

---

# Quarterly Credit Report

---

Q2/2014

*Volume 4, No 1*



# 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's (RMI) 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 4, Issue 1 covers the second quarter of 2014. 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's probability of default (PD) model.

The appendices in this volume include a comprehensive overview of various outputs that are produced by the operational PD system of RMI. While the PD system outputs 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 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 for 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 70 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: China, India, Indonesia, Kazakhstan, Malaysia, Pakistan, the Philippines, Sri Lanka, Thailand and Vietnam.

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

North America includes: Canada and the US.

Eastern Europe includes: Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, the former Yugoslav Republic of Macedonia, Poland, Romania, Russian, Slovakia, Slovenia, 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, Jordan, Morocco, Nigeria, Saudi Arabia, South Africa and the United Arab Emirates.

## Credit Research Initiative

The QCR is a companion publication to the Global Credit Review and Weekly Credit Brief, with all three publications produced as part of the Credit Research Initiative (CRI) undertaken by RMI.

These publications supplement RMI's operational probability of default (PD) model. The model takes financial statements and market data from a database of about 60,400 listed firms and estimates a PD for each firm, effectively transforming big data into smart data. The outputs from the RMI PD model are available free for all users at:

[www.rmicri.org](http://www.rmicri.org)

As of June 2014, the PD system covers 106 economies in Africa, Asia-Pacific, Latin America, North America, the Middle East and Europe. The probabilities of default for around 60,400 firms are available, including 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 are freely available to users who can give evidence of their professional qualifications to ensure that they will not mis-use the data. General users who do not request global access are restricted to a list of 3,000 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.

## Table of Contents

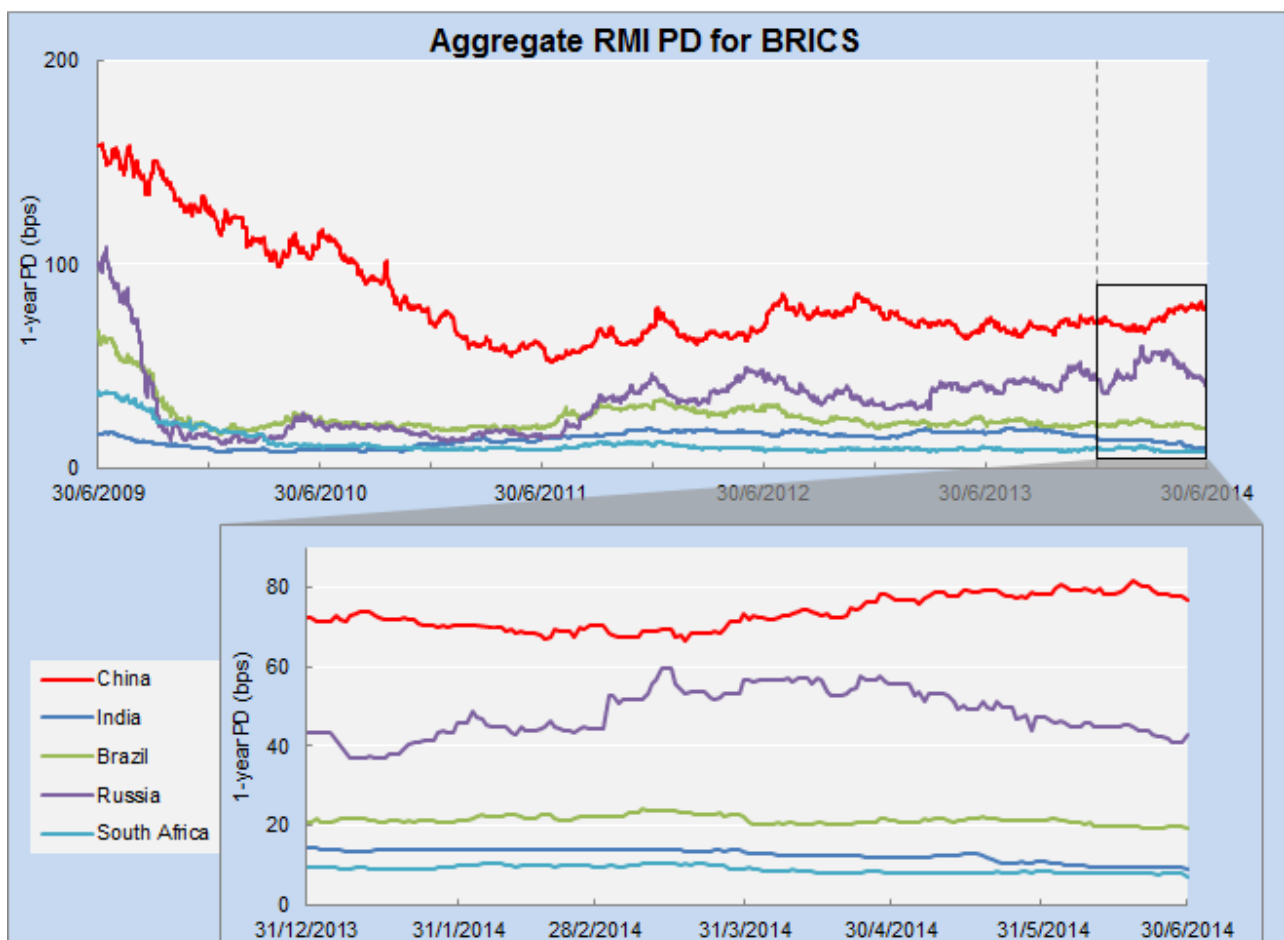
<b>Introduction</b>	<b>1</b>
<b>Acronyms</b>	<b>4</b>
<b>BRICS</b>	<b>5</b>
India . . . . .	6
China . . . . .	12
<b>Asia-Pacific - Developed economies</b>	<b>18</b>
South Korea . . . . .	19
Singapore . . . . .	25
<b>Asia-Pacific - Emerging economies</b>	<b>30</b>
Indonesia . . . . .	31
Malaysia . . . . .	38
<b>Europe</b>	<b>43</b>
Germany . . . . .	44
United Kingdom . . . . .	48
<b>Appendices</b>	<b>52</b>
A PD by economies . . . . .	53
B PD by regions . . . . .	71
C Macroeconomic Indicators . . . . .	75
D Data notes . . . . .	110
<b>About RMI and the Credit Research Initiative</b>	<b>113</b>

# Acronyms

BIS	Bank for International Settlements
BOE	The Bank of England
BSP	Bangko Sentral Ng Pilipinas
CAD	Current Account Deficit
CRA	Credit Rating Agency
CRR	Cash Reserve Ratio
CSRC	China Securities Regulatory Commission
EBA	European Banking Authority
EFSF	European Financial Stability Fund
ESM	European Stability Mechanism
EU	The European Union
FDI	Foreign Direct Investment
GFC	2008-2009 Global Financial Crisis
GIPS	Greece, Italy, Portugal, & Spain
IMF	International Monetary Fund
INE	Instituto Nacional de Estadística
LATDB	Liquid assets to deposits and short-term borrowings ratio
LHS	Left-hand side of graph
LTRO	Long term refinancing operation
MAS	Monetary Authority of Singapore
MoM	Month on Month
MRO	Main refinancing operation
NIM	Net Interest margin
NPL	Non-performing loan
OECD	Organisation for Economic Co-operation and Development
PBOC	The People's Bank of China
PMI	Purchasing Managers Index
QoQ	Quarter on Quarter
RBA	Reserve Bank of Australia
RBI	Reserve Bank of India
RHS	Right-hand side of graph
RRR	Reserve requirement ratio
YoY	Year On Year

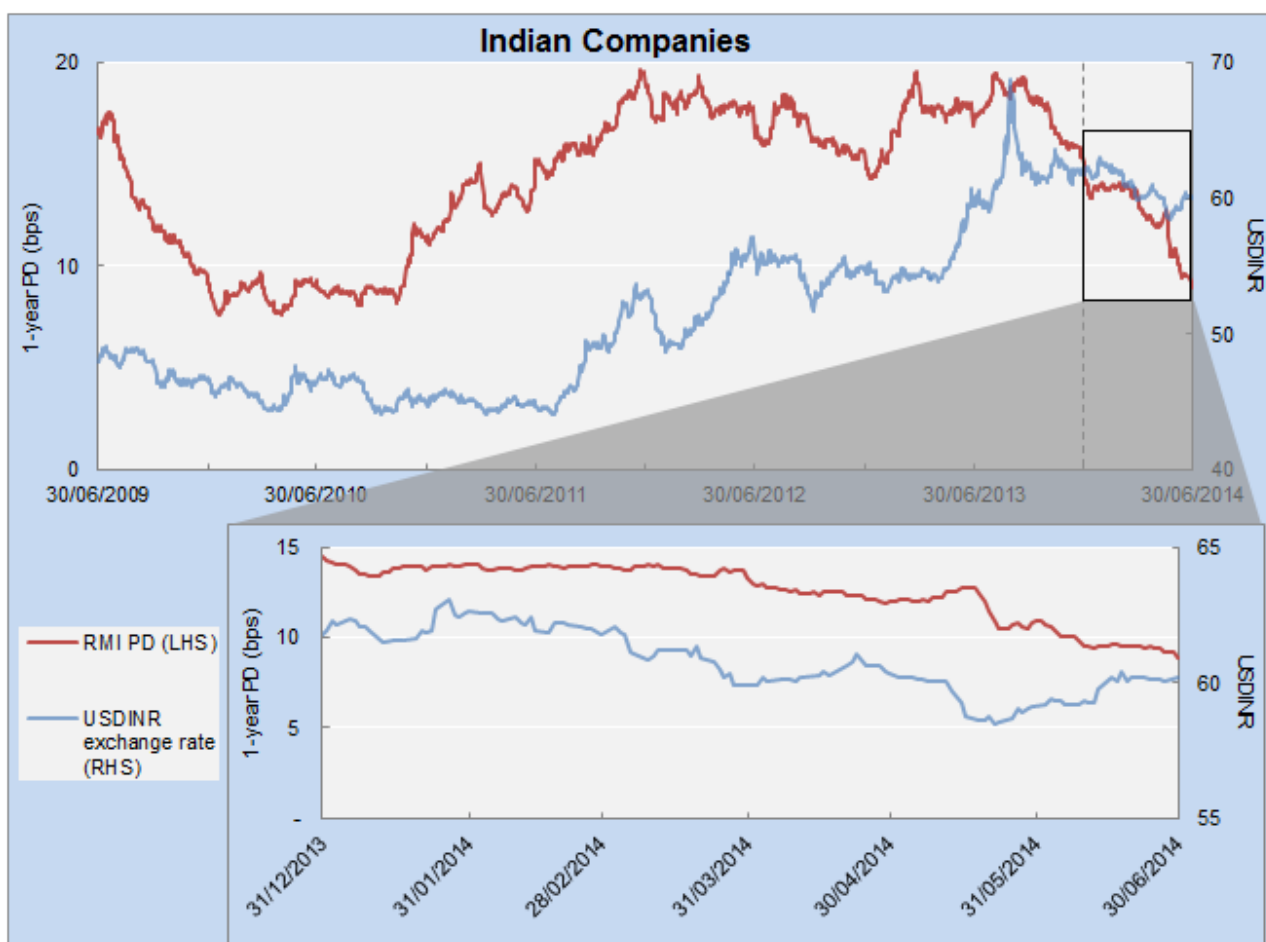
# BRICS

The BRICS nations - Brazil, Russia, India, China and South Africa, witnessed greatly divergent events during Q2 2014 and the aggregate RMI PDs for these countries moved in tandem to reflect the impact of these economic and political drivers. The aggregate PD for Russian firms declined in Q2 as the crisis in Ukraine subsided during that period and chances of a prolonged and escalated conflict seemed to have receded. Aggregate PD for Indian firms also decreased during the quarter accompanied by fiscal and monetary measures to reign in the high current account deficit and higher market capitalization of listed firms. Chinese companies continued to struggle with economic reforms and a slowdown in consumer demand coupled with huge risks persisting from a stretched banking sector. Brazil, host to the 2014 FIFA World Cup, continued to witness high inflation and low GDP growth as a slowdown in China and Argentina - its top trading partners, hurt business investment. The aggregate RMI PD for Brazilian firms improved marginally following massive government spending on infrastructure and sports facility projects for the World Cup that are expected to revive the economy. South Africa witnessed a rebound in manufacturing and mining sectors after a slow Q1. In the recent BRICS Summit, the bloc of nations announced the formation of a BRICS bank (New Development Bank) to provide development finance and balance of payments funding.



## Indian Companies

The aggregate 1-year RMI PD for Indian companies continued its decline in Q2, buoyed by favourable market conditions from recent election results. India has seen unprecedented capital inflows in the lead up to and after the once in five years assembly elections in which a pro-business coalition led by Prime Minister Narendra Modi came into power, ending years of political paralysis. Equity markets were at all-time highs amid widespread expectations of resolution to India's sticky problems of a current account deficit (CAD), persistent inflation, deprived infrastructure and power and energy deficiency. India managed to trim down its CAD to 0.2% of GDP in Q1 from 3.6% of GDP a year ago helped by a favourable Balance of Payment, through a massive reduction in gold imports. Company funding costs were flat in Q2 as the RBI kept the policy rate and cash reserve ratio unchanged, even as the recent trend in HSBC Manufacturing PMI points to a strengthening demand environment. The credit outlook for Indian firms is positive given that economic growth is expected to reach 5.0-6.0% within the next fiscal year, but high operating costs may pressure earnings.



## Economy

- India's Q1 Gross Domestic Product grew at an annual rate of 4.6%. GDP growth in the last fiscal year expanded by 4.7% as against 4.5% in the previous year. India's economic output was hurt by policy delays, high inflation and a continued general global slowdown. Growth was helped by production output in the farming sector which expanded 4.7% vs. 4.5% last year. However, manufacturing continued to remain weak - contracting 0.7% vs. 1.1% growth in 2012-13. Electricity (+5.9% vs 2.3% last year) and financial & business services (+12.9% vs 10.9%) showed a robust growth trend. For FY2014-15, high expectations are being built for a sharp recovery due to pro-growth policies by the new government. IMF forecasts a 5.4% GDP growth in 2014 and 6.4% in 2015.<sup>1,2</sup>

- HSBC India Manufacturing PMI continued to indicate expansion in June 2014, with the index rising further to 51.5 from 51.4 in May 2014 and sustaining above 50 - the threshold separating expansion from contraction. Improved demand environment was witnessed both from domestic and foreign customers. Accordingly, manufacturing production increased for the eighth successive month, buying activity remained strong and employment continued to rise. Price inflation in metals, plastics, textiles, food and energy, however, pushed up the average purchase prices.<sup>3</sup>
- The annual rate of inflation, based on the monthly Wholesale Price Index, stood at 5.43% YoY for the month of June 2014, slightly lower than 6.01% YoY reported for the previous month, but still higher than 5.16% YoY seen in June 2013. Prices of primary articles increased 1.26% MoM vs 2.9% MoM last month due to softening food prices. Fuel prices increased by 0.1% MoM vs. 1.46% MoM in May.<sup>4</sup>
- India's CAD came down significantly to USD 1.2bn (0.2% of GDP) in Q1 from USD 18.1bn (3.6% of GDP) a year ago. CAD was lower sequentially from Q4 when it was USD 4.2bn (0.9% of GDP). The reduction in CAD came from a favourable Balance of Payments as merchandise exports declined less (1.3% decline to USD 83.7bn) compared to imports (12.3% decline to USD 114.3bn). Imports moderated due to steep decline in gold imports at USD 5.3bn, much lower than USD 15.8bn in same quarter last year.<sup>5</sup>
- In Q2, the Indian Rupee mostly stayed stable from a level of 60.18 to 59.89 vs. the USD. INR has been helped by an impressive reduction in India's persisting CAD. There has also been massive portfolio inflows into the country in the lead up to and after the land-slide victory of a new pro-growth government led by BJP supporting the currency. Indian equity markets saw close to USD 6.5bn of foreign inflows in the Apr-June 2014 quarter.<sup>6</sup>

## Monetary

- In the second bi-monthly monetary policy on June 3, 2014, RBI Governor Raghuram Rajan kept the policy rate (repo rate) and Cash Reverse Ratio unchanged at 8% and 4% respectively. The Statutory Liquidity Ratio (SLR) of scheduled commercial banks was however reduced by 50bps to 22.5%. The central bank noted sluggish domestic economic activity in Q2 and possibility of hampered monsoons due to El Nino as key reasons for investment and consumption demand to remain depressed. CPI inflation increased for the second consecutive month in April due to higher food prices and remains elevated.
- In April 2014, the trade deficit narrowed sharply due to resumption of export growth after two consecutive months of decline, and the ongoing shrinking of import demand.
- RBI has re-iterated its intention to stay committed to keeping the economy on a disinflationary course. The central bank has a CPI inflation target of 8% by January 2015 and 6% by January 2016. RBI expects 2014-15 GDP growth to be in the range of 5.0-6.0% and no further monetary tightening might be necessary contingent on desired inflation outcome.<sup>7</sup>

## Funding & Liquidity

- After hitting a high of 9.10% in Apr 2014, India's 10-year government securities yield had dropped to 8.51% before ending the quarter at 8.74% as of June 30, 2014. While bond prices had been bolstered by a declining CPI inflation trend 2 months ago, a recent uptick in inflation coupled with fears of poor to moderate monsoons led the yields to rise. Moreover, with USD 2.5bn worth of sovereign bonds sold on June 27, the demand for existing bonds has declined.<sup>8</sup>



- Growth in overall bank credit remained flat as the amount of loans increased by 1.3% QoQ during Q2. Within this, non-food credit expanded 1.1% while other loans, credit and overdrafts grew 1.45%.<sup>9</sup>

### Politics

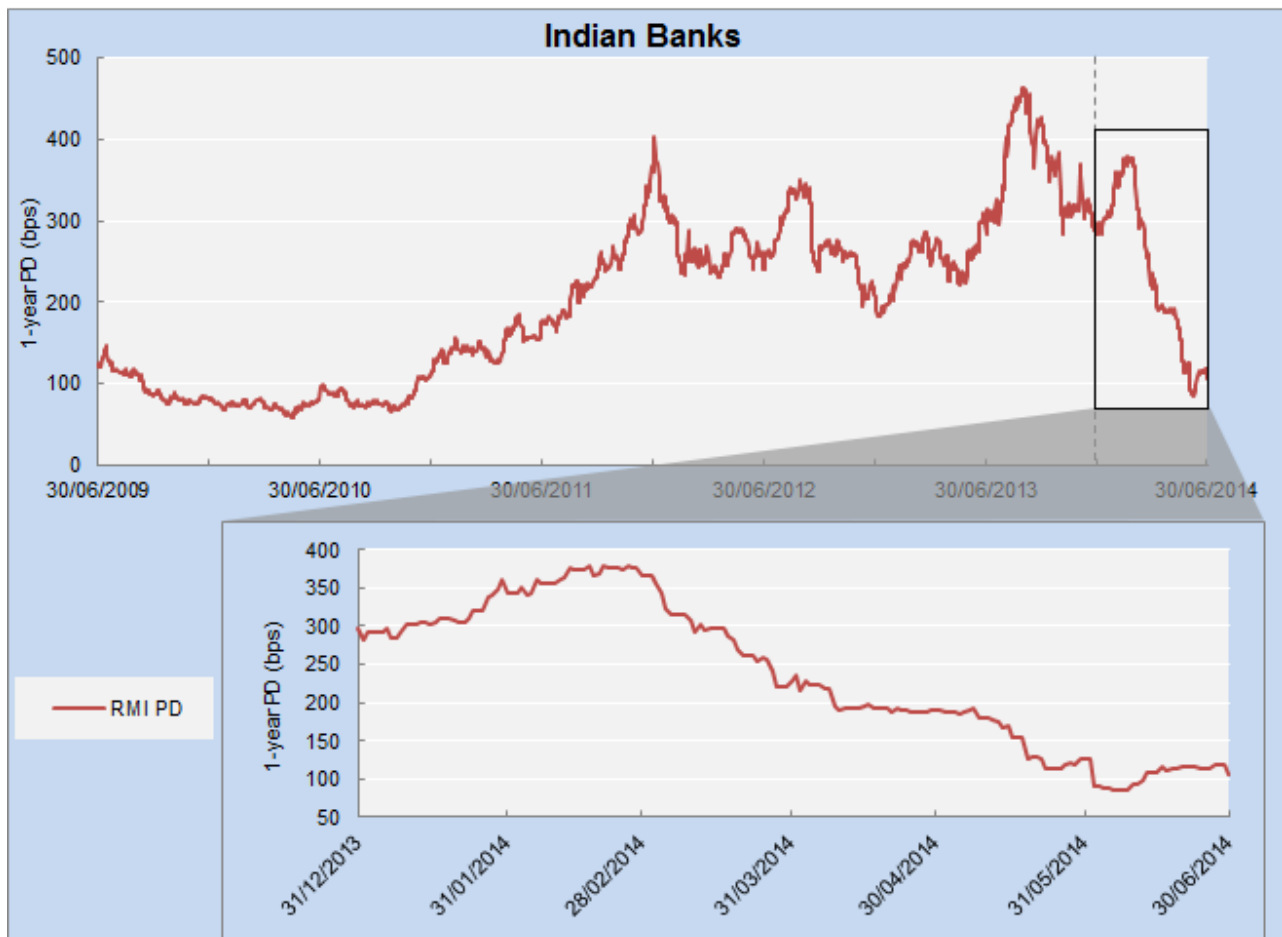
- After the conclusion of the country's general elections in May 2014, a pro-business, progressive coalition led by Prime Minister Narendra Modi has come into power in India ending years of political paralysis and spineless central leadership. In the lead up to the election results and after the outcome, Indian stocks surged to all-time highs with business and investor confidence turning extremely optimistic. CNX Nifty-50 - the main equity index gained 13.4% in Q2.
- There are wide expectations that the Modi-government will tackle the problem of India's sticky current account deficit causing a persistent inflation, make rapid progress in key infrastructure areas like roads, rail and energy and cut down on non-productive dole-outs and subsidies that the previous regime administered.<sup>10</sup>

### Sovereign Credit Ratings

- The major credit rating agencies have all maintained their stance on India. However, the agencies have noted that the decisively positive election outcome and BJP's landslide victory is definitely credit positive as it boosts the prospect that a stable government will address the country's economic challenges. Moody's maintained its outlook on India with a Baa3, stable rating.<sup>11</sup>
- S&P has suggested that the early steps towards a revival of economic growth that the new government will take will have significant implications on India's sovereign credit rating. S&P so far rates India at BBB- with a negative outlook.
- All major credit rating agencies will be reviewing their ratings on India in the period Aug-Oct 2014. Some of the major issues that will be reviewed will include an assessment of how achievable is a 4.1% fiscal deficit target set out in union budget, the composition of revenues and expenditures and how does India plans to mobilise its resources. This assessment could possibly result in rating changes for India.<sup>12</sup>

## Indian Banks

The aggregate 1-year RMI PD for Indian banks decreased significantly in Q2 on the back of a strong uplift in equity markets in recent months and significant improvement in the country's current account deficit which has eased the pressure on the INR. The RBI has maintained the repo rate but reduced the Statutory Liquidity Ratio (SLR) of banks by 50bps to 22.5% in the recent policy move to improve short-term liquidity levels. In-line with the usual trend, Indian bank's balance sheet remained nearly flat QoQ in Q2, while the Credit to Deposit ratio improved marginally to 76.99% vs. 76.75% at end of last quarter. Deposit rates remained mostly unchanged across all tenors. Weighted average call money rates eased to 8.1% vs. 8.5% at the beginning of Q1 as year-end demand for funds subsided. The credit outlook for Indian banks remains stable as the aggregate asset quality of Indian banks (GNPAs) is expected to remain steady at 4.0-4.1% by the end of FY2015, compared to 4% at the end of FY2014. However, poor monsoons and macroeconomic deterioration remain threats to the banks' growth and quality of assets.



## Profitability

- Total liabilities of the Indian banks declined marginally by 0.5% to INR 173.7tn in June from INR 174.5tn in April. This is usually the case since banks typically window-dress their Q2. During Q1, the total assets with Indian banks was almost flat, growing 0.2% to INR 108.7tn vs. INR 108.4tn.<sup>13</sup>
- The Credit-Deposit ratio for the banking system improved marginally over Q2 to 76.99% from 76.75% in Q1. The Cash-Deposit ratio improved slightly from 4.69% to 4.89% during the same period.<sup>14</sup>

## Funding & Liquidity

- The weighted-average call money rate, the interest rate on short-term finance repayable on demand, eased to 8.11% as of June 27, 2014 compared to 8.48% as of the end of last quarter (Apr 4, 2014). This is in-line with the usual trend when demand for liquidity rises towards the end of the financial year on account of advance-tax outflows and then eases in Q1 of the next financial year.
- Cash balances of scheduled commercial banks, including cash in hand and balances with RBI, increased by about 5.1% to INR 4.4tn as of June 13, 2014 when compared to a balance of INR 4.2tn on April 4, 2014.
- Aggregate deposits at Indian banks declined marginally by 0.4% QoQ (as of June 13, 2014) to INR 79.0tn from INR 79.3tn on April 4.
- Deposit rates on INR-denominated maturities of less than 1 year did not change with 6 month rates staying in the range of 8.25% to 8.50% in Q1. Similarly, the 1-2 years deposit rates on INR deposits rates also remained stable at about 9.0% in Q1.<sup>15</sup>
- For the month of May 2014, the RBI injected (adjusted for absorptions) an average of INR 259bn per day into the banking system via liquidity operations, with as high as INR 663bn on May 30, 2014. The bulk of this injection was through Repo operations where an average of INR 141bn was net-injected per day, while the marginal standing facility (MSF) window was used to pump in an average of INR 25.0bn per day during the month. There were 3 major Term Repo auctions during the month which accounted for a total of INR 1.96tn of liquidity injection.<sup>16</sup>

## Asset Quality

- In the June 26 Financial Stability Report, the RBI maintains that the risks to the stability of Indian banks increased in the 6 months to Mar 2014 as asset quality stress remains high and lenders are weighed down by the slow pace of economic expansion and high inflation.<sup>17</sup>
- Gross Non-Performing Assets (GNPAs) of banks are expected to remain steady at 4-4.1% by the end of FY2015, compared to 4% at the end of FY2014. However, there are chances that the NPA ratio could increase further to 5.5% if macroeconomic conditions deteriorate.
- Indian banks, mainly the state-controlled lenders, are facing rising loan defaults as the nation's economy expanded near the slowest pace in a decade in FY2014 amid high interest rates, making it difficult for borrowers to repay loans.<sup>18</sup>
- A credit risk stress test conducted by RBI indicates that the iron and steel sector is expected to register the highest NPAs of around 6.7% by FY2015, followed by the construction and engineering industry.

---

<sup>1</sup> May 31, 2014, [Estimates of Quarterly Gross Domestic for the Fiscal Year 2013-14](#), Ministry of Statistics and Programme Implementation, mospi.nic.in

<sup>2</sup> April 14, 2014, [World Economic Outlook: Recovery Strengthens, Remains Uneven](#), International Monetary Fund, imf.org

<sup>3</sup> July 1, 2014, [HSBC India Manufacturing PMI](#), Markit Economics, markiteconomics.com

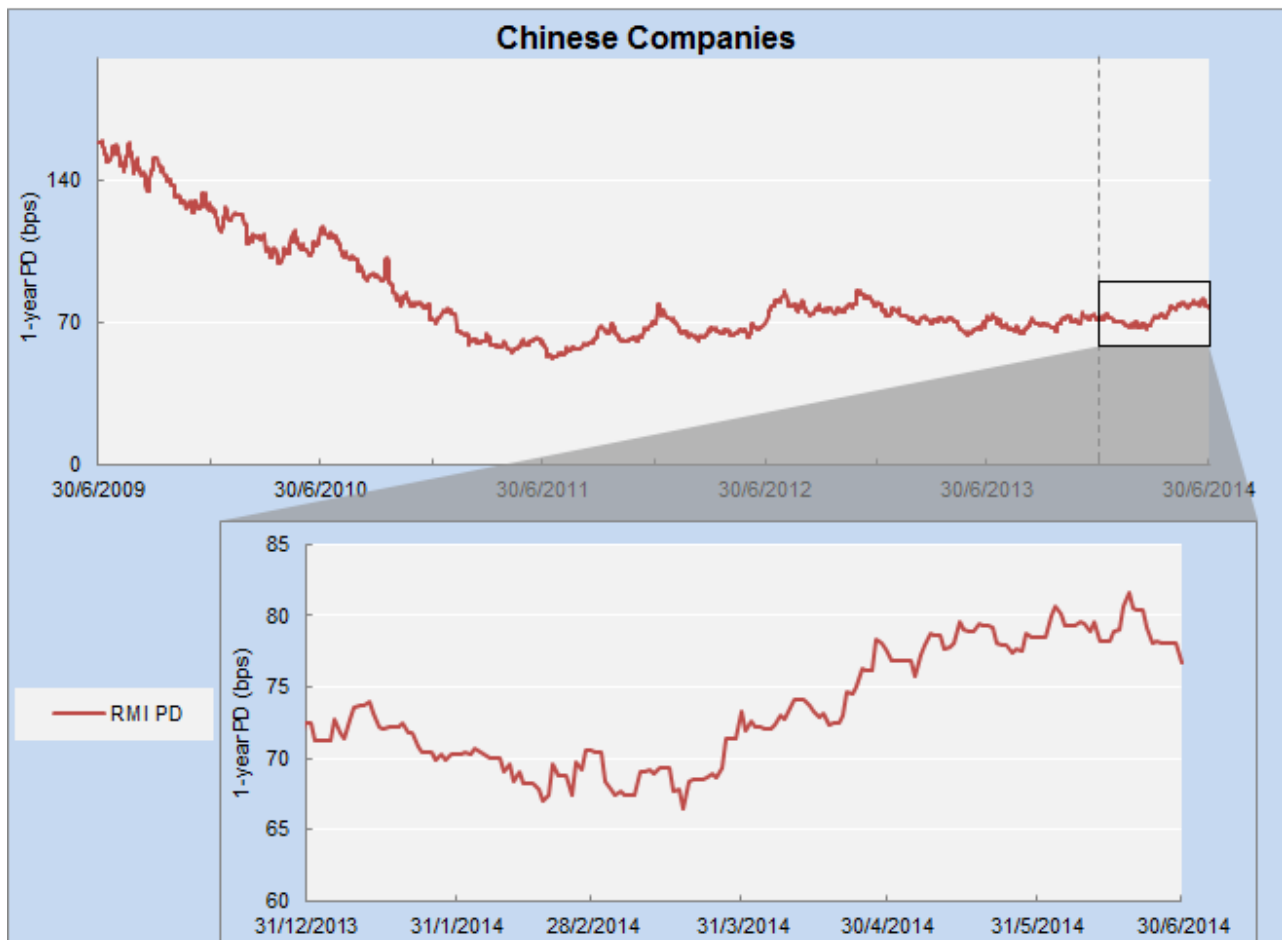
<sup>4</sup> July 2014, [Index Numbers of Wholesale Price in India](#), Ministry of Commerce & Industry Office of The Economic Advisor, eaindustry.nic.in

<sup>5</sup> May 26, 2014, [Developments in Indias Balance of Payments during the Fourth Quarter \(Jan-Mar\) of 2013-14](#), The Reserve Bank of India, rbi.org

- <sup>6</sup> July 2014, [Foreign Portfolio Investors Investments](#), Securities and Exchange Board of India (SEBI), Securities and Exchange Board of India, [sebi.gov.in](#)
- <sup>7</sup> June 3, 2014, [Second Bi-Monthly Monetary Policy Statement, 2014-15](#), The Reserve Bank of India, [rbi.org](#)
- <sup>8</sup> June 26, 2014, [Indias 10-Year Bonds Fall as Demand Slows Before Debt Auction](#), Bloomberg, [bloomberg.com](#)
- <sup>9</sup> June 27, 2014, [Scheduled Commercial Banks - Business in India](#), The Reserve Bank of India, [rbi.org](#)
- <sup>10</sup> May 24, 2014, [Modis Mission](#), The Economist, [economist.com](#)
- <sup>11</sup> May 20, 2014, [Decisive poll outcome credit positive for India: Moodys](#), The Indian Express, [indianexpress.com](#)
- <sup>12</sup> July 18, 2014, [All eyes on India as rating agencies set to review stance](#), CNBC, [cnbc.com](#)
- <sup>13</sup> June 27, 2014, [Scheduled Commercial Banks - Business in India](#), The Reserve Bank of India, [rbi.org](#)
- <sup>14</sup> July 11, 2014, [Cash Reserve Ratio and Interest Rates](#), The Reserve Bank of India, [rbi.org](#)
- <sup>15</sup> July, 2014, [Bank Fixed Deposits](#), Moneycontrol, [moneycontrol.com](#)
- <sup>16</sup> July 10, 2014, [Liquidity Operations by RBI](#), The Reserve Bank of India, [rbi.org](#)
- <sup>17</sup> June 26, 2014, [Financial Stability Report](#), The Reserve Bank of India, [rbi.org](#)
- <sup>18</sup> June 26, 2014, [RBI flags stability risks for banks as asset quality still a concern](#), Live Mint, [livemint.com](#)

## Chinese Companies

The aggregate 1-year RMI PD for Chinese companies increased slightly in Q2. Economic growth picked up slightly during Q2, showing signs of stabilization. Exports, new orders and purchasing activities registered improvements over the quarter while funding and liquidity conditions remained healthy. The government has been actively implementing economic measures that can hopefully boost credit growth to small businesses and address the weakness in the housing market. Going forward, the credit outlook for Chinese companies remains clouded by the possibility of a drastic slowdown in growth as the pace of economic reform may be insufficient to address the problems associated with a rapidly growing debt market and a rapidly contracting real estate sector. Despite the new stimulus measures, many firms may find it hard to adjust to 'new normal' growth conditions as China relies more on consumer demand and less on exports and capital intensive industries.



## Economy

- China's GDP growth increased from 7.4% in Q1 to 7.5% in Q2, reinforcing hopes of a rebound from the slowing economy. Retail sales, a measure of consumer spending, climbed 12.4% in June, and fixed asset investments, an indicator of government infrastructure spending, improved by 17.3% YoY during the first half of the year.<sup>19,20</sup>
- Despite the recent economic weakness, China's labor force in urban areas grew by 3.44mn. China's registered urban unemployment rate stayed at 4.08% in Q1, unchanged from a year ago. In addition, 7.27mn workers were employed in local enterprises and arrangements were made for 6.49mn workers to work in other regions. The government is exploring ways to improve employment in rural areas.<sup>21</sup>

- China's official PMI index increased from 50.8 in May to 51 in June, which is the highest since December. The improvement in the manufacturing sector is also reflected in the HSBC China Manufacturing PMI, which jumped from 49.4 in May to 50.7 in June. Production output rose in line with greater volumes of new work orders, which was highlighted by an increase in total new businesses placed at Chinese producers.<sup>22,23,24</sup>
- The HSBC China Services Business Activity Index for China posted a level of 53.1 in June, up from 50.7 in May. This has been the strongest growth since March 2013, denoting a solid rise for service providers.<sup>25</sup>
- China's export value amounted to USD 186.8bn in June with a YoY increase of 7.2%. Similarly, imports rose by 5.5% YoY to USD 155.2bn and the combined foreign trade volume increased 6.4% to USD 342bn. This led to a trade surplus of USD 31.6bn in June, up by 16.4% YoY, on the back of strengthening U.S. consumer demand.<sup>26,27,28</sup>
- Foreign trade volume in the first half of 2014 totalled USD 2.02bn with a YOY growth of 1.2%. Exports and imports jumped by 0.9% and 1.5% respectively, while the trade surplus fell by 5.1% to USD 102.86bn.

### Monetary

- In Q2, the PBOC implemented a prudent monetary policy and eased the reserve ratio for banks. Monetary conditions for companies also improved as the PBOC drained liquidity out of the banking system via repurchase agreements system. This was achieved through the issuance of a 28-day and 14-day bond repurchase agreements. However, the central bank remains concerned about large amount of corporate debt in the financial system.
- The 1-year benchmark loan rate and time deposit rates remained at 6% and 3% in Q2. The PBOC plans to introduce a short-term interest rate range where money could be drained or added from the system if policy rates deviate too far from its average. Besides, a medium term policy tool would be introduced to guide the central bank's assessment of interest rates.<sup>29,30</sup>
- Corporate lending from financial institutions increased by CNY 1.08tn in June, up from CNY 870.8bn in May. Total social financing, a broader measurement of credit in the economy, jumped from CNY 1.4tn in May to CNY 1.97tn in June. Furthermore, China's broadest measure of money supply, M2, rose 14.7% from a year ago.

### Funding & Liquidity

- China's 10-year government bond yield has declined 51bps to 4.05% at the end of June from December 31.<sup>31</sup>
- Total outstanding loans to non-financial companies increased to CNY 59.4tn in June from CNY 57.7tn in March.<sup>32</sup>
- Market interest rates increased during Q2, with the monthly weighted interbank CNY lending rate at 2.85% in June, higher by 0.29% from May.<sup>33</sup>

## Policy

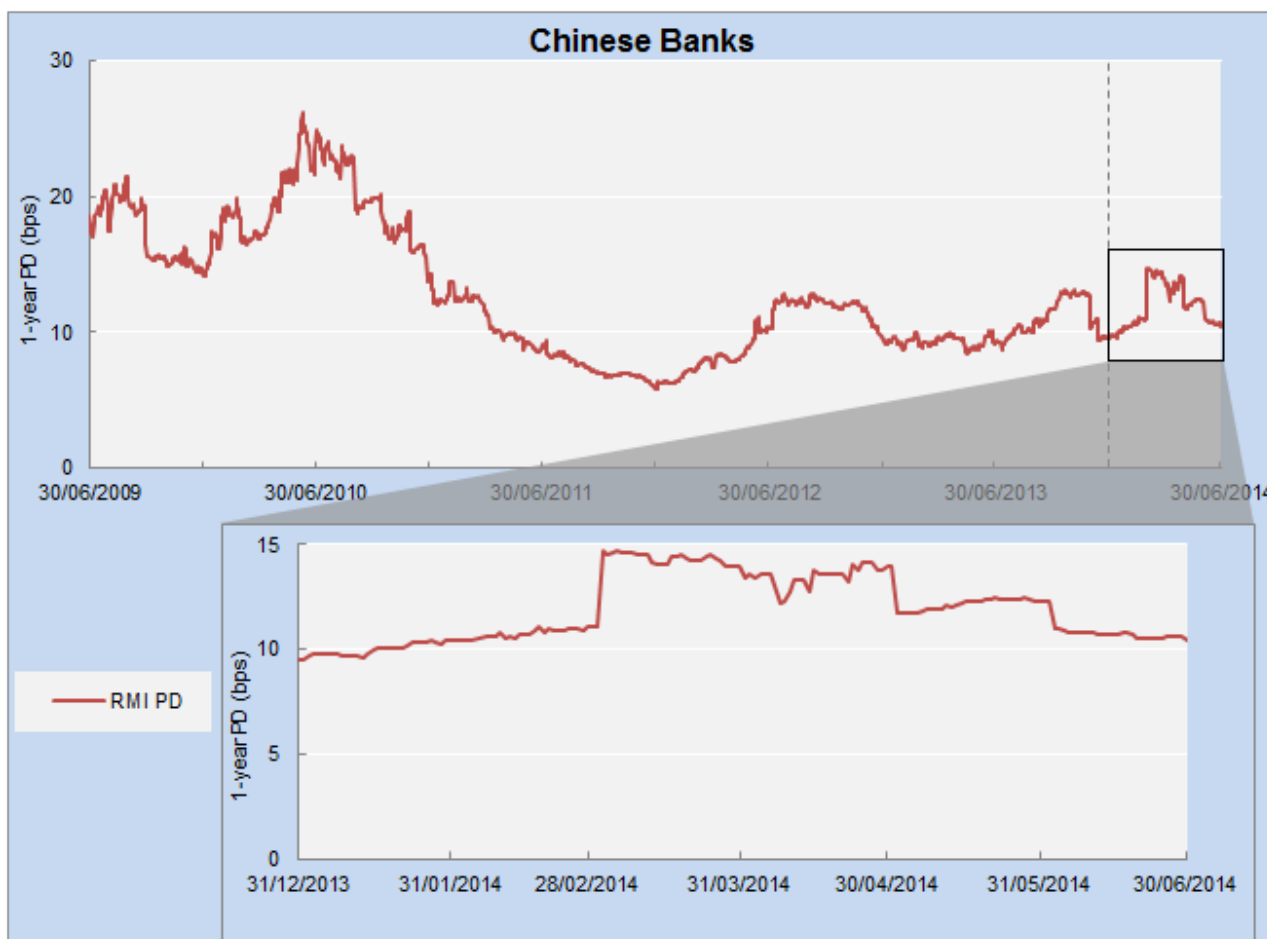
- During the first quarter of this year, China experienced the slowest growth in 18 months. In order to avoid a hard landing, China unveiled a set of stimulus measures to boost the slowing economy. This includes tax breaks for small-and medium-sized enterprises, speeding up investment in railways and rebuilding urban shantytowns.<sup>34</sup>
- The property market slowdown is a concern to the Chinese government. China's land prices dropped for the first time in two years and recent sluggish housing sales may lead to further declines in housing prices. The deterioration in the property market is likely to trigger more defaults for smaller Chinese developers, thus lifting the credit risk for property trusts. Policymakers initiated a series of loosening measure to mitigate falling housing sales in Q2. Property purchasing restrictions for first-tier cities will remain in place, while rules for purchasing property in smaller cities will be relaxed. For example, in Wuhan, sales of new and secondhand housing units that are larger than 140 square meters will not be restricted any longer.<sup>35,36</sup>

## Sovereign Credit Ratings

- Moody's maintained an Aa3 rating on the Chinese government with a stable outlook during Q1. Fitch and S&P both retained stable outlooks, with respective ratings of A+ and AA-.

## Chinese Banks

The aggregate 1-year RMI PD for Chinese banks remained relatively unchanged during Q2. Earnings were strong but NIMs declined on the back of interest rate market oriented reforms. However, non-performing loans hit the highest level since September 2008 following an economic growth slowdown. Banks face a number of challenges including a deteriorating economy, an over supply of loans and large bad debt on their balance sheets. Thus, the credit outlook for Chinese banks is negative, as volatile short-term liquidity problems and structural reforms weigh on corporate loan portfolios, which could affect future earnings.



## Profitability

- Aggregate earnings at 12 listed Chinese banks that reported earnings increased 43.1% QoQ to CNY 345bn in Q1.
- The average NIM for the same banks fell slightly from 3.19% in Q4 2013 to 3.13% in Q1 2014. NIMs may fall further because of market-oriented interest rate liberalization reforms.
- Net interest income and fee-based income for these banks accounted for 70.5% and 22.9% in Q1 respectively, compared to 79% and 20% in Q4. Going forward, fees and commissions earned from custodial service charges and management fees could become a larger part of revenues.



## Funding & Liquidity

- Average weighted coupon rates on 5-year CNY-denominated bank bonds remained relatively unchanged at 5.12% in Q4, from 5.13% in Q3.
- However, the weighted average of the seven-day repurchase agreement rate, a benchmark of interbank funding availability, stood at 3.6% at the end of the second quarter, which was the highest since May 4, 2014. The increase in rates resulted from a surge in cash demand at the end of Q2, as lenders boost their cash holdings before reporting financial positions for the fiscal period.<sup>37</sup>
- Total deposits amounted to CNY 117.26tn at the end of June, up by 13.1% YOY. Overall liquidity ratio in the banking sector increased during Q2, with the aggregate LATD ratio of 12 listed banks which reported earnings rose to 27.9% in Q2, from 29.6% at the end of Q1.

## Regulations

- Accounting for almost 1/5 of the nation's banking sector, shadow banking has become the riskiest form of non-bank credit. In order to avoid off-balance sheet lending risks, financial regulators require banks to count interbank loans as part of their loan quota and to hold capital and reserves against such interbank loans. The tighter rules on bank lending could limit further economic growth if the supply of credit declines sharply.<sup>38</sup>
- The PBOC cut the reserve ratio for rural commercial banks and rural cooperatives by 2 percentage points and 0.5 percentage points respectively in April. The reserve ratio for banks who focus lending to the rural sector and smaller companies, was further trimmed by 0.5 percentage point. The reduction in reserve ratio frees up more money for banks to lend to rural sectors and smaller companies and enhance the role of these market entities in economy.<sup>39,40</sup>

## Asset Quality

- Non-performing loans rose 9.1% QoQ in Q1 2014 to CNY 646.1bn, marking a record high in nearly 3 years. Similarly, the ratio of non-performing loans at banks climbed to 1.04%, up from 1% at the end of 2013. Besides, aggregate provisions for loan losses increased by 6.0% to CNY 1.77tn.<sup>41,42</sup>
- Loan impairment reserves have increased by CNY 94.1bn to CNY 1.77tn between Q1 and Q4.<sup>43</sup>

---

<sup>19</sup> July 16, 2014, [China's growth accelerates to 7.5% in Q2](#), Channelnewsasia, channelnewsasia.com

<sup>20</sup> July 16, 2014, [China growth picks up as stimulus kicks in, more support may be needed](#), Reuters, reuters.com

<sup>21</sup> April 25, 2014, [China adds more new jobs despite slowdown](#), Xinhuanet, xinhuanet.com

<sup>22</sup> June 29, 2014, [China's June official PMI seen at a six-month high](#), Reuters, reuters.com

<sup>23</sup> June 30, 2014, [China HSBC June final PMI at 50.7, official PMI at 51](#), CNBC, cnbc.com

<sup>24</sup> July 3, 2014, [China services sector booms in June, suggest economy steady](#), Reuters, reuters.com

<sup>25</sup> July 3, 2014, [HSBC Purchasing Managers Index Press Release](#), HSBC, google.com.sg

<sup>26</sup> July 11, 2014, [China economy on track, June trade surplus jumps](#), China Post, chinapost.com

<sup>27</sup> July 10, 2014, [China's exports up 7.2 pct in June](#), China Economic Net, en.ce.cn

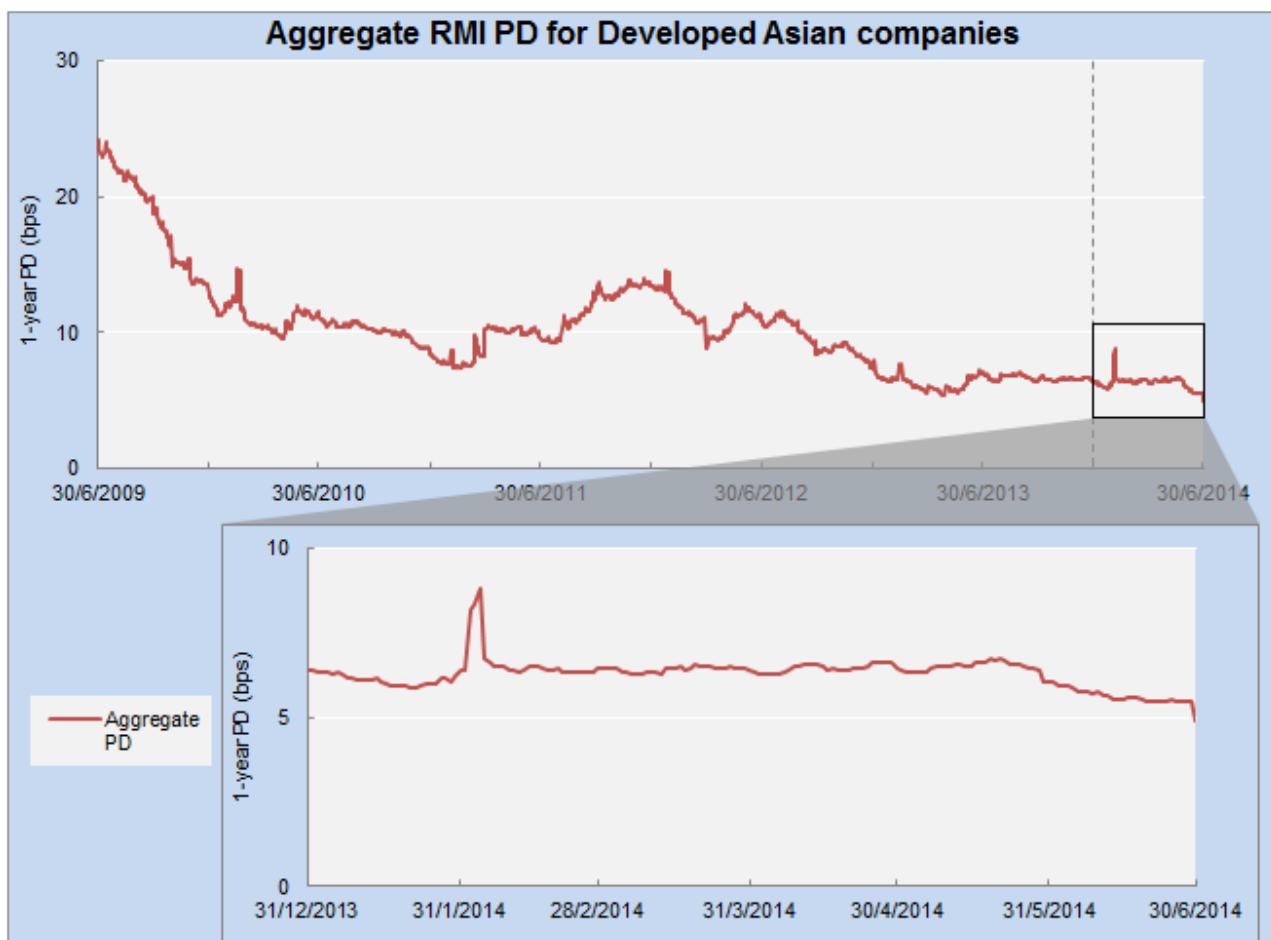
<sup>28</sup> July 10, 2014, [China's trade surplus narrows in June](#), BBC, bbc.com

<sup>29</sup> July 8, 2012, [PBC Has Decided to Cut RMB Benchmark Deposit and Loan Interest Rates](#), PBOC, pbc.gov.cn

- <sup>30</sup> May 16, 2014, [Zhou Plans Anchor After China Monetary-Policy Gyration](#)s, Bloomberg, bloomberg.com
- <sup>31</sup> July 14, 2014, [China's June credit growth exceeds expectations](#), Market Watch, marketwatch.com
- <sup>32</sup> July 22, 2014, [Sources & Uses of Credit Funds of Financial Institutions \(by Sectors\)](#), PBOC, pbv.gov.cn
- <sup>33</sup> July 18, 2014, [Financial Statistics, H1 2014](#), PBOC, pbv.gov.cn
- <sup>34</sup> April 3, 2014, [China Unveils Mini Stimulus To Boost Its Slowing Economy](#), Business Insider, businessinsider.sg
- <sup>35</sup> July 23, 2014, [No easing of property purchase controls for China's top cities](#), Want China Times wantchinatimes.com
- <sup>36</sup> July 18, 2014, [China Home Prices Fall in Record Cities, Signaling More Easing](#), Bloomberg, bloomberg.com
- <sup>37</sup> June 25, 2014, [China Money Rate Rises to Seven-Week High on Quarter-End Demand](#), Bloomberg, bloomberg.com
- <sup>38</sup> May 16, 2014, [China Issues New Rules on Interbank Lending](#), WSJ, wsj.com
- <sup>39</sup> June 6, 2014, [China central bank cuts reserve ratios for some banks](#), Market Watch, marketwatch.com
- <sup>40</sup> June 9, 2014, [China's Central Bank Unveils Cuts in Reserve Ratios for Some Banks](#), WSJ, wsj.com
- <sup>41</sup> May 15, 2014, [Major regulatory indicator for commercial bank](#), CBRC, cbr.gov.cn
- <sup>42</sup> May 20, 2014, [Non-Performing Loans Continued to Increase: Banks On Alert](#), NTD, ntd.tv
- <sup>43</sup> May 16, 2014, [Nonperforming loans may eclipse the level of 2008](#), China Daily, chinadailyasia.com

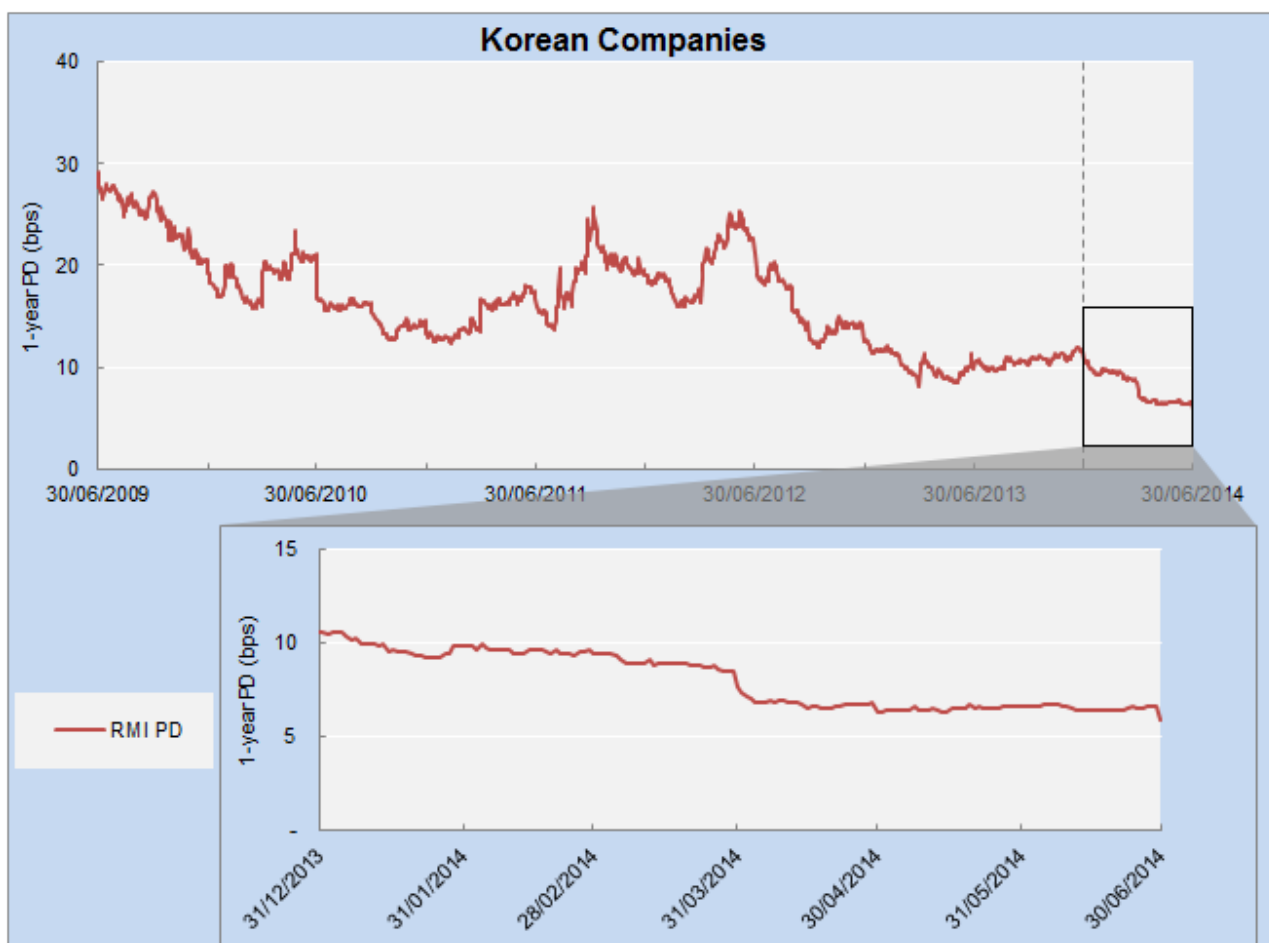
# Asia-Pacific - Developed economies

The aggregate 1-year RMI PDs for listed companies in the developed Asia Pacific region as a whole decreased marginally during Q2. RMI PDs for Singapore companies were down 3 bps. Japan, Hong Kong and South Korea too saw their aggregate PDs improved over the Q2 period, while Taiwan and Australia saw their aggregate PDs of companies remained flat in Q2. Asian currencies in developed economies gained against the US dollar during the quarter with the exception of the Australian dollar, while the Hong Kong dollar remains pegged to the US dollar at a rate of about 7.80 HKD to 1 USD. The developed economies in the Asia-Pacific region were boosted by the consumption story with Japan leading the way as the implementation of Abenomics boosted spending. Consumption in the private sector picked up by 2.2% in the first quarter but only to be dampened by the Abe administration raising the consumption tax rate to 8% from 5% in April. In the policy space, central banks and finance officials largely maintained the status quo across these economies.



## South Korean Companies

The aggregate 1-year RMI PD for South Korean companies decreased during Q2, reaching the lowest level in more than 5 years. This improvement came despite a significant decline in manufacturing activity and exports, suggesting that market related factors continue to support the credit profiles of Korean firms. Weak domestic demand was largely attributed to a drop in consumer spending sentiment and high unemployment measures that reached the real economy during the quarter. Moreover, funding and liquidity profiles remained favorable in a low interest rate environment. Going forward, the credit outlook for Korean companies is uncertain as lawmakers consider cutting corporate tax exemptions to improve social welfare. Aggregate earnings in the export orientated economy could also continue to be subjected to global macroeconomic headwinds.



