

# Country Risk Service

Continuously updated political, economic and financial risk analysis for 120 countries

Now, more than ever, financial institutions and companies require authoritative and trusted assessments of credit risk to pursue profitable business opportunities in difficult markets. In addition, banks are having to upgrade their risk management systems to comply with the Basel II capital adequacy requirements.

*Country Risk Service* provides in-depth and timely analysis of the risks of financial exposure in 120 countries. The service helps you to make informed and timely decisions about international creditworthiness and financial risks.

The service is specifically designed to assist anyone who has to set and review country credit lines or manage financial exposures to foreign countries. It provides an assessment of risks tailored to a client's particular exposure: to the sovereign, to currency risk, or to the banking sector and the broader private sector.

*Country Risk Service* monitors emerging markets on a continuous basis as well as OECD countries at regular intervals. The service provides comprehensive tables of quarterly and annual data, including 2-year forecasts for most annual series. Variables covered include external debt stocks and flows, external financing requirements, the balance of payments, foreign exchange reserves, public finances and credit.

*Country Risk Service* will help you:

- Assess sovereign, currency and banking sector risk in 120 markets.
- Analyse credit risks posed by the political and economic situation in each country.
- Compare risk across countries, using standardised risk and forecasting methodology.
- Assess the risks to your business, with up to 220 macroeconomic variables provided in each report.
- Manipulate, display and analyse data in your own financial and risk-rating models.
- Limit your risk in emerging markets with the help of timely warnings of likely rating downgrades.

## What does a *Country Risk Service* report contain?

- A brief summary of each of the five main ratings (sovereign, currency, banking, politics, economic structure).
- A section on sovereign risk assessing the risk of default on public, domestic and external debt.
- A section on currency risk assessing the risk of a maxi devaluation.

- A section on banking risk assessing the risk of a systemic banking crisis.
- Sections on political risk (as it pertains to credit risk) and economic structure risk.
- An assessment of our central forecast for the political, economic and external payments situation over the next eighteen months.
- 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.

## A service upgrade and a new ratings model

In April 2006, the Economist Intelligence Unit upgraded and re-launched the *Country Risk Service*. The upgrade encompasses changes to the structure of the reports, additional data series, a new ratings model and revised ratings bands. The changes are designed to give the reports a sharper focus on risk and to help financial institutions meet their commitments under the Basel II regulations.

The ratings model has been enhanced in several areas, incorporating lessons learnt from the emerging-markets crises of the past decade in Asia, Russia and Latin America. The main focus of the new model is on the three risk categories to which a client can have direct exposure: sovereign debt risk, currency risk and banking sector risk. We also publish ratings for political risk and economic structure risk as well as an overall country credit rating. The model performed well in back testing.

The changes to the text of the reports include more extensive analysis and explanation of the ratings, including an outlook for the sovereign, currency and banking sector ratings. The additional data series relate primarily to the public finances and the banking sector.

We have adjusted the rating band system on the new model to make it easier for clients to compare our ratings with those of the three main international ratings agencies.

## How we compare with the ratings agencies

Unlike the ratings agencies, we update our risk assessments for emerging markets every month. The result: we are able to catch deteriorating or improving trends before the ratings agencies issue formal warnings.

Our analysts are country experts who are responsible for tracking just two or three countries. This allows them to develop specialised knowledge of their countries' economies and politics, and to pay frequent visits.

As part of the respected Economist Group, we provide ratings and analysis that are independent. We are not compensated by governments for our country ratings, unlike the ratings agencies.

### The Risk Ratings Review

Every month we produce a comparative summary of risk ratings for all 120 countries. The *Risk Ratings Review* helps you to spot global trends and identify countries whose risk profiles are changing. The *Risk Ratings Review* is the ideal complement to your individual country subscriptions.

### The Risk Ratings Review includes...

- **Comparative tables** – average ratings for regions and sub-regions around the world.
- **Global and regional analysis** – what this month's ratings reveal about international and region-wide patterns of risk.
- **Up-to-date ratings focus** – an explanation of why risk ratings have changed.
- **Watchlist** – early warnings of countries likely to deteriorate or improve over the next six months.

### Benefits of Internet delivery

eiu.com gives everyone in your organisation easy access to *Country Risk Service*.

Features include:

- Five-year archive access
- Full-text searching
- PDF or html formats
- Networked access – authorised users can be based in different cities or countries
- Free *Country Risk Alerts* by e-mail when you subscribe to five or more countries covered by *Country Risk Service*. The e-mail alerts keep you informed of significant changes as they happen in the risk outlook in any one of the 120 countries covered by the service.

### Update frequency

Monthly for 100 countries. Twice-yearly for a further 20 countries.

### What countries does *Country Risk Service* cover?

Countries marked with an asterisk are new for 2006. Countries in italics are published every six months, all other countries are published monthly.

#### The Americas

Argentina, Bolivia, Brazil, *Canada*\*, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Trinidad and Tobago, *United States*\*, Uruguay, Venezuela

#### Africa and the Middle East

Algeria, Angola, Bahrain, Botswana, Cameroon, Cote d'Ivoire, Egypt, Equatorial Guinea\*, Ethiopia\*, Gabon, Ghana, Iran, Iraq, Israel, Jordan, Kenya, Kuwait, Lebanon, Libya, Malawi, Mauritius, Morocco, Mozambique\*, Namibia, Nigeria, Oman, Qatar, Saudi Arabia, Senegal, South Africa, Sudan, Syria, Tanzania, Tunisia, Uganda, UAE, Yemen, Zambia, Zimbabwe

#### Asia and Australasia

Australia, Bangladesh, Cambodia\*, China, Hong Kong, India, Indonesia, *Japan*\*, Malaysia, Myanmar, New Zealand, Pakistan, Papua New Guinea, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand, Vietnam

#### Central and Eastern Europe

Azerbaijan, Bosnia and Hercegovina\*, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Kazakhstan, Latvia, Lithuania, Macedonia, Moldova, Poland, Romania, Russia, Serbia and Montenegro, Slovakia, Slovenia, Ukraine, Uzbekistan

#### Western Europe

*Austria*\*, *Belgium*\*, *Cyprus*, *Denmark*\*, *Finland*\*, *France*\*, *Germany*\*, *Greece*, *Ireland*\*, *Italy*, *Netherlands*\*, *Norway*\*, *Portugal*, *Spain*, *Sweden*\*, *Switzerland*\*, *Turkey*, *United Kingdom*\*

### How to subscribe

For more information or to apply for a free trial, go to [www.eiu.com](http://www.eiu.com) or call your nearest Economist Intelligence Unit office. For a complete listing of all our office locations and representatives, please visit [www.eiu.com/service](http://www.eiu.com/service).

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