

CIS Economic and Credit Outlook

March 9, 2021



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Speakers

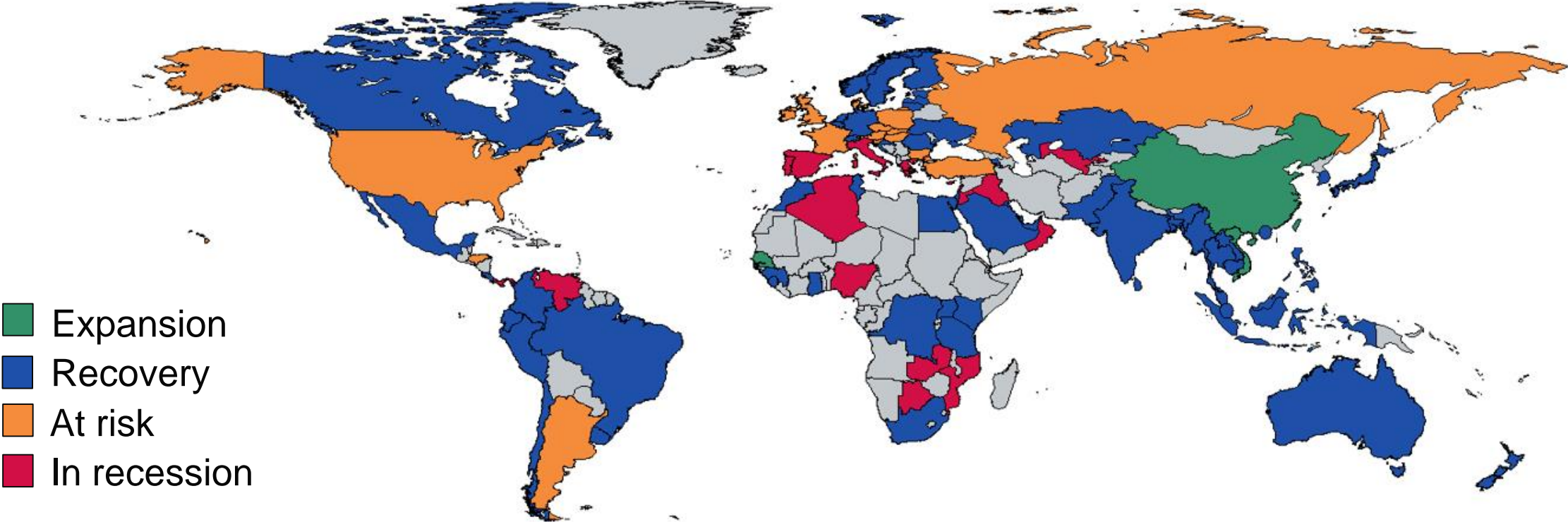
- » **Olga Loiseau-Aslanidi**, Director - Consumer Credit Analytics, **Moody's Analytics**
(Moderator)
- » **Armen Mirzoyan**, Associate Director - Senior Economist, **Moody's Analytics**
- » **Evan Wohlmann**, Vice President- Senior Credit Officer, **Moody's Investors Service**
- » **Christian Fang**, Assistant Vice President - Analyst, **Moody's Investors Service**
- » **Nishad Majmudar**, Assistant Vice President - Analyst, **Moody's Investors Service**

Agenda

- » Economic outlook (by Moody's Analytics)
 - » Macroeconomic outlook for the CIS economies
 - » Commentary on the key economic trends
- » Credit outlook (by Moody's Investors Service)
 - » Rising debt burdens and the budgetary consolidation
 - » Growing pressures to raise social spending in Russia
 - » Effective use of fiscal buffers in Azerbaijan and Kazakhstan
 - » Volatile politics, reform efforts and weaken investment

