



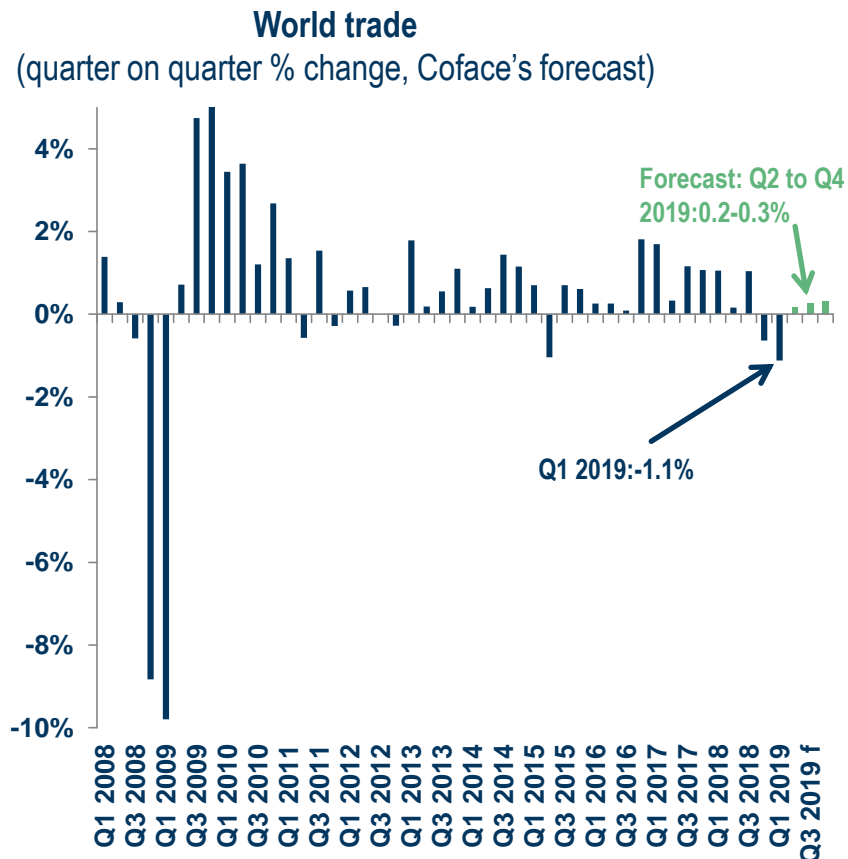
# GLOBAL 2019 SECTORS ANALYSIS OUTLOOK IN THE ECONOMIC SLOWDOWN

SARAH N'SONDE , HEAD OF SECTORS

PORTUGAL COUNTRY RISK CONFERENCE  
PORTO, MAY,29TH

# WORLD TRADE SUFFERING

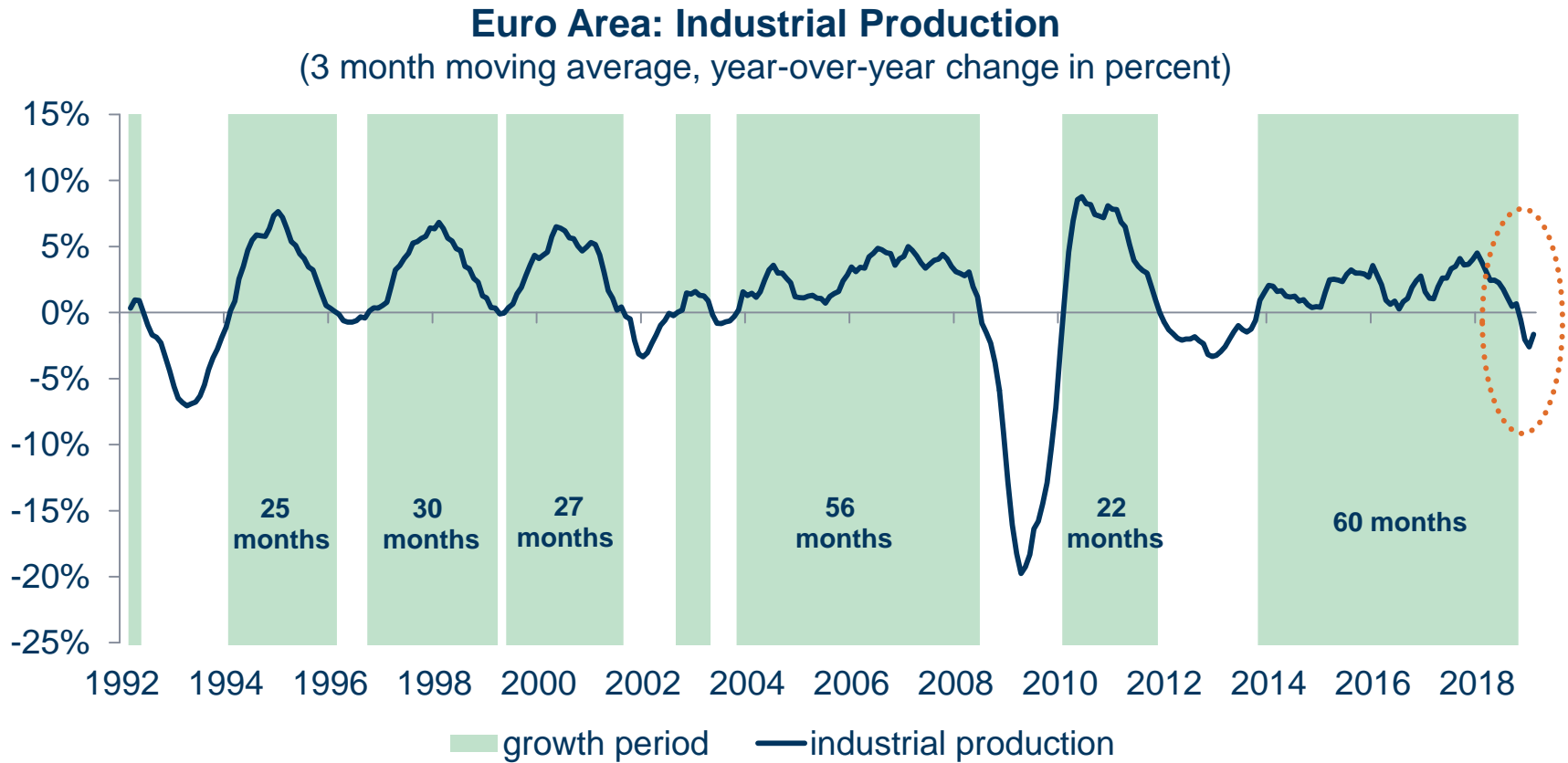
## FROM PROTECTIONISM AND THE GLOBAL INDUSTRY SLOWDOWN



## Global Economic Outlook Main Risks

- **Politics** (examples: Brexit, Italy)
- **Protectionism**: e.g. the US-China trade war
- **Emerging Markets**: capital outflows
- **Commodities prices volatility**

# INDUSTRY IN THE EUROZONE: THE END OF A VERY LONG EXPANSION CYCLE



Source: Eurostat, Datastream, Coface

# COFACE BAROMETER Q1 2019

## SECTOR RISK ASSESSMENTS IN WESTERN EUROPE

	Western Europe	Austria	France	Germany	Italy	Netherlands (the)	Spain	Switzerland	United Kingdom
Agri-food	Medium Risk	Low Risk	Medium Risk	Medium Risk	Medium Risk → High Risk	Medium Risk	Medium Risk	Medium Risk	High Risk
Automotive	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Low Risk → Medium Risk	Medium Risk	Low Risk	High Risk
Chemical	Medium Risk	Low Risk	Medium Risk → High Risk	Low Risk → Medium Risk	Medium Risk → High Risk	Low Risk → Medium Risk	Medium Risk	Low Risk	Medium Risk → High Risk
