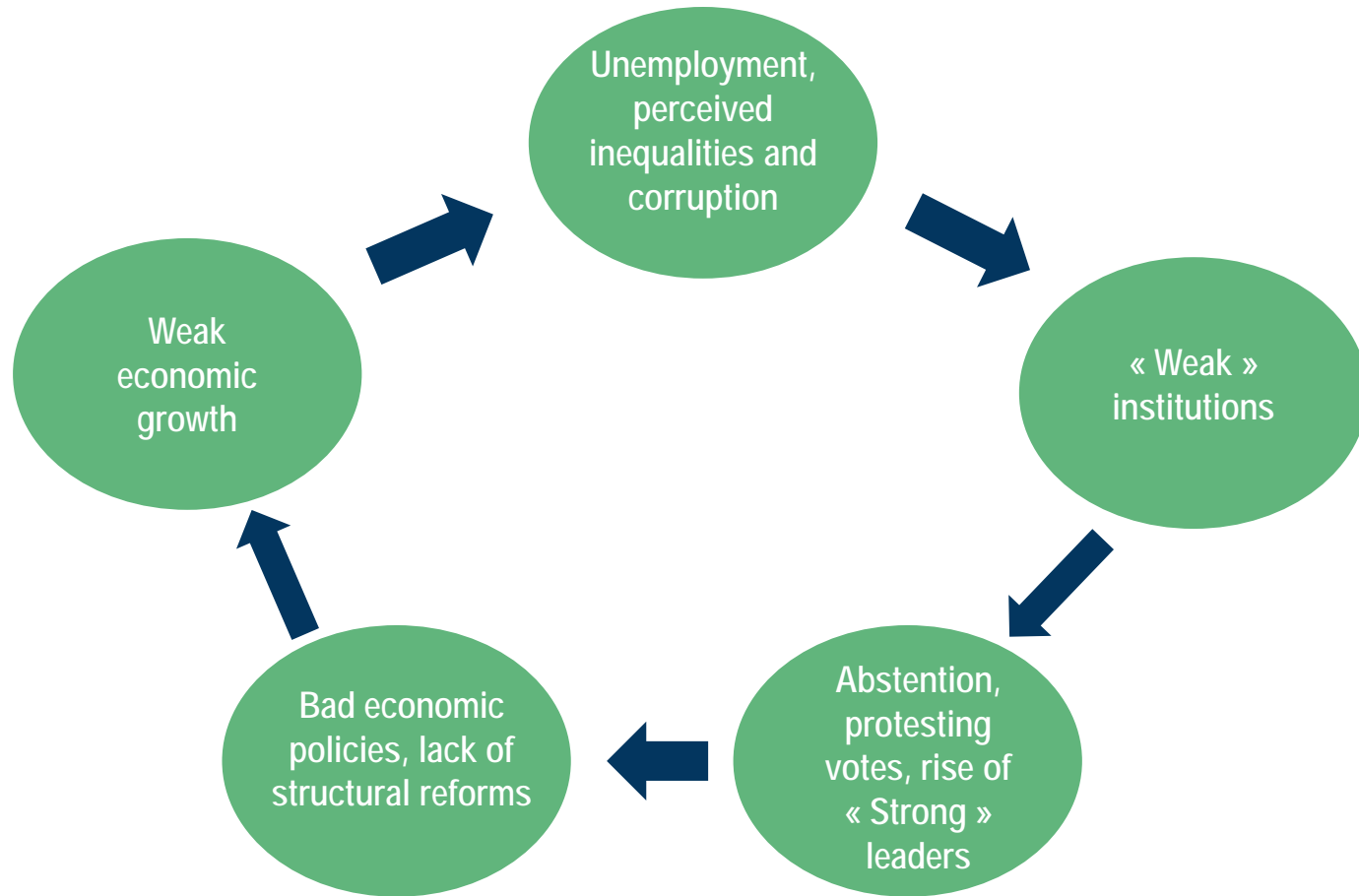




# GLOBAL ECONOMIC OUTLOOK

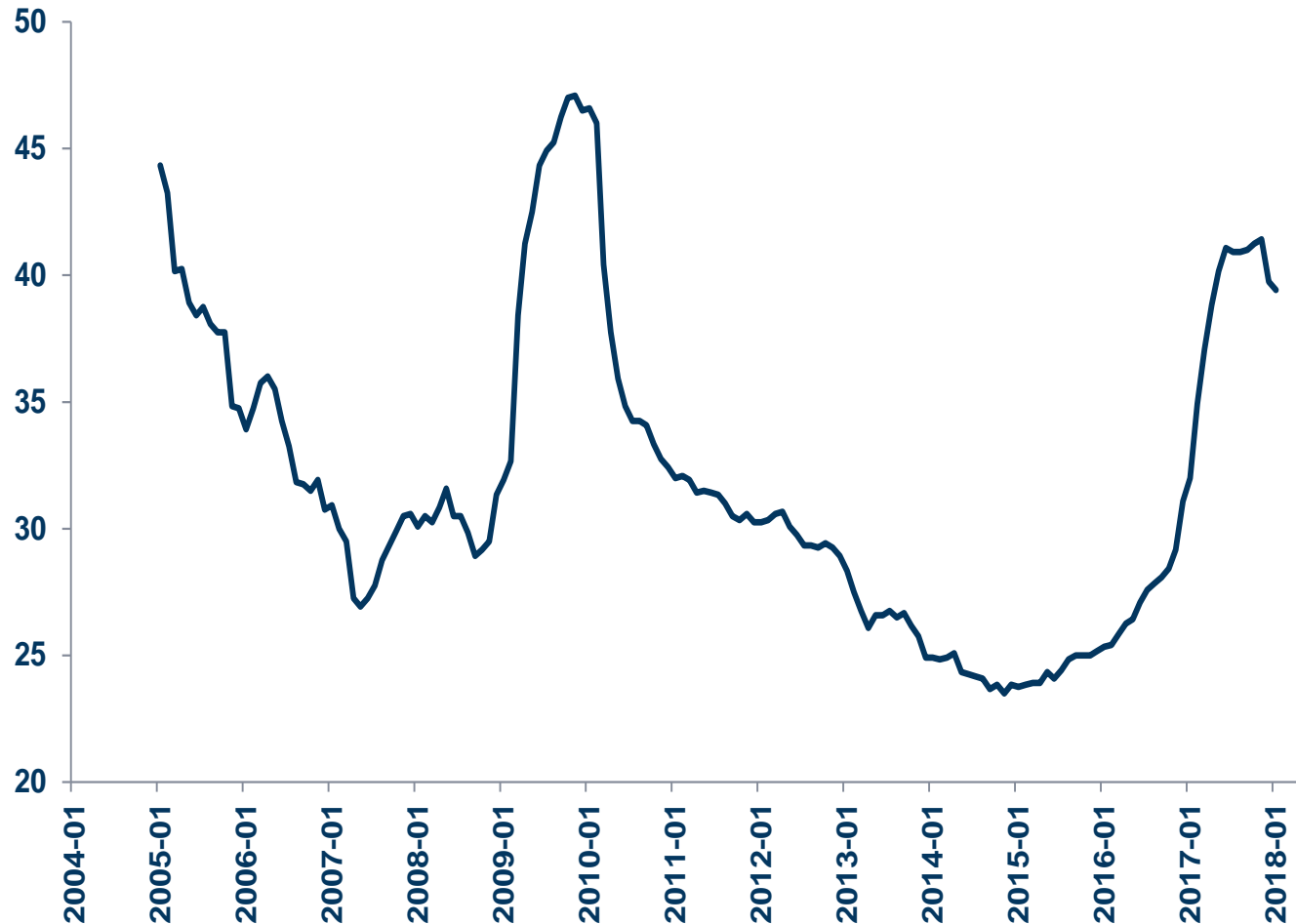
JULIEN MARCILLY  
CHIEF ECONOMIST

# GLOBAL POLITICAL RISK: « STRONGMANIA » AND ITS CONSEQUENCES



# MORE AND MORE WORRIES ABOUT TRADE PROTECTIONISM

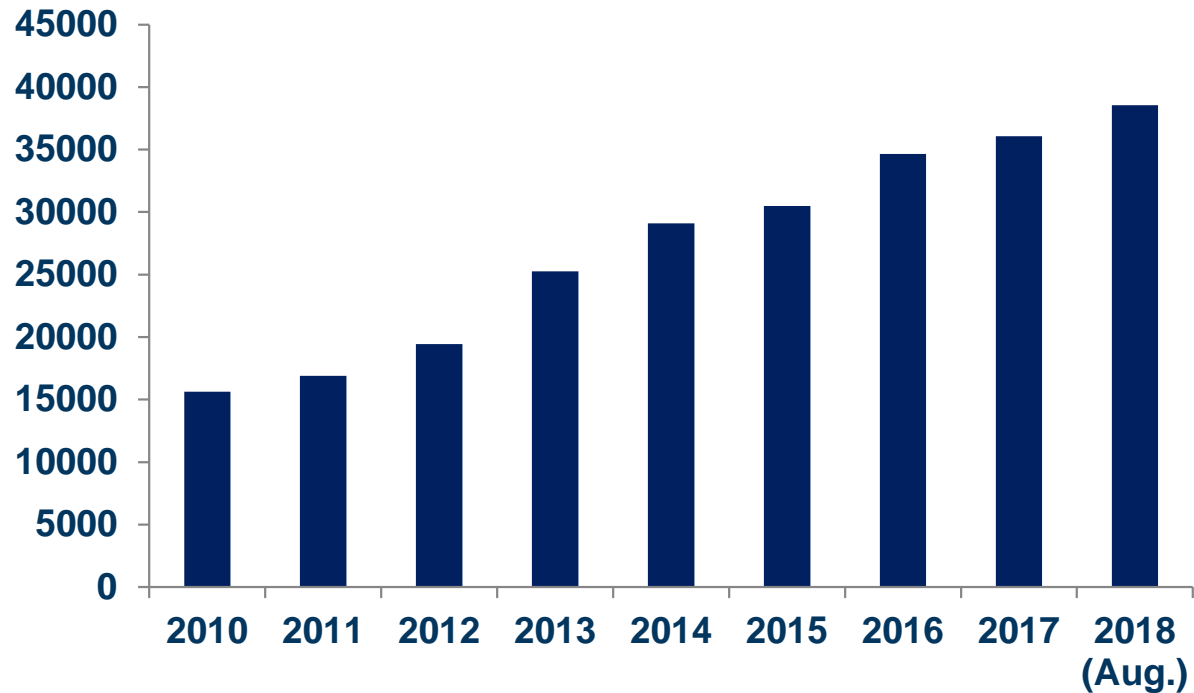
Monthly Use of the word "Protectionism" in Google Search  
(index, 12-month moving average)



Sources: Google trends

# PROTECTIONISM: PERCEPTION VERSUS REALITY

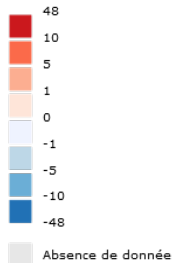
Net number of existing protectionist measures in the world  
(source: Global Trade Alert)



