

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

SAUDI ARABIA

Russia offers help on atomic energy

Russian President Vladimir Putin offered to help Saudi Arabia develop atomic energy and pledged to develop ties with the Islamic world during his first visit to Riyadh. Putin listed the "development of atomic energy" as one of the potential areas of cooperation between Moscow and Riyadh. The offer follows an announcement by oil-rich Gulf Arab states two months ago to pursue nuclear energy technology. Russia is also building a nuclear reactor in Iran amid an international standoff with the West, which suspects the Islamic republic is seeking nuclear weapons, a charge denied by Iran.

President Putin's high-profile visit to the Middle East reflects Russia's growing role as a political and economic player in the region. He met political and business leaders in Saudi Arabia, and paid a brief visit to Qatar. Putin's visit to the Gulf, the first by a Russian leader, and the warm reception he received, signifies Russia's comeback as an influential political player, as well as a growing force in the global energy and arms trade. In Saudi Arabia, several bilateral agreements were reached.

Source: Associated Press, Credit Suisse

JORDAN

Jordanian-Russian project to build helicopters

Construction of a joint Jordanian-Russian project for manufacturing KA-226 helicopters in the Kingdom is expected to start mid-2007. The KA-226 is a light helicopter with a modular design that enables helicopter use in various configurations such as passenger, transport, search-and-rescue, emergency medical services, patrol and fire-fighting. The joint venture will be able to overhaul and repair KA-226s and procure its spare parts.

Russia's OPK Oboronprom JSC signed last March a license agreement with Jordan under which the joint venture is authorized to produce and then sell the KA-226s in Jordan and other countries in the region.

The plan also includes the set up a service centre for Oboronprom's helicopter manufacturing subsidiaries to maintain the products in the region. A pilot and technician training centre will also be set up to provide regional customers with accessible helicopter training.

The regional sales and marketing department of Oboronprom Middle East will promote all products manufactured by Oboronprom and its subsidiaries in the Middle East. The joint venture is an important step towards expanding Russian presence in the world aviation market.

Source: Jordan Times

SYRIA

Upcoming elections

Syria is facing three elections in the coming few months. Parliamentary elections are scheduled for April, a presidential referendum is set for May and municipal elections will be held in August. President Bashar Assad approved on January 3 an amendment to the 1973 electoral law that includes strict regulations on campaign financing. The new law prohibits candidates from providing 'services and financial assistance' prior to elections, limits campaign spending to 3 million Syrian pounds, or \$57,466, and requires candidates to use an accountant to supervise expenditures during the election campaigns. The legislative elections are also expected to operate under a new political parties law which has not yet been passed.

The presidential referendum, whereby all eligible Syrian voters will be called upon to give their confidence to Assad for a second seven-year term, is scheduled to take place at the end of May. Municipal elections, the first under the new local administration law introduced in September 2005, will be held in August. The new law abolishes the 'closed lists' system in existence since 1971 under which Syrians voted for candidates for provincial councils from a list set by the National Progressive Front, the ruling coalition of parties dominated by the Baath Party. The law, however, continues to allow the cabinet, headed by the president, to appoint provincial governors by decree.

Source: Carnegie Endowment

NORTH KOREA

North Korea agrees to deal on nuclear reactor

North Korea agreed to shut down its main nuclear reactor and eventually dismantle its atomic weapons program in exchange for fuel aid, just four months after the communist state tested a nuclear bomb. Reached after talks in Beijing with five other nations, the deal marks the first concrete plan for disarmament in more than three years of negotiations. The plan also could potentially herald a new era of cooperation in the region with North Korea's longtime foes, the United States and Japan, also agreeing to discuss normalizing relations with Pyongyang.

Under the deal, the North would receive initial aid equal to 50,000 tons of heavy fuel oil for shutting down and sealing its main nuclear reactor and related facilities at Yongbyon, north of the capital, within 60 days, to be confirmed by international inspectors. For irreversibly disabling the reactor and declaring all nuclear programs, the North will eventually receive another 950,000 tons in aid. The United States will also begin the process of removing North Korea from its designation as a terror-sponsoring state and also on ending U.S. trade sanctions, but no deadlines have been set, according to the agreement.

