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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

IRAQ

Total reconstruction funds at $104bn

A report by the Special Inspector General for Iraq Reconstruction (SIGIR) indicated that funding for relief and reconstruction in Iraq totaled $104bn as at the end of September 2007, with the United States allocating $45.4bn in appropriated funds, Iraq contributing $40.1bn and $18.4bn originating from international support. The U.S. allocated $21bn in direct relief and reconstruction, $14bn for Iraqi security forces, $3.3bn in economic support, $2.3bn for emergency response and $5bn for other relief and reconstruction projects. The report said that Iraqi funds have become the most important source for reconstruction efforts and covered $28.1bn in capital budget funding during the 2004-07 period, $9.3bn drawn primarily from oil proceeds and repatriated funds, and $1.7bn from vested funds.
Source: SIGIR

Turkey closes airspace to northern Iraq flights

Turkey has reportedly closed its airspace to flights to and from northern Iraq as part of economic sanctions targeting groups supporting Kurdish PKK militants operating in the north of the country. It was not clear whether the reported ban would affect U.S. military planes operating between Turkey and Iraq. Last week, Turkey's National Security Council recommended to the government a series of economic sanctions against northern Iraq as part of measures that might have to be taken against the PKK in the aftermath of the Turkish Parliament's approval on October 17 of a motion that authorized cross-border military operations in northern Iraq. The recommended measures included a cut in electricity supply to the region and the closure of the Habur border gate, along with an investigation into the businesses owned by the Barzani family in a free trade zone in southern Turkey.
Source: Reuters

GCC

Business confidence remains high

The HSBC Gulf Business Confidence Index for the third quarter of 2007 indicated that GCC businesses were strongly optimistic about business prospects. The survey covered 1,014 business people in the six GCC countries in September 2007. The third quarter results show a strong correlation to the previous two quarters, with a prevailing business sentiment of expansion and growth. The survey shows that 71% of respondents expect revenues to grow in the next three months, 57% expect profits to increase by more than 5% this year compared to 2006, with 22% predicting profits growth of over 15%. A growing number predict they will hire more staff in the next 12 months, with 53% of respondents citing an expanding market as being the prime driver of business growth.
Source: HSBC

IRAN

U.S. imposes new sanctions

The United States imposed new sanctions against Iran for supporting international terrorism and pursuing nuclear activities. The new measures target 25 Iranian entities, including Iran's Revolutionary Guards Corps and three state-owned banks. The U.S. declared the 125-000 strong Revolutionary Guards a "proliferator of weapons of mass destruction" and designated their elite overseas operations arm, the Quds Force, as a "supporter of terrorism". The U.S. administration also imposed sanctions on state-owned banks Melli and Mellat for alleged arms proliferation, and on Bank Saderat, which was labeled "a terrorist financier". The classification bans transactions between the designated entities and persons or companies in the U.S. as well as freezes assets they may have under U.S. jurisdiction.

The sanctions also target individuals and companies owned or controlled by the Revolutionary Guard that play a major role in Iran's domestic economy and international trade. They are the first sanctions taken by the U.S. specifically against the armed forces of another government. The Revolutionary Guard Corps is the most powerful wing of Iran's military. It controls a growing part of the economy, including construction companies, aspects of the oil industry, pharmaceutical plants, telecommunications and ordinary commerce. U.S. officials said it also operates the front companies that procure nuclear technology. About 30% of the operations of the Revolutionary Guard are estimated to be business-related and to generate about $2bn in revenues annually.
Source: AFP, BBC, Reuters

EGYPT

Egypt to build nuclear power plants

President Hosni Mubarak declared that Egypt plans to build a number of nuclear power stations in order to diversify the country's energy resources and preserve oil and gas reserves for future generations. He added that he will issue a decree to re-establish the Supreme Council for the Peaceful Purposes of Nucelar Power, which would be in charge of the program. President Mubarak said that Egypt would seek the help of its international partners and will cooperate with the United Nations International Atomic Agency, adding that the nuclear program would be transparent and respect Egypt's commitment to the Non-proliferation of Nuclear Weapons Treaty. A number of Egyptian banks have already expressed interest in financing the construction of the nuclear power stations.
Source: Associated Press

EMERGING MARKETS

Sovereign ratings resilient to global turmoil

Moody's Investors Service did not expect serious risk to emerging markets' sovereign bond ratings from the current global credit crunch, which reflects the improved credit fundamentals of most national governments. It considered that global markets will avoid in 2008 a deep loss of confidence and a destabilizing global hard landing in the wake of the U.S. subprime crisis. The agency said the improvement in sovereign credit fundamentals of recent years, particularly for the main emerging markets, has resulted in sovereign bond rating upgrades outpacing downgrades in every year since 1999, with almost two-thirds of government ratings now at investment-grade level. All but four of Moody's 107 government bond ratings currently have stable or positive rating outlooks, with existing ratings already incorporating downside scenarios.