Soft End of 2020

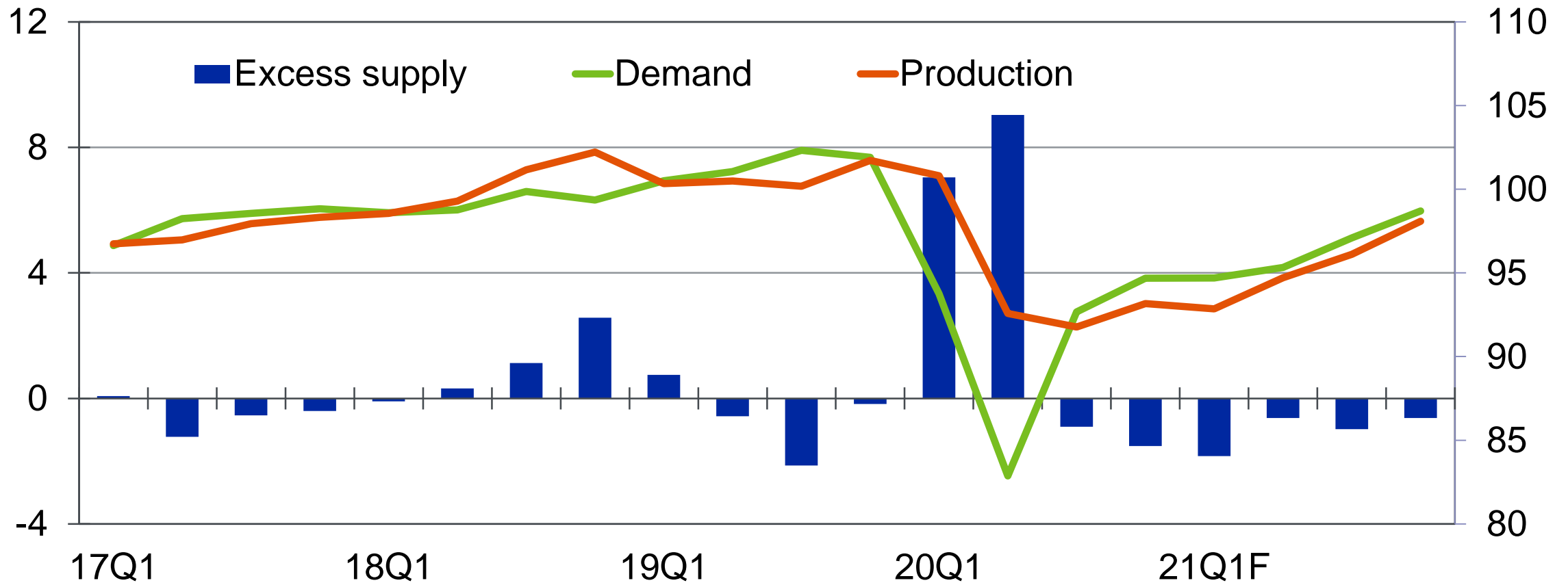
Global Business Cycle Status, Dec 2020



Source: Moody's Analytics

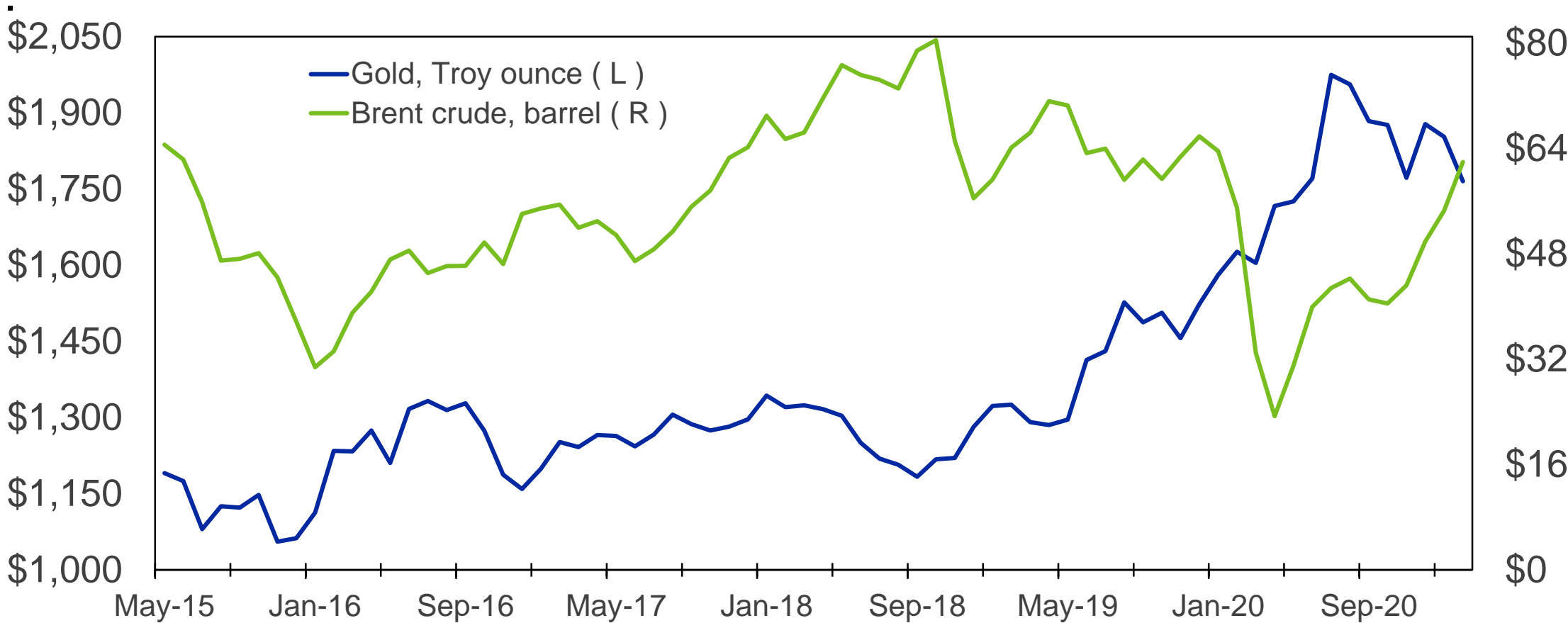
Soft Oil Price Outlook

Millions of barrels per day



Source : International Energy Agency, Moody's Analytics

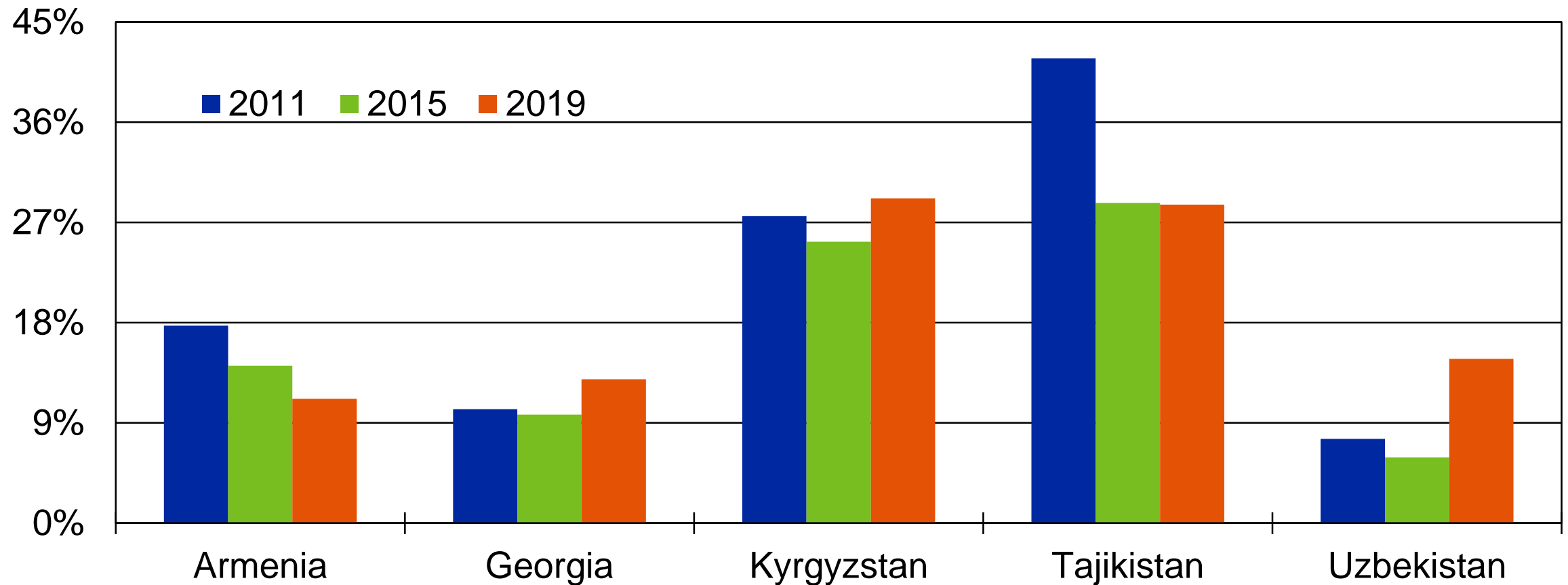
Gold Exporters Better Off



Source: LME, Moody's Analytics

Significant Regional Dependency on Russia

