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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

MENA

E-government readiness improves

The United Nations' Electronic Government Readiness Index for 2008 shows that overall e-government readiness improved in the MENA region this year, as the region's average score improved by 11% to 0.4358 points, while the Arab world's average score improved by 11.6% to 0.4197 points from the previous survey. The global average for e-government readiness was 0.4514 points. The index provides a quantitative appraisal of the use of e-government as a tool in the delivery of services to the public at large. It is a composite index based on website assessment, telecommunication infrastructure and human resources. The rankings of 12 MENA countries improved and 7 declined, while the scores of 17 countries improved and 2 regressed. The UAE is the highest ranked Arab country, coming in 32nd place and is the only one among the top 35 countries globally in terms of electronic readiness. Yemen ranked last in the region, coming in 164th place globally. The survey assessed e-government online facilities as an indicator of the pro-active stand of a government in its capacity to deploy high quality information through electronic means. The United Nations said the concept of connected government looks towards technology as a strategic tool and as an enabler for public service innovation and productivity growth.

Source: United Nations

EMERGING MARKETS

Weak corporate governance may be sign of potential credit problems

Fitch Ratings declared that if corporate governance is not adequately implemented and carried out, it can be detrimental to the overall health of an enterprise. The agency said that while strong governance practices generally will help ensure the likelihood of timely contractual payment, a fundamental governance weakness can have negative consequences for a company's viability, and may therefore constrain its ratings, even though corporate governance is just one of many inputs into the ratings process. Fitch noted that while exceptionally strong corporate governance, in and of itself, does not generally benefit a rating, it may warrant other positive recognition in the credit analysis of a company. It said credit investors need to be aware that while sound governance generally serves the interests of all stakeholders, there can be discrepancies between the interests of bond and equity holders, particularly around questions of promoting short-term performance over long-term stability. Fitch added that board effectiveness, board independence, management compensation, related party transactions, and integrity of accounting and audit constitute corporate governance issues that speak specifically to how well an organization has embraced effective controls to ensure sound policies and procedures.

Source: Fitch Ratings

WORLD

U.S. revises rules for foreign investment reviews

U.S. President George W. Bush signed an executive order that formally puts the Treasury Department in charge of finalizing new rules for scrutinizing proposed foreign acquisitions in the United States. Last summer, Congress passed the rules that govern the Committee for Foreign Investment in the United States (CFIUS), which is the government panel charged with identifying potential threats to U.S. security from proposed overseas deals. The new law on CFIUS reviews requires, among others, a mandatory 45-day investigation by the CFIUS panel of any transaction that involves a foreign government-owned entity. Congress overhauled the CFIUS process after the outcry in the U.S. over an attempt by Dubai Ports World to take over some of the largest U.S. port operations.

Source: Dow Jones Newswires

SUDAN

Dutch pension fund sells PetroChina stock

PGGM, one of the largest public pension funds in Europe, has decided to divest holdings in PetroChina due to parent company China National Petroleum Corporation's connection to "human rights violations in Sudan." The fund, which manages approximately €88bn in assets, made the decision to sell PetroChina after extensive efforts to engage the company over Sudan failed. The sale marks the first time a Dutch pension fund has decided to act against a Chinese oil operator. While PetroChina is connected to Sudan through its parent company, PGGM stated that ownership, governance and financial streams between CNPC and PetroChina overlap to such an extent that PGGM regards both organizations as a single entity.

Source: AFP, Associated Press

NIGERIA

Warning on oil contracts

Nigeria has warned energy companies it wants to complete its planned renegotiation of contracts covering offshore oilfields in the next three months. It is the first time Nigeria has come up with a timeframe for renegotiating the complex agreements, which the government announced it would review late last year in an effort to secure a greater share of profits from offshore production. The urgency will put the oil majors under greater pressure. The Nigerian move reinforces a global trend of oil-exporting countries demanding better terms to reflect surging prices. The review forms part of wide-ranging reforms for the energy sector in Nigeria launched by Mr Yar'Adua after he came to power last May. Nigerian officials say they are hoping to hold preliminary discussions with oil companies in the next few weeks to begin renegotiating deals known as production sharing contracts signed in 1993 and 2000.

