



IHS Sovereign Risk Service

Helping you assess global sovereign risk over the short and medium term

The IHS Sovereign Risk Service provides comprehensive analyses of sovereign risk for 204 countries over the short-term as well as the medium/long-term time horizons.

The IHS Sovereign Risk Service fills the rating industry's long-neglected market space of short-term sovereign credit risk, and we remain the only rating service to provide coverage of every sovereign across the globe.

Whether you are in banking, insurance, investment business, or a company undertaking cross-border trade, the IHS Sovereign Risk Service enables you to compare and assess sovereigns' credit risks across the entire range of both time and geographic space.



Methodology

The IHS Sovereign Risk Service ratings are generated in a systematic and consistent manner using a comprehensive and transparent analytical model based on the actual experiences of global lending institutions:

- The risk ratings are numeric scores on a zero-to-100 scale corresponding to the probability of default.
- The sovereign default risk scores are based, first and foremost, on a detailed assessment of each country's key liquidity and solvency ratios.
- Financial risk metrics are derived from country spreadsheets containing highly detailed information on each country's external finances, relevant domestic finances, and key macroeconomic indicators.
- In the short-term analytical model, the liquidity risk metrics play the dominant role, whereas in the medium-term model the assessment also takes into account solvency ratios and qualitative country attributes, such as each country's economic and political structures and policy performance.
- The macroeconomic inputs and assumptions are taken directly from IHS Global Insight's quarterly country databanks and macroeconomic forecasts.

The benefits of the IHS Sovereign Risk Service

Comprehensive coverage – Regularly-updated reports, analysis, detailed statistics, and risk ratings for 204 countries—including every sub-Saharan African state and many sub-sovereign territories around the globe, which are generally neglected by other major rating agencies.

Complete timeline analysis – Comparable risk ratings and analysis for the short-term and medium/long-term time horizons. The short- and medium-term risk ratings are uniquely comparable, enabling you to assess the difference in risk over the timeline.

Transparency – Complete presentation of all the analyses involved in generating both the short- and medium-term risk ratings, which makes this service an ideal source for your rating due diligence.

Virtual research team – Direct access to our country economists by email and conference call to ensure your questions are answered.

Early warning system – Quarterly updates of forward-looking liquidity ratios and constant monitoring of political stresses enable the system to be used as a timely resource to avoid being caught off guard by a sovereign's emerging financial problems.

Same-day analysis – Daily coverage of what is happening across the globe and timely assessments of their potential impact on sovereign risk through IHS Same-Day Analysis articles, with email alerting functionality.

Peer-group identification – Each country's risk ranking and peer group sovereigns are listed in its country report and can also be easily accessed through our online, sortable Sovereign Risk League Table.

Country debt tables – Downloadable, detailed country Excel files containing each country's foreign debt statistics, balance of payments, and external lending and investment trends.

Credit rating model – A comprehensive credit-rating framework that can be used to aid you in assessing each country's external financing vulnerabilities and pressure points.

Setting country limits – Detailed country credit metrics and macroeconomic forecasts, along with our overall short- and medium-term sovereign rating scores, can be used as key inputs into your own customized country limit model, or as a tool with which to weigh capital-at-risk asset exposures.

User-friendly interface – The service gives you access to all the information you need through a user-friendly interface.

How does IHS Sovereign Risk fit into my workflow?