Construction	Medium Risk	Medium Risk	Medium Risk	Low Risk	Very High Risk	Medium Risk	Medium Risk	High Risk	Very High Risk
Energy	Medium Risk	Medium Risk	Medium Risk	Medium Risk	High Risk	Medium Risk	High Risk	Medium Risk	High Risk
ICT*	Medium Risk	Medium Risk	Low Risk	Low Risk	High Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk
Metals	High Risk	Medium Risk	High Risk	Medium Risk	High Risk	Medium Risk	Medium Risk	High Risk	Very High Risk
Paper	High Risk	Low Risk	High Risk	High Risk	High Risk	High Risk	Medium Risk	High Risk	High Risk
Pharmaceuticals	Low Risk	Low Risk	Low Risk	Low Risk	Medium Risk	Medium Risk	Medium Risk	Low Risk	Medium Risk
Retail	Medium Risk	Medium Risk	Low Risk → Medium Risk	Medium Risk	Medium Risk	Medium Risk	Low Risk → Medium Risk	Medium Risk	High Risk
Textile-Clothing	High Risk	High Risk	High Risk	High Risk	High Risk	High Risk	Medium Risk	Medium Risk	High Risk
Transport	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Low Risk	Medium Risk	Medium Risk
Wood	Medium Risk	Medium Risk	Medium Risk	Medium Risk	High Risk	Medium Risk	Medium Risk	Medium Risk	High Risk

