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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

EMERGING MARKETS

IMF clarifies how it will monitor economic policies

The International Monetary Fund issued new procedures on how it will monitor member countries' economic policies, clarifying in particular how it will discuss with countries exchange rate issues and their impact on the global economy. The new procedures are designed to facilitate the implementation of a landmark decision adopted by the Fund's Executive Board last year. This decision strengthened the IMF's surveillance of the economic policies of its member countries by placing external stability at the heart of IMF surveillance, and promoting greater focus in its operations. It said these additional steps reinforce the effectiveness of surveillance at a time of increasing strains in the global economy, with high commodity prices, slowing world growth and continuing global imbalances.

Source: International Monetary Fund

GCC

Aggregate oil revenues at $562bn in 2008

The London-based Center for Global Energy Studies (CGES) expected Gulf oil producers to earn a record $562bn in 2008 as crude prices remain above $100 and countries are pumping at one of their highest levels ever. It said Saudi Arabia's revenues will surge to $307bn, followed by the UAE with $97bn, Qatar with $89bn and Kuwait with $32bn. The CGES added that the GCC's aggregate oil revenues is nearly $234bn above their 2007 revenues of $328bn and more than four times their earnings of $137bn in 2003. In 1998, the GCC's combined revenues dropped to one of their lowest levels to around $56bn after oil prices collapsed below $10 a barrel and averaged $12 throughout the year. The CGES expected Saudi Arabia's earnings to jump by 75% this year, those of Kuwait would rise by 71%, the UAE by 67%, Oman by 70%, Qatar by 68% and Bahrain by 33%.

Source: Center for Global Energy Studies

SAUDI ARABIA

Stock market opens to foreign investors

The Capital Market Authority, the regulatory body for the Saudi stock market, announced that it will allow non-resident individual and institutional foreign investors to access the market on a stock by stock basis through swap agreements. This is in contrast to the previous regulations which only allowed access via mutual funds. Foreigners will be allowed to invest in the stock market through swap agreements with authorized entities such as banks or brokerage firms. Under the new regulations, the brokers will maintain the legal ownership of the stocks, but the foreign investors entering the swap arrangement will gain exposure to the economic benefit of the stocks. Foreign investors who already have exposure to the Saudi market via mutual funds will likely replace this with direct stock positions through swap agreements. The Saudi equity market has underperformed other GCC markets so far this year, losing about 25% year-to-date.

Source: Shuaa Capital, EFG-Hermes

GEORGIA

Conflict poses risks to economy

Fitch Ratings expected the military conflict between Georgia and Russia to carry significant costs for the Georgian economy, adding that risks to the ratings remain on the downside despite some encouraging signs of the economy's resilience and potential support from international financial institutions. It said that foreign currency reserves fell by 6.4% since end-July to $1.25bn and bank deposit outflows reached about 12% of total deposits since the outbreak of the conflict. The agency considered the outflows to be considerable but manageable, as the Georgian banking sector had a reasonably healthy pre-conflict liquidity position and liquid assets. It added, however, that it remains too early to judge how severe the impact of the conflict has been on the real economy, while the risk of further military and political conflict remains. Fitch noted that the displacement of people, disruption to trade and activity, and some damage to infrastructure will negatively affect GDP growth. It also expected the conflict to increase budget expenditures with implications for the deficit, which is now projected to exceed the 2% of GDP that was forecast prior to the conflict.

Source: Fitch Ratings

PAKISTAN

Political stability is key for investor confidence

Moody's Investors Service indicated that an improvement in domestic political stability is the critical factor for ensuring the success of ongoing policy adjustments and structural reforms in Pakistan, as well as for reassuring foreign investor sentiment. It said that if the government remains unable to govern effectively, then discordant policies and their weak implementation could further set back investor confidence. In turn, such a development may damage Pakistan's balance of payments stability as well as the government's fiscal financing prospects and raise the likelihood of sovereign payment arrears or enforcement of deposit controls. The agency said that the rapid depletion of the country's foreign exchange reserves has emerged as the most imminent risk facing its sovereign ratings and country ceiling. At the same time, fiscal authorities' dependence on central bank financing of the budget deficit also represent a formidable obstacle for improving inflationary expectations and reducing pressure on the Pakistani Rupee. Moody's noted that Musharraf's resignation may help to limit domestic political polarization, and policy uncertainty and the Pakistani authorities now have a narrow window of opportunity for strengthening policy implementation. Further, a better economic performance along with a healthy relationship between the country's politicians and military should help curb the destabilizing influence of the Taliban and religious militancy.

