

## COUNTRY RISK WEEKLY BULLETIN

### NEWS HEADLINES

#### GCC

##### **IAEA plans nuclear research reactor in Gulf region**

The International Atomic Energy Agency (IAEA) announced it will send a seven-member team of specialists to the GCC next month to explore the possibility of setting up a research reactor in the region for generating electricity. The IAEA's chairman Mohammed El Baradei said the team would also discuss the priorities of GCC countries with regard to using nuclear technologies in the agricultural, industrial and medical fields and building national cadres and formulating the legal framework. Baradei, reiterated the importance of using nuclear energy for peaceful purposes since, he noted, hydrocarbon reserves of many Arab countries were depleting fast. Meanwhile, Iranian Foreign Minister Manuchehr Motaki said his country was prepared to cooperate with the GCC states in the field of nuclear energy under IAEA supervision.

Source: Reuters

#### TURKEY

##### **EU-accession reform program unveiled**

Foreign Minister Abdullah Gul and Turkey's Chief Negotiator with the EU Ali Babacan unveiled a comprehensive EU-related reform program that will be implemented between now and 2013. The program involves the enactment over a seven-year period of 215 draft bills and 600 supportive regulations, including the ones that are related to the eight policy areas which the EU decided to suspend last year because of the Turkish government's failure to resolve the trade dispute with the Greek Cypriots. The inputs of 130 non-governmental organizations and the armed forces were also included in the program. The program will be an important guideline in Turkey's EU accession efforts and was welcomed by the European Commission.

Source: Merrill Lynch

#### NIGERIA

##### **Nigeria government rejects election postponement**

Nigeria's government rejected an opposition call to postpone this Saturday's presidential election following widespread abuses in state polls last weekend. An 18-member coalition of the main opposition parties called for the indefinite postponement of the presidential election, rejected the results of the regional poll and demanded the replacement of the official electoral commission. The ruling PDP won strong majorities in governorship and state elections on April 14 but the polls were accompanied by violence and allegations of electoral malpractice. The presidential elections are expected to lead to the first handover of power from one civilian president to another since independence from Britain in 1960.

Source: Reuters

#### SUDAN

##### **Sudan allows interim troop deployment in Darfur**

After months of delay, Sudan accepted an interim plan to let 3,000 United Nations peacekeepers into Darfur to reinforce an African Union force struggling to keep the peace there. The decision constitutes the most substantial concession by Khartoum to date on this issue. The United States voiced scepticism, noting that Sudan had reneged on previous agreements on letting troops in Darfur and urged Khartoum to allow a 17,000-20,000 strong U.N. peacekeeping force there.

The deal with Sudan has three stages: a light support package with U.N. police advisers, civilian staff and equipment, which has nearly been deployed. The second phase is the so-called heavy support package, which Sudan just approved, including six attack helicopters that Khartoum had opposed until the last minute. And the third stage is a peacekeeping force of more than 20,000 troops and police which Sudan has not accepted. Sudan has made clear it expects the third phase, a so-called "hybrid" force to include only African Union infantry troops. But the UN and the AU said other nations would be called on if there were not enough Africans.

Source: Reuters

#### IRAN

##### **IAEA says Iran making nuclear fuel underground**

The International Atomic Energy Agency (IAEA) said Iran has started making nuclear fuel in its underground uranium enrichment plant. A confidential note by the agency also stated that Iran had started up more than 1,300 centrifuge machines in an accelerating campaign to lay a basis for 'industrial scale' enrichment in the Natanz complex. The IAEA note said agency inspectors visited the plant on April 15-16 and learned that 1,312 centrifuges, divided into eight cascades, or fuel-cycle networks, were operational and 'some' uranium was being fed into them. Iran has doubled the number of centrifuges in Natanz in the past two months and aims to have 3,000 running by end of May, which could be enough to refine uranium for one bomb within a year if Iran wanted to and if the machines ran for long periods without breakdown. Tehran says it seeks only nuclear-generated electricity. But its past concealment of sensitive enrichment research from the IAEA and continued stonewalling of the agency's inquiries have reduced confidence in its intentions.

