

# Global Hot Spots 2024



## Presented by:

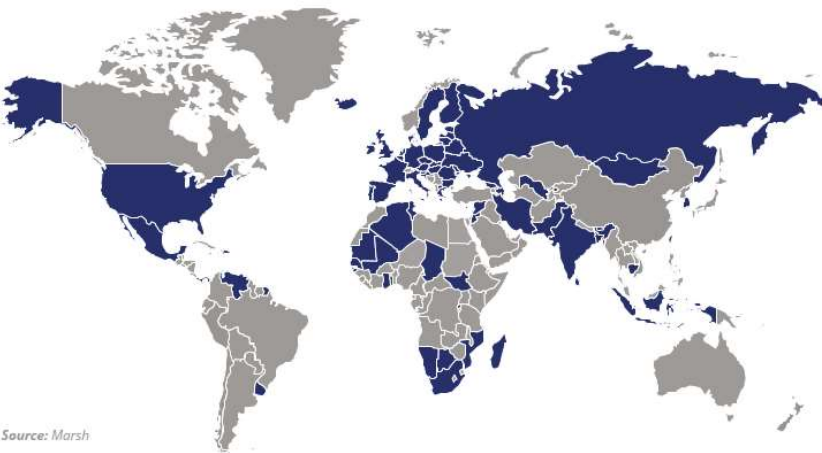
- David Kinzel – Marsh McLennan
- Fred Dons – Aria Commodities
- Amy Crews Cuts – NACM Chief Economist

Date: June 10, 2024

Session: # 33023

## 2024 The Election Year

The biggest election year in history



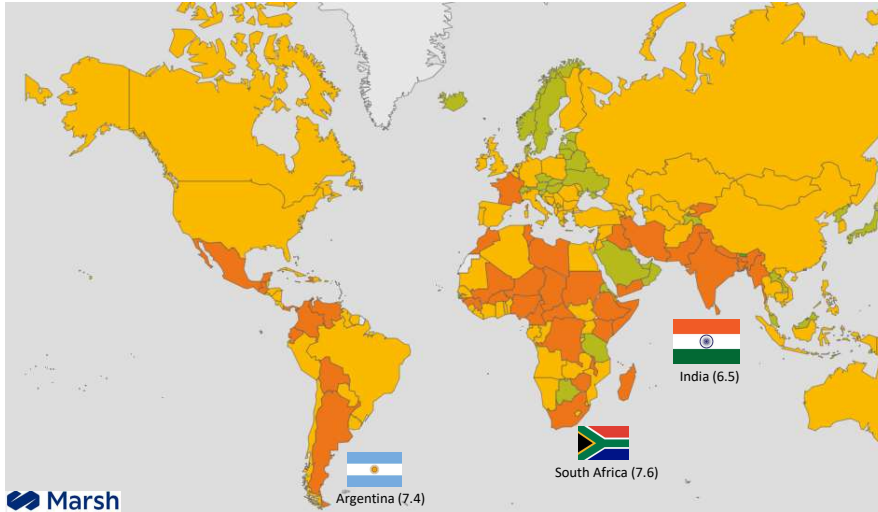
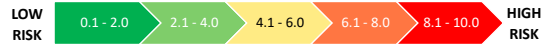
Source: Marsh



60+ Countries holding major elections

40%+ of the world's population

## Strikes Riots & Civil Commotion Risk Ratings

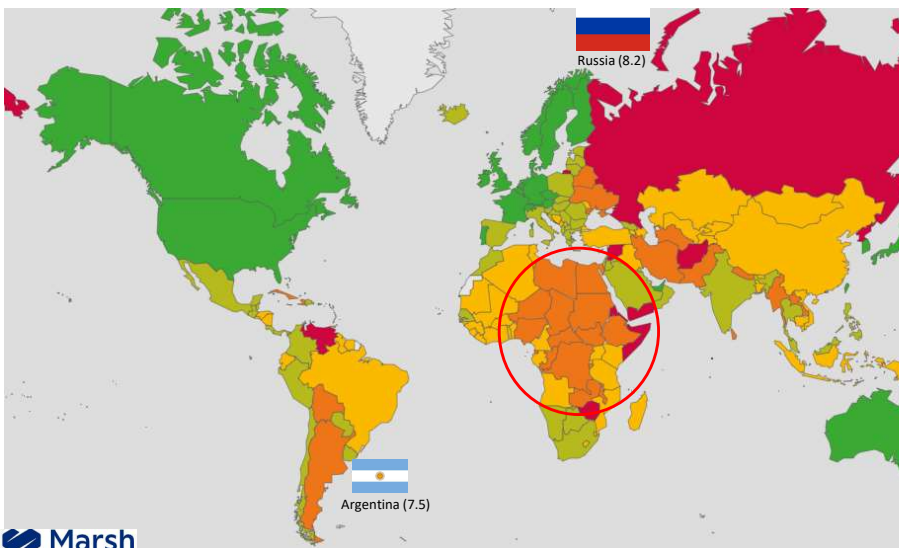
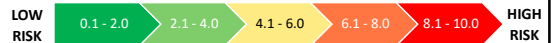


