



GCC

MGA GCC Report released on Friday May 30 predicts outcome of Paulson meeting in Saudi Arabia

SUMMARY While US Treasury Secretary Hank Paulson has indicated he will be pressing Saudi Arabia, Kuwait, Qatar, and Abu Dhabi to open their energy sectors to foreign investments, the real agenda to this weekend's trip will be explaining the US dollar policy, the Treasury's proposed guidelines for Sovereign Wealth Fund investments in the US and Treasury's outlook for the dollar. For their part, Saudi Arabia and the GCC countries will vow to stand by their current currency pegs to the dollar.

May 31 (Bloomberg) -- U.S. Treasury Secretary Henry Paulson and Saudi Arabian Finance Minister Ibrahim Al-Assaf agreed that the Gulf kingdom benefits from keeping its currency pegged to the dollar.

The riyal's peg "has served this country and the region well," Paulson said today at a joint press conference in Jeddah. "I totally agree with Secretary Paulson," al-Assaf said. "As we have said many times, we have no intention of depegging or of revaluation."

"The major purpose of my visit is open investment," Paulson said. "The issue that I'm most concerned about, looking globally, is a protectionist sentiment around the world at a time when it makes no sense."

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For more information about Medley Global Advisors (MGA) products and services please contact:

EUROPE/ASIA

ALEX WARK

44.207.377.5517

awark@medleyadvisors.com

NORTH AMERICA

KELLY WILLIAMS

212.941.2708

kwilliams@medleyadvisors.com

EMERGING MARKETS & ENERGY

TUGBA COLPAN

212.941.2774

tcolpan@medleyadvisors.com

BUSINESS MANAGER

TRACEY BENNETT

212.941.2713

tbennett@medleyadvisors.com

MEDLEY GLOBAL ADVISORS
33 WHITEHALL STREET, 15TH FLOOR
NEW YORK, NEW YORK 10004
(212) 941-2700