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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

IRAQ

House votes on Iraq bill with timetable for pullout

U.S. Congressional Democrats agreed to a $124bn war spending bill that orders the Bush administration to begin pulling troops out of Iraq by October 1 of this year. In a 218-208 vote, the House of Representatives passed the supplemental spending bill that contains the troop withdrawal timetable. The Senate was expected to follow suit this week. President Bush announced that he would use his veto power to kill the legislation, which would call for an earlier-than-expected pullout. The legislation is the first binding challenge on the war that Democrats have managed to pass since they took control of both houses of Congress in January. The bill sets a nonbinding goal of completing the troop pullout by April 1, 2008. Democrats lack the two-thirds majority needed to override a presidential veto.

Source: Associated Press

TURKEY

Ruling party nominates Gul for presidency

Prime Minister Recep Tayyip Erdogan has named Deputy PM and Foreign Minister Abdullah Gul as the presidential candidate of the governing AK Party, ending months of speculation over whether he would run for the post. PM Erdogan bowed to fierce opposition to his candidacy from the secular establishment, including the military, which feared that the leader of the ruling AKP, could undermine Turkey's secular order. Although Gul is also a founder member of the AKP, he is considered to be a less polarizing figure than Erdogan. Given the AKP's majority in the parliament, Gul will likely be elected as president in the third round of parliamentary voting on May 9, which requires a simple majority for election. The first and second rounds of voting will take place on April 27 and May 2, respectively. The main opposition party CHP is planning to boycott the presidential vote. Further, Mr Erdogan's decision to stay as prime minister is likely to boost the AKP's chances of winning a second term in parliamentary elections later this year.

Source: Merrill Lynch, Credit Suisse

UKRAINE

Yushchenko delays election

President Viktor Yushchenko, battling to outmaneuver his rival, Prime Minister Viktor Yanukovich, said in a late-night television address that he was delaying new parliamentary elections ordered for May 27 until June 24. Mr. Yanukovich has challenged the legality of the decree setting the earlier date in the Constitutional Court, and government ministries controlled by him had refused to provide money to finance the May 27 vote.

Source: New York Times

NIGERIA

Chaotic presidential election

The PDP ruling party candidate Umaru Yar'Adua was declared the winner of the presidential election held on April 21. Yar'Adua obtained 24.6 million votes 70% of the votes, far exceeding that of his closest rival, former army chief Muhammadu Buhari, with 6.6 million. However, the process has been heavily criticized by international observers. The election was undermined by violence, fraud as well as poor logistics. On this basis, the opposition is not ready to accept the results, thereby raising the risk of a severe political crisis. The election is expected to lead to the first handover of power from one civilian leader to another. But in view of the lack of credibility of the election, there are short-term risks to the political outlook. The political climate will need to stabilize before the focus shifts back to the pursuit of economic and macroeconomic reforms, but there is little visibility at this stage.

Source: Merrill Lynch

IRAN

Iran says nearing united view with EU

Iranian chief nuclear negotiator Ali Larijani said Iran and the European Union were approaching a united view in some areas of their nuclear talks. "I think in some areas we are approaching a united view. This is to say that the best approach is to settle all the issues through negotiations based on law and international rules and regulations," Larijani told a joint news conference with EU foreign policy chief Javier Solana. Earlier, Solana and Larijani said they had made progress at their talks, designed to end a standoff over Iran's uranium enrichment program that the West fears could be used for the manufacture of nuclear weapons.

Source: Reuters

SYRIA

U.S. imposes new sanctions over weapons transfer

The United States has imposed sanctions on 14 government agencies, companies and individuals accused of buying from or selling missile technology or material to make weapons of mass destruction to Syria and Iran. The sanctions cover the Syrian navy and air force, as well as Syria's Army Supply Bureau and the Industrial Establishment of Defense. The sanctions bar any U.S. aid, government contracts or export licenses to the named entities for two years, and may be renewed at any time during that period. The list also includes firms from China, Malaysia, Mexico and Singapore.