Source: Financial Times

OUTLOOK

EMERGING MARKETS

Construction sector outlook to remain positive

Fitch Ratings indicated that the outlook for the construction sector in the Middle East and Eastern Europe remains positive. It said construction markets in resource rich regions such as the GCC and the Commonwealth of Independent States are in the midst of a boom, as demand has been, and will continue to be, driven by strong fundamentals. The agency noted that supportive structural factors such as strong GDP growth, rising incomes, rapid population growth and increasing mortgage availability continue to underpin robust growth in construction markets, as companies based in these emerging markets will continue to benefit from positive fundamentals. Also, increasing corporate sophistication such as improved corporate governance, increased scale, better geographical diversification and more refined risk management procedures should benefit credit profiles over the medium term. Fitch warned that risks remain, including the possibility of over supply in certain localized markets should large development backlogs be inadequately phased. This problem could be compounded by reduced construction demand should the economic slowdown in the U.S. spill over into local economies, although there is little evidence of this as yet. The agency expressed concerns about the relatively immature, non-transparent and potentially volatile nature of some local construction markets, while companies in these markets, generally speaking, still lag behind their West European peers in terms of corporate governance and risk management practices. Fitch expected strong levels of economic growth to continue in the CIS and GCC regions, although the threat of rising inflation and reduced trade with slowing economies in the West may result in somewhat reduced growth compared with recent years.

Source: Fitch Ratings

SUB-SAHARAN AFRICA

Growth to average 6.1% in 2008-09, risks tied to high inflation and weak growth in emerging markets

The World Bank indicated that growth in Sub-Saharan Africa reached 6.1% in 2007, the region's fastest pace of growth in more than three decades, and expected growth to remain buoyant over the near and medium terms by historic standards. It forecast the region real GDP growth at 6.4% in 2008 and 5.8% in 2009 despite softening of demand in the Euro Area in 2008 and corrections to non-oil commodity prices, particularly metals, over the medium term. It said the impetus for growth in many countries will come in part from robust domestic demand, particularly from strong growth in public and private fixed investment. Fixed investment is expected to remain strong despite the credit crunch in international financial markets and the easing in non-oil commodity prices. Large, strategic, capital projects initiated by big, rapidly-growing, developing economies such as China and India are likely to underpin continued strong investment. Several years of strong non-oil commodity prices, together with rising private capital inflows and remittances, are supporting private consumption, although spending is anticipated to flatten over the medium term as income growth eases.

According to the World Bank, among the most important downside risks to growth in Sub-Sahara African is a larger-than expected decline in high-income country growth and import demand. Such a falloff could be tied to continuing difficulties in financial markets, or it could be triggered by weaker growth outturns in major emerging market economies such as in China and India, which might result in weaker export growth for Sub-Saharan Africa in general, and for the oil-importing countries in particular. It also warned about rising inflationary pressures if oil prices increase further or drought conditions affect the food supply. Further, increases in international prices of staple commodities such as cereals and vegetable oils, to a large degree already in the pipeline, could spill over to fuel domestic price pressures, particularly in countries that are heavily reliant on imports of wheat and vegetable oils. Finally, lower non-oil commodity prices, further increases in oil prices, or both may come to affect disposable incomes in oil-importing countries, undermining private consumption while also yielding worse external balances. Conversely, higher oil prices would benefit growth in oil-exporting countries. Sociopolitical tensions also remain a source of downside risk for several countries.

