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# COUNTRY RISK WEEKLY BULLETIN

# NEWS HEADLINES

## WORLD

### Bond sales drive capital markets in first quarter

Companies borrowed $1,500bn in the global bond markets during the first quarter of 2009. Overall investment-grade debt issuance was $825.6bn in the first quarter, more than double the $391bn issued in the same period last year, with government-guaranteed bonds from banks making up 33% of the market. Government-backed bank bond issuance grew 73% to $373bn from the fourth quarter of last year when such issues first began to appear, illustrating investor demand for this new asset class. But the reason behind the bond issuance was the contraction of the loan markets, as global loan volumes dropped by 53% year-on-year to $411.8bn in the first quarter, marking the seventh consecutive quarterly fall. Equity sales, through both initial public offerings and rights issues, reached $64.7bn, down 49% from the same period last year. The initial public offering part of the equities business saw just $1.2bn raised via 39 deals compared with $36.9bn via 234 transactions in the first quarter of 2008, with only two IPOs raising more than $100m in the quarter.

*Source: Dealogic*

### Corporate default rate at 7%

Moody's Investors Service stated that the rate of global speculative-grade corporate defaults reached 7% the first quarter of 2009, up from 1.5% at the end of March 2008 and from 4.1% at the end of 2008. It said a total of 79 rated corporate debt issuers have defaulted in the first quarter of the year, of which 35 defaulted in March, compared to 16 defaults in the fist quarter of 2008. Measured on a dollar volume basis, the global speculative-grade bond default rate ended the first quarter at 10.2%, almost double the 5.8% level from the previous quarter. It noted that the majority of the defaults were by issuers in the media, chemicals, high tech, and beverage, food, & tobacco sectors. The agency expects the global default rate to peak at 14.6% in the fourth quarter of 2009 and to remain at a high rate of 11.7% in the first quarter of 2010. Moody's added that its speculative-grade corporate distress index, which measures the percentage of rated issuers that have debt trading at distressed levels, closed at 50.9% at the end of the first quarter, down from 54.6% in the previous quarter, and compared to 23.4% at end-March 2008.

*Source: Moody's Investors Service*

## EMERGING MARKETS

### IMF gets $1,100bn to support struggling economies and inject liquidity

The Group of Twenty (G-20) industrialized and emerging market economies backed an increase of the International Monetary Fund's financing capacity by $1,100bn as part of measures to counter the global economic crisis, enhance the Fund's ability to support emerging markets and low-income countries, and boost global liquidity. The Group of 20 agreed to triple from $250bn to $750bn the IMF's own resources that will be available to finance both traditional lending programs and the newly created Flexible Credit Line (FCL) designed to provide precautionary liquidity support for economies with sound fundamentals. It also called for a $250bn equivalent increase in the IMF's special drawing rights (SDRs), which will supplement the existing official reserves of member countries and represents a net injection of global liquidity. A further $250bn in trade financing will be made available over a two-year period and will be administered via other multilaterals, including the World Bank. Finally, an additional $100bn in unspecified lending resources will be administered by multilaterals other than the IMF. The vast majority of this new financing will be directed towards emerging markets. The total amount more than matches total capital flight and bank-loan redemptions from emerging markets since 2007 and will help support financial stability in the developing world.

*Source: Group of 20, International Monetary Fund*

### New trade finance program to provide up to $50bn to boost trade

The World Bank announced the launch of the Global Trade Liquidity Program, a coordinated global initiative to support trade in developing markets and address the shortage of trade finance from the global financial crisis. The program will be able to support up to $50bn in trade over its planned three-year term and will begin operations in May. The initiative is a funded trade finance program of up to $5bn, of which $1bn will come from the International Finance Corporation and the remainder from development finance institutions, governments, and private sector banks. China has agreed to provide $1.5bn, the United Kingdom pledged up to £300m, the Canadian government will commit $200m and the Dutch government promised $50m.

*Source: World Bank*

## SAUDI ARABIA

### Economy feels global economic slowdown

The D&B Business Optimism Index for Saudi Arabia covering the second quarter of 2009 shows that only 40% of firms expect an increase in the volume of sales during the second quarter of 2009, 40% foresee a rise in net profits, and 43% expect a rise in new orders. Also, 63% of firms plan to freeze hiring, and 60% of the businesses do not expect a change in inventory levels. The survey also shows that the global financial crisis continues to affect the majority of businesses, with 53% in trade, hotels, transport & communication impacted; 57% in finance, insurance & real estate affected; 60% in construction hurt; and 51% in manufacturing & agriculture affected. Further, 60% of respondents in the oil & gas sector are impacted by the crisis. In parallel, the availability of finance was the main concern in the services sectors with 33% of respondents expressing such concern, while the rise in prices of raw materials continues to be the main concern of 68% of manufacturers and 51% of construction firms.

