



COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

EMERGING MARKETS

Global banking fears exaggerated

Moody's Investors Service stated that fears of a global banking systemic crisis are exaggerated despite the most recent events in international financial markets, given that the 'core' of the system is still comfortably shock-resistant, adding that the financial system has been specifically designed to accommodate unusual funding needs. The agency said that it does not foresee widespread ratings downgrades for banks across the world as a result of the current market tensions, but it expects to see third quarter earnings decline for a number of banks and possible ratings downgrades for a handful of them.

Moody's expects the financial fall-out of problems in the U.S. sub-prime mortgage market to be manageable for large universal banks in emerging markets at their current rating levels, given the diversification of these banks' business and the fact that their overall net position in sub-prime and other affected asset classes should remain modest relative to each firm's capital and liquidity. However, the financial impact could be more significant for a select number of smaller and less diversified banks with less risk management expertise, and for less resilient businesses with lower levels of recurrent profitability and lower capital cushions. It said "isolated casualties are more likely to occur at the periphery, among smaller institutions that may or may not be assisted depending on their respective countries' aversion to bank failures". It stressed that the cost of market interventions by central banks is minimal when compared to the widespread damage that would be caused by a potential money market dislocation.

Source: *Moody's Investors Service*

KAZAKHSTAN

Parliamentary elections are non-event

The pro-presidential party Nur-Otan won the parliamentary elections held on August 18 by an overwhelming majority. According to preliminary official results, Nur-Otan received 88% of the votes and won every contested seat in Parliament, while the main opposition party, True Ak Zhol, won 3.25% of the votes. No other party crossed the 7% threshold necessary to enter Parliament. President Nursultan Nazarbaev dissolved Parliament in June and set new elections for August, two years ahead of the scheduled 2009 date because of amendments to the Constitution. The constitutional amendments, designed as a first step to move from a presidential to a parliamentary system, are believed to be broadly cosmetic and will not have a genuine impact on political decision-making, with the parliament remaining a largely pro-presidential body with few real powers. A spokesman for the 400-person observer mission of the Organization for Security and Cooperation in Europe (OSCE) said the election showed progress toward democracy, although numerous "international standards" were not met. President Nazarbaev is keen to demonstrate fairness and transparency in the election process in order to increase the chances of Kazakhstan chairing the OSCE in 2009.

Source: *Credit Suisse*

LEBANON

The Netherlands to host special tribunal

The United Nations declared that the Netherlands has agreed to host a special tribunal for trying suspects in the February 2005 assassination of Prime Minister Rafiq Hariri. The UN plans to send a delegation to the Netherlands in the next few weeks to discuss practical arrangements for the tribunal. Last May, the UN Security Council approved the creation of an international tribunal to prosecute the suspected killers of PM Hariri. The tribunal will be established on the basis of Chapter 7 of the UN Charter, which gives the Security Council the power to pursue those member states that do not cooperate with its decisions.

Source: *Reuters*

IRAN

Iran agrees to share information on nuclear program with IAEA

Iran and the U.N. International Atomic Energy Agency (IAEA) announced they have agreed on a timeline for answering outstanding questions about Iran's nuclear program. Tehran agreed in June to draw up an action plan within 60 days to grant more access to its nuclear sites for IAEA inspectors and clear up longstanding agency questions about the nature and scope of the program. The U.N. body has complained that Iran has stonewalled its inquiries into the history and scope of Tehran's nuclear activities and curbed inspector movements. But the United States said Tehran must both cooperate with the U.N. inspectors and halt sensitive nuclear work if it wants to avoid a third round of U.N. sanctions. The United Nations has imposed two sets of sanctions since December because of Iran's failure to halt uranium enrichment.

