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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

IRAQ

Ruling Shiite parliamentary bloc weakens

The Islamic Virtue Party, also known as the Fadhila Party, left Prime Minister Nuri al-Maliki's United Iraqi Alliance, a Shiite parliamentary bloc. The Fadhila Party, which has decided to operate as an independent group, has 15 members in the 275-seat Iraqi Parliament. This is negative at the margin because Iraq's political backdrop, which is already highly factional, has become more fragmented. But it is not expected to have a significant impact on the coalition government because the party, while a part of the Shiite bloc, was not in the coalition government; and the government still has a very good working majority, with some 210 seats out of 275. In addition, the government will still be able to push the all-important draft hydrocarbon bill through Parliament in the first half of 2007.

Source: Merrill Lynch

Democrats to submit new legislation for U.S. troop withdrawal from Iraq

U.S. House Democratic leaders plan to submit legislation to Congress requiring the withdrawal of U.S. combat troops from Iraq by the fall of 2008, and even earlier if the Iraqi government fails to meet security and other goals. The conditions would be added to legislation providing nearly $100 billion the Bush administration has requested for fighting in Iraq and Afghanistan. The legislation is expected on the floor of the House later this month, and would mark the most direct challenge to date the new Democratic-controlled Congress has posed to the president's war policies. the bill would require President Bush to certify that the government of Iraqi Prime Minister Nouri al-Maliki was making progress toward providing for his country's security, allocating its oil revenues and creating a fair system for amending its constitution. The conditions stipulate that if President Bush certified the Iraqis were meeting these so-called benchmarks, U.S. combat troops could remain until September of next year. Otherwise, the deadline would move up to the end of 2007.

Source: Associated Press

SUDAN

Kidnapped peacekeepers dead in Darfur region

Two kidnapped peacekeepers from the African Union (AU) were shot to death in the Darfur region, and a third is critically wounded. All three were abducted earlier this week. In a statement, the AU blamed the rebel Sudan Liberation Army for the murders. The rebel force not only signed a peace accord on Darfur with the government last year but also is supposed to be a partner in enforcing it. The AU mandate in Darfur expires in June, and the government repeatedly has refused to authorize a replacement force from the UN.

Source: Christian Science Monitor

KUWAIT

Political impasse

The Kuwaiti government submitted its resignation ahead of a no-confidence vote against the health minister, a member of the ruling family. The Health Minister Sheikh Ahmad Abdullah al-Sabah had faced accusations of mismanagement and incompetence. There are indications that the government, which had only been in office for eight months, failed to secure sufficient support in parliament to defeat the vote on Monday. There have been a number of no-confidence votes against government members, although no minister has been voted from office since 1962, when parliament was introduced. Parliament was dissolved last year after a stand-off between the government and opposition over reforms. The difficult relationship between the government and parliament is forecast to continue even when a new cabinet is formed, hampering the government reform and investment program.

Source: Standard Chartered

IRAN

IAEA freezes assistance programs to Iran

The International Atomic Energy Agency approved the suspension of 22 nuclear technical aid programs to Iran as part of U.N. sanctions imposed because of its nuclear defiance. The decision was taken by consensus. The blocked projects relate to nuclear power planning and technical and security measures in developing nuclear fuel. Projects that were spared involve radiopharmaceuticals and isotopes for medical, agriculture and humanitarian purposes. A defiant Tehran said it would not bow to pressure on its nuclear program and insisted its bid for nuclear energy was peaceful, legal and non-negotiable. Chief Iranian delegate Ali Ashgar Soltanieh condemned the decision and blamed the U.N. Security Council, saying it had illegally undermined the IAEA's professional independence.

The suspensions of technical cooperation fell under the provision of U.N. Security Council sanctions agreed Dec. 23 to punish Iran for defying a council demand that it freezes its uranium enrichment activities. The five permanent council members now are consulting on additional sanctions after Tehran ignored a new ultimatum to stop enrichment last month. These could include a mandatory travel ban on Iranian officials connected with the nuclear program, an arms embargo, restrictions on export credits and an expansion of an earlier list of Iranian officials, groups and companies whose assets would be frozen.

