

**2025**

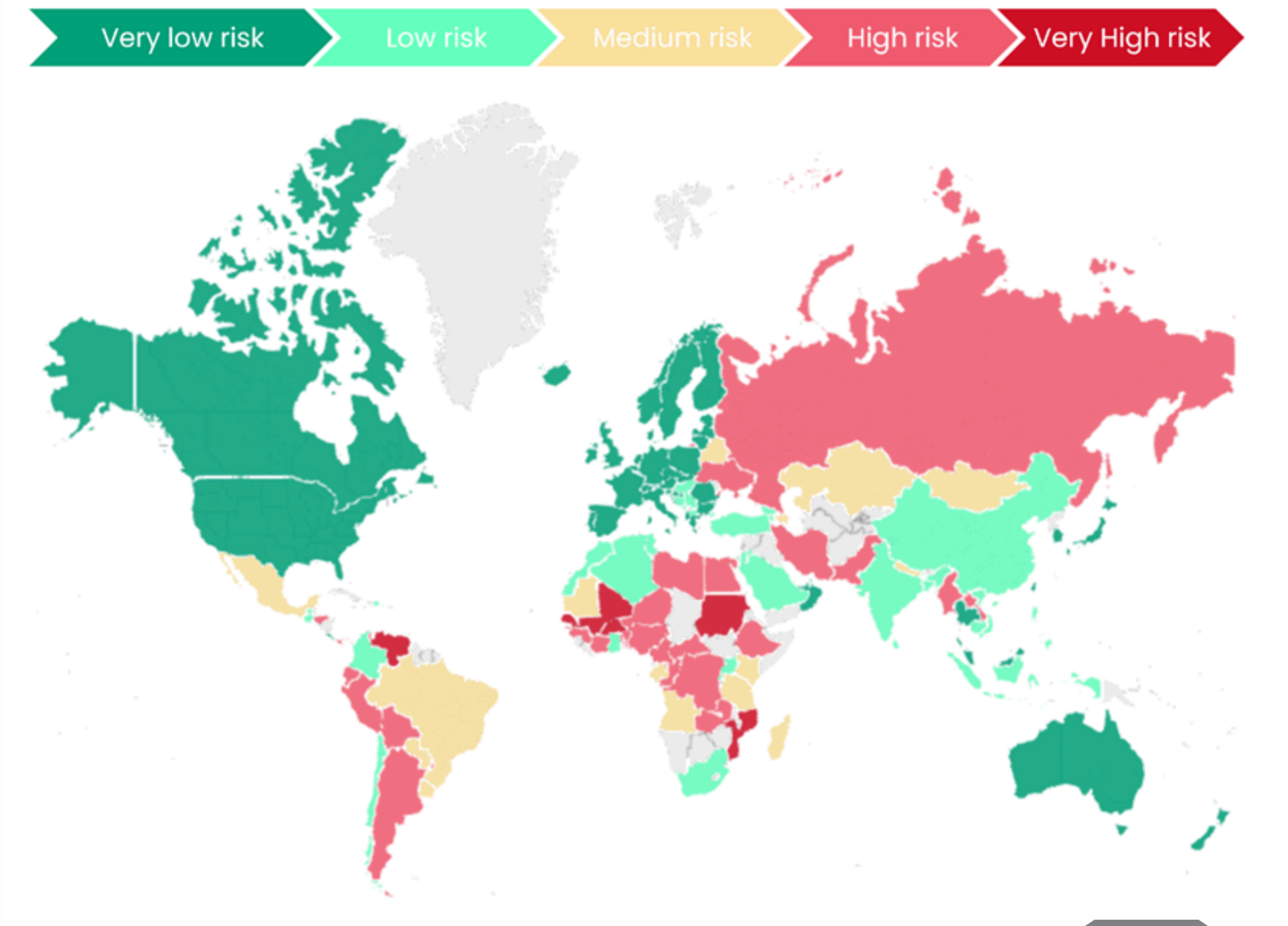
**EMERGING MARKETS**

**RISK OVERVIEW**



## COUNTRY RISK MAP – January 2025

TAC ECONOMICS Country Risk Premium (in basis points)



## **GLOBAL TRENDS**

-Emerging Markets (EM) country risk has recently rebounded to high levels after a period of improvement since early 2023.

**-25 out of 100 EM countries now display early warning signals**, marking their increased vulnerability to economic and financial shocks.

-Country Risk Premium (CRP) increased in most regions, with Latin America and Sub-Saharan Africa seeing the sharpest rises.