Source: *Reuters*

TURKEY

Gul fails in first round of presidential vote

The Justice & Development Party's presidential candidate Abdullah Gul won most votes in the first round of the presidential election held on August 20th, but did not secure the two-thirds majority needed in parliament for an outright win. The quorum of 367 deputies was easily fulfilled, as 448 deputies were present, but Foreign Minister Gul received 341 votes in his favor, which fell short of the 367 votes required to be elected in the first round of voting. The second round of voting will be held on August 24 but he is expected to be elected in the third round of voting on August 28 when he would need just a simple majority to win. Turkey's military and secular elite blocked Gul's first bid to become head of state in April because of his Islamist past, triggering early parliamentary elections that returned his party to power.

Source: *Merrill Lynch, Reuters*

OUTLOOK

IRAQ

IMF projects economic growth of 6.3% in 2007

The International Monetary Fund indicated that Iraqi authorities are strengthening economic policies and making progress in structural reforms despite an unsettled political situation and a very difficult security environment. It projected economic growth of 6.3% and non-oil GDP growth of 5% in 2007, and forecast inflation to end the year at 30%, down from 65% a year earlier. It considered that Iraq's economic prospects depend critically on an improvement in the security situation. It welcomed the government's commitment to pursue a prudent fiscal policy by keeping current spending in 2007 within the budget limits and to maintain fiscal sustainability over the medium term, and projected a fiscal deficit of 10% for 2007.

The IMF was encouraged by the reduction in inflation and generally supported the policy of the Central Bank of Iraq (CBI) to continue allowing the gradual appreciation of the dinar through end-2007. This would contribute to further reducing inflation and de-dollarizing the economy. It called on the CBI to accelerate the pace of appreciation and tighten monetary conditions further if inflation deviates from its downward path and dollarization is not reduced as expected. It welcomed the steps taken to strengthen financial safeguards at the CBI and expected foreign reserves to be at \$21.3bn at end-2007, equivalent to 7 months of imports of goods and services.

The Fund stressed the need to implement priority structural reforms as circumstances permit. It encouraged authorities to improve incentives for economic activity and to press ahead with the restructuring of the banking system to increase financial intermediation, especially for the private sector. It also welcomed the government's efforts to rehabilitate viable public enterprises on a commercial basis, and stressed that any government financial support should be efficient and fully reflected in the budget. The IMF commended the authorities for the new investment law, which provides an important framework for attracting foreign investment. It welcomed the authorities' efforts to conclude debt agreements with the remaining official and private creditors, and urged creditors to provide debt relief and to conclude debt agreements expeditiously. It expected Iraq's external debt to reach 90.4% of GDP at end-2007, down from 111% at end-2006.

Source: International Monetary Fund

KAZAKHSTAN

Bank refinancing risk moderate in near-term

Fitch Ratings stated that there is only moderate near-term refinancing risk for Kazakhstan's banks as a result of the current turbulence in global financial markets and the banks' reduced access to foreign funding. The agency said the high proportion of external liabilities makes the banks highly dependent on continued international market access to finance further growth. However, it concludes that scheduled repayments in the second half of 2007 and 2008 are moderate and well covered by liquid assets. The agency does not, therefore, expect the Kazakh banking sector to face a critical tightening of liquidity driven only by reduced access to foreign funding, even if the latter is prolonged.

Fitch noted, however, that Kazakh banks' substantial foreign borrowings give rise to other risks, aside from refinancing issues. Credit risk is heightened as a result of foreign currency funding usually being passed on to domestic borrowers as foreign currency loans. Interest rate risk also arises due to pricing on loans and a large proportion of bank funding being determined on different markets with distinct dynamics. Both of these risks could increase in the current market environment. It said Kazakhstan authorities have the capacity and recently stated their willingness to support the banks in the event of any refinancing difficulties.

In parallel, Standard & Poor's indicated that the situation with Kazakh banks remains manageable unless the situation in the global capital markets becomes chronic. It said the banks' fundamentals are still relatively good in terms of business prospects, asset quality, earnings, and capitalization. The main impact is expected to be the curtailing of growth trends and earning margins in the short to medium term. But if the situation drags on, a secondary effect of this crisis could start affecting banks' fundamentals, as any potential significant devaluation of the tenge associated with capital outflows could affect the repayment ability of banks' borrowers. Smaller banks are therefore much more at risk from the latest developments. S&P added that it does not plan to take any immediate rating actions on Kazakh banks.

