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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

SUDAN

'Highest Offenders' in Sudan underperform peer group

The Genocide Intervention Network, a lobbying group for divestment from Sudan, indicated that a peer performance analysis shows that the stocks of publicly-traded firms classified as "Highest Offenders" in Sudan underperformed their peer group average by 46% over one year, 22.2% over three years and 7.2% over five years. The Highest Offenders are defined as companies that have proven to be largely unresponsive to engagement by shareholders and have not yet formalized a business plan to reform their problematic business operations in Sudan. Also, the forecast return on equity for Highest Offenders in Sudan was 6.1% lower, on average, than the peer group mean. Further, the Highest Offenders underperformed the top three performers in their peer group by 141.1% over one year, 52.7% over three years and 27.1% over five years. Forecasted return on equity for Highest Offenders in Sudan was, on average, 12.82% lower than the peer group mean. The GIN said the underperformance of the Highest Offenders in Sudan corresponds with the rise of the Sudan divestment movement, which started three years ago and gained significant momentum at the start of 2007. It said that at least 24 U.S. states, 59 universities, 17 municipalities, and two international pension funds have adopted Sudan divestment policies.

Source: Genocide Intervention Network

UKRAINE

Ukraine joins WTO

Ukraine officially joined the World Trade Organization earlier this month, becoming the 152nd member of the WTO. Last February, the WTO approved Ukraine's accession package which spelled out the terms of the country's accession. The Ukrainian Parliament overwhelmingly ratified the WTO accession protocol well ahead of the July 4 deadline. It also adopted changes to five laws out of the planned 10, including the laws on external economic activities, protection of intellectual property rights, protection of national producers, and on standards and technical regulations as per the government's commitments, with the remainder of the changes due to be voted in the near term.

Source: World Trade Organization

ARMENIA

Corruption fight to be government priority

The Finance Ministry stated that the new Cabinet's reform priority will be the fight against corruption and tax evasion. It affirmed the government's willingness to implement second-generation reforms, pointing out the importance of donor countries' support. The ministry stressed the necessity for specific anti-corruption measures such as introducing an e-purchase system, ensuring a transparent licensing process, implementing structural reforms in the Treasury system, as well as auditing and enhancing financial management.

Source: ARKA

IRAQ

Baghdad requests cancellation of foreign debt

Baghdad called on GCC states to cancel or waive at least part of their share of Iraq's $74.6bn foreign debt, saying that the debt is impeding the country's reconstruction and development. Iraq is required to pay 5% of its oil revenues into a United Nations compensation fund as reparations from its invasion of Kuwait in 1990. As of the end of last year, the UN had approved $52bn in damages and paid out $23bn, although it has received more than $352bn in claims. Saudi Arabia and Kuwait own a significant proportion of the $74.6bn debt, mostly incurred during the 1980-88 war with Iran. Iraq's debt was reduced by $66.5bn over the past three years, including $42.3bn cancelled by Paris Club members. Baghdad's request was made at the first annual review of the International Compact with Iraq, a five-year economic and political reform package that the UN helped broker last May.

Source: Associated Press

IRAN

EU set to blacklist Bank Melli

The European Union is finalizing plans to blacklist Bank Melli, Iran's biggest commercial bank, which currently operates branches in the United Kingdom, France and Germany. The measure is likely to ban Bank Melli from operating in any country of the European Union. The blacklisting of Bank Melli is considered significant because the bank is one of the major vehicles through which business between Iran and the EU is channeled. The United States already took unilateral sanctions against the bank last October and has been pushing other countries to follow suit. The latest round of UN Sanctions against Iran adopted in March called for all states to "exercise vigilance over the activities of financial institutions in their territories with all banks domiciled in Iran, in particular with Bank Melli and Bank Saderat."

Source: Financial Times

RUSSIA

Law restricting foreign investment in strategic industries takes effect

A law restricting foreign investment in companies operating in 42 strategic industries came into effect at the beginning of May. Under the law, foreign private investors have to obtain the approval of the Russian government before acquiring more than a 50% stake in a strategic company, while foreign governments and international organizations or state-controlled companies have to obtain government approval before purchasing more than a 25% stake in a strategic firm. Strategic sectors include oil, gas, the nuclear industry, arms production, fisheries, airspace, and the media, among others. The bill was passed by the State Duma, the country's lower house of parliament, on April 2, and approved by the upper house two weeks later. It was signed into law by then-President Vladimir Putin on April 29th.

