EMTA

Bulletin

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EMTA Survey: Emerging Markets Debt Trading at US $6.489 Trillion in 2007

Inside

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Local Instruments at 66% of Turnover; Results Show that Trading Tailed Off in the 4th Quarter

Emerging Markets debt trading stood at US$6.489 trillion in 2007, just shy of the previous year's record volume of US$6.523 trillion, according to EMTA's Annual Emerging Markets Debt Trading Survey, released on February 19, 2008. EMTA noted that while trading in 2007 outpaced 2006 volumes in the first three quarters of the year, a notable contraction in fourth quarter turnover resulted in a 0.5% decline in annual activity.

EMTA's Fourth Quarter Debt Trading Volume Survey, also released the same day, shows that turnover in the final three months of 2007 declined to US$1.366 trillion, a 16% drop vs. fourth quarter 2006 volume of US$1.634 trillion and down 18% compared with US$1.671 in the third quarter of 2007. This was the lowest quarterly volume in over two years according to the EMTA Survey, which is based on responses from 60 market participants.

Joyce Chang, Global Head of Emerging Markets Strategy and Emerging Markets Americas Client Business at JPMorgan, noted that "Liquidity in the fourth quarter diminished across the board, particularly for higher-beta Emerging Market assets, as the turmoil in US credit markets unfolded." Chang reasoned that, although JPMorgan expects inflows into Emerging Markets fixed income to increase this year to US$40 billion compared to US$32 billion in 2007, "trading volumes may not recover to pre-sell-off levels as crossover investor interest in Emerging Market instruments has fallen, particularly with Emerging Market sovereign debt trading through investment grade credit."

EMTA Volume Survey (continued)

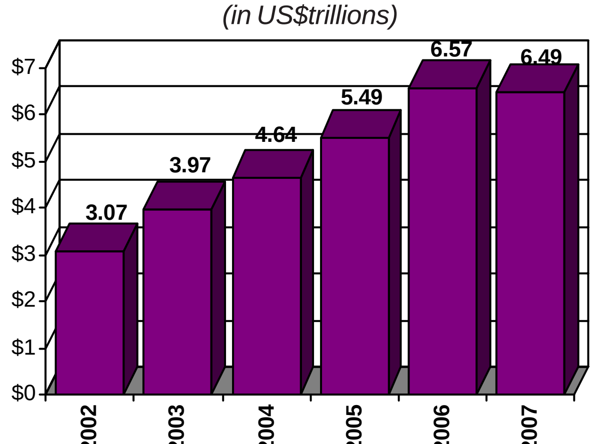
Local Market Volumes Reach New Annual High at US$4.264 Trillion

Continuing a trend evident for several years, local markets reached their highest annual trading level since EMTA began compiling the Survey in 1992, with reported activity of US$4.264 trillion. This compares with US$3.687 trillion in local markets turnover in 2006, a 16% increase. Trading in local market instruments accounted for nearly two-thirds of Emerging Markets debt trading, a dramatic increase from their 57% share in 2006 and a 47% share in 2005.

While local markets volumes rose to record levels in each of the first three quarters of the year, volumes declined in the final quarter, down 22% on a quarter-on-quarter basis to US$933 billion (vs. US$1.190 trillion in 3rd Quarter 2007) though flat compared to 4th Quarter 2006 trading. The decrease in local markets instrument activity was consistent throughout all major countries in the 4th Quarter. The most frequently traded local bonds were those from Mexico (US$1.206 trillion), Brazil (US$625 billion), South Africa (US$451 billion), Turkey (US$328 billion) and Argentina (US$293 billion).

Aggregate Trading Volume

(in US$trillions)



Sovereign Eurobond Trading Declines While Corporate Volumes Increase

In contrast to the annual rise in local markets volumes, overall Eurobond activity declined to US$2.110 trillion in 2007, a 21% decrease from US$2.675 trillion the prior year. However, the trends in sovereign and corporate Eurobonds trading contrasted sharply. Sovereign issue volumes were down 36% to US$1.379 trillion in 2007 (vs. US$2.165 trillion in 2006). EMTA noted that reported activity in sovereign Eurobonds has declined consistently for the past five quarters. Sovereign Eurobonds accounted for 21% of Survey volume, down from 33% in the previous year.

Corporate Eurobonds, however, reached their highest annual trading level at US$676 billion in 2007, up 48% compared with US$458 billion in 2006. Corporate bond trading reached its peak in dollar terms in the 2nd Quarter of 2007, while in terms of market share 4th Quarter corporate turnover matched its highest market share previously set in the 2nd Quarter, when corporate bond activity once again accounted for 12% of total Survey volume. For the full year, corporate Eurobonds accounted for 10% of trading, compared to 7% in 2007.

Chang commented that “the net supply of sovereign debt continues to fall as emerging countries shift financing into local markets.” She added that JPMorgan forecasts gross Emerging Market sovereign issuance of approximately US$47 billion in 2008, or about one-third of the anticipated level of Emering Market corporate issuance, which, she pointed out, for the first time matched the level of US high yield issuance in 2007.

EMTA Volume Survey (continued)

In addition to local markets bonds, sovereign and corporate Eurobonds, the Survey also includes turnover in options, loans and Brady bonds. Survey participants reported US$96 billion in option trades (2% of volume), US$14 billion in loan assignments (less than 1% of volume) and US$4 billion in Brady bond transactions (also less than 1% of Survey turnover).

Mexico, Brazil and Argentina Lead Volumes

Mexican instruments were the most frequently traded debt securities in the Survey, at US$1.413 trillion in reported activity. This compares with US$1.534 trillion in Mexican trading in 2006, an 8% decrease. 85% of Mexican volumes involved local markets instruments, compared to an 82% share the previous year. Mexican trading accounted for 22% of total volumes (vs. 24% in 2006).

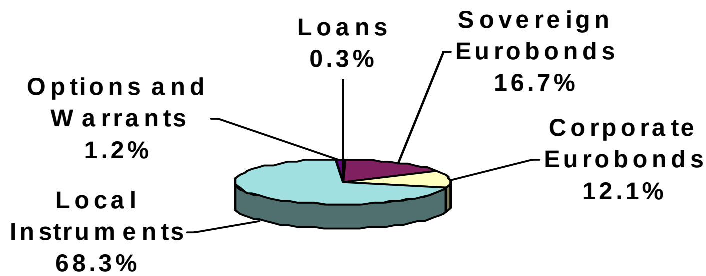
Brazilian securities were the second most frequently traded instruments, at US$1.134 trillion. This represents a 20% decrease vs. 2006 volume of US$1.424 trillion. Volumes in the industry's benchmark bond, Brazil's 2040 issue, stood at US$215 billion, contracting 55% from US$478 billon in 2006 (and vs. $576 billion in 2005). Brazilian instrument trading accounted for an 18% share of total volume (vs. 22% in 2006).

The third most frequently traded instruments were Argentine debt issues, at US$520 billion. Argentine volumes rose 26% compared to US$412 billion (and vs. US$346 billion in 2005). Other frequently traded debt instruments were issues from South Africa (US$492 billion), Turkey (US$486 billion), Poland (US$322 billion) and Russia (US$317 billion) and Hong Kong (US$200 billion).

Chang commented that although crossover investor interest in the asset class has waned in recent months, the improved fundamentals in many Emerging Market countries continue to attract investors. "The new strategic investors in Emerging Markets fixed income include US pension funds and sovereign wealth funds, who operate as long-term holders of assets," she stated.

EMTA's Survey includes trading on volumes in debt instruments from over 90 Emerging Market countries. For a copy of EMTA's Fourth Quarter or 2007 Annual Volume Survey, please contact Jonathan Murno at jmurno@emta.org or +1 (212) 313-1005.

Volume by Type of Instrument, 2007



Keynote Speaker Anders Aslund Describes Concerns for Russia's Political and Economic Outlook

Dr. Anders Aslund, Senior Fellow at the Peterson Institute for International Economics, delivered the keynote speech at EMTA's Annual Meeting, which was held on December 5, 2007. Citigroup hosted the event in its downtown Manhattan headquarters. Over 250 market participants attended.

Aslund prefaced his remarks by noting the "enormous contradiction between, on the one hand, a growing and blooming market economy and, on the other hand, an ever more authoritarian political situation." His presentation focused on five issues in Russia's political and economic history between 1985 and 2007.