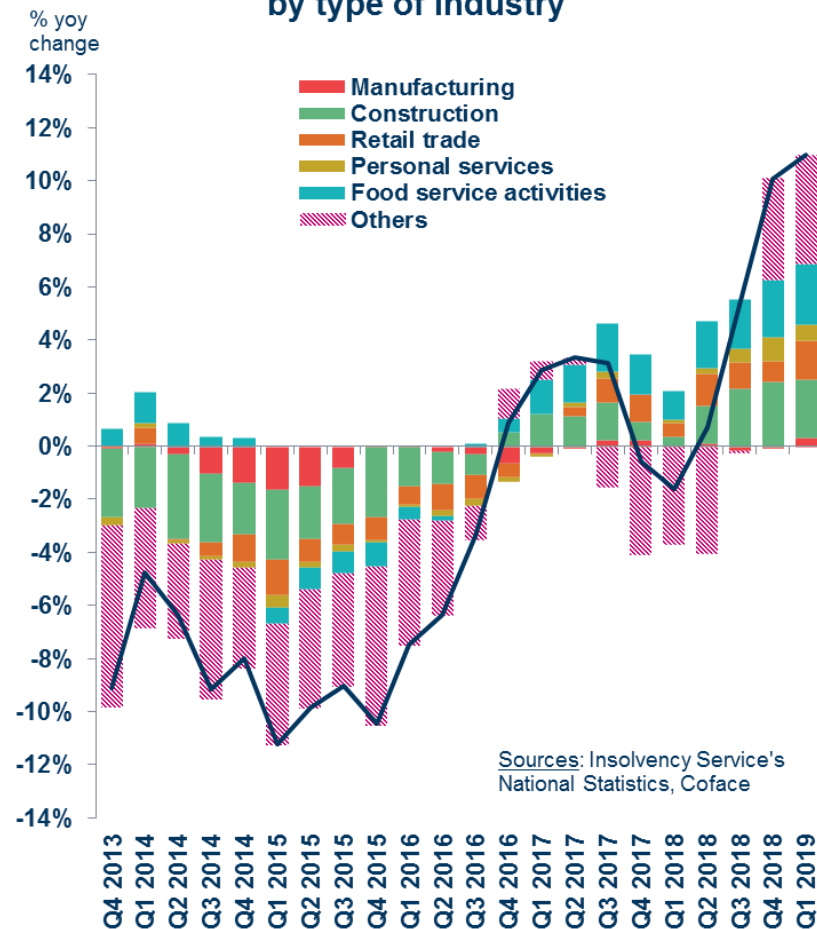
### Business Default Risk



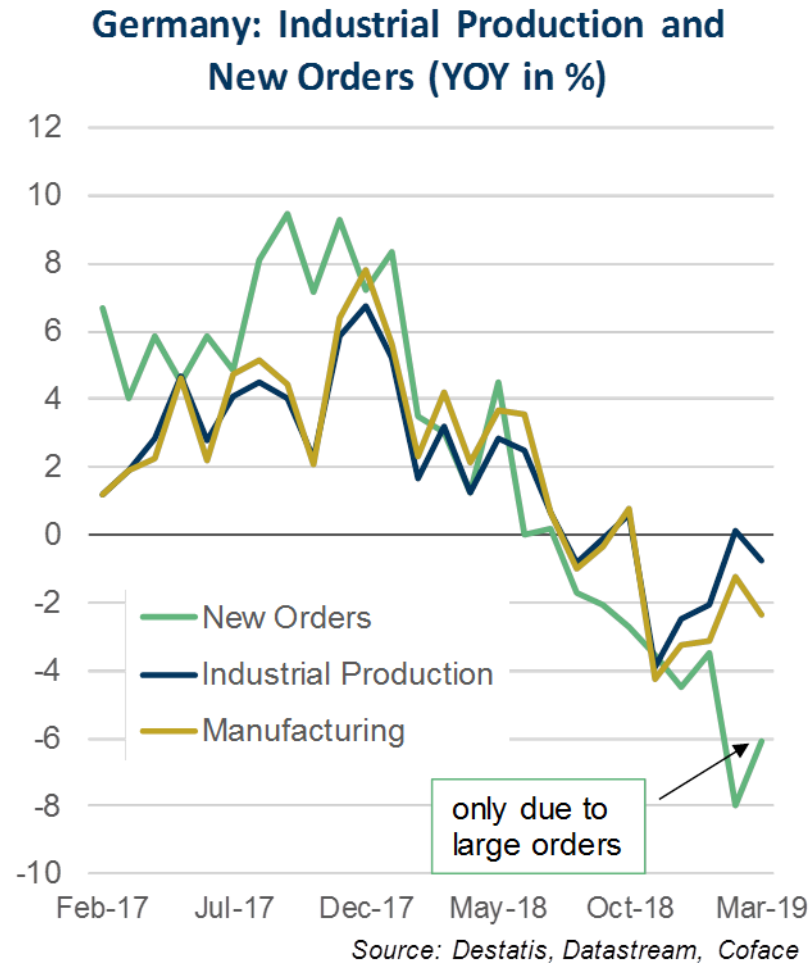
# 2 PITFALLS FOR BUSINESSES IN EUROPE: POLITICS (UK) AND THE INDUSTRY CYCLE (GERMANY)

## Business Insolvencies in the UK

### Contribution to insolvencies by type of industry



## 2 PITFALLS FOR BUSINESSES IN EUROPE: POLITICS (UK) AND THE INDUSTRY CYCLE (GERMANY)



# PROTECTIONISM:

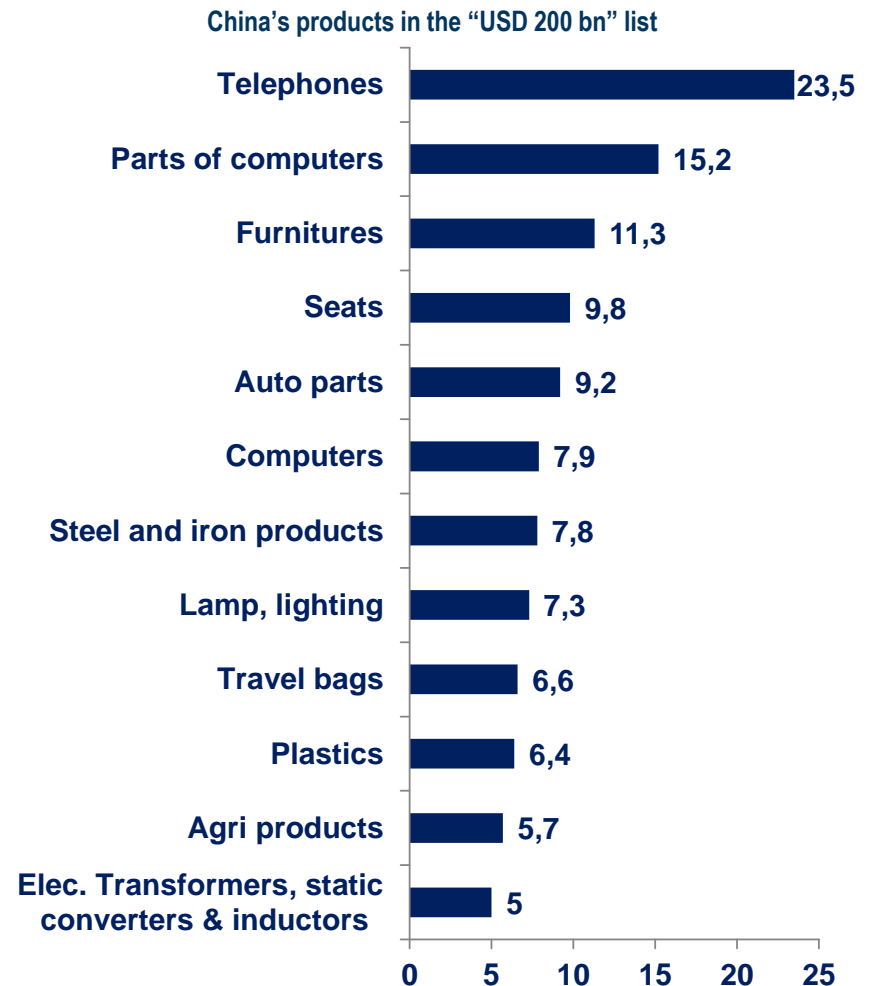
## TRADE DISPUTE BETWEEN CHINA AND THE UNITED STATES

