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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Most subprime-related bank losses already disclosed

Fitch Ratings estimated total market losses from subprime mortgage assets at between $400bn and $550bn, adding that global banks have already written-off more than 80% of their subprime-related losses. The agency said about 50% of losses, or $200bn-$275bn, were incurred by banks, with the remainder posted by financial guarantors, insurance companies, asset managers and hedge funds. As of May 2008, Fitch estimates that losses by banks on subprime residential mortgage-backed securities (RMBS) or collateralized debt obligations referencing mortgage-backed securities (ABS-CDOs) to be $165bn, or 83% of the banks' portion of the losses. Fitch estimated that the subprime market originated as much as $1.4trn in loans in the last three years, with $625bn in 2005, $600bn in 2006 and $179bn in 2007. It considered that the seeds of the current crisis were sown in 2000 and 2001 with the lowering of U.S. interest rates and the relentless tightening of spreads across a broad range of asset classes. This fuelled investor demand for higher yielding assets, which in turn allowed a handful of financial institutions to originate and repackage mortgages into securities that were then sold on to the capital markets.
Source: Fitch Ratings

SYRIA

U.S. extends sanctions

The U.S. Administration extended American sanctions against Syria following Washington's charge that Damascus had been building a nuclear reactor with North Korea's help. President George W. Bush announced his decision to continue for one year a freeze on Syrian assets and the ban on the export of certain goods to Syria in an executive order and a message to the U.S. Congress. President Bush initially imposed sanctions on Syria in May 2004 under the Syria Accountability and Lebanese Sovereignty Restoration Act, then extended them in April 2006 and widened them last February to target officials engaged in "public corruption," amid charges Damascus was destabilizing Iraq and Lebanon.
Source: AFP

IRAN

Shell and Repsol drop Iran gas project

Royal Dutch Shell and Spain's Repsol have pulled out of one of Iran's biggest gas projects, dealing a blow to Tehran's attempts to expand its energy exports in the face of U.S. and international sanctions. The pair will withdraw from the $10bn-plus development of phase 13 of South Pars, the world's largest gas field. Their decision is made as Washington intensifies pressure on international companies to stop operating in Iran as part of a campaign to isolate Tehran over its refusal to halt its nuclear program.
Source: Financial Times

EMERGING MARKETS

East European economies most vulnerable to global credit crunch

Standard & Poor's Liquidity Vulnerability Index (LVI) indicated that East European sovereigns are the most vulnerable emerging markets in terms of external financing needs in case the global credit squeeze tightens. The agency said the level of a country’s vulnerability relates directly to its degree of dependence on foreign capital inflows to finance external imbalances and avert balance-of-payments crises. S&P noted that Eastern European sovereigns are the most exposed, while Asian and Latin American sovereigns, with their trade surpluses and large foreign exchange reserves, are generally better insulated against the dearth of financial flows that may be in store if the global economy declines more sharply. The LVI, a measure of vulnerability calculated for 40 sovereigns, shows that almost all of the most vulnerable countries are European.
Source: Standard & Poor's

Asian nations to launch monetary fund

South Korea, China, Japan and the Association of Southeast Asian Nations (ASEAN) have agreed to establish an Asia Monetary Fund (AMF) worth $80bn to help member states cope with any liquidity crisis. The agreement comes one year after they concurred in principle to contribute parts of their foreign exchange reserves to set up the AMF as a means of heading off the recurrence of a financial crisis similar to the one that hit Asia in 1997. South Korea, China and Japan are expected to contribute $64bn and ASEAN $16bn to the AMF. Some Asian financial officials expressed concerns that the creation of the AMF might weaken the role of the International Monetary Fund.
Source: Standard Chartered

SAUDI ARABIA

U.S. senators threaten Saudi arms deal over oil prices

A group of U.S. senators from the Democratic Party threatened to block a $1.4bn U.S. arms deal with Saudi Arabia unless the kingdom increases oil production and helps cut soaring gasoline prices. The senators introduced a resolution of disapproval on the arms sale. The resolution, expected to be fast-tracked to the Senate floor, would prohibit the arms sale unless Saudi Arabia agrees to increase oil production by one million barrels per day. A motion of disapproval needs only 51 votes in the 100-seat Senate to pass and could not be blocked. The American Automobile Association said the average price of a gallon of gas in the United States hit a record $3.73 on May 13, up 21% from a year ago.
Source: AFP

