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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

EMERGING MARKETS

Fixed income trading volume up 53% to $1,400bn in first quarter 2010

Trading in emerging markets debt instruments stood at $1,402bn in the first quarter of 2010, constituting an increase of 53% from $915bn in the same period last year, but down 1.4% from $1,422bn in the fourth quarter of 2009. The volume of trades in local markets instruments stood at $960bn in the first quarter of 2010, up 46% from $656bn in the same quarter last year, and almost unchanged from $965bn in the last quarter of 2009. Local instruments turnover accounted for 69% of total emerging markets debt trades compared to 72% in the same period last year. In parallel, sovereign and corporate Eurobonds' trading volume stood at $426bn, an increase of 69% from $252bn in the first quarter of 2009 and compared to $428bn in the fourth quarter of last year.

Sovereign Eurobond volumes increased by 52% year-on-year to $255bn, while the volume of traded local corporate bonds reached $159bn, up 109% from the same period last year. Sovereign Eurobonds accounted for 18% of total debt trading, relative to 18% in the same period last year, and corporate debt represented 11% of the survey's volume compared to 8% in the first quarter year. The most frequently traded instruments were Brazilian debt securities at 18% of the total, followed by Mexican assets with 13%, South African instruments with 8% and Turkish debt securities at 6%. Trading in Brazilian instruments rose by 45% year-on-year, in Mexican assets by 308%, and in South African debt by 148%. The most frequently traded sovereign Eurobonds included issues from Russia with $13bn, South Africa with $8bn, followed by Brazil with $6bn and Venezuela with $5bn.

Source: EMTA

MENA

Quality of life almost unchanged in region

The annual survey on the quality of life in 221 cities around the world by global consultants Mercer Human Resource Consulting showed that the overall quality of living in the region in 2010 did not improve from the previous year. 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. The MENA region's average score was 62 points, up 0.6% from 2009, while the Arab world's average reached 61.7 points, up 0.8% year-on-year. Both scores came below the global average score of 75.5 points. The scores of 8 cities in the MENA region improved, 5 declined and 7 remained unchanged, while the rankings of 9 cities improved, 10 declined and 1 stayed the same. Four cities were added to the survey and one was removed. Dubai has the highest overall quality of life in the region, while Baghdad was considered to be the world's least appealing city. The survey is conducted annually to help multinational companies assess international hardship allowance for their expatriate workers.

Source: Mercer Human Resource Consulting

GCC

Outlook remains negative on real estate sector

Moody's Investors Service indicated that its outlook on the real estate sector in the GCC remains negative due to the imbalance between supply and demand in the market. It said the supply-demand disparity in commercial property and to some degree in residential units, depending on the city or country, is likely to deteriorate as the supply far exceeds demand. It added that funding and the preservation of cash, which includes potential disposals of non-core assets, cash collection and debt standstill agreements, also contribute to the negative outlook. The agency noted that it has downgraded the ratings of all GCC issuers with real estate exposure over the past 12 months from an average rating of 'A2' at the beginning of April 2009 to 'Ba1' currently, constituting a five-notch drop. It noted, however, that significant differences exist across the region, and considered Saudi Arabia to be the brightest spot in the GCC countries. The rating agency said that several factors could prompt a revision of the outlook to stable, including government spending for public infrastructure work, government intervention, a shortage of low- and middle-income housing, and international expansion. But it ruled out changing the outlook to stable in the near term.