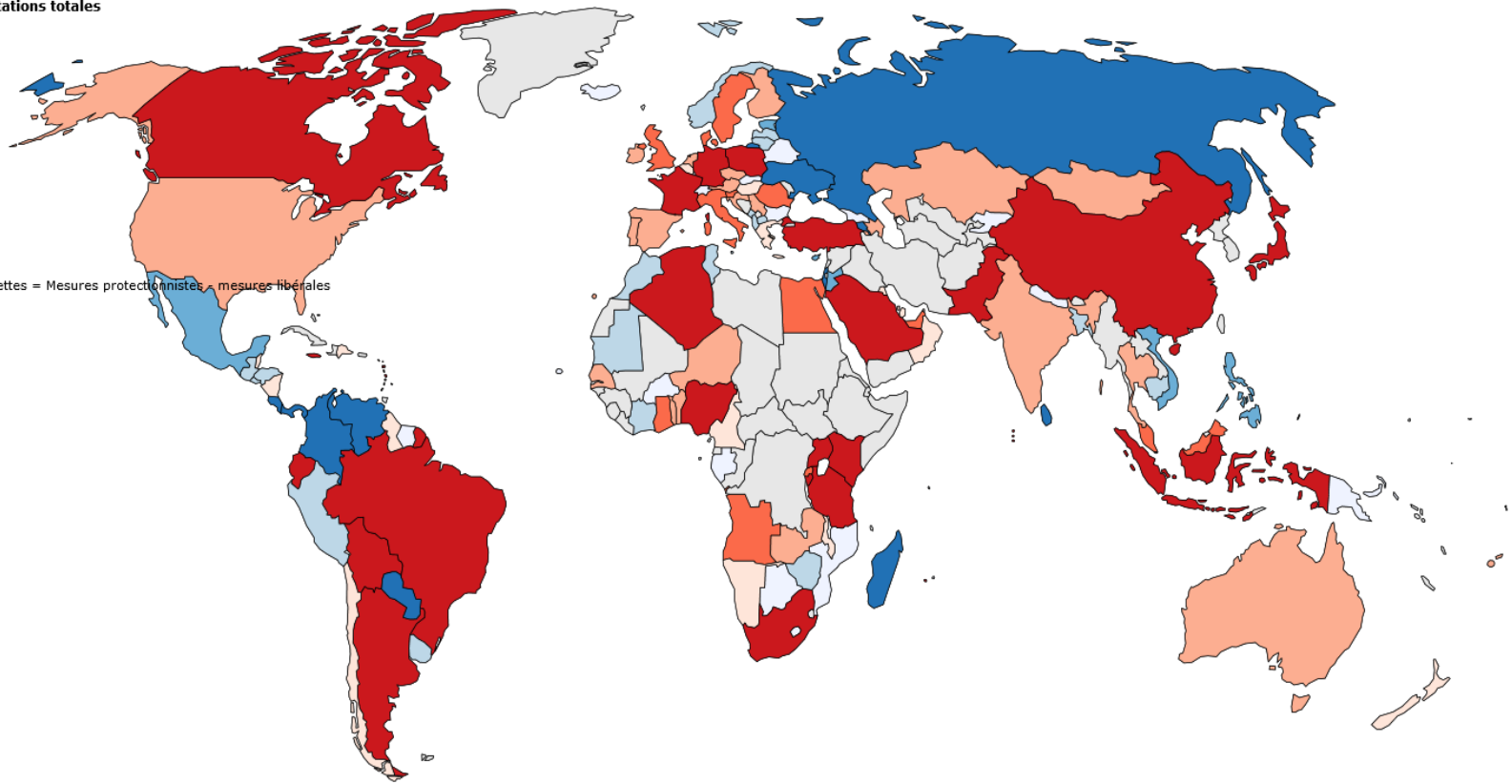
# PROTECTIONISM IS ON THE RISE, BUT NOT EVERYWHERE

