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# COUNTRY RISK WEEKLY BULLETIN

# NEWS HEADLINES

## SYRIA

### U.S. widens sanctions

President George W. Bush declared he was widening U.S. sanctions against Syria through targeting officials engaged in "public corruption," amid charges Damascus is destabilizing Iraq and Lebanon. Bush announced his decision to freeze additional Syrian assets in an executive order and a message to the U.S. Congress, but did not reveal which officials would be affected. The statement said the order targets officials deemed "to be responsible for, to have engaged in, to have facilitated, or to have secured improper advantage as a result of, public corruption by senior officials within the Government of Syria." The order "also broadens the scope of individuals who may be sanctioned due to their involvement in actions or decisions of the Syrian regime that undermine efforts to stabilize Iraq, including actions or decisions that allow Syrian territory to be used for this purpose." The U.S. government plans to issue a list "soon" of officials targeted under the order.
*Source: AFP*

## SUDAN

### Central Bank stops dollar payments in South

The Central Bank of Southern Sudan declared that it will no longer provide commercial banks with US dollars in order to reduce black market trade and avoid potential shortages. It said customers, including foreign businesses and international non-governmental organizations, will only be able to transfer out and withdraw dollars if they are traveling abroad. Otherwise all customers could only be paid in Sudanese pounds. The timing of the order was partly due to a growing shortage of dollars after Khartoum's decision last year to change dollar reserves to the euro because of strengthened American sanctions over the continuing Darfur crisis. South Sudan is exempt from the US dollar ban in Sudan but Central Bank of Southern Sudan’s Deputy Kornelio Koriom said many foreign institutions still refuse to accept dollar transfers out of the south, seeing only that the payment is from Sudan. He said the South could lose money on deals already agreed in dollars, including large development projects, if contractors refuse to accept euros and the government is forced to exchange large sums.
*Source: Reuters*

## IRAN

### First investment banks to start operation

Iran's first investment banks will start operating next month, as part of Tehran's strategy to open new banking channels and also circumvent US restrictions on its financial sector. The three banks will also play a key role in Iran's plans to step up aggressively on the privatization of national industries including steel, banking, shipping, airlines and telecommunications. The banks, called Amin, Novin and Pasargad, are run by consortia that include privately-owned investment companies, some of which are affiliated to private banks.
*Source: Financial Times*

## IRAQ

### Russia writes off Soviet era debt

Russia wrote off $12.9bn of Iraq’s debt that dates back to the Soviet era, which is equivalent to 93% of the total debt owed by Baghdad to Moscow. Russia was the only remaining Paris Club member that had not yet signed a bilateral agreement with Baghdad. Russia wrote off the debt without resurrecting earlier demands of preferential access to Iraqi oilfields in exchange. Moscow has already forgiven Iraq part of its debt, but the current Soviet-era debt was for supplies of military equipment. The latest round of debt talks in the middle of last year produced no results after Iraqi officials said they considered Moscow's demand of preferential access to Iraqi oil unacceptable. Moscow hoped to revive a $4bn Saddam Hussein-era deal by Lukoil to develop Iraq's huge West Qurna field. Iraqi officials have previously said Russia also wanted to participate in the development of another major field, Rumaila, in return for a debt write-off. Most of Iraq’s commercial external debt stock of $20.7bn has already been settled through bonds and cash buybacks in 2005 and 2006. It reopened a cash buyback for the remaining amount recently.
*Source: AFP, Merrill Lynch, Upstream*

## WORLD

### Sharp rise in default rates expected in 2008

Moody's Investors Service forecast the global speculative-grade default rate to jump sharply to 4.6% by the end of 2008, near its long-run historical average of approximately 4.5%. It said the global speculative-grade corporate default rate ended 2007at 0.91%, down approximately 48% from the previous year's level of 1.74%, and the lowest year-end level since 1981. Since 1983, Moody's annual default rate for speculative-grade corporate issuers has averaged 4.48% per year, with the annual peak in 2001 at 9.98% and the low in 2007 at 0.91%.

