



# Industries in 2016

A special report from The Economist Intelligence Unit

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## Overview

**To prosper in 2016, companies must prepare for volatility in emerging markets, parsimony among consumers and governments, tightening regulations and yet more digital disruption.**

2015 ended with two long-awaited events: a global climate change treaty and the beginning of a tightening of US monetary policy. In the last edition of this report, *Industries in 2015*, we foresaw both these developments, together with various others across our six industries—automotive, consumer goods and retail, energy, financial services, healthcare and telecoms. Here is a sample:

- We projected that Volkswagen would overtake Toyota as the world's biggest carmaker. It did, only to become embroiled in a huge emissions scandal.
- We said that it would be India's year in retail, especially e-commerce. Growth in Indian retail volumes (8.6%) looks to have passed China's (8.5%) for the first time, while Indian e-commerce sales are estimated to have grown by over 25%, reaching US\$17bn.
- We were bearish on oil markets, believing that supply would outpace demand. We were right, although average Brent crude oil prices have languished even lower than expected.
- We correctly foresaw that China would approve five new fully private banks as promised, two of them internet-only deposit takers. Admittedly, we did not foresee Korean policymakers also backing exclusively online banks: those should debut in 2016, several with the same investors as in China.
- We forecast that China would liberalise pharma prices as part of efforts to introduce health technology assessments. Price caps on most drugs were lifted in June 2015.

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- We argued that Chinese smartphone manufacturers would threaten global market leaders. Huawei recorded the highest growth in market share in the third quarter of 2015; Xiaomi has struggled in its home market, but is making inroads in India and other emerging markets.

*Despite gradual interest rate rises in the US, a full-blown crisis in emerging markets is improbable.*

## The year ahead

What lies in store in 2016? The EIU's headline growth forecasts are encouraging. Global GDP will grow by 3.4% in real terms (see our box on the global economy, page 6). The outlook for advanced economies is steady—although the threat of terrorist atrocities and an immigration backlash cannot be discounted. Despite the prospect of gradual interest rate rises in the US, a full-blown crisis in emerging markets is improbable.

Yet the global economic backdrop to business will remain less bright than in pre-financial crisis days. In the emerging world, slightly sunnier overall figures do not fully disguise the risks involved in US rate rises and still-depressed oil prices. These could cause volatility in certain markets. Two of the BRIC countries, Brazil and Russia, are already flagging. China will do far better than these two, but a lasting slowdown—and an entrenched anti-corruption campaign—will affect demand for everything from cars to commodities. Companies will look to India to take up the slack: in areas such as e-commerce it will do so, but its market is far smaller than China's.

## Three trends to watch

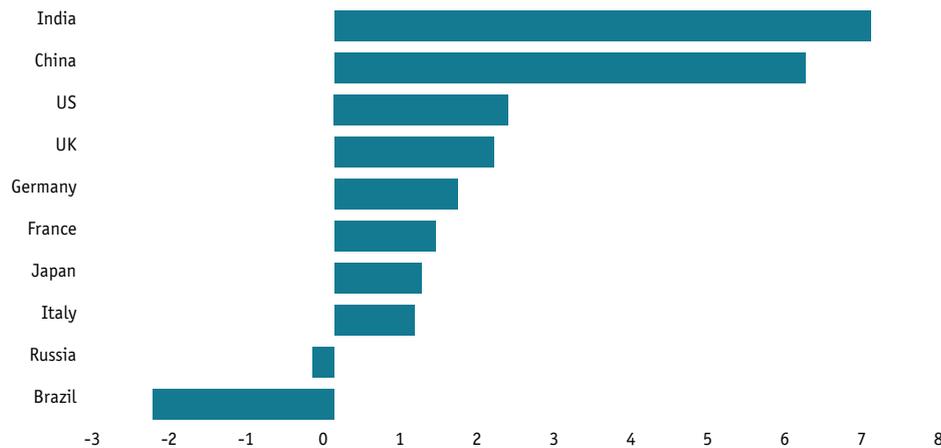
Looking beyond the economic backdrop, our analysis highlights three trends that will drive company strategies. One is a deepening climate of parsimony. Rich-world consumers have not enjoyed the recovery in their incomes that they would have liked, while some of their emerging market brethren will join them in demanding more for less, as confidence fluctuates.

Retailers will respond with even more entrenched discounting (though consumers may tire of the constant round of sales). Carmakers, too, are under pressure to give drivers state-of-the-art frills without raising sticker prices, although some are fighting back against demands for discounts. Consumer goods companies of all types will be searching hard for cost savings to allow them to balance affordability with desirability.

Governments will also keep a tight hold on their purse strings. One area of pronounced tightfistedness is healthcare: while trying to ensure fairness and effectiveness, governments will squeeze as much value as possible out of their

*Governments will keep a tight hold on their purse strings.*

**The fast and the last: real GDP growth, selected countries in 2016**  
(%; market exchange rates)



Source: The Economist Intelligence Unit.

spending on pills and procedures. The recent mergers and acquisition boom in the sector, however, will tail off as money becomes more expensive, forcing companies to find other ways to boost competitiveness.

Regulatory tightening is a second common theme in this report. It will surprise few that financiers will be bound up in further red tape, designed to fend off financial apocalypse for the rest of us. Europe and the US will report on banking stress tests, while the EU forces insurers to bolster their solvency.

Perhaps the most sweeping cause in which regulators will use their powers is that of environmental protection—particularly following the climate change deal signed in Paris in December 2015. The impacts will cut across many industries. In the energy sector a range of measures, including the pricing of carbon and renewable energy targets, will alter the status quo. Automotive manufacturers, still reeling from the Volkswagen emissions scandal, will further improve the performance of their oil-fuelled vehicles, while releasing yet more alternative models. Green goals will also nudge companies to raise the energy efficiency of digital devices, for instance.

Digital disruption is the third big trend to highlight. As internet access spreads to more than 50 out of every 100 people in 2016, telecoms utilities must find a way to make huge, long-term investments to satisfy consumers' digital demands; intrusive regulators will again loom large, however, foiling companies' efforts to combine their balance sheets. Bricks-and-mortar shops will suffer further at the hands of e-commerce rivals, while the likes of Amazon start opening their own physical stores. Still, the high street will fight back, deploying a range of technologies—"beacons" and store check-ins, to name but two—to take advantage of customers' increasingly constant state of connectivity.

## Opportunities, too

As this shows, the trends set to play out in 2016 will not just cause companies problems, but also spur fresh opportunities. Spreading public health provision in developing countries, for instance, will open up new markets for medicines and hospital care. Nimble financial technology (“FinTech”) companies intend to run rings around the giants of their industry—many of whom, though belaboured with regulations, nonetheless remain mighty. Their interest margins stand to be bolstered by rising interest rates in the US and UK; despite tough economic conditions, many of their emerging market peers are in strong positions to weather any financial storms.

The onslaught of internet access and usage is throwing the world of telecoms companies upside down, but also affording them chances to open up new streams of revenue: providing content directly to consumers, for instance. Companies in all industries will strive to collect, interpret and capitalise on vast amounts of new data. “Big data” will be harnessed to understand consumers, improve healthcare and cut firms’ energy bills. The pan-industry push towards more environmentally friendly use of energy will spur everything from production of renewable power to the spread of industrial automation and the “internet of things”.

As the wheels of business whir on, in the background the 12 signatories to the Trans-Pacific Partnership trade agreement will go about the slow process of domestically ratifying the deal. That will be difficult, but is likely to happen eventually—just not in 2016.

*Perhaps the most sweeping cause in which regulators will use their powers is environmental protection.*

## The global economy in 2016

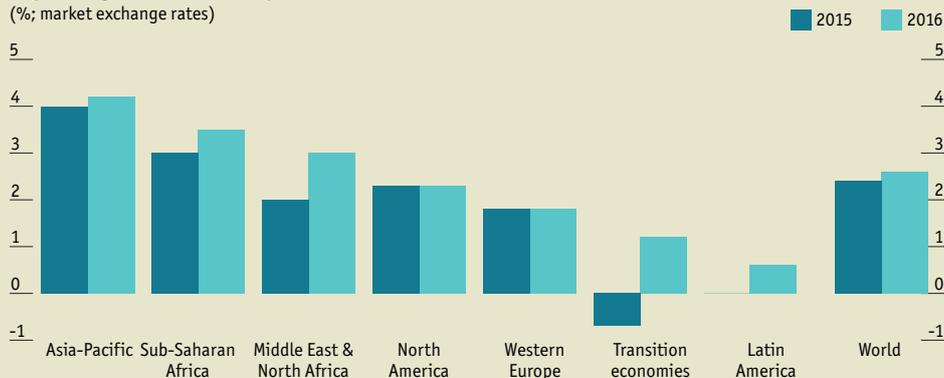
2016 will be marked by gradual rises in US interest rates, low oil prices and a continued economic slowdown in China. Global GDP, while well below pre-financial crisis highs, will speed up slightly from 2015 to 2.6% at market exchange rates and 3.4% at purchasing power parity (PPP).

Advanced OECD economies will remain on a steady course, expanding by a little over 2% in PPP terms. Cheap energy will help: Brent will average US\$53 a barrel in 2016. Aided by strong labour and housing markets, and recovering government spending, the US will grow by 2.4%. Businesses in the EU will benefit from loose monetary policy, although the risk of a Greek exit from the euro zone lingers. In Japan, “Abenomics” will struggle to snap the economy out of its doldrums, in the face of population ageing.

Scintillating growth across an array of emerging markets will not return in 2016. As monetary tightening inches forward in the US, capital will flow from them to it, causing capital outflows and volatility for some. Especially vulnerable are big commodity exporters and countries with large fiscal and current-account deficits, or a lack of credible policymaking: Nigeria, Russia, South Africa, Turkey and Venezuela stand out. Brazil is labouring to counter rapid inflation, a wide budget deficit and high interest rates, while impeachment hangs over its president, Dilma Rousseff: in 2016 GDP will contract again, by 2.5% in real terms. India is a bright spot, offering 7.4% growth, but reforms will be needed for it to fulfil its potential. China, too, faces formidable structural challenges.

