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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Credit quality continues to deteriorate in fourth quarter of 2008

Moody's Investors Service said global credit quality continued to deteriorate in the fourth quarter of 2008, adding that the upgrade-downgrade ratio was 0.07 during the fourth quarter and 0.24 for 2008 overall, highlighting the negative credit environment in the second half of the year. It noted that 9.3% of rated issuers were on review for downgrade compared to 1.3% on review for upgrade at the end of the fourth quarter. Also, More than 20% of rated issuers held 'negative' outlooks at the end of the fourth quarter, compared to 3.7% with 'positive' outlooks. The agency said the rating actions and reviews highlight the growing impact that the deepening global economic downturn is having on the credit condition of corporate debt issuers. It noted that there are more issuers on review for downgrade than for upgrade in every region of the world. However, Europe has the largest disparity, with an eleven-to-one watch-for-downgrade/watch-for-upgrade ratio. The United States, Canada, and Europe, the Middle East & Africa have the largest percentage of negative outlooks. In parallel, the Middle East & Africa region has the largest percentage of positive outlooks and Latin America has the highest percentage of rated issuers on watch for upgrade. Moody's said building materials, automotive, and hotels, gaming & leisure had large proportions of downgrades in the fourth quarter of 2008, while finance, securities & leasing had the largest absolute number of downgrades. Also, all of the sectors currently have many more issuers on review for downgrade than for upgrade.

Source: Moody's Investors Service

MENA

Arab world has 6 of the world's top 50 most powerful financiers

Institutional Investor magazine's second annual survey of the world's most influential 50 people in finance included 6 persons from the Arab world. Mr. Hamad Al Sayari, Governor of the Saudi Arabian Monetary Agency, ranked in 17th place globally and first in the Arab world. He was followed by Sheikh Ahmed bin Zayed Al Nahyan, Managing Director of the Abu Dhabi Investment Authority, in 21st place; Sheikh Hamad bin Jassim bin Jaber al-Thani, CEO of the Qatar Investment Authority, in 27th place; Mohammed Al Gergawi, Chairman of Dubai Holding, in 31st place; Bader Al Sa'ad, Managing Director of the Kuwait Investment Authority, in 34th place; and Saudi Prince Alwaleed bin Talal, Chairman of Kingdom Holdings Co., in 43rd place. The survey said policymakers took 6 of the top 10 positions in this year's Power 50 list, reflecting the greatly increased role governments are playing in bailing out or guaranteeing financial institutions. U.S. Federal Reserve Board chairman Ben Bernanke remains on top the list, followed by his European counterpart Jean-Claude Trichet.

Source: Institutional Investor

IPOs drop 9% to $13.2bn in 2008

Companies in the Middle East & North Africa raised a total of $13.2bn through initial public offerings in 2008, constituting a decline of 9% from $14.4bn in 2007. There were 53 IPOs in 2008, down 23.4% from 71 issues in the previous year. IPO activity changed significantly in 2008, as the second half of the year saw 16 IPOs for an aggregate value of $3.8bn compared to 37 IPOs for a value of $9.3bn in the fist half of 2008. Issuance in the fourth quarter totaled $22.4m compared to $7.5bn in the same quarter of the previous year, as there were only 3 issues in the fourth quarter compared to 17 in the same period of 2007. The top 5 IPOs were all in Saudi Arabia, with Alinma Bank offering $2.8bn in April, Saudi Arabian Mining Company raising $2.5bn in July, MTC Saudi Arabia issuing $1.87bn in February, Rabigh Refining & Petrochemical Co offering $1.2bn in January and Mohammad Al Mojil Group issuing $560m in May. The financial turmoil and low risk appetite are expected to continue to negatively impact the region's IPO market in 2009.

Source: Zawya Investor

Fund of $2bn to support SMEs

Arab countries announced that they agreed to form a $2bn investment fund to finance and support small and medium-size businesses in the Arab world. The fund will be managed by the Kuwait-based Arab Fund for Economic & Social Development, and will include a microfinance program to extend credit to SMEs and help reduce unemployment in the Arab world. Kuwait pledged $500m in seed capital to the fund.