According to Moody's, governments are facing the current global challenges from a position of relative credit strength, which should allow most sovereign ratings to remain unaffected by financial market turbulence. It said emerging markets are now external net creditors, as they have strengthened their external balance sheets, increased their foreign reserves and broadly cut external borrowing requirements. This resulted in lower exposure of emerging market governments to global financial shocks and much-reduced refinancing risks. These improvements were achieved through a sustained period of improved macroeconomic performance, restructured banking systems, deep structural reforms, and increased financial and regulatory transparency. But the agency warned that emerging market economies are not immune from the repercussions of the credit and liquidity stresses, as the exceptionally favorable global economic and financial conditions of recent years are turning less supportive and governments will face a more challenging environment in the future.

Source: Moody's Investors Service

Net private capital inflows to emerging markets at $620bn in 2007 and $593bn in 2008

The Institute of International Finance projected total private capital flows to emerging markets at $620bn in 2007, up from a previous estimates of $545bn, adding that the upward revision would have been more significant were it not for the recent market turmoil. It considered that three important factors have helped contain the damage done to emerging markets from the recent disruptions. First, the epicenter of the recent crisis has been debt problems in mature rather than emerging markets; second, improved policies and financial positions in most emerging economies have put them in a far better position to withstand external capital market shocks than in the past 25 years; and third, the response of the G3 central banks has provided an important cushion for all asset markets.

However, the IIF expected capital inflows to decline to $593bn in 2008, mostly due to a projected decrease of $43bn in net lending by commercial banks to about $146bn. It noted that the recent global market turmoil had its greatest fallout on the appetite and capacity of commercial banks to lend. In parallel, it forecast net direct investment to rise to $223bn in 2008 from $213bn this year, with China continuing to be the biggest FDI recipient. It projected portfolio equity investment at $54bn in 2008, up from $52bn in 2007, as global investors continue to diversify into emerging markets stocks. The IIF also forecast net non-bank private lending to hold steady at about $170bn next year, and for net lending by official creditors to continue to be positive at $9.5bn.

Source: Institute of International Finance

SUDAN

IMF forecast real GDP growth to average 11% in 2007-08

In its semi-annual economic outlook for the Middle East and North Africa region, the International Monetary Fund projected Sudan's real GDP growth at 11.2% for 2007, slightly down from 11.8% last year, and at 10.7% in 2008. It expected the country's nominal GDP to reach $46.7bn this year and $55.9bn in 2008, up from $37.4bn in 2006. The IMF forecast Sudan's annual average inflation rate at 8% in 2007, up from 7.2% a year earlier, and at 6.5% in 2008. Also, it expected the growth of broad money to be at 24% this year and 25% in 2008. The Fund projected the central government's fiscal balance to post a deficit of 3.8% of GDP this year and 2.9% of GDP in 2008. It estimated public revenues at 18.1% of GDP in 2007 and at 19.8% next year, and total expenditures at 22.5% of GDP this year and 23.3% of GDP in 2008. The IMF expected Sudan's public debt to continue its downward trend and to reach 73.7% of GDP at end-2007 and 67.7% of GDP at end-2008. It also forecast total gross external debt at 64% of GDP this year and 57.5% next year. Further, the country's current account balance is projected to post a deficit of 10.7% of GDP this year and 8.5% of GDP in 2008. The Fund expects the country's gross official reserves to reach $1.7bn at end-2007 and $2.2bn at end-2008.

