

WorldWatch Headlines: October 2020

Welcome to our latest compilation of WorldWatch Headlines, taken from the most recently published Country Insight Snapshot reports. These headlines highlight the key development our analysts identified for each country when they updated the report.

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Africa

Algeria	The new constitution will be put to a referendum on 1 November; although it is likely to pass, it will lay the foundations for future protests.
Angola	Angolan oil sector output, exports and capital investment have fallen sharply and will drive recession and exacerbate liquidity issues in 2020.
Botswana	The recession will be deeper than presumed in 2020 with real GDP falling by 6.0%.
Cameroon	Cameroon secures new finance from the IMF and multilateral development banks.
Congo, D.R.	The Congolese franc's exchange rate slips to a new low: domestic price pressures will remain high.
Cote d'Ivoire	The government is gradually lifting Covid-19 lockdown restrictions.
Ethiopia	Consumer price inflation surges as the economy struggles.
Gabon	Additional domestic measures and external support strengthen the government's efforts to mitigate twin shocks.
Ghana	GDP growth will fall drastically in 2020 and economic headwinds mean that the fiscal deficit is likely to widen considerably; debt levels may increase in the coming years.
Kenya	Kenya faces high debt servicing costs.
Libya	We have upgraded our rating outlook for Libya as the oil blockade ends in the east of the country.
Malawi	An opposition alliance wins the presidential election rerun, prompting upgrades to Malawi's political risk and overall country risk outlooks.
Mauritius	The travel and tourism sector came to a standstill towards the end of March and will struggle into 2021, undermining economic growth.
Morocco	We have downgraded our rating for Morocco by two quartiles due to the severity of the coronavirus pandemic's impact on key sectors of the economy.
Mozambique	Mozambique secures financing for a major liquefied natural gas project, in a boost to long-term economic potential.
Namibia	Namibia seeks external financial support from the IMF to help tackle the effects of the Covid-19 pandemic.
Nigeria	All major sectors of the economy - except agriculture - contracted sharply in Q2 2020, and little recovery is expected in H2 2020 and 2021.
Senegal	Our real GDP growth forecast for 2020 drops to 1.5%, implying a per capita decline, although we expect Senegal to avoid recession, helped by buoyant agriculture.
Sierra Leone	Sierra Leone's parliament has approved a supplementary budget for fiscal year 2020 and the government is receiving budgetary support from multilateral financial institutions.
South Africa	The economy contracted by a record 17.1% y/y in Q2 2020, with industrial output hit particularly hard, recording an aggregate contraction of 31.3% y/y.
Sudan	The economy will contract by as much as 8.0% in 2020, and will remain highly unstable.
Tanzania	The country faces a drastic reduction in tourism receipts, as well as budget pressures and a larger current account deficit.
Tunisia	President Saied appoints Hichem Mechichi as the next prime minister - but he is unlikely to be able to form a stable government.
Uganda	Uganda plans to resume international flight services, with lighter restrictions starting in October, to help boost business activity - and tourism in particular.

Zambia	Zambia requests debt relief from China as the economy struggles and public finances deteriorate: tax revenues, export earnings, and FDI are set to disappoint into 2021.
Zimbabwe	Inflation of more than 800%, accompanied by recession, highlights a deep economic crisis in the country and poses major challenges for businesses.