Source: Moody's Investors Service

OUTLOOK

IRAQ

Growth outlook improving, still tied to oil production levels and security conditions

The Economist Intelligence Unit projected real GDP growth in Iraq to increase from an average of 3.9% in 2006-07 to 6.6% in 2008 and 6.7% in 2009, adding that this is still below potential. It noted that Iraq's economic prospects largely center on its ability to raise oil production and on improving the security situation. It said reviving private sector activity and public sector investment in areas away from the violence should allow growth to strengthen slightly this year. It indicated that growth will be uneven, as recovery is likely in some of Iraq's more ethnically and religiously homogenous southern and western provinces, leading to increased investment and greater wholesale and retail activity. Also, the robust economic growth already witnessed in the more stable Kurdistan areas is likely to continue, and oil production will rise further, particularly in the southern oilfields. However, it expected growth in Baghdad and other mixed areas in central and eastern Iraq to remain low.

The EIU forecast average inflation to decline from 30.7% in 2007 to 15.2% in 2008. It said inflation fell sharply last year, as the appreciation of the Iraqi dinar has both restrained import costs and reduced dollarization. Also, year-on-year consumer price inflation averaged just 5.5% in the first quarter of 2008, but there are signs that rising global food prices and a poor local harvest are pushing up food prices. The EIU expected average inflation to decline further to 12.5% in 2009, with the stable dinar helping to reduce import costs and supplies through Iraq's southern ports improving. According to the EIU, Iraq's fiscal account will be supported by historically high oil prices and lower than budgeted government capital spending, as capital spending will continue to be hindered by insecurity and bureaucratic constraints. As a result, it forecast the fiscal surplus to widen from an estimated $9.2bn, or 12% of GDP, in 2007 to an annual average of over $29bn, or 30% of GDP, in 2008-09.

Source: The Economist Intelligence Unit

KAZAKHSTAN

Economic outlook on the downside, health of banking sector is key

The International Monetary Fund forecast real economic growth in Kazakhstan at 5% in 2008 and 6.3% in 2009, down from an average rate of 10.7% in 2006-07, adding that the global financial turmoil that began last summer affected the economy with growth slowing down and liquidity conditions tightening. But Kazakhstan has considerable financial resources to help it weather the situation, and medium-term growth prospects remain favorable. It said short-term policies should focus on managing risks to the outlook and setting the stage for a resumption of strong and sustained growth, with monetary and fiscal policies, as well as financial sector supervision, all moving toward achieving these broad objectives. It called for further steps to strengthen the banking sector and for macroeconomic policies to be supportive of growth. The Fund also noted that preserving a stable exchange rate is key to boost depositor confidence, limiting the risks from the large foreign currency exposure of the corporate sector, and helping reduce inflation.

The IMF stressed that the health of the banking sector is central to the outlook of the economy. It expected NPLs to continue to rise in the coming months given the slowdown in growth and the tightening of credit availability. Banks also face further large external debt repayments during the remainder of the year and this will continue to put pressure on their liquidity. It called for the development of a clear picture of the vulnerabilities facing the banks, and steps taken to mitigate risks. It said efforts to postpone adjustment by replacing maturing external borrowing with new higher-cost and short-maturity credits are likely to increase vulnerabilities in the future. It encouraged banks to have in place plans to maintain liquidity, preserve asset quality, and continue to meet solvency standards, including, if necessary, by raising additional capital. It also encouraged supervisory authorities to ensure that banks are realistically assessing their business model, adequately provisioning to cover rising NPLs, taking a conservative approach to collateral valuations in an environment of limited liquidity and falling prices in the property market, and carefully monitoring all risks taken in the form of off-balance sheet transactions.