Source: Reuters

OUTLOOK

UKRAINE

Political crisis to negatively impact public finances

The Institute of International Finance estimated that the economic fallout of the ongoing political and constitutional crisis in Ukraine could be significant. Fiscal policy, which was set to ease this year, is likely to become more expansionary, causing the fiscal deficit to more than double to 4% of GDP. Long overdue adjustments in domestic natural gas prices to bring them more in line with the sharply increased import costs are likely to be deferred again. Quasi-fiscal losses will increase further, widening the broader fiscal deficit to more than 6% of GDP. Privatization will remain on hold as will other structural reforms. The further fiscal expansion will come against the background of a deteriorating external environment. Sharp hikes in natural gas import prices will combine with lower steel export prices to widen the current account deficit from 1.6% of GDP in 2006 to 4.6% of GDP this year and nearly 7% of GDP in 2008. According to the IIF, the uncertain political environment is likely to accelerate capital flight from last year's already large 13% of GDP. Under these circumstances, capital inflows from abroad are unlikely to be large enough to sustain the hryvnia at its current peg of HR5.05/$ even with a substantial drawdown on foreign exchange reserves. A significant hryvnia correction will be difficult to avoid next year, unless the new government tightens fiscal policy and moves to advance structural reforms, which at this juncture looks unlikely.

Source: Institute of International Finance

LIBYA

Favorable medium-term financial outlook

The International Monetary Fund indicated that Libya's real GDP grew about 5.5% percent in 2006, reflecting an increase of 4.5% in the oil sector as well as a 6% growth in the non-oil economy, boosted by increased government spending and the liberalization of the trade, service, and tourism sectors. In 2006, structural reform continued with the implementation of a wide range of measures covering fiscal management and taxation, banking and payments systems, trade, and the business environment. Further, the authorities developed a plan to restructure the public commercial banks, merged 21 regional banks, and accelerated efforts to strengthen banking supervision and modernize the payment system.

The Fund said that Libya needs to restore fiscal prudence, strengthen oil revenue management, develop a well-designed comprehensive strategy to restructure public commercial banks, and enhance the implementation of structural reforms. The IMF considered that the authorities' ability to maintain economic and financial stability could be undermined by the loosening of fiscal conditions in the 2007 budget. It emphasized that a prudent fiscal policy is key to ensuring macroeconomic stability . The Fund urged authorities to strengthen public financial management by unifying the budget and increasing its coverage, improving macro-fiscal coordination, and establishing clear operating and asset management regulations for the Libyan Investment Authority (LIA). They cautioned that investing LIA resources domestically could marginalize the private sector and be counterproductive in the medium to long run.

The IMF urged the Central Bank of Libya to tighten monetary policy to contain inflationary pressures, and recommended the liberalization of interest rates and development of market-based monetary instruments in order to strengthen the monetary framework. It noted that the current exchange rate regime has served Libya well, but recommended that Libya's move to greater exchange rate flexibility be gradual, and be supported and preceded by a switch to market-based monetary management. It also advised that the recourse to the Social and Economic Development Fund to restructure the public commercial banks contains significant risks, and reiterated the view that the establishment of an independent bank restructuring agency is essential.

Source: International Monetary Fund

IRAN

Weaker economic conditions

The Institute of International Finance estimated that Iran's nuclear policy is entailing great costs for the economy. Economic activity has been weakening with growth slipping to 4.7% in the fiscal year that ended March 20, 2007. Moreover, the deteriorating relationship with the international community is expected to have a negative effect on the economy, both through deterring foreign investment and shifting attention away from economic reform. Further, price pressures are building. In February, the 12-month inflation rate rose to nearly 18% due to continued strong growth in fiscal spending, rising food prices, and constraints on the ability of the central bank to rein in liquidity growth.

High oil prices have strengthened the balance of payments, as the current account surplus rose to around 5% of GDP in the six months ended September 2006 from under 4% of GDP in the same period in the preceding year. This resulted in a further accumulation of foreign exchange reserves, which rose by over $9 bn to around $60 bn as of end-September 2006 (over 11 months of import cover).

