AU GROUP

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G-Grade

Country Risk Global Grading

2021 - SECOND QUARTER
GLOBAL OVERVIEW

au
GROUP

INSURANCE, FINANCING, MANAGEMENT OF
TRADE RECEIVABLES - POLITICAL RISKS

NEW TRENDS Q2 / 2021

Whilst for some countries (China, United States, UAE, United Kingdom) there is light at the end of the tunnel, others are struggling due to the pandemic. But overall, the trend is gradually improving as vaccines are deployed around the world.
During the first quarter (01/01 to 31/03/201), the G-Grade noted 4 significant changes in country risk.

⬋ HIGHEST DOWNGRADES

• Downgrade in Laos (G-Grade changes from 8.50 to 9.00): foreign exchange reserves are relatively low and the country's debt situation is worsening. As of today, there is no IMF support policy in place and the possible risk of sovereign default rises.

⬈ HIGHEST UPGRADES

• Improvement in Azerbaijan (the G-Grade goes from 7.50 to 6.75): The tense political situation of late 2020 due to the armed conflict in the Nagorno-Karabakh region, seems to have improved since the ceasefire last November.

• Improvement in the UK (G-Grade goes from 2.50 to 2.00): After a -9.9% recession in 2020 (according to the IMF), a rebound in growth is expected for 2021 (+5.3%) and 2022 (+5.1%), as the health situation gradually improves. Household consumption will be the driving force behind this recovery, as the purchasing power of the British public has not been badly affected by the pandemic thanks to the measures taken to support the economy. However, all these measures have a cost, and the country will have to face the significant increase in its public debt, which has risen from 85.2% of GDP in 2019 to 107.1% in 2021 (IMF estimate).

• Improvement in the United Arab Emirates (G-Grade moves from 3.75 to 3.25): The collapse of oil prices during 2020 has badly impacted the country's economy. In 2021, the combined effect of the rise in barrel prices and the recovery in volumes promises better prospects (+3.1% in 2021 and +2.6 in 2020). Even if the pandemic will reduce the scope of the Dubai World Expo, (October 2021), such an event will still have a positive impact on the region (employment, consumer spending).

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

FRANCE

65.1
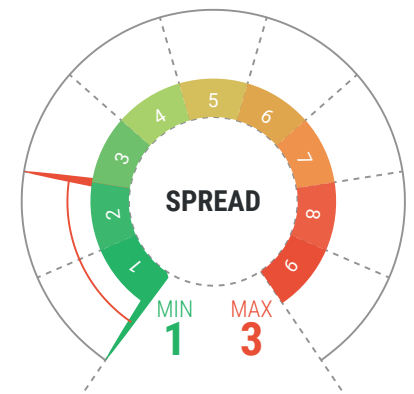**Population**

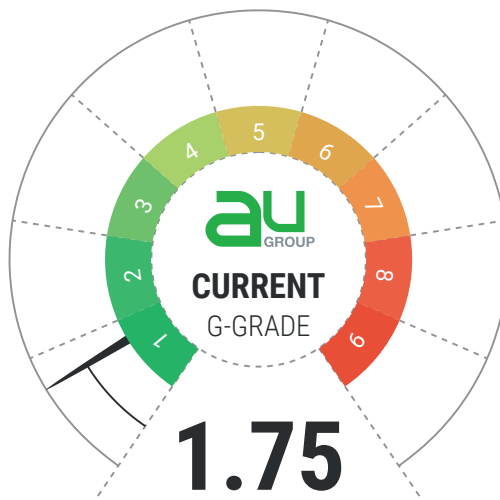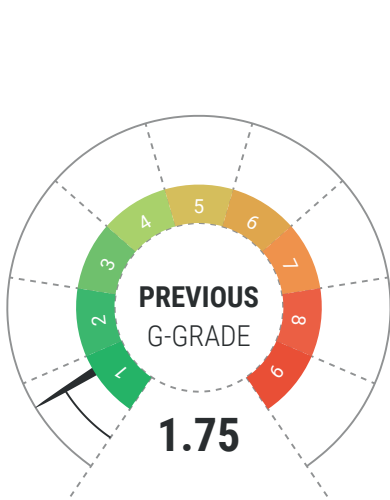in Millions of people, 2020
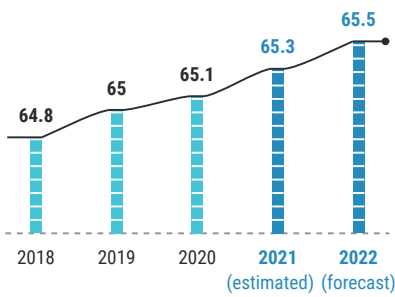
-8.2
Gross Domestic Product