Source: Reuters

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# OUTLOOK

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## SUB-SAHARAN AFRICA

### **Strong growth prospects for Sub-Saharan Africa**

In its latest economic outlook for Sub-Saharan Africa, the International Monetary Fund projected GDP to rise to about 6.5% in 2007 from 5.4% in 2006, driven mainly by rising oil production in a number of countries. It added that growth should remain steady at about 5% in oil-importing countries. Inflation for the region is projected to remain unchanged at about 7%, as three-quarters of the countries are expected to record single-digit inflation.

The IMF attributed the higher growth trend in the region both to positive external developments, such as foreign demand and high commodity prices, and strong domestic investment and productivity gains. Sound economic policies in most countries have also played an important role in supporting these outcomes.

The Fund indicated that although the outlook is positive, near-term risks exist. An unanticipated sharp decline in global demand would hurt growth in the region. Also, growth and inflation could also be adversely affected by further increases in oil prices and a larger-than-expected fall in non-fuel commodity prices. Many countries in the region remain vulnerable to droughts and other natural disasters, others struggle with the high prevalence rates of HIV/AIDS. And there are still political and security risks in a number of countries in the region.

The IMF noted that the development of local currency debt markets promises important benefits in increasing the efficiency and transparency of budgetary financing while supporting the emergence of a yield curve, a prerequisite for corporate bond markets. The latter role is important for facilitating financial sector development which could help to eventually overcome the credit constraints of Africa's private sector.

*Source: International Monetary Fund*

## JORDAN

### **Economy to continue to expand at a fast pace**

A report by the Institute of International Finance expected the Jordanian economy to continue to expand at a brisk pace over the 2007-08 period, led by strong growth in investment spending and exports, but large current account deficits are likely to persist. The ongoing development of the Aqaba Special Economic Zone and other real estate and infrastructure projects, which are being financed mainly by inflows of foreign direct investment, should continue to stimulate economic activity. However, the stimulus generated from the surge in immigration from Iraq is likely to subside and growth in private consumption may slow. Nevertheless, real GDP is expected to grow by about 6-7% both this year and in 2008.

Inflation is likely to average about 5% for the year as a whole, down only slightly from 6.3% in 2006. Further easing to about 3-4% in 2008 is possible in the absence of shocks.

Although the current account deficit is expected to fall over the next couple of years, it will likely remain uncomfortably large

at around 10% of GDP. Given the structural imbalance, no improvement is anticipated in the trade deficit, despite the fact that export growth is expected to easily outstrip import growth. Only a significant drop in oil prices or a sharp contraction in import volumes would result in a noticeably smaller trade deficit. As this is unlikely, the deficit in 2007 is expected to be broadly similar to last year at \$5 billion and to widen slightly in 2008 to about \$5.2 billion.

If large current account deficits were to persist for an extended period of time, Jordan could face balance of payments difficulties that would require policy action to curb import growth. As a result, it will be important for the government to continue to consolidate the fiscal position and implement reforms that will boost productivity and encourage the growth of export-based industries. Employment creation and the reduction of poverty will also continue to be equally important challenges for policy-makers over the medium term, given the high rate of population growth and the rapid expansion of the labor force.

*Source: Institute of International Finance*

## MIDDLE EAST

### **IMF forecast region's real GDP growth at 5.5% this year**

In its semi-annual World Economic Outlook, the IMF indicated that the outlook for the Middle East region as a whole remains favorable, with some moderation of growth among oil exporters. The region's real GDP is expected to grow by 5.5% this year compared to 5.7% in 2006, while the current account surplus is expected to decline from its 2006 level of 18% of regional GDP to around 12.1% of GDP in 2007 and 10.7% in 2008 due to the decline in oil prices and stronger import growth. Risks to the outlook appear broadly balanced at this juncture. On the upside, oil prices could rebound after their recent decline. Beyond geopolitical uncertainties, downside risks stem from a further decline in oil prices, although the prudent management of oil revenues during the current upturn leaves oil exporters in the region in a much stronger position than in previous cycles to smooth public spending, given significantly reduced external and public debt vulnerabilities.

According to the IMF, Middle Eastern oil exporters remain heavily dependent on the hydrocarbon sector despite the recent high growth and rise in real per capita incomes. At the same time, rapid population growth has contributed to some of the highest levels of unemployment in the world.

