

Session 1: What are the major trends shaping the world economy? Sustainability at its riskiest point.

Country Risk Conference – Bucharest – 18th October

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Head of Country Risk
Group economic research department

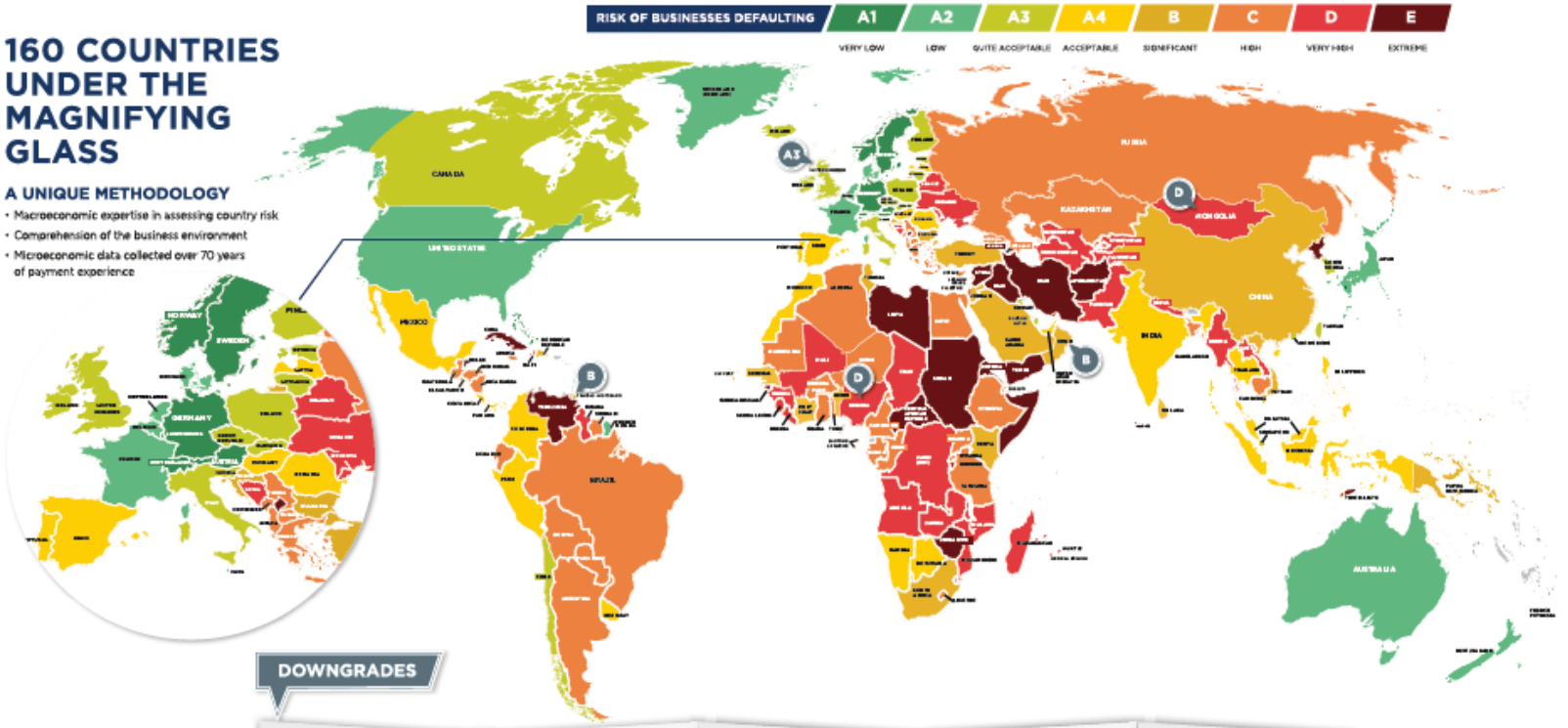
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A high risk world…

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COUNTRY RISK ASSESSMENT MAP • 3rd QUARTER 2016



DOWNGRADES

MONGOLIA — D

- The country has been greatly impacted by the drop in commodity prices and China's economic slowdown (over 90 % of Mongolia's exports are to China)
- GDP growth fell from 17.3 % in 2011 down to 2.3 % in 2015 (with 0.5 % expected in 2016)

NIGERIA — D

- Nigeria's GDP is set to shrink, on an annual basis, in 2016
- Decrease in oil production, hindered by sabotages of oil facilities in Niger Delta
- Since June 2016, the naira has lost more than 35 % of its value against the dollar
- Reduction in oil exports (90 % of total exports)

OMAN — B

- External shock; heavily dependent on the hydrocarbon sector (35 % of GDP)
- Public spending increased, generating significant public deficit in 2016 (around 17 % of GDP)
- The economic slowdown is forecast to continue in 2017
- Consumer confidence is weakening and investment growth is expected to moderate

