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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

LEBANON

US imposes sanctions against organizations supporting Hizbullah

The U.S. Treasury Department imposed financial sanctions on groups and individuals it says are part of a "support network" for the Shi'ite militant group Hizbullah, which it considers a terrorist organization. The United States imposed financial sanctions on the Iranian-based Martyrs Foundation for allegedly channeling financial support to Hizbullah as well as to Palestinian militant groups. The U.S. Treasury is freezing all the foundation's bank accounts or assets in the U.S. and forbidding Americans from doing business with the group. The action also covers the foundation's U.S. branch, the Michigan-based Goodwill Charitable Organization. The U.S. Treasury also targeted the Beirut-based finance firm Al-Qard al-Hassan accused of being a cover for Hizbullah's financial dealings. The Treasury also targeted Qasem Aliq who serves as a director of a Hizbullah operated construction firm called Jihad al-Bina, and Ahmad al-Shami, who worked for the Martyrs Foundation. It will freeze any assets the firm and the two persons may have in the U.S. and American citizens are prohibited from doing business with them.

Source: AFP, VOA News

U.S. House draft resolution condemns Syria and Iran for destabilizing Lebanon

The Chairman of the U.S. House Foreign Affairs Subcommittee on the Middle East and South Asia, Rep. Gary Ackerman, introduced to the U.S. House of Representatives a bipartisan resolution that condemns Syria and Iran for their ongoing roles in providing arms to Lebanese militias, particularly Hizbullah, and Palestinian factions. The resolution also expressed the support of the U.S. House of Representatives for Lebanon's government, and affirmed continued U.S. readiness to provide material and economic assistance in order to help protect Lebanese sovereignty, independence and territorial integrity. It calls for "prompt action" by the Special Tribunal for Lebanon established by the U.N. Security Council to investigate the assassination of former Lebanese Prime Minister Rafik Hariri in February 2005. The resolution was sponsored by two Democratic and two Republican congressmen. The sponsors hope for a quick vote in the U.S. House before the August recess.

Source: Naharnet

IRAQ

Sunnis threaten to quit Iraqi government

Iraq's main Sunni Arab political coalition threatened to quit the Shia-led national unity government, in an indication of a widening Sunni-Shia rift that complicates efforts to secure national reconciliation. The Iraqi Consensus Front said that it would pull out of the government altogether in a week unless authority freed security detainees who have not been charged with crimes, and acted against Shia militias.

Source: Financial Times

IRAN

Iran to join US on security committee

The United States and Iran agreed to set up a joint committee with Iraq to discuss Iraqi security, opening the way for a continuous dialogue between two countries whose contacts have been limited since the 1979 Iranian revolution. The decision came after a seven-hour meeting in Baghdad involving the U.S. and Iranian ambassadors. The new committee would focus on three key areas such as reining in the militias, fighting al-Qaeda, and addressing border security. The formation of a trilateral security body meets Iran's basic requirement for success of the talks. The two sides previously met on May 28th.

Source: Financial Times

LIBYA

EU to boost ties with Libya

The European Union declared it will boost ties with Tripoli after Libya's release of six Bulgarian nurses convicted of infecting Libyan children with HIV. The deal also holds out the prospect of increased market access for Libya, especially for fisheries and agricultural products, help with archaeology, and restoration of monuments. The EU will also consider Libya's wish for easier access to EU visas for its citizens, cooperation on border control and scholarships for students. However, the European Commission still needs to ask the 27 EU countries for a mandate to strike deals with Libya on these matters. Contrary to its neighbors, Libya is still not a full member of the EU's partnership with Mediterranean countries, has not yet started talks on an association agreement and does not receive aid from the bloc's fund for Mediterranean countries.

Source: AFP

TURKEY

AKP party wins parliamentary elections

Parliamentary elections produced a strong victory for the Islamist AKP party, which secured another five-year single-party government but failed to reach a two-thirds majority. According to the unofficial final results, the AKP received 47% of the votes, while the CHP and the MHP got 21% and 14% of the votes, respectively, resulting in a three-party parliament. No other political party was able to exceed the 10% threshold to enter the legislature. The preliminary distribution of parliamentary seats showed the AKP with 340 seats, the CHP with 110 seats and the MHP with 72 seats. Additionally, 28 independent deputies entered the parliament, 24 of which were the candidates fielded as independents by the pro-Kurdish DTP party. Prime Minister Recip Erdogan's second-term majority will not be enough for him to pick the next president, who is elected by parliament, without support from other parties, opening the way for a compromise that might defuse the dispute between the government and army. But the victory margin strengthens his mandate to pursue European Union talks, privatization and budget discipline.