*Source: Dun & Bradstreet*

# OUTLOOK

## WORLD

### Main risk scenario sees 30% probability that economic stimulus would fail

The Economist Intelligence Unit has identified three macroeconomic scenarios for the evolution of the global economic crisis. Under its central scenario, which carries a 60% probability, the EIU expects governments' stimulus to stabilize the global financial system and restore economic growth in leading developed markets during 2010, although at lower levels than in recent years. The EIU's main risk scenario, which carries a probability of 30%, expected the stimulus to fail, leading to continued asset price deflation and sustained contraction in the leading economies. It assumes that the major developed economies will grow by just 0.5% to 1% on average over the next five years, while non-OECD countries will see growth averaging between 1% and 4% over the 2009-13 period. Under this scenario, the role of governments in supporting banks and stimulating domestic demand will lead to strong political pressure for protectionism.

The EIU's alternative risk scenario, which has a 10% probability, expected that failing confidence in the dollar to lead to its collapse. In this case, the U.S. current-account imbalance would be corrected through sharp currency movements, with the dollar depreciating to $2 per euro for a sustained period. Under this scenario, The EIU assumes that the U.S. debt would significantly increase, as economic growth remain weak and financial sector rescue efforts fail. As a result, investors would leave the U.S. for other assets, leading to a devaluation of the dollar. It added that safe havens will be hard to find as he economic environment offers few currencies to which investors can turn when selling the U.S. dollar. It noted that governments in many emerging markets would intervene to reduce currency appreciation against the US dollar. As a result, problems of excessive investment and inflation would persist for some years to come.
*Source: Economist Intelligence Unit*

## EMERGING MARKETS

### Growth in Emerging Europe to contract by 3.1% in 2009, region to see worst recession since 1998

Fitch Ratings projected real GDP in the 21 economies of Emerging Europe to contract by 3.1% in 2009, down from growth of 4% in 2008 and from an average growth of 6.8% in the 2002-07 period, with only a modest recovery to 1.4% in 2010. It said the slump in GDP this year will be the first contraction since the Russian default crisis in 1998 when output fell 0.5% in the region, and it will be the steepest decline since the 6% contraction in 1994 when output was still falling in the Commonwealth of Independent States (CIS) after the collapse of the Communist economic system. It expected a contraction of 1.7% in the 5 economies of Central Europe, a fall of 10.6% in the three Baltic countries, a decline of 3.3% in the 7 CIS economies, a contraction of 3.9% in the 5 South-eastern European economies, as well as decline of 3% in Turkey's output. The agency forecast GDP to contract in 19 of the 21 countries in the region, be flat in one and grow in only one, constituting a more widespread recession than during the 1998-99 crisis.

Fitch indicated that most countries in Emerging Europe will be adversely affected by de-leveraging and see a sharp slowdown or reversal of private capital inflows and credit growth. Further, economies with large current account deficits, high loan-to-deposit ratios, and dependence on foreign financing will suffer marked falls in domestic demand as they will have to rapidly correct macroeconomic imbalances. It added that difficulties will be compounded in some countries by the presence of foreign-currency debt on balance sheets. It noted that usual cyclical forces such as the fall in household income expectations and wealth, retrenchment in business investment, the inventory cycle and higher unemployment, will amplify the downturn. It added that countries have limited capacity for counter-cyclical fiscal policy, but will benefit from lower global interest rates and fiscal expansion in the EU15, while IMF and other international assistance will play a crucial role in providing financing and bolstering confidence in several countries. Fitch identified Hungary and Kazakhstan as the economies most exposed to the sharp decline in global trade and financial flows and the de-leveraging process, while Poland and Turkey are the least exposed to these shocks but are not immune from them.
*Source: Fitch Ratings*

## GCC

### Negative outlook for real estate market, Dubai and Doha to be most hit

Moody's Investors Service expected the outlook for the Gulf Cooperation Council's real estate market to be negative in 2009, reflecting tightening access to finance, declining demand and a need to preserve cash. It said the GCC's residential and commercial real estate sectors are under pressure due to lower demand, lack of funding, worsening consumer sentiment and risk of over-supply. It noted that Saudi Arabia is the exception, as it benefits from a large and growing local population base and structural under-capacity for residential property. The agency indicated that obtaining financing in the region has become more challenging since September 2008, adding that a nascent mortgage industry cannot fully compensate for a funding shortfall from other sources. Also, negative market sentiment has kept away many buyers who are no longer willing to acquire off-plan property and provide a source of funding through down-payments. In addition, it considered that long-term population growth rates assumptions, that were in excess of 5% for most countries in the region, are no longer realistic in the short term. It said such growth rates may become negative over the coming quarters, as investments in commercial activities, including foreign direct investments, are drying up.

