

# CMA Global Sovereign Debt Credit Risk Report

Includes a special report on the top widenings and tightenings of 2010 and liquidity changers.

4<sup>th</sup> quarter 2010

Weyerhaeuser Co. Sen USD 5Y	20-Jun-2012	100 / 100	2,000,000	1,000,000.00	CDSSN	USD	Weyerhaeuser Co. Sen USD 5Y	20-Jun-2015	63 / 64	10,000,000
CVS Caremark Sen USD 5Y	20-Jun-2012	100 / 100	2,000,000	2,000,000.00	BASSWP	USD	6M Libor vs 3M Libor	20-Jun-2015	227 / 237	2,000,000
Xerox Corp. Sen USD 5Y	20-Jun-2012	100 / 100	2,000,000	1,000,000.00	CDSSN	EUR	France Telecom Sen EUR 5Y	20-Jun-2015	85 / 90	2,500,000
3M Libor 4.65% Cap	20-Jun-2012	144.25 / 149.25	2,500,000	364,137.56	CDSSN	EUR	GKN Holdings Plc Sen EUR 5Y	20-Jun-2012	518 / 538	1,000,000
American International Sen USD 5Y	20-Jun-2015	19.5 / 21.5	4,500,000	1,924,480.00	CDSSN	USD	Capital One Bank Sen USD 5Y	20-Dec-2013	85 / 90	2,000,000
Arrow Electronics Inc. Sen USD 5Y	20-Jun-2015	307.5 / 317.5	10,000,000	2,003,220.22	CDSSN	EUR	British Airways Plc Sen EUR 5Y	20-Jun-2015	85 / 90	2,000,000
EUR/USD	20-Jun-2015	145 / 150	5,000,000	1,760,915.76	OISSWP	GBP	SONIA vs 6M Libor	29-Aug-2012	3.58% / 3.63%	60,000,000
Nordstrom Inc. Sen USD 5Y	20-Dec-2013	-5.64 / -1.23	60,000,000	65,256,554.00	CDSSN	EUR	UPC Holding BV Sen EUR 5Y	20-Dec-2013	127 / 132	1,000,000
3M Libor vs 3M Libor	20-Dec-2013	125.5 / 130.5	2,000,000	1,273,857.94	CDSSN	EUR	Whirlpool Corp. Sen USD 5Y	20-Jun-2012	43% / 45%	1,000,000
France Telecom Sen EUR 5Y	20-Jun-2015	63 / 64	35,000,000	35,896,741.00	CDSSN	EUR	BCM Ireland Finance Ltd Sen EUR 5Y	20-Dec-2011	63 / 68	1,000,000
GKN Holdings Plc Sen EUR 5Y	20-Jun-2015	227 / 237	2,000,000	848,979.21	CDSSN	EUR	American Electric Power Sen USD 5Y	20-Jun-2015	63 / 68	7,500,000
Capital One Bank Sen USD 5Y	20-Jun-2012	85 / 90	2,500,000	-2,194.79	CDSSN	USD	Cognis GmbH Sen EUR 5Y	20-Jun-2012	187 / 192.5	2,000,000
British Airways Plc Sen EUR 5Y	20-Dec-2013	518 / 538	1,000,000	111,849.03	CDSSN	USD	Weyerhaeuser Co Sen USD 5Y	20-Jun-2012	65 / 70	7,500,000
Kroger Co Sen USD 5Y	20-Jun-2015	85 / 90	2,000,000	316,731.22	CDSSN	USD	CVS Caremark Sen USD 5Y	20-Jun-2012	144.25 / 149.25	2,500,000
USD GBP 1.5988	20-Nov-2010	2.147 / 2.358	8,000,000	703,895.00	IRCF	USD	Xerox Corp. Sen USD 5Y	20-Jun-2013	19.5 / 21.5	4,500,000
Allstate Corp Sen USD 5Y	20-Jun-2015	110 / 120	2,000,000	1,154,913.80	CDSSN	USD	3M Libor 4.65% Cap	12-Jun-2013	144.25 / 149.25	2,500,000
International Finance Sen USD 5Y	20-Jun-2014	2 / 3	2,500,000	728,573.79	CDSSN	USD	Comcast Corp. Sen USD 5Y	20-Jun-2015	175 / 185	10,000,000
USD GBP 1.5721 European Call	18-Jun-2011	1.5878 / 1.5998	15,000,000	15,895,852.00	CDSSN	USD	Sealed Air Corp. Sen USD 5Y	20-Jun-2015	74 / 79	5,000,000
Metlife, Inc. Sen USD 5Y	20-Jun-2015	230 / 240	1,000,000	-194,444.81	CDSSN	USD	XL Capital Limited Sen USD 5Y	20-Jun-2011	175 / 185	10,000,000
Wal-Mart Stores Inc. Sen USD 5Y	20-Jun-2015	43.5 / 48.5	2,500,000	838,000.78	CDSSN	EUR	12M Libor vs Fixed 3.00% Payer	12-Apr-2016	3.72% / 3.78%	44,500,000
USD EUR 1.2240 European Call	20-Sep-2017	2.325 / 2.375	10,000,000	3,855,422.56	CDSSN	EUR	3M Penn State Sen USD 5Y	20-Jun-2015	203 / 213	5,000,000
CVS Caremark Sen USD 5Y	20-Jun-2015	205 / 215	7,500,000	980,840.07	IRS	USD	Yield Acquisitions Corp. Sen EUR 5	20-Jun-2014	175 / 185	2,000,000
Renault SA Sen EUR 5Y	20-Jun-2011	275 / 285	2,500,000	4,025,000.00	CDSSN	USD	2M Libor vs Fixed	20-Jun-2013	0.958 / 0.993	2,000,000
General Electric Sen USD 5Y	20-Jun-2015	100 / 100	22,000,000	18,893,742.00	CDSSN	USD	Transocean Ltd. Sen USD 5Y	20-Dec-2014	200 / 205	2,000,000
3M Libor vs 6M Libor	20-Dec-2013	405 / 415	2,500,000	-386,502.04	CDSSN	EUR	RR Donnelley Sen USD 5Y	20-Jun-2015	246.25 / 253.75	1,000,000
HeidelbergCement AG Sen EUR 5Y	20-Dec-2013	14.6 / 15.6	50,000,000	2,479,778.77	CDSSN	EUR	6M Libor vs Fixed 3.00% Payer	20-Jun-2015	203 / 213	15,000,000
3M Libor vs 6M Libor	20-Dec-2013	14.6 / 15.6	50,000,000	2,479,778.77	CDSSN	USD	Bank of America Corp. Sen USD 5Y	20-Jun-2014	8% / 9%	7,500,000
ACE Ltd. Sen USD 5Y	20-Jun-2012	150 / 160	10,000,000	690,696.99	CDSSN	EUR	3M Libor 3.45% Floor	20-Jun-2014	80 / 85	10,000,000
American International Sen USD 5Y	20-Jun-2015	19.5 / 21.5	4,500,000	4,172,470.36	CDSSN	EUR	Alcoa Inc. Sen USD 5Y	14-Nov-2013	15.1 / 15.7	65,000,000
Stora Enso Oyj Sen EUR 5Y	28-Mar-2011	1.42% / 1.44%	42,000,000	37,527,913.00	CDSSN	EUR	6M Libor vs Fixed	20-Dec-2013	339 / 349	7,500,000
3M Libor vs 6M Libor	20-Jun-2014	280 / 290	7,500,000	-940,992.71	XIRSSWP	CHF	AT&T Inc. Sen USD 5Y	20-Jun-2014	0.932 / 0.942	150,000,000
Peugeot SA Sen EUR 5Y	20-Dec-2011	490 / 510	1,000,000	798,366.84	CDSSN	CHF	CHF/EUR	20-Jun-2012	243.75 / 261.25	7,500,000
SS Holding A/S Sen EUR 5Y	20-Jun-2012	12% / 13%	2,000,000	1,000,000.00	CDSSN	CHF	CHF/EUR	15-Jun-2013	85 / 90	7,500,000
3M Libor vs 6M Libor	20-Jun-2012	12% / 13%	2,000,000	1,000,000.00	CDSSN	EUR	Secura SA Sen EUR 5Y	20-Sep-2014	1.34% / 1.341%	100,000,000

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## Data: methodology and definitions

This paper focuses on changes in the risk profile of sovereign debt issuers, with the intention of identifying key trends and drivers of change.

We have divided world's sovereign credit debt risk into eight regions:

- USA & UK
- Western Europe
- Emerging Europe
- Scandinavia
- Central & South America
- Middle East & Africa
- Australasia
- Asia.

In addition to identifying themes within each of these regions, we also discuss macro trends across the sovereign debt sector.

The **CDS** values used are calculated by CMA Datavision™, an independent credit default swap (CDS) pricing service based on data collected from CMA's consortium of over 35 CDS buy-side firms. CMA Datavision™ is the only CDS pricing service to provide independent, intraday price verification for single name CDS, indices and tranches. Unless otherwise stated, all CDS values are the midpoint on the five year tenor and are based on London closing values from 31<sup>st</sup> December 2010. Record highs are determined by using closing values and do not factor in intra-day highs. All levels are PAR CDS Spreads which may not reflect the convention quoted in the market.

**Cumulative probability of default (CPD)** quantifies the probability of a country being unable to honour its debt obligations over a given period of time. For Sovereign CDS, this typically includes the probability of a restructuring of debt. Unless otherwise indicated, all stated values are for the five year CPD. CPD is calculated using an industry standard model and proprietary credit data from CMA Datavision™. Reference to 'risky' is purely in terms of the probability of default derived from the price of the CDS.

**CMA Implied Ratings** are calculated using a proprietary model developed by CMA and input with CDS pricing data from CMA Datavision™.

