



**WEBINAR: THE IMPACT OF COVID-19.
HAS A RECOVERY ALREADY STARTED?**

GRZEGORZ SIELEWICZ

Economist Central & Eastern Europe Region

17th June 2020

COFACE WEBINAR: THE IMPACT OF COVID-19 ON THE ECONOMY



YOUR HOST

Declan Daly

CEO Central & Eastern Europe Region
declan.daly@coface.com



Grzegorz Siewicz

Economist Central & Eastern Europe Region
grzegorz.siewicz@coface.com

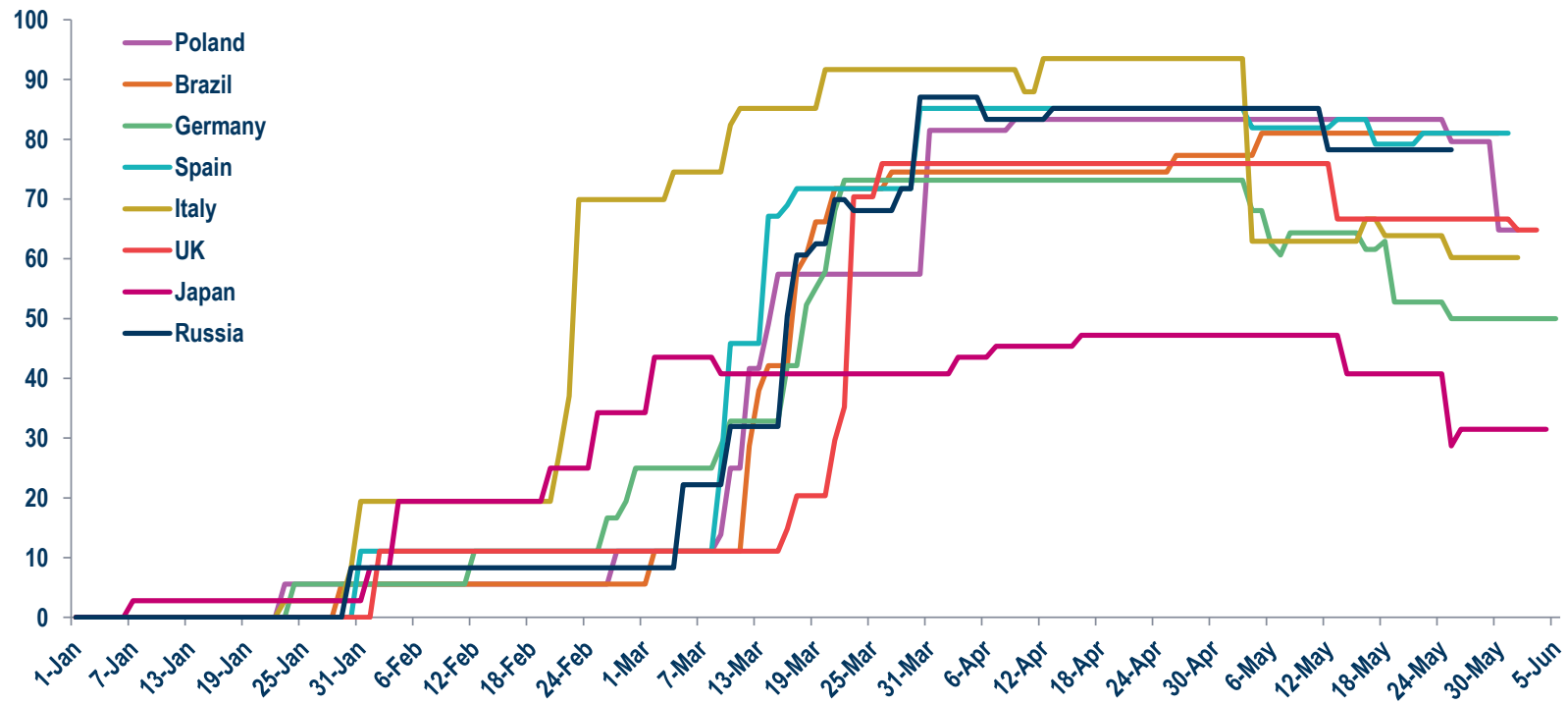
Questions?

Please submit any questions in the Questions Panel.

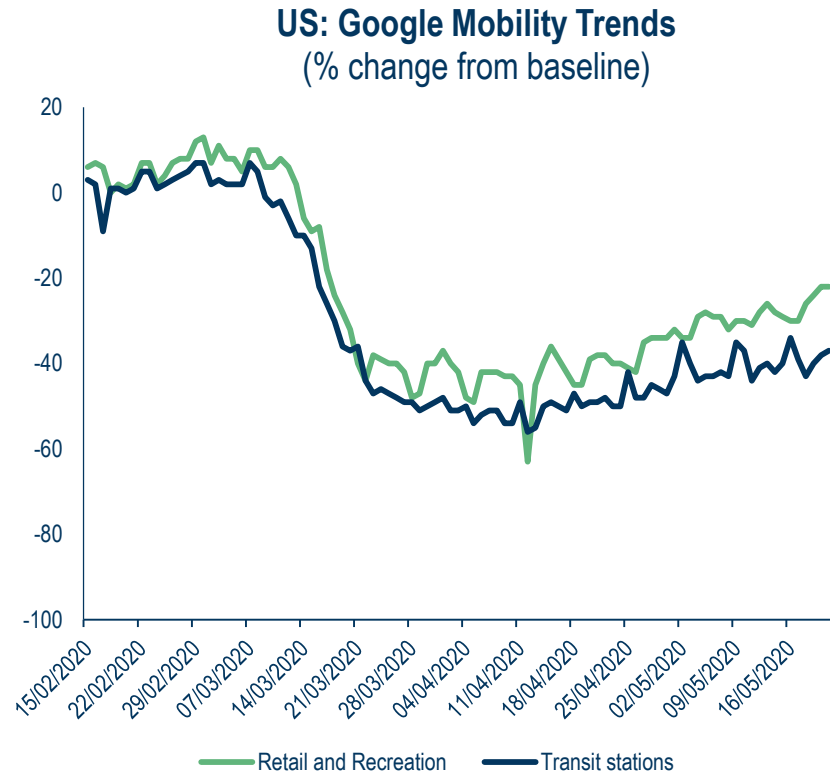
Your host will answer them at the end of the presentation.

LOCKDOWNS ARE BEING EASED VERY GRADUALLY

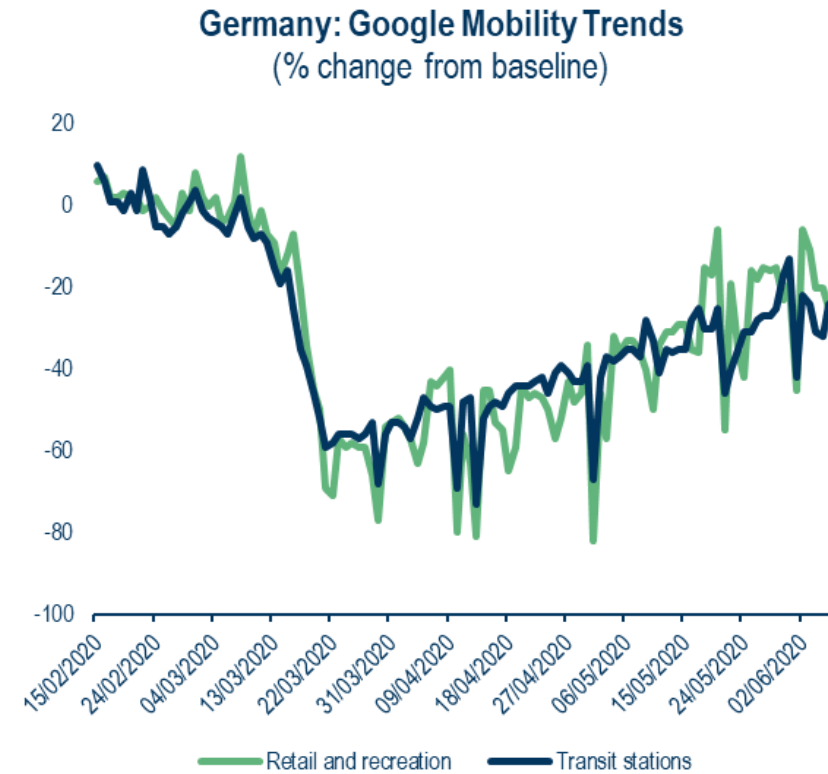
Stringency index (source: Oxford University)