Moody's added that companies have also started to lay off foreign employees, which could negatively impact demand for residential properties as some markets appear to be over-supplied. It considered that the advanced markets of Dubai and Doha will be impacted the most, as expansion plans in these markets have assumed a steady influx of expatriates. Instead, the markets have witnessed a decrease in property prices and a slowdown in construction activity. It noted that many projects, particularly in Dubai, have been undertaken in anticipation of future demand, which may not materialize.
*Source: Moody's Investors Service*

## SYRIA

### Insurance to become compulsory for several sectors

The Ministry of Finance announced plans to introduce compulsory insurance to a new set of business sectors. The sectors that would be required to insure against risks include hospitals, clinics, health laboratories, schools, universities, factories and bakeries. It said an additional list of sectors would be released soon. There are 13 insurance companies operating in Syria, including one state-owned firm and two Islamic insurers. Total premiums rose by 34% to $269m in 2008, with third-party car insurance accounting for 42% of the market.
*Source: Syria Report*

## JORDAN

### Tourism to account for 19.8% of GDP by 2019

The World Travel & Tourism Council expected the tourism sector to account for 18.3% of Jordan's GDP in 2009 and to rise to 19.8% of GDP in 2019. It forecast the broad tourism and travel economy to generate demand of $6.3bn in 2009, growing to $12.3bn in 2019. It projected the sector's real growth rate at -5.5% in 2009 and to average 4.9% during the 2010-19 period. The WTTC said personal travel and tourism would generate $1.2bn this year, growing by 2.1% annually in real terms to reach $1.9bn in 2019, while business travel should generate $310.8m in 2009 and grow by a yearly average of 4.3% in real terms to $635.5m in 2019. It estimated capital investment in the travel and tourism economy at $967.8m in 2009 and at $1,9bn within 10 years. Further, it forecast the export of tourism services at $3.3bn this year and at $6.7bn in 2019, posting a real annual growth of 4.3% over the 2010-19 period. It expected travel and tourism exports to generate 27.8% of Jordan's total export revenues, constituting a very important contribution to GDP. It said the travel and tourism economy is providing jobs to 302,000 people, or 16.7% of total employment currently, with the figure rising to 420,000 jobs or 18.1% of total employment by 2019.
*Source: World Travel & Tourism Council*

## EGYPT

### New $100m fund for distressed assets

The European Investment Bank and the International Finance Corporation announced plans to invest $17m each in a new $100m fund that will target distressed assets in Egypt. Also, the Geneva-based Swiss Investment Fund for Emerging Markets will commit an additional $7.5m to the fund. The new fund, launched by private equity firm Sphinx Egypt, will invest in unlisted companies with a value ranging between $5m and $15m. Citadel Capital, the private equity firm that controls Sphinx Egypt, will invest $10m in the fund.
*Source: Bloomberg*

## QATAR

### Sovereign bonds rated 'Aa2'

Moody's Investors Service assigned foreign currency ratings of 'Aa2' to the dollar-denominated senior unsecured bonds issued by the government of Qatar. The ratings are in line with the government of Qatar's existing issuer ratings, which are also' Aa2' with a 'stable' outlook. The total size of the bond issuance is $3bn split into a $2bn tranche maturing in 2014 and a $1bn tranche maturing in 2019. The government has stated that the proceeds from the bonds will be used for general funding purposes, including the provision of contingency funding to entities owned or controlled by the government. The agency said concerns about Qatar's ratings include the steep rise in government expenditures; persistent inflationary pressures, a volatile regional geopolitical environment, weaker institutions than higher-rated countries, a relatively undiversified economy, and the government's substantial domestic contingent liabilities.
*Source: Moody's Investors Service*

## IRAN

### About 600 state-owned firms to be listed this year

The Iran Privatization Organization (IPO) declared that about 600 state-run companies will go public during the current Iranian year that ends in March 2010. It said the firms to be listed include banks, insurance companies, power plants and steel plants. Under the Fourth Five-Year Economic Development Plan covering 2005-10, the IPO, an organization affiliated to the Ministry of Economic Affairs & Finance, is in charge of setting prices and ceding shares to the general public on the Teheran Stock Exchange. It said that about $11.5bn worth of shares of governmental entities were sold last year.
*Source: Iran Daily*

