



## COUNTRY RISK WEEKLY BULLETIN

### NEWS HEADLINES

#### EMERGING MARKETS

##### **Code of conduct for Sovereign Wealth Funds under consideration**

The European Commission plans to consider a code of conduct asking Sovereign Wealth Funds to stress commercial goals rather than strategic considerations when making investments. The draft of the code focuses on concerns that countries with large amounts of money to invest may have little interest in the normal commercial goal of using capital to increase wealth. The EU has limited authority because its top court has ruled that investors outside the bloc enjoy the protection of free movement of capital, giving the funds wide latitude. The draft document recommends for SWFs to be open about what they are doing and act as normal commercial enterprises. The draft said the new treaty would help avoid protectionist responses by individual states, which might find themselves pressured by public opinion. In parallel, a delegation from the U.S. Treasury Department met with executives from the Abu Dhabi Investment Authority and from the Government Investment Corp. of Singapore, two of the world's largest SWFs, to discuss embracing a set of promises to not use their wealth for political advantage. The talks are part of global negotiations to draft rules to oversee the behavior of such funds without discouraging them from investing in the United States at a time of global financial turmoil.

Source: Reuters, Wall Street Journal

#### PAKISTAN

##### **Elections point to stability but concerns remain**

Moody's Investors Service said Pakistan's recent elections may offer, but do not yet ensure, an opportunity for a new coalition government to restore the rule of law, alleviate institutional rifts and reduce tensions. The election could bring real political improvements, especially if domestic violence is reduced and government actions become more predictable. This would likely improve economic activity, boost domestic business and investor sentiment, restore foreign investor confidence and support a change in the ratings outlook to stable from negative. Moody's added that it will retain its negative outlook on Pakistan's 'B1' ratings until the two main opposition parties demonstrate an ability to restore political stability and forge an effective government. It said the most serious credit challenge would probably arise from further political infighting, along with policy drift and worsening inflation and fiscal fundamentals that could further worsen macroeconomic as well as socio-political stability. Moody's changed the outlook on Pakistan's 'B1' sovereign bond ratings to negative in the immediate aftermath of the imposition of emergency rule in November. It cited high levels of political uncertainty and institutional opacity that could affect confidence-sensitive investment flows and generally worsen macroeconomic stability.

Source: Moody's Investors Service

#### SYRIA

##### **U.S. widens sanctions**

The United States Department of the Treasury announced it is freezing any assets that Syrian businessman Rami Makhluf holds under U.S. jurisdiction and prohibited U.S. citizens and institutions from engaging in business or transactions with him. The Treasury said the action was taken pursuant to Executive Order 13460 issued by President George W. Bush on February 13, 2008, which announced sanctions on Syrian officials and individuals on charges of public corruption and misuse of public assets. The order targeted individuals deemed "to be responsible for, to have engaged in, to have facilitated, or to have secured improper advantage as a result of public corruption by senior officials within the Government of Syria." The Treasury said "Rami Makhluf is a powerful Syrian businessman and regime insider who improperly benefits from and aids the public corruption of Syrian regime officials." Mr. Makhluf, a leading businessman in Syria, is the maternal cousin of President Bashar Assad.

Source: AFP

#### ARMENIA

##### **PM Sarkisian wins presidential election, opposition claims fraud**

Results of Armenia's presidential election issued by the Central Electoral Commission indicated that Prime Minister Serzh Sarkisian won the election by receiving almost 53% of the vote, enough of a margin to win the presidency outright without a run-off. His main rival former President Levon Ter-Petrosian, who served from 1991-98 as Armenia's first president, received 21.5% of the vote and former speaker of parliament Artur Baghdasarian 12%, with the other six candidates far behind.

Observers from the Organization for Security and Cooperation in Europe (OSCE) said the election "was administered mostly in line with OSCE and Council of Europe commitments and standards," and considered the election a step forward in the country's process toward Western-style democracy. The mission, comprising observers from 42 OSCE member states and the European Parliament, monitored balloting at over half of Armenia's 1,923 polling stations. Ter-Petrosian backers, claiming widespread fraud, are calling for the annulment of the presidential official election results.