Yet many worries about the global economy are overblown. Despite its problems, China will expand by 6.5% in 2016, as services outpace industrial output and investment accelerates. Unlike in past crises, moreover, non-OECD economies overall enjoy ample foreign reserves and liberal exchange rate regimes: the risk of a wholesale emerging market meltdown is remote. Non-OECD economies will grow by 4.5% in PPP terms in 2016.

**Regional dynamics: real GDP growth**  
(%; market exchange rates)



Source: The Economist Intelligence Unit.

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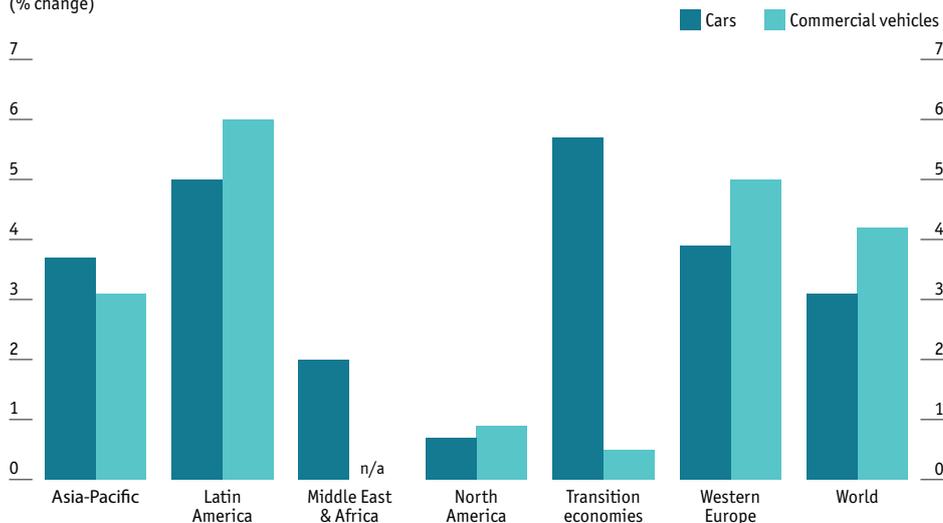
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## Automotive: The Volkswagen effect

**M**oribund developing markets should regain ground during 2016, but growth will be steady rather than spectacular. The Volkswagen scandal and the fight against terrorism will add to the risks.

2015 was the year when Volkswagen overtook Toyota as the world’s largest vehicle-maker. It was also the year when the German car giant became embroiled in an emissions scandal with implications for the global automotive sector in 2016 and beyond. An industry that had congratulated itself on succeeding in cutting vehicle emissions now finds itself under intense scrutiny. Although the short-term effect on overall vehicle sales will be slight, the scandal will harden the resolve of policymakers to reduce the pollution rising from the world’s increasingly choked roads.

**Rebalanced world: vehicle registrations in 2016**  
(% change)



World=60 biggest economies only.  
Sources: The Economist Intelligence Unit; local sources.

## Steady not stunning

*The outlook for most markets is steady rather than spectacular.*

The global vehicle market continues to expand after its short-lived blip in 2009. Admittedly, growth in 2015 was subdued, with car registrations edging up by an estimated 0.7% in the top 60 markets, while commercial vehicle sales declined by 1.1%. That poor performance was largely due to a decline in major markets such as Brazil, Russia, Japan and Indonesia, as well as a dramatic sales slowdown in China. Next year, however, will see the beginnings of a recovery in many of those markets and continued steady expansion elsewhere. We expect car registrations to rise by 3.1% and truck sales to increase by 4.2% in 2016, taking them to new records of 72.7m and 13.1m, respectively.

Barring the odd hotspot where economic buoyancy and favourable demographics will combine to drive sales—Indonesia, for instance, or Nigeria—the outlook for most markets is steady rather than spectacular. Yet, compared with 2015, growth will be more evenly spread, as geographic ups and downs level out. All four of the BRICs (Brazil, Russia, India and China) will deliver growth for the first time since 2012, as will all the major developed markets in North America, Asia and Europe. Among regions, a rebounding Latin America will lead the way. A similar recovery in the transition economies of Eastern Europe will put them neck-and-neck with the former front-runner, the Middle East and Africa, where political risks will weigh heavily.

The evening-out of global growth will prompt vehicle-makers to alter their strategies. Companies such as Volkswagen and General Motors, which have successfully ridden the rollercoaster expansion of the past decade, will need to reduce their reliance on investment in new production and marketing operations. Having scaled back output in developed markets, many carmakers now fret about overcapacity in developing markets too.

## Production puzzles

In Western Europe, for example, annual car output is 3m units below its 2001 peak, mirroring the decline in demand. North America's car output peaked at 7.7m back in 1994 and was down to 5.2m in 2014. Neither region is likely to see much expansion in 2016, although there will be some modernisation of production lines. As for Russia and Ukraine, their market slump has left many production lines idled: lay-offs planned by AvtoVAZ and others will need to go ahead in 2016. More worrying still is China, the world's biggest car market, where production capacity could soon hit 30m but 2016 car sales will not reach 21m. Carmakers there will be forced to export their way out of trouble.

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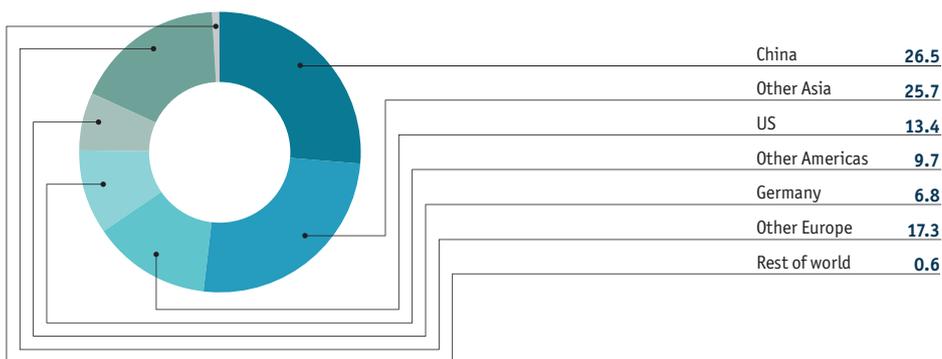
Investment will continue regardless, at least in some markets. Mexico continues to expand production capacity, partly because of the strength of domestic demand but mainly to export to the US. India and Indonesia, too, are likely to receive a new surge of interest as their markets recover, although their difficult business environments will be a limiting factor. The Trans-Pacific Partnership, if ratified, could eventually open up new avenues for investment across the Pacific region, but only after 2016.

In the meantime, most carmakers will need to adjust to the new normal of less buoyant but increasingly competitive national markets in the coming year. They will need to focus on internally-driven competitiveness, including their handling of supply chains, new-model development and their relationships with customers. More industry consolidation is likely—although given the uncertain payback from automotive mergers, alliances are more likely than takeovers. Still, reputation and customers’ responses to new models will be the most important drivers of growth.

New-model rollouts accelerated during 2015, and 2016 will see more of the same. Some carmakers, such as Hyundai and Kia, are taking the opportunity to move upmarket to fend off competition from low-cost developing market carmakers. Some, like Volkswagen and Renault-Nissan, are fighting back with their own low-cost brands. Consumers are becoming harder to please, however, demanding the latest entertainment systems or safety devices at no extra cost to themselves. Carmakers are trying to fight back by minimising discounts, but will still need to rationalise their production processes, while responding to increasingly strict regulations on emissions and safety.

*Having scaled back in developed markets, carmakers now fret about overcapacity in developing markets.*

**Workshops of the world: vehicle production, H1 2015**  
(% of total)



Note. Total global production = 45.6m units.  
Source: OICA.

## Volkswagen's woes

In this context, Volkswagen's self-inflicted woes are an additional concern, both for the carmaker itself and for its rivals. The emissions scandal erupted in September when the company admitted using an illegal "defeat device" on some of its diesel cars to ensure that they passed tests in the US. This was followed by revelations that another such gadget was installed in Audi cars. Given Volkswagen's size and previous reputation for reliability, the admissions prompted alarming headlines worldwide—and foreboding about the implications for the industry as a whole.

So far the main effect on the German carmaker has been to force a management shake-up and to reduce projected 2015 profits. Volkswagen has set aside around €11bn (US\$12bn) to cover fines, recalls and lawsuits, although that figure will surely rise. It has also cut €1bn a year from its planned €83.4bn five-year investment plan. The financial cost may end up being below the US\$30bn initially projected, however, after the carmaker revealed that the number of cars affected is turning out to be lower than expected. Although its US car sales plummeted in late 2015, Volkswagen's global sales are likely to be dented rather than disastrous in 2016.

With Volkswagen likely to scale back its expansion in the US and elsewhere, others will be quick to take advantage. Yet they will themselves face additional pressures as a result of the Germans' misdemeanours. Scrutiny from regulators will increase, with those in the US, Europe and elsewhere speeding up their plans to introduce real-world emissions testing to supplement that performed in laboratories. Although this is unlikely to happen before 2017, it comes on top of a planned rollout of emissions limits and fuel economy standards. In the US, for instance, Corporate Average Fuel Economy (CAFE) standards will become fully mandatory from 2016.

Policymakers in developing markets remain focused primarily on economic growth and are keenly aware of the boost that wider car ownership, and a large car industry, can bring. But life-threatening pollution in major conurbations is increasingly hard to ignore. Several cities in China and elsewhere in the developing world now limit the number of new car licences granted, while others are investing to improve public transport. Cities such as Delhi and Beijing have also taken the drastic step of limiting car use or car purchases. Emissions standards are tightening quickly. During 2016, for example, China 5 standards will be adopted in Guangdong province ahead of a national rollout two years later, while Russia will fully implement Euro 5 requirements for light vehicles.

Traditionally, concerns about global oil supplies have added to environmental pressures on carmakers. Thanks to the dramatic drop in global oil prices in the

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second half of 2014, however, this is no longer the case. We expect dated Brent Blend to cost an average of US\$53 a barrel in 2016, less than half its level in 2012. Although several countries have already taken the opportunity to reduce fuel subsidies or raise fuel taxes while oil is cheap, and more will do so in 2016, consumers are already adapting to lower pump prices. Sales of gas-guzzling sports utility vehicles (SUVs) are climbing in many markets.