A key issue going forward, however, is the narrowing of the exportable hydrocarbons surplus. On the demand side, substantial subsidies on petroleum products are driving up domestic consumption At the same time, the supply side is affected by ageing oil fields and poor prospects for foreign investment in the hydrocarbons sector. Oil production showed only very modest growth in 2006. As a result of these trends, Iran's exportable oil surplus narrowed to 2.47 million b/d last year from 2.63 million b/d in 2003, a drop of 6%. Going forward, the expected leveling off in oil prices will compound the problem. Iran's oil export earnings are likely to decline to about $56-57 bn in 2007-08 compared to $61 bn last year.

Reduced oil export earnings will have important implications for the budget. With expenditure growth over the last two years exceeding 30% on average, the budget has already absorbed most of the fiscal counterpart of the oil windfall. The budget surplus is estimated to narrow by four percentage points to around 0.3% of GDP in the fiscal year that just ended.

Source: Institute of International Finance

ECONOMY & TRADE

SUDAN

Rolls-Royce to withdraw from Sudan

The British Aero-engine firm Rolls-Royce announced it will stop doing business in Sudan following pressure from humanitarian groups. The company said that it would 'progressively withdraw' its activities from the country amid signs that the US and UK are stepping up pressure on Khartoum. Rolls-Royce, which supplies engines and equipment used to pump oil and gas, is the most high-profile British company operating in Sudan and has been targeted by campaigners and politicians to sever its links. A Rolls spokesman said, "in view of the increasing international humanitarian concerns about the situation in Darfur, the company recently reviewed its business and decided it should discontinue business in Sudan."

Other leading oil and gas businesses in Sudan include the UK's Petrofac, Schlumberger of France, and Sweden's Lundin Petroleum. There are also several Chinese and Indian oil and gas operators. The move comes as Sudan faces more pressure to accept an enhanced peacekeeping force in Darfur to supplement an African Union mission that has been unable to stop the violence.

Source: Telegraph

IRAQ

Irbil to host media city

The Kurdish regional government in Iraq announced it will build a $400m media city in Irbil in cooperation with the Dubai TV and Cinema Production company. The Kurdih government will have a 60% stake in the Irbil City Media Company and the Dubai firm the remaining 40%. It will have a start up capital of $40m. The project will include TV studios, transmission and retransmission centers, hotels, shops and housing facilities.

Source: Reuters

MOROCCO

Fitch Rates Morocco foreign currency 'BBB-'

Fitch Rating assigned Morocco a long-term foreign currency rating of 'BBB-' with a stable outlook, putting it at investment grade and one notch above the equivalent Moody's (Ba2, stable outlook) and S&P (BB+, positive outlook) ratings. Fitch noted that the ratings reflect the progress of the Moroccan economy as well as the advances in the political and social environment. Notably, Morocco's current account has been in surplus since 2001 and the country took considerable steps toward reducing its budget deficit last year. Fitch expects FDI inflows to remain strong and industries such as tourism and light manufactured products to grow buoyantly, which would allow for further improvement in the country's relatively high public debt ratio, a key rating constraint at 63% of GDP at the end of 2005. Fitch sees this ratio falling to around 55% of GDP in the medium term, still higher than its peer ratings group. However, the country's high international reserves and low gross external debt put it above its peer group as a net external creditor.

Source: Fitch Ratings

SYRIA

Syriatel's net profits at $103m in 2006

Syriatel announced net profits of $103 million in 2006, almost unchanged from the previous year. Revenues totaled SYP 31.72 billion, or $634 million, compared to $500 million in 2005. The company, which holds a 54.5% market share, said that the number of subscribers grew by 45% to 2.518 million at the end of 2006. Syriatel The annual license fee paid to the Syrian Telecommunication establishment, reached SYP 11.8 billion ($236 million), up from SYP 8.15 billion ($163 million) in 2005. This rise is due to the rise in income and in the percentage fee collected by STE. Syriatel operates on the basis of a 15-year BOT contract signed with the government in 2001. Last year it announced its first venture outside Syria with the purchase of a 10% stake in HITS Unitel, Yemen's third GSM operator.

