

## COUNTRY RISK WEEKLY BULLETIN

### NEWS HEADLINES

#### IRAN

##### **U.S. lawmakers introduce bills targeting Iran business ties**

U.S. lawmakers introduced in the House and Senate Legislation that would "name and shame" companies investing in Iran and allow pension and private funds to divest from such firms. The bill is part of an ongoing attempt by Congress to tighten economic sanctions on Iran and force it to abandon its nuclear weapons program. The Iran Sanctions Enabling Act of 2007 would require the U.S. government to publish a list of companies that have an investment of more than \$20m in Iran's energy sector, and authorize state and local governments to divest out of the assets of their funds. Lawmakers have also filed legislation that would force the Administration to enforce the Iran Sanctions Act, which penalizes international firms such as Royal Dutch Shell, Statoil and Total that conduct business with Iran. So far, the administration has used its waiver authority to not enforce the sanctions, saying that it would undermine an international coalition of diplomatic efforts. Also, another bill was filed that would close a loophole in the Iran Sanctions Act that allows foreign subsidiaries of U.S. companies to invest in Iran.

Many lawmakers fear U.N. Security Council sanctions aren't tough enough and question whether foreign companies and subsidiaries of U.S. firms should be supporting the Iranian economy with their business. Around 35 subsidiaries of different U.S. companies were known to be operating in Iran, including oil services firm Smith International, Schlumberger, General Electric's Canadian, Italian and French subsidiaries, and a Swiss-owned Caterpillar dealership in Tehran.

*Source: Dow Jones Newswires*

#### IRAQ

##### **Congress withdraws timeline for U.S. troop withdrawal**

Leaders of the Democratic Party in the U.S. Congress dropped their insistence that the Iraq war spending bill include a timeline for U.S. troop withdrawal. Still, the bill will have benchmarks for Baghdad to meet, but the President will be allowed to waive those requirements, which means that a quick U.S. military pull-out is out of the picture for now.

In parallel, US President Bush warned Iraqi Premier al-Maliki that Washington expected to see tangible results quickly on the oil bill and other legislation as the price for continued support. Despite increased pressure from the U.S., the oil bill is unlikely to be completed in the first half of the year as it was initially planned. The bill was endorsed by the Iraqi Cabinet three months ago, but has yet to come to the floor of Parliament. The expectations seem to be switching to the third quarter, as top American diplomats and military commanders in Iraq will submit a report on Iraqi progress in September.

*Source: Merrill Lynch*

#### ALGERIA

##### **Governing coalition wins parliamentary elections**

Algeria's three political parties allied with President Abdelaziz Bouteflika have retained their majority in the parliamentary elections held on May 17. The Interior Ministry said the three-party coalition won 249 seats in the 389-member lower house of parliament, with the dominant National Liberation Front winning 136 seats. The other two parties in the coalition, the pro-business National Democracy Rally and the moderate Movement of Society for Peace, won a total of 113 seats. Islamist parties won a total of 59 seats, down from 82 in 2002 and 103 in 1997. The ministry said about 35% of nearly 19 million eligible voters cast ballots in the elections. These are the third parliamentary elections in Algeria since the military canceled the 1992 vote, sparking an Islamist insurgency in the country.

*Source: Voice of America, Maghrebia*

#### KAZAKHSTAN

##### **President ends term limit for himself**

Kazakh President Nursultan Nazarbayev, in power since 1989, signed constitutional amendments allowing him to stand for an unlimited number of terms and raising the prospect of his stay in office for life. Both houses of parliament had overwhelmingly approved a week earlier the change exempting the president from the constitutional limit of two consecutive terms. The nation's fragmented opposition denounced the move as undemocratic, but Nazarbayev's supporters claimed it would ensure stability and investment continuity. Kazakhstan has never held elections judged free and fair by international monitors. The Central Asian state holds 39.6 billion barrels of oil reserves, 3.3% of the world total.

*Source: Reuters*

#### ROMANIA

##### **Impeachment referendum fails**

Romanians rejected an attempt by parliament to impeach reformist President Traian Basescu in a referendum. Results showed that 74% of Romanians voted against impeaching Basescu on charges that he overstepped his authority. Parliament suspended Basescu as president last month and called the referendum on the grounds he had exceeded his authority. His opponents, led by Prime Minister Calin Tariceanu, have also accused Basescu of using the secret service to discredit them. The crisis pushed the European Union newcomer into a political deadlock. Tariceanu said he was ready to cooperate with Basescu, following months of feuding between the two politicians which had contributed to stalling the country's reform efforts. But though Basescu's hand is now strengthened, analysts say corruption and malpractice are so entrenched in Romania's establishment that Basescu may have to wait for general elections in 2008 to push through sweeping reforms.