The IMF noted that a greater role for private investment in the non-oil sector will be key to balancing growth and providing increased employment opportunities for the region's oil exporters. While a stable macroeconomic environment remains an important precondition, a number of other reforms could play an important role in increasing private investment in the region. The main priorities are improvements in the business environment, including the reduction of complex regulations and barriers to entry and exit, better access to finance for small and medium enterprises, improved trade facilitation to complement trade liberalization measures already undertaken, and better overall institutional frameworks.

*Source: International Monetary Fund*



# ECONOMY & TRADE

## WTO

### G7 calls WTO deal 'imperative'

The world's seven richest nations said Friday a WTO deal to tear down global trade barriers was "imperative", following a measure of progress achieved by leading players at talks in India. Ministers from the US, the EU, India, Brazil, Australia and Japan expressed cautious optimism about clinching a WTO breakthrough this year. The ministers said they believed "that by intensifying our work, we can reach convergence and thus contribute to concluding the round by the end of 2007." The Delhi meeting marked the first time the leading trade powers had assembled for talks since the Doha discussions were suspended last July amid US and European resistance to deeper cuts to their farm subsidies.

Source: AFP

## GCC

### New private equity funds established

Kuwait Finance and Investment Company and Abu Dhabi Commercial Bank have signed a memorandum of understanding to jointly establish and launch a private equity fund with a target size of \$155 million. KFIC is currently undergoing registration and approval processes with a target launch date in this month. The fund will include 10 holdings pre-selected and allocated across six sectors: telecommunications, banks, investments, insurance, real estate and media. The holdings will be diversified across 10 countries, including the Lebanon, Pakistan, Yemen and Jordan. In parallel, The Qatar National Bank, Oxford Capital Partners and Ansbacher together have formed Qatar Capital Partners, a venture capital firm that will fund tech companies in Qatar.

Source: Hedge Fund daily

### Investment in real estate at \$13bn in 2006

A report by Jones Lang Lasalle, a global real estate investments management firm, said that Arab Gulf investors invested \$13bn in direct global real estate markets in 2006, up 14% from 2005. The report found that Gulf investors are increasingly buying properties in emerging markets, though half of their purchases targeted the US market.

Source: Shuaa Capital

## UAE

### Amending corporate law

The UAE's Federal National Council has approved an amendment to Companies Law, which allows family-owned businesses to convert to public companies by listing a minimum stake of 30%. The move is aimed to increase the financing opportunities for family businesses. Furthermore, the UAE stock markets will benefit from an increased number of companies listed. However, it is yet to be seen if many family-owned businesses will list. In the past, these businesses have preferred to raise finance through other methods, so as not to lose control of the decision making process. The UAE has also indicated that it is in the process of amending the Companies Law which currently restricts foreign ownership to no more than 49%. This will be important in improving the business environment and attracting foreign investment into the country.

Source: Standard Chartered

## IRAN

### Iran assigned ratings

Rating agency Capital Intelligence assigned to Iran sovereign ratings of 'BB-' for long-term foreign currency obligations and 'BB+' for long-term local currency obligations. CI has also assigned 'B' for short-term foreign and local currency ratings. The outlook is stable. According to the agency, the ratings reflect the strength of Iran's public and external finances as well as the country's substantial hydrocarbon endowment. The ratings also incorporate CI's assessment of the political and economic risks associated with the perceived threat of Iran's nuclear program and take into account the structural weaknesses of the economy and the challenge of completing the transition to a market-based economy. It said central government debt is low by international standards at an estimated 12.5% of GDP and gross external debt is comparatively low at about 13% of GDP as at March 2007. Also, official foreign assets have more than trebled over the past five years to an estimated \$56bn (25.7% of GDP), providing good insurance against external shocks or sudden stops in capital flows.

Source: Capital Intelligence

## IRAQ

### Saudis to cancel 80% of Iraq debt

Saudi Arabia has agreed to write off 80% cent of the more than \$15bn debt it is owed by Iraq. The debt cancellation was viewed as one of the main ways Iraq's neighbors could assist the nation and show support for the Iraqi government, even though Riyadh had little hope of collecting the funds. The US has been urging Saudi Arabia and other Arab countries to play a greater role in backing the Iraqi administration, despite their mistrust of some groups that dominate the government. Bayan Jabr, Iraq's finance minister, estimates his country's total debt at \$140bn, much of which was borrowed during the Iraq-Iran war in the 1980s.