**Access to data:** CMA provides independent, intra-day pricing on approximately 1,400 single name CDS and CDS Indices. Widely used by traders, risk managers, treasurers and researchers in financial institutions across the world, CDS data is available directly from CMA or via our strategic partners. For more information about how CMA can help you effectively monitor and manage your credit exposures please contact us via [info@cmavision.com](mailto:info@cmavision.com)

## Changes in CMA sovereign debt coverage

### Deletions:

- Guatemala
- Dominican Republic
- Pakistan
- Uruguay
- El Salvador

The following names remain very illiquid and the levels are based on previous observations and CMA's sector curve model:

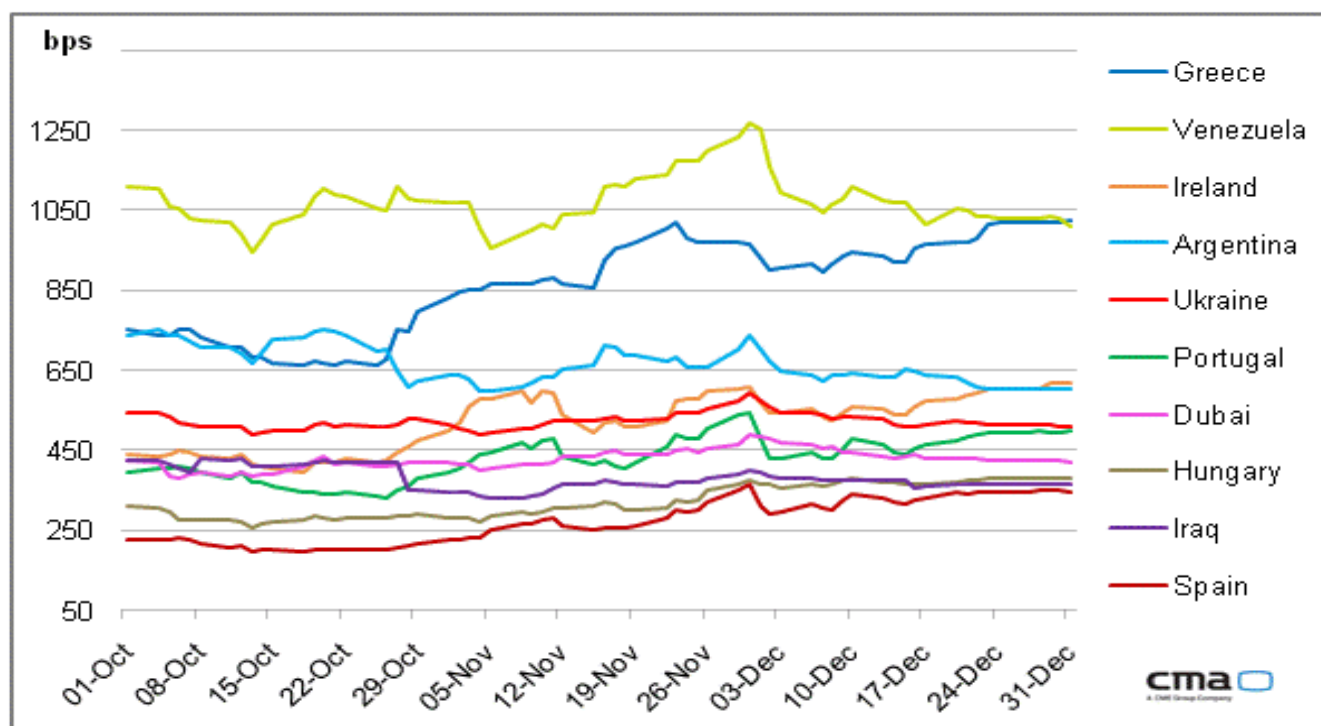
- Iraq
- Switzerland

### Additions:

None.

## The top ten most risky sovereigns

Position Q4	Country	5 Year CPD (%)	CMA Implied Rating	5 Year CDS Mid (bps)	Previous Ranking
1	<b>Greece</b>	58.8	CMA_ccc-	1026.5	2 (Down 1)
2	<b>Venezuela</b>	51.4	CMA_ccc+	1009.6 (18.9% U.F)	1 (Up 1)
3	<b>Ireland</b>	41.2	CMA_b	619.2	6 (Down 3)
4	<b>Portugal</b>	35.9	CMA_b	497.3	9 (Down 5)
5	<b>Argentina</b>	35.4	CMA_b	602.4 (4.3% U.F)	3 (Up 2)
6	<b>Ukraine</b>	30.6	CMA_b+	509.5	5 (Up 1)
7	<b>Spain</b>	26.7	CMA_bb-	347.7	New Entry
8	<b>Dubai</b>	25.5	CMA_bb-	417.6	7 (Up 1)
9	<b>Hungary</b>	23.6	CMA_bb-	378.0	New Entry
10	<b>Iraq</b>	23.1	CMA_bb-	366.1	8 (Up 2)

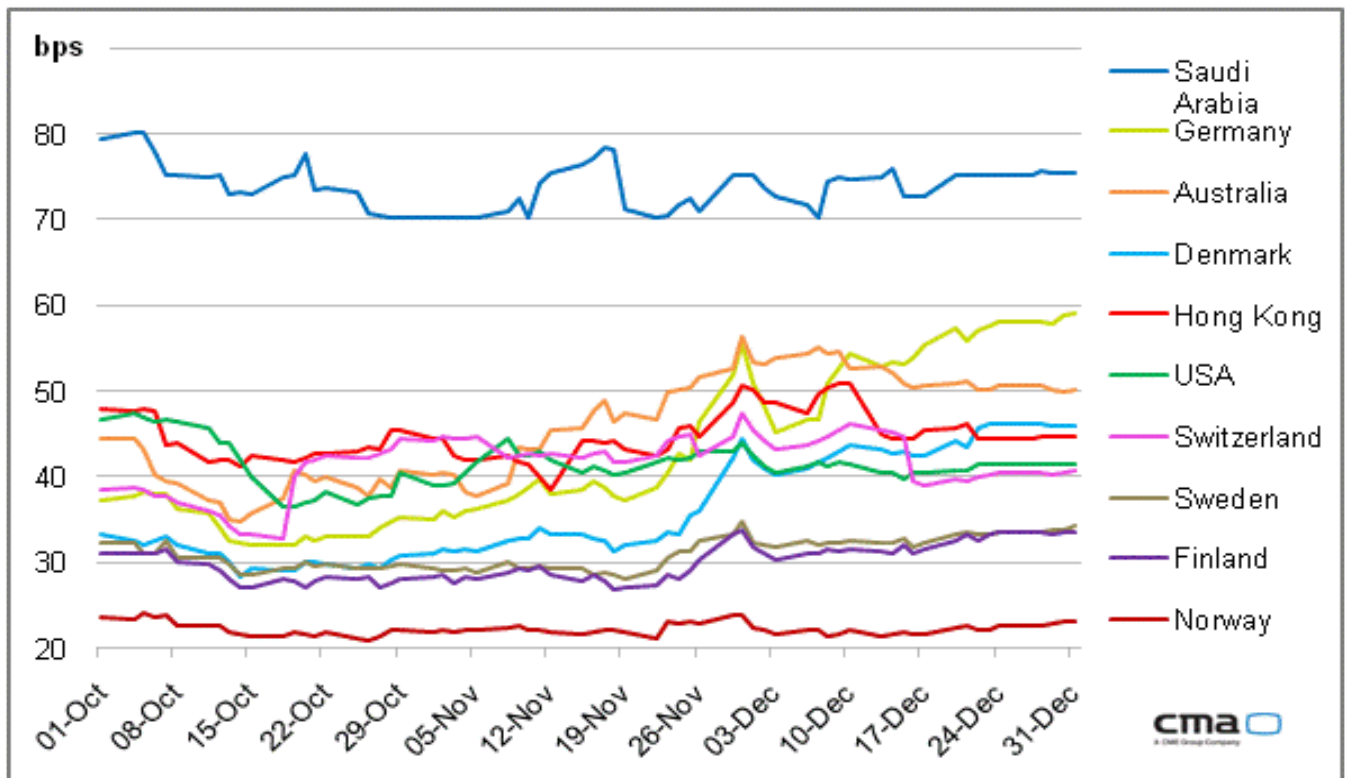


- Greece, widening 32% in Q4, tips Venezuela off the top spot as the world's most risky sovereign.
- Ireland enters the top five following the bail out the its banking system and a subsequent widening of 35%.
- Concerns that Spain has some similarities to Ireland – a debt-driven property boom bust – helped drive the cost of protection wider by 50% and into the top 10 most risky. China's support for Spain both in terms of long-term debt holding and imports will help support one of the most important economies in the region.
- Portugal also widened – by a more modest 22% in Q4 – but the cost of protection in Portuguese banks remains high.
- Argentina tightened nearly 20% this quarter as it pledges to repay the Paris Club of investors.
- Ukraine is the best yearly performer, tightening 59% on the year.
- Iraq remains very illiquid – see special section on liquidity changes.

Note: CPD is a function of the markets' recovery level, which varies according to several factors and distance to default. Venezuela is assumed at 25% and Greece at 40%.

## The top 10 least risky sovereigns

Position Q4	Country	5 Year CPD (%)	CMA Implied Rating	5 Year CDS Mid (bps)	Previous Ranking
1	Norway	2.1	CMA_aaa	23.2	1 (No Change)
2	Finland	3.0	CMA_aaa	33.6	2 (No Change)
3	Sweden	3.0	CMA_aaa	34.3	3 (No Change)
4	Switzerland	3.6	CMA_aaa	40.7	6 (Up 2)
5	USA	3.6	CMA_aaa	41.5	9 (Up 4)
6	Hong Kong	3.9	CMA_aaa	44.7	10 (Up 4)
7	Denmark	4.0	CMA_aa+	45.9	4 (Down 3)
8	Australia	4.4	CMA_aa+	50.1	8 (No Change)
9	Germany	5.2	CMA_aa+	59.1	5 (Down 4)
10	Saudi Arabia	5.2	CMA_aa+	75.4	New Entry

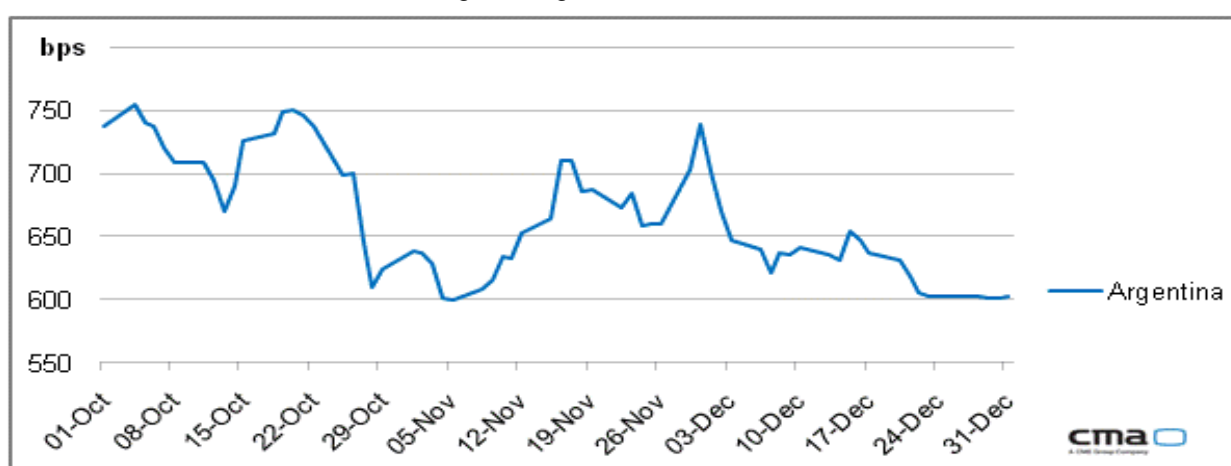


- The Netherlands moves out of the top ten least risky following a widening to 62bp this quarter.
- Germany's cost of protection did not escape the general malaise in Europe, widening 52% to 59bp.
- No change in the top three least risky sovereigns.

