



GLOBAL ECONOMIC OUTLOOK

BRUNO DE MOURA FERNANDES
HEAD OF MACROECONOMIC RESEARCH

MAY 10, 2022

KEY TAKEAWAYS

THE SITUATION HAS STRONGLY AND QUICKLY DETERIORATED

- › The post-pandemic recovery was on track, albeit losing momentum, with advanced economies leading the way
- › The war in Ukraine reshuffles the deck
- › Ways to end the crisis still unknown

HARSH SANCTIONS LIKELY TO ASPHYXIATE THE RUSSIAN ECONOMY

- › Increasingly severe and broad sanctions : export bans, SWIFT disconnection, freeze of CBR FX reserves...
- › Russia (almost) completely isolated, and probably for a long time

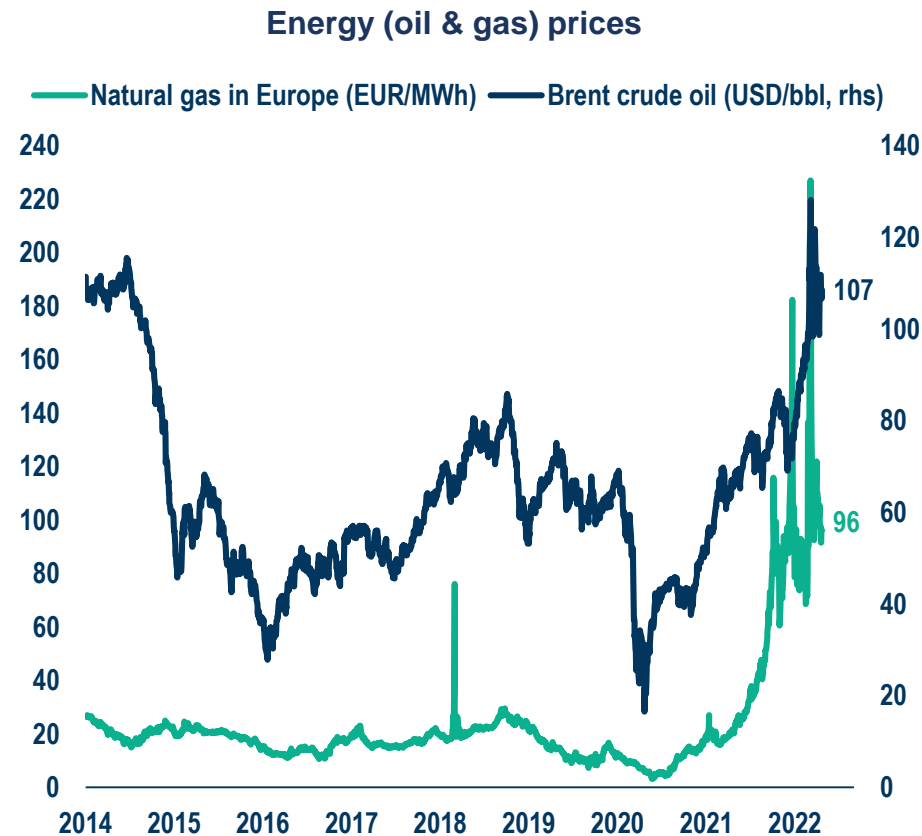
GLOBAL ECONOMY: GDP DOWN, INFLATION UP

- › Commodity prices and supply chain disruptions to increase the risk of stagflation
- › Europe on the front line of this new crisis
- › Social unrest and political turmoil likely to be on the agenda