*Source: AFP, Reuters*

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# OUTLOOK

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## SUDAN

### IMF forecast GDP growth of 11% this year

In its semi-annual economic outlook for the Middle East and North Africa region, the International Monetary Fund projected Sudan's real GDP growth at 11.1% for 2007, slightly down from 12.2% last year, and at 10.2% in 2008. It expected the country's nominal GDP to reach \$47.2bn this year, up from \$37.6bn in 2006. The IMF forecast Sudan's annual average inflation rate at 9.2% in 2007, up from 7.2% a year earlier. Also, it expected the growth of broad money to be unchanged at 27% this year compared to 27.4% in 2006, after rising by 44.7% in 2005. The Fund projected the central government's fiscal balance to post a deficit of 3.8% of GDP, down from 4.2% in 2006. It estimated public revenues at 18.1% of GDP compared to 18.9% of GDP in 2006, and total expenditures at 22.5% of GDP compared to 23.6% last year. The IMF expected Sudan's public debt to continue its downward trend and to reach 73.1% of GDP at end-2007, down from 83% of GDP in 2006 and 105.5% of GDP at end-2005. It also forecast total gross external debt at 63.3% of GDP, down from 75% the previous year. Further, the country's current account balance is projected to post a deficit of 11.5% of GDP this year, down from 14.5% of GDP in 2006. The Fund expects the country's gross official reserves to reach \$1.9bn at end-2007, slightly up from \$1.7bn at end-2006.

*Source: International Monetary Fund*

## ARMENIA

### Banking sector to improve, but spreads still high

The International Monetary Fund indicated that the performance of Armenia's banking sector is improving, but interest rate spreads remain high. The planned financial sector reforms will contribute to financial deepening and the lowering of interest rate spreads through improving efficiency and competition. The IMF said banks are generally well-capitalized, liquid, and profitable, and the quality of loan portfolios has remained sound. Private credit growth remained strong at 28% in 2006, especially consumer and mortgage loans, but credit to the economy is still below 10% of GDP.

According to the Fund, the Central Bank of Armenia (CBA) aims to improve market transparency; increase competition, encourage the entry of reputable banks, and improve efficiency of the unified regulation and supervision framework. In 2006, Crédit Agricole purchased a significant share in the local bank ACBA. In 2007 the Dutch company Postfinance will establish postal bank services at Haypost, and German-based ProCredit Holding is planning to enter the Armenian banking market. The CBA is also developing legislation on securitization and mortgage-backed securities to promote the development of the mortgage market. In addition, the CBA concluded a review of corporate governance at banks, started working on implementing the first pillar of Basel II Accord provisions, and proposed measures to stimulate non-cash payments and the use of the domestic currency in transactions.

*Source: International Monetary Fund*

## SYRIA

### Economic growth estimated at 3.3% in 2007 and 4.7% in 2008

The International Monetary Fund projected Syria's real GDP growth at 3.3% for 2007 and 4.7% in 2008, up from 3% last year. It expected the country's nominal GDP to reach \$35bn this year, up from \$31.5bn in 2006. The IMF forecast Syria's annual average inflation rate at 8% in 2007 compared to 10% a year earlier, but projected a decline to 5% next year. Also, it expected the growth of broad money at 9.7% this year from 7.2% in 2006. The Fund projected the central government's fiscal balance to post a deficit of 6.7% of GDP, up from 3.3% in 2006. It estimated public revenues at 21.3% of GDP compared to 25.2% of GDP in 2006, and total expenditures at 28% of GDP, almost unchanged from to 28.5% last year. The IMF expected Syria's public debt to reach 50% of GDP at end-2007, unchanged from 49.5% of GDP in 2006. It also forecast total gross external debt at 18.5% of GDP, down from 21% the previous year. Further, the country's current account deficit is projected to widen from 1.2% of GDP in 2006 to 3.4% of GDP in 2007 and 3% in 2008. The Fund expects the country's gross official reserves to reach \$15.1bn at end-2007, down from \$16.5bn at end-2006.

