

COFACE

**COUNTRY
RISK
CONFERENCE**

**MAJOR
TRENDS IN
THE WORLD
ECONOMY 2019**

ASIA OUTLOOK 2020

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COFACE

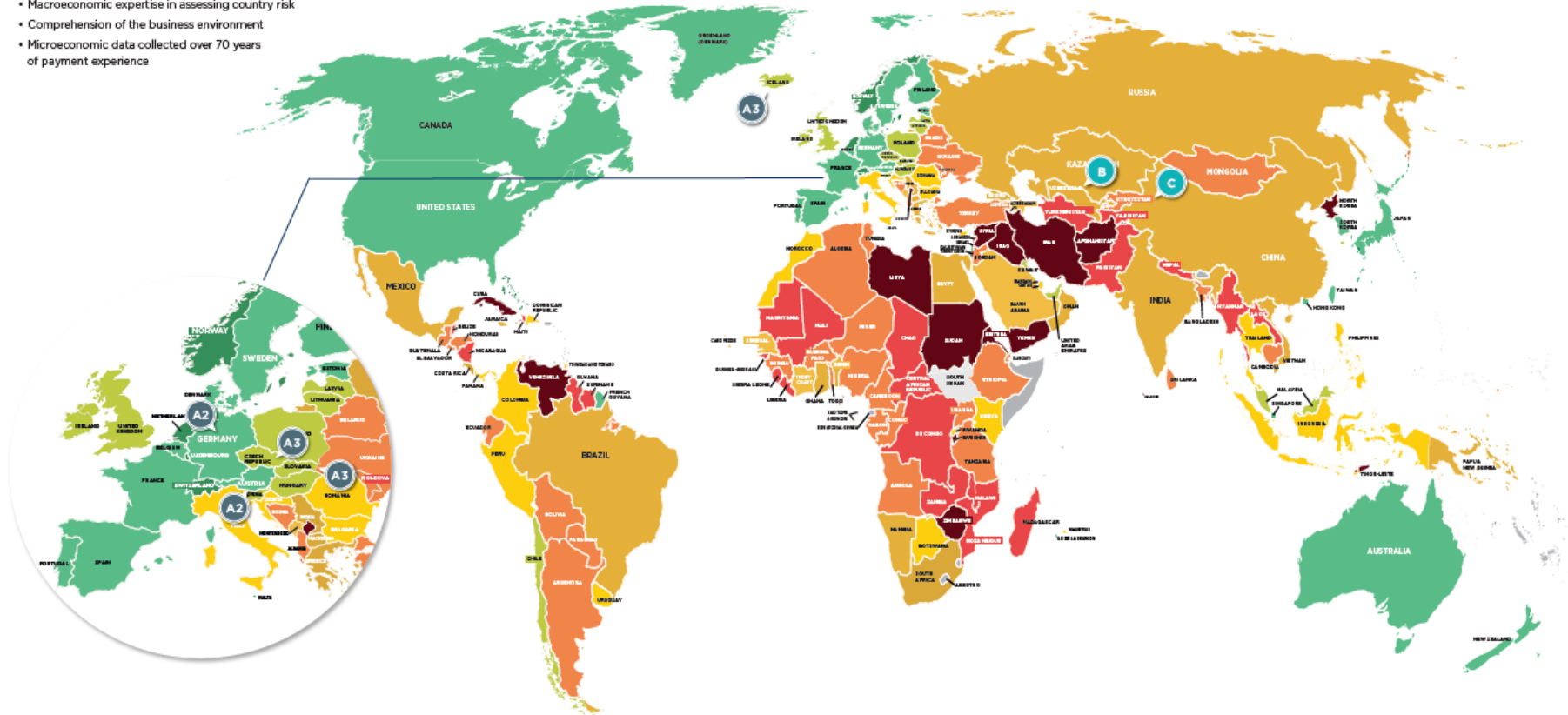
COFACE RISK ASSESSMENT MAP – Q3 2019



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



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COFACE RISK ASSESSMENTS – 2019 YTD

Last updated: 18/09/2019

	Asia-Pacific	Australia	China	India	Japan	South Korea
Agri-food	Medium risk	High risk	Medium risk	Medium risk	Medium risk	Medium risk
Automotive	High risk	High risk	High risk	Medium risk 	Medium risk 	High risk
Chemical	Medium risk	Low risk	Medium risk	Medium risk	Medium risk	Low risk
Construction	Very high risk	High risk	Very high risk	High risk	Medium risk	Very high risk
Energy	High risk	Medium risk	High risk	High risk	High risk	High risk
ICT	High risk	Medium risk	High risk	Very high risk	Medium risk	Medium risk 
Metals	High risk	High risk	High risk	High risk	High risk	High risk
Paper	Medium risk	High risk	Medium risk	Medium risk	High risk	Medium risk
Pharmaceutical	Low risk	Low risk	Low risk	Low risk	Low risk	Medium risk 
Retail	Medium risk	High risk	Medium risk	High risk	Medium risk	Medium risk
Textile-Clothing	High risk	High risk	High risk	High risk	High risk	Medium risk
Transport	Medium risk	Medium risk	Medium risk	Medium risk	Medium risk	High risk
Wood	High risk	High risk	High risk	Medium risk	Medium risk	Medium risk