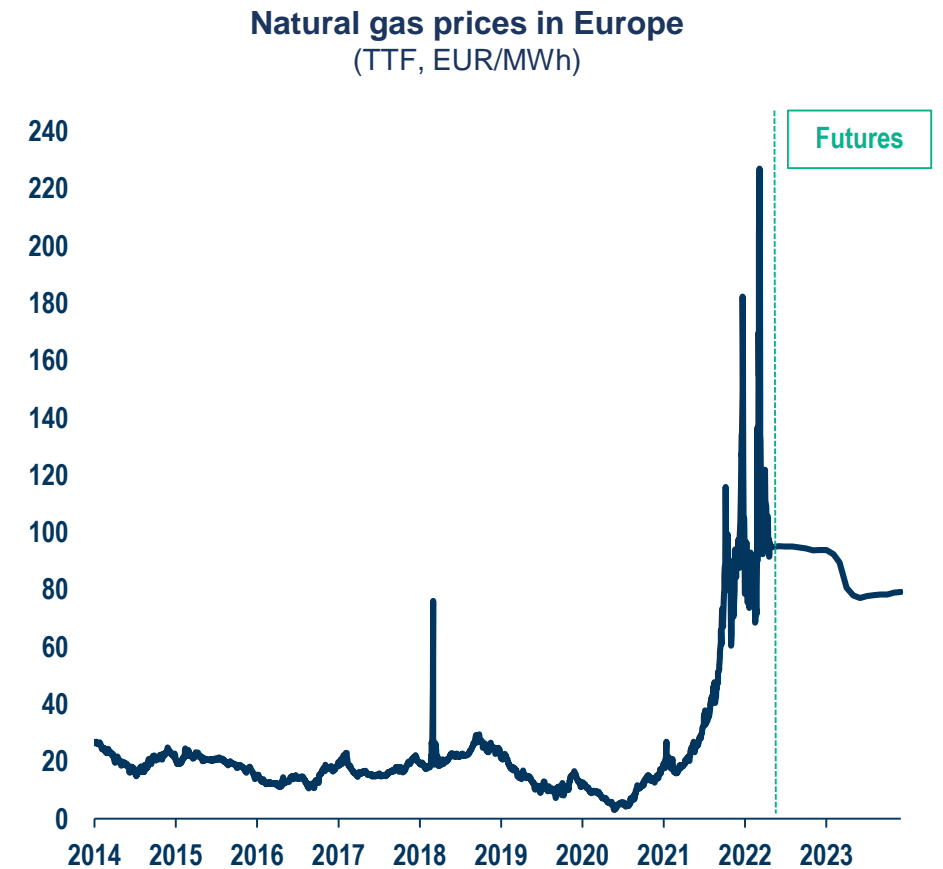
ALL SECTORS WILL BE AFFECTED

- › Transports, agri-food (meat), chemicals and automotive sectors heavily impacted
- › Natgas dependency to worsen the situation in some countries (Germany, Italy, Baltics...)

INFLATIONARY PRESSURES TO INTENSIFY IN THE SHORT TERM



Sources: Datastream, COFACE

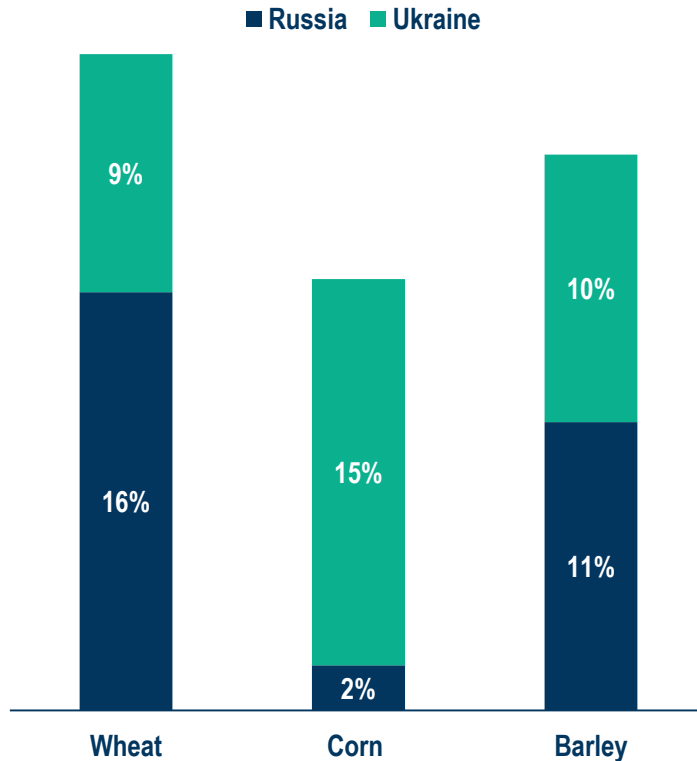


Sources: Datastream, COFACE

FEARS OF SUPPLY DISRUPTIONS DRIVING UP COMMODITY PRICES

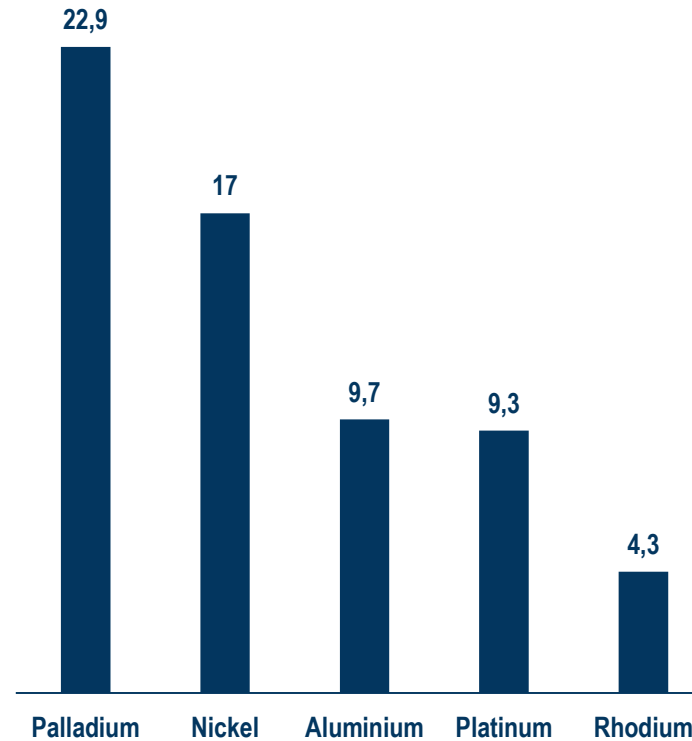
A STRONG HIT TO COMMODITIES FLOWS

Russia and Ukraine's share in global exports of selected grains (%)

