

The economy fared due to strong typhoons and a powerful earthquake. The economy is, however, expected to return to growth in the fourth quarter as supply chains recover from the natural disasters. On 14 December, the government unveiled a tax reform package for FY 2019 aimed at alleviating the negative consequences of a consumption tax hike scheduled for October 2019. Four days later, the government presented the budget for FY 2019, which will top JPY 100 trillion (USD 890 billion) for the first time, highlighting the government’s difficulties to rein in public spending.

Due to the insufficient data, we are dropping coverage for Japan.

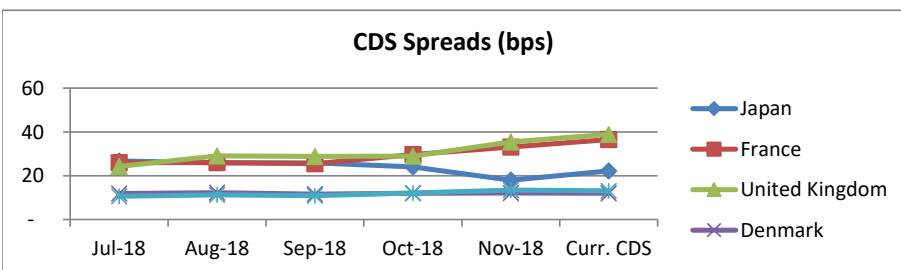
Annual Ratios (source for past results: IMF)

CREDIT POSITION	2015	2016	2017	P2018	P2019	P2020
Debt/ GDP (%)	248.0	250.4	253.0	247.3	241.8	235.9
Govt. Sur/Def to GDP (%)	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted Debt/GDP (%)	248.0	250.4	253.0	247.3	241.8	235.9
Interest Expense/ Taxes (%)	0.0	0.0	0.0	0.0	0.0	0.0
GDP Growth (%)	3.5	1.2	1.5	2.3	2.3	2.5
Foreign Reserves/Debt (%)	10.1	10.0	9.5	9.7	9.5	9.6
Implied Sen. Rating	N/A	N/A	N/A	N/A	N/A	N/A

INDICATIVE CREDIT RATIOS

	AA	A	BBB	BB	B	CCC
Debt/ GDP (%)	100.0	115.0	130.0	145.0	170.0	200.0
Govt. Sur/Def to GDP (%)	2.5	0.5	-2.0	-5.0	-8.0	-10.0
Adjusted Debt/GDP (%)	95.0	110.0	125.0	140.0	160.0	190.0
Interest Expense/ Taxes (%)	9.0	12.0	15.0	22.0	26.0	35.0
GDP Growth (%)	3.5	3.0	2.0	1.0	-1.0	-5.0
Foreign Reserves/Debt (%)	3.0	2.5	2.0	1.5	1.0	0.5

PEER RATIOS	Other NRSRO Sen.	Debt as a % of GDP	Govt. Surp. Def to GDP (%)	Adjusted Debt/ GDP	Interest Expense/ Taxes %	GDP Growth (%)	Ratio-Implied Rating*
Kingdom Of Sweden	AAA	40.6	2.6	58.0	0.9	4.4	AAA
Kingdom Of Denmark	AAA	36.4	1.6	49.3	2.3	3.7	AA+
Federal Republic Of Germany	AAA	64.1	1.0	71.7	4.4	3.7	AA+
French Republic	AA	97.0	-2.5	124.2	6.3	2.8	A-
United Kingdom	AA	87.7	-0.7	117.2	9.9	3.8	A+



Country	CDS
Japan	22
France	37
United Kingdom	39
Denmark	12
Germany	13