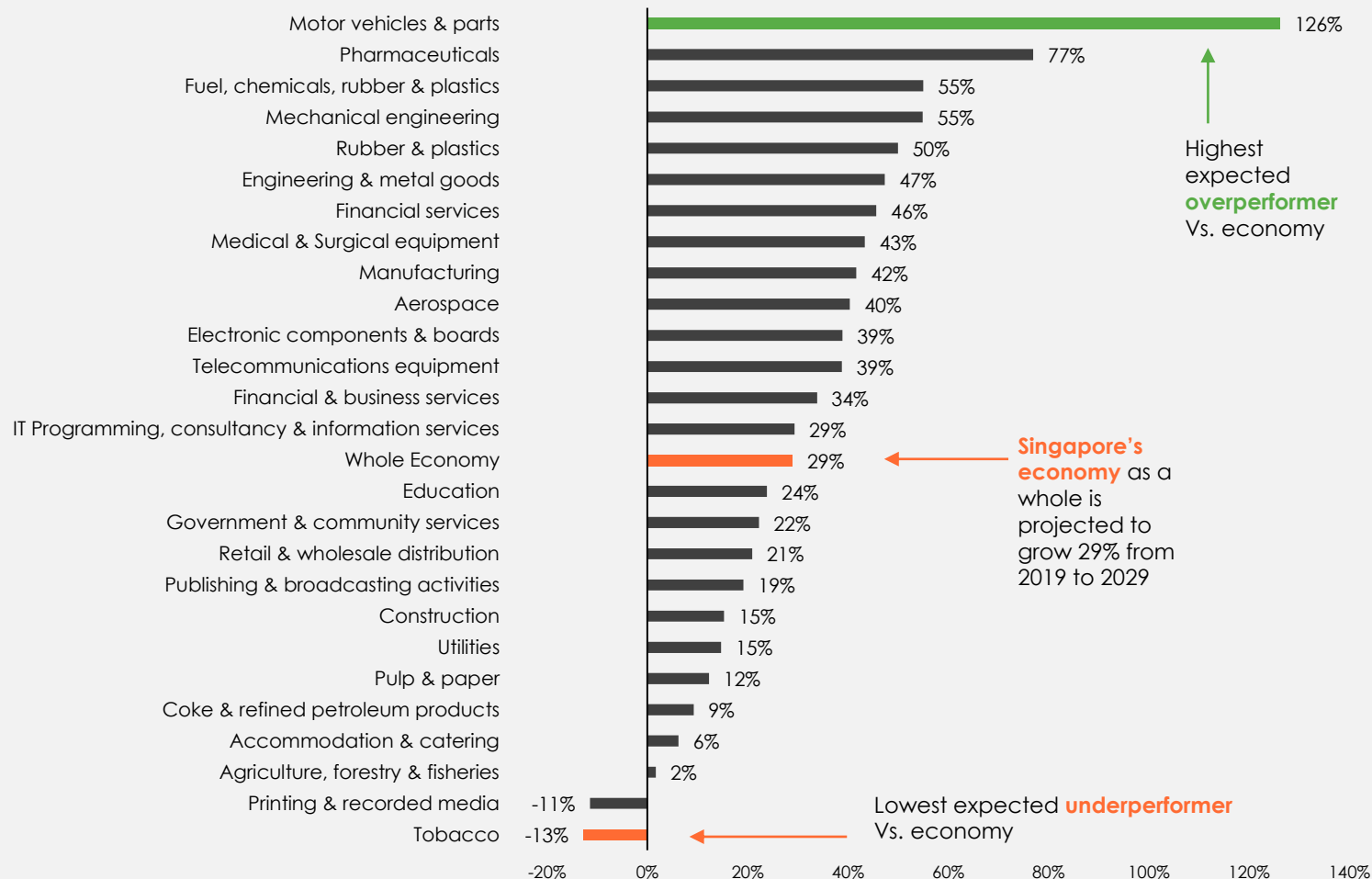
- **Information and financial services** have a higher ability to work from home, benefiting from more advanced digitisation of work practices/cloud migration.
- **Agriculture** ranks low on ability to work remotely as it's generally site-based; however, the outdoor nature of work makes it easier to implement social distancing.
- In sectors such as **manufacturing**, many companies will outperform these indicative rankings. Although some may only be able to operate at limited capacity.
- **Important note:** this table provides general guidance only, and within each sector different companies/industries are responding in different ways to what is a highly fluid situation.

