

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

IRAQ

Only 27% of Iraqis say country is in civil war

An opinion poll conducted on the eve of the fourth anniversary of the U.S.-led invasion of Iraq shows that, by a majority of two to one, Iraqis prefer the current leadership to Saddam Hussein's regime, regardless of the security crisis and a lack of public services, with only 26% saying things had been better in Saddam's era. Also, 61% disagreed that their country is in a civil war and, by a 2 to 1 majority, respondents said they believe that the current military surge will result in the disarming of all sectarian militias. Despite the sectarian divide, 64% of Iraqis still want to see a united Iraq under a central national government. But Baghdad has been hard hit by the brain drain, as 35% said a family member had left the country. The poll is the biggest since coalition troops entered Iraq on March 20, 2003. It was conducted by Opinion Research Business, a respected British market research company that funded its own survey of 5,019 Iraqis over the age of 18.

Source: Reuters, Christian Science Monitor

LEBANON

UN inquiry ties Hariri murder to political motives

The Seventh report of the United Nations' International Independent Investigation Commission stated that the assassination of former Lebanese Prime Minister Rafik al-Hariri on February 14, 2005 was tied to his political activities. It outlined several likely factors that created the environment for the murder such as the inception of resolution 1559 and the implications of its implementation; the extension of the term of President Lahoud; the dynamics between Hariri and other political parties and leaders in Lebanon, Syria and other countries; and preparation ahead of the parliamentary elections scheduled for May 2005. U.N. Security Council resolution 1559 was passed in September 2004 and called on foreign forces to withdraw from Lebanon and for all local militia to disarm. Special Prosecutor Serge Brammertz indicated that it was essential to establish a special tribunal to try the assassins as a logical outcome of the investigation.

Source: United Nations, Reuters

PALESTINE

EU, US set to end boycott of Palestinians

The year-long boycott of the Palestinian Authority by the West is coming to an end, with the US and the European Union moving towards establishing contacts with independent members of the new government of national unity. Western officials still rule out meetings with ministers from Hamas, which the EU and the US classify as a terrorist group. But contacts with other government officials are set to go ahead and the EU may soon discuss resuming direct funding for the Palestinian Authority. The shift comes following increased pressure from Arab states, particularly Saudi Arabia, which brokered the Hamas-Fatah deal that established the unity government, for the west to engage with the new Palestinian administration.

Source: Financial Times

IRAN

Russia gives Iran enrichment ultimatum

Russia has told Iran that it will withhold fuel for Iran's Bushehr nuclear power plant unless Tehran suspends its uranium enrichment program as the U.N. Security Council demands. The ultimatum was delivered in Moscow last week by Igor Ivanov, the secretary of the Russian National Security Council, to Ali Hosseini Tash, Iran's deputy chief nuclear negotiator. But Tash, who is also deputy secretary of Iran's Supreme National Security Council, denied Russia had issued an ultimatum. Tehran ignored a February 21 deadline to suspend its atomic work, insisting the nuclear program is solely for energy. The West fears Iran is secretly working to build atomic weapons. In parallel, Foreign Minister Sergei Lavrov said Russia will not support 'excessive sanctions' against Iran at the UN Security Council. Russia has watered down previous resolutions on sanctions.

Source: New York Times, Reuters

SUDAN

South Sudan leader calls for Darfur rebels meeting

South Sudan's president Salva Kiir has called for rebels from the western Darfur region to meet in order to build consensus ahead of possible peace talks to end a four-year-old insurgency and humanitarian crisis in Darfur. Kiir, who is also Sudan's first vice president, said the Darfur rebels should form a joint committee to prepare for the meeting which should take place in April. "The conference is to build consensus and a common political stand on critical issues that would be the basis for a comprehensive peace agreement in Darfur," said Kiir. Splits among Darfur rebel have been one of the main obstacles to several rounds of peace talks culminating in a May 2006 peace deal signed by only one of three negotiating rebel factions.

Source: Reuters

ISRAEL

Political noise on the horizon

The Winograd Committee, which examines the government's and the military's handling of this summer's war in Lebanon, announced that it would publish its interim report in the first half of April. The Committee stated that the report would focus on the decision-making process during the summer war with Hezbollah and would include personal conclusions about the responsibility of the Prime Minister, the Defense Minister and the Chief of General Staff. This has partly come as a surprise, because the expectation for the Committee was for a more neutral report with general conclusions, without singling out the Prime Minister. PM Olmert announced that he would not resign following the announcement of the Winograd Committee report.