Source: Eurasianet

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# OUTLOOK

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## EMERGING MARKETS

### Islamic finance market at \$700bn, growth to continue

Moody's Investors Service indicated that the global Islamic finance market has grown by approximately 15% in each of the past three years, partly as a result of the increased wealth in Islamic countries that is driven by high oil prices. The agency said Islamic finance is now estimated to be worth around \$700bn globally, while Sukuk, or Islamic bonds, are the fastest-growing segment with volumes worldwide reaching \$97.3bn up through 2007. It anticipated that overall Sukuk issuance to continue to increase in 2008 by approximately 30-35% per year, adding that new funds will be raised mostly in GCC countries, North Africa and Asia-Pacific. Moody's pointed out that outstanding Asian currency-denominated Sukuk grew by close to 50% to \$65.3bn in 2007 from \$43.6bn in 2006, adding that growth has become even more sustained since the summer of 2007. Malaysia continues to lead the way in terms of offering an attractive environment for Islamic finance and remains the biggest domestic market worldwide. Ringgit-denominated Sukuk issued in 2007 totaled \$64.4bn, or 66% of global outstanding sukuk at the end 2007. Moody's considered that the prospects for Islamic finance in the Asia Pacific region are generally good. The Japanese government is planning its first sovereign Islamic Sukuk in 2008, valued at between \$300m and \$500m. Moreover, economies such as Singapore are contemplating issuing their first Sukuk in 2008, while Hong Kong's authorities are fully supportive of the development of Islamic finance. The agency also expects the small but growing Sukuk markets in Pakistan and Indonesia to grow significantly over the coming years.

Source: Moody's Investors Service

## KAZAKHSTAN

### Economy to grow by 7.8% in 2008-09, still vulnerable to external shocks

Merrill Lynch forecast real GDP growth in Kazakhstan at 7% in 2008 and 8.5% in 2009, adding that the economy has been affected by the liquidity crunch in August-September 2007 and is unlikely to deliver the impressive growth figures seen in 2002-07 when GDP expansion averaged 9.5% per year. It noted that high oil prices were the critical factor for GDP growth, but now domestic demand factors are becoming more important as sectors oriented towards final consumer demand or linked to investment demand become the new growth drivers. It said that economic risks have increased but a hard landing is very unlikely. It added that if Kazakhstan avoids new external shocks in 2008, it could benefit from currency stability and gradual financial stabilization. Merrill Lynch indicated that construction and banking, previously the country's most dynamic sectors, have suffered the most from the global liquidity problems and are likely to slow down their expansion considerably in 2008. But other economic sectors are unlikely to be seriously affected, with the industrial sector, the largest in the Kazakh economy with 31.5% of GDP, unlikely to be particularly vulnerable to the expected negative impact on credit growth, as it is supported by

high oil prices and attracted a relatively low volume of banking loans.

It said Kazakhstan is still vulnerable to external shocks as the high borrowing appetite of the banks led to a rapid expansion of gross foreign debt to 91% of GDP in 2007. Consequently, foreign debt servicing has become expensive, widening the current account deficit to 6.6% of GDP in 2007, and exceeding net FDI. These trends make Kazakhstan very sensitive to capital flows and increase the risks of financial destabilization. However, the limited borrowing options should help to reduce gross foreign debt to a healthier 60% of GDP in the medium term and reduce risks on financial stability in the long term. It forecast the current account deficit at 4.8% in 2008-09 and net FDI inflows at 5% of GDP over the same period. It added that these trends imply a high depreciation risk for the tenge, but the government has expressed a strong political desire to avoid a depreciation scenario at any cost, even if this means using the National Fund resources.

Merrill Lynch considered that inflation risk remains high in the country after it rose to 18.8% in 2007, making tackling inflation a top priority for authorities. But the government's anti-inflationary program for 2008 may not be sufficient to contain it, as it believes that the main drivers of inflation in 2007 were global food and energy prices rather than the domestic increase in money supply. It expected inflation to regress to 11% in 2008 and to 8% in 2009.

Source: Merrill Lynch

## NIGERIA

### Favorable outlook contingent on management of oil wealth

The International Monetary Fund indicated that Nigeria's economic outlook is favorable, provided that appropriate policies are maintained. It forecast growth of 9% in 2008 and 8.3% in 2009, with non-oil GDP growing by 9% this year and 8.5% next year. It considered that Nigeria's key macroeconomic challenges are to manage the oil wealth in order to avoid oil-related boom-bust cycles, to continue implementing prudent macroeconomic policies and to strengthen bank supervision. It encouraged the authorities to secure agreement with the states on a fiscal framework that would continue to delink spending from oil revenue flows and protect macroeconomic stability. The Fund cautioned that if overall spending increased significantly, medium-term prospects for non-oil growth would likely deteriorate and would negatively affect development and poverty alleviation efforts. It emphasized the need for ongoing structural reforms to maintain the growth momentum. It also encouraged the authorities to finalize and implement the debt management framework, and supported the authorities' intention to rely only on concessional external financing to avoid the re-accumulation of unsustainable debt. The IMF attributed Nigeria's increasing integration into global financial markets to the successful bank consolidation program that has strengthened the banking sector, and encouraged the authorities to stay ahead of developments in the financial sector.