BUSINESS
DEFAULT
RISK

 Low risk

 Medium risk

 High risk

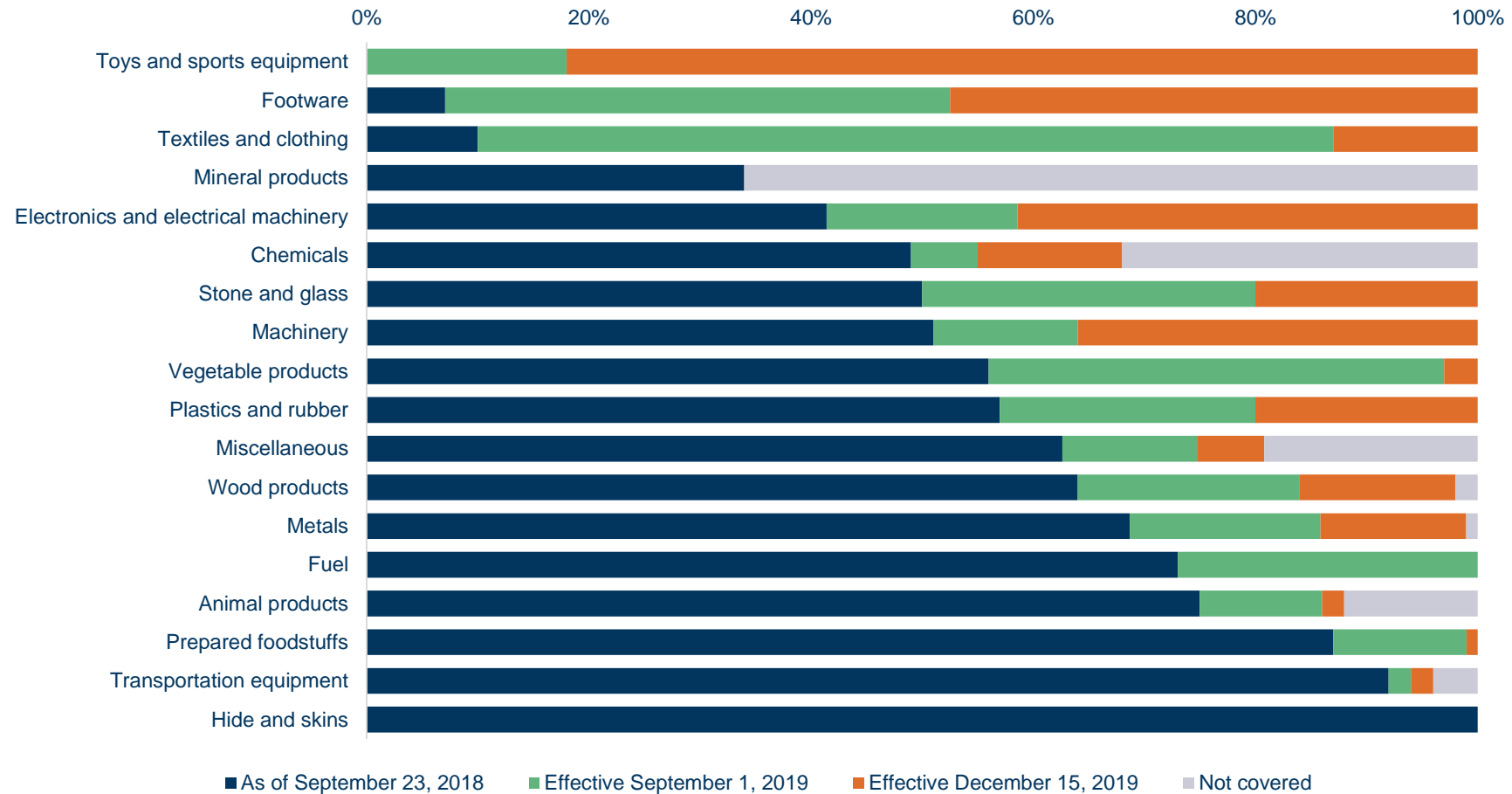
 Very high risk

 Upgrade

 Downgrade

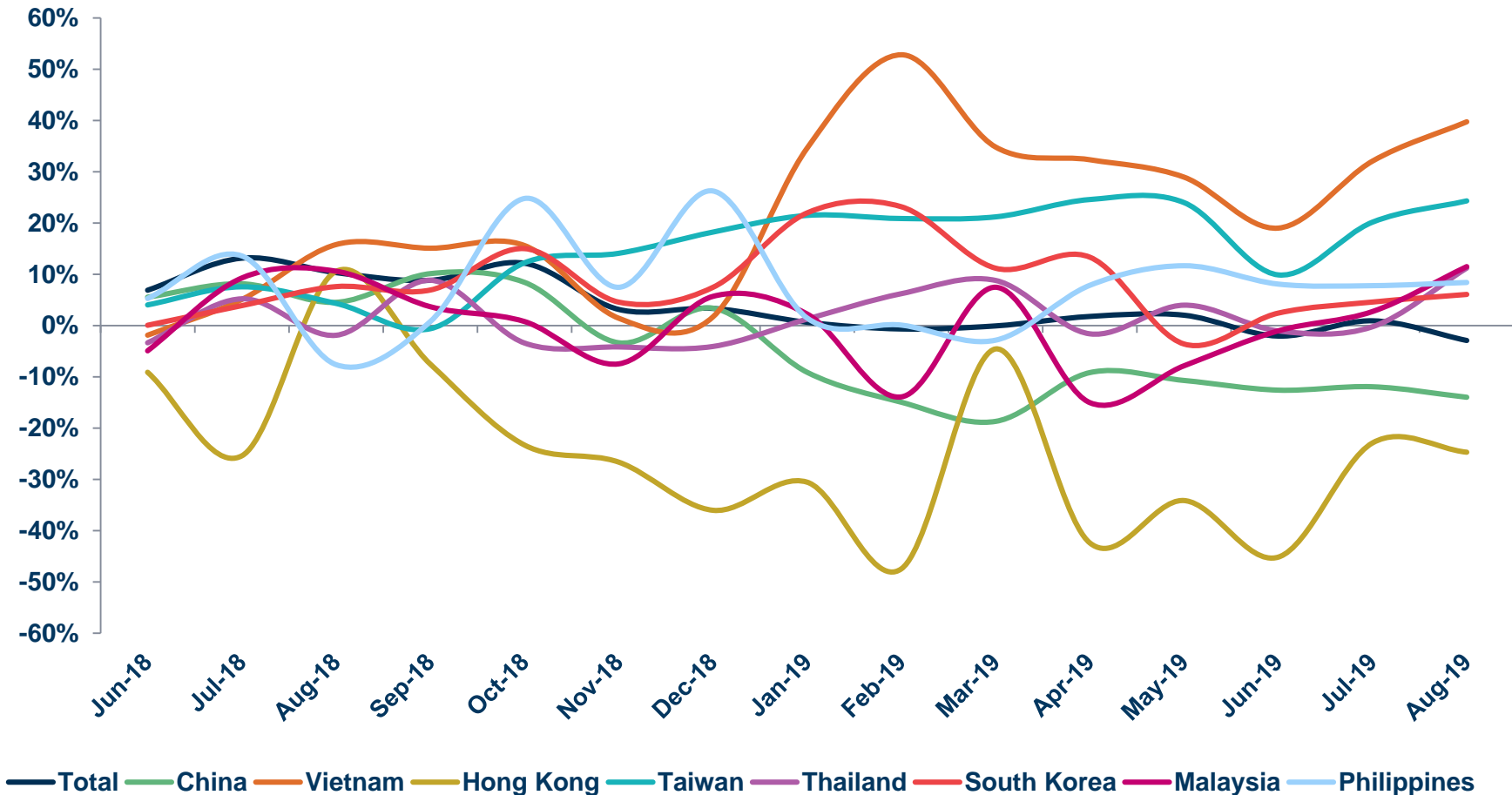
