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RATINGS SERVICES**

McGRAW HILL FINANCIAL

# Outlook on Russia's Sovereign Rating

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**November 2014**

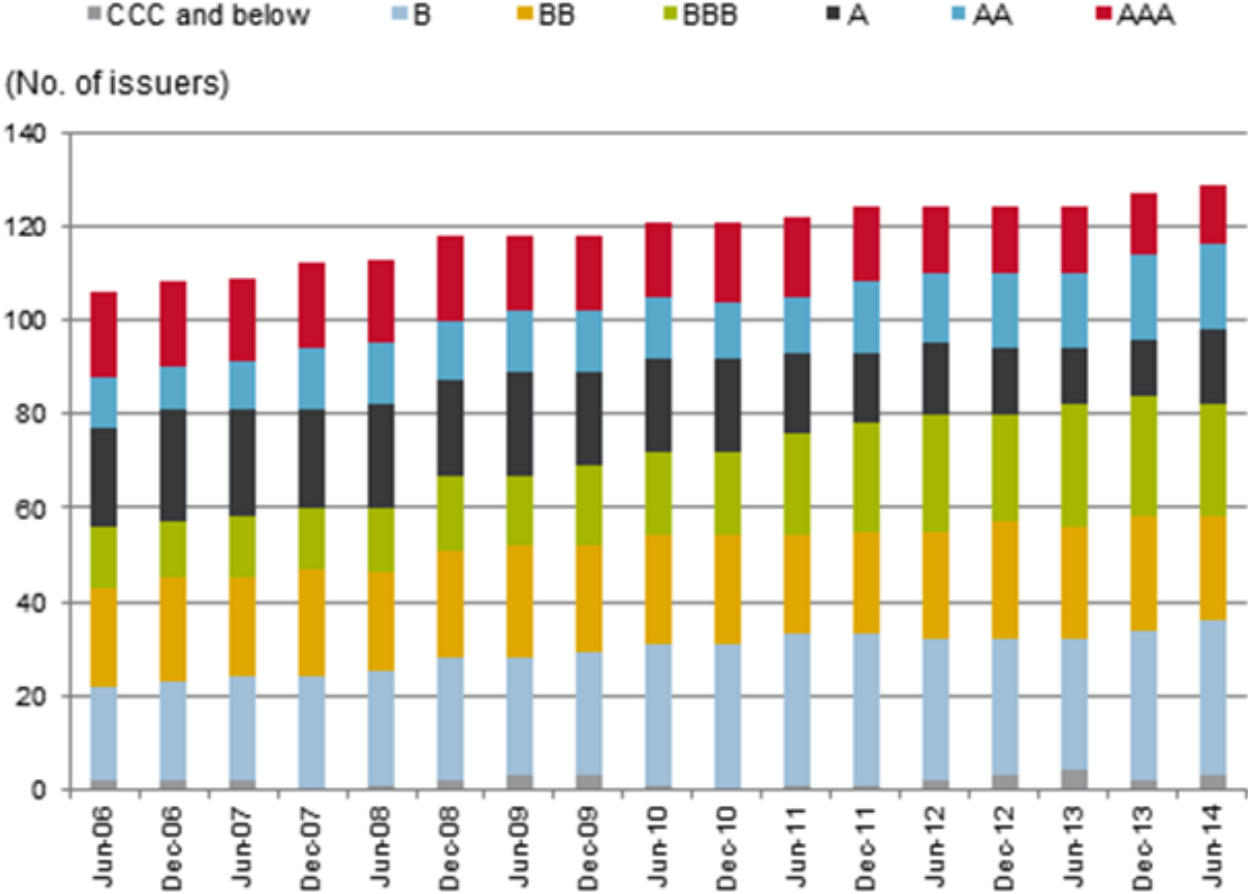
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# Agenda