## Economy

- The South Korean economy expanded by a seasonally adjusted 0.6% QoQ during Q2, as economic growth grew at the slowest rate in seven quarters due to sluggish private consumption. Private consumption fell 0.3% QoQ as a result of poor demand for both goods and services. Facility investments grew by 1.3% after falling 1.9% in Q1 and investment growth in the construction sector declined to 0.6%.<sup>44</sup>
- The Ministry of Strategy and Finance unveiled stimulus measures to improve economic growth after cutting its growth forecast for this year from 4.1% to 3.7%. The government plans to boost public spending by USD 11bn. State run financial institutions such as the Korea Development Bank are expected to provide USD 25.4bn of loans and other financial support to help financially troubled small companies.<sup>45</sup>

- Korea's unemployment rate remained above 3.5% during Q2, rising from 3.5% in March to 3.7% in May. 712,000 jobs were created during Q2, expanding the labor force to 25.87mn. The service sector added 304,000 jobs in June after employing more than 500,000 people in the first four months of the year. The employment rate for women between the ages of 25 and 29 reached a record high of 70% in June. Market participants said that the improvement in female employment was a result of government policies which encouraged flexible working hours and training for women seeking to re-enter the work force.<sup>46</sup>
- Exports increased 2.5% YoY in June partially due to tech product demand from the US and Europe. Overall exports however declined from USD 49.08bn in Q1 to USD 47.85bn in Q2. Production activity across all sectors decreased in May as shipments to China posted their sharpest fall since August 2009. Analysts attributed the decline in exports to the unusually long holidays in both Korea and China. Moving forward, the trade ministry expects shipbuilding industries and car making industries to boost future exports as demand from developed markets continues to remain robust.<sup>47</sup>
- The weakness in exports follows the decline in manufacturing activity as the HSBC South Korea Manufacturing PMI declined from 50.4 in March to 48.4 in June. Respondents to the PMI survey said that global consumer demand was particularly weak in June as a result of broad economic weakness. Manufacturers also face continued cost pressure, linked to the appreciation of the KRW against the EUR and USD during Q2. Firms may cut output further which suggests that economic growth may be slow.<sup>48</sup>
- Retail activity in South Korea likely decreased in Q2, following weak consumer spending sentiment from a ferry sinking in April which took away 300 lives. Figures at South Korea's discount store chains displayed a drop of 5.8% YoY in June. In addition, the Ministry of Finance said that combined sales at department stores run by Hyundai Department Store, Lotte Shopping and Shinsegae Co declined 3.4% YoY representing the steepest fall since January 2013.<sup>49</sup>

## Monetary

- The Bank of Korea held its Official Bank Rate at 2.50% for the thirteenth consecutive month in June. Analysts say that the Bank of Korea is unlikely to change monetary policy because of weaker domestic consumption.<sup>50</sup>

## Funding & Liquidity

- Yields on 10-year South Korean government bonds declined sharply during Q2, falling from 3.53% in March to 3.20% at the end of June.
- M2 money supply expanded at the fastest rate in nearly 2 years, rising 6% YoY in May and 5.5% YoY in April. M2 measures currency in circulation as well as types of deposits with a maturity of less than 2 years at lenders and non-banking financial institutions. The central bank said that non-banking institutions mainly contributed to the increase in money supply, which tends to fluctuate depending on financial market conditions and investment decisions.<sup>51</sup>
- Interest rates on new loans to large Korean corporates fell to 4.19% per annum in May, down from 4.28% in March. Likewise, interest rates on new loans to small companies declined to 4.72% from 4.76% in the same period.<sup>52</sup>

## Politics

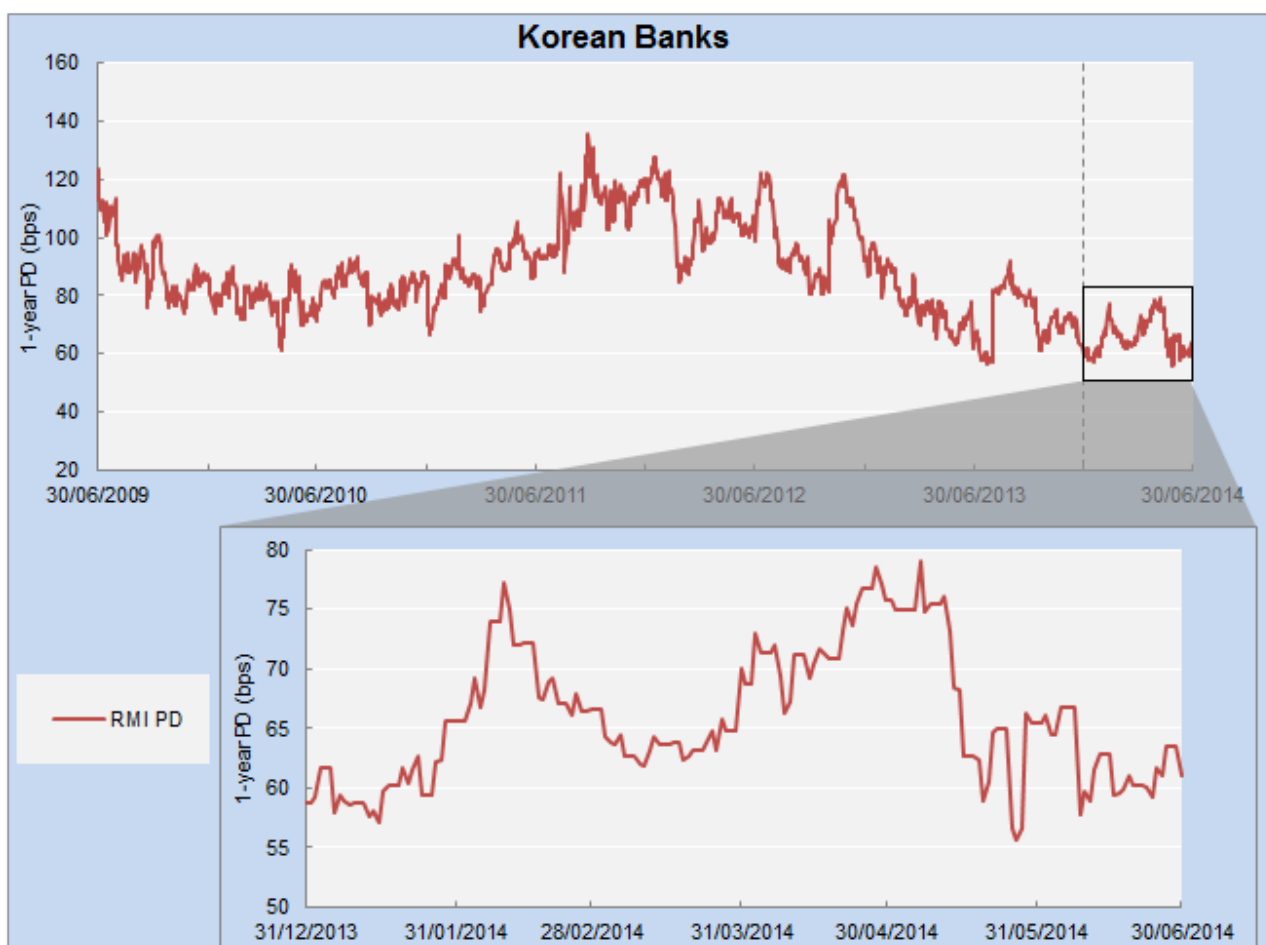
- President Park Geun-hye will continue to pursue pro-business policies and will likely focus on social equality and welfare issues. In May 2014, the ruling Saenuri Party and the opposition agreed on a scaled down version of the amount of pensions paid to all seniors aged 65 or above, which is expected to cost USD 9.6bn a year from 2014. The sinking of the passenger ferry in April had damaged the ruling governments reputation as it highlighted a range of government failures, from lax vessel safety enforcement to poorly handled rescue operations and inadequate post disaster response. The prime minister, Chung Hong-won subsequently offered to resign amid criticism of the governments handling of the disaster, but his resignation was rejected by the President in June.
- The Finance Ministry is considering cutting tax exemptions for companies and individuals to make up for an expected large tax shortfall this year as the government seeks to boost welfare spending. It is expected that the fiscal deficit would reach KRW 4tn during the first 4 months of the year but may widen to KRW 10tn for 2014 due to public spending. The tax revenue shortfall may add to growing concerns that the government will not be able to secure enough capital for the expanded welfare programs promised by President Park Guen-hye.<sup>53</sup>

## Sovereign Credit Ratings

- The three major agencies maintained their ratings on the country's sovereign debt during Q2, with the country rated AA- by Fitch, Aa3 by Moody's and A+ by S&P. All three CRAs maintained stable outlooks on the sovereign issuer.

## South Korean Banks

The aggregate 1-year RMI PD for South Korean banks fell during Q2, together with the aggregate PD for non-financial firms. Earnings could improve, due to implementation of property market stimulus measures by the government and improving loan growth. However, this may have been offset by a decrease in net interest margins during Q2. Funding conditions improved during Q1, as market and deposit rates fell and deposit growth accelerated. Asset quality may have deteriorated through Q2 as banks increased provisions, although new initiatives to deregulate the industry may help improve asset quality going forward. The declining exports and slow economic growth may serve to weaken commercial loan portfolios. Overall, the credit outlook for Korean banks remains uncertain.



### Profitability

- Aggregate net income of South Korean banks improved 8.45% YoY during Q1, after falling by more than 50% in Q4. Total earnings increased to KRW 1598tn, up from an aggregate of KRW 1453tn in the same period last year. The Financial Supervisory Service said banks continued to face interest margin pressures as interest rates remained low globally while loan reserves increased.
- A proxy for the aggregate NIMs of Korean banks, based on the difference in lending and deposit rates, declined marginally to 2.51% in May from 2.53% at the end of Q1.



## Funding & Liquidity

- Average coupon rates on new issuances of 5-year KRW-denominated bank bonds fell to 3.12% in Q2, from 3.37% in Q1.
- Data published by the Korea Federation of Banks showed that the short term Cost of Funds Index rate declined during Q2, from 2.53% at the start of April to 2.46% on June 25. COFIX is determined by the average interest rate paid on capital funding by nine major Korean lenders.
- Total deposits continued to grow as local currency deposits increased 0.71% to KRW 1034 between March and May. Foreign currency deposits expanded by 12.02% to KRW 63tn during the same period.<sup>54</sup>
- New annual 1 year KRW denominated deposit rates decreased from 2.94% in March to 2.86% in May, while similar rates on deposits maturing in 5 years increased from 2.91% to 3.02%.<sup>55</sup>
- Overall liquidity in the South Korean banking system decreased during Q1, with the aggregate LATDB ratio for listed banks falling to 9.80% from 11.08% in Q4.

## Capital Levels & Regulations

- On July 10, 2014, the Financial Services Commission announced that it will ease 711 regulations suggested by the financial industry, as part of the 3 year economic innovation plan to loosen outdated or unnecessary regulations suggested by President Park. Part of the reform includes introducing a so-called comprehensive asset management account system which will enable consumers to have a single account to manage assets across 15 financial institutions. This would help ease financial transactions between consumers and corporations. Consumers will also be able to access various financial services through an integrated account so that they may manage their assets more efficiently. Moreover, investment companies will be able to add new businesses through a simplified registration process.<sup>56</sup>
- Regulators have loosened home-loan restrictions to revive a stagnant property market. Home buyers would have easier access to credit as the government lifts the loan to value ratio to 70%. Lowering the barriers for property purchases is part of a stimulus package aimed at boosting the country's economic growth. Household debt including mortgage loans and credit purchases could increase further even though it stands at a record high of KRW 1024.8tn. Total debt levels are now more than twice the KRW 494tn at the end of 2004.<sup>57</sup>

## Asset Quality

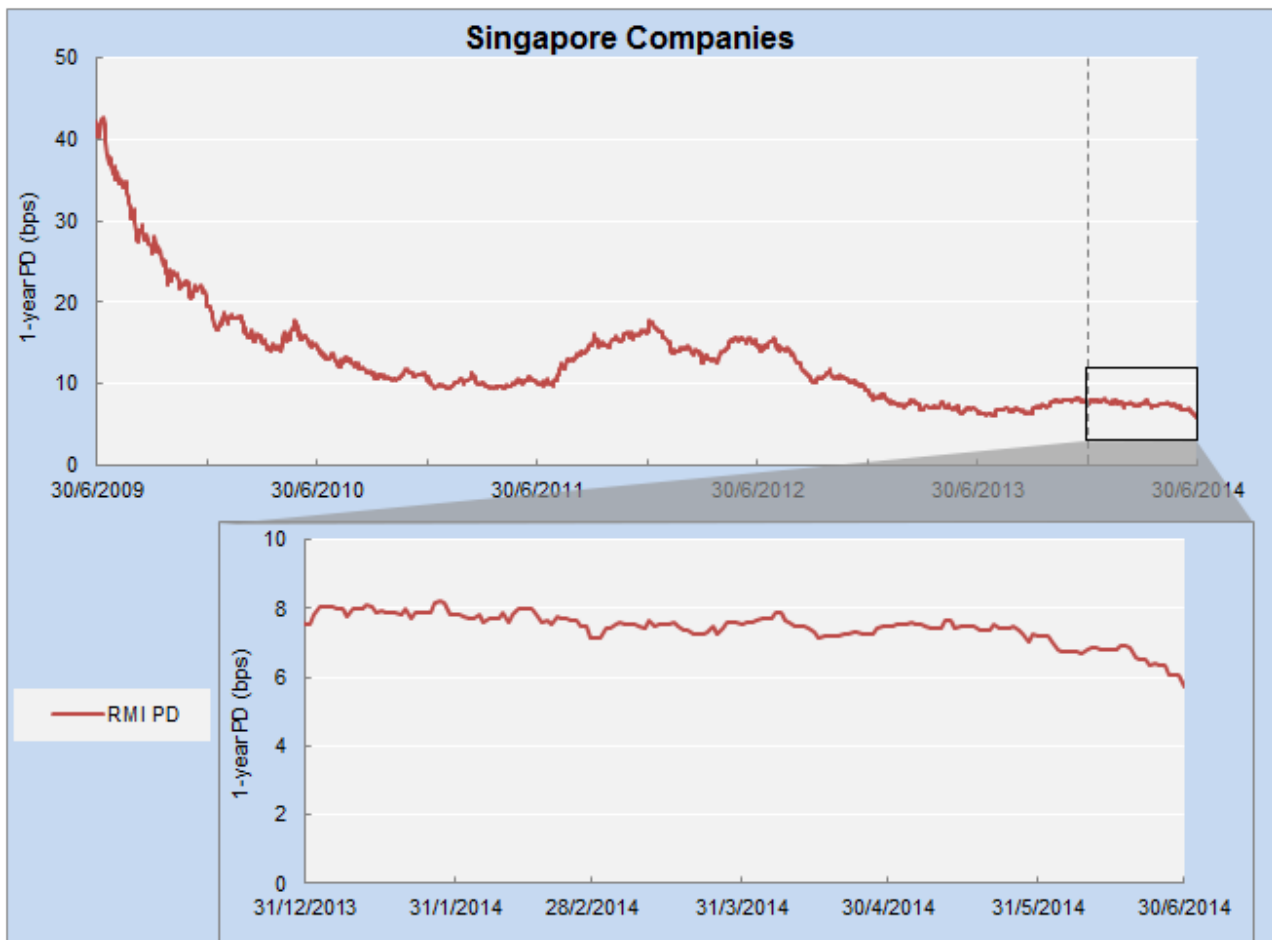
- The Bank of Korea said that the default rate on corporate bills climbed to 0.16% in May and 0.22% in June. 67 companies went bankrupt in June, up from 61 in the previous month. Delinquent loans issued by Korean banks likely remained unchanged during Q2 as the average delinquency rate remained at 0.98% in May and April.<sup>58</sup>
  - Regulators including the Financial Services Commission announced a series of measures in February to improve the quality of household debt, as part of the government's three year plan for economic growth. The Korean government has set a target aggregate household debt to income ratio for the banks, and aims to lower the ratio by 5% each year until the end of 2017. (The ratio of household debt to disposable income in Korea was 163.8% at the end of 2012.) Banks will have to offer a range of loans to suit the consumers' debt repayment ability such as introducing loans with floating rate caps.<sup>59</sup>
-



- <sup>44</sup> Jul 24, 2014, [Korea's GDP increases 0.6% on-quarter in Q2](#), Arirang News, arorang.co.kr
- <sup>45</sup> Jul 24, 2014, [South Korea unveils USD 11bn stimulus spending, cuts GDP forecast](#), Reuters, reuters.com
- <sup>46</sup> Jul 16, 2014, [South Korea's jobless rate stands at 3.5 percent in June](#), The Korea Herald, koreaherald.com
- <sup>47</sup> Jul 1, 2014, [South Korea exports rise 2.5% in June](#), Channel News Asia, channelnewsasia.com
- <sup>48</sup> Jul 1, 2014, [HSBC South Korea Manufacturing PMI](#), Markit, markiteconomics.com
- <sup>49</sup> Jul 7, 2014, [South Korea department, discount store sales fall in June](#), Reuters, reuters.com
- <sup>50</sup> Jul 2, 2014, [Rate cut delay expected](#), WSJ, wsj.com
- <sup>51</sup> Jul 9, 2014, [Korea's M2 money supply growth quickens most in nearly 2 years](#), Yonhap News, global-post.com
- <sup>52</sup> May 2014, [CBs and SBs: Interest rates on newly extended loans](#), Bank of Korea, ecos.bok.or.kr
- <sup>53</sup> Jul 6, 2014, [Government mulls reducing tax benefits amid shortfall woes](#), Yonhap News, english.yonhapnews.co.kr
- <sup>54</sup> May 2014, [Total deposits](#), Bank of Korea, ecos.bok.or.kr
- <sup>55</sup> May 2014, [Interest rates on newly extended time deposits](#), Bank of Korea, ecos.bok.or.kr
- <sup>56</sup> Jul 11, 2014, [FSC announces plan to relax or revise 700-plus financial regulations](#), Joongang Daily, koreajoongangdaily.joins.com
- <sup>57</sup> Jul 24, 2014, [Korea Eases Property Rules With Household Debt at Record](#), Bloomberg, bloomberg.com
- <sup>58</sup> Jul 22, 2014, [South Korea's corporate bill default rate up in June](#), Yonhap News, english.yonhapnews.co.kr
- <sup>59</sup> Jul 22, 2014, [South Korea's corporate bill default rate up in June](#), Yonhap News, english.yonhapnews.co.kr

## Singapore Companies

The aggregate 1-year RMI PD for Singapore companies declined slightly through Q2. This decline came in spite of a slowing economy, with contractions in the manufacturing and services sectors coupled with weakness in the real estate market. However, bank lending to non-financial companies continued to expand, indicating a stable funding and liquidity profile of Singapore companies. Still, the Monetary Authority of Singapore (MAS) is unlikely to change its current monetary policy stance of a gradual appreciation of the SGD so as to keep inflation in check. Going forward to the latter half of the year, the credit outlook for Singapore remains positive, as the economic growth is likely to pick up, considering that the expected rebound in the global economy is likely to lead to a stronger overseas demand. Besides, healthy lending conditions are likely to offset negative impacts brought around by restrained economic growth, continuing to provide sufficient cashflows for companies.



## Economy

- In Q2, Singapore witnessed its first quarterly GDP contraction since Q4 2012 after economic output declined 0.8% QoQ. The economy still managed to grow 2.1% YoY albeit lower than 4.7% recorded in Q1. The economy was hit by a drastic slowdown in the manufacturing sector which expanded 0.2% YoY compared to a 9.9% YoY expansion in Q1. The weakness was largely due to a contraction in electronics output and a drop in transport engineering output, as major electronics factory shifted their productions away from Singapore. However, it is expected that Singapore's economic growth would pick up in the latter half of the year as economic conditions of other major economies are likely to improve.<sup>60,61</sup>

- Singapore's PMI manufacturing index declined marginally from 50.8 at the end of Q1 to 50.5 in June. The drop was ascribed to a fall in new orders, new export orders, production output and imports.<sup>62</sup>
- Non-oil domestic exports (NODX) dropped by 6.6% YoY in May 2014 after expanding by 0.9% YoY in April. Both electronic and non-electronic exports declined by 15.3% and 2.4% in May, respectively, due to falling demand in most of its major export markets. Exports to Europe, Hong Kong and Thailand decreased by 22.6%, 28.6% and 29.0% respectively.<sup>63</sup>
- Retail sales rose 5.2% MoM in May after declining 0.7% in April. The increase in retail sales would have been 2.0% if motor vehicles sales were excluded. Car buyers took advantage of low car prices as automobile sales grew by 23.4% MoM in May. Prices of cars have been falling after the Monetary Authority of Singapore introduced car loan measures in March last year.<sup>64</sup>

### Monetary

- The Monetary Authority of Singapore (MAS) is expected to continue its monetary policy towards inflation control, maintaining a modest and gradual appreciation of the SGD and keeping both the slope and the width of the policy band unchanged.<sup>65,66</sup>

### Funding & Liquidity

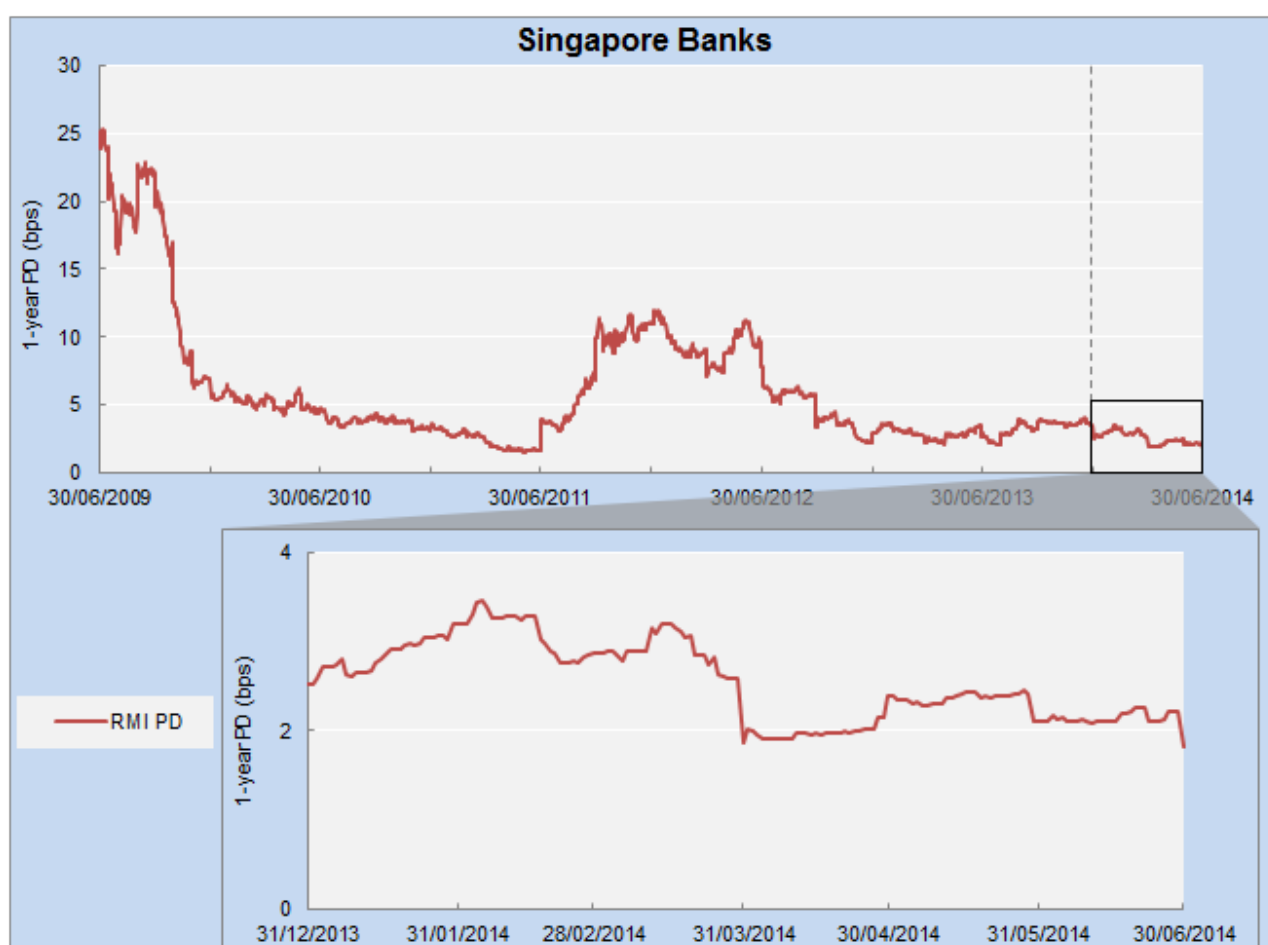
- The yield on 10-year Singapore government bonds ended Q2 at 2.32%, slightly lower than 2.49% at the end of Q1.
- Bank lending to non-financial Singapore companies continued falling in Q2 2014. Down from the YoY growth rate of 15.8% in Q1, loans to non-financials expanded by 15.1% YoY in May 2014, just slightly below the lowest growth rate in three years of 14.9%.<sup>67</sup>
- The prime lending rate remained at 5.35% in Q2, unchanged since January 2014.<sup>68</sup>

### Sovereign Credit Ratings

- Singapore retained its AAA rating at all three major rating agencies over Q2 2014, and remains one of the only eight countries worldwide with top credit ratings and stable outlooks.

## Singapore Banks

The 1-year aggregate RMI PD for Singapore banks decreased over Q2, falling to the lowest level since early 1997. Out of the three domestic banking groups which all reported stronger profits in Q1, DBS contributed the most to the aggregate earnings of banks, achieving a record quarterly net profit of over SGD 1bn. Funding and liquidity profiles remained healthy: in spite of the rising SGD loan-to-deposit ratio, both the aggregate LATDB ratio and the statutory liquidity ratio improved as well, indicating the strong liquidity position of Singapore banks. In addition, banks remained sufficiently capitalized under Basel III requirements alongside stable liquidity levels. Looking forward, the profitability of banks is still under pressure, considering the low interest rate environment as well as the more stringent regulatory requirements on capital levels. However, this may be moderated by further improvement in asset quality as manifested in the continually falling non-performing loans, thus giving rise to a positive credit outlook of Singapore banks in the near future.



## Profitability

- Aggregate earnings at the three major Singapore banks continued to soar over Q1, expanding 18.6% QoQ to SGD 2.92bn, up from SGD 2.46bn at the end of 2013. Out of the three banks, DBS contributed the most to the rise in aggregate earnings with a net income of SGD 1.23bn in March as compared to SGD 0.97bn at the end of 2013. It was also the first time that the quarterly earnings of DBS exceeded SGD 1bn excluding one-time items.<sup>69</sup>
- The growth of issued loans made by Singaporean banks further slowed in May 2014 as compared with a 13.5% growth rate at the end of Q1, reaching its lowest level at 13.0% YoY since November 2010.<sup>70</sup>

## Funding & Liquidity

- Average yields on 10-year USD-denominated bonds issued by Singaporean banks declined gradually over Q2 2014 to 2.32%, down from 2.41% as recorded at the end of Q1.
- Total SGD deposits at the three major domestic banks declined by 0.82% QoQ in May 2014, ending the period at SGD 536.6bn as compared to SGD 549.3bn at the end of Q1. Loan growth continued outpacing deposit growth rate, leading to a rising loan-to-deposit ratio at 1.11 in May from 1.47 in March.
- Unlike Q1, deposit rates started falling in Q2 with the 12-month fixed deposit rate declining to 0.31% from 0.33% in the preceding quarter and the savings deposit rate dropping to 0.11% from 0.12%. Fixed deposits continued falling to 37.2% of all deposits in May from 37.3% in March 2014, while the proportion of savings deposits increased marginally to 35.3% from 34.2%.<sup>71,72</sup>
- The aggregate LATDB ratio for Singapore banks rose to 30.0% over Q1 2014, up from 24.1% at the end of 2013.
- The statutory liquidity ratio of banks improved to 16.8% in May 2014 from 15.6% at the end of Q1.<sup>73</sup>

## Capital Levels & Regulations

- Bank reserves and capital levels, now standing at 6.8% of total liabilities, contracted slightly to SGD 68.2bn in May from SGD 68.6bn at the end of Q1.<sup>74,75</sup>
- Aiming at improving the resilience of the local financial system against economic upheavals, the MAS identified criteria to assess the systemic importance of a bank and outlined new supervisory guidelines for domestic systemically important banks (D-SIBs) in a consultation paper released in June 2014. Firstly, local incorporation would be required for foreign banks with a significant retail presence. Secondly, 2% points of capital higher than the Basel III minimum capital requirements would be imposed on locally-incorporated D-SIBs. Thirdly, recovery and resolution planning would be mandatory for D-SIBs. The monetary authority requires D-SIBs to meet an all-currency liquidity coverage ratio (LCR) requirement of 50% and a SGD LCR of 100% starting from January 2016.<sup>76</sup>
- In addition, all three local banks are required to meet a SGD LCR of 100% by January 2015; as well as an all-currency LCR of 60% by the same time but with an annual increase of 10% points till January 2019.<sup>77</sup>

## Asset Quality

- Banks' provisions for loan losses in Q1 2014 decreased by 3.6% QoQ to SGD 348mn from 361mn in Q4 2013. Non-performing loans at the three major Singapore banks continued falling, reaching SGD 5.89bn in Q1 from SGD 6.20bn at the end of 2013 after a 4.92% decline on a QoQ basis. Write-offs on credit card debt over a three month period rose to SGD 64.4mn in May from SGD 62.2mn at the end of Q1.<sup>78</sup>

---

<sup>60</sup> July 14, 2014, [Singapore's GDP Growth Moderated in the Second Quarter of 2014](#), Ministry of Trade and Industry, Singapore, [singstat.gov.sg](http://singstat.gov.sg)

<sup>61</sup> July 14, 2014, [Singapore GDP shrinks in Q2, first fall in seven quarters](#), Reuters,

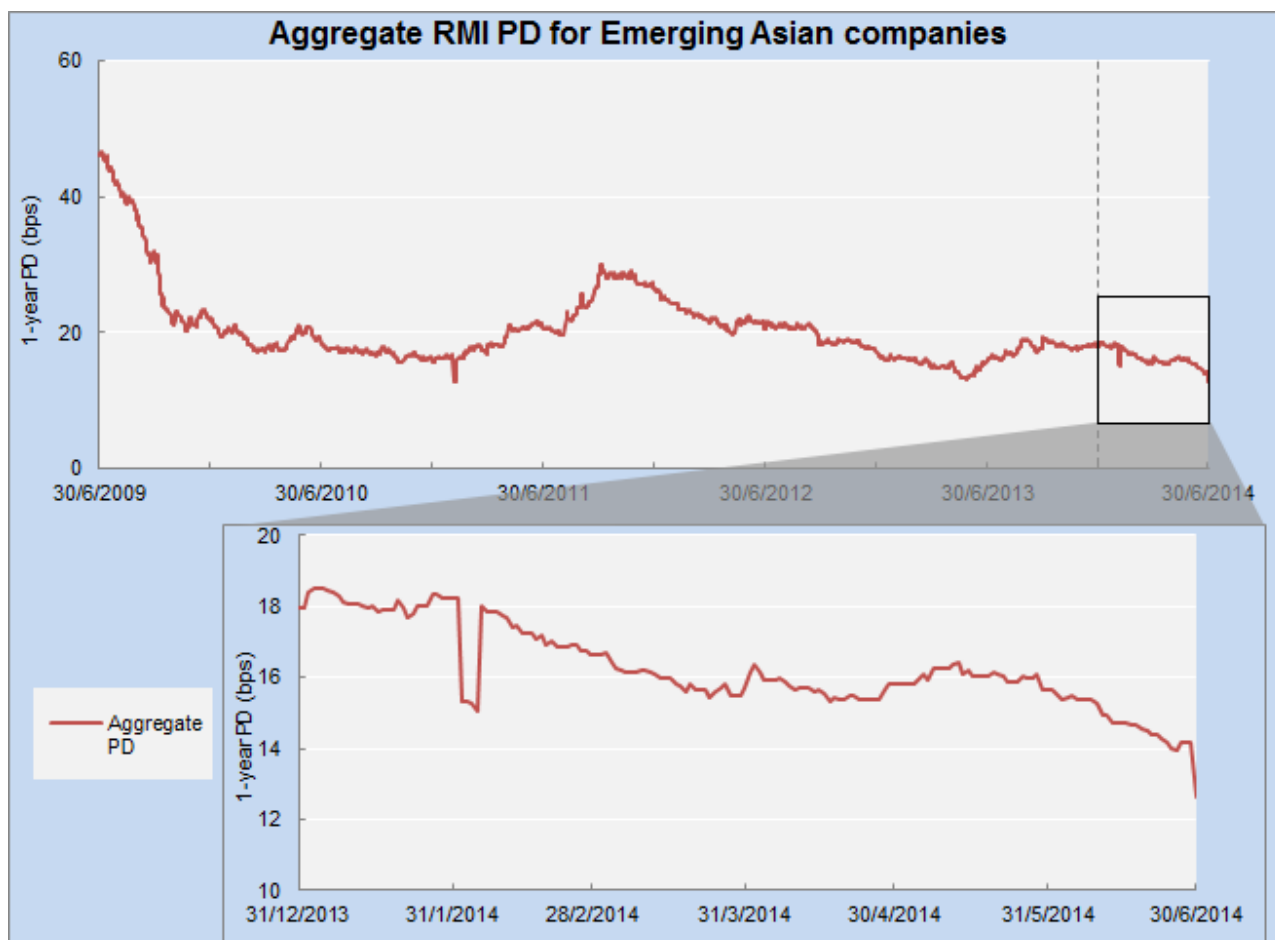
<sup>62</sup> July 2014, [SIPMM Business Bulletin: June 2014](#), Institute of Purchasing & Materials Management, Singapore, [sipmm.org](http://sipmm.org)

<sup>63</sup> June 17, 2014, [Singapore's External Trade: May 2014](#), International Enterprise Singapore, [iesingapore.gov.sg](http://iesingapore.gov.sg)

- <sup>64</sup> July 15, 2014, [Retail Sales Index: May 2014](#), Department of Statistics, Singapore, [singstat.gov.sg](#)
- <sup>65</sup> July 11, 2014, [Singapore dollar to continue rising](#), Channel NewsAsia,
- <sup>66</sup> April 14, 2014, [MAS Monetary Policy Statement](#), Monetary Authority of Singapore, [mas.gov.sg](#)
- <sup>67</sup> May 2014, [Banks: Loans and Advances by DBUs](#), Monetary Authority of Singapore, [mas.gov.sg](#)
- <sup>68</sup> June 2014, [Interest Rates of Banks and Finance Companies](#), Monetary Authority of Singapore, [mas.gov.sg](#)
- <sup>69</sup> April 29, 2014, [Unaudited Financial Results for the First Quarter Ended 31 March 2014](#), DBS Group
- <sup>70</sup> May 2014, [Banks: Assets and Liabilities of DBUs](#), Monetary Authority of Singapore, [mas.gov.sg](#)
- <sup>71</sup> June 2014, [Interest Rates of Banks and Finance Companies](#), Monetary Authority of Singapore, [mas.gov.sg](#)
- <sup>72</sup> May 2014, [Banks: Liabilities of DBUs](#), Monetary Authority of Singapore, [mas.gov.sg](#)
- <sup>73</sup> May 2014, [Banks: Statutory Liquidity Position of DBUs](#), Monetary Authority of Singapore, [mas.gov.sg](#)
- <sup>74</sup> May 2014, [Banks: Liabilities of DBUs](#), Monetary Authority of Singapore, [mas.gov.sg](#)
- <sup>75</sup> August 2013, [Consultation Paper on Local Implementation of Basel III Liquidity Rules - Liquidity Coverage Ratio](#), Monetary Authority of Singapore, [mas.gov.sg](#)
- <sup>76</sup> June 2014, [Proposed Framework for Systemically Important Banks in Singapore](#), Monetary Authority of Singapore, [mas.gov.sg](#)
- <sup>77</sup> June 24, 2014, [Keynote Address by Mr Lim Hng Kiang, Minister for Trade and Industry, and Deputy Chairman](#), Monetary Authority of Singapore, [mas.gov.sg](#)
- <sup>78</sup> May 2014, [Credit and Charge Card Statistics](#), Monetary Authority of Singapore, [mas.gov.sg](#)

# Asia-Pacific - Emerging economies

Aggregate PD levels for companies in emerging economies of Asia-Pacific decreased substantially in Q2, dropping to the lowest level since 2011. The 1-year aggregate RMI PDs for Indonesia, the Philippines, Thailand and Malaysia declined between 2 to 6bps. Meanwhile, Vietnam saw its aggregate RMI PD increased by 7bps. In Q2, the Thai junta took over the ruling of the Kingdom following a coup d'etat. The military declared martial law nationwide in an attempt to stop the country's escalating political crisis. Politics also dominated the scene in Indonesia with the presidential election, while Malaysia was dealing with the negative publicity caused by Malaysia Airlines' missing plane and the future of the carrier. Asian emerging market currencies also gained against the greenback with the Indonesian rupiah topped the gainers with close to 5% appreciation against the US dollar, while the Philippine peso was up as well in Q2 with a 2.6% gain versus the greenback. Only the Thai Baht was flat as political uncertainty dampened the currency from appreciating.





### Indonesian Companies

The aggregate 1-year RMI PD for Indonesian companies continued its gradual decline during Q2, eventually falling to the lowest level since July 2013. GDP growth slowed down during the quarter, affected by a tight monetary policy and lower mining and quarrying output as commodity exports declined. Household consumption grew 5.6% YoY and remains as a bright spot for the economy. Current account deficit (CAD) reduced further to 2.06% of GDP due to cut back on imports and the recent trend in manufacturing points to a rise in new orders and production levels. CPI inflation increased 6.7% in June but remains on a declining trajectory. Aggregate liquidity situation remains tight currently and there have been large corporate and sovereign foreign currency bond issuances in the quarter. However, local demand for credit is expected to trend lower and Bank Indonesia expects a loan growth of 15-17% in 2014, much below average growth levels of 20% seen in the past three years.



### Economy

- Indonesia's GDP growth slowed to +5.2% in Q1 (Jan-Mar 2014) due to weak demand for commodity exports and a tight monetary policy to reduce the current account deficit and cool inflation. Mining and quarrying output declined in Q1 by 3.57% as lower demand from China hurt exports. Household consumption grew 5.6% YoY and remains as a bright spot for the economy.<sup>79</sup>



- After strengthening 7% against the USD in Q1, the IDR gave back most of the gains in Q2, ending the quarter at 11850/USD. The currency remained vulnerable to external shocks and events like continued US Fed tapering and geopolitical tensions in Iraq. A large private debt, significant US dollar demand, still-wide trade deficit and political uncertainty ahead of the presidential election were key reasons the IDR remained under pressure during the quarter.<sup>80</sup>
- Q1 saw the Indonesian economy continue to improve its current account deficit with the CAD falling from USD 4.3bn (2.1% of GDP) in the Q4/2013 to USD 4.2bn (2.06% of GDP) in Q1/ 2014, helped by a decrease in imports of goods and narrowing deficits in services and income accounts. Non-oil & gas imports contracted due to moderation in domestic demand. However, oil and gas exports also charted negative growth in line with decline in oil production and led to increased oil and gas trade deficit.<sup>81</sup>
- Manufacturing conditions continued to improve in June 2014 with the HSBC PMI expanding to 52.7 from 52.4 in May. There was a marked rise in new orders and companies increased their production levels. While export orders declined for the first time in six months, new domestic orders were very strong. There was also more ordering and purchases made by the manufacturers.<sup>82</sup>
- CPI inflation in June increased 6.7% YoY; however, still continuing the declining trend since the start of 2014. Inflation prior to Ramadhan was still influenced by the volatile food price inflation, but core inflation was still relatively constant at about 4.81% YoY amidst declining trend of global commodity prices, the depreciation in IDR and still moderate demand. Bank Indonesia re-iterated its inflation target of 4.5% +/- 1% for 2014 and 4.0% +/- 1% for 2015.<sup>83</sup>
- In the much anticipated presidential elections results, the Indonesian Democratic Party with Mr. Joko Widodo as their presidential candidate came ahead and now Mr. Widodo is set to take up office as President of Indonesia in Oct 2014. Mr. Widodo is widely seen as bringing in crucial reforms to bolster economic growth.<sup>84</sup>

### Monetary

- During the Bank Indonesia policy meeting on July 10, the central bank maintained the BI Rate at 7.50%, the lending facility rate at 7.50% and the deposit facility rate at 5.75% consistent with the intended inflation trajectory to reach 4.51% for 2014 and 4.01% for 2015. BI reiterated its stance to keep inflation under control and manage the current account deficit along with maintaining exchange rate stability.<sup>85</sup>
- The central bank warned that with an expected increase in the country's trade deficit in the coming months the current account position will likely further worsen and can put the IDR under pressure. It is anticipated that current account deficit will exceed 3.0% of GDP in Q2 as against 2.0% of GDP seen in Q1/2014. BI targets a safe level for the CAD to be in the range 0.2% - 2.5% of GDP.<sup>86</sup>

### Funding & Liquidity

- Indonesia sold EUR 1bn of bonds on July 2, 2014, taking advantage of record-low interest rates in the Euro-zone. Indonesia is also considering its first sale of Samurai bonds without a Japanese government guarantee in H2 2014. Overall, Indonesia wants to raise USD 29.2bn from international and local debt markets in 2014 as it seeks to build up its depleting exchange reserves.<sup>87,88</sup>

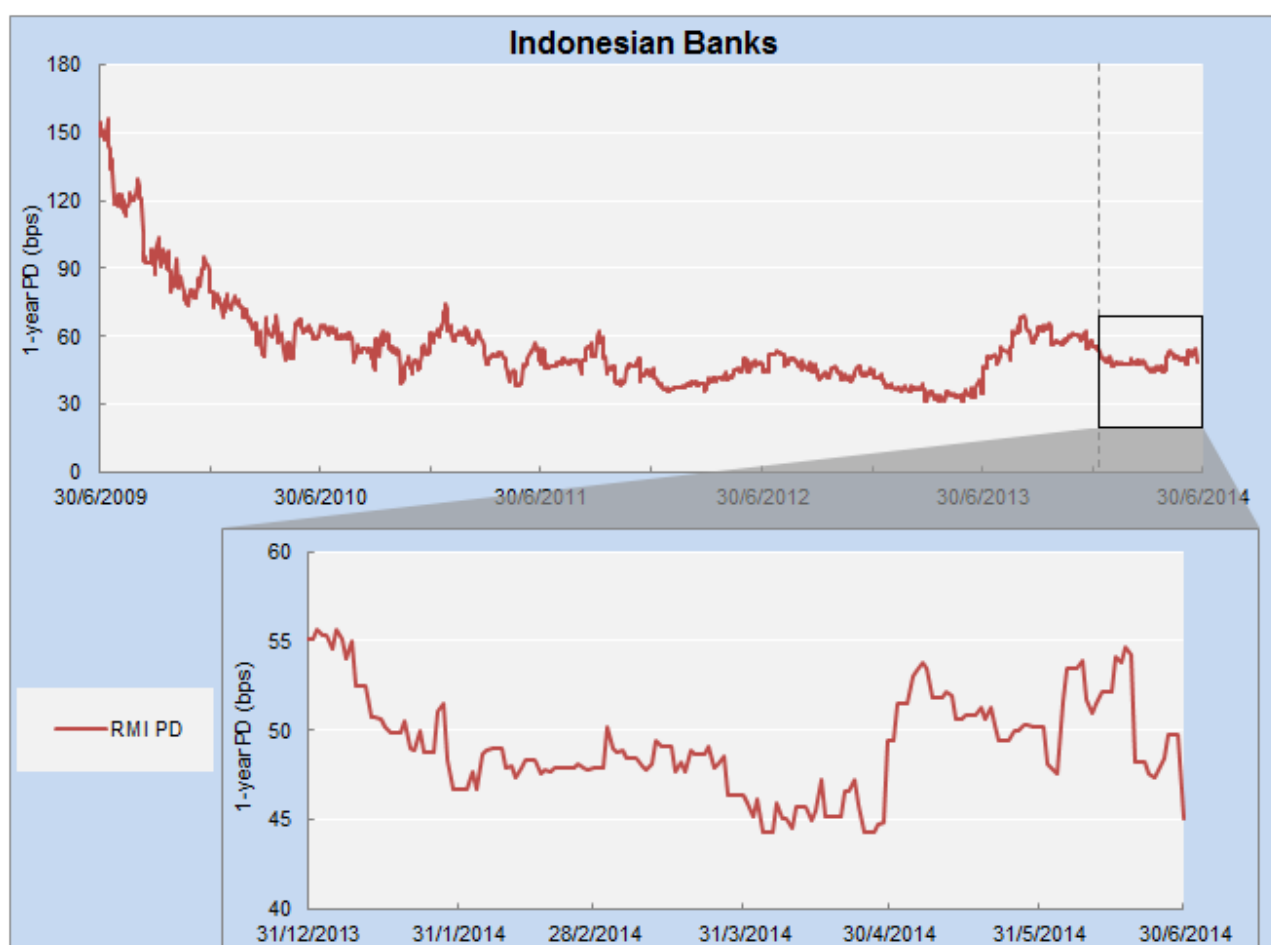
- Five-year Indonesian rupiah Treasury notes yielded an average 7.6% in the Apr-June 2014 quarter, the highest amongst Asia-Pacific economies. The appeal of IDR bonds has been increasing in countries with low domestic yields like Japan since Indonesia's central bank raised interest rates to counter inflation and scale down the high deficits.<sup>89</sup>
- Total credit made by Indonesian banks to clients and other banks rose by 13.6% YoY in Mar 2014 but declined 0.4% on a sequential basis over Dec 2013. Total liabilities that included time and demand liabilities that were raised domestically or in foreign currencies rose 12.4% on a YoY basis but declined 1.4% on a sequential basis.<sup>90</sup>
- World Bank expects a slowing of credit growth in 2014 due to weaker credit demand due to higher lending rates and weaker commodity-related business expansion. Likewise, Bank Indonesia expects loan growth will drop to a 15-17% in 2014, much below average growth levels of 20% seen in the past three years.<sup>91,92</sup>

### **Sovereign Credit Ratings**

- Moody's, Fitch and S&P retained their Baa3, BBB- and BB+ ratings, respectively, on the Indonesian government in Q2 2014. All 3 CRAs maintained their stable outlook on Indonesia's sovereign debt.<sup>93,94,95</sup>

## Indonesian Banks

The aggregate 1-year RMI PD for Indonesian banks exhibited noticeable volatility during Q2, rising sharply in April and May and falling back to a level close to the end of Q1. Credit demand in Indonesia remained very strong and the Net Interest Income for Indonesian banks expanded 17.4% YoY in Mar 2014. The Net Interest Margins (NIMs) on an aggregate basis also remained amongst the best within Asian banks at an average of 6.9%, even though recent months have seen downward pressure on margins with the scamper for funds by banks as overall liquidity continues to remain tight in the system. Aggregate Loan-to-Deposit ratio of 91.2% (up from 84.9% in Mar 2013) and Liquid Assets ratio at 14.6% (down from 18.1% in Mar 2013) point to a higher demand for funds. Moreover, average local currency deposit rates for the 12 month or more tenor have risen from 5.82% to 7.52% in the same period indicating strong appetite in banks to grow liabilities. Indonesian banks remain well capitalized with an aggregate Capital Adequacy of 19.8%.



## Profitability

- Indonesian banks have amongst the highest average net interest margins (NIMs) in Asia at an average 6.9%, explained mostly by the high persistent inflation levels, a relatively low cost of funding and an industry structure that evolved after the scarring experience from the Asian crisis of late-1990s. However, the high margins are expected to get squeezed as competition for funds has intensified, as evidenced by a Credit-Deposit ratio already above 90% in the Apr-Jun 2014 quarter.<sup>96,97</sup>
- In the year to 31 March 2014, the average rates that Indonesian commercial banks offered on new one-month, three-month and six-month time deposits rose 248bps, 273bps and 218bps respectively - already indicating the pressure on funding costs.

- Listed Indonesian banks had a healthy performance in March 2014, as the cumulative Net Interest Income (NII) rose 17.4% YoY to IDR 65.6tn on an aggregate basis. This robust growth comes on the back of a 17.1% YoY growth in Feb 2014 and 13.5% growth in Jan 2014. Aggregate credit demand continues to benefit from a resilient credit offtake in the non-bank third-party category that grew 19.4% YoY in Mar 2014.<sup>98</sup>
- Net Interest Margin (NIM) for the listed banks in Indonesia improved slightly to 4.28% in Mar 2014 compared to about 4.17% in earlier 2 months. However, the margins have declined substantially from 5.41% in Mar 2013. NIMs have been coming off in the recent quarters (avg. 5.5% in Jul-Sep 2013, 5.1% in Oct-Dec 2013 and 4.2% in Jan-Mar 2014) as tight liquidity has forced most banks to vie for deposits with higher interest rates in an interest rate war of sorts.
- It is estimated that a 100bps increase in term deposit rates will reduce the average return on equity (ROE) of banks by as much as 3%.

### Funding & Liquidity

- At 91.2% in Mar 2014, the aggregate Loan-to-Deposit ratio for Indonesian banks is extremely high and has been rising (was 84.9% in Mar 2013 and 88.9% in Sep 2013) underscoring a tight liquidity situation with high demand and less supply of credit and explains the still high margins that the banks continue to enjoy, despite coming off in recent months.<sup>99</sup>
- Indonesia issued EUR 1.0bn 7-year bonds on July 2, 2014 - the first ever Euro-denominated bonds issued by the country. Due to the overwhelming demand, the pricing of the bonds was tightened to Treasuries +195bps. As the domestic liquidity situation remains tight, Bank Rakyat Indonesia, Indonesia's second largest bank by assets, among others also plans a USD 260mn bond issue soon to boost its lending ability.<sup>100,101</sup>
- Aggregate bank deposits from third party customers (non-bank) increased 11.6% YoY in Mar 2014 to IDR 3.62tn. It was however, a sequential decline of 1.3% from Dec 2013 levels. For the local state-owned banks, there was a 10.0% increase YoY but flat performance QoQ in garnering bank deposits.
- Liquidity in the banking system remains tight, with the Liquid Assets Ratio of 14.58% in Mar 2014 as against 18.08% in Mar 2013 for the banking system as a whole. The ratio remained on average at around 15.71% during the Oct-Dec 2013 quarter and 14.93% in the Jan-Mar 2014 quarter.
- Local currency demand deposit rates have continued to tighten in the recent months. Deposit rates for third party deposits (non-bank) for the 12 month or more tenor were quoting at 7.52% on average for the month on Mar 2014. This compares to an average rate of 5.82% same time last year (Mar 2013). Average interest rate in the quarter Oct-Dec 2013 for the same tenor deposits was 6.9%.

### Regulation

- Indonesian banks' capital position has remained strong, with the aggregate Capital Adequacy Ratio at 19.77% in Mar 2014. This compares to 19.08% in Mar 2013. Likewise, Core Capital Tier 1 ratio was 18.17% vs. 17.24% a year ago.<sup>102</sup>
- A new banking bill to be introduced in Indonesia is expected to include a plan to restrict the operation of foreign banks unless those banks register as local legal entities thereby capping the level of foreign ownership. The change will ensure better protection for the banking sector against any widespread banking crises overseas. Additionally the maximum foreign ownership will be capped at 40%.<sup>103</sup>

## Asset Quality

- While the total earning assets for the banking system as a whole rose to IDR 4,174tn in Mar 2014, up 1.4% QoQ and up 17.6% YoY from IDR 3,638tn in Mar 2013. Non-Performing Assets rose to IDR 68.7tn in Mar 2014, down 0.3% QoQ but up 2.7% YoY from IDR 66.97tn in Mar 2013.
- There are some indications of the level of stress developing in the system as noticed in the large jump in “Special Mention”category of loans (loans overdue for up to 90 days but yet to turn bad) within the otherwise “Earning Assets”bucket. Aggregate “Special Mention”loans increased to IDR 151.3tn in Mar 2014 vs. IDR 124.9tn as on Dec 2013 and IDR 124.4tn as of Mar 2013.<sup>104</sup>
- Similarly, the Sub-Standard and Doubtful loans within Earning Assets have risen to IDR 13.6tn and IDR 11.0tn respectively as of Mar 2014, while such loans were just IDR 9.8tn and IDR 9.5tn at same time last year (Mar 2013). Loans classified as Lost (written-off) as at the end of Mar 2014 also increased to IDR 42.4tn as against IDR 36.9tn in Mar 2013.

---

<sup>79</sup>May 5, 2014, [Indonesia Q1 growth slowest in 4 years as political risks loom](#), Reuters News, reuters.com

<sup>80</sup>June 19, 2014, [Why the Indonesian Rupiah Exchange Rate has been Depreciating Lately](#), Indonesia Investments, indonesia-investments.com

<sup>81</sup>May 9, 2014, [Current Account Performance Improved Further in Q1/2014](#), Bank Indonesia, bi.go.id

<sup>82</sup>1 July, 2014, [Manufacturing PMI hits survey peak in June](#), Markit Economics, markiteconomics.com

<sup>83</sup>July 1, 2014, [Approaching Ramadhan Inflation Still under Control](#), Bank Indonesia, bi.go.id

<sup>84</sup>July 23, 2014, [Indonesia elections: Joko 'Jokowi' Widodo confirmed as next president](#), Australia Network News, abc.net.au

<sup>85</sup>July 10, 2014, [BI Rate held at 7.50%](#), Bank Indonesia, bi.go.id

<sup>86</sup>July 7, 2014, [Bank Indonesia warns of worsening current account deficit](#), Asia One Business, business.asiaone.com

<sup>87</sup>May 8, 2014, [Indonesia Mulls Samurai Bond Sale Without Japanese Govt Guarantee](#), The Jakarta Globe, thejakartaglobe.com

<sup>88</sup>January 8, 2014, [Indonesia Matches Asias Biggest Sovereign Dollar Bond Sale](#), Bloomberg, bloomberg.com

<sup>89</sup>June 13, 2014, [Japanese Households Seek Rupiah Bonds as Presidential Vote Nears](#), Bloomberg, bloomberg.com

<sup>90</sup>March 19, 2014, [Indonesia Banking Statistic - January 2014](#), Bank Indonesia, bi.go.id

<sup>91</sup>Jul 21, 2014, [World Bank Lowers Indonesia Growth Forecast, Citing Commodity Weakness](#), The Jakarta Globe, thejakartaglobe.com

<sup>92</sup>July 21, 2014, [Indonesian bank shares could fall as slowed loan growth hits earnings](#), Reuters News, reuters.com

<sup>93</sup>July 2, 2014, [Moody's assigns Baa3 rating to Indonesia's global bond offering](#), FTSE Global Markets, ftseglobalmarkets.com

<sup>94</sup>July 24, 2014, [Fitch: Policy Agenda Key for Indonesia Rating After Jokowi Win](#), Reuters News, reuters.com

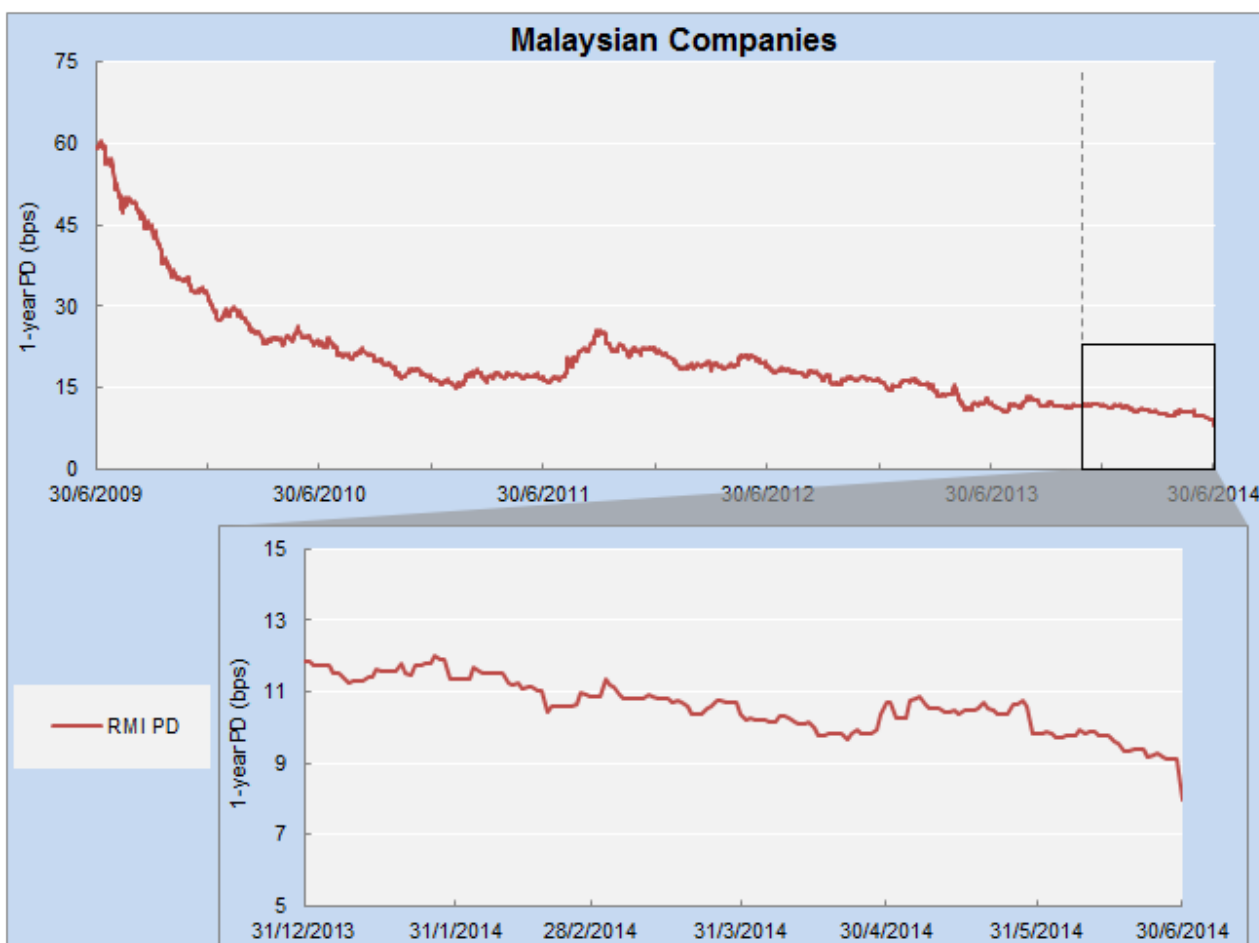
<sup>95</sup>April 28, 2014, [S&P: Rating On Indonesia Affirmed At 'BB+/B'; Outlook Remains Stable](#), Reuters News, reuters.com

<sup>96</sup>June 23, 2014, [Southeast Asia offers bank profit surprise](#), Financial Times, ft.com

- <sup>97</sup> July 3, 2014, [Indonesian banks' rising cost of deposits will introduce credit differentiation](#), Moodys Investor Service, moodys.com
- <sup>98</sup> May 19, 2014, [Indonesia Banking Statistics March 2014](#), Bank Indonesia, bi.go.id
- <sup>99</sup> May 19, 2014, [Indonesia Banking Statistics March 2014](#), Bank Indonesia, bi.go.id
- <sup>100</sup> July 3, 2014, [Indonesia diversifies with debut EUR 1bn bond](#), Finance Asia, financeasia.com
- <sup>101</sup> July 10, 2014, [Bank Rakyat Indonesia plans 3tn rupiah bond issue next year](#), Reuters News, reuters.com
- <sup>102</sup> May 19, 2014, [Indonesia Banking Statistics March 2014](#), Bank Indonesia, bi.go.id
- <sup>103</sup> July 14, 2014, [Indonesia plans restriction on foreign banks](#), Straits Times, straitstimes.com
- <sup>104</sup> June 13, 2014, [Japanese Households Seek Rupiah Bonds as Presidential Vote Nears](#), Bloomberg, bloomberg.com

## Malaysian Companies

The aggregate 1-year RMI PD for Malaysian companies decreased in Q2 2014, falling to the lowest level since the 1997 Asian financial crisis. The economy continued to expand at a healthy rate as growth rates improved in Q2. Unemployment remained low during the quarter, while consumers and businesses continued to remain optimistic about the economy. Construction companies are likely to benefit from the governments initiative to improve infrastructure networks and from property development in central Malaysia. However, the credit outlook for Malaysian companies remains uncertain as aggregate liquidity may become constrained going forward as interest rates increase and banks slow lending. Retail earnings may also fall in anticipation of the GST implementation next year.



