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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global bank write-downs to exceed $2,800bn

The International Monetary Fund estimated actual and potential global bank write-downs at $2,809bn on bank holdings of loans and securities for the 2007-2010 period. It noted that the figure is unchanged from last April but masks improvements in market conditions that reduced mark-to-market losses, which were offset by methodological changes, including variations in loan loss estimations, assessments of securities pricing, the size of bank assets, and exchange rates. It said global bank write-downs reached about $1,300bn through the first half of 2009, and expected significant additional write-downs of $1,500bn ahead. It estimated total bank write-downs on loans at $1,893bn and on securities at $916bn for the covered period. It said U.S. banks account for 36.5% of global write-downs, followed by United Kingdom banks with 21.5%, Euro area banks with 29%, other mature Europe banks with 7% and Asian banks with 6%. Further, the global bank write-downs account for 5% of the aggregate amount of loans and securities. It said cumulative losses at U.S. banks account for 8.2% of the size of the U.S. banking sector, while such losses account for 7.2% of the size of the UK banking system, 3.6% for Euro area banks, and 2.1% of the Asian banking sector. The Fund noted that U.S. domiciled banks have recognized about 60% of anticipated write-downs, while euro area and U.K. banks have recognized about 40%.

Source: International Monetary Fund

EMERGING MARKETS

Sovereign default rates to rise despite current halt to credit deterioration

Standard & Poor's indicated that the pace of sovereign credit deterioration slowed nearly to a halt in emerging markets, adding that it lowered the ratings on three emerging market sovereigns and raised the ratings on two in the last six months relative to 14 downgrades in the previous six months. Further, there were no sovereign defaults, and one emerged from default. It said that 12 of 42 emerging market sovereigns have currently a 'negative' outlook, as opposed to 16 of 43 six months earlier. It expected the rate of downgrades over the near term to remain in the historical range that prevailed before the global recession, and anticipated upgrades of selected emerging market sovereigns as their fundamentals improve in the medium term. However, S&P warned about persistent ratings pressure, as economic conditions remain difficult and expected sovereign default rates to rise. It projected that only 14 of the 42 emerging market countries will have positive real per capita income growth in 2009 and eight will continue to contract in 2010. Further, the fiscal position of almost every government will be worse than that of the preceding five years. It expected government debt levels to increase by 5% or more of GDP in 14 sovereigns by 2011. It noted that the global recession will help slow domestic credit growth and help narrow current account positions in many deficit countries, but half of them will have gross external financing requirements exceeding current account receipts plus usable reserves this year and next. It noted, however, the stock of external debt should remain at manageable levels for most of them.

Source: Standard & Poor's

MENA

Equity markets up 26% in first 9 months of 2009

Arab stock markets rose by 25.8% in the first 9 months of 2009 compared to a drop of 29.5% in the same period last year and to a decline of 54.5% during 2008. The Tunis stock exchange increased by 41.3% in the first 9 months of the year, posting the best performance among Arab markets during the covered period. It was followed by the Dubai stock market with a 34% rise, the Riyadh market with a 31.6% improvement, the Abu Dhabi equity market with a 30.7% increase, the Beirut bourse with a 24.8% rise, the Muscat stock market with a 20.8% improvement, the Palestine exchange with a 13% increase, the Doha bourse with a 7.7% improvement, and the Kuwait exchange with a 0.5% rise. In parallel, the Bahrain stock market posted the worst performance in the region with a 13.8% decrease year-to-September, followed by the Amman exchange with a 2.5% drop and the Casablanca exchange with a 2% decline. In comparison, emerging market equities improved by about 62% in the first 9 months of 2009.