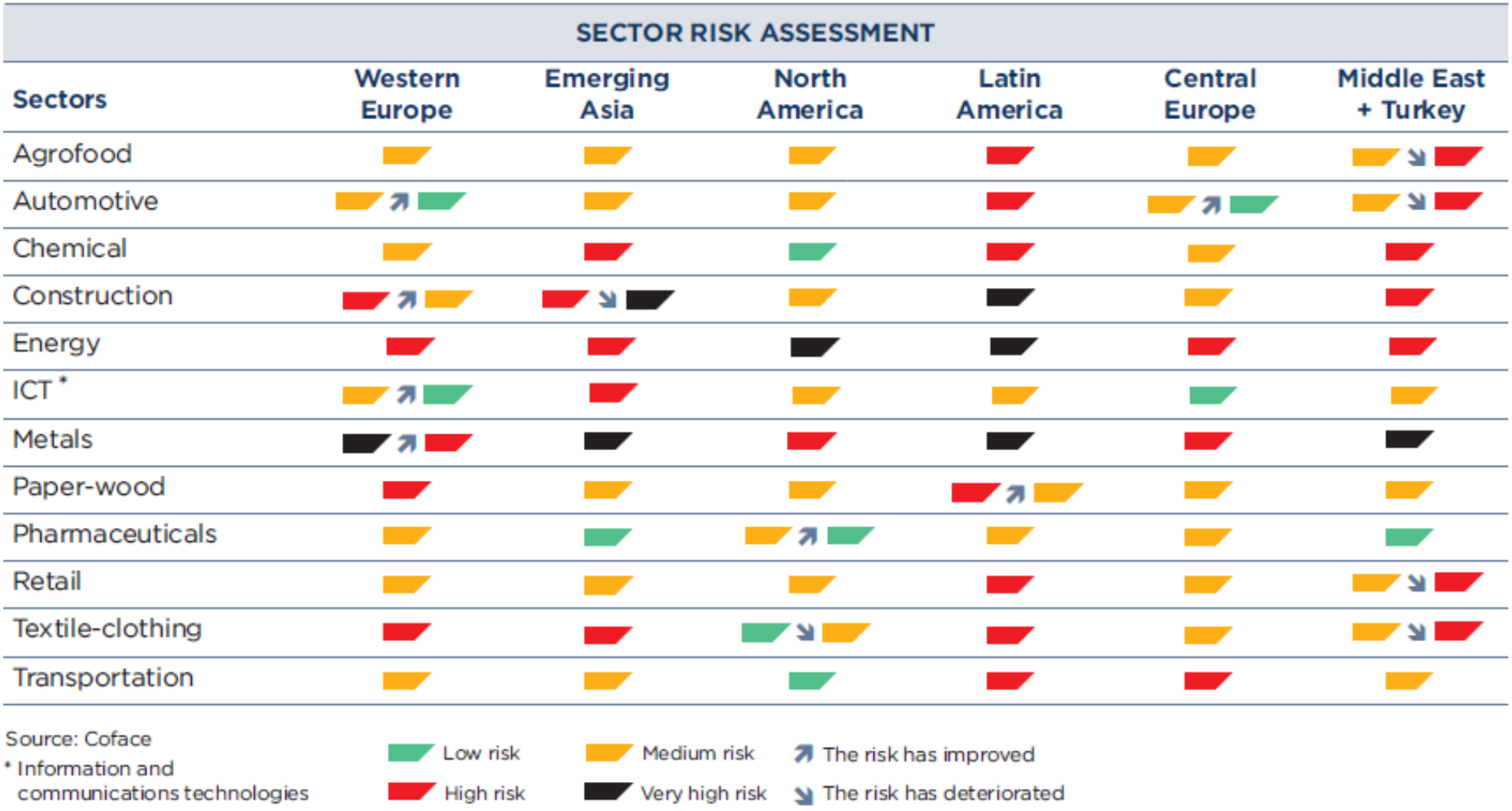
UNITED KINGDOM — A3

- Growth is expected to reach just reach 0.9 % next year
- Consumer and investors are postponing decisions
- Brexit: Authorities are worried, as highlighted by the decrease in the BoE key rate to 0.25 % for the first time since 2009
- Extension of the quantitative easing program

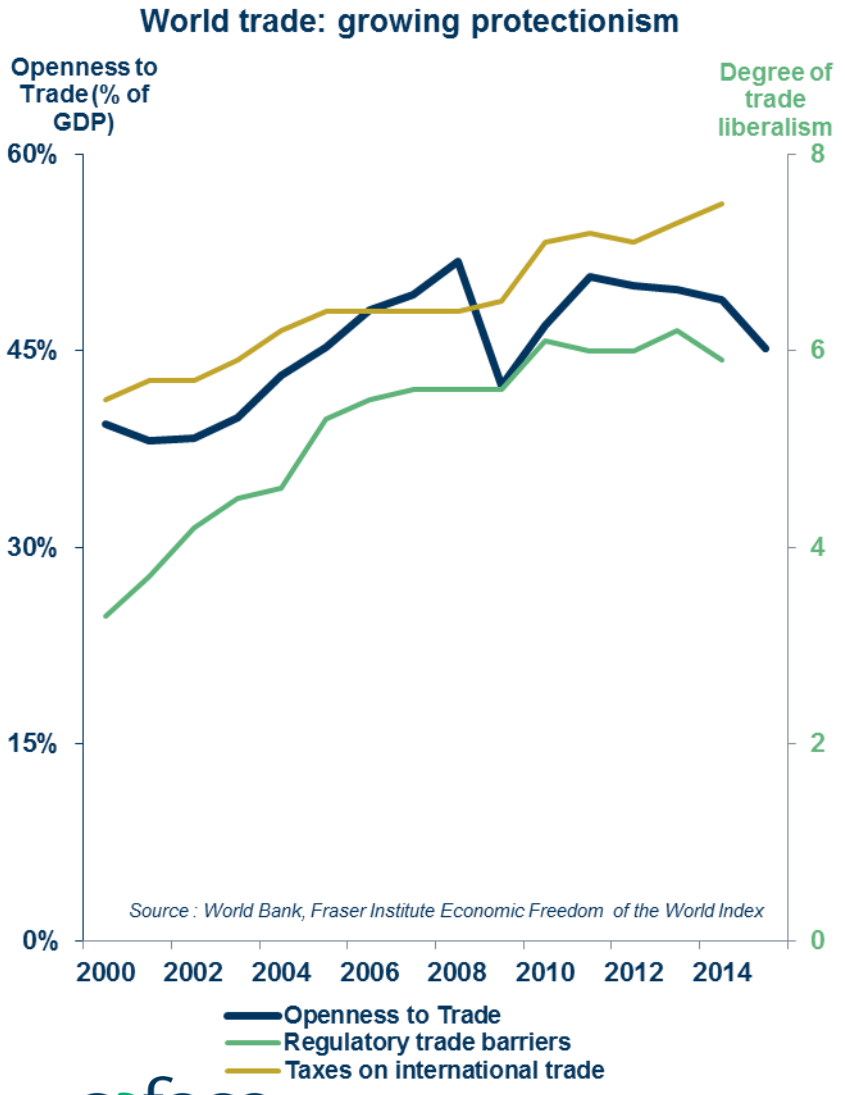
TRINIDAD AND TOBAGO — B

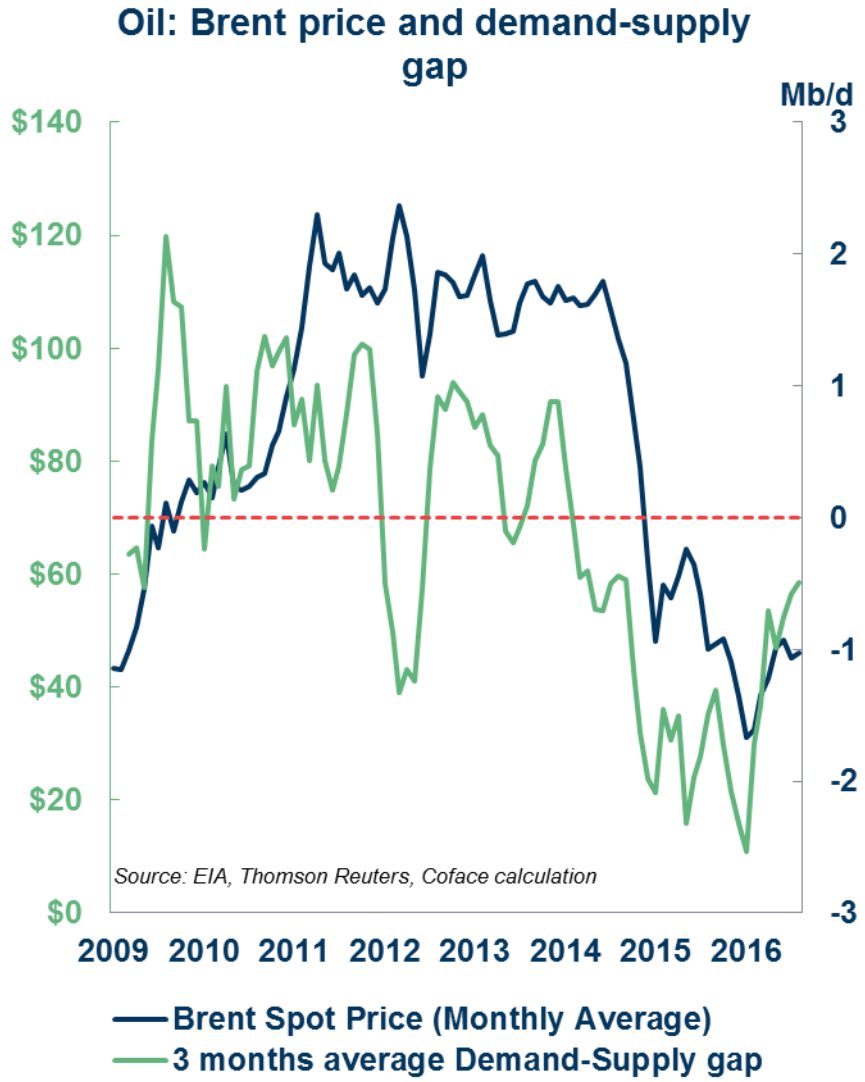
- The contraction in activity is continuing in 2016
- Sharp price decreases strongly affected the energy sector (the economy's key driver of the economy, representing over 80 % of merchandise exports)
- Production of natural gas and crude petroleum fell by 11.6 % and 9.5 % respectively, in January-May 2016 on a year on year basis