Source: Fitch Ratings, Standard & Poor's

TUNISIA

IMF sees favorable outlook, encourages greater exchange rate flexibility

The International Monetary Fund's Article IV consultation considered that the economy's short- and medium-term outlook remains favorable. The Fund commended authorities for their skillful macroeconomic management and commitment to structural reforms, which contributed to Tunisia's strong economic performance over the past decade. Real GDP growth is expected to accelerate to 6% in 2007, while inflation should be around 3%. The Fund called on authorities to increase the exchange rate flexibility and promote the development of the money and foreign exchange markets by reducing the Central Bank's role in these markets. It welcomed the authorities' comprehensive strategy to reform the financial system based on the Financial Sector Assessment Program and its update, which has already had positive results. The IMF encouraged the authorities to consider additional measures to strengthen bank management, revitalize credit culture, improve risk management, and improve financial transparency. It added that a dynamic and efficient banking sector will be essential for higher growth and sound transition to a fully liberalized capital account. It said the continued efforts to liberalize the services sector and improve the investment climate would strengthen the economy's competitiveness. The IMF also welcomed the progress made in implementing measures to combat money laundering and the financing of terrorism and supported the authorities' request for Fund technical assistance in this area.

Source: International Monetary Fund



ECONOMY & TRADE

IRAQ

Three mobile licenses sold for \$3.75bn

Iraq awarded three mobile phone licenses to Kuwait's Mobile Telecommunications Co., Qatar Telecom's subsidiary AsiaCell, and the Erbil-based Korek Telecom to operate national cellular telephone networks. Other bidders were Turkey's TurkCell and Egypt's Orascom Telecom. Finance Minister Bayan al-Zubaidi said each license generated \$1.25bn, significantly more than the \$400-\$450m expected per license, and raising a total of \$3.75bn. The three firms, which already run regional networks in Iraq, made the highest bids in two days of auctions. Each mobile license will last 15 years and the winners will share 18% of their revenues with the Iraqi government and pay a 15% tax on profits. The Finance Ministry estimated that the three licenses will bring the government total receipts of around \$8bn over the 15 years. The new licenses replace three short-term contracts awarded in 2003 that have been extended several times and that are set to expire at the end of August. The Iraqi government will sign the new licenses at the end of August, to be valid from the end of November. It is considering awarding a fourth mobile license to the state-run fixed-line operator Iraqi Communications Company.

Source: *Dow Jones Newswires*

OMAN

Launch of €100m venture capital fund

The Omani Center for Investment Promotion and Export Development announced the launch of a €100m venture capital fund in association with Neuhaus Partners, a German-based venture capital firm. The Oman Venture Capital Fund will help small and medium-size enterprises (SMEs) in Oman by addressing the capital needs of new entrepreneurs and establish a knowledge-based economy in the Sultanate. The 10-year fund will have a first closing of €50m and final closing of €100m euros. The fund term is 10 years while the investment period will be for five years. The fund will mainly invest in early-stage technology companies and plans to inject between \$670,000 and \$4.3m per firm. The fund's main focus will be Oman but it will also invest up to 20% of its capital in other GCC countries.

Source: *Times of Oman*

MAURITANIA

Mauritania to sign partnership agreement with West African states

Mauritania announced it will sign an economic partnership agreement (EPA) with the Economic Community of West African States (ECOWAS) by the end of the year. The two sides have been discussing ways to promote economic relations between the country and the sub-regional organization. The EPA falls under commitments the two sides made at the 2003 Cotonou Convention and will be extended by a free trade convention with the EU. Mauritania withdrew from ECOWAS in 1989 under former President Taya.

