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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

IRAN

SEC lists 55 multinationals doing business in Iran

The United States Securities and Exchange Commission (SEC) published a list of 55 publicly-traded international firms that do business in Iran because the country is classified as a state-sponsor of terrorism by the U.S. State Department. The list includes firms that mentioned in their 2006 annual report references to business operations in Iran. The SEC claims that the list falls under the Commission's investor-protection mission. The financial institutions included on the list are ABN AMRO Holding NV, Australia & New Zealand Banking Group Ltd, Bank of Tokyo Mitsubishi UFJ, Ltd, Credit Suisse Group, Deutsche Bank, HSBC Holdings, Mitsubishi UFJ Financial Group Inc., ING Groep NV and Petrobras International Finance Co. The list also includes several oil firms, as well as others such as Imperial Tobacco Group PLC, Nokia, Unilever, Siemens, Mittal Steel and Reuters.

Source: Securities and Exchange Commission

Iran asks Japanese refiners to pay for oil purchases in yen

Iran asked Japanese refiners to switch their payments for all crude oil purchases to the yen from the US dollar to avoid having its revenues cut off in the event of American or EU sanctions. Such payments rose by 10% to 1.24tn yen, or $10.1bn, in 2006. Iran is Japan's third-largest oil supplier, behind Saudi Arabia and the UAE. Teheran has been trying to persuade Asian buyers to make payments in non-U.S. currencies to reduce its U.S. dollar holdings, a move that is seen as a response to pressure from Washington to limit Iran's dealings with the U.S. financial system. Oil exports make up about 80% of Iran's hard currency earnings. The state-owned National Iranian Oil Co. said it has been receiving about 70% of its oil sales revenues in recent months in non-U.S. currencies, mostly in euros. Iran holds less than 30% of its reserves in U.S. dollars.

Source: AP

IRAQ

Sunni bloc ends boycott of Parliament

Iraq's main Sunni Arab bloc has ended its boycott of the Shi'ite-dominated parliament in a positive sign for the country's faltering attempts at national reconciliation. The return of the Accordance Front comes at a time when Shi'ite Prime Minister Nuri al-Maliki is under growing pressure from Washington to push through laws aimed at quelling violence and reconciling majority Shi'ites and minority Sunni Arabs. The Accordance Front began its boycott in June in protest against the ousting of one of its senior members, Mahmoud al-Mashhadani, as parliament speaker. The Front quit the cabinet last month in anger over legal action against one of its ministers. Washington has been urging Iraq for months to pass important laws aimed at drawing Sunni Arabs more firmly into the political process. Only one of the drafts has reached parliament.

Source: Reuters

LIBYA

U.S. President nominates first ambassador to Libya since 1972

United States President George W. Bush nominated Gene Cretz as the first U.S. ambassador to Libya since 1972. Mr. Cretz currently serves in the U.S. embassy in Tel Aviv and has previously worked for the U.S. embassy in Damascus. The announcement was made shortly after U.S. Homeland Security Advisor Frances Fragos Townsend delivered a letter of gratitude to Col. Muammar Kadhafi for abandoning weapons of mass destruction. The move is seen as another step towards restoring relations between the U.S. and Libya. The nomination must be confirmed by the U.S. Senate, where reportedly some senators say they will bar the nomination until Libya fulfils its obligations for several terrorist attacks in the 1980s.

Source: Magharebia News

Death sentence on Bulgarian nurses lifted

Libya’s High Judicial Council commuted to life imprisonment the death sentences imposed against five Bulgarian nurses and a Palestinian doctor convicted of deliberately infecting 460 Libyan children with the HIV virus. Also, and as part of the settlement, the families of the HIV-positive children will receive each $1m in compensation. The United States and the European Union welcomed the decision but have requested the nurses to be freed, as the case has been a major stumbling block to Libyan leader Muammar Gaddafi's return to the international stage after decades of diplomatic isolation. But Libyan Foreign Minister Abdelrahaman Shalgham said the case was "not closed" and that Tripoli was still awaiting guarantees regarding the treatment of the infected children.