Source: Reuters, Associated Press

OUTLOOK

TURKEY

Positive medium term outlook on inflation

The headline Consumer Price Index (CPI) rose 0.4% in February, well below the 1% increase in January, but twice the increase in the same month a year earlier. Hence, consumer prices are up 10.2% over the last 12 months, compared to 9.9% in January. Overall, inflation pressures appear to have picked up in recent months, with prices rising in more sectors than it is falling. In particular, the output gap should help keep longer-term inflation expectations well contained. February inflation was somewhat favorable and should help stabilize investor sentiment. However, March figures are likely to come in higher on the back of price hikes in the telecommunications and tobacco sectors and seasonally higher clothing prices. Investors will have to wait until April to see a visible downward trend in inflation. The Central Bank is likely to maintain its cautious stance until the final quarter of the year.
Source: Merrill Lynch

UKRAINE

Statistics office upwards revision to its 2006 GDP

The statistics office announced an upward revision to its 2006 GDP growth estimate, from 7% to 7.1%. In nominal terms, last year's GDP estimate has been increased by UAH40bn to UAH535.9bn or $106.4bn. The latest revision in GDP data was caused mainly by higher contribution of "net taxes" and trade. The main reason behind the very strong increase in the net taxes component of GDP last year (by 19.5% on the latest data) were the higher VAT receipts from imports, in particular of natural gas. Another strong driver of growth last year was trade (its contribution has been raised to 17.7% yoy from 6.9% estimated previously). At the same time, the contribution of industrial production has been scaled down to 5.4% for the extracting sector (from 6.2% estimated previously), to 5% for the processing sectors (from 6.3% reported earlier) and to 2.8% for the utilities output (from 6.7% earlier). Overall, the latest GDP data for 2006 point to somewhat less robust growth of the manufacturing sectors than the government reported earlier, but the overall strength of the economic performance last year is not in doubt.
Source: Credit Suisse

UAE

Economic growth to slow in 2007

The National Bank of Abu Dhabi expects that the UAE's economy will grow at its slowest rate in five years in 2007, due mainly to easing oil prices. The bank expects real growth at 7% for the year, based on an average price of $55 per barrel for Dubai spot crude, versus an annual average of $60 for 2006, when economic growth is estimated to have been 8%. One should note that Government estimates of economic growth for 2006 are higher, at 10%. The bank added that it expects consumer prices to increase by 5.5% this year, versus 11% in 2006.
Source: SHUAA Capital

IRAN

Budget to post deficit in new year

Iran's budget is forecast to fall into deficit in FY 2007/08 (21 Mar.-20 Mar.), despite high oil prices. The FY 2007/08 budget will remain expansionary, with spending increasing by 20%. The majority of the spending will be directed towards state-owned enterprises, with just 3.6% allocated to other items. President Mahmoud Ahmadinejad indicated that current expenditure would be cut by 5.6% on current outturns. However, many of the figures have been met with skepticism and there is a lot of scope for extra budgetary spending. Indeed, the president went on to say that salary claims would be dealt by a special fund managed by the Economy & Finance Ministry. Meanwhile, the budget for development spending as a proportion of the total is expected to increase from 27.2% in FY 2006/07, to 28.5% in 2007/08.

Other concerns regarding budget assumptions include non-oil revenue forecasts and the exchange rate the budget is based on. The budget envisages that tax collection would increase by 18.4%, while other revenue (including the income from the privatization process) will expand by 22.2%. However, these figures are highly ambitious, especially on the privatization front, which has seen very little progress despite government aims to accelerate the sale of state-owned enterprises. The oil price assumption of the budget has been reduced to $33.7b/p from $44.1p/b; any revenue above $33.7b/p is meant to be directed towards the Oil Stabilization Fund (OSF). Although in the new fiscal year, petrol rationing is to be introduced, the government is expected to continue to withdraw funds from the OSF throughout the year, both for petrol imports and development spending.
Source: Standard Chartered