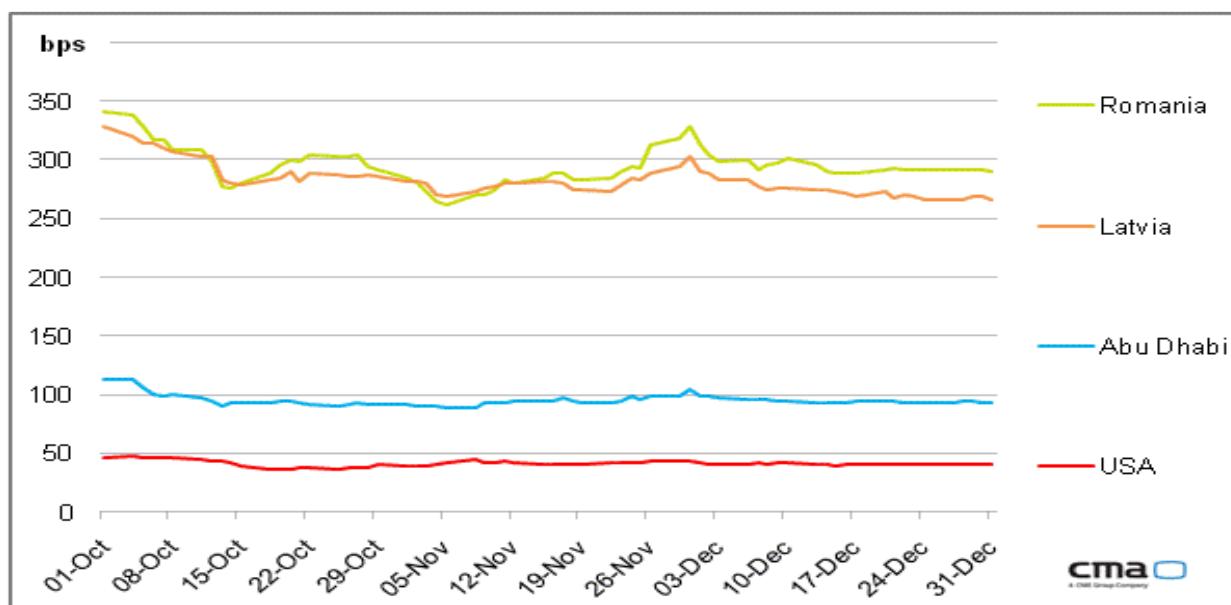
## Best quarterly performances – percentage change

Country	5yr Mid 1st Oct bps	5yr Mid 31st Dec bps	Change %
Argentina	749.2	602.4	-19.6
Latvia	329.7	266.1	-19.3
Abu Dhabi	114.3	93.8	-17.9
Romania	350.9	290.2	-17.3
USA	48.4	41.5	-14.4

- Argentina's CDS tightened nearly 20% and is the best quarterly performer – its pledge to restructure and eventually repay defaulted (in 2001) debt will help the restore confidence and give better access to international credit markets enabling future growth.

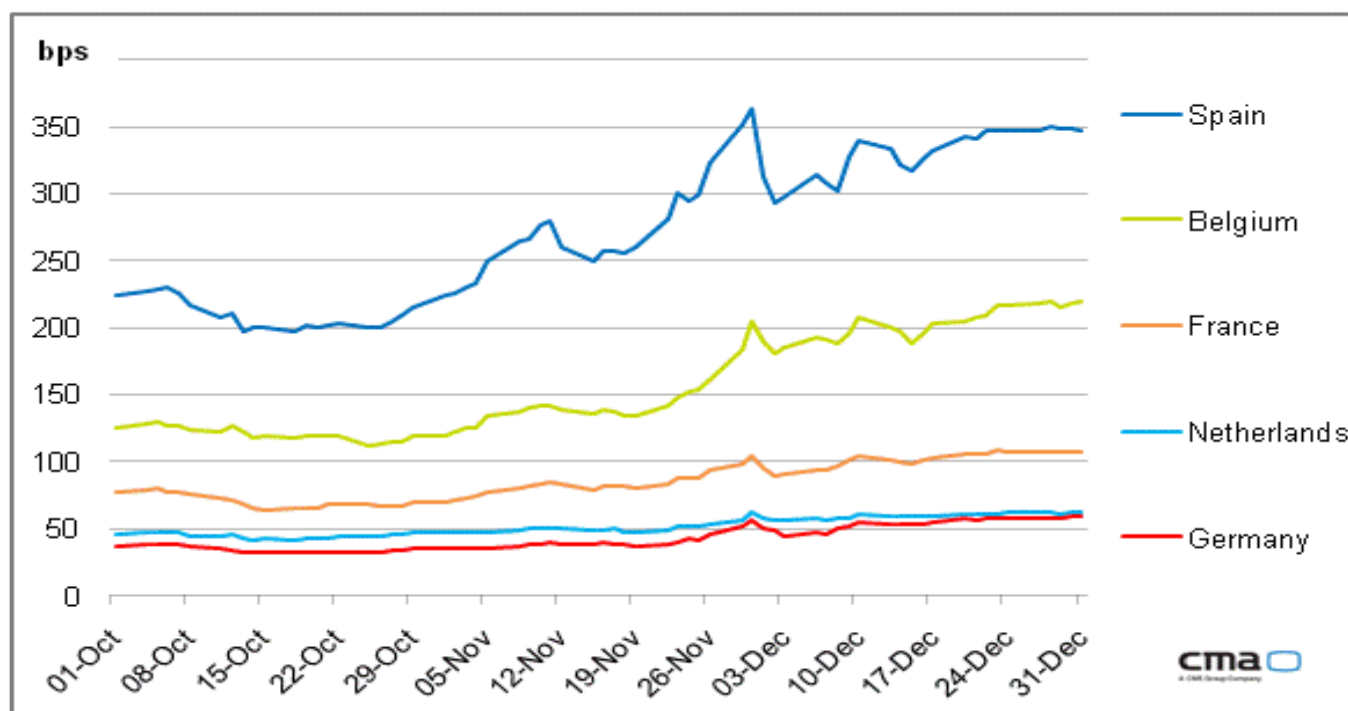


- Latvia tightened 19%, in a quarter which saw ten out of the 13 emerging European countries tighten, with only Hungary widening significantly.
- Romania tightened 17% helped by a successful cutting of the deficit that beat the target set by the IMF.
- The FED's plan to pump \$600bn (QE2) of new money to buy US Government Bonds designed to kick start the world's largest economy into growth saw the cost of protection for USA tighten 14% and return to CMA\_aaa implied status.



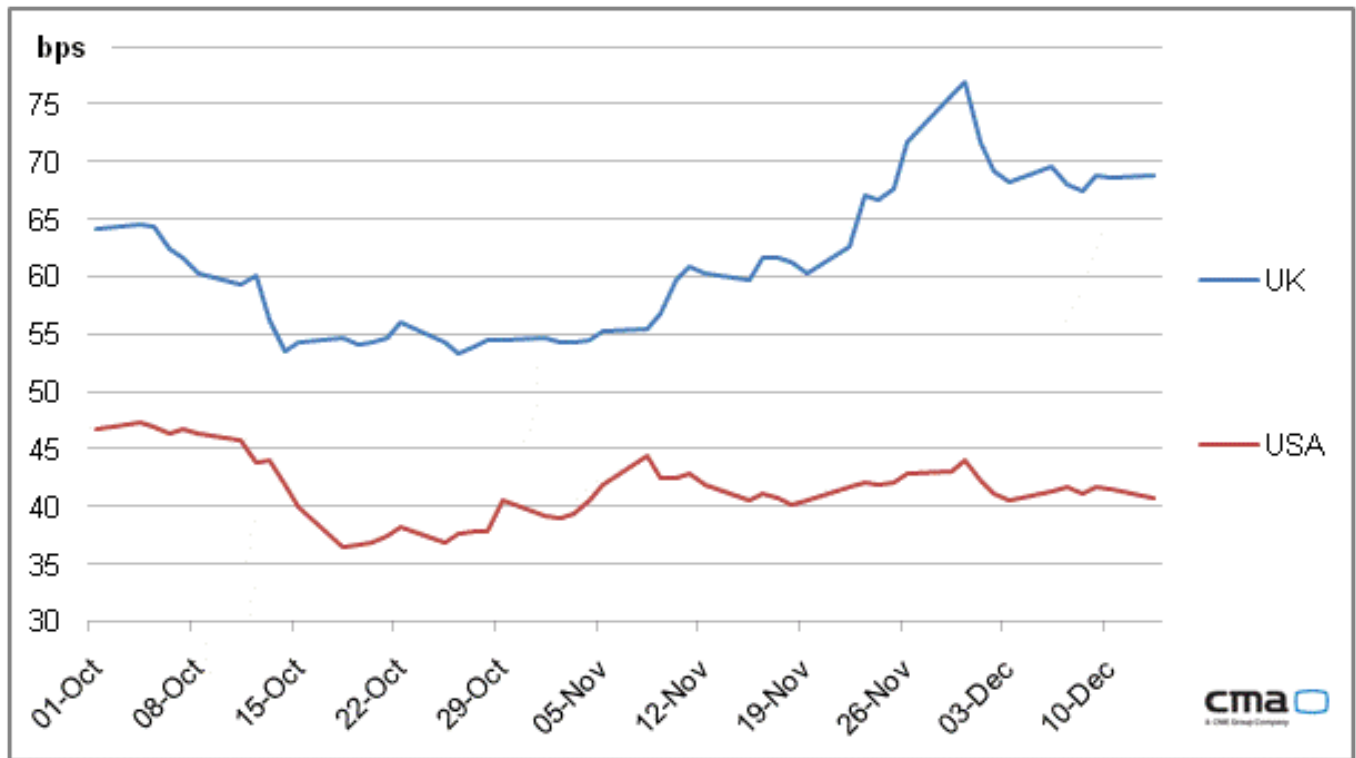
## Worst quarterly performances – percentage change

Country	5yr Mid 1 <sup>st</sup> Oct bps	5yr Mid 31 <sup>st</sup> Dec bps	Change %
Belgium	128.9	219.8	70.4
Spain	229.1	347.7	51.8
Germany	39.0	59.1	51.7
Netherlands	45.7	62.8	37.4
France	79.3	107.3	35.2



- All the top five worst quarterly performers are from Western Europe, ending one of the most difficult years for the region since the introduction of the euro in 1999. The euro also came under pressure, but a weak dollar helped keep the currency above 1.30.
- The quarter ended with rating agencies also taking action and citing concerns about funding requirements, debt levels and growth prospects.
- Belgium's inability to form a government and its high debt to GDP ratio took its toll on the cost of protection this quarter as it widened 90bp, topping the worst quarterly performance table.

