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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Corporate default rate at 12% in January

Moody's Investors Service stated that the rate of global speculative-grade corporate defaults reached 12% at the end of January, down from 13% at the end of December, and compared to 5.3% a year earlier. It noted that the global default rate has likely reached its cyclical peak for this credit cycle, as the pace of defaults has regressed sharply during the past several months. The agency expected the global speculative-grade default rate to fall to 3% at the end of Janauary 2011, assuming an ongoing economic recovery and stable credit spreads through 2010. But it forecast the default rate at 7.1% a year from now if the economic recovery falters and credit spreads widen. Moody's added that its speculative-grade corporate distress index, which measures the percentage of rated issuers that have debt trading at distressed levels, stood at 15.8% in January, down from 19.3% at the end of 2009 and 52.8% in January 2009. It said the percentage of corporate issuers with the weakest liquidity ratings fell to just 7.7% of all speculative-grade rated companies in January 2010, following a steady decrease from the March 2009 record level of 20.9%. It noted that the expected decline in the default rate during 2010 is unlikely to be reversed in early 2011. It added that the latest drop suggests that companies are accessing the credit markets and refinancing maturities, and that issuers are being proactive about addressing maturities through the beginning of next year.

Source: Moody's Investors Service

MENA

External debt stock at $132bn, accounts for 3.5% of developing economies' debt

Figures released from the World Bank indicate that the external debt stock of the Middle east & North Africa region reached $131.5bn at end-2008, down from $141.3bn in 2007, but up from $116.7bn in 2000. The figures exclude the external debt of GCC economies. It said the region's long-term external debt totaled $111.3bn at end-2008, of which $105.4bn in public and publicly-guaranteed external debt and $5.86bn in private non-guaranteed debt. It said the US dollar accounted for 41.4% of the region's public and publicly-guaranteed external debt, followed by the Euro with 33.4%, the Japanese yen with 9.5%, the Swiss franc with 1.1% and the Pound sterling with 0.5%. It noted that the average interest rate on new debt from official creditors was 3.5%, with a 20.8-year maturity and a 5.4-year grace period; while the average interest rate on new debt from private creditors was 8.6%, with a 5.8-year maturity and a 5.6-year grace period. The World Bank indicated that the MENA's external debt stock constituted 3.5% of the aggregate external debt of developing economies at the end of 2008, while the region's long-term external debt was equivalent to 4% of developing economies' long-term foreign liabilities. It added that the region's external debt stock-to-gross national income declined from 34% at end-2000 to 15% at end-2008, while debt servicing-to-exports regressed from 13.3% at end-2000 to 5.3% at end-2008. Also, external debt-to-exports declined from 95% at end-2000 to 33.3% at end-2008, and foreign currency reserves-to-external debt increased from 42% to 197% during the same years.

Source: World Bank

GCC

Investor sentiment deteriorates on Dubai uncertainties

The Shuaa Capital GCC Investor Confidence Index indicated that investor sentiment regressed in January, with five out of six GCC markets recording a drop in investor sentiment. The index declined by 2.4 points to 114.5 points in January, following a significant increase in December. Saudi Arabia's Investor Confidence Index rose by 4.8% from the previous month, posting the only improvement in investor sentiment in the region. In parallel, the UAE sentiment index fell by 11.8%, Kuwait regressed by 9%, Qatar dropped by 6.6%, Oman declined by 1.6% and Bahrain slid by 0.4%. Shuaa Capital attributed the drop in investor sentiment to increasing investor uncertainty about Dubai's current economic situation as well as to a bearish attitude of survey participants on the outlook of GCC stock prices in the coming six months. It said the balance of investors' perceptions of current GCC economic conditions slightly improved month-to-month, driven by Saudi Arabia where perceptions about current economic conditions improved the most, rising from 27% to to 44%. Further, investor sentiment towards Qatar's economy improved from 40% to 44.2%, and sentiment towards the Omani economy improved from 3.3% to 9.3%. In parallel, sentiment towards Bahrain's economy improved from -20% to -18.6% but remained in negative territory, while sentiment towards the UAE economy regressedfrom -20% to -21%, and sentiment for the Kuwait economy dropped from -27% to -35%. However, 51% of respondents expect economic conditions in the GCC to improve over the coming six months.