## Economy

- Malaysia's economic growth expanded in Q1 as GDP grew by 6.2% YoY, up from an annual rate of 5.1% in the preceding quarter. Both service and manufacturing sectors registered annual growth rate of more than 6% while the construction sector expanded by 18.9% YoY as a result of increasing residential developments in the Klang Valley and Johor state.<sup>105</sup>
- The Malaysian Institute of Economic Research expects an annual GDP growth rate of 5.2% in the second half of 2014 driven by domestic demand. According to the institute, external demand is likely to be weak in the second half of the year due to a fragile global economic recovery.<sup>106</sup>
- Unemployment rate remained at 2.9% in May and April, an improvement from 3.0% recorded in March. 219,000 jobs were added to the labor force in the first 2 months of Q2, bringing the labor force participation rate to 67.9%.<sup>107</sup>



- Surveys by the Malaysia Institute of Economic Research showed that the confidence levels of consumers and businesses have improved in Q2. The Consumer Sentiment Index increased from 96.8 in Q1 to 100.1 in Q2 as employment expectations improved. (100 points mark the dividing line between consumer optimism and pessimism) The survey of 1200 households said that consumers were optimistic about employment prospects but concerned over inflation. The Business Condition Index meanwhile showed that business conditions have improved from 103.1 in Q1 to 113 in Q2. Corporate respondents to the survey said that export orders and production outputs have recorded gains in Q2 while companies also witnessed higher investments.<sup>108</sup>
- The Consumer Price Index increased by 0.27% QoQ from 109.9 in Q1 to 110.2 in Q2. Prices are higher by 3.4% compared to levels a year ago, as transport (+5.3%) and food (+3.7%) costs increased considerably.<sup>109</sup>
- Malaysia's export sector expanded 16.35% YoY in May and 18.69% YoY in April as aggregate external demand for electronics, petroleum, palm oil and liquefied natural gas grew. Exports to China declined from USD 2.39bn in March to USD 2.37bn in May while exports to US increased from USD 1.58bn to USD 1.75bn during the same period.<sup>110</sup>
- The government is embarking on two programs to raise income levels and transform Malaysia into a high income country by 2020. One of them is the Government Transformation Program, which outlines seven initiatives to tackle corruption, improve education and upgrade rural infrastructure. The other is the Economic Transformation Program, which identifies 12 sectors that the government believes have the highest potential to boost economic growth.

### Monetary

- Malaysia became the first country in Southeast Asia to raise interest rates this year after Bank Negara increased the overnight policy rate for the first time in more than three years. The key interest rate was unchanged during the quarter but was raised by 25bps to 3.25% in July, which was widely expected by market observers. The central bank cited firm growth prospects and high inflation as reasons for its policy move.<sup>111</sup>
- Malaysia's broadest measure of money supply (M3) grew 1.21% between March and May to MYR 1.49tn, up from MYR 1.47tn in Q1.<sup>112</sup>

### Funding & Liquidity

- The yield on the 10-year Malaysia sovereign note decreased from 4.12% in Q1 to 4.04% in Q2. Central bank data showed that Malaysian fixed income securities in global fund accounts increased 5.7% MoM to MYR 249bn in May.
- Bank lending to non-financial Malaysian firms declined in Q2 as aggregate loan volumes declined from MYR 87.65bn in March to MYR 79.68bn in May. Lending levels are however higher by 4.88% from a year ago.<sup>113</sup>
- Average commercial bank lending rates in Malaysia fell from 4.54% in March to 4.47% per annum in May, near their record low level seen in July last year.<sup>114</sup>

### Politics

- The ruling Barisan Nasional (BN) coalition continues to face political challenges after experiencing a disappointing 2013 general election outcome as the main opposition Pakatan Rakyat alliance continues to wrest power from the BN. The country has developed closer ties with Singapore as the latter remains one of the largest trading partner with Malaysia. Both nations have agreed to build a high speed rail link between Kuala Lumpur and Singapore.

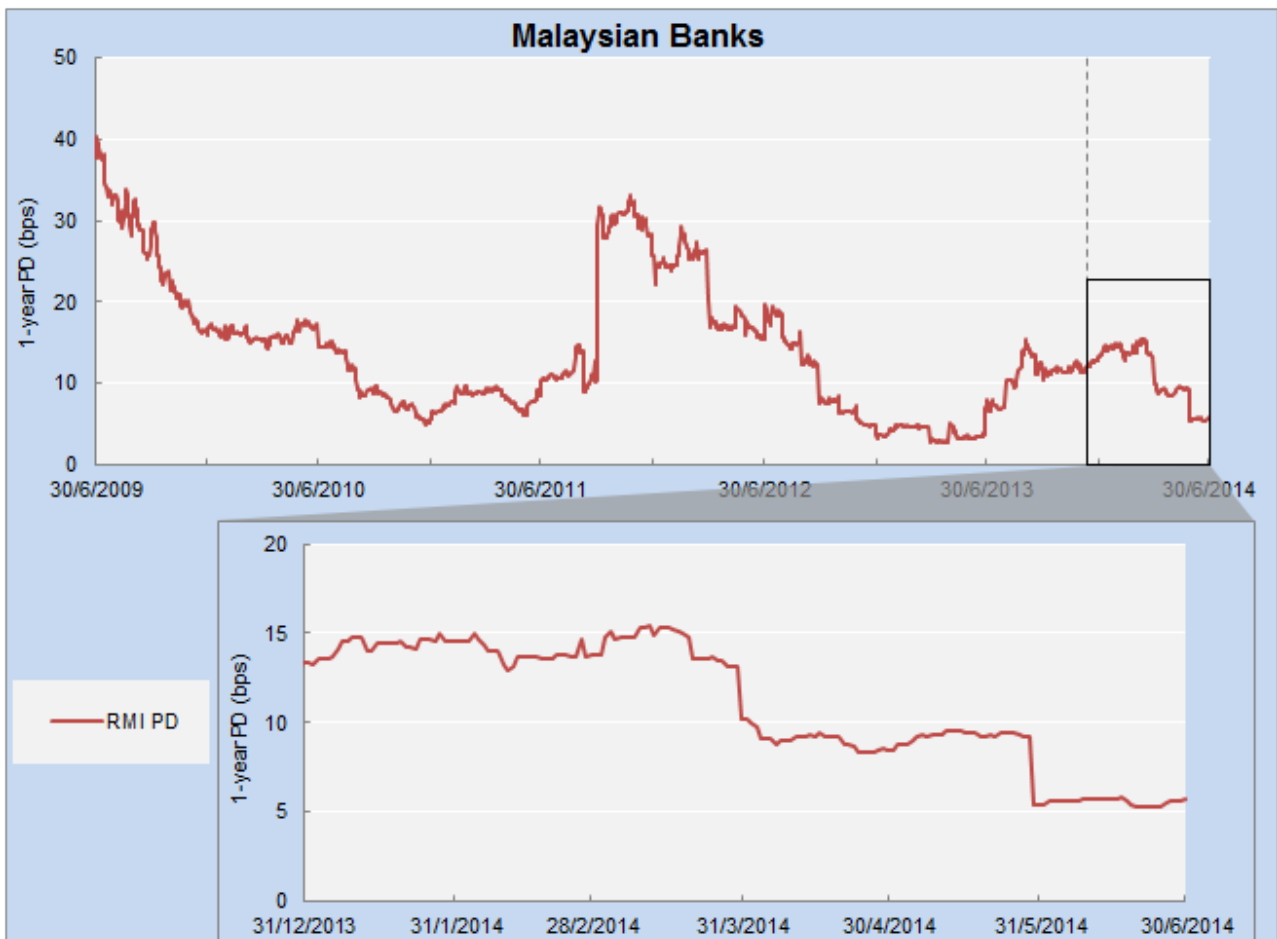


**Sovereign Credit Ratings**

- The Malaysian government retained its sovereign credit ratings at all three rating agencies. Long term foreign currency bonds are rated A3, A- and A- respectively by Moody’s, Fitch and S&P with mixed outlooks. Moody’s has a positive outlook on the issuer while Fitch and S&P have negative and stable outlooks respectively.

**Malaysian Banks**

The aggregate 1-year RMI PD for Malaysian banks continued to fall during Q1, declining to the lowest level in 11 months in June. Capital adequacy ratios remained strong on the back of lower funding costs and improving deposit growth rates. NIMs however fell during the quarter due to lower lending rates. Overall asset quality has improved somewhat although banks have increased their provisions for bad loans. Moving forward, the credit outlook for Malaysian banks is negative as lenders face intensified competition for deposits, which could reduce their NIMS further. In addition, a higher interest rate environment may not lead to higher demand for business loans while banks may continue to grapple with rising capital requirements from Basel III implementations.



## Profitability

- Aggregate net incomes at listed Malaysian banks decreased 3.64% QoQ during Q1, with the largest banks, aside from CIMB, reporting earning declines in their latest reporting period.
- Total loan applications decreased 7.96% QoQ during Q2 to MYR 68.40bn after rising to MYR 74.31bn in March. Residential property loans accounted for majority of the loan applications, which increased 10.13% during the same period.<sup>115</sup>
- A proxy for the average NIM of Malaysian commercial banks, based on average interest rate spreads, narrowed considerably from March through May, as margins dropped from 1.38% to 1.31%. The average lending rates among commercial banks has declined as a result of keen competition among banks.

## Funding & Liquidity

- Average weighted coupon rates on 5 year MYR denominated bank bonds fell to 4.20% in Q2, from 4.34% in Q1.
- Deposit growth continued to expand in Q2, as total deposits increased by 0.61% QoQ to MYR 1.55tn, although slower than the 1.25% growth rate in Q1.<sup>116</sup>
- 12-month commercial paper rates remained at 3.15% through Q2 while saving deposit rates climbed from 0.98% in March to 1.00% in May.<sup>117</sup>
- Overall liquidity in the Malaysian banking system deteriorated in Q1, with the aggregate LATDB ratio of listed banks falling to 15.33% from 15.51% in Q4.

## Capital Levels & Regulations

- Central bank statistics showed that the average Common Equity Tier 1 Capital and Tier 1 Capital ratios for banks remained at 12.1% and 12.8% respectively in Q2, while Total Capital ratio improved 0.1% to 14.5% during the quarter.<sup>118</sup>

## Asset Quality

- The amount of impaired loans at Malaysian banks remained at MYR 22.7bn in May and March. The amount of impaired loans has been falling after reaching a high of MYR 23.9bn in November last year.
- Banks have increased their provisions for bad loans in Q2, causing the ratio of impairment provisions to total impaired loans to increase from 104.7% in March to 104.9% in May.<sup>119</sup>

---

<sup>105</sup> May 16, 2014, [Gross Domestic Product First Quarter 2014](#), Department of Statistics Malaysia, [statistics.gov.my](http://statistics.gov.my)

<sup>106</sup> Jul 23, 2014, [MIER sees 5.2% growth for 2nd half driven by domestic demand](#), Business News, <http://www.thestar.com.m>

<sup>107</sup> Jul 27, 2014, [Labour Force Statistics, Malaysia](#), Department of Statistics Malaysia, [statistics.gov.my](http://statistics.gov.my)

<sup>108</sup> Jul 22, 2014, [Malaysian Institute of Economic Research surveys](#), Malaysian Institute of Economic Research, <http://www.mier.org.my>

<sup>109</sup> Jul 16, 2014, [Consumer Price Index](#), Department of Statistics Malaysia, [statistics.gov.my](http://statistics.gov.my)

<sup>110</sup> Jul 4, 2014, [Malaysia May exports up 16.3%, surplus below forecast](#), The Star, <http://www.thestar.com.my>

<sup>111</sup> Jul 11, 2014, [Bank Negara ups OPR for the first time since 2011](#), The Star, <http://www.thestar.com.my>

<sup>112</sup> May 2014, [Broad Money, M3](#), Bank Negara Malaysia, <http://www.bnm.gov.my>

<sup>113</sup> May 2014, [Banking System: Loans Disbursed by Sectors](#), Bank Negara Malaysia, <http://www.bnm.gov.my>

<sup>114</sup>May 2014, [Interest Rates: Banking Institutions](http://www.bnm.gov.my), Bank Negara Malaysia, <http://www.bnm.gov.my>

<sup>115</sup>May 2014, [Banking System: Loans Applied by Purpose](http://www.bnm.gov.my), Bank Negara Malaysia, <http://www.bnm.gov.my>

<sup>116</sup>May 2014, [Banking System: Statement of Capital and Liabilities](http://www.bnm.gov.my), Bank Negara Malaysia, <http://www.bnm.gov.my>

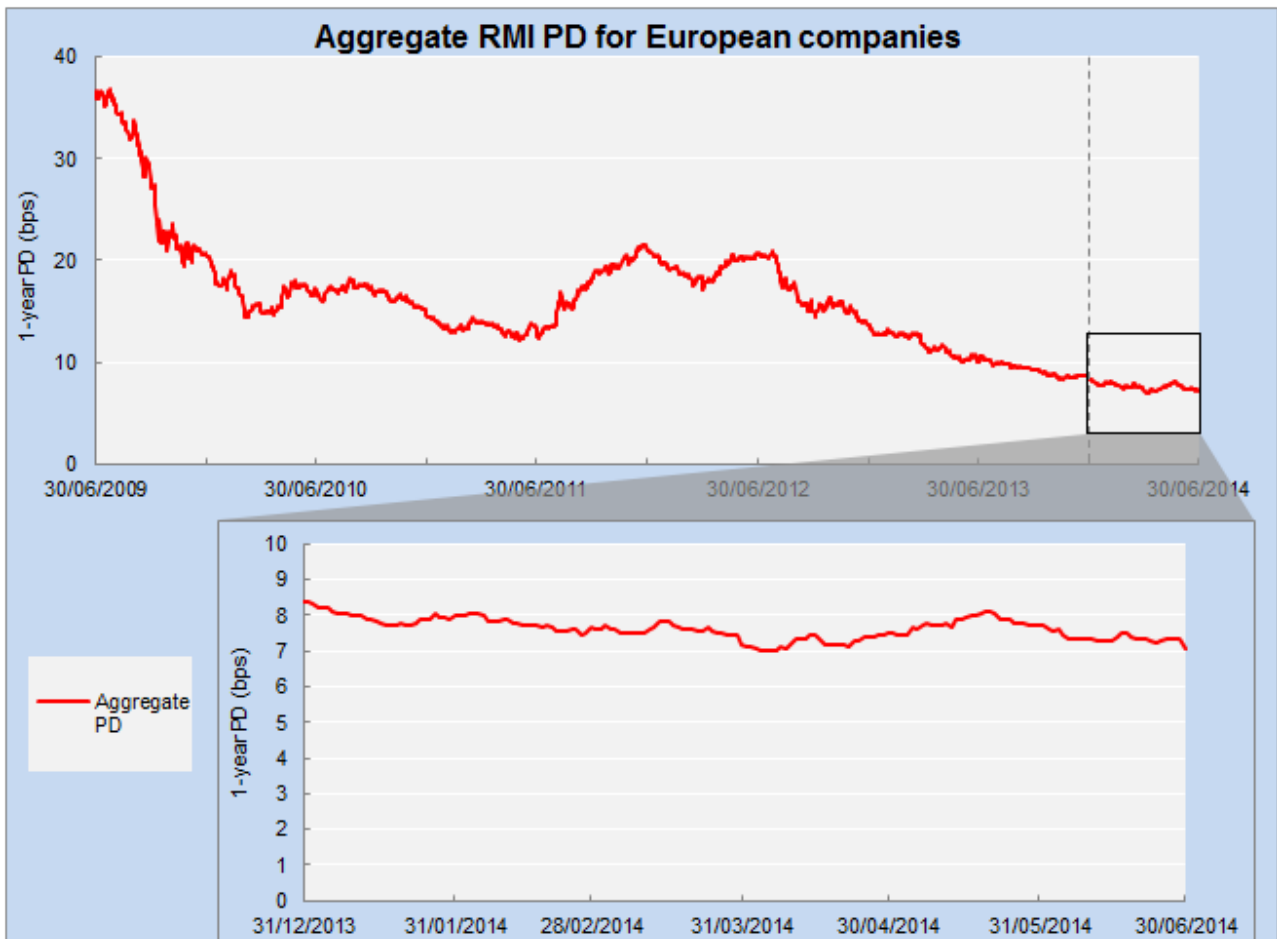
<sup>117</sup>May 2014, [Interest Rates: Banking Institutions](http://www.bnm.gov.my), Bank Negara Malaysia, <http://www.bnm.gov.my>

<sup>118</sup>May 2014, [Banking System: Constituents of Capital](http://www.bnm.gov.my), Bank Negara Malaysia, <http://www.bnm.gov.my>

<sup>119</sup>May 2014, [Banking System: Impaired Loans and Provisions](http://www.bnm.gov.my), Bank Negara Malaysia, <http://www.bnm.gov.my>

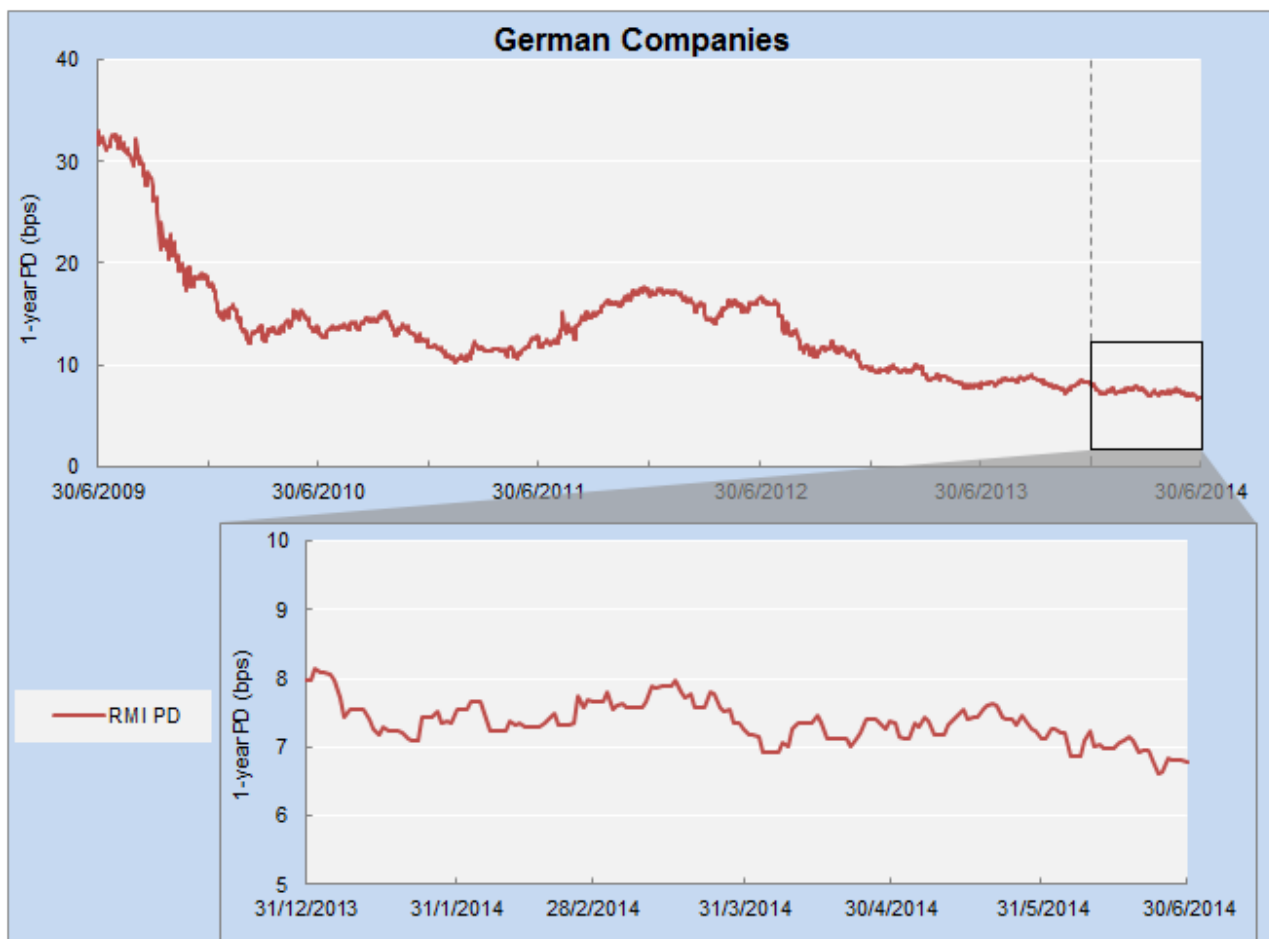
# Europe

The aggregate RMI PD for European firms stayed unchanged during Q2. The uneven pace of recovery amongst the member countries persisted in Q2 with UK and Germany leading the growth engines during the quarter. However, the Ukraine-Russia conflict may stoke a slowdown for the European economies. The European Union have continued to threaten economic sanctions against Russia if Moscow does not cooperate in helping to stabilize the situation in Ukraine. Apart from the Ukraine situation, Europe was also disturbed by the crisis in the Espirito Santo Group in Portugal which could affect the economy growth of economic bloc. During Q2, the European Central Bank (ECB) took extraordinary steps to stave off the threat of low inflation in Europe by cutting the overnight bank deposit from 0 to -0.1% and cut its main lending rate from 0.25% to a new low of 0.15%. In addition, ECB President Draghi outlined a EUR 400bn scheme giving banks which have been holding back credit due to stress tests an incentive to increase lending to European companies.



## German Companies

The aggregate 1-year RMI PD for German companies remained stable in the first two months of Q2 before declining slightly towards the end of June. GDP growth for Q2 improved, even though external demand for German goods and construction activity recorded declines. Business sentiment stayed robust as credit conditions expanded during the quarter. Overall, strong support for the ruling coalition and low unemployment should lend support to healthy domestic consumption, and a positive credit outlook for German companies.



## Economy

- The German economy started off the year with a strong first quarter. The GDP increased by 0.8% QoQ. This was a 2.5% increase YoY. This jump was due to a mild winter that eventually dampened the usual seasonality effect. After the good start, leading indicators pointed to a rather disappointing second quarter. In May, the industrial output declined by 1.6% MoM, the price-, calendar- and seasonally adjusted output in the goods-producing sector decreased by 1.8% MoM and finally the construction sector output fell by as much as 4.9% MoM. According to the Federal Ministry for Economic Affairs and Energy, the declines of the three indicators above are attributable to 'bridge-day' effects and potential consequences of 'geopolitical aspects'.<sup>120,121</sup>
- Generally, the labor market is in a good condition. In Q2 2014, unemployment numbers were lower than that a year ago. However, the calendar- and seasonally adjusted value yields a mixed picture. While the unemployment rate in April was still 0.7% lower than that in the preceding month, the trend turned around with May and June increasing by 0.3% MoM and 0.5% MoM respectively.<sup>122</sup>
- In June, the Ifo Business Climate Index - a leading indicator for economy activity in Germany fell by 0.6% MoM. The main cause for this dent in the general optimistic

business climate is the manufacturing business climate index, where expectations have fallen to a 6-month low. The index reflects the aggregate assessments of German firms of the current economic climate and the expectation for the next 6 months.<sup>123</sup>

- The foreign trade shows a positive picture. While the calendar- and seasonally adjusted imports in May are 3.3% lower compared to the imports at the end of Q1, the exports have increased by 1.4% in the same period. However, the recent export trend is negative with the exports in May being 1.1% lower than in April.

### **Funding & Liquidity**

- The 10 year German Bond yield continued to decrease. At the end of Q2 the yield was as low as 1.25%. The yield was still at 1.57% towards the end of Q1.<sup>124</sup>
- The aggregate balance sheet of German monetary institutes (excluding the Bundesbank) shows that total loans to German non-monetary financial institutions increased by 0.6% in April compared to the end of Q1 due to the companies capital needs. Short term loans have slightly decreased at the beginning of Q2 while long term loans have slightly increased.<sup>125</sup>

### **Policy**

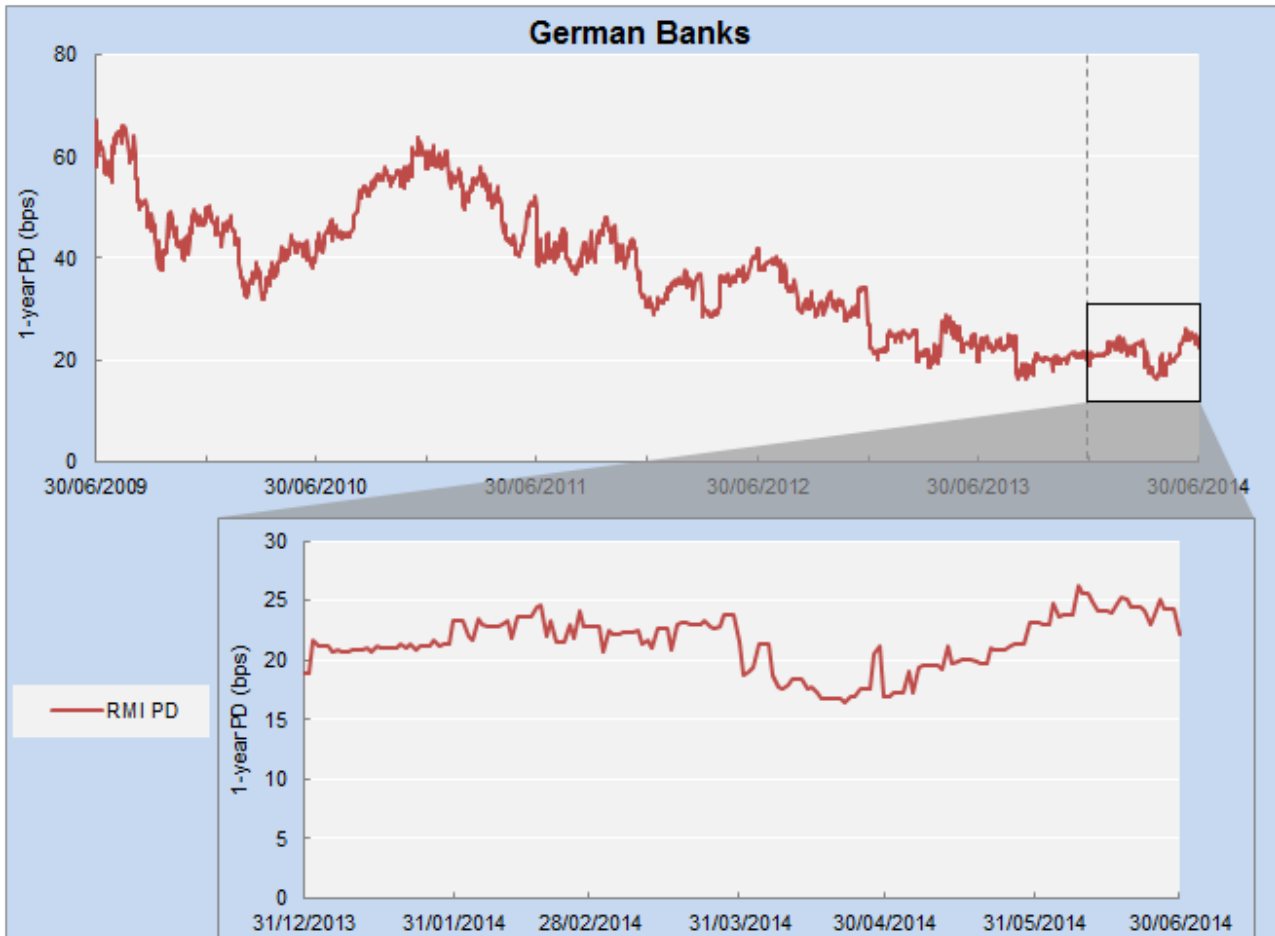
- Alongside its crucial role in euro zone crisis management, the government will focus on three broad domestic objectives. The first objective is to ensure a sustainable medium term budget surplus, implying a continuation of Germany's cautious fiscal policies. There is consensus however within policy makers to continue social expenditure together with infrastructure spending and on areas involving research and development. There will not be any new increases in public borrowing to fund this higher expenditure, but mainly financed by projected federal budget surpluses over the coming years.

### **Sovereign Credit Ratings**

- All three international credit rating agencies rate Germany as top credit (AAA, Aaa) with a stable outlook. There has been no change this quarter.

## German Banks

The aggregate 1-year RMI PD for German financial firms reached the highest level in more than a year during Q2. Banks posted poor earnings on lower revenues and higher operating costs in the midst of increased supervision from regulators and continued economic uncertainty in the eurozone. Funding costs and liquidity conditions for German banks improved, helped by the ECB's stimulus package and its intent to pursue a loose monetary policy. However, earnings may have been affected by a depreciating EURUSD pair, as the Euro fell to its lowest value in 4 months. Overall, the credit outlook for German banks is biased to the negative amid higher compliance, restructuring and possible litigation costs.



## Profitability

- Banks face new challenges after the ECB decided to set the deposit facility from 0% to -.10%. Meanwhile, the interest rate for main refinancing operations was set down from 0.25% to 0.15%. Consequently, the difference between these two rates stays equal. The change in these interest rates is meant to motivate the banks to give out more loans to companies. Shortly before the decision, the issue yield of bank debt securities increased from 1.2% in March to 2.2% in April.<sup>126</sup>
- A proxy for assessing the profitability and competitiveness of German banks - the spread between loan rates up to 1 year and deposit rates up to 2 years to non-financial corporations - was constantly increasing towards the end of Q1. Starting with a margin of 262bps, the quarter finished at 278bps. In April, the margin moved down to 272bps.<sup>127</sup>



## Funding & Liquidity

- Even though the ECB policy changes should influence the funding situation, the effects have yet to show. Overall, the recent numbers suggest that the funding situation is stable. Total deposits of German banks from non-monetary financial institutions did not significantly change throughout Q1 and the beginning of Q2. At the end of April the total deposits summed up to EUR 3.04tn. This is a 1.98% change to April 2013.<sup>128,129</sup>
- The three month interbank lending interest rate EURIBOR slightly increased in Q2 to 0.32%. It closed 2013 at 0.27% and increased during Q1 to 0.31%.<sup>130</sup>
- The upward trend of the ratio of liquid assets to short-term liabilities came to an end in Q1 2014 and moved down from 140.5 at the end of 2013 to 140.4 at the end of Q1.

## Capital Levels & Regulations

- Ernst & Young conducted a survey asking European banks to estimate whether further capital has to be raised after the Asset Quality Review (AQR). If the AQR is failed, the affected bank has 6 months to raise more capital in order to meet the requirements. In meeting those, the survey shows that German banks are very confident. Only 4% of the German banks expect the need to raise further capital. This is low compared to an average of a 30% further capital that European banks expect to raise.<sup>131</sup>

## Asset Quality

- The Ernst & Young survey mentioned above additionally yields the insights that there is an estimated capital need of EUR 300bn. This is supposedly due to nonperforming loans and capital collateral margin requirement on derivative positions.<sup>132</sup>

---

<sup>120</sup> June 2, 2014, [National Accounts](#) Federal Statistical Office, destatis.de

<sup>121</sup> July 7, 2014, [Development of output in the goods-producing sector in May 2014](#) Federal Ministry for Economic Affairs and Energy, bmwi.de

<sup>122</sup> July 17, 2014, [Labour Market](#) Federal Statistical Office, destatis.de

<sup>123</sup> June 24, 2014, [Ifo Business Climate Index Falls](#) Center for Economic Studies Ifo Institute, cesifo-group.de

<sup>124</sup> July 17, 2014, [Germany Generic Govt 10Y Yield](#) Bloomberg, bloomberg.com

<sup>125</sup> June 13, 2014, [Monthly Report June](#) Deutsche Bundesbank, bundesbank.de

<sup>126</sup> June 27, 2014, [Capital Market Statistics](#) Deutsche Bundesbank, bundesbank.de

<sup>127</sup> June 13, 2014, [Monthly Report June](#) Deutsche Bundesbank, bundesbank.de

<sup>128</sup> July 7, 2014, [EU money market funds shrug off ECB negative rates](#) Financial Times, ft.com

<sup>129</sup> June 23, 2014, [Seasonally adjusted business statistics - June2014](#) Deutsche Bundesbank, bundesbank.de

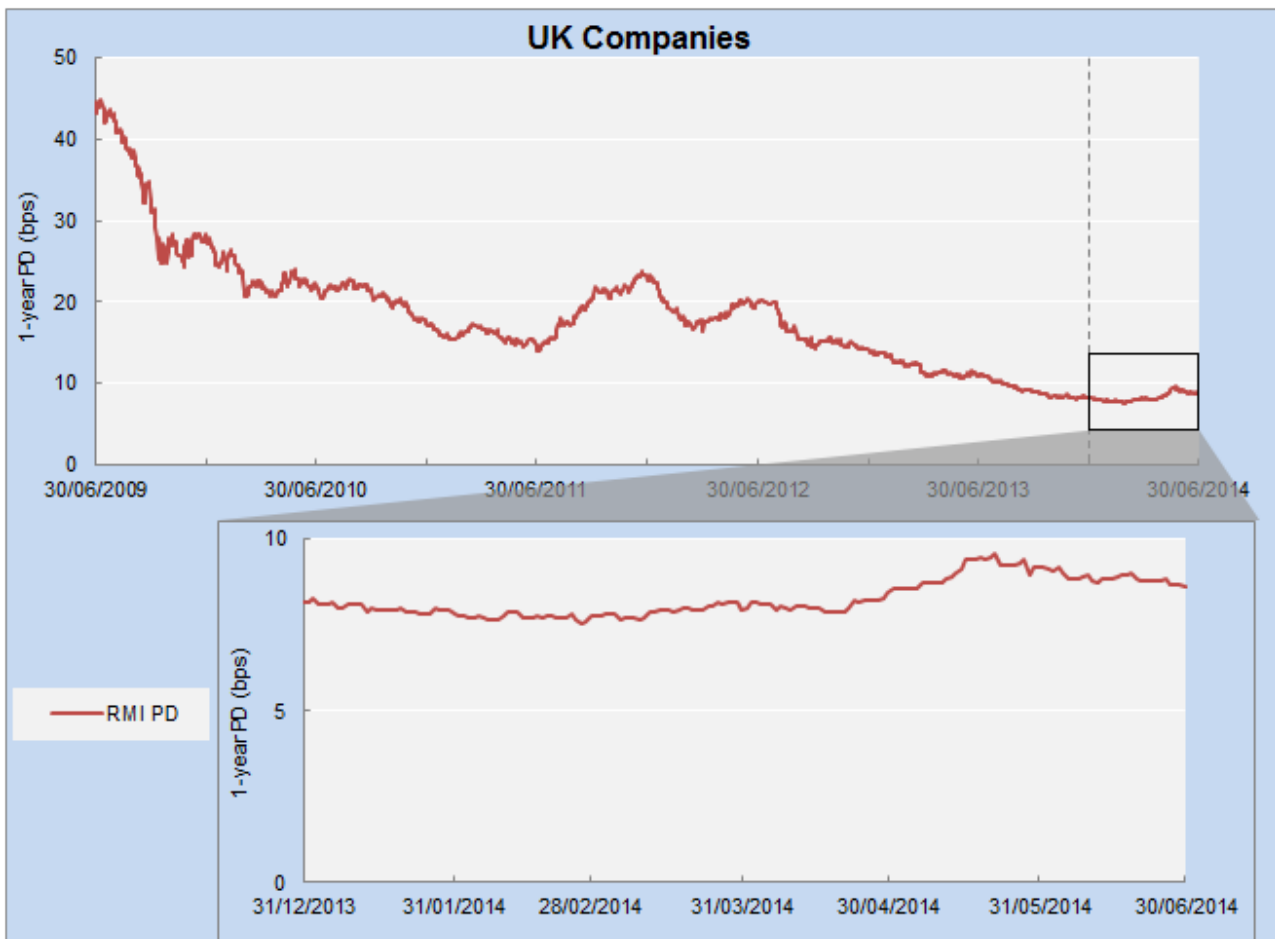
<sup>130</sup> June 13, 2014, [Monthly Report June](#) Deutsche Bundesbank, bundesbank.de

<sup>131</sup> June 27, 2014, [At least 22 European banks expect to raise capital following the AQR](#) Financial, finchannel.com

<sup>132</sup> June 25, 2014, [Stresstest: Dozens of Banks in Europe need More Capital](#) German Economy News, deutsche-wirtschafts-nachrichten.de

## UK Companies

The 1-year aggregate RMI PD for UK companies stabilized during Q2, remaining close to levels seen at the end of Q1. The UK economy grew 3.1% in Q1 from a year earlier, while Q2 economic growth based on National Institute for Economic and Social Research (NIESR) estimate is likely to grow 3.2%. The UK’s recovery continues to progress at a brisk pace with the economy now expected to grow by 3.1% this year and by 2.6% in 2015. British companies are more upbeat about future profits than companies in any other leading economy. Markit’s survey of 11,000 global businesses showed that the UK remains the ‘stand out’ performer among the world’s most-powerful economies in the second quarter. Although British businesses enjoyed a strong growth and factories have their strongest order books in six months, a rising pound could start to weigh on exports. GBP/USD FX spot rate saw close to 3% gain against the greenback from Q1 to Q2. Meanwhile, the consumer landscape continues to brighten. Sentiment, as tracked by the monthly GFK NOP survey, showed the most buoyant morale in more than nine years.



## Economy

- The latest GDP number showed that the British economy expanded 0.8% in the first quarter of 2014, mainly due to business investment. Year-on-year, the GDP advanced 3%, slightly down from a preliminary 3.1% estimate.<sup>133</sup>

- Inflation rose to a five-month high in June to 1.9% from 1.5% in May, close to hitting the Bank of England's 2% target. Food prices and delayed summer clothes sales lifted inflation well above forecasts. The latest CPI number may fuel expectations of Bank of England to raise interest rates sooner than later.<sup>134</sup>
- UK unemployment fell to a six year low of 2.12mn with jobless rate at 6.5% in the three months ended in May. The number of people claiming unemployment benefits also fell sharply, down 36,000 in June versus forecasts of only a 27,000 person drop.<sup>135</sup>
- Growth in manufacturing activity grew at its fastest rate since November 2013. The Markit/CIPS UK Manufacturing Purchasing Manager's Index (PMI) rose to 57.5 in June from 57.0 in May. New orders flowed in the quickest rate since November and manufacturers are quick to take in more staff.<sup>136</sup>

### Policy

- Continuing with its accommodative monetary policy stance, the Bank of England kept its benchmark policy rate at 0.5%. The asset purchase program was also maintained at GBP 375bn, unchanged since July 2012.<sup>137</sup>
- The central bank said it's forward guidance policy is aimed to signal how interest rates might change over the medium term and not to pinpoint the timing of a first hike.<sup>138</sup>

### Funding & Liquidity

- Corporate lending to UK businesses improved during Q2, which is expected to rise further over the next three months as the central bank holds interest rates. At the same time, the Bank of England imposed its first time limits on mortgage lending to stop a new housing bubble. From October, it would allow 15% of new mortgages to be at multiples higher than 4.4 times of a borrowers income, and all lending will be subjected to extra affordability checks. The regulator also placed a cap on payday lending charges.<sup>139,140</sup>

### Politics

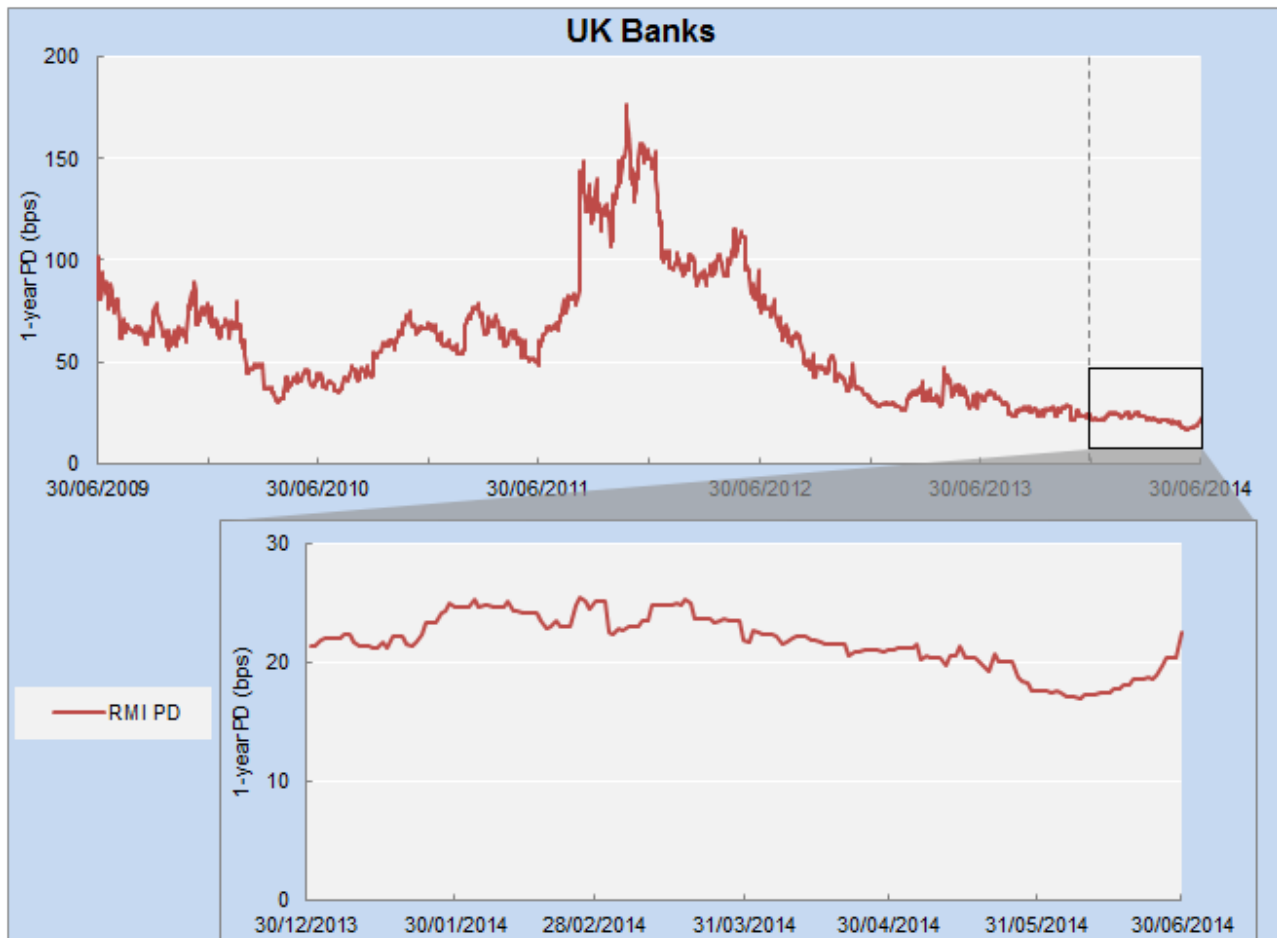
- At the end of Q2, the Conservatives surged ahead of Labour in a new opinion poll, as voters back Prime Minister David Cameron in his battle in Brussels. The Tories are backed by 33% of voters, according to the latest Ashcroft survey, two points more than the Labour Party. The poll suggests Mr Cameron has been boosted by his hard-line stance against arch-federalist Jean-Claude Juncker becoming President of the European Commission.<sup>141</sup>
- Prime Minister David Cameron has moved to mend fences with public sector workers in the run-up to the 2015 election by reshuffling his cabinet.<sup>142</sup>
- A referendum on whether Scotland should be an independent country will take place on 18 September 2014. Morgan Stanley economists are worried that if the Scots choose independence, the fiscal situation could become a lot worse for the remaining UK. A recent survey showed that backing for a 'Yes' vote now stands at 34%, while 45% do not support independence. Still, the market appears to be paying little attention with the sterling climbing over 3% against the greenback so far this year.<sup>143</sup>

### Sovereign Credit Ratings

- United Kingdom sovereign credit ratings were unchanged through the quarter. Although Fitch and Moodys downgraded UK sovereign debts in 2013, the country has maintained its foreign currency long-term rating. Fitch rates the debt one notch below top rating at AA+, likewise Moodys gives UK an Aa1 rating. While, S&P continues to hold the top rating of AAA for UK.

## UK Banks

The aggregate 1-year RMI PD for UK banks stayed almost unchanged during Q2, yet remained near five-year lows. A fragile economic recovery may have lent support to bank earnings as demand for credit increased modestly, but low interest rates, as well as the cost of implementing new regulation, could hurt profitability and lead to some one off charges. Asset quality meanwhile is expected to improve as a result of new, stricter regulation. Overall, UK banks should be sufficiently well capitalised moving forward. The introduction of stricter capital ratios may protect bondholders and provide support to a positive sectoral credit outlook.



### Profitability

- Aggregate earnings, based on the biggest four lenders in the UK, increased in Q1. Reports showed that Barclays, Lloyds and RBS recovered from their Q4 2013 losses. HSBC improved its profit in Q1 from GBP 2.72bn to GBP 5.211bn, while, RBS made a profit of GBP 1.195bn for the same quarter. Lloyds too saw their Q1 earnings surpassing GBP 1 bn and Barclays reported profits of GBP 965mn for the first quarter.

### Funding & Liquidity

- Funding cost was slightly higher during the quarter, as gauged by the 3-month interbank GBP LIBOR, which moved from 0.52% end of Q1 to 0.55% end of Q2. Ease of funding is not expected to change too soon with the central bank sticking to its low interest rate policy. Bank of England said that lenders reported UK businesses' demand for loans rose for a second quarter.

## Asset Quality

- In the three months to end May 2014, lenders reported that the availability of secured credit to households had increased slightly, while overall corporate credit availability was unchanged in Q2. Default rates fell significantly for secured loans to households and credit card lending, while it decreased slightly for other secured loans. The default rate on secured loans to households fell by 34.1% in Q2 2014 with total losses reducing by 12.4%. The default rate on unsecured loans and credit card loans has also reduced by 27% and 7% respectively.<sup>144</sup>
- The trend was rather similar for the default rate on lending to medium and large businesses- default rates dropped by 14.1% and 25.5% respectively. Small businesses saw a 18.6% drop in default rate in Q2 2014.<sup>145</sup>

---

<sup>133</sup> June 27, 2014, [Quarterly National Accounts, Q1 2014](#), Office of National Statistics, ons.gov.uk

<sup>134</sup> July 15, 2014, [UK inflation rises in June on food and clothes prices](#), The Guardian, <http://www.theguardian.com/business/inflation-rises-june-food-house-prices>

<sup>135</sup> July 16, 2014, [UK: Unemployment drops again, wage growth slows](#), FT Adviser, ftadviser.com

<sup>136</sup> July 1, 2014, [Roaring manufacturing points to broadening recovery](#), Reuters, uk.reuters.com

<sup>137</sup> July 10, 2014, [Roaring manufacturing points to broadening recovery](#), Bank of England, bankofengland.co.uk

<sup>138</sup> July 15, 2014, [Bank of England clarifies rate outlook](#), Reuters, uk.reuters.com

<sup>139</sup> July 15, 2014, [UK Caps Payday Lending Charges](#), Wall Street Journal, online.wsj.com

<sup>140</sup> June 2, 2014, [UK new home loans fall as lending rules bite](#), Wall Street Journal, marketwatch.com

<sup>141</sup> June 23, 2014, [Tories surge ahead of Labour in poll after Cameron is boosted by row with EU leaders](#), Reuters, dailymail.co.uk

<sup>142</sup> July 17, 2014, [Cabinet Reshuffle: after the sackings, the ministerial promotions](#), The Telegraph, telegraph.co.uk

<sup>143</sup> July 17, 2014, [Scottish Independence Vote. Ring any bells](#), Wall Street Journal, wsj.com

<sup>144</sup> June 23, 2014, [BoE says lenders see household loan approvals rate dropping in Q3](#), Reuters, uk.reuters.com

<sup>145</sup> June 26, 2014, [Credit conditions Survey 2014 Q2](#), Bank of England, bankofengland.co.uk

# Appendices

The appendices provide readers with a comprehensive overview of various outputs that are produced by RMI's operational probability of default (PD) system. While the PD system provides default forecasts at horizons ranging from one month to five years, here only 1-year PDs are reported. In addition to the PD produced by the RMI 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 1-year aggregate PD where the aggregations are by region, economy and sector. These are given as month-end data, and are based on RMI's default forecast model calibrated on July 04, 2014, using data up to June 30, 2014. For a detailed description of RMI'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 mean and standard deviation of PDs for firms within ten industry sectors at the end of Q1 2014 and Q2 2014. Note that the statistics are for firms that have a PD at both dates so that consistent comparisons can be made. The mean 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.

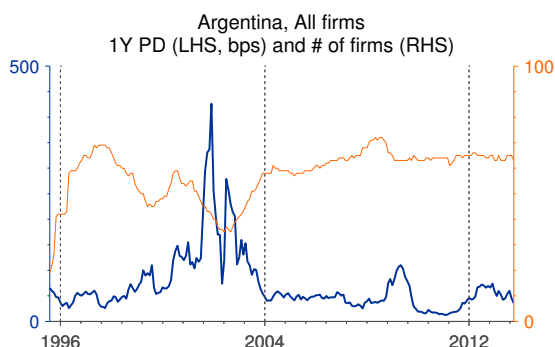
The bottom 12 graphs in each region show the time series of 1-year aggregate PD for all exchange listed firms in the region, all non-financial firms in the region, and firms in each of the ten industry sectors in the region. Each graph shows the PD in thick blue on the left axis and the count of firms 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 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 give 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 June data was not available at the time this report was compiled, the previous month's data is given with an asterisk.

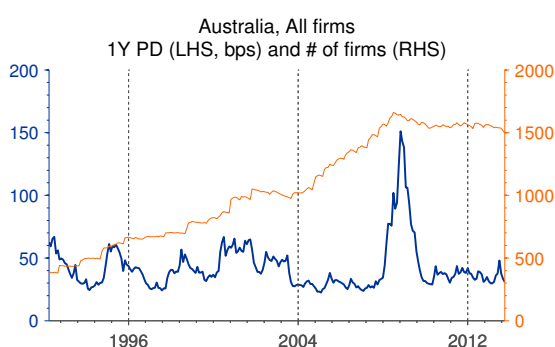
Appendix [D](#) gives a more detailed description of the data in Appendix [C](#), along with a description of the PDiR.