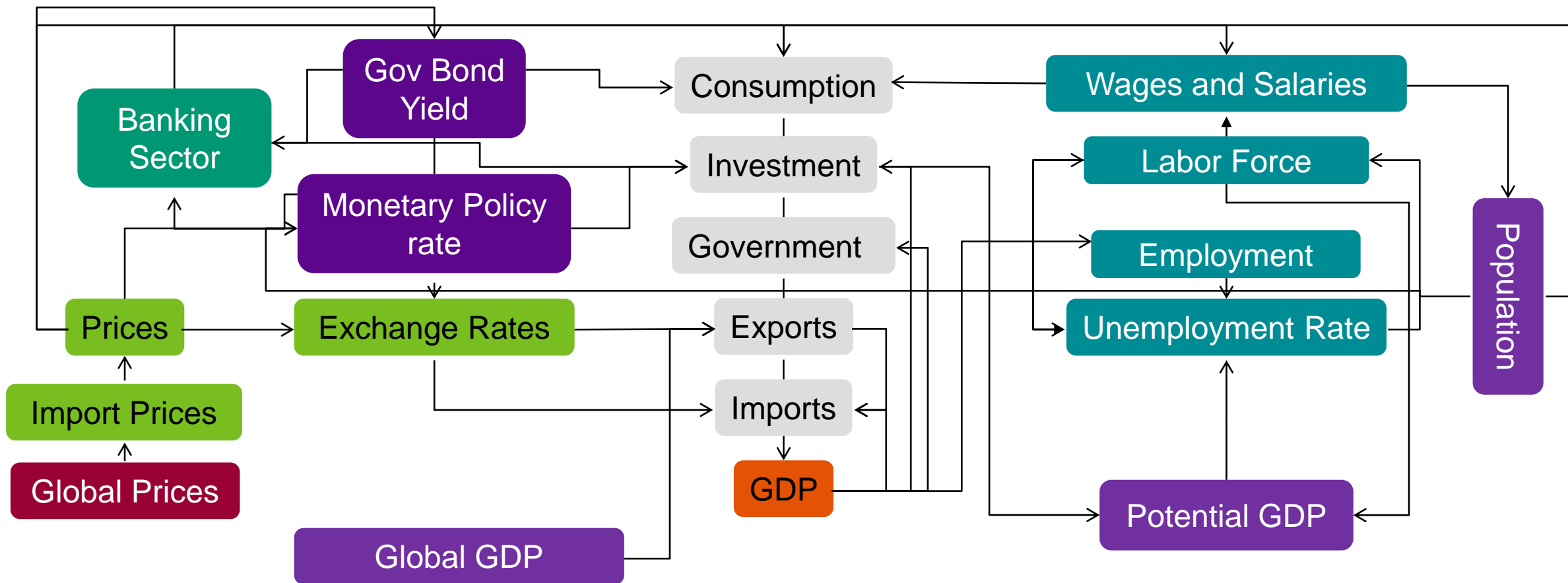
Private transfer share in GDP, %



Source: World Bank, Moody's Analytics

Assessing COVID-19 Economic Impact

Global Macro Model for 100+ Countries



Global Epidemiological Assumptions

February 2021 Vintage

COVID-19: Optimistic Scenario

- 148 million total infected
- Peak infections in December 2020
- 2.1% lethal outcome
- Widespread vaccine availability in August 2021
- Abatement by February 2022