Source: Associated Press, Reuters

OUTLOOK 2007

EGYPT

Real GDP growth expected at 6.6%

Egypt's real GDP growth is forecast to slightly drop from 6.8% in 2006 to 6.6% in 2007. Economic growth has gained momentum, underpinned by accelerating investment levels and a strong external position, supported by tourism receipts and increased FDI inflows. Private consumption also remains buoyant. However, the strong demand in the economy is adding to inflationary pressure. The continuing progress in the government's reform program is supporting both domestic and international sentiment. Importantly, 80% of Bank of Alexandria was sold to Italian bank Sanpaolo IMI for USD 1.6bn in October 2006. The majority sale of Bank of Alexandria is crucial for banking sector reform, including reducing the role of the government in the sector. As a result of the strong external position, the Egyptian pound strengthened against the US dollar in 2006. A further small appreciation of the Egyptian pound is forecast in 2007 given the continued inflows. Wider structural fiscal reform and continued strong growth is required to reduce the deficit in the medium term.

Source: Standard Chartered

JORDAN

Stable Risk Outlook

According to the EIU, Jordan's sovereign risk is stable, as the country is unlikely to experience financing problems as long as it can continue to attract grant inflows. However, if the regional political situation were to improve, the flow of grants might be jeopardized as Jordan's importance as a strategic ally of the US would fall, and the government could be forced to reschedule some of its repayments as it has done in the recent past. Jordan has high levels of public and external debt. The country relies on inflows of foreign aid and workers' remittances to finance a large part of its fiscal and current-account deficits. The cornerstone of current policy is a sustained drive to improve the operating environment for foreign and domestic investment. There are some clear signs that the policies are working, with a marked pick-up in real GDP growth in 2005-06, rising international reserves and booming export growth. The fiscal situation remains problematic, with the government reliant on overseas grants to help finance the deficit. The monetary environment is stable and the Jordanian dinar will remain pegged to the US dollar. The large current-account deficit should not lead to serious pressure on the currency, as capital-account inflows should be sufficient to meet the shortfall.

The economy is expected to expand at an average annual rate of around 5.4% in 2007-08, a slowdown from the estimated growth rates of 7.7% in 2005 and 6.2% in 2006. Although easing, growth in domestic demand will remain relatively robust, fuelled partly by continuing high levels of remittances from the Gulf Arab states and persistently strong investment growth. The main political risks stem from popular antipathy towards King Abdullah II's support for US policy in the Middle East, which could encourage further militant attacks in the country.

Source: EIU

LIBYA

Economy to grow by 8% in 2007

Since the lifting of sanctions in 2004, the government has attempted to deregulate the economy and open it up to foreign participation. There has been some progress, and foreign interest in Libya is high. Real growth is expected to reach almost 8% in 2007 from nearly 7% in 2006 before easing to under 6% in 2008. The economy is expected to move further in the direction of greater private sector participation and foreign investment over the medium term. Though global oil prices are expected to level off, economic activity should remain relatively strong reflecting gains in oil production, robust government spending, and gathering private consumption. International reserves recently stood at \$55bn, more than 40 months of import cover.

Libya has minimal amounts of external debt with pre-sanctions bilateral debt believed to be less than \$4bn. Short term debt is increasing in line with the pickup in import spending, but amounts to less than 1% of GDP. The current account is expected to register sizeable surpluses of the order of 25-30% of GDP in 2007-08. Foreign investment inflows are expected to gather pace, but will be more than offset by the investment activities of Libya's public funds, keeping the capital account in deficit. Nevertheless, the overall balance of payments position will remain robust, and reserves are expected to remain in the range of 35-40 months of import cover. Interest rates on deposits have been liberalized, but there is no functioning inter-bank market, and the central bank is not in a position to counter the monetary impact of fiscal spending.

Plans for structural reform are wide-ranging, including bank restructuring, trade reform, improvements to the business environment and privatization, but implementation has been patchy. The country still lacks much of the regulatory and institutional framework necessary to support a market economy.

