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PANORAMA

SEPTEMBER 2015

Country Risk Barometer Q3 2015

COFACE ECONOMIC PUBLICATIONS

By Coface Group Economists



For the fourth consecutive year, global growth will fail to exceed 3%. At the beginning of the year however, this target did not appear unattainable, as the highly expansionary monetary policies in place, combined with the fall in the oil price and less restrictive fiscal policies, were expected to effectively accelerate growth. But this was not the case. Who is at fault? Chiefly the emerging markets, with Russia and

Brazil in deep recession, and with growth slowing down more rapidly than expected in China, while failing to take off in South Africa or in Turkey. Many of the commodities exporting countries are also struggling. In this context, emerging currencies have depreciated sharply against the dollar. One minor consolation: India is the only major emerging economy which is not a disappointment, with a growth rate of over 7% this year and next year.

In this context, Coface is downgrading several country assessments among emerging markets, particularly in Latin America, which will be in recession this year: Brazil, Ecuador, Chile and Trinidad and Tobago. The level of risk has also increased in Malaysia, Tunisia and Armenia. In contrast, outlook for Hungary has been upgraded to positive, as a symbol of central Europe which is benefitting from the timid Eurozone recovery.

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