



GLOBAL BUSINESS MONITOR

INDUSTRIAL AND REGIONAL TRENDS

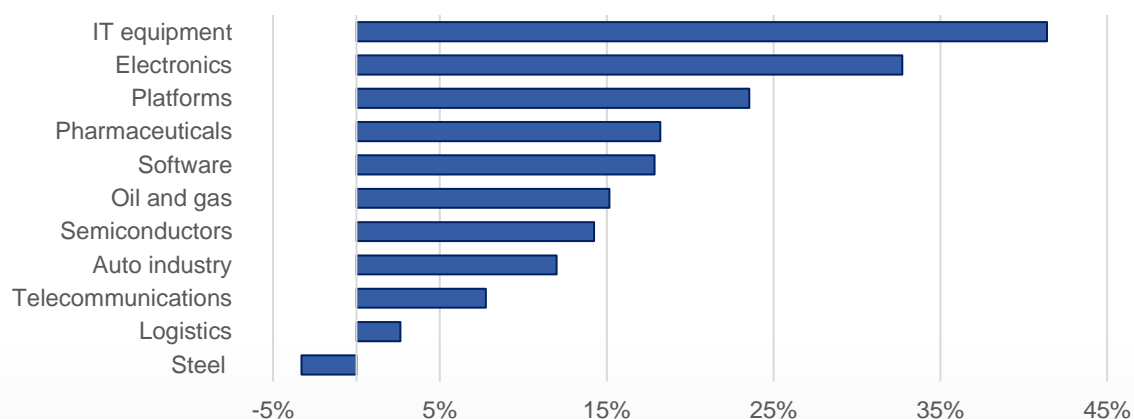
Annual Issue 2024

The global business operated and developed in 2024 under the influence of a number of factors, key among which were high demand for artificial intelligence (AI) and high-performance computing solutions; sanctions and trade restrictions on China; China's increased build-up of sovereignty in high-tech industries; and mergers and acquisitions to exploit / create market opportunities or in response to low demand

Key industrial trends

The information technology (IT) industries posted the highest growth rates during the year, appropriately valued by investors, with average share price gains of 41% in industrial IT equipment, 33% in consumer electronics, 24% in platform business, and 18% in software. The share price of semiconductor manufacturers rose by an average of 14%, however, if we exclude Chinese companies operating under sanctions pressure and the US Intel, which found itself in crisis, the figure would reach 21%.

Average growth rates of companies' share prices in 2024 by industry
% by 2023



Note: all calculations of share price dynamics in the Issue were based on investing.com data; share price for the year was calculated as weighted average closing price based on daily trading volume

A key driver of growth and investor expectations in **IT industries** has been the boom in demand for artificial intelligence and high-performance computing solutions, which has

driven sales of electronics with AI functions, purchases of equipment for semiconductor production and creation of cloud infrastructure, further technological breakthroughs in the semiconductor industry, and partnerships in software. In IT equipment and semiconductors, an additional growth driver is the desire of countries to ensure “technological sovereignty,” fueled by sanctions pressure on China and the new U.S. administration's tougher trade policies. This is reflected in the expansion of manufacturing capacities as well as additional equipment purchases by both developed and developing countries. The demand for AI and the drive for technological independence will not abate in 2025.

Against the backdrop of a boom in IT industries, the global **telecommunications sector** is finding new growth points. Amid weak demand for their services, operators throughout the year sought to diversify their activities by introducing new technologies and entering into partnerships with IT companies in the fields of AI, cloud computing, satellite communications and cybersecurity. This translated into fairly high expectations of investors - shares on average increased by 15% in 2024, even though revenue growth has been much less impressive (+2% in 9M 2024).

Good growth in 2024 was demonstrated by the global **pharmaceutical industry**, which continues to actively reallocate resources and focus on priority therapeutic areas after the end of the COVID-19 pandemic. Companies are developing innovative drugs for the treatment of oncology, diabetes, obesity, etc., which was reflected in the mood of investors - the average increase in the share price of the largest industry players was 18%.

The global **oil and gas sector** looks quite optimistic - the value of shares of the largest producers increased by 15% on average in 2024. However, it should be taken into account that the driver was exclusively the quotations of the companies of the largest developing countries with high domestic demand — China, India and Brazil. The average growth of quotations of companies from developed countries amounted to only 3%. The industry operates under conditions of high uncertainty - geopolitical tensions and sanctions, trade restrictions, risks in oil transportation, continued weak market conditions in China and Europe, etc. will determine the performance of companies in 2025.

