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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Speculative-grade default rate to rise sharply

Moody's Investors Service indicated that the global speculative-grade default rate increased to 2.8% in October from 2.7% in September and from 1.1% a year earlier. It expected that default rates will climb to 4.3% by the end of this year and rise sharply to 10.4% a year from now for global speculative grade issuers. It said default rates in this cycle will likely match or exceed the peak levels reached in the previous two U.S. recessions of 1990-91 and 2000-01. Also, the agency's speculative-grade corporate distress index, which measures the percentage of rated issuers that have debt trading at distressed levels, rose more than 60% from September's 29.7% to 48.5% in October and 4.6% in October 2007, marking the highest level since the launch of the index in 1996. It said that a total of 71 rated corporate issuers have defaulted this year, compared with 16 defaults for the same period last year.

Source: Moody's Investors Service

Tax reforms accelerate

PricewaterhouseCoopers indicated that tax authorities worldwide are overhauling tax systems by reducing taxes, streamlining administrative processes and modernizing payment systems. It noted that, since 2004, average total tax rates have been reduced by 3% and time to comply with taxes decreased by 5%. It considered that such reforms can broaden the tax base and increase tax revenues. It said that 36 economies made it easier to pay taxes in 2007-08, while the most popular reforms consisted of reducing corporate income tax rates and improving electronic filing and payments systems efficiency. It added that 8 economies reduced the number of taxes paid by business. On average, corporate income tax accounts for only 13% of tax payments, 26% of compliance time, and 37% of the total tax rate. Employment taxes account for 34% of the total tax rate, taking into account only amounts borne by the employer. Also, 36% of the overall time to comply with tax systems and 48% of the number of tax payments are spent on average on consumption taxes.

Source: PricewaterhouseCoopers

EMERGING MARKETS

World Bank to provide up to $100bn in support

The World Bank Group announced plans to substantially increase financial support to developing countries in light of the global financial crisis, including the launch or expansion of four facilities for the private sector. The Bank said it could make new commitments of up to $100bn over the next three years, with lending almost tripling to more than $35bn this year compared to $13.5bn last year. It said the increase in financial support will help countries facing big budget shortfalls and sustain long-term investments. The Bank is also working to speed up grants and long-term, interest-free loans to the world's 78 poorest countries, 39 of which are in Africa, especially in countries that had plans to enter capital markets, or are under stress from falling commodity prices, slower export demand or lower remittances. Also, the Group's private sector support is expected to total around $30bn over the next three years, including the International Finance Corporation's launch of a global equity fund to recapitalize distressed banks by investing $1bn over three years with at least $2bn provided by other investors. Also, a new IFC infrastructure crisis facility would provide roll-over financing and help recapitalize existing, viable, privately-funded infrastructure projects facing financial distress. The IFC expects over three years to invest a minimum of $300m and mobilize between $1.5bn and $10bn from other sources.

Source: World Bank Group

KUWAIT

Government to guarantee deposits indefinitely

The Central Bank of Kuwait declared that the government's guarantees of deposits in banks will remain effective until the situation in global markets stabilizes. Last month, Parliament approved a bill to guarantee deposits in national and foreign banks operating in the country to cushion the impact of the global financial crisis. The CBK said the law has no time limit and will remain current until world markets stabilize and repercussions of the crisis are absorbed.

Source: KUNA & Arab Times

SAUDI ARABIA

Corporate governance rules become compulsory

The Capital Market Authority (CMA) indicted that listed firms will have to comply next year with corporate governance rules on disclosure in reports by the firms' board of directors. Rules of the corporate governance law have been voluntary since they were issued in 2006. The rules on disclosure in reports require firms listed on the bourse to publish names of any companies their board of directors belong to, besides their own. The regulations also require that the report includes compensation and remuneration paid to the chairman, board members and the highest paid five executives as well as any punishment penalty or restriction imposed on the company by any watchdog or legal body. Also, the annual audit of the company's internal controls must be published. The CMA made the decision to impose these regulations as part of a commitment to protect shareholders' rights.

