The Prospect News

Emerging Markets Daily

Friday January 12, 2007

Emerging Markets Deal Volume

	Current Year	2006 Comparables
Year to Date:		
	$7.297 billion in 11 deals	$6.980 billion in 7 deals
Quarter to Date:		
	$7.297 billion in 11 deals	$6.980 billion in 7 deals
Month to Date:		
	$7.297 billion in 11 deals	$6.980 billion in 7 deals
Week to Date:		
	$7.297 billion in 11 deals	
DOLLAR DEALS SOLD IN U.S.		
Year to Date:		
	$2.960 billion in 5 deals	$4.881 billion in 4 deals
Quarter to Date:		
	$2.960 billion in 5 deals	$4.881 billion in 4 deals
Month to Date:		
	$2.960 billion in 5 deals	$4.881 billion in 4 deals
Week to Date:		
	$2.960 billion in 5 deals	
EURO-DENOMINATED DEALS		
Year to Date:		
	€1.496 billion in 1 deal	€1.490 billion in 2 deals
Quarter to Date:		
	€1.496 billion in 1 deal	€1.490 billion in 2 deals
Month to Date:		
	€1.496 billion in 1 deal	€1.490 billion in 2 deals
Week to Date:		
	€1.496 billion in 1 deal	

Emerging market debt off on commodities, Treasuries; TuranAlem sells $1 billion; funds add $581 million

By Reshmi Basu, Paul Deckelman, and Paul A. Harris

New York, Jan. 11 - Emerging market debt was lower on a dollar basis as investors confronted a spate of headaches such as lower commodities, weaker U.S. Treasuries and market-unfriendly developments on the local front.

In the primary market, two deals priced as both the dollar and euro markets were tapped.

Kazakhstan's **JSC Bank TuranAlem** placed $1 billion in a two-part notes sale (Baa1/BB/BB+) on Thursday.

The issuer sold $250 million of two-year floating-rate notes at 99.578 to yield a spread of three-month Libor plus 160 basis points.

The book order was $850 million with 80 orders.

More than half of the demand for the two-year notes came from the United States, according to an informed source. U.S. investors grabbed 56% of the paper, followed by the United Kingdom with 18%, and then Asia with 10%. Switzerland and Germany/Austria each took 5% while others nabbed 6%.

Breaking down the distribution, asset managers took 75%, followed by banks with 15%, and retail with 10%.

The tranche of 30-year notes came at 99.165 to yield 8 3/8%, or a spread of 10-year Treasuries plus 366 basis points.

For the 30-year notes, the books stood at $1.5 billion with 110 orders. Of final allocations, U.S. investors nabbed 65%, the United Kingdom followed with 25%, Asia with 4%, Switzerland and Germany/Austria each took 2% and others took 2%.

Breaking down the distribution, 90% went to fund managers, 5% went to banks and 5% to retail.

The 30-year notes will be puttable on Jan. 22, 2017.

Credit Suisse and JP Morgan managed the Rule 144A and Regulation S deal.

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China's GITI Tire starts roadshow Friday for $200 million five-year notes

By Paul A. Harris

St. Louis, Jan. 11 – China's **GITI Tire Pte. Ltd.** will start a roadshow on Friday for its $200 million offering of five-year senior secured notes (B-), according to an informed source.

The roadshow is expected to conclude on Tuesday, with the notes pricing thereafter.

Credit Suisse and Lehman Brothers are leading the Regulation S offering.

Proceeds will be used to extend a $160 million loan to GITI's sole and immediate parent company, GT Asia Pacific Holdings Pte. Ltd., and to repay a $160 million three-year amortizing credit facility due in 2009.

The prospective issuer is a Shanghai-based manufacturer and supplier of tires.

What to Watch: Week Ahead

January 12
- 8:30 a.m. ET: Employment cost index, December (Bureau of Labor Statistics)
- 10 a.m. ET: Business inventories, November (Census Bureau)
- Securities Industry and Financial Markets Association recommends early close
- Belarus: Consumer price index, December
- Belarus: Producer price index, December
- Belarus: Official reserves, January
- Brazil: Consumer price index, December
- Croatia: Official reserves, January
- India: Industrial production, November
- India: Producer price index, December
- India: Official reserves, January
- Indonesia: Wages, Q3
- Kazakhstan: Wages, November
- Latvia: Merchandise trade, November
- Moldova: Consumer price index, December
- Moldova: Official reserves, January
- Philippines: Central government debt, October
- Romania: Industrial production, November
- Romania: Employment, November
- Romania: Wages, November
- Romania: Consumer price index, December
- Romania: Producer price index, November
- Slovak Republic: Consumer price index, December
- Slovak Republic: Official reserves, January
- Thailand: Official reserves, January
- Tunisia: Merchandise trade, December
- Ukraine: Merchandise trade, November