Source: Merrill Lynch

OUTLOOK

PAKISTAN

Real GDP growth to slow to 6% in 2007/08

The rate of real GDP growth is forecast to slow from 6.6% in 2006/07 to a still respectable 6% in 2007/08. Growth will be driven by the continued expansion of textile production and other manufacturing output. The strength of the industrial sector will in turn stimulate growth in services output, particularly in the commerce, trade and transport subsectors. Agricultural growth will also remain fairly healthy throughout 2007 and 2008.

Inflationary pressures remain the biggest threat to economic growth. Monetary tightening by the central bank in July 2006 will assist in controlling consumer price inflation. A slowdown in economic growth and an improvement in food supplies will contribute to a further slowing of inflation. On balance, consumer prices are expected to rise by an average of 7.4% in 2007, with inflation falling to 5.5% in 2008.

In 2007-08 high world oil prices, as well as the rising volume of imports to Pakistan, will push up the import bill. Exports are also likely to continue to grow strongly during the forecast period. Textile exports will post healthy growth, owing largely to the abolition of textile and garment export quotas for World Trade Organisation member countries at end-2004. Nevertheless, the trade deficit is likely to widen. Inflows of remittances will provide some support to the current account, but the services deficit will widen during the forecast period as strong GDP growth boosts demand for imported business services. Overall, the current-account deficit is expected to expand from an estimated \$5.6bn (4.3% of GDP) in 2006 to \$7.6bn (5.2% of GDP) in 2008.

The Pakistan rupee's average exchange rate is estimated at PRs60.3:US\$1 in 2006. The currency is forecast to depreciate to an average of PRs62.8:US\$1 in 2007 and PRs64.1:US\$1 in 2008, largely as result of the widening current-account deficit. Nevertheless, inflows of foreign aid, remittances from Pakistanis working overseas and a broader weakness of the US dollar in the international foreign-exchange market are expected to continue to support the rupee.

Pakistan has the capacity to meet its external debt obligations. The total external debt to GDP ratio is expected to reach 32.8% in 2007 from 32.5% in 2006.

Source: *Economist Intelligence Unit*

EGYPT

GDP growth forecast at 6.2% this year

A report issued by the Egyptian government showed that the country's gross domestic product, which posted a 6.8% growth last year, is expected to grow by 6.2% by the end of the current fiscal year through July and 7.2% in 2008/09. The report also showed that Egypt's foreign direct investment (FDI) has posted a remarkable rise to \$6.1 billion in 2005/06 and expected to hit \$8 billion this fiscal year, while inflation will reach 10% by the end of July.

Source: *Arab News*

KAZAKHSTAN

GDP growth forecast at 9.3% in 2007, inflation to remain high

Recovery in industrial output and an ongoing construction boom propelled GDP growth to 10.6% in 2006, up from 9.4% in 2005. Services sectors remained buoyant, with 9.8% expansion in retail trade, rapid 43% growth in financial intermediation, and 20% growth in telecommunications in 2006. GDP growth is forecast at 9.3% in 2007 and 8.5% in 2008.

CPI inflation remains high, from 7.6% yoy at end-2005 to 8.4% yoy at end-2006, and inflationary pressures remain considerable. The uptrend in inflation is a reflection of strong aggregate demand, capital inflows and loose fiscal and monetary stance. Reserve money grew by 127% yoy at end-2006, up from 15% yoy at end-2005, and credit growth remained rampant, while house prices were up by 33% yoy in 2006 and by over 70% in the Almaty region, according to official data. While inflationary pressures are strong, the tighter monetary conditions expected in 2007 should keep inflation within the National Bank of Kazakhstan's 7.3-8.3% target range under the base case scenario of oil prices at around \$60 per barrel.

Fiscal stance will likely be expansionary in 2007-08. As the overall fiscal position looks strong, with a consolidated surplus (including the oil fund) of 9.2% of GDP in 2006, the government plans to continue raising social and infrastructure spending in coming years, including through public sector wage hikes and faster pension indexation. The 2007 national budget (which excludes the oil fund and local budgets) envisions a 1.1% of GDP deficit compared with a 1.7% of GDP surplus recorded in 2006. Oil Fund assets are expected to stabilize at around 19% of GDP in coming years.

