

## COUNTRY RISK WEEKLY BULLETIN

### NEWS HEADLINES

#### JORDAN

##### **Nuclear cooperation deal with U.S.**

The United States and Jordan signed a memorandum of understanding dealing with bilateral nuclear cooperation. The two countries would cooperate in the field of developing nuclear reactors' requirements, fuel services, civil training, nuclear security, energy technology, and other related fields. As per the U.S.-Jordanian deal, all cooperation shall meet the requirements of the Global Nuclear Energy Partnership (GNEP), which was announced by US President George W. Bush last year.

*Source: Al-Arab Al-Youm, Kuwait News Agency*

#### IRAN

##### **U.S. House tightens sanctions**

The U.S. House of Representatives overwhelmingly approved legislation that tightens economic sanctions against Iran in order to halt its efforts to develop nuclear weapons. The Iran Counter-Proliferation Act, which passed by 397 votes to 16, is aimed at depriving Iran of proceeds from energy sales which could be diverted into funding its nuclear program. The bill sanctions foreign companies with U.S. subsidiaries that invest in Iran, particularly in the oil and gas sectors. It also prohibits civilian nuclear cooperation with nations that support Iran's nuclear program and urges the U.S. government to extend its program of discouraging foreign banks from dealing with Iranian state banks and prohibits all Iranian state banks from using the U.S. banking system. The legislation calls for barring Iran from entering the World Trade Organization until all issues related to its nuclear program are resolved. The bill also calls on the U.S. State Department to designate the Islamic Revolutionary Guards as a "foreign terrorist organization" and therefore opens the Guards and affiliated companies to economic sanctions.

*Source: AFP, Voice of America*

#### KAZAKHSTAN

##### **New law allows for change in state contracts**

Parliament approved amendments to the Natural Resource Law, which allows the government to cancel or to significantly amend contracts with foreign investors if these contracts increase risks to so-called "national security". The bill still needs to be approved by the upper house and signed into law by the president. The amendments have been approved at a time when the government is increasing pressure on the Italian company Eni over delays and cost overruns in the development of the Kashagan oil field. The government has recently pushed for an increased role in the oil sector and is changing investment terms accordingly. This represents a broader effort to change the generous terms of the production-sharing agreements concluded in the past, with a focus on boosting state revenues.

*Source: Credit Suisse, Merrill Lynch*

#### EGYPT

##### **Political succession clouds rating**

Standard & Poor's said Egypt needs to convince people that economic reforms would continue in the absence of President Hosni Mubarak for its credit rating to be upgraded. S&P said a market-oriented government has privatized dozens of companies and reduced taxes to boost investment, helping the economy achieve its fastest growth rate in 20 years. But Egypt has not made clear what would happen to the reform process if President Mubarak who has ruled for a quarter century, leaves office. S&P rates Egypt 'BB+' for foreign currency and 'BBB-' for local currency with a stable outlook.

*Source: Reuters, Standard & Poor's*

#### SUDAN

##### **State retirement fund to divest \$1.3bn from Iran and Sudan investments**

Florida's public employee retirement fund declared it will divest about \$1.3bn invested in 21 companies doing business in Iran or Sudan. The law bars investing pension money in any company doing business in Sudan or in Iran's energy sector because both countries are on the U.S. State Department's list of terror-sponsoring nations. At least six other states have similar bans on investing in companies doing business in Sudan, but Florida is the first to pass such a law. The 21 companies in which Florida has invested are among 57 that the state has listed as off-limits. Several other companies remain under investigation and could be added later. The state's largest investment of \$303m is with Royal Dutch Shell which operates in Iran but not Sudan.

*Source: Associated Press*

##### **UN fund to boost peace talks**

UN Secretary General Ban Ki-Moon announced the establishment of a credit fund to boost the political process and support peace talks on Darfur which will be held in Libya starting October 27th. The Sudanese government praised the announcement and said it would have a great impact in supporting efforts that were being exerted to make the prospective talks succeed. The Tripoli meeting aims to broaden the Darfur peace agreement (DPA) signed in May 2006 between Khartoum and the main Darfur rebel movement to include those groups which did not sign it.

