Credit Analysis

Moody's International
Sovereign

Table of Contents:

Analyst Contacts:

New York 1.212.553.1653

Alessandra Alecci
Vice President/Senior Analyst

Gabriel Torres
Vice President/Senior Analyst

Vincent J. Truglia
Managing Director

This Credit Analysis provides an in-depth discussion of credit rating(s) for Trinidad & Tobago and should be read in conjunction with Moody's most recent Credit Opinion and rating information available on Moody's website. Click here to link.

October 2007

Trinidad & Tobago

Macroeconomic Performance

Ratings Supported By A Vibrant Energy Sector, A Low Public Debt Burden And Strong Policy Consensus

Trinidad and Tobago's Baa1 government bond ratings in both local and foreign currency are supported by a vibrant and well diversified energy sector, a relatively low public debt burden and a strong consensus with respect to macroeconomic policies. The rating was upgraded in 2005 and again in 2006 and is now with a stable outlook. Despite the continued rapid improvement in most key debt indicators over the past year, Trinidad and Tobago's ratings are lower relative to other energy producers, whose relevant statistics, particularly on the fiscal front, are similar and in some cases (particularly for the Gulf countries) far stronger.

Given that the rating speaks to the ability and willingness to service government obligations over a future time horizon, Trinidad and Tobago's government ratings reflect an assessment of the sustainability of the energy cycle, considering that the energy sector expansion is the key determinant of the recent improvements in Trinidad and Tobago's external position. In addition, the ratings address the issues of whether the credit is well positioned to face an energy cycle downturn and whether the current windfall is being utilized by policymakers to improve the structure of the macroeconomic fundamentals. Although there are some continued important reservations in this regard (as further discussed below), Moody's is of the view that several factors have contributed to lower vulnerabilities relative to previous energy booms, most notably in the 1970s and 1980s.

Moody's Investors Service

Among the most salient developments in support of this view is the massive increase in energy output over the past few years, which should serve to protect the economy from a potential downturn in energy prices and its related ripples through the economy. Largely due to the coming on-stream of natural gas since the late 1990s, output of energy products (ranging from oil to natural gas to petrochemicals) has surged in the past few years. Natural gas output, for example, has more than doubled since 2001, while methanol output has increased by almost 70%. Oil output has increased by close to 30%. In the case of natural gas in particular, Trinidad and Tobago has experienced one of the largest expansions relative to its competitors, including Qatar and Kazakhstan. Although the pace of volume growth is already moderating and there are concerns about reserve depletion over the next decade, the number of projects underway (particularly in the petrochemical industry) suggests that output will continue to remain high over the next few years.

Another important factor underpinning Trinidad and Tobago's investment grade rating has been the diversification within the energy sector, which has reduced the economy's dependence on a single commodity. This has been a key policy directive of the past few years and one that has secured the country's prominent role in the export of liquefied natural gas and petrochemicals. Trinidad and Tobago is the world's largest exporter of ammonia and methanol and supplies the U.S. with over 70% of its liquefied natural gas needs. In addition, diversification in the downstream industry has created the possibility for a higher concentration of local content in the energy sector.

Trinidad and Tobago's country ceiling for bonds, which reflects the risk of the sovereign limiting foreign currency outflows during a government default, is A1. This is based on the foreign currency government bond rating of Baa1 and our assessment of a very low risk of a payments moratorium in the event of a government bond default.

Energy-driven Boom is Creating Capacity Constraints And Presenting Policy Challenges

Real GDP growth reached 12.0% in 2006, bringing the average rate of growth to 9.0% since 2000. Last year's growth is mostly explained by the coming on stream of new energy facilities, including a new liquefied natural gas train and new petrochemical plants As a result of high growth in the past few years, GDP per capita (both on a PPP and nominal basis) has increased substantially since 2000. Unemployment has fallen to historical lows, despite an increase in the labor participation rate.

Although the energy sector is predictably the main force behind GDP growth, the non-energy sector has also been growing at a respectable 6.5% to 8.7% annual rate over the past few years. Part of the non-energy sector growth (particularly construction) can be attributed to the fiscal expansion, although other areas of the economy, such as manufacturing, for example, are also growing in the double digits, making Trinidad and Tobago a recognizable manufacturing hub in the Caribbean.

