Issue 44
November 15, 2007

BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

PAKISTAN

Ratings agencies change outlook to negative

Moody's Investors Service changed its outlook to negative from stable on Pakistan's 'B1' sovereign foreign- and local-currency bond ratings following President Musharraf's imposition of emergency rule on November 3rd. It also assigned a negative outlook on Pakistan's 'B2' foreign-currency country ceilings for bank deposits. The outlook for the country's 'Ba3' foreign-currency country ceiling for bonds is unaffected and remains stable. Moody's indicated that President Musharraf's narrowing domestic support base and shakier relations with the U.S. and other key international allies appear to be a greater threat to investor confidence than in the past. The agency added that the emergency rule and the factors behind such an action could undermine Pakistan's ability to sustain significant inflows of confidence-sensitive capital that have financed a considerable portion of the country's large current account deficit. According to Moody's, foreign investors and domestic market participants have shrugged off political turbulence in Pakistan since the beginning of this year, but the balance of risks now appears to be shifting to the downside. The agency added that it would downgrade the ratings if external capital inflows significantly diminished or if a loss of domestic confidence led to a major slowdown in economic activity or otherwise undermined macroeconomic stability.

In parallel, Standard & Poor's revised its outlook on the Long-term Foreign and Local Currency Sovereign credit ratings of Pakistan to negative from stable. It attributed the outlook revision to the heightened and prolonged political uncertainty after President Musharraf declared a state of emergency, and its potential impact on economic growth, fiscal performance, and external vulnerability.

Source: Moody's Investors Service, Standard & Poor's

LIBERIA

Multilaterals provide debt relief of $842m

The International Monetary Fund and the World Bank announced that Liberia has qualified for debt relief of $842m under the Heavily Indebted Poor Country Initiative and the Multilateral Debt Relief Initiative through a comprehensive arrears plan. The agreement, which covers arrears to the World Bank and the IMF, will permit Liberia to rapidly clear much of its arrears to smaller multilateral creditors and, with Paris Club assistance, to clear much of its arrears to bilateral creditors. According to the World Bank, the arrears clearance plan demonstrates a strong vote of confidence by Liberia's partners in its return to peace and responsible governance. Further, arrears clearance and the normalization of Liberia's external financial position will allow the country to trade freely and start attracting FDI to develop its resources and strengthen its capital markets. Liberia's total arrears to multilateral institutions total $1.5bn, including $772m to the IMF, $458m to the World Bank and $233m to the African Development Bank.

Source: International Monetary Fund, World Bank

SYRIA

First microfinance bank licensed

The Central bank of Syria awarded a preliminary license to the Aga Khan Agency for Microfinance (AKAM) to open the first microfinance bank in the country. AKAM is part of the Agha Khan Development Network (AKDN) and has been providing microfinance in Syria since 2003 through its Syria Microcredit Program. The issuance of Law 15 earlier this year established the legal framework for microfinance and allowed the establishment of microfinance institutions in Syria.

Source: Syria Report

ALGERIA

Power cable to link Algeria to Germany

Algeria and Germany plan to build a 3,000km-long power cable connecting the southern Algerian city of Adrar to the German city of Aachen. The mega project, with a capacity of 6,000 megwatts and estimated at €2bn, will cross Sardinia, Northern Italy and Switzerland. The energy transferred will be produced by solar energy plants in Algeria. The firm New Energy Algeria (NEAL) will be in charge of the project. The proposal will be presented on November 28th to the European Parliament for approval.

Source: APS

IRAQ

U.S. House approves troop withdrawal

The U.S. House of Representatives approved on November 14th a timetable for withdrawing troops from Iraq by tying the measure to $50bn in new war funds. The House voted by 218-203, and sent the plan to the Senate. The House bill is similar to a plan Bush vetoed in May that would have begun the immediate withdrawal of some U.S. combat troops from Iraq. Democrats hope the money would be used to start changing the U.S. mission from one of combat to protecting U.S. facilities there, training Iraqis and conducting counter-terrorism operations. Democrats advanced many bills since January, knowing they lacked enough votes to overcome opposition from Bush and congressional Republicans.

