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# COUNTRY RISK WEEKLY BULLETIN

# NEWS HEADLINES

## WORLD

### Corporate default rate at 11.6% in February

Moody's Investors Service stated that the rate of global speculative-grade corporate defaults reached 11.6% at the end of February, down from 12.5% at the end of January, and compared to 5.8% 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 2.9% at the end of the year and to 2.7% at the end of February 2011, assuming an ongoing economic recovery and stable credit spreads through 2010. It added that the trailing 12-month default rate will likely decline rapidly over the next several months as most of defaults that occurred in the first half of 2009 move out of the trailing 12-month window. Measured on a dollar volume basis, the global speculative-grade bond default rate fell to 14.8% in February from 16% in January, and compared to 7% in February 2009. 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 16.5% in February, unchanged from January and down from 19.3% at the end of 2009 and from 49% in February 2009.

*Source: Moody's Investors Service*

## MENA

### Tourism to account for 11.2% of GDP by 2020

The World Travel & Tourism Council expected the tourism sector to account for 10.1% of the Middle East's GDP in 2010 and to rise to 11.2% of GDP 2020. It forecast the broad tourism and travel economy to generate demand of $174bn in 2010, growing to $430bn in 2020. It projected the sector's real growth rate to contract by 0.1% in 2010 and to average 5.2% during the 2011-20 period. The WTTC said business travel should generate $16.3bn this year, growing by 4.3% annually to reach $33.6bn in 2020, while personal travel and tourism should generate $76bn in 2010 and grow by a yearly average of 4.2% to $167bn in 2020. It estimated capital investment in the travel and tourism economy at $41.7bn in 2010 and at $112.5bn within 10 years. Further, it forecast the export of tourism services at $62bn this year and at $127bn in 2020, which would account for 6.8% of the region's total exports this year and 5% in 2020. It said the travel and tourism economy is providing jobs to 5.3 million people, or 10% of the region's total employment currently, with the figure rising to 6.9 million jobs or 10% of total employment by 2020. The region ranked 5th globally in terms of travel and tourism's share of GDP, 6th in tourism annualized real growth, 6th in terms of tourism employment and 6th in visitor exports.

*Source: World Travel & Tourism Council*

## GCC

### Limited spillover effects of Dubai debt crisis

The Institute of International Finance indicated that spillover effects of the Dubai debt crisis on the region are limited and manageable, as the main impact of Dubai's debt restructuring will be through the effect on external borrowing by some countries in the region. It said the short-term impact of the debt restructuring would reduce the availability and increase the cost of external capital, as international creditors further discount notions of implicit guarantees in pricing quasi-sovereign and corporate risk, and as rating agencies downgrade or cease coverage of quasi-public entities. It noted that financial institutions in other GCC countries have only minor exposures to Dubai debt, at less than 5% of the total. The IIF added that, given that the source of further contraction in Dubai's economy stems from the construction and real estate sectors, direct contagion to other segments of the GCC economies will be minimal. It said the impact through trade channels is also limited, as Dubai's economy accounts for 9% of GCC's GDP, and intra-GCC trade is less than 10% of total GCC trade.

*Source: Institute of International Finance*

## UAE

### ADIA's 20-year returns at 6.5%, up to 50% of portfolio invested in North America

The Abu Dhabi Investment Authority (ADIA) indicated that its global investment portfolio is highly diversified across more than 24 asset classes and sub-categories, including listed equities, fixed income, real estate, private equity, alternatives and infrastructure. It said that approximately 80% of its assets are managed by external fund managers whose activities are monitored daily, and that nearly 60% of its assets are invested in index-replicating strategies. ADIA noted that the 20-year and 30-year annualized rates of return in US dollar terms for its portfolio were 6.5% and 8%, respectively, as of end-2009. ADIA indicated that it has increased the overall level of liquidity in its portfolio from early 2008, but began in 2009 to cautiously lift its exposure to higher growth markets as the recovery began to take hold. It said that North America represents between 35% and 50% of its portfolio, followed by Europe with a 25% to 35% range, Emerging Markets with a range of 15% to 25%, and Developed Asia with a 10%-20% range. Further, developed markets' equities account for 35% to 45% of its portfolio, followed by emerging markets equities and government bonds (10%-20% each), credit, alternatives and real estate (5%-10% each), private equity (2%-8%) and infrastructure and small cap equities (1%-5% each). In parallel, ADIA stated that it carries out its investments independently and without reference to the government of the Emirate of Abu Dhabi or other entities that also invest on the government's behalf. It added that it is not involved with, nor has any visibility on matters relating to the spending requirements of the Abu Dhabi government.

