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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

EMERGING MARKETS

Fixed income trading volume almost unchanged at $6,489bn in 2007

The Emerging Markets Traders Association indicated that trading in emerging markets debt instruments stood at $6,489bn in 2007, down 0.5% from $6,523bn in 2006. Trading in the fourth quarter of the year totaled $1,366bn, down 18% from $1,671bn in the previous quarter, and down 16% from the fourth quarter of 2006. It attributed the quarterly decline to global financial market turbulence, adding that liquidity in the fourth quarter diminished across the board. The volume of trades in local Treasury instruments stood at $4,264bn, up 16% from 2006. Fourth-quarter volume stood at $933bn, down 22% from the previous quarter and unchanged from the same quarter of the previous year. In parallel, sovereign and corporate Eurobonds' trading volume stood at $2,110bn last year, down 21% from 2006. Sovereign Eurobond volumes declined by 36% to $1,379bn, while the volume of traded corporate bonds increased by 48% to $676bn in 2007. Local instruments accounted for 66% of total debt trades, up from 57% in 2006 and 47% in 2005. Sovereign Eurobond accounted for 21% of total debt trading, down from 33% in the previous year and corporate bonds represented 10% of trading relative to 7% in 2006. The most frequently traded instruments in 2007 were Mexican debt securities at 22%, followed by Brazilian instruments at 18% and Argentine debt securities at 8%. Other frequently traded instruments were from South Africa, Turkey, Poland, Russia and Hong Kong.

Source: Emerging Markets Traders Association

Corporate governance leads to higher valuations

A report by financial services firm AllianceBernstein and Pace University has found solid evidence that when firms in emerging markets improve their corporate governance, they are rewarded with higher stock valuations. The study used a new data set from AllianceBernstein that has regularly updated firm-level governance ratings for 200 firms in 21 emerging markets over almost a five year period. The survey found that improvements in governance led to significantly higher valuations that were independent of various risk factors in their countries. The report said this reflects the fact that not only corporate governance is important to investors, but that it is sufficiently important that major firms are willing to spend significant resources to devise their own internal firm governance rating system.

Source:Media Newswire

AFRICA

Energy ministers establish continental commission

The African Union Energy Ministers Conference announced the official launch of the African Energy Commission (AFREC), the result of more than three decades of efforts to create an adequate energy co-operation and consultation structure for the continent. OPEC countries Algeria, Angola, Libya and Nigeria were among the founders of the organization that is expected to provide a framework of cooperation and coordination as well as a framework of action for Africans in the energy sector.

Source: Reuters

UKRAINE

Launch of free trade negotiations with EU

Ukraine started talks on a free trade agreement with the European Union. The EU Trade Commissioner predicted that the process of signing a free trade agreement between Ukraine and the EU will be "long and complicated" and could take between one and five years, given the decision of the two sides to seek a comprehensive agreement. The launch of the free trade talks with the EU was the first specific achievement brought by the decision of the WTO on February 7 to admit Ukraine as a member, which is subject to parliamentary ratification of a set of relevant commitments. The launch of the talks is particularly important for Ukraine in view of the lack of progress on its long-standing aspiration of winning formal EU membership. By synchronizing its foreign trade regime with that of the EU, Ukraine would achieve a major breakthrough in accessing EU markets and opening its own economy to a new wave of FDI from Europe.

Source: Credit Suisse

IRAQ

Iraq to buy 40 aircraft from Boeing

Iraq announced it will buy 40 new aircraft from U.S. manufacturer Boeing plus another six from Canadian firm Bombadier to revitalize its fleet depleted by UN sanctions. It has also agreed to buy four used aircraft from Boeing and has the right to buy another 10 new aircraft from the company. The deal with Boeing, valued at $6bn, is aimed at facilitating an increase of traffic to and from Iraq. Delivery of the aircraft would take place in 2013 and 2014. Iraqi Airways, one of the oldest airlines of the Middle East, currently owns just two aircraft and leases a limited number of others. Iraq's invasion of Kuwait in 1990 sparked UN economic sanctions which grounded the airline. It moved its 17 jets to other locations, mainly to Jordan, Tunisia and Iran. The national carrier resumed international flying in September 2004 with a Baghdad-Amman service after a flightless 14 years and now operates also to Cairo, Damascus, Beirut and Dubai.

