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Middle East And North Africa Sovereign Rating Trends 2015

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Middle East And North Africa Sovereign Rating Trends 2015

*(**Editor's Note:** Standard & Poor's publishes a Middle East and North Africa sovereign ratings outlook twice a year, including rating and outlook trends as well as sovereign-specific summaries. Other regional reports cover Asia-Pacific, the Emerging Markets, the Eurozone, the Commonwealth of Independent States, Central and Eastern Europe, Latin America and the Caribbean, and Sub-Saharan Africa. See also our global overview, "Global Sovereign Rating Trends 2015," published Jan. 21, 2015. The next sovereign rating outlooks will be published in July 2015.)*

Rating And Outlook Trends

Overall sovereign creditworthiness in the Middle East and North African (MENA) region has deteriorated since our last regional publication ("Middle East And North Africa Sovereign Rating Trends Mid-Year 2014," published on July 9, 2014). In our view, the sharp drop in oil prices since mid-2014 is likely to lead to weakening economic, external, and fiscal profiles for the region, particularly for the Gulf Cooperation Council (GCC). However, of the 12 MENA sovereigns we rate, we have only lowered the ratings on Bahrain and Oman since our July 2014 regional report. In our view, the net hydrocarbon importers--Egypt, Morocco, Jordan, and Lebanon--could see some modest improvement in macroeconomic indicators as a result of the fall in the oil price--but we do not believe this will be significant enough to lead to positive rating actions.

Overview

- Nine of the 12 MENA sovereigns we rate are investment grade. Egypt, Jordan, Lebanon--all hydrocarbon importers--are speculative grade.
- Most GCC sovereigns' economies depend on hydrocarbon revenues and are therefore vulnerable to a sharp and sustained decline in oil prices, absent substantial offsetting financial buffers.
- We lowered the ratings on Bahrain and Oman following the more than 50% decline in the oil price since June 2014, and based on our medium-term oil price assumptions.
- Bahrain and Saudi Arabia are on negative outlook, while the rest of the region's sovereigns are on stable outlook.

We rate nine of the 12 MENA sovereigns in the 'BBB' rating category or above (see chart 1; all ratings in this report refer to long-term foreign currency ratings.) The average MENA sovereign rating is 'BBB+' (see chart 2). When weighted by GDP, however, the average moves closer to 'A' because we rate the larger economies--measured by nominal GDP--higher than the smaller economies.

These averages mask a clear difference between those sovereigns with a significant hydrocarbon endowment (see chart 4) and those without. The average rating for the hydrocarbon-endowed sovereigns of Abu Dhabi, Bahrain, Kuwait, Oman, Qatar, and Saudi Arabia, is currently close to 'A+', while for those without hydrocarbon resources it is closer to 'BB+'. The two groups diverged further following the regional social and political unrest that flared up in

December 2010, the so-called "Arab Spring". Our recent rating actions on Bahrain and Oman, coupled with the upgrade of Egypt to 'B-' from 'CCC+' in November 2013 and the revision of the rating outlooks on Jordan, Lebanon, Morocco, and Ras Al Khaimah, have somewhat reversed the trend.

In February 2015, we lowered our ratings on Bahrain to 'BBB-' from 'BBB' and on Oman to 'A-' from 'A'. The downgrades were part of our review of 13 oil exporting sovereigns in the MENA region and elsewhere in that month (see "Plummeting Prices Weigh On Ratings For Some Oil Exporting Sovereigns," Feb. 11, 2015). We assigned a negative outlook to the ratings on Bahrain in December 2014, and maintained the same outlook in February 2015, reflecting our view of Bahrain's weakening fiscal profile and its uncertain policy response.

Also in February, we revised to stable our outlook on Oman when we downgraded the sovereign (we had previously revised the outlook to negative in December 2014). The stable outlook on Oman reflects our view that nominal GDP and its fiscal and external positions will not deteriorate substantially beyond our current expectations, and that the eventual succession of the sultan will be smooth.

Of the 12 MENA sovereigns we rate, 10 currently have a stable outlook despite the still-challenging political and economic backdrop. Two have negative outlooks (see chart 3). Our rating outlooks are intended to indicate our view of the potential direction of a long-term credit rating, typically over six months to two years for investment-grade ratings and six months to one year for speculative-grade ratings. A positive or negative outlook is intended to designate at least a one-in-three likelihood of a rating change in the indicated direction (see "Outlooks: The Sovereign Credit Weathervane, Year-End 2013 Update," published Feb. 4, 2014).

We revised the outlook on Saudi Arabia to stable from positive on Dec. 5, 2014. This reflected our view that Saudi Arabia's per capita GDP will not increase enough for us to improve our assessment of its economic prospects, as defined in our criteria, and given our downward adjustments to our medium-term oil price projections. We revised the outlook on Saudi Arabia to negative from positive on Feb. 9, 2015, in view of the further decline in oil prices. Due to Saudi Arabia's high dependence on the commodity we think that the sovereign's very strong fiscal position could weaken.

Since our last regional publication in July 2014, we also revised the outlooks on Jordan and Ras Al Khaimah to stable from negative. We revised our outlook to stable on Jordan on its strengthening fiscal and external balances, and on Ras Al Khaimah on its improved government support structures.

Table 1 summarizes the relative strengths and weaknesses of the factors that, in accordance with our sovereign methodology, contribute to sovereign ratings (see "Sovereign Rating Methodology," Dec. 23, 2014). We assess these contributing factors as a "strength", "neutral", or a "weakness" in relation to the universe of all rated sovereigns. We view most MENA sovereigns' external, budget, and debt assessments as strengths. This largely reflects the significant foreign currency inflows into government revenues and current account receipts of the hydrocarbon-endowed economies in the GCC. We also consider the GCC economies to have strong or exceptionally strong government asset and net external creditor positions (see table 2). However, rating constraints common to all MENA sovereigns, under our criteria, are their institutional and monetary assessments. There is no rated MENA sovereign for which we view these factors as strengths.

Chart 1

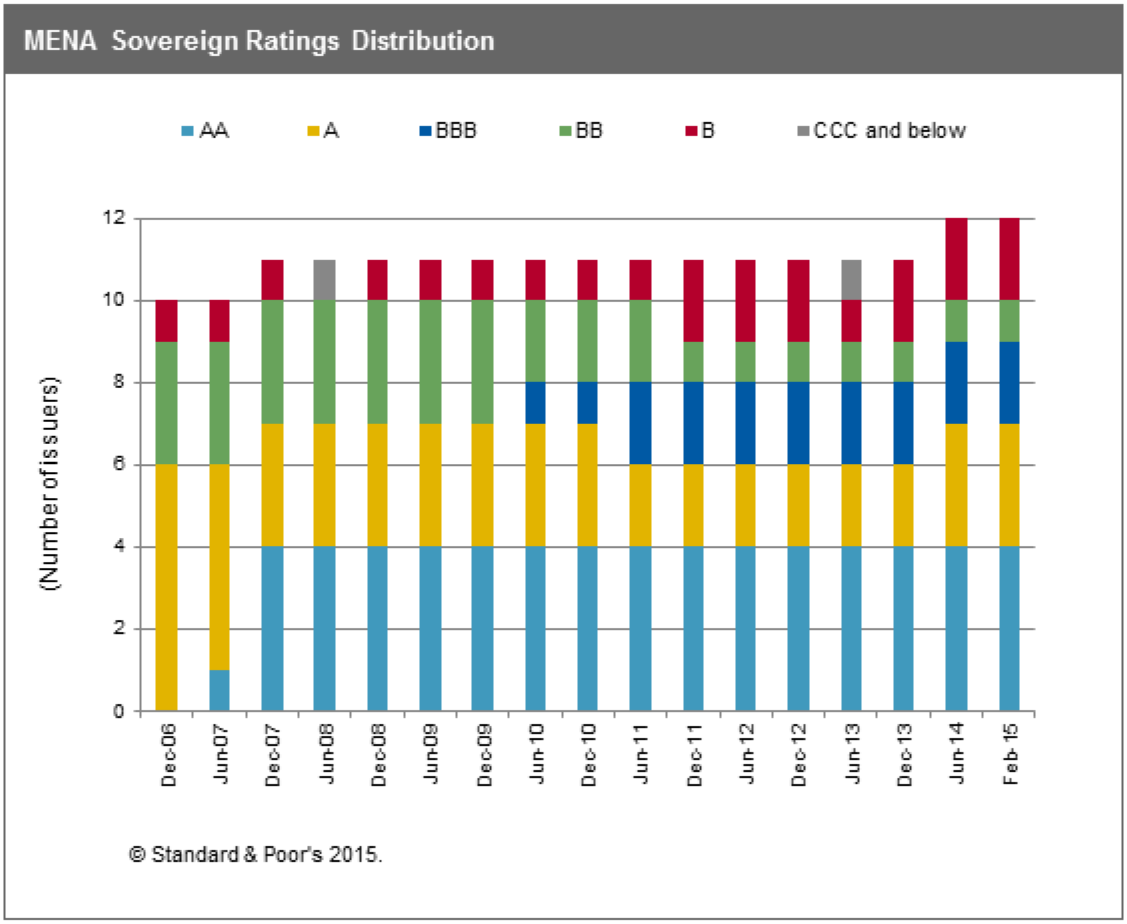
MENA Sovereign Ratings Distribution
AA
A
BBB
BB
B
CCC and below
(Number of issuers)
0
2
4
6
8
10
12
Dec-06
Jun-07
Dec-07
Jun-08
Dec-08
Jun-09
Dec-09
Jun-10
Dec-10
Jun-11
Dec-11
Jun-12
Dec-12
Jun-13
Dec-13
Jun-14
Feb-15
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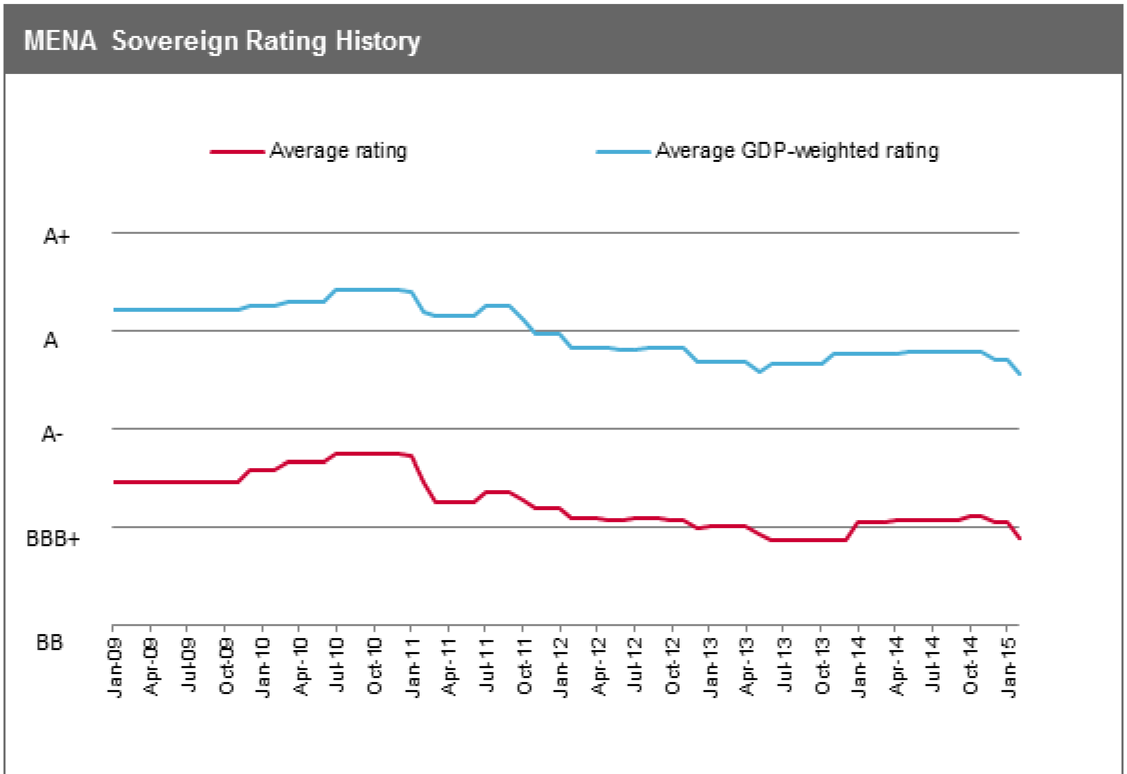
Chart 2