HIGH FREQUENCY INDICATORS: A VERY GRADUAL RECOVERY IS NOW UNDERWAY



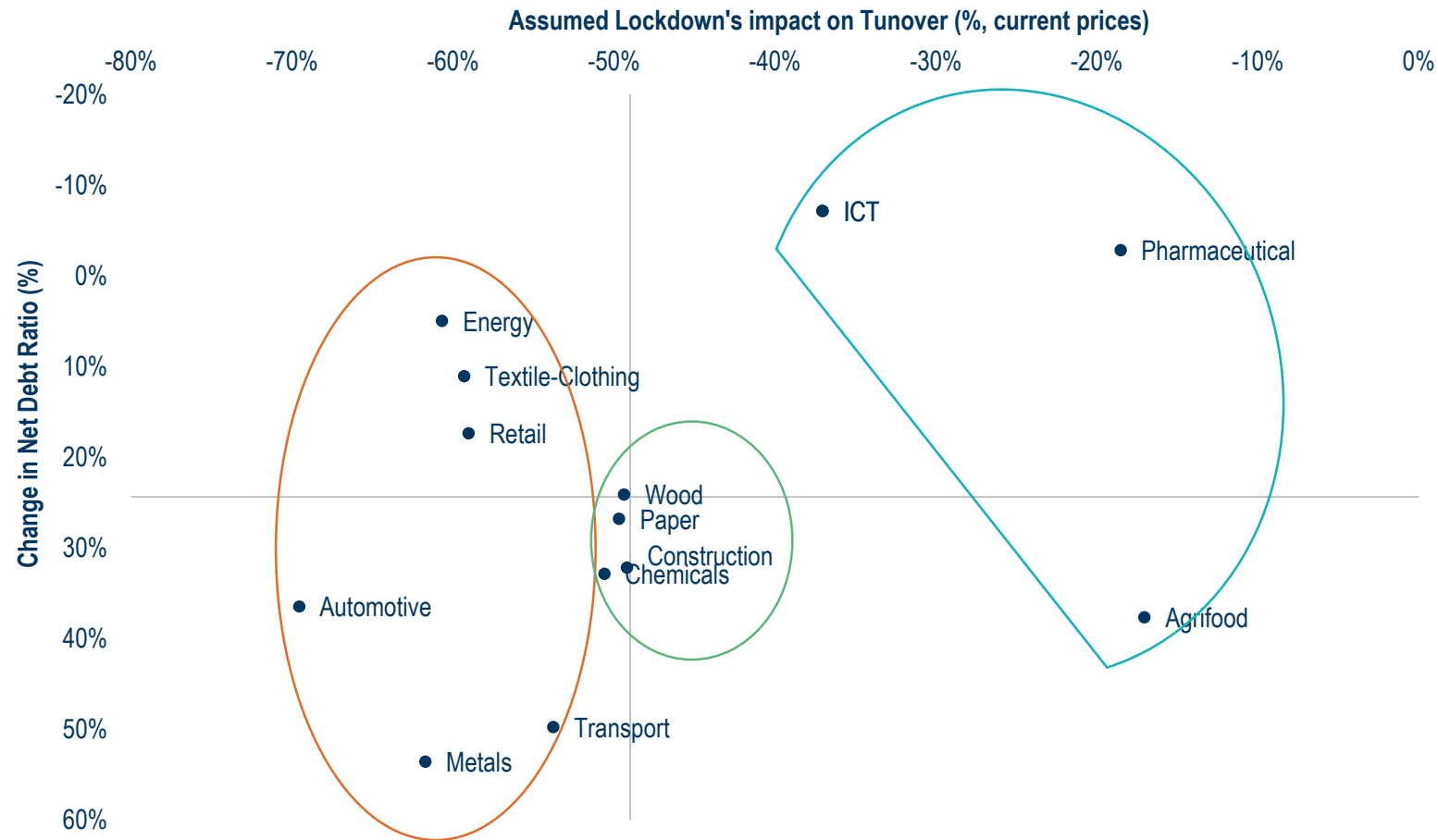
Source: Google



Source: Google

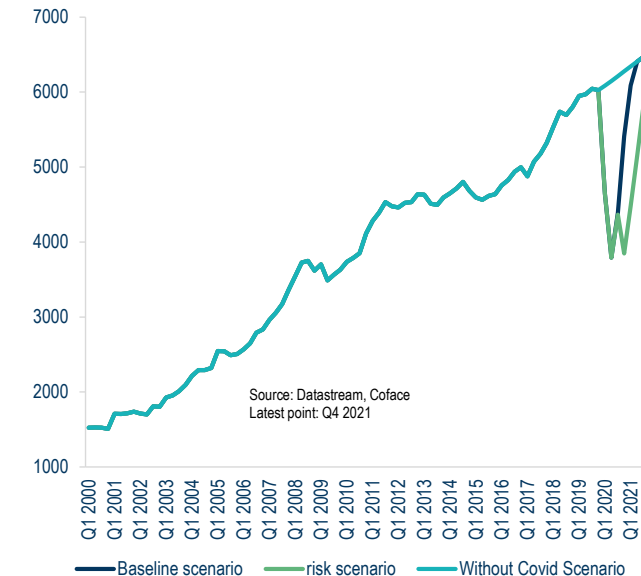
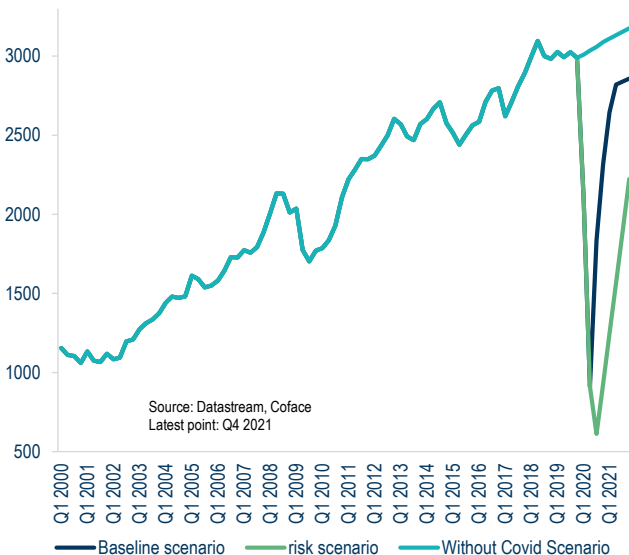
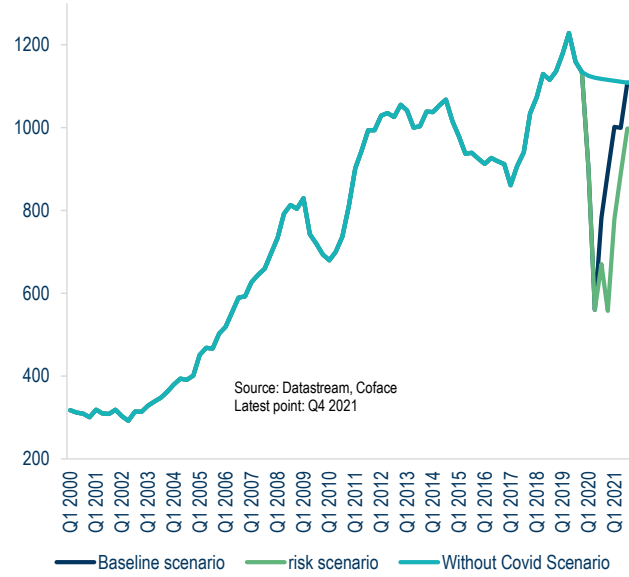
LOCKDOWN: A MASSIVE SHOCK IN Q2, BUT ALL SECTORS ARE NOT ALL IN THE SAME BASKET

Estimated shocks on net debt and turnover by sector in Q2 2020
(listed companies, sources: Coface and Thomson Reuters)



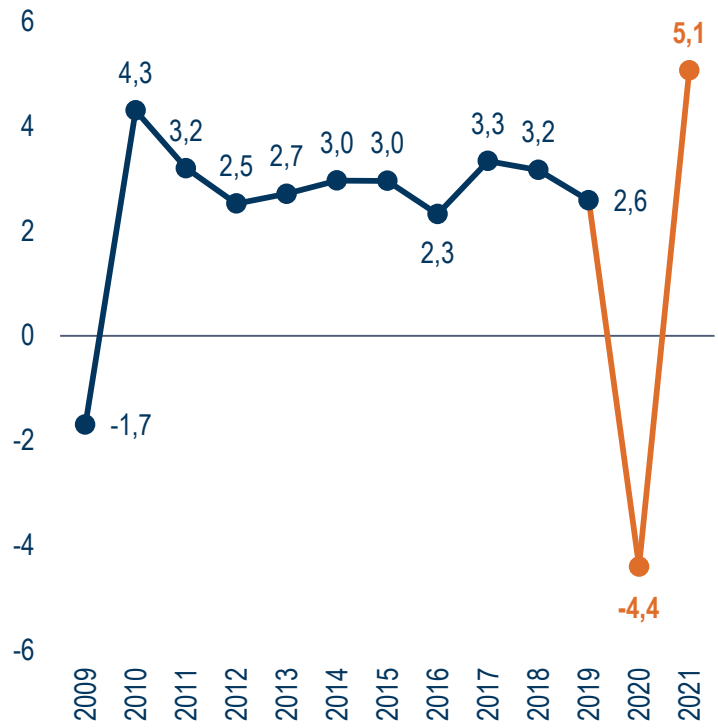
BEYOND Q2, DIFFERENTIATED RECOVERIES

Forecast of COVID-19 impact on selected global sector sales compared to a scenario without COVID-19
(turnover of listed companies)



