AU GROUP

G-Grade

Country Risk Global Grading

2019 - FOURTH QUARTER
GLOBAL OVERVIEW

a
GROUP
INSURANCE, FINANCING
& MANAGEMENT OF TRADE RECEIVABLES

NEW TRENDS Q4 / 2019

The G-Grade's purpose is to review changes in country risk and the tool has monitored events and tracked the following changes in Q4 2019.

HIGHEST UPGRADES

- **(+0.50) Ukraine** : The election of the new president and his party's majority in parliament provides reason to be optimistic about the future. The recently appointed government has shown a willingness to implement reforms. According to IMF, over the past 4 years the government gross debt has dropped by 24pts from 81% in 2016 to 57% in 2019.
- **(+0.50) Macedonia**'s rating has been upgraded during the last quarter thanks to the overall economic environment. GDP growth was 2.7% in 2018 and is expected to reach 3.2% in 2019 with 3.4% in 2020.

HIGHEST DOWNGRADES

- **(-0.75) Hong Kong** has been in recession for two quarters and the country is suffering from both internal and external pressures (civil protests and the trade war between US & China). Continuing demonstrations have a direct impact on retail, tourism and transport and domestic demand suffers accordingly. Despite its vulnerability to trade dependence with China (55% for exports and 45% for imports according to Euler Hermes), Hong Kong's external position remains very solid.
- **(-0.75) Tunisia**'s economic position continues to be a concern as liquidity reserves are impacted by the current account balance level (-10.2% in 2017, -11.1% in 2018 and -10.4% in 2019 according to IMF). The government's debt level is expected to rise from 62% in 2016 to 79% in 2020 – (IMF forecasts).
- **(-0.50) Argentina** now has a new president - Alberto Fernandez, but his task will be tough especially because the level of government debt has almost doubled during his predecessor's term (53% of GDP in 2016 and expected to reach 93.3% of GDP at the end of 2019). During the same period, unemployment rose from 8.5% to 10.6% and inflation increased from an index of 168.3 in 2015 to 438.5 in 2019.
- **(-0.50) Cameroon**'s level of liquidity remains low and the country depends on the support of the IMF (and others). The current account balance was negative in 2018 (-3.7%) and the level is expected to be the same in 2019.
- **(-0.50) Haiti** is paralysed by the demonstrations against corruption and the current government. Fundamentals of the country are still very weak after the misery and the earthquake of 2010.
- **(-0.50) Saudi Arabia** GDP growth was 2.4% in 2018 and is supposed to dive to 0.2 % in 2019, mainly due to an oil industry slowdown.

NOTICE OF EXPLANATION

The G-Grade displays a grade between 1 and 10 measuring the perceived level of political risk in this country.

Grade 1 corresponds to the lowest perceived level of political risk.

1 - low risk   10 - high risk

On each country snapshot, you will notice :
- on the left side is the previous grade,
- on the centre is the current G-Grade,
- on the right side is the highest and the lowest risk assessment provided by the insurers.

All macro economic graphics have been prepared based on IMF (International Monetary Fund) statistics department information (World Economic Outlook Database).

In case of questions please address your request to : **forni@au-group.com**

ENABLING BETTER VISIBILITY ON WORLDWIDE RISKS

«The "AU G-Grade" is a condensed overview based on the country risk assessments of the major credit insurers (EULER HERMES, ATRADIUS, COFACE & CREDENDO...). In addition, in order to provide you a complete picture of each country, we have selected 7 relevant KPIs issued by the IMF statistics department.

The AU G-Grade is displayed country by country, providing a rating evolution on a quarterly basis and also including the lowest and highest grade spreads from the insurers. Developed by AU Group, this complementary tool gives a solid trend analysis and indication of a country's risk, based on the valuable grading of the most experienced insurers.»