Sharjah was first rated in January 2014 at A/Stable

Chart 3

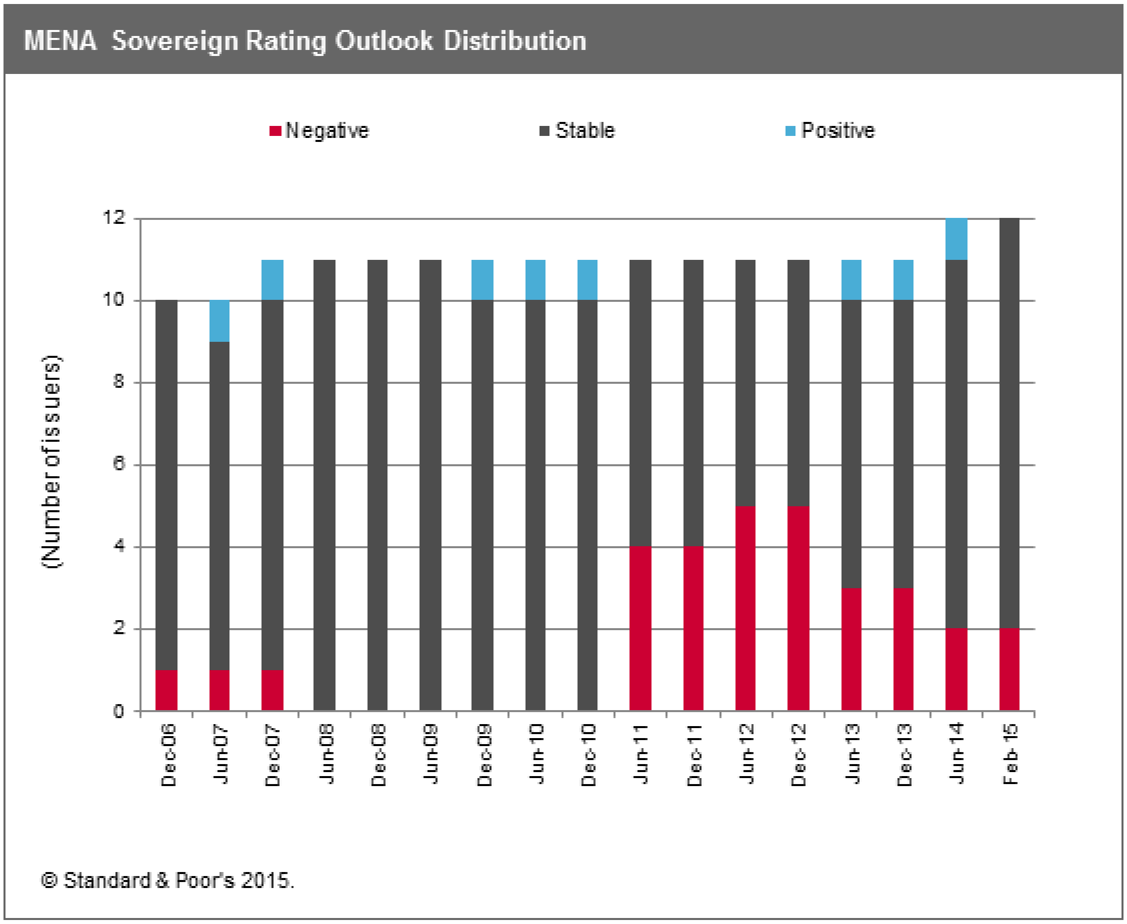


Table 1

MENA Sovereigns Strengths and Weaknesses (as of Feb. 10, 2015)

Issuer	Sovereign foreign currency ratings	Institutional assessment	Economic assessment	External assessment	Fiscal assessment: budget performance	Fiscal assessment: debt	Monetary assessment
Abu Dhabi	AA/Stable/A-1+	Neutral	Strength	Strength	Strength	Strength	Neutral
Bahrain	BBB-/Negative/A-3	Weakness	Neutral	Strength	Weakness	Neutral	Neutral
Egypt	B-/Stable/B	Weakness	Weakness	Weakness	Weakness	Weakness	Weakness
Jordan	BB-/Stable/B	Neutral	Weakness	Weakness	Weakness	Weakness	Neutral
Kuwait	AA/Stable/A-1+	Neutral	Strength	Strength	Strength	Strength	Neutral
Lebanon	B-/Stable/B	Weakness	Neutral	Neutral	Weakness	Weakness	Weakness
Morocco	BBB-/Stable/A-3	Neutral	Weakness	Neutral	Neutral	Neutral	Neutral
Oman	A-/Stable/A-2	Neutral	Neutral	Strength	Strength	Strength	Neutral
Qatar	AA/Stable/A-1+	Neutral	Strength	Strength	Strength	Strength	Neutral
Ras Al Khaimah	A/Stable/A-1	Neutral	Neutral	Strength	Strength	Strength	Weakness
Saudi Arabia	AA-/Negative/A-1+	Neutral	Neutral	Strength	Strength	Strength	Neutral
Sharjah	A/Stable/A-1	Neutral	Strength	Strength	Strength	Neutral	Weakness

Table 1

MENA Sovereigns Strengths and Weaknesses (as of Feb. 10, 2015) (cont.)						
Strength (%)	0	33	67	58	50	0
Neutral (%)	75	42	17	8	25	67
Weakness (%)	25	25	17	33	25	33

All information as of Feb. 10, 2015. Note: Standard & Poor's analysis of sovereign creditworthiness rests on its assessment of five key rating factors: (i) institutional effectiveness; (ii) economic structure and growth prospects; (iii) external liquidity and international investment position; (iv) fiscal flexibility and fiscal performance, combined with debt burden; and (v) monetary flexibility. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). The fiscal assessment is the average of the budget performance assessment and the sovereign debt burden assessment. Section B Standard & Poor's "Sovereign Rating Methodology" (December 23, 2014) summarizes how the various factors are combined to derive the sovereign foreign-currency rating, while section C details how the assessments are derived. The rating assessment snapshot summarizes whether we consider the individual rating factors listed in our methodology constitute a strength or a weakness to the sovereign credit profile, or whether they are neutral. The concepts of "strength", "neutral" or "weakness" are absolute rather than in relation to sovereigns in a given rating category. Therefore, highly rated sovereigns will have more strengths, lower rated sovereigns more weaknesses.