PROTECTIONISM: BRACE FOR A HARSHER 2020

Percentage of US imports from China subject to Section 301 tariffs by product

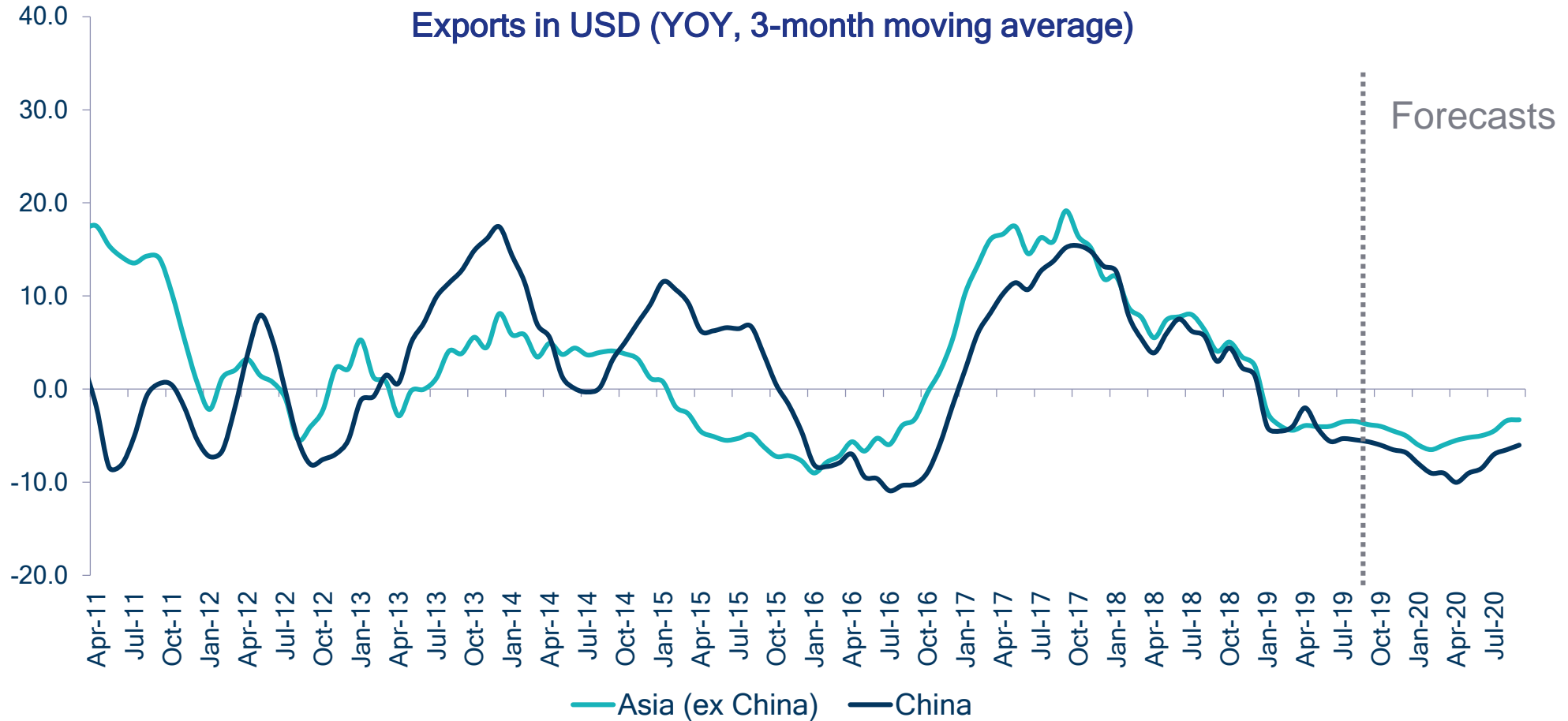


TRADE: SOME "WINNERS", BUT...