Source: Institute of International Finance

BAHRAIN

Economic growth to slow to 6.3% in 2007

Bahrain's economy continues to perform well owing to high oil prices and as the government's diversification efforts, including aluminum, financial services and tourism, bear fruit (especially since Bahrain has limited oil reserves). Real GDP growth is also being supported by higher government spending. However, real GDP growth is forecast to slow from 7.1% in 2006 to 6.3% in 2007 with lower oil production and higher import levels. Despite recent strong growth, unemployment is still high, at around 14% according to government statistics. Bahrain's Free Trade Agreement with the US was implemented in August 2006. The trade deal will have major benefits for the access of Bahraini exports into the US market and support Bahrain's diversification program. Moreover, Bahrain will benefit from increased US investment into the country. Bahrain's government total debt is forecast by the Ministry of Finance to reach BHD1.9bn by end-2006, equivalent to 31.5% of GDP.

Source: Standard Chartered

ECONOMY & TRADE

TURKEY

Current account deficit at 8% of GDP in 2006

Data released by the central bank show the current account deficit at \$1.8bn in December, which was considerably better than the consensus forecast of \$2.4bn. The full-year current account deficit was recorded as \$31.3bn (about 8% of GDP), down from a peak of \$33.5bn (about 8.8% of GDP) in the 12 months to November. Despite the narrowing in December, the current account deficit widened from \$22.8bn (6.4% of GDP) in 2005 to \$31.3bn in 2006. However, Turkey's oil import bill increased from \$21.2bn to \$28.6bn during the same period, accounting for about 90% of the widening in the current account deficit. Net FDI inflows covered about 60% of the current account deficit in 2006, up from 38% in 2005. Net FDI inflows were recorded as \$18.9bn in 2006, while medium- and long-term borrowing of the private sector and portfolio inflows were recorded as \$18.8bn and \$7bn, respectively.

Source: Merrill Lynch

RUSSIA

January inflation at 1.7%

According to a report by Rosstat, inflation fell to 8.2% in January 2007, from 9% in December 2006. The outturn confirmed that the risks to the forecasts were on the downside, due to the dramatic slowdown in the pace of inflation in the second half of January, but the drop in inflation was nevertheless remarkable. Both food prices and services components registered sharp declines in January, by 120 bps and 160 bps, respectively, while nonfood prices stayed flat. Core inflation was 0.6% mom, suggesting a drop in the year-on-year level to 7.5%, from 7.8% in December. The annual core inflation level was the lowest on record since early 2003, and the headline CPI inflation was the lowest since July 1998 when it touched 5.7%, before surging the following month after devaluation.

Source: Credit Suisse

EUROPEAN UNION

EU growth at 2.7% in 2006

According to the Eurostat, the EU's GDP growth rose by a higher-than-expected 0.9% quarter-to-quarter in Q4 2006, equivalent to 3.3% year-on-year. Activity expanded over the full year by 2.7%, still below the 2000 record of 4% but well above the preceding four year performance. These results are in line with business cycle indicators for Q4 2006, which have been driven up by the strong performance of Germany. A very early announcement of the 3-point hike in the standard VAT rate stimulated consumption and thus activity at the end of last year. Thus GDP growth was particularly buoyant in Germany (+0.9% q/q). It was also dynamic in France where growth was reported at 0.65% q/q and in Italy at 1.1% q/q or 2.9% y/y, the highest growth rate since 1999. The Spanish economy was also remarkably vigorous in the final quarter of 2006, with GDP growing by 1.1% q/q (4% y/y), the highest rate since 2001.

Source: BNP Paribas

UAE

Increased traffic congestion in Dubai slowing re-export business

Increased traffic congestion in Dubai is slowing the emirate's lucrative re-export business. A Dubai Chamber of Commerce and Industry survey found that re-exporters were increasingly having problems moving goods from ports to warehouses and back again because of gridlocked roads, which is slowing trade. Re-exports made up more than 30% of Dubai's foreign trade in 2005, according to the DCCI.