The first issue Aslund addressed was the success of market reform. In his opinion, sufficient reform work was carried out from 1991-92 to secure the market economy; Aslund ascribed the initial poor economic results to policies that did not go far enough, and added that ironically, the 1998 financial crisis completed the country's economic transformation when it forced financial stabilization. Aslund specified that while Russia had reached the EBRD's definition of a deregulated economy by 1994, and with 70% of GDP coming from the private sector by 1997, the country still had a budget deficit of 9% until 1998—a shortcoming only reversed when the financial crisis made expenditure cuts politically possible. However, Aslund observed, progress on major reforms has been halted since 2003.

The failure of democracy was Aslund's second topic. Aslund attributed this to President Boris Yeltsin having no concept of democracy-building, and the accepted wisdom in Moscow that political issues were relatively unimportant compared to economic concerns. Instead of promoting democracy, Yeltsin imposed a constitution which concentrated power in the executive as a reaction to an "old, unrepresentative" and "erratic" Parliament. Yeltsin further erred when he handpicked ex-KGB official Vladimir Putin as his successor, a leader who would further stray from building a democratic Russia.

Aslund argued that the continuation of an authoritarian regime in Moscow was not pre-ordained. He contrasted the recent history of Russia with that of Ukraine, citing Freedom House standards, emphasizing that strong oil prices allowed President Putin to "indulge himself."

The third issue Aslund addressed was an analysis of President Putin's character. Aslund described the Russian president as an "authoritarian modernizer" in his first term. During these years, Putin concentrated his political power, engaged in a second war in Chechnya, began controlling the media and recentralized power back from regional governments; he simultaneously carried out economic reforms.

For a while, it was not completely clear what direction Putin would take next. For example, Putin's reference to a "dictatorship of law" left analysts wondering if he would focus on judicial reform or, rather, assert presidential authority over the judiciary. However, the 2003 Yukos confiscation removed any doubt about who the ex-KGB agent really is. Since then, Putin's major accomplishments have been little more than increasing authoritarianism and the acceptance of greater degrees of corruption, according to Aslund.

EMTA Annual Meeting (continued)

The fourth issue of Russia's future is also "totally clear," at least vis-à-vis the political realm, Aslund asserted, with Putin remaining firmly in control of the country, regardless of what title he retains once his current term expires. The Russian leader has successfully engineered the political situation so that he remains the sole figure necessary to prevent a government collapse. Aslund drew a parallel to the reign of Tsar Nicholas I, whose rule began with the exiling of liberals to Siberia. Putin has echoed Nicholas I's reign by over-centralizing his personal power, ruling through secret police and increasing repression as necessary to maintain his control of the country.

Economically, the country's outlook is more opaque. Russia should benefit from "splendid" macroeconomic policy and high economic growth; Aslund also praised the highly ambitious populace, and pointed out that a larger percentage of Russian youth go to college than their EU peers. Finally he predicted that a high level of legal private businesses bodes well for the future.

Yet the renationalization of industries remains a concern to Aslund, as does corruption. Using data from Transparency International, Aslund again compared Russia unfavorably to Ukraine. Worse, "[corruption] is not necessarily disorganized any longer…it's very systemic," he declared. Aslund highlighted corporate raiding by law enforcement officials, and the rising fortunes of ex-KGB agents. "How much can they steal without damaging the economy," he questioned. Aslund also expressed concern over loose monetary policy and a decline in the fiscal surplus, both of which are causing increased inflation.

The fifth issue covered in the keynote address was President Bush's misjudgment of President Putin. Aslund illustrated his argument with a series of quotes which ended with an acknowledgement by Bush that he had "no idea what [Putin] is going to do."

The Peterson Institute Senior Fellow concluded his remarks on a positive note, arguing that the country's market economy is a "stronger element" than Putin's political authoritarianism; and that a country so rich, so pluralist and so well-educated will eventually move towards greater democracy. "When economic growth declines, or the oil price falls, then I think President Putin will fall also," he forecast.

Sell Side Analysts Warn Investors Not to Expect Great Returns

JPMorgan's Joyce Chang moderated the Annual Meeting's panel of sell-side experts. Chang set the stage with a reminder that last year's discussion had partly focused on "why Ecuador would fail"—and yet the country's debt returned over 40% in 2007. She contrasted near conformity of forecasts on key economic variables in 2006 with the greater diversity of views at this year's meeting, projecting a slide which demonstrated a wide range of predictions on such variables as oil pricing and the dollar/euro exchange rate. Chang also called attention to the relatively uninspiring forecasts for the EMBI global, with two firms calling for flat performance over the next twelve months and even the most optimistic prediction calling for a small tightening. Finally, Chang also noted in her introductory comments that most firms expected the Fed to continue to cut rates into 2008, with one estimate of a 200 bp cut in Fed fund rates.

EMTA Annual Meeting (continued)

Initiating a discussion of the global economy, Credit Suisse's Kasper Bartholdy underscored that 2008 is unlikely to be a great year for the global economy, "but that doesn't in itself tell us that credit spreads have to widen from current levels." He believed that despite the downturn, global growth is not collapsing and that the risk of sovereign defaults will not increase more than the level implied by current spreads. The Credit Suisse analyst cited tighter credit policies at US and European banks and decreased US consumption (following the US housing crisis) as the main reasons for weakness in global growth, while affirming that this would not lead to a "disastrous default or a long-term global slowdown" as Central Banks "will respond to the threat and loosen policies." Bartholdy compared the current situation to the 1Q of 2007, when EM bond markets "lived pretty happily" with slow US growth.

Paulo Leme of Goldman Sachs admitted to being a proponent of the "re-coupling camp," cautioning that it would be hard for the rest of the world not to "take the hits" from lower US growth, while acknowledging the great amount of uncertainty concerning the world economy. Goldman had recently revised the chances of a recession to 40-45%, Leme pointed out, and credit tightening could "prove to be more contractionary, and to endure longer, than we are forecasting." However his overall impression was that EM markets will deal relatively well with contractionary shocks coming from G-7 countries, largely due to strong fundamentals, with BRICs perhaps being hit in the range of 20-50 bps.

Merrill Lynch's Tulio Vera noted that some of the recent themes in the global economy – weak US dollar, strong Chinese growth and strong commodity prices – should continue in 2008. As for other macro factors, Vera recognized that his firm is the most bearish on US growth, with a 1.4% growth forecast next year, and not expecting a recovery (U-shaped in Merrill's forecast) until the end of 2008 or beginning of 2009. As long as the US avoids a recession, EMs could probably eek out their third consecutive year of roughly 8% economic growth, he believed. However commodity pricing could falter if the US goes into a recession and growth falters in Japan and Europe as well.

Chang offered JPMorgan's assessment of a 35% probability of a US recession, with an EM growth forecast above 6%. She noted that JPMorgan had only made downwards adjustments in GDP projections for Mexico and Kazakhstan.

Addressing the likely direction of the US dollar, Leme saw the greenback as at least 20-22% undervalued, and expected strengthening over the next 12-18 months, in marked contrast to recent EM currency appreciations. Leme expected market volatility, and suggested timing a depreciation bet would prove challenging. For the near-term, however, US FOMC rate cuts and other factors should keep the dollar relatively weak, he argued. Bartholdy largely concurred, and added that EM countries such as China, Russia and other oil-producers will allow their currencies to appreciate in order to mitigate inflationary pressures.

Disagreeing, Vera viewed the dollar as being closer to fair value. Vera expected EM currencies to peak in value vis-à-vis the dollar in the 1H of 2008, promoted in Asia by monetary tightening. Chang concluded the dollar direction discussion by noting JPMorgan is forecasting a 10% return on EM currencies in dollar terms in 2008, led by countries such as Turkey (with a 22% return forecast, although "not the one-way bet it was a year ago," she warned).

EMTA Annual Meeting (continued)

Chang polled speakers for their opinions on an EM "de-coupling." Vera noted that 2007 US growth slowed to around 2% while global growth increased to approximately 6%, thus, in terms of growth "the de-coupling thesis has worked out pretty well." The relatively higher return of EM assets vs. G-7 instruments has also supported the de-coupling story in the marketplace, he observed. The risks to de-coupling, e.g. a dollar crisis and a subsequent shunning of dollar-denominated assets as well as inflation, do not appear imminent; while the growth of sovereign wealth funds means that there is now a "put" on risky assets that can be used as stabilizers in an economic downturn. "The bottom line is decoupling will hold for this year," he concluded.

