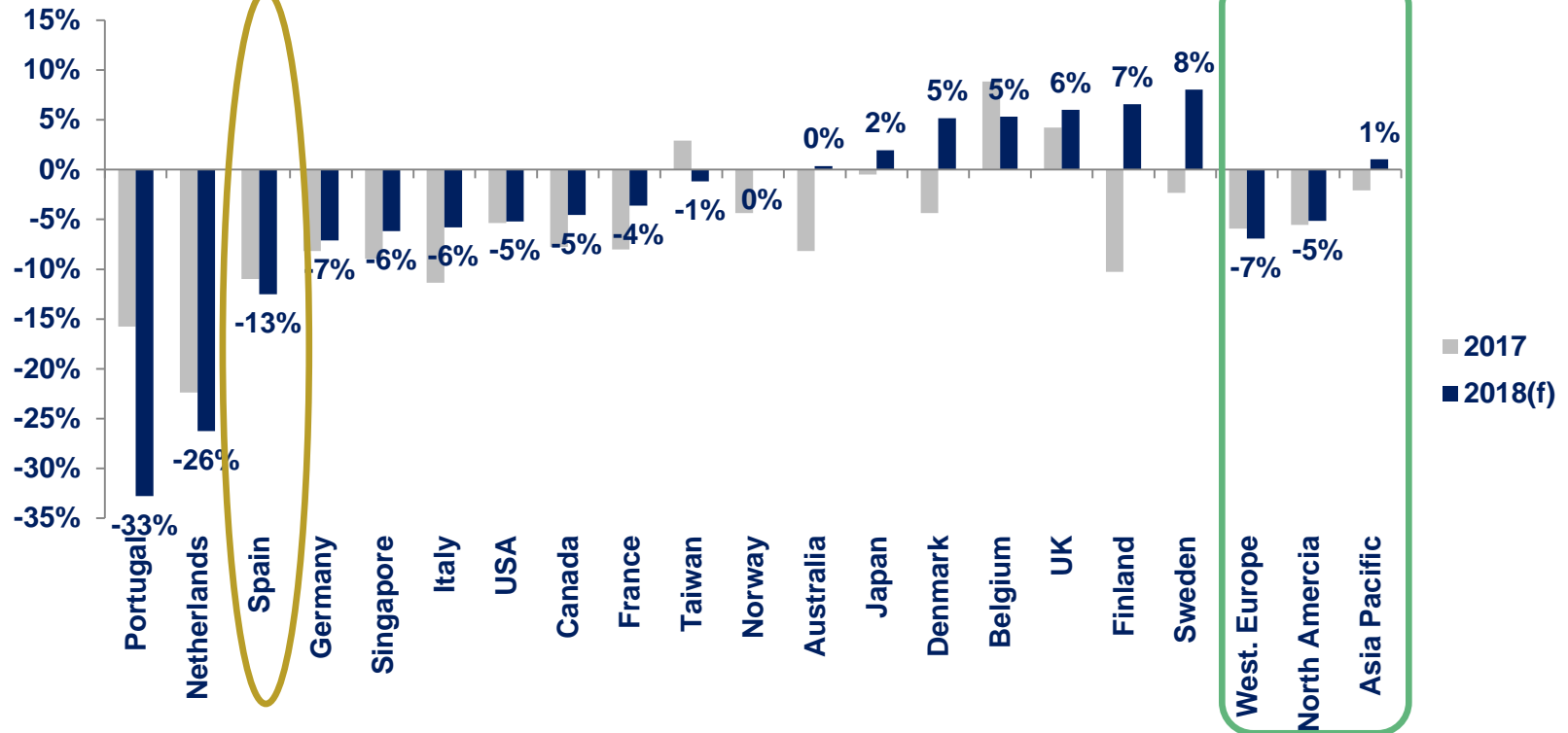


PRINCIPALES RIESGOS DE LAS ECONOMÍAS AVANZADAS Y EMERGENTES

Julien Marcilly,
Jefe del Servicio de Estudios de Coface

FEWER BUSINESS INSOLVENCIES IN 2018, BUT THE MOVEMENT IS DRYING UP

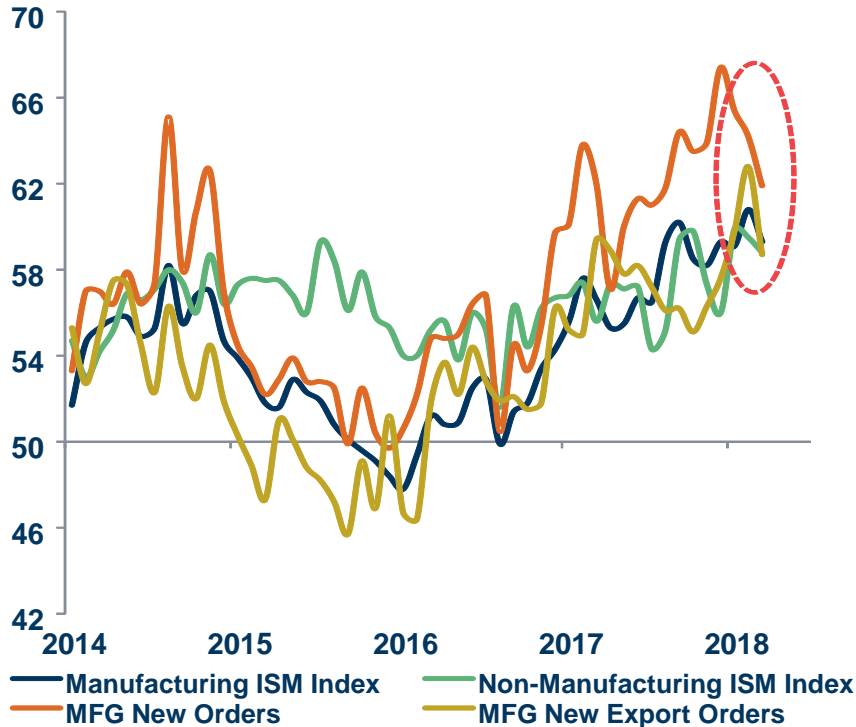
Corporate insolvencies in advanced economies:
Coface growth forecasts