Source: Gulf News

Dubai to get rating

The Government of Dubai is in talks with JP Morgan and UBS to obtain a credit rating for the Emirate, according to the Department of Finance. The government expects credit ratings from Fitch, Standard & Poors and Moody's Investor Services by April. Last year, a Dubai official indicated the government planned to issue \$4bn worth of dollar-denominated bonds in the international market to fund infrastructure projects. The credit rating will enable Dubai to seek loans for its power and water authority, and to sell conventional and Islamic bonds in Asia, Europe and the US. The rating will be important in allowing the government to diversify its investor base as it implements its 2015 vision announced last week.

Source: Bloomberg, Standard Chartered

Wider power to auditors

The UAE's Ministry of Economy has given wider powers to auditors operating in the country, Gulf News reported. Auditors can now convene ordinary general meetings for listed companies if their boards fail to do so, and supervise the quorum counting. The move is aimed at bringing more transparency into reporting procedures inline with International Auditing Standard norms.

Source: EStandards Forum

SAUDI ARABIA

Benchmark rates up

The Saudi Arabian Monetary Agency (SAMA) raised its benchmark repo and reverse repo rates by 30 basis points, to 5.5% and 5%, respectively. This is widely seen as a measure to stay in step with US rates, as the Kingdom's currency is pegged to the US Dollar. Saudi interest rates normally track US rates given the USD-SAR peg. However, this move was playing catch-up after stock market weakness persuaded it not to follow US rates higher last year.

Source: Shuaa Capital



BANKING

UAE

Bank assets up 20%

Quarterly statistics released by the Central Bank of the UAE revealed that country's total banking assets grew by 19.6% from September 2005 to September 2006, from AED 638bn to AED 759.8bn. During the same period, foreign assets increased 7.5%, from AED 175bn to AED 188.1bn, while foreign liabilities increased by 62.6% to AED 133.7bn, up from AED 32.2 bn.

Total deposits grew to AED 473.3bn, from AED 409.6bn, up 15.5%. Within deposits, resident deposits grew 12.8% to AED 433.7bn, from AED 384.3bn, while nonresident deposits increased by 56%, from AED 25.4bn to AED 39.6bn. Net banking credits grew 25.9%, from AED 362.2 bn to AED 456.4bn, of which residents' credits grew from AED 322.2bn to AED 407.2bn, or 26.4%, while nonresidents' credits grew by 21.5%, from AED 40.5bn to AED 49.1bn. Over the time period, the total number of bank branches increased by more than 10%, from 449 to 496, of which 119 are foreign banks (up from 115). Lastly, the total number of employees in the sector increased from 23,600 to 26,498.

Source: *Shuaa Capital*

MIDDLE EAST

Internet fraud targets Mideast banks

Internet fraudsters are targeting banks in the Middle East and their customers because they are seen as soft targets, says an IT security expert.

Information Technology (IT) Matrix chief executive officer Mirza Asrar Baig said that the practice of sending fake e-mails to online customers to trick them into divulging their personal information, known as 'phishing' in the industry, is on the rise in the Middle East. The reason, he says, was because the fraudsters have moved on from targeting European and American banks, which have strengthened their security measures.

Baig says that banks in the region should spend more to protect against IT fraud and their customers should also become more aware of the potential threats. "Banks in the Middle East are considered soft targets because they haven't yet invested in this area like the Western banks."

Baig added, however, that there isn't much difference between the awareness of customers in this region and those in the West. "They may be a little more aware in Europe and America, but not by that much more," he said. "There is a general lack of awareness about Internet security all over the world."

Source: *TradeArabia News Service*

BAHRAIN

Bahrain issues paper on Basel II

Bahrain's central bank has put out a consultation paper on implementation of Basel II, local newspapers reported. The paper contains the central bank's policy on Basel II requirements related to Tier One, which deals with minimum capital requirements for banks. The CBB intends to implement Basel II from 2008.

Source: *Ameinfo*

ABC rating upgraded

Fitch Ratings has upgraded Bahrain-based Arab Banking Corporation's (ABC) Issuer Default Rating (IDR) to 'BBB+' from 'BBB'. The upgrade reflects ABC's improved risk profile after a restructuring process, sound liquidity and capitalisation and improving profitability. The ratings also reflect its adequate cost efficiency, exposure to regional political risk and dependence on an undiversified regional economy.