BAUDOUIN DE THORÉ, Chief Executive Officer

OVERVIEW

G

CLICK ON A COUNTRY TO REACH ITS SHEET

ALBANIA

2.9
Population
in Millions of people, 2018

4.1
Gross Domestic Product
in % of change, 2018

5 239
Gross Domestic Product Per Capita
in USD, 2018
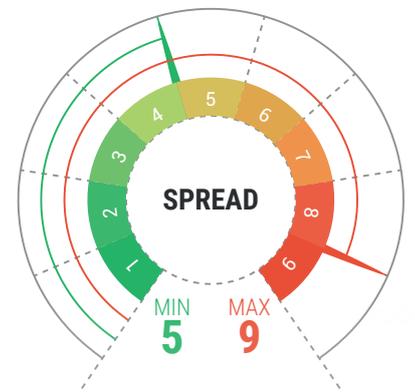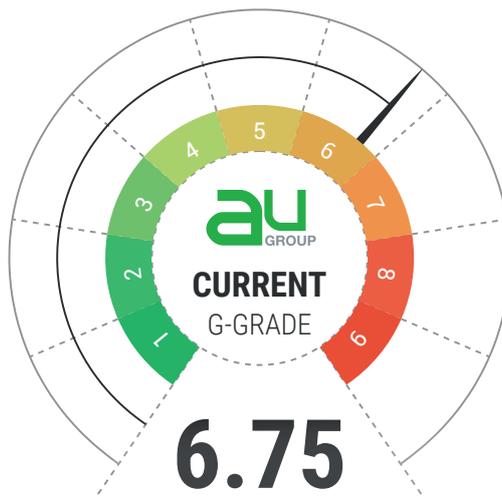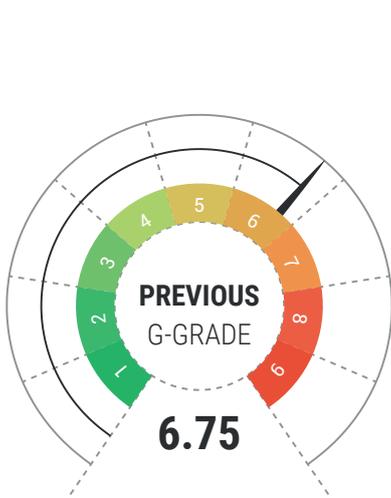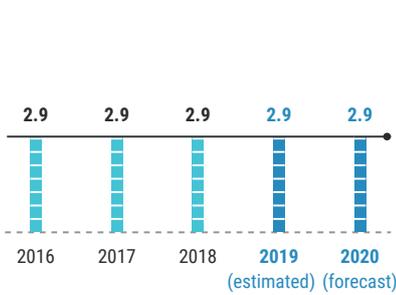
PREVIOUS G-GRADE
6.75

CURRENT G-GRADE
6.75

SPREAD
MIN **5**   MAX **9**

POPULATION
(Persons)

2016	2017	2018	2019 (estimated)	2020 (forecast)
2.9	2.9	2.9	2.9	2.9

GROSS DOMESTIC PRODUCT
(% change)

2016	2017	2018	2019 (estimated)	2020 (forecast)
3.3	3.8	4.1	3	4

GROSS DOMESTIC PRODUCT PER CAPITA
(USD)

2016	2017	2018	2019 (estimated)	2020 (forecast)
4 124	4 540	5 239	5 373	5 847

INFLATION
(Index)

2016	2017	2018	2019 (estimated)	2020 (forecast)
101.3	103.3	105.4	107.3	109.4

UNEMPLOYMENT RATE
(% of total labor force)

2016	2017	2018	2019 (estimated)	2020 (forecast)
15.2	13.8	12.2	13.7	13.2

GENERAL GOVERNMENT GROSS DEBT
(% of GDP)

2016	2017	2018	2019 (estimated)	2020 (forecast)
73.3	71.9	69.9	66.7	64.9

CURRENT ACCOUNT BALANCE
(% of GDP)