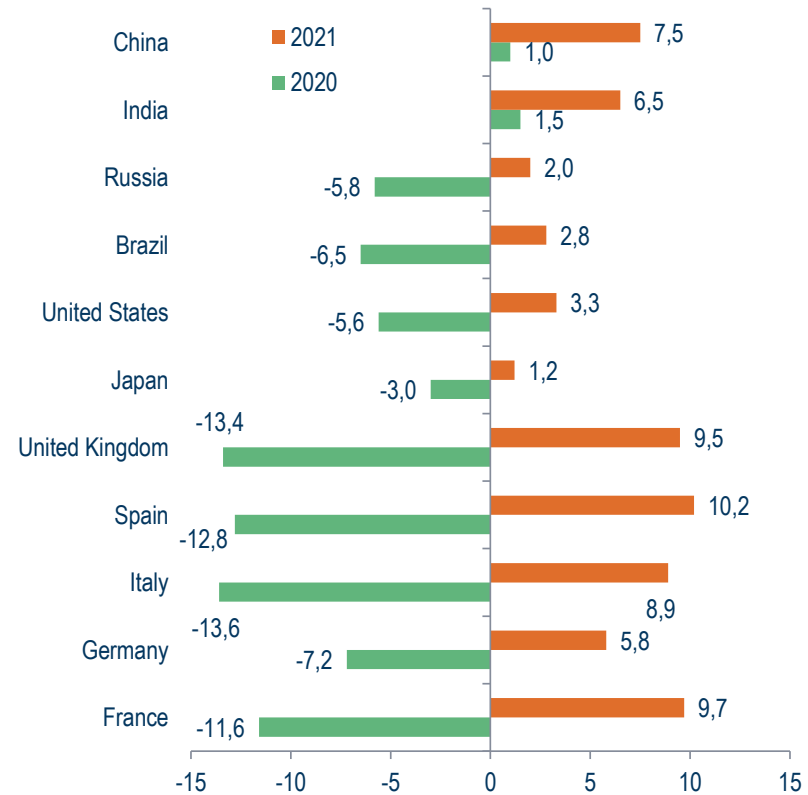
WORLD ECONOMIC GROWTH IN 2020: LOWER THAN IN 2009

World GDP growth
(Coface's forecast, %)



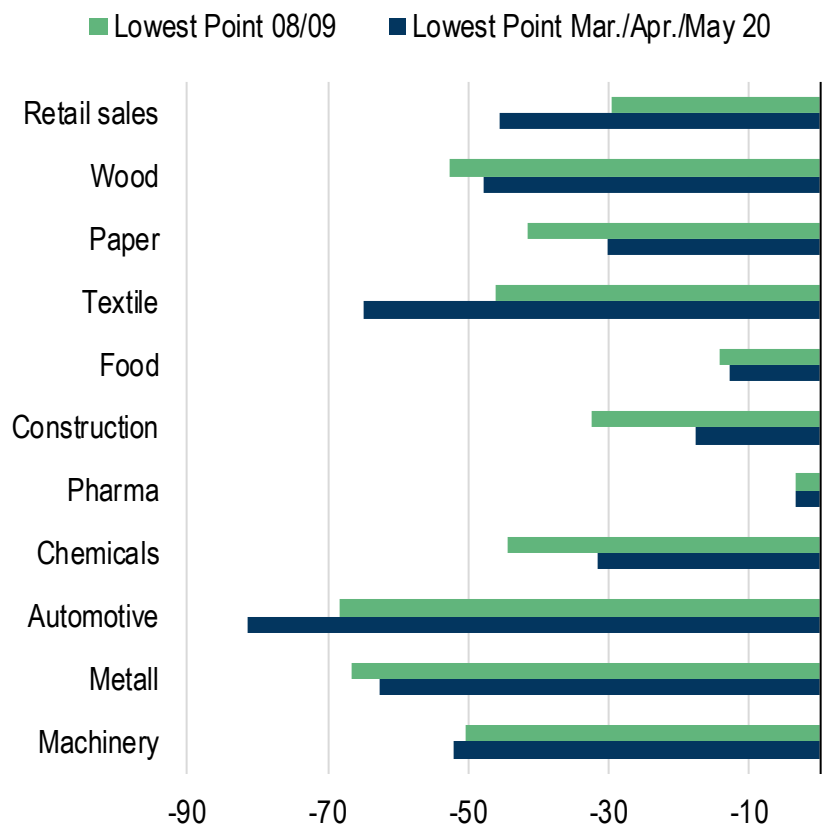
Sources: IMF, National authorities, Datastream, Coface

Coface's GDP growth forecasts
(%)



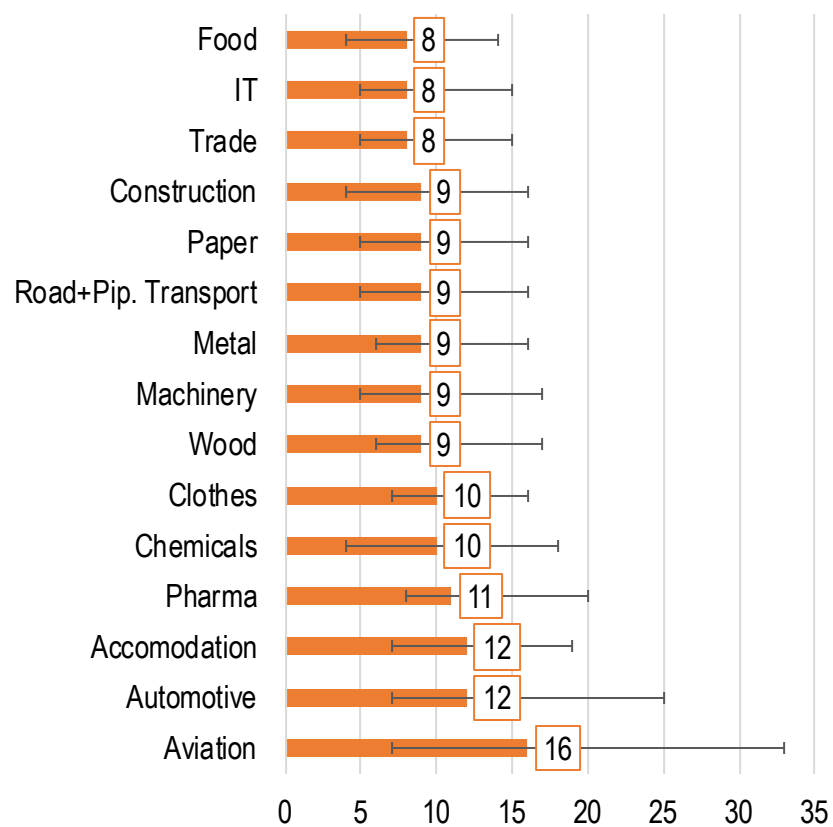
GERMAN INDUSTRIES: THE PRESSURE IS STRONG

ifo business climate in single sectors
(in points)



Source: ifo, Datastream, Coface

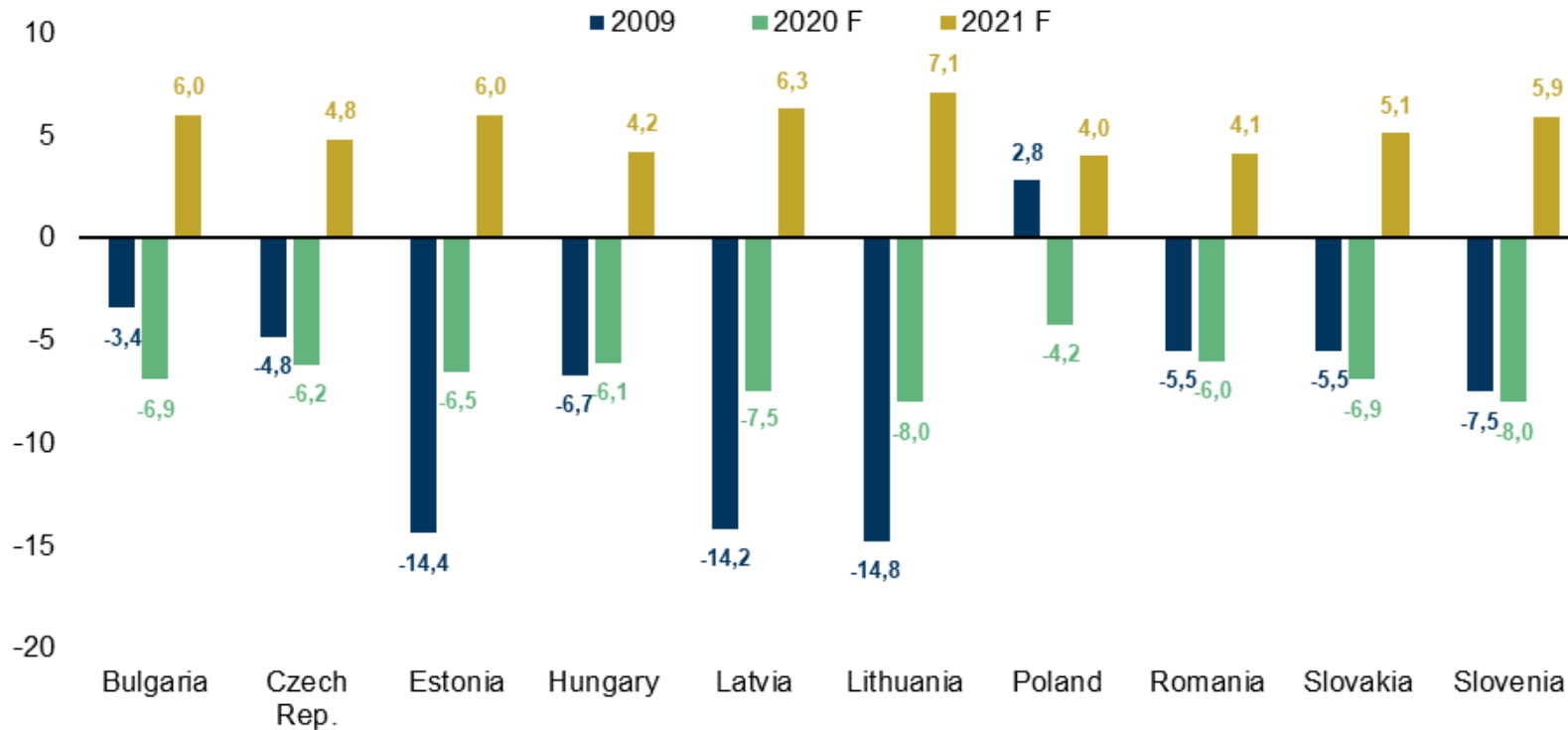
ifo survey May: How many months does it take to normalise the business situation?
(average and range in months)