Source: Financial Times

### Bourse to shift to electronic trading

The chairman of the board of the Iraqi stock market announced that the Baghdad bourse will shift from paper to electronic trading, adding that the Iraqi stock market has received numerous foreign applications. He indicated that the board will choose the Iraqi Settlements Bank for channeling the investments of these foreigners. Turnover on the Iraqi stock exchange reached \$115 million last year.

Source: Arab News

## KAZAKHSTAN

### S&P affirms sovereign ratings

Standard & Poor's affirmed its long-term 'BBB' foreign and 'BBB+' local currency sovereign credit ratings on the Republic of Kazakhstan. At the same time, the short-term 'A-3' foreign and 'A-2' local currency sovereign credit ratings were affirmed. The affirmation is a result of on-balance sheet assets continuing to outpace government debt, though off-balance sheet contingent liabilities are high and rising because of the rapid expansion of bank credit. The outlook is stable.

Source: Standard & Poor's



# BANKING

## GCC

### Central banks to maintain dollar peg

Governor of the Central Bank of the UAE Sultan Nasser al-Suweidi announced that the rulers of the six GCC states their central bank governors had opted to maintain their respective currencies' peg to the US Dollar. This ends months of speculation on the issue as the GCC block prepares for eventual monetary union, currently planned for 2010.

Source: *Shuaa Capital*

## SAUDI ARABIA

### Saudi investor buys \$6.6bn HSBC stake

A Saudi Arabian investor has bought a \$6.6bn stake in Europe's biggest bank HSBC Holdings in the past two months, and sees the stake as a long-term investment. A regulatory filing said Maan Al Sanea owned 360 million HSBC shares, or a 3.1% stake, through Singularis Holdings, an investment company based in the Cayman Islands. Sanea started buying the shares in mid-February, after problems in HSBC's US mortgage business hit its share price. Sanea has long-term shareholdings in other big financial firms, including Citigroup, Bank of China and several Middle East firms.

Source: *Reuters*

## TURKEY

### Policy rates unchanged

The Central Bank left its key policy rates unchanged as expected. The overnight borrowing and lending rates of the central bank stand at 17.5% and 22.5%, respectively. The MPC stated that aggregate demand conditions continue to support the falling inflation process. The statement also adds that the downward trend in inflation will become more visible in the second quarter. Noting that inflation expectations remain well above the target, the Bank says that it will strengthen its cautious policy stance due to high oil prices, political uncertainty and service price stickiness. While the latter seems to suggest that the Bank is considering tightening the policy, it in fact just emphasizing the importance of maintaining a cautious stance, as Bank is unlikely to ease rates until after some clarity emerges on the political front.

Source: *Merrill Lynch*

## EGYPT

### Bank of Alexandria to launch IPO

Bank of Alexandria (BoA) announced it is floating 15% of its shares through an initial public offering by the end of the year.. In August 2006 the government sold 80% of Bank to Alexandria to Italy's Sanpaolo IMI Group for \$1.61bn. The new ownership has opted to keep the bank's previous chairman, Mahmoud Abdel Latif, but has declined to publicize its plans to develop the bank as agreed upon with the government. The Bank of Alexandria client base reached more than 2 million by the end of 2005, up from 600,000 in 2002. Investment bank Beltone Financial won the mandate for the IPO and will also be responsible for managing the sale of 5% of the bank's shares to its employees.

Source: *ANIMA*

## SYRIA

### Fransabank Syria to start operations before year end

Fransabank is expecting to receive the final approval to start operations in Syria within days. The Lebanese bank will start its Syrian operations with a capital of \$35 million and will have as its main Syrian partner, Jacques Saade, owner of CMA-CGM, one of the largest shipping firms in the world. Fransabank will own 49% of the shares while Mr Saade and other Syrian founding shareholders will own 16%. The balance 35% will be offered through an Initial Public Offer.

Source: *Syria Report*

### €5m to set up microfinance bank

The German Ministry of Economic Cooperation and Development announced It is extending €5m to Syria to establish the country's first micro-finance bank. The bank will be co-founded with the Syrian government and will offer micro-credits to small and medium-size entrepreneurs. The aid is part of a wider German pledge of €70m, or \$95m, in developmental aid to Syria in the next two years. The money will be offered in grants, loans, technical assistance and debt-swap. In parallel, the Syrian Government has asked the German side for advice and technical assistance in the government's attempt to transfer the CB into a fully independent entity.