Asia Pacific

Afghanistan	The future of peace talks hinges on completing prisoner swaps.
Australia	More stringent measures adopted in August in Melbourne are likely to lead to an economic backslide in terms of Q3 figures, subtracting up to 0.7% from 2020 annual GDP.
Bangladesh	The central bank cuts rates in a bid to stimulate slowing domestic lending growth.
Cambodia	Dun & Bradstreet expects production rationalisation in Cambodia's garments sector as the loss of EU preferential access, slumping garments exports and competition weigh on the outlook.
China	The services sector is accelerating and exports have powered ahead during the pandemic, but employment lags the overall recovery; electricity consumption hints at broader weakness.
Fiji	Restrictions on international travel devastate the local tourist industry, leading to a humanitarian crisis in the Western Division.
Hong Kong (S.A.R)	With the retail sector having shrunk for 18 consecutive months, the government announces a major stimulus package worth USD3.1bn to support the economy's worst-hit industries.
India	GDP data shows output in India dropped by almost a quarter in Q2, creating the greatest challenge the country has faced in recent decades, with the pandemic yet to peak.
Indonesia	New social restrictions in the province of DKI Jakarta, which accounts for around 17% of national GDP, are likely to impact the growth outlook.
Japan	The continuing global pandemic is expected to depress the recovery for exports and tourism as well as the prospects for the Olympics in 2021, meaning GDP will be 3-4% below pre-pandemic levels.
Korea (South)	Downside risks continue to apply to the economy, which would have seen GDP decline by over 4% in Q1-Q2 without fiscal policy support and new fixed capital investment driven by large corporations.
Malaysia	The economy is recovering from its 17.1% y/y plunge in real GDP in Q2, prompting an outlook upgrade, but the recovery is uneven amid sectoral pressures from lower demand.
Myanmar	The coronavirus outbreak will undermine the economy in 2020, with growth slowing to 1.2% y/y as exports, remittances and tourism dwindle; we have downgraded the outlook.
Nepal	Real GDP is now expected to contract by around 2% this year as a result of coronavirus, with worries about a recent rise in infections.
New Zealand	The risk rating trend has been downgraded to 'deteriorating' amid a new lockdown in Auckland; economic activity will contract from its already weakened base.
Pakistan	Covid-19 cases decline, but economic fundamentals continue to worsen, perpetuating our deteriorating outlook trend for Pakistan.
Papua New Guinea	There has been a recent surge in cases of coronavirus, although the government seems prepared to open up the domestic economy.
Philippines	Q2 GDP declines at the fastest pace on record, but a few catalysts may provide a short-term boost to growth.
Singapore	Singapore extends support to its embattled domestic sectors until Q1 2021 as headwinds for the externally-oriented economy increase.
Sri Lanka	While the government and health system have proved impressive in containing Covid-19, the economy will be severely affected by falling domestic and international demand.
Taiwan	The economy could still grow by almost 1% in 2020 despite faltering consumption.
Thailand	Q2 GDP data confirmed Thailand's worst economic slump since the Asian financial crisis period, and our forecast implies a 5% contraction in H2.
Vietnam	The recent outbreak of coronavirus in the country is a reminder that the recovery is likely to be long and bumpy.

Eastern Europe

Albania	The overall outlook deteriorates as the government winds down support for businesses and households; many small businesses have closed since government assistance ended in July.
Azerbaijan	The economy will contract by 10% in 2020 amid coronavirus and deflated oil prices.
Belarus	The political environment outlook is negatively affected as Vladimir Putin's support for President Lukashenko suggests that the latter might be more difficult to remove.
Bosnia & Herzegovina	Political problems still beset the country, despite our risk rating upgrade.
Bulgaria	The government re-introduces some Covid-19 restrictions, threatening substantial economic damage.
Croatia	Improving business sentiment and consumer confidence lead to an upgrade in Croatia's risk rating.
Czech Republic	Data for Q2 suggests that the economy contracted by 10.7% y/y, but indicators for Q3 point to a steady recovery, supported by a raft of government measures.
Estonia	The outlook improves as an upturn emerges, but downside risks dominate, with much depending on the trajectory of fragile EU demand.
Georgia	Real GDP will contract by 3.0% this year.
Hungary	We are downgrading Hungary's country risk outlook from 'improving' to 'stable' as a surge in new cases of coronavirus forces the government to close the country's borders.
Kazakhstan	The slump in global demand for Kazakhstan's raw materials and lockdowns will cause real GDP to contract by 2.9% in 2020; we have downgraded the country's risk rating.
Kyrgyz Republic	The impact of Covid-19 on economic growth is worse than expected, with an overall contraction in H1 2020 of 5.3%.
Latvia	The authorities have been cautious in lifting pandemic-related restrictions; almost every part of the economy contracted in Q2, with the exception of some agricultural sectors.
Lithuania	The economy is on the mend, triggering an upgrade of the rating outlook.
Macedonia	North Macedonia faces long delays in forming a new government as elections produce a hung parliament.
Poland	Poland's Q2 GDP figure avoids a double-digit fall, and high-frequency economic indicators continue to recover.
Romania	The economy will contract by 4.5% in 2020 as an upsurge in new cases of coronavirus negatively affects services such as transit, tourism and hospitality.
Russian Federation	With new sanctions likely over opposition leader Alex Navalny's poisoning, companies should brace for a lower rouble and a falling domestic stock market.
Serbia	We are downgrading the outlook for Serbia's market environment as a rise in the incidence of coronavirus postpones any economic rebound.
Slovak Republic	We are raising our GDP forecast for 2020 as data for Q2 comes in better than expected and as indicators on confidence point to a rebound in H2.
Slovenia	Slovenia's economic outlook continues to improve as businesses resume activity.
Tajikistan	Remittance levels are falling, which will negatively impact short-term growth via unemployment, lower consumption and reduced government revenue.
Turkmenistan	The government is continuing to claim that Turkmenistan is free of coronavirus, despite alleged evidence to the contrary.
Ukraine	The economy is forecast to contract by 4.7% in 2020.
Uzbekistan	Economic growth this year will be even slower than previously projected, at just 0.1%, in part due to the continuing incidence of coronavirus.