GCC

Budgets to remain expansionary in 2007

Oman and Saudi budgets will remain expansionary and continue to focus on capital expenditure and social spending. Kuwait will also focus on these areas and therefore the pattern of government spending will still stimulate the economy, although total expenditure will fall after a one-off payment in 2006. Meanwhile, although Bahrain, Qatar and the UAE have not announced their budgets for 2007, they are again forecast to be expansionary, given the investment and diversification plans of Qatar, the UAE and, to a lesser degree, Bahrain. Expenditure in Bahrain will be driven by measures to increase living standards. Although the expansionary stance of the budgets will continue to support growth, the oil price break-even points of the budgets will increase in 2007. This is a result of the higher spending levels and of OPEC-led production cuts. While remaining expansionary, the GCC budgets will continue to realize surpluses. The majority of the GCC countries base their budgets on conservative oil price assumptions, which provides a cushion in the event of a weaker oil price and will result in net foreign assets continuing to increase.
Source: Standard Chartered

ECONOMY & TRADE

UKRAINE

EU to enhance relations with Ukraine

The EU confirmed the start of talks with Ukraine on enhancing relations, including the potential establishment of a free-trade area. EU External Commissioner Ferrero-Waldner said that the talks will not involve Ukraine's strategic goal of EU entry accession and refused to assign a specific name or time-frame to the forthcoming agreement between the EU and Ukraine. The current partnership and cooperation agreement expires next year. In the spring of 2005, the two sides agreed on a three-year plan of actions but its implementation has been very slow and effectively came to a halt after the formation of the Yanukovich government last summer. Pursuing a free-trade area with the EU appears to be Ukraine's best strategy at present, given the proximity of its WTO membership, deep divisions within Ukraine on a preferred foreign policy course, and the fact that public opinion within several EU countries is firmly against a new round of enlargement.

Source: Merrill Lynch

SYRIA

Central Bank revises GDP and current account data upward for past years

Revised data from the Central Bank show that GDP growth for 2004 stood at 8.6%, well above the previous estimate of 4.8%. More significantly, the current account is now shown to have recorded positive balances of $584 million and $302 million in 2004 and 2005 respectively, instead of deficits of $638 million and $1.1 billion for the same years in previous estimates. The difference in both years can be attributed mainly to a revision in trade data. Exports are now reported to have reached $7.15 billion in 2004 and $8.73 billion in 2005, up from $5.17 billion and $6.55 billion respectively in the previous figures. Exports are now recorded to have increased by 31% in 2004 year-on-year and 22% in 2005 y-o-y.

The data is published in the quarterly bulletin of the Central Bank, which does not include any explanation to this surge. But some analysts have explained it by the new willingness of exporters to declare all their foreign currency earnings, now that the exchange rate system has been liberalized. Also, inflation is reported to have reached 9.2% in 2006, the third consecutive year of growth in the rate of inflation.

Source: Syria Report

IRAN

FDI reach $13bn

Iran's Deputy Minister of Economic Affairs & Finance announced that foreign investments during the current Iranian year starting March 21, 2006 have reached $13 billion compared to $4.3 billion in the previous year. Mohammad Khazaie, who also heads Iran's Organization for Investments, Economic and Technical Assistance (IOIETA), said the figure excludes investments in the oil and gas sectors as well as in the free trade zones of Iran. The official added that in the past European countries were interested in investing in Iran, while currently Gulf states and Islamic countries are showing interest.

Source: IRNA

GCC

Peg to US dollar to be maintained

The Governor of the UAE Central Bank, Nasser Al Suweidi, has ruled out unilateral action on the country's peg against the US dollar and Saudi Arabia's Central Bank Governor, Hamad Saud al-Sayyari, said that the country has no intention to change the riyal exchange rate. GCC countries are trying to work out a unified plan for a possible monetary union by 2010. Following the 10% depreciation of the US dollars in 2006, some countries had questioned the usefulness of the peg, as the majority of GCC trade is dollar-denominated. Kuwait is the most likely to change the level of the Kuwait dinar against the US dollar to counterbalance the weakening of the dollar and reduce imported inflation. Indeed, there are increasing signs of imported inflation in the region, while Saudi Arabia and Oman have seen a recent pickup in inflationary pressure.