*Source: KUNA*

#### YEMEN

##### **Five nuclear power plants to be built**

The government signed a deal with American firm Powered Corporation to produce nuclear power plants at an estimated cost of \$15bn. The agreement with the Houston-based company envisages the construction of five nuclear reactors over 10 years to produce nuclear energy.

*Source: AFP*

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# OUTLOOK

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## EGYPT

### IMF calls for more financial reforms

The International Monetary Fund indicated that Egypt's ongoing financial sector reforms will gradually result in improved financial intermediation, and supported the authorities' plans to push ahead with further reforms. The Fund noted that, over the last two years, privatization has transferred about half of the banking sector into private hands and the government has restructured public banks, paying off nonperforming loans (NPLs) owed by state enterprises, while also encouraging the resolution of private sector NPLs. It considered that the planned financial reform program and restructuring of the state-owned non-banks financial institutions will enhance mobilization of saving and allocation of capital to the most productive investments. The IMF encouraged the authorities to continue improving bank and non-bank supervision, as this would involve rapidly completing the bank recapitalization program, and further improving banking sector data to enhance monitoring and stress testing of the financial sector. It added that complementary regulatory and judicial reforms such as setting up specialized economic courts, promoting out-of-court arbitration and enhancing the role of the private sector-led credit bureau will also help to improve contract enforcement and creditor protection, thereby addressing key obstacles to bank lending to SMEs.

*Source: International Monetary Fund*

## DEM. REP. CONGO

### Economic risks still high, external debt unsustainable

The International Monetary Fund stated that the Democratic Republic of Congo's recent macroeconomic policies have improved its fiscal position, reduced inflation, strengthened foreign reserves, and led to the appreciation of the Congo franc. It projected real GDP growth of 6.5% in 2007 and 8.4% for 2008, and for inflation to decline from 12% in 2007 to 8% in 2008. The IMF considered that despite recent improvement, risks to macroeconomic stability remain high. It noted that the 2007 budget approved in July is very expansionary, as it calls for a very large increase in domestically financed spending, which is unlikely to be matched by a similar increase in revenues. Such expansion in spending would likely lead to a new cycle of widening fiscal deficits, rapid money expansion, depreciation of the currency, and rising inflation. It called for early actions to further strengthen fiscal discipline, improve governance, and implement structural reforms. Such reforms should include strategies to combat corruption, privatize public enterprises, strengthen the judiciary, and reduce the regulatory burden on business. The Fund noted that, under the IMF's staff monitored program (SMP), the DRC met all quantitative benchmarks for end-June and several structural benchmarks. It stressed that the 2007 SMP provides an opportunity to establish credibility for good economic management and pave the way for a medium-term program.

The IMF emphasized the need for the government to continue avoiding central bank financing of fiscal deficits, as this has helped improve macroeconomic stability. It said strong revenue collection and expenditure restraint reduced net bank credit to the government. The Fund noted that the DRC's external debt is

unsustainable and encouraged the authorities to quickly establish a track record for prudent policies and reforms to help advance toward qualifying for debt relief under the Heavily Indebted Poor Country and Multilateral Debt Relief initiatives. It also underscored the need for prudent debt policy and strengthened debt management capacity. The Fund said that monetary policy should remain tight to reduce inflation by strengthening monetary policy management and enhancing the Central Bank's credibility and independence. It indicated that the floating exchange rate regime is appropriate for the DRC and has served the country well. It encouraged authorities to limit interventions to smoothing short-term fluctuations, and achieving the Central Bank's foreign reserve target. It expected reserves to reach \$171.3m at end-2007, equivalent to 3.2 weeks of non-aid related imports of goods and services. It encouraged the authorities to lift the remaining exchange restriction and multiple currency practice in order to have a floating exchange rate regime.