Source: World Bank

SUDAN

Strong economic growth to help long-term ability to service debt

The Economist Intelligence Unit estimated Sudan's economic growth at 12.8% in 2007 and forecast real GDP to grow by a still strong 8.9% in 2008 and 7.2% in 2009. It indicated that Sudan's external debt stock reached an estimated $29.5bn by the end of 2007, adding that almost all of Sudan's external debt is made up of public medium- and long-term debt, together with associated interest arrears, resulting in total public debt of almost 98% of GDP at end-2007. It noted that country does not service the vast majority of its debt and expected the debt-service ratio to remain high, rising from 10.5% in 2008 to 12.3% in 2009. According to the EIU, Sudan's access to international capital markets will continue to be hampered by the fact that the country remains in default, compounded by its low level of development and ongoing political instability. However, some funding will continue to be provided by China and India that are heavily involved in the country's oil industry and, increasingly, by several GCC countries' development funds. It said new loans were estimated at $536m in 2007 and are expected to reach an annual average of $860m over the2008-09 period, raising concerns among other existing creditors.

The EIU considered that Sudanese authorities will be careful to service the new debt, and expected healthy export earnings to keep the debt-service ratio paid at a manageable average of around 3.3% over the 2008-09 period. Further, continued strong economic growth based on high oil revenue should enhance Sudan's long-term ability to service its debt, and the country has kept up its payments to new official creditors that provide project financing. In parallel, concerns over human rights abuses in Darfur, and Sudan's policy of taking on new, non-concessional debt are continuing to deter international donors from implementing a debt-forgiveness program under the heavily indebted poor countries (HIPC) initiative, despite continued requests for assistance from the Sudanese government.

Source: Economist Intelligence Unit

ECONOMY & TRADE

GCC

Bond issuance at $24bn in 2007, potential at $50bn in 2008

Moody's Investors Service estimated the potential of the corporate bond market in the GCC in the near term at $50bn despite the volatility of global markets. It put the total corporate bond issuance in the GCC by governments and companies at $23.7bin in 2007, up 62% from 2006, with $11.7bn in the form of Shariah compliant Sukuk, including some large benchmark transactions. It said 2007 was a breakthrough year for corporate issuance in the region with the market becoming increasingly liquid and diversified, and noted that issuance could have risen to as much as $35bn if it were not for the decline in demand after the global credit squeeze in the second half of the year linked to the subprime crisis in the United States. Moody's estimated that 54% of total 2007 bond issuance was related to inward infrastructure investments, 21% to real estate and the remaining 25% related to mergers an acquisitions. The agency said bond issuance could reach $50bn over the coming 12 to 18 months as companies seek to refinance debt and extend their maturity profiles to finance infrastructure developments and expand abroad.
Source: Moody's Investors Service

SYRIA

First private airline licensed

The government granted a license to establish the first private airline company in Syria to operate scheduled flights. The airline, to be named The Pearl of Syria, is a SYP250m, or $5m, joint-venture between Cham Holding, Al Aqeelah and Syrianair. Kuwait-based Al-Aqeelah Finance Leasing & Investment Company will own 35% of The Pearl, Cham Holding 40%, and the state-owned Syrianair 25%. The latter will not invest any cash in the newly-formed company, but would contribute through its planes and landing rights. The Pearl will focus on flights that are within a 3-hour radius from Damascus and is expected coordinate flying operations and share existing destinations with Syrianair.
Source: Syria Report

S&P assigns rating to Arab Union Reinsurance

Standard and Poor’s assigned a 'BB' long-term insurer financial strength and counterparty credit ratings with a ‘stable’ outlook to Damascus-based Arab Union Reinsurance Company (AU Re). AU is owned by the governments of Libya and Syria. S&P said the ratings reflect the company's marginal competitive position in the international reinsurance sector, and its marginal investment portfolio currently centered on unrated banks. It added that these concerns are mitigated in part by the company’s strong level of capitalization, good earnings and good liquidity. It expected AU Re to maintain strong capitalization and good earnings and for its investment profile to remain highly liquid and focused on bank deposits, but to gradually move from unrated banks in unrated sovereign domiciles to more highly rated entities. The competitive position will remain marginal in the global context, but business volumes will grow from its target regions.
Source: Standard and Poor’s

