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# COUNTRY RISK WEEKLY BULLETIN

# NEWS HEADLINES

## EMERGING MARKETS

### Sovereign and corporate issuance at $84.4bn in first quarter of 2011

Merrill Lynch indicated that aggregate sovereign bond issuance in non-G10 emerging markets reached $20.2bn in the first quarter of 2011, compared to $78bn for all of 2010 and to a forecast issuance of $83bn for all of 2011. It said issuance in Emerging Europe, the Middle East & Africa (EEMEA) reached $14.7bn, or 72.8% of the total, followed by Asia with $3bn (14.85%) and Latin America with $2.6bn (12.9%). As such, issuance from the EEMEA region represented 17.7% of the area's projected issuance this year, while issuance from Asia accounted for 3.6% of forecast issues and year-to-date sovereign issues from Latin America represented 3% of the regions' expected issuance in 2011. In parallel, corporate bond issuance in non-G10 emerging markets reached $64.2bn in the first quarter of 2011 compared to $205.4bn for all of 2010 and to a forecast issuance of $225bn for all 2011. It said issuance in Latin America reached $24.5bn, or 38.2% of the total, followed by the EEMEA with $21bn (32.7%), and Asia with $18.7bn (29.1%). As such, total sovereign and corporate bond issuance reached $84.4bn in the first quarter relative to $283bn in 2010. The EEMEA raised $35.7bn or 42.3% of the total, followed by Latin America with $27bn (32%) and Asia with $21.7bn (25.7%).
*Source: Merrill Lynch*

### Private equity funds to increase exposure to emerging markets

A survey of private equity investors expected emerging markets (EMs) to attract 16% to 20% of global private equity funds' (PE) allocations by 2013, compared to 11% to 15% currently. It said that 66% of investors in EM private equity funds expect to increase their new commitments in 2011 and 2012 relative to such commitments in 2009 and 2010. It added that 73% of limited partners (LP) in PE funds expect 2011-vintage EM private equity funds to outperform those of developed markets, mainly driven by faster growth in EM economies. Also, 54% of LPs expect annual net returns on EM private equity portfolio of 16% or more over the next 3 to 5 years, while only 33% have similar return expectations for their global portfolio. Further, 23% of LPs anticipate annual net returns of 21% or more from their EM PE portfolios over the next three to five years, while just 9% have identical return expectations for their global PE portfolio. In parallel, 78% of all LPs expect Emerging Asia PE funds to post annual net returns of 16% or better over the next 3 to 5 years, while 64% expect a similar performance for Latin American funds. The survey said Brazil surpassed China as the most attractive market for private equity deal-making in the next 12 months.
*Source: EMPEA, Coller Capital*

## MENA

### Launch of initiative to increase SME access to credit

The International Finance Corporation and the Arab Monetary Fund launched the Arab Secured Transactions Initiative to support access to finance for small and medium-sized enterprises (SMEs) in the Middle East and North Africa region. The initiative aims to promote best practices regarding the reform of collateral laws in the region, as current laws in many countries do not allow movable assets to be used as collateral for loans. Movable assets such as equipment, inventory, or accounts receivable, are often the only assets a small firm has available to use as potential loan collateral. The initiative will begin with an assessment of secured lending laws across the region, raising awareness about the changes that could be made, and eventually partnering with governments to pilot reform programs. The IFC and AMF hope that the development of better collateral laws and registries in the region will increase the level of available credit available and reduce the cost of borrowing. According to the IFC, 70% of firms in the MENA region do not have access to credit.
*Source: International Finance Corporation*

## GCC

### New projects drop 25% to $33bn in first quarter

The aggregate value of projects awarded in the GCC reached $32.8bn in the first quarter of 2011, constituting a decline of 25% from the fourth quarter of 2010; while the number of projects awarded regressed by 17.8% quarter-to-quarter. Infrastructure projects accounted for 31% of total value, followed by gas processing with about 26%, construction with 12%, oil & gas production with nearly 11%, and power with 9%. Projects awarded in Qatar increased by 312% quarter-to-quarter to $4.4bn and included a rise of 762% in infrastructure projects. Also, projects awarded in Saudi Arabia fell by 37% quarterly to $15bn, but without significant delays or cancellations in project awards. Further, new projects in Kuwait jumped by 70% to $6.4bn, with the speed of implementation still an issue. Oman saw a 70% fall in the value of projects awarded to $1.1bn; while Bahrain extended $0.5bn in projects during the quarter, but there was a significant delay in the award schedule. In parallel, the UAE awarded $5bn in projects, down 53% quarter-to-quarter. The UAE faces many delays in its award schedule, and about 80% of the number and value of projects are on hold, the highest such ratio in the GCC during the first quarter.
*Source: EFG Hermes*