Source: Shuaa Capital

ANGOLA

Government to open oil sector to competition

The Angolan government pledged to open up the local oil market for competition, and to lift the current monopoly of national oil company Sonangol. The Oil Ministry said that the government would liberalize the refining, storage, transportation and distribution of petroleum products in Angola by 2012, all of which are currently the monopoly of Sonangol. In parallel, authorities have supported Sonangol's global expansion, as part of its bid to establish itself as a genuine multinational. Last December, the company signed deals to develop two oilfields in Iraq, and acquired a 20% stake in a $7.5bn Iranian gas project, South Pars 12, and a controlling stake in a private Brazilian oil company.

Source: Economist Intelligence Unit

OUTLOOK

EMERGING MARKETS

Higher borrowing costs and tighter credit to reduce growth

The World Bank indicated that firms in developing countries will face higher borrowing costs, lower levels of credit, and reduced international capital flows as international financial conditions tighten due to the global financial and economic crisis. It said all forms of financing are likely to be affected, but expected foreign direct investment to be less constrained than debt flows. It projected FDI inflows to decline from recent peaks of 3.9% of aggregate developing countries' GDP in 2007 to around 2.8%-3% of GDP over the medium term. It considered that the impact of such a decline could be serious, as FDI represents as much as 20% of total investment in Sub-Saharan Africa, Eastern Europe & Central Asia, and Latin America. It said weaker bank finance and FDI flows will be particularly problematic for low-income countries with relatively weak domestic financial sectors and binding capital constraints. It added that the main impact for middle-income countries with access to international financial markets and better developed domestic markets is likely to be through the increased cost of borrowing.

The World Bank estimated that the adjustment to higher capital costs could reduce potential real GDP growth rates in developing countries by between 0.2% and 0.7% over the next 5 to 7 years, and that potential output in these countries could be lower by between 3.4% and 8% over the longer term. It called for developing countries to reduce domestic borrowing costs and promote local capital markets by expanding regional financial centers and improving competition and regulation in local banking sectors.

Source: World Bank

MENA

Risks to growth are a double dip recession, inflation, access to capital markets and US dollar strength

Deutsche Bank projected real GDP growth in the GCC economies and Egypt at 5.1% in 2010, more than twice the rate of 2.1% posted in 2009. It attributed the better growth forecast largely to higher oil prices and production, a more supportive global economy, and the continuation of substantial public investment spending, particularly in Abu Dhabi, Qatar and Saudi Arabia.

Deutsche Bank identified a double dip recession, inflation, access to capital markets and US dollar strength as the four key risks for the region this year. It said any double dip recession in the U.S. or in global growth would drag down oil production and prices. In turn, this would result in reduced liquidity spillover and in lower deposit growth, which would not help a rebound in credit growth, while there is a limit to how much more governments could channel funds into investment projects in the short term. Further, it stated that the combination of rising food and commodity prices globally leaves upside risks for regional inflation in 2010. It identified Saudi Arabia as the most at risk due a sizeable fiscal stimulus effort and a structural shortage of housing, which could quickly push inflation to uncomfortable levels with any external inflationary shock.

In parallel, Deutsche Bank noted that GCC corporates have not tapped capital markets yet since the Dubai World restructuring announcement, making it difficult to know how much financing costs may have risen and to what degree access has been restricted. It added, however, that a reflection of the higher financing costs can be seen in the wider Credit Default Swaps spreads, with Dubai CDS remaining around 215bps wider than the pre-Dubai World announcement level, Abu Dhabi around 63bps wider and Qatar 40bps wider. Finally, it noted that stresses related to sovereign risk in Southern Europe have the potential to cause euro weakness and see the US dollar strengthening significantly. It cited Dubai as the most vulnerable economy, as the competitiveness of its non-oil economy would be severely reduced.

