The Research Centre of the Faculty of Economics cordially invites you to a research seminar on Wednesday, 31st 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 by Monday, 30th May 2017.

You can find all information regarding future research seminars on following link: http://www.ef.uni-lj.si/raziskovanje/seminarji_in_konference

We look forward to seeing you!