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# Eurozone Sovereign Rating Trends 2017

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# Eurozone Sovereign Rating Trends 2017

*(**Editor's Note:** S&P Global Ratings publishes a eurozone sovereign ratings outlook twice a year, including rating and outlook trends as well as sovereign-specific summaries. Other regional reports cover Asia-Pacific, emerging markets, Central and Eastern Europe and the Commonwealth of Independent States, Latin America and the Caribbean, Middle East and North Africa, and Sub-Saharan Africa. See also our global overview, "Global Sovereign Rating Trends 2017," published Jan. 10, 2017. The next sovereign rating outlooks will be published in July 2017. You will find the current set of sovereign trend publications and videos on spratings.com/sovereignoutlook.)*

## Rating Outlook And Trends

Among the 19 eurozone sovereigns, we rate 16 in the investment-grade category ('BBB-' or above), while three--Portugal, Greece, and Cyprus--are speculative grade ('BB+' or below). Over the past six months, we have raised the ratings on Cyprus (to 'BB' in September) and Malta (to 'A-' in October). This extended a string of upgrades in the second half of 2015 (Netherlands, Spain, Cyprus, Portugal, Greece, and Slovakia) and the first half of 2016 (Greece and Slovenia). There have been no downgrades in the region in the past 18 months. The last downgrade was Greece, of a cumulative four notches during the first half of 2015, as its membership in the eurozone was openly questioned by its official creditors at the time. The last non-Greek sovereign downgrades in the eurozone were Finland and Italy in late 2014.

Consequently, the average eurozone sovereign rating as of December 2016 had recovered to just above 'A' from its low point of just above 'A-' in June 2013. On a GDP-weighted basis, the average eurozone sovereign rating has bottomed out and is between 'AA-' and 'A+'.

**Overview**

- Of the 19 eurozone sovereigns, 16 are investment grade ('BBB-' or higher) while Portugal, Greece, and Cyprus are speculative grade (rated 'BB+' or lower).
- The average eurozone sovereign rating has recovered to 'A' driven primarily by upgrades of smaller sovereigns. On a GDP-weighted basis, eurozone average sovereign ratings have bottomed out just below 'AA-'.
- There are currently two positive (Cyprus and Slovenia) and no negative outlooks in the eurozone.
- No sovereign rating in the eurozone has been lowered as a consequence of the U.K.'s referendum vote to leave the EU, but Brexit has yet to occur, and we think it will weigh on growth performance in the eurozone.

With two positive and no negative outlooks in the eurozone currently, we believe that the trend of a mild overhang of upgrades over downgrades may have run its course and that average ratings will hover around current levels.

Following our upgrade of the Netherlands, there are currently three 'AAA' rated sovereigns in the eurozone (Germany, Luxembourg, and the Netherlands), compared with eight at the beginning of 2009 (Finland, France, Spain, Ireland, and Austria have since lost theirs).

Various key factors inform our sovereign ratings, according to our methodology (see table 1 and "Sovereign Rating

Methodology," published Dec. 23, 2014, on RatingsDirect). We assess these contributing factors as a strength, neutral, or weakness in relation to the universe of all sovereigns we rate globally, not with respect to the more limited sample of eurozone sovereigns alone.

One of the strongest factors supporting eurozone ratings is economic structure and growth, an assessment anchored in measurements of levels of prosperity. We assess this as a strength for nine sovereigns and neutral for 10. Greece and Cyprus notwithstanding, our ratings history still indicates that wealthy countries are less likely to default than lower and middle-income countries (see "2015 Annual Sovereign Default Study And Rating Transitions," published May 24, 2016).

We assess all eurozone sovereigns' institutional and governance effectiveness as either a strength or neutral (except for Greece); we also view monetary flexibility as either a strength or neutral for most eurozone sovereigns, reflecting the floating currency regime and the European Central Bank's (ECB's) very high credibility, which results in the euro being the second global reserve currency. Greece's high public debt (the highest of all rated sovereigns in net terms as a percentage of GDP), and the pronounced disruption of the transmission mechanism, makes it once again the exception.

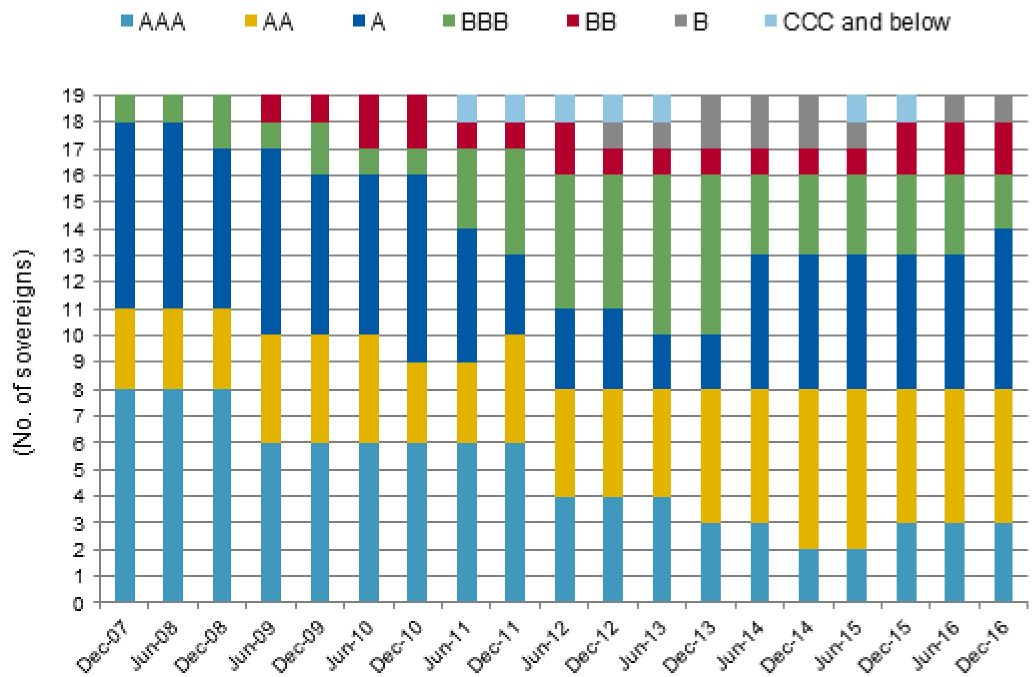
The divergence in our assessment of external strengths and weaknesses reflects the still-unresolved net external debt imbalances in the eurozone. That said, the share of sovereigns for which this is a strength is higher than those for which we assess it as weak. The latter includes those hardest hit by the crisis: Cyprus, Greece, and Portugal.

On the fiscal side, there is also a striking difference between stocks and flows. Fiscal flexibility and performance is strong or neutral for all sovereigns in the group, while eight out of the 19 sovereigns are still weak with relation to their debt burden.

During the second half of 2016 we adjusted the external assessment of Slovakia (lowering it to neutral from strength); raised the budgetary performance assessment on Belgium, Finland, and Portugal (to strength from neutral); and raised the fiscal debt assessment of Netherlands.

**Chart 1**

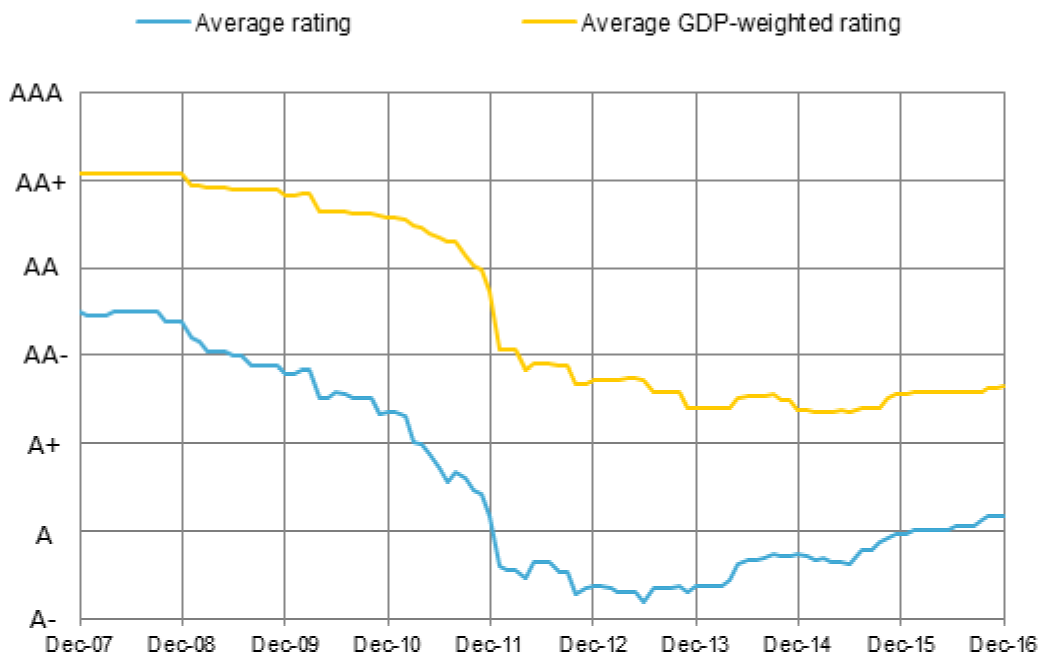
**EMU Sovereign Rating Distribution**




EMU--European Monetary Union.

**Chart 2**

**EMU Sovereign Rating History**




The rating history is an average of the foreign currency rating adjusted for positive or negative outlooks. EMU--European Monetary Union.