Source: *TradeArabia News Service*

BASEL II

Basel Committee issues set of principles

The 13-nation Basel Committee of top banking supervisors from North America, Europe and Japan issued on February 7 a set of principles designed to aid the use of the Committee's so-called hybrid approach to risk allocation for banks using an advanced measurement approach (AMA) to assessing operational risk under the complex Basel II bank capital rules. Many large banks in most Basel Committee member countries are set to implement AMAs at the beginning of 2008, with their US rivals following a year later in January 2009.

Global banking regulators are stressing the principles of good corporate governance in their latest efforts to help banks and regulators square the circle of group-wide capital allocation when using advanced approaches to measuring operational risk. The problem has pitched the interests of international banking groups, anxious to use the most efficient means of allocating capital to guard against operational risk group-wide, against those of banking supervisors, particularly those in host countries.

Source: *Global Risk Regulator*

RUSSIA

Rosbank to raise \$250m by placing 39m shares

Rosbank has announced its intention to place 39m shares by open subscription at \$6.4 per share. The cut-off date is set for February 9. Rosbank was initially planning to issue 100m new shares to increase its capital in 2007, thus the announcement is slightly disappointing.

Source: *Alfa Bank*



ENERGY

High gasoline yields keep stocks building

This week the DOE reported a larger-than-expected 0.5mbpd-crude draw, a larger-than expected distillate draw and a larger-than-expected gasoline build of 2.6mbpd. Refinery utilization rates increased slightly. With the latest inventory increases, gasoline stocks are now significantly above average levels again, which could weigh on prices for oil and oil products in the days ahead. After the strong price recovery since January 30, we expect consolidating to slightly lower prices in the near term. However later in the year, when OPEC production cuts start to affect availability and global economic growth picks up again, we expect oil prices to rise. We stick to our forecast of an average price of \$62.50 for WTI oil in 2007.

Source: Credit Suisse

Al Qaeda calls for attacks on US suppliers of oil

A Saudi wing of al Qaeda called for attacks on suppliers of oil to the United States around the world, saying targets should not be limited to the Middle East and listing Canada, Venezuela and Mexico as under threat. The group was behind a failed February 2006 attack on the world's largest oil processing plant, the Abqaiq facility in Saudi Arabia. "Targeting oil interests includes production wells, export pipelines, oil terminals and tankers and that can reduce US oil inventory, forcing it to take decisions it has been avoiding for a long time and confuse and strangle its economy," it said. Canada is the biggest exporter of crude oil to the United States, followed by Mexico, Saudi Arabia and Venezuela. Al Qaeda leaders have repeatedly called for attacks on oil installations to block supplies to punish the West for what they see as a U.S.-led war against Islam.

Source: Reuters

EU to impose sanctions on Iran

The EU has agreed to implement sanctions on Iran. Officials indicated the sanctions would strictly follow measures listed in the United Nations Security Council (UNSC) resolution, agreed at end-December, over Iran's failure to halt uranium enrichment. The UNSC sanctions include a ban on supplying specific materials and technology that could contribute to Iran's enrichment and nuclear weapon program; an asset freeze on key companies and individuals involved in the nuclear program, which are named on a UN list; and a need for countries to inform the Security Council of movement across their borders of named individuals on the UN list.

As such, these measures are weak and will not impact wider economic activity or trade between the EU and Iran. However, Tehran's increased isolation as a result of its nuclear program and the poor economic management are already having a detrimental effect on the economy as FDI into Iran has plummeted. Further, this is one of the factors resulting in increased domestic opposition to President Ahmadinejad. Although the EU has agreed to impose sanctions, they are also keeping the door open for negotiations. Tehran is keen to resume talks with the EU, especially ahead of the 60 day time frame given by the UNSC for Iran to stop uranium enrichment, which end on 21st February. While most assume this would be stalling tactics, it may reduce the risk of military action.

