

## BAROMETER COUNTRY AND SECTOR RISKS BAROMETER - Q3 2022



By the Coface  
Economic  
Research team

## A cold chill on the global economy

**A**s autumn sets in across the northern hemisphere, the skies are darkening over the global economy. Beyond the repercussions of the war in Ukraine, which we highlighted in our last barometer, the global monetary tightening and the multiple constraints on Chinese growth paint a gloomy outlook, to say the least. In the short-term, the economy seems to be settling into a regime of “stagflation”, where almost no growth and rapidly rising prices coexist. The possibility of a global recession, meanwhile, is becoming clearer. The general downward revisions to our GDP growth forecasts this quarter reflect this. Our assessment changes are also consistent with this logic and with the numerous downgrades made last quarter. Coface has downgraded eight countries (Italy, Denmark, Switzerland, Cyprus, Luxembourg, Malta, Egypt and Chile), after 19 in the second quarter. The 49 sector risk assessment downgrades highlight the clear deterioration of conditions in sectors sensitive to the economic cycle (construction, metals and wood).

Over Europe, more than anywhere else, the clouds are particularly threatening. Following the complete shutdown of the Nord Stream gas pipeline at the beginning of September, the energy crisis triggered by the Russian invasion of Ukraine is intensifying. The Old Continent is therefore preparing for “imposed” sobriety, as the European Union has finally agreed on a plan to reduce gas consumption, while some industries have announced that they would reduce their production to cope with soaring energy costs. As the region prepares to wrap itself in its winter clothes, it seems inevitable that it will have to ration its energy consumption, especially of natural gas and electricity. Germany, the continent’s leading industrial power, will be at the forefront of this crisis.

Concomitantly, inflationary pressures, exacerbated by the war, show little sign of abating. The major central banks, led by the U.S. Federal Reserve (Fed), remain resolutely aggressive to contain inflation. Breaking the low interest rate environment that prevailed following the global financial crisis (2008-2009), particularly in the advanced economies, most of them (United States, Canada, Europe, United Kingdom, Australia, etc.) have already returned to key interest rate levels unseen in the last decade. Far from being deterred by the growing signs of a slowdown in activity,

---

## DISCLAIMER

This document reflects the opinion of Coface's Economic Research Department, as of the date of its preparation and based on the information available; it may be modified at any time. The information, analyses and opinions contained herein have been prepared on the basis of multiple sources considered reliable and serious; however, Coface does not guarantee the accuracy, completeness or reality of the data contained in this document. The information, analyses and opinions are provided for information purposes only and are intended to supplement the information otherwise available to the reader. Coface publishes this document in good faith and on the basis of an obligation of means (understood to be reasonable commercial means) as to the accuracy, completeness and reality of the data. Coface shall not be liable for any damage (direct or indirect) or loss of any kind suffered by the reader as a result of the reader's use of the information, analyses and opinions. The reader is therefore solely responsible for the decisions and consequences of the decisions he or she makes on the basis of this document. This document and the analyses and opinions expressed herein are the exclusive property of Coface; the reader is authorised to consult or reproduce them for internal use only, provided that they are clearly marked with the name "Coface", that this paragraph is reproduced and that the data is not altered or modified. Any use, extraction, reproduction for public or commercial use is prohibited without Coface's prior consent. The reader is invited to refer to the legal notices on Coface's website: <https://www.coface.com/Home/General-informations/Legal-Notice>.

---

## COFACE SA

1, place Costes et Bellonte  
92270 Bois-Colombes  
France

[www.coface.com](http://www.coface.com)

**coface**  
FOR TRADE