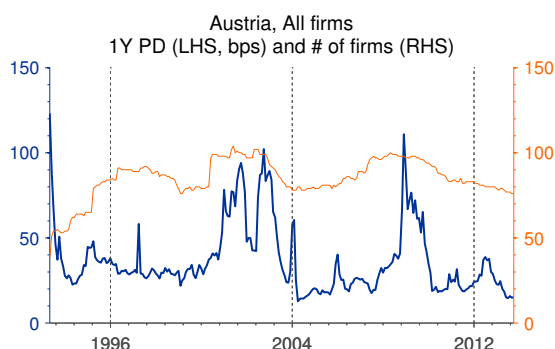
# A PD by economies



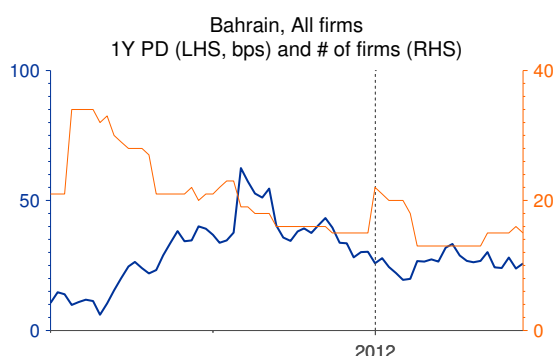
Argentina	2014Q1		2014Q2		Q2-Q1		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	11	15.1	10.8	14.0	10.6	-1.0	3.6
Basic Materials	6	27.1	33.7	44.8	55.3	17.7	42.8
Communications	5	10.3	10.4	10.1	9.0	-0.2	3.8
Consumer Cyclical	6	23.3	17.4	22.6	14.2	-0.7	7.5
Consumer Non-cyclical	14	32.6	37.1	26.3	36.9	-6.4	14.3
Diversified	1	21.1	-	33.4	-	12.2	-
Energy	3	12.4	1.7	11.8	2.0	-0.6	3.2
Industrial	6	25.4	18.7	30.4	27.9	5.1	15.2
Technology	1	8.6	-	4.5	-	-4.1	-
Utilities	8	45.8	31.7	31.9	21.7	-13.8	15.1



Australia	2014Q1		2014Q2		Q2-Q1		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	141	16.3	39.7	16.0	44.8	-0.4	26.4
Basic Materials	662	41.6	87.9	37.6	74.2	-4.0	62.2
Communications	65	17.3	30.1	15.3	26.9	-1.9	13.8
Consumer Cyclical	66	10.0	22.9	10.5	24.6	0.5	9.1
Consumer Non-cyclical	172	11.9	25.9	14.7	46.8	2.8	25.1
Diversified	7	5.3	6.8	5.5	7.7	0.2	1.9
Energy	198	32.8	49.9	39.2	78.9	6.4	53.8
Industrial	111	23.3	57.3	31.4	81.9	8.1	54.6
Technology	36	12.8	27.1	16.0	33.9	3.2	10.9
Utilities	14	30.7	86.4	49.7	149.4	19.0	63.2

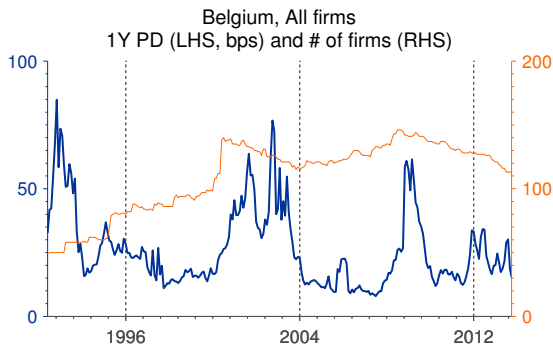


Austria	2014Q1		2014Q2		Q2-Q1		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	20	18.2	27.6	14.6	26.9	-3.6	8.4
Basic Materials	5	6.7	5.5	6.5	5.0	-0.2	0.9
Communications	2	7.1	2.0	6.1	1.7	-1.1	0.4
Consumer Cyclical	13	33.2	64.2	32.3	73.4	-0.9	17.1
Consumer Non-cyclical	8	18.6	17.3	13.4	10.2	-5.3	7.6
Energy	4	3.0	1.7	4.2	1.9	1.2	1.9
Industrial	18	18.2	35.7	13.0	25.3	-5.2	11.1
Technology	5	7.1	1.9	6.6	4.0	-0.5	2.9
Utilities	2	3.2	2.0	3.6	1.0	0.5	1.0

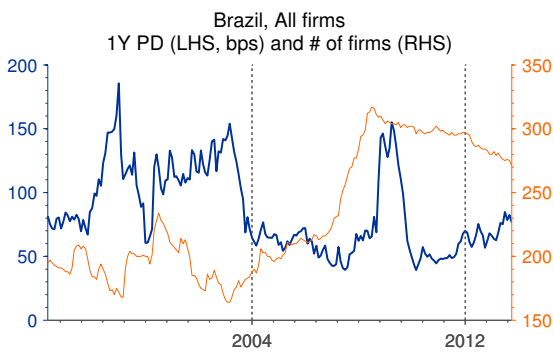


Bahrain	2014Q1		2014Q2		Q2-Q1		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	15	21.8	14.5	19.7	15.8	-2.1	7.9

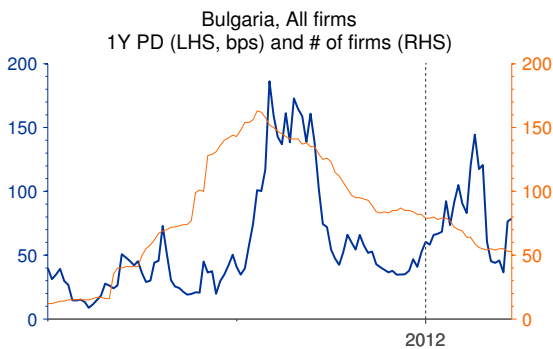




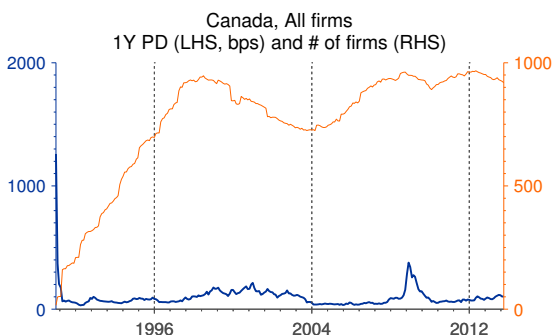
Belgium	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	29	18.4	69.9	16.9	67.8	-1.5	5.4
Basic Materials	8	9.6	12.1	6.8	8.4	-2.9	4.7
Communications	6	14.5	8.2	11.0	6.1	-3.5	5.0
Consumer Cyclical	6	4.9	6.9	5.8	8.9	0.9	2.3
Consumer Non-cyclical	22	5.7	4.9	5.2	5.4	-0.5	1.9
Diversified	7	26.6	69.4	20.1	51.5	-6.6	17.9
Energy	1	176.4	-	176.4	-	0.0	-
Industrial	21	11.3	17.1	9.4	14.8	-1.9	3.2
Technology	7	9.2	12.5	8.0	10.2	-1.1	2.6
Utilities	2	1.9	0.7	0.9	0.9	-1.0	0.2



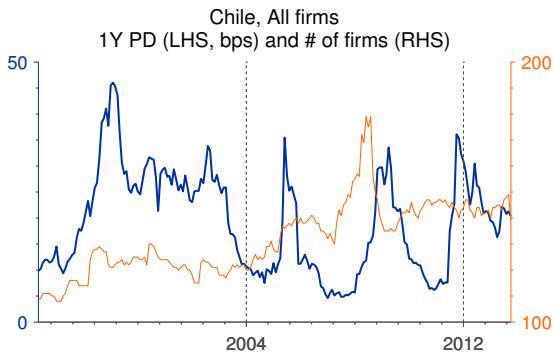
Brazil	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	62	67.9	113.7	79.7	130.9	11.8	40.9
Basic Materials	21	93.7	176.8	132.1	317.3	38.3	166.7
Communications	8	50.2	87.7	53.6	73.1	3.4	23.4
Consumer Cyclical	48	72.3	174.3	80.2	181.2	8.0	45.8
Consumer Non-cyclical	46	54.2	137.6	66.7	163.3	12.5	42.4
Diversified	7	54.4	55.4	43.4	61.1	-11.1	14.9
Energy	4	147.2	248.8	122.2	193.7	-25.0	55.8
Industrial	30	120.4	170.7	121.3	175.4	0.8	58.8
Technology	4	0.4	0.7	0.5	0.5	0.1	0.2
Utilities	29	41.3	65.7	47.6	98.4	6.3	47.7



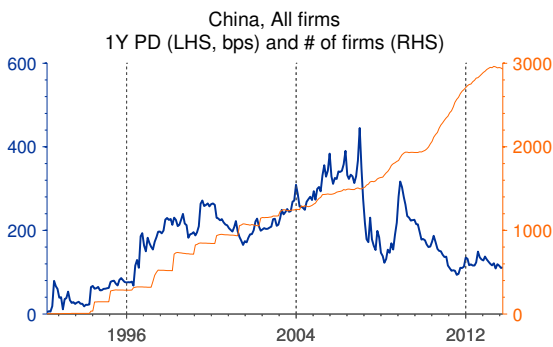
Bulgaria	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	15	13.3	9.7	10.6	8.1	-2.7	5.2
Basic Materials	3	13.9	5.9	12.3	4.3	-1.7	2.5
Consumer Cyclical	1	10.9	-	13.7	-	2.8	-
Consumer Non-cyclical	10	28.9	50.9	23.2	34.9	-5.8	17.3
Diversified	9	23.2	11.5	15.5	11.0	-7.8	7.4
Energy	3	898.9	1452.5	201.8	284.6	-697.1	1168.8
Industrial	9	9.9	10.6	6.2	5.1	-3.7	6.2



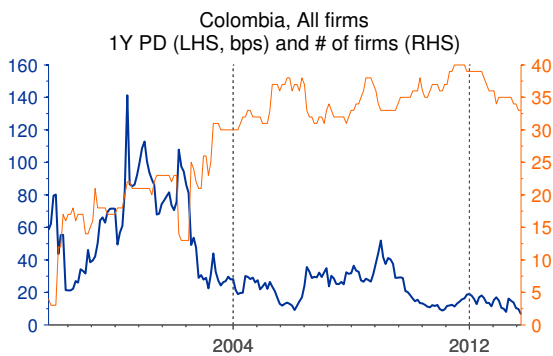
Canada	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	114	24.9	57.1	77.9	643.5	52.9	614.8
Basic Materials	297	130.6	327.6	100.3	303.9	-30.3	216.5
Communications	46	47.7	91.4	60.5	149.8	12.8	107.0
Consumer Cyclical	64	27.7	72.5	59.8	301.9	32.1	250.2
Consumer Non-cyclical	88	79.9	230.7	36.3	84.0	-43.6	212.1
Diversified	6	15.7	10.3	24.8	23.5	9.1	16.1
Energy	143	84.1	222.1	53.1	142.4	-31.0	109.5
Industrial	71	91.1	307.0	60.0	180.4	-31.1	202.9
Technology	29	226.5	758.8	70.6	217.7	-155.9	543.6
Utilities	13	11.1	19.2	4.9	6.9	-6.3	13.4



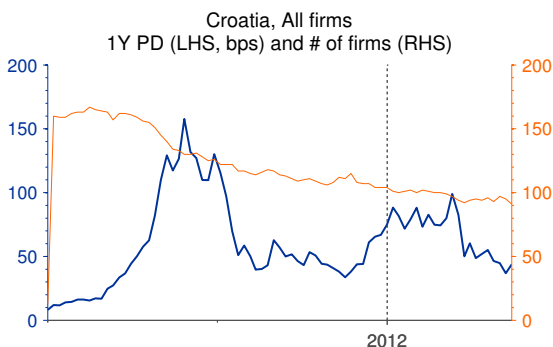
Chile	2014Q1		2014Q2		Q2-Q1		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	28	13.1	20.8	15.7	20.7	2.6	8.4
Basic Materials	13	28.3	66.9	20.4	29.4	-8.0	41.1
Communications	4	3.6	2.4	7.7	4.3	4.1	4.7
Consumer Cyclical	14	20.7	32.3	23.0	35.6	2.3	17.1
Consumer Non-cyclical	30	25.8	47.5	20.2	37.5	-5.6	22.2
Diversified	7	5.7	8.2	10.6	13.1	4.9	6.9
Industrial	19	17.1	21.0	19.6	22.8	2.4	6.7
Technology	1	1.1	-	0.7	-	-0.3	-
Utilities	16	3.7	4.3	3.6	3.3	-0.1	4.0



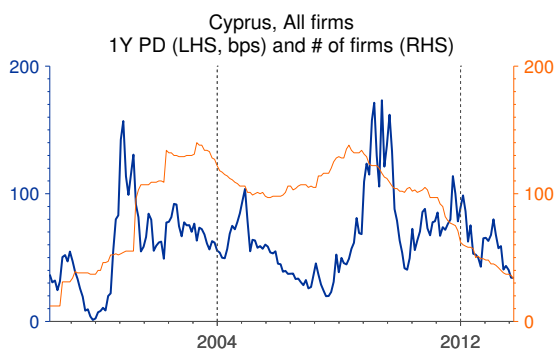
China	2014Q1		2014Q2		Q2-Q1		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	215	109.4	135.4	101.8	97.7	-7.6	73.5
Basic Materials	363	161.5	129.9	155.4	122.9	-6.1	45.2
Communications	157	66.9	115.6	62.6	93.4	-4.3	37.0
Consumer Cyclical	497	103.8	99.7	98.3	88.4	-5.5	31.9
Consumer Non-cyclical	440	85.6	115.5	85.9	124.3	0.4	33.3
Diversified	32	164.9	97.2	156.1	87.7	-8.8	30.5
Energy	85	80.9	77.5	89.5	84.3	8.7	28.7
Industrial	828	108.0	99.2	104.5	91.1	-3.5	34.1
Technology	158	62.0	70.3	57.8	60.4	-4.3	28.3
Utilities	74	151.9	118.9	148.8	113.1	-3.1	36.8



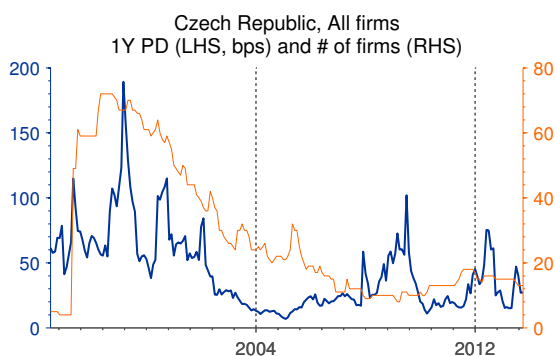
Colombia	2014Q1		2014Q2		Q2-Q1		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	11	19.2	38.1	12.8	21.2	-6.3	42.9
Basic Materials	2	7.0	9.3	7.1	8.9	0.1	0.4
Communications	1	3.0	-	2.1	-	-0.9	-
Consumer Cyclical	2	6.5	8.4	5.9	7.1	-0.6	1.4
Consumer Non-cyclical	1	0.0	-	0.5	-	0.5	-
Diversified	1	32.4	-	5.1	-	-27.3	-
Energy	3	7.3	5.7	11.7	11.8	4.3	6.5
Industrial	6	22.3	31.4	29.5	52.1	7.3	21.6
Utilities	4	10.2	14.4	8.9	11.3	-1.2	3.3



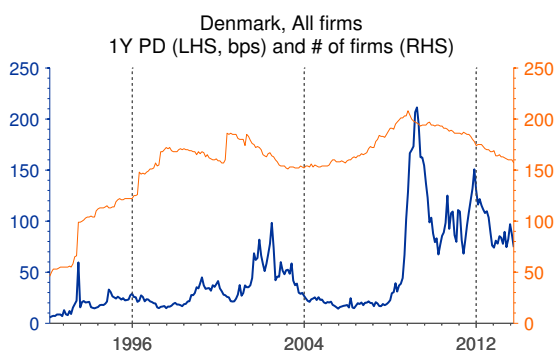
Croatia	2014Q1		2014Q2		Q2-Q1		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	11	23.1	21.1	27.5	30.6	4.4	12.1
Basic Materials	2	19.0	3.8	78.9	69.0	59.9	65.2
Communications	3	47.5	80.9	71.8	123.1	24.3	42.2
Consumer Cyclical	28	58.8	153.5	37.5	76.6	-21.3	83.5
Consumer Non-cyclical	24	28.2	41.4	30.8	37.3	2.6	14.5
Diversified	1	16.9	-	25.7	-	8.8	-
Energy	2	0.7	0.6	1.4	1.8	0.8	1.2
Industrial	16	54.3	56.2	65.3	46.5	11.0	43.5



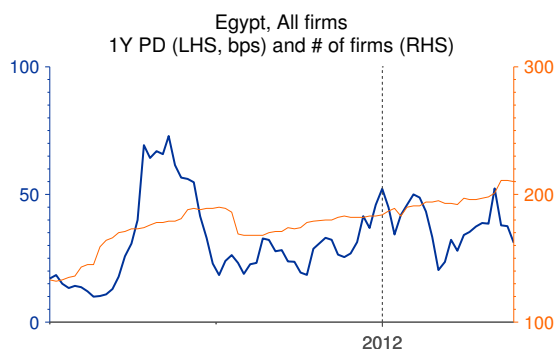
Cyprus	#	2014Q1		2014Q2		Q2-Q1	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	10	29.5	36.2	21.7	21.4	-7.9	16.1
Basic Materials	1	13.0	-	9.1	-	-3.9	-
Communications	1	2.6	-	17.4	-	14.8	-
Consumer Cyclical	5	28.8	16.1	25.4	15.9	-3.3	23.3
Consumer Non-cyclical	5	32.7	27.0	20.2	9.2	-12.5	24.4
Energy	5	39.7	44.4	54.2	58.7	14.5	17.0
Industrial	5	14.5	7.8	17.4	7.8	2.9	8.1
Technology	1	19.2	-	7.6	-	-11.6	-



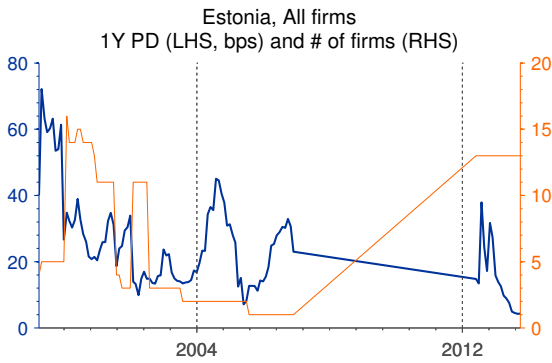
Czech Republic	#	2014Q1		2014Q2		Q2-Q1	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	1	8.2	-	7.2	-	-1.1	-
Communications	1	3.9	-	2.6	-	-1.4	-
Consumer Cyclical	2	2.7	0.5	2.7	0.9	-0.0	1.4
Consumer Non-cyclical	1	13.4	-	24.3	-	10.8	-
Diversified	1	1.3	-	1.0	-	-0.2	-
Energy	3	24.6	30.1	26.6	37.9	1.9	9.2
Industrial	1	2.1	-	2.4	-	0.3	-
Utilities	1	7.9	-	6.0	-	-1.9	-



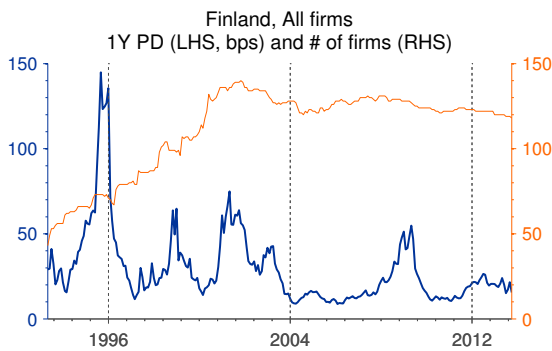
Denmark	#	2014Q1		2014Q2		Q2-Q1	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	45	103.0	225.5	63.4	105.9	-39.6	160.7
Basic Materials	2	6.0	8.0	7.4	10.2	1.4	2.2
Communications	11	46.2	68.0	42.5	76.7	-3.7	19.2
Consumer Cyclical	18	71.4	123.5	55.1	73.3	-16.3	64.6
Consumer Non-cyclical	23	25.4	36.9	18.3	34.9	-7.1	35.4
Diversified	2	14.5	10.3	13.0	8.3	-1.6	2.0
Energy	2	33.6	25.1	28.6	25.5	-5.0	0.4
Industrial	33	68.2	150.2	54.0	80.5	-14.2	80.3
Technology	9	35.8	47.5	34.3	46.0	-1.5	4.8



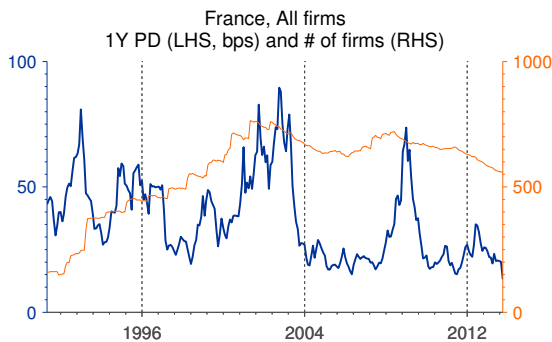
Egypt	#	2014Q1		2014Q2		Q2-Q1	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	70	29.7	30.5	23.6	25.9	-6.2	10.4
Basic Materials	21	17.4	25.9	15.6	26.7	-1.9	5.5
Communications	6	10.7	11.8	20.1	24.4	9.4	20.7
Consumer Cyclical	25	22.3	20.7	17.3	18.7	-5.0	11.6
Consumer Non-cyclical	46	13.3	17.8	13.0	16.6	-0.3	6.1
Diversified	2	32.7	34.8	34.8	43.0	2.1	8.3
Energy	2	12.8	4.5	8.5	1.3	-4.4	3.2
Industrial	38	14.2	20.7	12.0	18.8	-2.2	9.9
Utilities	1	5.0	-	3.9	-	-1.0	-



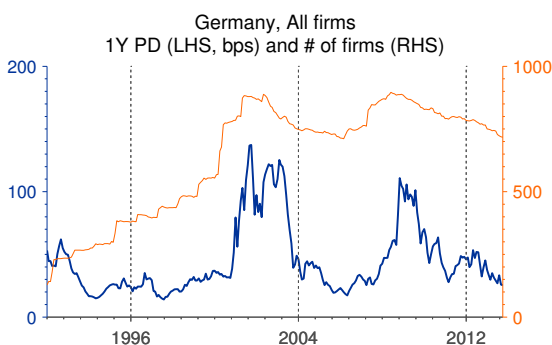
Estonia	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Communications	1	3.2	—	9.8	—	6.7	—
Consumer Cyclical	5	5.2	6.4	8.7	11.0	3.5	4.6
Consumer Non-cyclical	1	3.4	—	4.0	—	0.7	—
Industrial	5	4.2	3.4	4.5	5.2	0.3	2.7
Utilities	1	0.6	—	0.4	—	-0.1	—



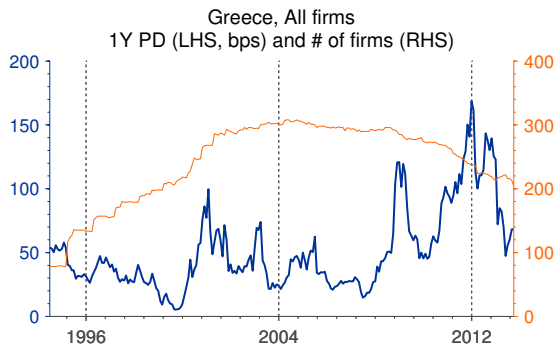
Finland	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	13	14.7	23.4	14.4	23.4	-0.3	3.4
Basic Materials	9	12.4	20.7	6.1	5.3	-6.3	16.5
Communications	14	8.3	9.6	8.2	8.4	-0.1	3.3
Consumer Cyclical	8	7.8	7.6	8.0	8.2	0.2	1.9
Consumer Non-cyclical	17	7.9	5.8	7.1	6.4	-0.7	4.1
Diversified	1	0.6	—	0.5	—	-0.2	—
Energy	1	7.0	—	6.5	—	-0.4	—
Industrial	37	20.6	47.9	25.8	76.3	5.3	76.6
Technology	13	21.4	47.4	19.5	30.8	-1.9	31.3
Utilities	1	1.3	—	1.4	—	0.2	—



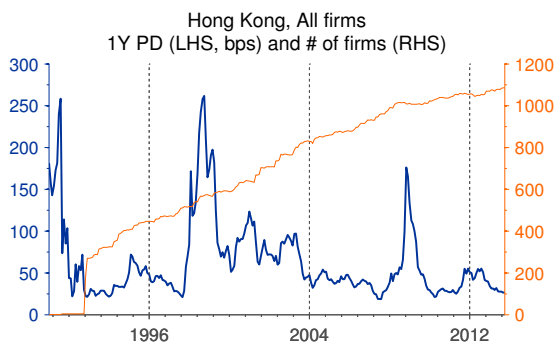
France	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	91	17.3	21.9	14.2	20.9	-3.1	8.3
Basic Materials	17	34.7	75.6	22.5	40.7	-12.2	36.4
Communications	54	15.6	30.1	9.2	13.0	-6.4	24.4
Consumer Cyclical	80	14.7	20.9	10.9	13.8	-3.8	10.9
Consumer Non-cyclical	109	7.5	10.0	5.3	8.1	-2.1	5.2
Diversified	7	28.6	37.7	31.4	54.4	2.8	64.3
Energy	15	17.2	17.9	14.5	16.9	-2.8	6.2
Industrial	95	11.6	22.9	8.6	13.1	-3.0	11.7
Technology	66	11.8	20.3	8.2	14.1	-3.6	11.0
Utilities	9	5.0	6.1	4.7	7.0	-0.3	1.2



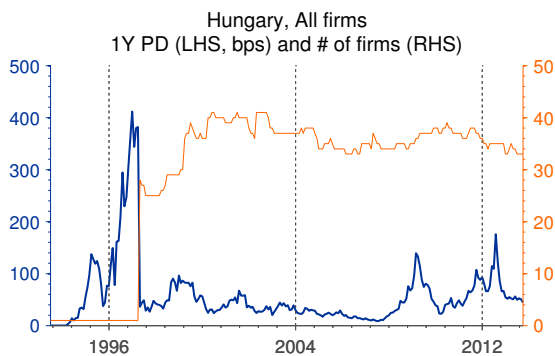
Germany	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	164	25.2	36.2	26.9	54.7	1.7	32.8
Basic Materials	25	9.2	12.2	8.2	10.8	-1.0	3.7
Communications	70	22.2	32.8	30.6	79.8	8.4	63.7
Consumer Cyclical	90	17.5	27.3	17.8	30.8	0.3	15.8
Consumer Non-cyclical	106	21.1	39.3	21.4	44.2	0.3	20.8
Diversified	6	24.1	26.7	24.9	25.6	0.7	10.8
Energy	20	26.9	44.3	35.9	64.0	9.0	25.3
Industrial	138	36.9	163.7	55.5	322.7	18.6	196.9
Technology	77	18.2	35.8	48.6	286.1	30.4	258.5
Utilities	10	17.6	35.8	20.1	46.4	2.5	10.8



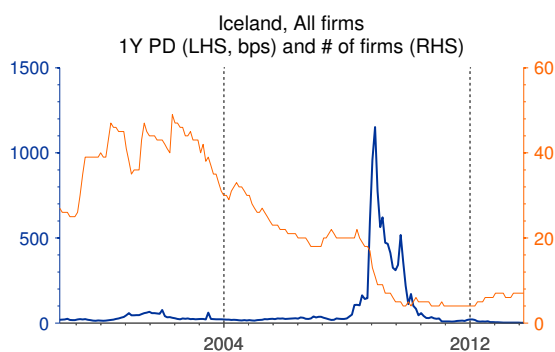
Greece	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	18	25.1	32.0	27.4	35.8	2.2	16.9
Basic Materials	13	38.5	35.2	28.9	30.2	-9.6	23.1
Communications	11	147.1	310.4	38.4	27.3	-108.6	291.1
Consumer Cyclical	37	47.1	57.2	37.3	49.1	-9.9	29.0
Consumer Non-cyclical	35	59.9	51.9	44.6	43.1	-15.3	25.2
Diversified	1	67.2	-	52.8	-	-14.4	-
Energy	5	28.6	19.5	18.4	13.4	-10.2	13.6
Industrial	68	184.0	818.4	172.9	920.8	-11.0	131.0
Technology	9	52.6	72.0	64.6	107.2	12.0	49.9
Utilities	3	6.8	4.2	5.3	3.6	-1.5	0.6



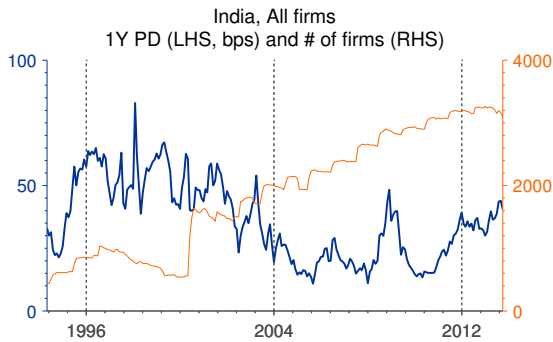
Hong Kong	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	231	24.3	42.2	21.1	32.2	-3.2	24.1
Basic Materials	60	50.1	113.3	41.5	60.4	-8.6	70.4
Communications	77	25.9	36.4	23.0	27.4	-2.9	18.2
Consumer Cyclical	257	22.0	37.4	20.5	28.3	-1.6	20.2
Consumer Non-cyclical	124	21.9	31.9	25.0	45.0	3.1	31.6
Diversified	43	18.7	24.7	15.5	18.3	-3.2	17.9
Energy	36	47.8	60.6	42.7	67.4	-5.1	36.3
Industrial	182	24.3	30.7	28.8	40.4	4.5	33.1
Technology	57	33.8	64.5	36.1	69.1	2.3	28.0
Utilities	21	7.8	10.0	7.8	8.3	0.1	4.2



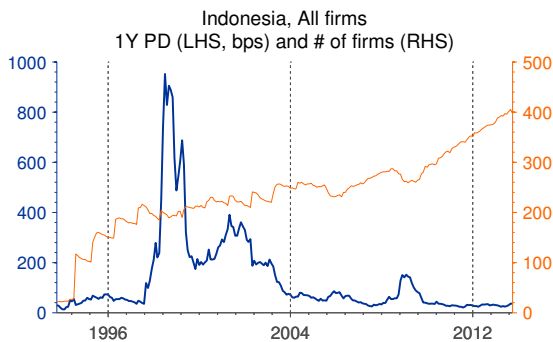
Hungary	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	8	14.9	8.3	15.8	9.1	0.9	3.5
Basic Materials	2	24.9	26.7	50.6	62.0	25.7	35.3
Communications	3	42.4	47.9	50.2	63.2	7.8	15.7
Consumer Cyclical	5	60.3	74.7	78.5	115.3	18.2	43.2
Consumer Non-cyclical	7	62.0	78.2	67.7	133.5	5.7	79.1
Diversified	2	66.8	62.9	64.3	65.0	-2.5	2.1
Energy	2	13.1	5.3	18.3	8.5	5.2	3.2
Industrial	1	39.4	-	37.0	-	-2.4	-
Technology	2	36.3	14.0	48.3	37.7	11.9	23.7
Utilities	2	19.0	3.2	24.6	6.7	5.6	3.5



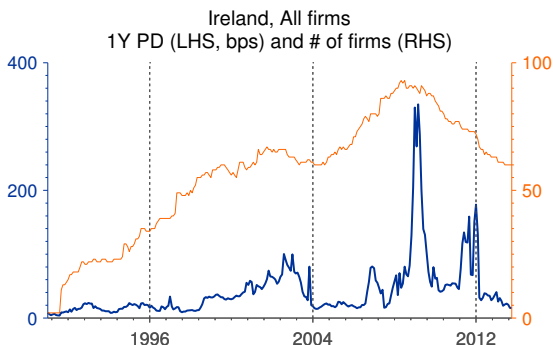
Iceland	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Communications	1	5.2	-	3.6	-	-1.5	-
Consumer Cyclical	2	1.1	1.1	1.3	1.4	0.2	0.3
Consumer Non-cyclical	2	1.9	1.5	2.2	1.0	0.4	0.5
Industrial	2	1.6	1.4	2.8	2.5	1.2	1.1
Technology	1	1.4	-	2.0	-	0.7	-



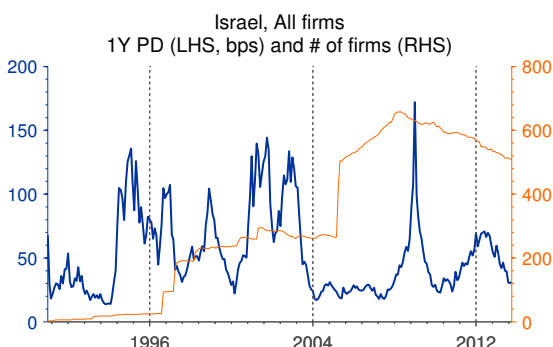
India	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	457	50.8	120.2	41.9	91.1	-8.9	42.8
Basic Materials	428	30.8	39.2	31.8	48.3	1.0	30.4
Communications	123	36.6	65.1	37.5	65.8	0.9	29.0
Consumer Cyclical	623	34.0	56.1	34.0	59.4	-0.0	33.9
Consumer Non-cyclical	499	26.3	45.7	25.2	44.0	-1.1	23.5
Diversified	28	35.7	33.3	31.7	34.6	-4.0	14.6
Energy	55	44.6	66.4	37.9	49.9	-6.6	22.8
Industrial	656	33.2	46.8	30.6	46.4	-2.6	19.4
Technology	189	29.3	55.8	29.7	58.6	0.4	21.2
Utilities	35	42.1	51.1	41.4	49.4	-0.7	14.7



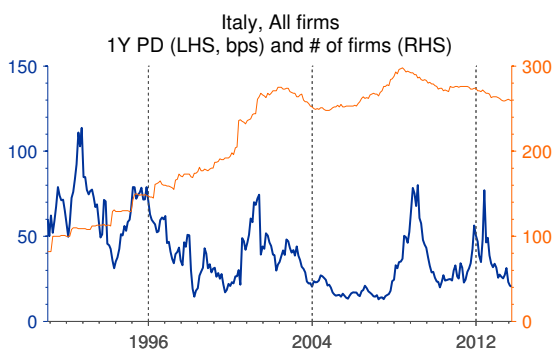
Indonesia	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	109	43.7	40.1	43.3	39.3	-0.4	20.3
Basic Materials	45	64.1	122.5	66.6	121.4	2.5	29.7
Communications	24	33.5	38.1	36.0	35.7	2.5	9.9
Consumer Cyclical	60	29.2	29.8	29.3	32.3	0.1	20.6
Consumer Non-cyclical	66	22.8	30.9	23.5	31.7	0.7	13.2
Diversified	2	26.7	9.0	26.2	2.3	-0.5	6.8
Energy	36	52.5	101.2	53.6	103.4	1.2	13.4
Industrial	56	29.5	27.9	24.9	22.1	-4.5	16.8
Technology	4	11.6	17.0	10.1	13.8	-1.5	4.0
Utilities	3	21.6	28.5	28.6	35.5	7.0	7.1



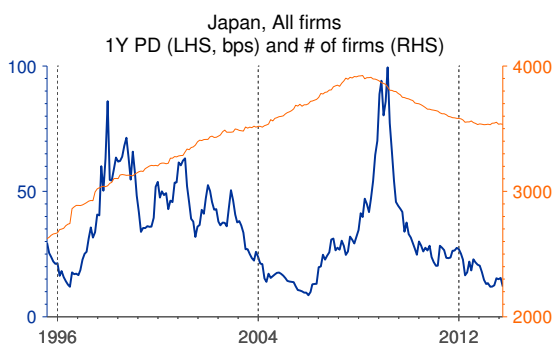
Ireland	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	11	10.3	14.1	7.4	6.8	-2.9	10.6
Basic Materials	10	20.3	15.8	25.8	16.0	5.5	6.2
Communications	2	30.2	39.7	49.2	67.3	19.0	27.6
Consumer Cyclical	3	2.8	4.3	1.5	2.2	-1.3	2.2
Consumer Non-cyclical	17	4.9	10.9	3.9	5.1	-1.0	7.0
Energy	12	41.7	36.6	57.7	74.9	16.1	50.4
Industrial	3	1.6	1.3	1.2	0.8	-0.4	0.6
Technology	3	0.7	0.5	0.8	0.6	0.1	0.2



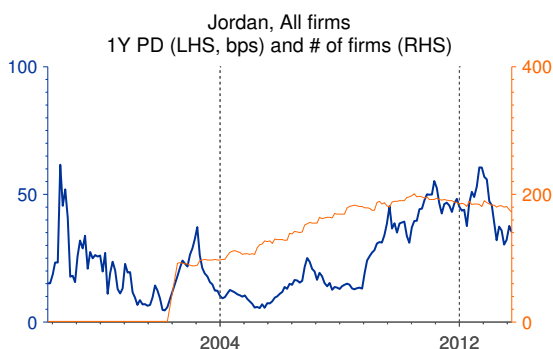
Israel	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	138	51.3	141.9	49.3	192.7	-2.1	158.0
Basic Materials	14	31.1	85.7	24.4	66.7	-6.7	19.1
Communications	37	29.4	47.3	31.7	72.1	2.3	29.8
Consumer Cyclical	45	38.5	173.0	17.5	46.8	-21.0	127.4
Consumer Non-cyclical	90	29.8	84.0	19.6	41.3	-10.2	53.4
Diversified	9	15.5	19.8	14.6	18.9	-0.9	2.5
Energy	31	94.9	219.1	59.6	147.9	-35.3	82.2
Industrial	90	19.0	46.4	27.2	116.0	8.2	75.2
Technology	31	10.8	13.5	10.9	15.5	0.1	11.1



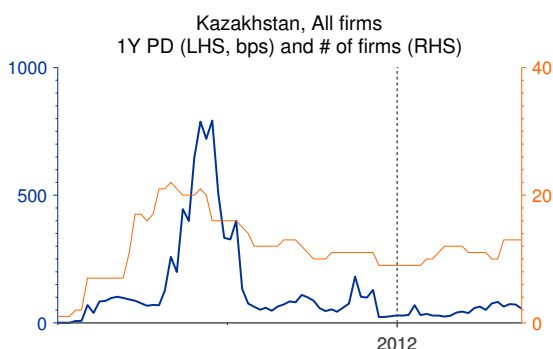
Italy	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	53	31.6	32.8	18.1	17.2	-13.5	21.2
Basic Materials	5	15.2	12.9	12.3	12.3	-2.9	4.1
Communications	30	22.6	27.4	11.8	12.9	-10.7	17.5
Consumer Cyclical	44	14.3	19.7	10.1	15.3	-4.2	7.5
Consumer Non-cyclical	32	12.6	18.2	7.6	8.8	-5.0	10.9
Diversified	2	15.5	8.6	18.0	9.8	2.5	1.1
Energy	13	12.5	9.2	7.9	5.7	-4.6	6.0
Industrial	47	10.2	13.4	7.0	8.7	-3.2	7.5
Technology	15	19.6	19.1	12.0	15.6	-7.6	11.7
Utilities	11	4.7	2.9	4.9	6.6	0.1	4.9



Japan	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	315	29.1	33.0	33.7	33.5	4.5	16.6
Basic Materials	242	11.4	13.6	14.3	16.2	2.9	7.3
Communications	248	9.7	14.9	16.5	49.2	6.9	42.4
Consumer Cyclical	859	11.3	15.4	13.4	18.2	2.1	8.6
Consumer Non-cyclical	584	8.8	18.5	10.7	24.2	2.0	15.4
Diversified	2	17.2	14.2	27.3	25.0	10.0	10.8
Energy	15	14.1	11.2	24.3	24.3	10.2	14.6
Industrial	967	11.1	13.2	14.1	16.5	3.0	8.2
Technology	261	8.7	15.9	11.5	17.8	2.9	13.2
Utilities	22	22.3	27.1	31.3	42.0	9.1	15.8

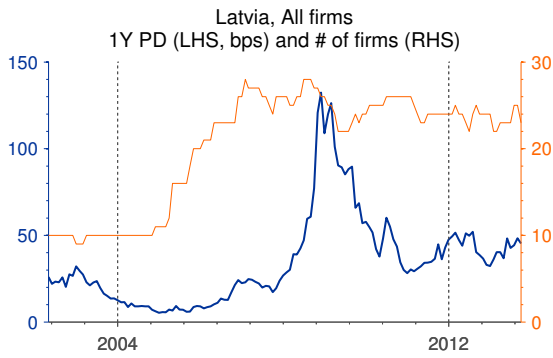


Jordan	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	86	28.0	35.3	25.0	30.7	-3.0	13.2
Basic Materials	16	23.1	37.7	28.4	45.5	5.3	9.3
Communications	3	98.2	150.5	126.4	196.5	28.2	46.1
Consumer Cyclical	15	39.4	59.9	43.1	61.5	3.6	18.2
Consumer Non-cyclical	20	25.4	31.6	22.4	22.0	-3.0	15.5
Diversified	2	11.3	14.2	14.5	18.2	3.2	4.0
Energy	2	53.9	76.1	56.8	80.3	2.9	4.2
Industrial	23	37.1	48.6	32.1	33.4	-5.0	19.4
Utilities	2	56.3	25.9	63.0	38.6	6.7	12.8

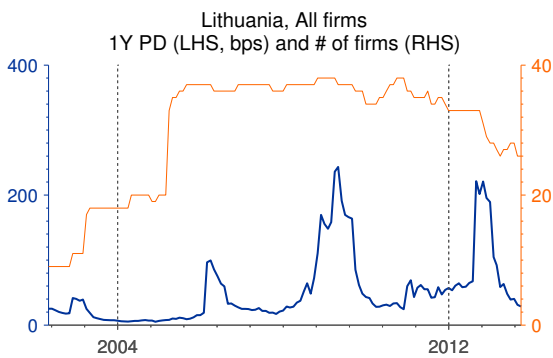


Kazakhstan	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	3	96.8	70.4	108.3	96.9	11.6	63.1
Basic Materials	1	280.4	-	280.4	-	0.0	-
Communications	2	8.0	3.2	14.2	1.0	6.3	2.2
Consumer Non-cyclical	1	22.2	-	22.2	-	-0.0	-
Diversified	1	151.5	-	151.8	-	0.3	-
Energy	2	1.5	2.1	1.8	2.0	0.3	0.2

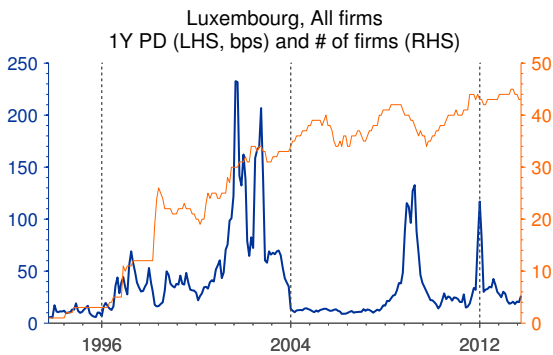




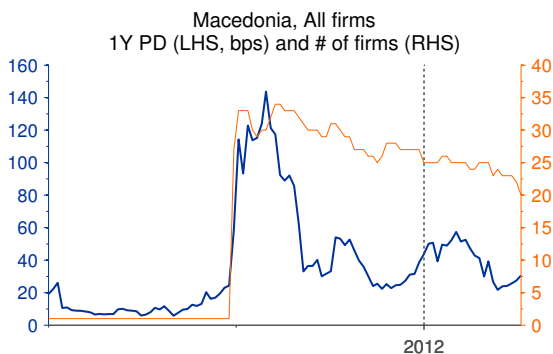
Latvia	#	2014Q1		2014Q2		Q2-Q1	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Basic Materials	1	18.7	—	18.6	—	-0.1	—
Communications	1	5.9	—	8.0	—	2.1	—
Consumer Cyclical	3	31.5	24.4	40.3	34.4	8.8	10.5
Consumer Non-cyclical	6	15.9	15.0	17.5	17.6	1.6	6.3
Energy	1	8.8	—	20.4	—	11.6	—
Industrial	7	46.5	54.1	48.8	49.6	2.3	6.3
Utilities	1	2.8	—	1.9	—	-0.8	—



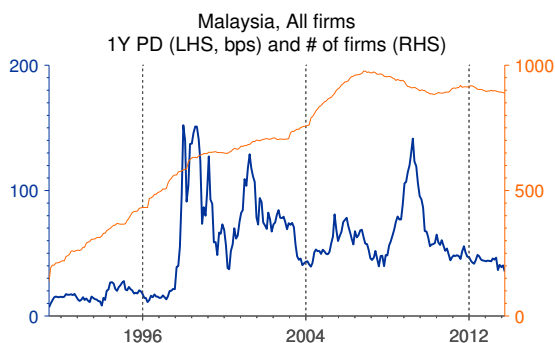
Lithuania	#	2014Q1		2014Q2		Q2-Q1	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	3	40.9	37.2	36.2	22.7	-4.6	14.4
Basic Materials	1	1.6	—	2.7	—	1.1	—
Communications	1	0.0	—	0.0	—	0.0	—
Consumer Cyclical	5	16.6	15.4	19.0	21.7	2.4	15.5
Consumer Non-cyclical	7	6.9	9.0	6.2	6.0	-0.7	3.2
Energy	1	0.0	—	0.0	—	0.0	—
Industrial	4	87.0	82.8	74.7	58.1	-12.3	27.1
Utilities	4	10.8	11.8	12.9	12.9	2.1	4.0



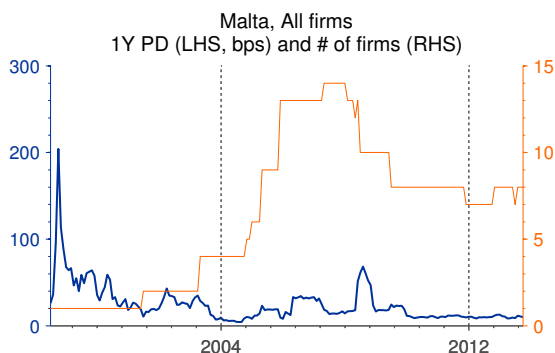
Luxembourg	#	2014Q1		2014Q2		Q2-Q1	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	13	49.0	133.1	33.7	83.7	-15.3	49.6
Basic Materials	6	36.9	69.2	45.7	93.3	8.7	24.4
Communications	5	3.5	3.2	6.3	7.1	2.8	4.0
Consumer Cyclical	3	44.8	73.5	46.6	71.1	1.8	4.2
Consumer Non-cyclical	9	6.4	6.0	7.9	8.8	1.4	3.6
Energy	1	0.6	—	0.6	—	0.0	—
Industrial	4	6.6	6.0	4.9	4.3	-1.7	1.7
Technology	1	2.0	—	1.7	—	-0.4	—



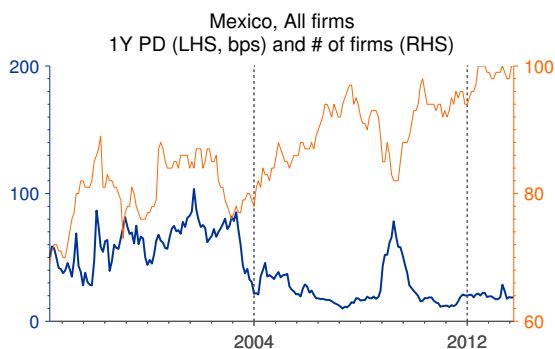
Macedonia	#	2014Q1		2014Q2		Q2-Q1	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	4	40.0	9.8	30.7	11.4	-9.3	5.0
Basic Materials	3	39.4	13.2	46.5	20.4	7.1	7.2
Communications	1	0.4	—	0.4	—	-0.0	—
Consumer Cyclical	2	5.2	7.3	7.2	10.2	2.0	2.8
Consumer Non-cyclical	4	9.1	9.9	12.6	14.8	3.5	6.4
Industrial	4	25.9	18.3	28.3	16.8	2.4	3.9
Utilities	1	82.0	—	75.0	—	-7.0	—



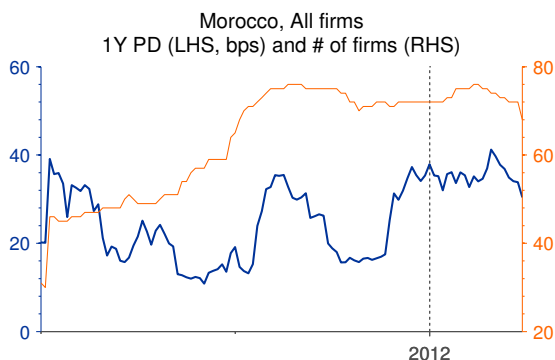
Malaysia	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	129	23.6	33.6	22.7	36.9	-0.9	13.7
Basic Materials	64	78.4	189.2	53.9	100.8	-24.5	94.8
Communications	38	30.2	36.5	30.2	40.9	-0.0	17.4
Consumer Cyclical	115	35.4	73.6	34.8	76.3	-0.6	15.2
Consumer Non-cyclical	145	29.8	63.7	25.7	54.3	-4.1	19.5
Diversified	23	19.3	24.7	17.3	25.3	-2.0	7.8
Energy	25	19.3	23.1	17.7	18.4	-1.7	7.6
Industrial	272	40.8	78.9	34.2	70.2	-6.6	25.1
Technology	59	30.8	45.1	27.3	38.8	-3.5	12.3
Utilities	5	12.8	21.3	7.7	11.4	-5.1	10.1



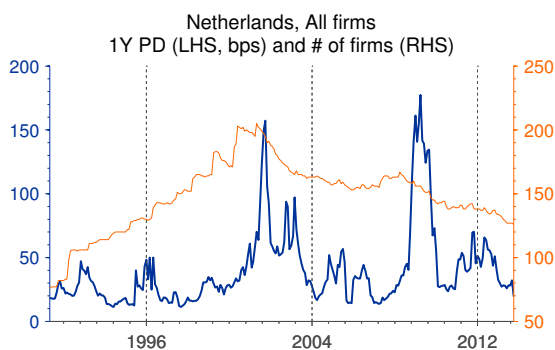
Malta	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	7	5.1	5.5	4.0	3.3	-1.1	2.6
Communications	1	3.6	-	1.3	-	-2.3	-
Consumer Cyclical	4	8.3	13.1	4.9	7.5	-3.4	5.7
Consumer Non-cyclical	1	7.7	-	1.3	-	-6.4	-
Energy	1	5.7	-	2.0	-	-3.7	-
Industrial	1	3.6	-	1.4	-	-2.3	-



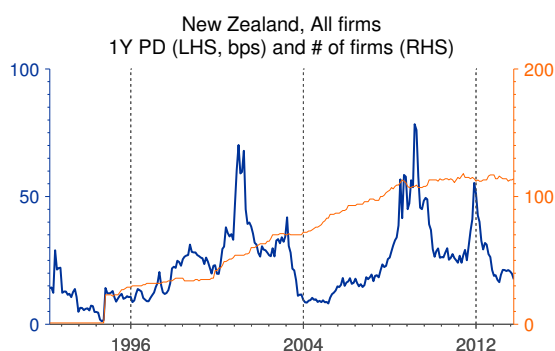
Mexico	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	23	14.1	13.8	14.3	14.7	0.2	4.2
Basic Materials	12	11.3	13.9	13.6	14.6	2.3	5.5
Communications	6	7.8	6.2	11.4	11.1	3.6	7.5
Consumer Cyclical	23	55.0	177.5	47.1	148.6	-7.9	29.9
Consumer Non-cyclical	16	4.6	7.1	5.4	6.0	0.9	2.8
Diversified	5	6.2	6.4	7.5	6.0	1.3	2.2
Industrial	15	23.2	56.6	23.2	47.8	0.0	15.8
Utilities	1	0.5	-	0.5	-	-0.1	-



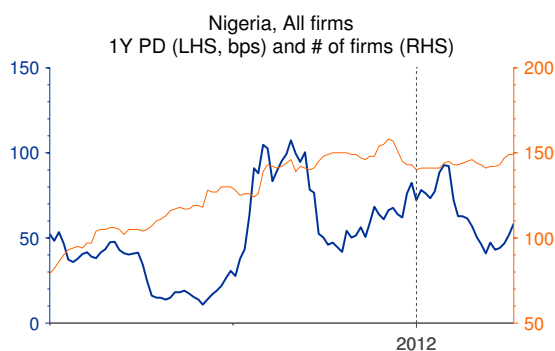
Morocco	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	18	31.7	28.4	26.5	27.9	-5.2	12.5
Basic Materials	11	23.4	22.4	16.0	12.9	-7.3	13.6
Communications	1	1.3	-	0.8	-	-0.4	-
Consumer Cyclical	7	19.3	11.0	13.9	7.3	-5.4	5.5
Consumer Non-cyclical	11	28.7	69.4	23.9	56.8	-4.8	12.8
Diversified	1	5.6	-	5.6	-	0.0	-
Energy	1	169.9	-	130.9	-	-39.0	-
Industrial	12	39.2	43.5	19.7	18.8	-19.5	26.5
Technology	5	25.8	23.2	15.0	12.4	-10.8	11.0
Utilities	2	16.9	18.3	13.7	14.5	-3.3	3.8



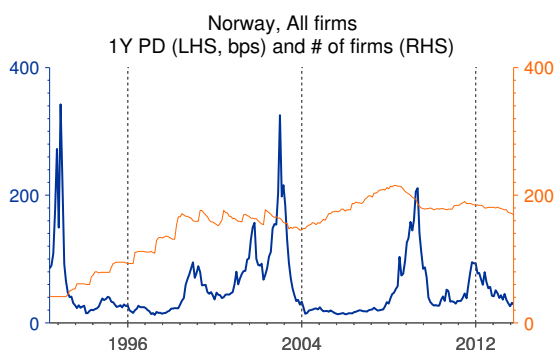
Netherlands	#	2014Q1		2014Q2		Q2-Q1	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	19	22.3	36.1	18.1	25.0	-4.2	14.5
Basic Materials	7	42.2	56.8	56.2	103.3	14.0	53.7
Communications	11	8.3	8.8	10.0	10.3	1.7	8.4
Consumer Cyclical	12	12.3	11.5	9.2	8.5	-3.1	4.8
Consumer Non-cyclical	26	12.5	20.9	9.8	15.3	-2.7	11.6
Diversified	1	0.1	-	0.1	-	-0.0	-
Energy	6	23.4	50.9	19.9	38.3	-3.5	13.2
Industrial	26	14.0	13.6	11.7	12.4	-2.2	6.0
Technology	16	23.1	54.0	16.5	38.9	-6.6	15.4



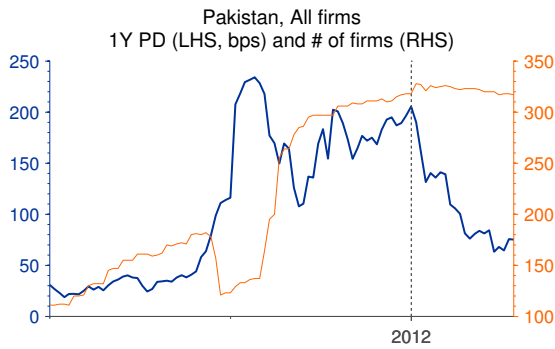
New Zealand	#	2014Q1		2014Q2		Q2-Q1	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	17	10.9	20.3	14.5	24.0	3.5	10.1
Basic Materials	4	27.4	32.2	28.0	33.4	0.6	1.6
Communications	8	18.2	26.5	11.1	16.0	-7.1	14.3
Consumer Cyclical	20	33.9	78.1	38.5	89.9	4.7	13.8
Consumer Non-cyclical	33	16.9	32.5	21.2	49.7	4.3	23.5
Diversified	3	7.2	5.2	10.0	9.4	2.7	4.2
Energy	5	13.7	15.8	22.0	25.5	8.3	12.3
Industrial	12	17.5	38.6	19.7	36.0	2.2	9.8
Technology	5	28.9	50.0	33.5	60.5	4.6	10.8
Utilities	6	1.6	1.4	1.6	1.6	0.0	0.5



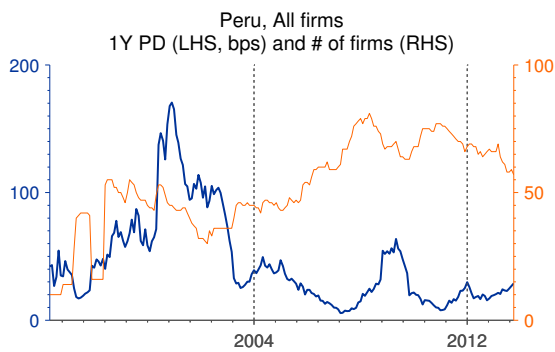
Nigeria	#	2014Q1		2014Q2		Q2-Q1	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	50	51.5	119.6	47.1	93.0	-4.4	31.2
Basic Materials	11	34.9	38.6	38.7	44.8	3.8	15.9
Communications	5	25.0	29.9	22.8	22.3	-2.3	9.2
Consumer Cyclical	14	75.6	82.4	92.8	102.9	17.2	21.6
Consumer Non-cyclical	36	31.2	42.2	43.2	55.9	11.9	26.6
Energy	8	44.9	48.7	62.2	68.5	17.4	21.1
Industrial	19	60.9	76.9	63.7	77.9	2.7	13.2
Technology	2	64.3	25.4	46.6	11.3	-17.7	36.7



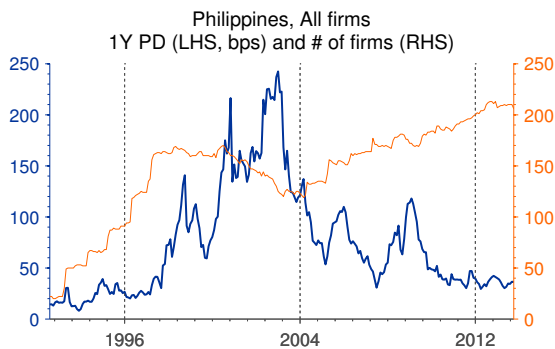
Norway	#	2014Q1		2014Q2		Q2-Q1	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	35	26.1	20.3	31.7	41.1	5.6	35.5
Basic Materials	6	8.3	13.8	9.6	17.1	1.3	3.4
Communications	9	12.2	11.0	14.2	17.5	2.0	10.6
Consumer Cyclical	4	10.5	8.9	9.5	7.2	-1.0	4.1
Consumer Non-cyclical	24	18.3	30.6	13.6	21.6	-4.7	24.4
Diversified	1	2.9	-	4.5	-	1.6	-
Energy	24	123.5	428.5	26.9	41.6	-96.6	426.6
Industrial	46	20.8	34.2	19.6	29.5	-1.2	10.9
Technology	10	10.1	7.4	7.5	4.5	-2.6	3.8
Utilities	2	4.1	3.4	2.7	2.4	-1.4	1.0



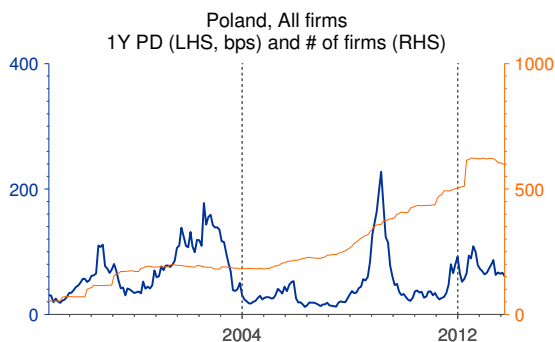
Pakistan	2014Q1		2014Q2		Q2-Q1		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	72	71.3	91.7	57.9	77.8	-13.4	23.9
Basic Materials	31	40.5	95.6	40.8	95.4	0.3	13.0
Communications	7	81.5	88.4	63.9	69.9	-17.6	20.5
Consumer Cyclical	83	62.0	99.5	66.4	91.8	4.4	22.6
Consumer Non-cyclical	49	60.5	105.0	62.6	111.4	2.1	28.9
Energy	10	55.9	95.1	29.4	42.3	-26.5	53.7
Industrial	42	34.3	38.4	29.9	30.0	-4.4	12.9
Technology	1	8.7	-	17.2	-	8.5	-
Utilities	9	176.6	221.3	165.4	231.1	-11.2	61.7



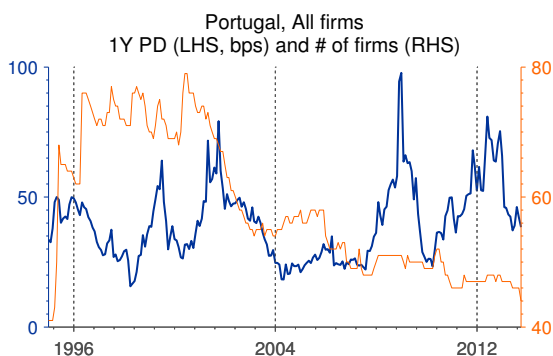
Peru	2014Q1		2014Q2		Q2-Q1		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	11	12.4	12.2	14.4	14.3	2.0	2.9
Basic Materials	12	30.6	38.1	58.3	95.8	27.7	75.0
Communications	2	8.4	0.6	10.8	0.6	2.3	0.0
Consumer Cyclical	3	16.0	13.3	20.7	18.0	4.8	5.2
Consumer Non-cyclical	11	49.8	63.3	40.5	46.0	-9.4	46.8
Diversified	2	7.0	0.5	12.6	2.6	5.6	2.1
Energy	1	152.8	-	214.7	-	61.9	-
Industrial	3	10.8	6.0	14.9	12.4	4.1	6.7
Utilities	5	4.2	8.1	4.7	8.5	0.5	0.5