2016	2017	2018	2019 (estimated)	2020 (forecast)
-7.6	-7.5	-6.8	-6.6	-6.4
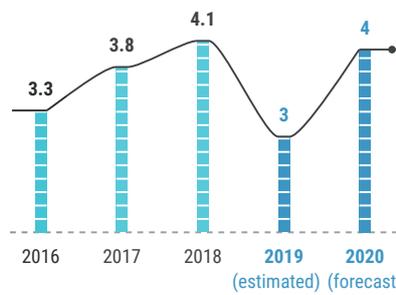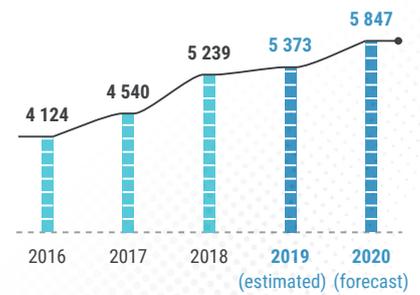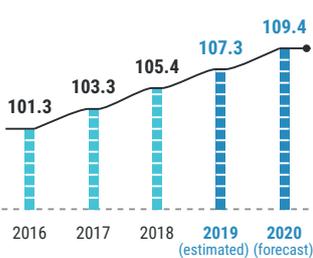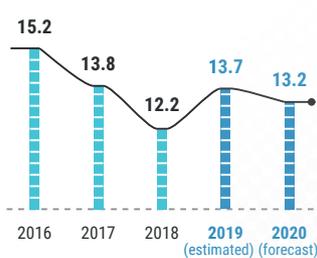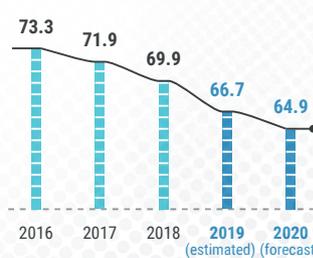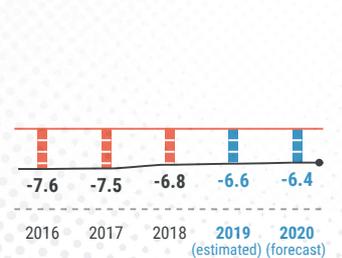
BAHRAIN

1.5
Population
in Millions of people, 2018

1.8
Gross Domestic Product
in % of change, 2018

25 483
Gross Domestic Product Per Capita
in USD, 2018

PREVIOUS G-GRADE
6.75

CURRENT G-GRADE
7

SPREAD
MIN **6**   MAX **8**

POPULATION
(Persons)

|				
1.4	1.5	1.5	1.5	1.5
2016	2017	2018	**2019** (estimated)	**2020** (forecast)

GROSS DOMESTIC PRODUCT
(% change)

3.5	3.8	1.8	2	2.1
2016	2017	2018	**2019** (estimated)	**2020** (forecast)

GROSS DOMESTIC PRODUCT PER CAPITA
(USD)

22 652	24 399	25 483	25 273	25 507
2016	2017	2018	**2019** (estimated)	**2020** (forecast)

INFLATION
(Index)

127.3	129.1	131.8	133.7	137.4
2016	2017	2018	**2019** (estimated)	**2020** (forecast)

UNEMPLOYMENT RATE
(% of total labor force)

3.7	3.6	3.9	4	3.9
2016	2017	2018	**2019** (estimated)	**2020** (forecast)

GENERAL GOVERNMENT GROSS DEBT
(% of GDP)

81.3	88.2	94.7	101.7	106.9
2016	2017	2018	**2019** (estimated)	**2020** (forecast)

CURRENT ACCOUNT BALANCE
(% of GDP)

-4.6	-4.5	-5.9	-4.3	-4.4
2016	2017	2018	**2019** (estimated)	**2020** (forecast)