OUTLOOK

WORLD

Real estate investment to decline by 30% in 2008, long-term drivers to stay positive

Real estate consultants Jones Lang LaSalle indicated that global direct real estate investment reached a record $759bn in 2007, up 8% from 2006, itself a record year. It expected global investment volumes for 2008 to decline by 30% from 2007, but with further risk on the downside. It said the first half of 2007 was a record six months but volumes in the second half, usually the strongest period, were below the first half of last year as well as the second half of 2006 due to the mid-2007 credit crunch that effectively sidelined highly leveraged investors and dented investor confidence. Yield compression ended in most mature markets and certain markets experienced re-pricing, as investors' and financiers' risk and return requirements started to change. It noted that real estate fundamentals remained healthy in the world's major centers through 2007 with low vacancy rates, modest development pipelines and solid occupier demand.

Jones Lang LaSalle considered that reduced debt availability and lower investor confidence are likely to stay for at least the first half of 2008 as the impact of the credit crunch continues to ripple through markets, and central banks and financiers work to stabilize and stimulate the debt markets. It expected a number of factors to constrain volumes such as wait-and-see strategies from both sellers and buyers; a misalignment between buyers' and sellers' price expectations as markets take time to adjust; prices peaking in 2007 in many of the major markets; reduced availability of debt; tougher lending criteria and increased debt costs; reduced willingness and capacity to transact large lot sizes; a narrower spectrum of investors active in the market; more exacting asset due diligence; and longer transaction processes. In parallel, it did not expect a strategic and planned withdrawal of capital from real estate in 2008, or investors to significantly adjust their allocations to the asset class. It said the long-term trends in real estate, such as the growing credibility of real estate as an investible asset class, improving transparency, urbanization and restricted supply continue to be positive drivers.

Source: Jones Lang LaSalle

SYRIA

Growth at 4%, inflation at 7% in 2008

In its regional economic outlook for the Middle East, the International Monetary Fund projected Syria's real GDP growth at 4% in 2008 relative to 3.9% in 2007 and compared to growth in oil exporting countries of 6.2% in 2008. It expected the country's real non-oil GDP to grow by 5.3% in 2008, down from 5.8% in 2007, and compared to non-oil GDP growth of 6.7% in 2008 in oil exporting countries. The IMF forecast Syria's annual average inflation rate at 7% in 2008 compared to inflation of 12.2% in 2008 for oil exporting economies. Also, it expected the growth of broad money at 12.7% this year compared to 13.3% last year. The Fund projected the central government's fiscal balance to post a deficit of 4.8% of GDP in 2008, up from 4.6% of GDP in 2007, and compared to surpluses in oil exporting peers of 13.5% in 2008. It estimated public revenues at 21.7% of GDP and total expenditures at 26.5% in 2008.

The IMF expected Syria's external debt to slightly regress to 16.3% of GDP at end-2008, from 16.8% of GDP at end-2007. Further, the country's current account deficit is projected at 6.6% of GDP in 2008, up from 5.8% of GDP in 2007. In comparison, oil exporting countries are forecast to post current account surpluses of 24.2% of GDP this year up from 20.7% of GDP last year. The Fund expects the country's gross official reserves to reach $16.1bn at end-2008 compared to $16.6bn at end-2007.