Table 2

MENA Economic Outlook

	Real GDP growth (%)		General government balance/GDP (%)		Net general government debt/GDP (%)		Current account balance/GDP (%)		Narrow net external debt/CARs (%)	
Country	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Abu Dhabi*	1.0	2.0	(0.6)	1.3	(290.5)	(275.3)	4.6	2.4	(126.0)	(118.4)
Bahrain	1.5	2.0	(8.0)	(5.5)	19.1	24.0	(0.9)	(0.6)	(85.9)	(61.4)
Egypt	2.9	3.5	(11.5)	(10.0)	81.3	80.9	(2.3)	(2.3)	25.5	28.9
Jordan	3.8	4.3	(6.5)	(3.0)	68.8	68.2	(7.5)	(7.8)	18.1	21.7
Kuwait	1.0	2.3	15.0	16.0	(371.6)	(355.2)	18.2	18.8	(509.4)	(481.9)
Lebanon	1.5	2.5	(10.5)	(10.0)	127.8	130.5	(24.4)	(25.8)	(36.4)	(11.4)
Morocco	4.4	4.7	(3.3)	(2.6)	48.3	47.5	(5.2)	(3.5)	36.4	34.1
Oman	3.2	3.4	(4.0)	(2.5)	(78.9)	(67.0)	(4.8)	(3.9)	(64.4)	(54.2)
Qatar	4.0	4.5	(1.4)	(1.7)	(118.6)	(107.9)	15.1	12.7	(124.9)	(131.2)
Ras Al Khaimah*	6.0	6.0	3.3	3.3	(16.9)	(14.9)	4.6	2.4	(126.0)	(118.4)
Saudi Arabia	2.5	2.5	(6.0)	(3.8)	(135.2)	(114.7)	2.7	4.7	(239.2)	(205.0)
Sharjah*	5.0	5.0	(1.6)	(1.3)	6.3	7.1	4.6	2.4	(126.0)	(118.4)

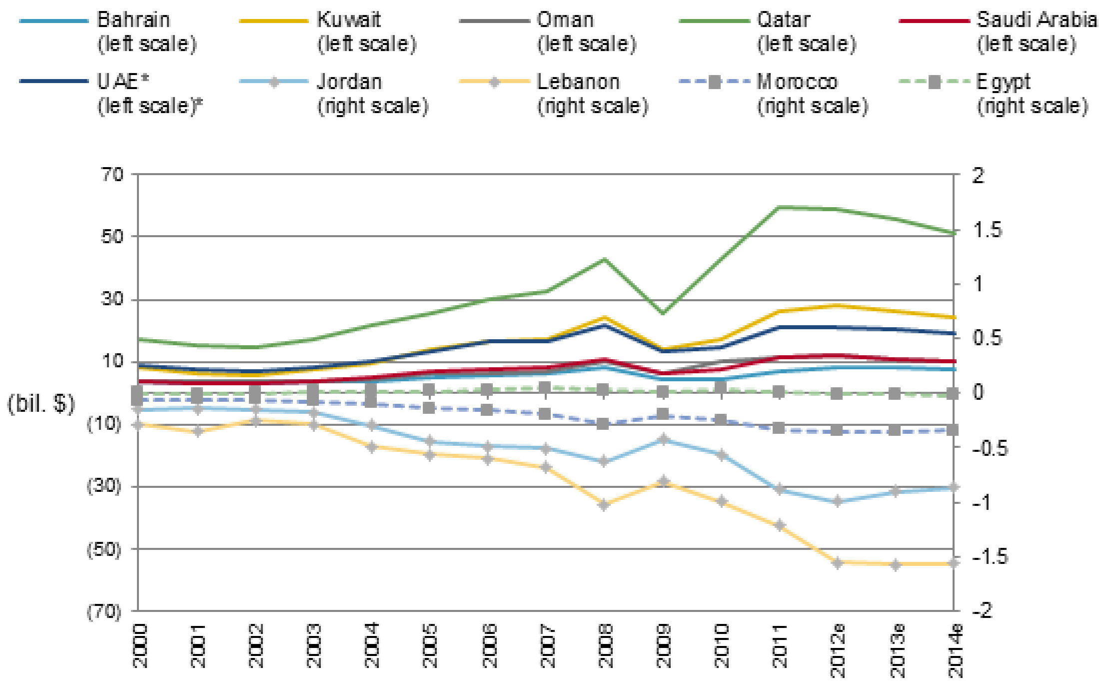
*Current account balance/GDP (%) and Narrow net external debt/CARs (%) are for the United Arab Emirates as a whole.

Oil Price Shock Results In Gulf Downgrades But Presents A Modest Boon For Net Oil Importers

The Brent oil price has declined from above $100 a barrel in July 2014 to below $60 in February 2015. In our view, the decline reflects a combination of relatively unconstrained supply and weaker demand. In MENA, as in the global economy, the lower the oil price the more purchasing power shifts away from those sovereigns with a substantial hydrocarbon endowment (the net oil exporters in chart 4) to those without (the net importers).

Chart 4

Value Of Net Oil Exports Per Capita (bil. $)



Source: International Monetary Fund World Economic Outlook Database, April 2013. e--Estimate. *For the UAE we assess the Emirate of Abu Dhabi as a net exporter and Ras Al Khaimah and Sharjah as net importers of oil.

We expect a modest improvement in the annual average oil price in 2016 to $65 from $55 in 2015 as oil companies curb production of high cost wells and push out new capital spending (see "Standard & Poor’s Revises its Crude Oil And Natural Gas Price Assumptions," published Jan. 9, 2015). That said, the recovery in oil prices will be to levels that are much more modest than seen in recent years.

Net hydrocarbon exporters

We view the Gulf countries' significant oil and gas reserves as a key rating strength. However, as a result of low oil prices we expect the GCC hydrocarbon exporters (Abu Dhabi, Bahrain, Kuwait, Oman, Qatar, and Saudi Arabia) to experience weaker economic income, external profiles, and government revenues over 2015-2018.

We have previously highlighted that the GCC's hydrocarbon concentration could potentially become a significant vulnerability in a cyclical downturn, absent the accumulation of substantial financial buffers. In our report, "Hooked On Hydrocarbons: How Susceptible Are Gulf Sovereigns To Concentration Risk?," June 30, 2014, we opined that Bahrain and Oman, followed by Saudi Arabia, were the most vulnerable GCC sovereigns to an oil price shock.

Policies aimed at economic diversification away from hydrocarbons take time to bear fruit, be it economic, external, or fiscal. In the short term, there is little that GCC governments can do to diversify away from hydrocarbons. As a result, the decline in the oil price has put downward pressure on some of our economic, external and fiscal assessments for the GCC and other global oil exporters (see "Plummeting Prices Weigh On Ratings For Some Oil Exporting Sovereigns," Feb. 11, 2015).

According to the IMF, the break even oil price for most GCC sovereigns is above $80 per barrel. The exceptions are Kuwait ($54) and Qatar ($55). Given current oil prices, we expect to see a broad deterioration in GCC governments' fiscal positions. Those that lack substantial financial buffers, such as Bahrain and Oman, will likely see the most significant deterioration in their fiscal profiles.

To moderate the impact of lower oil prices on government balances, we foresee an increased impetus to broaden the tax base in the GCC. We expect some increases in indirect taxes, utility tariffs, and subsidy cuts (particularly to energy). The extent of these fiscal adjustments will depend on how quickly government balances deteriorate and the size of individual governments' financial buffers. Table 2 shows Kuwait and Abu Dhabi's extremely strong asset positions, which they can use to absorb the impact of the decline in oil prices. Their net general government asset positions are close to 300% of GDP and more than 200%, respectively. Relative to peers outside the region, Saudi Arabia (126%) and Qatar (98%) also have very strong position asset positions. In our view, the brunt of higher taxes is likely to be borne by industry and the expatriate community as GCC sovereigns will likely seek to avoid antagonizing nationals.

GCC sovereigns posting fiscal deficits may choose various financing strategies, including borrowing from the local market, liquidating government assets, taking out international loans, or receiving foreign aid. Funding choices will be influenced by the level of fiscal assets a sovereign has accumulated and its appetite for increasing its debt burden.

Net hydrocarbon importers

MENA net hydrocarbons importers (Egypt, Jordan, Lebanon, Morocco, Ras Al Khaimah, and Sharjah) should benefit from lower oil prices through the boost to their terms of trade. This will likely ease inflationary pressures and reduce current account deficits. Economic growth will also likely be boosted by increased household spending due to lower energy bills, which could also support investment.

Terms-of-trade gains are particularly significant for those sovereigns with a large net hydrocarbon import bill such as Lebanon and Jordan (see chart 4). For both countries, we foresee decreasing imports and improving current account balances. However, these countries have significant external vulnerabilities (table 1) and so the decline in the oil price is more a respite from energy-related external pressures than a factor likely to result in positive rating actions.

Net hydrocarbons importers may also take the opportunity of low oil prices to liberalize their energy markets and reduce subsidies. In Egypt particularly we note the large share of subsidies in spending (see "Shielding The Masses From The Market: The Impact Of Subsidies On African Sovereign Ratings," published May 3, 2014). Low oil prices will alleviate this fiscal burden to some extent and provide an opportunity for further reform. The Egyptian government has already raised subsidized fuel and electricity prices; it plans to reduce and eventually phase out fuel subsidies over the next five years. In Morocco, the government has also demonstrated its resolve via substantial subsidies cuts, with more due in 2015.

The Emirates of Ras Al Khaimah and Sharjah are also net hydrocarbon importers that may benefit somewhat from lower oil prices. That said, potentially weaker economic activity in the region, particularly in Abu Dhabi and Dubai, could have a stronger economic dampening effect.