Percentage YOY growth of US imports

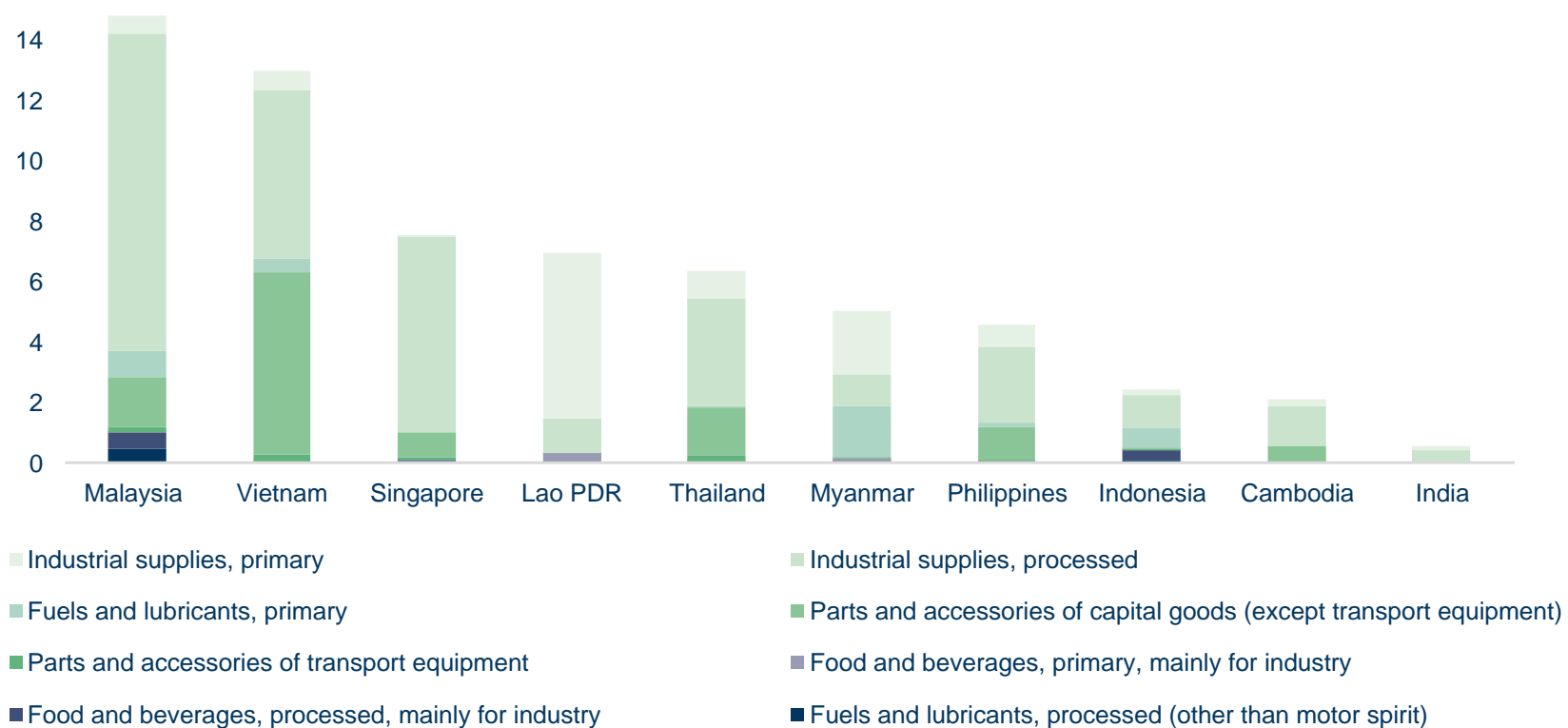


...IN THE END EVERYONE IS WORSE OFF



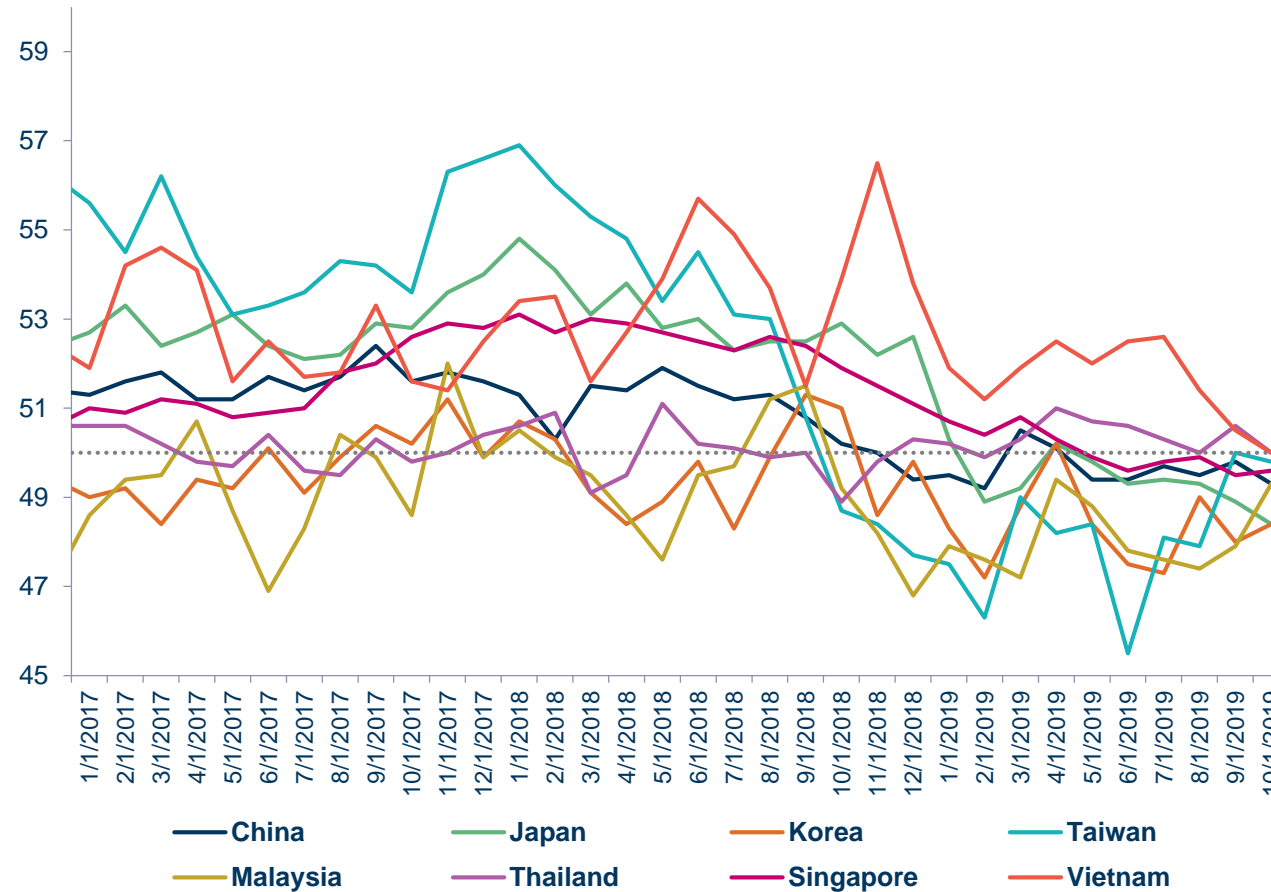