Source: International Monetary Fund

SUDAN

IMF forecast real GDP growth to slow to 7.6% in 2008

The International Monetary Fund projected Sudan's real GDP growth at 7.6% for 2008, down from 10.5% last year, and compared to growth in low-income countries of 7.1% in 2008. It expected the country's nominal GDP to reach $53.9bn this year, down from $46.2bn in 2007. The IMF forecast Sudan's annual average inflation rate at 8% in 2008, compared to inflation of 10.3% in low-income countries in 2008. Also, it expected the growth of broad money to be at 20% this year up from 9.6% last year. The Fund projected the central government's fiscal balance to post a deficit of 3.5% of GDP in 2008, up from 3.2% in 2007 and compared to a 1.8% deficit in low-income countries. It estimated public revenues at 19.7% of GDP this year and total expenditures at 24% of GDP. The IMF expected Sudan's public debt to continue its downward trend and to reach 68.9% of GDP at end-2008 from 73.2% at end-2007. It also forecast total gross external debt at 59.6% of GDP this year down from 64.7% last year and compared to public debt of 36% of GDP in low-income countries. Further, the country's current account balance is projected to post a deficit of 9.8% of GDP this year down from 11.8% in 2007. The Fund expects the country's gross official reserves to remain at $1.4bn in 2008.

Source: International Monetary Fund

ARMENIA

Economic growth forecast at 10% in 2008

The International Monetary Fund projected Armenia's real GDP growth at 10% for 2008, down from of 13.7% in 2007. It expected the country's nominal GDP to reach $11.8bn this year up from $9.2bn last year. The IMF forecast Armenia's annual average inflation rate at 6.8% in 2008 up from 4.4% in 2007. Also, it expected the growth of broad money at 32% this year, declining from 42.3% last year. The Fund projected the central government's fiscal balance to maintain a deficit of 1.8% of GDP in 2008. It estimated public revenues at 16.9% of GDP in 2008, and total expenditures at 19.7% of GDP. The IMF expected Armenia's public debt to continue its decline, reaching 16.4% of GDP at end-2008 down from 17.6% at end-2007. It also forecast total gross external debt at 13.7% of GDP in 2008, down from 17.2% in 2007. Further, the country's current account deficit is projected at 6.8% of GDP in 2008 up from 6.5% in 2008. The Fund expects the country's gross official reserves to reach $2.1bn at end-2008, up from $1.7bn at end-2007.

Source: International Monetary Fund

ECONOMY & TRADE

EGYPT

Government increases budget by $4.9bn, imposes 20% tax on bonds and T-bills

The government has increased the FY2007/08 budget by EGP26bn, or $4.9bn to finance an EGP23.6bn increase in fuel subsidies, an EGP2.1bn or 30% increase in the annual bonus of government employees and an EGP200m expansion in the ration card system. To finance the extra expenditures, the government will increase its revenues by EGP21.8bn, mainly by a EGP19.7bn increase in energy prices and a series of other measures that include the imposition of a 20% tax on interest earnings from bonds and T-bills. The tax will be levied on government bonds from the start of July and on T-bills from May 5th. It plans to raise another EGP4.2bn through debt, as the projected budget deficit of 6.9% of GDP for FY2008/09 looks unattainable. The government hopes to raise $1bn from a Eurobond issue planned for July with a maturity of between 7 to 10 years.
Source: Al-Ahram, Bloomberg, Reuters

TURKEY

IMF completes Stand-By Arrangement, disburses $3.7bn

The International Monetary Fund's executive board approved the seventh and final review of the Stand-By Arrangement and disbursed the final loan tranche of $3.65bn to the Turkish government. The completion of this review marked the end of the Stand-By Arrangement of $10.5bn that was signed in 2005. The Fund said it will monitor the developments in the Turkish economy under a post-program monitoring agreement until there is more clarity on a possible follow-on program. It stated that the government's less ambitious fiscal policy for this year will mean that the monetary policy will shoulder a greater burden to tackle the inflation problem. It added that the short-term fiscal and monetary policies will need to balance carefully the desire to support growth with the need to contain inflation and the current account deficit.
Source: International Monetary Fund

KAZAKHSTAN

Outlook revised to negative

Standard & Poor’s revised Kazakhstan’s sovereign rating outlook from ‘stable’ to ‘negative’, citing an increasing risk that deteriorating bank asset quality and funding difficulties will weaken the country's fiscal and external balances and will impair its policy flexibility and growth prospects. The agency said the liquidity crunch has proved to be more protracted than anticipated in October 2007, when it lowered Kazakhstan's rating to’ BBB-‘ from ‘BBB’. S&P noted that banks need to make $14bn in principal payments on their external debt this year and have had difficulties in rolling it over at acceptable interest rates. The agency added that any unforeseen exchange rate volatility would imply additional risks to banks, as households and firms have generally not hedged their foreign currency borrowings. It said the outlook would revert to stable within the next 12-18 months if the banking problems have little impact on the economy and public finances.
Source: Standard & Poor’s