Bartholdy agreed, but advised that he based his opinion on Credit Suisse's more optimistic prediction of the G-3 economic slowdown. He questioned whether de-coupling would continue if Merrill's more pessimistic forecast of US growth proved true.

Chang asked Anne Milne of Deutsche Bank, the panel's corporate expert, if de-coupling would continue in the corporate arena. Milne ventured that there is less de-coupling in high-grade liquid names such as Lukoil, CEMEX, America Movil and CVRD as there is "more transparency on where their international comparables would be." Second-tier names might be more affected by other factors including corporate finance developments and government policies affecting their industries.

On the growth side, Leme said the healthier sovereigns would de-couple from developed markets but suggested others wouldn't fare as well. On the trading side, "it is impossible to escape from very high correlations or episodes of bad news." Leme espoused a strategy of opportunistic trading, buying some of the credits mentioned by Milne on dips of 10-15% and selling into rallies. Chang ended the decoupling discussion by highlighting JPMorgan's bullish Chinese forecast, "which is central to our view that EM will not face a massive downturn even if the US goes into recession."

The panel addressed EM debt valuations. Bartholdy explained his use of rating agency data and current sovereign spreads to determine if investors are receiving appropriate compensation for holding EM debt. While acknowledging that one could always debate the appropriate methodology, his analysis showed that creditors were in fact receiving "generous compensation" for owning investment-grade rated EM sovereigns, while sub-investment grade debt offered investors "just about" the right return. Vera voiced his opinion that EM looks rich compared to US credit and that probably isn't going to change in the near future due to "the credit stresses" in the US and supply overhang.

How does one value EM corporates? Milne responded that, while the spread levels on high-grade paper from developed economies is the most important determinant, in some cases EM credits are actually more financially sound, with some EM companies such as Petrobras and the Chilean paper companies trading through US peers. Milne currently favors the Kazakh bank sector, Mexican industrials and Argentine corporates in general and utilities specifically from a valuation point of view, but clearly conveyed that investors should not expect large returns. Milne warned that valuations would be very complicated and one "almost has to have a matrix for every single industry group to figure out how they're performing."

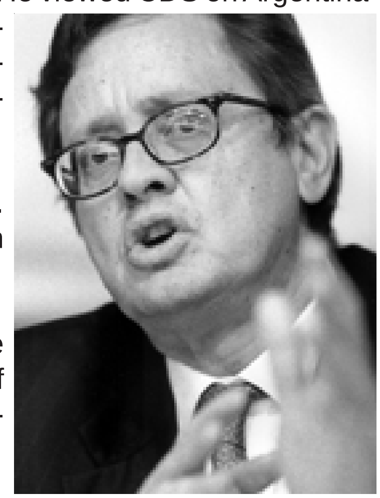
EMTA Annual Meeting (continued)

Milne was asked to further discuss EM corporate performance in 2008 as well as issuance trends. Milne noted that approximately $190 billion in corporate paper had been issued in 2007, 28% above 2006 levels. However, Milne expects a slowdown in 2008, mostly a result of a 30% decline in EMEA corporate issuance following an inability by the region's banks to obtain additional funding. Milne also stressed the role of local currency-denominated corporate paper, which has surpassed hard currency-denominated issues in recent years. This bodes well for EM corporates, which can turn to local markets for refinancing when international markets are closed.

As for other corporate products, Milne expects syndicated loans to remain stable or possibly decrease, and the corporate CDS market continues to evolve though not as rapidly as had originally been expected ("once you go beyond the larger less-liquid names, it's sort of tailor-made, by appointment.") Milne expects growing interest in asset-backed securities, which tend to be for lower- or non-rated companies and be small in size.

As for top picks for 2008, Vera chose Colombia, Turkey, Venezuela and Indonesian external debt, Brazilian utilities and meatpackers, Mexican telecom, as well as Russian banks and steel companies. He also spoke positively about the ruble, Korean won, Chinese yuan, Malaysian ringgit and Argentine peso.

Leme recommended long positions in rubles, Asian currencies and the real. He viewed CDS on Argentina as cheap, in addition to CDS on Columbia, Peru and Brazil. He spoke enthusiastically on the outlook for Brazilian energy and exporter firms, while agreeing with Milne that second tier names could offer even more attractive returns.



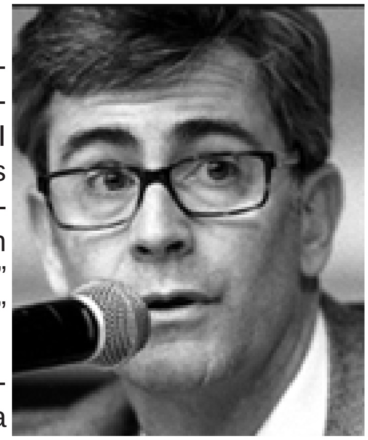
Milne recommended Argentine utilities and KKB and BTAS of Kazakhstan. She urged money managers to avoid smaller Mexican home builders which don't have access to the local debt or equity market.

Bartholdy viewed Russian sovereign debt as cheap, and agreed with Leme on Argentina's pricing (though cautioning that he would like to see signs of policy changes before committing to large investments). He would underweight EM equities.

Chang asked rhetorically whether Ecuador could again surprise the market as it had in 2007. She also recommended Argentine GDP warrants, the Nigerian naira, and Turkish rates, while avoiding the rand and Romania. Finally she detailed her concern about a potential balance of payments problem in Kazakhstan.

EMTA Annual Meeting (continued)

Investor Panelists Debate Decoupling, Quest for Returns in 2008



Citigroup's Don Hanna, who moderated the event's second discussion, asked each of the Annual Meeting's investor panelists to summarize their current thoughts on the market and to identify their concerns. NWI Investment Management's Hari Hariharan viewed his job as making four calls in 2008: the US economy, decoupling vs. recoupling, inflation and the underlying "infrastructure plumbing" or soundness. After reviewing his thought on each, Hariharan concluded that "many of these factors are eminently fixable" and that "the opportunities to make money are going to be fantastic next year."

Art Steinmetz (Oppenheimer) commented "it's probably time we had a recession in the United States." He affirmed he was "out of the closet" on being "a de-coupler" despite attacks on the decoupling theory in recent months. "I would not claim in any sort of "Pollyannish" fashion that there is no risk to these economies from a recession in the developed world, merely that the sandbags around these countries are much higher than they used to be," he asserted. Steinmetz noted increased domestic demand in EMs, especially in the BRICs, the ability for EMs to run countercyclical monetary policy, and the fact that the current slowdown has been triggered by a financial crisis (rather than a tradable goods crisis) all make strong arguments for decoupling.

"The US is pretty lucky to have Bernanke," according to BlueBay Asset Management's Simon Treacher, who praised the US Fed policy chief. As for decoupling, Treacher voiced his opinion that if US growth stayed at below 2% for a while, it would be impossible for the EMs not to get dragged down as well. He expected a U-shaped recovery and "a long year" in 2008.

Jim Barrineau of AllianceBernstein described the "secular shift" that occurred between 2002-06 when the US current account deficit expanded; EM countries, flush with liquidity, began posting trade surpluses and large GDP increases. This period has ended, Barrineau surmised, and as result EM assets will not be the "no brainer" they were for the past couple of years. Barrineau concurred with Treacher on the recovery being U-shaped, and also noted that sovereign wealth funds would have less room to accumulate dollar reserves in the current environment. He stressed that the pace at which Central Banks would add liquidity to the system would prove crucial to the global economy and that buildups in FX reserves and trades surpluses could be unwound if adequate re-liquefaction does not occur.

EMTA Annual Meeting (continued)

The panel also debated the possible risks from China to the EMs. Barrineau considered China to be more important to the emerging world than the US in recent years, but wondered if the country's new sovereign wealth fund might spend more money on local bank problems than other global assets. A Chinese stock market correction or an over-tightening of monetary policy could immediately be reflected in commodity prices and thus transmitted to EM asset pricing.

EMTA's 2007 Annual Meeting concluded with investor panelist recommendations. Steinmetz discussed the potential for renewed strength in the dollar, and offered Brazilian local rates as a preferred trade. Treacher reaffirmed his interest in Ecuador, but admitted he had not been so concerned about the market's prognosis for almost a decade. He suggested he would be somewhat on the sidelines until the direction of the global economy became clearer, but "if the information starts going against me then I'll just be short everything."