Middle East

Bahrain	Foreign reserves drop to critical levels, necessitating additional capital-raising.
Egypt	October's elections will do little to alleviate tensions over falling living standards and an overbearing state apparatus, affecting the political environment outlook.
Iran	The rial continues to depreciate as the economy contracts in the face of both US sanctions and falling oil revenues; FX risk will remain extreme in the short term.
Iraq	A relatively competent and independently-minded government is formed, prompting an upgrade to the outlook.

Israel	Weaker payments performance and more liquidations loom, especially in tourism and hospitality, as the economic contraction puts pressure on balance sheets and cash flows.
Jordan	Political tensions grow as the government cracks down on protests, increasing the risk of radicalising opposition groups.
Kuwait	Parliament and government are nearing agreement on legislation to sharply curb the expatriate population, undermining Kuwait's ability to retain and attract talent.
Lebanon	The rating outlook undergoes a further downgrade as the government's resignation exacerbates the country's multiple crises.
Oman	Oman's foreign policy independence is threatened as it is forced to seek financial support from Gulf countries.
Qatar	Qatar's long-term economic potential is boosted as it affirms its commitment to building LNG capacity.
Saudi Arabia	We have upgraded Saudi Arabia's rating outlook as oil prices and production have strengthened, but short-term prospects for doing business remain challenging.
Syria	The short-term economic outlook for Syria remains bleak amid a spike in Covid-19 cases and the impact of the explosion at Beirut's port in neighbouring Lebanon.
UAE	The peace treaty signed with Israel will bring economic benefits, but will raise security risks for both personnel and assets in the UAE.
Yemen	The Southern Transitional Council withdraws from a peace deal, accusing the government of escalating military operations in Abyan, raising political and security risks even higher.

The Americas

Argentina	Tighter capital controls heighten cross-border payment default risks, and weigh heavily on inward investment flows - elevating the probability of devaluation.
Bolivia	The reopening of the economy prompts an outlook upgrade.
Brazil	Both business and consumer confidence improve, confirming that the trough of economic contraction has been passed, but recovery will progress slowly in the coming months.
Canada	The country's GDP contracted by 11.5% q/q in Q2, the largest decline on record; while the economy will recover in Q3, the rebound's momentum is slowing in some spheres.
Chile	A recent reform allows Chileans to withdraw up to 10.0% of their pension savings, bringing a private spending boost of around 5.0% of GDP, but it may reduce long-term financial stability.
Colombia	The government's inability to contain the coronavirus outbreak, alongside the dynamics of lockdown, increases the likelihood of a very slow recovery.
Costa Rica	We have revised down our forecast for the economic contraction in 2020, to 5.2%, with risks still weighted on the downside.
Cuba	Tighter restrictions are now in force in Havana due to a resurgence of coronavirus cases in August, delaying a return to business-as-usual in the capital city.
Dominican Republic	The government pushes ahead with easing the lockdown, despite the continued threat of the virus.
Ecuador	Coronavirus is still hitting the economy and putting the government under pressure.
El Salvador	The economy records its weakest expansion rate in four years as spiking coronavirus cases force a temporary pause to economic reopening.
Guatemala	The economy looks to have taken a sharp hit: widespread layoffs and business closures will suppress spending in coming months.
Honduras	The pathway of the Covid-19 pandemic is posing setbacks to the unlocking process and will determine the effectiveness of stimulus initiatives.
Jamaica	The ruling party's win in a surprise general election will mean a continuation of its policy agenda, in particular its pro-business approach to managing the economy.
Mexico	Remittance inflows will remain robust in the coming months, heading to a historic high in 2020: a major source of FX, remittances will support household consumption.
Nicaragua	A sharp fall in domestic demand will lead to a GDP contraction of 6.3% in 2020.
Panama	Reopening continues but the recovery in H2 is clouded as potential surges in coronavirus depress consumption and investment.