*Source: Abu Dhabi Investment Authority*

# OUTLOOK

## MENA

### Growth forecast faces downside risks

Deutsche Bank indicated that its earlier growth forecast of 5% for the MENA region faces downside risks due to the recent downward revision to the 2010 forecast for the Eurozone's growth and revised expectations for the pace of monetary policy tightening in several major central banks around the world. It said exposure to external demand is high across the region but is complicated by differing dependencies on services trade. It noted big differences across the region in terms of the direction of trade, with the GCC reliant on a continued pick-up in imports from Asia, while North Africa is more dependent on the Eurozone. It added that a lack of timely real economy data across the MENA region makes it difficult to determine the pace of the region's recovery with accuracy. But as relatively open economies, it is possible gauge the degree of improvement via any pick-up in import growth from major trading partners, or in key export product markets more generally.

Deutsche Bank said that any sustained recovery in Gulf exports would be dependent on a continued pick-up in import growth in Asia, especially in China, India, Japan and South Korea. It noted that, even though the U.S. does not rank highly as an export market for the GCC, continued recovery in the U.S. is essential for Asia as well as for oil demand more broadly. It added that North Africa is more exposed to import growth in the Eurozone. It said that if fiscal consolidation in Europe takes place earlier than originally anticipated, it would impact domestic demand and import multipliers. As such, the recovery in import growth in the Eurozone would probably continue to be more subdued than in Asia and could well restrain the recovery in North Africa's export growth. It noted that a more sluggish recovery in Europe is also likely to have some spillover to the recovery in tourism numbers and could be exacerbated by foreign exchange appreciation against the euro, particularly in countries such as Egypt and Algeria.

*Source: Deutsche Bank*

## UAE

### Economic prospects depend on Dubai's debt restructuring

The Institute of International Finance indicated that the implications of Dubai's debt crisis on the economic prospects of the UAE will depend on how the debt restructuring of Dubai World is managed, the ability of local banks to withstand the possible write-downs and credit losses and their ability to lend, and the degree of improvement in capital markets' access following the restructuring. It said the long-term prospects for the Dubai economy will depend on the nature of the accompanying structural reforms in the UAE's federal relationships and the changes Dubai may introduce in its development strategy. It considered that Dubai's ability to continue to attract foreign capital will suffer a temporary setback, but could recover once the relationship between the government and the government-related entities (GREs) is clarified, and governance structures and financial transparency and disclosure improve. It added that Dubai's short-term prospects rely on the continued strength of the Abu Dhabi and regional economies as well as on the recovery in global conditions, as growth in the Emirate's core activities of trade, tourism and financial services might pick up.

The IIF noted the lack of clarity about the scope and timing of support from Abu Dhabi. It said Abu Dhabi will continue with the policy of measured support to limit contagion to the UAE economy and the banking system, to minimize reputational risk in light of massive financing requirements over the long term, and to maintain the UAE's position in global financial markets. But at the same time, it will avoid the moral hazard associated with a broader government bailout. It added that support from Abu Dhabi would depend on a series of actions that include Dubai reaching an agreement with creditors before end-April 2010, and identifying potential sources of revenues that can be tapped to repay the debt, including possible sales of assets or securing more capital. It noted that Abu Dhabi would also like to see regulatory, legal and institutional reforms aimed at improving fiscal and debt management frameworks and enhancing transparency and disclosure.

