Selected Balance Sheet Indicators for Nonfinancial Firms

Debt-Equity Ratio

Interest Coverage Ratio

Return on Assets

Expected Default Probability One Year Ahead

Sources: Worldscope and IMF staff calculations.

1In percent. Regional aggregates are computed by weighting country data by market capitalization valued at market exchange rates. Within countries, firm-level data are also weighed by market capitalization, to focus on the default risk of the largest, economically most important firms.

2Default probabilities are calculated based on so-called Z-scores—a weighted sum of the ratio of working capital to total assets, retained earnings to total assets, earnings before interest and taxes, total assets, market value of equity to total liabilities, and sales to total assets. The weights were estimated for a sample of U.S. firms (Altman, 1968).