UAE

Tokyo and Abu Dhabi bourses tie up

The Tokyo Stock Exchange and the Abu Dhabi Securities Market (ADMS) signed a memorandum of understanding for a future tie-up. Terms of the agreement stipulate that the two markets will study areas of cooperation in a bid to expand trade at both bourses. The ADSM said the agreement should improve services and help diversify risks for investors who are considering investing in either market, while contributing to the long-term stability of both. The agreement came as the Tokyo Stock Exchange is trying to form alliances with other major markets to fend off competition from regional rivals, such as stock markets in Singapore, Hong Kong and Shanghai.
Source: Dow Jones Newswires

ROMANIA

Inflation reaches 6.7% at the end of 2007

Data released by the National Institute of Statistics, show that annual inflation reached 6.6% in December compared to 6.7% in November and 6.8% in October year-on-year. This resulted in the National Bank of Romania missing its targeted range of 2%-4% for end-2007 inflation. Non-food goods inflation slowed annually to 3.6% in December from 4.1% in November and 4.7% in October, while food price inflation moderated modestly to 9.1% annually in December from 9.4% in October and 9.5% in November. However, services sector inflation accelerated sharply to 8.6% year-on-year in December from 7.3% in November and 6.4% in October. The results are likely to strengthen the market’s expectation for further rate hikes.
Source: Credit Suisse

TURKEY

Treasury to roll over 70% of domestic debt

The government announced plans to roll over about 70% of its maturing domestic debt this year. The Treasury estimates its domestic debt service in 2008 at TRY130.8bn, which is lower than the TRY136.7bn in 2007 and TRY145.4bn in 2006. The Treasury’s plan hinges on the central government reaching a primary surplus target of 4.5% of GNP and that the developments in global financial markets will allow the issuance of $5.5bn worth of Eurobonds this year. The planned roll-over ratio for this year is lower than the 79.6% and 76.3% recorded in 2007 and 2006, respectively, which should provide technical support for the secondary bond market this year. The Treasury also said that it would generally issue TRY-denominated fixed-rate bonds in 2008, in an effort to continue to reduce the sensitivity of the domestic debt stock to the exchange rate and the interest rate.
Source: Merrill Lynch

BANKING

SYRIA

Branches of private banks reach 68 in 2007

Figures released by the Central Bank of Syria show that the number of branches operated by private banks in Syria reached 68 at the end of 2007, up 58% from 43 branches in 2006. Banque Bemo Saudi Fransi (BBSF) had 20 branches, or 29% of the total. It was followed by International Bank for Trade and Finance (IBTF) with 13 branches, Bank Audi Syria with 10 branches, Bank Syria and Overseas with 9 branches, Arab Bank Syria with 7 branches and Byblos Bank Syria with 6 branches. Syria Gulf Bank, Cham Bank and Syria International Islamic Bank had one branch each. Over one third of the branches are located in Damascus while the balance is mostly spread through Syria's other large cities.

Source: Syria Report

EGYPT

Central Bank to begin second phase of banking reforms

The Central Bank of Egypt (CBE) declared it is preparing the second phase of banking reform that will begin in June 2008. The new four-year phase, which follows a four-year plan that began in June 2004, will focus on helping the banking sector to compete internationally by covering the remaining provision deficits within banks, cleaning bank loan portfolios thoroughly and strengthening human resources. The program will also focus on strengthening the operations of public sector banks, mainly the National Bank of Egypt and Banque Misr, to enable them to compete more effectively with private sector banks. The combined provision deficit of the two banks is estimated at EGP8bn, which are expected to be covered completely before June. Also, a supervisory body at the CBE will be developed with the EU and a number of European central banks over a three-year period, a move that will pave the way for the implementation of Basel II capital requirements.

