

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

EMERGING MARKETS

Remittances at \$300bn in 2006

Figures released by the United Nations show that the inflows of expatriate remittances to developing countries totaled \$300bn during 2006, with a majority of countries in most developing regions receiving annual remittance inflows of more than \$1bn each. The Asia and Pacific region includes 17 countries that receive each in excess of \$1bn in remittances annually and Latin America has 15 such countries. Also, Europe includes 13 economies and the Middle East & North Africa 9 countries that benefit from more than \$1bn in annual remittance inflows, with a further 19 African countries receiving more than \$500m. India is the biggest recipient of remittances in the developing world with \$24.5bn in 2006. The UN said remittances constitute an important flow of foreign currency to most countries and directly reach millions of households, totaling approximately 10% of the world's population. The driving force behind this phenomenon is an estimated 150 million migrants worldwide who send typically \$100, \$200 or \$300 at a time through more than 1.5 billion separate financial transactions. These funds are used primarily to meet immediate family needs but a significant portion is also available for savings, credit mobilization and other forms of investment.

Source: United Nations

ALGERIA

€900m earmarked for space program

The Algerian government has earmarked nearly €900m to its space program for the 2006-2020 period, as the country plans to use space technologies to fight desertification and protect the environment. The Algerian Space Agency indicated that two new satellites, Alsat 2A and Alsat 2B, will be launched respectively at the beginning of 2008 and 2009. The first Alsat 2 project was launched in January 2006. The Arzew space research center is reportedly building the second satellite without foreign participation. Britain supported Algeria's initial space ambitions with the Alsat 1 satellite project in 2002 which cost \$11m.

Source: Magharebia News

English court paroles Khalifa

A Westminster court released Algerian banker Abdelmoumen Rafik Khalifa on parole on Friday October 20th. Algeria sentenced Khalifa to life in prison for his involvement in the country's largest financial fraud scandal that led to the bankruptcy of Khalifa Bank in 2003, the country's largest private bank at the time. The Westminster court earlier denied a French extradition request on grounds that there was a lack of evidence to support the warrant's three charges and it fails to define Khalifa as a suspect or defendant. The Nanterre court that issued the warrant has already paroled former Khalifa Group Deputy CEO Mohamed Nanouche, former Khalifa Bank CEO Kebache Ghazi and Khalifa's wife, Nadia Amirouchane. Private banks have been forced by the Central Bank to close or to merge with state-owned banks following the collapse of Khalifa Bank.

Source: El Khabar

IRAQ

Turkey considers economic sanctions

The National Security Council of Turkey recommended to the government a series of economic sanctions against northern Iraq. The recommended measures would reportedly include a cut in electricity supply to northern Iraq and the closure of the Habur border gate, along with an investigation into the businesses owned by the Barzani family in a free trade zone in southern Turkey. The Council also said in its post-meeting statement that it has evaluated the "political and military" measures that might have to be taken against the PKK in the aftermath of the Turkish parliament's approval on October 17 of a motion which authorized cross-border military operation in northern Iraq.

Source: Credit Suisse

IRAN

U.S. sanctions to affect Russia's LUKOIL

Russian oil firm LUKOIL declared that it will soon have to stop work on the Anaran oil project because U.S. sanctions prevent it from investing more than \$20m in Iran's energy sector. It added that it discovered the largest deposit in the country but cannot work there because of the Iran Sanctions Act of 1996. The U.S. Act calls for sanctions against any individual or company that invests \$20m or more in any 12-month period that would help Iran's ability to develop its petroleum resources. Norway's StatoilHydro has a 75% interest and LUKOIL holds 25% in the Anaran block of the Azar field, which has reserves of about 2 billion barrels of oil.

