



COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

MENA

Creditworthiness improves in region

Institutional Investor magazine's semi-annual survey on global creditworthiness shows that creditworthiness in the MENA region improved in the past 6 months as well as on an annual basis. The average rating score of 20 countries in the MENA region reached 49.7 points in September 2007, up 2.5% from 48.5 points in March and 6.9% from 46.5 points in September 2006. Also, the average score of the Arab countries reached 49.4 points, up 2.9% from 48 points in March and 7.2% from 46.1 points year-on-year. The rankings of 10 MENA countries improved, 4 were unchanged and 6 regressed. A total of 16 countries in the region saw their ratings increase, of which 11 rose by one or more points, the amount considered a significant change for an individual country. In parallel, the ratings of 4 MENA countries dropped, with 2 declining by one or more points. Mauritania posted the biggest rise in the regional ratings, as its score jumped by 9.7% to 23.6 points while Iraq registered the steepest overall decline, as its score regressed by 15.3%, to 10.4 points. The UAE remained the country with the best creditworthiness in the MENA region while Iraq continued to have the highest probability of default. Globally, the average ratings improved from 46.1 points in March to 46.9 points in September.

Source: *Institutional Investor*, *Byblos Research*

IRAQ

Bush agrees to limited troops cut

President Bush ordered gradual troop reductions in Iraq, but defied calls for a dramatic change in U.S. policy. As recommended by General Petraeus, the troop cut will be limited to reversing the surged 30,000 troops this year and some 130,000 U.S. troops will remain in Iraq. President Bush also reiterated that the U.S. would require a major involvement in Iraq for years to come. Limited troop withdrawal buys more time without making any significant change in Washington's Iraq policy. The markets' major concern lately for Iraq has been a swift US withdrawal and a gloomy aftermath. Though expected to a certain extent, this is off the table at least until the beginning of 2009. Meanwhile, President Bush stated that Iraq has made progress towards half of the 18 benchmarks set by the White House. Also, Iraqi leaders failed to deliver some progress on key legislative benchmarks such as oil law and constitutional changes; however, there have been some small steps regarding reversal of de-Baathification and national reconciliation.

Source: *Merrill Lynch*

WORLD

Euro hits new record high against dollar

The euro hit a new record of 1.4006 dollars on September 20th, as U.S. interest rate cuts took a new toll on the American currency. The euro has hit new highs regularly since the rate cut on Tuesday. It rose to 1.3988 dollars during Wednesday's trading in Europe before falling back to 1.3949 dollars.

Source: *AFP*

NIGERIA

Government to establish due-diligence bureau

The federal government announced plans to form a national identity management commission that will be mandated to conduct identity and background checks on individuals. The initiative is designed to combat fraudulent activity and help boost investor confidence. The changes will be implemented after legislation is passed to repeal the National Civic Registration Act in order to allow the new commission to keep a database on the registration of individuals. This will facilitate the issuance of identity cards and will increase individuals' chances of benefiting from consumer credit and the provision of services. Currently, there is no authoritative central pool of data for corporations and individuals, and companies, particularly in the financial services sector, have had to rely on sketchy background information, creating a sizeable business risk. The government hopes the new centralized computer system will help it to cut down massively on identity fraud and reduce the sizeable losses to government and businesses that such fraudulent activity causes.

Source: *Business Day*, *Global Insight*

IRAN

French firms discouraged from bidding on projects

French Foreign Minister Bernard Kouchner advised French firms, including oil giant Total and gas firm Gaz de France, not to take part in tenders in Iran. Minister Kouchner said France was pushing for tougher UN sanctions against Iran and also preparing with Germany for possible European economic measures against Tehran. He added that the French government was not banning French companies from submitting bids, but that it is advising them not to do so. Total is in negotiations with Iran to build the country's first liquefied natural gas export terminal. The deal was signed in February 2004 and had been due to start in 2009, but negotiations on the price are still going on. The LNG terminal would take gas from the giant South Pars field. Gaz de France is a possible partner for the Nabucco gas pipeline project that can take liquefied gas to Europe from northern Iraq and Iran.