*Source: Institute of International Finance*

## NIGERIA

### Public finances remain under pressure, Central Bank to encourage credit lending

Barclays Capital estimated that Nigeria's real GDP grew by 6.9% in 2009, supported by agriculture, which accounts for over 40% of GDP, and by strong trade and services activities. It expected these factors to continue to drive growth this year along with positive expansion in the oil sector, and projected real GDP to grow by an average of 7.4% in 2010-11. It suggested that the perception of credit risk on banks remains a major constraint to their ability to lend to the real sector. It noted, however, that the Central Bank of Nigeria (CBN) is taking steps to encourage credit lending like reducing the standing deposit facility to 1% and providing alternative sources of long-term funds to finance development projects and deepen the capital markets.

Barclays Capital also indicated that the CBN is faced with a policy challenge as it needs to maintain a sufficiently tight monetary policy stance in order to contain double-digit inflation, while also encouraging credit lending. It estimated consumer price inflation at 12% in 2009 and 10% in 2010. It noted that the CBN eased its monetary policy by cutting aggressively its policy rate in 2009, but did not expect further monetary policy easing given inflationary risks. It projected the naira to remain stable in the medium-term but for the currency to appreciate towards the end of the year, supported by higher oil revenues and improved capital inflows.

Barclays Capital warned that public finances are still under pressure amid the domestic political crisis and noted that the federal government is reducing its Excess Crude Account. It said the government projects a fiscal deficit of 4.8% of GDP in 2010 and 2% of GDP in 201. 1It projected the current account balance to post a surplus of 6% of GDP in 2010 compared to a small deficit of 1% of GDP in 2009. It added that domestic political developments and the global macro-environment remain key risks to the country's outlook.

*Source: Barclays Capital*

## SYRIA

### Tourism to account for 12% of GDP by 2020

The World Travel & Tourism Council expected the tourism sector to account for 12.1% of Syria's GDP in 2010 and to decline to 11.9% of GDP in 2020. It forecast the broad tourism and travel economy to generate demand of $5.5bn in 2010, growing to $7.9bn in 2020. It projected the sector's real growth rate at 4.1% in 2010 and to average 3.3% during the 2011-20 period. The WTTC said personal travel and tourism would generate $1.4bn this year, growing by 4.6% annually to reach $2.3bn in 2020, while business travel should generate $271m in 2010 and grow by a yearly average of 3% to $379m in 2020. It estimated capital investment in the travel and tourism economy at $608m in 2010 and at $923m within 10 years. Further, it forecast the export of tourism services at $3.4bn this year and at $4.7bn in 2020, posting a real annual growth of 2.9% over the 2011-20 period. It expected travel and tourism exports to generate 18.5% of Syria's total export revenues. It said the travel and tourism economy is providing jobs to 792,000 people, or 12.5% of total employment currently, with the figure rising to 1.1 million jobs or 11.9% of total employment by 2020. Syria ranked 57th globally in terms of travel and tourism's share of GDP, 152nd in tourism annualized real growth, 54th in terms of tourism employment and 50th in visitor exports.

*Source: World Travel & Tourism Council*

## JORDAN

### Sovereign rating downgraded

Standard & Poor's lowered its long-term local currency sovereign credit rating on Jordan to 'BBB-' from 'BBB'. It also lowered the transfer and convertibility assessment to 'BBB-' from 'BBB' and affirmed the 'BB/B' long- and short-term foreign currency sovereign ratings, and the 'A-3' local currency short-term rating. It attributed the downgrade to Jordan's weaker fiscal flexibility over the medium-term and to the rise in government debt. It said the global economic slowdown and a decrease in external grants, led to an increase in the fiscal deficit to about 7.8% of GDP in 2009 from a broadly balanced position during the previous five years. It added that the Kingdom's net borrowing requirements have structurally increased as a result of lower grant revenues, and increasing expenditures, which will reverse the trend of a declining debt that had prevailed until 2008. It forecast that Jordan's gross government debt ratio will be It expected the fiscal deficit to remain above 4.5% of GDP till 2013 because of a slowdown in government revenues and limited spending cuts. It expected the public debt to increase again to an estimated 65% of GDP in 2010 and to be around double that of the 'BB' median of 38.6% of GDP by 2012.