## Regional breakdown LATIN AMERICA

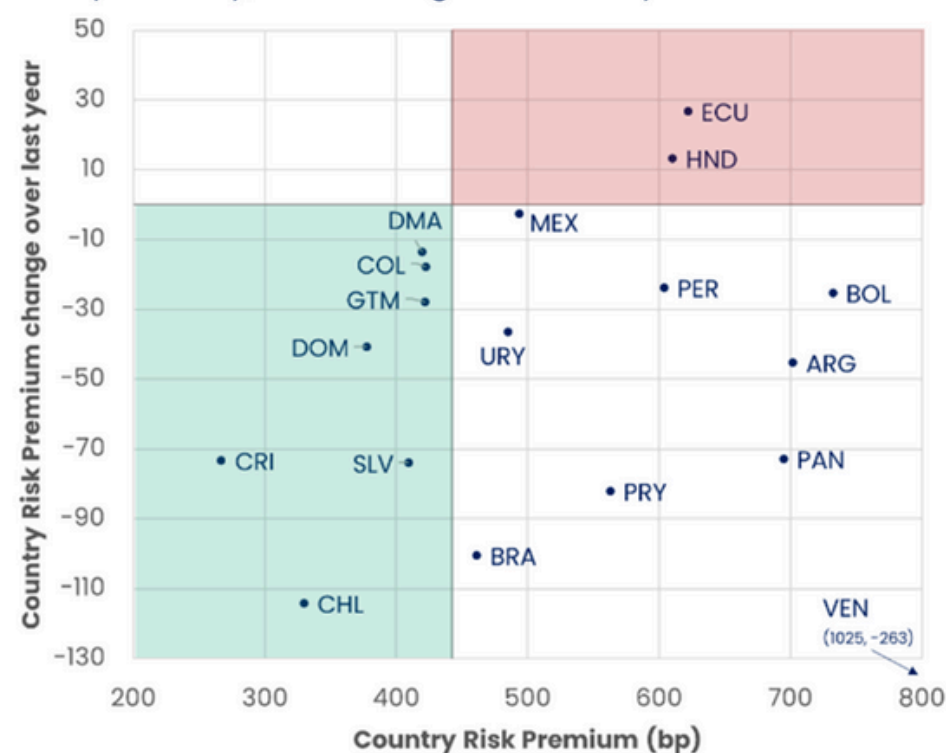
**CRP increased sharply (+40 basis points), reflecting higher economic and political vulnerabilities.**

New Watch List Indications:

- **Bolivia & Dominica** (economic activity concerns)
- **Uruguay** (exchange rate risk)
- **Venezuela** (payment risk)
- **Ecuador** faces the highest risk in the region due to worsening governance and economic instability.
- **Chile** improved significantly with lower political and economic risk.