Source: Syria Report

$172m resort to be built in Tartous

The Wahoud Group announced it will start to develop a $172m resort in Tartous next month in partnership with Dubai's Concorde Hotel & Residence. The Al Fadel Resort will include a five-star hotel, a four-star hotel and recreational facilities. The group will also develop a Kempinski Hotel in Damascus later this year in partnership with the Saudi Nisco Group, according to group chairman Mohammad Ali Wahoud. The group is currently partnering the Tartous municipality and the U.K.'s Junada International for the Antrados resort project in Tartous that will include a marina and hotels, as well as residential and commercial spaces.

Source: Dow Jones Newswire

GCC

S&P to open regional office

International rating agency Standard & Poor's announced it will open a regional office in Dubai as it seeks to tap the growing market for financial services and ratings in the Middle East. The U.S.-based company expects to open the new office, its first in the Middle East, by the end of the year. The company said it expects Middle East ratings to treble in the next five years. Earlier this month, Moody's Investors Service opened a regional office in Dubai.

Source: Dow Jones Newswire

TURKEY

Strong fiscal performance in March

The primary surplus reached TRY8.8bn ($6.5bn) in March, up from TRY1.7bn in the year-ago period. As of March, the year-to-date primary surplus totaled TRY12.6bn, 35% of the year-end target. The overall budget posted a surplus of TRY4.8bn, and the budget deficit reached TRY3.3bn, 20% of the year-end target, down from 49% in February. The main reason for the outperformance was Oger Telecom's payment of its $4.3bn balance for the Turk Telekom privatization. While the figure will be excluded from the IMF's definition of the fiscal balance, it still beefs up the Treasury's cash reserves, which stand at TRY25.7bn, more than half of H207 domestic debt redemption.

Source: Merrill Lynch

UAE

Banks to maintain healthy performance in 2007

Fitch Ratings said that United Arab Emirates banks are expected to maintain their healthy performance in 2007, although their asset quality may be challenged in the longer-term by recent strong loan growth. The banking sector's profitability in 2007 is expected to be maintained broadly at levels seen in 2006 while asset quality and capitalization are likely to be sustained at their current adequate levels.

The agency stated that UAE banks have benefited from a benign operating environment, reflected in an estimated real GDP growth of 10% in 2006. Although asset quality and reserves coverage ratios remain satisfactory at most banks, the recent strong growth in loans may lead to some asset quality deterioration as loan books season. Also, considerable future stock market volatility, or the increasingly speculative property sector, could cause systemic problems for the UAE banking system in the long-term. Fitch said the pace of consolidation in the UAE banking system is likely to pick up following the announcement earlier this year of the merger of Emirates Bank International and National Bank of Dubai, and increasing competition from local and foreign banks, particularly in project finance.
Source: Fitch Ratings

IRAQ

British-owned bank to expand in Iraq

London-based financial company Merchant Bridge & Co. said it plans to expand its Iraqi banking subsidiary Mansour BankMansour Bank. The bank plans to open five branches with major new offices in Sulaymaniyah and Basra. A spokesman said Mansour Bank, which is majority-owned by Mechant, has ‘received approval’ from the Iraqi government for the new branches. Merchant Bridge won one of five banking licenses offered by the Iraqi central bank in 2005.
Source: Dow Jones Newswire

YEMEN

$10bn Islamic bank to be formed

A group of Saudi businessmen are setting up an Islamic bank in Yemen with a capital of $10bn. The founders will put in 35% of the capital of the bank, to be called International Islamic Union Bank. Shares will be offered to the public for the balance.
Source: Arab News

BAHRAIN

Central Bank adopts policy rate

The Central Bank of Bahrain has adopted the rate on the one-week deposit facility as its key policy interest rate. The benchmark will serve as the signal for CBB's monetary policy stance. The rate, which stands at 5% this week, will be decided by the CBB Monetary Policy Committee. The establishment of a key policy interest rate is the latest in a series of steps taken recently by the CBB to enhance its operational framework for the money market as well as to streamline the CBB's interest rate policy, guide market interest rates, and make the bourses more market-oriented and transparent, according to the CBB.
Source: Bahrain Tribune