Source: International Monetary Fund

ARMENIA

Economic growth estimated at 11% in 2007 and 10% in 2008

The International Monetary Fund projected Armenia's real GDP growth at 11.1% for 2007 and 10% in 2008, down from of 13.3% in 2006. It expected the country's nominal GDP to reach $8.6bn this year and 10.4bn in 2008. The IMF forecast Armenia's annual average inflation rate at 3.7% in 2007 and projected a further increase to 4.9% next year. Also, it expected the growth of broad money at 34.4% this year, declining to 25% in the coming year. The Fund projected the central government's fiscal balance to post a deficit of 1.8% of GDP in 2007 and 2.6% in 2008. It estimated public revenues at 16.4% of GDP this year and 16.2% of GP in 2008, and total expenditures at 19.1% of GDP in 2007 and 19.8% of GDP in 2008. The IMF expected Armenia's public debt to reach 18% of GDP at end-2007 and to continue its decline to 16.8% of GDP at end-2008. It also forecast total gross external debt at 17.6% of GDP in 2007 and at 14.1% of GDP in 2008, down from 19% in 2006. Further, the country's current account deficit is projected at 4% of GDP in 2007 and at 4.2% of GDP in 2008. The Fund expects the country's gross official reserves to reach $1.4bn at end-2007, up from $1.1bn at end-2006, and at $1.6bn at end-2008.

Source: International Monetary Fund

ECONOMY & TRADE

JORDAN

Paris Club to retire part of external debt

The Paris Club of creditor countries has approved Jordan's proposal to retire at least $2.15bn in previously rescheduled loans at an average discount rate to face value of 11%. Several creditors have already announced their intention to participate in this operation including France ($858m), the UK ($694m), the U.S. ($361m), Spain ($92m), Italy ($71m), Switzerland ($36m), Germany ($30m) and Belgium ($11m). The face value of Jordan's Paris Club debt eligible for this operation will amount to around $2.5bn as of January 2008. The Paris Club said the prepayment reflects the strong economic and financial performance of Jordan and the government's sound debt management strategy. More than half of Jordan external debt, or about $4.4bn, is owed to Paris Club creditor countries. The Finance Ministry said the debt buyback will be financed by utilizing part of the privatization funds in line with the 2000 Privatization Law, in addition to other available funding resources.

Source: Paris Club, Jordan Times

ALGERIA

Launch of €7bn port modernization program

The government approved the allocation of €7bn for the modernization of the country's ports. Algeria has 10 commercial ports which handle 95% of the country's foreign trade. The proposed project calls for infrastructure development, port extension and facility upgrades, particularly at oil terminals. Minister of Public Works Amar Ghoul said the country will need foreign expertise to carry out the task.

Source: Magharebia News

MOROCCO

Sovereign ratings raised

Rating agency Capital Intelligence (CI) raised Morocco's long-term foreign currency and local currency ratings by one notch to 'BBB-' and 'BBB', respectively. The sovereign's short-term ratings are 'A3' and the ratings outlook is stable. The agency attributed the upgrade to the implementation of structural fiscal reforms that helped put public finances on a sounder footing and reduced government debt. The ratings are also supported by the improvement in Morocco's external finances and the good progress being made on economic reform. CI said Morocco met ahead of schedule the 2009 budget deficit target of less than 3% of GDP. Also, the structure of government debt has improved, with more than 80% of total debt now in local currency, and the debt-to-GDP ratio is projected to continue declining to reach 57.7% by 2008 compared to 65.3% in 2005. CI noted that current account surpluses, increased FDI, and prudent public debt management have contributed to the accumulation of foreign assets and a significant decline in external debt ratios. Official reserves are expected to exceed public and publicly-guaranteed external debt by the equivalent of 30% of current account receipts (CARs), or 13% of GDP, by end-2007. Public external debt service is comfortable at less than 7% of CARs in 2006-08, and official reserves currently cover external debt due within a year more than six-fold.

Source: Capital Intelligence

TUNISIA

Economy resilient to external shocks

Moody's Investors Service indicated that the growing strength and stability of the Tunisian economy has been a key factor supporting the 'Baa2' government bond rating and stable outlook, while the foreign currency country ceiling of 'A3' is based on a low risk of a payments moratorium in the event of a government bond default. The agency said the Tunisian real sector has demonstrated a high level of resilience to external shocks due to structural reforms and macroeconomic stability, but the state is still very prominent in the political and economic life of the country. It added that Tunisia's strong rate of GDP growth, averaging 5% over the past 10 years, is representative of a converging economy, a forward-looking and responsive economic policy, and is the result of domestic demand supported by a large middle class. Also, the general government debt ratios are on a downward trend and the structure of the mostly long-term external debt compares well with other Baa2-rated countries and confirms the resilience of the country to external shocks or confidence crises. It added that if the pattern continues over the medium term, the foreign and local currency government bond ratings could be upgraded.

