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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global downgrade potential declines slightly

Standard & Poor's said the number of issuers poised for downgrades declined slightly to 965 issuers in July from 992 issuers in June due to materialized downgrades. The agency said the reduction comes after record highs were reached in nearly every month since January 2008, with the all-time peak of 1,028 issuers reached last April. It added that the July figures are 220 issuers more than levels seen a year ago and 50 more than the trailing 12-month average of potential downgrades. S&P defines potential downgrades as entities that have either a 'negative' outlook or ratings on CreditWatch with negative implications across rating categories 'AAA' to 'B-'. It said the global ratio of potential downgrades to potential upgrades remained unchanged at 7 to 1 at the end of second-quarter 2009, more than three times the ratio at the end of second-quarter 2008, with banks displaying the highest downgrade propensity. S&P said that 36% of issuers it rates had either a 'negative' outlook or ratings on CreditWatch negative as of July 2009, up from 26% at the end of 2008 and 14% at the end of 2007. In parallel, S&P said that 157 entities are poised to benefit from upgrade across the rating designations 'AA+' to 'B-', a slight improvement from the record low of 136 issuers last March but still 43 less than the12-month trailing average. It noted that the extreme pressure felt across the credit spectrum in March 2009 has somewhat subsided due to improved investor confidence.
Source: Standard & Poor's

EMERGING MARKETS

Sovereign issuance at $21.4bn in first 7 months of 2009

Merrill Lynch indicated that aggregate sovereign bond issuance in emerging markets reached $21.4bn in the first 7 months of 2009 compared to $28bn for all of 2008 and $27bn in 2007. It said issuance in Latin America totaled $7.6bn, accounting for 35.5% of the total. It was followed by Emerging Europe, the Middle East & Africa with $7.2bn, or 33.6% of the total, and Asia with $6.6bn or 30.8% of the total. The figures cover 30 emerging market economies included in Merrill Lynch's Emerging Markets IGOV Index. It said sovereign issuance was only $3.5bn in July, up from only $2bn in June, and projected total issuance this year to reach $40.1bn. It expected issuance in Emerging Europe, the Middle East & Africa to total $16.4bn in 2009, followed by Latin America with $14.6bn and Asia with $9.1bn. It noted that the total issuance forecast would be significantly higher when including the issuance in countries rated 'A' or even 'AA' in emerging regions.
Source: Merrill Lynch

MENA

Equity markets heading for a correction

Standard & Poor's indicated that a survey of fund managers investing in the Middle East and North Africa region shows that they expect a correction in the region's equity markets. Respondents noted that the region's markets have risen too far and too fast, adding that the seasonal slowdown during the third quarter, along with a decline in global equity markets, could trigger a major correction in regional equity prices. They also expressed concern about low liquidity and the possibility of a sell-off in the U.S. market, and pointed out that so far this year the correlation of returns between the U.S. and the MENA region has been extremely high. S&P said the MENA region significantly underperformed in the first half of 2009 relative to other emerging markets. It noted that the MENA equity markets rose by 12.7% compared with a 37.8% increase in the broader emerging markets. It considered that this reflects investors' perception that the MENA region is highly leveraged to a U.S. recovery due to its dependence on oil revenues, whereas other emerging markets are supported by robust domestic demand.
Source: Standard & Poor's

UAE

Sovereign wealth fund's assets down 11.5%, investment income drops 46% in 2008

The Institute of International Finance estimated the UAE's total foreign assets at around $443bn, which include the foreign assets of the Abu Dhabi Investment Authority (ADIA), the UAE Central Bank, the Abu Dhabi Investment Council, and the International Petroleum Investment Company. It said this gives the UAE a positive net external asset position of around $290bn, equivalent to 140% of projected 2009 GDP. It indicated that the sharp decline in major global financial markets in 2008 resulted in significant losses for ADIA, the country's sovereign wealth fund. It estimated ADIA's foreign assets at about $314bn at the end of 2008, constituting a decrease of 11.5% from $355bn at end-2007, while it estimated ADIA's investment income to have dropped by 46% in 2008 from $13bn in 2007 to $7bn last year. It attributed the drop in assets to the write downs that ADIA incurred in the global equity and real estate markets during the second half of 2008. It noted that ADIA invests in international markets in a variety of asset classes that include equities, fixed income, real estate, private equity and alternatives, adding that it has increased its investment in emerging economies more recently.
Source: Institute of International Finance