COVID-19: Baseline Scenario

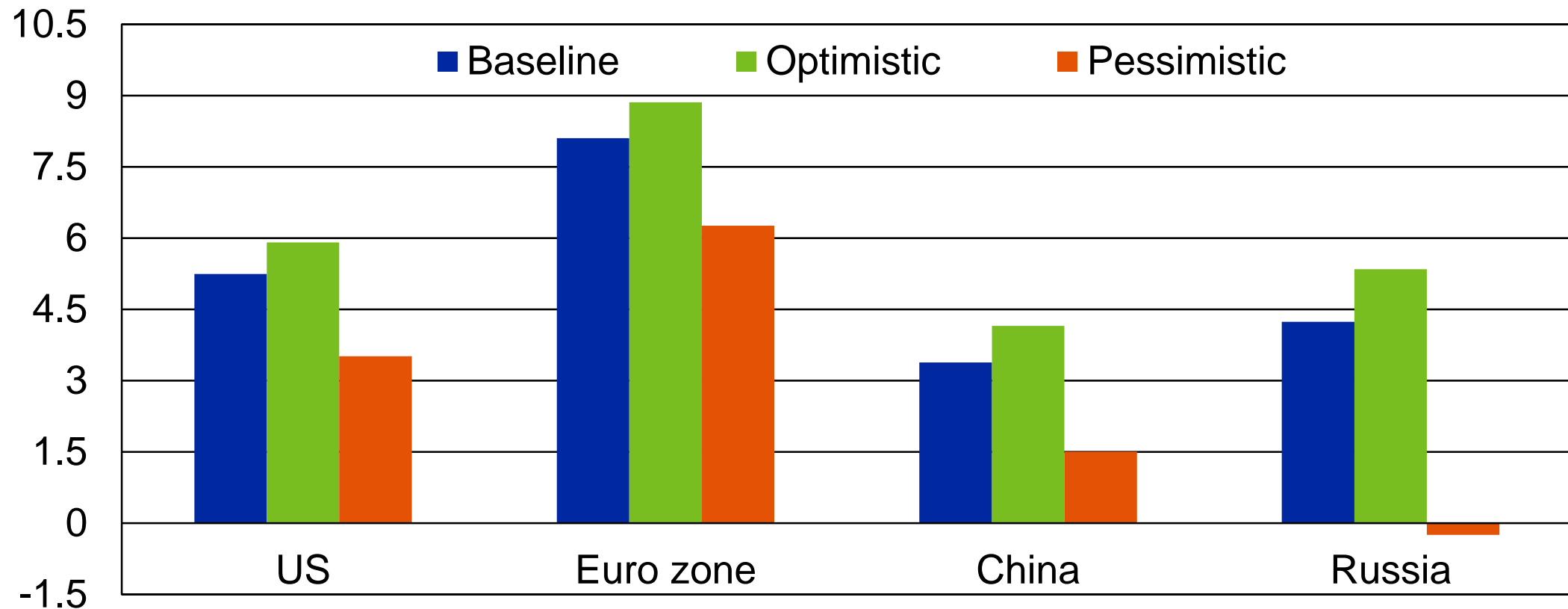
- 170 million total infected
- Peak infections in December 2020
- 2.2% lethal outcome
- Widespread vaccine availability in September 2021
- Abatement by March 2022

COVID-19: Pessimistic Scenario

- 520 million total infected
- Peak infections in February 2020
- 3.7% lethal outcome
- Widespread vaccine availability in January 2021
- Abatement by October 2022

The Lost 2020

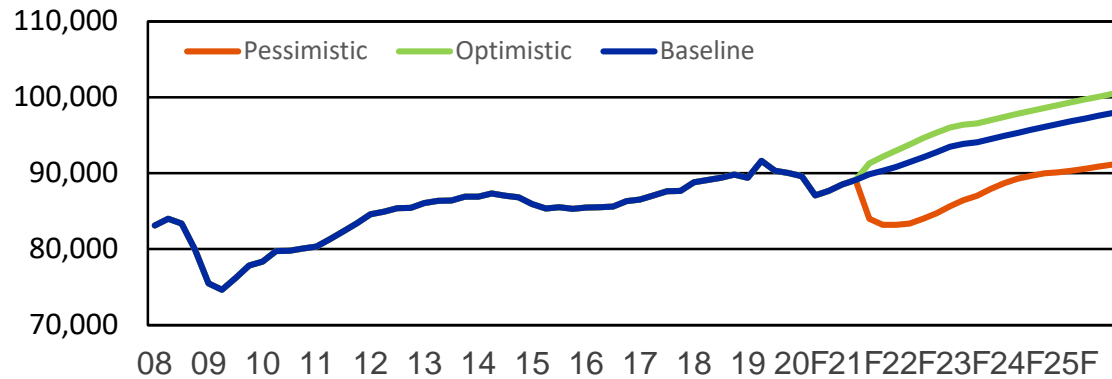
p.p. difference in Feb'2020 forecast and Feb'2021 estimate of real GDP growth