Source: Merrill Lynch, Bloomberg

OUTLOOK

WORLD

IMF raises world economic growth to 5.2%

The International Monetary Fund increased its forecast for world economic growth to 5.2% for each of 2007 and 2008. The IMF raised by 0.3 percentage points its 4.9% growth forecast that was issued in April for both years, after robust growth in emerging markets. The IMF said the global economy continued to expand at a brisk pace in the first half of 2007, with major upward revisions for emerging market and developing countries, especially for China, India and Russia. The IMF revised upward by 1.2 percentage points China's growth to 11.2% in 2007. It also raised India's growth rate by 0.6 points, to 9%, and Russia's to 7%. It noted that China, Russia and India provide over half of the global growth coming from emerging market countries. In parallel, the IMF lowered its 2007 forecast for the United States, the world's biggest economy, by 0.2 points to 2% and left unchanged the U.S. growth forecast for 2008 at 2.8%.

The IMF said downside risks to the favorable global outlook remain modest, adding that with sustained strong growth, inflation risks have edged up since April 2007, increasing the likelihood that central banks will need to further tighten monetary policy. The Fund also signaled a growing risk on financial markets, as credit quality has deteriorated in some sectors and market volatility has increased.
Source: International Monetary Fund

NIGERIA

Banking sector to consolidate and attract foreign participation

Global investment firm Merrill Lynch indicated that the Nigerian banking sector is evolving quickly, is still at a very underdeveloped stage compared to other emerging markets and is expected to see more consolidation. The critical development in the sector's transformation was the July 2004 increase in the minimum capital level from $15m to $200m that led to the decrease in the number of registered banks from 89 to 25 banks, with the top 10 accounting for about 80% of aggregate assets. However, the sector is still relatively fragmented with the largest player having a market share of around 13%. Therefore, Merrill Lynch expects to see more consolidation in the near term as a number of the smaller players, particularly outside the top 10, lack scale. It said that, as the market grows and becomes more competitive and sophisticated, many smaller banks could be almost forced into combinations with larger partners. Merrill Lynch anticipates more consolidation over the long term, given that the market is expected to be very competitive over the next 2-3 years due to its massive growth potential. Therefore, as banks fight to maintain shareholder returns it foresees mega-banks eventually emerging with market shares in the 15-20% range.

Foreign ownership in the Nigerian banking sector is currently low with four foreign-owned banks including Citibank, Standard Chartered and Stanbic, although in each case the operations are relatively small with none ranking in the top 10. Merrill Lynch expects to see growing participation of foreign banks in coming years. In parallel, 21 banks are listed locally with typically diverse ownership, making for a different shareholder support dynamic versus other emerging market banks where control is concentrated among a few individuals.

According to Merrill Lynch, the sector's trends are almost universally positive, with strong deposit growth reflecting improved confidence and with banks attracting a total of $3.2bn in new funds, 20% of which coming from abroad. The sector is evolving quickly, but is still at a very underdeveloped stage compared to other emerging markets. Private sector credit-to-GDP is at just 17% in Nigeria, compared to around 50% in Kazakhstan, and 30% in Russia. This suggests excellent growth prospects ahead should macro and institutional conditions remain favorable, something which is already driving strong foreign equity interest in the sector.
Source: Merrill Lynch

RUSSIA

IMF praises financial sector development, warns of vulnerabilities

The International Monetary Fund welcomed the development of the Russian financial sector but warned of rising vulnerabilities due to rapid credit growth. The deepening of financial markets and the expansion of credit, as well as the rise of the corporate bond market combined with a reduction in borrowing costs, have helped spur growth. But further development could be facilitated by eliminating inconsistencies among different laws and codes, and clarifying responsibilities among the various agencies charged with overseeing the sector.