TRADE: WHICH MARKETS WILL STRUGGLE IN 2020?

Intermediate goods exports to China, 2017 (percentage of GDP)



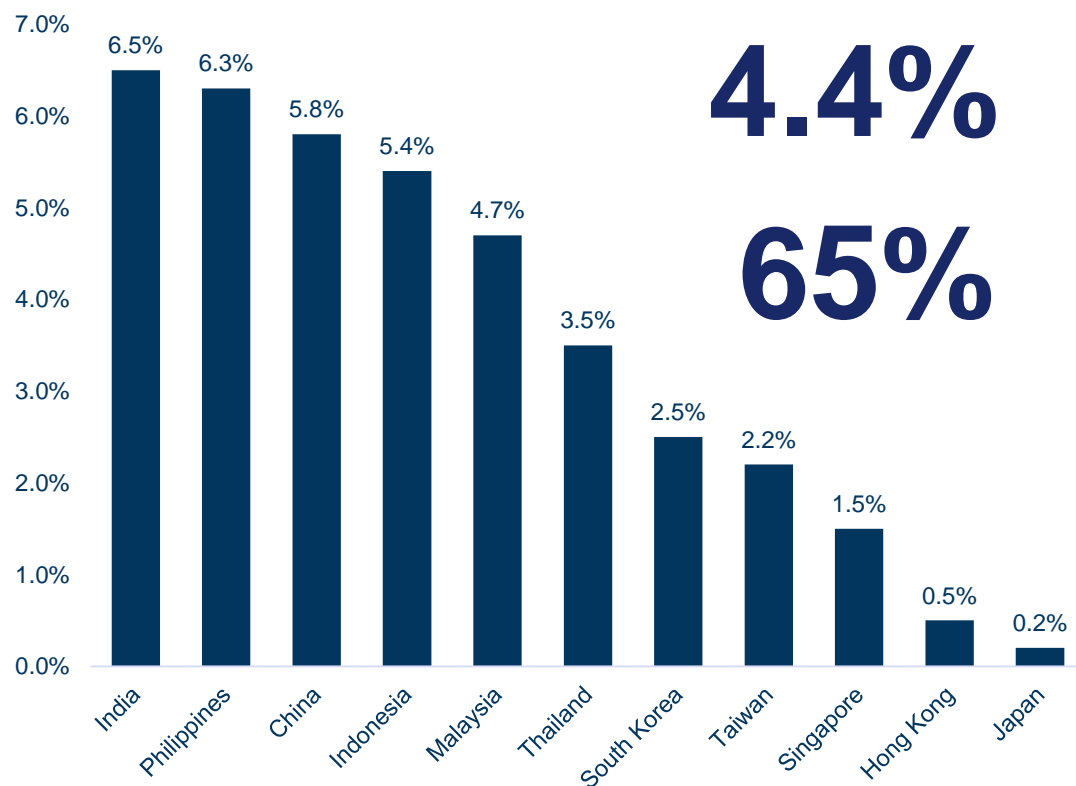
ACTIVITY: MANUFACTURING PMI IN NEGATIVE TERRITORY