Source: Moody's Investors Service

SAUDI ARABIA

Mixed optimism for second quarter

The D&B Business Optimism Index for Saudi Arabia covering the second quarter of 2010 shows stable conditions in the non-hydrocarbon sector, as the composite business optimism index for the sector stood at 61 compared to 62 in the previous quarter. The index for expected sales declined marginally to 72 from 73 in the first quarter, and the profits index slightly regressed to 74 from 75 quarter-on-quarter. However, non-hydrocarbon firms expect new orders to decline and inventory levels to decrease, as the index for new orders regressed to 69 from 76 and the inventory index declined from 62 to 53, while they expect selling prices to increase as the related index improved to 42 from 33. Further, 46% of non-hydrocarbon firms plan to expand their business compared to 23% who do not have such plans, while 43% of respondents expect borrowing conditions to improve. In parallel, the price of raw materials was the main concern of 47% of businesses, with 71% of firms in the manufacturing and trade sectors citing this issue as a major factor affecting their operations. The availability of finance continues to be the main concern of 23% of firms, with 36% of businesses in trade, restaurants & hotels and 34% of construction firms expect it to be a business hurdle. The main concern of hydrocarbon firms is related to project delays, with 62% of respondents highlighting such delays as their main issue.

Source: Dun & Bradstreet

MENA

Low credit growth could impact economic recovery

The International Monetary Fund identified stress in the banking system and slow credit activity in the MENA countries as factors impeding economic growth prospects across the region. It noted that, following an extended period of high credit growth through mid-2008, lending slowed by an average of almost 30 percentage points by end-2009 with several countries experiencing declines of more than 40 percentage points. It attributed the slowdown to a severe cutback in funding, as domestic deposit growth slowed sharply and external borrowing for banks declined; and increased strains on banks' balance sheets, as profitability fell and NPLs rose. It added that the economic downturn depressed credit demand and raised uncertainty about future investment prospects, heightening risk aversion among both banks and prospective borrowers. It noted that the region's credit culture is shifting away from name lending toward an approach based on accurate disclosure and appropriate risk management.

The IMF considered that the withdrawal of quantitative measures should be delayed until a clear recovery in lending materializes. It added that banking sectors that have been affected the most need to clean up their balance sheets, such as recognizing losses and supplementing bank capital, as a prerequisite for any sustainable recovery in credit. The Fund noted that policy can temper risk aversion by increasing transparency and clearly communicating the future path of monetary and regulatory measures, adding that policy should promote greater corporate governance and disclosure. It encouraged medium-term efforts to develop domestic bond markets as a viable alternative to bank credit. It noted that the resumption of credit growth will take time. As such, it considered that bank balance sheets must improve, which means that banks must increase their capitalization levels, asset quality must recover, and profit margins need to be restored.

Source: International Monetary Fund

SYRIA

Real GDP growth to average 5.3%, current account deficit at 3.8% in 2010-11

The International Monetary Fund projected Syria's real GDP growth at 5% in 2010 and 5.5% in 2011, up from 4% in 2009, and compared to growth in Mashreq countries of 5% in 2010 and 5.4% in 2011. The IMF forecast Syria's annual average inflation rate at 5% in 2010 and 2011, up from 2.5% in 2009 and compared to inflation of 9.1% in 2010 and 7.7% in 2011 for Mashreq economies. Further, it expected the growth of broad money at 12% this year and 6% next year relative to 10.2% last year. The Fund projected the central government's fiscal balance to post a deficit of 4.5% of GDP in 2010 and 3.4% of GDP in 2011, down from 5.5% of GDP in 2009, and compared to a deficit in Mashreq countries of 7.6% of GDP in 2010 and 7.2% of GDP 2011. It estimated public revenues at 21.3% of GDP this year and 21.5% of GDP next year and total expenditures at 25.8% of GDP in 2010 and 24.9% of GDP in 2011.

The IMF forecast Syria's public debt to reach 28.6% of GDP at end-2010 and 26% of GDP at end-2011 down from 29.1% at end-2009, as well as total external debt at 9% of GDP at the end of this year and at 8.1% of GDP at the end of next year. Further, the Fund estimated exports of goods & services from Syria at $18.7bn in 2010 and $20.4bn in 2011, up from $16.7bn in 2009; and imports of goods & services at $21.4bn in 2010 and $23.1bn in 2011, up from $19.1bn in 2009. It forecast the country's current account deficit at $2.4bn or 4% of GDP in 2010 and at $2.3bn or 3.5% of GDP in 2011, compared to a deficit for Mashreq countries of 4.4% of GDP in 2010 and 4% of GDP in 2011. The Fund expected the country's gross official reserves to reach $16.9bn at end-2010 and $16.4bn at end-2011, down from $17.1bn at end-2009.

