

SECTOR IN-DEPTH

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Sovereign Risk Report

Likely Fed Rate Hike and Oil Prices Grab Market Attention

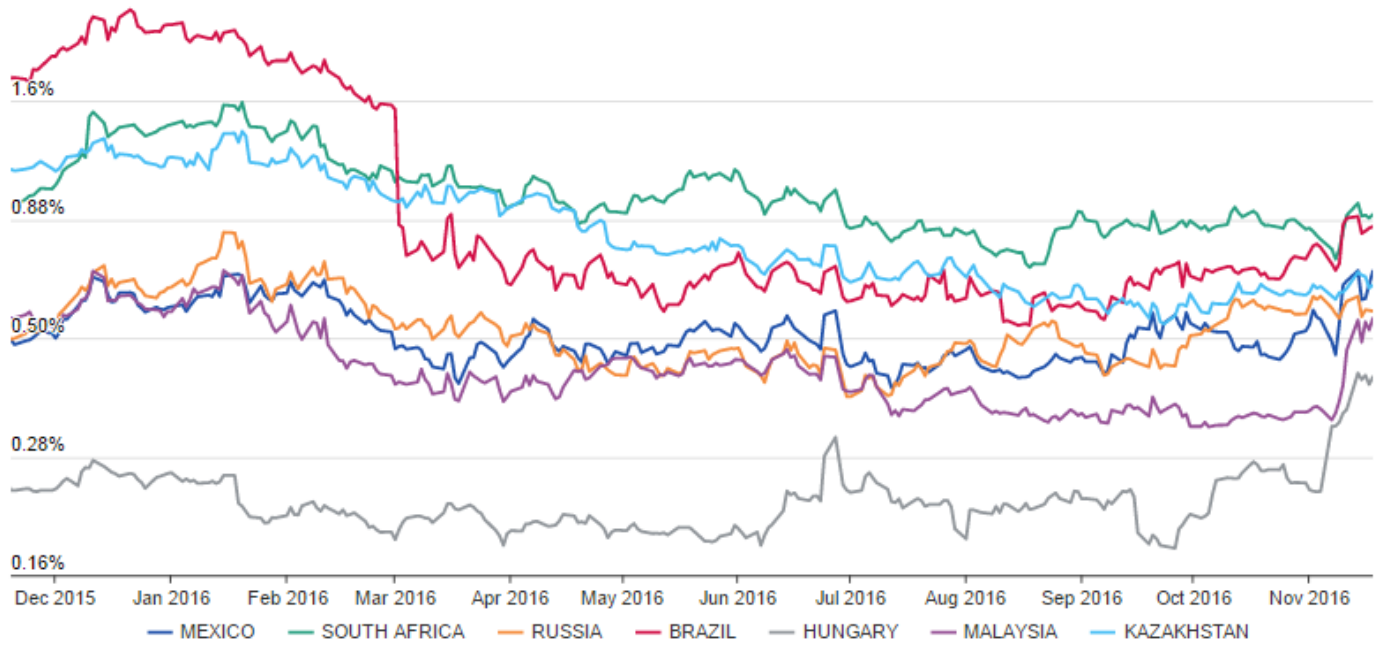
Global financial markets are focused on signs that the US Federal Reserve will lift its policy rate at its December 13-14 meeting. During congressional testimony on November 17, Fed Chair Janet Yellen noted that gains in the economy and the labor market "continued to strengthen" the case for raising rates. The US unemployment rate is at 4.9%, down from 10% in 2009. And the core PCE price index, which strips out food and energy costs, is growing at the two-year high rate of 1.7% year-on-year, though this is still below the Fed's 2% target. Yellen also emphasized that if the rate increase was delayed, the Fed "could end up having to tighten policy relatively abruptly." She asserted that "holding the federal funds rate at its current level for too long could also encourage excessive risk-taking and ultimately undermine financial stability".

Oil prices preoccupied investors, as well. Crude oil prices continued to recover this past week from their drop to the three-month low of \$43.12 per barrel on November 9, amid renewed hopes for an OPEC production cut. The price of oil closed at \$45.58 per barrel on November 18. The group of 14 oil producing nations is set to meet on November 30 to formalize a deal to curb production to between 32.5 million and 33 million barrels a day from the record level of 33.83 million barrels a day in October. Russian Energy Minister Alexander Novak and Venezuelan President Nicolas Maduro expressed their willingness to support decisions adopted by OPEC. Saudi Arabian Energy Minister Khalid Al-Falih stated that he was optimistic about OPEC's deal to limit oil output.

Global market-based measures of credit risk — the Sovereign EDF™ (Expected Default Frequency) metrics¹ which measure the probability of default over the next five years — were mixed this past week. The metric improved in half of the countries in our dataset. Hong Kong showed the sharpest one-week decline in credit risk, with its one-year Sovereign EDF measure falling by 15%, followed by declines for New Zealand and Saudi Arabia of 11% and 9%, respectively. Countries more vulnerable to the strengthening US dollar and affected by low oil prices continued to show the sharpest weekly EDF increases (see Exhibit 1 below).

