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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

IRAN

Iran vows to pursue nuclear program

Iran vowed to press on with its nuclear fuel program, ignoring a U.N. deadline to freeze uranium enrichment or face broader sanctions, but offered to guarantee it would not try to develop atomic weapons. Iranian President Mahmoud Ahmadinejad remained defiant as a 60-day grace period given to Iran on December 23 to stop enriching uranium for nuclear fuel expired. With the deadline running out, the International Atomic Energy Agency, which has been unable to verify Iran's program is wholly peaceful after three years of investigations, was expected to report to the U.N. Security Council that Tehran was pursuing enrichment regardless of pressure to stop.

Top Iranian negotiator Ali Larijani said after talks on Tuesday with IAEA director Mohamed El Baradei that Tehran would give necessary assurances during negotiations that it would never divert enrichment into bomb-making. The Council is not expected to take action before the next consultations of the IAEA's 35-nation board of governors on March 5-9, leaving a little more time for dialogue with Iran, said a diplomat close to the Vienna-based IAEA. Meanwhile, India announced Wednesday that it has banned the export of all material, equipment and technology that could contribute to Iran's nuclear program, while Japan decided to freeze the assets of 10 groups and 12 individuals related to Iran’s nuclear and missile program.
Source: Reuters, AFP

SUDAN

SPLM to move headquarters to Khartoum

Sudan's southern former rebels, the Sudan People's Liberation Movement (SPLM), said they would move their headquarters to Khartoum to influence national policy more as north-south relations had soured since a 2005 peace deal ended Africa's longest civil war. Under the peace accords a national coalition government was formed, wealth and power was shared and the south given the right to vote on secession by 2011. But the SPLM has complained their northern partners in peace, the dominant National Congress Party (NCP), have not implemented the accord and have taken key policy decisions unilaterally. The SPLM headquarters was previously in the south Sudan capital Juba and observers had often criticized the SPLM for focusing on southern issues and neglecting national politics. An SPLM spokesman said the NCP was using its mechanical majority rather than taking decisions by consensus within the coalition government formed by the January 2005 peace deal, adding that if the NCP persisted in pushing through its policies without consensus the coalition could be in danger.
Source: Reuters

IRAQ

US House votes against Bush strategy

The U.S. House of Representatives denounced President George W. Bush's Iraq troop buildup in a symbolic challenge to his war strategy that is expected to lead to a struggle over financing the extra troops. The Democratic-led House voted 246-182 for a resolution that voices support for U.S. forces but opposes the Republican president's decision to send 21,500 more troops to bolster security in Baghdad and Anbar province. The House measure would not force Bush to act, but its supporters hope to pressure him to reverse course and start bringing U.S. forces home from the conflict, which has killed more than 3,100 American troops. As their next step, Democrats are considering ways to restrict Bush's use of $93.4 billion in new war funds to keep him from using it for the troop buildup.
Source: Agencies

LEBANON

US blacklists Hezbollah construction company

The U.S. Treasury Department designated a Lebanon-based construction company operated by Hezbollah as a terrorist organization, accusing it of bolstering the militant group's public standing by rebuilding war-torn areas. The action by the U.S. Treasury bans Americans from doing business with Jihad al-Bina and freezes any assets the construction firm may have under U.S. jurisdiction. The Treasury said Jihad al-Bina receives direct funding from Iran, is run by Hezbollah members and is overseen by Hezbollah's governing Shura Council.

"Hezbollah operates Jihad al-Bina for its own construction needs as well as to attract popular support through the provision of civilian construction services," Stuart Levey, Treasury's Under Secretary for Terrorism and Financial Intelligence, said in a statement. The Treasury said these services were bolstering the standing of Hezbollah, which the U.S. government has designated a terrorist organization under various executive orders starting in 1995.
Source: AFP

ARMENIA

Armenia ready for ties with Turkey

Armenian President Robert Kocharyan said his country is ready to establish diplomatic ties with Turkey without preconditions and create a joint government commission to discuss Armenian deaths at the hands of Ottoman Turks in 1915, which Yerevan says was genocide. He rejected Turkey's offer to set up a joint panel of historians to debate the issue, and called on Ankara to accept his suggestion of an intergovernmental commission. The Turkish government has already declared that it is ready to open all the Ottoman archives for the scrutiny of historians who work on claims of Armenian genocide.
Source: Reuters