Source: Al-Alam al-Yom, EFG Hermes

Licensing of new credit bureau

The Central Bank of Egypt (CBE) awarded a license to Egypt's first credit bureau, the Egyptian Credit Bureau 'I-Score', after ensuring the new company's policies are in line with the CBE's regulations. The bureau, owned by about 25 private and state banks and the Social Fund for Development, will exchange credit information on borrowers with banks, mortgage finance companies and leasing companies. The license allows the company to track retail clients with no limit and SME clients whose debt balance does not exceed EGP1m. Banks, mortgage and leasing companies will be able to seek information from I-Score when giving, increasing or renewing credit to retail customers and from both I-Score and the CBE for SME clients.

Source: Al-Ahram

SUDAN

Qatar National Bank gets license

Qatar National Bank announced that it has received a license to operate in Sudan. Last December, QNB opened branches in Kuwait and Oman as it seeks to expand away from its home market to tap into the boom in regional financial services.

Source: Zawya Dow Jones

GCC

Central Banks cut key rates

GCC central banks reduced key interest rates after the U.S. Federal Reserve's decision to cut both the Fed Funds Target Rate (FFTR) and the discount rate by 75bps to 3.50% and 4%, respectively. The Federal Reserve cited the weakening economic outlook and increasing downside risks to growth in the U.S. as reasons for the move. The Saudi Monetary Agency cut its reverse repurchase rate by 50 basis points to 3.5% from 4% and left the repurchase rate unchanged. It also raised the reserve requirement for banks to 10% from 9% the second increase in reverse requirement in past two months, after remaining unchanged for the past 27 years. Also, the Central Bank of Kuwait cut its discount and repurchase rates by 50 basis points each. It cut the discount rate to 5.75% from 6.25% and the repo rate to 4% from 4.5%. Further, the Central Bank of Bahrain cut its one-week deposit and overnight deposit rates by 50 bps to 3.5% and raised the cash reserve ratio at banks by two percentage points to 7% from the current 5%. The UAE Central Bank cut its overnight repurchase rate by 75 bps to 3.50% and Qatar's Central Bank cut its key interest rate by 50 basis points to 3.5% from 4%. Oman's Central Bank cut the deposit rate by 50 bps.

Source: Dow Jones Newswires

KAZAKHSTAN

Foreign reserves at $38.4bn

Figures released by the National Bank of Kazakhstan show that foreign reserves, including the National Oil Fund assets, stood at $38.44bn at the end of 2007, up from $33.2bn at the end of the previous year. The NBK's foreign reserves declined by $0.73bn in December to $17.39bn, after increasing by $0.7bn in November. Assets of the oil fund rose $283m in December to $21.05bn, resulting in an overall decline of $444m decline for the month. Total reserves fell for the first time since September, an indication that the recovery in oil prices since early December was not sufficient for the related improvement in the current account to offset the impact of capital outflows that included external debt payments by Kazakh entities.

Source: Credit Suisse

TURKEY

Central Bank reduces rates

The Monetary Policy Committee (MPC) of the Central Bank of Turkey (CBT) cut the policy rate by 25bps to 15.50% compared to the consensus market expectation of 50 bps. The MPC switched to a slower pace of monetary easing after three consecutive cuts of 50bps in the fourth quarter of 2007. The favorable inflation data for December and economic activity indicators such as the strong industrial production growth in October-November weighed more heavily in the MPC's decision than the CBT's medium-term inflation forecasts which were highlighted as the key reason for the rate cuts in the last quarter of 2007. The CBT stated that that the global macro backdrop might give way to some downside pressure on Turkish growth via external demand and that it will closely monitor the impact of the rate cuts since September, together with higher food and energy prices.

Source: Credit Suisse, Merrill Lynch

Oil up to $88 on global stock markets surge

U.S. crude jumped 96 cents to $87.95 a barrel on January 24, after settling at a 13-week low of $86.99 in the previous session. London Brent crude rose 97 cents to $87.59. U.S. stocks reversed a five-day slide on January 23 buoyed by hopes that a government-backed plan to rescue battered bond insurers would stave off a fresh round of billion-dollar write downs. Asian and European equity markets were higher on January 24 in response. Oil has lost more than $3 this week. Analysts said funds and speculators had been closing out their positions in oil and commodities to cover margin calls and to finance losses in equity markets. Analysts forecast U.S. weekly government oil inventory data to be released on January 24 would show a 2.2 million-barrel gain. Distillates stocks were forecast to show a 100,000-barrel draw, while gasoline stocks were expected to have risen by 1.4 million barrels.