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Exhibit 1
 Five-Year Sovereign EDF measures of Select Countries (%)



Source: CreditEdge

Asia-Pacific

21-OCTOBER-16 28-OCTOBER-16 04-NOVEMBER-16 11-NOVEMBER-16 18-NOVEMBER-16 YEAR AGO 12 MO CHANGE

Australia (75300)

Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.06%	0.06%	0.06%	0.06%	0.06%	0.10%	-4 bps
CDS Implied-Rating	Aa2	Aa3	Aa3	--	Aa2	A1	+2
Bond Implied-Rating	Aaa	Aaa	Aaa	--	Aaa	Aaa	0
Senior Rating	Aaa	Aaa	Aaa	--	Aaa	Aaa	0

China (599085)

Sovereign EDF (1-Year)	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0 bps
Sovereign EDF (5-Year)	0.31%	0.30%	0.32%	0.36%	0.36%	0.28%	+8 bps
CDS Implied-Rating	Baa3	Baa3	Baa3	--	Baa3	Baa2	-1
Bond Implied-Rating	Baa1	A3	Baa1	--	A3	A2	-1
Senior Rating	Aa3	Aa3	Aa3	--	Aa3	Aa3	0

Hong Kong (375515)

Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.06%	0.06%	0.06%	0.08%	0.07%	0.09%	-2 bps
CDS Implied-Rating	--	--	--	--	--	--	--
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	Aa1	Aa1	Aa1	--	Aa1	Aa1	0

Indonesia (405130)

Sovereign EDF (1-Year)	0.05%	0.05%	0.06%	0.08%	0.07%	0.13%	-6 bps
Sovereign EDF (5-Year)	0.48%	0.49%	0.51%	0.63%	0.60%	0.79%	-19 bps
CDS Implied-Rating	Ba1	Ba1	Ba1	--	Ba1	B1	+3
Bond Implied-Rating	Baa3	Baa3	Baa3	--	Baa3	Baa3	0
Senior Rating	Baa3	Baa3	Baa3	--	Baa3	Baa3	0

Japan (423746)

Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.08%	0.08%	0.08%	0.08%	0.08%	0.12%	-4 bps
CDS Implied-Rating	Aa3	Aa3	Aa3	--	Aa3	A2	+2
Bond Implied-Rating	Aaa	Aaa	Aaa	--	Aaa	Aaa	0
Senior Rating	A1	A1	A1	--	A1	A1	0

Korea (440230)

Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.09%	0.10%	0.11%	0.13%	0.13%	0.14%	-1bps
CDS Implied-Rating	A1	A1	A2	--	A2	A3	+1
Bond Implied-Rating	Aa1	Aaa	Aaa	--	Aa1	Aa3	+2
Senior Rating	Aa2	Aa2	Aa2	--	Aa2	Aa3	+1

	21-OCTOBER-16	28-OCTOBER-16	04-NOVEMBER-16	11-NOVEMBER-16	18-NOVEMBER-16	YEAR AGO	12 MO CHANGE
Malaysia (460522)							
Sovereign EDF (1-Year)	0.03%	0.03%	0.03%	0.05%	0.06%	0.08%	-2 bps
Sovereign EDF (5-Year)	0.34%	0.35%	0.35%	0.47%	0.55%	0.59%	-4 bps
CDS Implied-Rating	Baa3	Baa3	Baa3	--	Ba1	Ba3	+2
Bond Implied-Rating	A3	A3	A3	--	Baa1	A3	-1
Senior Rating	A3	A3	A3	--	A3	A3	0
New Zealand (553700)							
Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.05%	0.05%	0.06%	0.06%	0.06%	0.10%	-4 bps
CDS Implied-Rating	Aa2	Aa2	Aa2	--	Aa2	A1	+2
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	Aaa	Aaa	Aaa	--	Aaa	Aaa	0
Philippines (607410)							
Sovereign EDF (1-Year)	0.03%	0.03%	0.03%	0.04%	0.04%	0.03%	+1bps
Sovereign EDF (5-Year)	0.35%	0.35%	0.34%	0.39%	0.41%	0.29%	+12 bps
CDS Implied-Rating	Baa3	Baa3	Baa3	--	Baa3	Baa2	-1
Bond Implied-Rating	A3	A3	A3	--	A2	A1	-1
Senior Rating	Baa2	Baa2	Baa2	--	Baa2	Baa2	0
India (401565)							
Sovereign EDF (1-Year)	0.04%	0.04%	0.04%	0.04%	0.05%	0.06%	-1bps
Sovereign EDF (5-Year)	0.43%	0.43%	0.41%	0.40%	0.45%	0.47%	-2 bps
CDS Implied-Rating	Ba1	Ba1	Baa3	--	Ba1	Ba2	+1
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	Baa3	Baa3	Baa3	--	Baa3	Baa3	0
Thailand (747330)							
Sovereign EDF (1-Year)	0.02%	0.02%	0.02%	0.02%	0.02%	0.04%	-2 bps
Sovereign EDF (5-Year)	0.28%	0.27%	0.27%	0.27%	0.27%	0.39%	-12 bps
CDS Implied-Rating	Baa2	Baa2	Baa2	--	Baa2	Ba1	+2
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	Baa1	Baa1	Baa1	--	Baa1	Baa1	0
Vietnam (600023790)							
Sovereign EDF (1-Year)	0.04%	0.04%	0.05%	0.05%	0.05%	0.07%	-2 bps
Sovereign EDF (5-Year)	0.43%	0.44%	0.45%	0.50%	0.50%	0.51%	-1bps
CDS Implied-Rating	Ba2	Ba2	Ba2	--	Ba2	B2	+3
Bond Implied-Rating	Ba1	Ba1	Ba1	--	Ba1	Ba1	0
Senior Rating	B1	B1	B1	--	B1	B1	0

