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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

IMF to study factors behind oil price surge, opposed to fuel subsidies

The International Monetary Fund declared it will prepare an analysis about the real and financial factors behind the recent surge in oil and commodity prices, their volatility, and the effects on the global economy. The IMF will also look into the possible role of financial market speculation in the recent price hikes. In parallel, the Fund said it is opposed to general fuel subsidies to counter the high price of oil, and would prefer measures that target the poor. It added that fuel subsidies would not help to solve the underlying problem of high oil prices, with the only response coming through production and exploiting new oil fields.

Source: International Monetary Fund

EMERGING MARKETS

Fixed income trading volume down 28% in first quarter

The EMTA indicated that trading in emerging markets debt instruments stood at $1,228bn in the first quarter of 2008, down 10% from $1,366bn in the previous quarter and down 28% from $1,697bn in the first quarter of 2007. It noted that trading volumes declined for the third consecutive quarter, representing the lowest quarterly volume in almost four years. It attributed the quarterly decline to reduced level of financing activity from the ongoing effects of the global credit crunch that began in mid-2007. The volume of trades in local Treasury instruments totaled $850bn, down 9% from the previous quarter and down 17% from $1.03bn in the first quarter of 2007. In parallel, sovereign Eurobond volumes rose by 3% from thr previous quarter but declined by 50% to $236bn from the first quarter of 2007, while the volume of traded corporate bonds decreased by 31% quarter-on-quarter and dropped by 24% to $114bn year-on-year.

Local instruments accounted for 69% of total debt trades, up from 60% in the same quarter last year. Sovereign Eurobond accounted for 19% of total debt trading, down from 28% in the first quarter of 2007 and corporate bonds represented 9% of trading relative to 8.8% in the same period last year. The most frequently traded instruments were Brazilian debt securities at 19% of the total, followed by Mexican instruments at 10% and Turkish debt securities at 8%. Other frequently traded instruments were from Hong King, South Africa, India, Russia, Singapore and China.

Source: EMTA

SUDAN

South Carolina divests from Sudan

The State of South Carolina endorsed a bill that effectively prohibits the South Carolina pension funds from investing in companies that operate in Sudan and contribute to the violence in Darfur. The legislation, which was signed into law by the state's governor, had bipartisan sponsorship and the bill was unanimously voted by the state's Senate and House of Representatives. The bill prevents the South Carolina Retirement Systems from investing in approximately two dozen companies which operate in Sudan and indirectly contribute to the ongoing violence in Darfur. Last December, President George W. Bush signed the Sudan Accountability and Divestment Act, which allowed states to adopt polices of targeted Sudan divestment. South Carolina joins 24 other states that have already adopted this policy.

Source: Genocide Intervention Network

UN and EU voice support for Darfur Court

The UN Security Council (UNSC) and the European Union issued formal statements voicing support for the work of International Criminal Court (ICC) in Darfur. The UNSC unexpectedly reached a unanimous agreement on a presidential statement calling on Sudan to "fully cooperate" with the ICC. The statement urged "the Government of Sudan and all other parties to the conflict in Darfur to cooperate fully with the Court in order to put an end to impunity for the crimes committed in Darfur". A previous attempt to adopt a similar statement in December 2007 was blocked by China, Russia and Qatar. The EU foreign ministers also concurrently issued a stronger statement threatening sanctions against Sudanese officials obstructing cooperation with the ICC. The ministers stopped short of giving instructions to EU experts to draw up sanctions that could be imposed. The statements by UNSC and EU come weeks before the ICC prosecutor is due to present evidence on a new case to the judges. The judges of the ICC issued their first arrest warrants for two suspects accused of war crimes in Darfur a year ago but Sudan has so far rejected handing them over.

