



COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

SUDAN

U.S. imposes new sanctions, calls for UN action

The United States imposed new sanctions against Sudan over violence and human rights abuses in Darfur and called for a new UN Security Council resolution that would apply additional punitive measures against Khartoum. The U.S. Treasury Department said it barred from the U.S. trading and financial system three Sudanese individuals, 30 Sudanese government-owned or controlled companies, and a company that violated the arms embargo in Darfur. The penalties follow a warning President George W. Bush issued on April 18. Bush said the Sudanese government failed to honor pledges to stop the violence. The two officials are Ahmed Haroun, state minister for humanitarian affairs, who has already been accused of war crimes by the International Criminal Court, and Awad Ibn Auf, head of Sudan's military intelligence and security. The assets of Khalil Ibrahim, the leader of a rebel group that has refused to back the Darfur peace deal, would also be frozen.

Among the companies targeted with sanctions were GIAD Industrial City, a supplier of armored vehicles to the Sudanese government for military operations in Darfur, and Sudatel, the national telecommunications company. The firms targeted in the petrochemical sector are Advanced Petroleum Company, RAM Energy Company, Bashaier, Hi-Tech Petroleum Group and Hi-Tech Chemicals. Also, the company targeted for violating the arms embargo in Darfur was Azza Air Transport Company. Under the U.S. Treasury's order, the assets owned by these individuals and entities that are within U.S. jurisdiction must be frozen, and U.S. citizens are prohibited from doing business with them. The U.S. first imposed sanctions on the Sudanese government of President Omar al-Beshir in 1997. China, which supplies arms to Sudan and buys more than half of the African state's oil output, said new sanctions would only complicate the crisis in Darfur.

Source: Bloomberg, AFP

NIGERIA

President elect takes office

Umaru Yar'Adua and Goodluck Jonathan were sworn in as president and vice president, respectively, marking the first transfer of power between civilian leaderships in since Nigeria's independence from Britain in 1960. President Yar'Adua emphasized that he would focus on a few key issues early in his presidency that are crucial to the country's development such as the energy and power sector, the Niger Delta unrests, and education. He also stressed that he would seek to reform all public institutions, including the electoral commission, and lauded the passage of the fiscal responsibility bill as a step in that direction. Yar'Adua succeeds Olusegun Obasanjo who stepped down after eight years in office. Nigeria is Africa's biggest oil producer, but is currently losing one quarter of its output to the unrest in the Niger Delta.

Source: AFP

LEBANON

UN approves international tribunal

The UN Security Council approved the creation of an international tribunal for trying suspects in the February 2005 assassination of Prime Minister Rafiq Hariri. The decision was passed with 10 votes in favor and 5 members abstaining, including Russia, China, Qatar, South Africa and Indonesia. The resolution requests the Lebanese authorities to make another effort to ratify the formation of the tribunal domestically by June 10. Failing this, the tribunal will be established on the basis of Chapter 7 of the UN Charter, which gives the Security Council the power to pursue those member states that do not cooperate with its decisions. Syria had indicated that it may not cooperate with such a tribunal, prompting a warning from the U.S. ambassador to the UN on the eve of the vote that it would face 'increasing pressure' in this case.

Source: Agencies

SYRIA

Assad wins referendum

President Bashar Al Assad won a second 7-year term in office after receiving 97.62% of the vote in a referendum in which he was the sole candidate. In July 2000, Assad was also the sole candidate to succeed his father Hafez who had died the previous month, and received 97.29% of the vote. Last month, the Nationalist Progressive Front (NPF), a coalition of the Baath party and nine other parties that has ruled Syria since 1972, won the majority of seats in parliamentary elections on April 22-23, an expected result as two-thirds of the 250 seats are automatically allocated to the NPF. The Baath party won 134 seats and other NPF members won 36 seats. The new parliament unanimously approved on May 10 the nomination of President Assad for a second term. With Syria under emergency law since the Baath party came to power in 1963 and opposition parties banned, authorities have clamped down on pro-democracy activists, drawing criticism from Washington and the European Union.