The investment attractiveness of the **automotive industry** (+12%) was also driven by high investor expectations for companies from developing countries — India and China. Indian manufacturers operate under favorable conditions in the domestic market and increase exports. Chinese auto giants are increasing exports in the face of strong competition within China, despite the tightening of trade restrictions, and also have an obvious technological advantage in the electric car segment, the production of which, after slowing down in 2024, will, according to experts, accelerate due to the emergence of a large number of inexpensive models of electric cars.

The global **transportation and logistics sector** showed high growth rates during the year as a result of high freight rates and increased demand for air and rail transportation, which was caused by the crisis in the Red Sea — the average revenue growth of the largest players in 9M 2024 amounted to 12%. However, investors were less positive, with average share price

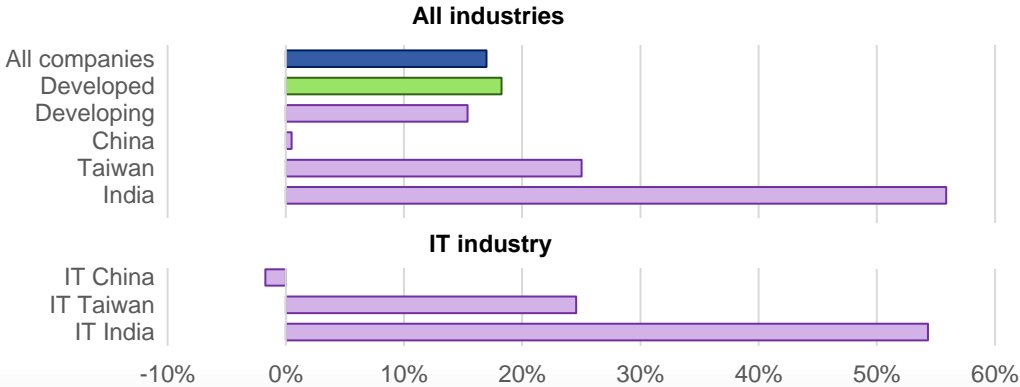
gains of only 3%, mainly due to the negative performance of companies specializing in ground logistics and express delivery. The main impact on the industry's performance in 2025 will be geopolitical tensions, protectionism and continued sanctions pressure, which are leading to low global trade growth and route realignment.

The **steel industry** looked the least attractive in 2024 — the average drop in stock prices of the largest producers amounted to 3%, while the average quarterly revenue growth during the year was also negative. The industry functioned under the conditions of weak market conditions in all key markets — China, the US, the EU, and strengthening of protective measures against Chinese steel. No significant improvement in the situation should be expected in the near term - overcapacity, de-globalization and increased protectionism will restrain demand and steel prices.

Key regional trends

Companies from developed and developing countries generally demonstrated similar development dynamics in 2024 — in terms of revenue growth rates, companies from developing countries were ahead in 2024 (+11% in 9M 2024 vs. +6% for developed countries), while companies from developed countries were ahead in terms of share price dynamics (+18% in 2024 vs. +15% for developing countries). However, the situation of individual countries and regions in different industries varied from very promising to crisis.

Average growth rates of companies' share prices in 2024 by country
% by 2023



In the group of **developed countries**, the key events of the year were the crisis in the European automotive and steel industries, restructuring and consolidation in the telecommunications sectors of the US and European countries, the crisis of the largest US semiconductor manufacturer Intel, difficulties in the Japanese automotive industry, and the pre-crisis situation in South Korea's Samsung.

From the point of view of ensuring business growth, companies from **developing countries** developed quite intensively in 2024 both due to large domestic markets and as a result of increasing exports; however, investors' expectations differed greatly from country to country.

Chinese companies looked the least promising during the year - the average increase in the share price of Chinese companies in 2024 (56 companies in the sample) amounted to 0.5%, while in the IT sector the dynamics was negative — a decline of 2% (32 companies). The main reasons are the increased sanctions pressure from Western countries, tougher trade and political measures from the US and Europe, and weak market conditions within the country.

The investment assessment of **Taiwanese** companies, represented mainly by players in the IT industry (17 companies), was quite favorable - the average increase in stock prices was +25%. Taiwanese companies strive to reduce geopolitical risks by reducing interaction with Chinese partners, as well as by moving production out of China, while expanding in other countries and regions - the USA, Europe, and Asian countries.

India's largest companies look the most promising - the average increase in the value of their shares (17 companies in the sample) amounted to 56%, including 54% in the IT sector (5 companies). High domestic demand, relocation of IT production from China to India, large-scale government programs to support and develop key industries for long-term economic growth provide Indian companies with revenue growth and inspire optimism in investors.

CONTACT

Olga Klochko - Project Manager, Ph.D. in Economics,
Associate Professor, Department of World Economy,
National Research University Higher School of Economics,
oklochko@hse.ru