# OUTLOOK

## IRAQ

### Economy to grow by 11% in 2011, fiscal and current accounts to post large surpluses

The Institute of International Finance projected Iraq's real GDP growth at 11% in 2011 and 11.6% in 2012 compared to 1% in 2010. It also forecast non-oil growth at 2.5% this year and 3% in 2012 relative to 2% last year. It attributed its overall growth forecast to the large increase in crude oil production, adding that growth in non-oil GDP will depend on improvements in the security situation. It said Iraq's oil production has increased significantly in the first quarter of this year to an average of 2.7 million barrels per day (bpd) compared with 2.36 million bpd in 2010. It attributed the rise to stronger global demand and the decline in Libya's oil output, as well as to the successes of three bidding rounds held since 2008 that attracted international oil companies to develop or rehabilitate Iraq's vast oil fields. It expected crude oil output to gradually increase to 4.5 million bpd by 2015 and to 8 million bpd by 2020. It added that the country's proven oil reserves are now officially estimated at 143 billion barrels, the second largest in the world after Saudi Arabia.

The IIF expected government expenditures to increase by at least 20% this year, well above the budgeted expenditures for 2011, and for current spending to increase significantly after being broadly constant in nominal terms during the past three years. It said the authorities aim to accelerate the pace of public investment, particularly in infrastructure and the oil sectors. But it attributed the slow progress of structural reforms to the difficult security situation, capacity constraints, and corruption. It noted that the sharp increase in oil production, combined with higher oil prices, will shift the fiscal balance from a deficit of 11.8% of GDP in 2010 to a surplus of 6.4% of GDP in 2011, and the current account balance from a deficit of 7.4% of GDP last year to a surplus of 7.6% of GDP this year. It added that if oil prices remain above $100 per barrel, and if the production of crude oil increases to about 4.5 million bpd by 2015, then official foreign exchange reserves could almost triple from $50bn at end-2010 to $143bn by 2015, which is equivalent to 78% of projected GDP, or 15 months of import cover.

*Source: Institute of International Finance*

## EGYPT

### Negative outlook for banking system

Moody's Investors Service changed the outlook for the Egyptian banking system to 'negative' from 'stable' on deteriorating political, economic and financial conditions. It attributed the change in outlook to the elevated political uncertainty in Egypt following the domestic unrest, that will continue to shape the operating environment; as well as to the impact of domestic and ongoing regional turmoil on the local economy and the resulting downside risks to asset quality and profitability. It added that a main reason for its outlook change is the relatively high exposure of local banks to the lower-rated sovereign, and the potential for even greater exposure given that banks will likely continue to finance the government's growing deficit with the reduction of foreign investors' exposure to Egypt. It also noted the elevated risks involved in an orderly transition towards democratic rule, despite the commitment of the ruling military regime to hold democratic elections.

The agency identified the weakened economic outlook as an additional challenge for the banking sector, as it expects a slowdown in real GDP growth to about 2% in the next 12 to 18 months given the negative impact of the recent domestic and ongoing regional unrest on tourism, foreign direct investment, capital inflows and private consumption. It added that the exodus of a significant number of expatriate Egyptian workers from Libya will likely reduce incoming remittances as well as the debt-servicing capacity of the affected workers. It cautioned that these adverse economic conditions are likely to challenge the banking system's asset quality and business prospects, as well as its profitability and internal capital-generation capacity.

*Source: Moody's Investors Service*

## ARMENIA

### Growth to rebound to 4.6% in 2011, inflationary pressures are main risk to the outlook

The International Monetary Fund projected economic growth in Armenia at 4.6% in 2011 compared to 2.1% in 2010, as the economy continues to recover from the global crisis. It said Armenia's external trade balance and remittances have rebounded, credit growth has been rapid, industry and services are set to perform well, and conditions in agriculture are likely to improve. It noted, however, the emergence of new challenges. It said that agricultural output collapsed in the second half of 2010, while economic growth fell below expectations last year. It added that the increase in global commodity prices and the disruptions in agricultural output triggered a sharp increase in food and fuel prices, resulting in an overall annual inflation rate of 11.5% in March 2011. The Fund expected inflationary pressures to remain challenging in the near future due to potential spillovers from food inflation. It estimated, however, that inflation will moderate and return to the Central Bank of Armenia's target band of 4% with an upward or downward margin of 1.5% in the first half of 2012 due to a tighter monetary policy and the CBA's commitment to a flexible exchange rate.

