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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

LEBANON

US declares 'national emergency' to face Lebanon's destabilization

President Georges W. Bush issued an executive order declaring a 'national emergency' to deal with threats aimed at destabilizing the Lebanese government, reasserting Syrian control in Lebanon and undermining state sovereignty. Bush's executive order was communicated to the U.S. Congress for immediate application. It aims at blocking the property of persons undermining the sovereignty of Lebanon or its democratic process and institutions. It also targets persons supporting the reassertion of Syrian control or contributing to Syrian interference in Lebanon.

According to the White House, the move aims at confronting the "threat in Lebanon posed by the actions of certain persons to undermine Lebanon's legitimate and democratically elected government or democratic institutions; to contribute to the deliberate breakdown in the rule of law in Lebanon, including through politically-motivated violence and intimidation; to reassert Syrian control or contribute to Syrian interference in Lebanon or to infringe upon or undermine Lebanese sovereignty." The order authorizes the Secretary of the Treasury, in consultation with the Secretary of State, to block the property and interests in property in the U.S. of persons and their dependents determined to have materially assisted, sponsored, or provided financing, material, logistical, or technical support for such actions.
Source: AFP, AP

SUDAN

Darfur rebels agree on common position for talks with government

Rebel factions in Darfur announced they have reached a common negotiating position and recommended final peace talks with the Sudanese government to take place within three months. Since a peace deal signed last year by only one rebel faction, insurgents have split into more than a dozen groups. The various groups said they reached a 'common platform' for talks with the government, encompassing power-sharing, wealth-sharing, security, land and humanitarian issues. The rebels also reiterated their readiness to respect a complete cessation of hostilities provided that all other parties make similar commitments. They would also guarantee access for aid agencies, refrain from attacking AU peacekeepers, and cooperate with a planned 26,000-strong AU-U.N. peacekeeping force approved by the Security Council in New York last week. Khartoum has said it does not want to reopen the files agreed at a May 2006 peace deal, but has offered to allow some additions.
Source: Reuters

LIBYA

Libya adopts UN convention on nuclear terrorism

The General People's Committee adopted the United Nations Convention on Nuclear Terrorism. The convention aims at eliminating the unlawful possession of nuclear devices and materials by non-state actors and obliges governments to criminalize and investigate nuclear terrorism offences, share information with the other signatory countries and help investigations and prosecutions abroad. The Committee said the agreement is compatible with Libya's aspirations following its initiative of voluntarily eliminating programsand equipment that could lead to the production of internationally banned weapons.
Source: JANA

MAURITANIA

Mauritania criminalizes slavery

Mauritania's national assembly adopted a law criminalizing slavery for the first time. The practice has persisted in certain parts of the North African country despite its official abolition in 1981. Under the new law, voted unanimously, people convicted of acts of slavery will risk between five and 10 years in prison. The bill, initially seen as insufficient by several human rights organizations, was beefed up by the deputies and the final result was hailed by SOS-Esclaves, an anti-slavery group. Slavery in its original form has become rare in Mauritania but still exists in all the country's communities, especially in the countryside. No official statistics exist on the number of people reduced to slavery in the country.
Source: AFP

WORLD

Cost of fighting money laundering on the rise

Global consulting firm KPMG said the cost of fighting money laundering has risen dramatically for banks across the world due to the increasing complexity of the financial markets in which they operate. The study, which included 224 banks from 55 countries, found that spending by financial institutions on anti-money-laundering systems and processes had risen by an average of 58% over the past three years. In the U.S., the Middle East and Africa, spending had increased by 70% or more. The biggest spending is on the monitoring of transactions and costs of training staff. However, there is still a significant concern among banks that governmental and international regulations need to be more effectively targeted. Half of the banks that took part in the study said that, while they believed that the overall regulatory burden was acceptable, the requirements needed to be better focused. Further, there is evidence that transaction monitoring systems need to be enhanced.
Source: KPMG, Business Day

OUTLOOK

EGYPT

Banking system outlook stable, positive medium-term prospects

Moody's Investors Service considered that the outlook for Egypt's banking system is stable, reflecting progress with reforms as well as an improving operating environment. It noted that consolidation has intensified, with the number of banks operating in the country down to 41 from 57 in September 2004. State-owned banks have been selling their stakes in joint-venture banks, while weak and inadequately capitalized banks or branches of foreign banks have either merged with other banks or ceased operations.