We do not expect a loosening of monetary policy in MENA nor do we foresee a change to prevailing exchange rate policies. This reflects the prevalence of managed exchange rates or conventional pegs fixed to the U.S. dollar or a basket of currencies with a heavy U.S. dollar weighting (see Appendix in "Lack Of Monetary Flexibility In The Middle East And North Africa Constrains The Sovereign Ratings," Nov. 7, 2014). We view managed or pegged exchange rates as impeding monetary flexibility. This lack of flexibility has become more apparent, particularly in the GCC, given the terms of trade shock experienced by these oil exporters, the strength of the U.S. dollar, and as the U.S. Federal Reserve begins the process of tightening monetary policy. MENA and particularly GCC sovereigns' economic conditions might suggest a further loosening of monetary policy would be more appropriate.

Sovereign Summaries

Abu Dhabi (AA/Stable/A-1+)

- Analyst: trevor.cullinan@standardandpoors.com
- Latest published research update: Emirate of Abu Dhabi 'AA/A-1+' Ratings Affirmed; Outlook Stable, Feb. 20, 2015

Rating score snapshot

- Institutional assessment: Neutral
- Economic assessment: Strength
- External assessment: Strength
- Fiscal assessment, budget performance: Strength
- Fiscal assessment, debt: Strength
- Monetary assessment: Neutral

Outlook: Stable

The stable outlook on Abu Dhabi reflects our view of balanced risks to the ratings over the next two years. We believe that Abu Dhabi's economy will remain resilient and its fiscal policy will stay prudent and flexible, but we also anticipate continued structural and institutional weaknesses.

We could consider raising the ratings if we observed pronounced improvements in data transparency, including on fiscal assets and external data, alongside further progress in institutional reforms. What's more, measures to improve the effectiveness of monetary policy, such as developing domestic capital markets, could be positive for the ratings over time.

We might consider a negative rating action if we expected a deterioration in Abu Dhabi's currently very strong fiscal balance sheet and net external asset position. Should fiscal deficits or the materialization of contingent liabilities lead to a drop in liquid assets to below 100% of GDP, downward pressure on the ratings would mount. A negative rating action could also be possible if domestic or regional events compromised political and economic stability. We currently consider either event to be unlikely during the next two years.

(Originally published Feb. 20, 2015)

Table 3

Abu Dhabi (Emirate of) Selected Indicators											
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Nominal GDP (bil. US$)	149	192	146	174	231	248	260	258	205	228	261
GDP per capita (US$)	97,032	113,228	79,796	88,558	106,655	106,106	105,810	97,583	72,140	74,405	79,189
Real GDP growth (%)	2.5	6.4	(4.9)	6.5	9.3	4.8	5.2	4.4	1.0	2.0	3.0
Real GDP per capita growth (%)	(2.0)	(4.0)	(11.8)	(1.2)	(0.5)	(3.0)	0.1	(3.0)	(6.2)	(5.2)	(4.3)
Change in general government debt/GDP (%)	0.7	0.0	2.1	4.7	(1.3)	(0.5)	(0.4)	(0.8)	(0.8)	(0.1)	0.2
General government balance/GDP (%)	24.3	27.8	(11.9)	(1.0)	10.3	14.3	6.1	(1.0)	(0.6)	1.3	4.0
General government debt/GDP (%)	0.7	0.5	2.7	7.0	4.0	3.1	2.6	1.8	1.5	1.3	1.3
Net general government debt/GDP (%)	(178.1)	(188.8)	(249.1)	(215.9)	(184.1)	(204.0)	(209.6)	(220.8)	(290.5)	(275.3)	(255.3)
General government interest expenditure/revenues (%)	0.0	0.1	0.3	0.4	0.4	0.2	0.5	0.4	0.4	0.2	0.2
Other dc claims on resident nongovernment sector/GDP (%)*	60.0	73.6	93.1	83.0	69.8	66.2	66.1	67.7	81.5	82.1	83.0
CPI growth (%)	10.6	14.9	0.8	3.0	1.9	1.1	1.3	3.2	2.0	2.0	2.0
Gross external financing needs/CARs plus usable reserves (%)*	105.3	99.6	124.5	121.4	102.6	97.9	98.0	95.8	102.4	102.9	103.2
Current account balance/GDP (%)*	6.0	4.9	0.7	2.5	14.7	18.6	16.1	14.1	4.6	2.4	0.1
Current account balance/CARs (%)*	7.7	5.9	0.9	3.1	15.9	18.6	16.1	13.7	4.0	2.0	0.1
Narrow net external debt/CARs (%)*	(115.3)	(96.5)	(122.0)	(123.3)	(103.1)	(112.7)	(126.1)	(120.5)	(126.0)	(118.4)	(111.8)
Net external liabilities/CARs (%)*	(154.5)	(125.8)	(152.6)	(148.8)	(128.3)	(142.6)	(161.5)	(159.2)	(164.2)	(155.8)	(148.0)

*Indicator for the United Arab Emirates as a whole. CARs--Current account receipts. dc--Depository corporations.

Bahrain (BBB-/Negative/A-3)

- Analyst: benjamin.young@standardandpoors.com
- Latest published research update: Bahrain Downgraded To 'BBB-/A-3' Following Sharp Decline In Oil Prices; Outlook Negative, Feb. 9, 2015.

Rating score snapshot

- Institutional assessment: Weakness
- Economic assessment: Neutral
- External assessment: Strength
- Fiscal assessment, budget performance: Weakness
- Fiscal assessment, debt: Neutral
- Monetary assessment: Neutral

Outlook: Negative

The negative outlook reflects our view of Bahrain's weakening fiscal profile and its uncertain policy response. We could lower the ratings over the next year if our fiscal deficit assumptions are materially exceeded, or if measures to combat falling government revenues do not aim for a structural improvement in Bahrain's public finances that would in turn reduce its reliance on oil revenue and contain expenditures. We could also lower the ratings if GCC development funds are not as forthcoming as we expect, causing our fiscal deficit assumptions to be markedly exceeded or growth to be substantially lower than we currently expect.

We could revise the outlook to stable if the Bahraini government embarked on a credible path to fiscal sustainability or if oil prices outstripped our current assumptions, thereby reducing fiscal deficits and limiting increases in government indebtedness.

(Originally published Feb. 9, 2015)

Table 4

Bahrain (Kingdom of) Selected Indicators

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Nominal GDP (bil. US$)	22	26	23	26	29	31	33	35	32	33	35
GDP per capita (US$)	20,908	23,299	19,465	20,930	24,304	24,988	25,949	26,928	24,518	24,763	25,581
Real GDP growth (%)	8.3	6.2	2.6	4.3	2.1	3.6	5.3	4.8	1.5	2.0	2.8
Real GDP per capita growth (%)	0.1	0.1	(4.0)	0.1	5.0	0.6	2.3	2.8	(0.5)	0.0	0.8
Change in general government debt/GDP (%)	(0.9)	(1.2)	7.2	10.6	5.0	4.9	9.3	3.8	8.0	5.5	3.0
General government balance/GDP (%)	4.0	7.8	(0.9)	(2.3)	1.6	(0.7)	(2.1)	(3.3)	(8.0)	(5.5)	(3.0)
General government debt/GDP (%)	15.8	12.1	20.8	29.2	30.8	34.0	41.0	42.6	53.9	57.8	57.8
Net general government debt/GDP (%)	(23.2)	(25.0)	(22.5)	(11.9)	(7.5)	(3.3)	6.2	10.3	19.1	24.0	25.8
General government interest expenditure/revenues (%)	2.9	1.8	2.3	3.5	3.5	4.4	5.7	7.5	12.4	12.6	11.4
Other dc claims on resident nongovernment sector/GDP (%)	53.1	64.2	71.4	67.7	68.9	69.1	68.9	68.3	75.4	75.0	73.3
CPI growth (%)	3.3	3.5	2.8	2.0	(0.5)	2.8	3.3	2.8	2.5	2.5	2.5
Gross external financing needs/CARs plus usable reserves (%)	540.5	650.7	914.7	724.9	485.5	456.9	430.3	422.8	481.1	482.5	476.8
Current account balance/GDP (%)	13.4	8.8	2.4	3.0	11.2	7.2	7.8	6.2	(0.9)	(0.6)	0.4
Current account balance/CARs (%)	10.5	8.0	3.2	4.0	10.9	8.6	9.3	7.6	(1.3)	(0.8)	0.6
Narrow net external debt/CARs (%)	(22.1)	(25.4)	(68.6)	(74.8)	(70.3)	(63.0)	(81.9)	(80.9)	(85.9)	(61.4)	(42.8)
Net external liabilities/CARs (%)	(47.1)	(54.2)	(92.1)	(87.6)	(68.8)	(46.4)	(53.0)	(40.1)	(38.8)	(16.0)	3.0

CARs--Current account receipts. dc--Depository corporations.

Egypt (B-/Stable/B)

- Analyst: ravi.bhatia@standardandpoors.com
- Latest published research update Ratings On Egypt Affirmed At 'B-/B'; Outlook Stable, Nov. 14, 2014

Rating score snapshot

- Institutional assessment: Weakness
- Economic assessment: Weakness
- External assessment: Weakness
- Fiscal assessment, budget performance: Weakness
- Fiscal assessment, debt: Weakness
- Monetary assessment: Weakness

Outlook: Stable

The stable outlook balances our expectation that Egypt will remain politically stable and that its economic growth prospects will improve, against its high fiscal deficits and significant financing pressures.

We could lower the ratings if fiscal or external indicators were to deteriorate significantly or if the financial sector's appetite for government debt issuance were to change. We could also lower the ratings if we anticipated that sufficient and timely donor support to help Egypt meet its external financial obligations would not be forthcoming. A downgrade could also signal our concern about the imminence of default risk.