Source: International Monetary Fund

EMERGING MARKETS

Corporate liquidity risks to rise by 2010

Fitch Ratings indicated that corporations in Europe the Middle East and Africa generally have comfortable liquidity profiles supported by undrawn committed bank funding, compared with some Asia-Pacific corporates that rely on short-dated uncommitted bank funding. It said companies successfully planned ahead by locking in cheap three-to-five-year committed bank funding, but liquidity risk will become more of an issue in 2010 as 2006 and 2007 bank lines face refinancing and the extent of the weakened economic environment becomes more visible in corporates' results. Further, corporates which did not access the bond market in the hope that pricing will return to 2007 levels may be forced to accept potentially higher pricing from bonds or bank lines.

The agency said that, from the perspective of a debt maturity profile, prudent companies are likely to favour bonds in order to term-out debt rather than draw down existing cheap bank lines in full. This is because bank lines may be more expensive when they are renewed, reflecting banks' requirements to conserve capital and a worsening credit environment. It noted that financial institutions in developed markets have so far honored existing committed funding lines, although any corporate seeking a waiver of any sort may find negotiations to be hard, expensive, or existing covenants subsequently tightened and undrawn lines reduced. According to Fitch, the corporate sector's liquidity in markets such as China, Japan, Russia, South Korea and Turkey depends on the health of their banks and a continuation of 'relationship' banking. But recent events have proved that when confidence evaporates in the banking sector, practices are quickly reassessed.

Source: Fitch Ratings

SYRIA

Tourism to account for 16.8% of GDP by 2018

The World Travel & Tourism Council expected the tourism sector to account for 14.5% of Syria's GDP in 2008 and to rise to 16.8% of GDP in 2018. It forecast the broad tourism and travel economy to generate demand of $4.9bn in 2008, growing to $9.6bn in 2018. It projected the sector's real growth rate at 4.6% in 2008 and to average 4.7% during the 2009-18 period. The WTTC said business travel should generate $313m this year, growing by 41% annually to reach $575m in 2018, while personal travel and tourism should generate $1.2bn in 2008 and grown by a yearly average of 4.2% to $2.3bn in 2018. It estimated capital investment in the travel and tourism economy at $593m in 2008 and at $1bn within 10 years. Further, it forecast the export of tourism services at $3bn this year and at $6.8bn in 2018, posting a real annual growth of 6% over the 2009-18 period. It said the travel and tourism economy is providing jobs to 1.1 million people, or 15.2% of total employment currently, with the figure rising to 1.9 million jobs or 18% of total employment by 2018.

Source: World Travel & Tourism Council

UAE

No VAT before 2010

The Federal Customs Authority indicated that the UAE will not introduce a value-added tax until at least 2010. It added that replacing import tariffs with VAT would require huge administrative infrastructure and would have to be introduced in conjunction with the other GCC countries due to the customs union. The UAE has been studying the adoption of VAT to replace customs duties that will be abolished as the country signs free-trade agreements. The UAE is currently negotiating trade deals with the European Union, China and India, among others.

Source: Bloomberg

EGYPT

Outlook changed to 'stable', local currency rating downgraded

Fitch Ratings revised the outlook on Egypt's long-term foreign currency rating to 'stable' from 'positive', and affirmed the rating at 'BB+'. The agency also downgraded the long-term local currency rating to 'BBB-' from 'BBB'. It attributed the change in the outlook to the more challenging policy environment as demonstrated by the slowdown in deficit reduction compared to expectations. It said the government deficit remained at 7.7% of GDP in fiscal year 2008, among the highest of any rated sovereign, with substantive deficit reduction unlikely until 2010. Further, the introduction of VAT will inevitably raise prices, so its timing will be sensitive to inflation dynamics. Fitch attributed the downgrade of the local currency rating to weak public finances, as the gross and net debt ratios, at 70% and 56% of GDP respectively, are more than twice the 'BB' and 'BBB' median of under 30% of GDP. Also, Egypt's inflation in recent years has been higher and more volatile than its 'BB' peers, which exacts a higher interest risk premium and can be associated with increased macro-economic instability. It added that Egypt's ability to fund itself domestically is an important strength but high inflation is a factor in the predominantly short-term nature of that funding. Fitch noted that this year's surge in global food and fuel prices has increased the challenges facing policymakers, as the ability of Egypt's monetary tools to curb inflation is still weak, raising the prospect of double-digit inflation continuing well into next year.