Source: Reuters

UKRAINE

Orange coalition loses majority in Rada

The Orange coalition lost its majority in the Parliament after two deputies announced that they are leaving the alliance. The coalition's majority had been thin as it had only won 227 seats in the recent election with 226 seats required for a majority. Previously, the attendance rate was absolutely crucial for the decision-making process. Now, with only 225 members, the coalition lost its control of the legislative branch, which may slow the Rada's work on the structural reform plan. Although the diminished majority is very unlikely to result in new parliamentary elections, a collapse of the ruling coalition or a threat to the Cabinet of Yulia Tymoshenko, political tensions are likely to increase further.

Source: Credit Suisse

EMERGING MARKETS

New risks for microfinance

Fitch Ratings estimated that the microfinance sector has total assets of more than $34bn and expected it to continue its rapid growth in the foreseeable future. It said the success and growth of microfinance in the past decade have mainly depended on the successful management of both financial and social performances, as well as on a track-record of low loan-loss rates, although this has occurred during a relatively benign economic environment. However, the agency warned that the fast growing microfinance industry, which provides financial services to low-income populations in emerging markets, could be exposed to greater risks. Fitch noted that the high growth and transformation of the sector puts pressure on internal control systems and places new demands on the quality of management and corporate governance. Further, increased access to commercial funding brings new demands in risk management and disclosure, and moves microfinance institutions (MFIs) away from their traditional base of public or donor funding. Fitch added that the transformation of MFIs to for-profit and regulated structures increases the risk of moving them away from their traditional social mission. Also, as MFIs change and their clients become more integrated into the mainstream financial sector, convergence occurs between microfinance and mainstream banking, which could reduce their resilience to the broader economy.
Source: Fitch Ratings

SYRIA

Economy to slow to 3.8%, inflation near 17% in 2008

The Economist Intelligence Unit projected real GDP growth in Syria at 3.9% in 2008 and 3.8% in 2009, down from 4.3% in 2007, and for the fiscal deficit to remain substantial, at around 4.8% of GDP in 2008 and 4.4% of GDP in 2009, compared to 5.8% in 2007. It said the economic slowdown is largely due to falling oil output and a depressed agricultural sector. It added that these negative trends will be partly offset by the continued expansion of the services sector, boosted by solid growth in tourism and demand for goods and services, in part from the large Iraqi refugee population. The EIU expected foreign direct investment in Syria to continue to expand steadily, provided that there is no deterioration in the regional political environment. It said the country will continue to attract FDI from the GCC and to a lesser extent from Iran and Russia. Import growth will also remain relatively strong in 2008-09, averaging 4.5% a year, reflecting the steady expansion in domestic demand and non-oil exports. It estimated that, despite healthy growth in non-oil exports, the ongoing decline in oil production and oil export volumes will prevent the export sector from making a positive contribution to growth.

The EIU forecast inflation to average around 16.8% in 2008 due to significant reductions in fuel subsidies and to a 25% increase in government salaries and pensions, and to decline to 10.2% in 2009. However, it noted the possibility that the shock caused by these sudden changes could drive inflation even higher. The EIU forecast the Syrian pound to appreciate further against the US dollar in 2008, but expected authorities to keep close control of the currency given that they place a high priority on exchange rate stability. It noted that the dominant position of the state-owned banks and the Central Bank's control over foreign currency transactions mean that the regime is well placed to protect the value of the pound. It said the currency will depreciate slightly in 2009 due to concerns about the competitiveness of Syria's non-oil exports and some strengthening of the dollar against the euro.

The EIU expected the merchandise trade surplus to narrow from about $1bn, or 2% of GDP, in 2008 to $0.7bn or 1% of GDP next year. It said services receipts will continue to grow, as the regional economic boom benefits the tourism sector and transit trade, which will help to offset rising services debits related to the import bill. Also, expatriate remittances will continue to play an important role in supporting the current account balance in 2008-09, and income debits will stabilize at around $1.4bn a year. It predicted the current account to remain in surplus at around $1.4bn or 2.6% of GDP in 2008, then contracting to around $1bn, or 1.8% of GDP in 2009.
Source: Economist Intelligence Unit