**Chart 3**

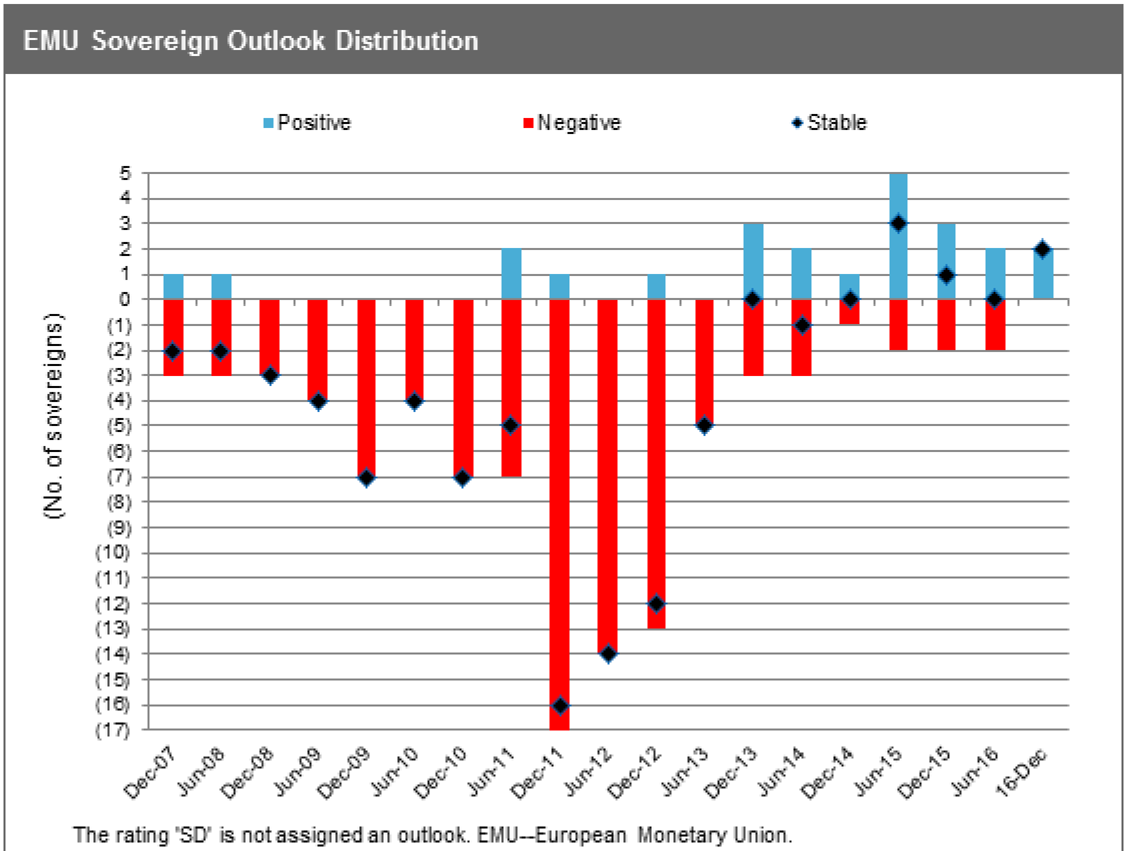





**Table 1**

**Eurozone Sovereign Rating Strengths And Weaknesses**

| Issuer | Sovereign foreign currency ratings | Institutional assessment | Economic assessment | External assessment | Fiscal assessment, budget performance | Fiscal assessment, debt | Monetary assessment |
|---|---|---|---|---|---|---|---|
| Austria | AA+/Stable/A-1+ | Strength | Strength | Strength | Strength | Neutral | Strength |
| Belgium | AA/Stable/A-1+ | Neutral | Strength | Strength | Strength | Weakness | Strength |
| Cyprus | BB/Positive/B | Neutral | Neutral | Weakness | Strength | Weakness | Neutral |
| Estonia | AA-/Stable/A-1+ | Strength | Neutral | Strength | Strength | Strength | Neutral |
| Finland | AA+/Negative/A-1+ | Strength | Strength | Neutral | Strength | Strength | Strength |
| France | AA/Negative/A-1+ | Strength | Strength | Neutral | Neutral | Neutral | Strength |
| Germany | AAA/Stable/A-1+ | Strength | Strength | Strength | Strength | Neutral | Strength |
| Greece | B-/Stable/B | Weakness | Neutral | Weakness | Neutral | Weakness | Weakness |
| Ireland | A+/Stable/A-1 | Strength | Strength | Neutral | Strength | Neutral | Neutral |
| Italy | BBB-/Stable/A-3 | Neutral | Neutral | Neutral | Neutral | Weakness | Neutral |
| Latvia | A-/Stable/A-2 | Neutral | Neutral | Neutral | Strength | Strength | Neutral |
| Lithuania | A-/Stable/A-2 | Neutral | Neutral | Strength | Strength | Strength | Neutral |
| Luxembourg | AAA/Stable/A-1+ | Strength | Strength | Neutral | Strength | Strength | Strength |

**Table 1**

## Eurozone Sovereign Rating Strengths And Weaknesses (cont.)

| Issuer | Sovereign foreign currency ratings | Institutional assessment | Economic assessment | External assessment | Fiscal assessment, budget performance | Fiscal assessment, debt | Monetary assessment |
|---|---|---|---|---|---|---|---|
| Malta | BBB+/Positive/A-2 | Neutral | Neutral | Neutral | Strength | Weakness | Neutral |
| Netherlands | AAA/Stable/A-1+ | Strength | Strength | Neutral | Strength | Strength | Strength |
| Portugal | BB+/Stable/B | Neutral | Neutral | Weakness | Strength | Weakness | Neutral |
| Slovak Republic | A+/Stable/A-1 | Neutral | Neutral | Neutral | Neutral | Strength | Strength |
| Slovenia | A/Positive/A-1 | Neutral | Neutral | Strength | Strength | Weakness | Neutral |
| Spain | BBB+/Stable/A-2 | Neutral | Strength | Neutral | Neutral | Weakness | Neutral |
| Strength | (%) | 42 | 47 | 32 | 74 | 37 | 42 |
| Neutral | (%) | 53 | 53 | 53 | 26 | 21 | 53 |
| Weakness | (%) | 5 | 0 | 16 | 0 | 42 | 5 |

**Table 2**

## Eurozone Economic Outlook

| | Current account balance / GDP (%) | | GG balance / GDP (%) | | Net GG debt / GDP (%) | | Real GDP growth (%) | | Narrow net ext. debt / CAR (%) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2016 A | 2017 A | 2016 A | 2017 A | 2016 A | 2017 A | 2016 A | 2017 A | 2016 A | 2017 A |
| Austria | 2.0 | 1.9 | (1.8) | (1.5) | 78.4 | 77.3 | 1.4 | 1.2 | 115.5 | 117.6 |
| Belgium | 1.7 | 1.7 | (2.6) | (2.4) | 99.2 | 99.1 | 1.3 | 1.3 | 68.1 | 68.3 |
| Cyprus | (1.4) | (0.9) | (0.2) | 0.0 | 91.8 | 88.6 | 2.9 | 2.7 | 328.0 | 337.2 |
| Estonia | 0.8 | (0.1) | 0.4 | (0.2) | (3.7) | (3.2) | 1.4 | 2.4 | 30.0 | 30.7 |
| Finland | (0.7) | (0.6) | (2.5) | (2.8) | 25.4 | 25.9 | 1.4 | 1.1 | 144.0 | 129.8 |
| France | (0.9) | (1.2) | (3.3) | (3.0) | 89.6 | 90.8 | 1.3 | 1.3 | 269.8 | 270.4 |
| Germany | 8.4 | 7.7 | 0.3 | 0.2 | 63.8 | 61.8 | 1.8 | 1.4 | 66.2 | 61.8 |
| Greece | 1.0 | 1.3 | (2.9) | (2.1) | 177.4 | 174.7 | 0.4 | 2.4 | 479.5 | 480.9 |
| Ireland | 8.5 | 6.4 | (0.9) | (0.6) | 66.8 | 64.1 | 3.5 | 3.0 | 234.4 | 232.3 |
| Italy | 3.0 | 3.0 | (2.4) | (2.4) | 124.8 | 125.1 | 0.9 | 0.8 | 250.3 | 249.9 |
| Latvia | 0.3 | (1.8) | (1.3) | (1.1) | 33.4 | 33.2 | 1.0 | 2.5 | 50.8 | 43.6 |
| Lithuania | (2.8) | (3.0) | (1.0) | (1.0) | 36.4 | 35.6 | 2.5 | 2.7 | 44.7 | 45.6 |
| Luxembourg | 4.6 | 4.8 | 0.8 | 0.0 | (14.3) | (13.6) | 3.6 | 3.5 | 302.9 | 300.0 |
| Malta | 1.5 | 1.7 | (0.9) | (0.9) | 56.4 | 55.2 | 3.8 | 3.0 | 62.4 | 59.9 |
| Netherlands | 8.2 | 8.1 | (0.9) | (0.5) | 59.4 | 58.4 | 2.0 | 1.5 | 205.3 | 221.2 |
| Portugal | 0.1 | 0.3 | (2.8) | (2.4) | 120.4 | 120.8 | 1.2 | 1.2 | 273.4 | 262.8 |
| Slovak Republic | 0.5 | 0.4 | (2.5) | (2.4) | 48.2 | 48.9 | 3.2 | 2.8 | 34.9 | 35.8 |
| Slovenia | 7.0 | 6.7 | (2.3) | (1.8) | 61.8 | 61.4 | 2.5 | 2.7 | 67.8 | 61.5 |
| Spain | 2.3 | 2.2 | (4.6) | (3.6) | 90.2 | 91.2 | 3.2 | 2.3 | 243.3 | 244.7 |

## A Busy Electoral Calendar Could Throw Up Policy Risks

The crowded European electoral schedule (general elections in March in the Netherlands and in Italy by May next year, general and presidential elections in April-May in France, and a German federal election in September), and the possibility of unexpected political outcomes, could lead to sharp policy shifts in eurozone member states with implications for sovereign ratings. However, our core view remains that, while any meaningful fiscal and political convergence of eurozone sovereigns is decidedly off the table, commitment to ensuring that all current members remain in the zone remains firm. As stated previously, we expect that any impending member state withdrawal from the Economic and Monetary Union (EMU) would focus minds on the negative implications for the financial and economic stability for that member state. As we observed during the summer of 2015 in Greece, depositors are unlikely to wait patiently for political outcomes before hedging themselves against policy shifts. This is a key difference from Brexit: the cost of openly contemplating radical policy shifts is higher in a monetary union. The Greek Prime Minister Syriza's 2015 election victory and subsequent volte-face on budgetary and other measures, is a case in point; the outflow of household deposits before and after Tsipras' election contributed to a capital shortfall in Greece's banking system with a cost of around 9% of GDP, alongside a shift of the economy back into recession.

With exports of goods and services at around 28% of GDP, the eurozone is the world's most export-driven trading block--more than twice so than the U.S., and almost 10% of GDP more than Japan. This, in our view, could make Europe more susceptible to a global rise in protectionism than other advanced economies. An external shock would likely result in rapid fiscal pressure on the EU, once again raising questions about the compatibility of the monetary union with fiscal and political federalism. In the past, the eurozone has presented a common front in the face of external shocks, most recently ahead of the Brexit negotiations. We think eurozone solidarity will deepen should the external environment become more unpredictable. This alone is not total insurance against possible event risk, however, not least from the numerous elections during 2016.

### Netherlands

The Dutch general election takes place on March 15, with Gert Wilder's Freedom Party (PVV) leading in the polls (with anywhere between 20% and 25% of the vote) and promising to hold a referendum on the Netherlands' EU membership. Our baseline expectation is that smaller parties will be able to cobble together a multi-party coalition, preventing the PVV from governing. We would flag the defeat of far right Austrian presidential candidate Norbert Hofer (Freedom Party of Austria) as a precedent in this regard. Even so, the alternative to PVV victory would likely be a weak and fragmented Dutch coalition government that might not remain in power until the end of its term; such a government would most likely be on the defensive domestically. This would cause the Netherlands, one of the original six founders of the EU, to be even more reluctant than it is at present to support European efforts to adopt common policies, especially those that require financial outlays.