Paraguay	The government launches a USD2.5bn economic recovery programme to help kick-start the economy, but the hoped-for recovery may underwhelm.
Peru	Cement consumption - the main construction activity barometer - rebounds strongly as the economy enters a path of tentative recovery after a record contraction of 30.2% in Q2.
Trinidad & Tobago	The Covid-19 pandemic and low energy prices throttle economic activity, driving a severe contraction and prompting a downgrade to our country risk rating.
USA	The short-term economic improvement is likely to slow after recovering rapidly since the pandemic outbreak, creating long-term scars and divergences between economic sectors.
Uruguay	The country's risk rating is upgraded given the excellent public health response to the coronavirus pandemic.
Venezuela	Consumer prices eased in July; however, in the coming months, acute shortages, currency depreciation and money printing will maintain upward inflationary pressures.

Western Europe

Austria	Real GDP is forecast to contract by a substantial 6.0% this year, while fears grow of a possible acceleration in coronavirus infections.
Belgium	Expect payment delays and bankruptcies to rise sharply into 2021 as wavering consumer confidence softens the improving economic outlook and prolongs the pressure on damaged cashflows.
Cyprus	We are downgrading the outlook for Cyprus' market environment due to a collapse in tourism and a corresponding spike in unemployment.
Denmark	Denmark's market environment outlook declines from 'stable' to 'deteriorating' as a surge in new cases of Covid-19 risks new controls on behaviour.
Finland	Activity picks up after a sharp drop in Q2 GDP, but the uncertain outlook keeps confidence in check; we expect GDP to contract by 5.0% in 2020, followed by growth of 3.0% in 2021.
France	A new EUR100bn spending plan seeks to stimulate an economic revival after the H1 shock, but uncertainty continues to cloud the outlook.
Germany	The country's sizeable industrial sector is recovering, but services have softened and unemployment is rising, tempering the improving outlook.
Greece	The government announces a new package of measures to prop up the economy and safeguard jobs, but the path to recovery remains uncertain.
Iceland	The downturn in economic activity this year will be greater than previously expected.
Ireland	The dwindling chance of a UK-EU Brexit deal means Ireland could lose 1.5% of GDP per year in 2021-22, with supply chain risks also increasing.
Italy	We have upgraded our country risk rating from DB4d to DB4c due to the positive impact on the political outlook as a result of both the regional elections and the referendum vote.
Luxembourg	Uncertainty about the timeframe required for a return to normality is damaging consumer and business sentiment; meanwhile the unemployment rate was recently at 6.6%.
Malta	The surge in new Covid-19 cases raises business continuity risks.
Netherlands	The investment climate is improving gradually, but the better economic conditions in Q3 come in the wake of historic multi-sectoral contractions seen in Q2.
Norway	The marine services and shipbuilding hubs, as well as the offshore oil and gas sectors, face continuing pressures despite the improving trend in Norway's economy.
Portugal	Conditions in sectors such as property and construction are deteriorating even as restrictions are lifted; the one exception to the national collapse in sales is the Alentejo region.
Spain	We are downgrading the outlook for both the supply and market environments as a surge in the number of new cases of coronavirus disrupts economic activity.
Sweden	Labour market liberalisation measures and payroll tax cuts for low- and medium-paid workers will support private consumption in 2021.
Switzerland	Positively for relations with the EU, proposals to end the free movement of people between Switzerland and the EU look set to be rejected in a referendum.

Turkey	The economy enters recession for the second time in two years, raising risk for doing cross-border business as company liquidations rise and payments performance worsens.
United Kingdom	A surge in Covid cases, as well as the growing risk of a no-deal Brexit at the end of the transition period, leads to a series of outlook downgrades.

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