ALGERIA

Positive economic outlook, but political uncertainties and dependence on hydrocarbons are key risks

The Institute of International Finance forecast real GDP growth in Algeria to average 5% annually during 2008-09, adding that the economy's outlook appears reasonably good. It expected the oil and gas sector to drive the economy, but a lack of diversification from hydrocarbons, weak progress on reforms and high unemployment will continue to affect prospects. It said privatization has been held back by weak regulation, excessive bureaucracy and resistance from vested interests. Also, private sector activity remains limited, as numerous barriers remain in place. It said agricultural sector performance will depend largely on the extension of government inputs, while the manufacturing sector will continue to under-perform due to the inherent inefficiencies of state-owned enterprises, slow progress with privatization and diversification, and an insufficient number of private firms. By contrast, strong demand for transportation, telecommunications, banking and other commercial services will expand the services sector. Alongside growth in private consumption, services will continue to be supported by high levels of government spending in line with the $155bn economic growth support program.

The IIF projected inflation to average 5.6% this year, nearly double the government's 3% target, and to stay elevated at over 5% in 2009. It expected the current account surplus to widen to 26% of GDP in 2008and to narrow to 17% of GDP in 2009 given expectations of lower oil prices. It forecast foreign reserves to reach $160bn by end-2008 and about $200bn by end-2009, equivalent to over three years of import cover. According to the IIF, there are three main risks to the outlook. First, political uncertainties could spill over into the economy. Second, despite the obvious benefits of hydrocarbons resources, which will allow the authorities to postpone implementing tough policy choices, the huge dependence on them highlights the vulnerability of revenues to a fall in oil and gas prices. Third, dependency on hydrocarbons underscores a lack of success in diversifying the economy and tackling related structural rigidities.
Source: Institute of International Finance

ECONOMY & TRADE

IRAQ

AMF writes off $125m debt, reschedules balance

The Arab Monetary Fund agreed to write off $125m of Iraq’s debt and to reschedule payments in quarterly installments over 18 years. The debt settlement ends Iraq's suspension from the Fund and opens the door for a resumption of loans and technical assistance. Iraq's outstanding debt to the AMF reached about $535m. The AMF said the 18-year payment period is the maximum period the Fund can afford in consideration of Iraq's circumstances, instead of the eight year period normally adopted. The amount written off was mostly accumulating interest on the debt over the past 15 years, as such interest accounts for nearly half of the total debt. "The principal loan includes the money paid by member states and can not be written off. Baghdad’s debt to the AMF started to grow in the early 1990s following its 1990 invasion of neighboring Kuwait. The debt grew to nearly $368m at the end of 2001 and continued its climb to reach $410m at the end of 2002 and more than $440m in 2003. At the end of 2006, the debt swelled to $530.5m. The debt included about $229m in principal with the balance in interest.

Source: Arab Monetary Fund

ALGERIA

Debt conversion deal with the UAE

The UAE and Algeria signed a Memorandum of Understanding to convert Algeria’s debt to the UAE into investments. The debt swap deal is for $333m and will allow qualified Abu Dhabi investors to increase the volume of their investment in Algeria. The memorandum is part of an Algerian government policy to attract inward investment, especially from Arab states. Algeria received $13.53bn in foreign direct investment during the 2001-07 period, 60% of which came from Arab countries.

Source: APS

SUDAN

Khartoum inks eight deals with China

Sudan and China signed eight agreements covering economic and technical cooperation, finance, agriculture and public health. The agreements were signed during a visit to China by Sudan’s vice president Ali Osman Mohamed Taha. According to the signed agreements, China will extend two grants and an interest-free loan to the Sudanese government, it will establish and fund a new hospital in the al-Damazin region of the Blue Nile state, it will establish an agricultural center in the state of Gedaref, and will send Chinese agricultural experts to Sudan. The two sides also signed a Memorandum of Understanding regulating the migration of Chinese workers in Sudan. Also, Vice President Taha encouraged Chinese businessmen to invest in Sudan, saying that the country offers broad possibilities for investment other than oil projects such as infrastructure projects like dams, roads, bridges and electricity, as well as in agriculture, industry and various commercial activities especially in the communications and engineering sectors.