The agency said financial and operational restructuring of the state-owned banks has allowed for experienced bankers from the private sector to be recruited, and a final agreement was reached with the Ministry of Investment relating to state-owned banks' non-performing loan (NPL) exposures to public sector enterprises. In parallel, more than 50% of the private sector's NPLs have been rescheduled or settled through new legislation and procedures as well as through a special unit at both the Central Bank of Egypt (CBE) and the banks. The government is also committed to recapitalize state-owned banks from the proceeds of a policy loan from the World Bank and African Development Bank. Further, the CBE's banking supervision capabilities are being upgraded, although ongoing development of the regulatory and supervisory framework is required.

Moody's saw limited downside risk to the bank financial strength ratings (BFSR) of the rated Egyptian banks. However, any potential upgrades would be more of a medium-term proposition, as it will take time for the state-owned banks to resolve their financial issues, address their bureaucratic habits and capitalize on the longer term market potential. Moody's also expects the differentiation in ratings between private and state-owned banks to remain, as the leading private sector banks benefit from stronger management teams, better operating systems, better asset quality and higher levels of capital and earnings.
Source: Moody's Investors Service

DEMOCRATIC REP OF CONGO

Growth to average 7% in 2007-09, but potential contingent on stability and reforms

Standard Chartered Bank (SCB) indicated that political instability has severely constrained growth in the Democratic Republic of Congo (DRC) in past years, but economic output is now being boosted by the resumption of peace, donor support and renewed investor appetite. Real economic growth slowed to about 5% in 2006, inflation rose to 18.2% year-on-year, and the Congolese franc depreciated by 15%. But real GDP is forecast at 6.5% in 2007 and 6.9% in 2008 due to better economic discipline, donor support and stability. Economic growth is expected to average 7% between 2007and 2009 before reaching double digits in 2010. Also, Inflation has subsided mostly as a result of a drop in money supply growth, and is forecast at 17.4% this year and 9% next year. Further, the Central Bank recently reduced its key interest rate to 22% from 30%, confirming the improvement in price pressures.

Donors agree that recent monetary and fiscal discipline has paid off and the DRC's economic indicators have improved markedly. Standard Chartered considered that what will be more important is sustaining growth at higher levels. Public finances are weak but are improving, and the World Bank estimates the country's wealth in natural resources could generate $300bn in public revenue over the next 25 years. The DRC hopes that the success of the poverty reduction plan will lead to the cancellation of 90% of its stock of external debt of about $7bn under the IMF and World Bank's Heavily Indebted Poor Country initiative. Standard Chartered estimated that the HIPC completion deadline of end-2008 looks ambitious, but noted that the tone from donors is very supportive.

The combination of the DRC's liberal currency regime and weak balance of payments has kept foreign currency reserves at very low levels, as they account for only three weeks of import cover. SCB encouraged the building of foreign reserves, which will help strengthen the role of the Central Bank. Standard Chartered said the Central Bank is significantly undercapitalized and needs to rebuild its credibility. It has twice been closely linked to public insolvency when it failed to honor its own debt obligations. The DRC's yield curve now only extends to 28 days to mitigate the risk of monetary authorities dishonoring their debt obligations.

In parallel, banking sector players consider the risk of a change to the currency regime to be low and point to the fact that the situation in the DRC has normalized from a period when there were up to four currencies used. Despite weak external reserves, the Congolese franc has recently benefited from tighter money supply and the economy's heavy dollarization.
Source: Standard Chartered

JORDAN

IMF supports monetary policy and banking supervision

The International Monetary Fund praised Jordan's monetary policy, saying policy has improved with the simplification of the Central Bank of Jordan's (CBJ) interest rate structure. The IMF supported the CBJ's more active role in absorbing excess liquidity through CD issuance and noted that the CBJ is ready to adjust interest rates to respond to domestic developments, particularly with regard to inflation, and to protect the peg. With tighter liquidity conditions and policy interest rates moving in line with U.S. rates, the CBJ has been a net buyer of foreign exchange. Reserves could reach $6.5bn at year-end, equivalent to 5.4 months of imports of goods and services.

