

## COUNTRY RISK WEEKLY BULLETIN

### NEWS HEADLINES

#### SYRIA

##### **SEC lists 24 foreign companies operating in Syria**

The United States Securities and Exchange Commission (SEC) published a list of publicly-traded international firms that do business in Syria because the country is classified as a state-sponsor of terrorism by the U.S. State Department. The list includes 24 firms that mentioned in their 2006 annual report references to business operations in Syria. The SEC said the list falls under the commission's investor-protection mission. The banks included on the list are Credit Suisse Group, HSBC Holdings, and ING Groep NV. The list also includes six oil firms and other companies such as Reuters Group, Nokia, Unilever and Four Seasons Hotels. Companies that do business in Syria but whose stocks are not listed on an American stock exchange are not included. As such, the commission appears to rely on the references to Syria published in the firms' 2006 annual reports that were filed with the SEC.

Source: *Securities and Exchange Commission, Syria Report*

#### SUDAN

##### **SEC issues list of 33 multinationals doing business in Sudan**

The United States Securities and Exchange Commission (SEC) published a list of 33 publicly-traded international firms that do business in Sudan because the country is classified as a state-sponsor of terrorism by the U.S. State Department. The list includes firms that mentioned in their 2006 annual report references to business operations in Sudan. The SEC claims that the list falls under the commission's investor-protection mission. The financial institutions included on the list are Australia & New Zealand Banking Group Ltd, Credit Suisse Group, Deutsche Bank, HSBC Holdings, Mastercard Inc and Western Union Co. The list also includes several oil firms and pharmaceutical companies, as well as others such as Nokia, Unilever, Siemens and Xerox. Activists in the U.S. are trying to put pressure through a "name and shame" campaign on companies investing or doing business in Sudan.

Source: *Securities and Exchange Commission*

#### EUROZONE

##### **Cyprus and Malta to join eurozone in 2008**

The European Union's finance ministers approved Cyprus and Malta's adoption of the euro starting January 1, 2008. The two countries will be the second and third of the countries that joined the EU in 2004 to enter the eurozone, following Slovenia that started using euros in January 2007. New members have to meet strict criteria on inflation, interest rates, debt, deficits and currency stability. Lithuania, which had also wanted to adopt the euro in 2008, failed because of its high inflation rate. Slovakia is next in line, hoping to switch to the single currency in 2009.

Source: *BBC*

#### IRAQ

##### **Kurds reject draft oil law**

The Kurdistan Regional Government rejected the latest version of the draft hydrocarbon law which was approved by the Baghdad Cabinet on July 3rd after being amended. Kurdistan's Oil Minister said some of the amendments made to the draft oil and gas law by a government consultative committee reduce powers assigned to the Kurdistan administration by the Iraqi constitution. The draft oil law was originally approved by the Iraqi Cabinet in February but faced opposition from several factions, prompting further debate. A key part of the law addresses the equitable allocation of revenues from crude oil exports across 18 provinces. Kurdish authorities and officials from the federal government in Baghdad are working to modify these amendments before the law makes its way to Parliament for debate.

Source: *Dow Jones Newswires*

#### MOROCCO

##### **Government signs agreements to compensate victims of former regime**

The Moroccan government signed three conventions that will compensate victims of human rights abuses during the rule of King Hassan II. The first, signed with the Consultative Committee for Human Rights (CCDH), provides for full coverage of medical bills of all abuse victims, with an estimated 15,000 people to benefit from the program. The second accord was signed with the European Union, under which €3m will be allocated to develop regions that suffered collective punishment during the repressive years. The third convention relates to the implementation of the recommendations of the Equity and Reconciliation Committee (IER) in those areas. The 17-member IER was established in January 2004 to assess compensation for affected individuals.

Source: *AFP, Magharebia News*

#### WORLD

##### **Dollar's share to fall**

According to the International Monetary Fund, the dollar's share of global foreign-exchange reserves fell to the lowest level in at least eight years as central banks accelerated purchases of euros. Dollars accounted for 64.2% of reserves in the first quarter of 2007, down from 64.6% in the fourth quarter of 2006. The share of euros climbed to 26.1% from 25.9%, reaching its highest proportion since the single currency was introduced in 1999.