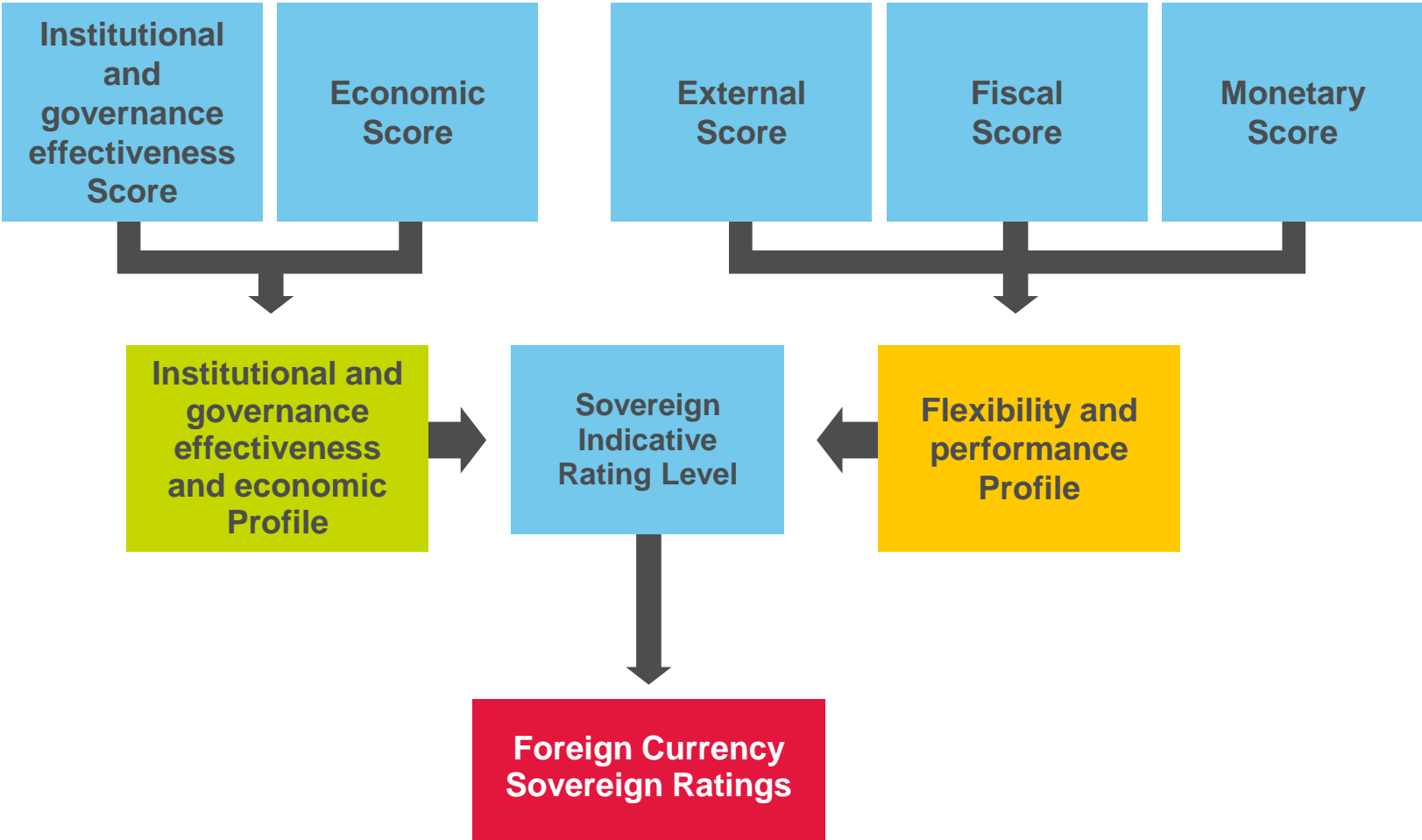
- The Global Perspective - Standard & Poor's Sovereign Ratings**
- How Does Standard & Poor's Rate The Russian Federation?**
- How Does Russia Compare With Other Emerging Economies?**
- The Market View**
- Break-Even Oil Prices**