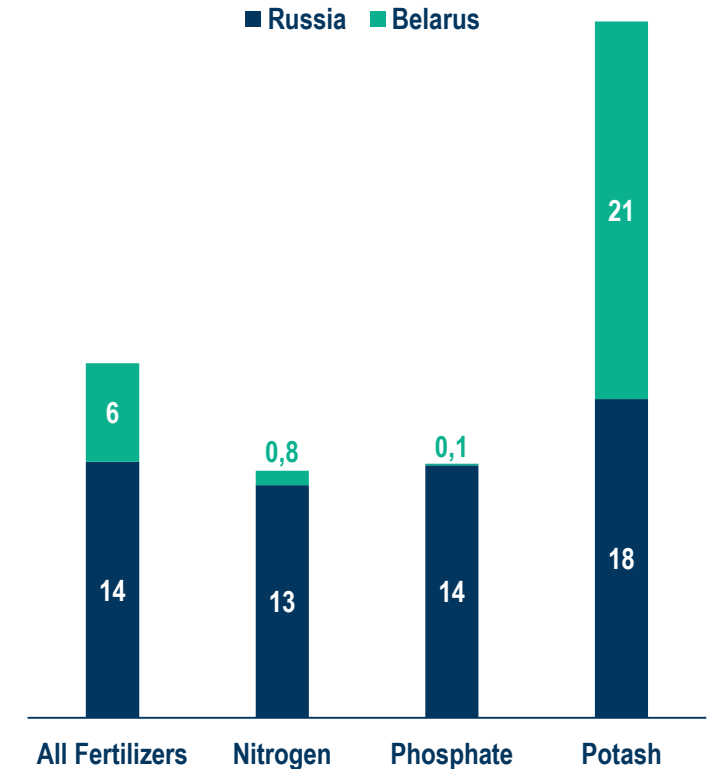


Sources: Trademap, COFACE

Russia's share in global exports of selected unwrought metals (%)



Russia and Belarus's share in global exports of selected fertilizers (%)



BEYOND OIL&GAS, RUSSIA (AND UKRAINE) HAS A PROMINENT PLACE IN GLOBAL COMMODITY SUPPLY

ALL SECTORS WILL BE AFFECTED

COST PRESSURES TO BE EXACERBATED IN THE AGRI-FOOD INDUSTRY

- › Commercial shipping suspended at Ukraine's ports + closing of the Azov Sea to commercial vessels → Increasing risks of supply disruptions. Leading grain traders suspended their operations in Ukraine
- › Higher cereals prices (corn, coarse grains) → higher meat prices
- › Higher natural gas prices → lower fertilizer production and/or higher prices → Lower agricultural yield.

TRANSPORT SECTOR TO BE AFFECTED BY BANS AND HIGHER FUEL PRICES

- › Airlines = subsector most at risk (remaining restrictions from the pandemic + fuel accounting for ~30% of costs) + bans from country's airspace → higher costs (longer routes),
- › US & EU sanctions on Russian railways → rail freight disruptions between Asia and Europe

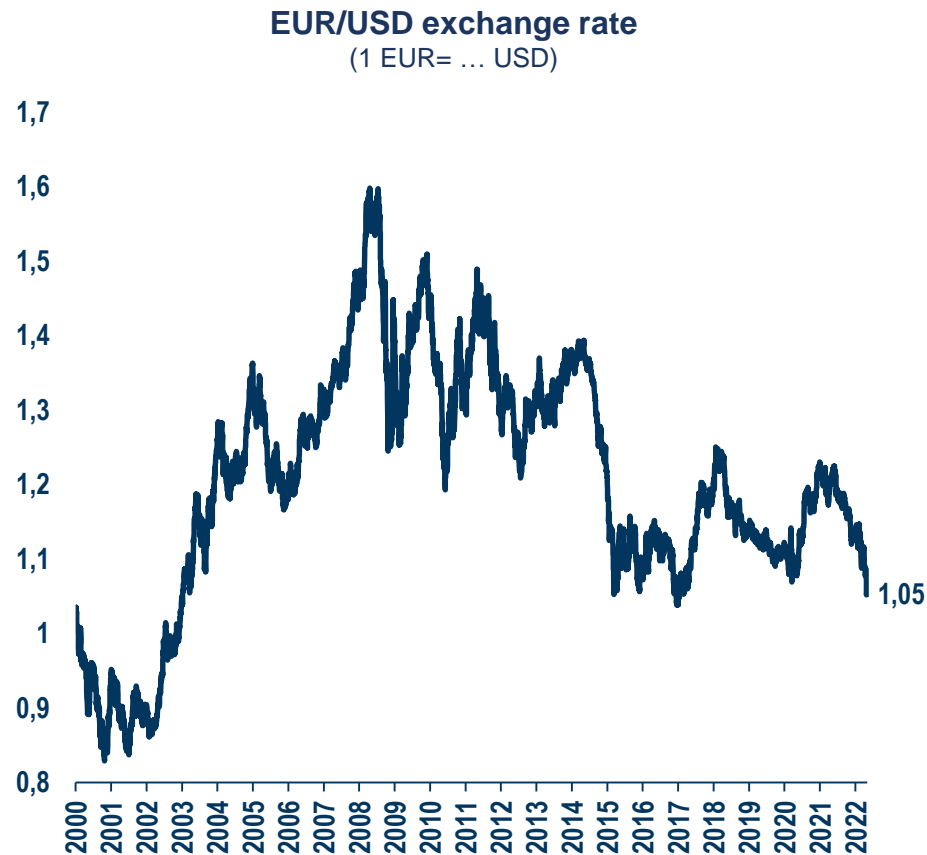
CHEMICAL INDUSTRY TO SEE INPUT COSTS SOAR

- › Higher naphtha and ethane prices → squeeze in petrochemical industry margins
- › Fertilizers prices to surge as Russia (and Belarus) is a key exporter of nitrogen, potash and phosphate