EGYPT

Short-term challenge is to reduce the government's borrowing needs

Merrill Lynch estimated real GDP growth in Egypt at 4.5% in fiscal year 2009 and at 4.2% in FY2010, down from 7.2% in FY2008. It stated that the global economic slowdown put Egypt's investment-driven growth under pressure, and warned that high levels of government borrowing could crowd out private investment and impair further expansion in coming years. It said higher international commodity prices and a gradual recovery in global trade activity and capital flows would increase inflationary pressure in Egypt, with higher subsidies translating into higher budget deficits. It forecast a budget deficit of 7% of GDP in FY2009 and 8.5% of GDP in 2010, adding that this would translate into lower private sector credit growth. It noted that this trend is already underway with the government's higher borrowing needs, coupled with the banking sector's prudent approach to expand its lending base. It added that banks have to accommodate most of the government's increased borrowing, as foreign investors have basically exited the country. It noted that credit to the public sector increased by 19% year-on-year in May compared to growth of just 5.3% in private sector lending over the same period.

Merrill Lynch considered that Egypt's short-term challenge is to scale down the government's borrowing needs, keep inflation low and further improve the investment climate to support a recovery of the private sector. It said inflation can be kept at low levels by adopting a prudent fiscal policy and by weakening the currency, which may increase purchasing power and support labor intensive exporting industries. In turn, this could bridge the gap until the resumption of the investment-driven growth via private consumption, which can be supported by higher retail loans. It estimated average inflation at 8.5% in FY2010, down from 16.4% in FY 2009. It also forecast the current account to post deficits of 2.4% of GDP in FY2009 and 2.8% of GDP in 2010.

Source: Merrill Lynch

GHANA

Tangible reductions in the fiscal and external deficits are key for economic stabilization

Standard & Poor's indicated that the $600m program approved last month by the International Monetary Fund provides a window of opportunity for the reduction of Ghana's imbalances. It said the last three years saw the emergence of large fiscal and external deficits, driven by rapid spending growth and high oil prices, and culminating in a fiscal deficit of 15% of GDP in 2008, pressures on domestic borrowing, and a large balance of payments deficit weighing on currency stability. In parallel, Ghana is due to receive a Special Drawing Rights (SDRs) allocation of about $450m later this year as part of the Group of 20 agreement in April, and the World Bank plans to lend Ghana a total of $300m this year.

S&P noted that pressures remain so far this year despite fiscal trends showing tentative improvements and a decline in the trade deficit. It added that the first half of the year saw further currency depreciation, a continued shift of domestic financing to shorter-dated instruments, and further rises in Treasury bill rates. The agency indicated that the loans will help fill the government's still large financing gap and should relieve some of the pressure on domestic markets. In addition, they will help to rebuild the Central Bank's foreign exchange reserves, providing a larger buffer against external liquidity strains. Finally, conditionality under the IMF program provides a policy anchor for long-delayed structural reforms, which would have a direct impact on expenditure sustainability.

S&P warned, however, that while multilateral and donor loans can help macroeconomic stabilization, Ghana requires significant fiscal consolidation for a lasting reduction of its imbalances. It added that faltering commitment to fiscal consolidation in anticipation of oil revenues, or any deterioration in donor support, would have negative consequences. It called for tangible reductions in the fiscal and external deficits, a lengthening of domestic debt maturities, and a timely start to oil production.

Source: Standard & Poor's

ANGOLA

Economy to slow by 2.3% in 2009

The Economist Intelligence Unit projected real GDP in Angola to contract by 2.3% in 2009 compared to growth of 13.2% in 2008. It attributed the economic slowdown to falling oil production as a result of OPEC cuts, cutbacks in government investment, and a fall in private consumption. It expected economic growth to recover to 6.4% in 2010 due to rising oil production, ongoing growth in agriculture, manufacturing and construction, and the start of a recovery in investment. It noted that economic growth will remain capital intensive and import dependent, adding that the economic environment is characterized by weak human capital, a defective judicial system and poor regulation.

The EIU noted that the government is facing fiscal difficulties and is tightening its policy. It projected government revenues to decrease by 14.4% in 2009 as oil revenues fall sharply due to lower oil production and lower oil prices. It expected the government to moderately loosen its fiscal policy in 2010 as revenues recover. It forecast the fiscal balance to remain in surplus given that the market price for oil has been above $60 per barrel since late May and that the economy continues to experience capacity constraints. However, it expected the surplus to be lower than in recent years, falling to 4.5% of GDP in 2009 and to 2.9% of GDP in 2010 from 12.4% of GDP in 2008 as rising government spending offset the recovery in oil revenues.

