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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

IMF approves work on sovereign wealth funds

The International Monetary Fund endorsed a proposal to work with sovereign wealth funds (SWFs) and other relevant parties to prepare a set of best practices for the state investment institutions. The Fund would establish an international working group of SWFs to begin technical discussions and drafting work starting in April. The set of voluntary best practices would cover issues of public governance, transparency, and accountability principles. It said the set of best practices should help alleviate some of the prevailing concerns about SWFs, reduce protectionist pressures, and allow the international financial system to remain open. Current plans are to release the first draft by the semi-annual meetings of the IMF in October. The IMF estimates that SWFs will grow from $2-3trn currently to about $5-10trn within five years.

In parallel, the U.S. Treasury Department declared it has agreed on a series of principles with the Abu Dhabi Investment Authority (ADIA) and the Government of Singapore Investment Corporation (GIC) covering investments in U.S. markets. The principles stipulate that the two SWFs should be more open about their finances and investment aims, that they should run strong risk management programs, and respect other governments' laws. The principles also state that countries receiving investment flows should not erect protectionist barriers against foreign investment and should not discriminate between rival funds.

Source: International Monetary Fund, Reuters

MENA

Nuclear cooperation deals signed

The United States and Bahrain signed a memorandum of understanding (MOU) regarding cooperation on the use of peaceful nuclear energy. Bahrain said the deal aims to ensure the stability and diversity of its energy supplies, which is critically important for the continuing growth of its energy-intensive industries in light of declining domestic hydrocarbon resources. It added that the MOU is fully consistent with its obligations under the Nuclear Non- Proliferation Treaty, and its activities will be in line with its commitments to the IAEA.

In parallel, Algeria and China signed an inter-governmental agreement between the two countries on the use of nuclear energy for peaceful purposes, as well as an agreement on co-operation and partnership between Algeria's Ministry of Energy & Mines and China's Atomic Energy Agency. Further, Russia and Egypt signed an agreement opening the way for Russian firms to bid for contracts to build nuclear power plants in Egypt. Cairo wants up to four nuclear power stations and an international tender to build the first of them may come as early as this year.

Source: MAP, Associated Press

SUDAN

European Parliament divests from PetroChina

The pension fund of the members of the European Parliament announced it has divested from PetroChina Corp., the listed arm of the China National Petroleum Corporation and Sudan's largest oil partner. The fund stated that the sale of the stockholdings in PetroChina sends a very clear signal that the European Parliament opposes the company's links with the regime in Khartoum, which is accused of doing little to end the conflict in Darfur. The European Union's move follows the Dutch PGGM's recent decision to divest from PetroChina. PGGM, one of the largest public pension funds in Europe, made the decision to sell PetroChina after extensive efforts to engage the company over Sudan failed. According to published reports, the sale marked the first time a Dutch pension fund has decided to act against a Chinese oil operator.

Source: Sudan Divestment Task Force

IRAN

U.S. imposes sanctions on British and Armenian firms

The United States imposed sanctions on British and Armenian firms for unauthorized re-exports of aircraft to Iran. The U.S. Department of Commerce suspended the export privileges of the British-based Balli Group PLC and related companies, Armenian-based Blue Airways, and Iran-based Mahan Airways for 180 days. A statement said U.S. officials learned that the companies "knowingly re-exported three U.S. origin aircraft to Iran in violation of the Export Administration Regulations and are preparing to re-export three additional U.S. origin aircraft to Iran in further violation of the rules." In addition, the agency said that false statements were made to U.S. authorities on the ultimate destination and user of the aircraft.

Source: AFP

TURKEY

Political lawsuit makes rating upgrade less likely

Moody's Investor Services stated that a bid by the state prosecutor to close the ruling AK Party does not exert downward pressure on ratings but rather makes an upgrade of the country's sovereign ratings less likely in the near term. The agency's opinion came after a chief prosecutor urged the Constitutional Court to close the party and ban 71 AKP officials, including the prime minister and president, from politics for five years for allegedly trying to build an Islamic state in secular Turkey. Moody's added that the lawsuit represented a challenge to the democratic processes and a possible return to arbitrary decision-making in the worst-case scenario where the AKP is ultimately outlawed.

