Issue 33
August 30, 2007

BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

EMERGING MARKETS

Liquidity sufficient to ride-out credit crunch

Fitch Ratings indicated that the ongoing turmoil in global credit and money markets has spilled over to emerging markets, but that sovereign credit fundamentals are sufficiently robust to withstand the current volatility in the near term due to a healthy cushion of external liquidity. The agency said EM sovereign bond spreads widened, currencies weakened, equity markets fell and some domestic bond markets have seen declines, while credit availability has sharply dropped.

But with the switch to local capital markets for fiscal funding and healthier sovereign external balance sheets, Fitch estimates that EM sovereigns only need to raise a further $7bn from international capital markets in the rest of 2007. This additional borrowing will be from Emerging Europe, including Turkey, where external liquidity pressures are more significant than elsewhere. Further, private sector external debt maturing over the next 17 months is estimated to total $380bn compared to just $43bn for sovereigns, much of which has been borrowed by entities with ratings lower than their sovereign. Also, with aggregate international reserves exceeding $3.2trn, EM central banks are well-placed to supply foreign currency in the event that EM private sector borrowers face a sustained lock-out from international capital markets.
Source: Fitch Ratings

TURKEY

Gul elected president

The Justice & Development Party's presidential candidate Abdullah Gul was elected president on August 28th in the third round of presidential voting, after failing in the first two rounds where he could not secure the required two-thirds majority for an outright victory. Gul won by a simple majority, as he received 339 votes, significantly more than the 276 votes needed. He becomes Turkey's 11th president who is a largely ceremonial figure, but has the authority to name senior bureaucrats and judges and to return legislation to parliament. 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. In his inauguration speech, Gul pledged to stay loyal to the secular system and be impartial. In parallel, PM Erdogan's new government took office with President Gul's approval. One-third of the Cabinet includes fresh names, with major changes in economy-related portfolios. It is expected that the second term of the AKP government would benefit from familiarity with structural reforms. However, the political risk premium is likely to prevail in the short term as the main challenge for domestic politics is to move beyond the crisis that surrounded Gul's candidacy.
Source: AFP, Merrill Lynch

SYRIA

Draft legislation to ban flights to Damascus airport

The U.S. Congress is preparing draft legislation to ban international air carriers from landing at Damascus International Airport (DIA). According to a report in the daily *World Tribune*, U.S. Senator Joe Lieberman is recruiting support for legislation that would sanction Damascus International Airport. Senator Lieberman accuses DIA of being "the central hub of al Qaeda travel in the Middle East" and "the central transit point for Iranian weapons en route to Hezbollah". The U.S. Senator argues that the U.S. Government should begin developing a range of options to consider taking against DIA, including asking "responsible air carriers" to stop flights into Syria's largest airport. American carriers do not currently fly into DIA although European carriers such as Air France, Alitalia, and Austrian Airlines continue to service the Syrian capital. Syria has been under U.S. economic sanctions since 2004, while the U.S. Treasury has also imposed a ban on transactions between American financial institutions and the Commercial Bank of Syria, the largest bank in the country.
Source: Syria Report, World Tribune

LIBYA

Legislative reforms to promote democracy

Libyan leader Muammar Kadhafi's son Saif al-Islam declared that Libya needs legislative reforms to guarantee the independence of its institutions. He said reforms would include laws to guarantee an independent central bank, high court, and media outlets in order strengthen democracy and civil society. He also called for drafting a package of laws that would become the country's new constitution. He outlined a 104 billion-dinar plan to address the country's social and economic development problems. *Source: Magharebia News*

IRAQ

Three out of 18 goals achieved

A draft report by the Government Accountability Office (GAO), the investigative arm of the U.S. Congress, said Iraq has met only three out of 18 goals set by Washington for political and security progress. The report is due to be delivered to Congress next week ahead of a key report by the U.S. military commander in Iraq, Gen. David Petraeus, and Ambassador Ryan Crocker due by September 15th. The draft considered that only one of eight political benchmarks was met, while two security goals were achieved. It found that two further benchmarks, the formation of governmental regions and the allocation and expenditure of $10bn for reconstruction, have been "partially met." The GAO report also finds that "the capabilities of Iraqi security forces have not improved" and concludes that key legislation has not been passed and violence remains high.
Source: Reuters, Washington Post

OUTLOOK

WORLD

Economic growth to remain solid

The International Monetary Fund expected the global economy to continue performing well despite the recent turbulence in financial markets and projected global growth at about 5% in each of 2007 and 2008, with major emerging markets leading the way. It said the economic fundamentals, both in large industrial economies and in most major emerging economies, remain strong. However, the balance of risks has tilted to the downside when compared with a few months ago, reflecting the impact of the recent volatility in global financial markets.