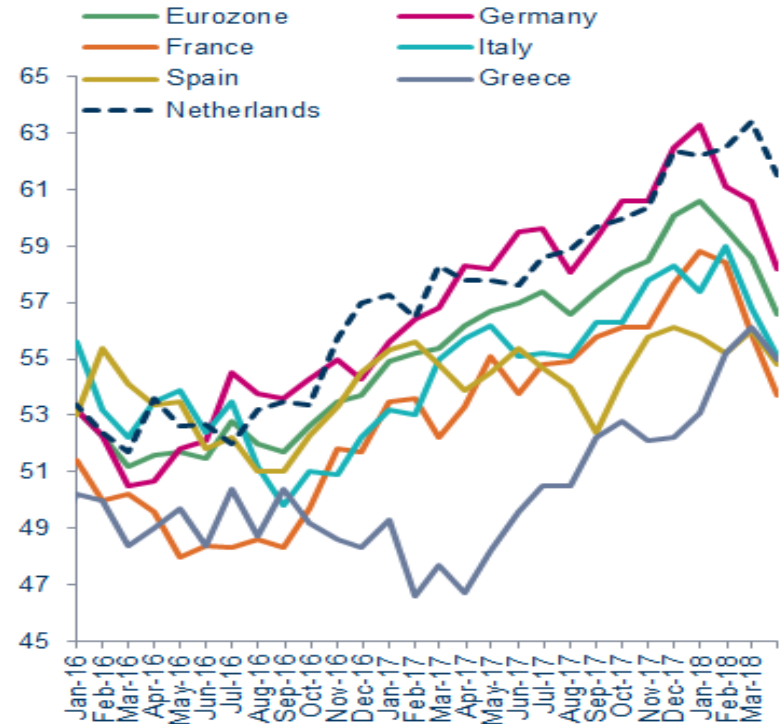
Sources: Coface forecasts, national sources

BUSINESS CONFIDENCE: THE PEAK HAS BEEN PASSED

US: Business confidence



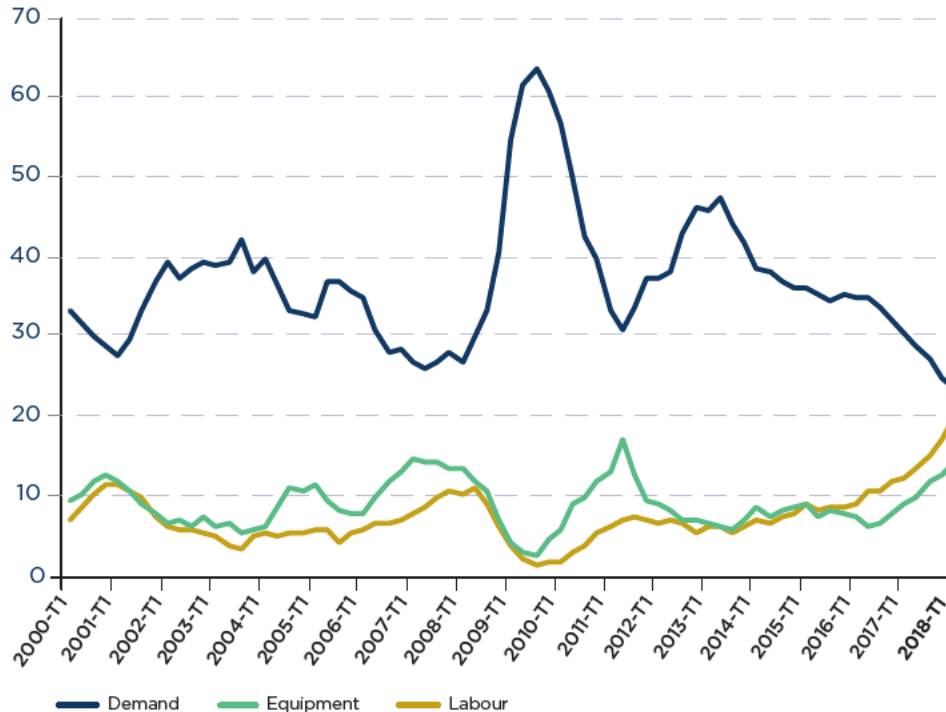
Eurozone: Business confidence (manufacturing sector)



Source : Markit

EUROZONE: SUPPLY SIDE CONSTRAINTS COME UP FAST...