In parallel, the IMF expected the fiscal deficit to decrease to below 4% of GDP this year, in line with targets to ensure debt sustainability, and to further contract in 2012. It said that the fiscal balance improved significantly last year, as the overall deficit fell to below 5% of GDP in 2010 from 8% of GDP in the previous year. It noted that fiscal consolidation has not involved any significant increase in tax revenues as expected, and called for a new tax policy and for a new strategy to reform the revenue administration. It added that efforts to develop the financial sector and the commitment to financial stability are achieving visible results. Further, it noted that recent initiatives to reduce the cost of complying with taxes and setting up businesses will have a positive impact on the country's business environment.

*Source: International Monetary Fund*

# ECONOMY & TRADE

## SYRIA

### Insurance firms authorized to buy Treasury securities

The Ministry of Finance authorized local insurance firms to buy Treasury securities in a bid to generate interest, after an auction in March for one-year SYP1bn bills failed to attract buyers and following the cancellation earlier this month of another auction for one-year SYP2bn T-bills. Local commercial banks were the only institutions allowed to buy government securities prior to the decision. The ministry announced last January plans to sell SYP30bn, or $643m, in Treasury securities this year. It said that the securities will include SYP27bn in long-term bonds and SYP3bn in short-term bills. It sold in February SYP1bn in six-month bills and SYP1.7bn of three-year debt at rates of 1% and 2.72%, respectively. Last December, the ministry launched a debt market in Syria through the issuance of Treasury bills in coordination with the Central Bank of Syria. It auctioned SYP1bn in three-month maturities, SYP1bn in six-month and SYP1bn in one-year maturities, as well as SYP0.8bn in 3-year and SYP0.8bn in 5-year bonds in December.

*Source: Syria Report, Central Bank of Syria*

## QATAR

### Business optimism retreats on regional turmoil

The D&B Business Optimism Index shows that the level of optimism in the non-hydrocarbon sector reached 42 points in the second quarter of 2011, down from 61 points in the previous quarter, as five of the six categories forming the index retreated. D&B attributed the drop in confidence to the prevailing uncertainty in the Middle East. The Volume of Sales sub-index decreased by 21 points to 55 points, and the Net Profits sub-index declined by 33 points to 43 points. Further, the New Orders sub-index stood at 48 compared to 72 in the preceding quarter; while the Level of Stocks sub-index reached 33 relative to 48 in the first quarter. Also, the Level of Selling Prices sub-index was at 24, posting a marginal gain of 4 points. Respondents in the non-hydrocarbon sectors identified low access to finance as the main constrain to their operations.

*Source: Dun & Bradstreet*

## UAE

### Larger-than-expected restructuring at Dubai Group

Dubai Group LLC, an investment company controlled by Dubai Holding LLC, is restructuring $10bn in liabilities, up from an original estimate of $6bn. The liabilities include $6bn in bank debt and $4bn related to other inter-company transactions such as direct shareholder loans to the company, trade liabilities and cash moved around the wider group to subsidiaries. The total amount to be restructured is larger than originally declared, as publicly-disclosed syndicated loan data shows a $330m five-year loan expiring in December 2011 and a further $1.5bn syndicated loan maturing in August 2011. Dubai Group is the diversified financial services company of the Dubai Holding conglomerate. It owns a number of stakes in domestic and regional financial entities, which could possibly be disposed of within the 5 to 7-year maturity extension plan it is seeking. Dubai Group is one of several companies owned by Dubai seeking to restructure loans. Dubai World, one of the emirate's three main state-owned holding companies, reached a deal in March with about 80 banks to restructure $25bn of debt. Last January, Dubai Group appointed eight banks to represent creditors in two committees to help speed up agreement on the debt restructuring. Discussions are at an early stage and an agreement is several months away, but banks are reportedly prepared to accept an extension of loan maturities of up to seven years to allow the price of Dubai Group's assets to recover from the credit crisis.