Source: AFP, AP

MIDDLE EAST

Top 1000 banks in world include 94 Middle Eastern banks

The Banker magazine’s 2007 survey of the Top 1000 banks in the world included 94 banks from the Middle East on the list, up from 83 in the previous survey. The Middle East accounted for 3.4% of Tier One capital, 2% of total assets and 3% of aggregate profits of the Top 1000 banks in 2006. *The Banker* ranks banks according to Tier One capital at year-end 2006 as defined by the Basel Bank for International Settlements. The top ranked bank in the region remained the National Commercial Bank of Saudi Arabia, coming in 110th place globally with Tier One capital of $6.4bn. The aggregate Tier One capital of the 94 banks from the region rose by 38.6% to $115.2bn and their assets increased by 30.8% to $1,270bn, while their pre-tax profits grew by 30.3% to reach $26.5bn in 2006. The top 25 banks in the region include 8 banks from Saudi Arabia, 6 from the UAE, 3 from each of Bahrain and Israel, 2 from Kuwait, and one from each of Jordan, Qatar and Iran. *The Banker* noted that the aggregate pre-tax profits of the 94 Middle Eastern banks did not match those of Citgroup.

Source: The Banker

EMERGING MARKETS

Net private capital inflows to emerging markets at $545bn in 2007

The Institute of International Finance projected total private capital flows to emerging markets at $545bn in 2007, slightly below the record high of $553bn registered in 2006. All major categories of flows with the exception of direct equity investment and FDI are expected to experience a relative decrease this year.

Net direct investment is forecast to rise to $194bn from $167bn last year. China will account for $58bn of total net direct investment flows to emerging markets. The increase of net direct investment to Turkey, which began last year, will continue in 2007 with flows reaching more than $17bn. Portfolio equity investment is expected to decline from last year's record $51bn to $42bn in 2007. Although IPO activity remains strong with the number of deals possibly exceeding that for last year, the overall size of deals is likely to be smaller in 2007.

Commercial bank net lending is likely to decline in 2007 to about $173bn from a record high of $198bn in 2006. Emerging Europe, which received the greatest share of net lending over the last five years, again will receive the largest amount in 2007. Net non-bank private lending is forecast to hold steady at about $136bn this year, as corporate bond issuance is once again likely to exceed sovereign bond issuance. The combination of large pre-financing efforts in the past few years and the continued buyback of outstanding bonds reflecting in part strong current account positions of some countries are expected to limit sovereign borrowing.

Source: Institute of International Finance

UKRAINE

Banks' credit profiles to gradually improve

Fitch Ratings indicated that rapid loan growth, tight liquidity and capitalization, and modest performance are undermining the credit profiles of most Ukrainian banks. At the same time, the agency notes that the sector is gradually diversifying its funding and some larger banks are starting to show scale-driven improvements in profitability. Further, increasing foreign ownership of the sector should help improve risk management, diversify funding and increase capital flexibility, while also providing a crucial source of potential support in case of need. Foreign banks have actively entered the market during the last three years through acquisitions to currently account for about 30% of sector assets. Fitch expects foreign banks' presence to continue to grow, which is likely to lead to a gradual consolidation and strengthening of the sector.

According to Fitch, rapid loan growth in the relatively new retail segment, considerable foreign currency lending, and large exposure to the construction/real estate sector are important sources of credit risk. Also, reliance on potentially unstable customer funding makes the sector's liquidity vulnerable, although increasing access to international and domestic capital markets is helping to gradually diversify funding. In parallel, the banking sector is very fragmented, with over 170 banks, none of which hold more than an 11% share of the system's assets. This is a significant weakness, as it makes it hard for banks to achieve scale efficiencies and diversify risks and revenue streams. Also, deficiencies in accounting rules and regulations and the still developing legislative framework make prudential supervision a challenge, although the National Bank of Ukraine acted decisively and effectively in 2004 to support sector liquidity.

The agency said the sector's capitalization is tight due to rapid growth, low internal capital generation, high business concentrations, moderate free capital and limited capital flexibility. Securities price and foreign exchange risk are not substantial as bank regulation, a shallow domestic capital market and a stable currency have reduced possibilities for speculative trading. However, banks might be vulnerable to unanticipated interest rate movements as they usually run very wide negative re-pricing gaps.

