

MARKET SIGNALS SOVEREIGN RISK REPORT

Moody's Capital Markets Research, Inc.

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About

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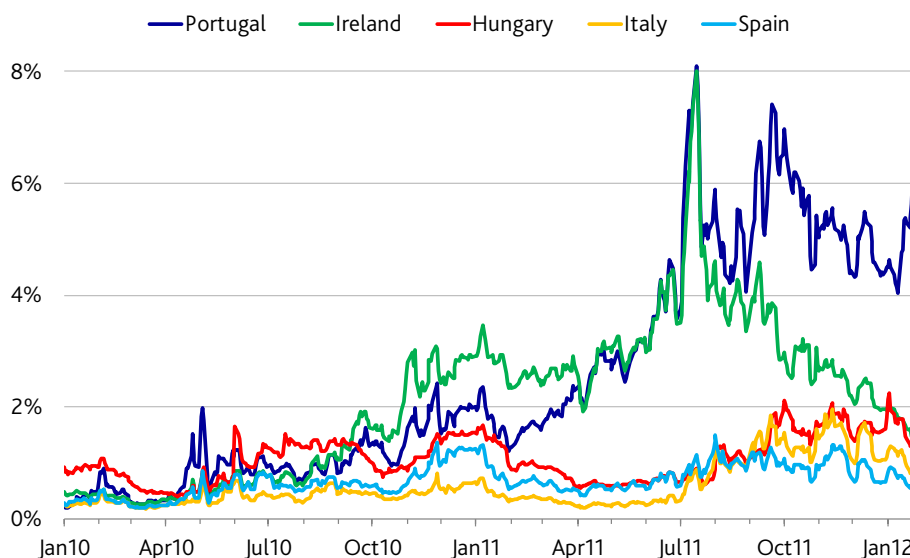
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Portuguese Market-Based Default Probabilities Deteriorate Further, as Greek Debt Negotiations Continue

Market-based probabilities of default of many sovereign debt issuers continued to improve during the first half of this past week, and remained roughly unchanged once it became apparent that Greek debt restructuring negotiations were not proceeding as smoothly as hoped for. As in recent weeks, Portugal was again a notable exception. The country's CDS-implied EDF™ (Expected Default Frequency) credit measures deteriorated throughout the entire week (Figure 1).¹ These developments reinforce a pattern that began to emerge last week, with market participants collectively believing that policymakers' attempts to create a so-called firewall to stem the sovereign debt crisis will be sufficient to save countries such as Italy, Spain, and Ireland, but not Portugal and Greece.

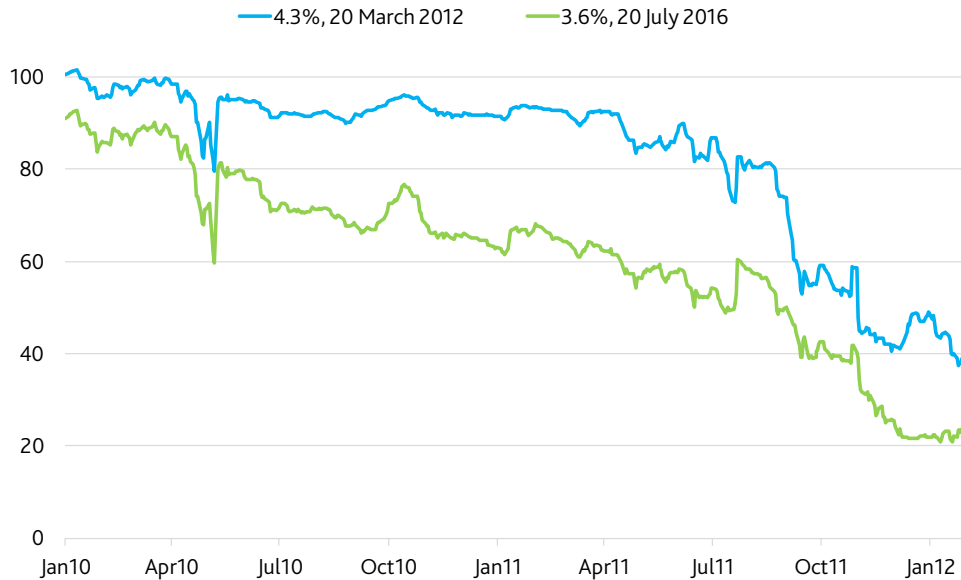
Figure 1. One-year CDS-implied EDF™ metric of selected sovereign issuers



¹ CDS-implied EDF™ (Expected Default Frequency) credit measures are the market's collective assessment of the probability of default, extracted from observed credit default swap spreads and adjusted for loss-given default and the market price of risk.

Greek debt restructuring negotiations continued this past week without reaching an agreement. Figure 2 shows the price (in percentage of par) of the bond issue that is due to mature on March 20, 2012, and issue that matures in 2016. For much of the past two years, prices on the two issues ran in parallel fashion. In December, however, the issue due in March began to increase in price from the low 40s to the high 40s, as buyers were hoping to either receive 50c on the dollar in a restructuring or, in the event negotiations were to stretch past March, perhaps even as high as par. Since the beginning of the year, however, bond prices on the March tranche have fallen from the high 40s to the high 30s, indicating that investors have begun to have second thoughts about the likelihood of either scenario.

Figure 2. Prices of selected Greek bond issues



The inevitability of a Greek sovereign debt restructuring has been long apparent to market participants. For almost a year now, a Greek debt restructuring has been a matter not of whether but how, i.e. orderly or disorderly. Policymakers eventually caught up with the market view, shifting their main focus of concern over the past year from trying to prevent a Greek default to minimizing the systemic consequences of a default for the European banking system and the impact on the continent's economic growth rate.