Source: Financial Times, Emirates Business 24/7

GCC

Business confidence continues to decline

The HSBC Gulf Business Confidence Survey for the fourth quarter of 2008 showed that confidence declined to 70.3 from 92 in the previous quarter, the lowest since the survey began in February 2007, and revealed a further decline in optimism and confidence among the Gulf's business community. Further, 59% of business people in the Gulf considered that the current economic difficulties would last for longer than a year. The survey said the business outlook in the UAE recorded the steepest fall in the region to 62.2, with sentiment in Qatar and Saudi Arabia showing a more gradual decline. It noted significant differences in the UAE, as 43% of businesses are optimistic about revenue growth in Abu Dhabi compared to just 26% in Dubai, while negative sentiment about meeting budgets is twice as high in Dubai at 35% compared to17% in Abu Dhabi. According to the survey, only 31% of businesses in the Gulf expect to see any growth in turnover compared to 57% in the third quarter, while only 10% predict profits to grow by more than 15% compared to 19% in the third quarter. Another indication of declining confidence is that 12% of respondents said they planned to reduce their investment budget this year compared to only 4% in the previous quarter.

Source: HSBC Bank

OUTLOOK

GCC

Construction sector outlook increasingly negative, slowdown is growing concern

Fitch Ratings indicated that the construction and property sector in the GCC appears increasingly negative, as economic conditions worsen, demand for construction and property falls, and access to finance remains difficult. It said the weak global economic environment and significantly lower oil prices are expected to lead to a slowdown in the very rapid growth that GCC economies and their construction and property sectors have experienced in the past several years. The agency added that the region is experiencing a property market slowdown, with property demand and prices declining and customer delinquencies increasing. Also, corporate funding remains limited and residential mortgage lending has become more restricted. It noted that all these factors are causing a weakening in construction and property sector profitability and capitalization, with such effects particularly visible in Dubai.

Fitch added that the region is facing increasing challenges that could further impact the already slowing regional property market. Liquidity has tightened across the GCC following the withdrawal of foreign capital, which has placed pressure on liquidity and is leading to higher funding costs. Further, construction and property firms with negative free cash flow and a reliance on short-term debt may have an imminent liquidity problem if headroom under bank lines is insufficient or their relationship banks are capital-constrained. Also, corporates that did not access the bond market in the last two years may be forced to accept potentially higher funding costs going forward, while the prospects for bond or Sukuk issuance will likely remain limited until at least the second half of 2009. Fitch noted that the credit outlook for construction and property firms in the GCC is broadly stable for 2009, given that the extent and severity of the property market slowdown will vary from one market to another. In addition, most large firms are fully or partially owned by governments and are likely to be able to rely on support from their respective sovereigns if required.

Source: Fitch Ratings

SUDAN

Growth to slow to 4.8% over 2009-10, inflation to fall

The Economist Intelligence Unit revised downward its economic growth forecast for Sudan to 4.4% in 2009 and 5.2% in 2010, as no major oil discoveries are due to come on stream and output in some ageing fields will decline, while still high inflation and political tensions could constrain growth in the non-oil sector. It expected private consumption to remain steady in 2009-10, supported by growing foreign direct investment concentrated around Khartoum and in the Nile Valley area, although FDI will not grow as previously expected and will be below the highs of late 2005 and early 2006 due to the global economic downturn. Also, government spending is set to increase, as commitments to promote regional economic development under recent peace agreements and preparations for the 2009 parliamentary elections will result in a rise in spending on infrastructure.

The EIU expected government revenues to increase by 22% in 2008 mainly due to a large increase in oil revenues, which account for two thirds of government earnings. In 2009, a small decrease in oil production and a sharp decrease in prices are expected to offset the rise in tax receipts from improved collection, an increase in tax on telecommunications and the introduction of a 5% tax on some imports. Total revenues are expected to fall by 34% in 2009. However, the EIU expected government revenues to rise again by 28% in 2010 due to the partial recovery in oil prices and the expected decline in the value of the Sudanese pound against the U.S. dollar. Government spending is also expected to decline by 15% in 2009 but to increase by 4.5% in 2010. The EIU expected the fiscal deficit to widen from 2.5% of GDP in 2008 to 5.8% of GDP in 2009 before narrowing to 2.8% of GDP in 2010.