### Country-Risk Premium in Latin America

CRP by country, and change over one year



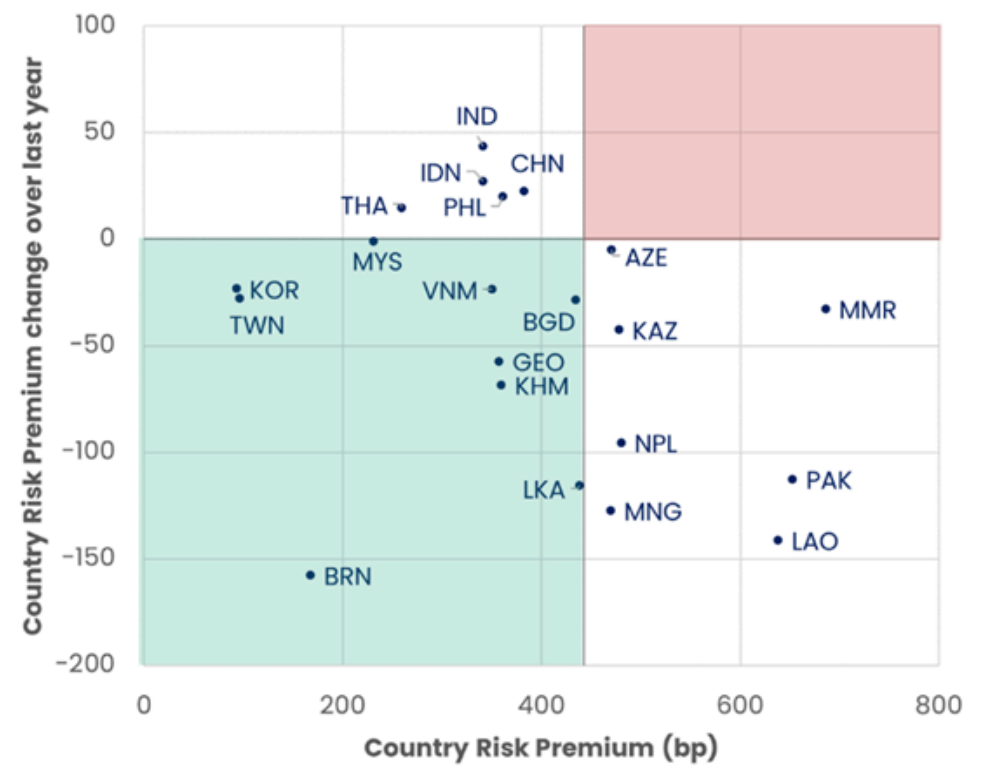
## Regional breakdown ASIA

**Moderate CRP increase (+12 basis points) but remains relatively stable.**

- High-risk countries: **Laos**, **Myanmar**, and **Pakistan**.
- Early warning signal: **Bangladesh** added due to economic activity concerns.
- India** saw a sharp increase in risk due to weakening economic and political stability, while **Cambodia** improved due to strong external accounts.

### Country-Risk Premium in Asia

CRP by country, and change over one year



## Regional breakdown

### MIDDLE-EAST AND NORTH AFRICA – MENA

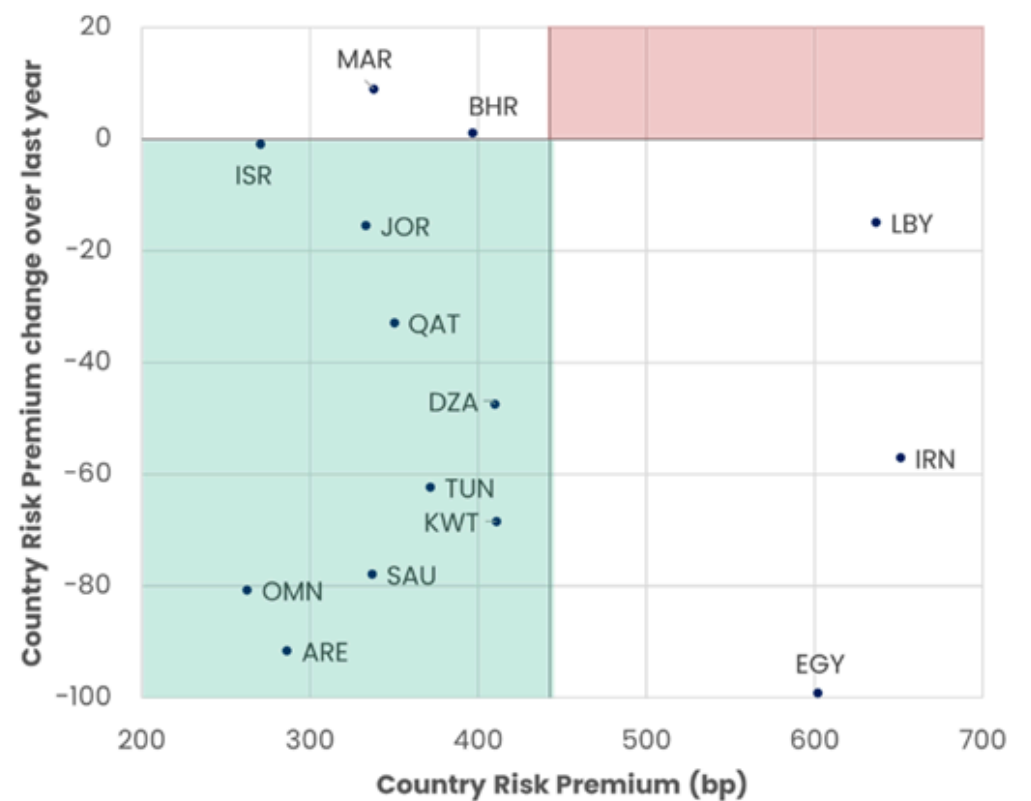
**Moderate CRP increase (+22 basis points), but overall risk remains low.**

Diverging risk trends:

- **Oman** and **Saudi Arabia** saw improvements.
- **Iran, Israel, and Tunisia** experienced significant deterioration.
- **Egypt's** risk has reduced but remains vulnerable due to external financing dependence.

