

Country risk ratings explained:

Country Risk Service uses quantitative and qualitative indicators to assess six categories of risk.

- **Sovereign risk** measures the risk of a build-up in arrears of principal and/or interest on foreign- and/or local-currency debt that is the direct obligation of the sovereign or guaranteed by the sovereign.
- **Currency risk** measures the risk of devaluation against the reference currency (usually the US dollar, sometimes the euro) of 25% or more in nominal terms over the next 12-month period.
- **Banking sector risk** gauges the risk of a systemic crisis whereby bank(s) holding 10% or more of total bank assets become insolvent and unable to discharge their obligations to depositors and/or creditors.
- **Political risk** evaluates a range of political factors relating to political stability and effectiveness that could affect a country's ability and/or commitment to service its debt obligations and/or cause turbulence in the foreign-exchange market. This rating informs the first three.
- **Economic structure risk** is derived from a series of macroeconomic variables of a structural (non-cyclical) nature. Consequently, the rating for economic structure risk tends to be relatively stable, evolving in line with structural changes in the economy.
- **Overall country risk** is derived by taking a simple average of the scores for sovereign risk, currency risk, and banking sector risk.

Which variables are included in the model?

Politics/institutions

- External conflict
- Governability/social unrest
- Electoral cycle
- Orderly transfers
- Event risk
- Sovereignty risk
- Institutional effectiveness
- Corruption
- Corruption in the banking sector
- Commitment to pay

Economic policy

- Quality of policymaking/policy mix
- Monetary stability
- Use of indirect instruments
- Real interest rates
- Fiscal balance/GDP
- Fiscal policy flexibility
- Transparency of public finances
- Domestic debt/primary budget balance
- Unfunded pension and healthcare liabilities
- Exchange-rate regime
- Black-market/dual exchange rate

Economic structure

- Income level
- Official data (quality/timeliness)
- Current-account balance, 48 months
- Volatility of GDP growth
- Reliance on a single goods export
- External shock/contagion
- Public debt/GDP
- External solvency indicator
- Default history
- Financial regulation and supervision

Macroeconomic

- Real OECD GDP growth
- Credit as % of GDP, growth
- Real GDP growth, 48 months
- Real GDP growth, 12 months
- Inflation, 48 months
- Inflation, direction
- Trade-weighted real exchange rate
- Exchange-rate misalignment
- Exchange-rate volatility
- Export receipts growth, 12 months
- Current-account balance, 12 months
- Asset price bubble

Financing and liquidity

- Transfer and convertibility risk
- IMF programme
- International financial support
- Access to financing
- Gross financing requirement
- Debt-servicing indicator
- Interest charges indicator
- Debt term structure
- Foreign exchange reserves/public debt currency structure
- Debt liquidity indicator
- FDI and external financing
- Import cover/government deposits as % of interest charges
- OECD short-term interest rates
- Non-performing loans
- Banks' credit management
- Banks' foreign asset position

*report data tables show two-year forecasts. Five-year forecast data available using the Data Tool for certain series.

Which countries are covered?

- Albania • Algeria • Angola • Argentina • Australia
- Austria • Azerbaijan • Bahrain • Bangladesh • Belarus
- Belgium • Bolivia • Bosnia and Herzegovina • Botswana
- Brazil • Bulgaria • Cambodia • Cameroon • Canada
- Chile • China • Colombia • Congo Brazzaville • Costa Rica
- Côte d'Ivoire • Croatia • Cuba • Cyprus • Czech Republic
- Denmark • Dominican Republic • DRC • Ecuador • Egypt
- El Salvador • Equatorial Guinea • Estonia • Ethiopia
- Finland • France • Gabon • Germany • Ghana • Greece
- Guatemala • Honduras • Hong Kong • Hungary • Iceland
- India • Indonesia • Iran • Iraq • Ireland • Israel • Italy
- Jamaica • Japan • Jordan • Kazakhstan • Kenya • Kuwait
- Latvia • Lebanon • Libya • Lithuania • Luxembourg
- Macedonia • Malawi • Malaysia • Malta • Mauritius
- Mexico • Moldova • Mongolia • Morocco • Mozambique
- Myanmar • Namibia • Netherlands • New Zealand
- Nicaragua • Nigeria • Norway • Oman • Pakistan
- Panama • Papua New Guinea • Paraguay • Peru
- Philippines • Poland • Portugal • Qatar • Romania
- Russia • Saudi Arabia • Senegal • Serbia • Seychelles
- Sierra Leone • Singapore • Slovakia • Slovenia
- South Africa • South Korea • Spain • Sri Lanka • Sudan
- Sweden • Switzerland • Syria • Taiwan • Tanzania
- Thailand • Trinidad and Tobago • Tunisia • Turkey
- Turkmenistan • Uganda • Ukraine • United Arab Emirates
- United Kingdom • Uruguay • US • Uzbekistan • Venezuela
- Vietnam • Yemen • Zambia

How Country Risk Service compares with the ratings agencies

The CRS provides more regular updates than the large ratings agencies. We issue three new ratings on all 131 countries each year. These rating reports are supplemented with updaters reports which detail any changes in our analysis and forecasts.

Risk Ratings Review

Every month we publish a combined summary of risk ratings for all 131 countries covered in the standard service. The Risk Ratings Review helps you spot global trends and identify countries whose risk profiles are changing. The Risk Ratings Review is available for a separate fee.

Monthly updates	2019			2020		
	May	Apr	May	May	Apr	May
Algeria	BB	BB	BBB	BBB	A	CCC
Algeria	B	B	BB	BB	BBB	BBB
Argentina	CCC	CCC	CCC	BBB	B	B
Armenia	BBB	BBB	BBB	BBB	BB	BB
Australia	BB	BB	BB	BBB	CCC	CCC
Austria	BBB	BBB	BBB	BBB	BB	BB
Bahrain	BB	BB	B	BBB	BB	BB
Bangladesh	BB	BB	B	BBB	BB	BB
Barbados	A	B	B	BBB	C	C
Brazil and Portuguese	CCC	CCC	CCC	BBB	BBB	BBB
Belarus	BBB	BBB	A	New Eastern	BBB	BBB
Brazil	BB	BB	BB	BBB	CC	CC
Bulgaria	BB	BB	BB	BBB	B	B
Canada	CCC	CCC	CCC	BBB	A	A
Cameroon	B	B	B	BBB	CC	CCC
China	A	B	A	BBB	BBB	BBB
Colombia	BBB	BBB	BBB	BBB	BB	BB
Costa Rica	BB	BB	BB	BBB	B	B
Cuba	CCC	CCC	CC	BBB	B	B
Cyprus	B	B	B	BBB	BB	BB
Czech	CCC	CCC	CC	BBB	A	A
Dominican Republic	BBB	BBB	BBB	BBB	BB	BB
Ecuador	B	B	CCC	BBB	BBB	BBB
Egypt	CCC	CCC	CC	BBB	BBB	BBB
El Salvador	BB	BB	BB	BBB	B	B
Equatorial Guinea	BB	BB	BB	BBB	B	B
Estonia	BB	BB	BB	BBB	BBB	A
France	CCC	CCC	CCC	BBB	A	A
Germany	BB	BB	BB	BBB	BBB	BBB

Country Risk Service delivers:

- Three rating reports and nine updater reports a year for 76 markets.
- Three rating reports and one updater report a year for 52 markets.
- Frequent articles published between reports on recent events that may impact on our regular forecasts.

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