Barrineau agreed with sell-side analysts who favor the ruble and Asian currencies, and with Steinmetz's call on Brazilian rate trades. Global uncertainty and the decreased tailwind have probably lessened his uncertainty for EM assets generally, he acknowledged.

Hariharan would short the euro and sterling (the latter being "probably the greatest single bubble in the world right now") against Asian currencies. He agreed with Treacher that there would be unusual "opportunities to prey on distressed debt."

EMTA Board Meeting on January 29, 2008

EMTA's first Board Meeting for 2008 was held at EMTA's office in New York City with teleconferencing links.

Elected to the Board at the beginning of the meeting was Antoine Estier (UBS), who replaced his colleague, Todd Morakis.

As a result, the full composition of EMTA's Board of Directors for 2008 is as follows:

Co-Chairs

Martin G. Marron (J.P. Morgan Chase)
Matthew Clinton (Lehman)
Mark L. Coombs (Ashmore Investment Management)

Vice Chairs

Carey F. Lathrop (Citigroup)
Kay Haigh (Deutsche Bank)
Paul Reilly (Merrill Lynch)
Dean Menegas (Spinnaker Capital)

Treasurer

Matthew Clinton (Lehman Brothers)

Other Board Members

Rodolfo Fischer (Banco Itau)
Diego Gradowczyk (Barclays Capital)
Igor Arsenin (Credit Suisse)
Alejandro Vollbrechthausen (Goldman Sachs)
Bert van Keulen (HSBC Bank)
David Spegel (ING Financial Markets LLC)
Nick Riley (Morgan Stanley)
Antoine Estier (UBS)
Lawrence Goodman (Bank of America)
Peter L. Urbancyzk (Bear Stearns)
Peter R. Geraghty (Dresdner Kleinwort)
Tung Siew Hoong (Gov't of Singapore Investment Corp.)
Michael E. Gagliardi (HSBC Halbis Partners)
Sandy White (MarketAxess)
Bruce A. Wolfson (Rohatyn Group)
Keith J. Gardner (Western Asset Management)

In addition to reviewing EMTA's preliminary 2007 results against Budget (showing a surplus of about $202,000 against an originally budgeted surplus of $128,830) and the preliminary Budget for 2008 (showing a deficit of over $200,000 due to reduced Board assessments, as well as increased occupancy and service costs), the Board also discussed the trade settlement backlog in Venezuela's Oil Obligations and Nigeria's Payment Adjustment Rights and EMTA's Offset Facilities (see pages 16-18), as well as the possible expansion of EMTA's Volume Survey to include the CDS market.

Mr. Chamberlin announced that, as part of his year-end review of EMTA's finances with EMTA's Co-Chairs, he had committed to undertaking a strategic review of EMTA's direction and finances in the first half of 2008.

The next meeting of EMTA's Board is scheduled to be held sometime in late April 2008.

Special Events

Opportunities Still Exist in Cautious Market, Argue Corporate Bond Forum Speakers

ING played host to EMTA's Second Annual Corporate Bond Forum in London, which was held on January 29, 2008. The event, part of EMTA's efforts to highlight issues unique to the EM corporate bond markets, drew a standing-room only crowd of over 100 attendees.

Eric Ollum of ING polled speakers for their view on the direction of the EM corporate market in 2008. Renaissance Capital's Richard Segal still saw a lot of value in the marketplace but warned that additional bad news could surface before spreads narrow in perhaps six months or so.

"We are having a lot harder time trying to convince crossovers into the [EM corporate] market," acknowledged Victoria Miles of JPMorgan. A supply overhang is also deterring investors from jumping into the market, she reasoned. However, Miles noted that inflows to the asset class continue from core investors, who appear to be increasing their allocations to EM corporates to as much as 20% next year.

Eric Jayaweera of UBS gave a trader's perspective, and voiced his observation that demand has dropped by about one-third compared to January 2007. Jayaweera specified that although demand has actually increased from Russian banks, and while retail private banks continue to buy paper, other buyers are less active, including EM dedicated funds, general credit hedge funds, high yield accounts and proprietary trading desks (which he stated had been "decimated" and have mostly disappeared from the EM corporate market save for a few new entrants).

BlueBay Asset Management's Polina Kurdyavko spoke enthusiastically about the potential for the EM corporate market. "The good times are just about to begin; for the first-time credits are being differentiated based on fundamentals and this year we think we can make money on relative value opportunities," she stated. She added that because many issues won't be able to access the capital markets in 2008, those that do will have to offer investors attractive premiums.

Ollum asked Kurdyavko, following her advice on bond covenants last year, if she had seen a move to tighter covenants and greater investor scrutiny in recent months. "Covenants are like seatbelts," she noted, "they work when an accident happens, not when the road is bumpy." She suggested that tight covenants in some cases had improved the overall financial health of the issuer, but that investors also need to look at the seniority of debt, the reason the borrower is issuing debt, the size of the issue and quality of the accounts when they are deciding whether to buy a new issue.

Miles was requested to comment on potential performance by EM bank issues given the current market environment. Generally, Latin American banks are defensively positioned and she suggested Argentine and Brazilian banks as defensive plays. Concerns over the health of Kazakh banks are increasingly priced into the market, although she believed pain has yet to be fully transmitted through their financial accounts; however, she acknowledged that there should be a net paydown of debt in 2008, which may leave banks better positioned in terms of the medium-term outlook. Miles expressed concern at the level of borrowing that had been accumulated by Russian banks.

EMTA Corporate Bond Forum (continued)

The panel next focused on new opportunities. Local currency-denominated corporate bonds “is certainly a wave of the future, if not *the* wave,” argued Segal. Kurdyavko didn’t necessarily disagree but voiced her opinion that, generally, investors are not adequately compensated for their lack of liquidity at this time. Miles remarked that bond covenants don’t really exist in some local markets, and noted investor frustration at accessing local corporate markets.

The panel concluded with investor recommendations. Kurdyavko was bullish on Colombian utilities, Mexican telecoms and high-yield issuers in the CIS energy sector while expressing concern on Kazakh banks, Turkish corporates, Chinese real estate, as well as the airline and beef sectors generally. Miles took the opposite side of Brazilian beef and Chinese real estate trades (though not at current levels, she specified). She also reiterated her positive comments on Argentine banks, and favored the coal producer Raspadskaya, the South African retailer Edcon and CEMEX (which has been “knocked down too much.”) Miles was cautious on Russian private banks and the Brazilian chicken producer Sadia.

Segal recommended Kazakh banks for certain accounts but was negative on other Kazakh corporates, and warned that Ukrainian issues could face problems in the future. Russian steel plays would be good bets, although Segal advised investors to be informed on the use of proceeds on Nigerian issues. Jayaweera reminded investors that the government lifeline to Naftogaz is not exactly a guarantee, and that it is “only as good as long as Prime Minister Tymoshenko remains in power.” He was also wary of the Russian and Ukrainian real estate sector. Jayaweera favored Tengiz Chevroil and Russia’s Trust and Investment Bank.

Ollum closed the discussion with his own recommendations for Brazilian meat producers Bertin, Marfrig and Independencia. He also spoke positively on Vitro and CEMEX (where, he agreed with Miles, the “potential downgrade is totally priced in.”)

Special Events (continued)

EMTA Special Presentation "Corporate Bond Covenants"

As corporate issues continue to dominate Emerging Market debt issuance, EMTA has initiated a series of events specific to the EM corporate bond world. To date, EMTA has hosted annual Corporate Bond Forums in New York and London, as well as presentations by ratings agency representatives to discuss their ratings methodologies, including how corporates can pierce the sovereign ceiling.

EMTA is now pleased to host a seminar in NYC on March 7, which will focus specifically on the covenants, defaults and creditor remedies included in Emerging Markets corporate bond documents. Timothy B. DeSieno, a partner at Bingham McCutchen LLP, Nate Van Duzer, Director of Restructuring & Legal Affairs at Fidelity Investments and Tony Lopez, a partner at Clifford Chance, will discuss the text and intent of these provisions, both under New York and English law. They will also explore the provisions' practical utility in today's EM marketplace and potential alternative deal structures that the market may wish to consider. Comparisons to sovereign bonds will also be explored.

For more information, please contact Aviva Werner at awerner@emta.org.