Source: *Magharebia News*

RUSSIA

Fitch affirms Russia at 'BBB+', Outlook Stable

Fitch Ratings affirmed Russia's foreign currency and local currency Issuer Default ratings (IDR) at 'BBB+', with Stable Outlooks. At the same time, the agency affirmed the Short-term rating at 'F2' and the Country Ceiling at 'A-'. The agency said the pick up in investment growth to around 20% this year increases confidence in Russia's medium-term growth prospects, while high oil prices are continuing to improve its financial position and capacity to absorb shocks. However, the ratings are constrained by structural weaknesses such as the banking sector, the business climate and exposure to commodity prices; while upcoming elections could raise uncertainty. Fitch expects the government to run a budget surplus of around 5% of GDP this year, which should allow it to reduce general government debt to just 9% of GDP at end-2007, well below the 'BBB' range median of 31%, while boosting assets in the Stabilization Fund (SF) to close to 14% of GDP. Private sector external borrowing is rising rapidly, yet Fitch forecasts Russia's net external creditor position to reach 21% of current external receipts (CXR) by end-2007, compared with the 'A' range debt-to-CXR median of 2%.

Source: *Fitch Ratings*

UKRAINE

S&P affirms ratings

Standard & Poor's affirmed its 'BB-' sovereign rating for Ukraine and maintained its negative outlook. The agency said that near-term political risks in Ukraine have subsided but the shortened electoral cycle due to early parliamentary elections was still a concern. Other concerns listed by the agency were the impact of the forthcoming elections on the privatization process, and the inadequate banking sector supervision. S&P expressed concern about the rapid growth in private sector leverage if Ukraine's external environment were to worsen. The agency changed its outlook from 'stable' to 'negative' in early April due to an increase in political tensions but noted in June that Ukraine's banking sector remains solid despite the political volatility.

Source: *Standard & Poor's*

NIGERIA

Annual inflation at 4.8% in July

Annual CPI inflation reached 4.8% in July, down from 6.4% in June, constituting a more rapid decline than expected, as both food and non-food prices grew more moderately than forecast. The decline in annual inflation is attributed to low food price inflation of just 1.1% year-on-year in July, down from 3.2% in June. Non-food inflation was just 0.6% in July compared to 2.3% in June. The rise in monthly inflation in June from the nationwide fuel price hike and labor strike appears to have been far less lasting than expected, while energy prices continue to drive non-food inflation.

Source: *Credit Suisse*



BANKING

SYRIA

IMF supports lifting of peg to U.S. dollar

The International Monetary Fund welcomed Syria's decision to end the Syrian pound peg to the U.S. dollar in exchange for a peg to the IMF's Special Drawing Rights. The basket of currencies will consist of 44% euros, 34% U.S. dollars, 11% Japanese yen and 11% Sterling pounds. The Fund noted that the move ensures greater stability of the nominal effective exchange rate, and therefore minimizes the macroeconomic disruptions generated by fluctuations in cross-rates between the major currencies. It would also be a useful intermediate step in moving toward greater flexibility. According to the IMF, these benefits are likely to outweigh any costs of moving away from targeting a single currency, including some weakening of the role of the exchange rate as a nominal anchor. This is due to Syria's limited reliance on the U.S. dollar in wage negotiations and other contracts. But the IMF cautioned that such a move would be appropriate once the Central Bank of Syria gains credibility in operating a new managed float currency regime and a better understanding of balance of payments developments.

Source: *International Monetary Fund*

BAHRAIN

First microfinance bank in GCC to be launched

The Ministry of Finance announced that the first micro finance bank in Bahrain and the GCC will be operational later this year. The Innovation Bank, mandate will be to extend micro-credit facilities at very competitive rates. The bank will be 40%-owned by the Arab Gulf Program for United Nations Development Organizations (AGFUND), 40% by the Bahrain Development Bank and 20% by private investors. The bank will have an authorized capital of BD10 million and paid-up capital of BD5 million, and will be licensed by the Central Bank of Bahrain. It will provide financial assistance to small-scale business starters including businesswomen. The bank plans to issue at least 1,000 loans by the end of the year.

