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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Upgrades outpace downgrades in first 9 months of 2011

Fitch Ratings indicated that it downgraded 7.5% of global corporate issuers and upgraded 9.4% of the issuers it rates in the first 9 months of 2011. It said that it downgraded 2.2% and upgraded 3.7% of issuers in the first quarter, lowered the ratings of 3.1% and upgraded those of 3.8% of issuers in the second quarter, and reduced the ratings of 2.7% issuers and upgraded those of 2% issuers in the third quarter of this year. It noted that the overall downgrade-to-upgrade ratio was at 0.6-to-1 in the first quarter, 0.8-to-1 in the following quarter, and 1.4-to-1 in the third quarter. It pointed out that it downgraded 3.9% of emerging market issuers and upgraded 11.3% of such issuers, while it downgraded 8.9% of developed market issuers and upgraded 8.7% of such issuers in the first 9 months of the year. The agency said that it downgraded 12.3% of corporate issuers in Europe, 12% of issuers in the Middle East & Africa, 5.8% of North American issuers, 4% of issuers in Asia-Pacific, and 2.1% of issuers in Latin America & the Caribbean year-to-September. In parallel, it upgraded 20.3% of corporate issuers in Latin America & the Caribbean, 10.5% of those in North America, 7.3% of issuers in Asia-Pacific, 6.3% of European issuers, and 1% of those in the Middle East & Africa in the first 9 months of the year.

Source: Fitch Ratings

EMERGING MARKETS

Trading in Credit Default Swaps down 30% to $274bn in third quarter of 2011

Trading in emerging markets Credit Default Swaps (CDS) reached $274bn in the third quarter of 2011, constituting a 30.5% decrease from $394bn in the same period last year and a 14.2% increase from $240bn in the second quarter of 2011. The most frequently traded sovereign CDS contracts were those of Brazil at $45bn, followed by Russia, Turley and Mexico at $25bn each. The most frequently traded corporate CDS contracts were those of Gazprom, which exceeded $7bn, as well as those of Pemex at $1.7bn and PDVSA at $1.3bn. The survey covered data on CDS contracts for 19 emerging economies and 10 emerging market corporate issuers from 12 major international banks and broker-dealers. It noted that the recent crisis affecting the European Union periphery should have seen more investors buying CDS contracts on sovereign bonds, notably on Central & Eastern Europe countries that are likely to be perceived as more vulnerable to potential contagion. But it added that traded volumes on CDS remain relatively low by historical standards, despite that trading in Brazil and Mexico CDS remained relatively robust in the third quarter.

Source: EMTA

GCC

Rising debt maturities pose refinancing risks

Standard & Poor's indicated that issuers in the Gulf Cooperation Council (GCC) countries face rising refinancing risks over the next three years, as the amount of debt maturing in the region will increase significantly between 2012 and 2014. It estimated bonds and sukuk maturing in 2012 at $25bn and at about $35bn in 2014. As such, it said that the region would enter a challenging loan and bond refinancing cycle, mainly due to the ongoing volatility in capital markets. It added that slowing global economic growth is already restraining corporate debt issuance and heightening refinancing risk in the region. It noted that several GCC corporates have delayed issuance, which could accentuate refinancing risks for such companies. It said that most corporates turned to banks to meet their funding needs. It added that higher-rated issuers will not face difficulties rolling over their debt, but those further down the rating scale may find such transactions more difficult. It considered that regional corporates rely heavily on short-term bank funding, but warned that over-reliance on short-term bank debt would expose issuers to refinancing risks.

Source: Standard & Poor's

IRAN

Tehran urged to address its anti-money laundering deficiencies

The Financial Action Task Force (FATF), the global standard setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), declared that it is "particularly and exceptionally" concerned about Iran's failure to address the risk of terrorist financing and the serious threat this poses to the integrity of the international financial system, despite Iran's engagement with the FATF. It urged again all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with Iran, including Iranian companies and financial institutions. It also repeated its call to its members and other jurisdictions to apply counter measures to protect their financial sectors and the international financial system from the ongoing and substantial money laundering and terrorist financing risks originating from Iran. The FATF reiterated its call to all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with Iran, including Iranian companies and financial institutions. It also urged jurisdictions to protect against correspondent relationships being used to bypass or evade counter-measures and risk mitigation practices, and to take into account money laundering and terrorism financing risks when considering requests by Iranian financial institutions to open branches and subsidiaries in their jurisdiction. The FATF warned that, if Iran fails to take concrete steps to improve its AML/CFT regime, it will consider calling on all countries and jurisdictions to strengthen counter-measures in February 2012.