Source: AFP

ALGERIA

IMF calls for continuing financial reforms, strengthening of private banks

The International Monetary Fund indicated that Algeria's market-oriented economic reforms over recent years started to bear fruits, with higher growth, low inflation, and strong fiscal and external positions. It said real GDP growth peaked at 4.6% in 2007 from 2% in 2006 due to strong growth of 6% in the non-hydrocarbon sector driven by services, construction and public works. Also, inflation remained low at 3.7% last year despite rising food prices, while unemployment declined further in 2007 but remains high particularly among the youth. The Fund noted that progress continued in structural reforms to strengthen financial intermediation and improve the business environment in order to stimulate further private investment and growth in the medium term.

The IMF considered that the main challenges facing Algeria are to ensure sustained high productivity and non-hydrocarbon growth, and to further reduce the still high unemployment. It welcomed the authorities' commitment to continued macroeconomic stability and market-oriented reforms as the basis for meeting these challenges. It also encouraged the authorities to continue managing the exchange rate in a flexible manner. According to the IMF, the current fiscal stance remains consistent with long-term fiscal sustainability but, if inflationary pressures intensify, the burden should not fall solely on monetary policy and authorities should reduce fiscal spending in 2008.

The IMF stressed that the continuation of financial sector reforms will be key to improving the business climate and enhancing private-sector led growth. It encouraged the authorities to implement the recommendations of the 2007 Financial Sector Assessment Program update, including strengthening the role of private banks. It called for giving priority to improving bank governance and risk management, given the current strong growth in private sector credit. It also pointed out that guarantee schemes on credit to small and medium enterprises should not distract banks from careful assessment of credit risk. The Fund recommended the prompt finalization of the regulatory framework for the commercial paper market, adding that developing the local corporate debt securities markets would contribute to financial stability and growth.
Source: International Monetary Fund

EGYPT

Risk of reform slowdown despite positive outlook

The Institute of International Finance said Egypt is well positioned for a sustained period of economic growth and forecast real GDP growth at 6.4% in the 2007/08 fiscal year and at 7% in 2008/09. It said wide-ranging economic reforms have been enacted and the investment climate has improved significantly, as foreign investors appear optimistic and are channeling capital and technology into a growing number of sectors. It expected inflation to remain elevated, averaging 8.6% in 2007/08 and 6.4% in 2008/09, but added that the Central Bank of Egypt is moving with increased urgency towards an inflation-targeting regime.

According to the IIF, risks to the outlook stem from the onset of general ‘reform fatigue’ that might lead to a slowing, or possibly even a rolling back, of reforms. It noted that the current appetite for reform is not shared by everyone in the higher echelons of government, nor do the reforms enjoy wide popular support as the effects have not yet spurred a significant increase in private sector job creation or a broad-based improvement in standards of living. Further, uncertainties about the succession have yet to be resolved, with President Mubarak showing no signs of nominating a vice president. Also, the government has shied away from reducing gasoline subsidies, with total spending on subsidies at about 10% of GDP and constituting a major obstacle to fiscal consolidation. As a result, it expected the fiscal deficit to increase in 2007/08 to 8.2% of GDP but to decline to 6.4% of GDP in 2008/09.

The IIF said the allure of Egyptian domestic debt is expected to grow given widening interest differentials with U.S. Treasuries and the strengthening Egyptian pound. Consequently, foreign purchases of these securities, mainly by banks and institutional investors, are expected to gather pace and will allow significant additions to international reserves. It expected reserves to reach \$42.8bn, at the end of 2008/09, equivalent of 7.2 months of import cover.
Source: Institute of International Finance

MOROCCO

Banks stronger but face new risks from loan and business growth

Standard & Poor's declared that Morocco's banking sector has strengthened over the past five years, but new risks related to rapid loan growth and geographic expansion are appearing. It said the banking system is becoming increasingly vulnerable to rapid and untested credit growth that is fueling asset prices, geographic expansion by leading players, and the cyclicality embedded in the Moroccan economy. In parallel, profitability has improved over the past two years at the country's leading banks and they enjoy a strong funding profile.