Nevertheless, the shift towards alternative fuel vehicles will continue during 2016, partly to help carmakers meet those tightening emissions and fuel economy standards. Sales of “green” vehicles soared during 2015, from a low base, and supportive infrastructure and buyers’ subsidies mean that they are on the verge of becoming mainstream. Volkswagen’s woes will only speed the trend.

### What else to watch for

- **Self-driving cars:** Google and others will be able to start testing their self-driving vehicles in countries from Canada to Singapore in 2016, not to mention around 30 US cities. It is not just tech companies. Also joining the fray are traditional carmakers: General Motors, BMW, Volvo, Audi and Mercedes are among those planning to roll out self-driving features during the year.
- **Fuel cell cars:** Electric vehicles face a new rival in the form of hydrogen fuel cell vehicles. Honda’s Clarity is set for launch during early 2016, while Toyota will start shipping its Mirai to US buyers. Sales will be pitifully low, but the technology has finally arrived.
- **Apple CarPlay:** Although the long-awaited iCar will not appear until 2019 at the earliest, Apple’s in-car entertainment and information software, CarPlay, will become fully embedded in many new models in 2016, from Cadillacs to Hyundais. Apple will face a challenger, though, in the form of Android Auto.

## Consumer goods/retail: Steady ship, choppy waters

**A**lthough most retail markets will expand steadily in 2016, consumers and retailers alike could be vulnerable to crises of confidence.

Many of the problems that faced retailers in 2015 will be carried over into 2016. Mainstream retailers will again struggle with falling profit margins and shrinking market share owing to the combined growth of discount and online retail channels. Meanwhile, the formerly favoured BRIC economies (Brazil, Russia, India and China) will become more challenging, and innovations such as wearable technology have yet to resoundingly win over consumers. Weighing on sentiment will be mounting terrorist concerns, geopolitical strife and Europe's unfolding migrant crisis. Rising US interest rates will exacerbate uncertainty by creating volatility in certain markets.

### The world is flat

In aggregate global terms, retail sales will maintain a steady course. Sales volumes are forecast to grow by 2.7% in 2016, the same as our estimate for 2015. Growth in North American retail will be pegged back slightly after strong expansion in 2015 but will nonetheless remain solid as economic growth continues to bolster consumer confidence. However, shifting spending patterns have been disruptive for retailers, bringing losses as more shoppers switch to online channels.

The retail environment in Latin America remains unstable amid falling commodity prices and economic travails in key markets. Even with some modest improvements, sales will still contract in 2016. In Asia, China and India will drive regional sales, but markets like Vietnam and Indonesia will also garner attention.

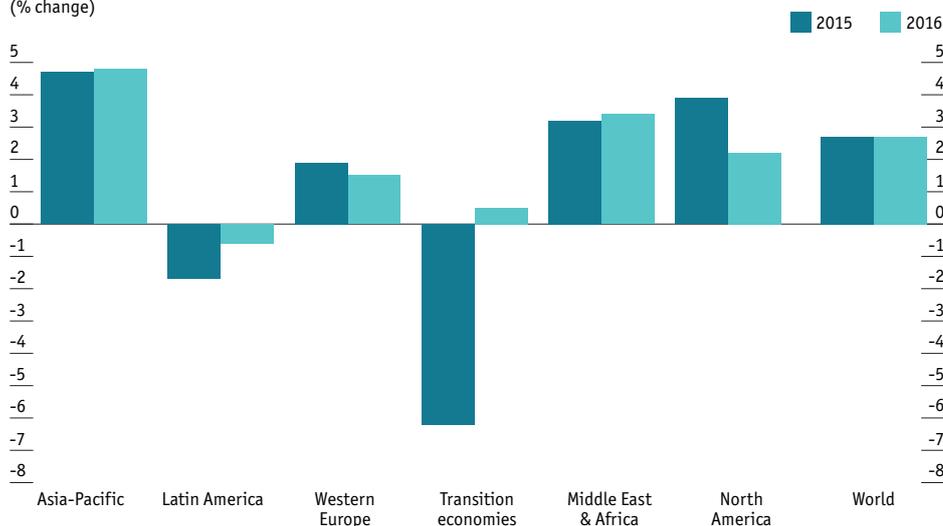
Europe, the Middle East and Africa share an uncertain outlook, owing to security threats and economic uncertainty. Despite making steady economic

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progress, Western Europe continues to feel the fallout of the euro zone crisis: growth in Spain, for instance, will still not be enough to push consumer spending to the level achieved in 2008. Moreover, Europe has been on a heightened terror alert after shootings in Paris, while Africa and the Middle East face multiple insurgencies. Although Sub-Saharan Africa is a hotly tipped prospect, investments there should be aimed at reaping rewards in ten or twenty years' time, not in 2016.

**The world is flat: retail sales volumes by region**  
(% change)

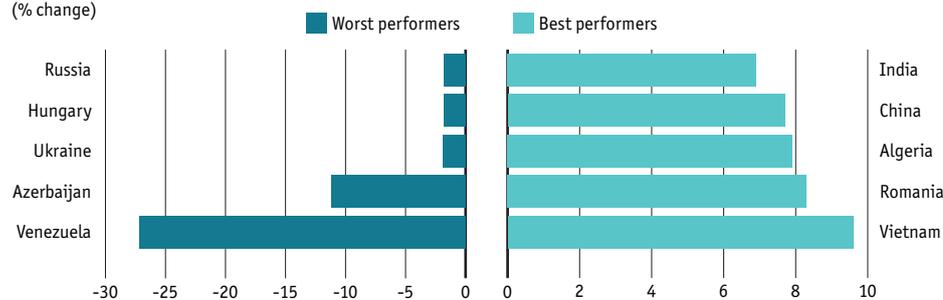


Sources: The Economist Intelligence Unit, Planet Retail.

## Winners and losers

2015 laid bare the failings of the BRICs, with only China and India performing at all convincingly, albeit expanding slower than had been expected. Meanwhile, the MINT countries (Mexico, Indonesia, Nigeria and Turkey) will undershoot previously high expectations.

**Best and worst performers: retail sales volume in 2016**  
(% change)



Sources: The Economist Intelligence Unit, Planet Retail.

*The countries most likely to struggle are those hit by inflationary and exchange rate pressures, like Venezuela.*

Retail deregulation in Vietnam will make it a highly attractive market. Despite China's slowdown, its retail growth will exceed most other countries, as will India's, particularly in e-commerce. The countries most likely to struggle are those hit by inflationary and exchange rate pressures, such as Venezuela (also affected by rock-bottom oil prices). Geopolitical tensions and sanctions will weigh on Russia and Ukraine.

## Innovation creep

On a positive note, innovations from 2015 will be adopted more widely in 2016. Meeting the practice of "showrooming" head on has become a feature of the strategies of bricks and mortar shops. Increasingly, they will encourage shoppers to use smartphones, hoping to accentuate their instore experiences by deploying WiFi, quick response (QR) codes (a type of bar code) and store check-ins (which let shops track customers and offer them rewards). "Beacons", which use Bluetooth to communicate with customers' smartphones and have received much fanfare but limited consumer enthusiasm, will quietly gain ground.

In 2015 Apple launched a number of products such as Apple Radio, Apple Pay and the Apple Watch. As we predicted last year, however, these have gained visibility without yet being game-changing. In 2016 innovation will continue to creep forwards, with products becoming more entrenched but not delivering a step change in consumption habits. Just as contactless cards have gradually entered everyday usage, so too will app-based payment via smartphones. Apple's usual merry-go-round of releases will continue, with the iPhone 7 and iPad Air 3 expected to be launched in spring. But it is not all about Apple and 2016 will see traditional watchmakers such as Casio and Tag Heuer crossing the tech divide by unveiling their own smartwatches.

## Merchandise-tastic

The coming year will also see a boom in film- and television-related merchandising. Successful recent merchandising has accompanied movie adaptations of comics such as Batman and the Avengers, and Disney hits like Frozen and Minions. This is not exclusive to big-budget films: Peppa Pig, a British cartoon, has become a billion-dollar brand thanks to its popularity in North America. Film mania increasingly accommodates a broad range of suppliers across the full gamut of consumer categories, from homeware to confectionary. Suppliers with the capacity to service multiple franchises will be well-placed to exploit this. Lego, for example, now has products designed around a range of films and comics.

Among them is Star Wars. Merchandise sales will be boosted in 2016 by the release in mid-December 2015 of the much-anticipated seventh episode in the series. The success of George Lucas's creation spans four decades, sparking buying among older consumers as well as targeting a new generation of fans. Kenner, the company that sold the original Star Wars merchandise, netted around US\$100m a year between 1978 and 1985 and ultimately sold around 300m figures. Yet, before the latest film was even released, Disney was expected to make US\$3bn in Star Wars merchandise sales in 2015. This could rise to an anticipated US\$5bn next year—and a host of other firms will jump on the bandwagon.

*2016 will see a boom in film- and television-related merchandising.*

## Age of the consumer?

Leaving movie madness aside, price will once again be a central consideration in 2016, despite the gradual recovery in incomes after the financial crisis. As economic woes weigh on places like Russia and Brazil, a new wave of emerging market consumers is becoming more bearish in outlook. Price sensitivity also has a secular explanation. Mobile commerce (m-commerce) enables shoppers to compare prices of almost any product, while peer reviews on social media empower them further. At the touch of a button, they can identify the best product for their needs, and decide where to buy it at the best price.

Hence, retail profit margins will continue to slide. Before 2009 WalMart achieved a profit margin of 3-4%, but by October 2015 this had sunk to a low of 2.8%. The chief financial officer of Sainsbury's, which faces its own declines, has predicted that margins for grocery retail, once as high as 5%, will fall to around 3%.