*Source: Bloomberg, Merrill Lynch*

## SUDAN

### South Sudan applies for IMF membership

The International Monetary Fund announced that it has received an application from the authorities of South Sudan for admission to membership in the IMF after the South becomes an independent country on July 9, 2011. It said the application will be considered under the normal due process for membership applications. It added that Sudan will remain a member of the IMF and retain all its quota in the Fund as well as all its assets in, and liabilities to, the Fund. In parallel, the IMF indicated that it intends to seek donor contributions to a special $10.6m Trust Fund for Capacity Building for South Sudan. It said the fund will provide intense IMF technical assistance to the authorities in critical areas relevant to building the new country's macroeconomic institutions. It will support the design, implementation and monitoring of sound macroeconomic policies, including by developing a fiscal framework, establishing the Central Bank and its core activities, building statistical capacity and putting in place the legislative framework required for effective economic and financial management. The IMF currently has 187 member countries.

*Source: International Monetary Fund*

## TURKEY

### Sovereign ratings affirmed, outlook remains positive

Standard & Poor's affirmed Turkey's foreign currency sovereign credit ratings at 'BB/B' and kept the outlook at 'positive'. It said the ratings reflect Turkey's strong economic performance, as the country posted growth of 9% in 2010. It noted that the recovery has occurred on the back of an increase in Turkey's external imbalances, as the current account deficit widened to 6.6% of GDP last year compared with 2.3% of GDP in 2009 and an average of nearly 5% of GDP between 2003 and 2008. It added that Turkey's large gross external financing needs constitute a macroeconomic risk, as a change in investor sentiment could impact growth and public finances. It expected the ratio of gross external financing needs to current account receipts and usable reserves to increase to about 140% by 2013. It said the positive outlook reflects the strength of Turkish institutions and their ability to manage any sudden reversal in capital inflows. S&P added that it would upgrade the ratings if Turkey reduces its dependency on its current growth model of net external debt inflows.

*Source: Standard & Poor's*

## EGYPT

### Central Bank orders stress test for banks

The Central Bank of Egypt (CBE) asked the country's lenders to conduct stress tests on their loan portfolios and allow borrowers to postpone debt repayments in the wake of the recent political turmoil. It said the decision is part of efforts to support banks and contain the current crisis and any losses that may negatively affect their performance and the soundness of their credit. The CBE indicated that the stress tests should target sector activity and loan portfolios in a number of scenarios to determine how much events have hurt investment portfolios and customer credit quality. It also urged banks to review the credit facilities and security of all their customers, and ordered banks to draw up plans on how to limit future risk under a number of scenarios. In parallel, the CBE agreed to grant banks a six-month exemption to create provisions for NPLs related to the tourism sector. It also imposed a three-month exemption on NPLs for car loans, personal loans and government-subsidized taxi loans. Further, it announced that defaulting clients will not be blacklisted, and that it will instruct banks not to charge penalty fees for late repayments.

*Source: Thomson Reuters, Al Alam el Youm*

## SUDAN

### IMF supports fixed exchange rate regime in the South

The International Monetary Fund indicated that South Sudan plans to issue and manage its own currency by the end of 2011, but noted that preparations for the introduction of a new currency may take time. It said South Sudan's authorities are discussing with the North the possibility of continuing using the Sudanese pound for 6 to 9 months after the official independence of the South in July. It added that the North may redeem Sudanese pounds currently in circulation in the South. The IMF advised against the adoption of a flexible exchange rate regime, as this would require a sophisticated institutional framework for the conduct of monetary policy. It noted that a fixed regime, possibly through a currency board arrangement (CBA), would be the better choice for South Sudan, as the CBA is relatively simple and would ensure fiscal discipline and economic stability. However, it stressed that a CBA would require sound public finances, absence of lending to the government, and an adequate banking supervisory framework. It emphasized the importance of ownership, consensus, and political support at the highest level for any currency regime, particularly in the case of a CBA. It also cautioned against the involvement of the new monetary authority in any economic activities outside the normal core functions of a central bank.