### France

The first round of France's presidential election is scheduled to take place on April 23, 2017. If no candidate wins an outright majority, which is highly likely, a run-off will follow a fortnight later. Our baseline expectation is that the next president of France is likely to continue or even accelerate the current moderate pace of reform, with a focus on unblocking the labor market, and hence generating better growth outcomes. This expectation is also reflected in our change of the outlook to stable from negative in October. Given the surge of support for populism--reflected in the Brexit vote and the Trump victory in the U.S. elections--as well as the failure of opinion polls to detect those trends, a victory by Marine Le Pen of the National Front (FN) cannot be ruled out, although this is not our baseline assumption.

A victory by Le Pen, who is on record as favoring both the breakup of the EU and a referendum to reintroduce the franc (though she has recently partially backtracked on this position), would likely be a blow to financial and economic stability, not only in France but across the monetary union. While the FN has yet to publish its full manifesto, it is expected to include measures that could be incompatible with EU obligations, including retaking control of national borders.

Alternatively, a victory by the republican candidate Francois Fillon, the socialist candidate Manuel Valls, or independent candidate Emmanuel Macron would, in our view, likely build on ongoing reform efforts. Mr. Fillon has laid out a comprehensive economic reform platform that could ease bottlenecks in France's labor and product market and also reduce the size of the state in the economy (with general government currently spending 56% of French GDP). Macron, meanwhile, is advocating further labor reform but less radical fiscal adjustments. To the extent that the implementation of either program lastingly enhances France's economic and fiscal performance, the sovereign rating could experience upward pressure.

### Germany

The German general election scheduled for autumn will, in our view, return another multi-party coalition into government, likely ensuring policy continuity. While eurosceptic party Alternative for Germany has seen its approval rating rise, at 15% it lacks sufficient numbers to take on incumbent parties, in our opinion. We therefore see a policy shift in Germany as a low probability event.

### Italy

In Italy we expect that, following the resignation of Prime Minister Renzi, the next government is likely to reduce legislative activity on economic and medium-term budgetary policies, especially given the fragmented political landscape. We think reform delivery will therefore decelerate before the next parliamentary elections. Downward pressure on the ratings could emerge were there to be an overt reversal of past reforms, or if Italy's external or fiscal performance were to deviate materially and negatively from our current projections. At present, it is difficult to determine whether elections are likely to take place this summer or in 2018. This week's ruling by the Constitutional Court on whether or not a referendum on Renzi's benchmark labor reform can be held is likely to tip the balance toward an early election, should the decision permit that referendum to take place.

### Spain

We expect that 2017 should be a relatively calm year in Spain at the national level, with early elections only posing a risk in 2018 or 2019. In Spain's case, the current minority government (Partido Popular) can only legislate with the support of opposition parties (largely socialist and regional party MPs), however this did not prevent them from delivering a 2017 national budget. Opposition parties are, moreover, wary of pushing for early elections, given lower approval ratings and election fatigue. The more immediate political risk in Spain, in our view, is the tense legal and political relationship between Madrid and the region of Catalonia, where leaders have promised to move ahead with a legally contested independence referendum this autumn. Even on this issue some fatigue has set in, with the central government likely to explore the possibility of offering face-saving financial incentives to the Generalitat of Catalonia to reconsider its position.

## Sovereign Summaries

## Austria (AA+/Stable/A-1+)

Analyst: alois.strasser@spglobal.com

Last research update: "Republic of Austria 'AA+/A-1+' Ratings Affirmed; Outlook Stable," Sept. 16, 2016

### Rating assessment snapshot

- Institutional assessment: Strength
- Economic assessment: Strength
- External assessment: Strength
- Fiscal assessment, budget performance: Strength
- Fiscal assessment, debt: Neutral
- Monetary assessment: Strength

### Outlook: Stable

The stable outlook means that we do not see a likely scenario that could prompt us to change our ratings on Austria over the next two years. It also reflects our expectation that Austria's economic, fiscal, and external credit metrics will remain close to current levels over our 2016-2019 forecast horizon.

We could raise our ratings on Austria if we observed a more decisive approach toward reforms that effectively promote economic growth and remove uncertainty about Austria's future policy direction, irrespective of rising support for more eurosceptic or populist parties. Additionally, the ratings would benefit from further improving external indicators, such as a lasting reduction in short-term external debt by remaining maturity below 100% of CAR.

We could lower our ratings on Austria if we observed that Austria's trend rate of GDP per capita growth unexpectedly falls below levels commonly expected of economies at similar levels of development. In addition, a weaker assessment of Austria's main credit strengths, such as its strong institutional effectiveness, would put pressure on the ratings.

(Originally published on Sept. 16, 2016)

**Table 3**

Austria Selected Indicators

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f |
|---|---|---|---|---|---|---|---|---|---|
| GDP per capita (in ‘000) | 51.3 | 48.5 | 50.7 | 51.6 | 44.0 | 45.1 | 44.1 | 46.2 | 48.2 |
| GDP growth | 2.8 | 0.8 | 0.1 | 0.6 | 1.0 | 1.4 | 1.2 | 1.3 | 1.3 |
| GDP per capita growth | 2.5 | 0.4 | (0.4) | (0.0) | 0.2 | 0.9 | 0.7 | 0.8 | 0.8 |
| Current account balance/GDP | 1.6 | 1.5 | 2.0 | 2.4 | 1.9 | 2.0 | 1.9 | 2.1 | 2.1 |
| Gross external financing needs/CAR&FXR | 205.4 | 214.5 | 199.7 | 196.7 | 190.8 | 185.5 | 185.7 | 183.4 | 180.7 |

**Table 3**

| Austria Selected Indicators (cont.) | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f |
|---|---|---|---|---|---|---|---|---|---|
| Narrow net external debt/CAR | 93.5 | 113.9 | 116.1 | 109.9 | 112.5 | 115.5 | 117.6 | 111.6 | 106.2 |
| GG balance/GDP | (2.6) | (2.2) | (1.4) | (2.7) | (1.0) | (1.8) | (1.5) | (1.2) | (0.6) |
| GG net debt/GDP | 79.9 | 78.7 | 77.5 | 78.8 | 79.4 | 78.4 | 77.3 | 75.6 | 73.3 |
| CPI inflation | 3.6 | 2.6 | 2.1 | 1.5 | 0.8 | 1.0 | 1.7 | 1.9 | 1.9 |
| Bank credit to resident private sector/GDP | 125.8 | 127.7 | 122.4 | 117.5 | 114.5 | 112.8 | 111.4 | 109.6 | 107.8 |

f--Forecast. CAR&FXR--Current account receipts plus usable foreign exchange reserves. GG-General government. A free and interactive version of a larger number of sovereign risk indicators can be found at spratings.com/sri

## Belgium (AA/Stable/A-1+)

Analyst: frank.gill@spglobal.com

Last rating or outlook action: "Belgium 'AA/A-1+' Ratings Affirmed; Outlook Stable," July 15, 2016

### Rating assessment snapshot

- Institutional assessment: Neutral
- Economic assessment: Strength
- External assessment: Strength
- Fiscal assessment, budget performance: Neutral
- Fiscal assessment, debt: Weakness
- Monetary assessment: Strength

### Outlook: Stable

The stable outlook reflects our expectation that Belgium's key economic, fiscal, and external credit metrics will remain broadly unchanged over the next two years. We also factor in our assumption that Belgium's federal structure will retain its current form, and that the central government's powers will continue to include managing of public finances.

We could lower the ratings if Belgium's structural reforms, particularly regarding the labor market, were delayed, threatening domestic GDP growth prospects--in real or nominal terms--or our fiscal consolidation expectations. These delays could notably result from coordination problems between different levels of government.

We could raise the ratings if Belgium's fiscal deficit and, in turn, the annual change in public debt, consistently improved beyond our current expectations, which we consider a remote assumption currently.

(Originally published on July 15, 2016)

**Table 4**

| Belgium Selected Indicators | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f |
|---|---|---|---|---|---|---|---|---|---|
| GDP per capita (in ‘000) | 48.2 | 45.1 | 46.9 | 47.8 | 40.6 | 41.4 | 40.4 | 42.3 | 44.1 |
| GDP growth | 1.8 | 0.1 | (0.1) | 1.7 | 1.5 | 1.3 | 1.3 | 1.2 | 1.7 |

**Table 4**

| Belgium Selected Indicators (cont.) | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f |
|---|---|---|---|---|---|---|---|---|---|
| GDP per capita growth | 0.8 | (0.6) | (0.6) | 1.2 | 1.0 | 0.7 | 0.8 | 0.7 | 1.2 |
| Current account balance/GDP | (1.1) | (0.1) | (0.3) | (0.7) | 0.4 | 1.7 | 1.7 | 2.3 | 2.8 |
| Gross external financing needs/CAR&FXR | 235.6 | 239.3 | 219.1 | 196.0 | 207.5 | 190.4 | 204.1 | 201.7 | 197.9 |
| Narrow net external debt/CAR | 52.8 | 62.4 | 63.2 | 65.1 | 71.8 | 68.1 | 68.3 | 67.1 | 65.1 |
| GG balance/GDP | (4.1) | (4.2) | (3.0) | (3.1) | (2.5) | (2.6) | (2.4) | (2.2) | (1.8) |
| GG net debt/GDP | 96.6 | 97.5 | 98.3 | 99.3 | 98.9 | 99.2 | 99.1 | 98.5 | 97.3 |
| CPI inflation | 3.4 | 2.6 | 1.3 | 0.5 | 0.6 | 1.8 | 1.9 | 1.6 | 1.8 |
| Bank credit to resident private sector/GDP | 87.6 | 86.7 | 87.6 | 88.0 | 89.1 | 89.8 | 90.1 | 89.7 | 89.2 |

f--Forecast. CAR&FXR--Current account receipts plus usable foreign exchange reserves. GG-General government. A free and interactive version of a larger number of sovereign risk indicators can be found at spratings.com/sri

## Cyprus (BB/Positive/B)

Analyst: marko.mrsnik@spglobal.com

Last rating or outlook action: "Cyprus Long-Term Ratings Raised To 'BB' On Strong Economic Performance; Outlook Positive," Sept. 16, 2016

### Rating assessment snapshot

- Institutional assessment: Neutral
- Economic assessment: Neutral
- External assessment: Weakness
- Fiscal assessment, budget performance: Strength
- Fiscal assessment, debt: Weakness
- Monetary assessment: Neutral

### Outlook: Positive

The positive outlook reflects our view that we could upgrade Cyprus within the next 12 months if its reduction of currently high levels of NPLs accelerates, indicating a conversion of Cyprus' credit and monetary conditions, including the monetary transmission mechanism, with those of the eurozone. Moreover, we could raise the ratings if net government debt declined below 80% of GDP.

We could revise the outlook to stable if the banking sector's stability comes under renewed significant pressure, for example due to unaddressed deterioration in asset quality; if economic growth deviates substantially and negatively from our current expectations, including for instance due to a potentially adverse impact on Cyprus from the U.K.'s June 23 referendum to leave the EU; or if budgetary performance doesn't reduce government debt to the extent we currently forecast.