**The Global Perspective - Standard & Poor's Sovereign Ratings**

# Standard & Poor's Rates Close to 130 Sovereigns



# Framework for Sovereign Ratings Is Transparent



# How Does Standard & Poor's Rate the Russian Federation?

# Russia Sovereign Rating Drivers

## Rating Strengths

Strong net external asset position

Moderate net general government debt

## Rating Weaknesses

Political and economic institutions

Concentrated economy, dependent on commodities, vulnerable to price shocks

## Rating Could Be Lowered

Faster deterioration of external and fiscal buffers than currently expected

Reduction of monetary-policy or exchange-rate flexibility

## Rating Could Stabilize

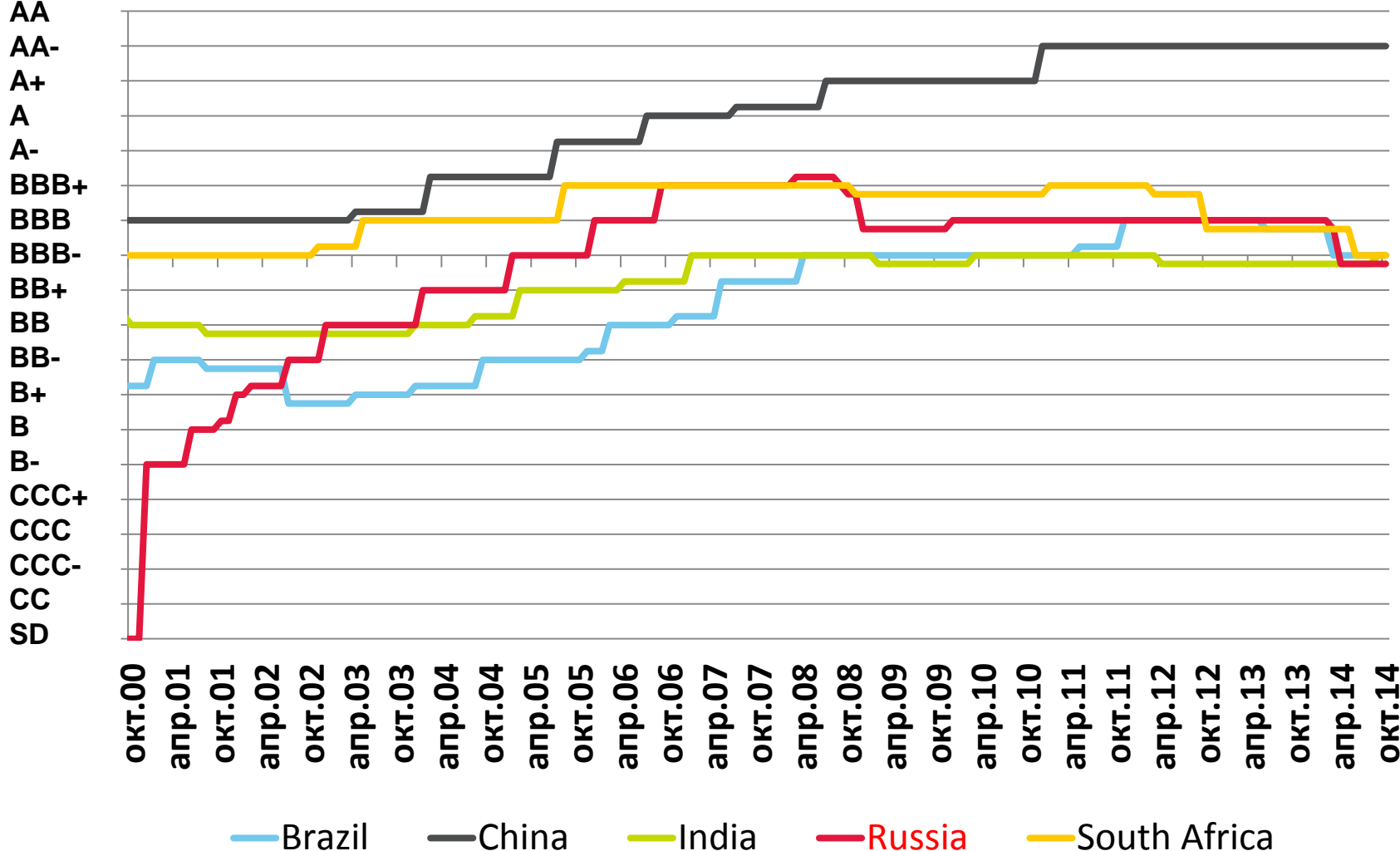
Improvement in investment climate

Enhanced economic growth prospects

# How Does Russia Compare With Other Emerging Economies?



# Rating History For Russia and Peers



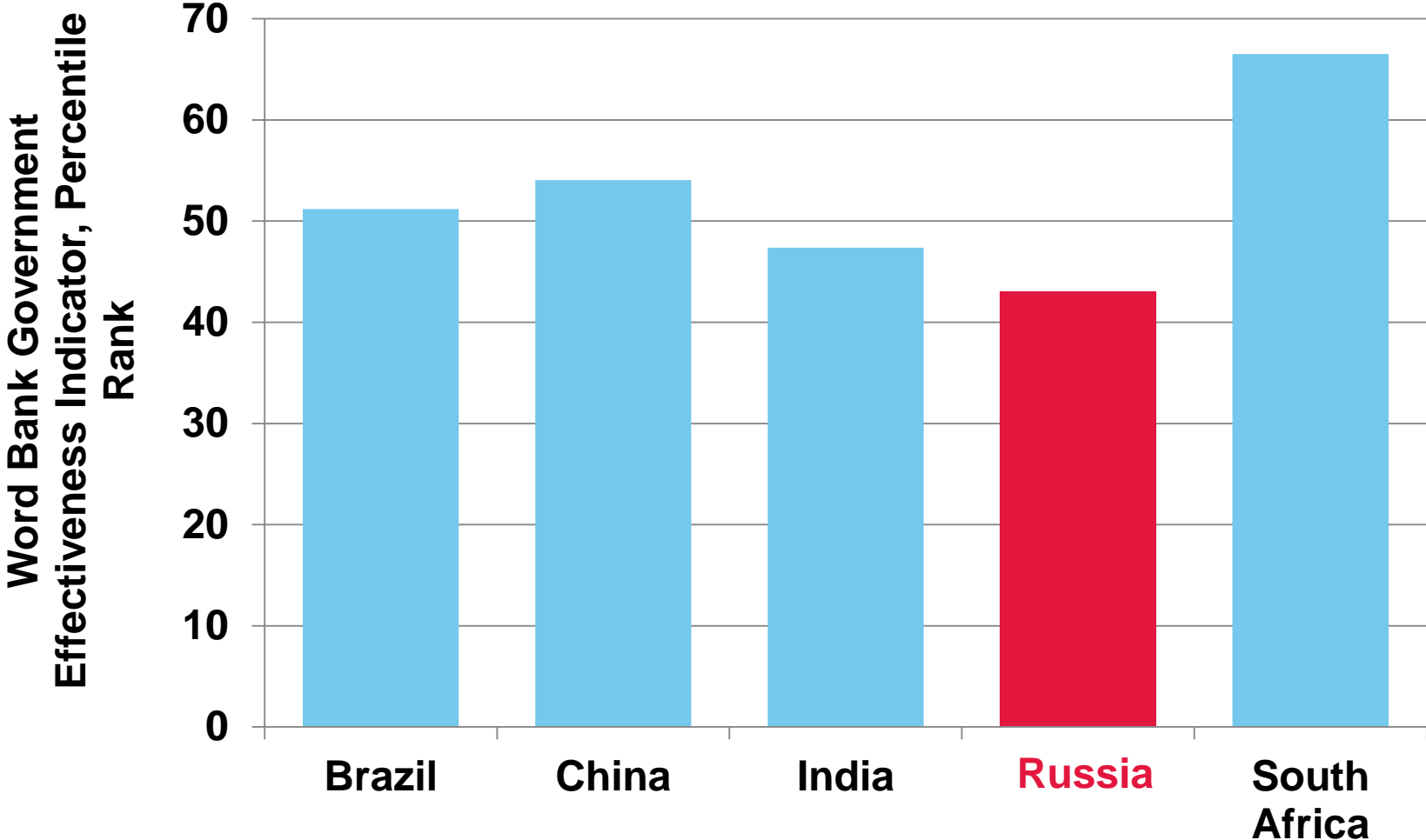