Source: Standard Chartered

ALGERIA

Presidential term limits abolished

Parliament overwhelmingly approved constitutional amendments that abolish presidential term limits, paving the way for President Abdelaziz Bouteflika to seek a third term in spring elections. The draft revisions were approved by 500 votes, with 21 opposed and 8 abstentions. Other changes approved include replacing the chief of government by a prime minister, boosting presidential powers over the cabinet and allowing the head of state to name several vice-prime-ministers.

Source: Associated Press

OUTLOOK

EMERGING MARKETS

Potential risks for securitizations in the region

Fitch Ratings expected the performance of emerging market securitizations in Central and Eastern Europe, the Middle East and Africa (CEEMEA) to weaken, as the slower economy in the region takes its toll. It said rated securitizations in the region have shown strong historical performance, with low delinquency and loss rates, underpinned by favorable economic conditions prevalent before the 2008 credit crisis. However, it expected securitizations in the CEEMEA to be impacted, as the economic outlook deteriorates markedly for emerging markets. Fitch singled out foreign exchange movements as one of the most immediate risks to securitizations, as borrowers in the region have often resorted to foreign currency loans to take advantage of lower nominal interest rates. It said a sharp depreciation of local currencies would reduce borrowers' ability to repay the loans, ultimately impacting the performance of consumer debt securitizations. Fitch said default and loss levels for existing assets transactions have remained comfortably within its base case estimates. Also, high annualized prepayment ratios of between 15% and 30% have had a beneficial impact on the credit enhancement levels of those transactions that are in the amortization phase, without affecting significantly the available levels of excess spread.

Source: Fitch Ratings

GCC

Region increasingly vulnerable to global turmoil, economic growth to drop to 3.5% in 2009

Merrill Lynch revised downward its economic growth forecast for the Gulf Cooperation Council states to 3.5% in 2009 from 4.5% previously due to the increasing impact of the global financial crisis on the region. It said GCC economies are not immune to the collapse in oil prices, accelerated de-leveraging and the liquidity crunch across emerging markets. It noted that the main concerns revolve around the impact of lower oil prices on macro balances, a collapse in the real estate sector and the effect of the credit crunch. It said GCC countries have a combined $500bn in central bank reserves, $1,500bn of assets under management in sovereign wealth funds, and twin fiscal and current account surpluses. However, they are vulnerable in the short term to the rapid change in the global backdrop and lower oil prices, and serious risks remain in the short-term outlook, while the macro implications in the coming months will take their toll on corporations. It expected the GCC budget surplus to fall to 11% of GDP in 2009 from 21% in 2008, and for the region's current account surplus to drop to 15% of GDP in 2009 from 32% of GDP in 2008.

Merrill Lynch estimated non-oil GDP growth to decline to 7.5% in 2008 and 5% in 2009. It said the non-oil sector posted an average GDP growth of 8% from 2004-07, accounting for 80% of headline GDP growth in the GCC. The main drivers of non-oil growth in this period were real estate, construction and finance industries, which generated almost half of non-oil growth. But these sectors face some serious challenges in the near term, as lower oil prices are likely to impose a contractionary effect on money supply and credit growth. Therefore, credit will be less available, and the appetite for consumption and investment will decrease. It considered that some degree of capital reallocation also seems inevitable with the end of cheap and abundant liquidity, which would cause a crowding-out effect for the private sector and households.

Merrill Lynch indicated that GCC governments are willing to limit the spill-over effect of the global economic downturn by utilizing their significant savings and using their surpluses, while fiscal policy is likely to remain accommodative. It estimated the average oil price that will breakeven the budget expenditures at $50 per barrel, based on the expenditure plans and revenue forecasts in the latest 2008-09 budgets. It said the UAE has the lowest budget breakeven oil price at $30/bbl, followed by Saudi Arabia with 36/bbl, Qatar with $49/bbl, Oman with $50/bbl, Kuwait with $52/bbl and Bahrain with $53/bbl.