The rapid pace of growth has created a number of challenges. There are clear signs that the economy is operating at full capacity and overheating, with raw material and labor shortages in some sectors. This, together with a significant influx of foreign exchange and a large non-oil fiscal deficit, has led to price pressures. After averaging around 3.0% for a number of years, inflation spiked to 5.6% in 2004, 7.2% in 2005 and 9.1% in 2006. Following a series of eight consecutive policy rate hikes and more recently, aggressive measures to withdraw liquidity from the system, inflation has somewhat abated, but is still running at around 8.0%, with core at around 4.5%. Notwithstanding these measures, credit is still growing in the double digits.

The relevance of inflation to the rating is due to the possible impact this can have on external competitiveness via a real effective exchange rate (REER) appreciation. Although Trinidad and Tobago is primarily an energy exporter and as such the prices of its exports are determined in the global market, a significant REER appreciation could complicate the outlook for other exports as well as intensify import demand. REER appreciation has picked up over the past two years, although in part this has been offset by labor productivity gains thus far. However, this is a situation that can deteriorate easily and that is worth monitoring.

Reports About Reserve Depletion Intensify Debate About Sustainability And Diversification

According to an independent report (conducted by Ryder Scott, a Texas-based company that used data from 2003-2004), Trinidad's natural gas reserves would be depleted within twelve years if no further exploration is conducted and assuming current levels of production. This, along with a disappointing response to the 2006 deep-water bid round, has intensified a debate regarding the sustainability of the energy cycle and the need to diversify away from the energy sector.

The government has taken the findings of the report as a guideline to accelerate upstream exploration and refine the fiscal incentives for private companies before the next licensing round in 2008. Furthermore, officials point to the fact that some two thirds of Trinidad and Tobago's acreage still need to be explored and that sixteen exploration activities are scheduled until the end of next year. Other industry experts contend that many companies have successfully uncovered reserves to satisfy demand for the next ten or fifteen years and that given that it takes close to a decade to commercialize natural gas, a pause in exploration is a natural development. Others believe that technological innovation would enable further discoveries. For now, plans to start construction of five gas-based plants are moving forward.

Regardless of the different views regarding the report's findings, there is widespread agreement that diversification away from energy is a key priority. To this end, the government has identified seven new sectors for non-energy growth where investment is to be "stimulated". Among these is creating an international financial center, capitalizing on Trinidad and Tobago's already well-established presence as a regional financial center. The challenge in identifying industries for development is to provide the right amount of incentives and support without creating inefficiencies and distortions. For the time being, and for at least the next few years, energy (which accounts for almost half of GDP and 90% of exports) will continue to be the key driver.

Political / Social Developments

Long History Of Policy Consensus

The political landscape has been traditionally dominated by two major parties, the People National Movement (PNM) and the United National Congress (UNC). More recently, a third party, the Congress of the People (COP) has emerged, after splintering from the UNC. There are little ideological differences in terms of economic policy, with all parties sharing the same view with respect to the benefits of saving part of the energy windfall and diversifying the economy.

The two main parties (PNM and UNC) are polarized along ethnic lines, with the PNM drawing its support among urban Afro-Trinidadians and the UNC among rural Indo-Trinidadians. At times, this has reinforced mild ethnic tensions. The new COP party seems to be somewhat bridging the racial divide, but it is still in the early stages. The PNM has been the traditional ruling party since independence in 1962, with the exception of the 1986-1991 and 1995-2001 periods. Strong macroeconomic performance and a fragmented opposition have contributed to strengthen the ruling PNM's party leadership, despite some of the PNM's shortcomings, mostly notably its perceived inability to control crime and corruption.

Trinidad and Tobago has in the past experienced very brief periods of political instability, which have included an attempted coup in 1990 and a legislative deadlock in 2002. Notwithstanding these pressures, however, there have not been disruptions in debt servicing or in overall macroeconomic management. Trinidad and Tobago is a parliamentary democracy with solid British institutions and a long history of policy consensus.