According to the IMF, the principal risk is that financial market developments affect the real economy through declining asset prices, tightening financial conditions with a repricing of risk, and weaker confidence. In such circumstances, the concern would be that consumption could suffer in the United States, producing knock-on effects elsewhere. However, to the extent that financial conditions return to normal, the Fund believes these risks will likely be mitigated, as most corporations remain highly profitable and household finances continue to be sustained by solid employment growth.

The IMF noted that the global expansion is not powered by U.S. consumption alone, as growth in the eurozone and in Japan is expected to continue at around 2.5%, and major emerging markets like China and India will grow at close to or above double digit rates, thereby increasing their contributions to global growth. Also, several of the major emerging markets have strong economic fundamentals, including current account surpluses and lower debt levels. It added that the ability of emerging economies to issue debt in local currency and more flexible exchange rate systems have minimized two sources of vulnerability compared with previous episodes of financial market strains.

Source: International Monetary Fund

RUSSIA

Banks remain sensitive to liquidity events

Fitch Ratings said that Russian banks remain vulnerable to liquidity and confidence issues despite some positive trends in the system, with some segments of the sector better placed than others to absorb a stress scenario. The agency believes that the tighter global liquidity conditions would likely affect Russian banks to varying degrees. Fitch said a large number of Russian financial institutions have increased their reliance on international capital markets in recent years to diversify funding and to better match asset and liability maturities. While in most cases the near-term refinancing risks is contained, the associated rise in risk premiums will reduce Russian banks' ability to tap these markets and will raise funding costs, which they may find hard to pass on to clients.

Fitch added that although the sovereign's ability to support its banking system has improved significantly, direct support from the authorities would appear unlikely except for the systemically important banks. Fitch expects the state-owned institutions to benefit from a flight to quality in case of a confidence crisis, given their association with the state and their national or regional franchises, while small and mid-sized banks with undeveloped franchises will likely be more susceptible to liquidity risk. The agency noted a number of positive trends at large private institutions such as a growing business franchise and greater funding diversification, which should make this sector comparatively less vulnerable to liquidity issues than it once was. However, some banks have become increasingly reliant on international funding, which could present increased re-financing risks should foreign appetite dry up.

Source: Fitch Ratings

MOROCCO

IMF praises reforms, forecasts growth at 5.9% in 2008

The International Monetary Fund’s Article IV Consultation welcomed Morocco's remarkable economic progress in recent years, adding that it demonstrates the benefits of broad-based structural reforms. It said GDP grew steadily, inflation has been contained, foreign direct investment increased, and poverty and unemployment have been reduced significantly. It forecast real GDP growth at 2.5% for 2007 and 5.9% for 2008, and non-agricultural GDP at 5.5% this year and 5.7% next year. The Fund noted that inflation slowed in the first half of 2007, and is projected to average 2.5% in 2007 and 2% in 2008. It called for continued vigilance on the part of the Central Bank, as the resurgence of inflation would warrant a further tightening of monetary policy. It supported the Central Bank's ongoing efforts to improve its operational and forecasting capacity with a view to eventually adopting an inflation targeting framework.

The IMF stressed that fiscal policy needs to remain geared toward medium-term fiscal consolidation. It said that reducing the public sector wage bill, reforming the oil and food subsidy system, and accelerating tax reform will be key to bring the government debt-to-GDP ratio closer to the average for emerging-market OECD countries. In parallel, the current account is expected to record its seventh consecutive surplus in 2007, due to strong remittances and tourism receipts. The current account is expected to post a surplus of 1.8% of GDP in 2007 and 1.5% in 2008. Increased foreign direct investment is also boosting reserves, which reached $21bn at end-May 2007, significantly higher than the stock of public external debt. They are forecast to reach $23.6bn at the end of the year, equivalent to 8.4 months of imports of goods and services. The Fund encouraged further progress toward multilateral trade liberalization.