Source: *International Monetary Fund*

# OUTLOOK

## EMERGING MARKETS

### Sovereign credit profile still positive

Fitch Ratings indicated that emerging market sovereign credit quality continues to improve while the global macroeconomic outlook should remain favorable, providing supportive financing conditions for emerging market borrowers despite recent signs of deterioration in broader risk appetite. According to Fitch's latest forecasts for 102 countries it rates, inflation is expected to be stable or decline in 55 countries and to rise in 47 others.

Fitch said emerging-market fundamentals continue to improve, with five upgrades in the first half of the year and only one downgrade (Ecuador). Further, 18 sovereign ratings are on Positive Outlook and just five - Latvia, Hungary, Ecuador, Bolivia and Sri Lanka - have Negative Outlooks. Emerging markets as a whole ran a current account surplus of \$500bn last year and Fitch is expecting a further accumulation of reserves of nearly \$700bn this year by emerging-market central banks. Strengthening external balance sheets continue to drive up ratings, including recently that of Brazil to one notch below investment grade. China and Fitch-rated OPEC members held reserves of \$1,290bn at end-2006 with a further \$342bn of assets expected to be accumulated by end-2007.

But while emerging markets are unlikely to be the source of a global volatility, markets with large external financing requirements, such as Turkey and Kazakhstan, will be affected if there is significant deterioration in global economic and financial conditions. Moreover, in the case of emerging Europe, rapid credit growth and large external financing needs continue to be a cause for concern. The region's gross external financing needs are expected to rise to more than \$300bn next year, partly reflecting the rapid build-up of foreign debt by banks and corporations in the region, notably from Kazakhstan and Russia, which must be serviced and refinanced.

Source: Fitch Ratings

## KAZAKHSTAN

### IMF calls for increased banking prudential measures

The International Monetary Fund considered that economic prospects for Kazakhstan are bright, as real GDP expanded by 10.6% in 2006, the seventh consecutive year of growth at around 10%, and is forecast at 9.5% for 2007. It noted that policy measures to lower inflation and mitigate mounting banking sector risks are needed to ensure a continued favorable macroeconomic outlook. The IMF welcomed the measures to tighten liquidity implemented over the past year, but noted that money and credit growth remains excessive. It recommended early action to further increase reserve requirements, possibly with a wider differential between requirements on external versus domestic liabilities, and to raise policy interest rates.

Banks' external liabilities more than doubled in 2006 to 41% of GDP, with external borrowing accelerating further in early 2007, implying greater vulnerability related to the increase in external indebtedness. Banks have used external funding and buoyant growth in domestic deposits to fund aggressive credit growth, including lending abroad, as loans grew by 83% in 2006 and

75% in 2005. As a result, bank credit has now reached a high level relative to peer countries, with the sector's credit portfolio increasing almost four-fold in the last three years. The IMF welcomed the recent prudential measures such as the capital-based limits on external borrowing, criteria on household debt service-to-income ratios, and tighter regulations on banks' foreign currency exposures. But it encouraged authorities to tighten prudential regulations further. Aggregate financial soundness indicators remain comfortable, but these tend to lag behind the credit cycle. The aggregate capital adequacy ratio remains near 15%, bank profits are strong, and NPLs are relatively low at 4.8%. However, the classified loans ratio has risen to 47.3%.

It recommended, in particular, increasing provisioning requirements and implementing more stringent collateral regulations and risk weights for unsecured consumer credits. It emphasized that vigorous supervisory effort is needed to ensure banks' compliance, and welcomed the recent legislation enhancing the Financial Supervision Agency's (FSA) supervisory powers. Also, the Fund viewed the authorities' progress in formulating early warning indicators and contingency plans as valuable proactive steps to limiting risks. The National Bank of Kazakhstan confirmed it would serve as lender of last resort and could, if needed, take over or liquidate banks in distress. The IMF also encouraged the authorities to strengthen legislation to fight money laundering and terrorism financing in line with international standards.

