



THE CREDIT RATING RESEARCH INITIATIVE

MONTHLY NEWSLETTER - MAY 2021



INCLUDED THIS MONTH

BY DANIEL CASH

In this second edition of the CRRI's monthly newsletter, there are details on the latest updates from the credit rating world, ranging from new launches to fears of contagion in China. There are a range of interesting articles reviewed. In addition to this month's CRRI blogs, there are a number of events signposted also, including a new podcast launched by Fitch Ratings.

Please do spread the word of the CRRI and this newsletter with your network, and if you have additions for next month's newsletter please do let us know!

THIS MONTH IN THE
CRRI NEWSLETTER

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Updates from the Credit Rating World

CARICRIS OPENS NEW OFFICE IN JAMAICA

The Caribbean Information and Credit Rating Services (CariCRIS) agency has opened its first office outside of its headquarters in Port-of-Spain, Trinidad and Tobago. The office has opened in Kingston, Jamaica. The Minister of Finance said that the opening is critical to ensuring that information of investment opportunities is spread so that government borrowing is not, necessarily, reliant on the capital markets. More [here](#) via the Jamaican Information Service.



Caribbean Information and Credit Rating Services Limited



HUARONG RESPONDS TO CRITICISM

Huarong, the embattled Chinese debt manager that has recently been downgraded significantly by the international credit rating agencies, has responded this month. On the 3rd May, it responded by calling the downgrades 'too pessimistic' and that they had 'no factual basis'. The Vice-President claimed that the agencies had a lack of comprehensive understanding of Huarong and its workings, whilst also declaring that there has been no change on state support that could be offered (one of the main reasons behind the downgrade). More [here](#) from Finews.

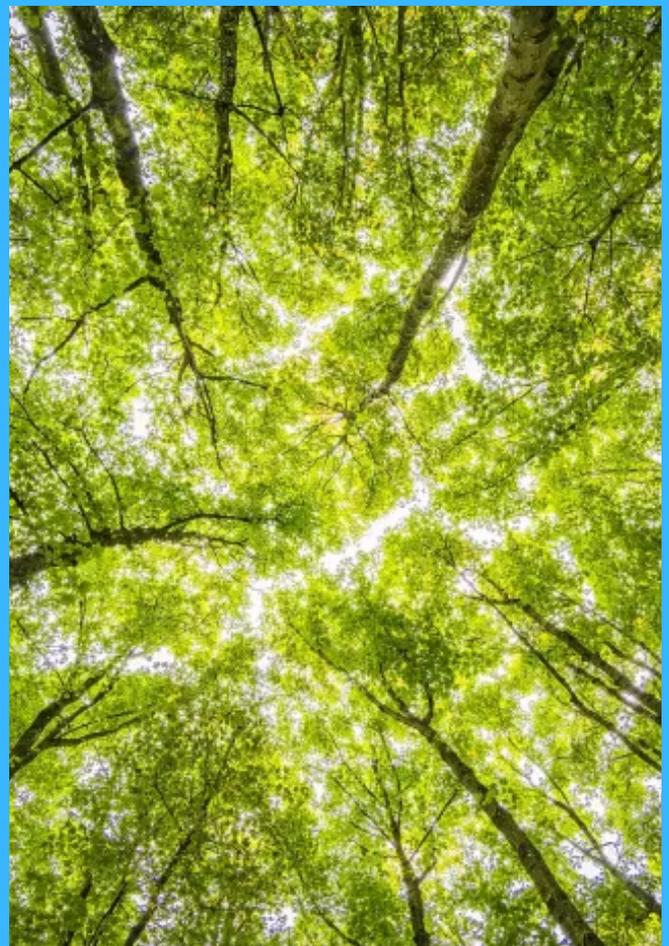
FEARS FOR THE EFFECTS OF HUARONG'S PROBLEMS

In the South China Morning Post, the question was also raised as to whether Huarong's problems may lead to contagion. Read more [here](#) via the SCMP. The general credit rebound in China has been suggested to potential cause problems for Huarong's debt holders. Read more [here](#) via Bloomberg.



UK CONSIDERS HOW TO REGULATE ESG AGENCIES

The UK regulatory framework via the Financial Conduct Authority is currently considering how to develop an equivalent system to the EU's Sustainable Finance Disclosure Regulations. Part of their considerations is how to regulate the usage of ESG rating Agencies, and how problems with ESG rating processes can be prevented. You can read more [here](#) from Lexology (sign up needed).



Latest Publications on the Credit Rating World

LATEST ARTICLES



There have been a number of interesting academic articles published recently. They include:

'Shocks, stocks and ratings: The financial community response to global environmental and health controversies' by Bert Scholtens and Emma Witteveen, available [here](#); 'Leads and Lags in African Sovereign Credit Ratings' by Marinda Pretorius and Ilse Botha, available [here](#); 'Does reputational capital affect credit rating agencies? Empirical evidence from a natural experiment in China' by Wenming Xu and Yan Liu, available [here](#); and 'The effects of bond ratings on income equality in the developing world' by Glen Biglaiser and Ronald McGauvran, available [here](#).

This Month's CRRI Blog Posts

This month's blog posts from the CRRI included: 'The UK Considers How to Regulate ESG Rating Agencies: Finding the Balance' available [here](#); 'Experts Predict Concentration in the ESG Rating Universe, and Find Faults with the ESG Push' available [here](#); 'Ramaphosa Ramps Up the War of Words with Credit Rating Agencies' available [here](#); and 'Threatening Sovereigns with Downgrades if Healthcare Investment is not Witnessed is not Helpful' available [here](#).



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Notices



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Please do continue to support the CRRI and sharing this newsletter amongst your network! You can get in touch and share any news with us via Daniel Cash (d.cash@easton.ac.uk), via Daniel Cash on LinkedIn via direct message or including him in any news that you come across, or via the CRRI's Twitter account [@C R R I](https://twitter.com/CRRI).

EVENTS

There are a range of events being held this month, and the following provides you with access to those events:

[S&P](#)

[Moody's](#)

[Fitch](#)

[Morningstar](#)

[CountryRisk](#) (and [blog](#))

Fitch have launched a podcast series called China Perspectives hosted by their lead sovereign analyst for China, Andrew Fennell. The link to the series is [here](#).

If you would like your organisation added to this list, please just let us know!