Source: Reuters

UAE

Law establishes new Investment Authority

The President of the UAE, Sheikh Khalifa bin Zayed Al Nahyan issued a federal law setting up the Emirates Investment Authority (EIA). According to the law, the EIA will be responsible for developing investments on behalf of the government and for generating revenues. The law mandates EIA to participate in drawing and coordinating policies of investing government reserve funds in a way that will provide viable returns on investment.

Source: Business Intelligence

OUTLOOK

ALGERIA

Real GDP growth to average 5% in 2007-08

In its semi-annual economic outlook for the Middle East and North Africa region, the International Monetary Fund projected Algeria's real GDP growth at 4.8% for 2007, up from 3.6% last year, and at 5.2% in 2008. It expected the country's nominal GDP to reach $125.9bn this year and $139.5bn in 2008, up from $113.9bn in 2006. The IMF forecast Algeria's annual average inflation rate at 4.5% in 2007, up from2.5% a year earlier, and at 4.3% in 2008. Also, it expected the growth of broad money at 21.2% this year, declining to 16.3% in the coming year. The Fund projected the central government's fiscal balance to post a surplus of 11% of GDP this year and 11.5% of GDP in 2008, down from 14.5% in 2006. It estimated public revenues at 43.2% of GDP in 2007 and at 43.7% next year and total expenditures at 32.2% of GDP this year and next year. The IMF expected Algeria's public debt to continue its downward trend and to reach 18.7% of GDP at end-2007 and 15.8% of GDP at end-2008, down from 23.2% of GDP in 2006. It also forecast total gross external debt at 4.4% of GDP this year and 3.9% next year, down from 4.9% in 2006. Further, the country's current account balance is projected to post a surplus of 24.4% of GDP this year and a surplus of 25.7% of GDP in 2008. The Fund expects the country's gross official reserves to reach $103.4bn at end-2007 and $129.6bn at end-2008, up from $77.8bn at end-2006.

Source: International Monetary Fund

IRAQ

Growth at 2.9% in 2007-08, 4% in 2009

The Economist Intelligence Unit expected real GDP growth in Iraq to average 2.9% in 2007-08 and to improve to 4% in 2009. It attributed the low forecast to the ongoing security problems that will continue to inhibit the country's economic development. It said government capital spending will remain constrained by ongoing violence and corruption, which will also set back efforts to revive the oil and non-oil sectors. In addition, domestic demand will be negatively affected by the large number of Iraqis that have left the country since 2003, while the continued violence and high inflation will suppress consumer confidence. The EIU expected real GDP growth to improve in 2009, but to remain far below the economy's potential. It said greater reconciliation at the local level will allow a measure of recovery in some of Iraq's southern and western provinces, leading to increased investment and greater wholesale and retail activity. Also, the robust economic growth already witnessed in the more stable Kurdistan areas is likely to continue, as will incremental increases in oil output.

According to the EIU, economic policymaking will be constrained by the weakness of central government control. As a result, the government's primary aim will be to improve project implementation, in part by encouraging greater local participation and cutting bureaucratic constraints. However, progress will be slow and piecemeal, curtailed by vested interests and corruption. It expected the fiscal balance to record a surplus in the near term, with oil earnings continuing to increase, as prices remain high and production continues to rise incrementally. It said the surplus will narrow from an estimated $8.4bn, or 15.2% of GDP, in 2007 to $5.6bn, or 8.9% of GDP in 2008 and $1.7bn, or 2.5% of GDP in 2009 due to increased spending.

The EIU considered that the Central Bank of Iraq is likely to continue to oversee a slow appreciation of the dinar, in order to counter inflation and dollarization, while political uncertainty will ensure that pressure on the currency remains high. It forecast average inflation to slow gradually from an estimated 45% in 2007 to around 35% in 2009. In parallel, it expected the current account is to remain in surplus, supported by continued high oil prices and incremental increases in oil output. It forecast that the current-account surplus will narrow from an estimated $7.8bn. or 14% of GDP in 2007. to $5.2bn or 8% of GDP in 2008 and $1.3bn or 2% of GDP in 2009. It added that the CBI would be able to draw upon its considerable foreign reserves of $19.7bn, or more than 10 months of import cover, should the country face balance-of-payments difficulties.

