Quarterly Credit Report

Q2/2017 Volume 7, No 1

NUS National University of Singapore | **RMI** *Advancing Risk Management for Singapore and Beyond*

Introduction

The Quarterly Credit Report (QCR) is an analysis of credit outlooks across regions, economies and sectors. This analysis incorporates probabilities of default (PD) generated by the Risk Management Institute - Credit Research Initiative's (RMI-CRI) default forecast model, a part of the RMI Credit Research Initiative at the National University of Singapore (NUS). The QCR provides insights on trends in credit outlooks to credit professionals, investors and researchers.

QCR Volume 7, Issue 1 covers the second quarter of 2017. We discuss the general credit outlook for a selection of economies from around the world, based on relevant indicators, and relate this discussion to forecasts provided by RMI-CRI's PD model.

The appendices in this volume include a comprehensive overview of various outputs that are produced by the operational PD system of RMI-CRI. While the PD system output's default forecasts at horizons ranging from one month to five years, the QCR reports only 1-year PDs in order to allow the reader to make consistent comparisons. In addition to the PD produced by the RMI-CRI system, the appendices provide important macroeconomic, corporate credit and sovereign risk indicators. These summarize the credit situation, as well as make detailed data available for reference purposes.

The commentary in the QCR is based on median PD of *exchange-listed firms* within economies and industry sectors. Classification into economies is based on each firm's country of domicile, and classification into industry sectors is based on each firm's Level I Bloomberg Industry Classification. An exception is the banking and real estate sectors, where firms are included based on the Level II Bloomberg Industry Classifications. The daily frequency PD graphs in the written commentary are aggregates of firms that have a PD in both the first ten days and last ten days of the quarter. This prevents, for example, drops in the aggregate PD when high PD firms default and leave the sample.

The economies that are considered in each region are based on a selection of 78 economies covered by RMI's default forecast model.

The developed economies of Asia-Pacific include: Australia, Hong Kong, Japan, New Zealand, Singapore, South Korea and Taiwan.

The emerging economies of Asia-Pacific include: Bangladesh, China, India, Indonesia, Kazakhstan, Malaysia, Pakistan, the Philippines, Sri Lanka, Thailand and Vietnam.

Latin America includes: Argentina, Brazil, Chile, Colombia, Jamaica, Mexico, Peru and Venezuela.

North America includes: Canada and the US.

Eastern Europe includes: Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, the former Yugoslav Republic of Macedonia, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Tunisia, Turkey and Ukraine.

Western Europe includes: Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Iceland, Italy, Ireland, Luxembourg, Malta, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the UK.

Africa & the Middle East includes: Bahrain, Egypt, Israel, Kuwait, Jordan, Morocco, Oman, Nigeria, Saudi Arabia, South Africa, Tunisia and the United Arab Emirates.

Credit Research Initiative

The QCR is a companion publication to the Weekly Credit Brief and Credit Brief on Singapore SMEs, with all three publications produced as part of the Credit Research Initiative undertaken by RMI.

These publications supplement RMI-CRI's operational probability of default (PD) model. The model takes financial statements and market data from a database of more than 65,000 listed firms and estimates a PD for each firm, effectively transforming big data into smart data. The outputs from the RMI-CRI PD model are available free for all users at:

www.rmicri.org

As of June 2017, the PD system covers 121 economies in Africa, Asia-Pacific, Latin America, North America, the Middle East and Europe. The probabilities of default include historical data for firms that are now delisted from exchanges or firms that have defaulted. PDs aggregated at the region, economy and sector level are also available. The full list of firms is freely available to users who can give evidence of their professional qualifications to ensure that they will not misuse the data. General users who do not request global access are restricted to a list of 5,000 firms. The PD system operates in a transparent manner, and a detailed description of our model is provided in a Technical Report available on our website.

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Acronyms

ADR	Average Default Rates
BI	Bank of Indonesia
BOE	The Bank of England
CAD	Current Account Deficit
CDS	Credit Default Swap
CLI	Composite Leading Indicator
CRI	Credit Research Initiative
ECB	European Central Bank
ELA	Emergency Liquidity Assistance
ESI	Economic Sentiment Indicator
ESMA	European Securities and Markets Authority
EU	The European Union
FTV	Financing-to-value
FDI	Foreign Direct Investment
FX	Foreign Exchange
GFC	2008-2009 Global Financial Crisis
INR	Indian Rupee
ISTAT	Italian National Institute of Statistics
LATDB	Liquid assets to deposits and short-term borrowings ratio
LHS	Left-hand side of graph
LTV	Loan-to-value
MAS	Monetary Authority of Singapore
MIDF	Malaysian Industrial Development Finance Berhad
MLF	Medium term Lending Facility
MPC	Monetary Policy Committee
MOM	Ministry of Manpower
MoM	Month on Month

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NIM	Net Interest margin
NODX	Non-oil domestic exports
NPA	Non-performing assets
NPL	Non-performing loan
OECD	Organisation for Economic Co-operation and Development
OJK	Otoritas Jasa Keuangan (Financial Services Authority of Indonesia)
OPR	Overnight Policy Rate
PBOC	The People's Bank of China
PCA	Prompt Corrective Action
PD	Probability of Default
PDiR	Probability of Default Implied Ratings
PMI	Purchasing Managers Index
PCI	Performance of Construction Index
PSI	Performance of Services Index
PSL	Pledged Supplementary Lending facility
QCR	Quarterly Credit Report
QoQ	Quarter on Quarter
REITS	Real Estate Investment Trusts
RBA	Reserve Bank of Australia
RBI	Reserve Bank of India
RMI	Risk Management Institute
RMI-CRI	Risk Management Institute Credit Research Initiative
RHS	Right-hand side of graph
RRR	Reserve requirement ratio
Sebi	Securities and Exchange Board of India
SDF	Standing Deposit Facility
SLF	Standing Lending Facility
WAIR	Weighted average interest rate
WMP	Wealth Management Product
YoY	Year On Year

BRICS

Listed companies in BRICs delivered mixed result. While China's credit profile slightly improved in the second quarter, the other three countries deteriorated, as RMI-CRI aggregate PD suggested. China's economy grew 6.9% in Q2, comfortably above the government's target. In the medium term, however, risks from rising debt and overcapacity in the manufacturing sector still loom over the economy. Many also worry that the bubble of property market could burst. India is expected to see a modest recovery in GDP growth in Q2, as the effect of demonetisation and GST rollout had faded away. Brazil continued to fall in the second quarter, with 0.3% YoY decline, mainly due to the 7.4% YoY contraction in the construction sector. Russia suffered the most among the three underperformers in terms of RMI-CRI credit scores. Although it just achieved the most rapid GDP YoY growth of 2.5% in Q2 in the recent four years, several factors might slow down its economic activity in the second half of the year.
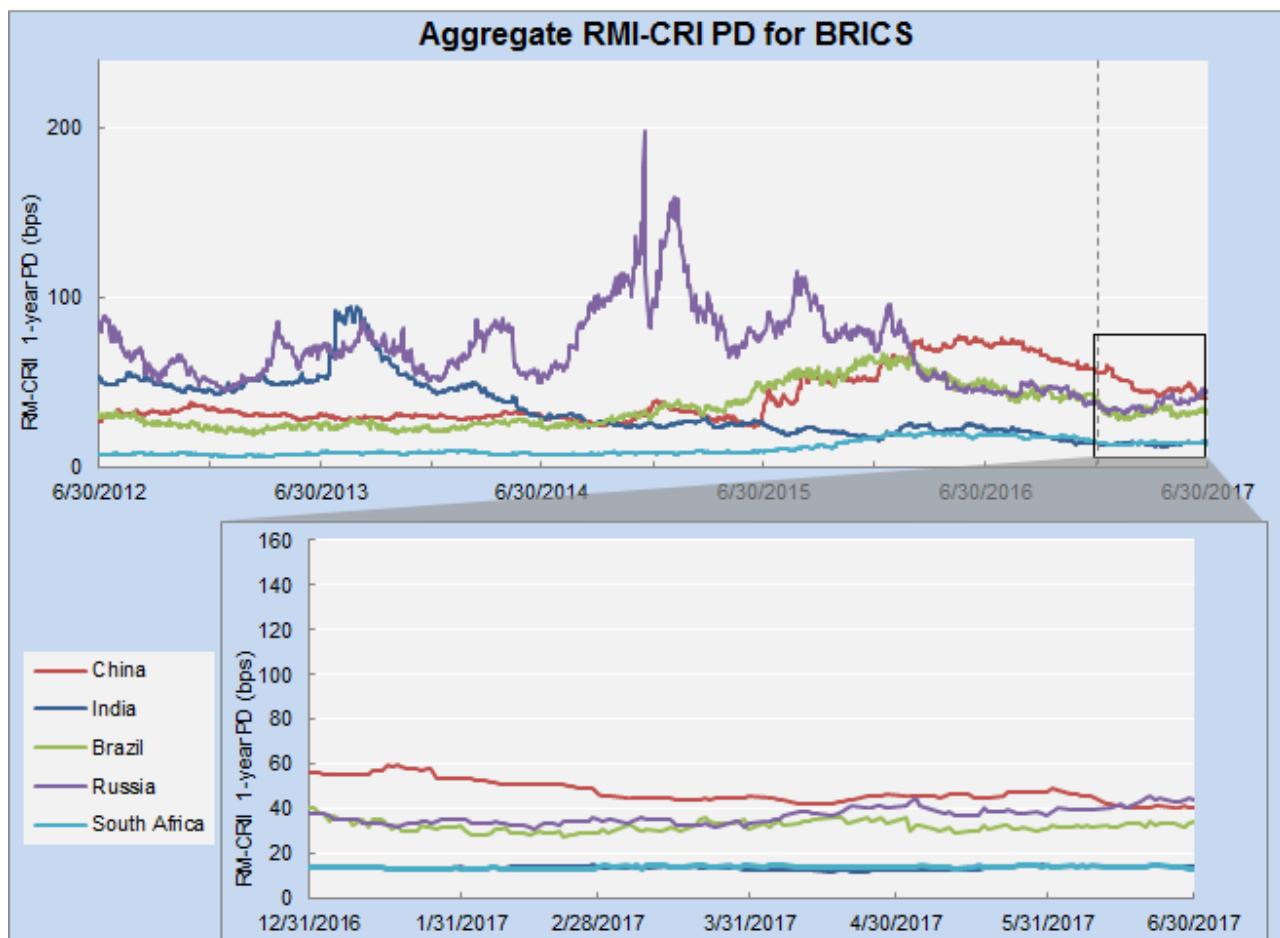
Indian Companies

The aggregate 1-year RMI PD for Indian companies has remained relatively stable with a slight uptrend during the second quarter of 2017. Economic conditions is slightly better with public administration and defence as the largest contributor to GDP growth. Inflation rates declined slightly due to falling prices in the manufacturing group and weak oil prices. Current account deficit started to narrow with a weaker rupee and this may have positive impacts on the demand of Indian exports, though investment might be slightly pressurized due to a still relatively underperforming sovereign bond rating. Monetary wise, RBI is monitoring liquidity conditions very carefully as it maintained interest rate at relatively stable level throughout Q2 2017, though rumors of a decrease in benchmark repo rate by RBI later abound.
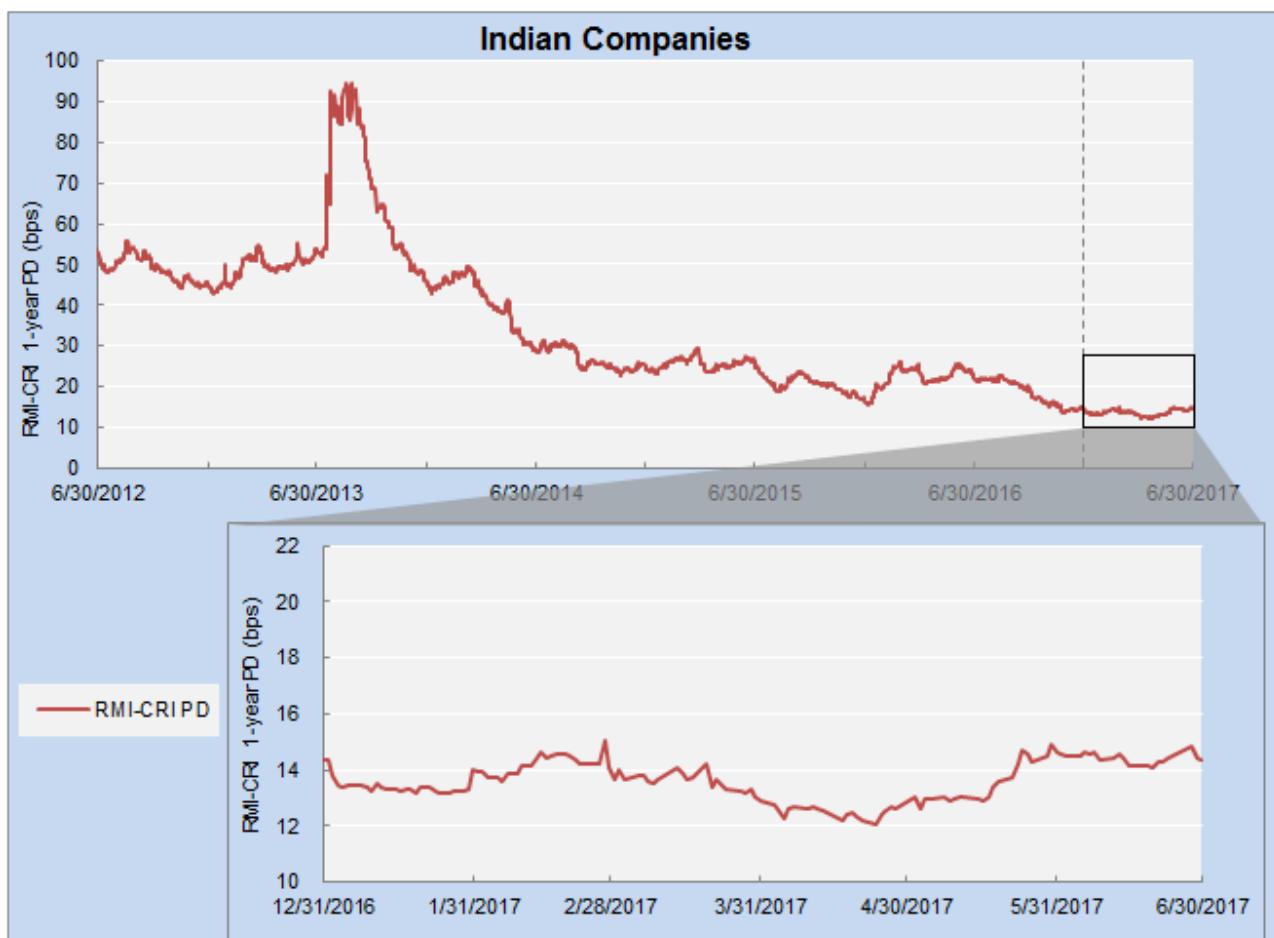
Economy

- India's real Gross Domestic Product for Q4 2017 grew at an annual rate of 7.1% against a 7.0% expansion in the same quarter last year. Sectors that experienced strong growth YoY include manufacturing (7.9%), trade, hotels, transport and communication (7.2%), and public administration and defence (11.3%). According to IMF, growth in India is forecast to pick up further in 2017 and 2018 at 7.2% and 7.7% YoY respectively following strong government spending and data revisions that show stronger momentum in the first part of the year.[1,2]

- June saw a slowdown in growth across India's manufacturing sector as softer rise in factory new orders resulted in weaker growth of production and payroll and purchasing activity increased marginally. The Nikkei India Manufacturing PMI was down to a four-month low of 50.9 in June from 51.6 in May, pointing out to a slight and weaker improvement in the health of the sector. Challenging economic conditions, water shortages, softer expansion in new work and the implementation of the goods & services tax (GST) stood out as the main factors that hampered growth amid the rising of output for the sixth month in a row during June. Looking ahead, manufacturers remained optimistic that output is growing in the coming 12 months, supported by new developments and anticipations of higher demand stemming from lower tax rates.[3]

- The annual rate of inflation, based on monthly Wholesale Price Index (WPI), declined to an annual rate of 0.90% in June from an annual rate of 2.17% for the month of May. The wholesale price index declined slightly by 0.1%. The decline is mainly due to falling prices in manufacturing group. The MCX India Crude Oil Spot Index decreased to 2897 from 3281 in Q2 2017 amid oil supply glut caused by US shale companies.[4]

- India's current account deficit (CAD) narrowed to USD 3.4bn (0.6% of GDP) in Q1 2017 from USD 8.0bn (1.4% of GDP) in Q4 2016. The current account deficit is higher than USD 0.3bn (0.1% of GDP) in Q1 2016. The widening of the CAD on a YoY basis is primarily due to a higher trade deficit of USD 29.7bn due to a larger increase in merchandise imports relative to exports. Net services receipts reported a rise on a YoY basis due to an increase in net earnings from travel, transport, construction and other business services. Transfer receipts, mainly representing remittances by Indians employed overseas remained almost at the same level as in the preceding year at USD 15.7bn.[5]

- During Q2, the Indian Rupee (INR) strengthened 0.69% against the US dollar. The announcement of a Fed Fund rate hike in June that triggered a weakening of the INR was offset by a strengthening and hence a moderate currency appreciation. Sustained foreign investments are expected to moderately increase following a suspension of rupee-denominated offshore bonds. Foreign portfolio inflows during the quarter amount to USD 12.3bn.[6]

Monetary

- According to the bi-monthly monetary policy statement on Jun 7th 2017, the RBI kept the policy rate (repo rate) at 6.25%. The reverse repo rate under the liquidity adjustment facility remained at 6.0%. Similarly, the Bank Rate remained at 6.50%.[7]

- The impact of the massive spending by the Indian government served as a counterforce against RBI's effort to curb surplus liquidity in the banking system post-demonetization. This raised the daily average overall surplus liquidity in the local banking system to INR 4.2tn in April and INR 3.5tn in May. Following the event, RBI executed further liquidity absorption operations in the form of treasury bills issuance worth INR 1tn with tenors ranging from 312 days to 329 days. Shifting attention to the Monetary Policy Committee, the MPC is turning out to be more conservative and hawkish than RBI as it strives to assert its independence in voicing out its views on India's monetary condition.[8,9]

- The abrupt and significant retreat of inflation in April introduced uncertainty to the direction of India's inflation level, prompting RBI to consider factors like whether inflation will continue to be low, the impact of a supply glut due to large output and imports, policies revolving free and open trade and the prices of gasoline and consumer goods. RBI remains committed to targeting inflation at 4.0% on a durable basis. It also decided to adopt a neutral stance while keeping policy rate on hold to keep an eye on the effects of demonetization and the recent output gap.[10]

- In an attempt to resolve India's delinquent loan problem that has been choking credit and hampering growth, RBI will be empowered to order lenders to initiate insolvency proceedings against defaulters and to create committees to advise banks on recovering NPLs. The new rule is introduced in view of the fact that banks are reluctant to write down assets sufficiently and company owners unwilling to negotiate repayment loans.[11]

Funding & Liquidity

- Yields on India's 10-year government sovereign bonds decreased to 6.511% at the end of Q2 from 6.680% as of Mar 31, 2017, taking into account the fact that India will be able to handle its souring loan problem and the diminishing confidence of a further interest rate hike by the US Fed amid below expected inflation level.

- In terms of liquidity, RBI decided not to cut interest rate despite growth slowdown as excess liquidity due to government spending and the recent crackdown on high-denomination notes continue to do the job. The weighted average of the call money rate, the overnight lending rate to other banks, stood at about 6% this year. This is lower than RBI's 6.25% benchmark repurchase rate. Amid pressures caused by the US Fed interest rate hike, soured loans and companies' reluctance to borrow after a long investment binge, RBI should continue resisting the temptation to cut interest rate for now while keeping in track of external development in case inflation forecast readjustment is needed in order to maintain and strengthen its credibility.[12]

Sovereign Credit Ratings

- Moody's, Fitch and S&P kept their ratings on the sovereign bonds of India at Baa3, BBB- and BBB- respectively in Q2 2017. All big three rating agencies maintained the same outlook on the sovereign debts as in the previous quarter at positive, stable and stable respectively.

- Moody's has retained its sovereign rating on India, which is slightly above junk, despite the general government debt level improvement to 67.5% of GDP in 2016 from 84.7% in 2003. The rating agency noted that India's current debt burden remained a key credit constraint because it ranks the highest among most of its Baa peers, including the Bahamas and South Africa. Moody's positive outlook reflects the government's commitment to reduce its state deficit and RBI's effort to resolve India's debt problem.[13]

Indian Banks

The aggregate 1-year RMI PD for Indian banks remained stable with a slight deterioration from April to June 2017. Non-performing loans continue to plague both the private and public banks and is depressing the profitability of Indian banks. Continuous aids and reforms by the RBI like the PSU bank capital injection, liquidity absorption tool and the recent one on forcing large borrowers to be admitted to bankruptcy courts may result in more bad loans being unveiled and decrease in banks' earnings, but are expected to help improve bank sector outlook in the longer term. RBI is expected to remain cautious in regulating interest rate so that the bad loan problem does not spread out to other parts of the economy.
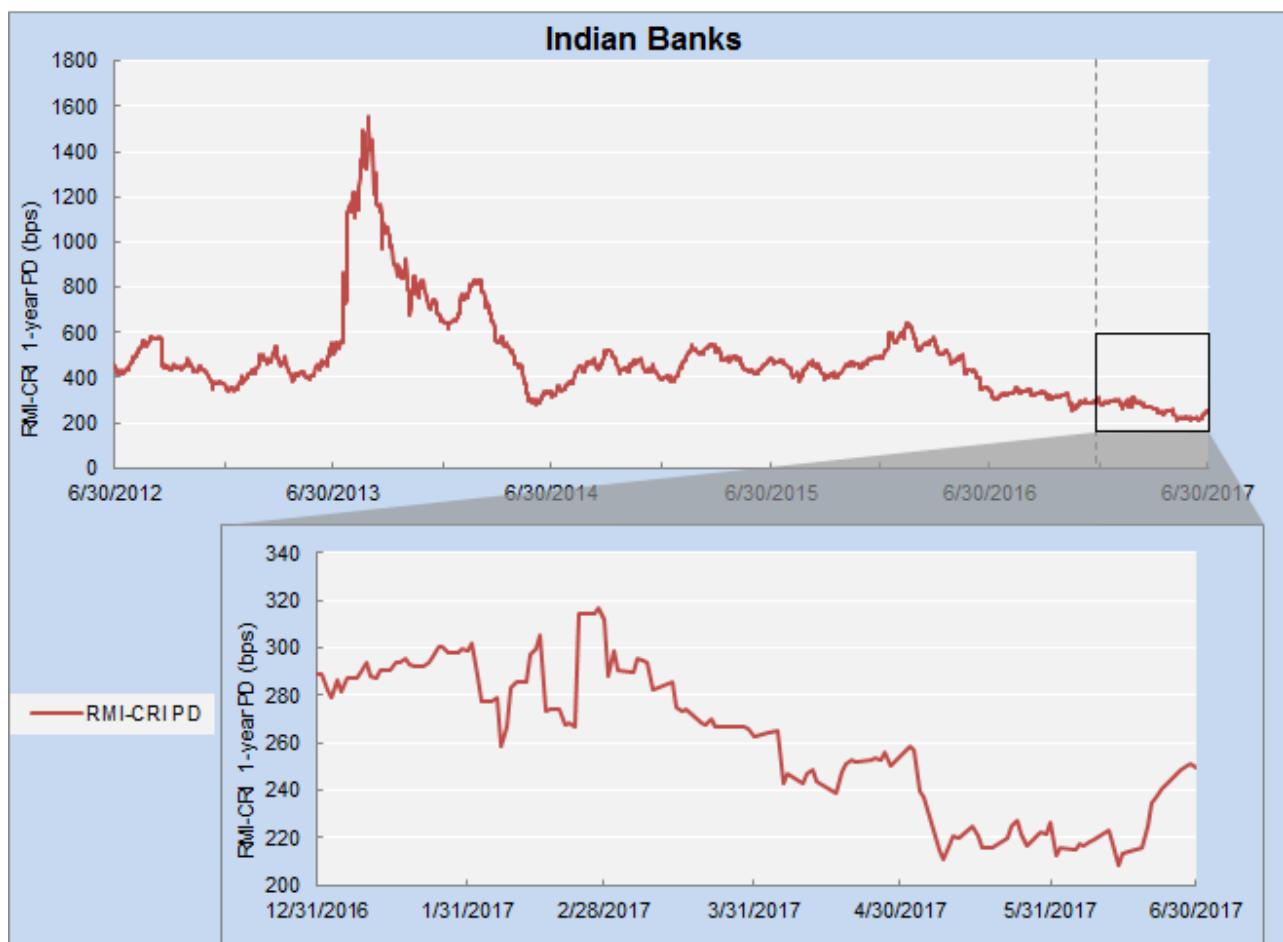
Profitability

- The Indian finance ministry is working on the capital infusion strategy for public sector banks that have been marred by bad loan problems over the recent period. As much as INR 100bn has been put aside this year for the PSU bank rescue scheme, though the amount may prove to be insufficient due to high provisioning requirement for band loan resolution. PSU banks, however, would still need to raise USD 156tn to meet Basel III capital requirements.[14]

- ICICI Bank, India's largest private sector lender bank and third biggest lender by assets, reported an 8% YoY fall in net profit at INR 20.49bn in Q2 2017 although bad loan additions were lowest in seven quarters, causing its share price to drop by 3% to INR 298. Nomura analysts say that the bank underperformed the market's expectation on the improving banking industry condition in India, with a lacklustre management commentary and weak core operating and asset quality performance.[15]

- Non-financial borrowings decreased 14.41% to INR 2.91tn on Jun 23 from INR 3.4tn at the end of Q2 2017. Other liabilities such as time deposits with non-financial institutions

decreased to INR 4.94tn in Q2 from INR 5.22tn in Q1.[16]

- The Credit-Deposit ratio for the banking system increase to 72.26% on Jun 23, 2017 from 71.77% on Mar 17, 2017. This was mainly due to the increase in bank credit from INR 75.6tn to INR 76.6tn during the second quarter.[17]

Funding & Liquidity

- The weighted-average call money rate, the interest rate on short-term finance repayable on demand, increased from 5.97% as of Mar 31, 2017 to 6.07% as of Jun 30, 2017. The call money rates were generally lower than the repo rate during Q4, indicating a stable banking system.[18]

- The amount of cash on the balance sheet of Indian banks increased from INR 566bn in Mar 2017 to INR 727bn on Mar 17. This reflected the excess liquidity in the Indian market due to government spending and the recent crackdown on high-denomination notes. It also goes to show that RBI's need to further step up its effort to curb liquidity in the market while at the same time not yield to the temptation to cut interest rates.[19]

- Deposit rates generally decreased in Q2 2017. According to the Reserve Bank of India's daily call money rates, interest rates decreased to 6.25% on Jun 15, 2017, from 9.50% in Q1 2017.[20]

- During Q2 2017, the RBI withdrew a total of INR 41.47tn from the banking system via liquidity operations, with almost INR 20tn during the month of June. The Reserve Bank of India stepped up its liquidity operations under the liquidity management framework to absorb excess liquidity in the market. Surplus liquidity has been aggressively taken out of the market and liquidity has returned to normal standards as seen from the cash balance.[21,22,23]

Asset Quality

- Based on RBI's June Financial Stability Report, the banking system's gross bad loan ratio is expected to rise to 10.2% of the total loan book in March 2018 from 9.6% in March 2017 amid considerable non-performing assets (NPA) accumulation. Gross bad loan ratio for public sector banks could be as much as 14.2% by March 2018. RBI also specified six unnamed PSU banks that performed poorly in its severe macro stress scenario, pulling down the industry's capital adequacy ratio from 13.3% in March 2017 to 11.2% in March 2018.[24]

- Private sector banks, on the other hand, fared better than their PSU counterparts in that some of them have either been able to contain bad assets and even improve asset quality. Those include Dhanlaxmi Bank, DCB Bank Ltd and Federal Bank Ltd. If net NPAs is viewed as a percentage of the banks' net worth or capital and reserves, then even the most vulnerable among the private banks with the highest level of bad assets, J&K Bank, stands in far better shape than all public sector banks, with its net NPAs at 43% of its net worth compared to 76% for all PSU banks.[25]

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Chinese Companies

China managed to exceed market expectation by lodging 6.9% GDP growth YoY in the second quarter of 2017 as Chinese firms' credit quality improved slightly during the same period. The 1-year aggregate PD for Chinese firms decreased slightly in Q2 2017. Amid global economic slowdown and rising trade protectionism, China's exports and imports grew more than expectations in June. The central bank in China maintained its benchmark interest rate and reserve requirement ratio, while foreign exchange reserves increased as its currency stabilize. In order to maintain growth momentum and contain financial risks at the same time, the central bank moved away from traditional monetary tools such as cutting bank reserve requirements to using medium term lending program which channels low-cost funds into banks. Deleveraging in the financial system continue to be the focus of the central bank especially in the area of off-balance-sheet investments such as wealth management products. Preventing and controlling financial risk in the financial sector continue to be a priority for policymakers.
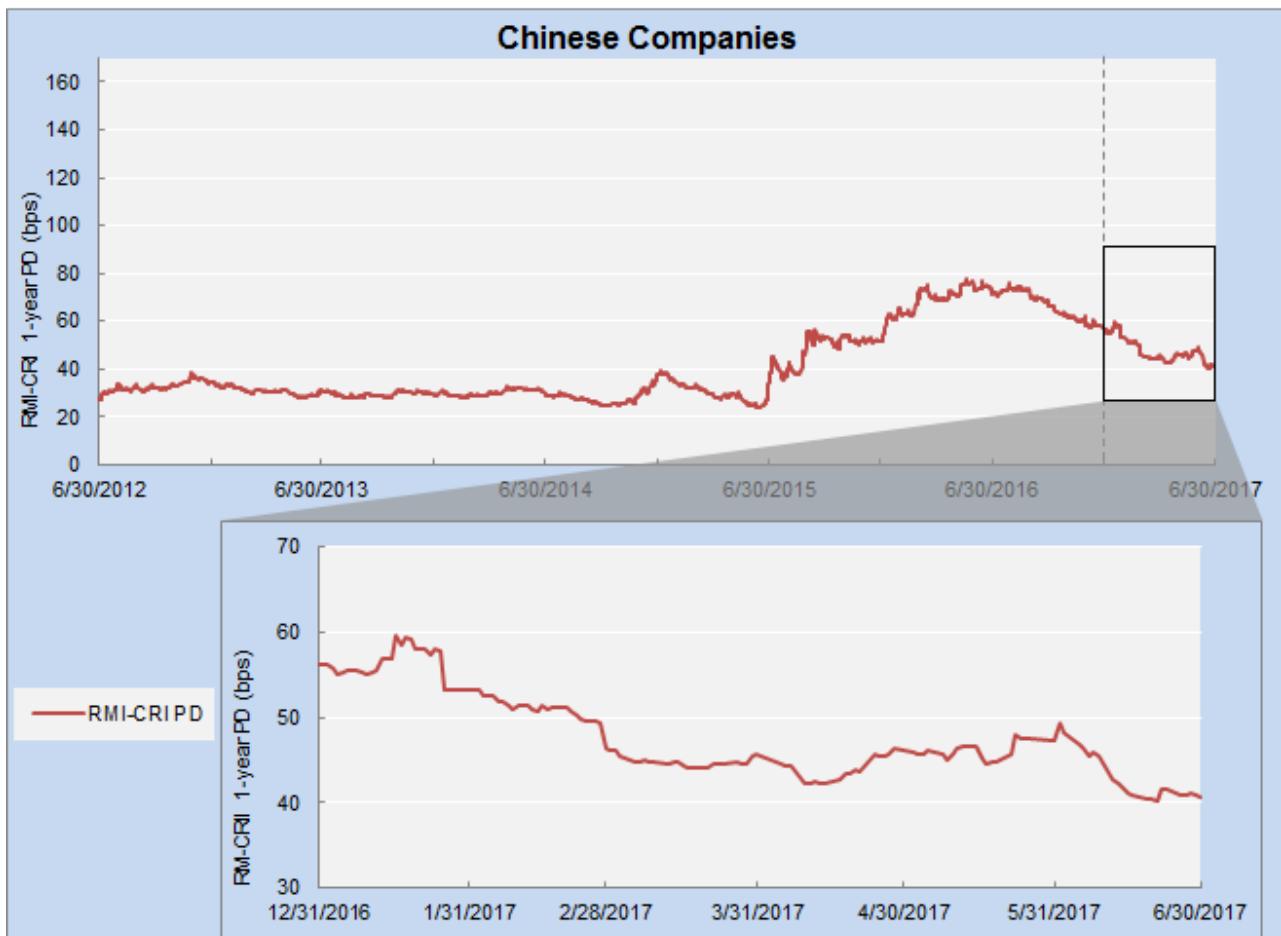
Economy

- The Chinese economy advanced 6.9% YoY in the second quarter of 2017, as compared to a 6.9% growth in the first quarter of 2017, while exceeded market expectations of a 6.8% growth. The growth was supported by faster rises in industrial output, retail sales and fixed asset investment while fiscal spending also surged. Industrial production grew by 7.6% while retail sales rose by 11%. Consumption accounted for 63.4% of China economy, while investment and net exports contributed 32.7% and 3.9% of growth of the economy respectively. The government expects the country economy to grow 6.5% in 2017.[26]
- Consumer prices in China rose 1.5% YoY in June 2017, higher than the 0.9% growth in

March 2017. Politically sensitive food prices declined by 1.2% while non-food cost rose 2.2%. Cost of consumer goods went up by 0.6% while services went up by 3.0%.[27]

- China's official unemployment rate fell to 3.97% from 4.02% three months earlier. The Ministry of Human Resources and Social Security mentioned that the number of new jobs was 160,000 higher than in the same period a year earlier but 0.05% lower than the previous quarter. A total of 3.34 million new jobs were created in the first quarter.[28]

- The China's Caixin manufacturing purchasing managers index (PMI) fell to 50.4 in June 2017, from 51.2 in March 2017 but it still beat market expectations. Manufacturing PMI in China averaged 49.57 from 2011 until 2016, reaching an all-time high of 52.30 in January of 2013 and a record low of 47.20 in September of 2015.[29,30]

- Investment in fixed assets, a crucial driver of the economy, went up by 8.6% YoY reaching CNY 28tn in the first six months of 2017. The growth rate was kept at the same level of the first five months. Real estate investment continued to deliver increasing growth rate as it went up by 8.8% YoY in the first six months of 2017. The investment in residential buildings, which accounted for 68% of real estate investment, went up by 10.2%.[31,32]

- China's exports and imports grew more than expected in June as global demand holds strong. Exports rose 11.3% from the same period last year while imports surged 17.2%. Trade surplus for the month was registered at USD 42.75bn. In terms of CNY, China's imports rose by 23.1% and a 17.3% increase for exports on a YoY basis.[33]

Monetary

- China's central bank continued to maintain its interest rate at 4.35% for 21 months. The central banks cut interest rates on 23 October 2015 for the sixth time in less than a year. The central bank continues to use various policy tools to maintain liquidity and ensure reasonable growth in credit financing.[34]

- China's primary rates fell driven by relatively high liquidity in the banking system. The central bank also halted the open market operations of reverse repos for the last week in June citing high liquidity. The volume-weighted average rate of the benchmark seven-day repo slipped as compared to the rates from a week earlier while the overnight Shanghai Interbank Offered Rate (SHIBOR) were slightly higher. The central bank will continue to pursue a prudent and neutral monetary policy in 2017.[35]

- The required reserve ratio continued to remain at 17% in Q2 2017 after cutting 0.5% in March 2016. In a series of reductions, the central bank has brought the reserve ratio down from its 2011 peak of 21.5%. The central bank has been relying on market-based policy tools such as the medium-term facility and reverse repos operations to adjust liquidity and market interest rates.[36,37]

- China's foreign exchange reserves increased by USD 4bn MoM to USD 3.057tn in June 2017, dropped from the USD 24bn increase to USD 3.054tn in May 2017. This was the fifth consecutive month of increase in foreign exchange reserves after declining for the second half of 2016 bringing the reserves to the lowest level since February 2011 as the central bank slow the CNY depreciation. Meanwhile, gold reserves value had fell from USD 75bn in May 2017 to USD 73.58bn in June 2017. Foreign Exchange Reserves in China averaged USD 919bn from 1980 until 2017, reaching an all-time high of USD 3.99tn in June of 2014 and a record low of USD 2.26bn in December of 1980.[38,39]

Funding & Liquidity

- 10-year government bond yield rose from 3.28% in March to 3.56% at the end of June 2017. 1-year government bill yield increased from 2.86% to 3.44% over the same period.[40]

- The 3-month 5-day average SHIBOR had increased steadily from 4.41% on 31 March 2017 to 4.55% on 30 June 2017.[41]

- The value of new yuan loans provided by the Chinese banks stood at CNY 1.54tn in June 2017 as compared to CNY 1.11tn in May 2017, beating market expectation of CNY 1.2tn. Banks Balance Sheet in China averaged CNY 614.74bn from 2004 to 2017, reaching an all-time high of CNY 2.51tn in January 2016 and a record low of CNY -32.10bn in July 2005.[42]

Policy

- China's economy accelerated faster than expected in the second quarter at 6.9% in Q2 2017, derived from growth in exports and production. There is a build-up of risk in the financial system due to leveraged investments and over-borrowing and officials are targeting to undertake restructuring of huge state firm debt. Controlling risk and deleveraging continues to be China's top financial policy in 2017. Aggregate financing grew CNY 1.8tn, rose more than estimated in June 2017 but lower than the figures in March 2017. With a stable economic growth, policymakers continue to push for structural reforms to avert financial risk. Preventing and controlling financial risk will continue to be a priority for policymakers to address the debt binge that has inflated asset bubbles. This is evident by the government's consideration to grant the central bank regulatory power in coordinating financial oversight.[43,44]

Sovereign Credit Ratings

- Fitch and S&P maintained its rating credit rating for China assigning rating A+ with a stable outlook and AA- with a negative outlook respectively. Moody's downgraded China's rating to A1 from Aa3 and changes its outlook to stable from negative.

Chinese Banks

The credit quality of Chinese banks continued to weaken in the second quarter of 2017 as more bad loans are written off. Non-performing loans of commercial lenders reached 1.81% at the end of second quarter 2017. Despite lower return on assets and equity, profitability at China commercial banks have improved as compared to the previous year. As part of the wider government campaign to restructure state-owned corporate debt and assist in deleveraging, debt-to-equity swaps between banks and companies have been expanded. Reducing risk in the Chinese financial system is still of top priority for the government as it implement measures to limit financial risk. A new committee that is tasked with formulating plans for the development of the financial sector and coming up with rules and regulations has been set up under the PBOC.

Profitability

- Commercial banks in China managed to lodge higher first-half profits as compared to a year earlier and the overall non-performing loans in June stabilized as compared to the previous quarter. Total profits for commercial lenders hit CNY 970.3bn for first half of 2017 despite a drop in return on assets and return on equity compared to a year ago. Commercial lenders were pressurized by the regulator to clean up their operations and reduce risk as the increase in total lending has caused the country to pay attention to the health and risk of the financial system. Financial security continues to be an important aspect of China's economy. [45]

Funding & Liquidity

- China's central bank injected a net CNY 99.5bn into financial institutions via its short- and medium-term lending facility (MLF) and lent CNY 498bn via its standing lending facility (SLF) in June. The outstanding amount of MLF and SLF were CNY 4.22tn and CNY 44.63bn respectively at the end of June. The central bank will hold off further monetary tightening as its push for deleveraging may threaten economic growth and job creation in view of the upcoming leadership shuffle. [46]

Regulations

- The Chinese banking regulator has notified lenders to lower interest rates on wealth-management products after the yields in the USD 4tn industry shot up in the past few months. The average yields reached a 17-month high of 4.66% as banks try to plug their funding shortfall due to China's government deleveraging exercise. The act to lower the interest rates is due to the regulator's concerns that some banks may be passing the higher funding costs to borrowers and thus threaten economic growth. Meanwhile, officials have also targeted corporate overseas acquisitions that might have breached investments rules. Dalian Wanda, Sunac China and Anbang Insurance are some of the companies that are targeted and they are facing the consequences by cutting their funding and denying regulatory approvals. [47]

- A new Financial Stability and Development Committee will be set up under the State Council and the PBOC will take on a bigger role in managing risks in the financial system. The new committee will be tasked with formulating plans for the development of the financial sector and coming up with rules and regulations to fill in regulatory gaps. Analysts have interpreted that the creation of the committee would mean stronger and longer risk controls of the financial system. [48]

- The Chinese banking regulator has extended the deadline for banks to submit their risk assessments by two months after concerns that it was putting strain on the lenders. The tougher stance on banks would put pressure on them as they need to adjust their operations based on the assessment and feedback from the regulator. CBRC officials have also engaged on-site investigations to enforce rules on interbank lending and wealth management products. All these actions reflect the regulator's stance to control risk in the financial system. [49]

Asset Quality

- The China Banking Regulatory Commission announced that the non-performing loan ratio of commercial banks in China rose to 1.81%, highest since 2009. The banks' loan-provisioning ratio for banks stood at 161.3% while the capital adequacy ratio stood at 13.2%. [50]

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Asia-Pacific - Developed economies

The RMI-CRI aggregate 1year PD for listed companies in the developed Asia Pacific slightly declined during the second quarter of 2017, suggesting stable and robust credit profile. All major countries have seen GDP YoY expansion. Individually, Japan's economy grew at the fastest pace in more than two years during Q2 with 4% GDP YoY growth. This is mainly due to the strong domestic demand and private investment growth despite contraction in exports. Likewise, Singapore also reported a higher than expected result in Q2, with GDP YoY growth of 2.9%, up from 2.5% in Q1. While the construction sector severely contracted by 5.7% YoY, the manufacturing sector continued the strength seen in the previous quarter and delivered 8.1% YoY growth in Q2. Like Japan and Singapore, South Korea's economy hit its target in the second quarter with 0.6% QoQ and 2.7% YoY growth. Nevertheless, it remains to be seen whether it will finally achieve the 3% GDP growth for 2017 as President Moon Jae-in aims.
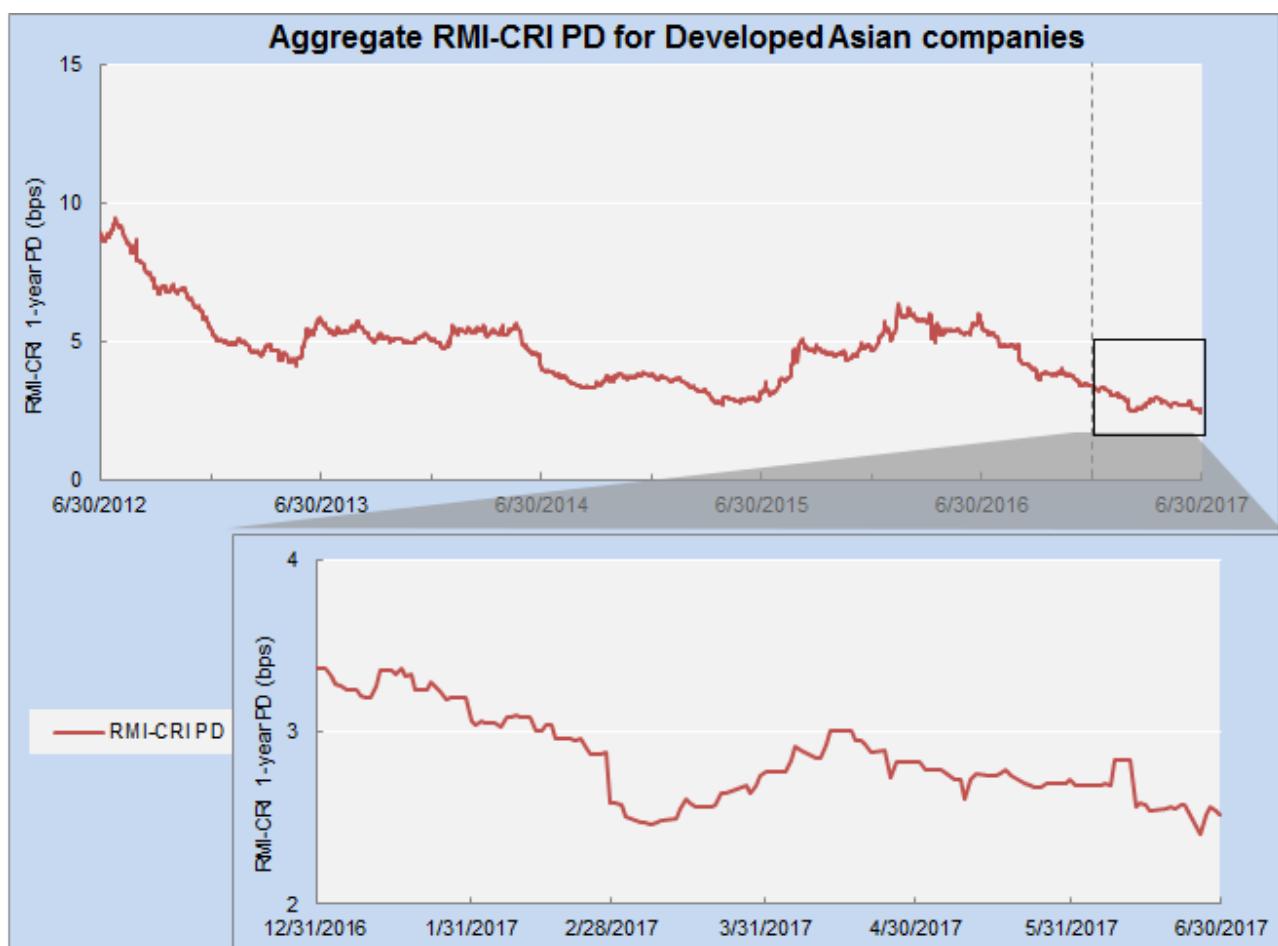
Australian Companies

The aggregate 1-year RMI PD for Australian companies inched up slightly during Q2 2017. Based on Q1 data, economic growth was slower due to weak exports and slow housing investment. Unemployment rate remains relatively flat while manufacturing sector and services sector expanded. Going forward, the credit outlook for Australian firms remain dependent on the rebalancing of the economy as the mining sector slows and the real estate market cools down. Attempts to support economic growth is also assisted by RBA's loose monetary policy.
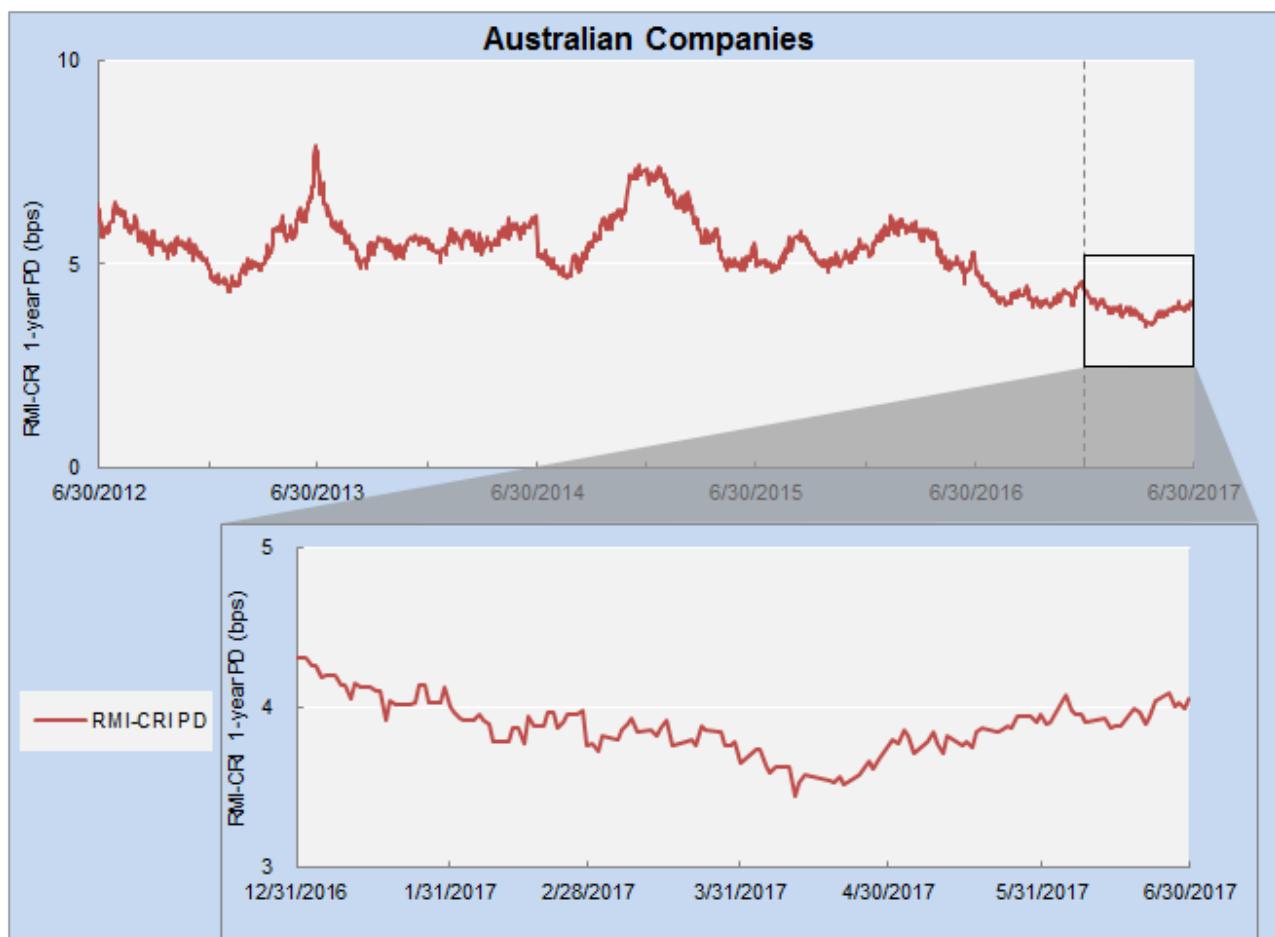
Economy

- Economic growth increased by 0.3% from Q4 2016 to Q1 2017, lower than the 1.1% growth from Q3 2016 to Q4 2016. The Australian economy grew 1.7% YoY which is in line with analysts' expectations but lower than its 2.4% growth in 2015.[51]

- The lower GDP growth in Q1 was driven largely by weak exports and slow housing investment. Weaker exports knocked 0.7% off the growth figure. Strong household spending contributed to growth as it increased by 0.5% and business investment increased by 0.7% in Q1 2017.[52]

- The Reserve Bank of Australia's (RBA) had left the cash rate unchanged at 1.5%, amid improvements in the global economy although uncertainties remain. The Australian economy is in transition, with moderate economic growth and inflation expected to remain low, but expected to rise as the economy strengthens. Australia is expected to grow at 3% over the next few years.[53]

- The unemployment rate stood at 5.6% in June, in line with expectations. The monthly employment rose by 62,000 between May and June 2017, making the unemployment rate to be the lowest since October 2016.However, the central bank remains cautious and will monitor the labour market.[54]

- The Australian Performance of Manufacturing Index (PMI), as reported by The Australian Industry Group, stood at 55 in June, a slight increase of 0.2 points from May. Expansion in the chemical and rubber products, non-metallic mineral products, metal products and machinery and equipment sectors contributed to the rise. The equivalent index for services (PSI) improved by 3.3 points to stand at 54.8 points in June, a fourth consecutive month of expansion. However, the Australian Performance of Construction Index (PCI) was at 56 points in June, down by 0.7 points from May.[55,56,57]

- Key export prices dropped 5.5% in Q2 2017, relative to the previous quarter and 22.5% increase from the corresponding 2016 quarter. Commodities posted the highest increase in prices in this quarter. Booming sales from iron ore and coal to China helped to boost Australia's trade surplus since 2011 as exports surged by 17%.[58,59]

Monetary Policy

- The Reserve Bank of Australia (RBA) last lowered its benchmark interest rate to a record low of 1.5% in August 2016 to stimulate economic activity, and has since maintained the rate. Amid concerns about the rising currency affecting economic growth and employment, monetary policy remains accommodative in the near future.[60,61]

Funding & Liquidity

- Yields on 10-year Australian government bonds dipped throughout the quarter. The previous quarter reported a high of 2.81% in March 2017, while yields in June was 2.41%, 91 basis points higher than the RBA lending rate.[62]

- The 3-year fixed lending rates to small businesses remained at 5.25% in June 2017 while lending rates for owner-occupied housing loan dropped 5 basis points in the latest quarter to 5.25%.[63]

- Average commercial lending during the quarter increased driven mainly by lending to business sector as total loans to financial intermediaries remain flat in Q2 2017. Meanwhile, total lending to individuals was higher by 1.6% quarter-on-quarter.[64]

Sovereign Credit Ratings

- Standard & Poor's and Fitch Ratings maintained their AAA ratings on Australia, while Moody's maintained their Aaa rating. All three rating agencies had stable outlooks on the government's credit, with the exception of S&P, which had a negative outlook.[65]

Australian Banks

The aggregate 1-year RMI PD inched up slightly in Q2 2017. Earnings may come under pressure from the increasing cost of regulations as the regulators attempt to cool the housing market and increase banks' capital ratios. NIMs improved in the latest quarter and there are growth in home and business lending resulting in growth in banks' earnings. Asset performances continue to improve as impairment charges are lower and is expected to turn for the better. This will assist banks to report record profit in 2017.
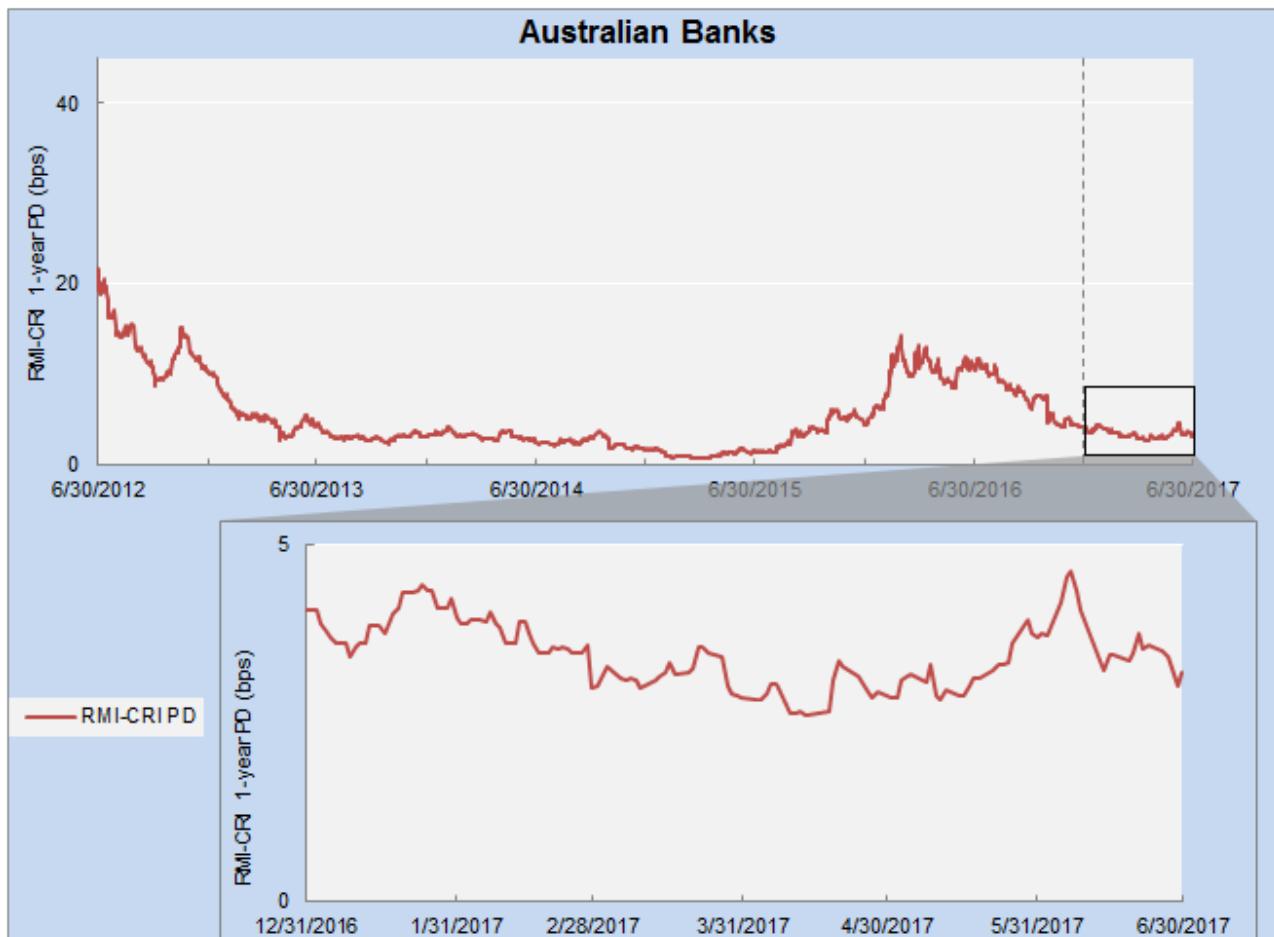
Profitability

- NAB and Commonwealth Bank posted better earnings over the latest quarter due to growth in lending in home lending, business lending and deposits and improved net interest margin for NAB. Analysts are forecasting the banks to report record profit for 2017 financial year even though regulators has attempted to cool the housing market boom.

