



COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

MENA

FDI in Arab world rises by 38.5% to \$62.2bn in 2006

Figures released by the United Nations Conference on Trade and Development (UNCTAD) in its *World Investment Report 2007* show that foreign direct investment (FDI) in the MENA region totaled \$77.4bn in 2006, an increase of 54.6% from \$50bn in 2005, while FDI inflows to the Arab world totaled \$62.2bn, a rise of 38.5% from \$44.9bn in the previous year. FDI inflows to the 18 Arab countries in the region accounted for 16.4% of total FDI in developing countries and for 4.7% of global foreign direct investment. The 38.5% rate of FDI increase in Arab states was similar to the rise in FDI last year worldwide of 38% and higher than that of developing countries of 20.6%. A total of 12 Arab countries saw an increase in FDI in 2006 while the other 6 economies posted declines in capital inflows. Saudi Arabia was the largest recipient of FDI in the region with \$18.3bn.

When comparing FDI performance and potential, UNCTAD considered Bahrain, Jordan, Qatar and the UAE as the countries that had high FDI potential as well as high FDI performance, and placed them in the category of "front runners". Egypt, Lebanon, Morocco and Sudan were placed in the category of countries with low FDI potential but high FDI performance, therefore among countries that showed "above potential" in terms of attracting FDI. In parallel, Algeria, Kuwait, Libya, Oman Saudi Arabia and Tunisia had high FDI potential but low FDI performance, and were classified in the "below potential" category. Finally, Syria and Yemen had low FDI performance and have low FDI potential, coming in the "under-performers" segment.

Source: UNCTAD, Byblos Research

TURKEY

Parliament authorizes incursion into Iraq

Parliament approved a motion that authorizes the Turkish government to carry out cross-border military operations in northern Iraq. The motion, which received the support of 507 of the 526 deputies who attended the vote, will be valid for one year and covers multiple cross-border operations; with the type and timing of the operations to be determined by the government. Government officials have repeatedly said that the target of a possible military operation will be the PKK, not Iraq, and that the parliamentary approval of the motion would not mean an imminent cross-border operation. Government officials have also said that they hoped an incursion by the Turkish military would be avoided. In parallel, Standard & Poor's stated that possible volatility stemming from Turkey's incursion into Iraq will be short-lived and will not hurt the economy's fundamentals.

Source: Reuters, Standard & Poor's

EMERGING MARKETS

Global growth at 4.8% in 2008, emerging markets remain key driver

The International Monetary Fund expects healthy growth to continue into 2008, with emerging market economies continuing to serve as the main growth engine of the world economy. It forecast global growth to slow from 5.2% in 2007 to 4.8% in 2008, down from the 5.4% in 2006. It said that emerging market economies are expected to continue to expand strongly, although growth is expected to slow from the pace of the past two years. The main downside risk to emerging markets is that turbulence in global financial markets could disrupt capital flows to emerging markets and trigger problems in domestic markets. Countries in emerging Europe and in the Commonwealth of Independent States are particularly exposed because of their large current account deficits and reliance on bank-related inflows. Also, inflationary risks are more immediate in emerging market and developing countries. The IMF expressed concerns that persistent large global imbalances would raise the possibility of a disorderly depreciation of the U.S. dollar could have severe repercussions throughout global financial markets, and that sustained large trade imbalances could prompt rising protectionist pressures.

Source: International Monetary Fund

MAURITANIA

Government dissolves national air carrier

Mauritania has decided to liquidate its national air carrier after failing to pay \$2.7m in delayed lease installments to its American partner International Leasing Finances Corporation. The decision comes after the seizure of two leased planes in Paris last month. A new carrier, Mauritanie Airways, is scheduled to begin operations on November 8th. The new airline is owned by Tunisair, the Mauritanian state and a Mauritanian businessman. Air Mauritania has suffered financial difficulties for several years, allegedly due to bad management. A new management team, appointed on July 20th, was charged with evaluating current needs, estimated at approximately \$12m, before drafting and implementing a restructuring and possible privatization plan. Previously, Royal Air Maroc had discussed the possibility of buying the company but withdrew from the project.