### New tariffs:

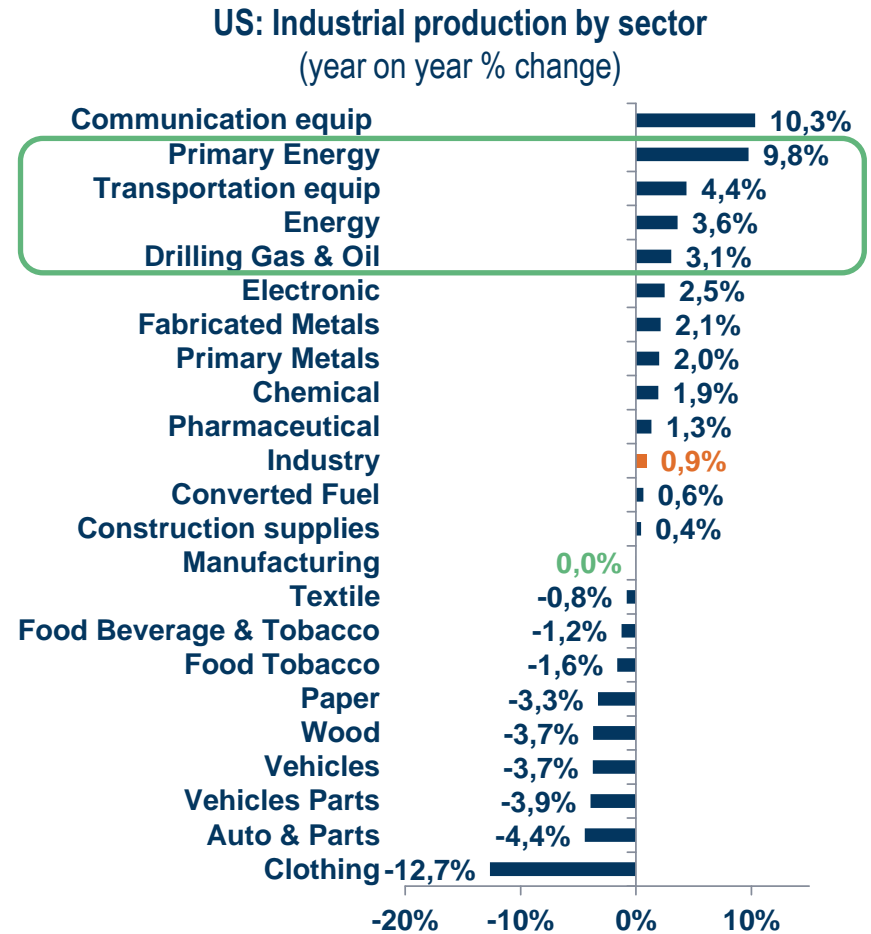
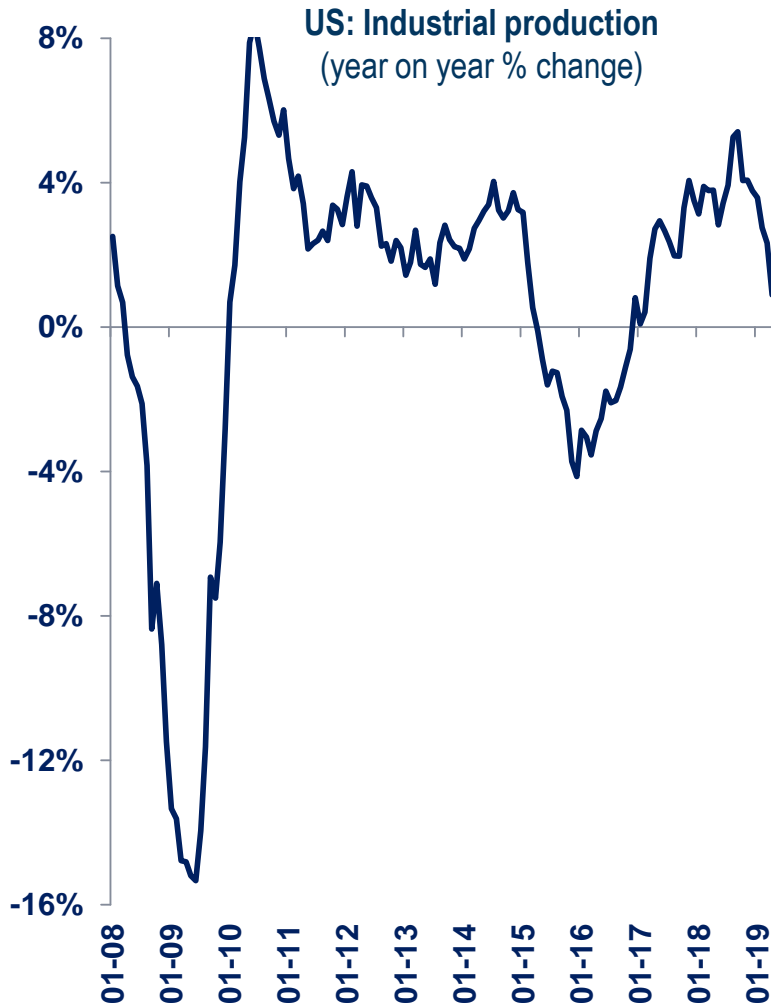
- | the US hiked tariffs on USD 200 billion worth of imports from China to 25% from 10%
- | China retaliated with higher tariffs on 60bn of US imports
- | No effective impact before June 1

### Possible next steps:

- | US / China: Final round of tariffs on around USD 300 bn of remaining US imports from China?
- | US / car imports:
  - 25% tariffs on US car imports (deadline was May 18 but the US postponed the decision – now due in 6 months)
  - What scope: EU only? Car parts too?