Source: Reuters, AFP

UKRAINE

Political compromise reached

In a major political breakthrough, the president, the prime minister and the Rada's speaker announced that a compromise to the political crisis has finally been reached. The three leaders announced an agreement to hold early parliamentary elections on September 30 compared to a ballot in mid-July, modifying and adopting in the Rada election-related legislation, and a subsequent stepping down of MPs in order to comply with the president's earlier decrees on dissolving the parliament. All of these steps are to be taken regardless of any decisions that the constitutional court may announce regarding the validity of such decrees.

Source: Reuters, Credit Suisse

OUTLOOK

JORDAN

IMF forecast GDP growth to be unchanged at 6% in 2007 and 2008

In its semi-annual economic outlook for the Middle East region, the International Monetary Fund projected Jordan's real GDP growth to be unchanged at 6% for 2007 and 2008. It expected the country's nominal GDP to reach \$16bn this year, up from \$14.3bn in 2006. The IMF forecast Jordan's annual average inflation rate at 5.7% in 2007, down from 6.3% a year earlier. Also, it expected the growth of broad money to reach 10.3% this year down from 14.1% in 2006, after rising by 17% in 2005. The Fund projected the central government's fiscal balance to post a deficit of 1.6% of GDP, down from 4.3% in 2006. It estimated public revenues at 29.3% of GDP compared to 30.5% of GDP in 2006, and total expenditures at 35.9% of GDP compared to 38% last year. The IMF expected Jordan's public debt to continue its downward trend and to reach 65% of GDP at end-2007, down from 74% of GDP in 2006 and 83.5% of GDP at end-2005. It also forecast total gross external debt at 44.2% of GDP, down from 49.7% the previous year. Further, the country's current account balance is projected to post a deficit of 14.7% of GDP this year, down from 16% of GDP in 2006. The Fund expects the country's gross official reserves to be unchanged at \$6.1bn at end-2007, compared with \$6.2bn at end-2006.

Source: International Monetary Fund

KAZAKHSTAN

Real GDP growth estimated at 9% in 2007 and 8.1% in 2008

The International Monetary Fund projected Kazakhstan's real GDP growth at 9% for 2007 and 8.1% in 2008, down from 10.6% last year. It expected the country's nominal GDP to reach \$91.6bn this year, up from \$77.2bn in 2006. The IMF forecast Kazakhstan's annual average inflation rate at 8.8% in 2007 almost unchanged from 8.6% a year earlier, but projected a decline to 6.8% next year. Also, it expected the growth of broad money at 40% this year down from 79.9% in 2006.

The Fund projected the central government's fiscal balance to post a surplus of 4.8% of GDP, down from 7.8% in 2006. It estimated public revenues at 27.7% of GDP compared to 29% of GDP in 2006, and total expenditures at 22.9% of GDP, compared to 21.2% last year. The IMF expected Kazakhstan's public debt to reach 5.6% of GDP at end-2007, down from 6.8% of GDP in 2006. It also forecast total gross external debt at 82.6% of GDP, compared to 83.1% the previous year. Further, the country's current account deficit is projected to decrease from 1.4% of GDP in 2006 to 0.9% of GDP in 2007. The Fund expects the country's gross official reserves to reach \$24.3bn at end-2007, up from \$19.1bn at end-2006.

Source: International Monetary Fund

ARMENIA

Economic growth estimated at 9% in 2007 and 6% in 2008

The International Monetary Fund projected Armenia's real GDP growth at 9% for 2007 and 6% in 2008, down from a high of 13.4% last year. It expected the country's nominal GDP to reach \$7.7bn this year, up from \$6.4bn in 2006. The IMF forecast Armenia's annual average inflation rate at 4% in 2007 up from 2.9% a year earlier, and projected a further increase to 4.5% next year. Also, it expected the growth of broad money at 25% this year from 32.9% in 2006. The Fund projected the central government's fiscal balance to post a deficit of 2.3% of GDP, up from 1.3% in 2006. It estimated public revenues at 16% of GDP almost unchanged from 15.6% of GDP in 2006, and total expenditures at 18.7% of GDP, compared to 17.6% last year. The IMF expected Armenia's public debt to reach 15.9% of GDP at end-2007, down from 20.8% of GDP in 2006. It also forecast total gross external debt at 17.5% of GDP, down from 18.8% the previous year. Further, the country's current account deficit is projected to increase slightly from 5% of GDP in 2006 to 5.4% of GDP in 2007. The Fund expects the country's gross official reserves to reach \$1.3bn at end-2007, up from \$1.1bn at end-2006.