Europe

21-OCTOBER-16 28-OCTOBER-16 04-NOVEMBER-16 11-NOVEMBER-16 18-NOVEMBER-16 YEAR AGO 12 MO CHANGE

Austria (76100)

Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.06%	0.06%	0.06%	0.08%	0.08%	0.06%	+2 bps
CDS Implied-Rating	Aa3	Aa3	Aa3	--	Aa3	Aa3	0
Bond Implied-Rating	Aaa	Aaa	Aaa	--	Aaa	Aaa	0
Senior Rating	Aa1	Aa1	Aa1	--	Aa1	Aaa	-1

Belgium (100220)

Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.06%	0.06%	0.07%	0.07%	0.08%	0.08%	0 bps
CDS Implied-Rating	Aa3	Aa3	Aa3	--	Aa3	A1	+1
Bond Implied-Rating	Aa3	Aaa	Aaa	--	Aa1	Aaa	-1
Senior Rating	Aa3	Aa3	Aa3	--	Aa3	Aa3	0

Bulgaria (126630)

Sovereign EDF (1-Year)	0.03%	0.03%	0.03%	0.03%	0.04%	0.06%	-2 bps
Sovereign EDF (5-Year)	0.39%	0.39%	0.43%	0.45%	0.46%	0.61%	-15 bps
CDS Implied-Rating	Ba1	Ba1	Ba1	--	Ba1	Ba3	+2
Bond Implied-Rating	A3	A2	A2	--	Baa1	A3	-1
Senior Rating	Baa2	Baa2	Baa2	--	Baa2	Baa2	0

Croatia (600020489)

Sovereign EDF (1-Year)	0.04%	0.04%	0.04%	0.04%	0.05%	0.06%	-1bps
Sovereign EDF (5-Year)	0.47%	0.46%	0.47%	0.50%	0.53%	0.64%	-11bps
CDS Implied-Rating	Ba2	Ba2	Ba2	--	Ba3	B2	+2
Bond Implied-Rating	Baa3	Baa3	Baa3	--	Ba1	Ba1	0
Senior Rating	Ba2	Ba2	Ba2	--	Ba2	Ba1	-1

Cyprus (377200)

Sovereign EDF (1-Year)	0.08%	0.08%	0.08%	0.08%	0.08%	0.04%	+4 bps
Sovereign EDF (5-Year)	0.73%	0.75%	0.72%	0.70%	0.73%	0.48%	+25 bps
CDS Implied-Rating	Ba3	Ba3	Ba3	--	B1	B1	0
Bond Implied-Rating	Ba1	Ba1	Ba1	--	Ba1	Ba1	0
Senior Rating	B1	B1	B1	--	B1	B1	0

Czech Republic (218505)

Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.10%	0.10%	0.10%	0.11%	0.11%	0.14%	-3 bps
CDS Implied-Rating	A1	A1	A1	--	A1	A2	+1
Bond Implied-Rating	Aaa	Aaa	Aaa	--	Aa1	Aa2	+1
Senior Rating	A1	A1	A1	--	A1	A1	0