Source: *AFP*, *Iran Daily*

ARMENIA

Release of ex-foreign minister from prison

Former Foreign Minister Alexander Arzumanyan has been released from prison after four months in custody. The September 7th release came as a surprise as, just one week before, a Yerevan court had approved a petition to extend his imprisonment until early November. The same court was responsible for releasing him as well. Under the terms stipulated for his release, Arzumanyan has been barred from leaving Armenia. He still faces charges of money laundering.

Source: *EurasiaNet*

OUTLOOK

ANGOLA

Economy set for sustained growth

The International Monetary Fund's Article IV Consultation expected Angola's real GDP to grow by 23.4% in 2007, up from 18.6% in 2006, with non-oil GDP growing by 25.1% and oil sector GDP expanding by 22.3%. It projected inflation at 10% this year, down from 12% in 2006. The Fund welcomed Angola's good macroeconomic performance, characterized by double-digit growth rates, a fall in inflation, large fiscal and external surpluses, and a reduction in the debt-to-GDP ratio. It noted that both prudent policies and rising oil production and prices have led to these achievements.

The IMF considered that Angola still faces major challenges including reducing inflation further, improving external competitiveness, and achieving medium-term fiscal and external debt sustainability while accommodating the country's large infrastructure and social needs. The Fund encouraged authorities to take advantage of the present favorable economic environment to advance quickly with structural reforms to improve the business environment.

The Fund stressed that the planned increase in government spending should target only economically sound investment projects and should not undermine the competitiveness of the non-oil sectors through upward price pressures. The IMF also welcomed the authorities' progress in clearing Angola's arrears to Paris Club creditors, and encouraged the authorities to continue their efforts to resolve the issue of overdue arrears. External debt is projected to decline from 20.3% of GDP in 2006 to 16.3% of GDP at the end of this year.

The IMF emphasized that the National Bank of Angola's (BNA) monetary policy should continue to be pragmatic and flexible given the extensive dollarization rate, shallow financial markets, and instability of money growth. It also welcomed the authorities' revaluation of the nominal exchange rate earlier this year.

Source: International Monetary Fund

EGYPT

Low macroeconomic vulnerabilities

The International Monetary Fund's Article IV Consultation expected the Egyptian economy to grow by 7% in fiscal year 2007-08, down from 7.1% in the previous year, and for inflation to remain in the 6-9% range as long as a prudent monetary policy is maintained. The Fund said that a favorable external environment and strong growth helped the government reduce its deficit faster than expected, as it reached 8.5% of GDP in FY2006-07, a ratio the government plans to narrow to 7% of GDP in the current year and to 3% in FY2010-11.

According to the IMF, sustaining growth in the order of 6-8% will require investment to rise to around 26% of GDP, and reforms need to address inadequate infrastructure, limited access to bank credit by SMEs, red tape, poor public service delivery, and the lack of skilled labor. Also, authorities must continue efforts to reduce energy subsidies, which remain an

important distortion to economic activity and are tying up fiscal spending. It called for continued fiscal adjustment to ensure sustainable public debt dynamics, adding that a strong outlook for 2007-08 and continued favorable external conditions provide an appropriate setting for the implementation of the reform agenda.

The IMF indicated that Egypt's macroeconomic vulnerabilities are low, as the diversified sources of foreign capital from Europe, the GCC countries and North America as well as a still-low share of speculative funds, limit the risk of a sudden reversal of capital flows. It added that the vulnerability to any reversal is limited, because little of these inflows have been intermediated through the banking system and the Central Bank of Egypt's foreign reserves are high. The Fund said Egypt has weathered, so far, the recent turbulences in global financial markets rather well. It expected that, with continued high growth and rising investment, the current account balance will gradually turn into a deficit of around 2-3% of GDP over the medium term, to be financed largely by FDI.

Source: International Monetary Fund

MENA

Region likely to be immune from global financial turmoil

The Economist Intelligence Unit stated that the turmoil on world financial markets had little impact so far on the economies of the Middle East and North Africa region, but their vulnerability to commodity price movements is high if financial turmoil slows economic growth in the U.S., Europe and China, and reduces energy demand. The EIU's main scenario, with a 60% probability, sees the U.S., Europe and the rest of the world avoid serious fallout from the current financial market turmoil, with oil prices staying very high in the medium term. This, in turn, will sustain government consumption, consumer confidence, and overall domestic demand in the MENA region. As a result, contagion from the current turmoil will be limited, and economic growth is expected to average 5.1% this year, rising to 5.6% in 2008 as continued high oil prices support ongoing regional investment.