The agency noted that the corporate default environment remained surprisingly benign in 2007 despite turbulence in the credit markets, with the vast majority of corporate issuers able to make their debt service payments in 2007 and few faced the daunting prospect of accessing the credit markets in the latter half of the year. Although default rates reached record lows in 2007, Moody's believes the record lows in default rates for 2007 mark the bottom of the current credit cycle with default rates expected to climb sharply in 2008 due to weaker global macroeconomic conditions, widening credit spreads and tougher corporate underwriting standards that will put upward pressure on default rates.
*Source: Moody's Investors Service*

# OUTLOOK

## EMERGING MARKETS

### Middle East and Africa expected to borrow $23bn in 2008

Standard & Poor's expected net borrowing by Middle Eastern and African rated sovereigns to reach $23bn in 2008, an increase of 229% from $7bn in 2007, due to a reduction in debt repayments and a rise in sovereign borrowing requirements. It added that total new debt would account for just 1.1% of the combined GDP of the rated sovereigns despite the increase in borrowing. The agency expects rated ME&A sovereigns' commercial medium- and long-term borrowing to reach $77.6bn in 2008, up 36\5 from the $57bn borrowed in 2007. It sid that nearly 70%, or $54.2bn, of the total is required to refinance existing maturing debt, with the remaining $23.4bn reflecting new debt. The increase from 2007 reflects both a reduction in the repayment of debt and the rise in ME&A sovereigns' borrowing requirements, which are partly due to a reduction in many sovereigns' prospects for privatization receipts. S&P said Saudi Arabia is expected to slow down its repayments of domestic debt substantially, accounting for almost $20bn of the net increase in borrowing alone. S&P said the GCC states are expected to record significant fiscal surpluses in 2008, as they continue to budget prudently, using oil price assumptions below consensus forecasts, resulting in considerable excess revenues. Therefore, GCC borrowing in 2008 is mainly to finance amortizations, provide benchmark issues, and maintain a level of government debt necessary for monetary policy purposes.
*Source: Standard & Poor's*

## TUNISIA

### Economy to stay resilient despite unfavorable external environment

The International Monetary Fund stated that the Tunisian economy continues to be resilient despite an unfavorable external environment, and expected growth to remain robust at 5.7% in 2008, down from 6.3% in 2007. It attributed the slight slowdown to the exceptional growth in the energy sector in 2007, the likely slowdown in Europe, the expiry of EU quotas on Chinese exports of certain textile products, and a restrictive monetary policy. It added that strong growth momentum and major investment projects should limit the extent of this growth deceleration. The Fund said inflationary pressures, particularly imported inflation, are likely to continue in 2008, but cautious monetary policy and the Central Bank of Tunisia's intention to take further action if necessary, are expected to keep inflation down to 4% on average. In parallel, the 2008 budget law envisages a cautious budget policy, as the budget deficit is set at 3% of GDP based on oil prices of $75 per barrel, and similar to 2007 figures. However, subsidies could exceed their budgeted levels if international oil and commodity prices remain high with limited pass-through on to consumers.

The IMF expected the current account to post a slight deterioration if oil and basic commodity prices remain in the vicinity of their recent record levels. Exports are projected to decline, particularly due to the global slowdown, while imports are likely to experience relatively strong growth due to persistently high oil and commodity prices and substantial demand for capital goods and raw materials. Consequently, the current account is forecast to deteriorate slightly to 2.7% of GDP in 2008. However, external debt will continue to decline, reaching 52.9% of GDP in 2008. According to the IMF, risks associated with the economic outlook for 2008 are primarily related to the international economic environment. The likely slowdown in growth in Europe and further increases in oil and commodity prices could hamper growth and accelerate inflation. There are also uncertainties surrounding the effect of the dismantling of EU quotas on Chinese exports of certain textile products, although order books for the first quarter of 2008 do not indicate a slowdown in exports of the textiles and clothing sector.
*Source: International Monetary Fund*

