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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Intrinsic strength of emerging markets banking systems between 'adequate' and 'low'

Fitch Ratings' annual assessment of the intrinsic banking system strength of 86 banking sectors worldwide rated systems on a scale ranging from 'very high, through 'high', 'adequate' and 'low', to 'very low'. The assessment is an asset-weighted average of banks' individual ratings for at least two-thirds of banks in any banking system, including, where necessary, systemically important unrated banks. It noted that 13 banking sectors are considered as having 'high' intrinsic strength in 2011 compared to 12 sectors last year, and include the U.S., Canada, Singapore and Hong Kong; while 32 sectors have 'adequate' intrinsic banking strength relative to 36 sectors in 2010, namely Saudi Arabia, the UAE, the U.K. and Turkey. Also, 28 sectors have 'low' intrinsic banking quality, down from 25 in 2010 and include Egypt, Russia and Armenia; while it found that 11 sectors that have 'very low' intrinsic banking quality compared to 13 last year, and include Kazakhstan, Belarus, Greece and Ukraine. It said that the typical developed country banking strength varies between 'high' and 'adequate', while that of emerging market is slightly lower and varies between 'adequate' and 'low'.

Source: Fitch Ratings

EMERGING MARKETS

Remittance inflows to increase by 7% to $349bn in 2011

The World Bank projected remittance inflows to developing economies to reach $349bn in 2011, constituting an increase of 7.3% from $325bn in 2010, and to account for 74.6% of global remittance flows. It forecast the global flow of remittances at $468bn in 2011, up 6.4% from $440bn in 2010. It also forecast remittances to developing economies to rise by 7.4% to $375bn in 2012 and to grow by 8% to $404bn in 2013, respectively. It said that such flows will account for 75% and 75.4% of global remittance flows in 2011 and 2012, respectively. It expected inflows to East Asia & Pacific to reach $99bn in 2011 and to account for 28.4% of remittances to developing economies, followed by South Asia with $89bn (25.5%), Latin America & the Caribbean with $63bn (18%), Europe & Central Asia with $39bn (11.2%), the Middle East & North Africa with $37bn (10.6%), and Sub-Saharan Africa with $23bn (6.6%). Also, it forecast the growth rate of remittance inflows to South Asia at 9.1% in 2011, followed by Latin America & the Caribbean with 8.6%, Europe & Central Asia with 7.8%, East Asia & Pacific with 6.8%, Sub-Saharan Africa with 5.1% and the Middle East & North Africa with 3.4%. In parallel, the World Bank projected remittance inflows to middle-income countries at $321bn and to low-income countries at $27bn in 2011, compared to $300bn and $24bn in 2010, respectively. Inflows to middle-income countries would account for 92% of remittances to developing economies.

Source: World Bank, Byblos Research

MENA

Private capital inflows to retreat by 84% to $4bn in 2011

The World Bank projected net private capital inflows to the Middle East & North Africa at $4.1bn in 2011, constituting a decrease of 83.7% from $25.1bn in 2010. Private inflows to the region would account for 0.5% of capital inflows to developing economies in 2011, the smallest share of such inflows among all regions. The World Bank expected net private inflows to be equivalent to 0.3% of the MENA region's aggregate GDP in 2011 relative to 2.3% of GDP in 2010. It forecast net equity inflows to decline by 48.8% to $11bn, driven by a drop of 46.8% in net FDI to $10.7bn and a 78.6% contraction in portfolio equity flows to $0.3bn. Also, it forecast net private debt outflows at $6.9bn in 2011 compared to inflows of $3.6bn in the previous year. It indicated that the MENA region would account for 2% of FDI and 0.13% of portfolio equity inflows to developing economies in 2011, representing the smallest share in each category of inflows among all developing regions. It forecast net private inflows to reach $22.1bn in 2012 and $29.6bn in 2013, and to be equivalent to 1.7% of GDP in 2012 and 2.1% of GDP in 2013. Further, it expected net equity flows to increase to $17.9bn next year and to $23.2bn the year after, and for net private debt outflows to shift to inflows of $4.2bn in 2012 and to increase to $6.4bn in 2013.