*Source: International Monetary Fund*

## SUDAN

### GDP growth at 13.3% in 2007, currency to remain stable

The Economist Intelligence Unit estimated Sudan's real GDP growth to reach 13.3% in 2007 and projected real growth at an annual average rate of 7% in 2008-09, as oil will remain the principal driver of economic activity. It said private consumption will continue to rise strongly and government spending is set to increase even more rapidly, as commitments to promote regional economic development under recent peace agreements and preparations for the 2009 elections will lead to a rise in infrastructure spending. As such, the fiscal deficit is forecast to widen to 7.9% of GDP in 2008 and 9.4% of GDP in 2009. The EIU added that continued strong imports and higher profit repatriation by foreign firms will offset oil revenues and expatriate remittances, keeping the current account deficit at near 12% of GDP this year and at 12.7% of GDP in 2008.

The EIU indicated that Sudan's external debt will remain largely in arrears. External debt stood at nearly \$28.2bn, or 79% of GDP at the end of 2006, and is expected to decline to 64% of GDP at end-2007. It said strong economic growth should allow Sudan to service its new non-concessional loans, but there is no imminent prospect of debt write-offs under the heavily indebted poor countries initiative (HIPC), due in part to political reasons. Sudan's debt-service ratio is expected to remain below 3%, partly due to healthy export earnings, but the debt-service ratio due is expected to rise to an average of 11.7% over the coming years.

The EIU noted that the dinar has come under strain in recent months, as foreign reserves declined to the equivalent of just 1.2 months of import cover in June and are likely to end the year at 1.4 months of import cover. But strong oil export revenues, ongoing inflows of foreign investment and strong GDP growth should allow the Bank of Sudan to continue to stabilize the value of the dinar over the short term. Also, the imposition of restrictions on foreign-currency transactions could result in the re-emergence of a foreign currency black market.

*Source: Economist Intelligence Unit*



# ECONOMY & TRADE

## ALGERIA

### Trade surplus down 18%

Figures released by the National Center for Information and Statistic (CNIS) show that Algeria's trade surplus reached about \$19.6bn in the first 7 months of 2007, down 17.6% from \$23.8bn in the same period last year. Exports declined by 3.88% year-on-year to \$36.5bn despite a rise in the price of hydrocarbon exports. Strikes last May against the privatization of the country's ports caused almost all of the country's harbors to shut down, resulting in export losses of between \$1.4m and \$2.1m per day. CNIS reported that imports were up 19.4% year-on-year to \$16.93bn, boosted largely by the appreciation of the euro. Algeria's demand for imported foodstuff products has also increased due to the droughts in the region.

Source: CNIS, *Magharebia News*

### New income tax law

The government is revising personal income tax rates and plans to submit an amendment for parliamentary approval along with the 2008 budget bill. The changes will replace the current five-bracket tax system with three tax rates of 20%, 30% and 35% while the minimal monthly non-taxable income will be fixed at 12,000 Algerian dinars. The revisions will be the first changes to the tax code in 10 years. A parliamentary commission suggested the government take measures to boost domestic incomes and improve the population's purchasing power.

Source: *El Khabar*

## ARMENIA

### Annual inflation up by 1.6% in August

Figures issued by the Armenian National Statistical Service show that consumer price inflation increased by 1.6% year-on-year in August compared to an annual growth of 2.2% in July and 4.8% in June. Food prices increased by 2% year-on-year in August and service tariffs grew by 2.9%, while prices of non-food goods decreased by 1.9% annually. Inflation increased by 3.9% annually in the first 8 months of the year, with food prices rising by 4.9% year-on-year and service prices growing by 4.7% year-on-year. Meanwhile, prices of non-food goods fell by 0.8% in January-August. Finally, it was reported that the average monthly fall in consumer prices declined by a monthly average of 0.1% year-to-August, compared to an average monthly rise of 0.3% during the same period last year. Armenian prices are under upward pressure due to increased cost of energy imports, while also demand remains robust due to persistently strong GDP growth and considerable foreign remittance and FDI inflows.

Source: *ARMINFO, Global Insight*

### Unemployment at 7.2% in June

According to data from the Armenian National Statistics Office, the unemployment rate stood at 7.2% in June, constituting an annual increase of 0.2%. The average number of unemployed totaled 85,400 in the first half of the year. Armenia's unemployment rate fell by 0.5% to 7.2% in 2006. Further, the average monthly nominal wage in the first half of 2007 stood at 71,344 dram, or \$212, increasing by 20.5% year-on-year. The average nominal wage amounted to 74,536 dram in June.