## BULGARIA

### Economy to grow by 9.1% in 2008, near-term risks to be contained

The Institute of International Finance forecast Bulgaria's real GDP growth at 9.1% in 2008 and 8% in 2009, up from 6.3% in 2007. It expected inflation to remain elevated at 7.8% at the end of this year, but down from 12% at the end of 2007. It said large FDI inflows and continued fiscal prudence should help contain the risks stemming from outsized current account deficits in 2008 and 2009, which it projected at 23.8% of GDP and 25.2% of GDP, respectively. It added that fiscal surpluses look likely to be sustained over the medium term with support for the currency board firmly entrenched across the political spectrum, leading to surpluses of 4% of GDP this year and 3.6% of GDP in 2009. But pressures to boost spending and incomes have already intensified and are likely to increase further ahead of the June 2009 parliamentary elections.

The IIF said near-term risks should be contained by the low level of government debt forecast at 11.6% of GDP this year, the high level of foreign exchange reserves expected at $20.4bn at end-2008, and the small share of portfolio and other short-term capital inflows susceptible to abrupt reversal. It added, however, that inflation will remain above Maastricht compliant levels with no scope for exchange rate appreciation under the currency board arrangement and little political support for further fiscal tightening. In turn, this may delay euro adoption indefinitely, preventing the exit from the currency board arrangement until well beyond the authorities' original target of 2010. Medium-term risks will grow as a result, with large current account deficits and strongly expanding bank lending increasing the likelihood of a hard landing that could test the currency board should confidence begin to erode.

According to the IIF, the pace of government external debt repayments should slow in 2008-09 with most debt to official foreign creditors now repaid. The large share of FDI-related inflows should keep financial risks manageable in the next few years, even if the global appetite for risk weakens. Also, moderation of capitalinflows would slow the pace of investment and domestic credit, restraining growth in domestic spending and, with it, the current account deficit and inflation.
*Source: Institute of International Finance*

## SYRIA

### Manufacturing plants operating in Aleppo, Damascus and Homs totaled 313 in 2007

Figures released by the Ministry of Local Administration and Environment show that the number of manufacturing plants operating in Syria's three industrial cities stood at 313 at the end of 2007. A total of 162, or about 52%, of the projects are based in the industrial area of Aleppo, followed by 90 projects, or 29%, in the Damascus area and 61, or 19%, in the Homs area. The total capital value of these projects stood at about $1.54bn, with Aleppo accounting for $757m, Damascus for $708m and Homs for $76.3m. Also, a total of 2,343 new projects are being established, with 1,125 in Damascus, 950 in Aleppo and 268 in Homs.

*Source: Syria Report*

## GHANA

### Outlook revised to 'Stable'

Fitch Ratings revised the Outlooks on the Republic of Ghana's Long-term foreign and local currency Issuer Default Ratings ("IDRs") to Stable from Positive. It also affirmed the Long-term IDRs at 'B+', and the Short term foreign currency IDR at 'B' and the Country Ceiling at 'B+'. The agency said the economy is growing rapidly, reforms are continuing and governance is good by regional standards. But it noted that the emergence of sizeable fiscal and current account imbalances, coupled with a sharp rise in its gross external financing needs, means that Ghana's macroeconomic outlook is more fragile than it was. It added that there is a significant near-term risk of economic overheating, while further fiscal slippage would risk widening the current account deficit, putting pressure on inflation and international reserves. Fitch said the affirmation of the 'B+' ratings reflect the fact that Ghana is comfortably ahead of both 'B' and 'BB' medians on international rankings of governance and political stability, while extensive external debt relief has delivered public finance and external solvency ratios broadly in line with 'B' medians. Also, good progress continues in developing the necessary legal and regulatory structures to support market institutions and deepening financial intermediation.

