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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

IRAN

U.S. blacklists two Iranians connected to nuclear program

The United States imposed sanctions against two Iranians suspected of connections to Iran's nuclear program. The U.S. Treasury Department said it will freeze any bank account or other financial assets in the U.S. belonging to Mohammad Qannadi and Ali Hajina Leilabadi. It also barred the two men from the U.S. trading system and forbid Americans from doing business with them. The decision is the U.S. Treasury's latest move to use targeted financial measures against Iran. The UN Security Council has already imposed two sets of economic sanctions against Iran because it has refused to stop uranium enrichment, with a third round of sanctions in the offing. The U.S. Congress thinks UN sanctions are not tough enough and is working on strengthening the Iran Sanctions Act that penalizes companies doing business in Iran, as well as on new legislation that would 'name and shame' companies investing in Iran.

Source: AFP

IRAQ

Oil audit issues warning

An audit of Iraq's oil revenues has found that a system to track extraction, production and sale of the oil lacks proper controls and has led to the mismanagement of funds. The audit, issued by the UN's International Advisory and Monitoring Board (IAMB) and covering oil exports sales and revenues for 2006, said previously expressed concerns over the lack of monitoring and financial management of Iraqi oil have not been addressed. The IAMB added that the audits noted large unreconciled differences regarding oil extraction, production and reported export sales because there is no overall comprehensive system of controls over oil revenues. It also expressed concerns that insufficient progress has been made in addressing the weaknesses revealed in earlier audit reports. It said the audit raised lingering concerns about the management of contracts of U.S. agencies in Iraq. The IAMB said other audit reports, including those of the U.S. Government Accountability Office and U.S. Special Inspector General for Iraq Reconstruction had also pointed to the lack of control over Iraq's oil.

Source: Upstream

Iraq government, Kurds resolve oil law row

Iraq's central government and the Kurdistan regional authority have resolved disputes holding up a draft oil law aimed at equitably sharing the world's third largest oil reserves. The spokesman for the Oil Ministry in Baghdad, Asim Jihad, said the draft had been submitted to Parliament, adding he expected lawmakers to begin debating it in the next few days.

Source: Reuters

KAZAKHSTAN

New parliamentary elections in August

President Nursultan Nazarbaev dissolved Parliament and set new elections for August. Elections for the lower house will take place on August 18, while elections for the upper house will take place on August 20. Elections ahead of the scheduled 2009 date are required because of amendments to the Constitution, which were signed into law this week by Nazarbaev. The changes include increasing the number of deputies in the lower chamber of parliament to 107 from 77, which currently only has one opposition deputy, and electing them by proportional representation with 98 seats to be elected from party lists. The constitutional amendments, designed as a first step to move from a presidential to parliamentary republic, are believed to be broadly cosmetic and will not have a genuine impact on political decision-making. Parliamentary elections are likely to be a non-event, with the parliament remaining a largely pro-presidential body with few real powers.

Source: Credit Suisse

RUSSIA

Putin suggests adding ruble to the international payment system

President Vladimir Putin proposed adding ruble transactions to the international system of payments. Putin said the current financial system based on one or two currencies no longer meets the strategic needs of the global economy, where currency fluctuations had a negative impact on economies. He said that in answer to such a challenge, they could introduce several reserve currencies and several financial centers. Putin said the ruble, which almost became a hard currency after currency restrictions had been removed in Russia, should be used more extensively in international payments. "It is time to consider switching to ruble payments for Russian exports, when it is beneficial for both suppliers and customers," Putin said.

Source: RIA Novosti

WORLD

IMF approves new rules for currency monitoring

The International Monetary Fund has approved the first changes in 30 years for monitoring foreign exchange rates, providing clearer guidance to IMF staff on currency surveillance and to member countries on how they should manage their exchange rate policies. IMF Managing Director Rodrigo de Rato confirmed that the focus of IMF currency surveillance would be on "promoting countries' external stability." Rato stressed that the new rules were not aimed at pressuring any individual country or region, but instead at promoting transparent and even-handed surveillance and reducing significant exchange rate misalignments when and where they occur.