Funding & Liquidity

- The Australian Prudential Regulation Authority has said that each of the big four banks will need to have common equity tier-1 capital ratio of 10.5% by January 2020 and this means that the banks will have to hold billions of dollars in extra capital. The total shortfall faced by the big four banks is AUD 7.9bn and CBA will have to raise the most capital according to analysts. By increasing more capital, banks' return on equity may be reduced.[66]

Asset Quality

- NAB's charge for bad and doubtful debts for the quarter fell by 12% to AUD 173mn while CBA reported 13% lower impairment charges as there is lower provisioning in institutional banking and markets. This largely reflected an improving asset quality trend. [67,68]

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Singapore Companies

The RMI-CRI 1-year aggregate PD for Singapore continued to fall in the second quarter of 2017, demonstrating improving credit conditions for the country. This quarter saw higher growth rates for the Singapore economy and economists had narrowed their GDP growth forecast for the whole of 2017 to between 2% and 3%, down from the previous band of 1% and 3%. Growth in Q2 is mainly powered by the manufacturing sector which experienced an export rally that boosted demand. However, the expansion in manufacturing sector is expected to slow down in the second half of 2017. The rapid appreciation of the Singapore dollar in 2017 also calls for concern. In other aspects, unemployment and inflation rates remained stable throughout Q2. Singapore's overall economy had steadily improved during the second quarter, but uncertainties ahead may adversely affected the credit conditions in the upcoming quarters.
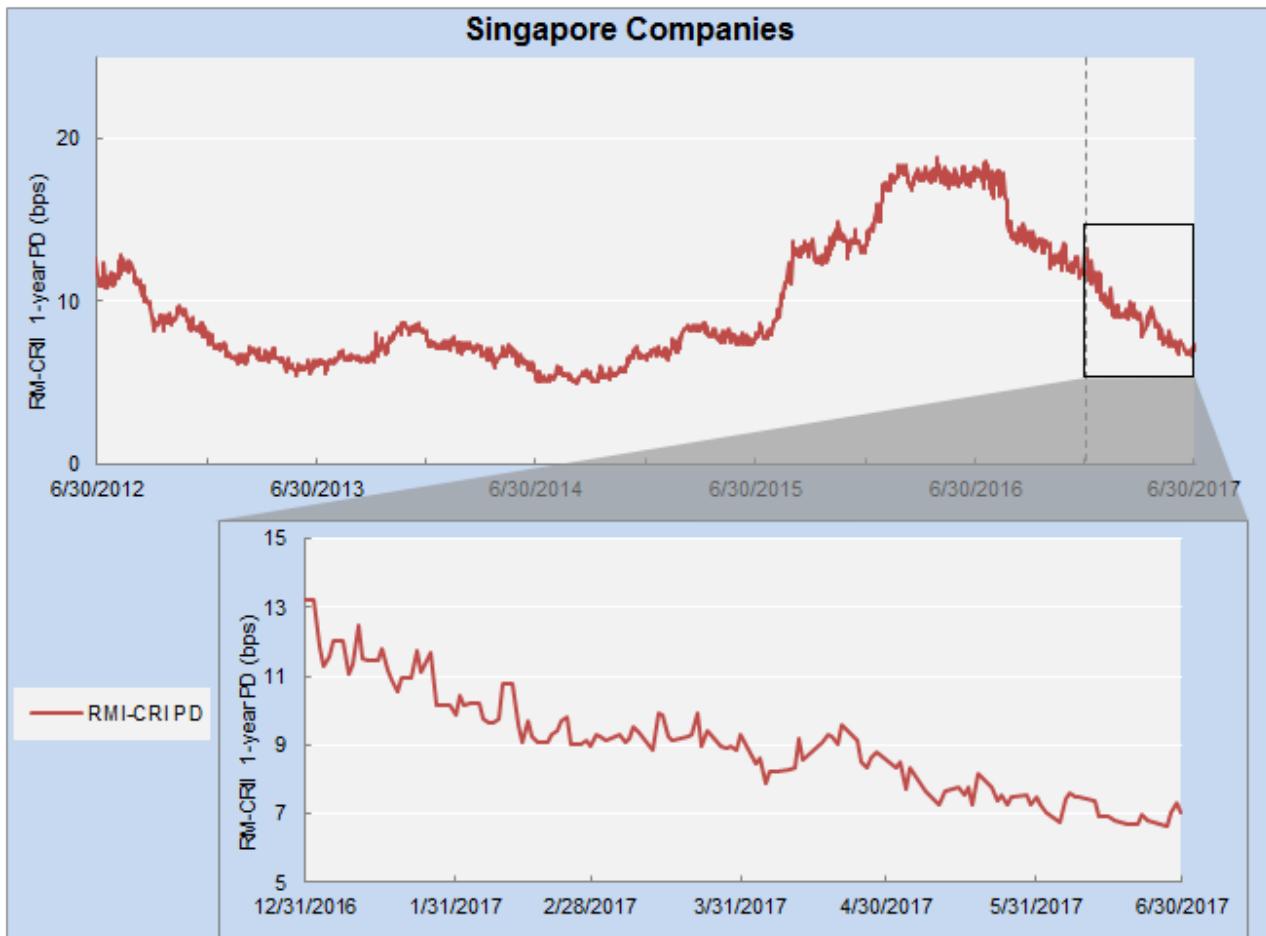
Economy

- While the Ministry of Trade and Industry announced in May that it has narrowed the GDP growth forecast for 2017 between 2% and 3%, the Singapore economy grew by 2.9% YoY in the second quarter of 2017, picking up from 2.5% in the previous quarter. Among all business sectors, electronics and precision engineering sector had primarily supported the growth during Q2 2017. The manufacturing sector continued to grow at a robust pace of 8.1% YoY, slower than 8.5% in Q1 2017. In addition, the construction sector contracted by 5.7% YoY, extending the 6.3% drop last quarter. It was explained by the fall in both private and public-sector construction output.[69]

- CPI-All Items inflation and MAS Core Inflation came in at 0.5% and 1.5% respectively in June 2017. Food inflation was 1.4% in June, down from 1.5% in May as rate of increase in prices of non-cooked food items moderated. Private road transport inflation eased significantly to 3.0% from 6.1% in the preceding month due to a decline in car prices and smaller increases in petrol price. Services inflation edged down to 1.3% from 1.4% in May, due to a fall in telecommunication services fees. As a result of the large decline in house maintenance and repairs inflation, CPI less imputed rentals on owner-occupied accommodation fell to 1.7% in June.[70]

- The overall unemployment rate including foreigners remained unchanged from Q1 2017 at 2.2% in Q2 2017. The unemployment rate for residents and citizens both showed a slight improvement from the previous quarter, dropping to 3.1% and 3.3% respectively. MOM revealed total employment fell for the second straight quarter with 8,400 fewer workers. This is predominantly due to a decrease in the number of work permit holders in the construction and marine sectors.[71]

- Survey results released by the Singapore Institute of Purchasing and Materials Management showed that June's PMI experienced a slight increment of 0.1 point to 50.9 from the previous month. This is the 10th straight month that Singapore's manufacturing sector had experienced an expansion. Although stocks of finished goods recorded a faster rate of expansion, expansion for the indicators of imports, input prices, supplier deliveries and order backlog was sluggish at a slower rate, explaining the slight increment in June.[72]

- The seasonally adjusted retail sales in June 2017 decreased by 0.5% on a MoM basis, but rose 1.9% on a YoY basis compared to June 2016. Excluding motor vehicles, retail sales increased 0.1% MoM while rising by 4.0% YoY. The total retail sales value in June 2017 was estimated at SGD 3.7bn, higher than SGD 3.6bn in June last year. The seasonally adjusted sales of food&beverage services in June 2017 increased 2.1% MoM and 1.0% YoY. The total sales value of food&beverage services in June 2017 was estimated at SGD 680mn, higher than the SGD 673mn last June.[73]

- Singapore's NODX grew by 8.2% MoM in June 2017, following a flat performance in the previous two months and an expansion in Q1 2017. The growth in June is due to increases in both electronic and non-electronic exports. The top contributors to the NODX increase were China, South Korea and Japan. The increase in NODX to these countries outweighed the declines to countries like US and Taiwan.[74]

Monetary

- There are no further updates on monetary policy from MAS since its announcement to adopt a zero-appreciation monetary policy in April 2017. However, the Singapore dollar has been one of the strongest Southeast Asian currency this year, with a 6.1% year-to-date appreciation against the US dollar. The appreciation can be attributed to a weak US dollar that had been oversold. However, the strength in Singapore dollar is not expected to last as Singapore lacks the domestic fundamentals to sustain such a strong Singapore dollar.[75]

Funding & Liquidity

- Yields of 10-year Singapore government bonds declined to 2.0907% on 30 June 2017 from 2.2463% on 31 March 2017.

- Lending to non-bank customers rose from SGD 628bn in Q1 2017 to SGD 635bn in Q2 2017. Total loans to businesses rose by approximately SGD 5bn from a quarter ago while loans to consumers increased from SGD 251bn in March 2016 to SGD 254bn in June 2017.[76]

- The amount of outstanding sovereign bonds decreased by SGD 2.6bn to SGD 103bn ending Q2 2017.[77]
- The prime lending rate remained constant at 5.28% in Q2 2017.[78]

Sovereign Credit Ratings

- All three major rating agencies kept their highest investment grade ratings for Singapore sovereign bonds over Q2 2017.

Singapore Banks

The RMI-CRI 1-year aggregate PD for Singapore banks inched up slightly during the second quarter of 2017. All three banks posted higher earning as compared to same period last year, showing that banks have remained profitable amid problems with NPLs. Wealth management business for all three Singapore banks continued to grow with management fees becoming a main driver of revenue. Companies in the oil & gas sector have yet to recover from the downturn and loans to these companies still pose as a concern for the asset quality of banks. Despite so, Singapore banks are largely safe given that they are well-capitalized and have sufficient buffer in the event of a rise in NPLs.
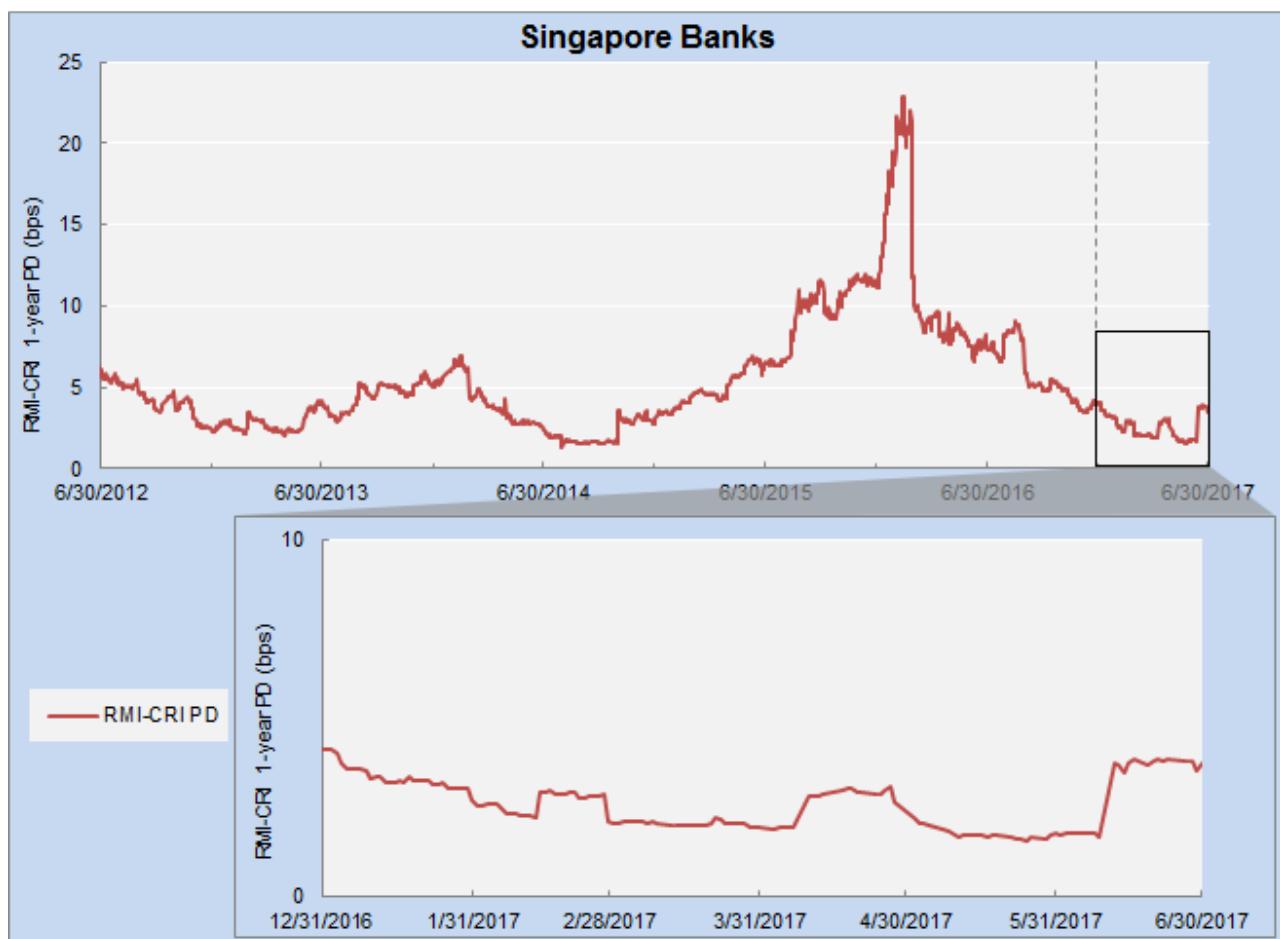
Profitability

- Singapore banks reported higher earnings in the first quarter of 2017. Quarterly net profits in DBS, OCBC, and UOB gained by 8%, 22%, and 5.5%, respectively from the same period last year. All three banks reported strong growth in their wealth management business and saw significant growth in wealth management fees that drove up profits. Interest incomes across the banks were generally higher on a YoY basis while non-interest income also witnessed growth from Q1 2016. [79,80,81]

- Data from the Monetary Authority of Singapore showed that the amount of corporate loans issued to non-bank customers increased by 1.21% to SGD 635.5bn at the end of Q2 2017 from the previous quarter. [82]

Funding & Liquidity

- Total deposits in Singapore banks contracted slightly by SGD 3.52bn in Q2 2017. Local currency deposits contracted by SGD 2.74bn, a reverse from the previous quarter expansion of SGD 12.6bn. Foreign currency deposits decreased by about SGD 771mn during Q2 2017.[83]

- Singapore's fixed deposit rates remained the same during Q2 2017 for both 3-month, 6-month and 12-month deposits. Current fixed deposit rates are at 0.14%, 0.20% and 0.33% respectively. The prime lending rate was also unchanged at 5.28% during the second quarter.[84]

Capital Levels & Regulations

- All three Singapore banks kept their Tier 1 Common Equity ratios to be well above the recommended Basel III guidelines, making them some of the most well-capitalized banks in the world. The three banks are expected to maintain this capital position to comply with the upcoming International Accounting Standards Board IFRS9, which becomes effective in 2018.

Asset Quality

- Loans placed under the "special mention" category declined to 2.18% of total exposure at the end of Q2 2017, from 2.29% in the quarter before. Loans classified as doubtful lowered to 0.33% of total exposure. Loans marked as a loss fell back to 0.18% in Q2 to the same level as Q4 2016. Overall, asset quality in banks improved from both QoQ and YoY perspectives. [85]

- NPL ratios at DBS, UOB and OCBC remained largely unchanged during Q2 2017. OCBC said the bank's NPL ratio remains at 1.25% at the end of June but the total amount of NPLs had increased to SGD 2.92bn from SGD 2.49 bn a year ago. UOB's Q2 NPL ratio of 1.5% was also the same as the previous quarter. The bank revealed that it has put in place strong buffers to cope with a normalizing credit cycle and extending oil & gas sector woes. Although the worst is believed to be over for Singapore banks, it is believed that weakness in the oil & gas sector can still potentially deteriorate the asset quality of Singapore banks. Other than oil & gas, Singapore banks are not facing significant downside risks from other sectors.[86,87,88]

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Asia-Pacific - Emerging economies

The RMI-CRI aggregate 1-year PD for listed corporations in Emerging Asia, excluding India and China, declined slightly in Q2. US interest rates have an impact on the credit profiles of firms in the region and the Federal Reserve has promised one more rate hike in 2017 and three more in 2018. Higher US interest rates are likely to pressure the creditworthiness of firms dependent on foreign financing and increase capital outflows from the region. The credit profiles of emerging Asian firms however appear to be holding well in the face of these macro economic headwinds. Malaysian firms for example have seen a drop in 1-year aggregate PDs as the country posted higher economic growth boosted by robust investment and government spending. Higher commodity prices and increased public spending lifted the credit quality of Indonesian businesses as inflation grew from 3% in December to 4.4% in June. The country's debt to GDP level of 30% is one of the lowest in the region and the government is committed to fiscal rectitude. The credit risk of Filipino firms were higher in Q2 as a slowdown in the manufacturing sector affected the vehicle sales growth rate. However, slower activity did not lead to a deceleration in credit expansion. The amount of commercial loans in the first half of the year exceeded the level last year which may prompt the Central Bank to raise interest rates.
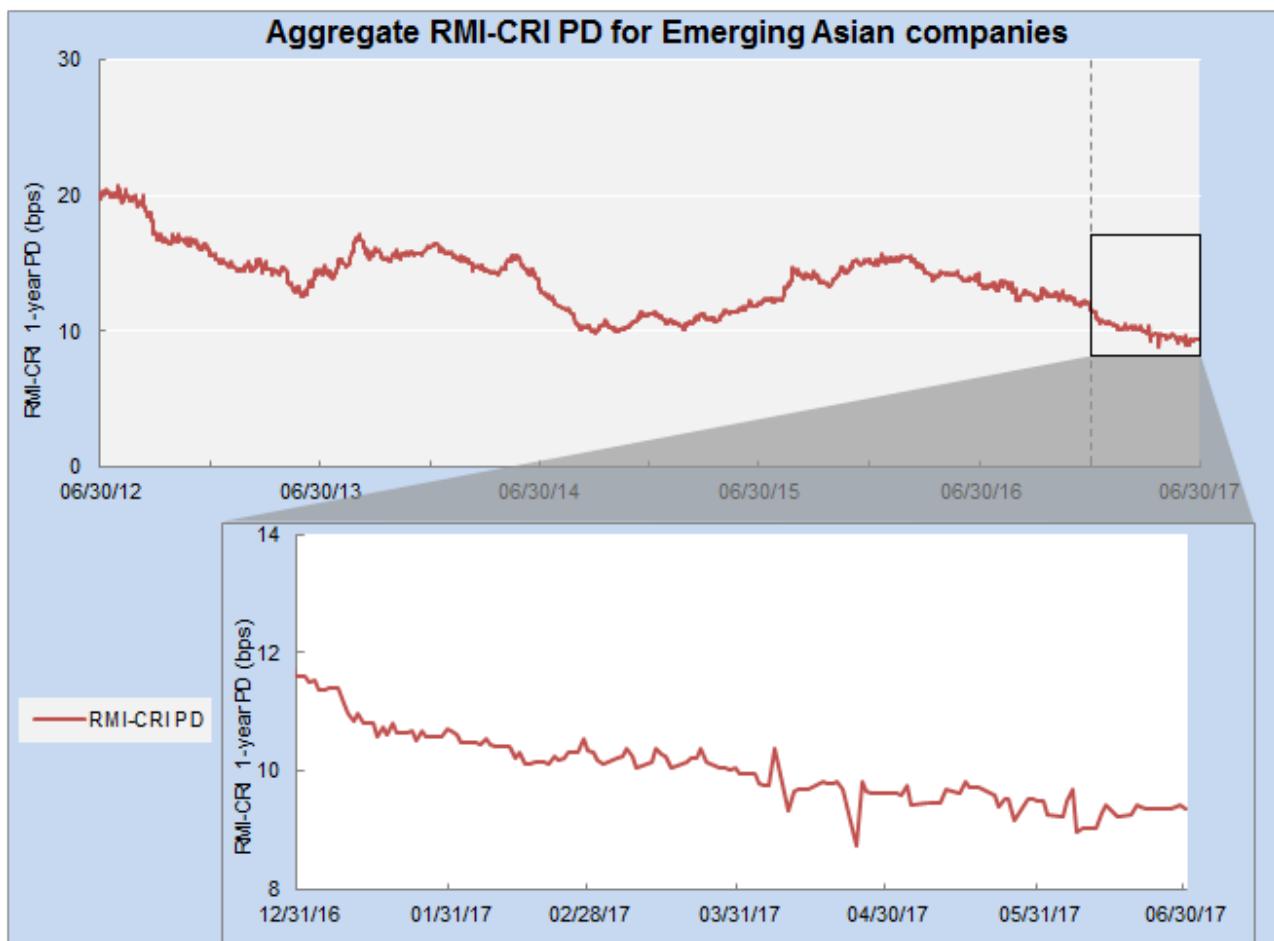
Indonesian Companies

The RMI-CRI aggregate 1-year PD for Indonesian companies slightly increased to about 18bps at the end of Q2 2017 from 17.3bps at the end of Q1. Indonesia's economy experienced a growth of 5.01% YoY in Q2 2017, the same with that in Q1 2017. Indonesia's inflation increased for the second quarter of 2017, with a CPI of 4.37% from 3.61% in Q1. Trade surplus in Q1 2017 increased to USD 1.63bn, where most of which was derived from non-oil and gas trade.

Economy

- The Indonesian economy expanded by 5.01% YoY in Q2 2017, the same pace as in the previous period and below market expectations of 5.10%. Private consumption and fixed investment were the main drivers behind the growth of the economy in this quarter (at 3.95% and 5.35% respectively). On the other hand, exports rose at a slower pace (at 3.36% compared to 8.21% in Q1 2017) and government spending fell. The economy expanded by 4% in Q2 2017 on a quarterly basis.[89]

- The Consumer Price Index (CPI) of Indonesia reached 4.37% in June. Respectively, the inflation of volatile food reached 2.89% (YoY), core inflation at 3.13% (YoY), inflation of administered prices at a record high of 10.64% (YoY). Going forward, inflation is projected to stay at 4% throughout 2017. Therefore, it is important that the central and regional governments as well as Bank Indonesia strengthen their coordination to keep inflation at check.[90]

- Wages of Indonesian workers likely increased in Q2 2017. Nominal wage of farmers per day increased by 0.55% during Q2 2017 from IDR 49,638 in April 2017 to IDR 49,912 in June 2017.[91]

- Indonesia's trade balance recorded an increasing surplus in June 2017, primarily supported by non-oil and gas trade surplus and the decreasing deficit in oil and gas trade balance. Trade balance surplus in June 2017 recorded USD 1.63bn. The non-oil and gas trade surplus increased to USD 1.96bn in June 2017 while oil and gas trade balance deficit decreased to USD 0.33bn. The decrease in non-oil and gas import is driven by the reduction in import of machinery and mechanical devices, electric devices, plastic goods, iron, steel and organic chemical substances. Bank Indonesia maintained a positive outlook on the national account performance.[92]

- According to Nikkei Indonesia Manufacturing Purchasing Managers' Index (PMI), Indonesia's PMI fell from 49.5 in June to a one-year low of 48.6 in July. This reflected a notable number of contractions across some key variables and a second consecutive monthly worsening of manufacturing business conditions.[93]

Monetary

- On July 19th and 20th 2017, the Bank Indonesia (BI) Board of Governors agreed to hold the BI 7-day repo rate, deposit facility rate, and lending facility rate at 4.75%, 4.00% and 5.50% respectively. The decision is consistent with Bank Indonesia's efforts to maintain macroeconomic and financial system stability, while considering the dynamics of global and domestic economy. Looking forward, Bank Indonesia will continue to strengthen coordination with the government to control inflation within the target rate and support the current structural reforms towards sustainable economic growth.[94]

Funding & Liquidity

- Yield on Indonesia's 5-year bonds dropped to 6.67% in end June 2017 from 7.54% in the first day of April. The drop in yield might be attributed to the continuous after-effects of S&P sovereign credit rating upgrade and President Jokowi's stance on accommodating foreign investments and boost fiscal spending on value-adding sectors such as infrastructures. The relatively decent performance in the export and household spending sectors as the seasonal Eid al-Fitr celebration kicked in during the second quarter might also keep yields low.

- Indonesia's official reserve assets position stood at USD 123.09bn as of end-June 2017, lower than the end of May 2017 level registered at USD 124.95bn. The decrease was primarily attributable to a seasonal rise in foreign currency demand by banks as the Eid al-Fitr holiday kicked in. Bank Indonesia considered the decline in reserve assets to be temporary as a part of precautionary measures. Favourable export outlook and optimism upon the credit rating upgrade are expected to strengthen reserve assets base to maintain the resilience of the external sector.[95]

- Long-term external debt grew 1.0% (YoY) in June 2017. Long-term external debt remained dominant in Indonesia's external debt and stood at USD 283.6bn or 86.4% of total external debt in June 2017. Long-term external debt consisted of public sector external debt amounting to USD 164.4bn (58.0% of total long-term external debt) and private sector external debt amounting to USD 119.2bn (42.0% of total long-term external debt). Meanwhile, short-term external debt grew 12.0% (YoY). Short-term external debt amounted to USD 44.6bn (13.6% of total external debt), comprised of private sector external debt amounting to USD 41.1bn (92.1% of total short-term external debt) and public sector external debt amounting to USD 3.5bn (7.9% of total short-term external debt).[96]

Politics

- The former education minister, Anies Baswedan, a Muslim, has won the race for Jakarta governor. The official results are not out until May 2017. Anies Baswedan's opponent Basuki Tjahaja Purnama, known as Ahok, a Christian Chinese descent was sentenced to two years in prison by the North Jakarta District Court after being found guilty of committing a criminal act of blasphemy and inciting violence on 9 May. Andreas Harsono, an Indonesia researcher at Human Rights Watch, said more than 100 Indonesians had been convicted of blasphemy in the past decade, with acquittals in such cases extremely rare. After Mr. Purnama's case prompts some Chinese-Indonesians to question their place in the country and stoke fears that communal tensions will add to the headwinds already facing Southeast Asia's biggest economy. NotesMay 9, 2017, Jakarta governor Ahok sentenced to two years in prison for blasphemy, Bank Indonesia, http://www.theguardian.com

Sovereign Credit Ratings

- Moody's and Fitch kept their ratings on the local currency long term bonds of Indonesia at Baa3 and BBB- ratings respectively in Q2, with a positive outlook. S&P continued to maintain its outlook on Indonesia's sovereign bond at BBB- with a stable outlook, keeping it at investment grade level. This reflected the Indonesian government's consistent effort to ramp up productive spending and attract foreign investments.

Indonesian Banks

The RMI-CRI aggregate 1-year PD for Indonesian banks decreased to around 42bps in the end of June form 55 bps in end March 2017. Loans extended by Indonesian banks grew 7.7 percent in June from a year earlier, the slowest pace for any month since October 2016. Amid a slump in commodity prices, non-performing loans (NPL) stood at 3.1% (gross) or 1.4% (net). [97]
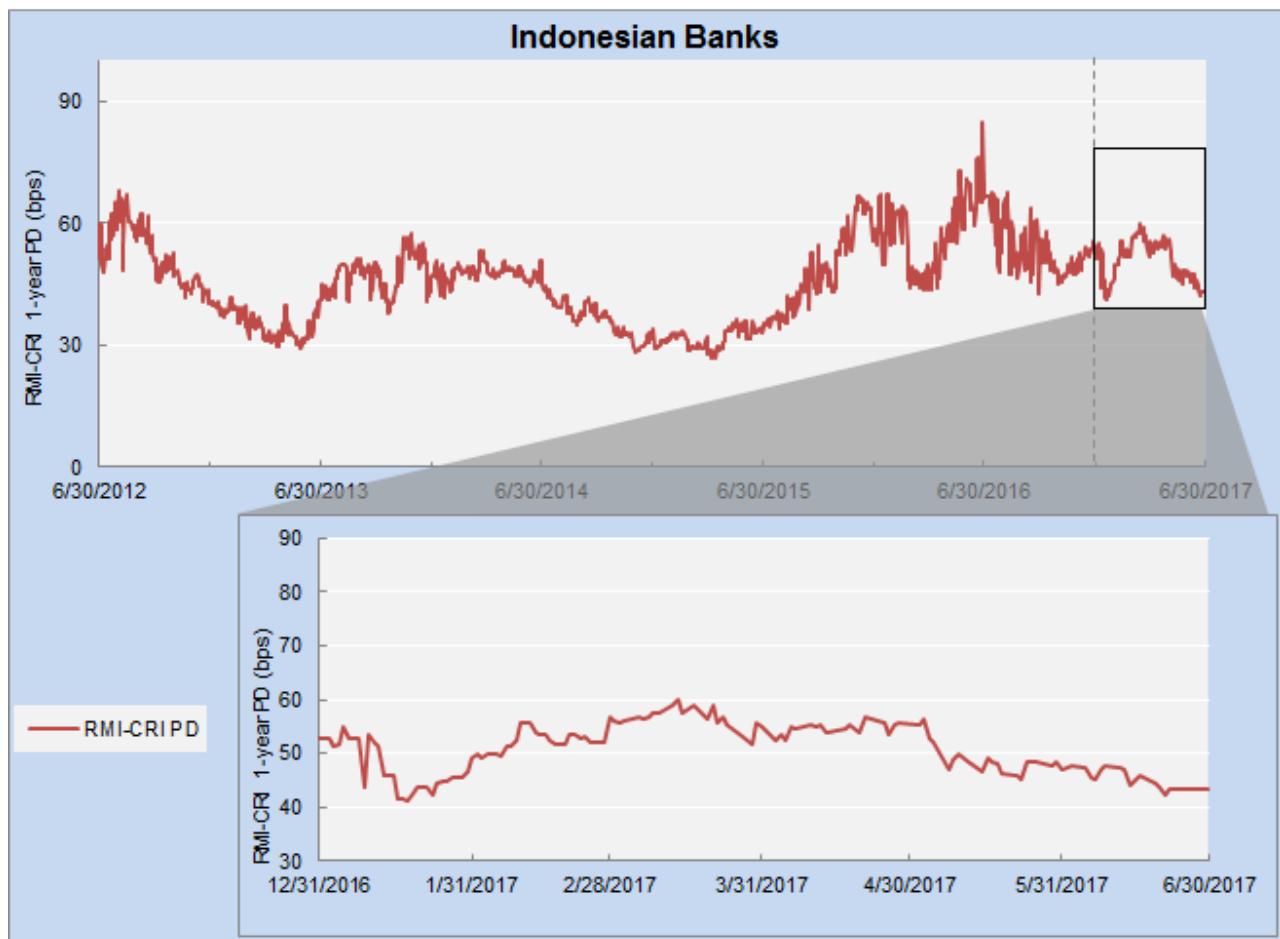
Profitability

- Indonesian banks in general saw a slower increase in profitability amid weak performance in the commodity sector. The three largest majority state-owned Indonesian banks (Bank Mandiri, Bank Rakyat Indonesia and Bank Negara Indonesia) reported a QoQ increase in net income of 32.3%, QoQ increase in net income of 2.2% and a QoQ decrease in net income of 0.99% respectively.

Funding & Liquidity

- The liquidity ratio (liquid asset/bank deposit) of Indonesian banks improved from 22.2% at end of Q1 2017 to 22.3% in May 2017.[98]
- The Jakarta 3-month interbank rate increased from 6.85% at the beginning of Q2 2017 to 6.97% by the end of Q2 2017. Similarly, the 1-month interbank rate increased from 5.87% at the beginning of Q2 2017 to 6.51% by the end of Q2 2017.[99]

Regulation

- A new draft on Indonesia's banking bill has revealed that lawmakers will proceed with a plan to restrict the operation of foreign banks, setting a deadline for them to become legal entities in the form of Perseroan Terbatas (PT) or an independent company and capping the level of foreign ownership. Doing so would mean that banks whose parent companies are located overseas could not just withdraw money from Indonesia should there be liquidity issues in the banks' overseas headquarters. Though the law would allow local banks to be protected against banking crises overseas, it would discourage new foreign investment in the banking sector. This is in line with Basel III banking regulation, which stipulates that any investor performing banking acquisition without acting as controlling shareholder would have to deposit a significant amount to safeguard against banking management risks.[100]

Asset Quality

- According to Bank Indonesia, the financial system remained stable. Capital adequacy ratio and liquidity ratio of Indonesian banks, as of May 2017, stood at 22.7% and 22.3% respectively, while non-performing loans (NPL) stood at 3.1% (gross) or 1.4% (net). The potential growth of deposit and credit, however, are still shadowed by risks pertaining to domestic demand recovery prospects and developments in the banking consolidation. The transmission of easing monetary and macroprudential policy continued, albeit restrained by banks' prudence in managing credit risks.[101]

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Malaysian Companies

The RMI-CRI aggregate 1-year PD for Malaysian companies remained low below 0.50bps over Q2 2017. Malaysia's economy has been improving over the second quarter of 2017 as exports continue to increase and strong domestic demand contributes to economic growth, reflected by the rising CPI on a YoY basis. The effect of the reformation in GST regulation is yet to be seen, although the economy is likely not affected that much. Unemployment rate remained at 3.4%.
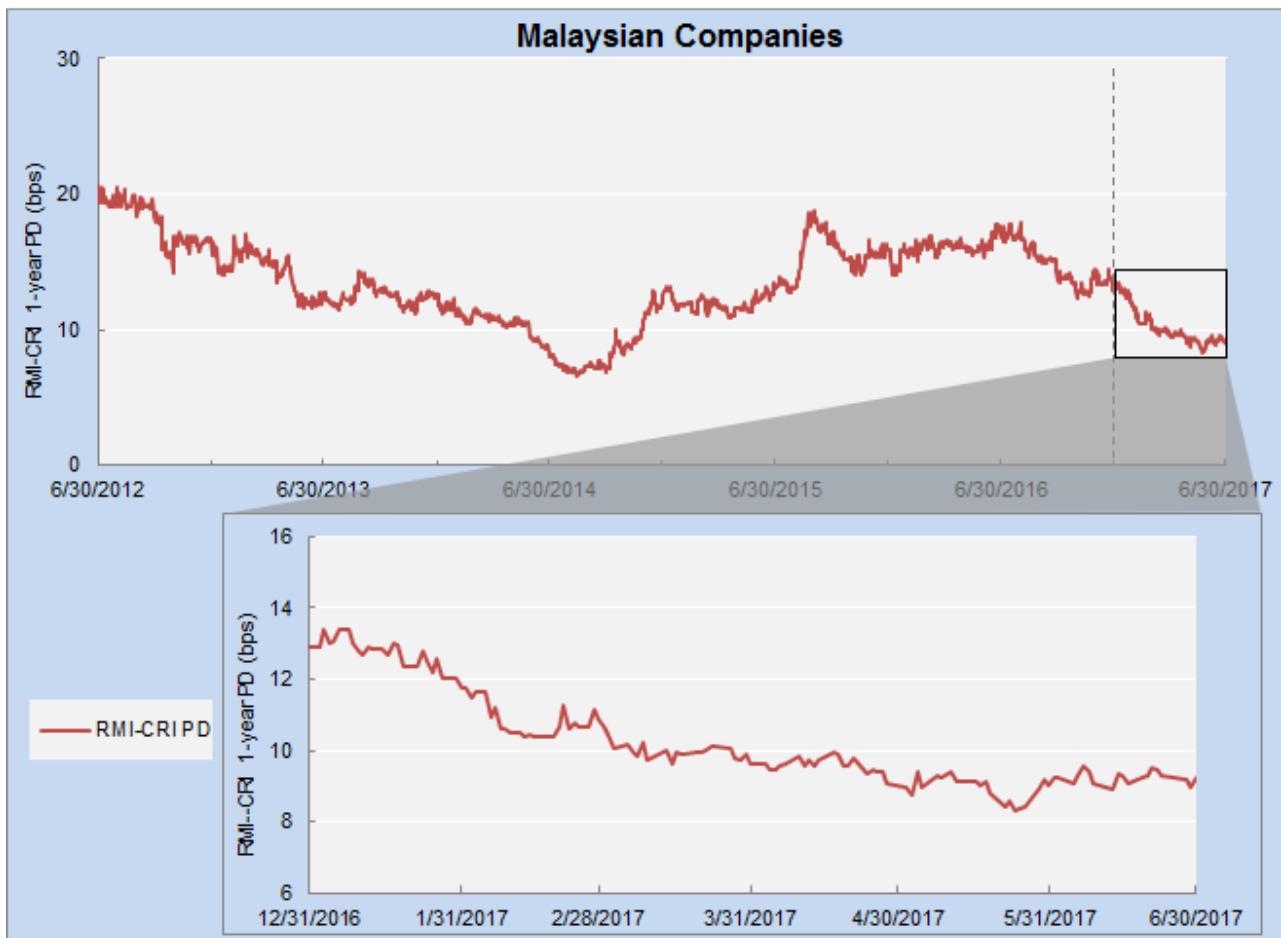
Economy

- GDP of Malaysia increased by 5.8% YoY to MYR 287.2bn in Q2 2017 on the back of domestic demand and robust exports. Domestic demand increased 6.2% YoY. Private consumption expanded by 7.1% YoY on the back of building consumer confidence and higher wages. Government consumption growth moderated to 3.3%.In the external sector, exports of goods and services grew 12.2% in Q2, a slackening from Q1 (+12.6% YoY). Imports grew at a slower pace (Q2: +10.8% YoY; Q1: +18.5% YoY), causing the external sector's net contribution to overall growth in Q2 to rise.[102]

- Malaysia's CPI rose by 3.6% on a YoY basis in June 2017. Among the major groups which recorded increases were the indices for Transport (+10.5%), Food & Non-Alcoholic Beverages (+4.3%), Recreation Services & Culture (+3.0%), Health (+2.6%), Restaurants and Hotels (+2.5%) and Housing, Water, Electricity, Gas & Other Fuels (+2.2%).[103]

- Malaysia's unemployment rate remained at 3.4%. According to MIDF Research, 25,000 new jobs were added in May while the number of unemployed declined to 0.508mn in May, the lowest in eleven months.[104].The labour force participation rate in Malaysia is stable between 67% to 68% during the second quarter of 2016.[105]

- In June 2017, Malaysia's export expanded MYR 6.6bn, up by 10% YoY to MYR 73.1bn. Imports also recorded a increase of MYR 2.3bn (+3.7%) to MYR 63.2 bn. Exports increased due to the higher exports to China (+MYR 2.1bn), Singapore (+MYR 893.0mn), European Union (+MYR 657.7mn), Republic of Korea (+MYR 599.6mn) and Japan (+MYR 1.2bn). Higher imports were mainly from United States (+MYR 728.9mn), India (+MYR 700.7mn), India (+MYR 700.7mn), Taiwan (+MYR 692.3mn), Switzerland (+MYR 463.9mn) and Thailand (+MYR 349.6mn).[106]

Monetary

- As of May 12th, Bank Negara Malaysia announced that it decided to maintain the Overnight Policy Rate (OPR) at 3%, citing Malaysia's strengthening growth momentum, expected inflation level and strong capital and liquidity buffers in the banking system.[107]

- In June 2017, broad money (or M3), which measures the money supply, decreased by 0.35% YoY to MYR 1.68tn.[108]

- In Q2 2017, the ringgit and most major and regional currencies appreciated against the US dollar amid the broad weakening of the US currency. The ringgit's performance against the currencies of other major trade partners was mixed. The international reserves of Bank Negara Malaysia amounted to USD 99.4bn (equivalent to MYR 427bn) as of 31 July 2017.

Funding & Liquidity

- The market indicative yield on the 10-year Malaysia government securities decreased to 3.93% in June 2017 from 4.15% in March 2017. The same yield measure on 5-year Malaysia government securities decreased to 3.63% from 3.83% over the same period.

- Bank lending to finance, insurance and business activities increased to MYR 3.86bn in June 2017 from MYR 3.18bn one year ago. Meanwhile, loans disbursed to the manufacturing and the wholesale, retail trade, restaurants and hotels segments over the last quarter increased to MYR 2.35bn and MYR 99.5mn respectively. [109]

Regulations and Politics

- The troubled Malaysian sovereign wealth fund, 1Malaysia Development Berhad, failed to meet its obligation worth USD 1.2bn to Abu Dhabi's sovereign fund International Petroleum Investment Company (IPIC), which was originally due on July 31st, 2017. IPIC, however, agreed with request of 1MDB to clear the sum owed in two installments due end of the year. Bonds linked to the fund was largely unmoved during the period. [110]

- Bank Negara Malaysia (BNM) Governor Datuk Muhammad Ibrahim in his keynote speech at the 21st Malaysian banking summit announced more regulatory measures to be taken over this year to strengthen the banking system. This includes a mandatory employment reference check for financial industry employees to remove information asymmetries during job transitions, revisions to the outsourcing policy to improve super-vision of financial institutions and a shared security operations center for the financial industry to support the monitoring of cyber threats.[111]

- The Malaysian government is seriously considering a request by the local Indian-Muslim community to be recognized as bumiputera, or one of the country's indigenous races. Being recognized as bumiputera in Malaysia means that like the Malay, the community will be able to receive more privileges such as enjoying discounts when buying homes and also get government help in education and business. Bumiputera terms and privileges were originally coined for the local Malay ethics to help them raise their generally lower economic status. Critics view this move as a strategy to woo voters in the lead-up to the upcoming general election held in August 2018.[112]

- The introduction of ringgit futures on the Singapore Exchange (SGX) and the Intercontinental Exchange (ICE) and their offshore trading sparked criticism by Malaysia's Bank Negara. Bank Negara asserted that the ringgit is a non-internationalized currency and thus trading it in the overseas NDF (non-deliverable forward) market is not "recognized", suggesting that the ringgit futures introduction violates Malaysia's foreign exchange administration policy and rules.[113]

Sovereign Credit Ratings

- The Malaysian government maintained its sovereign credit ratings at all three rating agencies. The country was rated at A3, A- and A- respectively by Moody's, S&P and Fitch. All three agencies assigned a stable outlook for their ratings on Malaysia.

Malaysian Banks

The RMI-CRI aggregate 1-year PD for Malaysian banks in general declined in Q2 2017 as the banking system remained well capitalized through an increase in loan application for finance, insurance and business activities. Increasing total bank deposits continue ensuring liquidity in Malaysian banks and counter-cyclical capital buffer remained above the minimum requirement. Though asset quality worsened slightly and both Tier 1 Capital and savings deposits declined over the quarter, the financials of Malaysian banks remained in the safety zone.
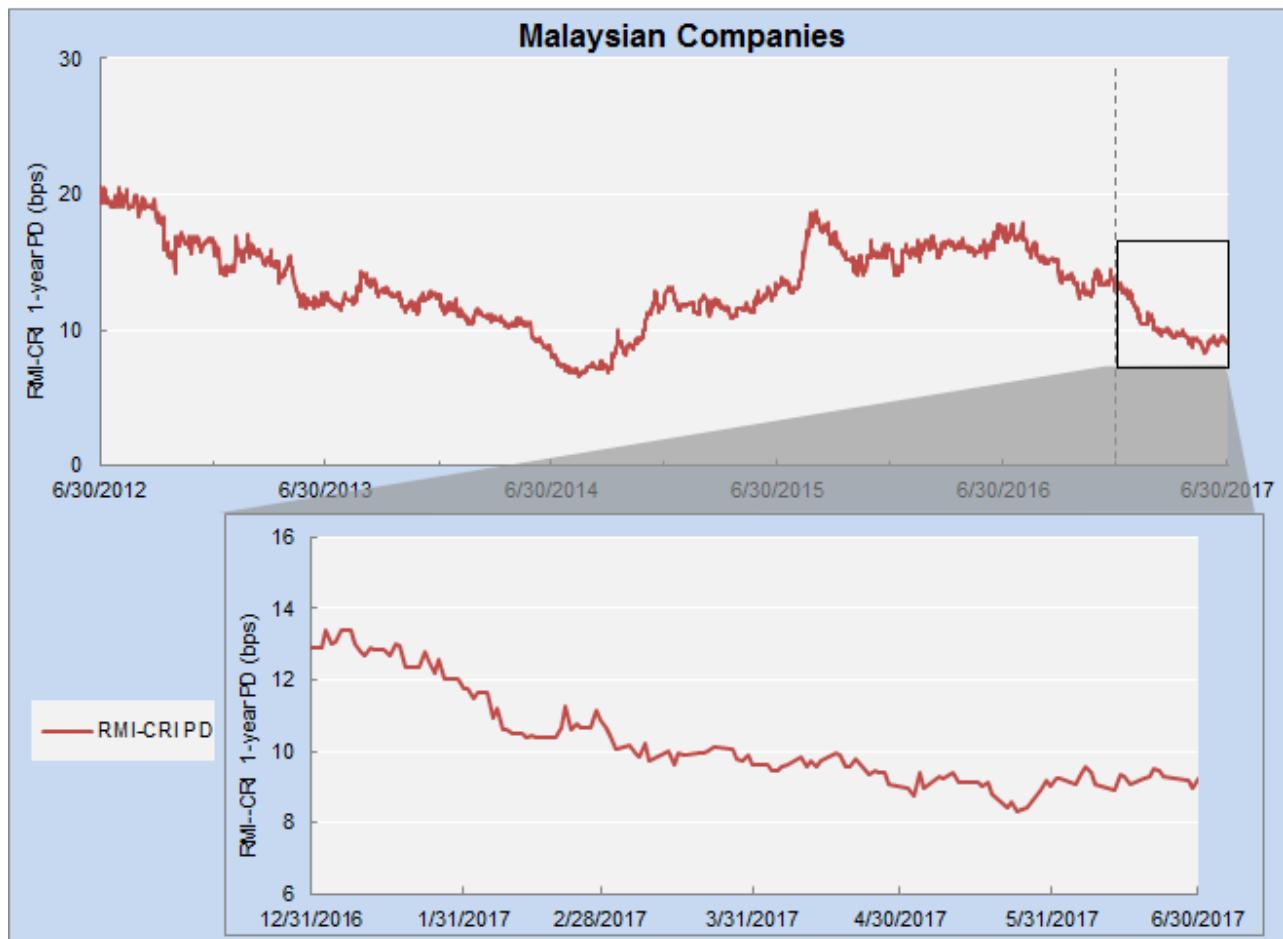
Lending

- The amount of bank loan applications has decreased to MYR 64.6bn in June 2017 from MYR 76.6bn in March 2017. Loan application for finance, insurance and business activities had increased to MYR 3.86bn in June 2017 from MYR 3.53bn in March 2017. [114]

- The base lending rate of Malaysian commercial banks decreased to 6.65% in Q2 2017 on a QoQ basis. The weighted base rate also decreased to 3.61% in Q2 2017 from 3.62% in Q1 2017. [115]

Funding & Liquidity

- Total bank deposits increased to MYR 1.713tn from March 2017 to June 2017. The repurchase agreement decreased from MYR 14.6bn in March 2017 to MYR 12.2bn in June 2017. [116]

- Savings deposit in banking system decreased to MYR 151.8bn in June 2017 from MYR 151.9bn in March 2017.[117]

Capital Levels & Regulations

- The Common Equity Tier 1 Capital ratio for Malaysian banks decreased to 12.9% in June 2017 from 13.1% in March 2017. Similarly, the Tier 1 Capital Ratio decreased to 13.8% from 13.9% in the same period.

Asset Quality

- The value of impaired loans at Malaysian banks had increased slightly to MYR 25.47bn in June from MYR 24.95bn in March 2017. The ratio of net impaired loans to net total loans remained at 1.2% on a QoQ basis.[118]

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Europe

The RMI-CRI aggregate 1-year PD for European firms decreased slightly during Q2 2017, alongside with reduced political risk, a positive economic backdrop and improved corporate earnings. Comments made by the European Central Bank President Mario Draghi at the end of June implied that economic stimulus measures could soon be withdrawn. Political risk was the focus in the early part of Q2 as the French presidential elections approached but a win by pro-EU candidate Emmanuel Macron decreased the risk of a Eurozone break-up. The German Ifo business survey reached a record high in June while Eurozone inflation fell to 1.3%. Companies reporting earnings said sales and bottom lines have improved. The top performing credit sectors were largely in the real estate and utilities sector. The credit profiles of energy companies however continued to have an elevated risk of default.
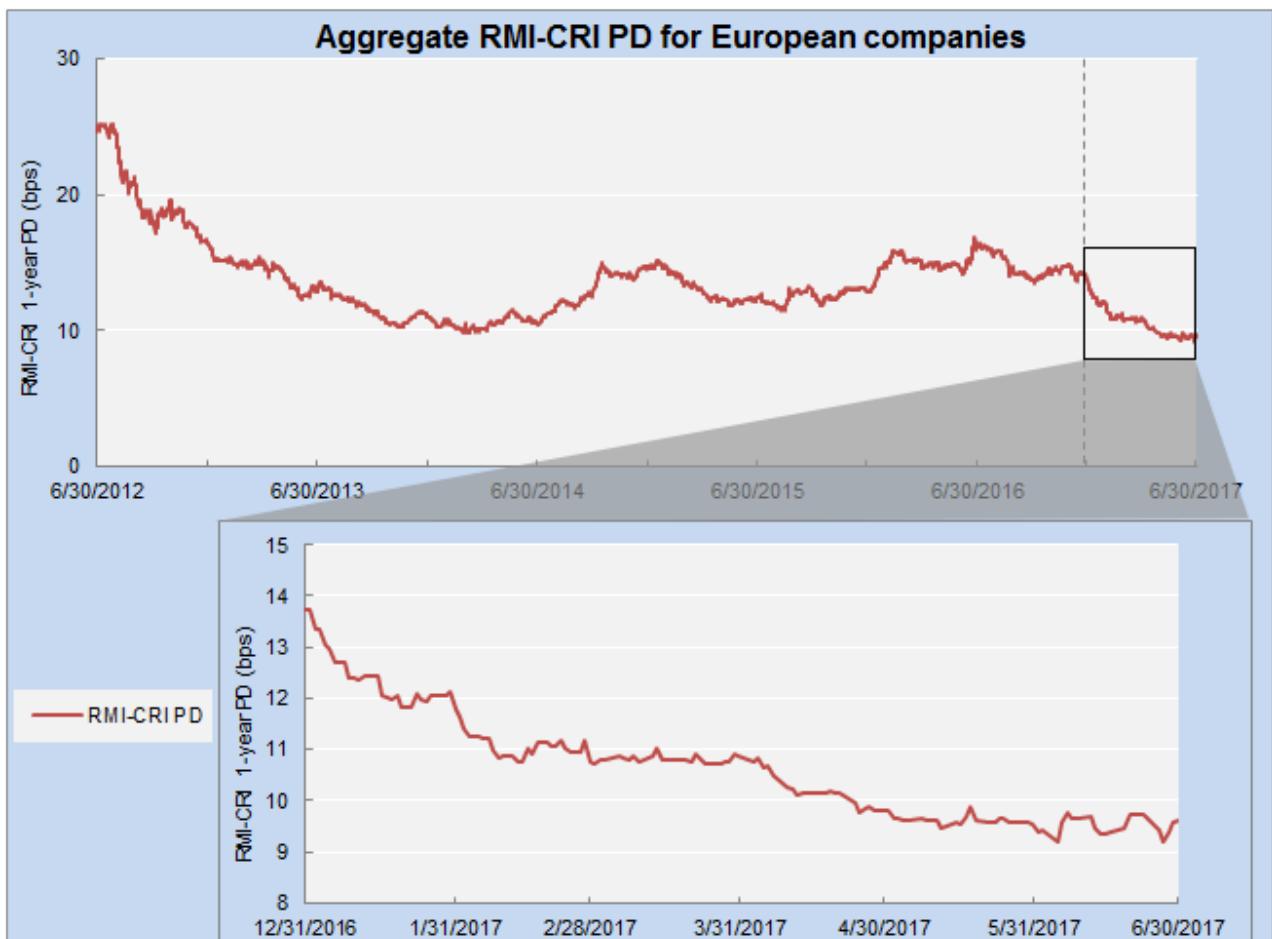
Italian Companies

The aggregate 1-year RMI PD for Italian companies fell further during Q2 2017 with positive sentiments from the previous quarter extending into this quarter and deleveraging efforts by the Italian government starting to show effects. Strong performance in the services sector led to higher expectations of economic growth this year. Economists at Bank of Italy are expecting an annual growth of 1.4% in 2017, the strongest in a decade. Sectors that had driven growth are exports and tourism, fueled by the recovering demand from Europe. However, economists have flagged out the growing interdependence between European nations. Italy had benefited from the improving growth in EU as a whole, but it still remains the most fragile in Europe. Fortunately, the possibility of a major collapse in the Italian economy is remote in the short to medium term and its economy looks to be stable despite the problems that exist within it.
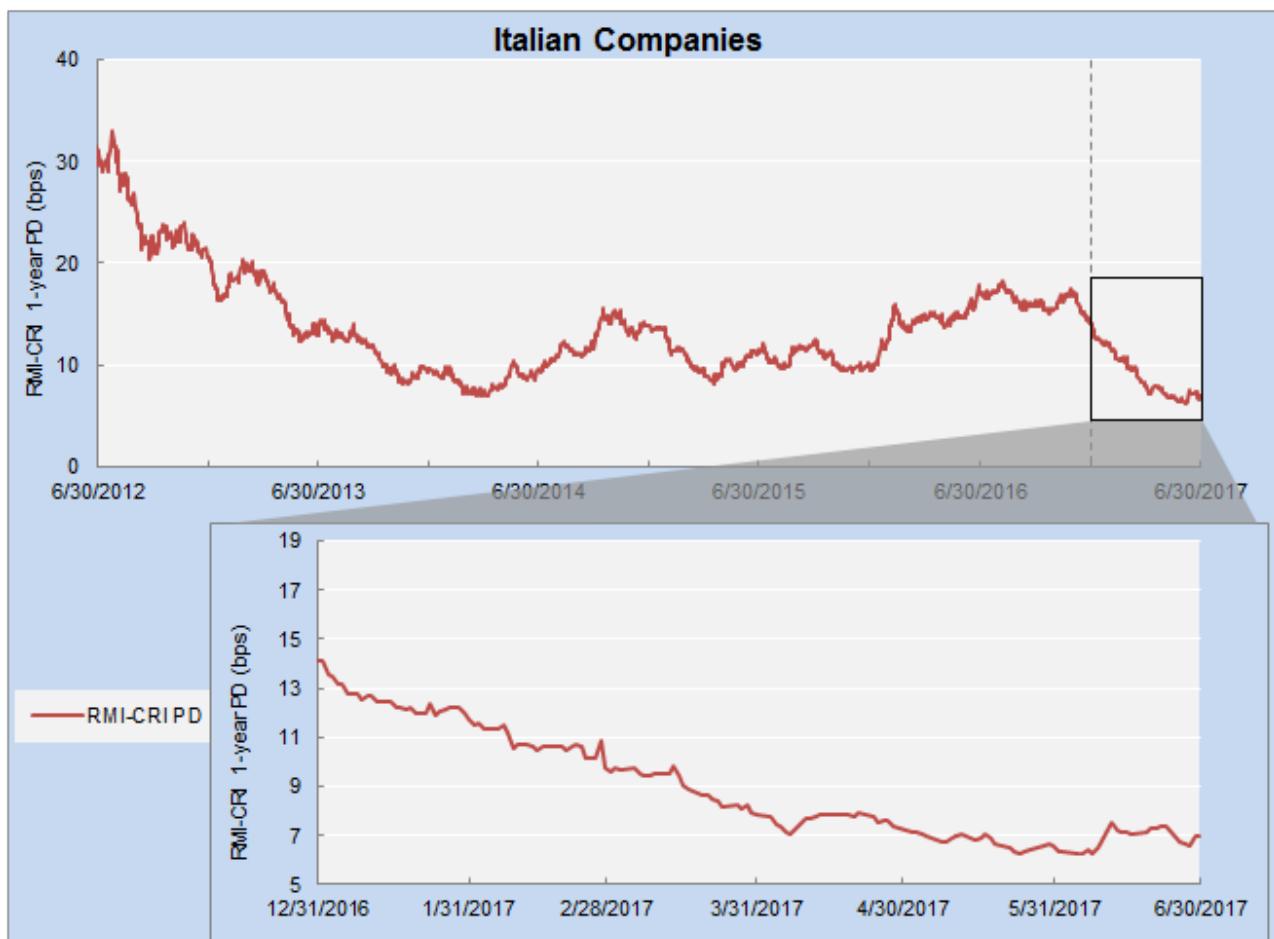
Economy

- The GDP of Italy is estimated to increase by 0.4% moving from Q1 2017 to Q2 2017. The economy expanded 1.5% year-over-year, and although the rate is considered modest in most nations, this is the strongest growth Italy has experience since 2011. Organizations such as Istat, ECB and IMF have revised their estimates for Italian economic growth for the rest of the year upwards. Exports had been the main driver of growth for the Italian economy, powered by strong demand from EU nations such as Germany and France. Tourism has also contributed substantially to growth. Experts feel that Italy should be wary of its increasing dependence on European nations for growth. The same holds true for other EU member states as there will be an over-sized impact on the EU economy should the third largest economy in the Eurozone falter.[119,120]

- Italy's unemployment rate returned to 11.1% in June 2017, the same level as in April 2017, after a slight increase to 11.3% in May 2017. The country ended the quarter with 22.96mn people employed. 2.855mn people were unemployed, a 5.5% decrease from the previous quarter. Youth unemployment (aged 15-24) was 35.4%, down 1.1 percentage points over May.[121]

- Italy's manufacturing Purchasing Managers' Index (PMI) - an index of sentiment in the manufacturing sector - improved slightly to 55.2 in June from May. Growth rate in manufacturing production rebounded in June, after hitting a four-month low midway through the second quarter. Manufacturing output has been rising due to growth in manufacturers' order books. Strong demand for exports resulted in order books of manufacturers increasing for ten consecutive months.[122]

- Italy's services PMI reported a three-month low reading of 53.6 in June 2017, down from a near ten-year high in the previous quarter. On the overall, order books continued to grow with a solid rate of expansion. Increase in activity was more broad-based in Q2, with Hotels & Restaurants being the only sub-sector to register a downturn. Demand conditions look to be supportive as businesses report sustained growth in new orders. The rate of job creation fell from its peak in Q1 2017, but remains positive as companies continue to hire to meet the rise in workplace activity. Cost pressures are high with average input prices reaching a 12-month peak in May. Despite so, services firms showed strong positive sentiments towards future growth prospects due to planned investments, increasing market activity and growing sales efforts.[123]

- The European Commission Italy Economic Sentiment Indicator (ESI), which assesses the economic outlook of EU countries as a weighted average of the industrial, services, construction, retail and consumer sectors, reported a reading of 106.1 in both June and May, and 107.0 in April. These figures are notably higher than the 105.6 average reported over Q1 2017.[124]

- The confidence climate index increased in June 2017 from 106.4 to 106.7. The personal and current components of the index improved from 100.9 to 101.6, and 105.7 to 106.3 respectively. The outlook on unemployment was brighter - the reading improved from 35.5 to 37.2, while outlook on the expectations on inflation was negative, decreasing significantly to -13.7 from -3.7.[125]

- Retail sales, indexed by the Markit Retail PMI fell again in June with a reading of 47.1 due to weak consumer spending power and lot footfall. Retailers had expected better sales performance in June, but two-in-five businesses missed their targets. Confidence of retailers towards future sales prospects is waning and sales forecasts are the least optimistic since January. Gross Margins have deteriorated further in June as discounts were used to attract customers.[126]

Funding & Liquidity

- Yields on 10-year Italian bonds slide during Q2 2017, from 2.318% on 31st March 2017 to 2.203% on 31st May 2017. Yields have been falling due to strong economic growth over the quarter and economists upgraded their prediction on Italian economic growth to a 1-year high in June.