The EIU noted that inflation rose sharply to an average of 18.3% in the first three quarters of 2008, but estimated that inflation has eased in the last quarter due to falling global food and fuel prices, reaching an average of 17.5% for the full year. It projected inflation to decline steadily in 2009 and 2010 as international commodity prices continue to fall. With elections due in 2009, the government is also likely to resist pressure to cut food or fuel subsidies. It projected inflation to average 9% in 2009-10, within the single-digit inflation target agreed by the Bank of Sudan and the IMF.

Source: Economist Intelligence Unit

ARMENIA

Outlook stable, growth likely to decline in coming years

Moody’s Investors Service indicated that Armenia has not been directly affected by the global credit crunch, but second-round effects are now being felt from the decline of world demand and the difficult conditions in Russia, its primary trading partner and the source of large Diaspora remittances. It said growth is likely to decelerate sharply in the next few years even as the government moves forward with large public sector investment projects financed by multilateral funds. It noted that spending on such projects should help sustain the growth momentum even as fiscal deficits are set to shrink.

The agency said the country's low government debt and minimal refinancing risks are allowing the outlook to remain stable in the current environment. It added that the country’s weak revenue base is the main fiscal risk, although it is mitigated by the very comfortable debt service profile, its good relations with official creditors, and the liquidity provided by the expatriate Armenian community. Moody's said Armenia's economic prospects continue to be hampered by strained relations with Turkey and Azerbaijan, and by the closed border between Turkey and Armenia, increasing the cost of both exports and imports. It added that Armenia's low institutional strength is another constraint on its ratings, but the authorities are very keen to address this issue and recognize that the suboptimal business climate need to be improved in order to achieve long-term sustainable growth and to attract investment.

Source: Moody’s Investors Service

ECONOMY & TRADE

MENA

WTO calls for Arab coalition on trade

The World Trade Organization called on Arab countries to prioritize the Doha Round of trade negotiations and form a strong Arab coalition on trade in order to pursue the region's interests. It said 12 Arab countries are already members of the WTO, with Algeria, Libya, Lebanon, Syria, Yemen and Iraq in the process of acceding to the trade body. It noted that the Doha Round includes many areas of economic importance to the Arab region, such as energy services, transportation and distribution services, and negotiations on trade facilitation. It also highlighted the importance of international trade to the Arab region, as most countries have export-to-GDP or import-to-GDP ratios in the 65% to 90% range. It added that a strong, coordinated and active Arab group in the WTO would help advance the region's economic priorities and underlined the importance of the organization as an insurance policy against protectionism.

Source: World Trade Organization

QATAR

Government orders real estate firms to merge

The government issued a directive to merge Qatar Real Estate Investment Company Q.S.C. (Al Aqaria) and Barwa Real Estate Company Q.S.C. amid growing concerns over the country's real estate sector. Qatari Diar, a fully-owned by government entity, holds a 27% stake in al Aqaria and a 45% stake in Barwa. The two firms have a combined market capitalization of $2.5bn. Both firms agreed to conduct a study in order to meet the necessary requirements for such directives, and there is currently no detail on the structure, timing or likelihood of a potential transaction. The possible merger of the two real estate firms is the fourth such deal in Qatar since November. Earlier deals included mergers between firms in agriculture, transportation and logistics. In parallel, Moody's Investors Service placed the 'A2 'local and foreign currency issuer ratings for Al Aqaria under review for possible downgrade following the merger announcement, while Fitch Ratings said it does not plan to take any action on the firm's long term 'BBB+' rating until such transaction takes place.

Source: Dow Jones Newswires, Moody's Investors Service, Fitch Ratings

SAUDI ARABIA

Economy resilient in face of global economic slowdown

The D&B Business Optimism Survey for Saudi Arabia covering the first quarter of 2009 shows that 59% of respondents in the non-hydrocarbon sector expect an increase in the volume of sales during the second quarter of 2009 and 61% foresee a rise in net profits, while 55% of firms in the hydrocarbon sector expect an increase in profits. Also, 51% of companies anticipate some impact of the financial crisis on their business, while 41% feel that their companies will not be affected by the financial turmoil. Further, 59% of the business units cite rising prices of raw materials as their biggest business concern. The survey noted that 41% of companies polled said that expenditures on business expansion will be their leading investment outlay during the next quarter, while an additional 46% of businesses also plan to invest in technology and machinery. The survey indicates that almost a third of businesses in the non-hydrocarbon sector expect their selling prices to fall and 35% do not expect any change in the level of their selling prices, reflecting expectations that inflationary pressures would stabilize.