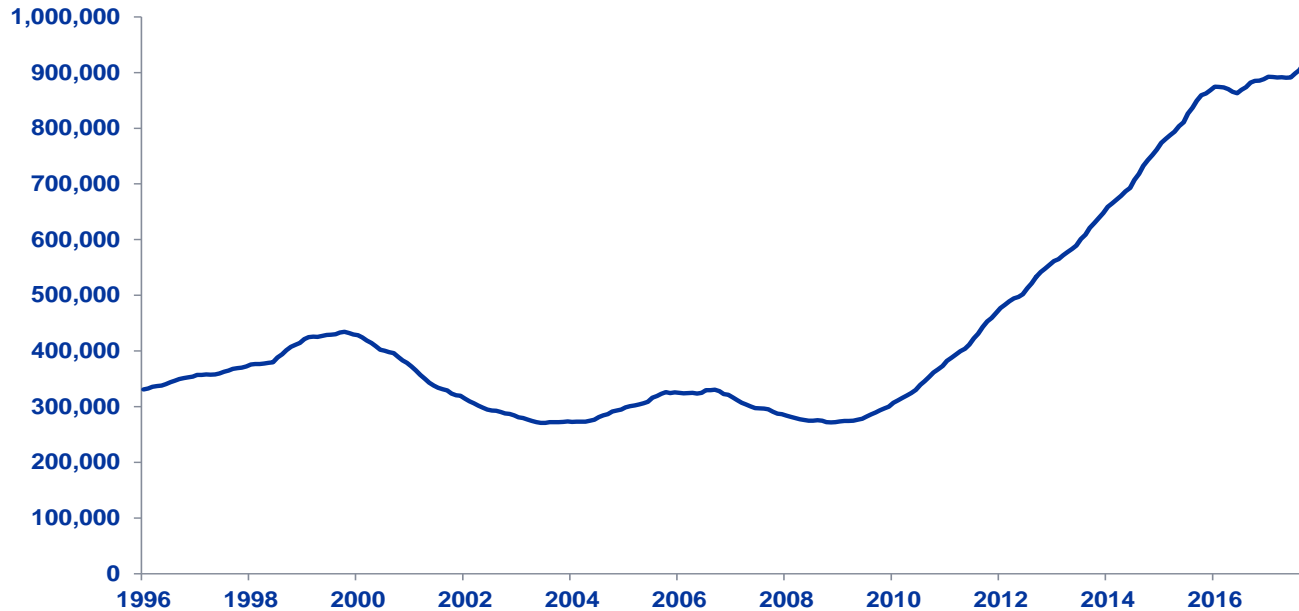
Businesses in the Eurozone: Factors limiting production
(% of surveyed companies)



