



COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

IRAQ

Oil bill to be submitted to Parliament

The Kurdistan regional government reached an agreement with the central government in Baghdad regarding a law on the distribution of Iraq's oil revenues. The draft Financial Resources Law provides for the setting up of two accounts, in order to allow the financing of the budget as well as the distribution of the remaining oil receipts to the federal regions. Differences remain between the two sides on the rights over proven reserves and new fields, and the Kurdish government is refusing to cede the authority to sign production-sharing agreements in its region. But according to Iraqi government spokesman Ali al-Dabbagh, the two sides have nearly ironed out their differences on the long-awaited hydrocarbons law. The draft law is likely to be signed by the Council of Ministers next week and then submitted to Parliament for further discussion and approval. With the Parliament currently deadlocked and sectarian divisions growing, parliamentary approval of these draft laws remains challenging. Parliamentary approval of the draft law is required by September under the U.S. benchmark.

Source: Reuters, Merrill Lynch

NIGERIA

National strike called off

The national strike in Nigeria has been called off after the government conceded to the Nigeria Labour Congress and the Trade Union Congress. Concessions include a full repeal of the price hike in kerosene and diesel, the revocation of the additional 5% on VAT, and a 15% increase in public sector salaries. Petrol price hikes were maintained with a NGN5 rise to NGN70 per liter. The government also agreed not to review petrol prices for the next 12 months and has set up committees to review future changes in the price of petroleum and the past privatization of two fuel refineries. The unions' victories are negatives for the overall budget balance, which is estimated to fall to a surplus of just over 3% of GDP.

Source: Merrill Lynch

TURKEY

EU opens two chapters to negotiation

The European Union agreed to open the statistics and financial control chapters to negotiations with Turkey, while delaying the opening of the previously suggested economic and monetary policy chapters due to the French opposition. French officials have previously argued that the opening of the economic and monetary policy chapters with Turkey would imply an integration of Turkey into the EU's institutions. Technical progress is expected with Turkey's accession talks in the coming period. However, the noise associated with French and German opposition to Turkey's full EU membership will likely continue for many years. Nevertheless, the unanimous EU vote required to derail Turkey's accession talks completely is not likely, as the European Commission in particular, along with some EU member states, would like to see the EU honor its pledges to Turkey.

Source: Merrill Lynch, Credit Suisse

IRAN

U.S. House committee passes Iran sanctions bill

The U.S. House of Representatives International Relations Committee approved legislation to sanction oil and gas companies doing business with Iran. The Iran Counter-Proliferation Act of 2007 was passed by a vote of 37 to 1, and the committee recommended that it be moved for consideration by the full House. The measure is part of a concerted congressional effort to tighten economic sanctions on Iran to deter it from a nuclear fuel enrichment program. It is the broadest measure targeting Iran that Congress has taken up this year and has widespread bipartisan support of nearly 300 House lawmakers. The bill is intended to strengthen the Iran Sanctions Act and would remove the administration's ability to waive sanctions on corporations doing business with Iran's energy industry.

The legislation would block U.S. nuclear cooperation with countries assisting Iran's nuclear program and eliminate some tax incentives for oil companies investing in Iran. It calls on the U.S. president to declare Iran's Revolutionary Guards Corps a terrorist group and would provide authority to the president to block assets of any entity providing support to the Revolutionary Guards. It would also bar all Iranian imports to the United States and expand sanctions on exports to Iran. Among other things, it extends sanctions to petroleum by-products and liquefied natural gas, and extends the scope of sanctions to include the sale of oil tankers or liquefied natural gas vessels. Provisions also seek to decrease U.S. contributions to the World Bank if the bank invests in Iran, as well as to increase pressure on foreign governments to take actions against public or private companies engaged in Iran. Committee chairman Tom Lantos said the ultimate goal must be "zero foreign investment" in Iran.