The Fund noted the improvement in financial sector soundness, and supported the central bank's decision to require banks to comply with Basel II prudential requirements since June 2007. It considered that Morocco's exchange rate policy is consistent with external stability, and that there are no indications that the dirham is misaligned. It also supported the authorities' strategy of gradually opening the capital account, as well as the recently announced capital account liberalization measures, and welcomed the authorities' request for Fund technical assistance in this area.

Source: International Monetary Fund

ECONOMY & TRADE

SYRIA

Al Aqeelah Takaful launches IPO

Al Aqeelah Takaful Insurance launched an initial public offer for 51% of its share capital. The IPO of the Islamic insurer is for 2.04 million shares at SYP500 each, while its capital stands at SYP2bn or $40m. The Kuwaiti investment firm Al Aqeelah Leasing, Finance and Investment Co. (ALFIC) is the leading shareholder in the firm with 32% of the shares. Al Aqeelah is the first Islamic insurance firm in Syria. Eight traditional private insurance firms have already started operations in the country.
Source: Syria Report

IRAQ

Reconstruction to cost up to $150bn

The Iraqi Finance Minister declared that Iraq requires $100bn-$150bn in the coming five years for the reconstruction of its infrastructure due to four consecutive years of violence. Necessary infrastructure work includes sewerage, water lines, the electricity sector, and the rehabilitation of damaged bridges. Other challenges facing the Iraqi economy include low investments, unemployment, high inflation rates, low GDP and the deterioration of productive sectors. The country's budget for 2007 set aside a total of $14bn for capital investment and the Iraqi government has also withdrawn $7.4bn from the Development Fund for Iraq this year.
Source: Iraq Directory, Al Hayat

Hedge fund to target listed and state-owned firms

The Iraq Fund LLC, Iraq's first hedge fund announced plans to raise up to $100m in the coming 18 months to invest in companies listed on the Iraq Stock Exchange and in state-owned enterprises. The fund will primarily target undervalued, publicly-listed firms and state-owned companies in manufacturing, construction, cement and pharmaceuticals.
Source: Dow Jones Newswires

SAUDI ARABIA

Restrictions on GCC investors lifted

Saudi Arabia's Cabinet asked the Capital Markets Authority to remove constraints on investors from the other five GCC countries in the Saudi stock market. A Cabinet statement said that the move is in line with plans to have full equality between nationals of the GCC in holding and trading stocks. The 2002 GCC summit sanctioned that all nationals of the GCC should receive equal treatment in all economic activities and set 2007 as the deadline. Last August, the kingdom announced plans to ease restrictions on Gulf institutional investors in its bourse. The CMA said at the time it would allow government investment institutions, pension funds and social insurance funds based in GCC countries to invest in the Saudi bourse. Some Gulf private sector institutions such as investment banks have been active in the Saudi market for years, sometimes through special investment vehicles.
Source: Reuters

EGYPT

FDI rises by 82% to $11.1bn

Figures released by the Ministry of Investment indicate that foreign direct investment in Egypt reached $11.1bn in the fiscal year ending June 2007, up 82% from $6.11bn in the previous year. Establishing new companies and raising capital accounted for 47% of FDI, followed by the oil and gas sector with 28%, while 25% went to acquire companies and productive assets. Net non-oil FDI rose to $8bn, of which $5.2bn went to establish and expand companies and $2.8bn to acquire existing assets including the sale of the Bank of Alexandria for $1.6bn. Saudi Arabia, UAE, Kuwait, the United Kingdom and the Netherlands were the largest investors in Egypt.
Source: Al Alam Al Yom

Current account surplus at 2.1% of GDP

Figures issued by the Central Bank of Egypt show that the current account surplus reached $2.7bn in the 2006-07 fiscal year, up 54% from $1.75bn in the previous year. The surplus was equivalent to 2.1% of GDP compared to 1.6% of GDP in the previous year. The rise is attributed to significant growth in FDI, exports and in revenues from tourism and the Suez Canal. Revenues from tourism rose 10.7% to about $8bn and revenues from the Suez Canal jumped 17.2% to $4.2bn. But the trade deficit deteriorated by 31.7% to $15.8bn year-on-year due to strong import growth, despite a sharp increase in non-oil exports.
Source: Gulf News, EFG Hermes