Source : International Monetary Fund

AFGHANISTAN

36
Population
in Millions of people, 2018

2.7
Gross Domestic Product
in % of change, 2018

545
Gross Domestic Product Per Capita
in USD, 2018
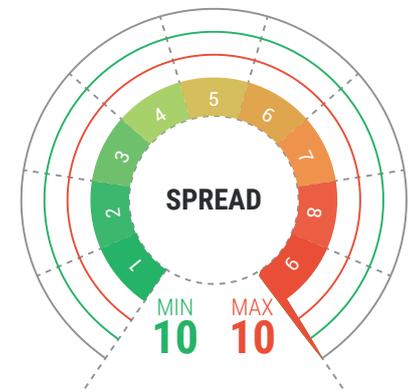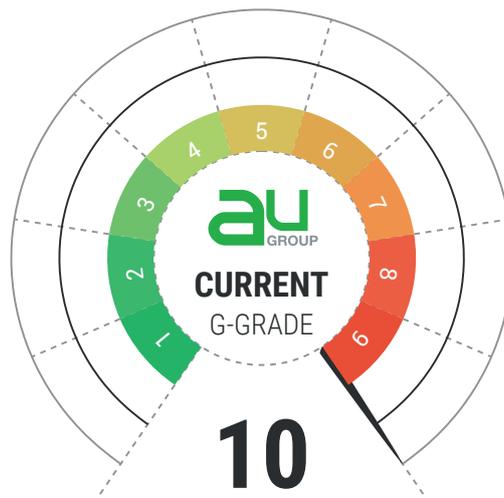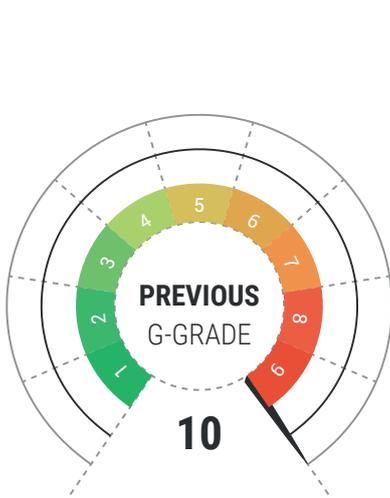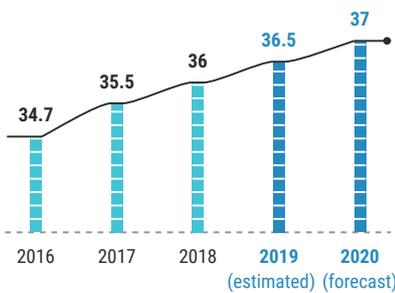
PREVIOUS G-GRADE — 10

CURRENT G-GRADE — 10

SPREAD — MIN 10 MAX 10

POPULATION
(Persons)

2016	2017	2018	2019 (estimated)	2020 (forecast)
34.7	35.5	36	36.5	37

GROSS DOMESTIC PRODUCT
(% change)

2016	2017	2018	2019 (estimated)	2020 (forecast)
2.2	2.7	2.7	3	3.5

GROSS DOMESTIC PRODUCT PER CAPITA
(USD)

2016	2017	2018	2019 (estimated)	2020 (forecast)
561	570	545	513	510

INFLATION
(Index)

2016	2017	2018	2019 (estimated)	2020 (forecast)
105.7	111	111.7	114.6	119.7

UNEMPLOYMENT RATE
(% of total labor force)

2016	2017	2018	2019 (estimated)	2020 (forecast)
N/A	N/A	N/A	N/A	N/A

GENERAL GOVERNMENT GROSS DEBT
(% of GDP)

2016	2017	2018	2019 (estimated)	2020 (forecast)
7.8	7.5	6.9	7.5	7.7

CURRENT ACCOUNT BALANCE
(% of GDP)