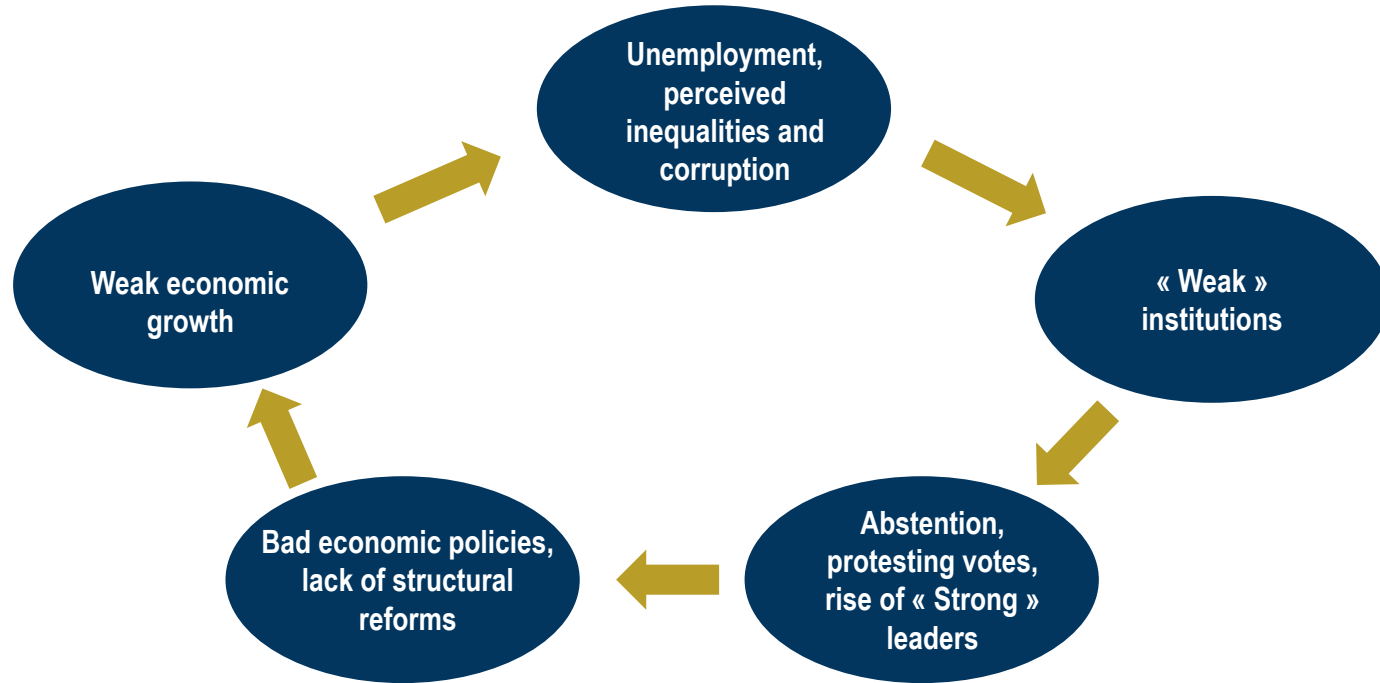
Sources: European Commission

EUROZONE: ... DESPITE STILL HIGH UNEMPLOYMENT

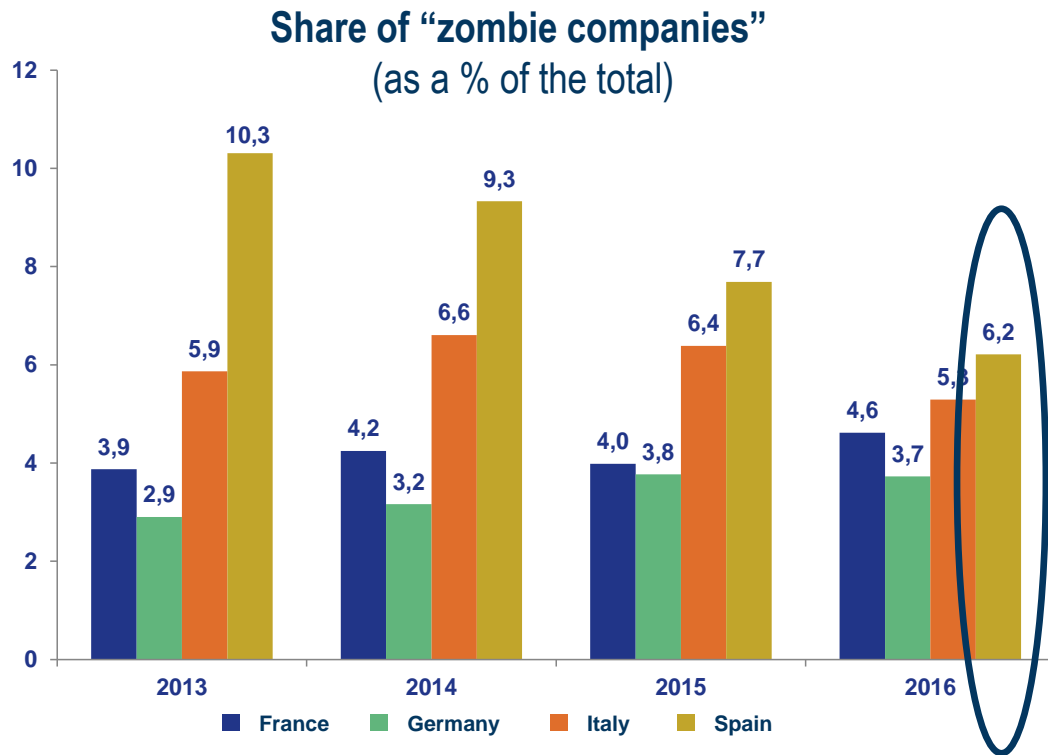
France: Number of people
registered unemployed for at least 3 years



POLITICAL RISK: « STRONGMANIA » AND ITS CONSEQUENCES



EUROZONE: “ZOMBIE” COMPANIES AT RISK IN CASE OF HIGHER INTEREST RATES



Criteria used:

1. Unlisted companies
created before 2010

...