*Source: Fitch Ratings*

## TUNISIA

### FDI at $1.6bn in 2007

Foreign direct investment reached a record 2bn dinars ($1.6bn) in 2007, due largely to inflow from the tourism and energy sectors. Tourism and real estate sector investments nearly doubled to 72m dinars last year. Energy sector investment rose from 940.3m dinars per year to 1.35bn dinars. Service industry investment rose by 32.1%, while FDI in the manufacturing sector rose from 347.4m dinars in 2006 to 485.7m dinars in 2007, creating 17,356 new jobs. The government forecasts that FDI will reach 26.1% of GDP by 2016, up from the current 22.7% of GDP.

*Source: TAP*

## MOROCCO

### Unemployment at 9.8% in 2007

Figures released by the High Commissioner for Planning (HCP) indicate that Morocco's unemployment rate rose slightly from 9.7% in 2006 to 9.8% in 2007. The HCP noted that unemployment was higher in the cities, where it stood at 15.4%, compared to 3.8% in rural areas. It said the number of new formal jobs reached 167,000, including 117,000 in the cities and 50,000 in rural areas. The number of informal jobs fell by 39,000 due to a loss of 68,000 in the countryside and an increase of 29,000 jobs in urban areas.

*Source: Magharebia News*

## IRAQ

### 400 state firms to be offered as joint ventures with foreign investors

The government plans to offer foreign investors joint venture and production-sharing agreements in 400 state-owned factories and plants in Iraq in an effort to break the industrial reconstruction log jam. Minister of Industry & Minerals Fawzi Hariri said 40 contracts that are the most productive and lucrative will be offered in an initial program that is expected to yield $2bn in foreign investment. State businesses range from petrochemicals to food and pharmaceutical operations, construction and engineering industries, industrial services and textile plants. But priority is being given to cement plants crucial to rebuilding and modernizing factories.

*Source: Daily Telegraph*

## LIBYA

### Economic zone to be established

The Bahrain-based investment bank Gulf Finance House and the Libyan government signed a memorandum of understanding for the construction of an economic zone for energy companies to be named Energy City Libya. The $3.8bn project would be constructed in Sebrata, 70 km west of Tripoli on the Mediterranean coast. Gulf Finance House said the project will help encourage more foreign investment in Libya, especially from the Gulf region.

*Source: Reuters*

## ROMANIA

### Current account deficit at 14.5% of GDP in 2007

Data released by the National Institute of Statistics indicate that the 12-month rolling current account deficit widened to €16.9bn in December from €15.3bn in November and €10.2bn in December 2006. The deficit was equivalent to 14.5% of GDP at the end of 2007 compared to 14.3% of GDP in November and to 10.5% of GDP. The 12-month rolling foreign trade deficit narrowed to 18.4% of GDP in December from 18.6% of GDP in November. Despite the improvement in the merchandise trade balance in December, the deterioration in the 12-month rolling services balance and the transfers, compared to November, led to a deterioration in the annual current account deficit.

*Source: Credit Suisse*

# BANKING

## SYRIA

### Total assets at $31.4bn, deposits at $19bn at end-September 2007

Figures released by the Central Bank of Syria show that total assets of the commercial banking sector reached $31.37bn at the end of September 2007, down 1% from end-June. State-owned banks accounted for 83%, or $26.2bn, of the sector's assets, down 2.3% on a quarterly basis, while assets of private banks reached $5.18bn at the end of September 2007, up 9.2% from the end of June 2007. Private banks held 16.5% of total assets at the end of September 2007, up from 14.9% at the end of June and 12.9% at the end of 2006. Total loans reach $12.1bn at end-September, up by 9.6% from end-June. Loans extended by state banks increased by 8.6% to $11bn, while those extended by private banks grew by 22% to $1.15bn. Loans to the public sector accounted for 50% of all loans and 54% of loans by state banks. Also, wholesale and retail trade accounted for 46.6% of credit facilities, followed by construction with 14.8%, agriculture with 14.3% and manufacturing with 5.6%.

In parallel, total deposits reached $19bn at the end of September, an increase of 1.5% during the third quarter. Deposits at state-owned banks fell by 0.3% to $14.9bn, while deposits at private banks grew by 8.7% to $4.2bn. Private banks accounted for 22% of all deposits in the banking sector, with foreign currency deposits representing 20% of total deposits and 50% of deposits at private banks.