2016	2017	2018	2019 (estimated)	2020 (forecast)
8.4	4.7	9.1	2	0.2
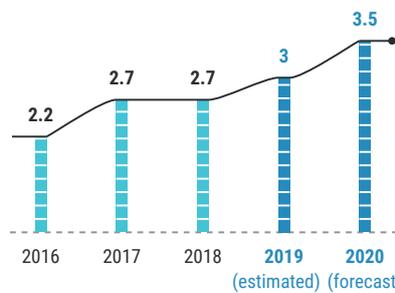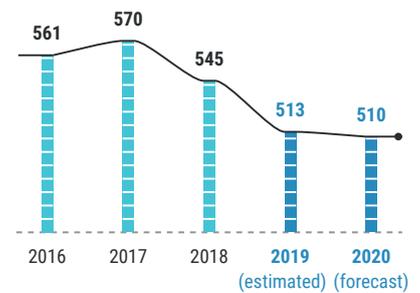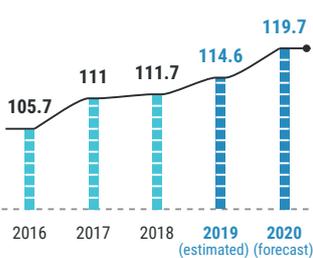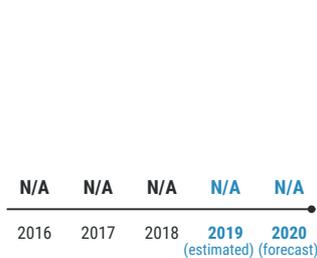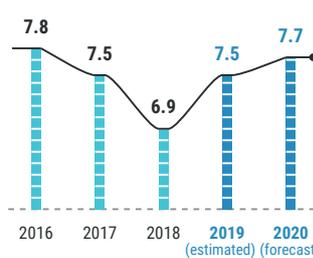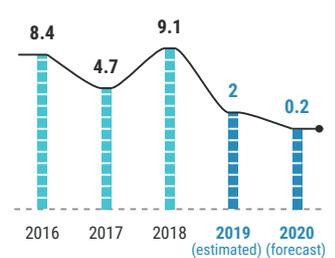
Source : International Monetary Fund

ALGERIA

42.6
Population
in Millions of people, 2018

1.4
**Gross Domestic Product**
in % of change, 2018

4 081
**Gross Domestic Product Per Capita**
in USD, 2018
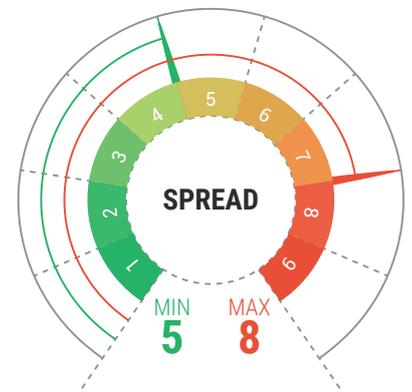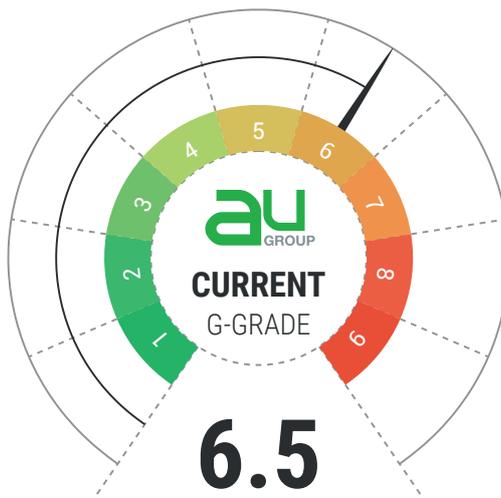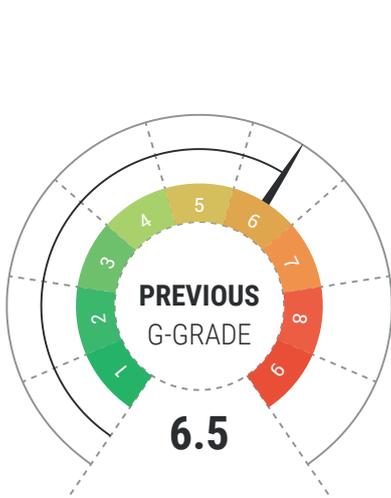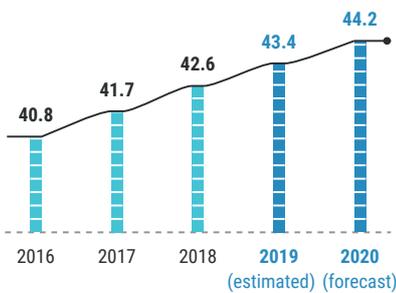
PREVIOUS
G-GRADE
6.5