#### Country-Risk Premium in MENA

CRP by country, and change over one year



## Regional breakdown SUB-SAHARAN AFRICA

**Highest overall risk (CRP at 616 basis points) with large risk dispersion.**

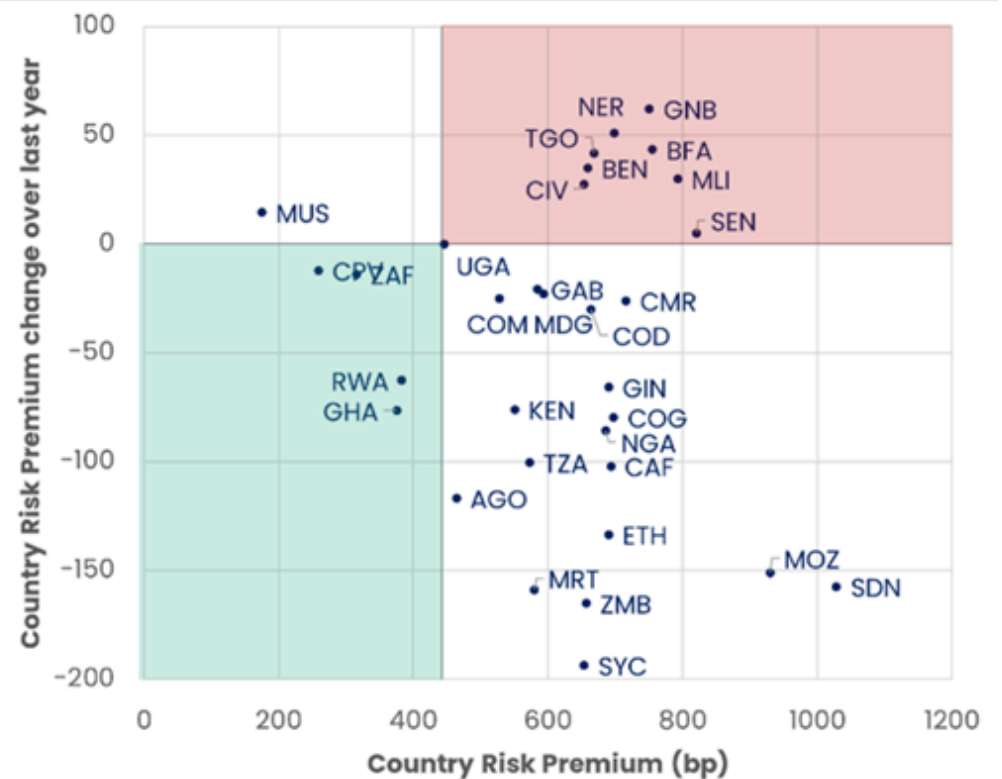
-Political and governance risks surged to a 20-year high, with severe deterioration in **Burkina Faso, Gabon, Niger,** and **Sudan**.

-**Mozambique** remains at a high-risk level due to economic instability and currency risk.

-**Côte d'Ivoire**'s economic and financial risks have worsened due to increasing external debt and lower reserves.