# US INDUSTRY SLOWS DOWN



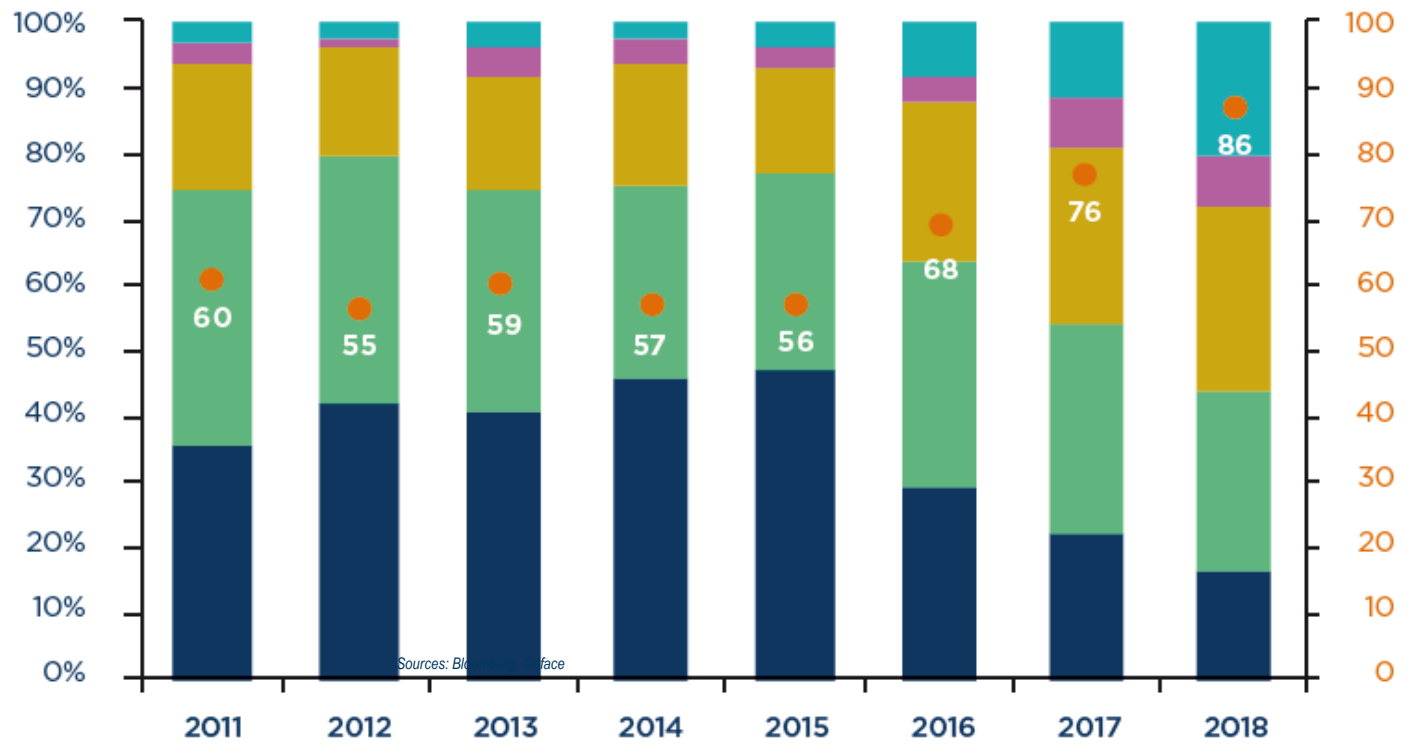


# CHINA

## RISING CORPORATE CREDIT RISK

China: Coface Corporate Payment Survey  
(credit terms, number of days)

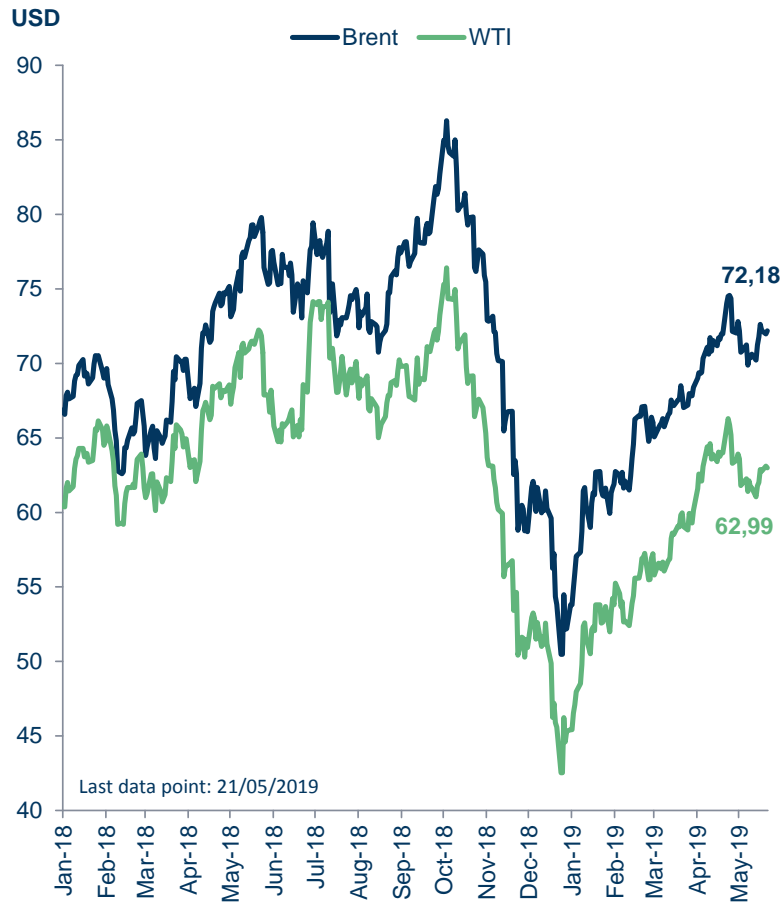
■ 30 days ■ 60 days ■ 90 days ■ 120 days ■ Above 120 days  
● Average credit days (RHS)