ALGERIA

Customs tariffs to be abolished on industrial products

Algerian authorities declared they will begin abolishing customs tariffs on industrial products on September 1st, in accordance with terms of the association agreement with the Eueopean Union. The duties are to be abolished gradually over the next five years. Customs officials have categorized products in two groups, for which tariff reductions will be phased out in over 5 and 10 years, respectively.
Source: APS

MAURITANIA

Third cellular firm starts operations

Mauritania's third mobile phone operator, Chinguitel SA, began operations on August 23rd. Chinguitel, a Sudanese-Mauritanian joint venture, received last year the third GSM license in the country for $99m, which is four times higher than the price paid in 2000 by Mattel to operate the first mobile network in the country. Mauritania is currently served by two mobile providers, Mattel, partly owned by Tunisian investors, and Mauritel Mobile, partly owned by Maroc Telecom. Chinguitel is majority owned by Sudan's national telecom company Sudatel.
Source: Panapress

BANKING

GCC

Banks not affected by subprime crisis

Standard & Poors indicated that GCC banks have relatively little exposure to high-risk U.S. mortgages and are unlikely to see their credit ratings affected by the fallout from defaults on those loans. S&P studied the exposure of the 20 largest Gulf banks it rates and found that investments in securities related to U.S. sub-prime mortgages accounted for less than 1% of their assets. The agency said the vast majority of GCC banks have insignificant or no exposure to U.S. subprime instruments. Although a few banks reported some exposure to U.S. subprime instruments, any risk they might carry would be manageable, as two-thirds of their aggregate exposure is high investment grade, mainly in the 'AAA' and 'AA' categories. S&P added that although GCC banks have postponed some debt issues in recent weeks due to tightening market conditions, these deals are likely to close successfully after the summer, given the region's bright outlook and strong economic growth. It added that the financial profiles of GCC banks are strong, with good asset quality, high profitability, and robust capitalization.

Source: Standard & Poor's

JORDAN

IFC to own 7% of Capital Bank

The Capital Bank of Jordan's general assembly approved the bank's capital increase from JD12m to JD132.3m through the allocation of 9.28 million shares to the International Finance Corporation (IFC) at JD2.29 per share. The IFC, the private sector arm of the World Bank, has been negotiating to become a strategic shareholder in the bank. The deal will bring the IFC's ownership in the bank to 7%. The IFC will also extend a $20m convertible subordinated loan to the bank. Capital Bank of Jordan is the country's 9th largest bank with total assets of $1.2bn at end-2006.

Source: Amman Stock Exchange

IRAN

Dresdner Bank ends business in Iran

Dresdner Bank AG, Germany's third largest bank, announced it is ending its activities with Iran, adding that the administrative costs of doing business in the country have become too high. Dresdner, part of German insurer Allianz, has been scaling back its activity in Iran for months. By the end of 2006, Dresdner Bank's lending, which was already below €500m, had already fallen to under €100m. Export finance guarantees will be maintained till their expiration date. Deutsche Bank AG, Germany's biggest bank, said last month it was closing its retail customer business in Iran, while Commerzbank AG, Germany's second-largest bank, suspended its U.S. dollar-clearing business in Iran earlier this year. In parallel, European institutions ABN Amro Holding NV, Credit Suisse Group, UBS AG, Credit Lyonnais, Société Générale SA, Barclays PLC and HSBC Holdings all limited or ended their dealings with Iranian banks during the past year.

Source: Financial Times, Wall Street Journal

SYRIA

NBK to establish Syrian affiliate

National Bank of Kuwait (NBK) announced plans to establish a bank in Syria, adding that it expects to get a banking license from Syrian authorities during the next two months. NBK would hold 49% of the new entity, the maximum allowed under Syrian banking regulations, and will provide commercial banking services. NBK is the largest bank in Kuwait and one of the largest in the Middle East with aggregate assets of $27bn at end-2006.