The EIU projected inflation at an average of 12.3% due to falling food and energy prices, before declining to 10.7% in 2010, adding that inflation remains above the Central Bank's target of 8-10% for the third consecutive year due to high money supply's growth. It also expressed concerns over the Central Bank's weakening capacity to support the currency, and expected foreign reserves to fall to $10.8bn in 2009 from $18.4bn in 2008 due to falling oil revenues and declining FDI inflows. Finally, the EIU projected the current-account surplus to narrow from 29.3% of GDP in 2008, to 4.8% of GDP in 2009 and 7.5% of GDP in 2010.

Source: Economist Intelligence Unit

ECONOMY & TRADE

AFRICA

Deal to increase FDI and support SMEs

The Overseas Private Investment Corporation (OPIC) and the African Trade Insurance Agency (ATI) agreed to provide underserved micro-, small and medium-sized companies in Africa access to increased technical assistance and foreign direct investment. The deal also authorizes the two agencies to reinsure each other in order to increase the capacity of each to insure more and larger projects across the continent. Further, it encourages both sides to focus specifically on projects in the renewable or clean energy, agribusiness, and housing sectors. OPIC said FDI in Africa declined by 18% so far this year due to the global economic downturn, adding that the initiative will be critical to reverse this trend and would help restore investor confidence in the continent. It also aims to increase access to finance, insurance and other services for the SME sector in Africa. ATI provides trade credit and political risk insurance products to foreign investors and African businesses. It has supported over $1.2bn in trade and investments across Africa. An agency of the U.S. government, OPIC manages risks associated with FDI in developing countries.

Source: Overseas Private Investment Corporation

SAUDI ARABIA

Ratings affirmed on strong fiscal and external positions

Standard & Poor's affirmed Saudi Arabia's 'AA-' long-term and 'A-1+' short-term foreign and local currency sovereign credit ratings with a 'stable' outlook. It said the ratings are supported by the kingdom's strong fiscal and external positions, which allow it to protect the economy from the full impact of the global recession. It indicated that the country's foreign reserves and liquid foreign assets reached $438bn at year-end 2008, covering 24 months of current account payments. The agency expected the fiscal balance to weaken in 2009 due to falling oil prices and revenues as well as to the government's expansionary fiscal policy. It projected the budget to nearly balance this year compared to an average surplus of 20% over the past four years, adding that the near-term threat to public finances from any possible fall in oil prices is fully mitigated by the extent of the government's fiscal reserves. It considered that Saudi Arabia's main domestic challenge is dealing with the country's demographic dynamics, mainly resolving the unemployment problem by increasing employment among nationals. The agency noted that the ratings on Saudi Arabia are constrained mainly by the high levels of external geopolitical risks that affect all countries in the Gulf region. It said they could come under downward pressure in case of a reversal in fiscal discipline, if the debt burden increase significantly or if political risks increase.

Source: Standard & Poor's

KUWAIT

Sovereign ratings affirmed, outlook stable

Fitch Ratings affirmed Kuwait's long-term foreign currency Issuer Default Rating (IDR) and long-term local currency IDR at 'AA', with a 'stable' outlook. It also affirmed the Country Ceiling at 'AA+' and the short-term foreign currency IDR at 'F1+'. It cited Kuwait's strong sovereign external balance sheet and high oil reserves as keys to its creditworthiness. It estimated Kuwait's sovereign net foreign assets at $256bn, or 174% of GDP, at the end of 2008, higher than that of Saudi Arabia and comparable to that of Abu Dhabi. It said the country is the world's fourth-largest oil exporter and estimated it reserves at 100 billion barrels, equivalent to 100 years of production at current levels. It added that Kuwait's public finances are among the most resilient to a drop in oil prices, with a break-even price of around $30 per barrel for 2010. Fitch forecast a general government surplus of 19% of GDP and a current account surplus of 19% o GDP in 2010, and expected the Kuwaiti government to continue to accumulate external assets through 2011. The agency indicated that the healthy state of the county's sovereign assets and its public finances makes it very likely to support its banking sector, should the sector's asset quality deteriorates further and non-performing loans rise above the 5% level reported at end-2008. It noted that about 50% of bank lending is to high-risk activities such as equity purchasing, real estate spending, and investment companies.