UKRAINE

Outlook revised to stable

Fitch Ratings revised Ukraine's outlooks to ‘stable’ from ‘positive’ and affirmed its long-term foreign and local Issuer Default Ratings (IDR) at 'BB-' and the Country Ceiling at 'BB-'. It said Ukraine's recent strong macroeconomic performance faces growing risks from accelerating inflation and a rising current account deficit. Consumer price inflation reached 30.2% year-on-year in April compared to 26.2% in March, constituting the highest level since November 2000. It said sustained high inflation would harm the efficiency of the economy, eroding credit fundamentals, and would risk higher macroeconomic volatility. It noted that the fiscal and monetary policy response to soaring inflation has been inadequate, while authorities have so far rejected the IMF's advice for a near-balance budget this year. Fitch said Ukraine is increasingly dependent on foreign capital to finance a current account deficit expected to rise to 7.5% in 2008. It projected Ukraine's gross external financing need at 136% of reserves in 2008, against a 'BB' range median of 59%. It warned that an interruption to financing could lead to currency depreciation and still higher inflation.
Source: Fitch Ratings

ROMANIA

Balance of payments crisis unlikely

Moody’s Investor Services indicated that Romania's ‘Baa3’ government bond ratings and ‘A1’ foreign currency ceiling with a ‘stable’ outlook reflect the country's significant economic and institutional improvements over the past decade as well as the low government debt burden and ample external liquidity. However, the government's ratings also reflect challenges such as rapid credit growth, the large current account deficit and rising external debt. Moody’s said that a traditional balance of payments crisis is unlikely given that bank credit, which is primarily financing the locally driven investment and consumption, is mostly supplied through foreign parent banks to their Romanian subsidiaries, and much of the foreign-driven investment comes with financing attached. It warned that the large external deficit poses some risks to macroeconomic stability, with the current global financial turmoil having increased the possibility of an external shock causing economic dislocation over the next 12 to 18 months. But the government and banking system could withstand a moderate economic shock at the current rating level.
Source: Moody’s Investor Service

ARMENIA

Capital of insurance companies reaches $21.5m in first quarter of 2008

Figures released by the Central Bank of Armenia show that total equity of the 10 insurance companies operating in Armenia reached $21.5m at the end of March 2008 compared to $17.3m at the end of 2007. The companies recorded an accumulated profit of $1.9m in the first quarter of 2008. Total assets amounted to $30.6m at end-March 2008 relative to $27.4m at end-2007. The companies' authorized capital reached $18.9m by the end of March compared to $15m at the end of last year. The CBA has been supervising the insurance market since January 2006.
Source: Central Bank of Armenia

SYRIA

Bank of Jordan Syria IPO fully subscribed

Bank of Jordan Syria closed its initial public offering for 33.7% of its total shares valued at SP505.2m, or $10.5m, saying that the IPO was fully subscribed. It offered 1.01 million shares for SP500 each. The IPO targeted resident and non-resident individual and institutional Syrian investors. The bank plans to begin operations before the end of this year, and intends to open branches in Damascus and other major areas such as Aleppo, Homs and Lattakia. Bank of Jordan, one of the largest banks in Jordan, received a license to operate in Syria last year. The founders fully subscribed to 66.3% of the capital, which totals SP1.5bn, as Bank of Jordan subscribed to 49% of the capital, representing the maximum percentage of foreign ownership allowed under the law, and the other founders subscribed to the remaining 17.3 %.