Source: Economist Intelligence Unit

NIGERIA

Economic growth estimated at 4.3% in 2007 and 8% in 2008

In its semi-annual outlook for Sub-Saharan Africa, the International Monetary Fund projected Nigeria's real GDP growth at 4.3% for 2007 and 8% in 2008 relative to 5.6% in 2006, and compared to growth in oil exporting countries of 7.6% in 2007 and 10.6% in 2008. It expected the country's real non-oil GDP to grow by 8% in 2007 and 7% in 2008, down from 9.4% in 2006, and compared to non-oil GDP growth of 7.6% in 2007 and 7.1% in 2008 in Sub-Saharan Africa. The IMF forecast Nigeria's annual average inflation rate at 5.3% in 2007 down from 8.3% a year earlier, and projected a further increase to 7.4% next year compared to inflation rates of 7.5% and 6.8% in 2007 and 2008, respectively, for Sub-Saharan Africa. Also, it expected the growth of broad money at 10.7% this year, rising to 14.5% in the coming year. The Fund projected the central government's fiscal balance to post a surplus of 2.3% of GDP in 2007 and 7.9% of GDP in 2008, down from 8.4% of GDP in 2006.

It estimated public revenues at 21.4% of GDP this year and 25.5% of GDP in 2008, and total expenditures at 19% of GDP in 2007 and 17.8% of GDP in 2008. The IMF expected Nigeria's external debt to official creditors to be unchanged at 2.6% of GDP at end-2007, and to continue its decline to 2.3% of GDP at end-2008, compared to the region's external debt of 11% of GDP for 2007 and 9.8% of GDP in 2008. Further, the country's current account surplus is projected at 1.8% of GDP in 2007 and at 6% of GDP in 2008, down from 12.2% of GDP in 2006. In comparison, oil exporting countries are forecast to post current account surpluses of 3.6% of GDP this year and 7% of GDP next year. Further, the Fund expects the country's gross official reserves to reach 12.3 months of imports of goods and services at end-2007, almost unchanged from end-2006, and at 15.6 months of imports of goods and services at end-2008.

Source: International Monetary Fund

ECONOMY & TRADE

GCC

Ratings not at 'AAA' despite economic performance

Moody's Investors Service indicated that the six member states of the Gulf Cooperation Council have benefited from an unprecedented economic boom over the past five years, leading to sovereign ratings upgrades of between two and four notches since 2003. It added that some GCC countries outperform even Aaa-rated countries in certain indicators but do not currently have ratings higher than 'Aa2'. The agency cited regional geopolitical vulnerabilities, the developing state of domestic institutions, and the volatility of economic performance associated with a heavy concentration on hydrocarbons as the three key reasons constraining the ratings. Moody's said Aaa-rated countries tend to be located in regions with a long track record of political stability, whereas the Middle East and the Gulf region in particular have a more troubled political history. Also, institutions in the GCC continue to be of a more developing nature than those in Aaa-rated countries, while GCC countries' economic performance has exhibited marked fluctuations, far more pronounced than those of Aaa-rated countries, due to the still heavy concentration of their economies on oil and gas.

Source: Moody's Investors Service

MAURITANIA

Government increases fuel prices

The Mauritanian government raised fuel prices due to rising international oil prices. Gasoline price rose by 7.23% to 289.3 ouguiya, while diesel fuel prices increased by 8.8% 253 ouguiya per liter. In parallel, the government announced measures aimed to reduce prices on basic commodities, establish an efficient supply system to curtail speculation, launch income-generating projects and implement subsidies for certain products, such as bread, in particular geographic areas. It also plans to fix butane gas prices through subsidies, despite increases at the international level.

Source: AMI

MOROCCO

Unemployment rate falls

Figures released by the High Planning Commission show that the unemployment rate in Morocco dropped to 9.9% in the third quarter of 2007 from 10.1% percent in the same period last year. The 132,000 new jobs created in this period were in cities, in services and construction, while the farming sector lost 20,000 jobs. The Economy and Finance Minister Salaheddine Mezouar said that the Cabinet plans to speed up the pace of large-scale projects in order to create wealth-generating activities and job opportunities, achieve a growth rate of 6.8% in 2008 and contain the budgetary deficit despite the global financial turmoil.