Source: Reuters, Congressional Quarterly, Voice of America

British sanctions to target shipping lines

Britain plans to propose legislation that would target Iran's national shipping lines under a draft U.N. sanctions resolution. The draft suggests denying rights of passage to Iranian merchant ships in foreign waters, as well as landing rights for Iranian aircraft. The proposal would have countries "deny permission to take off from, land in or overfly their territories, or berth in or secure passage through their territorial waters, of all aircraft and vessels owned or controlled by Iranian airlines or shipping companies." The draft sanctions proposal is aimed at increasing pressure on Iran for defying U.N. Security Council demands to halt uranium enrichment. The resolution could temporarily curb Tehran's ability to export oil to world markets. Industry sources estimate that around 40% of Iran's crude oil exports are shipped on National Iranian Tanker Company vessels. A second proposal would target aircraft and vessels, including those operated by the Islamic Republic of Iran Shipping Line and Iran Air Cargo, that carry goods banned under two previous U.N. resolutions.

Source: Reuters

OUTLOOK

SYRIA

Lack of market-based monetary tools, slow restructuring of state banks and limited supervisory capacity are obstacles to banking sector development

The International Monetary Fund indicated that the Syrian financial sector faces numerous obstacles and several sources of vulnerabilities despite the substantial efforts made to develop the system. It noted that the future development of a competitive banking sector will be constrained by the lack of progress in restructuring state banks. This will continue to fuel resistance to greater competition as, under increased competition, the inefficiencies of state banks will lead to a loss of market share and hurt their profitability.

In parallel, the slow progress in developing market-based instruments of monetary control is increasingly at odds with the rapid advance of private banks. According to the IMF, controlling deposits rates and moral persuasion are not the tools to manage liquidity in an increasingly market-driven banking sector, as the former limits competition and the latter is totally ineffective. Also, the absence of market-based instruments imposes heavy costs on banks in managing Syrian pound liquidity, which would discourage deposits and lending in the local currency, and lead to increased dollarization. It added that risks would increase if progress in building up regulatory and supervisory capacity does not keep pace with financial liberalization. Further, systemic risks could go undetected, and excessive risk taking by some banks could threaten their solvency. Lastly, slow progress in developing the payment system imposes large costs on banks.

The IMF called on the Central Bank to increase its banking supervision capacity in order to be more effective. It expressed concerns about existing regulatory leniency, despite fact that the components for better supervision are being put in place. It said this leniency has the potential to undermine the impact of the supervisory process, such as in the evaluation of minimum capital adequacy, credit quality and other activities that are particularly relevant for the weak public sector banks. Equally worrisome is the limited ability of bank supervision to assess the adequacy of banks' internal controls and their risk management practices. The Central Bank's supervisory role is also undermined by the existence of other regulatory agencies and weak operational independence.

Source: International Monetary Fund

ANGOLA

Growth expected at 31% in 2007, to average 7.5% in 2008-12

The International Monetary Fund Article IV Consultation indicated that Angola's near-term and medium-term economic prospects are positive. It projected real GDP growth at about 31% in 2007, reflecting the coming into production of new oil fields, while robust growth in agriculture, manufacturing, construction, and the power sector is expected to boost non-oil

GDP. Growth is expected to average 7.5% in the 2008-12 period and inflation is projected to decline to single digits over the medium term.

However, the Fund expects the external current account surplus to decline over the medium term and move to a deficit as the oil sector matures. The IMF believes that Angola faces a volatile market for its main export crude oil, as large shifts in international oil prices will have important effects on the country's external current account and fiscal balance. While Angola would be able to weather an oil price shock in the short run due to its comfortable cushion of international reserves and its relatively low external and domestic debt levels, a permanent drop in oil prices would require adjustments in macroeconomic policies to ensure that fiscal and external sector positions remain sustainable. In view of these risks, the IMF encouraged authorities to design and implement fiscal policies with a medium term focus to avoid boom-bust cycles and pursue structural reforms to support the development of the non-oil sectors.

According to the IMF, authorities face three key medium-term challenges: management of the oil wealth over the limited period before oil production matures to ensure long-term fiscal and debt sustainability; improvement of the competitiveness of the economy; and development of the non-oil/non-extractive economy. The IMF encouraged Angola to draw on the experience of other countries in developing oil saving mechanisms, such as oil funds and budgetary oil price rules. It also urged authorities to work with Paris Club creditors to reach a solution to Angola's \$1.5bn debt arrears, and encouraged them to use part of the windfall of oil revenues to bring down the country's external debt.

