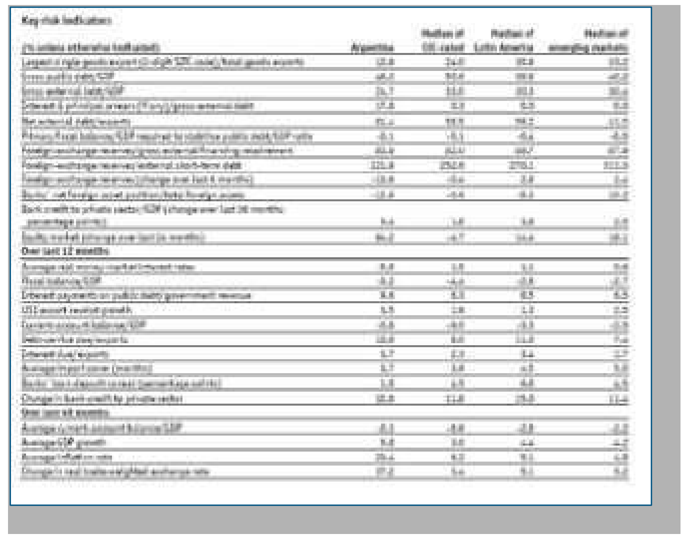
Country Risk Service

Sovereign risk ratings and analysis for 131 countries

BHARAT BOOK BUREAU
Your One-Stop-Shop for Business Information

Now, more than ever, financial institutions and companies require authoritative and trusted assessments of credit risk to pursue profitable opportunities in difficult markets. In addition, banks need to upgrade their risk management systems to comply with the evolving Basel regulations governing capital adequacy and liquidity.

Country Risk Service monitors emerging and developed markets on a continuous basis, with updated two-year forecasts for the economic variables that are most important for risk assessment. Data is presented in a consistent format across all reports making country-by-country comparisons easy. Subscribers also receive frequently published articles on recent events that may impact our forecasts.



Use Country Risk Service to:

- Assess sovereign, currency, and banking sector risk in 131 markets.
- Analyse credit risks posed by the political and economic situation in each country.
- Compare risk across countries, using a standardised risk and forecasting methodology.
- Assess the risks to your business, with up to 220 macroeconomic variables provided in each report.
- Download, manipulate, and analyse data in your own financial and risk-rating models.
- Optimize your risk/reward profile in global markets with the help of rating outlooks citing triggers for rating upgrades and downgrades.

EIU Country Risk analysts, country experts, and economists are on hand to answer your questions about the risk ratings model and sovereign risk.

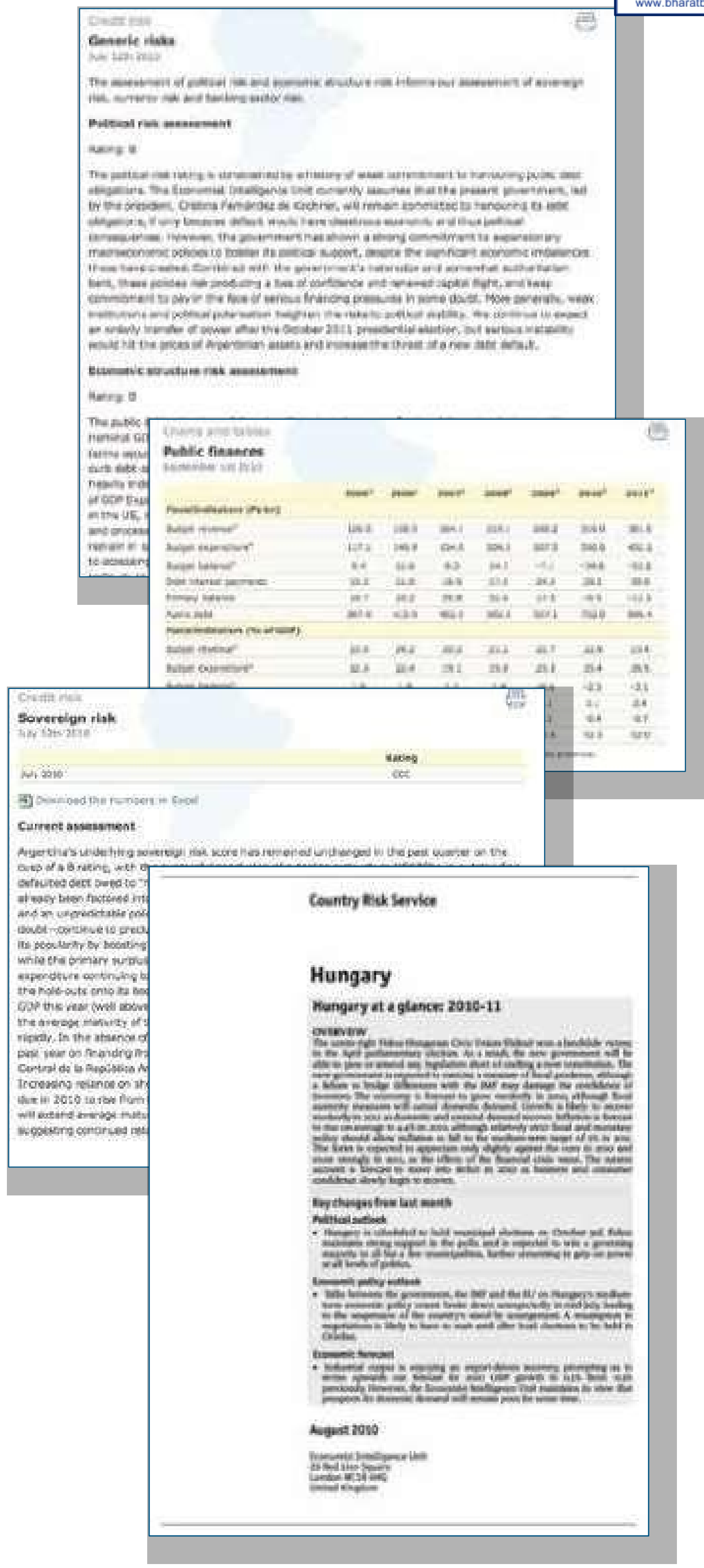
What does a Country Risk Service report contain?