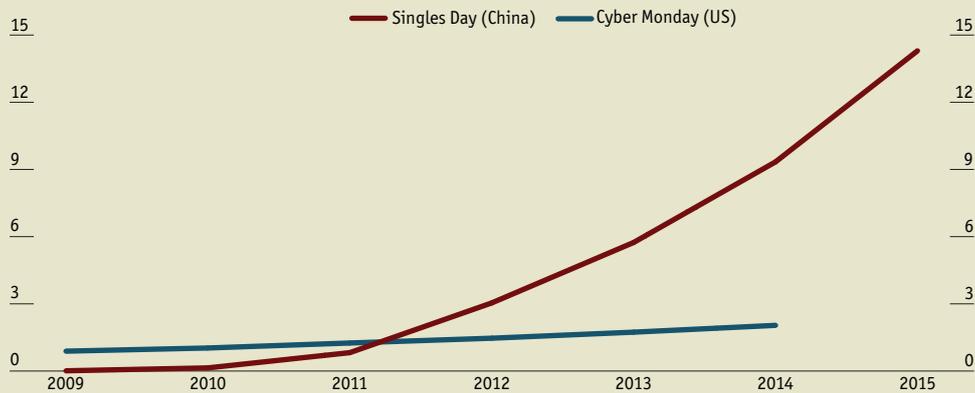
Retailers will seek to harness lower prices, trying to generate footfall and site traffic through more intense and longer sales seasons. Sales dates during the festive season—Black Friday, Cyber Monday, Super Saturday and Manic Monday—are blurring together into a continuous period of discounting lasting from November to the January sales. Many firms begin Black Friday discounts up to a week in advance, while Thanksgiving is emerging as a sales date dubbed “Grey Thursday”: might 2016 bring “Off-White Wednesday”? Meanwhile, Amazon now runs online “flash” deals 365 days a year.

2016 will see retailers seek to set themselves apart from competitors by opting in and out of these many sales dates or creating their own. The risk, though, is that sales fatigue sets in and discounts will fail to generate the excitement they once did.

## What else to watch for

- Singles Day goes global:** Singles Day, on November 11th, is the largest online shopping date in the world, with US\$14.3bn sales in 2015 thanks chiefly to its popularity in China. Yet Singles Day could easily follow Black Friday, originally a US-only event, to go global. The force behind it, Alibaba, is expanding aggressively overseas, where ethnic Chinese are already catching on. An even earlier start to the holiday sales season beckons.

**Singles Day vs Cyber Monday: online sales**  
(US\$ bn)



Sources: Alibaba, Comscore, National Retail Federation.

- Pure players get physical:** The time when pure-play online retailers would roll out physical stores has been long foretold. eBay has experimented with pop-up shops, while China's YiHaoDian and other small players have introduced augmented-reality supermarkets. Now, Amazon has opened its first bookshop and retail is finally coming full circle. Expect more in 2016, as physical shops evolve into showrooms and repositories for click-and-collect orders.
- Onslaught of the beer monster:** The US\$120bn megamerger between AB InBev and SABMiller will, if approved by regulators, be an industry-changing event. The resulting beast would produce three in every ten beers sold, with a turnover of perhaps US\$244bn. This should mean a wider range of beer brands on supermarket shelves—and probably price wars too, although it will raise anti-competitive concerns in some markets.

## Energy: A climate of change

**A**s we enter 2016 it is becoming clearer that a long-term energy transition is under way.

Twelve months ago we predicted that 2015 would be a year of “cheaper and greener” energy, characterised by lower fossil fuel prices and fast growth in the use of renewable energy. That turned out to be correct, and in 2016 we expect the trend to continue. Indeed, we believe that global energy markets are now at an inflection point. The coming period will be characterised by a more rapid decline in the carbon intensity of the global economy and faster growth in the deployment of renewables. Although attractively cheap oil, natural gas and coal are here for the short- to medium-term, the shift towards lower-carbon energy sources will prove far longer-lasting. This will have profound implications for the energy industry.

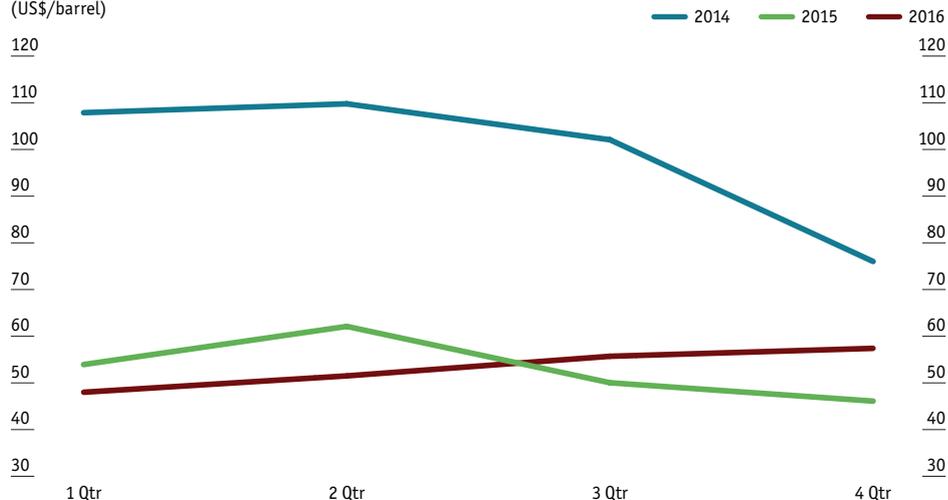
*US oil production is set to contract in 2016, but too modestly to prompt a sharp upswing in prices.*

### Low oil prices to stick around

More than a year after oil prices began to fall in the third quarter of 2014 the global oil market is in a funk. Although demand is resurgent, supply has remained robust and inventories are ample. We estimate a full-year price in 2015 of US\$53/barrel for Brent, down from an average of US\$99/b in 2014.

Oil prices will not return to their recent highs anytime soon. Amid continued strong supply growth from OPEC and still-high US output, the market will remain well-supplied. OPEC will not relent on its strategy of protecting market share, meaning supply from the group of exporters will remain strong—especially given the return of large volumes of Iranian oil once sanctions on it are dropped. US oil production has been edging downwards since the second quarter of 2015 and is set to contract in 2016, but too modestly to prompt a sharp upswing in prices, which will again average US\$53/b for the year.

**Oil is not well: Brent crude oil, spot prices**  
(US\$/barrel)



Source: The Economist Intelligence Unit.

Oil demand will be weaker in 2016, as the strong US consumption growth of 2015 tails off, while demand growth from China lags well behind recent norms. Any tightening of global oil markets will not occur before 2017, when the impact of investment cutbacks by oil majors in response to lower prices begins to be felt.

*Depressed fossil-fuel prices will not halt the steady march of renewable power.*

## Gas and coal prices also struggle

In 2016 market bears will be in the ascendency, not only when it comes to oil but also natural gas and coal. A lethal combination of weak demand and strong supply has hurt the prices of both in 2015. They will recover only weakly in 2016.

US liquefied natural gas (LNG) exports sourced from shale gas will debut in 2016 with the start-up of Cheniere's Sabine Pass terminal. New Australian LNG projects, such as Chevron's Gorgon, will add yet more capacity. Soft demand outside the US will further depress prices and some mooted LNG projects in the US, Canada and Australia will probably be delayed as a result. Tepid Chinese demand for coal, in addition to falling appetites in the US and Europe, will cause headaches for coal exporters worldwide. Even India, where demand is still strong, is boosting domestic coal production as part of an import-replacement strategy.

## Paris and beyond

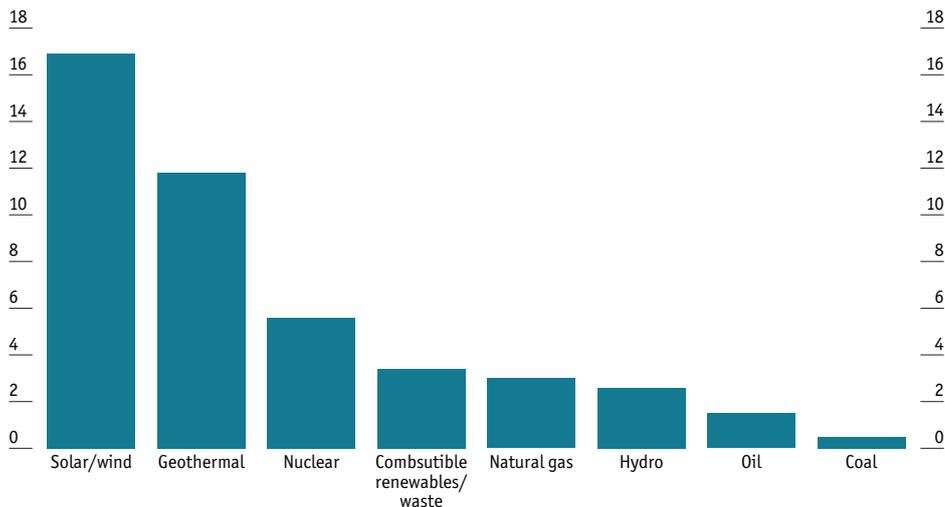
Yet depressed fossil-fuel prices in 2016 will not halt the steady march of renewable forms of power. Renewables now account for nearly half of all net additions to electricity capacity worldwide and in 2016 will again take the biggest share. This is largely due to the lower cost of deploying renewables and the spread of policies

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aimed at de-carbonising the power sector. Together, these factors will overcome the cheapness of competitors to renewables in electricity generation—that is, gas and coal.

**Sustainable surge: energy consumption in 2016**  
(% change)



Source: The Economist Intelligence Unit.

In addition to substantial capacity increases for solar and wind power in China and India, renewables will make further gains in the US and several European economies, including Germany. Since the electricity sector will be the fastest-growing segment of global energy consumption, the rising role of renewable power will play a crucial role in reducing the carbon intensity of the world economy. It is a trend that received a boost from the crucial Paris climate talks in early December 2015.