We could consider raising the ratings if growth rates were to rise alongside an improvement in fiscal and external performance.

(Originally published Nov. 14, 2014)

Table 5

Egypt (Arab republic of) Selected Indicators											
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Nominal GDP (bil. US$)	130	163	189	219	236	263	272	290	332	384	442
GDP per capita (US$)	1,758	2,155	2,461	2,804	2,972	3,256	3,314	3,483	3,914	4,452	5,046
Real GDP growth (%)	7.1	7.2	4.7	5.1	1.8	2.2	2.1	2.1	2.9	3.5	3.5
Real GDP per capita growth (%)	5.3	5.4	2.9	3.4	0.1	0.5	0.4	0.5	1.2	1.8	1.8
Change in general government debt/GDP (%)	5.3	3.5	12.7	10.2	12.3	12.2	18.3	12.0	12.8	11.3	11.3
General government balance/GDP (%)	(7.6)	(7.5)	(6.9)	(8.2)	(9.8)	(10.5)	(14.1)	(12.8)	(11.5)	(10.0)	(10.0)
General government debt/GDP (%)	80.2	70.2	72.9	73.1	76.6	78.9	89.2	89.2	88.7	87.1	85.8
Net general government debt/GDP (%)	64.1	55.1	58.2	59.4	64.3	67.7	78.3	80.6	81.3	80.9	80.4
General government interest expenditure/revenues (%)	18.7	16.5	15.2	20.5	25.3	26.8	33.5	38.6	35.5	33.5	31.0
Other dc claims on resident nongovernment sector/GDP (%)	47.4	44.3	40.5	37.2	33.3	31.4	30.8	28.6	26.8	25.4	24.4
CPI growth (%)	10.9	11.6	16.2	11.6	11.2	8.7	6.9	10.1	11.0	10.0	10.0
Gross external financing needs/CARs plus usable reserves (%)	77.8	74.1	74.1	75.9	76.4	89.0	98.2	102.5	99.6	100.3	103.9
Current account balance/GDP (%)	0.6	(0.4)	(2.8)	(2.6)	(3.0)	(4.2)	(3.2)	(2.1)	(2.3)	(2.3)	(2.3)
Current account balance/CARs (%)	1.6	(1.0)	(9.4)	(10.0)	(11.7)	(17.2)	(13.3)	(8.9)	(10.0)	(10.1)	(11.0)
Narrow net external debt/CARs (%)	(50.3)	(44.3)	(35.6)	(42.5)	(25.7)	(1.2)	18.2	21.7	25.5	28.9	34.0
Net external liabilities/CARs (%)	12.2	17.2	48.8	56.6	61.3	83.4	108.7	112.7	112.3	109.6	110.9

CARs--Current account receipts. dc--Depository corporations.

Jordan (BB-/Stable/B)

- Analyst: ana.jelenkovic@standardandpoors.com
- Latest published research update: Outlook On Jordan Revised To Stable On Improving Fiscal And External Balances; 'BB-/B' Ratings Affirmed, Oct. 31, 2014

Rating score snapshot

- Institutional assessment: Neutral
- Economic assessment: Weakness
- External assessment: Weakness
- Fiscal assessment, budget performance: Weakness
- Fiscal assessment, debt: Weakness
- Monetary assessment: Neutral

Outlook: Stable

The stable outlook reflects our expectation that Jordan's fiscal and external balances will continue to gradually improve. This is predicated on external factors such as external and official funding remaining supportive; energy sector developments, including a lower energy import bill; and energy diversification efforts remaining on schedule. The outlook also assumes that government policy, for instance regarding fiscal reform, remains on track.

We could consider lowering the ratings if external and fiscal balances were to diverge significantly from our expectations, if external and official funding were less forthcoming, or if financing needs widened beyond the scope of available external assistance.

Successful implementation of key political and structural economic reforms, supporting more sustainable and economic growth and further easing fiscal and external vulnerabilities, could lead us to consider a positive rating action.

(Originally published Oct. 31, 2014)

Chart 6

Jordan (Hashemite Kingdom of) Selected Indicators

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Nominal GDP (bil. US$)	17	22	24	26	29	31	34	36	39	42	46
GDP per capita (US$)	2,990	3,756	3,983	4,323	4,615	4,843	5,145	5,408	5,710	6,048	6,432
Real GDP growth (%)	8.2	7.2	5.5	2.3	2.6	2.7	2.8	3.3	3.8	4.3	4.5
Real GDP per capita growth (%)	5.9	4.9	3.2	0.1	0.3	0.4	0.6	1.1	1.5	2.0	2.3
Change in general government debt/GDP (%)	6.4	2.4	8.5	6.4	3.6	8.5	18.6	9.6	8.5	4.9	4.0
General government balance/GDP (%)	(1.8)	(0.8)	(7.7)	(3.8)	(4.9)	(6.2)	(8.6)	(8.0)	(6.5)	(3.0)	(2.0)
General government debt/GDP (%)	61.8	50.5	55.1	56.0	55.0	59.8	73.7	78.2	81.0	79.7	77.4
Net general government debt/GDP (%)	45.7	39.0	42.6	43.2	42.8	46.6	58.8	65.5	68.8	68.2	66.5
General government interest expenditure/revenues (%)	7.4	5.8	7.1	7.0	6.6	9.0	10.1	11.2	13.1	12.9	12.4
Other dc claims on resident nongovernment sector/GDP (%)	98.0	86.1	78.8	75.7	75.7	74.7	73.7	75.5	77.6	80.3	83.5
CPI growth (%)	5.4	14.9	(0.7)	5.0	4.4	4.8	5.5	3.0	2.6	2.5	2.5

Chart 6

Jordan (Hashemite Kingdom of) Selected Indicators (cont.)											
Gross external financing needs/CARs plus usable reserves (%)	117.3	110.7	106.7	98.0	100.4	113.8	120.8	107.9	104.4	105.3	107.5
Current account balance/GDP (%)	(16.8)	(9.4)	(5.2)	(7.1)	(10.3)	(15.2)	(10.3)	(8.5)	(7.5)	(7.8)	(6.6)
Current account balance/CARs (%)	(20.1)	(11.1)	(7.6)	(10.5)	(14.9)	(23.6)	(15.4)	(13.0)	(11.7)	(13.1)	(11.1)
Narrow net external debt/CARs (%)	(13.7)	(16.6)	(29.1)	(26.7)	(15.1)	7.5	12.2	15.5	18.1	21.7	21.7
Net external liabilities/CARs (%)	161.1	113.7	105.1	102.0	101.5	133.1	136.4	141.5	145.9	158.7	156.7

CARs--Current account receipts. dc--Depository corporations.

Kuwait (AA/Stable/A-1+)

- Analyst: ravi.bhatia@standardandpoors.com
- Latest published research update: Kuwait Ratings Affirmed At 'AA/A-1+' Despite Oil Price Drop; Outlook Stable, Feb. 13, 2015

Rating score snapshot

- Institutional assessment: Neutral
- Economic assessment: Strength
- External assessment: Strength
- Fiscal assessment, budget performance: Strength
- Fiscal assessment, debt: Strength
- Monetary assessment: Neutral

Outlook: Stable

The stable outlook reflects our expectation that Kuwait's fiscal and external positions will remain strong, backed by a significant stock of financial assets. We expect these strengths to offset risks related to the current volatile oil price, Kuwait's undiversified oil economy, and what we assess as a volatile and unpredictable political system, in addition to geopolitical tensions in the region.

We could lower the ratings if a continued fall in oil prices were to undermine Kuwait's wealth levels, if Kuwait's domestic political stability were to significantly deteriorate, or if geopolitical risks were to escalate.

We could raise the ratings if political reforms were to enhance institutional effectiveness and improve long-term economic diversification, if geopolitical risks fade significantly, and prospects for the oil sector improve.

(Originally published Feb. 13, 2015)

Table 7

Kuwait (State of) Selected Indicators											
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Nominal GDP (bil. US$)	115	147	106	115	154	174	176	192	158	173	188
GDP per capita (US$)	44,868	54,540	37,181	38,579	49,296	53,544	52,196	55,471	44,124	46,891	49,512
Real GDP growth (%)	6.0	2.5	(7.1)	(2.4)	10.2	8.3	2.5	2.8	1.0	2.3	2.6
Real GDP per capita growth (%)	0.3	(3.1)	(11.9)	(7.0)	5.5	4.1	(1.1)	(0.2)	(1.9)	(0.7)	(0.4)

Table 7

Kuwait (State of) Selected Indicators (cont.)											
Change in general government debt/GDP (%)	2.0	0.1	(1.6)	1.1	(0.2)	(0.7)	(1.1)	0.2	(1.4)	0.3	0.2
General government balance/GDP (%)	42.4	15.0	29.6	26.2	41.0	35.3	35.9	36.8	15.0	16.0	16.5
General government debt/GDP (%)	11.7	9.7	11.0	11.2	8.6	6.8	5.6	5.4	5.2	5.0	4.8
Net general government debt/GDP (%)	(241.2)	(180.8)	(261.7)	(250.2)	(234.5)	(243.9)	(276.1)	(288.8)	(371.6)	(355.2)	(342.9)
General government interest expenditure/revenues (%)	0.6	0.4	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other dc claims on resident nongovernment sector/GDP (%)	67.0	64.2	88.6	83.2	66.4	59.6	62.4	61.2	79.8	77.3	75.4
CPI growth (%)	5.5	10.6	4.6	4.5	4.9	3.2	2.7	3.0	4.0	4.0	4.0
Gross external financing needs/CARs plus usable reserves (%)	63.7	66.4	82.4	67.0	51.9	49.1	49.6	53.8	68.9	66.8	65.8
Current account balance/GDP (%)	36.1	40.9	26.8	31.8	42.7	45.2	39.7	35.0	18.2	18.8	20.0
Current account balance/CARs (%)	46.4	53.4	37.9	42.8	53.2	55.2	51.5	48.6	29.8	30.6	31.8
Narrow net external debt/CARs (%)	(288.9)	(194.3)	(315.7)	(310.7)	(255.6)	(261.5)	(304.1)	(337.2)	(509.4)	(481.9)	(446.9)
Net external liabilities/CARs (%)	(404.3)	(305.5)	(480.1)	(438.3)	(353.7)	(344.3)	(383.2)	(446.6)	(673.3)	(641.3)	(605.9)

CARs--Current account receipts. dc--Depository corporations.

