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Industries in 2019

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Industries / Consumer Goods Industry

Industries / Automotive Industry / Electric Cars / Energy

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Take-Aways

- Sales of automobiles, retail goods, energy, financial services, health care and telecommunication services are on an upward trajectory for 2019.
- Numerous factors, including a protracted US–China trade war, the fallout from Brexit and threats to cybersecurity could impinge on this growth.
- New-vehicle sales will rise, though the trade conflict is already causing havoc in automotive supply chains. The consumer goods sector should see an increase of 2.8%.
- Green energy generation will likely rise by 11.7% in 2019. Financial institutions face headwinds like higher interest rates.
- Global health care spending will increase but at a slower rate. The anticipated launch of 5G networks will be a major event for the telecommunications industry in 2019.

Recommendation

Global growth in financial services and the automotive, retail, health care, energy and telecommunications industries looks to continue into 2019, according to this annual analysis from the Economist Intelligence Unit. Yet against this upbeat prognosis lurk some potentially unsavory prospects. The overarching trade tussle between the United States and China, the acrimonious Brexit outcome, and higher interest rates in the New Year are just some of the potential pitfalls that could spell trouble for these sectors. Executives will find this a useful, wide-ranging forecast for 2019.

Summary

Global industries face an uncertain future, notwithstanding a generally buoyant outlook for 2019. Sales in new automobiles, retail goods, energy, financial services, health care and mobile communications are on an upward trajectory in the New Year. However, trade frictions between China and the United States look to be long-lasting and could reverberate to the detriment of economies. Brexit will inflict pain on the automotive, financial and health care industries. The US withdrawal from the Joint Comprehensive Plan of Action for Iran could force up the cost of oil. And risks to security from the Internet and computing technology continue to loom large.

“Unless circumstances worsen, we still expect all six of the industries covered here to report growth in 2019, and in most cases it will be strong growth.”

Despite all these threats, six major global industries will continue to grow:

- **Automobiles** – The sector will experience 2.7% higher global growth in new-vehicle sales, though the US–China trade conflict is already causing havoc in supply chains. Emissions limits could drive sales of electric vehicles.
- **Consumer goods** – The trade war will dampen retail sales, largely in China, where projected economic growth has dropped to 6.1% from 6.7%. US retail sales will rise by 2.4%, Western Europe will see no increase, and UK sales will drop by 0.7%. Overall growth in the industry should come in at 2.8%.
- **Energy** – Banned Iranian exports, as well as possible supply interruptions from Libya, Nigeria or Venezuela, could put global energy markets at risk in 2019. Lower production could slightly boost oil prices. Green energy generation will likely rise by 11.7% in 2019. Worldwide usage of petroleum should decelerate as demand lessens.
- **Financial services** – The sector remains robust despite numerous headwinds, including Brexit, regulatory tightening via Basel III and interest rate hikes in the United States.
- **Health care** – Global spending, including on pharmaceuticals, will increase but at a slower rate. As life expectancies rise, many countries are expanding public insurance coverage, while the United States continues to grapple with the issue.
- **Telecommunications** – The sector will endure fallout from cyberassaults and stunted growth due to global trade problems and Brexit. The anticipated launch of fifth-generation networks (5G) will be a major event for the industry in 2019.

About the Author

The Economist Intelligence Unit is an independent research and analysis organization.



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