Source: Reuters

MOROCCO

Deals worth €2bn signed with France

France and Morocco signed more than €2bn in civilian and military agreements during French President Nicolas Sarkozy's state visit. The first deal covers the construction of a high-speed TGV train between Tangier and Casablanca. French group Alstom will co-operate with French rail operator SNCF and network manager RFF in executing the project. The first stage, linking Tangiers and Kenitra, is expected to be operational by 2013. Alstom also signed an agreement to provide 20 Prima locomotives and construct a power plant near Oujda. Further, Morocco will purchase a FREMM class frigate and France will renovate 25 of Morocco's Puma helicopters and 140 armoured vehicles. French nuclear energy firm Areva also signed a draft agreement with the Office Cherifien des Phosphates (OCP) for the extraction of uranium from Moroccan phosphate acid.

Source: Reuters

OUTLOOK

EMERGING MARKETS

Sovereign wealth funds to reach \$8tn by 2011, triple investment in riskier markets

Merrill Lynch estimated that funds managed by sovereign wealth funds (SWFs) would grow at an average rate of \$1.2tn annually over the next five years, reaching \$7.9tn by 2011. A further \$3.2tn would still be in central bank reserves, bringing total assets controlled by central banks and SWFs to \$11.1tn. But if central banks choose to freeze the level of reserves at their 2007 level and channel any additional inflows into SWFs, then funds controlled by SWFs would rise by \$728bn annually to reach \$5tn by 2011, with an additional \$5.8tn of reserves still managed by central banks. Merrill Lynch considered that early SWF movers are likely to be more aggressive in allocating capital to riskier assets. This would include most countries in the Middle East, as well as Singapore and Norway because they already have the infrastructure in place, whereas it will take others some time to set it up. Merrill Lynch expected five trends over the medium term, once SWFs are properly set up. They include a massive shift into riskier assets, a shift out of government into private sector assets, a shift out of US dollar into non-US dollar-denominated assets, a shift out of internally-managed toward more externally-managed assets, and the center of gravity of these shifts will move from the Middle East to Asia and Russia. Merrill Lynch added that the share of SWFs in riskier markets should double or triple over the next five years, with a cumulative \$3.1tn-\$6tn invested, compared to a current market capitalization of \$24.2tn for equities and US\$13.4tn for non-sovereign debt.

Source: Merrill Lynch

SYRIA

Growth at 3.3% in 2008-09, risks remain from dependence on oil receipts

The Economist Intelligence Unit expected real GDP growth in Syria to average 3.3% in 2008-09 largely due to falling oil production, which will lead to a sustained reduction in exports and limit the government's ability to increase spending. Further, the hostile regional political environment is likely to affect investor confidence, undermining efforts to draw urgently needed foreign finance into the oil and gas sector, although Russia, Iran and some of the Gulf Arab countries will remain sources of capital. The EIU estimates that the fiscal deficit will peak at 5.5% of GDP in 2007 in the absence of structural fiscal reform and with the escalating cost of fuel subsidies. It expected the deficit to stabilize in nominal terms but to decline modestly to 4.8% of GDP in 2008 and 4.4% of GDP in 2009. It projected government oil revenues to fall by an annual average of nearly 10% in 2008-09 as output declines, but this will be partly offset by increases in non-oil tax receipts and by the limited introduction of VAT in 2009.

According to the EIU, the Central Bank of Syria is leading efforts at extensive monetary reform, and the approval of Treasury bills issuance offers the prospect of a significant change in both the government's management of public debt and the operations of Syrian banks. This would increase the number and sophistication of monetary tools available to the

Central Bank and would also help to contain the inflationary impact of budget deficits. The EIU cautioned that, although these are all positive developments, particularly for the banking system, the risk of policy reversal exist, especially if the currency were to come under severe pressure. There are also doubts about the feasibility of such reforms given the relative lack of financial market expertise within the country.

The EIU said non-oil exports are continuing to benefit from strong regional demand and from the relaxation of foreign-exchange controls. It expected import growth to remain solid in 2008-09, partly as a result of the ongoing process of tariff liberalization. As a result, the trade deficit is expected to widen from an estimated \$2.2bn in 2007 to \$3.1bn in 2009. Also, services receipts will continue to grow, as the regional economic boom supports Syria's tourism sector, while expatriates' remittances will continue to play an increasingly important role in supporting the current-account balance, as confidence in the new exchange-rate regime and the banking sector starts to build. Also, income debits will stabilize at just over \$1bn a year in 2008-09 because of a resumption of some debt servicing in the wake of the debt rescheduling agreement signed with Russia in 2005. This will result in an average current-account deficit of \$2.7bn, equivalent to 5.3% of GDP, in 2008-09.