The agency indicated that the Moroccan banking system is one of the largest and most concentrated in North Africa, with total assets of \$78.4bn at the end of September 2007. It said the three largest banks account for about 75% of the system’s total assets, but price competition is heating up. Also, volumes are set to support the system's profitability despite stock market and real estate inflation, while a major correction of asset prices would hurt the banking system's creditworthiness. S&P noted that another source of risk stems from the leading banks' aggressive geographic expansion into other north and western African countries. This trend could create uncontrolled risks and weigh on the system's creditworthiness, especially taking into account its only-adequate capitalization. S&P considered the quality of regulation in Morocco as adequate and viewed positively the hands-on approach of the central bank, which should help the early detection of problems.
Source: Standard & Poor's

ECONOMY & TRADE

JORDAN

Unemployment at 13% in 2007

Figures released by the Department of Statistics shows that the unemployment rate reached 13.1% in 2007 compared to 14% in 2006. It said a total of 36,000 new job opportunities were created during the first half of last year compared to 35,000 new jobs for all of 2006. The increase in the number of jobs translated into the lowest joblessness rate since 2002, when it stood at 15.3%. The private sector created two-thirds or 66% of new jobs. It also indicated that 43% of the new jobs were provided at the level of secondary professions, such as housekeeping and nursing, while 18% were primary professions such as engineers, doctors and accountants. People aged 20-29 years filled 68% of the vacancies while 15-19 year olds held 17.5% of the jobs. Also, 51% of the new posts went to job seekers who have not completed high school, while university graduates received 20% of the jobs offered.

Source: Jordan Times

Central Bank calls for restrain spending

The Central Bank of Jordan said the government needs to reduce spending in order to contain inflation and narrow the current account deficit that has reached about 15% of GDP, adding that financing the deficit by foreign direct investment and portfolio flows is not sustainable. The 2008 budget included a 33% increase in spending to $7.3bn with a fiscal deficit widening to 5.6% of GDP from 5.4% of GDP in 2007. Inflation is expected to accelerate to between 8% and 9%, the highest level in 18 years, from 5.4% last year. The government lifted oil subsidies earlier this month to save about $1.5bn each year if oil prices remain close to $100 a barrel. Fiscal spending will rise to ease the impact on consumers, including $425m to boost the wages of state employees and the military.

Source: Bloomberg

UAE

Federal law on arbitration completed

The Ministry of Economy announced it has completed the draft federal law on arbitration and the implementation of arbitral awards. The law will establish provisions for domestic and international arbitration in the UAE, will enforce arbitral awards consistent with international obligations, and is based on the UN’s Model Law on International Commercial Arbitration. The law’s provisions will apply to all cases of domestic and international arbitration between natural and juridical persons, regardless of the nature of the legal relationship around which the dispute revolves, whether it is trade, civil, or administrative. The draft law, prepared by the Economy Ministry in cooperation with the Justice Ministry, is expected to be ratified and issued within the next three months. The draft law creates a modern framework to address the issue of arbitration. Disputing parties have the right to accept the law’s provision’s without obligation; they have the option of either resorting to the advanced national law or choosing the procedures adopted in London, Paris and Singapore as currently applied.

Source: Business Intelligence

ALGERIA

Economic zone to be established

Bahrain's Gulf Finance House announced that it had reached in principle an agreement with the Algerian government to establish a GFH Economic Development Zone worth more than $3bn on the outskirts of Algiers. The zone could include energy, financial, telecommunications and IT business districts as well as residential development and leisure facilities. The zone would contribute to Algeria's efforts to diversify its economy away from dependence on hydrocarbons production. The oil and gas sectors account for 46% of the country's GDP.