*Source: Standard & Poor's*

## ANGOLA

### Market confidence improves on prudent economic policies

The International Monetary Fund indicated that economic developments in Angola have been broadly in line with expectations, and that the authorities' stabilization program has produced a steady improvement in macroeconomic conditions. It said market confidence has improved significantly due to prudent implementation of macroeconomic policies, and economic activity in key non-oil sectors has picked up. It noted that inflation reached 14% in 2009, suggesting little immediate pass-through effects from the exchange rate depreciation. It added that the re-introduction of the foreign exchange auction system has allowed a significant and orderly adjustment in the official exchange rate and, together with a modest appreciation of the parallel market rate, has substantially narrowed the spread between the two markets. Further, fiscal performance has improved in the fourth quarter of 2009 due to expenditure restraint and higher non-oil revenues, which has contributed to the stabilization of foreign reserves and to the improvement in market confidence. The Fund called for further steps to create a sustainable fiscal position, limit inflation, and rebuild foreign reserves. It cited, in particular, shifts in monetary and exchange rate policies to further improve the workings of the exchange market system, development of a government debt management strategy to contain fiscal risks, and improvements in public finance management and fiscal transparency.

*Source: International Monetary Fund*

## UKRAINE

### Sovereign ratings upgraded, outlook revised to stable

Standard & Poor's raised its foreign-currency sovereign credit rating on Ukraine to 'B-/C' from 'CCC+/C', and its local-currency sovereign rating to 'B/B' from 'B-/C' with a 'positive' outlook. It attributed the upgrade to a decline in the country's political risks, while prospects for external funding have improved. It said the formation of a new governing coalition and Cabinet has paved the way for better policy coordination and a renewal of relations with the IMF, as the provision of funding under the $16.4bn IMF Stand By Arrangement will be essential to improve confidence in Ukraine's monetary and economic stability, to finance a component of this year's budget, and to help improve the finances of Ukraine's pension system and state-owned Naftogaz. It added that greater investor confidence would also improve the balance of payments via increased FDI and a higher rollover rate of external debt. In parallel, Fitch Ratings revised Ukraine's outlook to 'stable' from 'negative' and affirmed the country's rating. It noted, however, that the new government faces a tough challenge to adjust policies, unlock financing from the IMF and tackle the ongoing impact of the economic and financial crisis that has hit Ukraine hard.

*Source: Standard & Poor's, Fitch Ratings*

## SAUDI ARABIA

### Stock market to become accessible to foreign investors

The Capital Markets Authority (CMA) indicated that it has authorized the first exchange-traded fund (ETF) in Saudi Arabia, which will be accessible to foreign investors as part of efforts to open up the biggest Arab bourse. ETFs usually track a stock market index and can be traded like securities. Saudi Arabia has been trying to attract foreign capital to its bourse, having recently allowed indirect foreign ownership via swap agreements. The bourse's market capitalization totals about $354bn and rose by 9% year-to-date.

*Source: Thomson Reuters*

## MENA

### Libya takes control of ABC

The Arab Banking Corporation Group (ABC), a Bahrain-based offshore bank owned by the Abu Dhabi Investment Authority (ADIA), Kuwait Investment Authority (KIA), and the Central Bank of Libya (CBL) announced that its General Assembly approved a paid-up capital increase of $1.11bn to $3.11bn by way of a priority rights offering. The CBL subscribed to the entire issue, making it the largest shareholder with a 54.7% stake, and diluting the shares of KIA and ADIA from 29.7% and 27.6%, respectively, to 19.1% and 17.7%, respectively. Also, the share of the remaining shareholders declined from 13.2% to 8.5%. The Group posted net profits of $122m in 2009 after impairment provisions of $115m, compared to losses of $880m in 2008. Total revenues reached $641m relative to $607m in 2008. ABC's balance sheet contracted by $2.5bn last year to $25bn as part of an ongoing de-leveraging process, mainly because of heavy losses in the loans and securities portfolios. Established in 1980, ABC is engaged in trade finance, treasury, project & structured finance, syndications, corporate & institutional banking as well as Islamic banking. It has a presence in 21 countries in the MENA, Europe, the Americas and Asia.
*Source: Arab Banking Corporation, Byblos Research*

