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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Launch of first Sovereign Wealth Funds Risk Index

Financial Information provider Breakingviews.com launched the first index to track sovereign wealth funds. The BV SWF Risk Index ranks the top 20 prominent funds according to the potential risk they present to Western interests. The index scores each fund on transparency, strategic control and political threat. It assigns a score from zero to 15 points, with a score of 10 points or more considered as high potential risk to Western interests. The China Investment Corporation came on top of the index with a score of 11 points and was considered the most risky sovereign fund. The MENA region included six funds, with the Qatar Investment Authority coming in second place overall with a score of 10 points, the Abu Dhabi Investment Authority and Oman's State General Reserve Fund in fourth place with 9 points each, the Kuwait Investment Authority and the Dubai-based Istithmar in 10th place with 7 points each, and Dubai International Capital in 14th place with 6 points. Other funds were from Venezuela, Kazakhstan, Russia, Brunei, Taiwan, Singapore, Korea, Malaysia, Canada, Alaska and Norway. *Source: Breakingviews.com*

EMERGING MARKETS

Remittances to developing countries at $240bn in 2007

The World Bank estimated the inflow of expatriates' remittances to developing countries are expected to have reached $240bn in 2007, up 8% from $221bn in 2006 and more than double the level reached in 2002. It said this amount reflects only officially recorded transfers, as it believes that the actual amount including unrecorded flows through formal and informal channels to be significantly larger. The Bank said the growth of remittances to developing countries remains robust because of strong growth in Europe and Asia, and despite a weak U.S. economy and tighter enforcement of immigration laws. Latin America and the Caribbean region remained the largest recipient of remittances with $60bn last year. It was followed by West Asia and the Pacific with $58bn, Europe and Central Asia with $39bn, South Asia with $44bn, the Middle East and North Africa with $28bn, and Sub-Saharan Africa with $11bn. The World Bank said India, Mexico and China were the top three recipients of remittances in 2007, accounting for nearly one-third of remittances received by developing countries. It added that remittances to developing economies account for 75% of the global flow of remittances.
Source: World Bank

IRAQ

High oil prices to benefit economy and security

The U.S. Office of the Special Inspector General for Iraq Reconstruction said the Iraqi government could see a windfall from higher oil prices this year, while it moves to assume greater responsibility for security and economic development. Oil revenues represent more than 80% of Iraq's $48bn 2008 budget. But the government of Prime Minister Nuri al-Maliki has based its revenue estimates on an average oil price of $57 a barrel, well below an average price of $85 per barrel forecast for 2008 by the U.S. Department of Energy. The U.S. Congress has appropriated US$47.5bn for reconstruction. An additional $50.6bn has come from Iraqi funds and S$15.8bn from international donors.
Source: Reuters

LIBYA

$5bn of investments in Africa to be reconsidered

Libyan leader Muammar Gaddafi declared that he would divert $5bn in investments in Africa to the Mediterranean region if the continent 'sacrificed its future'. Gaddafi's comment refers to his view that a federal African government could meet the challenges of globalization, fight poverty and resolve conflicts on the continent without interference from the West. Gaddafi considers that without a central government, a rift could open between Africa's culturally Arab north and the sub-Saharan south. He said Libya's state investment portfolio in Africa included $1bn provided by Libya's National Oil Corporation, $1bn by the Libyan Investment Company in Africa and $500m in telecommunications ventures.
Source: JANA, Reuters

KENYA

Outlook changed to Negative

Fitch Ratings changed the outlooks on the Kenya's Long-term foreign and local currency Issuer Default Ratings (IDR) to Negative from Stable. It affirmed the Long-term foreign currency IDR at 'B+' and the Long-term local currency at 'BB-'. The agency attributed the change in outlook to the deterioration in the political and security situation since the disputed December elections and its potential economic cost. It said that although Kenya's economic durability and strong growth momentum prior to the crisis provide important mitigation, a political resolution is proving longer and more difficult to achieve than expected. Fitch said the future direction of the rating will be determined by progress towards resolving the political impasse and the avoidance of long-term damage to the country's economic fundamentals. Also, a timely political resolution and cessation of violence could resume last year's buoyant economic growth and would likely result in a return to a Stable Outlook. However, a continuation of recent political violence which is leading to an increasing cost on the economy would result in a rating downgrade.
Source: Fitch Ratings

