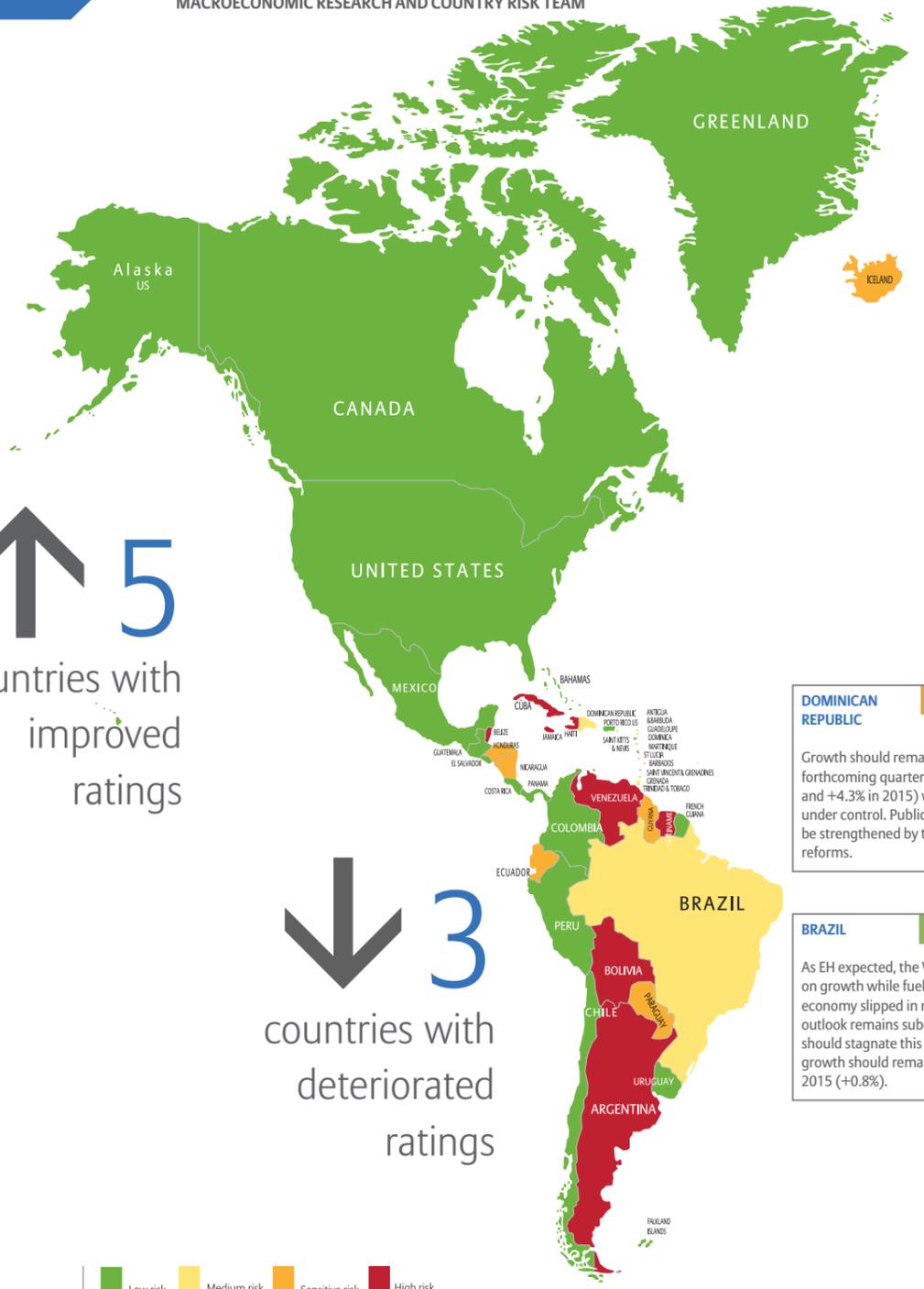


8 changes of country risk ratings at the end of Q3 2014

MACROECONOMIC RESEARCH AND COUNTRY RISK TEAM

↑ 5 countries with improved ratings

↓ 3 countries with deteriorated ratings



Source: Euler Hermes, as of September 25, 2014

FINLAND AA1 → AA2
2014 marks the third consecutive year of recession (-0.5%) and GDP will only grow by +0.3% in 2015. Exposure to Russia and deteriorating current account balance likely to worsen an already fragile economic outlook.

RUSSIA B2 → C3
Growing adverse effects of the escalating conflict with the West over Ukraine, notably net capital outflows, depreciation of the RUB and rising inflation. GDP growth forecasted at -0.6% in 2014 and +1% in 2015 with downside risks.

MONGOLIA D4 → D3
Recent policy development towards better macroeconomic policy management is positive. The GDP growth outlook is strong at +9.5% in 2014, but political risk is pronounced and the business environment below average.

DOMINICAN REPUBLIC C3 → C2
Growth should remain dynamic in forthcoming quarters (+4.2% in 2014 and +4.3% in 2015) while inflation is under control. Public finances begun to be strengthened by the 2012 fiscal reforms.

BRAZIL BB1 → BB2
As EH expected, the World Cup weighed on growth while fuelled inflation. The economy slipped in recession in Q2. The outlook remains subdued. The economy should stagnate this year (+0.3%) while growth should remain below +1% in 2015 (+0.8%).

REPUBLIC OF CONGO D4 → D3
Foreign investment in infrastructure and a planned hydrocarbon projects will help boost GDP growth (+5% in 2014 and +7% in 2015). Ongoing political frailties, regional tensions and a weak business environment continue to be the main medium-term drags.

INDONESIA C3 → B2
GDP growth is expected to reach +5.8% in 2015 and vulnerability to capital outflows is lower thanks to strong monetary policy. The results of the recent presidential elections are positive and the overall environment is more business friendly.

VIETNAM D4 → C3
Short term prospects are positive as GDP growth is expected to remain strong at +5.4% in 2014 and +5.7% in 2015. The country is expected to grow as a manufacturing hub for the region. Weakness lingers in the business environment and structural macroeconomic vulnerabilities.

Economic Research