Source: Fitch Ratings

JORDAN

Inflation at 14.2% year-to-July

Data issued by the Department of Statistics indicate that the Consumer Price Index (CPI) rose by 14.2% during the first seven months of 2008 compared to the same period last year. This was mainly due to a 52.9% increase in fuel and electricity prices and a 23% rise in transportation costs. Also, food items rose by 22% over the covered period, including a 34% rise in dairy products and a 29% increase in oils & fats. The CPI increased by 2.3% in July 2008 from the previous month.

Source: Jordan Department of Statistics

NIGERIA

S&P launches national rating scale

Standard & Poor's launched a national credit rating scale for Nigerian government and corporate debt to reflect rising foreign investment in the country. The agency said private sector interest in naira-denominated assets is rising, although the Nigerian domestic debt market is still relatively small by international standards. It expected the market will grow rapidly in the coming years as local and federal governments, banks, and infrastructure projects seek to fund long-term projects. S&P said its assessment of the credit risk of Nigerian government and corporate debt on the national scale will differ slightly than its global scale. National scale ratings are designed to allow credit risk comparisons within a single country, while global scale ratings are for international comparisons.

Source: Standard & Poor's

SUDAN

Government to attract $1bn in agricultural investments

The Sudanese government declared it is seeking to attract $1.04bn from Arab and Asian investment groups for 17 large-scale agricultural projects that would cover an area of 880,000 hectares. All the projects are in northern Sudan and include wheat, maize, fruit and vegetable production. Abu Dhabi is preparing to launch a project to develop more than 28,000 hectares of Sudanese land, while Saudi Arabia and Egypt have also held talks with Sudan and are considering agricultural projects of their own in the country. Sudan's previous efforts to attract agricultural investment had little success partly because they were government-to-government initiatives that hit bureaucratic and diplomatic barriers, so it has vowed to give the private sector a much bigger role this time. FDI in agriculture rose to $279m in 2007, from $188m in 2006. Khartoum is insisting that investors agree to terms that will yield clear benefits for Sudan.

Source: Financial Times

BANKING

UAE

Ratings of four banks raised due to sovereign support

Capital Intelligence has raised the long-term foreign currency ratings of Sharjah Islamic Bank, National Bank of Fujairah, Bank of Sharjah, and Rakbank - to ‘A-‘ from ‘BBB+’. It also raised the support rating to ‘2’ from ‘3’. It said the upgrades follow a re-assessment of the ability and willingness of the UAE authorities to provide support if necessary. The likelihood of official support takes into account recent improvements in sovereign creditworthiness and the agency's expectation that the government of Abu Dhabi would ultimately be willing to help distressed financial institutions owned by the federal or local governments, should the need arise.

Source: Capital Intelligence

ETHIOPIA

Economic slowdown could expose credit risks

The International Monetary Fund indicated that increasing competition in the Ethiopian banking sector is central to improving the environment for implementing monetary policy and encouraging private sector development. It said private sector commercial banks have grown in importance in recent years, but the state-owned Commercial Bank of Ethiopia (CBE) still accounts for about two thirds of banking system assets. Also, the concentrated nature of the system, along with the significant role of the public sector in the system, partly explains the lack of competition for deposits and loans and a distorted interest rate structure. It noted the reluctance of authorities to open the banking system to foreign competition and to privatize the CBE. It added that the financial system requires careful monitoring, as a slowdown in economic growth and inflation could expose credit risks, particularly as interest rates have been highly negative in real terms.