Source: Local stock markets, Byblos Research

GCC

Sovereign Wealth Funds lose $350bn in 2008

Figures released by the United Nations Conference on Trade and Development (UNCTAD) indicate that the sovereign wealth funds of Saudi Arabia, Kuwait, Qatar and Abu Dhabi lost around $350bn in 2008 due to the global financial crisis. It noted that the funds almost maintained their total asset value at the end of 2008 after governments injected into capital from oil revenues. UNCTAD said that assets held by the four SWFs dropped to $1,115bn at end-2008 from $1,165bn at end-2007, and that government injections of $300bn helped narrow their losses. It added that the Abu Dhabi Investment Authority shed around $183bn from the $453bn it held in 2007; but the government pumped $57bn into the fund, helping it end last year at $329bn. Also, the Kuwait Investment Authority lost $94bn from $262bn it held at the end of 2007, prompting he Kuwaiti government to inject $59bn to help the fund end the year at $228bn. Further, the Qatar Investment Authority lost $27bn and ended at $66bn in 2008, while Saudi assets lost around $46bn dollars to end 2008 with $501bn.

Source: United Nations Conference on Trade and Development

OUTLOOK

MENA

Growth at 2% in 2009 and 4.2% in 2010, key risk is weak global recovery

The International Monetary Fund projected economic growth in the Middle East at 2% in 2009 compared to growth of 1.7% for developing economies and a contraction of 1.1% for the world economy this year. It also forecast growth in the region to improve to 4.2% in 2010, relative to 5.1% in emerging markets and 3.1% for the global economy. It expected inflation in the region to average 8.3% this year and 6.6% next year, compared to 5.5% in 2009 and 4.9% in 20910 for developing economies. The Fund said the outlook for the region has improved recently, with the global economy stabilizing and oil prices rebounding. Also, the recent improvement in global financial conditions and rise in commodity prices are helping restore the pace of economic activity, but the aftermath of the regional asset price collapse continues to affect the outlook. It projected real GDP growth of the region's oil importers at 4.5% compared to 1.5% for oil exporters in 2009.

The Fund noted that the key risk to the outlook is the possibility that the global recovery may not be sustained and that oil prices may fall sharply, which could have important implications for oil exporters and their regional trading partners. It added that oil exporters may need to cut public spending, which could have important regional spillover effects on the oil-importing countries by significantly reducing worker remittances. It also warned of the risk that the banking systems of several oil-exporting countries could come under severe stress if global financial conditions tighten again. It called for public policies to support domestic demand while recoveries remain fragile, provided countries have enough policy room. The IMF added that monetary policy should balance the need to continue supporting domestic demand while avoiding the risk of allowing inflation pressures to build.

Source: International Monetary Fund

IRAQ

Economic growth to average 7.4% in 2009-10, IMF agreement to bridge funding gap

Bank of America-Merrill Lynch projected economic growth in Iraq at 7% for 2009, and 5.8% in 2010. It forecast inflation to average 7% in 2009 and 8% in 2010, up from 3.5% in 2008, and for the policy rate to remain at 7% this year and next year. It said Iraq remains one of the most promising prospects in emerging markets, as it sits on 115 billion barrels of proven oil reserves, the third largest in the world, and is a low-cost producer near major Asian and European markets. In addition, the country offers vast potential for post-war reconstruction and has received an 80% cut on its Paris Club and commercial debt. It noted, however, that the security situation, chaotic domestic politics and corruption have so far kept Iraq significantly below its potential.

It forecast the fiscal balance to post a deficit of 15.3% of GDP this year and 11% of GDP in 2010. It expected foreign reserves to total $42bn at end-2009 and $40bn at end-2010, equivalent to 11.7 months and 10.4 months of import cover, respectively. Bank of America-Merrill Lynch said the current account balance will post a deficit of $5bn this year, equivalent to 6.5% of GDP, relative to a surplus of $17.4bn or 19% of GDP in 2008. It considered that Iraq has three alternatives to bridge its total funding gap, either through drawing down the saved oil windfall, or borrowing, or a Stand-By Agreement with the IMF. It noted that the government is currently using its reserves, which fell by $8bn so far this year, as government deposits at the Central Bank are down $7.5bn to $3.9bn and government deposits at commercial banks increased slightly to $22bn. It noted that an IMF agreement with a total funding of $5bn-$6bn is likely, which would bridge the funding gap and boost confidence. It also ruled out any international borrowing as there is still room for higher domestic borrowing, and forecast the external debt at 58.4% of GDP in 2009 and 48.4% of GDP in 2010.