Marsh

### Hot Spots

South Africa	7.6
Argentina	7.5
Bangladesh	7.4
Myanmar	7.4
Nigeria	7.1
Sudan	7.1
Venezuela	7.1
Bolivia	6.9
Sri Lanka	6.8
France	6.7
Pakistan	6.6
Ethiopia	6.4
India	6.4
Kenya	6.3

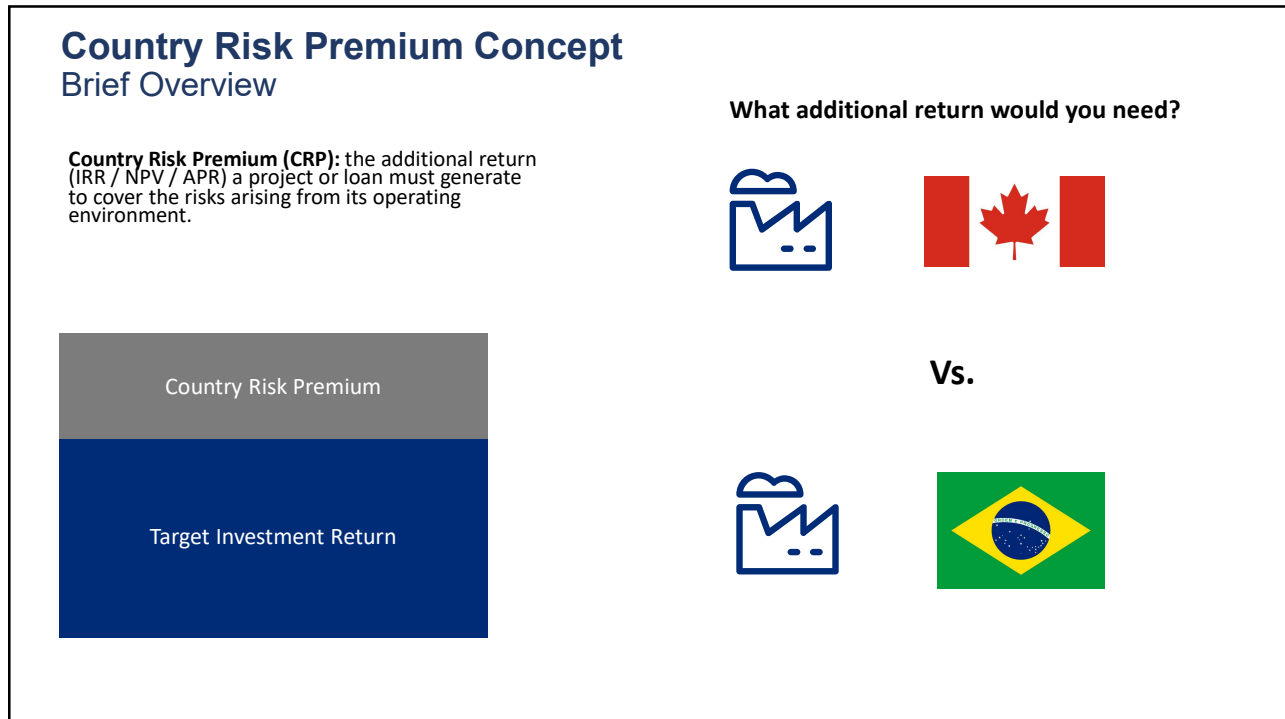
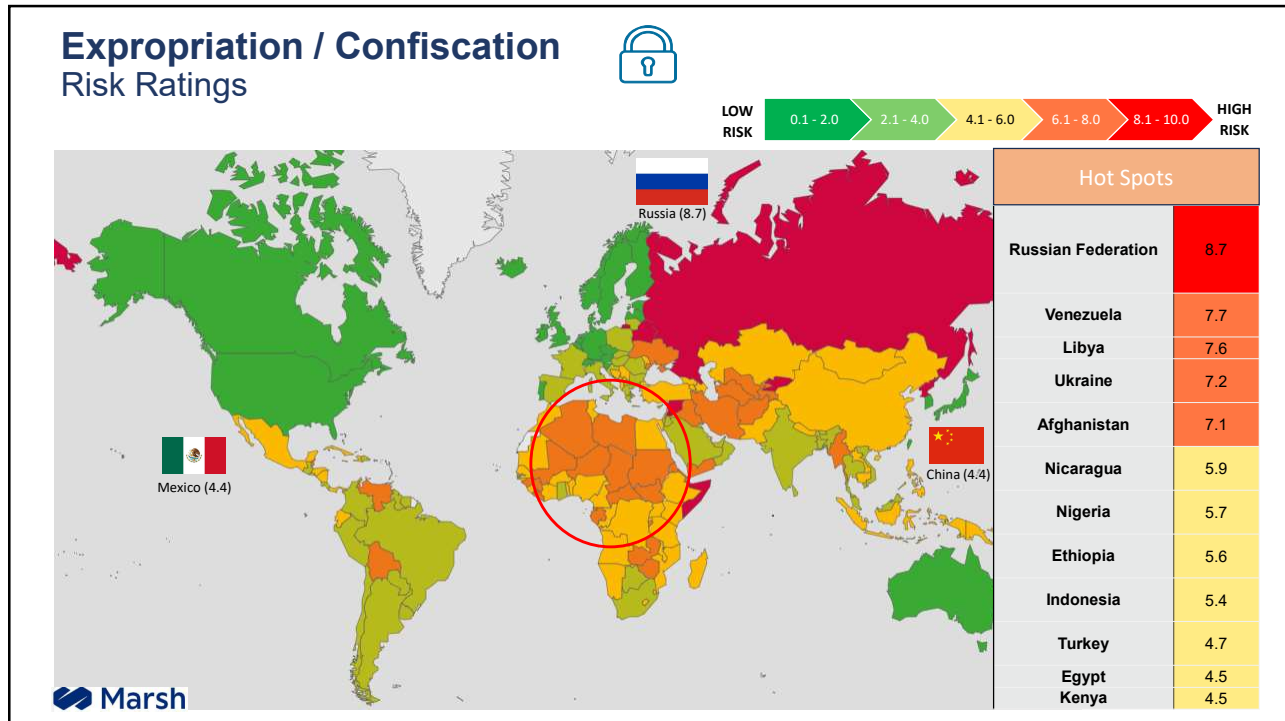
## Currency Inconvertibility – Transfer Risk Ratings