Source: International Monetary Fund



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## ECONOMY & TRADE

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### SYRIA

#### First private sugar refinery starts operations

The National Sugar Company, Syria's first privately-owned sugar refinery and the country's largest, started production near Homs. NSC is a joint venture between the U.S.-based Cargill Corporation, one of the largest commodity and food traders in the world and America's second largest non-listed firm, Brazilian sugar refiner Crystalsev, and Najib Assaf, a major food supplies trader in Syria and in the Middle East. Production started at a rate of 1,000 tons a day and is expected to increase to 3,000 tons within three months. Raw sugar is supplied from Brazil by Cargill. The private Syrian market has so far absorbed all output and the firm expects to export to Jordan and Lebanon once the domestic market reaches capacity. The refinery is built on a total area of 250,000 square meters, with total investment cost estimated at around \$150m. Nagib Assaf owns 50% of the firm, Cargill 40% and Crystalsev the remaining 10%. Syria's annual demand for sugar is estimated at around 650,000 tons. Around one third of this volume is supplied by the six state-owned firms affiliated to the General Organization for Sugar. *Source: Syria Report*

### IRAQ

#### Authorities to settle all external debt

The Finance Ministry declared that, in coordination with the Central Bank of Iraq, it is doing its best to settle Iraq's foreign debt and intends to settle the balance of the country external debt this year. Iraq signed agreements with all 19 members of the Paris Club of creditors to lower its foreign debt, with the latest accord signed with Russia, which wrote off over 90% of the \$12.9bn it is owed by Iraq. Finance Minister Baqer Al-Zubaidi said Iraq has settled its debt to 37 nations outside the Paris Club, with Bulgaria being the latest country to reduce its debt by about 90%. He noted that currently there are very few nations to which Iraq is indebted, and hoped to settle Iraq's debt to Kuwait and Saudi Arabia through political channels with 'the assistance of friends.' He added that about 96% of Iraq's private sector debt of about \$19bn has been settled so far, and that the Iraqi government plans to buyout the remaining 4%. *Source: KUNA*

### EGYPT

#### Food subsidies to increase to EGP17bn

The Egyptian government plans to increase food subsidies in fiscal year 2008/09 to EGP17bn from EGP14.4bn in 2007/08 to account for higher prices for major imported food items. The government had initially budgeted EGP9.7bn for food subsidies in 2007/08, but later increased the amount by EGP4.7bn to account for the higher prices. It will budget EGP2bn in 2008/09 to provide ration cards for 15 million low-income citizens under a plan to broaden the social safety net. The government will also increase subsidies for medications to EGP405m from EGP380m, for agriculture to EGP708m from EGP343m, and for water projects in deprived areas to EGP750bn from EGP380bn. The government, which also increased fuel subsidies by EGP19.7bn in early January, is facing increasing pres-

ures on its budget. The deficit was 7.5% of GDP in 2006/07 and is forecast at 7.2% of GDP in 2007/08.

*Source: Al-Ahram*

### SAUDI ARABIA

#### Inflation reaches 25-year high

Inflation in Saudi Arabia accelerated for a ninth consecutive month to 7% year-on-year in January, up from 6.5% in December, constituting a 25-year high. Historically, Saudi Arabia has recorded inflation of around 3%. The rise in inflation was driven by a 16.7% annual rise in rental prices as well as by an increase in food prices. The main driver of inflation continues to be rental price increases as demand for housing continues to rise as a result of the investment drive and influx of expatriates. Saudi authorities have tried to mitigate the effects of inflation by increasing living allowances for the public sector and through welfare payments and subsidies.