(Originally published on Sept. 16, 2016)

**Table 5**

| Cyprus Selected Indicators | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f |
|---|---|---|---|---|---|---|---|---|---|
| GDP per capita (in '000) | 32.7 | 29.0 | 27.8 | 27.2 | 23.1 | 23.8 | 23.3 | 24.4 | 25.6 |
| GDP growth | 0.3 | (3.2) | (6.0) | (1.5) | 1.7 | 2.9 | 2.7 | 2.5 | 2.3 |
| GDP per capita growth | (2.1) | (5.7) | (6.4) | (0.6) | 3.0 | 3.6 | 1.7 | 1.5 | 1.8 |
| Current account balance/GDP | (4.1) | (6.0) | (4.9) | (4.3) | (2.9) | (1.4) | (0.9) | (0.8) | (0.9) |
| Gross external financing needs/CAR&FXR | 526.4 | 609.3 | 609.0 | 510.3 | 523.4 | 408.2 | 420.0 | 401.9 | 390.8 |
| Narrow net external debt/CAR | 226.8 | 281.9 | 430.4 | 376.1 | 378.2 | 328.0 | 337.2 | 322.8 | 310.3 |
| GG balance/GDP | (5.7) | (5.8) | (4.9) | (8.8) | (1.1) | (0.2) | 0.0 | 0.2 | 0.4 |
| GG net debt/GDP | 57.6 | 74.1 | 93.9 | 96.8 | 99.4 | 91.8 | 88.6 | 85.2 | 81.8 |
| CPI inflation | 3.3 | 2.4 | (0.4) | (1.4) | (2.1) | -1 | 0.5 | 0.9 | 1.5 |
| Bank credit to resident private sector/GDP | 243.6 | 249.1 | 253.2 | 250.2 | 247.1 | 242.3 | 235.2 | 227.7 | 221.9 |

f--Forecast. CAR&FXR--Current account receipts plus usable foreign exchange reserves. GG-General government. A free and interactive version of a larger number of sovereign risk indicators can be found at spratings.com/sri

## Estonia (AA-/Stable/A-1+)

Analyst: sabine.daehn@spglobal.com

Last rating or outlook action: "Ratings On Estonia Affirmed At 'AA-/A-1+'; Outlook Stable," Dec. 9, 2016

### Rating assessment snapshot

- Institutional assessment: Strength
- Economic assessment: Neutral
- External assessment: Strength
- Fiscal assessment, budget performance: Strength
- Fiscal assessment, debt: Strength
- Monetary assessment: Neutral

### Outlook: Stable

The stable outlook reflects our view of balanced upside and downside risk to Estonia's ratings over the next two years.

In the longer term, an upgrade could come from Estonia achieving income levels closer to the eurozone average, as well as recording less volatility in growth and inflation.

We could consider lowering the ratings if we saw a return of credit-fueled growth, combined with rapidly increasing wages, leading to a loss of competitiveness and increasing net external financing requirements. Furthermore, should fiscal challenges appear--including more-aggressive-than-anticipated fiscal relaxation--this could also create downward pressure on the ratings. A rise in institutional uncertainty or a reduction in cohesion of civil society, potentially triggered by rising tensions in relations with Russia, could also weigh on the ratings.

(Originally published on Dec. 9, 2016)

**Table 6**

| Estonia Selected Indicators | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f |
|---|---|---|---|---|---|---|---|---|---|
| GDP per capita (in '000) | 17.5 | 17.4 | 19.0 | 20.0 | 17.1 | 17.7 | 17.8 | 19.1 | 20.6 |
| GDP growth | 7.6 | 4.3 | 1.4 | 2.8 | 1.4 | 1.4 | 2.4 | 2.7 | 2.7 |
| GDP per capita growth | 7.9 | 4.7 | 1.8 | 3.2 | 1.6 | 1.2 | 2.6 | 2.9 | 2.9 |
| Current account balance/GDP | 1.8 | (1.7) | (0.4) | 0.9 | 2.2 | 0.8 | (0.1) | (1.1) | (1.5) |
| Gross external financing needs/CAR&FXR | 130.9 | 144.5 | 149.2 | 156.0 | 163.5 | 160.3 | 161.3 | 158.4 | 155.5 |
| Narrow net external debt/CAR | 32.2 | 38.4 | 33.0 | 28.1 | 29.5 | 30.0 | 30.7 | 29.1 | 27.7 |
| GG balance/GDP | 1.2 | (0.3) | (0.2) | 0.7 | 0.1 | 0.4 | (0.2) | (0.2) | (0.1) |
| GG net debt/GDP | (5.6) | (5.9) | (5.3) | (5.6) | (3.6) | (3.7) | (3.2) | (2.6) | (2.2) |
| CPI inflation | 5.1 | 4.2 | 3.3 | 0.5 | 0.1 | 0.3 | 1.5 | 2.5 | 2.9 |
| Bank credit to resident private sector/GDP | 78.6 | 73.3 | 69.9 | 69.0 | 70.8 | 70.7 | 70.2 | 69.4 | 68.3 |

f--Forecast. CAR&FXR--Current account receipts plus usable foreign exchange reserves. GG-General government. A free and interactive version of a larger number of sovereign risk indicators can be found at spratings.com/sri

## Finland (AA+/Stable/A-1+)

Analyst: felix.winnekens@spglobal.com

Last rating or outlook action: "Finland Outlook Revised To Stable On Gradual Economic Recovery; Ratings Affirmed At 'AA+/A-1+'," Sept. 16, 2016

### Rating assessment snapshot

- Institutional assessment: Strength
- Economic assessment: Strength
- External assessment: Neutral
- Fiscal assessment, budget performance: Strength
- Fiscal assessment, debt: Strength
- Monetary assessment: Strength

### Outlook: Stable

The stable outlook balances our view that the economy will recover gradually while public finances consolidate against our expectation that general government indebtedness will continue increasing gradually over our forecast horizon due to muted nominal GDP growth.

We could lower our ratings on Finland if growth undershoots our baseline scenario, leaving Finland's per capita growth lagging that of countries at a similar stage of economic development. In addition, we could consider a downgrade if public finances and general government indebtedness were to deteriorate, for example, as a result of weak growth.

We could raise our ratings if Finland's external metrics improved faster than in our baseline scenario, for instance, if the positive impact of Nordea Bank Finland PLC's transformation into a branch was more pronounced than currently expected or current account receipts grew much quicker as a result of a strong rebound in exports.

(Originally published on Sept. 16, 2016)

**Table 7**

| Finland Selected Indicators | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f |
|---|---|---|---|---|---|---|---|---|---|
| GDP per capita (in '000) | 51.0 | 47.5 | 49.8 | 50.1 | 42.4 | 42.9 | 41.6 | 43.3 | 44.9 |
| GDP growth | 2.6 | (1.4) | (0.8) | (0.7) | 0.2 | 1.4 | 1.1 | 1.2 | 1.2 |
| GDP per capita growth | 2.1 | (1.9) | (1.2) | (1.2) | (0.2) | 1.1 | 0.8 | 0.9 | 0.9 |
| Current account balance/GDP | (1.8) | (1.9) | (1.6) | (1.1) | (0.4) | (0.7) | (0.6) | (0.7) | (1.0) |
| Gross external financing needs/CAR&FXR | 386.4 | 513.1 | 471.5 | 430.8 | 472.3 | 391.4 | 267.5 | 246.8 | 247.9 |
| Narrow net external debt/CAR | 149.6 | 188.1 | 203.5 | 193.6 | 212.7 | 144.0 | 129.8 | 135.4 | 133.7 |
| GG balance/GDP | (1.0) | (2.2) | (2.6) | (3.2) | (2.8) | (2.5) | (2.8) | (2.5) | (2.3) |
| GG net debt/GDP | 15.5 | 17.6 | 20.0 | 22.0 | 23.6 | 25.4 | 25.9 | 28.5 | 30.6 |
| CPI inflation | 3.3 | 3.2 | 2.2 | 1.2 | (0.2) | 0.3 | 0.9 | 1.4 | 1.4 |
| Bank credit to resident private sector/GDP | 87.7 | 92.2 | 96.5 | 98.3 | 97.4 | 97.1 | 97.0 | 97.0 | 97.0 |

f--Forecast. CAR&FXR--Current account receipts plus usable foreign exchange reserves. GG-General government. A free and interactive version of a larger number of sovereign risk indicators can be found at spratings.com/sri

## France (AA/Stable/A-1+)

Analyst: frank.gill@spglobal.com

Last rating or outlook action: "Outlook On France Revised To Stable On Steadying Growth And Fiscal Outcomes; 'AA/A-1+' Ratings Affirmed," Oct. 21, 2016

### Rating assessment snapshot

- Institutional assessment: Strength
- Economic assessment: Strength
- External assessment: Neutral
- Fiscal assessment, budget performance: Neutral
- Fiscal assessment, debt: Neutral
- Monetary assessment: Strength

### Outlook: Stable

The stable outlook indicates balanced risks to our long-term rating on France. Downside risks to the rating primarily center on the main drivers of the government's debt-to-GDP ratio.

Downward pressure on the rating could emerge if:

- We consider that fiscal deficits will not recede as we currently expect, either because of fiscal slippages or if the economic recovery does not last as we expect; or
- We perceive that the government's set of competitiveness-supportive measures is not sufficient to increase growth in the future; or
- A reversal of consolidation and structural reform policies occurs.

Conversely, upward pressure on the rating could build if we assess that:

- The economic recovery is on track, in particular if the rebound in corporate investments is confirmed and if employment growth accelerates, benefiting fiscal outcomes and lowering debt to GDP in a significant and sustained manner beyond our expectations; or
- Contrary to our expectations, France's current account position shifts into substantial and sustained surpluses, even as domestic demand accelerates.

(Originally published on Oct. 21, 2016)

**Table 8**

**France Selected Indicators**

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f |
|---|---|---|---|---|---|---|---|---|---|
| GDP per capita (in '000) | 44.1 | 41.1 | 42.8 | 43.2 | 36.4 | 37.1 | 36.1 | 37.6 | 39.1 |
| GDP growth | 2.1 | 0.2 | 0.6 | 0.6 | 1.3 | 1.3 | 1.3 | 1.4 | 1.4 |
| GDP per capita growth | 1.6 | (0.3) | 0.1 | 0.2 | 0.5 | 0.8 | 0.9 | 1.0 | 1.0 |
| Current account balance/GDP | (1.0) | (1.2) | (0.9) | (1.1) | (0.2) | (0.9) | (1.2) | (1.5) | (1.8) |
| Gross external financing needs/CAR&FXR | 340.6 | 335.9 | 320.5 | 324.7 | 350.1 | 320.0 | 322.0 | 311.5 | 304.2 |
| Narrow net external debt/CAR | 215.9 | 256.3 | 266.0 | 256.2 | 271.6 | 269.8 | 270.4 | 259.4 | 262.9 |
| GG balance/GDP | (5.1) | (4.8) | (4.0) | (4.0) | (3.5) | (3.3) | (3.0) | (2.9) | (2.9) |
| GG net debt/GDP | 79.1 | 82.3 | 85.8 | 88.4 | 88.6 | 89.6 | 90.8 | 91.3 | 91.8 |
| CPI inflation | 2.3 | 2.2 | 1.0 | 0.6 | 0.1 | 0.3 | 1.3 | 1.4 | 1.4 |
| Bank credit to resident private sector/GDP | 93.1 | 93.2 | 93.3 | 94.2 | 95.9 | 97.7 | 99.5 | 101.3 | 103.0 |

f--Forecast. CAR&FXR--Current account receipts plus usable foreign exchange reserves. GG-General government. A free and interactive version of a larger number of sovereign risk indicators can be found at spratings.com/sri

## Germany (AAA/Stable/A-1+)

Analyst: felix.winnekens@spglobal.com

Last rating or outlook action: "Germany 'AAA/A-1+' Ratings Affirmed; Outlook Stable," July 8, 2016

### Rating assessment snapshot

- Institutional assessment: Strength
- Economic assessment: Strength
- External assessment: Strength
- Fiscal assessment, budget performance: Strength
- Fiscal assessment, debt: Neutral
- Monetary assessment: Strength

### Outlook: Stable

The stable outlook reflects that we do not see a likely scenario that could prompt us to lower our ratings on Germany over the next two years. It also reflects our expectation that over the next two years, Germany's public finances will continue to withstand potential financial and economic shocks and that consensus in favor of prudent economic policies will remain. We expect these factors will contain the net general government debt ratio and sustain the economy's net external creditor position.