The EIU gave a 30% likelihood for a risky scenario, whereby the U.S. falls into recession, oil demand gets hit and oil prices slide. It considered this would lead to some knock-on effect on the region's spending and consumption levels, even in the non-oil-exporting Arab states such as Egypt, Jordan, Lebanon, Morocco and Tunisia that have benefited from a surge in FDI from the GCC in particular. The EIU added that a worst case scenario, with a 10% probability, would see a deeper and more prolonged slowdown in the U.S., leading to serious ramifications for non-oil exporters most reliant on the U.S. market, as well as for the North African states that depend heavily on sales to the European Union. In addition, at a time of a global slowdown, sourcing sufficient demand for the massive residential real estate projects, as well as lavish tourist projects, that are currently being built and planned across the region could prove challenging.

Source: Economist Intelligence Unit



ECONOMY & TRADE

SYRIA

Tourism to account for 15.5% of GDP by 2017

The World Travel and Tourism Council said the tourism sector will account for 13.4% of Syria's GDP in 2007 and will rise to represent 15.5% of GDP in 2017. Tourism and travel will generate demand of \$4.76bn in 2007, growing to \$8.9bn in 2017. Demand will grow by 7.2% in 2007 and will average 5% during the 2008-17 period. Business travel should generate \$278m this year and \$467m in 2017, while personal travel and tourism should generate \$887m in 2007 and \$1.6bn in 2017. Capital investment in the travel and tourism economy is estimated at \$540m in 2007 and is forecast to grow to \$888m within 10 years. Foreign exchange earnings from the travel and tourism economy are expected to reach \$2.92bn this year and to rise to \$5bn in 2017. Income of the tourism and travel is expected to reach \$1.66bn this year or 5.9% of GDP and to rise to \$3.2bn or 7% of GDP in 2017. The travel and tourism economy is providing jobs to 1.017 million people, or 14.2% of total employment. By 2017, the figure should rise to 16.6% of total employment.

Source: WTTC, Syria Report

ALGERIA

Cabinet endorses 2008 budget

Algeria's government approved the country's 2008 budget. The €45bn budget amounts to an increase of 5.1% over 2007. Finance Minister Karim Djoudi said the budget, along with the civil service's salary grid, aims at "backing the purchasing power of the most underprivileged citizens in particular" and "promoting economic activities". The budget's largest increase of 21.4% went towards salary increases slated for January 2008. The budget is based on a GDP growth rate of 5.8% for 2008 and on doubling taxes on hydrocarbons for diesel cars. The budget also calls for tax cuts, while tightening controls designed to prevent tax evasion. In 2008, the country will begin eliminating taxes on the import of devices and finished products, under the Partnership Agreement with the European Union.

Source: APS

KAZAKHSTAN

Trade surplus narrows to 15% of GDP

Data from the Kazakh State Statistics Agency indicates that the trade surplus reached \$7.6bn in the first 7 months of 2007, down 11.6% from \$8.6bn in the same period last year. Accordingly, the 12-month rolling trade surplus narrowed to 15.1% of GDP from 16.2% of GDP in June and 19% of GDP in 2006. Import growth accelerated to 48% year-on-year in July while export growth dropped to 11% annually. Despite the fact that the trade surplus is expected to remain at around 16% of GDP in 2007, the outlook for the overall balance of payments is less favorable given the expected decline in the banking sector's external debt roll-over ratio, which would reduce capital inflows substantially.

Source: Reuters, Credit Suisse

MAURITANIA

Plan to attract 300,000 tourists by 2012

Mauritania is preparing a strategic development plan for its tourist sector, aiming to attract 300,000 visitors annually by 2012. Tourism Minister Ba Madine said the program is an important part of the government's strategy to fight poverty and unemployment, adding that the country needs urgent infrastructure upgrades to realize its potential. He noted that the capital, Nouakchott, lacks a five-star hotel. The strategic development plan covers projects for the Senegal River Valley and the area near the country's border with Mali. Mauritania received 44,000 tourists in 2006.