Source: *Syria Report*

## RUSSIA

### Rouble to appreciate in 2007

The Economy Ministry said in its latest macroeconomic forecasts that it now expects the rouble's real exchange rate appreciation (REER) this year to total 5.1%, up from the 4.6% projected previously. The CBR is likely to tolerate a somewhat stronger REER appreciation of the rouble this year, compared to its own base-case scenario of 4-5%. For 2008, the Economy Ministry kept its earlier forecast for the rouble's REER appreciation unchanged at 2.7%. President Putin has warned on several occasions of the risks to growth of the continuing real-terms appreciation of the rouble, as this was hurting the competitiveness of Russia's manufacturers.

Source: *Credit Suisse*

### Bank of Moscow places 6.9m new shares

Bank of Moscow placed 6.9 million new shares, raising some \$265 mln in equity capital. The shareholding structure did not change substantially, as Moscow city government still controls almost 60% of the bank. The bank is now trading at a premium to peers due to positive rumors that Mayor Yuri Luzhkov will remain in power.

Source: *Alfa Bank*



# ENERGY/ COMMODITIES

## Price of oil drops below \$63 a barrel

Signs of increasing gasoline production led oil prices lower Wednesday as traders looked beyond a government report that showed falling inventories of crude and gasoline. The Energy Information Administration reported U.S. crude oil stockpiles fell by a million barrels to 332.4 million barrels, countering analysts' average forecast for an increase of 500,000 barrels. Gasoline inventories fell by 2.7 million barrels, more than the expected 1.5 million barrel decline. But refinery utilization rates were up 2%, well above expectations of a 0.4% rise. Light, sweet crude for May delivery fell 31 cents to \$62.79 a barrel on the New York Mercantile Exchange. Gasoline futures slipped 2.6 cents to \$2.03 a gallon. Earlier in the week, part of the hobbled McKee refinery in Texas was restarted, a development that is expected to shore up U.S. gasoline supply and ease a crude glut. The market was also watching mixed signals from Nigeria. The country's oil minister announced that a major oil field could come back online by the end of May, even as civil strife continued throughout Nigeria ahead of this weekend's presidential elections.

Source: Associated Press

## Algeria to invest \$26bn in upstream projects

Algeria's national oil and gas company, Sonatrach, plans to invest \$26bn in upstream projects over the next five years. Algeria currently produces about 1.4m barrels per day (bpd) and 62bn cubic feet of natural gas. It also plans to increase oil production to 2m bpd and gas production to 85m cubic feet by 2010. Separately, the company announced that it had made four new discoveries of oil and gas, bringing new discoveries to six for the year. The company had reported 18 new finds last year.

Source: Shuaa Capital

## Japan extends \$700m to develop Iraq oil production

Iraq and Japan signed a \$700m loan agreement to help Iraq develop its production of crude oil. The 40-year agreement between Iraq and Japan will improve the country's production of crude oil and power output. It will focus on the construction of gas lines in Basra and development of Iraq's nation-wide power transmission facilities.

Source: Iraq Directory

## Foreign firms to submit bids for 100 Iraqi wells

The Ministry of Oil said that the Iraqi government has called on 15 Arab, Asian and American oil companies to dig 100 new oil wells. It added that the bids aim to boost the production of oil in Iraq through constructing new wells, 50 of which are in Maysan province and the other 50 wells to be drilled in Basra to produce between 50,000 to 60,000 barrels per day. The state-run South Oil Company would go over the offers and selection process.

Source: Khaleej Times

Oil Market		Closing of April 18	Previous Price	Daily Δ
OPEC Basket	▼	61.84	62.99	-1.8
Brent	▼	65.00	66.19	-1.8
Dubai	▼	62.01	63.40	-2.2
WTI	▼	62.87	63.14	-0.4

Source: SHUAACapital

## Base metals: Upbeat market sentiment paves the way for further price increases

Base metal prices gained considerable ground immediately in the wake of the Easter weekend. The price of copper advanced by more than 6% and even managed to temporarily test the \$7,900 mark. Other base metal prices recorded a similar trend. Nickel prices climbed above the \$50,000 threshold. The price rally in the base metal sector is attributable primarily to the boost in Chinese demand. Foreign-trade data released by China have shown a substantial jump in imports of copper and nickel and a noticeable plunge in exports of aluminum and zinc. This has had an impact on the available supply of base metal inventories on the global market. In light of the recent dramatic price increases, the markets look a bit stretched at the moment. Copper and nickel prices in particular, should follow an increasingly erratic path over the coming weeks.