Source: Magharebia News

UKRAINE

Orange coalition reach deal

Leaders of the two Orange parties announced an agreement to form a coalition in the new Rada. A coalition of Tymoshenko's block and Our Ukraine-Self-Defense party will have 228 seats, giving them a two-seat majority. Tymoshenko's bloc will fill the prime minister's position and will get to the key Cabinet portfolios of finance, economy and energy. All privatizations and foreign debt issuance will likely be put on hold for the time being, at least until a new prime minister has been voted in.

Source: Credit Suisse

OUTLOOK

MENA

IMF forecast region's real GDP growth at 5.9% in 2008

In its semi-annual *World Economic Outlook*, the International Monetary Fund said the outlook for the region remains favorable, as the growth momentum should pick up in the near term, supported by high oil prices and expansionary fiscal policy. It projected real GDP growth in the Middle East at 5.9% in 2007 and 2008, up from 5.6% in 2006. It expected oil prices to remain near current high levels, but robust domestic demand is projected to lower current account surpluses in the region to 16.7% of GDP in 2007 and 16% of GDP in 2008, down from almost 20% of GDP in 2006. The Fund added that growth in oil-importing economies is expected to continue to outpace that in oil-exporting countries, supported by strong private and public consumption and investment growth.

It said inflation continues to be a challenge in the region, with the weakness of the U.S. dollar adding to inflationary pressures in GCC countries. The Fund projected the region's annual average inflation rates at 10.8% this year and 9.2% in 2008, with inflation in oil exporting economies at 11% in 2007 and 9.7% in 2008. It considered that the challenge of oil-exporting countries is to diversify towards non-oil sectors while containing inflation, and called on policymakers to balance the speed of implementing large-scale projects to the absorptive capacity of the economy.

According to the IMF, risks to the outlook appear broadly balanced, as slower global growth, increased financial market volatility, or regional geopolitical risks could hurt growth, but the strength of oil prices provides upside potential. The IMF considered that the diversification strategy of oil exporters hinges on reforms to improve the business climate and make investment in non-oil sectors more attractive. It encouraged increasing the role of the private sector in the provision of services that up to now have been supplied by governments, opening government procurement and domestic sectors to competition, and lifting price controls.

Source: International Monetary Fund

KAZAKHSTAN

Increased uncertainty in the near term

The International Monetary Fund indicated that the long-term outlook for the economy of Kazakhstan is favorable but carries considerably greater uncertainty in the near term. It said activity remained very strong in the first half of 2007, as real GDP expanded by over 10%, fiscal revenue exceeded expectations, exports remained buoyant, and oil revenue savings continued to accumulate in the National Fund. But the IMF's base line assumption is that international markets will remain closed for Kazakh banks in the coming months, credit growth would decelerate sharply, leading to slower GDP growth and easing of underlying inflationary pressures. The key uncertainties are that a prolonged inability of banks to access international markets will increase the risk of a deeper slowdown in economic activity, while a swift recovery in international investors' appetite for Kazakhstan exposure could push credit growth back to an excessive pace and rekindle inflationary pressures.

The IMF stated that the National Bank of Kazakhstan's provision of funds to soften the liquidity crunch was appropriate. The NBK injected liquidity through its refinance window, allowed banks to borrow against their required reserves, and engaged in large-scale purchases of its outstanding notes. In addition, implementation of tighter reserve requirements was deferred until January. The NBK also announced that it stood ready to furnish liquidity, if needed, to help banks meet their external debt amortization payments of \$3.8bn in the fourth quarter of 2007 and \$8bn in 2008. The Fund noted that measures to support the construction sector should ensure that any losses that arise are shared evenly across all parties, including banks, construction companies, as well as the end-purchasers.