Source: International Monetary Fund

## GHANA

### GDP to grow by 5.8% in 2007 and 6% in 2008

Despite a shortage of rain, which led to power shortages in the third quarter of 2006 that have affected mining output and are likely to have increased production costs for the industrial sector, Ghana's real GDP growth is estimated to have been robust at 5.9% for the year as a whole. This trend is expected to continue in 2007 and 2008, with the economy set to grow by 5.8% in 2007 and 6% in 2008.

Despite a fall in the inflation rate to single digits in the early part of 2006, the year-on-year rate had climbed back up to 11.4% by the end of July, owing to inflationary pressures from international petrol price rises. Inflation averaged 10.9% for the whole year. As growth is expected to remain strong in 2007 and 2008, inflation is forecast to average 9.8% in 2007 and 10.5% in 2008, thus missing the government's target of 7-9%. Although currency stability has continued during 2006, the cedi declined fractionally in real terms, possibly indicating a softening of the Bank of Ghana's policy in a bid to relieve pressure on the export sector. Nevertheless, given rising remittances and high global prices for gold and cocoa, inflows of foreign exchange are expected to be strong. The cedi is forecast to fall back only modestly in 2007.

Ghana's current account posted a deficit equivalent to 4.8% of GDP for 2006. Exports have performed reasonably well over the year, owing to an increase in revenue from cocoa production but imports have risen dramatically, owing mainly to power shortages caused by low water levels at hydroelectric dams, which have increased reliance on expensive imported oil.

Source: Economist Intelligence Unit



# ECONOMY & TRADE

## MIDDLE EAST

### Mobile subscriptions up 51%

The number of mobile subscriptions in the Middle East reached 79 million at the end of the first quarter of 2007, up by 51% from 52 million at the end of March 2006. Although this was a slight slowdown in percentage terms from the 64% rise from the previous year, the rise was greater in absolute terms, as increasing liberalization and competition in the region's cellular markets made an impact. Saudi Arabia, with over 22 million subscriptions, and Iran with over 18 million, are the largest markets in the region. Saudi Arabia is set for the launch of a third operator in 2008 which should further stimulate subscription growth. Qatar and Palestine remain the only monopoly markets in the Middle East but this is set to change as Wataniya has been awarded a license to operate in Palestine while a license tender is currently taking place in Qatar.

Source: *Informa Telecoms & Media*

## SYRIA

### Brokerage firms required to have Syrian majority shareholders

The Syrian Commission on Financial Markets and Securities (SCFMS) required financial intermediation firms to have Syrian investors as majority shareholders. The decision, issued on June 17, will force several companies that had received a preliminary license by the SCFMS to review their application, as no specific limitations existed before on the share of capital held by foreign investors. The four firms affected by the new rule are Elite Financial Services of Jordan, Orouba Stock Brokers of Egypt, IFA-MAG, a Kuwait-UAE joint venture, and Egypt's Pioneers. The SCFMS has given the companies a two-year period to adapt to the new rules. The SCFMS also required foreign financial intermediation firms that want to operate in Syria to obtain approval from the supervisory authority in their country of registration.

Source: *Syria Report*

## TURKEY

### Weak corporate governance is negative for ratings

Fitch Ratings said weak corporate governance in Turkish companies is perceived as a negative rating factor, regardless of the strength in the company's profile. Fitch noted that with the macroeconomic restructuring that came after the country's financial crisis in 2001, many major Turkish companies materially improved their corporate governance practices. However, concerns over board quality, related-party transactions arising from family ownership, wealth concentration and sometimes complex ownership structures remain. Fitch said it expects the long awaited Turkish Commercial Code to increase investor focus on corporate governance and improve transparency of ownership structures and intra-group transactions.