- Interest rates on loans (other than bank overdrafts) to non-financial corporations decreased considerably throughout Q2 2017, down from 2.44% in April 2017 to 2.37% in June 2017. Bank interest rates (including revolving loans, overdrafts and extended credit card credit) to corporations decreased throughout Q2 2017, from 3.25% in April 2017 to 3.12% in June 2017. Loans for house purchases decreased from 2.09% to 2.07% in the second quarter.[127,128,129]

- Preliminary estimates for outstanding loans to non-financial institutions stood at 771,760, the lowest amount since 2017. Total outstanding loans overall decreased by 1.82% from the previous quarter.[130]

Politics

- Former Italian Prime Minister Matteo Renzi regained leadership of the governing Democratic Party in May, after securing over 70% of the votes in the leadership primaries. Renzi had resigned earlier in December 2016 due to a loss in the constitutional reform referendum. The vote is regarded as a key test before the 2018 parliamentary elections and the overwhelming support for Renzi points to the possibility of him returning as Italy's Prime Minister. However, it is widely believed that the next elections will result in a hung government with no majority. Italy's current government has little political capital to push forth supply-side reforms which are much needed to revive the Italian economy. Italy is considered the biggest political risk in Europe currently and its economy is very much under the threat of political instability. Any signs of political instability can derail its path to recovery.[131]

- Italy's latest published public accounts were that of Q1 2017. Total expenditures and total revenues for Q1 increased by 0.8% and 2% respectively. The increase in total expenditures was attributed to increase in current expenditures by 0.9% and a fall of 1.6% in total capital expenditures. Increases in total revenues were driven by growth of current taxes on income and wealth (+1.8%), taxes on production and imports (+3.1%) and social contributions (+1.0%). The Government deficit to GDP ratio was 2.3%, unchanged compared with the second quarter of 2015. Italy's debt-to-GDP ratio is set to stand at 134.7% as of Q1 2017. [132,133]

- In April, Italy announced a massive budget deficit cut of EUR 3.4bn after pressure from the EU to reform its fiscal status. After the announcement, the budget deficit target is revised down from 2.3% to 2.1% of GDP. The Italian government reassured the public that the deficit will be reduced by reforms and growth and not simply higher taxes. Measures are introduced to fight tax evasion and improve efficiency of tax collection. These measures are accompanied by new competition laws and an overhaul of the civil justice system. Although Italy's budget deficit is below the upper limit of 3% of GDP set by the EU, its high debt levels has been contravening EU rules with delays in bring down the amount to promised levels.[134]

Sovereign Credit Ratings

- Moody's retained its rating of Baa2 with a negative outlook amid Italy's ongoing problems and political uncertainty. Fitch did not revise its ratings after downgrading Italy from BBB+ to BBB on 21 April. S&P gave Italy a rating of BBB- on 5 May with a stable outlook as it expects the Italian government to continue adopting structural reform measures and improve the effectiveness of Italy's judiciary and public administration.[135]

Italian Banks

The aggregate 1-year RMI PD for Italian banks remained relatively constant with a slight drop as the Italian government deciding to wind down two of its failing regional banks, namely Banca Popolare di Vicenza and Veneto Banca in Q2 2017. This is coupled with a recapitalization of Banca Monte dei Paschi di Siena to prevent a potential collapse and safeguarding the interests of Italian depositors. Liquidation of the two banks proved to be costly for the Italian government as it commits EUR 17bn to convince Intesa Sanpaolo to acquire the good assets in the two banks so as to prevent losses from being transferred to creditors. However, EU taxpayers were made to bear the cost of this rescue as the liquidation happened under Italian insolvency laws. The delayed rescue of two Veneto-based banks is positive for the stability of the Italian banking system as further bail outs will not be required by these ailing banks and the move eliminated a portion of non-performing loans (NPLs) from the Italian economy. Asset quality at Italian banks is slowly improving, though it remains worse than peers in the Eurozone. Health of Italian banks is expected to continue improving under tighter ECB scrutiny. However, there still exists a significant amount of NPLs in the Italian economy and Morgan Stanley estimates that it may take ten years before Italy is able to reduce its NPLs to the European average.
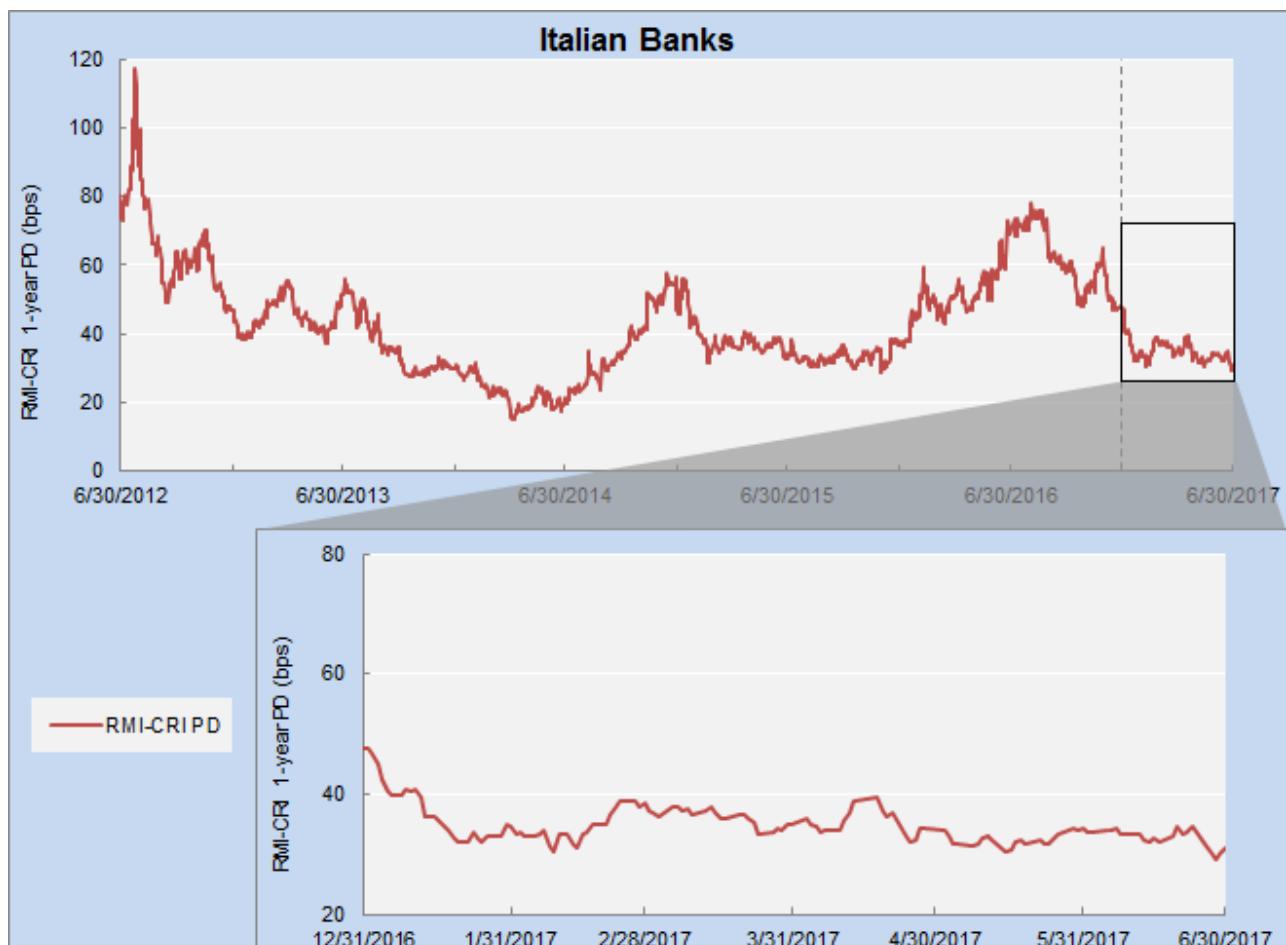
Profitability

- FTSE Italia All-Share Banks Index, the Italian banking index, experienced a significant climb during Q2 2017. The index stands at 11,128.46 as of 31 June 2017, up from 10174.39 on 31 March 2016. The implementation of the turnaround plan by the Italian government and ECB is mainly responsible for the rise of the index. After the liquidation of the two Veneto-based banks and recapitalization of Monte Paschi, profitability has improved for Italian banks. Major Italian lenders like UniCredit have posted higher profits during Q2 2017 and reported net profits of financial institutions in Italy exceeded

analysts' expectations by 40%. Traditionally, profitability of Italian banks has been low relative to their peers in the Eurozone as a huge share of their assets was devoted to lending. With mounting non-performing loans (NPLs), profitability of Italian banks suffered in the past few quarters due to the need to write-down these NPLs. However, with the implementation of the turnaround strategy, the problem is increasingly resolved and profitability is slowly returning to Italian banks.[136,137]

Funding & Liquidity

- Coupons on new 5-year euro-denominated Italian bank bond issuances decreased to 0.65% during Q2 while 3-month Euribor rate was stable during the quarter.

- The 12-month percentage change in deposits of funds by Italian residents was 3.79% in June 2017, while total deposits of non-domestic residents fell by 6.71%. Bank funding from the Eurosystem grew by 46.86% compared to June 2016, while debt securities issued by banks fell 15.8% compared to the same period last year. Total deposits and postal savings by residents and non-financial corporations was EUR 235.62bn, based on latest data published in Q1 2017. [138,139]

- Interest charged on business loans (other than bank overdrafts) of over EUR 1mn to non-financial institutions was 1.146% in June 2017, up from the 1.232% reported in March 2017. Similar loans with collateral and/or guarantees were charged with an interest rate of 1.592%, down from 2.039% charged during June 2016. Bank interest rate on loans to sole proprietors was 2.987% in June 2017, down from 3.174% in the same period last year.[140]

- The Bank of Italy's liabilities to Euro-area financial counterparties totaled EUR 123bn in June 2017.[141]

- Italian bank liabilities towards the Eurosystem increased to EUR 255bn in May 2017 from EUR 200bn in February 2017. Lenders increased their funds held at the ECB by 69.6% YoY in May 2017 while capital and reserves decreased to EUR 451bn during the three months ending May 2017.[142]

- According to the latest bank lending survey, Italian banks reported that their credit supply policies for households and firms had eased slightly in Q1 2017, indicating favorable credit supply conditions. In a separate business confidence survey, credit access conditions were reported to have improved slightly for manufacturing firms. However, the same conditions were tightened for services and construction firms. Supply conditions improved for manufacturing firms of all sizes, but it is especially so for large firms.[143]

Asset Quality

- The Bank of Italy said that the ratio of new non-performing loans to outstanding increased slightly during Q1 to 2.4% from 2.3% in the preceding quarter. The non-performing ratio for loans to firms stands at 3.6% while a similar measure for loans to households stayed roughly constant at 1.6%.[144]

- The percentage of write-downs over non-performing loans for Q1 2017 is measured to be 52.8%, 8 percentage points higher than the average of other main European banks. Currently, sales and securitizations are under way and significant drops in the volume of net non-performing exposures is expected in the coming quarters.

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UK Companies

The aggregate RMI-CRI 1-year PD for companies in the UK maintained fairly stable with a marginal downtrend amid sluggish economy. GDP growth remained below forecasts, growing by 0.3% QoQ, while unemployment continued to dip. The manufacturing and construction sectors posted negative growth, the first time since Q4 2016. Rising inflation weakens consumer spending power as reforms on the British immigration law post-Brexit and a weak pound continued triggering labor shortage, which reduces domestic goods production and widens UK's trade deficit. Uncertainties caused by the post snap election result and Brexit process that will complete in March 2019 are set to be challenges that Britain will face in the near term.
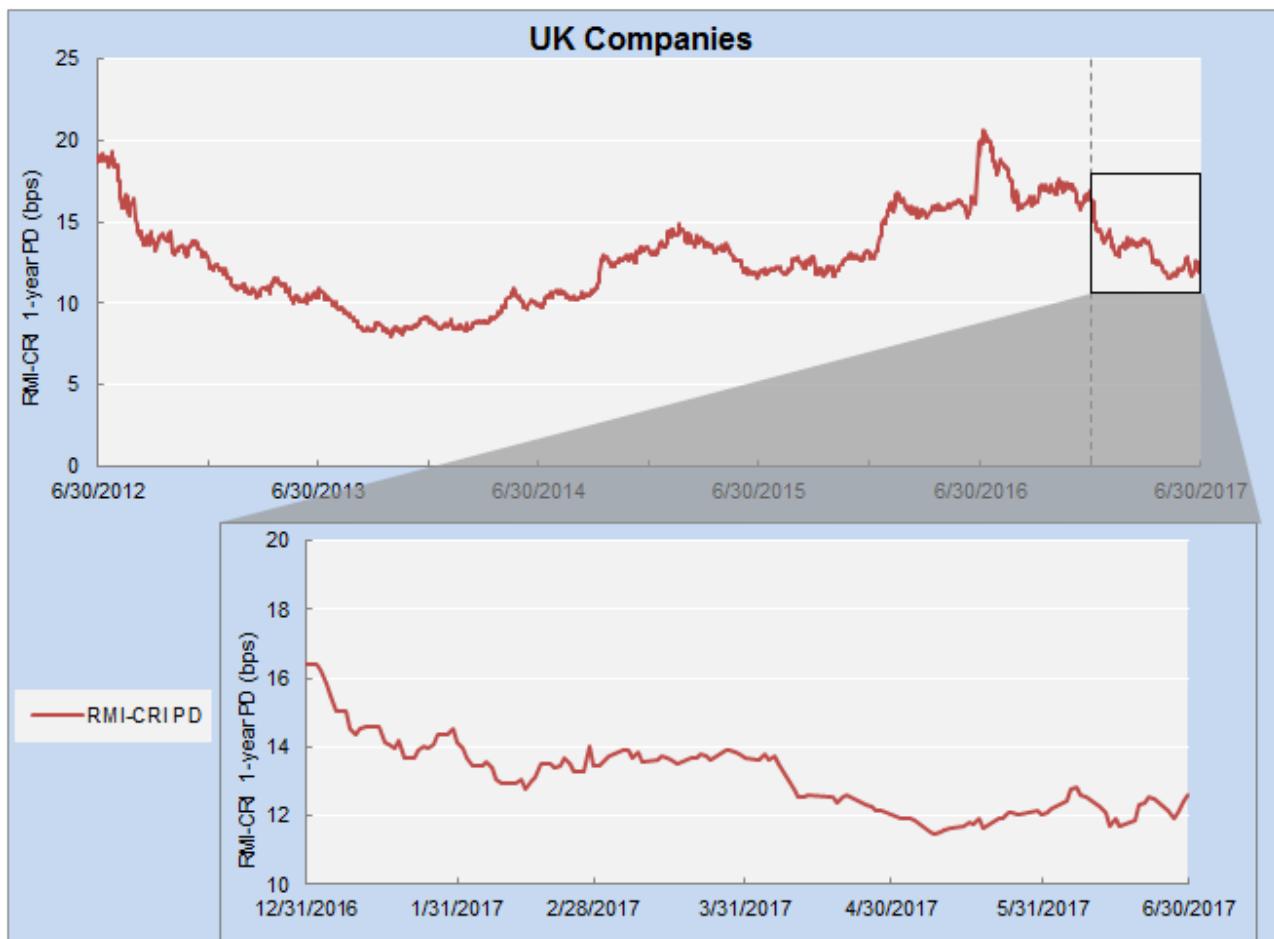
Economy

- The UK's Q2 2017 GDP remained below forecasts, growing by 0.3% QoQ, the same rate as in Q1 2017. Q2 2017 growth was primarily driven by services, which grew by 0.5% compared to 0.1% growth in Q1 2017 with retail trade and film production and distribution being the top contributors of growth. Retail trade (distribution, hotels, restaurants and F&B services sector) except of motor vehicles grew by 1.1% and contributed 0.15 percentage points to GDP. Film production grew by 8.2% and contributed 0.07 percentage points to GDP growth. Construction and manufacturing contributed to the largest downward pulls on quarterly GDP growth, following 2 consecutive quarters of growth. Construction output was estimated to have decreased by 0.9% during Q2 2017 as compared to 1.1% growth last quarter. Manufacturing decreased by 0.5% in Q2 2017, mainly due to a large fall in the manufacture of motor vehicles. Negative manufacturing output, however, was partially offset by a 0.3% increase in electricity, gas, steam and air conditioning supply, causing a slightly better performance in production

sector. Agriculture, government services and financial services grew by 0.6%, 0.2% and 0.4% respectively.[145]

- The unemployment rate was 4.5% for the period of March 2017 to May 2017, down from 4.9% recorded during this same period one year ago, and lower than the 4.7% recorded in the preceding three months of December 2016 to February 2017. The employment rate was 74.9%, 0.3 percentage points higher than the previous three months, and the highest since comparable records started in 1971. Estimates indicate that average weekly earnings for employees in real terms fell by 0.5% excluding bonuses, compared to last year. 79.5% of men aged 16 to 64 were in work, while 70.4% of women were in work.[146]

- Consumer spending continued falling in Q2 2017 based on Visa's UK Consumer Spending Index, further justifying the fact that an increase in the cost of living and a slowing wage growth are squeezing household disposable income. Rising inflation also affected shopping habits as consumers are shifting their spending to essentials. F&B spending grew by nearly 2%, while spending on recreation and culture dropped for the first time at 1.2% in nearly four years. Similarly, high street failed to turn their fortunes around as spending falls for the second consecutive month at 2.4%, albeit at a softer pace than in May 2017. E-commerce spending continued to grow by 2.9%, down from 6.8% increase in May 2017.[147]

- In the 3 months up to May 2017, the deficit on trade in goods and services widened to GBP 8.9bn from a deficit of GBP 6.9bn for the 3 months to February 2017. The widening deficit is attributed to a higher rise in imports (2.1%) than the rise in exports (0.8%) in goods and services, in particular transport equipment, oil and electrical machinery from non-EU countries. The value of goods exported to non-EU countries continue to be higher than those exported to EU countries. Both exports experienced a growth level of 15.9% and 15.0% respectively. Excluding the impact of falling oil prices, import and export prices grew by 1.0% and 0.5% respectively.[148]

- The Markit/CIPS Purchasing Managers' Index (PMI) for the manufacturing sector stood at 54.3 in June 2017, down from 56.3 in May and the lowest in three months. Average PMI level over Q2 2017 registered the best performance for three years at 55.9. Output and new orders are rising at milder rates across the consumer, intermediate and investment goods sectors. Job expansion rate slowed in all small, medium and large-sized enterprises. This was partly due to the weaker increase in new business, which lessened the pressure on operating capacity.[149]

- In the construction sector, the PMI index read 54.8 for March, down from 56.0 in May. Softer growth momentum was recorded across three broad categories of construction activity, mainly residential building, commercial work and civil engineering. A lack of new work to replace completed projects partly due to heightened economic uncertainty was believed to be the main factor that weighed down on construction growth in June. Economic uncertainty also weighed down on employment as worrying business outlook prompted companies to not replace voluntary leaving workers. UK construction companies also reported another steep increase in their average cost burdens in June following solid demand for construction materials, longer materials delivery time and heightened inflation level.[150]

Monetary

- In its most recent meeting on June 15th 2017, the Monetary Policy Committee (MPC) of the Bank of England voted 5-3 to maintain the Bank Rate at 0.25% to meet its 2% inflation target. The Committee also voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases at GBP 10bn and maintain the stock of UK government purchases at GBP 435bn. The purchasing activities would be financed by the issuance of central bank reserves. CPI inflation reached above 2.9% in May 2017 on account of last year's sterling depreciation, surpassing MPC's expectation. UK's Central Bank expects inflation to rise beyond 3% by fall should the British pound continued to hopefully decline in the near term.[151]

- CPI grew by 2.6% year-on-year in June 2017, down from 2.7% in May 2017. This marked its first fall since April 2016 though it remained higher than the rates generally seen since mid-2013. Falling price for motor fuels and certain recreational and cultural goods and services were the main contributors to the fall in the rate. Rising prices for furniture and furnishings helped to partially offset the decrease in CPI. Although food and non-alcoholic beverages, furniture and household goods and restaurants and hotels experienced their highest 12-month rate since 2013, they contribute little to the inflation rate as compared to furniture and furnishings.[152]

Politics

- PM Theresa May's gamble on a snap election in hopes of successfully delivering Brexit under a 'stronger government' backfired when it ended up weakening the government instead through the 8 seat losses that prevented the government's party, the Conservatives, from securing the minimum 326 seats needed to establish a majority in the parliament. Following that, May sought support from the Democratic Unionist Party (DUP) to form a small working majority in the parliament through an informal coalition under certain conditions. She also requested permission from Queen Elizabeth to form a government, which ended up with the MPs endorsement of the Queen's Speech and effectively approved her creation of a fragile government to deliver Brexit.[153]

- With a weaker bargaining power shortly after the disappointing snap election result, Theresa May was pressured by members of her new cabinet to embrace a 'soft' instead of a 'hard' Brexit. A soft Brexit means that Britain will be able to keep unfettered access to the European single market in the form of trading of goods and services with the EU states on a tariff-free basis. It would also mean that exports to and from the UK will not be subject to border checks and customs duties. [154,155]

- The impact of Brexit and the recent snap election results has led the public to speculate that Britain is expected to cut tax rates below the European average to persuade companies to retain their European business operations in the UK. However, British finance minister Philip Hammond responded otherwise. He stated that the UK will not cut tax and regulations after Brexit to undercut EU rivals and become a tax haven. This is a significant change in tone after Hammond suggested in January 2017 that Britain may have to transform its economic model into that of a corporate tax haven should the UK fail to access the EU market.[156]

- After days of contradictory statements from ministers on the immigration law after Brexit, a spokesman for PM Theresa May confirmed that free movement of EU citizens to and from the UK would end in March 2019, when the UK officially leaves the EU bloc. The government reasoned that this assertion was made to honor results from the Brexit referendum. This has been one of the key discussions after Brexit occurred since the decision has implications on economic development given the fact that the British economy relies considerably on imported labor.[157]

Sovereign Credit Ratings

- Moody's long term rating on the UK remain unchanged since June 2016 at Aa1, one notch below the highest possible Aaa. S&P's rating was also unchanged on the country's foreign and local currency long term debt at AAu, one notch below the coveted AAA. Fitch Ratings also rated the sovereign's long term debt at AA, one rank from its highest rating of AAA. All three rating agencies maintained a negative outlook on the UK, reflecting the uncertainties that emerged after British PM Theresa May lost a majority in the parliament during a snap election she proposed to deliver Brexit successfully.

UK Banks

The RMI-CRI aggregate 1-year PD for banks in the United Kingdom improved slightly in Q2 2017 - similar to the trend exhibited by the RMI-CRI aggregate 1-year PD for UK companies. In terms of fundamentals, however, profitability in terms of net income showed some sign of concern as a number of banks reported falling net income, which is likely due to UK's increasing disengagement from the European single market. The FTSE 350 Banks Index improved by 4.52% over the quarter.
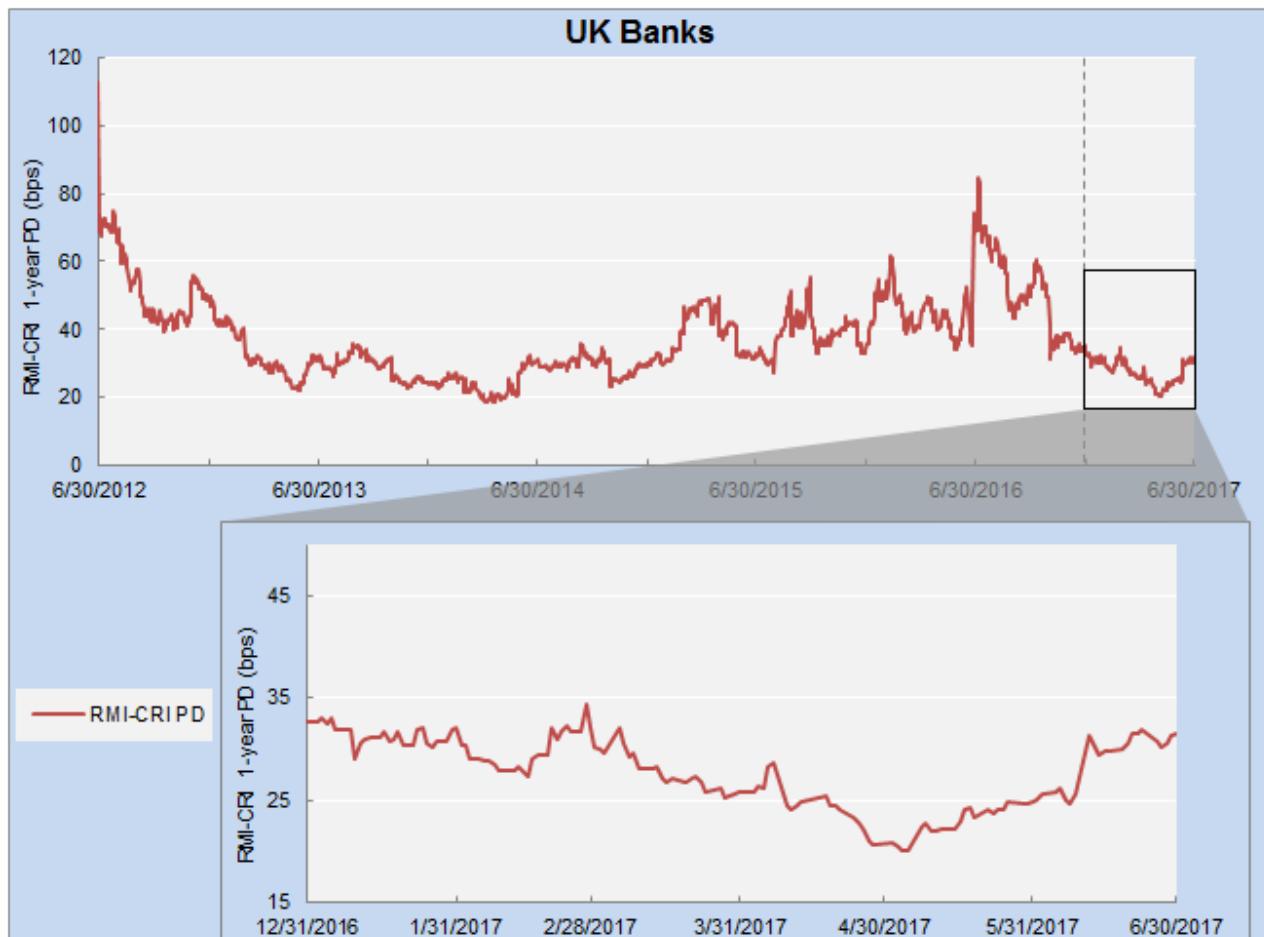
Profitability

- According to the Monetary financial institutions' quarterly income and expenditure tables released by the Bank of England, the net interest receivable increased from GBP 16.51bn in Q4 2016 to GBP 16.53bn in Q1 2017. Interest receivable was GBP 31.28bn, while interest payable was GBP 14.75bn. While interest payable on deposits dropped by over 7%, interest receivable from loans and advances dropped by just slightly over 3%. [158]

- Banks reported a drop in net fees and commissions, down to GBP 4.84bn across Q1 2017 from GBP 5.23bn in Q4 2016. Dividends paid by banks almost increase fivefold, from GBP 1.19bn in Q4 2016 to GBP 5.01bn in Q1 2017.

- In terms of net income, Barclays reported a net loss of GBP 1.24bn in Q2 2017, down from GBP 329mn profit in Q1 2017. Lloyds also reported a decrease in net profit at GBP 727mn in Q2 2017 from GBP 871mn in Q1 2017. On the bright side, HSBC made further progress with a USD 4.05bn net profit in Q2 2017 from a net profit of USD 3.47bn in the first quarter of 2017. The Royal Bank of Scotland (RBS) also similarly reported a higher net income at GBP 680mn in the second quarter of 2017 compared to GBP 375mn in Q1 2017, marking yet another good quarterly performance after suffering a net loss of GBP 4.28bn in Q4 2016.

Funding & Liquidity

- According to the Bank Liabilities Survey produced by the Bank of England, UK banks and building societies reported that total funding volumes increased in the three months to mid-June 2017. More specifically, within the total, both retail deposit funding (which includes deposits from households and from private non-financial firms) and 'other' funding, which includes wholesale deposits and wholesale debt funding, had both increased. Lenders expected total funding volumes to increase significantly in Q3 2017.[159]

- Investor demand for wholesale debt increased slightly in Q2 2017, although demand from retail investors decreased by -1.3%. Lenders largely expect demand for wholesale debt to increase further in Q3 2017.

- Wholesale debt funding from commercial paper increased by 7.3% in Q2 2017 and is expected to rise by 5.1% in the next quarter, while funding from short-term repo/securities lending remained unchanged this quarter.

Asset Quality

- The total write-offs of sterling denominated loans dropped from GBP 1.19bn in Q4 2016 to GBP 1.02bn in Q1 2017, attributed in part to credit-card write-offs to individuals, which decreased from GBP 394mn to GBP 357mn. Write-offs to private non-financial corporations, however, increased from GBP 431mn to GBP 453mn from Q4 2016 to Q1 2017. Write-offs to non-residents decreased significantly to GBP 8mn from GBP 51mn in the previous quarter.[160]

- Write-offs on loans denominated in foreign currency decreased from GBP 325mn in Q4 2016 to GBP 161mn in Q1 2017, driven by a 55% drop in the write-offs on loans to non-residents, which constitute the largest share of the total write-offs.

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Appendices

The appendices provide readers with a comprehensive overview of various outputs that are produced by RMI-CRI's operational PD system. While the PD system provides default forecasts at horizons ranging from one month to five years, here only RMI-CRI 1-year PDs are reported. In addition to the PD produced by the RMI-CRI system, important macroeconomic, corporate credit and sovereign risk indicators are provided. These summarize the credit situation at a glance, as well as provide detailed data for reference purposes.

Appendix A and Appendix B give RMI-CRI 1-year aggregate PD where the aggregations are by region, economy and sector. In these sections, the RMI-CRI 1-year aggregate PD is based on the median PD of active listed firms. These are given as month-end data, and are based on RMI's default forecast model calibrated on July 10, 2017, using data up to June 30, 2017. For a detailed description of RMI-CRI's default forecast model, the Technical Report is available on our website.

Appendix A provides 1-year aggregate PD by economy and sector. For each economy, the graph on the left shows the time series of 1-year aggregate PD for all exchange listed firms within the economy (thick blue, left axis), and the time series of the number of firms with PD (thin orange, right axis). The table on the right provides the median and standard deviation of PDs for firms within ten industry sectors at the end of Q1 2017 and Q2 2017. Note that the statistics are for firms that have a PD at both dates so that consistent comparisons can be made. The median and standard deviation of the difference of individual PD is also given. The industry sectors are based on the Level I Bloomberg Industry Classification.

Appendix B gives 1-year aggregate PD by the seven regions of Asia-Pacific developed, Asia-Pacific emerging, North America, Latin America, Eastern Europe, Western Europe and Africa & the Middle East. The top two graphs of each regions show the time series of the distribution of Probability of Default implied Ratings (PDiR). The PDiR methodology is described in the last section of Appendix D. The different colored areas in the graph indicate different PDiR classes. From the bottom, the blue area indicates the percentage of CCC/C firms, the bottom-most white area indicates B firms, the orange area indicates BB firms, the middle white area indicates BBB firms, the green area indicates A firms, the top-most white area indicates AA firms, and the maroon area indicates AAA firms.

The bottom 12 graphs in each region show the time series of RMI-CRI 1-year aggregate PD for all exchange listed firms in the region, all non-financial firms in the region, and firms in each of the ten industry sectors in the region. Each graph shows the PD in thick blue on the left axis and the count of firms with PD in thin orange on the right axis.

Appendix C provides common macroeconomic, corporate credit and sovereign risk indicators for each economy along with the RMI-CRI 1-year aggregate PD for financial and non-financial firms. The graphs on the left give historical context to the values, and the table on the right gives the data from the previous five quarters. For variables that are more frequent than quarterly, the last value in the quarter is used. But if a variable is available at a monthly frequency and the end of March data was not available at the time this report was compiled, the previous month's data is given with an asterisk.

Appendix D gives a more detailed description of the data in Appendix C, along with a description of the PDiR.

A   PD by economies

Argentina, All firms
1Y PD (LHS, bps) and # of firms (RHS)

Argentina		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	11	20.4	27.0	26.3	42.6	4.9	17.8
Basic Materials	6	24.3	41.7	38.7	51.0	4.6	12.4
Communications	3	2.2	1.2	1.4	0.8	-0.5	0.5
Consumer Cyclical	6	11.2	44.1	14.1	40.8	1.6	7.1
Consumer Non-cyclical	16	4.4	19.5	5.9	26.8	1.8	8.1
Diversified	2	22.8	6.5	20.7	23.1	-2.0	16.6
Energy	4	6.4	28.2	20.3	18.0	-0.4	21.9
Industrial	7	4.1	4.6	5.7	4.1	0.9	4.4
Technology	1	0.5	–	0.2	–	-0.3	–
Utilities	10	3.3	6.9	3.3	7.9	-0.2	1.6

Australia, All firms
1Y PD (LHS, bps) and # of firms (RHS)
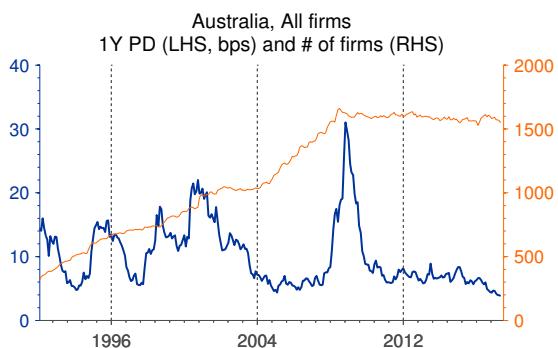
Australia		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	151	1.0	12.7	1.2	32.7	0.0	25.7
Basic Materials	533	5.5	28.2	5.8	38.4	0.3	20.6
Communications	101	4.8	16.8	4.8	40.3	0.1	35.2
Consumer Cyclical	79	2.0	41.3	1.9	36.2	0.0	9.0
Consumer Non-cyclical	232	1.9	31.9	2.6	62.2	0.0	44.3
Diversified	7	1.9	5.0	1.9	6.7	0.0	1.9
Energy	169	9.4	41.8	9.6	64.4	0.5	37.8
Industrial	107	4.1	32.7	4.7	31.0	-0.0	16.1
Technology	107	5.3	26.5	6.4	34.5	0.3	28.4
Utilities	13	5.0	78.7	3.4	15.8	-0.0	69.5

Austria, All firms
1Y PD (LHS, bps) and # of firms (RHS)
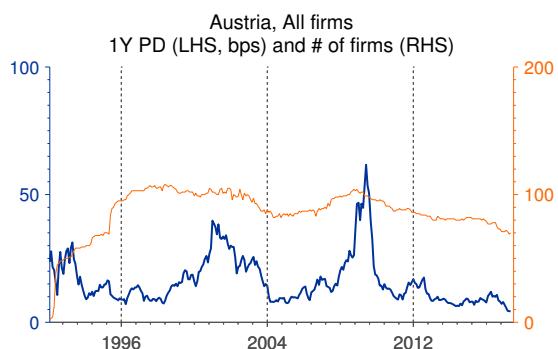
Austria		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	21	2.8	13.5	6.0	18.9	0.0	12.6
Basic Materials	3	1.4	3.0	2.2	1.5	-0.4	1.9
Communications	1	1.1	–	0.9	–	-0.1	–
Consumer Cyclical	10	5.6	26.6	5.1	21.1	-0.5	6.3
Consumer Non-cyclical	6	11.2	8.8	7.8	8.6	-1.0	7.1
Energy	4	5.2	1.7	5.2	2.9	-0.0	1.8
Industrial	17	6.0	8.2	2.7	12.5	-1.0	9.5
Technology	4	3.7	1.4	7.0	5.3	3.5	4.7
Utilities	2	1.6	1.7	1.2	1.5	-0.3	0.2

Bahrain, All firms
1Y PD (LHS, bps) and # of firms (RHS)
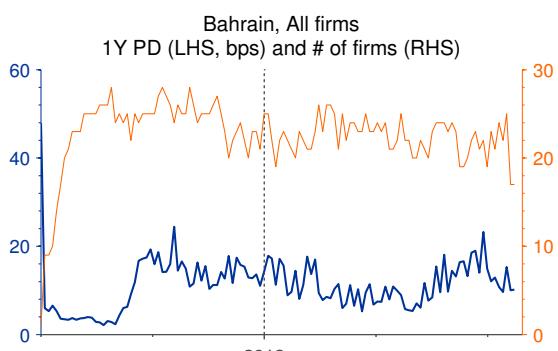
Bahrain		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	10	29.0	58.0	36.9	54.0	1.1	13.4
Basic Materials	1	5.8	–	5.6	–	-0.2	–
Communications	1	1.1	–	1.5	–	0.4	–
Consumer Cyclical	2	0.5	0.7	0.4	0.5	-0.1	0.1
Industrial	1	14.6	–	13.8	–	-0.8	–

Bangladesh, All firms
1Y PD (LHS, bps) and # of firms (RHS)
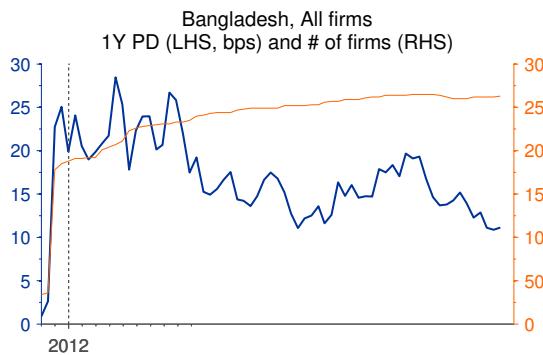
Bangladesh		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	97	18.6	30.8	19.5	32.3	0.1	15.7
Basic Materials	15	4.5	18.1	4.4	19.6	-0.3	5.6
Communications	7	1.7	11.6	1.3	6.7	-0.3	4.8
Consumer Cyclical	59	11.1	50.0	9.7	36.4	-1.4	17.0
Consumer Non-cyclical	40	8.8	34.5	6.1	19.8	-1.7	16.3
Diversified	1	61.5	–	20.1	–	-41.5	–
Energy	5	9.2	5.1	8.2	6.3	-1.0	4.4
Industrial	30	11.5	15.9	7.8	13.7	-0.7	11.1
Technology	1	3.1	–	1.8	–	-1.3	–
Utilities	7	5.0	28.3	3.2	27.0	-0.0	1.9

Belgium, All firms
1Y PD (LHS, bps) and # of firms (RHS)
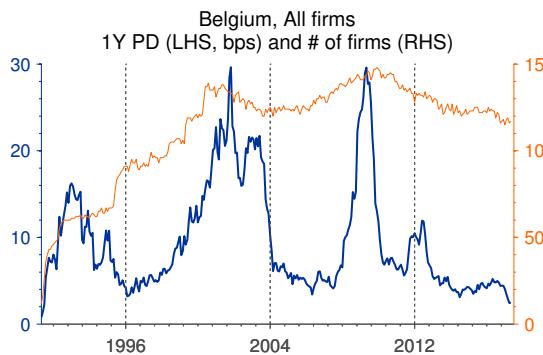
Belgium		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	33	1.9	55.1	1.9	39.9	-0.0	17.8
Basic Materials	8	3.1	13.2	2.9	14.8	-0.4	3.8
Communications	6	2.6	10.5	2.1	31.6	0.2	21.7
Consumer Cyclical	6	2.8	3.3	3.5	3.2	0.1	1.4
Consumer Non-cyclical	26	3.8	10.2	2.8	9.2	-0.2	7.3
Diversified	4	0.2	1.1	0.3	0.8	0.0	0.3
Energy	2	31.8	19.3	19.9	20.3	-11.9	1.0
Industrial	24	3.5	10.3	3.9	17.0	0.2	9.6
Technology	4	1.4	1.8	1.4	1.4	-0.1	1.4
Utilities	2	0.9	0.6	0.8	0.4	-0.1	0.2

Bosnia and Herzegovina, All firms
1Y PD (LHS, bps) and # of firms (RHS)
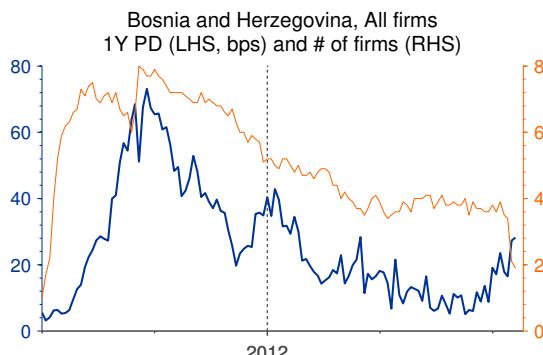
Bosnia and Herzegovina		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	2	72.0	40.5	50.5	28.0	-21.5	12.5
Basic Materials	4	23.8	2.1	20.4	9.6	-3.4	11.3
Communications	2	5.0	4.2	3.2	3.7	-1.8	0.5
Consumer Cyclical	1	69.2	–	75.5	–	6.2	–
Consumer Non-cyclical	2	7.9	1.3	5.6	4.3	-2.3	5.5
Energy	1	9.3	–	10.4	–	1.1	–
Industrial	2	86.4	64.4	81.6	60.1	-4.8	4.3
Utilities	4	58.6	53.8	59.5	26.9	3.5	40.2

Brazil, All firms
1Y PD (LHS, bps) and # of firms (RHS)

Brazil		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	53	38.5	178.8	30.6	186.3	0.7	133.5
Basic Materials	20	63.8	113.3	65.0	79.6	-1.5	68.1
Communications	7	7.6	220.3	6.6	184.0	-0.3	44.1
Consumer Cyclical	47	34.5	318.0	41.8	299.0	-0.0	83.7
Consumer Non-cyclical	40	19.4	178.8	16.7	288.7	-1.0	153.0
Diversified	7	30.6	78.0	45.4	138.3	3.2	65.7
Energy	11	26.5	725.3	18.6	356.4	0.1	453.5
Industrial	25	84.9	429.1	76.7	496.7	0.4	124.9
Technology	5	3.5	67.0	4.9	73.0	1.4	8.7
Utilities	27	21.6	63.5	23.5	72.4	1.0	24.5

Bulgaria, All firms
1Y PD (LHS, bps) and # of firms (RHS)
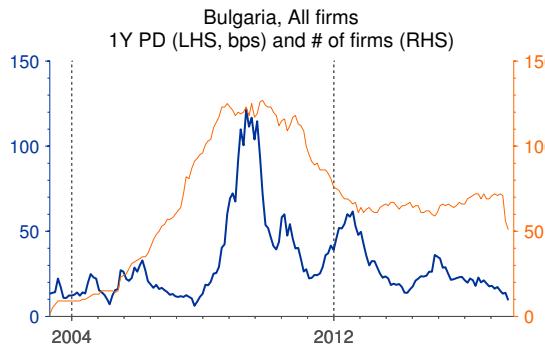
Bulgaria		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	10	13.4	19.4	9.0	6.0	-2.9	15.0
Basic Materials	3	10.5	5.6	10.4	2.1	-0.6	4.3
Communications	1	37.3	–	31.2	–	-6.1	–
Consumer Cyclical	1	6.8	–	5.4	–	-1.4	–
Consumer Non-cyclical	8	15.4	19.7	9.8	11.8	-2.1	11.4
Diversified	9	15.9	12.8	13.7	9.7	-2.2	6.0
Energy	2	18.2	0.6	53.7	57.2	35.5	57.8
Industrial	12	3.3	16.9	3.5	8.3	-0.0	12.1
Utilities	1	6.2	–	5.1	–	-1.0	–

Canada, All firms
1Y PD (LHS, bps) and # of firms (RHS)

Canada		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	141	2.4	194.4	2.3	213.5	0.0	81.7
Basic Materials	246	18.2	161.7	17.3	199.6	0.0	172.8
Communications	46	9.6	520.9	9.8	344.6	-0.0	448.6
Consumer Cyclical	62	4.3	149.4	2.0	391.9	-0.2	257.2
Consumer Non-cyclical	109	10.7	422.8	7.5	187.9	-0.0	287.2
Diversified	4	52.5	86.7	88.3	116.5	22.0	36.4
Energy	133	16.9	710.2	21.8	693.5	0.0	94.4
Industrial	71	6.6	96.3	6.0	139.7	0.0	92.8
Technology	38	39.0	323.4	15.0	258.1	-1.1	210.3
Utilities	15	5.9	26.2	1.3	51.0	0.0	42.4

Chile, All firms
1Y PD (LHS, bps) and # of firms (RHS)

Chile		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	26	4.8	51.4	3.9	37.0	-0.7	17.1
Basic Materials	14	2.4	36.2	2.9	28.2	-0.1	12.1
Communications	3	10.4	26.6	12.5	2.3	2.1	28.9
Consumer Cyclical	11	6.0	17.0	3.8	29.9	-0.4	15.1
Consumer Non-cyclical	24	1.3	49.5	1.4	24.8	-0.1	25.2
Diversified	5	9.0	6.2	3.1	6.2	-0.2	3.9
Energy	2	33.7	16.9	19.6	15.5	-14.1	1.5
Industrial	23	2.0	7.4	2.2	7.2	0.2	3.1
Technology	1	1.4	–	0.9	–	-0.5	–
Utilities	12	2.9	42.5	1.4	31.1	-0.2	20.4

China, All firms
1Y PD (LHS, bps) and # of firms (RHS)
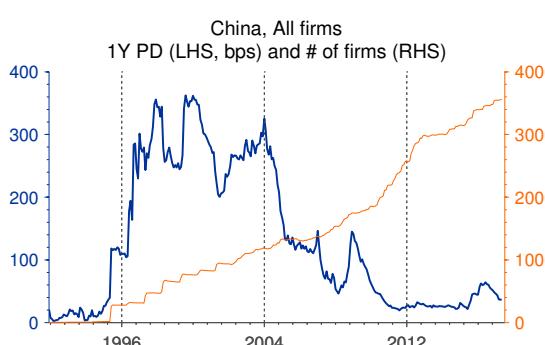
China		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	277	36.9	73.7	31.7	91.2	-2.1	57.4
Basic Materials	390	55.9	84.2	49.9	80.0	-3.1	43.1
Communications	200	22.6	94.0	23.7	102.1	-0.5	40.3
Consumer Cyclical	614	35.4	124.2	32.4	83.8	-1.4	81.7
Consumer Non-cyclical	570	20.5	52.3	16.3	93.3	-1.0	62.7
Diversified	33	76.2	64.2	57.8	91.4	-0.5	42.7
Energy	113	49.2	78.6	49.0	60.9	-1.8	39.6
Industrial	1022	44.5	94.0	43.6	97.1	-1.8	66.0
Technology	221	24.8	56.3	23.7	49.2	-0.2	27.8
Utilities	87	50.1	64.3	40.1	64.8	-5.4	26.4

Colombia, All firms
1Y PD (LHS, bps) and # of firms (RHS)
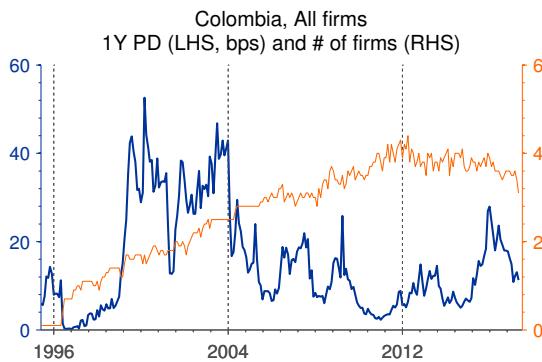
Colombia		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	9	33.3	32.2	23.7	23.3	-4.2	14.7
Basic Materials	2	15.1	16.6	5.4	4.2	-9.7	12.4
Communications	1	1.3	–	0.8	–	-0.5	–
Consumer Cyclical	2	82.1	66.5	81.1	68.6	-1.0	2.1
Consumer Non-cyclical	1	0.2	–	0.1	–	-0.2	–
Diversified	2	61.0	47.7	51.2	38.4	-9.8	9.2
Energy	3	18.6	8.2	12.8	2.3	-4.1	9.7
Industrial	8	9.0	10.0	7.4	10.7	-0.4	4.2
Utilities	3	11.7	6.3	9.6	5.5	-2.1	0.9

Croatia, All firms
1Y PD (LHS, bps) and # of firms (RHS)
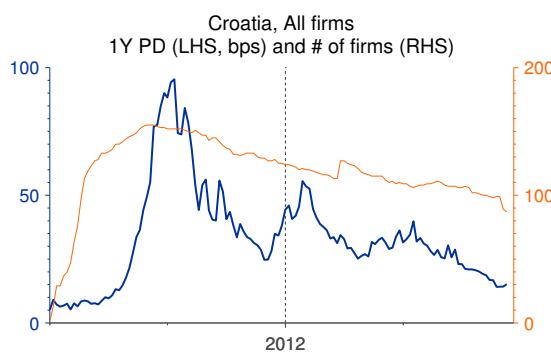
Croatia		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	10	20.0	57.3	26.2	65.7	3.1	23.6
Basic Materials	2	67.5	32.4	73.6	38.5	6.1	6.1
Communications	4	7.1	25.5	11.3	96.3	4.5	71.1
Consumer Cyclical	28	10.3	40.7	7.4	51.2	-0.1	12.9
Consumer Non-cyclical	23	20.5	38.8	46.9	92.3	9.3	66.7
Diversified	1	42.0	–	42.0	–	0.0	–
Energy	2	2.0	2.3	1.4	1.6	-0.6	0.7
Industrial	15	24.3	56.8	22.1	54.7	4.1	17.2