Source: Deutsche Bank

GHANA

Economic growth to average 9% in 2010-11 as oil production starts

The Economist Intelligence Unit projected real GDP in Ghana to grow by 5.4% in 2010 from 4.7% in 2009 due to a robust agricultural performance, expansion of gold mines and a strong growth in the services sector. It expected gold prices to stay high, maintaining the sector's strong contribution to growth by attracting continued investment. Also, it anticipated services such as telecommunications and construction to perform well. However, it warned that the still uncertain economic prospects of the country's trading partners and lower confidence domestically will prevent economic growth from returning to the levels seen before 2009. It forecast real GDP to increase further to 12.5% in 2011 due to the start of oil production in the country. It said the impact of oil production on overall growth will be major, as it will increase industrial production and exports.

The EIU forecast government revenues to increase by 29.2% in 2010 and 12% in 2011 as prices of gold, cocoa and oil, which are the country's main exports, would remain high and support tax inflows. It noted that the government plans to improve fiscal management and increase efficiency of tax collection. It forecast government spending to increase by 21.8% in 2010 and 15% in 2011. It expected the fiscal deficit to narrow from 10.2% of GDP in 2009 to 8.4% of GDP in 2010.

The EIU forecast inflation to decline from an average of 19.3% in 2009 to an average of 14.7% in 2010, due to a tighter fiscal policy, a more stable exchange rate and lower food prices resulting from strong agricultural production. However, it projected inflation to remain well above the targets set by the government. It expected authorities to cut a number of subsidies, mainly energy subsidies which will mean higher prices for consumers. It forecast foreign exchange reserves to increase from $2.1bn in 2009 to $2.4bn in 2010 but to remain relatively low. Finally, the EIU projected the current account deficit to increase at 11.2% of GDP in 2010 before narrowing considerably to 6.6% of GDP in 2011 as oil exports begin.

Source: Economist Intelligence Unit

IRAN

Outlook revised to negative

Capital Intelligence revised the outlook on Iran's 'BB+' long-term local currency rating to 'negative' from 'stable', and affirmed the long-term foreign currency rating of 'BB-' with a 'stable' outlook. It attributed the change in outlook to the slow pace of fiscal reforms, limited progress towards developing an effective market-based monetary policy, and increased political and policy risks following contested presidential elections last year. It said Iran's ratings continue to be supported by the considerable hard currency earnings from oil revenues and low levels of government debt. It projected foreign currency reserves at $73bn, or 21% of GDP, in the current fiscal year, adding that they provide a buffer against external economic shocks. The agency stated that Iran's ratings are constrained by limited fiscal flexibility and financial disclosure, various structural and institutional weaknesses, and a high level of political risk. In addition, government contingent liabilities from state-owned banks and enterprises are potentially large. Capital Intelligence noted that the transition towards a market-based economy is proceeding slowly and Iran is struggling to generate sufficient growth due to the dominant role of the state, a rigid labor market, an inefficient financial system, and infrastructure weaknesses. It expressed concerns about the willingness and ability of the government to deliver appropriate economic reforms, particularly given the increasingly fractious domestic political environment and broader worries within the political elite about the social cost and public reaction to deeper structural reforms.

Source: Capital Intelligence

KUWAIT

Spending up 33% to KD16bn in 2010-11 budget

The government of Kuwait announced its preliminary budget for 2010-11 that foresees a deficit of KD7.4bn or $25.6bn. Overall spending is set to increase by 33.4% to KD16.16bn from KD12.12bn in 2009-10, with a particular focus on capital spending related to mega projects announced in the Kuwait Economic Development Plan 2013-14. The government also allocated KD4.78bn for development spending as a part of the five-year development plan to stimulate growth. It earmarked KD2.33bn in capital spending, or 14.4% of total spending compared to 13.3% in the previous budget. Spending on education is estimated at KD1.92bn, followed by health care with KD1.13bn and water and electricity services with KD3.39bn. Revenues are expected to increase by 20.4% to KD9.72bn from KD8.07bn in the previous budget. Oil revenues will account for 88.7% of overall revenues and are based on a budgeted Kuwait Export Crude (KEC) price of $43 per barrel compared to $35/b in the previous budget. But various forecasts putting oil prices at between $70 and $80 a barrel this year, which would result in a minimum budget surplus of KD14.7bn. The government noted that the expansionary fiscal policy aims at supporting economic activity and helping it face recessionary pressures.