Source: *Fitch Ratings*

## GCC

### Firms raise \$105bn in first half of 2007

Companies registered in the GCC raised \$105bn in the first half of 2007, constituting an increase of 25% from the same period of 2006. Mergers and acquisitions generated \$40.1bn, accounting for 38.2% of overall funds raised in the covered period. They were followed by corporate loans with \$36.5bn, or 34.8% of the total; bonds with \$12.1bn (11.5%); project finance with \$11.6bn (11%); and initial public offerings with \$4.5bn (4.3%). Funds raised through IPOs exceeded the total amount raised last year, while merger & acquisition deals have exceeded the volume of deals in 2006. In contrast, the volume of project finance deals has declined by 55% from the same period last year. Global financial institutions implemented most of the big transactions.

Source: *Thomson Financials*

### SME financing at 9% of total industrial investment

The number of small and medium-size enterprises (SMEs) in the GCC member states accounted for about 83% of the total number of industrial firms in the region last year. A total of 6,486 small firms, equivalent to 64% of the total number of factories, invest less than \$2m. The number of medium-sized factories, which invest between \$2-6m, reached some 1,981 factories, or 19% of the total number of industrial firms in the same year. However, aggregate investment in SMEs does not exceed 9% of the total investment in the GCC's industrial sector.

Source: *Gulf Organization for Industrial Consulting*

## KUWAIT

### Government to sell 80% of Kuwait Airways

The government stated that it intends to sell an 80% stake in loss-making national carrier Kuwait Airways Company (KAC). Authorities want to sell 40% of the firm in an initial public offering. Another 40% would be offered in an auction for firms listed on the Kuwaiti Stock Exchange, while the government would keep a 20% stake. KAC management has been keen to privatize the company to make it more competitive, but many parliamentarians have rejected such moves in the past, saying that this would endanger jobs of Kuwaitis. The airline lost \$33m in the financial year that ended March 31, 2007.

Source: *KUNA, Arab Times*

## KAZAKHSTAN

### Annual inflation at 8% in June

According to figures released by the Statistical Agency of Kazakhstan, inflation was 0.8% month-on-month, up significantly from 0.3% in June 2006. Year-on-year inflation was estimated to have increased to 8.1% from 7.9% in May. Annual inflation has been rising since April's 7.7% and amounted to 2% during the second quarter compared with the Central Bank's 1.6-1.8% forecast made in March. Inflation has come close to the upper end of the Central Bank's base-case scenario of 7.3-8.3% in 2007.

Source: *Credit Suisse*



# BANKING

## EGYPT

### Central Bank leaves interest rates on hold

The Central Bank of Egypt's Monetary Policy Committee decided to keep overnight deposit rates and overnight lending rates unchanged at 8.75% and 10.75%, respectively. The committee based its decision on declining inflation levels that fell in May to 10%, from 11.7% in April and 12.8% in March. The bank said annual headline inflation had reached its peak in March and is currently declining, but inflationary demand pressures from the current economic growth remain a concern for the bank.

Source: *Dow Jones Newswires*

### Banque du Caire up for sale

The government announced it is looking to sell an 80% stake in state-owned Banque du Caire by the end of the summer and then float a further 15% in an initial public offering. The remaining 5% will be reserved for the bank's employees. Banque du Caire is currently owned by Banque Misr, another state-owned bank. The bank is the second state-owned lender to be put up for sale after the government sold an 80% stake in the Bank of Alexandria in October when Italian bank Sanpaolo IMI paid \$1.6bn for the deal.

Source: *Dow Jones Newswires*

## NIGERIA

### Nigeria removed from money laundering watch list

The Financial Action Task Force (FATF) against money laundering removed Nigeria from its Watch List of countries being monitored for the implementation of anti-money laundering measures. In June 2006, FATF removed Nigeria from its blacklist of countries not cooperating in the global fight against money laundering and terrorism financing, after four years on the list. FATF noted the significant progress Nigeria has made over the last year, including its recent admission to the Egmont Group of Financial Intelligence Units, and decided to remove the country from its watch list. In a statement after its plenary meeting, FATF said that "Since one year has passed after delisting, and no particular concerns were raised since the delisting, the FATF has ended the monitoring of Nigeria."

