Country Ceiling Model

Model Summary Document (MSD)

1. Model Purpose and Description

The Country Ceiling Model (CCM) is a simple Excel-based scoring model used by Fitch Ratings to assesses the propensity of authorities to impose capital and/or exchange controls. It is the starting point for assigning Country Ceilings. The CCM output is a score ranging from 0 to +3, which represents notching uplift above the Long Term Foreign-Currency Issuer Default Rating (LT FC IDR). This output is used in conjunction with Qualitative Adjustments to determine Country Ceilings.

2. Model Assumptions

Where applicable, the assumptions in the model are described in Fitch's criteria

- Country Ceiling Criteria

3. Model Inputs

The variables in the model span the three pillars referenced in the Country Ceiling Criteria: (1) Balance of Payments Restrictions; (2) Long-Term Institutional Characteristics; & (3) Near-Term Macro-Financial Stability Risks and Exchange-Rate Risks.

There is one variable for each of the 15 concepts listed below. The specific indicator derivation is described in the Country Ceiling Criteria.

Pillar I: Balance of Payments Restrictions

- Current Account Restrictions
- Capital Account Restrictions.

Pillar II: Incentives: Long-Term Institutional Characteristics

- Composite Governance Indicator
- Trade Openness
- Volatility of Change in Current External Receipts (CXR)
- Export Share to Free-Trade Agreement (FTA) Partners
- Private-Sector External Assets
- Private-Sector External Debt.

Pillar III: Incentives: Near-Term Macro-Financial Stability Risks and Exchange-Rate Risks

- Volatility of Consumer Price Index (CPI) Change
- Recent Peak in CPI Change
- Broad Money Growth
- REER Volatility

- Dollarisation
- Net External Debt/CXR
- Exchange-Rate Regime.

4. Model Development Data

This rating model does not directly use historical data for its development and calibration, and it only uses issuer specific data and other related data as described in the relevant criteria and/or RAC.

5. Model Limitations

Limitations include, but are not limited to, the following: The model is intended only to analyse sovereign issuers and provide a starting point for the analytical framework of Fitch's "Country Ceiling Criteria".

6. Material Changes

The current model version is 2.0.x. Any future material changes will be disclosed in this section.

Contact Information

model_disclosure@fitchratings.com