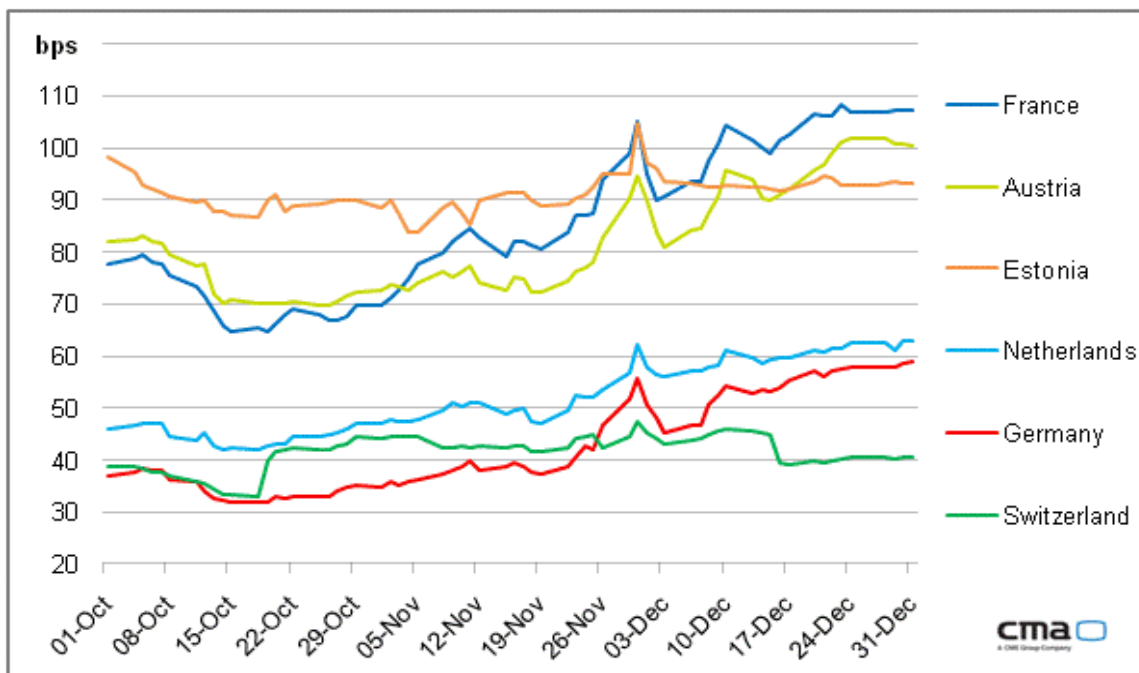
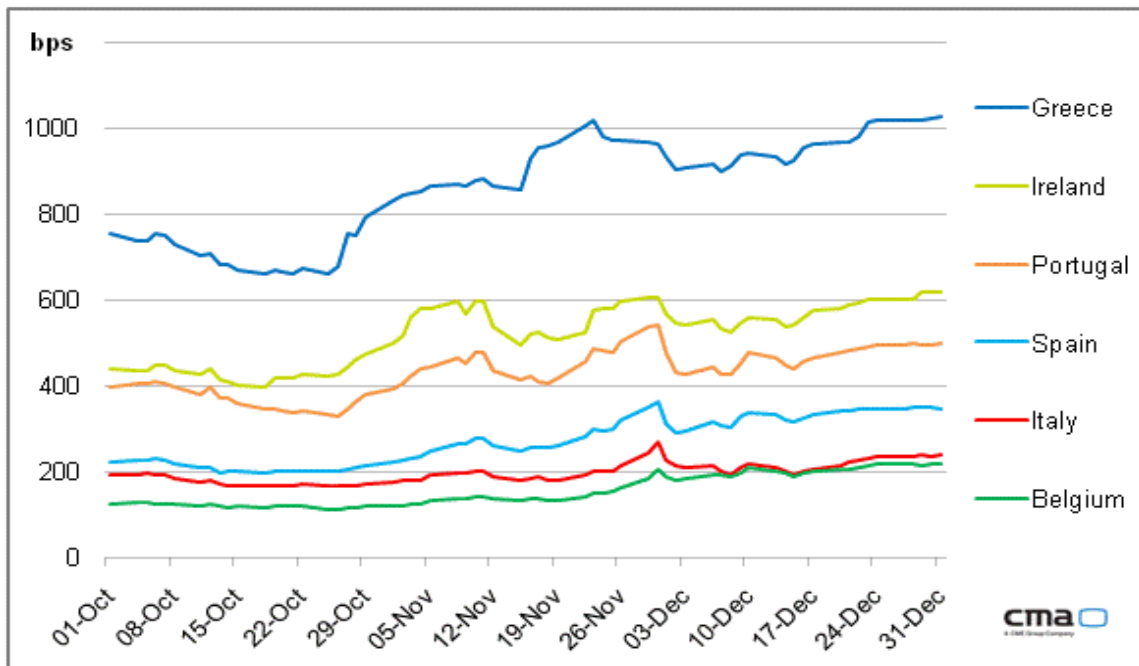
## Regional Focus: USA and UK



- The UK CDS widened 13% this quarter following the bail out of Ireland – its exports to Ireland being greater than its exports all the BRIC's combined.

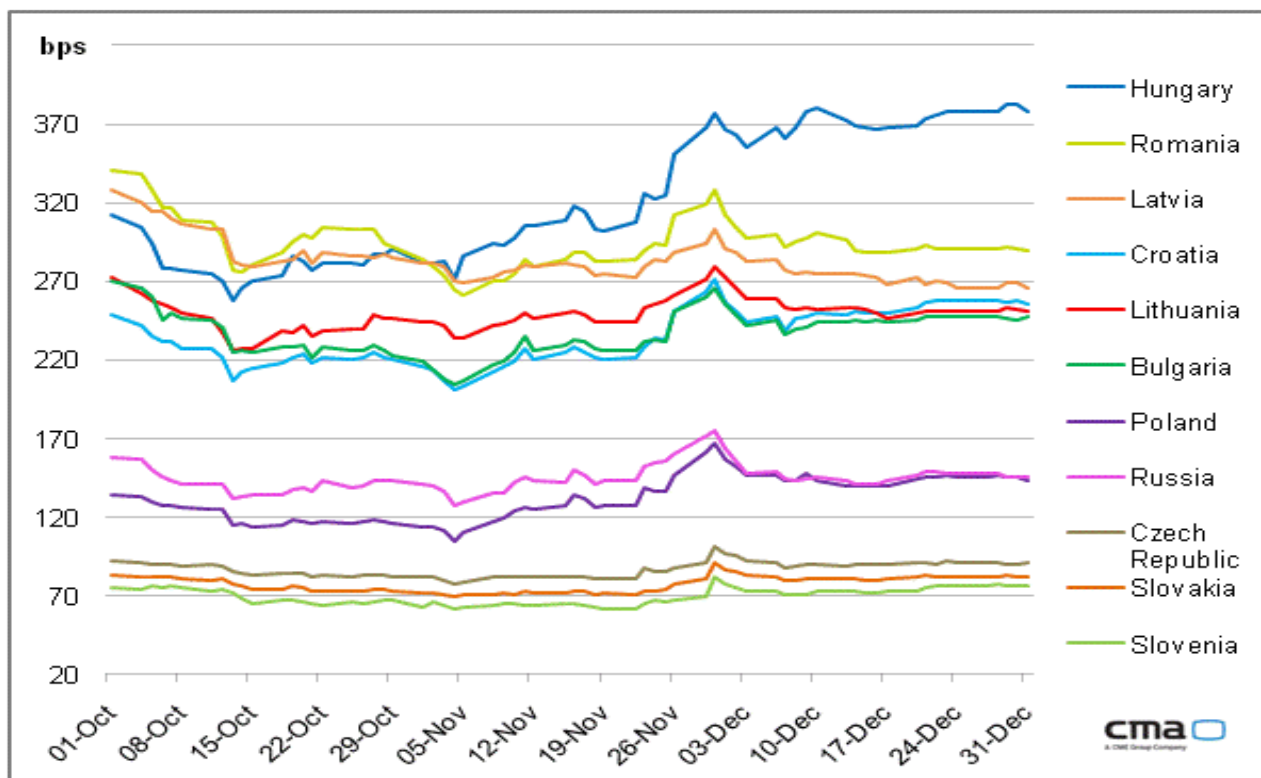


## Regional Focus: Western Europe

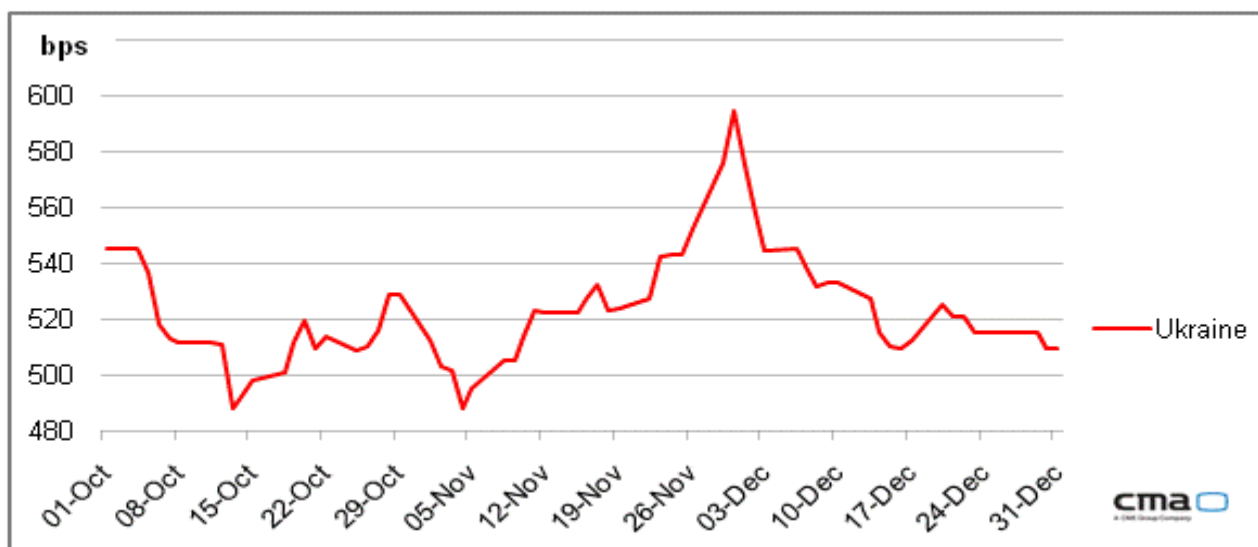


- Western Europe ended an extremely difficult quarter and year with all the names widening following a bail out of the Irish banking system.
- A probe by Brussels into Sovereign CDS trading found no conclusive evidence of it driving up the cost of borrowing. This should hopefully mean that Governments can use the information that can be derived from CDS such as implied ratings and default risk as leading indicators when managing their fiscal policy.
- Portugal's aggressive measures to reign in their budget deficit, firmly believing their actions are the right ones, helped keep its quarterly performance as one of the best of the worst at 22%.
- Estonia – which adopts the Euro in 2011 becoming the 17<sup>th</sup> EU member state to do so, came in third in terms of annual performance, tightening in 50% over the year.