## SYRIA

### Private sector accounts for 44% of credits, private banks extend 15% of lending

Total credits extended by commercial banks reached SYP 1,124bn, or about $24bn, at the end of 2009, constituting an increase of 14.5% from SYP 982bn at end-2008. Credits in Syrian pounds accounted for 97% of the total unchanged from end-2008, and foreign currency loans accounted for the remaining 3%. Loans to non-financial public enterprises accounted for 47% of total lending, down from 49% at year-end 2008, followed by resident private sector lending with 44% relative to 40% at end-2008, while the central government accounted for the remaining 8%. Households accounted for 74% of resident private sector lending, followed by businesses with 25.6% and other financial institutions with 0.2%. Households and businesses represented 79% and 20.8%, respectively, of private sector lending at end-2008. Further, the sectoral distribution of credit shows that wholesale & retail trade accounted for 44% of the total, down from 56% at end-2008 followed by agriculture with 19%, up from 11% a year earlier; building & construction with 14%; and mining, manufacturing & utilities with 8%, while other lending represented the balance of 15%. Public commercial banks accounted for 83% of total lending at end-2009, down from 86% a year earlier, while private commercial banks accounted for 15% and private Islamic banks for the remaining 2%. Loans & advances accounted for 50% of private banks' lending, followed by personally secured credits & overdrafts with 30%, and discounts with 18%. Private commercial banks' lending rose by 35% yea-on-year, credits by state-owned banks increased by 15%, and Islamic banks' activity grew by 50% in 2009.
*Source: Central Bank of Syria, Byblos Research*

## IRAN

### Ratings assigned to state-owned bank

Capital Intelligence assigned to the Export Development Bank of Iran (EDBI) long-term and short-term foreign currency ratings of 'BB-' and 'B', respectively, a Financial Strength rating of 'BB+' and a support rating of '3'. The outlook for the ratings is 'stable'. It said EDBI's ratings reflect its very strong capital adequacy, business model and access to low-cost official funding, but also take into consideration its weak asset quality, high borrower concentration and weaknesses in the regulatory and operating environment. It indicated that the bank's support rating reflects the government's strong likelihood of providing sufficient financial assistance in case of need as well as the government's full ownership of the bank. It noted that EDBI ranks second among Iranian banks with a capital-to-assets ratio in excess of 50%, and that the bank posted record profits in FY2009 due to its high interest differential and low cost-to-income ratio. Also, the bank's liquidity is very strong given its access to official funding. The agency said the bank's asset quality worsened in FY2009 given the deterioration in operating conditions, and loss reserve cover is low by international standards, although this is mitigated by a good rate of recoveries, reinsurance with the Export Guarantee Fund of Iran and strong collateral security.
*Source: Capital Intelligence*

## ARMENIA

### Central Bank takes measures to reduce economy's dollarization

The Central Bank of Armenia announced it will take measures to reduce the dollarization rate of the Armenian economy by introducing new requirements and toughening some of the existing ones. It hopes to reduce the 50% share of foreign currency lending and 70% share of foreign currency deposits. It plans to increase the share of local currency in the minimum amount of compulsory reserves for commercial banks. The current reserve requirements are 8% for local currency deposits and 12% for foreign currency deposits. It will require that 3% out of the 12% of foreign currency deposits' reserves be placed in Armenian Drams, to be raised in the future to 6%, or 50% of foreign reserve requirements. Also, the CBA plans to restore at the end of April the foreign exchange management requirements. It introduced in the third quarter of 2009 a 7% special requirement for banks' open long foreign exchange position that stipulates that a bank's foreign exchange assets should not exceed its foreign exchange liabilities. Further, the CBA plans increase loan-loss reserves, particularly on risky loans, and is revising with the Ministry of Finance assets' classification to restrict foreign exchange lending.
*Source: Central Bank of Armenia*