Cyprus, All firms
1Y PD (LHS, bps) and # of firms (RHS)
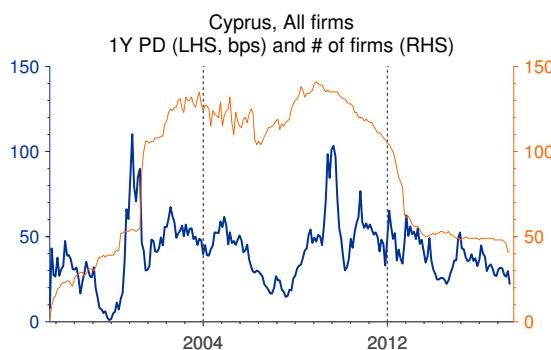
Cyprus		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	13	38.9	55.2	30.3	93.8	0.0	97.2
Basic Materials	3	26.3	5.3	28.4	5.3	4.7	8.9
Consumer Cyclical	5	48.5	41.4	26.4	18.6	1.1	39.6
Consumer Non-cyclical	6	30.8	148.1	23.9	26.8	-1.8	163.2
Energy	3	29.7	84.4	116.4	586.2	100.7	502.9
Industrial	5	9.3	79.5	7.0	100.4	-0.6	21.6
Technology	2	43.3	54.5	54.9	72.3	11.6	17.8

Czech Republic, All firms
1Y PD (LHS, bps) and # of firms (RHS)
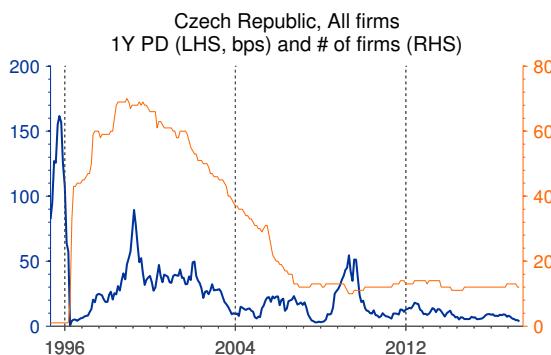
Czech Republic		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	2	10.9	5.7	7.1	0.7	-3.8	4.9
Communications	1	3.7	–	1.7	–	-2.0	–
Consumer Cyclical	2	3.6	2.6	0.9	0.2	-2.8	2.9
Consumer Non-cyclical	2	2.5	0.2	1.4	0.8	-1.1	1.0
Diversified	1	6.3	–	6.7	–	0.4	–
Energy	2	6.3	5.3	3.8	4.3	-2.5	1.0
Industrial	1	3.8	–	2.3	–	-1.5	–
Utilities	1	12.6	–	8.2	–	-4.5	–

Denmark, All firms
1Y PD (LHS, bps) and # of firms (RHS)
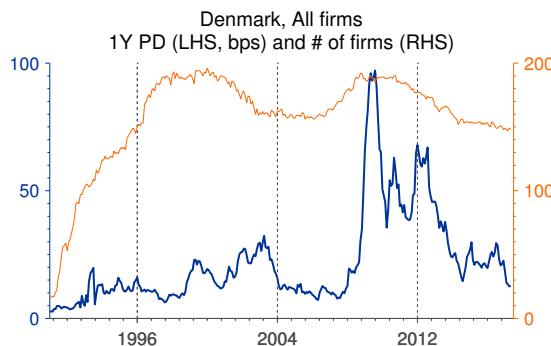
Denmark		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	41	22.1	35.4	21.6	32.6	0.0	36.1
Basic Materials	1	1.7	–	1.8	–	0.1	–
Communications	7	11.7	29.5	9.8	29.5	-0.2	3.1
Consumer Cyclical	16	13.2	29.5	17.7	43.4	2.9	33.5
Consumer Non-cyclical	32	6.6	19.1	5.2	16.1	-0.4	7.7
Diversified	2	0.8	1.2	26.4	35.4	25.5	36.6
Energy	2	16.5	15.6	13.3	11.0	-3.2	4.6
Industrial	31	11.5	64.5	12.7	77.1	0.2	22.9
Technology	10	19.0	64.7	13.4	31.5	-3.9	53.7
Utilities	2	24.4	27.6	31.2	40.4	6.8	12.8

Egypt, All firms
1Y PD (LHS, bps) and # of firms (RHS)
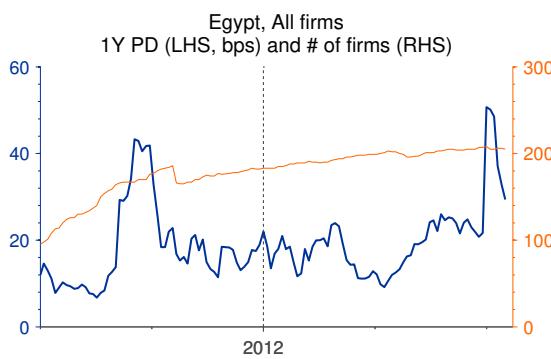
Egypt		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	68	45.0	61.2	33.3	46.1	-9.0	28.1
Basic Materials	21	14.3	51.2	17.1	36.6	-0.8	20.7
Communications	7	61.3	50.0	49.5	37.6	-0.1	38.8
Consumer Cyclical	23	39.4	38.5	31.9	30.5	-9.9	17.5
Consumer Non-cyclical	45	17.9	39.8	18.1	23.2	-3.8	20.1
Diversified	1	1.6	–	1.8	–	0.2	–
Energy	1	99.4	–	104.0	–	4.6	–
Industrial	37	34.6	44.6	19.7	29.9	-5.3	24.1
Technology	1	26.0	–	19.6	–	-6.5	–
Utilities	1	95.5	–	26.0	–	-69.5	–

Estonia, All firms
1Y PD (LHS, bps) and # of firms (RHS)
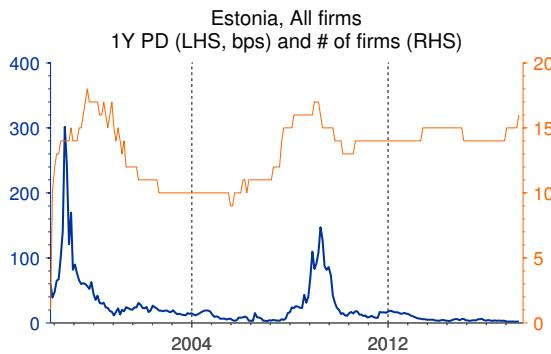
Estonia		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	3	24.4	16.0	18.5	18.2	0.1	5.8
Communications	1	2.2	–	2.0	–	-0.2	–
Consumer Cyclical	5	2.1	14.8	1.3	16.5	0.7	2.5
Consumer Non-cyclical	1	4.5	–	2.6	–	-1.9	–
Industrial	4	1.4	3.4	1.9	4.0	0.5	0.8
Utilities	1	0.2	–	0.4	–	0.2	–

Finland, All firms
1Y PD (LHS, bps) and # of firms (RHS)

Finland		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	20	5.0	6.0	5.5	6.4	-0.2	4.5
Basic Materials	7	3.7	1.8	3.0	4.6	-0.3	3.4
Communications	14	2.7	11.4	3.1	25.1	-0.1	15.7
Consumer Cyclical	13	3.4	4.9	4.1	4.5	-0.5	3.5
Consumer Non-cyclical	24	4.1	84.5	2.4	55.6	-0.4	29.0
Energy	2	32.2	42.1	15.4	18.2	-16.7	23.9
Industrial	36	4.7	24.5	3.7	17.2	-0.4	12.9
Technology	15	3.5	17.9	3.5	6.2	-0.5	15.5
Utilities	1	2.1	–	1.7	–	-0.4	–

France, All firms
1Y PD (LHS, bps) and # of firms (RHS)
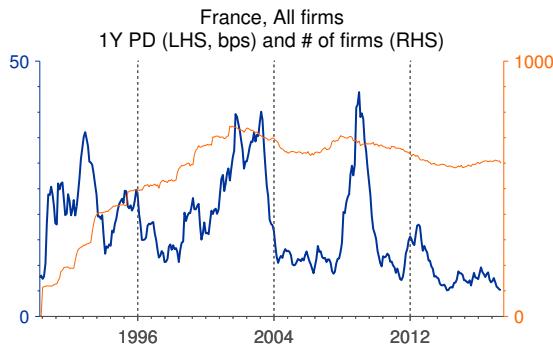
France		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	86	4.8	28.0	3.2	20.5	-0.7	13.7
Basic Materials	19	10.5	59.9	6.8	51.0	-0.9	13.9
Communications	60	7.9	21.4	6.2	19.1	-0.5	9.8
Consumer Cyclical	87	5.2	26.2	5.8	46.3	-0.2	40.9
Consumer Non-cyclical	131	4.0	11.5	4.3	10.6	-0.3	8.4
Diversified	9	18.6	42.9	4.9	38.0	-1.8	11.9
Energy	14	7.9	63.4	7.0	79.8	0.1	17.1
Industrial	110	4.4	30.0	3.4	20.9	-0.3	14.7
Technology	67	5.0	19.7	3.5	17.7	-0.4	5.5
Utilities	10	6.5	8.2	4.9	7.9	-0.9	2.8

Germany, All firms
1Y PD (LHS, bps) and # of firms (RHS)

Germany		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	148	7.6	30.0	6.6	27.9	-0.8	15.2
Basic Materials	27	5.9	47.4	5.3	59.1	-0.2	16.5
Communications	60	8.4	29.4	5.8	25.6	-0.6	19.5
Consumer Cyclical	76	4.8	318.9	4.1	75.0	-0.4	246.1
Consumer Non-cyclical	95	5.4	31.5	4.3	53.8	-0.5	39.9
Diversified	4	39.8	34.2	24.5	24.6	-15.3	12.3
Energy	18	11.6	670.6	8.5	276.8	-1.1	396.0
Industrial	121	5.4	55.2	4.4	66.9	-0.8	40.6
Technology	68	4.7	20.4	3.1	30.0	-0.4	17.5
Utilities	10	5.7	53.4	7.2	15.2	-0.2	38.9

Greece, All firms
1Y PD (LHS, bps) and # of firms (RHS)

Greece		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	18	32.9	81.0	21.3	54.2	-8.5	46.5
Basic Materials	10	17.3	54.0	10.8	45.2	-1.4	10.8
Communications	10	77.9	278.2	37.8	133.6	-22.3	254.6
Consumer Cyclical	35	36.8	85.2	22.3	53.5	-4.8	66.6
Consumer Non-cyclical	34	33.3	41.5	19.1	32.0	-10.9	27.3
Diversified	1	21.4	–	16.4	–	-4.9	–
Energy	5	16.5	32.4	3.8	16.2	-12.8	17.1
Industrial	50	50.4	423.5	57.3	1346.3	-2.5	1195.7
Technology	10	23.3	23.3	13.5	16.5	-5.8	14.4
Utilities	4	5.5	10.4	3.1	23.1	-1.9	12.8

Hong Kong, All firms
1Y PD (LHS, bps) and # of firms (RHS)
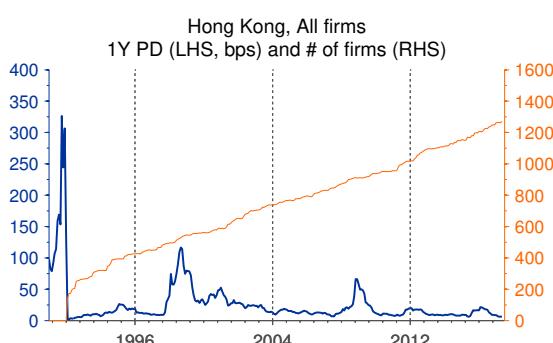
Hong Kong		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	286	6.1	37.1	7.0	49.4	0.0	39.9
Basic Materials	60	8.6	57.9	12.3	82.1	1.6	40.0
Communications	80	7.5	30.1	4.9	21.0	-0.1	18.1
Consumer Cyclical	281	4.3	32.6	4.2	48.0	-0.1	42.7
Consumer Non-cyclical	165	5.1	46.1	5.0	58.8	0.0	33.1
Diversified	39	4.1	31.4	2.9	108.6	-0.2	94.2
Energy	43	23.7	82.1	14.4	74.0	-0.3	54.0
Industrial	230	8.1	60.1	9.2	53.7	0.1	29.3
Technology	54	8.9	35.8	7.4	54.9	0.0	37.4
Utilities	20	8.3	8.1	4.4	6.3	-0.8	3.0

Hungary, All firms
1Y PD (LHS, bps) and # of firms (RHS)
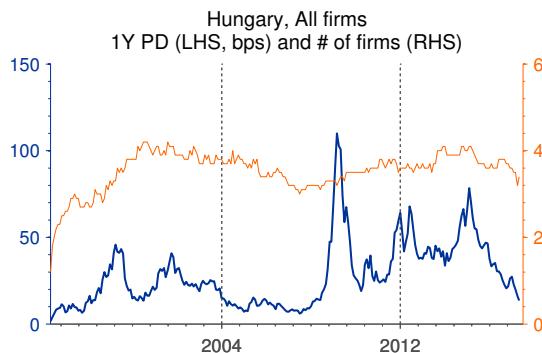
Hungary	#	2017Q1		2017Q2		Q2-Q1	
		Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	8	14.7	32.5	7.1	23.3	-4.7	19.1
Communications	3	76.5	142.7	45.3	208.1	-3.2	70.0
Consumer Cyclical	2	27.8	31.9	14.0	16.6	-13.8	15.2
Consumer Non-cyclical	7	29.3	18.9	10.2	36.5	-6.4	31.5
Diversified	2	29.0	20.7	13.8	11.5	-15.2	9.2
Energy	3	9.5	16.5	10.3	7.5	-2.4	9.9
Industrial	1	24.0	–	10.7	–	-13.3	–
Technology	2	22.5	18.4	13.7	10.8	-8.8	7.6
Utilities	3	1.3	4.1	0.9	5.3	-0.4	1.1

Iceland, All firms
1Y PD (LHS, bps) and # of firms (RHS)
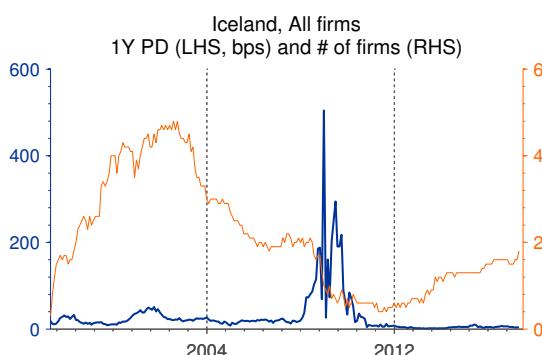
Iceland	#	2017Q1		2017Q2		Q2-Q1	
		Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	5	3.3	3.5	4.6	0.4	1.3	3.6
Communications	2	3.1	0.7	2.1	0.6	-1.0	0.1
Consumer Cyclical	2	26.6	35.6	18.4	23.0	-8.3	12.7
Consumer Non-cyclical	3	6.8	2.8	3.4	1.8	-3.4	1.2
Energy	1	10.6	–	11.1	–	0.5	–
Industrial	2	5.9	7.0	1.6	0.8	-4.3	6.2
Technology	1	3.3	–	3.6	–	0.3	–

India, All firms
1Y PD (LHS, bps) and # of firms (RHS)
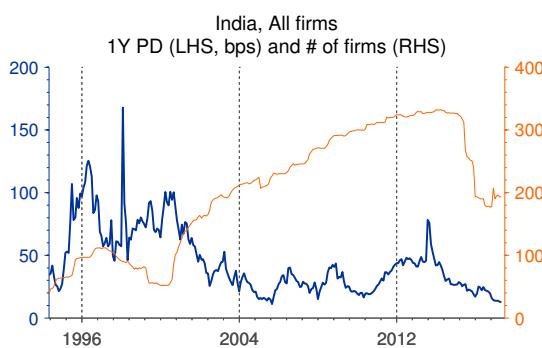
India	#	2017Q1		2017Q2		Q2-Q1	
		Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	227	26.8	134.2	25.5	168.3	0.5	49.5
Basic Materials	239	14.5	56.9	15.3	95.5	0.6	53.7
Communications	78	13.7	53.7	14.1	67.2	-0.0	35.1
Consumer Cyclical	377	13.0	77.2	14.0	150.5	0.1	106.3
Consumer Non-cyclical	316	7.8	58.8	9.7	69.8	0.4	26.2
Diversified	21	13.4	114.9	15.2	103.0	0.0	112.1
Energy	38	20.8	85.3	29.9	94.4	0.7	32.0
Industrial	425	14.1	84.7	14.4	208.1	0.3	142.9
Technology	100	6.9	82.0	8.6	110.6	0.3	33.0
Utilities	33	26.5	171.6	56.4	248.9	16.7	141.1

Indonesia, All firms
1Y PD (LHS, bps) and # of firms (RHS)
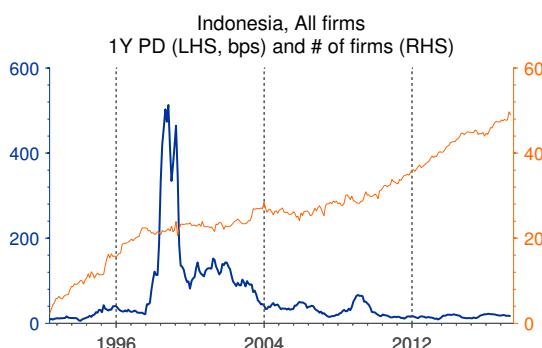
Indonesia	#	2017Q1		2017Q2		Q2-Q1	
		Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	131	29.7	39.7	25.7	46.7	-0.6	28.9
Basic Materials	47	16.1	51.4	21.6	56.7	1.8	16.7
Communications	29	21.1	75.0	19.5	60.4	-0.4	42.9
Consumer Cyclical	70	13.2	31.3	15.2	33.3	0.0	15.2
Consumer Non-cyclical	78	14.9	54.7	9.8	94.6	0.0	63.8
Diversified	2	48.2	34.0	35.5	46.5	-12.6	12.5
Energy	34	8.1	78.7	8.9	85.2	0.3	36.7
Industrial	79	15.3	49.5	20.3	66.0	0.9	44.1
Technology	7	2.8	27.5	3.1	53.8	0.3	26.7
Utilities	3	6.6	19.9	14.7	18.3	4.8	7.1

Ireland, All firms
1Y PD (LHS, bps) and # of firms (RHS)
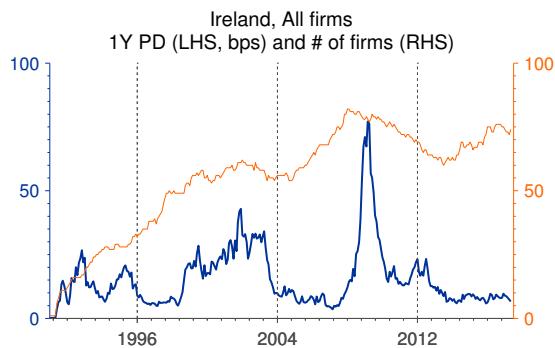
Ireland		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	9	7.0	18.3	5.8	18.0	-0.3	1.0
Basic Materials	11	30.5	49.5	17.4	26.5	-21.3	33.0
Communications	4	38.2	72.1	26.3	333.7	-0.8	268.4
Consumer Cyclical	7	6.4	5.2	4.4	32.4	-1.5	35.3
Consumer Non-cyclical	26	4.8	269.6	4.3	84.6	-0.4	206.7
Energy	8	52.7	33.5	39.8	52.4	4.4	33.3
Industrial	6	3.0	9.5	2.9	9.4	-0.1	0.3
Technology	1	0.0	–	0.0	–	0.0	–

Israel, All firms
1Y PD (LHS, bps) and # of firms (RHS)
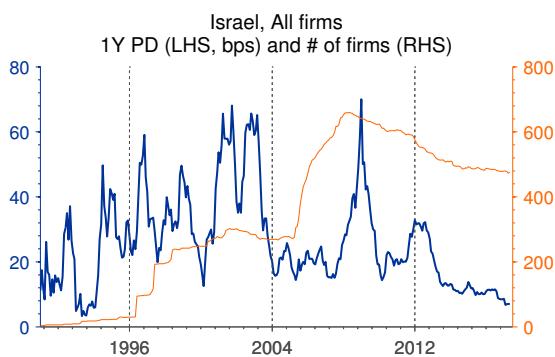
Israel		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	119	9.7	74.6	9.5	57.9	0.5	63.0
Basic Materials	14	7.0	35.4	6.7	26.0	0.4	13.7
Communications	34	8.8	98.7	8.4	110.0	-0.5	13.9
Consumer Cyclical	50	6.1	27.9	8.1	18.4	0.4	18.8
Consumer Non-cyclical	98	7.6	43.0	7.4	58.5	0.1	39.5
Diversified	9	7.1	9.3	8.3	5.8	-0.6	4.3
Energy	30	5.7	27.5	5.3	27.2	-0.2	14.1
Industrial	80	5.8	38.3	5.9	37.0	0.1	20.6
Technology	35	3.0	36.3	4.4	42.7	0.0	29.9

Italy, All firms
1Y PD (LHS, bps) and # of firms (RHS)

Italy		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	59	15.7	61.9	15.7	56.8	-2.6	19.4
Basic Materials	4	7.0	5.0	3.8	4.3	-2.7	1.5
Communications	36	12.6	15.2	10.9	14.5	-0.2	12.8
Consumer Cyclical	48	5.8	11.6	6.0	7.6	-0.8	8.6
Consumer Non-cyclical	38	5.6	22.0	4.3	12.7	-1.0	15.1
Diversified	3	4.9	3.4	9.3	5.5	2.7	2.3
Energy	18	8.8	22.4	8.5	18.5	0.2	8.6
Industrial	50	4.9	23.8	5.6	23.9	0.0	4.6
Technology	16	9.2	7.2	8.8	6.7	-0.3	6.1
Utilities	12	5.2	22.5	4.0	36.5	-0.2	14.1

Jamaica, All firms
1Y PD (LHS, bps) and # of firms (RHS)
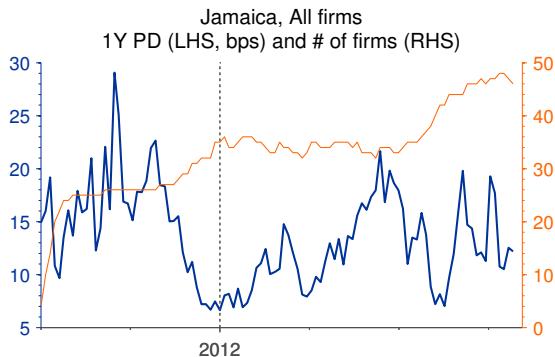
Jamaica		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	14	11.0	24.8	17.3	41.6	-0.0	28.3
Basic Materials	2	35.1	45.7	36.8	49.3	1.7	3.6
Communications	3	120.3	86.1	114.3	68.6	-5.4	20.2
Consumer Cyclical	6	5.1	7.3	4.7	19.4	0.1	14.1
Consumer Non-cyclical	13	12.5	20.6	17.5	24.0	0.4	15.6
Diversified	3	35.3	19.5	42.6	25.3	4.4	7.8
Industrial	4	7.9	29.3	10.5	64.4	3.2	35.5
Technology	1	0.3	–	0.2	–	-0.1	–

Japan, All firms
1Y PD (LHS, bps) and # of firms (RHS)
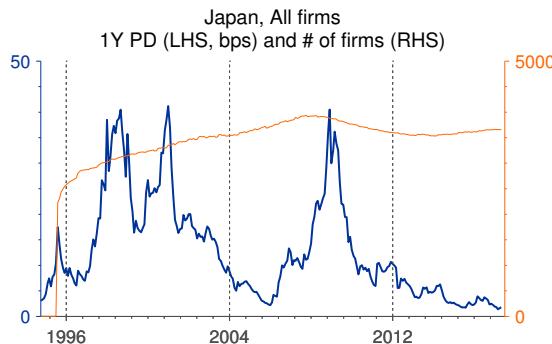
Japan	#	2017Q1		2017Q2		Q2-Q1	
		Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	346	7.7	24.2	6.4	26.6	-0.2	12.3
Basic Materials	235	1.8	4.7	1.8	5.2	-0.1	2.6
Communications	273	1.1	7.2	1.0	7.4	-0.0	3.0
Consumer Cyclical	856	1.7	25.2	1.4	65.0	-0.1	53.3
Consumer Non-cyclical	624	0.7	5.0	0.5	4.7	-0.1	2.7
Diversified	2	16.2	11.9	20.1	13.7	3.9	1.8
Energy	17	3.9	10.6	4.1	12.5	0.3	4.9
Industrial	961	1.9	9.1	1.8	9.7	-0.0	4.4
Technology	303	1.1	19.2	1.0	19.4	-0.1	3.8
Utilities	21	5.0	17.3	4.0	16.6	-1.0	2.7

Jordan, All firms
1Y PD (LHS, bps) and # of firms (RHS)

Jordan	#	2017Q1		2017Q2		Q2-Q1	
		Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	91	7.0	30.3	6.8	19.9	0.1	15.7
Basic Materials	16	13.0	34.9	13.5	37.2	-0.0	9.0
Communications	2	40.5	27.7	41.6	19.3	1.1	8.4
Consumer Cyclical	14	12.4	62.8	8.2	52.7	0.0	17.7
Consumer Non-cyclical	27	6.9	33.4	9.1	61.6	0.6	31.2
Diversified	2	22.9	32.1	24.3	33.9	1.4	1.8
Energy	2	5.0	7.0	6.8	9.6	1.8	2.6
Industrial	21	18.8	106.9	14.9	65.0	0.6	44.9
Technology	1	15.1	–	144.7	–	129.6	–
Utilities	2	33.5	18.8	35.3	31.2	1.8	12.4

Kazakhstan, All firms
1Y PD (LHS, bps) and # of firms (RHS)
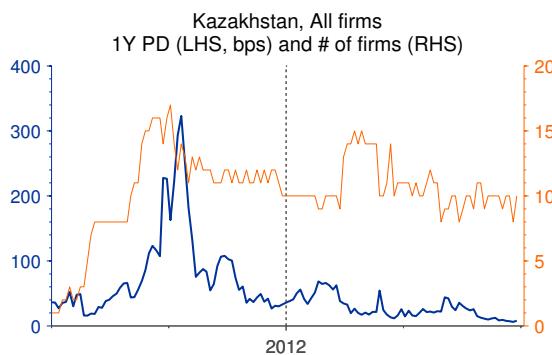
Kazakhstan	#	2017Q1		2017Q2		Q2-Q1	
		Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	3	108.9	86.6	156.5	635.9	47.7	561.0
Basic Materials	1	5.7	–	1.7	–	-4.0	–
Communications	1	1.9	–	1.9	–	0.1	–
Energy	2	1.5	1.9	1.2	1.5	-0.3	0.4
Utilities	1	6.6	–	1.3	–	-5.3	–

Kuwait, All firms
1Y PD (LHS, bps) and # of firms (RHS)
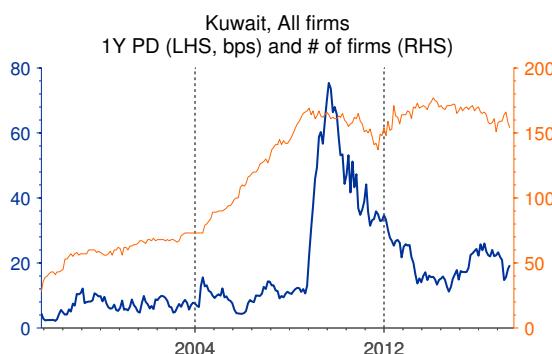
Kuwait	#	2017Q1		2017Q2		Q2-Q1	
		Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	87	20.4	69.7	21.2	66.2	1.0	25.1
Basic Materials	4	3.3	16.3	3.1	15.3	-0.2	1.3
Communications	6	3.9	71.0	8.2	19.6	1.7	55.5
Consumer Cyclical	12	18.1	28.4	18.6	45.0	0.3	23.3
Consumer Non-cyclical	10	2.6	15.8	4.5	30.8	1.3	15.8
Diversified	5	13.6	13.6	12.6	21.9	0.1	10.5
Energy	7	43.8	93.6	55.9	70.4	2.6	38.7
Industrial	21	18.6	19.8	24.7	21.9	4.2	7.7
Technology	1	0.3	–	0.7	–	0.4	–

Latvia, All firms
1Y PD (LHS, bps) and # of firms (RHS)

Latvia		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Communications	1	1.1	–	0.5	–	-0.6	–
Consumer Cyclical	2	64.7	58.0	62.7	19.1	-2.0	38.9
Consumer Non-cyclical	3	6.6	3.5	3.7	2.3	-1.9	1.3
Industrial	3	37.7	18.3	17.8	19.6	-2.1	14.0
Utilities	1	6.2	–	6.1	–	-0.1	–

Lithuania, All firms
1Y PD (LHS, bps) and # of firms (RHS)
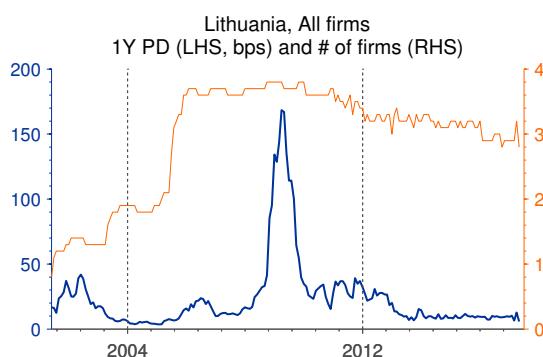
Lithuania		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	6	2.4	20.0	2.5	12.3	-0.2	8.4
Basic Materials	1	2.7	–	2.1	–	-0.6	–
Communications	1	13.1	–	0.2	–	-12.9	–
Consumer Cyclical	5	12.8	27.0	9.5	23.7	-0.1	11.9
Consumer Non-cyclical	8	24.2	25.3	6.2	45.7	-1.3	31.2
Energy	1	2.3	–	1.5	–	-0.9	–
Industrial	2	46.4	2.0	43.6	3.3	-2.8	1.3
Utilities	4	9.4	12.2	8.4	8.6	-0.9	4.5

Luxembourg, All firms
1Y PD (LHS, bps) and # of firms (RHS)
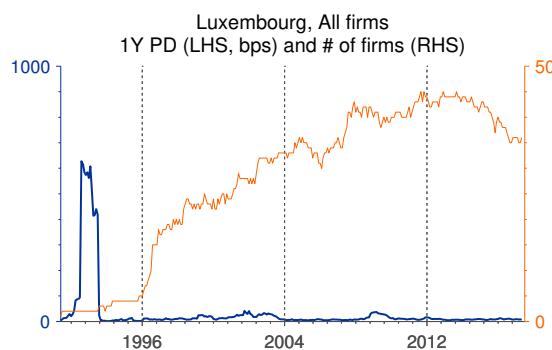
Luxembourg		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	9	8.4	137.5	2.8	71.8	0.0	78.0
Basic Materials	5	8.1	11.7	6.5	6.0	-0.4	12.1
Communications	4	11.4	116.1	13.5	272.8	2.6	156.7
Consumer Cyclical	2	16.3	18.2	30.0	37.7	13.7	19.5
Consumer Non-cyclical	4	2.6	20.2	0.8	5.5	-1.7	14.7
Industrial	6	13.5	44.8	13.0	50.7	0.7	10.6
Technology	3	1.0	1.0	0.8	1.1	-0.1	0.1
Utilities	1	22.4	–	18.7	–	-3.7	–

Macedonia, All firms
1Y PD (LHS, bps) and # of firms (RHS)
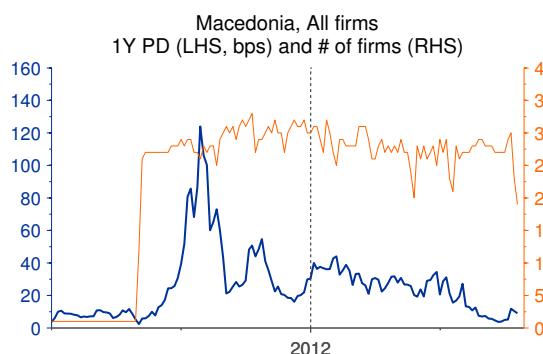
Macedonia		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	6	12.6	47.7	15.3	32.5	-0.7	15.8
Basic Materials	3	11.2	11.3	11.7	4.8	-4.6	11.3
Communications	1	2.0	–	0.9	–	-1.1	–
Consumer Cyclical	2	6.6	9.3	4.4	6.2	-2.2	3.1
Consumer Non-cyclical	4	1.2	2.6	0.2	1.4	-1.0	1.4
Energy	1	71.5	–	23.3	–	-48.2	–
Industrial	2	21.5	22.7	5.0	1.4	-16.4	21.3

Malaysia, All firms
1Y PD (LHS, bps) and # of firms (RHS)
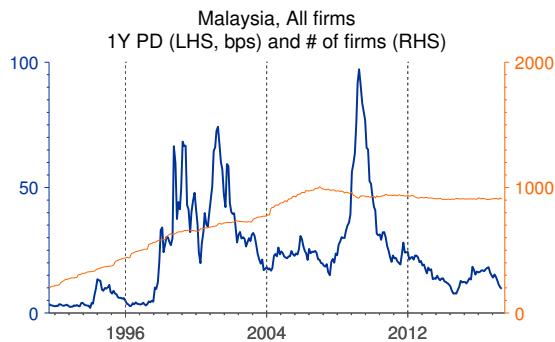
Malaysia		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	128	11.3	67.2	11.3	79.8	0.0	29.4
Basic Materials	67	14.8	81.0	12.9	102.2	-0.3	40.9
Communications	37	8.6	39.5	7.8	60.6	0.0	32.4
Consumer Cyclical	119	10.8	40.8	10.3	35.6	-0.1	17.2
Consumer Non-cyclical	149	3.6	183.6	3.1	168.9	0.0	27.3
Diversified	24	8.6	91.2	9.3	76.6	-0.0	30.6
Energy	33	36.8	165.0	30.0	380.8	0.1	223.0
Industrial	274	10.7	74.9	10.8	69.4	-0.1	35.9
Technology	63	19.0	55.0	15.1	59.5	0.1	39.7
Utilities	6	7.0	27.0	6.9	15.5	-0.3	15.0

Malta, All firms
1Y PD (LHS, bps) and # of firms (RHS)

Malta		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.

Mexico, All firms
1Y PD (LHS, bps) and # of firms (RHS)
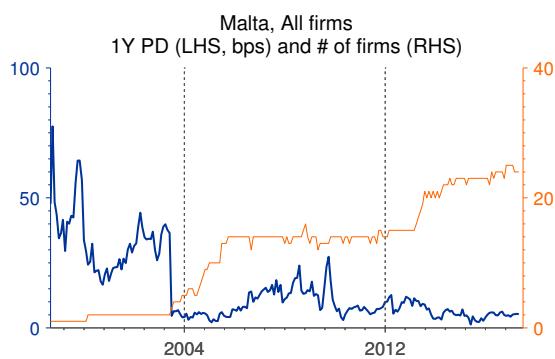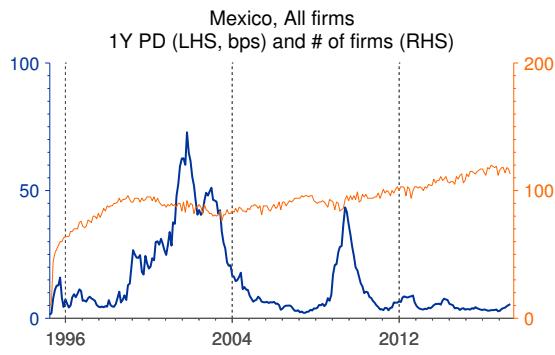
Mexico		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	30	5.7	24.8	6.6	27.2	-0.1	14.0
Basic Materials	11	5.4	11.5	9.5	19.0	1.2	15.0
Communications	6	28.9	65.3	6.8	52.4	-6.2	39.4
Consumer Cyclical	24	5.0	55.4	4.4	33.1	-0.1	25.3
Consumer Non-cyclical	15	2.4	8.0	0.8	6.8	-0.1	3.6
Diversified	5	5.0	8.1	7.6	7.4	0.2	2.1
Industrial	18	7.0	471.9	5.9	269.5	-0.0	360.2
Utilities	2	8.4	10.3	9.8	12.9	1.5	2.6

Morocco, All firms
1Y PD (LHS, bps) and # of firms (RHS)
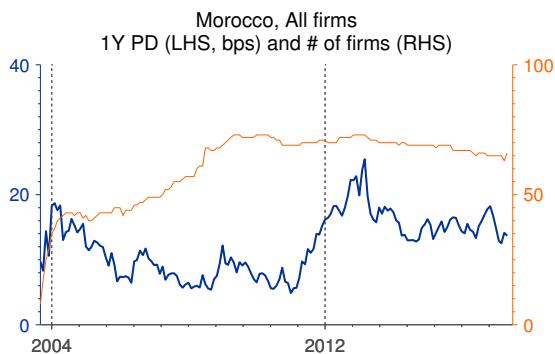
Morocco		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	19	15.8	17.0	25.8	53.8	3.2	53.2
Basic Materials	9	17.6	21.6	13.8	25.4	-0.4	6.9
Communications	1	0.2	–	0.1	–	-0.1	–
Consumer Cyclical	7	14.9	39.3	24.1	24.0	-0.9	17.3
Consumer Non-cyclical	7	4.9	5.9	3.3	6.0	-0.2	1.5
Diversified	1	31.6	–	18.8	–	-12.8	–
Energy	1	1.5	–	1.3	–	-0.3	–
Industrial	10	45.4	48.3	42.2	65.4	-0.2	20.9
Technology	4	11.2	6.7	7.1	7.1	-1.9	2.1
Utilities	3	4.6	16.8	4.6	18.8	-0.0	2.0

Montenegro, All firms
1Y PD (LHS, bps) and # of firms (RHS)
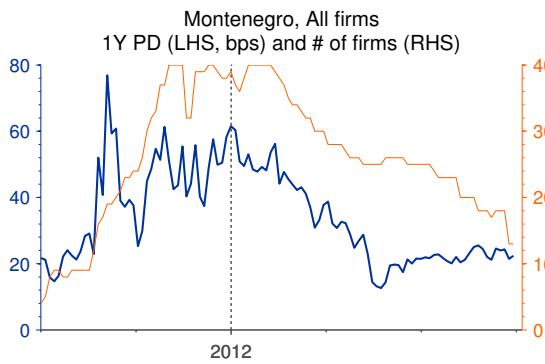
Montenegro		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Communications	1	7.6	–	14.2	–	6.6	–
Consumer Cyclical	3	11.8	15.4	16.9	17.3	1.2	20.6
Consumer Non-cyclical	5	23.8	6.7	21.2	7.2	-1.9	6.7
Energy	1	31.4	–	19.5	–	-11.9	–
Utilities	2	12.7	10.5	13.2	0.2	0.5	10.6

Netherlands, All firms
1Y PD (LHS, bps) and # of firms (RHS)
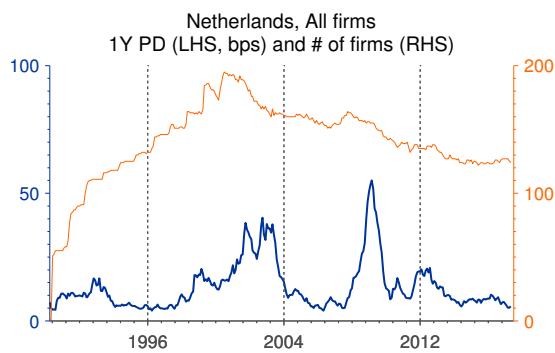
Netherlands		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	21	9.9	61.7	6.8	44.1	-0.2	29.6
Basic Materials	6	1.4	43.5	1.6	31.8	-0.1	11.7
Communications	10	7.9	58.8	7.0	75.0	-0.6	17.0
Consumer Cyclical	12	2.1	213.0	4.9	74.3	0.3	139.9
Consumer Non-cyclical	33	4.8	21.4	6.3	23.6	-0.2	11.7
Energy	8	9.8	17.4	7.9	19.4	0.3	3.9
Industrial	20	6.6	14.4	6.5	103.9	-0.1	93.6
Technology	14	2.9	13.6	3.2	13.3	-0.1	9.7

New Zealand, All firms
1Y PD (LHS, bps) and # of firms (RHS)
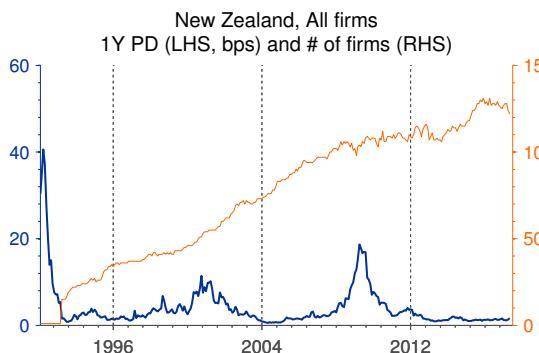
New Zealand		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	20	0.1	63.3	0.2	64.7	0.0	26.8
Basic Materials	1	26.7	–	11.0	–	-15.7	–
Communications	8	8.8	12.9	5.7	56.2	-0.1	44.4
Consumer Cyclical	15	1.4	13.3	1.7	30.7	0.0	18.6
Consumer Non-cyclical	34	0.7	470.4	1.0	578.8	0.0	108.6
Energy	4	8.0	6.2	8.9	10.2	-1.6	13.8
Industrial	18	2.4	38.2	3.6	175.8	0.5	139.9
Technology	12	3.8	20.7	7.4	18.1	0.7	14.8
Utilities	6	0.3	0.8	0.3	0.4	-0.1	0.3

Nigeria, All firms
1Y PD (LHS, bps) and # of firms (RHS)

Nigeria		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	49	26.4	74.8	27.8	62.0	1.7	34.8
Basic Materials	9	23.7	30.5	32.9	36.5	2.2	16.4
Communications	5	16.8	15.0	30.1	17.3	3.9	11.7
Consumer Cyclical	13	38.1	70.4	46.0	73.4	0.6	32.8
Consumer Non-cyclical	31	14.9	50.3	14.3	55.0	0.0	31.3
Energy	9	20.4	67.1	56.3	63.3	5.9	21.0
Industrial	19	36.3	141.0	27.3	101.5	1.4	96.9
Technology	3	26.1	33.3	39.1	7.4	1.5	31.3

Norway, All firms
1Y PD (LHS, bps) and # of firms (RHS)
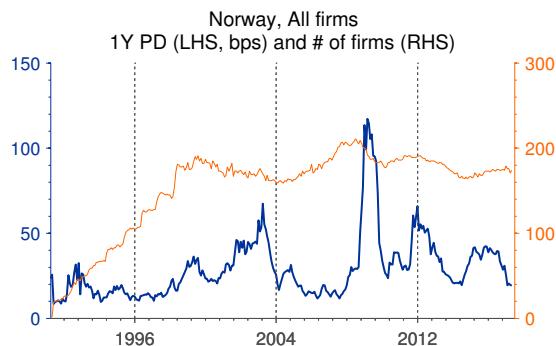
Norway		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	40	21.0	39.0	24.8	31.7	0.3	21.8
Basic Materials	5	5.3	61.4	6.6	24.3	1.3	37.5
Communications	7	14.1	40.3	13.9	32.5	-0.3	10.6
Consumer Cyclical	7	7.5	41.8	6.9	62.3	0.5	25.7
Consumer Non-cyclical	22	13.0	39.5	11.8	35.3	-0.9	9.7
Diversified	1	18.4	–	9.0	–	-9.4	–
Energy	28	46.4	45.5	49.9	72.5	12.3	49.5
Industrial	47	24.2	46.1	28.2	64.5	-0.5	39.0
Technology	9	14.6	86.2	25.5	33.4	1.3	84.2
Utilities	2	5.4	4.0	8.1	8.2	2.7	4.1

Oman, All firms
1Y PD (LHS, bps) and # of firms (RHS)
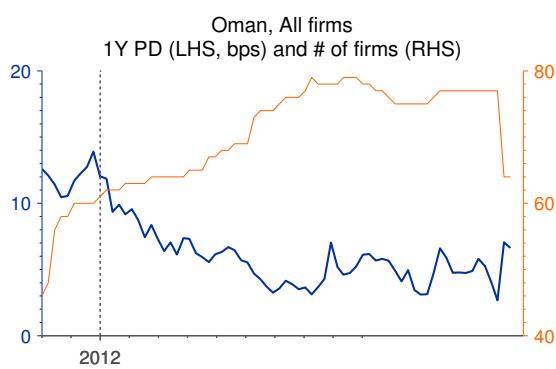
Oman		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	24	19.6	19.4	17.5	23.2	-0.0	7.7
Basic Materials	3	9.8	17.4	10.9	10.7	-0.1	7.5
Communications	2	1.2	1.7	1.8	2.3	0.5	0.6
Consumer Cyclical	1	14.0	–	20.5	–	6.5	–
Consumer Non-cyclical	7	1.8	6.6	3.7	6.4	0.3	1.2
Diversified	1	0.0	–	0.0	–	0.0	–
Energy	5	3.3	119.1	3.4	115.5	0.0	3.7
Industrial	11	0.8	24.9	0.9	23.8	-0.0	1.3
Utilities	9	2.0	10.8	3.7	13.9	0.2	4.7

Pakistan, All firms
1Y PD (LHS, bps) and # of firms (RHS)

Pakistan		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	34	32.7	55.3	53.7	78.9	2.5	49.1
Basic Materials	22	3.9	40.0	9.4	74.9	1.4	37.1
Communications	5	37.9	83.8	58.3	69.4	0.1	42.4
Consumer Cyclical	31	9.8	75.1	12.2	88.5	1.6	17.1
Consumer Non-cyclical	26	1.1	13.7	1.5	17.1	0.4	5.2
Energy	10	2.5	13.6	3.7	15.0	1.5	4.4
Industrial	28	1.6	12.8	1.8	17.1	0.1	6.2
Technology	1	3.9	–	8.4	–	4.5	–
Utilities	8	13.9	15.4	16.4	10.9	1.7	7.4

Peru, All firms
1Y PD (LHS, bps) and # of firms (RHS)
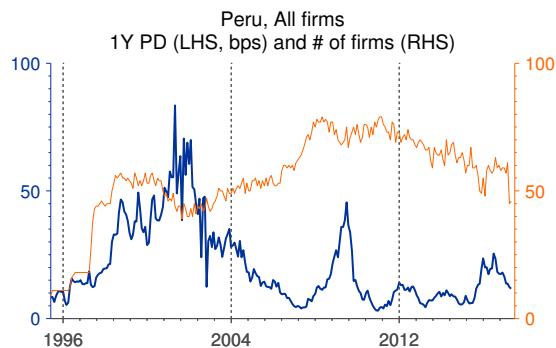
Peru		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	8	9.7	5.9	9.3	6.5	-1.0	3.7
Basic Materials	13	10.2	12.9	6.8	9.8	-0.3	7.1
Communications	1	28.5	–	37.2	–	8.7	–
Consumer Cyclical	1	2.6	–	1.0	–	-1.6	–
Consumer Non-cyclical	8	27.5	30.0	15.1	45.6	-2.6	30.1
Diversified	1	199.6	–	165.6	–	-34.0	–
Energy	2	71.7	99.1	67.9	94.4	-3.8	4.7
Industrial	2	20.0	8.8	13.9	5.0	-6.1	3.8
Utilities	4	2.3	6.6	1.3	3.7	-1.0	2.9

Philippines, All firms
1Y PD (LHS, bps) and # of firms (RHS)

Philippines		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	79	10.4	26.8	10.1	21.9	-0.6	12.4
Basic Materials	26	8.3	46.9	5.6	30.2	-2.0	18.6
Communications	16	7.3	17.4	5.6	13.0	-0.1	7.2
Consumer Cyclical	29	5.7	20.2	5.5	14.2	-0.0	13.6
Consumer Non-cyclical	33	4.7	33.6	4.5	21.9	-1.0	17.0
Diversified	16	1.3	31.5	1.7	16.0	-0.2	19.6
Energy	12	5.3	21.0	4.7	14.3	-0.7	12.9
Industrial	13	5.5	27.6	3.1	16.0	-1.5	12.7
Technology	3	2.7	1.5	4.6	0.5	2.1	2.1
Utilities	14	2.8	8.1	3.2	6.7	-0.0	3.7

Poland, All firms
1Y PD (LHS, bps) and # of firms (RHS)

Poland		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	86	29.2	361.0	22.2	120.4	-4.5	252.0
Basic Materials	26	11.6	26.8	9.8	20.4	-1.1	8.9
Communications	33	33.7	255.2	16.7	227.5	-5.0	81.5
Consumer Cyclical	56	17.4	48.0	13.6	157.3	-2.1	129.6
Consumer Non-cyclical	61	26.7	122.0	19.0	94.8	-5.5	51.4
Energy	15	50.4	271.6	43.1	267.4	-1.4	144.2
Industrial	121	25.2	127.8	18.3	86.1	-3.2	60.4
Technology	41	20.2	71.8	18.9	74.7	-0.5	49.1
Utilities	9	27.4	20.0	16.9	16.7	-9.3	15.7

Portugal, All firms
1Y PD (LHS, bps) and # of firms (RHS)
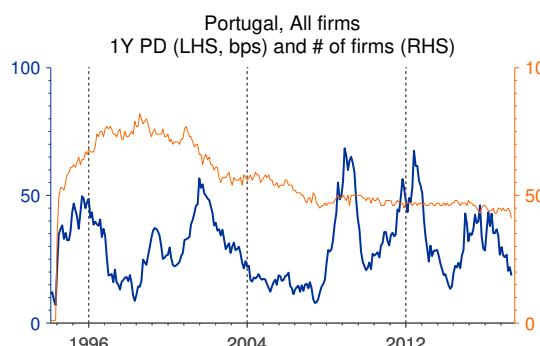
Portugal		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	3	26.1	53.7	27.0	32.8	-3.0	21.7
Basic Materials	6	4.1	22.3	5.3	15.1	-0.6	7.4
Communications	6	12.2	42.6	5.2	7.0	-4.9	36.6
Consumer Cyclical	7	27.8	41.6	17.1	27.6	-3.8	41.6
Consumer Non-cyclical	6	18.4	43.6	10.1	49.2	-3.4	12.9
Diversified	2	31.4	41.0	7.0	6.1	-24.4	34.9
Energy	1	1.9	–	1.9	–	0.0	–
Industrial	7	30.2	48.8	27.0	34.4	-12.2	18.2
Technology	3	57.7	34.1	24.1	74.1	0.1	56.4
Utilities	2	5.0	4.3	6.2	4.2	1.2	0.2

Romania, All firms
1Y PD (LHS, bps) and # of firms (RHS)
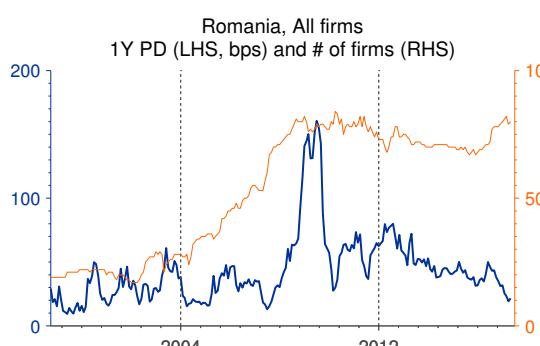
Romania		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	9	13.5	47.3	14.9	35.9	-1.5	13.0
Basic Materials	9	45.1	60.9	37.3	21.6	-15.5	42.8
Communications	1	14.1	–	14.3	–	0.1	–
Consumer Cyclical	12	18.2	34.6	18.5	29.4	-1.5	11.4
Consumer Non-cyclical	11	14.2	73.6	18.0	84.3	-1.1	24.9
Energy	8	7.7	82.3	15.3	74.1	-0.1	20.9
Industrial	25	34.2	50.9	26.8	50.1	-5.4	31.3
Utilities	4	2.0	1.6	2.4	2.2	0.7	0.8

Russia, All firms
1Y PD (LHS, bps) and # of firms (RHS)
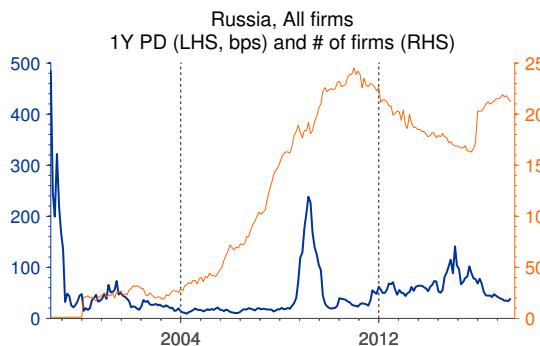
Russia		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	21	55.8	31.2	60.3	43.1	8.3	32.1
Basic Materials	32	17.3	28.5	23.8	41.9	3.1	20.2
Communications	12	20.3	46.5	26.7	67.7	5.3	72.0
Consumer Cyclical	17	40.1	318.6	50.4	368.9	10.4	51.9
Consumer Non-cyclical	25	21.3	74.1	27.5	125.3	5.0	56.9
Diversified	2	82.8	69.2	107.2	86.3	24.4	17.1
Energy	20	23.9	50.3	26.7	42.6	5.7	14.5
Industrial	20	32.9	391.6	42.0	605.1	9.3	216.9
Technology	3	42.4	12.3	69.1	23.8	26.7	11.8
Utilities	55	54.4	125.1	77.3	139.6	22.0	45.6

Saudi Arabia, All firms
1Y PD (LHS, bps) and # of firms (RHS)
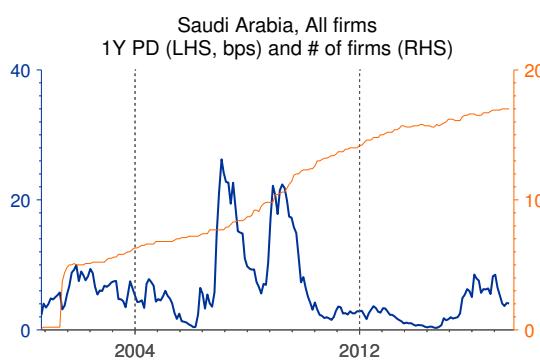
Saudi Arabia		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	60	0.9	8.7	0.9	7.4	0.0	3.0
Basic Materials	19	14.8	105.4	16.4	214.1	0.1	109.3
Communications	7	33.7	59.5	38.0	48.5	-0.5	13.2
Consumer Cyclical	18	2.6	15.4	2.7	18.3	0.1	5.2
Consumer Non-cyclical	26	4.9	6.1	4.2	10.3	-0.1	8.1
Diversified	3	19.0	10.8	19.5	26.1	0.5	15.4
Energy	2	10.1	2.2	22.9	10.2	12.8	8.0
Industrial	34	4.8	19.2	2.4	16.6	-0.0	10.4
Utilities	1	36.8	–	44.5	–	7.8	–

Serbia, All firms
1Y PD (LHS, bps) and # of firms (RHS)

Serbia		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	4	45.5	33.1	35.5	24.2	-17.4	13.4
Basic Materials	3	4.7	9.1	4.6	7.3	-0.4	1.8
Consumer Cyclical	3	2.9	43.1	2.6	26.6	-0.3	16.5
Consumer Non-cyclical	5	68.9	44.6	72.6	51.9	0.2	10.8
Diversified	2	62.4	77.2	65.4	78.7	2.9	1.5
Energy	1	9.1	–	7.9	–	-1.2	–
Industrial	9	37.8	120.9	35.1	40.5	-1.2	120.4