	21-OCTOBER-16	28-OCTOBER-16	04-NOVEMBER-16	11-NOVEMBER-16	18-NOVEMBER-16	YEAR AGO	12 MO CHANGE
Denmark (230700)							
Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.05%	0.05%	0.05%	0.06%	0.06%	0.03%	+3 bps
CDS Implied-Rating	Aa2	Aa2	Aa2	--	Aa2	Aa1	-1
Bond Implied-Rating	--	--	--	--	--	Aaa	--
Senior Rating	Aaa	Aaa	Aaa	--	Aaa	Aaa	0
Estonia (600046984)							
Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.16%	0.16%	0.16%	0.17%	0.15%	0.15%	0 bps
CDS Implied-Rating	--	--	--	--	--	--	--
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	A1	A1	A1	--	A1	A1	0
Finland (278070)							
Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.06%	0.06%	0.06%	0.07%	0.06%	0.04%	+2 bps
CDS Implied-Rating	A3	A3	A3	--	A3	A3	0
Bond Implied-Rating	Aaa	Aaa	Aaa	--	Aaa	Aaa	0
Senior Rating	Aa1	Aa1	Aa1	--	Aa1	Aaa	-1
France (639500)							
Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.07%	0.07%	0.07%	0.09%	0.10%	0.06%	+4 bps
CDS Implied-Rating	Aa3	Aa3	Aa3	--	A1	Aa3	-1
Bond Implied-Rating	Aaa	Aaa	Aaa	--	Aaa	Aaa	0
Senior Rating	Aa2	Aa2	Aa2	--	Aa2	Aa2	0
Germany (333700)							
Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.04%	0.04%	0.04%	0.05%	0.05%	0.03%	+2 bps
CDS Implied-Rating	Aa2	Aa2	Aa1	--	Aa2	Aaa	-2
Bond Implied-Rating	Aaa	Aaa	Aaa	--	Aaa	Aaa	0
Senior Rating	Aaa	Aaa	Aaa	--	Aaa	Aaa	0
Greece (348330)							
Sovereign EDF (1-Year)	1.29%	1.24%	1.05%	1.07%	1.06%	0.98%	+8 bps
Sovereign EDF (5-Year)	3.71%	3.62%	3.25%	3.30%	3.29%	3.14%	+15 bps
CDS Implied-Rating	Caa2	Caa2	Caa2	--	Caa2	Caa1	-1
Bond Implied-Rating	Caa2	Caa2	Caa1	--	Caa1	B3	-1
Senior Rating	Caa3	Caa3	Caa3	--	Caa3	Caa3	0
Hungary (381030)							
Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.02%	0.03%	0.01%	+2 bps
Sovereign EDF (5-Year)	0.27%	0.25%	0.24%	0.35%	0.41%	0.26%	+15 bps
CDS Implied-Rating	Baa3	Baa3	Baa3	--	Ba1	Ba2	+1
Bond Implied-Rating	Baa1	Baa1	Baa1	--	Baa2	Baa2	0
Senior Rating	Ba1	Ba1	Baa3	--	Baa3	Ba1	+1

	21-OCTOBER-16	28-OCTOBER-16	04-NOVEMBER-16	11-NOVEMBER-16	18-NOVEMBER-16	YEAR AGO	12 MO CHANGE
Iceland (392575)							
Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.02%	0.02%	0.04%	-2 bps
Sovereign EDF (5-Year)	0.28%	0.28%	0.27%	0.28%	0.29%	0.46%	-17 bps
CDS Implied-Rating	Baa2	Baa2	Baa2	--	Baa2	Ba2	+3
Bond Implied-Rating	A3	A2	A2	--	A2	Baa1	+2
Senior Rating	A3	A3	A3	--	A3	Baa2	+2
Ireland (423933)							
Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.17%	0.16%	0.17%	0.19%	0.18%	0.11%	+7 bps
CDS Implied-Rating	A3	A3	A3	--	A3	A1	-2
Bond Implied-Rating	Aaa	Aaa	Aaa	--	Aa1	Aaa	-1
Senior Rating	A3	A3	A3	--	A3	Baa1	+1
Italy (423690)							
Sovereign EDF (1-Year)	0.04%	0.04%	0.05%	0.05%	0.06%	0.02%	+4 bps
Sovereign EDF (5-Year)	0.46%	0.51%	0.54%	0.58%	0.61%	0.29%	+32 bps
CDS Implied-Rating	Ba1	Ba1	Ba1	--	Ba1	Baa2	-2
Bond Implied-Rating	Baa2	Baa2	Baa1	--	Baa2	Aa1	-7
Senior Rating	Baa2	Baa2	Baa2	--	Baa2	Baa2	0
Latvia (600016806)							
Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.12%	0.12%	0.12%	0.16%	0.17%	0.21%	-4 bps
CDS Implied-Rating	A2	A2	A2	--	A3	Baa1	+1
Bond Implied-Rating	Aa1	Aa1	Aa1	--	Aa2	Aa3	+1
Senior Rating	A3	A3	A3	--	A3	A3	0
Lithuania (600018187)							
Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.12%	0.12%	0.13%	0.16%	0.17%	0.22%	-5 bps
CDS Implied-Rating	A2	A2	A2	--	A3	Baa1	+1
Bond Implied-Rating	Aa3	A1	Aa3	--	A2	Aa3	-2
Senior Rating	A3	A3	A3	--	A3	A3	0
Netherlands (543005)							
Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.05%	0.05%	0.05%	0.06%	0.07%	0.03%	+4 bps
CDS Implied-Rating	Aa2	Aa2	Aa2	--	Aa3	Aa1	-2
Bond Implied-Rating	Aaa	Aaa	Aaa	--	Aa2	Aaa	-2
Senior Rating	Aaa	Aaa	Aaa	--	Aaa	Aaa	0