In the run-up to Paris, countries were required to submit pledges to reduce emissions from 2020. These “intended nationally determined contributions” (INDCs) varied in scope and are not certain to be honoured. Undoubtedly, however, in both the developed and developing world a significant shift is under way towards lowering the carbon footprint of energy systems. Although implementation of the Paris deal may falter, it is clear that a battery of measures—including renewable energy mandates, carbon-pricing schemes and emissions-reduction targets—will spur growth in renewables deployment and energy efficiency improvements in 2016 and beyond. These will be too gradual to severely curtail the rise in global temperatures for now, but the greening trend is irreversible.

## What else to watch for

- **Iranian oil:** Freed from US and EU sanctions aimed at curtailing its nuclear activities, Iran is set to send an extra 500,000 b/d or so of oil gushing back onto global markets. It now wants Western investment for its cash-strapped hydrocarbons industry. Though long-standing US sanctions will keep giants like Exxon-Mobil and Chevron out, European majors will be keen to return, the high political risks of doing business in Iran notwithstanding.
- **Spotlight on India:** Much has been made of one Asian giant's recent climate commitments: China's world-beating energy demand has started to slow and its emissions are projected to peak by 2030. India's energy consumption, by contrast, will climb remorselessly and, without a firm pledge to cut pollution, so too will its emissions. As the dust settles on Paris, India will seek to draw the world's attention to its ambitious plans for wind and solar power—although its appetite for coal will not diminish for now.
- **Coal's last stand:** Meanwhile, US coal miners are fighting a rear-guard action against the government's clean power plan (CPP), which aims to reduce power-sector emissions by 32% by 2030. In late October, 24 out of 50 US states—many with sizable coal sectors—filed a legal challenge against it. Yet 18 states are backing the CPP in court. In a presidential election year the issue will remain divisive. Ultimately, though, the CPP's opponents look destined for defeat.

## Financial services: Signs of hope

**2** 016 ought to be the year when people in finance finally stop talking about the crisis.

The traumatic period starting in 2008 battered the industry, but exciting new developments should change the subject. For one thing, Ben Bernanke and Adair Turner, two key crisis firefighters in the US and UK, have become perhaps the last such figures to publish their memoirs. More fundamentally, the industry should be lifted by technological innovations, an expanded footprint in poor countries, economic recovery in advanced nations and by taking on a bigger role in providing economic security for ageing populations.

### Accentuating the positive

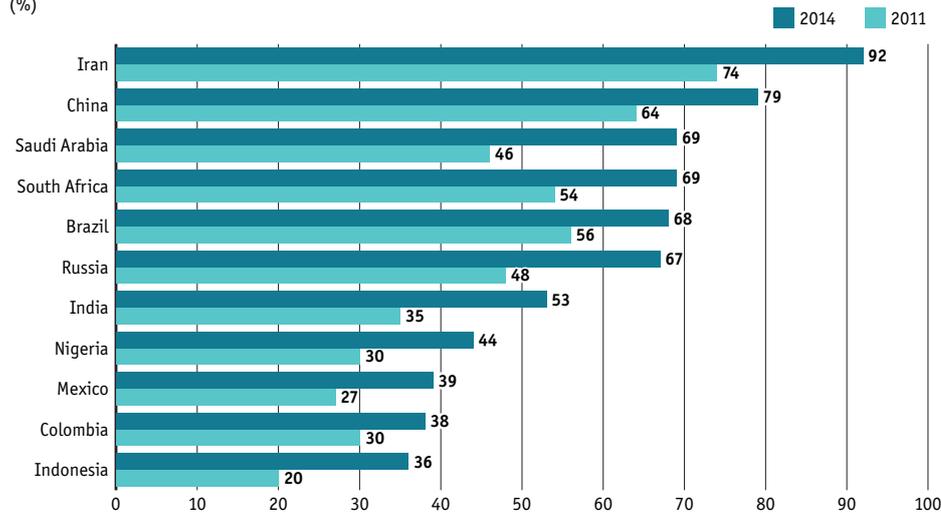
One trend, unrelated to the economic cycle, has already shifted the conversation: the rise of financial technology, or FinTech. From their mostly US and UK bases, FinTech firms claim to be disrupting industry incumbents and are enjoying sky-high valuations in private markets—albeit so far rarely turning a profit. They aim to use straightforward mobile applications and excellent customer services to outwit what they see as the bureaucratic, unwieldy companies that dominate payments, fund management, and business and consumer lending. In 2016 some of these Davids will no doubt be happy to be bought out by, or forge alliances with, Goliaths of the industry.

A second promising development is the rapid proliferation of bank usage in emerging markets. The proportion of adults with formal accounts has surged in recent years, according to surveys conducted by the World Bank every three years. By bringing monies out from underneath the mattress and into the financial system, this will bolster the revenues of firms offering remittances, savings and lending, and eventually those with sophisticated products like insurance policies

*Central banks in the US and UK will gradually raise interest rates. This should widen banks' interest margins.*

**Banking on it: people 15 and above with accounts at financial institutions**

(%)



Source: World Bank's Findex dataset.

and brokerage accounts. Only a handful of firms have worked out how to make profits on emerging market customers new to the formal banking system, but more are likely to find successful formulas. These will involve a combination of fresh business models and lean tech interfaces.

A third new force driving the sector forward stems from a growing realisation that, worldwide, most people have failed to save enough to cover life's vagaries, whether it be educating their children, covering their healthcare costs or, for a mounting number of individuals entering their golden years, funding retirement. With governments strapped for cash and children moving away from home for new opportunities, in ever more cases the old models of social and familial solidarity will not fill the gap. Workers will have to save more at the expense of current consumption—a trend that will boost the financial sector, given its key role in gathering and allocating savings.

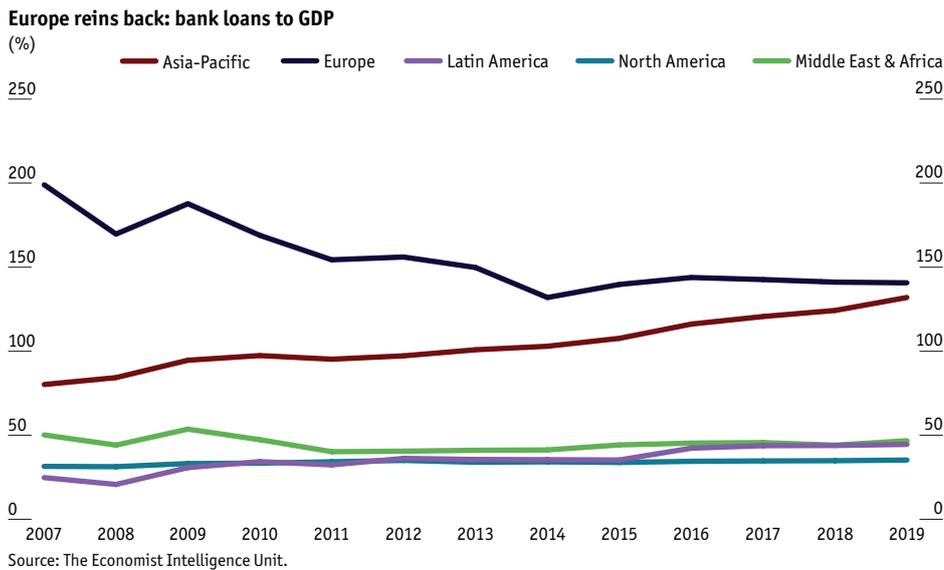
## Not so hot in the advanced economies

The advanced economies will continue their gradual recovery, with the stronger markets of the US, the UK, and northern Europe boosting financial firms' income statements. Conditions will be much tougher for economies in Japan, southern and eastern Europe—and, by extension, for financial firms there.

Central banks in the US and UK will gradually raise interest rates. Little by little, this should widen banks' interest margins, bolstering their revenues. The impact on big investors like insurers and investment funds will hardly be felt in 2016,

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however, since it will take them a number of years to turn over their inventory of low-interest-rate bonds for higher-interest-rate alternatives.

One big question for 2016 is whether continental Europe can continue to build North American-style capital markets to provide corporate financing and household loan securitisation, as banks in the region cut back on lending. A steady rise in the volume of stock and bond offerings suggests that it can make this important shift. However, a sustained fall in credit to European economies would undermine business investment and household consumption.

Two other key trends will be visible among banks from advanced economies. First, the network banks with a global footprint, such as Britain's HSBC or America's Citigroup, will keep abandoning far-flung parts of their realms. HSBC is selling its Brazil unit and offering up its Turkey subsidiary; it may also announce plans to move its headquarters from London to Hong Kong. Second, banks will flock to the stable businesses of asset management and private banking, and away from volatile activities in investment banking and trading.

*Network banks with a global footprint will keep abandoning far-flung parts of their realms.*

## Mixed picture in emerging markets

Developing economies that are dependent on commodities are proving especially vulnerable in the present downturn. One result of this in 2016 could be bank crises like that suffered in late 2015 by Brazil's BTG Pactual, the immediate spark for which was the arrest of its founding chief executive. Happily, financial firms in most big emerging markets tend to be well-fortified, with long experience of

weathering financial storms. Many, as in China, have vast official reserves that are more than sufficient to rescue any strugglers (arguably Russia has already done so by steering equity and fresh loans to several state banks stung by Western sanctions).

Emerging world financial systems will become more market oriented in 2016. Argentina's new president, Mauricio Macri, promises to quickly scrap existing exchange controls and unify the country's two parallel exchange rates. Moving more slowly, China will dismantle further exchange controls, following the acceptance of the renminbi into the IMF's basket of globally significant currencies.

Other developments will open borders for financial services. On January 1st Brazil's biggest private bank, Itaú Unibanco, is expected to unveil Itaú CorpBanca as a major financial firm in Chile and Colombia with additional operations elsewhere across the continent. Moreover, investors will eagerly await the Hong Kong Shenzhen stock trading link later in the year. This will grant them access to Shenzhen's market, which is full of private firms, in a follow-up to the Shanghai Stock Connect that opened in late 2014. Meanwhile, China Post Bank aims to stage an initial public offer (IPO) of its shares in Hong Kong, a move bolstered by similar big recent IPOs by postal financial institutions in Japan and Italy.