Source: Fitch Ratings

MAURITANIA

IMF encourages financial sector reforms

The International Monetary Fund stated that financial reforms in Mauritania should aim primarily at strengthening the commercial banking sector and developing the foreign exchange market. The IMF considered that the recent overhaul of the financial sector legislative framework is a big step forward, but added that the full implementation of the recommendations of the Financial Sector Assessment Program is critical to creating the condition for high private sector-led growth. It added that further progress will need to be made, with World Bank and Fund assistance, in recapitalizing domestic banks, reducing non-performing loans, improving judicial support to banks' mobilization of loan guarantees, modernizing the payment system, and strengthening banking supervision. I parallel, the development of market-based foreign exchange transactions and the gradual move toward a more flexible exchange rate policy will help better manage external shocks.

The Fund said the Central Bank of Mauritania (BCM) is considering progressively enhancing market participation through measures such as the reduction of BCM transaction fees, currently at 3.75%, and preparing for the development of an interbank market. In addition, the BCM will seek to enforce the recently promulgated financial ordinances and prepare a plan to address non-performing loans. The BCM assured the Fund's mission that a new banking ordinance that requires a higher minimum capital for banks with foreign majority interest will not immediately apply to existing banks and that all banks will be progressively aligned to the higher minimum capital requirements.

Source: International Monetary Fund

ECONOMY & TRADE

SYRIA

Insurance Commission issues investment guidelines

The Syrian Insurance Supervisory Commission (SISC) issued guidelines for investment by Syrian insurance firms. Accordingly, Syrian insurers are authorized to invest the equivalent of 75% of their paid-up capital in Treasury bills, investment and financial firms, investment funds, real estate companies, IT services firms, and financial holding firms. All investments must occur in shareholding firms based in Syria, while investment in any of the above sectors is limited to the equivalent 15% of the capital of the company. Insurance firms can also own real estate provided it is used for their own operations and that its total value is up to 10% of the capital. Also, insurers are required to keep 25% of their reserves in demand deposits at local banks. Investment in other insurance firms and insurance services companies is prohibited.

Source: Syria Report

EGYPT

Egypt signs OECD investment declaration

Egypt signed the OECD Declaration on International Investment and Multinational Enterprises, becoming the first Arab and first African country to ratify the declaration of the Organization for Economic Cooperation and Development. The signing marks a new stage in Egypt's drive to attract more foreign direct investment, as a series of policy reforms have helped to drive a fifteen-fold increase in FDI between 2001 and 2006. FDI inflows reached a record $9bn in the first three quarters of the 2007 fiscal year compared to $6.1bn for all of 2006. Authorities expect FDI in Egypt to exceed $10bn during the 2007 fiscal year that ends in June. Egypt has chaired a joint Middle-East and North Africa-OECD Investment Program since 2006.

Source: OECD

KUWAIT

Auction of 26% of new mobile firm

Authorities launched on July 10th a public auction for a 26% share in the third mobile telecommunications company to be established in Kuwait. Participation is open to companies listed on the Kuwait Stock Exchange and to foreign telecommunications operators with no current operations in Kuwait. The two existing Kuwaiti mobile providers MTC and Wataniya Telecom are barred from direct or indirect participation. The Ministry of Communications said up to nine Gulf and international firms have so far applied for the bid and paid the required fees. Registration for the bid is due to close on July 31st and the winning company will be announced on October 7, 2007.

Source: Kuwait Investment Authority, KUNA

KAZAKHSTAN

External debt at 64% of GDP

Figures released by the National Bank of Kazakhstan show that total external debt stood at $53.1bn at the end of March 2007, equivalent to 64.3% of GDP, up from $47bn (60.7% of GDP) at the end of 2006, and constituting a substantial increase from 28.7% of GDP five years ago. The increase was driven by private sector debt, which was $51.6bn at the end of March 2007, or 62.5% of GDP, while public sector debt was just $1.5bn, equivalent to 1.8% of GDP. In turn, private sector debt is primarily composed of banking sector debt, which amounted to $38.4bn, or 46.5% of GDP, at the end of the first quarter of 2007, up from $33.3bn or 43.1% of GDP. The maturity of most of the external debt is medium to long term. Private sector short-term external debt was $9bn, or 10.9% of GDP, at end-March 2007. Unlike total external debt, short-term debt has been broadly stable and declined from 14.3% of GDP at end-2005. Earlier this year, the Financial Supervision Agency tightened regulations on external borrowing. Further, the ceiling on the external liabilities-to-capital ratio, to go into effect in the second quarter of 2008, is expected to curb banks' borrowing.