**Country-Risk Premium in Sub-Saharan Africa**

CRP by country, and change over one year



## Regional breakdown CENTRAL & EASTERN EUROPE

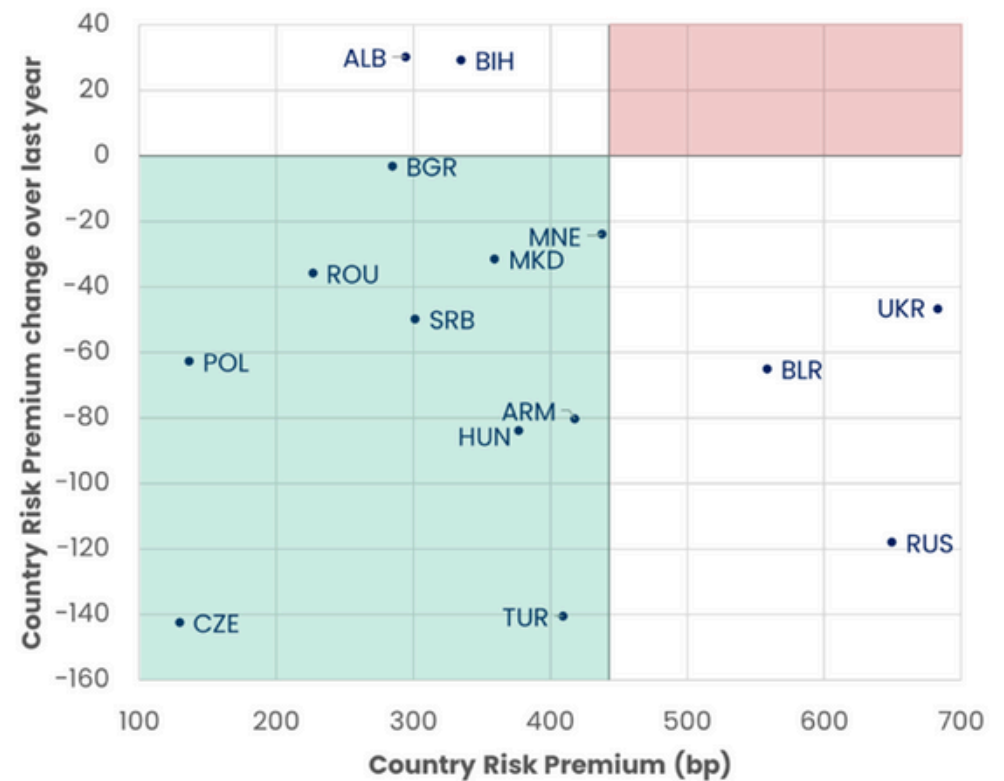
**Risk levels stabilized, showing improvement in economic conditions.**

Key changes:

- Turkey**: Risk improved due to policy normalization, though inflation remains a concern.
- Poland**: Risk declined, driven by better governance ratings.
- Romania, Belarus, and Russia** experienced notable risk deterioration.

**Country-Risk Premium in Central & Eastern Europe**

CRP by country, and change over one year





## EARLY WARNING SIGNALS

Country	Early warning signal	Type	Period
Iran	Crisis Signal	Activity	2022Q4-2029Q3
Libya	Crisis Signal	Activity	2022Q4-2026Q2
Myanmar	Crisis Signal	Activity	2023Q4-2029Q3
Myanmar	Watch List Indication	Exchange Rate	2023Q2-2026Q2
Mozambique	Crisis Signal	Exchange Rate	2024Q2-2026Q2
<b>Mozambique</b>	<b>Watch List Indication</b>	<b>Payment</b>	<b>2027Q4-2029Q3</b>
Nepal	Crisis Signal	Activity	2024Q3-2029Q3
Sudan	Crisis Signal	Activity	2022Q1-2026Q2
Sudan	Watch List Indication	Payment	2026Q4-2028Q3
Seychelles	Crisis Signal	Payment	2022Q2-2025Q3
Seychelles	Watch List Indication	Activity	2024Q4-2027Q2
Seychelles	Watch List Indication	Exchange Rate	2023Q2-2026Q4
Argentina	Watch List Indication	Activity	2025Q1-2026Q4
Armenia	Watch List Indication	Activity	2026Q1-2027Q4
<b>Bangladesh</b>	<b>Watch List Indication</b>	<b>Activity</b>	<b>2025Q1-2028Q3</b>
<b>Bolivia</b>	<b>Watch List Indication</b>	<b>Activity</b>	<b>2025Q4-2028Q2</b>
Brazil	Watch List Indication	Exchange Rate	2020Q3-2025Q4
Cape Verde	Watch List Indication	Activity	2025Q2-2028Q1
<b>Dominica</b>	<b>Watch List Indication</b>	<b>Activity</b>	<b>2025Q1-2027Q4</b>
Egypt	Watch List Indication	Exchange Rate	2023Q4-2025Q3
Ethiopia	Watch List Indication	Activity	2023Q2-2025Q4
Georgia	Watch List Indication	Activity	2022Q2-2027Q4
Guatemala	Watch List Indication	Exchange Rate	2026Q3-2029Q3
Kazakhstan	Watch List Indication	Payment	2024Q4-2027Q2
Kuwait	Watch List Indication	Activity	2024Q1-2029Q3
Sri Lanka	Watch List Indication	Exchange Rate	2023Q4-2026Q1
Montenegro	Watch List Indication	Payment	2024Q1-2027Q3
Mongolia	Watch List Indication	Payment	2023Q2-2029Q3
Mongolia	Watch List Indication	Activity	2023Q4-2029Q3
<b>Uruguay</b>	<b>Watch List Indication</b>	<b>Exchange Rate</b>	<b>2025Q3-2029Q2</b>
<b>Venezuela</b>	<b>Watch List Indication</b>	<b>Payment</b>	<b>2027Q4-2029Q3</b>



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