Portugal's one-year EDF metric deteriorated from 4.34% on December 28 to 6.48% as of the end of this past week (Figure 1). The country's five-year cumulative EDF measure is now 26.1%, which is the probability CDS markets assign to a Portuguese sovereign debt default at any point over the next five years. Portugal's existing rescue agreement calls for the country to regain access to the capital markets in 2013. But with its bond yields as high as they are, that is becoming increasingly unrealistic. An awareness is setting in among many market participants that to pay off debt maturing in 2013, Portugal may need additional rescue funds.

Ireland, along with Greece and Portugal, is also a recipient of rescue funds. Its EDF measure peaked at 8.0% on July 18, 2011, just before the Greek rescue agreement announced that month. Since then, Ireland's EDF measures have steadily improved, even as those of other GIIPS countries deteriorated or at best held steady during the second half of last year (Figure 1). Ireland's prospects are generally perceived as improving for several reasons that do not apply to Portugal or Greece. Economists generally expect better near-term economic growth in Ireland than in Portugal and Greece, and Ireland has thus far exhibited much better results achieving financial targets imposed under its rescue agreement. Fiscal austerity programs are meeting with much less opposition in Ireland than they have in Greece, and Ireland requires

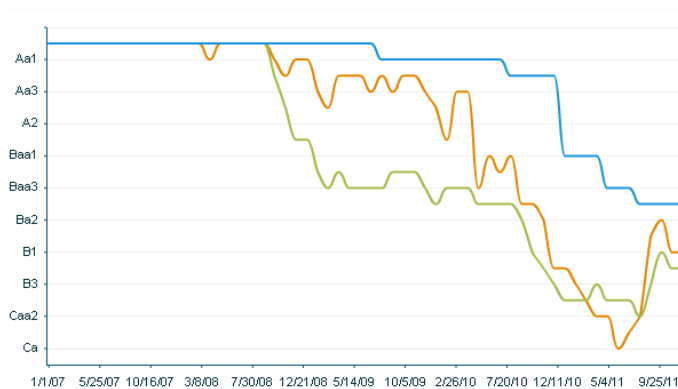
less drastic reforms than Greece to be internationally competitive. Finally, Irish banks don't have anywhere near the credit exposure to other peripheral European nations that some of the continental banks do. Thus, any continental defaults will not have nearly as much of an impact for Irish banks as it will for continental banks, which in turn is positive for Ireland's sovereign credit quality.

Other market-based Irish and Portuguese credit risk signals are consistent with the two countries' CDS-implied EDF measures. Ireland's bond- and CDS-implied ratings have shown significant improvement in recent months (Figure 3), while Portugal's have not (Figure 4).²

Although many market participants believe that Italy and Spain are too big to save, they also believe that those countries are not in need of saving. The one-year CDS-implied EDF measures for both countries has remained below 2 percent throughout the crisis (Figure 1). The need to refinance upcoming debt maturities was a key concern going into 2012, but the ECB's three-year liquidity injection into the European banking system appears to have settled that concern for now.

Hungary been an issue of concern in recent months. But its CDS-implied EDF measures continued to improve this week (Figure 1), as the country's prime minister signaled further willingness to rewrite controversial central-bank laws that have the effect of threatening the political independence of the National Bank of Hungary, and that had been a sticking point towards negotiations with the IMF for potential further financial assistance.

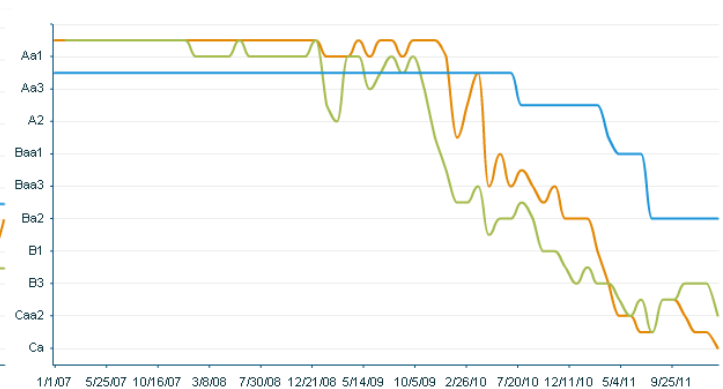
Figure 3. Moody's and Market-Implied Ratings—Ireland



Ireland, Government of

■ Bond-Implied
■ Credit Default Swap-Implied
■ Moody's Senior Unsecured or Equivalent Rating

Figure 4. Moody's and Market-Implied Ratings—Portugal



Portugal, Government of

■ Bond-Implied
■ Credit Default Swap-Implied
■ Moody's Senior Unsecured or Equivalent Rating

² Moody's bond-implied ratings are part of the Market Implied Ratings platform. They measure the trading level of an issuer's bonds and compare this to the issuer's Moody's rating. Thus, if an issuer's bonds trade in line with B3-rated bonds, the issuer's bond-implied rating is B3. If the issuer's Moody's rating is B1, the ratings gap is -2. Conversely, issuers whose bonds trade expensively to their Moody's rating have positive ratings gaps. Implied ratings are determined with reference to market-wide credit spreads, which are updated daily. If an issuer's implied rating increases (decreases), this is because its credit spread has tightened (widened) by an amount in excess of any general market movement.