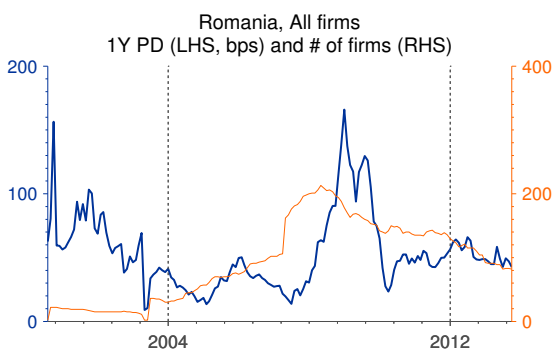
Philippines	2014Q1		2014Q2		Q2-Q1		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	67	48.3	59.5	39.7	48.1	-8.6	25.7
Basic Materials	23	34.9	39.1	35.6	39.0	0.7	26.9
Communications	13	38.7	70.9	42.3	73.7	3.6	11.2
Consumer Cyclical	20	30.5	34.5	36.9	47.2	6.4	21.4
Consumer Non-cyclical	31	37.7	69.0	26.3	36.0	-11.4	59.4
Diversified	16	24.3	34.9	33.8	57.7	9.6	47.8
Energy	13	36.5	81.2	22.8	36.8	-13.7	48.2
Industrial	11	69.0	80.2	72.5	97.8	3.5	35.9
Technology	2	6.4	0.1	6.1	1.1	-0.3	1.2
Utilities	12	26.0	33.0	18.3	17.4	-7.7	16.4



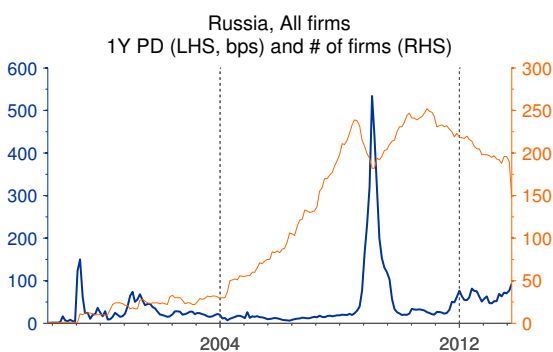
Poland	2014Q1		2014Q2		Q2-Q1		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	109	53.7	111.8	68.6	203.6	14.9	190.6
Basic Materials	25	16.6	17.3	19.0	19.1	2.4	6.0
Communications	64	48.2	91.0	46.1	125.6	-2.1	46.7
Consumer Cyclical	79	54.0	142.1	52.9	181.4	-1.1	67.8
Consumer Non-cyclical	92	48.4	112.4	39.4	62.2	-9.0	75.9
Diversified	1	243.5	-	243.5	-	0.0	-
Energy	17	56.3	98.8	28.3	28.6	-28.0	75.2
Industrial	133	31.0	40.1	29.8	33.5	-1.2	22.1
Technology	48	54.7	110.8	49.2	91.3	-5.5	59.1
Utilities	11	65.9	137.5	35.1	59.2	-30.7	79.6



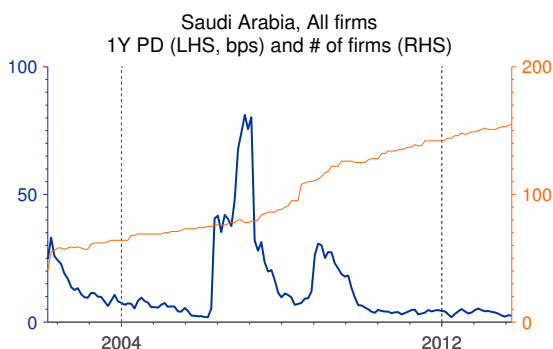
Portugal	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	6	67.9	122.2	30.2	43.6	-37.7	79.0
Basic Materials	6	10.4	13.8	5.4	6.5	-5.1	7.5
Communications	7	14.7	13.0	11.5	11.6	-3.1	4.5
Consumer Cyclical	7	32.3	26.1	23.1	22.5	-9.1	14.3
Consumer Non-cyclical	3	76.0	115.4	25.4	23.7	-50.6	92.0
Diversified	2	25.9	12.1	18.4	11.6	-7.6	0.5
Energy	1	1.4	-	1.0	-	-0.4	-
Industrial	7	25.0	19.0	19.0	16.6	-6.1	4.8
Technology	3	33.2	25.8	21.5	24.8	-11.7	8.2
Utilities	2	8.4	5.3	4.3	2.1	-4.1	3.2



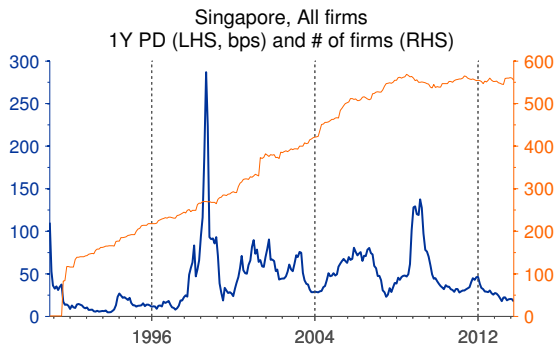
Romania	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	7	15.1	20.3	18.0	22.4	2.9	4.5
Basic Materials	8	28.8	24.8	21.1	13.5	-7.7	17.5
Communications	1	14.5	-	14.8	-	0.3	-
Consumer Cyclical	11	28.0	33.4	20.6	19.8	-7.4	19.2
Consumer Non-cyclical	11	22.3	29.0	24.2	38.3	1.9	10.7
Energy	9	20.8	24.4	29.1	38.9	8.2	17.5
Industrial	25	51.8	63.1	45.3	39.8	-6.5	38.6
Utilities	2	2.9	2.5	2.4	2.3	-0.4	0.2



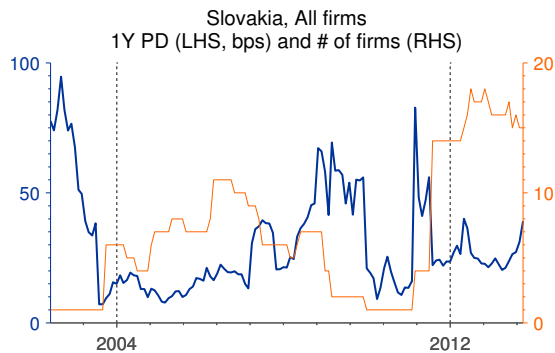
Russia	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	16	47.8	35.6	70.1	51.5	22.3	27.0
Basic Materials	21	43.8	58.1	51.6	88.3	7.8	42.8
Communications	11	49.7	64.1	45.3	58.8	-4.3	33.7
Consumer Cyclical	12	77.8	127.4	76.0	41.4	-1.8	98.2
Consumer Non-cyclical	21	36.7	31.3	37.1	22.7	0.4	28.2
Diversified	1	387.3	-	516.4	-	129.2	-
Energy	21	46.0	51.6	54.8	59.9	8.8	35.5
Industrial	13	44.1	38.2	111.9	143.5	67.9	125.0
Technology	2	6.9	8.6	6.4	2.0	-0.5	6.7
Utilities	50	127.3	110.2	142.5	120.1	15.2	54.3



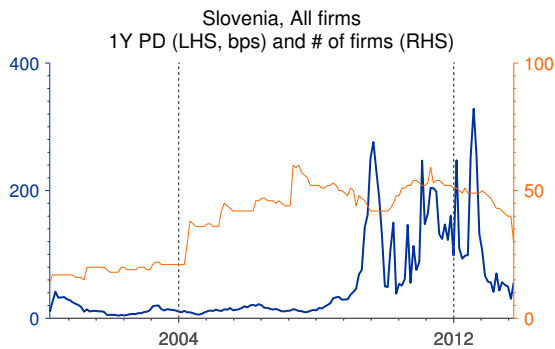
Saudi Arabia	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	55	0.9	1.3	1.1	1.5	0.2	0.9
Basic Materials	18	1.2	1.3	1.5	2.3	0.3	1.7
Communications	6	4.4	3.3	3.7	3.4	-0.7	2.2
Consumer Cyclical	15	1.5	3.0	1.0	1.7	-0.5	1.3
Consumer Non-cyclical	24	1.4	3.1	0.7	1.2	-0.7	2.0
Diversified	3	0.9	0.6	1.3	0.6	0.4	0.1
Energy	2	1.3	0.7	1.2	0.7	-0.1	0.0
Industrial	29	1.9	4.5	1.4	3.7	-0.5	0.9
Utilities	2	24.3	34.3	25.3	35.7	1.0	1.4



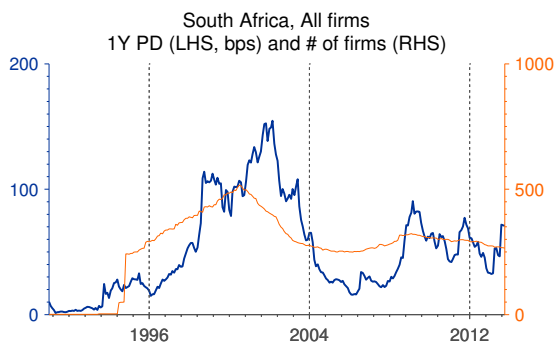
Singapore	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	88	16.6	47.5	14.7	29.3	-2.0	43.2
Basic Materials	33	40.3	68.7	40.7	61.9	0.4	28.7
Communications	27	24.6	50.1	32.2	63.7	7.6	18.8
Consumer Cyclical	80	12.9	15.1	18.1	26.7	5.1	22.3
Consumer Non-cyclical	75	21.9	56.9	21.8	52.4	-0.2	21.8
Diversified	12	27.3	56.2	21.2	36.7	-6.2	24.6
Energy	26	23.9	24.4	26.5	36.7	2.7	18.6
Industrial	178	24.5	39.4	26.0	51.6	1.5	33.7
Technology	26	18.9	21.7	22.3	30.0	3.3	14.9
Utilities	2	4.1	3.3	1.4	0.2	-2.8	3.1



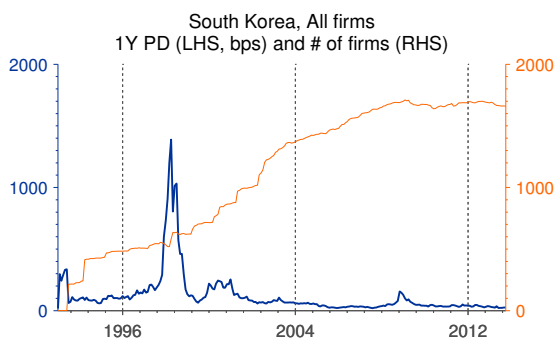
Slovakia	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	2	60.9	63.1	10.5	4.9	-50.5	68.0
Basic Materials	1	25.3	-	24.4	-	-0.9	-
Consumer Cyclical	2	0.0	0.0	0.2	0.3	0.2	0.2
Consumer Non-cyclical	3	25.6	19.8	22.6	14.4	-3.0	5.5
Energy	1	13.3	-	13.4	-	0.1	-
Industrial	1	89.0	-	92.4	-	3.4	-
Technology	1	9.0	-	6.9	-	-2.1	-



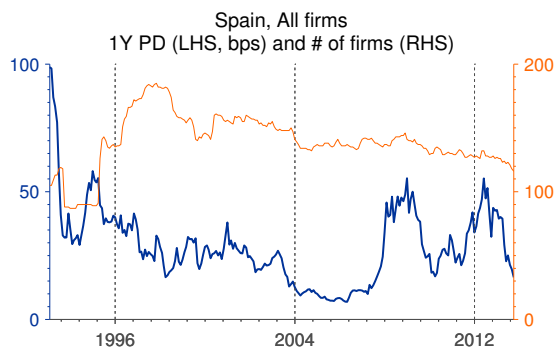
Slovenia	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	4	74.8	104.4	38.4	44.1	-36.4	60.7
Basic Materials	4	9.2	3.8	6.4	3.1	-2.8	1.8
Communications	1	49.4	-	27.5	-	-21.9	-
Consumer Cyclical	10	380.7	1140.2	26.0	38.4	-354.7	1102.8
Consumer Non-cyclical	10	22.8	31.7	9.5	10.6	-13.3	21.4
Energy	1	8.3	-	3.0	-	-5.3	-
Industrial	7	26.1	36.7	8.1	5.6	-18.1	31.8
Technology	1	9.2	-	6.5	-	-2.7	-



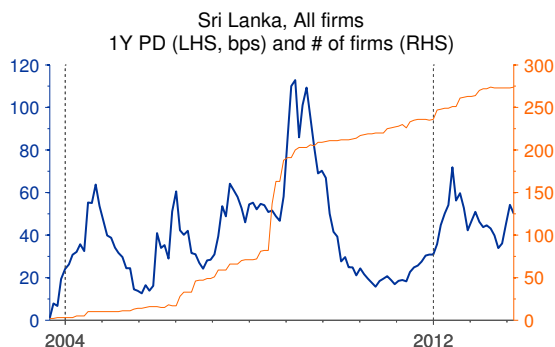
South Africa	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	53	147.4	879.1	26.5	29.3	-120.9	879.2
Basic Materials	43	67.3	118.2	66.6	134.8	-0.7	46.0
Communications	12	31.3	60.9	25.7	48.0	-5.6	15.3
Consumer Cyclical	30	6.3	8.7	7.9	12.8	1.6	6.7
Consumer Non-cyclical	37	59.8	140.9	46.8	129.7	-13.0	75.3
Diversified	8	10.6	7.5	10.6	7.8	0.1	6.5
Energy	5	17.9	17.9	20.2	20.3	2.4	5.9
Industrial	55	36.4	59.6	45.8	99.8	9.4	75.6
Technology	14	42.6	93.2	50.6	111.7	8.0	20.3



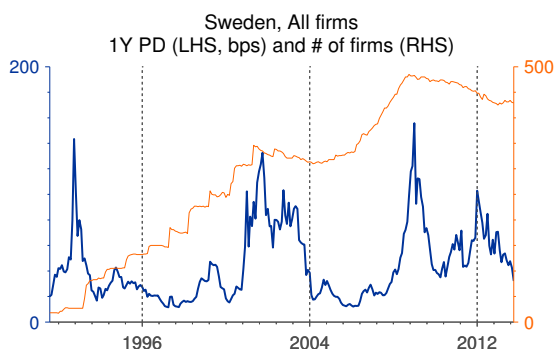
South Korea	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	98	55.1	61.9	46.0	54.8	-9.1	31.6
Basic Materials	173	26.9	47.6	20.4	41.5	-6.5	22.5
Communications	172	22.9	39.8	20.1	59.8	-2.8	43.2
Consumer Cyclical	267	25.1	39.4	20.8	49.7	-4.3	36.6
Consumer Non-cyclical	231	16.4	27.3	10.4	19.2	-6.0	21.6
Diversified	13	61.6	113.7	22.7	30.9	-38.9	103.1
Energy	11	40.6	79.2	29.4	53.8	-11.2	27.7
Industrial	479	30.7	51.4	27.3	56.7	-3.4	41.8
Technology	191	23.1	32.8	18.3	29.1	-4.8	19.8
Utilities	17	13.2	14.5	14.6	13.7	1.4	7.0



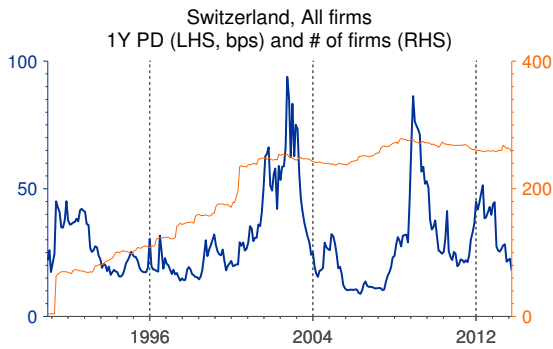
Spain	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	22	22.7	23.2	14.6	12.1	-8.1	18.2
Basic Materials	7	5.4	7.4	3.9	4.8	-1.6	2.7
Communications	11	15.4	21.0	10.0	17.7	-5.4	6.2
Consumer Cyclical	10	28.3	48.2	18.9	31.8	-9.5	17.1
Consumer Non-cyclical	27	8.0	10.7	5.9	7.0	-2.1	5.9
Energy	4	12.7	18.0	6.5	5.8	-6.2	12.8
Industrial	27	12.8	14.1	9.8	11.6	-3.0	5.6
Technology	3	2.2	2.9	1.3	1.7	-0.9	1.2
Utilities	6	3.0	1.2	2.5	2.3	-0.4	2.0



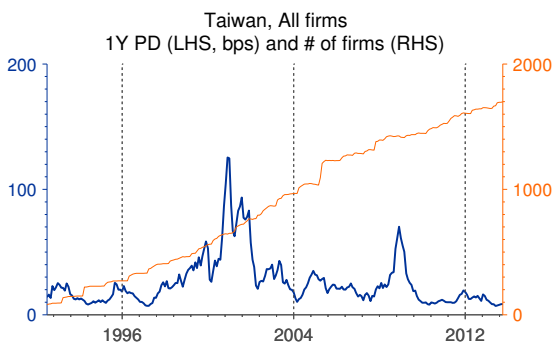
Sri Lanka	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	88	59.0	78.9	62.2	101.3	3.2	58.5
Basic Materials	14	55.3	74.4	56.2	75.0	0.9	7.4
Communications	4	6.1	3.9	6.0	5.4	-0.1	2.1
Consumer Cyclical	60	26.7	58.1	27.2	63.1	0.5	10.9
Consumer Non-cyclical	56	30.3	33.8	27.1	31.7	-3.2	11.2
Diversified	16	55.2	98.5	56.7	108.6	1.5	13.7
Energy	3	3.4	3.3	3.2	3.7	-0.3	1.0
Industrial	23	40.1	44.1	43.2	48.5	3.1	10.4
Technology	3	323.9	551.7	622.5	1070.1	298.6	518.4
Utilities	5	7.7	6.0	6.9	4.8	-0.7	1.6



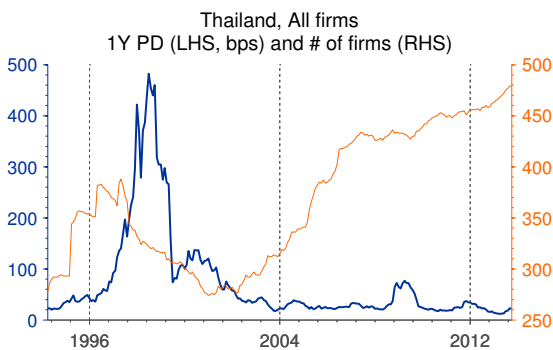
Sweden	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	60	18.6	29.9	21.4	56.7	2.8	34.6
Basic Materials	28	87.6	161.2	79.0	126.2	-8.5	54.3
Communications	42	29.3	58.5	25.4	41.3	-4.0	37.1
Consumer Cyclical	50	19.5	26.5	23.7	74.5	4.2	64.7
Consumer Non-cyclical	110	21.1	34.5	19.8	29.5	-1.3	24.9
Diversified	8	34.2	49.2	22.2	24.9	-12.0	32.6
Energy	15	55.5	64.2	61.1	101.1	5.6	91.8
Industrial	93	28.2	47.0	24.1	34.1	-4.0	32.4
Technology	35	22.1	30.8	24.3	51.1	2.2	48.7
Utilities	1	15.3	-	13.3	-	-2.0	-



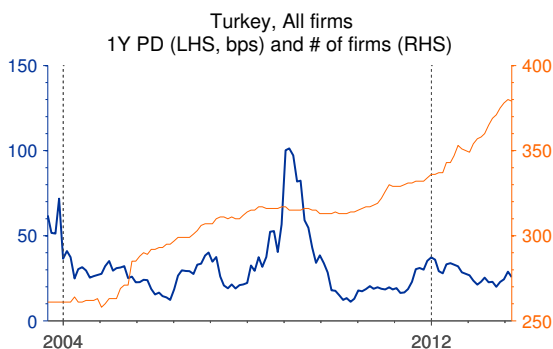
Switzerland	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	73	18.1	34.2	20.0	41.2	1.9	14.5
Basic Materials	17	7.3	10.4	9.4	13.5	2.1	4.3
Communications	16	8.8	10.8	12.5	23.4	3.7	19.4
Consumer Cyclical	21	11.5	22.9	8.7	12.9	-2.8	11.2
Consumer Non-cyclical	41	10.4	19.4	12.1	26.9	1.7	11.2
Diversified	5	20.4	29.8	13.9	19.3	-6.5	14.8
Energy	6	44.3	50.5	35.3	38.0	-8.9	17.2
Industrial	66	9.0	16.3	7.7	14.8	-1.3	3.8
Technology	9	18.3	17.6	16.5	18.3	-1.8	7.6
Utilities	10	11.9	20.9	14.5	28.9	2.6	8.2



Taiwan	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	110	10.7	22.2	9.7	29.7	-1.0	15.8
Basic Materials	115	10.3	42.9	8.6	41.9	-1.7	8.0
Communications	85	3.6	6.6	5.7	21.9	2.2	21.0
Consumer Cyclical	217	4.7	11.6	4.0	10.0	-0.7	3.4
Consumer Non-cyclical	166	4.8	15.4	5.2	26.0	0.4	23.6
Diversified	2	1.4	1.8	1.3	1.8	-0.1	0.1
Energy	10	13.6	14.6	19.1	29.9	5.5	18.7
Industrial	643	7.3	18.1	5.1	11.6	-2.2	8.6
Technology	333	7.1	16.4	4.7	9.7	-2.4	9.5
Utilities	8	0.3	0.4	0.2	0.3	-0.1	0.4

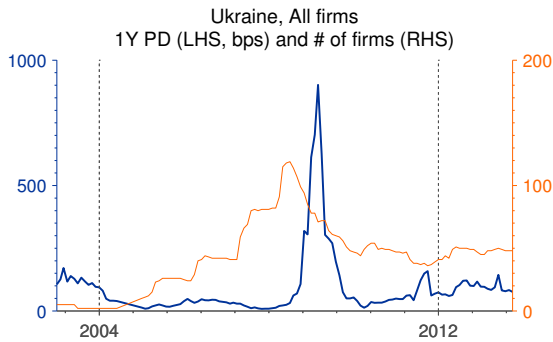


Thailand	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	92	41.5	41.6	35.3	29.8	-6.2	26.1
Basic Materials	49	29.2	42.4	23.1	30.4	-6.1	20.7
Communications	39	15.1	19.2	14.2	25.2	-0.9	13.3
Consumer Cyclical	113	23.2	48.0	19.5	40.0	-3.7	14.1
Consumer Non-cyclical	71	10.8	16.6	9.5	15.6	-1.3	6.7
Diversified	2	3.1	2.7	3.1	2.6	0.0	0.1
Energy	15	27.8	40.1	31.6	57.5	3.9	21.9
Industrial	95	23.7	27.9	21.5	27.1	-2.2	9.4
Technology	12	21.8	18.4	16.5	16.0	-5.3	10.8
Utilities	7	6.3	6.1	5.6	5.2	-0.8	2.2

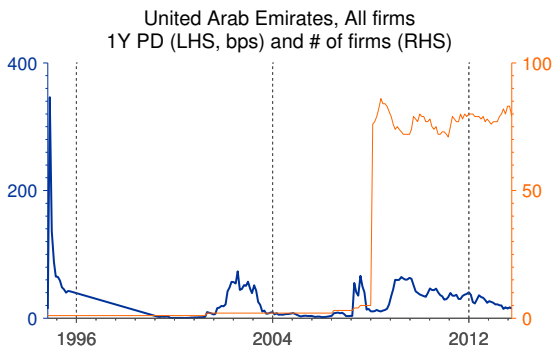


Turkey	2014Q1			2014Q2		Q2-Q1	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	99	30.4	31.3	37.0	37.7	6.6	14.9
Basic Materials	32	27.5	37.1	32.9	48.5	5.5	15.2
Communications	14	31.5	26.0	37.2	32.6	5.7	16.6
Consumer Cyclical	98	37.7	37.4	44.3	46.9	6.6	19.8
Consumer Non-cyclical	56	46.9	67.8	40.2	41.3	-6.6	53.3
Diversified	12	53.5	51.4	48.5	40.7	-5.0	22.7
Energy	4	188.0	326.4	200.2	347.9	12.2	24.0
Industrial	67	29.1	38.2	35.5	64.5	6.4	40.3
Technology	4	72.7	83.9	73.9	79.7	1.2	10.3
Utilities	7	33.9	27.0	37.8	27.1	3.9	6.6

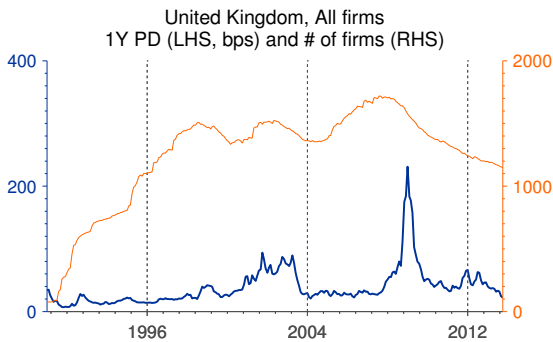




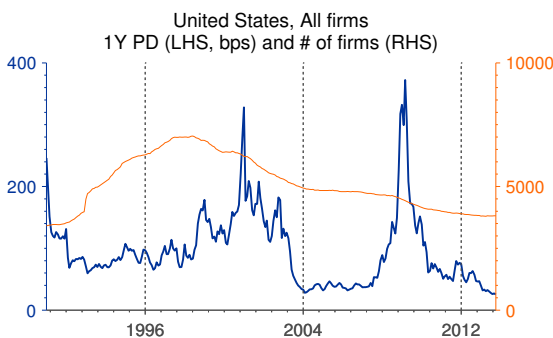
Ukraine	#	2014Q1		2014Q2		Q2-Q1	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	4	47.3	20.8	80.7	40.0	33.4	36.1
Basic Materials	7	95.1	53.5	187.2	118.5	92.1	67.8
Communications	1	60.8	-	89.7	-	29.0	-
Consumer Cyclical	3	139.1	134.6	137.0	97.8	-2.1	40.3
Consumer Non-cyclical	9	41.9	55.1	43.7	43.9	1.8	70.3
Diversified	1	12.0	-	30.0	-	18.0	-
Energy	6	176.4	131.7	109.3	95.3	-67.0	136.6
Industrial	10	59.6	66.7	96.0	103.7	36.4	68.1
Utilities	4	46.1	16.7	59.2	22.3	13.1	18.7



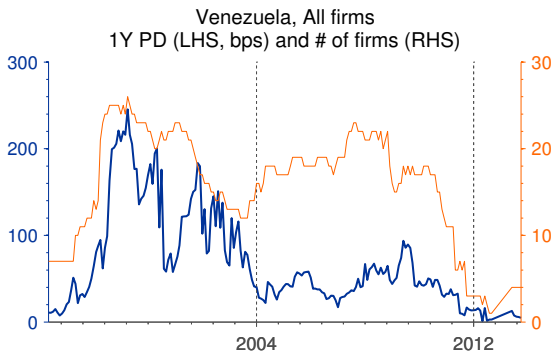
United Arab Emirates	#	2014Q1		2014Q2		Q2-Q1	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	44	13.7	14.9	12.9	13.9	-0.8	4.8
Communications	2	0.4	0.0	0.4	0.1	0.0	0.1
Consumer Cyclical	3	9.9	7.5	8.8	7.6	-1.2	4.0
Consumer Non-cyclical	12	10.0	11.6	10.2	12.2	0.2	1.5
Energy	4	13.9	9.9	13.3	9.7	-0.7	1.3
Industrial	16	19.2	34.8	28.7	73.9	9.5	40.2
Utilities	1	18.8	-	25.9	-	7.1	-



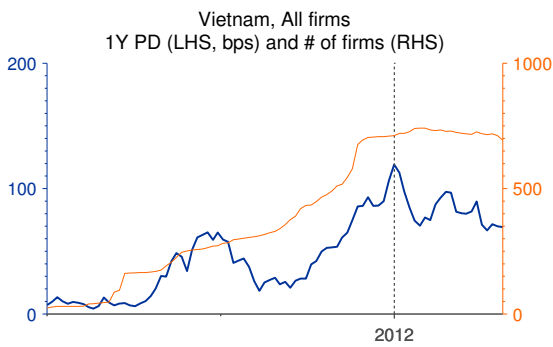
United Kingdom	#	2014Q1		2014Q2		Q2-Q1	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	194	18.2	31.2	18.7	31.9	0.5	16.7
Basic Materials	105	36.4	41.7	37.5	47.4	1.2	24.8
Communications	102	20.1	28.8	25.6	40.5	5.5	30.4
Consumer Cyclical	141	26.3	89.4	34.7	173.4	8.4	89.2
Consumer Non-cyclical	212	16.5	50.8	16.5	40.0	-0.0	21.4
Diversified	9	11.3	12.2	17.0	29.2	5.7	17.8
Energy	96	22.4	24.7	27.3	43.8	4.8	29.7
Industrial	168	14.9	19.8	15.3	22.5	0.4	12.2
Technology	81	21.6	52.4	16.4	22.8	-5.2	35.8
Utilities	12	16.9	28.5	17.8	25.8	0.9	18.6



United States	#	2014Q1		2014Q2		Q2-Q1	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	894	39.2	123.5	34.2	111.2	-5.0	52.9
Basic Materials	142	46.8	156.6	33.3	140.8	-13.6	112.4
Communications	305	19.9	73.5	25.9	174.1	6.0	127.2
Consumer Cyclical	443	20.6	95.5	39.8	369.5	19.3	292.0
Consumer Non-cyclical	776	19.6	58.0	15.6	42.7	-4.0	34.8
Diversified	8	56.3	98.6	71.5	126.9	15.2	28.7
Energy	301	28.5	81.0	30.5	122.2	2.0	93.7
Industrial	489	15.3	59.6	11.8	62.4	-3.5	37.2
Technology	332	9.9	27.3	8.1	21.6	-1.7	14.1
Utilities	91	5.5	26.3	3.6	17.7	-1.9	10.5



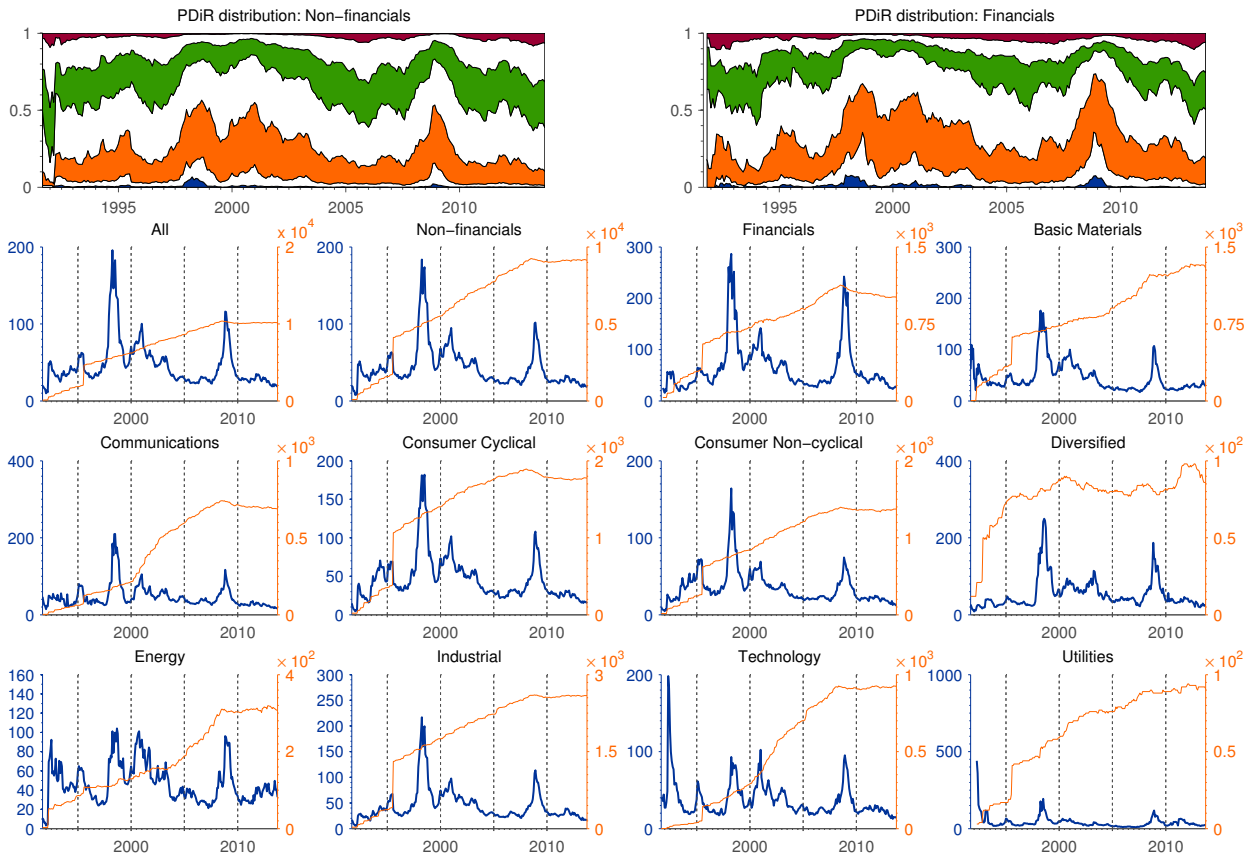
Venezuela	2014Q1		2014Q2		Q2-Q1		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	3	2.6	2.5	6.3	6.3	3.7	3.8



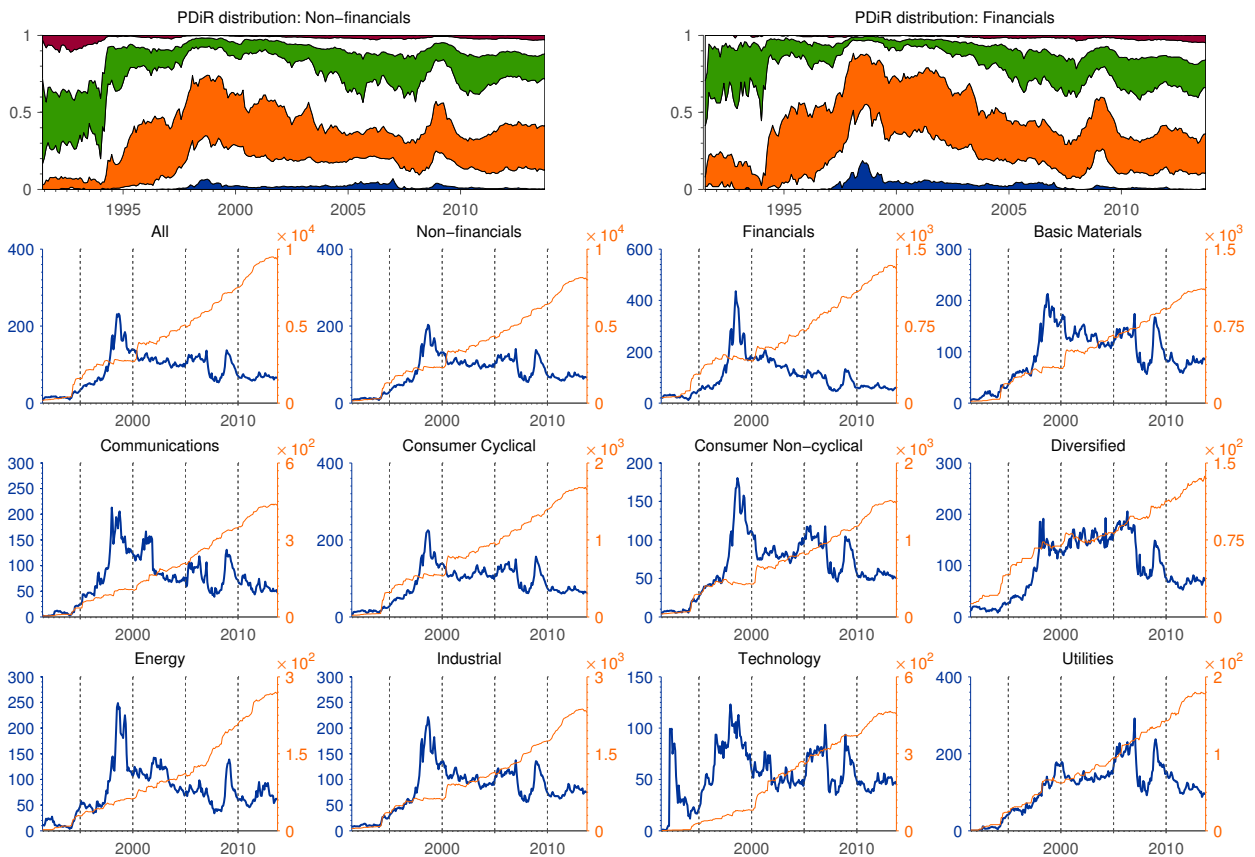
Vietnam	2014Q1		2014Q2		Q2-Q1		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	76	35.3	42.0	23.5	27.5	-11.7	22.2
Basic Materials	59	50.1	56.3	36.2	42.0	-13.9	22.2
Communications	22	29.8	32.4	19.3	18.8	-10.5	21.2
Consumer Cyclical	56	41.0	40.9	35.3	56.4	-5.7	41.1
Consumer Non-cyclical	100	32.3	47.3	29.5	45.2	-2.8	34.5
Diversified	17	33.9	46.2	26.2	38.4	-7.7	13.1
Energy	23	60.2	79.0	35.4	44.5	-24.8	44.2
Industrial	278	71.6	81.6	48.9	58.7	-22.7	40.6
Technology	8	24.4	23.6	19.9	20.4	-4.5	13.6
Utilities	24	16.9	20.6	12.7	14.4	-4.2	7.7

## B PD by regions

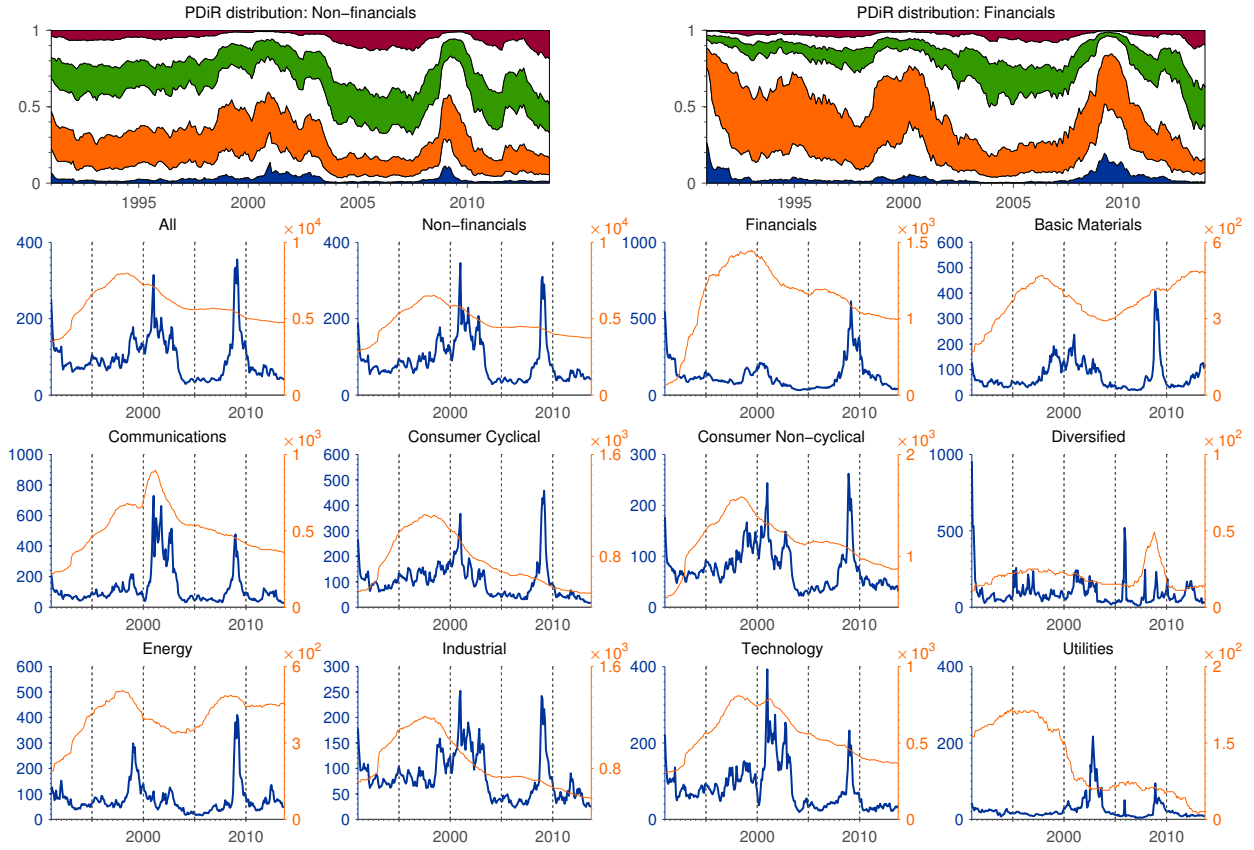
### Asia Pacific - developed economies



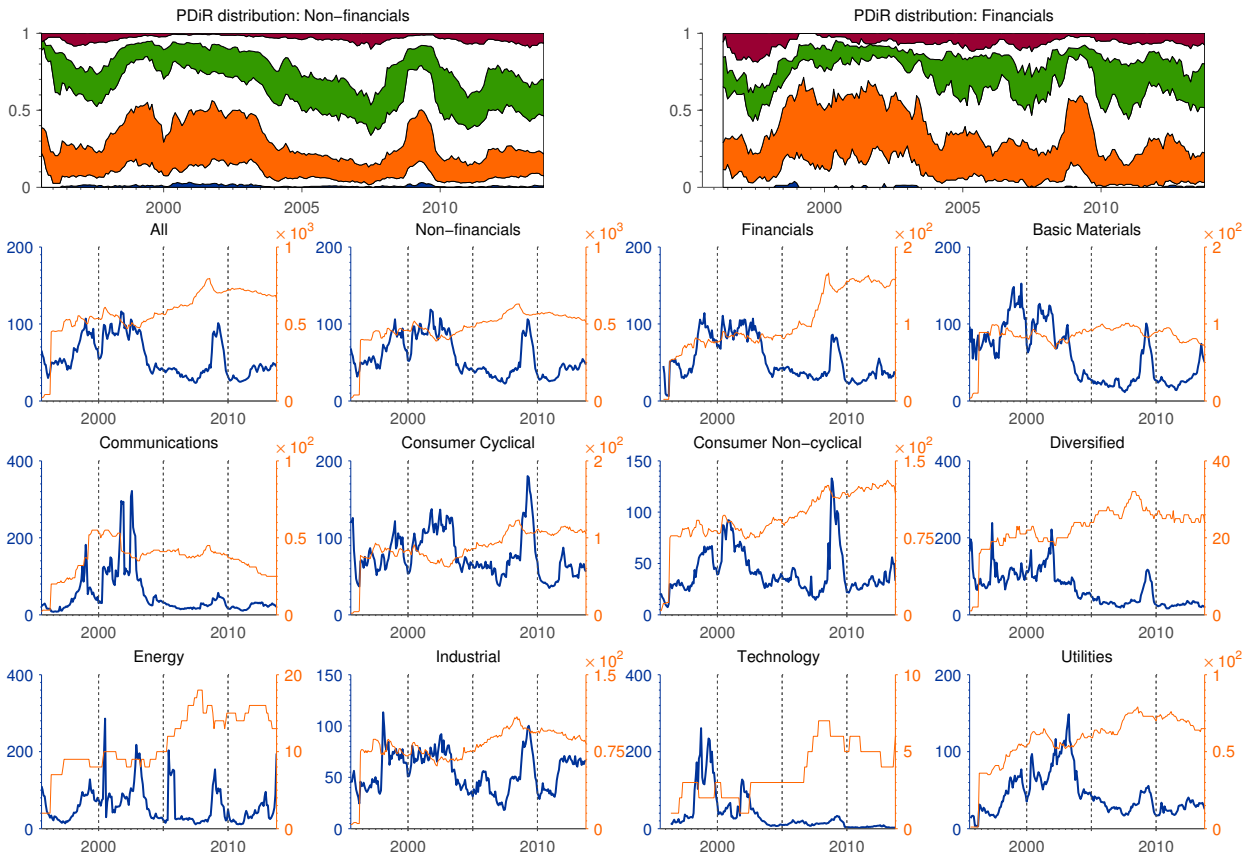
### Asia Pacific - emerging economies



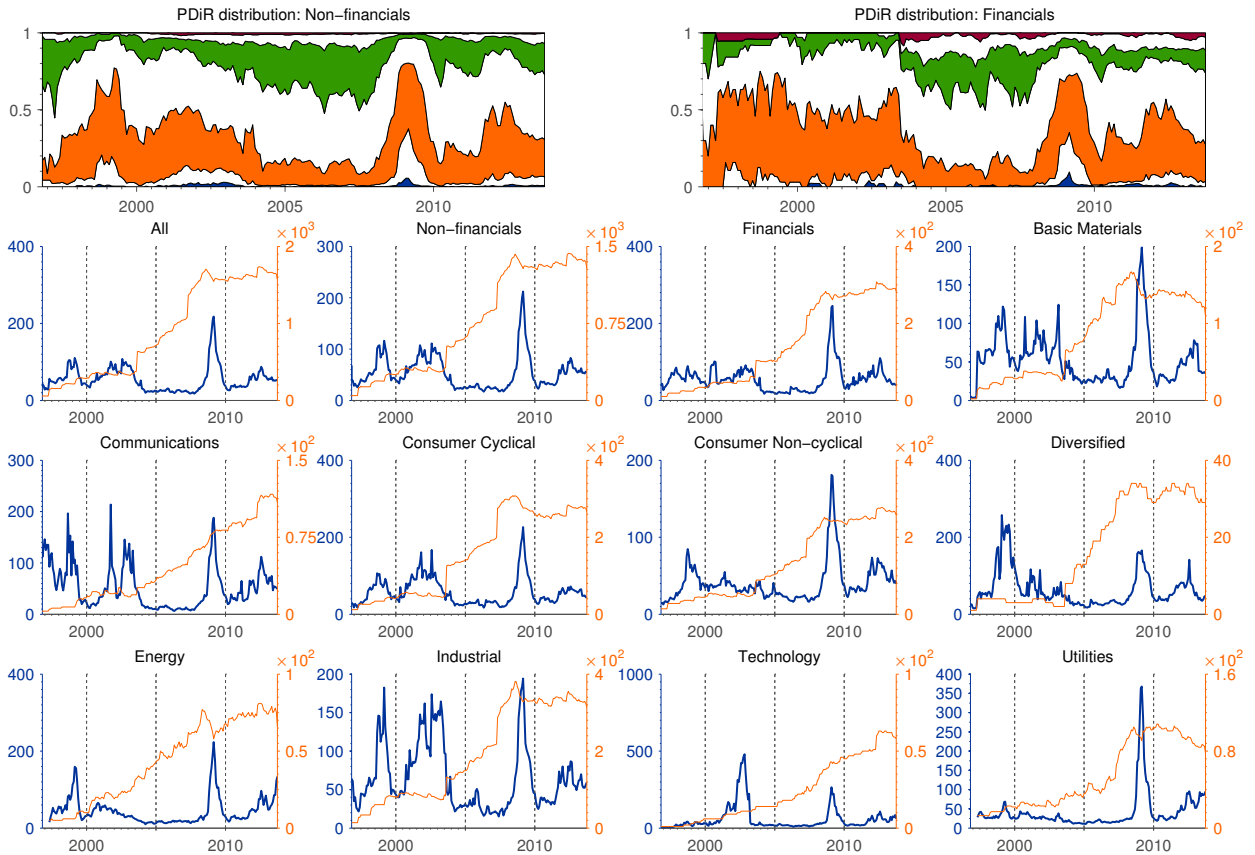
North America



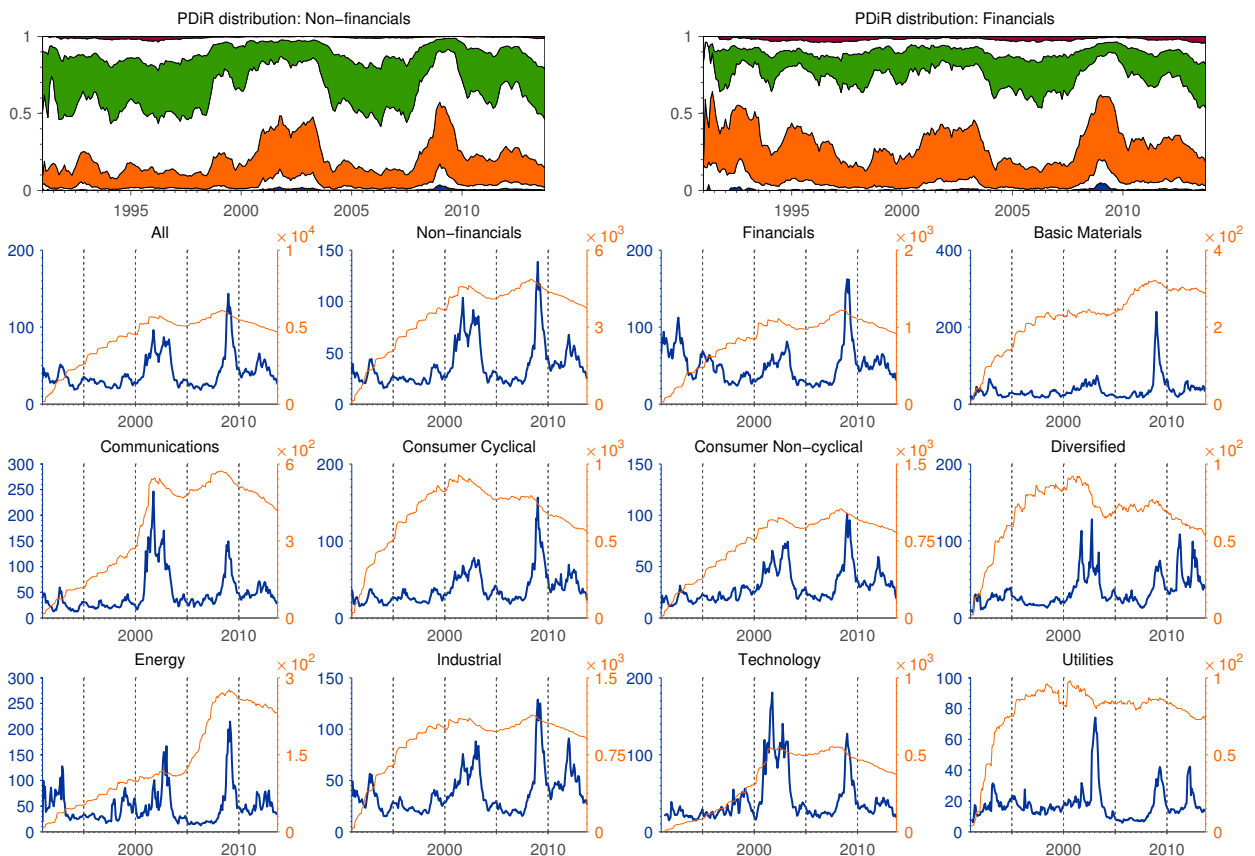
Latin America



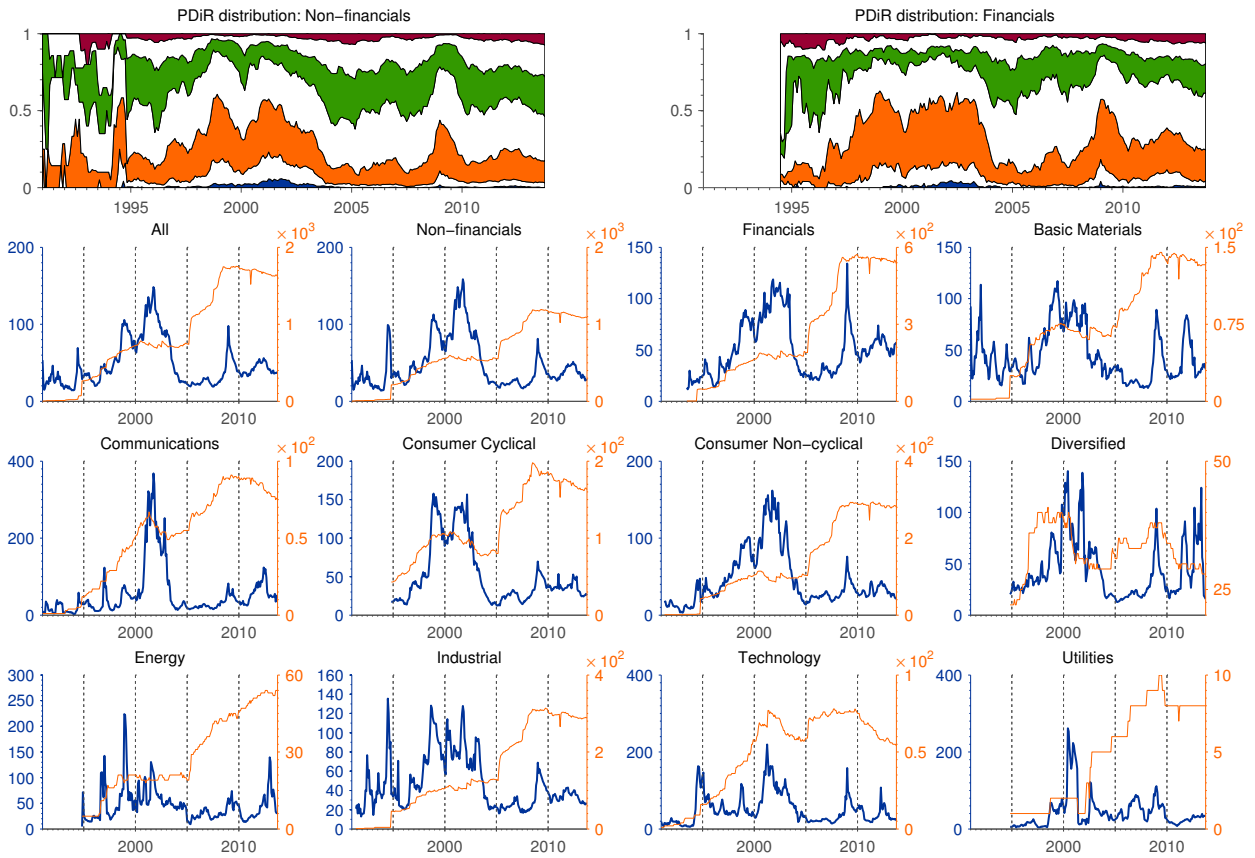
Eastern Europe



Western Europe

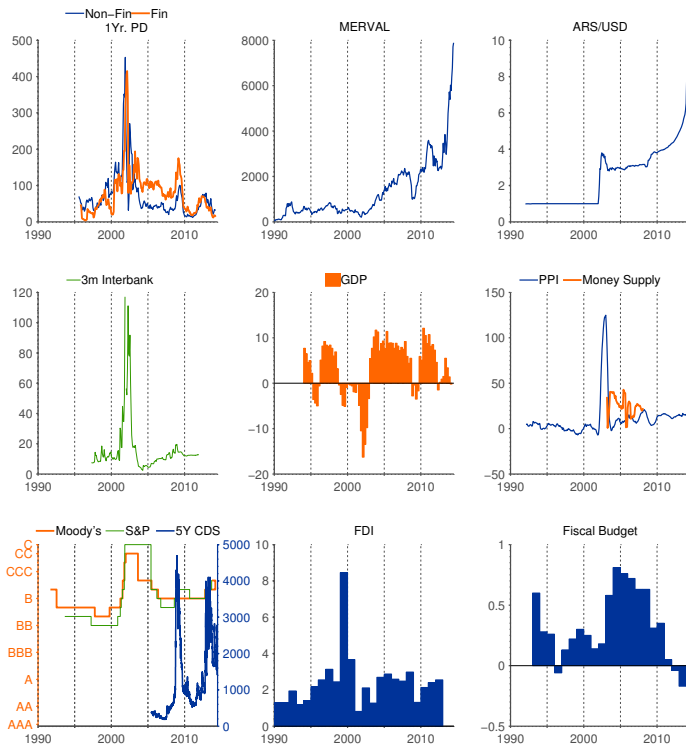


Africa & the Middle East

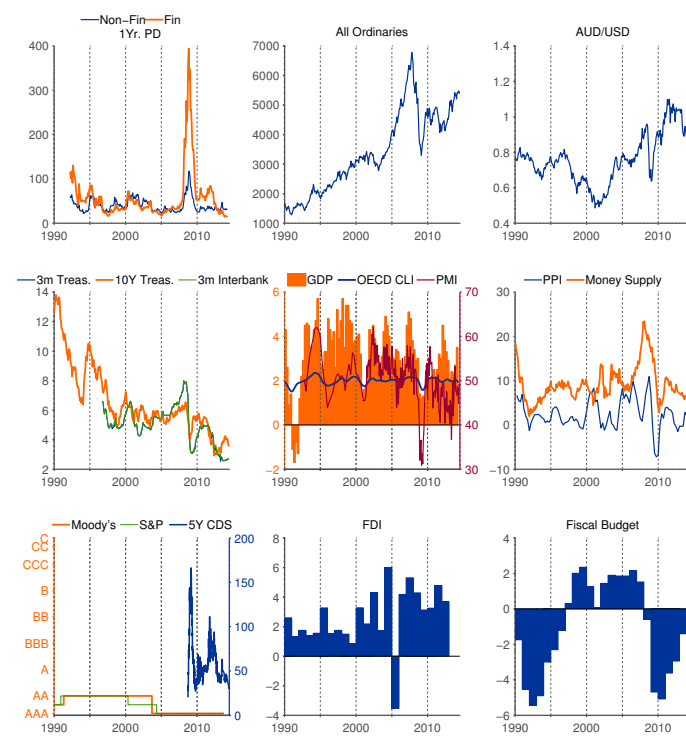


# C Macroeconomic Indicators

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

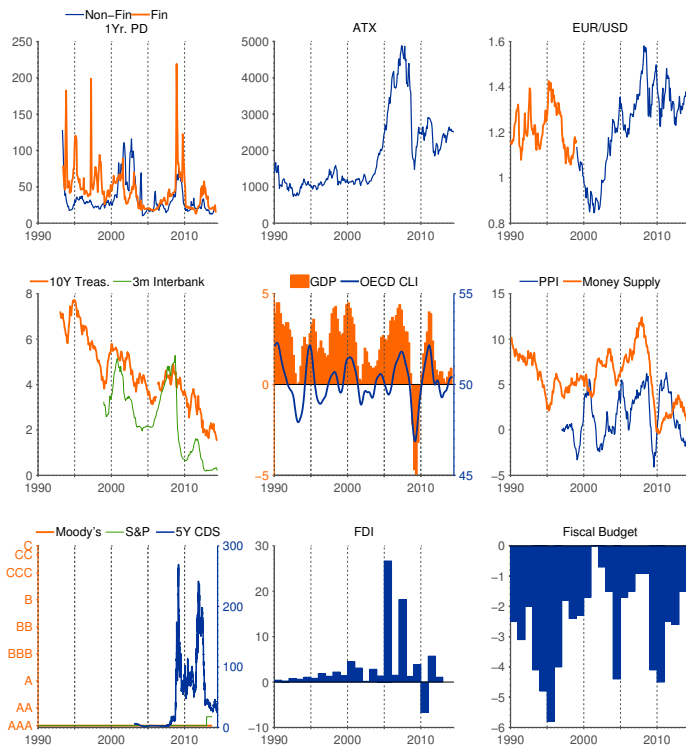


Argentina	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	53.03	33.84	27.25	32.80	-
1Yr. PD, Fin.	39.00	17.89	15.08	14.04	-
MERVAL	2976	4784	5391	6374	7887
ARS/USD	5.39	5.79	6.52	8.00	8.13
GDP (YoY%)	5.5	3.4	1.4	-0.2	-
PPI (YoY%)	16.7	15.2	15.1	27.8	29.4*
Sov. Rating, Moody's	B3	Caa1	Caa1	Caa1	Caa1
Sov. Rating, S&P	B-	CCC+	CCC+	CCC+	CCC+
5Y CDS (bps)	3008.93	2527.46	1653.60	1876.37	1761.26
Fiscal Budget (%GDP)	-	-	-0.17	-	-

