



## COUNTRY RISK WEEKLY BULLETIN

### NEWS HEADLINES

#### IRAN

##### **Iran rules out any freeze on atomic work**

Iran ruled out any suspension of its uranium enrichment work, either as a precondition for talks with major powers or as part of their outcome. In parallel, inspectors for the International Atomic Energy Agency have concluded that Iran is starting to enrich uranium on a much larger scale after solving key technical problems in that process. A short-notice visit by IAEA inspectors of Iran's operations in its main nuclear facility at Natanz found that Iranian engineers already were using about 1,300 centrifuges and producing fuel suitable for nuclear reactors. The major powers have accused Iran of pursuing a nuclear program to develop weapons but Tehran insists it only wants to produce electrical energy. The U.N. Security Council has passed a resolution demanding Iran suspend all of its nuclear activities, and it has twice imposed sanctions over Tehran's refusal to do so.

Source: *New York Times, Reuters*

#### IRAQ

##### **Iranian, U.S. officials to meet in Iraq on May 28**

Iranian and U.S. officials will meet in Iraq on May 28 to discuss security in the country, a rare face-to-face meeting between the two rivals. Foreign Minister Manouchehr Mottaki said the talks would focus on the situation in Iraq four years after the U.S.-led invasion. He dismissed the possibility of discussing other thorny issues, such as Iran's nuclear program. The U.S. has accused Iran of fomenting violence in Iraq by backing Shi'ite militia there. Iran denies the charges and accuses the U.S. of igniting tension between Iraq's Shi'ite and Sunni Muslims. Iraqi Foreign Minister Hoshiyar Zebari has welcomed the talks. U.S. officials have often said they would meet Iranian counterparts but that talks would have to be limited to Iraq.

Source: *Reuters*

#### ARMENIA

##### **Pro-presidential parties win majority in parliamentary election**

Elections held last week saw pro-presidential parties win a clear majority in the Armenian parliament. The Republican Party emerged as the main winner and will control around 40% of the 131 seats, while the party's two allies will control around 35% of the new parliament. The European Union endorsed the election results which it said represented significant democratic progress and the Organization for Security and Cooperation in Europe said this was the first fair election that Armenia has held. The 2003 parliamentary election was considered below democratic standards. The results confirm support for Prime Minister Serzh Sargsyan who heads the Republican Party, and are viewed as a dress rehearsal for the presidential vote next year. Sargsyan has held various ministerial positions since Armenia's independence from the Soviet Union and became prime minister in March.

Source: *Reuters*

#### SUDAN

##### **Fidelity divests stake in PetroChina**

Fidelity Investments, the world's largest mutual funds company, announced in a filing in the United States that it had sold 91% of its American Depositary Receipts in PetroChina in the first quarter of this year. The decision appears to be related to pressure from activists targeting investors in listed companies with interests in Sudan. The Darfur Coalition, formed to press the Khartoum government to act to end the genocide in Darfur, has been pushing Fidelity and other funds managers to divest from PetroChina because of its parent company's oil business in Sudan. The move is likely to embolden the coalition to increase pressure on other foreign investors to do the same. China National Petroleum Corp, PetroChina's state-owned parent company, owns the largest single share in the consortium that dominates Sudan's oil industry, in partnership with other foreign investors. The Darfur coalition has targeted China because it believes Beijing's financial support for Khartoum, combined with its position as a permanent member of the UN Security Council, have been pivotal in diluting international pressure over the Darfur issue.

Source: *Financial Times*

##### **Delay of U.S. sanctions to help UN in Darfur**

The U.N.'s special envoy to Darfur said Washington's delay in imposing new sanctions against Sudan had given him "diplomatic space" to pressure Khartoum and try to bring warring factions together. Last month, U.S. President George W. Bush said he would hold off on imposing new sanctions against Sudan in order to give the United Nations more time to negotiate with Khartoum over accepting a hybrid U.N./African Union force in Darfur. The U.S. already has sanctions in place. The new measures would include the barring of an additional 29 companies owned or controlled by Sudan's government from the U.S. financial system. In addition, Washington would enact sanctions against individuals responsible for the violence, and Bush has raised the possibility of an international no-fly zone aimed at preventing Sudanese military aircraft from flying over Darfur.