January 13
- Bulgaria: Merchandise trade, November

January 15
- Securities Industry and Financial Markets Association recommends close
- Stock markets closed
- Argentina: Official reserves, January
- Bulgaria: Consumer price index, December
- Czech Republic: Industrial production, November
- Czech Republic: Employment, November
- Czech Republic: Wages, November
- Czech Republic: Producer price index, December
- Ecuador: Employment, December
- Ecuador: Unemployment, December
- Ecuador: Wages, December
- Indonesia: Industrial production, November
- Indonesia: Official reserves, January
- Israel: Consumer price index, December
- Israel: Producer price index, December
- Korea: Merchandise trade, December
- Kyrgyz Republic: Industrial production, December
- Kyrgyz Republic: Employment, December
- Kyrgyz Republic: Unemployment, December
- Kyrgyz Republic: Wages, December
- Kyrgyz Republic: Consumer price index, December

New Issue:
Poland sells €1.5 billion 15-year bonds to yield 4.528%

By Reshmi Basu

New York, Jan. 11 - The **Republic of Poland** sold €1.5 billion 15-year bonds (A2/BBB+/BBB+) at 99.70 with a 4¼% coupon to yield 4.528%, according to a market source.

Deutsche Bank was the bookrunner for the Regulation S transaction.

Issuer:	Republic of Poland	Pricing date:	Jan. 11
Amount:	€1.5 billion	Settlement date:	Jan. 18
Issue:	Sovereign bonds	Bookrunner:	Deutsche Bank
Maturity:	Jan. 18, 2022	Ratings:	Moody's: A2
Coupon:	4¼%		Standard & Poor's: BBB+
Issue price:	99.70		Fitch: BBB+
Yield:	4.528%	Distribution:	Regulation S

Brazil's ISA Capital to market $554 million note offering

By Reshmi Basu

New York, Jan. 11 - **ISA Capital do Brasil SA** plans to start a roadshow for a $554 million offering of short-dated and intermediate-dated senior secured notes, according to a market source.

A roadshow is scheduled to start in London on Monday, followed by visits to New York and Sao Paulo on Tuesday, to Boston on Wednesday, and wrapping up in Los Angeles on Jan. 18.

Proceeds from the sale will be used to refinance existing debt.

ISA Capital is a holding company that owns 89.40% of the common stock of CTEEP, which is Brazil's second-largest electricity transmission company.

ABN Amro and JP Morgan are joint bookrunners for the Rule 144A and Regulation S transaction.

Emerging market debt off on commodities, Treasuries; TuranAlem sells $1 billion; funds add $581 million

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Poland taps euro market

On the sovereign side, the **Republic of Poland** sold €1.5 billion in 10-year bonds (A2/BBB+/BBB+) at 99.70 to yield 4.528% via Deutsche Bank.

In other primary developments, the **Trade and Development Bank of Mongolia** (Ba2) lowered price guidance for its offering of up to $75 million in three-year senior bullet bonds to 8¾% to 8 7/8% from initial guidance of a yield in the 9¼% area.

ING is the bookrunner for the Regulation S offering, which will come off the issuer's $150 million medium-term note program.

Pricing for the company's inaugural issue is expected to take place following the completion of investor presentations, which is scheduled to wrap up on Friday, Jan, 12 in London.

Hitting the road, China's **GITI Tire Pte. Ltd**. will start a roadshow on Friday for its $200 million offering of five-year senior secured notes (B-).

The roadshow is expected to conclude on Tuesday, with the notes pricing after that.

Credit Suisse and Lehman Brothers are leading the Regulation S offering.

And out of Brazil, **ISA Capital do Brasil SA** plans to start a roadshow for a $554 million offering of short- and intermediate-dated senior secured notes.

Marketing will begin in London on Monday, Jan. 15, followed by visits to New York and Sao Paolo on Tuesday, Jan. 16, Boston on Wednesday, Jan. 17 and wrapping up in Los Angeles on Thursday, Jan. 18.

ISA Capital is a holding company that owns 89.40% of the common stock of CTEEP, which is Brazil's second largest electricity transmission company.

ABN Amro and JP Morgan are joint bookrunners for the Rule 144A and Regulation S transaction.

EM sees $580.5 million inflows

Emerging market debt opened the session with a better tone Thursday as spreads were a tad tighter. But on a dollar basis, the market traded lower.

This week, investors have been wrestling with a host of headaches such as lower commodities, weaker U.S. Treasuries as well as recent developments on the local front.

But despite a bearish start to the new year, emerging market dedicated funds have scored two consecutive weeks of positive inflows.

Emerging markets saw $580.5 million enter the asset class for the week ending Jan. 10, reported EmergingPortfolio.com Fund Research.

Venezuela sees better price action

Turning to **Venezuela,** the country saw a reprieve from selling as its bonds posted gains. In trading Thursday, the country's bonds due 2027 added 0.10 to 123 bid, 123.80 offered.

A trader in Latin American debt said he saw Venezuela's bonds pretty much unchanged on the session, as investors "were still trying to sort out" recent developments, including newly re-inaugurated president Hugo Chavez' promise to nationalize the country's telecommunications and electricity industries, as well as other parts of the economy, on the way to building a socialist state.

The trader said that there was "no new news" and the bonds "if anything were slightly positive."

The trader spotted the Venezuela's 2027 bonds at spreads over Treasuries in a 122.80-123.30 context.

Ecuador firmer

Ecuador was spotted "doing better today [Thursday]," noted the trader, adding that recent trading in that country's debt was "like a crapshoot, moving all over the place," but with "no specific changes" that he could point to.