Source: Moody's Investors Service

Government raises fuel prices

In an effort to reduce the effects of soaring commodity prices, the cabinet decided to increase fuel prices, particularly kerosene, by 4.5% on average. Consumer price inflation increased from 2.8% in July to 3.3% in August and 3.6% in September due largely to higher utilities costs. The government estimates that each dollar added to the price of crude oil results in a $28m increase in the budget deficit. The new hike in fuel prices would support the budget in the short term but it is likely to fuel inflation in the fourth quarter of 2007 and the first quarter of 2008.

Source: Magharebia News

BELARUS

Ratings constrained by tight regulations

Moody's Investors Service stated the government bond ratings of 'B1'are supported by recent excellent macroeconomic performance and low debt, but are constrained by the inflexibility of Belarus' tightly regulated and industrially concentrated economy. Belarus' foreign currency country ceiling is 'Ba2', reflecting a moderate risk of a payments moratorium in the event of a government default. The agency said the ratings reflect both Belarus' good record of economic growth over many years and the changed circumstances and challenges now facing the government, which may lead to certain economy-wide difficulties in adjusting to external shocks. According to Moody's, the new and substantial rise in energy prices, as a result of a recent deal with Russia's Gazprom, will have a significant micro and macroeconomic effect on the Belarusian economy. Also, a common energy policy, with common energy tariffs for Belarusian and Russian enterprises, excluding transport costs, is unlikely.

Source: Moody's Investors Service

BANKING

IRAN

Four banks to be privatized

The Iranian Privatization Organization (IPO) and the Tehran Stock Exchange (TSE) announced the start of the privatization of four banks in line with Article 44 of the Constitution. Bank Mellat, Bank Saderat Iran, Bank Tejarat and Bank Refah Kargaran will cede 5% of their shares to the private sector starting on December 2 and until January 8th. The privatization of a fifth bank, Post Bank, has been postponed because its total capital is below the requirements. The country's privatization plans stipulate that 20% of each sector stated for privatization must remain in the state's hands. State-run banks account for about 50% of the banking sector.
Source: Tehran Times

IRAQ

Fund divests holding from Bank of Baghdad

Iraq Holding Co., a Kuwait-based investment fund, sold a 20% stake in Bank of Baghdad. The Bahrain-based United Gulf Bank owns 25% of Bank of Baghdad and Iraqi shareholders own 51% of the bank. Iraq Holding, which is managed by investment bank Global Investment House, said it made a profit of $14.3m on the sale. Bank of Baghdad is a commercial bank established in 1992 and has 17 branches in the country. Iraq Holding invests in Iraqi start-ups and existing private sector ventures including banking and finance, manufacturing, real estate and services.
Source: Dow Jones Newswires

TUNISIA

Fitch affirms three banks' Support Ratings

Fitch Ratings affirmed Banque Nationale Agricole's (BNA) Support rating at '2'; Union Bancaire pour le Commerce et l'Industrie's (UBCI) Support rating at '2' and Amen Bank's (AB) Support rating at '3'. BNA's Support rating reflects the high probability of support from the Tunisian government in case of need, given its 68.7% ownership by the Tunisian state. BNA is Tunisia's second-largest commercial bank, with an approximate 16% market share in deposits. It is the only bank the government uses to channel its funds for financing the agricultural sector. The Support rating for UBCI reflects the high probability of support that would be provided by its 50% French owner BNP Paribas (rated 'AA'/'F1+'), should the need arise. It is Tunisia's 10th-largest commercial bank, controlling around 5% market share in deposits and loans. In the case of AB, Fitch considers that there is a moderate probability of support from the Tunisian state based on AB's importance to the local banking system as the fifth-largest bank in Tunisia, controlling around 9% market share in loans and deposits.
Source: Fitch Ratings

EGYPT

NBK raises its stake in Al Watany to 93.8%

National Bank of Kuwait increased its stake in Al Watany Bank of Egypt to 93.8% from the 51% stake it bought for $516m last August. NBK bought the additional shares through the stock exchange at the same share price it paid for the bank's majority stake. NBK officially acquired Al-Watany Bank in mid-August after the Kuwaiti bank made a bid that was higher than that of two other competitors. The deal granted NBK the option to raise its stake in the Egyptian bank.
Source: KUNA

KAZAKHSTAN

Reserves at $36.6bn in mid-October

Figures released by the National Bank of Kazakhstan (NBK) show that foreign reserves, including the National Oil Fund assets, stood at $36.6bn as at October 15, down $0.5bn in the first half of the month. Total reserves fell by $1.3bn in September and by $3.1bn in August. The NBK's reserves fell $0.6bn in the first half of October to $17.8bn after declining by $1.6bn in September and by $3.4bn in August, while assets of the National Oil Fund increased by $75.2m to $18.8bn in the first half of October. Total foreign reserves increased by $3.4bn since the start of the year. The country's international reserves are equivalent to about 20% of projected 2007 GDP and to four months of imports.
Source: Credit Suisse

