

# The Bust and the Boom: Sectors to Watch as Lockdown Eases

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The economic damage of the pandemic is far from over, but some sectors are showing the leading indicators of their future recovery. Airlines are reporting a surge in bookings for summer 2021, and major live sporting events are likely to start admitting some fans from early summer. [Global savings rates](#) are at levels not seen for decades, a sign of the pent-up consumer spending that should drive strong demand for cars, clothes, holidays, sport and leisure.

Booming demand will attract fresh investment and strengthen battered balance sheets. While many of the current Covid winners will continue to benefit from permanently altered business and consumer habits, the losers who have survived so far could have a bumper year.

Figure 1 shows the pattern of 12-month consensus credit changes – upgrades and downgrades on the 21-category scale – for global sectors. The horizontal axis is reversed, so sectors in the lower left quadrant are dominated by downgrades, and the (currently empty) upper right quadrant would show sectors where upgrades prevail.

If the recovery gathers momentum, we can expect to see the points in this chart move towards the top right quadrant. The sectors at lower left are likely to be the first to move and could move quickly as the consensus shifts towards credit upgrades. Sectors which have seen more than 40% of their constituents downgraded

during the past 12 months – such as Travel & Leisure, Aerospace & Defence, Oil & Gas, Automobiles & Parts, and Personal Goods – are all likely to see sharp rebounds. At the right of the chart, sectors which have seen more than 20% of their constituents upgraded – such as Pharmaceuticals & Biotechnology – are likely to continue to benefit, whereas Utilities and Fixed Line Telecomms could see a dip in their recent strength as the global population moves out of lockdown.

Credit Benchmark data is now available on Bloomberg – high level credit assessments on the single name constituents of the sectors mentioned in this report can be accessed on CRPR <GO> or via CRDT <GO>. [Get in touch](#) with us to request your free trial for Credit Benchmark Premium Data and Analytics on Bloomberg.

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CB USA  
12 East 49th Street, 9th Floor  
New York, NY, 10017  
Telephone: +1 646 661 3383

CB UK  
131 Finsbury Pavement, 5th Floor  
London, EC2A 1NT  
Telephone: +44 (0)207 099 4322

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