# OIL PRICES : TIGHTER OIL MARKET PUSH PRICES HIGHER IN 2019

## OPEC+ DEAL, SANCTIONS ON VENEZUELA AND IRAN & DIRTY RUSSIAN OIL

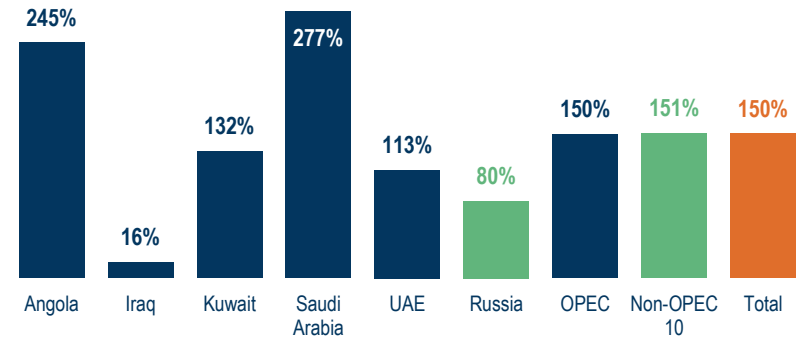
### Brent & WTI Oil Prices



Source: Datastream

### Compliance to 2019 output deal in April

(in % of pledged cut)

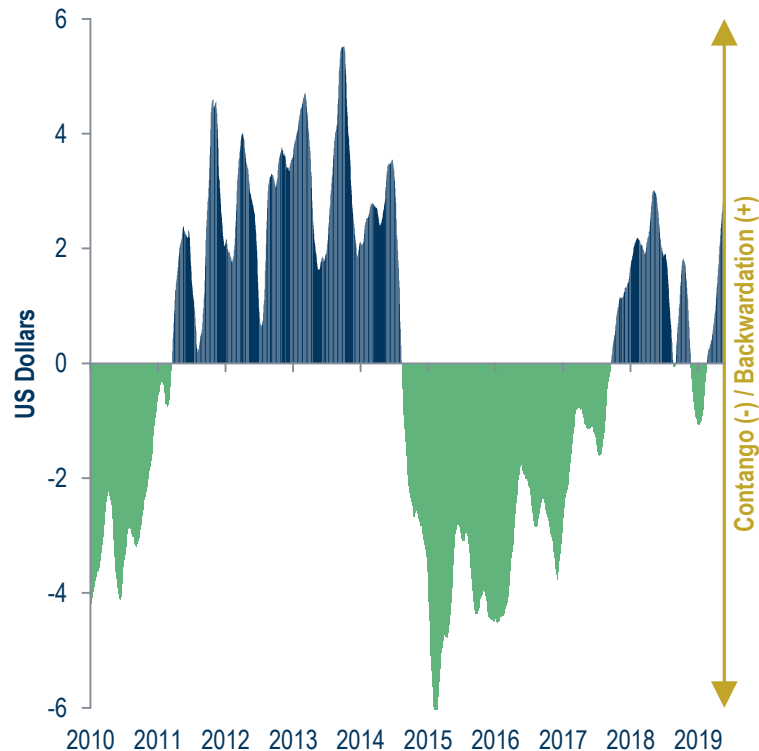


Source: OPEC, IEA, Coface

# OIL PRICES : UNSTABLE OUTLOOK

MIDDLE EAST TENSIONS KEEP PRICES HIGH, WHILE DEMAND OUTLOOK WEIGH

**Futures price curve in Brent crude**  
Six-month calendar spread (from months 1 to 7)



Backwardation (+) suggests oil traders anticipate a supply shortage, while contango (-) suggests oil traders anticipate oversupply.

Source: Datastream, Coface

**Oil traders anticipate a tighter market because of growing tensions in the Middle East**

**But:**

- | Tensions have not yet materialized into disruptions
- | Global oil demand might be weaker than oil traders anticipate and assessed