The NBK recently reversed the tenge depreciation trend it had set in place between June and November 2006. The appreciation of the tenge in real effective terms was only 0.8% yoy in 2006. The central bank is likely to favor tenge gains against the US dollar in 2007 as a means of tightening monetary conditions, but exchange rate policy will likely remain nontransparent.

A moderate 100bp hike in the policy rate and the widening of the base for the calculation of mandatory reserves pushed short-term money market rates higher by around 200bps in 2006. Still, M3 growth accelerated to 81% yoy in January from around 50% yoy in mid-2006, on the back of the NBK's FX interventions and the acceleration in consumer and corporate lending. The private sector's external debt increased to \$34bn (46% of GDP) at end-September from \$23bn (40% of GDP) in 2005. In January and February 2007 alone, commercial banks had already raised \$4bn in external funding, corresponding to about half of the full-year issuance in 2006.

Source: *Credit Suisse*



ECONOMY & TRADE

IRAN

Parliament approves rationing subsidized gasoline, raising prices

Despite being the world's fourth largest oil exporter, the Iranian parliament approved the rationing of subsidized gasoline starting on May 22, as well as the raising of prices. The measures are aimed at cutting costly fuel imports. Tehran is trying to reduce its vulnerability to international sanctions as it has to import around 40% of its gasoline requirement. The reduction in gasoline subsidy should reduce smuggling to neighboring countries and cut the burden on public finance. However, given still substantial energy subsidies, Iran's fiscal position is expected to remain in deficit in FY 2007/08. Also, the rationing and reduction in subsidies will increase inflationary pressure, which has been driven up by the government's lax fiscal and monetary policies. The parliamentary bill on gasoline subsidies needs to be approved by the Guardian Council to become law.

Source: *Standard Chartered*

SYRIA

Finance Minister warns of declining public revenues

Finance Minister Mohammad Hussein said that Syria's budget income was decreasing and that the country's oil balance had fallen in the red in 2006 for the first time in almost two decades and recorded a deficit of \$157 million, adding that the deficit will increase eight-fold to \$1.3 billion in 2007. Mr Hussein also said that, of the three major sources of budget income, namely oil revenues, profits from state-owned organisations and taxes, only the latter was improving. He noted that most public sector companies were faring badly and that only the Syrian Telecommunication Establishment, the General Organization of Tobacco and the banking sector were generating income for the State. He indicated that the government will focus on combating fraud, improving tax collection and containing current expenditures in the short-term. Over the long-term, it will seek to attract more private investment, promote the tourism industry and encourage more local companies to quit the black economy and register their firms with the tax office.

Source: *Syria Report*

UKRAINE

EU to extend €494m in assistance

The European Union announced plans to increase significantly its financial assistance to Ukraine during the next four years. The funds will go toward economic reforms and carrying out the Ukraine-EU Action Plan. The EU will provide Ukraine with €494m in assistance over the next four years. The EU has been one of Ukraine's largest supporters since the country's independence in 1991, having allocated almost €2bn in support. In addition to allocations for border control and infrastructure, most of the funding will go toward Ukraine's integration into the European energy market, development of oil and gas transporting systems, use of renewable energy resources and enhancement of Ukraine's energy efficiency. Although the funding will certainly help improve Ukraine's infrastructure and facilitate increased energy cooperation between the two parties, the prospects of EU membership remain distant.

Source: *Oxford Business Group*

NIGERIA

Shortfall in oil-related fiscal revenues

Authorities reported that oil-related revenues fell below what was budgeted in the first two months of the year, mainly owing to lower oil output. The country's oil production has been severely affected by the violence in the Niger delta in the past few months. While the budget was based on the assumption that oil output would rebound to 2.5 million barrels per day (bpd) in 2007, actual output continues to be much lower, hovering at roughly 2.1-2.2 million bpd. Faced with a shortfall in revenue, the authorities seem to be reluctant to adjust their fiscal plans, thereby causing the fiscal position to deteriorate. The government has reported that the shortfall will be financed through a drawdown on the oil savings account, which constitutes a relaxation of fiscal discipline, constituting mounting risks to the fiscal position, ahead of the forthcoming elections.

