Austria

September 2020

Agriculture	Automotive/ Transport	Chemicals/ Pharma	Construction Const.Mtrls	Consumer Durables	Electronics/ ICT	Financial Services	Food	Machines/ Engineering	Metals	Paper	Services	Steel	Textiles

Source: Atradius

Industry performance

Changes since June 2020 · Sources: Atradius, Oxford Economics

Agriculture

Remains Good

The sector has been impacted by the consequences of the lockdown (e.g. transport and supply chain issues, lack of foreign seasonal workers). While agriculture value added is forecast to contract by more than 7% in 2020, the prospects for a quick rebound are good. Value added is expected to rebound by more than 8% in 2021.

Automotive/Transport

Remains Bleak

Automotive producers and suppliers suffer from globally 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 to cope with the shift away from combustion engines towards e-mobility. Automotive value added is expected to contract by 27% in 2020

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 will benefit from increasing health expenses. That said, deteriorating domestic and global demand have a negative impact on chemicals performance, with value added expected to decrease by almost 2% in 2020.

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 ongoing recession, businesses are additionally affected by postponement of projects and reduced order volumes. Construction value added is expected to shrink by 3% 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 due to the lockdown. Subdued consumer sentiment and rising unemployment could hamper a rebound in the short-term. Retail value added is expected to contract by more than 13% in 2020. The number of payment delays and insolvencies in the non-food retail segment is expected to increase in Q4 of 2020, when temporary measures to the insolvency regime (made in order to prevent an early bankruptcy increase) expire.

Electronics/ICT

Remains Poor

Sales have sharply deteriorated due to the temporary closure of businesses with the lockdown. Value added of the ICT sector is forecast to level off in 2020.

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 contract by about 4% in 2020, followed by an 8.5% rebound in 2021.

Food

Remains Good

Despite ongoing sales, the sector has been impacted by the consequences of the lockdown (e.g. transport and supply chain issues). After two years of growth, value added is forecast to contract by about 1.5% in 2020, followed by a rebound of more than 4% in 2021.

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Industry performance

Changes since June 2020 · Sources: Atradius, Oxford Economics

Machines/Engineering

Remains Fair

The business outlook has deteriorated as orders on hand and production have sharply decreased. Domestic and international demand from key buyer sectors like automotive has deteriorated. After growing 5.8% in 2020, engineering value added is expected to contract by 9% in 2020, followed by an 8% rebound in 2021.

Metals

Remains Poor

Metal producers suffer due to deteriorating demand from key buyer sectors (automotive, construction and machines). Metals manufacturing value added is forecast to contract by 12% in 2020.

Paper

Remains Poor

Paper producers are impacted by less demand due to lockdown measures and the ongoing digitalization. Value added of the industry is expected to contract by 8% in 2020

Services

Remains Poor

Due to the comprehensive lockdown measures in face of the coronavirus outbreak and the ongoing pandemic, many segments are expected to suffer heavily, especially hotels and catering, restaurants, bars, entertainment and cultural events, travel agencies and tour operators. Hotel and catering value added is expected to contract by more than 16% in 2020. The number of payment delays and insolvencies in the non-food retail segment is expected to increase in Q4 of 2020, when temporary measures to the insolvency regime (made in order to prevent an early bankruptcy increase) expire.

Steel

Remains Poor

In 2019 decreasing demand from domestic key buyer industries like construction already affected the performance of many Austrian steel suppliers, while exports were impacted by subdued global demand. 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 expected to decline by more than 10% in 2020 after a 6.2% contraction in 2019. In 2021 an 8% 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 behavior and increased competition from new online retailers. Their performance has further deteriorated due to low sales during the lockdown. Textiles value added is expected to shrink by more than 10% in 2020. The number of payment delays and insolvencies in the non-food retail segment is expected to increase in Q4 of 2020, when temporary measures to the insolvency regime (made in order to prevent an early bankruptcy increase) expire.