Country Risk Service

Sovereign risk ratings and analysis for 131 countries

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.



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(% unless otherwise indicated)	Argentina	CCC-rated	Eardin America	emerging markets	
Largest single goods export (2-digit SIK code)/total goods exports	12.9	24.0	30.6	33.2	
Gross public debt/GDP	45.3	50.6	39.6	40.2	
Gross external debt/GOP	24.7	33.0	30.3	30.4	
Interest & principal arrears (Many)/gross external debt	17.8	0.3	0.0	6.1	
Net external debt/exports	81.4	56.5	56.2	41.4	
Primary flocal balance/GDP required to stabilise public debt/GDP ratio	-0.1	-0.1	-0.4	40.5	
Foreign-exchange reserves/gross external financing requirement	80.9	82.0	88.7	87.3	
Foreign-exchange reserves/external short-term debt	121.9	252.6	270.1	311.7	
Foreign-exchange reserves (change over last 6 months)	+13.8	-0.4	2.9	2.4	
Banks' net Foreign asset position/total foreign assets	-12.9	-0.6	-5.3	30.	
Bank credit to private sector/GDF (change over last 16 months; percentage points)	5.4	1.8	1.0	2.	
Equity market (change over last 24 months)	96.2	+4.7	14.4	18.	
Over last 12 months					
Average real money-market interest rates	-5.9	1.5	1.1	0.	
Riscal balance/GDP	-9.2	14.4	-2.6	-2.	
Interest payments on public debt/government revenue	9.6	6.3	8.5	6.0	
USS export receipt growth	3.5	1.9	1.3	2.	
Current-account balance/GDP	-0.8	+6.0	-3.3	-2.7	
Debt-cervice due/exports	10.6	5.0	11.0	7.4	
Interest due/exports	3.7	2.3	3.4	1.	
Average Import cover (months)	3.7	3.6	6.5	5.	
Banks' Ioan-deposit spread (percentage points)	1.8	4.5	6.8	4.5	
Change in bank credit to private sector	32.8	11.8	15.0	11.	
Over last 48 months					
Average current-account balance/GDP	-0.3	-6.9	-2.8	-2.	
Average GDP growth	5.8	3.0	4.4	4.	
Average inflation rate	23.4	6.2	5.1	4.	
Change in real trade-weighted exchange rate	37.2	3.4	5.1	5.	

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.
- Optimise your risk/reward profile in global markets with the help of rating outlooks citing triggers for rating upgrades and downgrades.

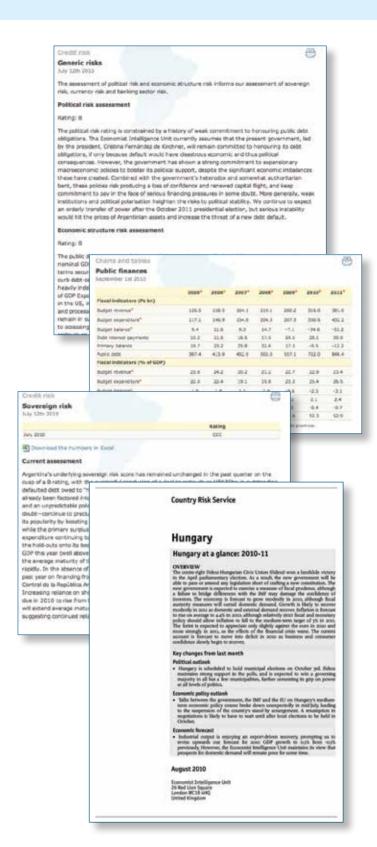
EIU Country Risk analysts, country experts, and economists are on hand to answer your questions about the risk ratings model and sovereign risk.

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/regulatoryaffairs

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



Which variables are included in the model?

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.

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.

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.

Monthly countries:	2010		2009		2010		2009
Sovereign risk ratings	Kay	Apr	Hay		May	Apr	Ray
Algeria	11	88	888	Malawii		203	333
Angola	8		88	Halaysia	888	888	888
Argentina	333	203	203	Mauritius			88
Australia	008	888	888	Mexico	88	88	888
Azerboljan	88	88	88	Moldova	CEC	203	303
Bahrain	008	808	888	Morecce	88	88	88
Bungladesh	88	88		Mozambique	88	88	
Bolivia			8	Hyenmar		C	C
Bosnia and Hercegovina	333	CDC	203	Nambia	888	100	100
Botswana	888	888	A	New Zealand	888	888	888
Brazil	**	88	88	Nicaragua	CC	CC	30
Bulgaria	88	88	88	Nigeria	8	8	8
Cambodia	CCC	CDC	203	Onan	A	A	
Cameroon	8		8	Pakistan	000	303	300
Drille	A	A	A	Panama	888	888	88
Drina	888	888	888	Papua New Guinea	88	88	
Colombia	88	88	88	Paraguay			
Costa Rica	88	88		Peru	888	888	888
Côte d'Evoire	333	CDC	CC	Philippines			
Croetia		- 1		Poland	88	88	88
Cuba	CCC	CDC	CC	Oxfor	A	A	A
Coech Republic	888	888	888	Romania	88	88	88
Dominican Republic	8		203	Russia	888	888	888
Equador	223	300	20	Saudi Arabia	888	888	888
Egypt	88	88	88	Senegal	8		
D. Salvador	88	88	88	Serbia	CDC	303	300
Equatorial Guinea	**	11	88	Singapore	A	A	A
Eutomia	88	- 88	88	Sievakia	888	886	Α.
Dhiopia	223	CDC	203	Sievenia	A		A
Entre				South Bhire			

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:

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

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Which countries are covered?

- Albania Algeria Angola Argentina Australia
- Austria Azerbaijan Bahrain Bangladesh Belarus
- Belgium Bolivia Bosnia and Hercegovina 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 Luxemboura
- 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 Oatar Romania
- Russia Saudi Arabia Senegal Serbia Sevchelles
- 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