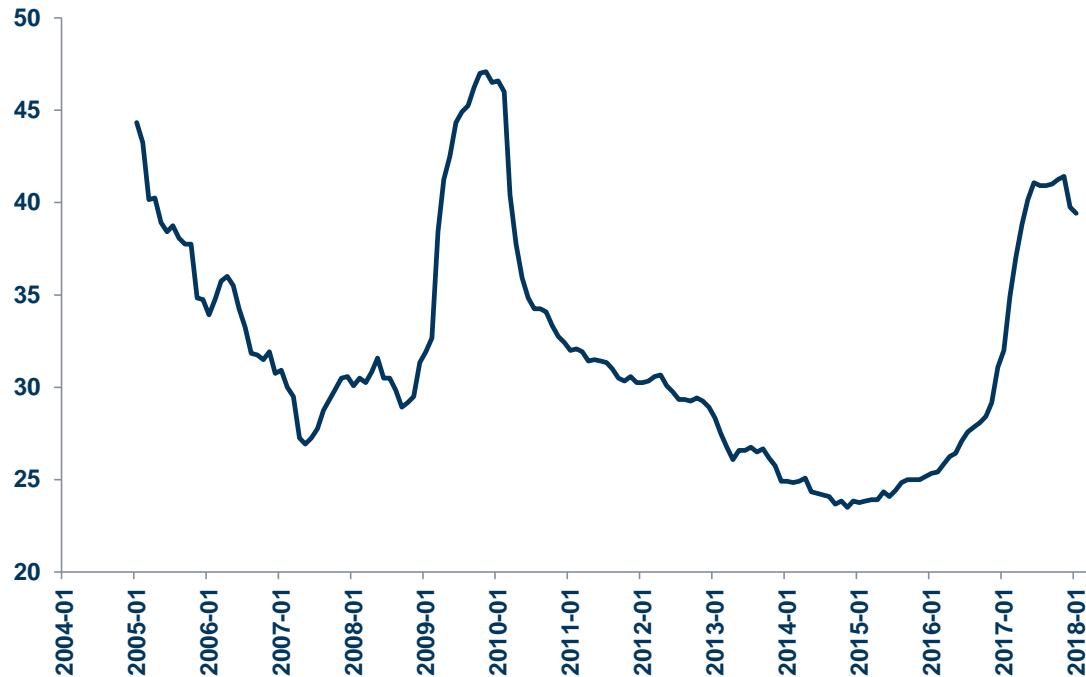
2. **Non-profitability:** negative return rate
on invested capital or rate between 0%
and 1% over three consecutive years

...

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

MORE AND MORE WORRIES ABOUT TRADE PROTECTIONISM

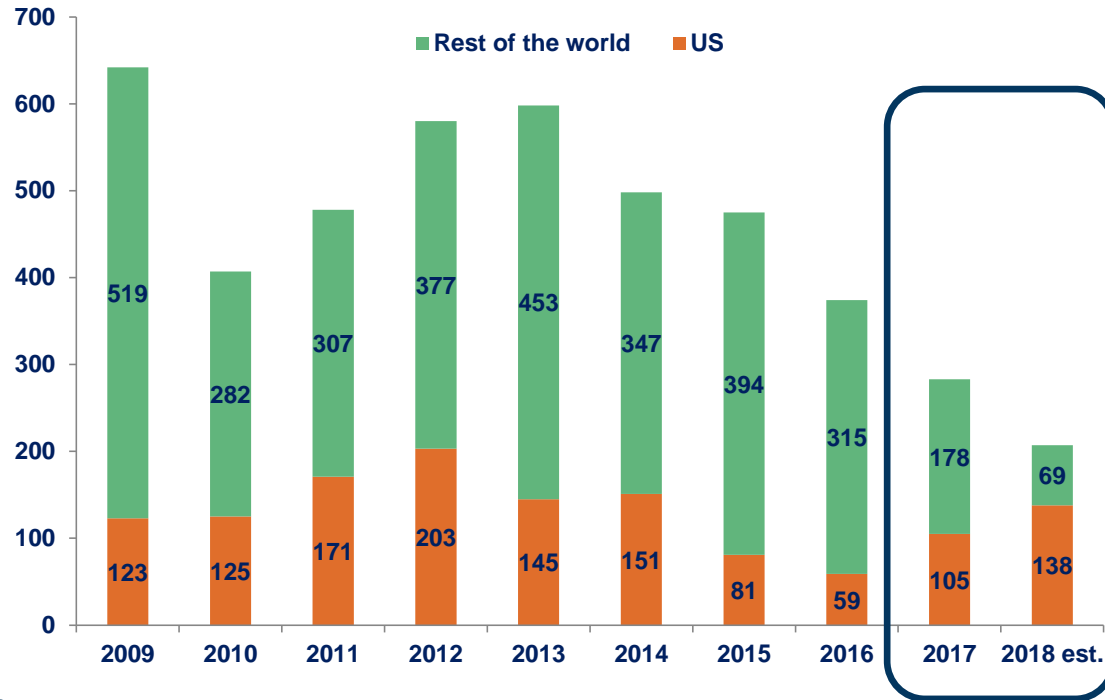
Monthly Use of the word "Protectionism" in Google Search
(index, 12-month moving average)