*China will dismantle further exchange controls.*

## Regulators remember the crisis

So 2016 offers much to look forward to for financiers. Yet regulators have not forgotten the crisis: copies of the memoirs of Messrs Bernanke and Turner are likely still to be found on their bedside tables. In 2016 they will oversee the introduction of biting new rules. From the beginning of the year, lenders designated as systemically important banks (SIBs) will start building supplementary capital buffers, although four big Chinese banks among the 29 "G-SIBs" that are considered globally important will be allowed a longer phase-in period.

After delays, EU authorities will put into effect the so-called Solvency II Directive, making insurance companies hold more base capital and improve their monitoring of risks. In addition, EU countries may stop squabbling over the details of banking union and shared bank-deposit guarantees and finally forge a deal. The results of stress tests are due in both the US (in March) and the EU (in July), following a gruelling exercise for bank boards and back offices.

Many firms thus face tough challenges in complying with regulations and meeting profit targets. Overall, however, the financial industry's future is looking brighter.

### What else to watch for

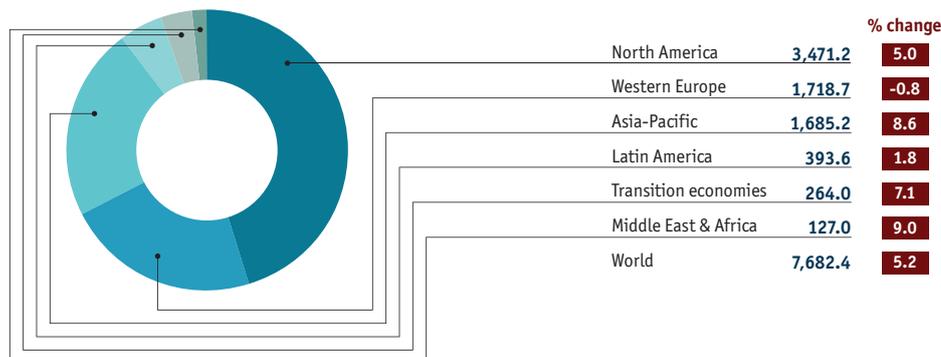
- **Internet-only lenders:** South Korean savers will have more than the current limited roster of banks competing for their business after new online lenders open in 2016. Such banks have already made their debut in China, although their slow advance there counsels caution about their prospects.
- **Shift to simplicity:** Increasingly, pension funds and other large investors will move money to simple opportunities in more liquid markets, and away from high-fee, locked-up placements. CalPERS, a giant Californian pension provider, has led the way, in recent times spurning hedge and private-equity funds.
- **Bad bank boom:** India's government is likely to step in to restructure state banks struggling under heavy burdens of bad debt. It may create a "bad bank" to take on their non-performing loans, along the lines of those that have worked in China, South Korea and Europe. Other countries may also follow this path.

## Healthcare: After the mergers

**H**ealthcare spending will accelerate in most countries in 2016. But with cost controls also tightening, the pressure to reduce costs and maximise tax savings will only intensify.

2015 was the year that the pharma industry decided to undertake its biggest-ever round of mergers, culminating in Pfizer's US\$160bn agreed bid for Allergan. This happened against the backdrop of flat healthcare spending in US dollar terms in the world's 60 biggest markets, according to estimates by The Economist Intelligence Unit. The impetus behind the mergers came from the need for cost-savings, many tax-related, in order to prepare for a prolonged squeeze on health spending in 2016 and beyond.

**American dream: health spending**  
(US\$ m)



World=60 biggest countries only.

Source: The Economist Intelligence Unit; World Health Organisation.

In dollar terms, healthcare spending will pick up in 2016 in most regions, driven by growing and ageing populations, the rollout of new drugs and technologies, and efforts to expand access to health. Yet cost controls are tightening, in all markets as budgets are stretched to cover either over-generous universal

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healthcare systems or expanded coverage for the poor. Europe and Latin America are still weighed down by currency shifts as well as fiscal pressures.

In the US, implementation of the Affordable Care Act (Obamacare) continues to drive spending. The Economist Intelligence Unit expects US health spending to rise by around 4.5% in nominal terms in 2016, its fastest since 2008. This mainly reflects the success of the 2010 reforms in expanding access to health: the proportion of uninsured US residents has fallen from around 20% in 2009 to roughly 12% in 2015.

Nevertheless, Obamacare faces challenges that will only intensify during 2016. Penalties for the 32m people still without insurance are set to escalate sharply (see below). This will prove unpopular. The biggest threat, however, would be a Republican victory in the November 2016 presidential elections. Given the repeated, if unsuccessful, attempts to repeal or undermine the 2010 law, Obamacare will come under attack as never before. Still, the outlines of the system should survive.

The US is the most important healthcare market, but far from the only one offering strong growth in 2016. In the Middle East, despite political unrest and slumping oil revenues, the UAE and Saudi Arabia will continue to move towards universal healthcare provision by investing in hospitals and other health infrastructure. Iran also aims to expand coverage to the 10m-15m of its citizens lacking insurance: spending should rise in 2016 as international sanctions on the country recede.

In Asia, several governments are expanding access to care either through wider insurance or government-led programmes. China aims to provide “safe, effective, convenient and affordable” healthcare for all by 2020, while Indonesia is seeking to establish a universal healthcare system by 2019. Pakistan and the Philippines are likely to see double-digit spending rises on the back of government investment, while even poorer countries such as Bangladesh and Cambodia will extend access.

India’s government, meanwhile, has set a target of raising public health expenditure to the equivalent of 2.5% of GDP within five years, up from 1.2% now. It plans to consolidate various health insurance and subsidy schemes in order to provide free drugs, diagnostic services and insurance for serious ailments for all its 1.26bn people. India’s president, Pranab Mukherjee, said in April 2015 that the eventual goal was to establish a universal healthcare system based on insurance.

*Obamacare faces challenges that will only intensify during 2016.*

*Some of Europe's healthcare systems could see dramatic reforms starting in 2016.*

## Focus on value

The picture is not one of untroubled growth for healthcare or pharma companies, however. Latin America's efforts to bolster its stretched healthcare systems are being hampered by weak economic fundamentals, although a recovery may ease pressures in 2016. In Russia, the economy will continue to decline until late 2016, reflecting still-low global oil prices. Despite drawing on reserve funds, the government plans to cut health spending by a total of 22.9% over the next three years.

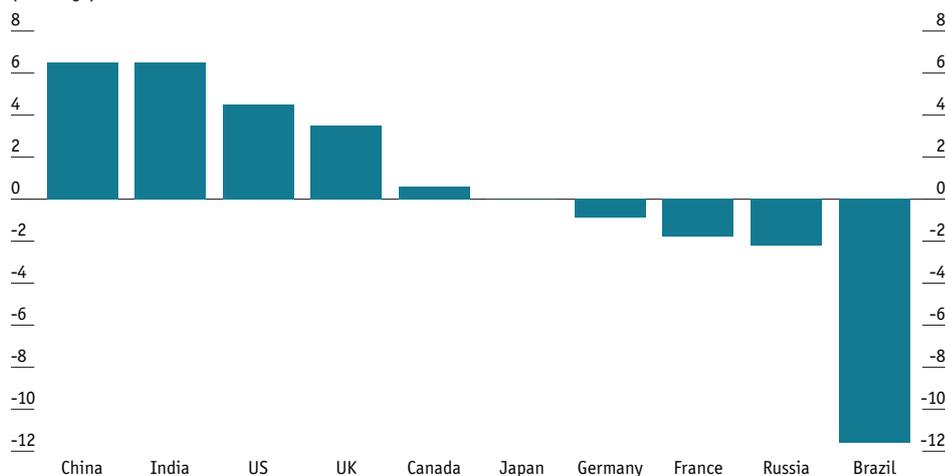
In China, although access to care is widening, companies face intensifying competition amid an economic slowdown and regulatory changes. A corruption crackdown at GlaxoSmithKline and other companies was followed by a ban on hospitals and doctors earning money from medicines and services, along with a shake-up of distribution and the freeing of most drug prices. Branded drug sales will slow sharply and painful adjustments are in store during 2016.

In Western Europe, meanwhile, we forecast that healthcare spending, which fell sharply in US dollar terms in 2015, will decline slightly in 2016. To cope with rising demand, population ageing and wage pressures, governments will need to focus on improving the efficiency of their health systems. Spending on pharmaceuticals, health prevention and social care will again bear the brunt of cuts.

Indeed, some of Europe's healthcare systems could see dramatic reforms starting in 2016. Greece, which has slashed its health budget, is moving to merge its social security funds in an effort to restore its finances. Ireland's current government has unveiled plans to scrap the two-tier public-private system in favour of mandatory universal health insurance by 2019. The aim is similar in all

**Polarisation: health spending in US\$ in 2016**

(% change)



Source: The Economist Intelligence Unit.

cases: to get more value out of healthcare spending as well as making the system fairer.

## Taxing times

Ireland is already seeing a revolution in its pharma industry, as global companies move in to take advantage of its low corporate tax rates. More than 120 foreign pharmaceutical companies now have a presence in Ireland, and pharma accounts for around half the country's merchandise exports. Pfizer, after its purchase of Allergan, intends to move its tax base there in 2016.

However, the backlash against tax inversion deals such as this one will intensify during the year. Although legislating against the practice is difficult, there are other ways of fighting back. After all, the research-based pharma industry relies on government bodies to defend its patenting systems and international trade rights, as well as to buy its products. The Pfizer-Allergan deal will prompt more calls for lower drug prices in the US, if the country is no longer benefiting from the presence of a strong and innovative pharma industry.

The arguments in favour of health and pharma mergers could also be affected by a rise in interest rates. The current merger boom has been driven partly by the availability of cheap money, which makes buying in new drug candidates through acquisition cheaper than developing them through research and development (R&D). The sums could change if interest rates rise. R&D is getting more productive in any case, given the recent acceleration in new drug approvals, and 2016 is likely to bring significant advances in areas such as immunotherapy. At the same time, lower patent expiries will bring relief to many big pharma companies, although AstraZeneca's Crestor and AbbVie's Humira are among those set to lose protection during the year.