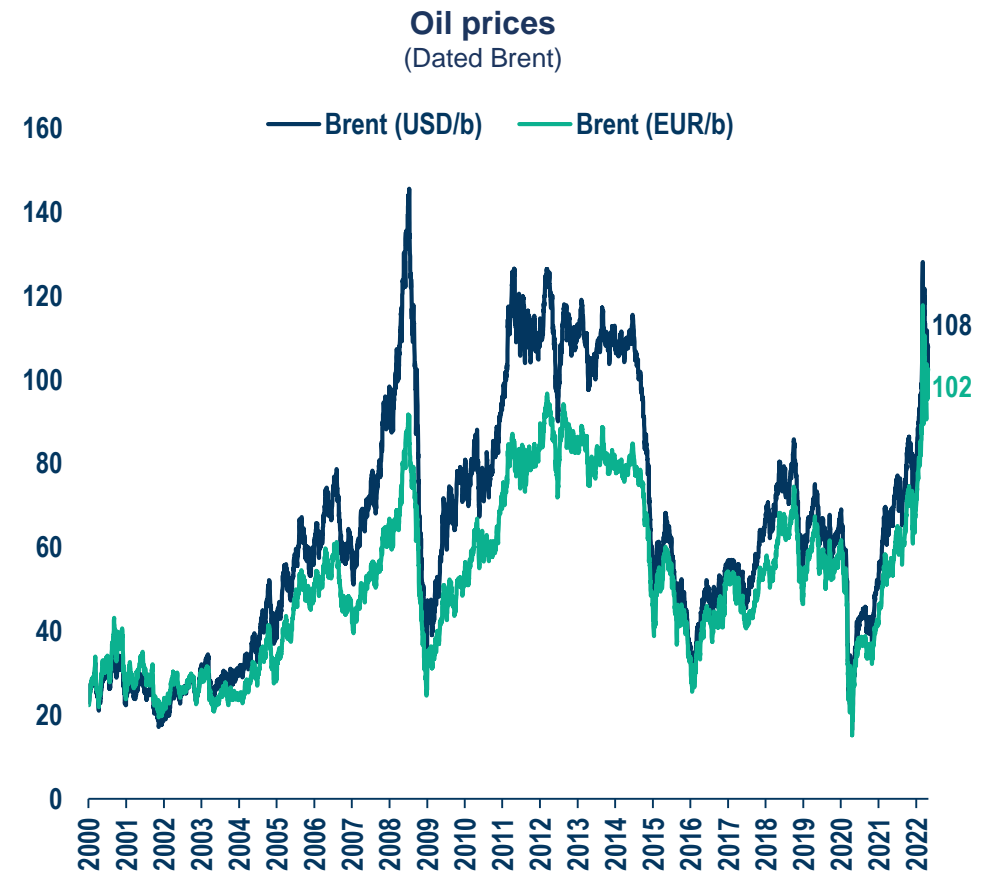
ANOTHER BLOW FOR THE ALREADY STRAINED AUTOMOTIVE SECTOR

- › Disruptions in Ukrainian factories lead several major carmakers to announce plant closures in Western Europe
- › Shortages and high raw material prices (semiconductors, cobalt, lithium, nickel, magnesium, palladium, aluminium...) to be exacerbated