	21-OCTOBER-16	28-OCTOBER-16	04-NOVEMBER-16	11-NOVEMBER-16	18-NOVEMBER-16	YEAR AGO	12 MO CHANGE
Norway (565700)							
Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.04%	0.05%	0.04%	0.05%	0.04%	0.03%	+1 bps
CDS Implied-Rating	Aa2	Aa2	Aa2	--	Aa1	Aaa	-1
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	Aaa	Aaa	Aaa	--	Aaa	Aaa	0
Poland (613900)							
Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.21%	0.21%	0.22%	0.24%	0.24%	0.21%	+3 bps
CDS Implied-Rating	Baa1	Baa1	Baa1	--	Baa1	Baa1	0
Bond Implied-Rating	A3	Aa3	Aa3	--	A2	Aa2	-3
Senior Rating	A2	A2	A2	--	A2	A2	0
Portugal (614650)							
Sovereign EDF (1-Year)	0.10%	0.10%	0.10%	0.10%	0.10%	0.03%	+7 bps
Sovereign EDF (5-Year)	0.83%	0.82%	0.83%	0.83%	0.80%	0.40%	+40 bps
CDS Implied-Rating	B1	B1	B1	--	B2	B1	-1
Bond Implied-Rating	Baa3	Baa3	Baa3	--	Ba1	Baa1	-3
Senior Rating	Ba1	Ba1	Ba1	--	Ba1	Ba1	0
Romania (651437)							
Sovereign EDF (1-Year)	0.01%	0.02%	0.02%	0.02%	0.02%	0.03%	-1 bps
Sovereign EDF (5-Year)	0.28%	0.30%	0.28%	0.29%	0.32%	0.43%	-11 bps
CDS Implied-Rating	Baa3	Baa3	Baa2	--	Baa3	Ba1	+1
Bond Implied-Rating	Baa1	Baa1	Baa1	--	Baa2	A3	-2
Senior Rating	Baa3	Baa3	Baa3	--	Baa3	Baa3	0
Russian Federation (600018921)							
Sovereign EDF (1-Year)	0.05%	0.05%	0.06%	0.06%	0.05%	0.06%	-1 bps
Sovereign EDF (5-Year)	0.58%	0.56%	0.61%	0.60%	0.57%	0.62%	-5 bps
CDS Implied-Rating	Ba3	Ba3	Ba3	--	Ba3	B2	+2
Bond Implied-Rating	Baa3	Baa3	Ba1	--	Ba1	Baa3	-1
Senior Rating	Ba1	Ba1	Ba1	--	Ba1	Ba1	0
Serbia (600035271)							
Sovereign EDF (1-Year)	0.04%	0.04%	0.04%	0.04%	0.05%	0.06%	-1 bps
Sovereign EDF (5-Year)	0.50%	0.51%	0.51%	0.50%	0.52%	0.62%	-10 bps
CDS Implied-Rating	--	--	--	--	--	--	--
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	--	--	--	--	--	--	--

	21-OCTOBER-16	28-OCTOBER-16	04-NOVEMBER-16	11-NOVEMBER-16	18-NOVEMBER-16	YEAR AGO	12 MO CHANGE
Slovakia (600011880)							
Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.11%	0.11%	0.11%	0.11%	0.12%	0.14%	-2 bps
CDS Implied-Rating	A1	A1	A1	--	A1	A2	+1
Bond Implied-Rating	Aaa	Aaa	Aaa	--	Aaa	Aaa	0
Senior Rating	A2	A2	A2	--	A2	A2	0
Slovenia (600019535)							
Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.02%	0.02%	0 bps
Sovereign EDF (5-Year)	0.26%	0.26%	0.24%	0.26%	0.28%	0.32%	-4 bps
CDS Implied-Rating	Baa2	Baa2	Baa2	--	Baa3	Baa3	0
Bond Implied-Rating	Aa2	Aa1	Aa2	--	Aa2	Aa2	0
Senior Rating	Baa3	Baa3	Baa3	--	Baa3	Baa3	0
Spain (704550)							
Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.21%	0.22%	0.22%	0.24%	0.25%	0.27%	-2 bps
CDS Implied-Rating	Baa1	Baa1	Baa1	--	Baa2	Baa2	0
Bond Implied-Rating	A2	A2	A2	--	A3	A2	-1
Senior Rating	Baa2	Baa2	Baa2	--	Baa2	Baa2	0
Sweden (730900)							
Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.06%	0.06%	0.06%	0.06%	0.06%	0.03%	+3 bps
CDS Implied-Rating	Aa2	Aa2	Aa2	--	Aa2	Aaa	-2
Bond Implied-Rating	A2	A2	A2	--	A2	Aa1	-4
Senior Rating	Aaa	Aaa	Aaa	--	Aaa	Aaa	0
Switzerland (731810)							
Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.06%	0.06%	0.06%	0.06%	0.07%	0.04%	+3 bps
CDS Implied-Rating	Aa3	Aa3	Aa3	--	Aa3	Aa1	-2
Bond Implied-Rating	Aaa	Aaa	Aaa	--	Aaa	Aaa	0
Senior Rating	Aaa	Aaa	Aaa	--	Aaa	Aaa	0
Ukraine (600037040)							
Sovereign EDF (1-Year)	0.73%	0.66%	0.66%	0.65%	0.62%	--	--
Sovereign EDF (5-Year)	2.64%	2.50%	2.48%	2.47%	2.39%	--	--
CDS Implied-Rating	Caa1	Caa1	Caa1	--	Caa1	--	--
Bond Implied-Rating	Caa1	Caa1	Caa1	--	Caa2	Caa3	+1
Senior Rating	Caa3	Caa3	Caa3	--	Caa3	Ca	+1
United Kingdom (788250)							
Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.10%	0.10%	0.10%	0.10%	0.10%	0.04%	+6 bps
CDS Implied-Rating	A1	A1	A1	--	A1	Aa2	-2
Bond Implied-Rating	Aaa	Aaa	Aaa	--	Aaa	Aaa	0
Senior Rating	Aa1	Aa1	Aa1	--	Aa1	Aa1	0