Source: International Monetary Fund

TURKEY

IMF calls for better bank supervision

The International Monetary Fund Article IV Consultation considered that Turkey needs to manage vulnerabilities carefully and address structural challenges to increase the economy's growth potential and resilience to shocks. The Fund supported measures to increase fiscal transparency and the reform of personal income taxation. It emphasized that preserving Central Bank independence will be essential for the success of inflation targeting. The IMF stressed the need to deepen financial intermediation while preserving the soundness of the financial system. To ensure that rapid credit growth does not compromise bank soundness, it called for stepping up supervisory oversight, tightening provisioning requirements further, and improving the timeliness of corporate balance sheet data. The Fund also encouraged the authorities to advance the privatization program.

Source: International Monetary Fund



ECONOMY & TRADE

JORDAN

Real GDP growth at 5.9% in first quarter

Real gross domestic product rose by 5.9% in the first quarter of this year compared to the same period last year and by 12.9% at current market prices. The overall GDP at current prices reached JD2.51bn (\$3.5bn) compared to JD2.22bn during the same period of 2006. Inflation rate almost doubled in the first quarter of 2007, hitting 8.2% compared with 4.4% a year earlier. Accounting for 12.1% of real GDP, the net taxes on products grew by 11.8% in constant terms during the first quarter of this year, thus contributing 1.4% to the real GDP growth rate, the highest contribution among all sectors.

Source: *Jordan Times*, Department of Statistics

Launch of first private car assembly plant

The Jordanian firm Ayass Motors signed an agreement with China's Hebei Zhongxing Automobile to set up the first private car assembly and manufacturing plant in Jordan. The venture will begin operations in 2008, and will have a starting capital of \$30m to be raised gradually to \$50m by the end of fifth year, then to be increased to \$230m at a later stage. The initial annual production capacity will range between 4,000 vehicles and 6,250 vehicles, with prospects of growth to reach up to 24,000 vehicles in the future. The plant will be set up in Um Rasas, south of Amman.

Source: *Jordan Times*

SYRIA

\$440m cement facility to be built

The Syrian Cement Co. announced it has signed a deal with a consortium including Denmark's FLSmidth and Cairo-based Orascom Construction Industries (OCI) to build a \$440m cement facility in Syria. The Syrian Cement Co. is 75% held by OCI and 25% owned by the Syrian MAS Economic Group. The new facility will have a production capacity of 3 million tons of cement a year and is expected to take 29 months to build, while the facility's smelter will begin operations in 25 months. It will be located in the northwest of Syria, close to Aleppo and 30 kilometers from the Turkish border. The facility is expected to serve the local Syrian market which currently imports around 30% of its cement needs. In 2006 Syria consumed 6.2 million tons of cement, of which it imported 2 million tons. OCI has also filed a request for approval by the Syrian government for the construction of a white cement production facility in the same location with a capacity of 550,000 tons a year given that Syria currently imports all of its white cement.

Source: *Dow Jones Newswires*

Parliament ratifies real estate & housing law

The Syrian parliament ratified a new real estate and housing law that aims to resolve the problem of low-cost housing. The law aims to address the problem of randomly developed properties that aren't regulated by the country's civil planning department. It is also expected to streamline property registration procedures and make it easier for foreign investors to obtain permits required for developing real estate projects. The law will try to provide adequate housing alternatives for the properties that are in violation of building codes.

Source: *Dow Jones Newswires*

NIGERIA

Annual inflation at 4.6% in May

The National Bureau of Statistics (NBS) released May CPI-inflation data that showed inflation at 4.6% year on year, up from 4.2% yoy in April. Food inflation remained low at just 2.4% yoy, though slightly higher than in April, and, according to the NBS, the increase was caused by higher prices for some agricultural products, cooking oil and beverages. Non-food inflation also has fallen year-on-year to 4.6% from 5.3%, though a rise in the prices of building materials, transport fares and other services caused a monthly hike that is likely to be carried on throughout the next few months due in part to last week's strike.