EVEN STRONGER INFLATIONARY PRESSURES IN EUROPE



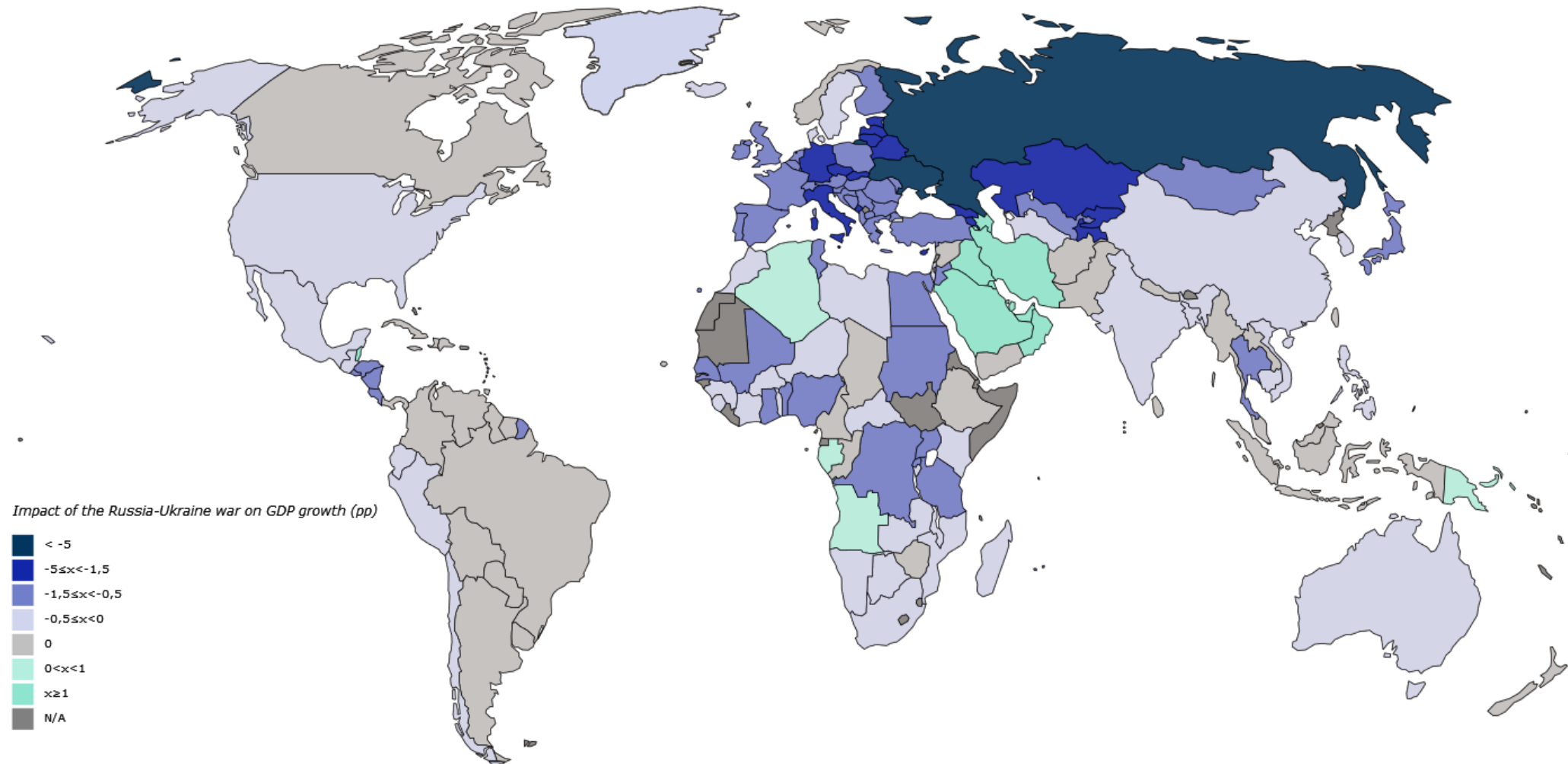
Sources: Datastream, COFACE



Sources: Datastream, COFACE

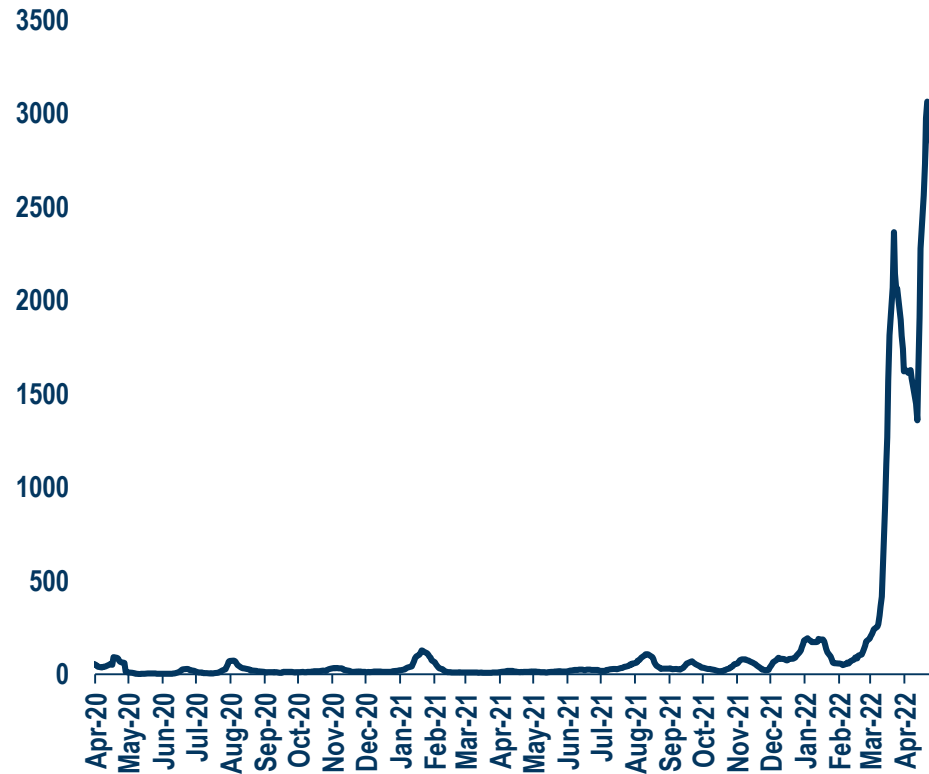
**BEYOND (POTENTIAL) SUPPLY DISRUPTIONS, EUROPE HAS NO NATURAL HEDGE
AGAINST SURGING COMMODITY PRICES**