Source: Dow Jones Newswires

EGYPT

Central Bank raises policy rates

The Monetary Policy Committee (MPC) of the Central Bank of Egypt (CBE) raised policy rates by 50 basis points, taking the overnight deposit rate to 10% and the overnight lending rate to 12%. It attributed the increase to “clear evidence of underlying inflationary pressures”, as well as to continuing food price growth driven by global prices. Annual inflation reached 16.4% in April, up from 14.4% in March, with food prices rising 22% year-on-year in April. The MPC pointed out that persistently high international food prices have led to high domestic food inflation, which has spilled over into non-food prices. The MPC expects that annual inflation rates will remain high until the effects of the international food price shock and the regulated price adjustments subside. The MPC stated that risks to the inflation outlook are still on the upside and that it stands ready to adjust its policy rates to ensure price stability in the medium term.

Source: Credit Suisse, EFG Hermes

KUWAIT

Burgan Bank acquires stakes in 4 banks for $725m, plans to be key regional player

The Kuwait-based Burgan Bank announced that it has agreed to purchase four commercial banking subsidiaries and associates of the Bahrain-based United Gulf Bank for $725m. Burgan Bank will acquire UGB's stakes in Algeria Gulf Bank (60%), Bank of Baghdad (45%), Jordan Kuwait Bank (44%) and Tunis International Bank (77%). The transaction is pending regulatory approvals in Bahrain, Kuwait and other relevant markets and is expected to be completed in the third quarter of 2008. Burgan Bank and UGB are both majority-owned by the Kuwait Projects Company (KIPCO), which holds stakes of around 52% and 88% respectively. Burgan Bank aims to have controlling stakes in the purchased banks and said it plans to become one of the strongest universal banks in the region. Burgan’s assets reached KD3.24bn at end-March 2008. Moody's Investors Service placed the ‘A1’ deposit rating and ‘C-’ bank financial strength rating of Burgan Bank on review, with direction uncertain.

Source: Zawya Dow Jones, Moody's Investors Service

UAE

Banks unaffected by subprime crisis, risks are from property market bubble and high inflation

Fitch Ratings indicated that the positive performances of UAE banks continued in 2007 and is expected to persist in the current year. It said the UAE banking sector continues to benefit from a buoyant operating environment, principally driven by high oil prices resulting in increased government infrastructure spending and general growth in both retail and corporate lending. The agency said the sector has shown strong resilience to the international credit turmoil and the U.S. subprime crisis, with most banks' profitability and capital ratios unaffected. It noted that asset quality remained sound in 2007 despite sector loan growth of 40% in 2007 and strong growth in prior years, adding that impaired loans might increase as loan books season and if rapid growth continues, particularly in personal and real estate lending. Fitch expressed concerns about a possible property market bubble, high inflation and regional political tension. It said the implementation of Basel II in 2008 has typically resulted in a slight decrease of capital ratios, but they are expected to remain satisfactory at broadly the same levels.

Source: Fitch Ratings

ALGERIA

Public banks still dominate sector, reforms slow

The Institute of International Finance indicated that the Algerian banking sector is still dominated by state-owned commercial banks that account for about 90% of total bank assets. It said bank performance remains difficult to assess and is characterized by a paucity of data, weak regulatory oversight and the undeveloped nature of the system. Also, public banks suffer from ongoing weak credit risk assessment and lax corporate governance despite some recent reform progress. Further, NPLs are over 30% of gross lending, leading to overall low bank solvency and profitability, due to lending by public banks to loss-making state-owned enterprises. To counter this, the monetary authorities maintained capital injections in public banks, which distorts risk pricing and continues to stunt the development of a normal credit culture.

In parallel, the IIF said private banks perform reasonably well, partly due to better quality management, with lending focused mainly on retail and trade services, although provision of project finance-related services is growing. It expected retail and investment banking competition to strengthen following the arrival of affiliates of Crédit Agricole, HSBC and Deutsche Bank, bringing the number of foreign banks operating in Algeria to 14 last year. But the IIF warned that the inherent risks still outweigh the opportunities, as the promotion of domestic private banking was undermined by the early-2003 Khalifa bank scandal. The subsequent trial, which ended in March 2007, highlighted a public loss of $1.5bn and a gross level of corruption within the sector.