Source: *Bahrain Tribune*

NIGERIA

Banks establish credit bureau

Nine Nigerian banks announced the formation of the first bank-sponsored credit bureau, the Credit Reference Company, which plans to compile and provide reliable credit information to financial institutions and consumer product companies. The new industry initiative aims help improve transparency, reduce fraud, and improve access to financial and consumer services for poorly-served segments of the market. The International Finance Corporation, the private sector arm of the World Bank Group, will advise the credit bureau on strategic matters, and plans to work with other key stakeholders such as the Central Bank of Nigeria, the Risk Management Association of Nigeria, and the Organization of Credit Managers to ensure that the country's laws support the development of a private credit bureau industry that can provide robust and comprehensive financial information.

Source: *International Finance Corporation*

EGYPT

Central Bank keeps policy rates unchanged

The Monetary Policy Committee (MPC) of the Central Bank of Egypt kept the overnight deposit and lending rates unchanged at 8.75% and 10.75%, respectively. The MPC said that despite the decline in the year-on-year inflation rate in the last few months and its expectation of continued disinflation in the coming months, inflationary demand pressures from the current economic growth remain a concern. The governor of the Central Bank had said previously that he expected CPI inflation to decline to an annual 7% in August and even lower in the coming months, and that these forecasts did not take into account the possible cuts in energy subsidies that will be implemented in the coming months.

Source: *Credit Suisse*

KAZAKHSTAN

Central Bank to boost liquidity and prevent currency devaluation

The National Bank of Kazakhstan (NBK) pledged liquidity support to commercial banks amid tightening of credit conditions globally, adding that it does not foresee "any long-term or fundamental problems" in the banking system. The NBK formed a \$2bn financial market stabilization fund to provide short-term credits to banks if needed. It said it is preparing to postpone the tightening of reserve requirements scheduled to go into effect on August 29, and that these requirements could even be eased in October. Kazakh banks are scheduled to redeem roughly \$3bn per quarter on average in the coming 12 months. In parallel, the NBK stated that it would try to maintain currency stability and will take an "active position on the market to prevent any sharp devaluation." Also, NBK Governor Anvar Saidenov predicted that tenge depreciation, caused by the repatriation of non-residents' money and the accumulation of foreign reserves by local banks, would last for another one or two months with appreciation trend returning before the end of the year.

Source: *Credit Suisse, Merrill Lynch*

RUSSIA

Central Bank suspends nine banking licenses

The Central Bank of Russia (CBR) has suspended in the last three months operating licenses of nine banks and financial services institutions that failed to comply with the federal money laundering law. Apart from the usual high sums found in unreported transactions, more than \$1.6bn in one case, the CBR has started to offer new reasons for its withdrawal of operating licenses. For the first time, the Central Bank has mentioned "inadequate risk assessment" as a deciding factor. There is also more emphasis on "non-resident" bank accounts and the reports mention other jurisdictions as well as unreported or suspicious transactions. The final notices linked unnamed banks and companies registered in Belize, Kyrgyzstan, Latvia, Lithuania, Moldova Ukraine, the UK and the US to the transactions.

Source: *Complinet*



ENERGY/ COMMODITIES

Oil firms on stocks, Mexico supply concerns

U.S. crude rose 11 cents to \$69.37, recovering after a 31-cent loss on Wednesday that drove the market to its lowest close in nearly two months. Prices have fallen about 12% from their record high \$78.77 on August 1st. London Brent crude gained 20 cents to \$68.90 a barrel. Oil traders looked past data showing an unexpected rise in weekly crude stocks to focus on the apparent recovery in risk appetite among some investors, which helped lift commodities markets. Oil gained on hope that easing financial market turmoil would bring speculators back to the market and relieve fears that the credit problems would slow economic growth. The macro-picture overshadowed weekly inventory data that showed a surprise 1.9 million barrel increase in crude oil stocks, while gasoline inventories fell by 5.7 million barrels versus forecasts for a drop of 900,000 barrels. The stocks were lower than the month's usual average, but the end of the summer driving season sentiment limited market reaction. U.S refining capacity utilization dipped 0.2% point to 91.6% on reduced activity at Gulf Coast refiners.