OUTLOOK 2007

UKRAINE

IMF calls for better supervision and transparency

Directors underscored the criticality of more proactive regulation and supervision of the banking sector. They therefore welcomed recent steps of the National Bank of Ukraine (NBU) to improve regulatory and supervisory safeguards. Most Directors considered that capital-adequacy should be strengthened until banks' risk management practices improve and, in this regard, noted that consideration should be given to increasing the capital-adequacy ratio from 10% to 12%. In this context, Directors welcomed the envisaged Financial Sector Assessment Program update in 2007 as timely. Directors stressed that raising growth in Ukraine required improvements in the country's difficult investment climate. They particularly noted the pressing need to adopt legislation to strengthen investor rights, clarify inconsistencies between the economic and civil codes, reactivate a transparent and fair privatization process, and reform the energy sector. Directors welcomed the passing of legislation towards WTO accession in 2007. While noting that official statistics were broadly adequate for surveillance, Directors saw a need to improve data on trade prices, the state-owned enterprise sector, and sectoral financial flows and stocks.

Source: IMF

QATAR

Strong GDP outlook for 2007

Qatar has become one of the most dynamic Gulf states. Three years of high oil prices and meteoric growth in liquefied natural gas exports have transformed its economy. Per capita GDP is around $43,000, one of the highest in the world and rising. Medium term prospects remain extremely encouraging. The GDP outlook remains strong for 2007, with real GDP growth accelerating to 8.5% as LNG production increases.

Inflationary pressure has been increasing with the large influx of expatriates, which has resulted in a shortage of housing and increased rental costs. Furthermore, the costs of building materials have also been increasing with the strong demand and shortages in products such as cement. Inflation forecasts for 2007 and 2008 have increased to 11% and 7% respectively.

Source: Standard Chartered

MOROCCO

Upward revision of growth estimate for 2006

The government estimates that economic growth may have exceeded 8% last year, reflecting a record crop. The government is also upbeat on the mediumterm growth outlook. The authorities hope industry and services will become the main driving forces of the economy, following heavy public investment in infrastructure, low-cost housing and tourism developments, thereby reducing the economy's dependence on agriculture. In particular, medium-term growth may be boosted by the emergence of IT and business processing services and the creation of free-trade zones to spur export expansion. A proper take-off in private investment will be key to putting the country on a higher growth path over the medium term.

Source: Merrill Lynch

SAUDI ARABIA

Economic growth to slow to 3.3% in 2007

Saudi Arabia's economic outlook remains positive with oil prices still high, although fiscal and current account surpluses will fall in 2007 from 2006 levels with the weakening oil price. Lower production levels linked with OPEC cuts will result in real GDP growth decelerating to 3.3% in 2007, economic expansion will be supported by higher investment levels and government spending.

The economy remains dependent on the state-dominated oil sector. However, there have been a number of significant reforms. These have partly led to Saudi Arabia's membership to the WTO at end-2005. This is already leading to increased foreign direct investment into the country.

The Saudi Riyal is pegged to the US dollar at a rate of SR3.75:USD1 Saudi Arabia continues to reiterate the benefits and its commitment to the peg. There is no immediate threat to the currency peg given the current windfall in oil revenues and the attendant recovery in foreign and domestic reserves. Saudi Arabia has indicated that the formation of the single GCC currency by 2010 is ambitious.

Source: Standard Chartered

TUNISIA

GDP growth forecast at 5.6% for 2007

Recent reforms have enhanced medium-term prospects. The key challenge for the government over the next couple of years is to strengthen underlying growth potential and employment creation by tackling remaining structural weaknesses. Pushing ahead with further privatization will be important, along with strengthening the financial sector and opening up the capital account.

Growth is forecast to rise to 5.6% this year based on continued strong activity in services and nontextile manufacturing, followed by a moderation to about 5% in 2008 as domestic demand is dampened by the combined effects of continued monetary and fiscal restraint.

The current account deficit is projected to narrow over the next two years, to 1.9% of GDP in 2007 and 0.8% in 2008, due to a combination of lower oil prices, increased merchandise export volumes and higher tourism receipts. However, the accumulation of official reserves is expected to slow as the high level of privatization receipts achieved in 2006 is unlikely to be repeated over 2007-08.

The main risks to the growth and current account forecasts stem from the possibility of a weakening of activity in Europe and the potential for a deterioration in security conditions. Issues related to Tunisia's political system and questions regarding the eventual succession to President Ben Ali add further uncertainty to the medium-term outlook.

Source: Institute of International Finance

ECONOMY & TRADE

UAE

Anti-money laundering measures

The Dubai Multi Commodities Center (DMCC) said it will step up its fight against money laundering by ensuring transparent trade in gems and precious metals. Authorities are keen to promote the city as a place that cracks down on illegal financial activities. A senior DMCC official said several procedures have been put in place to support domestic and global efforts aimed at fighting money laundering and the financing of terrorism. Starting March, DMCC will start training programs for its staff and members so that they can help in countering illegal activities. The training focuses on the "identification, verification and know-your-customer" measures.