REVISIONS TO OUR GDP GROWTH FORECASTS FOR 2022 DUE TO THE WAR IN UKRAINE

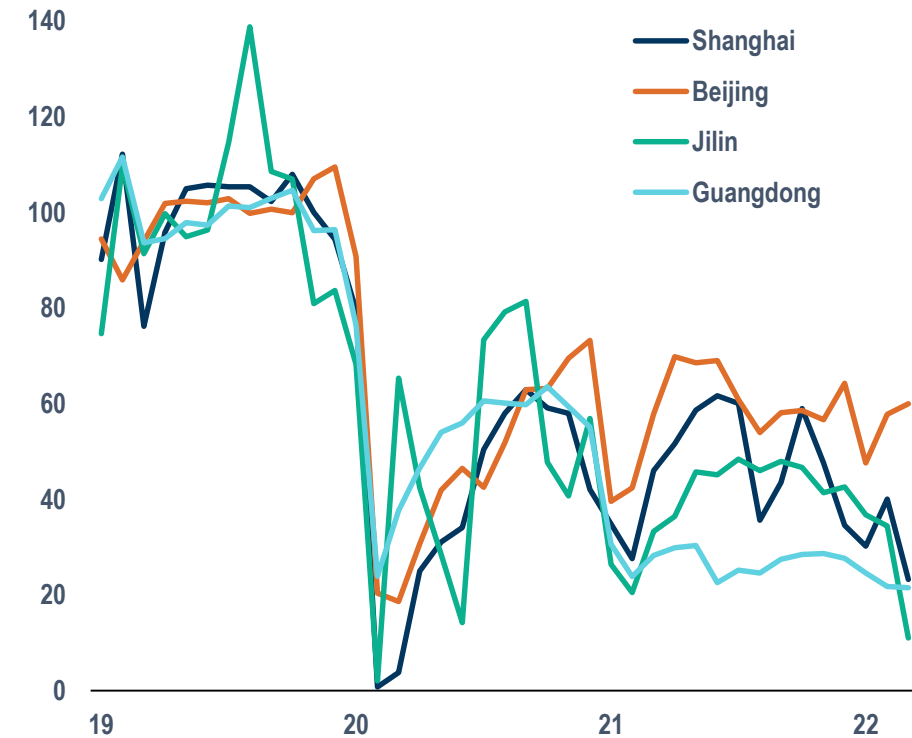


CHINA : BACK TO LOCKDOWNS & FACTORY SHUTDOWNS

China new covid cases
(7-day moving average)



Mobility index
(100 = 2019)