During the session, the Ecuadorian bond due 2015 gained 2.50 to 81.50 bid, 83.0 offered.

Elsewhere, the **Brazilian** bellwether bond due 2040 gave up 0.10 to 132.35 bid, 132.40 offered. In terms of flows, the 2040 bond saw better selling by locals while the Brazilian curve continued to steepen on real money selling in the long end, according to a market source.

On the Latin American corporate side, one trader noted that corporates were a little more firm.

Watching Venezuelan corporates

He added that the market closely focused on Venezuelan corporate paper, including **Electricidad de Caracas**, which is owned by AES Corp., and the Orinoco oil project joint ventures **Petrozuata** and **Cerro Negro**.

"ELECAR better by about ½ today to 101-102, while PETROZ and CERNEG pretty much remain unchanged, about 1 point below pre-nationalization speech levels," he noted.

On average, Brazilian corporates were probably a quarter point better.

Treasury drop dominates

Overall, the big story of the day in the EM sphere, the first trader quoted above observed was "Treasuries getting killed," which was essentially the only story of the day.

"Other than that, spreads were unchanged to slightly tighter across the board. There was nothing really to report, other than oil and Treasuries."

Otherwise, not much was going on, he said, "nothing out of the ordinary."

ICICI's new bond firm

A trader in Asian issues meantime said that the new **ICICI** Bank deal "continues to trade very well," with the upper

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Argentina's Banco Macro to sell up to $150 million 10-year notes

By Reshmi Basu

New York, Jan. 11 - **Banco Macro SA** plans to issue up to $150 million of 10-year senior notes (B2//B+), according to a market source.

Proceeds from the sale will be use to make loans in accordance with Argentine Central Bank guidelines.

Credit Suisse is the bookrunner for the Rule 144A and Regulation S with registration rights transaction.

Pricing is expected during the week of Jan. 22.

On Dec. 12, the bank placed a $150 million offering of 30-year non-cumulative junior subordinated notes (B3//B-) at par to yield 9¾%.

The Buenos Aires-based issuer is engaged in retail and commercial banking.

Trade and Development Bank of Mongolia cuts guidance for $75 million three-year bonds to 8¾%-8 7/8%

By Reshmi Basu

New York. Jan. 11 - **Trade and Development Bank of Mongolia** (Ba2) lowered price guidance for an offering of up to $75 million in three-year senior bullet bonds to 8¾% to 8 7/8% from initial guidance that was in the 9¼% area, according to a market source.

ING is the bookrunner for the Regulation S offering, which will come off the issuer's $150 million medium-term note program.

Pricing for the company's inaugural issue is expected to take place following the completion of investor presentations, which are scheduled to wrap up on Friday in London.

Trade and Development Bank is a commercial bank based in Ulaanbaatar, Mongolia.

New Issue: Kazakhstan's Bank TuranAlem sells $1 billion notes in two parts

By Reshmi Basu

New York, Jan. 11 - **JSC Bank TuranAlem** sold a $1 billion two-part offering of notes (Baa1/BB/BB+) on Thursday, according to an informed source.

The issuer sold $250 million of two-year floating-rate notes at 99.578 to yield three-month Libor plus 160 basis points.

The $750 million tranche of 30-year 8¼% notes came at 99.165 to yield 8 3/8%, or 10-year Treasuries plus 366 bps.

Additionally, the 30-year notes will be putable on Jan. 22, 2017.

Credit Suisse and JP Morgan were running the Rule 144A and Regulation S deal, which was issued via TuranAlem Finance BV.

Bank TuranAlem is the second-largest commercial bank in Kazakhstan and has headquarters in Almaty, Kazakhstan.

Issuer:	TuranAlem Finane BV
Guarantor:	JSC Bank TuranAlem
Issue:	Two-part notes
Total amount:	$1 billion
Pricing date:	Jan. 11
Settlement date:	Jan. 22
Lead managers:	Credit Suisse, JP Morgan
Ratings:	Moody's: Baa1
	Standard & Poor's: BB
	Fitch: BB+
Distribution:	Rule 144A and Regulation S
Two-year notes	
Amount:	$250 million
Issue:	Floating-rate notes
Maturity:	Jan. 22, 2009
Coupon:	Three-month Libor plus 137.5 bps
Issue price:	99.578
Spread:	Three-month Libor plus 160 bps
Price guidance:	Three-month Libor plus 160 bps
30-year notes	
Amount:	$750 million
Issue:	Notes
Maturity:	Jan. 22, 2037
Coupon:	8¼%
Issue price:	99.165
Yield:	8 3/8%
Spread:	10-year Treasuries plus 366 bps
Put option:	Putable on Jan. 22, 2017
Price guidance:	8 3/8%

New Issue: Bank of Thailand auctions 20 billion baht of eight-day bonds

By Reshmi Basu

New York, Jan. 11 - The **Bank of Thailand** announced the results of its auction, in which it issued 20 billion baht of eight-day bonds.

Thailand issued the bonds at a weighted average yield of 4.97178%. The bid to cover ratio was 1.83.