The IMF recommended raising policy interest rates, allowing for greater exchange rate flexibility and increasing the supervision of the banks. It stated that the tightening of prudential regulations by the Financial Supervision Agency over the past year, including tougher asset classification rules, risk weights, collateral requirements and liquidity norms, has put banks in a stronger position to weather the more difficult environment. As a decline in the quality of loan portfolios would likely not affect the stability indicators for some time, the IMF recommended intensifying the supervision effort to ensure that banks' framework for managing liquidity risk is adequate and that banks continue to comply with prudential regulations. The Fund also welcomed plans to require banks that continue to draw on liquidity support from the NBK to meet strict conditions, possibly including steps to increase capital and provisioning.

Source: International Monetary Fund

NIGERIA

Prudent fiscal policies and structural reforms to boost growth

The International Monetary Fund completed the fourth review under a two-year Policy Support Instrument (PSI) for Nigeria and commended authorities for the country's strong macroeconomic performance. It said prudent policies and structural reforms, most notably the political accord on the oil price fiscal rule, have been pivotal in delivering robust economic growth, lower inflation, and significantly strengthened fiscal and external positions. The Fund stressed that developing a strong policy framework, supported by continued political commitment, will be critical to preserving the recent macroeconomic gains and achieving Nigeria's social goals. It encouraged the strict implementation of the authorities' planned fiscal measures in order to achieve the end-2007 federal government deficit target, adding that it will be crucial to contain total domestic spending to levels consistent with the medium-term fiscal targets. The IMF noted that inflation has been in line with expectations, but the Central Bank needs to remain vigilant to ensure that inflationary pressures do not reemerge. It said the monetary policy framework has improved, which should allow monetary targets to be achieved on a more consistent basis, and called for greater exchange rate flexibility. The Fund stressed ongoing structural reforms are crucial to support private sector development and reduce poverty, specifically the reform of the electricity sector.

Source: International Monetary Fund



ECONOMY & TRADE

WORLD

Credit quality declines slightly in third quarter

Moody's Investors Service indicated that overall credit quality for sovereign, corporate and banking debt issuers on a global basis declined only slightly during the third quarter despite the unusual market conditions in the structured finance market. The agency said the environment continues to be slightly cautious, with a greater percentage of debt issuers on review for downgrade than upgrade, as well as more issuers holding negative rating outlooks than positive ones. It added that 4% of rated issuers were on review for downgrade compared with 1.8% on review for upgrade at the end of the third quarter. Similarly, 8.7% of rated issuers had negative outlooks compared with 6.9% with positive outlooks. According to Moody's, the rating actions, reviews and outlooks also show investment-grade issuers facing a slightly more positive credit outlook than do the speculative-grade issuers, continuing a trend from the previous quarter. It added that while both categories had more issuers on review for downgrade than upgrade, the investment grades showed more rating stability during the third quarter, as they saw less frequent downgrades, negative outlook changes, if also upgrades.

Source: Moody's Investors Service

EMERGING MARKETS

Bond issuance drops

Standard & Poor's indicated that bond issuance in emerging markets regressed in July and August to \$20bn and \$9bn, respectively, compared to a monthly average of \$33bn in the first half of the year, as volatility in the global financial markets gave way to rising risk awareness across all credit-related asset classes. In the year ending August 2007, emerging markets recorded \$229bn of new bond issuance after \$273bn in full-year 2006 and \$228bn in full-year 2005. S&P said that corporates accounted for 88% of new issuance in emerging markets in the year-to-August period, a ratio not seen since 1990. It added that sovereign issuance has declined, reaching a historical high of \$64bn in 2005 before declining to \$47bn in 2006 and \$28bn through August 2007.

Source: Standard & Poor's

IRAQ

Budget for 2008 less reliant on oil revenues

The Finance Ministry announced that Iraq's budget for 2008 will not be as dependent on revenue from oil exports as it is in the current year. It added that the budget will be 88% dependant on oil receipts compared to 94% in 2007. Iraq's average oil exports in 2007 have fallen from the expected 1.7 million barrels per day (bpd) to 1.6 million bpd after a halt of exports from the north of the country in the first half of the year. The budget was first estimated at \$37bn due to a decline in oil exports, but a recent push from exports in northern Iraq had the ministry raise the country's budget to \$42bn. The government calculated the 2008 budget based on 1.7 million bpd of exports at \$50 per barrel.