Source: ifo, Coface

ONE OF THE DEEPEST RECESSION IN CEE SINCE TRANSFORMATION

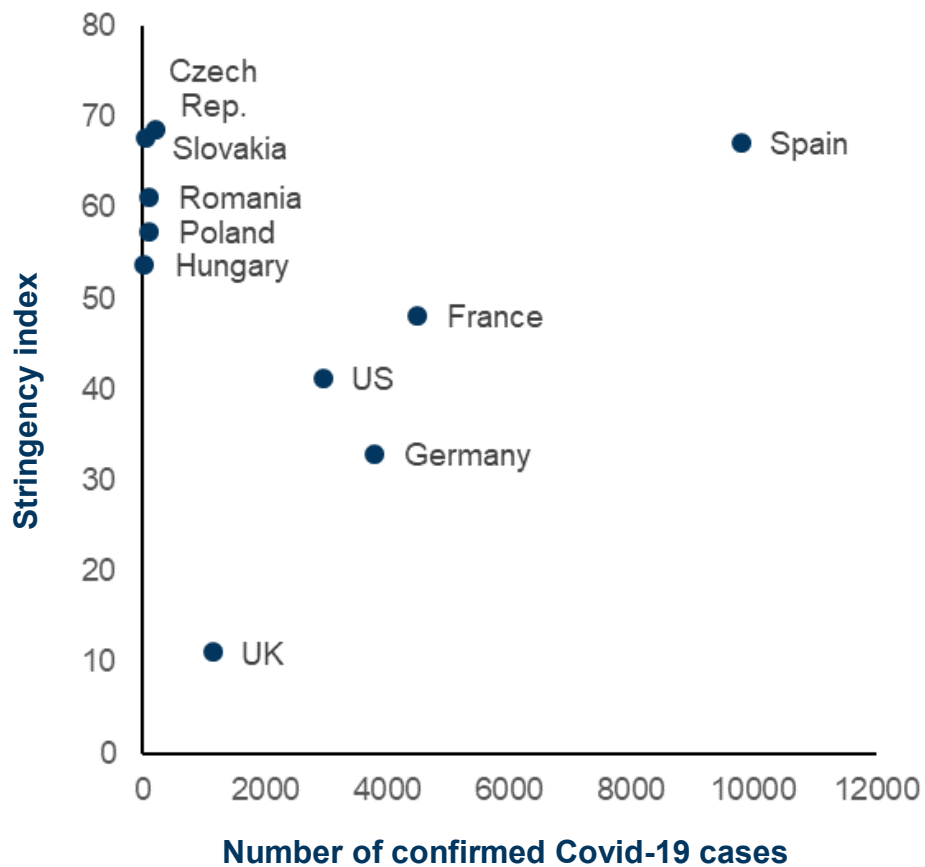
GDP growth
(%, 2009 data and latest Coface forecasts for 2020 and 2021)



Source: Eurostat, Coface

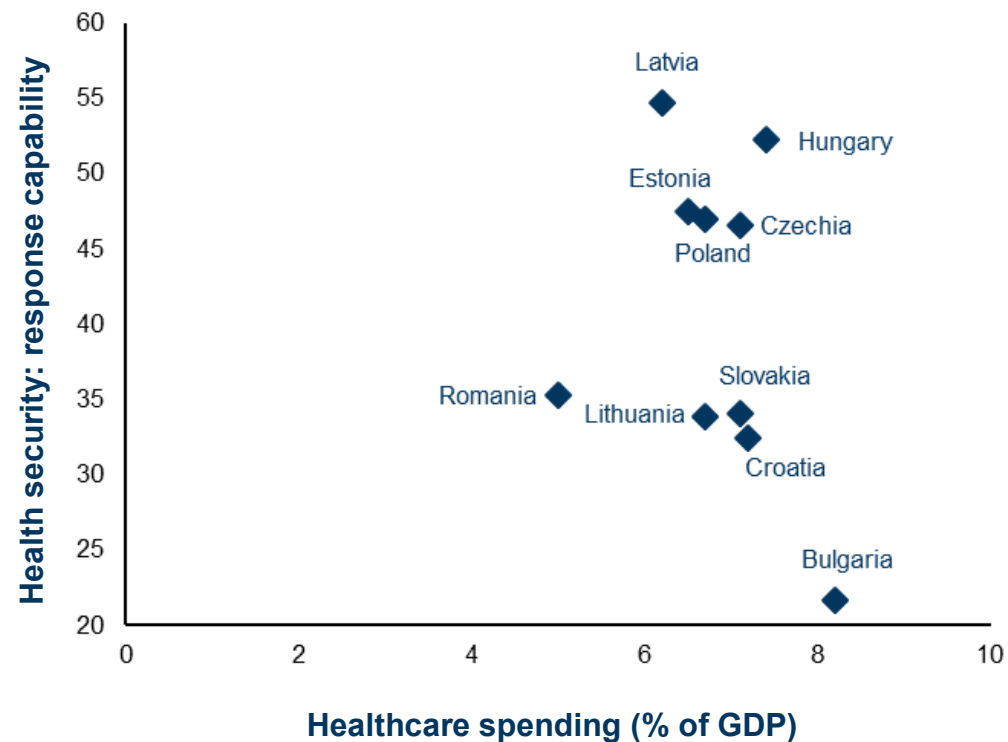
CEE: PROMPTLY INTRODUCED RESTRICTIONS

Stringency index and a number of Covid-19 cases
(as reported on 15th March 2020)



Source: Oxford University

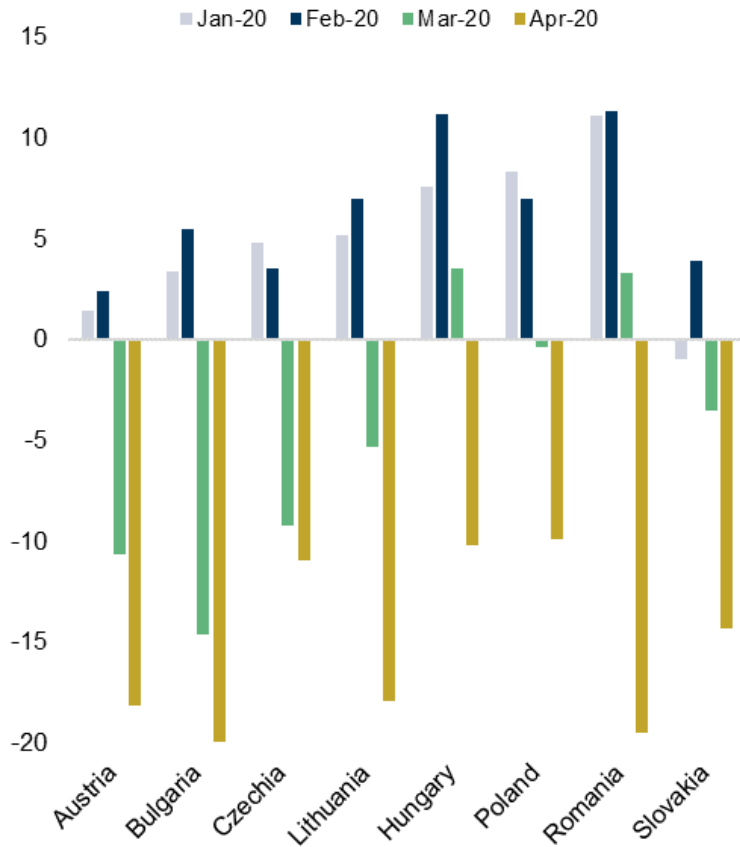
Health indicators: healthcare spending and health security index



Source: World Bank, GHS Index, wiiv

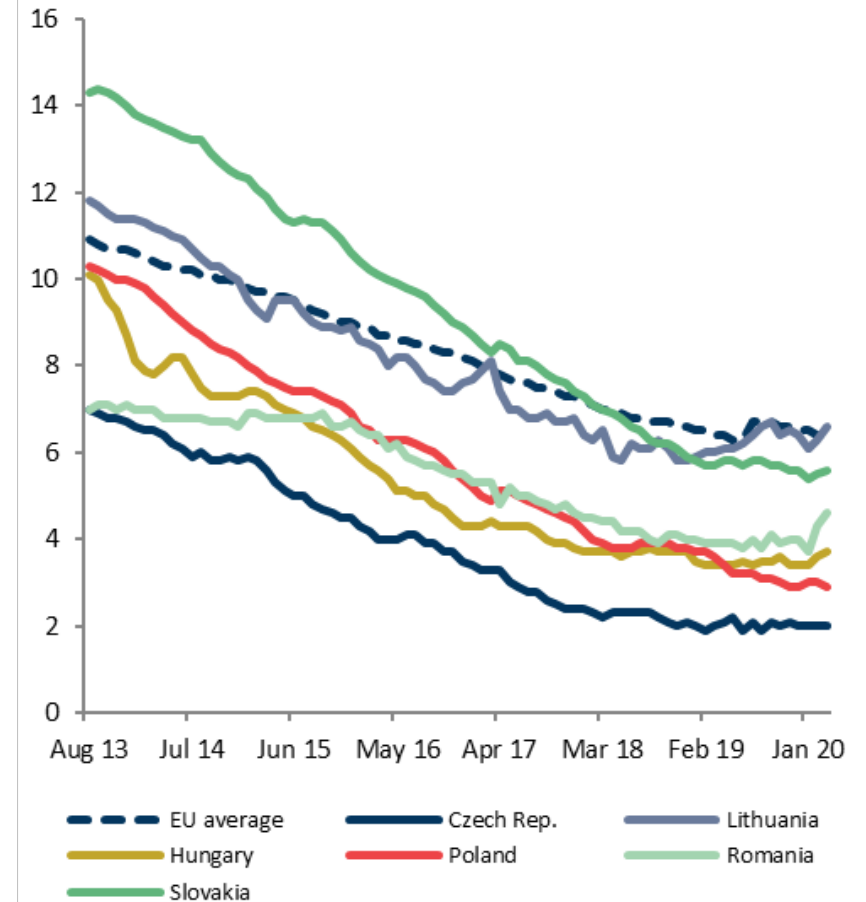
IS IT THE END OF CEE GROWTH DRIVEN BY HOUSEHOLD CONSUMPTION?