Source: Gulf News

NIGERIA

Government approves maximum foreign borrowing guidelines

The federal government recently approved maximum foreign borrowing guidelines. The government approved total external borrowing limits of $1.5bn (1.1% of GDP) in 2007 and $2bn (1.3% of forecast 2008 GDP) in 2008 for all states and the federal government. Additionally, all lending must be concessionary, with the annual interest rate of the borrowing not exceeding 3%. The Debt Management Office said recently that Nigeria's external public debt fell to $3.5bn (2.9% of GDP) at the end of 2006 following the repayment of the London Club debt in Q3 2006 and the Paris Club debt deal earlier in 2006. The statements on concessionary lending are in line with the quantitative assessment criteria in Nigeria's most recent review under the IMF's Policy Support Instrument, which prohibits the government from taking out any non-concessionary debt in 2007.

Source: Merrill Lynch

SAUDI ARABIA

Government foreign assets reach $221.6bn

The Saudi Arabian Monetary Agency indicated that the country's total government foreign assets have reached $221.6 billion by the end of 2006 due to the rise in oil prices and state budget surplus of $70.5 billion, Gulf News reported. The report also showed KSA's reserve of foreign currency amounted $24.7 billion in 2006, while the kingdom's deposits in foreign banks exceeded $31.9 billion and investments in foreign instruments reached $164.2 billion last year.

Source: MENAFN

JORDAN

Pivatization revenues at $650m in 2006

Jordan's government generated $650m from privatizations in 2006, with its sale of Jordan Telecom alone accounting for $500m. A government official stated that 13 firms are slated for privatization in 2007. He added that a total of $650m is expected to be generated in revenues and $600m in savings after the government reduces its exposure to those companies. Royal Jordanian and Queen Alia International Airport are expected to be the dominant contributors.

Source: MENAFN

IRAQ

Central Bank to curb inflation

Officials at the Central Bank of Iraq (CBI) said that the bank is considering taking measures to curb inflation which hiked to 70% last year on soaring oil prices, Iraq Directory reported. According to the bank officials, the CBI will probably raise its interest rates to 20%, up from the present 8 percent, in order to reduce inflation pressures on the economy. In 2006, Iraq's consumer price index soared to 70%, driven by the 80% surge in prices of oil products and electricity, according to government figures.

In parallel, the Iraqi parliament has approved the state's $42 billion budget of 2007, the largest in Iraq's history. The country's budget for this year reached record levels as a result of soaring oil prices, which are expected to stabilize through the year. However, the war-torn country's production of oil is still below pre-war levels.

Source: Iraq Directory

EGYPT

Inflation at 12.4% year on year in January

Headline CPI rose 0.6% in January, but 12-month inflation was unchanged at 12.4% on an annual basis. However, year-on-year CPI is likely to remain at roughly 12-13% through March. The Central Bank of Egypt (CBE) believes that inflation is largely driven by supply shocks and administrative price hikes.

But the Egyptian economy is currently growing at an above-trend pace, implying strong pricing power. The CBE has a target range of 6-8% for end fiscal year 2006-07 ending June 2007. The headline inflation rate quadrupled in 2006, from 3.1% year on year in December 2005 to 12.4% yoy in December 2006. However, the MPC hiked the policy rate by only a total of 75bps during this period

Source: Credit Suisse

KUWAIT

Lowering taxes

Finance Minister Bader Mishari Al-Humaidhi said work was underway on a law aimed at lowering the taxes imposed on foreign companies operating in Kuwait from 55% to 15%. "The object of that move is to encourage foreign investment here," the minister told reporters on the sidelines of a conference on the development of Islamic finance and banking. He added that the project law had been approved by the National Assembly's finance and economy committee. Turning to the issue of allowing foreign banks to open new branches in Kuwait, the minister said there were "several applications before the Central Bank for opening new banking branches here." He added that the Central Bank's terms for such new branches were well known and that several of those applications for new branches involved Islamic banks.

Source: Kuwait Times

BANKING

SYRIA

Deposits at CBS fall by 11.5% in first 11 months of 2006

Deposits at the Commercial Bank of Syria fell 11.5% in the 11 months ending November 2006. On November 30 2006, total deposits stood at SYP354 billion ($6.94 billion) from SYP400 billion ($7.84 billion) a year earlier. The reduction is entirely due to a fall in deposits held by the public sector, which fell to SYP168 billion from SYP215 billion on November 30, 2005. Deposits by the private sector remained stable at SYP186 billion. Also, deposits in foreign currencies grew to the equivalent of SYP71 billion from SYP57 billion. The Syrian public sector holds all its deposits with state-owned banks and in particular with the Commercial Bank of Syria, which is by far the largest bank in the country.