Source: *Reuters*

#### ALGERIA

##### **Algerians vote for a new parliament**

Algerians, shaken by suicide bombings in the capital last month, voted for a new parliament that is expected to remain dominated by the three parties of the governing coalition. Attacks by Islamist groups have threatened the North African country's attempts to rebuild after years of political bloodshed. The poll to choose the 389 members of the lower house of parliament is the third since an Islamist revolt erupted after the cancellation of a national election in January 1992, which a now-outlawed Muslim fundamentalist party was poised to win. Al Qaeda's North Africa wing has called on Algerians to boycott the election.

Source: *Reuters*

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# OUTLOOK

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## MENA

### IMF forecast GDP growth of 5.5% this year

In its semi-annual economic outlook for the Middle East and North Africa region, the International Monetary Fund projected real GDP growth of 5.5% for 2007, slightly down from 5.7% last year. It expected the region's nominal GDP to reach \$1,598bn, up from \$1,477.5bn in 2006. The IMF forecast the region's annual average inflation rate at 9.1% in 2007, up from 6.9% a year earlier. Also, it expected the growth of broad money to slow down to 16.2% this year after rising by 22.3% in 2006 and 20% in 2004.

The Fund projected the region's aggregate fiscal balance to post a surplus of 4.7% of GDP, down from 6.9% in 2006, with GCC economies posting a fiscal surplus of 16.1% of GDP. It expected the MENA region's public debt to continue its downward trend and to reach 35.3% of GDP at end-2007, down from 40.3% of GDP in 2006 and 48% of GDP at end-2005. It also forecast total gross external debt at 24.8% of GDP, unchanged from the previous year. Further, the region's current account balance is projected to post a surplus of 10.5% of GDP, down from 17.1% of GDP in 2006, with GCC economies' current account surplus at 17.3% of GDP, down from 24.6% of GDP in 2006. The IMF expects the region's gross official reserves to continue to increase and to reach \$687bn at end-2007, up from \$585bn at end-2006.

Source: *International Monetary Fund*

## SUB-SAHARAN AFRICA

### Sub-Saharan Africa's economic outlook supported by favorable external factors

Fitch Ratings said the favorable global economic environment, debt relief initiatives and growth of Chinese trade and investment are having a positive impact on Sub-Saharan Africa's economic prospects. The agency said the Multilateral Debt Relief Initiative, record high oil prices and continued high non-oil commodity prices have had positive credit implications for countries in sub-Saharan Africa, while the impact of the expiry of the Multifibre Arrangement, which eliminated quotas on textiles, has been less severe than originally anticipated.

With most of the external debt written off and greater macroeconomic stability, attention is turning to the development of local debt markets as a cost-effective, sustainable source of long-term financing for governments. In addition, there is increased interest by foreign investors in the regions' local debt capital markets and a trend towards international bond issuance for the first time by some sovereigns and private-sector companies. However, countries need to ensure that the funds raised are used productively so as to raise growth potential and retain debt sustainability.

Chinese trade and investment are having a positive impact on the regions' economic prospects by promoting exports growth and markets diversification. The extent to which sub-Saharan African countries benefit will depend on policies to improve their business environment, market and civil institutions,

including enhanced transparency, in order to take better advantage of increased foreign and Chinese investment in the region.

Source: *Fitch Ratings*

## ALGERIA

### Dominance of public banks continues to restrict growth of banking sector

Banking sector reform will be an important element in improving Algeria's economic prospects. Banking activity remains dominated by the three largest state-owned commercial banks, Banque Nationale d'Algérie, Banque Extérieure d'Algérie and Crédit Populaire d'Algérie (CPA). The sale of CPA, which is expected in 2007, should inject some more modern management practices in the sector.

Although privatization of state-owned banks has languished, the operating environment of commercial banks has improved following the launch in February 2006 of a modern inter-bank payments system that replaced a decentralized paper-based system. But many challenges remain. The sector is hampered by the inefficiencies of public banks, which dominate the sector and hold more than 90% of total assets. Their lending to loss-making state-owned enterprises, ongoing weak credit risk assessment, and the opaque relationship between public banks and public enterprises has largely been responsible for the buildup of non-performing loans (NPLs). Public banks' NPLs are estimated to be around 40% of total lending, equivalent to 8% of GDP, with little provisioning in place. Capital injections by the state in support of public banks have continued, distorting risk pricing and restrict the development of a normal credit culture.