Source: *FATF*

## YEMEN

### New anti-money laundering law

The Committee for Combating Money Laundering and the Funding of Terrorism finalized a new draft law in cooperation with the World Bank and the United Nations Office on Fighting Drugs and Crime. The new legislation will replace the existing law on money laundering issued in 2003 and will have a wider scope. The draft law limits the amount of money that can be transferred from one bank account to another, as well as cross-border transfers. The law also calls for better monitoring of money transfers through corporations or other authorities. The draft legislation, which has already been examined by the Financial Action Task Force, is expected to be submitted to Parliament soon for ratification.

Source: *Yemen Observer*

## UKRAINE

### Ukrsotsbank acquired for \$2.07bn

Bank Austria Creditanstalt, a subsidiary of Unicredito Italiano, Italy's second largest bank, announced the acquisition of a 95% stake in Ukrsotsbank for \$2.07bn. The deal constitutes the largest amount to date paid for a Ukrainian bank. A previous attempt to buy Ukrsotsbank, by Italy's Intesa group, did not succeed due to delays in obtaining regulatory approvals from Ukrainian authorities. Ukrsotsbank is the fourth largest bank in Ukraine with \$4bn in assets, representing a 5.3% market share as at end-March 2007. Should the transaction be completed, Fitch Ratings expects to upgrade the bank's long-term foreign currency rating, currently at 'B-', to the level of the Ukrainian country ceiling of 'BB-'.

Source: *Credit Suisse, Fitch Ratings*

### Foreign reserves at all time high

Figures released by the National Bank of Ukraine show that gross foreign reserves reached a new all-time high of \$25.9bn at the end of June, jumping by \$1.1bn month-to-month. Non-gold reserves rose to \$25.5bn from \$24.4bn at the end of May. The data reflect the \$500m Eurobond issued last month. With the pipeline of FDI transactions remaining strong, the accumulation of foreign reserves is likely to continue for the remainder of the year despite the continuing widening of the current account deficit and the political volatility.

Source: *Credit Suisse*

## KUWAIT

### Dinar revalued by 0.4% against US dollar

The Central Bank of Kuwait revalued the Kuwaiti dinar by allowing a 0.4% appreciation of its currency against the US dollar. This constitutes the second revaluation of the local currency in two months. Last May, authorities allowed the dinar to appreciate by 0.37% and abandoned the peg to the US dollar in favor of a shift to a currency basket to curb inflationary pressures. The change is meant to reflect the real value of the dollar, which is currently at record lows against the euro. The bank said the correlation rate of the dinar to the dollar has contributed to the decline in the purchasing power of the dinar against major currencies other than the dollar.

Source: *Standard Chartered*

## MAURITANIA

### Islamic bank to be established

Qatar International Islamic Bank announced plans to open an Islamic bank in Mauritania and has applied for a licence from local monetary authorities. The new institution will be the country's first Islamic bank, according to the Qatari bank. The Mauritanian bank will raise up to \$24m in capital from local, Qatari and other investors.

Source: *The Peninsula*



# ENERGY/ COMMODITIES

## Oil below \$76, but gasoline worries offer support

Oil hovered below \$76 a barrel on Thursday, but nagging concerns over gasoline supplies and a drop in crude stocks in the United States helped the market recoup some losses. London Brent crude seen as the best indicator of the global market, was up 21 cents at \$75.65 a barrel, after sliding 96 cents on Wednesday. U.S. crude rose 17 cents to \$72.73 after falling 25 cents a day earlier.

U.S. Energy Information Administration data showed a 1.2 million-barrel increase in gasoline inventories in the week ended July 6. But gasoline stocks remained 8.2 million barrels lower than a year ago, while the peak demand season is expected to last at least more than a month. Demand for gasoline over the past four weeks was up 1.4% against year-ago levels. Crude stocks in the world's top energy consumer fell 1.4 million barrels last week, compared to an expected rise of 100,000 barrels. Saudi Oil Minister Ali al-Naimi said the tightness in supply of oil products such as gasoline and international political tensions were helping to push prices higher. Other members of the OPEC said they were ready to pump more crude, but saw no need to do so now, rebuffing calls from consumer nations for extra oil to lower prices that reached 11-month highs this week.