Source: International Monetary Fund

SUDAN

Oil to remain principal driver of economic growth

An oil-led economic boom, particularly in Khartoum, and a growing peace dividend, focused on the south of the country, combined with rising FDI, are projected to boost private consumption over 2007-08. Government consumption will also rise, on the back of growing oil earnings. However, oil will remain the principal driver of economic growth. In 2007 rising export volumes caused by the coming on stream of new oil capacity are expected to boost real GDP growth to around 13.3%, compared with an estimated 9.6% in 2006. By contrast, in 2008, the slower rate of increase in Sudan's oil output will combine with ongoing strong demand for imports to bring real GDP growth down to around 5.6%.

Price pressures are forecast to remain strong over 2007-08, due to robust domestic demand, combined with additional possible subsidy cuts. As a result, inflation is expected to average above 8% in 2007-08. Oil export earnings are expected to rise in 2007, as a strong increase in average oil output counteracts the effect of a slight fall in international oil prices. This will more than offset the rise in import spending, which is projected to reach \$8.9bn. The trade deficit will therefore narrow slightly in 2007, to around \$730m. In 2008, by contrast, slower oil output growth will result in a more modest 9% increase in the value of exports, and imports will also strengthen further to around \$10.3bn. The result will be a sharp increase in the trade deficit to about \$1.4bn. Overall, the current-account deficit will expand further, from an estimated \$3.8bn in 2006 to around \$5.3bn in 2007. Next year, the deficit is projected to widen further, to about \$6.2bn.

Source: Economist Intelligence Unit



ECONOMY & TRADE

SYRIA

Deal signed on debt write off and rescheduling

Syria and Romania signed a Memorandum of Understanding on the partial write off and rescheduling of the debt owed by Syria to the former Soviet-block country. The two countries reached the agreement earlier this year which has now been formally signed. Syria commits to pay 35% of the €118m it owes to Romania and will refund the amount in 8 instalments over a period of 4 years. In early 2005, Russia agreed to write off 73% of Syria's \$14.5bn debt and to reschedule the balance. Dues to Russia constituted the bulk of Syria's external liabilities. Bulgaria is the only former Soviet-bloc country that still does not have a debt rescheduling deal with Syria on its \$83m debt. Following the agreement with Romania, Syria's total foreign debt stands at \$3.65bn.

Source: *Syria Report*

Orion Holding Overseas gets brokerage license

Dubai-based Orion Holding Overseas said it was awarded a preliminary license to operate in Syria from the Syrian Commission on Financial Markets and Securities. The firm will provide advisory and brokerage services and may add portfolio management later on. The firm will be capitalized at SYP70m (\$1.3m). Orion will have 20% stake in the firm, while the rest will be owned by Syrian investors. Orion said it will have to complete all documents with the ministry of economy in order to get the final license. Orion Holding is a diversified investment group with operations in Switzerland, Jordan, Egypt, Turkey and Kuwait.

Source: *Dow Jones Newswires*

Launch of stock market delayed

The launch of Damascus Stock Exchange will be delayed till the first quarter of 2008 after it was announced earlier that the bourse will start operations in the fall of 2007. The launch date has been postponed due to a delay in installing the electronic trading system. Syrian officials said in the fall of 2006 that the exchange will be launched in the summer of 2007, but until now the Syrian Commission on Financial Markets and Securities received the financial results of only a handful of joint stock companies and banks. The installation process will take between three and six months.

Source: *Dow Jones Newswires*

New water bottling plant

The General Organization of Food Industries (GOFI) said that Syria's third state-owned mineral water bottling plant will start operations within a few weeks. The new plant will have a bottling capacity of 94 million liters a year and will increase the country's total bottling capacity to around 187 million liters per year. GOFI is also adding a bottling plant near Tartous with a capacity of 43 million liters a year and another one with a production capacity of 63 million liters a year near Idlib. GOFI's development drive is in response to increased competition from brands bottled in Arab states, particularly from Lebanon, that are imported under the Arab free trade agreement. No license has yet been awarded to any private sector firm to bottle water in Syria although in theory the sector has been opened to private capital.

