

# Industrial Sector Trends

## Industry Background

The industrial sector in the stock market encompasses companies involved in construction, machinery, manufacturing, and goods production, serving as a critical indicator of economic strength and activity. Historically, the sector has been sensitive to changes in the economic cycle, with performance often tied to corporate investment, consumer demand, and global economic conditions.

## Trends

### Technology Innovations:

Companies are incorporating new innovations such as Predictive Maintenance, Digital Twins, Industrial Internet of Things, and more.

**Case 1:** Velo3d a metal printing and additive manufacturing company helps aerospace companies to create its parts. In 2022, Launcher, a satellite delivery company, used Velo3d's sapphire (3D) printer to create parts for their Orbiter satellite transfer vehicle.

**Impact:** The ability to use a 3D printer allowed Launcher to obtain custom design parts on-demand when normally these custom parts may take 8 months to manufacture.

**Outcome:** The Launcher's satellite successfully reached space within an 18-month timeframe, owing to the utilization of cutting-edge printing technology.

**Reach:** Other companies that utilize Velo3d are: Bechtel Plant Machinery Inc. and Valiant Products.

### Increasing ESG Regulations and Buying Pressures:

Countries across the world are approving regulations to support ESG initiatives and encourage more socially and environmentally acceptable practices.

**Case 2:** 27 nations from the European Union have come together and pledged to phase out the use of fossil fuel cars by the year 2035. While the pledge alone may seem like a false promise, there is much backing as they have created a fund of 59 billion euros to help lower income individuals with the transition. Ford of Europe is one of the leading companies that have pledged to support this agreement.

**Impact:** The market for fossil fuel powered cars will significantly decline in Europe over the next decade.

**Outcome:** Companies like Ford of Europe, along with other energy-conscious vehicle producers, will be able to have a greater influence on the market post 2035 as they will be ahead of the curve having pledged to support the agreement made by the EU.

### Clean Energy Transformation:

Driven by a combination of economic, environmental, regulatory, and social factors, many manufacturing companies worldwide are actively pursuing strategies integrate renewable energy sources into their operations.

**Case 3:** IKEA has committed to transitioning to 100 percent renewable energy across its global operations. As part of this initiative, IKEA has invested in onsite solar panels, wind farms, and other renewable energy projects to power its manufacturing facilities, warehouses, and stores.

**Impact:** IKEA has been able to significantly reduce its carbon footprint. Additionally, IKEA's transition has resulted in cost savings over time. By generating its own renewable energy onsite and entering into power purchase agreements with renewable energy providers, IKEA has been able to stabilize its energy costs and reduce its dependence on volatile fossil fuel markets. This has helped the company improve its bottom line and enhance its long-term financial sustainability.

**Reach:** IKEA's reach extends to its network of suppliers and partners. IKEA has been able to influence its supply chain to adopt more sustainable practices. By setting sustainability requirements IKEA has helped drive positive change throughout its supply chain.

### Forecasts & Recommendations

**Overall, embracing technology-driven innovations, adopting renewable energy solutions, and aligning with ESG principles will be crucial for the manufacturing sector to remain competitive, resilient, and sustainable in the evolving business landscape**

**Recommendations:** Increased adoption of automation, expansion of circular economy practices, shift towards resilient supply chains, and continued focus on reskilling the workforce.

## Relevant Resources

<https://www.fastcompany.com/90848300/most-innovative-companies-manufacturing-2023>

<https://parsable.com/blog/esg/3-key-esg-trends-sustainable-industrial-manufacturing-event/>