



COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

TURKEY

Likely French opposition to EU negotiations

France could block the opening of one of the three chapter-negotiations that the European Union's German presidency is planning to start with Turkey before the end of this month. This might be a first concrete sign of the opposition of France's President Nicolas Sarkozy to Turkey's full EU membership. The EU's German presidency is planning to open the chapters on statistics, financial controls, and economic and monetary union with Turkey before the end of June. But France is against the opening of the chapter on economic and monetary union which "implies integration into EU institutions." French officials have reiterated that Turkey's accession negotiations could not carry on as usual, given France's reservations on the issue. Reportedly, French President Sarkozy is consulting with Greek Cypriots on a possible blockage to the opening of three new chapters for negotiation this month.

Source: *Financial Times*

IRAQ

PKK declares ceasefire

The separatist Kurdistan Workers Party (PKK) declared a unilateral cease-fire with Turkey, saying, "We want peace and we are ready for negotiations". It pledged no further attacks against Turkish targets "other than for self-defense" and urged the government in Ankara to end hostilities, especially with a national election scheduled for next month. The PKK has been fighting for Kurdish autonomy for more than two decades and is blamed for the deaths of dozens of Turkish government troops and village guards since early May. Turkey threatened to invade northern Iraq if the PKK continues its attacks. Last week, there were reports of a heavy Turkish military buildup along the border with Iraq, where the PKK maintains bases.

Source: *CS Monitor*

MAURITANIA

President reduces own salary

Mauritanian President Sidi Mohamed Ould Cheikh Abdallahi gave up 25% of his salary and called on Cabinet members to take the same step, according to a government statement. The decision followed an announcement last week of a budget deficit of \$112m, caused by a drop in petroleum receipts. The move reportedly also aims at narrowing the gap between the ministerial salaries of \$3,500 and those of other civil servants, which do not exceed \$260.

Source: *Magharebia News*

SUDAN

Sudan accepts AU-UN force in Darfur

Sudan accepted the deployment of a joint African Union-United Nations force for Darfur, in a move to end violence and bring humanitarian aid to the western Sudanese region. A joint statement by the AU, the UN and Sudan said the Khartoum government has "accepted the joint proposals of the hybrid operation" and that delegates at the three-way talks had agreed on the need for a comprehensive ceasefire accompanied by an inclusive political process. Khartoum had previously rejected attempts to send UN peacekeepers to Darfur.

There are currently around 7,000 AU peacekeepers in Darfur but they have been unable to halt the clashes. Sudan had previously accepted two phases of a three-phase plan proposed last year for peacekeeping operations but had not signed off on the details of the final phase. The United States expressed skepticism, pointing out that Sudanese President Omar al-Beshir has reneged in the past on commitments about accepting such a force.

Source: *AFP*

ALGERIA

Nuclear energy deal signed with U.S.

Algeria signed a nuclear energy agreement with the United States on June 9th, the first of its kind between the two countries. The agreement provides for the sharing of expertise and the establishment of joint programs. Algerian Minister of Energy Chakib Khelil described the agreement as an historical start to bilateral cooperation in the field of nuclear energy for peaceful purposes. The agreement covers cooperation between American laboratories and Algerian research institutes specialized in the nuclear field, the operation of nuclear energy generating equipment, the management of nuclear waste, environmental monitoring, and the safe operation of reactors. The Algerian-American nuclear research agreement comes just weeks after French President Nicolas Sarkozy announced Paris' desire to lend support to Algeria in developing its nuclear programme. A French delegation would be visiting Algeria soon to study nuclear co-operation opportunities.

Source: *AFP*

IRAN

Ahmadinejad's policies criticized

Some 60 economists this week wrote to Iran's President Mahmoud Ahmadinejad criticizing his government for putting short-term welfare above long-term sustainable development. The government's indecision over two major issues, the lifting of petrol subsidies and bank lending rates, is a particular source of confusion. Bankers are anxious at government plans to force state and private banks to lend money below the real rate of inflation.