Source: World Bank

Venture capital funds raise $300m, transactions total 14 in 2010

The MENA Private Equity Association indicated that the number of venture capital (VC) deals in the region totaled 14 transactions in 2010 compared to 19 in 2009, five in 2008, seven in 2007 and four in 2006. As such, it noted that 33 transactions took place in the 2009-10 period compared to 16 deals in 2006-08. It said that the IT & software sector accounted for 45% of the total number of VC deals between 2006 and 2010, followed by the manufacturing and media sectors with 12% each, and the telecommunications sector with 8%. It estimated that Egypt received 31% of total VC transactions during the 2006-10 period, followed by the UAE with 25%, Lebanon with 16% and Jordan with 12%. It noted that VC funds raised $1,054bn between 2000 and 2010, with $300m raised in 2010, $113m in 2009, $108m in 2008 and $133m in 2007. It said the capital that was raised in 2010 account for 28.4% of the aggregate funds raised since 2000, and constitutes a 39.8% increase in cumulative funds since 2006. In parallel, it considered that the industry's challenges include the enforceability of certain traditional VC investment terms and structures, market awareness, and the depth of the sophisticated investor pool, in addition to the regulatory structures and the legal framework. It noted, however, that the opportunities outweigh the challenges due to the region's strong macroeconomic fundamentals, consumer market of 400 million as well as an underinvested VC industry.

Source: MENA Private Equity Association

OUTLOOK

UAE

Non-oil growth at 4.8% in 2011, current account surplus at 9.2% of GDP

Credit Suisse projected real GDP growth in the UAE at 5.2% in 2011 compared to 1.4% in 2010, with contributions from household and investment spending increasing compared to the previous year. It said the UAE should be better protected than some of the other Gulf states from the unrest in the region, and expected the economy to benefit from higher oil output and increased government spending. It anticipated the oil sector to contribute positively to overall real GDP growth in 2011, and projected oil GDP growth of 6.1% this year. It noted that rising oil prices, increased fiscal spending, and the resolution of Dubai's debt problems have helped improve business and consumer sentiment across the emirates. It forecast non-oil GDP growth at 4.8% in 2011 relative to 5% in 2010 and expected private sector activity to post greater gains this year, as de-leveraging by businesses and households winds down and credit conditions further improve. It added that Abu Dhabi has continued its strong public spending and investment, which along with other spending measures by the federal government to ease social tensions, should support momentum in non-oil economic activity. It anticipated growth in the oil and non-oil sectors to continue at a strong pace in 2012, with overall GDP expanding by 5.1% next year. It expected inflation to rise to 3.1% on average in 2011, and to accelerate gradually over the coming year as the pace of the recovery increases and higher commodity prices begin to filter through to consumers.

In parallel, Credit Suisse projected the current account surplus to rise to $34.6bn, or 9.2% of GDP, in 2011, driven by further gains from higher oil prices and rebounding external demand. It noted that most of the country's non-oil exports ship within the Middle East or to Asia, thereby limiting direct downside risk stemming from ongoing euro zone stress.
Source: Credit Suisse

AFRICA

Economic growth to average 5.4% in 2011-12, high food prices are key risk

The World Bank projected economic growth in Sub-Saharan Africa (SSA) at 5.1% in 2011 and 5.7% in 2012 compared to an estimated growth of 4.8% in 2010. It expected SSA to be the only developing region where economic growth in 2011 will be higher than in 2010, underpinned by favorable terms of trade for oil exporters and sustainable large inflows of FDI. It said that, excluding South Africa, growth is projected at 5.9% in 2011 and 6.6% in 2012, constituting the third highest growth outlook among developing regions, after East Asia Pacific and South Asia. It forecast the region's oil exporting countries to grow by 5.8% in 2011 and 6.9% in 2012 compared to growth of 6% in 2010. It attributed the growth prospects to a growing domestic middle class with discretionary income to spend, as well as rising business confidence in the region's prospects.