Source: RIA Novosti

OUTLOOK

GCC

Inflation could pose risk to creditworthiness

Fitch Ratings indicated that rising inflation across the GCC could have a negative impact on the ratings of individual countries, adding that inflation has accelerated sharply to a 30-year high by early 2008. It said that inflation in the region is nearing 10%, becoming more out of step with the level of inflation in similarly-rated countries, as inflation in 'A' and 'AA' sovereigns averaged 2.9% in 2007.

Fitch believes that high inflation could pose several risks to the creditworthiness of GCC economies. It noted that inflation may raise uncertainty and damage competitiveness, and could discourage investment and slow the drive to diversify economies away from oil. Also, negative real interest rates have encouraged over-borrowing and speculation in asset markets, raising risks to the financial sector. Further, rising inflation has forced the governments of the region to make concessions by increasing spending on wages and subsidies. Some countries have granted across-the-board wage rises to public sector employees, which will add to recurrent spending and will prove difficult to reverse, in turn raising fiscal risks.

Fitch considered that GCC countries have some tools at their disposal to counter inflation, other than a change in the exchange rate. First, they could dissuade speculative inflows of foreign currency and thereby ease upward pressure on the money supply by publicly committing more firmly to the dollar peg. Second, they can tighten banking regulations, as Kuwait and Bahrain have done, in order to curb growth in lending to consumers or against property. Third, they can issue more central bank securities, as the UAE has done, in order to absorb liquidity from the market. Fourth, they can raise reserve requirements in order to slow the growth in bank assets, a measure adopted everywhere except in the UAE. Fifth, governments can try to run tighter fiscal policies, which may mean postponing large public investments aimed at diversifying the economy, and attempt to increase the supply of housing to low- and medium-income groups. Sixth, privatization and structural reform would improve efficiency and drive down costs.
Source: Fitch Ratings

KAZAKHSTAN

Non-oil GDP growth at 5%, inflation at 17.1% in 2008

In its regional economic outlook for the Middle East and Central Asia, the International Monetary Fund projected Kazakhstan's real GDP growth at 5% in 2008 relative to 8.5% in 2007 and compared to growth in oil exporting countries of 6.2% in 2008. It expected the country's real non-oil GDP to grow by 4.2% in 2008, down from 9% in 2007, and compared to non-oil GDP growth of 6.7% in 2008 in oil exporting countries. The IMF forecast Kazakhstan's annual average inflation rate at 17.1% in 2008 down from 10.8% in 2007 and compared to inflation of 12.2% in 2008 for oil exporting economies. Also, it expected the growth of broad money at 20% this year compared to 25.5% last year. The Fund projected the central government's fiscal balance to post a surplus of 4.7% of GDP in 2008, down from 5.2% of GDP in 2007, and compared to surpluses in oil exporting peers of 13.5% in 2008. It estimated public revenues at 28.8% of GDP and total expenditures at 24.1% in 2008. The IMF expected Kazakhstan's external debt to regress to 73.2% of GDP at end-2008, from 90.5% of GDP at end-2007. Further, the country's current account deficit is projected at 1.7% of GDP in 2008, down from 6.6% of GDP in 2007. In comparison, oil exporting countries are forecast to post current account surpluses of 24.2% of GDP this year up from 20.7% of GDP last year. The Fund expects the country's gross official reserves to reach $16.5bn at end-2008 compared to $17.2bn at end-2007.
Source: International Monetary Fund

ALGERIA

IMF forecast real GDP growth at 4.9% in 2008

The International Monetary Fund projected Algeria's real GDP growth at 4.9% for 2008, slightly up from 4.8% in 2007. It expected the country's real non-oil GDP to grow by 6.5% in 2008, up from 6% in 2007. The IMF forecast Algeria's annual average inflation rate at 4.3% in 2008 up from 3.7% in 2007. Also, it expected the growth of broad money at 22.9% this year, down from 24.4% last year. The Fund projected the central government's fiscal balance to post a surplus of 13.3% of GDP in 2008 up from 11.8% last year. It estimated public revenues at 44.4% of GDP in 2008, and total expenditures at 31.1% of GDP. The IMF expected Algeria's public debt to decline to 9.6% of GDP at end-2008 from 12.2% at end-2007. It also forecast total gross external debt at 2.7% of GDP in 2008, down from 3.6% in 2007. Further, the country's current account surplus is projected at 23.6% of GDP in 2008 up from 23.3% in 2007. The Fund expects the country's gross official reserves to reach $145.5bn at end-2008, up from $110.8bn at end-2007.
Source: International Monetary Fund