Importers of Mexican crude are expected to see supply delays as Pemex shut 80% of the country's output in advance of Hurricane Dean, while a major US refiner, Shell Oil Co. also cut crude runs at its Deer Park venture. Pemex said it would begin to restore output on Friday and that operations would be at 80% by early next week if there was no major damage from Dean.
Source: Reuters

Riyadh to host OPEC summit

The third summit of the Organization of the Petroleum Exporting Countries (OPEC) will be held in Riyadh in November. The summit will address OPEC's efforts in oil market stability, including the role of OPEC Fund as a humanitarian front to the organization. OPEC has begun sending formal invitations to the 12 participating member states.

Source: KUNA

Jordan says no fuel price hike

Jordan has announced that it has no plans to raise fuel prices this year, despite recent press reports indicating that an increase was likely to help offset the country's budget deficit. Authorities have imposed fuel price hikes four times since the US-led war on Iraq in 2003.

Source: Jordan Times

OPEC urged to halt oil cuts

The Centre for Global Energy Studies believes OPEC's policy of maintaining a tight grip on oil production is hurting the world economy. OPEC has been cutting output since October 2006 despite increased market demand. The centre says the cuts appear to be aimed at keeping the world short of oil in order to force down stocks.

Source: Khaleej Times

Base metals: The sell-off continues

The sell-off in the base metal markets continued over the last couple of days. Prices at the London Metal Exchange (LME) declined without exception this week. Tin prices have been hit worst and fell significantly below the \$14,000 mark. Apart from tin, nickel and copper were also under particular selling pressure. Apart from heavy selling amid the financial market turbulence, copper prices were also burdened by weak physical demand from China. Moreover LME copper inventories have increased further, which was also negative for prices. Continued strikes in South America and in Grupo Mexico's Cananea mine in particular so far have failed to provide price support. On the contrary, the outlook that these strikes might be settled toward the end of the month even worsened market sentiment further. Nickel prices have already been correcting since mid-May. The price decline has continued over the last couple of days amid new nickel inflows into LME warehouses. Since its all-time high on May 4, nickel prices have declined roughly 40%. After this significant correction, buying support should emerge somewhere. A stabilization of the nickel price below the technical support level of \$25,000 is expected.

Source: Credit Suisse

Precious metals: Silver and Palladium with severe losses

Precious metals also lost ground during the week amid the current downturn in the global equity markets. Gold and platinum suffered only somewhat from these conditions on the financial markets, while palladium and silver experienced severe losses during the week. The latter two markets are both in a supply surplus, and thus are mainly driven by speculative trading and consequently, are far more volatile than gold and platinum. Therefore it is not surprising that these two metals have lost the most during the recent correction. This is mainly the reason why investments in gold and platinum are preferred over investments in silver and palladium. Consequently, investments in the latter two markets, mainly for trading-oriented and less risk-averse investors, are recommended.

Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	202.6	199.9	190.3	-1.3	15.2
LME metals price index	3490.4	4044.8	3865.7	-13.8	-6.1
Oil prices USD	70.9	66.2	63.4	-4.4	-0.5
Oil prices SDRs	46.6	43.6	42.1	-3.8	-2.6
Gold \$/troy oz	669.2	665.8	642.4	0.5	6.4
Silver cents/troy oz	1236.5	1324.2	1289.9	5.1	1.8
Platinum \$/troy oz	1245.0	1273.7	1213.5	-5.2	0.7
Copper \$/MT	7150.0	7390.5	7096.8	-10.3	-5.4
Nickel \$/MT	25052.5	43172.5	38460.0	-21.5	-24.9
Aluminium \$/MT	2437.5	2743.5	2713.1	-10.9	0.7
Zinc \$/MT	3110.5	3538.0	3690.9	-12.3	-4.6
Steel - HR coil dry \$/MT	600.0	600.0	600.3	0.0	-3.2