*Source: International Monetary Fund*

## RUSSIA

### A stronger GDP growth

Fiscal easing and unseasonably warm weather gave a temporary boost to the year-on-year real GDP growth to 7.8% in the first quarter of 2007 from 6.7% last year as a whole. The first-quarter current-account surplus narrowed to 8% of GDP from 14% a year before and 9.6% last year as a whole, due to a jump in import volumes, a decline in oil and natural gas exports and lower oil prices. Faster ruble appreciation and smaller increases in prices for food and administered items slowed inflation to 7% in March 2007 despite strong ongoing demand pressures. The ruble was supported by a jump in foreign borrowing, much of it by state-owned oil companies, which helped boost foreign exchange reserves to a record \$360bn.

Economic performance should be supported this year and next by high oil prices, assuming their recovery since January is sustained. Medium-term prospects remain less favorable, however. Lagging investment, curbs on foreign ownership and stepped up state intervention will slow growth in energy output and combine with rising domestic consumption to reduce both energy exports and energy-related tax revenues. With appreciation pressures continuing, deficient enterprise-level restructuring will curb non-energy output as well. Strong increases in import volumes and government spending, meanwhile, look likely to shift both the current account and the fiscal surpluses to deficit by 2009. Sovereign risk should remain limited, given large fiscal and foreign exchange reserves. A growing number of little-restructured corporations and domestic banks are likely to face increasing financial risks, however, as rising indebtedness is accompanied by slowing growth.

*Source: Institute of International Finance*



# ECONOMY & TRADE

## SUDAN

### Government sells 8% of its Sudatel holding

The Sudanese government sold 15 million Sudatel shares to an unnamed UAE investor and a private equity portfolio that is affiliated with Khartoum Bank through the Khartoum Stock Exchange. The Sudan-based Ray'aam daily said that the deal amounted to \$33m, or \$2.2 per share, representing 2% of Sudatel's total shares. It also said that the stake that was sold by the government represent 8% out of the 26% that the government owns.

Source: *Al Bayan, Ray'aam*

## IRAN

### Inflation to reach 17%

Iran's Central Bank expected inflation to reach 17% this year with money supply growth continuing to soar. An inflation rate of 17% in the Iranian year that ends March 20 would mark a 3.5% rise from the previous year, amid rising concern about rising prices in Iran. The Bank also projected money supply growth of 40% and economic growth of 5.19% for the current year. Parliament's research center forecast inflation at 23.4% this year after sharp rises in basic foodstuffs and services, especially after the Iranian New Year period in March. Economists have warned that the government of President Mahmoud Ahmadinejad risks fuelling inflation with high spending to fulfill promises he made during trips to the provinces.

Source: *AFP*

## SYRIA

### Tourism revenue at \$2.15bn in 2006, number of visitors up 16%

Figures released by the Central Bureau of Statistics show that the number of tourists visiting Syria reached 3.06 million in 2006, an increase of 16.3% from 2.63 million in 2005. The figures exclude one-day visitors, Lebanese travelers during July and August of last year, as well as Iraqi arrivals. The number of Gulf tourists dropped by 13.4% to 580,000, the number of European visitors regressed by 12% to 220,000 and those from the United States declined by 5.3% to 54,000. Visitors from Jordan grew by 50% to 730,000 and Turkish tourists rose 47% to 250,000 million last year. The number of Syrian expatriates visiting their home country remained stable, slightly exceeding 900,000. Lebanese incomers more than doubled to 820,000, as people used Syria as a transit point to leave Lebanon during the summer war, while Iraqi arrivals increased by 57.5% to 1.15 million.

The number of one-day visitors fell by 36% in 2006 to 1.58 million, down from 2.47 million in 2005. This is largely due to a fall of one-day visitors from Jordan (-67%), Turkey (-56%) and Lebanon (-25.4%). The number of one-day visitors from the Gulf grew by 50% to nearly 12,000, as many Gulf tourists holidaying in Lebanon escaped through Syria last summer to flee the war. The overall number of arrivals reached 6.01 million in 2006, a growth of 3% from the previous year. Tourism revenues rose by 7.5% to \$2.15bn.

Source: *Syria Report*

## GHANA

### Issuance of first Eurobond

Ghana announced plans to bring its first Eurobond issue to market by July. The government has mandated two international investment banks to raise between \$500m and \$750m through a Eurobond issuance, the proceeds of which will be used to develop the energy and telecommunications sectors and for housing and afforestation.

