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# COUNTRY RISK WEEKLY BULLETIN

# NEWS HEADLINES

## IRAQ

### Draft bill demands U.S. troops withdrawal

A majority of Iraqi lawmakers have endorsed a bill calling for a timetable for the withdrawal of foreign troops and demanding a freeze on the number of foreign troops already in the country. The Iraqi bill was signed by 144 members of the 275-member house. The bill would require the Iraqi government to seek approval from parliament before it requests an extension of the U.N. mandate for foreign forces to be in Iraq. It also calls for a timetable for the troop withdrawal and a freeze on the size of the foreign forces.

*Source: Associated Press*

## JORDAN

### Parliament ratifies anti-money laundering law

The Lower House of the Jordanian Parliament endorsed the draft of an anti-money laundering law after introducing some amendments to it. Money laundering crimes, defined by the law, include arms smuggling and the manufacture, trafficking, cultivation, sale, smuggling and exporting of drugs. Other crimes covered by the law include people trafficking, customs evasion and various categories of fraud, as well as crimes related to promoting prostitution and sexual abuse. The new legislation also seeks to combat money laundering and ensure sound and transparent banking regulations. The House scrapped all terrorism and terrorism funding-related paragraphs in the draft bill since they are included in other effective legislation such as the recently approved Anti-Terrorism Law.

*Source: Jordan Times*

## UKRAINE

### Deal reached on early parliamentary elections

President Victor Yushchenko and Prime Minister Victor Yanukovich agreed to hold early parliamentary elections, to be preceded by essential legislative changes. The two sides also agreed that senior representatives of all the main political groups will work to resolve the key contentious issues relating to elections and the authority of the government, at which point the date for new Rada elections will be set. President Yushchenko said that he expects such a notice period to amount to 60 days which means that if a final agreement is reached this week, the new elections would take place in the second week of July at the earliest. The agreement represented a political concession by PM Yanukovich and his Regions of Ukraine party and a significant victory for Yushchenko. By accepting the need for early Rada elections, PM Yanukovich has effectively abandoned his earlier demand for a prior ruling by the constitutional court on the validity of Yushchenko's decision to dissolve the parliament.

*Source: Credit Suisse*

## SYRIA

### U.S. extends sanctions against Syria for one year

The White House announced that President George W. Bush extended for one year sanctions against Syria for what Washington says is its continuing support for terrorism. The sanctions were imposed in May 2004 by an executive order and were extended in April 2006. Sanctions included a ban on U.S. exports and re-exports to Syria of certain items and direct Syrian flights to the U.S. Also, the Treasury Department forbid U.S. financial institutions from having any dealings with their Syrian counterparts and froze the U.S. assets of several individuals suspected of supporting terrorist organizations. The White House said that "because the actions and policies of the government of Syria continue to pose an unusual and extraordinary threat" to the United States, the executive order "must continue in effect beyond May 11, 2007". Washington designates Syria as a state sponsor of terrorism and accuses it of allowing its territory to be used by insurgents, terrorists, and former Saddam Hussein regime elements responsible for attacks on U.S. forces and terrorism against the people of Iraq.

*Source: AFP*

## TURKEY

### Gul withdraws candidacy, early parliamentary elections set

Parliament officially halted a presidential election process that triggered a major political crisis and forced the Islamist-rooted government to call early national elections. The parliament accepted Foreign Minister Abdullah Gul's petition to withdraw from the presidential contest, in which he had been the sole candidate of the ruling AK party. Gul's withdrawal became inevitable after he failed to win enough backing from the assembly in two rounds of voting, as parliament lacked a quorum due to an opposition boycott. President Ahmet Necdet Sezer, who had been due to retire on May 16, will stay on as interim head of state until his successor can be chosen. Turkey's secular elite, including opposition parties, top judges and army generals, had been determined to block Gul's election. Early parliamentary elections are scheduled for July 22. Parliament usually elects the president for a seven-year term, but it approved this week a constitutional amendment that allows the president to be elected by popular vote.