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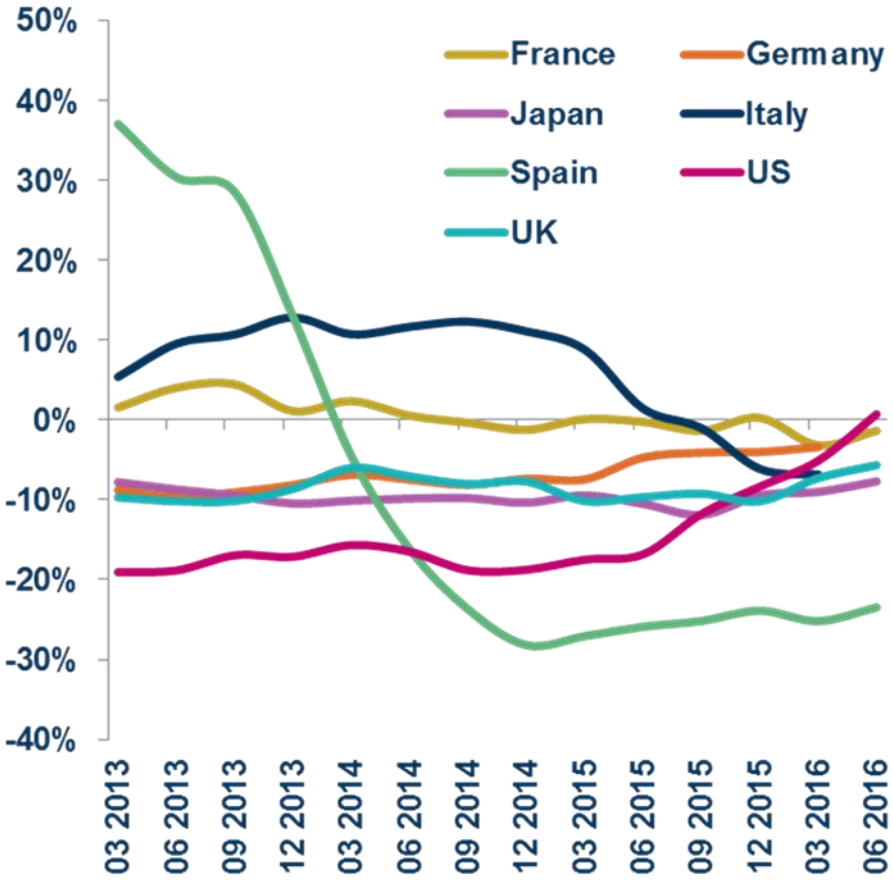
Challenging global environment with lower growth, lower inflation, lower trade and lower oil price