Source: Global Investment House

NIGERIA

EIB extends €240m to fund infrastructure projects

The European Investment Bank (EIB) announced it is extending up to €240m to three Nigerian banks to fund private and public-private partnership infrastructure in the country and ensure continued investment in the sector. It said that Nigeria has specific needs in infrastructure and the Nigeria Framework Loan will make a considerable contribution to improving infrastructure in the country. The loan will be earmarked to infrastructure projects that promote economic development, foster private sector development and create a competitive business environment. The projects in the energy, power, transport and telecommunications sectors, and associated manufacturing industries. The EIB added that it will work closely with the three banks to increase infrastructure finance in the country, following regulatory reforms and transformation of the banking sector. The banks, FirstBank of Nigeria, Guaranty Trust Bank and Stanbic IBTC, passed the Central Bank of Nigeria's audit last summer and were found to be solvent. The loan represents the largest single investment by the EIB in Africa.

Source: European Investment Bank

ARMENIA

Armenia ranks 111th globally in terms of logistics environment

The World Bank's Logistics Performance Index (LPI) for 2010 ranked Armenia in 111th place among 155 countries worldwide, up from 131st place in the previous survey that was conducted in 2007. Armenia also ranked in 18th place among 22 countries in Eastern Europe & Central Asia and in 25th place among 41 lower middle-income countries. The LPI provides an in-depth cross-country assessment of the logistics gap among countries and reflects perceptions of the logistics environment of trading partner countries. It is a composite of six sub-indices of supply chain performance. Globally, Armenia ranked ahead of Bolivia, The Gambia and Turkmenistan, and came behind Pakistan, the Ivory Coast and Jamaica. It came ahead of Turkmenistan and behind Moldova in Eastern Europe & Central Asia. It received a score of 2.52 points, up from 2.14 points in the previous survey, and lower than the global average of 2.87 points.

Globally, Armenia ranked in 125th place in terms of efficiency and effectiveness of customs and other border procedures, in 92nd place on the quality of transport and IT infrastructure for logistics, in 123rd place on the ease and affordability of arranging shipments, in 79th place in terms of available skills in the local logistics industry, in 139th place on the ability to track and trace shipments, and in 77th place on the timeliness of shipments in reaching their destination.

Source: World Bank, Byblos Research

BANKING

SYRIA

IMF urges reforms of state banks, phasing out of preferential treatment

The International Monetary Fund considered that the priority of Syrian authorities should be to reform state-owned banks in order to contain potential contingent fiscal liabilities that may arise from their non-performing loans. It also called for the acceleration of the development of the financial sector and for increasing its efficiency. It said the decision to adjust reserve requirements based on the volume of lending for investment purposes can encourage bank financing of less profitable projects over time, while the recent increase in the credit exposure limit for development projects could increase banks' vulnerabilities. It added that the government needs to phase out the public banks' preferential lending schemes in order for banks to allocate their credit based on their own internal lending criteria. It encouraged authorities to phase out these practices, which are not in line with best international standards, and to replace them with more effective means that entail lower risks for banks and lesser supervisory burdens. It noted that the existence of the differentiated reserve requirements and directed lending by public banks would hinder the development of a market-based monetary policy framework. In parallel, the IMF indicated that the average NPLs ratio of 6% of state-owned banks is likely to be significantly understated as public banks do not classify many of their loans that are in arrears as bad loans, as most of these loans are implicitly guaranteed by the government and the roll-over of bad loans is extensive. It urged the Central Bank to independently supervise and regulate state banks in order to ensure their compliance with prudential regulations and to effectively address deficiencies identified by the supervisory process.