Source: Reuters

## \$1.7bn Syrian refinery plan

Kuwait's Noor Financial Investment is looking to put together an international consortium to build a \$1.7bn oil refinery in Syria. Noor was recently awarded a licence to open a bank in Syria with \$200m capital. A feasibility study for the 140,000 bpd plant is currently underway.

Source: Reuters

## U.S. company to build natural gas plant in Algeria

Algeria's national oil company Sonatrach and U.S. company Kellogg, Brown & Root Condor Inc. signed a \$2.88bn deal for the construction of a liquefied natural gas (LNG) plant. The facility, situated on the Mediterranean coast, will be the largest LNG plant in the country with an annual capacity of 4.5 million tons and is scheduled to be operational by 2011. According to Energy Minister Chakib Khelil, the new plant will allow Algeria to boost its production capacity and sales to European markets. Sonatrach seeks to boost its annual gas output to 85 billion cubic meters per year by 2010, from 60 billion today.

Source: Upstream

## Shell signs Qatar LNG deals

Royal Dutch Shell has signed agreements giving it access to all the liquefied natural gas from the Qatargas 4 project; and a 25-year service contract to manage a fleet of 25 Qatari LNG carriers. Qatargas 4 comprises upstream gas production facilities with a capacity of 1.4bn cubic feet per day of natural gas. The project is a 70:30 joint venture of Qatar Petroleum and Shell. Costs in the project have blown out to \$8bn, up from initial estimates of \$6bn-7bn. The plant is due to come onstream in 2010.

Source: Bloomberg

## Base metals: Lead price reaches new highs

Base metal prices continued to show mixed developments over recent days. Prices for nickel continued their correction, while aluminium, zinc, and tin are exhibiting a sideways trend. At the same time, copper and lead prices have seen strong gains. Lead prices in particular have reached new record highs, and so far, momentum shows no signs of slowing. The main reason behind this rally is the development in the lead concentrate market. China is the most important producer of refined lead. However, shortages in the production of lead concentrate are currently limiting output growth of refined lead. At the same time, consumption, especially in China, is booming. The production shortfalls in the lead concentrate market therefore have a strong price effect despite the recent stabilization of registered inventories. Nevertheless, lead prices become increasingly overheated, similar to the development in the nickel market several weeks ago. As a result, an investment in lead has become considerably more risky recently. Strong price movements in either direction are possible.

Source: Credit Suisse

## Precious metals: Silver partly recovers from the recent correction

During the week, precious metals drifted upwards. Amid the US dollar decline against the euro, gold set out calmly to a level of below \$660/oz. Apart from gold, silver has received some attention recently, as prices have corrected from values of more than \$13.25/oz to a low of \$12.20 at times. Such sharp corrections are not unusual for silver. Silver prices are faced with such precipitous plunges on a regular basis. This is also attributable to the supply surplus in the silver market that has prevailed since 2004. With the physical market still in surplus, silver prices are mainly being driven by investment demand. This makes the silver market quite speculative, and as a result the volatility is expected to increase in the months ahead.

Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	202.3	195.0	187.1	-2.1	15.1
LME metals price index	4109.1	3921.6	3827.1	-2.3	17.1
Oil prices USD	71.8	62.0	63.4	9.5	-4.7
Oil prices SDRs	47.2	41.1	42.3	9.2	-7.3
Gold \$/troy oz	649.5	659.7	638.7	-3.3	3.8
Silver cents/troy oz	1260.5	1330.5	1274.2	-8.1	10.1
Platinum \$/troy oz	1290.0	1244.1	1206.3	-0.5	4.7
Copper \$/MT	7892.5	6855.0	7084.4	3.1	5.2
Nickel \$/MT	36175.0	44933.5	38109.6	-26.7	50.7
Aluminium \$/MT	2727.5	2779.3	2692.9	-1.1	6.7
Zinc \$/MT	3435.3	3541.6	3673.9	-9.8	1.9
Steel - HR coil dry \$/MT	600.0	600.0	591.6	0.0	26.3