# ENERGY / COMMODITIES

## Oil below $82 on firmer dollar, supply still high

Oil fell towards $82 a barrel on March 18 after a two-day rally, as the dollar strengthened against the euro. U.S. crude oil futures fell 44 cents to $82.49 a barrel and ICE Brent fell 38 cents to $81.58 a barrel. Prices rose more than $3 during March 16 and 17 due to a larger than expected decrease in fuel inventories. Also, U.S. gasoline demand rose to a record high for the month of February. The Organization of the Petroleum Exporting Countries (OPEC) agreed to maintain the official existing cuts of 4.2 million barrels per day, but some member countries have been pumping oil above their output targets. The group stated that it did not strictly push member countries about the compliance. OPEC is expected to leave oil output quotas unchanged at its next meeting in October 2010.
*Source: Thomson Reuters*

## Oil price forecasts increase but remain below current levels

Oil price forecasts for end-2010 and end-2011 were raised from $50pb to $60pb, as current oil prices remained unchanged despite the appreciation of the dollar. These forecasts are still at the low end of market expectations and well below present oil prices of around $80pb, as the global economic recovery is still fragile and trends in the oil demand and supply are projected to remain low. Commodity prices are expected to remain unchanged even with rapid growths in GDP. The oil intensity of economic activities is declining even in developing countries. Higher oil prices did not push supply, as the credit crunch has held back investment in new production and refining capacity. Also, supply shocks are always possible with the conflict between Iran and the West. But a rising oil supply could turn out from Iraq's or Brazil's side.
*Source: Capital Economics*

## Iraq targets 12 million barrels a day, defers OPEC quota limits

Iraq's Oil Ministry expected the country to produce 12 million barrels of oil a day within seven years. It said it will not discuss any quota with OPEC before production increases significantly to around 4 million barrels a day. Iraq is the only OPEC's member not subject to the quota.
*Source: Bloomberg*

## Angola could repeat request for OPEC quota exemption

Angola is expected to repeat a request to OPEC to allow it to be exempt from its output quota. The country's Oil Ministry had asked OPEC several times last year to be exempt from the cuts, as the country still suffers the consequences of a 27-year civil war, but the move has so far failed to gain approval from the group. Angola has pumped around 1.75 million barrels per day (bpd) in the first three months of the year, above its OPEC quota which it claims is 1.656 million bpd. Angola joined OPEC in 2007 and was president of the group last year.
*Source: Thomson Reuters*

## Base metals: Aluminium prices to rise in 2010

Aluminium consumption recovered by the fourth quarter of 2009 from the sharp downturn in the first half of the year, and is expected to increase in 2010, sustained by continued growth in China and some recovery in consumption in developed markets. Aluminium consumption growth is estimated at 4% in 2010 in the Americas and 8% in major European economies, while it is expected to remain low in Japan. Consumption is expected to decline in 2011 as the impact of monetary stimulus and economic recovery start to fade, particularly in the U.S.

Aluminium production is expected to continue to recover and to grow by an annual average rate of 5.7% in 2010-11, as capacity and production rise in China, Russia and the Middle East. Prices are expected to average $2,341 a ton in 2010, followed by little change in 2011. A price of at least $2,100 a ton is needed to sustain marginal supply. Costs of energy and raw materials stabilized in the second quarter of 2009 but rose again in the second half of the year. Production costs at marginal smelters, particularly those in China, now exceed $2,200 a ton.
*Source: Economist Intelligence Unit*

## Precious metals: Rising yields are a drag for gold

Performance of precious metals was divergent across the sector with gold coming under moderate downward pressure. Rising bond yields generated some selling activity as opportunity costs for holding non-yielding assets increase. Consequently, gold prices are likely to fall below $1,100 during March, despite the appreciation of the dollar. In parallel, platinum prices are expected to be supported by the high investment demand. Platinum is projected to outperform gold in the coming months due to its greater dependence on the business cycle. In the long run, platinum and palladium prices are expected to be supported by economic recovery, rising car sales and easing Russian palladium stock sales.
*Source: Credit Suisse, Julius Baer*