# Strengths and Weaknesses

## Sovereign Ratings Score Snapshot

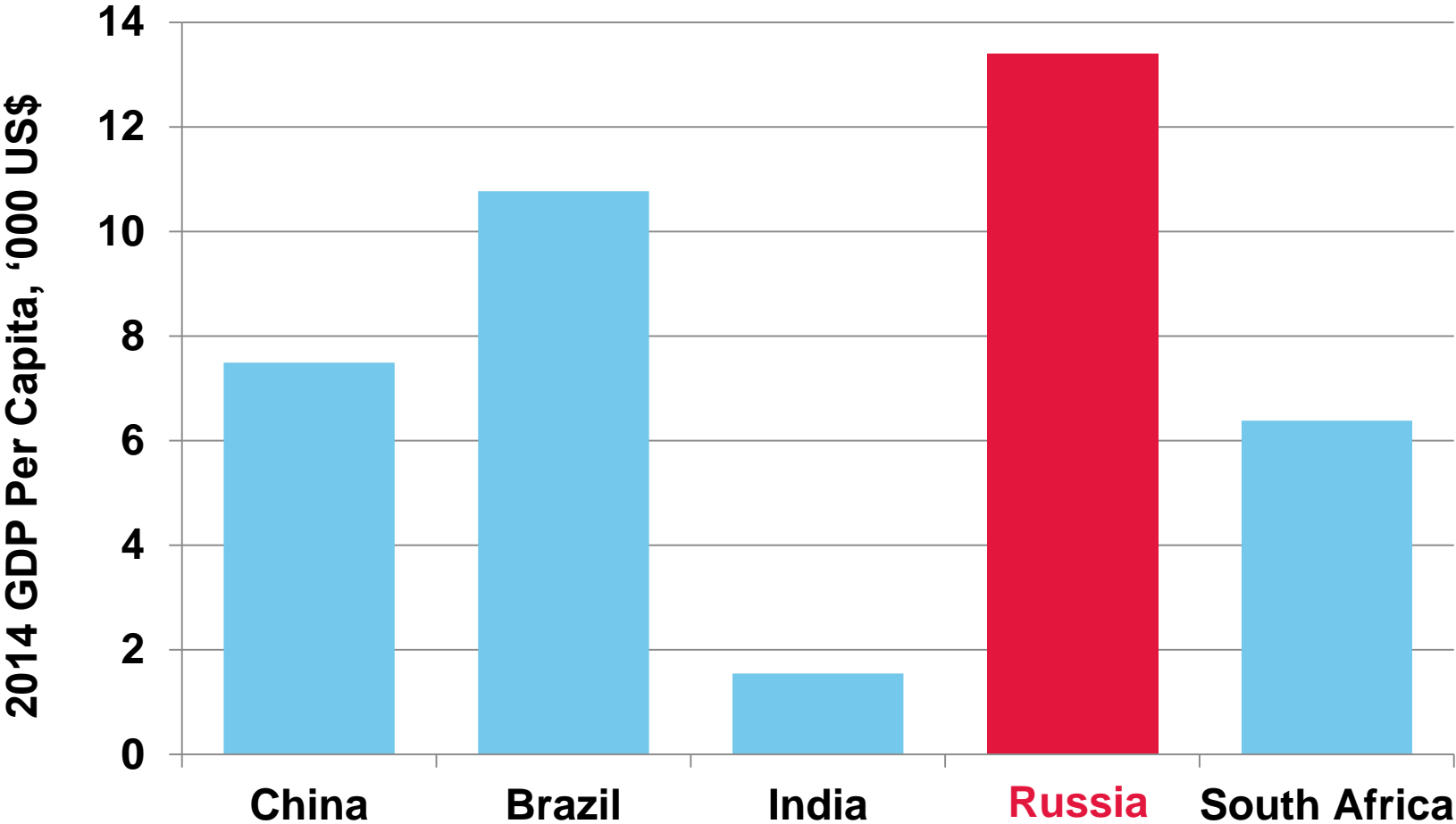
	Sovereign Foreign-Currency Ratings	Institutional and Governance Effectiveness	Economic Structure and Growth	External Liquidity and International investment Position	Fiscal Flexibility and Performance	Government Debt Burden	Monetary Flexibility
<b>Brazil</b>	<b>BBB-/Stable/A-3</b>	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral
<b>China</b>	<b>AA-/Stable/A-1+</b>	Neutral	Neutral	Strength	Strength	Strength	Neutral
<b>India</b>	<b>BBB-/Stable/A-3</b>	Neutral	Weakness	Strength	Weakness	Weakness	Neutral
<b>Russia</b>	<b>BBB-/Negative/A-3</b>	Weakness	Neutral	Neutral	Neutral	Strength	Neutral
<b>South Africa</b>	<b>BBB-/Stable/A-3</b>	Neutral	Neutral	Neutral	Weakness	Neutral	Strength

Note: All assessments and ratings in the table are as of November 1, 2014.