OUTLOOK

EMERGING MARKETS

Global financial turmoil to slow growth to 6.9% in 2008

The International Monetary Fund expected growth in emerging markets and developing countries to decline to 6.9% in 2008 from 7.8% in 2007 due to the global economic slowdown. It also revised downward its forecast for global GDP growth from 4.9% last year to 4.1% in 2008 due to the recent financial market turbulence and a weakening of the U.S. economy. The Fund said that emerging markets have so far continued to expand strongly despite some slowing of export growth. These countries have benefited from the strong momentum of domestic demand, more disciplined macroeconomic policy frameworks, and in the case of commodity exporters, from high food and energy prices.

The IMF said there was a risk that the ongoing turmoil in financial markets would further reduce domestic demand in advanced economies with more significant spillovers into developing countries. It added that growth in emerging markets that are heavily dependent on capital inflows could be particularly affected, while the strong momentum of domestic demand in some emerging markets provides upside potential.

According to the IMF, emerging markets have been resilient so far but face challenges ahead. Emerging market equities have outperformed mature equity markets, but prices in some markets have declined steeply since the start of the year on expectations that the U.S. economy may slow more rapidly. Also, signs of spillover are most evident in the sharp fall in private emerging market bond issuance, particularly in some emerging European economies whose banks have relied heavily on external financing to support rapid domestic credit growth.

Source: International Monetary Fund

GCC

Diversification from oil economy to accelerate, inflation to remain key challenge

Merrill Lynch projected aggregate GDP growth for the GCC economies at 5.9% in 2008, up from 5.5% in 2007, and at 5.4% for 2009. It forecast inflation to rise from 6.3% in 2007 to 8.2% in 2008 before receding to 6.1% in 2009. It forecast the GCC's cumulative current account balance to decline from 26.4% of GDP in 2007 to 18.3% in 2008 and 15% of GDP in 2009. It said the accumulation of massive current account surpluses is helping the GCC build up international reserves, reduce indebtedness, finance structural change and invest in social and economic projects. Also, GCC countries have saved some 80% of the oil windfall, nearly triple the amount they saved in past oil booms, but it expected fiscal spending to gain pace to finance mega investment projects that total about $1.5trn over the coming five years. According to Merrill Lynch, economic growth in the GCC is becoming less dependent on the oil sector, as the contribution of the non-hydrocarbon sector to GDP growth increased from 49% in 2003 to 85% in 2006. This trend is likely to become more pronounced as governments introduce market liberalization measures, privatization and tax reforms to improve the investment environment.

Merrill Lynch considered that high inflation is a major medium-term challenge to the sustainability of the GCC's business model and needs to be addressed in a more credible way. It said pegs to the sliding US dollar lead to imported inflation and fuel domestic liquidity, as well as import easing monetary policy as the US Federal Reserve cuts rates and GCC countries follow suit. These factors, along with strong domestic demand, are likely to keep inflation on an increasing trend in the short term. Merrill Lynch expects currency strengthening to be used as a policy tool in the fight against inflation, with de-pegging or revaluation of the currencies remaining under spotlight.

Source: Merrill Lynch

MENA

Mobile telecom market set for consolidation

Fitch Ratings indicated that the growth of the mobile telecommunications sector in most established markets of the Middle East and North Africa slowed down substantially in 2007, but that significant opportunities still exist in some markets. It said the core strategy for leading names in the region has been to invest in underdeveloped markets with low mobile penetration and strong long-term growth prospects, but these opportunities have diminished over time. Also, the high penetration level that has exceeded 100% in several markets has made international expansion crucial for regional telecom operators who are willing to step out of their own turf for growth opportunities in the region.