## Regional Focus: Emerging Europe

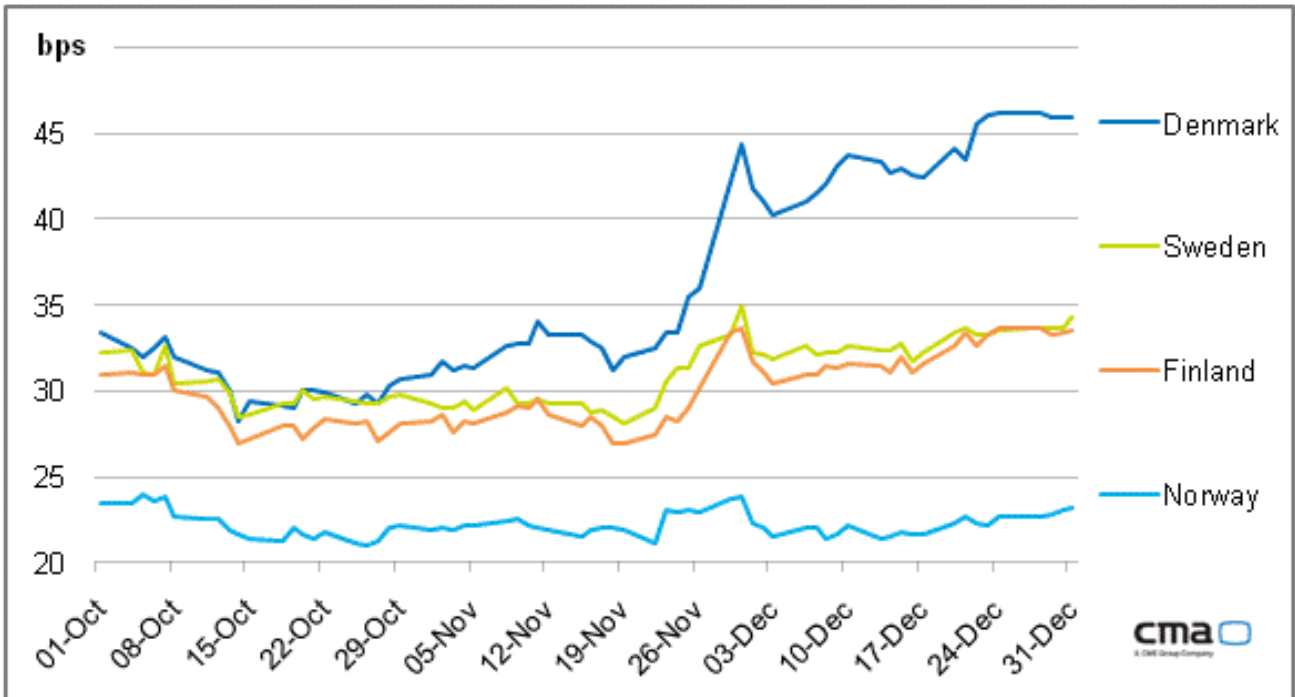


- In contrast to Western Europe, Emerging Europe had another good quarter. Only Hungary widened significantly (18%) on rating agency concerns about the new Cabinet’s fiscal policy and news that the government had seized private pension funds to consolidate debt. Fitch cut its rating two days before Christmas.
- Liquidity in Emerging Europe is also improving (see special annexe on liquidity changes), with Romania, Bulgaria, Croatia and Latvia average bid/ask spreads coming in over 5bp compared to Q3.
- Latvia came in second in terms of annual performance, tightening in 51.5% over the year.

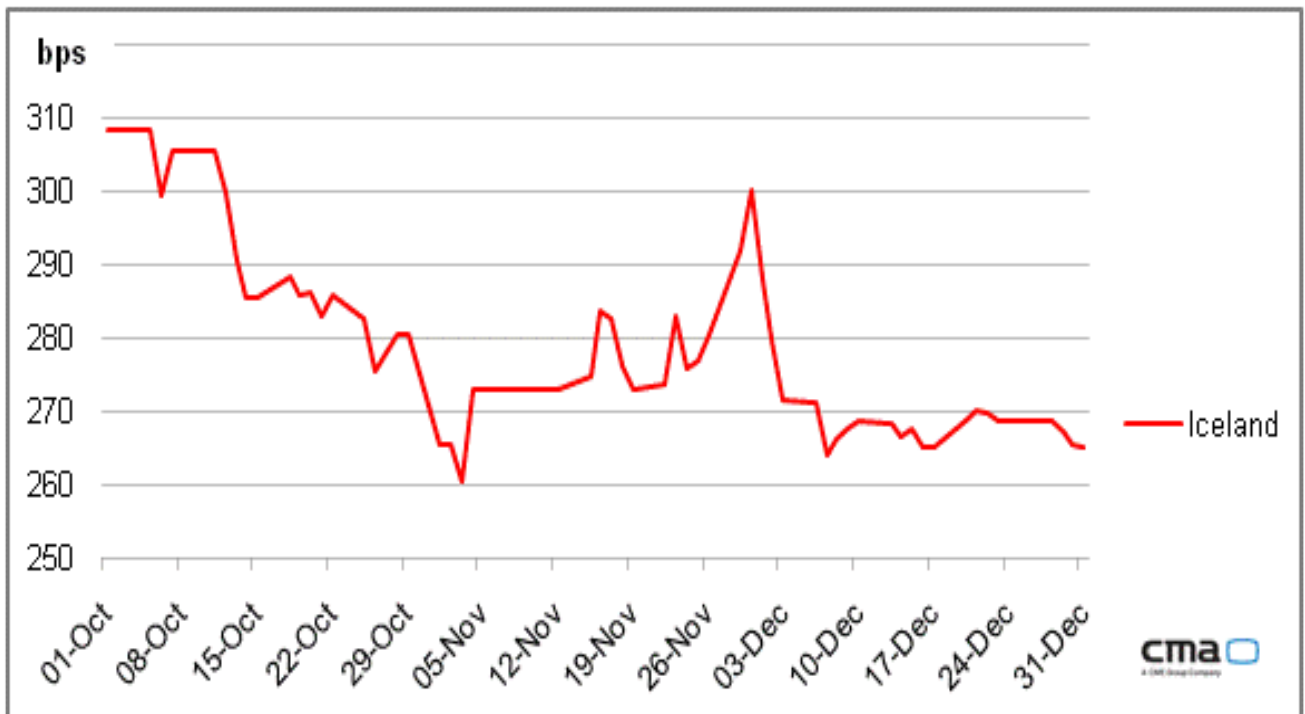


- Ukraine tightened a further 6% ending the year improving the implied rating to CMA\_b+ from CMA\_ccc+, a 58% tightening on the year and the best annual performance across all Sovereigns covered in this report.

## Regional Focus: Scandinavia & Nordic Region

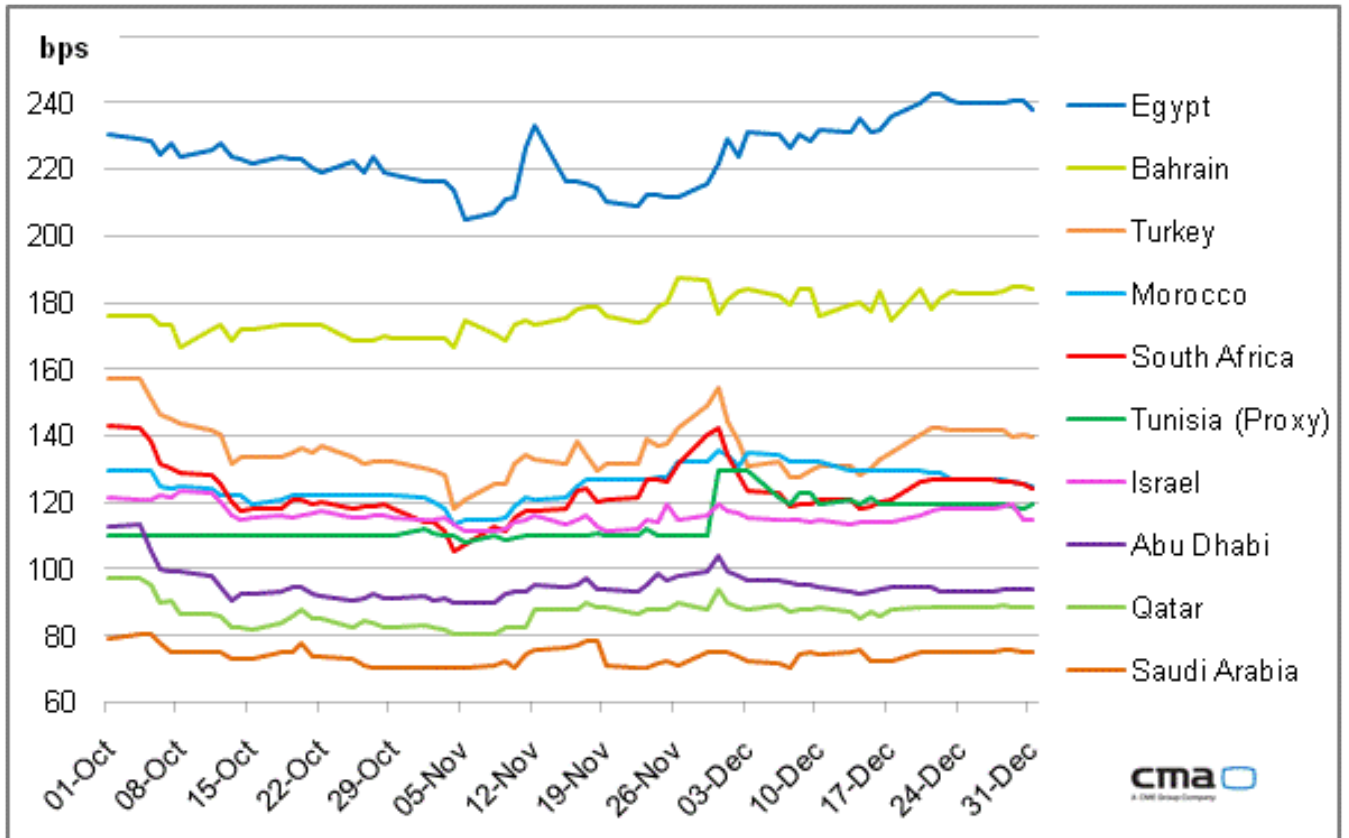


- Norway still has the lowest cost of sovereign debt insurance, unchanged over the quarter.
- Denmark drops one notch in implied rating to CMA\_aa+,

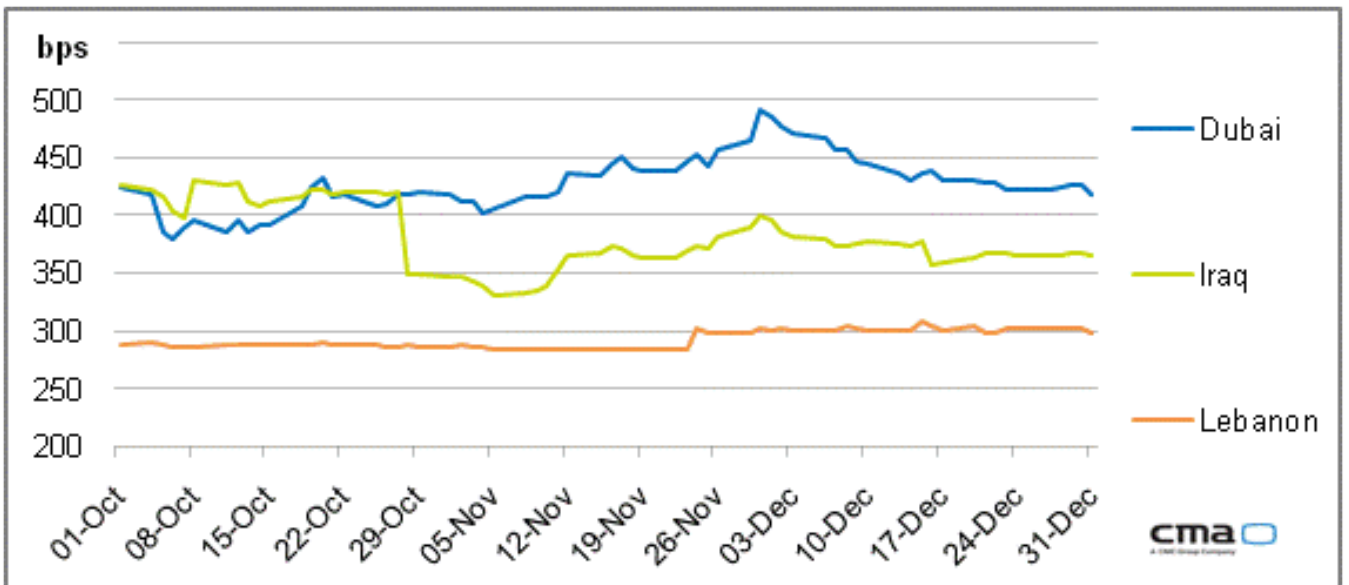


- Iceland's cost of protection improved another 13% in Q4, ending the year at 265bp.