Source: Financial Action Task Force

EMERGING MARKETS

Credit growth to slow down in 2012

Fitch Ratings expected credit growth in Emerging Markets (EMs) to slow down in 2012 due to the weaker global economic outlook, as well as from base effects and policy moves by EM authorities to prevent overheating. It also projected an increase in non-performing loans (NPLs) next year in markets where credit has rapidly increased between 2010 and the first half of this year, as portfolios start to season and loan growth slows. It noted, however, that banking systems remain sound and that a sharp deterioration in NPLs is unlikely, except in case of a severe deterioration in the global outlook. It said that NPLs could rise significantly in China on the back of rapid loan growth, weak underwriting and high leverage; and in Belarus on currency devaluation. It added that several banks in Latin America, Asia and Europe reported further rapid loan growth in the first half of the year, but risks are mitigated in these markets by modest loan-to-GDP ratios; mostly sound asset quality; good capital and funding ratios; and solid GDP growth. It noted that EMs have not seen a significant erosion of capital due to solid earnings, except in Turkey, while they generally maintained adequate loan-to-deposit ratios as a result of deposits growth.

In parallel, Fitch said that economic and loan growth have remained slow across Central & Eastern Europe. It added that the risks are high of parent-bank retrenchment and of weakness in the region's currencies. Further, it indicated that banks' profitability and asset quality in the countries of the former Soviet Union have stabilized, except in Belarus, as high commodity prices have supported these economies. But it noted that banking systems in Kazakhstan and Ukraine still suffer from high problem loans, negative profitability, potentially weak capitalization, and tight margins.

Source: Fitch Ratings

MENA

Euro zone crisis and drop in oil prices to result in 2.2% loss in growth

The World Bank indicated that the potential effects of the Euro zone crisis on the MENA region depend on the magnitude of the contraction in growth in Euro area economies and on the impact on oil prices. It expected that Egypt, Morocco and Tunisia, which are the region's most integrated countries with Europe, to experience stronger shockwaves that other Arab economies. The World Bank's moderate scenario, whereby growth in the Euro zone slows to between zero and 1% in 2012, anticipates the growth effects on the Maghreb to be relatively low and to cost oil importers with EU links around 0.2 percentage point of growth, with Tunisia posting the largest decline of less than 0.5 percentage point in growth. It expected losses of 0.03 percentage point in the MENA region's growth. It also projected a 2.5% drop in MENA's exports to the EU under this scenario. It attributed the small decline in exports to the small contribution of non-oil exports to GDP, as well as to the fact that the region's non-oil exports to the EU account for a small share of the MENA's overall exports.

Under its more severe scenario, the World Bank forecast economic activity in the Euro area to contract by 1% in 2012, and expected growth loss in the MENA region to increase to around 0.2 percentage points, as oil importers with EU links would post the highest loss of around 0.8 percentage point in growth. It expected growth in Tunisia and Morocco to register the sharpest declines, with economic activity in Tunisia contracting by two percentage points and in Morocco by one percentage point. It anticipated that growth in Bahrain, Djibouti and Egypt to be less affected, with an average loss of around 0.6 percentage point. It projected the region's exports to the EU to contract by 13.5% in 2012 under this scenario.

In parallel, the World Bank indicated that if the Euro zone slowdown affects oil prices, the crisis' impact would be more broadly spread and would cost the region about 2.2 percentage points in growth. It expected oil prices to fall by 5% in 2012 and oil exports from the MENA region to decline by 2%, as the EU accounts for 25% of global import demand. It added that the region's oil exporters would post the largest losses under this scenario, with the GCC economies losing three percentage points and developing oil exporters 1.7 percentage points in growth. It indicated that such a slowdown, along with an oil shock, will marginally increase the losses on oil importers to 0.8 percentage point of growth, as oil importers with EU links would post a loss of 0.9 percentage point in growth.

