

Rating model opportunities for emerging markets

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Ratings are very demanded in the market-driven economies. Basel II Accord has enhanced interest to the development of approaches based on internal rating systems, and initiate elaboration of models for remote ratings forecast based on external ones as part of Risk Management Systems and Early Warning Systems. The proposed article evaluates current rating system peculiarities as well as specific issues of development of rating econometrical models (order probit) for emerging market companies. Special attention was paid to the elaboration of public and private companies rating models, to the development of their distinctions and bottlenecks. Financial indicators, market-value appraisals and macroeconomic indicators of different countries were used as explanatory variables. Standard & Poor's and Moody's ratings were considered as modeling ratings. The sample was based on data from the information and rating agencies relating to the companies from almost 40 countries

Keywords: financial risk, corporate ratings, econometric model