ROMANIA

Banks continue to grow rapidly, profitability under pressure

Fitch Ratings indicated that the Romanian banking sector has potential for further growth given that the sector's assets are still at a low 50% of GDP despite sustained economic growth, higher disposable income and significant loan growth. In parallel, the sector's performance has been negatively affected by the tightening of margins from falling interest rates in a lower-inflation environment and increased competition, as well as from high expansion costs. The agency said rapid loan growth and the high level of unhedged foreign exchange lending could create asset quality problems as loans mature and could also increase operational risk, and there are signs of asset quality deterioration despite favorable economic conditions. But improved risk management systems and restructuring of the banks, mainly through the involvement of foreign shareholders with advanced risk management practices, provides some comfort. Fitch noted that asset growth is being funded by a rising proportion of international funding but refinancing risk is considered limited, as this is largely financed by shareholders. It considered that the current level of capital is just adequate, given the high level of fixed assets constraining free capital and potential asset quality problems.
Source: Fitch Ratings

Oil leaps to $96 high on U.S. inventory drop

U.S. oil for December delivery rose as high as $96.24 a barrel in electronic trade. It was up 86 cents at $95.39 a barrel, paring some gains. December Brent crude also hit its record high of $91.63. Oil soared $4.15 or nearly 5% on Wednesday, its biggest one-day gain in 10 months, after U.S. data showed an unexpected 3.9 million-barrel drop in crude stocks last week, most of it at the Cushing, Oklahoma delivery point. Prices were also buoyed by the Federal Reserve's quarter percentage point interest rate cut, its second to stave off fears of a recession, moves that have added liquidity to financial markets, some of which has been ploughed in oil. Oil prices have surged more than 50% since the start of the year and have risen about 18% in the past month alone on winter supply worries, speculative buying and a succession of record lows in the U.S. dollar. Prices are now nearing their highest even when adjusted for inflation, but the economy of the world's biggest energy consumer has shown surprising resilience to high oil prices. U.S. GDP expanded at a 3.9% annual rate last quarter, the quickest pace since the first quarter of 2006.

However, OPEC continues to resist calls for more oil production as it blames speculation and politics for the rise. Iran said OPEC was not expected to discuss raising output at informal talks in Riyadh in mid-November.
Source: Reuters

Syria signs deal for $2.6bn oil refinery

Syria signed a $2.6bn contract with Iran, Venezuela and Malaysia for the construction of an oil refinery in central Syria that will have a daily capacity of 140,000 barrels. Venezuela will get 33% of the revenues, while Iran and Malaysia will each receive 26%, with Syria getting the remaining 15%, in proportion to each side's funding of the refinery. The refinery will receive 42,000 barrels of crude oil a day from Venezuela, 28,000 barrels from Iran and 7,000 barrels a day from Syria for at least 25 years. Malaysia will provide the refinery with machinery. The contract was signed by representatives of the National Iranian Oil Refining and Distribution Company, NIORDC, Syria's Oil Ministry, Venezuelan state oil firm PdVSA and the Malaysia Oil company.
Source: Associated Press

Private sector to be the main power supplier in GCC

Private-sector investors signed agreements to build around 7,200 MW of new power capacity in the GCC countries in the 12 months to October 2007, approximately 43% of all new project agreements signed in the year. The figure is an 89% increase on the amount of deals signed by developers in the previous 12 months-to-October 2006. It brings the total capacity of electricity contracted from the private sector in the Gulf to 25,500 MW and 1,500 million g/d of water. In 2008, private developers are expected for the first time to account for the majority of deals to provide new electricity and water in the GCC, leaving the public sector as a minority provider.
Source: Middle East Economic Digest

Base metals: Prices still dependent on equity markets

Base metal prices continue to be affected by the ongoing bout of risk aversion in the financial markets. Base metals are the commodity category with the highest correlation to equity markets. The correlation coefficient between the London Metal Exchange Index and the MSCI World equity index is roughly 0.3. In this regard, the recent weakness on the equity markets is weighing on the performance of base metals. While the price weakness is expected to continue a bit longer, the correction gives way to a renewed entry opportunity toward mid- or end-fourth quarter of 2007. September trade data from China show that the country is importing more copper again. Exports of aluminium also declined and more importantly, China became a net importer of zinc again in September. Moreover, aggregate base metal inventories have stopped increasing recently.
Source: Credit Suisse