Source: Credit Suisse

ROMANIA

Current account deficit deteriorates

Data released by the National Bank of Romania shows that the current account posted a €5.9bn deficit in the first 5 months of 2007, almost doubling from €2.9bn in the same period last year. The data for May brought the 12-month rolling current account deficit to €12.6bn, equivalent to 12.4% of GDP, from €11.7bn, or 11.7% of GDP in April. The widening in the current account deficit was mainly driven by the deterioration in the merchandise trade deficit during the same period, as the 12-month rolling trade deficit increased to €17.9bn in May from €17.2bn in April.

Source: Credit Suisse

PAKISTAN

S&P revises outlook to stable

Standard & Poor's affirmed its 'B+/B' foreign currency and 'BB/B' local currency sovereign credit ratings for Pakistan but revised its outlook on both the foreign and local currency ratings to 'stable' from 'positive'. The outlook revision reflects growing concerns over the country's deteriorating security environment and the risk of potential fiscal slippages. S&P said Pakistan's political and security situation has deteriorated markedly in recent months, and that the stable outlook reflects it expectation that the government will continue to implement current economic policies, which is balanced against the risk of potential fiscal slippages. This could occur in light of an ambitious revenue target, and the political uncertainty surrounding the future of the Musharraf administration and the potential implications that such uncertainty has on investor confidence.

Source: Standard & Poor's

BANKING

IRAQ

Byblos Bank starts operations in Iraq

The Byblos Bank Group started operations in Iraq through a branch in Irbil, the capital of Kurdistan. Byblos becomes the first Lebanese bank to establish a direct presence in the Iraqi market. The branch is part of Byblos Bank S.A.L., and will cover commercial and correspondent banking services including payments, letters of credit, letters of guarantee, and documentary collections. The decision to establish a direct presence in Iraq falls within the Group's strategy of asset diversification and expansion in emerging markets. Iraq's banking sector has 20 privately-owned commercial banks and 7 state-owned banks. Since 2003, some Arab and international banks such as HSBC, National Bank of Kuwait, Jordan's Capital Bank and Qatar National Bank have bought shares in local banks. Other banks have received licenses such as Bank Melli Iran, the Commercial Bank of Kuwait and Jordan's Arab Bank.

Source: Byblos Bank

GCC

S&P classifies GCC countries as 'interventionist' towards their banking sectors

Standard & Poor's considered that the capacity, willingness and track record of government support towards the banking sector in all six Gulf Cooperation Council countries is stronger than in most other regions. The rating agency classified all six GCC countries as being 'interventionist' toward their banking sector, as the government or the regulator is highly likely to intervene directly and rescue a bank before it fails.

S&P said governments' capacity to provide support is very strong, as reflected by their large net external asset positions and central banks' wide foreign reserves and liquidity. Further, banking sectors in the Gulf are relatively small in absolute and relative terms, meaning that the cost of bailing out even the largest banks would be manageable. Finally, unlike in the European Union, GCC countries do not have constraining regulatory barriers that could limit their direct intervention. The agency noted that the current trend toward geographic diversification could somewhat reduce, in the longer term, governments' incentives to support banks headquartered in their territory but more active internationally.

Source: Standard & Poor's

TUNISIA

Moody's announces rating actions for Tunisian banks

Moody's Investors Service issued rating results for banks in Tunisia 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 Amen Bank from 'D-' to' E+'. It kept unchanged the BFSR of Arab Tunisian Bank and Banque Internationale Arabe de Tunisie at 'D', that of Banque de Tunisie at 'D+', and that of Société Tunisienne de Banque at 'E+'. In parallel, Moody's kept unchanged the Foreign Currency Deposit Ratings of all banks at 'Baa2/P2' and said all ratings have a 'stable' outlook.

Source: Moody's Investors Service

LIBYA

BNP Paribas acquires 19% stake in Sahara Bank

The Central Bank of Libya selected BNP Paribas as the strategic partner of Sahara Bank, making it the first foreign bank to develop full banking activities in Libya. According to the terms of an agreement with the government, BNP Paribas will acquire 19% of the bank's capital for €145m and will immediately take over its operations. The deal includes an option to purchase additional shares for up to 51% of the capital over the next 3 to 5 years. The conditions for the purchase of the additional 32% stake have already been established based on the price paid for the initial 19%, increased by a fixed interest rate. Sahara Bank is a full service bank with 1,500 employees and a market share of 17% in loans and 22% in deposits. Its clients, who are served by a network of 48 branches throughout the country, include large state enterprises, private companies, and over 300,000 individual and professional customers. The privatization transaction is part of the Central Bank's restructuring program of the Libyan banking sector. Implementation of this program is already underway with measures including the liberalization of regulations on banking activities, the modernization of payment systems, and the creation of a credit bureau.