Source: Moody's Investor Services

OUTLOOK

EMERGING MARKETS

Net capital outflows forecast at $1,600bn in 2008

The Institute of International Finance projected net capital outflows from emerging markets at about $1,300bn in 2008, down slightly from $1,380bn in 2007 but up from $205bn as recently as 2000, adding that emerging economies have become significant net exporters of capital. It indicated that official reserves are the largest component of outflows and account for 69% of the total, followed by net lending abroad by resident non-official entities at 18%, while net equity outflows account for only 13% and include most flows associated with sovereign wealth funds, which are mainly in the form of FDI at 8% and portfolio equity at 5%.

The IIF expected emerging economies, excluding GCC countries, to post an aggregate current account surplus of $345bn in 2008, down from $436bn in 2007, but still constituting a significant surplus. It said Emerging Asia will post a surplus of $421.4bn, followed by Africa & the Middle East with $9.9bn, and Latin America with $2.9bn, while Emerging Europe will post a current account deficit of $89.1bn.

The IIF noted that the figures understate the degree of capital exports by emerging economies as a whole, since they do not include net capital exports by the oil-producing countries in the Gulf Cooperation Council states. According to latest IIF estimates, the GCC will run a current account surplus of $253bn in 2008, suggesting that the region's net capital exports will be at least this amount. As a result, the Institute forecast overall net emerging market capital exports in 2008 to be close to $1,600bn. The IIF indicated that while the high level of net capital exports from emerging markets exceeds the level of capital imports, the bulk of inflows are from and to the private sector. By contrast, the bulk of outflows from emerging economies are from the public sector.

Source: Institute of International Finance

MENA

Positive outlook for private equity, multiple challenges ahead

The Gulf Venture Capital Association expected the prospects for private equity in the Middle East & North Africa region to remain bright despite the increasing challenges to the industry. It said improving investment conditions, increased liquidity and mounting international interest in the region have raised the attractiveness of private equity (PE) as a viable asset class. Also, PE activity is evolving from its take-off in 2005 to a more mature stage of larger size deals, value creation and opportunities for exits.

The GVCA said capital raising for existing funds remained strong, but newcomers found it harder to raise money. The funds raised over the last three years has increased more than threefold from $4.7bn raised cumulatively up to 2005 to $13.4bn in the 2005-07 period. In addition, funds raised in 2007 totaled $6bn compared $2.4bn in 2005, with the average fund size raised in 2007 was $274m, up from $204m in 2005. Further, total PE investments in the MENA region reached about $12bn in the past 10 years, with 92% of such investments made since 2005 and 54% taking place in 2007 alone. Two thirds of private equity investments in the last 10 years were less than $20m in size, while 28% of investments were in the $21m-$100m range. However, it appears that larger investments are now driving activity.

The association identified several challenges for MENA private equity going forward. First, the amount of funds raised and the expected continued momentum of fund raising in the future imply that the PE industry has to secure additional deals of larger size. Second, upgrading the talent pool, as the depth and breadth of local talent is limited, while the legal, operational and financial nuances of the region make importing talent from developing economies less effective than anticipated. Third, dealing with the entry of global players into the market, as several global PE players are now operating in the region and others are scouting the region for opportunities. Fourth, developing multiple exit options and not relying heavily on IPO-only strategy. Fifth, Enhancing the financial engineering of deals, as debt providers in the region are increasing in sophistication and awareness, which will allow PE players to structure more sophisticated and better leveraged deals.