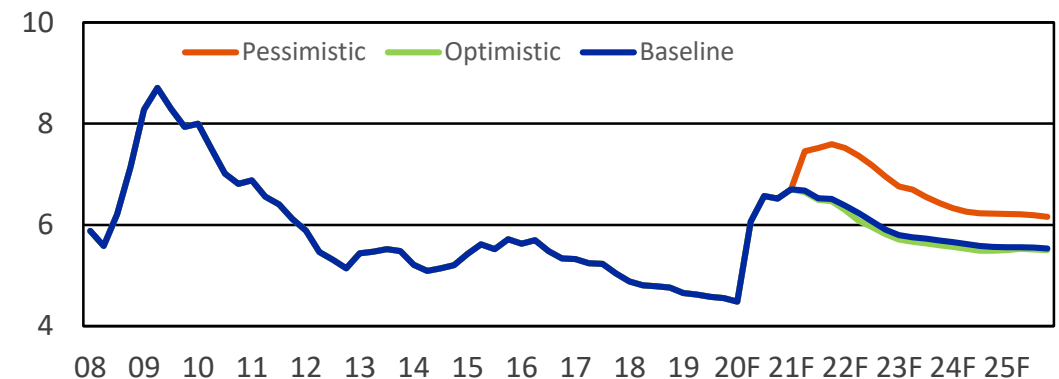
Source: Country statistical offices, Moody's Analytics