Source: Fitch Ratings

UAE

Government removes minimum capital requirement for start ups

The federal government removed the minimum capital requirement to start a private sector company in the country in a bid to encourage more start-ups. The government amended a law that required limited liability companies to invest at least AED150,000, or $40,800, as start-up capital in new firms. A presidential decree stated that partners in limited liability companies “will determine sufficient capital requirements” for setting up their companies. The new initiative effectively lifts a major obstacle to fulfilling the capital requirement for establishing a company. The change aims to reduce the cost of setting up new businesses and to limit bureaucratic procedures. It also reflects the government’s aim to attract investment and improve the competitiveness of the UAE economy.

Source: WAM

ARMENIA

Remittances down by 36% in first half of 2009

Figures released by the Central Bank of Armenia show that remittance inflows reached $599.3m in the first half of 2009, down by 36% from the same period last year. Russia was the largest source of transfers with $361.1m in the first half of 2009, constituting 60.3% of the total. It was followed by the U.S. with $51.5m (8.6%), Ukraine with $10m (1.6%), Germany with $9.7m (1.6%), and Kazakhstan with $8.9m (1.5%). Remittances from Russia fell by 36.6%, while those from the U.S. declined by 50.6% year-on-year. In parallel, individual transfers from Armenia totaled $259.2m in the first half, down 53%, resulting in net private inflows of $340m at end-June, down 12% annually. Russia was the largest destination of private transfers, receiving $51m in the first half of this year, or 19.7% of the total. It was followed by the U.S. with $42m (16.2%), and the UAE with $35m (13.5%). Transfers to Russia declined by 37.8% from the same period in 2008, those to the US fell by 55.6%, and those to the UAE decreased by 66%.

Source: Central Bank of Armenia

SYRIA

QNB-Syria IPO oversubscribed, Al Baraka gets approval to raise capital

Qatar National Bank-Syria, a 49% owned subsidiary of Qatar National Bank, raised at least SYP1.7bn, or $37m, through its initial public offering. The company floated 34% of its shares at a price of SYP500, with the aim to raise SYP1.7bn. QNB-Syria is expected to start operations in the fourth quarter of 2009. In parallel, Al Baraka Bank Syria received formal approval to conduct its IPO to raise SYP 1.75bn. It plans to issue 3.5 million shares at a nominal value of SYP500 per share, equivalent to 35% of the Islamic bank's capital. The IPO will be launched in early October, and the bank will be the third Islamic bank to operate in Syria.

Source: The Peninsula, Syria Report

OMAN

Credit risks on the rise, profitability under pressure

Moody's Investor's Service indicated that the outlook for Oman's banking sector is stable, as the country is relatively isolated from turbulence in the global financial markets and has been resilient to the effects of the global recession. It noted, however, that the system's fundamental credit conditions face some downward pressure that could arise from a continued severity of the financial crisis, a deepening slowdown in global and local economies and a possible drop in oil prices. It expected the slower economic growth in the short to medium term to lead to lower credit growth, while tighter liquidity conditions are likely to focus banks' efforts on increasing deposits. The agency noted the sizeable credit risk concentrations in the banks' books and their rising levels of credit risk. It expected profitability metrics to come under increasing pressure due to increased competition, lower interest rates and the existing interest rate caps. It considered that the more challenging credit environment will lead to lower volume growth and higher loan loss and other provisioning, while rapid credit expansion in recent years raises concerns about the future performance of loans under less favorable economic conditions. Moody's noted that adequate capitalization levels remain a key strength of the Omani banking system, adding that stress tests have demonstrated the ability of the six largest banks to absorb losses under a worst-case scenario.