CBS' credits grew significantly to reach SYP 194 billion on November 30 2006, a 37% increase from a year earlier (SYP 142 billion). Also, the public sector remained the main recipient of credits. Loans and other credit facilities extended to the public sector increased to SYP179 billion from SYP134 billion. Credit facilities to the private sector almost doubled but remained modest at SYP15 billion.
Source: Syria Report

Bank of Jordan to open Syrian affiliate

The Bank of Jordan, one of the four largest banks in Jordan, announced that it had received a preliminary approval from the Central Bank of Syria to open a bank in Syria. BoJ is among the four largest banks in Jordan. It is present both in Jordan and the Palestinian Occupied Territories. On June 30 2006, total customers deposits stood at $1.47 billion, a 13% annual increase. The bank's assets reached $1.84 billion at end-September. It is is the third Jordanian bank to apply to enter the Syrian market. The Arab Bank and the Housing Bank for Trade and Finance are the strategic partners in two of the six private banks operating in Syria, namely Arab Bank Syria and the International Bank for Trade and Finance.
Source: Syria Report

TURKEY

Central Bank leaves overnight deposit and lending rates unchanged

The Central Bank of Turkey (CBT) left its overnight deposit and lending rates unchanged at 17.5% and 22.5%, respectively and maintained its tightening bias. This was the seventh consecutive meeting at which the CBT kept short-term policy rates unchanged after aggressive hikes last summer. In the statement outlining its decision, the central bank noted that it remains concerned about the same risk factors, such as the still-high inflation expectations, rigidity in services sector inflation and global uncertainties as the key risks to the inflation outlook. In other words, the CBT has yet to become more confident about the medium-term outlook. Hence, it says that it will maintain its cautious monetary policy stance.
Source: Merrill Lynch, Credit Suisse

RUSSIA

Central Bank to increase share of the euro

The Central Bank of Russia increased the share of the euro in the rouble's intraday trading basket to 45% from 40%. The CBR's updated composition of the rouble's trade-weighted basket indicates that the share of the Eurozone, Baltic and CEE4 currencies increased to 51.4% from 47.4% last year. In the past, senior CBR officials have expressed their preference for the two-currency intraday basket to follow the trade-weighted basket closely, at least as regards the share of the euro and euro-linked currencies. At the current spot EUR/USD exchange rate of 1.304, the share of the euro in the new basket rose to 51.6% from 46.5%.

The adjustment of the intraday basket in line with the new trade-weighted basket would not on its own assure close proximity of the rouble's performance against both baskets, owing to the large differentials of inflation rates and exchange rate volatility of the currencies from the non-euro part of the basket. The higher share of the EUR currencies in the CBR trade-weighted basket also means that it will be marginally more difficult for the CBR to keep the rouble's REER appreciation this year within the 4%-5% range.
Source: Credit Suisse

UKRAINE

Swedish bank acquires 13th largest bank for $735m

Swedbank, a leading bank in Sweden and the Baltics acquired TAS-Kommerzbank, Ukraine's 13th largest bank, with 2,300 employees, $1.14bn in assets and a network of 170 branches. The $735 million deal includes an equity contribution of $50m upon acquisition and an additional $250m in the next three years, based on the bank's performance. Like previous arrivals Raiffeisen and BNP Paribas, Swedbank is a universal bank that will be strong both in corporate and retail segments. The acquisition will take the total banking assets held by foreign banks over 20%, if last year's tentative acquisition of Ukrotsbank, one of the largest Ukrainian banks, by Italy's Intesa is confirmed.

Despite political opposition in certain quarters to the fast takeover of Ukrainian banking assets, industry players do not think the authorities are likely to halt the process through administrative measures. The main barrier, at this stage, will be market forces. There are few sizeable banks left for sale and there are few foreign players that are prepared to enter at current high valuations.
Source: Oxford Business Group

ENERGY/ COMMODITIES

Market participants focus on distillate inventories

This week the US Department of Energy reported a surprise crude draw of 0.6 MMBD, a surprise gasoline draw of 0.3 MMBD, and a smaller-than-expected distillate draw of 3.0 MMBD. Utilization rates fell by 0.7%. Expectations were for a 1.0 MMBD crude build, a 2.0 MMBD gasoline build, and a 4.0 MMBD distillate draw. While this data is mostly bullish, market participants focused mainly on the smaller-than-expected distillate draw. As a result, oil prices consolidated somewhat. Despite this week's draws, gasoline and crude inventories remain above average, limiting further upside potential of crude prices over the short term. However, later in the year when OPEC production cuts start affecting inventory levels more significantly, we would also expect a more sustained price recovery.