*Source: International Monetary Fund*

## BAHRAIN

### ABC downgraded, outlook negative

Capital Intelligence downgraded the Bahrain-based Arab Banking Corporation's (ABC) long-term foreign currency ratings to 'BBB+' from 'A-'and affirmed its short-term foreign currency rating at 'A2'. It lowered the bank's financial strength rating to 'BBB+' and adjusted its support level to '3' from '1'. It also revised its long-term rating's outlook to 'negative' from 'stable'. It attributed the downgrade to considerable uncertainty in the current environment about the ability and willingness of the Central Bank of Libya, ABC's largest shareholder, to provide timely financial support in case of need. It said that neither ABC nor its subsidiaries are subject to the asset freeze specified in the U.S. and U.N. sanctions against Libya. It added that ABC's asset exposure to Libya and Bahrain is minimal, while the majority of the bank's assets, funding and liquidity, and earnings remain in jurisdictions outside Libya, mainly across the GCC countries, North America and Western Europe. As such, it estimated that the events in Libya are unlikely have a significant impact on ABC's financial profile. It noted that ABC's other main shareholder, the Kuwait Investment Authority, recently reaffirmed its strong support to ABC as a strategic shareholder. ABC's ratings have already been downgraded by the other three international rating agencies.

*Source: Capital Intelligence*

## YEMEN

### Anti-money laundering deficiencies remain

The Financial Action Task Force (FATF), the global standard setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), indicated that Yemen has not made sufficient progress in implementing its action plan, despite making a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. It noted that certain deficiencies remain and encouraged the authorities to continue to work on addressing them. It said related measures include establishing and implementing adequate procedures to identify and freeze terrorist assets; issuing substantive guidance and instructions to reporting institutions with respect to their ML/FT obligations; developing the monitoring and supervisory capacity of the Central Bank and the FIU to ensure compliance by financial institutions with their STR obligations, especially in relation to FT; and ensuring a fully operational and effectively functioning Financial Intelligence Unit.

*Source: Financial Action Task Force*

## GHANA

### Central Bank stops issuing new banking licenses

The government declared that it has put on hold the issuance of licenses to new banks in the country. Ghana's Vice President, John Dramani Mahama, indicated that Ghana is a small market and must look at ways of strengthening the banks operating in the country rather than opening the market up for more competition. The number of commercial and investment banks operating in the country increased from 11 in 1990 to 27 this year. More recently, nine foreign banks entered the market from Sub-Saharan Africa, Asia and North Africa, which are Fidelity Bank, GT Bank, Access, Zenith, UBA, Intercontinental, Energy Bank, Bank of Baroda and Sahel Bank. Figures from the Bank of Ghana show that the sector's return on assets increased marginally to 2.7% in 2010 from 2.1% in 2009. Also, return on equity increased to 28.6% in 2010 from 23.6% in 2009. Interest expenses contracted by 5.3% last year, significantly lower than the increase of 78.2% in 2009. Income from fees and commissions grew by 18.8% compared with 20.8% in the prior year.

*Source: ghanaweb*

# ENERGY / COMMODITIES

## Oil prices rise on weak U.S. dollar

Brent Crude prices rose above $124 a barrel on April 20 on unexpected fall in U.S. crude inventories last week as well on sharply weaker U.S. dollar, both of which triggered a rush into riskier assets. The three-year low dollar against a basket of currencies made dollar-denominated crude less expensive for consumers using other currencies. ICE Brent crude for June gained 74 cents to $124.6 a barrel while U.S. crude increased by 71 cents to $112.16 a barrel. Market analysts expected Brent oil to exceed the April 11 high of $127.02 per barrel and projected U.S. oil to hit $113.46 a barrel as the long-term uptrend resumed. The International Energy Agency's executive director stated that high oil prices have negative impact on demand in top consumers such as China and the U.S. and considered that the Organization of the Petroleum Exporting Countries needs to raise output around June to stem further price rises. In parallel, U.S. crude inventories unexpectedly fell by 2.32 million barrels last week, against analysts' expectations of 1.1 million barrel increase. U.S. gasoline inventories decreased by 1.58 million barrels last week as U.S. gasoline demand fell by 1.8% on average over the last four weeks compared to the same period last year.
*Source: Thomson Reuters*

## Second phase of GCC power grid starts operations

The second phase of the GCC power grid started operations, with the UAE joining the $1.4bn grid. The first phase, which started operations in early 2009, connected the power grids of Saudi Arabia, Kuwait, Bahrain and Qatar. The project is expected to save up to $5bn and to set the foundation for a common energy market among the GCC countries.
*Source: The Gulf Times*

## Iraq to auction 12 exploration blocks

The Oil Ministry is expected to announce this month a fourth bidding round to offer international companies 12 exploration blocks located across the country. Iraq held three bidding rounds in the last few years to auction off 15 of the country's most important oil and gas fields.
*Source: Dow Jones Newwires*