*Source: Reuters*

# OUTLOOK

## ROMANIA

### Strong GDP growth for 2007-08

Romania's real GDP growth is forecast at 6% in 2007 and 5.2% in 2008, following an estimated growth of 7% in 2006, driven by extremely strong domestic demand. Investment activity will continue to be the main engine of growth, as new and modernized production facilities come on stream, large public investment projects get under way and Romania continues to receive large inflows of FDI. Consumption is being driven by a pro-cyclical fiscal policy, strong real wage growth, surging credit expansion and rising employment. Fiscal policy will continue to be expansive after EU accession, and the approach of the next election will delay any tightening of fiscal or wage policies.

Higher interest rates, the full liberalization of the capital account and a generally positive view of Romania's prospects after EU accession will stimulate speculative capital inflows in 2007-08. A number of factors have resulted in faster than expected disinflation in recent months, including the delayed implementation of the government's infrastructure spending program, the Central Bank's monetary policy tightening, delays in scheduled increases in administered prices and sharp falls in food prices. But a rise in year-end inflation is forecast to 5.8% in 2007, as the full impact of the government's loosening of fiscal policy is felt ahead of a general election, but inflation is expected to fall to 4.8% by end-2008.

The merchandise trade deficit increased to €11bn by the end of 2006. This will push up the current-account deficit to about 10% of GDP. Even larger deficits are forecast for 2007-08, when the balance of payments will reflect the full impact of the government's fiscal policy loosening of 2006-07. Financing such deficits will not be problematic in the short term. FDI inflows covered more than 73% of the current-account deficit in the first nine months of 2006. Receipts from FDI are anticipated to peak in 2006-07. However, Romania still needs to attract substantially higher inflows of greenfield investment to avoid becoming overdependent on debt-creating instruments to finance its current-account deficit.

*Source: Economist Intelligence Unit*

## ALGERIA

### Positive near-term outlook

The Institute of International Finance indicated that Algeria's macroeconomic policy continues to be broadly satisfactory but structural reforms have been sluggish and erratic. The hydrocarbons sector will remain the driving force of the economy and real GDP growth is expected to average 5.5% over 2007-08. Inflation is likely to remain within the central bank's target of 3.5% in 2007-08 despite growth in consumption and continued rapid growth in capital spending.

The exchange rate regime remains a managed float, whereby the authorities monitor developments in the real effective exchange rate with a view to achieving a gradual depreciation in support of the non-hydrocarbons sector. Further, international reserves are expected to rise to $140bn, equivalent to four years of imports, by end-2008, while the resources of the oil stabilization fund will also rise.

The strength of the external position allowed the government to continue to prepay external debt, which has declined to $4.7bn, or 4% of GDP at end-2006, and is forecast at less than 1% of GDP for the 2007-08 period. The fiscal surplus is expected to narrow to around 10%of GDP in 2007 due to sustained upward pressure on spending, reflecting both outlays under the economic growth support program as well as pressures stemming from the run-up to this year's legislative and local elections.

There are a number of risks and uncertainties going forward. The succession to President Bouteflika remains an open question and the durability of civilian rule remains in doubt. Meanwhile, despite the improvements in the domestic security situation, sporadic incidents cannot be ruled out.