Strengthening the governance of the public banks not selected for privatization is a central element of improving their financial and operational standing. In line with this, existing performance contracts between the government and the heads of these banks have been enhanced.

In parallel, private banks generate reasonable profits, but they hold less than 10% of banking sector assets. They remain a competitive force in private sector lending due to the better quality of their service but they are barred by law from lending to state-owned enterprises.

Overall, financial markets remain undeveloped. Abundant liquidity has restricted the growth of the money market and the Algiers stock exchange remains tiny as there are only a handful of firms listed.

Source: *Institute of International Finance*



# ECONOMY & TRADE

## MENA

### FDI at \$24.4bn in 2006

Foreign Direct Investment in the MENA region experienced a sharp increase in 2006 to a record \$24.4bn, up almost 40% in the year and three times the level of 2004. This is due in part to completion of major privatization deals and increased investments in the energy sector. Intra-regional FDI flows increased not only in the energy sector, but also in sectors such as infrastructure, real estate and tourism as investors from oil rich countries are expanding their sights rapidly to other countries in the region. FDI in the region's resource-poor labor-abundant economies jumped 66% to \$18.3bn, while FDI in the resource-rich labor abundant economies doubled to \$3.4bn.

Source: World Bank

## SUDAN

### Investment bank to be set up

The Kuwait-based International Investment Group (IIG) plans to set up an investment bank in Sudan with estimated capital of \$2bn, half of which is thought to be paid up capital. IIG will own 30% of the new venture, institutional investors from Qatar, Saudi Arabia and the UAE will own another 30%, and the Sudanese government will own around 40%.

Source: The Banker Middle East

## SYRIA

### Saudi firm to develop \$350m real estate project

Saudi Real Estate Services Co., or Saudire, said it plans to develop a \$350-million tourism real estate project in Syria in the second half of 2007. Based on the results of an upcoming feasibility study, Saudire will set up a joint venture firm with the Syrian Tourism Development Co., or Al Tanmiya Al Siyahiya. Saudire will own 51% and manage the firm which will be called the Saudi Syrian Tourism Co. The project will be developed on 200,000 square meters of land west of Damascus near Mazzeh area. Its first phase will consist of villas.

Source: Dow Jones Newswire

### \$16m glass manufacturer to be formed

A group of investors from Lebanon, Kuwait and Syria plan to launch this month a glass manufacturing company with a capital of 800 million Syrian pounds (\$16 million). The venture has reserved 105,000 square meters of land in Hassia Industrial City to launch the company. The glass manufacturing firm was licensed at the end of 2006, and registered in the name of Syrian investor Jamil Al Atassi, who is one of the main stakeholders in the company with a 10% stake.

Source: Dow Jones Newswire

## UAE

### Value-added tax on the way

The IMF director for the Middle East and Central Asia said the UAE is moving closer to the introduction of a value added tax (VAT) and most Gulf countries are seriously studying the viability of some form of indirect taxation. He added that Gulf states are moving towards the introduction of VAT, however, its implementation will happen in phases. Service driven economies such as Dubai and Qatar will be the first to implement VAT, with Dubai already having made significant progress. The IMF is advising the UAE on the technicalities of introducing VAT.

Source: Gulf News

## TURKEY

### Fitch downgrades credit outlook to stable

Fitch Ratings revised the outlook on Turkey's sovereign credit ratings to stable from positive while affirming its 'BB-' rating. The main reason for the revision was the higher political risks ahead of the July 22 parliamentary elections. Fitch said that negative political shocks have raised event risk and clouded the credit outlook. Fitch highlighted the possibility of a coalition government after the July 22 elections and said that Turkey's relations with the EU may be more problematic than before if the AKP is forced to form a coalition government. Fitch was the only rating agency which had Turkey's rating on a positive outlook. With Fitch's downgrade, all major agencies now rate their outlooks on Turkish credit as stable.