Source: Credit Suisse



# 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								
<b>Africa</b>													
Algeria	-	-	-	-	BBB	9.9	19.5	3.8	6.4	1.6	5.0	15.7	0.8
	-	-	-	-	Positive								
Angola	-	-	-	-	CCC	1.8	16.9	21.6	22.0	11.4	216.9	22.7	4.6
	-	-	-	-	Stable								
Egypt	BB+	Baa2	BB+	BB+	B	-7.5	91.5	24.7	119.2	5.8	118.0	1.4	5.1
	Stable	-	Positive	Stable	Stable								
Ethiopia	-	-	-	-	CCC	-5.7	77.9	23.7	128.7	2.7	246.1	-16.5	2.2
	-	-	-	-	Stable								
Ghana	-	-	-	-	B	-3.1	38.6	26.9	86.5	2.7	152.4	-6.7	-
	-	-	-	-	Stable								
Ivory Coast	-	-	-	-	CCC	-1.8	69.4	64.3	133.3	4.2	603.3	5.4	-
	-	-	-	-	Stable								
Libya	-	-	-	-	BB	32.2	5.8	10.3	14.5	3.1	7.8	18.5	2.8
	-	-	-	-	Stable								
Morocco	BB+	Baa2	-	BB+	BB	-2.7	55.9	24.0	130.8	9.6	75.3	4.0	1.9
	Stable	-	-	Stable	Stable								
Nigeria	BB-	-	BB-	-	BB	-1.4	11.1	4.0	8.7	3.7	14.18	9.7	1.4
	Stable	-	-	-	Stable								
Sudan	-	-	-	-	CC	-2.3	51.5	58.4	296.5	3.6	-	-9.8	7.4
	-	-	-	-	Stable								
Tunisia	BBB	A3	BBB	BBB	BB	-2.9	54.8	54.7	134.2	15.2	260.1	-1.6	2.7
	Stable	-	-	Stable	Stable								
<b>Middle East</b>													
Bahrain	A	A1	A-	BBB+	A	6.1	25.8	129.0	63.1	5.8	750.7	9.9	12.1
	Stable	-	-	Stable	Stable								
Iran	-	-	B+	BB-	BB	-11.1	24.1	5.2	20.3	3.2	25.4	3.1	0.0
	-	-	-	Stable	Negative								
Iraq	-	-	-	-	D	-0.3	-	111.9	195.7	3.8	-	4.7	-
	-	-	-	-	Stable								
Jordan	BB	Baa3	-	BB	B	-3.4	73.2	89.0	137.0	6.6	221.6	-13.6	12.6
	Stable	-	-	Stable	Stable								
Kuwait	A+	Aa2	AA-	A+	A	33.3	9.2	17.9	32.8	2.0	106.2	39.3	-4.5
	Stable	-	-	Stable	Stable								
Lebanon	B-	B2	B-	B-	CCC	-13.1	174.6	101.6	492.5	14.8	242.6	-10.8	4.7
	Negative	-	-	Negative	Stable								
Oman	A	A1	-	A-	A	10.1	7.7	17.2	19.8	5.9	113.7	8.6	2.0
	Stable	-	-	Stable	Stable								
Qatar	AA-	Aa2	-	A+	A	6.8	15.5	47.0	96.5	10.9	407.7	27.8	4.3
	Stable	-	-	Stable	Stable								
Saudi Arabia	A+	Aa3	A+	A+	A	19.4	4.7	8.4	26.1	2.4	122.9	31.9	0.5
	Stable	-	-	Stable	Stable								
Syria	-	-	-	-	CCC	-5.3	44.1	20.1	49.3	4.1	107.8	-1.1	1.4
	-	-	-	-	Stable								
UAE	-	Aa2	-	AA-	A	23.9	10.6	60.0	29.8	2.0	332.9	18.8	5.2
	-	-	-	Stable	Stable								
Yemen	-	-	-	B-	B	-	38.8	28.9	69.2	2.8	73.9	-5.2	-
	-	-	-	Stable	Stable								