Source: *ARKA News, Global Insight*

## NIGERIA

### Annual inflation down to 4.8% in August

Data issued by the National Bureau of Statistics indicates that inflation slowed to 4.2% year-on-year in August from 4.8% in July. The non-food inflation index rose by 11.2% year-on-year in August from 9.9% in the previous month, while the food index, which has a disproportionate impact on the overall inflation figure, dropped by 1.2% year-on-year. The NBS said the rise in the non-food index was caused mainly by increases in the prices of building materials and some services, while fuel prices remained stable. The Central Bank has engaged in liquidity mop-up operations such as forced foreign exchange swaps to try to keep inflation within the government's single-digit target. It said last month it would adopt a formal inflation targeting framework from January 1, 2009, whereby low and stable inflation would become the primary long-term goal of monetary policy.

Source: *Reuters*

## BULGARIA

### Current account deficit at 11.4% of GDP

The current-account deficit reached €3.04bn, or an estimated 11.4% of GDP, in the first 7 months of 2007 compared to €1.8bn or 7.2% of GDP in the same period last year. The increment in the merchandise trade deficit of €1.2bn accounted for almost all of the €1.24bn deterioration in the current account during the covered period. Modest deterioration in the deficit on income items and the net inflow on current transfers were mostly offset by a €209m improvement in the surplus on non-factor services concentrated in the travel and other services accounts. Merchandise exports grew by 8.6% in the first 7 months of 2007 to hit €7.4bn, while imports grew by 18.8% to €11.27bn. The merchandise trade gap widened to €3.9bn or 14.5% of GDP from 10.7% of GDP a year earlier.

Source: *Global Insight*

## UKRAINE

### Growth at 5.8% in August

Annual economic growth reached 5.8% in August, down from 7.1% in July, while real GDP was up 7.5% in the first 8 months of 2007. The slowdown in growth was caused by weak agricultural output in August, as agricultural growth was down 3.1% in the first 8 months of the year, after a 5.4% growth in January-July. Other sectors continued to grow strongly, with only construction showing a modest deceleration to 12.7% year-to-August, after a 14.5% growth in January-July. Despite the slowdown in agricultural growth, authorities still expect the economy to grow by 7-7.2% for the full year.

Source: *Credit Suisse*



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# BANKING

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## SUDAN

### Central Bank to shift away from U.S. dollar

The Bank of Sudan (BoS) indicated it will stop trading in U.S. dollars and move its reserves into euros and other currencies to minimize the risk of U.S. sanctions and their impact on foreign transactions. The BoS began diversifying its reserves into euros and Sterling pounds in 2003 but a majority of its reserves were still in U.S. dollars. The bank's Head of Financial Markets, Hussein Yahya Jangoul, said the Bank of Sudan is expected to stop holding U.S. dollars by the end of the year. Also, the BoS issued recommendations to commercial banks, government departments and private businesses to conduct foreign transactions in other currencies and to move their balances to non-U.S. dollars, as the BoS will stop providing U.S. dollars to banks. Sudan will try to adopt the currency of the country it is trading with, especially with GCC countries, its main trading partners. Washington imposed sanctions against Sudan in 1997 accusing Khartoum of aiding terrorism. Earlier this year it strengthened the sanctions because of the ongoing conflict in Darfur.

Source: Reuters

## JORDAN

### Central Bank lowers key interest rates

The Central Bank of Jordan (CBJ) reduced key interest rates by 50 basis points on September 19th. The move came in response to the U.S. Federal Reserve's decision to reduce its key interest rate by 50 basis points in an effort to stimulate the U.S. economy. The CBJ decision brought the rediscount rate down to 7%, the repurchase agreement rate to 6.75% and the overnight deposit window rate to 4.75%. The CBJ said its decision aims at maintaining monetary stability while encouraging investments to achieve the kingdom's targeted growth rates.