## ARMENIA

### Railway link planned with Iran

Armenia and Iran announced plans to build a railway to link the two countries as part of a new transit route from Central Asia to the Black Sea. The 470-km railway will take five years and cost up to $1.2bn dollars to complete, and will be financed by the World Bank and the Asian Development Bank. The railway will ensure transport links from South and Central Asia, the Far East, through Iran and Armenia's territory towards Georgia's Black Sea ports, which will enhance trade volume between the two countries.
*Source: AFP, Teheran Times*

## RUSSIA

### Anti-crisis measures at 9.1% of GDP in 2009

The Ministry of Finance estimated that the anti-crisis measures will total $108.3bn (RUB3,660bn), equivalent to 9.1% of GDP, in 2009. It said $14.8bn will be used by the Central Bank of Russia to support liquidity in the financial system. It projected the federal budget allocations aimed at countering the economic crisis to reach $47.7bn in 2009. It expected projects loan guarantees provided by the federal budget at $13.3bn, of which $8.9bn will go to state budgets and $4.4bn to regional budgets. The ministry projected another $7.5bn in subordinated loans to banks to be extended from the National Well-being Fund. It added that other budget-related anti-crisis measures include a reduction in the tax burden for a total of $25.1bn, most of which will come at the expense of federal budget revenues.
*Source: Interfax, Deutsche Bank*

# BANKING

## GCC

### Monetary Union deadline postponed

The Gulf Cooperation Council announced that the initial deadline for the GCC Monetary Union set for 2010 will be extended, with a new timetable to be set at a later stage. Last September, the Central Bank governors and finance ministers of the GCC countries approved a draft agreement for the formation of a monetary union and establishing common monetary institutions before 2010. The agreement stipulates the formation of a new body, the Monetary Council, which would serve as a forerunner to a common central bank. The Council, which should be established by the end of this year, will not have monetary policy decision-making power in its initial stages. Previously, the International Monetary Fund said that achieving monetary union by 2010 will be a major challenge as much remains to be done to enable the creation of a common currency.

*Source: Standard Chartered, International Monetary Fund*

## EGYPT

### Foreign currency reserves fall to $32.2bn

Figures issued by the Central Bank of Egypt (CBE) show that foreign currency reserves reached $32.2bn at the end of the first quarter, as reserves fell by $870m in March, Bloomberg cited a statement. The fall in reserves is the largest monthly drop since at least 1996. The CBE said the decline was the result of cash dividends and "proceeds of Treasury bills paid to international investors". Reserves have regressed by $2.9bn since they peaked in October 2008, in line with the fall in the balance of payments, which posted a deficit of 2.5bn in the second half of 2008 from a $1.2bn surplus in the first half of the year. Foreign currency reserves are forecast to fall to $30.4bn by June 2009.

*Source: EFG Hermes*

## NIGERIA

### Central Bank takes aggressive measures to boost liquidity

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) reduced the Monetary Policy Rate by 175bps to 8% from 9.75%. It also reduced the cash reserve ratio to 1% from 2% effective April 14 and reduced the liquidity ratio for banks to 25% from 30%. The MPC attributed the move to "external forces that have severely impacted the Nigerian economy through trade, finance, and confidence channels", and is a bid to boost private-sector credit growth. The latest set of easing measures is the most aggressive since September 2008, when the CBN cut the policy rate by 50bps, halved the cash reserve ratio to 2% from 4%, and cut banks' liquidity ratio to 30% from 40%. The MPC noted that the impact of the global downturn could be alleviated "by undertaking appropriate economic and financial policies". Given ongoing concerns in the banking sector, deposit and lending rates increased recently, prompting the CBN to agree to a number of measures with the Nigerian Bankers' Committee, including capping the maximum deposit rate at 15% and the maximum lending rate at 22% starting April 1st.

*Source: Standard Chartered*

## UKRAINE

### Six banks on review for possible downgrade

Moody's Investors Service placed on review for possible downgrade the Bank Financial Strength Ratings of OTP Bank Ukraine, Raiffeisenbank Aval, UkrSibbank and Ukrsotsbank. It also placed on review for possible downgrade the debt and deposit ratings of VAB Bank, and downgraded the local currency deposit rating of Calyon Bank Ukraine to 'Ba2' from 'Ba1', local currency debt rating to 'Ba2' from 'Ba1' and national scale debt rating to 'Aa1.ua' from 'Aaa.ua'. It attributed the rating actions to the potential impact of the economic downturn in Ukraine on the banks' asset quality and financial performance, which is likely to exert further negative pressure on the banks' capital levels. The agency noted that credit losses and loan loss provision charges at the banks are likely to substantially increase in the future, reflecting the overall deterioration of the operational and economic environment in Ukraine and the high levels of concentration in the banks' loan books. It added that the weakening of the hryvnia has materially impacted the ability of the banks' borrowers to repay their foreign currency loans, consequently leading to a substantial increase in NPLs.