According to Fitch, the new strategy for the biggest names is to grow with whatever means necessary, or they would otherwise fall behind in the race for leadership. It said that regional operators have high hopes of ranking among the top 10 global operators in the next five years, and did not rule out the possibility of having only two to three major global telecom companies in the MENA region over the next five years. Fitch assumes that the minority government stakes in some of the biggest names in the region will have to be privatized for this development to take place, while protectionism by local governments or regulatory agencies could keep interested parties out of the game. Fitch believes that Zain-MTC, Orascom Telecom and Etisalat are likely to dominate the region in the next wave of consolidation. It ruled out a merger of equals between the biggest names in the region in the short term, adding that it is inevitable in the long term.

The agency said the market will continue to have access to plenty of liquidity in the short term, given the abundance of cash from high oil prices and the availability of bank financing for big names obtaining revolving facilities for international expansion or mergers & acquisitions. It added that the leading names generate plenty of operating cash flow through their key markets, but need outside funding to pay the license fees and capital expenditures related to international expansion. Also, the strategic investors and shareholders in the region are willing to fund new projects through capital increases, while the equity market is also an attractive tool for financing in the region, as governments are requiring new licenses to be listed on the local equity markets within six to 12 months of the start-up of operations.

Source: Fitch Ratings

ECONOMY & TRADE

MENA

IFC commitments reach $1.2bn in 2007

The International Finance Corporation, the private sector arm of the World Bank Group, stated that its priorities for the Middle East and North Africa region are to help improve the business environment, broaden and deepen access to finance for small and medium enterprises, encourage private sector participation in infrastructure, and stimulate the housing sector. It said its commitments for the region grew to $1.2bn for 40 projects in fiscal year 2007, and it mobilized an additional $249m through loan participations and structured finance. Excluding projects classified as regional, 42% of its commitments are in frontier countries, which are low income or high risk such as Iraq, Syria, Yemen, and the West Bank & Gaza. According to the IFC, its projects helped create jobs for about 73,000 people and generate power for nearly 17 million customers, as well as helped generate around $800m in government revenues. Also, its clients had just over 206,000 loans outstanding to micro, small, and medium enterprises, for a total amount of $2.3bn.

Source: International Finance Corporation

SYRIA

BAT signs local production deal

The British American Tobacco Group (BAT) signed an agreement with the state monopoly General Organization of Tobacco (GOT) that grants the latter a license to produce and sell BAT cigarettes in the Syrian market. The deal stipulates that locally produced cigarettes will carry the BAT brand and will be priced competitively. The GOT will stop importing BAT products and expects local production to yield higher revenues that imported cigarettes. BAT will install new production lines and will train local staff on operating the machines. BAT is one of the world’s largest tobacco companies and operates in over 180 markets worldwide. Its brand cigarettes include Dunhill, Kent, Lucky Strike and Pall Mall, Rothmans, Kool, Benson & Hedges, and Peter Stuyvesant. GOT has also an agreement since 2005 with Spanish cigarette maker Altadis to produce Gitanes cigarettes under license.

Source: Syria News

JORDAN

Insurance premiums at $407m in 2007

Figures released by the Insurance Commission of Jordan show that gross insurance premiums generated in the local market reached $406.6m in 2007, constituting an increase of 11.4% from $365m in 2006. General insurance premiums rose by 11.1% to $366m while life premiums increased by 14.3% to $40.6m. Gross claims went up by 4% to $255.3m. It said the number of service providers rose by 12.7% year-on-year to 558 including 426 insurance agents, 56 insurance brokers, 37 loss adjusters and 13 actuaries.

Source: Jordan Times

SAUDI ARABIA

New measures to reduce the impact of inflation

The Cabinet approved a 17-point program to reduce the impact of inflation. Public sector wages will be increased by 5% for a three-year period to help deal with rising prices and social insurance benefits will be raised by 10%. Other measures announced include a 50% cut in import tariffs while the state will bear 50% of charges relating to a number of government administrative charges such as driving licenses and passport fees. There will still be subsidies on essential products. Inflation surged to 6.5% annually in December, which has “many negative repercussions for the livelihood of citizens,” a cabinet statement said. The government is currently focusing on subsidies and payments to reduce the negative impact of rising inflation. A number of private sector companies have also raised wages by 15%-40% to offset the impact of rising inflation on employees.