Source: Gulf Venture Capital Association

KAZAKHSTAN

Tight period for banks, with limited room for maneuver

Merrill Lynch indicated that the Kazakh banking sector faces key challenges over the short-term despite the continued support from monetary authorities and the implementation of new measures. It said the sector's major problem has been rooted in the significant mismatch between the system's strong loan growth and the low increase in deposits. As of the end of October 2007, the loans-to-GDP ratio was at 57%, while the deposits-to-GDP ratio was at just 30%, resulting in a loans-to-deposits ratio of 193%.

Merrill Lynch added that the global liquidity crunch will be an impediment to the sector's growth, as wholesale funding channels will no longer be as readily available. The banks' liabilities to non-residents reached 53% of their total liability in October 2007, and banks have a total of $12.5bn of redemptions due in 2008. In order to meet their obligations, banks will likely rely on their own liquidity, loan repayments and deposit growth, but also possibly on asset divestments and capital injections from existing or potential new shareholders. In turn, this will lead to much slower loan growth in the system.

Further, the high growth in loan books until mid-2007 obscured the level of NPLs, with a loss ratio of 1.2% as at the end of October 2007. But coverage of the loan portfolio with collaterals and provisions declined to 138% in October 2007 from 244% at end-2006. Merrill Lynch pointed out that, while a ratio above 100% may seem adequate, 38% of the book is collateralized by real estate. It warned that a further decline in real estate prices will inevitably affect the coverage of banks' loan books.

Source: Merrill Lynch

ECONOMY & TRADE

MENA

IFC equity financing to support SMEs

The International Finance Corporation, the private-sector arm of the World Bank Group, announced it will invest up to €11m in private equity fund AlterMed to support the growth of small and medium enterprises in North Africa. IFC's equity financing, part of the AlterMed's initial capital of €75m, aims to develop regional champions in high-growth sectors. The fund will support SMEs through a diversified portfolio of industrial and commercial companies, including pharmaceuticals, telecommunications, construction materials, consumer goods, food processing, plastics, mechanical industries, automotive parts, and logistics. AlterMed, which is managed by Viveris Management, is the first fund to adopt a compartment-type fund in the Mediterranean region. The fund targets SMEs in Morocco, Tunisia, Algeria and Turkey. The European Investment Bank and Caisse d'Epargne are partners in AlterMed. The IFC said its investment will enhance the competitiveness of local SMEs by making equity and other value-added services more available, while supporting the transfer of strategic and operational skills to local entrepreneurs.

Source: International Finance Corporation

SAUDI ARABIA

Inflation rises to 27-year high

Consumer price inflation in Saudi Arabia increase to an annualized 8.7% in February, up from 7% in January, reaching its highest level in 27 years. It also constitutes the 10th consecutive monthly rise. Inflation was once again driven by rents, which increased by 18% year-on-year, and food costs, up 13% annually. Inflation rose despite introducing a 17-point program at the end of January to reduce the impact of inflation, which included cutting import tariffs by 50% to reduce import costs. The rise in global food prices and US dollar weakness are also adding to inflationary pressure in Saudi Arabia.

Source: Reuters

NIGERIA

Annual inflation at 8% in February

Figures issued by the National Bureau of Statistics (NBS) show that consumer price inflation regressed in February to 8% year-on-year from 8.6% in January. The decline was driven by the fall in annual food inflation to 8.7% in February from 12.6% in January. According to the NBS, the monthly decline in the price of food resulted from the end of religious and public holidays in December and January, but food inflation is expected to remain relatively high this year. Food has a 64% weighting in the consumer price index. Non-food inflation rose in February 2008 to 6.4% annually from 2.5% in January. Prices of cement, roofing materials, kerosene and gas drove the increase in non-food inflation. Upside risks to non-food inflation stem from the $4bn distribution from the Excess Crude Account, but are limited by the passage of a relatively prudent 2008 federal government budget.

Source: Credit Suisse

SUDAN

Dubai and Khartoum bourses to increase cooperation

The Dubai Financial Market agreed with the Khartoum Stock Exchange to encourage dual-listings of securities. Borse Dubai, the DFM's parent company, said the agreement aims to facilitate and encourage dual-listing between the two markets and encourage cooperation of their brokerage companies. The agreement includes the exchange of information and technology, expertise and training between the two sides. The Khartoum Stock Exchange has 52 listed companies and a market value estimated of about $5bn.