Source: Dun & Bradstreet

LIBYA

Inflation up 10% in 2008

Figures released by the Central Bank of Libya show that the inflation rate averaged 10.4% in 2008 compared to 6.2% in the previous year. Consumer price inflation rose by 1.4% in 2006 and 3% in 2005. It attributed last year's sharp rise mainly to the jump in food prices, which surged 25.1% in the first half of the year, as the country imports around 90% of its food and equipment needs. Libya posted negative inflation rates at the end of the 1990s, but consumer demand has risen sharply since the United Nations ended its 11-year embargo in 2003.

Source: AFP

NIGERIA

Dubai signs $16bn investment deal

The government of Dubai and Nigeria signed a $16bn bilateral investment agreement to improve basic infrastructure facilities in the West African nation. The agreement was signed between Nigeria's state-owned oil company, the Nigerian National Petroleum Corp., and Dubai World Corp, which is fully-owned by the Dubai government. The agreement covers investments in areas such as dams, electricity, agriculture, mineral resources and the development of the federal capital Abuja, among others.

Source: ThisDay

KAZAKHSTAN

Sovereign ratings affirmed

Standard & Poor's affirmed Kazakhstan's 'BBB-' foreign currency and 'BBB' local currency long-term sovereign credit ratings as well as the 'A-3' foreign and local currency short-term ratngs, with a 'negative' outlook. It said the main challenges that Kazakhstan faces in the foreseeable future are mounting loans losses in the banking sector and worsening terms of trade. The agency indicated that the government has responded with a comprehensive package of measures to recapitalize the banking sector and support economic growth over 2009-10. S&P estimated the package will cost 13.4% of 2009 forecast GDP in spending and forgone revenues, and expected these measures to support growth in the 2%-3% range over the next two years. It noted that, along with lower oil prices, this will push the fiscal deficit to around 6% of GDP in both years, following surpluses averaging 7.5% of GDP for the past three years. S&P attributed the negative outlook to the fact that fiscal and balance of payments performance remain overly dependent on commodity prices as well as to the difficult external refinancing environment.

Source: Standard & Poor's

BANKING

WORLD

Group of 30 issues recommendations to restore financial stability

The Group of 30 issued its recommendations to restore stability to the financial system with a focus on the safety and soundness of financial regulations. It called for the elimination of gaps and weaknesses in the coverage of prudential regulation and supervision, as well as for improving the quality and effectiveness of prudential regulation and supervision through enhancing the role of central banks and greater international cooperation. It encouraged the strengthening of institutional policies and standards with particular emphasis on governance, risk management, capital, and liquidity. It also called for more transparent financial markets and products, with better aligned risk and prudential incentives through restoring confidence in securitized credit markets, rating agency reforms, improving the transparency of structured product markets, and the oversight of Credit Default Swaps and Over-the-Counter markets. It added that the infrastructure supporting such markets must be made much more robust and resistant to potential failures of even large financial institutions.
Source: Group of Thirty

GCC

Saudi Arabia and UAE cut benchmark rates

The Saudi Arabia Monetary Agency (SAMA) and the UAE Central Bank announced cuts to their benchmark interest rates following the release of data signaling a drop in inflationary pressures in both countries. SAMA cut its repurchase rate by 50bp to 2% from 2.50% and its reverse repurchase rate by 75bp to 0.75% from 1.50%. SAMA has tended to keep the official repo rate at a premium of about 25 bps over the US equivalent rate, although the differential has varied according to domestic economic conditions and the oil cycle. Also, the UAE Central Bank cut its benchmark rate repurchase rate by 50 bps from 1.50% to 1%. Both central banks have been trying to ease liquidity conditions with mixed results. With regards to interbank market rates, SAIBOR has fallen significantly and is currently at 1.38%, a 300bp decline in less than 3 months, while EIBOR has been trending down but only marginally despite numerous attempts by the UAE Central Bank to improve credit conditions. Both central banks are likely to continue focusing on monetary loosening going forward.
Source: EFG Hermes, Standard Chartered