Source: International Monetary Fund

OUTLOOK

SYRIA

IMF sees challenges ahead despite reforms, calls for Central Bank autonomy

The International Monetary Fund's Article IV Consultation indicated that the Syrian economy grew by about 4.5-5% in 2006, with non-oil growth at around 6-7%. Growth was driven by private consumption and non-oil exports, and was supported by the reforms that took place in the past 2-3 years, but a real take-off in private investment has yet to materialize. The large influx of Iraqis put strong pressure on the economy, contributing to inflationary pressure and stretching government spending.

The growth outlook for 2007 remains favorable and could reach 2006 levels. Recent reforms, continued direct and indirect support of aggregate demand from the Iraqi presence, and favorable growth prospects in the region are expected to continue to stimulate private consumption and non-oil exports, as well as possibly strengthen private investment. But any slowdown of capital inflows associated with the Iraqis will dampen aggregate demand directly and through second round effects, including an unwinding of the wealth effect induced by the real-estate boom. However, a normalization of the political situation in Iraq could open a large market for Syrian products.

The IMF said that fiscal policy should aim to reduce the overall budget deficit to about 5% of GDP mainly by phasing out petroleum price subsidies and further rationalizing of expenditures. Also, the steady decline in oil revenues needs to be offset by addressing all the pockets of inefficiency in public spending associated with technical losses and across-the-board subsidies. Further, preparations to introduce a VAT are necessary to ensure that it is phased in on time to help offset the future drain on oil revenues.

According to the IMF, the economy faces daunting challenges despite progress in the reform agenda. To rebalance growth, Syria should continue to strengthen its macroeconomic policy frameworks and accelerate structural reforms. It urged authorities to launch a government securities market as well as to remove the remaining non-tariff trade barriers. It added that the Central Bank should be granted autonomy to set monetary policy and manage the exchange rate, and needs to build capacity to conduct effective banking supervision. It called for adopting a Central Bank law that enshrines price stability as the main objective of monetary policy.
Source: International Monetary Fund

ETHIOPIA

Growth expected at 9.5% in 2006/07, stresses speeding up reforms

The International Monetary Fund indicated that strong economic growth is expected to reach 9.5% in 2006/07, as productivity gains in agriculture continue and non-agriculture activities, especially manufacturing and construction, expand further. It expected inflation to decline to about 15% at the end of 2006/07, in light of the completion of the pass-through of fuel price increases and full adoption by farmers of the new pattern for food supply. However, the fiscal deficit remains large, pressures on domestic prices and the balance of payments are emerging, and the economy continues to be vulnerable to weather-related shocks and shortfalls in donor support.

The IMF considered that Ethiopia needs to accelerate structural reforms to strengthen growth prospects and to meet its poverty alleviation goals. Further efforts are needed to improve the investment climate, strengthen the financial sector, and promote trade openness. Such reforms should aim to eliminate infrastructural and administrative bottlenecks, and support the development of the agricultural sector and the emergence of a robust and flexible private sector. It welcomed the authorities' plans to adopt a policy of fiscal restraint, and encouraged them to strengthen debt management capacity and develop a comprehensive public debt strategy over the medium term. It forecast public debt to reach 43.2% of GDP in 2006/07, down from 80% of GDP in 2005/06.

The Fund also called for a tightening of monetary policy to reduce inflation, and encouraged authorities to consider issuing longer-term bonds to help mop up excess reserves in the banking system. It welcomed the recent increase in exchange rate flexibility, and recommended that it be continued to allow the exchange rate to better reflect balance of payments developments and lay the groundwork for the needed buildup in international reserves. It expected reserves to reach $1.24bn in 2006/07, equivalent to 2.2 months of imports of goods and services.
Source: International Monetary Fund

RUSSIA

GDP growth expected at 7% in 2007

The IMF projected economic growth at 7% in 2007, with risks to this forecast being on the upside. Growth is likely to be lower in 2008, but not materially. The IMF expects both the fiscal and current account surpluses to disappear over the next several years but does not see a problem for Russia in financing modest deficits on both accounts. The IMF official expected capital inflows into Russia to be very strong this year, reflecting the positive expectations of investors. The main policy challenge at present, in the IMF view, is avoiding an excessive increase in spending ahead of the elections, at least before the key sectors such as education and health have been reformed. The Fund expects year-end inflation to be in the 7-8% range, coming down to 6-7% by end-2008. The strong real-terms appreciation of the rouble was a sign that Russia's industry was close to operating at full capacity, but the current strong pace of investment should ease the current capacity constraints. It stressed that the best way for the government to minimize real-terms appreciation of the rouble was through containing expenditures.
Source: International Monetary Fund