The World Bank considered that the continuous increase in international food prices constitutes one of the downside risks to the growth prospects of SSA economies. It said that the region managed to avoid the adverse effects of higher food prices due to strong local harvest, but warned that prices would rise in the second half of 2011 and into 2012. It anticipated that the rise in headline consumer price inflation rates could lead to the deterioration in the current account and fiscal balances of SSA net food importing countries, increase poverty and malnutrition, as well as stimulate unrest in some countries. Further, it said that increase in oil prices represents another risk to the region's macroeconomic stability. It noted that the current account and fiscal balances of oil exporting countries would improve, but it warned that economic diversification would be harder to accomplish. It considered that the downside risks to the region's oil importers would be greater through higher deterioration of current account balances, ranging between 0.5% of GDP to 3.5% of GDP in 2011. Also, it warned that fiscal balances would deteriorate, depending on the levels of petroleum subsidies, while higher inflation would prompt further monetary tightening.
Source: World Bank

CHINA

Growth to average 9.5% in 2011-12, risks of real estate bubble on the rise

The International Monetary Fund projected China's economic growth at 9.5% in each of 2011 and 2012, supported by solid domestic and external demand. It expected inflation to fall to around 4% at end-2011 after peaking through the year, but warned from upside risks due to higher global commodity prices or adverse weather conditions. It said that steps implemented by the government are suitable to tighten monetary policy, normalize credit growth and withdraw fiscal stimulus. It added that a more balanced use of monetary policy tools, mainly more reliance on interest rates and less use of direct administrative limits on loan growth, would help achieve the intended policy objectives more effectively. It noted that the government managed to decelerate the rise in real estate prices but warned that China still has a propensity for property bubbles driven by high savings, cheap financing, low carrying costs and lack of alternative investment instruments. As such, it called on authorities to broaden financial development, raise the cost of capital and increase real estate taxation in order to avoid a property bubble.

In parallel, the Fund underlined the importance of financial sector reforms in ensuring a smooth transformation of the country's growth model toward a more inclusive economy. It said the successful reform and liberalization of the financial sector would boost household income, reduce both corporate and household savings, improve the efficiency of investment, and mitigate the risk of asset bubbles. It added that reforms should include a strengthening of the monetary policy framework, improvements in the regulatory, supervision and financial stability framework, development of the financial markets, deregulating loan and deposit interest rates, and eventually moving to an open capital account with the renminbi as a fully convertible currency. It also expected the current account surplus to begin to rise this year as external demand recovers and the fiscal stimulus unwinds.
Source: International Monetary Fund

SYRIA

Unrest taking toll on economic activity

The *Syria Report* indicated that the ongoing political unrest in Syria is affecting the economy, with activity expected to contract significantly in 2011. It said the budget deficit, initially forecast at 5% of GDP in 2011, is likely to widen substantially due to the government pledges to increase civil servants salaries as well as subsidies. Also, the tourism sector, which accounts for 10% of GDP and constitutes an important source of foreign currency earnings, is severely affected by the turmoil. It added that the manufacturing sector has been impacted by the decline in overall spending and investment, given that consumer goods are mainly sold in the local market; while exported goods are affected by regional turmoil. Further, it said that the retail sector posted a significant decline in activity and inventory has increased, as Syrian consumers reduced their spending. It noted that the announcement by authorities that they will be renegotiating free trade agreements will likely reassure the least competitive businesses, but has raised concern among firms that planned to use Syria as a regional platform for their exports. In parallel, it said oil and gas output has not yet been affected by the unrest, as the main fields are located far from populated areas.

Source: Syria Report

TURKEY

Political stability and sustainable growth key for rating upgrade

Fitch Ratings indicated that the potential upgrade of Turkey's sovereign ratings from 'BB+' currently to investment grade depends on preserving political stability as well as securing sustainable growth and maintaining macroeconomic stability. It said that the anticipated preparation of a new constitution could potentially create significant political uncertainty, as it would raise profound and controversial issues related to the division of power, secularism, religion, nationalism and ethnic minorities' rights. It added that this process should not distract Turkish policy-makers from taking measures to cool down the economy, which is showing some signs of overheating. It noted that the results of the June 12 parliamentary elections gave the ruling AKP party absolute majority, which will provide it with a strong basis to pass budgets and economic reforms. In parallel, the agency considered that the economy is growing rapidly and above its potential, as growth averaged 12.6% in the first four months of 2011 year-on-year. It added that public finances continue to perform strongly and support sovereign creditworthiness. It estimated that the fiscal deficit declined from 5.8% in 2009 to 3.3% of GDP in 2010, and could fall to around 2% this year. It noted also that the current account deficit widened to $60.5bn in the 12-months to March 2011, and would reach $64bn or 8.3% of GDP at end-2011. Fitch indicated that political risks weigh on Turkey's sovereign ratings and will continue to be an important element in the ratings process.