SYRIA

Gulf banking and finance groups to invest in Islamic bank

The Saudi Al-Rajhi Group, Kuwait's Al-Kharafi Group and the UAE's Emirates Islamic Bank announced plans to acquire stakes in Al-Baraka Bank Syria, the Islamic bank under formation. The Bahrain-based Al-Baraka Banking Group (ABG) holds 43% of the shares of its Syrian affiliate. ABG will hold a 23% stake, Emirates Islamic Bank will have 10%, and Al-Rajhi and Kharafi will each own 5% of the bank. ABG will have the priority to raise its stake back to 43% when the Central Bank of Syria lifts the ceiling on the foreign participation in banks. Individual Syrian and Jordanian investors hold together 22% of the shares of the bank, while 35% will be offered in an IPO to take place before the end of the first half of the year. Al Rajhi is Saudi Arabia's biggest banking group and one of the largest Islamic finance groups in the Arab world, while Al Kharafi is one Kuwait's largest conglomerates.
Source: Syria Report

Qatar National Bank gets approval to set up local bank

Qatar National Bank, Qatar's largest bank, has received formal approval to set up a bank in Syria. Qatar National Bank-Syria will be a SYP5bn joint venture between QNB that will hold a 49% stake, and local partners that include the Social Security Organization with a 10% share, the Savings Bank with 4%, the Popular Credit Bank with 1%, while two local businessmen will account for 3%. The remaining 33% will be offered in an IPO. QNB will be the second Qatari bank to establish a presence in Syria, following the Qatar International Islamic Bank.
Source: Syria Report

TURKEY

Central Bank cuts key rates by 200bps

The Monetary Policy Committee (MPC) of the Central Bank of Turkey (CBT) reduced the overnight borrowing and lending rates by 200bps to 13% and 15.5% respectively, the lowest levels under the current policy framework. The MPC said in its post-meeting statement that the deepening of economic slowdown and the cumulative drop in energy prices are the primary reasons behind the rate cuts. It noted that the problems in international financial markets and the global economy are likely to continue for longer than previously anticipated. In parallel, the MPC argued that the probability of year-end inflation being below 7.5% is now higher than before. The CBT also noted that it brought forward the bulk of the projected rate easing in an attempt to alleviate the tightening in financial conditions and improve liquidity conditions.
Source: Citigroup, Deutsche Bank

ARMENIA

Central Bank reduces policy rate by 25bps

The Central Bank of Armenia (CBA) reduced its annual refinancing rate by 25bps from 7.25% to 7% due to an easing of inflationary pressures. It attributed the fall in inflation rates to the continuing downturn in economic growth worldwide and related drop in commodities and food prices, and expected inflation rates to continue their decline. In 2008, the CBA raised the refinancing rate seven times to contain inflation. The CBA said foreign capital inflows, especially direct investment, are likely to decrease, which could impact growth. Therefore, the CBA is easing monetary and credit conditions in order to stimulate long-term economic growth. The annual inflation rate reached 5.2% at year-end 2008, decreasing by 1.4% compared to year-end 2007.
Source: Central Bank of Armenia

ENERGY / COMMODITIES

Oil rises above $44

Oil rose almost a dollar to above $44 a barrel on January 22, supported by wintry weather in the northern hemisphere, OPEC supply curbs and a rally in European equities. The rally comes before the release of U.S. data that are expected to show a further rise in crude inventories, the fourth consecutive weekly increase, and higher stockpiles of gasoline. The market was being supported by factors including stronger demand for heating fuel and a rally on European and U.S. stock markets. U.S. crude rose 88 cents to $44.43. The contract jumped $2.71 on January 21 to its highest closing price since January 6th. London Brent was up 82 cents at $45.84. Traders are paying close attention to crude supply by members of the Organization of the Petroleum Exporting Countries, which have pledged to cut output in an attempt to support global markets. OPEC President and Angolan Oil Minister Botelho de Vasconcelos said the 12-member group was fully enforcing its deepest ever oil supply curbs and this should be enough to boost prices. But the 4.2 million barrels per day (bpd) of cuts OPEC has promised since September may not be enough to turn the tide on a market that has plunged from a record high above $147 a barrel in July.