Source: International Monetary Fund

SUDAN

Non-oil growth to average 6%, non-oil fiscal deficit at 15.3% of GDP in 2010-11

The International Monetary Fund projected economic growth in Sudan at 5.5% for 2010 and 6% for 2011 compared to growth in Middle Eastern oil exporting countries of 4.3% in 2010 and 4.5% in 2011. It forecast the country's real non-oil GDP to grow by 6.2% in 2010 and 5.5% in 2011, up from 4.8% in 2009, and compared to non-oil growth of 4.1% for oil exporters in the MENA region. It expected Sudan's annual average inflation rate at 10% in 2010 and 9% in 2011, down from 11.3% in 2009, and compared to inflation of 6.6% and 6.5% in oil exporting countries for 2010 and 2011, respectively. Also, it forecast broad money to grow by 21% this year and 18% next year, down from 23.5% in 2009. The Fund projected the central government's fiscal balance to post a deficit of 3.4% of GDP in 2010 and 4.5% of GDP in 2011, down from 4.7% of GDP in 2009. It estimated public revenues at 17.3% of GDP in 2010 and 16.9% of GDP in 2011, up from 15.2% of GDP in 2009, and total expenditures at 21.5% of GDP this year and 22% of GDP next year, up from 20.4% of GDP last year. Also, it expected the central government's non-oil fiscal balance to post a deficit of 14.7% of GDP in 2010 and 15.9% of GDP in 2011, compared to a non-oil fiscal deficit in oil exporting countries of 43.5% in 2010 and 40.6% in 2011.

The IMF expected Sudan's public debt to reach 70.7% of GDP at end-2010 and 71% of GDP at end-2011, down from 80.2% at end-2009. It also forecast total gross external debt at 57% of GDP in 2010-11, down from 64.9% of GDP in 2009 and compared to external debt in oil exporting countries of 28.5% of GDP in 2010 and 27.9% of GDP in 2011. Further, the Fund estimated Sudan's exports of goods & services at $11.5bn in 2010 and $13bn in 2011 up from $8.2bn in 2009, and imports of goods & services at $12.2bn in 2010 and $13bn in 2011, up from $11.4bn in 2009. It forecast the country's current account deficit at $5.5bn or 8.4% of GDP in 2010 and at $6.3bn or 8.5% of GDP in 2011, down from $7bn or 12.9% of GDP in 2009. The Fund expected the country's gross official reserves to reach $1.3bn at end-2010, up from $0.7bn at end-2009.

Source: International Monetary Fund

ECONOMY & TRADE

SYRIA

Insurance premiums up 13% to $76.5m in first quarter of 2010

Figures released by the Syrian Insurance Supervisory Commission (SISC) show that total insurance premiums reached $76.5m in the first quarter of 2010, constituting an increase of 12.9% from the same period last year, and compared to year-on-year growth of 22% in the first quarter of 2009. Premiums collected from third-party car insurance grew by 1.9% year-on-year to $31.6m and accounted for 41.3% of the market. They were followed by all-risk car insurance with premiums of $16.1m, up 34.7% and accounting for 21% of total premiums. Fire insurance came in the third place with premiums of $12.9m, up 22.8% and representing a 17% market share. It was followed by marine with $6m, down 2.8%; health with $3.7m, up 16.8%, and engineering with $2.2m, up 41%. Premiums generated from life insurance jumped by 33% year-on-year and accounted for 1.7% of total premiums. Byblos Bank's insurance affiliate ADIR-Syria posted the highest growth in premiums at 205%, followed by Al-Aqeelah Takaful (+105.3%), Solidarity Alliance (+62.7%), and Syria Islamic Insurance Company (+62.6%). The state-owned Syrian Insurance Company continues to lead the market with a 41% market share at the end of March. Its share is expected to grow significantly following the enforcement of a health insurance system for around 750,000 civil servants with an annual insurance budget of around $130m.