Source: Fitch Ratings

IRAN

Reforms remove $60bn or 15% of GDP in subsidies

The International Monetary Fund indicated that Iranian authorities succeeded in implementing their subsidy reform program, and managed to contain the initial impact of price increases on inflation. It said that the increase by up to 20 times in the prices of energy products, public transport, wheat and bread last year removed an estimated $60bn, equivalent to 15% of GDP, in annual implicit subsidies to products. It added that energy price increases are leading to a decline in excessive domestic energy consumption and related energy waste. It noted that cash transfers to households through the redistribution of the revenues from the elimination of subsidies reduced inequalities, improved standards and supported domestic demand in the economy. It expected subsidy reforms to lead to a transitory slowdown in economic growth and a temporary increase in inflation. It considered that such reforms would improve the country's medium-term outlook by rationalizing domestic energy use, increasing export revenues, strengthening overall competitiveness, and bringing economic activity closer to its full potential. It said that consumer price inflation has only increased from 10.1% in December to 14.2% at end-May 2011, despite the very large increase in prices. It added that maintaining macroeconomic stability in the near term through coordinated and adequately tightened monetary and fiscal policies is essential to preserve the benefits of the subsidy reforms.

Source: International Monetary Fund

ROMANIA

Sovereign ratings affirmed on potential for economic growth

Standard & Poor's affirmed Romania's foreign and local currency sovereign credit ratings at 'BB+/B' and 'BBB-/A-3', respectively, and kept the outlook at 'stable' on the ratings. It also affirmed the country's transfer and convertibility assessment at 'BBB+' and the foreign currency recovery rating at '3'. It said the ratings reflect the country's significant economic growth prospects and moderate general government debt, as well as its limited administrative capacity, relatively low prosperity and high levels of external debt. It expected Romania to post a modest recovery in 2011 due to continued fiscal adjustment and household de-leveraging. S&P said the stable outlook reflects the government's ongoing consolidation of its public finances largely in line with specified targets, and that the new agreement with the International Monetary Fund will minimize the risk of fiscal slippage ahead of the 2012 election. It warned that the ratings could come under pressure if the government fails to adhere to its fiscal consolidation and structural reform strategy, or if the external deficits widen significantly without improving the country's long-term growth potential. It forecast the net external debt to rise to 73% of current account receipts at year-end 2011, from 25.5% of CAR at year-end 2005, but to decline thereafter.

Source: Standard & Poor's

BANKING

SAUDI ARABIA

Banks ratings affirmed, outlook stable

Fitch Ratings affirmed the long- and short-term Issuer Default Ratings (IDRs) of Saudi Investment Bank (SAIB) at 'A-/F2' and those of Arab National Bank (ANB) and Banque Saudi Fransi (BSF) at 'A/F1'. It also affirmed SAIB's Individual rating at 'C/D' and that of ANB and BSF at 'B/C' while it assigned a 'stable' outlook to all banks' long-term ratings. It said that SAIB's ratings reflect its sound capitalization, ongoing de-risking of the investment portfolio and increased focus on the retail sector. It added, however, that the ratings remain constrained by the bank's small franchise, high loan and deposit concentrations and the higher risk profile of loan book when compared with peers. It also noted that ANB's ratings reflect its domestic franchise, comfortable liquidity and sound risk profile. Further, it attributed BSF's ratings affirmation to its strong corporate franchise and sound financials, including strong profitability, sound asset quality, good cost control and reasonable liquidity and capital. It added that the ratings of ANB and BSF also reflect high concentrations on both sides of the balance sheet.

Source: Fitch Ratings

SUDAN

South to replace currency six months after independence

The Central Bank of Sudan (CboS) announced that South Sudan will have a six-month period from the day it gains independence to replace the national currency with a new one. The South becomes officially a new state on July 9, 2011. The CBoS added that it has designed policies and procedures for the replacement of the Sudanese pound in the South in agreement with the Government of Southern Sudan. Last April, 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.