The Fund called for increased regulatory vigilance as the explosive increase in credits, reinforced by surging capital flows, is increasing vulnerabilities. While market participants and regulators are confident that banks have generally updated their risk-management procedures to keep pace with the expansion of credit, they are concerned that a number of banks have engaged in excessively risky lending practices, particularly in the market for consumer loans. Potentially significant vulnerabilities also arise from the rapid increase in open positions, as banks have increasingly funded their ruble lending through foreign-currency borrowing, as well as from the large increase in banks' holdings of ruble-denominated corporate bonds. These vulnerabilities are heightened by the lack of access of many banks to either the interbank market or foreign funding, and by weaknesses in Russia's prudential framework and regulatory practices. The IMF said there appears to be no major systemic risk but called for an in-depth review of vulnerabilities. It added that the Financial Sector Assessment Program update by a joint Fund-World Bank team of experts is now well underway, providing an early opportunity for such a review.
Source: International Monetary Fund

ECONOMY & TRADE

GCC

Moody's upgrades five sovereigns

Moody's Investors Service upgraded the credit ratings of five Gulf countries to reflect the effect of high oil prices on their public external finances. Bahrain was upgraded to 'A2' from' A3'; Kuwait to 'Aa2' from 'Aa3'; Oman to 'A2' from 'A3', Qatar to 'Aa2' from 'Aa'3, and Saudi Arabia to 'A1' from 'A2'. Saudi Arabia was given a 'positive' outlook, while the rest were given 'stable' outlooks. The agency highlighted the relatively prudent use of oil export receipts compared with previous oil booms. It noted the greater propensity to save and invest in productive capital spending rather than on current spending. It said the countries' asset positions are likely to improve further with all of the GCC countries' fiscal balances likely to generate significant surpluses as long as oil prices remain above $45 per barrel.
Source: Moody's Investors Service

SYRIA

Five-star hotels post decline in 2006 profits

Income generated by the Ministry of Tourism from the six 5-star hotels it owns totaled $13.4m in 2006, down by 18.2% from $16.4m in 2005. The ministry attributed the drop to a fall in the number of tourists that visited Syria following the Israeli attacks on Lebanon last summer. The six hotels have management contracts with local and international firms. The Palmyra Cham Palace, Ebla Cham (Damascus) and Chahba Cham Palace (Aleppo) are run by the local Cham Hotel Group, while Le Meridien Damascus, Le Meridien Lattakia and Sheraton Damascus are managed by Starwood Hotels. Income generated from five of the six hotels fell in 2006, except for Le Meridien Lattakia which recorded a small annual gain of 1.5%. Palmyra Cham recorded the steepest drop of 86.1% in income to just $70,000 in 2006. The ministry plans to offer the three hotels run by the Cham Hotel Group to international hotel management firms.
Source: Syria Report

MAURITANIA

World Bank approves new four-year strategy

The World Bank approved the 2008-2011 Country Assistance Strategy (CAS) for Mauritania. The main goals of the CAS are to strengthen economic governance, build public sector capacity and help improve the investment climate, while continuing to fight poverty and inequalities in both urban and rural areas. Under the new CAS, the Bank will work with Mauritanian authorities to improve public financial management, ensure sound management of oil revenues and strengthen checks and balances across public institutions. Also, a Private/Financial Sector Technical Assistance project will address financial and private sector development issues in collaboration with the IFC and MIGA. It will focus on increasing non-oil investment in the economy and on improving the soundness and efficiency of the Mauritanian financial system. As of March 2007, the bank had approved a total of 86 credits and grants for Mauritania for a total of approximately $1.14bn.
Source: World Bank

TUNISIA

Intellectual property rights deal signed with WIPO

The World Intellectual Property Organization (WIPO) signed with Tunisia a framework agreement for co-operation in the protection of intellectual property rights. The accord calls for increasing Tunisia's capacities and practices in filing intellectual property documentation, improving the country's legislation, and strengthening the role of intellectual property in the fields of science, technology and economics. The two sides also discussed the protection of patent rights, cultural industries and other areas of potential co-operation between Tunisia and the WIPO.
Source: Magharebia News

MOROCCO

EU to grant €645m by 2011

The European Commission announced that the European Union will grant €654m to Morocco by 2011 as part of the EU's Neighborhood Policy. The money will support social and economic development, human rights and governance, the environment and government institutions. The EU will also take steps to link Morocco's energy sector with EU countries, the Commission announced, although no timeframe was given.
Source: European Union

NIGERIA

Annual inflation at 6.4% in June

Consumer price inflation reached 6.4% in June on an annualized basis, up from 4.6% year on year in May. Non-food inflation increased significantly to 9.6% annually from 4.6% in May, largely due to the four-day general labor strike that took place in June. The strike was precipitated by fuel price and VAT hikes implemented by the government, and exacerbated price increases by bringing most services to a halt. A fuel shortage pushed transport prices significantly higher, which was reflected in the costs of other goods including food.
Source: Credit Suisse