Issuer:	Bank of Thailand	Weighted average yield:	4.97178%
Amount:	20 billion baht	Accepted yields:	4.92% to 4.99%
Issue:	Bonds	Auction date:	Jan. 11
Maturity:	Jan. 23, 2007	Settlement date:	Jan. 15

New Issue: Telefonica del Peru S/. 76.9 million series A bonds yield 5.5625%

By Caroline Salls

Pittsburgh, Jan. 11 – **Telefonica del Peru SAA** made the 10th issue under its fourth bond program, selling S/. 76.9 million series A bonds at par to yield 5.5625%, according to a company news release.

Lima, Peru-based Telefonica is a telecommunications company. Spain-based Telefonica owns 97% of the company.

Issuer:	Telefonica del Peru SAA	Price:	Par
Issue:	Series A bonds	Yield:	5.5625%
Amount:	S/. 76.9 million	Pricing date:	Jan. 10
Maturity:	Jan. 11, 2009	Settlement date:	Jan. 11

Emerging market debt off on commodities, Treasuries; TuranAlem sells $1 billion; funds add $581 million

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tier 2 subordinated notes due 2022 trading 7 to 8 basis points tighter than the 174.8 bps spread at which the bonds came on Tuesday, while the floating-rate senior notes due 2010 were 9 basis points tighter than issue.

"It's very good performance, considering the size of the deal. That's been pretty impressive, and has helped to set a more constructive tone on the high-grade side of things in Asia."

ICICI announced Thursday that the $2 billion total deal had $8 billion in orders. Of the bonds sold, 58% went to the United States and 21% each to Asia and Europe.

The deal is the largest bond offering to date by an Indian bank, according to ICICI.

Otherwise, the trader said that the market had seen "some impact from the sell-off in Treasuries [Thursday]."

He said there had been some selling in the long end of the **Philippine** and **Indonesian** curves, but added that prices were "pretty much just running in line with Treasuries, not seeing much movement in spreads either way."

He said that five year credit-default swaps contracts were actually "a couple of basis points or two tighter, so it's probably a better indicator of how the overall market is trading – it's definitely holding pretty well, considering the volatility we're getting in some of these other markets; it anything it was actually trending a little bit tighter."

Thai profit taking

He also said there had been some profit-taking in short positions in **Thailand**'s debt, "so that's taken tight Thai spreads in off their wides, about 4 or 5 basis points as well."

On Tuesday, investors were spooked by news that Thailand's military government proposed new restrictions on foreign ownership in the country's companies.

On Thursday, there were rumors that **Indonesia** would implement similar controls, which did not bode well for the credit, noted another source.

In trading, the **Indonesian** bond due 2035 slid 0.75 to 123.50 bid, 124 offered.

Emerging markets calendar: Trade and Development Bank of Mongolia to sell bonds

JAN. 8 WEEK

TRADE AND DEVELOPMENT BANK OF MONGOLIA: Up to $75 million debut offering of senior three-year bonds; ING; Regulation S; roadshow in Singapore from Jan. 8-9; Manila on Jan 10; Hong Kong on Jan. 11, London on Jan. 12; off the issuer's $150 million medium-term note program; commercial bank based in Ulaanbaatar, Mongolia; price guidance lowered to at 8¾% - 8 7/8% from 9¼% area.

JAN. 15 WEEK

GP INVESTMENTS, LTD.: $150 million perpetual notes (B+); Credit Suisse; Rule 144A/Regulation S; non-callable for five years; secured by first priority pledge representing 100% of GP Private Equity issued and outstanding shares; issuer to fund an 18-month interest reserve; Brazilian private equity firm based in São Paulo; roadshow starts Jan. 10 in Singapore; Jan. 11 in Hong Kong, Jan. 12 in London, Jan. 15 in Switzerland; pricing Jan. 15 week.

MINERVA OVERSEAS LTD.: $150 million unsecured unsubordinated notes due 2017 (/B/B+); Credit Suisse (books); Rule 144A/Regulation S; non-callable for life; to refinance short-term debt and for general corporate purposes; financing subsidiary of Brazilian beef exporter Industria e Comercio de Carnes Minerva Ltda,; roadshow Jan. 10 in Hong Kong, Jan. 11 in Singapore, Jan. 12 in Switzerland, Jan. 15 in London, Jan. 16 in New York, Jan. 17 in Boston and Philadelphia, Jan. 18 on U.S. West Coast; pricing Jan. 15 week.

JSC BANK CENTERCREDIT: Dollar-denominated offering of eurobonds; ING; JP Morgan (joint books); Rule 144A/Regulation S; Asian and European roadshows on Jan. 10 in Hong Kong, Singapore on Jan. 11, Zurich on Jan. 12, London on Jan. 13; U.S. leg on Jan. 10 in Los Angeles, Jan. 11 in Boston, Jan. 12 in New York; Kazakhstan commercial bank.

COSAN FINANCE LTD. (COSAN SA INDUSTRIA E COMMERCIO): $300 million senior unsecured notes due 2017 (Ba2/BB); Morgan Stanley, Credit Suisse (joint books) Deutsche Bank Securities (joint lead); Rule 144A/Regulation S; non-callable; to fund capital expenditures including co-generation projects, expand facilities and purchase equipment, also to fund possible future acquisitions, to repay debt and for general corporate purposes, including working capital; Brazilian producer and distributor of sugar, alcohol and other derivatives of sugar cane; roadshow Jan. 10 in Hong Kong, Jan. 11 in Singapore, Jan. 12 in Switzerland, Jan. 15 in London, Jan. 16-18 in the U.S., pricing thereafter.