JORDAN

Economic growth at 5.5% in 2008

The International Monetary Fund projected Jordan's real GDP growth at 5.5 % for 2008, down from 5.7% last year, and compared to growth in emerging markets of 6.3% in 2008. It expected the country's nominal GDP to reach $18.5bn this year, up from $16bn in 2007. The IMF forecast Jordan's annual average inflation rate at 10.9% in 2008, up from 5.4% in 2007 compared to inflation of 7.4% in emerging markets in 2008. Also, it expected the growth of broad money to be at 8% this year down from 10.6% last year. The Fund projected the central government's fiscal balance to post a deficit of 5.6% of GDP in 2008, down from 6.1% in 2007 and compared to a 5.3% deficit in emerging markets. It estimated public revenues at 31.4% of GDP this year and total expenditures at 40.3% of GDP. The IMF expected Jordan's public debt to continue its downward trend and to reach 61.5% of GDP at end-2008 from 78.8% at end-2007. It also forecast total gross external debt at 27.8% of GDP this year down from 46.3% last year and compared to external debt of 34.7% of GDP in emerging markets. Further, the country's current account balance is projected to post a deficit of 15.5% of GDP this year down from 17.3% in 2007. The Fund expects the country's gross official reserves to reach $5.4bn in 2008 down from 6.9bn in 2007.
Source: International Monetary Fund

ECONOMY & TRADE

EGYPT

Current account posts annual deficit of 0.1% of GDP in first quarter

Figures released by the Central Bank of Egypt show that the current account posted a surplus of $721m in the first quarter of 2008. It posted a deficit of $81m, or 0.1% of GDP, in the 12 months ending March 2008 from a surplus of $506m, or 0.4% of GDP in 2007. The deterioration in the current account balance was driven by a rise in the 12-month rolling merchandise trade deficit to $22.2bn (15.1% of GDP) in the first quarter of the year from $20.5bn deficit (14.6% of GDP) in the fourth quarter of 2007. The 12-month rolling services balance increased to a surplus of $12.4bn, or 8.4% of GDP in March from a surplus of $11.2bn (8% of GDP) in December, and transfers increased to $8.4bn (5.8% of GDP) in March from $8.3bn (5.9% of GDP) in December. Gross FDI rose annually to a record $13.3bn (9% of GDP) in the first quarter of 2008, compared to $11.6bn (8.3% of GDP) in the last quarter of 2007. The 12-month rolling portfolio outflows reached $2.5bn in March, compared to $2.7bn in December.
Source: Credit Suisse

NIGERIA

Local currency debt rating upgraded

Fitch Ratings affirmed Nigeria's Long-term foreign currency Issuer Default rating (IDR) at 'BB-' and upgraded its Long-term local currency IDR to 'BB' from 'BB-'. The Outlook for both ratings is Stable. It also affirmed the Short-term rating at 'B' and Country Ceiling at 'BB-'. The agency said the foreign currency rating reflects very strong financial ratios, as a result of high oil prices and saving of oil revenues, and strong non-oil sector growth due to macro- and micro-reforms. But Fitch did not upgrade Nigeria's long-term foreign currency rating due to the country’s low level of economic and social development relative to its rating peers, as well as to structural and institutional weaknesses, such as a huge infrastructure gap, that prevent the country from making faster progress on development. It identified the situation of the power sector as the single most important structural constraint. In parallel, it noted that the upgrade of the local currency rating reflects the impressive development of the local currency debt market, improvements in debt management capacity, the relatively low level of domestic debt and monetary aggregates, and Nigeria's good inflation record.
Source: Fitch Ratings