Source: Fitch Ratings

## ROMANIA

### Trade deficit of €1.44bn in March

Exports rose 16.5% in March to €2.7bn and imports reached €4.2bn, as import growth outstripped export growth at 26.8% yoy. The resulting trade deficit of €1.44bn in March was 51% higher than the €0.95bn deficit in the same month last year. Consequently, the 12-month rolling trade deficit increased to €15.6 bn (15.7% of GDP) in March from €15.1 bn (15.3% of GDP) in February. This means that the current account deficit, which was 11.2% of GDP in the 12 months to February, probably continued to deteriorate in March.

Source: Credit Suisse

### Inflation at 3.8% in April

The CPI inflation rate increased to 3.8% year on year in April from 3.7% yoy in March, mainly due to the 4.2% month-on-month increase in electricity prices, the first significant increase in administered prices since Romania acceded to the EU at the beginning of this year. The prices of non-food products were up 6.4% yoy in April, while the services sector inflation moderated to 5.9% yoy in April from 6.5% yoy in March. The path of the administered price increases will be a key determinant of the inflation rates in the coming months, but the actual inflation rate will likely remain in the 3%-5% target range at the end of this year.

Source: Credit Suisse



# BANKING

## ARMENIA

### Moody's announces rating actions for Armenian banks

Moody's Investors Service issued rating results for banks in Armenia as part of the application of its refined joint default analysis (JDA) and updated bank financial strength rating (BFSR) methodologies. BFSRs evaluate the stand-alone or intrinsic financial strength of banks without reference to external support factors. Moody's upgraded the BFSR of Anelik Bank Co. Ltd and Armeconombank (Armenian Economy Development Bank) to 'D-' from 'E+'. It changed the Global Local Currency (GLC) Deposit Ratings from 'B1/NP' to 'Ba3/NP'. The Foreign Currency Deposit Ratings have been changed from 'B1/NP' to 'Ba3/NP', unconstrained by the country ceiling. All ratings carry a stable outlook.

Source: Moody's Investors Service

## ROMANIA

### Moody's announces rating actions for Romanian banks

Moody's Investors Service issued the rating results for banks in Romania as part of the application of its refined joint default analysis (JDA) and updated bank financial strength rating (BFSR) methodologies. Moody's upgraded the BFSR of Banca Comerciala Romana S.A. to 'D' from 'D-' and assigned Global Local Currency Deposit Ratings of 'Baa1/Prime-2'. The Foreign Currency Deposit Ratings remain unchanged at 'Baa3/Prime-3', and are constrained by the country ceiling. The agency also upgraded the BFSR of Raiffeisen Bank S.A. to 'D' from 'D-' and assigned Global Local Currency Deposit Ratings of 'A3/Prime-1'. The Foreign Currency Deposit Ratings remain unchanged at 'Baa3/Prime-3', and are constrained by the country ceiling. Moody's downgraded the BFSR of Banca Comerciala Carpatica S.A. to 'D-' from 'E+' and assigned Global Local Currency Deposit Ratings of 'Ba3/Not-Prime'. The Foreign Currency Deposit Ratings have been changed to 'Ba3/Not-Prime' from 'B2/Not-Prime'. The ratings on all three banks carry a stable outlook.

Source: Moody's Investors Service

## EGYPT

### Policy rates unchanged

The monetary policy committee (MPC) kept the policy rate unchanged at its regular rate-setting meeting on May 10. The overnight deposit and lending rates stand at 8.75% and 10.75%, respectively. The MPC said that the headline CPI inflation declined to 11.7% year-on-year in April from 12.8% yoy in March and that this was "consistent with the MPC's view that the annual headline inflation rate may have reached its peak and is expected to continue on a declining path" but that "inflationary demand pressures from the current economic growth continues to be a concern."

Source: Credit Suisse

## SYRIA

### Syria Gulf Bank to offer SYP1.5bn rights issue in June-July

Syria Gulf Bank declared it will officially start operations in Syria on June 13, and will offer a rights issue worth SYP1.5bn (\$30m) in June or July to double the bank's paid-up capital to SYP3bn. SGB said if the rights issue is not fully covered by existing shareholders, the bank plans to open up the remaining shares to the public. The bank, which offered a 26% stake to the public in September 2006, will list its shares on the Damascus Stock Exchange when the bourse launches operations. SGB was established in 2006, and is 24%-owned by Bahrain-based United Gulf Bank and 11% by Kuwait's Al Futtooh Investment Co. Kuwait's Global Investment House and Lebanon's First National Bank hold 7% each in SGB. Nashawati said the bank will open officially on June 13.