Singapore, All firms
1Y PD (LHS, bps) and # of firms (RHS)
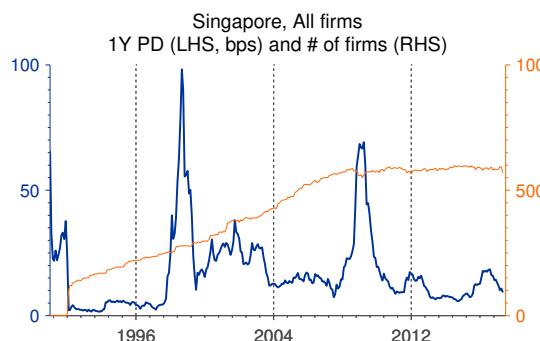
Singapore		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	119	2.5	59.7	1.9	90.6	-0.0	65.1
Basic Materials	29	13.5	99.4	17.3	66.3	-0.3	59.6
Communications	25	12.0	105.8	15.2	119.6	0.0	66.5
Consumer Cyclical	78	10.7	62.9	11.4	145.1	-0.0	88.6
Consumer Non-cyclical	78	8.8	43.3	5.8	44.6	-0.0	32.5
Diversified	11	3.8	20.7	1.9	24.2	0.0	27.3
Energy	26	30.9	320.8	45.5	437.8	5.3	158.2
Industrial	169	21.2	71.5	13.8	68.9	-0.1	35.1
Technology	25	8.9	73.6	6.9	144.2	0.2	90.1
Utilities	3	28.3	44.8	28.3	98.6	-0.1	55.0

Slovakia, All firms
1Y PD (LHS, bps) and # of firms (RHS)
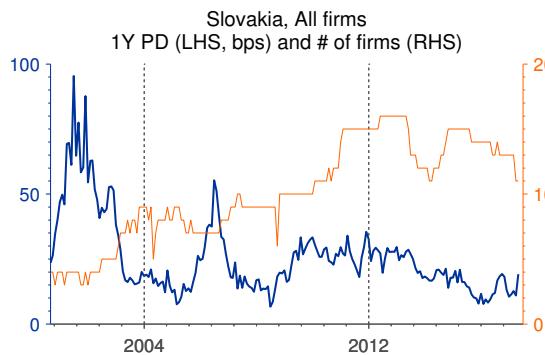
Slovakia		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	4	29.6	21.8	68.2	151.4	42.4	131.4
Basic Materials	1	40.0	–	29.8	–	-10.2	–
Consumer Cyclical	1	0.1	–	0.1	–	0.0	–
Consumer Non-cyclical	2	9.7	8.7	11.1	7.5	1.4	1.2
Energy	1	11.0	–	8.8	–	-2.2	–
Industrial	1	8.6	–	10.4	–	1.8	–
Technology	1	7.1	–	27.2	–	20.1	–

Slovenia, All firms
1Y PD (LHS, bps) and # of firms (RHS)

Slovenia		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	6	21.7	23.9	18.1	27.2	0.6	7.5
Basic Materials	2	7.1	9.6	9.6	12.1	2.5	2.5
Communications	1	1.8	–	3.3	–	1.5	–
Consumer Cyclical	4	20.3	11.9	27.5	11.3	4.6	6.5
Consumer Non-cyclical	7	6.3	31.5	20.5	51.3	0.0	24.1
Diversified	1	117.1	–	100.7	–	-16.5	–
Energy	1	1.4	–	1.1	–	-0.3	–
Industrial	3	16.1	31.1	17.7	30.2	2.4	2.4
Technology	1	36.0	–	22.2	–	-13.8	–

South Africa, All firms
1Y PD (LHS, bps) and # of firms (RHS)
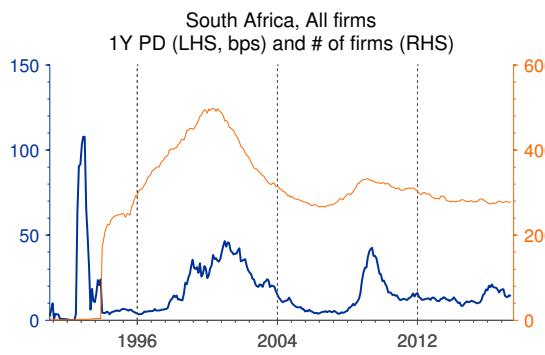
South Africa		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	79	14.7	138.2	16.9	225.0	-0.2	108.9
Basic Materials	38	21.7	141.3	29.4	150.8	1.0	46.3
Communications	14	7.7	287.9	11.5	284.7	-0.4	8.9
Consumer Cyclical	33	5.8	557.3	5.9	1117.5	-0.0	608.9
Consumer Non-cyclical	38	7.4	46.5	10.4	84.7	0.1	44.6
Diversified	9	3.2	41.0	2.6	36.5	-0.4	6.2
Energy	9	24.9	248.6	25.8	259.1	1.3	14.0
Industrial	42	23.2	125.2	26.5	106.7	1.5	60.6
Technology	11	7.0	328.3	5.6	311.3	-0.1	18.9

South Korea, All firms
1Y PD (LHS, bps) and # of firms (RHS)
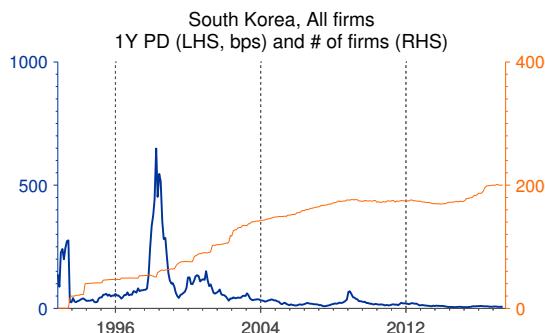
South Korea		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	81	23.1	39.5	16.5	39.6	-1.6	25.5
Basic Materials	191	5.5	44.1	4.9	28.1	-0.1	31.9
Communications	200	3.7	36.4	3.2	183.2	-0.0	167.1
Consumer Cyclical	311	8.1	62.8	7.5	43.1	-0.2	26.6
Consumer Non-cyclical	327	3.2	29.2	3.0	42.9	-0.1	33.8
Diversified	45	0.0	8.0	0.0	8.2	0.0	2.1
Energy	13	5.4	43.0	6.6	24.7	-0.5	19.7
Industrial	543	8.2	61.0	7.0	109.5	-0.1	109.1
Technology	246	5.4	39.0	4.1	121.8	-0.2	105.0
Utilities	17	11.1	11.1	10.9	38.4	-0.2	39.3

Spain, All firms
1Y PD (LHS, bps) and # of firms (RHS)

Spain	#	2017Q1		2017Q2		Q2-Q1	
		Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	33	10.6	84.3	9.4	227.2	-0.0	144.0
Basic Materials	8	3.9	4.2	2.2	4.1	-0.4	2.1
Communications	18	5.9	6.5	8.1	16.9	0.2	12.0
Consumer Cyclical	14	5.1	25.3	4.3	23.8	-0.9	6.1
Consumer Non-cyclical	33	5.0	10.0	3.9	26.1	0.1	18.5
Energy	5	4.8	0.9	4.1	5.2	-0.7	4.8
Industrial	30	8.5	70.7	6.3	19.9	-0.5	63.1
Technology	3	0.3	3.9	0.2	2.9	-0.1	1.0
Utilities	7	2.3	6.9	2.2	5.5	0.2	1.6

Sri Lanka, All firms
1Y PD (LHS, bps) and # of firms (RHS)
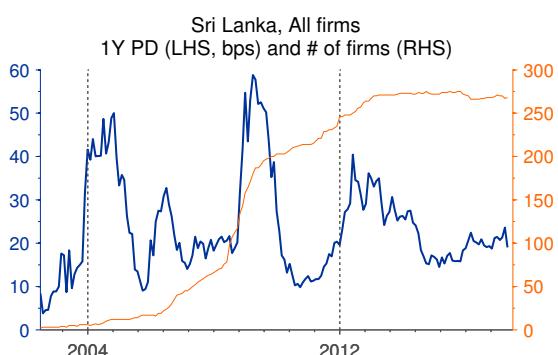
Sri Lanka	#	2017Q1		2017Q2		Q2-Q1	
		Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	86	56.4	89.3	37.3	70.8	-8.6	35.4
Basic Materials	14	15.9	79.2	8.8	66.9	-4.4	14.7
Communications	4	1.6	9.9	1.8	7.9	-0.1	2.1
Consumer Cyclical	60	13.8	53.3	12.1	33.8	-1.8	27.2
Consumer Non-cyclical	55	18.7	65.9	13.6	46.7	-2.3	28.8
Diversified	14	25.4	43.8	16.5	47.6	-1.9	13.8
Energy	3	2.0	2.1	1.4	3.9	-0.0	2.0
Industrial	23	10.1	178.7	8.1	129.5	-1.7	51.6
Technology	2	33.4	37.5	15.8	10.4	-17.7	27.1
Utilities	5	13.7	14.2	10.8	11.4	-0.0	8.9

Sweden, All firms
1Y PD (LHS, bps) and # of firms (RHS)
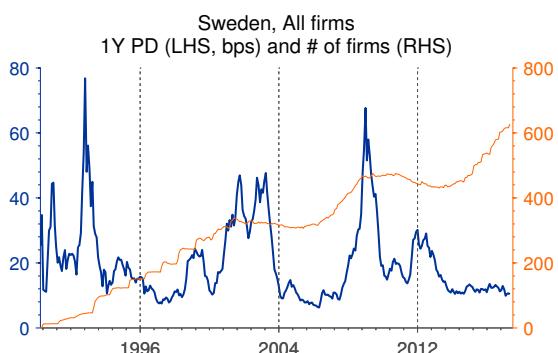
Sweden	#	2017Q1		2017Q2		Q2-Q1	
		Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	87	8.9	92.1	8.0	233.3	-0.1	145.0
Basic Materials	27	16.9	35.6	15.8	99.9	-1.2	79.9
Communications	59	15.8	40.2	22.4	48.1	0.1	29.0
Consumer Cyclical	72	8.2	44.5	8.2	42.7	0.0	22.8
Consumer Non-cyclical	175	10.2	22.5	12.7	59.9	0.2	51.7
Diversified	5	6.2	117.4	5.3	10.6	-0.0	118.1
Energy	17	9.0	17.0	12.0	44.3	1.3	46.7
Industrial	115	13.0	36.0	9.8	60.1	-0.0	50.5
Technology	53	11.3	29.2	13.6	47.2	1.5	37.1
Utilities	2	13.5	7.0	8.4	0.8	-5.1	6.2

Switzerland, All firms
1Y PD (LHS, bps) and # of firms (RHS)
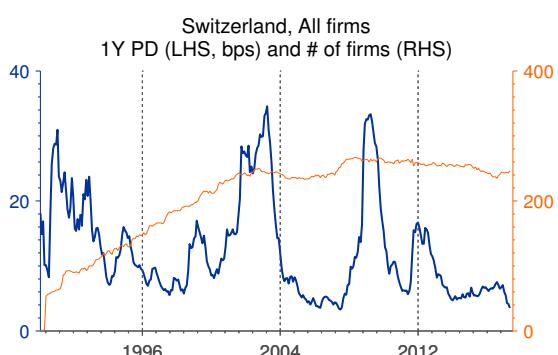
Switzerland	#	2017Q1		2017Q2		Q2-Q1	
		Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	67	5.5	41.2	5.2	32.4	-0.1	20.3
Basic Materials	16	3.0	46.6	1.7	11.7	-0.1	36.0
Communications	10	4.3	16.4	2.2	17.8	0.0	3.2
Consumer Cyclical	19	3.6	40.6	3.8	27.3	-0.3	23.1
Consumer Non-cyclical	41	2.5	76.4	2.4	136.9	-0.0	61.4
Diversified	3	3.8	26.8	2.9	23.5	-0.9	3.3
Energy	5	49.2	71.5	116.1	85.3	32.9	69.0
Industrial	62	2.2	15.2	1.8	18.4	-0.2	10.3
Technology	11	6.4	15.1	7.3	45.2	-0.2	45.2
Utilities	4	6.6	11.8	6.5	10.1	-0.3	1.9

Taiwan, All firms
1Y PD (LHS, bps) and # of firms (RHS)

Taiwan		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	80	2.1	14.3	1.4	6.9	-0.3	12.9
Basic Materials	76	0.3	4.2	0.2	4.7	0.0	4.8
Communications	42	0.6	10.4	0.5	7.5	-0.1	5.2
Consumer Cyclical	147	0.7	5.7	0.3	4.6	-0.1	2.5
Consumer Non-cyclical	60	0.1	2.9	0.0	2.5	-0.0	0.6
Diversified	1	0.0	–	0.1	–	0.1	–
Energy	7	4.0	3.1	3.8	2.7	0.0	1.0
Industrial	310	1.0	13.1	0.8	21.9	-0.0	11.6
Technology	151	0.7	8.0	0.5	8.5	-0.0	3.8
Utilities	6	0.0	0.0	0.0	0.1	0.0	0.0

Thailand, All firms
1Y PD (LHS, bps) and # of firms (RHS)
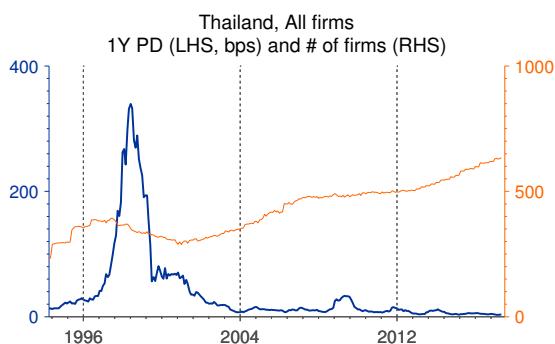
Thailand		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	111	7.2	23.5	7.9	25.0	0.0	7.4
Basic Materials	55	3.0	32.7	4.5	266.9	0.2	240.0
Communications	46	4.1	29.4	4.4	28.2	0.0	7.1
Consumer Cyclical	132	2.9	14.1	2.5	20.5	-0.0	17.4
Consumer Non-cyclical	97	1.0	7.9	1.5	11.5	0.0	6.3
Diversified	6	0.8	10.3	0.9	31.6	0.1	21.3
Energy	19	4.4	63.8	3.1	63.1	-0.1	6.1
Industrial	132	3.3	14.8	4.0	15.1	0.1	5.2
Technology	13	5.1	36.8	6.4	170.7	0.0	150.2
Utilities	15	1.0	4.1	1.6	4.3	-0.0	1.5

Tunisia, All firms
1Y PD (LHS, bps) and # of firms (RHS)
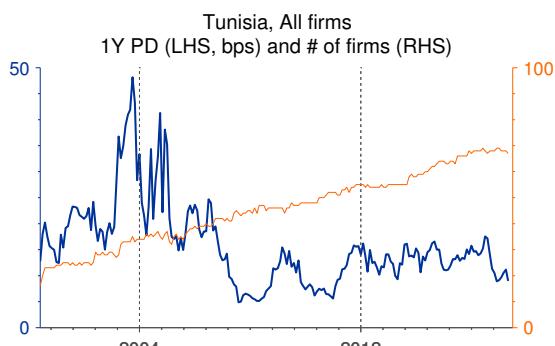
Tunisia		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	24	30.6	47.4	29.8	65.2	0.3	58.4
Basic Materials	4	7.4	8.1	4.4	16.5	0.7	11.1
Communications	4	13.7	20.1	16.0	15.2	-2.7	7.5
Consumer Cyclical	10	1.0	38.7	0.5	44.0	-0.1	5.9
Consumer Non-cyclical	10	7.7	24.1	6.5	24.2	-0.1	13.8
Diversified	1	2.4	–	1.9	–	-0.4	–
Energy	1	0.3	–	0.1	–	-0.2	–
Industrial	12	11.5	35.9	15.0	44.6	2.3	9.7
Technology	2	89.0	11.1	31.8	39.0	-57.2	27.9

Turkey, All firms
1Y PD (LHS, bps) and # of firms (RHS)

Turkey		2017Q1		2017Q2		Q2-Q1	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	101	26.8	56.4	24.6	43.2	-1.6	30.0
Basic Materials	37	10.9	22.5	10.7	19.6	-1.6	14.0
Communications	13	23.4	33.9	15.1	14.2	-5.5	26.8
Consumer Cyclical	91	25.2	106.0	23.5	77.0	-2.5	38.4
Consumer Non-cyclical	52	15.3	33.9	14.0	23.3	-2.3	19.3
Diversified	10	27.2	58.1	22.9	40.2	-3.5	40.1
Energy	5	21.0	27.0	13.1	21.4	-1.6	7.7
Industrial	70	14.4	30.4	13.7	19.8	-1.0	17.2
Technology	4	20.0	30.0	17.3	21.2	-5.3	10.7
Utilities	8	23.0	24.9	14.2	14.6	-2.6	12.6

Ukraine, All firms
1Y PD (LHS, bps) and # of firms (RHS)

Ukraine	#	2017Q1		2017Q2		Q2-Q1	
		Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	1	162.9	–	130.8	–	-32.1	–
Consumer Non-cyclical	8	32.3	62.5	16.6	60.7	-5.1	12.8
Diversified	1	16.0	–	8.3	–	-7.7	–
Energy	2	171.5	80.2	209.7	67.3	38.2	12.9
Industrial	2	12.8	4.9	10.8	12.3	-2.0	7.4
Utilities	1	17.9	–	18.1	–	0.1	–

United Arab Emirates, All firms
1Y PD (LHS, bps) and # of firms (RHS)
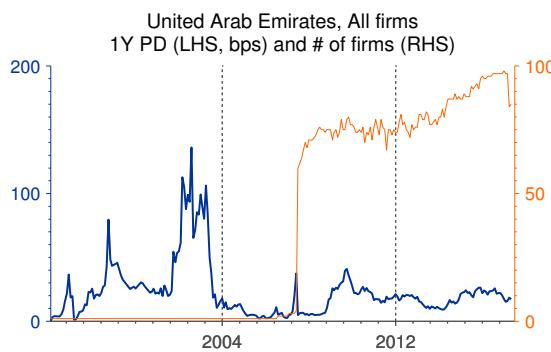
United Arab Emirates	#	2017Q1		2017Q2		Q2-Q1	
		Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	41	20.5	23.0	16.1	24.7	-0.0	7.7
Communications	3	0.7	14.2	0.4	48.4	0.0	34.2
Consumer Cyclical	5	19.1	9.6	33.2	24.6	10.7	15.8
Consumer Non-cyclical	10	9.3	44.5	8.5	24.3	1.4	33.9
Energy	4	37.2	13.1	25.0	47.8	-7.0	39.6
Industrial	16	23.9	53.0	16.1	76.0	0.1	47.3
Utilities	1	234.8	–	226.0	–	-8.8	–

United Kingdom, All firms
1Y PD (LHS, bps) and # of firms (RHS)
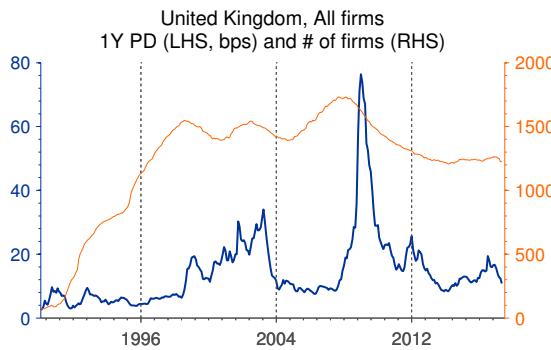
United Kingdom	#	2017Q1		2017Q2		Q2-Q1	
		Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	230	12.6	50.6	11.3	127.3	-0.7	114.2
Basic Materials	94	18.0	72.1	25.3	65.7	0.8	51.1
Communications	102	15.5	105.9	15.6	151.7	-0.2	72.5
Consumer Cyclical	157	13.4	41.6	12.6	61.1	-0.3	33.7
Consumer Non-cyclical	245	9.4	37.8	8.1	36.6	-0.4	26.9
Diversified	7	6.6	59.9	40.0	30.0	-0.2	53.6
Energy	95	22.4	69.2	29.3	179.5	3.6	152.3
Industrial	171	11.5	51.7	9.6	42.4	-0.2	32.8
Technology	97	8.4	112.4	8.8	109.0	0.0	31.0
Utilities	12	5.2	25.1	8.9	146.3	1.3	126.6

United States, All firms
1Y PD (LHS, bps) and # of firms (RHS)
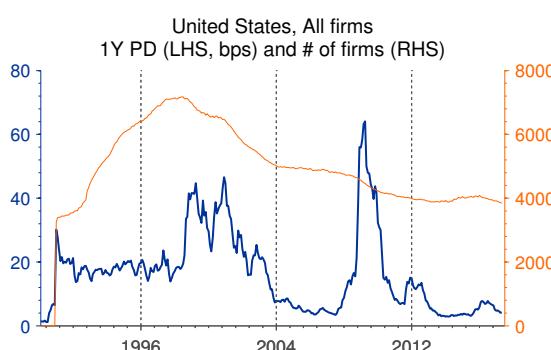
United States	#	2017Q1		2017Q2		Q2-Q1	
		Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	882	3.6	205.5	4.3	184.7	0.2	58.4
Basic Materials	132	4.8	335.9	5.9	252.6	0.0	114.8
Communications	272	5.5	421.3	5.0	299.3	-0.0	156.0
Consumer Cyclical	441	4.0	157.2	3.5	313.2	-0.0	203.8
Consumer Non-cyclical	901	5.6	175.7	5.0	261.1	-0.0	192.2
Diversified	8	6.0	103.8	10.4	525.4	2.7	422.7
Energy	271	18.5	208.1	19.3	462.3	0.1	331.4
Industrial	460	2.0	84.8	2.3	134.8	-0.0	103.9
Technology	317	2.0	112.9	1.6	196.1	-0.0	132.7
Utilities	84	0.6	34.3	0.4	28.8	-0.1	7.3

Venezuela, All firms
1Y PD (LHS, bps) and # of firms (RHS)
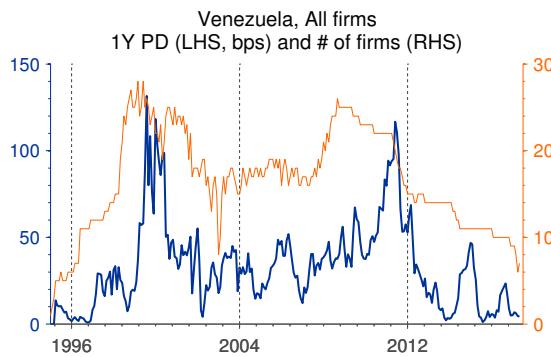
Venezuela	#	2017Q1		2017Q2		Q2-Q1	
		Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	5	3.5	4.3	0.3	0.5	-2.5	4.3
Basic Materials	1	101.1	–	7.0	–	-94.2	–

Vietnam, All firms
1Y PD (LHS, bps) and # of firms (RHS)

Vietnam	#	2017Q1		2017Q2		Q2-Q1	
		Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	87	18.2	66.4	10.9	43.6	-0.2	43.8
Basic Materials	68	14.8	82.8	15.8	79.1	-0.3	40.9
Communications	20	17.3	87.4	18.0	66.2	-0.2	41.1
Consumer Cyclical	66	21.4	125.5	20.7	106.9	-0.0	35.8
Consumer Non-cyclical	96	10.0	71.6	7.9	75.8	-0.2	40.9
Diversified	15	14.0	48.3	15.1	32.2	-0.4	18.2
Energy	22	68.4	72.2	57.6	71.0	0.2	23.4
Industrial	256	29.8	78.3	26.9	150.2	-0.1	124.8
Technology	6	5.1	27.1	2.7	12.6	-2.4	14.6
Utilities	19	3.9	15.4	4.3	15.5	-0.2	8.2

B   PD by regions

Asia Pacific - developed economies
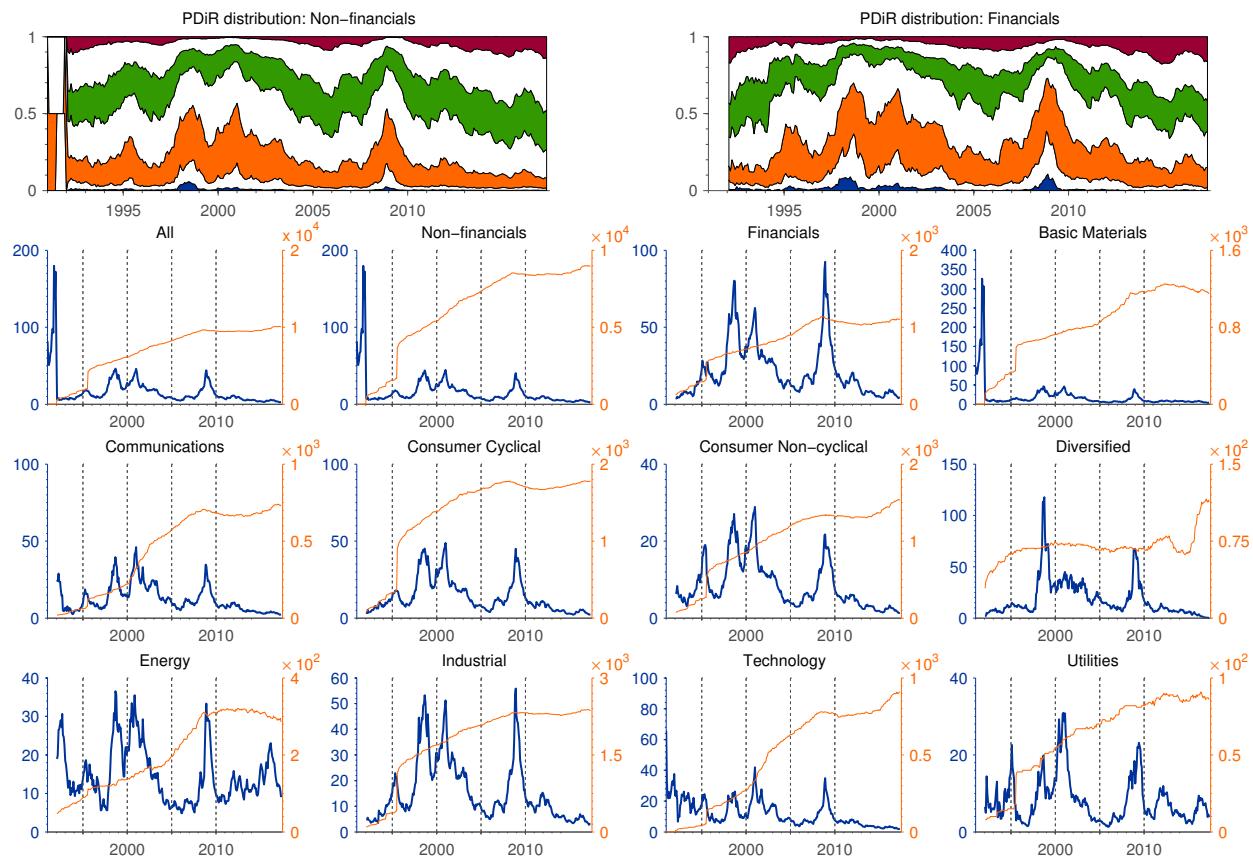
Asia Pacific - emerging economies
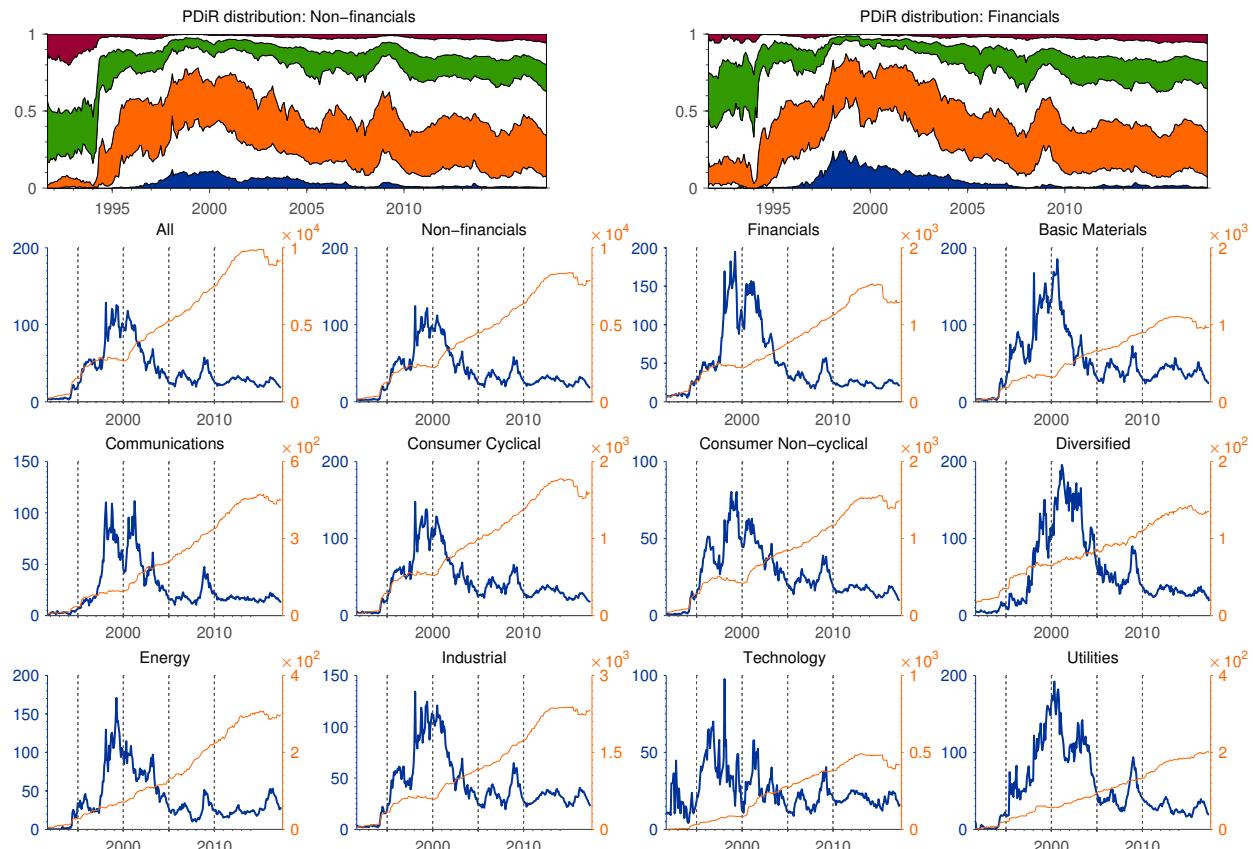
North America
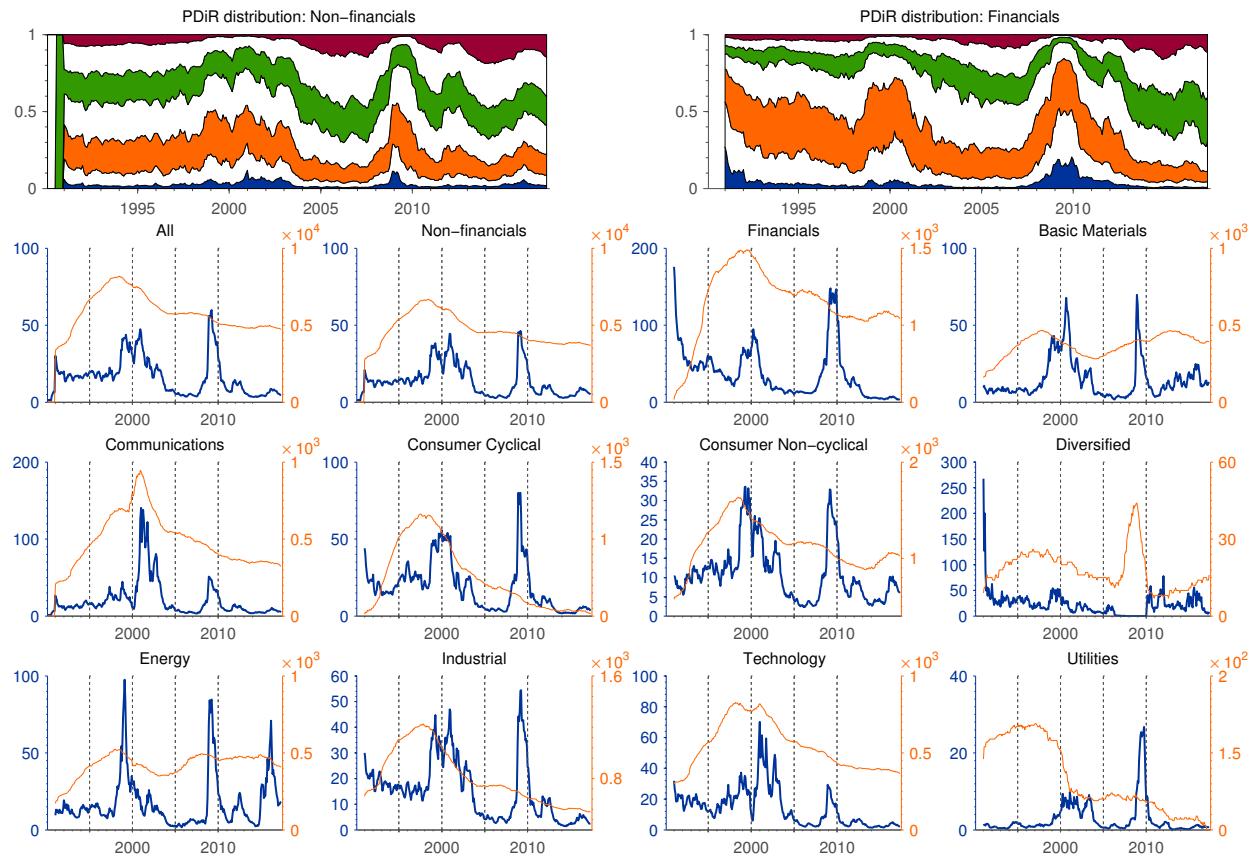
Western Europe
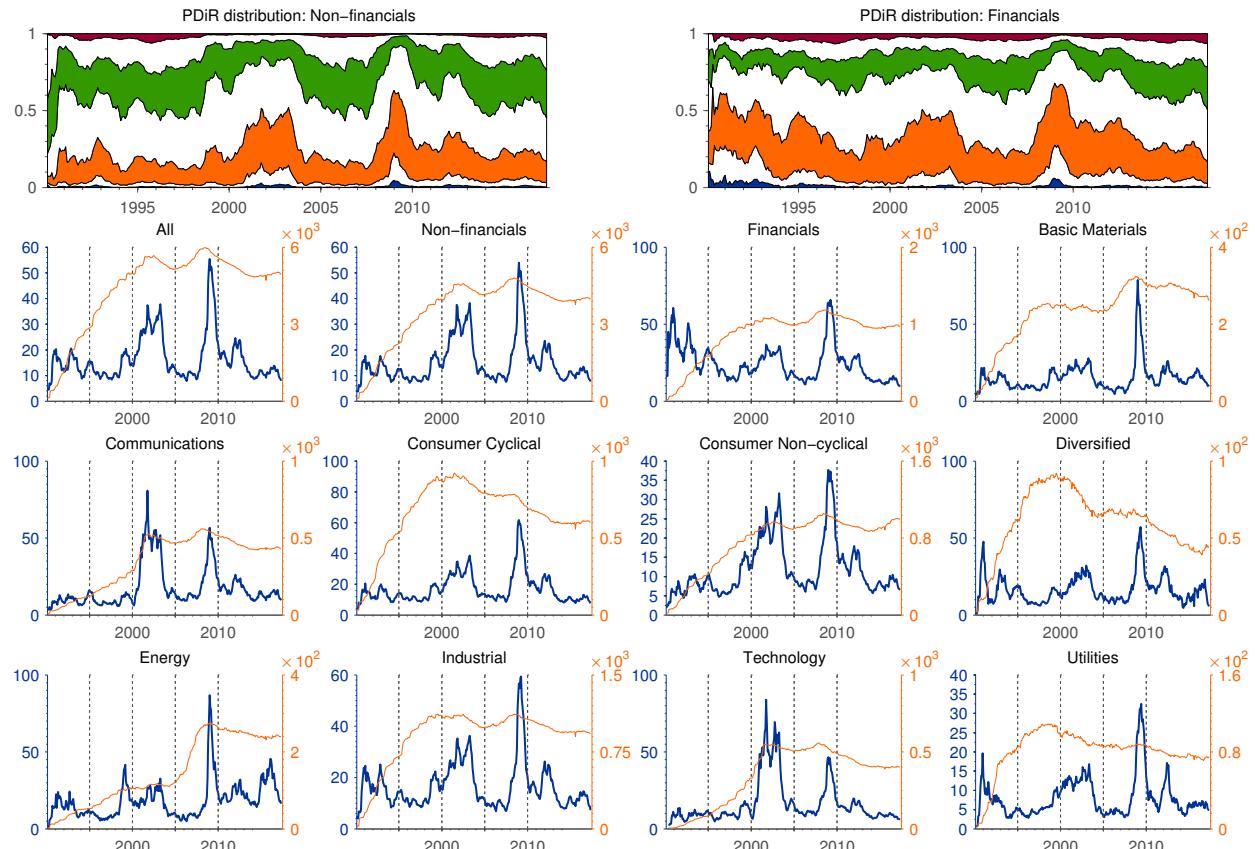
Eastern Europe
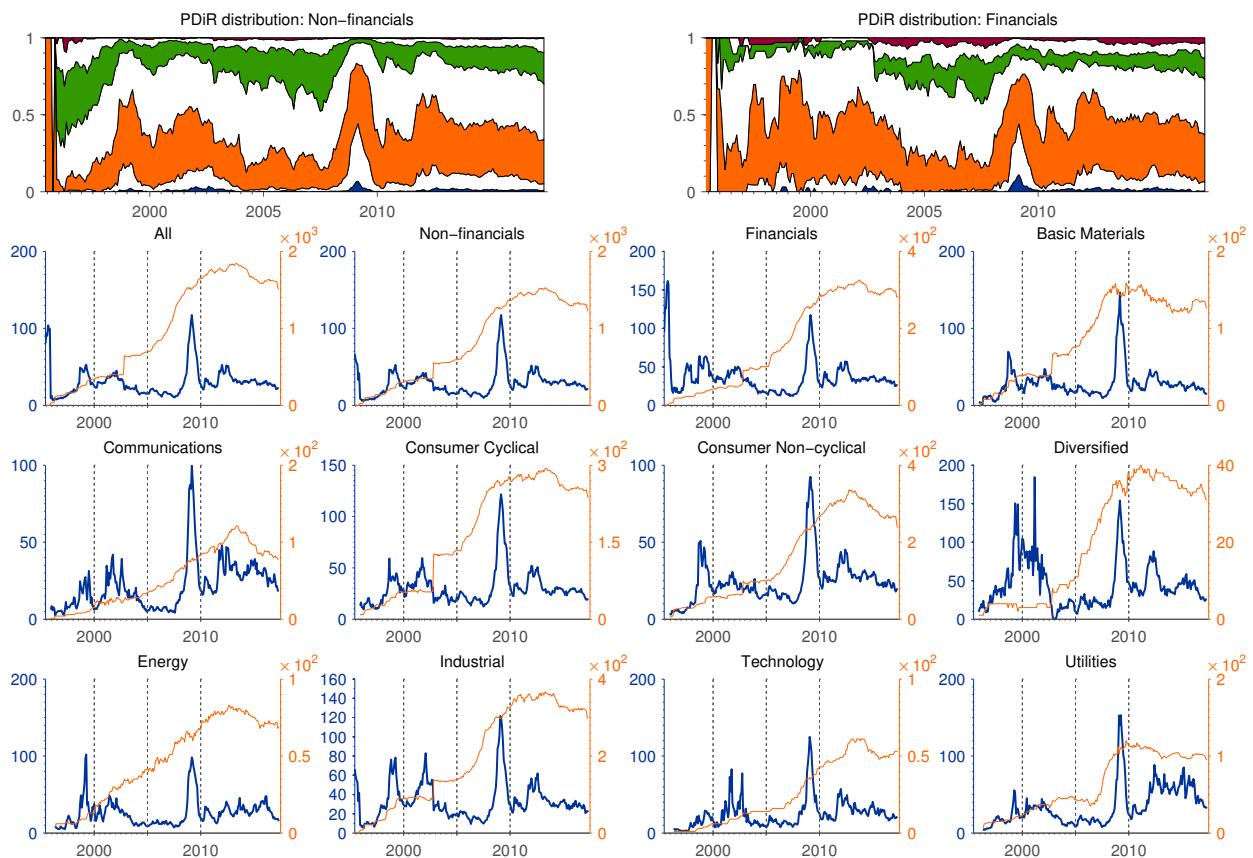
Africa ME
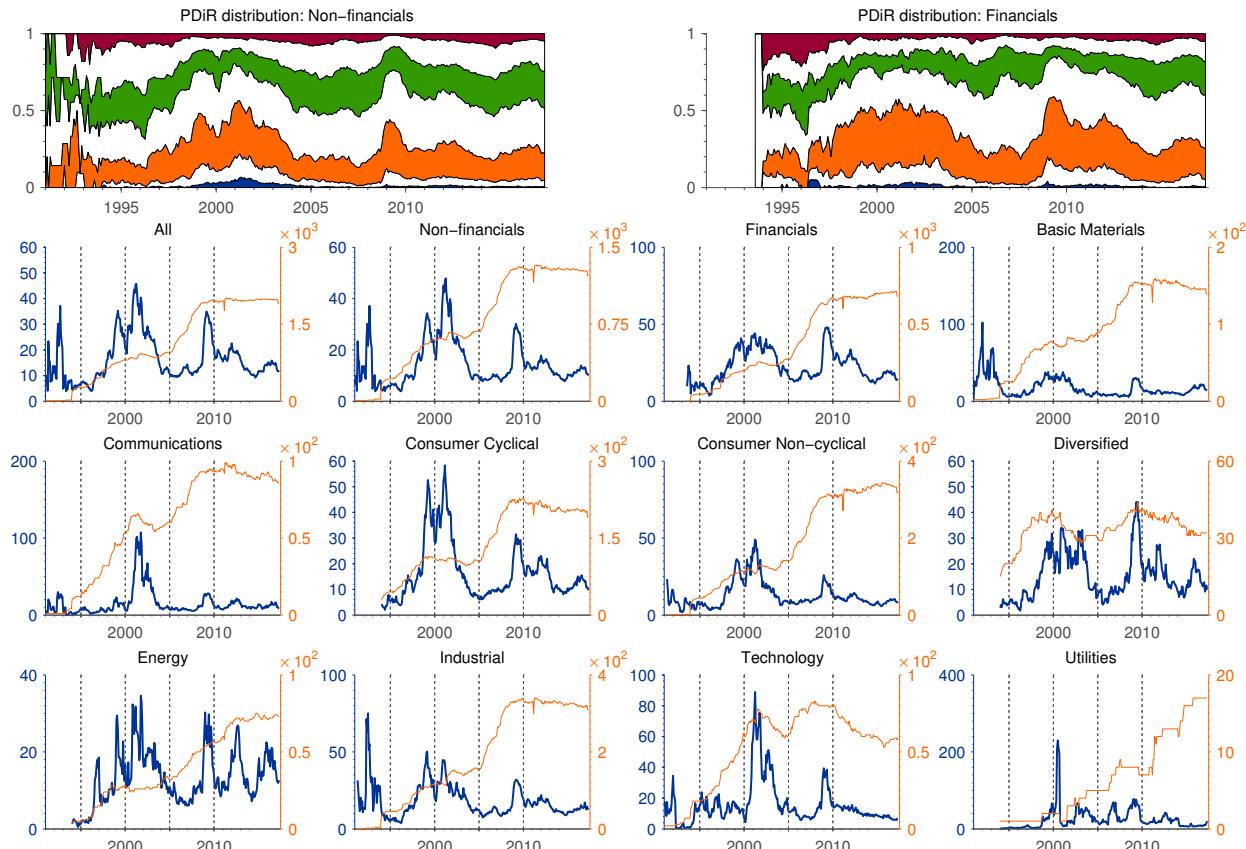
Latin America
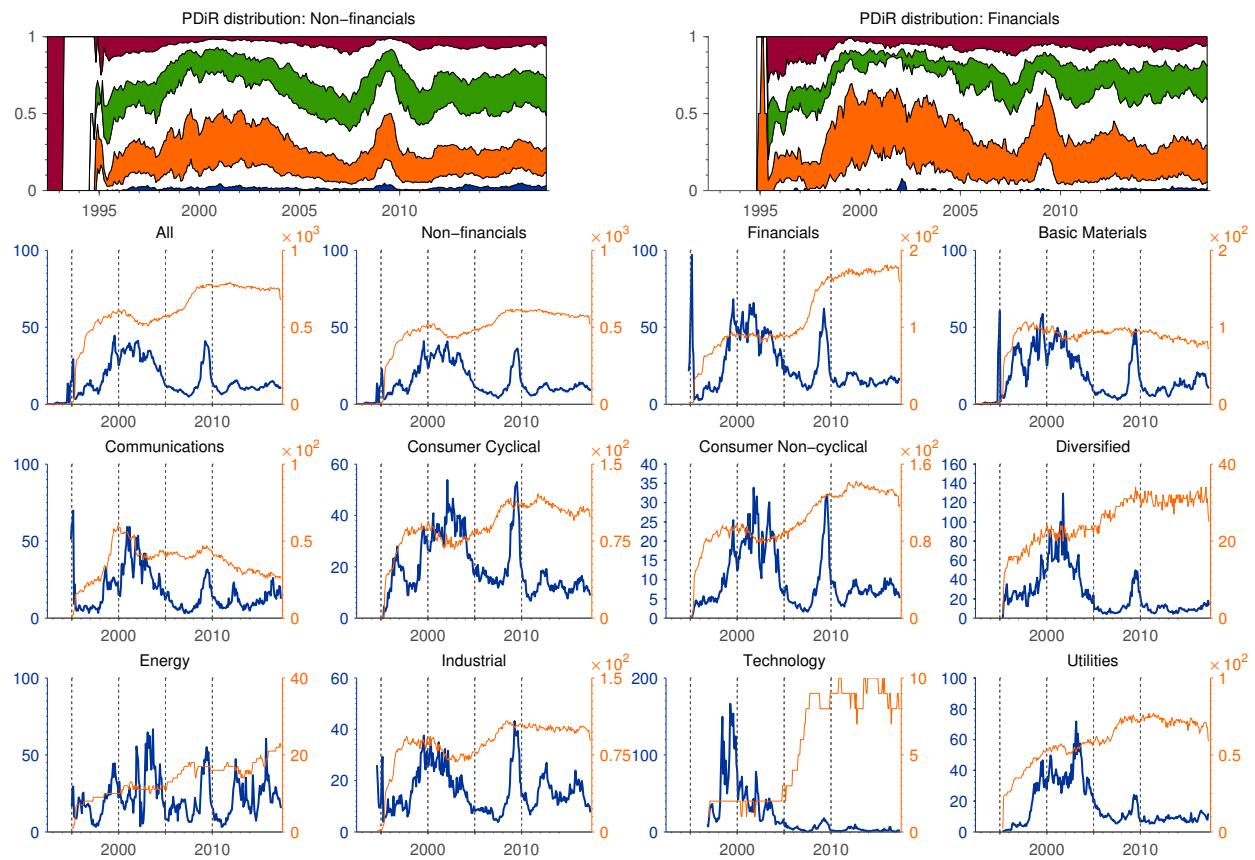
C   Macroeconomic Indicators

Descriptions of the data contained in this section are provided in Appendix D.

| Argentina	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	4.79	5.47	5.33	4.18	4.66
1Yr. PD, Fin.	17.59	16.81	21.77	20.45	26.30
MERVAL	14683	16676	16918	20265	21913
ARS/USD	15.05	15.31	15.88	15.39	16.63
GDP (YoY%)	-3.7	-3.7	-1.9	0.3	–
Sov. Rating, Moody's	B3	B3	B3	B3	B3
Sov. Rating, S&P	B	B	B	B	B
5Y CDS (bps)	419.70	381.72	419.36	364.20	323.12
Fiscal Budget (%GDP)	–	–	-1.12	–	–

Australia	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	6.39	4.84	5.24	4.44	4.74
1Yr. PD, Fin.	1.44	1.02	1.15	1.12	1.01
All Ordinaries	5310	5525	5719	5904	5764
AUD/USD	0.75	0.77	0.72	0.76	0.77
3m Treas. Yield (%)	1.69	1.53	1.70	1.55	1.63
10Y Treas. Yield (%)	1.98	1.91	2.77	2.70	2.60
3m Interbank (%)	1.94	1.72	1.80	1.79	1.71
GDP (YoY%)	3.1	1.8	2.4	1.7	–
OECD CLI	100.11	100.07	99.99	100.07	100.17*
PMI	51.8	49.8	55.4	57.5	55.0
PPI (YoY%)	-1.6	-0.7	1.1	3.5	3.7
Money Supply (YoY%)	5.8	5.6	6.7	6.7	7.8
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	35.00	25.66	24.83	25.51	21.93
FDI (%GDP)	–	–	3.48	–	–
Fiscal Budget (%GDP)	–	–	-1.47	–	–

Austria	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	10.69	9.26	6.95	4.53	4.65*
1Yr. PD, Fin.	7.74	4.72	4.16	2.75	2.50*
ATX	2096	2405	2618	2829	3107
EUR/USD	1.11	1.12	1.05	1.07	1.14
3m Treas. Yield (%)	-0.61	-0.70	-0.82	-0.82	-0.66
10Y Treas. Yield (%)	0.20	0.10	0.43	0.54	0.71
3m Interbank (%)	-0.29	-0.30	-0.32	-0.33	-0.33
GDP (YoY%)	1.3	1.7	2.0	2.1	2.9
OECD CLI	99.60	99.99	100.58	101.18	101.48*
PMI	54.5	53.5	56.3	56.8	60.7
PPI (YoY%)	-3.0	-2.0	0.5	2.5	1.3
Money Supply (YoY%)	5.0	5.1	5.2	5.3	5.1
Sov. Rating, Moody's	Aa1	Aa1	Aa1	Aa1	Aa1
Sov. Rating, S&P	AA+	AA+	AA+	AA+	AA+
5Y CDS (bps)	31.0	25.9	28.1	22.5	20.1
FDI (%GDP)	–	–	-7.18	–	–
Fiscal Budget (%GDP)	–	–	-1.60	–	–
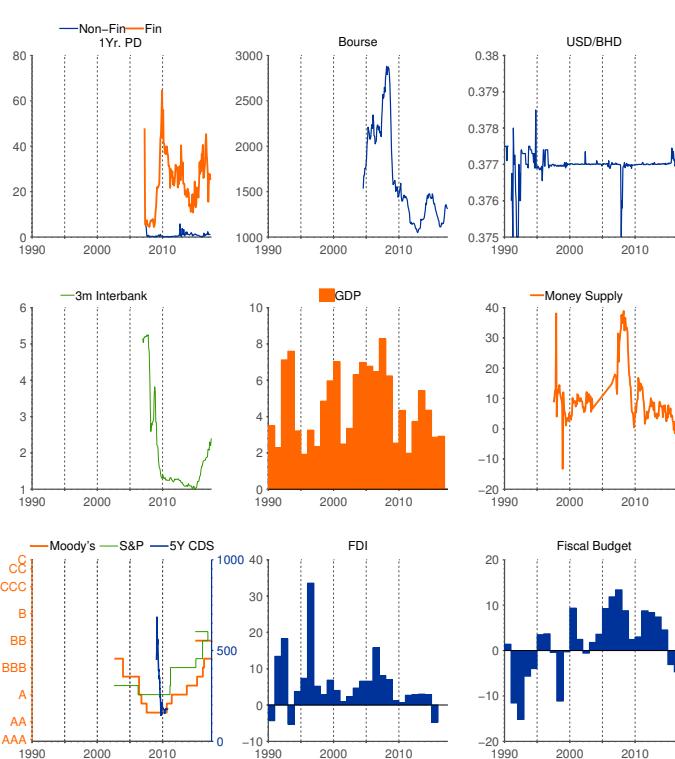
Bahrain	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	0.74	1.00	1.00	1.06	1.13
1Yr. PD, Fin.	32.08	36.92	15.50	27.45	36.93
Bourse	1118	1150	1220	1356	1310
USD/BHD	0.38	0.38	0.38	0.38	0.38
3m Interbank (%)	1.80	1.88	2.10	2.30	2.40
GDP (YoY%)	–	–	2.92		
Money Supply (YoY%)	2.11	2.70	1.06	1.63	–
Sov. Rating, Moody's	Ba2	Ba2	Ba2	Ba2	Ba2
Sov. Rating, S&P	BB-	BB-	BB-	BB-	BB-
Fiscal Budget (%GDP)	–	–	-4.71	–	–
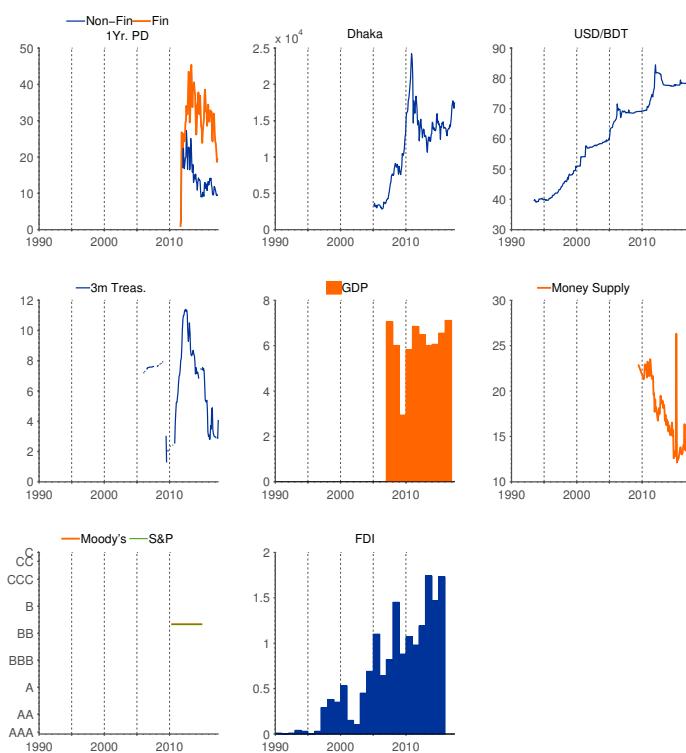
Bangladesh	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	11.52	9.80	10.99	9.73	7.57
1Yr. PD, Fin.	26.57	32.00	24.14	18.64	18.98
Dhaka	13803	14429	15478	17738	17517
USD/BDT	78.33	78.38	78.92	80.25	80.64
3m Treas. Yield (%)	4.75	3.20	2.98	2.89*	4.09
GDP (YoY%)	–	–	7.1	–	–
Money Supply (YoY%)	16.4	13.4	13.8	13.1	11.7*
Sov. Rating, Moody's	Ba3	Ba3	Ba3	Ba3	Ba3
Sov. Rating, S&P	BB-	BB-	BB-	BB-	BB-
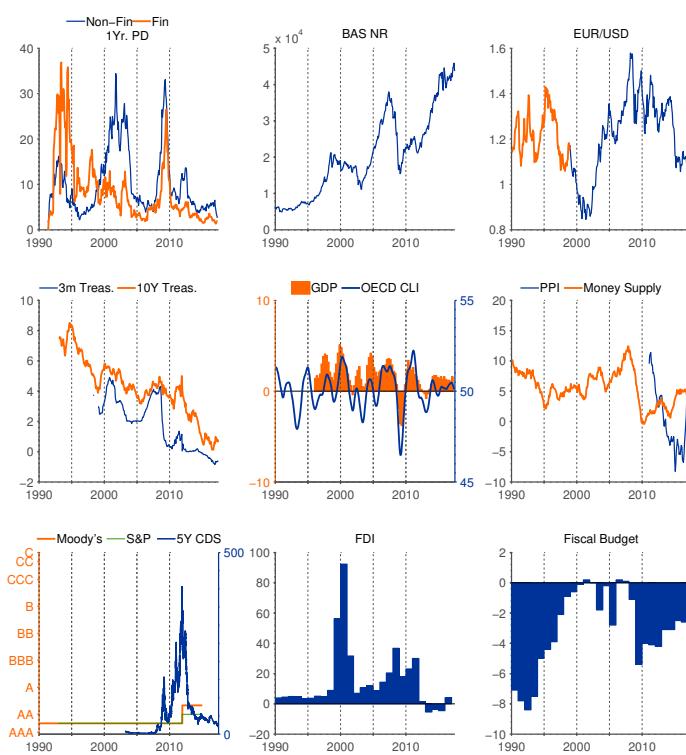
Belgium	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	5.57	5.18	4.75	2.99	2.40
1Yr. PD, Fin.	2.54	2.22	1.54	1.92	1.94
BAS NR	41164.2	42424.0	43085.0	44607.4	43715.0
EUR/USD	1.11	1.12	1.05	1.07	1.14
3m Treas. Yield (%)	-0.65	-0.75	-0.85	-0.66	-0.65
10Y Treas. Yield (%)	0.23	0.14	0.53	0.85	0.80
GDP (YoY%)	1.2	1.2	1.1	1.6	–
OECD CLI	100.28	100.40	100.47	100.29	100.10*
PPI (YoY%)	-3.4	0.8	9.3	12.6	6.1
Money Supply (YoY%)	5.00	5.10	5.20	5.30	5.10
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	AA	AA	AA	AA	AA
5Y CDS (bps)	49.22*	–	33.66	27.05	19.56
FDI (%GDP)	–	–	4.17	–	–
Fiscal Budget (%GDP)	–	–	-2.60	–	–