in % of change, 2020

39 907
Gross Domestic Product Per Capita

in USD, 2020

PREVIOUS
G-GRADE

1.75

CURRENT
G-GRADE

1.75

SPREAD

MIN **1**   MAX **3**

POPULATION
(Persons)

64.8 — 2018
65 — 2019
65.1 — 2020
65.3 — 2021 (estimated)
65.5 — 2022 (forecast)

GROSS DOMESTIC PRODUCT
(% change)

1.9 — 2018
1.5 — 2019
-8.2 — 2020
5.8 — 2021 (estimated)
4.2 — 2022 (forecast)

GROSS DOMESTIC PRODUCT PER CAPITA
(USD)

43 044 — 2018
41 811 — 2019
39 907 — 2020
44 995 — 2021 (estimated)
47 934 — 2022 (forecast)

INFLATION
(Index)

103.6 — 2018
104.9 — 2019
105.5 — 2020
106.6 — 2021 (estimated)
107.9 — 2022 (forecast)
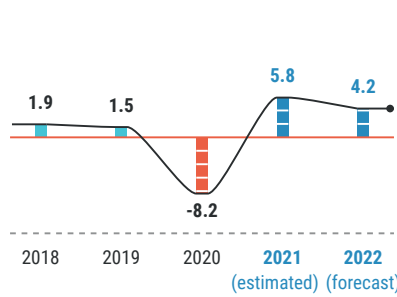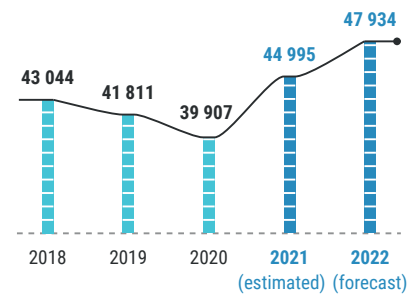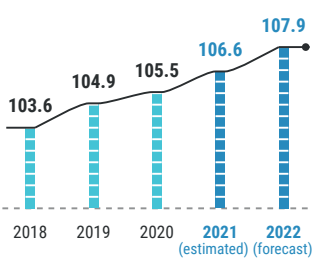
UNEMPLOYMENT RATE
(% of total labor force)

9 — 2018
8.5 — 2019
8.2 — 2020
9.1 — 2021 (estimated)
9.2 — 2022 (forecast)
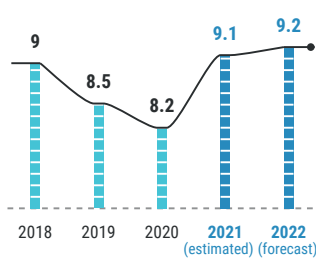
GENERAL GOVERNMENT GROSS DEBT
(% of GDP)

98 — 2018
98.1 — 2019
113.5 — 2020
115.2 — 2021 (estimated)
114.3 — 2022 (forecast)
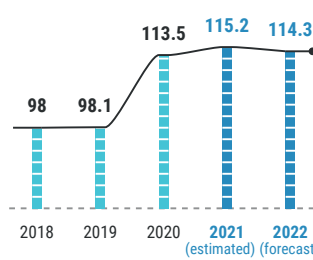
CURRENT ACCOUNT BALANCE
(% of GDP)

-0.6 — 2018
-0.7 — 2019
-2.3 — 2020
-2.1 — 2021 (estimated)
-1.8 — 2022 (forecast)
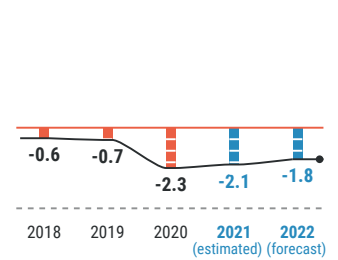
Source : International Monetary Fund

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

40
COUNTRIES

260
A TEAM OF 260 STAFF WORLDWIDE

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

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