Source: MAP

SYRIA

Holding firm with Qatar formally established

The Syrian Investment Authority (SIA) and the Qatar Investment Department (QID) have signed the by-laws to establish the $5bn Syrian-Qatari Holding Company. The Syrian-Qatari Holding Co. was announced a few months ago in Doha at the initiative of the governments of the two countries. The company has a paid-up capital of $500m and aims to invest in real estate, tourism, industry, banking, agriculture and live-stock projects in Syria.

Source: Syria Report

EGYPT

Ratings constrained by fiscal inflexibility despite reforms

Standard & Poor's stated rapid economic reforms are attracting record amounts of foreign direct investment, which is in turn boosting growth. It noted that Egypt has had remarkable success recently in increasing the level of FDI, a crucial source of capital as well as a means to encourage competition and to import know-how. The agency said the country's boom in FDI has occurred in the context of improved economic management and renewed investor confidence. These developments have been beneficial to economic growth, which increased to 7.1% year on year at the end of 2006-07, the highest rate in recent times. However, S&P noted that it has not raised Egypt's ratings since it revised the outlook to stable from negative in March 2005. It said the ratings continue to be in the 'BB' category due to the country's fiscal inflexibility and due to the uncertainty surrounding the presidential succession. S&P added that there is scope for the sovereign credit rating to improve as rising fiscal revenues and falling public debt ratios provide increased fiscal flexibility.

Source: Standard & Poor's

KAZAKHSTAN

Annual inflation at 15.3% in October, rate hike unlikely

Figures released by the Statistical Agency show that consumer price inflation accelerated annually to 15.3% in October from 11.2% in September. Inflation jumped by 4.4% month-on-month in October, compared to only 0.7% in October 2006. The main factor behind higher inflation during the past few months appeared to be food price inflation, which accelerated to 21.2% year-on-year in October from 14.4% in September and 10.3% in August. Non-food inflation remained broadly stable at an annual 8.4% in October compared with the past several months. Services price inflation, however, continued its steady acceleration to reach 13.3% annually in October from 10% in September and 9.8% in August. Headline inflation is now well above the upper end of the central bank's target of 8.2%-9.2% under a scenario with world oil prices above $60 per barrel. Despite the sharp increase in headline inflation in October, the National Bank of Kazakhstan is unlikely to raise the policy rate in the near term as the slowing credit growth increases the downside risks to inflation in the coming months.

Source: Credit Suisse

BANKING

LIBYA

Five foreign banks bid for stake in Al-Wahda Bank

The Central Bank of Libya announced it has short-listed five foreign banks to bid for a 19% stake in Al-Wahda Bank, the country's fifth largest state-owned bank. The abnks are France's Société Générale, Italy's Intesa Sanpaolo, the Jordan-based Arab Bank, Bahrain's Arab Banking Corporation and the Moroccan Attijariwafa Bank group. Authorities said they want to sell the stake to a strategic investor who will have the right to increase its stake to 51% over the medium term. The privatization is expected to be completed by February 2008. The move is part of a strategy to restructure, develop and modernize the banking sector. Earlier this year, Libyan authorities sold a 19% stake in Sahara Bank to BNP Paribas in the country's first bank privatization.

Source: AFP

MOROCCO

Launch of anti-money laundering campaign

Authorities launched a national campaign to raise public awareness about the need to combat money laundering. The campaign was launched seven months after Parliament passed an anti-money laundering law. The program targets nine Moroccan regions and is initiated by Al-Maghrib Bank, Morocco's Central Bank, in cooperation with the ministries of justice and finance. The new anti-money laundering law was passed by parliament in March to provide Morocco with a range of legal weapons to combat the trade in dirty money. The campaign began on October 31 and will last four months. Representatives of the program will inform the nine regions' local administration about measures contained in the new law. Al-Maghrib Bank Governor Abdellatif Jouahri said the campaign will prove to be extremely important, as the national banking and financial sector requires strict adherence to legal, professional, and ethical standards, in order to boost confidence in banking and financial institutions. He added that the legislation's conformity with international standards constitutes a key element of the assessment by the IMF and the World Bank of the country's economic and financial stability.