*Source: Moody's Investors Service*

## RUSSIA

### Five foreign-owned banks downgraded

Fitch Ratings downgraded the Individual ratings of Rosbank, ZAO Raiffeisenbank and ZAO UniCredit Bank to 'D' from 'C/D', and Absolut Bank and Orgresbank to 'D/E' from 'D'. It also affirmed the five foreign-owned Russian banks' Long-term Issuer Default Ratings (IDRs) at 'BBB+' with a 'negative' outlook. Individual ratings reflect a bank's stand-alone risk and do not take account potential external support. The agency attributed the downgrade to the deterioration of the banks' asset quality in the difficult Russian operating environment. It said the downgrades also take into account the subsidiary banks' limited ability to absorb loan losses without requiring recapitalization from their owners, given the relatively tight capital positions under which parent banks are operating their subsidiaries. Fitch added that the affirmation of the banks' Long-term IDRs at 'BBB+' reflects the still high probability of the banks receiving support, in case of need, due to the still strong ability and willingness of their owners to provide assistance.

*Source: Fitch Ratings*

## ARMENIA

### Central Bank reduces policy rate by 25bps

The Central Bank of Armenia (CBA) reduced its annual refinancing rate by 25bps from 7.75% to 7.50% due to lower than forecast inflation rates and despite the depreciation of the Armenian dram in March. It attributed the fall in inflation rates to the declining world and domestic demand. In March, the CBA raised the refinancing rate by 100bps to contain inflation. The CBA said the decline in external demand, and the persistent unfavorable trade conditions are having negative impact on growth. Therefore, the CBA is easing monetary and credit conditions in order to stimulate long-term economic growth. The inflation rate reached 1.4% at end-March 2009 compared to end-February 2009.

*Source: Central Bank of Armenia*

## Oil increases by more than $1 on rising equities

Oil rose by more than $1 a barrel to above $50 on April 9, due to rising stock markets and after a large draw in U.S. distillates inventories. Asian stocks pushed back toward a six-month high on April 9, with a $154bn stimulus package from Japan boosting hopes that economies will be able to recover quickly. U.S. light crude for May delivery rose 99 cents to $50.37 a barrel. London Brent crude gained 80 cents to $52.39. Oil has largely tracked equities so far this year as investors look for signs of economic recovery to trigger higher oil demand. However, the Federal Reserve is cautious about the prospects for the U.S. economy, lowering projections for growth this year and next. Weekly stocks data from the United States continued to show weak demand, but investors focused on a 3.4 million barrel fall in distillate stocks reported by the U.S. Energy Information Administration. The EIA reported a 1.7 million barrel rise in crude stocks, bringing them to a 16-year high, in line with expectations, and a 600,000 barrel increase in gasoline inventories, contrary to forecasts for a 1 million draw.
*Source: Thomson Reuters*

## Total to start drilling in Sudan

French oil firm Total S.A. said it plans to start drilling in southern Sudan, despite international pressure on the country's government. The oil wells of the Block B are located in the south and stretch to the Ethiopian border, covering an area of around 118,000 square kilometers. Total and its consortium suspended activities in the country till 2004, when the company signed a revised exploration and production sharing agreement with the Sudanese government. A series of steps including the announcement of the new holder for a Block B concession, previously held by U.S. consortium Marathon Petroleum Sudan Ltd., had to be announced before drilling could begin. Other Block B stakeholders include Kuwait Foreign Petroleum Exploration Company and state-owned Sudan National Petroleum Corp.
*Source: Dow Jones Newswires*

## Syria, Iran to partner in energy projects

Syria and Iran signed a memorandum of understanding for the development of various joint projects in the energy sector, including the construction of a pipeline that would carry gas from Iran's southern gas fields to Europe through Syria. The pipeline, which is in its very early stages, would ultimately stretch over 4,900kms and carry gas from Iran through Iraq, Syria and the Mediterranean Sea to Greece and Italy. The two countries had also decided to increase the volume of gas to be supplied through an existing pipeline running through Turkey.
*Source: Syria Report*

## Kurdistan can export 100,000bpd

The Natural Resources Ministry announced that the Kurdistan Regional Government (KRG) can now export up to 100,000 barrels per day from oil fields in the region. It said the KRG had finished linking oil fields with Iraq's northern crude oil export pipeline to Turkey's Ceyhan port, but added such exports are still pending approval of the federal Oil Ministry in Baghdad. The ministry also announced that the KRG is planning to produce some 450,000 barrels per day at the end of 2010.
*Source: Dow Jones Newswires*