Source: Economist Intelligence Unit

SUB-SAHARAN AFRICA

Reforms are key to sustain growth

The International Monetary Fund expected growth in sub-Saharan Africa to reach 6% in 2007 and 6.75% in 2008, both slightly lower than projected last April but up from about 5.5% in 2006. It said inflation should average 7.5% in 2007, with 32 out of 44 countries in single digits, and 6.75% in 2008. The Fund said the region has seen in recent years its strongest growth and lowest inflation in more than three decades, which reflect the institutional improvements, structural reforms, and more rigorous economic policies that have started to bear fruit in many countries. It noted that domestic investment and productivity have risen, as many sub-Saharan African countries have worked to stabilize their economies and to implement reforms, while strong global demand for commodities, greater flows of capital to Africa and debt relief have helped increase resources and lift growth across the region.

According to the IMF, the region looks well-poised to sustain its growth momentum, as many oil exporters that have benefited from higher fuel prices have also saved more of the windfall and improved their policies, while many other countries have also continued to grow, even as their terms of trade have stagnated or deteriorated. It called for renewed efforts to pursue structural and institutional reforms that create conditions for a more dynamic private sector and increase productivity as a key condition to sustain the economic expansion. The IMF expressed concerns about the risks to the region's outlook, including the turbulent conditions in the financial markets, which have introduced greater uncertainty into the global economy outlook. It said that as long as global growth remains robust, the economic impact of the financial market turbulence on sub-Saharan Africa should be limited.

Source: International Monetary Fund



ECONOMY & TRADE

SYRIA

Bourse to have organized and OTC markets

The draft law that sets the conditions for listing and trading stocks and other securities on the Damascus Stock Exchange stipulates that the DSE will have an organized market for large companies and an Over-The-Counter market for smaller firms. The requirements to list on the primary market include a paid-up capital of no less than SYP300m, or \$6m, two consecutive years of profits equivalent to at least 5% of paid-up capital, no less than 300 shareholders and at least 20% of the capital held by the public. The OTC market will have less stringent conditions for firms such as SYP100m, or \$2m, in capital, no less than 100 shareholders and two years in existence. In parallel, companies owned in whole or in part by the government would be allowed list unconditionally. Non-Syrian companies may list their securities on the DSE provided they meet the requirements for listing on the organized market in addition to being listed on the stock exchange of the country of origin for over two years.

Source: Syria Report

Export promotion agency to be set up

The Government approved a draft law establishing an export promotion agency to provide a range of services in support of Syrian exporters. Such services cover matchmaking with foreign counterparts and identifying export opportunities, providing training to export departments, and assisting exporters in drafting export plans and strategies. The agency, which has a budget of \$6m, will have a 14-member board of directors that will include 9 members from the private sector, representatives from the ministries of Economy & Trade, Industry and Agriculture, as well as from the Customs and from the Syrian Arab Standards and Metrology Organization. The draft law needs to be ratified by Parliament in order to go into effect.

Source: Syria Report

GCC

Real estate projects at \$1tn

The aggregate value of real estate construction projects across the GCC has exceeded the \$1 trillion (tn) mark according to a survey conducted by research company Proleads. There are currently 885 active civil building projects in the region, each with a value of more than \$10m. The UAE leads with 390 projects with a combined value of more than \$430bn, followed by Saudi Arabia with 330 projects that have a total value of more than \$409bn. The GCC has a total of 340 residential projects with a combined value of \$81bn, while commercial projects across the region total 144 and have an aggregate value of over \$17bn. The biggest project in the region is the King Abdullah Economic City in Saudi Arabia with a value of \$120bn. The survey covered commercial and residential developments including hotels, hospitals, schools and theme parks. When including infrastructure such as bridges, roads and airports, the value of projects reaches \$1.25tn.