*Source: Institute of International Finance*

## MOROCCO

### Real GDP growth forecast at 3.9% in 2007 and 4.9% in 2008

Morocco's non-agricultural expansion remained strong throughout 2006 and growth is expected to hold up into 2007, largely because EU demand for Moroccan products will continue to strengthen. This trend will continue into 2008, as Morocco's proximity to the European market will prove increasingly attractive to EU firms looking to reduce labor costs by relocating, ultimately boosting exports to Europe. Companies with an eye on the US market may also expand their operations in Morocco, following the January 2006 implementation of a free-trade agreement (FTA) with the US. However, there are several constraints on this broadly positive outlook. Chinese competition in the textile sector, Morocco's main export industry, will remain a concern, given the low productivity of the Moroccan labor force. Also, although the volume of exports to the US is likely to begin to rise as the FTA takes root, growth will be constrained by appreciation of the dirham against the dollar. The average exchange rate will be slightly stronger than in 2006, at Dh8.53:US$1, although it will start to weaken in 2008, as the Central Bank starts to gradually liberalize the exchange-rate regime. In addition, import growth looks set to remain strong on the back of robust domestic demand. This implies that the trade deficit will widen to $10.8bn in 2007, and further, to $11bn in 2008. Furthermore, with increasing indications that agricultural output in 2007 will fall drastically owing to adverse weather conditions, real GDP growth is forecast to slow to 3.9% in 2007, before accelerating only modestly to 4.9% in 2008.

Inflation rose markedly from an average of just 1% in 2005 to 3.3% in 2006, as fuel price increases had a knock-on effect throughout the economy. Given the downward revision to oil price forecast, average inflation is now expected to slow to 2.7% in 2007. Consumer prices are forecast to fall further in 2008, to a more trend level of 2.1%.

*Source: Economist Intelligence Unit*

# ECONOMY & TRADE

## IRAQ

### Creditors agree to write off $30bn of Iraqi debt

Creditor nations have pledged to waive $30bn of Iraqi debt, about 60% of what Baghdad estimates it owes to other countries. The commitments were made at the U.N.-sponsored International Compact with Iraq conference that was recently held in Egypt. The figure includes commitments by Bulgaria, China, Saudi Arabia, Greece and new commitments by the Britain, Australia, Spain, Denmark and South Korea. Much of the debt was run up under the rule of Saddam Hussein. U.N. Secretary-General Ban Ki-moon said there was broad support for the terms of the Paris Club on Iraq's outstanding debt. Saudi Arabia, which holds at least $15bn of Iraqi debt, said that it would deal with the question of debt according to the 'principles' of the Paris Club, but added the actual amount was still being discussed. Russia, another significant debt-holder, has reportedly tied a waiver to a Saddam-era deal allowing a Russian company to invest in a large oilfield in the south. Iraqi officials affirmed that there are no preconditions tied to debt relief.

*Source: Financial Times*

## UKRAINE

### Foreign reserves at all time high

Gross foreign reserves rose by $0.5bn in April to a new all-time high of $23.5bn despite political volatility and a reduction in foreign holdings of T-bills. Interventions by the National Bank of Ukraine of $336m were lower than the increase in the dollar value of reserves. In the first four months of 2007, reserves were up $1.2bn which compares with a $2.2bn decline in the same period of 2006. This reflects both a favorable trade performance and continuing capital inflows. Non-resident holdings of T-bills declined from $500m on April 2 to $417m on May 7, while such holdings by local banks rose by nearly $100m to $850m. The public's reaction to the renewed political instability was relatively subdued, as net purchases of foreign currency by the population amounted to less than $400m in April, compared with a peak of $1.2bn in November 2004 during the Orange Revolution.

*Source:Credit Suisse*

## ROMANIA

### Central Bank cuts policy rate

The board of the National Bank of Romania (NBR) cut the policy rate by 25bps to 7.25%. The NBR said that the decline in headline inflation has continued so far this year, with year-on-year CPI inflation falling to 3.7% in March from 4.9% in December. The NBR also highlighted that its core inflation measure, which excludes the tax on tobacco and alcoholic products, has slowed to 2.8% on the back of tight monetary conditions and increasing 'competition on the retail market' following the country's accession to the European Union at the beginning of this year. The main reason for the NBR's continuing reduction of the policy rate is the strength of the currency. As long as the leu remains broadly stable or on an appreciation trend versus the euro, the NBR might continue to cut the policy rate.