Source: Bank of America-Merrill Lynch

SAUDI ARABIA

Higher oil prices are key for improved fiscal and current account balances in 2010

Credit Suisse forecast Saudi Arabia's real GDP growth at 0.5% in 2009 and at 2.8% in 2010. It also projected hydrocarbon GDP to contract by 5% this year due to a 12% drop in oil output in the first 7 months of 2009 to its lowest level since 2004, and for non-oil GDP to grow by 3% this year relative to nearly 5% in 2008. It said weaker demand and higher borrowing costs have undermined the viability of about 25% of the ongoing construction projects in the kingdom. It noted that business investment and consumer spending has also been hurt since late last year, but that sentiment has been improving recently. Meanwhile, the government is continuing with its key industrial and infrastructure projects and implementing emergency measures to cope with the crisis. It estimated the fiscal surplus to reach 5.2% of GDP this year, its lowest level since 2003, and to improve to 9.7% of GDP in 2010 based on average oil price of $70 per barrel. It noted that if oil prices average $80/ bbl in 2010, the fiscal surplus will likely be 14% of GDP in 2010, but if oil prices average $60/bbl, the surplus will narrow to 4% of GDP next year. It forecast the current account surplus to drop to $59bn or 15% of GDP in 2009. It said the current account surplus should rise to 22% of GDP if oil prices average $80/bbl in 2010.

Credit Suisse said the net foreign assets held on the government's behalf by the Saudi Arabian Monetary Agency (SAMA) totaled $382bn in July, their lowest level in the previous 13 months. It noted that the government has been drawing on its foreign assets to support its emergency measures aimed at easing domestic credit conditions and supporting domestic demand. It added that credit to the private sector posted two consecutive monthly increases in June and July, but the unfolding problems relating to Saudi family-owned conglomerates have cast some doubt on whether these increases could be sustained. It expected banks to remain cautious in the near term about extending loans due to concerns about borrowers' credit profiles, and for monetary expansion and credit growth to slow further year-on-year through the end of this year before increasing moderately in 2010 as the economy recovers.

Source: Credit Suisse

SYRIA

Quality of living stagnates

The annual survey on the quality of living in 215 cities around the world by global consultants Mercer Human Resource Consulting ranked Damascus as the 172nd most desirable city for overall living standards and 15th among 21 cities surveyed in the Middle East and North Africa region in 2009. Damascus ranked in 173rd place worldwide in the 2008 survey. The study evaluated the cities on the basis of 39 key quality-of-living determinants grouped in 10 categories that include political, economic and socio-cultural factors, in addition to the environment, housing, recreation, health care, education, transportation, and other public services. New York City served as the benchmark for other cities with a score of 100. Damascus received a score of 53.1 points in 2009, unchanged from the previous year. Its score came below the global average of 76.4 points as well as below the MENA and Arab averages of 61.6 points and 61.2 points, respectively. On a global basis, Damascus ranked ahead of Islamabad in Pakistan and Tirana in Albania and behind Nairobi in Kenya and Cotonou in Benin. Regionally, Damascus ranked behind all the main cities in the GCC as well as behind Amman, Cairo, Casablanca, Tripoli and Djibouti.

Source: Mercer Human Resource Consulting

ANGOLA

IMF and Luanda reach understanding

The International Monetary Fund announced it has reached a preliminary Stand-By Agreement with Angola to help the country cope with the global economic downturn and lower oil prices. The IMF said the program aims to alleviate immediate liquidity pressures, boost market confidence, and restore a sustainable macroeconomic environment, adding that one of the program's objectives is to increase transparency in the country. Angola is one of Sub-Saharan Africa's biggest oil producers, but it has been hit by the global slowdown, while lower oil prices have reduced government revenues and foreign reserves. The Fund said the program is centered on the authorities' objective of strengthening public finances through an appropriately tight 2010 budget, backed by firm policies on monetary management. It did not provide a figure for the expected loans, as the two sides still need to finalize the remaining details of the agreement in the coming weeks. The country could borrow up to 200% of its IMF quota, which is equivalent to about $900m. Last month the Finance Ministry indicated that Angola is seeking $2bn from the IMF to support the country's finances. The 27-month Stand-By Agreement should be approved by the IMF board in November.