Source: *Financial Times*

OUTLOOK

MIDDLE EAST/AFRICA

Net private capital flows to reach \$31bn in 2007

After reaching a record level of nearly \$30bn in 2006, net private capital flows to the Middle East/Africa region are expected to jump to \$31bn in 2007. **Net equity investment** is projected to reach a record high \$25.1bn this year mostly due to a rise in foreign direct investment. **Net direct investment** is projected to reach a record level of more than \$17bn this year, compared to net inflows of nearly \$7bn last year, and become the largest source of capital flows to the region. Egypt and South Africa account for 80% of net FDI to the region. **Net portfolio equity** flows are expected to drop to \$8bn after reaching \$12.6bn in 2006. South Africa will account for most of the flows to the region.

Following **net commercial bank inflows** of more than \$1.5bn last year, large outflows from Egypt and elsewhere in the region are likely to result in net aggregate outflows this year of about \$1.4bn.

The region is projected to make **net repayments to official creditors** in 2007 of \$2.7bn, down from \$10bn last year. Algeria will account for most of the net repayments from the region to official creditors this year as it works to complete payments to Paris Club creditors. Egypt is likely to receive the largest amount of net disbursements in the region this year with net inflows of \$0.6bn, similar to the amount received in 2006. International financial institutions will account for nearly all of the inflows.

The region's current account surplus is expected to increase to nearly \$16bn from \$15bn last year. Resident lending abroad is projected to increase, but lower official outflows and stronger private capital inflows should result in nearly \$35bn of reserve accumulation this year, pushing the region's reserve holdings to \$187bn, the equivalent of almost 10 months of import coverage. The figures cover Algeria, Egypt, Morocco, Tunisia and South Africa.

Source: *Institute of International Finance*

UKRAINE

Bright medium and long term prospects

The International Monetary Fund indicated that the prospects for the Ukrainian economy look extremely positive over the medium and long term, as the country is benefiting from favorable world markets for its exports, low interest rates and a positive view by investors. The IMF is forecasting GDP growth of 5% in 2007 and 4.6% in 2008, as robust growth in the first 4 months of the year reached 7.9% on an annualized basis. The Fund said it received assurances from both political camps that economic policies would not be affected by political tensions, and expects politicians to avoid sharp increases in social or other spending ahead of the upcoming elections.

It added that there is a consensus in Ukraine on the need to further integrate the economy into international goods and financial markets. It encouraged this approach and recommended,

along with it, a coordinated macroeconomic strategy to help bring Ukraine's per capita income closer to levels in the more advanced transition economies and to manage risks that could result from further integration such as volatility of capital flows. It encouraged measures to improve the investment climate, a prudent fiscal stance in 2007-08, a new monetary framework to target low and stable inflation, and careful regulation and supervision of the financial sector to ensure risks are minimized.

Source: *International Monetary Fund*

BULGARIA

Growth expected at 6% for 2007-08

The International Monetary Fund indicated that Bulgaria's macroeconomic outlook remains promising, with GDP growth likely to be around 6% during 2007-08 and inflation to decelerate. At the same time, the large current account deficit, projected to increase further this year, poses risks. While the widening of the deficit reflects confidence in Bulgaria's future, it also implies an increase in the country's vulnerability to external shocks. The IMF urged the government to maintain the prudent stance of fiscal policy that has served the country well, as the currently favorable international economic environment provides the right context to continue fiscal consolidation, to further build up liquidity to face potential financial market turbulence, and to prepare for the eventual fiscal burdens that will be posed by the aging of Bulgaria's population. It recommended far-reaching reforms to improve the business climate, increase competition, and enhance the flexibility of labor markets.

The Fund noted that financial intermediation has increased substantially in recent years, a visible sign of recovery from the financial collapse a decade earlier. At the same time, rapid credit growth can be accompanied by increased risks, and strong supervision is needed to protect the soundness of the banking system. It commended the authorities for maintaining a tight prudential framework.

Source: *International Monetary Fund*

TUNISIA

Positive medium-term outlook, but unemployment remains key challenge

The International Monetary Fund Article IV mission indicated that the Tunisian economy's short- and medium-term outlook remains favorable. Real GDP growth is expected to accelerate to 6% in 2007, while inflation should be around 3%. The budget and current account balances are not expected to change significantly. It noted that to reduce the unemployment rate below 10%, growth must increase significantly and be better geared towards creating more jobs for university graduates. The IMF called on Tunisia to strengthen its macroeconomic position and implement the necessary reforms to boost growth in the context of its deeper integration into the world economy.