Dr. Ifzal Ali to Discuss Asian Development Outlook on April 9, 2008

Due to popularity of his two previous EMTA speaking engagements in both New York and Singapore, EMTA is pleased to announce that Dr. Ifzal Ali, the Chief Economist of the Asian Development Bank (ADB), will deliver a special presentation in New York on April 9, 2008. Dr. Ali will discuss the ADB's Asian Development Outlook report for 2008 during the event, which will include a luncheon.

This event is part of EMTA's outreach to the Asian markets. EMTA will hold its annual Forums in Hong Kong and Singapore in October 2008.

Invitations will be sent to EMTA Members in mid-March. Admission is $50 for EMTA members; there is a US$195 registration fee for non-members. For further information, please contact Jonathan Murno at jmurno@emta.org.

Special Events (continued)

Annual New York Benefit Raises Nearly Half a Million Dollars for Emerging Charities

Organizers of the 2007 Emerging Markets Charity Benefit (EMCB) estimate that once all payments have been received that over $450,000 was raised at the annual industry gala in New York. This year's event took place on December 5, 2007 at the Sheraton Hotel's Metropolitan Ballroom on West 53rd Street in New York City, and sold out its 550 seats for the second consecutive year. Combined, the industry's 2007 benefits in London and New York have once again raised in excess of $1 million dollars for EM charities.

Simon Treacher (BlueBay Asset Management) served not only as the evening's live auctioneer, but also proved to have the evening's deepest pockets, winning a visit to a microenterprise project in Nicaragua, donated by JPMorgan's Joyce Chang, with a $10,000 bid. Other top auction items included two British Airways business class tickets between North America and Europe, picked up by Dylan Blair of Merrill Lynch for $6,800; and a soccer jersey signed by Pele, won by JPMorgan's Vladimir Werning for $6,000 after a dramatic Argentine-Brazilian bidding war. In addition, other items on the block included a Kawasaki motorcycle, a walking safari in South Africa and the use of vacation homes in Hawaii, the Hamptons and Thailand.

MarketAxess once again generously opened its corporate wallet by donating half the proceeds of its Fourth Annual Charity Trading Day (the remaining 50% was donated to the industry's October 2007 London benefit). Since 2003, MarketAxess has donated over $300,000 to Emerging Markets charities from its Annual Charity Trading Days.

Proceeds from the event are expected to be disbursed shortly. Funds will benefit seven organizations:

- **EMpower** - A grant-making foundation which connects the Emerging Markets community with innovative grassroots organizations enabling young people to lead healthy, productive lives www.empowerweb.org;
- **NESST,** which provides financial and capacity-building support to social enterprises in Central Europe and Latin America www.nesst.org;
- **The Resource Foundation,** which cultivates relationships between private development organizations worldwide by leveraging capital and information resources to increase the self-reliance and living standards of the disadvantaged www.resourcefnd.org;
- **Sri Lanka Cares,** which rebuilds and restores homes lost and damaged by the Asian Tsunami www.srilankacare.org;
- **Trickle Up**, which works to alleviate poverty by providing seed capital for people in EM countries to start small businesses www.trickleup.org;
- **WaterPartners International**, which works to promote health in Latin America, Africa and Asia by increasing access to safe drinking water www.water.org;
- and **WorldFund** which provides financial, managerial and technical assistance to partner schools in impoverished Latin American neighborhoods www.worldfund.org.

The EMCB will shortly confirm the date and venue of next year's gala, and continues to welcome new members interested in the 2008 event. If you are interested in joining the Planning Committee, please contact Jonathan Murno of EMTA at jmurno@emta.org.

Bond & Warrant Trading & Settlement

Multilateral and Trilateral Netting and Offsets for Nigeria Payment Adjustment Rights and Venezuela Oil Obligations

During the course of collecting data for its multilateral facilities (which have proven difficult to complete), EMTA has become aware of many opportunities for firms to reduce risk and facilitate settlement by entering into trilateral arrangements that should prove much easier to complete due to their relative simplicity. Accordingly, EMTA is actively encouraging market participants to assist in identifying such trilateral opportunities.

In the last six months, EMTA sponsored a Multilateral Netting Facility for Nigeria Payment Adjustment Rights (together with the warrant cash payments related thereto), five Offset Facilities for Venezuela Oil Obligations (together with the warrant cash payments related thereto) and one Trilateral Netting and two Offset Facilities for Nigeria Payment Adjustment Rights (together with the warrant cash payments related thereto). Taken together, 15 market participants successfully completed the netting and offset of deliveries and payments with an aggregate gross value (net of residual unsettled positions) of approximately US$89.4 million, which represents significant progress in the EM trading industry's ongoing effort to clear the longstanding settlement backlog for Nigeria's and Venezuela's Warrants.

The eight facilities, which are part of what is expected to be an on-going series of bilateral and trilateral nettings, follow several years of intensive activity by the dealer community to reconcile their trading records internally, with the industry clearing systems and with each other. EMTA invites all market participants with outstanding positions in these instruments to join in this effort to reconcile trading positions and address outstanding settlement backlogs that date back to the early 1990's.

An Offset Facility is designed for use in situations where each of the three parties submits the same amount of Warrant deliveries (including the related warrant cash payments) against each other in a three-party circle, so that the effect of the Facility is to offset the circle of deliveries against each other, thus leaving no residual positions among the three parties with respect to the deliveries submitted (it being understood that parties may have unsubmitted Warrant deliveries between them that would be unaffected). As a result of the mutual offsetting, no deliveries are actually required to effect settlement.

A Netting Facility is designed for use in situations where the three parties comprise an ABC chain and wish to "step out" the intermediary party (party B in the ABC chain), with the result that party A's former delivery to B (and party B's delivery to C) is replaced by A's delivery directly to C. The resulting delivery may be made or deferred, as parties A and C prefer.

In addition to its bilateral and multilateral documentation, EMTA is also pleased to offer documentation providing for trilateral position reduction and settlement for both Venezuela and Nigeria Warrants. In each case, documentation for multilateral netting, trilat offset or trilat step-out is accompanied by a Summary and User's Guide that has been prepared by EMTA in an effort to ensure that such documentation is easily understood by parties, potential parties and by others. In particular, the Summary and User's Guide should be helpful in avoiding potential misunderstandings by non-parties by clearly stating that transactions not submitted into the Facilities are unaffected.

Market participants interested in pursuing this opportunity to enter into trilateral or multiple party arrangements should contact Aviva Werner (awerner@emta.org) with the specific information regarding the three or more parties that would benefit from the arrangement.

Bond & Warrant Trading & Settlement (continued)

Nigeria Payment Adjustment Rights

Since January 2007, EMTA has hosted weekly or bi-monthly conference calls (and, before January, monthly calls) to encourage reconciliation and netting among the participants on the calls (including custodians and buy-side clients), and has distributed a suggested form of Bilateral Netting Agreement (together with a User's Guide). Suggested forms of Trilateral Netting Agreement for offset or step-out (together with Users' Guides) are also available upon request.

EMTA has encouraged firms to identify counterparties with whom they can enter into Trilateral Netting and Offset Agreements. If any firm needs any help in doing so, please contact Aviva Werner at awerner@emta.org to discuss netting opportunities.

In the interests of an orderly settlement of any netting arrangements between counterparties relating to the Rights, EMTA proposed an updated Market Advisory on November 20, 2007, which includes the following calculation:

For trades entered into before November 1, 2002:

- For those trades entered into with a contractual settlement date on or before October 31, 2000, the total dividend payments to date on each related Payment Adjustment Right are $108.934706.
- For those trades with a contractual settlement date on or after November 1, 2000, parties should consult the Record Dates in the Market Advisory for guidance as to what payments should be included.

For the full text of this Market Advisory, which sets forth the basis for such calculated amounts, Click Here.

EMTA wishes to remind all market participants that substantial efforts should be made, and sufficient resources should be devoted, to continue to fully reconcile internally and with their counterparties (including with custodians) their individual accumulated failed Nigeria Right transfers, so that net bilateral positions can be ascertained and settled and the reconciliation effort can be completed in a timely manner. In the meantime, in the interests of an orderly market, a certain amount of patience and forbearance in dealing with counterparties is likely to contribute a great deal more to the successful resolution of the overall settlement backlog than the aggressive pursuit of individual payment and settlement claims.