Source: *Merrill Lynch*

### S&P confirms ratings

Standard & Poor's confirmed its 'B+' long-term foreign currency rating with a stable outlook on Ghana. The agency cited the stable political outlook and strong economic growth as key positives supporting the ratings. After the debt relief under the Heavily Indebted Poor Countries initiative, Ghana's public external debt fell sharply to around 18% of GDP at the end of 2006 from 59% of GDP at end-2005, and much of the remaining public external debt is on concessional terms. S&P cited the need for further reforms, particularly on the fiscal side. Real GDP growth was close to 6% in both 2004 and 2005 and the IMF projects even stronger growth for 2006-08. Ghana's creditworthiness is constrained by persistently high fiscal and current account deficits, which also reflect the economy's dependence on cocoa and gold and its vulnerability to oil prices. S&P's said that future upgrades were dependent upon the "prudent use of the relief offered by debt reduction and of the funds raised by debt issuance" as well as the extent to which the government is able to resist higher fiscal spending to finance its projects.

Source: *Standard & Poor's*

## NIGERIA

### Inflation at 4% in April

CPI inflation continued its downward trend in April, falling to 4.2% year on year from 5.3% yoy in March. Non-food inflation has fallen further to 5.4% yoy from 8.9% yoy in March, while food inflation has picked up slightly to a still low figure of just 2.1% yoy from 1.7% yoy in March. The slowdown in non-food price inflation from 8.9% yoy in March to 5.4% yoy in April largely reflects favorable base effects. The central bank had run into difficulties in controlling liquidity in the beginning of 2006 after which inflation accelerated to 16.6% yoy in April 2006.

Source: *Credit Suisse*

## ROMANIA

### Current account deficit deteriorates

Data released by the National Bank of Romania show that the current account posted a €1bn deficit in March, considerably higher than the €0.7bn deficit recorded in the same month last year. It took the 12-month rolling current account deficit up to €1.5bn in March, equivalent to 11.6% of GDP, from €1bn, or 11.3% of GDP, in February. The 12-month rolling foreign trade deficit rose to 15.7% of GDP in March from 15.3% of GDP in February.

Source: *Credit Suisse*



# BANKING

## KUWAIT

### Central Bank abandons dollar peg

Kuwait announced it abandoned the peg to the US dollar in favor of a shift to a currency basket to curb inflation pressures. The Central Bank of Kuwait said the significant drop in the exchange rate of the US dollar against most other major currencies had a negative impact on the Kuwaiti economy over the past two years. It added that the correlation rate of the dinar has contributed to the decline in the purchasing power of the Kuwaiti dinar against major currencies other than the dollar.

The Central Bank said the dinar is now being linked to a basket that reflects both the origin of imports into Kuwait and the destination of Kuwaiti exports and investments, as well as the currencies in which these transactions are made. The Bank managed the currency on a basket basis back in 2002. But in 2003, it switched from benchmarking the dinar against a basket of currencies to peg the dinar to the dollar as part of the GCC monetary union plan. It has already revalued the dinar in January 2005 and May 2006. The Central Bank said Kuwait's decision to abandon the dollar peg won't alter its commitment to meeting a planned 2010 deadline for GCC monetary union. Based on Kuwait's imports, the USD's weight in the basket is estimated at around 30%, including imports from countries with USD pegs. The other components of an import weighted basket should be the EUR (28.6%), JPY (8.4%), GBP (5.7%), CNY (4.5%) and INR (3.5%).

Source: Dow Jones Newswires, Standard Chartered

## UAE

### Central Bank to maintain peg

Central Bank Governor Sultan Al Suwaidi said that the UAE will maintain its current currency reserves of 97% in U.S. dollars and 3% in euros, and has no immediate plans to change its currency peg to the dollar. The dirham-dollar peg is positive for U.A.E. currency as most of the country's imports are in dollars. He said imports from Europe are, however, impacted by the dirham's dollar peg, as the U.S. currency fell steeply against the euro in recent months.