Outcome Of General Elections Unlikely To Affect Macroeconomic Policy

General elections are scheduled for November 5 this year. The general expectation is that the ruling PNM will retain its leadership, mostly because the opposition is divided between the UNC and the COP. However, there is a non-negligible degree of uncertainty given that, according to available polls, a significant amount of voters are undecided (as many as 50% of the electorate) and in light of the recent surge in popularity of the COP. Regardless of the outcome, however, there should be no changes to the basic macroeconomic model which would affect the ratings. There is widespread agreement among parties regarding the need to save part of the energy windfall, smooth government expenditures over time and prepare the economy for a downturn in the energy cycle.

Crime Continues to Define Political Climate, But With Little Consequence For The Ratings

Crime has deteriorated significantly over the past few years. While the murder and kidnapping rate has been falling since 2006 as a result of the government's intensified security efforts, it is still very high by historical and regional standards. Violent crime seems to be related to the country's unfortunate location as a transshipment point for drug trafficking between Latin America and Europe. However, the perceived inability of the government to curb its effects has been a matter of fierce criticism and national outrage.

From a ratings perspective, the issue of crime should not have significant implications in as long as it does not affect local economic activity and foreign investment in the energy sector. Thus far, there is no evidence that Trinidad and Tobago has had difficulty in attracting a mostly foreign labor force (and a relatively large expatriate community) in the energy sector in order to meet a domestic skills gap. Furthermore, there are no signs of deceleration in economic activity due to crime.

Government Finance and Debt

An Aggressive Fiscal Expansion Within The Context Of Fiscal Surpluses

Trinidad and Tobago's fiscal position has improved considerably in recent years in light of the upsurge in energy revenues, which now account for almost half of all government revenues. In terms of GDP, total central government revenues are estimated to have reached 31% in fiscal year 2007 (which ended in September), compared to 24% in 2000. This is despite a series of income tax cuts introduced in 2005. Expenditures have grown as well, reaching a historical high of 33% of GDP during fiscal year 2006, before dropping to 30% this past fiscal year.

The quality of expenditures has been in line with a long-term strategy aimed at bringing Trinidad and Tobago to a "developed country status" by 2020, with heavy investments in education, housing, infrastructure and health. Capital expenditures almost tripled in terms of GDP since fiscal year 2004. In terms of GDP, wages have remained fairly constant, despite a recent wage agreement with civil servants. Subsidies, however, have risen considerably, including for pension payments as well as generous electricity and fuel subsidies.

Despite the fact that the fiscal balance has remained in surplus and that savings of the windfall have increased (and are now institutionalized, as explained below), there are growing concerns that the fiscal position would be untenable in the event of a downturn, however unlikely this scenario may be in the short term. While capital expenditures could be adjusted, reduction of other types of expenditures (particularly subsidies) would face more intense political opposition and exacerbate an economic slowdown. The growing size of the non-energy deficit, which has grown from an already high 11% of GDP in fiscal year 2005 to an estimated 15% of GDP this past fiscal year, underscores such concerns. The government contends that the level of the non-energy deficit is temporary and reflects the government's prioritization of investments in areas such as infrastructure, education and health, which will in time provide the foundations for the expansion of the non-energy sector to offset a potential decline in the energy cycle. The evolution of the non-energy fiscal deficit from recent levels will be an important indicator of the policy stance going forward.

Debt Ratios Improve, Notwithstanding Contingent Liabilities

High GDP growth and fiscal surpluses have translated into falling government debt ratios, such as government debt to GDP and to revenues. The central government's debt to GDP is estimated to have fallen to 24.8% of GDP at the end of fiscal year 2007. Excluding bonds issued to absorb liquidity in open market operations (whose stock increased considerably in 2007), the ratio is even smaller at 17.3% compared to almost 40% in 2002. Most of the central government debt is in domestic currency. The portion in foreign currency (24% of the total, or 5.9% of GDP in 2007) in particular has been declining sharply over the years. Many of Trinidad and Tobago's central government debt indicators have continued posting significant improvements, including ratios such as debt to revenues and interest to revenues, both closely monitored by Moody's.