Source: Dow Jones Newswire

## KUWAIT

### Central Bank cuts repo rate

The Central Bank of Kuwait has cut its repo rate by 25 basis points to 5.5%. This is the second cut in six weeks and is likely aimed at further reducing the incentive for speculators to put positions on to benefit from a revaluation. Meanwhile, the International Monetary Fund urged Kuwait to resist market pressure to revalue the Kuwaiti dinar, saying any change to its USD-KWD peg risked undermining confidence in a stable exchange rate and that any gains from a KWD revaluation would be small.

Source: Standard Chartered

## NIGERIA

### Central Bank to supervise non-banking activity

The Central Bank of Nigeria (CBN) announced it will start consolidated supervision of banks as a consequence of their emergence as financial supermarkets whereby they have diversified into businesses outside core banking. The CBN's Director of Banking Supervision Ignatius Imala said the CBN sent out a circular to all the banks requesting them to supply detailed information on all their subsidiaries, affiliates and related companies. He added that the CBN was working on getting the banks to submit consolidated financial statements that include all their subsidiaries and affiliated institutions.

Source: Vanguard

## TURKEY

### Fitch changes Turkish banks' outlooks to stable

Fitch Ratings changed the rating outlook of 20 financial institutions to Stable from Positive and affirmed their ratings. The change in rating outlooks follows the revision of the outlooks on the Republic of Turkey's foreign and local currency Issuer Default Ratings (IDR) to Stable from Positive.

Source: Fitch Ratings



# ENERGY/ COMMODITIES

## Oil rises on U.S. gasoline supply as driving season approaches

Crude oil rose after the U.S. reported gasoline supplies remain lower than average as summer approaches. Gasoline stockpiles were 7.5% below their five-year average last week according to the U.S. Department of Energy. The summer driving season starts in about two weeks, when gasoline demand peaks in the U.S., the world's largest oil consumer. Crude oil for June delivery rose as much as 32 cents, or 0.5%, to \$62.87 a barrel in after-hours electronic trading on the New York Mercantile Exchange. The contract traded at \$62.86 in London. In its weekly inventory report, the U.S. Energy Department said supplies of gasoline rose during the week ending May 11 as refiners increased their operating rates to 89.5% of capacity, the third weekly gain. Gasoline output reached a 15-week high and imports jumped to 1.5 million barrels a day, the highest in almost a year. In London, Brent crude oil for July settlement rose as much as 52 cents to \$68.53 a barrel in electronic trading on the ICE Futures exchange and traded at \$68.49 in London.

Source: Bloomberg

## Norwegian company to pump Iraqi oil

The first crude oil pumped by a foreign company in Iraq in decades will flow into the global market next month. DNO, a Norwegian oil company, announced that it will begin producing a small amount of oil from the northern Iraqi region of Kurdistan, marking a symbolic return of foreign companies to Iraq after 35 years of state control. But DNO's announcement could add strain to relations between Iraq's Kurdish authorities and the central government in Baghdad. DNO's contract is with the local administration in the relatively peaceful north of Iraq, rather than with Baghdad.

Source: Financial Times

## Kuwait could accelerate production

Kuwait could potentially boost its oil capacity to 4m bpd by 2012 after recent finds, eight years earlier than a previous target of 2010. Kuwait's existing capacity is around 2.8m bpd. Kuwait has also commissioned a report from investment banks Morgan Stanley and Lazard as to the prospects of kick-starting the delayed Project Kuwait plan to boost output from its northern fields.

Source: Reuters

## Algeria to raise gas exports by 2010

Algeria plans to raise annual gas exports by one third to 83 billion cubic meters of gas by 2010, as half of the exports would be liquefied natural gas, according to Energy Minister Chakib Khelil. He said two liquefied natural gas projects, each with a capacity of 4.5 million tons, would be up and running between 2011 and 2012.