Source: *Credit Suisse*

MOROCCO

Fitch assigns 'BBB-' rating to 10-year Eurobond

Fitch Ratings has today assigned the Kingdom of Morocco's forthcoming 10-year euro-denominated bond a 'BBB-' rating. The rating is in line with Morocco's 'BBB-' Long-term foreign currency Issuer Default rating, on which the Outlook is Stable. The Long-term foreign currency IDR to Morocco was assigned in April 2007.

Source: *Fitch Ratings*

IRAN

Privatization of 240 firms by March

Iran's Privatization Organization announced plans to sell the state's stake in 240 state-owned companies by March 2008, with a long-term plan to divest from a total of 1,000 firms. As such, the state-owned shares in the other 760 companies will be offered gradually to the private sector. The organization's Deputy Head Esmail Gholami said that some of the companies have bidders while others do not, adding that despite the publicity for some companies, prospective buyers did not show any interest in them. He added that in 2005, the state offered for sale its shares in several companies but did not find enough buyers. Therefore, new companies such as petrochemical firms should be ready for privatization. The state-owned telecommunications company is slated for privatization by March 2008.

Source: *Iran Daily*

ALGERIA

\$25bn for railway rehabilitation

The Algerian government has earmarked \$25bn to expand and rehabilitate the country's railway infrastructure by 2010, the Transport Ministry announced. The ministry said that the infrastructure updates may call upon foreign expertise to modernize the network. The project includes electrifying more of the rail network as has already been done in the capital. The government plans to expand the electrified network from its current 3,553km to 6,553km by 2025.

Source: *El Khabar, Magharebia News*



BANKING

IRAN

Japanese banks curb loans to Iran

Three of Japan's largest banks, Bank of Tokyo Mitsubishi UFJ, Mizuho and Sumitomo Mitsui, declared that they would not conduct new business in Iran and rejected an Iranian request to pay for oil imports in currencies other than the US dollar. The decision puts Japanese banks in a different position than many European counterparts that have reduced dollar transactions with Iran but are still willing to conduct business in euros. In recent months, the U.S. Treasury Department stopped two Iranian banks, Sepah and Saderat, from carrying out dollar transactions with other banks. Last April, Iran proposed to Japanese trading houses to pay for Iranian oil in non-dollar currencies, reflecting Iran's concerns about the vulnerability of its dollar assets to a freeze by the U.S. as well as its increasing difficulty in conducting international transactions in dollars. Trading companies declined to stop paying in dollars after consulting the Japanese government. The U.S. Treasury is at the forefront of Washington's efforts to put pressure on Iran over its alleged nuclear weapons program and support for terrorist groups in the Middle East.

Source: *Financial Times*

BULGARIA

Moody's announces rating actions for banks

Moody's Investors Service issued rating results for banks in Bulgaria as part of the application of its refined joint default analysis (JDA) and updated bank financial strength rating (BFSR) methodologies. The agency upgraded the BFSR of DSK Bank from 'D' to 'D+', that of Piraeus Bank Bulgaria from 'E+' to 'D-', and that of First Investment Bank from 'D-' to 'D'. The BFSR of International Asset Bank and Commercial Bank Investbank were unchanged at 'E+'. In parallel, Moody's kept unchanged the Foreign Currency Deposit Ratings of DSK Bank at 'Baa3/P3', Piraeus Bank Bulgaria at 'Baa2/P3' and Commercial Bank Investbank at 'B3/NP'. It changed the Foreign Currency Deposit Ratings of First Investment Bank from 'Ba3/NP' to 'Ba1/NP' and that of International Asset Bank from 'B2/NP' to 'B1/NP'.