Retail sales (%, YoY changes)



Source: Eurostat

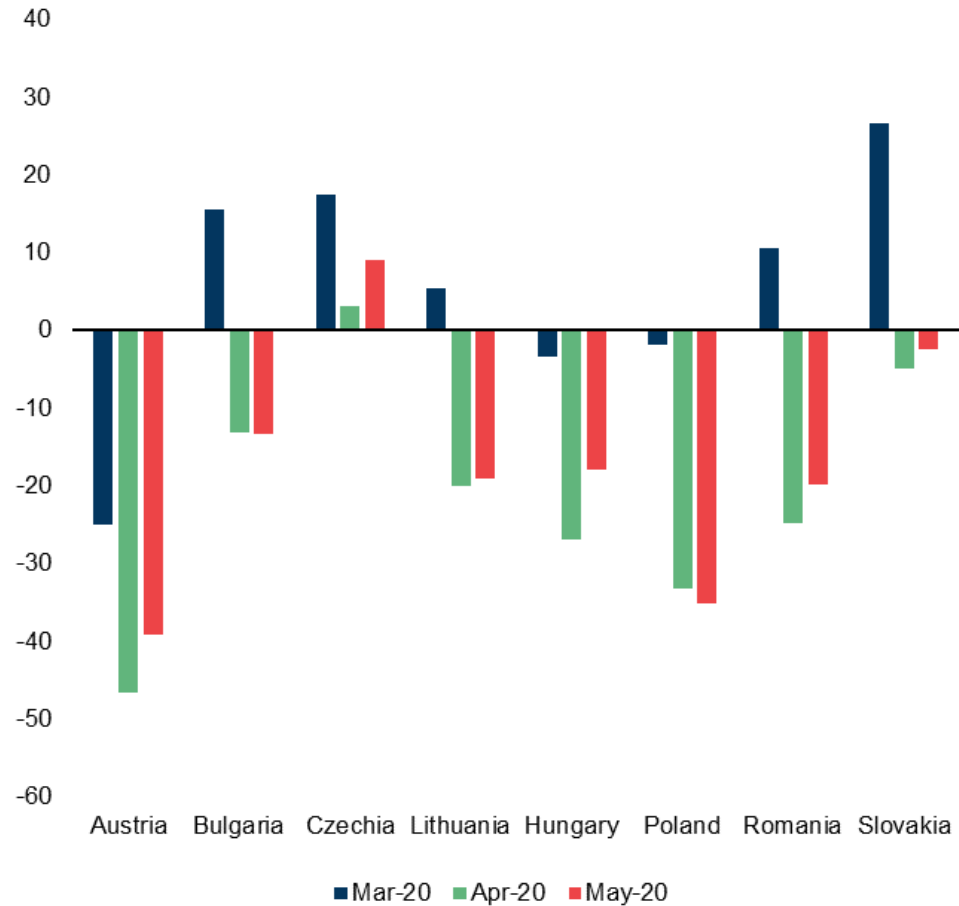
Unemployment rates (%)



Source: Eurostat

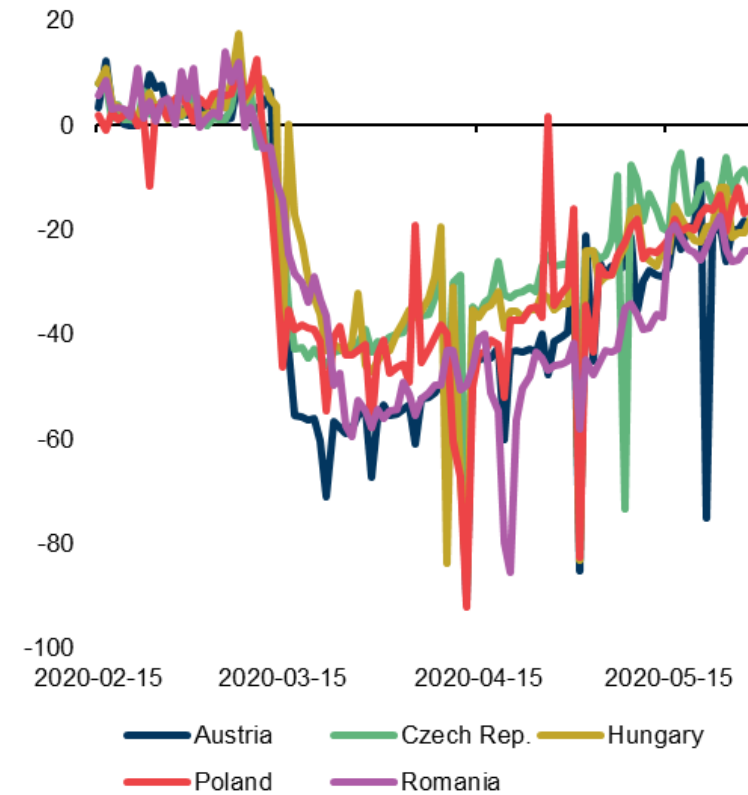
SLOW AND GRADUAL REBOUND HAS STARTED

Retail confidence indicator



Source: Eurostat

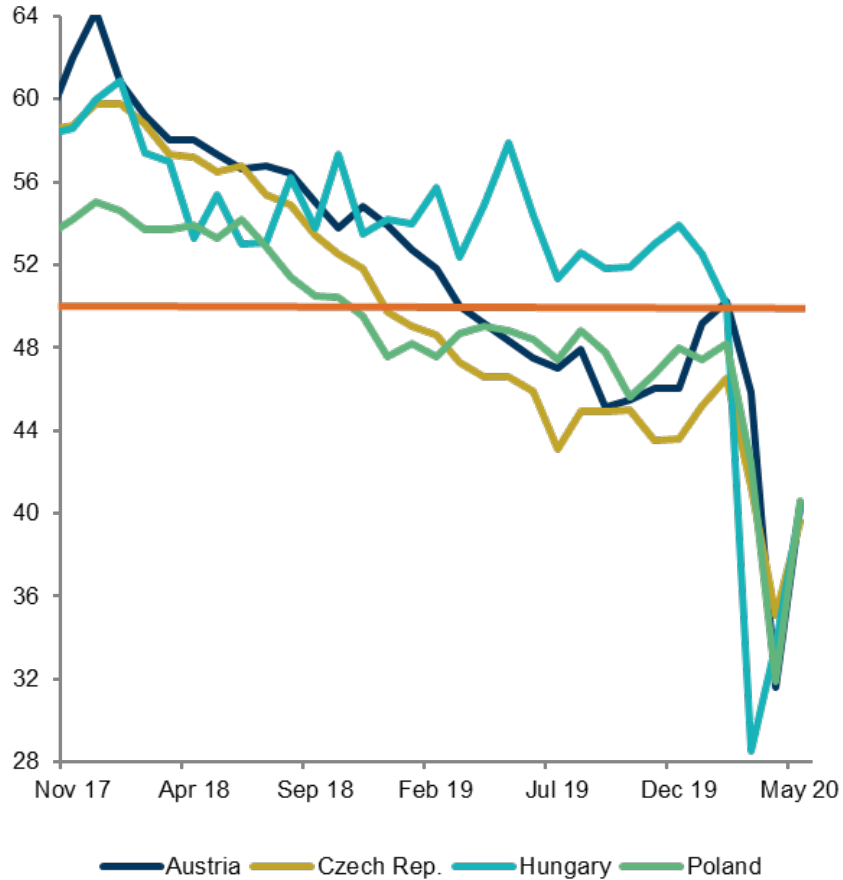
Google mobility data (%, change versus baseline)