Source: *International Monetary Fund*



ECONOMY & TRADE

SYRIA

Three largest tourism projects fail to attract investors

The Ministry of Tourism said three of its largest tourism projects worth up to \$6bn failed to attract investors when it invited bids in April. The ministry was hoping to attract a large company to invest in the projects, but hadn't received any applications when it closed bids at the end of May. Al Sanaoubar, the largest of the three projects, is supposed to cover 13 million square meters of land in the coastal city of Lattakia. It is supposed to include residential units, shopping centers and restaurants. The second project is the Lake Assad tourism village near Aleppo, worth between \$1bn and \$1.5bn, and the third is a \$200m tourism village in Palmyra. The ministry plans to pitch the projects again in a bid to attract investment from large companies.

Source: *Dow Jones Newswires*

Nine firms qualify for market listing

The Commission on Financial Markets & Securities indicated that 9 companies have fulfilled the necessary financial requirements to qualify for listing on the Damascus Stock Exchange, including disclosure of financial results for the past two years. The companies are Banque Bemo Saudi Fransi, International Bank for Trade & Finance, Arope Insurance Company, National Insurance Company, Syrian Kuwaiti Insurance Company, United Group, Al Ahlia Vegetable Oil Company, Al Ahlia Company for Transport, and Al Kalamoon Company for Plants & Animals.

Source: *Dow Jones Newswires*

UAE

Foreigners may own 100% of local companies

Minister for Economy Shaikha Lubna Al Qasimi said the UAE may allow 100% foreign ownership of local companies in certain sectors of the economy including the services sector. The current Companies Law restricts such ownership outside the free zones to a maximum 49%, with only 25% permitted in insurance. The minister added that companies in the finance sector will be open to majority foreign ownership. The changes would be in line with WTO requirements and guidance. The new law will be submitted to the Cabinet for approval this summer, and could be enacted starting in 2008.

Source: *Euler Hermes*

SAUDI ARABIA

Bear Stearns to enter Saudi market

New York-based investment bank Bear, Stearns & Co. announced it has formed an asset-management joint venture with a group of Saudi executives to provide traditional investment products and to develop specific offerings that comply with Sharia law. Bear Stearns said the venture is its first step into the Arabian Gulf region. The new Bear Stearns Arabia Asset Management will be registered in Saudi Arabia and headquartered in Riyadh. The venture's traditional offerings will include equity, fixed-income, hedge-fund and private-equity. Prince Mishaal Bin Abdullah Bin Turki Al-Saud, chief executive of Zad Investment Co., will be chairman of the venture.

Source: *MarketWatch*

EGYPT

Current account surplus at \$1.3bn in first quarter 2007

Data released by the Central Bank of Egypt shows that the current account posted a surplus of \$1.3bn in the first quarter of 2007, bringing the 12-month rolling current account surplus to \$3.1bn, or 2.6% of GDP, in March, up from \$2.7bn (2.3% of GDP) in December. Although the 12-month rolling trade deficit deteriorated to \$14.1bn in March from \$12.6bn in December due to acceleration in import growth, other components of the current account more than offset this deterioration. The 12-month rolling services balance improved to \$2.6bn in March from \$2.1bn in December, the 12-month rolling incomes balance improved to \$1.1bn in March from \$0.8bn in December, and the 12-month rolling transfers increased to \$6.4bn in March from \$5.8bn in December. Also, the 12-month rolling balance of gross FDI inflows increased to \$10.5bn in March from \$10bn in December.

Source: *Credit Suisse*

SUDAN

Government sells 70% of Sudan Airways

The Finance Ministry declared it has sold a 70% stake in national carrier Sudan Airways to the Kuwaiti Aref Investment Group and Sudan's Al-Fiha company for a total of \$175m. Aref Investment Group will acquire 49% of the carrier and Al-Fiha 21%, with the government retaining 30%. Aref has already paid \$56.35m of the purchasing price and the two firms will disburse the full amount over two years. The Sudanese flag carrier said that the move is part of the government's privatization program. The firm also intends to float 25% of its shares within the coming five years. American sanctions imposed in 1997 seriously crippled the airline whose fleet of 11 planes is made up of Boeing, Airbus and Fokker aircraft.