Source: *Merrill Lynch*

UAE

Dubai to introduce corporate governance law

Dubai is expected to introduce a corporate governance law within two years in response to the city-state's emergence as a financial center, according to the UAE chapter of the Institute of Internal Auditors (IIA). Listed companies in Dubai now have no legal obligation to meet certain standards in internal auditing and corporate governance, but this would change if a regulation similar to United States' Sarbanes-Oxley Act is introduced. Limited supply of qualified auditors could hold back the UAE's drive to improve standards. The IIA estimates that there are 500 certified auditors practicing in the UAE, well below demand. The IIA is responding by offering courses and embarking on a recruitment drive in UAE universities. It also aims to change the perception of an auditor's role in a company.

Source: *Gulf News*

Wider power to auditors

The UAE's Ministry of Economy has given wider powers to auditors operating in the country. Auditors can now convene ordinary general meetings for listed companies if their boards fail to do so, and supervise the quorum counting. The move is aimed at bringing more transparency into reporting procedures inline with International Auditing Standard norms.

Source: *Gulf News*

YEMEN

Spacotel Yemen to be fully acquired by MTN

MTN, sub-Saharan Africa's biggest mobile phone operator, is in the final stages of merging with Spacotel Yemen after acquiring a majority stake in the Yemeni firm last year through the acquisition of its mother company Investcom. Johannesburg-based MTN, which bought Dubai-based Investcom last summer, has said it wants to expand in the Middle East and Africa. Investcom finalized last April the terms of its increased ownership in Spacotel to 82.8%. Spacotel Yemen has been consolidated into Investcom's financial results since April 1, 2006.

Source: *Reuters*



BANKING

KAZAKHSTAN

Borrowing restrictions to be effective in April

Kazakhstan's bank regulator announced that the new regulations limiting international borrowing, based on the ratio of external liabilities to banks' total capital, would become effective in April. However, there is a transition period of up to one year for all the banks to become compliant with the new regulations. The new measures, which are aimed at slowing domestic credit growth to more sustainable levels, limit external liabilities to banks' equity. Credit growth, which has averaged roughly 75% per year since 2004, has been excessive. The measures are likely to slow balance-sheet growth in banks with small equity. However, it is a prudential move and therefore a credit-positive development.

Source: Merrill Lynch

Start of liquidation of Valut Tranzit Bank

The Financial Supervision Agency (AFN) announced the beginning of liquidation procedures for the Valut Tranzit Bank (VTB). The bank's operating license was revoked on December 26, 2006. VTB was a small bank, ranking 12th by assets. Among Kazakhstan's 30 or so banks, the top 6 account for 90% of banking sector assets. Problems at VTB were VTB-specific, rather than systemic in nature. The AFN pointed to VTB's failure to carry out contractual obligations, braking of normative acts and prudential regulations, preferential treatment of connected parties and falsification of financial statements. In parallel, the winding down of VTB will leave the Deposit Insurance Fund empty of resources and the burden of refunding the deposit insurance scheme will likely fall on the banking sector, which would have to contribute some \$148m, representing 1.5% of the sector's total capital.

Source: Credit Suisse

UAE

Credit bureau to start this year

The head of the UAE's Central Bank said the country should expect its long-awaited credit bureau to start operations this year. The Ministry of Justice is currently reviewing the legislation before sending it to the Cabinet for approval. The bureau will obtain 80% of its information from banks, and will in turn supply banks with a similar share of credit information.

Source: Shuaa Capital

OMAN

Gulf Merchant Group to launch new bank in Oman

Gulf Merchant Group (GMG), a leading investment banking and asset management firm, has received initial approval for a full banking license from the Central Bank of Oman to operate a new retail and commercial bank. Initially capitalized at a minimum of RO 50 million, the Oman Merchant Bank (OMB) will look to launch by the end of 2007, following an initial public offering (IPO) on the Muscat Securities Market.

Source: Al Bawaba

BAHRAIN

New trust fund legislation

Bahrain has introduced new legislation pertaining to the registration of trust funds in the country, according to the Central Bank of Bahrain. Among other items, the new law rules on capital requirements, which are set at a minimum of BHD 75,000. This is the second law addressing this segment of the financial services industry in less than a year, the first having been introduced last August.

Source: Shuaa Capital

EUROPEAN UNION

European Union to fight protectionism in financial services

European Union lawmakers passed a measure to fight protectionism in financial services by reining in regulators' power to block takeovers. The measure approved on March 13 by the European Parliament in Strasbourg, France, specifies criteria and deadlines for judging financial mergers, in place of regulators' blanket authority to defend the safety of markets. EU governments plan to give final assent at a March 27 meeting of finance ministers. The initiative responds to EU fights with Italy and Poland over regulators' resistance to acquisitions by foreign banks.