ECONOMY & TRADE

EGYPT

Fitch revises outlook to positive

Fitch Ratings revised the outlook on Egypt's long-term foreign currency issuer default rating (IDR) to 'positive' from 'stable', while affirming the rating at 'BB+'. The agency also confirmed the long-term local currency IDR at 'BBB' with a stable outlook, the short-term foreign currency IDR at 'B' and country ceiling at 'BB+'. Fitch noted that the budget deficit and debt ratio will fall appreciably this year and have clearly turned a corner, banking system restructuring is nearing completion, and further reforms are planned to improve the business environment. Further, higher confidence in the policy framework has brought increased investment and accelerated economic growth. However, it expressed concerns about public finances and political risks. Egypt's economy is expected to close the year with GDP growth of around 7%, while its gross debt ratio should fall to about 80% of GDP, down from 90% last year. A current account surplus, coupled with strong capital inflows, has increased reserves and has helped Egypt attain net external creditor status last year, unusual in the 'BB' rating category. Fitch added that a move to investment grade will depend on sustainable growth rates, improvement in the business environment and further reductions in fiscal ratios and inflation.
Source: Fitch Ratings

TUNISIA

Tunisia is Africa's most competitive economy

A report on competitiveness in Africa by the World Economic Forum named Tunisia as Africa's most competitive economy. The report praised Tunisia for its low levels of corruption, reasonably well-protected property rights, an independent judiciary, strong security environment and well-developed labor market. In terms of the quality of its private institutions and corporate ethics, the report places Tunisia on par with Spain and Portugal. The Gobal Competitveness Index ranked Tunisia 29th out of 128 economies. Algeria, Egypt, Morocco and Libya ranked in the top 10 most competitive economies in Africa.
Source: World Economic Forum

MAURITANIA

Mauritania and IMF restore relations

Deputy Director of the IMF Amor Tahari said his visit to the country helped overcome "the stream of troubles and wrong information released by the previous regime of Maaouya Ould Taya's". Tahari reiterated the IMF's commitment to support Mauritania in programs aimed at reviving economic growth and creating new jobs, and expressed concerns over the considerable decline in the country's oil assets. During the transition period after a bloodless coup, which ousted Taya's regime in 2005, Mauritania opened hard negotiations with the World Bank and the IMF on the country's eligibility to the debt cancellation initiative. Given that the information provided by the former regime was erroneous, the IMF has subjected the country to a six-month test period. The country's deficit currently stands at $117m, and oil output has dropped from 76,000 initially forecasted barrels per day to just 20,000 barrels.
Source: Magharebia News

SAUDI ARABIA

Merrill Lynch receives license to operate in Saudi Arabia

Global financial services firm Merrill Lynch announced it has received a banking license from the Capital Markets Authority to operate in Saudi Arabia. Merrill Lynch said it plans to offer investment banking and wealth management services, including merger & acquisitions advisory, structured finance, equity and debt capital market services. It added that Riyadh has become a regional hub for financial services and plans to expand its presence in the Kingdom. Merrill Lynch becomes the latest financial giant to establish a direct presence in Saudi Arabia after Goldman Saks, Bear Stearns and Morgan Stanley.
Source: Merrill Lynch

IRAN

Iran fund opens bourse to foreign investors

A subsidiary of Iran's largest bank, Bank Melli Iran, plans to launch a fund of up to €300m to invest in Tehran's Stock Exchange, providing the first chance for foreigners to invest in Iran's bourse. Flying in the face of tightening economic sanctions amid international pressure over the Islamic Republic's nuclear program, the First Persian Equities Fund already has verbal commitments of about €100m with strong interest from European hedge funds and emerging markets funds. The Tehran Stock Exchange has fallen about 25% since Mahmoud Ahmadi-Nejad won the presidency in 2005, but the three-year, closed-ended fund provoked a positive response from potential investors. Capital flight from the country has also increased.
Source: Financial Times