Source: International Monetary Fund

JORDAN

Trade and construction account for 43% of overall lending at end-2009

Figures released by the Central Bank of Jordan indicate that credit facilities extended by commercial banks operating in Jordan totaled JD13.3bn at the end of 2009, constituting an increase of 2.1% from end-2008. The resident private sector accounted for 90.4% of the total relative to 91% a year earlier, followed by the non-resident private sector with 7.1% compared to 4.1% at end-2008, public entities with 2.1% down from 4.5% in the previous year, the central government with 0.3% and financial institutions with 0.03%. Foreign currency lending accounted for 11.6% of total lending, down from 12.8% at end-2008. The distribution of lending by sector shows that general trade represented JD3.2bn, or 24% of the total, up from 22% a year earlier. It was followed by construction with JD2.6bn, or 19.4% of the total, up from 17.6% at end-2008; industry with JD1.6bn, or 12.2% of overall lending; public services & utilities with JD910m or 6.8% of the total; transportation services with JD453m or 3.4% of credits; financial services with JD434m or 3.3%; tourism, hotels & restaurants with JD428m, or 3.2% of the total; and agriculture with JD231m, or 1.7% of overall lending. Further, other lending accounted for JD3.4bn, or 25.5% of total credits, of which JD487m were extended to buy shares.

Source: Central Bank of Jordan, Byblos Research

IRAQ

Loan guarantee program covers 1,075 loans

The Iraqi Company for Bank Guarantees (ICBG) indicated that it has guaranteed 1,075 loans worth nearly $16.5m in the last three years, with additional loans totaling $3m that in the pipelie. The ICBG aims to improve access to finance to small and medium-sized enterprises in Iraq by guaranteeing up to 75% of loans extended by Iraqi banks to such companies. It also aims to assist banks participating in the program to develop credible loan administration ýand risk management systems. The institution is privately owned by 13 Iraqi banks and its development has been supported by the Central Bank of Iraq in recognition of the important role such a company plays in deepening the local capital market. The ICBG guarantees loans ranging from $5,000 to $250,000 denominated in either US dollars or Iraqi dinars. It covers short term loans for working capital and medium term loans for fixed asset acquisition.

Source: Dow Jones Newswires

EGYPT

Public sector borrowing driving money supply growth, credit recovery to be slow

EFG Hermes indicated that money supply growth in Egypt was almost entirely driven by public sector borrowing in 2009, with annual loan growth to the private sector turning negative in the fourth quarter of last year. It said that although household credit has slightly increased in the final months of 2009, any recovery in credit growth will be tentative and will have a limited impact on overall domestic demand growth. It noted that the contraction in foreign currency lending has been particularly sharp. It expected credit to grow by 5% in fiscal year 2009/10, implying a further fall in private sector credit relative to GDP. According to EFG Hermes, conditions for credit deepening do not look favorable in the near term, as high inflation and high government borrowing are keeping interest rates elevated despite last year's rate cuts by the Central Bank of Egypt. Also, CBE requirements that limit credit exposure to single sectors or companies are forcing some companies to raise debt through the capital market rather than from banks. It considered that the credit recovery will be slow, with private sector credit relative to GDP rising from FY2011/12 onwards due to an estimated 15% rise in private sector credit.

Source: EFG Hermes

KUWAIT

Central Bank cuts discount and repurchase rates

The Central Bank of Kuwait reduced its benchmark discount rate by 50 basis points to 2.5%. It attributed the cut to a decline in inflationary pressures, a need to stimulate non-oil growth, while the currency remains at a competitive level. This marks the sixth cut made to the discount rate since October 2008. The CBK also cut the one-week and one-month repurchase rates by 25 basis points each, to 1.5% and 2%, respectively. The cut in interest rates, apart from lowering the cost of borrowing and encouraging money supply growth, could also be an attempt to encourage Kuwaiti companies to seek fresh and cheaper loans to refinance their debt.

Source: Economist Intelligence Unit

ENERGY / COMMODITIES

Oil rises to around $75 on Greek rescue hopes

Oil climbed to around $75 a barrel on February 11, sustained by hopes of a rescue plan for the Greek economy and by upbeat predictions of oil demand growth by two major forecasters. The euro rose against the dollar as investors increasingly anticipated that the EU would help Greece avoid default. Also, the International Energy Agency said on February 11 that global oil demand would grow by 120,000 barrels per day (bpd) more than previously expected in 2010 to average 86.5 million bpd. The forecast was in line with the latest projections from the U.S. Energy Information Administration, which predicted world oil demand would rise 1.2 million bpd in 2010. The EIA also expected oil prices to average $81 a barrel in the second half of the year, up 9% from current levels. U.S. crude for March delivery jumped 61 cents to $75.13 a barrel after settling 77 cents higher at $74.52 a barrel on February 10th. London Brent crude rose 75 cents to $73.29.