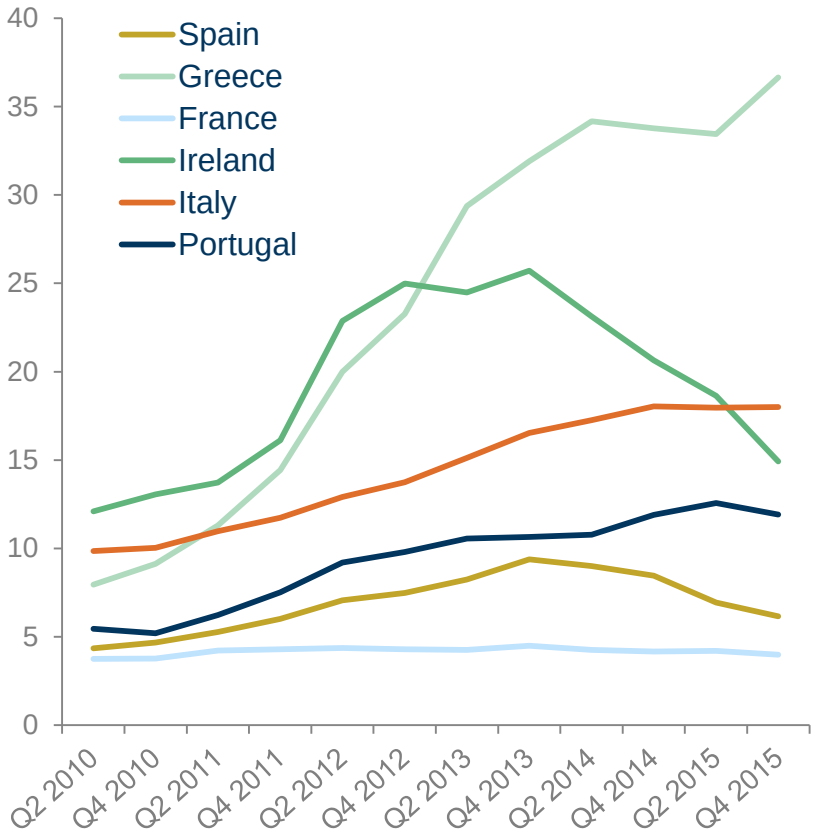


Western Europe: Improvement of business situation, banking risk to monitor

Evolution of insolvencies in Europe

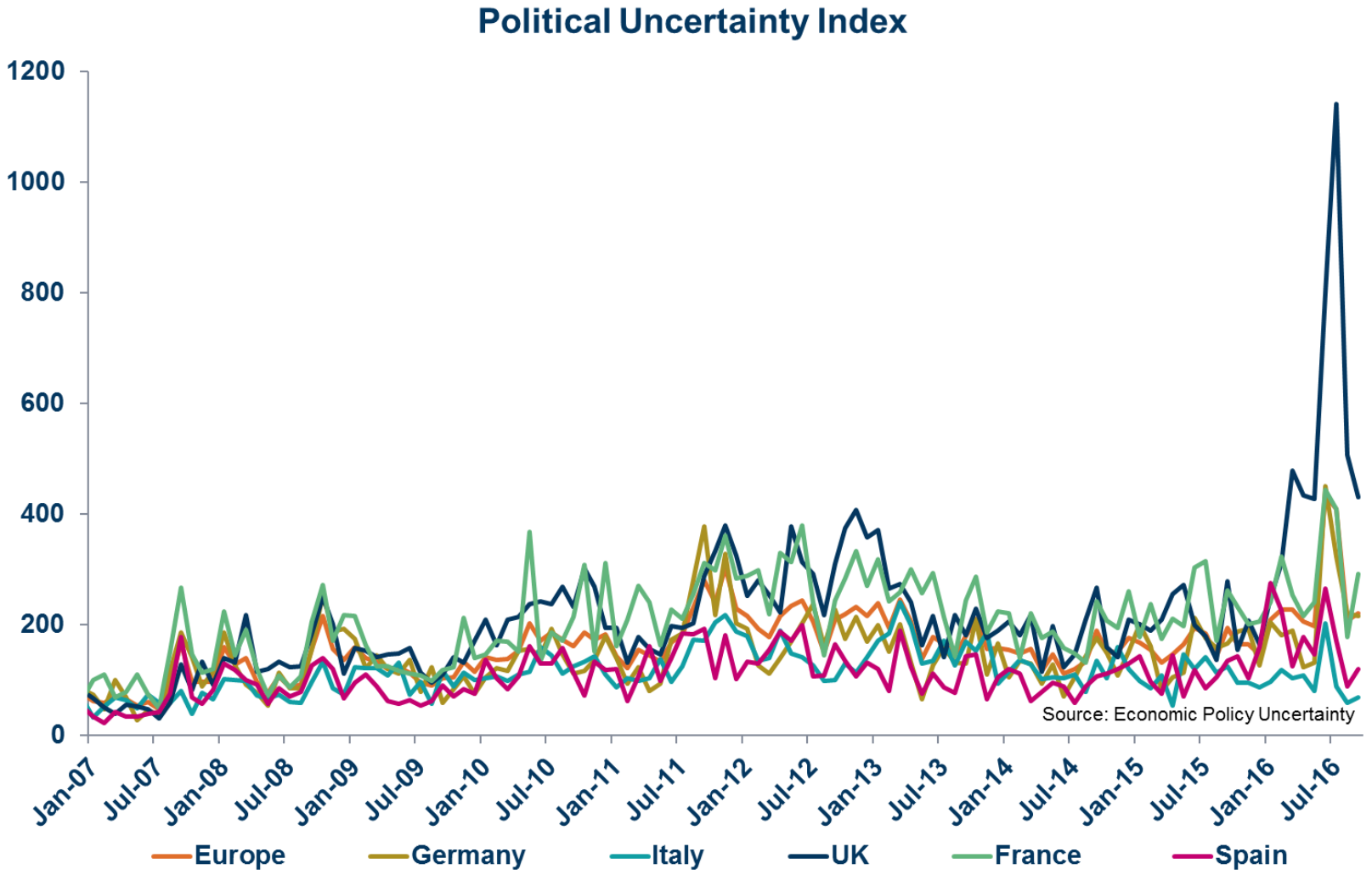


Europe: Non performing loans (as a % of total)



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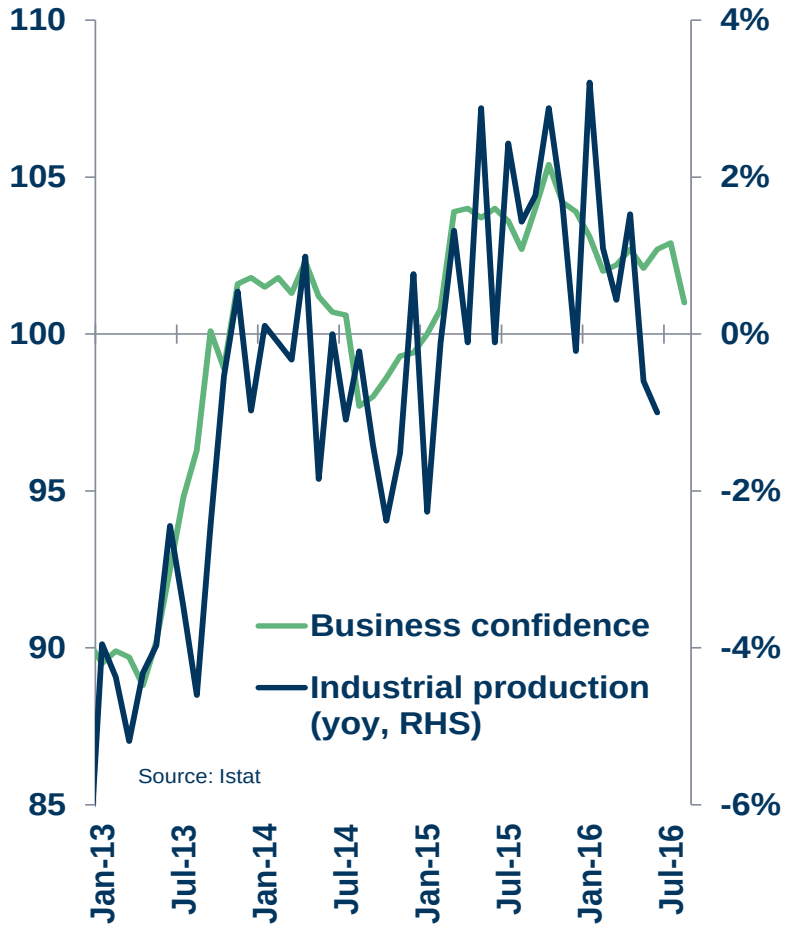
Western Europe: Will political risk spoil the party?



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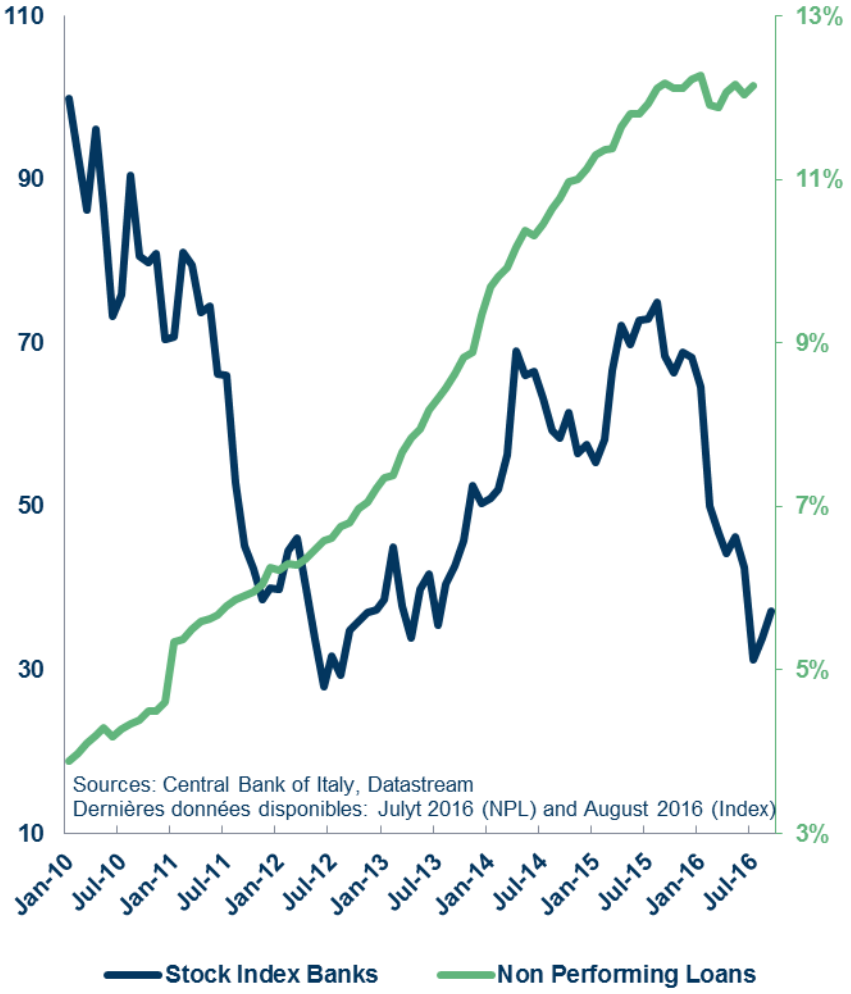
Italy: The typical example