*Source: Credit Suisse*

## TURKEY

### Current account deficit at 8.2% of GDP in March

Figures released by the Central Bank show that the current account deficit reached $2.9bn in March, bringing the 12-month rolling current account deficit modestly down to $32.1bn (8.2% of GDP) from $32.3bn (8.3% of GDP) in February. The capital account of the balance of payments remained very strong in March. The 12-month rolling net FDI inflow increased to $25.8bn in March from $25bn in January, covering about 80% of the current account deficit during the same period. An outflow of $1.5bn from the local bond market in March led the decline in the 12-month rolling portfolio inflows to $8bn in March from $10.2bn in February. The no-debt creating inflows (which are defined as the sum of the FDI inflows and the portfolio inflows into the equity market) covered about 83% of the current account deficit in the 12 months to March. Other inflows, which mainly include the medium- and long-term borrowing of the corporate sector, increased to $9.5bn in the 12 months to March from $6.5bn in the 12 months to February.

*Source: Credit Suisse*

## SYRIA

### Syria and Qatar set-up $5bn holding company

The governments of Syria and Qatar have signed an agreement to establish a joint holding company in Syria with a capital of $5bn. The Syrian-Qatari Company for Investment (SQCI), with a paid-up capital of $500m, will invest in tourism, real estate, industry, banking, agriculture and live-stock. The Syrian government will primarily contribute to the holding by offering land, property and other hard assets. According to the Syrian Minister of Finance Mohammad Hussein, in case a project requires liquidity, the government of Syria will pay the balance in cash in Syrian pounds. According to the agreement, SQCI may involve private sector firms in specific projects provided it retains at least 25% of the shares of any joint-venture.

*Source: Syria Report*

### World Trade Center to be established in Damascus

Syrian firm Dashti & Sons Investment Group and Kuwait's Trade Centers Real Estate Co. declared they will start building a World Trade Center in Syria in the second half of 2007. The New York-based World Trade Centers Association, a not-for-profit organization, licenses the usage of the name to independent commercial operators. The center will cover 1 million square meters of land near Damascus and will house office and commercial space. The project, which is expected to cost $400m, will be developed over several phases and will be completed in six years' time. Regionally, there are WTCs in Lebanon, Jordan, Palestine, Kuwait, Qatar, Oman, the UAE, Egypt, Tunis, Algeria, and Yemen.

*Source: Dow Jones Newswire*

# BANKING

## IRAN

### Foreigners authorized to own up to 40% of local banks

The Monetary and Credit Council announced that foreign investors can acquire up to 40% of local banks. A spokesman said the government will submit a draft bill to parliament that would allow foreign banks to establish branches in Iran, buy shares in Iranian banks, and establish joint venture banks with local investors. If ratified, the bill will authorize foreign investors to purchase stakes of up to 40% in domestic banks, with each legal or real entity allowed a maximum 10% share. About 21 foreign banks have representative offices in Iran including Standard Chartered Bank, Japan's Sumitomo Mitsui Banking Corp, Italy's Banca Nazionale del Lavoro, Spain's Banko Central Hispano, Germany's Commerzbank and Deutsche Bank AG, and Switzerland's Credit Suisse. According to the local press, banks from Australia, Bahrain, Belgium, Britain, Egypt, France, Germany, India, Italy, Japan, Pakistan, Qatar, Spain, Switzerland, the Netherlands, Turkey, UAE and two multinational financial institutions have expressed interest in opening local branches.

*Source: Tehran Times, Iran Daily*

## OMAN

### BankMuscat, Alliance merger to create Omani banking giant

BankMuscat, the largest lender in Oman by market value, plans a merger with Alliance Housing Bank to tap growth in the sultanate's emerging real-estate market. The bank offered to swap its stock for every 3.31 shares in Alliance Bank, valuing the company at 0.375 Omani rials ($0.974) a share, a 36% premium on its market value. The merger will create an Omani banking giant with a combined market capitalization of about OMR1.12bn ($2.9bn), just under a tenth of the sultanate's total gross domestic product of OMR13.6bn ($35.3bn). Alliance Housing became a takeover target a couple of years ago since it started reporting losses because of heated competition despite the boom in the sector. Alliance Bank has until May 25 to decide on the merger before a shareholders vote on June 30.