UKRAINE

Annual GDP growth at 7.8% in June

According to the statistics agency, real GDP grew by 7.8% year-on-year in June compared to 7.7% in May. GDP grew by 7.9% in the first half of the year on an annualized basis. The strong growth in June was achieved despite the significant damage to this year's harvest caused by the drought in May. Growth is expected to slow down to 6.2% in 2007 due to the harvest losses and from the impact on investment of the general elections in late September 2007. The government is assuming a GDP growth of 7.2% for 2008. This would require a combination of factors that are not entirely under the control of policy-makers, including prompt formation of a new cabinet with a market-friendly agenda, continuing strong growth globally and only modest increases in prices for Russian gas.
Source: Credit Suisse

BANKING

JORDAN

Qatar National Bank acquires 20.6% stake in Jordan Housing Bank

Qatar National Bank announced it has acquired a 20.6% stake in Jordan's Housing Bank for Trade & Finance for $442m. QNB, Qatar's largest listed lender, said the investment is as part of its regional expansion plan. Qatar Investment Authority, the government-controlled investment firm, owns a 20.6% stake in the Jordanian bank. The Housing Bank for Trade & Finance is Jordan's second largest bank with total assets of $5.7bn at end-2006.

Source: Dow Jones Newswires

IFC to buy 9% of Capital Bank

The Capital Bank of Jordan announced it is negotiating with the International Finance Corporation (IFC) a $50m deal. Part of the deal would see the entry of the IFC as a strategic shareholder by acquiring a 9% stake in the bank through a capital increase. In parallel, the IFC will extend a subordinated convertible loan to the bank carrying a maturity of up to 10 years. Capital Bank of Jordan is Jordan's 9th largest bank with total assets of $1.2bn at end-2006.

Source: Amman Stock Exchange

KAZAKHSTAN

Central Bank raises reserve requirements

The National Bank of Kazakhstan announced a hike in reserve requirements on banks' external liabilities from 6% to 10%, effective August 29, 2007. The same reserve requirement for domestic liabilities will be reduced from 6% to 5%. The NBK said in a statement that the decision was made in order to tighten monetary policy in an environment of continuing inflationary pressures. The tightening of reserve requirements was expected given the extremely strong pace of foreign borrowing by banks. The banking sector's foreign currency debt is estimated to have risen by $9bn, or over 11% of GDP, in the first half of 2007. The measure raises indirectly the cost of foreign borrowing while reducing modestly the cost of refinancing of banks liabilities in the domestic market.

Source: Credit Suisse

Foreign reserves at $40.6bn

Figures released by the National Bank of Kazakhstan show that foreign reserves, including the National Oil Fund assets, stood at $40.6bn in the first half of July, up from $40bn at the end of June. The NBK’s reserves edged higher to $22.7bn from $22.4bn at the end of June and the National Oil Fund assets rose to $17.8bn from $17.6bn over the same period of time. Total foreign reserves increased by $7.4bn since the start of the year, or $1.7bn less than reserve accumulation in the same period last year. Average monthly reserves rose by $0.9bn in the second quarter of this year compared to $1.4bn in the first quarter and to $2.7bn in the fourth quarter of 2006.

Source: Credit Suisse

UAE

EBI and NBD merger could lead to market consolidation

Moody's Investors Service considered the impending merger between Emirates Bank International and National Bank of Dubai as a very significant and positive development for both banks, as well as for the banking industry in the UAE and the GCC. However, Moody's said it is still too early to determine the outcome of the planned changes and their possible impact on the banks and their ratings. Currently both banks have bank financial strength ratings of 'C-' and local and foreign currency deposit ratings of 'A1/Prime-1'. The outlook on all ratings of both banks is stable. Moody's noted that the UAE's banking sector is one of the most fragmented in the region, adding that the merger could be a prelude for further consolidation in the market, and a catalyst for other institutions to follow suit, especially for those that have common shareholders. The two banks had aggregate assets of $45bn at end-2006, making the new entity the largest bank in the GCC.

