

WorldWatch Headlines: November 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	Business continuity and regional trade will both benefit from the opening in Q4 2020 of the Kazungula Bridge on the border with Zambia.
Cameroon	Business continuity continues to suffer due to piracy attacks in the Gulf of Guinea, which have escalated substantially in 2020 in terms of frequency and severity.
Congo, D.R.	The credit environment and liquidity in the public sector will suffer from a reduction in the overall state budget for 2020 and 2021.
Cote d'Ivoire	Political and insecurity risks for businesses rise as conflict between rival parties and presidential candidates spills over into violent clashes.
Ethiopia	Business continuity will be helped if, as expected, Ethiopian Airlines continues to increase the number and frequency of international cargo and passenger flight services.
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	The supply environment is under threat as the East African Community fails to make progress on securing a new trade deal with the UK, one of Kenya's major international partners.
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	Political and insecurity risks should ease if the government finalises the preliminary peace deals signed with rebel groups in September.

Tanzania	Given the government's track record, business continuity will be helped if, as expected, incumbent President John Magufuli and his ruling CCM party secure victories in October's elections.
Tunisia	The market and supply environments are being hit by the tourism crisis and by mounting social tension amid internal migration fuelled by increasing poverty.
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 political environment has been boosted after the Afghan government and the Taliban engaged in peace talks in late September.
Australia	Further disruption to the commercial environment is expected amid an extension of quarantine measures in Victoria; as a result, we have downgraded the overall outlook to 'deteriorating'.
Bangladesh	Increased garments exports - which make up 88% of total exports - plus improved transportation and surging remittances prompt a rating outlook upgrade from 'deteriorating' to 'stable'.
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 business regulatory environment faces complications due to tensions with the US, China's 'unreliable entity list', and a draft export control law; but the yuan is still surging.
Fiji	FX risk is stable despite the impact of coronavirus, with official FX reserves rising to 8.6 months' worth of imports, ensuring ready access to hard currency.
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	Data on electricity use indicated depressed activity in key economic hubs in August, while multiple sectors require debt restructuring, and a credit crunch has been evident for SMEs.
Indonesia	We have downgraded the risk rating by one quartile to DB4b. Social restrictions in the province of DKI Jakarta, which accounts for around 17% of national GDP, are likely to impact growth.
Japan	The economy is likely to experience only a weak recovery in 2021 given survey results that signal firms' lower capital spending and hiring needs.
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	The overall outlook is upgraded to 'stable' amid an improving economic recovery, while the political environment outlook is also 'stable' despite co-ordinated opposition to the government.
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	The rating outlook has been upgraded to 'stable' amid a big improvement in the labour market that will give market environment conditions an immediate boost.
Singapore	Payments performance risks rise as the outlook for externally-oriented sectors darkens, prompting us to downgrade the country's risk rating by one quartile.
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 technology export sector and trade with mainland China will prevent a recession in 2020, but US-China tensions will create both headwinds and tailwinds for corporate profits.
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 service sector is likely to gain the most from the lifting of anti-virus restrictions: the market environment has suffered only limited damage from the 'second wave'.