Source: Syria Report

ALGERIA

Approval of five-year $286bn investment plan

The Cabinet approved a plan to invest $286bn in development projects between 2010 and 2014, with a significant portion allocated to projects that were already approved or started during the 2005-09 period. The Cabinet allocated $130bn for the completion of existing projects such as railways, roads and water supply. It earmarked 40% of the remaining $156bn to human and social development, including the construction of thousands of schools and training colleges, hundreds of hospitals and clinics and two million new homes, of which 1.2 million are to be delivered by end-2014. It allocated a further 40% to infrastructure, while it earmarked the remaining funds to support agriculture and industry, and to finance institutional reforms. The Cabinet added that the value of development projects implemented during the previous five years totaled AD17,500bn, or $236bn. The country has $140bn in foreign currency reserves and an additional $50bn in its oil stabilization fund. But the government has faced problems is in executing projects on time and within budget.

Economist Intelligence Unit

SUDAN

IMF to negotiate debt relief

The Sudanese government declared that the International Monetary Fund agreed to start negotiations on the country's outstanding debt, but warned that any potential relief may take years to materialize. The country's external debt, which was accumulated by successive governments, is mostly in arrears. The Ministry of Finance & National Economy said Sudan's external debt stood at about $35.7bn at end-2009, including $15.4bn in original debt, $3.8bn in interest arrears, and $16.5bn in late payment penalties. It added that Sudan owes $11.2bn to members of the Paris Club, $13.3bn to non-members of the Paris Club, $4.5bn to commercial banks and $1.4bn to international suppliers. The major debtors of Sudan include the IMF, World Bank, Kuwait, Saudi Arabia, Austria and the United States.

Source: Sudan Tribune

LIBYA

Tripoli signs trade deal with U.S.

The United States and Libya signed a Trade and Investment Framework Agreement (TIFA) that will provide a forum to address and help build bilateral trade and investment relations. The TIFA mandates the formation of a joint U.S.-Libya Council on Trade and Investment which will address a wide range of trade and investment issues including market access, intellectual property, labor, and environmental issues. The Council will also help to increase commercial and investment opportunities by identifying and working to remove impediments to trade and investment flows between the two countries. Bilateral trade between Libya and the US totaled $2.6bn in 2009. Top U.S. exports to Libya include vehicles, machinery, agricultural products, medical instruments, and iron and steel products, while oil is Libya's principal export to the U.S.

Source: Office of the United States Trade Representative

ARMENIA

Ratings could come under pressure if IMF program is not implemented

Moody's Investors Service indicated that Armenia's ratings balance its low economic resiliency and high government financial strength. It said the country's dependence on remittances, which fuelled an ultimately unsustainable construction boom, is one of the main reasons for the country's low economic resiliency. It noted that Armenia was not directly affected by the global financial crisis as its banking sector is relatively small, but it was exposed to the subsequent global recession, principally through a collapse in remittances that led to a near 15% contraction in GDP. It added that authorities responded with a comprehensive and ambitious package of counter-cyclical measures that succeeded in limiting the downside in GDP, but the impact led to a severe deterioration in the government's debt metrics. Moody's noted that Armenia introduced its policies within an IMF framework which, if followed, should allow the government to reverse the deterioration in its debt metrics and justify its continued government financial strength ratings. But it cautioned that if Armenia fails to implement the IMF agreement in full, the country's ratings could come under pressure.