Net % of imports affected by existing protectionist measures in 2017

Pourcentage des importations totales

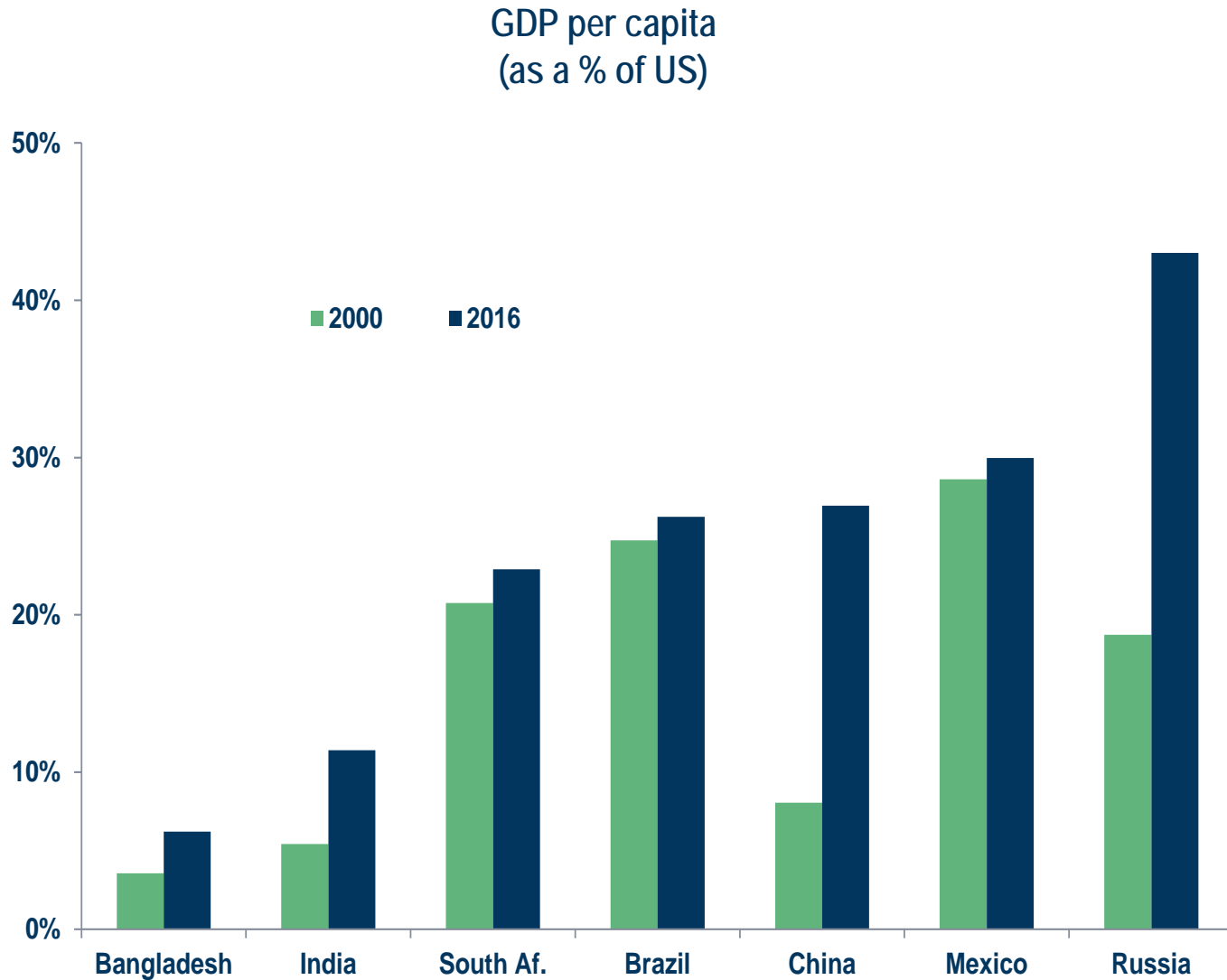


Mesures protectionnistes nettes = Mesures protectionnistes - mesures libérales



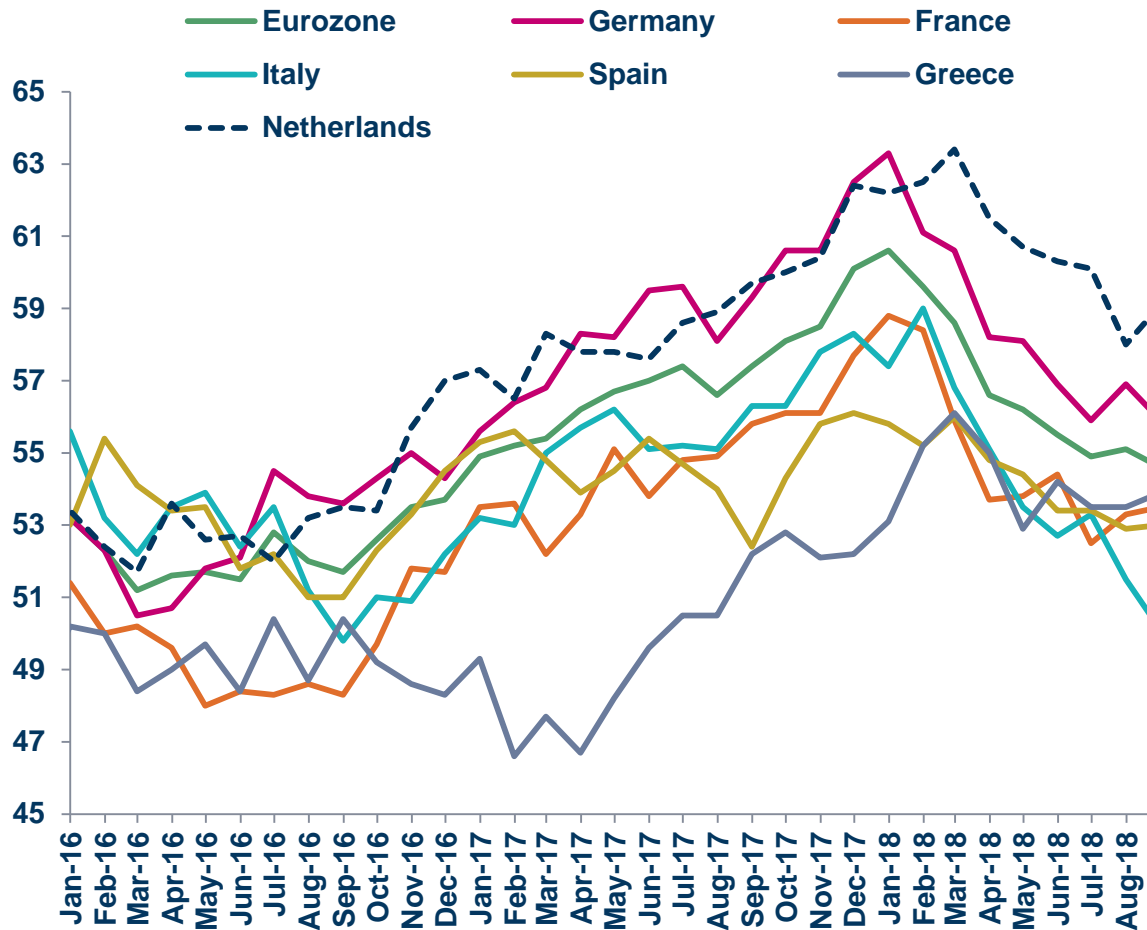
Part des importations touchées par les mesures protectionnistes nettes en 2017