*Source: Dow Jones Newswires*

## GCC

### Lehman Brothers launches Gulf operations

U.S.-based global investment bank Lehman Brothers announced the formal launch of its Middle East operations. Lehman Brothers said it is bringing its full range of investment banking and capital markets services to the Middle East, as the region is playing an increasingly prominent role in the world economy. Lehman Brothers secured licenses to operate in the Dubai International Financial Center in August 2006 and the Qatar Financial Center in April 2007 and is actively reviewing its entry options for Saudi Arabia and Kuwait, as well as exploring other regional opportunities. Lehman joins other global investment banks that have established direct presence in the region such as Goldman Saks, Morgan Stanley, and private equity giant Carlyle Group, among others.

*Source: Dow Jones Newswire*

## SAUDI ARABIA

### Bad loans reach $1.5bn in 2006

Aggregate bad debts and loan defaults in the Saudi banking sector totaled SR5.8bn in 2006, up from SR4.8bn in the previous year. The rise in bad debt is attributed to individuals borrowing heavily to speculate in the volatile stock market and to the ease of getting credit in the country. But the volume of bad debt remains small and has not reached alarming rates as it accounts for 3% of total personal loans of SR188bn. Individual bad debt ranged mostly between SR50,000 and SR1.5m.

*Source: Arab News*

## UAE

### DIC unit buys stake in HSBC

Dubai International Capital LLC (DIC) said one of its units has made a substantial investment in HSBC Holdings PLC, making it the second Gulf-based investor to take a major stake in the global banking giant within a month. The investment in HSBC, the size of which was not disclosed, was made by NewDawn GSE Asset Management Ltd, itself a unit of DIC Asset Management as well as the 'general partner' for the $2bn Global Strategic Equities Fund (GSEF). Last month, Maan Abdulwahed Al Sanea, a Saudi investor, bought a 3.1% stake in HSBC Holdings worth around $6.57 bn. The acquisition made Al Sanea the second-biggest shareholder in Europe's largest bank, just behind Barclays.

*Source: Khaleej Business Times*

## JORDAN

### Moody's announces bank ratings from implementation of new methodologies

Moody's Investors Service issued rating results for banks in Jordan as part of the application of its refined joint default analysis (JDA) and updated bank financial strength rating (BFSR) methodologies. The agency said the new methodology has mainly benefited the BFSRs of the two smaller banks Cairo Amman Bank and Housing Bank for Trade & Finance, as the BFSR of the largest bank, Arab Bank plc, appears to be well placed. Also, relatively strong financial fundamentals combined with a benign operating and regulatory environment have been the main drivers of the BFSR upgrades for the two Jordanian banks. Moody's assigned support levels to banks in Jordan using its high country support guideline. This guideline takes into consideration the historic evidence of support for banks in addition to the size, strength and the degree of fragmentation of the Jordanian banking system.

Moody’s upgraded Cairo Amman Bank’s BFSR to ‘D-‘ from ‘E+’ and assigned Local Currency Deposit Ratings of ‘Ba1/NP’. The bank’s Foreign Currency Deposit Rating is unchanged at ‘Ba3’. Also, the Housing Bank for Trade & Finance’s BFSR is upgraded to ‘C-‘ from ‘D+’, and its Local and Foreign Currency Deposit Ratings are unchanged at ‘A3’ and ‘Ba3’ respectively. Arab Bank’s BFSR is unchanged at’ C+’ and its Local and Foreign Currency Deposit Rating remain unchanged at ‘A3’ and ‘Ba3’ respectively. All ratings have a stable outlook in line with the outlook of the country deposit and debt ceilings.