Asia-Pacific

	30-DECEMBER-11	06-JANUARY-12	13-JANUARY-12	20-JANUARY-12	27-JANUARY-12	YEAR AGO	12 MO CHANGE
Australia (75300)							
CDS Implied-EDF (1-Year)	0.06%	0.06%	0.06%	0.05%	0.05%	0.08%	-3 bps
CDS Implied-Rating	A1	A1	A1	A2	Aa3	Aa2	-1
Bond Implied-Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0
Senior Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0
China (599085)							
CDS Implied-EDF (1-Year)	0.13%	0.13%	0.13%	0.11%	0.11%	0.12%	-1 bps
CDS Implied-Rating	Baa1	Baa1	Baa1	Baa1	Baa1	A3	-1
Bond Implied-Rating	Aa3	Aa3	Aa3	Aa3	A1	Aa2	-2
Senior Rating	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	0
Hong Kong (375515)							
CDS Implied-EDF (1-Year)	0.07%	0.07%	0.07%	0.06%	0.06%	0.06%	0 bps
CDS Implied-Rating	A2	A2	A1	A2	A2	Aaa	-5
Bond Implied-Rating	A3	A3	A3	A3	A3	Baa1	+1
Senior Rating	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	0
Indonesia (405130)							
CDS Implied-EDF (1-Year)	0.22%	0.22%	0.23%	0.18%	0.17%	0.31%	-14 bps
CDS Implied-Rating	Baa3	Baa3	Baa3	Baa3	Baa2	Ba1	+2
Bond Implied-Rating	Baa2	Baa2	Baa2	Baa2	Baa2	Baa3	+1
Senior Rating	Ba1	Ba1	Ba1	Baa3	Baa3	Ba1	+1
Japan (423746)							
CDS Implied-EDF (1-Year)	0.13%	0.14%	0.13%	0.11%	0.11%	0.14%	-3 bps
CDS Implied-Rating	Baa1	Baa1	Baa1	Baa1	Baa1	A3	-1
Bond Implied-Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0
Senior Rating	Aa3	Aa3	Aa3	Aa3	Aa3	Aa2	-1
Korea (440230)							
CDS Implied-EDF (1-Year)	0.15%	0.16%	0.15%	0.13%	0.13%	0.18%	-5 bps
CDS Implied-Rating	Baa2	Baa2	Baa2	Baa2	Baa2	Baa2	0
Bond Implied-Rating	A3	A3	A3	A3	A3	Baa1	+1
Senior Rating	A1	A1	A1	A1	A1	A1	0
Malaysia (460522)							
CDS Implied-EDF (1-Year)	0.13%	0.14%	0.13%	0.11%	0.11%	0.13%	-2 bps
CDS Implied-Rating	Baa1	Baa1	Baa1	Baa1	Baa1	A3	-1
Bond Implied-Rating	Baa1	Baa1	Baa1	Baa1	Baa1	A3	-1
Senior Rating	A3	A3	A3	A3	A3	A3	0

	30-DECEMBER-11	06-JANUARY-12	13-JANUARY-12	20-JANUARY-12	27-JANUARY-12	YEAR AGO	12 MO CHANGE
New Zealand (553700)							
CDS Implied-EDF (1-Year)	0.07%	0.07%	0.07%	0.06%	0.06%	0.10%	-4 bps
CDS Implied-Rating	A2	A2	A2	A3	A2	A2	0
Bond Implied-Rating	--	--	--	--	--	Aa1	--
Senior Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0
Philippines (607410)							
CDS Implied-EDF (1-Year)	0.18%	0.17%	0.16%	0.14%	0.14%	0.26%	-12 bps
CDS Implied-Rating	Baa2	Baa2	Baa2	Baa2	Baa2	Baa3	+1
Bond Implied-Rating	Baa1	Baa1	Baa1	Baa1	Baa1	A3	-1
Senior Rating	Ba2	Ba2	Ba2	Ba2	Ba2	Ba3	+1
Singapore (680430)							
CDS Implied-EDF (1-Year)	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%	0 bps
CDS Implied-Rating	--	A2	A2	A2	A2	--	--
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0
Sri Lanka (600023158)							
CDS Implied-EDF (1-Year)	--	0.38%	0.35%	--	--	0.90%	--
CDS Implied-Rating	--	Ba1	--	--	--	--	--
Bond Implied-Rating	Ba1	Ba1	Ba2	Ba2	Ba2	Ba1	-1
Senior Rating	B1	B1	B1	B1	B1	B1	0
Taiwan (732845)							
CDS Implied-EDF (1-Year)	--	--	--	--	--	--	--
CDS Implied-Rating	--	--	--	--	--	--	--
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	0
Thailand (747330)							
CDS Implied-EDF (1-Year)	0.19%	0.19%	0.19%	0.16%	0.16%	0.20%	-4 bps
CDS Implied-Rating	Baa2	Baa2	Baa2	Baa2	Baa2	Baa2	0
Bond Implied-Rating	Baa3	Baa3	Baa3	Baa3	Baa3	Ba1	+1
Senior Rating	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1	0
Vietnam (600023790)							
CDS Implied-EDF (1-Year)	0.75%	0.73%	0.67%	0.62%	0.62%	1.53%	-91 bps
CDS Implied-Rating	Ba2	Ba2	Ba2	Ba2	Ba3	B2	+2
Bond Implied-Rating	Ba2	Ba2	Ba3	Ba2	Ba3	B1	+1
Senior Rating	B1	B1	B1	B1	B1	B1	0