We could lower our ratings on Germany if we observed a significantly weaker trend growth than we currently expect, translating into a marked deterioration in public finances, or if we perceived a weakening in the ECB's monetary flexibility. In addition, an unexpected surge in contingent liabilities, particularly from the banking sector, or contagion from a potentially re-intensifying eurozone crisis, could put pressure on the ratings if required sovereign support was significantly larger than we anticipate. However, we currently do not expect these scenarios to materialize over our outlook horizon.

(Originally published on July 8, 2016)

**Table 9**

Germany Selected Indicators

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f |
|---|---|---|---|---|---|---|---|---|---|
| GDP per capita (in '000) | 46.0 | 43.3 | 45.8 | 48.1 | 41.4 | 42.7 | 41.8 | 43.8 | 45.7 |
| GDP growth | 3.7 | 0.5 | 0.5 | 1.6 | 1.7 | 1.8 | 1.4 | 1.3 | 1.3 |
| GDP per capita growth | 3.7 | 0.4 | 0.3 | 3.2 | 1.2 | 1.1 | 1.1 | 1.1 | 1.1 |
| Current account balance/GDP | 6.1 | 7.0 | 6.7 | 7.3 | 8.5 | 8.4 | 7.7 | 7.4 | 7.1 |
| Gross external financing needs/CAR&FXR | 225.3 | 230.1 | 224.3 | 208.0 | 214.7 | 201.5 | 200.5 | 195.4 | 190.6 |
| Narrow net external debt/CAR | 82.5 | 89.0 | 81.7 | 78.5 | 72.5 | 66.2 | 61.8 | 55.9 | 50.4 |
| GG balance/GDP | (1.0) | (0.0) | (0.2) | 0.3 | 0.7 | 0.3 | 0.2 | 0.2 | 0.2 |
| GG net debt/GDP | 74.8 | 74.9 | 73.0 | 70.1 | 66.3 | 63.8 | 61.8 | 59.9 | 58.0 |
| CPI inflation | 2.5 | 2.1 | 1.6 | 0.8 | 0.1 | 0.4 | 1.6 | 1.6 | 1.7 |
| Bank credit to resident private sector/GDP | 84.6 | 83.4 | 81.7 | 79.4 | 77.9 | 78.0 | 78.0 | 78.2 | 78.2 |

f--Forecast. CAR&FXR--Current account receipts plus usable foreign exchange reserves. GG-General government. A free and interactive version of a larger number of sovereign risk indicators can be found at spratings.com/sri

## Greece (B-/Stable/B)

Analyst: frank.gill@spglobal.com

Last rating or outlook action: "Greece 'B-/B' Ratings Affirmed; Outlook Remains Stable," July 22, 2016

### Rating assessment snapshot

- Institutional assessment: Weakness
- Economic assessment: Neutral
- External assessment: Weakness
- Fiscal assessment, budget performance: Neutral
- Fiscal assessment, debt: Weakness
- Monetary assessment: Weakness

### Outlook: Stable

The stable outlook indicates our view that, over the next 12 months, risks to our 'B-' rating on Greece are balanced.

We could consider an upgrade if we saw stronger growth performance and measureable progress in reducing the still-high ratio of nonperforming loans in Greece's banking system. Rating upside would also stem from the lifting of capital controls, including deposit withdrawal limits, which would be a strong indication of recovered confidence in financial stability and, in turn, growth. We could also consider raising the rating in the event of an unexpected write-down of Greece's level of net general government debt.

We could lower the ratings on Greece if the new government didn't implement the reforms it has agreed to with the ESM in their memorandum of understanding. Prolonged non-implementation of the ESM program could, over time, lead to a general default on Greek government debt.

(Originally published on July 22, 2016)

**Table 10**

**Greece Selected Indicators**

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f |
|---|---|---|---|---|---|---|---|---|---|
| GDP per capita (in ‘000) | 25.8 | 22.1 | 21.7 | 21.5 | 17.8 | 17.9 | 17.6 | 18.7 | 19.8 |
| GDP growth | (9.1) | (7.3) | (3.2) | 0.4 | (0.2) | 0.4 | 2.4 | 2.7 | 3.0 |
| GDP per capita growth | (8.9) | (6.9) | (2.8) | 0.9 | 0.2 | 0.4 | 2.4 | 2.7 | 3.0 |
| Current account balance/GDP | (10.0) | (3.8) | (2.0) | (1.6) | 0.1 | 1.0 | 1.3 | 1.1 | 0.6 |
| Gross external financing needs/CAR&FXR | 510.0 | 455.0 | 410.0 | 349.5 | 376.4 | 362.4 | 375.6 | 357.5 | 341.5 |
| Narrow net external debt/CAR | 413.8 | 512.3 | 492.9 | 403.5 | 489.0 | 479.5 | 480.9 | 447.0 | 415.4 |
| GG balance/GDP | (10.3) | (8.8) | (13.2) | (3.6) | (7.5) | (2.9) | (2.1) | (1.8) | (1.8) |
| GG net debt/GDP | 167.8 | 153.0 | 170.4 | 173.6 | 172.1 | 177.4 | 174.7 | 171.0 | 165.4 |
| CPI inflation | 3.1 | 1.0 | (0.9) | (1.4) | (1.1) | 0.0 | 0.8 | 0.9 | 1.0 |
| Bank credit to resident private sector/GDP | 125.3 | 124.9 | 125.9 | 125.0 | 121.7 | 118.8 | 112.8 | 108.7 | 104.3 |

f--Forecast. CAR&FXR--Current account receipts plus usable foreign exchange reserves. GG-General government. A free and interactive version of a larger number of sovereign risk indicators can be found at spratings.com/sri

## Ireland (A+/Stable/A-1)

Analyst: alexander.petrov@spglobal.com

Last rating or outlook action: "Republic of Ireland 'A+/A-1' Ratings Affirmed; Outlook Stable," Dec. 2, 2016

### Rating assessment snapshot

- Institutional assessment: Strength
- Economic assessment: Strength
- External assessment: Neutral
- Fiscal assessment, budget performance: Strong
- Fiscal assessment, debt: Neutral

- Monetary assessment: Neutral

### Outlook: Stable

The stable outlook balances our view of upside potential for the ratings over the next two years if Ireland's fiscal improvement exceeds our expectations, against downside risks associated with external factors.

We could raise our ratings on Ireland if we see government debt, in absolute terms, starting to decline, for example due to consistent general government surpluses, or a further significant reduction in net debt to GDP to below 60%--provided that this represents a genuine improvement in debt sustainability rather than statistically driven ratio changes. We could also raise the ratings if banks' asset quality were to materially improve and credit conditions start to align with ECB policy.

We could lower the ratings if, contrary to our current expectations, Ireland's external or budgetary positions deteriorate due to worsening in the underlying economic growth prospects in relation to changes in the global macroeconomic environment. We could also lower the ratings if increasing spending pressures or the erosion of its revenue base, for example due to more pronounced international tax competition, leads to a deterioration in the budgetary position.

(Originally published on Dec. 2, 2016)

**Table 11**

**Ireland Selected Indicators**

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f |
|---|---|---|---|---|---|---|---|---|---|
| GDP per capita (in ‘000) | 52.7 | 49.3 | 52.1 | 55.7 | 61.3 | 63.2 | 62.6 | 66.4 | 70.2 |
| GDP growth | (0.0) | (1.1) | 1.1 | 8.5 | 26.3 | 3.5 | 3.0 | 3.0 | 3.0 |
| GDP per capita growth | (0.5) | (1.4) | 0.9 | 8.1 | 25.6 | 3.0 | 2.4 | 2.3 | 2.2 |
| Current account balance/GDP | 1.2 | (2.6) | 2.1 | 1.7 | 10.2 | 8.5 | 6.4 | 6.3 | 6.6 |
| Gross external financing needs/CAR&FXR | 531.1 | 502.3 | 466.1 | 402.2 | 387.8 | 349.6 | 348.3 | 331.9 | 317.9 |
| Narrow net external debt/CAR | 285.7 | 299.6 | 259.8 | 306.7 | 244.9 | 234.4 | 232.3 | 217.9 | 206.2 |
| GG balance/GDP | (12.6) | (8.0) | (5.7) | (3.7) | (1.9) | (0.9) | (0.6) | (0.3) | (0.2) |
| GG net debt/GDP | 111.5 | 114.7 | 108.6 | 95.6 | 70.7 | 66.8 | 64.1 | 61.0 | 58.3 |
| CPI inflation | 1.3 | 1.9 | 0.5 | 0.3 | 0.0 | 0.0 | 1.0 | 1.4 | 1.8 |
| Bank credit to resident private sector/GDP | 143.7 | 134.9 | 125.7 | 100.6 | 67.4 | 63.2 | 60.6 | 58.5 | 57.2 |

f--Forecast. CAR&FXR--Current account receipts plus usable foreign exchange reserves. GG-General government. A free and interactive version of a larger number of sovereign risk indicators can be found at spratings.com/sri

## Italy (BBB-/Stable/A-3)

Analyst: marko.mrsnik@spglobal.com

Last rating or outlook action: "Ratings On Italy Affirmed At 'BBB-/A-3'; Outlook Stable," Nov. 11, 2016

### Rating assessment snapshot

- Institutional assessment: Neutral
- Economic assessment: Neutral
- External assessment: Neutral
- Fiscal assessment, budget performance: Neutral
- Fiscal assessment, debt: Weakness
- Monetary assessment: Neutral

### Outlook: Stable

The stable outlook reflects our expectation that the Italian government will continue to implement wide-ranging and potentially growth-enhancing structural and budgetary reforms that will stabilize, and start reducing, the very high public debt ratio. We also assume that the ECB's monetary policy stance will remain supportive of a normalization of inflation in Italy and among its key eurozone partners.