The IMF indicated that CBJ has continued to strengthen banking supervision and will introduce Basel II regulations at the beginning of 2008, implement fully the electronic checking clearance by September 2007, issue soon new governance guidelines, publish bi-annually a financial stability report on banks, and refine classification of consumer loans for better monitoring. The Fund considered that the adoption of the Anti-Money Laundering/Combating Financing of Terrorism legislation is an important step, and encouraged the ratification of the Credit Bureau legislation.
Source: International Monetary Fund

IRAQ

IMF approves three-month extension of Stand-By Arrangement

The International Monetary Fund completed the fifth review of Iraq's performance under its economic program supported by a Stand-By Arrangement. It also approved the authorities' request for a three-month extension of the Arrangement through the end of December 2007. The Stand-By Arrangement, equivalent to $727.4m, is being treated as precautionary by the Iraqi authorities, as the government has ample excess financial resources. The Fund said that despite a persistently difficult security environment, the Iraqi authorities have taken important measures to keep their economic program on track. However, the expansion of oil production is lagging and inflation remains high reflecting in large part shortages associated with the security situation, notably of fuel products. A turnaround hinges critically on an improvement in the security situation.

Source: International Monetary Fund

JORDAN

WTO agrees on extension of subsidies program

The World Trade Organization agreed to extend the subsidies program applied to Jordanian exports until 2015. According to government officials, the extension of the income tax exemptions offered to Jordanian exporters for another eight years will provide sufficient time for local manufacturers to adapt to international requirements, while helping them to face the increasing challenges of higher oil prices and the potential loss of major traditional markets like Iraq and Palestine.

Source: Al-Ghad Daily

ALGERIA

Government lowers tax rates

The Algerian government announced tax decreases in an effort to spur foreign investment and improve tax collection from domestic companies that regularly evade taxation. The changes will reduce both individual income tax (IRG) rates and corporate profit tax (IBS) rates and also include a 1.5% reduction in interest rates for credit investments. Business owners associations and trade-unions have welcomed the measure. According to statistics released by the Ministry of Finance, 40% of Algerian companies do not declare their revenue because they believe the taxation rate is too high. The lower taxes are set to go into effect in October.

Source: Magharebia News

MAURITANIA

Government forecasts 6.2% growth for 2007

Minister of Economy and Finance, Abderrahmane Ould Hamma Vezzaz, indicated that that the government forecasts a 6.2% real GDP growth rate for 2007, a rise of 2.1% compared to the previous year. He added that inflation is likely to remain high at around 7%. The minister submitted a draft finance bill to Parliament that focuses on fighting poverty, curbing inflation, and attracting foreign direct investment.

Source: AMI

LIBYA

Economy Ministry backs free market reforms

The Economy Ministry's Economy Committee issued recommendations to reduce restrictions on foreign and domestic imports and exports as part of a package of investor-friendly reforms. It proposed that restrictions on imports be freed up and eventually cancelled, and that export barriers to be removed. The decision will exclude cement, steel and subsidized commodities. The committee also announced that the system of obligatory domestic price restrictions will be gradually removed, except for commodities, medicines, electricity and oil derivatives. Draft laws on competition, monopolies and consumer protections are expected in the near future.

Source: Reuters

IVORY COAST

IMF approves $62.2m in Emergency Post-Conflict Assistance

The International Monetary Fund approved $62.2m in Emergency Post-Conflict Assistance for the Ivory Coast. The assistance supports the authorities' program for 2007 and is intended to help the country build the foundation for sustained recovery in an environment of improving security, regain political stability, and reunite the country. The IMF said the authorities' economic program provides a sound and strong initial framework to establish macroeconomic stability and encourage donor support. Further, adoption of a Poverty Reduction Strategy and a good track record under the EPCA will allow the Ivory Coast to be considered for Poverty Reduction and Growth Facility assistance and debt relief under the Heavily Indebted Poor Countries initiative. The IMF's support through EPCA is a key part of a concerted international effort to provide financial assistance to the Ivory Coast.

Source: International Monetary Fund

BULGARIA

Fitch affirms sovereign ratings

Fitch Ratings affirmed Bulgaria's Long-term foreign currency Issuer Default Rating at 'BBB' and Long-term local currency IDR at 'BBB+'. Fitch also affirmed the Country Ceiling at 'A-' and the Short-term IDR at 'F3'. The Outlooks for the Long-term IDRs are Stable. Fitch expressed concerns at the size of Bulgaria's current account deficit, but added that the predominant role of longer-term capital in financing is reassuring, while economic growth and strong public finances continue to support the ratings. The Bulgarian economy grew 6.1% in 2006, driven by domestic demand and foreign capital inflows. Also, public finances are a clear ratings' strength, as Bulgaria ran a fiscal surplus of 3.5% of GDP in 2006 and gross public debt fell to 21% of GDP, well below the 'BBB' median of 33%. Fitch expressed concern at the pace of credit growth, which is exacerbating macroeconomic imbalances and increasing exposures to potential shocks. But the fact that the system is almost 80% owned by foreign banks limits the contingent liability on the sovereign to provide support in the event of widespread distress. Gross external debt rose to 84% of GDP by end-2006, well above the 'BBB' range median of 39%.