Source: Merrill Lynch

NIGERIA

Economic growth estimated at 6.2% in 2008 and 8.1% in 2009

In its semi-annual outlook for Sub-Saharan Africa, the International Monetary Fund projected Nigeria's real GDP growth at 6.2% for 2008 and 8.1% in 2009 relative to 5.9% in 2007, and compared to growth in oil exporting countries of 8.1% in 2008 and 8.8% in 2009. It expected the country's real non-oil GDP to grow by 8.9% in 2008 and 7.6% in 2009, down from 9.6% in 2007, and compared to non-oil GDP growth of 6.9% in 2008 and 6.2% in 2009 in Sub-Saharan Africa. The IMF forecast Nigeria's annual average inflation rate at 11% in 2008 and 2009, up from 5.5% a year earlier and compared to inflation rates of 11.7% and 9.5% in 2008 and 2009, respectively, for Sub-Saharan Africa. Also, it expected the growth of broad money at 53.7% this year, falling to 30.6% in the coming year.

The Fund projected the central government's fiscal balance to post a surplus of 3.7% of GDP in 2008 and 0.3% of GDP in 2009, compared to 1.4% of GDP in 2007. It estimated public revenues at 18.4% of GDP this year and 15.9% of GDP in 2009, and total expenditures at 14.8% of GDP in 2008 and 15.7% of GDP in 2009. The IMF expected Nigeria's external debt to official creditors to reach 1.7% of GDP at end-2008 and 1.8% at end-2009, down from 2.2% of GDP at end-2007 and compared to the region's external debt of 8.8% of GDP for 2008 and 8.1% of GDP in 2009. Further, the country's current account surplus is projected at 6.2% of GDP in 2008 up from 2.1% of GDP in 2007 and at 0.6% of GDP in 2009. In comparison, oil exporting countries are forecast to post current account surpluses of 9.7% of GDP this year and 5.7% of GDP next year. Further, the Fund expects the country's gross official reserves to reach 14.4 months of imports of goods and services at end-2008, up from 12.5 months at end-2007, and at 13.9 months of imports of goods and services at end-2009.

Source: International Monetary Fund

EMERGING MARKETS

Bulgaria, Hungary, Kazakhstan, Romania downgraded due to economic vulnerability

Fitch Ratings downgraded the long-term foreign currency sovereign ratings of Bulgaria and Kazakhstan to 'BBB-' from 'BBB', Hungary to 'BBB' from 'BBB+', and Romania to 'BB+' from 'BBB'. It also revised the outlook on Russia from ‘stable’ to ‘negative’. The agency said Emerging Europe is the most vulnerable region in emerging markets from the deterioration in the global financial and economic environment due to large current account deficits and relatively high levels of short-term external debt in many countries. This makes them susceptible to reduced capital and financial market flows, including from foreign parent banks. It said other factors that increase the region's vulnerability are the presence of significant currency mismatches on balance sheets, their relative trade openness and, in the case of Kazakhstan and Russia, their exposure to the fall in commodity prices.

Source: Fitch Ratings

JORDAN

WTO calls for removing trade barriers

The World Trade Organization declared that Jordan would benefit from further dismantling its tariff and non-tariff trade barriers since its economy is dominated by services, a sector accounting for two thirds of its GDP. It said Jordan would gain from further opening key service sub-sectors to foreign competition including transportation, construction and distribution. The WTO also encouraged authorities to streamline the business environment that remains somewhat inhibited by administrative hurdles, limitations on foreign participation in certain activities and costly transport infrastructure and utilities. It called for simplifying the country’s complex incentives regime in where five plans overlap. Jordan joined the WTO in April 2000.

Source: World Trade Organization

EGYPT

Privatization program on hold, Eurobond issue put off

The Ministry of Investment said Egypt has frozen its privatization program until the mass privatization law is finalized. The final draft of the law is expected to be ready within four months and then sent to Parliament. Meanwhile, the government will not sell any of the program’s 153 state-owned companies. The government announced earlier this month that it plans to transfer ownership of state-owned companies to Egyptian citizens above the age of 21 through a mass privatization plan in the form of giving each citizen a portfolio of shares in the state-owned companies. Trading on the new shares will start one year after Parliament passes the law. In parallel, The Minister of Finance said the government will issue its second Eurobond when international markets stabilize. It planned to issue the bond in the first quarter of 2008, but postponed it to July 2008 and then postponed it again. Egypt raised $1bn in July 2007, as authorities seek to diversify the sources of borrowing to finance the deficit and to develop a yield curve.