*Source: Central Bank of Syria, Syria Report*

## JORDAN

### Central Bank cuts key rates

The Central Bank of Jordan (CBJ) reduced its key interest rates by 25 basis points at the beginning of February, following rate cuts by the US Federal Reserve of 75 bps and 50 bps since January 22nd. The decision brought the CBJ's rediscount rate, the repurchase agreement rate and the overnight deposit window rate down to 6.75%, 6.50%and 4.50% respectively. The CBJ's cut is the first time since September 2007 when it reduced rates by 50 bps at the time. The Central Bank said the current rate cut aims at spurring economic growth while maintaining monetary stability.

*Source: Al-Ghad Daily*

## EGYPT

### Central Bank tightens policy rates

The Monetary Policy Committee (MPC) of the Central Bank of Egypt (CBE) increased policy rates by 25 basis points at its meeting on February 7, the first change in policy rates since December 2006. Overnight deposit rates increased to 9% and overnight lending rates to 11% starting February 10th. The tightening of monetary policy comes after inflation surged to 10% year-on-year in January from 7% in December. The MPC said the decision to tighten rates was due to the persistent increase in food inflation and expected upward pressure over the coming period. It added that high growth rates are spreading beyond the manufacturing and construction sectors, which may precipitate more inflationary pressures.

*Source:*

## ALGERIA

### Foreign reserves reach $110bn at end of 2007

Foreign exchange reserves totaled $110bn at the end of 2007, up by 42% from $77.78bn at the end of 2006. The Finance Ministry attributed the $32bn rise in reserves to the rapid rise in hydrocarbons prices. Algeria earned at least $59bn from oil and gas exports in 2007, which account for 97% of total exports. This figure is expected to rise in 2008 due to expectations that oil prices will remain high and because of Algeria's stated intention to expand its production and refining capacity. Algeria announced that it would invest $10bn in the hydrocarbons sector in 2008 to boost both oil and gas production.

*Source: El-Khabar*

## SUDAN

### Khartoum may cut stake in UAE bank to avoid sanctions

The Governor of the Central Bank of Sudan said that his government may be forced to sell its ownership of a newly merged bank to avoid American sanctions. Bank of Khartoum, a unit of Dubai Islamic Bank, plans to buy smaller Sudanese rival Emirates & Sudan Bank. Dubai Islamic, the third-biggest GCC Islamic lender by market value, would own 28% of the new bank while Sudan's government will own 10%. U.S. sanctions dating back to the Clinton administration bar any financial dealings with Sudan or institutions owned by Khartoum. Governor Hassan said that the U.S. administration imposes sanctions on any institution in which his government holds 10% or more of its shares.

*Source: Sudan Tribune*

## LIBYA

### Arab Bank wins 19% of Al-Wahda Bank

The Jordan-based Arab Bank has won a tender for 19% of the capital of Al-Wahda Bank for €210m. Three other foreign banks were still competing after the Société Generale of France pulled out at the last minute for 'technical reasons'. The three banks left in the bid were Italy's Intesa Sanpaolo, the Bahrain-based Arab Banking Corporation and Morocco's Attijariwafa Bank. The Libyan Fund for Social and Economic Development holds 73% of Al-Wahda Bank from which the 19% was being transferred. The Central Bank of Libya said the tender gives the Arab Bank the possibility of lifting its participation to 51% over the medium term. Al-Wahda is Libya's fifth biggest bank in terms of assets at €1.7bn. It has 20% of the local market and 71 branches throughout the country. Last September, in another banking privatization, the French bank BNP Paribas took over 19% of Sahara Bank.

