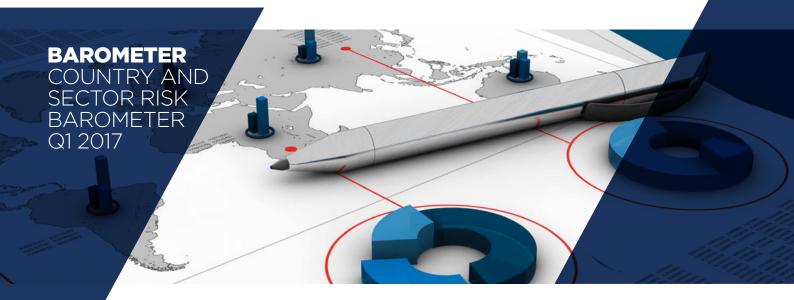
COFACE ECONOMIC PUBLICATIONS



Recovery in global growth: more than a flash in the pan?

2 COMPANIES MORE CONFIDENT at the start of this year, the effects of political risks are not materialising (yet).

GLOBAL SCENARIO: growth in GDP, trade and prices up slightly.

US: slowdown in growth and in the pace of reforms.

DONALD TRUMP AND PROTECTIONIST RISK: what country and business sectors are the most at risk?

METALS SECTOR: rise in global prices, but reduction in Chinese capacity an illusion.

7 CHANGES IN COUNTRY RISK assessments.

CHANGES IN SECTOR RISK assessments. igns of a recovery in global growth are multiplying at the start of 2017. Companies are more confident. If the uptrend in inflation in developed economies and in China takes shape in coming months and does not only concern energy prices, it would testify to a distancing of deflation risk.

Two negative points nevertheless cloud this scenario. Firstly, the recovery remains under threat from political risk which could materialise this year: elections in western Europe and more specifically in France (GDP growth could be halved to 0.7% instead of 1.3% given increased uncertainty), as well as still high risk of eventual protectionist measures by the US. In addition, signs of a rally are often too hesitant at this stage to enable a reclassification of many countries and sectors in the Coface risk scales. While this stronger growth is good news for companies, their activity is indeed set to remain restricted by high and rising debt (especially in emerging countries).

In all, the only assessments revised upwards are those of the Czech Republic (to A2), Latvia (to A3), Israel (to A2) and Armenia (to D). Meanwhile Mozambique has been downgraded to E. In sector terms, the recent rebound in global prices has benefited the metallurgy sectors in China and Brazil, even if risk levels remain high. Still in Brazil, the trend is the same for the agrifood, construction, automotive and energy sectors. However, in a sign that this recovery is somewhat dispersed, risk has deteriorated in other sectors such as ICTs¹ in Turkey and Mexico.



In case of political shock in France, GDP growth could be halved this year, on the back of higher uncertainties.



1/ ICT: Information and Communication Technologies