Source: Iraq Portal

MENA

IPOs raise \$3.9bn in second quarter, \$4.8bn in first half of 2007

The Middle East region posted exceptional initial public-offering (IPO) activity with 20 companies raising a total of \$3.9bn during the second quarter of this year. Saudi Arabia was the leading issuer with 11 IPOs worth \$2.56bn, followed by the UAE with \$882.6m, Qatar with \$338m, Bahrain with \$69.5m, and Jordan with \$38.9m. Last year, 45 IPOs in the region raised \$8bn, while 33 offerings raised \$4.8bn in the first half of this year. The three largest IPOs in the second quarter of this year were Saudi Kyan Petrochemical Company's offering of \$1.8bn, followed by Deyar Development Company's offering in the UAE of \$883m and Saudi Arabia's Jabal Omar Development Company offering of \$537m.

Source: Ernst & Young

KAZAKHSTAN

Fitch affirms ratings, revises outlook

Fitch Ratings affirmed Kazakhstan's foreign currency Issuer Default Rating (IDR) at 'BBB' and local currency IDR at 'BBB+', and revised the Rating Outlook on both to Stable from Positive. The agency also affirmed the Country Ceiling at 'BBB+' and the Short-term IDR at 'F3'. The agency attributed the outlook revision to the impact of a tougher international financing climate on Kazakh banks, as the sector's gross external debt reached \$46bn by end-June 2007, equivalent to 50% of projected GDP for 2007. However, risks are mitigated in the near term by the maturity profile of the banks' debt, as banks need to refinance about \$3bn of external-debt maturities per quarter till the second quarter of 2008. Also, authorities are ready to use their foreign currency assets to help banks weather the global liquidity squeeze. In parallel, Fitch noted that the sovereign ratings continue to be supported by very strong fiscal finances and that longer-term prospects remain bright, as government expects oil output will more than double from 65 million tons in 2007 to around 140 million tons by 2015. Fitch warned that Kazakhstan's fiscal strength and net public external assets create some room to deal with a temporary global liquidity squeeze, but a protracted stop to capital inflows or the emergence of other problems in the banking sector could start to erode the sovereign's strengths.

Source: Fitch Ratings

EGYPT

New stock exchange for SMEs

The Cairo and Alexandria Stock Exchange (CASE) announced it will launch on October 25th an independent bourse for small and medium-size enterprises (SMEs) to run parallel to the current stock market. The new SME stock exchange will allow companies that do not meet the paid-in capital requirement for a listing on the CASE to be traded on the equity market. The minimum capital requirement will be EGP500,000 and the maximum will be EGP25m. Also, registration and dealing fees are lower than on the main stock exchange. It will have the same reporting requirements as the CASE except that companies will have the opportunity to publish their financial statements online rather than in newspapers.

Source: Financial Times



BANKING

KAZAKHSTAN

Outlook on four banks changed to Stable from Positive

Fitch Ratings revised the Outlooks for the Long-term Issuer Default Ratings (IDRs) to Stable from Positive for the Development Bank of Kazakhstan, Bank TuranAlem, Halyk Bank of Kazakhstan and Kazkommertsbank. In parallel, Fitch reiterated that refinancing risks for Kazakh banks resulting from the currently limited access to foreign funding are moderate. The agency added that banks face increased risks in the current market environment due to a tightening of liquidity in the corporate sector as banks restrict issuance of new loans, downward pressure on real estate prices as a result of the tighter credit environment, and downward pressure on the tenge-US dollar exchange rate as capital outflows have replaced the strong capital inflows of the last few years. Fitch noted that, should these risks start to feed through into particular banks or general market concerns leading to confidence issues, then the individual ratings of those banks would be likely to come under downward pressure. But it added that banks would be downgraded only if the sovereign itself was downgraded.