Source: Bloomberg

TURKEY

CBT maintains its cautious policy

The Central Bank of Turkey (CBT) left its overnight deposit and lending rates unchanged at 17.5% and 22.5%, respectively, for the eighth consecutive meeting. This was widely expected by the market. The CBT announced that domestic demand continues to slow, contributing to disinflation. The Bank once again warned that it expects high March CPI results due to administrative price increases and reiterated that annual CPI will begin to fall from April onward. The usual list of risks to the monetary policy stance remained also unchanged: still-high inflation expectations, shaky global markets and rigid service prices. It is likely that the CBT is likely to stay on hold for most of this year.

Source: Merrill Lynch

BULGARIA

30 foreign banks to enter market

About 30 banks and close to 60 insurers have given notice of their intention to enter the market in Bulgaria, according to Bulgarian National Bank (BNB) and Financial Supervision Commission records. The development is a consequence of Bulgaria having joined the European Union. Since Bulgaria joined the EU on January 1 this year, the rules for lenders to enter the market have changed. Former licensing application requirements have fallen away, and banks need now only notify the Bulgarian authorities through a procedure based on the EU lenders' common passport.

Source: Sofia Echo



ENERGY/ COMMODITIES

Oil prices climb slightly

Crude oil prices edged higher Wednesday after the U.S. government said gasoline inventories dropped for the sixth straight week, keeping worries alive that supplies will be tight going into the peak driving season. Gasoline prices slipped, though, as the government report showed that U.S. refineries ramped up production last week and that crude imports rose, indicating that it's possible for supplies to catch up before summer demand is in full swing. Though crude prices have been fairly stable in recent months, gasoline prices have been surging amid low inventories and refinery outages. Light, sweet crude for May delivery gained 36 cents to settle at \$59.61 a barrel on the New York Mercantile Exchange, even though U.S. crude inventories rose by 4 million barrels. Gasoline futures for April slid 0.72 cent to settle at \$1.9349 a gallon. The average U.S. price of a gallon of regular gasoline was \$2.564 on Wednesday. That's up about 30 cents from a month ago and about 6 cents higher than the same time a year ago.

Late last year, OPEC member nations pledged to shore up falling oil prices by reducing their oil output by 1.7 million barrels a day. The group decided last week to maintain present production targets, suggesting that the group was happy with prices around \$60 a barrel.

Source: Associated Press

Nigeria plans to produce 4m bpd by 2010

Nigeria plans to increase production from the current 2.6 million barrels per day to four million by 2010, the official NAN news agency reported. The government, which also plans to raise the nation's oil refining capacity to two million bpd day by the same year, has directed major oil companies to work towards achieving these goals, NAN quoted Energy Minister Edmund Daukoru as saying. The minister also stressed the need to intensify offshore exploration. "Deepwater discoveries have contributed five billion barrels of oil and 16 trillion standard cubic of gas to the national reserves," he said. Nigeria is the world's sixth-largest oil exporter

Source: AFP

Iraq to reduce oil prices

An official at the Iraqi Oil Ministry announced that the Iraqi Oil Marketing Company (SOMO) will reduce Basra light crude oil-selling prices to a number of foreign buyers, on the basis of the ministry's laws next April. SOMO has reduced the prices for American buyers by 20 cents to be less than \$6.90 of West Texas crude and by 25 cents to Europeans to be less than \$5.70 prices of deferred ships fuel, and by \$2.55 to Asia buyers, 30 cents lower than the prices announced earlier. Iraq exports nearly 1.5 million barrels a day of crude oil via the port of Basra.

Source: Iraq Directory

Oil Market		Closing of March 21	Previous Price	Daily Δ
OPEC Basket	▼	56.49	56.62	-0.2
Brent	▲	60.62	60.61	0.02
Dubai	▲	57.41	57.36	0.08
WTI	▲	59.44	56.40	5.1

Source: SHUAA Capital

Base metals: Fundamental data continue to improve

Renewed share-price losses on the international stock markets in recent days also caused base metal prices to retreat slightly. However, the general trend in prices continues to paint a positive picture. But at the same time, prices on the smaller metals markets have recently climbed more strongly than the prices on the higher-volume aluminium and copper markets. Overall, increasingly, signs are emerging that point to further rises in base metal prices. Since the January foreign-trade data from China had already revealed a noticeable surge in the country's demand for copper and nickel, in particular, inventory levels now seem to be showing a trend reversal as well. Overall stocks of all the base metals traded on the LME have surged strongly since the end of 2006, which was accompanied by a correction in prices, especially on the copper and zinc markets. However, inventories have started falling again, indicating the resumption of rising demand. Amid the re-acceleration in economic growth that we anticipate, this trend should continue to prevail over the course of the year.