The economic crisis has eroded oil demand and the outlook remains grim. The International Monetary Fund is set to sharply cut growth forecasts this month. The decline in demand is particularly evident in the United States, where the government said U.S. motorists drove 5.3% fewer miles in November than they did a year ago, a record decline for the month. Weakness is likely to persist near term until a significant decline in inventory levels is observed. The decrease in oil stocks strongly depends on OPEC's compliance with agreed targets. Further output cuts may occur in March 2009. A weakening US dollar in the second half of 2009 and the anticipation of a cyclical recovery in emerging markets in 2010 are expected to support a price recovery.
Source: Reuters

Russian gas reaches Europe again

Russian gas reached Europe via Ukraine on January 20 for the first time in two weeks after Moscow and Kiev ended a contract row that cut supplies to about 20 European countries. Ukraine confirmed it was receiving gas from Russia and said it would deliver it to Europe as quickly as possible. The dispute had reflected political tension between Russia and Ukraine on a range of issues. Russia strongly opposes a bid by its former Soviet neighbor to join the NATO military alliance. Under the new contract, Ukraine would pay $360 per 1,000 cubic meters of gas in the first quarter of this year, double the $179.50 Kiev was paying in 2008.
Source: Reuters

Sudan to inaugurate new oil field

Sudan annouced that a new oil field will begin production in the Upper Nile state in March 2009 with a capacity of 50,000 barrels per day. The field will cost $30m and is designed to contain 75 wells, with an operating capacity of 30,000 bpd that will go up to 50,000 bpd upon the completion of all wells. Through this project, Sudan is targeting an average crude oil production of around 500,000 bpd in 2009, higher than its current output of 450,000 to 460,000 bpd.
Source: Sudan Tribune

Base metals: Smelter closures help to support Aluminium prices

Prices have recovered in the past few weeks on the back of a generally weaker US dollar, an improvement in risk appetite, and some reweighing of commodity indices. However, aluminium has risen far less than some of its base metal peers. Furthermore, continued problems in the industry were highlighted by an announcement from Alcoa in January that it would close another 135,000 tons (kt) of smelter capacity and cut 13% of its employees. Aluminium seems to have found a floor recently, and a modest recovery in prices is expected. The market is likely to be supported by rising energy costs in the second half of 2009 and the fact that a large share of aluminium smelters are losing money at today's prices. This should result in further cutbacks to supply in the months ahead. While demand is likely to remain very depressed, most of the bad news about the economy seems to have been largely discounted by current price levels. However, the industry will continue to suffer from a massive capacity overhang, which could easily re-emerge should prices rally too far.
Source: Standard Chartered

Precious metals: Investors piling into Platinum ETFs despite automotive weakness

Spot platinum prices have bounced back decisively in the past few weeks. The price dipped below $800 an ounce in early December, but briefly rose above $ 1,000 an ounce in early January. This move has been largely driven by improving investor sentiment, with the key Exchange-Traded Funds (ETF) for platinum showing a 25% jump between late November and late December. A stronger South African Rand (ZAR) has also helped lift the cost base in US dollar terms and raised the prospect of further cutbacks in South Africa, which produces 77% of global supply. There are also some signs of an improvement in the jewellery sector, given platinum's now modest price premium to gold. However, the key automotive sector is very depressed. The recent rally in platinum has been largely due to speculation and improved sentiment. Prices have already discounted most of the bad news about demand, and further strength in the ZAR could result in higher US dollar prices, keeping the industry in a sustainable position. The threat of further closures should therefore limit the downside.
Source: Standard Chartered

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	157.0	196.3	225.6	9.3	-32.2
LME metals price index	1760.9	2642.9	3302.9	3.5	-50.7
Oil prices USD	34.8	80.1	97.3	-21.8	-62.1
Oil prices SDRs	23.1	52.1	61.7	-20.2	-59.9
Gold $/troy oz	810.2	825.2	870.5	-3.3	-10.9
Silver cents/troy oz	1051.0	1203.8	1478.8	1.7	-35.3
Platinum $/troy oz	918.0	1115.7	1546.1	10.1	-41.7
Copper $/MT	3210.3	5346.6	6776.1	4.4	-55.6
Nickel $/MT	10607.5	14127.8	20344.8	5.0	-62.7
Aluminium $/MT	1430.5	2165.6	2527.4	-0.8	-41.9
Zinc $/MT	1240.3	1426.2	1819.6	16.7	-46.0