Intermediate goods exports to China, 2017 (percentage of GDP)



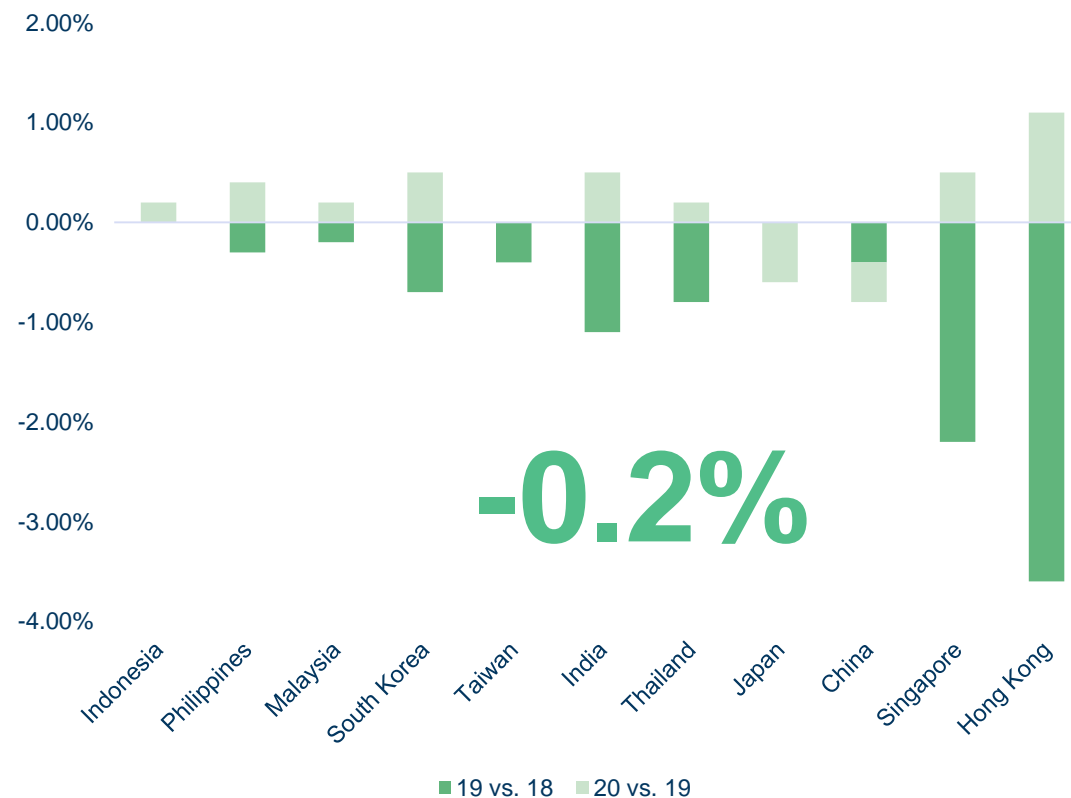
ACTIVITY: SLOWER GROWTH TO IMPACT PROFITS

ASIA GDP growth forecasts 2020



Source: IMF and Coface calculations

Change in GDP growth (percentage)