Russia Medium-term Outlook

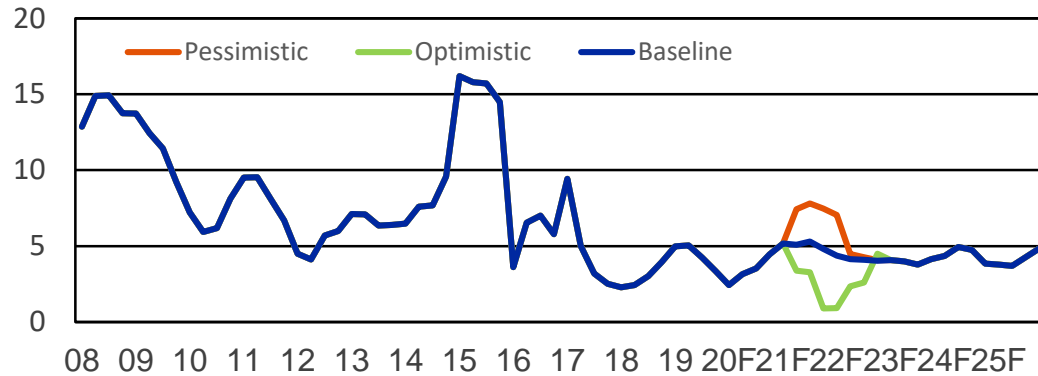
Real GDP, billions of 2016 rub



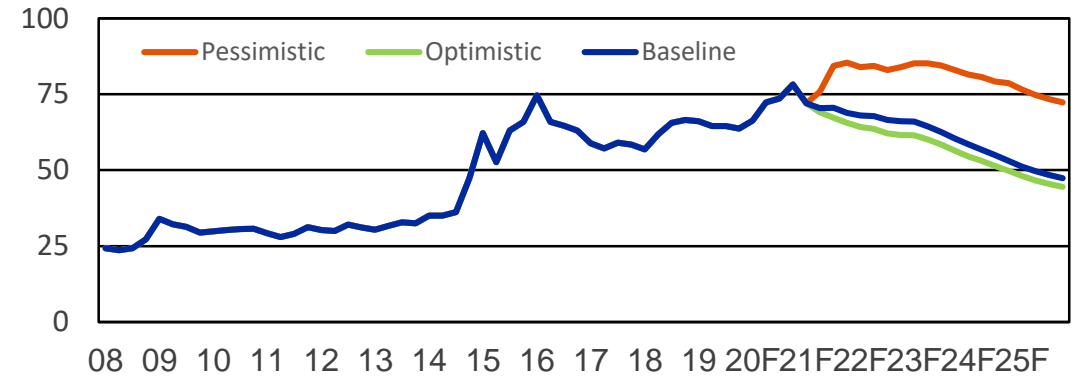
Unemployment rate, %



CPI inflation, % chng yr ago



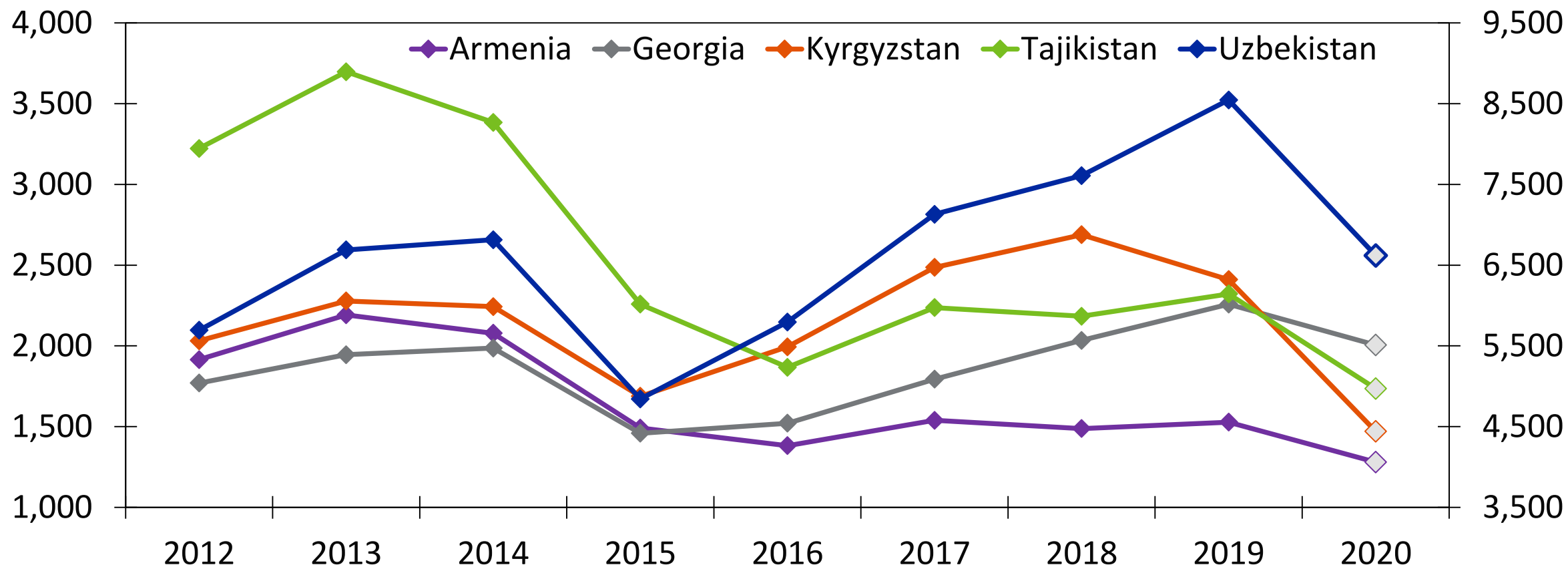
RUB/USD exchange rate



Source: Rosstat, Moody's Analytics

Remittances in 2020 Nosedive

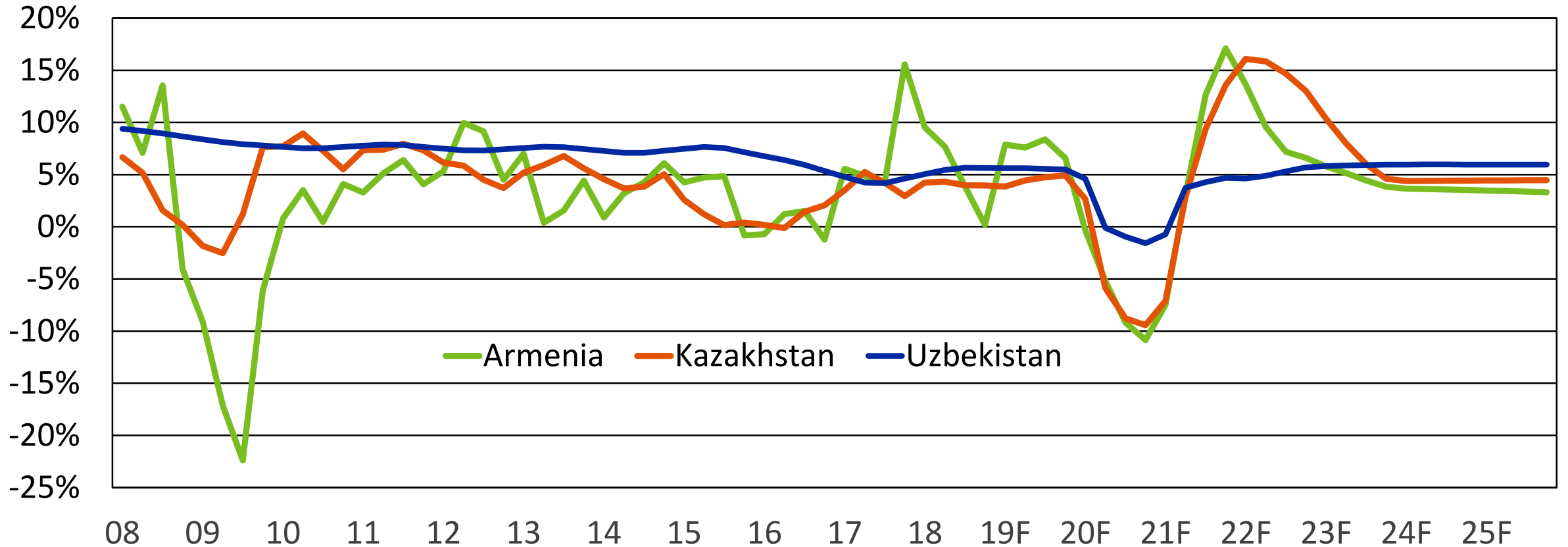
Estimate, millions of USD



Source: World Bank, Moody's Analytics

Regional Growth Outlook