Source: Al Masry Al Youm , Al Mal

KUWAIT

Trading suspended on stock market

A Kuwaiti court ordered the suspension of all trading on the Kuwait Stock Exchange starting on November 13 till November 17th. The unexpected move and unprecedented action follows protests by investors seeking emergency measures to protect their holdings after the bourse fell more than 40% since the beginning of the year. The decision came despite statements by the Central Bank of Kuwait earlier this week that Kuwait’s banking sector enjoyed high profitability, abundant liquidity and sound solvency. The statement follows a declaration last week that banks will offer financial support to domestic investment companies that face liquidity problems.

Source: KUNA

SUDAN

IFC to invest in Southern Sudan

The International Finance Corporation announced that it will explore investment opportunities in Southern Sudan following successful investment climate reforms. It said new opportunities are emerging in such sectors as energy, construction materials, hotels, trade finance, and microfinance. The regional government recently enacted four investment laws to help provide a sound legal framework that supports private investment. It also established a business registry that has registered more than 3,600 companies since May 2007. An investment climate team comprising staff from IFC and FIAS, a multi-donor investment climate advisory service of the World Bank Group, has been providing assistance to Southern Sudan since 2006 and helping build local capacity to support and implement business environment reforms. It is also helping establish the Southern Sudan Investment Authority.

Source: International Finance Corporation

ARMENIA

Impact of crisis still minimal, IMF ready to help in case of need

The International Monetary Fund indicated that the global financial crisis did not have serious impact on Armenia, as the country’s financial system is not large, making it less subject to possible shocks than other countries. It said the banking sector’s indicators remain sound. The Fund noted the lack of serious consequences in terms of money transfers or remittance inflows either, but it cautioned that Armenia may be influenced by the international crisis as it cannot be completely isolated from what is taking place. It expressed concerns that the worsening situation in Russia may have an impact because Armenia’s economy is dependent on Russian capital in terms of foreign direct investment and remittance inflows. The Fund expressed its readiness to assist Armenia in case the crisis has a serious impact on the economy.

Source: International Monetary Fund

BANKING

UAE

Central Bank to explore measures to support lending

The UAE Central Bank stated it is looking at ways to support real estate lending in the country as banks become more cautious about lending in this environment. The Central Bank said it is discussing with the Ministry of Finance proposals to introduce "financial vehicles" that will deal with real estate loans, which could potentially boost liquidity available to banks for home financing. In parallel, the Central Bank has set up a task force, known as the Financial Stability Unit, to help the country's financial industry deal with the global economic downturn, keeping a particularly close eye on real estate exposure. This task force is the latest in a series of measures by UAE authorities to restore confidence in the country's economy and banks. The central bank statement comes after some foreign banks operating in the country announced steps that would curtail lending to individuals in the UAE, while several local banks and finance companies have also restricted lending, especially in the real estate market.

Source: Khaleej Times, Standard Chartered

LIBYA

First Gulf Libyan Bank launches operations

The First Gulf Libyan Bank (FGLB), a joint venture between First Gulf Bank and the local government, officially launched its operations in Libya. The Abu Dhabi-based First Gulf Bank signed a Memorandum of Understanding in September 2007 with the Libyan government's Economic & Social Development Fund to establish a commercial bank in the country. Earlier this year, the Central Bank of Libya granted FGLB final approval to start operating in the country. The new bank will be fully managed by First Gulf and will have an authorized capital of $400m and paid up capital of $200m. FGLB is equally owned by First Gulf and the Economic & Social Development Fund. First Gulf is one of the largest banks in the UAE with total assets exceeding $16bn. A 2005 law authorized foreign banks to establish a direct presence in Libya and authorities are trying to privatize state-owned banks. Earlier this year, the Jordan-based Arab Bank won a tender for 19% of Al-Wahda Bank, while French bank BNP Paribas bought 19% of Sahara Bank last year.