Lebanon (B-/Stable/B)

- Analyst: ana.jelenkovic@standardandpoors.com
- Latest published research update: Ratings On The Republic of Lebanon Affirmed At 'B-/B'; Outlook Stable, Oct. 10, 2014

Rating score snapshot

- Institutional assessment: Weakness
- Economic assessment: Neutral
- External assessment: Neutral
- Fiscal assessment, budget performance: Weakness
- Fiscal assessment, debt: Weakness
- Monetary assessment: Weakness

Outlook: Stable

The stable outlook reflects our view that deposit inflows into the financial system will continue over the coming year despite the difficult internal and external political environments, and that consequently the domestic financial sector will continue to enable the government to meet its financing needs.

If the political and economic situation deteriorates to the point where it staunches deposit growth, or if public finances deteriorate significantly, we could consider lowering the ratings.

We could consider raising the ratings if public finances became more sustainable, which would be supported either by a political breakthrough in Syria--potentially improving economic growth prospects in Lebanon--or an improvement in domestic policymaking that could translate into fiscal reforms.

(Originally published Oct. 10, 2014)

Table 8

Lebanon (Republic of) Selected Indicators	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Nominal GDP (bil. US$)	25	29	35	38	40	43	45	47	49	52	56
GDP per capita (US$)	5,937	6,888	8,274	8,756	8,950	9,247	9,335	9,420	9,469	9,849	10,343
Real GDP growth (%)	9.4	9.1	10.3	8.0	2.0	2.5	1.5	1.5	1.5	2.5	3.5
Real GDP per capita growth (%)	7.8	7.9	8.7	5.6	(1.1)	(1.2)	(2.2)	(2.4)	(2.4)	0.5	1.5
Change in general government debt/GDP (%)	6.8	17.4	11.7	3.8	2.6	9.4	12.9	10.0	10.5	10.0	10.0
General government balance/GDP (%)	(10.4)	(10.1)	(8.4)	(7.6)	(5.8)	(9.1)	(9.4)	(10.0)	(10.5)	(10.0)	(10.0)
General government debt/GDP (%)	171.0	163.2	145.6	138.4	133.9	134.2	141.0	144.4	148.6	150.1	150.1
Net general government debt/GDP (%)	158.8	144.1	125.7	118.5	115.7	114.3	118.2	122.6	127.8	130.5	131.8
General government interest expenditure/revenues (%)	56.5	47.0	45.5	46.5	40.2	38.5	40.2	42.0	42.2	42.3	42.3
Other dc claims on resident nongovernment sector/GDP (%)	72.2	73.1	69.0	79.8	85.4	88.1	92.2	94.9	98.9	104.4	109.2
CPI growth (%)	9.3	5.5	3.4	4.6	7.2	5.9	3.2	3.0	4.0	4.0	4.0
Gross external financing needs/CARs plus usable reserves (%)	111.6	118.3	110.5	100.5	90.1	97.3	99.7	112.1	122.8	138.9	156.2
Current account balance/GDP (%)	(6.5)	(14.4)	(20.0)	(18.3)	(9.0)	(18.6)	(24.2)	(24.2)	(24.4)	(25.8)	(24.8)
Current account balance/CARs (%)	(6.4)	(13.1)	(23.2)	(23.4)	(10.3)	(25.0)	(35.5)	(35.9)	(36.4)	(38.7)	(37.3)
Narrow net external debt/CARs (%)	(52.8)	(55.2)	(88.9)	(114.8)	(96.1)	(110.1)	(91.1)	(62.6)	(36.4)	(11.4)	11.0
Net external liabilities/CARs (%)	28.2	21.2	11.2	3.8	10.1	19.0	51.0	84.2	116.4	148.2	175.6

CARs--Current account receipts. dc--Depository corporations.

Morocco (BBB-/Stable/A-3)

- Analyst: patrick.raleigh@standardandpoors.com
- Latest published research update: Ratings On Morocco Affirmed At 'BBB-/A-3'; Outlook Stable, Nov. 14, 2014

Rating score snapshot

- Institutional assessment: Neutral
- Economic assessment: Weakness
- External assessment: Neutral
- Fiscal assessment, budget performance: Neutral
- Fiscal assessment, debt: Neutral
- Monetary assessment: Neutral

Outlook: Stable

The stable outlook reflects our expectation that the consolidation of the still-large twin deficits will continue over the next few years, while economic growth accelerates from recently low rates.

We could lower the ratings if growth does not accelerate as markedly as expected, if the government deviates substantially from its deficit consolidation path, or if the current account does not narrow as anticipated, for example owing to lower-than-expected exports. We could also lower the ratings if the country's gross external financing requirements are significantly larger than currently forecast.

We see an upgrade as a more remote possibility. It might require economic growth to substantially exceed our forecasts, for exchange rate flexibility to increase markedly, and for our assessment of Morocco's institutional and governance quality to rise above that of similarly rated peers.

(Originally published Nov. 14, 2014)

Table 9

Morocco (Kingdom of) Selected Indicators

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Nominal GDP (bil. US$)	75	89	91	91	99	96	104	114	122	130	139
GDP per capita (US$)	2,453	2,871	2,907	2,869	3,095	2,949	3,146	3,402	3,594	3,781	3,990
Real GDP growth (%)	2.7	5.6	4.8	3.6	5.0	2.7	4.4	3.3	4.4	4.7	5.0
Real GDP per capita growth (%)	1.8	4.6	3.7	2.4	3.6	1.2	2.8	2.0	3.1	3.4	3.7
Change in general government debt/GDP (%)	(1.0)	(1.6)	1.8	4.0	4.6	8.7	6.7	3.0	3.1	2.4	2.4
General government balance/GDP (%)	3.9	3.7	1.2	(2.1)	(4.7)	(5.3)	(2.7)	(3.3)	(3.3)	(2.6)	(2.6)
General government debt/GDP (%)	38.7	33.1	32.9	35.5	38.4	46.0	50.3	50.6	50.6	49.7	48.9
Net general government debt/GDP (%)	35.7	30.9	30.8	33.1	36.5	44.0	48.0	48.4	48.3	47.5	46.8
General government interest expenditure/revenues (%)	7.0	6.1	6.5	6.8	6.3	6.5	7.0	7.8	7.8	8.1	8.0
Other dc claims on resident nongovernment sector/GDP (%)	74.0	82.7	86.7	92.2	97.0	98.8	96.9	95.5	94.0	94.0	94.1
CPI growth (%)	2.0	3.7	1.0	1.0	0.9	1.3	1.9	2.1	2.3	2.3	2.3
Gross external financing needs/CARs plus usable reserves (%)	67.3	75.6	75.2	77.2	85.9	93.6	97.2	97.2	96.8	95.0	93.6
Current account balance/GDP (%)	(0.3)	(6.4)	(5.4)	(4.5)	(8.1)	(9.8)	(7.6)	(6.6)	(5.2)	(3.5)	(2.5)
Current account balance/CARs (%)	(0.7)	(14.3)	(14.2)	(10.5)	(17.9)	(21.7)	(17.6)	(14.7)	(11.2)	(7.5)	(5.1)
Narrow net external debt/CARs (%)	(31.1)	(17.4)	(10.9)	(2.0)	8.6	23.9	31.5	36.7	36.4	34.1	30.0
Net external liabilities/CARs (%)	86.3	80.5	109.9	112.1	105.4	125.8	136.9	136.0	135.3	131.1	125.0

CARs--Current account receipts. dc--Depository corporations.

Oman (A-/Stable/A-2)

- Analyst: patrick.raleigh@standardandpoors.com
- Latest published research update: Sultanate of Oman Ratings Lowered To 'A-/A-2'; Outlook Stable, Feb. 9, 2015

Rating assessment snapshot

- Institutional assessment: Neutral
- Economic assessment: Neutral
- External assessment: Strength
- Fiscal assessment, budget performance: Strength
- Fiscal assessment, debt: Strength
- Monetary assessment: Neutral

Outlook: Stable

The stable outlook reflects our view that the deterioration in nominal GDP and the fiscal and external positions will not substantially exceed our current expectations, and that the eventual succession of the sultan will be smooth.

We could lower the ratings if it appears we have underestimated the likely negative impact of lower oil prices on the economy, and the fiscal and external positions, if it looks likely that trend growth in real per capita GDP will remain materially below that of peers, or if we see signs that the succession of the sultan will disrupt institutional functioning.

We could raise the ratings if our current forecasts for the external position prove to be overly conservative, perhaps if it transpires that our oil price forecasts were too low, or if we include more income from external assets in our current account forecasts. We could also raise the ratings if the government's net asset position materially outperforms our current expectations, or if trend growth in Oman's per capita real GDP accelerates to a level in line with peers'.