2029 forecasts

What is the future for industry post-pandemic?

Pharmaceuticals, engineering, to dominate 2029 growth forecasts

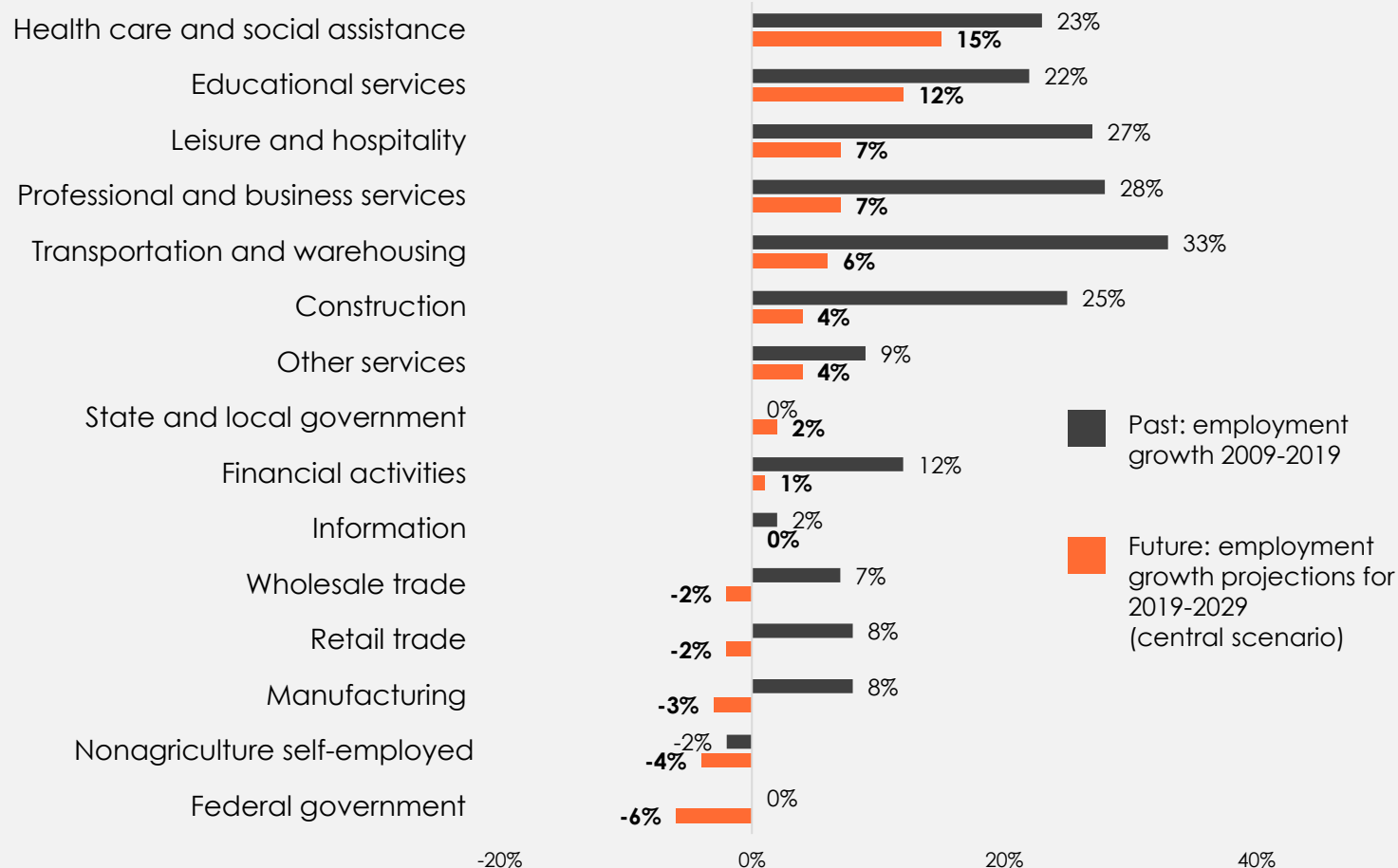
2019-2029 value-added growth estimates (SG)