Source: *Moody's Investors Service*

ALGERIA

HSBC to establish local branch

The Council of Money and Credit announced that it granted authorization to HSBC Bank to set up a branch in the country, the first British-based bank to do so. This brings to 13 the number of foreign bank branches in Algeria. Other recent entrants include the Bahrain-based Al-Salam Bank whose shareholders include Dubai Holding and Emaar Properties of the UAE, and Calyon, the investment banking affiliate of Cr dit Agricole, both of which received their licenses last year. Deutsche Bank recently entered the market by acquiring a 51% stake in a local financial advisory firm and plans to focus on investment banking. HSBC has extensive operations in the Gulf Arab states and Egypt. However, the establishment of the Algerian branch will be its most substantial investment to date in North Africa.

Source: *Economist Intelligence Unit*

SYRIA

Fransabank-Syria to start operations next January

Lebanese bank Fransabank sal declared it will open for subscription 35% of Fransabank-Syria's capital in the fourth quarter of 2007 through an initial public offering, and that it will start operations in Syria in January 2008. The bank said it will launch the IPO in October or November and assigned Deloitte & Touche Syria to be the financial consultant and lead manager for the IPO. The new privately-held bank will have a paid-up capital of 1.75bn Syrian pounds, or \$35m, divided into 3.5 million shares. The bank is currently looking to locate the bank and will open a branch in Aleppo. Fransabank has a 49% stake in its Syrian venture.

Source: *Dow Jones Newswires*

ROMANIA

Central Bank cuts policy rate to 7%

The board of the National Bank of Romania (NBR) cut the policy rate by 25bps to 7%. The NBR said that the drop in core inflation in May to 2.7% year on year from 3% yoy in December shows that the broad monetary conditions have remained restrictive in the context of the recent adjustment of the levels of monetary policy instruments, of more pronounced leu appreciation, and of maintained minimum reserve requirement ratios on both leu- and foreign currency-denominated deposits of banks. It also expressed concerns about the inflation outlook despite ongoing disinflation, stressing the need to maintain a prudent monetary policy stance.

Source: *Credit Suisse*

KAZAKHSTAN

Italian bank acquires ATF Bank

A subsidiary of Italian bank Unicredito Italiano, Bank Austria-Creditanstalt (BA-CA), announced it will acquire a majority stake in the ATF Bank. The deal, expected to be completed during the second half of 2007, values the entire ATF Bank at around \$2.175bn, with the final price to be adjusted by an amount equal to 50% of the bank's full-year net profit. BA-CA is expected to have an 85% stake in the bank and will launch a mandatory bid for ATF's minority shareholders. Generally, moderation in banks' asset growth, strengthening of the banks' capital bases and foreign bank participation are considered key for an improvement in the banking sector's outlook in Kazakhstan.

Source: *Reuters*

Annual credit growth at 100% in May

domestic credit growth continued to accelerate from 82% yoy at end-2006, reaching 100.2% yoy in May, up from 95.9% yoy in April, including a 138.5% yoy growth in credit to households, which was unchanged from April. Credit growth is in part being fueled by banks' external borrowing, which showed no sign of slowing in the first half of this year. Banks have raised about \$6.7bn in Eurobonds and syndicated loans in the first quarter of 2007 and another \$3.7bn between April and late June. In 2006, total banking sector external debt increased by \$18bn.

Source: *Credit Suisse*



ENERGY/ COMMODITIES

Oil rises to near a nine-month high on U.S. gasoline concern

Gasoline stockpiles fell 749,000 barrels last week after imports plunged to a 10-week low. The decline left gasoline levels 4.4% below their five-year average. Daily demand remained near the nine-month high reported the week before. Crude oil for August delivery rose as much as 43 cents, or 0.6%, to \$69.40 a barrel on the New York Mercantile Exchange. It was trading for \$69.26 in London. The contract rose \$1.20, or 1.8%, to \$68.97 on June 27. Gasoline demand in the U.S., the world's largest oil consumer, peaks from June through August as summer vacation travel puts more cars on the road. Imports of the fuel dropped 13% to an average 11.1 million barrels a day last week. Daily demand dipped to 9.57 million barrels, down from a nine-month high the week before.