Source: Jordan Times

### Qatar National Bank raises stake in Housing Bank

Qatar National Bank (QNB) announced it has increased its share in the capital of the Housing Bank for Trade & Finance (HBTF) from 20% to 30%. Last July, QNB acquired 20.6% of HBTF shares for \$442m. It paid \$195m for its new 10% stake. HBTF is the second largest bank in Jordan with assets of \$5.7bn at the end of 2006. It has 96 branches in Jordan and 11 in the Palestinian territories. Its net profits increased by 28% to \$133.7m in 2006.

Source: The Peninsula

## UAE

### Central Bank reduces key rates

The Central Bank of the United Arab Emirates reduced its three-month and six-month certificate of deposit interest rates by 10 basis points to 4.70%. The decision comes one week after the Central Bank cut its one-week, one-month and three-month CD interest rates by 15 basis points to 4.60%, 4.70% and 4.80%, respectively. The move came in response to the U.S. Federal Reserve's decision to reduce its key interest rate by 50 basis points.

Source: Dow Jones Newswires

## KUWAIT

### Doha Bank gets local license

The Central Bank of Kuwait (CBK) granted Qatar's Doha Bank an initial license to operate in the emirate, making it the sixth foreign bank to obtain the permit. Other foreign banks already present in Kuwait include BNP Paribas, Citibank, HSBC, as well as Abu Dhabi National Bank. Qatar National Bank was granted a licence to operate but has not yet started business. Doha Bank's new license still needs confirmation from the Cabinet. In January 2004, parliament approved a law allowing foreign banks to operate in the emirate after securing CBK approval. The law stipulates Kuwaitis must form at least half of the bank's workforce within three years of operation. Foreign banks operating in Kuwait are not allowed to work in the retail sector, nor are they allowed to open more than one branch.

Source: The Peninsula

## NIGERIA

### Central Bank says currency reform delayed

Central Bank Governor Chukwuma Soludo declared that plans to re-denominate the naira, and other currency reforms remain suspended until talks with the government take place. Nigeria's Justice Minister froze the currency plan last month, only a week after its announcement, saying it violated the law because the president had not given written approval for its implementation. The redenomination would have cut two zeros from the currency starting August 2008. The currency reforms include the redenomination, inflation targeting, and current account convertibility. The naira has risen significantly as Nigeria's oil wealth increased along with record high crude oil prices, but Soludo said the Central Bank would continue to run a "hands off" approach to the value of the currency.

Source: Reuters

## RUSSIA

### IFC gets 5% of MDM Bank, Fitch upgrades ratings

The International Finance Corporation (IFC), the private sector arm of the World Bank Group, announced it will acquire a 5% stake in MDM Bank for \$184m through a capital increase. The capital injection will support the bank's business strategy, including expansion of banking services to underserved regions and new products such as energy efficiency finance. The transaction constitutes the IFC's largest equity investment in Russia's banking sector and is part of a \$319m financing package, which also includes a term loan and trade finance line that the IFC has structured for the bank over the past year. In parallel, Fitch Ratings upgraded MDM Bank's Long-term Issuer Default rating (IDR) to 'BB' from 'BB-' and its National Long-term rating to 'AA-(rus)' from 'A+(rus)'. Fitch has also affirmed MDM's other ratings at Short-term IDR 'B', Individual 'C/D', Support '4' and Support Rating Floor 'B'. The Outlooks for both Long-term ratings are Stable. MDM is Russia's 9th largest bank with assets of \$12bn at the end of June 2007.

Source: IFC, Fitch Ratings



# ENERGY / COMMODITIES

## Oil prices rise above \$81 a barrel

Oil prices rose by one dollar per barrel Thursday, extending overnight gains as a tropical depression near Mexico raised concerns about possible disruptions to oil and gas production there. Light, sweet crude for November delivery rose \$1 to \$81.30 a barrel in Asian electronic trading on the New York Mercantile Exchange. November Brent crude added 74 cents to \$78.17 a barrel on the ICE futures exchange in London. The Nymex crude contract rose 77 cents to settle at \$80.30 a barrel on Wednesday despite an increase in U.S. crude and gasoline inventories. Crude inventories rose by 1.8 million barrels during the week ended Sept. 21. Gasoline inventories grew by 600,000 barrels last week.