Source: Sudan Tribune

ARMENIA

OPIC loan to support mortgage lending

The Overseas Private Investment Corporation (OPIC) extended a $5m loan to FirstMortgage Company (FMC), a non-banking financial institution based in Yerevan, to expand its residential mortgage lending. Proceeds of the OPIC loan will be used to expand FMC’s provision of long-term residential mortgage loans for the purchase, construction, refinancing and renovation of homes in Armenia. In turn, this will help the country close a gap between its growing construction sector and its limited financial services industry, as the country remains under-banked and its level of financial intermediation low. Also, the project could potentially start a new engine of economic growth in the country. An agency of the U.S. government, OPIC manages risks associated with foreign direct investment in developing countries.

Source: ARKA, OPIC

UKRAINE

Sovereign ratings downgraded

Standard & Poor's lowered Ukraine’s long-term foreign currency sovereign credit rating to 'B+' from 'BB-' and the long-term local currency rating to 'BB-' from 'BB'. It also lowered the transfer and convertibility assessment to 'BB-' from 'BB', and kept the outlook ‘stable’. The agency said the downgrade reflects the failure of authorities to put in place adequate policy measures to counter rising inflation, which has increased the government’s contingent risks. It added that the sizable inflation differential with Ukraine's major trading partners is likely to widen the current account deficit from 8.4% of current account receipts in 2007 to 20% in 2009. S&P expects the current account deficit to be financed through Ukraine's rapidly growing banking system and through FDI. Consequently, gross external financing needs will rise to 145% of current account receipts from 117% in 2007. Also, financial account vulnerabilities will increase the nation's exposure to any sudden interruption of foreign currency funding inflows. It noted that any dislocation in external financing conditions would impact the real economy, affecting banks' asset quality, the stability of the exchange rate and banks' large open foreign exchange positions.

Source: Standard & Poor's

EMERGING MARKETS

Current account balances worsen in most countries

The World Bank indicated that the aggregate current account balance for developing countries posted a surplus of $426bn in 2007, down from $431bn in 2006, but still significantly up from $310bn in 2005. The current account balance also declined as a share of GDP, falling from a record surplus of 3.8% of GDP in 2006 to 3.1% of GDP in 2007. But it said the overall surplus position for developing countries gives a misleading impression of balances in most countries, as one in five developing countries ran current account surpluses below 3% of GDP and one in two economies ran deficits in excess of 5% of GDP. Also, current account balances worsened last year in two-thirds of developing countries as a share of GDP, as the dramatic rise in imported food and energy prices over the past few years worsened the trade balance in two-thirds of all developing countries.

Source: World Bank

SYRIA

Central Bank sets deposit rates

The Council for Money & Credit of the Central Bank of Syria issued a decision about interest rates on all types of deposits in Syrian pounds and imposed upper and lower limits on such rates for both private and public banks. The Council set the rate on current accounts at 1% annually with a margin of 1%. It also set reference rates on term deposits ranging between 7% and 9% annually depending on maturities with a margin of 2%, as long as the difference between the highest and lowest rate a bank pays on such accounts does not exceed 3%. The Council also set interest rates on term savings at 6% annually with a margin of 2%, with interest to be calculated monthly on the lowest amount in the account during the month and interest to be added semi-annually. It also said clients are not allowed to open more than one term saving account, adding that such accounts should not exceed one million Syrian pounds per client.
Source: Syria News