## Base metals: Recovery reflects supply cuts and improved sentiment

Base metals rallied strongly through March and early April, with copper, lead and zinc up by nearly 20% and aluminium and nickel both up by 10% on a monthly basis. Risk appetite is beginning to show an improvement, as investors are emerging from the shock of the market collapse in 2008. Supply cuts have been significant in most markets. Some improvement in demand in China, stock building by China, and supply problems in both Chile and Peru all added to the optimistic tone. Offsetting this, recent data for Japan has been bad for both aluminium and copper, highlighting the mixed fundamental picture which currently exists. After a strong performance in recent weeks, base metal prices are expected to remain well supported in the second quarter of the year. There is a risk of another pullback in base metal prices as prices realign with fundamentals, but the lows that were recorded in late 2008 are not expected to be reached in the near future. Overall, base metals are expected to trend higher through the remainder of this year but the uptrend will be uneven as growth expectations will remain volatile.
*Source: Standard Chartered*

## Precious metals: Investor surge continues

After some wild swings in February, gold prices were in a range of $900-950 an ounce in March. However, the market did hold up comparatively well against the backdrop of a much stronger US dollar, which rose by 5% against the euro, and a general improvement in equity markets. One reason for gold's continued strength is that investor flows into commodities have remained supportive. The largest SPDR ETF saw its physical holding rise by 10% during the month to a fresh record high of 1,127 tons. By contrast, the physical gold market is still a drag on prices. India is reported to have become a net exporter of gold in recent weeks. There was some discussion at the G-20 summit about gold sales by the IMF, led by the African delegation, which could be a bearish factor. In reality, though, a rapid improvement in the institution's finances due to extra loans resulting from the financial crisis will likely take any immediate change off the agenda. Gold is expected to trend higher, although the market looks set to maintain its variable sideways trading in the near future. At present the market lacks a clear driver, with consumer appetite for gold notably absent. However, the US dollar is expected to weaken substantially later this year which should give the market an additional boost in the months ahead.
*Source: Standard Chartered*

| **Commodities price developments** | level | 6m ave | 12m ave | mom% | yoy% |
|---|---|---|---|---|---|
| Economist commodity price index | 161.7 | 161.6 | 206.4 | 7.4 | -34.8 |
| LME metals price index | 1909.5 | 1912.4 | 2853.2 | 13.6 | -53.3 |
| Oil prices USD | 48.4 | 50.5 | 85.9 | 20.5 | -52.1 |
| Oil prices SDRs | 32.5 | 33.6 | 55.4 | 7.8 | -47.6 |
| Gold $/troy oz | 923.2 | 852.5 | 868.0 | -1.0 | 5.0 |
| Silver cents/troy oz | 1298.0 | 1138.0 | 1373.9 | -1.2 | -22.5 |
| Platinum $/troy oz | 1128.0 | 942.6 | 1361.1 | 3.5 | -41.2 |
| Copper $/MT | 3963.3 | 3647.7 | 5858.5 | 19.0 | -52.4 |
| Nickel $/MT | 9552.5 | 10603.1 | 16441.6 | -0.5 | -66.9 |
| Aluminium $/MT | 1336.8 | 1585.9 | 2225.6 | 5.2 | -53.5 |
| Zinc $/MT | 1260.5 | 1176.4 | 1558.4 | 16.9 | -44.3 |