Source: Dow Jones Newswires

RUSSIA

Outlook on 12 banks changed to 'negative'

Fitch Ratings changed the outlooks on 12 Russian banks and affirmed their ratings. It said the change in outlook on the ratings of ZAO Unicredit Bank, Absolut Bank, ZAO Raiffeisenbank, Orgresbank and Rosbank reflects the potential downward revision of Russia's Country Ceiling following the change in Russia's outlook. The Country Ceiling of Russia captures transfer and convertibility risks and limits the extent that support from the foreign shareholders of these banks can be factored into their foreign currency ratings. It added that the change in outlook on the long-term ratings of Vnesheconombank, Sberbank, Bank VTB and Russian Agricultural Bank reflects the increased likelihood of a deterioration in the government's ability to provide support in case of need, as the government owns majority stakes in these banks. The change in outlook on ratings of Bank of Moscow follows the outlook's revision on the City of Moscow's ratings to 'negative' form 'stable'. Fitch also changed the outlook on 4 subsidiaries of Bank VTB to 'negative'.

Source: Fitch Ratings

ARMENIA

Large capitalization, sound liquidity of banks minimize crisis effect

The Central Bank of Armenia (CBA) indicated that the large capitalization and sound liquidity of Armenia's banking system renders banks stable and capable of absorbing a number of risks, especially in relation to the international financial crisis. It added that the country's financial system is not well-integrated in international financial markets despite considerable foreign shareholding in local banks, as foreign banks hold 10% of the sector capital, mostly long-term funds, while short-term funds account for less than 1% of foreign banks' holdings. The CBA noted that commercial banks have revised their credit policy due to the world financial crisis, with banks attaching particular importance not only to the solvency of companies they finance, but to borrowers' relationship with the state. It stressed the importance of activities of the ACRA credit bureau in improving transparency and encouraging banks to lend, adding that all credit reports submitted by the credit bureau will soon turn into a system of credit scoring. It said mortgage loans extended by local banks do not exceed 70% of the property price, adding that this protects Armenian banks from a decline in real estate prices. There are 22 banks operating in Armenia with total assets of AMD954.bn and capital AMD214.9bn at the end of September 2008. The sector's capital adequacy ratio is 12%.

Source: ARKA

KAZAKHSTAN

Seven financial institutions downgraded on sovereign rating action

Fitch Ratings downgraded by one notch the Long-term foreign currency Issuer Default Ratings (IDRs) of BTA Bank, Kazkommertsbank, Halyk Bank, ATF Bank, Development Bank of Kazakhstan, Astana Finance and KazAgroFinance, and kept the outlook on the ratings at 'negative'. The agency affirmed the ratings of Alliance Bank, Bank Centercredit and Temirbank. It also downgraded by one notch the Individual ratings of BTA and KKB and stated that there is now also downward pressure on Halyk's Individual rating. It said the downgrades reflect the reduced ability of the Kazakh authorities to provide support to these entities following the sovereign downgrade. The Kazakh authorities' recently announced plans to inject capital into BTA, KKB, Halyk and Alliance. However, Fitch maintained a two-notch differential between the ratings of the sovereign and BTA, Kazkommertsbank and Halyk in light of the large size of these banks, and in particular their foreign currency liabilities, relative to the size of the resources and foreign currency reserves of the sovereign, and other contingent claims on these resources.

Source: Fitch Ratings

Oil falls to 22-month low on recession fears

Oil fell for a third straight day on November 13 to hit a 22-month low of $55 a barrel due to mounting economic pessimism. OPEC officials, concerned about oil's sharp drop from record highs over $147 a barrel per day (bpd) in July, said the cartel could possibly decide by the end of the month to cut production again to raise prices. But comments from the producer group failed to lift oil prices, as investors focused on near-term demand worries after the U.S. Energy Information Administration (EIA) cut America's 2008 oil demand outlook and the International Energy Agency (IEA) is expected to reduce further its oil forecast.