Source: Moody's Investors Service

TURKEY

NCB acquires Islamic bank

The Saudi-based National Commercial Bank announced it is buying a 60% stake in the privately-owned Islamic bank Turkiye Finans for $1.08bn. Turkiye Finans is owned by industrial groups Ulker and Boydak, each of which will retain a 20% stake each in the bank. Turkiye Finans has 124 branches and had assets of $3.5bn at the end of last year. It is considered one of the top two Islamic banks in Turkey, alongside Bank Asya. The deal is expected to be completed by the end of the year. The state-owned NCB is the biggest bank in Saudi Arabia with about $40bn in assets.

Source: Financial Times

GHANA

New anti-money laundering draft law

Parliament is to begin a debate on an anti-money laundering bill that seeks to prohibit money laundering and related crimes such as terrorism financing. The need to create a robust legal regime that can detect and expose money laundering has necessitated the introduction of the bill, according to Ghana's authorities. The bill also seeks to establish a financial intelligence system to monitor, detect, and expose such crimes. The bill was introduced in Parliament for the first time in June this year and was referred to the joint Committee of Finance and Constitutional, Legal, and Parliamentary Affairs for consideration. The committee received suggestions from the United Nations Office on Drugs and Crime and comments from the International Action Group Against Money Laundering and Terrorism Financing in West Africa.

Source: Joy Online - Ghana

ENERGY/ COMMODITIES

Oil climbs above $76 on mixed U.S. inventory; outage

London Brent, currently seen as more representative of the world market, rose 8 cents to $76.40 a barrel, after gaining $1.24 in the previous session. U.S. crude rose 26 cents to $76.14 a barrel, after surging $2.32 on Wednesday, narrowing the gap between the top benchmark crudes to the lowest in five months. Overall crude stocks in the United States fell by 1.1 million barrels last week, as refinery use grew. Gasoline stockpiles rose 800,000 barrels as U.S. imports struck a record level, a bearish factor increasing the supply cushion during peak summer demand in the world's top consumer. But crude stocks at the Cushing, Oklahoma delivery point for the U.S. oil contract fell by 1.4 million barrels, further cutting inventories that had swelled to record levels.

Analysts pointed also to the emergency shutdown at Exxon Mobil Corp.'s 326,000 barrels per day (bpd) Fawley refinery, which accounts for almost a fifth of the UK's refining capacity, as well as possible active buying by investment funds. Analysts said a prolonged shutdown at Fawley could hit Atlantic Basin supplies at the height of the U.S. gasoline season. The stronger U.S. market gains have left NYMEX's West Texas Intermediate (WTI) crude at only around 20 cents below London Brent, after a record discount of over $6 a barrel in May.
Source: Reuters

Iraq approves refinery law

Iraq's parliament has approved a draft law that would allow foreign companies to build and operate oil refineries in the country. The law is separate from the controversial draft hydrocarbons law currently before parliament and awaiting debate by the full legislature.
Source: Reuters

Algeria seals gas deal with EU

Algeria agreed to a deal with the European Union that scraps destination clauses from all current and future natural gas contracts. The European Commission had pursued the agreement with Algeria for several years after agreeing pacts with Nigeria and Russia over the same issue. Algeria is the EU's third biggest gas supplier. Italy and Spain are the main recipients of Algerian gas, although Portugal and Slovenia are also customers. The destination restrictions prevented the original buyer of gas from reselling it outside a designated area, usually national borders. The EC has said that the clauses were anti-competitive.
Source: Upstream

OPEC reaffirms oil market well supplied

Qatar’s Oil Minister stressed that OPEC believes high oil prices are due to geopolitics and a lack of refinery capacity and that the oil market is well-supplied and that it had received no complaints from customers about a lack of supply. The focus is on the September 11 OPEC meeting to see whether oil production will be increased, but the recent comments and the increase in inventories suggest that this is unlikely.
Source: Standard Chartered

Base metals: Further downside risks over the short term

Base metal prices have lost ground over the last couple of weeks. The London Metal Exchange Index (LMEX) is currently trading 10% below its peak at the beginning of May. Only lead and tin prices continue their rally amid various supply problems such as Indonesia's crackdown on illegal tin mining and the closure of an Australian port for lead exports amid lead poisoning of animals. Further declines are expected over the short term before a renewed pick-up in momentum toward the beginning of the fourth quarter of 2007. Therefore, the 3-month base metal price forecasts are adjusted slightly to the downside. But the 12-month forecast for most markets is upgraded, based on the sanguine global growth forecasts.
Source: Credit Suisse