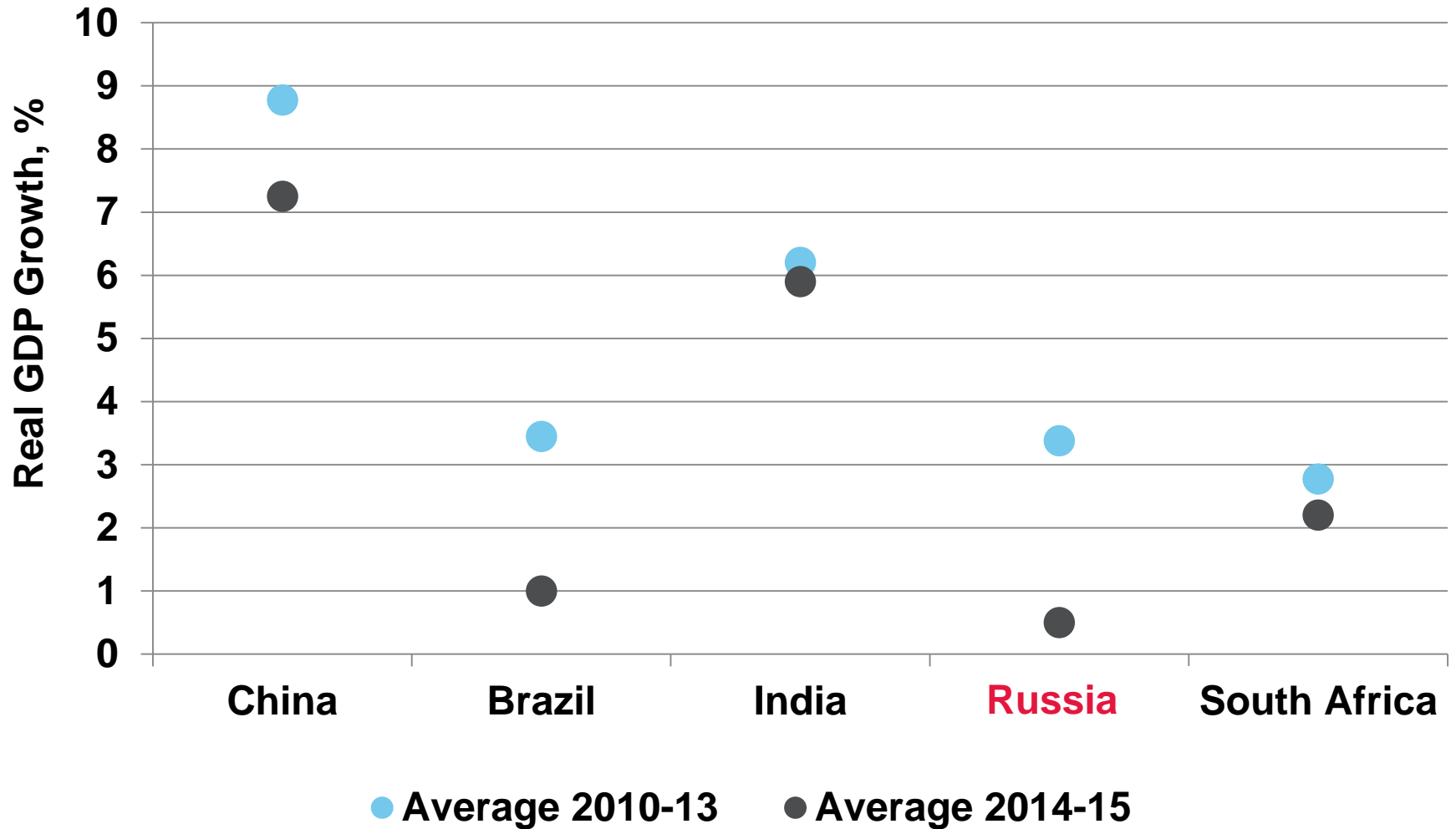
# Institutional and Governance Effectiveness