*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 | 7.0 | 13.8 | 1.5 | 4.1 | 1.9 | 1.6 | 15.4 | 0.6 |
| Angola | - | - | - | - | BB | | | | | | | | |
| | - | - | - | - | Stable | 3.2 | 8.8 | 8.4 | 9.0 | 12.6 | - | -3.0 | 1.2 |
| Egypt | BB+ | Ba1 | BB+ | BBB- | BB | | | | | | | | |
| | Stable | - | Stable | Stable | Stable | -7.7 | 74.5 | 17.8 | 51.4 | 5.4 | 105.9 | -1.5 | 4.1 |
| Ethiopia | | | | | B | | | | | | | | |
| | - | - | - | - | Negative | -3.5 | - | 10.9 | 250.0 | - | - | -6.1 | - |
| Ghana | B+ | - | B+ | - | B | | | | | | | | |
| | Stable | - | Negative | - | Negative | -10.8 | - | 39.0 | 103.6 | - | - | -13.7 | - |
| Ivory Coast | - | - | - | - | CCC | | | | | | | | |
| | - | - | - | - | Stable | -1.7 | - | 57.9 | 175.9 | - | 556.0 | -1.8 | - |
| Libya | A- | - | - | - | BB | | | | | | | | |
| | Stable | - | - | - | Stable | -17.3 | 7.8 | 17.5 | 31.1 | 4.9 | - | -15.8 | 3.1 |
| Mauritania | - | - | - | - | - | | | | | | | | |
| | - | - | - | - | - | -5.1 | - | 73.8 | 183.3 | - | - | -13.4 | - |
| Morocco | BB+ | Ba1 | BBB- | BBB- | BB | | | | | | | | |
| | Stable | - | Stable | Stable | Stable | -2.6 | 51.8 | 24.1 | 73.9 | 5.7 | 74.1 | -0.1 | 3.3 |
| Nigeria | BB- | - | BB- | - | BB | | | | | | | | |
| | Negative | - | Stable | - | Stable | -5.7 | 23.6 | 6.1 | 20.6 | 0.6 | - | -13.2 | 2.4 |
| Sudan | - | - | - | - | C | | | | | | | | |
| | - | - | - | - | Stable | -6.8 | 107.5 | 62.7 | 532.4 | 6.3 | - | -10.1 | 2.7 |
| Tunisia | BBB | Baa2 | BBB | BBB | BB | | | | | | | | |
| | Stable | - | Stable | Stable | Stable | -3.1 | 49.8 | 50.6 | 105.6 | 12.3 | 235.5 | -3.3 | 3.8 |
| **Middle East** | | | | | | | | | | | | | |
| Bahrain | A | A2 | A | A | A | | | | | | | | |
| | Stable | - | Stable | Stable | Negative | -3.4 | 18.2 | 187.7 | 321.7 | 4.6 | 63.8 | 6.2 | 0.4 |
| Iran | - | - | B+ | BB- | B | | | | | | | | |
| | - | - | Stable | Stable | Stable | -3.7 | 19.1 | 5.5 | 35.1 | 4.3 | 22.9 | -4.6 | 0.2 |
| Iraq | - | - | - | - | CC | | | | | | | | |
| | - | - | - | - | Stable | -34.4 | - | 71.8 | 214.4 | 3.8 | 157.7 | -22.4 | 0.9 |
| Jordan | BB | Ba2 | - | BB | B | | | | | | | | |
| | Stable | - | - | Stable | Stable | 1.3 | 51.4 | 65.6 | 122.2 | 4.8 | 198.6 | -10.0 | 11.4 |
| Kuwait | AA- | Aa2 | AA- | AA- | A | | | | | | | | |
| | Stable | - | Stable | Stable | Stable | 22.6 | 4.9 | 40.4 | 134.2 | 6.2 | 229.7 | 23.6 | -9.9 |
| Lebanon | B- | B2 | B- | B- | CCC | | | | | | | | |
| | Stable | - | Stable | Stable | Stable | -10.8 | 145.6 | 97.5 | 614.9 | 20.4 | 199.0 | -12.0 | 9.0 |
| Oman | A | A2 | - | A | A | | | | | | | | |
| | Stable | - | - | Stable | Stable | -1.9 | 3.5 | 21.4 | 68.7 | - | 113.0 | -4.0 | 4.0 |
| Qatar | AA- | Aa2 | - | AA- | A | | | | | | | | |
| | Stable | Stable | - | Stable | Stable | 1.7 | 4.1 | 52.5 | 189.8 | 7.3 | 359.3 | 24.3 | 7.8 |
| Saudi Arabia | AA- | A1 | AA- | AA- | BBB | | | | | | | | |
| | Stable | - | Stable | Stable | Stable | 9.8 | 9.9 | 8.5 | 28.3 | 4.0 | 89.1 | 6.1 | 0.2 |
| Syria | - | - | - | - | CCC | | | | | | | | |
| | - | - | - | - | Stable | -8.3 | 38.5 | 13.0 | 71.4 | 1.0 | 162.7 | -5.1 | 1.9 |
| UAE | - | Aa2 | - | AA- | A | | | | | | | | |
| | - | - | - | Stable | Negative | 16.7 | 10.6 | 79.3 | 125.2 | 2.3 | 287.4 | 11.4 | 2.4 |
| Yemen | - | - | - | B | CCC | | | | | | | | |
| | - | - | - | Stable | Stable | -17.2 | - | 29.6 | 161.9 | - | - | -16.9 | |