# WORLD TRADE: USUAL DRIVERS ARE STILL AT PLAY



# TRADE UNCERTAINTIES WEIGH ON BUSINESS CONFIDENCE IN THE EUROZONE

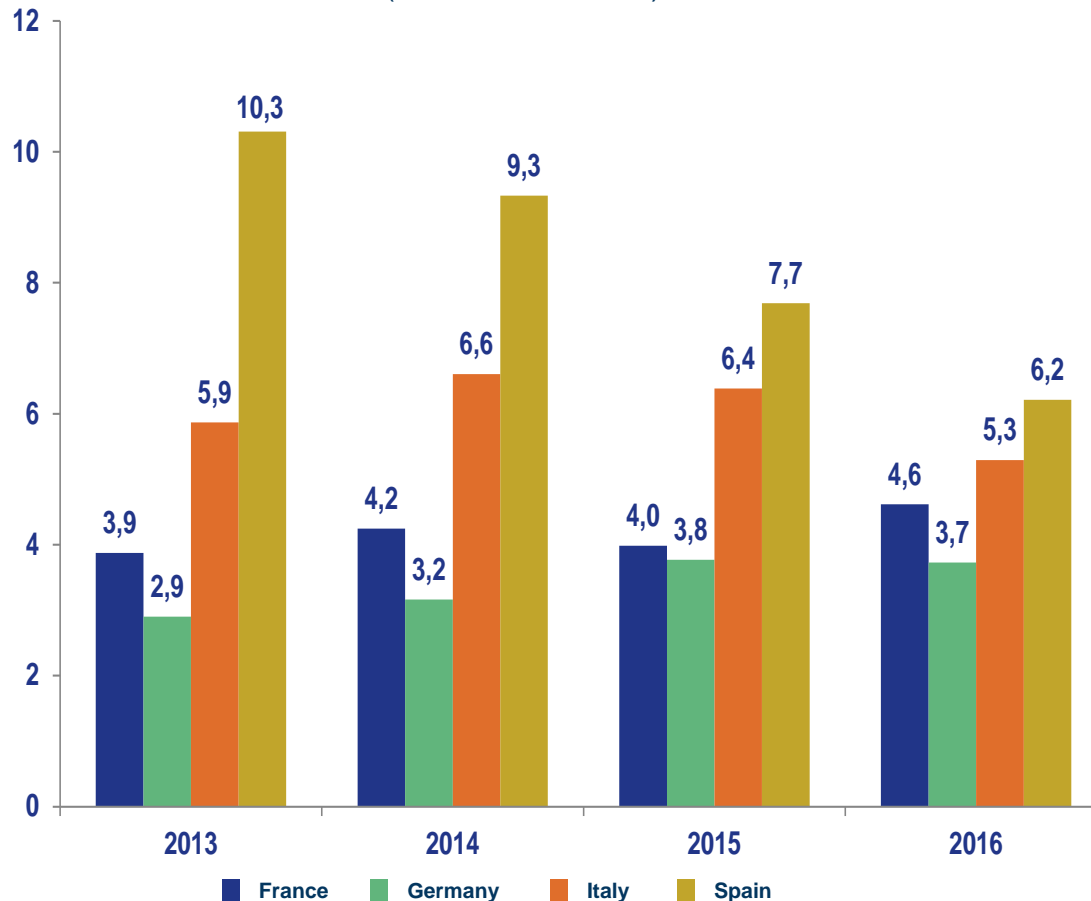
## Business confidence (manufacturing sector)



Source: Markit

# EUROZONE: "ZOMBIE" COMPANIES AT RISK IN CASE OF HIGHER INTEREST RATES

Share of "zombie companies"  
(as a % of the total)



## Criteria used:

1. Unlisted companies  
created before 2010

...

2. **Non-profitability:** negative return rate  
on invested capital or rate between 0%  
and 1% over three consecutive years

...

3. **Non-solvency:** interest coverage ratio  
(EBIT/ interest paid) less than 1 over  
three consecutive years