## Global oil and gas transactions at $270bn in 2010

Ernst & Young indicated that the value of announced global oil and gas transactions reached $270bn in 2010, constituting a 35% increase from $200bn in 2009. It estimated that the natural gas supply will outweigh demand over the next three to five years while it expected natural gas prices to remain relatively soft. It expected the 2011 outlook for the oil and gas industry to be positive, driven by record levels of capital expenditures and stronger than expected crude prices.
*Source: Ernst & Young*

## Base metals: Prices retreated on bearish market sentiment

Base metals prices fell in the past week due to bearish market sentiment given the deteriorating sovereign debt crisis in the euro area, the downgrade of the U.S. government's debt outlook and persistent tightening monetary policy in China. Also, renewed uncertainties about the demand outlook in the West encouraged the sell-off in base metals. Lead prices fell 11% week-on-week due to speculation of large stock inflow. Three-month copper prices declined to 6% week-on-week and are expected to continue the downward trend, reflecting concerns about soft demand and high inventory in China. Aluminum prices continued to outperform the base metals complex in the past week, retreating just by 0.5% week-on-week. Aluminum prices are expected to continue to benefit from low availability in the physical market as well as from high energy prices support over the near term. Overall, copper and zinc are expected to underperform in the coming week, while aluminum and tin will have the chance to outperform.
*Source: Standard Chartered*

## Precious metals: Gold prices reach all-time high

Gold prices rose to a record high for the nine consecutive time this month to $1,506.50 an ounce on April 20, exceeding $1,500 an ounce for the first time. Gold prices are expected to increase to $1,600 an ounce by the end of 2011 and to $2,000 by the end of 2012. Three key pillars underpinned gold prices and include investors worrying about the outlook for inflation; followed by very low interest rates on competing safe haven assets; and the strengthening of gold's attractiveness as a safe haven through destabilizing events such as the Euro zone's rolling fiscal crisis, Japan's earthquake and the ongoing political unrest in North Africa. However, concerns over inflation are likely to recede as inflation expectations could fall sharply due to a drop in other commodity prices, especially energy, in response to a slowdown in global demand. The second and third pillars should continue to underpin gold prices in the future. Also, the inverse relationship between gold prices and U.S. dollar, as gold's strength often tended to coincide with weakness in the U.S. dollar, is not expected to last. The U.S. dollar is expected to recover when the interest rate differential between the U.S. and Europe narrow and when risk aversion increases.
*Source: Bloomberg, Capital Economics*

**Global Commodity Outlook**

| (3-months LME, $/ton) | 2010 | 2011f | 2012f |
|---|---|---|---|
| Aluminum | 2,201 | 2,620 | 2,400 |
| Copper | 7,570 | 9,972 | 10,000 |
| Lead | 2,172 | 2,606 | 2,650 |
| Nickel | 21,913 | 26,217 | 23,000 |
| Tin | 20,448 | 31,456 | 30,000 |
| Zinc | 2,188 | 2,416 | 2,400 |
| (Spot price, $/ounce) | | | |
| Gold | 1,227 | 1,460 | 1,650 |
| Palladium | 529 | 826 | 900 |
| Platinum | 1,613 | 1,925 | 2,050 |
| Silver | 20 | 37 | 38 |