Source: Google

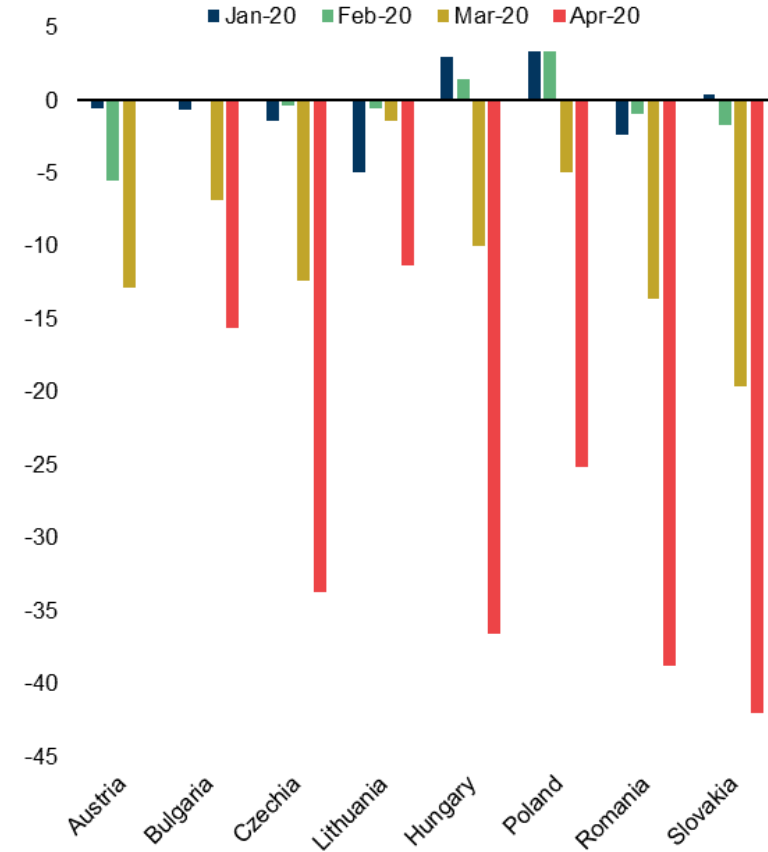
CONTRACTED DEMAND AND LOCKDOWN TOOK A TOLL ON MANUFACTURING

PMI Manufacturing



Source: Markit, HALPIM, UniCredit

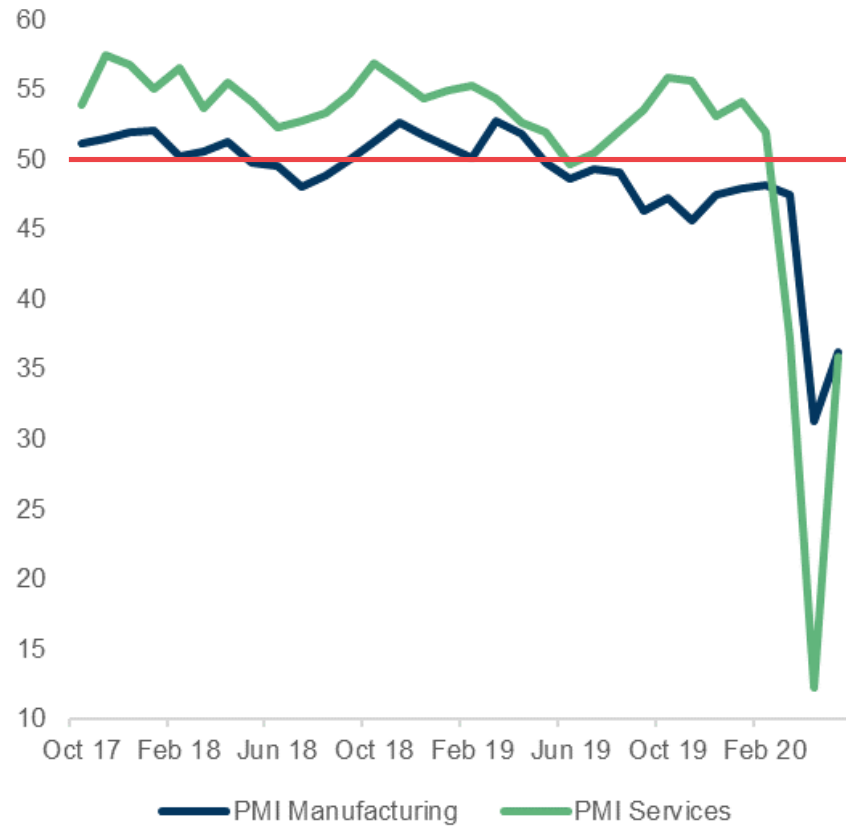
Industrial production (%, YoY changes)



Source: Eurostat

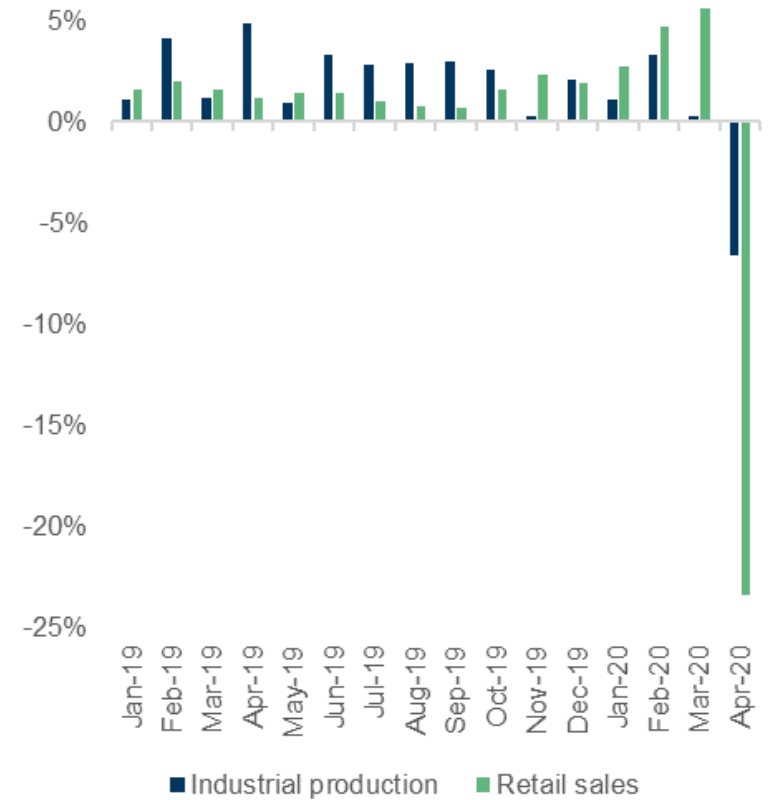
RUSSIA: THE COVID-19 IMPACT COMES WITH A DELAY

Russia: Purchasing Managers' Index (PMI)



Source: Markit

Russia: Industrial production and retail sales (YoY changes)

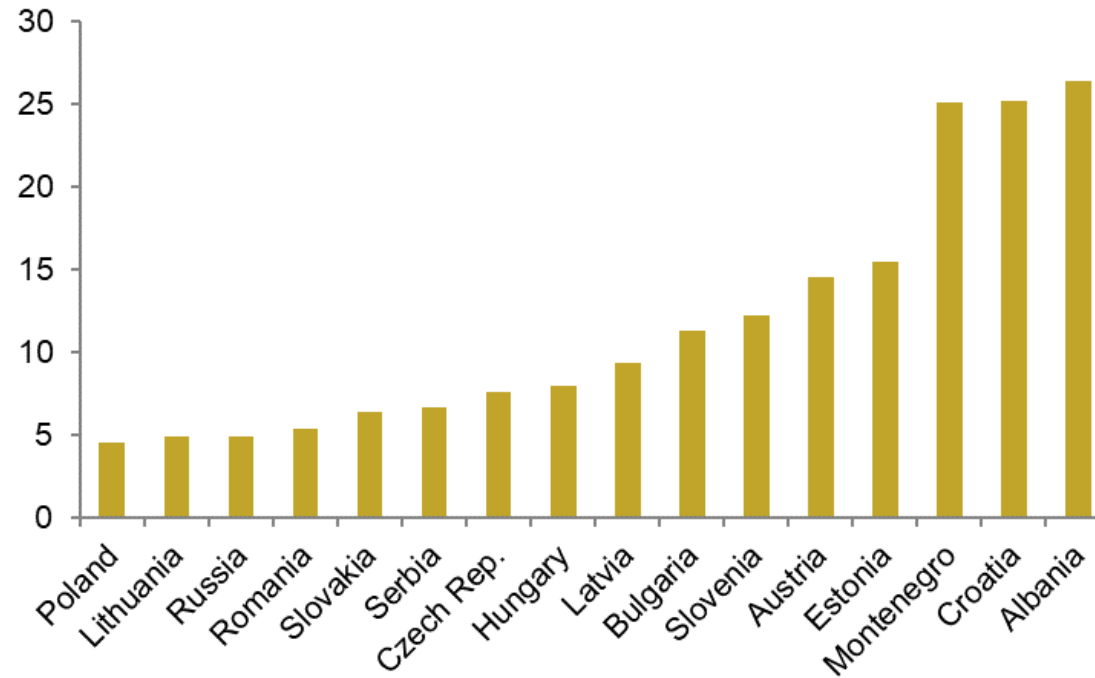


Source: Rosstat

WEAK PERSPECTIVES FOR TOURISM

TOURISM IS AN IMPORTANT PART OF BALKAN ECONOMIES

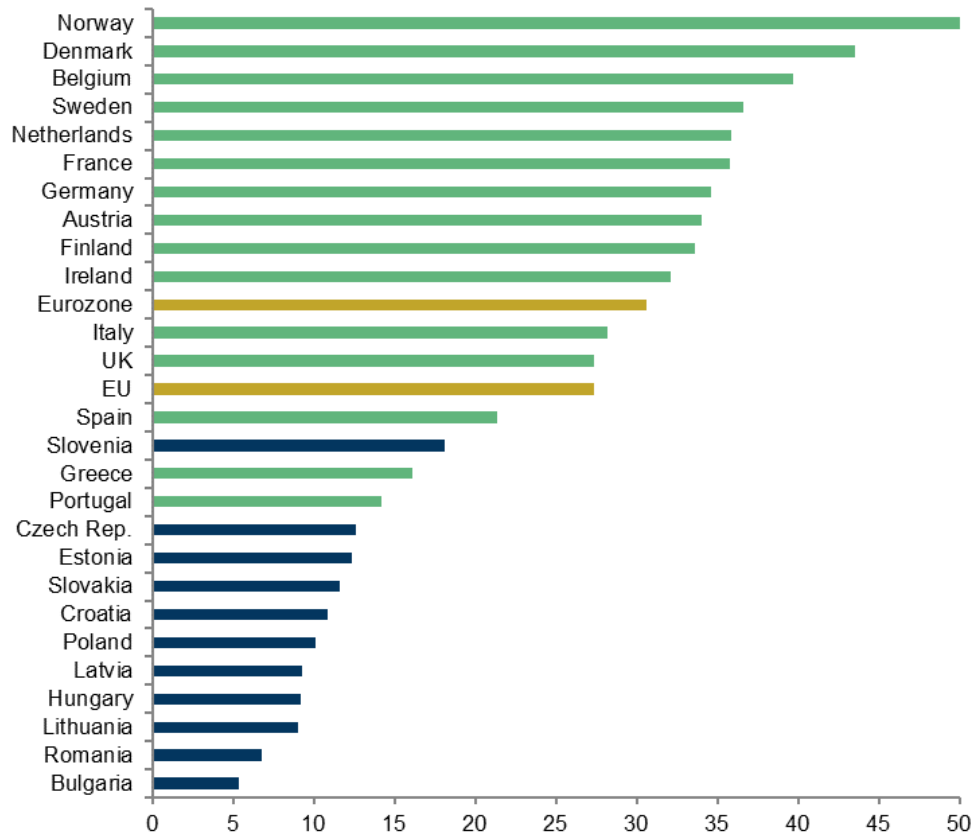
Tourism in CEE countries
(% of GDP, 2018)