Source: *Reuters*

TURKEY

Inflation better than expected in May

CPI inflation came out at 0.5% in May, versus the consensus forecast of 0.9%. The new figure brought the year-on-year inflation rate sharply down to 9.2% in May from 10.7% in April. This was the lowest year-on-year inflation rate since the exchange-rate shock of May 2006. Food price inflation decelerated to 10.6% in May from 13.3% in April, and non-food inflation also declined sharply to 8.8% yoy in May from 9.8% yoy in April and 10.1% yoy in March. Accordingly, all core inflation figures declined to single-digit levels in May. A key development, as in the previous months, was the low month-on-month increase in the housing component of the CPI basket.

Source: *Credit Suisse*



BANKING

ALGERIA

Deutsche Bank establishes direct presence in Algeria

Deutsche Bank Group announced it is establishing a direct presence in Algeria by acquiring a 51% stake in Strategica, a local financial advisory company, and by setting up an Algerian subsidiary, Deutsche Securities Algeria. The bank's vice chairman said the transformation of the Algerian economy in recent years and the reforms of the financial sector have convinced Deutsche Bank of the need for a direct presence and long term commitment in the country. Deutsche Bank and Strategica have worked in the past on various projects and will merge the advisory teams and business of the latter into the bank. Algiers will become the center of Deutsche Bank's business for the Maghreb region. The bank plans to offer a range of investment banking services on a regional basis such as mergers and acquisitions, private equity, issuing and placing debt instruments, initial public offerings, project finance, and derivative products, among others.

Source: Deutsche Bank

JORDAN

Foreign reserves at \$6.3bn

Gross official foreign currency reserves reached \$6.3bn at the end of April 2007, compared to \$6.4bn at the end of March 2007, a decrease of 1.26%. Cumulative net proceeds generated from Jordan's privatization program totaled \$861.5m at the end of March 2007, a slight drop of 0.16% compared to the \$862.9m at year-end 2006. The decrease resulted from negative net proceeds during the first quarter of 2007 as receipts reached \$2.7 million, while expenses amounted to \$3.9 million.

Source: Al-Rai Daily

SAUDI ARABIA

Fitch Affirms NCB ratings

Fitch Ratings affirmed National Commercial Bank's ratings at Issuer Default 'A' with Stable Outlook, Short-term 'F1', Individual 'B' and Support '1'. The Support Rating Floor is unchanged at 'A'. The agency said NCB's ratings reflect its strong profitability, large franchise, access to low-cost funding as well as sound asset quality and capitalization and the probability of support. They also reflect modest concentrations in corporate loans and deposits.

Fitch's view of support is based on the size of the Saudi government's stake of 79% and the bank's large franchise. The bank benefits from the continuation of a buoyant economic environment in Saudi Arabia to grow its loan book and fee income. Brokerage and mutual funds fee income of about SAR1.3bn in 2006 is highly unlikely to be repeated in 2007 after the crash in the domestic stock market. Consumer loan growth for the banking sector will also slow in 2007 after the crash and new regulations from the bank's regulator.

Source: Fitch Ratings

SYRIA

Arab Bank Syria to double capital

Arab Bank Syria announced it will double its capital to SYP3bn, or \$57.5m, in July through a rights issue. The bank said the capital increase is in line with the bank's strategy to expand in Syria and to set up more branches and expand its loans portfolio. The bank has currently five branches and plans to open soon two more branches in Damascus and Lattakia. It aims to have 9 branches in the country before the end of 2007. The bank's total assets reached SYP15bn and loans amounted to SYP2.5bn since it started operations in 2006.

Source: Dow Jones Newswires

Jordan's Inveshouse to open commercial, Islamic banks in Syria

The Amman-based Investment House for Financial Services, or Inveshouse, said it will apply this month for two licenses to open an Islamic bank with a capital of \$100m and a commercial bank with a capital of \$60m in Syria. Inveshouse, which has a paid-up capital of \$8.5m, provides investment services including corporate finance, mergers and acquisitions, private placements and public offerings, brokerage, and financial advisory. First Finance Company, a mian shareholder in Investhouse, will be the primary shareholder in the Islamic bank because it is Sharia-compliant and has experience providing Islamic financial services. Inveshouse, along with Syrian and Arab investors, will have a stake in the two banks.