Source: Fitch Ratings

BANKING

SYRIA

Qatar National Bank gets preliminary license

Qatar National Bank received preliminary approval from Syrian authorities to open a bank in the country. QNB will have a 49% stake in the new bank while Syrian founders will have a 15.5% stake including the Social Security Fund (10%), Savings Bank (3%) and the Popular Credit Bank (2.5%). The balance of 35.5% will be subscribed through an IPO. The bank's capital will be $100m. The Qatari government owns 50% of QNB with the rest held by private investors. QNB is the second Qatari bank to enter the Syrian market. Qatar International Islamic Bank is the leading shareholder of Syria International Islamic Bank.

Source: Syria Report

TUNISIA

Support ratings affirmed for Société Tunisienne de Banque and Banque de l'Habitat

Fitch Ratings affirmed the support ratings for Société Tunisienne de Banque (STB) and Banque de l'Habitat (BH) at '2'. The agency said the banks' support ratings are driven by a high probability of support from the Tunisian state in case of need, as both banks are controlled by the government and are major players in the country's commercial banking market. STB is the country's largest bank by assets, with a 16% market share in deposits and 18% of total loans at end-2006. It finances the industrial sector, as well as other sectors deemed strategic by the Tunisian government, particularly the tourism sector. BH is Tunisia's fourth-largest commercial bank by assets with market shares of approximately 13.5% in the system's loans and 11% in deposits at end-2006. It plays a key role in the country's property development. The government owns 52.5% of STB and 58.3% of BH. The state is expected to maintain majority ownership in both banks over the medium-term. Therefore, any change in state support would be triggered by developments in the sovereign risk.

Source: Fitch Ratings

NIGERIA

Central Bank keeps policy rate unchanged

The Monetary Policy Committee (MPC) left the monetary policy rate unchanged at 8% at its bi-monthly rate setting meeting. At its previous meeting on June 5, the MPC unexpectedly cut the policy rate by 200bps from 10% and narrowed the lending and borrowing rate corridor from +/- 3% to +/- 2.5%. The decision lowered the floor of the deposit rate 150bps to 5.5%. The MPC said that it would keep a close eye on naira-liquidity. Specifically, the Central Bank said that it would again intensify its liquidity mop-up operations through the issuance of central bank securities. The Central Bank sees end-2007 inflation in the single-digits, but non-food inflation remains a key concern for the inflation outlook.

Source: Credit Suisse

AFRICA

Top 1000 banks in world include 18 African banks

The Banker magazine's 2007 survey of the Top 1000 banks in the world included 18 banks from Sub-Saharan Africa on the list, up from 15 in the previous survey. Sub-Saharan Africa accounted for 0.7% of Tier One capital, 0.6% of total assets and 1% 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 18 banks include 11 banks from Nigeria, 5 banks from South Africa, and one from each of Mauritius and Togo. The top ranked bank in the region is the Standard Bank Group of South Africa, coming in 106th place globally with Tier One capital of $6.5bn. The aggregate Tier One capital of the 18 banks from the region rose by 34.1% to $22.8bn. The Tier One capital of South African banks grew by 34.3% to $16.4bn, while Tier One capital of the 11 Nigerian banks reached $5.8bn, up by more than 135% from $2.5bn in 2005. A major part of this increase came from Intercontinental Bank, whose capital increased from $273m to $1.3bn, putting it on top of Nigerian banks. South Africa continues to dominate the rankings, with four of the top 5 banks coming from this market. Banks from South Africa accounted for 72% of Tier One capital in 2006, down from 84% in 2005, as Nigerian banks captured a large market share.

Source: The Banker

UKRAINE

Foreign reserves at all time high

Figures released by the National Bank of Ukraine show that gross foreign reserves totaled $27.3bn at the end of July, up from $25.9bn at end-June. Non-gold reserves rose to a new all-time high of $26.9bn. The monthly $1.4bn increase in reserves was very large, given that there were no debt issuance or privatization transactions over the period. The robust pace of reserves accumulation points to very strong remittances, FDI and portfolio inflows. Some of the inflows may be related to the upcoming elections and will be reversed closer to the elections. The data underscores the rapidly improving liquidity situation and explains the persistent strength of the hryvnia.