JORDAN

Moody's upgrades financial strength rating for banks

Moody's Investors Services upgraded the financial strength rating for Jordan's Cairo Amman BankCairo Amman Bank to ‘D-‘ from ‘E+’ and Housing Bank for Trade & Finance to ‘C-‘ from ‘D+’. The ratings agency kept the Arab Bank's rating unchanged at ‘C+’. Moody's gave a stable outlook for all of the banks in line with its outlook of the country deposit and debt ceilings. Moody's also gave Cairo Amman BankCairo Amman Bank a ‘Ba1/NP’ global local currency deposit rating and kept the ratings for Arab Bank and the Housing Bank for Trade & Finance unchanged at ‘A3’. It also kept the foreign currency deposit ratings for the three banks unchanged at ‘Ba3’.
Source: Moody's Investors Service

Central Bank investigating records of irregular credit facilities

The Central Bank of Jordan (CBJ) is currently investigating a case in which four banks have reportedly extended millions of dinars in credit facilities without proper authorization. A senior government official said the government was awaiting the results of the investigation by the CBJ which has requested documents from the four banks to verify the authenticity of the transactions.

The case involves Iraqi billionaire Nadhmi Auchi who is accusing Khaldoun Amashah, a general manager of one of Auchi's companies, of receiving credit facilities from the four banks in the country without Auchi's approval and thus violating the authorization agreement. Auchi said the banks acted in a lax manner when they extended credit facilities of about JD90 million and has resorted to legal channels and an auditor to sort out the case. The banks in question are Bank of Jordan, Union Bank for Savings and Investment, Capital Bank of Jordan and Jordan Investment and Finance Bank.
Source: Jordan Times

IRAN

Two banks cut links with Iran

Singapore's CBS and Austria's Bawag have severed ties with Iran in compliance with UN sanctions on the Islamic Republic for its nuclear program. CBS, Singapore's largest financial institution, said in a letter to its Iranian clients that they have 10 days to withdraw their deposits and close their accounts. Meanwhile in Vienna a Bawag spokesman announced the bank had stopped doing business with Iran. "We are sorry to have to lose valued clients, but it is no longer possible for us to maintain ties with our Iranian clients," the spokesman said.
Source: Iran Daily

ENERGY/ COMMODITIES

Oil declines on Iran talks

Crude oil fell after Iran said it was making progress in talks with the European Union on the Iranian nuclear program, while some analysts predicted U.S. supplies of crude could meet demand for gasoline during the coming summer. In the U.S., crude oil supplies rose 2.1 million barrels last week. Crude oil for June delivery fell as much as 59 cents, or 0.9%, to $65.25 a barrel in after-hours electronic trading on the New York Mercantile Exchange. It traded at $65.34 on Thursday. in London. Some analysts and traders are concerned sanctions or a military strike against Iran would disrupt oil exports from the Middle East. Brent for June settlement fell as much as 69 cents, or 1%, to $67.88 on the ICE Futures exchange and traded at $67.95 in London.

Gasoline supplies in the U.S., the world's largest oil consumer, fell by 2.79 million barrels in the week to April 20, an 18-month low and 7.2% less than the five-year average. Stockpiles have shrunk 15% in 11 straight weekly declines. Stockpiles dwindled as refinery operating rates fell to 87.8% last week, from 90.4% The week before. Gasoline for May delivery was at $2.2685 a gallon in after- hours trading on Nymex, after surging 7.37 cents to $2.2826 on Wednesday, the highest close since Aug. 7. *Source: Bloomberg*

Saudi Arabia to increase its refining capacity

Saudi Arabia plans to increase its refining capacity to 3.4 million barrels per day (bpd) by 2012, up 62% from present capacity, according to the country's investment authority, SAGIA. This will represent an increase of 17% of global refining capacity, and will cost upwards of $20bn.
Source: Shuaa Capital

Iraq reserves could exceed 200 billion barrels

A report by consulting firm HIS indicated there may be an additional 100 billion barrels of oil beneath the surface in the western part of Iraq. The country's current reserve base is estimated at 116 billion barrels. The report also said Iraq's daily production, which now stands at 2 million bpd, could rise to 4 million bpd a day if the conflict subsides and new investments in oil infrastructure are made.
Source: Associated Press