Source: Reuters

International Energy Agency raises oil demand forecast for 2007

The International Energy Agency (IEA) has raised its oil demand forecast for 2007, after revising China's demand outlook. The IEA also told the OPEC that any further production cuts would further tighten the markets. Oil reserves by the 26 members of the IEA amounted to 40.2 million barrels as of last December, down from 85.5 million when OPEC's production cuts were decided. The IEA has boosted its oil demand growth forecast for 2007 to 1.55 million barrels per day, up 1.6% from its previous forecast of 1.39 million barrels per day, putting China's total demand estimate at 7.6 million barrels per day in 2007, versus 7.1 million barrels per day in 2006.

Source: SHUACapital

Mideast crude market rises

The Middle East crude market rose on Wednesday as Qatar Marine crude for April delivery brought a premium against earlier talk of discounts, Reuters reported. Abu Dhabi light sour Murban crude was offered at a 15 cents discount, with bids coming in at strengthening levels, according to seller quoted by the news agency.

Source: Reuters

Putin visits Qatar amid talk of 'gas Opec'

Leaders of Russia and Qatar, two of the world's largest natural gas producers, said on Feb.12 they would explore the creation of an Opec-style natural gas cartel.

Russian president Vladimir Putin and Sheikh Hamad bin Khalifa Al Thani, Emir of Qatar, said experts from both countries would discuss the idea at a natural gas conference in Doha, in April. Their comments were made during a visit by Mr Putin to Saudi Arabia, Qatar and Jordan - the first by a Russian president to the three countries.

Source: The Financial Times

Oil Market		Closing of February 14	Previous Price	Daily Δ
OPEC Basket	▼	53.94	54.99	-1.90
Brent	▼	53.36	55.77	-4.50
Dubai	▼	54.92	55.54	-1.10
WTI	▲	58.22	57.75	0.80

Source: SHUACapital

Mideast oil use to rise 33%

Oil consumption in the Middle East is predicted to rise by 33% to 349 bpd by 2011, according to the International Energy agency. Saudi Arabia and Iran will account for about 52% of total demand. Rising consumption will lead to higher "break-even" prices that are acceptable to OPEC producers, according to an IEA analyst.