Source: Dow Jones Newswire

EGYPT

FDI at $7.8bn in second half of 2007

Figures released by the Central Bank of Egypt show that foreign direct investment in Egypt increased to $7.8bn in the second half of 2007 compared to $7.2bn in the same period of 2006. The formation of new companies or increasing their capital accounted for $3.5bn of the total, followed by investments in the petroleum sector with $2.9bn and the sale of local companies with $1.4bn. Maintaining strong inflows of capital is critical to match recent growth in imports after Egypt posted a current account deficit for the fourth quarter of 2007, the first time since 2000 that it has posted deficits for three consecutive quarters. The current account deficit widened to $152m in the fourth quarter from $92m in the previous quarter as imports grew 50% year-on-year to $13.2bn.

Source: EFG Hermes

TURKEY

Current account deficit at 8% of GDP

Figures released by the Central Bank of Turkey show that the current account deficit reached $38bn in 2007 compared to $32.3bn in 2006. However, the current account deficit was equivalent to 8% of GDP in 2007 compared to 8.4% of GDP in 2006 and to the peak deficit of 8.7% of GDP in the 12 months to November 2006. The financing of the current account deficit was broadly unchanged in 2007 compared to 2006. Non-debt creating inflows, or the sum of FDI inflows and the inflows into the equity market, covered 65.5% of the current account deficit in 2007 compared to 64.7% in 2006. However, total outflows from the local bond market amounted to $3.3bn in 2007 while inflows into the local bond market totaled $6.1bn in 2006.

Source: Credit Suisse

MOROCCO

EU discussing Advanced Status

The EU is currently discussing an ‘advanced status’ for Morocco, which is seeking a privileged partnership with the EU. Morocco hopes to deepen its relations with the EU on specific matters including visas and trade. In parallel, Belgium, Spain, France and Morocco signed a protocol on the harmonization of international road transport procedures.

Source: ANSA

BANKING

TUNISIA

Banking sector reforms in progress

The International Monetary Fund indicated that banking sector reforms are continuing with the recent privatization of Banque Tuniso-Koweitienne on favorable terms. However, the Tunisian banking sector remains fragmented and of limited size, and its consolidation would be beneficial given heightened competitive pressures. It said the quality of banking services, which was instituted as a legal obligation, has improved and the authorities are committed to bring it to international standards. Further, banks are preparing for the transition to Basel II by 2010, and several measures aimed at energizing the banking sector were recently adopted or will be adopted shortly.

The Fund noted that authorities have abolished the requirement that banks transfer their end-of-day foreign exchange balances to the Central Bank and that banks are now authorized to manage 20% of residents' foreign exchange holdings not subject to surrender requirements, thereby promoting the interbank exchange market. In addition, there are plans to delegate to banks the authority to quote and execute transactions involving exchange rate and interest rate hedging instruments, as well as to lengthen the maturity of such instruments. Also, listed credit institutions are no longer limited by a cap on their foreign borrowing.

Source: International Monetary Fund

TURKEY

Central Bank reduces rates

The Monetary Policy Committee (MPC) of the Central Bank of Turkey (CBT) cut the policy rate by 25bps to 15.25% in line with the consensus market expectation. The MPC also cut the overnight lending rate by 25bps to 19.25%. This was the first time since September that the MPC cut the CBT's borrowing and lending rates by the same magnitude. When the easing cycle started in September, the borrowing and lending rates were, respectively, 17.5% and 22.5%. Since then, the borrowing rate was lowered by 225bps and the lending rate by 325bps.The MPC switched to a slower pace of monetary easing after three consecutive cuts of 50bps in the fourth quarter of 2007.

The post-meeting statement was broadly in line with the previous one and highlighted the increasing dependence on economic data of the MPC's future rate decisions. It also emphasized that the timing of future rate cuts would depend on various factors including global developments related to the exchange rate. The CBT also increased its inflation forecast significantly. It revised upward its end-2008 inflation target first to 4.1%, from 3.2% in October 2007, and then to 5.5% at end-January, mainly due to higher energy and food prices. The market consensus inflation expectation for end-2008 is 6.5%.