An encouraging development in the last couple of years is the decline of contingent liabilities to pre energy-boom levels. These sizeable obligations (mostly owed by state entities, including utilities such as the water authority) had been rising significantly since 2000 and reflected the government's policy of carrying out a large portion of its fiscal policy outside the central government, particularly for capital projects, arguing that implementation is more efficient and that there are significant benefits to deepening the domestic capital markets. Over 80% of these obligations carry explicit government guarantees and are denominated in domestic currency. In terms of GDP, contingent liabilities dropped to 12.3% in 2007, down from a 21.1% peak in 2002 and 15.1% in 2006. Once these obligations are added to the central government debt, total public debt stood at 33.2% of GDP in 2007, down from 50.1% in 2003, a considerable improvement.

The issue of contingent liabilities is a factor that will continue to be monitored by Moody's going forward. In addition to representing a potential debt burden on the central government, the ability of public entities to borrow and carry out a significant portion of expenditures introduces a strong element of discretion in fiscal management. These entities function as "project management companies" whose fees are included in the central government budget under capital expenditures. In addition, only entities deemed as "profitable" are allowed to borrow (the majority of state-owned entities are indeed profit-making). While these guidelines are helpful, this set-up has the potential to degenerate under political influence, thus complicating expenditure restraint as well as limiting transparency.

The Stabilization Fund Is Now Bound By Law

An important factor underpinning Trinidad and Tobago's investment-grade status is its stabilization fund, as it shows the government's willingness to save part of the energy windfall. The fund was established in 2000 by the previous administration, is managed by the Central Bank (its proceeds are part of foreign exchange reserves) and had accumulated savings around 8.0% of GDP at the end of the 2007 fiscal year, an amount in excess of the entire public sector external debt stock. After years of voluntary contributions (the fund was established in 2000 by the previous administration headed by the current opposition), Parliament finally approved a law binding such transfers earlier this year. This is a positive development, because it limits the ability to either stop saving or squander the proceeds of the fund.

The purpose of the so-called "Heritage and Stabilization Fund" is two-fold: to sustain fiscal performance during energy downturns (i.e. "stabilization") and prepare the country for the eventual depletion of energy resources by investing in diversification (i.e. "heritage"). There is no specified percentage that is devoted to "stabilization" and to "heritage". The regulations of the fund stipulate that whenever oil prices rise by 10% above the budgeted forecasts, the government must deposit at least 60% of the difference. This will now happen on a quarterly basis without requiring parliamentary approval. Withdrawals can occur when prices fall below 10% the budgeted price and can amount to either 60% of the shortfall or 25% of the fund savings, whichever is smaller. There are, thus far, no specified rules for withdrawals for "heritage" purposes. The government intends to amend the legislation in order to introduce a $1.0bn floor beyond which no further withdrawals can be made.

Peer Comparisons: Key Debt Ratios Within Peer Group Range

Trinidad and Tobago's key government debt indicators are generally close to the mean in the Baa category. Comparable Baa credits for Trinidad and Tobago are not only within the region, as in the case of Barbados (rated one notch lower at Baa2), but also energy-producing, such as Mexico (rated at Baa1) as well as Russia and Kazakhstan (rated at Baa2). Most government debt indicators are around the mean for Baa-rated credits, but compare unfavorably to those of Russia and Kazakhstan whose fiscal positions are stronger in terms of larger fiscal surpluses and lower government debt to revenues ratios.

General government debt to GDP was 23.6% in 2006, around a mean of 34.4% for the Baa category. However, the ratio is well above Russia's 9.9% and Kazakhstan's 4.9%. A similar trend is observed with the general government debt to revenues ratio, which was 69% in 2006, well below the Baa mean of 148% and Mexico's 123%, but above Kazakhstan's 28% and Russia's 26%. It is also worth noting that these ratios compare unfavorably with A and Aa-rated energy producers in the Gulf, including Oman, Bahrain, Saudi Arabia and the UAE.