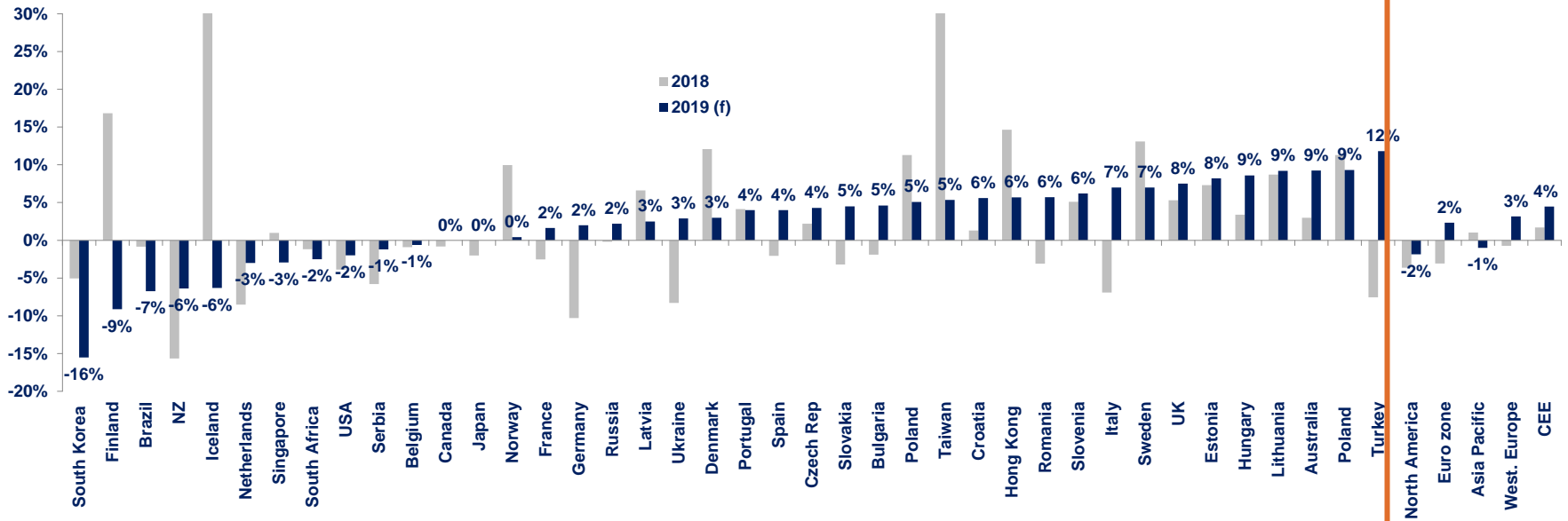
**OPEC+ June / July upcoming meeting potential outcome :**

- | Eliminate over-compliance with agreed cuts  
→ +0.8 million bpd vs. April 2019 output
- | Ease the agreed cuts from 1.2 million bpd to 0.9 million bpd → +1.1 million bpd vs. April 2019 output

# MORE BUSINESS INSOLVENCIES IN 2019

## BUT FROM A LOW STARTING POINT

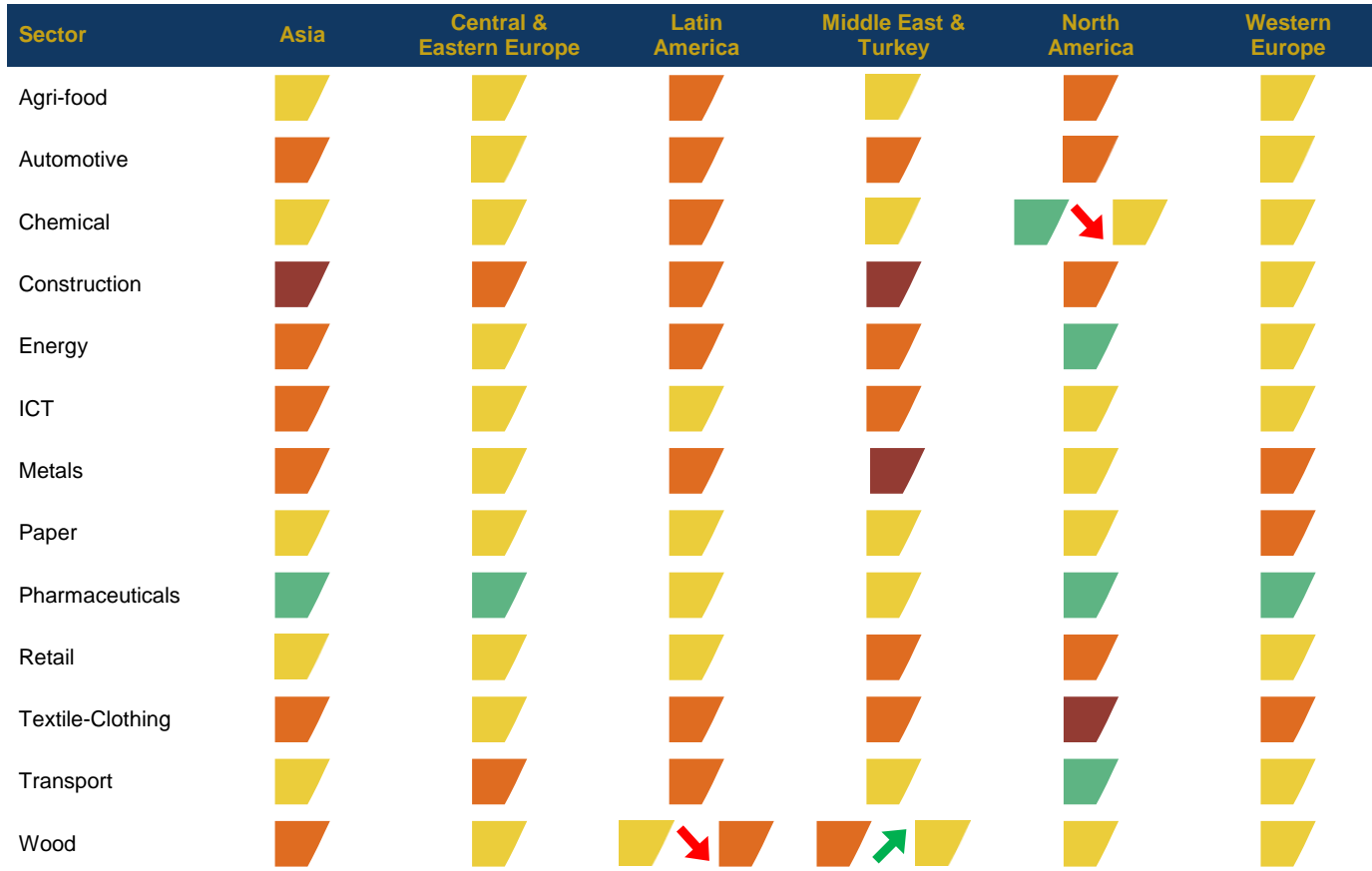
Business insolvencies:  
Coface 2019 growth forecast