Bank Al-Baraka to start operations in November

The Bahrain-based Bank Al-Baraka Group announced plans to open in November an Islamic bank with a capital of $100m named Bank Al-Baraka Syria. The Group, which operates on Shariaa principles, received approval last December to open a bank in Syria and is currently working on setting up administrative procedures. Bank Al-Baraka is one of the largest Islamic financial services groups in the Arab world with $11.2bn in assets and 250 branches in 12 countries. Al-Baraka will become the third Islamic bank in Syria after Sham Bank and the Syrian International Islamic Bank. The two banks started operations in the second half of 2007 and had a combined market share of 6.3% of private banks' assets and 3.3% of deposits by the end of 2007.
Source: Syria News

TUNISIA

Central Bank raises reserve requirements

The Central Bank of Tunisia (BCT) raised its minimum reserve requirement by 250 basis points to 7.5% from 5%. The increase is the second in recent months, following a 150 bps rise in January from 3.5% to 5%. It left the benchmark interest rate unchanged at 5.25%. The move aims to reduce excess liquidity at banks and help contain inflation. It also reflects a fear of global economic instability in 2008. The BCT previously raised reserve requirements in November 2006 by 200 bps. It vowed to continue monitoring capital market fluctuations and to take decisive action in the event of a larger than expected slowdown. The government expects inflation to average 5% in 2008, up from earlier estimates of 3%.
Source: Oxford Business Group, Magharebia News

MOROCCO

Central Bank keeps policy rate unchanged

*T*he Central Bank of Morocco kept its benchmark interest rate unchanged at 3.25%, but said consumer prices are rising more than expected and inflationary risks are growing, due in part to high oil and commodity prices. Morocco subsidizes fuel and basic foodstuffs but the cost of those measures has soared with the increase in world market prices of oil and other commodities. The CBM said the main domestic risks to inflation were uncertainty over the impact of soaring world commodity prices on state finances, a bigger-than-expected impact from growing incomes, and growth in credit. The CBM added that it will increase its vigilance about the evolution of inflation and risk factors in the coming months. Annual headline inflation rose to 3.7% in April from 3.2% in March and 2.4% in February.
Source: Reuters

NIGERIA

Ex-Im Bank raises facility to $1bn

The Export-Import Bank of the United States (Ex-Im Bank) more than doubled the size of its Nigeria facility to $1bn in order to meet growing demand from Nigerian banks to finance purchases of U.S. goods and services. The facility covers 14 Nigerian banks and expedites the processing of short- and medium-term insurance and guarantee transactions, and will also accommodate long-term transactions. Ex-Im Bank said initial demand from Nigerian banks was for short-term financing, and more recently for medium-term financing. But with the focus on larger infrastructure projects, it has received requests for financing transactions in excess of $10m, with terms of 7 to 10 years. It said that the Nigerian banking sector's growth has been outstanding since its restructuring in 2005. Ex-Im Bank is the official export-credit agency of the United States. In fiscal year 2007, it authorized $12.6bn in financing to support an estimated $16bn of U.S. exports worldwide.
Source: Export-Import Bank of the United States

TURKEY

Central Bank raises policy rate

The Monetary Policy Committee (MPC) of the Central Bank of Turkey (CBT) increased the policy rate by 50 basis points to 16.25%, in line with market expectations. The MPC said in its post-meeting statement it remains confident in its medium-term view that inflation would start declining at the end of the year towards the CBT's end-2009 revised inflation target of 7.5%. The MPC did not rule out further monetary policy tightening, saying that the timing and the magnitude of possible rate hikes in the future would be dependent on global developments, aggregate demand conditions and the government's fiscal stance.
Source: Credit Suisse

KAZAKHSTAN

Reserves reach $43.6bn

Figures released by the National Bank of Kazakhstan show that foreign reserves, including the National Oil Fund assets, stood at $43.6bn at the end of May, up $5.2bn from the end of 2007. Non-gold reserves reached $19.5bn at the end of May, up by $0.75bn from the end of April and by $2.2bn from end-2007, while the assets of the National Oil Fund increased by $0.7bn in May and by $3bn in the first 5 months of the year to $24.1bn. In parallel, The NBK said it plans to reduce the mandatory reserve requirements on banks' foreign liabilities to 6% from 8%. It said the reduction would provide banks with KZT100bn or $833m in extra foreign currency liquidity. It did not indicate when the planned change in reserve requirements would be implemented.
Source: Credit Suisse