U.S. light crude for December delivery was down 61 cents at $55.5 a barrel after having fallen earlier to $54.67, the lowest since January 30, 2007. London Brent crude fell $0.90 to $51.47, off an earlier low of $50.60. Oil fell 5% overnight, along with a big drop in U.S. stock markets, after the U.S. government shifted its position on how it planned to use its $700bn bailout fund, which added uncertainty to financial markets and renewed fears of an extended global recession. Oil has lost about $91 or 62% from its record high of above $147 in mid-July. The IEA said demand in the United States is expected to fall by more than 1 million barrels per day (bpd) for the first time since 1980 this year. The EIA also forecast world oil demand to rise by only just 100,000 bpd in 2008 and will be virtually flat in 2009, as it cut its 2009 oil price forecast to average around $63.50 a barrel.
Source: Reuters

Sudan to boost oil production to 600,000 bpd in 2009

Sudan said it will increase its daily oil production by 20% in 2009, going from 500,000 million barrels per day (mbpd) this year to 600,000 mbpd next year. Sudan’s Mining and Energy Ministry dismissed any impact of the financial crisis on the country's buyers, who are mainly Chinese refiners and Western trading houses. Further, it said that Sudan has no plan to join the Organization of the Petroleum Exporting Countries, adding that Sudanese production is too small.
Source: Sudan Tribune

Iran, Russia, Qatar create gas venture

Major energy corporations in Iran, Russia and Qatar agreed at a meeting in Doha to establish a joint venture to develop the Iranian South Pars gas field. Top officials with the National Iranian Oil Co., Qatar Liquefied Gas Co. Ltd. and Russian gas monopoly Gazprom agreed to a 30-30-30 division of shares in a project to produce gas at South Pars and liquefy it at Ras Laffan in Qatar. The remaining 10% of the shares will go to an undisclosed gas trader. The South Pars gas field in the Persian Gulf is the largest in the world with nearly 500 trillion cubic feet in reserves. In October, officials from the three countries met to discuss forming a natural gas cartel modeled after the Organization of Petroleum Exporting Countries. Iran, Qatar and Russia hold about 60% of the world's natural gas reserves.
Source: Kommersant

Base metals: Copper drops to three-year low as stockpiles jump

Copper fell to the lowest in more than three years, as global stockpiles climbed to the highest since 2004, adding to evidence a deteriorating global economy is reducing demand for industrial metals. Inventories monitored by the London Metal Exchange jumped 1.7% to 270,100 tons on November 12, the highest since March 2004. Copper for three-month delivery fell as much as 2.1% to $3,545 a metric ton on the London Metal Exchange, the lowest intra-day price since September 19, 2005. It traded at $3,590 in Shanghai. The metal has lost 48% this year, heading for the first annual drop since 2001. January-delivery copper on the Shanghai Futures Exchange fell by as much as 3.3% to $4,141 a ton. China's industrial production grew at the slowest pace in seven years last month, adding to concerns that the world's fastest-growing major economy risks a deeper slowdown. Among other LME-traded metals, aluminum dropped 0.3% to $1,920 a ton, zinc declined 1.1% to $1,136 and tin was unchanged at $13,700 a ton.
Source: Bloomberg

Precious metals: Gold trades little changed near three-week low

Gold traded little changed near a three-week low as gains by the dollar and falling oil prices reduced the appeal of the metal as an alternative asset. Gold for immediate delivery rose 0.3% to $714.45 an ounce. Silver for immediate delivery was little changed at $9.3525 an ounce. Gold fell 14% the past month due to the U.S. dollar's 7% gain. December-delivery gold fell 0.7% at $713.40 an ounce in after-hours electronic trading on the Comex division of the New York Mercantile Exchange. Gold for October delivery in Tokyo fell to $706 an ounce. Platinum rebounded on November 12 after losing 4% the day before on speculation a global recession will damp demand for the precious metal used in vehicles. The metal has fallen 63% from a record $2,301.50 an ounce in March. U.S. auto sales plunged in October for a 12th straight month, the longest streak in 17 years. Immediate-delivery platinum was up 2.9% at $846 an ounce after trading between $814.50 and $850. Palladium for immediate delivery rose 1.7% to $221.25 an ounce.
Source: Bloomberg