Source: International Monetary Fund

Private investment at $1.25bn year-to-July

Figures issued by Angola's National Private Investment Agency (ANIP) indicate that foreign direct investment in Angola totaled $1.25bn in the first 7 months of 2009. ANIP said it approved 268 investment proposals in the agriculture, manufacturing, construction, trade, health and education sectors during the covered period. It said that $700m, or 56%, of total investments was from Angolan investors. It said around 55% of non-oil sector investment came from national investments, reflecting growth of 11% from the same period last year. It added that national investment accounted for just 34% of total investments in 2008.

Source: Macauhub

IVORY COAST

Government reaches deal with London Club to reschedule debt

The Ivory Coast reached a preliminary agreement to restructure €2.2bn worth of its debt owed to the London Club of private creditors. The outstanding debt consists of three euro-denominated and three dollar-denominated bonds maturing in 2018 and 2028. The Ivory Coast invited holders of its bonds to exchange them for new dollar-denominated bonds, which carry a 23-year maturity and a six-year grace period. It plans to exchange the bonds at a discount of 20%. The London Club said the exchange will occur no later than end-March 2010. The Ivory Coast reached a debt restructuring plan with the Paris Club of sovereign creditors earlier this year, involving the cancellation of $845m in debt, the rescheduling of $1.23bn, and the deferral of debts worth $2.61bn. It cleared its external arrears with the World Bank in 2008 and with the African Development Bank in March. It is also part of the Heavily Indebted Poor Countries initiative, a debt relief program managed by the International Monetary Fund and the World Bank. The HIPC initiative aims to help Ivory Coast clear some $3bn of its external debt, which was estimated at $14.3bn at end-2007. It is now required to implement a series of economic and social reforms in key sectors like cocoa and oil in order to get the full debt-relief entitlement.

Source: Down Jones Newswires

EGYPT

Secondary bond market to develop

The Ministry of Finance gave its approval for brokerage companies to buy government bonds directly, in a step towards developing a secondary bond market for corporate and state debt. Currently, bonds are bought mainly by banks and usually held to maturity, with very little activity going on in the secondary market. It said that the government has appointed a local brokerage firm to be the first to buy government bonds on the primary market for resale on the secondary market. It noted that it could take a year and a half before a fully functioning secondary bond market is up and running, as problems facing the market include how settlements are made, legal issues and the way bonds are taxed. The ministry noted that it is working with the World Bank and the International Finance Corporation to develop a legal framework for a secondary bond market. It was also working with international companies to increase the number of debt rating agencies operating in Egypt, a move that would help local corporations issue bonds.

Source: Thomson Reuters, EFG Hermes

EGYPT

World Bank approves $300m loan to develop mortgage market

The World Bank approved a $300m loan to Egypt to help provide affordable housing for low and middle-income households through the Affordable Mortgage Finance Program. The Bank said the program will gradually replace the supply-side subsidies that had been commonly used and move towards a more transparent and efficient demand-side subsidy program for low and middle-income households. It added that the loan will help support the ongoing development of the Egyptian mortgage market and the creation of a more efficient housing finance market. The Bank noted that about 75% of newly formed Egyptian households cannot afford to acquire a formal sector house without a subsidy and have to rent or own in the informal sector. It added that current subsidies targeted to this income group and channeled through developers are not always efficient, transparent, or equitable. It considered that the new program will ensure efficient targeting and that only those that deserve housing subsidies will have access to them.

Source: World Bank

LIBYA

Banking sector to be liberalized

The Central Bank of Libya (CBL) announced plans to privatize part of state-owned National Commercial Bank (NCB) and will open the sector to competition by selling bank licenses. It said it will float a 15% stake in NCB worth 50m dinars, or $41.3m, before the end of 2009. It added that a tender would be announced next year for two to three licences for new banks, which would be open to international banks that would not need a local partner. The decision follows the flotation of 15% of Al Joumhouriya Bank on the local stock market earlier this year and government steps in May to set regulations for its commercial banks to seek strategic partnerships with foreign banks. The measures are part of the CBL's strategy of reforming the banking sector and improving its competitiveness.