ENERGY / COMMODITIES

Oil falls below $136 as Nigeria strike averted

Oil fell on June 19 as supply concerns in Nigeria eased after the country's Oil Ministry prevented a potentially crippling strike by workers at Chevron. But falling U.S. oil stocks and comments from the White House that Saudi Arabia was unlikely to raise output in the near term supported prices, which have climbed 40% this year. U.S. crude fell 73 cents to $135.95 a barrel, after settling up $2.67 at $136.68 a day ago on the Nigerian worries. London Brent crude slid 66 cents to $135.78. A surge in speculative buying by investors hedging against inflation and a weak dollar has accelerated oil's rally this year. News that the world's top oil exporter planned to boost output to bring down prices had weighed on the market since oil touched a record near $140 a barrel on June 16th. U.S. President George W. Bush called on the Congress to lift a ban on offshore oil drilling to help ease prices. Stocks of distillates, including heating oil and diesel, rose by 2.6 million barrels, above forecasts for a 1.8-million-barrel rise, while U.S. gasoline stockpiles fell 1.2 million barrels, compared with calls for an 800,000-barrel rise.
Source: Reuters

Gazprom not interested in gas OPEC idea

Russian gas export monopoly Gazprom said it is not interested in a gas exporters forum becoming an OPEC-like group, because international dialogue about gas already exists. Some gas exporting countries are exploring the idea of turning an informal club of major gas exporting nations, known as the Gas Exporting Countries Forum, into a more formal organization with an OPEC-like charter. The United States and the European Union have repeatedly warned that turning the forum into an OPEC-style gas group would pose a serious danger to global energy security and create room for price manipulation.
Source: AFP

Reliance to increase Saudi oil imports

Reliance Industries, India's largest company, is increasing crude oil imports from Saudi Arabia as it seeks to secure supplies in the midst of rising demand in India and the rest of Asia. The company, which is building the world's largest refinery, is boosting purchases by at least 90,000 barrels a day, accounting for 30% of Saudi Arabia's output increase of 300,000 barrels a day this month.
Source: Reuters

Mega hybrid power station to be operational by 2010

Algeria’s Energy & Mines Minister Chakib Khelil announced that the first-ever hybrid power station combining solar energy and natural gas will be operational by 2010 in Hassi R'mel, Laghouat, 400km south of Algiers. The minister pointed out that solar energy aims to replace non renewable, polluting and fossil energies.
Source: APS

Ghana oil production to start in 2010

The first phase of crude oil production in Ghana is expected to start in the first quarter of 2010, according to Kosmos Energy, the firm in charge of oil exploration in the country. A production test conducted on an oil well led to the extraction of 5,000 barrels. Kosmos expects oil production to start at 120,000 barrels per day and to rise to 250,000 bp/d in the following two years with investments totaling $5bn. *Source: APS*

Base metals: Consolidation after the recent decline

After the price corrections of the last two weeks, base metal prices have traded sideways over the last few days. Despite the recently rather weak performance, the sector's outlook remains moderately positive. Production outages due to energy shortages as well as surging production costs are likely to remain the main drivers for base metal prices in the months to come. For instance, an extremely dry winter in Chile cuts hydropower production and leads to energy shortages at copper mines. In the aluminum market, surging costs for coal lead to a sharp increase in production costs. Due to prevailing energy problems, the Chinese government actively tries to curb aluminum production. In the nickel market, a good deal of production comes from small pig iron processing in China. These pig iron processors often use inefficient blast or electric furnaces and have production costs of $24,000-$25,000. As a result, production is uneconomic for them at current nickel prices.
Source: Credit Suisse