Source: Sudan Tribune

ARMENIA

Tourist arrivals up 34% in 2007

Figures released by the National Statistical Service show that the number of incoming tourists to Armenia totaled 510,287 in 2007, constituting a 33.5% increase from the previous year. The distribution of tourists by origin shows that the United States accounted for 21% of aggregate visitors, followed by Russia with 18.3%, France with 12.1%, Germany with 6.7%, Great Britain with 6.4%, Iran with 5% and Georgia with 4.4%. European Union countries accounted for 37.1% of overall visitors and the Commonwealth of Independent States for 24.8% of tourists. A total of 58,500 visitors stayed in hotels, of which 22,000 for business reasons. Tourist arrivals grew by an annual average of 25% since 2001, with authorities planning to increase the number of tourists to one million yearly. Foreign tourists are estimated to spend each about $1,300-1,400 on average.

Source: ARKA

UKRAINE

Rating affirmed at 'BB-', outlook positive

Fitch Ratings affirmed Ukraine's Long-term foreign and local Issuer Default ratings (IDR) at 'BB-' with 'positive' outlooks. The agency also affirmed the Country Ceiling at 'BB-' and the Short-term IDR at 'B'. The agency said Ukraine's credit fundamentals are improving due to solid growth supported by rising investment and FDI of around 5% of GDP in 2007. The growth outlook also benefits from WTO accession, expected by August 2008, and low public debt of just 10% of GDP at end-2007. It added that public finances remain a rating strength with a fiscal deficit of 1.5% of GDP in 2008, but still a fiscal loosening compared to a deficit of 0.5% of GDP in 2007. Fitch warned that Ukraine faces near-term risks to its economic stability from rising inflation, which hit 22% year-on-year in February 2008, driven by strong monetary expansion. Strong private-sector borrowing took the stock of gross external debt to 54% of GDP by end-2007, well above the 'BB' median of 32%. Fitch expects the current account deficit to widen to 5.5% of GDP in 2008 due to strong imports growth. It said official reserves rose by 45% to $32.5bn in 2007, boosting the country's external liquidity ratio above 100% in 2008, but Ukraine's external liquidity remains weaker than 'BB' medians.

Source: Fitch Ratings

GCC

Banks to continue strong performance

Standard & Poor's indicated that banks in the Gulf region are set to continue performing strongly even amid the current market turmoil. It said GCC banks are benefiting from the positive environment in their home markets and carry limited exposure to U.S. subprime and structured investment products. As a result, business volumes are expanding, provisioning needs are minimal, and capital and commitment are available from deep-pocketed shareholders. The agency warned that Gulf banks carry a high amount of young loans on their balance sheets that have been untested by economic dislocations, including fast-growing exposures to the region's real estate sector. In addition, banks' appetite for mergers and acquisitions outside their own turf is growing. It noted that this strategy is helping banks diversify geographically, but it could prove costly if the associated execution and integration risks are not controlled or if above-average credit risks in these countries materialize. It added that long-term debt issuance has slowed dramatically in the Gulf as a result of the deterioration in global market conditions, but expected such issuance to resume rapidly once the credit markets return to normal.

Source: Standard & Poor's

Central banks cut key rates

GCC central banks reduced key interest rates after the U.S. Federal Reserve's decision to cut the Fed Funds Target Rate (FFTR) by 75 basis points to 2.25% on March 18th, the lowest rate since December 2004. The Federal Reserve also cut the discount rate by 75bps to 2.5%. The Saudi Monetary Agency cut its reverse repurchase rate by 75 basis points to 2.25% from 3% and left the repurchase rate unchanged at 5.5%. Also, the UAE Central Bank cut its overnight repurchase rate by 75 bps to 2.25% bps, while the Central Bank of Bahrain cut its one-week deposit and overnight deposit rates by 75 bps to 2.25% and 1.75%, respectively, and kept the repurchase rate unchanged. Also, Qatar's Central Bank cut its deposit rate by 75 bps to 2.25% from 3%, and kept the repo rate and lending rate at 5.55% and 5.5%, respectively. The Central Bank of Oman cut its repurchase, or lending, rate on March 18 to 3.77% from 4%, ahead of the expected Fed rate cut, and increased its cut-off rate for certificates of deposits by two basis points from 0.85% to 0.83%.

