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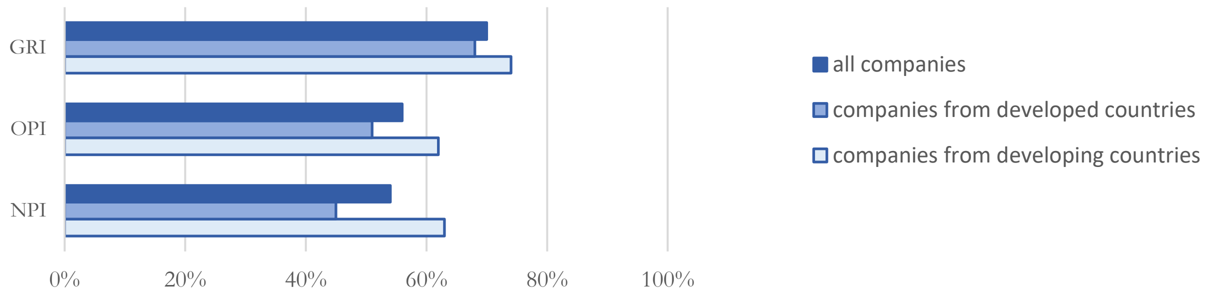
Companies from developing countries continue to demonstrate high growth rates, however, the gap between them and Western competitors has narrowed in the first nine months of 2024. The crisis in the European automotive and steel industries, which had been brewing throughout the year and finally broke out, became the key event of Q4 2024. While the most major countries of the world (USA, China, EU) are showing weak market conditions, India is becoming a bright exception, increasing its capacity in the semiconductor industry, consumer electronics, IT-hardware, telecommunications and even the steel sector. Artificial intelligence remains the key driver of the global ICT-sector, however, investors are beginning to be skeptical about AI-potential.

Indices of global activity, 9 months 2024



Note. The indices are based on the financial statements of 261 companies, including 143 companies from developed countries and 118 from developing countries. GRI / OPI / NPI — Indices of Global Revenue / Operating Profit / Net Profit are calculated as the share of companies that increased revenue / operating profit / net profit compared to the same period of the previous year, in the total number of companies. The Indices are valued from 0% to 100%. An index above 50% indicates positive dynamics, with more than half of the companies managing to increase revenue / operating profit / net profit.

The world's largest corporations maintained the positive growth in the first nine months of 2024, that was observed in 1H 2024. The **Indices of Global Revenue and Operating Profit** remained unchanged, amounting to 70% and 56% respectively, the Net Profit Index rose by 2 p.p. to 54%. Companies from developing countries continue to show strong growth, but the gap between them and developed world peers is narrowing. For the first time since the beginning of 2024, the Operating Performance Index of companies from developed countries exceeded 50%, meaning that more than half of them showed operating profit growth and better performance in theier core business. Companies from developing countries are ahead in most industries in terms of growth rates, with the exception of high-tech segments such as electronics, platform business, and software.

In the **global automotive industry**, the key event was the inevitable crisis in the European industry, due to which the largest manufacturers are massively curtailing operations and optimizing activities not only in the domestic European market but also in foreign ones. Automotive giants in other developed countries are also beginning to experience difficulties and resort to restructuring.

The crisis that has been brewing for the year 2024 has also erupted in the European **steel industry**. The situation requires active actions and support from the regulators, that have imposed just trade protection measures so far. China will account for less than half of global steel consumption for the first time in six years due to the decline in demand and production.

In the **transport and logistics sector**, freight rates continue to rise due to the ongoing supply-demand imbalance as a result of the Red Sea crisis and the onset of the peak shipping season. Super-profitable shipping companies continue to increase fleet size, invest in shipbuilding and expand operations.

The **pharmaceutical industry** is returning to asset optimization to free up funds for investment in R&D, especially in high-growth segments such as oncology, rare diseases and biotechnology. In addition to mergers and acquisitions, various forms of collaborations have been increasingly used to boost R&D.

The **global semiconductor industry** continues to be in a phase of active development owing to the AI boom. Another growth driver is the desire of countries to develop domestic production under conditions of technological and political tensions. However, only companies in developing countries are taking full advantage of the opportunities presented by the industry. The activities of manufacturers form developed countries are inefficient, and semiconductor production in the two largest of them — the US Intel and South Korea's Samsung — is in crisis.

Sales of products with AI functions continue to drive growth in the **consumer electronics industry**, but demand remains weak. An additional driver of revenue growth is demand for networking equipment, in the production of which a number of companies are involved along with consumer electronics. The industry is preparing for shocks in global supply chains due to the change of administration in the US. Production is being shifted from China to India and inventories are being stockpiled.

In the **industrial IT-hardware industry**, the demand for server equipment with AI functions remains high. However, investors are revising their assessments of the prospects for the development of AI technologies towards more pessimistic ones, which is reflected in the decline in the share prices of both American and European, as well as Asian manufacturers. Investors' reaction is likely to be related not only to technology cycles, but also to the US technology policy.

The world's **largest software developers** are investing heavily in cloud and AI infrastructure in Europe and Southeast Asia. The wave of strategic partnerships with consumer industries continues with a large number of projects initiated in the medical industry in October-December 2024.

In the intensively growing **platform business**, the main imbalances are observed in the Chinese market. Due to an unstable economic situation and high competition, Chinese platforms are introducing new strategies and tools of operation and creating partnerships in the domestic market, while trying to earn more in foreign markets, where they face pressure from regulators.

The **telecommunications industry**, which is experiencing low growth rates, is actively looking for ways to use AI to drive growth. Companies are developing cooperation in the satellite field, in particular with the US SpaceX, in order to provide communications in remote areas. The development of 5G networks remains relevant in the industry.

The “green agenda” in the **global oil and gas sector** is unfolding in different directions. Some companies are winding down green initiatives, while others, on the contrary, are establishing joint ventures and investing in infrastructure to bring the achievement of carbon neutrality goals closer. Russian companies, primarily Gazprom, have become more actively involved in international projects.

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