Precious metals: Gold prices are still benefiting from the weakening dollar

Precious metals traded higher this week after the US dollar lost some ground on Wednesday in response to Fed Chairman Bernanke's modest downward revisions to US GDP forecasts for 2007 and 2008. Over the last couple of days gold prices largely followed developments of the EUR/USD exchange rate. However, when looking at the data of the last two years, gold has become far less dependent on this factor. This should be a positive sign for gold prices, since it shows that gold is increasingly bought as an independent asset and not only as a hedge against a weaker dollar. The strong physical demand as well as positive seasonal effects later this year should provide additional support for gold prices. Silver is also likely to benefit from this positive environment. Therefore, the 12-month forecasts for precious metals are revised slightly upward.
Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	203.8	196.8	188.0	0.1	14.9
LME metals price index	4170.0	3972.4	3841.4	4.7	13.8
Oil prices USD	75.9	63.6	63.4	9.9	4.4
Oil prices SDRs	49.5	42.0	42.3	8.2	0.0
Gold $/troy oz	675.3	663.2	639.6	2.7	5.6
Silver cents/troy oz	1325.0	1333.1	1280.2	0.5	26.0
Platinum $/troy oz	1322.0	1257.0	1209.0	2.6	9.3
Copper $/MT	8000.5	7036.6	7087.5	7.1	5.3
Nickel $/MT	33797.5	44781.0	38332.1	-13.9	33.3
Aluminium $/MT	2759.5	2776.5	2701.1	4.0	12.5
Zinc $/MT	3582.5	3520.8	3676.7	-1.0	11.5
Steel - HR coil dry $/MT	600.0	600.0	595.7	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								
	-	-	-	-	Stable	9.9	19.5	3.8	6.4	1.6	5.0	15.7	0.8
Angola	-	-	-	-	B								
	-	-	-	-	Positive	1.8	16.9	21.6	22.0	11.4	216.9	22.7	4.6
Egypt	BB+	Ba1	BB+	BB+	B								
	Stable	-	-	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+	Ba1	BBB-	BB+	BB								
	Positive	-	-	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	Baa2	BBB	BBB	BBB								
	Stable	-	-	Stable	Stable	-2.9	54.8	54.7	134.2	15.2	260.1	-1.6	2.7
Middle East													
Bahrain	A	A2	A-	A-	A								
	Stable	-	-	Stable	Stable	6.1	25.8	129.0	63.1	5.8	750.7	9.9	12.1
Iran	-	-	B+	-	B								
	-	-	-	-	Stable	-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	Ba2	-	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-	AA-	A								
	Stable	-	-	Stable	Stable	33.3	9.2	17.9	32.8	2.0	106.2	39.3	-4.5
Lebanon	B-	B3	B-	B-	CCC								
	Negative	-	-	Negative	Stable	-13.1	174.6	101.6	492.5	14.8	242.6	-10.8	4.7
Oman	A	A2	-	BBB+	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+	A1	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	-	Aa3	-	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	-	Ba2	BB-	-	-								
	-	-	-	-	-	-3.3	17.6	27.1	210.0	2.6	161.6	-4.1	3.5
Bulgaria	BBB+	Baa3	BBB	-	BBB								
	Stable	-	-	-	Stable	2.6	19.5	80.0	147.3	18.0	228.2	-16.1	11.0
Kazakhstan	BBB	Baa2	BBB	-	BB								
	Stable	-	-	-	Stable	0.3	4.4	60.4	225.2	36.0	197.8	2.3	5.1
Romania	BBB-	Baa3	BBB	BBB-	BBB								
	Stable	-	-	Stable	Stable	-2.9	12.8	42.0	178.3	22.3	233.1	-11.9	6.9
Russia	BBB+	Baa2	BBB+	-	BBB								
	Stable	-	-	-	Stable	3.6	8.2	33.5	90.8	12.5	98.5	6.3	1.3
Turkey	BB-	Ba3	BB-	BB-	B								
	Stable	-	-	Stable	Stable	-2.0	60.9	52.3	194.8	37.6	340.6	-7.9	4.6
Ukraine	BB-	B1	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	6.84	20-Jul-07	Raise 27bps	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	24-Jul-07	No change	24-Aug-07
Thailand	1D Repo	3.25	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	11.50	18-Jul-07	Cut 50bps	05-Sep-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 26, 2007

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