Italy: Business confidence and industrial production



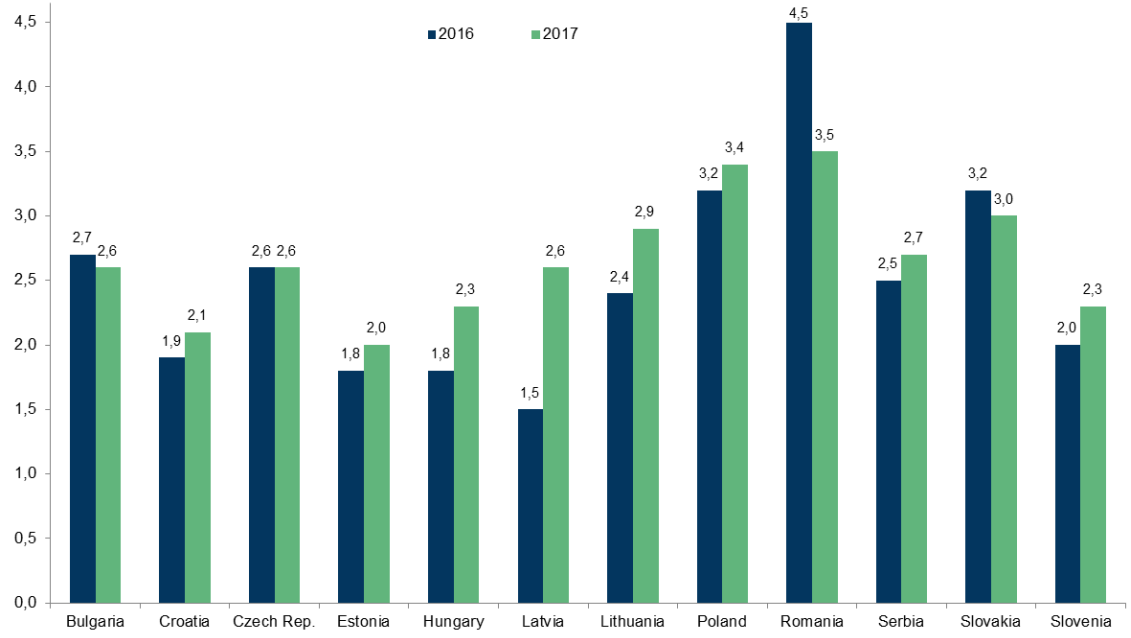
Source: UNHCR

Italy Banks

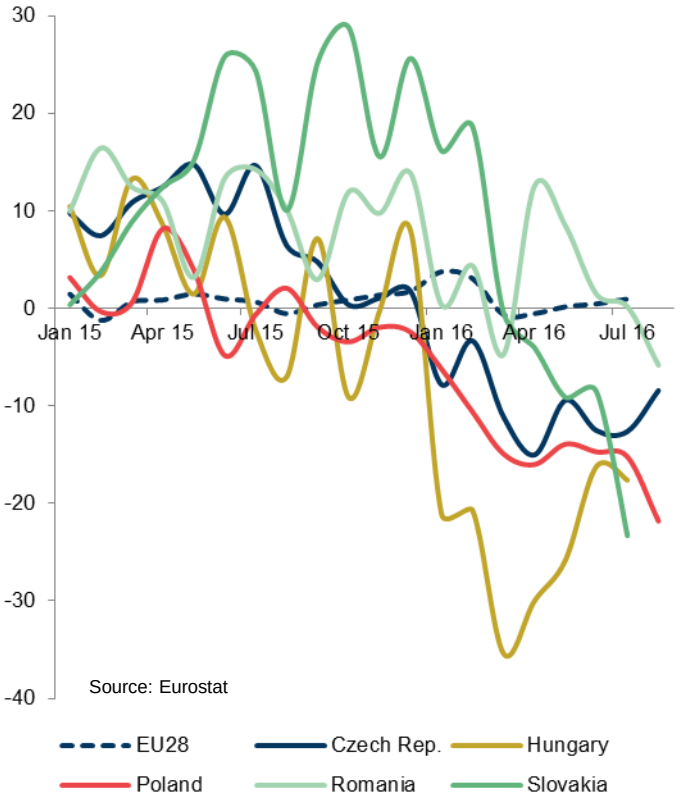


Central Europe: The best performing region?

GDP growth (%)

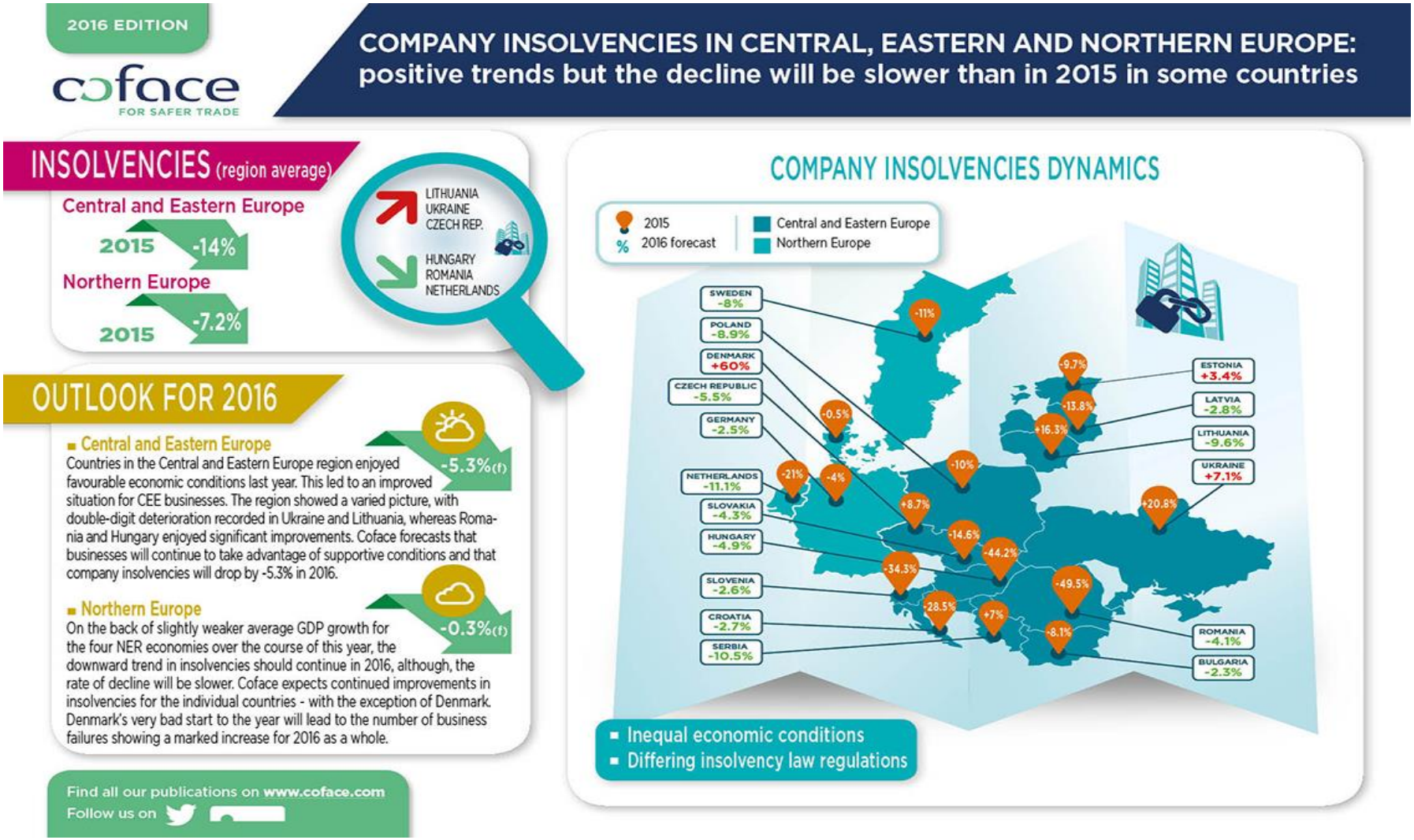


Construction output
(%, y-o-y changes)