Source: Credit Suisse

Oil exploration row continues

The Turkish-Cypriot row over oil exploration rights looks set to continue to escalate. The Greek Cypriot government launched oil exploration tenders last week, despite Turkey's opposition. Turkey's Foreign Ministry spokesman, Levent Bilman said in a written statement "Continuation of the tender process will adversely affect peace and stability on the island of Cyprus." Meanwhile, Ankara insisted that its oil exploration in the Mediterranean Sea, which was announced earlier this month, was within its waters and not in Cypriot territory. Turkish Energy and Natural Resources Minister Guler said "We are exploring for oil within the boundaries of our territorial waters, according to a schedule set earlier." He added that Turkey has not launched any initiatives to search for oil in the disputed area around Cyprus.

Source: Merrill Lynch

Libya to invest $8bn in refineries

The Chairman of Libya's National Oil Corporation (NOC) announced that the Libyan government will invest $8 billion in upgrading the country's state-owned oil refineries. The chairman pointed out that the refineries have been neglected when the UN sanctions were imposed on the country. He added that the Libyan authorities will cooperate with foreign investors to carry out the upgrading process. It is worth mentioning that NOC refines about 380,000 bpd of crude in its refineries. About 60% of the products are exported to the European markets.

Source: Gulf News

Oil Market		Closing of February 21	Previous Price	Daily Δ
OPEC Basket	▼	53.20	53.58	-0.8
Brent	▲	57.45	55.82	2.9
Dubai	▲	54.97	53.99	1.8
WTI	▲	58.93	57.88	1.8

Source: SHUAACapital

Base metals: Outlook for prices should brighten up toward second half of 2007

Base metals prices gained substantial ground in the course of the week and, in some cases, even succeeded in breaking through psychologically significant levels. For instance, aluminium prices on the LME surged past the $2,800 threshold. Copper prices also gained considerable terrain and, in the interim, are hovering at just above the $5,800 plateau. This noticeable surge in prices was attributable primarily to stronger-than expected GDP growth data in Europe, as well as to initial indications that Chinese imports of base metals, especially copper, jumped strongly again in January. Nevertheless, downside risks continue to loom over the short term due to the current slowdown in global IP growth. Although the resurgence in demand from China is a positive sign and should have an underpinning effect on prices, we do not anticipate seeing a more sustained recovery in base metals prices until later on this year – when global industrial production picks up some steam again. At that time, copper should especially reap rewards.

Source: Credit Suisse

Precious metals: Demand from financial investors remains robust

In the wake of a brief consolidation phase, precious metals prices managed to resume their rally this week. As a result, gold prices climbed back above the $670 mark in the course of the week, for the first time since July 2006. The demand for precious metals still looks strong. Physical demand from the jewelry industry as well as investment demand are currently underpinning prices. The latest data reveal constant inflows of money into physical commodity-backed ETFs in addition to the futures markets. Investors have boosted their speculative net long positions in recent weeks in all the precious metals markets – particularly the gold market. At the same time, the supply side remains tight on the gold market. Recent data show that gold mining production in South Africa was down 12.4% year on year in December 2006. As a result, the outlook for gold should remain favorable.

Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	185.3	180.8	174.7	4.7	19.2
LME metals price index	3609.3	3691.6	3508.1	5.1	40.9
Oil prices USD	58.0	60.6	65.0	9.4	0.7
Oil prices SDRs	38.6	40.7	44.0	8.8	-3.8
Gold $/troy oz	664.7	619.1	615.7	6.0	22.1
Silver cents/troy oz	1398.0	1255.0	1205.8	8.5	50.0
Platinum $/troy oz	1213.0	1155.0	1157.8	5.8	19.6
Copper $/MT	5832.5	6823.3	6821.7	3.2	17.7
Nickel $/MT	41602.5	33791.2	27221.5	17.7	175.8
Aluminium $/MT	2918.8	2679.8	2617.4	4.4	20.1
Zinc $/MT	3377.5	3839.4	3461.5	-13.7	57.0
Steel - HR coil dry $/MT	600.0	600.8	533.9	0.0	55.8

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

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	0.50	21-Feb-07	Raise 25bps	20-Mar-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	15-Feb-07	No change	15-Feb-07
South Africa	Repo rate	9.00	15-Feb-07	No change	12-Apr-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 - Countries in bold updated on February 23, 2007