Source: Dow Jones Newswires

EGYPT

Moody's announces rating actions for Egyptian banks

Moody's Investors Service issued rating results for banks in Egypt as part of the application of its refined joint default analysis (JDA) and updated bank financial strength rating (BFSR) methodologies. The agency downgraded the BFSR of Banque Misr to 'D-' from 'E+', and kept unchanged the BFSRs of National Bank of Egypt at 'D', Banque du Caire and Bank of Alexandria at 'D-', and Commercial International Bank at 'C-'. Moody's said the Foreign Currency Deposit Ratings of all banks remain unchanged at 'Ba2/Not-Prime', and are constrained by the country ceiling. All ratings carry a stable outlook.

Source: Moody's Investors Service

KAZAKHSTAN

Foreign reserves at \$39bn

Foreign currency reserves at the National Bank of Kazakhstan (NBK), including National Oil Fund assets, stood at \$39.2 bn at the end of May. Foreign reserves fell to \$21.8bn in May from \$22.3bn in April and National Oil Fund assets rose to \$17.5bn from \$16.4bn. Since the start of the year, total reserves increased by \$6bn in the first 5 months of the year, or \$1.8bn less than reserve accumulation in January- May of last year. Reserve accumulation averaged \$1.2bn per month between January and May, while average monthly accumulation in 2006 amounted to \$1.5bn.

Source: Credit Suisse



ENERGY/ COMMODITIES

Oil rises as U.S. refiners cut output and Iran advances enrichment

Crude oil rose after a U.S. government report showed refineries cut their operating rates, raising concern fuel supplies may fall short of demand this summer. U.S. refiners used 89.2% of their plant capacity last week, the lowest since May 4 and the lowest rate in 15 years for that time of year. Iran, the Middle East's second-largest producer of crude, is advancing its nuclear research, which has been opposed by the U.S. and allies. Crude oil for July delivery rose as much as 28 cents, or 0.4%, to \$66.54 a barrel in after-hours electronic trading on the New York Mercantile Exchange. The contract traded at \$66.49. in London. The United Nations Security Council is gearing up for a new round of sanctions against Iran, Group of Eight leaders said June 8 in Germany. Some analysts and traders are concerned that new sanctions may disrupt crude supplies from the Middle East.

The U.S. imported an average 1.16 million barrels of gasoline a day last week, down 23% from a week earlier and the lowest since the week ended April 27. Crude oil and diesel imports also fell. Brent crude for August settlement was at \$70.38 a barrel, up 43 cents, on the London-based ICE Futures exchange in London. The July contract, which expires on June 14, was at \$70.35 a barrel. Gasoline for July delivery rose 0.97 cents to \$2.165 a gallon in New York, after gaining 1% to \$2.1553 on June 13. Gasoline futures have risen 35% this year, outpacing the 8.4% increase in New York crude oil. Stockpiles of the motor fuel gained 3,000 barrels to 201.5 million on June 8, 5.2% below than the five-year average for the period.

Source: Bloomberg

Aramco 400,000bpd refinery

Saudi Aramco is building a 400,000 bpd refinery that will cost up to \$8bn. The refinery, which will be located at Ras Tanura, is due to come online in early 2012. The existing refinery at Ras Tanura already has a capacity of 550,000 bpd, and the new plant would make it one of the world's largest refinery complexes.

Source: Reuters

Bahrain to import gas from Iran

Bahrain plans to import gas from Iran, according to Bahrain's foreign affairs minister Sadiq Al Baharna. Al Baharna is currently meeting Iranian officials in Tehran. Bahrain also affirmed its "supportive stance" for Iran's nuclear program.

Source: BNA

40 years of oil left

The world has enough proven oil reserves for 40 years of consumption at current rates, according to the BP Statistical Review of World Energy. The review found that world's proven reserves of natural gas rose slightly, and are enough to provide more than 60 years of current consumption. Renewable energy use was growing quickly but from a very low base.

Source: Financial Times

Oil Market		Closing of June 13 (US\$)	Previous Price	Daily Δ
OPEC Basket	▲	65.39	65.04	0.5
Brent	▲	69.73	69.06	0.9
Dubai	▲	65.52	64.53	1.5
WTI	▲	65.86	65.35	0.7

Base metals: Negative market sentiment prevails

In the wake of the slight recovery the previous week, base metal prices continued to correct in recent days. This correction had commenced in mid-May. For example, the price of copper retreated back below the \$7,500 mark. Nickel prices also continued their correction and, in the interim, are hovering at less than \$45,000. The current price correction is attributable primarily to developments in China. Base metal imports have grown significantly since last year. But due to the strong spurt in imports, the available supply of base metals in China is currently increasing as well, leading to rising inventory levels: e.g., registered stocks of lead, nickel and aluminium are now climbing. Although copper inventories are falling on the London Metal Exchange (LME) at present, they are rising on the Shanghai Futures Exchange. Consequently, the correction in base metal prices will likely continue for a while. Many markets are still overheated following the noticeable surge in prices from February to April, so further declines in prices are anticipated.