Real GDP, % change year ago



Source: Country statistical offices, Moody's Analytics



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CIS Sovereign Outlook

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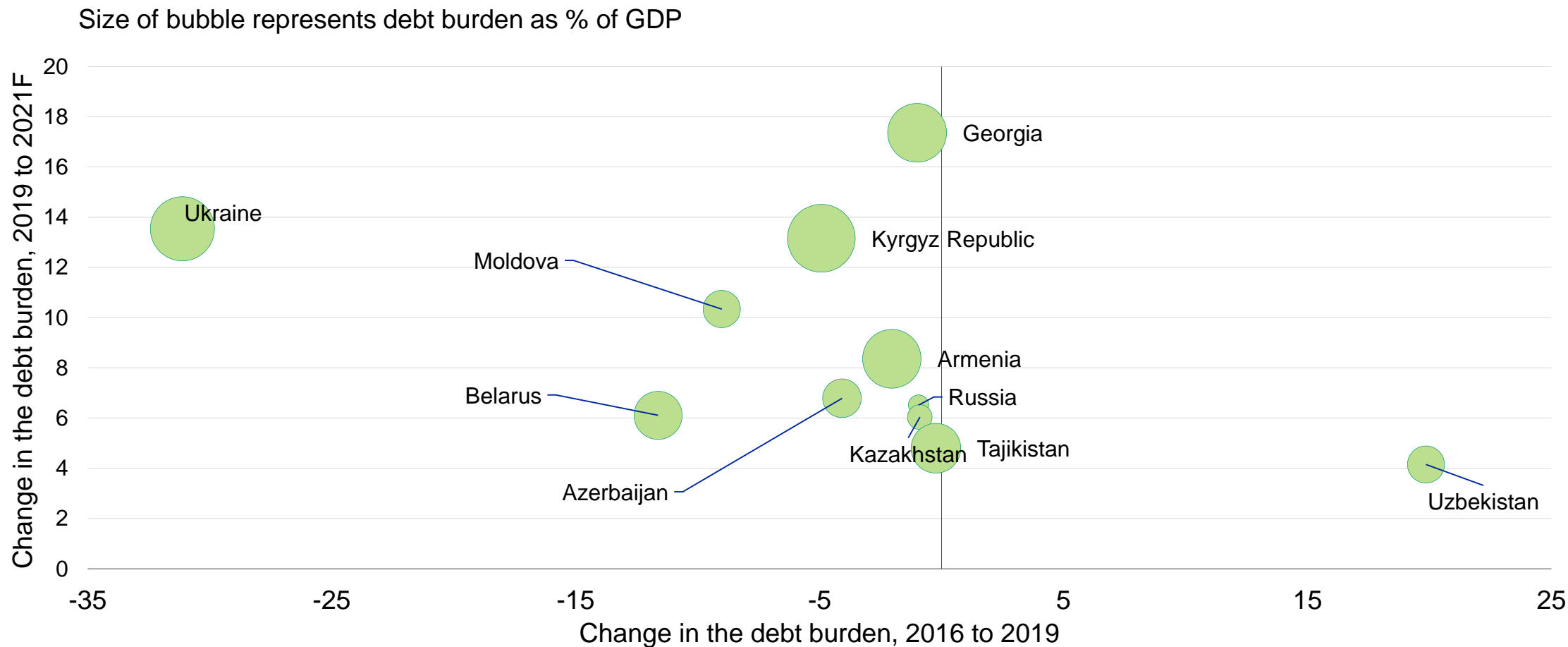


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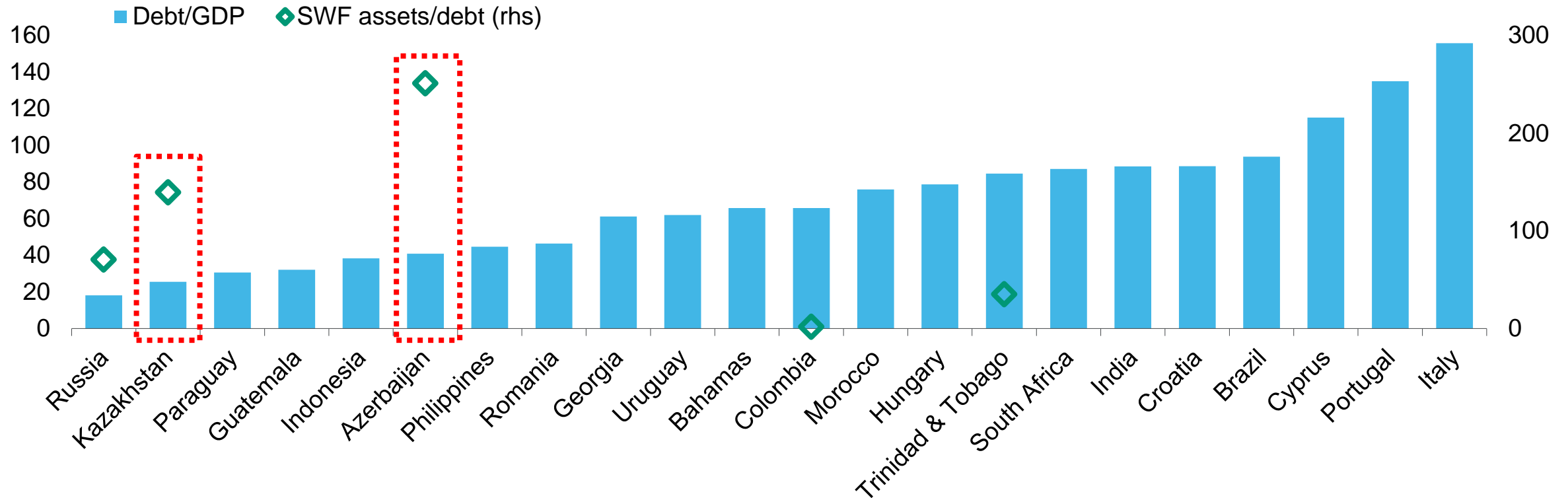
Rising debt burdens will largely exhaust the budgetary consolidation achieved since the last shock