Source: Credit Suisse, Merrill Lynch

SUDAN

Islamic banks to leave South by end February

The Faisal Islamic Bank, the Omdurman National Bank and the Agricultural Bank of Sudan are liquidating all their assets in the semi-autonomous South of the country ahead of a deadline to close at the end of February. Under a 2005 peace deal to end decades of civil war between the Islamist government in Khartoum and the mainly Christian and animist South, only conventional banking will be used in the South with Islamic banking in the North. Banks were given the option last year to close up or adopt only conventional banking. The three banks will close all southern branches and take with them some $45m. New banks are expected to fill the gap and supplement local banks that lack capital and have less management experience. Kenyan Commercial Bank will be joined in March by the Sudanese Egyptian Bank and Dubai's Arab Investment Bank.

Source: Reuters

RUSSIA

Central Bank tightens monetary policy

The Central Bank of Russia (CBR) raised by 25 basis points all interest rates under its control effective February 8th. It raised the one-day direct repo rate to 6.25%, which is the key benchmark rate for banks and which had been kept flat for several years despite changes in the refinancing or short-term deposit rates. Also, it raised the refinancing rate and the overnight lending rate to 10.25% each, tomorrow-next deposit rate to 3%, the one-week deposit rate to 3.50%, the one-day direct repo rate to 8.25%, the 7-day rate to 7.25%, the minimum 7-day repo auction rate to 6.75%, and the 90-day rate to 9.25%. In parallel, the CBR increased reserve requirements on liabilities to non-residents by 100bps to 5.5%, and on liabilities to resident individuals by 50bps to 4.5%. The CBR said the net effect of this measure on the liquidity of the banking sector will be RUB22bn, or $0.9bn. The package of measures reflects a comprehensive approach to address inflationary pressure.

Source: Credit Suisse

UKRAINE

Upgrade of Raiffeisen Bank Aval

Moody's Investors Service upgraded the financial strength rating of Raiffeisen Bank Aval (RBA) to 'D' from 'D-' with a stable outlook, and affirmed all of the bank's other ratings with their existing outlooks. RBA is the largest foreign bank subsidiary in Ukraine and is the second largest in the country. The agency said the upgrade reflects the significant and ongoing improvements in RBA's risk management processes to levels commensurate with those of its parent Raiffeisen Zentralbank Oesterreich AG and in line with its very robust franchise, which has improved on the back of diversification into retail and resulted in strengthened name recognition and strong financial fundamentals. Moody's said the entrance of RBA's strategic foreign shareholder in late 2005 turned the bank around, with a positive impact on its lending culture and decision-making processes, resulting in a more conservative and market-oriented institution. The bank's committed shareholder also provides it with regular capital injections to enable it to catch up with the market growth.

Source: Moody's Investors Service

ENERGY / COMMODITIES

Oil back above $100

The new front-month U.S. crude for April delivery rose 48 cents to $100.18. The March contract, which expired a day ago, rose for five-straight sessions to hit a record of $101.32 on February 20, before closing at $100.74 a barrel, the highest settlement ever. London Brent rose 50 cents to $98.92 a barrel. Analysts said funds were rushing into oil and other commodities such as gold as a hedge against inflation, drawing in momentum trades and exacerbating price pressures. Crude oil stocks rose by 2.3 million barrels last week, the sixth build in a row. Unusually high gasoline stocks are expected to rise by 1.1 million barrels, while distillates should fall by 1.7 million barrels after a spell of cold weather.