TURKEY

Fiscal measures of 1.3% of GDP needed to reach target surplus

The International Monetary Fund said the Turkish government needs to take corrective fiscal measures of about 1.3% of GDP to reach next year's primary surplus target of 3% of GDP. It added that continuing fiscal discipline, tight monetary policy and progress with structural reforms were critical for maintaining investor confidence. It noted that the government's recent fiscal decisions have led to an additional burden on monetary policy, and that these decisions were one of the reasons why the Central Bank of Turkey had to raise the policy rate recently.
Source: Credit Suisse

ARMENIA

Unemployment at 6.4% in first quarter 2008

Figures released by the National Statistical Service indicate that unemployment reached 6.4% in the first quarter of 2008, constituting a decline of 0.8% compared to the same period last year. By the end of March 2008, the State Employment Service had officially registered 89,100 job-seekers, with 77,000 of them claiming unemployment. Women accounted for 74.4% of all officially registered unemployed persons in Armenia during the covered period. Armenia’s economically active population was nearly 1.15 million in the first quarter of 2008, with 1.08 million of them employed. The data shows that 80% of the employed population worked in the private sector, with 19.7% working in the public sector, and 0.4% working at state-owned entities.
Source: ARKA

Remittances spent mostly on day-to-day expenditures

A survey conducted last year shows that 82% of expatriates’ remittances sent to Armenia are spent on day-to-day family needs and on paying public services bills. The survey showed that 95% of emigrants support one family and that transfers are made once every four- to six months on average. The poll was conducted in seven communities across the country with 250 persons interviewed in each region. In addition to sending money, expatriates send mainly clothes, medicine, foodstuffs, as well as electronic and electric devices to their families. The survey also showed that 82.2% of emigrants leave the country to seek employment opportunities abroad and 10.1% emigrate for family reunification, while the rest leave to pursue education and medical treatment, among others. A total of 15,817 people emigrated from Armenia last year compared to 15,844 people in 2006, while 9,600 people returned to the country in 2007 compared to 9,100 people in 2006. According to various estimates, between 800,000 and 1.5 million people emigrated from Armenia in the last 15 years.
Source: ARKA, Eurasia Conference

PAKISTAN

Sovereign ratings downgraded

Moody’s Investors Service lowered Pakistan’s long-term foreign currency bond ratings to ‘B2’ from ‘B1’ due to growing economic imbalances amid renewed political difficulties and substantial policy slippage. It also downgraded the foreign currency bank deposit ceiling to ‘B3’. The agency changed the outlook on the ratings to ‘stable’ from ‘negative’. The stable outlook reflects the prospect of external financial support from multilateral development banks and bilateral creditors that should provide a short-term boost to Pakistan’s current account and foreign exchange reserves as well as offer some budget support. It also changed the outlook on the foreign currency country ceiling of ‘Ba3’ to ‘negative’ from ‘stable’. It said substantial fiscal loosening and poor tax collection had led to a sharp erosion of the fiscal position in the run-up to the February elections, which had not been adequately corrected.
Source: Moody’s Investors Service

BANKING

SYRIA

First microfinance bank licensed

The Central bank of Syria awarded a final license to the Aga Khan Agency for Microfinance (AKAM) to open the first microfinance bank in the country. AKAM is part of the Agha Khan Development Network (AKDN) and has been providing microfinance in Syria since 2003 through its Syria Microcredit Program. The issuance of Law 15 last year established the legal framework for microfinance and allowed the establishment of microfinance institutions in Syria. It set a minimum capital of SP250m for any microfinance institution. The new bank, to be named First Microfinance Bank, received a preliminary license last November and is expected to start operations in the second half of this year. The bank has a capital of SP400m or $8.7m.
Source: Syria Report

Assets of Islamic banks at 6.3% of private banks' assets

The aggregate assets of Islamic banks operating in Syria reached SP18.9bn, or $394m, at the end of 2007, accounting for 6.3% of the assets of private banks. The assets of the Syria International Islamic Bank (SIIB) reached SP11.7bn and those of Cham Bank stood at SP7.2bn. Customer deposits of the two banks totaled SP7.77bn at the end of 2007, equivalent to 3.3% of deposits at private banks. Cham Bank's deposits reached SP3.9bn and those of SIIB totaled SP3.87bn. The two banks started operations in the second half of last year. SIIB had four branches and Cham Bank one branch by the end of last year. Islamic banks are expected to attract a significant depositor base and to present serious competition to commercial banks in Syria.
Source: Syria Report