Sources: National authorities, Moody's Investors Service

Large fiscal buffers provide policy flexibility, credit resilience for Azerbaijan and Kazakhstan

(Left axis – debt as % of GDP, 2020E; right axis – SWF assets as % of GG debt, 2020E)



Note: SWF = sovereign wealth fund. SWF assets/debt data only for those with SWFs. SWF data as of 2019 for Colombia and Trinidad & Tobago.
Sources: National authorities, Moody's Investors Service

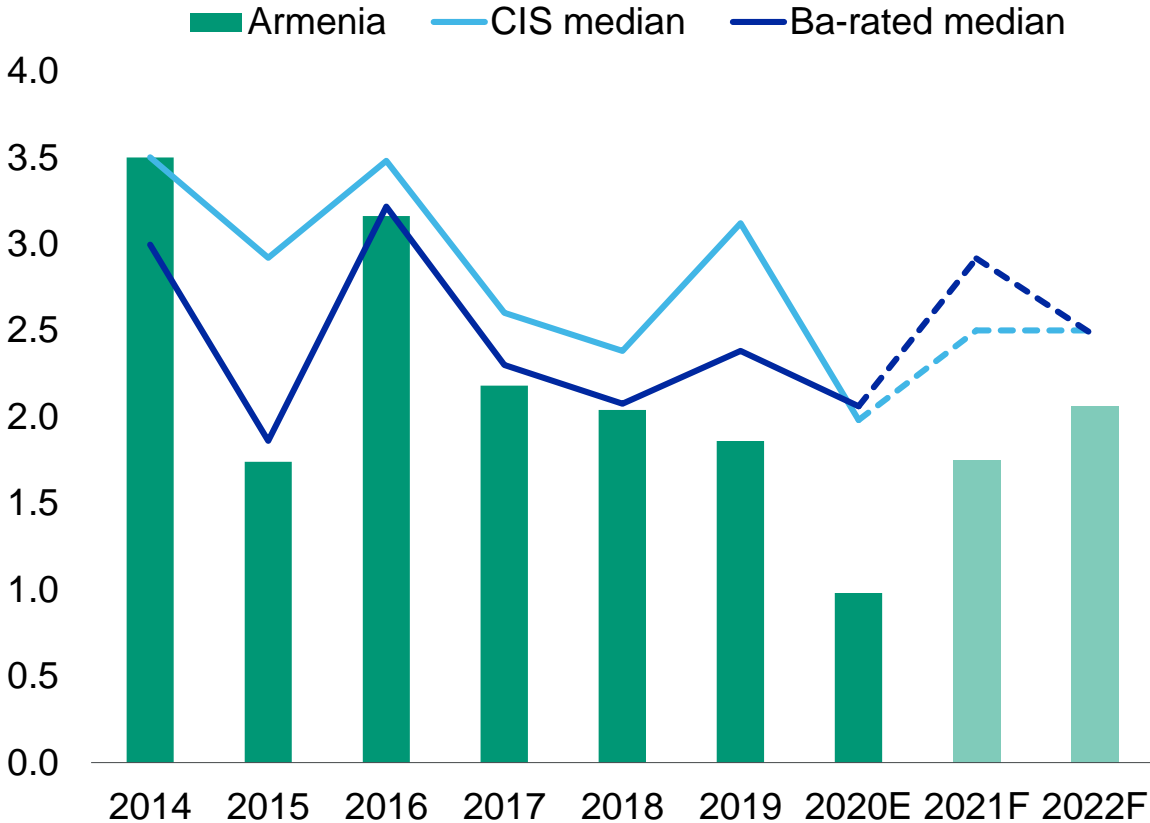
Volatile political risks weaken reform and investment prospects, with tensions elevated in Armenia

Event risk is driven by political and geopolitical volatility in most CIS sovereigns...

CIS sovereigns with “ba” political and geopolitical risk

- Armenia
- Azerbaijan
- Belarus
- Kazakhstan
- Kyrgyz Republic
- Moldova
- Russia
- Tajikistan
- Ukraine
- Uzbekistan

...and is a source of investment uncertainty in Armenia
(Direct investment inflows, % of GDP)



Source: Moody's Investors Service

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