Latin America & Caribbean

	21-OCTOBER-16	28-OCTOBER-16	04-NOVEMBER-16	11-NOVEMBER-16	18-NOVEMBER-16	YEAR AGO	12 MO CHANGE
Argentina (61720)							
Sovereign EDF (1-Year)	0.19%	0.21%	0.21%	0.23%	0.24%	--	--
Sovereign EDF (5-Year)	1.16%	1.23%	1.23%	1.28%	1.33%	--	--
CDS Implied-Rating	--	--	--	--	--	--	--
Bond Implied-Rating	Ba3	B1	Ba3	--	B2	--	--
Senior Rating	B3	B3	B3	--	B3	Caa2	+2
Brazil (114650)							
Sovereign EDF (1-Year)	0.08%	0.10%	0.11%	0.13%	0.12%	0.46%	-34 bps
Sovereign EDF (5-Year)	0.67%	0.74%	0.77%	0.89%	0.85%	1.84%	-99 bps
CDS Implied-Rating	Ba3	B1	B1	--	B2	B3	+1
Bond Implied-Rating	Ba1	Ba1	Ba1	--	Ba1	Ba2	+1
Senior Rating	Ba2	Ba2	Ba2	--	Ba2	Baa3	-2
Chile (171693)							
Sovereign EDF (1-Year)	0.02%	0.02%	0.02%	0.03%	0.02%	0.05%	-3 bps
Sovereign EDF (5-Year)	0.25%	0.26%	0.28%	0.34%	0.30%	0.42%	-12 bps
CDS Implied-Rating	Baa2	Baa2	Baa2	--	Baa2	Ba1	+2
Bond Implied-Rating	Aa2	Aa2	Aa2	--	Aa3	A1	+1
Senior Rating	Aa3	Aa3	Aa3	--	Aa3	Aa3	0
Colombia (186200)							
Sovereign EDF (1-Year)	0.06%	0.07%	0.08%	0.09%	0.09%	0.14%	-5 bps
Sovereign EDF (5-Year)	0.55%	0.58%	0.64%	0.72%	0.72%	0.82%	-10 bps
CDS Implied-Rating	--	--	--	--	--	--	--
Bond Implied-Rating	Baa2	Baa2	Baa3	--	Baa3	Baa3	0
Senior Rating	Baa2	Baa2	Baa2	--	Baa2	Baa2	0
Costa Rica (600023791)							
Sovereign EDF (1-Year)	0.17%	0.17%	0.18%	0.19%	0.21%	0.14%	+7 bps
Sovereign EDF (5-Year)	0.89%	0.90%	0.92%	0.96%	1.04%	0.87%	+17 bps
CDS Implied-Rating	B1	B1	B1	--	B2	B2	0
Bond Implied-Rating	Ba2	Ba2	Ba2	--	B1	Ba3	-1
Senior Rating	Ba1	Ba1	Ba1	--	Ba1	Ba1	0
El Salvador (600045734)							
Sovereign EDF (1-Year)	0.34%	0.33%	0.37%	0.37%	0.35%	0.19%	+16 bps
Sovereign EDF (5-Year)	1.40%	1.39%	1.47%	1.48%	1.41%	1.03%	+38 bps
CDS Implied-Rating	B2	B2	B2	--	B3	B3	0
Bond Implied-Rating	B3	B2	B2	--	B3	B2	-1
Senior Rating	B1	B1	B1	--	B3	Ba3	-3