Source: World Bank

GHANA

Economy to grow by 13.5% in 2011 and 5.2% in 2012, inflation to ease to 8.7%

The International Monetary Fund projected Ghana's real GDP growth at 13.5% in 2011, compared to a growth rate of 5.2% for Sub-Saharan Africa (SSA) and 4.6% for Middle-Income Countries (MICs) in Africa. It also forecast real GDP growth at 7.3% in 2012 relative to growth of 5.8% in SSA and 4.1% for MICs. It estimated the country's annual average inflation rate at 8.7% in 2011, down from 10.7% a year earlier, compared to average inflation of 8.4% in SSA and 6.2% in MICs. It also forecast the country's average inflation to remain unchanged at 8.7% in 2012. It expected the country's real per capita GDP to grow by 10.7% in 2011 and 4.6% in 2012, relative to growth of 3% in SSA this year and 3.5% next year. Further, it forecast broad money to grow by 22.2% this year and 17.4% next year.

The Fund projected the central government's fiscal deficit to contract to 6.5% of GDP in 2011 and 3.8% of GDP in 2012 from 9.7% of GDP in 2010. It estimated total investment at 22.3% of GDP in each of 2011 and 2012, compared to 24.7% of GDP in 2010. It also forecast total government debt to rise to 36.2% of GDP at end-2011 and 37.4% of GDP at end-2012, up from 33.6% of GDP at end-2010. Further, it projected the country's current account deficit to remain wide but to shrink to 8.4% of GDP in 2011 and at 6.1% of GDP in 2012, relative to 8.6% of GDP in 2010. Further, the Fund expected the country's gross official reserves to reach 3.4 months of imports of goods & services at end-2011 and 3.8 months at end-2012, compared to 3.1 months at end-2010.

Source: International Monetary Fund

ECONOMY & TRADE

GCC

New guidelines and standards for debt issuers

The Gulf Bond and Sukuk Association (GBSA) released an inaugural set of investor relations standards for bond and sukuk issuers from the GCC region. It said that proper disclosure standards constitute a key driver to help attract investors, and expected issuers to refer to these new standards as best-practice benchmarks. It indicated that the Standards for Gulf Debt Issuers provide basic recommendations such as creating investor relations roles at all debt issuers, using English and Arabic equally for issuer information, introducing regular conference calls, and time limits of 36 hours to respond to investors' e-mail inquiries. It added that the guidelines call for a standardization of macroeconomic data, which sometimes differ from one bond prospectus to another. In parallel, Fitch Ratings indicated that the inaugural standards constitute a positive step towards increasing transparency and public disclosure, which would give investors a better understanding of risks and symmetric access to consistent information. It noted, however, that their effectiveness would depend on greater clarity about the details of the initiative, as well as its full and timely implementation.

Source: Gulf Bond and Sukuk Association, Financial Times, Fitch Ratings

JORDAN

Local currency rating downgraded due to currency peg regime

Standard & Poor's downgraded Jordan's long-term local currency sovereign credit rating to 'BB' from 'BB+' and affirmed the country's long- and short-term foreign currency credit ratings at 'BB/B', short-term local currency rating at 'B' and transfer & convertibility at 'BBB-'. It also assigned a 'negative' outlook to the ratings. It attributed the downgrade to new rating criteria stipulating that local currency ratings can be higher than foreign currency ratings only in the case of a floating exchange rate system, which is not Jordan's case as the dinar has been pegged to the US dollar since 1995. It said that Jordan's economy has suffered from commodity price inflation and regional instability, which resulted in slower economic growth and larger fiscal deficits. It said that the composition of spending has shifted away from capital expenditures towards current spending on food and energy subsidies, and on transfer payments. It projected the fiscal deficit at 6.2% of GDP in 2011 relative to 6.7% of GDP in 2010. It indicated that Jordan's gross financing needs stand at 82% of current account receipts plus useable reserves, constituting a manageable level. It noted that the fiscal deficit would be higher without foreign grants, as transfers from Saudi Arabia alone amounted to 18% of general government revenues so far this year. Further, it forecast Jordan's current account deficit to widen to 7.3% of GDP due to higher import prices and a decline in tourism receipts and in remittances. Also, it noted that foreign reserves have declined by about 3.5% to cover the loss of foreign investment in response to regional unrest.