Source: Fitch Ratings

Foreign reserves at \$37.1bn

Figures released by the National Bank of Kazakhstan (NBK) show that foreign reserves, including the National Oil Fund assets, stood at \$ 37.1bn at the end of September, down by \$2.5bn from \$34.6bn at the end of August. Reserves dropped by \$1.9bn in August, making total reserves down by 10.6% from the end of July. The NBK's reserves declined to \$18.4bn from \$21.2bn at the end of August and the National Oil Fund assets increased slightly to \$18.7bn from \$18.4bn over the same period if time. Total foreign reserves increased by \$3.9bn since the start of the year. The country's international reserves are equivalent to about 20% of projected 2007 GDP and to four months of imports.

Source: Credit Suisse

TURKEY

Central Bank reduces rates

The Monetary Policy Committee (MPC) of the Central Bank of Turkey (CBT) cut the overnight deposit rate by 50bp to 16.75% and the lending rate by 75bp to 21.50% compared to the consensus expectation of a 25bp cut. The MPC said it sees inflation coming down to its targeted 4%, mostly caused by the fall in service prices and an expected gradual recovery in domestic demand. It indicated that the current 50bp cut is a gradual monetary easing and sees this stance compatible with the targeted 4% CPI inflation. By cutting rates by 50bp, the CBT eliminated the concerns related to aggressive rate cuts of at least 75bp that were suggested by the Turkish business sector. Also, the accelerated pace in monetary easing implies the CBT's increasing optimism regarding the inflation outlook and promises further rate cuts in a more frontloaded fashion than was initially expected.

Source: Merrill Lynch

BELARUS

Support rating floor affirmed for four banks

Fitch Ratings affirmed the Support Rating Floor of Belarusbank (BBK), Belagroprombank (BAPB), Belpromstroibank (BPB) and Belinvestbank (BIB) at 'B-', which reflect the agency's view on the capacity of Belorussia's authorities to support these banks if required. The Belorussian economy remains highly dollarized, which significantly limits the state's ability to provide support to the financial institutions. The four institutions are the largest state-owned banks in Belarus and actively participate in state-lending programs to support the state's social and economic policies. Given their strategic importance, the Belarusian government has stated its intention to keep control of the banks until at least 2010. BBK is the leading bank by assets and capital in Belarus and has the largest branch network. BAPB is the second-largest bank with a market share of total banking system assets of about 19% at end-June 2007. The bank's business is concentrated on the agricultural sector. BPB is the fourth-largest bank in Belarus. It primarily services large corporate customers, including both state-owned and private enterprises. BIB is the fifth-largest bank in Belarus, with about 7% of sector assets at end-June 2007, and provides investment loans to medium-sized enterprises.

Source: Fitch Ratings

ALGERIA

Cabinet liberalizes public companies' banking operations

Prime Minister Abdelaziz Belkhadem cancelled a 2004 regulation that obliged public companies to hold their funds in state-owned banks. The move is an attempt to spur competition in the banking sector and stimulate capital inflows from foreign investors and banking institutions. Public companies have been restricted from working with private banks since 2004, when the financial collapse of the Khalifa Group shed light on the extent of corruption in the sector. The banking sector in Algeria is still dominated by state-owned banks, which account for 90% of the sector's assets and provide 100% of public companies' financing. But private banks, especially foreign banks, are a competitive force in private-sector lending due to the better quality of their services. There are currently 13 foreign banks operating in the country.

Source: El Moudjahid

Foreign reserves hit record \$91bn

Central Bank Governor Mohamed Laksaci declared that foreign exchange reserves reached a record \$90.96bn in the first half of the year, adding that high oil prices have strengthened the country's external position. Hydrocarbon exports account for about 95% of the country's total exports. According to Laksaci, the surplus will support the national economy against possible external shocks. Foreign reserves stood at \$77.78bn at the end of 2006, compared to \$56.3bn at the end of 2005. The country plans to invest over \$140bn on infrastructure development and to stimulate of economic growth over the coming few years.