Issues	IHS Sovereign Risk Solution
I am unable to compare my existing medium-term ratings with short-term ratings to see how the risk outlook profile changes over time.	Uniquely, IHS short-term and medium-term ratings are comparable. The degree of divergence is a good indicator of the change in riskiness of doing business down the timeline.
I find it difficult to obtain a rating across all of the countries where we have exposure.	Short-term and medium-term ratings with full analysis are available for all 204 countries worldwide.
I am unable to find a timely source of short-term sovereign risk ratings.	IHS ratings are reviewed and updated on both an event driven basis and also a quarterly update schedule.
I cannot use my existing provider of sovereign risk analysis for due diligence to compare to my own model as I cannot see how they have derived their rating.	IHS sovereign risk ratings methodology and analysis are completely transparent and available online, making them an excellent source for the rating due diligence process. Should you still have questions we make our analysts available directly via email and phone.
We have a mix of short- and medium-term export trade exposures – however, my source for sovereign risk ratings only covers the medium-term view of risk.	Uniquely, IHS sovereign risk ratings are anchored on borrowing within the sovereign level and are comparable between the short and medium term. This enables you to assess the risk to your book of business, or capital at risk, regardless of the time horizon.
I am missing out on low-risk export trade and underwriting opportunities as I only have a long-term view of the risk.	One of the strengths of IHS sovereign risk ratings is that the risk is evaluated down the timeline, so you can see how the sovereign risk evolves over time.
I cannot see how the ratings I receive from my current source are derived from quantitative and qualitative inputs – such as political risk.	IHS sovereign risk ratings utilise both quantitative and qualitative factors. The online reports show the relevant score for each of the inputs into the rating.
I lack a robust early warning system for credit default probabilities in the short and medium term.	IHS short-term sovereign risk ratings model has been geared to serving this purpose, with 60% of the rating input geared to quantitative based liquidity tests.
I require inputs into my country limit model that meet regulatory requirements – such as BASEL III.	The IHS sovereign risk ratings – as ultimately relative credit risk default probability ratings – can be used as one input tool to apply capital at risk measures in compliance with BASEL III regulations.
It's difficult to find a comprehensive source that helps me stay up-to-date with the real developments that affect sovereign risk on a global basis.	Track developments that affect sovereign risk across all 204 countries using the Same-Day Analysis component of the Sovereign Risk Service. Alerts can be set so that you only receive the Same-Day Analysis articles for countries or regions that you are interested.

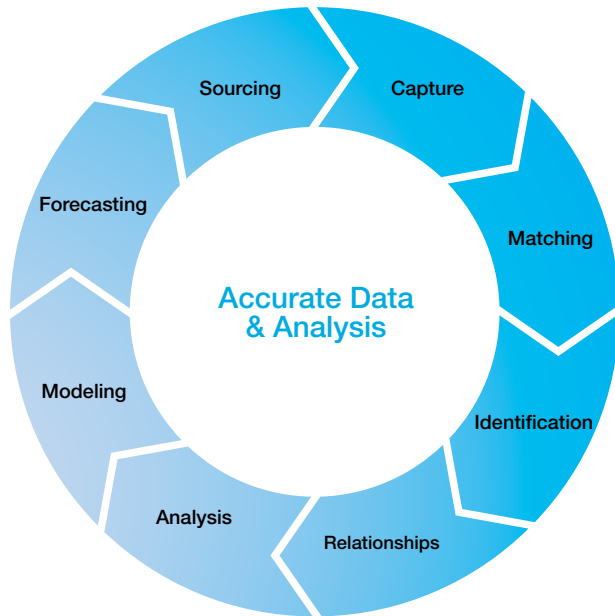
Reliable, accurate and unbiased data

IHS has 50+ years experience in transferring vast amounts of source data into accurate decision-ready information.

8-Step process to ensure data accuracy you can trust

Exclusive to all our clients

Access to world-class analysts that have been consistently recognized as the world's most accurate forecasters.



About IHS

IHS is the leading source of information, insight and analytics in critical areas that shape today's business landscape. Businesses and governments in more than 165 countries around the globe rely on the comprehensive content, expert independent analysis and flexible delivery methods of IHS to make high-impact decisions and develop strategies with speed and confidence.

IHS has been in business since 1959 and became a publicly traded company on the New York Stock Exchange in 2005. Headquartered in Englewood, Colorado, USA, IHS is committed to sustainable, profitable growth and employs more than 6,700 people in more than 30 countries around the world.

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