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	172.2	235.6	237.0	-17.9	-20.7
LME metals price index	2106.7	3442.4	3628.9	-23.0	-46.0
Oil prices USD	61.0	113.3	106.4	-31.6	-36.7
Oil prices SDRs	41.0	71.6	66.9	-29.9	-32.9
Gold $/troy oz	742.9	861.6	873.0	-14.0	-9.8
Silver cents/troy oz	1041.0	1470.5	1564.1	-7.8	-30.4
Platinum $/troy oz	862.0	1565.7	1665.5	-12.3	-41.4
Copper $/MT	3885.0	7281.1	7448.6	-31.9	-48.0
Nickel $/MT	11452.5	18991.3	23739.9	--20.5	-63.7
Aluminium $/MT	1975.3	2693.0	2687.0	-10.5	-23.5
Zinc $/MT	1102.3	1745.2	2063.4	-27.5	-60.2
Steel - HR coil dry $/MT	605.0	605.0	605.0	0.0	0.0

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	13.9	15.1	2.3	4.0	2.3	2.7	14.4	0.7
Angola	- -	- -	- -	- -	BB Stable	10.7	8.6	13.9	14.8	4.0	41.2	47.5	3.1
Egypt	BB+ Stable	Ba1 -	BB+ Stable	BBB- Stable	BB Stable	-7.0	84.5	20.9	53.4	4.0	98.9	1.3	6.0
Ethiopia	-	-	-	-	B Stable	-4.4	-	13.6	217.5	2.9	458.7	-6.6	2.2
Ghana	B+ Stable	- -	B+ Stable	- -	B Stable	-10.5	-	38.0	1.0	3.3	219.3	-12.7	-
Ivory Coast	- -	- -	- -	- -	CCC Stable	-3.4	-	47.6	97.4	4.2	339.0	6.9	-
Libya	- -	- -	- -	- -	BBB Stable	34.9	3.3	6.6	7.9	1.6	5.6	55.5	2.4
Mauritania	- -	- -	- -	- -	- -	-2.3	105.9	78.9	123.4	4.5	-	-5.6	-
Morocco	BB+ Stable	Ba1 -	BBB- Stable	BBB- Stable	BB Stable	-2.9	54.3	23.9	74.7	7.6	77.4	-1.2	3.4
Nigeria	BB- Stable	- -	BB- Stable	- -	BB Stable	-0.6	11.3	4.6	7.3	0.5	-	10.7	0.9
Sudan	- -	- -	- -	- -	C Stable	-0.8	84.2	49.6	183.9	2.5	-	-3.7	3.1
Tunisia	BBB Stable	Baa2 -	BBB Stable	BBB Stable	BBB Stable	-3.4	53.3	53.6	95.9	11.1	261.8	-2.7	3.5
Middle East													
Bahrain	A Stable	A2 -	A Stable	A Stable	A Stable	8.6	17.3	150.1	151.4	3.4	635.0	20.1	0.4
Iran	- -	- -	B+ Stable	BB- Stable	B Stable	-4.2	24.7	6.3	24.0	2.3	19.2	13.4	0.3
Iraq	- -	- -	- -	- -	CC Stable	26.0	-	80.9	94.4	1.3	194.7	29.6	-
Jordan	BB Stable	Ba2 -	- -	BB Stable	B Stable	-6.5	70.9	86.2	143.0	16.2	295.6	-19.9	16.7
Kuwait	AA- Stable	Aa2 -	AA- Stable	AA- Stable	A Stable	28.0	5.5	27.8	39.8	2.4	227.3	48.6	-4.9
Lebanon	B- Stable	B3 -	B- Stable	B- Stable	CCC Stable	-9.4	154.6	103.8	545.1	18.6	283.8	-9.9	10.0
Oman	A Stable	A2 -	- -	A Stable	A Stable	21.3	4.7	22.4	28.9	5.9	91.7	14.5	2.1
Qatar	AA- Stable	Aa2 -	- -	AA- Stable	A Stable	8.3	8.3	57.0	77.0	5.2	450.6	38.7	6.6
Saudi Arabia	AA- Stable	A1 -	AA- Stable	AA- Stable	A Stable	25.7	8.8	7.6	10.9	1.8	96.3	33.0	0.2
Syria	- -	- -	- -	- -	CCC Stable	-1.3	30.4	24.8	52.6	2.2	85.0	-0.4	4.2
UAE	- -	Aa2 -	- -	AA- Stable	A Stable	32.1	10.4	65.4	71.4	1.8	167.0	25.6	1.6
Yemen	- -	- -	- -	B- Stable	B Stable	-1.9	30.4	24.8	66.3	2.2	84.5	-0.9	