Source: Magharebia News

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 16.25% and the lending rate by 75bp to 20.75% compared to the consensus expectation of a 25bp cut. The MPC said that the recent hike in food and administrative prices would delay the fall in headline inflation. However, the CBT still maintained its positive tone on the inflation outlook and hinted at further rate cuts to come. The cut of the overnight lending rate by 75bp for the second consecutive month brings the rates near the CBT's deposit rates due to excess Turkish lira liquidity.

Source: Merrill Lynch

KAZAKHSTAN

Halyk Bank's ratings affirmed

Fitch Ratings affirmed Halyk Bank's ratings at Long-term foreign currency Issuer Default Rating (IDR) 'BB+', Short-term foreign currency IDR 'B', Long-term local currency IDR 'BBB-', Short-term local currency IDR 'F3', Individual 'C/D', Support '3' and Support Rating Floor 'BB+'. The Outlooks for the Long-term foreign and local currency IDRs remain Stable. The agency said the individual rating of Halyk reflects its broad domestic franchise, strong bottom-line performance, adequate asset quality to date, reasonable liquidity and low appetite for market risk. Fitch noted that Halyk is less dependent on foreign funding than most other large Kazakhstani banks, has more moderate exposure to the higher-risk construction/real estate sector and a lower proportion of foreign currency lending at 45%. Also, the bank's current refinancing risk is negligible, since it does not face any large-ticket repayments till end-2008 but Halyk's construction/real estate and foreign currency lending exposures are still considerable, and the bank could be negatively impacted by any further deterioration of the credit environment. Halyk is the third-largest bank in Kazakhstan in terms of assets, and the largest bank by deposits and branch network. The Almex Group, owned by the daughter and son-in-law of President Nazarbayev, own a 68.7% stake, while institutional and individual investors held a 31.3% stake following the December 2006 IPO.

Source: Fitch Ratings

UKRAINE

New reserve requirements

The National Bank of Ukraine introduced new measures to limit money supply growth that include interest rate hikes for two key rates as well as new reserve requirement for foreign borrowing. The NBU increased its deposit rate from 1.50% to 5% for the 46-day maturity and from 4.50% to 7% for the 90-day maturity. The NBU also raised its repo rates from 9% and 10.00% to 12% and 12.50%, respectively. In parallel, the NBU imposed new reserve requirement on foreign borrowing of 4% starting from November 20, 2007. The measures also aim to help shift the banking system from foreign borrowing to the domestic market due to the global liquidity crunch. Monetary tightening should help to suppress inflation, which dramatically accelerated in October to 14.8% annually compared to the government's target of 7.5% year-on-year for year-end 2007.

Source: Merrill Lynch

OMAN

New commercial bank established

Oman's Central Bank has cleared the way for the setting up of a new commercial bank in the country under the name of Oman Merchant Bank. The new bank, founded by a group of Omani and GCC investors, will have a capital of $130m, 40% of which will be offered to investors in the Sultanate through a public issue.

Source: Khaleej Times

Oil steady ahead of expected fall in U.S. inventory

U.S. light crude for December delivery fell 18 cents to $93.91 a barrel after rising almost $3.00 in the previous session. London Brent crude fell 35 cents to $91.01. U.S. crude oil supplies are likely to have fallen again last week for the fourth consecutive time, as rising margins spurred refinery activity. Analysts expect a drop of 800,000 barrels in crude stocks and a decline of 100,000 barrels in distillate inventories, including heating oil. Falling stocks, a low dollar, investment flows from less-well-performing equities, as well as geopolitical tensions, have fuelled the latest rise in oil. Prices have jumped by more than 50% so far this year.

The International Energy Agency said on Wednesday oil stocks were at "worrisome" levels and hoped oil-producing countries would listen to market signals. But members of the OPEC producer cartel have blamed speculation and not supply shortages for the record prices, and have confirmed they will not discuss raising crude output at a heads-of-state meeting on November 17-18. OPEC's next meeting is due on December 5 in Abu Dhabi.