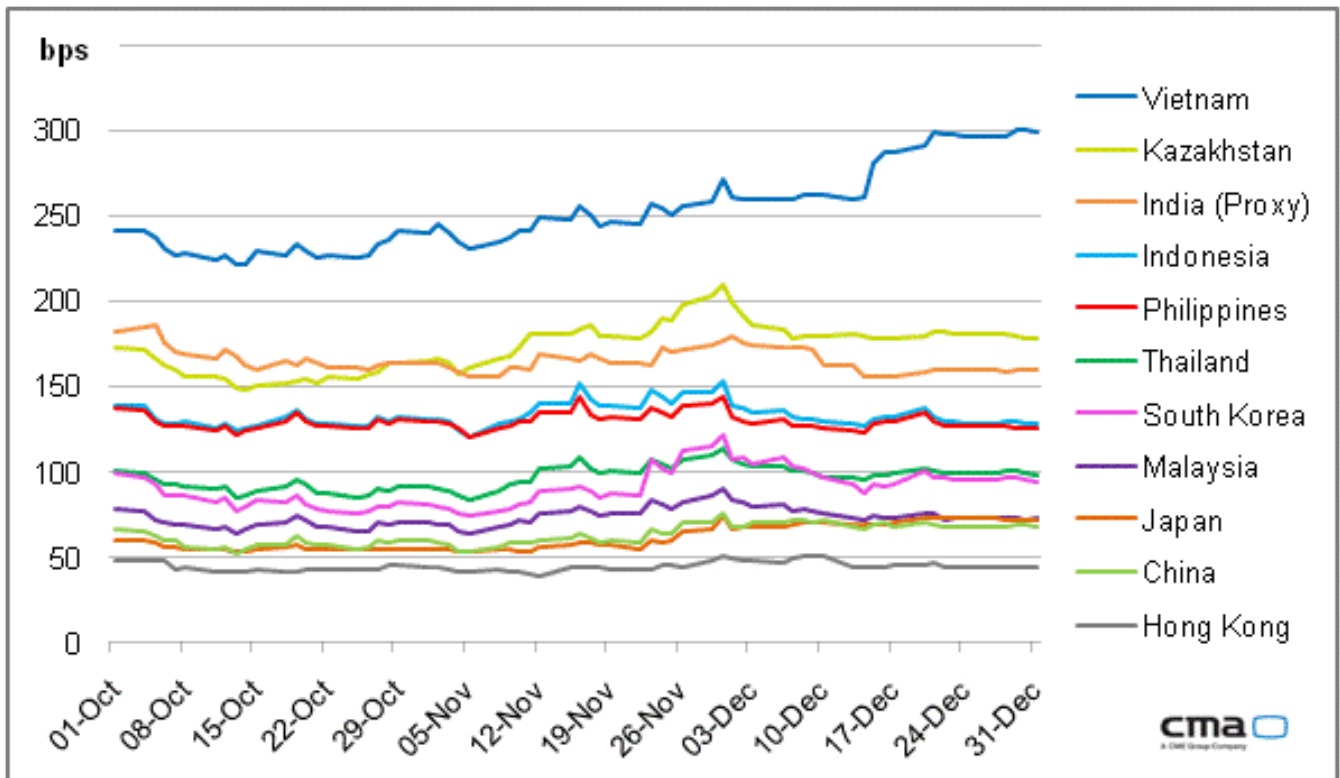
## Regional Focus: Middle East & North Africa



- Abu Dhabi ended Q4 and the year strongly, the cost of protection finishing at 94bp from 150bp at the beginning of the year.
- Qatar CDS tightened 9bp to 88.5bp – perhaps buoyed by news it will host the World Cup in 2018.
- Saudi Arabia ended the year at 75bp entering the top ten least risky sovereign table.

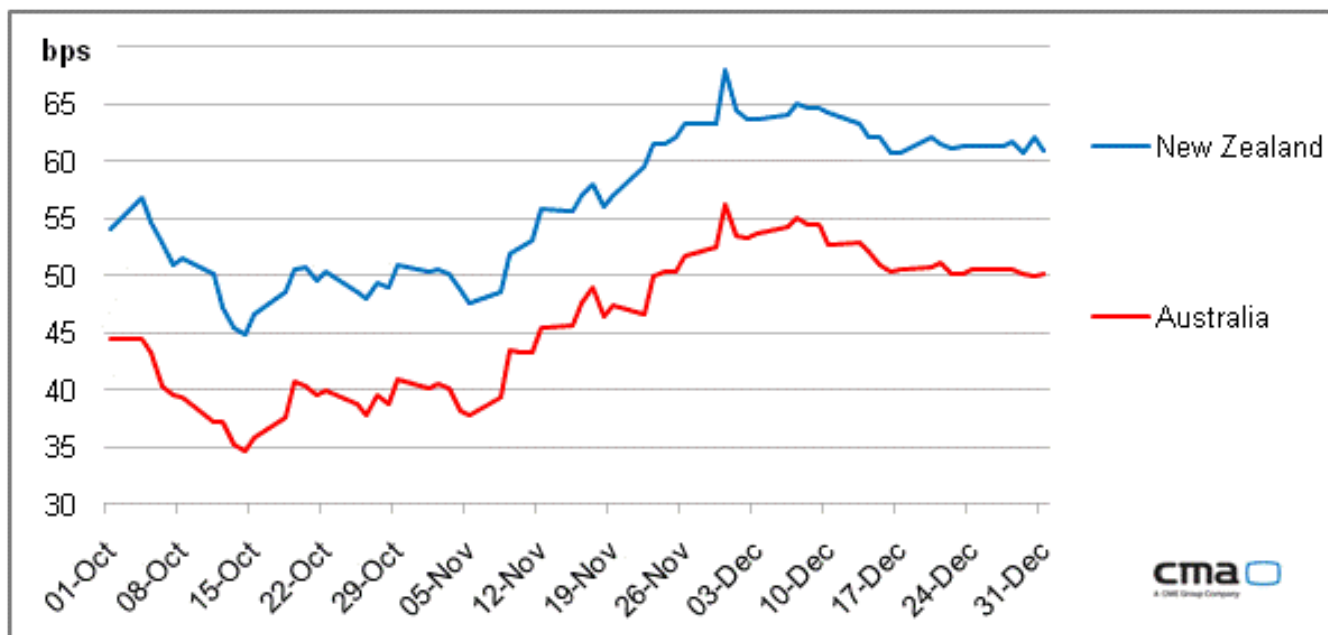


## Regional Focus: Asia



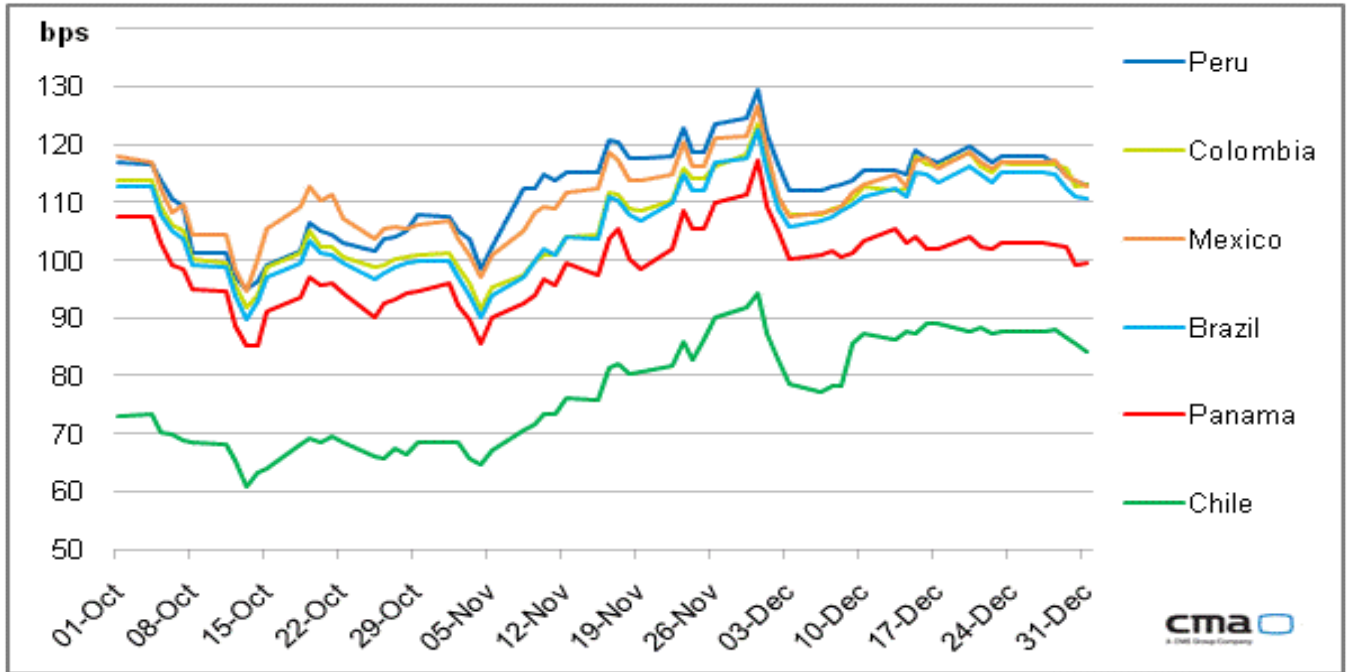
- Vietnam was the worst performer widening 23.5% in Q4, Moody's cut its rating to single B in December, in line with Fitch. However, the implied rating is not as bearish as the rating agencies, staying at CMA\_bb.
- Indonesia spreads continued their run from Q3, to improve another 12bp to 128bp and a CMA\_aa implied rating. It is also the best annual tightener in Asia, improving from 188bp on Jan 1<sup>st</sup> 2010.
- The Philippines also ended the year strongly, finishing at 126bp, from 167bp at the beginning of the year.
- India tightened 13% in Q4. However, year on year the cost of protection widened to 160bp from 118bp.  
*Note: State Bank of India is used as proxy for India.*