Sources: Google trends

TRADE PROTECTIONISM: WORDS VERSUS REALITY

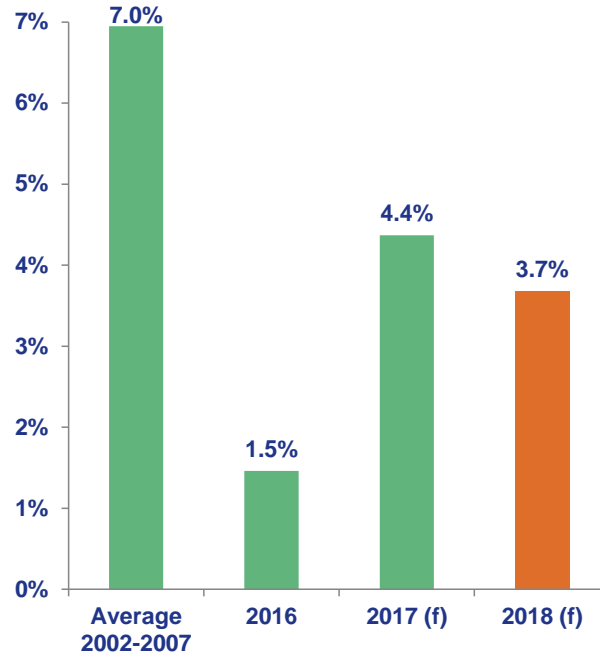
Net number of measures negatively affecting international trade worldwide