CURRENT
G-GRADE
6.5

SPREAD
MIN **5**   MAX **8**

POPULATION
(Persons)

40.8 — 2016
41.7 — 2017
42.6 — 2018
43.4 — 2019 (estimated)
44.2 — 2020 (forecast)

GROSS DOMESTIC PRODUCT
(% change)

3.2 — 2016
1.3 — 2017
1.4 — 2018
2.6 — 2019 (estimated)
2.4 — 2020 (forecast)

GROSS DOMESTIC PRODUCT PER CAPITA
(USD)

3 919 — 2016
4 012 — 2017
4 081 — 2018
3 980 — 2019 (estimated)
4 039 — 2020 (forecast)

INFLATION
(Index)

183.7 — 2016
194 — 2017
202.3 — 2018
206.3 — 2019 (estimated)
214.8 — 2020 (forecast)

UNEMPLOYMENT RATE
(% of total labor force)

10.5 — 2016
11.7 — 2017
11.7 — 2018
12.5 — 2019 (estimated)
13.3 — 2020 (forecast)

GENERAL GOVERNMENT GROSS DEBT
(% of GDP)

20.5 — 2016
27.3 — 2017
38.3 — 2018
46.1 — 2019 (estimated)
49.2 — 2020 (forecast)

CURRENT ACCOUNT BALANCE
(% of GDP)

-16.5 — 2016
-13.2 — 2017
-9.6 — 2018
-12.6 — 2019 (estimated)
-11.9 — 2020 (forecast)

Source : International Monetary Fund
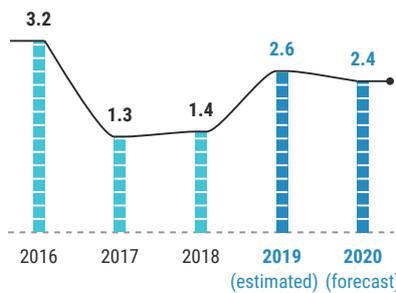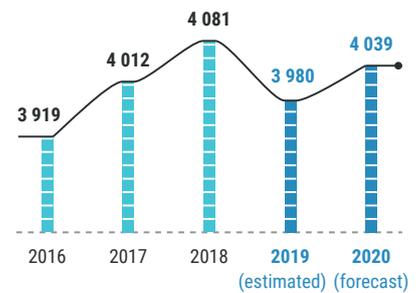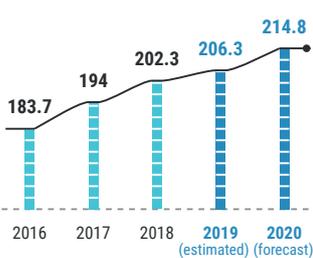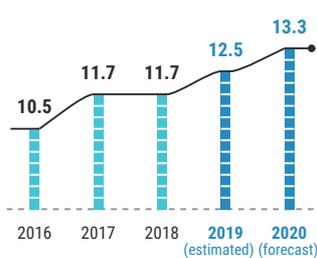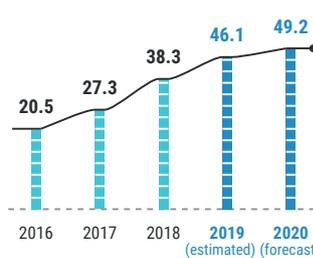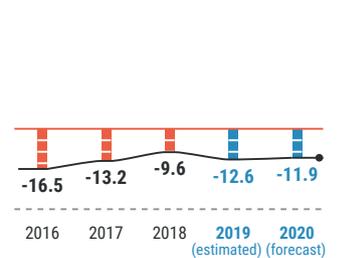
ARGENTINA