Source: Shuaa Capital, Standard Chartered

QATAR

S&P upgrades ratings

S&P raised its long-term foreign and local currency sovereign credit ratings for Qatar to 'AA-' from 'A+'. The short-term foreign and local currency sovereign credit ratings were also raised to 'A-1+' from 'A-1'. Meanwhile, the long-term foreign currency issuer credit rating on Qatar Petroleum was also raised to 'AA-' from 'A+', in line with the sovereign, its sole shareholder. The reasons cited for the upgrade include the acceleration of reforms and Qatar's strong financial performance. S&P also noted that Qatar rating is supported by budget surpluses and low government debt, substantial external liquidity, strong economic prospects and high per capita income.

Source: Standard &Poor's

MOROCCO

Large financing program from the EU

The European Union plans to give Morocco more than €650mn over the next three years to help support economic and social reforms. The financial package will focus on social and economic developments, human rights, the environment and institutional support. This is a positive development for the financing of challenging reforms, as well as the balance of payments. The government has been committed to economic reforms over recent years, but it will be interesting to see if the holding of elections, scheduled for the end of the year, will have an impact on reform momentum.

Source: Merrill Lynch

EGYPT

New export tax on steel and cement

Egypt started to impose duty on exports of cement and steel products last week, in response to rising demand and to prevent foreign players to benefit from domestic subsidies. The Trade & Industry Ministry revealed that the export duty on cement is EGP 65 per ton ($11.41), and that the export duty on steel rebar and plate steel is EGP160 per ton.

Source: Shuaa Capital

BANKING

LIBYA

Upcoming privatization of largest state bank

The Libyan government has indicated that it is prepared to grant a foreign bank the right to own a 51% stake in Sahara Bank, the country's largest state-owned commercial bank. The Sahara Bank privatization will initially entail the divestment of a 19% stake held by the Social Economic Development Fund, but the Central Bank of Libya has indicated that the strategic partner will have the right to increase this stake to 51% "in the medium term". The Paris-based investment bank Rothschild is advising the Central Bank on the deal. Sahara Bank was nationalized in 1970 following the revolution that brought Colonel Muammar al-Qadhafi to power. The deadline to submit expressions of interest in the privatization of Sahara Bank is March 20th.

Libya's domestic banking sector remains chronically underdeveloped, with total assets equivalent to less than 25% of GDP and with only the most rudimentary legislation covering its activities. The attraction for any foreign bank sizing up the market is its huge growth potential, while the risks include the patchy record of economic reforms thus far and the opaque nature of the Libyan political system.

Source: Economist Intelligence Unit

UKRAINE

Possible restrictions on FX lending

The Central Bank has asked commercial banks to provide details about the final use of FX loans extended by the banks. A letter from the National Bank of Ukraine requests provision of information, over the last three quarters, about the intended use of loans by borrowers. The suggested breakdown regarding corporate loans includes replenishment of liquid resources, acquisition of fixed assets, payments for imports, investment activity, payments for real estate, services or other needs. Data on loans to individuals need to specify which portion of funds was used for purchases of real estate, land, cars, goods, financing construction, renovations or other projects.

The request for fairly detailed information on FX loans to residents reflects the regulator's concern about the rising share of FX loans in total. The share of FX loans in total rose to 49.5% as of January 1, 2007 from 43% a year ago. The share of personal loans rose to 64% from 41% a year ago. The questionnaire, which needs to be answered by March 15, represents the most detailed effort by the Central Bank to get a grasp of the risks presented by large-scale borrowing in FX by Ukrainian residents. The Central Bank has contributed to the switch to borrowing in FX, by keeping the exchange rate essentially flat for lengthy periods, thus creating an impression that it will be prepared to defend the peg against potential pressures in future. The main focus of current effort is on possible restrictions on FX lending that the Central Bank may decide to impose following its due diligence.