Source: Magharebia News

GHANA

First sovereign Eurobond assigned 'B+' rating

Fitch Ratings assigned Ghana's debut sovereign Eurobond a rating of 'B+', in line with the country's 'B+' Long-term foreign currency Issuer Default rating (IDR) which is on Positive Outlook. The agency said Ghana has emerged as a trend setter in sub-Saharan Africa, with strong political stability as well as sound macroeconomic policies that have secured it extensive external debt relief under a series of international creditor-driven initiatives such as the Heavily Indebted Poor Countries Initiative (HIPCI). Fitch said, with this sovereign bond issue, Ghana becomes the first post-HIPCI country to access international capital markets. Fitch encouraged Ghana to negotiate voluntary IMF Policy Support Instruments even though it exited from formal IMF programs in October 2006, as such arrangements could help increase investor confidence. Excluding grants, Fitch expects Ghana's fiscal and external current account deficits to remain in double digits as a percentage of GDP. It said future rating actions will depend in large part on how well the country manages its public finances.

Source: Fitch Ratings

ROMANIA

Current account deficit at 13.2% of GDP

Figures released by the National Bank of Romania (NBR) show that the current account deficit in July totaled €1.2bn, bringing the 12-month rolling current account deficit to €14.1bn, equivalent to 13.2% of GDP in July, up from €13.6bn or 13.1% of GDP in June. The NBR added that FDI inflows reached about €3.5bn in the first 7 months of the year, implying that about 60% of the current account deficit in the 12 months to July was financed by FDI inflows. This coverage ratio was down from 64% in June and as high as 95% in October 2006. The lack of a policy response to the continuing deterioration in Romania's external balances is considered to be the main reason behind the continuing depreciation pressure on the leu despite the appreciation in main emerging markets currencies since mid-August.

Source: Credit Suisse



BANKING

SYRIA

First money exchange firms start operations

Syria's first two money exchange firms started operations, ending a 40-year ban. Diar Electronic Services (DES), which is also the agent of Western Union in Syria, started operations at the beginning of August, while Al Fuad Exchange started a few weeks ago. Each firm has a capital of \$5m, the minimum set by the law. There are currently no limitations on the sale and purchase of hard currency in cash but the situation could change after the Central Bank of Syria (CBS) issues the executive orders of the law, which are expected within a month. The executive regulations could include restrictions on the daily amount traded, preferential treatment to be given to exchange firms over banks in foreign currency transactions, and clarification of the regulations over foreign currency transfers. The U.S. dollar is currently the most demanded currency, followed by euros, which represents around 20% of all transactions. Local banks currently hold around 65% of the market for foreign exchange transactions. Earlier this year, Central Bank Governor Adib Mayyaleh said there were over 117 applications to open money exchange establishments.

Source: *Syria Report*

TURKEY

Central Bank reduces rates

The Monetary Policy Committee (MPC) of the Central Bank of Turkey (CBT) cut unexpectedly the overnight borrowing and lending rates to 17.25% and 22.25%, respectively. The rates have been unchanged at 17.5% and 22.5%, respectively, since July 2006. The cuts were not anticipated at this stage as markets were expecting the first cut in the last quarter of the year, as frequently stated by the CBT. The MPC made it clear that the sharp fall in underlying inflation in the last few months has given a lot of confidence to the CBT about the inflation outlook and that the drop in underlying inflation has offset the risks posed by the global uncertainties. The MPC indicated that a possible slowdown in the Turkish economy, in response to a global slowdown, would increase the downside risks to inflation. Inflation is still above the CBT's target of 4% and August's inflation rose to 7.4% year-on-year.

Source: *Merrill Lynch*

NIGERIA

New banking supervision framework

The Central Bank of Nigeria (CBN) and the Nigeria Deposit Insurance Corporation (NDIC) announced plans to introduce a comprehensive banking supervision framework. The framework seeks to evaluate the strength of an entire group to which a bank belongs, taking into account all the risks which may affect the bank, regardless of whether such risks are carried on the books of the bank or by related entities. As such, authorities will be regulating banks with subsidiaries and branches outside the country as well as those that are engaged in non-banking businesses such as insurance, pension, and securities.