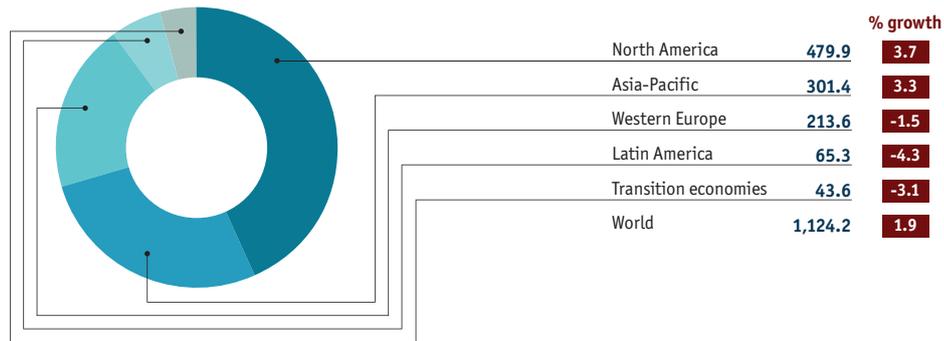
Elsewhere in the health sector, however, there will be continued pressure for consolidation to cope with government cost controls and rising risks. According to McKinsey, only a third of US insurers made profits in their first year in the Marketplace, where individual insurance policies are sold under Obamacare. Despite price adjustments, UnitedHealth has suggested it may even exit the market. A need for economies of scale has driven several insurance mergers in the past year, with Aetna taking over Humana, Anthem buying Cigna and UnitedHealth snapping up Catamaran. Further mergers are possible in 2016.

In the US hospital sector, too, deals will continue in 2016 as the government backed healthcare funds, Medicare and Medicaid, roll out bundled payments to encourage cost-efficient treatment. Distribution chains are likely to consolidate still further, reflecting tight margins, while investment in healthcare data providers and tech companies will heat up as "e-health" develops and patient

*There will be continued pressure for consolidation to cope with cost controls and rising risks.*

outcomes are tracked more closely. Futuristic health technologies, such as 3D printing of body parts, could start to become a reality.

Asia's rise: pharma spending by region in 2016  
(US\$ bn)



World=60 biggest countries only.  
Source: The Economist Intelligence Unit; World Health Organisation.

## What else to watch for

- **Drug shake-up:** Japan is considering the introduction of economic evaluation for pharmaceuticals, with the next drug-price review, in 2016, seen as a likely implementation date. This could accentuate price differences between generic and patented drugs, as well as excluding some drugs from Japan's reimbursement list.
- **Carrots to sticks:** The penalties for not having health insurance in the US will rise sharply in 2016, to 2.5% of taxable income, or a minimum of US\$625 per adult and \$347.50 per child. The employer mandate also kicks in for those companies with 50-99 full-time equivalent staff, meaning only small companies will be exempt.
- **Alzheimer's attack:** 2016 will see new initiatives in Alzheimer's research in both the US and EU, thanks partly to increased state funding. Eli Lilly (with solanezumab), Biogen (aducanumab) and Anavex Life Sciences are among the pharma companies likely to report important trial data next year, although the first effective drugs will not gain approval until 2017 at the earliest.

## Telecoms: Long-term revolution

**W**ith more digital disruption in store for the telecoms industry, utilities and other players will have to innovate to survive.

The telecoms industry is no stranger to disturbing change and 2016 will bring more of it. Increasing take-up of mobile phones is driving growth across the sector, pushing fixed line connectivity into terminal decline even as the reach of the internet spreads. The demand for mobile broadband is thus forcing operators to spend heavily on infrastructure and pushing governments to permit greater consolidation. It is also propelling investment and interest in connected devices, which in turn fuel the rise of “big data” and cloud computing.

Governments are ever more aware of the need to develop sophisticated information technology and telecoms sectors. Indeed, economic growth and entrepreneurship depend increasingly on the development of mobile broadband services. Many developed and developing markets have produced national broadband plans or are consulting on them, while the increasing availability of third generation (3G) services and the rollout of 4G long term evolution (LTE) mobile services continue apace.

Consumer demand for voice-over-internet services, video and audio is already placing pressure on wireless capacity globally. This will only intensify in 2016 as consumers add all manner of new devices—including wearable gadgets—to their arsenal of personal electronics, while “internet of things” (IoT) technology penetrates deeper into areas like home and city planning. An acceleration of research into 5G will be one result. With luck, by the year’s end we will have a clearer picture of what form this technology will take and of the efficiency gains it could offer.

*Increasing take-up of mobile phones is pushing fixed-line connectivity into terminal decline.*

## Connecting people

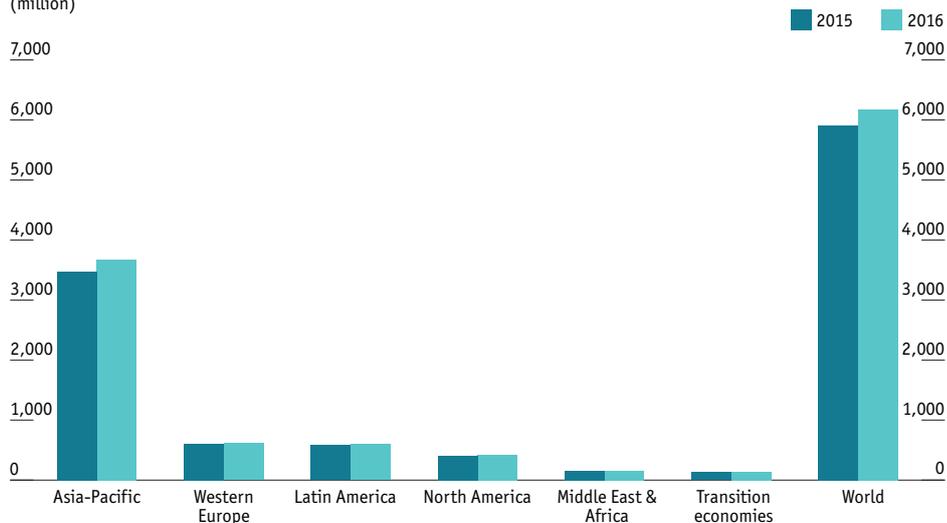
With consumers increasingly accustomed to being connected at all times, operators will have to invest mightily to keep them happy. A prominent example is Vodafone, with its £7bn “Project Spring” modernisation programme aimed at improving connections on its mobile networks. Recently, Indian operator Bharti Airtel announced its own “Project Leap”, a US\$9bn investment over three years. It will upgrade legacy networks and thousands of base stations, build indoor networks and make its fixed broadband lines faster.

Another aim of operators’ investments will be reaching the swathes of the global population for whom internet access is fleeting and unaffordable. The targets for 2020 set out by the International Telecommunications Union (ITU) include connecting more households and making telecoms services more affordable for consumers. Hence operator efforts to boost both the take-up and affordability of internet access, whether via smartphones or traditional broadband connections. As the rollout of 3G and 4G connections proceeds rapidly, widening access to mobile broadband in developing markets, in 2016 internet penetration is forecast to surpass 50 users per 100 people for the first time.

## A shift to content

Around 47 out of every 100 people will nonetheless lack internet connections. Yet operators are likely to be less focused on acquiring new customers in 2016 than in coming up with plans to deliver more sophisticated and enticing content

**Moving on up: mobile subscriptions**  
(million)



Source: The Economist Intelligence Unit.

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for existing customers. For one thing, they must counter the threat from “over-the-top” providers such as Netflix, WhatsApp, Facebook and Skype. A recent example is French operator Altice, which purchased the broadcasting rights to English Premier League football in November for a reported fee of €100m per year over three years. Live coverage will be made available to the operator’s fixed and mobile customers from August 2016.

Other mobile-specific applications will make further inroads in 2016: mobile banking will be one, especially in markets where banking services are underdeveloped. Much attention will focus on Apple Pay, a mobile payment system designed to replace cash and card-based transactions—although for now their demise remains far off.

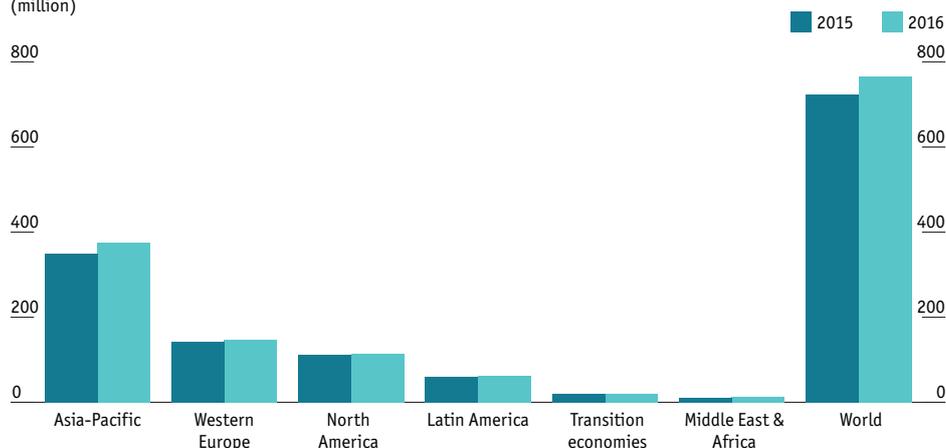
*Consumer demand is placing pressure on wireless capacity. This will only intensify in 2016.*

## An internet for all things

The internet of things—networks of objects linked through embedded connectivity—has been touted as the next big thing for years. Still, in 2016 companies across more industries will become more aware of its many potential applications, as the increased sophistication of 4G technology spurs the market for connected devices. Device makers will focus their efforts to innovate here—and well they might. Margins on smartphone sales are shrinking in the face of market saturation and intense competition.

Already, IoT technology is embedded in several “smart home” applications, yielding cost savings for homeowners and helping manufacturers to meet tighter energy efficiency requirements. Incorporating IoT technology in urban transportation and “connected cars” will gradually enable more intelligent, real-time management of these systems.

**Broad-based appeal: fixed broadband subscriber lines**  
(million)



Source: The Economist Intelligence Unit.