Source: Thomson Reuters

Syria's oil subsidies bill falls by 96% in 2009

Syria's oil subsidies bill fell by 96% from SYP372bn in 2008 to SYP14.4bn in 2009, as global oil prices declined and retail prices in the local market increased. Market demand for gas oil and fuel declined by 24% and 12%, respectively, as retail prices increased. Imports of gas oil fell by 77% while fuel imports decreased by 29% on an annual basis. Demand for gasoline rose by 7.8% and imports of gasoline grew by 81% year-on-year due to the continuous increase in the number of cars in the country. Demand for LPG rose by only 1.8% in 2009.

Source: Syria Report

Syria's Furoqlos oil refinery project delayed

Syria's Ministry of Petroleum stated that the conclusions of the financial feasibility study of the Furoqlos Oil Refinery project proved discouraging, but added that it was rewriting the study to take into accounts new inputs. It said Venezuela might increase its stake in the project to provide it with the financing needed for its launch. The Furoqlos refinery is a joint venture between Venezuela's state oil company PDVSA, the National Iranian Oil Refining and Distribution Company, the Bukhari Group of Malaysia and the state-owned Homs refinery. The refinery is expected to cost around $2.6bn to build.

Source: Syria Report

Iraq launches fourth state oil firm to oversee development

Iraq's Oil Ministry announced the launch of a fourth state company responsible for overseeing development in recently auctioned fields in the center of the country. The Middle Oil Company will join the North, South, and Maysan companies as the latest state-owned organization tasked with boosting production in the country.

Source: AFP

Iraq to resume oil exports from Kurdish region

Iraq is expected to resume oil exports from the northern Kurdish region after the government agreed to the local authority's proposal on a payment method to producers working in the region. The Kurdistan Regional Government in January proposed that the government pay Norway's DNO International ASA and other producers in northern Iraq directly, or for the revenues to pass through the Kurdish authorities.

Source: Dow Jones Newswires

Precious metals: Silver underperforms the sector

Precious metals corrected strongly, with much of the pressure stemming from the US dollar appreciation. Silver registered sharp losses as prices fell below $16. Silver is particularly sensitive to changes in risk appetite due to the physical oversupply in the market. Consequently, silver prices tend to underperform gold prices as risk aversion increases. Long liquidation is expected to remain an issue in the precious metals sector, particularly as seasonal factors are not very supportive for gold prices. Therefore, prices could remain under pressure over the coming weeks.

Source: Credit Suisse

Base metals: Zinc prices to increase in 2011 on limited output

Galvanizers, which account for 50% of refined zinc demand, have gradually increased their output by 20.3% year-on-year in the fourth quarter of 2009. A further increase in activity is expected, potentially resulting in high demand for zinc. Therefore, zinc consumption is forecast to increase by 12.5% in 2010 and 4% in 2011 on a high-end scenario. The likely increase in demand is expected to support prices but the upside is limited and prices are forecast to average $2,125 a ton for 2010, slightly above the current levels. Mine output is expected to increase, which means that a shortfall in the zinc concentrates market is unlikely. Despite the near-term risks emanating from concentrates supply, mine production is expected to constrain refined zinc output in the medium-term and sizeable mines are expected to close. Global zinc mine supply is projected to peak around 2012-13. Therefore, even if zinc market fundamentals are not particularly strong in 2010, zinc prices are forecast to average $2,750 a ton in 2011.