Source: Gulf News

MOROCCO

World Bank to help reduce debt risk

Morocco and the World Bank signed a Master Derivatives Agreement (MDA) allowing the country to use a set of World Bank instruments to help it manage its currency and interest rate risk associated with its debt portfolio. The MDA would allow Morocco to access hedging products including currency swaps, interest rate swaps, caps and collars and commodity swaps. The instruments can be used both for World Bank debt and the entire public debt portfolio. Morocco is the second country to sign an MDA with the World Bank. The IMF estimates Morocco's total government debt at 58% of GDP in 2007, down from 63.7% in 2005.

Source: Magharebia News

EGYPT

EU to liberalize trade of agricultural products

Minister of Trade & Industry Rachid Mohamed Rachid declared that the European Union and Egypt have agreed to liberalize trade in agricultural products next year. He added that this agreement would boost agricultural exports to the EU given the government's efforts to encourage investment in agriculture and land reclamation.

Source: Al-Alam Al-Youm

EMERGING MARKETS

Development finance institutions to prioritize corporate governance

In the first initiative of its kind, the leaders of 31 development finance institutions (DFIs) issued a joint statement that positions corporate governance at the forefront of their sustainable development agenda in emerging markets. The initiative highlights the increased role of good corporate governance as a facilitator of international capital flows to emerging market companies. The DFIs said they aim to raise awareness, at both the private and public sector levels, of the importance of good governance to sustainable economic development. The DFIs pledged to develop or adopt guidelines, policies, or procedures on the role of corporate governance considerations in their due diligence and investment supervision operations. This could cover such aspects as commitment to good corporate governance, the rights and equitable treatment of shareholders, the role of stakeholders, disclosure and transparency, and the composition and responsibilities of the board of directors.

Further, DFIs plan to encourage companies in which they invest to observe local codes of corporate governance in the spirit of best international practice, and will engage company management and board members in a dialogue to foster improvement in cases where corporate governance practices are weak. They also committed to promote the use of internationally recognized financial reporting standards and encourage investment companies to adopt or align their accounting principles and practices to such standards. Institutions that signed the Approach Statement on Corporate Governance represent assets of almost \$1tn and cover most emerging markets.

Source: International Finance Corporation



BANKING

GCC

Saudi Arabia and Qatar reaffirm commitment to US dollar peg

The Saudi Finance Minister stated that Saudi Arabia is not considering revaluing its currency or moving away from the US dollar peg. Speculation that the kingdom will abandon the peg was fuelled by high domestic inflation, interest rate cut by the U.S. Federal Reserve and the weak U.S. dollar. However, the minister stated that "the riyal's exchange regime has served and continues to serve the economy well and there is no need for any change at this time." In parallel, Qatar's Finance Minister said that Qatar is satisfied with the value of its currency and sees no need to change its peg despite the weakening dollar.

Source: Standard Chartered

ANGOLA

Credit line of \$3.5bn in the pipeline

The government is arranging a credit line worth about \$3.5bn from a syndicate of Portuguese and local banks in order to fund infrastructure projects. Banco Africano de Investimentos, which is partly owned by state-run oil company Sonangol, will be responsible for raising about \$400m in the first tranche in November. Banco de Fomento Angola, Angola's largest bank and a subsidiary of Portugal's BPI, and Banco Espirito Santo Angola, will each raise \$200m. The remainder will be funded by local Angolan banks in what will be the largest loan ever funded by the country's banking sector. Angola, which emerged from a 27-year civil war in 2002, has funded much of its reconstruction through foreign credit, including a multi-billion dollar oil-backed credit line from the Eximbank of China. It has been able to tap global financial markets because of its emergence as one of Africa's top oil producers and its double-digit growth in recent years. But authorities are increasingly looking to internal sources of credit to fund the reconstruction of infrastructure in the country.