Source: BNP Paribas

TURKEY

Central Bank keeps rates unchanged

The Monetary Policy Committee (MPC) of the Central Bank of Turkey kept the overnight and lending rates unchanged at 17.5% and 22.5%, respectively, as expected. But it said that it could start monetary easing in the fourth quarter of this year. The MPC said that although high energy and food prices and the increase in public spending have limited the fall in inflation so far this year, the lagged impact of the monetary tightening in mid-2006 has led to an expected slowdown in inflation and domestic demand. The MPC added that inflationary developments so far this year have been in line with its nominal policy rate scenario and that a gradual monetary easing could start in the last quarter of 2007. The MPC also said that the timing of the start of the expected monetary easing would depend, among other factors that affect the inflation outlook, on measures related to public spending.

Source: Credit Suisse

RUSSIA

Anti-money laundering law to be strengthened

President Vladimir Putin instructed the Cabinet and the Central Bank to amend the law on anti-money laundering and terrorism financing. The legislation, to be submitted to the Duma, will require all bank transfers by individuals of more than 600,000 rubles ($23,553) in foreign currency to be subject to special scrutiny. The amendments would formalize the standards that the majority of banks already apply to money transfers. Russia, the world's 10th-biggest economy, is still largely a cash-based economy, which is conducive to money laundering and tax evasion. For every 32 retail payment transactions in cash, only one transaction is made without banknotes changing hands.

Source: Bloomberg

ENERGY/ COMMODITIES

Oil rises above $77, supply worries intensify

Oil resumed its march towards record highs, climbing above $77 a barrel on Thursday after a surprise drop in gasoline stocks in the United States and heightened supply concerns in Africa. London Brent crude was up 62 cents at $77.38 after climbing $1.23 a day ago. On Monday it was pushed within 25 cents of last August's $78.65 all-time high by speculative buying and tight North Sea crude oil market. U.S. crude, which has risen more than $7 over the past three weeks, was up 53 cents at $75.58 a barrel after a $1.03 jump on Wednesday. Prices leapt on Wednesday after U.S. data showed refineries running harder, but failing to build up stocks of gasoline and heating oil. Robust consumption and slower imports drained gasoline inventories by 2.3 million barrels in the week ending July 13, versus expectations of a 900,000-barrel rise.

Adding further support, yet more oil supply has been disrupted in Africa's OPEC members. Technical problems have shut in half of the 220,000 bpd Dalia oilfield in Angola, operated by France's Total. Production in Nigeria is down by nearly a fifth, or 547,000 bpd, because of disruptions by militant groups. In spite of the disruptions, the Organization of the Petroleum Exporting Countries has show no sign of relaxing its supply curbs and has noted crude inventories are still sharply above average levels. Adding fuel to the price run-up, China's economy continued to gallop ahead, with annual GDP growth accelerating to 11.9% in the second quarter, a faster-than-expected pace in the world's second-largest oil consumer. China's crude oil imports in the first half of the year were up 11.2% from a year ago at 3.29 million bpd.

Source: Reuters

World oil demand to rise faster than expected

The International Energy Agency (IEA) said that world oil demand will rise faster than expected, while supplies will remain tight. The IEA noted that demand will rise by an average 2.2% a year between 2007 and 2012, up from a previous medium-term forecast of 2%.

Source: International Energy Agency

Turkey to invest $3.5bn in Iran gas

Turkey will invest $3.5bn in Iran's South Pars gas field from 2008, according to Turkish energy ministry officials.Turkey may also set up a partnership with an EU member state. Turkey has already signed a deal to use Iran as a route for Turkmen gas.

Source: Reuters

No Iran energy funding crisis

Iran's oil minister said the country's oil industry is not facing any shortage of financing and no projects have been put on hold. The US has been trying to deter multinationals and foreign banks from investing in Iran, in a bid to pressure the Islamic republic to stop work on its nuclear program.