Source: Thomson Reuters, International Monetary Fund

NIGERIA

Central Bank warns of delayed capitalization of rescued banks

The Central Bank of Nigeria (CBN) indicated that the eight banks it has taken over in 2008 due to mismanagement remain in grave condition, despite the improvements implemented by the CBN-appointed management. It said that banks continue to post operating losses, which would increase the potential cost to the government. It noted that the rescued banks remain technically insolvent, as they all recorded negative net asset values at end-2010. It anticipated the banks to continue to post operating losses and for their situation to worsen if the process of funding the gap in their balance sheet remains through interest bearing liabilities rather than through capital injections. In parallel, the CBN said that it is determined to realize the recapitalization of rescued banks to restore normalcy and stability to Nigeria's financial system. It added that it cannot afford to keep the interbank guarantee, which allows the banks to remain operational, in place indefinitely. It warned that the risks to the financial system and the cost to the economy would be prohibitive if the banks continue to operate without capital. It also noted that the CBN is reevaluating available options under Nigerian laws to face the attempts of a small minority of shareholders to block the recapitalization process. As such, it said that banks will be assessed on a case-by-case basis to protect the interest of depositors and creditors, and to ensure the integrity of the financial system. Further, it reaffirmed its commitment to supporting the merger & acquisition and recapitalization process of the banks.

Source: Central Bank of Nigeria

GHANA

Capital adequacy ratio at 19%, NPLs at 18%

The risk-weighted capital adequacy ratio of banks operating in Ghana reached 19.1% at the end of 2010 relative to 18.2% at the end of 2009 and 13.8% at end-2008. Also, the banks' Tier One capital ratio was 18.6% at end-2010 relative to 17% at end-2009 and 12.8% at end-2008. The sector's core liquid assets reached 25.3% of total assets at end-2010 relative to 26.3% at end-2009 and 25.2% at end-2008; while they accounted for 33% of short-term liabilities at end-2010 compared to 34.5% at end-2009 and 33.5% at end-2008. Total credit accounted for 40.1% of total assets at end-2010, relative to 43.8% at end-2009 and 52.3% at end-2008. Also, foreign currency deposits accounted for 25.3% of total deposits compared to 32.7% at end-2009 and 28.4% at end-2008, while foreign currency liabilities accounted for 4.7% of total liabilities at end-2010 relative to 6.2% at end-2009 and 7% at end-2008.

The sector's non-performing loans reached 17.6% of total loans at end-2010, up from 16.2% at end-2009 and 7.7% at end-2008. Further, the sector's loan loss provisions-to-NPLs ratio regressed to 0.5% at end-2010 from 0.7% at end-2009 and 0.8% at end-2008; while loan loss provisions-to-total gross loans reached 9.4% at end-2010 down from 11.1% at end-2009, but up from 6.3% at end-2008. In parallel, banks' return on assets reached 3.8% in 2010, up from 2.8% in 2009 and 3.2% in 2008; while their return on equity reached 20.4% in 2010 relative to 17.5% in 2009 and from 23.7% in 2008. The sector's interest margin-to-gross income increased to 50.1% in 2010 from 39.4% in 2009 and 41.3% in 2008; while the interest spread reached 17.4% in 2010 compared to 17.1% in 2009 and 20.8% in 2008.

Source: Central Bank of Ghana

ENERGY / COMMODITIES

Brent rebounds towards $114 a barrel on lower U.S. stocks

Oil prices increased on June 16, with Brent up 0.8%, after its second largest drop in two years the previous day, due to the decline in U.S. crude inventories and uncertainty over OPEC output. Brent crude for August gained 78 cents to $113.8 a barrel on June 16, while U.S. crude benchmark WTI rose 35 cents to $95.2 a barrel. Further, crude prices increased after the International Energy Agency stated that refinery crude demand will rise sharply in the third quarter of 2011. U.S. crude inventories fell last week by 3.4 million barrels, remaining at about 7% above their five-year average. Saudi Arabia is expected to unilaterally increase crude production towards 10 million barrels per day this month, up from about 8.9 million barrels per day in May, after the failure of OPEC to reach an agreement on output levels. Also, crude stockpiles at Cushing in Oklahoma declined 1.2 million barrels to 37.8 million barrels.
Source: Thomson Reuters