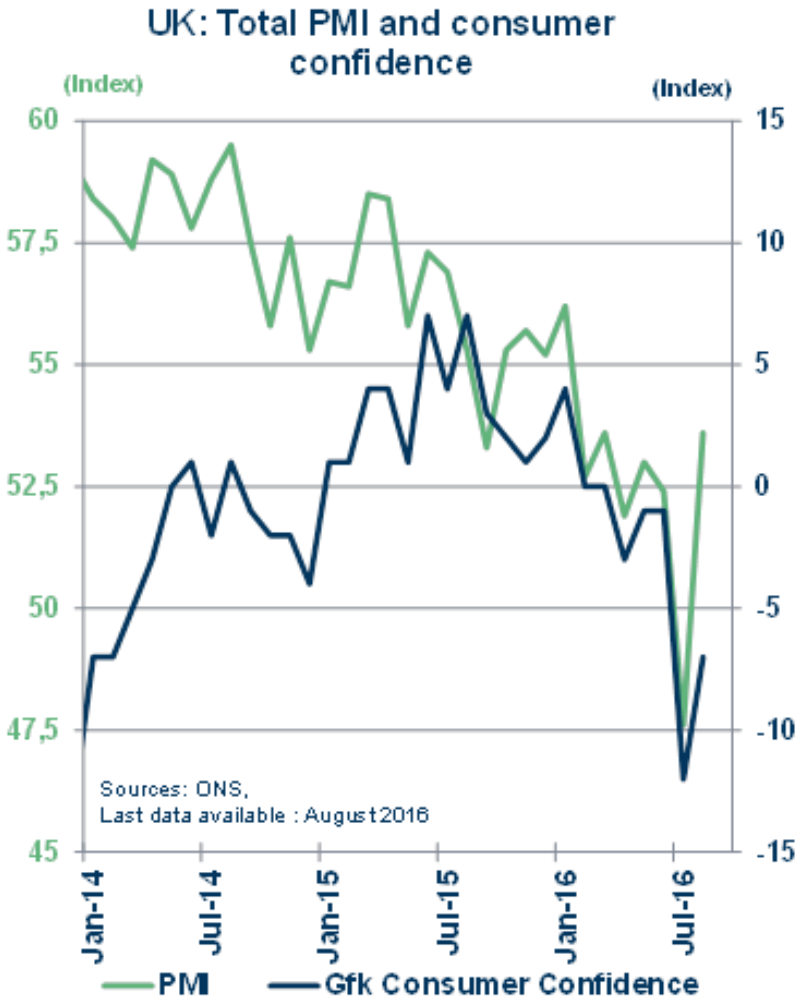


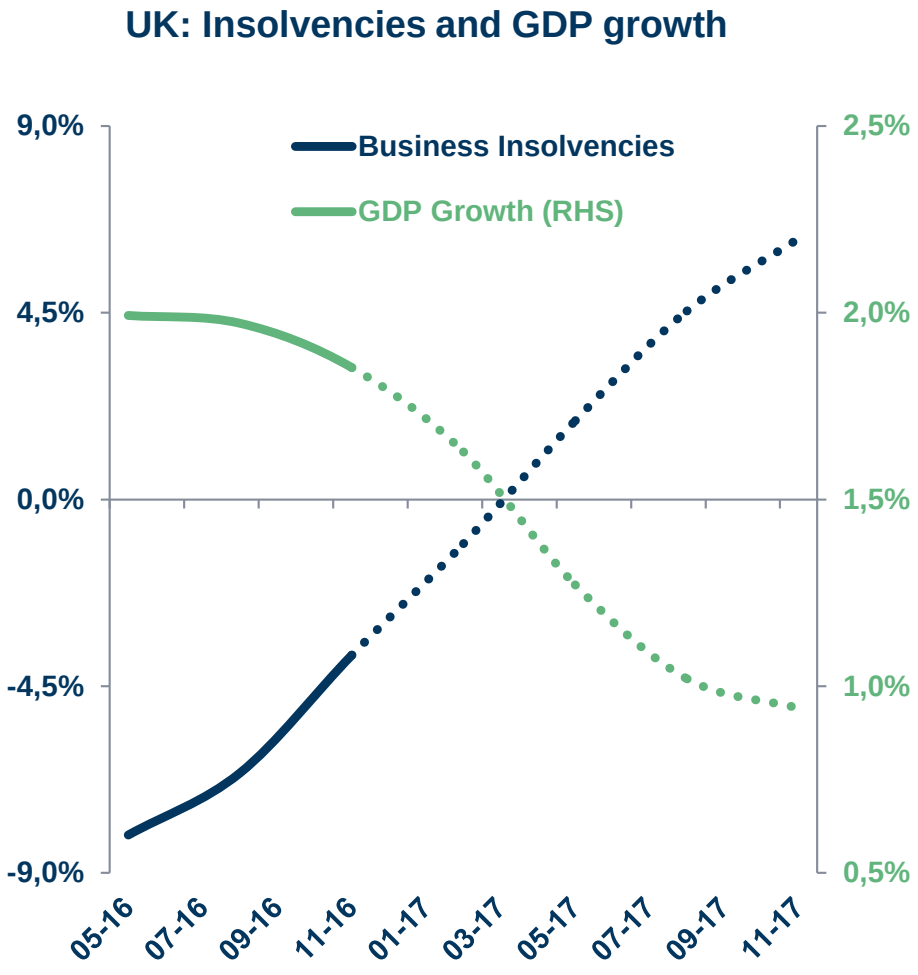
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Central Europe: Insolvencies on the right track



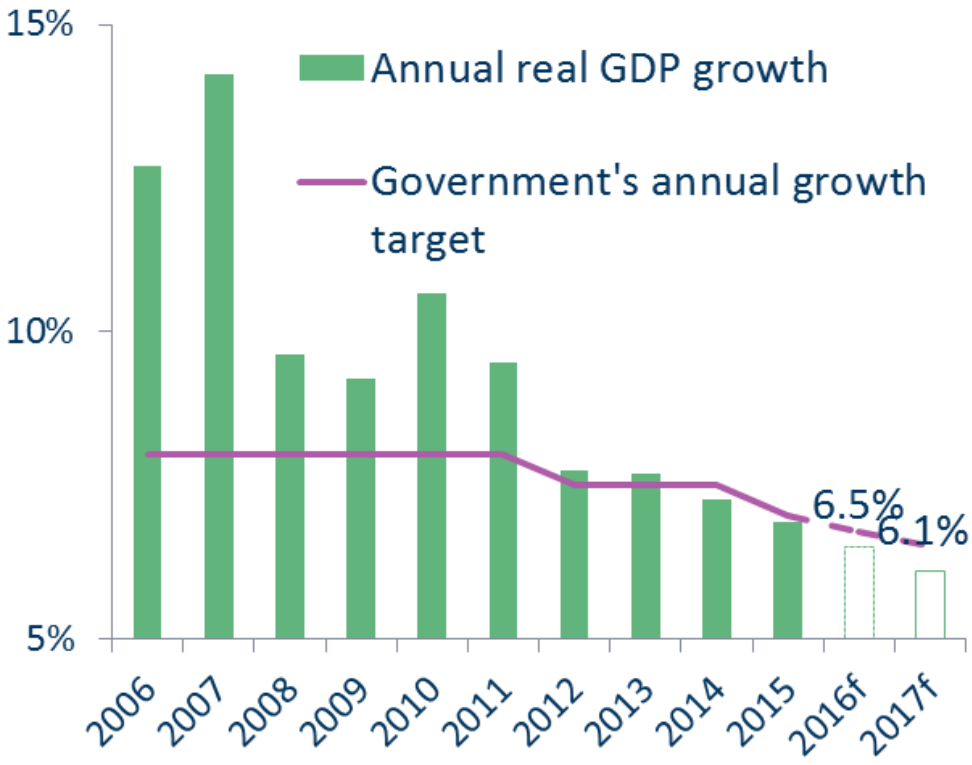
UK: Not as bad as expected, but insolvencies will rise in 2017