Source: Thomson Reuters

TURKEY

Outlook on 15 banks changed to positive

Moody's Investors Service changed the outlook on the ‘B1’ foreign currency deposit ratings of 15 Turkish banks to ‘positive’ from ‘stable’. The banks are Akbank, Anadolubank, Asya Katilim Bankasi, Bankpozitif, Denizbank, Eurobank, Tekfen Finansbank, HSBC Bank, T.C. Ziraat Bankasi, Turk Ekonomi Bankasi, Turkiye Garanti Bankasi, Turkiye Is Bankasi, Turkiye Sinai Kalkinma Bankasi , Turkiye Vakiflar Bankasi, and Yapi ve Kredi Bankasi. It attributed the rating actions to its recent decision to change the outlook on Turkey's ‘B1’ country ceiling for foreign currency deposits to ‘positive’ from ‘stable’. It added that the foreign currency deposit ratings of all 15 banks are constrained by the current ceiling of ‘B1’ for such deposits in Turkey. Moody's noted that the actions on the banks' foreign currency deposit ratings do not affect other ratings. As such, the local currency deposits and the national scale ratings for some of the banks remain on review for possible downgrade.

Source: Moody's Investors Service

UAE

Banks face higher impairments in tough environment

Fitch Ratings indicated that Abu Dhabi Commercial Bank, Abu Dhabi Islamic Bank, Dubai Islamic Bank, Emirates NBD, First Gulf Bank, Mashreqbank, National Bank of Abu Dhabi and Union National Bank continue to face rising impairments and other challenges, but can absorb higher impairments as capitalization has improved and they have a high level of sustainable revenues. It said the first half of 2009 has been challenging, with a rapidly slowing economy, liquidity pressures and rising impairments restricting new lending and profitability. It noted that the situation has eased somewhat and capitalization has improved, but the outlook remains challenging for the banks. The agency said asset quality ratios are under pressure but most of the banks' NPLs remain around 2% of total lending at end-June 2009. It noted, however, that NPLs remain artificially low given the rapid levels of loan growth over the last few years and are likely to rise as growth has slowed significantly and as the existing portfolio loan book seasons. It added that real estate related impairments are likely to rise given that the fallout from the significant real estate crash across the UAE has not yet been reflected in banks' financial statements. Fitch considered that all of the eight banks could absorb 100% and 220% increases in impaired loans over the next two years and still maintain minimum Tier One capital ratios of 12% and 8% respectively.

Source: Fitch Ratings

SAUDI ARABIA

Banks face challenges despite stable outlook

Moody's Investors Service indicated that credit outlook for the Saudi banking system is stable, reflecting the sector's resilience and its ability so far to absorb the adverse effects of the global financial crisis. It expected, however, that the tough operating environment to lead to a deterioration in the banking sector's financial metrics. It noted that downside risks implied by the volatile market conditions could be exacerbated by a further deterioration in macroeconomic conditions and a worse-than-anticipated deterioration in asset quality. The agency noted that other challenges faced by the Saudi banking sector include the high concentrations in lending and deposits, mismatches in the maturity profiles of assets and liabilities, scarce human capital; the continued limited diversification of the Saudi economy beyond the hydrocarbons sector and volatility in the country's real and nominal output, and the strong loan growth of recent years, which is only now being tested by more challenging operating conditions.

Source: Moody's Investors Service

KAZAKHSTAN

FSA to tighten control over banking system

The Financial Supervision Agency (FSA) announced it plans to tighten controls over the banking system in 2010. It said that a key measure from the announced plan is the introduction of new restrictions for foreign borrowing. The agency said it will introduce cumulative borrowing limits for banking conglomerates in the first half of 2010, depending on the bank’s equity.

Source: Bank of America-Merrill Lynch

ENERGY / COMMODITIES

Oil prices fell below $70 a barrel

Oil fell below $70 a barrel on October 1st, as higher distillate stocks revived the view that oil prices may have run ahead of demand. U.S. crude futures fell to $69.94 a barrel, while London Brent crude reached $68.44 a barrel. Data from the U.S. government Energy Information Agency (EIA) showed a 1.6 million-barrel drop in gasoline stocks for the September 25 week. Distillates increased by 300,000 barrels, but were still at a 26-year high of 171.1 million, coming ahead of winter demand. U.S. crude stocks rose by a more-than-expected 2.8 million barrels in the same period. According to analysts, prices were likely to fall toward the bottom of the $65-$75 range where they have traded since early August as demand remains subdued. Tensions over the oil exporter's nuclear programme have been a bullish factor in oil markets in recent years.