Source: Coface

# COFACE BAROMETER Q1 2019

## REGIONAL SECTOR RISK ASSESSMENTS



Business Default Risk



# COFACE BAROMETER Q1 2019

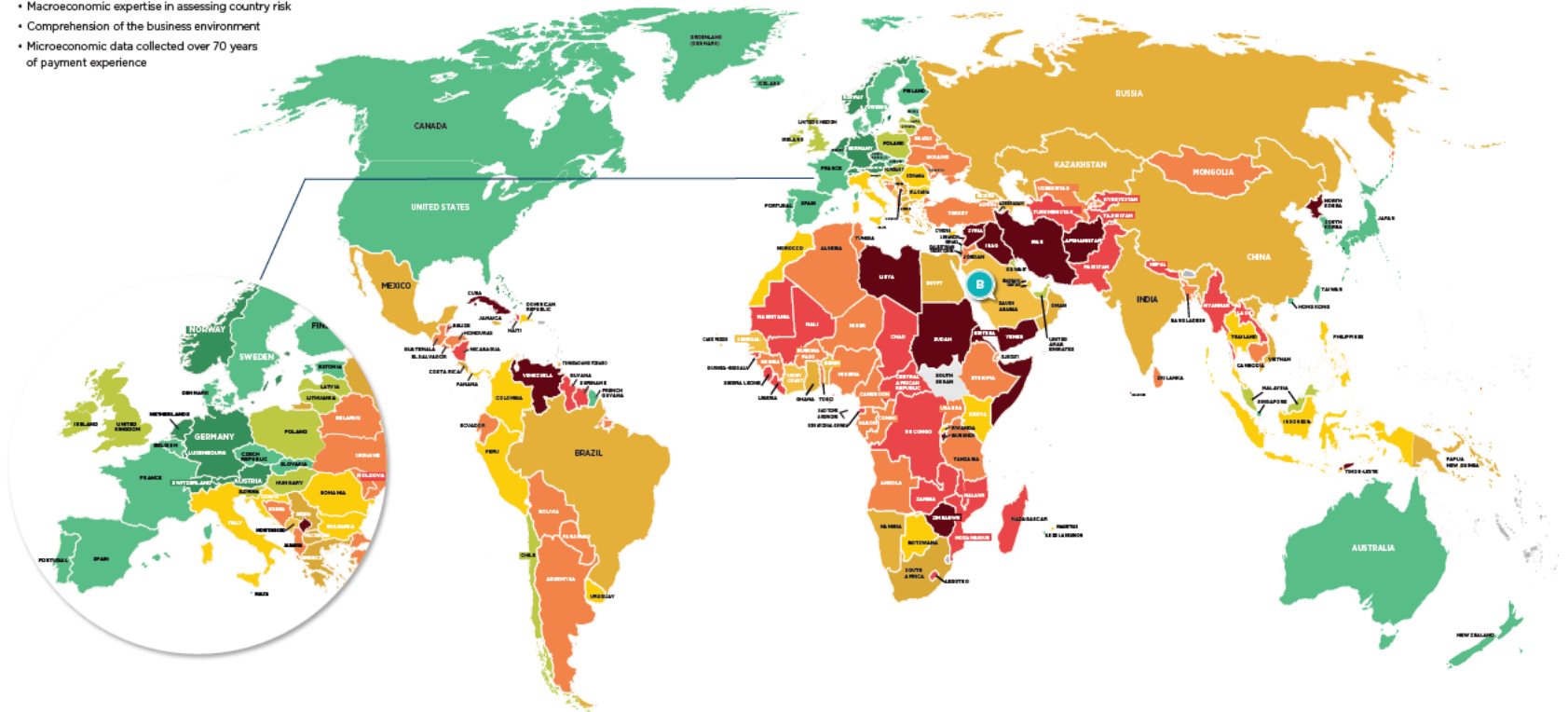
## COFACE COUNTRY RISK ASSESSMENTS



### 161 COUNTRIES UNDER THE MAGNIFYING GLASS

#### A UNIQUE METHODOLOGY

- Macroeconomic expertise in assessing country risk
- Comprehension of the business environment
- Microeconomic data collected over 70 years of payment experience



# COFACE ECONOMIC PUBLICATIONS

## Assessments & Forecasts

- GDP forecasts
- Country Risk Assessment
- Business Climate Assessment
- Sector Risk Assessment

## Country & Sector Risk Profiles

- Profiles of 161 countries
- Reports on 13 sectors at the global level
- Compiled in the annual Country & Sector Risk Handbook

## Briefs

- One page publication helping to understand an event and its impact on corporate risk
- Dedicated to key clients only
- **Around 100 publications / year**

## Payment Surveys

- Annual surveys in a selection of countries
- Examining companies' payment behaviour
- Reflection of current trends and events

## Focus

- 4 page overview of a key geopolitical topic
- Published monthly

## Panorama

- Detailed overview into a specific economic or geopolitical area

## Barometer

- Published quarterly
- Update of our Country & Sector Risk Assessments
- Our assessment of current events

## Country Risk Conferences

- Over 30 a year across the globe

THANK YOU FOR  
YOUR ATTENTION!

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