Source: Dow Jones Newswires

TURKEY

Central Bank keeps rates unchanged

The Monetary Policy Committee of the Central Bank of Turkey kept the policy rate unchanged at 15.25%, in line with market expectations. This also marks a pause in the easing cycle that began in September 2007 and has led to a reduction of the policy rate by 225bp since then. The post-meeting statement said that monetary policy is still restrictive and that the ongoing uncertainties in the global financial markets have strengthened the need to be more cautious.

Source: Credit Suisse, Merrill Lynch

SYRIA

New laws and regulations to be enacted

Central Bank Governor Adib Mayaleh stated that the coming few months would see a number of new regulations and laws passed. They include a gradual liberalization of capital account transactions, the enactment of laws authorizing leasing and mortgage finance, the licensing of new traditional and Islamic banks, and the set-up of a Deposits Guarantee Authority. In parallel, Governor Mayaleh did not give any deadline for the expected increase in the ownership limit imposed on foreign shareholders of banks, currently set at 49%, although a draft law for that purpose is ready. Mr Mayaleh did not give either a deadline for the launch of the first Treasury bills, even though a law authorizing the Central Bank of Syria to issue T-bills was passed in October 2007.

Source: Syria Report

EGYPT

Central Bank tightens policy rates

The monetary policy committee (MPC) of the Central Bank of Egypt increased the policy rate 50 basis points at its meeting on March 23. The MPC raised the overnight deposit and lending rates to 9.5% and 11.5%, respectively. The move brings the cumulative increase in the policy rate to 75 bps over two months. The MPC said in its post-meeting statement that annual inflation, at 10.5% in January and 12.1% in February, exceeded the CBE's "comfort zone," adding that price pressures have become broad-based. It expected domestic demand to maintain its strength, thereby putting further pressure on prices. The MPC adopted a tightening bias, when it said that "the balance of risks to the inflation outlook continue to be on the upside."

Source: Credit Suisse

ARMENIA

Banks' assets up 46%, profits up 37% in 2007

Figures released by the Central Bank of Armenia show that total assets of commercial banks reached $2.56bn at the end of 2007, constituting a 45.5% rise from the end of 2006, while private sector loans grew by 78% year-on-year to $1.3bn. Customer deposits totaled $1.29bn, up 31.5% from $0.98bn at the end of the previous year. Total assets were equivalent to 25% of GDP at the end of last year, while loans were equivalent to 12.8% of GDP and deposits to 12.6% of GDP. The banks' aggregate capital base stood at $557m, up 43% from $389m at the end of 2006. All banks exceeded the CBA's minimum required capital adequacy ratio of 12% in 2007. The capital-to-assets ratio stood at 21.2% at end-2007, down from 21.6% at end-2006. The sector's aggregate profits totaled $126.6m, up 37% from a year earlier. The sector's return on average assets (ROAA) and return on average equity (ROAE) stood at 3.35% and 15.17%, respectively, in 2007. There were 22 banks operating in Armenia at the end of 2007.

Source: Central Bank of Armenia, Byblos Research

ENERGY / COMMODITIES

Oil tops $107 on Iraq pipeline explosion

Oil jumped above $107 on March 27, after saboteurs blew up one of Iraq's two main export pipelines. The attack on the pipeline in southern Iraq came on the third day of an Iraqi military operation against fighters loyal to Shi'ite cleric Moqtada al-Sadr in the oil port of Basra. Iraq exported 1.54 million barrels per day from Basra in February. U.S. light crude for May delivery rose as high as $107.70 a barrel and it was up $1.30 at $107.20 a barrel. London Brent crude rose $1.19 to $105.18.

