

## Coronavirus Risk Scenarios

PCR considers the following scenarios important for the current global crisis:

1. Recession probability: consensus is building around an almost inevitable global recession.
2. The expected timeline for the downturn cycle to stabilize July 2020. (If the situation doesn't get out of control).
3. Differences by country, sector/industry, Industries severely affected. In Latin America, the effects will fluctuate depending on the country. Most certainly, those with a more flexible fiscal policies will have less trouble, like Peru and Chile. The situation will be very complex for oil-exporting and highly indebted countries. Serious problems are pictured for various industries and massive bailout programs will be required. Furthermore, changes in consumer behavior are still unpredictable and will probably long-term repercussions.
4. Production: manufacturing companies will see their operating levels modified by delays in receiving machinery and/or spare parts from China.
5. Oil: the price war between Russia and Saudi Arabia has exacerbated the effects of the drop in consumption. Latin American oil companies will be severely affected.
6. China's recovery has started. Currently, it is the only positive factor, nevertheless, the rest of Asia is still in the midst of the crisis.
7. Metals: recovery in China will allow metal prices to stabilize. However, global demand will probably lag.
8. The quality of loan portfolios will deteriorate at all levels, especially micro-credit.
9. It is highly likely that there will be widespread global and local defaults of bond issuers in various sectors, especially those related to tourism, entertainment, oil, and even automobiles.
10. Disruption of the supply chain due to international excess demand and China's production shortage; will moderate along with the recovery of China's productivity.
11. Capital outflows from emerging markets and currency depreciation. Strengthening of the dollar as a safe haven.
12. Structural changes in consumption: demand and supply (per capita consumption indexes) will be transformed.
13. Lack of screening test makes it uncertain the period required to stabilize the current coronavirus crisis. Subsequently, vaccination and treatment will follow.
14. Disruptive government actions are trying to mitigate contagion but will worsen the immediate economic consequences.
15. If the American economy deteriorates the almost certain reelection of Donald Trump may not occur.

### Sobre PCR-PACIFIC CREDIT RATING

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