



OIL PRICES' NASTY EFFECTS



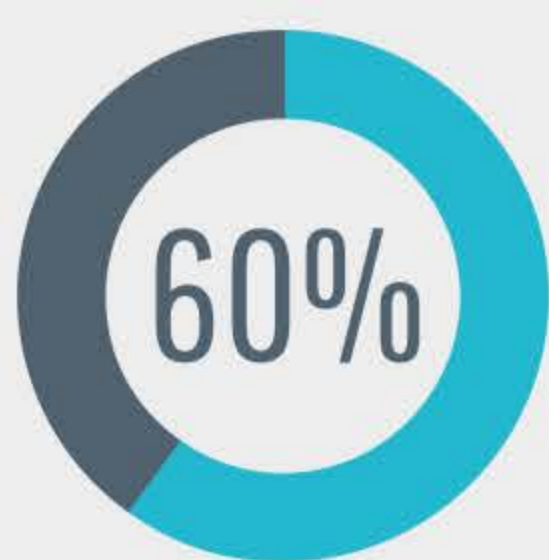
Oil prices plummeted to a **12-year low** in January 2016



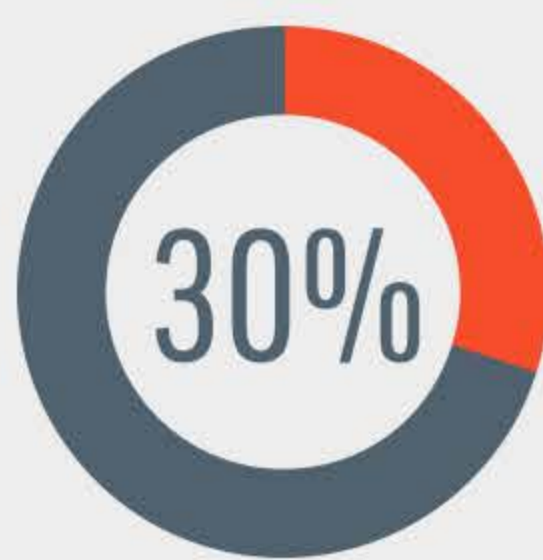
Global oil production outpaced consumption by **1.5 to 2 million** barrels per day

3 FACTORS

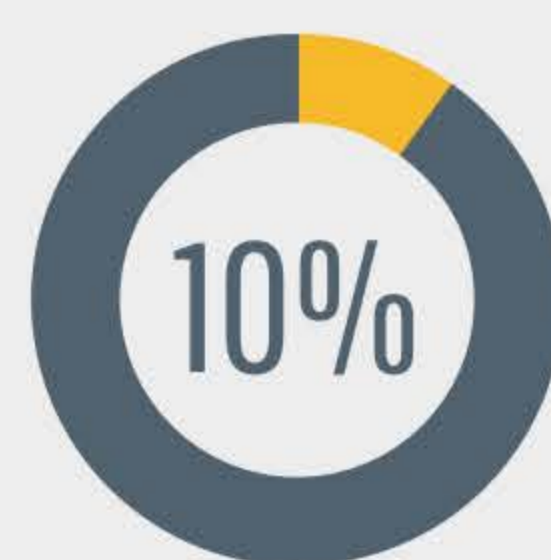
LARGE OVERSUPPLY



DECREASING DEMAND



SPECULATION



NEGATIVE IMPACTS ON OIL PRODUCING COUNTRIES

Equatorial Guinea **Russia** Colombia Angola **Oman** Kuwait
Saudi Arabia **Gabon** **Venezuela** Algeria



WIDENING OF CURRENT ACCOUNT DEFICITS



DEPRECIATING CURRENCIES & DECLINING FISCAL SPACE



DEPLETING FOREIGN RESERVES = RISK OF DEFAULT



INCREASED RISK OF SOCIAL UNREST

SECTORS AT RISK

Lower revenues and share price for listed companies, new projects put on ice, tightening of credit for high-indebted oil producers



OIL SECTOR

Slowdown in consumers' demand of net oil exporting countries, savings not passed on to the final consumer



RETAIL

Falling revenues short of orders from the oil-related players, insufficient activity to make a profit, potential prey for a hostile takeover bid



MACHINERY & EQUIPMENT



OIL-RELATED SECTORS

Falling revenues short of new Exploration & Production investments, production running with a loss, ongoing layoffs