Source: Reuters

First Islamic bank starts operations in Syria

Al Sham Islamic Bank, Syria's first Islamic bank, launched its operations in Damascus. The bank will operate exclusively on the basis of Shariah, or Islamic law, and will provide a variety of products based on profit-sharing. The main founding shareholders are from GCC countries and hold 49% of the bank's $100m capital. They include the Investment Dar which accounts for 12.5% of the bank's shares, the Commercial Bank of Kuwait with 10%, the Islamic Development Bank with 9%, Kuwait Securities Group 5%, Al-Shal Investment Co. 4.5%, the Saudi Al Muhaideb Holding Co. with 3%, and the Damascus-based United Kuwaiti Investment Co. with 3%. Six Shariah-compliant banks have applied to operate in Syria.

Source: Dow Jones Newswires, KUNA

YEMEN

Central Bank intervenes to support currency

The Governor of the Central Bank of Yemen (CBY) said the bank is pumping foreign currency in the market to support the national currency and to fight monopolistic tendencies in the foreign exchange market. He added that the CBY will continue to take the necessary steps to promote financial stability and to stop currency devaluation. The CBY has intervened 13 times this year in support of the riyal and has pumped a total of $802m in the market since the beginning of 2007, after injecting about $1.1bn in 2006 to meet foreign exchange requirements. The CBY's foreign reserves are estimated at $7bn.

Source: Yemen Observer

KAZAKHSTAN

Rise in reserve requirements postponed

The National Bank of Kazakhstan announced it has postponed to October 9th the increase in foreign reserve requirements that was scheduled to come into effect on August 29th. The tightening of reserve requirements from 8% to 10% was a long-awaited measure, given the extremely strong pace of credit growth and foreign borrowing by banks. Its delay follows a decision by senior Kazakh policy-makers earlier this month to support the country's banking sector in view of the global liquidity squeeze that temporarily restricted the banks' access to external financing. The decision is expected to offer temporary relief to the banking sector, which has been facing abnormally high short-term interest rates in recent weeks. Kazakh banks are scheduled to redeem about $3bn per quarter on average in the coming 12 months.

Source: Credit Suisse

ENERGY/ COMMODITIES

Oil steady after stock draw revives supply worries

U.S. crude rose 4 cents to $73.55 a barrel, having jumped $1.78 earlier this week to its highest settlement in over three weeks. London Brent crude was up 2 cents at $72.15 a barrel. Crude oil stocks in the United States fell by a deeper than expected 3.5 million barrels in the week to August 24 after storms in the Gulf Coast delayed imports. Gasoline stocks dropped 3.6 million barrels, bringing them to a record low of just 20 days of supply.

Although crude oil stocks remain well above historic norms, some analysts have forecast global supply could struggle to keep pace with demand later this year unless the Organization of the Petroleum Exporting Countries raises oil production. OPEC officials have repeatedly said that the market is well supplied, and put part of the blame for high prices on a lack of fuel supplies from consumer nation refineries. OPEC Secretary-General Abdullah al-Badri on Tuesday suggested the cartel would leave output levels unchanged, but added that fallout from the crisis in U.S. subprime loans was blurring the demand growth picture. Oil has held up well compared to other commodities, but the U.S. benchmark has fallen from an all-time high of $78.77 on August 1st as some investors worry that a global credit crunch will take its toll on the wider economy and erode oil demand.
Source: Reuters

Iran oil revenues reach $51bn

Iran's oil revenues reached $51bn in the calendar year ending March 20, 2007, a 17% rise from the preceding 12 months. The country exported 2.415 million barrels of oil per day on average during the period, an increase of over 1.72% ompared to the previous year. The value of new contracts signed in the country's oil industry from Aug. 23, 2005 to March 20, 2007 amounted to $37.9bn.
Source: Tehran Times

Turkey, Iran in three-year project

Representatives from Turkey and Iran have pledged that the construction of three Turkish-Iranian power plants, announced earlier this month, will be completed within three years. The power plants will consume a combined 10bn cubic meters of natural gas annually, which will be supplied from Iranian reserves. Turkey has also planned a 10,000 megawatt hydro-electric power plant with Iran.
Source: Reuters