JORDAN

Trade deficit up 6.7% to $2.2bn

The deficit in Jordan's balance of trade expanded by 6.7% in the first four months of the year to 1.59n Jordanian dinars ($2.25bn), compared with JD1.49bn in the same period of 2006. The growth in the trade gap was attributed mainly to a 13.3% increase in the country's imports in the first four months of the year, compared with JD2.56bn in the same period last year. According to the Statistics Department, 26.6% of Jordan's imports came from European Union countries, 33.6% from Arab states and 5.1% from the North American Free Trade Area (NAFTA). It also reported a 22.5% increase in Jordan's exports and re-exports between January and April this year, to JD1.31bn from JD1.07bn in the same period of 2006.
Source: Arab News

UAE

Inflation at record 9.3% in 2006

The UAE's Minister of Economy said inflation reached 9.3% in 2006, the highest ever recorded in the country. The rise was attributed to a 15.3% increases in the price of housing and services. The Ministry noted that the rapid increase in population had put pressure on local supplies of consumer goods and housing.
Source: Dow Jones Newswires

BANKING

IRAN

Central Bank approves interest rate cuts

The Central Bank's Money and Credit Council approved a decree to cut interest rates on loans to the public. Last month, President Mahmoud Ahmadinejad decreed all private and state-owned banks to lower to a uniform 12% the interest they charge on loan facilities. This means a 2% cut from the 14% charged by state banks and a minimum 5% cut by private banks, which collect interest rates ranging from 17% to 28%. The council approved the president's 12% interest rate decree for the state banks but allowed private banks to charge 13%. The announcement of the decree provoked a drastic drop in the stock value of private banks and fear about capital flight. Government officials supportive of the move said the underlying reason for the interest rate cuts was to make banking facilities affordable to the less-well-off, and to expand healthy competition between private and public banks.

Source: Dow Jones Newswires

EGYPT

Due diligence on Al Watany Bank authorized

The Central Bank has authorized three banks to perform due diligence on the state-owned Al Watany Bank in preparation for a possible takeover. Greece's EFG-Euro Bank, National Bank of Kuwait and Commercial Bank of Kuwait were all given the green light, Al Watany said in a statement. The banks now have a period of six weeks to finish the due diligence process and submit their final bids, the statement said. Al Watany Bank said in mid-March that several local and regional banks were interested in acquiring a stake in it.

Source: Dow Jones Newswires

YEMEN

Yemen to establish first microfinance bank

Deputy Prime Minister for Economic Affairs AbdulKarim Al-Arhabi announced that Yemen will establish the first "bank for the poor" under the name Bank Al-Amal, or the Hope Bank, by the end of this year. He added that the Al-Amal Bank will be modeled on Bangladesh's prize winning Grameen Bank, which is a very successful example of microfinance and rural development in the world, adding that there are over 1,000,000 prospect borrowers who, with a little cash, can be involved in positive and profitable economic activity.

Al-Arhabi said that the Social Fund for Development will be actively involved in the set-up of Yemen's first microfinance credit bank and has adopted global best practices. It has developed tailor-made solutions for the Yemeni borrowers in terms of the amounts required, and targeting the most impoverished areas. In addition, the fund is developing an Islamic microfinance product to ensure that all segments of the society can borrow from the fund through their respective professional cooperatives and charitable organizations, such as fishermen cooperative society and agricultural societies.

Source: Yemen Times

ROMANIA

Fitch affirms Banca Comerciala Romana's ratings

Fitch Ratings affirmed Romania-based Banca Comerciala Romana's (BCR) ratings at Issuer Default 'A-', Short-term Issuer Default 'F2', Individual 'C/D' and Support '1'. The Outlook is Stable. BCR is the largest bank in Romania and accounted for approximately 31% of retail deposits at end-2006. The Issuer Default and Support ratings reflect the extremely high potential support available to BCR from its 69% majority shareholder, Austria-based Erste Bank. The Individual rating reflects BCR's very strong domestic franchise, sound profitability and expected improvements in risk management and product offerings following the restructuring of the bank. Erste Bank acquired 61.9% of BCR in October 2006, the stakes previously held by the Romanian government as well as the EBRD and IFC. This has since been increased to 69.15%. The remaining shares are mainly owned by five private Romanian investment companies.