Source: Credit Suisse

COUNTRY RISK METRICS

Countries	LT Foreign currency rating S&P	Moody's	Fitch	CI	EIU	Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Africa													
Algeria	- -	- -	- -	- -	BBB Stable	13.9	15.1	2.3	4.0	2.3	2.7	14.4	0.7
Angola	- -	- -	- -	- -	BB Stable	10.7	8.6	13.9	14.8	4.0	41.2	47.5	3.1
Egypt	BB+ Stable	Ba1 -	BB+ Stable	BBB- Stable	BB Stable	-7.0	84.5	20.9	53.4	4.0	98.9	1.3	6.0
Ethiopia	-	-	-	-	B Stable	-4.4	-	13.6	217.5	2.9	458.7	-6.6	2.2
Ghana	B+ Stable	- -	B+ Stable	- -	B Stable	-10.5	-	38.0	1.0	3.3	219.3	-12.7	-
Ivory Coast	- -	- -	- -	- -	CCC Stable	-3.4	-	47.6	97.4	4.2	339.0	6.9	-
Libya	- -	- -	- -	- -	BBB Stable	34.9	3.3	6.6	7.9	1.6	5.6	55.5	2.4
Mauritania	- -	- -	- -	- -	- -	-2.3	105.9	78.9	123.4	4.5	-	-5.6	-
Morocco	BB+ Stable	Ba1 -	BBB- Stable	BBB- Stable	BB Stable	-2.9	54.3	23.9	74.7	7.6	77.4	-1.2	3.4
Nigeria	BB- Stable	- -	BB- Stable	- -	BB Stable	-0.6	11.3	4.6	7.3	0.5	-	10.7	0.9
Sudan	- -	- -	- -	- -	C Stable	-0.8	84.2	49.6	183.9	2.5	-	-3.7	3.1
Tunisia	BBB Stable	Baa2 -	BBB Stable	BBB Stable	BBB Stable	-3.4	53.3	53.6	95.9	11.1	261.8	-2.7	3.5
Middle East													
Bahrain	A Stable	A2 -	A Stable	A Stable	A Stable	8.6	17.3	150.1	151.4	3.4	635.0	20.1	0.4
Iran	- -	- -	B+ Stable	BB- Stable	B Stable	-4.2	24.7	6.3	24.0	2.3	19.2	13.4	0.3
Iraq	- -	- -	- -	- -	CC Stable	26.0	-	80.9	94.4	1.3	194.7	29.6	-
Jordan	BB Stable	Ba2 -	- -	BB Stable	B Stable	-6.5	70.9	86.2	143.0	16.2	295.6	-19.9	16.7
Kuwait	AA- Stable	Aa2 -	AA- Stable	AA- Stable	A Stable	28.0	5.5	27.8	39.8	2.4	227.3	48.6	-4.9
Lebanon	B- Stable	B3 -	B- Stable	B- Stable	CCC Stable	-9.4	154.6	103.8	545.1	18.6	283.8	-9.9	10.0
Oman	A Stable	A2 -	- -	A Stable	A Stable	21.3	4.7	22.4	28.9	5.9	91.7	14.5	2.1
Qatar	AA- Stable	Aa2 -	- -	AA- Stable	A Stable	8.3	8.3	57.0	77.0	5.2	450.6	38.7	6.6
Saudi Arabia	AA- Stable	A1 -	AA- Stable	AA- Stable	A Stable	25.7	8.8	7.6	10.9	1.8	96.3	33.0	0.2
Syria	- -	- -	- -	- -	CCC Stable	-1.3	30.4	24.8	52.6	2.2	85.0	-0.4	4.2
UAE	- -	Aa2 -	- -	AA- Stable	A Stable	32.1	10.4	65.4	71.4	1.8	167.0	25.6	1.6
Yemen	- -	- -	- -	B- Stable	B Stable	-1.9	30.4	24.8	66.3	2.2	84.5	-0.9	

COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	EIU								
Central & Eastern Europe													
Armenia	-	Ba2	BB	-	-								
	-	-	Stable	-	-	-1.6	14.1	26.8	288.7	2.6	220.4	-6.8	5.4
Bulgaria	BBB+	Baa3	BBB-	-	BBB								
	Stable	-	Stable	-	Stable	3.2	14.1	100.2	141.2	15.7	278.5	-21.1	16.2
Kazakhstan	BBB-	Baa2	BBB-	-	BB								
	Negative	-	Stable	-	Stable	3.3	4.9	84.4	149.5	33.8	578.4	-5.0	5.3
Romania	BBB-	Baa3	BB+	BBB-	BB								
	Negative	-	Stable	Stable	Stable	-2.9	13.6	60.2	158.4	17.9	251.2	-16.1	5.4
Russia	BBB+	Baa1	BBB+	-	BBB								
	Negative	Positive	Negative	-	Stable	2.8	6.2	33.3	97.4	13.1	92.1	3.0	0.4
Turkey	BB-	Ba3	BB-	BB-	BB								
	Stable	-	Stable	Stable	Stable	-1.9	39.1	35.8	144.6	36.8	408.7	-5.7	2.0
Ukraine	BB-	B1	B+	-	BB								
	Negative	Positive	Negative	-	Stable	-2.5	13.2	60.1	98.2	26.0	263.0	-5.8	5.1

Sources: Moody's Investors Service; Economist Intelligence Unit - The above figures are estimated for 2008
** Figures last updated in September 2008*

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	0.25	16-Dec-08	Cut 75bps	28-Jan-09
Eurozone	Refi Rate	2.00	15-Jan-09	Cut 50bps	05-Feb-09
UK	Base Rate	1.50	09-Jan-09	Cut 50bps	05-Feb-09
Japan	O/N Call Rate	0.10	19-Dec-08	Cut 20bps	19-Feb-09
Australia	Cash Rate	4.25	02-Dec-08	Cut 100bps	03-Feb-09
New Zealand	Cash Rate	5.00	04-Dec-08	Cut 150bps	29-Jan-09
Switzerland	3 month Libor target	0.50	11-Dec-08	Cut 50bps	12-Mar-09
Canada	Overnight rate	1.00	20-Jan-09	Cut 50bps	03-Mar-09
Emerging Markets					
China	One-year lending rate	5.31	23-Dec-08	Cut 27bps	N/A
Hong Kong	Base Rate	0.50	17-Dec-08	Cut 100bps	28-Jan-09
Taiwan	Discount Rate	1.50	07-Jan-09	Cut 75bps	01-Mar-09
South Korea	Target Rate	2.50	09-Jan-09	Cut 50bps	12-Feb-09
Malaysia	O/N Policy Rate	2.50	21-Jan-09	Cut 75bps	N/A
Thailand	1D Repo	2.00	14-Jan-09	Cut 75bps	25-Feb-09
India	Repo rate	4.00	02-Jan-09	Cut 100bps	27-Jan-09
UAE	Overnight repo rate	1.50	08-Oct-08	No change	N/A
Saudi Arabia	Repo rate	4.00	Oct-08	Cut 100bps	N/A
Egypt	Overnight Deposit	11.50	22-Sep-08	Raise 50bps	N/A
Turkey	Base Rate	13.00	15-Jan-09	Cut 200bps	19-Feb-09
South Africa	Repo rate	12.00	11-Dec-08	Cut 50bps	12-Feb-09
Kenya	Central Bank Rate	8.50	01-Dec-08	Cut 50bps	Feb-09
Nigeria	Monetary Policy Rate	9.75	11-Dec-08	No change	Feb-09
Ghana	Prime Rate	17.00	28-Oct-08	No change	Jan-09
Mexico	Target Rate	8.25	28-Nov-08	No change	16-Jan-09
Brazil	Selic Rate	13.75	10-Dec-08	No change	21-Jan-09
Armenia	Refi Rate	7.00	Jan-09	Cut 25bps	N/A
Romania	Policy Rate	10.25	06-Jan-09	No change	N/A
Bulgaria	Base Interest	5.25	01-Sep-08	No change	N/A
Kazakhstan	Refi Rate	10.50	01-Oct-08	No change	N/A

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