To assist market participants in better understanding the Nigeria Rights, and the background of the settlement and payment backlog, EMTA has prepared a Revised Primer (November 20, 2007) which includes the formula for determining the number of Rights related to the Bonds and a history of prior payments.

Click Here for the Fiscal Agent notice regarding the calculation for the November 15, 2007 payment.

Bond & Warrant Trading & Settlement (continued)

Venezuela Oil Obligations

Similar to the effort in Nigeria, for Venezuela Warrants there has also been an intensive effort by the dealer community to reconcile their warrant positions internally, with the clearing systems and with each other.

Since early 2006, EMTA has hosted weekly or bi-monthly conference calls to encourage reconciliation and netting among the participants on the calls (including custodians and buy-side clients), and has distributed a suggested form of Bilateral Netting Agreement (together with a User's Guide). Suggested forms of Trilateral Netting Agreement for offset or step-out (together with Users' Guides) are also available upon request.

EMTA has encouraged firms to identify counterparties with whom they can enter into Trilateral Netting and Offset Agreements. If any firm needs any help in doing so, please contact Aviva Werner at awerner@emta.org to discuss netting opportunities.

In the interests of an orderly settlement of any netting arrangements between counterparties relating to the Warrants, EMTA has calculated that the total dividend payments to date on each Warrant are $18.013356085. For the full text of this Market Advisory, which sets forth the basis for this calculated amount, Click Here.

In order to increase liquidity and assist in the settlement and netting of the Warrants, and recognizing the economic equivalence of the Warrants that accrue payments in US Dollars at the same rate and in the same amount across all ISIN codes, EMTA recommended that, unless otherwise agreed, the netting, offset and delivery of any of the Warrants will be satisfied by using ISIN codes XS0029484945, XS0029485322, XS0029484861, XS0029484515 or XS0029484788 interchangeably, regardless of the actual ISIN codes referred to in any trade confirmation or other document relating to any specific trade. Click Here for the full text of this Market Practice recommendation.

EMTA wishes to remind all market participants that substantial efforts should be made, and sufficient resources should be devoted, to continue to fully reconcile positions with their counterparties (including with custodians) so that the overall reconciliation effort can be completed in a timely manner. In the meantime, as in the case of Nigeria, in the interests of an orderly market, a certain amount of patience and forbearance in dealing with counterparties is likely to contribute a great deal more to the successful resolution of the overall settlement backlog than the aggressive pursuit of individual payment and settlement claims.

For further information about the Warrants, please Click Here for EMTA's Revised Primer (November 20, 2007), which includes the formula for determining the number of Warrants related to the Bonds and a history of prior payments.

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The October 15, 2007 Oil Obligations payment was made to holders of record as of September 28, 2007, and EMTA recommended that trades be "ex-dividend" on September 26. Click Here for the Fiscal Agent's notice regarding the payment's calculation.

Mexico VRR Payment

The December 31, 2007 payment was made to Series F VRR holders of record as of December 17, 2007, and EMTA recommended that trades be "ex-dividend" on December 13. Click Here for the Fiscal Agent's notice regarding the VRR payment's calculation.

The March 31, 2008 payment is expected to be made to Series F VRR holders of record as of March 14, 2008, and EMTA recommended that trades be "ex-dividend" on March 12. (A copy of the Fiscal Agent's notice regarding the payment's calculation will be published in the New Developments area of EMTA's website as soon as it is made available.)

Click Here for EMTA's Revised Primer on Mexico VRR's.

Uruguay VRR Payment

Click Here for the Fiscal Agent's notice regarding the January 2, 2008 VRR payment's calculation of zero. To date, no payments have ever become due on the VRRs.

Peru Redemption

Peru is expected to redeem its Discount, Floating Rate and PDI Bonds on March 7, 2008. Click Here for the Fiscal Agent's notices.

FX & Currency Derivatives

EMTA Confronts Changing Holiday Schedules

At year-end 2007, a number of EMTA Members notified EMTA of last-minute holiday schedule changes in, variously, the Indian business day calendar, the Argentine business day calendar and the Chinese business day calendar. While too late to respond to the INR market, EMTA sent out an email with a clarification to its Membership on the impact of these changes for ARS/USD non-deliverable forward FX and currency option transactions. Subsequently, EMTA convened a conference call for its Asia NDF Working Group and its Latin America NDF Working Group to attempt to clarify the application of the EMTA Template Terms in each circumstance. Upon a consensus of the Asia NDF Working Group, EMTA issued its FX and Currency Derivative Market Practice No. 47 in respect of CNY/USD Non-Deliverable Forward FX Contracts (see below). In addition, EMTA plans to issue a more general guidance note to its Members clarifying how to make adjustments in Valuation Dates and Settlement Dates following a post-Trade Date calendar change. Work on this guidance note is currently underway. See also FX and Currency Derivative Market Practice Nos.43 and 44.

EMTA Issues Recommended FX and Currency Derivative Market Practice No. 47

On February 1, 2008, EMTA issued FX and Currency Derivative Market Practice No. 47 identifying consistent Valuation and Settlement Dates for CNY/USD Non-Deliverable Forward FX and Currency Option transactions affected by changes made in the official business day calendar of the People's Republic of China. This Market Practice followed a meeting of the EMTA Asia NDF Working Group and reflected the conclusions and recommendations of the group. The Market Practice articulated the application of the existing terms for CNY/USD NDF transactions and did not introduce any actual changes to existing practices.

EMTA and ISDA Joint Market Practice for BRL-CDI Swaps Underway

Arising out of the current joint effort on forms of non-deliverable swap agreements, EMTA and ISDA undertook to develop a market practice for BRL-CDI non-deliverable swaps to address an immediate market need for standardization in order to clear up a significant documentation backlog in the industry. A joint ISDA-EMTA working group was constituted consisting of both traders and lawyers and several drafts of the market practice have been circulated and commented on. A significant item of discussion has been the waterfall of disruption fallbacks to be included in the transactions in the event the primary rate is not available.

Possible EMTA Market Practice on Local Currency Bonds

Upon the request of several EMTA Members, a small working group was convened to discuss the difficulties identified in certain markets in agreeing on a mutually acceptable FX rate for the conversion of the consideration amount for local currency fixed income instruments that are payable in dollars. The goal of the work group is to determine if some regularization in the discussions of the FX rate component of the trade would be beneficia to the market as a whole. EMTA Members interested in this project should contact Leslie Payton Jacobs at (see below) or Aviva Werner at awerner@emta.org.

KZT and UAH Template Terms Needed?

In early January, an inquiry was sent to the EMTA FX and Currency Derivatives Working Group requesting feedback on whether there was sufficient interest among the EMTA Membership to develop standardized terms for KZT/USD and UAH/USD Non-Deliverable Forward FX and Currency Option transactions. We have received positive response and so EMTA Members interested in this project should contact Leslie Payton Jacobs at lpjacobs@emta.org.

FX & Currency Derivatives (continued)

Master Confirmation Agreement for NDO's?

EMTA continues to monitor industry interest in a form of Master Confirmation Agreement for non-deliverable currency option transactions. Various Operations Managers Groups are actively looking at ways to automate the processing of NDO transactions which effort will likely give impetus for the effort to produce a Master NDO Agreement.

Compendium to Annex A Updated

EMTA, ISDA and the FXC issued an updated version of the Compendium of Amendments to Annex A of the 1998 FX and Currency Options Definitions which is available on EMTA's website.

EMTA Visits with FXJSC

In January 2008, EMTA was invited by the Legal Sub-Group of the Foreign Exchange Joint Standing Committee of the Bank of England to provide an introduction to EMTA's activities in the Emerging Markets foreign exchange area with a view to fostering more communication and collaboration between EMTA and the FXJSC on projects and topics of common interest.

EMTA and ISDA to Collaborate on Joint Documentation Seminar

EMTA and ISDA will jointly sponsor a seminar on the documentation of non-deliverable FX forward, currency option and swaps transaction. The seminar will take place in London on April 30, 2008. Click Here for more information.