Nigeria to sell power sector assets by first quarter of 2012

Nigeria aims to complete the sale of four thermal power plants, two hydropower plants and 11 distribution firms by the first quarter of 2012 as part of a multi-billion dollar privatization plan. The country intends to end chronic power shortages that create a major obstacle to growth. Only 40% of Nigeria's 150 million people currently have access to electricity, making high potential returns for investors in the power sector.
Source: Thomson Reuters

Developing countries account for almost half of global crude oil demand

The majority of the net increase in global oil demand over the past five years came from developing countries, growing by more than 4.1% per year. Non-OECD countries consume 47% of global oil production, up from 25% in 1970, with more than two thirds of that amount going to countries other than China and India. Oil prices are expected to ease in the second half of 2011 averaging $107 per barrel for the year as a whole, assuming no further supply disruptions and a gradual reduction in uncertainty arising from the political situation in the MENA region.
Source: World Bank

Iraq's cabinet approves $927m for power projects

Iraq's cabinet approved $927m in financing for electricity generation projects on June 12 in a move to defuse rising public anger over chronic power outages. Iraqis receive a few hours of power a day from the national electricity grid despite the country's ownership of the world's largest oil reserves. The financing aims towards installing and putting into operation gas turbines purchased under deals made in 2008 with General Electric and Siemens. The turbines are expected to add nearly 9,000 megawatts of capacity to the country.
Source: Thomson Reuters

Base metals: Aluminum prices to remain high on rising energy prices and lower global liquidity

Aluminum prices were volatile over the past month, having reached a high $2,772 per ton at the end of April 2011, dropping back to $2,468 per ton on May 23, before rising to around $2,579 per ton on June 16th. Prices are expected to remain high during the remainder of the second quarter, given high global energy prices, the relative weakness of the U.S. dollar and loose global liquidity conditions. Prices are then projected to fall steadily in the second half of 2011and into 2012 as global liquidity conditions tighten and oil prices weaken.

Global aluminum consumption growth is forecast at 5.2% in 2011, down from 14.2% in 2010, as China's apparent consumption was weak in the first quarter of 2011, partly offsetting the strong performance in the EU and in Germany. High levels of real domestic demand in China is expected to encourage producers to operate at soaring levels in 2011, outpacing restarts of production at the idle smelters in North America and Western Europe. Global aluminum production growth is expected to slow to 5.7% in 2011 from 9.8% in 2010.
Source: Economist Intelligence Unit

Precious metals: Gold to recover in 2011 before falling back in 2012 on tightening monetary policy

The market for gold is expected to fall into deficit in 2011, before moving to balance again in 2012 as investor demand falls. After a period of weakness in January, gold prices rose steadily to reach a peak of $1,541 per ounce on May 4, up from a low of $1,324 an ounce in late January. Investor buying fuelled the rise in prices, amid concerns about the ongoing political crises in the MENA region, a re-emergence of worries about European sovereign debt, concerns about U.S. sovereign debt and fears about global inflationary pressures.

However, prices started to recover in the last week of May and reached $1,528 per ounce on June 16th. Investor demand is projected to continue to support gold prices in 2011, as they seek a safe haven in an environment of low interest rates and high inflationary pressures. High prices will continue to deter jewellery consumption in some parts of the world in 2011, particularly in Europe, the U.S. and the Middle East. Also, overall mine production will continue to grow in 2011 and 2012 due to the emergence of new producers and the strong recovery in demand. Further, the forecast tightening of monetary policy in 2012 is expected to restrain economic growth and investment in gold. Gold prices are forecast to average $1,426 per ounce in 2011 and $1,248 per ounce in 2012.
Source: Economist Intelligence Unit

Gold price forecasts ($ per ounce)

Quarter	**Q2 11**	**Q3 11**	**Q4 11**	**Q1 12**
	1,495	1,450	1,375	1,300
Year	**2009**	**2010**	**2011**	**2012**
	973	1,225	1,426	1,248