# COFACE SECTOR RISK ASSESSMENTS: WESTERN EUROPE

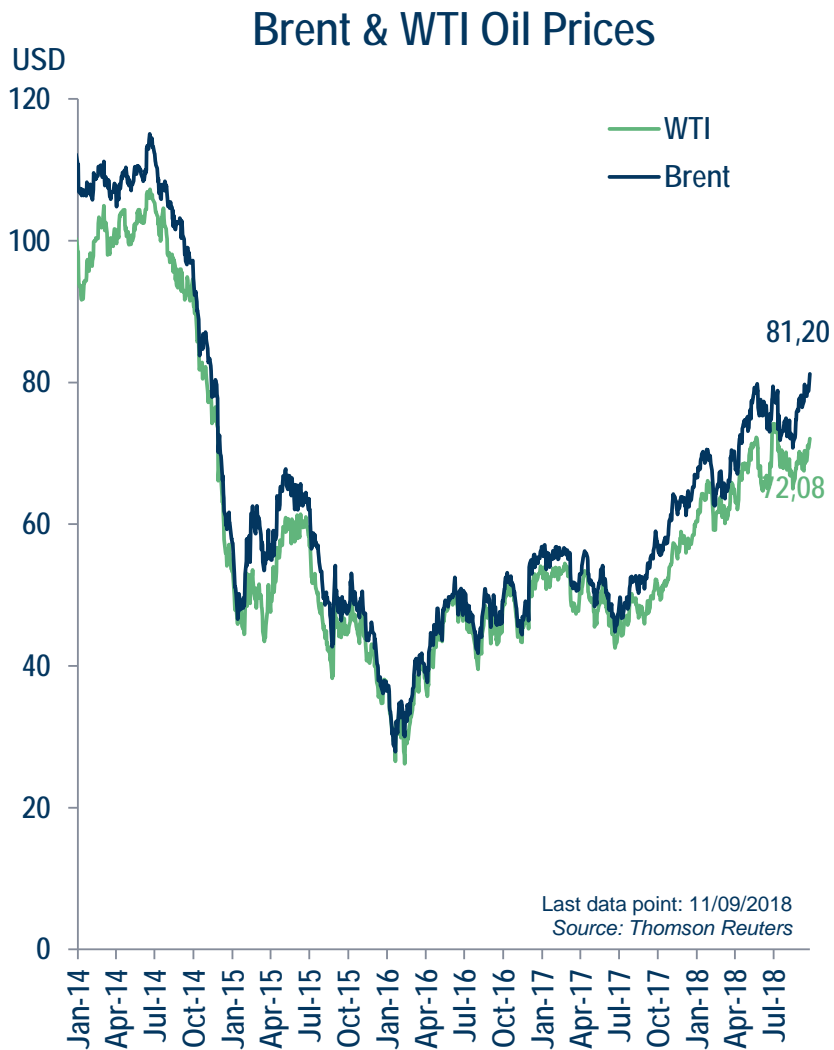
	Western Europe	Austria	France	Germany	Italy	Netherlands (the)	Spain	Switzerland	United Kingdom
Agri-food	Medium Risk	Low Risk	Medium Risk	High Risk (Upgrade)	Medium Risk	Medium Risk	Low Risk	Medium Risk	High Risk (Downgrade)
Automotive	Low Risk	Low Risk	Low Risk	Low Risk	Low Risk	Low Risk	Low Risk	Low Risk	High Risk
Chemical	Medium Risk	Low Risk	Medium Risk	Low Risk	Medium Risk	Low Risk	Medium Risk	Low Risk	Medium Risk
Construction	Medium Risk	Medium Risk	Low Risk	Low Risk	Very High Risk	Medium Risk	Medium Risk (Downgrade)	High Risk	Very High Risk
Energy	High Risk (Upgrade)	Medium Risk	High Risk (Upgrade)	Medium Risk	High Risk	High Risk	High Risk	Medium Risk	High Risk
ICT*	Medium Risk	Medium Risk	Low Risk	Low Risk	High Risk	Medium Risk	Low Risk (Downgrade)	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
Pharmaceutical	Low Risk	Low Risk	Low Risk	Low Risk	Low Risk	Medium Risk	Medium Risk	Low Risk	Medium Risk
Retail	Medium Risk	Medium Risk	Low Risk	Medium Risk	Low Risk (Downgrade)	Medium 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	High Risk	High Risk

\* Information and Communication Technologies  
Source: Coface

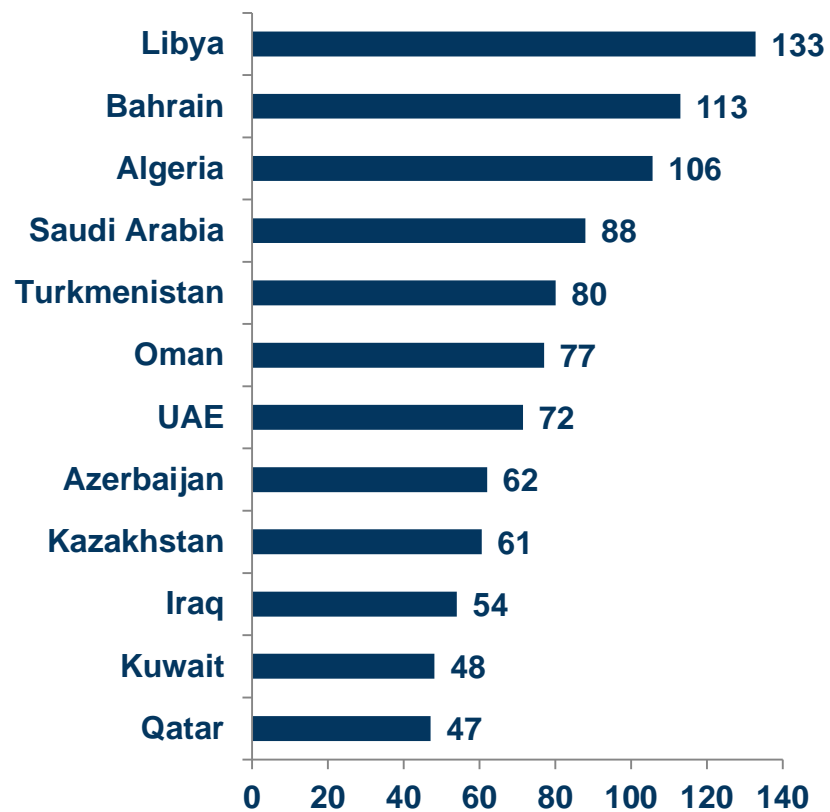
BUSINESS  
DEFAULT  
RISK

-  Low Risk
-  Medium Risk
-  High Risk
-  Very High Risk
-  Upgrade
-  Downgrade