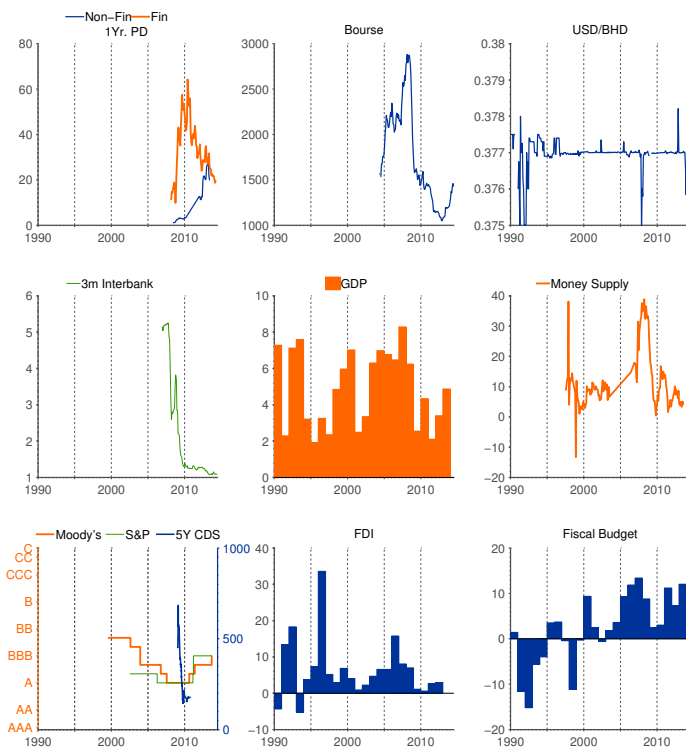


Australia	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	46.69	30.70	32.60	31.25	-
1Yr. PD, Fin.	28.97	18.28	16.15	15.98	-
All Ordinaries	4775	5218	5353	5403	5382
AUD/USD	0.91	0.93	0.89	0.93	0.94
3m Treas. Yield (%)	2.82	2.58	2.63	2.67	2.69
10Y Treas. Yield (%)	3.76	3.81	4.24	4.08	3.54
3m Interbank (%)	2.79	2.56	2.61	2.65	2.68
GDP (YoY%)	2.4	2.3	2.7	3.5	-
OECD CLI	99.84	99.95	100.08	99.74	99.56*
PMI	49.6	51.7	47.6	47.9	48.9
PPI (YoY%)	-0.3	2.8	2.1	3.9	-
Money Supply (YoY%)	6.4	6.1	6.7	6.7	6.3*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	55.78	51.84*	39.00	45.83*	32.16
Fiscal Budget (%GDP)	-	-	-1.40	-	-

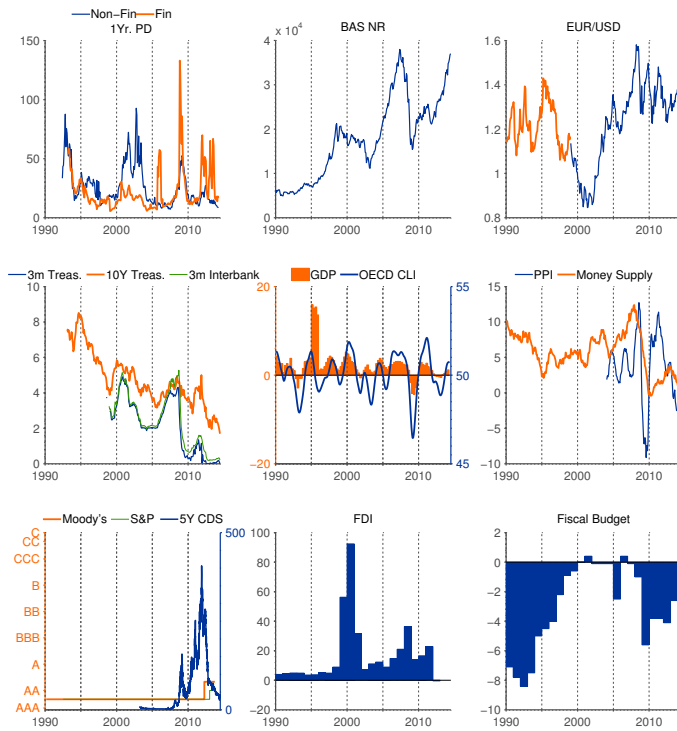




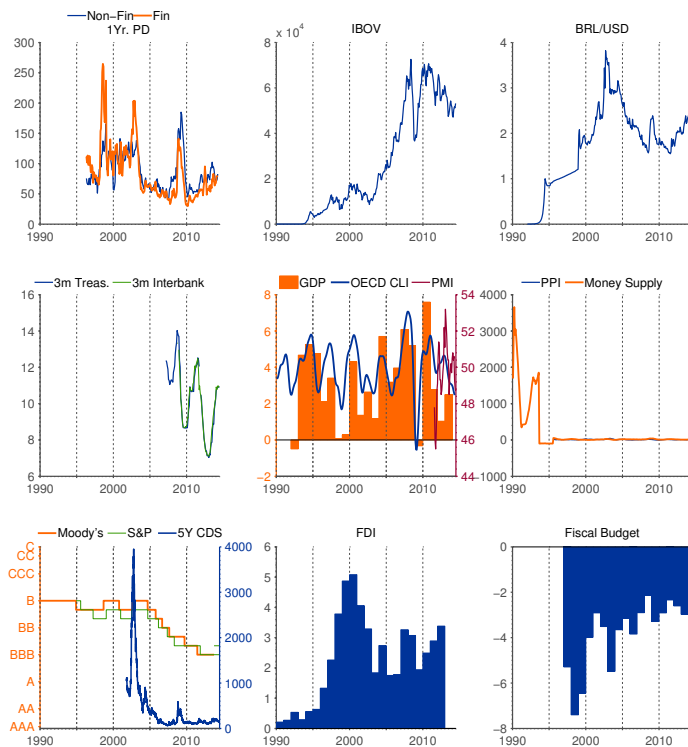
Austria	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	12.48	12.32	17.72	15.14	-
1Yr. PD, Fin.	19.53	20.25	18.19	14.56	-
ATX	2224	2528	2547	2524	2501
EUR/USD	1.30	1.35	1.38	1.38	1.37
10Y Treas. Yield (%)	2.16	2.18	2.27	1.81	1.55
3m Interbank (%)	0.22	0.23	0.29	0.31	0.21
GDP (YoY%)	0.1	0.4	0.7	0.9	-
OECD CLI	99.70	100.07	100.36	100.40	100.38*
PPI (YoY%)	-1.2	-1.3	-1.1	-1.8	-1.2*
Money Supply (YoY%)	2.3	1.9	1.0	0.9	1.2*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AA+	AA+	AA+	AA+	AA+
5Y CDS (bps)	39.1	29.2	37.3	38.9	29.3
Fiscal Budget (%GDP)	-	-	-1.50	-	-



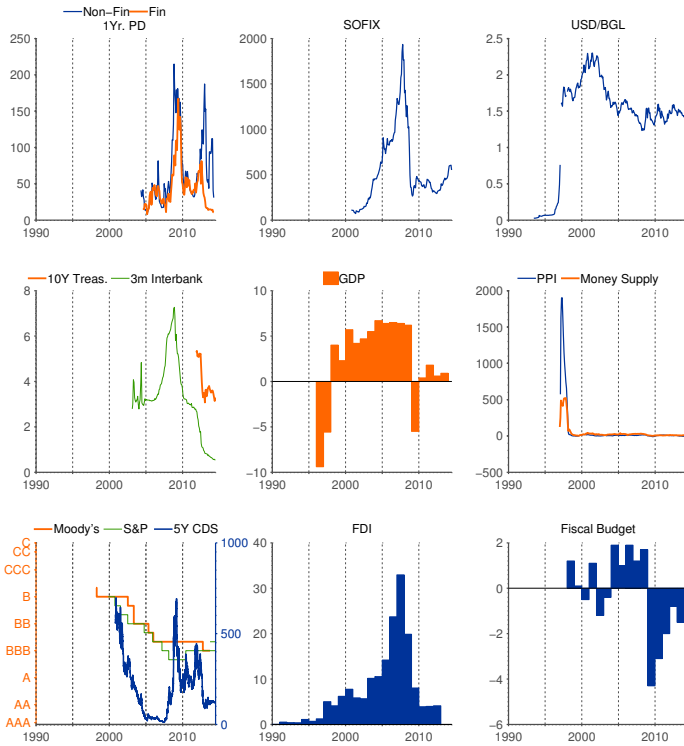
Bahrain	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	19.79*	-	-	-	-
1Yr. PD, Fin.	24.72	22.61	21.50	19.71	-
Bourse	1188	1194	1249	1357	1428
USD/BHD	0.38	0.38	0.38	0.38	0.38
3m Interbank (%)	1.08	1.10	1.15	1.09	1.08
GDP (YoY%)	-	-	4.87	-	-
Money Supply (YoY%)	5.04	4.11*	-	-	-
Sov. Rating, Moody's	Baa1	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
Fiscal Budget (%GDP)	-	-	12.01	-	-



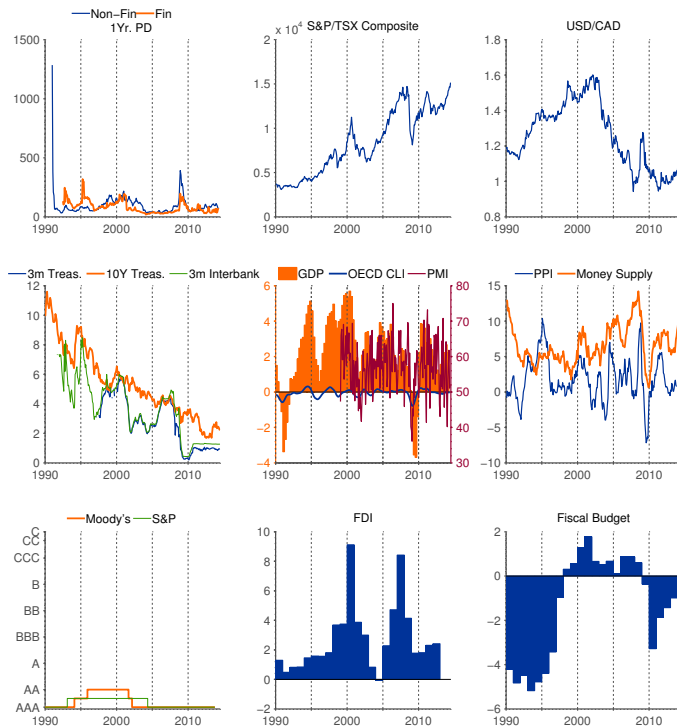
Belgium	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	11.84	13.58	10.12	8.41	-
1Yr. PD, Fin.	66.80	16.85	17.85	16.86	-
BAS NR	27688	31253	33394	35104	37057
EUR/USD	1.30	1.35	1.38	1.38	1.37
3m Treas. Yield (%)	0.04	0.03	0.06	0.19	0.00
10Y Treas. Yield (%)	2.63	2.57	2.56	2.21	1.70
3m Interbank (%)	0.22	0.23	0.29	0.31	0.21
GDP (YoY%)	0.1	0.4	0.8	1.2	-
OECD CLI	99.46	100.15	100.65	100.74	100.76*
PPI (YoY%)	-0.1	-1.8	-2.5	-3.9	-3.0*
Money Supply (YoY%)	2.3	1.9	1.0	0.9	1.2*
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	AA	AA	AA	AA	AA
5Y CDS (bps)	72.58	60.71	47.34	43.00	40.81
Fiscal Budget (%GDP)	-	-	-2.60	-	-



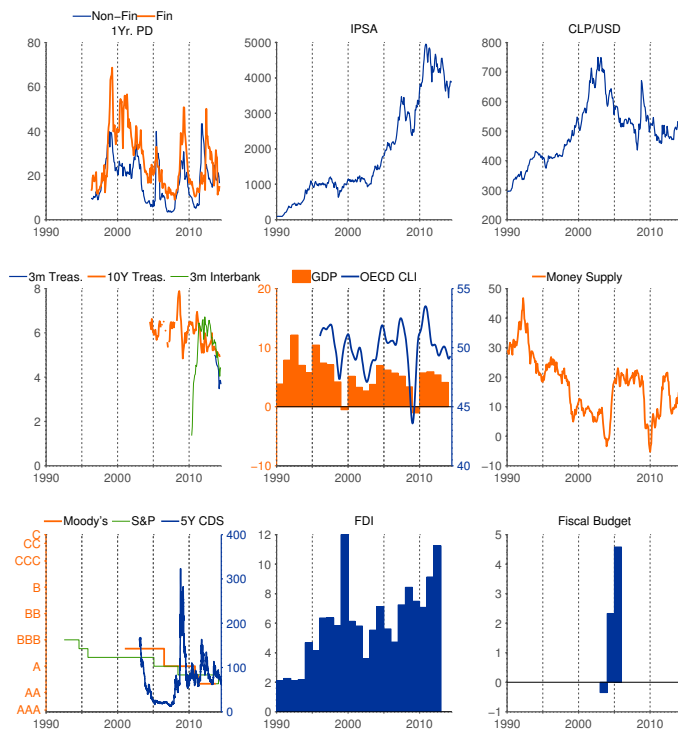
Brazil	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	102.37	90.22	73.62	82.83	-
1Yr. PD, Fin.	74.61	70.75	68.07	79.71	-
IBOV	47457.1	52338.2	51507.2	50414.9	53168.2
BRL/USD	2.23	2.22	2.36	2.27	2.21
3m Treas. Yield (%)	7.87	8.87	10.23	10.86	10.90
3m Interbank (%)	8.59	9.52	10.26	10.92	10.89
GDP (YoY%)	-	-	2.5	-	-
OECD CLI	99.40	99.10	98.99	98.62	98.47*
PMI	50.4	49.9	50.5	50.6	48.7
PPI (YoY%)	6.1	3.5	5.1	7.7	6.0
Money Supply (YoY%)	9.45	9.33	10.95	12.23	11.19*
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB	BBB-	BBB-	BBB-	BBB-
5Y CDS (bps)	185.24	176.74	193.77	169.00	144.50
Fiscal Budget (%GDP)	-	-	-2.97	-	-



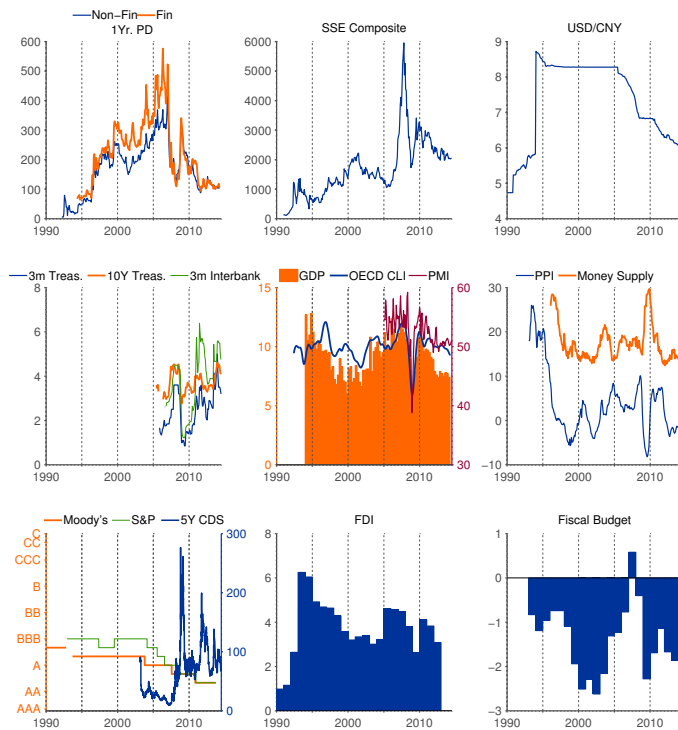
Bulgaria	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	55.77	94.17	112.27	30.94	-
1Yr. PD, Fin.	13.96	14.73	13.34	10.61	-
SOFIX	444	456	492	600	551
USD/BGL	1.50	1.45	1.42	1.42	1.43
10Y Treas. Yield (%)	3.71	3.68	3.52	3.45	3.23
3m Interbank (%)	0.73	0.70	0.65	0.56	0.53
GDP (YoY%)	-	-	0.9	-	-
PPI (YoY%)	0.0	-3.5	-2.8	-1.6	-0.7*
Money Supply (YoY%)	7.6	8.1	8.9	8.3	8.3*
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB	BBB-	BBB-	BBB-	BBB-
5Y CDS (bps)	123.33	116.52	123.51	127.32	118.66
Fiscal Budget (%GDP)	-	-	-1.50	-	-



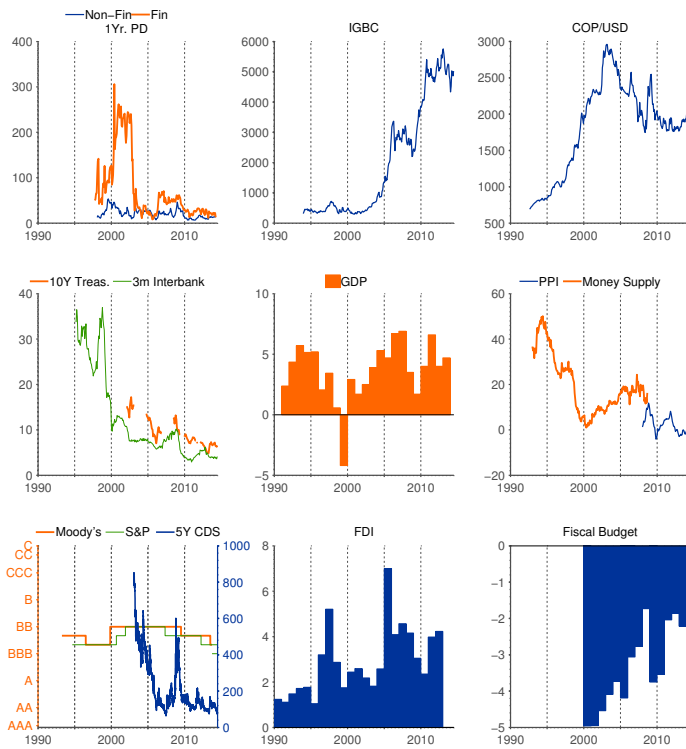
Canada	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	109.48	95.42	103.89	70.25	-
1Yr. PD, Fin.	54.66	44.72	34.99	74.10	-
S&P/TSX Composite	12129	12787	13622	14335	15146
USD/CAD	1.05	1.03	1.06	1.11	1.07
3m Treas. Yield (%)	1.02	0.97	0.92	0.89	0.95
10Y Treas. Yield (%)	2.44	2.54	2.76	2.46	2.24
3m Interbank (%)	1.27	1.27	1.27	1.27	1.27
GDP (YoY%)	1.6	2.2	2.7	2.2	-
OECD CLI	99.55	99.88	99.97	99.86	99.81*
PMI	56.6	59.4	40.2	61.8	52.2*
PPI (YoY%)	0.5	0.9	0.8*	-	-
Money Supply (YoY%)	6.2	7.5	9.2	8.8	8.4*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
Fiscal Budget (%GDP)	-	-	-0.99	-	-



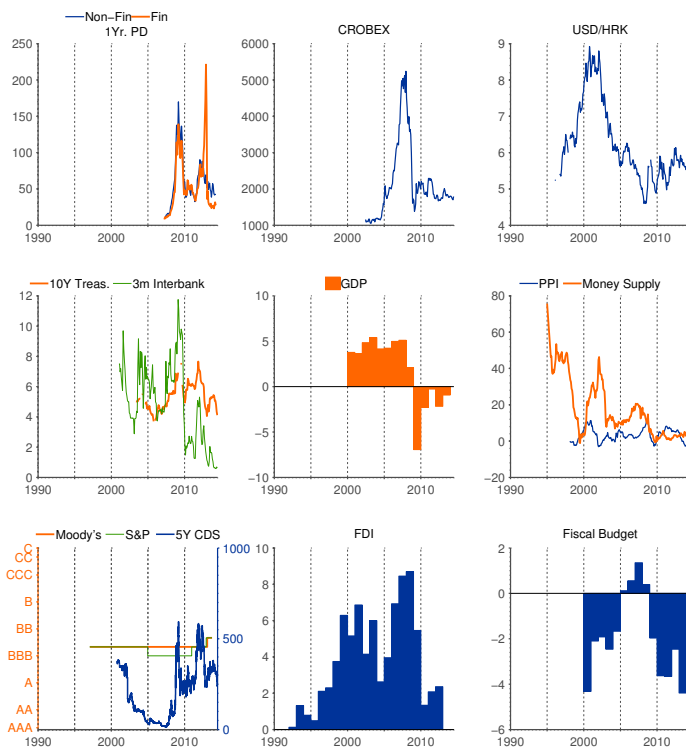
Chile	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	24.72	18.09	19.39	16.52	-
1Yr. PD, Fin.	15.39	31.44	11.31	15.18	-
IPSA	4029.7	3823.8	3699.2	3772.8	3875.7
CLP/USD	508.42	504.67	525.45	549.47	552.95
3m Treas. Yield (%)	-	4.93	4.51	3.48	3.68
10Y Treas. Yield (%)	5.33	5.25	5.14	5.02	4.91*
3m Interbank (%)	5.53	5.58	5.14	4.37	4.42
GDP (YoY%)	-	-	4.1	-	-
OECD CLI	100.07	99.65	99.10	99.22	99.28*
Money Supply (YoY%)	10.7	13.0	14.9	11.3	5.8*
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	A+	AA-	AA-	AA-	AA-
5Y CDS (bps)	98.03	89.63	79.55	77.34	63.63



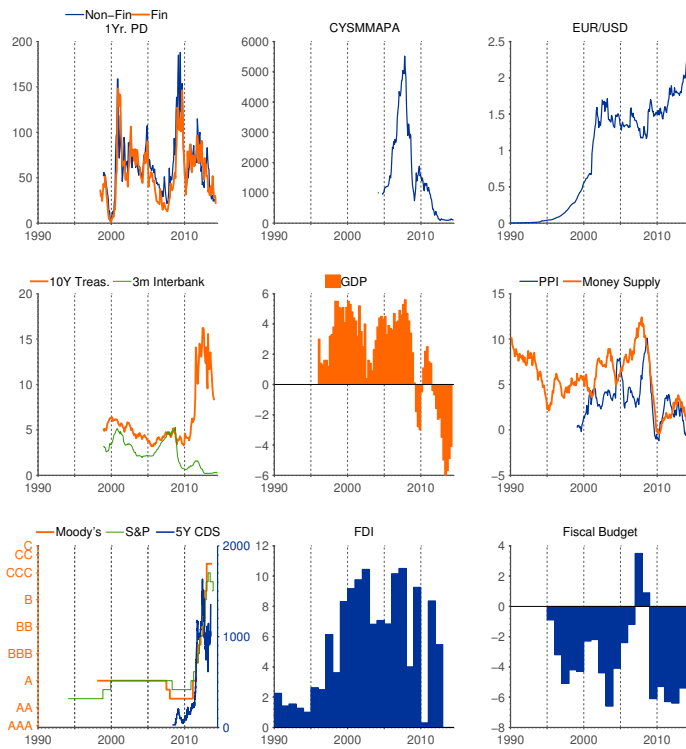
China	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	113.63	106.60	107.08	103.56	-
1Yr. PD, Fin.	109.87	105.09	109.39	104.81	-
SSE Composite	1979	2175	2116	2033	2048
USD/CNY	6.14	6.12	6.05	6.22	6.20
3m Treas. Yield (%)	4.15	3.50	5.00	3.50	3.20
10Y Treas. Yield (%)	3.61	4.07	4.62	4.51	4.09
3m Interbank (%)	5.44	4.67	5.56	5.50	4.75
GDP (YoY%)	7.5	7.8	7.7	7.4	-
OECD CLI	99.75	99.60	99.22	98.62	98.59*
PMI	50.1	51.1	51.0	50.3	51.0
PPI (YoY%)	-2.7	-1.3	-1.4	-2.3	-1.4*
Money Supply (YoY%)	14.0	14.2	13.6	12.1	13.4*
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	138.3	86.5	79.8	92.3	77.0
Fiscal Budget (%GDP)	-	-	-1.86	-	-



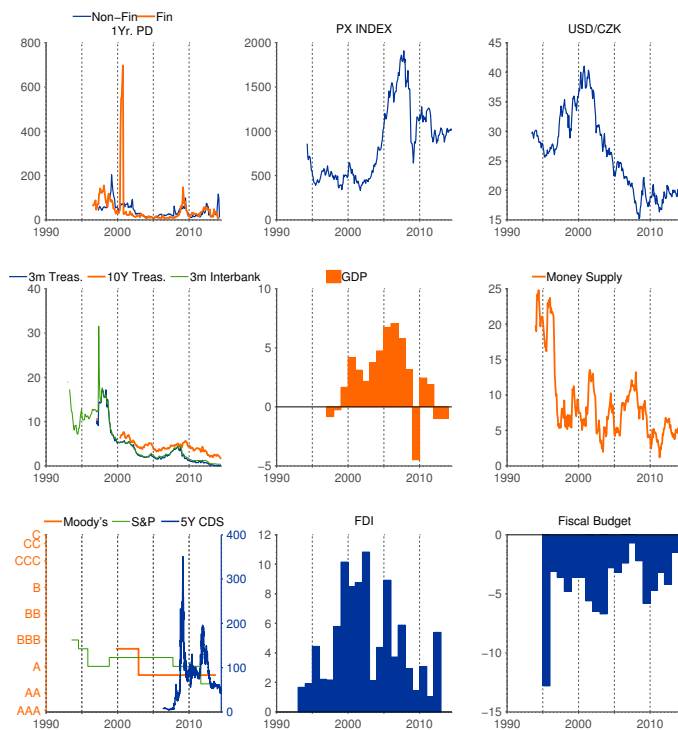
Colombia	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	12.44	12.63	13.35	13.06	-
1Yr. PD, Fin.	21.13	17.73	18.14	12.85	-
IGBC	4905	5254	4739	5029	5022
COP/USD	1922.77	1906.00	1929.51	1971.20	1877.44
10Y Treas. Yield (%)	6.91	6.87	6.77	6.47	6.56
3m Interbank (%)	3.97	4.02	3.71	3.78	4.12
GDP (YoY%)	-	-	4.7	-	-
PPI (YoY%)	-0.2	-1.3	-0.5	2.6	3.1*
Sov. Rating, Moody's	Ba1	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BBB-	BBB	BBB	BBB	BBB
5Y CDS (bps)	141.32	134.66	118.66	106.02	80.88
Fiscal Budget (%GDP)	-	-	-2.21	-	-



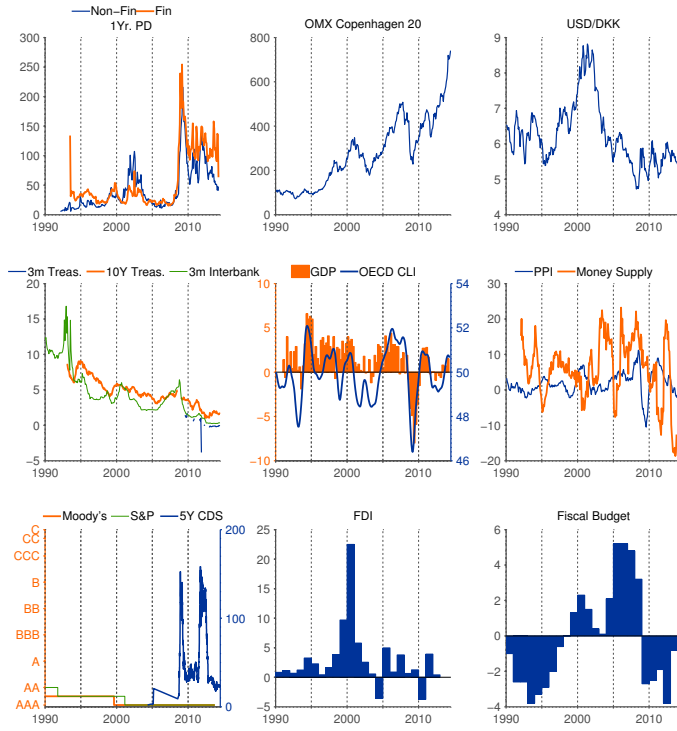
Croatia	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	49.05	46.95	43.62	42.04	-
1Yr. PD, Fin.	26.16	24.98	23.07	27.49	-
CROBEX	1804.7	1810.5	1794.3	1758.4	1791.5
USD/HRK	5.7	5.6	5.5	5.6	5.5
10Y Treas. Yield (%)	5.23	5.25	5.45	5.07	4.11
3m Interbank (%)	2.04	1.60	0.70	0.60	0.62
GDP (YoY%)	-	-	-0.9	-	-
PPI (YoY%)	-0.10	-1.80	-2.40	-3.10	-2.20*
Money Supply (YoY%)	3.44	5.08	2.93	3.29	1.87*
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	BB+	BB+	BB+	BB+	BB+
5Y CDS (bps)	335.85	331.90	343.87	305.00	240.54
Fiscal Budget (%GDP)	-	-	-4.39	-	-



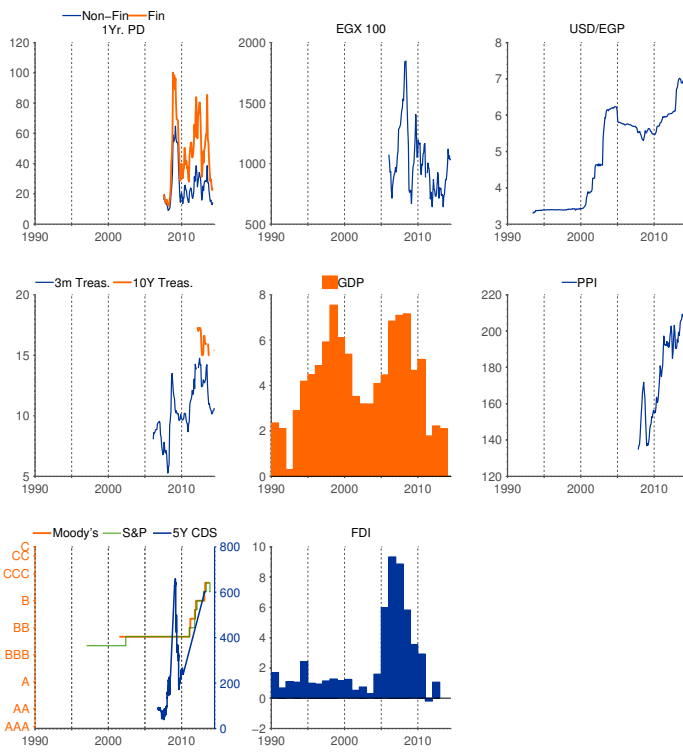
Cyprus	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	36.49	27.44	26.15	26.95	-
1Yr. PD, Fin.	31.70	40.61	29.52	21.19	-
CYSMMAPA	96	93	103	118	115
EUR/USD	1.30	1.35	1.38	1.38	1.37
10Y Treas. Yield (%)	13.13	11.13	8.53	8.27*	-
3m Interbank (%)	0.22	0.23	0.29	0.31	0.21
GDP (YoY%)	-6.0	-5.7	-4.9	-4.1	-
PPI (YoY%)	1.00	-0.40	-0.10	-0.30	-0.20*
Money Supply (YoY%)	2.30	1.90	1.00	0.90	1.20*
Sov. Rating, Moody's	Caa3	Caa3	Caa3	Caa3	Caa3
Sov. Rating, S&P	CCC	B-	B-	B-	B-
5Y CDS (bps)	1008.29	1359.55*	-	-	-
Fiscal Budget (%GDP)	-	-	-5.40	-	-



Czech Republic	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	43.61	23.07	81.58	12.14	-
1Yr. PD, Fin.	48.84	33.31	8.22	7.16	-
PX INDEX	878	958	989	1006	1009
USD/CZK	20	19	20	20	20
3m Treas. Yield (%)	0.14	0.07	0.09	0.00	0.10
10Y Treas. Yield (%)	2.45	2.37	2.57	2.18	1.60
3m Interbank (%)	0.46	0.45	0.38	0.37	0.35
GDP (YoY%)	-	-	-1.0	-	-
Money Supply (YoY%)	4.27	5.10	4.77	5.11	4.99*
Sov. Rating, Moody's	A1	A1	A1	A1	A1
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	63.8	60.2	61.2	55.7	43.2
Fiscal Budget (%GDP)	-	-	-1.50	-	-

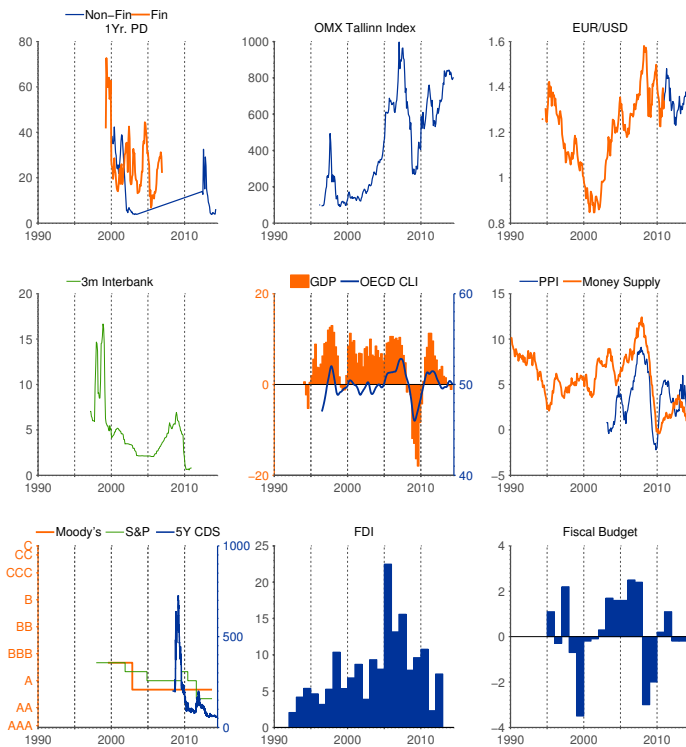


Denmark	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	65.85	57.14	50.26	40.69	-
1Yr. PD, Fin.	116.10	109.88	90.59	63.39	-
OMX Copenhagen 20	512	566	616	702	741
USD/DKK	5.73	5.51	5.43	5.42	5.45
3m Treas. Yield (%)	-0.11	-0.11	-0.20	-0.16	-0.07
10Y Treas. Yield (%)	1.87	1.97	1.98	1.62	1.63
3m Interbank (%)	0.27	0.27	0.26	0.30	0.38
GDP (YoY%)	0.8	0.7	0.7	1.5	-
OECD CLI	99.69	100.30	100.72	100.72	100.66*
PPI (YoY%)	0.6	-1.8	-1.4	-	-
Money Supply (YoY%)	-17.8	-17.7	-12.6*	-	-
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	31.7	23.5	28.4	24.1	24.0
Fiscal Budget (%GDP)	-	-	-0.80	-	-

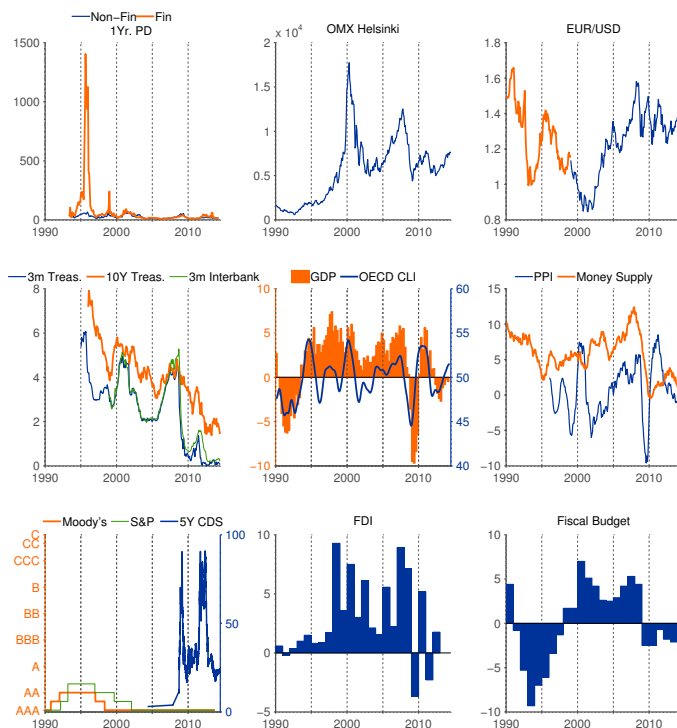


Egypt	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	38.59	21.94	15.89	14.34	-
1Yr. PD, Fin.	85.39	42.69	29.73	23.58	-
EGX 100	643.0	811.3	923.1	1041.3	1034.3
USD/EGP	7.02	6.89	6.95	6.97	7.15
3m Treas. Yield (%)	14.21	10.95	10.53	10.23	10.64
10Y Treas. Yield (%)	16.00*	15.00	15.00*	-	15.40
GDP (YoY%)	-	-	2.10	-	-
PPI (YoY%)	200.5	206.4	207.7	208.8	210.7*
Sov. Rating, Moody's	Caa1	Caa1	Caa1	Caa1	Caa1
Sov. Rating, S&P	CCC+	B-	B-	B-	B-
5Y CDS (bps)	606.28*	-	-	-	-

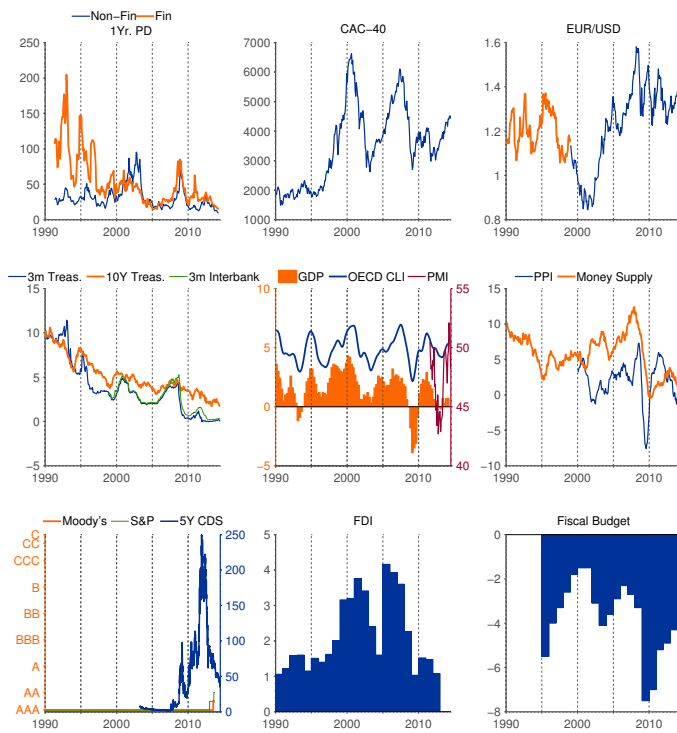




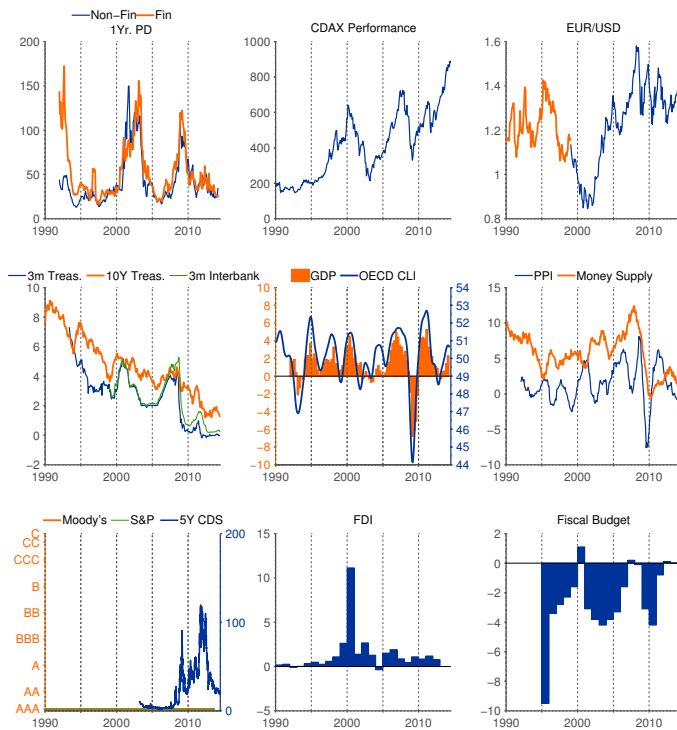
Estonia	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	4.52	3.82	4.17	6.18	-
OMX Tallinn Index	813	837	818	797	802
EUR/USD	1.30	1.35	1.38	1.38	1.37
GDP (YoY%)	1.5	0.4	-0.3	-1.1	-
OECD CLI	99.72	100.19	100.38	100.11	100.02*
PPI (YoY%)	6.0	4.9	2.4	-2.6	0.5*
Money Supply (YoY%)	2.30	1.90	1.00	0.90	1.20*
Sov. Rating, Moody's	A1	A1	A1	A1	A1
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	71.56	65.89	62.34	57.04	57.77
Fiscal Budget (%GDP)	-	-	-0.20	-	-



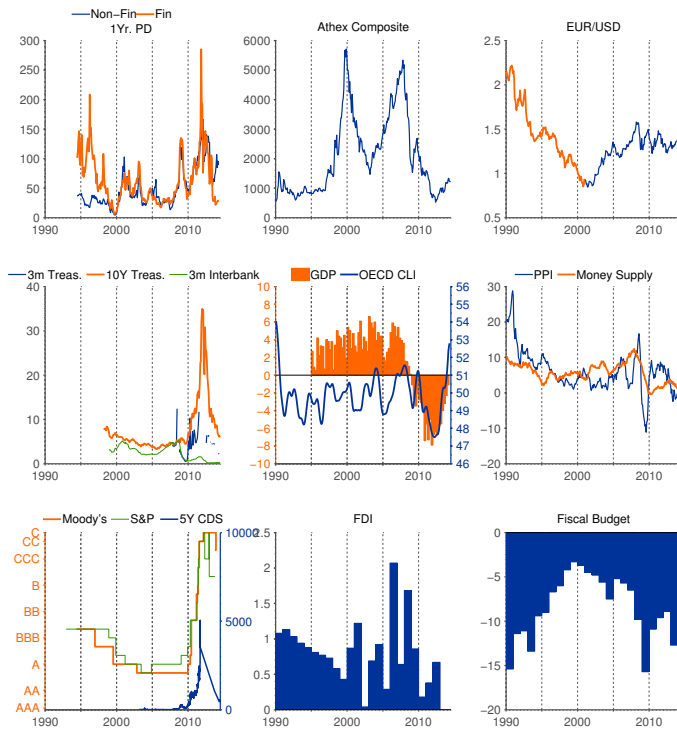
Finland	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	14.01	14.43	15.19	15.48	-
1Yr. PD, Fin.	19.19	17.28	14.70	13.69	-
OMX Helsinki	5895.3	6864.4	7337.0	7351.5	7578.5
EUR/USD	1.30	1.35	1.38	1.38	1.37
3m Treas. Yield (%)	0.26	0.21	0.18	0.15	0.06
10Y Treas. Yield (%)	2.00	2.00	2.13	1.87	1.44
3m Interbank (%)	0.22	0.23	0.29	0.31	0.21
GDP (YoY%)	-1.2	-0.8	-0.2	-0.5	-
OECD CLI	99.99	100.56	101.15	101.48	101.53*
PPI (YoY%)	0.2	-1.1	-0.8	-2.1	-1.1*
Money Supply (YoY%)	2.3	1.9	1.0	0.9	1.2*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	22.59	21.68	21.59	22.89	23.66
Fiscal Budget (%GDP)	-	-	-2.10	-	-



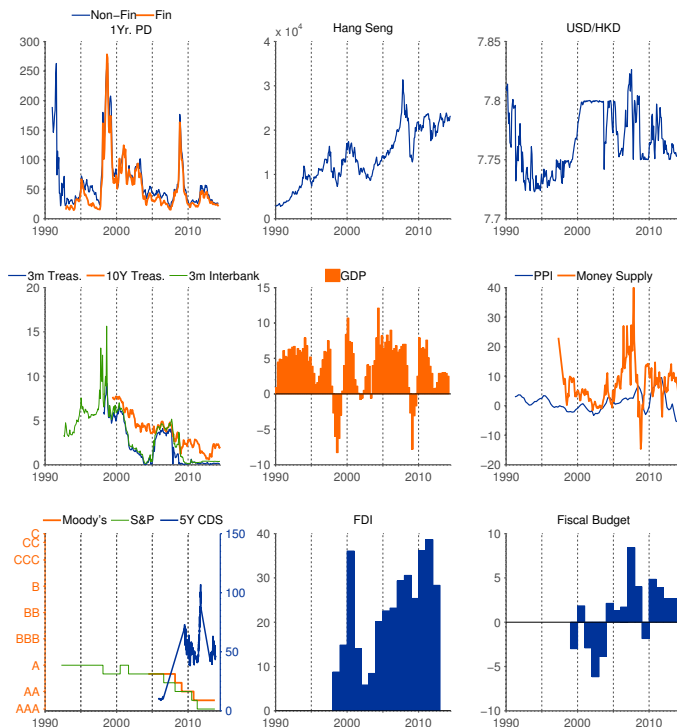
France	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	19.45	12.57	13.01	9.23	-
1Yr. PD, Fin.	20.60	18.69	17.14	14.17	-
CAC-40	3738.9	4143.4	4295.9	4391.5	4422.8
EUR/USD	1.30	1.35	1.38	1.38	1.37
3m Treas. Yield (%)	0.03	0.06	0.15	0.19	0.02
10Y Treas. Yield (%)	2.35	2.32	2.56	2.08	1.70
3m Interbank (%)	0.22	0.23	0.29	0.31	0.21
GDP (YoY%)	0.7	0.3	0.7	0.7	-
OECD CLI	99.35	99.89	100.26	100.34	100.33*
PMI	48.4	49.8	47.0	52.1	48.2
PPI (YoY%)	0.1	-0.6	0.2	-2.0	-0.2*
Money Supply (YoY%)	2.3	1.9	1.0	0.9	1.2*
Sov. Rating, Moody's	Aaa	Aa1	Aa1	Aa1	Aa1
Sov. Rating, S&P	AA+	AA	AA	AA	AA
5Y CDS (bps)	80.49	68.37	53.76	49.25	39.64
Fiscal Budget (%GDP)	-	-	-4.30	-	-



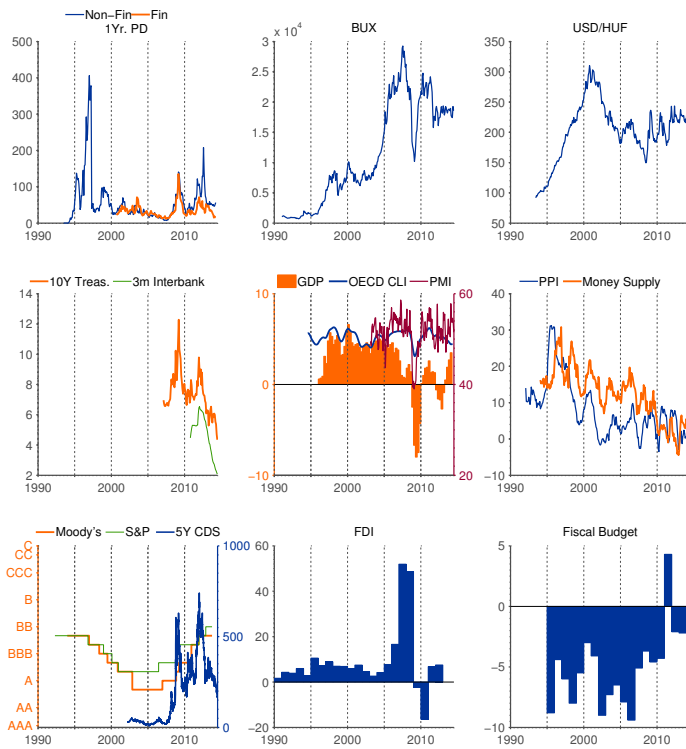
Germany	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	24.74	23.25	24.12	34.35	-
1Yr. PD, Fin.	30.45	30.34	25.50	26.69	-
CDAX Performance	711	771	853	856	881
EUR/USD	1.30	1.35	1.38	1.38	1.37
3m Treas. Yield (%)	0.00	-0.01	0.09	0.05	-0.03
10Y Treas. Yield (%)	1.73	1.78	1.93	1.57	1.25
3m Interbank (%)	0.22	0.23	0.29	0.31	0.21
GDP (YoY%)	0.5	0.6	1.4	2.3	-
OECD CLI	99.85	100.33	100.70	100.69	100.63*
PPI (YoY%)	0.1	-0.5	-0.5	-0.9	-1.0*
Money Supply (YoY%)	2.30	1.90	1.00	0.90	1.20*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	32.3	24.3	25.1	22.3	20.0
Fiscal Budget (%GDP)	-	-	0.00	-	-



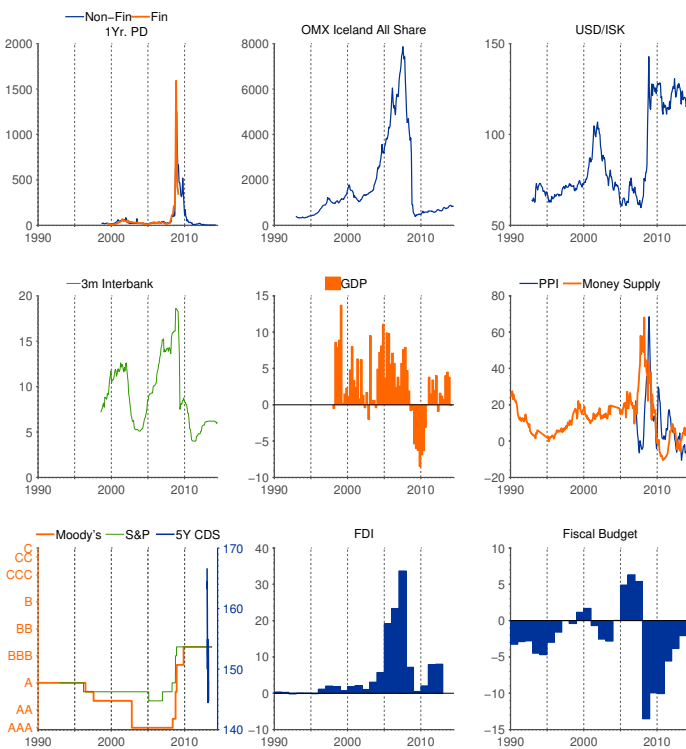
Greece	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	63.23	72.45	106.88	89.28	-
1Yr. PD, Fin.	28.20	35.72	25.13	27.36	-
Athex Composite	848	1014	1163	1336	1214
EUR/USD	1.30	1.35	1.38	1.38	1.37
3m Treas. Yield (%)	4.46*	4.36	-	-	2.27*
10Y Treas. Yield (%)	10.98	9.32	8.42	6.57	5.96
3m Interbank (%)	0.22	0.23	0.29	0.31	0.21
GDP (YoY%)	-4.0	-3.2	-2.3	-1.1	-
OECD CLI	100.30	100.40	101.36	102.63	102.80*
PPI (YoY%)	0.8	-1.4	0.0	-1.8	1.1*
Money Supply (YoY%)	2.3	1.9	1.0	0.9	1.2*
Sov. Rating, Moody's	C	Caa3	Caa3	Caa3	Caa3
Sov. Rating, S&P	B-	B-	B-	B-	B-
5Y CDS (bps)	-	1064.5	-	-	441.0
Fiscal Budget (%GDP)	-	-	-12.70	-	-



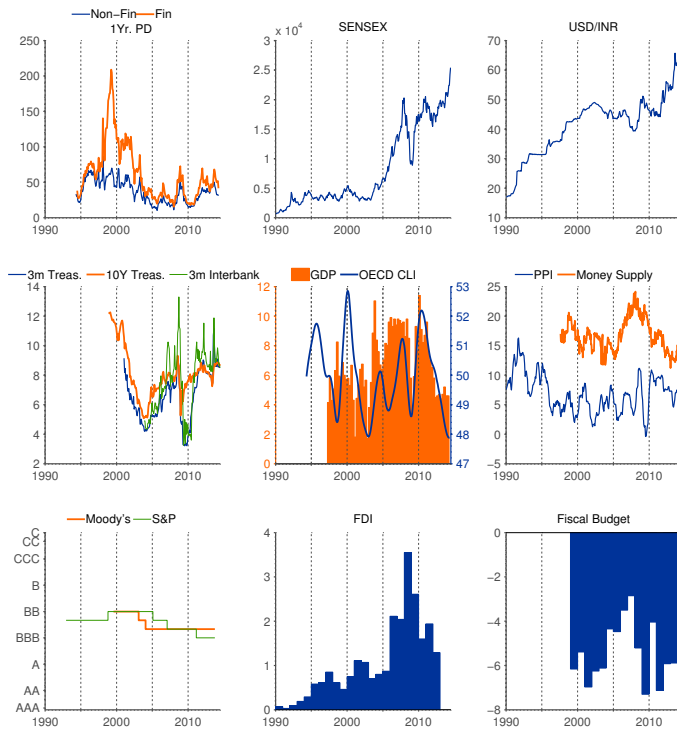
Hong Kong	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	27.96	26.54	26.17	25.95	-
1Yr. PD, Fin.	24.18	24.31	24.25	21.04	-
Hang Seng	20803	22860	23306	22151	23191
USD/HKD	7.76	7.76	7.75	7.76	7.75
3m Treas. Yield (%)	0.13	0.17	0.14	0.17	0.09
10Y Treas. Yield (%)	2.05	2.11	2.33	2.34	2.04
3m Interbank (%)	0.38	0.39	0.38	0.37	0.38
GDP (YoY%)	3.0	3.0	2.9	2.5	-
PPI (YoY%)	-2.4	-5.2	-5.5	-6.3	-
Money Supply (YoY%)	9.7	9.6	5.7	7.1	10.0*
Sov. Rating, Moody's	Aa1	Aa1	Aa1	Aa1	Aa1
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	63.16	46.67	45.65*	-	-
Fiscal Budget (%GDP)	-	-	2.65	-	-