## Regional Focus: Australia and New Zealand

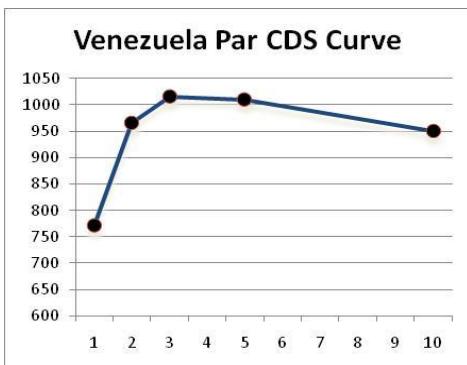
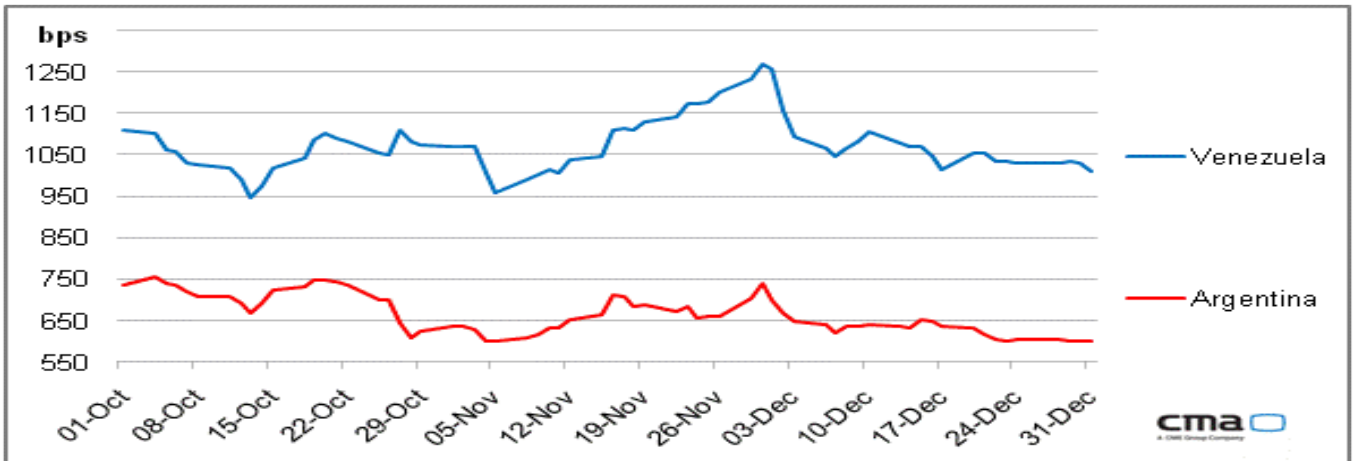


- Australia and New Zealand ended the year weaker, both widening around 10% in Q4.

## Regional Focus: Central and South America



- Brazil reached a two year low of 91bp on the 13 Oct 2010, but drifted back to 111bp at year end.
- The stronger credits in South America moved in unison this quarter trending out in November, perhaps affected by the situation in Europe – only to trend back in quite quickly at the beginning of December.



Venezuela's curve steepened slightly this quarter, 1 vs. 5 tightened 93bp in Q4, with one year protection at 772bp at year end.

(Recovery = 25%).

## Global Ranking by CPD

Country	CPD (%)	5yr Mid (bps)	CMA Implied Rating 31 <sup>st</sup> Dec	CMA Implied Rating Q3
Greece	58.8%	1026.5	CMA_ccc-	CMA_ccc+
Venezuela	51.4%	1009.6	CMA_ccc+	CMA_ccc
Ireland	41.2%	619.2	CMA_b	CMA_b
Portugal	35.9%	497.3	CMA_b	CMA_b+
Argentina	35.4%	602.4	CMA_b	CMA_b-
Ukraine	30.6%	509.5	CMA_b+	CMA_b
Spain	26.7%	347.7	CMA_bb-	CMA_bb
Dubai	25.5%	417.6	CMA_bb-	CMA_b+
Hungary	23.6%	378.0	CMA_bb-	CMA_bb
Iraq	23.1%	366.1	CMA_bb-	CMA_b+
Vietnam	19.4%	299.6	CMA_bb	CMA_bb+
Italy	19.3%	238.0	CMA_bb	CMA_bb+
Iceland	19.2%	265.0	CMA_bb	CMA_bb-
Lebanon	19.2%	298.1	CMA_bb	CMA_bb
Romania	18.7%	290.2	CMA_bb	CMA_bb-
Belgium	17.9%	219.8	CMA_bb	CMA_aa-
Latvia	17.3%	266.1	CMA_bb+	CMA_bb-
Croatia	16.8%	256.0	CMA_bb+	CMA_bb+
Lithuania	16.4%	251.2	CMA_bb+	CMA_bb+
Bulgaria	16.2%	247.2	CMA_bb+	CMA_bb
Egypt	15.7%	238.0	CMA_bb+	CMA_bbb-
India (Proxy)	13.5%	159.8	CMA_bbb+	CMA_bbb
Bahrain	12.3%	183.9	CMA_a+	CMA_a
Kazakhstan	12.0%	178.0	CMA_a+	CMA_a+
Russia	10.0%	145.5	CMA_aa	CMA_aa-
Poland	9.8%	143.9	CMA_aa	CMA_aa
Turkey	9.6%	140.0	CMA_aa	CMA_aa-
France	9.2%	107.3	CMA_aa	CMA_aa+
Indonesia	8.9%	128.4	CMA_aa	CMA_aa
Philippines	8.7%	125.6	CMA_aa	CMA_aa
Austria	8.6%	100.6	CMA_aa	CMA_aa
South Africa	8.6%	124.3	CMA_aa	CMA_aa
Morocco	8.5%	125.2	CMA_aa	CMA_aa
Thailand	8.5%	98.5	CMA_aa	CMA_aa
Tunisia (Proxy)	8.2%	119.7	CMA_aa	CMA_aa
South Korea	8.1%	93.9	CMA_aa	CMA_aa
Israel	7.9%	114.7	CMA_aa	CMA_aa
Colombia	7.8%	113.0	CMA_aa	CMA_aa



## Global Sovereign Debt Credit Risk Report

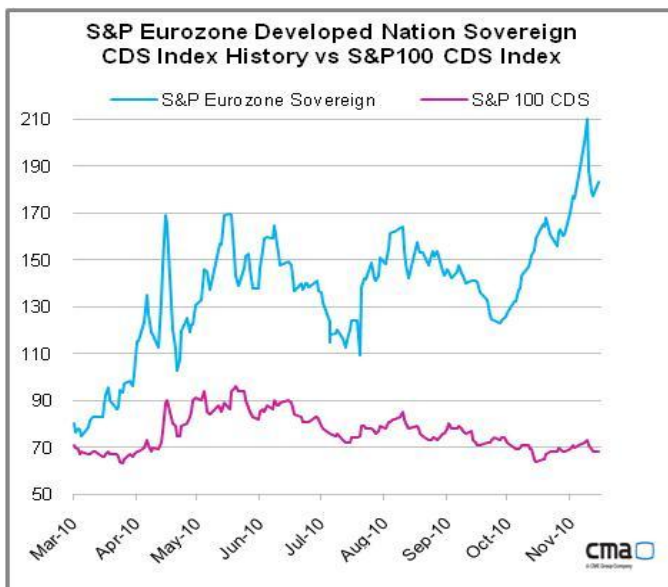
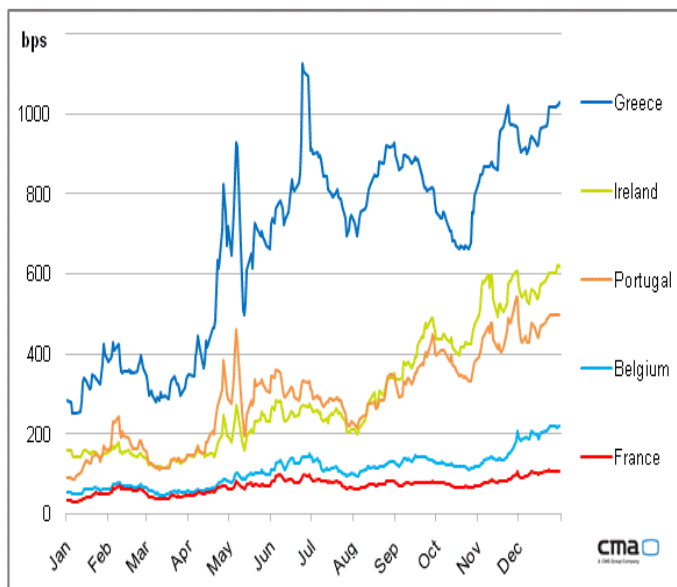
4th quarter 2010

Peru	7.8%	113.0	CMA_aa	CMA_aa
Mexico	7.8%	112.8	CMA_aa	CMA_aa
Brazil	7.6%	110.8	CMA_aa	CMA_aa
Slovakia	7.1%	82.3	CMA_aa	CMA_aa
Panama	6.9%	99.5	CMA_aa+	CMA_aa
Slovenia	6.7%	76.9	CMA_aa+	CMA_aa+
Estonia	6.5%	93.1	CMA_aa+	CMA_aa+
Abu Dhabi	6.5%	93.8	CMA_aa+	CMA_aa
UK	6.4%	73.7	CMA_aa+	CMA_aa+
Japan	6.4%	72.3	CMA_aa+	CMA_aa+
Malaysia	6.4%	72.7	CMA_aa+	CMA_aa+
Czech Republic	6.3%	91.1	CMA_aa+	CMA_aa+
Qatar	6.1%	88.5	CMA_aa+	CMA_aa+
China	6.0%	67.8	CMA_aa+	CMA_aa+
Chile	5.9%	84.1	CMA_aa+	CMA_aa+
Netherlands	5.5%	62.8	CMA_aa+	CMA_aa+
New Zealand	5.3%	60.9	CMA_aa+	CMA_aa+
Saudi Arabia	5.2%	75.4	CMA_aa+	CMA_aa+
Germany	5.2%	59.1	CMA_aa+	CMA_aaa
Australia	4.4%	50.1	CMA_aa+	CMA_aaa
Denmark	4.0%	45.9	CMA_aa+	CMA_aaa
Hong Kong	3.9%	44.7	CMA_aaa	CMA_aa+
USA	3.6%	41.5	CMA_aaa	CMA_aa+
Switzerland	3.6%	40.7	CMA_aaa	CMA_aaa
Sweden	3.0%	34.3	CMA_aaa	CMA_aaa
Finland	3.0%	33.6	CMA_aaa	CMA_aaa
Norway	2.1%	23.2	CMA_aaa	CMA_aaa

## Special Report: top percentage widenings and tightenings 2010.

### Top percentage widenings 2010

2010 was a difficult year for West European Sovereigns as the S&P EuroZone Sovereign CDS Index shows. Compared to the S&P 100 CDS which has remained fairly flat of the year the S&P Eurozone Sovereign Index has widened nearly 100%. All the five top widenings are from Western Europe.