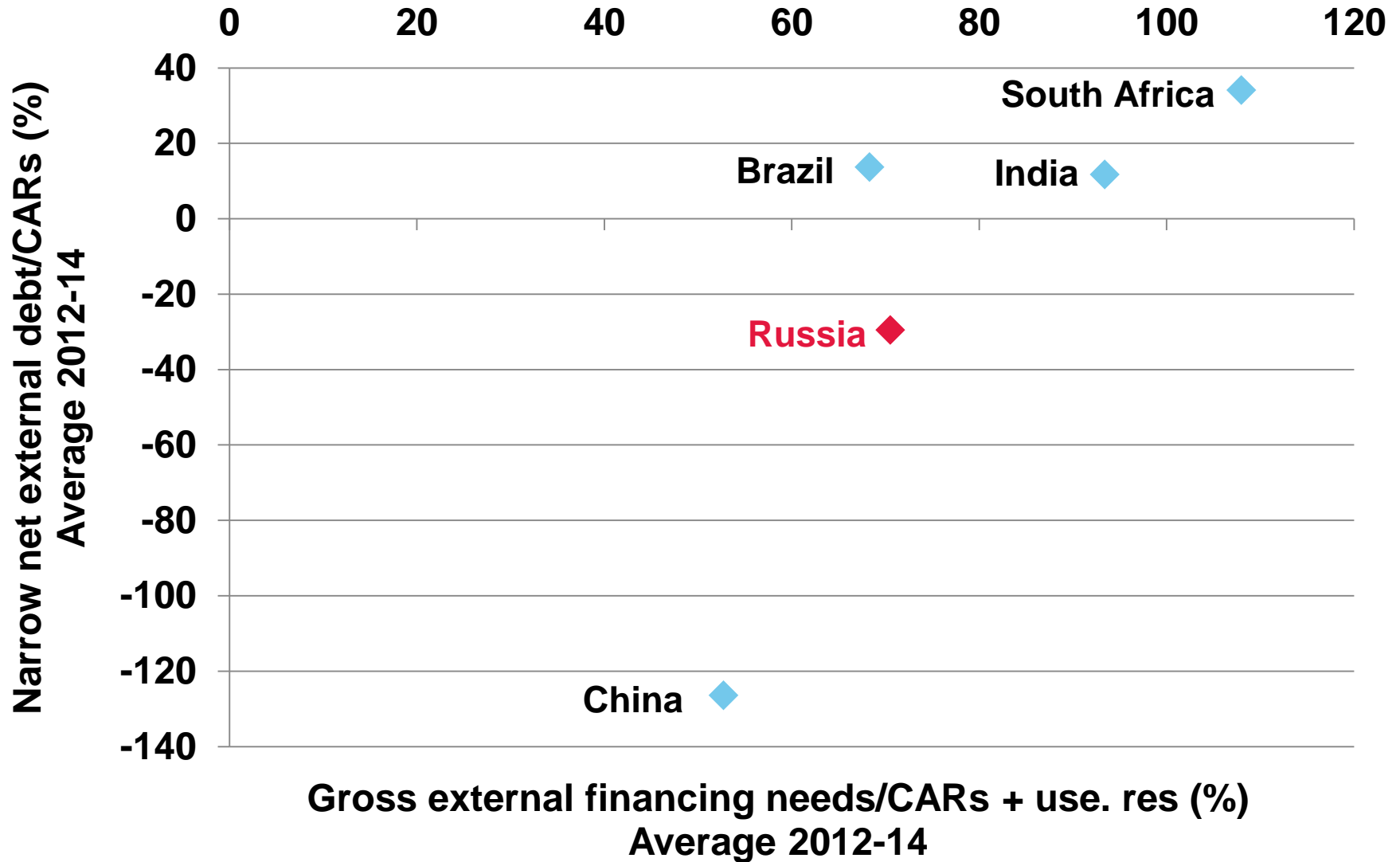
# Higher Level of Per Capita GDP...