Source: Credit Suisse

Precious metals: The recovery continues

Precious metal prices have staged a noticeable recovery in recent days on the heels of the brief correction seen since the beginning of May. Consequently, the price of gold has climbed back above the \$670 plateau in the course of the week. Silver prices showed a much more pronounced recovery and are currently trading at \$13.65, or somewhat more than 6.5% above the low point of mid-May. Although the weaker US dollar also played a role in the recovery of precious metal prices in recent days, the positive fundamental data have had an effect as well, particularly in the case of the gold market. For example, physical commodity-backed exchange-traded funds (ETFs) in gold are registering new inflows again, and the physical side of the market looks encouraging too. As a result, the gold market recorded a physical supply-side deficit in the first quarter due to robust demand emanating from the jewellery industry. Further price gains are expected in the weeks ahead.

Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	206.7	192.4	184.5	3.1	18.5
LME metals price index	4081.8	3871.6	3775.6	-10.4	11.4
Oil prices USD	66.9	60.8	63.6	8.7	-5.6
Oil prices SDRs	44.2	40.3	42.5	9.4	-7.4
Gold \$/troy oz	668.5	655.6	634.1	-3.1	6.7
Silver cents/troy oz	1369.0	1332.3	1256.4	2.2	19.5
Platinum \$/troy oz	1300.0	1217.6	1198.6	-0.8	6.5
Copper \$/MT	7447.5	6678.0	7050.9	-9.5	0.2
Nickel \$/MT	44505.0	44146.1	36723.6	-15.3	105.8
Aluminium \$/MT	2691.0	2801.0	2677.8	-3.9	8.5
Zinc \$/MT	3641.5	3665.3	3643.7	-11.1	2.4
Steel - HR coil dry \$/MT	600.0	600.0	581.3	0.0	29.0

Source: Credit Suisse



COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	EIU								
Africa													
Algeria	-	-	-	-	BBB	9.9	19.5	3.8	6.4	1.6	5.0	15.7	0.8
	-	-	-	-	Positive								
Angola	-	-	-	-	CCC	1.8	16.9	21.6	22.0	11.4	216.9	22.7	4.6
	-	-	-	-	Stable								
Egypt	BB+	Baa2	BB+	BB+	B	-7.5	91.5	24.7	119.2	5.8	118.0	1.4	5.1
	Stable	-	-	Stable	Stable								
Ethiopia	-	-	-	-	CCC	-5.7	77.9	23.7	128.7	2.7	246.1	-16.5	2.2
	-	-	-	-	Stable								
Libya	-	-	-	-	BB	32.2	5.8	10.3	14.5	3.1	7.8	18.5	2.8
	-	-	-	-	Stable								
Morocco	BB+	Baa2	-	BB+	BB	-2.7	55.9	24.0	130.8	9.6	75.3	4.0	1.9
	Stable	-	-	Stable	Stable								
Nigeria	BB-	-	BB-	-	BB	-1.4	11.1	4.0	8.7	3.7	14.18	9.7	1.4
	Stable	-	-	-	Stable								
Sudan	-	-	-	-	CC	-2.3	51.5	58.4	296.5	3.6	-	-9.8	7.4
	-	-	-	-	Stable								
Tunisia	BBB	A3	BBB	BBB	BB	-2.9	54.8	54.7	134.2	15.2	260.1	-1.6	2.7
	Stable	-	-	Stable	Stable								
Middle East													
Bahrain	A	A1	A-	BBB+	A	6.1	25.8	129.0	63.1	5.8	750.7	9.9	12.1
	Stable	-	-	Stable	Stable								
Iran	-	-	B+	BB-	BB	-11.1	24.1	5.2	20.3	3.2	25.4	3.1	0.0
	-	-	-	Stable	Negative								
Iraq	-	-	-	-	D	-0.3	-	111.9	195.7	3.8	-	4.7	-
	-	-	-	-	Stable								
Jordan	BB	Baa3	-	BB	B	-3.4	73.2	89.0	137.0	6.6	221.6	-13.6	12.6
	Stable	-	-	Stable	Stable								
Kuwait	A+	Aa2	AA-	A+	A	33.3	9.2	17.9	32.8	2.0	106.2	39.3	-4.5
	Stable	-	-	Stable	Stable								
Oman	A	A1	-	BBB+	A	10.1	7.7	17.2	19.8	5.9	113.7	8.6	2.0
	Stable	-	-	Stable	Stable								
Lebanon	B-	B2	B-	B-	CCC	-13.1	174.6	101.6	492.5	14.8	242.6	-10.8	4.7
	Negative	-	-	Negative	Stable								
Qatar	AA-	Aa2	-	A+	A	6.8	15.5	47.0	96.5	10.9	407.7	27.8	4.3
	Stable	-	-	Stable	Stable								
Saudi Arabia	A+	Aa3	A+	A+	A	19.4	4.7	8.4	26.1	2.4	122.9	31.9	0.5
	Stable	-	-	Stable	Stable								
Syria	-	-	-	-	CCC	-5.3	44.1	20.1	49.3	4.1	107.8	-1.1	1.4
	-	-	-	-	Stable								
UAE	-	Aa2	-	AA-	A	23.9	10.6	60.0	29.8	2.0	332.9	18.8	5.2
	-	-	-	Stable	Stable								
Yemen	-	-	-	B-	B	-	38.8	28.9	69.2	2.8	73.9	-5.2	-
	-	-	-	Stable	Stable								