44.6
Population

in Millions of people, 2018

-2.5
*Gross Domestic Product*

in % of change, 2018

11 658
Gross Domestic Product Per Capita
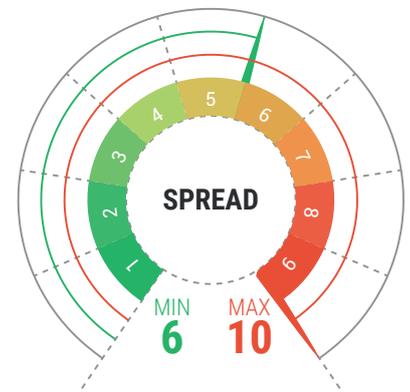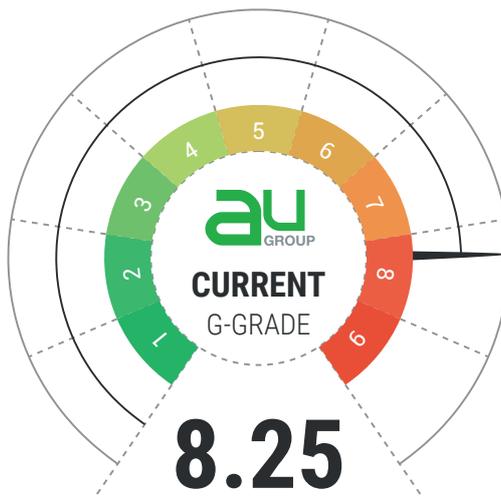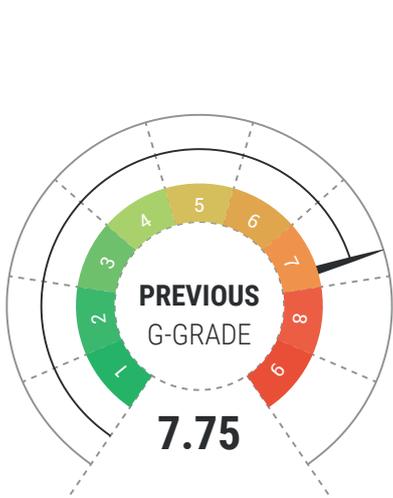
in USD, 2018

PREVIOUS G-GRADE

7.75

CURRENT G-GRADE

8.25

SPREAD

MIN **6**   MAX **10**

POPULATION
(Persons)

43.6 (2016)
44.1 (2017)
44.6 (2018)
45.1 (2019 estimated)
45.6 (2020 forecast)

GROSS DOMESTIC PRODUCT
(% change)

-2.1 (2016)
2.7 (2017)
-2.5 (2018)
-3.1 (2019 estimated)
-1.3 (2020 forecast)

GROSS DOMESTIC PRODUCT PER CAPITA
(USD)

12 773 (2016)
14 588 (2017)
11 658 (2018)
9 888 (2019 estimated)
9 731 (2020 forecast)

INFLATION
(Index)

168.3 (2016)
211.5 (2017)
284 (2018)
438.5 (2019 estimated)
662.2 (2020 forecast)

UNEMPLOYMENT RATE
(% of total labor force)

8.5 (2016)
8.4 (2017)
9.2 (2018)
10.6 (2019 estimated)
10.1 (2020 forecast)