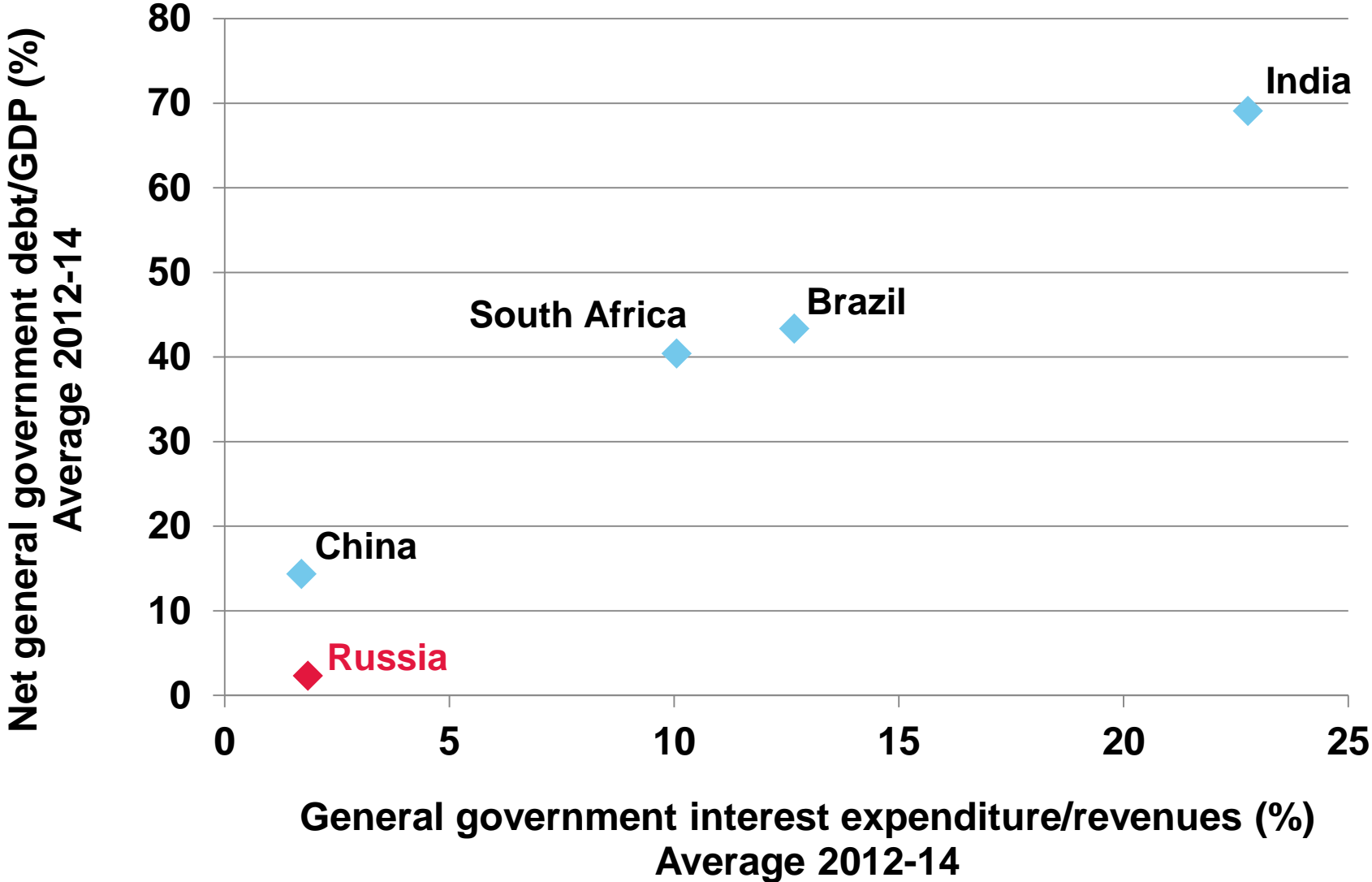
## ...but Slower Growth Outlook Than For Most Peers