Source: World Bank

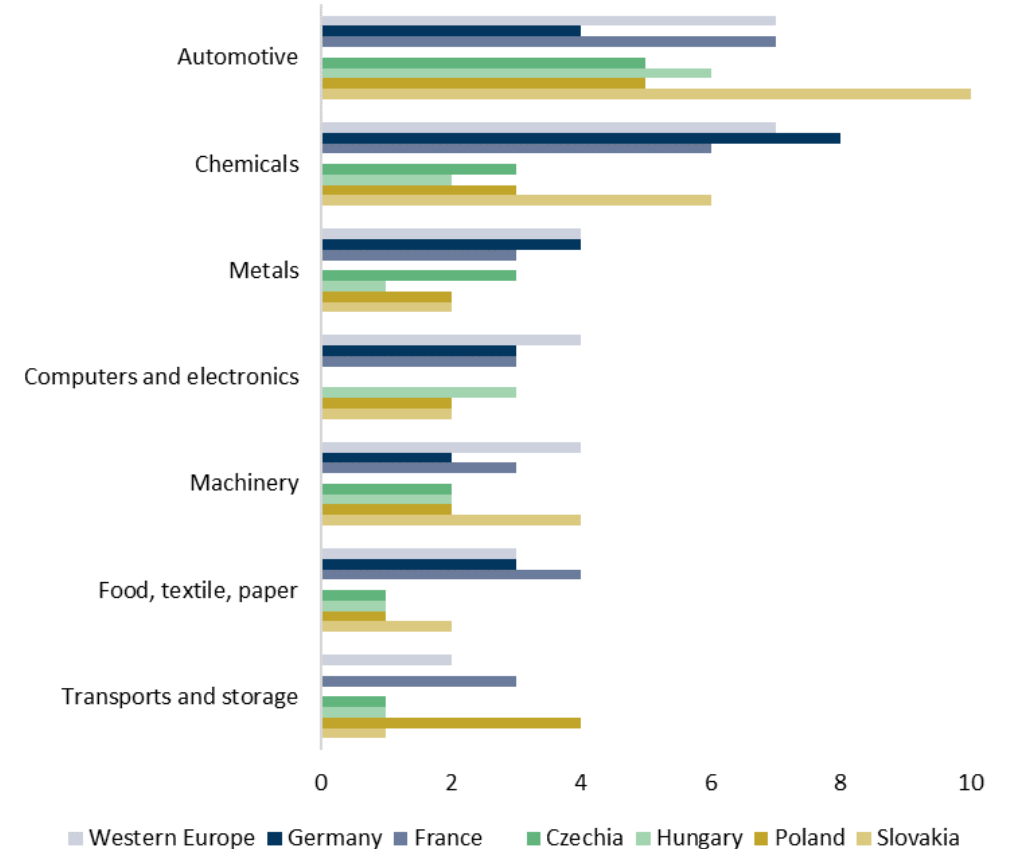
CEE LABOUR COSTS REMAIN ATTRACTIVE AMID AN INCREASE OF PRODUCTIVITY

Labour costs
(EUR/h, 2018)



Source: Eurostat

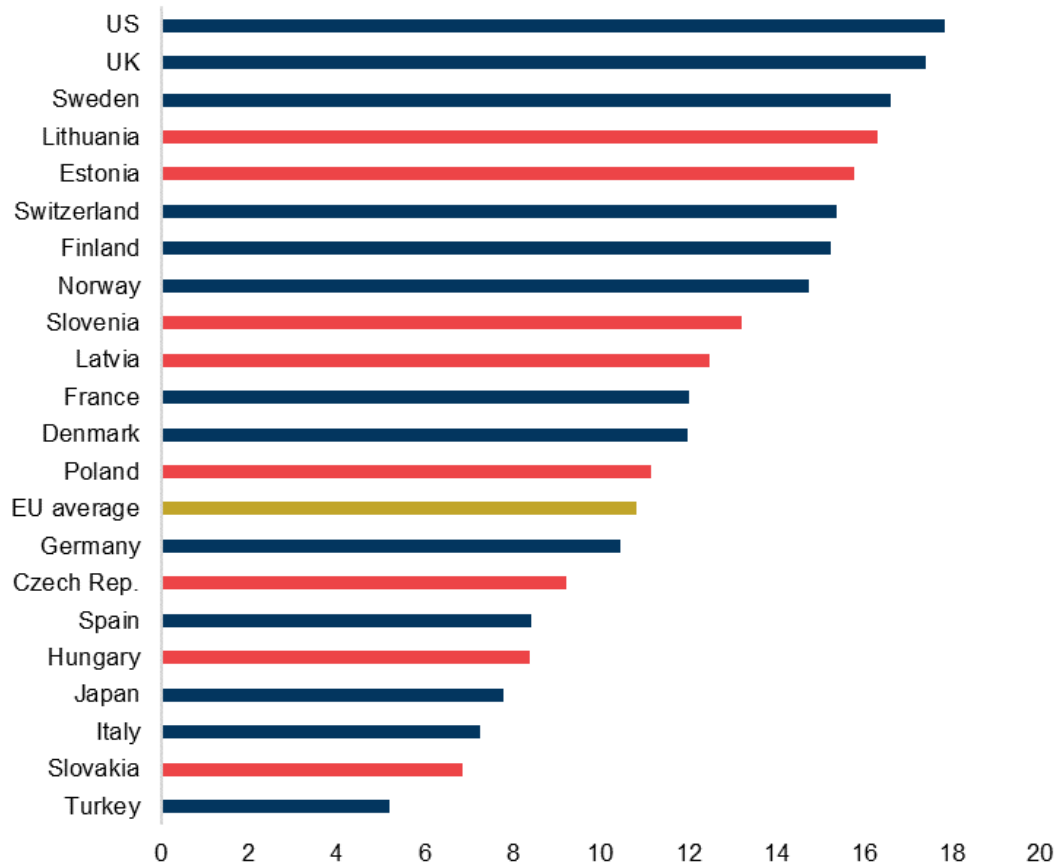
Automation: Use of service robots in selected sectors
(%, percentage of enterprises, 2018)



Source: Eurostat

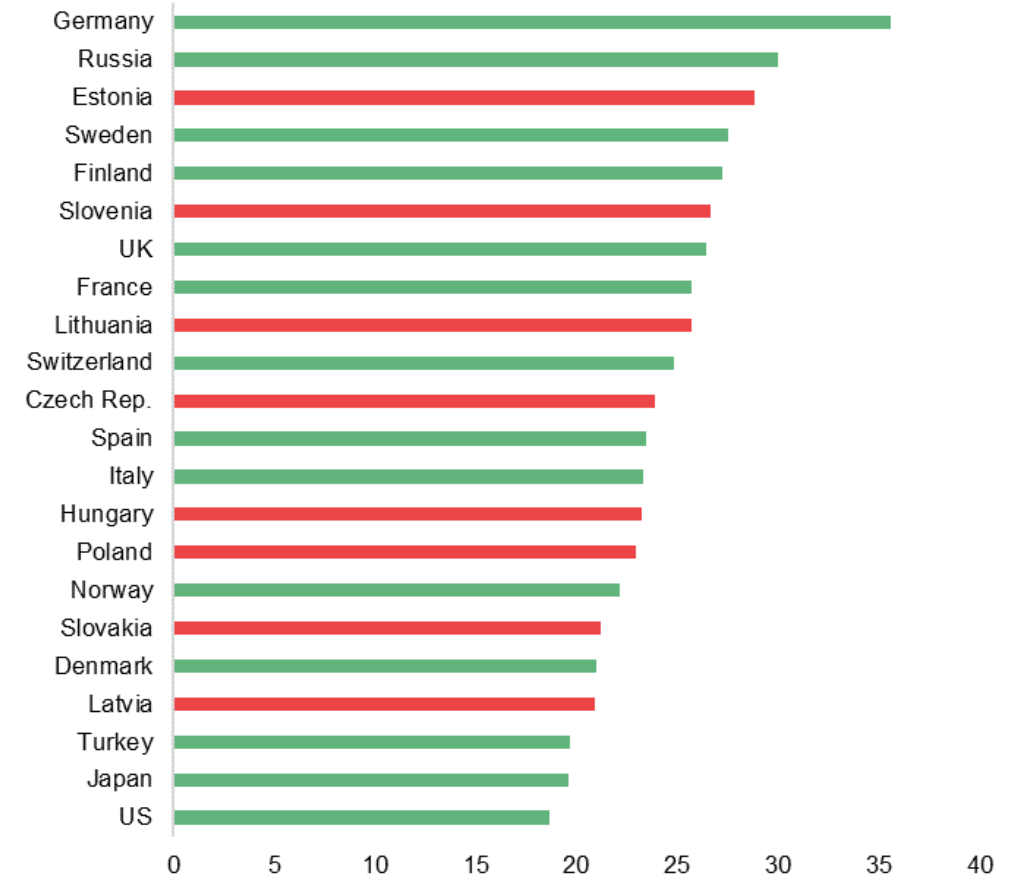
DIGITALISATION WILL ATTRACT AN INFLOW OF SERVICES OUTSOURCING TO CEE

ICT task-intensive jobs as a share of total employment (%)