# EMERGING MARKETS – KEY CHANGE #1: HIGHER OIL PRICES

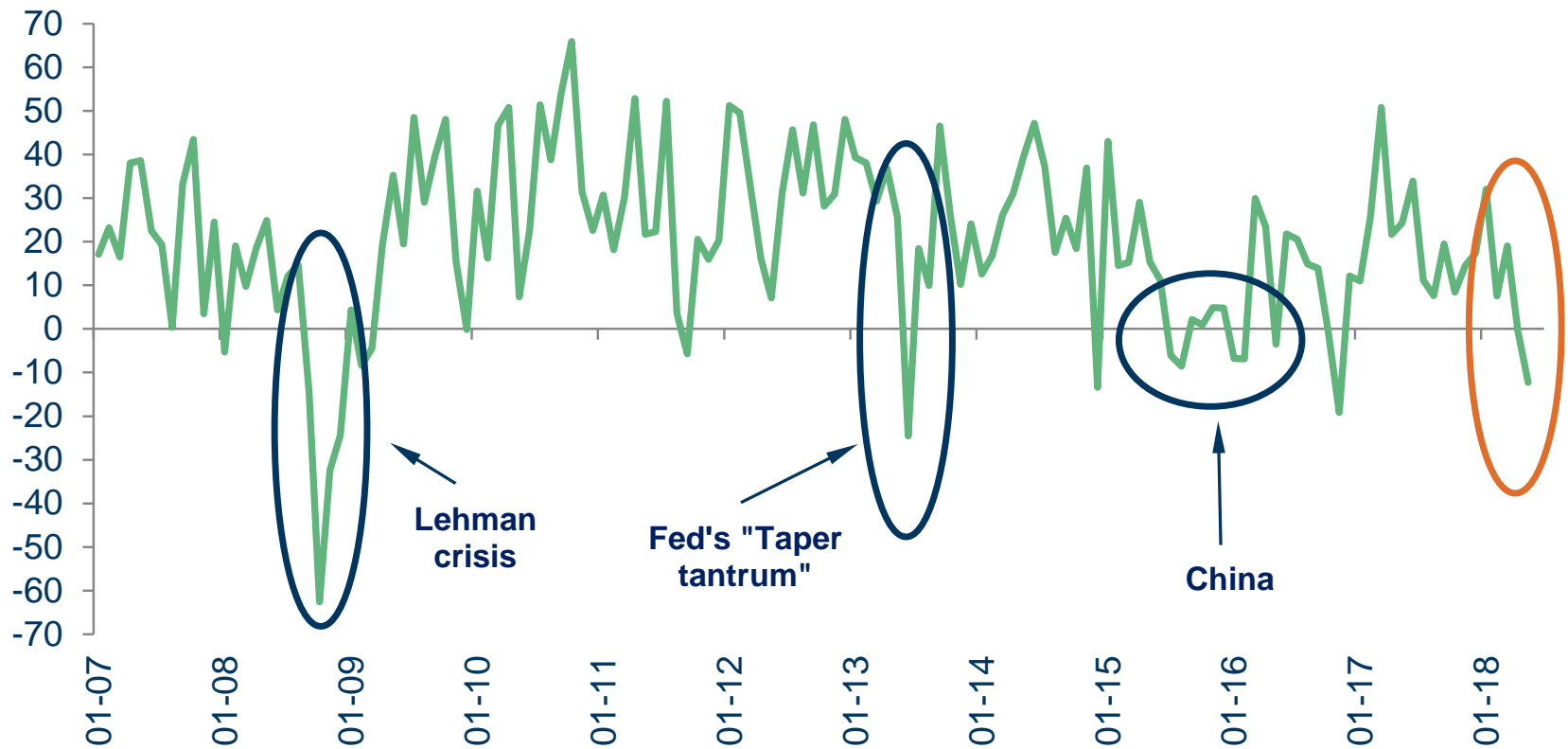


### Oil exporters: fiscal breakeven price (USD, source: IMF)

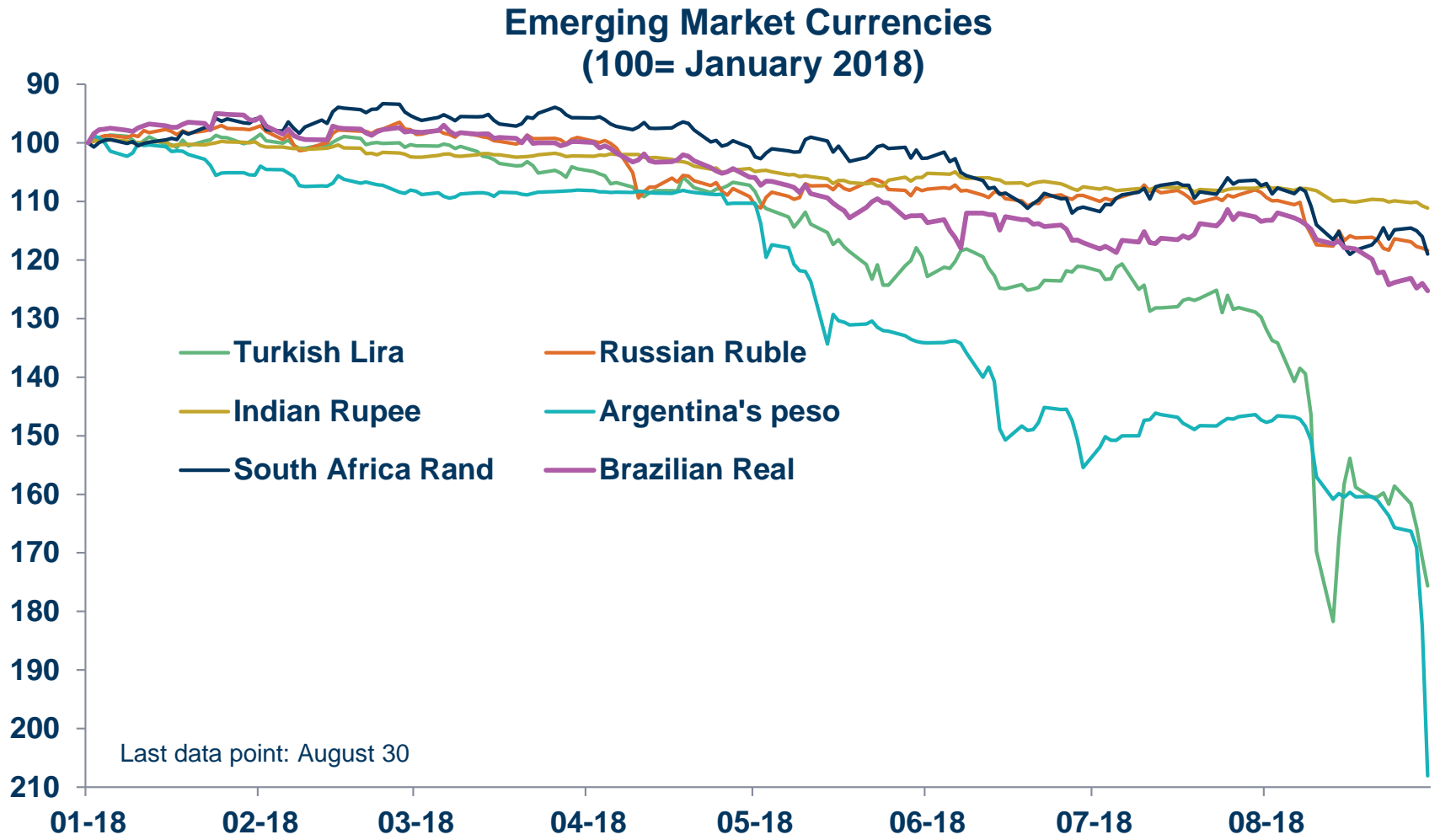


# EMERGING MARKETS – KEY CHANGE #2: CAPITAL OUTFLOWS ...