# Key External Indicators Stronger Than For Most Peers



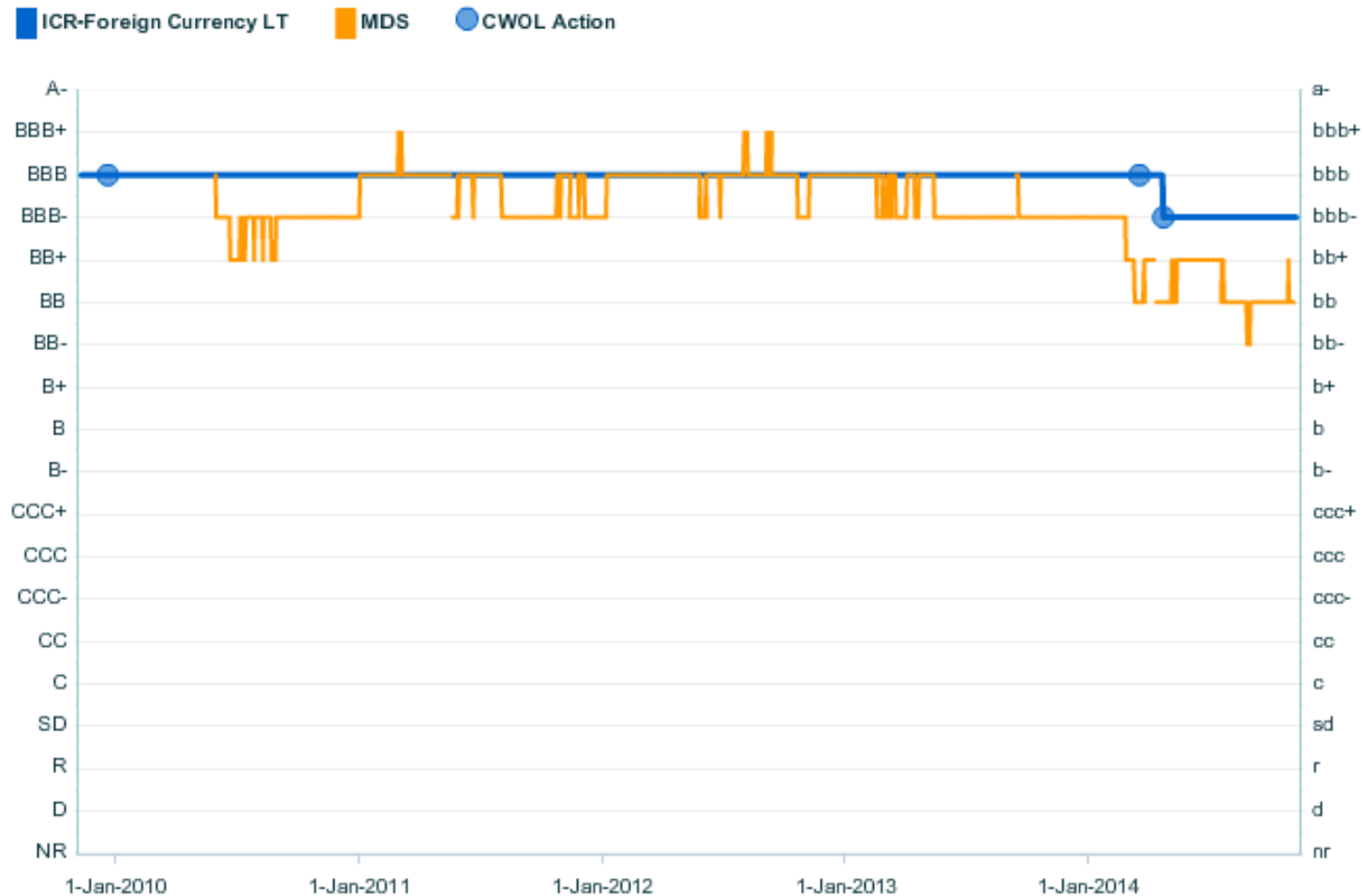
# Strong Fiscal Position



# The Market View

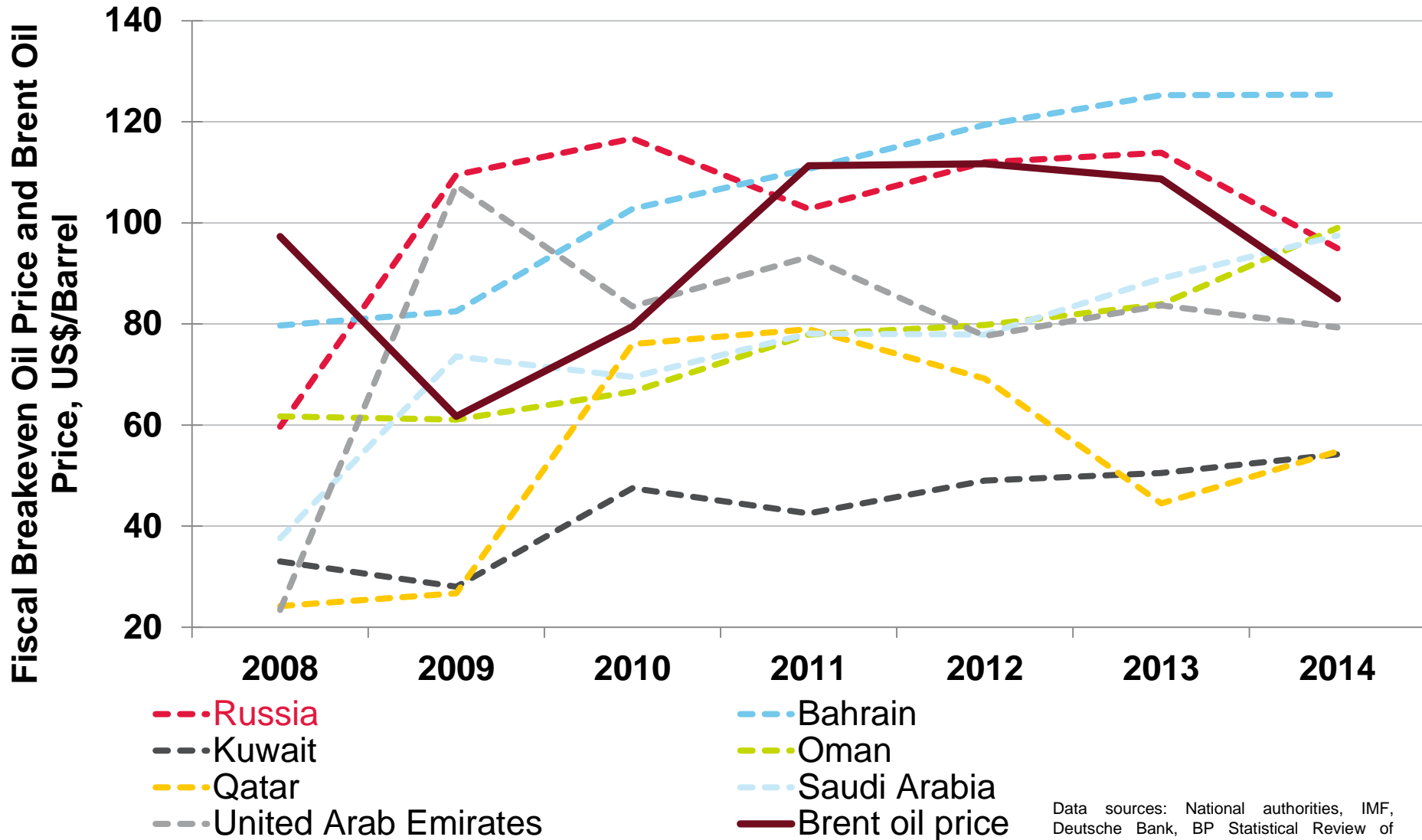


# Market Derived Signals on Russia Government Debt



# Break-Even Oil Prices

# Break-Even Oil Prices Are Subject to Assumptions



Data sources: National authorities, IMF, Deutsche Bank, BP Statistical Review of World Energy 2014, Standard & Poor's.



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**Thank You**

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