Source: Moody's Investor's Service

UAE

Ratings of four banks placed on review for downgrade

Moody's Investors Service placed the financial strength ratings (BFSRs) and long-term debt and deposit ratings of Emirates Bank International, National Bank of Dubai, Mashreq Bank and Dubai Islamic Bank on review for possible downgrade. It attributed the decision to the rising challenges facing the sector from the stressed domestic property market, as well as the economic slowdown forecast for 2009 and the modest recovery in 2010. The agency indicated that the pressures facing the UAE banking system will result in rising corporate defaults and increasing delinquencies from retail lending, especially among unsecured credits. It noted, however, that the rated banks have responded to the expected deterioration in asset quality by increasing their provisioning levels and improving their Tier One capital ratios during the first half of 2009. Moody's added that its stress tests of the banks' portfolios show that the Abu Dhabi-based banks are more resilient, reflecting their high Tier one capital ratios and lower concentrations of loans and deposits to the more volatile economic conditions prevailing in Dubai. It added that the UAE banking system is largely government-owned or controlled, and much of the capital improvement has been through the provision of external support, such as government injections of Tier one capital, aimed at ensuring the banks are better prepared for both expected and unexpected levels of loan losses.

Source: Moody's Investors Service

SUDAN

Financial sector indicators reveal continued weakness

The International Monetary Fund indicated that gross non-performing loans (NPLs) reached 23.5% at the end of March 2009 relative to 22.3% at end-2008 but down from 26% at end-2007. It attributed the decline to the reduction in domestic government arrears accumulated in 2007, adding that much of the NPLs problem is due to the state-owned Omdurman National Bank (ONB), which accounts for more than half of the NPLs and 28% of aggregate bank lending. It said loan provisions to NPLs have increased from 15% at end-2008 to 20% by end-March 2009 following recent initiatives to strengthen prudential regulations on loan provisioning, as the Central Bank of Sudan required banks to prepare actions plans and subsequently set targets for individual banks to improve loan provisions and capital adequacy. It added that ONB contributed to the deterioration of the sector's capital adequacy ratio to 10.5% at end-2008 from 22.5% at end-2007. The Fund noted that the restructuring of ONB has yet to be implemented due to delays in completing the private audit of the bank, adding that authorities intend to formulate by end-2009 a strategy for restructuring or privatizing ONB. It considered that a quick resolution to the troubled ONB is critical, as the bank's financial position remains a cause for concern and its soundness indicators deteriorated further last year.

Source: International Monetary Fund

ARMENIA

Central Bank reduces refinancing rate by 25bps

The Central Bank of Armenia (CBA) reduced its annual refinancing rate by 25bps from 5.5% to 5.25%, citing lower inflation that reached 3.6% in June 2009 on an annualized basis and declined by 0.3% from the previous month. It noted that the exchange rate has been stable and the domestic inflationary environment remains weak despite the increase in global commodity prices that were reflected domestically. The CBA raised the refinancing rate by a 100bps in March, but reduced it five times since then as it considers the reduction of interest rates to be one of the main tools to fight the domestic impact of the global crisis. The CBA added that despite a reviving world economy, it will continue to cut interest rates and ease monetary conditions.

Source: Central Bank of Armenia

Oil near $71 as recovery optimism offsets demand fears

Oil rose toward $71 a barrel on August 13 as a surprising return to economic growth in France and Germany increased optimism, offsetting bearish U.S. inventory data. GDP in France and Germany rose by 0.3% each in the second quarter against expectations for a decline of 0.3%. The unexpected news fueled sentiment that the worst was over after the U.S. Federal Reserve said the U.S. economy was showing signs of stability two years after the beginning of the financial crisis. U.S. light crude for September delivery rose 80 cents to $70.96 a barrel, having gained 1% on August 12 to settle at $70.16, ending a four-day losing streak. London Brent crude gained 98 cents to $73.87, having earlier risen by $1.01 to $73.90.

Forecasts that an oil demand recovery is close led traders to ignore weak weekly stocks data on August 12th. The Energy Information Administration reported a much larger-than-expected rise of 2.5 million barrels in U.S. stockpiles and in distillates stocks, which gained 800,000 barrels and a lower-than forecast one million draw in gasoline stocks. Demand for gasoline and distillates also fell. Moreover, reports from the U.S. National Hurricane Center said the Atlantic could get its first named storm of the year. Tropical storms and hurricanes can disrupt the operations of offshore oil platforms and coastal refineries.
Source: Thomson Reuters

OPEC fears fall in demand

The Organization of the Petroleum Exporting Countries (OPEC) said rival oil supplies and the slow pace of recovery in world consumption will shrink demand for OPEC's crude oil next year. It said demand for OPEC crude will average 27.97 million barrels per day (bpd) next year, down 480,000 bpd from 2009. It noted that if market expectations for an economic recovery are not fully realized, current price levels could face increasing pressure.
Source: Thomson Reuters