	21-OCTOBER-16	28-OCTOBER-16	04-NOVEMBER-16	11-NOVEMBER-16	18-NOVEMBER-16	YEAR AGO	12 MO CHANGE
Guatemala (600011455)							
Sovereign EDF (1-Year)	0.26%	0.26%	0.28%	0.28%	0.27%	0.15%	+12 bps
Sovereign EDF (5-Year)	1.18%	1.18%	1.24%	1.23%	1.21%	0.89%	+32 bps
CDS Implied-Rating	B2	B2	B2	--	B3	B2	-1
Bond Implied-Rating	Ba1	Baa3	Baa3	--	Ba1	Ba1	0
Senior Rating	Ba1	Ba1	Ba1	--	Ba1	Ba1	0
Mexico (489500)							
Sovereign EDF (1-Year)	0.05%	0.06%	0.06%	0.08%	0.09%	0.07%	+2 bps
Sovereign EDF (5-Year)	0.46%	0.51%	0.55%	0.66%	0.69%	0.52%	+17 bps
CDS Implied-Rating	Ba1	Ba1	Ba1	--	Ba2	Ba2	0
Bond Implied-Rating	A1	A1	A3	--	Baa1	Baa1	0
Senior Rating	A3	A3	A3	--	A3	A3	0
Panama (591640)							
Sovereign EDF (1-Year)	0.05%	0.05%	0.05%	0.06%	0.06%	0.08%	-2 bps
Sovereign EDF (5-Year)	0.39%	0.41%	0.42%	0.48%	0.49%	0.60%	-11 bps
CDS Implied-Rating	Baa3	Ba1	Baa3	--	Ba1	Ba2	+1
Bond Implied-Rating	Baa1	Baa1	Baa1	--	Baa2	Baa2	0
Senior Rating	Baa2	Baa2	Baa2	--	Baa2	Baa2	0
Peru (601500)							
Sovereign EDF (1-Year)	0.02%	0.03%	0.03%	0.04%	0.04%	0.09%	-5 bps
Sovereign EDF (5-Year)	0.28%	0.30%	0.33%	0.39%	0.39%	0.64%	-25 bps
CDS Implied-Rating	Baa2	Baa3	Baa3	--	Baa3	Ba3	+3
Bond Implied-Rating	A3	A3	A3	--	Baa1	Baa1	0
Senior Rating	A3	A3	A3	--	A3	A3	0
Uruguay (15210)							
Sovereign EDF (1-Year)	0.03%	0.03%	0.03%	0.03%	0.03%	0.06%	-3 bps
Sovereign EDF (5-Year)	0.30%	0.32%	0.31%	0.32%	0.32%	0.50%	-18 bps
CDS Implied-Rating	Baa3	Baa3	Baa3	--	Baa3	Ba1	+1
Bond Implied-Rating	Baa3	Ba1	Baa3	--	Baa3	Baa2	-1
Senior Rating	Baa2	Baa2	Baa2	--	Baa2	Baa2	0
Venezuela (800876)							
Sovereign EDF (1-Year)	14.50%	11.07%	12.23%	11.25%	11.40%	14.35%	-295 bps
Sovereign EDF (5-Year)	20.49%	16.63%	17.97%	16.84%	17.02%	18.58%	-156 bps
CDS Implied-Rating	C	C	C	--	C	C	0
Bond Implied-Rating	C	C	C	--	C	C	0
Senior Rating	Caa3	Caa3	Caa3	--	Caa3	Caa3	0

Middle East & Africa

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Algeria (21566)

Sovereign EDF (1-Year)	0.04%	0.04%	0.04%	0.04%	0.03%	0.02%	+1 bps
Sovereign EDF (5-Year)	0.46%	0.47%	0.46%	0.47%	0.44%	0.36%	+8 bps
CDS Implied-Rating	--	--	--	--	--	--	--
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	--	--	--	--	--	--	--

Bahrain (600018600)

Sovereign EDF (1-Year)	0.19%	0.19%	0.18%	0.19%	0.19%	0.23%	-4 bps
Sovereign EDF (5-Year)	1.22%	1.19%	1.18%	1.18%	1.20%	1.34%	-14 bps
CDS Implied-Rating	B2	B2	B2	--	B3	B2	-1
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	Ba2	Ba2	Ba2	--	Ba2	Baa3	-2

Egypt (258330)

Sovereign EDF (1-Year)	0.35%	0.35%	0.32%	0.32%	0.32%	0.17%	+15 bps
Sovereign EDF (5-Year)	1.71%	1.71%	1.61%	1.63%	1.63%	1.13%	+50 bps
CDS Implied-Rating	B3	B3	B3	--	B3	B3	0
Bond Implied-Rating	B2	B2	B1	--	B2	B1	-1
Senior Rating	B3	B3	B3	--	B3	B3	0

Iraq (600018912)

Sovereign EDF (1-Year)	0.99%	1.01%	1.00%	0.99%	0.95%	0.86%	+9 bps
Sovereign EDF (5-Year)	3.16%	3.21%	3.19%	3.18%	3.08%	2.89%	+19 bps
CDS Implied-Rating	--	--	--	--	--	--	--
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	--	--	--	--	--	--	--

Israel (423305)

Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.17%	0.17%	0.18%	0.19%	0.20%	0.21%	-1 bps
CDS Implied-Rating	A3	A3	Baa1	--	Baa1	Baa1	0
Bond Implied-Rating	Aa2	Aa2	Aa3	--	Aa3	Aa2	-1
Senior Rating	A1	A1	A1	--	A1	A1	0

Kazakhstan (600021080)

Sovereign EDF (1-Year)	0.08%	0.08%	0.08%	0.08%	0.08%	0.23%	-15 bps
Sovereign EDF (5-Year)	0.63%	0.62%	0.64%	0.63%	0.64%	1.17%	-53 bps
CDS Implied-Rating	Ba2	Ba2	Ba2	--	Ba2	B2	+3
Bond Implied-Rating	Baa2	Baa2	Baa3	--	Baa3	Baa3	0
Senior Rating	Baa3	Baa3	Baa3	--	Baa3	Baa2	-1