Bosnia and Herzegovina	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	11.30	8.50	22.11	23.80	24.58
1Yr. PD, Fin.	46.53	50.92	67.47	49.28	50.52
Sarajevo	652	577	583	631	597
BAM/USD	1.76	1.74	1.86	1.83	1.71
Sov. Rating, Moody's	B3	B3	B3	B3	B3
Sov. Rating, S&P	B	B	B	B	B
FDI (%GDP)	–	–	1.57	–	–
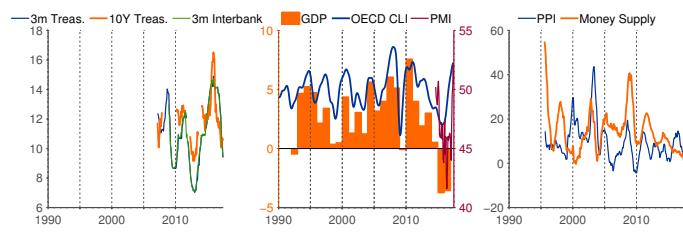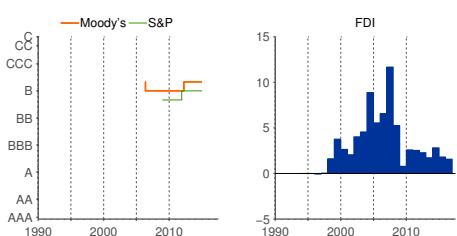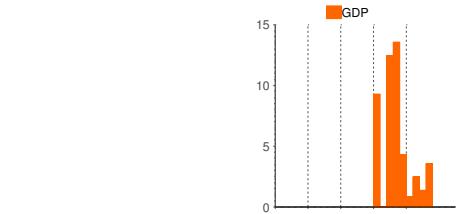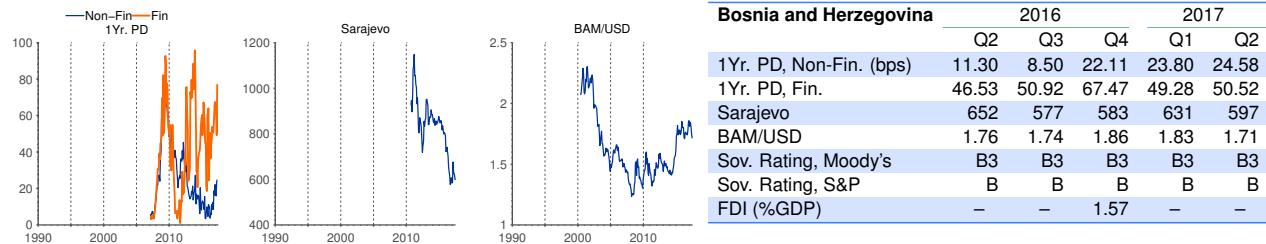
Brazil	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	47.85	42.11	37.36	38.47	39.16
1Yr. PD, Fin.	61.30	51.57	47.33	38.10	35.97
IBOV	51527	58367	60227	64984	62900
BRL/USD	3.21	3.26	3.25	3.12	3.31
3m Treas. Yield (%)	14.14	13.72	12.94	10.90	9.38
10Y Treas. Yield (%)	12.07	11.58	11.40	10.06	10.54
3m Interbank (%)	14.13	13.80	12.96	11.00	9.42
GDP (YoY%)	–	–	-3.6	–	–
OECD CLI	99.13	100.35	101.20	101.95	102.27*
PMI	43.2	46.0	45.2	49.6	50.5
PPI (YoY%)	14.6	12.3	7.6	4.9	-3.2
Money Supply (YoY%)	5.2	5.3	3.8	3.8	5.5
Sov. Rating, Moody's	Ba2	Ba2	Ba2	Ba2	Ba2
Sov. Rating, S&P	BB	BB	BB	BB	BB
5Y CDS (bps)	316.92	272.81	280.76	226.44	242.29
FDI (%GDP)	–	–	4.39	–	–
Fiscal Budget (%GDP)	–	–	-9.67	–	–
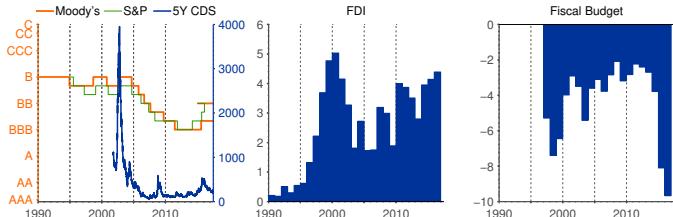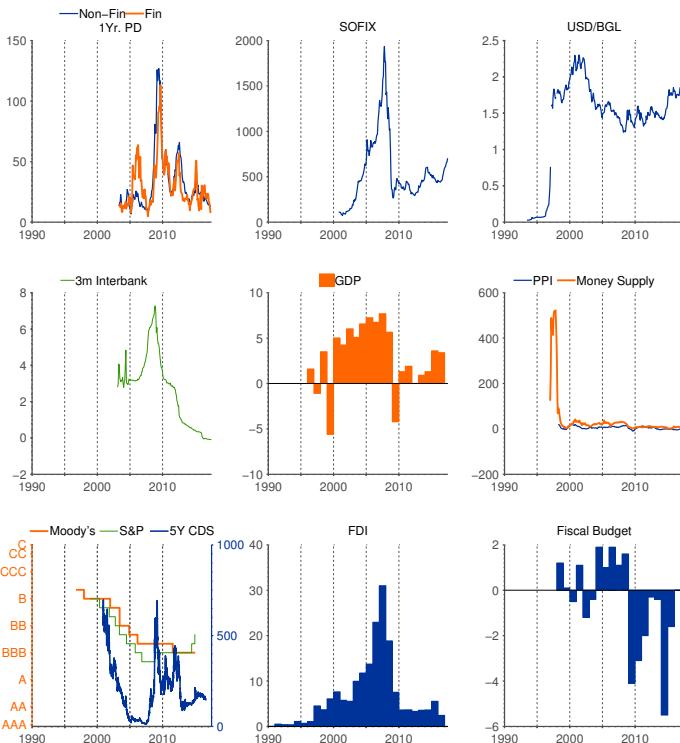
Bulgaria	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	19.04	17.63	15.00	13.68	8.95
1Yr. PD, Fin.	26.47	19.12	22.85	9.25	11.36
SOFIX	455.6	504.6	586.4	634.0	703.5
USD/BGL	1.76	1.74	1.86	1.84	1.71
3m Interbank (%)	-0.04	-0.05	-0.07	-0.10	-0.08
GDP (YoY%)	–	–	3.4	–	–
PPI (YoY%)	-4.2	-2.4	0.6	2.1	2.7
Money Supply (YoY%)	8.9	8.7	7.6	8.5	7.0
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BB+	BB+	BB+	BB+	BB+
5Y CDS (bps)	162.71	142.88*	–	–	–
FDI (%GDP)	–	–	2.43	–	–
Fiscal Budget (%GDP)	–	–	0.00	–	–
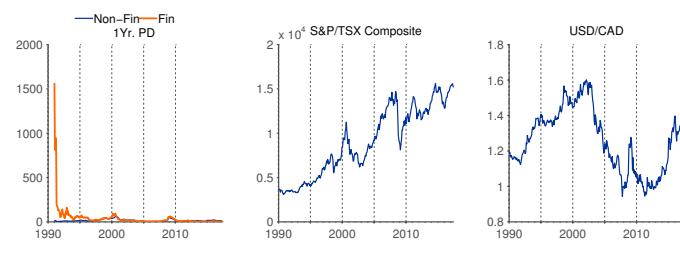
Canada	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	13.52	13.08	13.74	12.37	12.71
1Yr. PD, Fin.	5.11	3.98	3.61	2.40	2.26
S&P/TSX Composite	14065	14726	15288	15548	15182
USD/CAD	1.29	1.31	1.34	1.33	1.30
3m Treas. Yield (%)	0.49	0.53	0.46	0.55	0.71
10Y Treas. Yield (%)	1.06	1.00	1.72	1.63	1.76
3m Interbank (%)	0.88	0.90	0.94	0.94	1.07
GDP (YoY%)	1.1	1.5	2.0	2.3	–
OECD CLI	99.36	99.76	100.20	100.45	100.49*
PMI	54.7	68.1	49.4	67.6	63.9
PPI (YoY%)	-0.7	-0.3	2.3	5.2	3.3
Money Supply (YoY%)	10.5	8.3	8.3	7.9	6.2
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
FDI (%GDP)	–	–	2.07	–	–
Fiscal Budget (%GDP)	–	–	-0.05	–	–
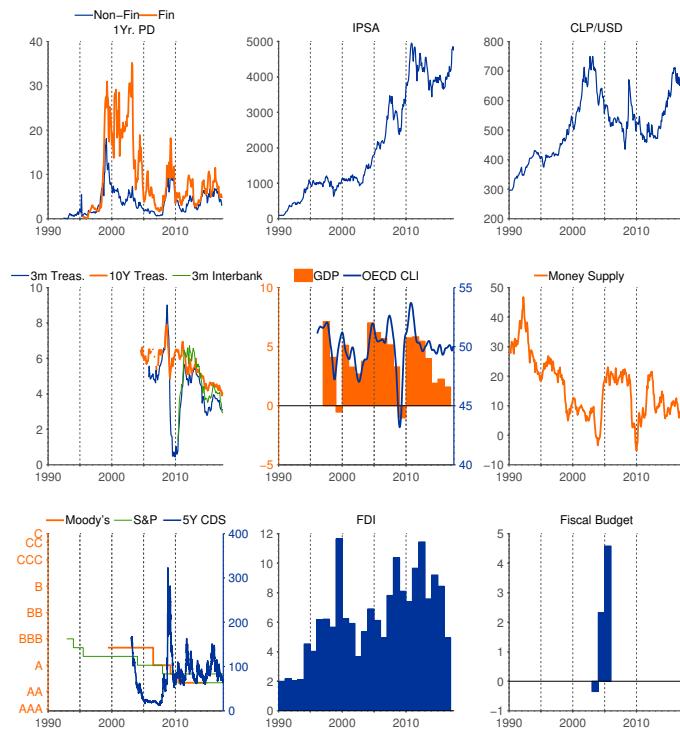
Chile	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	5.89	5.46	4.24	3.06	2.25
1Yr. PD, Fin.	7.95	7.29	4.82	4.84	3.90
IPSA	3996	4015	4151	4783	4747
CLP/USD	663.26	657.32	670.68	660.25	663.80
3m Treas. Yield (%)	3.73	3.61	3.35	3.09	3.09
10Y Treas. Yield (%)	4.55	4.22	4.37	4.20	4.01
3m Interbank (%)	4.12	4.04	4.09	3.43	2.97
GDP (YoY%)	–	–	1.6	–	–
OECD CLI	99.93	100.12	100.00	99.67	100.05*
Money Supply (YoY%)	9.2	8.0	6.3	2.8	6.3
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	A+	A+	A+	A+	A+
5Y CDS (bps)	94.50	86.43	83.25	72.16	65.85
FDI (%GDP)	–	–	4.95	–	–
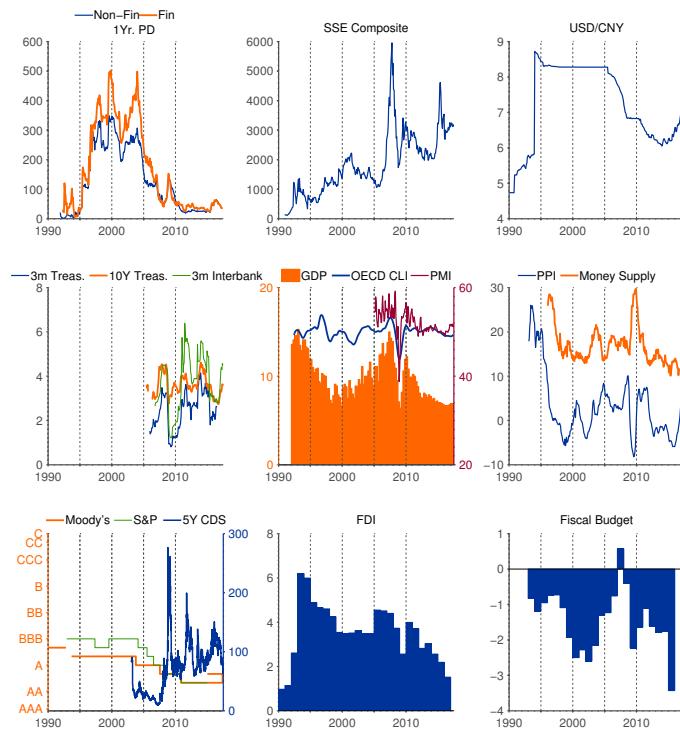
China	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	61.10	53.89	46.05	36.54	32.51
1Yr. PD, Fin.	61.28	50.06	45.42	36.88	31.40
SSE Composite	2929.6	3004.7	3103.6	3222.5	3192.4
USD/CNY	6.6	6.7	6.9	6.9	6.8
3m Treas. Yield (%)	2.63	2.63*	–	–	–
10Y Treas. Yield (%)	2.86	2.74	3.06	3.29	3.57
3m Interbank (%)	2.97	2.80	3.27	4.39	4.50
GDP (YoY%)	6.7	6.7	6.8	6.9	6.9
OECD CLI	99.11	99.05	99.00	99.10	99.38*
PMI	50.0	50.4	51.4	51.8	51.7
PPI (YoY%)	-2.60	0.10	5.50	7.60	5.50
Money Supply (YoY%)	11.80	11.50	11.30	10.60	9.40
Sov. Rating, Moody's	A1	A1	A1	A1	A1
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	122.23	106.50	113.67	81.99	69.43
FDI (%GDP)	–	–	1.52	–	–

Colombia

	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	19.47	17.29	13.79	11.66	9.92
1Yr. PD, Fin.	30.10	25.55	27.43	33.34	23.72
IGBC	3925	3939	3995	4097	4363
COP/USD	2920.46	2881.30	3000.71	2873.98	3043.11
10Y Treas. Yield (%)	7.59	7.00	7.11	6.65	6.42
3m Interbank (%)	6.95	6.97	5.46	6.22	5.85
GDP (YoY%)	–	–	2.0	–	–
PPI (YoY%)	9.64	3.38	1.62	0.55	-0.84
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
5Y CDS (bps)	205.42	169.93	164.22	133.99	136.10
FDI (%GDP)	–	–	4.81	–	–
Fiscal Budget (%GDP)	–	–	-3.82	–	–

Croatia

	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	20.98	19.86	15.97	13.92	15.41
1Yr. PD, Fin.	19.79	16.34	17.43	19.99	26.18
CROBEX	1676	1941	1995	1989	1866
USD/HRK	7	7	7	7	6
3m Interbank (%)	0.55	0.61	0.57	0.33	0.36
GDP (YoY%)	–	–	3.0	–	–
PPI (YoY%)	-5.50	-3.20	0.00	1.20	0.30
Money Supply (YoY%)	4.60	4.29	4.71	3.74	2.88
Sov. Rating, Moody's	Ba2	Ba2	Ba2	Ba2	Ba2
Sov. Rating, S&P	BB	BB	BB	BB	BB
5Y CDS (bps)	253.3	225.9	–	–	–
Fiscal Budget (%GDP)	–	–	0.36	–	–

Cyprus	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	36.22	30.57	31.33	26.29	27.06
1Yr. PD, Fin.	30.41	24.09	32.06	37.09	30.33
CYSMMAPA	66	66	66	68	77
EUR/USD	2.88	3.00	3.52	3.64	3.52
3m Interbank (%)	-0.29	-0.30	-0.32	-0.33	-0.33
GDP (YoY%)	2.8	2.9	2.9	3.3	–
PMI	80.7	75.9	78.7	75.1	–
PPI (YoY%)	-0.8	0.1	0.2	0.0	1.0
Sov. Rating, Moody's	Ba3	Ba3	Ba3	Ba3	Ba3
Sov. Rating, S&P	BB+	BB+	BB+	BB+	BB+
FDI (%GDP)	–	–	25.15	–	–
Fiscal Budget (%GDP)	–	–	0.40	–	–
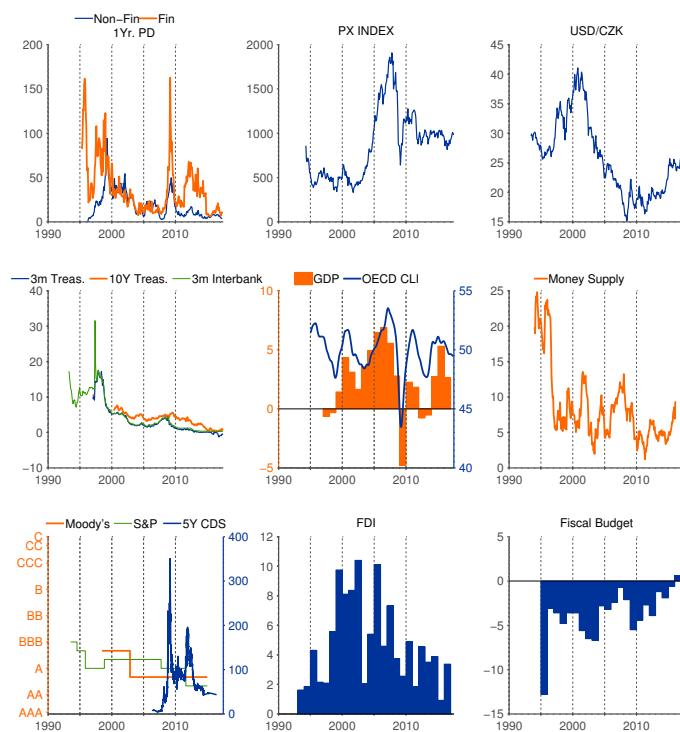
Czech Republic	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	7.92	6.54	5.34	3.75	1.85
1Yr. PD, Fin.	17.58	13.32	10.42	10.89	7.13
PX INDEX	816.9	863.6	921.6	981.1	980.4
USD/CZK	24.39	24.04	25.70	25.38	22.86
3m Treas. Yield (%)	-0.07	-0.72	-0.97	-0.89	-0.41
10Y Treas. Yield (%)	0.46	0.29	0.55	1.00	0.96
3m Interbank (%)	0.29	0.29	0.28	0.28	0.30
GDP (YoY%)	–	–	2.63	–	–
OECD CLI	99.96	99.63	99.64	99.54	99.46*
Sov. Rating, Moody's	A1	A1	A1	A1	A1
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	43.34	–	–	–	–
FDI (%GDP)	–	–	3.37	–	–
Fiscal Budget (%GDP)	–	–	0.60	–	–
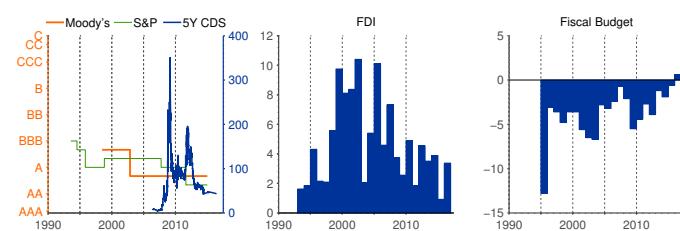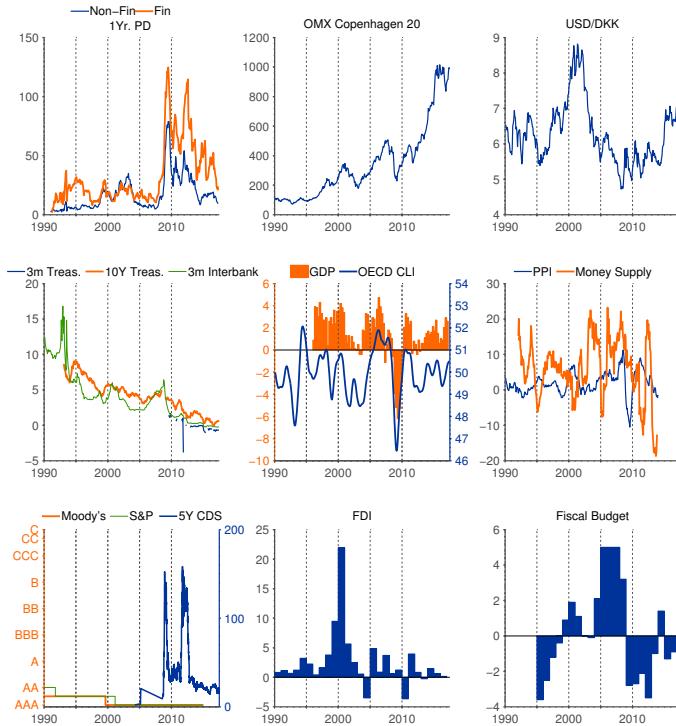
Denmark	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	18.42	15.10	14.25	9.31	10.38
1Yr. PD, Fin.	46.86	38.13	27.94	22.86	21.63
OMX Copenhagen 20	958	897	884	916	988
USD/DKK	6.70	6.63	7.07	6.98	6.51
3m Treas. Yield (%)	-0.50*	-0.66	-0.79	-0.69	-0.68
10Y Treas. Yield (%)	0.09	0.01	0.33	0.60	0.67
3m Interbank (%)	-0.21	-0.19	-0.23	-0.26	-0.24
GDP (YoY%)	0.9	2.0	2.9	2.6	–
OECD CLI	99.47	99.75	100.16	100.42	100.50*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	23.16	23.69	22.69	17.04	18.35
FDI (%GDP)	–	–	0.15	–	–
Fiscal Budget (%GDP)	–	–	-0.90	–	–
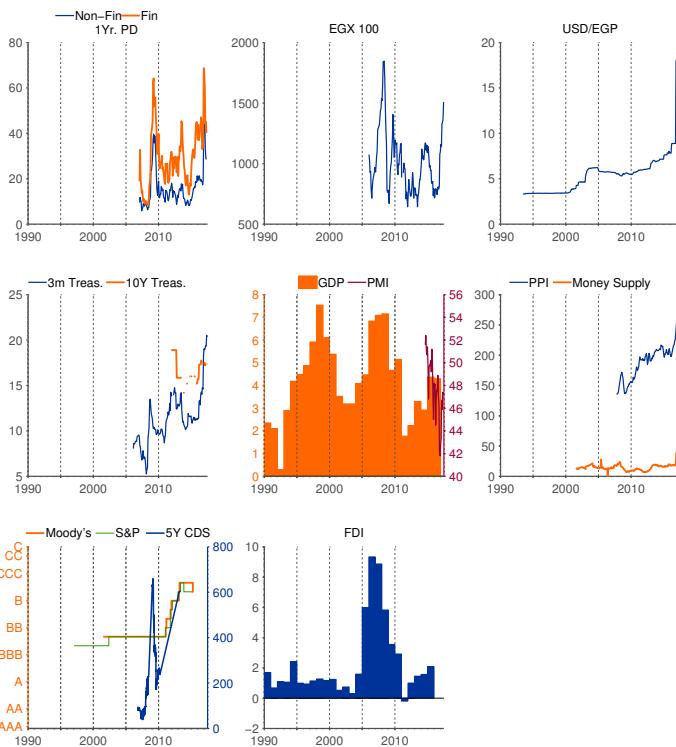
Egypt	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	19.59	17.06	44.41	28.55	20.51
1Yr. PD, Fin.	47.12	33.10	66.26	45.00	33.33
EGX 100	743.7	790.3	1096.0	1327.7	1509.2
USD/EGP	8.88	8.88	18.13	18.17	18.13
3m Treas. Yield (%)	13.96	14.78	19.04	19.38	20.38
10Y Treas. Yield (%)	17.30	17.40*	17.40	17.40	17.40
GDP (YoY%)	–	–	4.3	–	–
PMI	47.5	46.3	42.8	45.9	47.2
PPI (YoY%)	216.0	225.5	257.9	–	–
Money Supply (YoY%)	18.6	18.0	39.0	38.0	39.4
Sov. Rating, Moody's	B3	B3	B3	B3	B3
Sov. Rating, S&P	B-	B-	B-	B-	B-
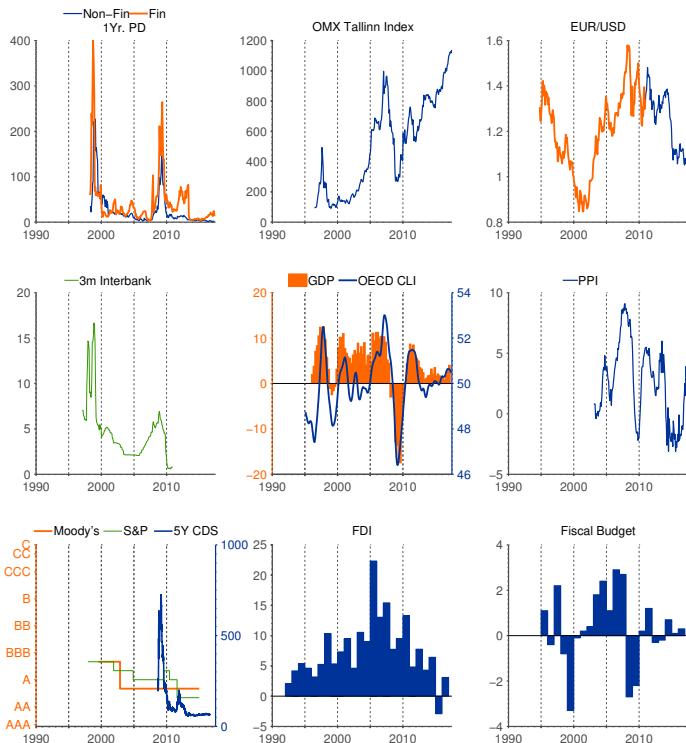
Estonia	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	1.98	2.91	1.76	1.79	1.64
1Yr. PD, Fin.	13.88	20.91	16.59	24.42	10.04
OMX Tallinn Index	985.6	1001.3	1075.5	1122.2	1137.1
EUR/USD	1.11	1.12	1.05	1.07	1.14
GDP (YoY%)	0.8	1.8	2.8	4.0	–
OECD CLI	100.37	100.61	100.63	100.58	100.47*
PPI (YoY%)	-1.4	-0.9	2.5	3.1	3.3
Sov. Rating, Moody's	A1	A1	A1	A1	A1
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	64.12	65.66*	–	–	–
FDI (%GDP)	–	–	3.09	–	–
Fiscal Budget (%GDP)	–	–	0.30	–	–
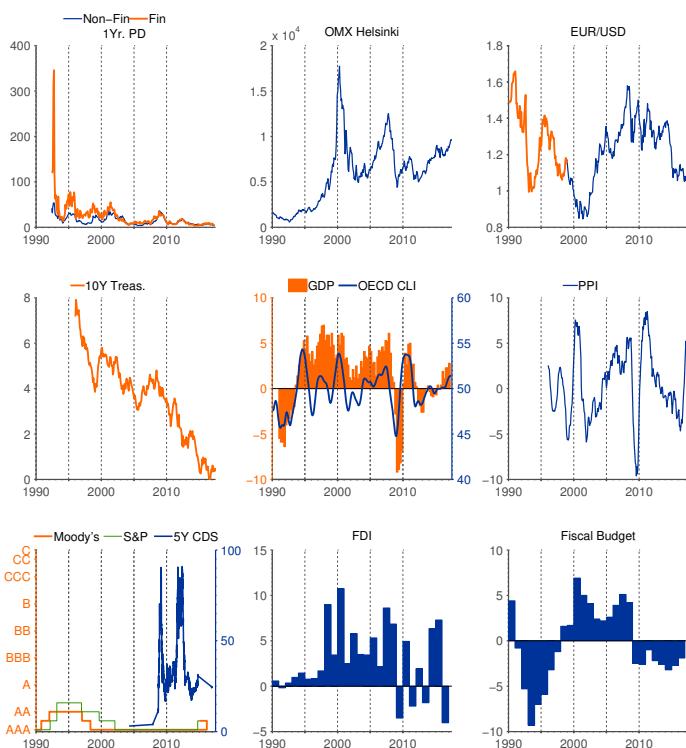
Finland	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	7.26	5.67	4.86	3.81	3.12
1Yr. PD, Fin.	9.73	7.32	8.18	4.96	5.54
OMX Helsinki	7904	8626	8902	9165	9568
EUR/USD	1.11	1.12	1.05	1.07	1.14
10Y Treas. Yield (%)	0.15	0.03	0.35	0.45	0.50
GDP (YoY%)	1.1	2.3	2.3	2.8	–
OECD CLI	100.17	100.69	101.20	101.38	101.42*
PPI (YoY%)	-3.4	-1.4	2.4	4.7	3.2
Sov. Rating, Moody's	Aa1	Aa1	Aa1	Aa1	Aa1
Sov. Rating, S&P	AA+	AA+	AA+	AA+	AA+
5Y CDS (bps)	–	–	24.1	–	–
FDI (%GDP)	–	–	-4.03	–	–
Fiscal Budget (%GDP)	–	–	-1.90	–	–
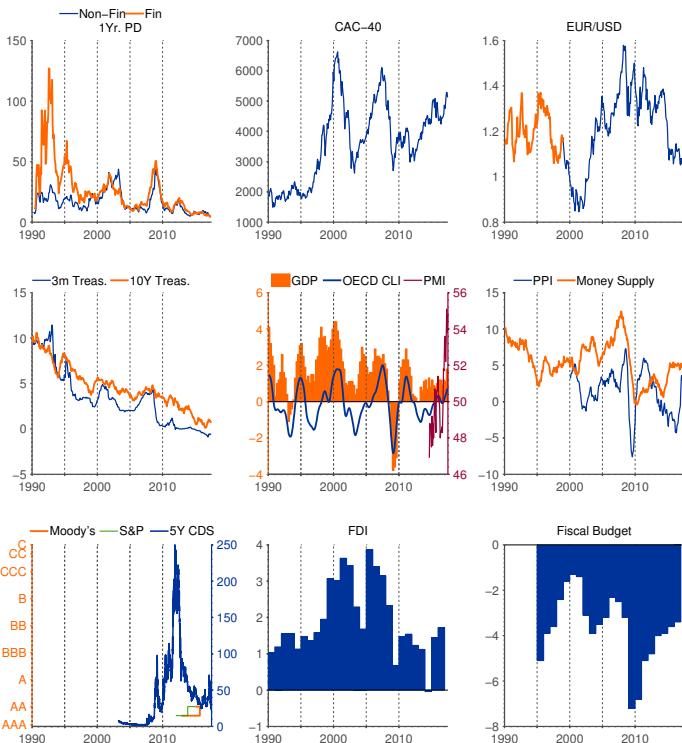
France	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	8.52	7.02	6.70	5.23	4.78
1Yr. PD, Fin.	6.29	4.93	5.66	4.79	2.74
CAC-40	4237	4448	4862	5123	5121
EUR/USD	1.11	1.12	1.05	1.07	1.14
3m Treas. Yield (%)	-0.57	-0.69	-0.90	-0.57	-0.60
10Y Treas. Yield (%)	0.18	0.19	0.69	0.97	0.81
GDP (YoY%)	1.2	0.9	1.2	1.1	1.8
OECD CLI	99.96	99.95	100.19	100.45	100.72*
PMI	48.3	49.7	53.5	53.3	54.8
PPI (YoY%)	-3.1	-1.5	1.6	2.9	1.4
Money Supply (YoY%)	5.0	5.1	5.2	5.3	5.1
Sov. Rating, Moody's	Aa2	Aa2	Aa2	Aa2	Aa2
Sov. Rating, S&P	AA	AA	AA	AA	AA
5Y CDS (bps)	50.5	29.2	37.0	50.4	21.8
FDI (%GDP)	–	–	1.72	–	–
Fiscal Budget (%GDP)	–	–	-3.40	–	–
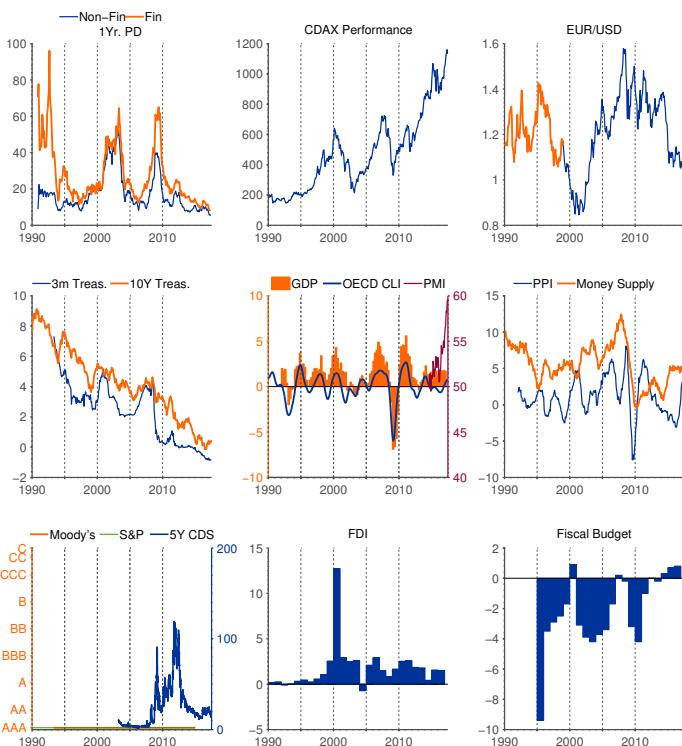
Germany	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	10.11	8.38	7.96	5.89	4.73
1Yr. PD, Fin.	12.38	10.33	10.25	7.95	6.83
CDAX Performance	893	971	1043	1121	1132
EUR/USD	1.11	1.12	1.05	1.07	1.14
3m Treas. Yield (%)	-0.66	-0.76	-0.85	-0.82	-0.82
10Y Treas. Yield (%)	-0.13	-0.12	0.21	0.33	0.47
GDP (YoY%)	1.8	1.7	1.8	1.7	–
OECD CLI	99.42	99.75	100.18	100.55	100.79*
PMI	54.5	54.3	55.6	58.3	59.6
PPI (YoY%)	-2.2	-1.4	1.0	3.1	2.4
Money Supply (YoY%)	5.0	5.1	5.2	5.3	5.1
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	22.27	19.18	21.78	17.15	15.49
FDI (%GDP)	–	–	1.51	–	–
Fiscal Budget (%GDP)	–	–	0.80	–	–
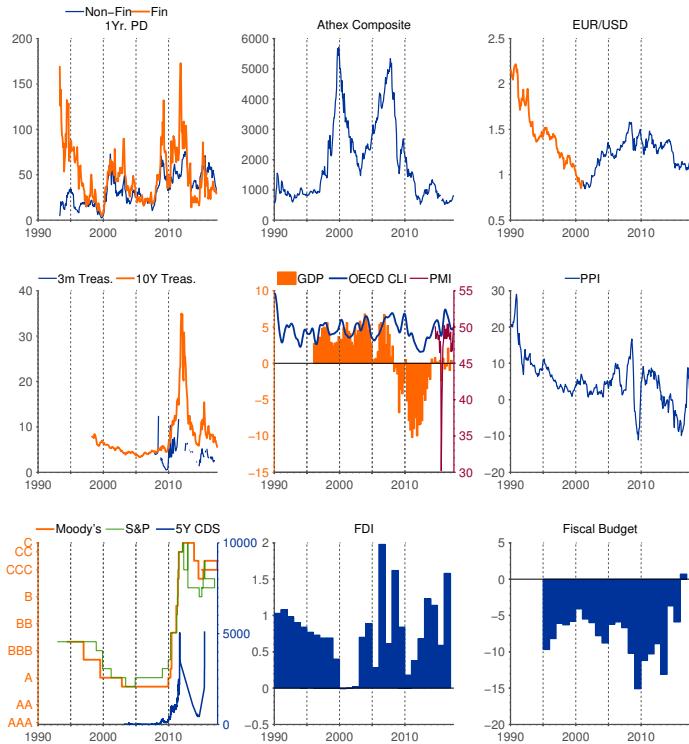
Greece	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	56.45	50.70	47.02	36.02	23.84
1Yr. PD, Fin.	35.56	38.83	32.12	32.93	19.59
Athex Composite	542	566	644	666	824
EUR/USD	1	1	1	1	1
3m Treas. Yield (%)	3.38	3.34	2.59	2.43*	–
10Y Treas. Yield (%)	8.29	8.28	7.11	6.99	5.42
GDP (YoY%)	-0.4	2.1	-1.0	0.4	–
OECD CLI	101.65	100.85	99.87	99.69	99.91*
PMI	50.4	49.2	49.3	46.7	50.5
PPI (YoY%)	-7.3	-3.2	3.0	6.0	1.2
Sov. Rating, Moody's	Caa2	Caa2	Caa2	Caa2	Caa2
Sov. Rating, S&P	B-	B-	B-	B-	B-
FDI (%GDP)	–	–	1.58	–	–
Fiscal Budget (%GDP)	–	–	0.70	–	–
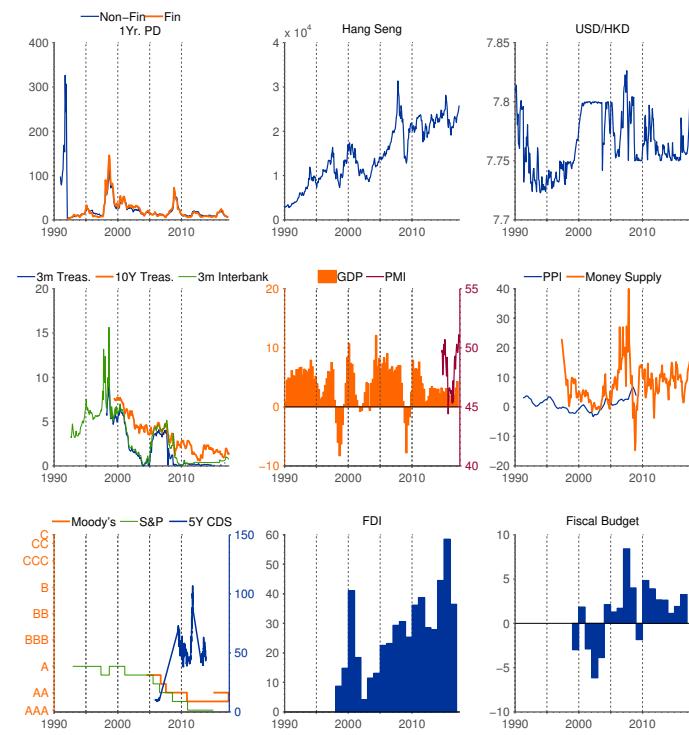
Hong Kong	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	16.75	8.99	8.65	6.54	5.96
1Yr. PD, Fin.	20.28	10.89	8.65	6.17	6.83
Hang Seng	20794	23297	22001	24112	25765
USD/HKD	7.76	7.76	7.76	7.77	7.81
3m Treas. Yield (%)	0.10*	–	0.33*	–	–
10Y Treas. Yield (%)	1.02	1.06	1.97	1.67	1.49
3m Interbank (%)	0.57	0.59	1.02	0.94	0.78
GDP (YoY%)	1.8	2.0	3.2	4.3	–
PMI	45.4	49.3	50.3	49.9	51.1
Money Supply (YoY%)	2.1	7.8	8.9	13.7	15.9
Sov. Rating, Moody's	Aa2	Aa2	Aa2	Aa2	Aa2
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
FDI (%GDP)	–	–	36.49	–	–
Fiscal Budget (%GDP)	–	–	3.26	–	–
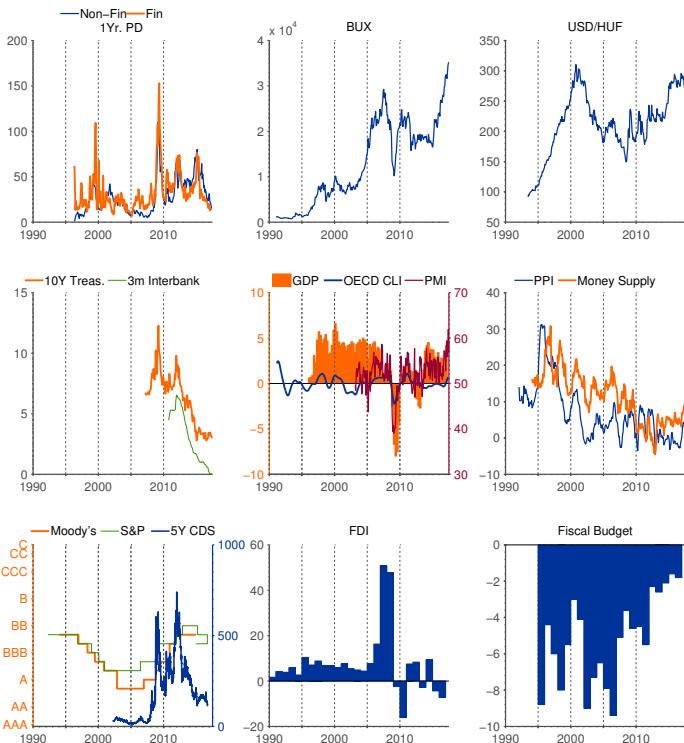
Hungary	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	32.83	26.21	31.25	19.16	10.19
1Yr. PD, Fin.	25.68	18.98	16.64	14.73	7.53
BUX	26325.6	27664.3	32003.0	31634.3	35205.4
USD/HUF	284.23	274.35	294.36	289.83	270.29
10Y Treas. Yield (%)	3.03	2.88	3.16	3.25	3.08
3m Interbank (%)	0.76	0.59	0.21	0.05	0.01
GDP (YoY%)	2.8	2.2	1.6	4.2	–
OECD CLI	99.48	99.34	99.93	100.88	101.40*
PMI	50.9	57.2	52.8	55.9	56.9
PPI (YoY%)	-2.6	-2.6	0.5	4.2	1.5
Money Supply (YoY%)	5.36	4.20	6.81	7.67	10.11
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	BBB-	BBB-	BBB-	BBB-	BBB-
5Y CDS (bps)	158.69	115.11	–	–	–
FDI (%GDP)	–	–	-7.27	–	–
Fiscal Budget (%GDP)	–	–	-1.80	–	–
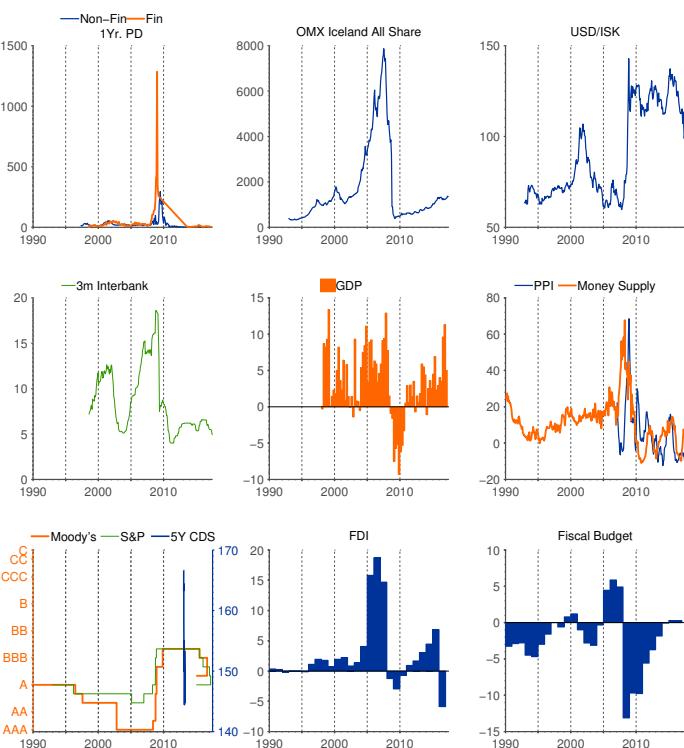
Iceland	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	4.70	5.30	6.92	4.47	3.21
1Yr. PD, Fin.	9.65	6.62	4.49	3.31	4.42
OMX Iceland All Share	1245	1209	1232	1291	1347
USD/ISK	123.18	113.82	113.34	113.49	101.81
3m Interbank (%)	6.55	5.95	5.60	5.50	4.90
GDP (YoY%)	3.5	9.6	11.3	5.0	–
PPI (YoY%)	-9.3	-5.5	-6.1	-7.1	-10.2
Money Supply (YoY%)	-6.98	-8.41	-4.64	7.55	5.32
Sov. Rating, Moody's	A3	A3	A3	A3	A3
Sov. Rating, S&P	A	A	A	A	A
FDI (%GDP)	–	–	-5.88	–	–
Fiscal Budget (%GDP)	–	–	0.29	–	–

India	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	21.77	19.00	13.03	12.21	13.41
1Yr. PD, Fin.	25.96	22.83	23.29	25.64	24.56
SENSEX	27000	27866	26626	29621	30922
USD/INR	67.53	66.61	67.92	64.85	64.58
3m Treas. Yield (%)	6.65	6.42	6.20	5.78	6.29
10Y Treas. Yield (%)	7.45	6.82	6.51	6.68	6.51
3m Interbank (%)	6.75	7.04	5.36	6.14	6.47
OECD CLI	100.05	99.86	99.62	99.53	99.56*
PMI	51.7	52.1	49.6	52.5	50.9
PPI (YoY%)	-0.1	1.4	2.1	5.1	0.9
Money Supply (YoY%)	10.30	12.10	6.50	7.30	7.40
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BBB-	BBB-	BBB-	BBB-	BBB-
Fiscal Budget (%GDP)	–	–	-3.70	–	–

Indonesia	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	18.86	16.69	16.85	14.36	16.18
1Yr. PD, Fin.	24.39	22.06	25.11	29.09	25.73
Jakarta Composite	5017	5365	5297	5568	5830
USD/IDR	13210.00	13042.00	13473.00	13322.00	13348.00
10Y Treas. Yield (%)	7.45	7.06	7.97	7.04	6.83
3m Interbank (%)	7.23	7.10	7.46	6.87	7.01
GDP (YoY%)	5.1	5.0	5.0	5.0	–
OECD CLI	99.24	99.61	99.97	100.55	100.86*
PMI	51.9	50.9	49.0	50.5	49.5
PPI (YoY%)	11.54	10.96	8.65	6.77	2.47
Money Supply (YoY%)	8.69	5.08	10.03	9.99	11.43
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BBB-	BBB-	BBB-	BBB-	BBB-
5Y CDS (bps)	185.2	152.1	157.9	127.5	117.4
FDI (%GDP)	–	–	0.40	–	–