*Source: AFP*

## Oil surges above $96 to one-month high

Oil rose above $96 a barrel on February 15, surging to a one-month high as investors fixated on the possibility, however slim, of OPEC member Venezuela halting supplies to the U.S. The South American country, one of the largest crude exporters to the U.S, cut shipments to Exxon Mobil earlier this week after the U.S. oil major won court orders to freeze over $12bn of Venezuela's assets. Venezuelan President Hugo Chavez, a critic of U.S. President George W. Bush, imposed the embargo on Exxon after threatening to cut off all shipments to the U.S. in the row over nationalization of Exxon assets in Venezuela. U.S. crude was up 45 cents at $95.91, after earlier hitting $96.05. London Brent crude rose 25 cents to $95.41. U.S. Energy Secretary said he did not expect Exxon to have trouble replacing oil supplies from Venezuela, but said the nation's Strategic Petroleum Reserve would be available if needed. Major oil producers in the Middle East have already assured the U.S. they could compensate for a supply disruption if Venezuela slows exports. Supply worries also eased as Mexico re-opened all three of its main oil exporting ports on February 14, a day after they were closed because of bad weather in the Gulf of Mexico.

The market continued to fret over slowing U.S. oil demand as economic woes lingered. U.S. Federal Reserve Chairman Ben Bernanke on February 14 painted a gloomy picture of a U.S. economy facing risks of both slow growth and inflation, and held open the option of more interest rate cuts.
*Source: Reuters*

## OPEC to keep current production level

Algerian Minister of Energy & Mines and current OPEC President Chakib Khelil said that the organization would not raise output at its next meeting. He explained that OPEC will consider the likelihood of a recession in the U.S., high oil stocks in the U.S. and the International Energy Agency's recently reduced forecast for world oil demand in 2008. Khelil also ruled out the possibility of OPEC abandoning the dollar as the currency used to calculate oil prices. He stressed that Algeria does not favour raising output and any move to do so would require a meeting of the finance ministers of the 13 member states. The next OPEC meeting will be held on March 5 in Vienna.
*Source: Magharebia News*

## Saudi Arabia’s oil expansion plans on track

Saudi Arabia's plans to expand oil and refining capacity are on track, though economic turmoil and the promotion of alternative energies have clouded the oil demand outlook. Saudi Arabia plans to expand oil production capacity to 12 million barrels per day (bpd) by the end of 2009. It also plans to spend $90bn over the next five years in upstream and downstream projects globally, including $1bn to expand production of low sulfur fuels. However, the fallout from the U.S. subprime crisis and volatility in the value of the U.S. Dollar have created uncertainty in the global oil market. Uncertainty over alternative fuels has negative implications for fossil fuel development. There is considerable risk that global oil expansion projects could be significantly compromised without stable energy policies. Saudi Arabia's Ghawar oil field, the largest in the world, is not in decline and the water cut from the field is currently running at about 27%.
*Source: Reuters*

## Base metals: Concerns about the economy are coming to the forefront again

News about electricity shortages in important metal-producing countries such as South Africa and China pushed base metal prices higher. The recent price rally is rather fragile as the economic slowdown in the U.S. is probably still the dominant factor for the sector. The U.S. ISM Non-Manufacturing Survey provided a drastic reminder that the U.S. economy is indeed in the middle of a slowdown. With concerns about the U.S. economic outlook coming to the forefront again, investors should expect more volatility. As long as the U.S. economy is still in a slowdown the downside risks for prices prevail. That means it is still too early to buy base metals. Only when the economy recovers and China starts importing more base metals again, prices should start trending higher again.
*Source: Credit Suisse*

## Precious metals: Stronger dollar prompts temporary profit-taking

Precious metal prices have seen some profit-taking. Some investors have closed positions ahead of the Chinese Lunar New Year. The appreciation of the US dollar following the weaker-than-expected US ISM Non-Manufacturing Survey has spurred additional selling. Regarding the further outlook for precious metals prices, the current price decline is more an expression of short-term volatility than a break of the longer-term uptrend. Despite the rising volatility the price outlook for gold remains positive. The physical supply/demand balance for the metal is tightening as mine supply particularly in South Africa is falling. Most European central banks have completed their gold selling program, which is tightening supply further and demand is increasing. As a result the gold price should continue to trend higher over the coming weeks and months.
*Source: Credit Suisse*