PAKISTAN

Ratings of four banks downgraded

Moody's Investors Service downgraded the long-term foreign currency deposit ratings of National Bank of Pakistan, Habib Bank, United Bank and MCB Bank to 'B3' from 'B2' and changed the outlook on the ratings to 'stable' from 'negative'. The agency said the action is in line with its lowering of Pakistan's foreign currency deposit ceiling to 'B3' from 'B2'. It kept the outlook on the four institution's bank financial strength rating (BFSR) at 'stable'. Moody's cautioned that, in the event of a possible prolonged economic deterioration combined with heightened political turmoil that erodes business confidence and performance, the BFSRs could also potentially be adversely impacted going forward. It said that for the time being, Pakistani banks overall continue to display satisfactory financial fundamentals and solid franchises, and to date the prevailing conditions have not had any direct significant impact on their standalone positions other than a moderate rise in problematic loans. National Bank of Pakistan had total assets of $11.8bn at the end of March 2008, followed by Habib Bank with $11.2bn, United Bank with $8.8bn and MCB Bank with $6.4bn.
Source: Moody's Investors Service

LIBYA

NBAD to open rep office by year-end

The Central Bank of Libya granted final approval to the National Bank of Abu Dhabi (NBAD) to open a representative office in Libya. NBAD plans to open the representative office in the fourth quarter of 2008. A 2005 law authorized foreign banks to establish a direct presence in Libya and authorities are trying to privatize state-owned banks. Earlier this year, the Jordan-based Arab Bank won a tender for 19% of Al-Wahda Bank, while French bank BNP Paribas bought 19% of Sahara Bank last September. Earlier this month, the CBL granted the First Gulf Libyan Bank final approval to start operations in the country. The bank is a joint venture between the Abu Dhabi-based First Gulf Bank and the Economic & Social Development Fund of Libya. NBAD, one of the largest banks in the UAE, had total assets of $42.8bn at the end of March 2008.
Source: Dow Jones Newswires

QATAR

Fitch affirms bank ratings

Fitch Ratings affirmed Qatar National Bank's long-term Issuer Default Rating (IDR) at 'A+' with 'stable' outlook, reflecting the extremely high probability of support available to the bank, if required, from the State of Qatar, which holds a 50% stake in the bank. Other factors supporting this view include QNB's systemic importance as Qatar's largest bank and its status of being the primary banker to the government and public sector. Fitch also assigned Doha Bank a long-term IDR of 'A' with a 'stable' outlook, short-term IDR 'F1' and Support Rating Floor of 'A'. The IDRs take into account the high probability of support from the Qatari authorities, reflecting the bank's systemic importance and the Central Bank of Qatar's willingness and ability to maintain confidence in the local market. Further, Fitch upgraded Qatar Islamic Bank's long-term IDR to 'A' from 'A-' and short-term IDR to 'F1' from 'F2', with a 'stable' outlook. The upgrades recognize QIB's systemic importance to Qatar, given its flagship Islamic franchise and dominant 50% market share in Islamic banking, while its overall market share is around 10%.
Source: Fitch Ratings

RUSSIA

Central Bank raises reserve requirements

The Central Bank of Russia (CBR) announced new measures to tighten monetary policy by raising the reserve requirements on banks liabilities effective July 1, 2008. It raised the reserve requirements on liabilities to non-resident banks in any currency by 150 basis points from 5.5% to 7%; on liabilities to individuals by 50bp from to 4.5% to 5%; and on other liabilities to credit institutions by 50bp from 5% to 5.5%. The CBR mitigated the net impact on the liquidity of the banking sector by raising the applicable average coefficient used for calculating the volume of required reserves to 0.5% from 0.45% previously. The CBR estimates the net effect of the announced measures at about RUB20bn, in line with the impact of the previous hike in reserve requirements last February.
Source: Credit Suisse, Reuters