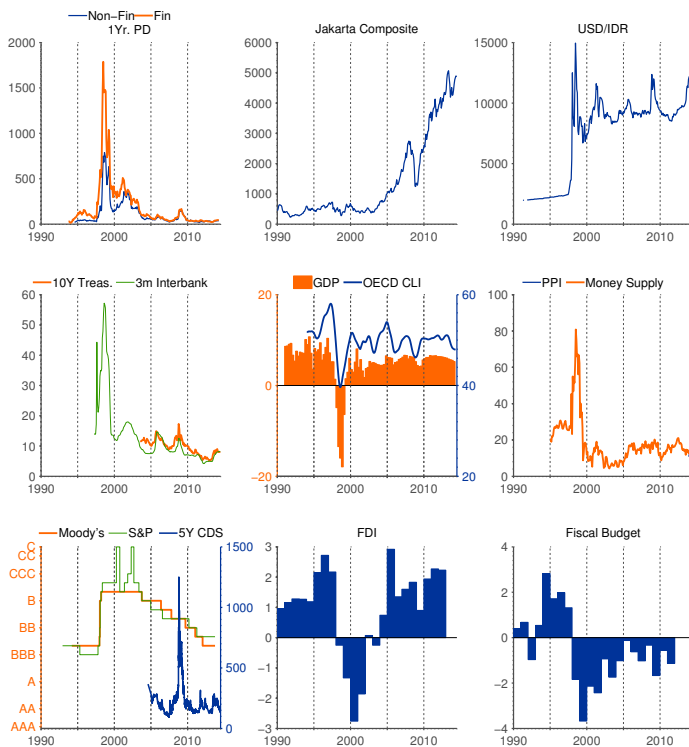
Hungary	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	50.73	51.05	46.58	56.40	-
1Yr. PD, Fin.	33.80	30.33	14.87	15.77	-
BUX	19024	18663	18564	17530	18606
USD/HUF	227	220	216	223	226
10Y Treas. Yield (%)	6.05	5.84	5.84	5.54	4.35
3m Interbank (%)	4.05	3.35	2.80	2.39	2.08
GDP (YoY%)	0.5	1.9	2.7	3.5	-
OECD CLI	99.85	99.51	98.97	98.87	98.89*
PMI	50.8	54.4	50.5	53.7	51.5
PPI (YoY%)	0.6	1.6	0.5	-1.9	-1.1*
Money Supply (YoY%)	4.5	3.2	5.5	1.0	2.8*
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	BB	BB	BB	BB	BB
5Y CDS (bps)	318.5	277.9	260.0	235.6	167.1
Fiscal Budget (%GDP)	-	-	-2.20	-	-



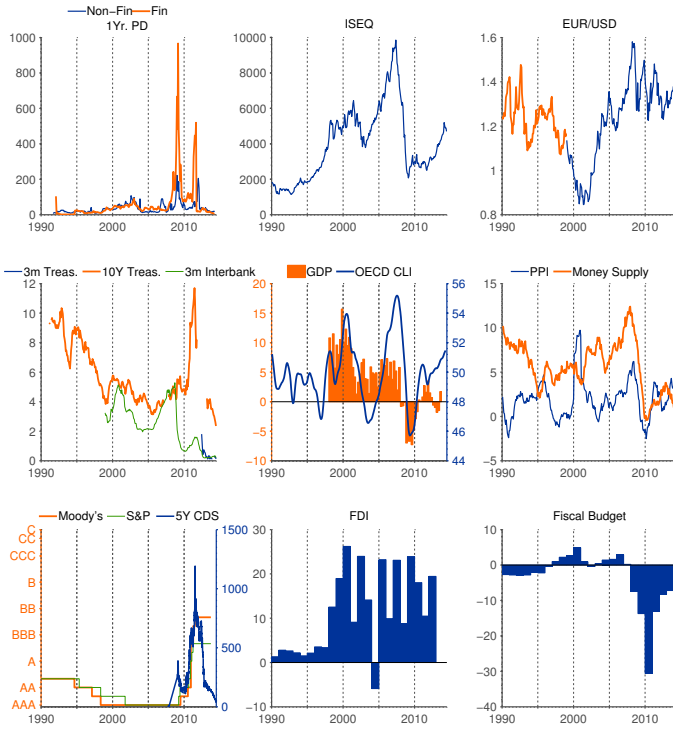
Iceland	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	2.60	2.43	1.98	2.30	-
OMX Iceland All Share	731	765	865	823	831
USD/ISK	123.94	120.38	115.18	112.79	112.86
3m Interbank (%)	6.20	6.20	6.20	6.10	6.10
GDP (YoY%)	4.0	4.5	3.8	-0.1	-
PPI (YoY%)	-6.0	-1.9	-7.1	-9.5	-3.3*
Money Supply (YoY%)	4.5	7.5	4.2	6.1	5.2*
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BBB-	BBB-	BBB-	BBB-	BBB-
5Y CDS (bps)	144.64*	-	-	-	-
Fiscal Budget (%GDP)	-	-	-2.08	-	-



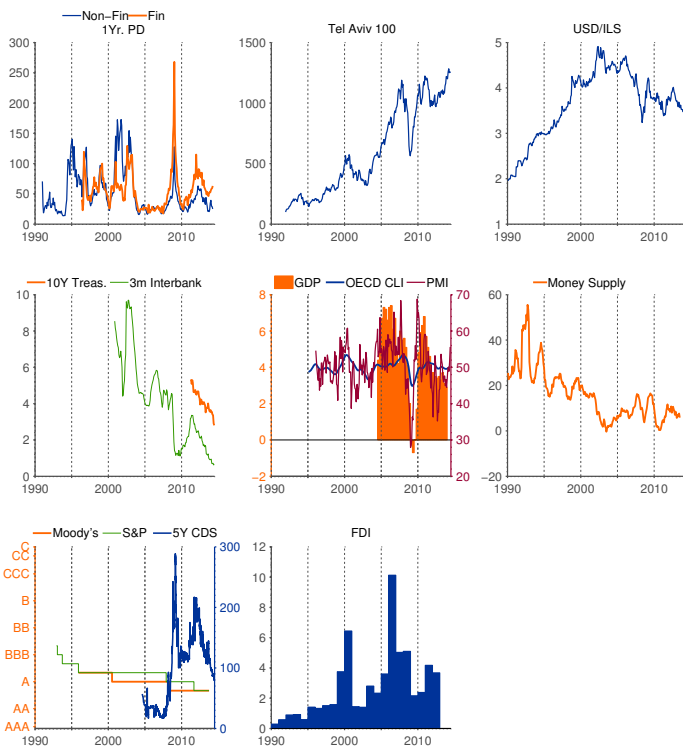
India	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	44.04	44.34	32.50	31.09	-
1Yr. PD, Fin.	48.51	64.75	49.94	41.56	-
SENSEX	19395.8	19379.8	21170.7	22386.3	25413.8
USD/INR	59.39	62.62	61.80	59.89	60.19
3m Treas. Yield (%)	7.49	9.57	8.59	8.55	8.55
10Y Treas. Yield (%)	7.46	8.76	8.82	8.80	8.75
3m Interbank (%)	8.25	9.88	8.90	9.38	8.50
GDP (YoY%)	4.7	5.2	4.6	4.6	-
OECD CLI	98.54	98.20	97.97	97.88	97.89*
PPI (YoY%)	5.2	7.0	6.4	6.0	6.0*
Money Supply (YoY%)	12.80	12.50	14.90	14.00	13.10
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
Fiscal Budget (%GDP)	-	-	-5.89	-	-



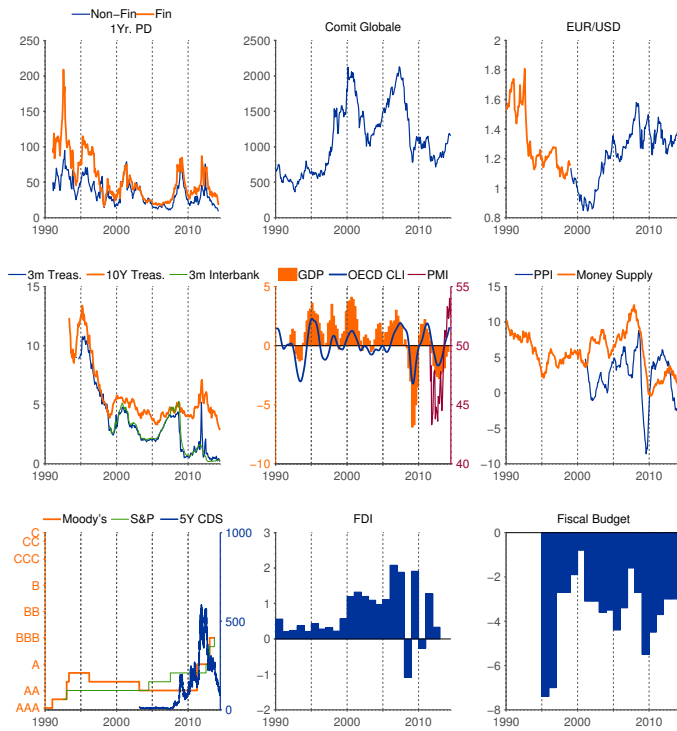
Indonesia	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	28.04	35.19	35.56	35.38	-
1Yr. PD, Fin.	25.60	39.18	42.77	42.16	-
Jakarta Composite	4819	4316	4274	4768	4879
USD/IDR	10004.00	11406.00	12171.00	11361.00	11875.00
10Y Treas. Yield (%)	7.13	8.50	8.45	7.99	8.21
3m Interbank (%)	5.36	7.16	7.84	8.13	8.15
GDP (YoY%)	5.8	5.7	5.5	5.3	-
OECD CLI	100.08	98.73	98.09	97.92	97.88*
PPI (YoY%)	-	-	12.4	14.2	12.2
Money Supply (YoY%)	11.81	14.57	12.70	10.05	10.50*
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BB+	BB+	BB+	BB+	BB+
5Y CDS (bps)	208.01	285.57*	236.85	175.32	161.48



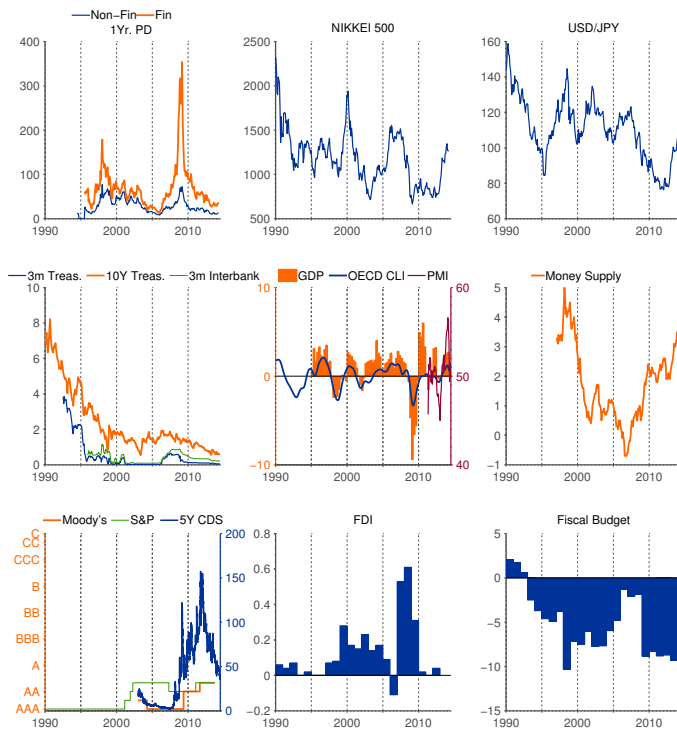
Ireland	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	23.35	15.85	17.23	21.97	-
1Yr. PD, Fin.	18.66	11.76	10.35	7.42	-
ISEQ	3963	4238	4539	4995	4700
EUR/USD	1.30	1.35	1.38	1.38	1.37
3m Treas. Yield (%)	0.34	0.25	0.13	0.30	0.12
10Y Treas. Yield (%)	4.11	3.88	3.51	3.02	2.36
3m Interbank (%)	0.22	0.23	0.29	0.31	0.21
GDP (YoY%)	-1.50	1.70	-	-	-
OECD CLI	100.65	100.91	101.07	101.38	101.47*
PPI (YoY%)	3.6	3.6	3.1	2.1	0.9*
Money Supply (YoY%)	2.30	1.90	1.00	0.90	1.20*
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB+	BBB+
5Y CDS (bps)	164.99	142.16	119.41	77.72	45.78
Fiscal Budget (%GDP)	-	-	-7.20	-	-



Israel	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	29.56	20.59	39.31	25.07	-
1Yr. PD, Fin.	53.36	51.10	56.02	63.12	-
Tel Aviv 100	1071	1143	1208	1283	1253
USD/ILS	3.64	3.52	3.47	3.49	3.43
10Y Treas. Yield (%)	3.79	3.77	3.65	3.40	2.81
3m Interbank (%)	1.20	1.00	0.93	0.69	0.65
GDP (YoY%)	3.7	3.1	2.9	-	-
OECD CLI	99.85	99.58	99.64	99.97	100.07*
PMI	46.0	44.9	46.8	48.9	55.6*
Money Supply (YoY%)	5.82	-	-	-	-
Sov. Rating, Moody's	A1	A1	A1	A1	A1
Sov. Rating, S&P	A+	A+	A+	A+	A+
5Y CDS (bps)	127.7	120.6	100.4	87.4	81.6

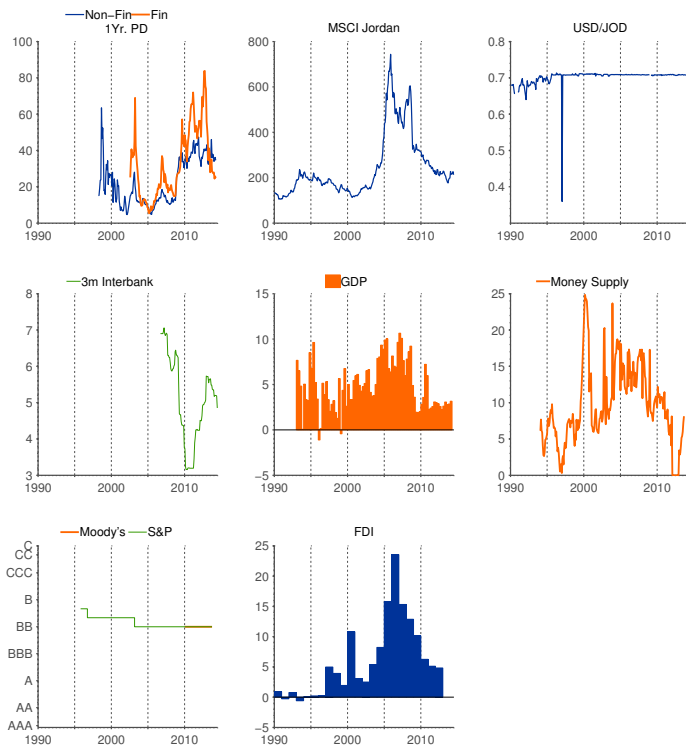


Italy	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	19.73	16.87	14.07	9.05	-
1Yr. PD, Fin.	33.98	34.82	32.59	17.92	-
Comit Globale	849	950	1041	1181	1155
EUR/USD	1.30	1.35	1.38	1.38	1.37
3m Treas. Yield (%)	0.58	0.54	0.64	0.41	0.18
10Y Treas. Yield (%)	4.54	4.43	4.13	3.29	2.85
3m Interbank (%)	0.22	0.23	0.29	0.31	0.21
GDP (YoY%)	-2.2	-1.9	-0.9	-0.5	-
OECD CLI	99.66	100.35	100.85	101.38	101.56*
PMI	49.1	50.8	53.3	52.4	52.6
PPI (YoY%)	-0.7	-2.2	-2.1	-1.9	-1.7*
Money Supply (YoY%)	2.3	1.9	1.0	0.9	1.2*
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB+	BBB	BBB	BBB	BBB
5Y CDS (bps)	280.53	268.01	168.45	130.66	94.51
Fiscal Budget (%GDP)	-	-	-3.00	-	-

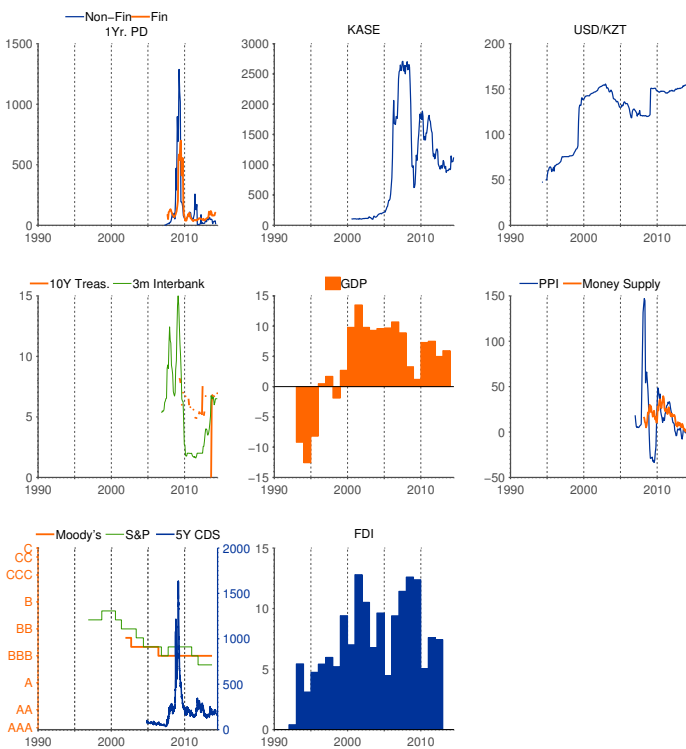


Japan	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	13.51	10.38	10.53	13.50	-
1Yr. PD, Fin.	31.90	29.03	29.15	33.58	-
NIKKEI 500	1157	1227	1346	1269	-
USD/JPY	99.14	98.27	105.31	103.23	101.33
3m Treas. Yield (%)	0.10	0.04	0.06	0.03	0.03
10Y Treas. Yield (%)	0.85	0.69	0.74	0.64	0.57
3m Interbank (%)	0.23	0.23	0.22	0.21	0.21
GDP (YoY%)	1.2	2.4	2.5	2.7	-
OECD CLI	100.52	100.90	101.21	100.74	100.57*
PMI	52.3	52.5	55.2	53.9	51.5
Money Supply (YoY%)	3.1	3.1	3.4	2.9	2.6*
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	78.12	62.38	39.29	49.18	36.50
Fiscal Budget (%GDP)	-	-	-9.29	-	-

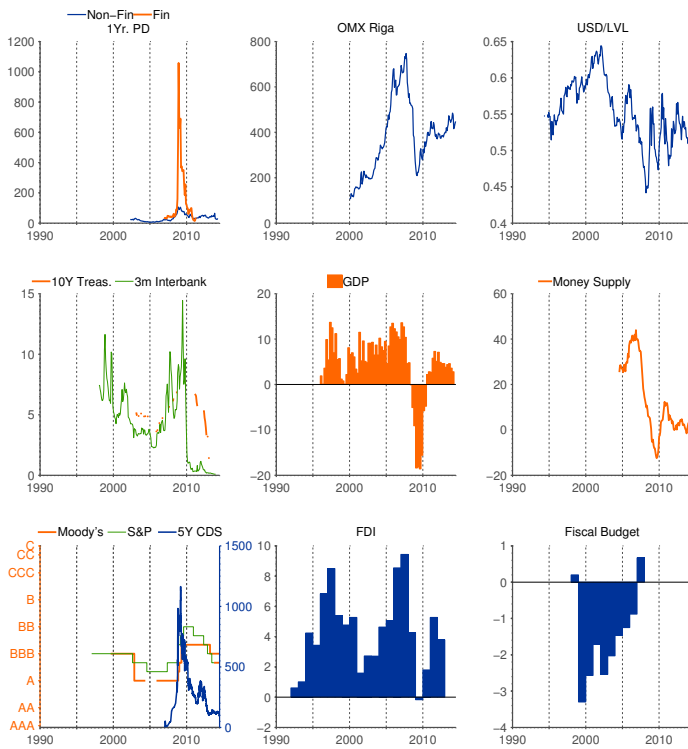




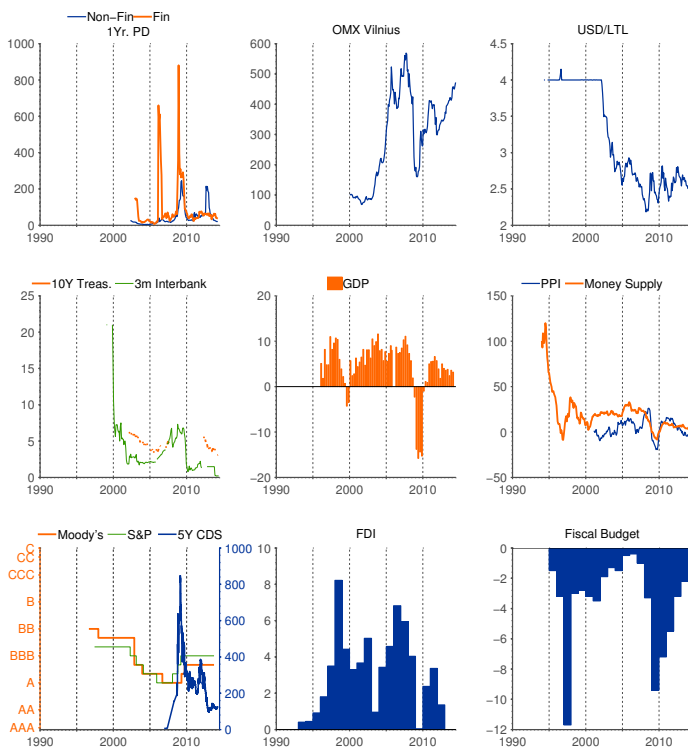
Jordan	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	36.07	35.89	33.99	34.63	-
1Yr. PD, Fin.	28.00	28.65	27.86	24.84	-
MSCI Jordan	195	177	198	216	213
USD/JOD	0.71	0.71	0.71	0.71	0.71
3m Interbank (%)	5.65	5.48	5.35	5.20	4.85
GDP (YoY%)	3.1	2.8	2.9	3.2	-
Money Supply (YoY%)	5.99	8.13*	-	-	-
Sov. Rating, Moody's	Ba2	Ba2	Ba2	Ba2	Ba2
Sov. Rating, S&P	BB	BB	BB	BB	BB



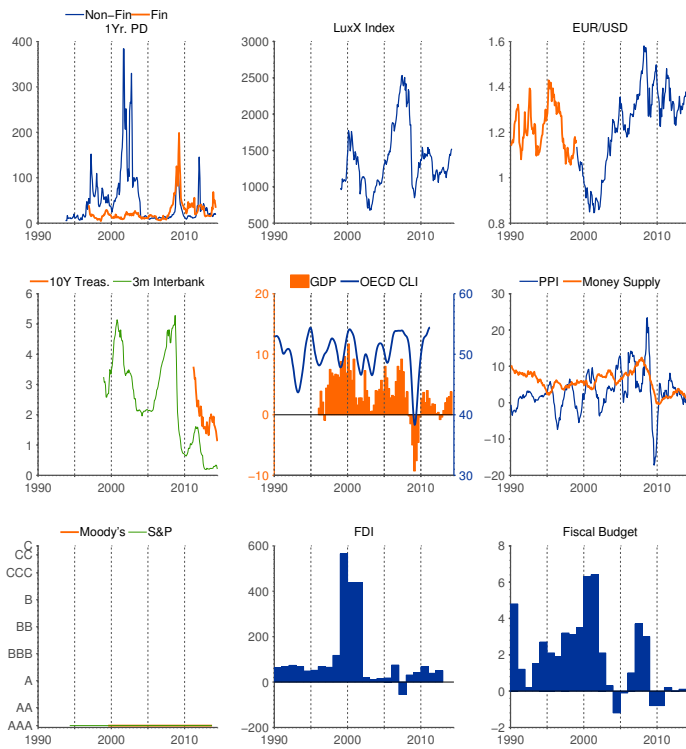
Kazakhstan	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	47.85	44.25	32.13	8.02	-
1Yr. PD, Fin.	87.23	79.31	81.02	108.35	-
KASE	874	900	918	1046	1121
USD/KZT	151.80	153.82	154.27	182.08	183.51
10Y Treas. Yield (%)	-	6.20	6.70*	6.70*	6.95
3m Interbank (%)	4.50	6.50	6.50	6.50	6.50
GDP (YoY%)	-	-	6.0	-	-
PPI (YoY%)	-3.7	1.8	-0.5	9.1	20.3
Money Supply (YoY%)	7.68	3.36	1.53	-1.39	-0.12*
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB+	BBB+
5Y CDS (bps)	207.97	184.82	171.97	188.37	150.37



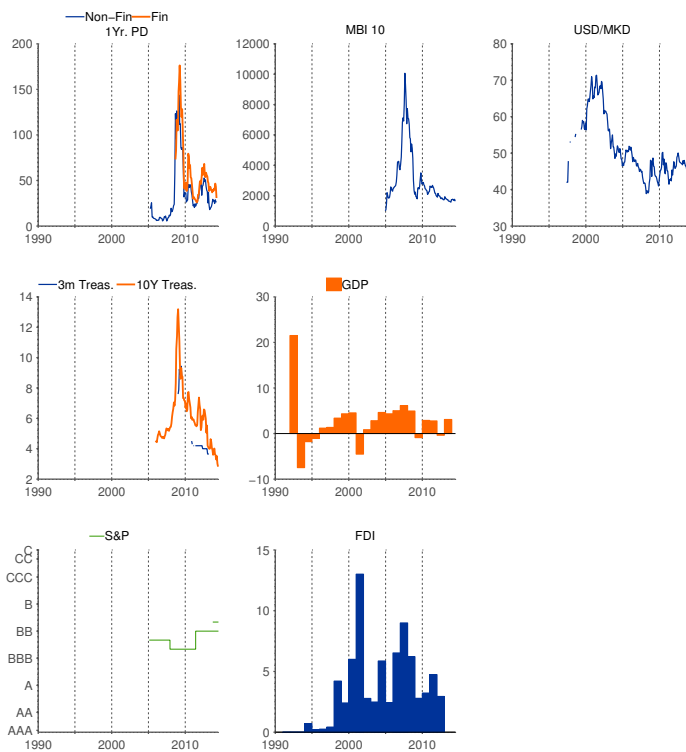
Latvia	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	43.52	43.29	27.14	30.81	-
OMX Riga	435	454	460	416	448
USD/LVL	0.54	0.52	0.51	0.51	0.51
3m Interbank (%)	0.15	0.10	0.09	-	-
GDP (YoY%)	4.4	4.6	3.6	2.8	-
Money Supply (YoY%)	1.20	-1.53	3.18	-	-
Sov. Rating, Moody's	Baa2	Baa1	Baa1	Baa1	Baa1
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB+	BBB+
5Y CDS (bps)	128.77	125.95	116.28	121.32	97.45



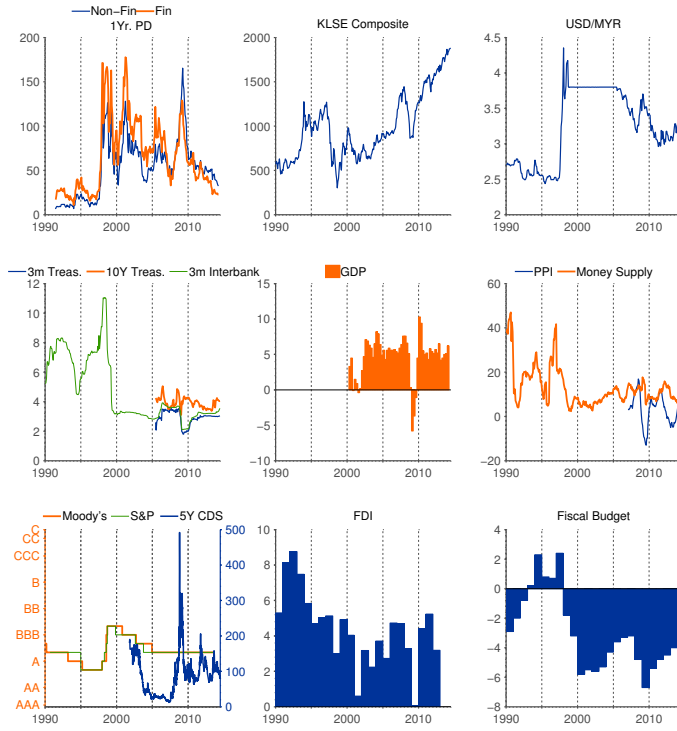
Lithuania	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	36.30	27.44	22.79	21.37	-
1Yr. PD, Fin.	50.84	64.08	40.86	36.21	-
OMX Vilnius	404	422	422	451	472
USD/LTL	2.65	2.55	2.50	2.51	2.52
10Y Treas. Yield (%)	3.62	4.02	3.83*	3.07	3.09*
3m Interbank (%)	1.48	1.48	0.27	0.20	0.20*
GDP (YoY%)	3.8	2.4	3.6	3.2	-
PPI (YoY%)	-0.1	-4.4	-2.7	0.4	-3.1*
Money Supply (YoY%)	5.00	3.90	4.90	3.30	4.20*
Sov. Rating, Moody's	Baa1	Baa1	Baa1	Baa1	Baa1
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
5Y CDS (bps)	132.45	124.98	119.86	128.63	-
Fiscal Budget (%GDP)	-	-	-2.20	-	-



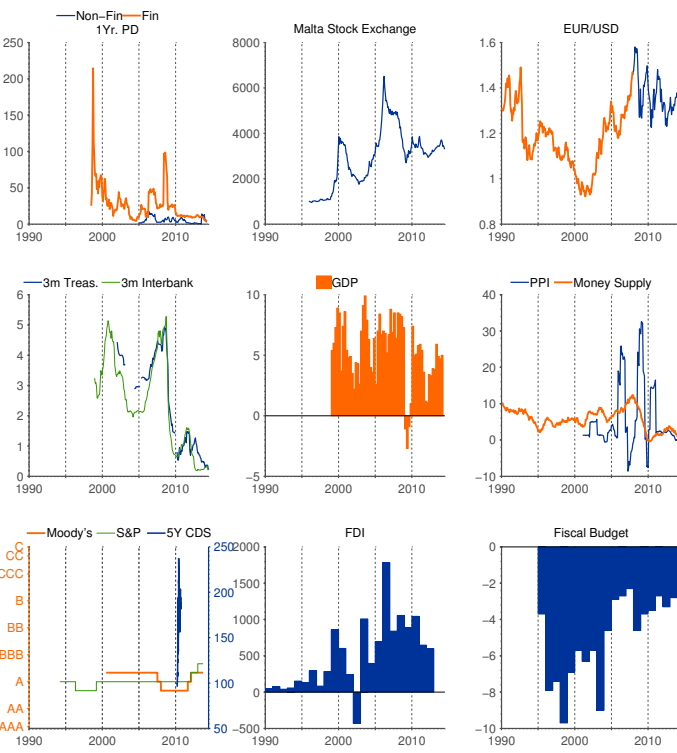
Luxembourg	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	19.08	17.08	20.40	18.54	-
1Yr. PD, Fin.	15.05	34.61	45.53	33.70	-
LuxX Index	1126	1256	1449	1524	-
EUR/USD	1.30	1.35	1.38	1.38	1.37
10Y Treas. Yield (%)	1.90	1.90	1.94	1.54	1.12
3m Interbank (%)	0.22	0.23	0.29	0.31	0.21
GDP (YoY%)	2.0	2.8	3.0	3.8	-
PPI (YoY%)	0.6	2.4	0.2	-4.0	-2.9*
Money Supply (YoY%)	2.30	1.90	1.00	0.90	1.20*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
Fiscal Budget (%GDP)	-	-	0.10	-	-



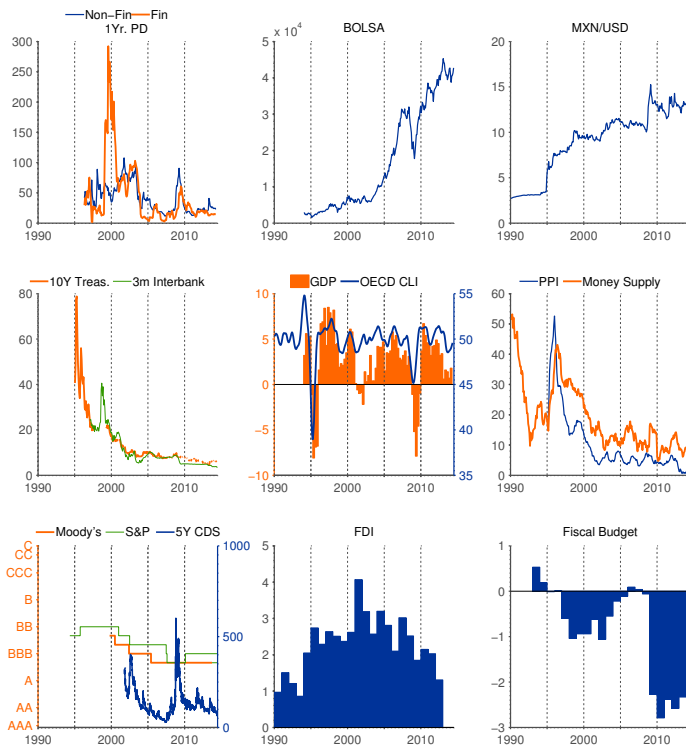
Macedonia	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	20.37	29.42	24.75	26.21	-
1Yr. PD, Fin.	40.49	39.30	39.96	30.69	-
MBI 10	1742	1634	1739	1725	1633
USD/MKD	47.15	45.44	44.67	44.73	45.16
3m Treas. Yield (%)	-	-	3.65	-	-
10Y Treas. Yield (%)	4.63	3.92	4.01	3.29	2.81
GDP (YoY%)	-	-	3.1	-	-
Sov. Rating, S&P	BB	BB-	BB-	BB-	BB-



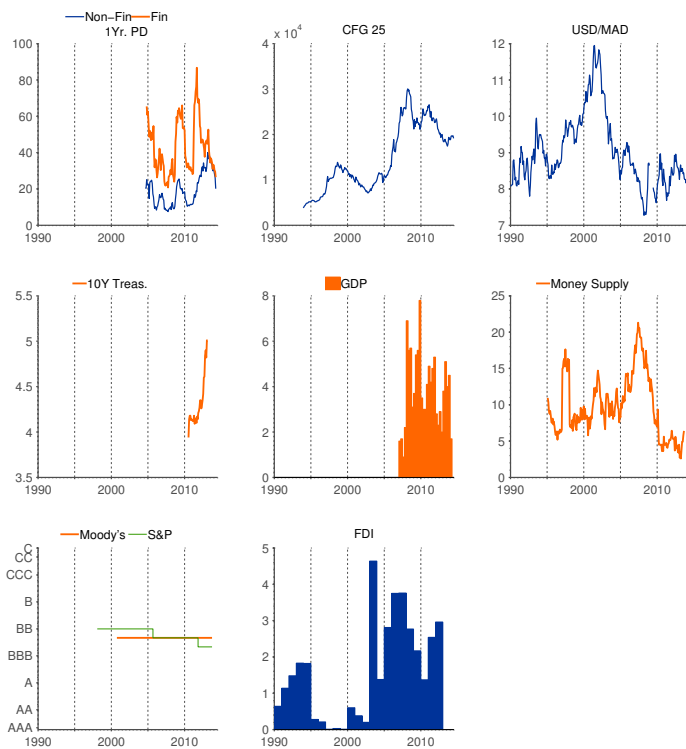
Malaysia	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	44.84	39.64	37.92	32.42	-
1Yr. PD, Fin.	25.93	25.95	23.65	22.69	-
KLSE Composite	1774	1769	1867	1849	1883
USD/MYR	3.16	3.26	3.28	3.26	3.21
3m Treas. Yield (%)	3.01	3.00	3.00	3.00	3.04
10Y Treas. Yield (%)	3.63	3.74	4.13	4.11	4.04
3m Interbank (%)	3.20	3.21	3.32	3.33	3.55
GDP (YoY%)	4.5	5.0	5.1	6.2	-
PPI (YoY%)	-2.7	-1.4	4.3	3.6	3.7*
Money Supply (YoY%)	8.08	6.86	7.35	5.88	5.46*
Sov. Rating, Moody's	A3	A3	A3	A3	A3
Sov. Rating, S&P	A-	A-	A-	A-	A-
5Y CDS (bps)	118.56	104.83	109.44	101.83	84.84
Fiscal Budget (%GDP)	-	-	-4.00	-	-



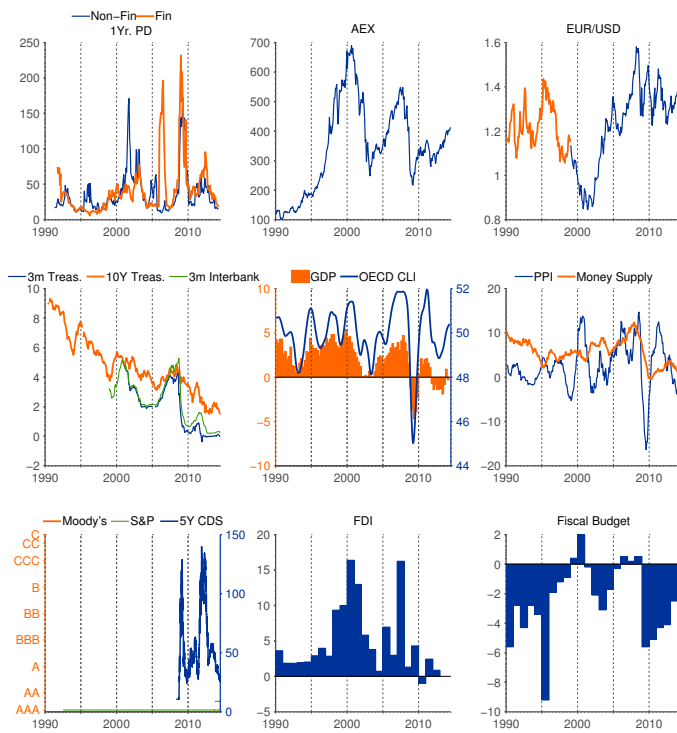
Malta	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	0.28	11.46	6.72	3.17	-
1Yr. PD, Fin.	9.98	8.76	5.11	4.00	-
Malta Stock Exchange	3417	3418	3686	3424	3298
EUR/USD	1.30	1.35	1.38	1.38	1.37
3m Treas. Yield (%)	0.59	0.50	0.39	0.37	0.21
3m Interbank (%)	0.22	0.23	0.29	0.31	0.21
GDP (YoY%)	5.9	4.9	4.7	5.0	-
PPI (YoY%)	1.3	-0.1	0.1	0.3	-1.9*
Money Supply (YoY%)	2.30	1.90	1.00	0.90	1.20*
Sov. Rating, Moody's	A3	A3	A3	A3	A3
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB+	BBB+
Fiscal Budget (%GDP)	-	-	-2.80	-	-



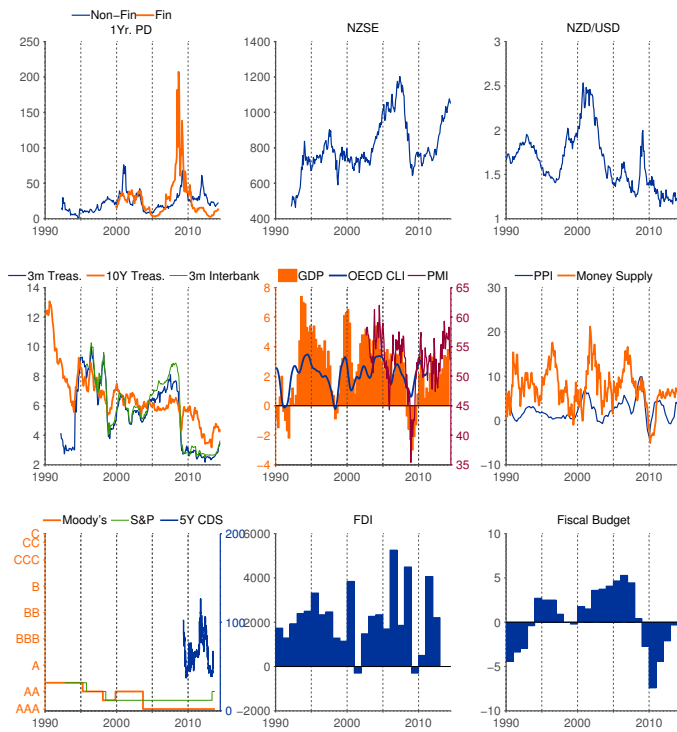
Mexico	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	27.96	26.77	24.34	22.62	-
1Yr. PD, Fin.	13.60	14.47	13.93	14.35	-
BOLSA	40623	40185	42727	40462	42737
MXN/USD	12.93	13.17	13.10	13.05	12.98
10Y Treas. Yield (%)	6.20	6.13	6.33	6.32	5.87*
3m Interbank (%)	4.33	4.03	3.80	3.81	3.32
GDP (YoY%)	1.6	1.4	0.7	1.8	-
OECD CLI	98.79	98.56	98.83	99.34	99.59*
PPI (YoY%)	1.1	0.8	1.3	1.8	2.9*
Money Supply (YoY%)	6.10	7.90	8.80	9.40	11.00*
Sov. Rating, Moody's	Baa1	Baa1	Baa1	Baa1	Baa1
Sov. Rating, S&P	BBB	BBB+	BBB+	BBB+	BBB+
5Y CDS (bps)	131.49	123.32	91.51	87.50	67.06
Fiscal Budget (%GDP)	-	-	-2.33	-	-



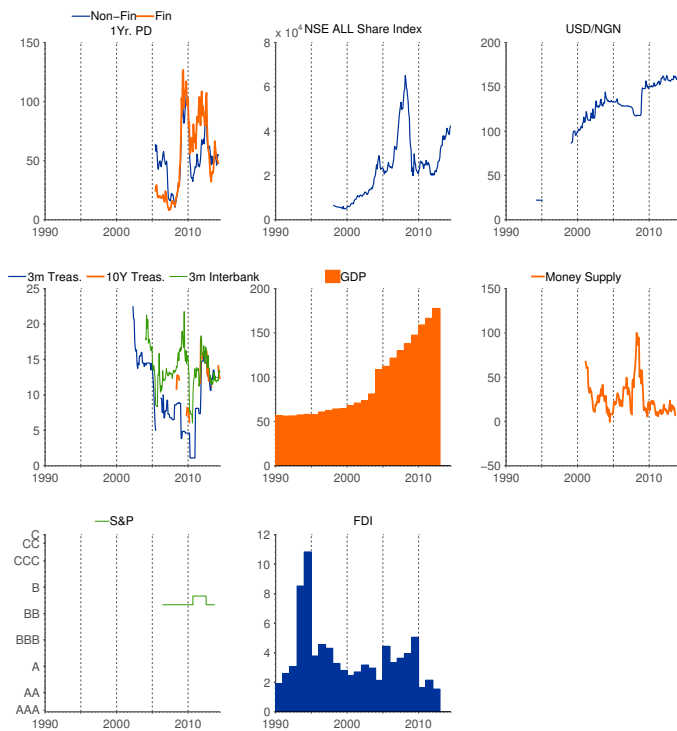
Morocco	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	36.50	33.02	30.14	20.14	-
1Yr. PD, Fin.	34.55	34.49	32.73	26.45	-
CFG 25	18206	17966	18818	19679	19140
USD/MAD	8.56	8.28	8.16	8.17	8.21
GDP (YoY%)	5.1	4.0	4.5	1.7	-
Money Supply (YoY%)	4.90	6.40*	-	-	-
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	BBB-	BBB-	BBB-	BBB-	BBB-



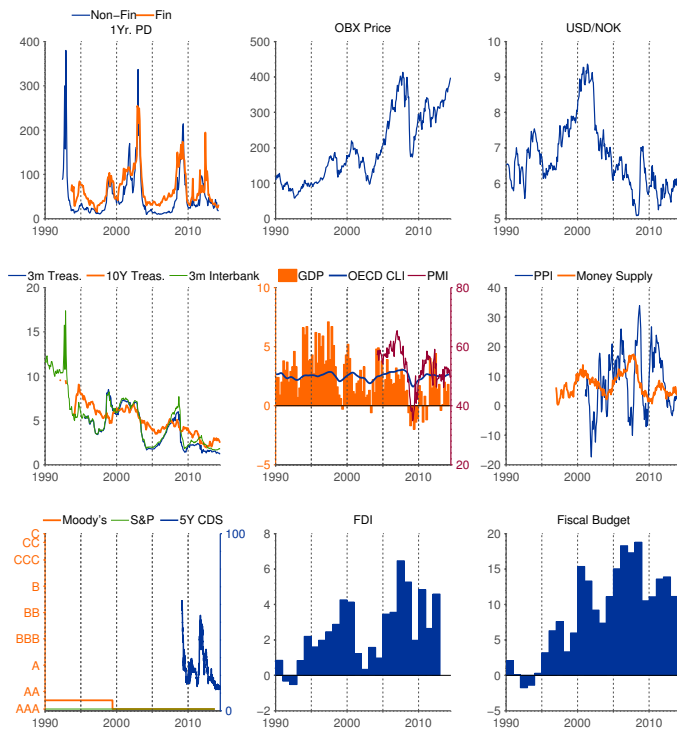
Netherlands	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	24.71	16.47	16.35	14.62	-
1Yr. PD, Fin.	37.45	30.09	22.33	18.08	-
AEX	345	375	402	403	413
EUR/USD	1.30	1.35	1.38	1.38	1.37
3m Treas. Yield (%)	0.00	0.01	0.00	0.12	-0.05
10Y Treas. Yield (%)	2.12	2.16	2.23	1.91	1.48
3m Interbank (%)	0.22	0.23	0.29	0.31	0.21
GDP (YoY%)	-1.9	-0.8	0.9	-0.3	-
OECD CLI	99.39	99.86	100.20	100.36	100.40*
PPI (YoY%)	-0.4	-2.6	-2.5	-3.2	-2.0*
Money Supply (YoY%)	2.30	1.90	1.00	0.90	1.20*
Sov. Rating, Moody's	-	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AA+	AA+	AA+	AA+
5Y CDS (bps)	56.80	49.73	36.11	32.67	28.96
Fiscal Budget (%GDP)	-	-	-2.50	-	-



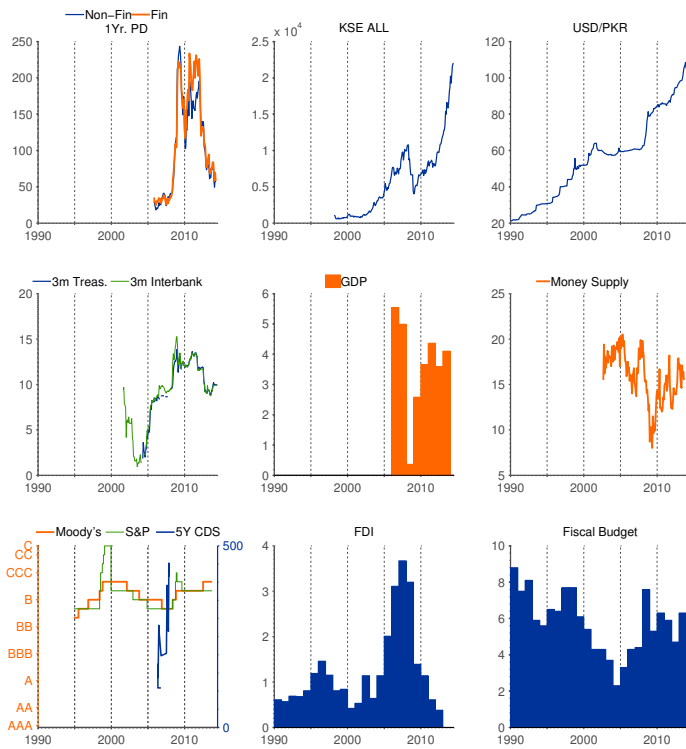
New Zealand	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	23.68	18.75	19.90	22.73	-
1Yr. PD, Fin.	4.67	10.60	10.93	14.46	-
NZSE	949	996	999	1061	1050
NZD/USD	1.29	1.20	1.21	1.15	1.14
3m Treas. Yield (%)	2.51	2.56	2.76	2.91	3.48
10Y Treas. Yield (%)	4.13	4.57	4.72	4.59	4.41
3m Interbank (%)	2.65	2.68	2.84	3.14	3.63
GDP (YoY%)	2.5	3.4	3.3	3.8	-
PMI	54.7	54.6	56.6	58.3	52.7*
PPI (YoY%)	0.8	4.1	3.8	4.0	-
Money Supply (YoY%)	6.20	7.30	5.80	5.00	5.20*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AA	AA	AA	AA	AA
5Y CDS (bps)	56.62	49.49*	-	-	-
Fiscal Budget (%GDP)	-	-	-0.32	-	-



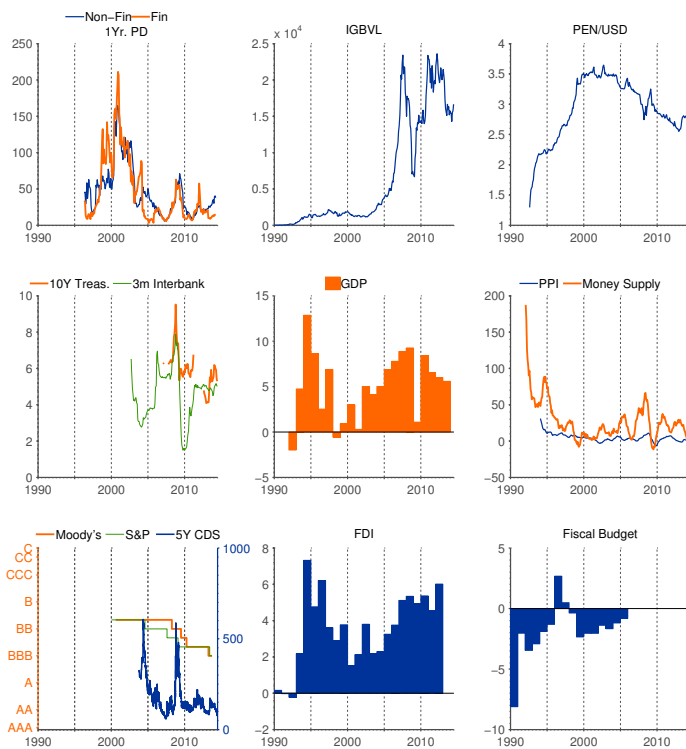
Nigeria	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	48.28	56.27	46.16	54.43	-
1Yr. PD, Fin.	39.30	66.59	51.41	47.13	-
NSE ALL Share Index	36164	36585	41329	38748	42482
USD/NGN	162.53	161.80	160.38	164.90	162.95
3m Treas. Yield (%)	12.75	12.75	12.45	12.45*	12.45
10Y Treas. Yield (%)	11.20*	-	-	14.20	12.24
3m Interbank (%)	11.50	12.04	11.79	11.96	13.13
Money Supply (YoY%)	15.65	6.20*	-	-	-
Sov. Rating, S&P	BB-	BB-	BB-	BB-	BB-



Norway	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	28.77	26.57	36.64	17.17	-
1Yr. PD, Fin.	33.11	35.04	26.15	31.72	-
OBX Price	316	336	367	374	398
USD/NOK	6.07	6.01	6.07	5.99	6.13
3m Treas. Yield (%)	1.48	1.53	1.30	1.32	1.18
10Y Treas. Yield (%)	2.56	2.81	3.00	2.92	2.48
3m Interbank (%)	1.66	1.70	1.69	1.73	1.75
GDP (YoY%)	0.1	2.0	1.2	1.8	-
OECD CLI	99.76	100.06	100.44	100.57	100.57*
PMI	46.2	52.5	50.9	52.2	49.6
PPI (YoY%)	1.7	3.2	4.8	0.1	0.7*
Money Supply (YoY%)	4.70	4.10	6.00	6.00	6.10*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	15.37	15.16	14.34	13.38	13.12
Fiscal Budget (%GDP)	-	-	11.14	-	-

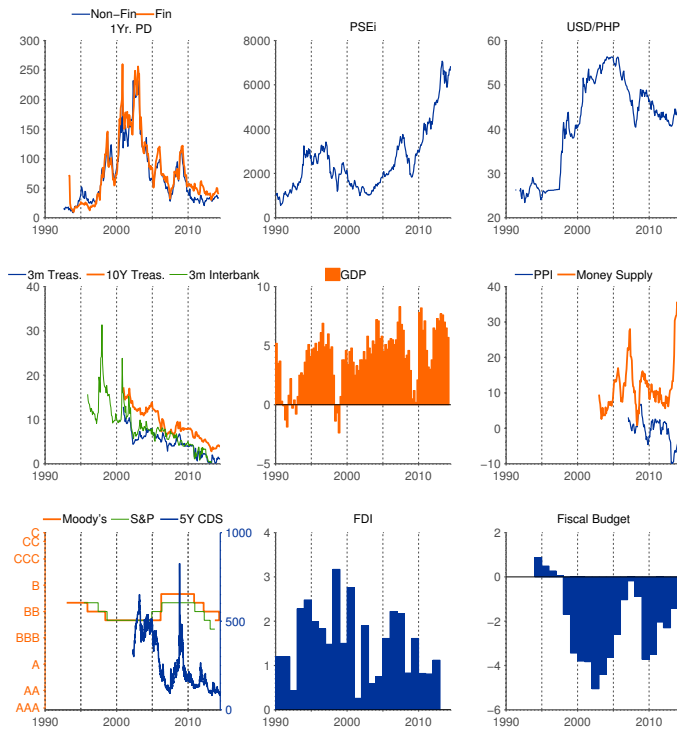


Pakistan	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	64.80	73.78	59.11	57.31	-
1Yr. PD, Fin.	73.74	76.17	71.30	57.91	-
KSE ALL	14988	15837	18664	20397	21973
USD/PKR	99.60	106.06	105.33	98.19	98.72
3m Treas. Yield (%)	8.90	9.35	10.20	9.98	9.93
3m Interbank (%)	8.83	9.18	9.84	9.93	9.92
GDP (YoY%)	-	-	4.1	-	-
Money Supply (YoY%)	15.90	15.50*	-	-	-
Sov. Rating, Moody's	Caa1	Caa1	Caa1	Caa1	Caa1
Sov. Rating, S&P	B-	B-	B-	B-	B-
Fiscal Budget (%GDP)	-	-	6.30	-	-

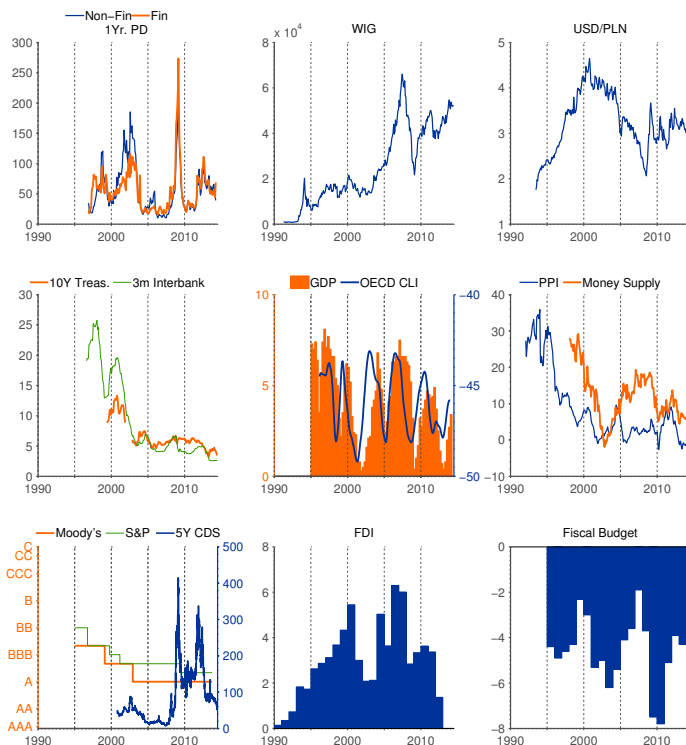


Peru	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	24.78	29.18	30.16	37.84	-
1Yr. PD, Fin.	8.77	12.50	12.36	14.36	-
IGBVL	15550	15920	15754	14299	16662
PEN/USD	2.78	2.79	2.80	2.81	2.80
10Y Treas. Yield (%)	5.51	5.31	5.55	6.01	5.30
3m Interbank (%)	4.88	4.81	4.58	5.08	5.01
GDP (YoY%)	-	-	5.6	-	-
PPI (YoY%)	-0.4	2.2	1.6	2.6	2.1
Money Supply (YoY%)	21.50	14.20	5.90	-2.20	-1.50*
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
5Y CDS (bps)	145.34	149.16	133.07	111.18	82.88

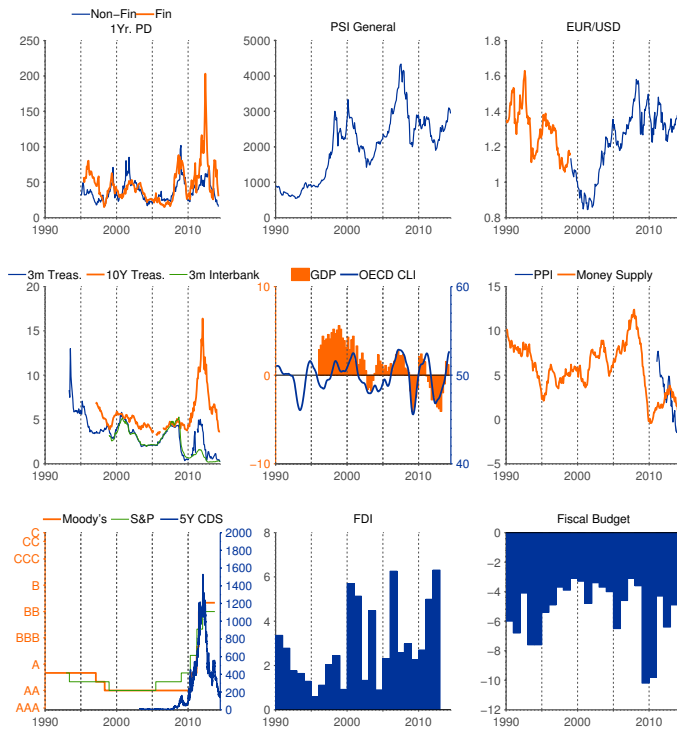




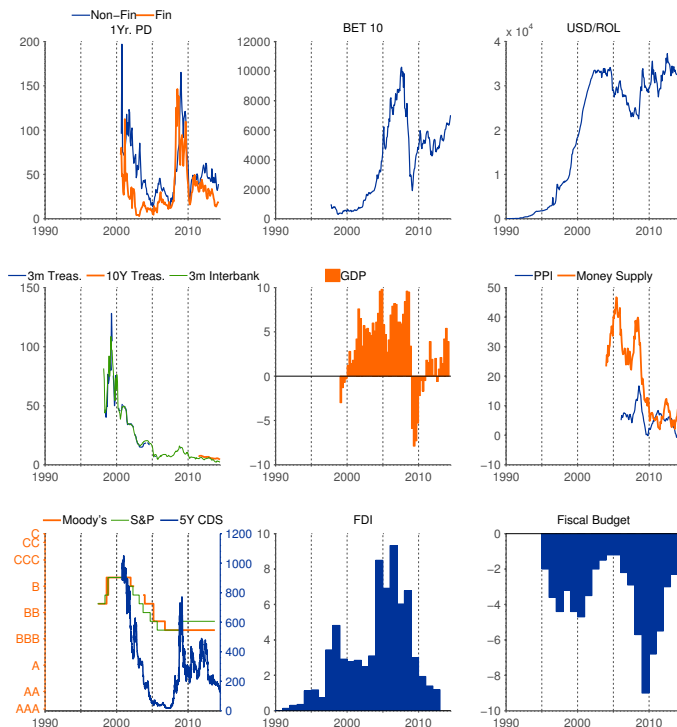
Philippines	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	31.95	35.19	37.91	34.13	-
1Yr. PD, Fin.	40.30	42.28	50.38	39.74	-
PSEi	6465	6192	5890	6429	6844
USD/PHP	43.13	43.48	44.40	44.81	43.66
3m Treas. Yield (%)	1.75	0.55	0.33	1.50	1.15
10Y Treas. Yield (%)	3.75	3.48	3.50	4.20	3.90
3m Interbank (%)	0.50*	-	-	-	-
GDP (YoY%)	7.6	7.0	6.5	5.7	-
PPI (YoY%)	-7.4	-6.8	-4.1	0.3	0.1*
Money Supply (YoY%)	20.60	31.73	33.07	35.53	29.94*
Sov. Rating, Moody's	Ba2	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	BBB-	BBB-	BBB-	BBB-	BBB-
5Y CDS (bps)	126.17	106.79	114.17	104.82	87.18
Fiscal Budget (%GDP)	-	-	-1.42	-	-