Libya targets nationwide natural gas grid

Libya aims to connect the entire country to a national gas grid. The government said seven projects will address increased demand for natural gas by power stations, factories and desalinisation plants. According to the Libyan Electricity and Gas Department, the only way to meet this growing demand is to create viable plans for expansion.
Source: PANA

Algeria to offer uranium exploration tenders

Algeria's National Agency for Mining Patrimony launched its first-ever bidding process for uranium mining. It said eight sites are available for exploration in the Saharan region of Tamanrasset, with formal tenders for the Sonatrach partnerships to be issued in September. France, China, the U.S. and Russia have expressed interest in both Algerian uranium and potential nuclear power plant construction projects.
Source: Tout sur l'Algerie

Base metals: Copper jumps to 10-month high as reviving economy increases demand

Copper prices climbed to their highest level since October as renewed economic growth increased demand for industrial metals. Copper, used in homes and power grids, is viewed as a barometer of economic growth. Three-month delivery copper increased by 2.9% to $6,370 a metric ton on the London Metal Exchange, the highest level since October 1st. Copper for November delivery on the Shanghai Futures Exchange climbed by 5% from the previous settlement price to $7,357 a ton, the highest since October 6th. Also, lead-acid battery production by China, the world's largest manufacturer, is expected to jump by 45% next year from 2008 as it boosts alternative energy use in transportation and construction. Lead climbed by 5.1% to $1,940 in London, bringing this year's gain to 94%. Among other LME-traded metals, aluminum rose by 3.1% to $2,046.75 a ton and zinc increased by 3.8% to $1,921 a ton. Nickel jumped by 6.5% to $20,925 and tin rose by 2.4% to $15,200.
Source: Bloomberg

Precious Metals: Gold gains mid-week, but analysts disagree on near-term outlook

Gold prices increased for the second straight day on August 13 as a falling dollar and an improving global economic outlook boosted demand for the precious metal. Although gold prices remained around $19 per ounce lower than their two-month high on August 5, the last two days' increase has occurred as the U.S. Federal Reserve left its benchmark interest rate unchanged and said that the recession was easing. The Dollar Index, a six-currency gauge of the dollar's value, fell for the third straight day on the news. Gold for immediate delivery surged by 0.4% to 950.35 an ounce, an increase of 7.8% so far in 2009. Gold holdings in the SPDR Gold Trust were unchanged from the day before at 1,065.49 metric tons as of August 12th, but fell 0.7% from the previous week. Analysts remain divided as to whether near-term prices will continue their rally or decline as the global recession bottoms out.
Source: Bloomberg

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	196.0	172.6	1787.7	7.1	-18.7
LME metals price index	2880.0	2167.7	2283.3	20.5	-20.2
Oil prices USD	71.9	56.4	63.2	11.8	-39.3
Oil prices SDRs	46.0	37.2	41.6	10.2	-37.6
Gold $/troy oz	965.0	930.0	874.7	3.5	9.9
Silver cents/troy oz	1467.0	1356.3	1243.5	12.6	-12.4
Platinum $/troy oz	1281.0	1143.3	1080.3	11.4	-20.5
Copper $/MT	6034.5	4492.3	4622.4	24.2	-23.3
Nickel $/MT	20072.5	12764.3	12976.0	30.5	14.8
Aluminium $/MT	2001.3	1487.4	1732.4	28.5	-29.9
Zinc $/MT	1872.3	1415.3	1378.8	25.1	7.9