Source: Reuters

NIGERIA

Guaranty Trust Bank rating affirmed at 'B+', outlook positive

Fitch Ratings affirmed Guaranty Trust Bank Plc's (GTBank) ratings at Long-term foreign currency Issuer Default Rating (IDR) 'B+', Short-term foreign currency IDR 'B', Individual Rating 'D' and Support Rating '4'. The Support Rating Floor is affirmed at 'B'. The Outlook for the Long-term IDR is Positive. The ratings reflect GTBank's well-established and growing franchise, strong financial performance, sound asset quality and strong capital levels. They also reflect Nigeria's difficult operating environment and GTBank's concentrated loan book. The Positive Outlook for the Long-term IDR reflects GTBank's significantly improved risk and working capital base, growing franchise and enhanced earnings capacity. Fitch considers the bank's current capital adequacy levels to be good. GTBank raised \$788.7m in July 2007, causing the bank to report a Tier 1 capital adequacy ratio of approximately 30% shortly thereafter.

Source: Fitch Ratings

UKRAINE

Fitch affirms CJSC Privatbank at 'B'

Fitch Ratings affirmed CJSC Privatbank's (Privat) ratings at Long-term Issuer Default Rating (IDR) 'B', Short-term IDR 'B', Individual 'D' and Support '4'. The Outlook on the Long-term IDR remains Positive. The Support Rating Floor was affirmed at 'B'. Privat is the largest bank in Ukraine in terms of assets and second largest by branch network. The agency said Privat's ratings reflect its modest capitalization, particularly in view of ongoing rapid loan growth and relatively high loan concentrations. It added that the weak transparency of the bank's shareholder's assets, and hence difficulties in assessing the true level of related-party business, also weigh heavily on the ratings. But the ratings also consider the bank's broad domestic franchise, sizeable market share and sound bottom-line performance, driven by its well-developed retail and SME businesses and particularly strong positions in certain niche markets. Fitch considers that Ukrainian authorities are likely to support the bank in case of need in light of its size and importance to the banking sector. Also, a significant and sustained improvement in capitalization would be positive for the bank's credit profile. Privat serves almost 8.5 million individual customers and more than 300,000 corporate clients through a network of more than 2,500 outlets across the country. Two individuals own slightly more than 83% of the bank.

Source: Fitch Ratings

RUSSIA

Liquidity support for banks is positive, but more may be needed

Fitch Ratings stated that refinancing risk for Russian banks is moderate in the near- to medium-term, reflecting the still moderate proportion of foreign liabilities in overall sector funding and the long-term nature of the majority of such borrowing. However, sector liquidity remains vulnerable due to the weak funding franchises of many banks, fragile interbank market and depositor confidence, and the large number of banks. It added that liquidity profiles and management have improved at most leading banks since the 2004 liquidity-driven mini-crisis, but changes at medium-sized and smaller institutions have been less significant. According to Fitch, the risks of a further tightening of sector liquidity are significant due to the underlying liquidity vulnerability of the sector, the already tighter funding and liquidity environment, and the potential for further negative shocks. The agency viewed positively the measures taken by the Central Bank of Russia to support liquidity, but noted that additional actions may be required to prevent bank failures in case of a further liquidity squeeze. Such measures could include another reduction in mandatory reserves, a broadening of assets eligible for refinancing, or targeted support for institutions in difficulty.

Source: Fitch Ratings



ENERGY / COMMODITIES

U.S. oil above \$88 on supply concern

U.S. oil surged more than \$1 towards \$89 and Brent crude hit an all-time high on Thursday, after a slide in U.S. oil stocks renewed fears of an energy crunch during the northern hemisphere's winter heating season. London Brent was up \$1.42 at \$85.79 a barrel, having hit a record \$86.28. U.S. crude was up \$1.53 at \$88.63 after a brief test of \$89. It is back within striking distance of the \$90.07 peak it reached last Friday. News that crude stocks in the world's top oil consumer fell 5.3 million barrels last week, instead of an expected increase of 800,000 barrels, has buoyed U.S. oil. Prices are up 45% this year and have more than quadrupled since the start of 2002. Supply concerns, unprecedented dollar weakness and a shift of investor money into energy and commodities from other asset classes have boosted the market. Assaults by Turkish troops on Kurdish separatists in northern Iraq have added to tension in the Middle East. But OPEC's secretary general said there was no shortage of oil. And a weak dollar meant the OPEC was far from reaping a windfall.