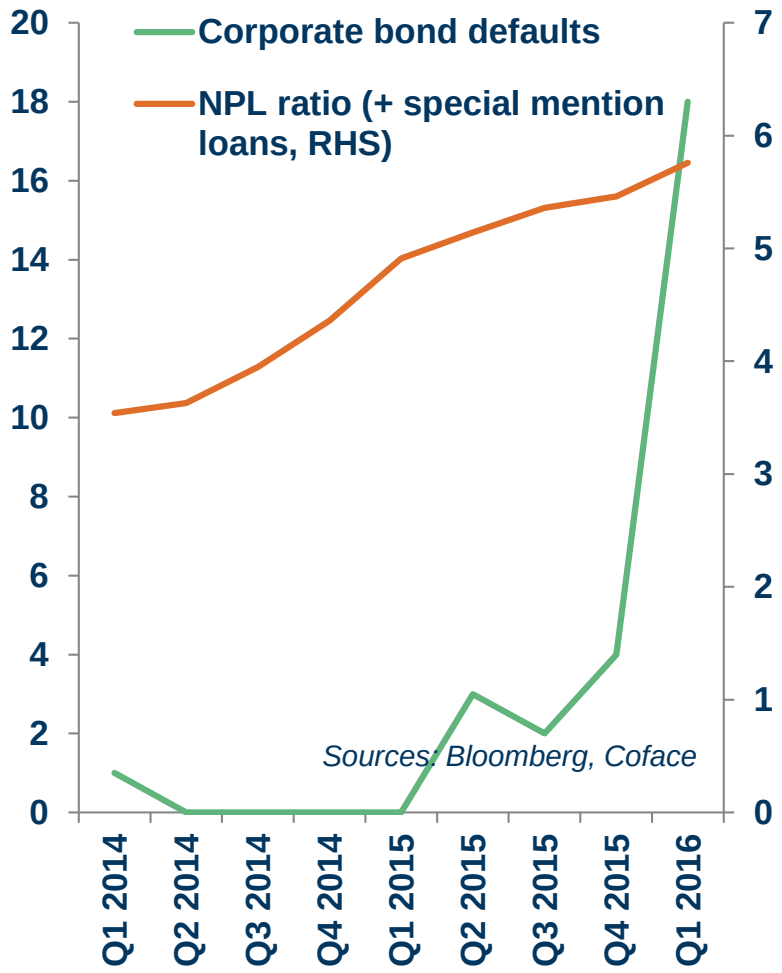


China: A deceptive calm

China: Growth (%)



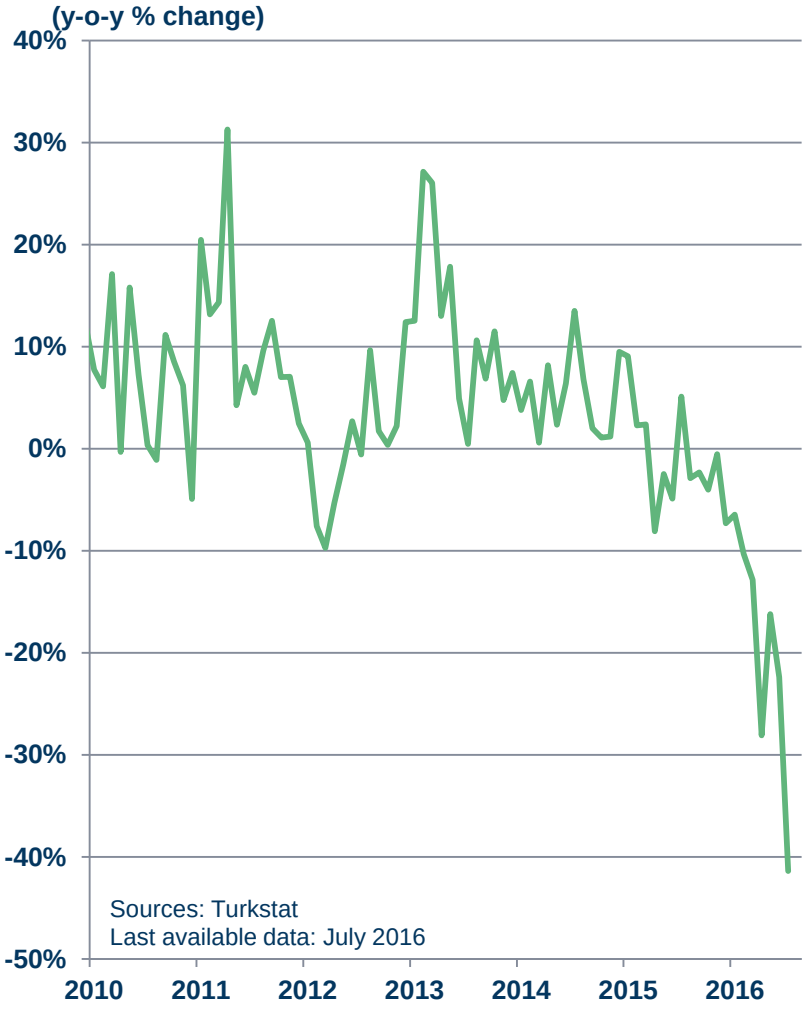
China: Corporate Bond Defaults and Non Performing Loans



