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Notes On Bankers' Credit Ratings For Latin American Nations (s/s)

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INSTITUTIONAL INVESTOR publishes credit ratings by international bankers for 109 countries on a semi-annual basis. The credit ratings developed by Institutional Investor are based on ratings provided by leading international banks. Bankers are asked to grade each of the 109 countries on a scale of zero to 100: zero represents the least creditworthy, while 100 represents the most creditworthy and the ones with the least chance of default. Updated every six months, the study is based on a sample ranging from 75 to 100 banks, each providing its own ratings. (Banks are not permitted to rank their home countries.) Individual responses are weighted, using a formula which gives more weight to responses from banks with the largest worldwide exposure and the most sophisticated country analysis systems. In its September 1986 (pp. 297-99) issue, the magazine shows that the highest credit ratings by country were Japan (95.7); United States (95.1); Switzerland (94.5); West Germany (94.2), and United Kingdom (87.5). Of the Latin American and Caribbean nations included in the study, Trinidad and Tobago ranked the highest in 44th place, with a credit rating of 43.3, and Nicaragua the lowest at 108th, with a credit rating of only 5.5. The following table shows relative rank and credit ratings for Latin American and Caribbean countries. Rank, Sept. 1986 Country Credit rating 44 Trinidad and Tobago 43.3 48 Colombia 39.2 53 Venezuela 38.1 55 Brazil 35.2 56 Barbados 33.2 59 Panama 31.0 60 Paraguay 31.0 62 Mexico 30.8 66 Uruguay 27.8 69 Ecuador 26.7 70 Chile 25.1 71 Argentina 24.9 84 Costa Rica 17.0 88 Jamaica 14.9 89 Dominican Republic 14.5 90 Cuba 14.2 92 Guatemala 13.2 93 Honduras 12.9 102 Bolivia 8.0 103 Grenada 8.0 104 El Salvador 7.4 108 Nicaragua 5.5 Note: In cases where ranking of two countries is different, but credit rating is the same, Institutional Investor points out that the rank was calculated by the actual results before rounding.

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