We could lower our ratings on Italy if we concluded that the government cannot implement policies to restore sustainable economic growth and strengthen public finances, leading us to revise down our assessment of Italy's institutional and governance effectiveness. This could happen if rigidities in Italy's labor, services, and product markets--which have been holding back growth--persist against our current expectation. Deterioration in Italy's improved external performance could also weigh on the ratings, as could a significant negative deviation from its expected budgetary trajectory.

We could consider raising the ratings if the government continues implementing structural reforms that help keep the economic recovery on track, improve the predictability of policies supporting Italy's creditworthiness, and place government debt on a sustained downward trajectory. We could also raise the ratings if we see further improvements in the currently challenged monetary transmission mechanism.

(Originally published on Nov. 11, 2016)

**Table 12**

**Italy Selected Indicators**

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f |
|---|---|---|---|---|---|---|---|---|---|
| GDP per capita (in ‘000) | 38.4 | 34.9 | 35.7 | 35.4 | 30.0 | 30.5 | 29.6 | 30.8 | 31.9 |
| GDP growth | 0.6 | (2.8) | (1.7) | 0.1 | 0.7 | 0.9 | 0.8 | 0.9 | 1.0 |
| GDP per capita growth | 0.3 | (2.9) | (2.2) | (1.7) | 0.7 | 0.8 | 0.7 | 0.7 | 0.8 |
| Current account balance/GDP | (3.0) | (0.4) | 1.0 | 1.9 | 1.6 | 3.0 | 3.0 | 2.9 | 2.8 |
| Gross external financing needs/CAR&FXR | 208.3 | 209.3 | 211.4 | 217.4 | 218.6 | 205.8 | 206.5 | 202.0 | 195.9 |
| Narrow net external debt/CAR | 203.7 | 230.0 | 254.9 | 228.7 | 252.2 | 250.3 | 249.9 | 231.8 | 220.7 |
| GG balance/GDP | (3.7) | (2.9) | (2.7) | (3.0) | (2.6) | (2.4) | (2.4) | (2.4) | (2.2) |
| GG net debt/GDP | 111.2 | 115.9 | 121.1 | 123.3 | 124.4 | 124.8 | 125.1 | 125.0 | 124.5 |
| CPI inflation | 2.9 | 3.3 | 1.3 | 0.2 | 0.1 | (0.0) | 1.2 | 1.3 | 1.5 |
| Bank credit to resident private sector/GDP | 113.9 | 116.2 | 112.9 | 109.6 | 107.0 | 106.8 | 107.1 | 107.6 | 108.4 |

f--Forecast. CAR&FXR--Current account receipts plus usable foreign exchange reserves. GG-General government. A free and interactive version of a larger number of sovereign risk indicators can be found at spratings.com/sri

## Latvia (A-/Stable/A-2)

Analyst: maxim.rybnikov@spglobal.com

Last rating or outlook action: "Latvia Ratings Affirmed At 'A-/A-2'; Outlook Stable," Nov. 25, 2016

### Rating assessment snapshot

- Institutional assessment: Neutral
- Economic assessment: Neutral
- External assessment: Neutral
- Fiscal assessment, budget performance: Strength
- Fiscal assessment, debt: Strength
- Monetary assessment: Neutral

### Outlook: Stable

The stable outlook reflects the balance between Latvia's potential for better-than-expected fiscal performance over the next two years, and longer-term demographic challenges, coupled with some balance-of-payments vulnerabilities.

We could raise the ratings if incomes in Latvia increase toward those of other eurozone members, or if Latvia's fiscal and external positions improve significantly compared with our current expectations.

We could lower our ratings on Latvia if the government were to relax its fiscal policy significantly or if we saw the return of external financing risks present in the run-up to the domestic crisis in 2008. We could also lower the ratings if vulnerabilities from sizable NRDs were to materialize, potentially endangering the stability of the domestic banking system. Moreover, the ratings could come under pressure if worsening demographic trends were to lead to a faster-than-expected deterioration in Latvia's credit metrics.

(Originally published on Nov. 25, 2016)

**Table 13**

| Latvia Selected Indicators | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017f** | **2018f** | **2019f** |
| GDP per capita (in '000) | 13.8 | 13.9 | 15.1 | 15.8 | 13.7 | 14.0 | 14.1 | 15.2 | 16.5 |
| GDP growth | 6.2 | 4.0 | 2.9 | 2.1 | 2.7 | 1.0 | 2.5 | 2.7 | 3.0 |
| GDP per capita growth | 7.8 | 5.1 | 4.1 | 2.9 | 3.6 | 1.7 | 3.2 | 3.4 | 3.7 |
| Current account balance/GDP | (3.2) | (3.6) | (2.7) | (2.0) | (0.8) | 0.3 | (1.8) | (2.2) | (2.3) |
| Gross external financing needs/CAR&FXR | 170.3 | 173.6 | 171.7 | 185.8 | 193.6 | 189.7 | 183.7 | 169.9 | 165.5 |
| Narrow net external debt/CAR | 88.3 | 83.8 | 80.0 | 51.1 | 50.7 | 50.8 | 43.6 | 42.6 | 41.5 |
| GG balance/GDP | (3.4) | (0.8) | (0.9) | (1.6) | (1.3) | (1.3) | (1.1) | (0.8) | (0.8) |
| GG net debt/GDP | 34.8 | 32.1 | 31.8 | 32.6 | 32.6 | 33.4 | 33.2 | 32.4 | 31.3 |
| CPI inflation | 4.2 | 2.3 | 0.0 | 0.7 | 0.2 | (0.2) | 1.0 | 1.5 | 2.5 |
| Bank credit to resident private sector/GDP | 78.2 | 64.9 | 58.2 | 51.4 | 48.8 | 48.0 | 46.6 | 45.0 | 43.2 |

f--Forecast. CAR&FXR--Current account receipts plus usable foreign exchange reserves. GG-General government. A free and interactive version of a larger number of sovereign risk indicators can be found at spratings.com/sri

## Lithuania (A-/Stable/A-2)

Analyst: sabine.daehn@spglobal.com

Last rating or outlook action: "Republic of Lithuania 'A-/A-2' Ratings Affirmed; Outlook Stable," Sept. 16, 2016

### Rating assessment snapshot

- Institutional assessment: Neutral
- Economic assessment: Neutral
- External assessment: Strength
- Fiscal assessment, budget performance: Strength
- Fiscal assessment, debt: Strength
- Monetary assessment: Neutral

### Outlook: Stable

The stable outlook reflects our expectation that Lithuania's economy will achieve robust growth of 2%-3% in 2016-2019. We also expect the newly elected government to continue the government's strong commitment to sustainable finances. The outlook balances Lithuania's potential for better-than-expected fiscal performance with the country's longer-term economic challenges of declining population and potential erosion of competitiveness due to prolonged upward wage pressure.

If Lithuania's fiscal performance materially exceeds our expectations by achieving surpluses or sustained net debt reduction, we could raise the ratings. An upgrade could also follow if Lithuania's economic growth were to accelerate beyond our base-case scenario and the country achieved sustained higher income levels without accumulating fiscal or external imbalances.

We could lower the ratings if we observed the government deviating from its fiscal stance, and that resulted in significant and sustained fiscal slippage, or if external performance deteriorated markedly, leading to current account deficits similar to levels observed in 2006-2008.

(Originally published on Sept. 16, 2016)

**Table 14**

| Lithuania Selected Indicators | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017f** | **2018f** | **2019f** |
| GDP per capita (in ‘000) | 14.3 | 14.3 | 15.6 | 16.5 | 14.2 | 14.9 | 15.1 | 16.6 | 18.1 |
| GDP growth | 6.1 | 3.8 | 3.5 | 3.5 | 1.8 | 2.5 | 2.7 | 2.8 | 3.0 |
| GDP per capita growth | 9.2 | 5.5 | 4.6 | 4.5 | 2.6 | 3.5 | 3.7 | 3.8 | 4.0 |
| Current account balance/GDP | (3.9) | (1.2) | 1.5 | 3.6 | (2.3) | (2.8) | (3.0) | (2.7) | (2.7) |
| Gross external financing needs/CAR&FXR | 148.7 | 143.0 | 131.6 | 130.2 | 137.1 | 138.9 | 141.2 | 140.5 | 140.4 |
| Narrow net external debt/CAR | 43.7 | 45.0 | 38.1 | 36.0 | 66.6 | 44.7 | 45.6 | 42.6 | 39.3 |
| GG balance/GDP | (8.9) | (3.2) | (2.6) | (0.7) | (0.2) | (1.0) | (1.0) | (1.0) | (1.0) |
| GG net debt/GDP | 34.7 | 34.5 | 35.7 | 34.1 | 36.8 | 36.4 | 35.6 | 34.5 | 33.4 |

**Table 14**

| Lithuania Selected Indicators (cont.) | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f |
|---|---|---|---|---|---|---|---|---|---|
| CPI inflation | 4.1 | 3.2 | 1.2 | 0.2 | (0.7) | 1.2 | 1.8 | 2.0 | 2.0 |
| Bank credit to resident private sector/GDP | 56.1 | 53.7 | 48.7 | 46.4 | 46.7 | 46.7 | 46.6 | 46.0 | 45.4 |

f--Forecast. CAR&FXR--Current account receipts plus usable foreign exchange reserves. GG-General government. A free and interactive version of a larger number of sovereign risk indicators can be found at spratings.com/sri

## Luxembourg (AAA/Stable/A-1+)

Analyst: alexander.petrov@spglobal.com

Last rating or outlook action: "Ratings On Grand Duchy of Luxembourg Affirmed At 'AAA/A-1+'; Outlook Stable," Sept. 16, 2016

### Rating assessment snapshot

- Institutional assessment: Strength
- Economic assessment: Strength
- External assessment: Neutral
- Fiscal assessment, budget performance: Strength
- Fiscal assessment, debt: Strength
- Monetary assessment: Strength

### Outlook: Stable

The stable outlook continues to reflect our expectation that, over the next two years, Luxembourg will maintain strong credit metrics and withstand potential international, fiscal, and financial regulation, and economic shocks.

We could consider a negative rating action if the economic and financial effect of tighter regulation on Luxembourg's financial services sector or corporate taxation framework were more pronounced than we currently assume. This would likely weaken the country's economic growth prospects and budgetary and external positions, and could therefore hamper the sovereign's creditworthiness. The ratings could also come under pressure if, contrary to our expectations, there are fiscal setbacks that erode Luxembourg's public finance metrics in a significant and sustained manner.