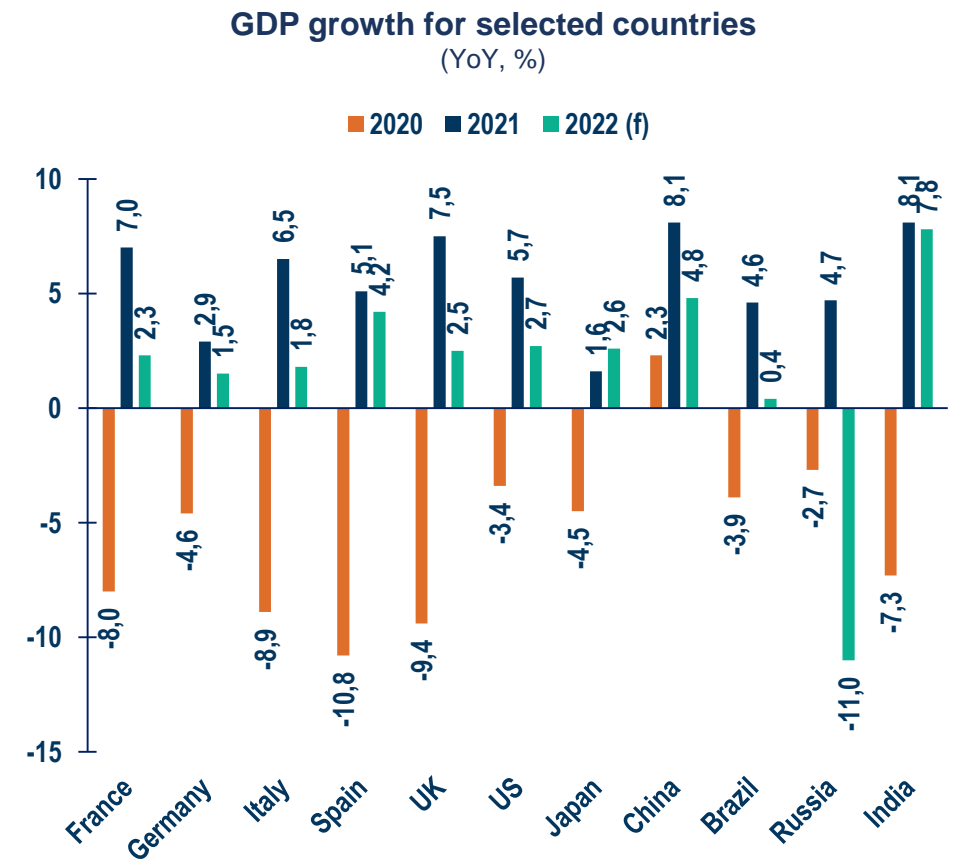
Sources: Datastream, Coface

**GLOBAL SUPPLY CHAINS TO BE SEVERELY AFFECTED
BY CHINESE ZERO-COVID POLICY**

SHARP SLOWDOWN IN GLOBAL GDP GROWTH



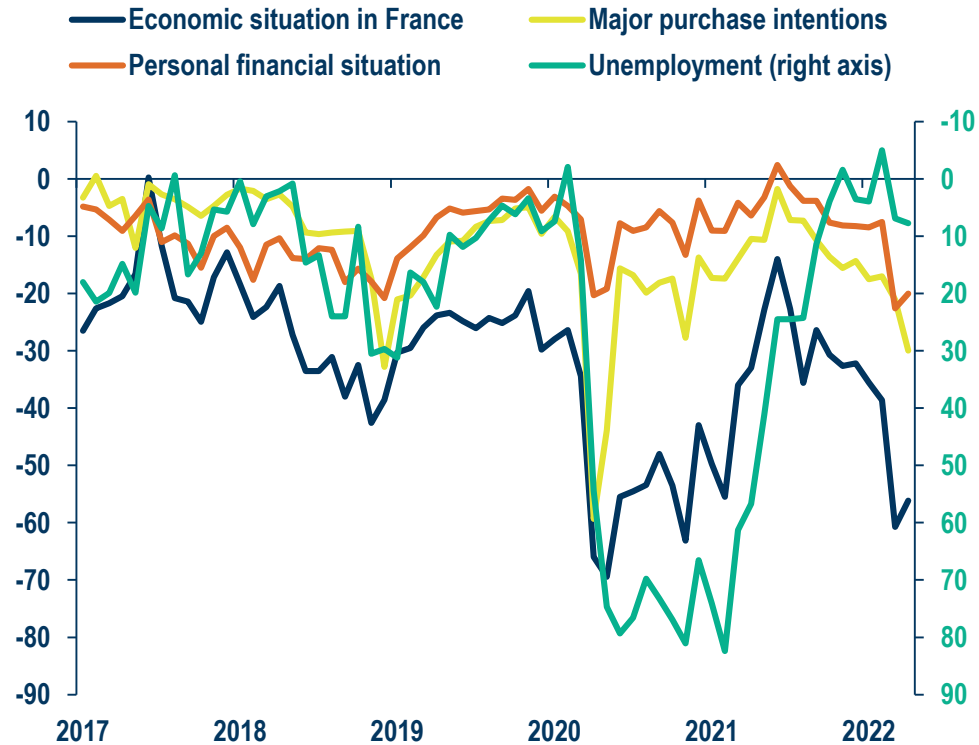
Sources: COFACE, Datastream



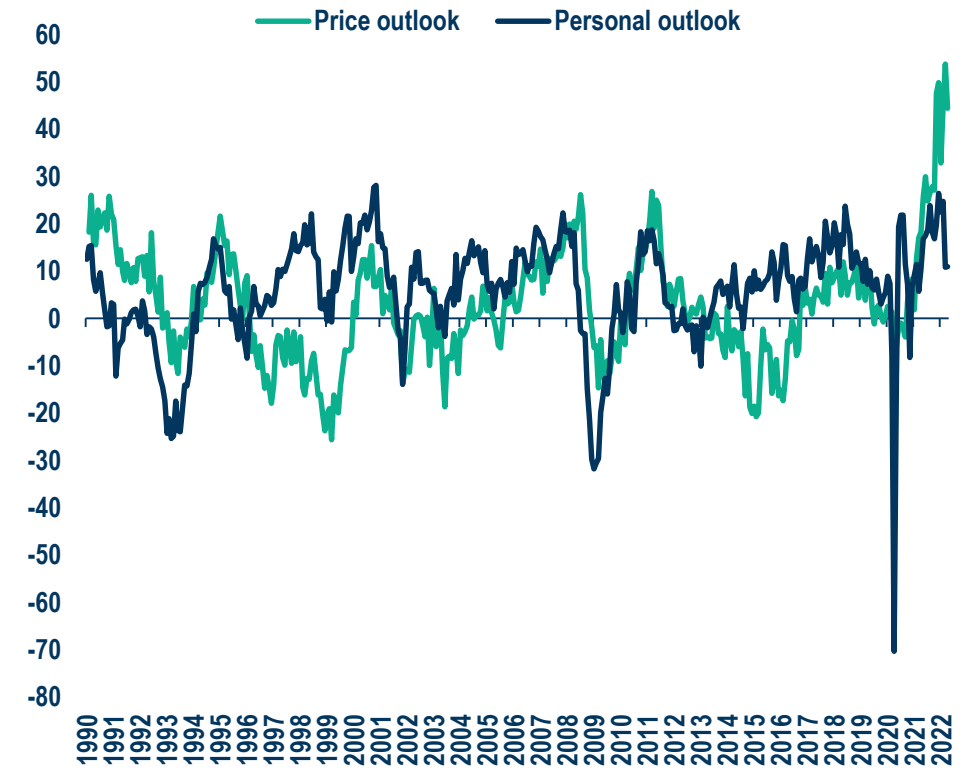
AN UNEVEN RECOVERY, WITH EMERGING LAGGING BEHIND

FRANCE: SHARP DROP IN CONSUMER CONFIDENCE AMID SIGNS OF STAGFLATION

Consumer confidence
(net balance of answers)

