

EIU COUNTRY RISK MODEL

A credit risk model for
countries worldwide

RATING
MODEL

EIU interactive risk model will help you:

- ▶ Measure political, economic and liquidity risk in 120 emerging and highly indebted economies as well as 20 industrialised countries.
- ▶ Assess the risk of investing in the currency, sovereign debt, political and economic structure, or banking sectors.
- ▶ Keep up-to-date with timely and accurate monthly risk assessments by the Economist Intelligence Unit's team of over 80 country risk analysts.
- ▶ Understand trends with historic ratings and risk overviews.

The EIU Country Risk Model assesses sovereign debt, currency and banking political and economic structure risks for 140 countries dating back to 1997

The model can be used as a primary tool for analysing country credit risk, to provide input into your in-house risk assessment processes or to verify your own country assessments. Three models are provided with differing risk weightings: standard, industrialised countries and Euro area. You can manipulate the weightings to create "what if" scenarios or to reflect in-house views.

What functionality does the Interactive Risk Model provide?

Look at the risk for individual countries

- Manipulate, adjust, display and analyse the underlying risk scores used within the model.
- The 78 variables are included under the following headings:
 - Risk indicators cover politics/institutions
 - Economic policy
 - Economic structure
 - Macro economy/cyclical
 - Finance and liquidity
 - Adjustments made by EIU analysts
- Risk scores and ratings for currency, sovereign debt, banking sector, political, economic structure as well as the overall country risk.
- View a risk summary for a country showing the overall rating broken down by type of risk and type of investment, plus a textual overview explaining the main factors behind the ratings. Historical scores are linked to an archive of risk overviews so you can look at them in the context of the risk climate at the time.

Customise the data to create your own risk scores

For each variable you can enter your own perception of the situation, or employ “what if” scenarios to create your own ratings. You can add your own adjustment factor and also incorporate your level of confidence in the baseline assumptions. For example, when looking at corruption you can enter your assessment of the pervasiveness of corruption among public officials to be very low, very high or somewhere in between for your chosen countries. You can then save your scenario.

Modify the weightings the different components are given to make up the risk scores

Various new models can be saved and your own customised set of risk scores created to apply in various circumstances.



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