Source: *Syria Report*

IRAQ

Iraq begins process to join WTO

Ambassadors from the European Union, Japan and other countries attended the first meeting for discussions on Iraq's bid to enter the World Trade Organization. Iraq applied for membership almost three years ago, and a WTO negotiating group was established in December 2004. Iraqi officials presented a 284-page report of the country's progress in harmonizing its trading rules with international standards. They stressed that the current security situation and political instability in Iraq means it is premature to talk about any timetable for accession. The meeting focused on political support for the Iraqi government, rather than the tough reforms it needs to make. Since the fall of the Saddam regime, the country has taken rapid steps to develop a market economy from a state-planned economy, boosting private enterprise, economic freedom, employment and free trade. Iraq's Trade Minister said Iraqi membership in the WTO would send a powerful message that the country has emerged from decades of international exclusion and is on the path to economic development.

Source: *Khaleej Times*

JORDAN

\$50m investment bank to be established

Kuwait Finance House announced it will establish a \$50m investment bank in Jordan and be a wholly-owned subsidiary of KFH-Bahrain. The new venture will be named Kuwait Finance House-Jordan and will be part of the global KFH network in Kuwait, Bahrain, Turkey, and Malaysia. KFH-Jordan will be incorporated under the laws of Jordan and will be involved in investment banking, advisory investment, acquisitions and development of investments, investments in private equity key market industries, general key player in the Jordanian market.

Source: *Kuwait Finance House*

TURKEY

IMF criticizes tax cut

The IMF criticized the government's recent decision to cut the VAT rate on some food products and the tourism sector to 8% from 18%. The IMF's resident representative in Ankara, that the government had not consulted with the IMF on the proposed VAT cuts and that sector-specific cuts were against the government's policy commitments to the IMF. Meanwhile, Finance Minister Kemal Unakitan said that the government was not considering at this stage any fiscal measures which would offset the tax revenue loss that will be generated by the proposed VAT cuts. Since most of these VAT cuts will be effective from 2008 onwards, the government will have to consider corrective fiscal measures at the time of the preparation of the draft 2008 budget in October.

Source: *International Monetary Fund*



BANKING

SYRIA

Bank of Jordan gets banking license

The Bank of Jordan obtained final approval to establish a private bank in Syria. Bank of Jordan-Syria will have a capital of SYP1.5bn (\$30m) bank and will offer 35% of the bank's capital in an initial public offering in August. Bank of Jordan will own 49% stake of Bank of Jordan-Syria representing the maximum percentage that foreign investors can acquire in a bank's capital under Syrian banking regulations. It plans to have branches in Damascus, Homs, Aleppo and Lattakia, and expects to start operations by the third quarter of the year once the IPO has ended. Bank of Jordan is the third Jordanian bank to receive a license to operate in Syria after the Arab Bank and the International Bank for Trade & Finance.

Source: *Jordan Times*

KUWAIT

Central Bank removes one-month intervention rate

The Central Bank removed the one-month intervention rate in an attempt to reduce speculative inflows which had picked up significantly after the move away from the peg to the US dollar on May 20. Though no official reason was given, the move was seen as an effort to dampen demand for the Kuwaiti dinar and means that banks will have to try to channel excess liquidity, normally placed with the central bank at this rate, through the inter-bank market.

Source: *Standard Chartered*

KAZAKHSTAN

Fitch affirms Bank TuranAlem ratings

Fitch Ratings affirmed the ratings of Bank TuranAlem (BTA) at foreign currency Issuer Default 'BB+', Short-term foreign currency 'B', local currency Issuer Default 'BBB-', Short-term local currency 'F3', Support '3' and Individual 'C/D'. The Outlook on the foreign currency Issuer Default rating (IDR) is Positive while that on the local currency IDR is Stable. BTA is one of the two largest commercial banks in Kazakhstan, with top three positions in all major markets segments. The Individual rating reflects the risks of the bank's very rapid loan growth, significant loan concentrations, in particular in the Russian construction/real estate sector, considerable reliance on external funding and certain weaknesses in the operating environment. However, it also considers BTA's substantial domestic franchise, sound performance and reasonable liquidity.