Source: Reuters

Base metals: Downside risks prevail

Base metal prices continued to show mixed developments. After losses at the beginning of the week, prices recovered in the second half of the week. Copper prices continue to be supported by ongoing strikes in South America. Copper miner Coldelco had to suspend all activities at its Andina and El Teniente mines after violent protests. While these strikes provide good short-term support for prices, another period of weaker prices is forecast after the strikes, as Chinese imports of the metal are declining. Led by higher copper prices, aluminium also managed to achieve some price gains and lead prices also increased. Some base metals have also witnessed substantial losses. On Tuesday, July 10, nickel prices declined more than 5%. Zinc has also been hit by profit taking. For quite some time now, diverging price trends are more the norm than the exception for the base metal sector. The overall trend for the complex is likely to remain lower and further downside risks are expected to prevail.

Source: Credit Suisse

Precious metals: Gold prices are benefiting from the weakening dollar

Precious metals had a good start to the week and managed to recover somewhat from the price correction of May and June. Silver also regained some ground after the price dip at the beginning of the month. Platinum benefited mainly from the positive performance of gold. Only palladium could not benefit from the good sector performance and is still trading sideways. Platinum prices should remain well supported by strikes in important mines in South Africa. Newswires report that 900 workers at Stillwater Mining are striking after wage negotiations failed. In palladium, on the other hand, the downside risk is still elevated, as the number of speculative long positions is currently close to all-time highs. The outlook for the gold price remains positive. Prices are currently benefiting from the weakening dollar. Moreover, latest reports from jewelers in the Middle East indicate continuing strong physical demand. Toward the end of Q3, positive seasonal effects should provide additional support for gold prices.

Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	205.2	196.0	187.6	1.8	13.4
LME metals price index	4077.7	3947.4	3834.1	2.6	6.6
Oil prices USD	72.6	62.7	63.4	11.1	-3.2
Oil prices SDRs	47.4	41.5	42.3	9.5	-6.6
Gold $/troy oz	668.5	661.6	639.2	3.1	2.2
Silver cents/troy oz	1295.0	1332.0	1276.8	-1.5	10.2
Platinum $/troy oz	1306.0	1250.6	1207.6	1.2	3.8
Copper $/MT	8090.5	6946.0	7087.9	11.0	-1.7
Nickel $/MT	33402.5	44926.0	38250.7	-18.9	13.0
Aluminium $/MT	2775.3	2778.7	2697.3	4.9	7.1
Zinc $/MT	3589.5	3528.3	3674.0	-3.0	0.0
Steel - HR coil dry $/MT	600.0	600.0	593.9	0.0	18.8

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								
	-	-	-	-	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
Ghana	-	-	-	-	B								
	-	-	-	-	Stable	-3.1	38.6	26.9	86.5	2.7	152.4	-6.7	-
Ivory Coast	-	-	-	-	CCC								
	-	-	-	-	Stable	-1.8	69.4	64.3	133.3	4.2	603.3	5.4	-
Libya	-	-	-	-	BB								
	-	-	-	-	Stable	32.2	5.8	10.3	14.5	3.1	7.8	18.5	2.8
Mauritania	-	-	-	-	-								
	-	-	-	-	-	-2.3	105.9	78.9	123.4	4.5	-	-2.6	-
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
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
Oman	A	A1	-	A-	A								
	Stable	-	-	Stable	Stable	10.1	7.7	17.2	19.8	5.9	113.7	8.6	2.0
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	28-Jun-07	No change	07-Aug-07
Eurozone	Refi Rate	4.00	05-Jul-07	No change	02-Aug-07
UK	Base Rate	5.75	05-Jul-07	Raise 25bps	02-Aug-07
Japan	O/N Call Rate	0.50	12-Jul-07	No change	23-Aug-07
Australia	Cash Rate	6.25	03-Jul-07	No change	07-Aug-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	4.75	12-Jul-07	Raise 25bps	09-Aug-07
Malaysia	O/N Policy Rate	3.50	28-May-07	No change	24-Jul-07
Thailand	1D Repo	3.50	18-Jul-07	Cut 25bps	29-Aug-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-Jul-07	No change	N/A
Turkey	Base Rate	17.50	12-Jul-07	No change	14-Aug-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 July 19, 2007

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