Source: *Vanguard*

KUWAIT

Central Bank cuts repo rate

The Central Bank of Kuwait (CBK) cut its repo rate by 50 basis points to 4.75%, down from 5.25%. The move follows Tuesday's decision by the U.S. Federal Reserve to reduce its key interest rate by 50 basis points in an effort to stimulate the U.S. economy. Last week, the CBK cut the repo rate by 25 basis points from 5.50% on expectations that the Federal Reserve will cut interest rates. The step aims mainly at easing the pressure on the Kuwaiti dinar to appreciate. Kuwait ended its dinar's peg to the U.S. dollar on May 20 in order to reduce the impact of imported inflation.

Source: *Dow Jones Newswires*

UAE

Central Bank reduces key rates

The Central Bank of the United Arab Emirates cut its one-week, one-month and three-month certificate of deposit interest rates by 15 basis points. The move came in response to the U.S. Federal Reserve's decision to reduce its key interest rate by 50 basis points. The Central Bank cut its one-week interest rate to 4.60% from 4.75%, one-month interest rate to 4.70% from 4.85%, and three-month interest rate to 4.80% from 4.95%. The Federal Reserve eased this week its monetary policy for the first time in more than four years, with the Federal Open Market Committee voting unanimously to cut the Fed's funds rate to 4.75% from 5.25%. The UAE's dirham is pegged to the U.S. dollar.

Source: *Dow Jones Newswires*

RUSSIA

Ratings shielded from global liquidity squeeze

Standard & Poor's indicated that Russia's sovereign credit ratings are well-shielded against lower global liquidity, but pointed to potential vulnerabilities in the banking sector. The agency said the country's sizeable current account surplus, extremely comfortable net asset position, and very low net public debt single it out as one of the least vulnerable to the global repricing of risk. It noted that roughly 10% of GDP of Russia's external debt stock consists of banking sector debt, with an average maturity of considerably less than three years. But it added that the concern surrounding the banking sector is primarily on a case-by-case basis.

S&P warned that second and third-tier banks, which have never had full access to the inter-bank lending market, are primarily at risk. Many Russian banks have borrowed short-term on international capital markets to finance long-term loans to domestic clients, but neither risk management processes nor prudential regulations are fully keeping pace with the swift expansion of domestic credit. It said that a few poorly capitalized and managed banks at the margins of the Russian banking system could face significant funding difficulties, potentially leading to their closure.

Source: *Standard & Poor's*



ENERGY / COMMODITIES

Oil holds below \$82 as supply worries linger

U.S. light crude for October delivery shed 2 cents to \$81.91 a barrel after a record-high of \$82.51 on Wednesday, the sixth consecutive session to hit a record. London Brent crude for November fell 23 cents to \$78.24. Oil prices have rallied 18% in the past month and by a third this year, driven by worries of a possible supply crunch during the Northern Hemisphere winter, supply risks from Mexico to Iran and fund flows from poorly performing equity markets. Boosting supply concerns, the U.S. National Hurricane Center said a tropical disturbance over Florida could strengthen into a tropical cyclone and cross into the Gulf of Mexico in the coming days, threatening a quarter of the nation's oil production. Exxon Mobil said on Wednesday it shut 1,000 barrels of daily crude oil production along with 55,000 cubic feet per day of natural gas output, just a fraction of the region's capacity.

Wednesday's record-high oil price came after data showed crude oil stocks in the United States fell by 3.8 million barrels last week. Gasoline stocks rose by 400,000 barrels, against expectations of a 700,000-barrel fall, as U.S. driving demand tailed off with the close of the summer holiday season, but inventories remain 10% down on last year. Distillate inventories, including heating oil, also rose 1.5 million barrels against forecasts of a 1.3 million-barrel build as refiners built stockpiles ahead of winter. But heating oil stocks remain 29% below last year's levels.