Ireland	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	9.24	7.86	8.73	7.68	6.24
1Yr. PD, Fin.	19.37	10.20	10.78	7.03	5.80
ISEQ	5642	6035	6517	6659	6828
EUR/USD	1.11	1.12	1.05	1.07	1.14
10Y Treas. Yield (%)	0.52	0.33	0.75	1.00	0.90
GDP (YoY%)	5.5	3.2	8.9	6.6	–
OECD CLI	99.07	99.57	100.56	100.74	100.37*
PMI	53.0	51.3	55.7	53.6	56.0
PPI (YoY%)	-0.4	-0.7	0.2	1.8	2.0
Money Supply (YoY%)	5.0	5.1	5.2	5.3	5.1
Sov. Rating, Moody's	A3	A3	A3	A3	A3
Sov. Rating, S&P	A+	A+	A+	A+	A+
5Y CDS (bps)	64.71*	–	63.75	50.86	39.71*
FDI (%GDP)	–	–	26.92	–	–
Fiscal Budget (%GDP)	–	–	-0.60	–	–
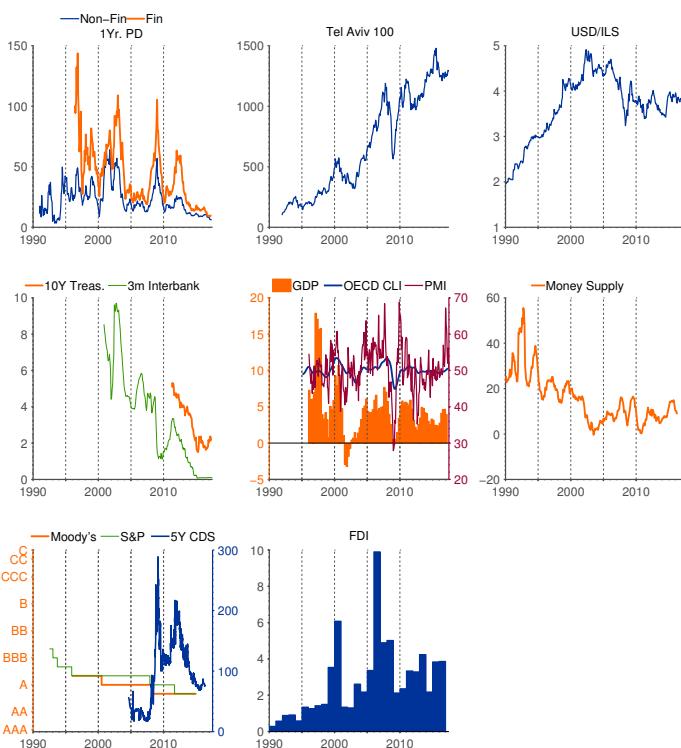
Israel	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	10.44	8.18	7.97	6.29	6.62
1Yr. PD, Fin.	12.58	9.55	9.41	9.70	9.49
Tel Aviv 100	1211	1262	1282	1252	1289
USD/ILS	3.86	3.76	3.84	3.62	3.50
10Y Treas. Yield (%)	1.63	1.73	2.06	2.36	2.13*
3m Interbank (%)	0.08	0.10	0.10	0.10	0.10
GDP (YoY%)	4.1	4.6	4.7	3.9	–
OECD CLI	99.65	99.73	100.02	100.39	100.52*
PMI	48.8	52.1	67.2	54.8	50.3
Sov. Rating, Moody's	A1	A1	A1	A1	A1
Sov. Rating, S&P	A+	A+	A+	A+	A+
5Y CDS (bps)	75.72*	–	–	–	–
FDI (%GDP)	–	–	3.87	–	–
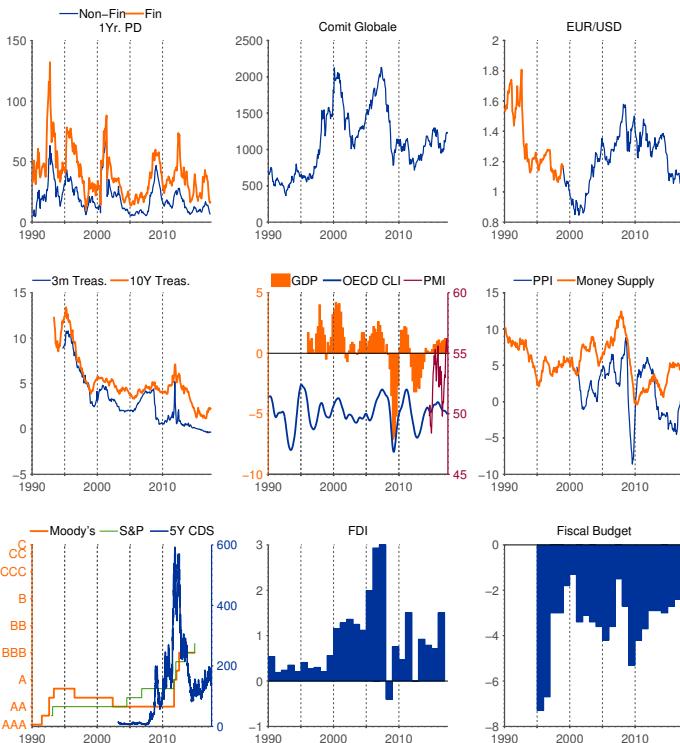
Italy	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	15.08	14.06	12.48	6.79	6.21
1Yr. PD, Fin.	40.78	37.40	26.91	15.45	15.71
Comit Globale	949	965	1124	1208	1219
EUR/USD	1.11	1.12	1.05	1.07	1.14
3m Treas. Yield (%)	-0.28	-0.39	-0.46	-0.33	-0.38
10Y Treas. Yield (%)	1.26	1.19	1.81	2.32	2.16
GDP (YoY%)	0.8	1.0	1.1	1.2	–
OECD CLI	100.45	100.25	100.25	100.12	99.96*
PMI	53.5	51.0	53.2	55.7	55.2
PPI (YoY%)	-3.4	-0.8	0.9	3.3	3.1
Money Supply (YoY%)	5.00	5.10	5.20	5.30	5.10
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB-	BBB-	BBB-	BBB-	BBB-
5Y CDS (bps)	152.05	150.82	157.22	170.09	145.62
FDI (%GDP)	–	–	1.50	–	–
Fiscal Budget (%GDP)	–	–	-2.40	–	–
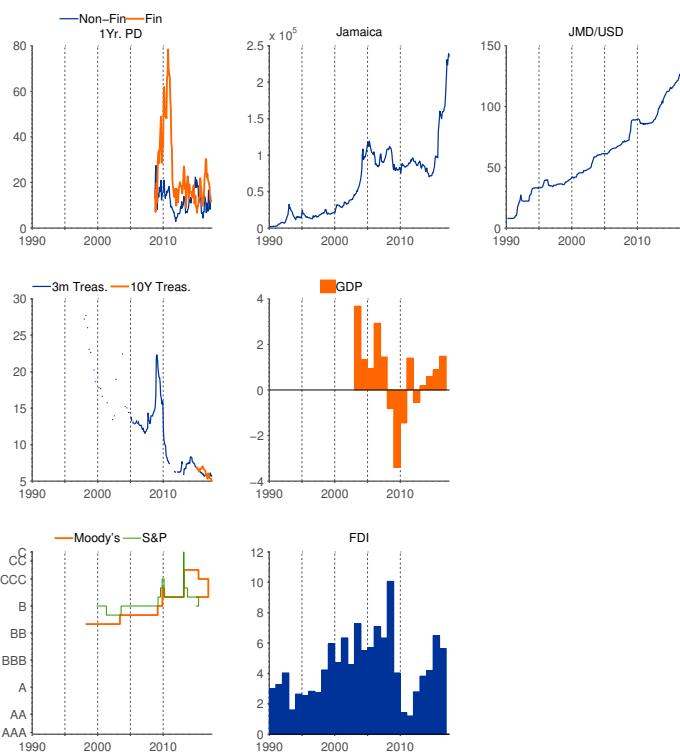
Jamaica	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	11.36	10.55	13.32	13.58	10.75
1Yr. PD, Fin.	30.31	23.77	19.40	11.43	14.55
Jamaica	159717	164474	192274	223834	235043
JMD/USD	126.55	127.58	128.85	128.13	128.34
3m Treas. Yield (%)	5.86	5.86	5.68	6.13	5.77
10Y Treas. Yield (%)	6.35	5.45	5.84	5.38	5.00
GDP (YoY%)	–	–	1.5	–	–
Sov. Rating, Moody's	B3	B3	B3	B3	B3
Sov. Rating, S&P	B	B	B	B	B
FDI (%GDP)	–	–	5.64	–	–
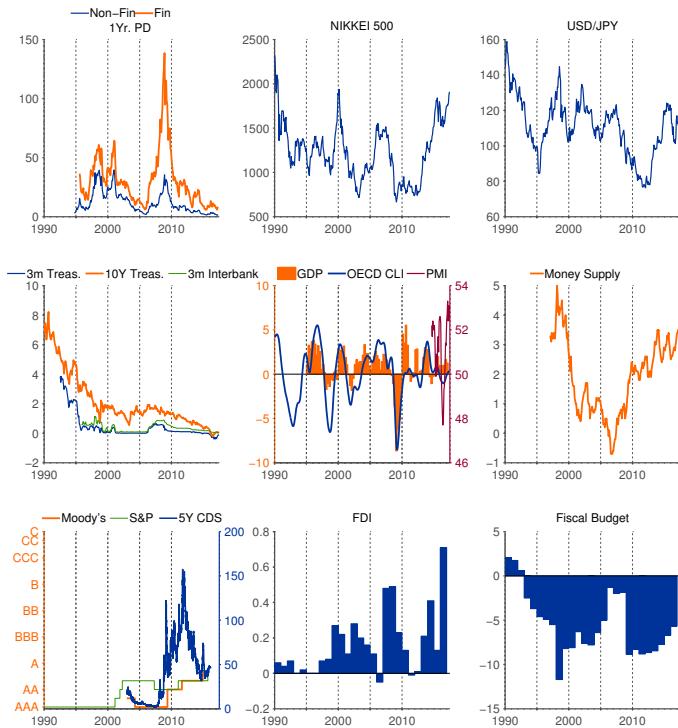
Japan	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	3.40	2.10	1.74	1.43	1.23
1Yr. PD, Fin.	11.33	8.81	7.31	7.74	6.32
NIKKEI 500	1513	1572	1744	1760	1910
USD/JPY	103.20	101.35	116.96	111.39	112.39
3m Treas. Yield (%)	-0.27	-0.40	-0.39	-0.20	-0.10
10Y Treas. Yield (%)	-0.22	-0.09	0.05	0.07	0.09
3m Interbank (%)	0.06	0.06	0.06	0.06	0.06
GDP (YoY%)	0.9	1.0	1.6	1.3	–
OECD CLI	99.58	99.70	99.95	100.08	100.15*
PMI	48.1	50.4	52.4	52.4	52.4
Money Supply (YoY%)	2.90	3.00	3.40	3.50	3.30
Sov. Rating, Moody's	A1	A1	A1	A1	A1
Sov. Rating, S&P	A+	A+	A+	A+	A+
FDI (%GDP)	–	–	0.71	–	–
Fiscal Budget (%GDP)	–	–	-5.67	–	–
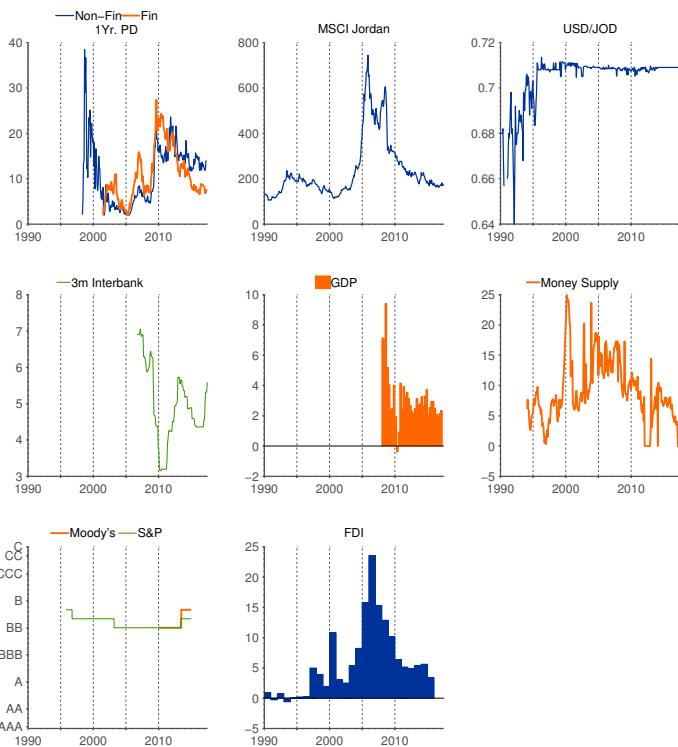
Jordan	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	12.41	12.69	12.09	13.94	13.60
1Yr. PD, Fin.	8.85	8.71	8.22	6.95	6.76
MSCI Jordan	166	163	172	182	172
USD/JOD	0.71	0.71	0.71	0.71	0.71
3m Interbank (%)	4.36	4.36	4.57	5.32	5.59
GDP (YoY%)	2.1	2.0	2.1	2.3	–
Money Supply (YoY%)	4.58	4.94	4.02	-0.16	0.82*
Sov. Rating, Moody's	B1	B1	B1	B1	B1
Sov. Rating, S&P	BB-	BB-	BB-	BB-	BB-
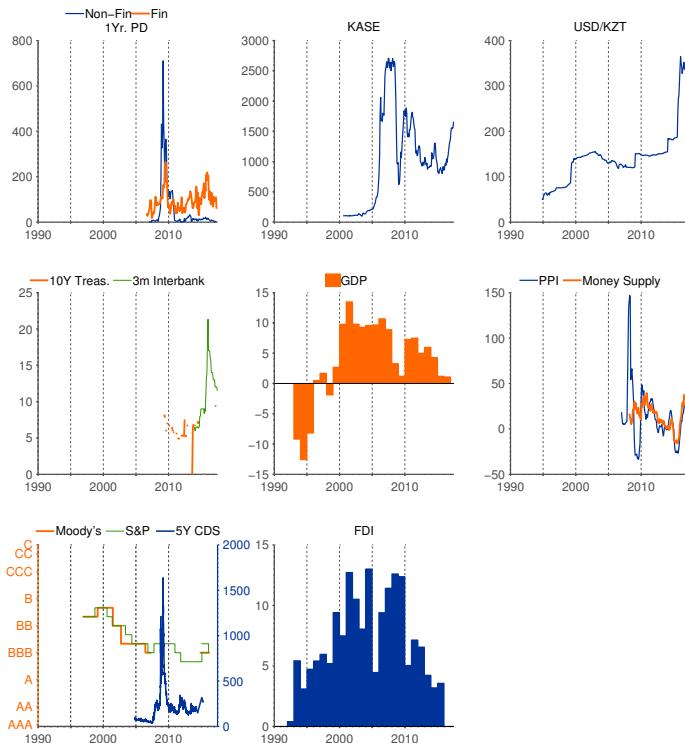
Kazakhstan	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	7.60	7.02	3.75	2.83	1.84
1Yr. PD, Fin.	78.44	68.42	91.52	108.87	83.92
KASE	985	1191	1358	1554	1660
USD/KZT	339.18	335.84	333.69	313.65	322.18
10Y Treas. Yield (%)	–	–	–	9.40	–
3m Interbank (%)	15.92	14.00	13.00	12.00	11.50
GDP (YoY%)	–	–	1.1	–	–
PPI (YoY%)	18.7	26.1	15.5	26.7	9.6
Money Supply (YoY%)	25.17	32.54	46.39	30.68	27.50
Sov. Rating, S&P	BBB-	BBB-	BBB-	BBB-	BBB-
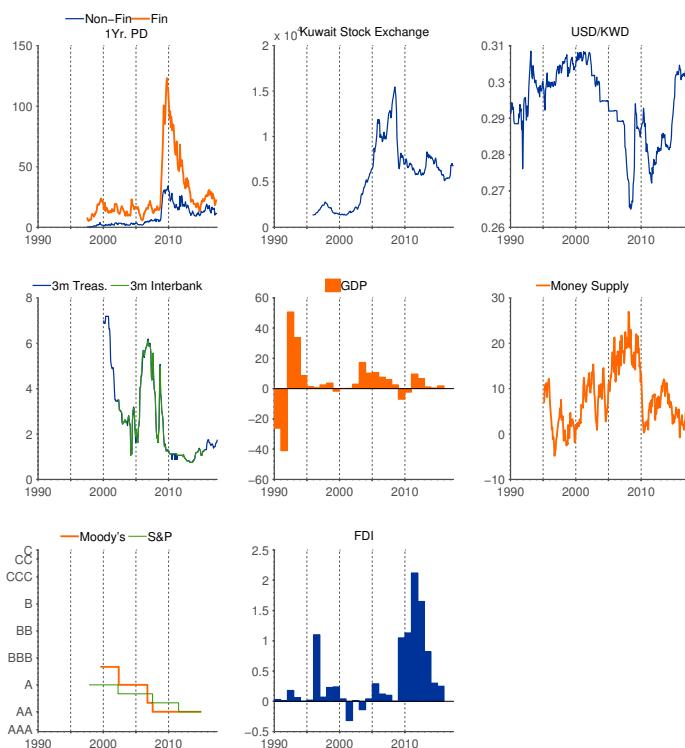
Kuwait	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	11.64	14.50	15.76	11.65	13.89
1Yr. PD, Fin.	29.07	27.71	23.53	21.54	21.17
Kuwait Stock Exchange	5365	5398	5748	7029	6763
USD/KWD	0.30	0.30	0.31	0.30	0.30
3m Treas. Yield (%)	1.50	1.56	1.44	1.56	1.75
Money Supply (YoY%)	1.67	2.56	3.50	0.66	0.33*
Sov. Rating, Moody's	Aa2	Aa2	Aa2	Aa2	Aa2
Sov. Rating, S&P	AA	AA	AA	AA	AA
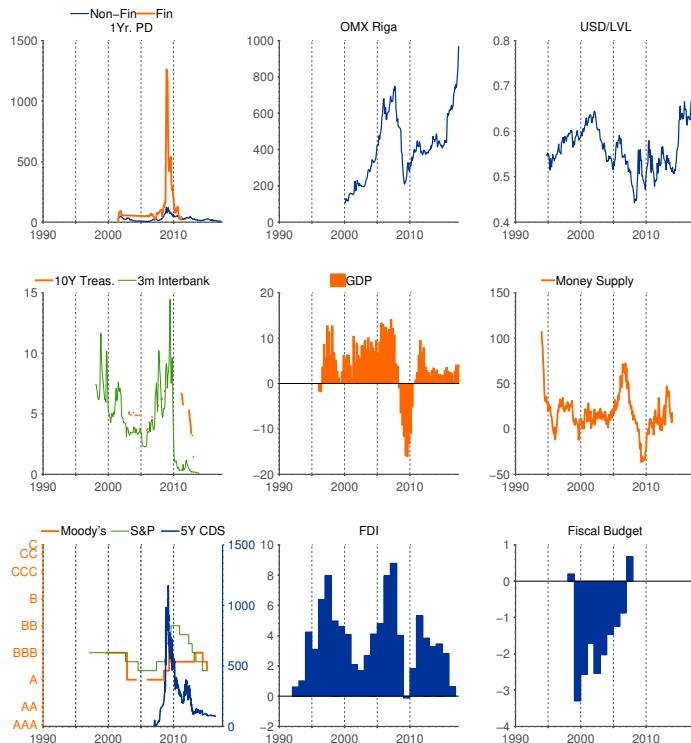
Latvia	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	8.39	6.76	9.78	6.74	5.42
OMX Riga	621	709	734	770	970
USD/LVL	0.63	0.63	0.67	0.66	0.62
GDP (YoY%)	2.3	0.5	2.6	4.0	4.1
Sov. Rating, Moody's	A3	A3	A3	A3	A3
Sov. Rating, S&P	A-	A-	A-	A-	A-
5Y CDS (bps)	81.82	–	–	–	–
FDI (%GDP)	–	–	0.64	–	–
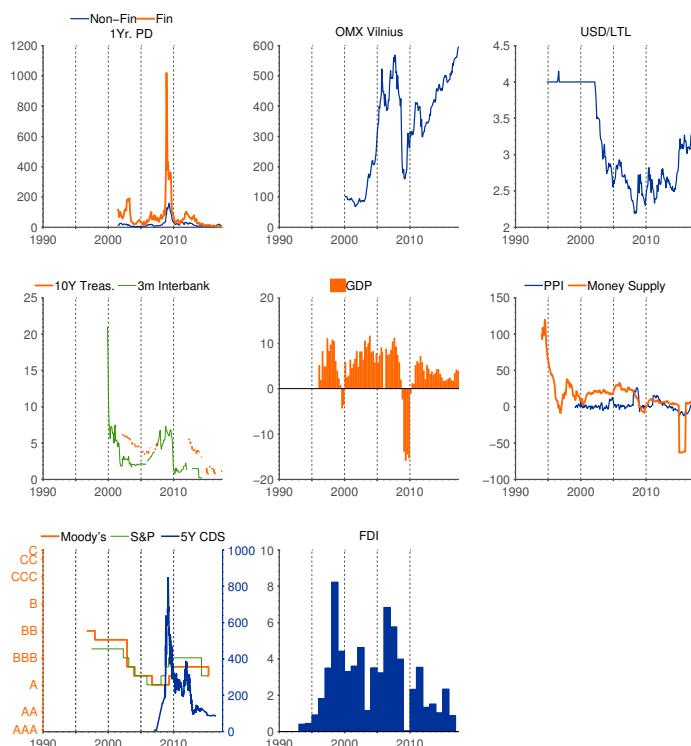
Lithuania	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	10.41	13.98	18.87	12.84	4.68
1Yr. PD, Fin.	5.94	4.75	3.64	2.36	2.54
OMX Vilnius	511	544	558	565	597
USD/LTL	3.11	3.07	3.28	3.24	3.02
10Y Treas. Yield (%)	0.79	–	–	–	1.15
GDP (YoY%)	1.8	1.6	3.4	4.1	3.9
PPI (YoY%)	-6.9	-0.6	5.5	8.2	1.2
Money Supply (YoY%)	5.10	6.60	7.30	8.00	–
Sov. Rating, Moody's	A3	A3	A3	A3	A3
Sov. Rating, S&P	A-	A-	A-	A-	A-
5Y CDS (bps)	83.52	–	–	–	–
FDI (%GDP)	–	–	0.88	–	–
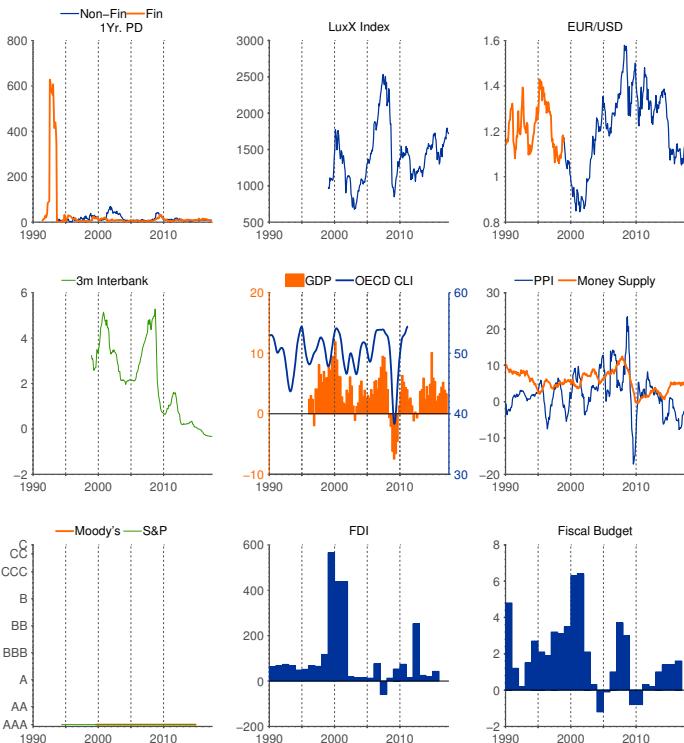
Luxembourg	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	11.31	8.41	8.61	8.47	7.13
1Yr. PD, Fin.	10.19	7.84	7.15	8.43	2.82
LuxX Index	1399	1578	1669	1795	1711
EUR/USD	1.11	1.12	1.05	1.07	1.14
3m Interbank (%)	-0.29	-0.30	-0.32	-0.33	-0.33
GDP (YoY%)	4.4	5.2	3.9	3.3	–
PPI (YoY%)	-4.7	-7.4	-6.2	-3.3	-3.2
Money Supply (YoY%)	5.00	5.10	5.20	5.30	5.10
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
Fiscal Budget (%GDP)	–	–	1.60	–	–
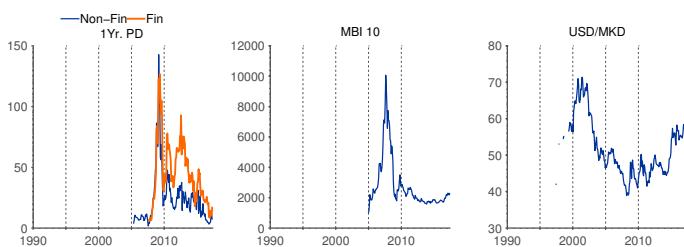
Macedonia	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	6.51	4.33	4.45	10.64	3.46
1Yr. PD, Fin.	25.70	20.80	9.44	10.41	15.34
MBI 10	1707	1954	2135	2251	2282
USD/MKD	55.48	54.69	58.46	57.78	53.84
3m Treas. Yield (%)	1.60	1.60*	–	–	–
GDP (YoY%)	–	–	2.4	–	–
Sov. Rating, S&P	BB-	BB-	BB-	BB-	BB-
FDI (%GDP)	–	–	5.26	–	–
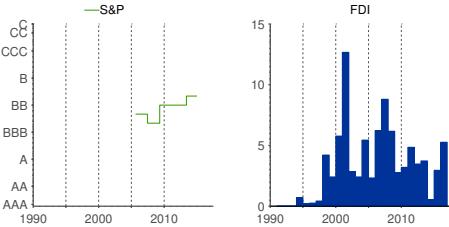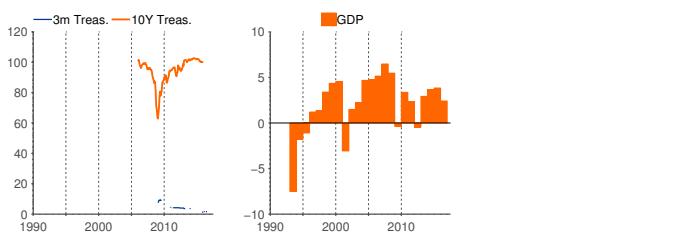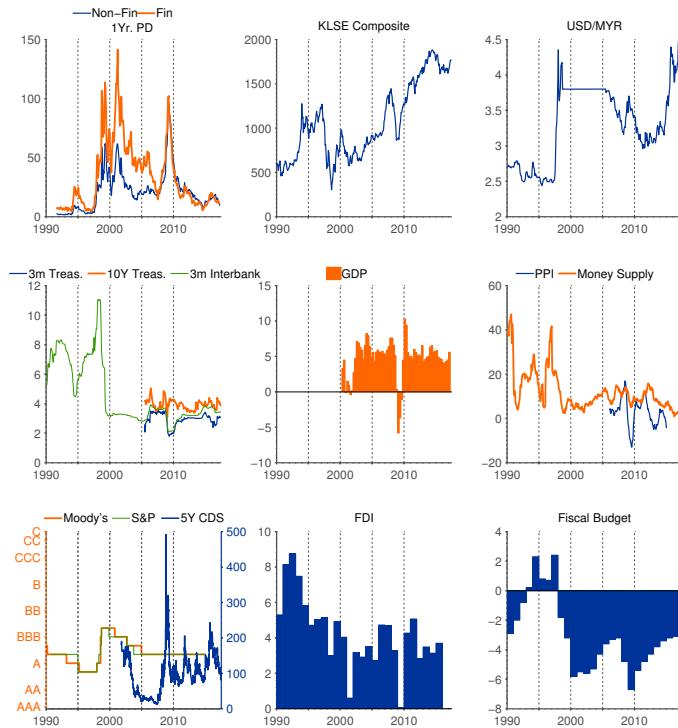
Malaysia	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	18.48	15.22	14.46	9.87	9.04
1Yr. PD, Fin.	15.03	12.31	13.84	11.31	11.34
KLSE Composite	1654	1653	1642	1740	1764
USD/MYR	4.03	4.14	4.49	4.43	4.29
3m Treas. Yield (%)	2.69	2.58	3.06	3.15	3.07
10Y Treas. Yield (%)	3.74	3.55	4.23	4.15	3.93
3m Interbank (%)	3.65	3.40	3.41	3.43	3.43
GDP (YoY%)	4.0	4.3	4.5	5.6	–
Money Supply (YoY%)	1.90	2.30	3.10	4.50	4.30
Sov. Rating, Moody's	A3	A3	A3	A3	A3
Sov. Rating, S&P	A-	A-	A-	A-	A-
5Y CDS (bps)	154.51	120.84	138.38	105.21	85.45
Fiscal Budget (%GDP)	–	–	-3.10	–	–
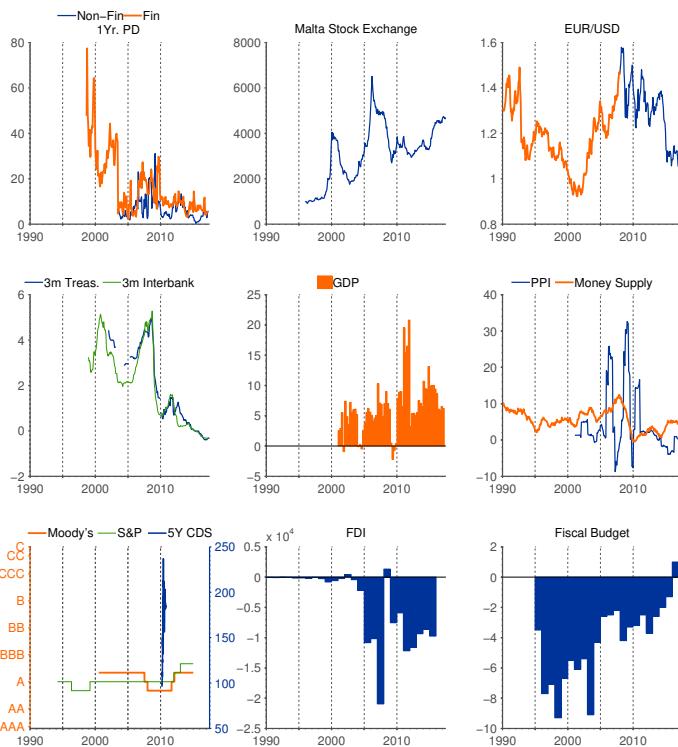
Malta	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	3.65	4.80	5.64	5.68	4.80
1Yr. PD, Fin.	6.20	11.75	4.13	5.37	5.09
Malta Stock Exchange	4561	4467	4631	4718	4697
EUR/USD	1.11	1.12	1.05	1.07	1.14
3m Treas. Yield (%)	-0.28	-0.39	-0.39	-0.35	-0.34
3m Interbank (%)	-0.29	-0.30	-0.32	-0.33	-0.33
GDP (YoY%)	6.1	5.9	6.5	6.2	–
PPI (YoY%)	0.9	0.4	0.3	0.8	0.8
Money Supply (YoY%)	5.00	5.10	5.20	5.30	5.10
Sov. Rating, Moody's	A3	A3	A3	A3	A3
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB+	BBB+
Fiscal Budget (%GDP)	–	–	1.00	–	–
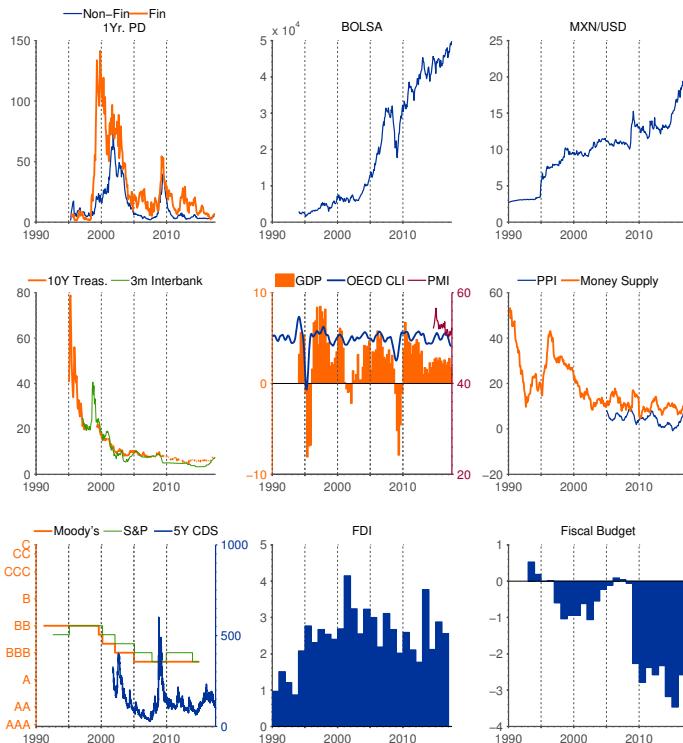
Mexico	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	3.05	2.83	3.94	5.00	5.06
1Yr. PD, Fin.	4.45	2.26	3.86	5.53	6.55
BOLSA	45966	47246	45643	48542	49857
MXN/USD	18.28	19.39	20.73	18.72	18.12
10Y Treas. Yield (%)	6.08	5.99	7.25	7.40	7.32*
3m Interbank (%)	4.23	5.15	6.19	6.93	7.40
GDP (YoY%)	2.6	2.0	2.3	2.8	1.8
OECD CLI	101.09	100.72	99.69	98.48	98.21*
PMI	51.1	51.9	50.2	51.5	52.3
PPI (YoY%)	4.9	6.6	10.3	10.7	6.5
Money Supply (YoY%)	8.40	10.10	10.60	9.10	7.80
Sov. Rating, Moody's	Baa1	Baa1	Baa1	Baa1	Baa1
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB+	BBB+
5Y CDS (bps)	159.12	166.81	155.91	130.28	112.63
FDI (%GDP)	–	–	2.56	–	–
Fiscal Budget (%GDP)	–	–	-2.58	–	–
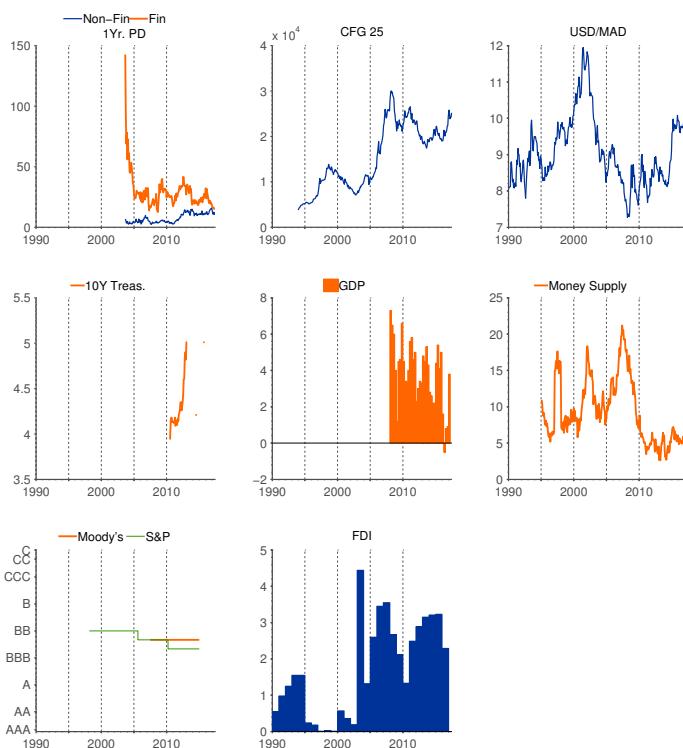
Morocco	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	11.90	14.91	13.31	12.40	8.62
1Yr. PD, Fin.	19.87	19.51	17.03	15.84	25.84
CFG 25	20098	21282	24464	23883	25205
USD/MAD	9.79	9.73	10.13	10.06	9.64
GDP (YoY%)	-0.5	0.8	0.9	3.8	–
Money Supply (YoY%)	4.90	5.90	4.70	5.60	4.95
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	BBB-	BBB-	BBB-	BBB-	BBB-
FDI (%GDP)	–	–	2.29	–	–
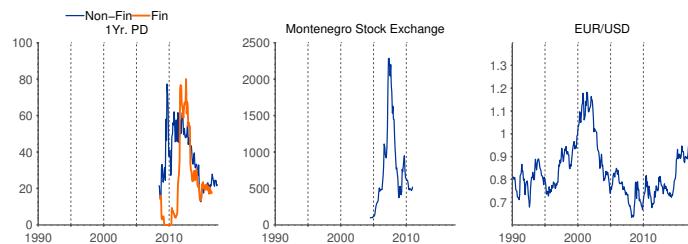
Montenegro	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	25.43	24.48	24.59	21.44	18.89
1Yr. PD, Fin.	17.41	17.40*	–	–	–
EUR/USD	0.90	0.89	0.95	0.94	0.88
Sov. Rating, Moody's	B1	B1	B1	B1	B1
Sov. Rating, S&P	B+	B+	B+	B+	B+
FDI (%GDP)	–	–	5.43	–	–
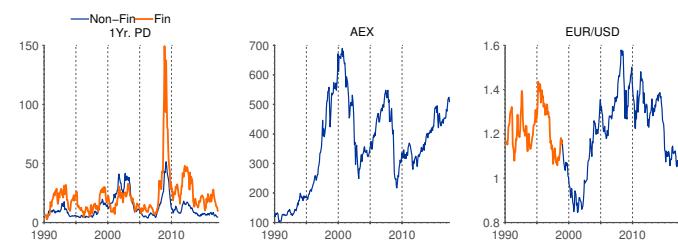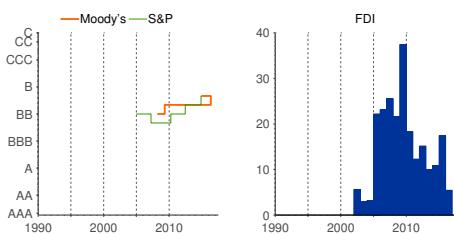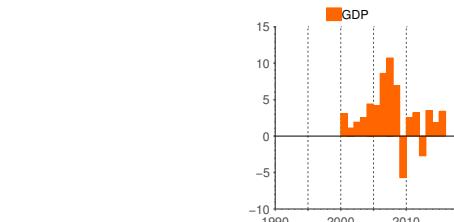
Netherlands	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	8.16	6.16	6.05	4.66	4.61
1Yr. PD, Fin.	26.72	20.18	13.87	10.09	6.91
AEX	436	452	483	517	507
EUR/USD	1.11	1.12	1.05	1.07	1.14
3m Treas. Yield (%)	-0.66	-0.78	-1.11	-0.78	-0.64
10Y Treas. Yield (%)	0.09	0.00	0.36	0.58	0.66
3m Interbank (%)	-0.29	-0.30	-0.32	-0.33	-0.33
GDP (YoY%)	2.0	2.4	2.7	2.5	–
OECD CLI	99.70	99.69	99.91	100.19	100.32*
PMI	52.0	53.4	57.3	57.8	58.6
PPI (YoY%)	-6.4	-4.0	4.9	8.7	2.3
Money Supply (YoY%)	5.00	5.10	5.20	5.30	5.10
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	26.67	25.11	27.65	21.31	19.54
FDI (%GDP)	–	–	10.48	–	–
Fiscal Budget (%GDP)	–	–	0.40	–	–
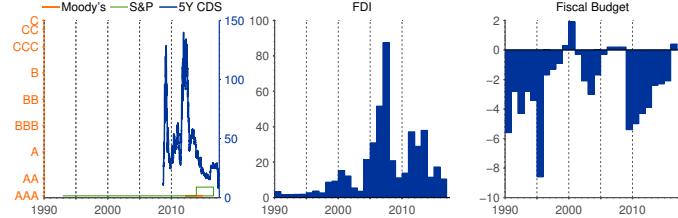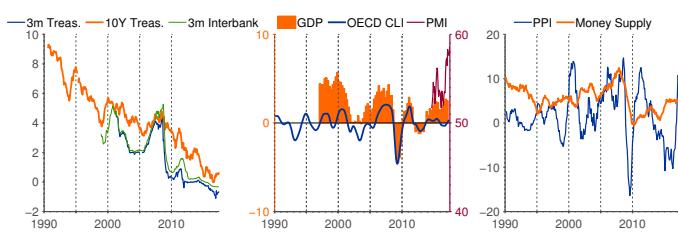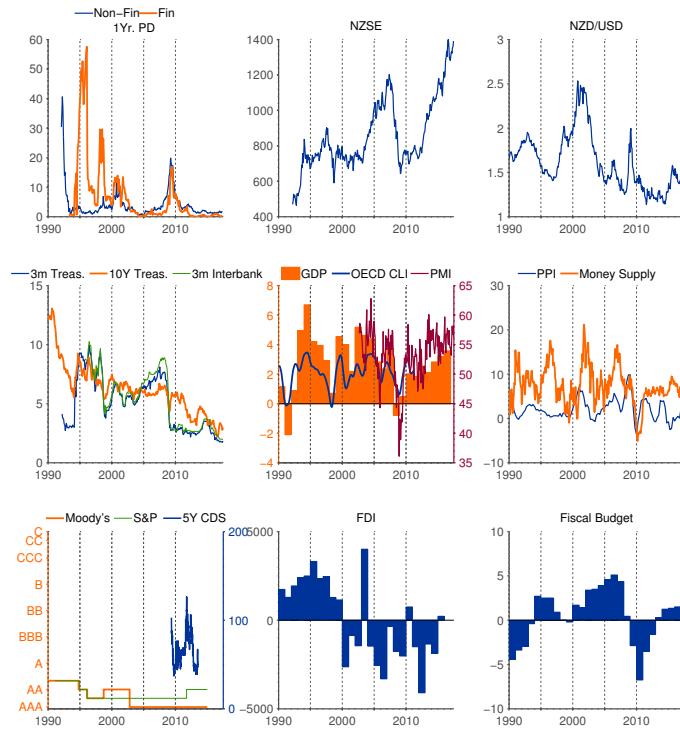
New Zealand	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	1.46	1.28	1.48	1.63	1.65
1Yr. PD, Fin.	0.92	0.47	0.20	0.14	0.20
NZSE	1305	1375	1281	1322	1392
NZD/USD	1.40	1.37	1.44	1.43	1.36
3m Treas. Yield (%)	2.09	1.91	1.75	1.77	1.84
10Y Treas. Yield (%)	2.35	2.27	3.33	3.19	2.98
3m Interbank (%)	2.42	2.20	2.00	2.00	1.99
GDP (YoY%)	–	–	3.6	–	–
PMI	57.8	57.4	54.5	58.1	56.2
PPI (YoY%)	0.5	0.1	2.5	4.1	–
Money Supply (YoY%)	5.90	4.80	6.40	6.40*	–
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AA	AA	AA	AA	AA
Fiscal Budget (%GDP)	–	–	1.51	–	–
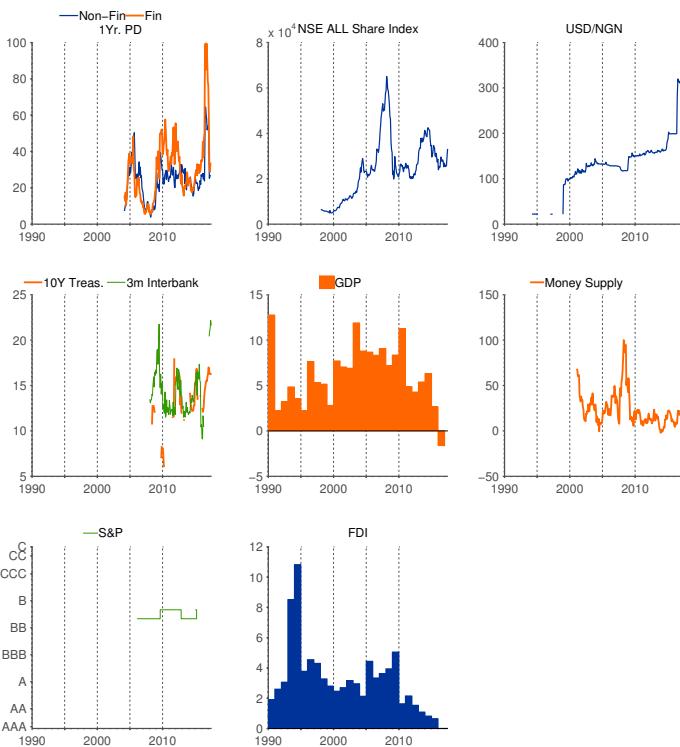
Nigeria	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	53.16	57.57	52.99	26.28	25.45
1Yr. PD, Fin.	97.39	99.34	76.43	28.79	26.73
NSE ALL Share Index	29598	28335	26875	25516	33117
USD/NGN	280.50	315.00	315.33	314.29	322.25
10Y Treas. Yield (%)	14.40	15.54	16.24	16.29	16.19
3m Interbank (%)	10.45*	–	–	20.93	21.61
GDP (YoY%)	–	–	-1.6	–	–
Money Supply (YoY%)	17.36	17.61	16.77	7.59	-1.83
Sov. Rating, S&P	B+	B+	B+	B+	B+
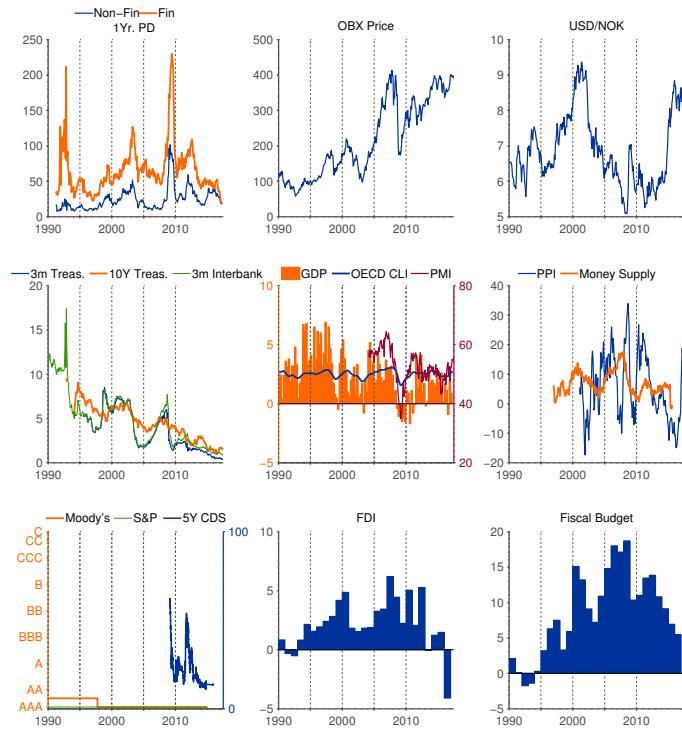
Norway	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	33.13	28.22	23.83	18.90	23.32
1Yr. PD, Fin.	52.09	35.65	30.34	21.30	24.82
OBX Price	353	358	397	396	390
USD/NOK	8.36	7.98	8.64	8.60	8.35
3m Treas. Yield (%)	0.54	0.48	0.51	0.41	0.35
10Y Treas. Yield (%)	1.01	1.21	1.65	1.64	1.65
3m Interbank (%)	1.01	1.15	1.17	0.97	0.83
GDP (YoY%)	1.1	-0.9	2.0	0.9	–
OECD CLI	99.29	99.61	100.31	100.85	100.95*
PMI	53.1	52.4	52.2	55.1	55.6
PPI (YoY%)	-9.7	-6.1	7.2	16.1	3.2
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
FDI (%GDP)	–	–	-4.10	–	–
Fiscal Budget (%GDP)	–	–	5.48	–	–
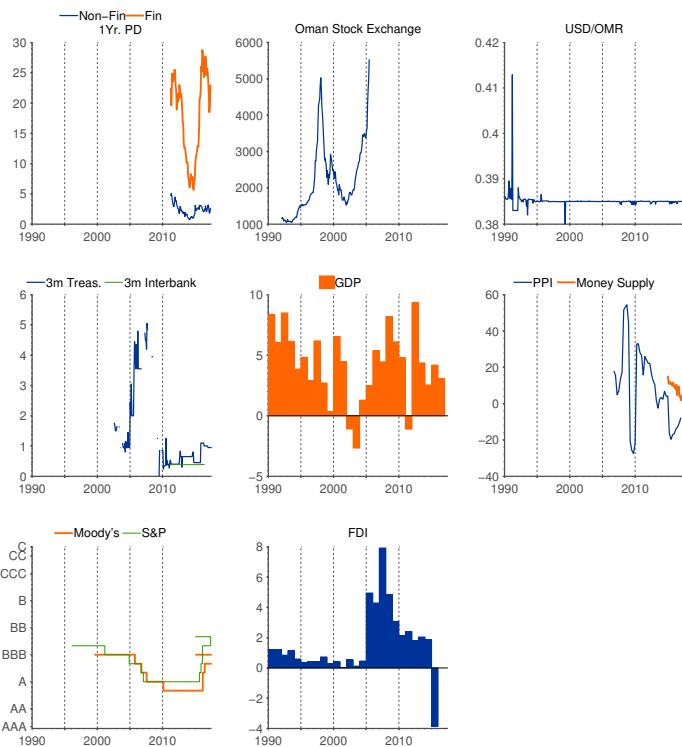
Oman	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	2.37	2.06	3.17	1.82	3.08
1Yr. PD, Fin.	24.64	24.56	23.29	19.62	17.48
USD/OMR	0.38	0.39	0.39	0.39	0.39
3m Treas. Yield (%)	1.00	1.00	0.95	0.95	0.95
3m Interbank (%)	0.39	–	–	–	–
GDP (YoY%)	–	–	3.1	–	–
PPI (YoY%)	-12.9	-10.8	-7.8	–	–
Money Supply (YoY%)	5.35	5.57	1.83	3.06	4.12*
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BB+	BB+	BB+	BB+	BB+
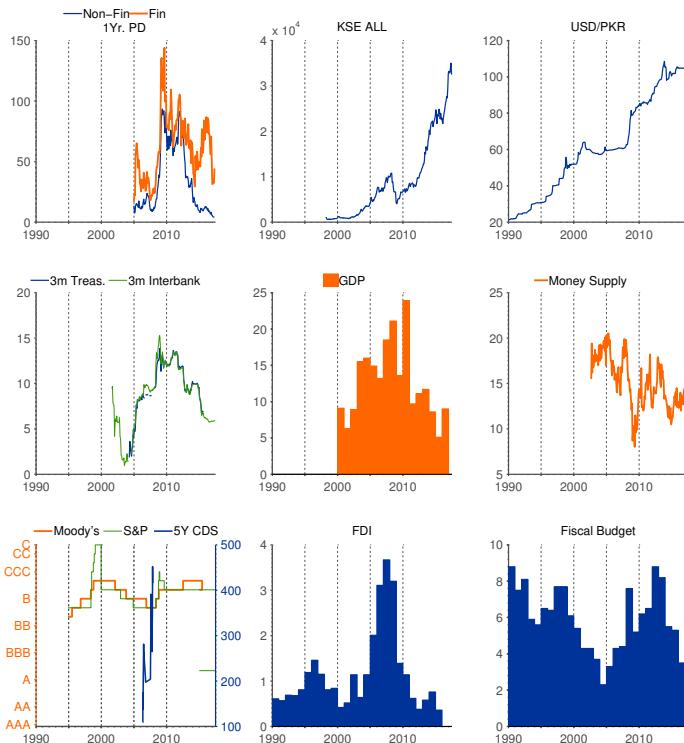
Pakistan	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	9.31	6.66	5.43	4.20	7.90
1Yr. PD, Fin.	72.75	55.99	31.39	32.35	53.69
KSE ALL	25313	27682	32842	32985	32494
USD/PKR	104.73	104.66	104.83	104.85	104.91
3m Interbank (%)	5.80	5.79	5.87	5.87	5.89
GDP (YoY%)	–	–	9.0	–	–
Money Supply (YoY%)	13.70	12.70	14.50	13.60	13.70
Sov. Rating, Moody's	B3	B3	B3	B3	B3
Sov. Rating, S&P	A-	A-	A-	A-	A-
Fiscal Budget (%GDP)	–	–	3.50	–	–
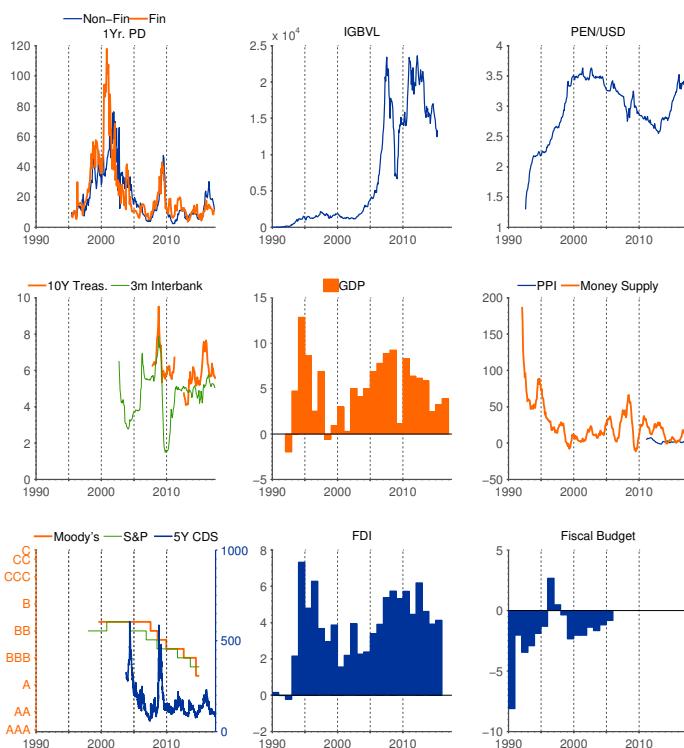
Peru	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	30.18	18.59	18.98	13.82	10.08
1Yr. PD, Fin.	14.98	12.84	11.03	9.68	9.31
PEN/USD	3.29	3.38	3.36	3.25	3.25
10Y Treas. Yield (%)	6.08	5.77	6.38	5.77	5.54
3m Interbank (%)	5.76	5.24	5.27	5.20	5.05
GDP (YoY%)	–	–	3.9	–	–
PPI (YoY%)	1.0	1.5	1.9	1.8	1.4
Money Supply (YoY%)	8.60	18.00	11.50	14.50	12.40
Sov. Rating, Moody's	A3	A3	A3	A3	A3
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB+	BBB+
5Y CDS (bps)	138.66	102.69	108.02	102.15	85.54
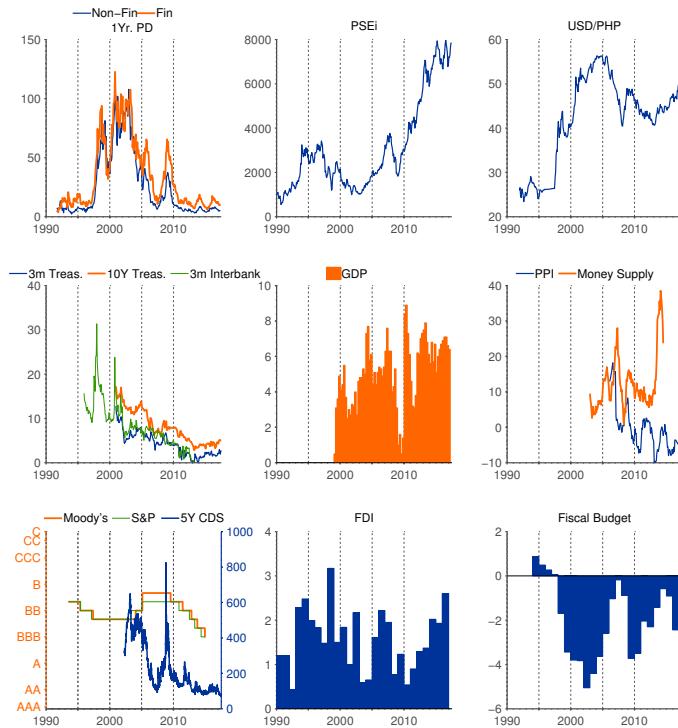
Philippines	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	8.62	7.01	6.41	5.31	4.43
1Yr. PD, Fin.	14.24	11.43	12.65	10.40	10.14
PSEi	7796	7630	6841	7312	7843
USD/PHP	47.16	48.47	49.60	50.20	50.47
3m Treas. Yield (%)	1.76	1.59	2.15	2.96	2.81
10Y Treas. Yield (%)	4.22	3.65	4.63	5.08	5.06
GDP (YoY%)	7.1	7.1	6.6	6.4	–
PPI (YoY%)	-3.7	-4.4	-4.2	-0.6	-2.1*
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
5Y CDS (bps)	114.17	116.82	109.67	81.80	77.37
FDI (%GDP)	–	–	2.60	–	–
Fiscal Budget (%GDP)	–	–	-2.44	–	–
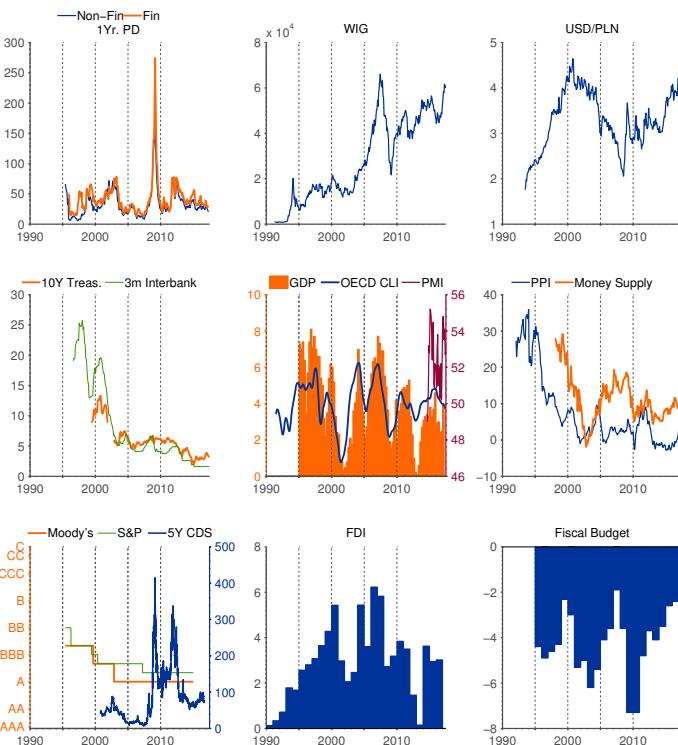
Poland	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	29.59	23.95	29.75	22.25	16.51
1Yr. PD, Fin.	33.06	30.07	35.31	29.23	20.83
WIG	44749	47085	51754	57911	61018
USD/PLN	3.94	3.82	4.19	3.97	3.70
10Y Treas. Yield (%)	2.91	2.92	3.63	3.49	3.32
3m Interbank (%)	1.61	1.61	1.63	1.63	1.63
GDP (YoY%)	3.0	2.4	2.5	4.0	–
OECD CLI	100.24	100.07	99.98	99.90	99.73*
PMI	51.8	52.2	54.3	53.5	53.1
PPI (YoY%)	-0.8	0.2	3.2	4.8	1.8
Money Supply (YoY%)	11.40	9.40	9.60	7.80	5.00
Sov. Rating, Moody's	A2	A2	A2	A2	A2
Sov. Rating, S&P	A-	A-	A-	A-	A-
5Y CDS (bps)	85.92	70.50	–	–	–
FDI (%GDP)	–	–	3.02	–	–
Fiscal Budget (%GDP)	–	–	-2.40	–	–
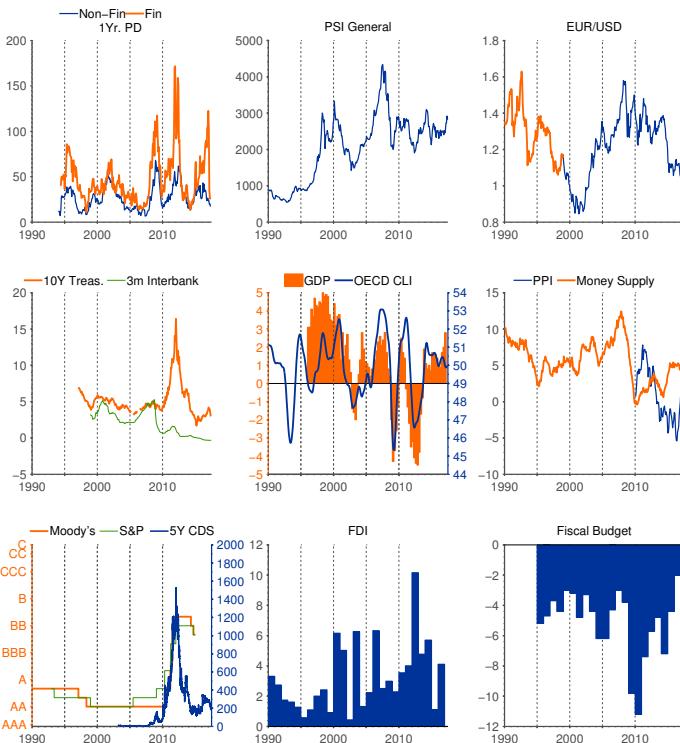
Portugal	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	34.52	23.63	23.65	20.08	9.13
1Yr. PD, Fin.	79.85	82.34	122.47	26.10	27.02
PSI General	2370	2481	2520	2725	2826
EUR/USD	1.11	1.12	1.05	1.07	1.14
10Y Treas. Yield (%)	3.01	3.33	3.76	3.98	3.03
3m Interbank (%)	-0.29	-0.30	-0.32	-0.33	-0.33
GDP (YoY%)	0.9	1.7	2.0	2.8	–
OECD CLI	100.39	100.44	100.08	99.88	99.97*
PPI (YoY%)	-4.2	-1.9	1.5	4.9	2.7
Money Supply (YoY%)	5.00	5.10	5.20	5.30	5.10
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	BB+	BB+	BB+	BB+	BB+
5Y CDS (bps)	310.71	302.70	274.01	238.70	196.40
FDI (%GDP)	–	–	4.11	–	–
Fiscal Budget (%GDP)	–	–	-2.00	–	–
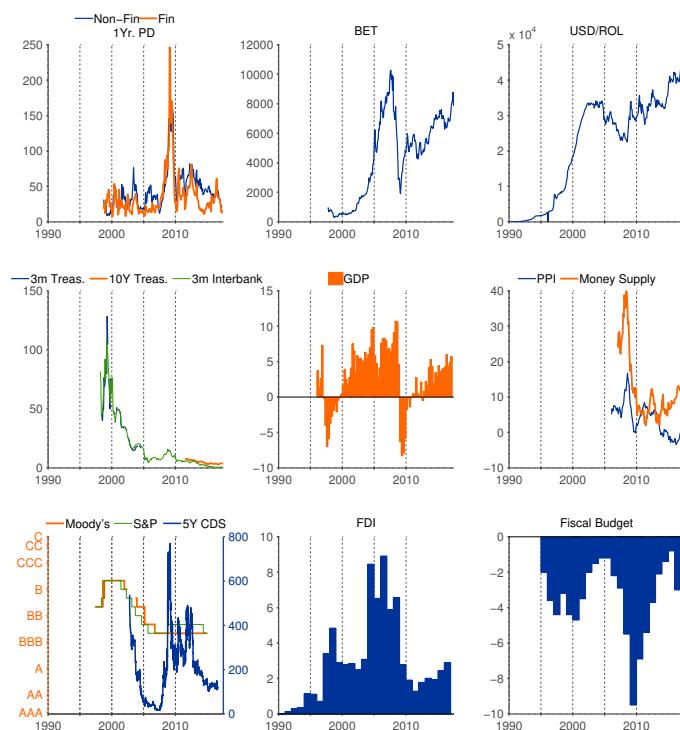
Romania	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	46.17	40.52	31.71	20.90	21.74
1Yr. PD, Fin.	33.64	31.07	27.11	13.46	16.79
BET	6473	6937	7085	8069	7855
USD/ROL	40746.75	39525.00	43130.51	42751.51	39947.20
10Y Treas. Yield (%)	3.40	2.84	3.47	3.86	3.92
3m Interbank (%)	0.60	0.50	0.68	0.66	0.65
GDP (YoY%)	6.0	4.3	4.8	5.7	–
PPI (YoY%)	-2.3	-1.5	0.9	3.9	2.5
Money Supply (YoY%)	13.08	12.24	9.75	12.25	9.04
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BBB-	BBB-	BBB-	BBB-	BBB-
5Y CDS (bps)	150.07	111.85*	–	–	–
FDI (%GDP)	–	–	2.88	–	–
Fiscal Budget (%GDP)	–	–	-3.00	–	–
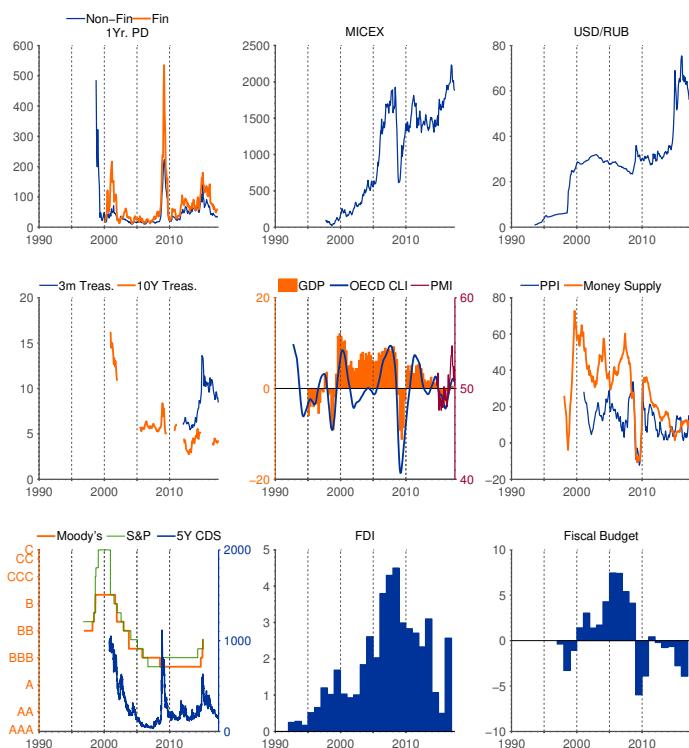
Russia	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	42.62	42.11	36.03	32.83	43.84
1Yr. PD, Fin.	77.14	59.36	53.32	55.81	58.13
MICEX	1891	1978	2233	1996	1880
USD/RUB	63.97	62.85	61.27	56.26	58.94
3m Treas. Yield (%)	10.99	9.80	8.78	9.50	8.46
10Y Treas. Yield (%)	–	3.79	4.46	4.17	4.28
GDP (YoY%)	-0.5	-0.4	0.3	0.5	–
OECD CLI	99.21	100.06	100.81	101.07	100.92*
PMI	51.5	51.1	53.7	52.4	50.3
PPI (YoY%)	5.6	5.1	7.4	11.3	2.9
Money Supply (YoY%)	12.20	12.70	9.20	11.10	0.00
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	BB+	BB+	BB+	BB+	BB+
5Y CDS (bps)	232.87	219.66	231.35*	166.70	169.23
FDI (%GDP)	–	–	2.57	–	–
Fiscal Budget (%GDP)	–	–	-3.93	–	–
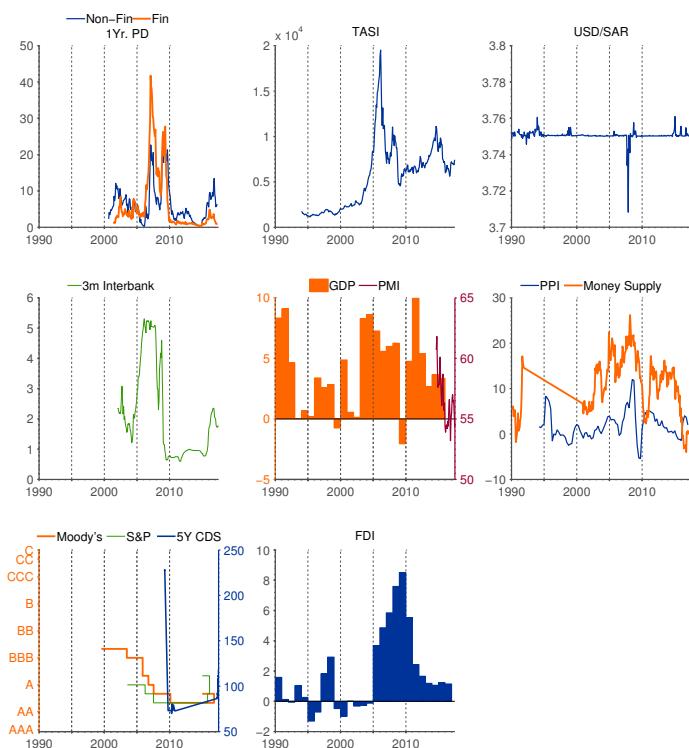
Saudi Arabia	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	8.41	11.19	8.20	6.20	6.42
1Yr. PD, Fin.	2.65	3.63	1.55	0.94	0.95
TASI	6500	5623	7210	7002	7426
USD/SAR	3.75	3.75	3.75	3.75	3.75
3m Interbank (%)	2.22	2.36	2.04	1.74	1.78
PMI	54.4	55.3	55.5	56.4	54.3
PPI (YoY%)	4.0	3.7	2.0	–	–
Money Supply (YoY%)	-2.60	-4.00	0.70	0.00	1.50
Sov. Rating, Moody's	A1	A1	A1	A1	A1
Sov. Rating, S&P	A-	A-	A-	A-	A-
5Y CDS (bps)	–	–	–	–	118.18
FDI (%GDP)	–	–	1.15	–	–