Source: Standard Chartered

ALGERIA

Only 39% of transport network in good condition

The World Bank indicated in its latest assessment of transport and public works in Algeria, sthat only 39% of the country's road network is in good condition, adding that the remaining 60% are in disastrous condition. The bank added that although road coverage is relatively high at about 3.3km per 1,000 inhabitants, public transport does not meet the demand of the population. Algeria invested about $7bn to improve the transport sector, road and railway networks between 2001 and 2004,. The government earmarked 300bn dinars this month to improve local roads and the Islamic Development Bank agreed to lend $362m to partially finance the Algiers-Lagos Trans-Saharan highway.

Source: World Bank, El-Khabar

UKRAINE

Privatization back on track

The government issued a list of 28 state-run companies slated for privatization this year that include fixed-line telecom monopoly Ukrtelecom and six regional energy distribution companies. Prime Minister Yulia Tymoshenko and the Finance Ministry set goals to sell $1.7bn of state assets this year, with receipts earmarked to cover the $1.4bn forecast budget deficit. Last year's goal to divest $2.1bn of state assets did not materialize, as early elections, political turmoil and legal intervention shelved targets to sell key state-controlled businesses. As a result, only a quarter of planned targets were sold. Ukrtelecom, which has been singled out for privatization for a decade, is considered to be the most valuable asset up for sale. Two thirds of the company will be sold by the end of April, leaving 25% plus one 'golden' share in the hands of the State Property Fund. The $4bn sale of Krivorizhstal Steel Plant to Arcelor Mittal in 2005 marks Ukraine's most successful privatization to date.

Source: Oxford Business Group

BANKING

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 50 basis points to 3% and 3.50%, respectively, on January 30th. 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% from 3.50% and left the repurchase rate unchanged at 5.50%. Also, the Central Bank of Kuwait cut its repurchase rate by 50bps to 3.50% from 4%, while keeping its discount rate on hold at 5.75%. Further, the UAE Central Bank cut its overnight repurchase rate by 50 bps to 3.50% bps, while the Central Bank of Bahrain cut its one-week deposit and overnight deposit rates by 50 bps to 3% and 2.50%, respectively. Qatar's Central Bank cut its deposit rate by 50 bps to 3% from 3.50%, and kept the repurchase rate and lending rate at 5.55% and 5.50%, respectively.

Source: Dow Jones Newswires

SUDAN

Asset quality could deteriorate

The Economist Intelligence Unit said the banking sector in Sudan has a relatively large portfolio of non-performing loans of around 26% of total loans, adding that this has been exacerbated by fiscal problems that prevented some government departments from paying contractors in 2007. It expressed concerns about further deterioration in asset quality due to the continued prevalence of name-based lending, the speed of the recent rise in credit to the private sector, an ongoing legal challenge to the constitutionality of the law allowing mortgaged assets to be sold, and ongoing concerns about oversight. It noted that most lending in Sudan continues to be name-based, and most banks assess risk using a transaction-based rather than a client-based perspective. The EIU expected banks' transaction costs to rise due to the fact that 90% of banks' liabilities are in dollars, the Bank of Sudan's movement towards the euro and the tightening of U.S. sanctions, which have already complicated banks' access to dollars. In parallel, the Bank of Sudan reaffirmed recently its commitment to further restructuring and strengthening of the banking system, is trying to establish a credit-assessment bureau, and is taking the first steps towards an interbank market.

Source: Economist Intelligence Unit

NIGERIA

Consolidation expected to pick up

The Institute of International Finance expected further consolidation in the near future in the Nigerian banking sector, adding that some of the previous mergers were rushed and do not appear to have added value. It said several banks appear to be raising funds for more acquisitions, as $1.4bn was raised in London by three banks in 2007, while foreign participation may also increase. It noted, however, that an unwritten understanding between the Central Bank of Nigeria and banks means that none of the top 10 banks will be permitted to be taken over by a foreign entity. It added that consolidation should help banks play a larger role in financing the hydrocarbons sector, which is a key government aim. The IIF stated that despite the efficiencies brought about by the sector's consolidation, there is a need for more robust risk management systems, major investment in information technology and skills training. In addition, while lending conditions would benefit from sustained improvements to the judiciary, corporate governance and the economic policy environment, there is little evidence to suggest that such improvements will be forthcoming in the short term.