Country	5yr Mid 1 <sup>st</sup> Jan bps	Implied Rating 1 <sup>st</sup> Jan	5yr Mid 31 <sup>st</sup> Dec bps	Implied Rating 31 <sup>st</sup> Dec	Change %
<b>Portugal</b>	91.7	CMA_aa	497.3	CMA_b	442.6
<b>Belgium</b>	53.9	CMA_aa+	219.8	CMA_bb	308.0
<b>Ireland</b>	158.0	CMA_bbb+	619.2	CMA_b	291.9
<b>Greece</b>	283.4	CMA_bb-	1026.5	CMA_ccc-	262.3
<b>France</b>	32.1	CMA_aaa	107.3	CMA_aa	234.7

For more information on S&P CDS indices visit

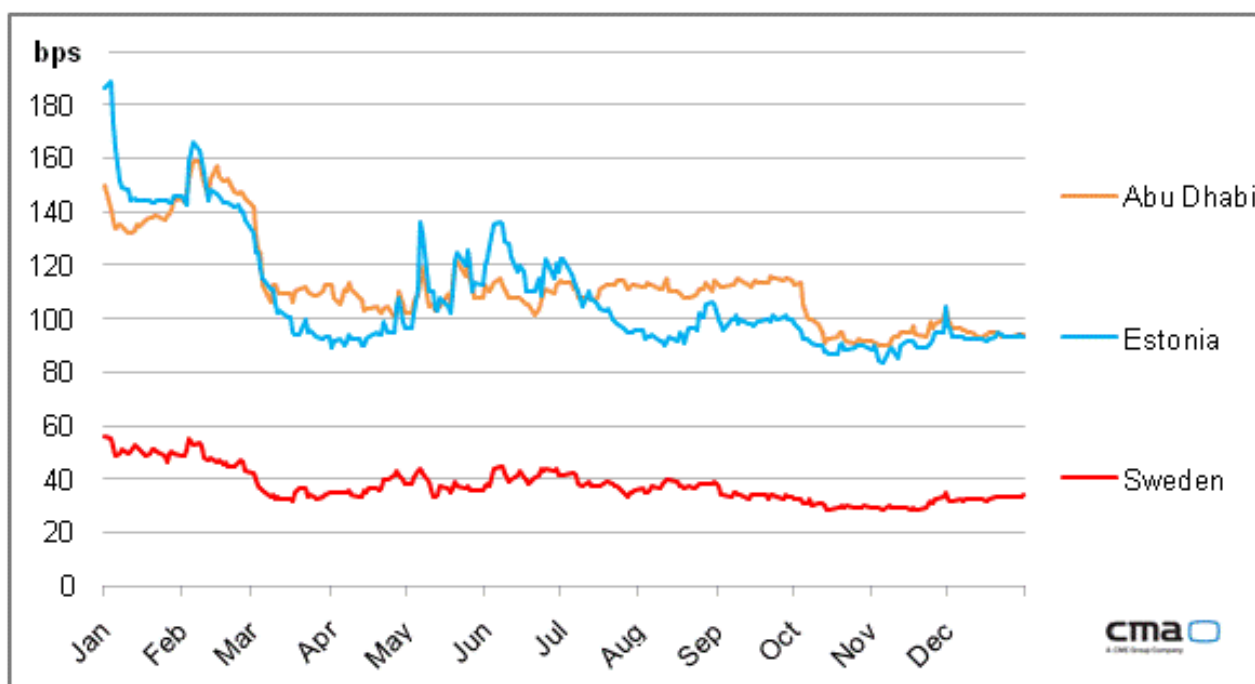
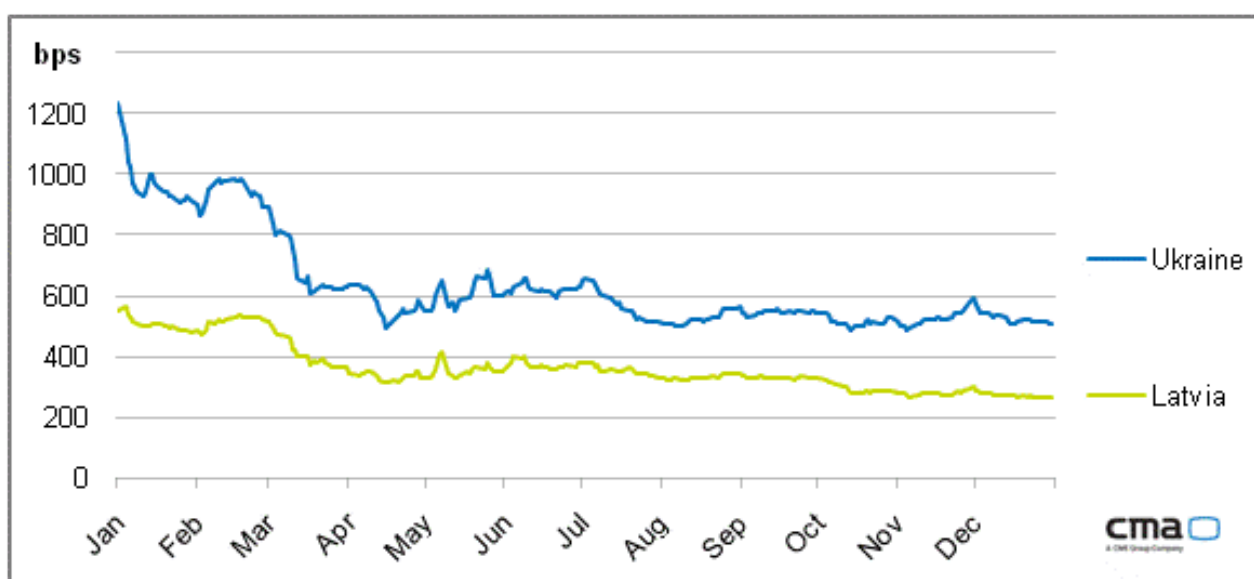
<http://www.standardandpoors.com/indices/sp-credit-default-swap-sovereign-indices/en/us/?indexId=sp-credit-default-swap-sovereign-indices>

or contact Michael Kondas [michael\\_kondas@standardandpoors.com](mailto:michael_kondas@standardandpoors.com)

## Top percentage tighteners

In contrast 2010 was good year for emerging European cost of debt protection, with Ukraine, Latvia and Estonia the top three performers.

Country	5yr Mid 1 <sup>st</sup> Jan bps	Implied Rating 1 <sup>st</sup> Jan	5yr Mid 31 <sup>st</sup> Dec bps	Implied Rating 31 <sup>st</sup> Dec	Change %
Ukraine	1232.1	CMA_ccc+	509.5	CMA_b+	-58.6
Latvia	548.3	CMA_b+	266.1	CMA_bb+	-51.5
Estonia	186.3	CMA_a-	93.1	CMA_aa+	-50.0
Sweden	56.0	CMA_aa+	34.3	CMA_aaa	-38.8
Abu Dhabi	149.8	CMA_a	93.8	CMA_aa+	-37.4



## Special Report: liquidity changes

CMA will soon introduce a liquidity score which consolidates the existing metrics provided in CMA Datavision™. The changes in bid/ask spread, quote contributions and number of contributors are factors which will be used to determine pricing uncertainty. They can also be used to indicate future potential price movements.

The table below shows changes the number of contributions and changes in bid/ask spreads between Q4 and Q3 2010.

Country	Average Bid/Ask Q4 (bp)	Daily Quotes Q4	Average Bid/Ask Q3 (bp)	Daily Quotes Q3
Spain	6.1	1705	5.5	1609
Portugal	18.2	1597	12.2	1488
Ireland	18.9	1597	12.1	1485
Greece	21.6	1571	21.3	1522
Italy	5.2	1382	5.3	1256
France	2.9	1126	3.2	1121
Belgium	6.5	1119	6.5	1082
Austria	4.1	1069	4.4	1100
United Kingdom of Great Britain and Northern Ireland	3.0	993	3.4	968
Turkey	2.2	786	2.6	836
Netherlands	3.8	769	3.9	753
Sweden	3.7	750	4.0	752
Germany	2.3	743	2.6	773
Denmark	3.7	730	4.0	719
Finland	3.2	728	3.7	723
Russia	2.3	707	2.6	755
Hungary	6.8	676	6.5	706
Poland	4.1	646	4.3	646
South Africa	3.7	565	4.0	602
Norway	3.1	539	3.4	495
Ukraine	9.7	381	11.6	429
United States of America	4.7	376	4.4	305
Korea, Republic of	3.3	372	3.6	388
Philippines	4.2	345	4.5	393
China	3.0	333	3.2	362
Indonesia	4.4	314	4.7	361
Brazil	2.2	309	2.2	415
Malaysia	3.6	308	4.0	328
Thailand	4.6	291	5.0	282
Czech Republic	5.1	283	5.6	303
Romania	11.3	271	17.7	324
Bulgaria	11.1	266	15.8	285
Croatia	11.5	263	15.7	287
Vietnam	9.1	248	9.6	271

## Global Sovereign Debt Credit Risk Report

4th quarter 2010

Lithuania	14.2	247	16.9	273
Kazakhstan	7.2	220	9.2	215
United Mexican States	2.6	218	2.3	330
Latvia, Republic of	15.1	208	21.6	213
Colombia	4.6	202	4.8	272
Japan	2.5	199	3.4	174
Peru	4.4	180	4.7	225
Slovakia	5.2	174	6.4	181
Australia	3.4	128	4.3	108
Estonia	9.3	110	11.2	112
New Zealand	4.1	102	4.9	93
Slovenia	5.7	92	6.6	92
Abu Dhabi/Emirate of	4.9	89	5.2	177
Dubai/Emirate of	13.9	86	12.8	154
Panama	5.6	85	5.7	106
Qatar	5.0	84	5.1	198
Argentina	0.5 (pts)	78	0.5 (pts)	87
Venezuela	0.6 (pts)	75	0.6 (pts)	81
Israel	6.7	50	7.6	42
California/State of	12.8	39	20.0	26
Bahrain	12.6	28	13.9	66
Illinois/State of	13.9	25	10.3	15
Florida/State of	14.4	23	10.0	13
Michigan/State of	13.3	23	18.7	8
Egypt	13.4	23	11.8	46
New Jersey/State of	12.6	20	11.7	18
Chile	6.3	20	7.0	30
Banque Centrale de Tunisie	11.3	19	11.7	6
New York/City of	11.0	19	10.7	15
New York/State of	13.4	16	10.0	17
Lebanon	14.2	16	17.9	32
Hong Kong	5.1	5	5.4	3
Morocco	12.4	4	11.1	1
Saudi Arabia	10.1	4	11.5	10
Iceland	28.4	1	29.7	4
Iraq	50.6	0.25	#N/A	#N/A
Switzerland	6.0	0.1	3.0	.3

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## About CMA & contact details

CMA, the world's leading source of independent, accurate OTC credit market data, has unrivalled access to information about what is actually happening in the CDS markets. It combines this unmatched breadth and depth of pricing data with market-leading technology to deliver clear and valuable information to financial institutions around the world.

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