Refinery utilization plunged by 2.7 percentage points to 86.9% of capacity. Lower refinery activity could reflect the impact of Hurricane Humberto, which shuttered several Gulf Coast refineries two weeks ago. But it could also reflect the beginning of heavy seasonal maintenance in the U.S. Midwest. Crude futures reached nearly \$84 a barrel last Thursday, the day the October contract expired. November futures haven't traded above \$82.40 a barrel, and had fallen for three straight trading sessions, settling below \$80 on Tuesday. Heating oil futures rose 1.48 cents to \$2.1974 a gallon while gasoline prices added 0.28 cent to \$2.0302 a gallon. November natural gas futures lost 1.9 cents to \$7.027 per 1,000 cubic feet.

Source: Associated Press

## Syria's oil production to fall 6.5% to 360,000 b/d in 2008

Minister of Petroleum & Mineral Resources Sufian al-Allao said Syria's oil production will drop to an average of 360,000 barrels per day in 2008, while production is expected to reach an average of 385 000 b/d this year, down from 400 000 b/d in 2006. Syria also plans to export next year some 125,000 b/d of crude oil, which should generate around \$2.5bn in revenues. The minister estimated that demand for oil derivatives will grow to 372 000 b/d in 2008 from 350 000 b/d this year, while imports will rise to 170,000 b/d up from 160,000 b/d in 2007. As a result, the import bill for oil products should reach \$4.8bn in 2008, up from about of \$3.9bn this year.

Source: Syria Report

## Iran's crude sales in non-dollar currencies reach 70%

State-run National Iranian Oil Co. (NIOC) stated that Iran is selling more than two-thirds of its crude oil in currencies other than the U.S. dollar. It said about 70% of Iran's crude is now being sold against euro and yen, adding that several Japanese refiners have already followed Nippon Oil Corp. by paying in yen for crude imports from Iran. NIOC earlier this year asked Japanese crude oil buyers to shift to paying in yen, in line with Tehran's efforts to reduce its U.S. dollar holdings amid political pressure from the U.S. and a weak dollar. Nippon Oil buys around 120,000 barrels a day of crude oil from NIOC under term contracts, accounting for 25% of Japan's total crude oil imports from Iran.

Source: Dow Jones Newswires

## Base metals: Price outlook should improve during the fourth quarter

The base metals sector witnessed substantial price movements, mainly tied to subprime concerns. Construction is one of the main areas where many base metals are used. Moreover, the sector shows the highest correlation to the financial markets, as the turmoil in the latter has had a significant impact on base metals price performance. As a result, some mark-to-market adjustments were made to the three-month forecasts. The 12-month forecasts are mostly unchanged. Overall, there should be good entry opportunity into the sector during the fourth quarter.

Source: Credit Suisse

## Precious metals: Outlook for gold has improved after the Fed cut

Precious metal price forecasts are turning more positive. In their function as safe-haven assets, precious metals, and gold in particular, are benefiting from the weakening U.S. dollar and current uncertainties regarding the economic outlook. Moreover, the fundamental outlook for gold is also improving. Recent data indicate that the supply deficit in the gold market, which emerged in 2007, is widening further. In three months, gold prices are expected to trade between \$690-740. Overall, the trend of moderate and rather gradual gold price increases, seen since the beginning of the year, looks set to continue into 2008. This factor is also reflected in the 12-month forecast.

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								
<b>Africa</b>													
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								
<b>Middle East</b>													
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								
<b>Central &amp; Eastern Europe</b>													
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
<b>Switzerland</b>	3 month Libor target	2.50	13-Sep-07	Raise 25bps	13-Dec-07
<b>Emerging Markets</b>					
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
<b>Taiwan</b>	Discount Rate	3.25	20-Sep-07	Raise 12.5bps	Dec-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
<b>Turkey</b>	Base Rate	17.25	13-Sep-07	Cut 25bps	16-Oct-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	21-Sep-07	No change	26-Oct-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 27, 2007



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