Source: Moody's Investors Service

WORLD

Global approach to address "too big to fail" institutions

The Institute of International Finance indicated that a new international resolution regime is essential to address the critical issue of financial institutions that are considered "too big to fail" and that may require taxpayer funds. It highlighted the importance of effective resolution regimes at the national level, but stressed the need for their integration in a coherent international framework for cross-border resolution. It said all major national jurisdictions should have in place special resolution regimes with key common features that allow losses to be borne by shareholders and unsecured, unprotected creditors; avoid moral hazard; give authorities the appropriate range of powers of early intervention; include well-designed recovery and resolution planning; operate effectively in the context of an international resolution framework; and help to minimize the need for taxpayers' money to be used to prevent failures or pay for bailouts. The IIF called for strengthening the powers of national regulatory authorities to intervene early. It also called for granting them powers to replace the senior management of the firm; order an increase in capital and order financial restructuring with instruments such as forced debt-equity swaps or "bail-ins" of unsecured, uninsured debt-holders; identify any parts of the firm that remain systemically vital and transfer those to third-party acquirers; delay the operation of termination clauses in favor of counterparties for a short period; require the maintenance of outsourced services; and coordinate strongly and effectively with resolution authorities of other jurisdictions in which the group is active.

Source: Institute of International Finance

UAE

Banks' impairment losses at 10% to 20%, provision charges equivalent to 3.2% of equity

Moody's Investors Service estimated the impairment losses of UAE banks from Dubai World's debt restructuring proposal to average between 10% and 20%, discounted at the original effective interest rates. It said the effect of these losses on the banks' Tier One capital will be less than 6% to 12% for the most affected banks as of year-end 2009, which would not jeopardize their solvency levels. It noted that the ultimate restructuring loss depends on the banks' choice of one of the offered restructuring options, which effectively blend different levels of interest payments and government guarantees. It added that Dubai World should be able to service the restructured interest payments, which are set below market levels. It indicated that the absence of a fully detailed restructuring plan prevents the calculation of the potential for further restructuring or haircuts that may be required during the term of the restructured debt. In parallel, Merrill Lynch expected UAE banks to support the proposal and to provision about 15% on their exposure to Dubai World, adding that the Central Bank could allow for a more favorable outcome by using lower discount rates. It estimated that a 15% haircut would lead to $2.2bn in provision charges, equivalent to 3.2% of the banking sector's equity and 0.5% of its assets.

Source: Moody's Investors Service, Merrill Lynch

TURKEY

Banks' asset quality improves, NPLs at 5%

Fitch Ratings indicated that the ratio of non-performing loans (NPLs) ratios worsened in 2009 due to the severe economic contraction, with the most significant deterioration coming in the first half of the year, when the stock of NPLs rose by 34% throughout the sector. It noted that asset quality indicators deteriorated across all types of lending portfolios in Turkey, adding that the most marked deterioration was in the credit-card and auto loan books and in SME portfolios. However, it said that these indicators remain better than comparative average figures for many other emerging market peers. It indicated that the stock of NPLs has been falling across all portfolios since the start of 2010 due to banks managements' flexibility and ability to react quickly to the changing operating environment. It said total NPLs fell by 1.9% in the first quarter of 2010 and the ratio of NPLs-to-total loans decreased from 5.3% in December 2009 to 4.9% in March 2010. It also considered loan-loss reserve coverage to be adequate at 83% of NPLs in March 2010, and noted that the system's high level of profitability is easily absorbing the increased level of impairment charges. Fitch expected bank lending to grow between 15% and 20% in 2010. It considered that NPLs have peaked at the end of the third quarter of 2009 at 5.33% and expected them to remain at around 5% of total loans by end-2010.

Source: Fitch Ratings

ANGOLA

Profitability ratios improve, liquidity deteriorates in 2009

Figures released by the International Monetary Fund show that the regulatory risk-weighted capital adequacy ratio of banks operating in Angola reached 22.4% in 2009 up from 19.5% in 2008. The sector's liquidity deteriorated year-on-year, with liquid assets reaching 31.4% of total assets at the end of 2009, down from 42.6% in 2008, while the loans-to-deposits ratio increased to 55.8% at end-2009 from 53.7% a year earlier. The sectoral distribution of loans shows that loans to the private sector accounted for 90.6% of the total, with the balance going to public sector lending, as credit to the private sector increased by 55% in 2009 compared to 67% in 2008. Also, foreign currency loans accounted 65.3% of total loans in 2009 compared to 62% in 2008. The sector's assets quality remained solid despite a marginal increase in the ratio of non-performing loans-to-total loans increased to 2.6% at end-2009 from 2.4% at end-2008. In parallel, banks' profitability improved, as the sector's return on average assets reached 3.4% in 2009 up from 2.4% in 2008, and the return on average equity increased to 36.5% from 26.5% in 2008. Further, the interest rate spreads remained steady at 9% in 2009, while the interest margin regressed to 26.7% of gross income in 2009 from 57% in 2008. The net open position in foreign currency was equivalent to 88.8% of capital at end-2009, up from 45.5% a year earlier.