(Originally published on Sept. 16, 2016)

**Table 15**

| Luxembourg Selected Indicators | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f |
|---|---|---|---|---|---|---|---|---|---|
| GDP per capita (in '000) | 116.6 | 107.5 | 114.6 | 119.1 | 100.9 | 103.5 | 101.4 | 105.7 | 109.9 |
| GDP growth | 2.0 | 0.0 | 4.2 | 4.7 | 3.5 | 3.6 | 3.5 | 2.8 | 2.8 |
| GDP per capita growth | 0.1 | (2.5) | 1.8 | 2.3 | 1.1 | 1.1 | 1.0 | 0.3 | 0.3 |
| Current account balance/GDP | 6.1 | 5.9 | 5.6 | 5.1 | 5.2 | 4.6 | 4.8 | 4.7 | 4.5 |
| Gross external financing needs/CAR&FXR | 475.7 | 415.8 | 413.0 | 458.1 | 518.2 | 491.4 | 483.4 | 467.7 | 453.3 |

**Table 15**

| Luxembourg Selected Indicators (cont.) | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f |
|---|---|---|---|---|---|---|---|---|---|
| Narrow net external debt/CAR | 71.6 | 194.2 | 201.9 | 264.1 | 307.9 | 302.9 | 300.0 | 290.5 | 282.1 |
| GG balance/GDP | 0.5 | 0.4 | 1.0 | 1.5 | 1.6 | 0.8 | 0.0 | 0.0 | 0.0 |
| GG net debt/GDP | (11.1) | (11.2) | (10.2) | (13.1) | (14.2) | (14.3) | (13.6) | (13.0) | (12.4) |
| CPI inflation | 3.7 | 2.9 | 1.7 | 0.7 | 0.1 | 0.1 | 1.3 | 1.6 | 1.9 |
| Bank credit to resident private sector/GDP | 83.7 | 84.3 | 84.9 | 83.8 | 93.3 | 93.3 | 92.3 | 90.8 | 89.2 |

f--Forecast. CAR&FXR--Current account receipts plus usable foreign exchange reserves. GG-General government. A free and interactive version of a larger number of sovereign risk indicators can be found at spratings.com/sri

## Malta (A-/Stable/A-2)

Analyst: alexander.petrov@spglobal.com

Last rating or outlook action: "Malta Long-Term Ratings Raised To 'A-' On Strong Economic Growth; Outlook Stable," Oct. 14, 2016.

### Rating assessment snapshot

- Institutional assessment: Neutral
- Economic assessment: Neutral
- External assessment: Neutral
- Fiscal assessment, budget performance: Strength
- Fiscal assessment, debt: Weakness
- Monetary assessment: Neutral

### Outlook: Stable

The stable outlook reflects our view that the upside potential of Malta's economic and fiscal performance is counterbalanced by downside risks related to Brexit, external flows, and the structure of the financial sector.

We could raise the ratings if economic growth in Malta considerably outperforms our medium-term expectations, or if we see a considerable reduction in fiscal risks related to contingent liabilities.

We could lower the ratings if we see substantial slippage in Malta's fiscal performance, a reversal of the current account into consistent deficits, or increasing risks in the financial sector, owing to either Brexit or an erosion in sector segmentation and the spillover of short-term external funding risks into the domestic economy.

(Originally published on Oct. 14, 2016)

**Table 16**

| Malta Selected Indicators | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f |
|---|---|---|---|---|---|---|---|---|---|
| GDP per capita (in '000) | 23.1 | 22.2 | 24.2 | 25.3 | 22.7 | 23.8 | 23.7 | 25.2 | 26.6 |
| GDP growth | 1.8 | 2.9 | 4.5 | 3.5 | 6.2 | 3.8 | 3.0 | 3.0 | 2.6 |

**Table 16**

| Malta Selected Indicators (cont.) | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f |
|---|---|---|---|---|---|---|---|---|---|
| GDP per capita growth | 1.6 | 2.2 | 3.5 | 2.5 | 5.2 | 2.9 | 2.2 | 2.2 | 1.8 |
| Current account balance/GDP | (0.2) | 1.7 | 2.8 | 7.0 | 3.0 | 1.5 | 1.7 | 2.2 | 2.2 |
| Gross external financing needs/CAR&FXR | 231.0 | 233.3 | 233.9 | 298.6 | 334.5 | 282.2 | 280.2 | 270.9 | 261.7 |
| Narrow net external debt/CAR | (34.9) | (41.9) | 54.2 | 56.7 | 63.3 | 62.4 | 59.9 | 54.3 | 48.4 |
| GG balance/GDP | (2.5) | (3.6) | (2.6) | (2.1) | (1.4) | (0.9) | (0.9) | (0.8) | (0.6) |
| GG net debt/GDP | 59.0 | 60.9 | 61.7 | 60.7 | 58.1 | 56.4 | 55.2 | 53.8 | 52.4 |
| CPI inflation | 2.5 | 3.2 | 1.0 | 0.8 | 1.2 | 1.3 | 1.8 | 2.0 | 2.0 |
| Bank credit to resident private sector/GDP | 127.7 | 123.8 | 115.9 | 110.7 | 103.0 | 98.5 | 96.1 | 94.2 | 92.7 |

f--Forecast. CAR&FXR--Current account receipts plus usable foreign exchange reserves. GG-General government. A free and interactive version of a larger number of sovereign risk indicators can be found at spratings.com/sri

## Netherlands (AAA/Stable/A-1+)

Analyst: marko.mrsnik@spglobal.com

Last rating or outlook action: "State of The Netherlands 'AAA/A-1+' Ratings Affirmed; Outlook Stable," Nov. 18, 2016

### Rating assessment snapshot

- Institutional assessment: Strength
- Economic assessment: Strength
- External assessment: Neutral
- Fiscal assessment, budget performance: Strength
- Fiscal assessment, debt: Strength
- Monetary assessment: Strength

### Outlook: Stable

The stable outlook reflects our expectation that over our two-year horizon the Dutch economy will continue to grow, while maintaining a strong external position and improving its budgetary metrics. We expect The Netherlands would withstand potential financial and economic shocks, for example, stemming from a slowdown in world economic growth or an adverse economic impact emanating from the U.K. EU exit negotiations. Despite the fragmented political landscape, we expect policies will remain broadly prudent, ensuring the predictability of responses to future crises.

We could lower the ratings if, contrary to our current expectations, economic growth prospects significantly worsen or if external or budgetary positions unexpectedly deteriorate, thereby impairing The Netherlands' creditworthiness.

(Originally published on Nov. 18, 2016)

**Table 17**

| Netherlands Selected Indicators | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f |
|---|---|---|---|---|---|---|---|---|---|
| GDP per capita (in ‘000) | 53.7 | 49.6 | 51.7 | 52.3 | 44.4 | 45.6 | 44.5 | 46.6 | 48.5 |

**Table 17**

| Netherlands Selected Indicators (cont.) | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f |
|---|---|---|---|---|---|---|---|---|---|
| GDP growth | 1.7 | (1.1) | (0.2) | 1.4 | 2.0 | 2.0 | 1.5 | 1.4 | 1.2 |
| GDP per capita growth | 1.2 | (1.5) | (0.5) | 1.1 | 1.5 | 1.6 | 1.2 | 1.1 | 0.8 |
| Current account balance/GDP | 8.7 | 10.4 | 9.9 | 8.9 | 8.7 | 8.2 | 8.1 | 8.0 | 7.9 |
| Gross external financing needs/CAR&FXR | 248.1 | 262.7 | 257.1 | 244.8 | 274.8 | 254.2 | 256.4 | 254.0 | 247.3 |
| Narrow net external debt/CAR | 202.8 | 230.1 | 227.9 | 201.3 | 207.3 | 205.3 | 221.2 | 216.5 | 209.7 |
| GG balance/GDP | (4.3) | (3.9) | (2.4) | (2.3) | (1.9) | (0.9) | (0.5) | (0.3) | (0.3) |
| GG net debt/GDP | 56.5 | 60.2 | 62.6 | 63.7 | 61.2 | 59.4 | 58.4 | 57.1 | 55.7 |
| CPI inflation | 2.5 | 2.8 | 2.6 | 0.3 | 0.2 | 0.2 | 1.3 | 1.5 | 1.5 |
| Bank credit to resident private sector/GDP | 115.4 | 118.4 | 114.6 | 109.0 | 111.4 | 111.5 | 112.0 | 112.2 | 112.1 |

f--Forecast. CAR&FXR--Current account receipts plus usable foreign exchange reserves. GG-General government. A free and interactive version of a larger number of sovereign risk indicators can be found at spratings.com/sri

## Portugal (BB+/Stable/B)

Analyst: marko.mrsnik@spglobal.com

Last rating or outlook action: "Ratings On Portugal Affirmed At 'BB+/B'; Outlook Stable," Sept. 16, 2016

### Rating assessment snapshot

- Institutional assessment: Neutral
- Economic assessment: Neutral
- External assessment: Weakness
- Fiscal assessment, budget performance: Strength
- Fiscal assessment, debt: Weakness
- Monetary assessment: Neutral

### Outlook: Stable

The stable outlook on Portugal balances our projections of gradual budgetary consolidation over the next two years against the risks of a weakening external growth environment, protracted private-sector deleveraging, financial sector risks, and potential significant economic and budgetary policy deviations.

We could lower the ratings if we see:

- Continued marked weakening in economic growth, for example due to a significant economic policy deviation or absence of further growth-enhancing structural reforms; or if the government adopts policies that could hurt Portugal's access to international financial markets.
- The government's budgetary position deviating considerably and negatively from our expectations or Portugal's external adjustment being reversed.

We could raise our ratings on Portugal if we observe:

- Marked improvement in the economic growth outlook, for example thanks to the implementation of additional structural reforms;
- Continued budgetary consolidation that brings net government debt to below 100% of GDP; and
- Acceleration in orderly private-sector deleveraging, significantly reducing household and corporate debt, coupled with a discernible reduction in external debt and improvement in the effectiveness of the monetary transmission mechanism.

(Originally published on Sept. 16, 2016)

**Table 18**

**Portugal Selected Indicators**

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f |
|---|---|---|---|---|---|---|---|---|---|
| GDP per capita (in '000) | 23.2 | 20.5 | 21.6 | 22.1 | 19.2 | 19.8 | 19.5 | 20.4 | 21.4 |
| GDP growth | (1.8) | (4.0) | (1.1) | 0.9 | 1.6 | 1.2 | 1.2 | 1.3 | 1.5 |
| GDP per capita growth | (1.8) | (3.8) | (0.6) | 1.5 | 2.1 | 1.6 | 1.3 | 1.2 | 1.4 |
| Current account balance/GDP | (6.0) | (1.8) | 1.5 | 0.1 | 0.4 | 0.1 | 0.3 | 0.3 | 0.2 |
| Gross external financing needs/CAR&FXR | 260.7 | 255.0 | 220.4 | 229.7 | 227.0 | 205.8 | 196.9 | 188.1 | 180.4 |
| Narrow net external debt/CAR | 274.5 | 320.2 | 306.7 | 279.3 | 282.9 | 273.4 | 262.8 | 236.6 | 213.6 |
| GG balance/GDP | (7.4) | (5.7) | (4.8) | (7.2) | (4.4) | (2.8) | (2.4) | (2.1) | (1.8) |
| GG net debt/GDP | 99.6 | 112.9 | 115.3 | 116.4 | 118.0 | 120.4 | 120.8 | 120.6 | 119.8 |
| CPI inflation | 3.6 | 2.8 | 0.4 | (0.2) | 0.5 | 0.7 | 1.2 | 1.5 | 1.7 |
| Bank credit to resident private sector/GDP | 186.6 | 180.7 | 170.7 | 154.8 | 142.8 | 133.8 | 127.0 | 123.6 | 121.1 |

f--Forecast. CAR&FXR--Current account receipts plus usable foreign exchange reserves. GG-General government. A free and interactive version of a larger number of sovereign risk indicators can be found at spratings.com/sri

## Slovakia (A+/Stable/A-1)

Analyst: sabine.daehn@spglobal.com

Last rating or outlook action: "Slovak Republic 'A+/A-1' Ratings Affirmed; Outlook Stable," July 29, 2016

### Rating assessment snapshot

- Institutional assessment: Neutral
- Economic assessment: Neutral
- External assessment: Strength
- Fiscal assessment, budget performance: Neutral
- Fiscal assessment, debt: Strength
- Monetary assessment: Strength

### Outlook: Stable

The stable outlook on Slovakia mainly reflects overall balanced risks to domestic economic growth prospects over the next two years and our expectation of stable fiscal performance.