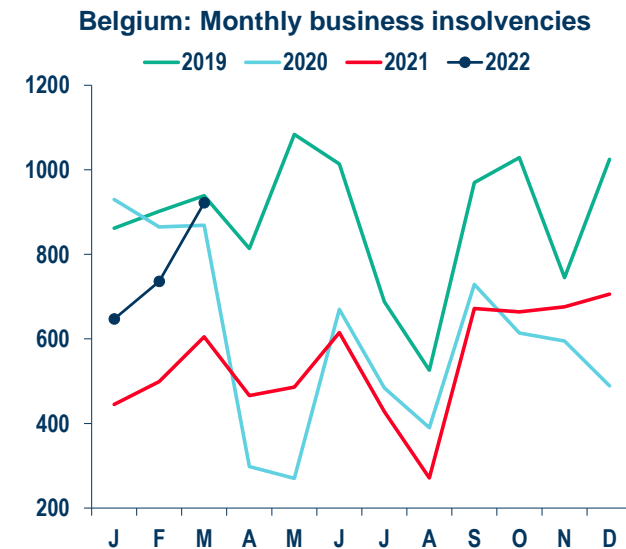
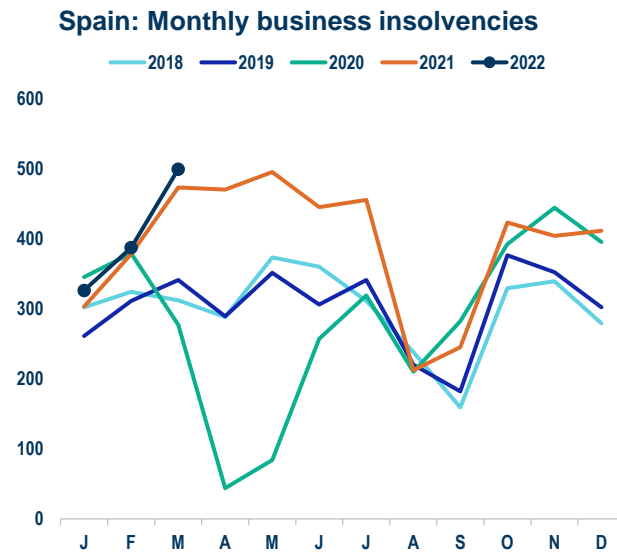
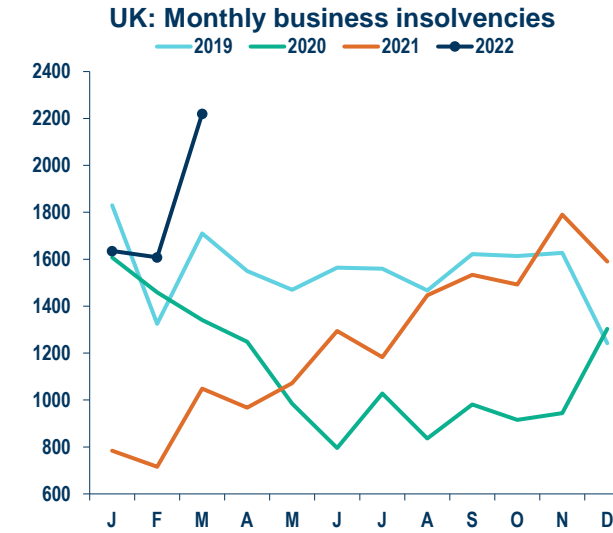
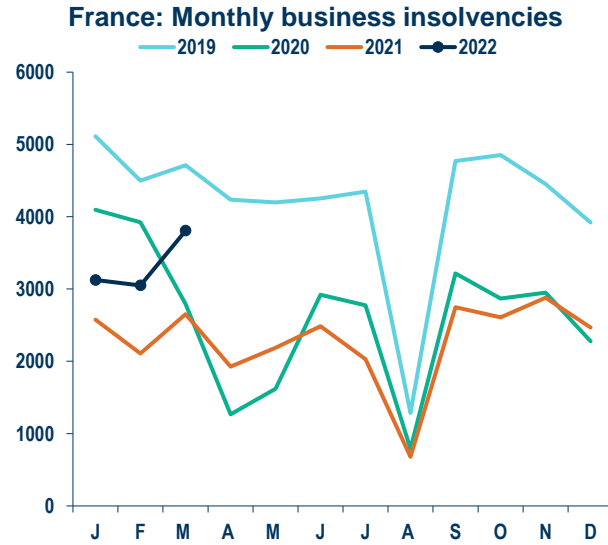


Price and activity outlook in manufacturing industry
(net balance of answers)



Sources: INSEE, Datastream, Coface

IN MARCH, **INSOLVENCIES** HAVE PICKED UP ALMOST EVERYWHERE IN EUROPE



I NOSTRI CONTATTI



ANTONELLA VONA – DIRETTORE MARKETING &
COMUNICAZIONE COFACE IN ITALIA
REGION COMMUNICATION DIRECTOR MEDITERRANEO & AFRICA
antonella.vona@coface.com
infoitaly@coface.com

BRUNO DE MOURA FERNANDES
HEAD OF MACROECONOMIC RESEARCH
bruno.fernandes@coface.com

www.coface.it

Seguici

LinkedIn



YouTube

DISCLAIMER



This media release is a marketing communication emanating from Coface Group.

Unless otherwise stated, references to the “Group” or the “Coface Group” are references to COFACE SA and its subsidiaries, branches and holdings. The chief operating subsidiary of the Coface Group is Compagnie française d’assurance pour le commerce extérieur. This subsidiary, which is 100% owned by COFACE SA, is a French société anonyme, with a share capital of €137,052,417.05, and registered with the Nanterre Trade and Companies Registry under company number 552 069 791.

The information contained in this presentation has not been subject to independent verification. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein. None of the Coface Group, its affiliates or its advisors, nor any representatives of such persons, shall have any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection with this document or any other information or material discussed.

Participants should complete this information with the Registration Document of the Company registered by the Autorité des marchés financiers (“AMF”). These documents all together present a detailed description of the Coface Group, its business, strategy, financial condition, results of operations and risk factors.

This presentation contains certain forward-looking statements. Such forward looking statements in this presentation are for illustrative purposes only. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements are based on Coface Group’s current beliefs, assumptions and expectations of its future performance, taking into account all information currently available.

The Coface Group is under no obligation and does not undertake to provide updates of these forward-looking statements and information to reflect events that occur or circumstances that arise after the date of this document.

Forward-looking information and statements are not guarantees of future performance and are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Coface Group. Actual results could differ materially from those expressed in, or implied or projected by, forward-looking information and statements. These risks and uncertainties include those discussed or identified under paragraph 2.4 “Report from the Chairman of the Board of Directors on corporate governance, internal control and risk management procedures” (Paragraphe 2.4 “Rapport du président sur le gouvernement d’entreprise, les procédures de contrôle interne et de gestion des risques”) and Chapter 5 “Main risk factors and their management within the Group” (Chapitre 5 “Principaux facteurs de risque et leur gestion au sein du Groupe”) in the Registration Document.

This presentation contains certain information that has not been prepared in accordance with International Financial Reporting Standards (“IFRS”). This information has important limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under IFRS.

More comprehensive information about the Coface Group may be obtained on its Internet website (<http://www.coface.com/Investors>).

This document does not constitute an offer to sell, or a solicitation of an offer to buy COFACE SA securities in any jurisdiction.



GRAZIE

coface
FOR TRADE