**Net purchases of stocks and bonds by non-residents in 25 EM  
(Bn USD, source: IIF)**



# ... PUT CURRENCIES UNDER PRESSURE



Source: Thomson Reuters

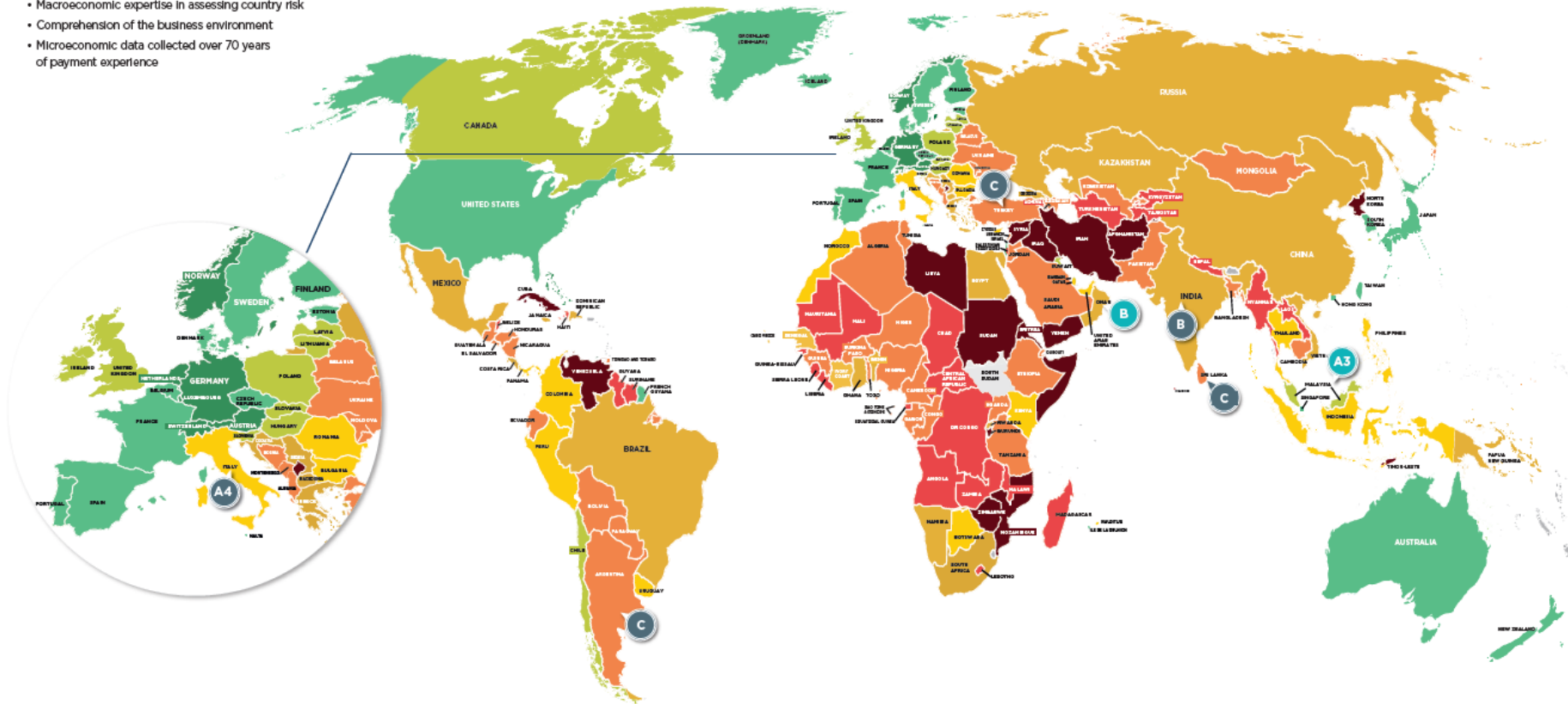
# COFACE COUNTRY ASSESSMENTS



## 160 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



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