Precious metals: Production outages in South Africa support platinum prices

Precious metals have seen mixed developments this week. After initial weakness at the beginning of the week, prices have recovered toward mid-week. The mixed development is mainly due to the current risk reduction in financial markets in general. Speculative long positions for instance in the gold and platinum markets have risen significantly over the last couple of weeks. Within the current bout of risk aversion, some of these positions are being liquidated, which is causing the mixed performance. In the gold market in particular, the risk of profit taking remains elevated. Platinum prices on the other hand should be better supported, mainly due to production outages in South Africa. While Angloplat announced that it was able to re-open the shafts at its Rustenburg mine that were closed last week due to an accident, South Africa's largest miners' union wants to hold a strike over mine safety at the beginning of November. This would lead to further production losses in an already tight market.
Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	216.3	205.5	196.8	-0.1	17.7
LME metals price index	3911.7	4006.8	3888.3	-1.0	0.1
Oil prices USD	90.4	73.0	66.4	13.7	47.2
Oil prices SDRs	57.8	47.7	43.8	12.9	38.5
Gold $/troy oz	767.1	684.0	664.7	5.3	30.5
Silver cents/troy oz	1372.5	1298.3	1311.7	3.4	16.8
Platinum $/troy oz	1447.0	1307.8	1246.8	8.6	36.1
Copper $/MT	7792.0	7716.5	7127.4	-2.4	4.2
Nickel $/MT	31002.5	36439.4	38046.4	-4.6	-6.8
Aluminium $/MT	2468.5	2601.9	2694.7	3.9	-9.1
Zinc $/MT	2852.5	3374.7	3588.0	-1.7	-28.7
Steel - HR coil dry $/MT	565.0	551.8	526.4	0.0	4.6

Source: Credit Suisse

COUNTRY RISK METRICS

Countries	LT Foreign currency rating: S&P	Moody's	Fitch	CI	EIU	Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Africa													
Algeria	- -	- -	- -	- -	BBB 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- -	BBB- 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	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	-	Positive	-	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	4.75	31-Oct-07	Cut 25bps	11-Dec-07
Eurozone	Refi Rate	4.00	04-Oct-07	No change	08-Nov-07
UK	Base Rate	5.75	04-Oct-07	No change	08-Nov-07
Japan	O/N Call Rate	0.50	31-Oct-07	No change	13-Nov-07
Australia	Cash Rate	6.50	02-Oct-07	No change	06-Nov-07
New Zealand	Cash Rate	8.25	24-Oct-07	No change	04-Dec-07
Switzerland	3 month Libor target	2.75	13-Sep-07	Raise 25bps	13-Dec-07
Emerging Markets					
China	One-year lending rate	7.29	14-Sep-07	Raise 27bps	N/A
Hong Kong	Base Rate	6.25	19-Sep-07	Cut 50bps	N/A
Taiwan	Discount Rate	3.25	20-Sep-07	Raise 12.5bps	31-Dec-07
South Korea	O/N Call Rate	5.00	11-Oct-07	No change	08-Nov-07
Malaysia	O/N Policy Rate	3.50	30-Oct-07	No change	26-Nov-07
Thailand	1D Repo	3.25	10-Oct-07	No change	04-Dec-07
India	Reverse repo rate	6.00	30-Oct-07	No change	31-Jan-08
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	Oct-07	No change	N/A
Turkey	Base Rate	16.75	16-Oct-07	Cut 50bps	14-Nov-07
South Africa	Repo rate	10.00	11-Oct-07	Raise 50bps	06-Dec-07
Kenya	Central Bank Rate	8.75	04-Oct-07	No change	Dec 07
Nigeria	Monetary Policy Rate	8.00	03-Oct-07	Raise 100bps	Dec 07
Ghana	Prime Rate	12.50	27-Aug-07	No change	Nov 07
Mexico	Target Rate	7.50	26-Oct-07	Raise 25bps	23-Nov-07
Brazil	Selic Rate	11.25	17-Oct-07	No change	05- Dec-07
Armenia	Repo Rate	5.00	N/A	N/A	N/A
Romania	Policy Rate	7.50	Oct-07	No change	N/A
Bulgaria	Overdraft rate	8.40	N/A	N/A	N/A
Kazakhstan	Reverse repo rate	9.00	Oct-07	N/A	N/A

Source: Standard Chartered - Countries in bold updated on November 1, 2007

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