*Source: Moody's Investors Service*

# ENERGY/ COMMODITIES

## Oil rises on Nigeria export disruption, gasoline supply in U.S.

Crude oil rose due to concerns that supplies will be disrupted in Nigeria, Africa's largest producer, after a series of militant attacks. Eni SpA, Italy's biggest oil company, had to cut output at Nigeria's Brass crude export terminal by 98,000 barrels a day after a militant group attacked pipelines this week. An increase in U.S. gasoline stockpiles wasn't able to ease worries about supplies. Crude oil for June delivery rose as much as 33 cents, or 0.5%, to $61.88 a barrel in after-hours trading on the New York Mercantile Exchange and traded at $61.78 in London. Brent crude oil for June settlement gained as much as 62 cents to $65.82 a barrel in electronic trading on the ICE Futures exchange and was at $65.77. Four U.S. citizens working for one of Chevron Corp.'s Nigeria unit contractors were kidnapped from an oil vessel.

*Source: Bloomberg*

## Saudis to step up natural gas output

Ali Naimi, Saudi Arabia's oil minister, said that the kingdom was stepping up the exploitation of natural gas to promote local industries and create jobs for the growing population. Mr Naimi said the kingdom would use growing supplies of natural gas and feedstock from related petrochemicals facilities to form clusters of industries, such as car manufacturing, building materials, household appliances and metals.

*Source: Financial Times*

## Bahrain to import Iranian gas

Bahrain is negotiating a deal with Iran to import gas through a new pipeline by 2015. While Bahrain has enough gas to satisfy domestic demand for the next few years, it has to either make new discoveries or start importing.

*Source: Gulf Daily News*

## Kurdistan to review gas resources

The Kurdistan government signed a deal with UAE-based firm Dana Gas and its affiliate, Crescent Petroleum, to review the region's gas resources as well as to launch the Kurdistan Gas City project. The company has also been granted a contract to develop, process, and transport natural gas from the Khor Mor Gas Field and to study the Chemchemal gas field's capacity to supply electrical power generation plants which are under construction near Erbil and Suleymania and expect to be completed by January 2008.

*Source: Global Investment House*

## Base metals: Miners' strike in Peru is currently supporting prices

The trend in base metals prices has continued to paint a mixed picture again this week, with the strike by mine workers in Peru and the better-than-expected US ISM manufacturing index constituting the main drivers fuelling prices in recent days. While the ISM index was a positive factor for the base metal sector overall, the strike has primarily affected the copper, zinc and lead markets. From the medium-term viewpoint, it is recommended to take a cautious stance regarding an investment in the base metal market. In the wake of the remarkable rally in base metal prices seen since February 2007, many markets look increasingly overheated at present. For example, copper and nickel prices have surged by nearly 50% and more than 30% since the outset of February 2007, respectively.

*Source: Credit Suisse*

## Precious metals: Platinum and palladium profit at the expense of silver

Similar to the base metal sector, the trend in precious metal prices has also followed a rather mixed trend in recent days. In the absence of any underlying fundamental data, precious metal prices have traded primarily in line with the US dollar. Accordingly, the recovery of the greenback led to declining gold prices. Silver prices are currently burdened especially by the growing popularity of platinum and palladium. With the launch of the new physical commodity-backed investment vehicles for platinum and palladium, access to physical exposure to these two markets has become much easier. Accordingly, trading activity on the futures markets has also picked up strongly. Open interest for platinum and palladium has surged by more than 70% since the start of the year. Some of this growing interest on the part of investors has come at the expense of investments in the silver market. Some investors are apparently reshuffling their positions in precious metals, which has led to dropping silver prices. Continuing volatility in the silver market is expected.