| Commodities price developments | level | 6m ave | 12m ave | mom% | yoy% |
|---|---|---|---|---|---|
| Economist commodity price index | 239.1 | 214.6 | 206.8 | 9.5 | 30.7 |
| LME metals price index | 3737.7 | 3687.5 | 3856.6 | 6.4 | 11.1 |
| Oil prices USD | 87.9 | 86.7 | 76.2 | -7.7 | 51.8 |
| Oil prices SDRs | 55.8 | 55.4 | 49.5 | -7.2 | 44.2 |
| Gold $/troy oz | 905.3 | 781.8 | 724.3 | 5.4 | 38.1 |
| Silver cents/troy oz | 1670.0 | 1411.6 | 1371.3 | 9.6 | 22.3 |
| Platinum $/troy oz | 1827.0 | 1438.0 | 1354.9 | 19.3 | 52.9 |
| Copper $/MT | 7347.5 | 7274.3 | 7278.4 | 5.1 | 37.8 |
| Nickel $/MT | 26472.5 | 28656.3 | 36179.7 | -10.3 | -32.0 |
| Aluminium $/MT | 2600.5 | 2446.6 | 2601.9 | 6.3 | -6.1 |
| Zinc $/MT | 2332.5 | 2685.9 | 3103.9 | -9.0 | -25.5 |
| Steel - HR coil dry $/MT | 605.0 | 581.3 | 560.5 | 0.0 | 18.6 |

*Source: Credit Suisse*

# 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 | - | - | - | - | 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+ | Ba1 | BB+ | BB+ | B | | | | | | | | |
| | Stable | - | Positive | Stable | 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+ | - | B+ | - | B | | | | | | | | |
| | Stable | - | Stable | - | 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+ | Ba1 | BBB- | BBB- | BB | | | | | | | | |
| | Positive | - | Stable | Stable | Stable | -1.8 | 54.3 | 22.2 | 115.7 | 7.9 | 63.3 | 1.0 | 4.0 |
| Nigeria | BB- | - | BB- | - | BB | | | | | | | | |
| | Stable | - | Stable | - | 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 | Baa2 | BBB | BBB | BBB | | | | | | | | |
| | Stable | - | Stable | Stable | Stable | -1.5 | 49.1 | 52.7 | 90.5 | 12.3 | 232.1 | -1.9 | 2.8 |
| **Middle East** | | | | | | | | | | | | | |
| Bahrain | A | A2 | A | A- | A | | | | | | | | |
| | Stable | - | Stable | Stable | Stable | 8.3 | 25.6 | 112.1 | 140.2 | 5.1 | 680.5 | 12.6 | 10.5 |
| Iran | - | - | B+ | BB- | B | | | | | | | | |
| | - | - | Stable | Stable | 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 | Ba2 | - | BB | B | | | | | | | | |
| | Stable | - | - | Stable | Stable | -4.6 | 72.6 | 87.6 | 237.8 | 6.1 | 220.6 | -13.2 | 11.5 |
| Kuwait | AA- | Aa2 | AA- | AA- | A | | | | | | | | |
| | Stable | - | Stable | Stable | Stable | 33.0 | 6.9 | 15.2 | 3.1 | 3.5 | 83.2 | 47.9 | -7.3 |
| Lebanon | B- | B3 | B- | B- | CCC | | | | | | | | |
| | Negative | - | Stable | Negative | Stable | -13.2 | 176.1 | 100.0 | 767.3 | 22.8 | 255.8 | -11.2 | 5.1 |
| Oman | A | A2 | - | A- | A | | | | | | | | |
| | Stable | - | - | Stable | Stable | 10.4 | 5.6 | 11.4 | 20.5 | 5.9 | 79.6 | 13.6 | 2.0 |
| Qatar | AA- | Aa2 | - | AA- | A | | | | | | | | |
| | Stable | - | - | Stable | Stable | 12.0 | 11.4 | 59.3 | 104.0 | 11.0 | 565.3 | 35.8 | 2.2 |
| Saudi Arabia | AA- | A1 | A+ | A+ | A | | | | | | | | |
| | Stable | - | Positive | Stable | 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- | A | | | | | | | | |
| | - | - | - | Stable | Stable | 28.5 | 11.8 | 55.6 | 64.5 | 2.5 | 303.9 | 20.9 | 1.8 |
| Yemen | - | - | - | B- | B | | | | | | | | |
| | - | - | - | Stable | Stable | -5.2 | - | 25.8 | 97.0 | 3.1 | 80.6 | -3.9 | - |