(Originally published Feb. 9, 2015)

Table 10

Oman (Sultanate of) Selected Indicators

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Nominal GDP (bil. US$)	42	61	48	59	70	78	80	86	75	82	87
GDP per capita (US$)	15,343	21,244	15,245	17,851	21,099	21,390	20,663	21,510	18,231	19,124	19,727
Real GDP growth (%)	4.5	8.2	6.1	4.8	0.9	5.8	4.5	3.6	3.2	3.4	3.4
Real GDP per capita growth (%)	(1.9)	3.5	(4.2)	1.3	0.6	(3.8)	(1.8)	0.1	(0.3)	(0.1)	(0.1)
Change in general government debt/GDP (%)	(1.5)	(0.2)	0.4	0.4	0.4	0.4	0.4	(0.1)	0.5	1.1	0.7
General government balance/GDP (%)	11.0	13.7	(2.1)	4.0	7.4	2.6	3.2	2.8	(4.0)	(2.5)	(2.0)
General government debt/GDP (%)	6.2	4.1	5.6	5.0	4.7	4.6	4.9	4.4	5.5	6.2	6.5
Net general government debt/GDP (%)	(71.4)	(67.2)	(83.0)	(71.8)	(70.1)	(71.5)	(77.6)	(75.8)	(78.9)	(67.0)	(58.4)
General government interest expenditure/revenues (%)	1.0	0.5	0.6	0.4	0.3	0.3	0.3	0.3	0.4	0.4	0.5
Other dc claims on resident nongovernment sector/GDP (%)	39.7	39.2	52.3	48.8	47.8	49.5	51.7	51.8	63.2	62.9	63.6
CPI growth (%)	5.9	12.3	3.4	3.3	4.1	2.9	1.1	1.1	1.7	2.2	2.2
Gross external financing needs/CARs plus usable reserves (%)	101.2	96.7	105.0	91.8	85.5	87.7	94.6	95.4	107.5	110.2	109.9
Current account balance/GDP (%)	5.9	8.2	(1.0)	8.6	12.9	10.1	6.4	5.4	(4.8)	(3.9)	(3.5)
Current account balance/CARs (%)	8.6	12.3	(1.7)	12.8	17.8	14.1	8.3	7.2	(7.1)	(5.7)	(5.0)
Narrow net external debt/CARs (%)	(57.0)	(65.7)	(81.7)	(63.9)	(57.0)	(58.2)	(57.6)	(61.6)	(64.4)	(54.2)	(41.4)
Net external liabilities/CARs (%)	(51.8)	(61.7)	(76.6)	(64.7)	(62.7)	(66.4)	(69.6)	(74.2)	(85.1)	(71.5)	(61.3)

CARs--Current account receipts. dc--Depository corporations.

Qatar (AA/Stable/A-1+)

- Analyst: trevor.cullinan@standardandpoors.com
- Latest published research update: Qatar Ratings Affirmed At 'AA/A-1+'; Outlook Stable, Feb. 9, 2015

Rating score snapshot

- Institutional assessment: Neutral
- Economic assessment: Strength
- External assessment: Strength
- Fiscal assessment, budget performance: Strength
- Fiscal assessment, debt: Strength
- Monetary assessment: Neutral

Outlook: Stable

The stable outlook reflects our view that Qatar's high economic wealth levels and strong external and fiscal positions will balance its institutional shortcomings and limited monetary flexibility over the next two years.

We could lower the ratings on Qatar if developments in hydrocarbon production and prices or in the banking sector were to significantly weaken the country's external or fiscal positions, for example, should the government's liquid assets fall significantly below 100% of GDP by our estimates.

We could raise the ratings on Qatar if we saw domestic institutions mature faster than expected, alongside significant improvements in transparency regarding government assets and external data quality.

(Originally published Feb. 9, 2015)

Table 11

Qatar (State of) Selected Indicators

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Nominal GDP (bil. US$)	80	115	98	125	170	190	203	206	174	196	225
GDP per capita (US$)	69,167	84,812	62,528	71,510	88,861	92,801	93,714	89,199	70,629	74,769	81,090
Real GDP growth (%)	18.0	17.7	12.0	16.7	13.0	6.0	6.3	6.0	4.0	4.5	4.5
Real GDP per capita growth (%)	(0.9)	(0.2)	(2.7)	4.4	3.5	(1.2)	0.5	(0.5)	(2.4)	(1.9)	(1.4)
Change in general government debt/GDP (%)	(0.3)	3.4	25.0	15.0	0.6	3.2	(0.3)	(3.7)	(3.6)	(2.2)	(1.0)
General government balance/GDP (%)	11.3	10.1	13.6	2.5	7.6	18.2	15.1	6.9	(1.4)	(1.7)	1.1
General government debt/GDP (%)	7.8	8.9	35.4	42.7	32.1	31.8	29.5	25.4	26.5	21.3	17.5
Net general government debt/GDP (%)	(23.6)	(25.7)	(49.6)	(46.9)	(44.7)	(48.9)	(85.1)	(96.1)	(118.6)	(107.9)	(98.0)
General government interest expenditure/revenues (%)	1.6	1.7	2.3	3.6	4.4	3.0	2.1	2.1	2.4	1.9	1.5
Other dc claims on resident nongovernment sector/GDP (%)	50.8	52.1	62.9	59.4	56.8	63.5	66.4	69.8	91.0	92.8	92.8
CPI growth (%)	13.8	15.1	(4.9)	(2.4)	1.9	1.9	3.1	3.0	3.0	3.2	4.5
Gross external financing needs/CARs plus usable reserves (%)	88.5	78.7	113.9	91.2	75.9	85.7	84.7	84.1	96.3	96.1	90.3
Current account balance/GDP (%)	14.4	23.1	6.5	19.1	30.6	32.6	30.8	26.4	15.1	12.7	15.0
Current account balance/CARs (%)	22.1	35.1	12.0	28.4	40.1	41.0	40.2	35.6	21.1	19.2	23.1
Narrow net external debt/CARs (%)	(21.2)	(11.9)	(62.2)	(56.4)	(10.7)	(33.3)	(69.3)	(92.8)	(124.9)	(131.2)	(123.4)
Net external liabilities/CARs (%)	(42.0)	(42.7)	(104.8)	(104.0)	(66.8)	(79.2)	(127.3)	(160.4)	(215.7)	(220.4)	(214.1)

CARs--Current account receipts. dc--Depository corporations.

Ras Al Khaimah (A/Stable/A-1)

- Analyst: benjamin.young@standardandpoors.com
- Latest published research update: Emirate of Ras Al Khaimah Outlook Revised To Stable On Improved Government Support Structures; 'A/A-1' Ratings Affirmed, Oct. 31, 2014

Rating score snapshot

- Institutional assessment: Neutral
- Economic assessment: Neutral
- External assessment: Strength
- Fiscal assessment, budget performance: Strength
- Fiscal assessment, debt: Strength
- Monetary assessment: Weakness

Outlook: Stable

The stable outlook balances our expectations over the next two years regarding Ras Al Khaimah's fiscal flexibility and advantages of UAE membership, against underdeveloped and highly centralized political institutions and the limited availability of timely economic data. We expect continued support for Ras Al Khaimah through the UAE's system of fiscal federalism, and assess as strong the likelihood of extraordinary support from the UAE (with Abu Dhabi backing) in the event of financial distress. We also anticipate that Ras Al Khaimah will continue to strengthen the availability of its economic data.

We could consider lowering the ratings if we observed a pronounced deterioration in Ras Al Khaimah's economic or fiscal performance, potentially due to a sharp drop in regional demand for Ras Al Khaimah's exports. We could raise the ratings if, in contrast with our current expectations, the transparency and strength of political institutions markedly improved.

(Originally published Oct. 31, 2014)

Table 12

Ras Al Khaimah (Emirate of) Selected Indicators

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Nominal GDP (bil. US$)	3	4	5	5	6	7	7	8	8	9	10
GDP per capita (US$)	14,596	17,098	17,847	12,589	14,907	16,078	16,122	16,795	17,495	18,225	18,985
Real GDP growth (%)	3.4	59.3	7.8	6.9	26.0	3.3	4.6	6.0	6.0	6.0	6.0
Real GDP per capita growth (%)	(0.3)	37.1	4.2	(30.9)	25.1	1.8	0.8	2.1	2.1	2.1	2.1
Change in general government debt/GDP (%)	14.7	5.6	1.0	10.8	(0.8)	2.7	3.0	(2.3)	0.1	0.7	0.7
General government balance/GDP (%)	7.5	(4.5)	4.9	5.3	4.5	3.4	3.7	3.5	3.3	3.3	3.3
General government debt/GDP (%)	21.7	21.5	20.9	29.9	24.3	25.0	26.9	22.7	21.1	20.2	19.4
Net general government debt/GDP (%)	(23.8)	(4.8)	(5.4)	(6.1)	(2.7)	3.7	(17.8)	(18.4)	(16.9)	(14.9)	(13.1)
General government interest expenditure/revenues (%)	(2.6)	(1.4)	3.2	3.9	4.8	5.8	5.0	5.2	4.4	4.1	3.9
Other dc claims on resident nongovernment sector/GDP (%)*	60.0	73.6	93.1	83.0	69.8	66.2	66.1	67.7	81.5	82.1	83.0
CPI growth (%)	9.9	(23.1)	0.2	2.2	3.0	2.5	1.4	2.0	2.0	2.0	2.0

Table 12

Ras Al Khaimah (Emirate of) Selected Indicators (cont.)											
Gross external financing needs/CARs plus usable reserves (%)*	105.3	99.6	124.5	121.4	102.6	97.9	98.0	95.8	102.4	102.9	103.2
Current account balance/GDP (%)*	6.0	4.9	0.7	2.5	14.7	18.6	16.1	14.1	4.6	2.4	0.1
Current account balance/CARs (%)*	7.7	5.9	0.9	3.1	15.9	18.6	16.1	13.7	4.0	2.0	0.1
Narrow net external debt/CARs (%)*	(115.3)	(96.5)	(122.0)	(123.3)	(103.1)	(112.7)	(126.1)	(120.5)	(126.0)	(118.4)	(111.8)
Net external liabilities/CARs (%)*	(154.5)	(125.8)	(152.6)	(148.8)	(128.3)	(142.6)	(161.5)	(159.2)	(164.2)	(155.8)	(148.0)

*Indicator for the United Arab Emirates as a whole. CARs--Current account receipts. dc--Depository corporations.