Overall, increased take-up of connected devices and applications will have two big effects. First, it will foster new areas of innovation by extending the ways in which the internet can be used to improve existing processes, tasks and machines. Second, and perhaps more importantly, use of connected devices and smart applications will unlock billions of potential data points, making it possible to generate a detailed picture of how consumers engage with connected technology and opening up ways to make their interaction with it smoother. More generally, firms will place a greater emphasis on collating “big data” and analysing it for their own benefit. In the process, the case for cloud computing services capable of managing large and complex datasets will be strengthened.

## What else to watch for

- **Mobile video.** The popularity of mobile video owes much to technological advances like bigger and better smartphone screens, and faster internet connections. Capitalising on this are not just stalwarts like YouTube and Facebook, but also the likes of Periscope and Vine, offering live video feeds. Together with advertisers, these companies will seek to profit from the coming march of cheap 4G connections across India and other emerging markets.
- **Regulation and consolidation:** In 2016 the European Commission will firm up its “Digital Single Market” strategy, which it hopes will add €415bn to Europe’s GDP each year. Its aims are threefold: providing better digital access for consumers, spurring the digital economy and promoting fairer competition. Here, however, regulators’ instincts could clash those of utilities. The latter clamour to be allowed to combine forces to adapt to the digital age.
- **Fibre race:** With on-demand services increasingly common in Western homes, service providers will strive to supply ever faster broadband. “Gigabit” speeds struggle to be delivered along traditional copper telephone wiring, however, so many utilities will look to roll out gigabit fibre broadband technology. Major upgrades of telecoms infrastructure are coming.

## Calendar of events, 2016

### AUTOMOTIVE

#### January

11-24: North American International Auto Show, Detroit, USA

12-24: European Motor Show, Brussels, Belgium

20-31: The Washington Auto Show, Washington DC, USA

27: Fiat-Chrysler Automobiles reports 2015 results

28: Ford reports 2015 results

#### February

3: General Motors reports 2015 results

3-9: New Delhi Auto Expo, India

4: Daimler reports 2015 results

13-21: Chicago Auto Show, USA

12-21: Canadian International Auto Show, Toronto, Canada

#### March

1-13: Geneva International Motor Show, Switzerland

10: Volkswagen reports 2015 results

15-20: Cairo Automech Formula, Egypt

21-April 3: The 37th Bangkok International Motor Show, Thailand

25-April 3: New York International Auto Show, USA

#### April

5-10: Zagreb Auto Show, Croatia

25-May 4: Beijing Motor Show, China

28-29: International Vienna Motor Symposium, Austria

**May**

5-8: The London Motor Show, UK  
6: Toyota reports 2015-16 results  
21-24: Istanbul Convex, Turkey  
25-27: Kiev International SIA Motor Show

**June**

8-9 June: TU Automotive '16, Detroit, USA

**July**

7-10: Seoul Auto Salon, South Korea

**August**

11-21: Jakarta Indonesian International Motor Show, Indonesia  
24-Sept 4: Moscow International Auto Show, Russia

**September**

13-15: Electric and Hybrid Vehicle Technology Expo, Michigan, USA  
21-29: 66th IAA Cars, Hanover, Germany  
26-30: FISITA 2016 World Automotive Congress, Busan, South Korea  
26-Oct 16: Mondial de l'Automobile, Paris, France

**October**

25-17: Kiev International Motor Show, Ukraine

**November**

8-20: Sao Paulo International Motor Show, Brazil  
15-27: Los Angeles Auto Show

**December**

4-13: Bologna Motor Show

## CONSUMER GOODS/RETAIL

**January**

1-Feb 1: Dubai shopping festival  
6-9: International Consumer Electronics Show (CES), Las Vegas, USA  
16: Carrefour reports 2015 results  
20: Unilever reports 2015 results  
25: McDonald's reports 2015 results

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## February

- 3: Yum! Brands reports 2015 results
- 22: Metro reports 2015 results
- 11-18: New York Fashion Week Fall/Winter, USA
- 11: Reckitt Benckiser reports 2015 results
- 18: WalMart reports 2015 results
- 19-23: London Fashion Week Autumn/Winter, UK
- 24-March 1: Milan Fashion Week Autumn/Winter, Italy

## March

- 1-9: Paris Fashion Week Autumn/Winter, France
- 8: Marketing Unbound, The Economist Events, London

## April

- 12-14: The World Retail Congress, Dubai
- 22: Tesco reports 2015 results
- Arcadia and Beyoncé to launch Parkwood Topshop

## May

- 20: EU Tobacco Products Directive takes effect

## June

- 15-17: The Global Consumer Goods Forum, Cape Town, South Africa

## September

- Mall of Qatar expected to open
- 8-15: New York Fashion Week Spring/Summer, USA
- 16-20: London Fashion Week Spring/Summer, UK
- 16-18: Next Generation Retail Summit US, Denver
- 21-27: Milan Fashion Week, Spring/Summer, Italy
- 27-Oct 5: Paris Fashion Week Spring/Summer, France

## October

- 13-15: Next Generation Retail Summit Europe, Dublin, Ireland

## November

- 11: Singles Day (China)
- 25: Black Friday
- 28: Cyber Monday

**December**

24: Super Saturday falling on Christmas Eve

## ENERGY

**January**

16: Schlumberger reports 2015 results

18-21: World Future Energy Summit, Abu Dhabi

24-29: Arctic Frontiers, Tromsø, Norway

29: Royal Dutch Shell reports 2015 results

**February**

1: ExxonMobil reports 2015 results

3: BP reports 2015 results

11: Total reports 2015 results

23-25: International Conference on Ocean Energy, Edinburgh, UK

**March**

9: E.ON reports 2015 results

22-25: Offshore Technology Conference Asia, Kuala Lumpur, Malaysia

**April**

4-8: IEEE EnergyCon 2016, Leuven, Belgium

11-15: LNG18, Perth, Australia

**May**

2-5: Offshore Technology Conference, Houston, USA

**June**

7-9: Global Petroleum Show, Calgary, Canada

**September**

19-24: Renewable Energy World Congress, Jakarta, Indonesia

21-23: World Energy Engineering Congress, Washington DC, USA

**November**

7-18: UN climate change conference ("COP 22"), Marrakesh, Morocco

14-16: International Petroleum Technology Conference, Bangkok, Thailand

## FINANCIAL SERVICES

### January

OECD Common Reporting Standards take effect

14: JP Morgan reports 2015 results

19: Bank of America reports 2015 results

### February

3: Santander reports 2015 results

4: BBVA reports 2015 results

23: HSBC reports 2015 results

25: Insurance Summit, The Economist Events, London

End of month: European Banking Authority to launch EU-wide stress tests

### March

3: Barclays reports 2015 results

10: The Future of Banking, The Economist Events, Paris

Scheduled RCAP assessment of Basel III implementation for Turkey

### June

Scheduled RCAP assessment of Basel III implementation for S Korea, Argentina

### July

3: Deadline for EU adoption of Markets in Financial Instruments Directive (MiFID) II

### September

Scheduled RCAP assessment of Basel III implementation for Indonesia

## HEALTHCARE

### January

Obamacare employer mandate applies to mid-sized companies

26: Bristol-Myers Squibb and Pfizer report 2015 results

27: Novartis reports 2015 results

28: Roche reports 2015 results

28: Eli Lilly reports 2015 results

28: AbbVie reports 2015 results

**February**

- 2: Gilead and HCA Holdings report 2015 results
- 3: Merck & Co reports 2015 results
- 4: GlaxoSmithKline reports 2015 results
- 5: AstraZeneca reports 2015 results
- 9: Sanofi reports 2015 results
- 18-19: European Pharma CI Conference, Paris, France
- 25: Bayer reports 2015 results

**March**

- 17: Healthcare Forum War on Cancer, The Economist Events, Singapore

**May**

- 20: EU Tobacco Products Directive takes effect
- 21-25: ISPOR 21st Annual International Meeting, Washington DC, USA
- 23-28: The 69th World Health Assembly, Geneva, Switzerland

**June**

- AbbVie faces patent expiry for Kaletra
- Merck & Co faces patent expiry for Cubicin

**July**

- 8: AstraZeneca faces patent expiry for Crestor

**August**

- TBC: WHO Regional Committee for Africa

**September**

- 3-6: ISPOR 7th Asia-Pacific Conference, Singapore
- 5-9: WHO Regional Committee for South East Asia, Colombo, Sri Lanka
- 12-14: APAC Forum, Sydney, Australia
- 12-15: WHO Regional Committee for Europe, Copenhagen, Denmark
- 26-30: WHO Regional Committee for Americas, Washington DC, USA

**October**

- 3-6: WHO Regional Committee for the Eastern Mediterranean, Cairo, Egypt
- 10-14: WHO Regional Committee for the Western Pacific, Manila, Philippines
- 25: Daiichi Sankyo faces patent expiry for Benicar

**November**

- 7-9: World Pharma Congress, Las Vegas, USA

### December

AbbVie faces patent expiry for Humira

## TELECOMS

### January

6-9: International Consumer Electronics Show (CES), Las Vegas, USA

17-20: Pacific Telecommunications Council Conference, Honolulu, Hawaii

22: Verizon reports 2015 results

26: AT&T and Apple report 2015 results

### February

22-25: Mobile World Congress, Barcelona, Spain

25: Deutsche Telekom reports 2015 results

27: Telefonica reports 2015 results

### March

10: Innovation Forum, The Economist Events, Chicago

10-15: African Regional ITS Conference, Accra, Ghana

29: FCC Broadcast Incentive Auction, USA

### April

EU implements maximum roaming charges

30: EU implements Open Internet regulations

### May

2-6: World Summit on the Information Society Forum 2016, Geneva, Switzerland

8-11: International Telecoms Week, Chicago, USA

17: World Information Society Day

### June

26-29: ITS Biennial Conference, Taiwan

### July

26-28: International Joint Conference on e-Business and Telecommunications, Lisbon, Portugal

### September

27-28: Telecoms World Middle East, Dubai

Apple's iPhone 7 launch rumoured

**October**

18-20: Broadband World Forum, London, UK

### **The Economist Intelligence Unit**

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