## Precious metals: Rising prices amid diminishing volatility

Precious metal prices have continued to follow their uptrend this week. Prices have advanced slowly, but steadily. Gold prices climbed to slightly more than \$675, while silver is trading at \$13.80. The prevailing trend toward slower, but steadier, advances in prices is more sustainable than the precipitous price rally at the outset of the year, marked primarily by inflows of liquidity. This is also manifested in the volatility in precious metal prices, which has diminished further in recent weeks. The trend in palladium prices is remarkable. In mid-2006, palladium had been one of the most volatile metals, but in the interim, the degree of volatility has dropped to the same level as in the gold market. Palladium prices in recent months have, for the most part, trended out of line with the fundamental data and have increasingly aligned with the price of gold. But in view of the lingering supply-side surplus on the palladium market, we remain skeptical. Despite the current low level of volatility, palladium should be regarded as an interesting investment mainly for less risk-averse, trading-oriented investors.

Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	201.3	186.8	180.3	7.3	23.9
LME metals price index	4199.8	3741.7	3677.8	11.3	33.7
Oil prices USD	63.8	59.4	64.7	8.2	-7.0
Oil prices SDRs	42.0	39.6	43.5	7.1	-11.7
Gold \$/troy oz	671.8	638.5	630.9	3.0	12.1
Silver cents/troy oz	1384.0	1310.0	1251.2	6.7	8.6
Platinum \$/troy oz	1266.0	1170.1	1185.6	5.3	16.5
Copper \$/MT	7889.3	6509.1	7031.3	27.8	29.8
Nickel \$/MT	48897.5	38511.7	32027.1	4.9	176.1
Aluminium \$/MT	2845.3	2779.5	2673.1	3.9	10.9
Zinc \$/MT	3532.5	3824.2	3597.8	8.7	15.8
Steel - HR coil dry \$/MT	600.0	600.0	560.6	0.0	29.0

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								
<b>Africa</b>													
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								
<b>Middle East</b>													
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-	BB	7.3	26.2	9.9	31.0	4.5	25.4	5.7	0.0
	-	-	-	Stable	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								
<b>Central &amp; Eastern Europe</b>													
Ukraine	BB-	Ba3	BB-	-	BB	-2.5	19.6	42.8	58.7	2.8	188.4	-0.9	5.5
	Negative	-	-	-	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								
<b>Latin America</b>													
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



## 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
<b>Eurozone</b>	Refi Rate	3.75	12-Apr-07	No change	10-May-07
UK	Base Rate	5.25	05-Apr-07	No change	10-May-07
Japan	O/N Call Rate	0.50	10-Apr-07	No change	27-Apr-07
Australia	Cash Rate	6.25	03-Apr-07	No change	01-May-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
<b>Emerging Markets</b>					
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	2.875	29-Mar-07	Raise 12.5bps	end Q2-07
<b>South Korea</b>	O/N Call Rate	4.50	12-Apr-07	No change	10-May-07
Malaysia	O/N Policy Rate	3.50	26-Feb-07	No change	27-Apr-07
Thailand	1D Repo	4.00	11-Apr-07	Cut 50bps	23-May-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	23-Mar-07	No change	N/A
<b>Turkey</b>	Base Rate	17.50	14-Apr-07	No change	14-May-07
<b>South Africa</b>	Repo rate	9.00	12-Apr-07	No change	07-Jun-07
Kenya	Central Bank Rate	10.00	Apr-07	No change	Jun-07
Nigeria	Monetary Policy Rate	10.00	22-Feb-07	No change	Apr-07
Ghana	Prime Rate	12.50	Feb-07	No change	May-07
Mexico	Target Rate	7.00	23-Mar-07	No change	27-Apr-07
<b>Brazil</b>	Selic Rate	12.50	18-Apr-07	Cut 25bps	06-Jun-07

Source: Standard Chartered - Countries in bold updated on April 19, 2007



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