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 overall country risk rating has been downgraded to DB6a as the outbreak of armed conflict with Armenia poses a serious threat to the political environment.
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	A deterioration in the political environment prompts a downgrade to the overall outlook as the Bosnian Serbs call for a land swap between Republika Srpska and Kosovo.
Bulgaria	The short-term economic outlook is showing signs of improvement, while business sentiment among managers in the retail trade has also brightened.
Croatia	The short-term economic outlook weakens as a second wave of coronavirus rules out any chance of a V-shaped recovery in H2; we have downgraded the overall rating outlook.
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 market environment outlook has been downgraded from 'improving' to 'stable' as the manufacturing uptick stalls and travel services remain weighed down by uncertainty.
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 business regulatory environment looks set to benefit from a more stable and less populist approach as the opposition party wins the first round of the election.
Macedonia	North Macedonia faces long delays in forming a new government as elections produce a hung parliament.
Poland	The market environment has stabilised but the economic recovery is sluggish and renewed lockdown concerns are clouding consumer and business sentiment.
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	The short-term economic outlook is improving but a rise in the number of recorded cases of coronavirus poses a significant risk, especially to consumer confidence.
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	Better business regulations and a surge in online working augur well for the IT industry, but we have downgraded the overall outlook as Covid-19 cases/hospitalisations rise.
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	FX risk is rising sharply as reserves fall steeply and a mounting debt-servicing burden puts pressure on the long-standing US dollar peg.
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	Political, short-term economic, FX and transfer risks all rise even further given the political vacuum caused by the resignation of Prime Minister Mustapha Adib.
Oman	The credit environment will benefit from a potential USD3-4bn bond issuance and the planned introduction of VAT, helping mitigate FX pressures and avoiding Gulf aid.
Qatar	The hydrocarbon sector gets a boost as Qatar receives bids for the first phase of the latest LNG expansion programme; but long-term demand uncertainties persist.
Saudi Arabia	Business activity in most sectors - and tourism and hospitality in particular - is hit hard as the economy enters recession for the second time in 18 months.
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 transportation, trade, tourism, services, and real estate sectors are proving highly vulnerable to policies adopted to halt the spread of Covid-19.
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 market environment faces a decline as private consumption and investment spending are hit by Covid-19 containment measures and low natural gas prices.
Brazil	Prospects for doing business improve as business and consumer confidence - as well as high-frequency mobility indicators - continue to rise.
Canada	The recovery in the market environment outlook is under duress amid increased coronavirus cases; pandemic-affected industries such as tourism/aviation are likely to see retrenchment.
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 market environment is gradually improving as reopening progresses and the pace of economic contraction eases following the unprecedented 15.7% fall in Q2.
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	The credit environment outlook will deteriorate as currency and exchange rate unification by end-2020 will result in devaluation, double-digit inflation, and higher bankruptcies.
Dominican Republic	The tourism sector is being particularly badly hit as the short-term economic outlook is further undermined by measures to curb the spread of Covid-19.
Ecuador	The credit environment and liquidity in the public sector should both benefit from a debt-restructuring deal with government creditors; we have upgraded the overall rating outlook.
El Salvador	Micro, small and medium-sized businesses face difficulties, with some having yet to resume operations; the upturn in the accommodation and food services sector might be only short-lived.
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	Short-term economic growth will be aided by a recently unveiled large infrastructure programme, but a lack of fiscal stimulus and an austerity budget weigh on the near-term recovery.
Nicaragua	A sharp fall in domestic demand will lead to a GDP contraction of 6.3% in 2020.
Panama	Business continuity improves, with the government prioritising measures to implement multiple infrastructure projects, both public and private, and with the resumption of productive activities.
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 outlook is heavily clouded by the low probability of approval for much-needed fiscal stimulus, given the ongoing political impasse.
Uruguay	Private consumption and government spending will be constrained by new fiscal rules aimed at reining in the deficit and controlling inflation.
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	The market environment is recovering, but the pace of recovery is slowing and services are faltering as renewed uncertainty clouds 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 market environment will improve as the government pushes ahead with additional reforms to enhance the country's attractiveness and rekindle foreign investment.
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	Business continuity has been supported by solid public sector intervention and debt moratoria, but the slow and uneven recovery suggests that business failures will eventually increase.
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	The supply environment will be negatively affected by new containment measures, including a potential citywide lockdown in Madrid, due to a surge in coronavirus cases.
Sweden	Better prospects for the country's export-oriented manufacturers puts Sweden's risk rating on review for an upgrade as we shift the overall outlook to 'improving'.
Switzerland	FX risk rises as currency appreciation pressures force the central bank to intervene heavily in the FX market, a policy that could push trade partners to adopt retaliatory measures.
Turkey	FX risk, which was already extreme, comes under further pressure due to market concerns over various political factors, including tensions with the US.
United Kingdom	The outlook for the hospitality and retail sectors darkens again as the country re-enters lockdown amid a second wave of Covid-19.

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