Europe

	30-DECEMBER-11	06-JANUARY-12	13-JANUARY-12	20-JANUARY-12	27-JANUARY-12	YEAR AGO	12 MO CHANGE
Austria (76100)							
CDS Implied-EDF (1-Year)	0.19%	0.28%	0.25%	0.17%	0.16%	0.12%	+4 bps
CDS Implied-Rating	Baa2	Baa3	Baa3	Baa2	Baa2	Baa1	-1
Bond Implied-Rating	Aa1	Aa3	Aa1	Aaa	Aaa	Aaa	0
Senior Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0
Belgium (100220)							
CDS Implied-EDF (1-Year)	0.46%	0.53%	0.47%	0.34%	0.28%	0.32%	-4 bps
CDS Implied-Rating	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	0
Bond Implied-Rating	A3	Baa1	A3	A3	A1	Aa2	-2
Senior Rating	Aa3	Aa3	Aa3	Aa3	Aa3	Aa1	-2
Bulgaria (126630)							
CDS Implied-EDF (1-Year)	0.72%	0.77%	0.72%	0.59%	0.51%	0.73%	-22 bps
CDS Implied-Rating	Ba2	Ba2	Ba2	Ba2	Ba2	Ba3	+1
Bond Implied-Rating	Ba1	Baa3	Ba1	Ba1	Ba1	Baa3	-1
Senior Rating	Baa2	Baa2	Baa2	Baa2	Baa2	Baa3	+1
Croatia (600020489)							
CDS Implied-EDF (1-Year)	1.35%	1.45%	1.36%	1.22%	1.07%	0.95%	+12 bps
CDS Implied-Rating	Ba3	B1	B1	B1	B1	B1	0
Bond Implied-Rating	Ba3	Ba3	Ba3	Ba3	Ba3	Ba1	-2
Senior Rating	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	0
Cyprus (377200)							
CDS Implied-EDF (1-Year)	5.27%	5.27%	5.29%	5.19%	5.10%	0.59%	+451 bps
CDS Implied-Rating	B3	Caa1	Caa1	Caa1	Caa1	Ba3	-4
Bond Implied-Rating	Caa2	Caa3	Caa2	Caa2	Caa3	Ba1	-8
Senior Rating	Baa3	Baa3	Baa3	Baa3	Baa3	Aa3	-6
Czech Republic (218505)							
CDS Implied-EDF (1-Year)	0.16%	0.19%	0.17%	0.14%	0.12%	0.14%	-2 bps
CDS Implied-Rating	Baa2	Baa2	Baa2	Baa2	Baa2	A3	-2
Bond Implied-Rating	A3	A3	A3	A3	A3	Aa2	-4
Senior Rating	A1	A1	A1	A1	A1	A1	0
Denmark (230700)							
CDS Implied-EDF (1-Year)	0.11%	0.12%	0.12%	0.10%	0.09%	0.06%	+3 bps
CDS Implied-Rating	Baa1	Baa1	Baa1	Baa1	Baa1	Aa1	-6
Bond Implied-Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0
Senior Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0

	30-DECEMBER-11	06-JANUARY-12	13-JANUARY-12	20-JANUARY-12	27-JANUARY-12	YEAR AGO	12 MO CHANGE
Estonia (600046984)							
CDS Implied-EDF (1-Year)	0.15%	0.16%	0.13%	0.11%	0.10%	0.15%	-5 bps
CDS Implied-Rating	Baa2	Baa2	Baa1	Baa1	Baa1	Baa1	0
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	A1	A1	A1	A1	A1	A1	0
Finland (278070)							
CDS Implied-EDF (1-Year)	0.05%	0.06%	0.05%	0.04%	0.04%	0.05%	-1 bps
CDS Implied-Rating	Aa3	A1	Aa2	Aa2	Aa1	Aaa	-1
Bond Implied-Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0
Senior Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0
France (639500)							
CDS Implied-EDF (1-Year)	0.24%	0.29%	0.22%	0.17%	0.15%	0.14%	+1 bps
CDS Implied-Rating	Baa3	Baa3	Baa3	Baa2	Baa2	Baa1	-1
Bond Implied-Rating	Aaa	Aa1	Aaa	Aaa	Aaa	Aaa	0
Senior Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0
Germany (333700)							
CDS Implied-EDF (1-Year)	0.08%	0.07%	0.08%	0.06%	0.05%	0.07%	-2 bps
CDS Implied-Rating	Aa1	Aa3	A3	Aaa	A2	Aaa	-5
Bond Implied-Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0
Senior Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0
Greece (348330)							
CDS Implied-EDF (1-Year)	31.05%	32.84%	26.24%	27.80%	25.01%	5.74%	+1927 bps
CDS Implied-Rating	C	C	C	C	C	Ca	-1
Bond Implied-Rating	C	C	C	C	C	C	0
Senior Rating	Ca	Ca	Ca	Ca	Ca	Ba1	-9
Hungary (381030)							
CDS Implied-EDF (1-Year)	1.59%	1.94%	1.78%	1.43%	1.30%	1.30%	0 bps
CDS Implied-Rating	B1	B2	B2	B2	B2	B2	0
Bond Implied-Rating	B2	B3	B3	B3	B2	Ba2	-3
Senior Rating	Ba1	Ba1	Ba1	Ba1	Ba1	Baa3	-1
Iceland (392575)							
CDS Implied-EDF (1-Year)	0.43%	0.42%	0.45%	0.40%	0.40%	0.84%	-44 bps
CDS Implied-Rating	Ba1	Ba1	Ba1	Ba1	Ba1	Ba3	+2
Bond Implied-Rating	B1	B1	B1	Ba1	Ba1	B2	+4
Senior Rating	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	0