Source: Credit Suisse

UAE

Emirates Bank International and National Bank of Dubai announce merger

Emirates Bank International and National Bank of Dubai plan to merge at the behest of Dubai's ruler in a deal which would create the largest lender in the UAE, with $45 billion in assets. The deal was triggered by a realization from the Dubai government that there is a need for a strong bank that will participate in developing the economy. The new entity would have a market value of about $12 billion, surpassing the country's largest lender, National Bank of Abu Dhabi, in both assets and value. The government of Dubai owns around 14% of National Bank of Dubai, the emirate's fourth largest lender by market value, and about 77% of Emirates Bank, the biggest bank in Dubai.

The merger could also be part of efforts to prepare the banking sector for competition, with the UAE negotiating trade deals with the United States and the European Union. The size of the new bank could spur more consolidation in the sector. Emirates Bank chairman Ahmed Al Tayer will be the chairman of the new bank. Abdulla Saleh, chairman of the National Bank of Dubai, will be vice-chairman.The lenders were on the threshold of a merger deal in 1999 when the chairman of National Bank of Dubai died.

Source: Reuters

Central Bank to freeze accounts of hawala operators

The UAE Central Bank has issued a notice to all banks and money exchange houses instructing them to freeze accounts of hawala operators and those involved in money laundering, a statement said. The move comes as Dubai Police launched a major crackdown on hawala operators last week resulting in a number of arrests in downtown Dubai, officials said. "The UAE Central Bank, in view of the reports received from Dubai Police General Headquarters, issued a notice to all banks and money-changers, operating in the country instructing them to freeze the accounts of the main suspects, those who assisted them as well as the nine companies involved in the case," according to a Dubai Police statement. "In addition, all transfers in the said names were also prohibited."

Source: Gulf News

Central Bank to issue Islamic money market instruments

The Central Bank of the UAE said that it is considering issuing Islamic money market instruments to enable Sharia-compliant banks to invest in short term funds. The Governor of the Central Bank, Sultan Nasser Al Suweidi, said that there was a growing need to meet the requirements of Islamic finance, as this segment accounts for 13% of the UAE's current banking activity. Currently, Islamic institutions invest primarily in one-year instruments, usually sukuks.

Source: SHUAA Capital

ENERGY/ COMMODITIES

Oil prices increase by 2%

Oil prices increased by 2% following unexpected declines in U.S. crude and gasoline inventories amid the lowest import levels since 2005. Light, sweet crude for April delivery rose $1.13 to settle at $61.82 per barrel on the New York Mercantile Exchange, after climbing as high as $62.10 on Wedensday. Data from the Energy Information Administration showed U.S. crude stockpiles dropped by 4.8m barrels last week, after persistent fog along the Gulf Coast refining and transit hub disrupted imports. This was against the consensus forecast predicting a rise of 2m barrels. Gasoline stocks dropped 3.8m barrels, well above the consensus forecast for a decline of 1.4m barrels. This has raised concerns regarding gasoline supplies ahead of spring, when supply starts to increase. Also, distillate fuel inventories, which include diesel and heating oil, fell by 1.3 million barrels against expectations of a 2.3 million barrel decline. Oil prices have been held above $60 per barrel despite volatility in the global markets over the last week due to buoyant oil demand and concerns regarding Iran's nuclear program.

Source: Associated Press, Standard Chartered

Iran sees no need for fresh OPEC cuts

Iran does not expect OPEC to cut production further this month provided that members comply with existing reductions and prices do not stage a big fall, Iran's OPEC governor said, adding that Saudi Arabia and others agreed. Qatar also said it did not expect OPEC to change its output levels if prices hold at current levels near $60 a barrel when OPEC ministers meet on March 15. If there is no strong fall in international oil prices and also if OPEC countries continue their commitment to the previous two decisions to decrease output, it doesn't seem there will be any need to decrease the OPEC output ceiling again in March. This is not only Saudi Arabia's view, but also the view of the OPEC secretariat, Iran and other countries. OPEC decisions are based on demand and supply in the market, and no one is pursuing such aims such as affecting the oil income of member countries.