OPEC members, who have already agreed to increase production by 500,000 barrels per day from November 1st, will meet informally in Saudi Arabia next month. Some within the group have suggested a further 500,000 bpd output increase may be discussed to calm the market and soften economic blows.

Source: Reuters

Gulf projects may slow

The Middle East may see fewer oil and gas projects in the near future due to a shortage of available contractors. Abdul Aziz Alidi, business development manager of new projects at Arab Petroleum Investments Corp, said a short-term slowdown is likely until the expected arrival of new firms from China, South Korea and Russia help alleviate the bottleneck. He said the influx of contractors will also help lower contract costs, which have been climbing

Source: Gulf News

Essar to build refinery in Iran

India's Essar Group and Iran's state oil refining firm are teaming up to build a 300,000 barrel per day refinery in southern Iran early next year to help boost the OPEC member's stagnant refining sector that is struggling with petrol shortages. The facility is estimated to cost \$8-\$10bn and would be the first foreign-invested downstream project in sanctions-hit Iran. It will be Essar's first overseas refinery development.

Source: Reuters

UAE seeks private investors

The UAE is seeking power and water industry investors for its smaller emirates to meet rising demand. Abu Dhabi, the largest UAE emirate, opened its utilities to private investment in 1997, and many international companies have profited from investing in the emirate. Now the federal government, which operates plants in the UAE's five smallest emirates, is doing the same as it seeks to address its power and water needs.

Source: Reuters

Base metals: Profit-taking amid weaker equity markets

Base metal prices continue to trade in tandem with equity markets. With the equity market turbulence in August and the subsequent credit crunch the correlation of base metals with equity markets has increased. In this regard it is not surprising to see somewhat weaker base metal prices given the slight decline in equity markets this week. In market news, preliminary Chinese trade data for September show the first signals of a turnaround toward higher imports and lower exports, which is supportive for prices. According to the data, Chinese net imports of unwrought copper and copper products increased by roughly 30% month over month. In addition, imports of copper scrap increased by more than 12%. Aluminium net exports declined by more than 20%. More strong trade data for China is expected during the fourth quarter.

Source: Credit Suisse

Precious metals: Increasing risk of profit taking in the gold market

Precious metals prices have seen mixed developments this week. In this environment, gold prices have been holding up quite well. At the moment gold prices are above US\$760/oz. Speculative long positions in the gold market are currently at a very high level and there are initial reports that high prices are starting to affect jewellery demand for gold negatively. The risk of profit taking is currently elevated. However, gold prices should resume their uptrend in 2008. As mine production is stagnating, central banks are getting more reluctant to sell gold, and with investors' interest remaining strong, the physical supply / demand balance is expected to tighten further in 2008.

Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	215.5	204.9	196.2	3.0	16.7
LME metals price index	3976.8	4021.4	3888.1	5.3	2.1
Oil prices USD	89.5	72.1	65.8	9.1	55.2
Oil prices SDRs	57.3	47.1	43.5	7.6	45.9
Gold \$/troy oz	763.4	681.3	661.5	6.7	28.7
Silver cents/troy oz	1368.0	1299.4	1308.2	5.6	16.3
Platinum \$/troy oz	1446.0	1302.8	1239.7	11.2	33.5
Copper \$/MT	7980.5	7722.3	7122.5	5.9	4.7
Nickel \$/MT	31602.5	37174.0	38092.4	8.2	-3.1
Aluminium \$/MT	2494.5	2614.6	2699.0	7.7	-6.9
Zinc \$/MT	2958.8	3405.4	3608.8	7.0	-24.3
Steel - HR coil dry \$/MT	565.0	550.9	525.9	0.0	4.6

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	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-07	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	17-Oct-07	No change	05- Dec-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 25, 2007



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