	30-DECEMBER-11	06-JANUARY-12	13-JANUARY-12	20-JANUARY-12	27-JANUARY-12	YEAR AGO	12 MO CHANGE
Ireland (423933)							
CDS Implied-EDF (1-Year)	1.95%	1.97%	1.80%	1.62%	1.41%	2.83%	-142 bps
CDS Implied-Rating	B2	B2	B2	B2	B2	Caa1	+2
Bond Implied-Rating	B1	B1	Ba3	Ba2	Ba2	B2	+3
Senior Rating	Ba1	Ba1	Ba1	Ba1	Ba1	Baa1	-3
Italy (423690)							
CDS Implied-EDF (1-Year)	1.06%	1.30%	1.17%	0.94%	0.73%	0.41%	+32 bps
CDS Implied-Rating	Ba2	Ba2	Ba2	Ba2	Ba2	Ba1	-1
Bond Implied-Rating	Ba1	Ba2	Ba1	Ba1	Baa3	A3	-3
Senior Rating	A2	A2	A2	A2	A2	Aa2	-3
Latvia (600016806)							
CDS Implied-EDF (1-Year)	0.58%	0.61%	0.55%	0.48%	0.43%	0.75%	-32 bps
CDS Implied-Rating	Ba1	Ba2	Ba1	Ba2	Ba2	Ba3	+1
Bond Implied-Rating	Baa3	Baa3	Baa3	Baa3	Baa3	Baa2	-1
Senior Rating	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	0
Lithuania (600018187)							
CDS Implied-EDF (1-Year)	0.57%	0.60%	0.57%	0.47%	0.44%	0.74%	-30 bps
CDS Implied-Rating	Ba1	Ba2	Ba1	Ba2	Ba2	Ba3	+1
Bond Implied-Rating	Ba1	Ba1	Ba1	Ba1	Ba1	Baa3	-1
Senior Rating	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1	0
Malta (600012947)							
CDS Implied-EDF (1-Year)	0.75%	0.81%	0.79%	0.68%	0.67%	0.49%	+18 bps
CDS Implied-Rating	Ba2	Ba2	Ba2	Ba2	Ba2	Ba2	0
Bond Implied-Rating	A3	A3	A3	A3	A3	Aa2	-4
Senior Rating	A2	A2	A2	A2	A2	A1	-1
Netherlands (543005)							
CDS Implied-EDF (1-Year)	0.09%	0.09%	0.10%	0.07%	0.06%	0.07%	-1 bps
CDS Implied-Rating	A3	A3	A3	A3	A3	Aaa	-6
Bond Implied-Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0
Senior Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0
Norway (565700)							
CDS Implied-EDF (1-Year)	0.02%	0.03%	0.03%	0.02%	0.02%	0.03%	-1 bps
CDS Implied-Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0

	30-DECEMBER-11	06-JANUARY-12	13-JANUARY-12	20-JANUARY-12	27-JANUARY-12	YEAR AGO	12 MO CHANGE
Poland (613900)							
CDS Implied-EDF (1-Year)	0.38%	0.42%	0.40%	0.31%	0.29%	0.34%	-5 bps
CDS Implied-Rating	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	0
Bond Implied-Rating	Baa2	Baa2	Baa2	Baa2	Baa2	Baa1	-1
Senior Rating	A2	A2	A2	A2	A2	A2	0
Portugal (614650)							
CDS Implied-EDF (1-Year)	4.36%	4.51%	4.08%	5.29%	6.48%	1.62%	+486 bps
CDS Implied-Rating	B3	B3	B3	Caa1	Caa2	B3	-2
Bond Implied-Rating	Caa3	Caa3	Caa2	Ca	Ca	Ba2	-8
Senior Rating	Ba2	Ba2	Ba2	Ba2	Ba2	A1	-7
Romania (651437)							
CDS Implied-EDF (1-Year)	0.84%	0.90%	0.85%	0.73%	0.66%	0.93%	-27 bps
CDS Implied-Rating	Ba2	Ba2	Ba2	Ba3	Ba3	B1	+1
Bond Implied-Rating	Ba2	Ba2	Ba2	Ba2	Ba2	Ba1	-1
Senior Rating	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	0
Russian Federation (600018921)							
CDS Implied-EDF (1-Year)	0.39%	0.40%	0.34%	0.28%	0.24%	0.32%	-8 bps
CDS Implied-Rating	Ba1	Ba1	Baa3	Baa3	Baa3	Ba1	+1
Bond Implied-Rating	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	0
Senior Rating	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1	0
Serbia (600035271)							
CDS Implied-EDF (1-Year)	0.82%	0.80%	0.74%	0.74%	0.75%	1.16%	-41 bps
CDS Implied-Rating	--	--	--	--	--	--	--
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	--	--	--	--	--	--	--
Slovakia (600011880)							
CDS Implied-EDF (1-Year)	0.45%	0.47%	0.47%	0.40%	0.38%	0.15%	+23 bps
CDS Implied-Rating	Ba1	Ba1	Ba1	Ba1	Ba1	Baa1	-3
Bond Implied-Rating	Baa2	Baa3	Baa2	Baa2	Baa2	A1	-4
Senior Rating	A1	A1	A1	A1	A1	A1	0
Slovenia (600019535)							
CDS Implied-EDF (1-Year)	0.66%	0.69%	0.72%	0.63%	0.63%	0.13%	+50 bps
CDS Implied-Rating	Ba2	Ba2	Ba2	Ba2	Ba3	Baa1	-5
Bond Implied-Rating	Ba1	Ba1	Ba2	Ba1	Ba1	Aa2	-8
Senior Rating	A1	A1	A1	A1	A1	Aa2	-2