Source: Credit Suisse

Precious metals: Outflow of short-term-oriented capital weighs on prices

Precious metal prices also suffered further setbacks amid the renewed correction on the stock markets. The correction in precious metal prices is attributable primarily to the liquidation of speculative long positions. Amid the price rally in January and February, the precious metal futures markets registered robust inflows of liquidity. Investors considerably boosted their speculative net long positions in these markets. As a consequence, and due to negative seasonal effects, we had been anticipating turbulence on the precious metal markets. We expect the outflows of liquidity to continue in the coming days and, as such, foresee further fallbacks also in gold prices. In this context, a test of the \$630 mark could be possible for gold. But in view of the positive impetus emanating from the physical gold market, the liquidation of speculative long positions should open the door for more sustainable increases in prices in the medium term.

Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	190.6	183.5	177.4	3.0	24.3
LME metals price index	3893.6	3693.0	3590.7	7.9	46.0
Oil prices USD	57.5	59.1	64.9	-0.8	-7.1
Oil prices SDRs	38.2	39.6	43.8	-1.2	-11.3
Gold \$/troy oz	647.8	626.1	623.8	-2.5	16.7
Silver cents/troy oz	1265.0	1276.5	1234.6	-9.5	23.4
Platinum \$/troy oz	1215.0	1151.2	1171.8	0.2	18.0
Copper \$/MT	6445.5	6561.9	6907.3	10.5	28.7
Nickel \$/MT	49250.0	35780.6	29492.5	18.4	234.4
Aluminium \$/MT	2800.3	2737.5	2650.8	-4.1	14.6
Zinc \$/MT	3294.8	3848.2	3549.8	-2.5	41.8
Steel - HR coil dry \$/MT	600.0	600.0	50.1	0.0	31.9

Source: Credit Suisse

COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	EIU								
Africa													
Algeria	-	-	-	-	BBB	10.3	17.4	12.0	9.1	8.4	19.4	18.0	0.8
	-	-	-	-	Positive								
Angola	-	-	-	-	CCC	2.3	43.7	49.5	22.3	4.6	216.9	21.1	7.3
	-	-	-	-	Stable								
Egypt	BB+	Baa2	BB+	BB+	B	-6.9	99.0	29.7	68.0	6.6	150.3	1.6	5.6
	Stable	-	-	Stable	Stable								
Libya	-	-	-	-	BB	26.6	6.0	9.7	-130.9	2.7	7.8	31.4	2.8
	-	-	-	-	Stable								
Morocco	BB+	Baa2	-	BB+	BB	-4.1	67.1	29.8	68.1	8.0	91.2	1.7	2.0
	Stable	-	-	Stable	Stable								
Nigeria	BB-	-	BB-	-	BB	-1.0	10.7	5.2	9.7	1.9	14.18	9.7	1.6
	Stable	-	-	-	Stable								
Tunisia	BBB	A3	BBB	BBB	BB	-3.3	59.6	57.7	77.1	15.3	275.3	-2.6	6.6
	Stable	-	-	Stable	Stable								
Sudan	-	-	-	-	CC	-3.8	58.7	71.2	355.0	4.0	-	-13.8	5.8
	-	-	-	-	Stable								
Middle East													
Bahrain	A	A1	A-	BBB+	A	10.1	28.8	58.7	23.9	13.4	343.5	13.9	0.1
	Stable	-	-	Stable	Stable								
Iran	-	-	B+	-	BB	7.3	26.2	9.9	31.0	4.5	25.4	5.7	0.0
	-	-	-	-	Negative								
Iraq	-	-	-	-	D								
	-	-	-	-	Stable								
Jordan	BB	Baa3	-	BB	B	-4.8	73.4	91.1	18.5	13.7	266.6	-21.5	10.7
	Stable	-	-	Stable	Stable								
Kuwait	A+	Aa2	AA-	A+	A	38.8	10.8	13.7	8.9	2.7	129.3	44.5	-4.5
	Stable	-	-	Stable	Stable								
Oman	A-	A1	-	BBB+	A	16.0	6.5	14.1	18.0	5.0	101.6	19.4	1.9
	Stable	-	-	Stable	Stable								
Lebanon	B-	B2	B-	B-	CCC	-12.5	178.1	105.2	179.5	30.4	209.2	-15.6	4.5
	Negative	-	-	Negative	Stable								
Qatar	A+	Aa2	-	A+	A	17.6	19.1	46.5	55.3	8.4	440.6	35.8	4.3
	Stable	-	-	Stable	Stable								
Saudi Arabia	A+	Aa3	A+	A+	A	18.0	10.8	8.4	21.1	3.7	130.0	30.8	0.3
	Stable	-	-	Stable	Stable								
Syria	-	-	-	-	CCC	-3.6	41.9	30.8	68.0	5.6	146.9	2.0	1.6
	-	-	-	-	Stable								
UAE	-	Aa2	-	A+	A	30.4	10.7	38.2	10.0	1.8	248.7	25.8	5.1
	-	-	-	Stable	Stable								
Yemen	-	-	-	B-	B	-	38.8	28.9	69.2	2.8	73.9	-5.2	-
	-	-	-	Stable	Stable								
Central & Eastern Europe													
Ukraine	BB-	Ba3	BB-	-	BB	-2.5	19.6	42.8	58.7	2.8	188.4	-0.9	5.5
	Stable	-	-	-	Stable								
Russia	BBB+	A2	BBB+	-	BBB	7.2	10.9	30.4	81.3	3.6	96.9	14.4	0.8
	Stable	-	-	-	Stable								
Turkey	BB-	Ba1	BB-	BB-	B	-1.6	64.9	49.2	117.5	25.2	343.5	-8.2	4.5
	Stable	-	-	Stable	Stable								
Latin America													
Brazil	BB+	Ba1	BB	-	BB	-3.2	72.7	17.2	56.3	29.3	205.1	1.2	1.6
	Stable	-	-	-	Stable								