Concerns about demand helped knock oil off last week's record high above $98, with the IEA earlier this week sharply cutting global demand growth forecasts and saying that high prices were already curbing consumption.
Source: Reuters

Algeria begins construction of first hybrid gas-solar plant

The construction of the world's first hybrid gas-solar power plant began in Hassi R'Mel, 800 km southeast of Algiers. The $350m plant has a planned capacity of 150 megawatts and is the first of four hybrid power plants slated for construction in Algeria. The projects are being carried out by New Energy Algeria (NEAL), a company established in 2002 by Sonatrach and Sonelgaz in collaboration with Spain's Abener.
Source: AFP

Saudi to reduce diesel exports in 2008

Saudi Arabia's Aramco announced it will cut its diesel exports to 880,000 tonnes in 2008 from 2.2 million tons in 2007, and will not renew any of its annual term deals as domestic demand is on the rise.
Source: Reuters

Saudi oil minister doesn’t expect U.S. recession

Saudi Arabia's Oil Minister Ali Naimi said that the kingdom didn't foresee a recession in the U.S. and that the world economy remained resilient, adding he was skeptical about claims of worsening tightness in the world's oil markets given oil stockpiles are trending around their five-year average levels.
Source: Dow Jones Newswires

Base metals: No major adjustments to the base metals forecast

Base metal prices have seen another week of subdued performance. The London Metal Exchange Index (LMEX) which tracks the performance of all LME-traded base metals continued to slide. The main reasons behind the weak performance are renewed inventory increases, mainly in the nickel and zinc market. Aggregate inventories of all LME-traded base metals have increased to roughly 1,250 kt. Forecast for zinc has lowered as new supply looks set to come on stream next year in Bolivia and Canada. The outlook is moderately positive for aluminium, nickel and to a lesser degree copper.
Source: Credit Suisse

Precious metals: Prices still in a liquidity driven upward spike

The precious metals rally continued this week with gold prices reaching more than $835 at times. Silver, platinum and palladium followed gold's lead and have also reached new multi-year highs. The weakening dollar and the threat of rising inflation amid record high oil prices should support precious metals prices during the next months. However, the risk of investing in precious metals has increased, as speculative positions have reached historical highs. Periods of temporary dollar recovery might lead to significant profit taking at times. Such price dips should open up buying opportunities, as the physical market for gold is tightening, which should support prices over the longer term.
Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	217.1	206.6	198.0	0.1	16.3
LME metals price index	3807.9	3970.8	3887.9	-2.4	-0.3
Oil prices USD	95.5	75.2	67.7	20.8	59.5
Oil prices SDRs	60.1	49.0	44.6	17.9	49.0
Gold $/troy oz	845.0	693.4	672.0	15.2	35.4
Silver cents/troy oz	1536.0	1307.8	1320.5	15.6	21.9
Platinum $/troy oz	1462.0	1319.5	1259.4	6.8	25.3
Copper $/MT	7221.5	7687.8	7136.5	-9.6	-0.9
Nickel $/MT	31852.5	35064.3	38018.0	7.9	0.6
Aluminium $/MT	2581.0	2581.9	2684.3	10.5	-6.7
Zinc $/MT	2775.3	3296.7	3529.5	-5.3	-39.1
Steel - HR coil dry $/MT	605.0	554.5	529.3	7.1	23.5