	30-DECEMBER-11	06-JANUARY-12	13-JANUARY-12	20-JANUARY-12	27-JANUARY-12	YEAR AGO	12 MO CHANGE
Spain (704550)							
CDS Implied-EDF (1-Year)	0.65%	0.91%	0.77%	0.61%	0.56%	0.75%	-19 bps
CDS Implied-Rating	Ba1	Ba1	Ba2	Ba2	Ba2	Ba3	+1
Bond Implied-Rating	Baa2	Baa3	Baa2	Baa2	Baa1	Baa2	+1
Senior Rating	A1	A1	A1	A1	A1	Aa1	-3
Sweden (730900)							
CDS Implied-EDF (1-Year)	0.05%	0.05%	0.05%	0.04%	0.04%	0.04%	0 bps
CDS Implied-Rating	Aa3	A1	Aa2	Aa2	Aaa	Aaa	0
Bond Implied-Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0
Senior Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0
Switzerland (731810)							
CDS Implied-EDF (1-Year)	0.05%	0.05%	0.05%	0.04%	0.04%	0.06%	-2 bps
CDS Implied-Rating	Aa2	Aa3	Aa1	Aa2	Aaa	Aaa	0
Bond Implied-Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0
Senior Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0
Ukraine (600037040)							
CDS Implied-EDF (1-Year)	2.99%	3.01%	3.02%	2.70%	2.52%	1.92%	+60 bps
CDS Implied-Rating	B2	B3	B3	B3	B3	B3	0
Bond Implied-Rating	B3	Caa1	Caa1	Caa1	Caa1	B1	-3
Senior Rating	B2	B2	B2	B2	B2	B2	0
United Kingdom (788250)							
CDS Implied-EDF (1-Year)	0.07%	0.07%	0.07%	0.05%	0.05%	0.10%	-5 bps
CDS Implied-Rating	A2	A2	A2	A2	Aa3	A2	+2
Bond Implied-Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0
Senior Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0

Latin America & Caribbean

	30-DECEMBER-11	06-JANUARY-12	13-JANUARY-12	20-JANUARY-12	27-JANUARY-12	YEAR AGO	12 MO CHANGE
Argentina (61720)							
CDS Implied-EDF (1-Year)	3.44%	3.02%	2.95%	2.27%	2.14%	3.23%	-109 bps
CDS Implied-Rating	B3	B3	B3	B3	B3	Caa1	+1
Bond Implied-Rating	--	--	--	--	--	Caa1	--
Senior Rating	B3	B3	B3	B3	B3	B3	0

	30-DECEMBER-11	06-JANUARY-12	13-JANUARY-12	20-JANUARY-12	27-JANUARY-12	YEAR AGO	12 MO CHANGE
Barbados (849700)							
CDS Implied-EDF (1-Year)	0.27%	0.28%	0.28%	0.26%	0.27%	--	--
CDS Implied-Rating	--	--	--	--	--	--	--
Bond Implied-Rating	Ba3	Ba3	Ba3	Ba3	Ba3	Ba3	0
Senior Rating	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	0
Brazil (114650)							
CDS Implied-EDF (1-Year)	0.15%	0.16%	0.16%	0.14%	0.13%	0.24%	-11 bps
CDS Implied-Rating	Baa2	Baa2	Baa2	Baa2	Baa2	Baa3	+1
Bond Implied-Rating	A2	A2	A3	A2	A2	Baa1	+2
Senior Rating	Baa2	Baa2	Baa2	Baa2	Baa2	Baa3	+1
Chile (171693)							
CDS Implied-EDF (1-Year)	0.11%	0.11%	0.11%	0.10%	0.09%	0.14%	-5 bps
CDS Implied-Rating	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1	0
Bond Implied-Rating	Aa2	Aa2	Aa3	Aa2	Aa3	A2	+2
Senior Rating	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	0
Colombia (186200)							
CDS Implied-EDF (1-Year)	0.14%	0.14%	0.15%	0.12%	0.12%	0.22%	-10 bps
CDS Implied-Rating	--	--	--	--	--	--	--
Bond Implied-Rating	A3	Baa1	Baa1	Baa1	Baa1	Baa2	+1
Senior Rating	Baa3	Baa3	Baa3	Baa3	Baa3	Ba1	+1
Costa Rica (600023791)							
CDS Implied-EDF (1-Year)	0.34%	0.33%	0.17%	0.19%	0.22%	0.36%	-14 bps
CDS Implied-Rating	Baa3	Baa3	Baa2	Baa3	Baa3	Ba1	+1
Bond Implied-Rating	Baa1	Baa3	Baa2	Baa2	Baa2	Baa3	+1
Senior Rating	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	0
Dominican Republic (600045733)							
CDS Implied-EDF (1-Year)	1.02%	0.98%	0.91%	0.77%	0.94%	1.08%	-14 bps
CDS Implied-Rating	Ba3	Ba3	Ba3	Ba3	B1	B1	0
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	B1	B1	B1	B1	B1	B1	0
El Salvador (600045734)							
CDS Implied-EDF (1-Year)	0.87%	0.91%	0.85%	0.80%	0.78%	0.91%	-13 bps
CDS Implied-Rating	Ba2	Ba2	Ba3	Ba3	Ba3	B1	+1
Bond Implied-Rating	Ba1	Ba2	Ba2	Ba2	Ba2	Ba2	0
Senior Rating	Ba2	Ba2	Ba2	Ba2	Ba2	Ba1	-1