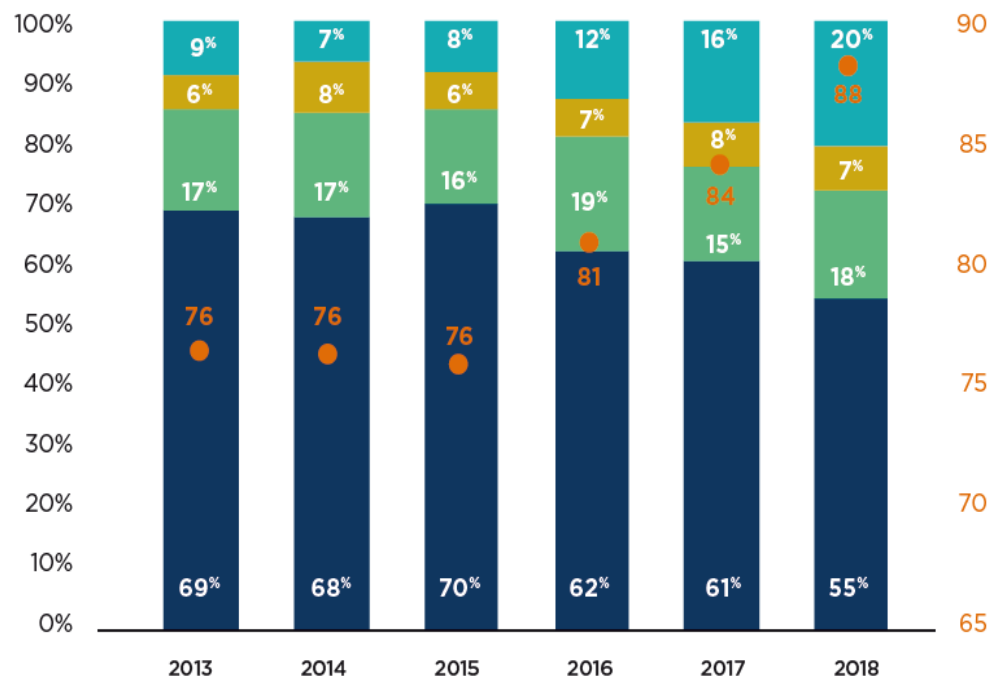


Source: IMF and Coface calculations

PAYMENTS: HIGHER DELAYS AND CASH FLOW RISKS

Payment delays in APAC: Payment delays have increased since 2015

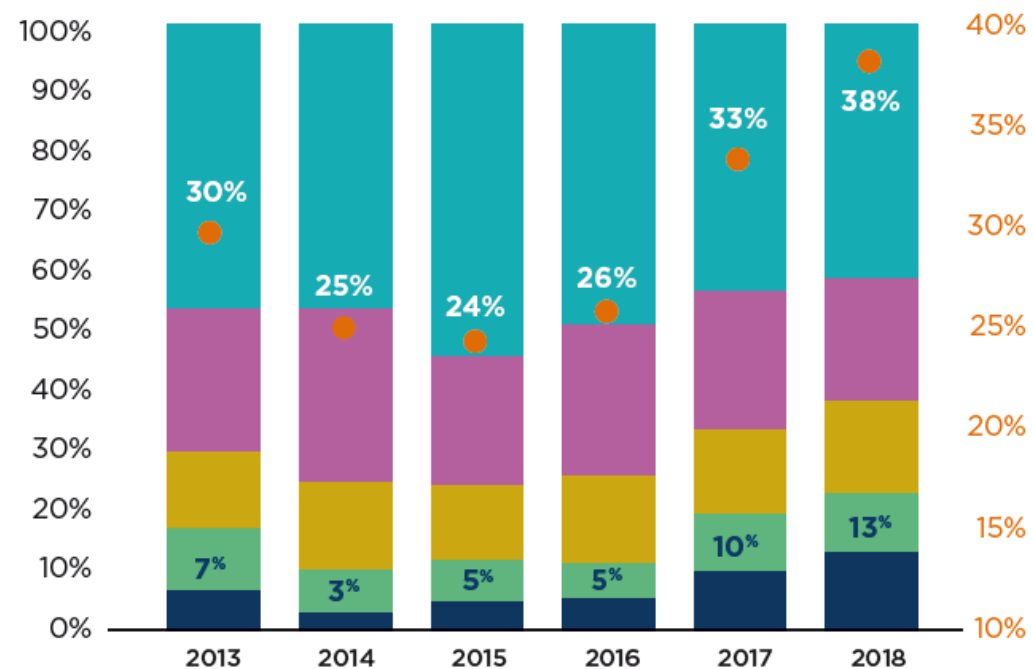
■ < 60 days
 ■ 60-90 days
 ■ 90-120 days
 ■ > 120 days
● Average payment delays



Source: Coface Asia Payment Survey 2019

ULPDs and annual turnover in APAC: Cash flow risks are on the rise

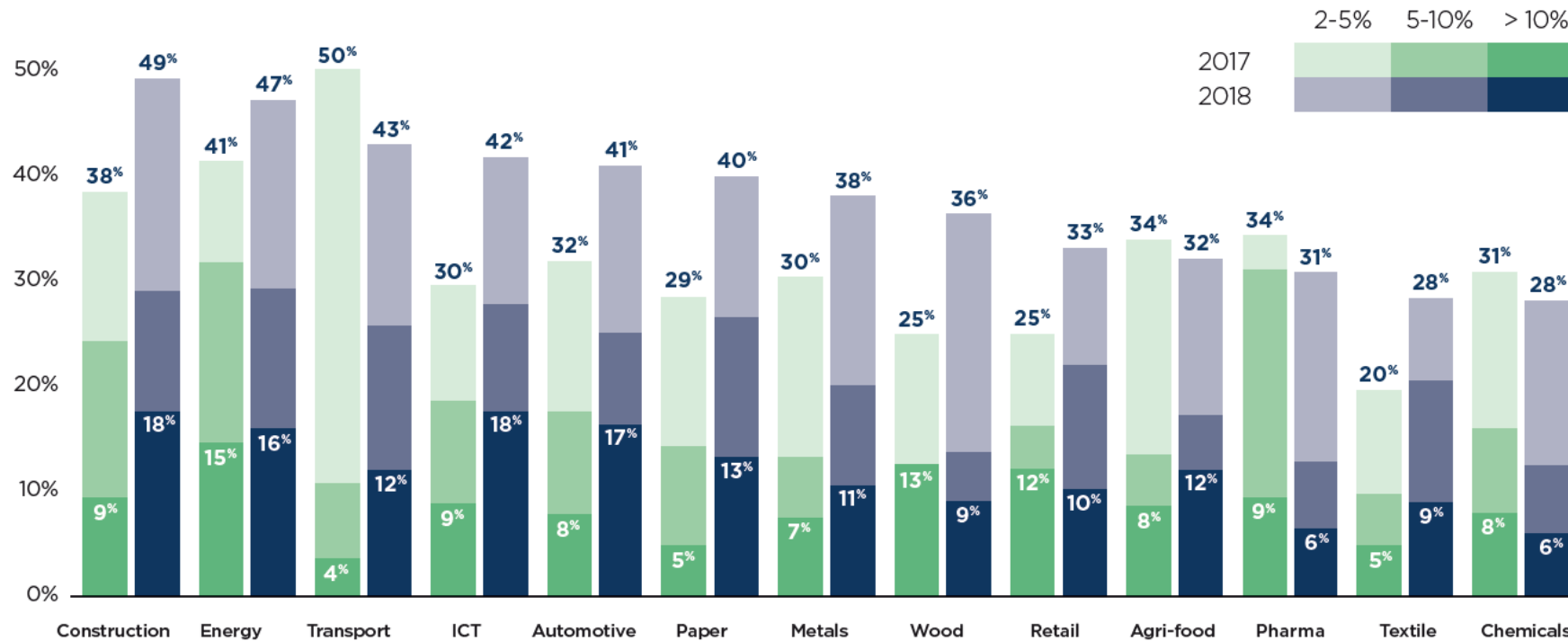
■ > 10%
 ■ 5-10%
 ■ 2-5%
 ■ 0.5-2%
 ■ < 0.5%
● > 2%