Source: Standard & Poor's

ARMENIA

Outlook revised to negative on economic vulnerabilities

Moody's Investors Service changed the outlook on Armenia's 'Ba2' government foreign and local currency issuer ratings as well as on the 'Ba3' country ceiling for foreign-currency deposits to 'negative' from 'stable'. It also downgraded the country ceiling for local-currency debt to 'Baa1' from 'A3' and affirmed the country ceiling for local-currency deposits at 'Baa1' and the country ceiling for foreign-currency debt at 'Baa3'. It attributed the outlook revision to the country's ongoing economic vulnerability due to weaker growth prospects in Europe and Russia, which together account for 58% of Armenia's exports. It added that potentially lower commodity prices could further affect the economy, as mining, precious stones and metals represent 73% of exports. It expressed concerns about the deterioration of Armenia's debt metrics and external position and the country's shock-absorption capacity, as it enters another period of heightened economic uncertainty. It estimated Armenia's current account deficit at 11% of GDP in 2011 and projected the government's external debt ratio to double to 35% of GDP in 2011 from 14% of GDP in 2008. But Moody's pointed out that the government is still committed to fiscal consolidation, as illustrated by the measures contained in the draft 2012 budget law that aims at reducing the general government deficit to 3.1% of GDP next year. It noted, however, that the implementation risks to the fiscal consolidation plan are significant, particularly given the uncertainty surrounding Armenia's growth prospects.

Source: Moody's Investors Service

TURKEY

Outlook changed to stable on risks to economic stability

Fitch Ratings revised the outlook on Turkey's long-term foreign and local currency Issuer default Ratings (IDR) to 'stable' from 'positive' and affirmed the ratings at 'BB+'. It also affirmed Turkey's short-term foreign currency IDR at 'B' and Country Ceiling at 'BBB-'. It attributed the outlook revision to an increase in near-term risks to macroeconomic stability, as the country faces the challenge of reducing its large current account deficit and above-target inflation rate against the backdrop of a deteriorating global and financing environment. It added that Turkey's macroeconomic performance has been very volatile given its low savings rate and inability to grow robustly without generating major imbalances. It estimated Turkey's current account deficit at $78bn in the 12 months ending September 2011, constituting the second highest deficit in the world after the U.S. As such, it projected the current account deficit to widen to 9.8% of GDP in 2011 from 6.5% of GDP in 2010, well above the 10-year median of similarly-rated sovereigns of 2% of GDP. It added that the current account deficit has been dominated by short-term portfolio debt inflows, leaving the country vulnerable to worsening global financial conditions. Also, it forecast Turkey's inflation at 9.2% in 2011, well above the Central Bank of Turkey's target of 5.5%, and constituting the fourth time the CBT has missed its target in six years.

Source: Fitch Ratings

WORLD

Launch of first Islamic benchmark rate

A group of 16 banks, along with data provider Thomson Reuters, launched the Islamic Inter-bank Benchmark Rate (IIBR), the world's first Islamic finance reference rate. The IIBR uses the contributed rates of 16 Islamic banks to provide pricing for Islamic instruments as an alternative to the conventional interest-based benchmarks used in mainstream finance. The banks consider money flowing between them as investments that depend on the performance of underlying assets, rather than as interest-bearing loans. Islamic banks have been using the London inter-bank offered rate (LBOR) since 1986, even though it is not compliant with Shariaa laws. But religious leaders permitted its use because there was no alternative benchmark based on socially-ethical investing. Thomson Reuters said that the new benchmark's methodology, combined with the endorsement of many Islamic financial institutions and scholars, resulted in a reference rate that measures the cost of funding for Islamic financial institutions. The new reference rate is expected to raise the transparency of the Islamic financing process, encourage broader use of Islamic banks, and facilitate liquidity flows into Islamic banks.