	30-DECEMBER-11	06-JANUARY-12	13-JANUARY-12	20-JANUARY-12	27-JANUARY-12	YEAR AGO	12 MO CHANGE
Guatemala (600011455)							
CDS Implied-EDF (1-Year)	0.25%	0.24%	0.22%	0.18%	0.20%	0.36%	-16 bps
CDS Implied-Rating	Baa3	Baa3	Baa3	Baa3	Baa3	Ba1	+1
Bond Implied-Rating	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	0
Senior Rating	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	0
Jamaica (600036085)							
CDS Implied-EDF (1-Year)	1.70%	1.52%	1.39%	1.41%	1.58%	4.59%	-301 bps
CDS Implied-Rating	B1	B1	B2	B2	B2	Caa3	+4
Bond Implied-Rating	B2	B2	B2	B2	B2	B3	+1
Senior Rating	B3	B3	B3	B3	B3	B3	0
Mexico (489500)							
CDS Implied-EDF (1-Year)	0.14%	0.14%	0.14%	0.13%	0.12%	0.25%	-13 bps
CDS Implied-Rating	Baa2	Baa1	Baa2	Baa2	Baa2	Baa3	+1
Bond Implied-Rating	A3	A3	Baa1	A3	Baa1	A2	-2
Senior Rating	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1	0
Panama (591640)							
CDS Implied-EDF (1-Year)	0.14%	0.14%	0.14%	0.12%	0.11%	0.20%	-9 bps
CDS Implied-Rating	Baa1	Baa1	Baa1	Baa1	Baa1	Baa2	+1
Bond Implied-Rating	A3	A3	Baa1	Baa1	Baa1	A3	-1
Senior Rating	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	0
Peru (601500)							
CDS Implied-EDF (1-Year)	0.17%	0.17%	0.19%	0.17%	0.16%	0.22%	-6 bps
CDS Implied-Rating	Baa2	Baa2	Baa2	Baa2	Baa2	Baa2	0
Bond Implied-Rating	A3	A3	Baa1	Baa1	Baa1	Baa1	0
Senior Rating	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	0
Trinidad and Tobago (3055)							
CDS Implied-EDF (1-Year)	0.10%	0.10%	0.10%	0.10%	0.10%	0.24%	-14 bps
CDS Implied-Rating	A3	A3	A3	Baa1	Baa1	Baa3	+2
Bond Implied-Rating	Baa2	Baa2	Baa2	Baa2	Baa2	Baa1	-1
Senior Rating	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1	0
Uruguay (15210)							
CDS Implied-EDF (1-Year)	0.26%	0.24%	0.22%	0.20%	0.18%	0.38%	-20 bps
CDS Implied-Rating	Baa3	Baa3	Baa3	Baa3	Baa3	Ba1	+1
Bond Implied-Rating	Baa1	Baa1	Baa1	Baa1	Baa1	Baa2	+1
Senior Rating	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	0

	30-DECEMBER-11	06-JANUARY-12	13-JANUARY-12	20-JANUARY-12	27-JANUARY-12	YEAR AGO	12 MO CHANGE
Venezuela (800876)							
CDS Implied-EDF (1-Year)	3.34%	3.15%	3.31%	2.82%	2.59%	7.27%	-468 bps
CDS Implied-Rating	B3	B3	B3	B3	B3	C	+5
Bond Implied-Rating	Caa3	Caa3	Caa3	Ca	Caa2	C	+3
Senior Rating	B2	B2	B2	B2	B2	B2	0

Middle East & Africa

	30-DECEMBER-11	06-JANUARY-12	13-JANUARY-12	20-JANUARY-12	27-JANUARY-12	YEAR AGO	12 MO CHANGE
Angola (806356845)							
CDS Implied-EDF (1-Year)	1.22%	1.18%	1.08%	1.06%	1.11%	--	--
CDS Implied-Rating	--	--	--	--	--	--	--
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	Ba3	Ba3	Ba3	Ba3	Ba3	B1	+1

Bahrain (600018600)							
CDS Implied-EDF (1-Year)	0.69%	0.69%	0.76%	0.72%	0.73%	0.46%	+27 bps
CDS Implied-Rating	Ba2	Ba2	Ba2	Ba2	Ba3	Ba1	-2
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	Baa1	Baa1	Baa1	Baa1	Baa1	A3	-1

Egypt (258330)							
CDS Implied-EDF (1-Year)	1.69%	1.68%	1.46%	1.28%	1.17%	1.64%	-47 bps
CDS Implied-Rating	B1	B1	B2	B1	B2	B2	0
Bond Implied-Rating	B1	B1	B1	B1	Ba3	Ba3	0
Senior Rating	B2	B2	B2	B2	B2	Ba1	-4

Ghana (600022862)							
CDS Implied-EDF (1-Year)	1.12%	1.07%	0.99%	0.97%	0.74%	1.43%	-69 bps
CDS Implied-Rating	--	--	--	--	--	--	--
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	--	--	--	--	--	--	--

Iraq (600018912)							
CDS Implied-EDF (1-Year)	0.85%	0.82%	0.76%	0.75%	0.76%	1.17%	-41 bps
CDS Implied-Rating	--	--	--	--	--	--	--
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	--	--	--	--	--	--	--