Source: Credit Suisse

COUNTRY RISK METRICS

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

COUNTRY RISK METRICS

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

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

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	4.75	31-Oct-07	Cut 25bps	11-Dec-07
Eurozone	Refi Rate	4.00	08-Nov-07	No change	06-Dec-07
UK	Base Rate	5.75	08-Nov-07	No change	06-Dec-07
Japan	O/N Call Rate	0.50	13-Nov-07	No change	20-Dec-07
Australia	Cash Rate	6.75	06-Nov-07	Raise 25bps	04-Dec-07
New Zealand	Cash Rate	8.25	24-Oct-07	No change	04-Dec-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	6.00	01-Nov-07	Cut 25bps	N/A
Taiwan	Discount Rate	3.25	20-Sep-07	Raise 12.5bps	31-Dec-07
South Korea	O/N Call Rate	5.00	08-Nov-07	No change	07-Dec-07
Malaysia	O/N Policy Rate	3.50	30-Oct-07	No change	26-Nov-07
Thailand	1D Repo	3.25	10-Oct-07	No change	04-Dec-07
India	Reverse repo rate	6.00	30-Oct-07	No change	31-Jan-08
UAE	3M EBOR	4.50	01-Nov-07	Cut 20bps	N/A
Saudi Arabia	Repo Rate	5.50	01-Nov-07	No change	N/A
Egypt	overnight lending	10.75	Oct-07	No change	N/A
Turkey	Base Rate	16.25	14-Nov-07	Cut 50bps	13-Dec-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	13.50	06-Nov-07	Raise 100bps	Jan 07
Mexico	Target Rate	7.50	26-Oct-07	Raise 25bps	23-Nov-07
Brazil	Selic Rate	11.25	17-Oct-07	No change	05- Dec-07
Armenia	Repo Rate	5.00	N/A	N/A	N/A
Romania	Policy Rate	7.50	Oct-07	No change	N/A
Bulgaria	Overdraft rate	8.40	N/A	N/A	N/A
Kazakhstan	Reverse repo rate	9.00	Oct-07	N/A	N/A

Source: Standard Chartered - Countries in bold updated on November 15, 2007

Economic Research & Analysis Department
Byblos Bank Group
P.O. Box 11-5605
Beirut - Lebanon
Tel: (961) 338 100
Fax: (961) 217 774
E-mail: research@byblosbank.com.lb
www.byblosbank.com.lb

BYBLOS BANK GROUP

LEBANON

Byblos Bank S.A.L
Achrafieh Beirut,
Elias Sarkis Avenue- Byblos Bank Tower
P.O.Box: 11-5605
Riad El Solh Beirut 1107 2811
Phone: (+961) 1 335200
Fax: (+961) 1 339436

SYRIA

Byblos Bank Syria S.A
Abu Roummaneh Head Office
Al Chaalan - Amine Loutfi Hafez Str.
P.O.Box: 5424
Phone: (+ 963) 11 9292 - 3348240 / 1 / 2 / 3 / 4
Fax: (+ 963) 11 3348207
E-mail: byblosbanksyria@byblosbank.com

SUDAN

Byblos Bank Africa Ltd.
Khartoum - Sudan
El Amarat -Street 21
P.O.Box: 8121 - El Amarat - Khartoum - Sudan
Phone: (+249) 183 566 444
Fax: (+249) 183 566 454
E-mail: byblosbankafrica@byblosbank.com

IRAQ

Erbil Branch, Kurdistan, Iraq
Street 60,
Near Sports Stadium
P.O.Box: 34 - 0383 Erbil, Iraq
Phone: (+ 964) 66 2233457 / 9
Fax: (+ 964) 66 2233458
E-mail: iraqbranch@byblosbank.com.lb

UNITED ARAB EMIRATES

Byblos Bank Abu Dhabi Representative Office
Intersection of Muroor and Electra Streets
P.O.Box: 73893 - Abu Dhabi
Phone: (+ 971) 2 6336400
Fax: (+971) 2 6338400
E-mail: byblosbankuae@byblosbank.com

BELGIUM

Byblos Bank Europe S.A
Bussels Head Office
10, Rue Montoyer
B-1000 Brussels - Belgium
Phone: (+32) 2 551 00 20
Fax: (+32) 2 513 05 26
E-mail: byblos.europe@byblosbankeur.com

ENGLAND

London Branch
Berkeley Square House - Suite 5
Berkeley Sq.
GB - London W1J 6BS (U.K.)
Phone: (+44) 207 493 35 37
Fax: (+44) 207 493 12 33
E-mail: byblos.europe@byblosbankeur.com

FRANCE

Paris Branch
15 Rue Lord Byron
F- 75008 Paris (France)
Phone: (+33) 1 45 63 10 01
Fax: (+33) 1 45 61 15 77
E-mail: byblos.europe@byblosbankeur.com

CYPRUS

Limassol Branch
1, Arch. Kyprianou / St. Andrew Street
P.O.Box 50218
3602 Limassol , Cyprus
Phone: (+357) 25 341433 / 4 / 5
Fax: (+357) 25 367139
E-mail: bybloscyprus@byblosbank.com