

Paris, February 17 2016

“Cheap oil: Season 2” – A new Natixis Global Markets Research publication

Natixis’ Global Markets Research Department is publishing for the 2nd year in a row a cross-expertise analysis on oil. Entitled “Cheap oil: Season 2”, this analysis brings together the viewpoints of our economic research, equity markets and credit staff on the positive and negative repercussions of the decline in the price of oil.

According to the analysis, in 2016 this situation will have a broadly negative impact on the global economy, unlike in 2015. Oil-exporting countries are investing less in financial assets and beginning to save again. Oil-importing countries, primarily the G7 and emerging Asia, are now consuming to a lesser extent the additional income resulting from the low oil price. Finally, the steep drop in oil price should push the corporate default rate in the energy sector sharply upwards given that such companies are heavily weighted in the US credit market.

Insofar as the corporate sector is concerned, the most heavily penalized sectors are the oil sector, banking sector, building materials and support services. The impact is broadly neutral on utilities. On the other hand, certain sectors will generally benefit from this situation, namely construction/concessions, airlines, food, travel and automotive.

Overly low-priced oil raises two major risks: the possibility of a debt crisis in emerging commodity-exporting countries (accounting for 14.7% of global GDP), and a sharp increase in the default rate in the US Oil & Gas High Yield segment by the end of 2016.

Yet not all is lost, according to the Natixis team of experts. The good news is that oil prices appear to have bottomed out and WTI is expected to move back up towards \$38 by year-end.

The study is available at <http://research.natixis.com>: our one-stop portal dedicated to on-demand “cross-expertise” research.

About Natixis

Natixis is the international corporate, investment, insurance and financial services arm of Groupe BPCE, the 2nd-largest banking group in France with 35 million clients spread over two retail banking networks, Banque Populaire and Caisse d’Epargne.

With more than 16,000 employees, Natixis has a number of areas of expertise that are organized into three main business lines: Corporate & Investment Banking, Investment Solutions & Insurance, and Specialized Financial Services.

A global player, Natixis has its own client base of companies, financial institutions and institutional investors as well as the client base of individuals, professionals and small and medium-size businesses of Groupe BPCE’s banking networks.

Figures as at December 31, 2015

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