External Vulnerability and Liquidity

Net Creditor Status Further Enhanced By Solid External Position

Mostly as a result of the massive energy windfall, Trinidad and Tobago has been registering double-digit current account surpluses during the past three years. Energy exports have almost tripled since 2003, as both prices and volumes have surged. In addition, the services' account has been recording surpluses, as Trinidad and Tobago is a leading exporter of financial services in the region. Despite surging capital goods imports and a low level of remittances from abroad, the current account surplus reached 25.7% of GDP in 2006, triple the level in 2003. Sizeable surpluses are expected in the years to come, as the volume and price of energy exports are expected to remain elevated.

A small deficit in the capital account has translated into large balance of payments surpluses and a sizeable accumulation of foreign exchange reserves. At the end of 2006, foreign exchange reserves reached US$6.5bn, over three times their level in 2003 and well in excess of the entire external debt stock (including private external debt and the foreign liabilities of local banks). Indeed, Trinidad and Tobago's net external creditor status has strengthened significantly in recent years and is one of the main factors behind the investment grade foreign currency government bond rating of Baa1. Moody's expects the country's external ratios to further improve in the coming years, as energy exports should continue growing and as new energy-related projects should continue guaranteeing sizeable foreign direct investment-related inflows.

Peer Comparisons: External Debt Ratios Significantly Better Than Peers

Virtually all external indicators have shown marked improvements over the past few years, in light of growing foreign exchange reserves and lower external debt. The external debt to GDP, external debt to current account receipts, debt service and external vulnerability indicators (as defined by Moody's) are all significantly below the mean for Baa credits, including similarly-rated energy exporters such as Mexico, Russia and Kazakhstan. External debt to GDP was 28% in 2006, compared to a 42% mean for Baa credits. External debt to current account receipts stood at 39% at the end of 2006 well below a Baa mean of 84%. The debt service and external vulnerability indicators are also very favorable compared to peers. In 2006, those indicators were 2.4% and 3.5%, respectively for Trinidad and Tobago, well below a Baa mean of 14% and 66%, respectively. In the case of Kazakhstan, the external vulnerability indicator was around 100% in 2006.