Source: International Monetary Fund

ENERGY / COMMODITIES

Oil above $72 on equity rebound

Oil prices rose above $72 on May 27, supported by gains in Asian and European equity markets and after the U.S. official oil data showed a slight increase in oil demand. U.S. crude futures for July increased by $1.12 to $82.63 a barrel, while ICE Brent crude futures increased by 73 cents to $72.47. U.S. crude rose by 4% on May 26, its largest one day percentage gain in over three months after the energy Information Administration showed an increase in U.S. demand for refined oil products, such as gasoline and diesel. Diesel is mainly used for large trucks, but its demand is often applied as a measure of the health of economic activity. U.S. crude rose above ICE Brent crude for the first time since mid-April, and it fell to $6.57 in mid-May due to the increase at storage in Cushing in Oklahoma.

Source: Thomson Reuters

Crude oil to decline on debt crisis in Europe, and higher non-OPEC supply

WTI and Brent crude oil prices are projected to decline from $92 per barrel to $78 per barrel in the second half of 2010 and to average $85 per barrel in 2011 due to the sovereign debt crisis in Europe, a weaker euro, and higher non-OPEC supply. World oil demand growth is forecast to decrease to 1.5 million barrels per day in 2010 from 2 million barrel per day in 2009 due to the slower global economic growth outlook. Demand growth is forecast at 20,000 barrels per day in OECD regions in 2010 and 50,000 barrels per day in 2011. Oil demand growth is expected to come mostly from emerging markets, with reduced forecasts for the developed world. New fields in Brazil, Kazakhstan, Russia, Norway, West Africa and the Gulf of Mexico contributed to almost 700,000 barrels per day of the supply in 2009, the highest growth in five years. Non-OPEC supply is projected to increase by 583,000 barrels per day or 1.1% annually in 2010 and by 357,000 barrels per day or 0.7% annually in 2011. Major supplies will originate from projects starting in Brazil, China, and the US.

Source: Merrill Lynch

Libya increases stake in GreenStream BV

Libyan National Oil Corporation (NOC) increased its stake to 50% in GreenStream BV, the company that manages the Italy-Libya gas pipeline. Libya's equal partnership with Italian energy company ENI follows NOC's purchase of 25% of ENI's stake in GreenStream BV.

Source: ANSA

Kuwait approves public shareholding firms

The Kuwaiti Parliament approved plans to set up public shareholding firms for building electrical power and water desalination plants, as part of a privatization drive in the country. According to the new law, a 26% stake will be offered in an auction for each company formed. The government will own a 24% stake, and the remaining 50% will be offered to Kuwaiti investors.

Source: Thomson Reuters

Basic Metals: Copper, Aluminum and Zinc gain on signs of economic recovery

Copper, aluminum and zinc prices increased on May 27, as financial markets stabilized and the dollar fell on signs that the global economic recovery was gaining momentum. Three-month copper on the London Metal Exchange increased by 1.9% to $6,908 a metric ton. Japan's exports grew for a fifth month in April by more than expected, while new-home sales in the U.S. climbed to the highest level in two years and durable-goods orders beat forecasts. The benchmark MSCI Asia-Pacific Index increased by 1.8%, while the euro increased by 0.7%, reversing a three-day drop against the dollar. Aluminum rose by 0.6% to $2,026 a ton on May 27, zinc increased by 1.2% to $1,913 a ton, and lead rose by 2.7% to $1,800 a ton. Nickel climbed by 1.8% to $21,500 a ton, while tin fell by 0.3% to $17,530 a ton.