EMTA Members: To obtain the password for the Members Only area, please e-mail sortiz@emta.org

Website Updates and Additions

Key Industry Views

EMTA continues to recognize publications by leading research analysts and others that highlight noteworthy industry topics. In recent weeks, EMTA has made the following additions to the Key Industry Views area of EMTA's website:

- "EM Trading Themes at the Start of 2008." January 21, 2008 - Kasper Bartholdy and Jacqueline Madu (Credit Suisse).
- "Latam Corporates: 2008 Outlook - Watch Your Step!" January 15, 2008 - Anne Milne and Marcelo Menusso (Deutsche Bank).
- "EM Debt Has Beaten Major Debt for 15 Years." January 9, 2008 - Jane Brauer and Dany Naierman (Merrill Lynch).
- "Latin American Outlook 2008." December 26, 2007 - Alfredo Coutino and Juán Pablo Fuentes (Moody's).
- "2008 Outlook." December 21, 2007 - Raza Agha, Timothy Ash, Alberto Bernal, Tim Kearney, Kathyrn Rooney, Carl Ross, Emy Shayo, John Stuermer and Franco Uccelli (Bear Stearns).
- "2008: The Real Test of EM's Resilience." December 14, 2007 - Marc Balston, Gustavo Canonero, Marcel Cassard, Drausio Giacomelli, Martin Hohensee, Arend Kapteyn and Michael Spencer (Deutsche Bank).
- "2008 Global EM Risk Outlook." December 14, 2007 - H. David Spegel (ING Financial Markets).
- "Russia: Outlook for 2008." December 14, 2007 – Stanislav Ponamerenko and Tatiana Orlova (ING Financial Markets).
- "Emerging Markets Global Outlook." December 13, 2007 - Piero Ghezzi and Advin Pagtakhan (Barclays Capital).
- "Latin America -A (re) Couple of Investment Themes for 2008." December 14, 2007 – Paulo Leme, Alberto Ramos, Pablo Morra, Luis Cezario and Malachy Meechan (Goldman Sachs).
- "Russia: Medvedev a Pro-Reform Yet Politically Weak President?" December 10, 2007 - Sergei Voloboev (Credit Suisse).
- "Outlook 2008." December 3, 2007 - Filippo Nencioni, Bhanu Baweja, Paolo Batori, Nizam Idris, Alvaro Vivanco and Ju Wang (UBS).
- "2008: EM Year Ahead." December 3, 2007 - Michael Hartnett, Daniel Tenengauzer, Tulio Vera and the ML Global Economics Team (Merrill Lynch).
- "Trends in EM Debt Trading Activity: 3Q 2007 Update." November 23, 2007 - H. David Spegel (ING Financial Markets).

Website (continued)

New Developments

These and other recent news items can be found in the New Developments area of EMTA's website.

- February 25, 2008 - EMTA and ISDA to Sponsor Joint Symposium on April 30, 2008 in London on NDF, NDO and NDS Documentation.
- February 22, 2008 - Mobil Cerro Negro v. PDVSA - SDNY Orders Confirming Attachments and Authorizing Deposit of Funds.
- February 20, 2008 - Moody's Comments on Legal Injunctions Against Petroleos de Venezuela, S.A.
- February 19, 2008 - EMTA Announces 2007 Annual Emerging Markets Debt Trading Stood at US$6.489 Trillion.
- February 13, 2008 - Mobil Cerro Negro v. PDVSA - US Attachment Orders.
- February 13, 2008 - Fitch Upgrades Indonesia's Long-Term Foreign Currency Rating from BB- to BB.
- February 11, 2008 - EMTA Winter Forum in London to be Held on February 27, 2008.
- February 11, 2008 - Standard & Poor's Statement: Petroleos de Venezuela S.A., Venezuela, And Related Issuers Ratings Unaffected By Court Ruling.
- February 11, 2008 - Fitch Upgrades Israel's Foreign-Currency Issuer Default Rating from A- to A.
- February 8, 2008 - Mobil Cerro Negro v. PDVSA - UK Freeze Order.
- February 8, 2008 - Fitch Ratings Statement: British Court Order to Freeze PDVSA Assets To Have Minimal Near-Term Impact.
- February 8, 2008 - Mexico VRR, Series F, Record Date of March 14 and Payment Date of March 31. Trades are 'Ex-Dividend' on March 12. Calculations for Payments on the VRR's will be Announced by the Fiscal Agent Shortly.
- February 7, 2008 - EMTA Special Presentation "Corporate Bond Covenants" in NYC on March 7, 2008.
- February 6, 2008 - Holiday Schedule for EM Bond Trades for US Presidents' Day Holiday.
- January 31, 2008 - Standard & Poor's Downgrades Lebanon's Long-Term Sovereign Credit Rating from B- to CCC+.
- January 30, 2008 - Iraq's Ministry of Finance Invites Registration of Commercial Claims Against Certain Iraqi Obligors as of August 6, 1990.
- January 30, 2008 - Standard & Poor's Downgrades Lithuania's Long-Term Foreign Currency Rating from A to A-.
- January 24, 2008 - Peru to Redeem Discount and Floating Rate Bonds - Fiscal Agent Notice.
- January 14, 2008 - EMTA Corporate Bond Forum in London to Be Held on January 29, 2008.
- January 10, 2008 - Market Practice Recommendation Regarding the Fungibility of Venezuela Oil Obligations.
- January 9, 2008 - Holiday Schedule for EM Bond Trades for Martin Luther King, Jr. Holiday.
- January 3, 2008 - Calculations for Payments on Uruguay VRR's Announced.
- December 19, 2007 - Calculations for Payments on Mexico VRR's, Series F, Announced.
- December 18, 2007 - Standard & Poor's Upgrades Chile's Foreign Currency Rating from A to A+.
- December 13, 2007 - Holiday Schedule for EM Bond Trades for Christmas, Boxing Day and New Year's Holidays.
- December 13, 2007 - 2008 Holiday Schedule.

Website (continued)

- December 13, 2007 - 2008 Batch Settlement Schedule for Certain Class I Loan Assets.
- December 5, 2007 - "The Economic and Political Outlook for Russia." Presentation by Anders Aslund, Senior Fellow at the Peterson Institute for International Economics at EMTA's Annual Meeting.
- December 5, 2007 - EMTA Annual Meeting Sell Side Panel - Market Views on Key Variables for 2008.
- December 3, 2007 - Various Retail Bondholders v. Argentina.
- November 29, 2007 - Anders Aslund, Senior Fellow at Peterson Institute for International Economics, to Deliver Keynote Address at EMTA's Anual Meeting on Wednesday, December 5, 2007.
- November 29, 2007 - "Russia's Capitalist Revolution: Why Market Reform Succeeded and Democracy Failed" by Anders Aslund Is Now Available.
- November 28, 2007 - List of Live and Silent Auction Items for EM Benefit to Be Held in New York on December 5, 2007 Now Available.
- November 27, 2007 - Standard & Poor's Upgrades Israel's Long-Term Foreign Currency Rating from A- to A.
- November 26, 2007 - EMTA's Fourth Quarter Bulletin in Now Available.

Reminders: Visit the *From the Market*, *Litigation* and *Job Opportunities* areas

There are a few relatively new areas of EMTA's website: From the Market in the Activities and Services area, Litigation in the EM Background area and Job Opportunities.

From the Market contains items submitted to EMTA that are deemed of general interest to the Emerging Markets trading and investment community. Decisions to post items are at EMTA's discretion, and the responsibility for content of each posted item lies solely with its author. Items in a variety of formats such as articles, opinions, transcriptions, and graphics, among others, are appropriate for this area. To submit postings to this area, please contact Suzette Ortiz at sortiz@emta.org or (212) 313-1006.

The website's latest addition, Litigation, is where various legal cases are posted that may be of interest to the EM trading and investment community. Cases can be viewed alphabetically in the more comprehensive List of Cases, as well as by specific subject matter category in reverse chronological order. If you are aware of any pertinent information which would be useful to post here, please contact Aviva Werner at awerner@emta.org or (212) 313-1010.

The Job Opportunities area includes positions currently available around the globe for members of the EM trading and investment community. We especially encourage you to pass along the address of this site to former colleagues who are currently seeking positions in the EM debt industry. If your firm is interested in posting a job listing on the website, please contact Jonathan Murno at jmurno@emta.org or (212) 313-1005.

Miscellaneous

Information for Volume Survey Participants

As a reminder, EMTA collects volume data from market participants for its Debt Trading Volume Surveys on a quarterly schedule. EMTA contacts its survey participants approximately one week before the end of each quarter. Look for the EMTA Volume Survey e-mails!