Qatar's oil minister said OPEC did not need to boost output when it meets on February 1 to determine production policy, and expressed concerns that demand could take a blow if a recession hit. While U.S. oil is down almost 13% from the all-time peak above $100 a barrel reached on January 3, prices remain up more than 60% from year-ago levels.
Source: Reuters

UAE set to launch nuclear program

The United Arab Emirates is set to launch a nuclear program, becoming the first Arab state to go ahead with announced ambitions to develop nuclear power. The government of Abu Dhabi is preparing a policy document that will soon be sent for comment to world powers, including the five permanent members of the United Nations Security Council, and to the International Atomic Energy Agency. The UAE, however, is making clear that its project will not involve uranium enrichment and that it would instead import nuclear fuel from international sources. Although a major oil producer, the UAE argues that it needs nuclear energy to satisfy soaring demand for power and desalinated water.
Source: Financial Times

Saudi Arabia is still China's top crude supplier

Saudi Arabia consolidated its place as China's top crude oil supplier in 2007 after its exports growth outpaced that of nearest rival Angola. Saudi is likely to pull further ahead, as it chases a target of exporting 1 million barrels of crude a day to China by the end of the decade. That would equal more than half of Angola's current total exports to international customers. Saudi Arabia supplied 26.33 million metric tons of crude to China last year, equivalent to around 528,000 barrels a day.
Source: Dow Jones Newswire

South Zagros produces 55% of Iran gas

South Zagros Oil and Gas Exploitation Co. is producing 55% of Iran's gas. The value of the company's products is worth 1.5 million barrels of crude oil per day. The company working on 10 gas fields was producing over 246 million cubic meters of gas and 87 thousand barrels of gas condensates, reiterating that the output constituted 55% of the country's total production.
Source: Tehran Times

Base metals: Price weakness returns

Base metals have seen substantial price declines during the week and have given back much of the positive performance they have achieved since mid-December 2007. At the same time, base metal price volatility remains elevated and has recently increased again. Currently, volatility is well above 40% for many metal markets. Given increasing recession fears for the U.S. economy, weak physical demand due to the housing slowdown and still increasing inventory levels, further price weakness is expected in the sector. At the same time, volatility also looks set to remain high as long as the uncertainty regarding the economic outlook persists. As long as the economy slows and as long as global metals demand is not strong enough to push inventory levels lower, downside risks to prices are likely to prevail.
Source: Credit Suisse

Precious metals: Safe haven considerations still important for gold price

This week the rally of precious metals prices has slowed down somewhat. After reaching a new record at just below $915, the gold price receded somewhat. This price movement is mirrored by silver and the other precious metals. This price decline is mainly due to profit-taking amid the weak performance of other asset classes recently and the outlook on precious metals is still positive. Forecasts were upgraded as a result of improving financial market conditions. Gold prices in particular should benefit further. At the end of the first quarter of 2008, gold is expected to trade at $900-950, and at $950-1000 at the end of the first quarter of 2009. During the third quarter, when positive seasonal effects are additionally supportive for gold, prices may even spike past the $1000 mark at times.
Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	227.2	211.6	204.1	5.5	23.5
LME metals price index	3495.9	3741.1	3850.2	6.0	1.4
Oil prices USD	90.2	85.1	74.3	-0.6	72.7
Oil prices SDRs	56.9	54.6	48.4	-1.7	62.8
Gold $/troy oz	886.7	755.3	709.5	11.7	40.3
Silver cents/troy oz	1588.0	1373.3	1353.2	15.5	26.5
Platinum $/troy oz	1564.0	1395.0	1325.6	5.5	37.7
Copper $/MT	7121.3	7372.1	7187.8	11.9	28.4
Nickel $/MT	27712.5	29165.8	36913.7	8.6	-22.8
Aluminium $/MT	2412.3	2467.4	2620.6	2.9	-13.2
Zinc $/MT	2270.3	2830.9	3172.6	1.3	-37.8
Steel - HR coil dry $/MT	605.0	574.9	555.1	0.0	18.6