GENERAL GOVERNMENT GROSS DEBT
(% of GDP)

53.1 (2016)
57.1 (2017)
86.1 (2018)
93.3 (2019 estimated)
80.8 (2020 forecast)

CURRENT ACCOUNT BALANCE
(% of GDP)

-2.7 (2016)
-4.9 (2017)
-5.3 (2018)
-1.2 (2019 estimated)
0.3 (2020 forecast)

Source : International Monetary Fund

Argentina - Americas
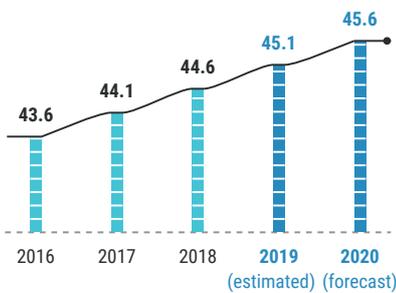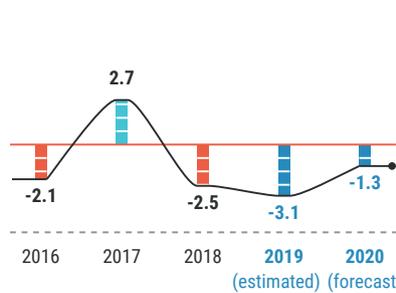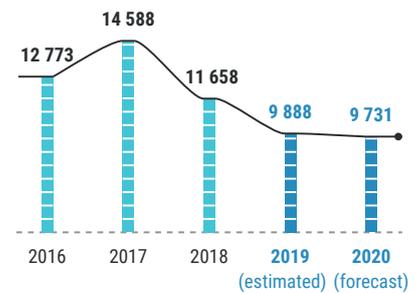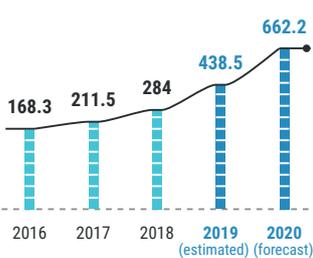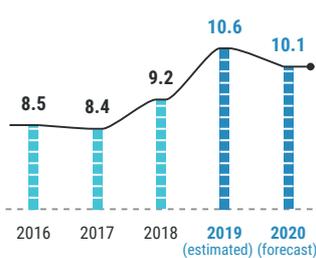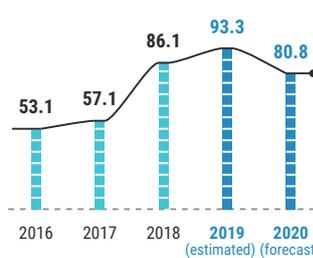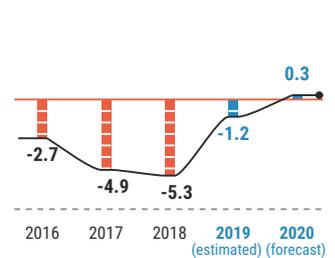
AU GROUP

Supports its clients in structuring, negotiating and implementing solutions for the:

PROTECTION AGAINST CUSTOMER'S PAYMENT DEFAULT
by transferring the risk to the most suitable market

MANAGEMENT OF TRADE RECEIVABLES
by optimising credit management tools & techniques with the use of IT solutions

FINANCING AND WORKING CAPITAL SECURITIZATION
by pledging trade receivables to appropriate finance companies

AU GROUP

Is the leading global broker specialised in those areas

1929
DATE OF CREATION

100%
PRIVATELY OWNED

+4500
CLIENTS

54
OFFICES

39
COUNTRIES

260
A TEAM OF 260 STAFF WORLDWIDE

€ 300 b.
MORE THAN € 300 BILLION OF TRADE COVERED PER YEAR

-
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& MANAGEMENT OF TRADE RECEIVABLES