Source: Wall Street Journal, Thomson Reuters

SYRIA

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 Syria has taken significant steps towards improving its AML/CFT regime, including by improving the legal arrangements for freezing terrorist assets. It noted, however, that Syria has not made sufficient progress in implementing its action plan despite its high-level political commitment to work with the FATF and the FATF-style regional body MENAFATF to address its strategic AML/CFT deficiencies. The FATF noted that certain AML/CFT deficiencies remain and encouraged the authorities to continue to work on addressing them and to implement their action plan to address the shortcomings. It said related measures include adopting adequate measures to implement and enforce the 1999 International Convention for the Suppression of Financing of Terrorism; implementing adequate procedures for identifying and freezing terrorist assets; ensuring financial institutions are aware of and comply with their obligations to file suspicious transaction reports in relation to ML and FT; and adopting appropriate laws and procedures to provide mutual legal assistance.

Source: Financial Action Task Force

SAUDI ARABIA

Private sector lending up 9% year-on-year

Figures issued by the Saudi Arabian Monetary Agency (SAMA) show that total assets of commercial banks reached SAR 1,508bn at the end of September 2011, constituting a marginal rise of 0.1% from the previous month, but a significant rise of 6.5% from end-2010 and 9.8% from September 2010. Lending to the private sector reached SAR 840.8bn, up marginally by 0.4% month-on-month and 8.8% from a year earlier. Also, customer deposits totaled SAR 1,055bn at end-September, down 1% month-on-month, mainly driven by time and saving deposits that grew by 2.5% monthly, compared to the previous month where demand-deposit growth was the driver of the increase in customer deposits. They increased by 10.4% from a year earlier and by 7% from end-2010. The loans-to-deposits ratio was 80% at end-September relative to 81% a year earlier.

Source: Saudi Arabian Monetary Agency, EFG Hermes

UAE

Banking sector risk assessment downgraded

Standard & Poor's revised its Banking Industry Country Assessment (BICRA) on the UAE to 'Group 5' from 'Group 4', maintained its economic risk score at '5', and assigned an industry risk score of '5'. The BICRA framework evaluates and compares global banking systems, and covers a country's rated and unrated financial institutions. It assigns scores to banking systems on a scale from one to 10, with 'Group 1' including the least risky banking systems and 'Group 10' the riskiest ones. S&P noted that other countries in BICRA's 'Group 5' include China, India, Poland, Slovenia, Thailand and Turkey. It indicated that the UAE's economic risk score reflects its "low risks" in economic resilience and "high risks" in economic imbalances and credit risks in the economy. It added that its industry score reflects the country's "high risks" in its institutional framework and "intermediate risks" in its competitive dynamics and in system-wide funding. In parallel, the agency considered that legacy credit exposures; large sector and borrower concentrations; high exposure to real estate and construction; and uncertainty about exposure to some government-related entities are weighing on banks' credit profile. But it noted that such risks are mitigated by the sector's strong capital base and low level of private sector debt. It said that the regulator's ability to anticipate and prevent the occurrence of potential problems remains limited despite having a strong track record of providing extraordinary support to domestic banks.

Source: Standard & Poor's

CÔTE D'IVOIRE

Crisis increases financial sector vulnerabilities

The International Monetary Fund indicated that the political crisis in Côte d'Ivoire has aggravated the vulnerabilities of the country's financial sector. It said that bank portfolios have weakened, especially for small banks with high exposure to small- and medium-sized enterprises, given the significant impact of the crisis on SMEs. It expected several banks to need recapitalization or guarantees to meet prudential norms. It added that the underlying problems of the five state-owned banks have worsened, and that the insurance and pension sectors need major reforms to ensure their financial viability. In parallel, the Fund said that the authorities have resumed preparations for a comprehensive financial sector reform strategy to reduce these vulnerabilities, with the technical assistance of international institutions. It noted that the strategy includes defining the government's role in the sector, restructuring loss-making public banks, broadening access to financial services, reforming microfinance institutions, and improving the viability of pension funds.