Source: Economist Intelligence Unit

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	Ba3 Stable	BB- Stable	- -	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	B 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	- -	- -	- -	- -	CC Stable	-3.7	71.4	57.4	343.6	-	3,780	-8.9	5.5
Tunisia	BBB- Stable	Baa3 Negative	BBB- Negative	BBB Stable	B Stable	-2.8	43.0	46.3	101.0	11.7	195.2	-4.4	3.7
Middle East													
Bahrain	BBB Negative	BBa1 Negative	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	-7.2	136.7	160.8	240.3	14.7	212.2	-10.2	10.0
Oman	A Stable	A2 -	- -	A Stable	A Stable	5.3	5.7	15.4	22.6	-	63.7	5.8	3.9
Qatar	AA- Stable	Aa2 Stable	- -	AA- Stable	A 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	CC 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 Stable	Baa3 Stable	BBB- Stable	- -	BB Stable	-1.8	16.2	109.2	122.3	21.2	393.2	-6.2	9.8
Kazakhstan	BBB Stable	Baa2 -	BBB- Stable	- -	B Stable	-2.8	16.0	86.4	182.9	30.3	350.4	3.2	8.8
Romania	BB+ Stable	Baa3 -	BB+ Stable	BBB- Negative	B Stable	-6.8	33.9	77.4	197.5	24.6	-	-5.5	3.8
Russia	BBB Stable	Baa1 Positive	BBB Stable	- -	BB Stable	-5.6	9.3	31.9	124.7	13.4	99.2	4.5	-0.6
Turkey	BB Positive	Ba2 Positive	BB+ Stable	BB Stable	B Stable	-4.1	44.4	41.3	187.3	39.7	-	-3.4	1.0
Ukraine	B+ Stable	B1 Positive	B Negative	- -	CCC 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 Date	Last meeting Action	Next meeting
USA	Fed Funds Target Rate	0.25	22-Apr-11	No change	22-Jun-11
Eurozone	Refi Rate	1.25	09-Jun-11	No change	07-Jul-11
UK	Bank Rate	0.50	09-Jun-11	No change	07-Jul-11
Japan	O/N Call Rate	0-0.10	20-May-11	No change	14-Jun-11
Australia	Cash Rate	4.75	07-Jun-11	No change	05-Jul-11
New Zealand	Cash Rate	2.50	09-Jun-11	No change	28-Jul-11
Switzerland	3 month Libor target	0.25	17-Mar-11	No change	16-Jun-11
Canada	Overnight rate	1.00	31-May-11	No change	19-Jul-11
Emerging Markets					
China	One-year lending rate	6.31	06-Apr-11	Raise 25bps	N/A
Hong Kong	Base Rate	0.50	22-Apr-11	No change	22-Jun-11
Taiwan	Discount Rate	1.75	31-Mar-11	Raise 12bps	24-Jun-11
South Korea	Base Rate	3.00	13-May-11	No change	10-Jun-11
Malaysia	O/N Policy Rate	3.00	05-May-11	Raise 25bps	Jul-11
Thailand	1D Repo	3.00	01-Jun-11	Raise 25bps	13-Jul-11
India	Reverse repo rate	7.25	03-May-11	Raise 50bps	16-Jun-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	25-May-11	No change	23-Jun-11
South Africa	Repo rate	5.50	12-May-11	No change	21-Jul-11
Kenya	Central Bank Rate	6.25	31-May-11	Raise 25 bps	Jul-11
Nigeria	Monetary Policy Rate	8.00	25-May-11	Raise 50 bps	Jul-11
Ghana	Prime Rate	13.00	May-11	Cut 50 bps	Jul-11
Angola	Rediscount rate	20.00	06-Apr-11	Cut 50bps	N/A
Mexico	Target Rate	4.50	27-May-11	No change	08-Jul-11
Brazil	Selic Rate	12.25	08-Jun-11	Raise 25bps	20-Jul-11
Armenia	Refi Rate	8.50	10-May-11	No change	N/A
Romania	Policy Rate	6.25	05-May-10	Raise 25bps	N/A
Bulgaria	Base Interest	0.22	01-June-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	8.25	03-May-11	Raise 25bps	N/A

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