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								
Africa													
Algeria	-	-	-	-	BBB	9.9	19.5	3.8	6.4	1.6	5.0	15.7	0.8
	-	-	-	-	Stable								
Angola	-	-	-	-	B	1.8	16.9	21.6	22.0	11.4	216.9	22.7	4.6
	-	-	-	-	Positive								
Egypt	BB+	Ba1	BB+	BB+	B	-7.5	91.5	24.7	119.2	5.8	118.0	1.4	5.1
	Stable	-	-	Stable	Stable								
Ethiopia	-	-	-	-	CCC	-5.7	77.9	23.7	128.7	2.7	246.1	-16.5	2.2
	-	-	-	-	Stable								
Ghana	B+	-	-	-	B	-3.1	38.6	26.9	86.5	2.7	152.4	-6.7	-
	Stable	-	-	-	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								
Mauritania	-	-	-	-	-	-2.3	105.9	78.9	123.4	4.5	-	-2.6	-
	-	-	-	-	-								
Morocco	BB+	Ba1	BBB-	BB+	BB	-2.7	55.9	24.0	130.8	9.6	75.3	4.0	1.9
	Positive	-	-	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	Baa2	BBB	BBB	BBB	-2.9	54.8	54.7	134.2	15.2	260.1	-1.6	2.7
	Stable	-	-	Stable	Stable								
Middle East													
Bahrain	A	A2	A-	A-	A	6.1	25.8	129.0	63.1	5.8	750.7	9.9	12.1
	Stable	-	-	Stable	Stable								
Iran	-	-	B+	-	B	-11.1	24.1	5.2	20.3	3.2	25.4	3.1	0.0
	-	-	-	-	Stable								
Iraq	-	-	-	-	D	-0.3	-	111.9	195.7	3.8	-	4.7	-
	-	-	-	-	Stable								
Jordan	BB	Ba2	-	BB	B	-3.4	73.2	89.0	137.0	6.6	221.6	-13.6	12.6
	Stable	-	-	Stable	Stable								
Kuwait	AA-	Aa2	AA-	AA-	A	33.3	9.2	17.9	32.8	2.0	106.2	39.3	-4.5
	Stable	-	-	Stable	Stable								
Lebanon	B-	B3	B-	B-	CCC	-13.1	174.6	101.6	492.5	14.8	242.6	-10.8	4.7
	Negative	-	-	Negative	Stable								
Oman	A	A2	-	BBB+	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	AA-	A1	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	-	Aa3	-	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								
Central & Eastern Europe													
Armenia	-	Ba2	BB-	-	-	-3.3	17.6	27.1	210.0	2.6	161.6	-4.1	3.5
Bulgaria	BBB+ Stable	Baa3	BBB	-	BBB	2.6	19.5	80.0	147.3	18.0	228.2	-16.1	11.0
Kazakhstan	BBB Stable	Baa2	BBB	-	BB	0.3	4.4	60.4	225.2	36.0	197.8	2.3	5.1
Romania	BBB- Stable	Baa3	BBB	BBB-	BBB	-2.9	12.8	42.0	178.3	22.3	233.1	-11.9	6.9
Russia	BBB+ Stable	Baa2	BBB+	-	BBB	3.6	8.2	33.5	90.8	12.5	98.5	6.3	1.3
Turkey	BB- Stable	Ba3	BB-	BB-	B	-2.0	60.9	52.3	194.8	37.6	340.6	-7.9	4.6
Ukraine	BB- Negative	B1	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	
USA	Fed Funds Target Rate	5.25	07-Aug-07	No change	18-Sep-07
Eurozone	Refi Rate	4.00	02-Aug-07	No change	06-Sep-07
UK	Base Rate	5.75	02-Aug-07	No change	06-Sep-07
Japan	O/N Call Rate	0.50	12-Jul-07	No change	23-Aug-07
Australia	Cash Rate	6.50	07-Aug-07	Raise 25bps	04-Sep-07
New Zealand	Cash Rate	8.25	25-Jul-07	Raise 25bps	12-Sep-07
Switzerland	3 month Libor target	2.50	14-Jun-07	Raise 25bps	13-Sep-07
Emerging Markets					
China	One-year lending rate	7.02	21-Aug-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	5.00	09-Aug-07	Raise 25bps	07-Sep-07
Malaysia	O/N Policy Rate	3.50	24-Jul-07	No change	24-Aug-07
Thailand	1D Repo	3.25	18-Jul-07	Cut 25bps	29-Aug-07
India	Reverse repo rate	6.00	31-Jul-07	No change	31-Oct-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	22-Aug-07	No change	N/A
Turkey	Base Rate	17.50	14-Aug-07	No change	13-Sep-07
South Africa	Repo rate	10.00	16-Aug-07	Raise 50bps	11-Oct-07
Kenya	Central Bank Rate	8.75	08-Aug-07	Raise 25bps	Oct-07
Nigeria	Monetary Policy Rate	8.00	01-Aug-07	No change	Oct-07
Ghana	Prime Rate	12.50	21-May-07	No change	Aug 07
Mexico	Target Rate	7.25	27-Jul-07	No change	24-Aug-07
Brazil	Selic Rate	11.50	18-Jul-07	Cut 50bps	05-Sep-07
Armenia	Repo Rate	4.75	N/A	N/A	N/A
Romania	Policy Rate	7.00	26-Jun-07	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 August 23, 2007