Sources: Moody's; EIU - Figures in bold updated on March 22, 2007



SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	5.25	21-Mar-07	No change	09-May-07
Eurozone	Refi Rate	3.75	08-Mar-07	No change	12-Apr-07
UK	Base Rate	5.25	08-Mar-07	No change	05-Apr-07
Japan	O/N Call Rate	0.50	21-Feb-07	Raise 25bps	20-Mar-07
Australia	Cash Rate	6.25	06-Mar-07	No change	03-Apr-07
New Zealand	Cash Rate	7.50	07-Mar-07	Raise 25bps	25-Apr-07
Switzerland	3 month Libor target	2.25	15-Mar-07	Raise 25bps	14-Jun-07
Emerging Markets					
China	One-year lending rate	6.39	17-Mar-07	Raise 27bps	N/A
Hong Kong	Base Rate	6.75	08-Aug-06	No change	N/A
Taiwan	Discount Rate	2.75	28-Dec-06	Raise 12.5bps	29-Mar-07
South Korea	O/N Call Rate	4.50	08-Mar-07	No change	12-Apr-07
Malaysia	O/N Policy Rate	3.50	26-Feb-07	No change	27-Apr-07
Thailand	1D Repo	4.50	28-Feb-07	Cut 25bps	11-Apr-07
India	Reverse repo rate	6.00	31-Jan-07	No change	24-Apr-07
UAE	3M EBOR	5.50	N/A	N/A	N/A
Saudi Arabia	Repo Rate	5.20	29-Jun-06	Raise 20bps	N/A
Egypt	overnight lending	10.75	01-Feb-07	No change	N/A
Turkey	Base Rate	17.50	15-Mar-07	No change	14-Apr-07
South Africa	Repo rate	9.00	15-Feb-07	No change	12-Apr-07
Kenya	Central Bank Rate	10.00	Feb-07	No change	Apr-07
Nigeria	Monetary Policy Rate	10.00	22-Feb-07	New Policy rate	Apr-07
Ghana	Prime Rate	12.50	Feb-07	No change	May-07
Mexico	Target Rate	7.00	23-Feb-07	No change	23-Mar-07
Brazil	Selic Rate	13.00	07-Mar-07	Cut 25bps	08-Apr-07

Source: Standard Chartered - Countries in bold updated on March 22, 2007

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