

Country Risk Rating Changes

The risk ratings for Q3 2018 indicate that 3 countries have been upgraded and 4 countries have been downgraded.

Country	Change	Extended WW Headline
Iceland	▲	Dun & Bradstreet upgrades Iceland's country risk rating on the back of ongoing economic improvements, illustrated by a return to healthy real GDP growth.
Japan	▲	Dun & Bradstreet upgrades Japan's country risk rating after record public company profits were reported and GDP growth resumed in Q2.& Bradstreet upgrades Japan's country risk rating after record public company profits were reported and GDP growth resumed in Q2.
Kazakhstan	▲	Dun & Bradstreet upgrades Kazakhstan's country risk rating on the back of ongoing economic improvements, illustrated by a return to healthy real GDP growth.
Iran	▼	Dun & Bradstreet downgrades Iran's country risk rating as US sanctions are imposed, further undermining the worsening economic position and raising social tensions.
Nicaragua	▼	Dun & Bradstreet downgrades Nicaragua's country risk rating as the sociopolitical crisis intensifies, with the government continuing to repress protesters, and little prospect of a peaceful resolution.
Tunisia	▼	Dun & Bradstreet downgrades Tunisia's country risk rating, owing to the challenging economic situation and its socio-political implications.
Turkey	▼	An elevated FX risk continues, with the lira being hit by an almost perfect storm, affecting transfer risk and the short-term economic outlook.

Outlook Trend Changes

Country	Change	Extended WW Headline
Morocco	▼	Dun & Bradstreet downgrades its rating outlook for Morocco as political tensions increase.
Norway	▲	Dun & Bradstreet upgrades its rating outlook for Norway amid sustained economic improvement, with both the offshore hydrocarbons sector and the onshore economy performing solidly.
Brazil	▼	Dun & Bradstreet downgrades its rating outlook for Brazil amid economic and political uncertainties.
Germany	▼	Dun & Bradstreet downgrades its rating outlook for Germany as political risk rises due to the

		refugee crisis, with a simultaneous downgrading of the political environment outlook.
Turkey	▼	Dun & Bradstreet downgrades its rating outlook for Turkey following the appointment of the president's son-in-law as finance minister, as well as the firing of over 18,000 state employees.
Argentina	▼	Dun & Bradstreet downgrades its rating outlook for Argentina as economic activity contracts in April, with agricultural output hit by the country's worst drought in 30 years.
Cambodia	▲	Dun & Bradstreet upgrades its rating outlook for Cambodia after the election result consolidates short-term political stability and boosts the economic outlook.
Croatia	▼	While growth in 2018 will be respectable at 2.7%, a worsening external environment will cause the economy to slow over the remainder of the forecast period.
El Salvador	▼	Private consumption, fuelled by robust remittance inflows and low inflation, will continue to support growth, although downside risks to the outlook prevail.

World Watch

Country	Extended WW Headline
Cote d'Ivoire	The IMF conducts an economic review and approves the release of funds.
Kuwait	Kuwait steps up its role at the UN in response to clashes in Gaza.
United Arab Emirates	The agreement to cut oil production quotas will boost growth.
Spain	The economy maintains its momentum despite increased political uncertainty.
Romania	The leu falls to an all-time low.
Russian Federation	Proposed pension reforms spark street protests.
Cambodia	The political environment faces further stress.
Korea (South)	Concerns over China, wages and semiconductors limit our growth forecast.
Canada	New trade barriers shrink Canada's potential for US exporters.

Risk Rating Explanations

The DB risk indicator is divided into seven bands, ranging from DB1 through DB7. Each band is subdivided into quartiles (a-d), with an 'a' designation representing slightly less risk than a 'b' designation and so on. Only the DB7 indicator is not divided into quartiles.

Indicat or	Meaning	Explanation
DB1	Lowest Risk	Lowest degree of uncertainty associated with expected returns, such as export payments and foreign debt and equity servicing.
DB2	Low Risk	Low degree of uncertainty associated with expected returns. However, country-wide factors may result in higher volatility of

		returns at a future date.
DB3	Slight Risk	Enough uncertainty over expected returns to warrant close monitoring of country risk. Customers should actively manage their risk exposures.
DB4	Moderate Risk	Significant uncertainty over expected returns. Risk-averse Customers are advised to protect against potential losses.
DB5	High Risk	Considerable uncertainty associated with expected returns. Businesses are advised to limit their exposure and/or select high-return transactions only.
DB6	Very High Risk	Expected returns subject to large degree of volatility. A very high expected return is required to compensate for the additional risk or the cost of hedging such risk.
DB7	Highest Risk	Returns are almost impossible to predict with any accuracy. Business infrastructure has, in effect, broken down.