# 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 | - | - | -2.2 | 13.9 | 32.5 | 496.8 | 1.2 | 311.3 | -9.0 | 5.9 |
| Bulgaria | BBB+ | Baa3 | BBB- | - | BBB | | | | | | | | |
| | Stable | - | Stable | - | Stable | -0.4 | 13.7 | 101.8 | 159.2 | 22.5 | 250.5 | -15.3 | 9.8 |
| Kazakhstan | BBB- | Baa2 | BBB- | - | BB | | | | | | | | |
| | Negative | - | Negative | - | Stable | 1.7 | 6.0 | 86.4 | 267.8 | 56.6 | 528.0 | -3.1 | 1.5 |
| Romania | BBB- | Baa3 | BB+ | BBB- | BB | | | | | | | | |
| | Negative | - | Stable | Negative | Stable | -4.9 | 16.2 | 61.9 | 171.7 | 21.8 | 319.6 | -8.2 | 5.1 |
| Russia | BBB+ | Baa1 | BBB | - | BBB | | | | | | | | |
| | Negative | Positive | Negative | - | Negative | 1.5 | 7.4 | 40.1 | 155.9 | 17.4 | 193.3 | -0.7 | 0.4 |
| Turkey | BB- | Ba3 | BB- | BB- | BB | | | | | | | | |
| | Stable | - | Stable | Stable | Stable | -3.9 | 43.5 | 56.0 | 238.4 | 41.2 | 587.4 | -5.0 | 2.4 |
| Ukraine | CCC+ | B1 | B | - | B | | | | | | | | |
| | Negative | Positive | Negative | - | Negative | -1.1 | 20.7 | 80.4 | 202.3 | 28.5 | 411.6 | -2.8 | 2.1 |

*Sources: Moody's Investors Service; Economist Intelligence Unit - The above figures are estimated for 2009*
** Figures last updated in February 2009*

# SELECTED POLICY RATES

| | Benchmark rate | Current (%) | Last meeting | | Next meeting |
|---|---|---|---|---|---|
| | | | Date | Action | |
| | | | | | |
| USA | Fed Funds Target Rate | 0.25 | 18-Mar-09 | No change | 29-Apr-09 |
| Eurozone | Refi Rate | 1.25 | 02-Apr-09 | Cut 50bps | 07-May-09 |
| UK | Base Rate | 0.50 | 09-Apr-09 | No change | N/A |
| Japan | O/N Call Rate | 0.10 | 18-Mar-09 | No change | 07-Apr-09 |
| Australia | Cash Rate | 3.00 | 07-Apr-09 | No change | 05-May-09 |
| New Zealand | Cash Rate | 3.00 | 12-Mar-09 | Cut 50bps | 30-Apr-09 |
| Switzerland | 3 month Libor target | 0.25 | 12-Mar-09 | Cut 25bps | 18-Jun-09 |
| Canada | Overnight rate | 0.50 | 03-Mar-09 | Cut 50bps | 21-Apr-09 |
| **Emerging Markets** | | | | | |
| China | One-year lending rate | 5.31 | 23-Dec-08 | Cut 27bps | N/A |
| Hong Kong | Base Rate | 0.50 | 18-Mar-09 | No change | 29-Apr-09 |
| Taiwan | Discount Rate | 1.25 | 26-Mar-09 | No change | June 09 |
| South Korea | Target Rate | 2.00 | 09-Apr-09 | No change | N/A |
| Malaysia | O/N Policy Rate | 2.00 | 24-Feb-09 | Cut 50bps | 29-Apr-09 |
| Thailand | 1D Repo | 1.50 | 25-Feb-09 | Cut 50bps | 08-Apr-09 |
| India | Repo rate | 3.50 | 04-Mar-09 | Cut 50bps | 21-Apr-09 |
| UAE | Overnight repo rate | 1.00 | 19-Dec-08 | Cut 50bps | N/A |
| Saudi Arabia | Repo rate | 0.75 | 19-Jan-09 | Cut 25bps | N/A |
| Egypt | Overnight Deposit | 10.00 | 27-Mar-09 | Cut 50bps | N/A |
| Turkey | Base Rate | 10.50 | 19-Mar-09 | Cut 100bps | 16-Apr-09 |
| South Africa | Repo rate | 9.50 | 24-Mar-09 | Cut 100bps | 30-Apr-09 |
| Kenya | Central Bank Rate | 8.25 | 20-Mar-09 | Cut 25bps | June 09 |
| Nigeria | Monetary Policy Rate | 9.75 | 09-Feb-09 | No change | Apr-09 |
| Ghana | Prime Rate | 18.50 | 24-Feb-09 | Raise 150bps | Apr 09 |
| Mexico | Target Rate | 6.75 | 20-Mar-09 | Cut 75bps | 17-Apr-09 |
| Brazil | Selic Rate | 11.25 | 11-Mar-09 | Cut 150bps | 30-Apr-09 |
| Armenia | Refi Rate | 7.50 | 07-Apr-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 | 9.50 | 05-Feb-09 | No change | N/A |

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