Source: Credit Suisse

COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	EIU								
Africa													
Algeria	- -	- -	- -	- -	BBB Stable	9.4	14.0	3.1	5.4	1.9	3.7	14.4	0.8
Angola	- -	- -	- -	- -	BB Stable	3.8	10.9	13.8	14.5	5.3	41.2	31.6	2.4
Egypt	BB+ Stable	Ba1 -	BB+ Positive	BB+ Stable	B Stable	-6.9	82.5	21.9	55.2	6.0	109.2	1.4	4.6
Ethiopia	-	-	-	-	CCC Stable	-4.8	-	20.5	327.7	2.9	458.7	-8.7	2.2
Ghana	B+ Stable	- -	B+ Positive	- -	B Stable	-8.0	-	35.3	120.0	3.3	219.3	-9.8	-
Ivory Coast	- -	- -	- -	- -	CCC Stable	-3.4	-	47.6	97.4	4.2	339.0	6.9	-
Libya	- -	- -	- -	- -	BB Stable	31.4	4.3	8.9	11.4	2.8	5.6	16.8	2.4
Mauritania	- -	- -	- -	- -	- -	-2.3	105.9	78.9	123.4	4.5	-	-2.6	-
Morocco	BB+ Positive	Ba1 -	BBB- Stable	BBB- Stable	BB Stable	-1.8	54.3	22.2	115.7	7.9	63.3	1.0	4.0
Nigeria	BB- Stable	- -	BB- Stable	- -	BB Stable	-1.2	14.4	4.2	8.6	0.5	-	9.6	1.2
Sudan	- -	- -	- -	- -	CC Negative	-3.1	83.6	51.3	205.9	2.1	-	-5.6	3.8
Tunisia	BBB Stable	Baa2 -	BBB Stable	BBB Stable	BBB Stable	-1.5	49.1	52.7	90.5	12.3	232.1	-1.9	2.8
Middle East													
Bahrain	A Stable	A2 -	A Stable	A- Stable	A Stable	8.3	25.6	112.1	140.2	5.1	680.5	12.6	10.5
Iran	- -	- -	B+ Stable	BB- Stable	B Stable	-9.3	22.7	4.4	16.5	2.8	19.2	7.7	2.4
Iraq	- -	- -	- -	- -	C Positive	26.5	-	90.6	137.1	2.9	267.8	18.2	-
Jordan	BB Stable	Ba2 -	- -	BB Stable	B Stable	-4.6	72.6	87.6	237.8	6.1	220.6	-13.2	11.5
Kuwait	AA- Stable	Aa2 -	AA- Stable	AA- Stable	A Stable	33.0	6.9	15.2	3.1	3.5	83.2	47.9	-7.3
Lebanon	B- Negative	B3 -	B- Stable	B- Negative	CCC Stable	-13.2	176.1	100.0	767.3	22.8	255.8	-11.2	5.1
Oman	A Stable	A2 -	- -	A- Stable	A Stable	10.4	5.6	11.4	20.5	5.9	79.6	13.6	2.0
Qatar	AA- Stable	Aa2 -	- -	A+ Stable	A Stable	12.0	11.4	59.3	104.0	11.0	565.3	35.8	2.2
Saudi Arabia	AA- Stable	A1 -	A+ Positive	A+ Stable	A Stable	17.6	3.8	7.8	15.2	2.0	154.9	29.3	0.2
Syria	- -	- -	- -	- -	CCC Stable	-5.5	40.3	13.7	39.8	3.2	100.7	2.2	1.6
UAE	- -	Aa2 -	- -	AA- Stable	A Stable	28.5	11.8	55.6	64.5	2.5	303.9	20.9	1.8
Yemen	- -	- -	- -	B- Stable	B Stable	-5.2	-	25.8	97.0	3.1	80.6	-3.9	-