Source: International Monetary Fund

ARMENIA

Cards' transactions reach $243m in second quarter of 2008

Figures released by the Central Bank of Armenia show that the number of payment cards’ transactions reached 1,541,602 in the second quarter of 2008, constituting a 47% rise from the same period last year. The value of transactions grew by 57% year-on-year, reaching $243.5m at the end of the second quarter of the year. Non cash transactions, which constitute 7.9% of the total volume of cards' transactions, rose by 29.7% totaling $19.3m at the end of June 2008. A total of $1.7m in internet transactions were completed over the quarter with the volume of e-transactions totaling $0.8m and that of card-to-card transfers $0.9m. Transactions using local ArCa cards reached $83.9m, while transactions using Visa cards reached $101.8m. There were 183,745 local ArCa cards and 179,043 international cards in the market at the end of June 2008.

Source: ARKA

TURKEY

Outlook on 8 banks revised due to better prospects for political stability

Standard & Poor's revised its outlook to ‘stable’ from ‘negative’ on T.C. Ziraat Bankasi A.S., Türkiye Is Bankasi A.S., Türkiye Garanti Bankasi A.S., Garanti Finansal Kiralama A.S., Yapi ve Kredi Bankasi A.S., Türkiye Vakiflar Bankasi T.A.O., HSBC Bank A.S., and Dogus Holding A.S. The rating actions on these entities follow S&P's outlook revision on Turkey, which reflected diminished near-term political uncertainties in the wake of the constitutional court’s decision not to ban the ruling Justice & Development Party (AKP) and many of its leading politicians from office. S&P said Turkish banks' performance and fundamentals are highly correlated with sovereign creditworthiness through, among other things, their significant holdings of government securities.

Source: Standard & Poor's

UKRAINE

Ratings of 22 banks confirmed

Moody's Investors Service confirmed, with a ‘positive’ outlook, the’ B2’ long-term foreign-currency deposit ratings of Alfa Bank Ukraine, Bank Finance and Credit, Bank Nadra, Bank NRB, Calyon Bank Ukraine, First Ukrainian International Bank, Forum Bank, Index-Bank, ING Bank Ukraine, Kreditprombank, OTP Bank Ukraine, Pivdennyi Bank, Pravex-Bank, Privatbank Commercial Bank, Prominvestbank, Raiffeisen Bank Aval, Savings Bank of Ukraine, Swedbank Invest, Swedbank OJSC, Ukreximbank, Ukrsibbank, and Ukrsotsbank. It also confirmed the ratings of foreign currency debt instruments issued by Forum Bank, Ukreximbank, Privatbank, Ukrsibbank and Ukrsotsbank, with a ‘positive’ outlook. The agency said it took the rating action by the earlier confirmation of Ukraine’s sovereign ratings with a ‘positive’ outlook.

Source: Moody's Investors Service

KAZAKHSTAN

Foreign reserves at $45bn

Figures released by the National Bank of Kazakhstan show that foreign reserves, including the National Oil Fund assets, stood at $44.9bn at the end of July compared to $44.8bn at the end of June, and up $6.4bn from the end of 2007. Non-gold reserves reached $18.9bn, down $300m from $19.2bn at the end of June, and up by $1.6bn from end-2007, while the assets of the National Oil Fund increased by $300m in July and by $4.9bn in the first 7 months of the year to $26.9bn. The NBK said that the decrease in non-gold reserves was due to sales of foreign currency in the local market, a fall in foreign currency accounts held by commercial banks at the NBK, and servicing the government's foreign debt. Non-gold reserves are estimated at about 5 months of import cover.