Source: Coface Asia Payment Survey 2019

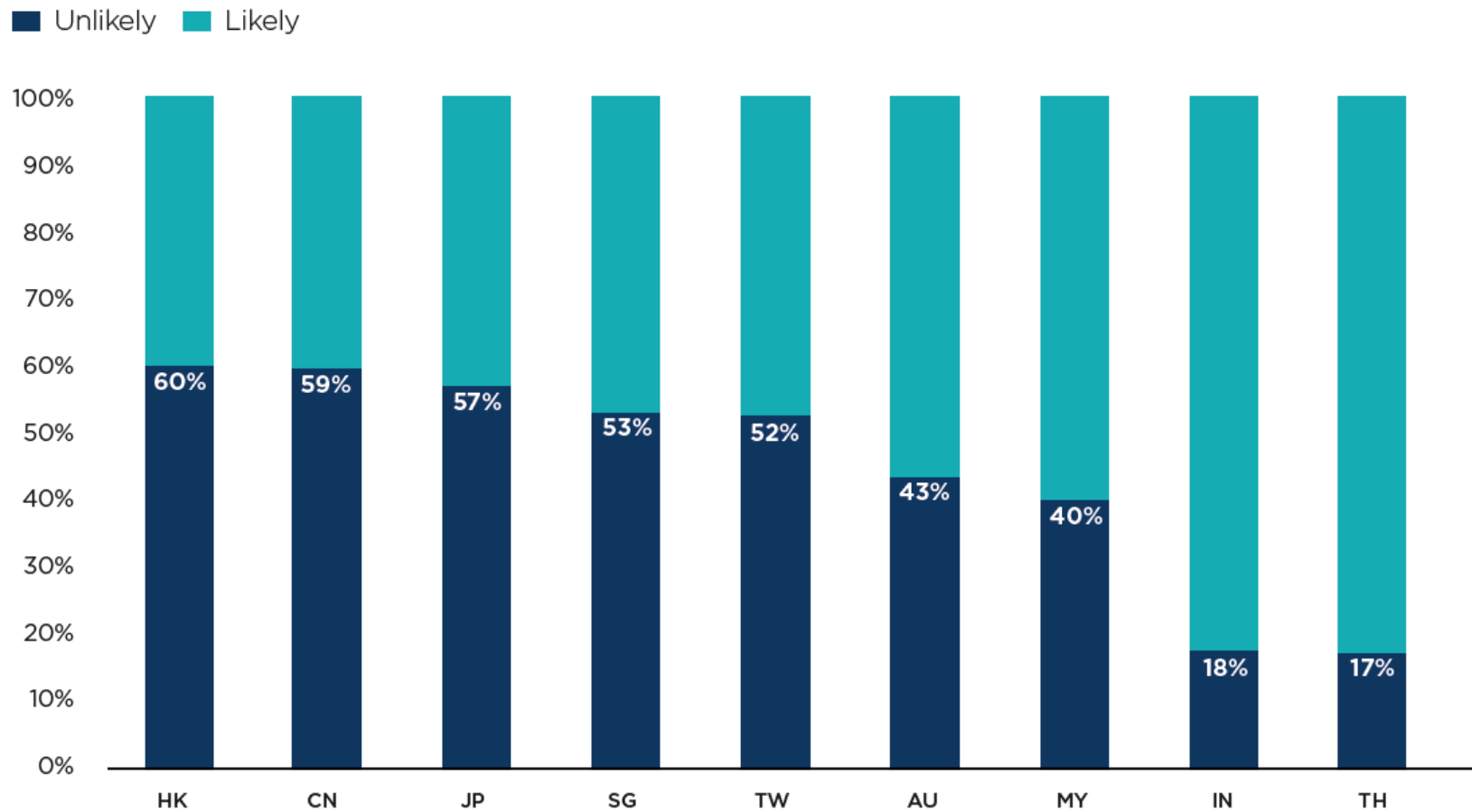
POLITICAL UNCERTAINTY AND CASH FLOW RISKS

ULDPs and annual turnover by sector:
Highest for construction and energy, but fastest deterioration for auto and ICT



ECONOMIC EXPECTATIONS

Will economic growth improve relative to last year?
Weaker domestic sentiment spells trouble ahead for 2019-2020



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