Source: International Monetary Fund

Oil prices above $107, on growing turmoil in the Middle East

Brent crude prices rose above $107 a barrel on November 24, recovering from the previous day's losses, as potential strong winter fuel demand and turmoil in the Middle East offset fears that a global economic slowdown could reduce consumption. U.S. crude stockpiles unexpectedly fell last week, as refinery rates rose and crude imports declined. Also, Brent crude prices rose 54 cents to $107.6 a barrel, while U.S. crude prices increased 53 cents to $96.7 a barrel.

The U.S. Energy Administration stated that U.S. crude inventories fell 6.2 million barrels last week, against an expected increase of 500,000 barrels. The debt crisis in the Euro zone, combined with weaker economic data from China and the United States, increased worries that global growth will reduce fuel demand.
Source: Thomson Reuters

Some OPEC members support cut in oil output

OPEC is expected to decide to reduce oil output at its next meeting on December 14, as global oil demand is projected to decline in 2012. However, industry observers expect that a cut in output is unlikely to find support among the Arab Gulf OPEC members while oil prices remain well above $100 a barrel. Also, Iran aims to persuade OPEC members to return output production to levels before they were raised earlier in 2011 in response to the Libyan crisis. Further, Iran along with African producers and Venezuela, blocked a Saudi-led proposal to increase output targets at OPEC's last meeting on June 8, but Saudi Arabia and its Gulf OPEC allies boosted output unilaterally afterwards.
Source: Thomson Reuters

Jordanian power supplier loses $1.2bn due to Egypt pipeline disruptions

Jordan's National Electric Power Company lost JD820m, equivalent to $1.2bn, in the first 10 months of 2011 due to halts in natural gas supplies from Egypt. Losses are expected to increase to JD1bn by the end of 2011, as the company will be forced to generate its power with more expensive fuels such as diesel. Egypt's Sinai pipeline, which transfers natural gas to Israel and Jordan, has been attacked seven times since the start of 2011.
Source: Ahram Online

Iran buys crude oil from Syria

An Iranian-owned entity received 80,000 metric tons of crude oil from Syria, the country's first export since late September. Sanctions introduced in early September banned companies in the European Union's 27-member states from buying or transporting Syrian oil. Potential buyers of crude oil from Syria are India, Russia and China. Syria produced around 350,000 barrels per day before the unrest, of which about one third was exported.
Source: Thomson Reuters, Bloomberg

Base metals: Fundamentals firm, steel production still growing

Prices of base metals fell in the past week, as investors retreated from investing in commodities. Copper was the worst performer in the base metals complex, falling by 6% week-on-week to $7,310 per ton on November 22nd. Further, LME copper stocks fell to a nine-month low after steadily trending down since the end of September. The latest trade data from China showed a 74% year-on-year growth in refined copper imports in October. China is expected to provide support to copper prices in November and December, but demand normally declines in mid-January for seasonal reasons.

In parallel, Nickel outperformed the other metals as its price was unchanged week-on-week, after China's refined nickel imports rose 29% year-on-year to a 27-month high in October. Global steel production continued to expand at a moderate pace into October, which suggests a continued increase in construction markets and global manufacturing. Global steel production was up 6% year-on-year in October, where China's production increased 10% year-on-year, production in North America rose 10% and that of South Korea increased 18% year-on-year.
Source: Standard Chartered

Precious metals: Prices lower on stronger dollar and fears about Europe

Precious metal prices weakened in the past week on a stronger U.S. dollar and renewed fears about Europe. Palladium is particularly sensitive to the economic cycle, falling by 11% week-on-week. Also, gold prices declined 5% week-on-week with safe-haven inflows, while silver prices dropped 8% week-on-week.