	30-DECEMBER-11	06-JANUARY-12	13-JANUARY-12	20-JANUARY-12	27-JANUARY-12	YEAR AGO	12 MO CHANGE
Israel (423305)							
CDS Implied-EDF (1-Year)	0.21%	0.21%	0.24%	0.20%	0.19%	0.29%	-10 bps
CDS Implied-Rating	Baa2	Baa3	Baa3	Baa3	Baa3	Baa3	0
Bond Implied-Rating	A3	A3	A3	A3	Baa1	Aa3	-4
Senior Rating	A1	A1	A1	A1	A1	A1	0
Jordan (600018522)							
CDS Implied-EDF (1-Year)	0.60%	0.58%	0.54%	0.53%	0.54%	0.87%	-33 bps
CDS Implied-Rating	Ba1	--	--	--	--	B1	--
Bond Implied-Rating	Ba2	Ba2	Ba3	Ba3	Ba3	Ba3	0
Senior Rating	Ba2	Ba2	Ba2	Ba2	Ba2	Ba2	0
Kazakhstan (600021080)							
CDS Implied-EDF (1-Year)	0.42%	0.46%	0.40%	0.34%	0.31%	0.37%	-6 bps
CDS Implied-Rating	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	0
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	Baa2	Baa2	Baa2	Baa2	Baa2	Baa2	0
Lebanon (600014506)							
CDS Implied-EDF (1-Year)	0.99%	0.91%	0.90%	0.85%	0.89%	1.26%	-37 bps
CDS Implied-Rating	Ba3	Ba2	Ba3	Ba3	B1	B2	+1
Bond Implied-Rating	Baa3	Baa3	Ba1	Ba1	Ba1	Ba3	+2
Senior Rating	B1	B1	B1	B1	B1	B1	0
Morocco (600020405)							
CDS Implied-EDF (1-Year)	0.32%	0.33%	0.32%	0.30%	0.29%	0.45%	-16 bps
CDS Implied-Rating	Baa3	Baa3	Ba1	Ba1	Ba1	Ba2	+1
Bond Implied-Rating	Baa3	Baa3	Baa3	Baa3	Baa3	Baa2	-1
Senior Rating	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	0
Nigeria (551435)							
CDS Implied-EDF (1-Year)	0.53%	0.51%	0.65%	0.63%	0.47%	--	--
CDS Implied-Rating	--	--	--	--	--	--	--
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	--	--	--	--	--	--	--
Oman (96600)							
CDS Implied-EDF (1-Year)	0.21%	0.21%	0.22%	0.20%	0.36%	0.33%	+3 bps
CDS Implied-Rating	Baa2	Baa2	--	--	Ba1	Baa3	-1
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	A1	A1	A1	A1	A1	A1	0

	30-DECEMBER-11	06-JANUARY-12	13-JANUARY-12	20-JANUARY-12	27-JANUARY-12	YEAR AGO	12 MO CHANGE
Pakistan (600014774)							
CDS Implied-EDF (1-Year)	3.90%	3.65%	3.43%	3.57%	3.34%	6.15%	-281 bps
CDS Implied-Rating	B3	B3	B3	B3	B3	Ca	+4
Bond Implied-Rating	Caa3	Caa3	Ca	Caa3	Caa3	C	+2
Senior Rating	B3	B3	B3	B3	B3	B3	0
Qatar (600048045)							
CDS Implied-EDF (1-Year)	0.11%	0.12%	0.14%	0.13%	0.12%	0.16%	-4 bps
CDS Implied-Rating	A3	Baa1	Baa1	Baa2	Baa1	Baa1	0
Bond Implied-Rating	Baa1	Baa1	Baa2	Baa1	Baa1	Baa1	0
Senior Rating	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2	0
Saudi Arabia (660260)							
CDS Implied-EDF (1-Year)	0.12%	0.12%	0.14%	0.13%	0.13%	0.15%	-2 bps
CDS Implied-Rating	Baa1	Baa1	Baa1	Baa2	Baa1	Baa1	0
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	0
South Africa (686830)							
CDS Implied-EDF (1-Year)	0.22%	0.24%	0.24%	0.20%	0.18%	0.27%	-9 bps
CDS Implied-Rating	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	0
Bond Implied-Rating	Baa2	Baa2	Baa2	Baa2	Baa1	Baa1	0
Senior Rating	A3	A3	A3	A3	A3	A3	0
Tunisia (600046595)							
CDS Implied-EDF (1-Year)	0.29%	0.30%	0.30%	0.28%	0.29%	0.19%	+10 bps
CDS Implied-Rating	Baa3	Baa3	Baa3	Baa3	--	Baa2	--
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	0
Turkey (768337)							
CDS Implied-EDF (1-Year)	0.41%	0.50%	0.43%	0.37%	0.33%	0.34%	-1 bps
CDS Implied-Rating	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	0
Bond Implied-Rating	Ba1	Ba1	Ba1	Ba1	Ba1	Baa3	-1
Senior Rating	Ba2	Ba2	Ba2	Ba2	Ba2	Ba2	0
United Arab Emirates (600018601)							
CDS Implied-EDF (1-Year)	0.13%	0.13%	0.12%	0.11%	0.12%	0.28%	-16 bps
CDS Implied-Rating	--	--	--	--	--	--	--
Bond Implied-Rating	--	--	--	--	--	--	--
Senior Rating	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2	0

North America

	30-DECEMBER-11	06-JANUARY-12	13-JANUARY-12	20-JANUARY-12	27-JANUARY-12	YEAR AGO	12 MO CHANGE
Canada (137160)							
CDS Implied-EDF (1-Year)	0.04%	0.04%	0.04%	0.04%	0.03%	0.05%	-2 bps
CDS Implied-Rating	Aaa	Aa1	Aaa	Aa1	Aaa	Aaa	0
Bond Implied-Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0
Senior Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0
United States of America (790575)							
CDS Implied-EDF (1-Year)	0.03%	0.03%	0.03%	0.02%	0.02%	0.06%	-4 bps
CDS Implied-Rating	Aa2	Aaa	Aaa	Aaa	Aaa	Aaa	0
Bond Implied-Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0
Senior Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	0

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