GITI TIRE PTE. LTD: $200 million senior secured notes due 2012 (B-); Credit Suisse, Lehman Brothers; Regulation S; non-callable for three years; to extend a $160 million loan to GITI's sole and immediate parent company, GT Asia Pacific Holdings Pte. Ltd., to pay off a $160 million three-year amortizing credit facility due in 2009; Shanghai, China-based manufacturer and supplier tires; roadshow Jan. 12-16; pricing thereafter.

ISA CAPITAL DO BRASIL SA: $554 million offering of short- and intermediate-dated senior secured notes; ABN Amro, JP Morgan (joint books); Rule 144A/Regulation S; roadshow in London on Jan. 15, New York and Sao Paolo on Jan. 16, Boston on, Jan. 17, Los Angeles on Jan. 18; to refinance existing debt.; ISA Capital is a holding company of CTEEP, Brazil's second largest electricity transmission company.

WEEK OF JAN 22

VITRO SAB DE CV: Two-part offering of five- and 10-year senior unsecured notes; Morgan Stanley, Credit Suisse, Lehman Brothers; Rule 144A (with registration rights)/Regulation S; simultaneous investor presentations will run in Europe and Asia from Jan. 15-Jan. 16, U.S. leg in New York on Jan. 18, Boston on Jan. 19, Los Angeles on Jan. 22, San Francisco on Jan. 23; minimum size of each tranche will be $250 million; five-year notes will be non-callable for life, 10-year notes will be non-callable for five years; to refinance existing indebtedness in conjunction with the company's cash tender offer for its $250 million 10¾% senior secured guaranteed notes due 2011.Vitro Envases (Glass Containers), ViMexico (Flat Glass), and their wholly owned subsidiaries will guarantee; pricing is expected to take place after Jan. 24.

BANCO MACRO SA: Up to $150 million of 10-year senior notes (B2//B+); Credit Suisse; Rule 144A/Regulation S (with registration rights); to make loans in accordance with Argentine Central Bank guidelines; Buenos Aires-based retail and commercial bank; engaged in retail and commercial banking; expected during the week of Jan. 22.

ON THE HORIZON:

PT INDOFOOD SUKSES MAKMUR: $250 million to $300 million bonds; to refinance company's bonds due 2007; world's largest instant noodle maker; based in Jakarta, Indonesia.

ROADSHOWS:

Jan. 10-15: GP INVESTMENTS, LTD.: $150 million perpetual notes; Credit Suisse

Jan. 10-18: MINERVA OVERSEAS LTD.: $150 million unsecured

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S&P: Edenor on positive watch

Standard & Poor's said it placed its B- ratings on **Empresa Distribuidora y Comercializadora Norte SA** (Edenor), on CreditWatch with positive implications following the promulgation of national decree 1957/2006 on Jan. 8.

The agency said that this decree ratified the "Acta Acuerdo" agreement between Edenor and Unidad de Renegociación y Análisis de Contratos de Servicios Públicos, the entity created by the Argentine government to renegotiate the concessions for public service companies, which defined terms and conditions for a transition period until the global renegotiation of Edenor's concession contract.

S&P noted that the CreditWatch listing reflects potential improvement of Edenor's credit quality mainly due to the Acta Acuerdo's incorporation of: a significant tariff increase for the company's customer base and certain language mitigating Edenor's exposure to the unavailability of transmission or power generation capacity, which could result in power supply shortages.

The agency added that the ratings on Edenor reflect the company's weak business and financial risk profiles, which derive from high political and regulatory risks, increasing concerns regarding power supply in Argentina, the company's high foreign exchange risk and limited financial flexibility.

Moody's ups CMC Magnetics view to stable

Moody's Investors Service said it changed to stable from negative the outlook for **CMC Magnetics Corp.**'s B1 corporate family rating and its Ba2.tw national scale issuer rating.

This action reflects the lowering of CMC's refinancing risk given its repayment of large maturing debts at the end of 2006, the agency said.

The average price of the principal raw material for optical storage media products – polycarbonate (PC) – dropped from over $3.5 per kilogram in 2005 to about $2.5 per kilogram at the end of 2006 as additional PC capacity has gradually come on-stream. This boosted CMC's profitability from its 2005 trough, Moody's said.

But, even though there is no imminent refinancing risk over the next 12 months, Moody's said there is still room for CMC to improve its capital structure and reduce its reliance on short-term debt. The company also needs to strengthen its balance sheet liquidity in order to address refinancing risk over the longer term, the agency said, adding that such risk is considered at the current ratings level.

S&P lowers Venezuela outlook to stable

Standard & Poor's said it revised its outlook on the **Bolivarian Republic of Venezuela** to stable from positive and affirmed its long-term BB- sovereign currency ratings on the country.