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- Positive	- -	- -	-2.4	14.6	22.2	227.3	2.6	126.2	-4.0	2.8
Bulgaria	BBB+ Stable	Baa3 -	BBB Stable	- -	BBB Stable	3.1	16.2	106.9	174.3	18.1	299.8	-19.3	13.7
Kazakhstan	BBB- Stable	Baa2 -	BBB Stable	- -	BB Stable	3.4	4.6	88.9	201.9	48.5	578.4	-5.0	5.6
Romania	BBB- Stable	Baa3 -	BBB Stable	BBB- Stable	BB Stable	-3.4	12.8	45.3	193.5	24.0	238.0	-15.6	6.4
Russia	BBB+ Stable	Baa2 -	BBB+ Stable	- -	BBB Stable	3.5	5.3	29.4	112.5	17.1	82.4	3.7	0.9
Turkey	BB- Stable	Ba3 -	BB- Stable	BB- Stable	B Stable	-0.7	50.2	44.5	200.2	37.5	249.5	-5.2	3.1
Ukraine	BB- Negative	B1 -	BB- Positive	- -	BB Stable	-2.5	14.5	48.4	143.3	16.4	193.4	-4.4	3.8

Sources: Moody's Investors Service; EIU - The above figures are estimated for 2008

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	3.50	Jan-08	Cut 75bps	N/A
Eurozone	Refi Rate	4.00	10-Jan-08	No change	07-Feb-08
UK	Base Rate	5.50	10-Jan-08	Cut 25bps	07-Feb-08
Japan	O/N Call Rate	0.50	20-Dec-08	No change	22-Jan-08
Australia	Cash Rate	6.75	04-Dec-07	No change	05-Feb-08
New Zealand	Cash Rate	8.25	05-Dec-07	No change	23-Jan-08
Switzerland	3 month Libor target	2.75	13-Dec-07	No change	13-Mar-08
Emerging Markets					
China	One-year lending rate	7.47	20-Dec-07	Raise 18bps	N/A
Hong Kong	Base Rate	5.75	12-Dec-07	Cut 25bps	N/A
Taiwan	Discount Rate	3.38	20-Dec-07	Raise 12.5bps	End Mar-08
South Korea	O/N Call Rate	5.00	10-Jan-08	No change	13-Feb-08
Malaysia	O/N Policy Rate	3.50	26-Nov-07	No change	29-Jan-08
Thailand	1D Repo	3.25	04-Dec-07	No change	16-Jan-08
India	Reverse repo rate	6.00	30-Oct-07	No change	29-Jan-08
UAE	Overnight repo rate	3.50	Jan -08	Cut 75bps	N/A
Saudi Arabia	Reverse repo rate	3.50	Jan -08	Cut 50bps	N/A
Egypt	overnight lending	10.75	Oct-07	No change	N/A
Turkey	Base Rate	15.50	Jan -08	Cut 25bps	N/A
South Africa	Repo rate	11.00	06-Dec-07	Raise 50bps	31-Jan-08
Kenya	Central Bank Rate	8.75	07-Dec-07	No change	Feb 08
Nigeria	Monetary Policy Rate	9.50	04-Dec-07	Raise 50bps	Feb 08
Ghana	Prime Rate	13.50	06-Nov-07	Raise 100bps	Jan 08
Mexico	Target Rate	7.50	07-Dec-07	No change	18-Jan-08
Brazil	Selic Rate	11.25	05-Dec-07	No change	23-Jan-08
Armenia	Repo Rate	5.75	N/A	N/A	N/A
Romania	Policy Rate	8.00	Jan-08	No change	N/A
Bulgaria	Overdraft rate	8.40	N/A	N/A	N/A
Kazakhstan	Reverse repo rate	9.00	Oct-07	N/A	N/A

Source: Standard Chartered - Countries in bold updated on January 24, 2008

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