Source: Merrill Lynch

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	208.3	202.4	187.3	-3.8	32.2
LME metals price index	2991.3	3087.1	2623.9	-13.6	67.6
Oil prices USD	72.9	74.6	65.3	-10.6	80.6
Oil prices SDRs	47.3	47.3	42.3	-9.1	75.1
Gold $/troy oz	1070.4	1062.9	996.8	-2.4	18.2
Silver cents/troy oz	1613.0	1690.6	1523.9	-6.1	30.1
Platinum $/troy oz	1549.0	1384.5	1263.0	3.3	61.0
Copper $/MT	6570.5	6632.2	5554.0	-12.0	98.1
Nickel $/MT	18252.5	18020.0	15357.9	-3.2	57.3
Aluminium $/MT	2051.8	2004.8	1744.5	-7.8	48.4
Zinc $/MT	2082.3	2138.7	1775.6	-19.1	79.4

Source: Credit Suisse

COUNTRY RISK METRICS

Countries	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 (%)
	LT Foreign currency rating												
Africa													
Algeria	- -	- -	- -	- -	BBB Stable	-11.5	7.8	1.9	3.4	1.7	1.9	-3.0	0.8
Angola	- -	- -	- -	- -	B Stable	4.6	19.1	17.4	25.4	9.4	-	7.6	7.2
Egypt	BB+ Stable	Ba1 Stable	BB+ Stable	BBB- Stable	BB Stable	-7.9	73.8	17.0	47.0	5.8	100.6	-2.9	3.2
Ethiopia	-	-	-	-	CCC Stable	-2.3	-	14.1	263.0	-	-	-7.2	-
Ghana	B+ Negative	- -	B+ Negative	- -	CCC Stable	-10.1	-	35.6	-101.7	-	-	-17.0	
Ivory Coast	- -	- -	- -	- -	CC Stable	-1.4	-	55.7	134.4	-	556.0	0.3	-
Libya	A- Stable	- -	BBB+ Stable	- -	BB Stable	-2.0	6.5	15.5	20.0	3.3	-	15.5	2.8
Mauritania	- -	- -	- -	- -	- -	-3.1	-	47.6	92.7	-	-	-4.7	-
Morocco	BB+ Stable	Ba1 -	BBB- Stable	BBB- Stable	BB Stable	-3.6	52.8	24.2	79.5	0.5	95.6	-2.1	3.3
Nigeria	B+ Stable	- -	BB- Stable	- -	B Stable	-3.0	12.3	5.0	16.5	0.3	-	-5.6	1.6
Sudan	- -	- -	- -	- -	C Stable	-3.3	104.5	67.2	428.5	3.2	-	-5.1	2.4
Tunisia	BBB Stable	Baa2 -	BBB Stable	BBB Stable	BB Stable	-4.0	51.0	53.0	114.6	9.7	232.0	-2.6	3.8
Middle East													
Bahrain	A Stable	A2 -	A Stable	A Stable	BBB Stable	-6.4	22.7	178.0	220.3	15.9	934.9	-2.9	0.9
Iran	- -	- -	B+ Stable	BB- Stable	B Stable	-4.8	19.3	5.2	20.1	2.8	23.1	0.6	0.2
Iraq	- -	- -	- -	- -	CC Stable	-12.7	-	67.3	128.4	2.3	112.8	-0.1	0.9
Jordan	BB Stable	Ba2 -	- -	BB Stable	B Stable	-1.2	59.0	65.4	131.2	8.1	183.0	-10.7	6.9
Kuwait	AA- Stable	Aa2 Negative	AA Stable	AA- Stable	A Stable	12.9	7.5	31.7	57.7	2.8	221.2	25.8	-2.0
Lebanon	B Positive	B2 Positive	B- Stable	B Stable	CCC Stable	-12.6	154.3	96.3	631.1	15.0	168.6	-10.4	5.5
Oman	A Stable	A2 -	- -	A Stable	A Stable	-5.1	6.0	30.9	45.9	5.4	117.1	-0.3	2.0
Qatar	AA- Stable	Aa2 Stable	- -	AA- Stable	A Stable	4.2	10.4	72.8	157.3	8.4	603.4	8.7	7.9
Saudi Arabia	AA- Stable	A1 -	AA- Stable	AA- Stable	BBB Stable	-4.7	11.3	9.7	18.8	2.0	89.1	-6.1	0.3
Syria	- -	- -	- -	- -	CCC Stable	-7.9	32.3	14.6	75.3	1.0	151.1	-2.9	1.4
UAE	- -	Aa2 -	- -	AA- Stable	BB Stable	0.7	12.7	63.8	74.1	3.9	420.3	-5.3	0.7
Yemen	- -	- -	- -	B Stable	CC Stable	-11.2	-	22.5	112.7	-	-	-9.7	