The agency said that the outlook revision comes after the inauguration of President Hugo Chavez and the swearing-in of his new cabinet at which time he announced sweeping plans to establish greater government control over the economy, including the nationalization of telecommunications and power companies and a constitutional amendment to strip the Central Bank of its autonomy.

This is a signal that the country risk, already higher than sovereign risk, is set to increase further, according to S&P, which added that the overall investment climate in Venezuela has clearly deteriorated in the past six years with increased government intervention in the private sector.

Moody's may lower Bancolombia

Moody's Investors Service said it will maintain its review for possible downgrade on **Bancolombia**'s D+ bank financial strength rating, responding to legal actions announced Jan. 4 against two of the bank's key executives. Moody's also said it affirmed Bancolombia's long- and short-term foreign-currency deposit ratings of Ba3 and not prime, respectively.

The bank's financial strength rating was first placed under review for possible downgrade Dec. 28 following an announcement that it had signed an agreement to acquire a controlling interest in Banco Agricola, SA. The review reflected Moody's concerns regarding the acquisition's potentially negative effect on the parent's capitalization.

More recently, legal allegations of fraud and misconduct have been made against two of Bancolombia's top executives. The ongoing legal action appears to have had limited negative effects so far on the bank's financial standing, the agency said. Therefore, Moody's said no further rating action is warranted at this time. The agency added, however, that it will consider a rating action if the legal actions deteriorate the bank's financial strength, operations or liquidity.

S&P boosts Petrotrin

Standard & Poor's said it raised its long-term corporate credit rating on the **Petroleum Co. of Trinidad & Tobago Ltd**. (Petrotrin) to BBB+ from BBB-.

The outlook is stable.

S&P noted that the rating action reflects its opinion that during the past couple of years Petrotrin has moved closer to a public-policy-based institution that plays a central role in supporting the nation's political and economic objectives and thus merits a credit standing more closely associated with its government.

The rating action also reflects our perception of significant government support from the Republic of Trinidad & Tobago (LC: A+/stable/A-1, FC: A-/stable/A-2) toward Petrotrin and the continued support by the Republic to its state-owned entities, the agency said.

S&P ups Telefónica O2 outlook to stable

Standard & Poor's said it revised its outlook on **Telefónica O2 Czech Republic a.s.** to stable from negative.

At the same time, the BBB+ long-term

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corporate credit rating on the company was affirmed, the agency said.

The outlook revision follows that of Telefónica O2 Czech Republic's 69.4% majority shareholder, Telefónica SA (BBB+/stable/A-2), S&P noted.

According to the agency, the ratings on Telefónica O2 Czech Republic principally reflect those on its owner Telefónica and Telefónica O2 Czech Republic's performance is supported by continued strong profitability, substantial cash flow generation, low debt levels and robust credit protection measures.

S&P: Magyar, Invitel view developing

Standard & Poor's said it revised its outlook on **Magyar Telecom BV** and its holding company **Invitel Holdings NV** to developing from negative and affirmed its B+ long-term corporate credit ratings.

The outlook revision comes after Hungarian Telephone and Cable Corp. agreed with Invitel to acquire the operating company Invitel Távkölési Szolgáltató Zrt. Hungarian Telephone recently entered into a stock purchase agreement with Invitel to indirectly acquire 99.98% of the outstanding shares of Invitel through the acquisition of 100% of the issued ordinary shares of Matel Holdings NV, the parent company of Magyar Telecom BV, for a total consideration of €470 million.

S&P said it acknowledges the credit-enhancing features of the transaction as it combines the two leading alternative telecommunication providers in Hungary with an expected market share of about 20% and the leading position in 14 out of 54 Hungarian historical concession areas. This should enable the combined entity to be in a better competitive position and cope with continuing regulatory and competitive pressures on its core voice business, the agency said.

On the other hand, S&P said this transaction creates many uncertainties about the capital structure and the financial policy of the combined entity in the medium term.

New financial covenants could be looser than under Invitel's existing senior secured facilities and there is limited visibility on the capital structure to be eventually implemented at the combined company, the agency said.

Fitch rates IRSA

Fitch Ratings said it assigned foreign and local currency issuer default ratings of B to **IRSA Inversiones y Representaciones SA**.

Fitch said it has also assigned a B rating to IRSA's proposed $150 million senior unsecured note due in 2017, as well as a recovery rating of RR4, which indicates average recovery prospects in the event of default.

All ratings have a stable outlook.

The ratings are supported by IRSA's strong business position in both residential and office property development and management, the agency said.

The company's B ratings reflect the cyclical nature of the real estate market in Argentina, which is highly correlated with the local economy and the lack of geographic diversification of the company's cash flows, Fitch noted.

Fitch rates North-West Telecom bond A(rus)

Fitch Ratings said it assigned **OAO North-West Telecom**'s fourth domestic bond issue, totaling RUB2 billion and maturing in December 2011, a final national long-term rating of A(rus).

This follows a review of the final terms and conditions, confirming information already received when Fitch assigned an expected national long-term rating of A(rus) on Dec. 7.

The company controls about 76% of the local services market and is well positioned to retain its dominance in this segment, Fitch said, adding that its client base is well diversified, which provides it with a relatively stable and highly visible operating cash flow.