Source: Credit Suisse

ENERGY / COMMODITIES

Oil rises to $116 on Russia-U.S. tension

Oil rose to $116 a barrel on August 21, climbing for a third straight session, as Washington's missile shield deal with Poland angered Russia. The conflict adds to political factors that have supported oil prices in recent months, such as the dispute over Iran's nuclear program. A weaker dollar also boosted the appeal of commodities as an inflation hedge. U.S. crude gained 66 cents to $116.22 a barrel, having risen as high as $117 earlier in the session. Brent crude climbed 50 cents to $114.86. International tension outweighed a U.S. government report that showed crude inventories rose by 9.4 million barrels, the largest weekly increase since March 2001. Oil has fallen from a record high of $147.27 a barrel reached last month on evidence that demand is slowing. Prices remain up about 15% so far this year and have climbed from below $20 in early 2002. Also supporting the market were expectations that the Organization of the Petroleum Exporting Countries and Saudi Arabia, its top producer, may decide to cut supply in a bid to stop a further price fall. Saudi Arabia boosted oil output in July to 9.7 million barrels a day from 9.45 million bpd in June, far above the country's informal OPEC target. OPEC will meet on September 9 to review output policy.
Source: Reuters

Jordan to renew contract for low-prices Iraqi oil

Jordan has secured a renewed contract for low-priced Iraqi crude oil. Under the agreement, Jordan will receive an initial 10,000 barrels a day of Kirkuk crude at a discount of $22 from the Brent crude oil price. The oil agreement improves on the previous discount of $18 a barrel. The initial supply of 10,000 barrels a day is equivalent to around 10% of the nation's current daily consumption, but the terms of the agreement envision the supply rising gradually to 30,000 bpd, though this will depend on Iraq's success in raising output levels.
Source: Oxford Business Group

Alternergie to build Syria' first solar power plant

Syria's Ministry of Electricity awarded a contract to the German firm Alternergie to build the country's first solar electricity plant at a cost of €50m. The station will start operations on an experimental basis with an annual capacity of only 10 megawatts, although it is expected to expand its capacity to around 1,000 megawatts at a non-specified date. The plant will be built in the Industrial City of Hessia near Homs, and power produced will be consumed in the industrial city. Alternergie will build the plant but the state-owned General Company for Electrical and Communication Works, SyriaNet, will operate the plant.
Source: Syria Report

Kuwait to invest $1.3bn in power generation

Kuwait plans to install $1.3bn worth of power-generation equipment in a bid to raise output by 7.9% as energy demand soars. The country is building four new gas and steam turbines, one generator and three distillers at the Shuaiba North power station. The new power capacity is needed to boost manufacturing, develop new industries such as tourism and meet demand from expanding residential developments.
Source: Bloomberg

Base metals: Lower forecasts for base metals due to weaker economic growth

After the recent sharp price declines and because of weaker global growth prospects, price targets for base metals were lowered. However, in some base metals markets, namely aluminum, copper and nickel, price declines have been somewhat overdone and higher prices in these markets are expected due to supply side problems. Aluminum should be supported over the medium to longer term by power shortages, rising production costs and production cuts in China. In the copper market, labor disputes, falling ore grades, and power problems are limiting supply that is coming on the market, while production in Chile, the largest producer of the metal, has been falling for the last few weeks. In the nickel market, current prices are below production costs for around 10% of global smelters. The current low prices might thus halt further expansion projects.
Source: Credit Suisse

Precious metals: Gold advances in Asia as dollar falls, physical demand rises

Gold rallied in Asia as demand from physical buyers rose and the dollar fell, boosting the appeal of gold as an alternative asset. Gold for immediate delivery gained as much as $3.93, or 0.5%, to $817.61 an ounce and traded at $816.10 in Singapore. The metal dropped to as low as $772.98 on August 15, the lowest since October. Silver for immediate delivery was little changed at $13.24 an ounce. Gold was also supported by a rise in crude oil futures in New York. Gold for December delivery was up 0.6% to $821.40 an ounce in after-hours electronic trading on the Comex division of the New York Mercantile Exchange in Singapore. Gold for December delivery on the Shanghai Futures Exchange gained 0.5% to $833 an ounce.
Source: Bloomberg