ENERGY / COMMODITIES

Oil falls below $131 as dollar offsets supply fears

U.S. crude fell 56 cents to $130.46 a barrel on May 29, after settling higher at $131.03 a day earlier, well over the session low of $125.96, as a strengthening dollar more than offset fears of supply disruptions in Nigeria. London Brent crude fell 87 cents to $130.06 a barrel. Data from the U.S. Energy Information Administration is expected to show nationwide crude inventories were unchanged at 320.4 million barrels, still 6.5% below last year's levels. Gasoline supplies were seen likely to fall by 200,000 barrels, but should remain around 5-6% above last year's levels, while distillate inventories were expected to have risen 800,000 barrels but should still remain about 10.5% below last year's levels. The dollar was steady against the yen on May 29, holding onto gains made in the previous session, following a better-than-expected report on U.S. durable goods orders which helped to ease worries over the outlook of the U.S. economy. The dollar has maintained a strong negative correlation with commodities markets in recent months, with a weaker dollar strengthening the purchasing power of buyers using other currencies.

Source: Reuters

Indonesia to quit OPEC

Indonesia announced it will quit the Organization of the Petroleum Exporting Countries because as a net oil importer it is unsatisfied with high global crude prices. The country's annual output stands at 49% of its 1970s peak and industrial disputes have slowed new developments. The country now imports close to 30% of its domestic oil needs.

Source: Reuters

China set to increase oil imports

China's increased oil imports since the Sichuan earthquake on May 12 are expected to continue for a much longer time than what was initially thought. One factor that is causing Beijing to boost its oil imports is that power plants across the country have been hit by a serious shortage of coal. More than 32 power plants have been shut down for lack of sufficient coal.

Source: Gulf News

Costs delay Sudan refinery project

Soaring costs have delayed a refinery project in Sudan, which Malaysian state oil firm Petronas has been poised to win. The planned 100,000 barrels per day oil refinery at Port Sudan is estimated to cost $5bn, up from original estimates of between $1bn and $2bn. Petronas, one of Sudan's biggest oil producers, signed a deal in 2005 to invest in the refinery. The refinery is undergoing major maintenance, and the newer part of it was closed for maintenance in early May, reducing capacity by half.

Source: Reuters

GCC faces major gas shortage

GCC countries are facing a critical shortage of gas that could severely hamper their plans to develop their economies. According to some estimates, the cumulative supply shortfall for the six GCC countries up to 2015 will reach at least 7,000 billion cubic feet. The shortages also could have major global implications, impacting future regional projects aiming to meet demand elsewhere.

Source: Financial Times

Base metals: Prices suffer from their correlation with equities

Base metal prices traded lower, with disparate trends in the individual markets. The outlook for base metals is moderately positive. Aggregate inventories are peaking and trade data from China suggest increasing imports. Moreover, energy shortages are likely to remain an issue. Shortages of coal in China and South Africa as well as shortfalls in hydroelectric power generation in Latin America are unlikely to ease soon. In this regard, the performance of base metal prices since the beginning of May seems a bit too weak. Base metal prices are suffering from negative seasonal effects that are prevalent during May. Base metal prices are also negatively affected by their strong correlation with equity markets.

Source: Credit Suisse

Precious metals: Gold drops for third day in London as dollar gains

Gold fell for the third day in London on May 29 as oil slid and the dollar strengthened, reducing the metal's appeal as a hedge against inflation and declines in the U.S. currency. Gold for immediate delivery fell $7.32, or 0.8%, to $893.53 an ounce in London. Futures for June delivery declined $7, or 0.8%, to $898 an ounce in after-hours electronic trading on the Comex division of the New York Mercantile Exchange. Platinum fell $68.5, or 3.3%, to $2,000.5 an ounce, its third consecutive decline. Platinum is expected to stay below the $2,100 level for at least the next week. Power constraints in South Africa, which accounts for more than three-quarters of global platinum production, helped push platinum prices 31% higher in the first quarter. Among other metals for immediate delivery, palladium fell 50 cents to $436.25 an ounce, while silver retreated 8 cents, or 0.5%, to $17.32.