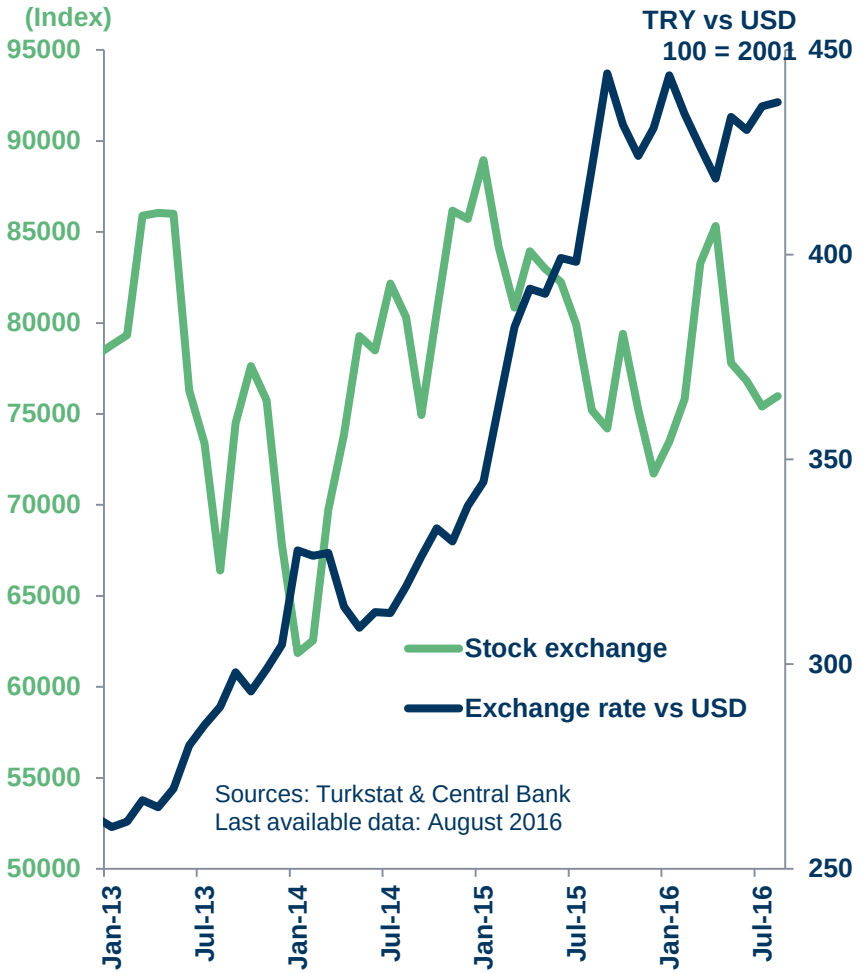
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Turkey: Pending volatility

Turkey: tourist arrivals

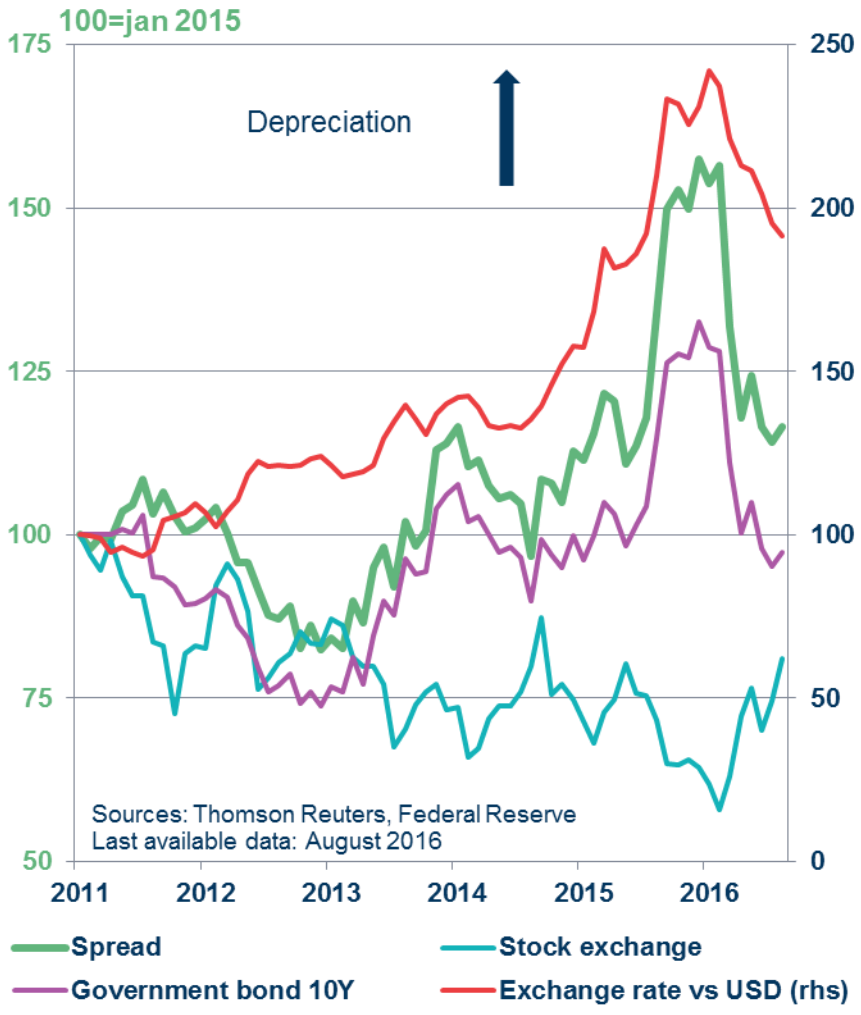


Turkey: Stock exchange and FX

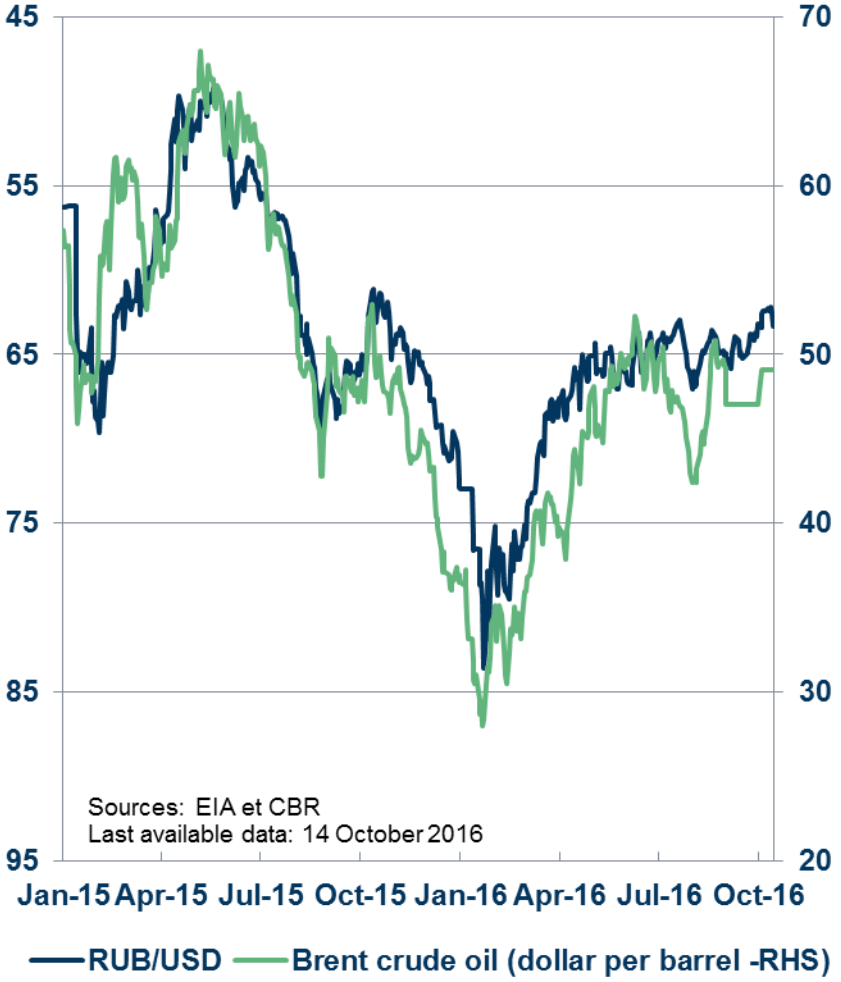


Brazil and Russia: The worst is behind us

Brazil: market indicators



Russia: oil price and RUB



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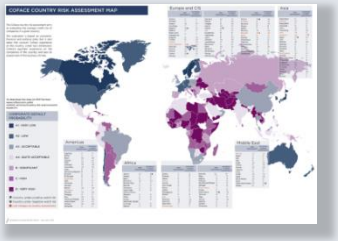
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