U.S. gasoline stockpiles contained 202.6 million barrels on June 22. Average demand in the past four weeks was 1.4% higher than a year earlier. U.S. refiners used 89.4% of their plant capacity last week, compared with the 88.5% expected by analysts in a Bloomberg News survey. Operating rates fell the previous four weeks as fires and breakdowns slowed production. Oil inventories, already at a nine-year high, gained an extra 1.56 million barrels. Brent crude oil for August settlement was at \$70.67 a barrel, up 20 cents, on the London-based ICE Futures exchange.

Source: Bloomberg

OPEC warns U.S. on law

OPEC President Mohammed bin Dha'en Al Hamili has warned U.S. lawmakers against passing a law that would allow the government to sue OPEC for price manipulation. The bill would revoke the sovereign immunity OPEC member enjoy from U.S. legal action. The bill has passed through the House of Representatives but President Bush has threatened to veto it.

Source: Reuters

Iran petrol ration panic

Iranians reacted to the introduction of fuel rationing by panic buying and violence, with one Tehran petrol station set on fire. Drivers are limited to 100 liters of fuel a month under the scheme. Iran's government is trying to reign in fuel consumption. Iran imports about 40% of its petrol, which is heavily subsidised and sold at about a fifth of its real cost.

Source: BBC

U.S. oil concessions quit Venezuela

Venezuelan President Hugo Chavez has forced U.S. oil giants Exxon Mobil and ConocoPhillips to quit their oil field concessions in a nationalization drive. The U.S. said the move could hurt its oil supplies. Four other international oil companies, Chevron, Statoil, BP and Total have signed agreements giving Venezuela at least 60% of projects worth \$30bn.

Source: Business Day

Base metals: looming threat of strikes underpins copper prices in the near term

Base metals have continued to follow their mixed trend in prices this week as well. While nickel prices suffered severe setbacks, particularly at the outset of the week, and in the interim have fallen well below the \$40,000 threshold, the price of copper has been trading sideways at \$7,500. Aluminium prices have also recorded merely modest movements and are currently hovering at \$2,730. In contrast, lead prices have continued their rally, hitting new all-time highs of more than \$2,450. The trend in copper prices is especially interesting. Developments in China are particularly relevant for the copper market. From February to May this year, copper imports surged dramatically. Meanwhile, the available supply of copper in China has improved considerably. This is also manifested in the rising inventories on the Shanghai Futures Exchange. Due to the better availability of copper in China, a drop in copper imports is expected in the next two to three months, which should lead to falling prices. While declining copper prices in the weeks ahead is forecast, the mounting threat of strikes in South America should underpin prices in the near term.

Source: Credit Suisse

Precious metals: risk of strikes supports platinum and palladium

Precious metal prices have seen mixed developments this week. While stronger oil prices initially supported prices, rising US yields and a stronger dollar has led to profit-taking in the second half of the week. Given this price development, platinum and palladium prices continue to hold up very well. Prices for both metals are currently well supported by the looming danger of miners' strikes in South Africa. Wage talks between unions and Impala have so far ended fruitless. As long as the matter is not resolved, further price gains for platinum and palladium are expected.

Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	203.5	193.7	185.8	-0.4	22.7
LME metals price index	3973.3	3889.3	3803.0	-6.7	21.3
Oil prices USD	68.3	61.2	63.5	3.2	-2.5
Oil prices SDRs	45.2	40.6	42.5	3.4	-4.7
Gold \$/troy oz	652.2	657.7	636.8	-1.5	13.4
Silver cents/troy oz	1317.0	1330.9	1266.6	1.9	28.2
Platinum \$/troy oz	1290.0	1231.1	1203.3	-1.2	9.8
Copper \$/MT	7550.3	6736.8	7066.7	1.9	10.0
Nickel \$/MT	36775.0	44632.9	37529.8	-32.0	82.3
Aluminium \$/MT	2666.5	2789.3	2685.8	-5.3	11.1
Zinc \$/MT	3574.3	3608.8	3662.9	-4.7	21.2
Steel - HR coil dry \$/MT	600.0	600.0	586.4	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	-	Positive	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	-	A-	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

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+ 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	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	3.125	21-Jun-07	Raise 25bps	27-Sep-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	22-Jun-07	No change	27-Jul-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 28, 2007



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