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	-	-	-3.1	23.6	42.5	579.3	1.5	344.9	-0.8	0.9
Bulgaria	BBB	Baa3	BBB-	-	BB								
	Stable	-	Stable	-	Stable	-2.7	17.5	102.0	200.0	35.3	283.9	-8.0	8.2
Kazakhstan	BBB-	Baa2	BBB-	-	BB								
	Stable	-	Negative	-	Stable	-3.5	6.6	95.9	231.5	48.0	426.6	-7.6	9.2
Romania	BB+	Baa3	BB+	BBB-	BB								
	Negative	-	Stable	Negative	Stable	-5.1	20.8	61.5	202.5	15.9	348.0	-7.1	3.3
Russia	BBB	Baa1	BBB	-	BBB								
	Stable	Positive	Stable	-	Negative	-6.5	7.0	38.0	133.6	33.7	139.1	1.3	0.4
Turkey	BB-	Ba2	BB+	BB-	B								
	Stable	Stable	Stable	Stable	Stable	-6.0	47.6	47.3	198.3	31.2	434.4	-1.3	1.4
Ukraine	CCC+	B1	B	-	CCC								
	Stable	Positive	Negative	-	Stable	-4.0	22.1	86.6	223.7	20.1	407.1	-0.1	4.5

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	27-Jan-10	No change	16-Mar-10
Eurozone	Refi Rate	1.00	04-Feb-10	No change	04-Mar-10
UK	Bank Rate	0.50	04-Feb-10	No change	04-Mar-10
Japan	O/N Call Rate	0.10	26-Jan-10	No change	18-Feb-10
Australia	Cash Rate	3.75	02-Feb-10	No change	02-Mar-10
New Zealand	Cash Rate	2.50	28-Jan-10	No change	11-Mar-10
Switzerland	3 month Libor target	0.25	10-Dec-09	No change	11-Mar-10
Canada	Overnight rate	0.25	19-Jan-09	No change	02-Mar-10
Emerging Markets					
China	One-year lending rate	5.31	23-Dec-08	Cut 27bps	N/A
Hong Kong	Base Rate	0.50	27-Jan-10	No change	16-Mar-10
Taiwan	Discount Rate	1.25	24-Dec-09	No change	Mar-10
South Korea	Base Rate	2.00	11-Feb-10	No change	N/A
Malaysia	O/N Policy Rate	2.00	26-Jan-10	No change	04-Mar-10
Thailand	1D Repo	1.25	13-Jan-10	No change	10-Mar-10
India	Reverse repo rate	3.25	29-Jan-10	No change	20-Apr-10
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	24-Dec-09	No change	N/A
Turkey	Base Rate	6.50	14-Jan-10	No change	16-Feb-10
South Africa	Repo rate	7.00	26-Jan-10	No change	25-Mar-10
Kenya	Central Bank Rate	7.00	26-Jan-10	Cut 75bps	Mar-10
Nigeria	Monetary Policy Rate	6.00	05-Jan-10	No change	Mar-10
Ghana	Prime Rate	18.00	23-Nov-09	Cut 50bps	Feb-10
Mexico	Target Rate	4.50	15-Jan-10	No change	19-Feb-10
Brazil	Selic Rate	8.75	27-Jan-10	No change	17-Mar-10
Armenia	Refi Rate	5.50	Jan -10	Raise 50bps	N/A
Romania	Policy Rate	7.00	03-Feb-10	Cut 50bps	N/A
Bulgaria	Base Interest	1.46	01-Oct-09	Cut 11bps	N/A
Kazakhstan	Refi Rate	7.00	01-Jan-10	No change	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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