Source: Fitch Ratings

Fitch affirms ratings for BRD-Groupe Société Générale

In parallel, Fitch Ratings affirmed BRD-Groupe Société Générale's ratings at Issuer Default 'A-', Short-term Issuer Default 'F2' and Support '1'. The Outlook is Stable. The ratings reflect the extremely high potential support BRD can expect to receive from Société Générale of France which owns 58% of BRD. BRD is Romania's second-largest bank, accounting for around 16% of customer deposits.

Source: Fitch Ratings

TURKEY

Central Bank holds rates unchanged

At its monthly rate-setting meeting, the monetary policy committee (MPC) of the Central Bank of Turkey (CBT) kept the overnight deposit and lending rates unchanged at 17.5% and 22.5%, respectively, as expected. The short announcement that accompanied the decision is nearly unchanged from the previous month. The CBT stated that the fall in inflation would continue in the coming months, but underlined that inflation expectations are still incompatible with the mid-term targets. The upside risks to the inflation outlook include high oil prices, still-high inflation expectations, rigidity in the services sector inflation and perception of uncertainty. The CBT is continuing to monitor fiscal and income policies as well.

Source: Merrill Lynch

KAZAKHSTAN

Tenge appreciates by 4.6%

The National Bank of Kazakhstan indicated that the tenge's real effective appreciation amounted to 4.6% in the first four months of 2007. This was slightly higher than the appreciation of 4.3% in the same period last year. Annual real effective appreciation of the tenge during the full-year 2006 amounted to just 0.6%, following the tenge's sharp nominal depreciation in the second half of 2006, while the tenge appreciated by around 6% per year in both 2004 and 2005 in real effective terms.

Source: Credit Suisse

Brent oil rises on concern Nigerian strikes may disrupt exports

Brent oil, a benchmark for two- thirds of global supplies, rose on concern that strikes by unions in Nigeria may disrupt exports. Workers will be withdrawn from Nigeria's oil terminals starting June 21, extending a nationwide strike to a second day. Africa's biggest oil producer has lost more than 700,000 barrels a day, or a quarter of output, since last year because of militant attacks. Brent crude for August settlement rose as much as 38 cents, or 0.5%, to $70.80 a barrel on the London-based ICE Futures exchange. In New York, West Texas Intermediate crude oil for August delivery was $68.89 a barrel, up 3 cents, in after-hours electronic trading on the New York Mercantile Exchange. Nigeria's two main oil unions are demanding that the government limit increases in value-added tax and fuel prices, and index salaries. Cuts in Nigerian supply affect Brent prices more than West Texas because less oil is available for Europe amid higher demand from Asian refiners. The African country was the fourth-biggest source of U.S. oil imports during the first four months of the year, according to the U.S. Energy Department. U.S. gasoline inventories rose 1.79 million barrels to 203.3 million last week, 4.2% less than the five-year average for the period.

Source: Bloomberg

U.S. OPEC bill through Senate

The U.S. Senate has approved a bill that would allow the government to sue OPEC for price manipulation. The bill would revoke the sovereign immunity OPEC members enjoy from US legal action. The chamber is expected to vote on the legislation by the end of the week, but the White House has threatened to veto it.

Source: Reuters

Iran oil threat

According to Iran's OPEC governor Hossein Kazempour Ardebili, Iran won't rule out using oil as a weapon should the U.S. launch a military strike over the Islamic republic's nuclear program.

Source: Reuters

BP says 2006 oil consumption growth weakest since 2001

Global oil consumption grew by 0.7% in 2006, the weakest growth since 2001 and half the 10-year average, according to the BP Statistical Review Of World Energy 2007, published on 12 June. The report says that consumption increased by just under 650,000 b/d to reach 83.7mn b/d. Chinese consumption growth of 6.7% was close to the 10-year average and consumption growth was above average among oil exporters in the Middle East and the former Soviet Union. OECD consumption declined by about 400,000 b/d, the largest decline since 1983.