Source: APS



ENERGY / COMMODITIES

Oil declines to \$87

Oil eased towards \$87 on Thursday after Nigeria's energy minister raised the possibility OPEC may review output, reflecting its unease with record prices the United States says are of "great concern" to its economy. U.S. crude briefly hit an all-time high of \$89 on Wednesday in a rally that added almost \$10 in eight days. Nigeria's minister of state for petroleum said on Wednesday he did not rule out that OPEC ministers may turn informal talks at an OPEC heads of state summit in Riyadh next month into a full-blown meeting to review output. But on Thursday an Iranian official insisted there was no need for OPEC to boost output further, having agreed to add 500,000 barrels per day to the market from November 1st.

Oil has surged 45% since the start of the year. The rally has accelerated this month on a combination of relatively low oil stocks in consumer nations, unprecedented weakness in the dollar and the prospect Turkey will send troops into northern Iraq to hunt down Kurdish rebels there. Although little oil is at risk from any military action by Turkey in northern Iraq, traders fear a conflict could endanger other supplies from the Middle East.

Oil has moved closer to the 1980 inflation-adjusted high. During 1980, a year after the Iranian revolution and at the start of the Iran-Iraq year, oil averaged \$90.46. This year's average is \$67.27. Signs of slowing demand in top consumer the United States were a tempering factor on Thursday, however. U.S. data on Wednesday showed year-on-year growth of just 0.2 percent. Energy Secretary Sam Bodman said high prices were of great concern to the United States, whose economy is facing headwinds from the meltdown in the subprime mortgage market.

Source: Reuters

Iran to invest \$90bn in natural gas sector

Iran's Oil Ministry announced plans to invest \$90bn in the next 20 years as part of plans to expand the country's natural gas transmission network to meet rising domestic demand. The National Iranian Gas Co., will spend the money under a 20-year program, which will see a total of \$130bn being invested by the state-run company. The program will see the addition of 53,000 kilometers of pipelines and 140 gas booster stations to an existing pipeline network with a length of 25,000 kilometers and 52 booster stations.

Source: Dow Jones Newswires

Eni and Libya sign joint projects worth \$28bn

Eni SpA, Italy's biggest oil and natural gas company, signed an agreement with the Libyan national oil company to jointly develop hydrocarbon projects in Libya and extend existing contracts. Eni said the overall joint investments associated with the agreed work programs are worth about \$28bn over 10 years. Eni's 2006 daily oil and gas production in Libya averaged about 250,000 barrels of oil equivalent.

Source: Dow Jones Newswires

Base metals: Prices trade sideways amid weak physical demand

After base metal prices rallied over the last few weeks, the development this week was more mixed. At the beginning of the week, prices fell considerably. After the return of Chinese market participants following the "Golden Week" holidays from October 1-5, traders and analysts expecting to see a pick-up in physical demand were disappointed. While base metal prices have recovered most of these initial losses later this week, physical activity, particularly in the US, remains limited. Lead is the only metal that hasn't seen a price dip. Instead, lead prices are continuing to reach new all-time highs. The strength of the lead price is mainly due to ongoing supply disruptions, mainly in Australia. This week, the Australian government's announcement that lead exports from the port of Esperance will remain blocked until early 2008 due to environmental concerns added to the positive sentiment in the lead market.

Source: Credit Suisse

Precious metals: Gold prices surpass the \$740 mark

With the exception of palladium, which continued to trend higher, precious metals have continued the consolidation that started at the beginning of the month. This week, gold prices tested again the \$740 mark without being able to cross it for a longer period of time. Silver prices have seen a similar development and are trending sideways around \$13.60. Platinum and palladium prices are developing somewhat better. In the second half of the week, platinum prices have tested the upper end of their trading range at \$1,395. Generally, platinum prices are holding up better than gold prices. Palladium is the only precious metal that has been in an uptrend since the beginning of the month. At the moment, it is trading around \$375, and there are no signs of a slowdown yet. While the picture for palladium is improving from a technical perspective, the fundamental outlook for the metal remains uninspiring, and thus we stick to our cautious view on palladium.

Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	213.2	204.4	195.5	4.0	20.3
LME metals price index	4018.6	4031.0	3885.3	8.8	5.5
Oil prices USD	83.0	71.2	65.3	6.2	44.4
Oil prices SDRs	53.4	46.6	43.2	5.3	36.2
Gold \$/troy oz	742.6	678.5	658.2	5.2	28.8
Silver cents/troy oz	1367.0	1300.2	1304.1	8.8	22.7
Platinum \$/troy oz	1394.0	1297.0	1233.1	7.9	30.9
Copper \$/MT	8225.5	7715.4	7112.9	11.1	10.6
Nickel \$/MT	32275.0	37865.9	38126.5	20.7	-0.2
Aluminium \$/MT	2424.5	2628.8	2702.8	1.8	-4.6
Zinc \$/MT	3095.3	3424.7	3624.6	13.6	-16.5
Steel - HR coil dry \$/MT	565.0	549.9	525.8	0.0	-1.7

Source: Credit Suisse



COUNTRY RISK METRICS

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



COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	EIU								
Central & Eastern Europe													
Armenia	-	Ba2	BB-	-	-	-3.3	17.6	27.1	210.0	2.6	161.6	-4.1	3.5
Bulgaria	BBB+ Stable	Baa3	BBB	-	BBB	2.6	19.5	80.0	147.3	18.0	228.2	-16.1	11.0
Kazakhstan	BBB- Stable	Baa2	BBB	-	BB	0.3	4.4	60.4	225.2	36.0	197.8	2.3	5.1
Romania	BBB- Stable	Baa3	BBB	BBB-	BBB	-2.9	12.8	42.0	178.3	22.3	233.1	-11.9	6.9
Russia	BBB+ Stable	Baa2	BBB+	-	BBB	3.6	8.2	33.5	90.8	12.5	98.5	6.3	1.3
Turkey	BB- Stable	Ba3	BB-	BB-	B	-2.0	60.9	52.3	194.8	37.6	340.6	-7.9	4.6
Ukraine	BB- Negative	B1	BB-	-	BB	-2.6	17.5	44.7	105.6	17.5	207.5	-3.6	4.2

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



SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	4.75	18-Sep-07	Cut 50bps	31-Oct-07
Eurozone	Refi Rate	4.00	04-Oct-07	No change	08-Nov-07
UK	Base Rate	5.75	04-Oct-07	No change	08-Nov-07
Japan	O/N Call Rate	0.50	11-Oct-07	No change	31-Oct-07
Australia	Cash Rate	6.50	02-Oct-07	No change	06-Nov-07
New Zealand	Cash Rate	8.25	12-Sep-07	No change	24-Oct-07
Switzerland	3 month Libor target	2.75	13-Sep-07	Raise 25bps	13-Dec-07
Emerging Markets					
China	One-year lending rate	7.29	14-Sep-07	Raise 27bps	N/A
Hong Kong	Base Rate	6.25	19-Sep-06	Cut 50bps	N/A
Taiwan	Discount Rate	3.25	20-Sep-07	Raise 12.5bps	31-Dec-07
South Korea	O/N Call Rate	5.00	11-Oct-07	No change	08-Nov-07
Malaysia	O/N Policy Rate	3.50	24-Aug-07	No change	30-Oct-07
Thailand	1D Repo	3.25	10-Oct-07	No change	04-Dec-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	Oct-07	No change	N/A
Turkey	Base Rate	17.25	16-Oct-07	Cut 50bps	14-Nov-07
South Africa	Repo rate	10.00	11-Oct-07	Raise 50bps	06-Dec-07
Kenya	Central Bank Rate	8.75	04-Oct-07	No change	Dec-07
Nigeria	Monetary Policy Rate	8.00	03-Oct-07	Raise 100bps	Dec-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	Oct-07	No change	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 October 18, 2007

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