Source: Institute of International Finance

KAZAKHSTAN

Central Bank to maintain high level of forex reserves

The National Bank of Kazakhstan declared its intention not to allow a significant decline in the stock of its foreign reserves over the next two years. In its monetary policy guidelines for 2008-09, the NBK acknowledged that the country's banking system is likely to be facing problems with raising foreign financing, which would require changes in the banks' strategy. Under its base-case scenario, economic growth would slow to 5% in 2008 and pick up modestly to 6.3% in 2009, whereby the NBK expects "fundamental factors" to be sufficiently strong to allow it to keep the tenge's exchange rate broadly stable. Under a pessimistic scenario, consistent with zero growth in 2008-09, banks would have to rely on running down their external assets as a way to meet external liabilities. This latter scenario is consistent with a "considerably weaker" exchange rate scenario compared to the base case scenario. The NBK said that it would be prepared to allow a currency weakening in order to maintain foreign reserves at a level allowing the country to meet its external liabilities. The NBK did not provide nominal targets for either foreign reserves or the exchange rate.

Source: Credit Suisse

UKRAINE

Ukrsotsbank upgraded on acquisition by UniCredit

Fitch Ratings upgraded Ukrsotsbank's Long-term foreign currency Issuer Default (IDR) to 'BB-' from 'B' and Support '3' from '5', and assigned a long-term local currency IDR of 'BB'. It also placed the foreign and local currency IDRs on Positive Outlook. The rating actions follow the recent completion of the acquisition of a 94.2% stake in Ukrsots by Italy-based UniCredit. The agency said the upgrade reflects UniCredit's greater ability, compared with that of Ukrsots' previous majority owners, to provide the bank with support, in case of need. However, Ukrsots' foreign currency rating is constrained by Ukraine's 'BB-' Country Ceiling, while the local currency rating also takes into account country risks. Fitch said the Individual rating of Ukrsots reflects existing pressure on capitalization and the bank's potentially vulnerable liquidity position, although the new shareholder should help to address these issues. Ukrsots is the fourth-largest bank in Ukraine, with over $6bn in assets at the end of 2007. It has the country's seventh-largest network with 508 branches.

Source: Fitch Ratings

ENERGY / COMMODITIES

Oil falls on economy worries, big U.S. stockbuild

Oil fell more than 1% on Thursday, pressured by concerns over troubles in financial markets despite another cut in interest rates, while rising fuel inventories in the top energy consumer also weighed. U.S. light crude for March delivery dropped $1.17 to $91.16 a barrel, more than reversing a gain of 69 cents on Wednesday, while London Brent crude lost 91 cents a barrel to $91.62. Market sentiment took a further knock after data released by the U.S. government showed a larger-than-expected rise in workers filing claims for jobless aid last week. Iran Oil Minister Gholamhossein Nozari said oil markets were well supplied and he saw no need for the Organization of the Petroleum Exporting Countries to boost production at its coming meeting.

The prospect of a downturn in the U.S. economy alongside seasonal supply/demand factors has contributed to a decline in speculative flows into oil. The U.S. Department of Energy's inventory data published on Wednesday showed higher-than-expected builds in crude and gasoline stocks. The Energy Information Administration said U.S. crude stocks rose by a bigger-than-expected 3.6 million barrels last week, while gasoline stocks rose by 3.6 million barrels, also more than expected. Oil has been supported by positive supply/demand fundamentals and reached a record of $100.09 a barrel on January 3, buoyed partly by expectations of long-term supply constraints. But prices have fallen back since then, largely due to fears of a U.S. slowdown and its impact on demand.
Source: Reuters