	21-OCTOBER-16	28-OCTOBER-16	04-NOVEMBER-16	11-NOVEMBER-16	18-NOVEMBER-16	YEAR AGO	12 MO CHANGE
Saudi Arabia (660260)							
Sovereign EDF (1-Year)	0.03%	0.02%	0.02%	0.03%	0.03%	0.05%	-2 bps
Sovereign EDF (5-Year)	0.38%	0.37%	0.37%	0.43%	0.39%	0.55%	-16 bps
CDS Implied-Rating	Ba1	Ba1	Baa3	--	Baa3	Ba2	+2
Bond Implied-Rating	--	Baa1	Baa1	--	Baa1	--	--
Senior Rating	A1	A1	A1	--	A1	Aa3	-1
Lebanon (600014506)							
Sovereign EDF (1-Year)	0.36%	0.39%	0.39%	0.41%	0.40%	0.14%	+26 bps
Sovereign EDF (5-Year)	1.73%	1.83%	1.82%	1.88%	1.85%	1.02%	+83 bps
CDS Implied-Rating	B3	B3	B3	--	B3	B3	0
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	B2	B2	B2	--	B2	B2	0
Morocco (600020405)							
Sovereign EDF (1-Year)	0.04%	0.04%	0.04%	0.04%	0.03%	0.03%	0 bps
Sovereign EDF (5-Year)	0.45%	0.46%	0.45%	0.46%	0.45%	0.37%	+8 bps
CDS Implied-Rating	Ba2	Ba2	Ba1	--	Ba2	Ba3	+1
Bond Implied-Rating	--	--	--	--	--	Baa3	--
Senior Rating	Ba1	Ba1	Ba1	--	Ba1	Ba1	0
Nigeria (551435)							
Sovereign EDF (1-Year)	0.40%	0.46%	0.44%	0.44%	0.42%	0.26%	+16 bps
Sovereign EDF (5-Year)	1.85%	1.99%	1.98%	1.97%	1.90%	1.43%	+47 bps
CDS Implied-Rating	B3	B3	B3	--	B3	B3	0
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	B1	B1	B1	--	B1	Ba3	-1
Pakistan (600014774)							
Sovereign EDF (1-Year)	0.22%	0.21%	0.21%	0.21%	0.20%	0.22%	-2 bps
Sovereign EDF (5-Year)	1.24%	1.21%	1.19%	1.20%	1.18%	1.13%	+5 bps
CDS Implied-Rating	B2	B2	B2	--	B3	B3	0
Bond Implied-Rating	B2	B2	B2	--	B2	B1	-1
Senior Rating	B3	B3	B3	--	B3	B3	0
Qatar (600048045)							
Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.23%	0.23%	0.23%	0.26%	0.25%	0.21%	+4 bps
CDS Implied-Rating	Baa2	Baa2	Baa2	--	Baa2	Baa1	-1
Bond Implied-Rating	Baa1	Baa1	Baa1	--	Baa1	A2	-2
Senior Rating	Aa2	Aa2	Aa2	--	Aa2	Aa2	0

	21-OCTOBER-16	28-OCTOBER-16	04-NOVEMBER-16	11-NOVEMBER-16	18-NOVEMBER-16	YEAR AGO	12 MO CHANGE
South Africa (686830)							
Sovereign EDF (1-Year)	0.11%	0.11%	0.10%	0.12%	0.12%	0.16%	-4 bps
Sovereign EDF (5-Year)	0.86%	0.88%	0.80%	0.90%	0.91%	1.06%	-15 bps
CDS Implied-Rating	Ba3	Ba3	Ba3	--	B1	B2	+1
Bond Implied-Rating	Ba1	Ba1	Ba1	--	Ba1	Baa3	-1
Senior Rating	Baa2	Baa2	Baa2	--	Baa2	Baa2	0
Turkey (768337)							
Sovereign EDF (1-Year)	0.07%	0.07%	0.08%	0.09%	0.09%	0.13%	-4 bps
Sovereign EDF (5-Year)	0.65%	0.66%	0.73%	0.79%	0.79%	0.94%	-15 bps
CDS Implied-Rating	Ba3	Ba3	Ba3	--	B2	B1	-1
Bond Implied-Rating	Ba2	Ba2	Ba2	--	Ba3	Baa3	-3
Senior Rating	Ba1	Ba1	Ba1	--	Ba1	Baa3	-1
North America							
	21-OCTOBER-16	28-OCTOBER-16	04-NOVEMBER-16	11-NOVEMBER-16	18-NOVEMBER-16	YEAR AGO	12 MO CHANGE
United States of America (790575)							
Sovereign EDF (1-Year)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0 bps
Sovereign EDF (5-Year)	0.05%	0.05%	0.05%	0.06%	0.06%	0.05%	+1bps
CDS Implied-Rating	Aa3	Aa3	Aa2	--	Aa3	Aa2	-1
Bond Implied-Rating	Aaa	Aaa	Aaa	--	Aaa	Aaa	0
Senior Rating	Aaa	Aaa	Aaa	--	Aaa	Aaa	0

Endnotes

- 1 Sovereign EDFTM (Expected Default Frequency) credit measures are forward-looking probabilities of default extracted from credit default swap spreads. Spot CDS spreads are adjusted for loss-given default and the market price of risk to arrive at estimates of actual future default risk.

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