North-West Telecom owns and operates the largest last-mile and backbone telecoms network in the region, which helps to protect its interconnect revenues and gives it strategic competitive advantages, the agency said.

Moody's gives TuranAlem notes Baa1

Moody's Investors Service said it assigned a Baa1 long-term foreign currency rating to the ¥20 billion 4.25% issue of senior unsecured notes due 2016 issued under the $3 billion GMTN program of **TuranAlem Finance BV** (rated Baa1 for senior and Baa2 for subordinated debt issues).

The issue is unconditionally and irrevocably guaranteed by Kazakhstan's Bank TuranAlem, the agency noted.

The outlook is stable.

Moody's: stable view for Qatar banks

In a report about **Qatar**'s banking system, Moody's Investor Service said the stable outlook for Qatar's rated banks reflects strong macro-economic conditions, solid financial metrics and improving bank franchises.

However, the agency said that credit and funding concentrations, increased competition and potential credit risk are areas of concern.

The country's strong operating environment and high level of prosperity have brought new and better quality banking opportunities, Moody's said. The banks are gradually developing and enhancing their franchises by expanding product ranges – especially in retail and Islamic banking – and via geographical diversification.

At the same time, Moody's said its ratings also incorporate the banks' significant funding and credit concentrations, growing competition from newly established and foreign banks and concerns about potential deterioration in asset quality following aggressive loan growth.

The three Quatar bank's rated by Moody's includes Commercial Bank of Qatar, Qatar National Bank and Doha Bank.

Airlines continue oil-fueled climb, Six Flags up; add-on trio prices; funds see $50 million inflow

By Paul Deckelman, Paul A. Harris and Ronda Fears

New York, Jan. 11 - **Delta Air Lines Inc.**'s bonds continued to gain altitude on Thursday, along with those of **Northwest Airlines Corp.**, as the paper of the two bankrupt carriers rode the momentum from big gains notched Wednesday amid merger and acquisition news and rumors involving both companies, as well as getting a boost from a fourth straight session of sharply declining oil prices, considered a positive sign for the fuel-intensive airline industry.

Back on solid ground, **Six Flags Inc.**'s bonds improved on the news that the theme park operator has agreed to sell seven of its theme or water parks near several major metropolitan areas for $312 million and use the proceeds to pay down debt.

Overall, traders said that while there was a decent enough volume of activity in the morning, things turned quiet after midday, with one quipping that "it was almost as though today [Thursday] was the half-session, rather than tomorrow [Friday]." The Bond Market Association has recommended a 2 p.m. ET close for United States debt markets Friday ahead of Monday's Martin Luther King Day legal holiday, which will see all U.S. financial markets shuttered.

In the primary arena, a trio of quickly appearing add-on offerings to existing bond tranches priced, for **American Real Estate Partners LP/American Real Estate Partners Finance Corp.**, **Iron Mountain Inc.** and **Ahern Rentals Inc.** All three of the deals were upsized from their originally envisioned sizes. The Iron Mountain offering was euro-denominated, while the other two were dollar deals.

Also on the new-deal front, **Snoqualine Entertainment Authority**, a Washington state-based tribal gaming concern, was seen also getting ready to hit the road to market a planned $320 million two-part issue.

Funds continue on the upside

Late Thursday sources told Prospect News that AMG Data Services reported $49.9 million of inflows to the high yield mutual funds for the week to Wednesday among accounts that report on a weekly basis.

That increases the year-to-date flow of cash among the weekly reporting accounts to $288.4 million.

Meanwhile accounts that report on a monthly basis are reporting a more substantial $331.3 million of inflows for the most recent period, increasing year-to-date flows among monthly reporters to $708.3 million.

American Real Estate massively upsized

American Real Estate Partners, LP, issuing in conjunction with **American Real Estate Finance Corp.**, priced a massively upsized $500 million add-on to its 7 1/8% senior notes due Feb. 15, 2013 (Ba3/BB+) at 99.50 to yield 7.226% on Thursday.

The add-on, which was increased from $300 million, came in the middle of the 99.25 to 99.75 price talk.

Jefferies & Co. ran the books.

The Mount Kisco, N.Y.-based rental real estate, hotels and resorts, housing and condominium development company priced the original $480 million issue at par on Feb. 1, 2005, hence the interest expense on the add-on notes increased by slightly more than 10 basis points.

Delta continues to fly

Back among the established issues, a trader saw airline bonds continuing to climb in the wake of Wednesday's big gains fueled by merger and acquisition news and speculation and lower oil prices.

While there was no fresh news Thursday on the M&A front, oil continued to decline, with light, sweet crude – already down 15% in 2007 – falling to its lowest level since May 2005, settling down $2.14 to $51.88 a barrel on the New York Mercantile Exchange.

The trader said that oil price optimism, combined with M&A speculation about Delta, which is trying to fight off a hostile takeover attempt by US Airways Group Inc. and which has been reported to have held talks with Northwest about a possible link-up of the two companies, helped to push Delta's 8.30% notes due 2029 up to 70.5 bid, 71 offered, versus 69 bid 70 offered on Wednesday.