Each Country Risk Service report includes a one-page summary covering the five main rating categories (sovereign, currency, banking, politics and economic structure). Analysis and explanation of the ratings, including any grade changes, positive and negative factors, and the ratings outlook over the next twelve months.

- **Sovereign risk analysis**: assessing the risk of default on public (domestic and external) debt.
- **Currency risk analysis**: assessing the risk of a maxi devaluation.
- **Banking risk analysis**: assessing the risk of a systemic banking crisis.
- **Political risk analysis** (as it relates to credit risk)
- **Economic structure risk** (encompassing indicators of a structural, non-cyclical nature)
- **Our central forecast** for the political, economic, and external payments situation over the next two-year period.
- **Data tables** containing back series and forecasts for a wide range of macroeconomic data relevant to risk assessment, encompassing the public finances, exchange rates, the banking sector, and the external payments position.

* The sovereign ratings produced by The EIU are regulated under EU law by The European Securities and Markets Authority (ESMA). For more information visit eiu.com/regulatory affairs

Ongoing analysis and updates to our forecast are provided by means of event-driven articles published regularly for each country.



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 tern 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?

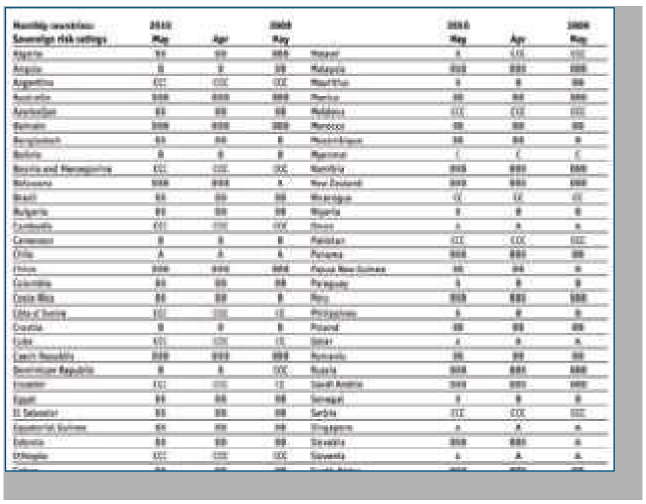
- Albania • Algeria • Angola • Argentina • Australia
- Austria • Azerbaijan • Bahrain • Bangladesh • Belarus
- Belgium • Bolivia • Bosnia and Herzegovina • Botswana
- Brazil • Bulgaria • Cambodia • Cameroon • Canada
- Chile • China • Colombia • Congo Brazzaville • Costa Rica
- Côte d'Ivoire • Croatia • 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 updater 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.



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.

Access options:

- Enterprise access via IP control or username at **eiu.com**

Enterprise subscribers also receive

- HTML and PDF viewing.
- Excel® downloadable tables.
- Archives to 1996.

For any queries, Contact:

Bharat Book Bureau

808, Real Tech Park, Sector - 30A, Vashi, Navi Mumbai, India - 400703.
Website: www.bharatbook.com
Email: info@bharatbook.com
Phone: +91 22 68327185
Mobile: +91 92237 67111