Further, gold demand increased 6% year-on-year in the third quarter of 2011 and reached a record high in U.S. dollar terms. Global investment demand rose 33% year-on-year to 468 tons, with European demand up a substantial 135% to 118 tons. On the other hand, global jewellery demand was down 10% year-on-year. Mine production increased 5% year-on-year in the third quarter of 2011, but scrap supply still looks relatively constrained. Overall, persisting financial market risks are expected to keep gold prices elevated in 2012.
Source: Standard Chartered, Julius Baer

Global Commodity Outlook

(3-months LME, $/ton)	2010	2011f	2012f
Aluminum	2,201	2,434	2,225
Copper	7,570	8,814	8,750
Lead	2,172	2,377	2,300
Nickel	21,913	22,940	21,375
Tin	20,448	26,347	26,000
Zinc	2,188	2,209	2,200
(Spot price, $/ounce)			
Gold	1,227	1,588	1,875
Palladium	529	732	725
Platinum	1,613	1,725	1,750
Silver	20	36	39

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	BB- Stable	Ba3 Stable	BB- Stable	- -	B Negative	2.7	20.6	20.2	35.7	8.2	-	1.6	17.6
Egypt	BB- Negative	B1 Negative	BB Negative	BB+ Negative	CCC 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+ Stable	- -	BB 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	- -	B 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- Stable	- -	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- Negative	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	Baa1 Negative	BBB 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	- -	- -	- -	- -	CCC 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	A 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	CCC Stable	-7.2	136.7	160.8	240.3	14.7	212.2	-10.2	10.0
Oman	A Negative	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	AA 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 S&P	Moody's	Fitch	CI	EIU	Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Central & Eastern Europe													
Armenia	- -	Ba2 Negative	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	- -	BB Stable	-2.8	16.0	86.4	182.9	30.3	350.4	3.2	8.8
Romania	BB+ Stable	Baa3 -	BBB- Stable	BBB- Negative	BB Stable	-6.8	33.9	77.4	197.5	24.6	-	-5.5	3.8
Russia	BBB Stable	Baa1 Positive	BBB Stable	- -	BBB 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+ Positive	B1 Positive	B Stable	- -	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		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	0.25	02-Nov-11	No change	13-Dec-11
Eurozone	Refi Rate	1.25	03-Nov-11	Cut 25bps	08-Dec-11
UK	Bank Rate	0.50	10-Nov-11	No change	08-Dec-11
Japan	O/N Call Rate	0-0.10	16-Nov-11	No change	21-Dec-11
Australia	Cash Rate	4.50	01-Nov-11	Cut 25bps	06-Dec-11
New Zealand	Cash Rate	2.50	27-Oct-11	No change	08-Dec-11
Switzerland	3 month Libor target	0.00	15-Sep-11	No change	15-Dec-11
Canada	Overnight rate	1.00	25-Oct-11	No change	06-Dec-11
Emerging Markets					
China	One-year lending rate	6.56	06-Jul-11	Raise 25bps	N/A
Hong Kong	Base Rate	0.50	02-Nov-11	No change	13-Dec-11
Taiwan	Discount Rate	1.88	30-Jun-11	Raise 12.5bps	Q4-11
South Korea	Base Rate	3.25	11-Nov-11	No change	08-Dec-11
Malaysia	O/N Policy Rate	3.00	11-Nov-11	No change	31-Jan-12
Thailand	1D Repo	3.50	19-Oct-11	No change	30-Nov-11
India	Reverse repo rate	8.50	25-Oct-11	Raise 25bps	16-Dec-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	5.75	Oct-11	No change	23-Nov-11
South Africa	Repo rate	5.50	10-Nov-11	No change	Jan-12
Kenya	Central Bank Rate	16.50	Nov-11	Raise 550 bps	Dec-11
Nigeria	Monetary Policy Rate	12.00	10-Oct-11	Raise 275 bps	22-Nov-11
Ghana	Prime Rate	12.50	Nov-11	No change	Dec-11
Angola	Rediscount rate	20.00	06-Apr-11	Cut 50bps	N/A
Mexico	Target Rate	4.50	14-Oct-11	No change	02-Dec-11
Brazil	Selic Rate	11.50	14-Oct-11	Cut 50bps	30-Nov-11
Armenia	Refi Rate	8.00	08-Nov-11	No change	N/A
Romania	Policy Rate	6.00	03-Nov-11	Cut 25bps	N/A
Bulgaria	Base Interest	0.22	01-Nov-11	Raise 2 bps	N/A
Kazakhstan	Refi Rate	7.50	01-Oct-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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