Source: Credit Suisse

ROMANIA

Leu appreciation too rapid

The Governor of the National Bank of Romania (NBR), Mugur Isarescu, stated that the Romanian leu "faced an equal risk of depreciation and appreciation in the future." He added that the leu's appreciation in the last two years has been "too rapid," indicating, some level of discomfort at the NBR with the level of the exchange rate at present. He said the NBR was now focusing on "consolidation in interest rates and the money market, as well as its policy transmission mechanisms and credibility." The statement suggests that the NBR will be in a wait-and-see mode for a while, barring any significant move in the exchange rate in either direction.

Source: Reuters, Credit Suisse

ENERGY/ COMMODITIES

Oil steady at $72

Oil prices hovered above $72 on Thursday, as worries about a slowing U.S. economy overshadowed an unexpectedly sharp fuel stockdraw in the United States, the world's largest energy consumer. U.S. crude rose 8 cents to $72.23 a barrel in Globex electronic trading. Oil settled 27 cents lower at $72.15 a barrel on Wednesday. London's Brent crude rose a marginal 6 cents to $71.05 after shedding 81 cents to close at $70.99 a barrel the previous day. U.S. crude oil and gasoline inventories fell sharply last week amid a surprise slump in crude imports and refinery utilization. Crude oil stocks in the U.S. dropped for the fifth consecutive week by 4.1 million barrels in the week to August 3 to 340.4 million barrels. Gasoline inventories declined by 1.7 million barrels, which the EIA said was below the lower end of the average range. The fall in crude stocks follows a dramatic 6.5 million barrel slump in the previous week.

Worries about a possible slowing in the U.S. economy, the debt market squeeze and falling stock prices have sent U.S. oil prices tumbling from a record high of $78.77 a barrel struck last week. Despite the near 8% dive, analysts said the market could still be pulled down by speculative funds moving out of energy and other commodity markets to cover losses in equities and other markets.
Source: Reuters

U.S. to call for higher production

U.S. Energy Secretary Sam Bodman said he plans to speak with OPEC ministers ahead of their September 11 meeting and reiterate the Bush administration's message that the producer group needs to pump more oil. But calls for OPEC to boost production are likely to face resistance from the producer group. Venezuela's oil minister said on Wednesday the global oil market was well supplied and there was no reason for OPEC to increase production despite a recent surge in prices.
Source: Reuters

SABIC to acquire stake in a Mauritanian mining firm

Saudi Basic Industries Corp. (SABIC) signed an agreement to acquire a stake in a Mauritanian mining firm. Under the preliminary deal, Sabic will acquire 34.9% in a new iron ore mining and development company for $262m. The agreement was signed with Société Nationale Industrielle et Minière, Qatar Steel Co. and Australia's Sphere Investments, who will also be shareholders in the new firm. The agreement requires the final approval of Sabic's board and is dependent on the outcome of a feasibility study into the project. The project is planned to have production capacity of 7 million tons a year when completed in 2010. *Source: Dow Jones Newswires*

OPEC's oil and gas export revenue surged 22% in 2006

OPEC's oil and gas export revenue surged 22% to a record $649bn in 2006, as production was close to full capacity and crude oil prices surged.
Source: OPEC

Base metals: Tin prices - the next rally?

The base metals complex showed a mixed performance over the last week. While aluminium and copper have been able to recover from last week's sell-off, nickel suffered from profit-taking. Tin prices rose sharply this week up to $16,200. The reason behind the latest price increases in tin is supply concerns. The supply shortage is based on two incidents. First, last October the Indonesian government began a clampdown on independent tin smelters in order to stop illegal mining. Secondly, strikes and ongoing labor unrest in Bolivia's largest tin mine, Huanuni, are another source of production cutbacks. Overall, further price increases over the next weeks and months are possible. On the other hand, like in the nickel and lead market, the price spike may be followed by a sharp correction, once there occurs a shift in demand due to higher prices or once the supply constraint starts to abate.
Source: Credit Suisse