Source: Dow Jones Newswire

## KAZAKHSTAN

### Tenge appreciates by 4.3% in first quarter

Figures released by the National Bank of Kazakhstan (NBK) show a 4.3% real effective appreciation of the tenge in the first quarter of 2007, in line with the 4.1% recorded in the first quarter of 2006. Annual real effective appreciation of the tenge during the full year 2006 amounted to just 0.63%, following the tenge's sharp nominal devaluation in second half of 2006. The tenge appreciated by around 6% per year in both 2004 and 2005 in real effective terms. It is expected to appreciate by another 3% in the second quarter, taking appreciation to around 7.1% in the first half of the year. Given its track record and its overall gradualist and cautious approach to policy making, the NBK is expected to resist real effective appreciation in excess of 10% this year. Also, the NBK is unlikely to engineer the kind of nominal tenge depreciation we witnessed in the second half of 2006, given the monetary policy priorities.

Source: Credit Suisse

## UKRAINE

### Moody's announces rating actions for 22 Ukrainian banks

Moody's Investors Service issued rating results for 22 banks in Ukraine as part of its refined joint default analysis (JDA) and updated bank financial strength rating (BFSR) methodologies. The review of the banks' ratings resulted in the affirmation of all BFSRs at 'E+'. However, five Ukrainian banks' deposit, debt, or national scale ratings were upgraded as a result of the banks' improving financial fundamentals and evolving franchises, and two banks' ratings were downgraded due to their weakening market positions.

Moody's downgraded Khreschatyk Bank's Local Currency Deposit Ratings to 'B3/NP' from 'B2/NP'. Its Foreign Currency Deposit Ratings are downgraded to 'B3/NP' from 'B2/NP', and the long-term National Scale Rating is downgraded to 'Baa1.ua' from 'A3.ua'. Also, Pravex-Bank's Foreign Currency Deposit Ratings are downgraded to 'B3/NP' from 'B2/NP', its long-term National Scale Rating is downgraded to 'Baa2.ua' from 'A3.ua', and the Local Currency Senior Unsecured Debt Rating is downgraded to 'B3' from 'B2'. The National Scale Rating for Local Currency Debt is downgraded to 'Baa2.ua' from 'A3.ua'.

In parallel, Moody's upgraded the ratings of Alfa Bank, Bank Nadra, Forum Bank, First Ukrainian International Bank, and Rodovid Bank. Banks whose ratings have not changed are Credit Dnepr Bank, DonGorBank, Industrialbank, Privatbank Commercial Bank, Raiffeisen Bank Aval, TAS-Investbank, and UkrSotsbank.

Source: Moody's Investors Service

## SYRIA

### Private banks post significant growth in assets

Private commercial banks in Syria had total assets of SYP148.6bn (\$2.9bn) as at end-2006, up 9.6% from SYP75.9bn (\$1.5bn) a year earlier. This excluded the International Bank for Trade and Finance which has not yet published audited financial statements. Aggregate deposits increased by 109% in 2006, reaching SYP123.9bn and aggregate credits increased by 135% reaching SYP28.7bn at year-end 2006. Byblos Bank, Audi and ABS which, in practice, all started full operations recently, registered very high annual growth in assets. The total assets of Bank of Syria and Overseas doubled at the end of last year on the back of a similar surge in its deposits, while Banque Bemo Saudi Fransi continues to lead private banks across most indicators with total assets of SYP62.15bn (\$1.2bn).

#### Key indicators (end of year; SYPbn)

	Assets		Deposits		Credits	
	2005	2006	2005	2006	2005	2006
BBSF	41.80	62.15	37.01	55.83	7.69	11.68
BSO	25.35	49.13	19.95	43.46	4.52	6.42
Audi	4.98	17.78	2.18	13.45	0.016	4.85
Byblos	2.12	9.90	0.032	3.86	-	3.53
ABS	1.69	9.62	-	7.35	-	2.26

Source: Banks' statements

# ENERGY/ COMMODITIES

## Crude oil falls after U.S. refineries increase gasoline output

Crude oil fell in New York after the U.S. government reported refineries had increased production of motor fuels before the peak driving season. U.S. refineries operated at 91.1% of capacity in the week to May 18, up 1.6% from the week before. That was the highest rate since January 5. Crude oil for July delivery dropped as much as 33 cents, or 0.5%, to \$65.44 a barrel in after-hours electronic trading on the New York Mercantile Exchange. The contract traded at \$65.50 in London. Gasoline stockpiles have increased 1.8% to 196.7 million barrels in the past three weeks. They fell in the previous 12 weeks. Supplies were still 7% lower last week than the five-year average for the period.