Annual Statistics

Trinidad & Tobago

	2001	2002	2003	2004	2005	2006	2007F	2008F
Economic Structure and Performance								
Nominal GDP (US$ Bil.)	8.8	9.0	11.2	12.7	15.1	18.1	20.9	23.7
Population (Mil.)	1.29	1.29	1.30	1.30	1.31	1.31	1.32	1.32
GDP per capita (US$)	6,850	6,966	8,660	9,739	11,561	13,866	15,867	17,907
GDP per capita (PPP basis, US$)	9,660	10,571	12,199	13,296	14,735	17,016	--	--
Nominal GDP (% change, local currency)	7.1	2.3	25.6	12.9	19.1	20.4	14.5	13.4
Real GDP (% change)	4.2	7.9	14.4	8.8	8.0	12.0	7.0	6.5
Inflation Rate (CPI, % change Dec/Dec)	3.2	4.3	3.0	5.6	7.2	9.1	7.0	6.5
Gross Investment/GDP (%)	26.7	22.6	25.3	17.4	15.5	13.9	20.0	20.0
Gross Domestic Saving/GDP (%)	37.4	28.2	39.6	33.0	36.5	44.2	33.0	34.0
Nominal Exports of G & S (% change, US$ basis)	1.1	-7.3	29.3	23.3	34.8	29.0	-0.3	15.0
Nominal Imports of G & S (% change, US$ basis)	6.5	2.4	5.7	23.1	25.2	7.5	24.3	10.7
Openness of the Economy (%) [1]	99.9	95.0	90.1	98.3	108.0	108.1	102.0	100.0
Government Effectiveness Indicator	--	0.35	0.50	0.47	0.28	0.23	--	--
Government Finance								
Gen. Gov. Revenue/GDP (%) [2]	26.1	25.1	24.6	26.2	31.2	34.2	30.9	27.2
Gen. Gov. Expenditures/GDP (%) [2]	25.4	25.3	23.5	25.9	28.7	32.6	30.0	27.1
Expenditures Excluding Contributions to Stab. Fund	24.4	25.3	23.0	24.6	26.4	30.9	29.4	--
Contributions to Stabilization Fund/GDP (%)	1.0	0.0	0.4	1.3	2.2	1.8	0.6	--
Gen. Gov. Financial Balance/GDP (%) [2]	1.7	-0.2	1.5	1.6	4.8	3.4	1.6	0.1
Gen. Gov. Primary Balance/GDP (%) [2]	6.1	4.1	5.2	4.6	7.4	5.5	3.5	2.1
Gen. Gov. Direct Debt (US$ Bil.) [2]	3.8	3.6	3.9	3.8	4.2	4.3	5.2	5.4
Gen. Gov. Direct Debt/GDP (%) [2]	43.2	40.7	34.9	30.2	27.7	23.6	24.8	22.8
Gen. Gov. Domestic Debt/GDP	23.5	22.9	20.2	19.3	19.2	16.7	18.9	17.8
Gen. Gov. External Debt/GDP	19.6	17.8	14.6	10.8	8.5	6.9	5.9	5.1
Gen. Gov. Direct Debt/Gen. Gov. Revenue (%) [2]	165.2	162.1	141.9	115.3	88.7	68.9	80.1	84.0
Gen. Gov. Int. Pymt/Gen. Gov. Revenue (%) [2]	16.6	17.1	14.9	11.5	8.6	6.3	6.4	6.0
Gen. Gov. FC & FC-indexed Debt/Gen. Gov. Debt (%) [2]	45.5	43.7	41.9	36.0	30.7	29.4	23.8	22.2
Gen. Gov. Guaranteed Debt (US$ Bil.)	1.4	1.5	1.7	1.8	1.8	1.8	1.8	1.7
Contingent Liabilities/GDP (%)	17.0	21.1	19.9	18.6	16.4	15.1	12.3	9.7
Total GG Direct & Guaranteed Debt (US$ Bil.)	5.2	5.2	5.6	5.6	5.9	6.1	6.9	7.1
Total GG Direct & Guaranteed Debt/GDP (%)	58.6	57.4	50.1	44.4	39.4	33.6	33.2	29.8
Total GG Direct & Guaranteed Debt/GG Revenue (%)	224.0	228.8	203.9	169.8	126.3	98.1	107.4	109.7

Trinidad & Tobago

	2001	2002	2003	2004	2005	2006	2007F	2008F
External Payments and Debt								
Nominal Exchange Rate (local currency/US$)	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3
Real Eff. Exchange Rate (% change)	7.6	3.4	(1.6)	(1.2)	1.4	4.6	3.6	--
Current Account Balance (US$ Bil.)	0.4	0.1	1.0	1.6	3.6	4.7	4.8	4.8
Current Account Balance/GDP (%)	4.7	0.8	8.8	13.0	23.8	25.7	22.8	20.5
External Debt (US$ Bil.)	4.2	3.8	4.9	4.5	4.9	5.1	4.9	4.9
Public Sector External Debt/Total External Debt	20.3	14.2	14.9	11.2	8.7	7.3	6.2	5.3
Short-term External Debt/Total External Debt (%)	--	--	--	--	--	--	--	--
External Debt/GDP (%)	47.2	41.8	43.5	35.8	32.4	28.0	23.7	20.7
External Debt/CA Receipts (%) [3]	82.5	79.8	80.6	61.1	45.5	39.1	36.5	34.2
Interest Paid on External Debt (US$ Bil.)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Amortization Paid on External Debt (US$ Bil.)	0.1	0.1	0.1	0.2	0.1	0.2	0.2	0.1
Net Foreign Direct Investment/GDP (%)	8.8	7.6	5.2	7.7	4.0	4.2	4.1	3.8
Official Forex Reserves (US$ Bil.)	1.9	1.9	2.3	3.0	4.8	6.5	9.3	11.1
Net Foreign Assets of Domestic Banks (US$ Bil.)	0.0	0.0	-0.2	0.2	0.1	1.1	--	--
M2 (% change, Dec/Dec)	6.9	5.7	-0.7	14.1	29.4	21.7	12.1	--
Short-Term Nominal Interest Rate (%, Dec 31)	7.7	4.8	2.9	2.8	2.9	5.7	5.7	--
Domestic Credit (% change, Dec/Dec)	-1.2	11.0	-3.8	-9.7	4.2	-14.3	4.5	--
Domestic Credit/GDP (%)	28.1	30.5	23.3	18.7	16.3	11.6	--	--
M2/Official Forex Reserves (X)	2.1	2.2	1.9	1.6	1.3	1.2	--	--
Total External Debt/Forex Reserves (%)	222.0	195.8	216.7	151.8	102.2	78.0	53.3	44.1
Debt Service Ratio (%) [4]	3.6	4.2	3.3	4.5	1.7	2.4	1.6	1.5
External Vulnerability Indicator (%) [5]	3.3	3.6	3.6	7.6	1.9	3.5	1.6	1.2
Liquidity Ratio (%) [6]	54.5	36.8	47.9	41.8	29.0	20.0	15.2	--
Total Liabilities due BIS Banks/ Total Assets Held in BIS Banks (%, DC only)	105.3	91.5	112.4	101.1	76.1	54.6	46.9	--
"Dollarization" Ratio (%) [7]	24.0	25.6	20.3	27.0	22.3	25.8	29.5	--
"Dollarization" Vulnerability Indicator (%) [8]	42.6	45.4	33.3	35.1	23.7	22.1	18.6	--