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+ Stable	Ba1 -	BB+ Stable	BBB- Stable	BB Stable	-7.7	74.5	17.8	51.4	5.4	105.9	-1.5	4.1
Ethiopia	-	-	-	-	CCC Stable	-3.5	-	10.9	250.0	-	-	-6.1	-
Ghana	B+ Stable	- -	B+ Negative	- -	B Negative	-10.8	-	39.0	103.6	-	-	-13.7	-
Ivory Coast	- -	- -	- -	- -	CC Stable	-1.7	-	57.9	175.9	-	556.0	-1.8	-
Libya	A- Stable	- -	BBB+ Stable	- -	BB 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+ Stable	Ba1 -	BBB- Stable	BBB- Stable	BB Stable	-2.6	51.8	24.1	73.9	5.7	74.1	-0.1	3.3
Nigeria	BB- Negative	- -	BB- Stable	- -	B 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 Stable	Baa2 -	BBB Stable	BBB Stable	BB Stable	-3.1	49.8	50.6	105.6	12.3	235.5	-3.3	3.8
Middle East													
Bahrain	A Stable	A2 -	A Stable	A Stable	BBB Stable	-3.4	18.2	187.7	321.7	4.6	63.8	6.2	0.4
Iran	- -	- -	B+ Stable	BB- Stable	B 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 Stable	Ba2 -	- -	BB Stable	B Stable	1.3	51.4	65.6	122.2	4.8	198.6	-10.0	11.4
Kuwait	AA- Stable	Aa2 Negative	AA Stable	AA- Stable	A Stable	22.6	4.9	40.4	134.2	6.2	229.7	23.6	-9.9
Lebanon	B- Stable	B2 -	B- Stable	B Stable	CCC Stable	-10.8	145.6	97.5	614.9	20.4	199.0	-12.0	9.0
Oman	A Stable	A2 -	- -	A Stable	A Stable	-1.9	3.5	21.4	68.7	-	113.0	-4.0	4.0
Qatar	AA- Stable	Aa2 Stable	- -	AA- Stable	A Stable	1.7	4.1	52.5	189.8	7.3	359.3	24.3	7.8
Saudi Arabia	AA- Stable	A1 -	AA- Stable	AA- Stable	BBB 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- Stable	BB Stable	16.7	10.6	79.3	125.2	2.3	287.4	11.4	2.4
Yemen	- -	- -	- -	B Stable	CCC Stable	-17.2	-	29.6	161.9	-	-	-16.9	

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 (%)
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-	-	BB								
	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	-	Negative	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	-	CCC								
	Positive	Positive	Negative	-	Stable	-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

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	0.25	12-Aug-09	No change	23-Sep-09
Eurozone	Refi Rate	1.00	06-Aug-09	No change	03-Sep-09
UK	Base Rate	0.50	06-Aug-09	No change	10-Sep-09
Japan	O/N Call Rate	0.10	11-Aug-09	No change	17-Sep-09
Australia	Cash Rate	3.00	04-Aug-09	No change	01-Sep-09
New Zealand	Cash Rate	2.50	30-Jul-09	No change	10-Sep-09
Switzerland	3 month Libor target	0.25	18-Jun-09	No change	30-Sep-09
Canada	Overnight rate	0.25	21-Jul-09	No change	10-Sep-09
Emerging Markets					
China	One-year lending rate	5.31	23-Dec-08	Cut 27bps	N/A
Hong Kong	Base Rate	0.50	12-Aug-09	No change	N/A
Taiwan	Discount Rate	1.25	25-Jun-09	No change	Sep-09
South Korea	Target Rate	2.00	11-Aug-09	No change	10-Sep-09
Malaysia	O/N Policy Rate	2.00	29-Jul-09	No change	25-Aug-09
Thailand	1D Repo	1.25	15-Jul-09	No change	26-Aug-09
India	Reverse repo rate	3.25	28-Jul-09	No change	27-Oct-09
UAE	Overnight repo rate	1.00	19-Dec-08	Cut 50bps	N/A
Saudi Arabia	Repo rate	0.25	16-Jun-09	Cut 25bps	N/A
Egypt	Overnight Deposit	8.50	30-Jul-09	Cut 50bps	17-Sep-09
Turkey	Base Rate	8.25	16-Jul-09	Cut 50bps	18-Aug-09
South Africa	Repo rate	7.50	13-Aug-09	No change	22-Sep-09
Kenya	Central Bank Rate	7.75	22-July-09	Cut 25bps	Sep-09
Nigeria	Monetary Policy Rate	6.00	07-Jul-09	Cut 200bps	Sep-09
Ghana	Prime Rate	18.50	21-July 09	No change	Sep-09
Mexico	Target Rate	4.50	17-Jul-09	Cut 25bps	21-Aug-09
Brazil	Selic Rate	8.75	22-Jul-09	Cut 50bps	02-Sep-09
Armenia	Refi Rate	5.50	07-Jul-09	Cut 50bps	N/A
Romania	Policy Rate	8.50	04-Aug-09	Cut 50bps	N/A
Bulgaria	Base Interest	1.71	30-Jul-09	Cut 50bps	N/A
Kazakhstan	Refi Rate	7.50	07-Aug-09	Cut 50bps	N/A

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