Source: Bloomberg

Precious Metals: Palladium falls after rallying during the past year

Palladium prices increased more than 240% during the last twelve months, due to the fact that prices fell to unsustainable low levels when the economic recovery started. Prices moved ahead of their fundamentals since the start of this year, as they were strongly driven by investor demand. Fund volumes also rose constantly to higher new levels, as did net-speculative length on the NYMEX. Current prices, however, are declining and lost more than 26% since the end of April. Chinese vehicle sales fell by 12% in the month of April compared to March, but were still 34% above the last year's level and represented the third largest number on record. Selling increased after some investors were hit by margin calls both on their palladium investment and other futures positions.

Source: Julius Bar

Commodity Price Forecasts

	2010F	2011F
Aluminium, $/t	2,275	2,100
Copper, $/t	7,275	8,000
Lead, $/t	2,300	2,650
Nickel, $/t	20,950	20,000
Zinc, $/t	2,325	2,750
Gold, $/oz	1,110	1,150
Silver, $/oz	17.6	19.0
Platinum, $/oz	1,750	2,000
Palladium, $/oz	500	650

Source: Merrill Lynch

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	-11.5	7.8	1.9	3.4	1.7	1.9	-3.0	0.8
Angola	B+ Stable	B1 Positive	B+ Positive	- -	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	BBB- 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	B1	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	-	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								
	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 Date	Last meeting Action	Next meeting
USA	Fed Funds Target Rate	0.25	28-Apr-10	No change	23-Jun-10
Eurozone	Refi Rate	1.00	06-May-10	No change	10-Jun-10
UK	Bank Rate	0.50	10-May-10	No change	10-Jun-10
Japan	O/N Call Rate	0.10	30-Apr-10	No change	21-May-10
Australia	Cash Rate	4.50	04-May-10	Raise 25bps	1-Jun-10
New Zealand	Cash Rate	2.50	29-Apr-10	No change	10-Jun-10
Switzerland	3 month Libor target	0.25	11-Mar-10	No change	17-Jun-10
Canada	Overnight rate	0.25	20-Apr-10	No change	01-Jun-10
Emerging Markets					
China	One-year lending rate	5.31	23-Dec-08	Cut 27bps	N/A
Hong Kong	Base Rate	0.50	28-Apr-10	No change	24-Jun-10
Taiwan	Discount Rate	1.25	25-Mar-10	No change	24-Jun-10
South Korea	Base Rate	2.00	12-May-10	No change	N/A
Malaysia	O/N Policy Rate	2.50	13-May-10	Raise 25bps	08-July-10
Thailand	1D Repo	1.25	21-Apr-10	No change	02-June-10
India	Reverse repo rate	3.75	20-Apr-10	No change	27-July-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	18-May-10	No change	17-June-10
South Africa	Repo rate	6.50	13-May-10	No change	22-July-10
Kenya	Central Bank Rate	6.75	20-May-10	Cut 25bps	July-10
Nigeria	Monetary Policy Rate	6.00	02-May-10	No change	July-10
Ghana	Prime Rate	15.00	16-Apr-10	Cut 100bps	June-10
Angola	Rediscount rate	30.00	01-Oct-09	Raise 500bps	N/A
Mexico	Target Rate	4.50	16-Apr-10	No change	21-May-10
Brazil	Selic Rate	9.50	28-Apr-10	Raise 75bps	09-Jun-10
Armenia	Refi Rate	7.25	11-May-10	Raise 25bps	N/A
Romania	Policy Rate	6.25	04-May-10	Cut 25bps	N/A
Bulgaria	Base Interest	0.18	01-May-10	Raise 1 bps	N/A
Kazakhstan	Refi Rate	7.00	01-April-10	No change	N/A
Ukraine	Discount Rate	10.25	11-Aug-09	Cut 75bps	N/A
Russia	Refi Rate	8.00	30-April-10	Cut 25 bps	N/A

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