Precious metals: A closer look at gold prices

Gold prices reached an interim high at $687 on July 24, afterwhich prices declined rather sharply. By July 30, gold prices fell 3.8% to $660. While the price move is quite significant especially for gold, it has done little damage to the underlying longer term uptrend. The initial upward move in the gold price from $665 to $687 from July 16-24 was a bit too fast. Since February 2007, four similar short-term rallies that were all followed by corrections were seen. After these rather brief swings the gold price always resumed its longer-term trend. This should also be the case this time. The slight recovery of recent days seems to confirm this assessment. Moreover, there is no eye-catching change in gold price volatility. While implied volatility has seen a brief spike, in the meantime it has returned to lower levels. For gold the fundamental outlook remains positive. Physical and in particular investment demand remain strong. At the same time, mine production is declining and production costs are surging. Therefore, the supply / demand balance for gold is expected to tighten significantly over the coming years. Toward the end of the third quarter a test of the $700 mark is expected.
Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	204.0	198.4	189.2	0.9	16.0
LME metals price index	4038.0	4016.5	3860.9	-0.5	8.8
Oil prices USD	76.9	65.2	63.4	8.1	1.1
Oil prices SDRs	50.2	43.0	42.2	7.5	-1.8
Gold $/troy oz	663.9	665.0	641.2	1.1	1.4
Silver cents/troy oz	1296.0	1331.3	1287.4	3.9	10.3
Platinum $/troy oz	1287.0	1267.5	1212.1	0.7	3.3
Copper $/MT	8054.8	7223.4	7102.6	4.2	3.0
Nickel $/MT	30575.0	44128.1	38516.3	-17.2	8.9
Aluminium $/MT	2663.5	2765.2	2710.4	-1.0	6.7
Zinc $/MT	3585.0	3524.6	3690.8	5.4	6.0
Steel - HR coil dry $/MT	600.0	600.0	599.3	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+ Stable	Ba1 -	BB+ -	BB+ Stable	B 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	- -	- -	- -	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+ Positive	Ba1 -	BBB- -	BB+ Stable	BB Stable	-2.7	55.9	24.0	130.8	9.6	75.3	4.0	1.9
Nigeria	BB- Stable	- -	BB- -	- -	BB 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 Stable	Baa2 -	BBB -	BBB Stable	BBB Stable	-2.9	54.8	54.7	134.2	15.2	260.1	-1.6	2.7
Middle East													
Bahrain	A Stable	A2 -	A- -	A- Stable	A 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 Stable	Ba2 -	- -	BB Stable	B Stable	-3.4	73.2	89.0	137.0	6.6	221.6	-13.6	12.6
Kuwait	AA- Stable	Aa2 -	AA- -	AA- Stable	A Stable	33.3	9.2	17.9	32.8	2.0	106.2	39.3	-4.5
Lebanon	B- Negative	B3 -	B- -	B- Negative	CCC Stable	-13.1	174.6	101.6	492.5	14.8	242.6	-10.8	4.7
Oman	A Stable	A2 -	- -	BBB+ Stable	A Stable	10.1	7.7	17.2	19.8	5.9	113.7	8.6	2.0
Qatar	AA- Stable	Aa2 -	- -	A+ Stable	A Stable	6.8	15.5	47.0	96.5	10.9	407.7	27.8	4.3
Saudi Arabia	AA- Stable	A1 -	A+ -	A+ Stable	A 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- Stable	A Stable	23.9	10.6	60.0	29.8	2.0	332.9	18.8	5.2
Yemen	- -	- -	- -	B- Stable	B Stable	-	38.8	28.9	69.2	2.8	73.9	-5.2	-

COUNTRY RISK METRICS

Countries	LT Foreign currency rating S&P	Moody's	Fitch	CI	EIU	Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
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	07-Aug-07	No change	18-Sep-07
Eurozone	Refi Rate	4.00	02-Aug-07	No change	06-Sep-07
UK	Base Rate	5.75	02-Augl-07	No change	06-Sep-07
Japan	O/N Call Rate	0.50	12-Jul-07	No change	23-Aug-07
Australia	Cash Rate	6.50	07-Aug-07	Raise 25bps	04-Sep-07
New Zealand	Cash Rate	8.25	25-Jul-07	Raise 25bps	12-Sep-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	31-Jul-07	No change	31-Oct-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	8.75	08-Aug-07	Raise 25bps	Oct-07
Nigeria	Monetary Policy Rate	8.00	01-Aug-07	No change	Oct-07
Ghana	Prime Rate	12.50	21-May-07	No change	Sep 07
Mexico	Target Rate	7.25	27-Jul-07	No change	24-Aug-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 August 9, 2007

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