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### Hot Spots

Afghanistan	8.9
Somalia	8.5
Russian Federation	8.2
Sudan	7.9
South Sudan	7.7
Belarus	7.7
Sri Lanka	7.6
Argentina	7.5
Ukraine	7.3
Bolivia	6.9



## Country Risk Premium Receivables Credit Risk Quantification

Receivables Risk Quantification

**Country Risk Premium (CRP):** the additional return a sale must generate to cover the non-payment risk arising from geopolitical risks.



<https://exim.gov/resources/exposure-fees/shorttermelc/essfinancing>

## Country Risk Premium Top – Down Approach Calculation

### Short-Term Calculator

*This is a nonbinding fee calculator provided for your convenience.  
Actual fees for short-term Single-Buyer Insurance (ESS) and Letter of Credit Insurance (ELC) transactions will be determined by EXIM upon approval of a completed application.  
Select the country where the buyer is located. If the credit will be guaranteed and the guarantor is in a different country, select the guarantor country to obtain the correct rate of insurance.*

Country	
Country I'm Invoicing: <input type="text" value="BRAZIL"/>	Notes:
For Credit Terms Up to 1 Year	
Public Sector	<input type="checkbox"/>
Private Sector	<input type="checkbox"/>

Effective Date February 22, 2024

Short-Term Single Buyer Insurance (ESS & ELC)	Exposure Fee					
	Sight L/C	1-60 Days	61-120 Days	121-180 Days	181-270 Days	271-360 Days
Non-Financial Institution Buyer:	#N/A	0.85%	1.38%	1.76%	2.21%	2.70%
Financial Institution Buyer:	0.07%	0.39%	0.63%	0.81%	1.02%	1.24%

Pre-Presentation for Letters of Credit (ELC Only)	Credit Terms				
	1-90 Days	91-120 Days	121-180 Days	181-270 Days	271-360 Days
Issuing Bank Under an Optional Pre-Presentation Coverage:	0.07%	0.11%	0.14%	0.22%	0.29%

Invoice Amount:  Term:

Estimated premium	
Non-Financial Institution Buyer	Financial Institution Buyer
<input type="text" value="N/A"/>	<input type="text" value="N/A"/>
Optional Pre-Presentation Coverage	
<input type="text" value="N/A"/>	

### Customer Country

- Canada = .56%
- Brazil 1.38%

1.38% - .56 =

**.82%** = added return required for Brazil's country risk



## Global Hot Spots Panel Discussion



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- The global knock-on effect of the situation in the Middle East
- Russia/Ukraine war and the effect on investments in the Eurozone
- Record year for elections with unknown outcomes could cause large multinational corporations to delay or defer investments
- China could resort to dumping in order to stimulate economic growth