Yemen to increase oil production

Yemen's Oil Minister said his country aims to increase oil production to 500,000 barrels per day (bpd) within a few years, with the help of new discoveries. Yemen has a current production of about 350,000 bpd, and a refining capacity of about 140,000 bpd. More refining capacity is also on the agenda. In parallel, French oil firm Total said it will spend up to $2bn in Yemen till 2009, part of a three-year spending program, making it the country's largest investor.
Source: Shuaa Capital, Dow Jones

Oil Market		Closing of April 24	Previous Price	Daily Δ
OPEC Basket	▲	62.92	62.06	1.3
Brent	▼	67.99	66.72	-1.8
Dubai	▼	64.59	63.44	-1.7
WTI	▼	65.18	65.33	-0.2

Source: SHUAACapital

Base metals: Prices look increasingly stretched

In base metals, the focus of attention was the release of new Chinese macro data. Urban fixed asset investment in Q1 increased by 25.3%. First quarter GDP numbers came out at 11.1%. While initially reacting positive, base metal prices started to decline in the second half of the week amid concerns about possible further interest rate hikes in China. In copper, there is an increasing number of signs indicating that prices are currently somewhat stretched. There are reports revealing that copper inventories held in Chinese warehouses are rising and cannot be delivered merely due to the lack of customs certificates. The possibility of a buildup in unregistered stocks has already had an effect on copper prices on the Shanghai Futures Exchange (SHFE). The price spread between short-term copper futures contracts trading on the SHFE and the London Metal Exchange (LME) has widened in recent days, as prices on the LME have surged much more strongly than on the SHFE.
Source: Credit Suisse

