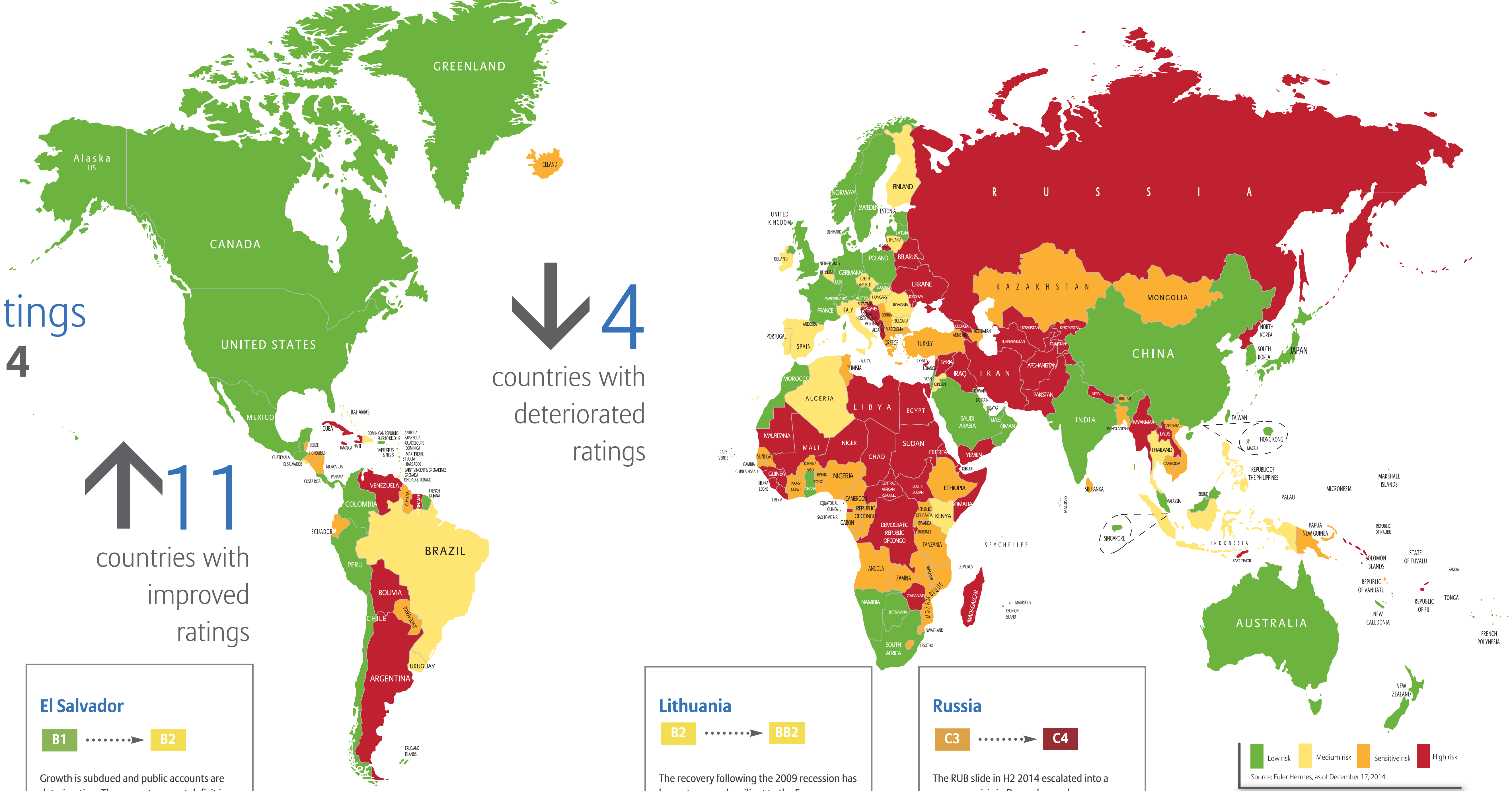
Country Risk Outlook

Q4 2014 — UPDATE

15 changes
in country risk ratings
4th Quarter 2014

MACROECONOMIC RESEARCH AND COUNTRY RISK TEAM



↓ 4 countries with deteriorated ratings

↑ 11 countries with improved ratings

Medium term risk:
the scale comprises 6 levels:
AA represents the lowest risk,
D the highest.

Short term risk:
the scale comprises 4 levels:
1 represents the lowest risk,
4 the highest.

El Salvador

B1 ········▸ B2

Growth is subdued and public accounts are deteriorating. The current account deficit is expected to widen to -5.4% of GDP in 2015 while reserves only cover 3 months of imports and capital inflows are decelerating. As the economy is dollarized, liquidity shortages are a major risk.

Lithuania

B2 ········▸ BB2

The recovery following the 2009 recession has been strong and resilient to the Eurozone crisis. Despite the Russian crisis, Lithuania is forecast to reach +3% growth in 2014 and +2.8% in 2015. Accession to the Eurozone in January 2015 will reduce external liquidity risk.

Russia

C3 ········▸ C4

The RUB slide in H2 2014 escalated into a currency crisis in December and severe liquidity shortages among domestic banks. A deep recession of -5.5% is forecast in 2015. Capital and foreign exchange controls are possible in 2015.

Cambodia

D4 ········▸ D3

Strong economic growth projected (+7.3% in 2015) with external trade the key driver. Domestic demand should pick up due to credit growth, long term investment inflows and low energy prices. The current account deficit (-11% of GDP), although large, is not a concern in the short-term.

→ OTHER CHANGES

Bahamas	BB1	········▸	BB2
Belize	D4	········▸	D3
Gambia	D4	········▸	D3
Macedonia	D4	········▸	D3
Malawi	D4	········▸	D3
Seychelles	D4	········▸	D3
Togo	D4	········▸	D3

Uruguay

BB1 ········▸ BB2

Economic slowdown is expected with +2.7% GDP growth in 2014 and +2.9% in 2015. Private consumption is hindered by elevated inflation, while exports are suffering from downside pressures on commodity prices and weak performance of major trading partners (Brazil, Argentina).

Rwanda

D4 ········▸ C3

Poverty and reliance on commodities remain an issue but political stability has helped raise economic growth by +6.8% on average over the last 5 years. The risks of non-payment are lower while the ease of doing business is comparatively high.

Ethiopia

D4 ········▸ D3

Despite high poverty and periodic famines, GDP growth has been very strong and Ethiopia remains a favoured destination of global FDI flows, particularly from Asia. The government recently issued a (oversubscribed) sovereign bond.

Bangladesh

D4 ········▸ D3

Economic growth reached +6.1% in the FY2014 despite political tensions. The economy is expected to pick up in 2015, supported by rising public infrastructure investment and gradual improvement in global demand. The external position remains solid thanks to remittances while reserves cover 6 months of imports.

Economic Research

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