

Comparative Rating Index for Sovereigns (CRIS): An Update with Data Available on 4th April 2012

From the Economic Division, Ministry of Finance

[This is the latest update on the comparative credit ratings scores of nations, using Moody's ratings data as on April 4, 2012, and using a formula developed by our researchers. The detailed work (not for dissemination) occurs in a paper by Kaushik Basu, Anil Bisen, Supriyo De, Rangeet Ghosh and Shweta.]

The world economy continues to be turbulent and this is reflected in sovereign credit ratings. In contrast to the stand alone ratings given by the rating agencies, a comparative rating tells us something about how one particular sovereign has performed *in relation to how other sovereigns are doing*. Since, for investors, relative or comparative rating is such an important concept, a relative performance index, the Comparative Rating Index for Sovereigns (CRIS), was developed and applied to sovereign credit ratings. A report based on the CRIS was released giving results based on data available up to 13th February 2012.¹ Even in the short period since then, there have been interesting developments on the ratings front. We have recomputed the CRIS values with data updated to 4th April 2012 and presented developments between 8th December 2011 and these latest figures (see Table 1).

India has maintained its rank at 55th position, but its CRIS score has seen an increase of 0.42% from 24.43 to 24.53. This is purely a reflection of relative improvement in ratings, since during the period between December 2011 and April 2012 the global average has deteriorated and India's long-term sovereign ratings (as per Moody's) have remained unaltered. Not surprisingly, all nations that managed to hold their Moody's ratings have, by our index, namely CRIS, seen a small improvement. Improved comparative rating across the 2011 to April 2012 period were witnessed by the United States with a CRIS rise from 32.66 to 32.80 improving its position from 16th to 13th, and China with its CRIS value rising from about 30.66 to 30.79 improving its 22nd rank to 21st.

Across the December 2011 to April 2012 period, Indonesia had the largest increase of 5.32% in CRIS value (from 23.29 to 24.53) accompanied by an 11 position jump in ranks from 66th to 55th. This was partly due to an upgrading of its regular ratings by Moody's with a further boost by the deterioration of the global average. Understandably, the most significant fall in CRIS was that of Greece and it remained at the lowest rank (101st). Its CRIS fell by 42.02% from 7.36 to 4.27. Other economies experiencing large negative CRIS growth were Belize (-10.18%) with a rank fall of 5 places, Slovenia (-6.72%) with a fall of 11 ranks, Spain (-6.21%) losing 3 ranks, and Belgium (-5.95%) with a rank loss of 8 places.

¹Comparative Rating Index for Sovereigns (CRIS): A Report Based on "The Relativity of Sovereigns: A New Index of Sovereign Credit Ratings and an Analysis of How Nations Fared over the Last Six Years" by Kaushik Basu, Anil Bisen, Supriyo De, Rangeet Ghosh and Shweta, <http://www.finmin.nic.in/WorkingPaper/>

Table 1: Values of CRIS in December 2011, April 2012 and February 2012 with changes in rank between December 2011 and April 2012

Country	8/12/2011		4/4/2012		2/13/2012		Dec 2011 to Apr 2012
	Rank	CRIS	Rank	CRIS	Rank	CRIS	Rank change
Albania	78	19.48	78	19.57	78	19.56	0
Argentina	94	16.47	93	16.54	94	16.53	1
Armenia	74	21.68	74	21.77	74	21.76	0
Australia	1	32.93	1	33.07	1	33.06	0
Austria	1	32.93	13	32.80	13	32.79	-12
Azerbaijan	65	23.67	64	23.77	65	23.77	1
Bahamas	40	27.23	37	27.34	37	27.33	3
Bahrain	47	26.21	47	26.32	47	26.31	0
Barbados	61	24.05	61	24.15	62	24.15	0
Belarus	99	15.91	98	15.98	99	15.97	1
Belgium	18	32.10	26	30.19	26	30.18	-8
Belize	94	16.47	99	14.79	94	16.53	-5
Bolivia	77	19.94	77	20.03	77	20.02	0
Bosnia and Herzegovina	93	17.53	93	16.54	92	17.60	0
Botswana	35	28.52	32	28.64	32	28.63	3
Brazil	48	25.86	48	25.97	48	25.96	0
Bulgaria	49	25.51	49	25.62	49	25.61	0
Cambodia	89	18.04	88	18.12	88	18.11	1
Canada	1	32.93	1	33.07	1	33.06	0
Chile	23	30.36	22	30.49	22	30.48	1
China	22	30.66	21	30.79	21	30.78	1
Colombia	55	24.43	55	24.53	55	24.52	0
Costa Rica	55	24.43	55	24.53	55	24.52	0
Croatia	55	24.43	55	24.53	55	24.52	0
Cyprus	55	24.43	68	22.99	55	24.52	-13
Czech Republic	28	29.46	28	29.58	27	29.57	0
Denmark	1	32.93	1	33.07	1	33.06	0
Dominican Republic	78	19.48	78	19.57	78	19.56	0
Ecuador	100	12.76	100	12.81	100	12.81	0
Egypt	86	19.02	88	18.12	88	18.11	-2
El Salvador	72	22.09	72	22.19	72	22.18	0
Estonia	28	29.46	28	29.58	27	29.57	0
Fiji Islands	86	19.02	86	19.10	86	19.09	0
Finland	1	32.93	1	33.07	1	33.06	0
France	1	32.93	13	32.80	13	32.79	-12
Germany	1	32.93	1	33.07	1	33.06	0
Greece	101	7.36	101	4.27	101	7.39	0
Guatemala	66	23.29	66	23.39	67	23.38	0
Honduras	89	18.04	88	18.12	88	18.11	1