Precious metals: Volatility continues

Precious metals continue to trade in a very volatile fashion without a clear trend. Prices declined somewhat after a sharp increase of U.S. government bond yields and an appreciation of the dollar. In the second half of the week, the markets recovered somewhat. U.S. bond yields and the development of the dollar remain the most important drivers for precious metals. While the dollar development seems to provide the general direction of the gold price, bond yields seem to determine more the size of the price movements. Gold prices are likely to fluctuate between $850 and $950.
Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	256.7	246.9	227.5	0.5	27.3
LME metals price index	3779.0	3886.0	3869.2	-5.5	-4.9
Oil prices USD	137.1	106.8	93.6	10.6	109.9
Oil prices SDRs	85.1	66.4	59.4	11.4	96.5
Gold $/troy oz	861.8	902.0	810.5	-2.7	32.9
Silver cents/troy oz	1659.0	1708.7	1520.4	-0.9	26.2
Platinum $/troy oz	2020.0	1890.5	1619.2	-1.7	56.6
Copper $/MT	7954.5	7913.4	7730.4	-3.9	9.1
Nickel $/MT	23925.0	27595.7	29289.0	-9.7	-41.9
Aluminium $/MT	2882.3	2767.9	2646.7	0.9	9.0
Zinc $/MT	1855.3	2310.4	2680.5	-14.1	-49.9
Steel - HR coil dry $/MT	605.0	605.0	585.3	0.0	8.0

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+ 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+ Stable	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								
	Negative	-	Stable	-	Stable	3.4	4.6	88.9	201.9	48.5	578.4	-5.0	5.6
Romania	BBB-	Baa3	BBB	BBB-	BB								
	Negative	-	Stable	Stable	Stable	-3.4	12.8	45.3	193.5	24.0	238.0	-15.6	6.4
Russia	BBB+	Baa2	BBB+	-	BBB								
	Positive	-	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	05-Jun-08	No change	03-Jul-08
UK	Base Rate	5.00	05-Jun-08	No change	10-Jul-08
Japan	O/N Call Rate	0.50	13-Jun-08	No change	15-Jul-08
Australia	Cash Rate	7.25	03-Jun-08	No change	02-Jul-08
New Zealand	Cash Rate	8.25	04-Jun-08	No change	24-Jul-08
Switzerland	3 month Libor target	2.75	13-Mar-08	No change	19-Jun-08
Canada	Overnight rate	3.00	10-Jun-08	No change	15-Jul-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	Jun-08
South Korea	Base Rate	5.00	12-Jun-08	No change	10-Jul-08
Malaysia	O/N Policy Rate	3.50	29-Apr-08	No change	25-Jul-08
Thailand	1D Repo	3.25	21-May-08	No change	16-Jul-08
India	Repo rate	8.00	11-Jun-08	Raise 25bps	29-Jul-08
UAE	Overnight repo rate	2.00	May-08	Cut 25bps	26-Jun-08
Saudi Arabia	Repo rate	2.00	May-08	No change	N/A
Egypt	Overnight Deposit	10.00	08-May-08	Raise 50bps	26-Jun-08
Turkey	Base Rate	16.00	16-Jun-08	Raise 50bps	15-Jul-08
South Africa	Repo rate	12.00	10-Apr-08	Raise 50bps	14-Aug-08
Kenya	Central Bank Rate	9.00	05-Jun-08	Raise 25bps	N/A
Nigeria	Monetary Policy Rate	10.25	03-June-08	Raise 25bps	05-Aug-08
Ghana	Prime Rate	16.00	19-May-08	Raise 125bps	Jul-08
Mexico	Target Rate	7.50	16-May-08	No change	20-Jun-08
Brazil	Selic Rate	12.25	04-Jun-08	Raise 50bps	23-Jul-08
Armenia	Refi Rate	7.00	Jun-08	Raise 25bps	N/A
Romania	Policy Rate	9.75	06-May-08	Raise 25bps	26-Jun-08
Bulgaria	BI Rate	4.96	01-Jun-08	No change	Jul-08
Kazakhstan	Refi Rate	11.00	Mar-08	No change	N/A

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