*Source: Standard Chartered*

# 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 | - - | - - | - - | - - | BB Stable | -9.9 | 16.1 | 2.9 | 7.4 | 2.0 | 3.2 | 3.4 | 1.8 |
| Angola | B+ Stable | B1 Positive | B+ Positive | - - | B Negative | 2.7 | 20.6 | 20.2 | 35.7 | 8.2 | - | 1.6 | 17.6 |
| Egypt | BB Negative | Ba3 Negative | BB Negative | BB+ Negative | BB Stable | -8.2 | 74.2 | 14.3 | 66.5 | 4.6 | 88.3 | -2.0 | 3.3 |
| Ethiopia | - | - | - | - | B Stable | -1.5 | - | - | 257.5 | - | - | -3.9 | 0.3 |
| Ghana | B Stable | - - | B+ Negative | - - | B Positive | -10.8 | - | 34.9 | 50.0 | - | - | -11.6 | 10.9 |
| Ivory Coast | - - | - - | - - | - - | CCC Stable | -0.2 | - | 50.1 | 111.2 | - | - | 6.8 | 1.8 |
| Libya | BB Negative | - - | B Stable | - - | BB Stable | 13.3 | 0 | 7.2 | 11.6 | 3.2 | 5.1 | 20.1 | 2.5 |
| Mauritania | - - | - - | - - | - - | - - | -4.5 | 88.5 | 69.8 | 128.4 | - | 1,220 | -7.6 | -1.3 |
| Morocco | BBB- Stable | Ba1 - | BBB- Stable | BBB- Stable | BB Stable | -4.5 | 49.9 | 24.1 | 78.4 | 8.0 | 110.0 | -5.3 | 0.9 |
| Nigeria | B+ Stable | - - | BB- Negative | - - | B Stable | -7.9 | 14.1 | 5.0 | 14.2 | 0.7 | - | 13.0 | 0 |
| Sudan | - - | - - | - - | - - | C Stable | -3.7 | 71.4 | 57.4 | 343.6 | - | 3,780 | -8.9 | 5.5 |
| Tunisia | BBB- Stable | Baa3 Negative | BBB- Negative | BBB Stable | BB Stable | -2.8 | 43.0 | 46.3 | 101.0 | 11.7 | 195.2 | -4.4 | 3.7 |
| **Middle East** | | | | | | | | | | | | | |
| Bahrain | BBB Negative | A3 Stable | A- Negative | BBB+ Negative | BBB Stable | -5.4 | 32.8 | 139.6 | 170.2 | 6.8 | 946.6 | 5.2 | 9.9 |
| Iran | - - | - - | B+ Stable | BB- Stable | B Stable | 0.4 | 21.7 | 5.6 | 19.9 | 2.7 | 21.3 | 4.2 | 0.8 |
| Iraq | - - | - - | - - | - - | CC Stable | -14.2 | 42.2 | 41.8 | 65.4 | - | 75.3 | -14.4 | 1.4 |
| Jordan | BB Negative | Ba2 Negative | - - | BB Stable | B Stable | -6.3 | 63.0 | 19.2 | 44.8 | 4.8 | 48.6 | -7.2 | 9.2 |
| Kuwait | AA- Stable | Aa2 Negative | AA Stable | AA- Stable | BBB Stable | 17.1 | 6.5 | 46.2 | 72.2 | 3.7 | 224.0 | 30.1 | -8.7 |
| Lebanon | B Positive | B1 | B Stable | B Stable | B Stable | -8.7 | 139.0 | 160.3 | 243.4 | 14.7 | 212.2 | -11.1 | 10.5 |
| Oman | A Stable | A2 - | - - | A Stable | BBB Stable | 5.3 | 5.7 | 15.4 | 22.6 | - | 63.7 | 5.8 | 3.9 |
| Qatar | AA- Stable | Aa2 Stable | - - | AA- Stable | BBB Stable | 10.8 | 27.2 | 80.6 | 139.3 | 10.0 | 512.3 | 15.6 | 5.0 |
| Saudi Arabia | AA- Stable | Aa3 Stable | AA- Stable | AA- Stable | BBB Stable | 1.9 | 12.9 | 22.6 | 40.5 | 2.4 | 22.7 | 6.7 | 7.7 |
| Syria | - - | - - | - - | BB- Stable | CCC Stable | -4.3 | 26.9 | 14.9 | 48.0 | - | 52.9 | -3.9 | 2.7 |
| UAE | - - | Aa2 - | - - | AA- Stable | BB Stable | -2.7 | 24.7 | 53.1 | 57.7 | 7.3 | 360.4 | 5.4 | 0.6 |
| Yemen | - - | - - | - - | B- Negative | CCC Stable | -5.5 | 45.8 | 21.4 | 70.5 | - | 139.6 | -4.9 | 0.3 |

