

**The Research Centre of the Faculty of Economics**  
cordially invites you to a research seminar  
on **Wednesday, 31<sup>st</sup> May 2017**  
at **13 p.m.** in room **P-119**  
at the **Faculty of Economics, University of Ljubljana**

Author: **Rosanne Vanpée, PhD, Faculty of Economics and  
Business, University of Leuven**

will present the article:

## **“Subjectivity in sovereign credit ratings”**

“A sovereign credit rating is a function of hard and soft information that should reflect the creditworthiness and the probability of default of a country. We propose a sharper characterisation for the subjective component of a sovereign credit rating, and apply it under both traditional ordered logit panel models and machine learning techniques. The subjective component turns out to be large, especially for the low-rated countries, and negatively related to a country’s lobbying power and its familiarity to the United States. Countries that are rated as investment grade tend to be positively influenced by the subjective component, and vice versa . Despite this, subjective judgment in credit ratings does have predictive value: the subjective component helps in identifying chances of sovereign defaults both in the short and the mid-term. The impact of subjectivity in sovereign ratings on borrowing costs is very limited on average.”

You can register for the free seminar by phone (01) 58-92-490, or via e-mail:

[research.seminars@ef.uni-lj.si](mailto:research.seminars@ef.uni-lj.si) by Monday, 30<sup>th</sup> May 2017.

You can find all information regarding future research seminars on following link:

[http://www.ef.uni-lj.si/raziskovanje/seminarji\\_in\\_konference](http://www.ef.uni-lj.si/raziskovanje/seminarji_in_konference)

**We look forward to seeing you!**