# 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 | BB- | - | - | | | | | | | | |
| | - | - | Positive | - | - | -2.4 | 14.6 | 22.2 | 227.3 | 2.6 | 126.2 | -4.0 | 2.8 |
| Bulgaria | BBB+ | Baa3 | BBB | - | BBB | | | | | | | | |
| | Stable | - | Stable | - | Stable | 3.1 | 16.2 | 106.9 | 174.3 | 18.1 | 299.8 | -19.3 | 13.7 |
| Kazakhstan | BBB- | Baa2 | BBB | - | BB | | | | | | | | |
| | Stable | - | Stable | - | Stable | 3.4 | 4.6 | 88.9 | 201.9 | 48.5 | 578.4 | -5.0 | 5.6 |
| Romania | BBB- | Baa3 | BBB | BBB- | BB | | | | | | | | |
| | Stable | - | Stable | Stable | Stable | -3.4 | 12.8 | 45.3 | 193.5 | 24.0 | 238.0 | -15.6 | 6.4 |
| Russia | BBB+ | Baa2 | BBB+ | - | BBB | | | | | | | | |
| | Stable | - | Stable | - | Stable | 3.5 | 5.3 | 29.4 | 112.5 | 17.1 | 82.4 | 3.7 | 0.9 |
| Turkey | BB- | Ba3 | BB- | BB- | B | | | | | | | | |
| | Stable | - | Stable | Stable | Stable | -0.7 | 50.2 | 44.5 | 200.2 | 37.5 | 249.5 | -5.2 | 3.1 |
| Ukraine | BB- | B1 | BB- | - | BB | | | | | | | | |
| | Negative | - | Positive | - | 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 50bps | 18-Mar-08 |
| **Eurozone** | Refi Rate | 4.00 | 07-Feb-08 | No change | 06-Mar-08 |
| **UK** | Base Rate | 5.25 | 07-Feb-08 | Cut 25bps | 06-Mar-08 |
| Japan | O/N Call Rate | 0.50 | 22-Jan-08 | No change | 15-Feb-08 |
| **Australia** | Cash Rate | 7.00 | 05-Feb-07 | Raise 25bps | 04-Mar-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 | 4.50 | 31-Jan-08 | Cut 50bps | 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 | 29-Jan-08 | No change | 25-Feb-08 |
| Thailand | 1D Repo | 3.25 | 16-Jan-08 | No change | 27-Feb-08 |
| India | Reverse repo rate | 6.00 | 29-Jan-08 | No change | 29-Apr-08 |
| UAE | Overnight repo rate | 3.50 | 23-Jan -08 | Cut 75 bps | 31-Jan-08 |
| Saudi Arabia | Repo rate | 5.50 | 30-Jan-08 | No change | N/A |
| **Egypt** | overnight lending | 11.00 | 07-Feb-08 | Raise 25bps | N/A |
| **Turkey** | Base Rate | 15.25 | 14-Feb -08 | Cut 25bps | N/A |
| South Africa | Repo rate | 11.00 | 31-Jan-08 | No change | 10-Apr-08 |
| Kenya | Central Bank Rate | 8.75 | 07-Dec-07 | No change | Feb 08 |
| **Nigeria** | Monetary Policy Rate | 9.50 | 05-Feb-08 | No change | Apr 08 |
| Ghana | Prime Rate | 13.50 | 29-Jan-08 | No change | Mar 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 | 9.00 | Feb-08 | Cut 100bps | 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 February 15, 2008*

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