- The Singapore economy is expected to grow 29% between 2019 and 2029.
- The growth is likely to be led by further development of the **pharmaceuticals and engineering**
- The overall picture continued to show a broader structural **shift away from basic production to the services sector.**
- The major negative outlier can be found in the **tobacco and agriculture**
- As was the case in the previous decade, **services and IT-related areas are expected to perform strongly**

Are jobs set for a dramatic shift in the next decade?

2029 employment growth projections by industry (US)

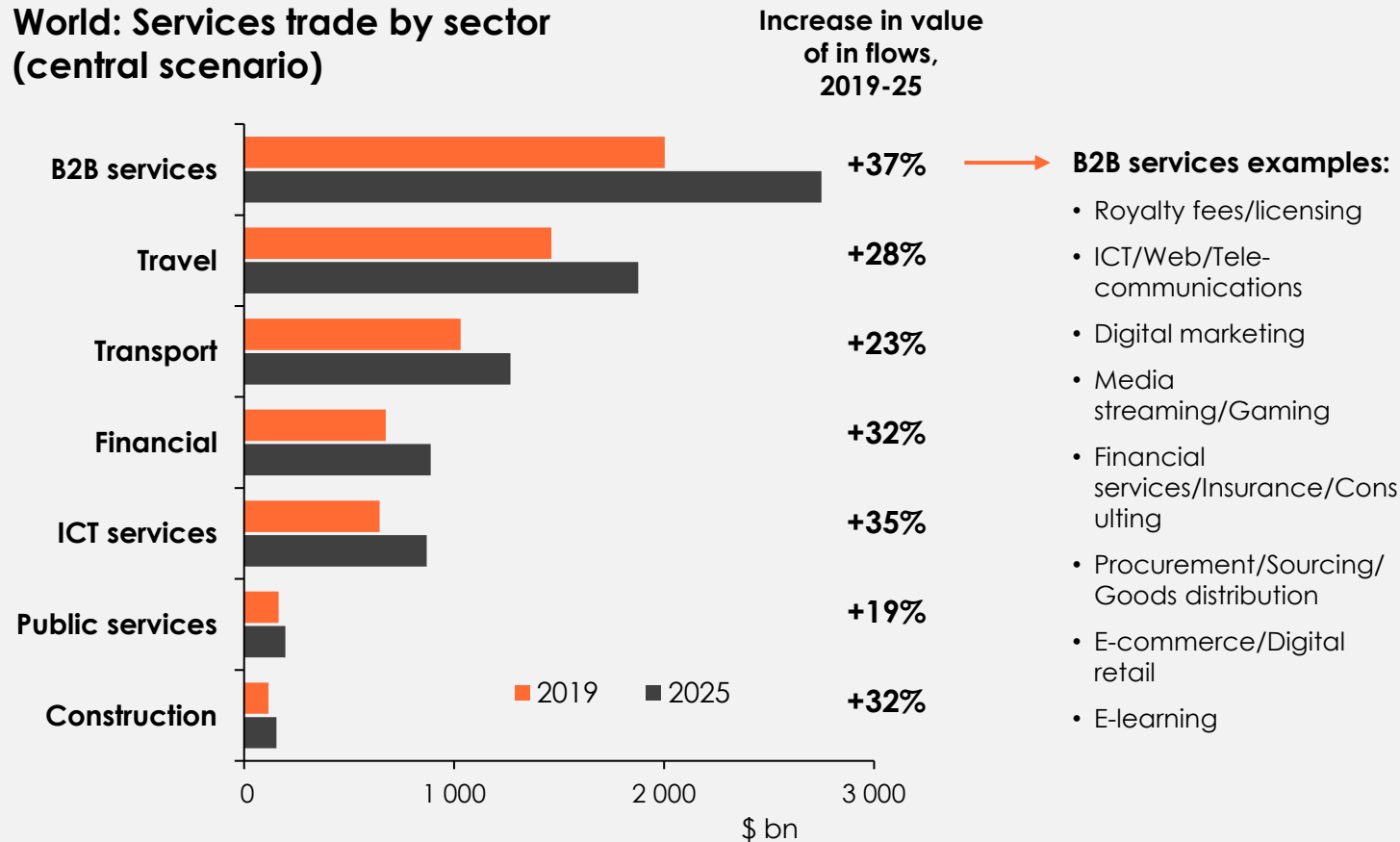


- **COVID-19 is expected to cause higher economic damage** in the short-run, and also very likely influence long-run trends too.
- In US, the **employment growth momentum for the next decade could be far lower** than over the past ten years.
- The crisis will push some sectors to make a global **overhaul of their operating process, trying to combine lower cost and higher productivity**.
- **Faster digitalisation** could involve less employment in some sectors (retail, wholesale, manufacturing) and more in IT, services.

In international trade, B2B services expected to accelerate

2025 forecasts – services trade to outpace goods trade in 'new normal'

World: Services trade by sector (central scenario)



- Between 2010 and 2019, the value of global **trade in services increased by around 50%**, double the pace of growth in goods trade.
- COVID-19 and the **Great Lockdown** has further **accelerated growth in digitally deliverable services trade**. This had led to faster outsourcing of B2B services in areas like **legal, financial and payroll**.
- Deliverable **B2B, ICT and Financial Services** should contribute an outsized share of growth in services trade, or **62% of the expected \$1.9trn increase in the value of overall services trade between 2019 and 2025**.

An aerial photograph of a yellow bridge spanning a dark river. The bridge has two lanes in each direction, with a white car in the left lane and a dark car in the right lane. The surrounding area is filled with dense, dark green trees.

Conclusions

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Major conclusions



Global Trade

Outperformers

- B2B Services
- ICT
- Financial Services

Underperformers

- Public Services