| **Commodities price developments** | level | 6m ave | 12m ave | mom% | yoy% |
|---|---|---|---|---|---|
| Economist commodity price index | 210.9 | 205.6 | 192.6 | 3.4 | 37.6 |
| LME metals price index | 3443.1 | 3164.4 | 2773.1 | 8.4 | 94.4 |
| Oil prices USD | 82.2 | 76.1 | 68.9 | 9.4 | 91.5 |
| Oil prices SDRs | 53.7 | 48.4 | 44.4 | 9.7 | 83.6 |
| Gold $/troy oz | 1104.8 | 1093.5 | 1012.9 | 1.9 | 21.6 |
| Silver cents/troy oz | 1691.0 | 1721.0 | 1550.8 | 10.0 | 34.0 |
| Platinum $/troy oz | 1580.0 | 1443.0 | 1309.7 | 4.6 | 50.8 |
| Copper $/MT | 7431.3 | 6809.8 | 5915.8 | 7.4 | 108.8 |
| Nickel $/MT | 21222.0 | 18197.1 | 16328.1 | 15.5 | 118.4 |
| Aluminium $/MT | 2205.3 | 2046.9 | 1822.3 | 8.9 | 69.0 |
| Zinc $/MT | 2312.2 | 2213.0 | 1879.4 | 5.9 | 90.6 |

*Source: Credit Suisse*

# 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 | | | | | | | | |
| **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 | Aa3 Stable | 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 | | | | | 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 | - | - | -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 | | | | | | | | |
| | Positive | Stable | Stable | Stable | Stable | -6.0 | 47.6 | 47.3 | 198.3 | 31.2 | 434.4 | -1.3 | 1.4 |
| Ukraine | B- | B1 | B | - | CCC | | | | | | | | |
| | Positive | 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 | 16-Mar-10 | No change | 28-Apr-10 |
| Eurozone | Refi Rate | 1.00 | 04-Mar-10 | No change | 08-Apr-10 |
| UK | Bank Rate | 0.50 | 04-Mar-10 | No change | 08-Apr-10 |
| Japan | O/N Call Rate | 0.10 | 17-Mar-10 | No change | 07-Apr-10 |
| Australia | Cash Rate | 4.00 | 02-Mar-10 | Raise 25bps | 06-Apr-10 |
| New Zealand | Cash Rate | 2.50 | 11-Mar-10 | No change | N/A |
| Switzerland | 3 month Libor target | 0.25 | 11-Mar-10 | No change | 17-Jun-10 |
| Canada | Overnight rate | 0.25 | 02-Mar-10 | No change | 20-Apr-10 |
| **Emerging Markets** | | | | | |
| China | One-year lending rate | 5.31 | 23-Dec-08 | Cut 27bps | N/A |
| Hong Kong | Base Rate | 0.50 | 16-Mar-10 | No change | N/A |
| Taiwan | Discount Rate | 1.25 | 24-Dec-09 | No change | Mar-10 |
| South Korea | Base Rate | 2.00 | 11-Mar-10 | No change | 09-Apr-10 |
| Malaysia | O/N Policy Rate | 2.25 | 04-Mar-10 | Raise 25bps | 13-May-10 |
| Thailand | 1D Repo | 1.25 | 10-Mar-10 | No change | 21-Apr-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 | 16-Feb-10 | No change | 18-Mar-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 | 23-Mar-10 |
| Nigeria | Monetary Policy Rate | 6.00 | 02-Mar-10 | No change | 02-May-10 |
| Ghana | Prime Rate | 16.00 | 19-Feb-09 | Cut 200bps | Apr-10 |
| Mexico | Target Rate | 4.50 | 19-Feb-10 | No change | 19-Mar-10 |
| Brazil | Selic Rate | 8.75 | 17-Mar-10 | No change | N/A |
| Armenia | Refi Rate | 6.50 | 09-Mar-10 | Raise 50bps | N/A |
| Romania | Policy Rate | 7.00 | 03-Feb-10 | Cut 50bps | N/A |
| Bulgaria | Base Interest | 0.18 | 01-Mar-10 | Cut 8 bps | 01-Apr-10 |
| 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 | 8.50 | 24-Feb-10 | Cut 25 bps | N/A |

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