COUNTRY RISK METRICS

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	S&P	Moody's	Fitch	CI	EIU								
Central & Eastern Europe													
Armenia	-	Baa3	BB-	-	-	-3.3	17.6	27.1	210.0	2.6	161.6	-4.1	3.5
Bulgaria	BBB+ Stable	A1	BBB	-	BBB	2.6	19.5	80.0	147.3	18.0	228.2	-16.1	11.0
Kazakhstan	BBB Stable	A2	BBB	-	BB	0.3	4.4	60.4	225.2	36.0	197.8	2.3	5.1
Romania	BBB- Positive	A1	BBB	BBB- Stable	BBB	-2.9	12.8	42.0	178.3	22.3	233.1	-11.9	6.9
Russia	BBB+ Stable	A2	BBB+	-	BBB	3.6	8.2	33.5	90.8	12.5	98.5	6.3	1.3
Turkey	BB- Stable	Ba1	BB-	BB- Stable	B	-2.0	60.9	52.3	194.8	37.6	340.6	-7.9	4.6
Ukraine	BB- Negative	Ba3	BB-	-	BB	-2.6	17.5	44.7	105.6	17.5	207.5	-3.6	4.2

Sources: Moody's Investors Service; EIU - The above figures are estimated for 2007



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	4.00	06-Jun-07	Raise 25bps	05-Jul-07
UK	Base Rate	5.50	10-May-07	No change	07-Jun-07
Japan	O/N Call Rate	0.50	17-May-07	No change	15-Jun-07
Australia	Cash Rate	6.25	05-Jun-07	No change	03-Jul-07
New Zealand	Cash Rate	8.00	06-Jun-07	Raise 25bps	25-Jul-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	21-Jun-07
South Korea	O/N Call Rate	4.50	08-Jun-07	No change	12-Jul-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	9.50	07-Jun-07	Raise 50bps	16-Aug-07
Kenya	Central Bank Rate	10.00	Apr-07	No change	Jun-07
Nigeria	Monetary Policy Rate	8.00	06-Jun-07	Cut 200bps	Aug-07
Ghana	Prime Rate	12.50	21-May-07	No change	July 07
Mexico	Target Rate	7.25	25-May-07	No change	22-Jun-07
Brazil	Selic Rate	12.00	06-Jun-07	Cut 25bps	18-Jul-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 June 14, 2007



Economic Research & Analysis Department

Byblos Bank Group

P.O. Box 11-5605

Beirut - Lebanon

Tel: (961) 338 100

Fax: (961) 217 774

E-mail: research@byblosbank.com.lb

www.byblosbank.com.lb

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