On March 26, U.S. crude prices had registered their biggest one day percentage gains after U.S. government data showed a larger than expected falls in fuel stocks. Crude oil inventories were unchanged last week, against expectations for an increase of 1.7 million barrels.
Source: Reuters

Weatherford to quit Syria by end of March

American oil field services firm Weatherford plans to discontinue all operations in Syria before the end of this month as part of the firm's strategic decision to stop doing business in countries that are subject to U.S. economic and trade sanctions. Syria has been under U.S. sanctions since May 2004, which made more difficult the sourcing of equipment and machinery in a number of sectors, including oil and gas. Several U.S. companies have left Syria since 2004, including ExxonMobil and Devon Energy.
Source: Syria Report

Kuwaiti firm buys stake in Sudan oil firm

Kuwait's Al-Kharafi Group bought a 3% stake in the Petrodar Operating Company from the Dubai-based Al Thani Group for $500m. The state-owned Sudan National Petroleum Corporation, also known as Sudapet, bought the remaining 2% stake of Al-Thani in the firm. The deal would raise Sudapet's stake to 10% in Petrodar, which operates the Dar Blend field. PetroDar's exports were estimated at about 200,000 barrels per day in mid-2007. Sudan produces around 500,000 bpd of crude oil. Petrodar was set up to explore, develop and produce oil and gas from blocks 3 and 7 in the southeast with a total area of about 72,000 square km. Petrodar is a venture between China National Petroleum Company International (Nile) Ltd, Petronas Carigali Overseas Sdn Bhd, Sudapet Ltd, Gulf Oil Petroleum Ltd and Al Thani Corp.
Source: Upstream

Saudis move for oil stability

Saudi Arabia has said it will help stabilize the world oil markets by making sure there is plenty of supply. It said it would manage resources for sustained development into the future. The progress of new projects will mean the kingdom can meet growing demand for oil, and the government said Saudi Arabia will work with OPEC for oil market stability and to avoid speculation.
Source: Gulf News

Base metals: Price declines should only be temporary

Along with the rest of the commodity range, base metal prices have also been hit by profit-taking. However, in contrast to energy, the latest price increases for aluminum and copper are warranted by fundamentals. In the base metal sector, rising production costs and energy shortages in important producer countries, such as South Africa or Chile, are the main topic. This has led to falling inventories and has prompted China to start importing more base metals again. And while concerns about the economic slowdown should prompt some volatility in the base metal sector, the production outages should turn out to be the dominant price driver.
Source: Credit Suisse

Precious metals: Precious metals prices decline after the FOMC meeting

Precious metals prices reacted strongly to the Fed's decision to lower the benchmark rate by 75bp. Apparently most market participants had expected a cut of 100bp. As a result, prices declined sharply. While gold prices declined into the mid-$900s, silver prices were hit hardest, declining more than 10% at times. This is in line with fundamentals. Silver prices have exceeded fundamentally reasonable values recently. For gold, the situation is a bit different. Negative real yields in the U.S. and high inflation expectations should support higher prices going forward. However, the gold rally has already come a long way and is entering a more mature stage. That means investors should expect the price rally to slow down somewhat, while volatility should continue to increase. At the same time, there is the real risk of temporary corrections from time to time
Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	268.3	227.3	214.5	6.4	40.8
LME metals price index	4001.3	3773.0	3904.9	-0.3	2.4
Oil prices USD	103.9	92.9	80.8	4.4	83.2
Oil prices SDRs	63.5	58.8	52.1	1.0	68.9
Gold $/troy oz	943.7	844.4	756.6	1.7	44.4
Silver cents/troy oz	1988.0	1561.6	1430.1	15.3	51.1
Platinum $/troy oz	1890.0	1619.7	1450.0	-11.9	54.2
Copper $/MT	8210.3	7464.4	7527.6	1.6	23.8
Nickel $/MT	29602.5	29241.1	34680.7	6.7	-41.2
Aluminium $/MT	2861.5	2556.8	2616.8	2.0	0.8
Zinc $/MT	2390.3	2566.6	3016.0	0.8	-26.1
Steel - HR coil dry $/MT	605.0	594.8	569.9	0.0	16.3