Source: Reuters

OPEC may boost output again

OPEC would likely hold consultations about hiking output again if oil stays above \$80 a barrel for more than 15 to 20 days. OPEC's agreement last week to boost oil output by 500,000 barrels per day in November appears to have had little impact on consumer concern that energy supplies would be tight this winter as U.S. crude futures hit a fresh record of \$81.24 a barrel on Tuesday.

Source: Reuters

Attack damages Iraq pipeline

Iraq's northern oil export pipeline to Turkey was badly damaged in a sabotage attack. Attacks have largely shut down the pipeline from the northern Kirkuk oilfields since the U.S. led invasion in March 2003. When the pipeline is down, Iraq relies on its main export terminal in the south at Basra.

Source: Reuters

Shell on Gulf oil buying spree

Royal Dutch Shell has bought unusually high amounts of Dubai crude this month, pushing up prices for the benchmark Middle East grade and hurting Asian refiners already burdened with record costs. Shell has so far this month bought 162 Dubai partials, or 25,000-barrel lots, more than the total number of trades in the first seven months of 2007. Shell had no comment as to the reasons for its action.

Source: Reuters

Base metals: Uncertainty prevails

Base metals markets are still in the seasonally slow summer period and, in light of the recent gyrations in the wider financial markets, movements in the wider financial markets are currently a key driver in investors' sentiment. This week, copper prices were supported by preliminary Chinese trade data that revealed imports of refined copper remained at a considerable high level and still above expectations. Copper prices are currently trading around \$7,500. Regarding the outlook, a more positive environment for base metals is anticipated during the fourth quarter, as China is expected to increase metal imports again.

Source: Credit Suisse

Precious metals: Gold price rally continues

Gold prices continued their impressive rally this week. Currently, gold is trading around \$706, which is not far away from last year's high of \$730. The market sentiment toward gold is very positive at the moment and the longer-term fundamentals, such as the physical supply/demand balance also look encouraging. However, the speed of the current rally is too high for a conservative asset such as gold. Moreover, there are also short-term risks. One of these risks is connected with the U.S. federal funds target rate. With the rate cut that is larger than 25 basis points, any market disappointment will likely affect inflation expectations and the dollar, which in turn should also negatively affect gold prices.

Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	205.1	201.4	192.4	0.4	20.4
LME metals price index	3753.3	4037.1	3864.9	-2.2	2.9
Oil prices USD	80.0	68.2	63.7	11.6	25.0
Oil prices SDRs	51.8	44.8	42.3	10.4	19.6
Gold \$/troy oz	709.0	668.1	646.9	5.8	20.9
Silver cents/troy oz	1247.0	1301.2	1287.7	-3.1	13.4
Platinum \$/troy oz	1297.0	1280.4	1216.2	1.7	9.1
Copper \$/MT	7425.5	7554.9	7072.7	-3.5	-0.3
Nickel \$/MT	26997.5	40637.8	38095.1	3.0	-14.2
Aluminium \$/MT	2371.3	2688.8	2710.1	-6.3	-1.9
Zinc \$/MT	2775.5	3470.8	3657.7	-18.1	-14.7
Steel - HR coil dry \$/MT	600.0	600.0	600.0	0.0	0.0

Source: Credit Suisse



COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central govt. 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	4.75	18-Sep-07	Cut 50bps	31-Oct-07
Eurozone	Refi Rate	4.00	02-Aug-07	No change	04-Oct-07
UK	Base Rate	5.75	02-Aug-07	No change	04-Oct-07
Japan	O/N Call Rate	0.50	19-Sep-07	No change	11-Oct-07
Australia	Cash Rate	6.50	04-Sep-07	No change	02-Oct-07
New Zealand	Cash Rate	8.25	12-Sep-07	No change	24-Oct-07
Switzerland	3 month Libor target	2.50	14-Jun-07	Raise 25bps	13-Sep-07
Emerging Markets					
China	One-year lending rate	7.29	14-Sep-07	Raise 27bps	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	07-Sep-07	No change	11-Oct-07
Malaysia	O/N Policy Rate	3.50	24-Aug-07	No change	30-Oct-07
Thailand	1D Repo	3.25	29-Aug-07	No change	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	17.25	13-Sep-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	11.25	05-Sep-07	Cut 25bps	17-Oct-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 September 20, 2007



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