Brent crude oil for July settlement rose as much as 69 cents, or 1%, to \$71.29 a barrel, a nine-month high, on ICE Futures exchange. It traded at \$71.12 in London. The contract rose on concern supplies will be disrupted from Iran after the U.S. urged stronger measures to stop Iran's nuclear research. Crude gained earlier after Agence France Presse reported that Iraqi militants blew up an oil well near Kirkuk in northern Iraq.

Source: Bloomberg

## Iran's petrol rationing delayed

The Iranian government postponed the rationing of petrol on Tuesday after delays in issuing smart cards to motorists, vowing that the scheme would go ahead in 14 days. Prices were raised, however, by 25%, to about 11 cents a litre, still among the lowest in the world.

Source: Financial Times

## U.S. bill opens OPEC lawsuits

The U.S. House of Representatives has passed a bill which would allow the government to sue OPEC and similar organizations for price manipulation. The White House threatened to veto the bill saying it could raise petrol prices; while Russia's foreign minister said the bill breaks international law. If passed, the law would revoke OPEC immunity from legal action in U.S. courts.

Source: Reuters

## Halliburton eyes Iraq

Halliburton is in discussions with energy companies to enter Iraq, but will wait until security improves before bringing in its personnel. The US oil services firm says it wants to change negative perceptions about it in the marketplace, after its KBR unit, now separated from the company, received several big contracts from the US military in Iraq. CEO Dave Lesar said setting up its corporate headquarters in Dubai would help.

Source: Gulf News

Oil Market		Closing of May 22	Previous Price	Daily Δ
OPEC Basket	▲	66.10	65.88	0.3
Brent	▲	70.79	70.21	0.8
Dubai	▲	65.93	65.62	0.5
WTI	▼	65.28	66.24	-1.4

Source: SHUACapital

## Base metals: Preliminary trade data from China indicates further strong imports

Base metal prices continued to trade in a volatile fashion. After the hefty price gains since February, some pull-back in prices was expected, which is now materializing. Nevertheless, fundamentals continue to look supportive. Preliminary Chinese metals trade data showed another increase in copper imports. Imports of copper scrap came in at an all-time high. The numbers are similar for other base metals. However, despite this supportive news, many markets still look overheated. Therefore, prices are expected to continue to trade in a volatile fashion over the coming weeks.

Source: Credit Suisse

## Precious metals: Platinum has better fundamentals than palladium

Gold prices came under pressure this week as a stronger dollar caused profit taking. In fundamental news, the publication of Johnson Matthey's "Platinum Survey 2007" was the most important event this week. The report suggests a divergent path for platinum and palladium in the months ahead. Johnson Matthey notes that the platinum market moved into a slight surplus in 2006. Nevertheless, strong demand from autocatalysts and increasing investment demand are positive for prices. For palladium the outlook is shakier. According to the Johnson Matthey data, total demand for palladium fell in 2006 and the market exhibits a strong supply surplus. A sizeable surplus is expected for 2007 too. For the time being, the metal should remain attractive only for less risk-averse, trading-oriented investors.

Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	204.3	190.3	183.1	2.0	12.1
LME metals price index	4155.2	3835.6	3751.8	-5.0	8.3
Oil prices USD	64.9	60.3	63.9	3.0	-5.3
Oil prices SDRs	42.9	40.0	42.8	3.6	-6.7
Gold \$/troy oz	661.6	652.7	633.3	-3.9	-4.1
Silver cents/troy oz	1316.0	133.5	1252.2	-5.7	-4.8
Platinum \$/troy oz	1302.0	1205.2	1197.9	2.5	-2.2
Copper \$/MT	7452.5	6623.2	7085.5	-4.9	-13.3
Nickel \$/MT	52487.5	42268.2	35088.4	5.2	152.0
Aluminium \$/MT	2760.3	2796.1	2673.3	-1.4	-7.1
Zinc \$/MT	3669.8	3748.6	3639.6	4.5	0.0
Steel - HR coil dry \$/MT	600.0	600.0	573.5	0.0	29.0

Source: Credit Suisse



# 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	-	AA-	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
Eurozone	Refi Rate	3.75	10-May-07	No change	06-Jun-07
<b>UK</b>	Base Rate	5.50	10-May-07	No change	06-Jun-07
<b>Japan</b>	O/N Call Rate	0.50	17-May-07	No change	15-Jun-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
Egypt	overnight lending	10.75	10-May-07	No change	N/A
Turkey	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 24, 2007



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