Source: AFP

## Base metals: Prices in many markets still look overstretched

Normal trading conditions have resumed on the base metal markets since May 8, in the wake of the return of Asian market participants following the May Day holidays. Accordingly, liquidity has been considerably higher again in recent days compared with the previous week. Amid this environment, base metal prices were not able to extend their rally of last week, despite favorable macroeconomic data emanating from the US. For example, the ISM manufacturing index surprisingly surged to more than 54 points. However, after the remarkable price rally of the last few weeks, it is not surprising to see some profit taking and given the fact that copper prices, for instance, have soared by a total of more than 50% since the outset of February, further risks persist.

Source: Credit Suisse

## Precious metals: Profit taking despite sound fundamentals

Similar to the base metal sector, precious metals have also suffered from profit taking. Gold prices fell below the \$680 mark during the course of the week. However, despite these short-term pullbacks, the fundamental outlook remains intact. Physically backed Exchange Traded Funds continue to register inflows and the physical market also looks strong. According to the latest Mitsui Hedge Book, gold producers reduced their global hedge books by a total of 3.9 million ounces in the first quarter of 2007. This surprisingly high number should help to underpin gold prices in the weeks ahead.

Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	202.9	189.5	182.7	0.8	13.9
LME metals price index	4371.1	3812.0	3745.1	2.3	11.0
Oil prices USD	61.8	60.1	64.1	0.1	-14.3
Oil prices SDRs	40.7	39.9	42.9	-0.1	-15.7
Gold \$/troy oz	673.1	650.9	633.9	-0.4	-4.1
Silver cents/troy oz	1329.0	1334.4	1253.8	-4.0	-7.3
Platinum \$/troy oz	1321.0	1199.6	1197.6	4.7	6.1
Copper \$/MT	8018.5	6587.4	7100.2	2.3	-1.6
Nickel \$/MT	52725.0	41376.4	34470.1	0.7	156.5
Aluminium \$/MT	2831.5	2790.5	2678.3	-1.2	-7.5
Zinc \$/MT	4089.3	3761.3	3635.8	14.2	13.3
Steel - HR coil dry \$/MT	600.0	600.0	570.9	0.0	29.0

Source: Credit Suisse

Oil Market		Closing of May 16	Previous Price	Daily Δ
OPEC Basket	▼	63.63	63.68	-0.07
Brent	▲	66.58	66.44	0.2
Dubai	▼	64.33	64.66	-0.5
WTI	▼	62.61	63.16	-0.8

Source: SHUAA Capital



# COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central govt. 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>													
Armenia	-	Baa3	BB-	-	-	-3.6	22.3	33.7	210.0	3.3	261.3	-4.2	3.8
	-	-	-	-	-								
Bulgaria	BBB+	A1	BBB	-	BBB	3.2	24.2	74.2	83.0	15.2	202.8	-14.2	9.8
	Stable	-	-	-	Stable								
Kazakhstan	BBB	A2	BBB	-	BB	0.4	4.6	69.8	170.3	32.3	455.8	2.7	5.4
	Stable	-	-	-	Stable								
Romania	BBB-	A1	BBB	BBB-	BBB	-1.9	11.5	39.9	128.7	22.2	185.8	-11.0	8.6
	Positive	-	-	Stable	Stable								
Russia	BBB+	A2	BBB+	-	BBB	7.2	10.9	30.4	81.3	3.6	96.9	14.4	0.8
	Stable	-	-	-	Stable								
Turkey	BB-	Ba1	BB-	BB-	B	-1.6	64.9	49.2	117.5	25.2	343.5	-8.2	4.5
	Stable	-	-	Stable	Stable								
Ukraine	BB-	Ba3	BB-	-	BB	-2.5	19.6	42.8	58.7	2.8	188.4	-0.9	5.5
	Negative	-	-	-	Stable								

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
<b>Eurozone</b>	Refi Rate	3.75	10-May-07	No change	06-Jun-07
<b>UK</b>	Base Rate	5.25	10-May-07	No change	06-Jun-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
<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
South Korea	O/N Call Rate	4.50	10-May-07	No change	08-Jun-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
<b>Egypt</b>	overnight lending	10.75	10-May-07	No change	N/A
<b>Turkey</b>	Base Rate	17.50	14-May-07	No change	14-Jun-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 17, 2007



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