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	-	-	-1.6	14.1	26.8	288.7	2.6	220.4	-6.8	5.4
Bulgaria	BBB+	Baa3	BBB-	-	BBB								
	Stable	-	Stable	-	Stable	3.2	14.1	100.2	141.2	15.7	278.5	-21.1	16.2
Kazakhstan	BBB-	Baa2	BBB-	-	BB								
	Negative	-	Stable	-	Stable	3.3	4.9	84.4	149.5	33.8	578.4	-5.0	5.3
Romania	BBB-	Baa3	BB+	BBB-	BB								
	Negative	-	Stable	Stable	Stable	-2.9	13.6	60.2	158.4	17.9	251.2	-16.1	5.4
Russia	BBB+	Baa1	BBB+	-	BBB								
	Negative	Positive	Negative	-	Stable	2.8	6.2	33.3	97.4	13.1	92.1	3.0	0.4
Turkey	BB-	Ba3	BB-	BB-	BB								
	Stable	-	Stable	Stable	Stable	-1.9	39.1	35.8	144.6	36.8	408.7	-5.7	2.0
Ukraine	BB-	B1	B+	-	BB								
	Negative	Positive	Negative	-	Stable	-2.5	13.2	60.1	98.2	26.0	263.0	-5.8	5.1

Sources: Moody's Investors Service; Economist Intelligence Unit - The above figures are estimated for 2008
** Figures last updated in September 2008*

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	1.00	29-Oct-08	Cut 50bps	16-Dec-08
Eurozone	Refi Rate	3.25	06-Nov-08	Cut 50bps	04-Dec-04
UK	Base Rate	3.00	06-Nov-08	Cut 150bps	04-Dec-04
Japan	O/N Call Rate	0.30	31-Oct-08	Cut 20bps	21-Nov-08
Australia	Cash Rate	5.25	04-Nov-08	Cut 75bps	02-Dec-08
New Zealand	Cash Rate	6.50	23-Oct-08	Cut 100bps	04-Dec-08
Switzerland	3 month Libor target	2.25	08-Oct-08	Cut 50bps	11-Dec-08
Canada	Overnight rate	2.25	21-Oct-08	Cut 25bps	09-Dec-08
Emerging Markets					
China	One-year lending rate	6.66	29-Oct-08	Cut 27bps	N/A
Hong Kong	Base Rate	1.00	29-Oct-08	Cut 50bps	16-Dec-08
Taiwan	Discount Rate	3.00	30-Oct-08	Cut 25bps	Dec-08
South Korea	Target Rate	4.00	07-Nov-08	Cut 25bps	N/A
Malaysia	O/N Policy Rate	3.50	24-Oct-08	No change	24-Nov-08
Thailand	1D Repo	3.75	08-Oct-08	No change	03-Dec-08
India	Repo rate	8.00	24-Oct-08	No change	27-Jan-09
UAE	Overnight repo rate	1.50	08-Oct-08	No change	N/A
Saudi Arabia	Repo rate	4.00	Oct-08	Cut 100bps	N/A
Egypt	Overnight Deposit	11.50	22-Sep-08	Raise 50bps	N/A
Turkey	Base Rate	16.75	22-Oct-08	No change	19-Nov-08
South Africa	Repo rate	12.00	09-Oct-08	No change	Dec-08
Kenya	Central Bank Rate	9.00	30-Sep-08	No change	Dec-08
Nigeria	Monetary Policy Rate	9.75	18-Sep-08	Cut 50bps	Dec-08
Ghana	Prime Rate	17.00	28-Oct-08	No change	Dec-08
Mexico	Target Rate	8.25	17-Oct-08	No change	28-Nov-08
Brazil	Selic Rate	13.75	29-Oct-08	No change	10-Dec-08
Armenia	Refi Rate	7.75	Sep-08	Raise 25bps	N/A
Romania	Policy Rate	10.25	01-Aug-08	Raise 25bps	N/A
Bulgaria	Base Interest	5.25	01-Sep-08	No change	N/A
Kazakhstan	Refi Rate	10.50	01-Oct-08	No change	N/A

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