*Source: Credit Suisse*

| Commodities price developments | level | 6m ave | 12m ave | mom% | yoy% |
|---|---|---|---|---|---|
| Economist commodity price index | 192.9 | 185.7 | 179.4 | 0.2 | 21.7 |
| LME metals price index | 4215.1 | 3720.5 | 3650.7 | 15.4 | 46.7 |
| Oil prices USD | 64.5 | 59.2 | 64.8 | 4.9 | -2.5 |
| Oil prices SDRs | 42.6 | 36.9 | 43.6 | 4.2 | -6.7 |
| Gold $/troy oz | 673.7 | 633.8 | 629.0 | 3.6 | 14.8 |
| Silver cents/troy oz | 1345.0 | 1298.1 | 1247.8 | -0.6 | 14.5 |
| Platinum $/troy oz | 1248.0 | 1161.7 | 1181.6 | 3.7 | 16.1 |
| Copper $/MT | 7304.5 | 6497.0 | 6989.9 | 20.6 | 30.1 |
| Nickel $/MT | 50677.5 | 37617.3 | 31233.0 | 14.4 | 225.1 |
| Aluminium $/MT | 2801.0 | 2766.7 | 2666.5 | 1.8 | 13.8 |
| Zinc $/MT | 3320.3 | 3830.4 | 3585.2 | -1.3 | 22.5 |
| Steel - HR coil dry $/MT | 600.0 | 600.0 | 557.5 | 0.0 | 29.0 |

*Source: Credit Suisse*

# COUNTRY RISK METRICS

| Countries | LT Foreign currency rating: S&P | Moody's | Fitch | CI | EIU | 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 (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **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** | | | | | | | | | | | | | |
| Armenia | - | Baa3 | BB- | - | - | | | | | | | | |
| | - | - | - | - | - | -3.6 | 22.3 | 33.7 | 210.0 | 3.3 | 261.3 | -4.2 | 3.8 |
| Bulgaria | BBB+ | A1 | BBB | - | BBB | | | | | | | | |
| | Stable | - | - | - | Stable | 3.2 | 24.2 | 74.2 | 83.0 | 15.2 | 202.8 | -14.2 | 9.8 |
| Kazakhstan | BBB | A2 | BBB | - | BB | | | | | | | | |
| | Stable | - | - | - | Stable | 0.4 | 4.6 | 69.8 | 170.3 | 32.3 | 455.8 | 2.7 | 5.4 |
| Romania | BBB- | A1 | BBB | BBB- | BBB | | | | | | | | |
| | Positive | - | - | Stable | Stable | -1.9 | 11.5 | 39.9 | 128.7 | 22.2 | 185.8 | -11.0 | 8.6 |
| 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 |
| Ukraine | BB- | Ba3 | BB- | - | BB | | | | | | | | |
| | Negative | - | - | - | Stable | -2.5 | 19.6 | 42.8 | 58.7 | 2.8 | 188.4 | -0.9 | 5.5 |

*Sources: Moody's; EIU*

# SELECTED POLICY RATES

| | Benchmark rate | Current (%) | Last meeting | | Next meeting |
|---|---|---|---|---|---|
| | | | Date | Action | |
| **USA** | Fed Funds Target Rate | 5.25 | 09-May-07 | No change | 28-Jun-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 | 27-Apr-07 | No change | 17-May-07 |
| **Australia** | Cash Rate | 6.25 | 02-May-07 | No change | 05-Jun-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 | 27-Apr-07 | No change | 28-May-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 | 7.25 | 27-Apr-07 | Raise 25bps | 25-May-07 |
| Brazil | Selic Rate | 12.50 | 18-Apr-07 | Cut 25bps | 06-Jun-07 |
| Armenia | Repo Rate | 4.50 | N/A | N/A | N/A |
| Romania | Policy Rate | 7.25 | N/A | N/A | N/A |
| Bulgaria | Overdraft rate | 8.40 | N/A | N/A | N/A |
| Kazakhstan | Reverse repo rate | 9.00 | 01-Jul-06 | N/A | N/A |

*Source: Standard Chartered - Countries in bold updated on May 10, 2007*

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