Northwest's bonds, he said, were meantime up 3 to 4 points, depending on the issue, with its 8 7/8% notes that were to have matured last year up 3 points at par bid, its 9 7/8% notes slated to come due this year 4 points better at 103, its 7 7/8% notes due 2008 at par and its 10% notes due 2009 at 102, both up 3 points.

Six Flags better on sale plan

Six Flags' bonds were seen up after the New York-based amusement park company announced plans to sell a total of seven of its parks for $312 million – $275 million of it in up-front cash – and use the proceeds to pay down debt.

A trader saw the bonds at 99.625 bid, 100.125 offered, up from 98.5 bid, 99.5 offered, "so that was up pretty nicely."

The Prospect News Emerging Markets Daily

Recent Emerging Markets Deals

Priced	Issuer	Bookrunner	Amount	Coupon	Price	Yield	Spread	Maturity	Ratings
1/11/2007	Poland	Deutsche Bank	€1500	4.240%	99.7	4.528%	-	1/18/2022	A2/BBB+/ BBB+
1/11/2007	TuranAlem Finance BV (JSC Bank TuranAlem)	Credit Suisse, JPMorgan	$750	8.250%	99.165	8.375%	366	1/22/2037	Baa1/BB/ BB+
1/11/2007	TuranAlem Finance BV (JSC Bank TuranAlem)	Credit Suisse, JPMorgan	$250	L+137.5	99.578	L+160	-	1/22/2009	Baa1/BB/ BB+
1/9/2007	Philippines	Citigroup, Credit Suisse, Deutsche Bank	$1000	6.375%	97.862	6.550%	180.3	1/15/2032	-/BB-/BB
1/9/2007	ICICI Bank	Citigroup, Deutsche Bank, Merrill Lynch	$500	L+54	100	L+54	-	1/12/2010	-/-
1/9/2007	ICICI Bank	Citigroup, Deutsche Bank, Merrill Lynch	$750	5.750%	99.786	5.800%	114.3	12/12/2012	-/-
1/9/2007	ICICI Bank	Citigroup, Deutsche Bank, Merrill Lynch	$750	6.375%	99.766	6.408%	174.8	4/30/2022	-/-
1/9/2007	National Agricultural Cooperative Federation (NACF)	JPMorgan, Daiwa	$250	L+20	99.825	Floating	-	1/17/2012	A3/A-
1/9/2007	Turkey	Deutsche Bank, JPMorgan	$500	7.000%	101.875	6.732%	207	9/26/2016	Ba3/BB-
1/9/2007	Turkey	Deutsche Bank, JPMorgan	$500	6.875%	95.875	7.215%	247	3/17/2036	Ba3/BB-
1/9/2007	Emirates Bank International PJSC	Deutsche Bank	CHF200	L+9	100	L+9	-	2/20/2009	A1/A
12/19/2006	America Movil, SA de CV	Citigroup	$500	L+10	99.89875	L+17	-	6/12/2008	A3/BBB+/ BBB+
12/15/2006	Transener (Compañía de Transporte de Energía Eléctrica en Alta Tensión SA)	Deutsche Bank	$220	8.875%	100	8.875%	-	12/15/2016	B/-/B
12/15/2006	AES Panama SA	Credit Suisse	$300	6.350%	99.177	6.463%	195	12/21/2016	-/BBB-/BBB-
12/15/2006	Empire Capital Resources Pte. Ltd. (PT Berau Coal)	Merrill Lynch	$225	9.375%	100	9.375%	-	12/15/2011	B1/B/B+
12/15/2006	Empire Capital Resources Pte. Ltd. (PT Berau Coal)	Merrill Lynch	$100	L+375	100	L+375	-	12/15/2011	B1/B/B+
12/14/2006	Davomas International Finance Co. Pte. Ltd. (P.T. Davomas Abadi TBK)	Lehman	$25	11.000%	99.25	11.213%	-	5/9/2011	B2/B+
12/13/2006	Maxcom Telecomunicaciones SA de CV	Morgan Stanley	$150	11.000%	100	11.000%	-	12/15/2014	B3/B
12/13/2006	Slavinvestbank LLC	ABN	$100	9.875%	100	9.875%	-	12/12/2009	B1/-/B-

Emerging Markets Calendar

Continued from page 6

unsubordinated notes due 2017; Credit Suisse
Jan. 12-15: JSC BANK CENTERCREDIT: Dollar-denominated offering of eurobonds; ING; JP Morgan

Jan. 8-12: TRADE AND DEVELOPMENT BANK OF MONGOLIA: UP to $75 million in three-year senior bonds; ING

Jan. 10-18: COSAN FINANCE LTD. (COSAN SA INDUSTRIA E COMMERCIO): $300 million senior unsecured notes due 2017 (Ba2/BB); Morgan Stanley, Credit Suisse (joint books)

Jan. 12-16: GITI TIRE PTE. LTD: $200 million senior secured notes due 2012 (B-); Credit Suisse, Lehman Brothers

Jan. 15-18: ISA CAPITAL DO BRASIL S.A: $554 million offering of short-dated and intermediate-dated senior secured notes; ABN Amro, JP Morgan

Jan. 15-23: VITRO SAB DE CV: Two-part offering of five- and 10-year senior unsecured notes; Morgan Stanley, Credit Suisse, Lehman Brothers

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