Source: Emirates Today



COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central govt. 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	10.3	17.4	12.0	9.1	8.4	19.4	18.0	0.8
	-	-	-	-	Positive								
Angola	-	-	-	-	CCC	2.3	43.7	49.5	22.3	4.6	216.9	21.1	7.3
	-	-	-	-	Stable								
Egypt	BB+	Baa2	BB+	BB+	B	-6.9	99.0	29.7	68.0	6.6	150.3	1.6	5.6
	Stable	-	-	Stable	Stable								
Libya	-	-	-	-	BB	26.6	6.0	9.7	-130.9	2.7	7.8	31.4	2.8
	-	-	-	-	Stable								
Morocco	BB+	Baa2	-	BB	BB	-4.1	67.1	29.8	68.1	8.0	91.2	1.7	2.0
	Stable	-	-	Stable	Stable								
Nigeria	BB-	-	BB-	-	BB	-1.0	10.7	5.2	9.7	1.9	14.18	9.7	1.6
	Stable	-	-	-	Stable								
Tunisia	BBB	A3	BBB	BBB	BB	-3.3	59.6	57.7	77.1	15.3	275.3	-2.6	6.6
	Stable	-	-	Stable	Stable								
Sudan	-	-	-	-	CC	-3.8	58.7	71.2	355.0	4.0	-	-13.8	5.8
	-	-	-	-	Stable								
Middle East													
Bahrain	A	A1	A-	BBB+	A	10.1	28.8	58.7	23.9	13.4	343.5	13.9	0.1
	Stable	-	-	Stable	Stable								
Iran	-	-	B+	-	BB	7.3	26.2	9.9	31.0	4.5	25.4	5.7	0.0
	-	-	-	-	Negative								
Iraq	-	-	-	-	D								
	-	-	-	-	Stable								
Jordan	BBB	Baa3	-	BB	B	-4.8	73.4	91.1	18.5	13.7	266.6	-21.5	10.7
	Stable	-	-	Stable	Stable								
Kuwait	A+	Aa2	AA-	A+	A	38.8	10.8	13.7	8.9	2.7	129.3	44.5	-4.5
	Stable	-	-	Stable	Stable								
Oman	BBB+	A1	-	BBB+	A	16.0	6.5	14.1	18.0	5.0	101.6	19.4	1.9
	Stable	-	-	Stable	Stable								
Lebanon	B-	B2	B-	B-	CCC	-12.5	178.1	105.2	179.5	30.4	209.2	-15.6	4.5
	Negative	-	-	Negative	Stable								
Qatar	A+	Aa2	-	A+	A	17.6	19.1	46.5	55.3	8.4	440.6	35.8	4.3
	Stable	-	-	Stable	Stable								
Saudi Arabia	A+	Aa3	A+	A+	A	18.0	10.8	8.4	21.1	3.7	130.0	30.8	0.3
	Stable	-	-	Stable	Stable								
Syria	-	-	-	-	CCC	-3.6	41.9	30.8	68.0	5.6	146.9	2.0	1.6
	-	-	-	-	Stable								
UAE	-	Aa2	-	A+	A	30.4	10.7	38.2	10.0	1.8	248.7	25.8	5.1
	-	-	-	Stable	Stable								
Yemen	-	-	-	B-	B	-	38.8	28.9	69.2	2.8	73.9	-5.2	-
	-	-	-	Stable	Stable								
Central & Eastern Europe													
Ukraine	BB-	Ba3	BB-	-	BB	-2.5	19.6	42.8	58.7	2.8	188.4	-0.9	5.5
	Stable	-	-	-	Stable								
Russia	BBB+	A2	BBB+	-	BBB	7.2	10.9	30.4	81.3	3.6	96.9	14.4	0.8
	Stable	-	-	-	Stable								
Turkey	BB-	Ba1	BB-	BB-	B	-1.6	64.9	49.2	117.5	25.2	343.5	-8.2	4.5
	Stable	-	-	Stable	Stable								
Latin America													
Brazil	BB	Ba1	BB	-	BB	-3.2	72.7	17.2	56.3	29.3	205.1	1.2	1.6
	Stable	-	-	-	Stable								

Sources: Moody's; EIU



SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	5.25	31-Jan-07	No change	21-Mar-07
Eurozone	Refi Rate	3.50	08-Feb-08	No change	08-Mar-08
UK	Base Rate	5.25	08-Feb-08	No change	08-Mar-08
Japan	O/N Call Rate	0.25	18-Jan-07	No change	21-Feb-07
Australia	Cash Rate	6.25	06-Feb-07	No change	03-Apr-07
New Zealand	Cash Rate	7.25	24-Jan-07	No change	07-Mar-07
Switzerland	3 month Libor target	2.00	14-Dec-06	Raise 25bps	13-Mar-07
Emerging Markets					
China	One-year lending rate	6.12	18-Aug 06	Raise 27bps	N/A
Hong Kong	Base Rate	6.75	08-Aug-06	No change	N/A
Taiwan	Discount Rate	2.75	28-Dec-06	Raise 12.5bps	end Q1-07
South Korea	O/N Call Rate	4.50	08-Feb-07	No change	08-Mar-07
Malaysia	O/N Policy Rate	3.50	26-Jan-07	No change	26-Feb-07
Thailand	1D Repo	4.75	17-Jan-07	Cut 25bps	28-Feb-07
India	Reverse repo rate	6.00	31-Jan-07	No change	24-Apr-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	01-Feb-07	No change	N/A
Turkey	Base Rate	17.50	16-Jan-07	No change	15-Feb-07
South Africa	Repo rate	9.00	07-Dec-06	Raise 50bps	15-Feb-07
Kenya	Central Bank Rate	10.00	Feb-07	No change	Apr-07
Nigeria	Monetary Policy Rate	10.00	29-Nov-06	New Policy rate	N/A
Ghana	Prime Rate	12.50	Dec-06	Cut 200bps	Feb-07
Mexico	Target Rate	7.00	26-Jan-07	No change	23-Feb-07
Brazil	Selic Rate	13.00	24-Jan-07	Cut 50bps	07-Mar-07

Source: Standard Chartered