# 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 | - | - | -4.8 | 44.8 | 38.4 | 402.7 | - | 194.2 | -14.6 | 9.2 |
| Bulgaria | BBB | Baa3 | BBB- | - | BB | | | | | | | | |
| | Stable | Stable | Stable | - | Stable | -1.8 | 16.2 | 109.2 | 122.3 | 21.2 | 393.2 | -6.2 | 9.8 |
| Kazakhstan | BBB | Baa2 | BBB- | - | B | | | | | | | | |
| | Stable | - | Stable | - | Stable | -2.8 | 16.0 | 86.4 | 182.9 | 30.3 | 350.4 | 3.2 | 8.8 |
| Romania | BB+ | Baa3 | BB+ | BBB- | B | | | | | | | | |
| | Negative | - | Stable | Negative | Stable | -6.8 | 33.9 | 77.4 | 197.5 | 24.6 | - | -5.5 | 3.8 |
| Russia | BBB | Baa1 | BBB | - | BB | | | | | | | | |
| | Stable | Positive | Stable | - | Stable | -5.6 | 9.3 | 31.9 | 124.7 | 13.4 | 99.2 | 4.5 | -0.6 |
| Turkey | BB | Ba2 | BB+ | BB | B | | | | | | | | |
| | Positive | Positive | Stable | Stable | Stable | -4.1 | 44.4 | 41.3 | 187.3 | 39.7 | - | -3.4 | 1.0 |
| Ukraine | B+ | B1 | B | - | CCC | | | | | | | | |
| | Stable | Positive | Negative | - | Positive | -5.5 | 39.2 | 79.0 | 164.9 | 35.9 | 330.0 | -2.0 | 4.0 |

*Sources: International Monetary Fund; Economist Intelligence Unit - The above figures are estimated for 2010*

# SELECTED POLICY RATES

| | Benchmark rate | Current (%) | Last meeting | | Next meeting |
|---|---|---|---|---|---|
| | | | Date | Action | |
| USA | Fed Funds Target Rate | 0.25 | 15-Mar-11 | No change | 27-Apr-11 |
| Eurozone | Refi Rate | 1.25 | 07-Apr-11 | Raise 25bps | 05-May-11 |
| UK | Bank Rate | 0.50 | 07-Apr-11 | No change | 05-May-11 |
| Japan | O/N Call Rate | 0-0.10 | 07-Apr-11 | No change | 28-Apr-11 |
| Australia | Cash Rate | 4.75 | 05-Apr-11 | No change | 03-May-11 |
| New Zealand | Cash Rate | 2.50 | 10-Mar-11 | Raise 25bps | 10-May-11 |
| Switzerland | 3 month Libor target | 0.25 | 17-Mar-11 | No change | 16-Jun-11 |
| Canada | Overnight rate | 1.00 | 12-Apr-11 | No change | 31-May-11 |
| **Emerging Markets** | | | | | |
| China | One-year lending rate | 6.31 | 06-Apr-11 | Raise 25bps | N/A |
| Hong Kong | Base Rate | 0.50 | 15-Mar-11 | No change | 27-Apr-11 |
| Taiwan | Discount Rate | 1.75 | 31-Mar-11 | Raise 12bps | 24-Jun-11 |
| South Korea | Base Rate | 3.00 | 10-Mar-11 | Raise 25bps | 13-May-11 |
| Malaysia | O/N Policy Rate | 2.75 | 11-Mar-11 | No change | 05-May-11 |
| Thailand | 1D Repo | 2.50 | 09-Mar-11 | Raise 25bps | 20-Apr-11 |
| India | Reverse repo rate | 6.75 | 17-Mar-11 | Raise 25bps | 03-May-11 |
| UAE | Overnight repo rate | 1.00 | 19-Dec-08 | Cut 25bps | 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 | 6.25 | 23-Mar-11 | No change | 21-Apr-11 |
| South Africa | Repo rate | 5.50 | 24-Mar-11 | No change | 12-May-11 |
| Kenya | Central Bank Rate | 6.00 | 22-Mar-11 | Raise 25 bps | May-11 |
| Nigeria | Monetary Policy Rate | 7.50 | 22-Mar-11 | Raise 100 bps | May-11 |
| Ghana | Prime Rate | 13.50 | Apr-11 | No change | Apr-11 |
| Angola | Rediscount rate | 20.00 | 06-Apr-11 | Cut 50bps | N/A |
| Mexico | Target Rate | 4.50 | 04-Mar-11 | No change | 15-Apr-11 |
| Brazil | Selic Rate | 11.75 | 02-Mar-11 | Raise 50bps | 20-Apr-11 |
| Armenia | Refi Rate | 8.50 | Apr-11 | Raise 25bps | N/A |
| Romania | Policy Rate | 6.25 | 05-May-10 | Raise 25bps | N/A |
| Bulgaria | Base Interest | 0.19 | 01-Apr-11 | Raise 1bps | N/A |
| Kazakhstan | Refi Rate | 7.50 | 01-Apr-11 | No change | N/A |
| Ukraine | Discount Rate | 7.75 | 10-Aug-10 | Cut 75bps | N/A |
| Russia | Refi Rate | 8.00 | 28-Feb-11 | No change | N/A |

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