Saudi Arabia (AA-/Negative/A-1+)

- Analyst: trevor.cullinan@standardandpoors.com
- Latest published research update: Saudi Arabia Outlook Revised To Negative Following Sharp Decline In Oil Prices; 'AA-/A-1+ Ratings Affirmed, Feb. 9, 2015

Rating score snapshot

- Institutional assessment: Neutral
- Economic assessment: Neutral
- External assessment: Strength
- Fiscal assessment, budget performance: Strength
- Fiscal assessment, debt: Strength
- Monetary assessment: Neutral

Outlook: Negative

The negative outlook reflects our view that Saudi Arabia's general government fiscal position is weakening. We could lower the ratings over the next two years if the government's liquid assets fell well below 100% of GDP or its overall fiscal performance significantly weakened by our estimates. The ratings could also come under pressure if domestic or regional events compromised political and economic stability.

The ratings could stabilize at current levels if the combination of policy choices by the Saudi authorities and external economic conditions preserve the government's exceptionally large liquid asset position close to current levels, which provide the government with an exceptional buffer during periods of economic or financial shocks.

(Originally published Feb. 9, 2015)

Table 13

Saudi Arabia (Kingdom of) Selected Indicators	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Nominal GDP (bil. US$)	416	520	429	527	670	734	748	752	655	735	828
GDP per capita (US$)	16,678	20,157	16,095	19,113	23,594	25,139	24,953	24,398	20,721	22,709	24,992
Real GDP growth (%)	6.0	8.4	1.8	7.4	8.6	5.8	4.0	4.2	2.5	2.5	3.2
Real GDP per capita growth (%)	2.5	4.9	(1.5)	3.9	5.5	2.8	1.2	1.4	(0.1)	0.1	0.9
Change in general government debt/GDP (%)	(0.4)	(0.9)	(0.5)	(1.7)	(0.4)	(0.2)	(0.4)	(0.1)	(0.1)	0.1	(0.4)
General government balance/GDP (%)	13.4	31.0	(4.2)	5.2	12.1	14.2	7.1	(1.3)	(6.0)	(3.8)	(1.0)

Table 13

Saudi Arabia (Kingdom of) Selected Indicators (cont.)											
General government debt/GDP (%)	6.7	4.5	4.9	2.3	1.4	1.1	0.6	0.5	0.5	0.5	0.0
Net general government debt/GDP (%)	(108.2)	(109.0)	(125.2)	(115.3)	(106.2)	(116.7)	(126.6)	(124.9)	(135.2)	(114.7)	(99.6)
General government interest expenditure/revenues (%)	3.0	1.5	2.5	1.4	0.7	0.5	0.4	0.3	0.3	0.2	0.2
Other dc claims on resident nongovernment sector/GDP (%)	39.5	39.3	47.4	40.9	35.5	37.7	41.6	47.2	59.6	58.4	57.1
CPI growth (%)	5.0	6.1	4.2	3.8	3.8	2.9	3.5	2.7	2.8	3.0	3.0
Gross external financing needs/CARs plus usable reserves (%)	60.9	58.8	79.9	66.9	54.3	53.8	58.7	64.6	94.3	90.0	86.8
Current account balance/GDP (%)	22.5	25.5	4.9	12.7	23.7	22.5	17.7	13.6	2.7	4.7	6.0
Current account balance/CARs (%)	35.3	38.4	9.5	23.8	40.0	39.0	32.1	26.0	5.5	9.9	13.1
Narrow net external debt/CARs (%)	(148.7)	(153.5)	(237.0)	(206.3)	(177.9)	(196.8)	(214.9)	(206.3)	(239.2)	(205.0)	(182.2)
Net external liabilities/CARs (%)	(153.7)	(146.4)	(215.6)	(190.6)	(162.7)	(181.8)	(198.5)	(186.5)	(211.5)	(176.9)	(153.0)

CARs--Current account receipts. dc--Depository corporations.

Sharjah (A/Stable/A-1)

- Analyst: trevor.cullinan@standardandpoors.com
- Latest published research update: Emirate of Sharjah 'A/A-1' Ratings Affirmed On Strong Economic Growth; Outlook Stable, Nov. 7, 2014

Rating score snapshot

- Institutional assessment: Neutral
- Economic assessment: Strength
- External assessment: Strength
- Fiscal assessment, budget performance: Strength
- Fiscal assessment, debt: Neutral
- Monetary assessment: Weakness

Outlook: Stable

The stable outlook balances our view that Sharjah's nominal growth will remain strong, averaging about 8% in 2014-2017, against the Sharjah government's still relatively high interest burden, which we anticipate it will keep relatively stable over the same period. We expect the UAE's system of fiscal federalism to continue supporting Sharjah and covering its basic services. We assess as strong the likelihood of extraordinary support from the UAE (with backing from Abu Dhabi) to Sharjah in the event of financial distress.

We could consider lowering the ratings if Sharjah's economic or fiscal performance deteriorated markedly. For example, we foresee pressure on the ratings if Sharjah's GDP per capita falls noticeably below our current estimates or if we revise upward our estimates for the average annual change in Sharjah's general government debt by more than 1% of GDP.

We could raise the ratings if Sharjah's data transparency and development of public institutions improved significantly. Moreover, improvements to fiscal performance, including measures to raise revenues, could be positive for the ratings.

(Originally published Nov. 7, 2014)

Table 14

Sharjah (Emirate of) Selected Indicators											
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Nominal GDP (bil. US$)	15	18	17	17	19	20	22	23	25	27	29
GDP per capita (US$)	18,182	21,516	20,243	20,992	22,429	23,372	25,411	27,373	29,094	30,912	32,844
Real GDP growth (%)	N/A	8.1	(6.8)	4.9	6.0	1.5	8.3	6.0	5.0	5.0	5.0
Real GDP per capita growth (%)	N/A	7.1	(8.0)	4.5	5.2	0.7	7.5	5.2	4.2	4.2	4.2
Change in general government debt/GDP (%)	N/A	1.6	0.8	1.7	0.9	1.4	1.4	2.7	1.6	1.3	1.1
General government balance/GDP (%)	N/A	(2.6)	(0.6)	(1.5)	(0.3)	(1.2)	(1.3)	(2.6)	(1.6)	(1.3)	(1.1)
General government debt/GDP (%)	N/A	1.6	2.5	4.1	4.7	5.9	6.8	9.0	10.1	10.7	11.1
Net general government debt/GDP (%)	N/A	(2.3)	(1.5)	0.6	2.0	3.3	2.6	5.0	6.3	7.1	7.8
General government interest expenditure/revenues (%)	N/A	1.7	2.8	4.2	5.1	6.2	6.7	7.5	8.5	9.6	10.5
Other dc claims on resident nongovernment sector/GDP (%)*	60.0	73.6	93.1	83.0	69.8	66.2	66.1	67.7	81.5	82.1	83.0
CPI growth (%)	N/A	11.3	2.1	(0.8)	1.7	3.6	1.2	2.4	2.0	2.0	2.0
Gross external financing needs/CARs plus usable reserves (%)*	105.3	99.6	124.5	121.4	102.6	97.9	98.0	95.8	102.4	102.9	103.2
Current account balance/GDP (%)*	6.0	4.9	0.7	2.5	14.7	18.6	16.1	14.1	4.6	2.4	0.1
Current account balance/CARs (%)*	7.7	5.9	0.9	3.1	15.9	18.6	16.1	13.7	4.0	2.0	0.1
Narrow net external debt/CARs (%)*	(115.3)	(96.5)	(122.0)	(123.3)	(103.1)	(112.7)	(126.1)	(120.5)	(126.0)	(118.4)	(111.8)
Net external liabilities/CARs (%)*	(154.5)	(125.8)	(152.6)	(148.8)	(128.3)	(142.6)	(161.5)	(159.2)	(164.2)	(155.8)	(148.0)

*Indicator for the United Arab Emirates as a whole. N/A--Not Available. CARs--Current account receipts. dc--Depository corporations.

Related Criteria And Research

Related Criteria

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- Methodology For Linking Short-Term And Long-Term Ratings For Corporate, Insurance, And Sovereign Issuers, May 7, 2013
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Related Research

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- Standard & Poor's Revises its Crude Oil And Natural Gas Price Assumptions, Jan. 9, 2015
- Calendar Of 2015 EMEA Sovereign, Regional, And Local Government Rating Publication Dates, Dec. 30, 2014
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- Top Geopolitical Risks For Sovereign Ratings In 2015, Dec. 2, 2014
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- Common Characteristics Of Rated Sovereigns Prior To Default, Jan. 17, 2014
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