If you are not currently a participant in the EMTA Volume Survey and believe you can contribute data for this purpose, or wish to find out more about being a survey participant, please contact Jonathan Murno at jmurno@emta.org or (212) 313-1005. Individual Survey responses are kept strictly confidential.

EMTA is Your Forum

Questions arise from time to time about EMTA's policies regarding views expressed in items posted on its website or by speakers or panelists at EMTA events.

For the record, EMTA, by long-standing custom, does not necessarily endorse such views. Items posted on EMTA's website and speakers and panelists at EMTA events are selected because EMTA believes that they will be of topical interest to our Members and to the broader market and will contribute to the expression and free exchange of views and information in the marketplace.

EMTA is always interested in getting market feedback on the effectiveness of our website, events and activities generally. Please take the time to let us know whether or not you agree with what you see on our website or hear at one of our events and, most important, whether there is more that EMTA should be doing, or doing differently, to better serve the EM marketplace.

EMTA Membership Update

EMTA's newest Members include:

- **BBM Bank Limited**
- **Debt Advisory International, LLC**
- **Herbert Smith**
- **Omni Bridgeway Debt Trading**

If you are interested in EMTA Membership, or if you know of prospective Members, please contact Michael M. Chamberlin at mchamberlin@emta.org or (212) 313-1001, Starla Griffin at sgriffin@emta.org or (44-207) 996-3165, Jonathan Murno at jmurno@emta.org or (212) 313-1005 or Suzette Ortiz at sortiz@emta.org or (212) 313-1006. Also, in the Membership area of EMTA's website, we offer information about our various Membership categories and benefits and about how to join the Association.

EMTA Hotlines

Topic	Contact	Telephone
Asia	Jonathan Murno/Leslie Payton Jacobs	(212) 313-1005/1003
Clearing Corp.	Michael Chamberlin/Starla Griffin	(212) 313-1100/(44-207) 996-3165
Corporate Bonds	Jonathan Murno/Leslie Payton Jacobs/ Aviva Werner	(212) 313-1005/1003/ (212) 313-1010
EM Bond Charts	Aviva Werner	(212) 313-1010
EM Charity Benefits	Jonathan Murno	(212) 313-1005
EM Litigation	Aviva Werner	(212) 313-1010
EMTA Annual Meeting	Jonathan Murno	(212) 313-1005
EMTA Governance	Michael Chamberlin	(212) 313-1000
EMTA Quarterly Forums	Jonathan Murno	(212) 313-1005
EMTA Rate Quotation Services	Leslie Payton Jacobs	(212) 313-1003
FX and Currency Derivatives	Leslie Payton Jacobs	(212) 313-1003
International Financial Architecture	Michael Chamberlin	(212) 313-1000
Investor Issues	Michael Chamberlin/Aviva Werner	(212) 313-1000/1010
Legal/Compliance	Aviva Werner	(212) 313-1010
Library and Archive Requests	Evelyn Ramirez	(212) 313-1008
Loan and Bond Trading	Aviva Werner	(212) 313-1010
Local Markets	Aviva Werner/Leslie Payton Jacobs/ Starla Griffin	(212) 313-1010/1003/ (44-207) 996-3165
Market Information/Research	Jonathan Murno	(212) 313-1005
Membership	Jonathan Murno/Starla Griffin/ Suzette Ortiz	(212) 313-1005/(44-207) 996-3165/ (212) 313-1006
Netting: Multilateral Netting Facilities	Aviva Werner	(212) 313-1010
Paris Club	Starla Griffin	(44-207) 996-3165
Press Inquiries	Jonathan Murno	(212) 313-1005
Repos/Securities Lending	Aviva Werner	(212) 313-1010
Volume Survey	Jonathan Murno	(212) 313-1005
Warrants/VRR's	Aviva Werner	(212) 313-1010
Website	Suzette Ortiz	(212) 313-1006

EMTA staff can also be reached through the general telephone number (212) 313-1000, at the following e-mail addresses or through EMTA's website (www.emta.org).

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Suzette Ortiz	sortiz@emta.org
Leslie Payton Jacobs	lpjacobs@emta.org
Evelyn Ramirez	eramirez@emta.org
Aviva Werner	awerner@emta.org

EMTA Calendar

Fri., Jan. 18	Recommended 2:00 p.m. (NYC) Early Market Close
Mon., Jan. 21	Recommended Market Close (NYC) Martin Luther King Jr. Day Recommended 12:00 Noon (London) Early Market Close
Tues., Jan. 29	**Board Meeting (NYC)**
	Corporate Bond Forum **ING Bank NV** **60 London Wall (London)**
Fri., Feb. 15	Recommended 2:00 p.m. (NYC) Early Market Close
Mon., Feb. 18	Recommended Market Close (NYC) Presidents' Day Recommended 12:00 Noon (London) Early Market Close
Wed., Feb. 27	**Winter Forum (London)** **JP Morgan** **The Great Hall, 60 Victoria Embankment (London)**
Fri., March 7	**Special Presentation - Corporate Bond Covenants** **Global Financial Markets Conference Center** **360 Madison Avenue, 17th Floor (NYC)**
Thurs., March 20	Recommended 2:00 p.m. (NYC) Early Market Close
Fri., March 21	Recommended Market Close (NYC/London) Good Friday
Mon., March 24	Recommended Market Close (London) Easter Monday
April*	**Board Meeting (NYC/London)**
	Spring Forum (NYC)
Wed., April 9	**Special Presentation - Ifzal Ali, Chief Economist, Asian Development Bank** **Global Financial Markets Conference Center** **360 Madison Avenue, 17th Floor (NYC)**
Wed., April 30	**ISDA/EMTA Symposium: A Primer on Documenting Non-Deliverable Forwards, Options and Swaps (London)**
May*	**Corporate Bond Forum (NYC)**
Mon., May 5	Recommended Market Close (London) May Day Bank Holiday
Fri., May 23	Recommended 2:00 p.m. (NYC) Early Market Close
Mon., May 26	Recommended Market Close (NYC/London) Memorial Day/Spring Bank Holiday
Thurs., June 26	**Summer Forum (London)** **Merrill Lynch** **2 King Edward Street (London)**

* **Details TBA**

EMTA Calendar (cont)

July*	**Board Meeting (NYC/London)**
Thurs., July 3	Recommended 2:00 p.m. (NYC) Early Market Close
Fri., July 4	Recommended Market Close (NYC) Independence Day Recommended 12:00 Noon (London) Early Market Close
Mon., Aug. 25	Recommended Market Close (London) Summer Bank Holiday
Fri., Aug. 29	Recommended 2:00 p.m. (NYC) Early Market Close
September*	**EMTA Hong Kong Forum**
	EMTA Singapore Forum
Mon., Sept. 1	Recommended Market Close (NYC) Labor Day Recommended 12:00 Noon (London) Early Market Close
October*	**Board Meeting (NYC/London)**
	Fall Forum (NYC)
Fri., Oct. 10	Recommended 2:00 p.m. (NYC) Early Market Close
Mon., Oct. 13	Recommended Market Close (NYC) Columbus Day Recommended 12:00 Noon (London) Early Market Close
Fri., Oct. 17	**2008 Emerging Markets Benefit (London)**
Mon., Nov. 10	Recommended 2:00 p.m. (NYC) Early Market Close
Tues., Nov. 11	Recommended Market Close (NYC) Veterans' Day Recommended 12:00 Noon (London) Early Market Close
Wed., Nov. 26	Recommended 2:00 p.m. (NYC) Early Market Close
Thurs., Nov. 27	Recommended Market Close (NYC) Thanksgiving Day Recommended 12:00 Noon (London) Early Market Close
Fri., Nov. 28	Recommended 2:00 p.m. (NYC) Early Market Close
Thurs., Dec. 4	**EMTA Annual Meeting Citigroup, 388 Greenwich Street (NYC)**
	2008 Emerging Markets Benefit (NYC)
Wed., Dec. 24	Recommended 2:00 p.m. (NYC) Early Market Close
Thurs., Dec. 25	Recommended Market Close (NYC/London) Christmas Day
Fri., Dec. 26	Recommended Market Close (London) Boxing Day
Wed., Dec. 31	Recommended 2:00 p.m. (NYC) Early Market Close
Thurs., Jan. 1, 2009	Recommended Market Close (NYC/London) New Year's Day (2009)
Fri., Jan. 2	Recommended 2:00 p.m. (NYC) Early Market Close

* **Details TBA**