While U.S. economic data painted a gloomy picture for oil demand in the world's biggest consumer, investors appeared more focused on worsening inflation. The U.S. Consumer Price Index rose faster than expected in January and for the second straight month. And the U.S. Central Bank lowered its 2008 economic growth forecast, raising fears the world's biggest economy is heading into stagflation but lifting hopes the Federal Reserves would cut rates further to revive the economy. A host of supply risks also lent support to prices, including U.S. refinery problems, the row between Venezuela and Exxon Mobil and expectations that the Organization of the Petroleum Exporting Countries will hold output levels steady or even reduce them when they meet next month.
Source: Reuters

Private equity firm signs $8bn refiner deal in Libya

London-based private equity firm Klesch has announced that it has signed an $8bn deal to build a 300,000 barrels per day refinery and a 725,000 ton per year aluminium smelter in Libya. The complex is to be built by 2011.
Source: Reuters

BP to invest $2bn in gas exploration in Libya

British Petroleum (BP) announced plans to invest $2 billion in search of natural gas in Libya. The company expects to begin seismic studies this year after Libya's government approves its work plan. Last year, BP resumed operations in Libya after more than three decades without any activity.
Source: Bloomberg

Adnoc to double UAE gas supply

State-owned Abu Dhabi National Oil Company said it plans to nearly double domestic gas supplies in 2009. The company plans to pump 3.6bn cubic feet per day (cfd) to the national grid in 2009, up from current domestic gas sales of around 2bn cfd. Gas demand had grown by around 10% per year on average in the UAE over the last 34 years.
Source: Reuters

Bahrain to conclude gas deal with Iran

Bahrain expects discussions with Iran on the supply of natural gas to the island to be concluded before the end of the current year. Last year, the two countries signed a memorandum of understanding on the supply of one million cubic feet of Iranian natural gas a day to Bahrain.
Source: ANI

Base metals: Economic slowdown vs. production outages

For base metals the outlook is somewhat similar to the situation in the oil market. Base metals are the commodity category which reacts most to changes in the business cycle. While the largest part of the correction is over, moderately lower prices are still expected over the next few months due to the economic slowdown. When the economy starts recovering, the price outlook may improve quickly. The first signs of this might be seen in the middle of the second quarter of the year, which is why higher prices for base metals are expected over the longer-time horizon. Only aluminum is somewhat of an exception as prices are currently benefiting from production outages in China and rising production costs due to soaring prices for coal and alumina.
Source: Credit Suisse

Precious metals: Negative real interest rates in the U.S. continue to be supportive

For precious metals, it is less the economy that matters but rather the direction of the dollar and U.S. interest rates. At the moment the environment is very favorable for the sector. Real U.S. Libor rates are now negative, which is very supportive for non-yielding assets such as gold. Moreover, economists expect further interest rate cuts in the U.S. and potentially in Europe, which should fuel the rally further. In addition to that, the dollar is still trading on the weak side. As a result, further price gains for precious metals are expected. Gold prices might easily exceed $1,000 at times. However there are also some risks. When the dollar starts strengthening and central banks stop lowering interest rates, the price rally of precious metals might also slow down. As a result, the bulk of the expected rally should occur in the first half of the year. A more moderate development during the second half of the year is expected.
Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	244.1	216.1	208.8	7.4	31.9
LME metals price index	3839.4	3687.9	3864.2	4.2	8.2
Oil prices USD	95.5	87.5	76.9	1.3	64.6
Oil prices SDRs	60.4	55.9	49.9	1.9	56.3
Gold $/troy oz	911.6	791.0	729.1	0.4	36.5
Silver cents/troy oz	1726.0	1428.0	1377.9	4.6	23.6
Platinum $/troy oz	1981.0	1462.7	1368.9	25.6	62.9
Copper $/MT	7775.5	7277.7	7322.1	5.6	38.3
Nickel $/MT	27402.5	28684.1	35966.8	-4.6	-32.0
Aluminium $/MT	2737.5	2451.4	2599.3	10.8	-6.2
Zinc $/MT	2340.5	2647.8	3089.4	-1.5	-27.3
Steel - HR coil dry $/MT	605.0	583.9	562.3	0.0	16.3

Source: Credit Suisse

COUNTRY RISK METRICS

Countries	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+ 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+ Stable	- -	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 -	- -	AA- 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+	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	13-Feb-08	No change	07-Mar-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	N/A
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	19-Mar-08
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	6.00	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 21, 2008

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