Source: Institute of International Finance

Oil recovers towards $125 after fall on U.S. stocks

U.S. light crude for June delivery was up 46 cents a barrel at $124.68 on May 15, off an earlier low of $123.54 after having settled down $1.58 at $124.22. London Brent crude whose front month June contract expires by the end of May 15 was up 74 cents at $122.60. Weekly U.S. inventory data showed a larger-than-expected 1.4 million barrels rise in distillates stocks easing concerns about a tightening distillates market that has sent heating oil futures to record highs this week. U.S. crude stocks rose by only 200,000 barrels as imports dropped and refiners boosted utilization rates, while gasoline inventories, which are expected to take center stage soon with the start of the U.S. driving season by the end of May, fell by 1.7 million barrels.

According to Saudi Oil Minister, the rise in global oil prices in recent years has more to do with financial market volatility than fundamentals. Many OPEC ministers have regularly blamed increased speculative trading, the weakening U.S. dollar and other factors beyond their control for the rapid rise in oil prices, which have quadrupled in the past five years. Oil also rose as the dollar fell against the euro after German GDP growth leapt to a 12-year high. Oil prices and dollar moves have grown closely intertwined over the past few months, with investors piling into oil and other commodities as a hedge against the falling dollar.
Source: Reuters

IEA says oil demand is slowing

A new report by the International Energy Agency (IEA) predicts that world oil demand will rise less than expected in 2008 because prices have hit record levels and growth in the U.S. and elsewhere is sluggish. Consumption will rise by 1.03 million barrels per day, 230,000 bpd less than the previous forecast, the IEA said. The agency has more than halved its estimate from 2.2 million bpd in July 2007 and may cut it further.
Source: Reuters

Iraqi oil exports rise by 22% in first quarter

The head of the Iraq's state-run oil marketing company (SOMO) said crude oil exports from Iraq rose by 22% to an average of 1.92 million barrels per day during the first quarter of 2008 compared to the same period last year. Some 1.569 million bpd were exported from southern Iraq, while the remaining 357,000 bpd were exported from northern Iraq. According to figures published by the Oil Ministry, the average exports in the first 10 months of 2007 were 1.58 million barrels a day. Iraq resumed sustainable crude oil exports from northern oil fields in September 2007. Before that date, Iraq's oil exports from the north were idle barring a few days because of acts of sabotage against oil export pipelines and installations. Better security, which has prevented acts of sabotage that hampered the Kirkuk oil along the northern export pipelines, accounted for the higher exports figures this year. A U.S. government report released last week said Iraq earned more than $18bn from oil sales in the first quarter 2008, an amount exceeded what Baghdad had earned in the whole of 2004 or 2006. Iraq's current production equates to some 3% of daily global demand, ranking the country as one of the world's biggest producers.
Source: Dow Jones Newswires

Base metals: Inventories in China start to decline

Base metals prices traded lower during the week. The end of strike actions at Codelco's Chilean copper facilities as well as rising inventories saw prices in the complex fall. Apart from this, the news flow over the last few days was rather supportive for base metals. The Chinese Purchasing Manager Index for Manufacturing (PMI) has reached a new all time high. Moreover, labor market data in the U.S. was stronger than expected. On the more fundamental side, aggregate inventory increases in base metals continue to slow down. Given continuing supply disruptions in major producing countries, not only because of strikes but mainly because of energy shortages, aggregate inventory levels are expected to start declining soon. Overall, outlook for the base metal sector is moderately positive. Rising costs and power shortages in many producer countries are supportive. China is likely to import more in the coming months, which should lead to declining inventory levels at the London Metals Exchange.
Source: Credit Suisse

Precious metals: Gold prices recover somewhat from their lows

Precious metals prices have recovered across the board. Since mid-March rising government bond yields in the U.S., Europe and Japan as well as a somewhat stronger U.S. dollar have taken their toll on the precious metals price rally. Since mid-March gold prices have declined more than 11%. However, since the beginning of May, the U.S. dollar has stabilized and government bond yields have declined again somewhat. Thus, precious metals prices are also trading a bit higher again. Gold prices are expected to increase further over a one-year horizon. The fundamental situation is still sound. Real interest rates in the U.S. are still negative, and the dollar is expected to stay weak. On the physical market, it looks like consumers have used the correction to buy. The Abu Dhabi Gold and Jewellery Group reported that April gold sales increased 10% in volume year-on-year. Moreover, the supply side still looks bleak, mainly because of production outages in South Africa due to energy shortages.