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	9.4	14.0	3.1	5.4	1.9	3.7	14.4	0.8
Angola	- -	- -	- -	- -	BB Stable	3.8	10.9	13.8	14.5	5.3	41.2	31.6	2.4
Egypt	BB+ Stable	Ba1 -	BB+ Positive	BB+ Stable	B Stable	-6.9	82.5	21.9	55.2	6.0	109.2	1.4	4.6
Ethiopia	-	-	-	-	CCC Stable	-4.8	-	20.5	327.7	2.9	458.7	-8.7	2.2
Ghana	B+ Stable	- -	B+ Stable	- -	B Stable	-8.0	-	35.3	120.0	3.3	219.3	-9.8	-
Ivory Coast	- -	- -	- -	- -	CCC Stable	-3.4	-	47.6	97.4	4.2	339.0	6.9	-
Libya	- -	- -	- -	- -	BB Stable	31.4	4.3	8.9	11.4	2.8	5.6	16.8	2.4
Mauritania	- -	- -	- -	- -	- -	-2.3	105.9	78.9	123.4	4.5	-	-2.6	-
Morocco	BB+ Positive	Ba1 -	BBB- Stable	BBB- Stable	BB Stable	-1.8	54.3	22.2	115.7	7.9	63.3	1.0	4.0
Nigeria	BB- Stable	- -	BB- Stable	- -	BB Stable	-1.2	14.4	4.2	8.6	0.5	-	9.6	1.2
Sudan	- -	- -	- -	- -	CC Negative	-3.1	83.6	51.3	205.9	2.1	-	-5.6	3.8
Tunisia	BBB Stable	Baa2 -	BBB Stable	BBB Stable	BBB Stable	-1.5	49.1	52.7	90.5	12.3	232.1	-1.9	2.8
Middle East													
Bahrain	A Stable	A2 -	A Stable	A- Stable	A Stable	8.3	25.6	112.1	140.2	5.1	680.5	12.6	10.5
Iran	- -	- -	B+ Stable	BB- Stable	B Stable	-9.3	22.7	4.4	16.5	2.8	19.2	7.7	2.4
Iraq	- -	- -	- -	- -	C Positive	26.5	-	90.6	137.1	2.9	267.8	18.2	-
Jordan	BB Stable	Ba2 -	- -	BB Stable	B Stable	-4.6	72.6	87.6	237.8	6.1	220.6	-13.2	11.5
Kuwait	AA- Stable	Aa2 -	AA- Stable	AA- Stable	A Stable	33.0	6.9	15.2	3.1	3.5	83.2	47.9	-7.3
Lebanon	CCC+ Stable	B3 -	B- Stable	B- Negative	CCC Stable	-13.2	176.1	100.0	767.3	22.8	255.8	-11.2	5.1
Oman	A Stable	A2 -	- -	A- Stable	A Stable	10.4	5.6	11.4	20.5	5.9	79.6	13.6	2.0
Qatar	AA- Stable	Aa2 -	- -	AA- Stable	A Stable	12.0	11.4	59.3	104.0	11.0	565.3	35.8	2.2
Saudi Arabia	AA- Stable	A1 -	A+ Positive	AA- Stable	A Stable	17.6	3.8	7.8	15.2	2.0	154.9	29.3	0.2
Syria	- -	- -	- -	- -	CCC Stable	-5.5	40.3	13.7	39.8	3.2	100.7	2.2	1.6
UAE	- -	Aa2 -	- -	AA- Stable	A Stable	28.5	11.8	55.6	64.5	2.5	303.9	20.9	1.8
Yemen	- -	- -	- -	B- Stable	B Stable	-5.2	-	25.8	97.0	3.1	80.6	-3.9	

COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	EIU								
Central & Eastern Europe													
Armenia	- -	Ba2 -	BB- Positive	- -	- -	-2.4	14.6	22.2	227.3	2.6	126.2	-4.0	2.8
Bulgaria	BBB+ Stable	Baa3 -	BBB Stable	- -	BBB Stable	3.1	16.2	106.9	174.3	18.1	299.8	-19.3	13.7
Kazakhstan	BBB- Stable	Baa2 -	BBB Stable	- -	BB Stable	3.4	4.6	88.9	201.9	48.5	578.4	-5.0	5.6
Romania	BBB- Stable	Baa3 -	BBB Stable	BBB- Stable	BB Stable	-3.4	12.8	45.3	193.5	24.0	238.0	-15.6	6.4
Russia	BBB+ Stable	Baa2 -	BBB+ Stable	- -	BBB Stable	3.5	5.3	29.4	112.5	17.1	82.4	3.7	0.9
Turkey	BB- Stable	Ba3 -	BB- Stable	BB- Stable	B Stable	-0.7	50.2	44.5	200.2	37.5	249.5	-5.2	3.1
Ukraine	BB- Negative	B1 -	BB- Positive	- -	BB Stable	-2.5	14.5	48.4	143.3	16.4	193.4	-4.4	3.8

Sources: Moody's Investors Service; EIU - The above figures are estimated for 2008

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	2.25	18-Mar-08	Cut 75bps	30-Apr-08
Eurozone	Refi Rate	4.00	06-Mar-08	No change	10-Apr-08
UK	Base Rate	5.25	06-Mar-08	No change	10-Apr-08
Japan	O/N Call Rate	0.50	07-Mar-08	No change	09-Apr-08
Australia	Cash Rate	7.25	04-Mar-08	Raise 25bps	01-Apr-08
New Zealand	Cash Rate	8.25	06-Mar-08	No change	24-Apr-08
Switzerland	3 month Libor target	2.75	13-Mar-08	No change	19-Jun-08
Emerging Markets					
China	One-year lending rate	7.47	20-Dec-07	Raise 18bps	N/A
Hong Kong	Base Rate	4.50	31-Jan-08	Cut 50bps	N/A
Taiwan	Discount Rate	3.38	20-Dec-07	Raise 12.5bps	10-Mar-08
South Korea	Target Rate	5.00	07-Mar-08	No change	10-Apr-08
Malaysia	O/N Policy Rate	3.50	25-Feb-08	No change	29-Apr-08
Thailand	1D Repo	3.25	27-Feb-08	No change	09-Apr-08
India	Reverse repo rate	6.00	29-Jan-08	No change	29-Apr-08
UAE	Overnight repo rate	2.25	Mar-08	Cut 75bps	N/A
Saudi Arabia	Repo rate	5.50	Mar-08	No change	N/A
Egypt	overnight lending	11.00	23-Mar-08	Raise 50bps	N/A
Turkey	Base Rate	15.25	19-Mar -08	No change	N/A
South Africa	Repo rate	11.00	31-Jan-08	No change	10-Apr-08
Kenya	Central Bank Rate	8.75	Feb 08	No change	Apr 08
Nigeria	Monetary Policy Rate	9.50	05-Feb-08	No change	Apr 08
Ghana	Prime Rate	14.25	17-Mar-08	Raise 75bps	May 08
Mexico	Target Rate	7.50	14-Mar-08	No change	18-Apr-08
Brazil	Selic Rate	11.25	05-Mar-08	No change	16-Apr-08
Armenia	Refi Rate	6.25	Mar-08	Raise 25bps	N/A
Romania	Policy Rate	9.00	Feb-08	Cut 100bps	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 March 27, 2008

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