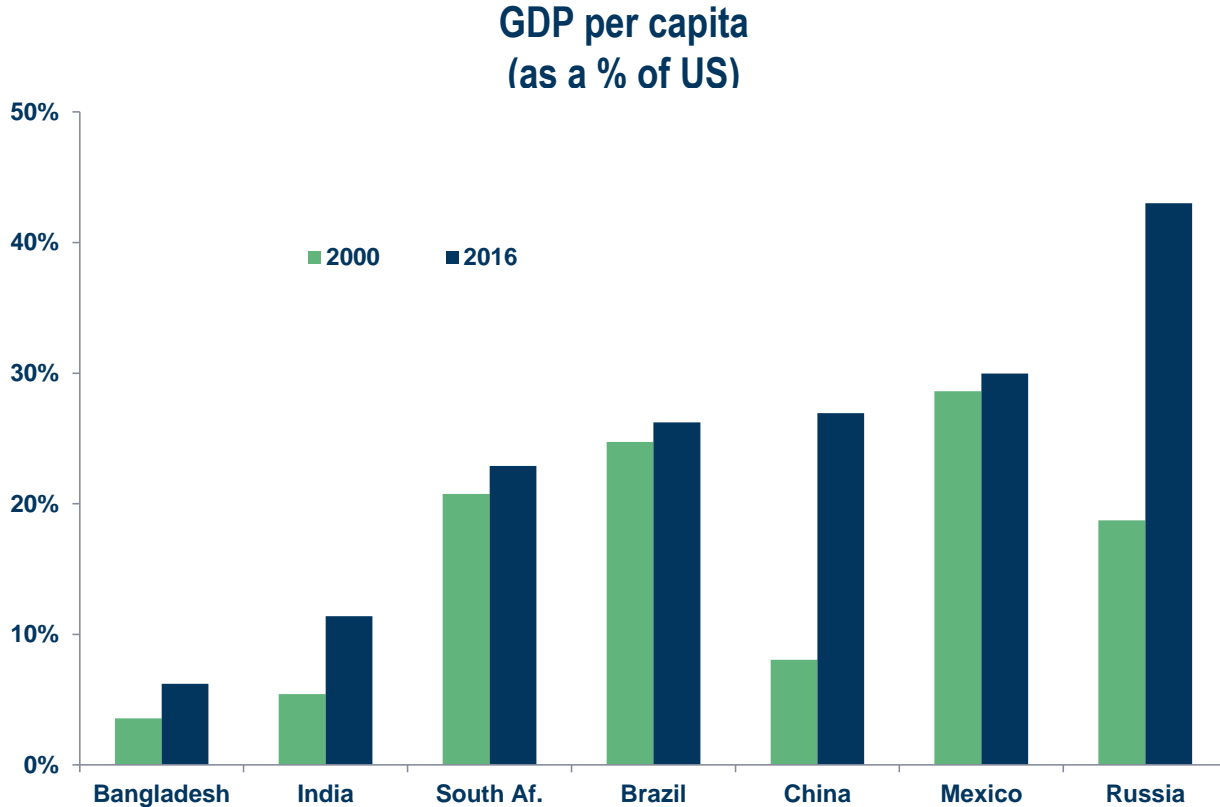
Sources: GTA, Coface estimates

GLOBALIZATION SLOWS DOWN BUT CAN'T BE STOPPED

World trade:
Coface growth forecasts



WORLD TRADE: USUAL DRIVERS ARE STILL AT PLAY



Sources: World Bank

COFACE COUNTRY ASSESMENTS

BUSINESS DEFAULTING RISK

A1

A2

A3

A4

B

C

D

E

VERY LOW

LOW

SATISFACTORY

REASONABLE

FAIRLY HIGH

HIGH

VERY HIGH

EXTREME



UPGRADES

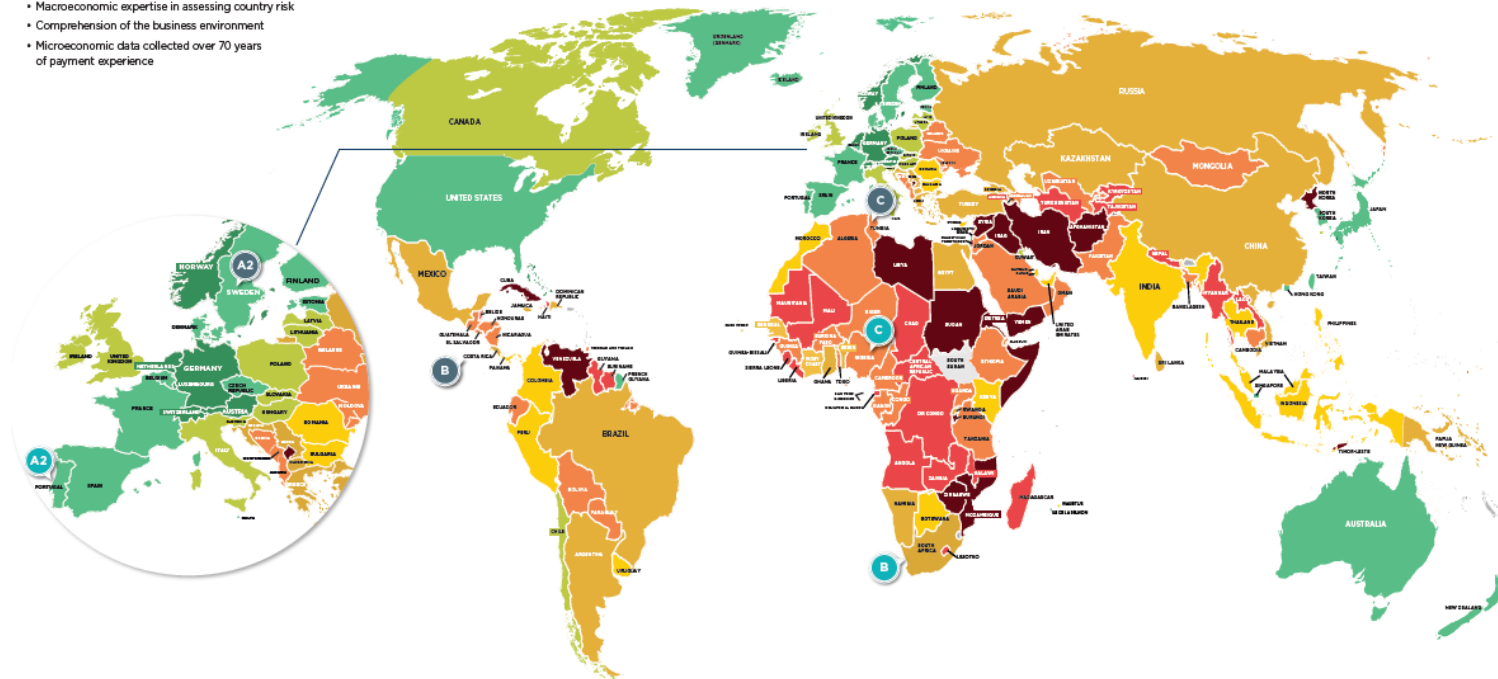


DOWNGRADES

160 COUNTRIES UNDER THE MAGNIFYING GLASS

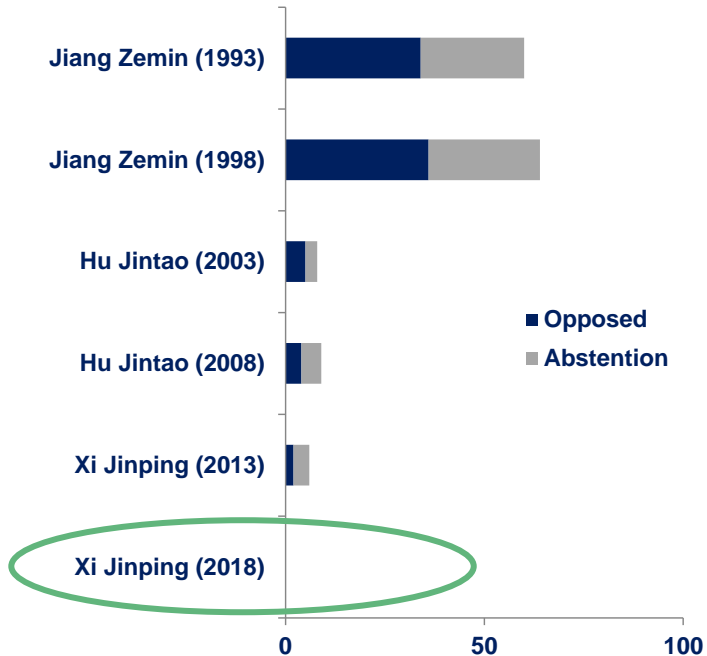
A UNIQUE METHODOLOGY

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

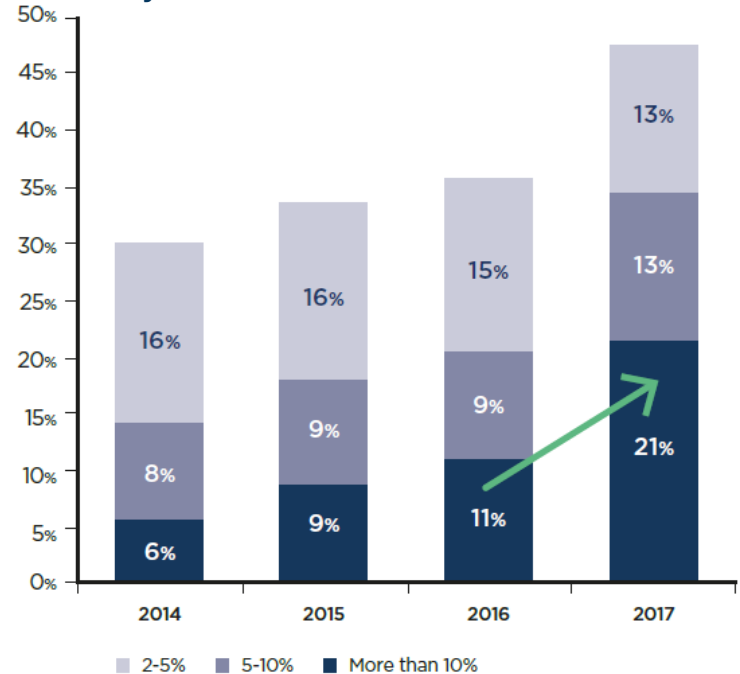