Source: Bloomberg

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	255.8	242.4	224.7	-3.1	25.4
LME metals price index	3905.4	3850.9	3886.3	-7.5	-6.4
Oil prices USD	130.2	102.4	89.9	9.3	100.6
Oil prices SDRs	79.7	63.8	57.2	10.2	86.0
Gold $/troy oz	921.2	892.5	797.2	0.3	39.3
Silver cents/troy oz	1782.0	1678.9	1498.1	1.5	36.3
Platinum $/troy oz	2170.0	1825.7	1575.5	9.3	67.7
Copper $/MT	8419.5	7758.9	7688.9	-4.0	11.4
Nickel $/MT	24452.5	28080.9	30769.3	-14.2	-54.5
Aluminium $/MT	2991.8	2716.9	2637.4	-0.7	5.0
Zinc $/MT	2168.5	2356.9	2777.4	-3.0	-43.2
Steel - HR coil dry $/MT	605.0	605.0	582.1	0.0	12.0

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	BBB- 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+	Baa3	BBB	-	BBB								
	Stable	-	Stable	-	Stable	3.1	16.2	106.9	174.3	18.1	299.8	-19.3	13.7
Kazakhstan	BBB	Baa2	BBB	-	BB								
	Stable	-	Stable	-	Stable	3.4	4.6	88.9	201.9	48.5	578.4	-5.0	5.6
Romania	BBB-	Baa3	BBB	BBB-	BB								
	Stable	-	Stable	Stable	Stable	-3.4	12.8	45.3	193.5	24.0	238.0	-15.6	6.4
Russia	BBB+	Baa2	BBB+	-	BBB								
	Stable	-	Stable	-	Stable	3.5	5.3	29.4	112.5	17.1	82.4	3.7	0.9
Turkey	BB-	Ba3	BB-	BB-	B								
	Negative	-	Stable	Stable	Stable	-0.7	50.2	44.5	200.2	37.5	249.5	-5.2	3.1
Ukraine	BB-	B1	BB-	-	BB								
	Negative	-	Positive	-	Stable	-2.5	14.5	48.4	143.3	16.4	193.4	-4.4	3.8

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

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	2.00	30-Apr-08	Cut 25bps	25-Jun-08
Eurozone	Refi Rate	4.00	08-May-08	No change	05-Jun-08
UK	Base Rate	5.00	08-May-08	No change	05-Jun-08
Japan	O/N Call Rate	0.50	30-Apr-08	No change	13-Jun-08
Australia	Cash Rate	7.25	06-May-08	No change	03-Jun-08
New Zealand	Cash Rate	8.25	24-Apr-08	No change	04-Jun-08
Switzerland	3 month Libor target	2.75	13-Mar-08	No change	19-Jun-08
Canada	Overnight rate	3.00	22-Apr-08	Cut 50bps	10-Jun-08
Emerging Markets					
China	One-year lending rate	7.47	20-Dec-07	Raise 18bps	N/A
Hong Kong	Base Rate	3.50	02-May-08	Cut 25bps	N/A
Taiwan	Discount Rate	3.50	28-Mar-08	Raise 12.5bps	N/A
South Korea	Target Rate	5.00	09-Apr-08	Raise 25bps	12-Jun-08
Malaysia	O/N Policy Rate	3.50	29-Apr-08	No change	N/A
Thailand	1D Repo	3.25	09-Apr-08	No change	16-Jul-08
India	Repo rate	7.75	29-Apr-08	No change	29-Jul-08
UAE	Overnight repo rate	2.00	May-08	Cut 25bps	26-Jun-08
Saudi Arabia	Repo rate	2.00	May-08	No change	N/A
Egypt	overnight lending	12.00	May-08	Raise 50bps	N/A
Turkey	Base Rate	15.75	16-May-08	Raise 50bps	16-Jun-08
South Africa	Repo rate	11.50	10-Apr-08	Raise 50bps	12-Jun-08
Kenya	Central Bank Rate	8.75	Apr 08	No change	June-08
Nigeria	Monetary Policy Rate	10.00	01-Apr-08	Raise 50bps	June-08
Ghana	Prime Rate	16.00	19-May-08	Raise 125bps	N/A
Mexico	Target Rate	7.50	18-Apr-08	No change	20-Jun-08
Brazil	Selic Rate	11.75	16-Apr-08	Raise 50bps	04-Jun-08
Armenia	Refi Rate	6.75	May-08	Raise 25bps	N/A
Romania	Policy Rate	9.75	May-08	Raise 25bps	N/A
Bulgaria	BI Rate	4.93	May-08	N/A	N/A
Kazakhstan	Refi Rate	11.00	Mar-08	N/A	N/A

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