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	234.3	258.1	236.9	-11.8	15.5
LME metals price index	3466.9	3981.8	3833.7	-13.2	-8.1
Oil prices USD	114.7	120.1	103.7	-21.1	58.4
Oil prices SDRs	72.6	74.0	65.1	-18.2	52.9
Gold $/troy oz	816.6	916.1	853.1	-15.6	22.1
Silver cents/troy oz	1486.0	1766.6	1596.0	-20.5	16.5
Platinum $/troy oz	1512.0	1977.6	1718.2	-25.0	18.9
Copper $/MT	7637.5	8351.6	7810.6	-9.9	-0.8
Nickel $/MT	19075.0	25224.6	26967.5	-7.9	-31.4
Aluminium $/MT	2760.3	2955.8	2701.7	-14.5	9.2
Zinc $/MT	1627.5	2127.7	2389.7	-17.6	-51.3
Steel - HR coil dry $/MT	605.0	605.0	594.4	0.0	13.1

Source: Credit Suisse

COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	EIU								
Africa													
Algeria	- -	- -	- -	- -	BBB Stable	9.4	14.0	3.1	5.4	1.9	3.7	14.4	0.8
Angola	- -	- -	- -	- -	BB Stable	3.8	10.9	13.8	14.5	5.3	41.2	31.6	2.4
Egypt	BB+ Stable	Ba1 -	BB+ Stable	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	B- Stable	B3 -	B- Stable	B- Stable	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 -	AA- Stable	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	-	-								
	-	-	Stable	-	-	-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+	Baa1	BBB+	-	BBB								
	Positive	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								
	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	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	05-Aug-08	No change	16-Sep-08
Eurozone	Refi Rate	4.25	07-Aug-08	No change	04-Sep-08
UK	Base Rate	5.00	07-Aug-08	No change	04-Sep-08
Japan	O/N Call Rate	0.50	19-Aug-08	No change	17-Sep-08
Australia	Cash Rate	7.25	05-Aug-08	No change	02-Sep-08
New Zealand	Cash Rate	8.00	24-Jul-08	Cut 25bps	11-Sep-08
Switzerland	3 month Libor target	2.75	19-Jun-08	No change	18-Sep-08
Canada	Overnight rate	3.00	15-Jul-08	No change	03-Sep-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	3.63	26-Jun-08	Raise 12.5bps	Sep-08
South Korea	Base Rate	5.25	07-Aug-08	Raise 25bps	11-Sep-08
Malaysia	O/N Policy Rate	3.50	25-Jul-08	No change	25-Aug-08
Thailand	1D Repo	3.50	16-Jul-08	Raise 25bps	27-Aug-08
India	Repo rate	9.00	29-Jul-08	Raise 50bps	24-Oct-08
UAE	Overnight repo rate	2.00	01-May-08	Cut 25bps	N/A
Saudi Arabia	Repo rate	2.00	05-May-08	Cut 25bps	N/A
Egypt	Overnight Deposit	11.00	07-Aug-08	Raise 50bps	N/A
Turkey	Base Rate	16.75	17-Jul-08	Raise 50bps	14-Aug-08
South Africa	Repo rate	12.00	14-Aug-08	No change	09-Oct-08
Kenya	Central Bank Rate	9.00	Aug-08	Raise 25bps	08-Oct-08
Nigeria	Monetary Policy Rate	10.25	05-Aug-08	Raise 25bps	01-Oct-08
Ghana	Prime Rate	17.00	21-Jul-08	Raise 100bps	22-Sep-08
Mexico	Target Rate	8.25	15-Aug-08	Raise 25bps	Sep-08
Brazil	Selic Rate	13.00	23-Jul-08	Raise 75bps	10-Sep-08
Armenia	Refi Rate	7.50	06-Aug-08	Raise 25bps	N/A
Romania	Policy Rate	10.00	Aug-08	Raise 25bps	Sep-08
Bulgaria	Refi Rate	4.25	03-Jul-08	Raise 25bps	07-Aug-08
Kazakhstan	Refi Rate	10.50	25-Jun-08	Cut 50bps	Sep-08

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