CONSTRUCTION

Falling budget revenues of net oil exporting countries, construction work halted for lavish new property programs

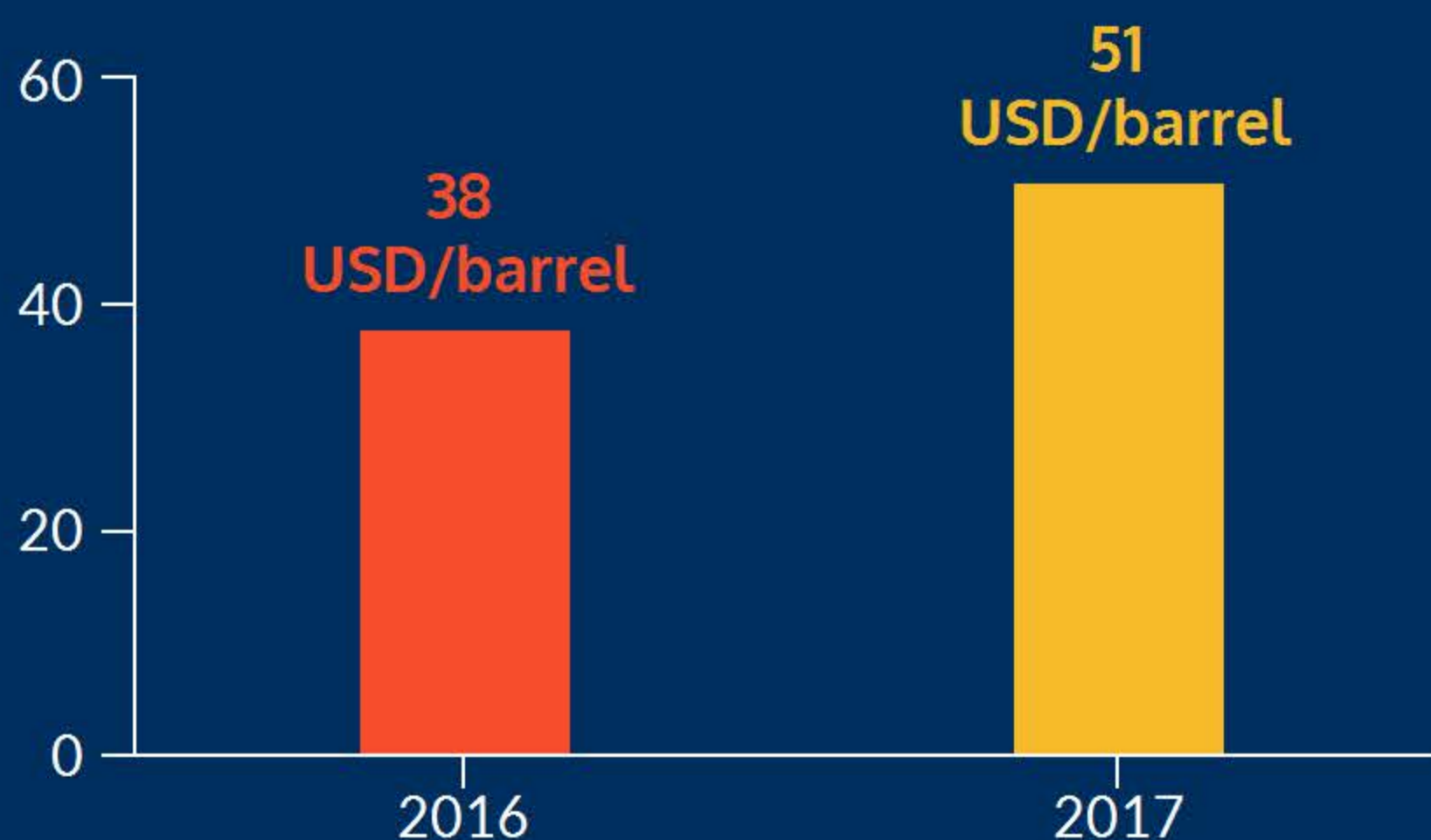


FINANCIAL SERVICES

Heavy potential losses on oil-related loans, possible losses on hedging oil products

LOW OIL PRICES FOR LONGER

AVERAGE OIL PRICES FORECASTS AS OF Q1 2016



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Read the Economic Insight: [Oil prices: Time for \(nasty\) second-round effects?](#)



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