Serbia	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	35.84	35.60	37.74	38.67	28.50
1Yr. PD, Fin.	70.53	43.08	43.26	45.50	35.48
Belgrade Stock Exchange	288	294	352	368	344
USD/RSD	111.02	109.49	117.29	115.97	105.39
GDP (YoY%)	1.9	2.6	–	1.2	–
PPI (YoY%)	-1.6	0.2	2.2	2.9	4.5*
Sov. Rating, Moody's	Ba3	Ba3	Ba3	Ba3	Ba3
Sov. Rating, S&P	BB-	BB-	BB-	BB-	BB-
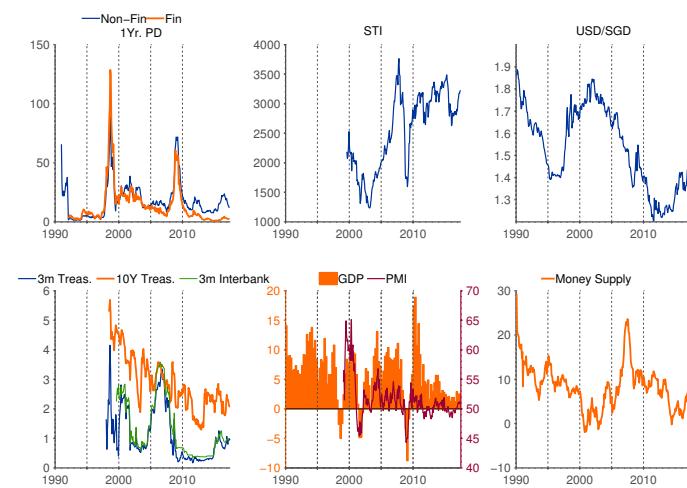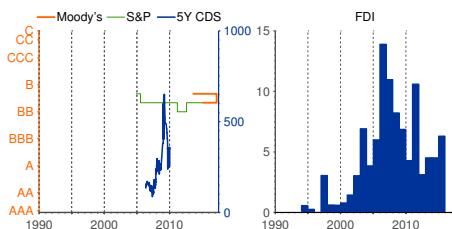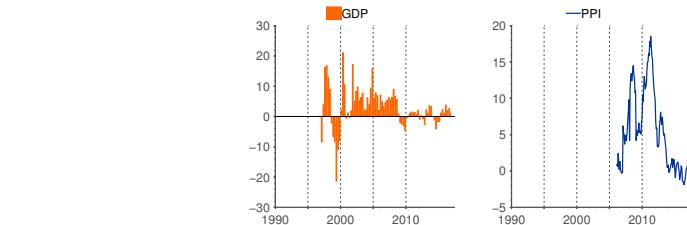
Singapore	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	21.84	20.31	17.48	13.46	11.51
1Yr. PD, Fin.	4.50	3.36	2.88	2.54	1.98
STI	2841	2869	2881	3175	3226
USD/SGD	1.35	1.36	1.45	1.40	1.38
3m Treas. Yield (%)	0.66	0.71	1.06	0.93	0.98
10Y Treas. Yield (%)	1.91	1.78	2.47	2.25	2.09
3m Interbank (%)	0.93	0.87	0.97	0.95	1.00
GDP (YoY%)	1.9	1.2	2.9	2.5	2.5
PMI	49.6	50.1	50.6	51.2	50.9
Money Supply (YoY%)	4.20	5.00	7.70	7.20	7.00
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
FDI (%GDP)	–	–	20.74	–	–
Fiscal Budget (%GDP)	–	–	-1.21	–	–
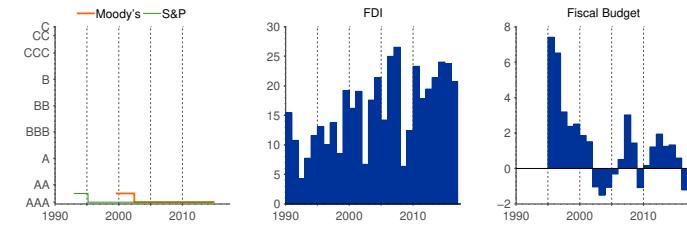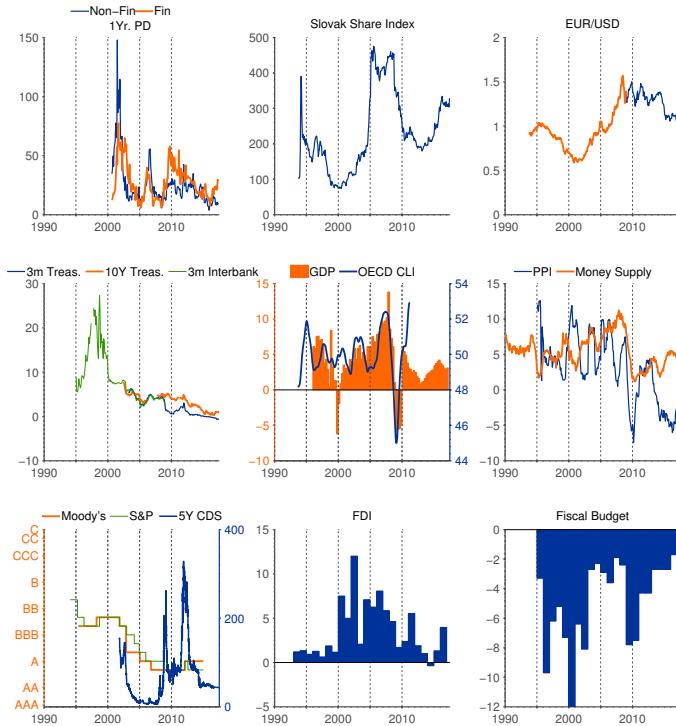
Slovakia	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	11.37	14.65	8.65	8.58	10.37
1Yr. PD, Fin.	22.01	22.80	21.34	29.61	68.23
Slovak Share Index	313	309	319	305	329
EUR/USD	1.11	1.12	1.05	1.07	1.14
3m Treas. Yield (%)	-0.20	-0.29	-0.34	-0.59	-0.52
10Y Treas. Yield (%)	0.59	0.27	0.90	1.09	1.02
GDP (YoY%)	3.5	3.1	2.9	3.1	–
PPI (YoY%)	-4.5	-3.2	-1.8	3.0	1.4
Money Supply (YoY%)	4.90	5.10	5.00	5.10	5.40
Sov. Rating, Moody's	A2	A2	A2	A2	A2
Sov. Rating, S&P	A+	A+	A+	A+	A+
5Y CDS (bps)	43.91	44.21	–	–	43.46
FDI (%GDP)	–	–	3.96	–	–
Fiscal Budget (%GDP)	–	–	-1.70	–	–
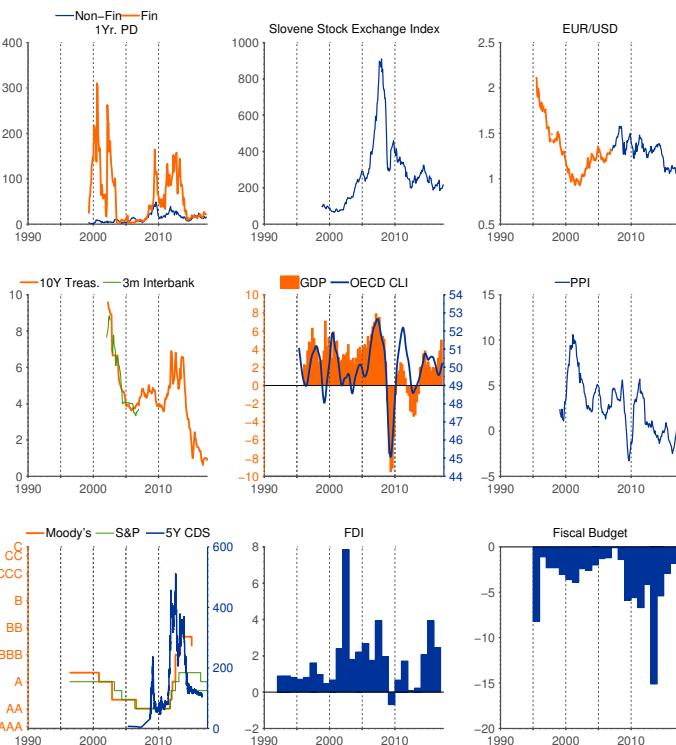
Slovenia	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	14.62	11.78	16.61	13.90	19.33
1Yr. PD, Fin.	18.42	15.14	26.59	21.70	18.06
Slovene Stock Exchange Index	210	227	192	196	218
EUR/USD	1.11	1.12	1.05	1.07	1.14
10Y Treas. Yield (%)	1.36	0.75	0.96	0.99	0.86
GDP (YoY%)	2.0	3.0	3.8	5.0	–
OECD CLI	99.72	99.57	99.84	100.17	100.21
PPI (YoY%)	-2.0	-0.9	0.5	1.9	2.2
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	A+	A+	A+	A+	A+
5Y CDS (bps)	115.14	102.37*	–	–	–
FDI (%GDP)	–	–	2.45	–	–
Fiscal Budget (%GDP)	–	–	-1.80	–	–
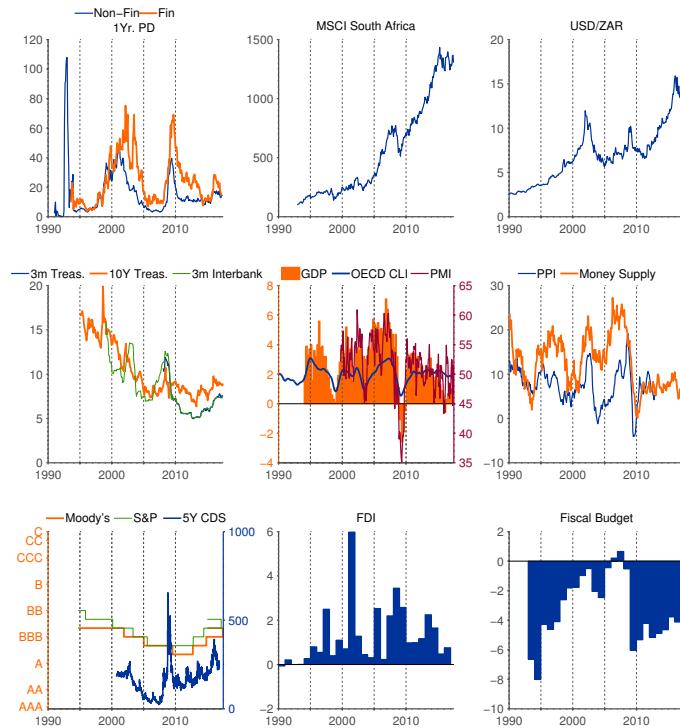
South Africa	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	17.29	16.85	13.46	14.74	12.97
1Yr. PD, Fin.	24.65	20.48	18.77	14.91	15.84
MSCI South Africa	1355	1343	1276	1295	1305
USD/ZAR	14.73	13.72	13.74	13.41	13.07
3m Treas. Yield (%)	7.35	7.36	7.79	7.42	7.58
10Y Treas. Yield (%)	8.90	8.73	9.02	8.89	8.93
3m Interbank (%)	7.36	7.36	7.36	7.36	7.34
GDP (YoY%)	0.3	0.7	0.7	1.0	–
OECD CLI	99.60	99.65	99.73	99.37	99.03*
PMI	52.9	48.5	46.7	52.2	46.7
Money Supply (YoY%)	5.58	5.64	6.07	5.64	5.96
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BB+	BB+	BB+	BB+	BB+
5Y CDS (bps)	281.04	256.33	255.67*	–	–
FDI (%GDP)	–	–	0.76	–	–
Fiscal Budget (%GDP)	–	–	-4.13	–	–
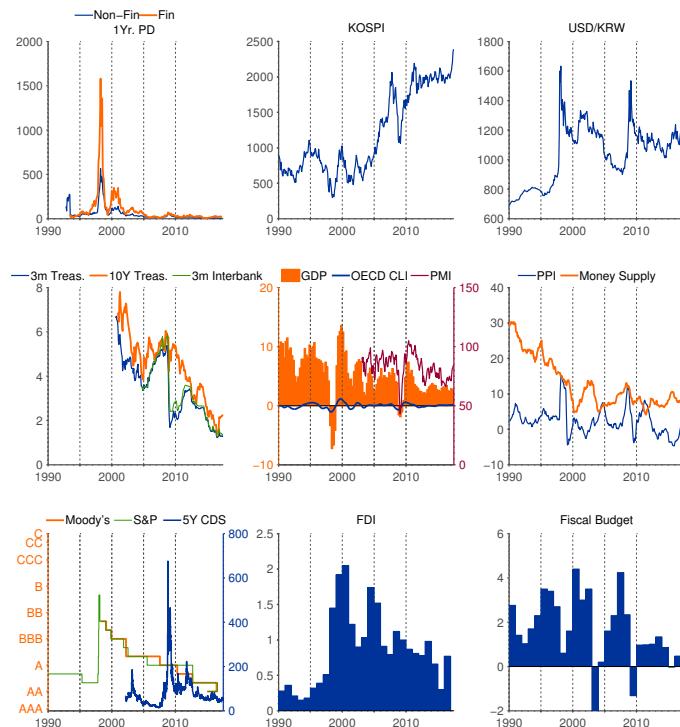
South Korea	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	8.05	6.10	6.36	5.72	4.97
1Yr. PD, Fin.	24.18	20.33	24.08	22.22	15.99
KOSPI	1970	2044	2026	2160	2392
USD/KRW	1151.80	1101.13	1205.83	1118.45	1144.14
3m Treas. Yield (%)	1.27	1.26	1.32	1.30	1.30
10Y Treas. Yield (%)	1.47	1.42	2.09	2.19	2.21
3m Interbank (%)	1.30	1.32	1.47	1.42	1.38
GDP (YoY%)	3.4	2.6	2.4	2.9	2.7
OECD CLI	100.40	100.55	100.64	100.68	100.54*
PMI	74.0	74.0	72.0	81.0	84.0
PPI (YoY%)	-2.7	-1.1	1.8	4.3	2.8
Money Supply (YoY%)	7.90	7.80	8.10	7.30	7.10*
Sov. Rating, Moody's	Aa2	Aa2	Aa2	Aa2	Aa2
Sov. Rating, S&P	AA	AA	AA	AA	AA
5Y CDS (bps)	56.13	41.84	44.00	50.77	52.68
FDI (%GDP)	–	–	0.77	–	–
Fiscal Budget (%GDP)	–	–	0.47	–	–
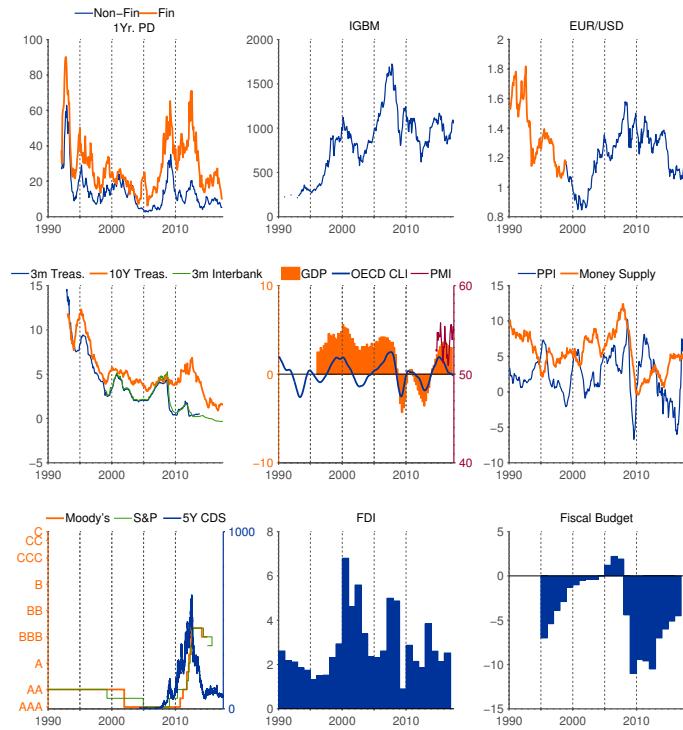
Spain	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	9.95	7.61	7.54	5.30	4.68
1Yr. PD, Fin.	24.87	21.89	16.34	10.56	9.42
IGBM	821	884	944	1055	1052
EUR/USD	1.11	1.12	1.05	1.07	1.14
10Y Treas. Yield (%)	1.16	0.88	1.38	1.67	1.54
3m Interbank (%)	-0.29	-0.30	-0.32	-0.33	-0.33
GDP (YoY%)	3.4	3.2	3.0	3.0	–
OECD CLI	100.36	100.13	100.07	99.95	99.83*
PMI	52.2	52.3	55.3	53.9	54.7
PPI (YoY%)	-4.5	-2.0	2.9	5.8	3.2
Money Supply (YoY%)	5.00	5.10	5.20	5.30	5.10
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB+	BBB+
5Y CDS (bps)	111.30	83.61	75.62	77.96	64.99
FDI (%GDP)	–	–	2.52	–	–
Fiscal Budget (%GDP)	–	–	-4.50	–	–

Sri Lanka	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	12.21	13.07	13.65	14.41	11.41
1Yr. PD, Fin.	47.35	45.17	55.56	55.96	37.28
ASPI	6283	6535	6228	6062	6747
USD/LKR	145.70	146.67	149.71	152.13	153.36
3m Interbank (%)	9.88	11.00	11.01	11.26	11.30
GDP (YoY%)	2.4	4.6	5.3	3.8	–
Money Supply (YoY%)	17.20	19.10	18.90	21.20	21.30*
Sov. Rating, Moody's	B1	B1	B1	B1	B1
Sov. Rating, S&P	B+	B+	B+	B+	B+
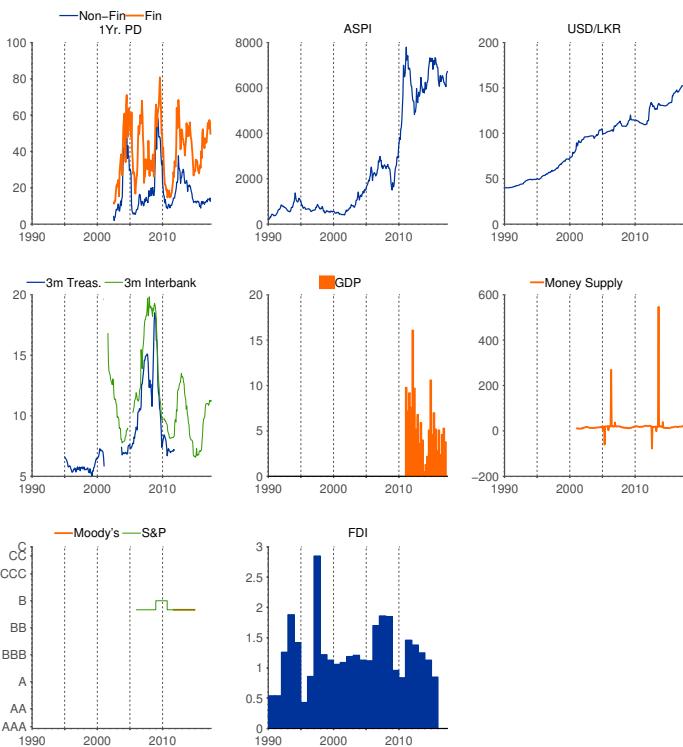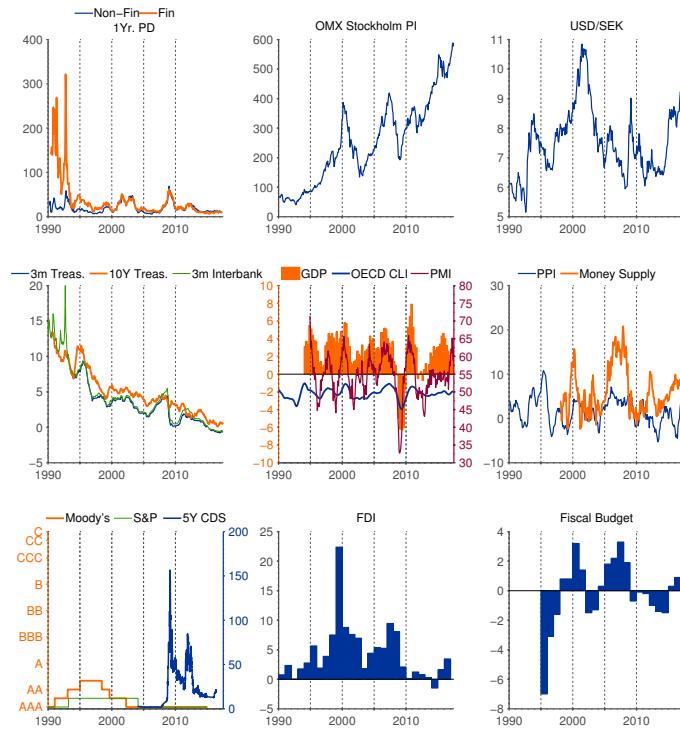
Sweden	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	13.52	11.65	12.21	10.90	11.48
1Yr. PD, Fin.	11.46	8.43	10.19	8.93	8.10
OMX Stockholm PI	471	518	535	563	577
USD/SEK	8.46	8.57	9.11	8.97	8.43
3m Treas. Yield (%)	-0.65	-0.75	-0.80	-0.64	-0.70
10Y Treas. Yield (%)	0.26	0.17	0.56	0.60	0.66
3m Interbank (%)	-0.53	-0.51	-0.59	-0.44	-0.50
GDP (YoY%)	3.2	2.6	2.1	2.4	3.9
OECD CLI	99.45	99.27	99.61	100.04	100.21*
PMI	52.9	55.0	60.3	65.2	62.3
PPI (YoY%)	-1.9	-0.1	6.5	6.5	4.8
Money Supply (YoY%)	6.64	8.66	7.22	10.26	11.02
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	21.03*	–	–	–	–
FDI (%GDP)	–	–	3.45	–	–
Fiscal Budget (%GDP)	–	–	0.90	–	–
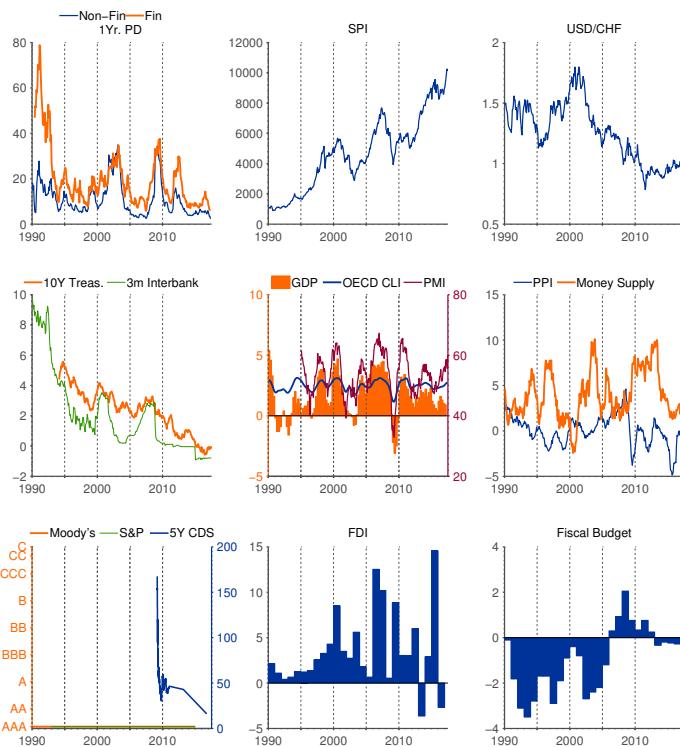
Switzerland	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	5.91	4.48	5.35	3.42	2.52
1Yr. PD, Fin.	14.33	11.27	8.51	6.29	5.29
SPI	8660	8883	8966	9638	10128
USD/CHF	0.98	0.97	1.02	1.00	0.96
10Y Treas. Yield (%)	-0.57	-0.55	-0.19	-0.09	-0.02
3m Interbank (%)	-0.84	-0.81	-0.79	-0.79	-0.79
GDP (YoY%)	1.6	1.3	1.0	0.9	–
OECD CLI	99.58	99.72	100.12	100.70	100.97*
PMI	51.5	54.4	56.2	58.6	60.1
PPI (YoY%)	-0.6	0.0	-0.2	0.5	-0.6
Money Supply (YoY%)	2.32	2.97	3.01	3.02	4.10
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	–	17.01	–	–	–
FDI (%GDP)	–	–	-2.69	–	–
Fiscal Budget (%GDP)	–	–	-0.28	–	–
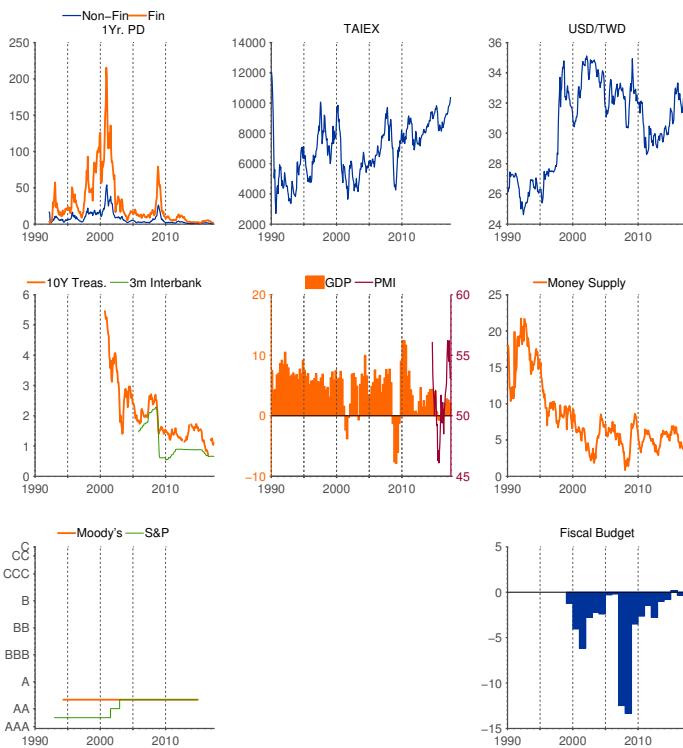
Taiwan	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	1.50	1.10	0.87	0.65	0.45
1Yr. PD, Fin.	5.13	4.03	2.72	2.14	1.40
TAIEX	8667	9167	9254	9812	10395
USD/TWD	32.26	31.36	32.33	30.35	30.43
10Y Treas. Yield (%)	0.77	0.69*	1.22	1.12	1.10
3m Interbank (%)	0.69	0.66	0.66	0.66	0.66
GDP (YoY%)	1.1	2.1	2.8	2.6	2.1
PMI	50.5	52.2	56.2	56.2	53.3
Money Supply (YoY%)	4.65	3.98	3.55	3.59	3.57
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
Fiscal Budget (%GDP)	–	–	-0.34	–	–
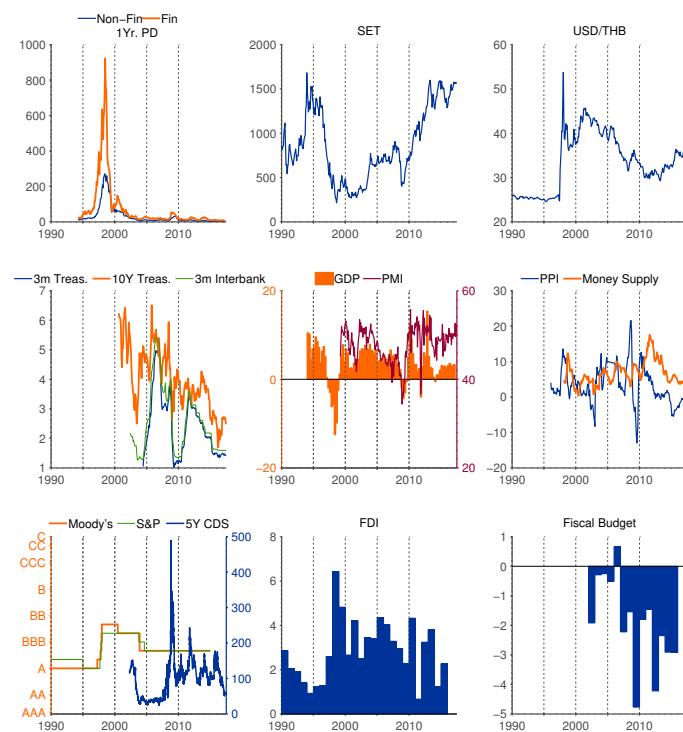
Thailand	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	3.76	3.67	2.78	2.77	2.98
1Yr. PD, Fin.	9.41	8.99	8.33	7.34	7.50
SET	1445	1483	1543	1575	1575
USD/THB	35.12	34.59	35.84	34.35	33.93
3m Treas. Yield (%)	1.36	1.45	1.50	1.48	1.40
10Y Treas. Yield (%)	1.95	2.10	2.65	2.69	2.48
3m Interbank (%)	1.59	1.59	1.59	1.59	1.59
GDP (YoY%)	3.6	3.2	3.0	3.3	–
PMI	50.4	50.3	50.3	52.6	50.7
PPI (YoY%)	-1.4	-0.7	1.1	2.6	-1.2
Money Supply (YoY%)	4.29	3.93	4.20	3.25	4.07
Sov. Rating, Moody's	Baa1	Baa1	Baa1	Baa1	Baa1
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB+	BBB+
5Y CDS (bps)	114.50	86.68	81.59	54.24	61.88

Tunisia	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	11.33	7.64	5.39	5.24	5.24
1Yr. PD, Fin.	38.79	19.64	26.87	30.65	29.80
TUSISE	5290	5342	5489	5543	6023
USD/TND	2.20	2.20	2.32	2.29	2.45
Money Supply (YoY%)	7.24	7.58	8.05	5.61	8.43
Sov. Rating, Moody's	Ba3	Ba3	Ba3	Ba3	Ba3

Turkey	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	28.72	28.01	23.35	19.56	15.77
1Yr. PD, Fin.	35.59	32.47	28.45	26.77	24.55
National 100	76817	76488	78139	88947	100440
USD/TRY	2.88	3.00	3.52	3.64	3.52
10Y Treas. Yield (%)	9.03	9.52	11.08	10.65	10.27
3m Interbank (%)	9.50	8.91	9.90	12.12	12.71
GDP (YoY%)	5.3	-1.3	3.5	5.0	–
OECD CLI	6.05	6.86	7.27	7.45	–
PMI	47.4	48.3	47.7	52.3	54.7
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	BB	BB	BB	BB	BB
5Y CDS (bps)	242.87	261.62	273.17	239.28	194.72
FDI (%GDP)	–	–	1.43	–	–
Fiscal Budget (%GDP)	–	–	-3.12	–	–

Ukraine	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	120.65	98.89	25.64	17.95	17.52
1Yr. PD, Fin.	125.23	33.53	95.71	162.87	130.76
PFTS	223	240	265	272	286
USD/UAH	24.83	25.93	27.30	27.06	26.08
3m Treas. Yield (%)	16.20	–	15.00	–	–
10Y Treas. Yield (%)	8.50	8.56	8.76	9.07	8.20
3m Interbank (%)	19.58	18.33	18.00	18.00	–
GDP (YoY%)	1.5	2.3	4.8	2.5	–
PPI (YoY%)	15.7	19.6	35.7	38.3	26.3
Money Supply (YoY%)	6.20	12.60	10.90	6.70	6.50
Sov. Rating, Moody's	Caa3	Caa3	Caa3	Caa3	Caa3
Sov. Rating, S&P	B-	B-	B-	B-	B-
5Y CDS (bps)	761.68	757.10*	–	–	–
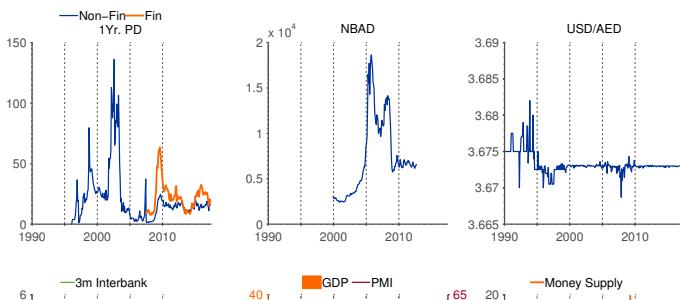
United Arab Emirates	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	16.11	19.26	13.27	17.86	18.13
1Yr. PD, Fin.	25.64	24.77	19.68	20.54	16.29
USD/AED	3.67	3.67	3.67	3.67	3.67
3m Interbank (%)	1.13	1.27	1.48	1.47	1.51
GDP (YoY%)	–	–	2.7	–	–
PMI	53.4	54.1	55.0	56.2	55.8
Money Supply (YoY%)	2.03	3.52	5.11	6.70	7.20
Sov. Rating, Moody's	Aa2	Aa2	Aa2	Aa2	Aa2
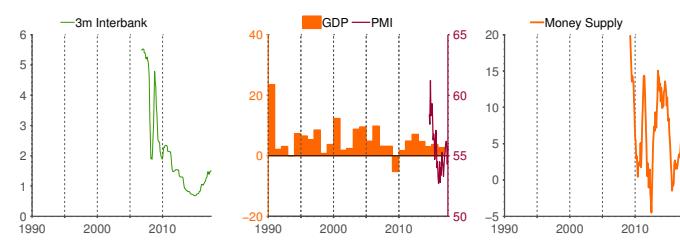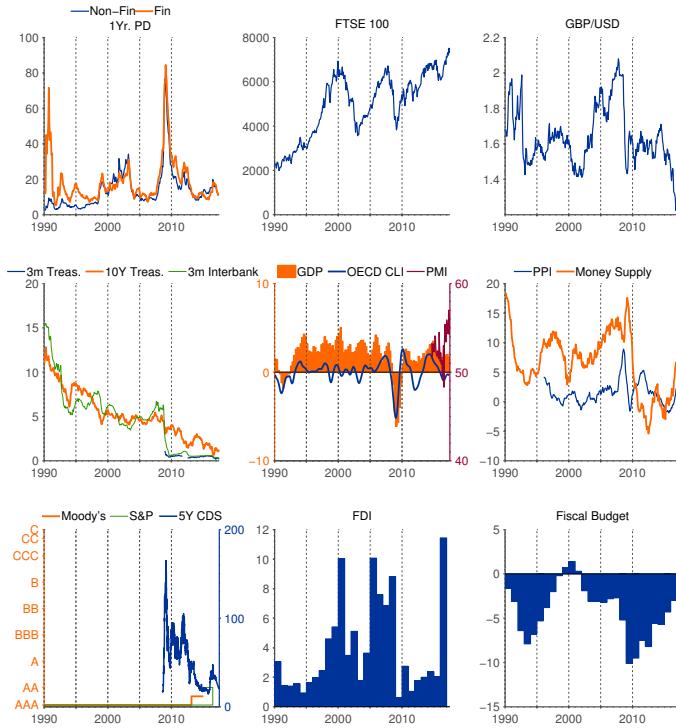
United Kingdom	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	19.73	15.71	15.28	12.31	12.16
1Yr. PD, Fin.	17.93	17.96	16.63	12.47	11.37
FTSE 100	6504	6899	7143	7323	7313
GBP/USD	1.33	1.30	1.23	1.25	1.30
3m Treas. Yield (%)	0.46	0.32	0.16	0.27	0.17
10Y Treas. Yield (%)	0.87	0.75	1.24	1.14	1.26
3m Interbank (%)	0.56	0.38	0.37	0.34	0.31
GDP (YoY%)	1.7	2.0	1.9	2.0	1.7
OECD CLI	99.03	99.28	99.68	99.75	99.64*
PMI	53.0	55.4	55.9	54.3	54.2
PPI (YoY%)	-0.2	1.2	2.9	3.7	3.3
Money Supply (YoY%)	3.60	6.20	6.30	6.70	5.30
Sov. Rating, Moody's	Aa1	Aa1	Aa1	Aa1	Aa1
Sov. Rating, S&P	AA	AA	AA	AA	AA
5Y CDS (bps)	43.25	32.45	30.73	–	19.94
FDI (%GDP)	–	–	11.44	–	–
Fiscal Budget (%GDP)	–	–	-3.00	–	–
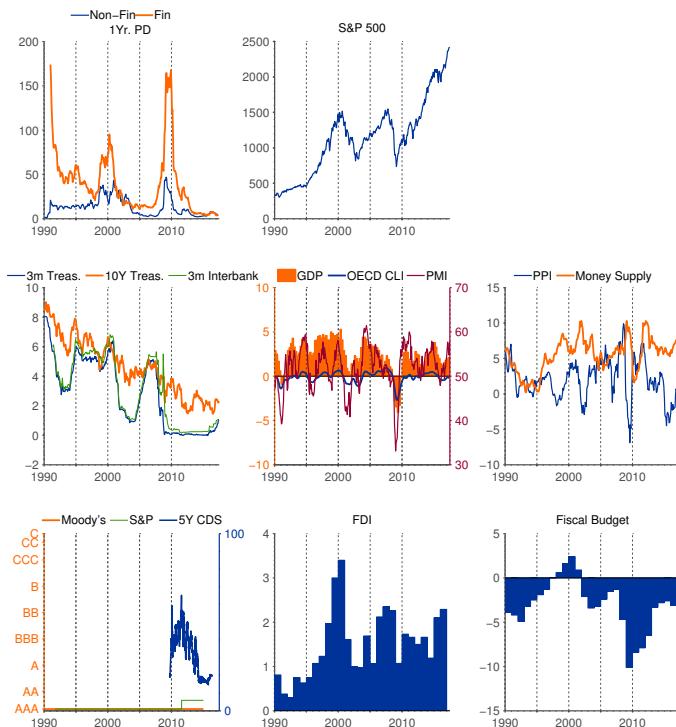
United States	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	7.84	6.56	5.37	4.30	3.95
1Yr. PD, Fin.	7.67	6.63	3.62	3.64	4.38
S&P 500	2099	2168	2239	2363	2423
3m Treas. Yield (%)	0.26	0.27	0.50	0.75	1.01
10Y Treas. Yield (%)	1.47	1.59	2.44	2.39	2.30
3m Interbank (%)	0.55	0.78	0.78	1.05	1.10
GDP (YoY%)	1.2	1.5	1.8	2.0	2.1
OECD CLI	99.10	99.21	99.58	99.72	99.60*
PMI	52.8	51.7	54.5	57.2	57.8
PPI (YoY%)	-2.0	-0.1	1.9	3.7	2.2
Money Supply (YoY%)	7.00	7.30	7.10	6.40	5.50
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AA+	AA+	AA+	AA+	AA+
5Y CDS (bps)	19.89*	–	–	–	–
FDI (%GDP)	–	–	2.29	–	–
Fiscal Budget (%GDP)	–	–	-3.10	–	–

Venezuela	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	25.09	10.78	3.58	101.14	0.08
1Yr. PD, Fin.	14.82	22.51	6.20	3.53	0.26
IBVC	12851	12961	31705	43877	123355
VEF/USD	9987.50	9987.50	9987.50	9990.05	9985.05
10Y Treas. Yield (%)	14.77	14.62	14.24	–	–
Money Supply (YoY%)	96.40	113.30	158.80	206.90	326.50
Sov. Rating, Moody's	Caa3	Caa3	Caa3	Caa3	Caa3
Sov. Rating, S&P	CCC-	CCC-	CCC-	CCC-	CCC-
5Y CDS (bps)	3892.00	2946.27	3749.67	3571.02	3562.06

Vietnam	2016			2017	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	22.76	26.61	24.21	19.77	18.56
1Yr. PD, Fin.	20.57	20.20	21.08	18.24	10.88
VNINDEX	632	686	665	722	776
VND/USD	22304.00	22296.00	22761.00	22755.00	22731.00
10Y Treas. Yield (%)	6.94	6.50	6.20	6.07	5.80
3m Interbank (%)	3.95	3.25	5.10	4.90	4.00
GDP (YoY%)	–	–	6.2	–	–
PMI	52.6	52.9	52.4	54.6	52.5
Sov. Rating, Moody's	B1	B1	B1	B1	B1
Sov. Rating, S&P	BB-	BB-	BB-	BB-	BB-
5Y CDS (bps)	–	–	–	197.34*	–

D   Data notes

This Appendix provides a comprehensive list of the macroeconomic and capital market data provided in Appendix C as well as their sources. Most of the data was obtained from Bloomberg. In some cases, the data was not available in Bloomberg and was obtained directly from primary sources. In either case, the primary sources for the data are listed in the tables below. The data was retrieved during July 2017 and every effort has been made to verify its accuracy.

The last section of this Appendix describes the Probability of Default implied Rating (PDiR). The PDiR has been introduced to aid intuition about PD values for individual companies.

Stock index (top-center graph) The one-year return on an economy's stock index is one input variable for RMI's default forecast model. The stock indices used in the model are the ones that are displayed in Appendix C. A list of the stock indices included in Appendix C can be found here.

FX rate (top-right graph) Foreign exchange (FX) rates are quoted by market convention against the US dollar. For Eurozone countries, a fixed official rate is used to convert the domestic currency to the Euro prior to the introduction of the common currency. In the graphs, the FX rate for the domestic currency before the economy adopted the Euro is in orange, and the FX rate for the Euro after the Euro was adopted is in blue. The table below shows the conversion dates and rates. The exchange rate for the Cypriot Pound is excluded due to scaling reasons.

Conversion to Euro

Economy	Conversion Date	Conversion Rate (per Euro)	Economy	Conversion Date	Conversion Rate (Per Euro)
Austria	31/12/1998	13.7603	Italy	31/12/1998	1936.27
Belgium	31/12/1998	40.3399	Luxembourg	31/12/1998	40.3399
Estonia	31/12/2010	15.6466	Malta	31/12/2007	0.4293
Finland	31/12/1998	5.94573	Netherlands	31/12/1998	2.20371
France	31/12/1998	6.55957	Portugal	31/12/1998	200.482
Germany	31/12/1998	1.95583	Slovakia	31/12/2008	30.126
Greece	31/12/2000	340.75	Slovenia	31/12/2006	239.64
Ireland	31/12/1998	0.787564	Spain	31/12/1998	166.386

10-year treasury bond yield (middle-left graph) All 10-year treasury bond yields are based on Bloomberg indices except for the following list: Bank Negara Malaysia for Malaysia, Korea Financial Investment Association for South Korea and Philippine Dealing & Exchange Corp for Philippines.

3-month government bond yield (middle-left graph) The primary sources of the 3-month government bond yields are listed in here.[†]

3-month interbank rate (middle-left graph) The primary sources of the 3-month interbank rates can be found here.

[†]The RMI CRI model uses Germany's three-month Bubill rate for all eurozone countries after their adoption of the euro. For the period before joining the eurozone, their own interest rates are used where available.

GDP (middle-center graph, left axis) Real GDP YoY changes are seasonally-adjusted except for China, Hong Kong, Iceland, India, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand. A list of primary sources of the GDP data can be found here.

OECD CLI (middle-center graph, right axis) The OECD Composite Leading Indicator for each economy is intended to provide early signals of turning points between different trends in the economic cycle. For forecasting purposes, peaks in CLI are candidate early signals of downturns in the economic cycle, and troughs in the CLI are candidate early signals of upturns in the economic cycle. More information can be obtained at www.oecd.org/std/clits. The OECD CLI shown in Appendix C is amplitude adjusted with a deduction of 50 for the purpose of presentation along with the PMI.

PMI (middle-center graph, right axis) The Purchasing Manager's Index or similar indices are used to reflect an economy's manufacturing activities. An index reading above 50 indicates an expansion of manufacturing activity while a reading below 50 indicates a contraction. An exception is the Business Survey Index used in South Korea, which has 100 as its benchmark. A list of primary sources of the Purchasing Managers Index data can be found here.

PPI (middle-right graph) The Producers' Price Index or similar indices are presented as YoY changes. A list of primary sources of the Producers' Price Index data can be found here.

Money Supply (middle-right graph) YoY growth of money supply uses M3 when it is available for an economy. The exceptions are: Brazil, Chile, China, Cyprus, the Czech Republic, Indonesia, Jordan, Kazakhstan, Latvia, Lithuania, Mexico, Nigeria, Norway, Pakistan, Peru, Romania, Russia, Sri Lanka, Taiwan, Thailand and the US where M2 is used; and Croatia and the UK where M4 is used. For Eurozone countries, data after the adoption of the Euro represents total money supply growth of the Euro. A list of primary sources of the Money Supply data can be found here.

Sovereign credit ratings (bottom-left graph, left axis) For most of the economies, the Standard & Poor's and Moody's sovereign ratings are for foreign currency long term debt. Moody's ratings for France, Germany, India, Japan, Netherlands, Singapore, Switzerland, Taiwan, United Kingdom and the United States are foreign currency long term issuer ratings instead. Among the above mentioned economies, France, Germany, Switzerland, United Kingdom and the United States ratings are cited from Moody's website directly, with the remainder of the data from Moody's and S&P retrieved from Bloomberg. For graphical purposes, selective or restricted defaults are reflected as C grades in the graphs. For example, according to S&P data, Indonesia had selective default events on March 29, 1999; April 17, 2000 and April 23, 2002, seen as C grades in the graphs above.

5Y CDS spread (bottom-left graph, right axis) 5-year Credit Default Swap spreads are for each economy's long term sovereign debt. All of the CDS data is sourced from Bloomberg.

FDI (bottom-center graph) FDI into each economy is presented as a percentage of GDP. The World Bank is the primary source of all FDI data.

Fiscal budget (bottom-right graph) Fiscal budget is presented as a percentage of GDP. A list of primary sources of the Fiscal Budget data can be found here.

PDiR

The PDiR has been introduced to aid intuition about what different values of 1-year PD from RMI-CRI's default forecast model imply about a firm's credit quality. In short, the 1-year PD for a firm is used to imply a credit rating based on historically observed default rates for credit rating agency ratings.

PDiR	Upper bound (bps)
AAA	0.16
AA	2.39
A	9.28
BBB	35.95
BB	139
B	539
CCC/C	–

The table at right classifies firms into S&P-equivalent PDiR based on their 1-year PD. For example, if a firm has a 1-year PD of 50bps, then it will be assigned an S&P-equivalent rating of BB. The upper bounds for each PDiR are derived using default and rating transition data provided by credit rating agencies to the European Securities and Markets Authority (ESMA) Central Ratings Repository.[†] RMI-CRI uses this data to compute issuer-weighted 1-year average default rates (ADR) for each rating's cohort, using ratings data from 2006-2015.

Computing the boundaries between different PDiR classes: The blue circles in the graph below indicate the logarithm of the observed ADR for firms rated by S&P with ratings from AA down to CCC/C.

Given the linear relationship between the observed log default rates and the ratings, we interpolate the log default rate for each rating notch from this result by plotting a line of best fit through the observed points. We then take the boundary between PDiR classes as the mid-point of the interpolated log default rates.

For example, the upper bound for BBB is computed as:

$$\text{UB}\left(\text{BBB}\right) = \exp\left(\frac{\log\left(\text{ADR}\left(\text{BBB}\right)\right) + \log\left(\text{ADR}\left(\text{BB}\right)\right)}{2}\right).$$

For the upper boundary for AAA firms, a mid-point of observed log ADR cannot be taken as the ADR is zero for S&P rated AAA firms. Instead, a line of best fit can be plotted through the six observed points for the other rating classes in order to extrapolate the orange squares. However, taking the default rate based on the first extrapolated orange square results in a boundary that leads to a far larger fraction of PDiR-rated AAA firms as compared to actual rated AAA firms. Thus, the boundary between AA and AAA is taken as the mid-point between the first and second orange square.

About RMI and the Credit Research Initiative

The NUS RMI was established in August 2006 as a research institute at NUS dedicated to the area of financial risk management. The establishment of RMI was supported by the MAS under its program on Risk Management and Financial Innovation. RMI seeks to complement, support and develop Singapore's financial sector's knowledge and expertise in risk management, and thereby help to take on the challenges arising from globalization, structural change and volatile financial markets.

CRI is a non-profit project undertaken by NUS-RMI in response to the 2008-2009 GFC. The CRI takes a "public good" approach to credit ratings by providing the outputs from our default forecast system in a transparent, non-profit basis. In the current phase, the CRI model generates PDs on a daily basis for corporate entities in 121 economies in Africa, Asia-Pacific, Europe, Latin America, the Middle East and North America. Our PD can serve as a benchmark against traditional rating agencies' systems or internal credit analyses for industry analysts and business professionals. For more information about RMI and the CRI project, please visit our main site at http://rmicri.org

Usage, redistribution and publication of data

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