EMERGING MARKETS - RISK #1: IN CHINA, TIGHTER POLITICAL AND ECONOMIC CONTROL

Appointment of the president: votes against and abstention (total = 2,970)

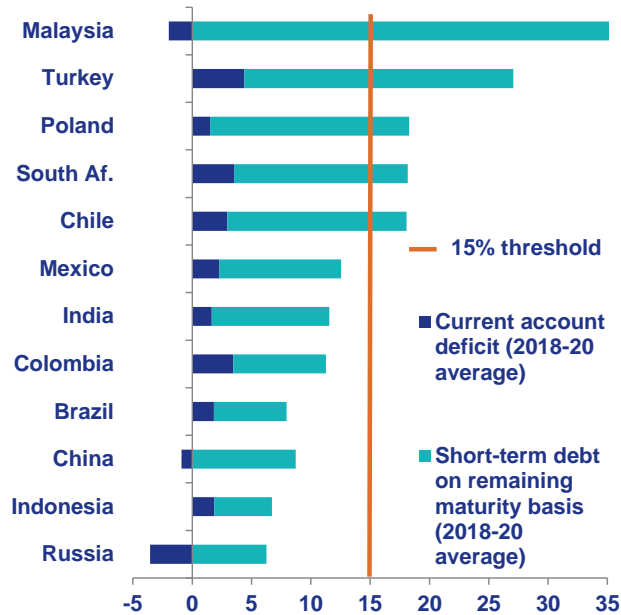


Coface corporate survey: Ratio of ultra-long payment delays as a % of total annual turnover

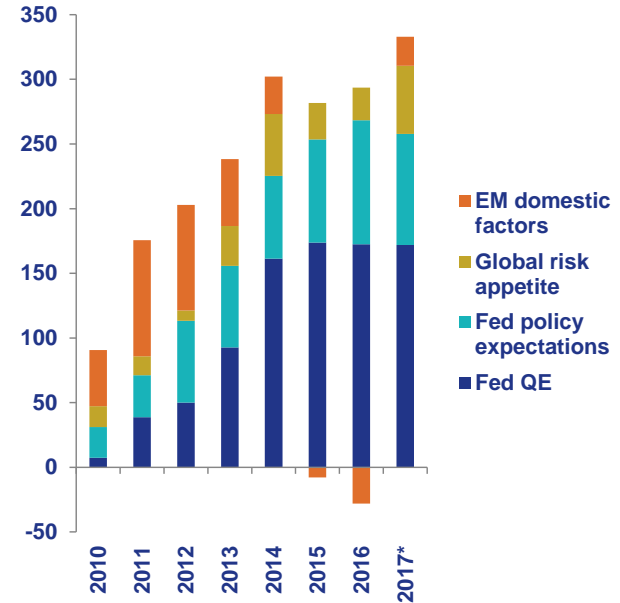


EMERGING MARKETS - RISK #2: THE U.S. FEDERAL RESERVE

External Financing Requirements
(% of GDP)



Estimated cumulative contributions to Emerging Market portfolio flows (bn USD)



EMERGING MARKETS - RISK #3: RECOVERY NIPPED IN THE BUD BY POLITICAL RISKS?

Coface Index: Risk of Social Turmoil