Source: Bloomberg

Deepwater oil discovered off Angolan coast

British Petroleum declared that it has discovered oil in an ultra-deepwater exploration site off the coast of Angola, and it expects the well to yield over 5,000 barrels a day. BP and Sonangol said the Tebe well was drilled in water almost two kilometres deep, and is the 19th oil discovery at the site, in a statement. BP owns 27% of the exploration site, which it also operates.

Source: Thomson Reuters

Algeria plans first solar-powered electricity plant

The Energy Ministry said Algeria will begin construction of its first solar energy-powered electrical plant in 2010 in the Oran region. The Hassi R'mel facility will have a capacity of 150 megawatts.

Source: APS

U.S. weighs sanctions options for Iran

The U.S. administration is considering possible sanctions on Iran that could target its gasoline imports and insurers that underwrite the trade, among other options if negotiations fail to resolve the standoff over Iran's nuclear program. The U.S. Senate has passed legislation that would prohibit companies that sell refined oil products to Iran from receiving U.S. contracts to deliver crude to the strategic oil reserve. In addition, a bill that would set sanctions on foreign companies that export refined petroleum products to Iran could be proposed. These moves are separate from efforts to dissuade foreign companies from investing in new technology for Iran's oil and gas industry, the backbone of its oil-exporting economy, which has been hit by high inflation and unemployment.U.S. sanctions currently ban any company investing more than $20 million in Iran's oil and gas sector, although they have never been enforced.

Source: Thomson Reuters

Basic Metals: Copper prices fall as dollar rebounds

Copper prices fell in New York and London as the dollar climbed, making metals priced in the currency more expensive for holders of other monies. The Dollar Index added as much as 0.7%. Prices also fell after an index of manufacturing in China, the world's largest copper consumer, gained less than economists estimated. December-delivery copper fell 3.6 cents, or 1.3%, to $2.783 a pound on the New York Mercantile Exchange's Comex division. The metal jumped 24% in the third quarter. Copper for three-month delivery shed 0.9% to $6,103 a metric ton on the London Metal Exchange. Chinese markets were closed because of the National Day holiday, lasting until October 8. Record first-half copper imports into the country helped prices to almost double this year. Inbound shipments of refined metal fell in month-on-month terms in July and August. Copper for immediate delivery is expected to average $5,075 a ton this year, rising to $6,750 next year. Among other LME metals for three-month delivery, tin fell 1.3% to $14,700 a ton. Aluminum fell 0.1% to $1,888 a ton, and lead declined 2.5% to $2,226.25 a ton. Zinc shed 1.4% to $1,942 a ton, and nickel dropped 1.1% at $17,700 a ton.

Source: Bloomberg

Precious Metals: Gold steadies after reaching $1,000 an ounce

Gold steadied on October 1st after a weaker dollar helped push the precious metal above $1,000 an ounce the previous day for the first time since September 24th . Bullion rose 8.7% in the three months to the end of September, its strongest performance since the first quarter of 2008, also bolstered by technical momentum and concerns about potential inflation. The dollar halted its decline on October 1st but remained defensive, keeping most gold investors looking for more signs of a stabilizing global economy to invest in assets riskier than the US dollar. Gold is often considered an alternative to the U.S. currency. Spot gold was at $1,006.25 an ounce. U.S. gold futures for December delivery fell 0.2% to $1,007.40. Stocks and commodities other than gold may have mostly factored economic optimism into their prices, making bullion relatively attractive. The precious metal got a boost from a sliding dollar on September 30th, as investors put cash to work after U.S. data suggested the world's biggest economy was recovering from recession.