Precious metals: Palladium prices cross the $375 mark

Precious metals prices have been mixed, as gold prices have been wavering around $690, and silver prices declined. Palladium was the only precious metal that succeeded in breaking out to the upside and is currently testing the $375 line. Volatility in palladium prices has been unusually low already for several weeks. Amid the recent swing in prices, volatility has increased again, but still stands below its historical average levels. The recent spurt in prices can be traced, in part, to the announcement of the launch of physical commodity-backed ETFs in platinum and palladium. The launch of such ETFs could lead to a boost in investment demand for platinum and palladium. Nevertheless, the markets for platinum and palladium are much less liquid than those for gold or silver. The launch of these ETFs has sparked some skepticism on the part of producers, who fear that a sharp surge in investment demand could result in a deteriorating liquidity situation. The consequences of such a scenario would be significant swings in prices and a decline in physical demand in the longer term.
Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	200.3	187.5	181.0	5.1	20.2
LME metals price index	4257.6	3756.3	3698.5	8.9	30.5
Oil prices USD	61.9	59.6	64.6	9.0	-14.1
Oil prices SDRs	40.5	39.7	43.3	7.8	-18.1
Gold $/troy oz	682.8	642.2	632.4	4.5	8.6
Silver cents/troy oz	1383.5	1318.7	1252.7	5.1	-3.1
Platinum $/troy oz	1292.0	1177.6	1189.2	5.4	15.7
Copper $/MT	7941.5	6520.5	7061.1	19.8	21.2
Nickel $/MT	50102.5	39146.5	32638.9	-0.5	175.2
Aluminium $/MT	2802.5	2784.8	2677.1	-1.3	3.9
Zinc $/MT	3597.5	3810.9	3606.2	11.2	12.0
Steel - HR coil dry $/MT	600.0	600.0	563.2	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								
Africa													
Algeria	-	-	-	-	BBB								
	-	-	-	-	Positive	10.3	17.4	12.0	9.1	8.4	19.4	18.0	0.8
Angola	-	-	-	-	CCC								
	-	-	-	-	Stable	2.3	43.7	49.5	22.3	4.6	216.9	21.1	7.3
Egypt	BB+	Baa2	BB+	BB+	B								
	Stable	-	-	Stable	Stable	-6.9	99.0	29.7	68.0	6.6	150.3	1.6	5.6
Libya	-	-	-	-	BB								
	-	-	-	-	Stable	26.6	6.0	9.7	-130.9	2.7	7.8	31.4	2.8
Morocco	BB+	Baa2	-	BB+	BB								
	Stable	-	-	Stable	Stable	-4.1	67.1	29.8	68.1	8.0	91.2	1.7	2.0
Nigeria	BB-	-	BB-	-	BB								
	Stable	-	-	-	Stable	-1.0	10.7	5.2	9.7	1.9	14.18	9.7	1.6
Tunisia	BBB	A3	BBB	BBB	BB								
	Stable	-	-	Stable	Stable	-3.3	59.6	57.7	77.1	15.3	275.3	-2.6	6.6
Sudan	-	-	-	-	CC								
	-	-	-	-	Stable	-3.8	58.7	71.2	355.0	4.0	-	-13.8	5.8
Middle East													
Bahrain	A	A1	A-	BBB+	A								
	Stable	-	-	Stable	Stable	10.1	28.8	58.7	23.9	13.4	343.5	13.9	0.1
Iran	-	-	B+	BB-	BB								
	-	-	-	Stable	Negative	7.3	26.2	9.9	31.0	4.5	25.4	5.7	0.0
Iraq	-	-	-	-	D								
	-	-	-	-	Stable								
Jordan	BB	Baa3	-	BB	B								
	Stable	-	-	Stable	Stable	-4.8	73.4	91.1	18.5	13.7	266.6	-21.5	10.7
Kuwait	A+	Aa2	AA-	A+	A								
	Stable	-	-	Stable	Stable	38.8	10.8	13.7	8.9	2.7	129.3	44.5	-4.5
Oman	A-	A1	-	BBB+	A								
	Stable	-	-	Stable	Stable	16.0	6.5	14.1	18.0	5.0	101.6	19.4	1.9
Lebanon	B-	B2	B-	B-	CCC								
	Negative	-	-	Negative	Stable	-12.5	178.1	105.2	179.5	30.4	209.2	-15.6	4.5
Qatar	A+	Aa2	-	A+	A								
	Stable	-	-	Stable	Stable	17.6	19.1	46.5	55.3	8.4	440.6	35.8	4.3
Saudi Arabia	A+	Aa3	A+	A+	A								
	Stable	-	-	Stable	Stable	18.0	10.8	8.4	21.1	3.7	130.0	30.8	0.3
Syria	-	-	-	-	CCC								
	-	-	-	-	Stable	-3.6	41.9	30.8	68.0	5.6	146.9	2.0	1.6
UAE	-	Aa2	-	A+	A								
	-	-	-	Stable	Stable	30.4	10.7	38.2	10.0	1.8	248.7	25.8	5.1
Yemen	-	-	-	B-	B								
	-	-	-	Stable	Stable	-	38.8	28.9	69.2	2.8	73.9	-5.2	-
Central & Eastern Europe													
Ukraine	BB-	Ba3	BB-	-	BB								
	Negative	-	-	-	Stable	-2.5	19.6	42.8	58.7	2.8	188.4	-0.9	5.5
Russia	BBB+	A2	BBB+	-	BBB								
	Stable	-	-	-	Stable	7.2	10.9	30.4	81.3	3.6	96.9	14.4	0.8
Turkey	BB-	Ba1	BB-	BB-	B								
	Stable	-	-	Stable	Stable	-1.6	64.9	49.2	117.5	25.2	343.5	-8.2	4.5
Latin America													
Brazil	BB+	Ba1	BB	-	BB								
	Stable	-	-	-	Stable	-3.2	72.7	17.2	56.3	29.3	205.1	1.2	1.6

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
Eurozone	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	02-May-07
New Zealand	Cash Rate	7.75	25-Apr-07	Raise 25bps	06-Jun-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	2.875	29-Mar-07	Raise 12.5bps	end Q2-07
South Korea	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	24-Apr-07	No change	31-Jul-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
Turkey	Base Rate	17.50	14-Apr-07	No change	14-May-07
South Africa	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	Apr-07	No change	Jun-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
Brazil	Selic Rate	12.50	18-Apr-07	Cut 25bps	06-Jun-07

Source: Standard Chartered - Countries in bold updated on April 26, 2007