We could downgrade Slovakia if eurozone growth prospects become materially weaker than we currently expect, dragging down Slovakia's economic growth significantly below our current forecast. Moreover, should polarity in the society continue to increase, leading to more nationalist and populist policy that results in a reversal of investment-friendly policy and reduced foreign investment in Slovakia, it could lead to downside for the ratings. A subsequent economic downturn could bring the long-term rating under pressure.

We could raise the long-term rating if fiscal consolidation leads to a significant and sustained improvement in Slovakia's fiscal metrics, without the country resorting to one-time or unorthodox policy measures.

(Originally published on July, 29 2016)

**Table 19**

**Slovak Republic Selected Indicators**

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f |
|---|---|---|---|---|---|---|---|---|---|
| GDP per capita (in '000) | 18.2 | 17.3 | 18.2 | 18.6 | 16.1 | 16.6 | 16.4 | 17.4 | 18.5 |
| GDP growth | 2.8 | 1.7 | 1.5 | 2.6 | 3.8 | 3.2 | 2.8 | 2.7 | 2.9 |
| GDP per capita growth | 2.8 | 1.4 | 1.4 | 2.5 | 3.7 | 3.1 | 2.7 | 2.6 | 2.8 |
| Current account balance/GDP | (5.0) | 0.9 | 1.8 | 1.2 | 0.2 | 0.5 | 0.4 | 0.4 | 0.8 |
| Gross external financing needs/CAR&FXR | 148.7 | 139.8 | 127.5 | 130.8 | 136.5 | 128.9 | 128.8 | 127.5 | 126.4 |
| Narrow net external debt/CAR | 25.4 | 27.9 | 32.2 | 34.1 | 35.4 | 34.9 | 35.8 | 34.5 | 34.9 |
| GG balance/GDP | (4.3) | (4.3) | (2.7) | (2.7) | (2.7) | (2.5) | (2.4) | (2.3) | (2.3) |
| GG net debt/GDP | 42.2 | 45.3 | 46.4 | 48.7 | 47.0 | 48.2 | 48.9 | 49.2 | 49.4 |
| CPI inflation | 4.1 | 3.7 | 1.5 | (0.1) | (0.4) | (0.2) | 1.3 | 1.5 | 1.8 |
| Bank credit to resident private sector/GDP | 47.3 | 47.4 | 49.0 | 51.0 | 54.0 | 54.0 | 54.0 | 54.6 | 54.6 |

f--Forecast. CAR&FXR--Current account receipts plus usable foreign exchange reserves. GG-General government. A free and interactive version of a larger number of sovereign risk indicators can be found at spratings.com/sri

## Slovenia (A/Positive/A-1)

Analyst: ludwig.heinz@spglobal.com

Last rating or outlook action: "Slovenia Outlook Revised To Positive On Robust Economic Growth; 'A/A-1' Ratings Affirmed," Dec. 16, 2016

### Rating assessment snapshot

- Institutional assessment: Neutral
- Economic assessment: Neutral
- External assessment: Strength
- Fiscal assessment, budget performance: Strength
- Fiscal assessment, debt: Weakness
- Monetary assessment: Neutral

### Outlook: Positive

The positive outlook reflects our view that there is at least a one-in-three probability of an upgrade over the next two years if, alongside the continued economic recovery, we observe further improvements in the transmission of monetary policy to the real economy and budgetary position, with a decline in general government debt.

We could revise the outlook to stable if we consider there is a risk of a material slippage in Slovenia's budgetary trajectory and a reversal in net general government debt dynamics, or if the current account turns into a deficit position, including for example due to a significantly weakened external macroeconomic environment. A weakening of Slovenia's key institutions or policy consensus across the currently governing coalition with the potential to hamper policy cohesiveness could also lead us to revise the outlook to stable.

(Originally published on Dec. 16, 2016)

**Table 20**

**Slovenia Selected Indicators**

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f |
|---|---|---|---|---|---|---|---|---|---|
| GDP per capita (in '000) | 25.1 | 22.5 | 23.2 | 24.1 | 20.7 | 21.6 | 21.4 | 22.7 | 24.0 |
| GDP growth | 0.7 | (2.7) | (1.1) | 3.1 | 2.3 | 2.5 | 2.7 | 2.4 | 2.5 |
| GDP per capita growth | 0.5 | (2.9) | (1.3) | 3.0 | 2.2 | 2.4 | 2.6 | 2.3 | 2.4 |
| Current account balance/GDP | 0.2 | 2.6 | 4.8 | 6.2 | 5.2 | 7.0 | 6.7 | 6.3 | 6.0 |
| Gross external financing needs/CAR&FXR | 165.1 | 163.7 | 164.5 | 143.6 | 142.6 | 131.0 | 126.5 | 121.4 | 117.6 |
| Narrow net external debt/CAR | 92.3 | 113.9 | 100.6 | 79.1 | 77.0 | 67.8 | 61.5 | 52.0 | 43.7 |
| GG balance/GDP | (6.7) | (4.1) | (15.0) | (5.0) | (2.7) | (2.3) | (1.8) | (1.5) | (1.5) |
| GG net debt/GDP | 36.1 | 41.3 | 58.4 | 61.9 | 61.9 | 61.8 | 61.4 | 60.5 | 59.5 |
| CPI inflation | 2.1 | 2.8 | 1.9 | 0.4 | (0.8) | 0.0 | 1.5 | 1.6 | 1.9 |
| Bank credit to resident private sector/GDP | 90.7 | 88.2 | 73.2 | 61.1 | 55.7 | 53.4 | 52.3 | 51.3 | 50.2 |

f--Forecast. CAR&FXR--Current account receipts plus usable foreign exchange reserves. GG-General government. A free and interactive version of a larger number of sovereign risk indicators can be found at spratings.com/sri

## Spain (BBB+/Stable/A-2)

Analyst: marko.mrsnik@spglobal.com

Last rating or outlook action: "Kingdom of Spain 'BBB+/A-2' Ratings Affirmed; Outlook Stable," Sept. 30, 2016

### Rating assessment snapshot

- Institutional assessment: Neutral
- Economic assessment: Strength
- External assessment: Neutral
- Fiscal assessment, budget performance: Neutral
- Fiscal assessment, debt: Weakness
- Monetary assessment: Neutral

### Outlook: Stable

The stable outlook on Spain reflects our view that the broad-based economic recovery momentum will continue, and, together with gradual budgetary consolidation, will balance risks from political uncertainty, Spain's large net external liabilities, and potentially weak external demand. We assume general continuity in policymaking with the next government and that political developments in Catalonia will not weaken investor confidence.

We could consider raising the long-term rating if Spain posts sustained GDP growth without sliding into a current account deficit, if the budget deficit narrows significantly more than we currently expect, or if the monetary transmission channel strengthens further.

We could consider lowering our long-term rating on Spain if eurozone monetary policy failed to prevent deflationary pressures from eroding Spain's fiscal and growth performance; if net general government debt were to overshoot 100% of GDP, contrary to our expectations and regardless of the reason; or if Spain's current account balance were to weaken once again.

(Originally published on Sept. 30, 2016)

**Table 21**

**Spain Selected Indicators**

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f |
|---|---|---|---|---|---|---|---|---|---|
| GDP per capita (in '000) | 31.9 | 28.5 | 29.2 | 29.6 | 25.7 | 26.7 | 26.4 | 27.8 | 29.2 |
| GDP growth | (1.0) | (2.9) | (1.7) | 1.4 | 3.2 | 3.2 | 2.3 | 2.0 | 2.0 |
| GDP per capita growth | (1.4) | (3.2) | (1.5) | 1.9 | 3.3 | 3.2 | 2.2 | 1.8 | 1.8 |
| Current account balance/GDP | (3.2) | (0.2) | 1.5 | 1.1 | 1.4 | 2.3 | 2.2 | 2.0 | 2.0 |
| Gross external financing needs/CAR&FXR | 309.4 | 297.3 | 256.0 | 244.2 | 253.6 | 227.3 | 224.1 | 220.4 | 215.0 |
| Narrow net external debt/CAR | 265.1 | 283.2 | 272.9 | 247.3 | 258.8 | 243.3 | 244.7 | 228.4 | 213.6 |
| GG balance/GDP | (9.6) | (10.5) | (7.0) | (6.0) | (5.1) | (4.6) | (3.6) | (3.0) | (2.8) |
| GG net debt/GDP | 61.0 | 74.8 | 85.0 | 89.3 | 88.8 | 90.2 | 91.2 | 91.7 | 91.8 |
| CPI inflation | 3.0 | 2.4 | 1.5 | (0.2) | (0.6) | (0.4) | 1.5 | 1.5 | 1.7 |
| Bank credit to resident private sector/GDP | 167.8 | 155.6 | 141.7 | 131.0 | 121.0 | 113.2 | 108.8 | 107.3 | 105.6 |

f--Forecast. CAR&FXR--Current account receipts plus usable foreign exchange reserves. GG-General government. A free and interactive version of a larger number of sovereign risk indicators can be found at spratings.com/sri

## Related Research

- Global Sovereign Rating Trends 2017, Jan. 10, 2017
- Emerging Markets Sovereign Rating Trends 2017, Jan. 10, 2017
- Sub-Saharan Africa Sovereign Rating Trends 2017, Jan. 10, 2017
- Asia-Pacific Sovereign Rating Trends 2017, Jan. 10, 2017
- Latin America And Caribbean Sovereign Rating Trends 2017, Jan. 10, 2017
- Central And Eastern Europe And CIS Sovereign Rating Trends 2017, Jan. 10, 2017
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- 2015 Annual Sovereign Default Study And Rating Transitions, May 24, 2016
- Outlooks: The Sovereign Credit Weathervane, Year-End 2013 Update, Feb. 4, 2014

Only a rating committee may determine a rating action and this report does not constitute a rating action.

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