Source: Reuters

Campaign for divestment from Sudan oil industry

After four years of failed Darfur diplomacy, activist groups are trying to pressure foreign companies to stop doing business with Sudan's oil industry. Billions of dollars are believed to be involved in indirectly funding Khartoum's war effort. 60% of Sudan's oil revenues are going into military expenditure. Some Sudanese economists put the percentage of oil revenue going to the army, security, and police force at well above 80%. The groups aim to stop that flow of money by targeting foreign firms that support Sudan's oil-dominated industry. According to the United Nations, at least 200,000 people have been killed and about 2.5 million displaced since the start of the conflict four years ago.

Source: Middle East Times

Oil Market		Closing of March 7	Previous Price	Daily Δ
OPEC Basket	▼	57.12	57.23	-0.2
Brent	▲	61.17	59.73	2.3
Dubai	▲	58.51	58.17	0.6
WTI	▼	60.83	60.66	-0.3

Source: SHUAA Capital

US warns foreign energy companies of sanctions if they opt to invest in Iran

The Bush administration said yesterday it had warned foreign energy companies that they risked incurring US sanctions if they invested in Iran. The warning came as Eon, Germany's biggest importer of natural gas, confirmed it was pursuing its first natural gas supply contract with Iran in an effort to reduce its dependence on Russia.

Source: Financial Times

Base metals forecasts

Commodity forecasts for base metals were updated, reflecting changes in expected market balance in each case. Aluminium price forecast has increased to $2250/MT amid very strong demand growth and emerging of supply-side constraints. Regarding copper the 12-month forecast was lowered to $6700/MT. Copper is still suffering from the slowdown in global IP growth, but should increase again gradually through 2007 as the de-stocking in China is coming to an end. Nickel prices' forecast has been upgraded to $30000/MT amid continuing supply shortfalls. Together with strong demand from the steel industry, nickel prices should remain stronger for longer. Zinc prices forecast in 12 months was also adjusted to $4000/MT. Similar to nickel, zinc is in a market deficit that will continue until 2008. With just approximately 90 kt of LME inventory, prices in this market should also remain strong.

Source: Credit Suisse

Precious metals: Slower Central Bank selling should support gold prices

Forecast for gold prices was upgraded significantly and an average price of $670per ounce is expected for 2007. The main reason for the upgrade is a combination of constrained supply and accelerating demand. European central banks seem increasingly reluctant to continue their gold selling programs. Recent numbers show that gold sales in 2007 so far lag significantly behind last year's levels. Falling mine production, especially in South Africa, is tightening the supply side further. On the demand side, jewelry demand is on a recovery path. Together with the continuing demand from physically backed ETFs the supply /demand balance in the gold market should become tighter, which justifies a higher price expectation.

Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	192.6	182.2	176.0	4.2	24.2
LME metals price index	3724.6	3693.1	3549.2	6.9	42.1
Oil prices USD	61.9	59.6	65.0	7.9	0.0
Oil prices SDRs	41.1	40.0	43.9	7.3	-4.5
Gold $/troy oz	669.1	622.9	620.2	1.8	18.3
Silver cents/troy oz	1429.0	1269.7	1223.5	5.2	45.8
Platinum $/troy oz	1248.0	1152.8	1165.3	4.8	19.3
Copper $/MT	6189.5	6681.1	6861.3	10.4	27.7
Nickel $/MT	45337.5	34598.7	28312.0	14.8	206.7
Aluminium $/MT	2907.5	2717.6	2636.9	-2.0	23.5
Zinc $/MT	3544.8	3860.2	3510.6	-2.6	54.1
Steel - HR coil dry $/MT	600.0	600.0	542.1	0.0	55.8

Source: Credit Suisse

COUNTRY RISK METRICS

Countries	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

LT Foreign currency rating: S&P, Moody's, Fitch, CI, EIU

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-Mar-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-Feb-07	No change	27-Apr-07
Thailand	1D Repo	4.50	28-Feb-07	Cut 25bps	11-Apr-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-Mar-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	22-Feb-07	New Policy rate	Apr-07
Ghana	Prime Rate	12.50	Dec-06	Cut 200bps	Feb-07
Mexico	Target Rate	7.00	23-Feb-07	No change	23-Mar-07
Brazil	Selic Rate	13.00	24-Jan-07	Cut 50bps	07-Mar-07

Source: Standard Chartered - Countries in bold updated on March 9, 2007