An equity injection of \$1.5bn should result in core capital approximately doubling by end-2007. This should ensure that capitalization is maintained at adequate levels, even if strong organic growth and acquisitions continue. Loan concentration remains significant, with six of the largest 10 loan exposures representing real estate/construction projects in Russia. Downward pressure on BTA's Individual rating could come from a marked deterioration of asset quality due to ongoing rapid loan growth or if the ongoing equity injection is delayed. Downside risk may also increase if the bank's overall risk profile worsens as a result of further acquisitions.

Source: *Fitch Ratings*

JORDAN

Dubai firms acquire stake in Industrial Development Bank

Dubai Islamic Bank along with Jordan Dubai Capital and Dubai International Capital announced a strategic partnership with the Industrial Development Bank. Terms of the agreement stipulate that the three firms will acquire a major stake in the Jordanian bank via a capital increase exceeding \$100m.

Source: *Dubai International Capital*

Fitch upgrades Arab Bank ratings

Fitch Ratings upgraded the Arab Bank's Short-term rating to 'F1' from 'F2'. The bank's other ratings are affirmed at Issuer Default 'A-', Individual 'B' and Support '5'. The Outlook is Stable. The agency said the upgrade reflects the very strong liquidity that Arab Bank continues to hold on its balance sheet. Also, Arab Bank has a strong deposit base and benefits from 'flight to quality' in times of uncertainty. It added that the substantial capital increase of early 2006 could signify a more aggressive growth strategy, with a particular focus on the retail sector. The ratings of Arab Bank are based on the strong, diversified franchise of the group, and its proven ability to continue functioning as an independent entity during regional crises. While it is domiciled in Jordan, 80% of its activities are conducted outside the Kingdom. Equity is well spread within the group, with over 40% held in Switzerland and only 15% in Jordan.

Source: *Fitch Ratings*

NIGERIA

U.S. removes warning to banks

The U.S. Treasury withdrew a warning to banks it issued in 2002 about deficiencies in Nigeria's anti-money laundering system, according to a statement by the Financial Crimes Enforcement Network. The FinCEN statement said enhanced scrutiny of financial transactions involving Nigeria was no longer necessary, citing government reforms and Nigeria's removal from an international blacklist. "Nigeria has enacted significant reforms to its counter-money laundering system ... and has taken concrete steps to bring these reforms into effect," said the statement.

Source: *Reuters*

UKRAINE

Discount rate cut to 8%

The Central Bank of Ukraine (NBU) cut its benchmark interest rate by 50 bps, effective June 1, bringing the discount rate to 8%. The previous change in the discount rate (a 100-bps cut) occurred in June 2006. The NBU attributed the decision to the very favorable inflation performance since the beginning of the year (inflation totaled just 1.3% over the period, half the projected level) and the scope for a further decline in inflation later in the year. Year-on year inflation, 10.5% in April, is currently picking up due to base effects but is set to fall to below 8% in December. The official end-year target is 6.5% but the NBU expects better results at 6%. In parallel, the NBU said it would be prepared to widen its target band for the currency once a new post-election government is formed.

Source: *Credit Suisse*



ENERGY/ COMMODITIES

Crude oil declines on expectations of rising gasoline supplies

Crude oil for July delivery was at \$63.22 a barrel, down 27 cents, in after-hours trading on the New York Mercantile Exchange. Brent crude, the European benchmark, was trading at \$67.69 a barrel, down 15 cents, on the London-based ICE Futures exchange. Stockpiles of the fuel held 196.7 million barrels on May 18, 7% less than the five-year average for the period. Gasoline for June delivery was at \$2.2630 a gallon after falling 1.1% on May 30, to the lowest close since May 9. The more actively traded July contract was at \$2.1883 a gallon, after rising 0.3% on May 30. New York oil futures have declined 4.4% from the three-week high of \$66.38 reached on May 21, as U.S. oil and fuel supplies rose.

A U.S. Energy Department report on May 31 will probably show U.S. gasoline stockpiles, which remain below their average levels, gained 1.5 million barrels last week, while oil supplies rose for a sixth week. The report will probably show oil supplies gained 1 million barrels last week, taking supplies to an 11-month high. Stockpiles held 344.2 million barrels on May 18, 7.6% more than the five-year average for the period. Attacks on oil facilities and kidnappings of oil workers have halted production of more than 600,000 barrels a day in Nigeria, more than a quarter of output from Africa's biggest oil producer.