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	191.4	182.2	173.1	0.8	-15.3
LME metals price index	2795.0	2460.7	2212.6	-5.9	-14.2
Oil prices USD	66.0	63.3	57.9	-10.4	-37.3
Oil prices SDRs	41.7	41.2	38.1	-11.6	-37.6
Gold $/troy oz	997.3	939.4	895.3	4.5	12.2
Silver cents/troy oz	1676.0	1410.2	1274.6	16.3	26.1
Platinum $/troy oz	1325.0	1196.3	1069.3	6.5	8.2
Copper $/MT	6089.3	5190.4	4478.0	-4.3	-12.9
Nickel $/MT	17625.0	15013.3	12968.3	-10.5	5.0
Aluminium $/MT	1835.3	1632.5	1630.3	-2.4	-25.4
Zinc $/MT	1889.3	1594.9	1395.8	2.7	7.1

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 Stable	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	B+ Stable	- -	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	CC 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+ Stable	Baa3 -	BBB- Stable	- -	BB Stable	-0.4	13.7	101.8	159.2	22.5	250.5	-15.3	9.8
Kazakhstan	BBB- Negative	Baa2 -	BBB- Negative	- -	BB Stable	1.7	6.0	86.4	267.8	56.6	528.0	-3.1	1.5
Romania	BBB- Negative	Baa3 -	BB+ Negative	BBB- Negative	BB Stable	-4.9	16.2	61.9	171.7	21.8	319.6	-8.2	5.1
Russia	BBB+ Negative	Baa1 Positive	BBB Negative	- -	BBB Negative	1.5	7.4	40.1	155.9	17.4	193.3	-0.7	0.4
Turkey	BB- Stable	Ba3 -	BB- Stable	BB- Stable	BB Stable	-3.9	43.5	56.0	238.4	41.2	587.4	-5.0	2.4
Ukraine	CCC+ Positive	B1 Positive	B Negative	- -	CCC 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	23-Sep-09	No change	04-Nov-09
Eurozone	Refi Rate	1.00	03-Sep-09	No change	08-Oct-09
UK	Base Rate	0.50	10-Sep-09	No change	08-Oct-09
Japan	O/N Call Rate	0.10	17-Sep-09	No change	14-Oct-09
Australia	Cash Rate	3.00	01-Sep-09	No change	06-Oct-09
New Zealand	Cash Rate	2.50	10-Sep-09	No change	29-Oct-09
Switzerland	3 month Libor target	0.25	17-Sep-09	No change	10-Dec-09
Canada	Overnight rate	0.25	10-Sep-09	No change	20-Oct-09
Emerging Markets					
China	One-year lending rate	5.31	23-Dec-08	Cut 27bps	N/A
Hong Kong	Base Rate	0.50	24-Sep-09	No change	04-Nov-09
Taiwan	Discount Rate	1.25	24-Sep-09	No change	N/A
South Korea	Target Rate	2.00	10-Sep-09	No change	09-Oct-09
Malaysia	O/N Policy Rate	2.00	25-Aug-09	No change	28-Oct-09
Thailand	1D Repo	1.25	26-Aug-09	No change	21-Oct-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	8.25	17-Sep-09	Cut 25bps	05-Nov-09
Turkey	Base Rate	7.25	17-Sep-09	Cut 50bps	15-Oct-09
South Africa	Repo rate	7.00	22-Sep-09	No change	22-Oct-09
Kenya	Central Bank Rate	7.75	23-Sep-09	No change	Oct-09
Nigeria	Monetary Policy Rate	6.00	02-Sep-09	No change	Nov-09
Ghana	Prime Rate	18.50	23-Sep-09	No change	N/A
Mexico	Target Rate	4.50	18-Sep-09	No change	16-Oct-09
Brazil	Selic Rate	8.75	02-Sep-09	No change	21-Oct-09
Armenia	Refi Rate	5.00	08-Sep-09	Cut 25bps	N/A
Romania	Policy Rate	8.00	29-Sep-09	Cut 50bps	N/A
Bulgaria	Base Interest	1.46	01-Oct-09	Cut 11bps	N/A
Kazakhstan	Refi Rate	7.00	04-Sep-09	Cut 50bps	N/A
Ukraine	Discount Rate	10.25	11-Aug-09	Cut 75bps	N/A
Russia	Refi Rate	10.00	30-Sep-09	Cut 50bps	N/A

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