# 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								
<b>Central &amp; Eastern Europe</b>													
Armenia	-	Baa3	BB-	-	-	-3.3	17.6	27.1	210.0	2.6	161.6	-4.1	3.5
Bulgaria	BBB+ Stable	A1	BBB	-	BBB	2.6	19.5	80.0	147.3	18.0	228.2	-16.1	11.0
Kazakhstan	BBB Stable	A2	BBB	-	BB	0.3	4.4	60.4	225.2	36.0	197.8	2.3	5.1
Romania	BBB- Positive	A1	BBB	BBB- Stable	BBB	-2.9	12.8	42.0	178.3	22.3	233.1	-11.9	6.9
Russia	BBB+ Stable	A2	BBB+	-	BBB	3.6	8.2	33.5	90.8	12.5	98.5	6.3	1.3
Turkey	BB- Stable	Ba1	BB-	BB- Stable	B	-2.0	60.9	52.3	194.8	37.6	340.6	-7.9	4.6
Ukraine	BB- Negative	Ba3	BB-	-	BB	-2.6	17.5	44.7	105.6	17.5	207.5	-3.6	4.2

Sources: Moody's Investors Service; EIU - The above figures are estimated for 2007



## SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
<b>USA</b>	Fed Funds Target Rate	5.25	28-Jun-07	No change	07-Aug-07
<b>Eurozone</b>	Refi Rate	4.00	05-Jul-07	No change	02-Aug-07
<b>UK</b>	Base Rate	5.75	05-Jul-07	Raise 25bps	02-Aug-07
Japan	O/N Call Rate	0.50	15-Jun-07	No change	12-Jul-07
Australia	Cash Rate	6.25	03-Jul-07	No change	07-Aug-07
New Zealand	Cash Rate	8.00	06-Jun-07	Raise 25bps	25-Jul-07
Switzerland	3 month Libor target	2.50	14-Jun-07	Raise 25bps	13-Sep-07
<b>Emerging Markets</b>					
China	One-year lending rate	6.57	18-May-07	Raise 18bps	N/A
Hong Kong	Base Rate	6.75	08-Aug-06	No change	N/A
Taiwan	Discount Rate	3.125	21-Jun-07	Raise 25bps	27-Sep-07
South Korea	O/N Call Rate	4.50	08-Jun-07	No change	12-Jul-07
Malaysia	O/N Policy Rate	3.50	28-May-07	No change	24-Jul-07
Thailand	1D Repo	3.50	23-May-07	Cut 50bps	18-Jul-07
India	Reverse repo rate	6.00	24-Apr-07	No change	31-Jul-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
<b>Egypt</b>	overnight lending	10.75	10-Jul-07	No change	N/A
Turkey	Base Rate	17.50	14-Jun-07	No change	12-Jul-07
South Africa	Repo rate	9.50	07-Jun-07	Raise 50bps	16-Aug-07
Kenya	Central Bank Rate	8.50	15-Jun-07	Cut 150bps	Aug-07
Nigeria	Monetary Policy Rate	8.00	06-Jun-07	Cut 200bps	Aug-07
Ghana	Prime Rate	12.50	21-May-07	No change	July 07
Mexico	Target Rate	7.25	22-Jun-07	No change	27-Jul-07
Brazil	Selic Rate	12.00	06-Jun-07	Cut 50bps	18-Jul-07
Armenia	Repo Rate	4.50	N/A	N/A	N/A
Romania	Policy Rate	7.25	N/A	N/A	N/A
Bulgaria	Overdraft rate	8.40	N/A	N/A	N/A
Kazakhstan	Reverse repo rate	9.00	01-Jul-06	N/A	N/A

Source: Standard Chartered - Countries in bold updated on July 12, 2007



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