Hong Kong	17	32.38	17	32.52	17	32.51	0
Hungary	61	24.05	68	22.99	69	22.99	-7
Iceland	61	24.05	61	24.15	62	24.15	0
India	55	24.43	55	24.53	55	24.52	0
Indonesia	66	23.29	55	24.53	55	24.52	11
Ireland	70	22.90	68	22.99	69	22.99	2
Israel	28	29.46	28	29.58	27	29.57	0
Italy	37	28.20	37	27.34	37	27.33	0
Jamaica	94	16.47	93	16.54	94	16.53	1
Japan	23	30.36	22	30.49	22	30.48	1
Jordan	74	21.68	74	21.77	74	21.76	0
Kazakhstan	49	25.51	49	25.62	49	25.61	0
Korea	28	29.46	27	29.89	27	29.57	1
Kuwait	19	31.24	18	31.38	18	31.37	1
Latvia	52	24.79	52	24.90	52	24.89	0
Lebanon	78	19.48	78	19.57	78	19.56	0
Lithuania	42	26.55	42	26.67	42	26.66	0
Luxembourg	1	32.93	1	33.07	1	33.06	0
Malaysia	39	27.56	36	27.67	36	27.66	3
Malta	37	28.20	37	27.34	37	27.33	0
Mauritius	49	25.51	49	25.62	49	25.61	0
Mexico	42	26.55	42	26.67	42	26.66	0
Mongolia	78	19.48	78	19.57	78	19.56	0
Morocco	66	23.29	66	23.39	67	23.38	0
Netherlands	1	32.93	1	33.07	1	33.06	0
New Zealand	1	32.93	1	33.07	1	33.06	0
Nicaragua	94	16.47	93	16.54	94	16.53	1
Norway	1	32.93	1	33.07	1	33.06	0
Oman	28	29.46	28	29.58	27	29.57	0
Pakistan	94	16.47	93	16.54	94	16.53	1
Panama	52	24.79	52	24.90	52	24.89	0
Papua New Guinea	78	19.48	78	19.57	78	19.56	0
Paraguay	78	19.48	78	19.57	78	19.56	0
Peru	52	24.79	52	24.90	52	24.89	0
Philippines	72	22.09	72	22.19	72	22.18	0
Poland	35	28.52	32	28.64	32	28.63	3
Portugal	74	21.68	76	20.48	76	20.47	-2
Qatar	19	31.24	18	31.38	18	31.37	1
Romania	55	24.43	55	24.53	55	24.52	0
Russia	42	26.55	42	26.67	42	26.66	0
Saudi Arabia	23	30.36	22	30.49	22	30.48	1
Singapore	1	32.93	1	33.07	1	33.06	0
Slovakia	28	29.46	34	28.32	34	28.31	-6
Slovenia	23	30.36	34	28.32	34	28.31	-11
South Africa	40	27.23	37	27.34	37	27.33	3

Spain	34	29.15	37	27.34	37	27.33	-3
St. Vincent & the Grenadines	78	19.48	78	19.57	78	19.56	0
Suriname	78	19.48	78	19.57	78	19.56	0
Sweden	1	32.93	1	33.07	1	33.06	0
Switzerland	1	32.93	1	33.07	1	33.06	0
Taiwan	23	30.36	22	30.49	22	30.48	1
Thailand	42	26.55	42	26.67	42	26.66	0
Trinidad and Tobago	42	26.55	42	26.67	42	26.66	0
Tunisia	61	24.05	61	24.15	62	24.15	0
Turkey	71	22.50	71	22.59	71	22.59	0
Ukraine	89	18.04	92	17.60	92	17.60	-3
United Arab Emirates	19	31.24	18	31.38	18	31.37	1
United Kingdom	1	32.93	13	32.80	13	32.79	-12
United States of America	16	32.66	13	32.80	13	32.79	3
Uruguay	66	23.29	64	23.77	65	23.77	2
Venezuela	89	18.04	88	18.12	88	18.11	1
Vietnam	86	19.02	86	19.10	86	19.09	0