Economic Research & Analysis Department
Byblos Bank Group
P.O. Box 11-5605
Beirut - Lebanon
Tel: (961) 338 100
Fax: (961) 217 774
E-mail: research@byblosbank.com.lb
www.byblosbank.com.lb

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BYBLOS BANK GROUP

LEBANON

Byblos Bank S.A.L
Achrafieh Beirut,
Elias Sarkis Avenue- Byblos Bank Tower
P.O.Box: 11-5605
Riad El Solh Beirut 1107 2811
Phone: (+961) 1 335200
Fax: (+961) 1 339436

BELGIUM

Byblos Bank Europe S.A
Bussels Head Office
10, Rue Montoyer
B-1000 Brussels - Belgium
Phone: (+32) 2 551 00 20
Fax: (+32) 2 513 05 26
E-mail: byblos.europe@byblosbankeur.com

SYRIA

Byblos Bank Syria S.A
Abu Roummaneh Head Office
Al Chaalan - Amine Loutfi Hafez Str.
P.O.Box: 5424
Phone: (+ 963) 11 9292 - 3348240 / 1 / 2 / 3 / 4
Fax: (+ 963) 11 3348207
E-mail: byblosbanksyria@byblosbank.com

ENGLAND

London Branch
Berkeley Square House - Suite 5
Berkeley Sq.
GB - London W1J 6BS (U.K.)
Phone: (+44) 207 493 35 37
Fax: (+44) 207 493 12 33
E-mail: byblos.europe@byblosbankeur.com

SUDAN

Byblos Bank Africa Ltd.
Khartoum - Sudan
El Amarat -Street 21
P.O.Box: 8121 - El Amarat - Khartoum - Sudan
Phone: (+249) 183 566 444
Fax: (+249) 183 566 454
E-mail: byblosbankafrica@byblosbank.com

FRANCE

Paris Branch
15 Rue Lord Byron
F- 75008 Paris (France)
Phone: (+33) 1 45 63 10 01
Fax: (+33) 1 45 61 15 77
E-mail: byblos.europe@byblosbankeur.com

IRAQ

Erbil Branch, Kurdistan, Iraq
Street 60,
Near Sports Stadium
P.O.Box: 34 - 0383 Erbil, Iraq
Phone: (+ 964) 66 2233457 / 9
Fax: (+ 964) 66 2233458

CYPRUS

Limassol Branch
1, Arch. Kyprianou / St. Andrew Street
P.O.Box 50218
3602 Limassol , Cyprus
Phone: (+357) 25 341433 / 4 / 5
Fax: (+357) 25 367139
E-mail: bybloscyprus@byblosbank.com

UNITED ARAB EMIRATES

Byblos Bank Abu Dhabi Representative Office
Intersection of Muroor and Electra Streets
P.O.Box: 73893 - Abu Dhabi
Phone: (+ 971) 2 6336400
Fax: (+971) 2 6338400
E-mail: byblosbankuae@byblosbank.com