Yemen to up oil, gas drilling

Yemen's Ministry of Oil has announced that it plans to increase the number of oil and gas exploration wells it drills next year to 60 from 55 this year in an effort to boost production. The country hopes to raise its output to 500,000 barrels per day from 300,000 bpd. Yemen issued a tender earlier this month for international oil companies for 11 offshore oil and gas exploration blocks.
Source: Reuters

Base metals: Improved sentiment in the base metals sector

The base metals sector recovered from last week's sell-off, with nickel recording the highest gains. Nickel prices have corrected more than 50% since mid-May, and Chinese stainless steel producers are actually interested in buying nickel again. Copper was supported by speculation that the US Federal Reserve Bank would cut rates, as this would improve the outlook on economic growth and thus the demand for the metal. Moreover, China's latest data showed that refined copper imports more than doubled in the first seven months of 2007 compared to the previous year. Overall, the stabilization in the global equity markets has restored somewhat investor's confidence in the base metals sector. Thus, the recent correction is expected to open up a good entry opportunity to the sector later this year, as China should start to import more base metals again toward the end of the third quarter, when the de-stocking cycle is likely to be completed.
Source: Credit Suisse

Precious metals: Prices are recovering from the recent sell-off

Despite palladium, precious metals prices traded higher during the week. Silver prices recovered quite sharply from last week's sell-off, while gold prices recovered a bit less. Platinum was supported by the announcement from the South Africa's National Union of Mineworkers that 26,000 of its members at the Lonmin Platinum mines have been on strike since Sunday evening in protest against a new payment system. The company did not participate in the latest wage negotiations in South Africa because its contract does not run out until the end of September. Palladium prices fell to their lowest level since November 2006 on speculation that the recent turbulence in the financial markets would lower demand for the metal from the automobile and jewellery industries. However, Chinese buying interest in palladium remains very strong, with Chinese imports in July mounting 88.6% year-on-year to 43,179oz.
Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	195.1	200.3	190.7	-4.3	12.6
LME metals price index	3726.3	4044.8	3865.3	-11.1	0.5
Oil prices USD	70.1	66.6	63.3	-6.2	-1.7
Oil prices SDRs	45.9	43.9	42.1	-5.7	-4.4
Gold $/troy oz	659.5	665.3	643.1	-.3.4	5.7
Silver cents/troy oz	1188.0	1315.4	1289.0	-10.9	-4.4
Platinum $/troy oz	1246.0	1274.7	1213.8	-6.3	1.2
Copper $/MT	7379.3	7442.3	7088.8	-10.1	-2.8
Nickel $/MT	28097.5	42558.6	38339.4	-18.6	-15.6
Aluminium $/MT	2482.3	2729.2	2713.2	-10.7	2.1
Zinc $/MT	3195.0	3526.3	3686.6	-14.8	-4.2
Steel - HR coil dry $/MT	600.0	600.0	600.3	0.0	0.0