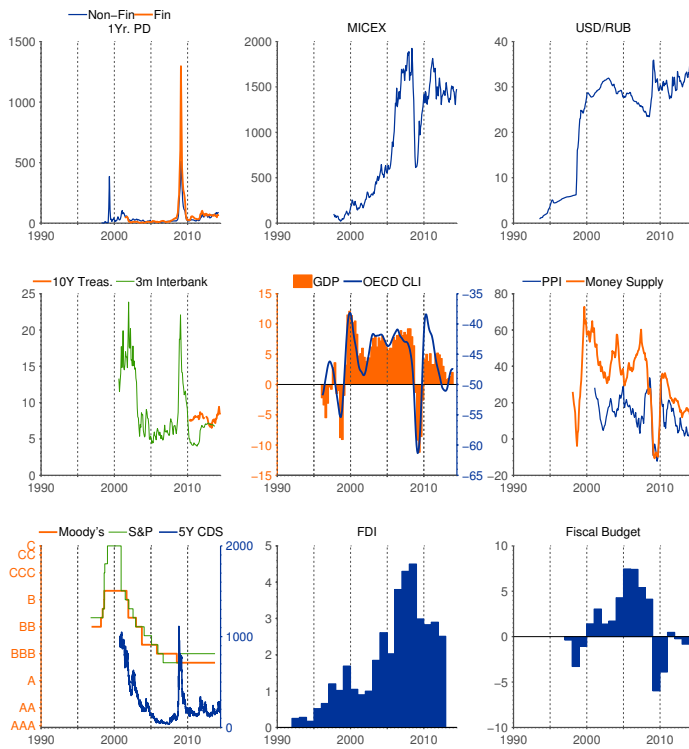
Poland	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	62.84	58.37	65.87	39.19	-
1Yr. PD, Fin.	49.84	50.42	53.73	68.63	-
WIG	44748	50302	51284	52373	51935
USD/PLN	3.32	3.12	3.01	3.02	3.04
10Y Treas. Yield (%)	4.34	4.48	4.35	4.23	3.45
3m Interbank (%)	2.63	2.57	2.61	2.61	2.58
GDP (YoY%)	0.8	2.0	2.7	3.4	-
OECD CLI	3.36	4.05	4.17	-	-
PPI (YoY%)	-1.3	-1.4	-1.0	-1.3	-1.0*
Money Supply (YoY%)	6.99	6.11	6.24	5.19	5.30*
Sov. Rating, Moody's	A2	A2	A2	A2	A2
Sov. Rating, S&P	A-	A-	A-	A-	A-
5Y CDS (bps)	104.48	86.42	79.70	70.70	59.86
Fiscal Budget (%GDP)	-	-	-4.30	-	-



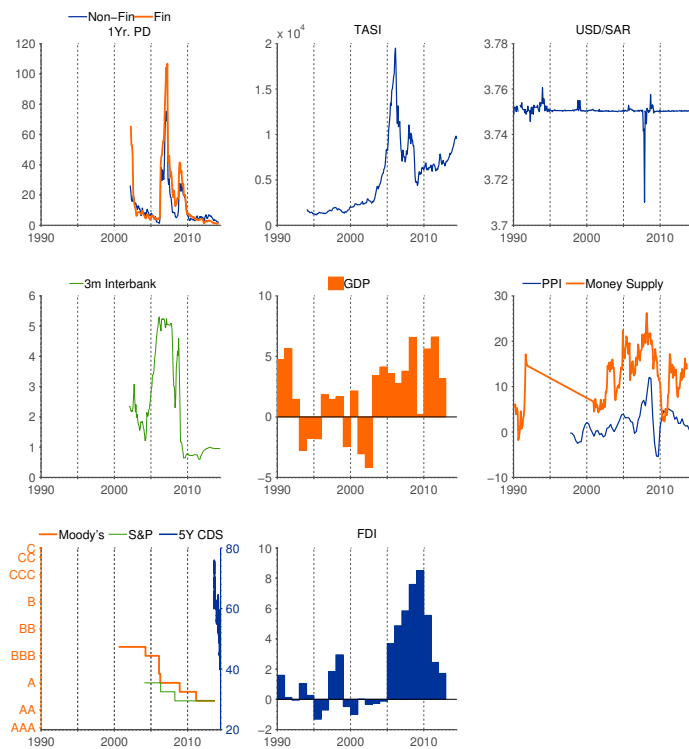
Portugal	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	38.72	30.16	25.04	15.65	-
1Yr. PD, Fin.	25.80	79.59	67.90	30.20	-
PSI General	2434	2542	2698	3100	2940
EUR/USD	1.30	1.35	1.38	1.38	1.37
3m Treas. Yield (%)	0.58	0.95	0.61	0.43	0.22
10Y Treas. Yield (%)	6.45	6.68	6.13	4.07	3.65
3m Interbank (%)	0.22	0.23	0.29	0.31	0.21
GDP (YoY%)	-2.0	-1.0	1.5	1.2	-
OECD CLI	99.00	100.00	101.56	102.61	102.68*
PPI (YoY%)	0.6	-1.3	-0.3	-1.5	-0.5*
Money Supply (YoY%)	2.30	1.90	1.00	0.90	1.20*
Sov. Rating, Moody's	Ba3	Ba3	Ba3	Ba3	Ba3
Sov. Rating, S&P	BB	BB	BB	BB	BB
5Y CDS (bps)	400.38	494.65	351.68	183.55	163.67
Fiscal Budget (%GDP)	-	-	-4.90	-	-



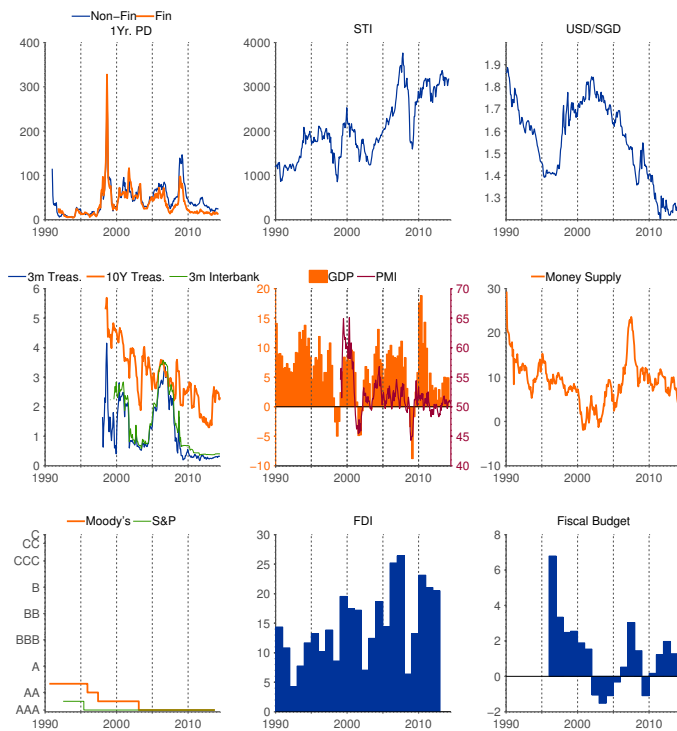
Romania	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	40.54	40.42	34.40	39.13	-
1Yr. PD, Fin.	27.50	14.51	15.10	17.96	-
BET 10	5262	6042	6494	6324	7014
USD/ROL	34324.50	32957.00	32445.51	32398.01	32034.51
10Y Treas. Yield (%)	5.53	5.20	5.29	5.33	4.38
3m Interbank (%)	4.36	3.04	2.19	2.72	2.17
GDP (YoY%)	1.4	4.2	5.4	3.9	-
PPI (YoY%)	2.8	0.3	-0.1	-1.1	0.8*
Money Supply (YoY%)	5.13	4.75	8.76	6.31	6.52*
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BB+	BB+	BB+	BB+	BB+
5Y CDS (bps)	214.20	192.75	184.62	166.65	135.00
Fiscal Budget (%GDP)	-	-	-2.30	-	-



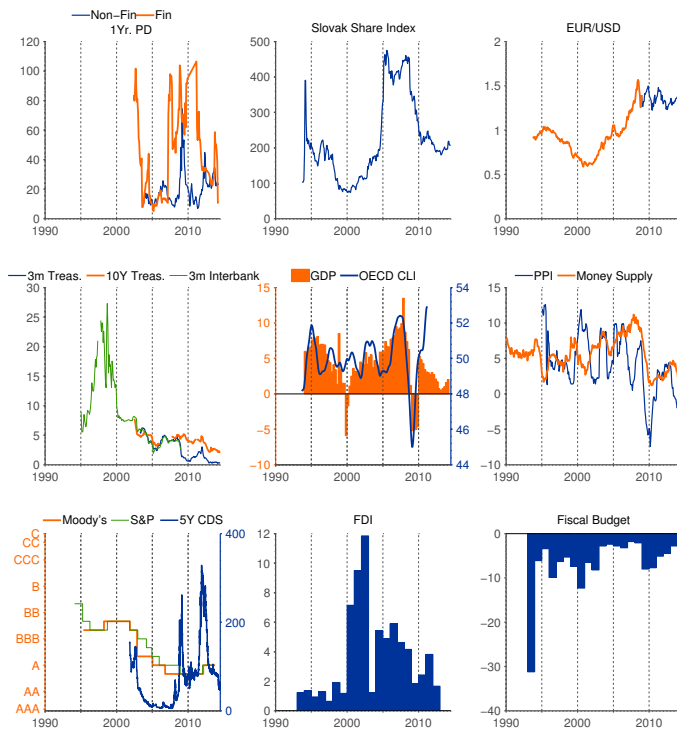
Russia	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	68.38	75.02	75.17	88.18	-
1Yr. PD, Fin.	58.63	62.22	47.83	70.09	-
MICEX	1330	1463	1504	1369	1476
USD/RUB	32.84	32.39	32.87	35.17	33.98
10Y Treas. Yield (%)	7.61	7.29	7.80	8.80	8.37
3m Interbank (%)	6.96	6.82	-	-	-
GDP (YoY%)	1.0	1.3	2.0	-	-
OECD CLI	1.41	2.43	2.51	-	-
PPI (YoY%)	3.7	1.9	3.7	5.0	8.9*
Money Supply (YoY%)	15.50	16.10	14.60	8.50	7.70*
Sov. Rating, Moody's	Baa1	Baa1	Baa1	Baa1	Baa1
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
5Y CDS (bps)	195.24	172.64	165.16	222.07	183.69
Fiscal Budget (%GDP)	-	-	-0.84	-	-



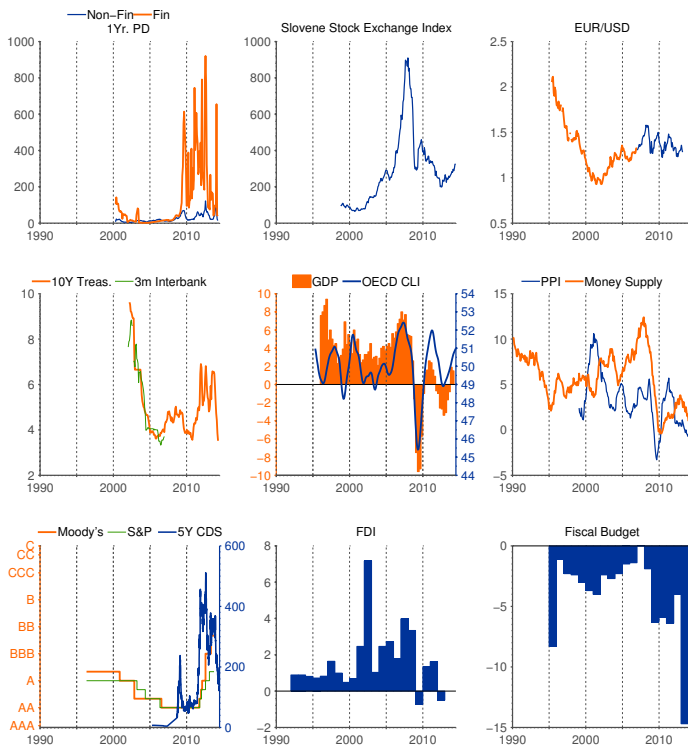
Saudi Arabia	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	3.63	3.35	2.14	1.79	-
1Yr. PD, Fin.	1.55	1.41	0.89	1.09	-
TASI	7497	7965	8536	9474	9513
USD/SAR	3.75	3.75	3.75	3.75	3.75
3m Interbank (%)	0.96	0.96	0.96	0.95	0.95
PPI (YoY%)	1.3	1.4	0.4	0.5	-
Money Supply (YoY%)	14.00	13.80*	-	-	-
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	-	69.50	55.00	52.00	51.41



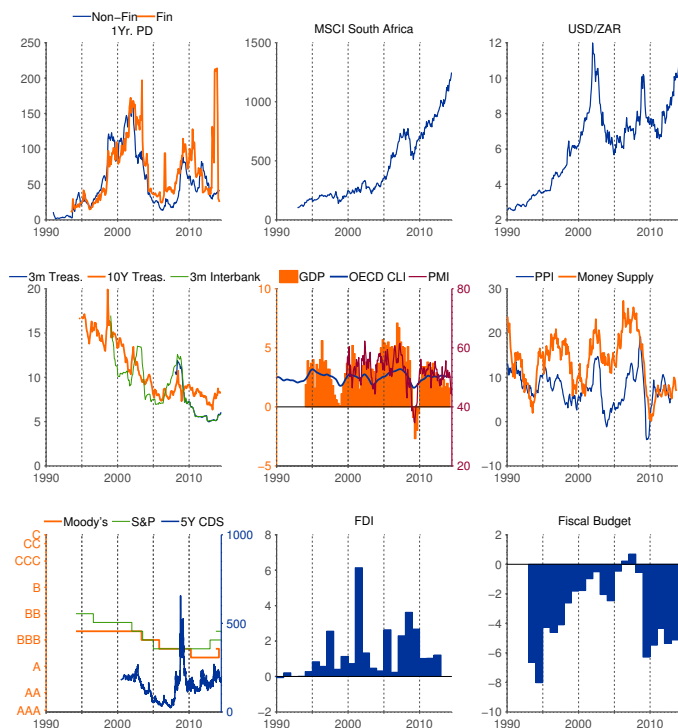
Singapore	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	20.71	18.48	24.37	24.79	-
1Yr. PD, Fin.	16.19	12.34	16.31	14.41	-
STI	3150	3168	3167	3189	-
USD/SGD	1.27	1.26	1.26	1.26	1.25
3m Treas. Yield (%)	0.27	0.29	0.31	0.32	0.32
10Y Treas. Yield (%)	2.35	2.35	2.56	2.49	2.32
3m Interbank (%)	0.37	0.37	0.40	0.41	0.40
GDP (YoY%)	4.0	5.0	4.9	4.9	-
PMI	51.7	50.5	49.7	50.8	50.5
Money Supply (YoY%)	9.20	7.50	4.30	2.00	-0.10*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
Fiscal Budget (%GDP)	-	-	1.28	-	-



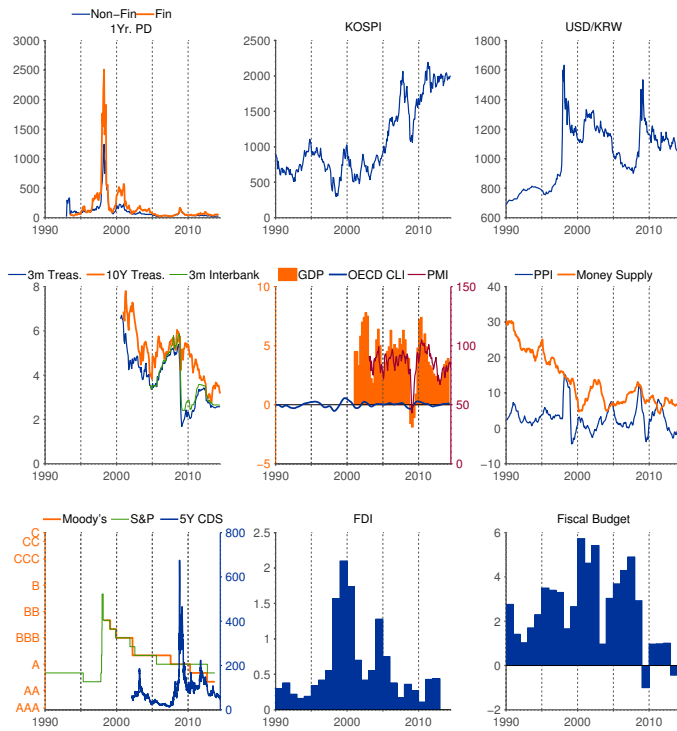
Slovakia	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	30.94	34.45	23.71	22.81	-
1Yr. PD, Fin.	25.93	58.69	46.05	10.46	-
Slovak Share Index	194	196	198	219	207
EUR/USD	1.30	1.35	1.38	1.38	1.37
3m Treas. Yield (%)	0.45	0.43	0.44	0.27	0.23
10Y Treas. Yield (%)	2.68	2.71	2.51	2.13	2.02
GDP (YoY%)	0.7	1.0	1.6	2.0	-
PPI (YoY%)	-0.3	-0.8	-1.7	-4.0	-3.6*
Money Supply (YoY%)	4.20	3.70	2.40	2.20	2.30*
Sov. Rating, Moody's	A2	A2	A2	A2	A2
Sov. Rating, S&P	A	A	A	A	A
5Y CDS (bps)	101.55	85.00	83.85	71.83	50.00
Fiscal Budget (%GDP)	-	-	-2.80	-	-



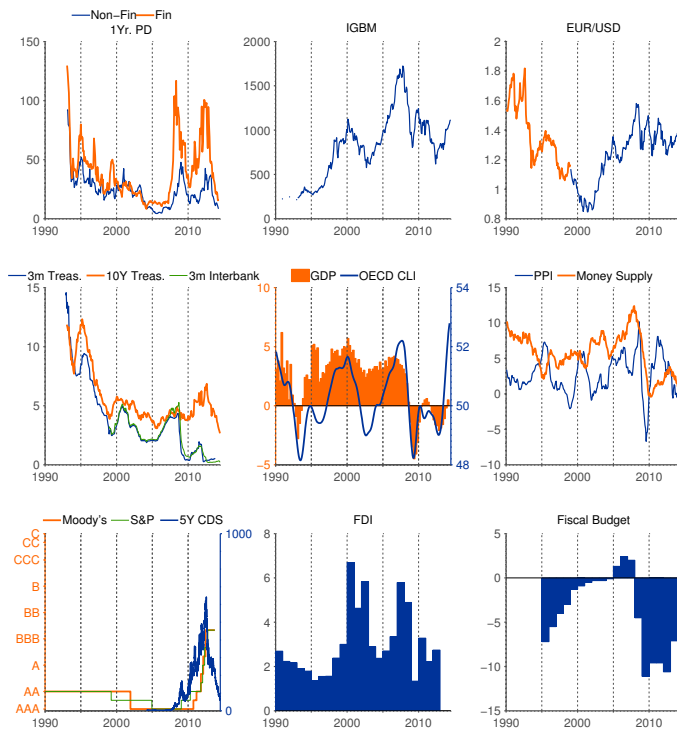
Slovenia	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	20.51	43.11	127.13	13.59	-
1Yr. PD, Fin.	163.13	48.00	91.43	38.42	-
Slovene Stock Exchange Index	244	258	284	288	324
10Y Treas. Yield (%)	6.38	6.56	5.27	3.85	3.52*
GDP (YoY%)	-1.7	-0.8	1.9	1.5	-
OECD CLI	99.62	99.97	100.42	100.76	100.98
PPI (YoY%)	0.0	-0.4	-0.5	-0.9	-1.1*
Money Supply (YoY%)	2.30	1.90	1.00	0.90	1.20*
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	A-	A-	A-	A-	A-
5Y CDS (bps)	330.91	352.45	282.15	172.78	119.98
Fiscal Budget (%GDP)	-	-	-14.70	-	-



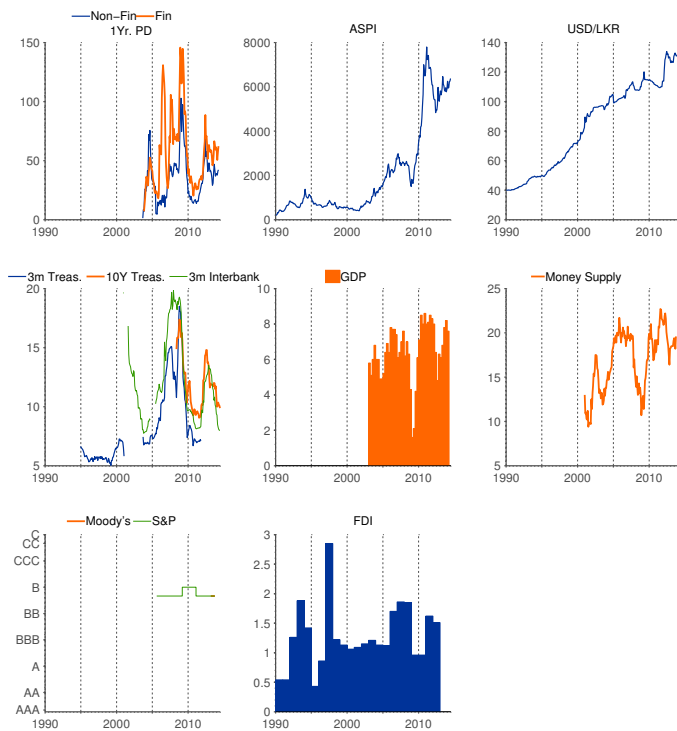
South Africa	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	37.35	36.12	40.87	41.92	-
1Yr. PD, Fin.	80.52	210.70	147.37	25.13	-
MSCI South Africa	983	1076	1138	1187	1248
USD/ZAR	9.88	10.05	10.52	10.52	10.63
3m Treas. Yield (%)	5.22	5.10	5.31	5.74	6.06
10Y Treas. Yield (%)	7.59	7.60	7.98	8.26	8.26
3m Interbank (%)	5.15	5.13	5.22	5.72	5.83
GDP (YoY%)	2.3	1.7	2.0	1.6	-
OECD CLI	100.38	100.30	100.17	100.11	100.10*
PMI	51.7	50.0	49.9	50.3	46.6
Money Supply (YoY%)	9.17	6.90*	-	-	-
Sov. Rating, Moody's	A3	Baa1	Baa1	Baa1	Baa1
Sov. Rating, S&P	BBB	BBB-	BBB-	BBB-	BBB-
5Y CDS (bps)	216.33	197.23	204.11	194.80	176.63
Fiscal Budget (%GDP)	-	-	-5.13	-	-



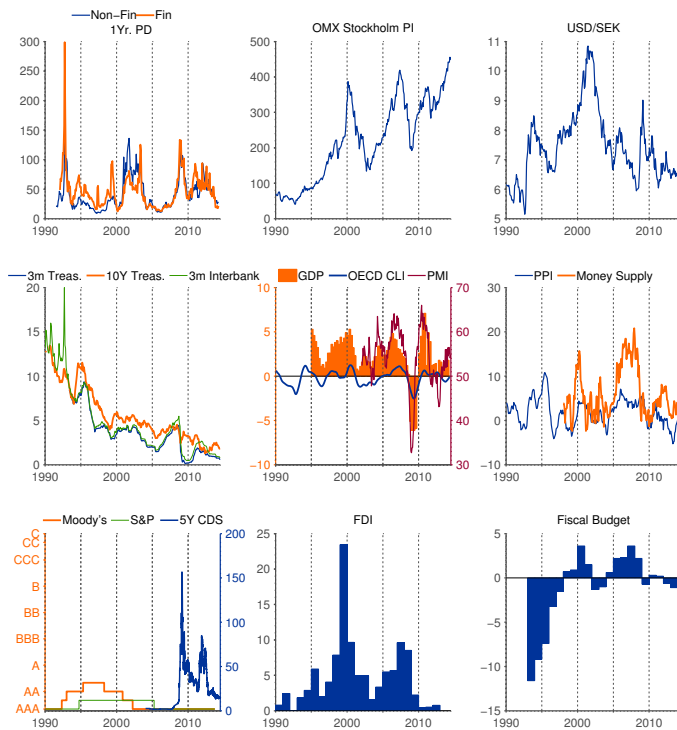
South Korea	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	23.48	23.78	27.94	20.81	-
1Yr. PD, Fin.	33.59	55.93	54.68	45.54	-
KOSPI	1863	1997	2011	1986	2002
USD/KRW	1142.06	1074.64	1049.80	1064.70	1011.84
3m Treas. Yield (%)	2.58	2.53	2.56	2.58	2.56
10Y Treas. Yield (%)	3.40	3.42	3.59	3.52	3.17
3m Interbank (%)	2.69	2.65	2.66	2.65	2.64
GDP (YoY%)	2.7	3.4	3.7	3.9	-
OECD CLI	100.71	100.70	100.82	101.02	101.01*
PMI	82.0	77.0	78.0	85.0	81.0
PPI (YoY%)	-1.4	-1.8	-0.4	-0.5	0.0*
Money Supply (YoY%)	6.60	6.70	6.60	6.40	6.20*
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	A+	A+	A+	A+	A+
5Y CDS (bps)	108.14	82.88*	65.95	60.99	53.17
Fiscal Budget (%GDP)	-	-	-0.44	-	-



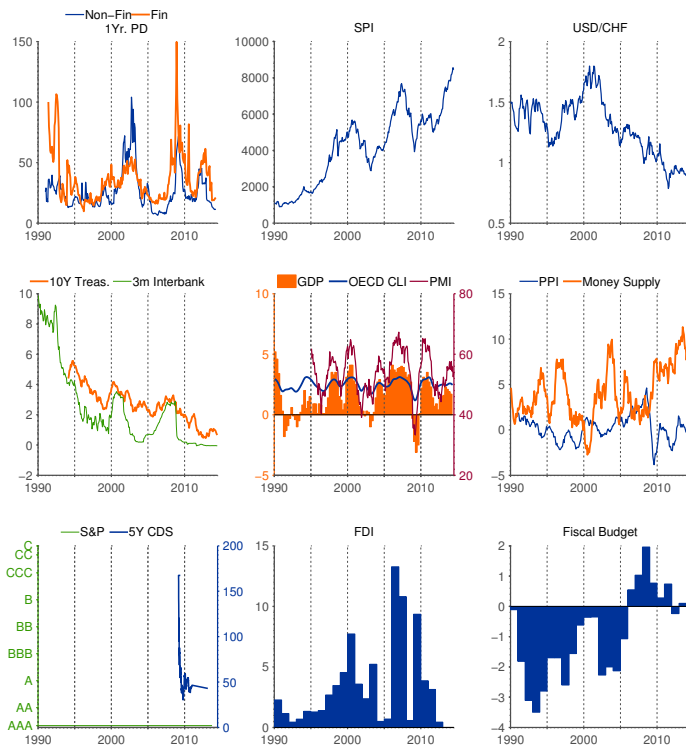
Spain	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	19.06	11.96	13.39	8.37	-
1Yr. PD, Fin.	38.76	28.36	22.67	16.21	-
IGBM	782	933	1012	1056	1116
EUR/USD	1.30	1.35	1.38	1.38	1.37
3m Treas. Yield (%)	0.45	0.50	0.55*	-	-
10Y Treas. Yield (%)	4.77	4.30	4.15	3.23	2.66
3m Interbank (%)	0.22	0.23	0.29	0.31	0.21
GDP (YoY%)	-1.6	-1.1	-0.2	0.5	-
OECD CLI	100.21	101.10	101.98	102.64	102.79*
PPI (YoY%)	1.3	0.1	0.6	-1.5	-0.4*
Money Supply (YoY%)	2.30	1.90	1.00	0.90	1.20*
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BBB-	BBB-	BBB-	BBB-	BBB-
5Y CDS (bps)	281.47	228.22	157.48	104.18	66.33
Fiscal Budget (%GDP)	-	-	-7.10	-	-



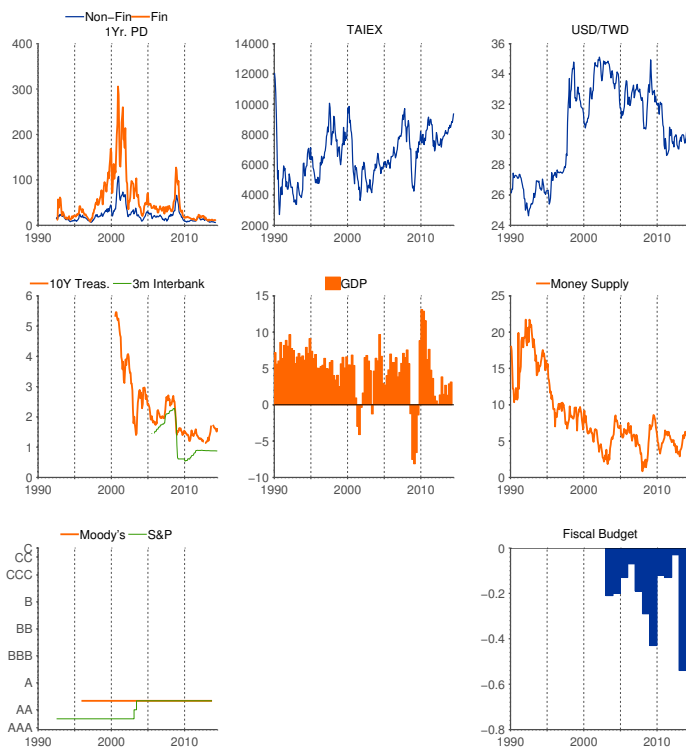
Sri Lanka	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	30.95	41.97	39.02	42.25	-
1Yr. PD, Fin.	48.07	63.50	59.02	62.24	-
ASPI	6121	5803	5913	5968	6379
USD/LKR	130.60	132.00	130.81	130.70	130.34
10Y Treas. Yield (%)	11.77	11.98	10.78	10.35	9.88
3m Interbank (%)	11.54	10.81	9.39	8.25	8.00
GDP (YoY%)	6.8	7.8	8.2	7.6	-
Money Supply (YoY%)	19.40	19.60	-	-	-
Sov. Rating, Moody's	B1	B1	B1	B1	B1
Sov. Rating, S&P	B+	B+	B+	B+	B+



Sweden	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	39.07	31.95	30.75	28.36	-
1Yr. PD, Fin.	54.21	36.36	18.59	21.49	-
OMX Stockholm PI	362	399	424	440	449
USD/SEK	6.70	6.43	6.44	6.47	6.68
3m Treas. Yield (%)	0.91	0.90	0.74	0.75	0.56
10Y Treas. Yield (%)	2.21	2.43	2.50	2.12	1.85
3m Interbank (%)	1.21	1.21	0.94	0.92	0.75
GDP (YoY%)	1.0	0.6	3.0	1.8	-
OECD CLI	98.98	98.73	99.10	99.59	99.79*
PMI	53.5	56.0	52.2	56.5	54.8
PPI (YoY%)	-4.7	-1.1	0.3	1.0	2.8*
Money Supply (YoY%)	4.39	1.30	3.10	3.02	4.11*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	22.61	17.11	16.67	15.72	14.50
Fiscal Budget (%GDP)	-	-	-1.10	-	-

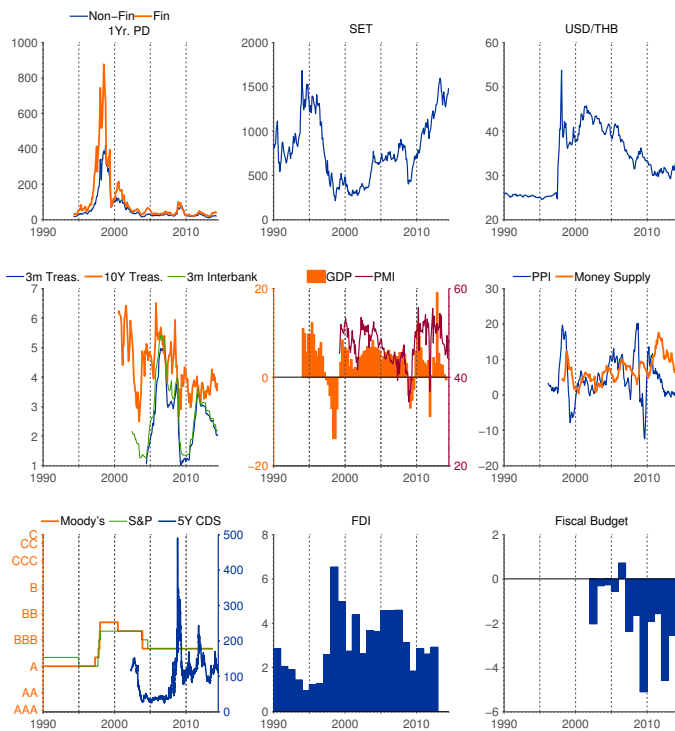


Switzerland	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	17.20	13.46	11.78	11.10	-
1Yr. PD, Fin.	26.86	18.60	18.84	20.01	-
SPI	7248	7611	7838	8202	8456
USD/CHF	0.94	0.90	0.89	0.88	0.89
10Y Treas. Yield (%)	1.03	1.02	1.07	0.95	0.66
3m Interbank (%)	-0.04	-0.04	-0.04	-0.04	-0.05
GDP (YoY%)	2.3	2.1	1.9	1.7	-
OECD CLI	99.78	100.18	100.35	100.05	99.87*
PMI	51.4	55.4	55.0	54.4	54.0
PPI (YoY%)	0.5	0.3	-0.3	-0.4	-0.5*
Money Supply (YoY%)	11.33	9.44	7.69	9.09	7.57*
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
Fiscal Budget (%GDP)	-	-	0.10	-	-

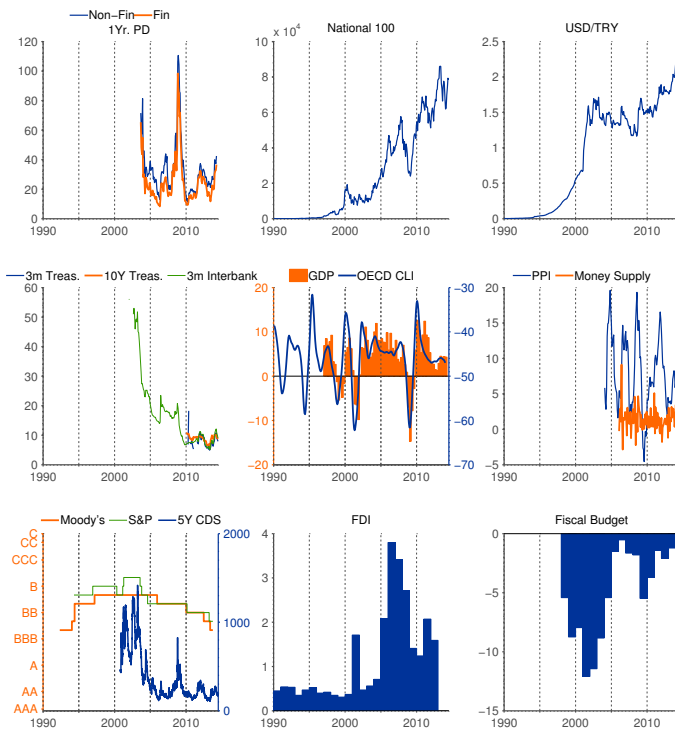


Taiwan	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	6.86	7.82	6.99	5.22	-
1Yr. PD, Fin.	11.12	12.57	10.73	9.75	-
TAIEX	8062	8174	8612	8849	9393
USD/TWD	29.98	29.63	29.81	30.49	29.89
10Y Treas. Yield (%)	1.42	1.71*	1.69	1.60	1.63
3m Interbank (%)	0.88	0.88	0.88	0.88	0.88
GDP (YoY%)	2.7	1.3	2.9	3.1	-
Money Supply (YoY%)	5.27	5.70	5.79	5.93	5.97*
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
Fiscal Budget (%GDP)	-	-	-0.54	-	-

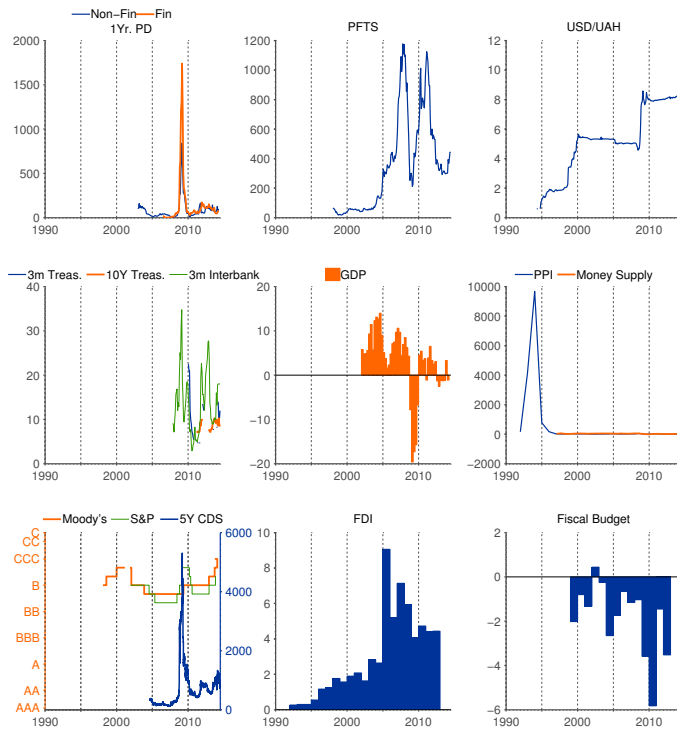




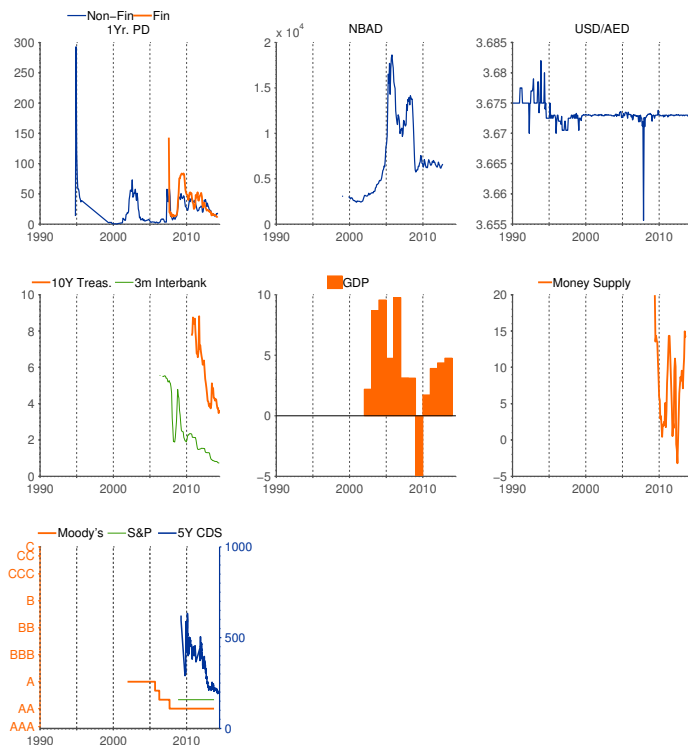
Thailand	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	16.44	21.32	22.66	18.03	-
1Yr. PD, Fin.	26.91	36.75	41.45	35.04	-
SET	1452	1383	1299	1376	1486
USD/THB	31.05	31.24	32.70	32.42	32.44
3m Treas. Yield (%)	2.54	2.53	2.31	2.06	2.06
10Y Treas. Yield (%)	3.73	3.90	3.90	3.70	3.81*
3m Interbank (%)	2.60	2.60	2.40	2.18	2.18
GDP (YoY%)	2.9	2.7	0.6	-0.6	-
PMI	49.9	47.5	45.0	49.4	48.6*
PPI (YoY%)	0.9	0.7	1.0	1.4	1.3
Money Supply (YoY%)	10.23	7.09	7.32	6.40	4.40*
Sov. Rating, Moody's	Baa1	Baa1	Baa1	Baa1	Baa1
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB+	BBB+
5Y CDS (bps)	130.59	118.85*	129.89	123.67	111.91
Fiscal Budget (%GDP)	-	-	-2.55	-	-



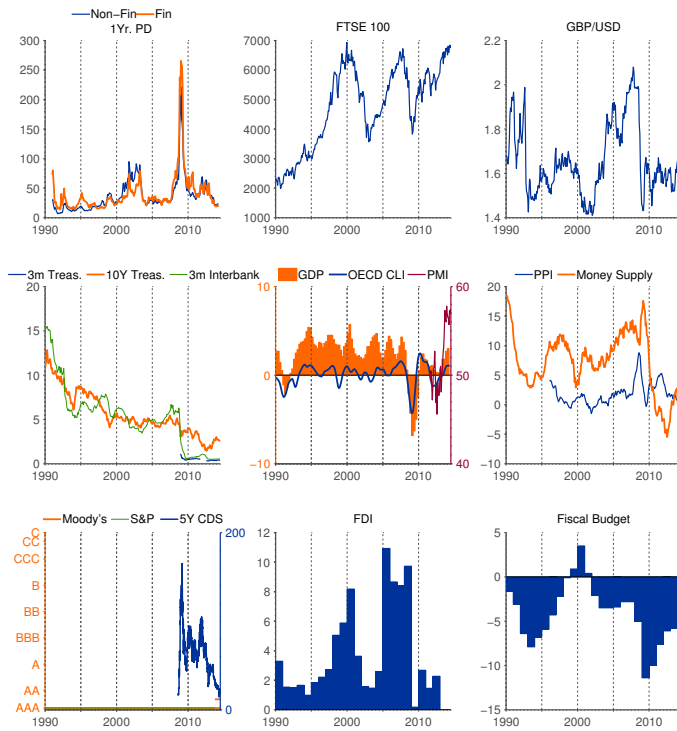
Turkey	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	23.78	26.49	39.92	42.47	-
1Yr. PD, Fin.	14.78	20.45	30.45	36.66	-
National 100	76295	74487	67802	69736	78489
USD/TRY	1.93	2.02	2.15	2.14	2.12
3m Treas. Yield (%)	6.08	6.84	8.03	10.83	7.95
10Y Treas. Yield (%)	8.49	8.99	10.15	10.10	8.71
3m Interbank (%)	7.25	7.19	9.12	12.14	9.03
GDP (YoY%)	4.5	4.3	4.4	4.3	-
OECD CLI	4.06	3.74	3.00	-	-
PPI (YoY%)	5.4	8.3	6.8	-	-
Money Supply (YoY%)	1.65	1.93	3.45	0.80	2.74
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BB+	BB+	BB+	BB+	BB+
5Y CDS (bps)	190.83	213.59	244.72	219.80	176.81
Fiscal Budget (%GDP)	-	-	-1.22	-	-



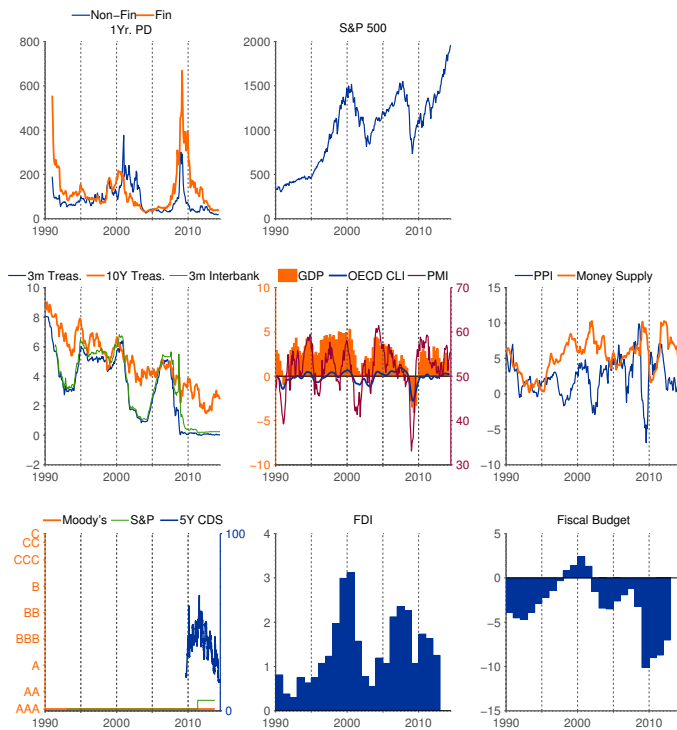
Ukraine	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	78.59	72.82	80.67	97.75	-
1Yr. PD, Fin.	88.69	64.89	47.33	80.68	-
PFTS	310	299	301	369	444
USD/UAH	8.16	8.19	8.24	11.38	11.75
3m Treas. Yield (%)	-	7.75*	-	14.00	12.00
10Y Treas. Yield (%)	9.37	10.26	9.04	8.56	8.40
3m Interbank (%)	9.05	10.30	16.00	18.00	18.00
GDP (YoY%)	-1.3	-1.2	3.3	-1.1	-
PPI (YoY%)	-1.6	-0.9	1.7	3.9	8.8*
Money Supply (YoY%)	17.80	19.10	17.60	18.00	16.10*
Sov. Rating, Moody's	B3	Caa2	Caa2	Caa2	Caa2
Sov. Rating, S&P	B	B-	B-	B-	B-
5Y CDS (bps)	815.49	1085.56	816.68	890.14	840.10



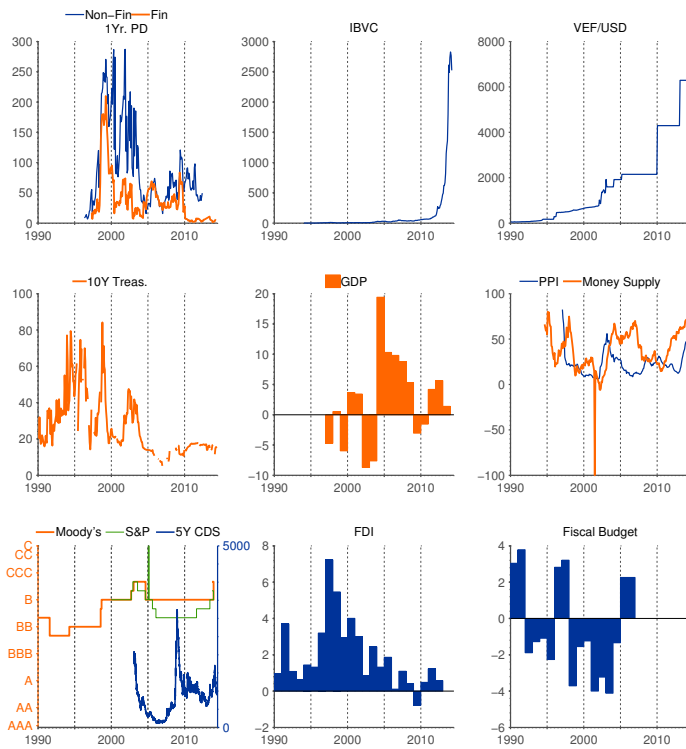
United Arab Emirates	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	17.22	14.35	14.08	18.50	-
1Yr. PD, Fin.	17.41	15.08	13.58	12.89	-
USD/AED	3.67	3.67	3.67	3.67	3.67
10Y Treas. Yield (%)	5.12	4.32	4.25	3.74	3.60
3m Interbank (%)	0.91	0.86	0.81	0.78	0.73
GDP (YoY%)	-	-	4.8	-	-
Money Supply (YoY%)	14.96	14.15*	-	-	-
Sov. Rating, Moody's	Aa2	Aa2	Aa2	Aa2	Aa2
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	254.51	211.51	214.83	191.67	193.46



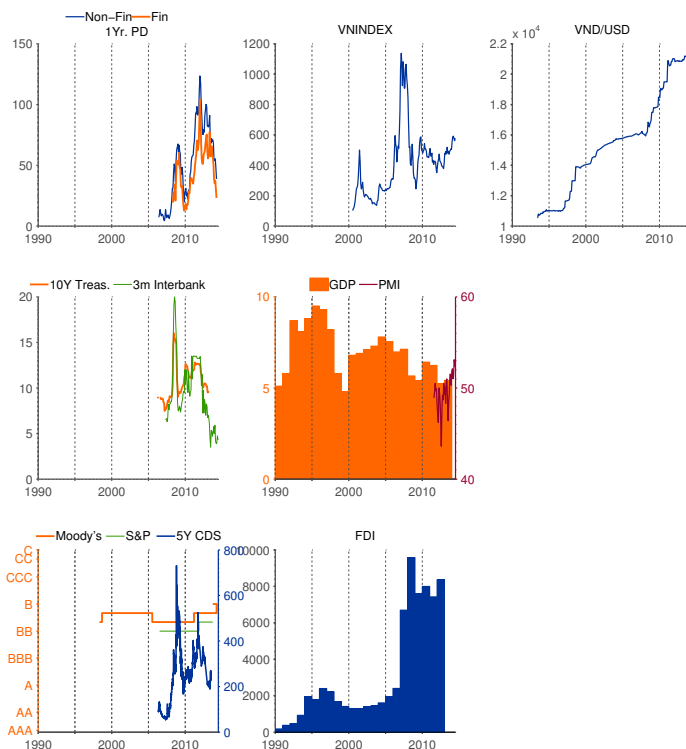
United Kingdom	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	34.23	21.12	21.35	23.58	-
1Yr. PD, Fin.	26.76	20.43	19.60	18.80	-
FTSE 100	6215	6462	6749	6598	6744
GBP/USD	1.52	1.62	1.66	1.67	1.71
3m Treas. Yield (%)	0.41	0.40	0.35	0.44	0.44
10Y Treas. Yield (%)	2.44	2.72	3.02	2.74	2.67
3m Interbank (%)	0.51	0.52	0.53	0.52	0.55
GDP (YoY%)	1.8	1.8	2.7	3.0	-
OECD CLI	100.19	100.84	101.07	101.07	101.12*
PMI	53.1	56.3	56.9	55.7	57.5
PPI (YoY%)	1.7	1.2	1.0	0.4	0.5*
Money Supply (YoY%)	1.50	2.50	0.20	-0.30	-0.90*
Sov. Rating, Moody's	Aaa	Aa1	Aa1	Aa1	Aa1
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	49.57	34.02	28.00	24.17	19.08
Fiscal Budget (%GDP)	-	-	-5.80	-	-



United States	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	23.29	18.59	19.73	21.12	-
1Yr. PD, Fin.	37.09	37.62	39.02	34.00	-
S&P 500	1606	1682	1848	1872	1960
3m Treas. Yield (%)	0.03	0.01	0.07	0.03	0.02
10Y Treas. Yield (%)	2.49	2.61	3.03	2.72	2.53
3m Interbank (%)	0.24	0.24	0.24	0.24	0.24
GDP (YoY%)	1.6	2.0	2.6	1.5	-
OECD CLI	100.52	100.60	100.53	100.48	100.54*
PMI	52.5	56.0	56.5	53.7	55.3
PPI (YoY%)	2.3	0.3	1.4	1.7	2.4*
Money Supply (YoY%)	6.90	6.30	5.40	6.00	6.60*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AA+	AA+	AA+	AA+	AA+
5Y CDS (bps)	28.17	33.38	29.00	18.96	16.34



Venezuela	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Fin.	5.83	3.96	2.57	6.31	-
IBVC	1150	1795	2737	2523	-
VEF/USD	6292.10	6292.10	6292.10	6292.10	6292.10
10Y Treas. Yield (%)	15.04	14.28	16.78*	14.96	15.00*
GDP (YoY%)	-	-	1.4	-	-
PPI (YoY%)	31.0	38.9	47.1	-	-
Money Supply (YoY%)	61.30	63.30	69.00	76.00	75.40*
Sov. Rating, Moody's	B2	Caa1	Caa1	Caa1	Caa1
Sov. Rating, S&P	B	B-	B-	B-	B-
5Y CDS (bps)	1012.94	933.75	1150.17	1260.62	920.97



Vietnam	2013			2014	
	Q2	Q3	Q4	Q1	Q2
1Yr. PD, Non-Fin. (bps)	68.19	70.81	53.97	38.71	-
1Yr. PD, Fin.	57.99	56.57	35.17	23.07	-
VNINDEX	481	493	505	592	578
VND/USD	21205.00	21113.00	21095.00	21098.00	21330.00
3m Interbank (%)	3.50	4.70	5.00	3.90	4.30
GDP (YoY%)	-	-	5.4	-	-
PMI	46.4	51.5	51.8	51.3	52.3
Sov. Rating, Moody's	B1	B2	B2	B2	B2
Sov. Rating, S&P	BB-	BB-	BB-	BB-	BB-
5Y CDS (bps)	269.91	264.50*	-	-	-

## 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 on July 4 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](#).<sup>†</sup>

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

<sup>†</sup>The RMI CRI model uses Germany's three-month Bublic 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](http://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 Managers 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, the US and Venezuela 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 Probability of Default implied Rating (PDiR) has been introduced to aid intuition about what different values of 1-year PD from RMI’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.

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.<sup>†</sup> RMI uses this data to compute issuer-weighted 1-year average default rates (ADR) for each ratings cohort, using ratings data from 2003-2013.

PDiR	Upper bound (bps)
AAA	0.16
AA	2.46
A	9.58
BBB	37.2
BB	144
B	563
CCC/C	–

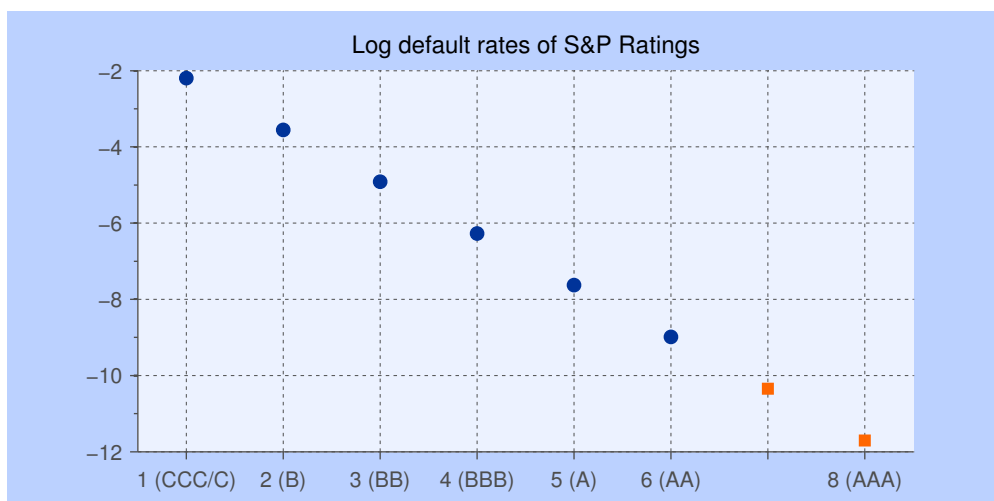
**Computing the boundaries between different PDiR classes:** The blue circles in the graph below indicate the logarithm of the observed ADR for firms rated by S&P with ratings from AA down to CCC/C.

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 (red diamonds). 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:

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

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 green diamonds. However, taking the default rate based on the first extrapolated green diamond 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 green diamond.



<sup>†</sup>Central Ratings Repository, European Securities and Markets Authority (ESMA).



# About RMI and the Credit Research Initiative

The NUS Risk Management Institute (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 Monetary Authority of Singapore (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.

Credit Research Initiative (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 probabilities of default (PD) on a daily basis for corporate entities in 106 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

For more information please contact us:

**Telephone:** +65 6516 3380

**Email:** [rmicri@nus.edu.sg](mailto:rmicri@nus.edu.sg)

## QCR Editor:

Dexter Tan

## Contributors to this issue:

Oliver Chen  
Thomas Cho  
Wang Yunjiao  
Guo Ruijie  
Birger Jacobs  
Eleni Sofokleous  
Siddharth Batra