Source: Bloomberg

Qatar Petroleum, Tunisia sign \$2bn refinery deal

Qatar Petroleum signed Saturday an agreement with the Tunisian government to develop a \$2-billion oil refinery. The refinery will have a production capacity of 150,000 barrels per day. State-run Qatar Petroleum, in partnership with Britain's Petrofac, will build, own, manage and run the refinery for at least 30 years.

Source: Gulf Times

Iran gears for major LNG deal

Iran expects to sign a multibillion-dollar agreement with a foreign contractor next month to produce liquefied natural gas from its South Pars field. The company was not named. OMV had signed a preliminary deal in April, but the Vienna-based oil company said it was not in a position to sign a final agreement until H2 2007.

Source: Bloomberg

BP signs \$900m Libyan deal

BP has sealed a \$900m deal with Libya to explore for natural gas in the North African country. British officials said the agreement signifies a warming of relations between London and Tripoli. Most international oil companies' interests were nationalized in the 1970s, while others pulled out when the US imposed sanctions in 1986.

Source: Reuters

Oil Market		Closing of May 30	Previous Price	Daily Δ
OPEC Basket	▼	64.21	65.37	-1.8
Brent	▼	68.26	70.16	-2.8
Dubai	▼	63.65	64.70	-1.6
WTI	▲	63.64	63.18	0.7

Source: SHUACapital

Base metals: Profit taking weighs on prices

As already seen in the previous week, base metal prices have again come under downward pressure. The price correction will likely continue for a while longer, particularly on the copper market. In this regard, the situation in China plays a significant role. Following the sharp surge in China's copper imports since the outset of the year, the available supply of the base metal on the world market has dried up noticeably, which, in turn, was the primary trigger for the strong jump in prices since February. Meanwhile, signs are mounting that the supply-side situation for copper in China has improved substantially. Accordingly, copper inventories on the Shanghai Futures Exchange have grown noticeably in recent weeks. Against this backdrop, downside risks to copper prices continue to linger. Since nickel and tin stocks have risen recently, the danger of profit taking hangs over these markets on the heels of the strong rally in prices.

Source: Credit Suisse

Precious metals: Physical demand for gold followed a favorable trend in first quarter

Similar to base metals, precious metals have also been subject to profit taking. However, the current pull-back in prices should prove to be only temporary. New fundamental data on the physical side of the gold market confirm this assessment. For instance, worldwide demand for gold emanating from the jewellery industry soared by 17% yoy in the first quarter of 2007. This is a remarkable statistic, particularly since gold prices were up 17% in the first three months of the year versus last. At the same time, the supply of gold stagnated. These data paint a positive picture for the future outlook for gold prices. One encouraging sign is especially the fact that the usually strong price elasticity of jewellery demand has increased further despite higher gold prices. In the second half of the year, a test of the \$700 mark for gold is probable.

Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	204.3	191.1	183.6	1.3	14.4
LME metals price index	4004.7	3849.9	3759.6	-6.5	7.5
Oil prices USD	64.2	60.5	63.9	-0.5	-5.2
Oil prices SDRs	42.4	40.2	42.7	0.3	-6.9
Gold \$/troy oz	657.0	653.9	633.3	-4.2	2.1
Silver cents/troy oz	1307.0	1335.0	1252.7	-6.8	2.1
Platinum \$/troy oz	1290.0	1208.1	1197.8	-2.4	-0.4
Copper \$/MT	7374.8	6640.4	7074.2	-9.0	-8.8
Nickel \$/MT	50302.5	43035.3	35674.4	-2.9	123.3
Aluminium \$/MT	2784.8	2801.8	2674.1	-2.0	1.6
Zinc \$/MT	3655.3	3721.3	3644.9	-4.1	5.0
Steel - HR coil dry \$/MT	600.0	600.0	576.1	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								
Africa													
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								
Middle East													
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								
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	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
UK	Base Rate	5.50	10-May-07	No change	06-Jun-07
Japan	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
Emerging Markets					
China	One-year lending rate	6.57	18-May-07	Raise 18bps	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	28-May-07	No change	24-Jul-07
Thailand	1D Repo	3.50	23-May-07	Cut 50bps	18-Jul-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	21-May-07	No change	N/A
Mexico	Target Rate	7.25	25-May-07	No change	22-Jun-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 31, 2007



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