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	255.4	239.0	222.6	-0.6	25.9
LME metals price index	4010.2	3821.8	3896.9	-3.4	-10.9
Oil prices USD	123.8	99.9	87.5	13.8	99.0
Oil prices SDRs	76.5	62.4	55.8	14.8	86.9
Gold $/troy oz	884.6	885.2	788.5	-4.7	28.9
Silver cents/troy oz	1658.0	1660.8	1482.9	-7.9	23.0
Platinum $/troy oz	2002.0	1774.4	1545.3	-0.1	50.8
Copper $/MT	8455.0	7637.4	7662.8	-2.6	3.2
Nickel $/MT	27575.0	28500.5	31807.5	-2.4	-47.8
Aluminium $/MT	2817.5	2685.1	2633.1	-3.7	-0.6
Zinc $/MT	2190.3	2377.7	2840.7	-4.9	-46.5
Steel - HR coil dry $/MT	605.0	605.0	579.6	0.0	12.0

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 (%)
	LT Foreign currency rating												
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	BBB- 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	CCC+ Stable	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	AA- 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 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								
	Negative	-	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; Economist Intelligence Unit - The above figures are estimated for 2008

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	2.00	30-Apr-08	Cut 25bps	25-Jun-08
Eurozone	Refi Rate	4.00	08-May-08	No change	05-Jun-08
UK	Base Rate	5.00	08-May-08	No change	05-Jun-08
Japan	O/N Call Rate	0.50	30-Apr-08	No change	20-Jun-08
Australia	Cash Rate	7.25	0-May-08	No change	04-Jun-08
New Zealand	Cash Rate	8.25	24-Apr-08	No change	04-Jun-08
Switzerland	3 month Libor target	2.75	13-Mar-08	No change	19-Jun-08
Canada	Overnight rate	3.00	22-Apr-08	Cut 50bps	10-Jun-08
Emerging Markets					
China	One-year lending rate	7.47	20-Dec-07	Raise 18bps	N/A
Hong Kong	Base Rate	3.50	02-May-08	Cut 25bps	N/A
Taiwan	Discount Rate	3.50	28-Mar-08	Raise 12.5bps	N/A
South Korea	Target Rate	5.00	09-Apr-08	Raise 25bps	12-Jun-08
Malaysia	O/N Policy Rate	3.50	29-Apr-08	No change	26-May-08
Thailand	1D Repo	3.25	09-Apr-08	No change	21-May-08
India	Reverse repo rate	6.00	29-Apr-08	No change	29-Jul-08
UAE	Overnight repo rate	2.00	May-08	Cut 25bps	26-Jun-08
Saudi Arabia	Repo rate	5.50	May-08	No change	N/A
Egypt	overnight lending	12.00	May-08	Raise 50bps	N/A
Turkey	Base Rate	15.25	18-Apr-08	No change	15-May-08
South Africa	Repo rate	11.50	10-Apr-08	Raise 50bps	12-Jun-08
Kenya	Central Bank Rate	8.75	Apr 08	No change	June 08
Nigeria	Monetary Policy Rate	10.00	01-Apr-08	Raise 50bps	01-Jun-08
Ghana	Prime Rate	14.25	17-Mar-08	Raise 75bps	May 08
Mexico	Target Rate	7.50	18-Apr-08	No change	16-May-08
Brazil	Selic Rate	11.75	16-Apr-08	Raise 50bps	04-Jun-08
Armenia	Refi Rate	6.50	Apr-08	Raise 25bps	N/A
Romania	Policy Rate	9.75	May-08	Raise 25bps	N/A
Bulgaria	Overdraft rate	8.40	N/A	N/A	N/A
Kazakhstan	Refi Rate	11.00	Mar-08	N/A	N/A

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