Source: BP

Oil Market		Closing of June 20 (US$)	Previous Price	Daily Δ
OPEC Basket	▼	67.78	68.23	-0.7
Brent	▼	71.04	72.67	-2.3
Dubai	▼	66.15	67.42	-1.9
WTI	▼	68.27	69.15	-1.3

Base metals: Nickel prices correct amid rising inventories

The trend in base metal prices continues to follow a very volatile course, with the general pattern still painting a negative picture. Nickel prices in particular retreated over the week. The severe correction is attributable to several factors. First, the market continues to look overheated in the wake of the sharp surge in prices in recent months. Also, increasing substitution of nickel on the demand side is exerting greater downside pressure on prices. Further, markets reacted negatively to the news that the Port of Esperance in Australia will resume exporting nickel ore in the near future. These circumstances should lead to a heightened state of market uncertainty in the coming weeks. Thus, increased volatility is still expected in this market. For copper, further corrections are expected. In light of the rising inventory levels, imports of copper to China are likely to decline in the near term. Consequently, the prevailing correction in copper prices will probably continue.

Source: Credit Suisse

Precious metals: Profit taking amid rising yields

Precious metal prices underwent renewed corrections in recent days on the heels of gaining some ground in the previous week. Profit-taking activity on gold and silver prices was triggered primarily by the strong surge in the yield on 10-year U.S. government bonds. Despite declining in recent weeks, speculative long positions in the gold market still stand at a comparatively high point, which leaves the gold market vulnerable to outflows of liquidity, at least in the near term. The resulting increase in risk aversion also led to liquidations on the precious metal markets, among other things. Also, higher yieldsmake an investment in precious metals look less attractive since they do not generate any interest or dividends. Due to the threat of strikes by miners working at platinum mines in some regions in South Africa, prices of platinum and palladium were affected by these factors to a far lesser extent than gold and silver.

Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	201.6	193.1	185.1	-0.6	20.4
LME metals price index	4077.8	3878.4	3788.9	-5.0	26.7
Oil prices USD	67.6	60.9	63.5	8.3	-2.0
Oil prices SDRs	44.9	40.4	42.5	9.3	-3.9
Gold $/troy oz	651.4	656.3	635.2	-2.6	15.2
Silver cents/troy oz	1304.0	1329.7	1260.7	-1.1	34.2
Platinum $/troy oz	1276.0	1224.3	1200.8	-4.0	13.4
Copper $/MT	7371.5	6698.4	7053.9	-6.8	9.6
Nickel $/MT	41097.5	44436.0	37147.5	-22.7	116.5
Aluminium $/MT	2650.3	2794.3	2681.5	-5.5	10.0
Zinc $/MT	3700.3	3636.5	3650.8	-8.0	20.9
Steel - HR coil dry $/MT	600.0	600.0	583.9	0.0	29.0

Source: Credit Suisse

COUNTRY RISK METRICS

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

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								
Central & Eastern Europe													
Armenia	-	Baa3	BB-	-	-								
	-	-	-	-	-	-3.3	17.6	27.1	210.0	2.6	161.6	-4.1	3.5
Bulgaria	BBB+	A1	BBB	-	BBB								
	Stable	-	-	-	Stable	2.6	19.5	80.0	147.3	18.0	228.2	-16.1	11.0
Kazakhstan	BBB	A2	BBB	-	BB								
	Stable	-	-	-	Stable	0.3	4.4	60.4	225.2	36.0	197.8	2.3	5.1
Romania	BBB-	A1	BBB	BBB-	BBB								
	Positive	-	-	Stable	Stable	-2.9	12.8	42.0	178.3	22.3	233.1	-11.9	6.9
Russia	BBB+	A2	BBB+	-	BBB								
	Stable	-	-	-	Stable	3.6	8.2	33.5	90.8	12.5	98.5	6.3	1.3
Turkey	BB-	Ba1	BB-	BB-	B								
	Stable	-	-	Stable	Stable	-2.0	60.9	52.3	194.8	37.6	340.6	-7.9	4.6
Ukraine	BB-	Ba3	BB-	-	BB								
	Negative	-	-	-	Stable	-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	05-Jul-07
Japan	O/N Call Rate	0.50	15-Jun-07	No change	12-Jul-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	2.50	14-Jun-07	Raise 25bps	13-Sep-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-Jun-07	No change	12-Jul-07
South Africa	Repo rate	9.50	07-Jun-07	Raise 50bps	16-Aug-07
Kenya	Central Bank Rate	8.50	15-Jun-07	Cut 150bps	Aug-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 50bps	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 21, 2007

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