Notes:

[1] Sum of Exports and Imports of Goods and Services/GDP (%)

[2] Central Government; Fiscal Year ends in September

[3] Current Account Receipts

[4] (Interest + Current-Year Repayment of Principal)/Current Account Receipts (%)

[5] (Short-Term External Debt + Currently Maturing Long-Term External Debt + Nonresident Foreign Currency Deposits Over One Year)/Official Foreign Exchange Reserves (%)

[6] Liabilities to BIS Banks Falling Due Within One Year/Total Assets Held in BIS Banks (%)

[7] Total Foreign Currency Deposits in the Domestic Banking System/Total Deposits in the Domestic Banking System (%)

[8] Total Foreign Currency Deposits in the Domestic Banking System/(Official Foreign Exchanges Reserves + Foreign Assets of Domestic Banks) (%)

Rating History:

	Foreign Currency Ceilings				Government Bonds		Outlook	Date
	Bonds & Notes		Bank Deposit		Foreign Currency	Local Currency		
	Long-term	Short-term	Long-term	Short-term				
Rating Raised	A1	--	Baa1	P-2	Baa1	--	Stable	July-06
Rating Raised	A2	P-1	--	--	--	--	--	May-06
Rating Raised	Baa2	P-3	Baa2	P-3	Baa2	--	Stable	August-05
Rating Raised	Baa3	--	Ba1	--	Baa3	Baa1	Stable	April-00
Review for Upgrade	Ba1	--	Ba2	--	Ba1	Baa3	--	January-00
Rating Assigned	--	--	--	--	--	Baa3	--	November-98
Outlook Assigned	--	--	--	--	--	--	Stable	March-97
Rating Raised	Ba1	--	Ba2	--	Ba1	--	--	October-95
Rating Assigned	--	NP	Ba3	NP	--	--	--	October-95
Rating Assigned	Ba2	--	--	--	Ba2	--	--	February-93

Moody's Related Research

Special Comments:

- A Guide to Moody's Sovereign Ratings, July 2006 (98177)
- A Quantitative Model for Local Currency Government Bond Ratings, September 2003 (79404)
- A Quantitative Model for Foreign Currency Government Bond Ratings, February 2004 (81176)

Rating Methodology:

- Piercing the Country Ceiling: An Update, January 2005 (91215)
- Revised Foreign-Currency Ceilings to Better Reflect Reduced Risk of a Payments Moratorium in Wake of Government Default, May 2006 (97555)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Author	Senior Associate	Senior Production Associate
Alessandra Alecci	Alejandro Rivera	Wing Chan

Moody's Investors Service