Source: OECD Going Digital Toolkit

New tertiary graduates in science, technology, engineering and mathematics as a share of total new graduates (%)



Source: OECD Going Digital Toolkit

162 COUNTRIES UNDER THE MAGNIFYING GLASS

BUSINESS DEFAULTING RISK



A UNIQUE METHODOLOGY

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

DOWNGRADES

AMERICAS

Country	risk
Argentina	D
Belize	C
Bolivia	C
Brazil	C
Canada	A3
Chile	A4
Colombia	B
Costa Rica	C
Cuba	E
Dominican Republic	B
Ecuador	D
El Salvador	D
Guatemala	D
Guyana	D
Haiti	D
Honduras	D
Jamaica	C
Mexico	C
Nicaragua	D
Panama	B
Paraguay	B
Peru	A4
Suriname	D
Trinidad and Tobago	B
United States	A3
Uruguay	A4
Venezuela	E

AFRICA

Country	risk	Country	risk
Algeria	D	Libya	E
Angola	D	Madagascar	C
Benin	B	Malawi	D
Botswana	B	Mal	D
Burkina Faso	D	Mauritius	B
Burundi	E	Mauritania	C
Cameroon	C	Morocco	B
Cabo Verde	C	Mozambique	D
Central African Republic	D	Namibia	C
Chad	D	Niger	C
Congo (Democratic Republic of the)	D	Nigeria	D
Congo (Republic of the)	D	Rwanda	A4
Côte d'Ivoire	B	Senegal	A4
Djibouti	C	Sierra Leone	D
Egypt	C	South Africa	C
Eritrea	E	Sudan	E
Ethiopia	C	Tanzania	E
Gabon	C	Togo	C
Ghana	B	Tunisia	C
Guinea	D	Uganda	C
Kenya	B	Zambia	D
Liberia	D	Zimbabwe	E

MIDDLE EAST

Country	risk
Bahrain	D
Iraq	E
Iran	E
Israel	A3
Jordan	C
Kuwait	A4
Lebanon	D
Oman	E
Palestinian Territories	D
Qatar	A4
Saudi Arabia	C
Syria	E
United Arab Emirates	A4
Yemen	E

ASIA-PACIFIC

Country	risk
Afghanistan	E
Australia	A3
Bangladesh	C
Cambodia	C
China	B
Hong Kong SAR	A3
India	B
Indonesia	A4
Japan	A2
Laos	D
Malaysia	A4
Maldives	E
Mongolia	C
Myanmar	D
Nepal	C
New Zealand	A2
Pakistan	D
Papua New Guinea	B
Philippines	B
Singapore	A3
North Korea	E
South Korea	A3
Sri Lanka	C
Taiwan	A3
Thailand	A4
Timor Leste	E
Vietnam	B

EUROPE AND CIS

Country	risk	Country	risk
Albania	D	Lithuania	A4
Armenia	D	Luxembourg	A2
Austria	A2	North Macedonia (FROM)	C
Azerbaijan	B	Malta	A2
Belarus	C	Moldova	C
Belgium	A3	Montenegro	C
Bosnia and Herzegovina	D	Netherlands	A2
Bulgaria	B	Norway	A2
Croatia	B	Poland	A4
Cyprus	A4	Portugal	A3
Czechia	A4	Romania	B
Denmark	A2	Russia	C
Estonia	A3	Serbia	B
Finland	A2	Slovakia	A4
France	A3	Slovenia	A4
Georgia	C	Spain	A3
Germany	A3	Sweden	A2
Greece	B	Switzerland	A2
Hungary	A4	Tajikistan	D
Iceland	A3	Turkey	C
Ireland	A4	Turkmenistan	D
Italy	B	Ukraine	D
Kazakhstan	B	United Kingdom	A4
Kyrgyzstan	D	Uzbekistan	B
Latvia	A4		

COFACE SECTOR RISK ASSESSMENTS

	Central & Eastern Europe	Czechia	Poland	Romania	Austria	Russia
Agri-food	Yellow	Yellow	Yellow	Yellow	Green, Red, Yellow	Green, Red, Yellow
Automotive	Orange, Red, Brown	Orange, Red, Brown	Orange, Red, Brown	Yellow, Red, Orange	Orange, Red, Brown	Orange
Chemical	Yellow	Yellow	Yellow	Yellow	Green, Red, Yellow	Green, Red, Yellow
Construction	Orange	Yellow, Red, Orange	Orange	Orange	Yellow	Orange
Energy	Yellow	Yellow	Yellow	Orange	Yellow	Yellow, Red, Orange
ICT*	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Metals	Orange	Orange	Orange	Orange	Orange	Orange
Paper	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Pharmaceuticals	Green	Green	Green	Green	Green	Orange, Green, Yellow
Retail	Yellow, Red, Orange	Yellow, Red, Orange	Yellow, Red, Orange	Yellow, Red, Orange	Yellow, Red, Orange	Yellow, Red, Orange
Textile-Clothing	Yellow, Red, Orange	Yellow, Red, Orange	Yellow, Red, Orange	Yellow, Red, Orange	Orange	Orange
Transport	Orange, Red, Brown	Yellow, Red, Orange	Orange, Red, Brown	Yellow, Red, Orange	Orange	Yellow, Red, Orange
Wood	Yellow, Red, Orange	Yellow, Red, Orange	Yellow, Red, Orange	Yellow, Red, Orange	Yellow	Yellow, Red, Orange

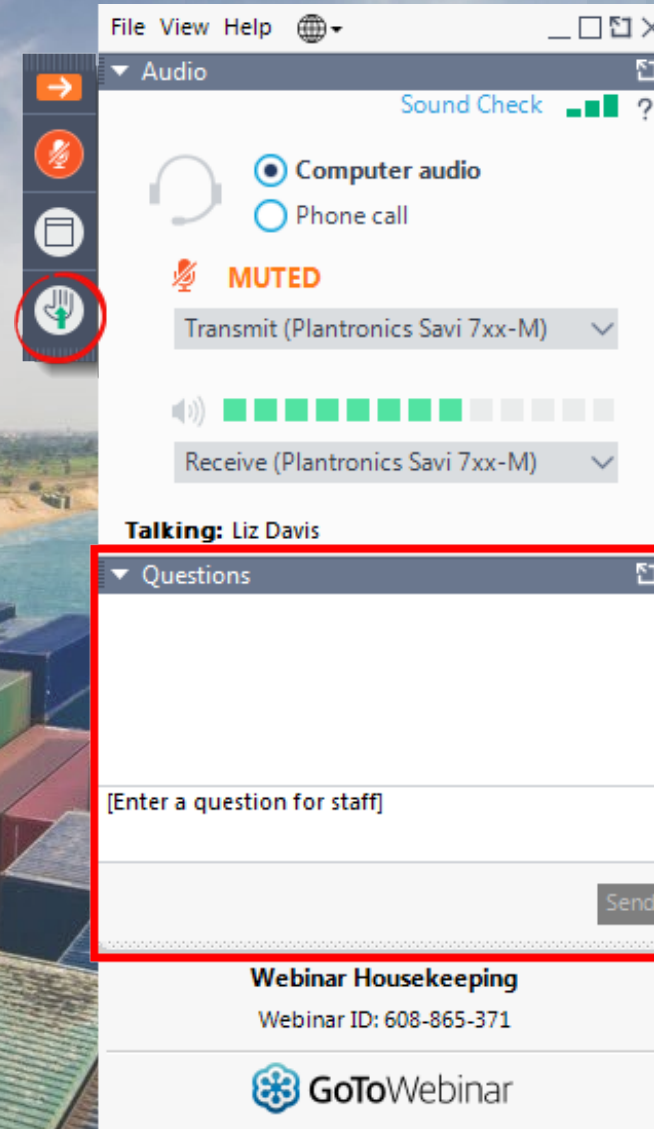
* Information and Communication Technologies
Source: Coface

Q&A SESSION

Any questions?

Please submit your text questions and comments using the Questions panel.

Note: Today's presentation is being recorded and will be provided within the next few days.



The screenshot displays the GoToWebinar interface. At the top, there is a menu with 'File', 'View', and 'Help'. Below this is the 'Audio' panel, which includes a 'Sound Check' button and a volume indicator. The audio source is set to 'Computer audio', and the microphone is currently 'MUTED'. The microphone icon is circled in red. Below the audio settings, the current speaker is identified as 'Talking: Liz Davis'. The 'Questions' panel is also visible, featuring a text input field with the placeholder '[Enter a question for staff]' and a 'Send' button. The panel is outlined in red. At the bottom of the interface, the text 'Webinar Housekeeping' and 'Webinar ID: 608-865-371' is displayed, along with the GoToWebinar logo.