Haliburton denies trying to evade U.S. sanctions

U.S. Oilfield servicing company Halliburton Co denied claims that its decision to set up a second headquarters in Dubai was aimed at evading American sanctions in order to resume operations in Iran. Halliburton's CEO David Lesar said these assumptions and suppositions are 'absolutely untrue'. The Dubai move sparked controversy in the U.S. when it was announced last March. He maintained that Dubai was the right destination to continue building the firm's international business, as the epicenter of global energy had moved to the Eastern hemisphere. Halliburton earned $690m, up nearly 5% from $658m year over year.
Source: Reuters

Kazakhstan may impose a duty on exports of oil and oil products

Energy Minister Mynbaev declared that the government is considering the imposition of an export duty on oil and oil products starting January 2009. Duties would not affect supplies from those projects where terms of production-sharing agreements explicitly prevent adverse tax changes. Specifically, the minister said that future oil deliveries from the Kashagan project are unlikely to be affected. He indicated that, as an offsetting measure, some other taxes on the oil sector may be cut.
Source: Credit Suisse

Base metals: Prices under pressure despite Fed cut

Over the last couple of days base metal prices continued to decline. While prices have seen a brief rally immediately after the surprise interest rate cut by the Fed on January 22, the downward trend continued. While interest rate cuts are generally seen as supportive for commodity markets, one could argue that base metals are the commodity category which is least influenced by interest rates. Base metals are mainly used as input factors in industrial production. As a result the most important determinant for the price is the development of the business cycle. In this regard, the interest rate cut in the US even signals further downside for prices in the months ahead since in its accompanying statement the Fed explicitly referred to the "weakening of the economic outlook and increasing downside risks to growth". Given the risks to economic growth the outlook towards the sector remains cautious despite the recent Fed action.
Source: Credit Suisse

Precious metals: Gold prices recover after some profit-taking

Precious metals had a very volatile week. While prices have sold off across the board at the beginning of the week, they have recovered strongly following the surprise Fed cut. In this context palladium is the only laggard in the sector due to the large and increasing supply surplus in the market. The gold price looks set to increase further. The Fed's interest rate cut by another 50 bps on January 30 should give gold prices another boost higher, most probably above $900.
Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	225.9	212.6	205.0	4.3	20.9
LME metals price index	3512.5	3715.5	3849.9	1.8	-1.9
Oil prices USD	89.5	85.6	75.0	-4.8	62.0
Oil prices SDRs	56.5	54.9	48.8	-6.2	52.5
Gold $/troy oz	905.9	763.3	714.3	11.7	41.2
Silver cents/troy oz	1635.0	1383.3	1358.8	13.9	23.9
Platinum $/troy oz	1591.0	1403.8	1333.2	4.3	36.5
Copper $/MT	7091.5	7331.3	7215.4	7.0	25.0
Nickel $/MT	26857.5	28920.8	36687.1	1.4	-34.8
Aluminium $/MT	2410.5	2452.9	2611.4	1.9	-18.4
Zinc $/MT	2235.3	2776.3	3144.5	-5.1	-41.3
Steel - HR coil dry $/MT	605.0	577.0	556.9	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	3.00	30-Jan-08	Cut 50 bps	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	22-Jan-08	No change	15-Feb-08
Australia	Cash Rate	6.75	04-Dec-07	No change	05-Feb-08
New Zealand	Cash Rate	8.25	23-Jan-08	No change	05-Mar-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	5.00	23-Jan-08	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	16-Jan-08	No change	27-Feb-08
India	Reverse repo rate	6.00	30-Oct-07	No change	29-Jan-08
UAE	Overnight repo rate	3.50	30-Jan -08	Cut 50 bps	N/A
Saudi Arabia	Repo rate	5.50	30-Jan-08	No change	N/A
Egypt	overnight lending	10.75	Oct-07	No change	N/A
Turkey	Base Rate	15.50	18-Jan -08	Cut 25bps	14-Feb-08
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	18-Jan-08	No change	15-Feb-08
Brazil	Selic Rate	11.25	23-Jan-08	No change	05-Mar-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 31, 2008

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