Source: Credit Suisse

COUNTRY RISK METRICS

Countries	LT Foreign currency rating: S&P	Moody's	Fitch	CI	EIU	Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Africa													
Algeria	-	-	-	-	BBB								
	-	-	-	-	Stable	9.9	19.5	3.8	6.4	1.6	5.0	15.7	0.8
Angola	-	-	-	-	B								
	-	-	-	-	Positive	1.8	16.9	21.6	22.0	11.4	216.9	22.7	4.6
Egypt	BB+	Ba1	BB+	BB+	B								
	Stable	-	-	Stable	Stable	-7.5	91.5	24.7	119.2	5.8	118.0	1.4	5.1
Ethiopia					CCC								
	-	-	-	-	Stable	-5.7	77.9	23.7	128.7	2.7	246.1	-16.5	2.2
Ghana	B+	-	-	-	B								
	Stable	-	-	-	Stable	-3.1	38.6	26.9	86.5	2.7	152.4	-6.7	-
Ivory Coast	-	-	-	-	CCC								
	-	-	-	-	Stable	-1.8	69.4	64.3	133.3	4.2	603.3	5.4	-
Libya	-	-	-	-	BB								
	-	-	-	-	Stable	32.2	5.8	10.3	14.5	3.1	7.8	18.5	2.8
Mauritania	-	-	-	-	-								
	-	-	-	-	-	-2.3	105.9	78.9	123.4	4.5	-	-2.6	-
Morocco	BB+	Ba1	BBB-	BB+	BB								
	Positive	-	-	Stable	Stable	-2.7	55.9	24.0	130.8	9.6	75.3	4.0	1.9
Nigeria	BB-	-	BB-	-	BB								
	Stable	-	-	-	Stable	-1.4	11.1	4.0	8.7	3.7	14.18	9.7	1.4
Sudan	-	-	-	-	CC								
	-	-	-	-	Stable	-2.3	51.5	58.4	296.5	3.6	-	-9.8	7.4
Tunisia	BBB	Baa2	BBB	BBB	BBB								
	Stable	-	-	Stable	Stable	-2.9	54.8	54.7	134.2	15.2	260.1	-1.6	2.7
Middle East													
Bahrain	A	A2	A-	A-	A								
	Stable	-	-	Stable	Stable	6.1	25.8	129.0	63.1	5.8	750.7	9.9	12.1
Iran	-	-	B+	-	B								
	-	-	-	-	Stable	-11.1	24.1	5.2	20.3	3.2	25.4	3.1	0.0
Iraq	-	-	-	-	D								
	-	-	-	-	Stable	-0.3	-	111.9	195.7	3.8	-	4.7	-
Jordan	BB	Ba2	-	BB	B								
	Stable	-	-	Stable	Stable	-3.4	73.2	89.0	137.0	6.6	221.6	-13.6	12.6
Kuwait	AA-	Aa2	AA-	AA-	A								
	Stable	-	-	Stable	Stable	33.3	9.2	17.9	32.8	2.0	106.2	39.3	-4.5
Lebanon	B-	B3	B-	B-	CCC								
	Negative	-	-	Negative	Stable	-13.1	174.6	101.6	492.5	14.8	242.6	-10.8	4.7
Oman	A	A2	-	BBB+	A								
	Stable	-	-	Stable	Stable	10.1	7.7	17.2	19.8	5.9	113.7	8.6	2.0
Qatar	AA-	Aa2	-	A+	A								
	Stable	-	-	Stable	Stable	6.8	15.5	47.0	96.5	10.9	407.7	27.8	4.3
Saudi Arabia	AA-	A1	A+	A+	A								
	Stable	-	-	Stable	Stable	19.4	4.7	8.4	26.1	2.4	122.9	31.9	0.5
Syria	-	-	-	-	CCC								
	-	-	-	-	Stable	-5.3	44.1	20.1	49.3	4.1	107.8	-1.1	1.4
UAE	-	Aa3	-	AA-	A								
	-	-	-	Stable	Stable	23.9	10.6	60.0	29.8	2.0	332.9	18.8	5.2
Yemen	-	-	-	B-	B								
	-	-	-	Stable	Stable	-	38.8	28.9	69.2	2.8	73.9	-5.2	-

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+	Baa3	BBB	-	BBB								
	Stable	-	-	-	Stable	2.6	19.5	80.0	147.3	18.0	228.2	-16.1	11.0
Kazakhstan	BBB	Baa2	BBB	-	BB								
	Stable	-	-	-	Stable	0.3	4.4	60.4	225.2	36.0	197.8	2.3	5.1
Romania	BBB-	Baa3	BBB	BBB-	BBB								
	Stable	-	-	Stable	Stable	-2.9	12.8	42.0	178.3	22.3	233.1	-11.9	6.9
Russia	BBB+	Baa2	BBB+	-	BBB								
	Stable	-	-	-	Stable	3.6	8.2	33.5	90.8	12.5	98.5	6.3	1.3
Turkey	BB-	Ba3	BB-	BB-	B								
	Stable	-	-	Stable	Stable	-2.0	60.9	52.3	194.8	37.6	340.6	-7.9	4.6
Ukraine	BB-	B1	BB-	-	BB								
	Negative	-	-	-	Stable	-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	23-Aug-07	No change	19-Sep-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-Aug-07	No change	30-Oct-07
Thailand	1D Repo	3.25	29-Aug-07	Cut 25bps	10-Oct-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	27-Aug-07	No change	Oct 07
Mexico	Target Rate	7.25	24-Aug-07	No change	21-Sep-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 30, 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

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