- Transport

Key takeaway 1

- Services industries have the potential to boost trade and GDP growth

Key takeaway 2

- Localised industries such as public/government services have limited trade impact



2029 Employment Forecasts

Outperformers

- Healthcare
- Educational services
- Hospitality/Leisure

Underperformers

- Manufacturing
- Retail
- Wholesale

Key takeaway 1

- Digitalisation could involve less employment, but more earnings growth.

Key takeaway 2

- US anticipating >10% employment growth (2019-2029) across Healthcare and Educational services.



2029 Growth Forecasts

Outperformers

- Motor vehicles/parts
- Pharmaceuticals
- Fuel/chemicals

Underperformers

- Tobacco
- Paper and printing
- Agriculture, fishing and forestry

Key takeaway 1

- The Singapore economy is expected to grow 29% between 2019 and 2029 (central scenario).

Key takeaway 2

- The motor vehicle and parts sector is expected to grow an incredible 126% between 2019 and 2029



Contact us

+65 6494 8288

E: emailapac@westernunion.com

W: business.westernunion.com/en-sg

WesternUnion **WU**


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Solutions**

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Corporate




Financial institutions



Legal




Educational institutions



NGOs


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WU® EDGE

- Connect with partners
- Real time, fee free*
- Visibility into exposures



International Payments

- Incoming
- Outgoing
- Mass payments



Risk Management

- Hedge specialists
- Improve cash flow
- Help protect profits

Bank accountCashCardMobile

Bulk payment processing

130 currencies

200 countries and territories

* Transaction fee-free EDGE Network Payment services are available between fully accredited customers that have registered to use the WU® EDGE platform and are authorised by a WUBS affiliate to access services in Australia, Austria, Canada, Czech Republic, France, Germany, Hong Kong, Italy, Malta, New Zealand, Poland, Singapore, Switzerland, United Kingdom, and USA. WUBS will apply a foreign currency exchange rate, which includes a margin set by WUBS, whenever a transaction includes a currency conversion. Transaction fees may also apply to transactions other than EDGE Network Payment services.

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