*Source: EFG Hermes, Standard Chartered*

### YEMEN

#### IFC to help implement public-private partnerships

The International Finance Corporation, the private sector arm of the World Bank Group, signed a memorandum of understanding with the Ministry of Planning and International Cooperation to provide advice and help implement public-private partnership projects in priority sectors, including power and transport. The MoU supports the government's program to improve infrastructure and build a legal, regulatory, and economic environment that encourages private sector participation in public services. The IFC will work with the government to identify and implement model public-private partnership transactions in priority areas. It will also provide advisory services to help the government develop a cross-sectoral legal and regulatory framework and create a dedicated unit to coordinate the transactions.

*Source: International Finance Corporation*

### ARMENIA

#### Iran to deliver natural gas in exchange for electricity

Iran's National Gas Company declared it is ready to export natural gas to Armenia, adding that the Iran-Armenia gas pipeline is now completed and that gas will be supplied upon Armenia's demand. The pipeline has a capacity to carry 10 million cubic meters daily but the agreement stipulates the supply of one million cubic meters of Iranian gas per day. In return, Armenia will supply three kw of electricity to Iran a day. The agreement to build the pipeline to Armenia was signed by the two countries 12 years ago but disagreements over the gas price and the payment guarantee delayed the project. The final agreement on electricity and natural gas was signed by Iran and Armenia three years ago.

*Source: IRNA*



# BANKING

## SYRIA

### Central Bank allows local banks to finance capital investments in foreign currencies

The Central Bank of Syria authorized investors to receive loans in foreign currencies from local banks. The CBS said that the loans should be used exclusively to finance capital investment for projects in Syria and in particular to finance the import of equipment and machinery. Lending banks are responsible for ensuring that debtors use the money within the above guidelines, while debtors are free to pay back their loans from their existing foreign currency accounts in Syria or abroad or through the purchase of foreign currency from the lending bank. The decision of the CBS is meant to encourage long-term capital investment by Syrian investors and to reduce the need to tie up capital. It also helps banks place their foreign currency deposits. Earlier this year, the Council of Ministers authorized investors to get loans or advances in foreign currencies from external funding sources and foreign banks to finance local projects.

Source: *Syria Report*

### Fransabank Syria launches IPO

Fransabank Syria launched an initial public offering for 36% of its total shares valued at SYP630m, or \$12.1m. It is offering 1.26 million shares at SYP500 each. The IPO targets resident and non-resident individual and institutional Syrian investors. The bank plans to begin operations by mid-2008. It is located in Damascus and plans to open one branch in Aleppo and another in Homs by 2009, and three other branches by 2010. Fransabank Syria expects to incur a loss of SYP10.4m in 2008 and net profits of SYP43m in 2009 and SYP73.6m in 2010. Lebanon's Fransabank received in 2007 a license to open Fransabank Syria. The founders fully-subscribed to 64% of the capital which totals SYP1.75bn, as Fransabank subscribed to 48% and the other founders subscribed to the remaining 16%.

Source: *Dow Jones Newswires*

## JORDAN

### Bank assets reach JD26.8bn at end-2007

The consolidated balance sheet of commercial banks in Jordan indicates that total assets reached JD26.8bn at the end of 2007, constituting an increase of 10.6% from JD24.2bn at year-end 2006. Private sector deposits reached JD12.49bn, up 10.9% year-on-year, while private sector loans rose by 14.8% to JD11.29bn driven by a 15.3% rise in resident private-sector lending that reached nearly JD11bn at the end of 2007. Resident private sector lending accounted for 43.1% of total assets. In parallel, claims on the public sector rose by 33% annually to JD3.07bn, with claims on the central government accounting for 80% of lending to the public sector compared to 77.5% at the end of 2006. Claims on the public sector accounted for 11.5% of total assets compared to 9.5% at end-2006. Further, deposits at the Central Bank of Jordan (CBJ) totaled JD3.9bn, up from JD3.84bn a year earlier and accounted for 14.6% of total assets. Foreign currency deposits at the CBJ accounted for 12% of the total. Capital accounts and allowances rose by 10.7% to JD3.52bn.

Source: *Central Bank of Jordan, Byblos Research*

## ALGERIA

### Public banks to stop car loans

The government has asked state-owned banks to refrain from extending retail car loans and to focus instead on their core business and on financing the national economy. Caisse Nationale d'Epargne et de Prévoyance (CNEP Banque) was asked few weeks ago to stop financing retail car purchases and to focus on its core activity of housing finance, as it has re-launched its vehicle financing program at the end of July after a hiatus of more than two years. CNEP-Banque had been the dominant player until it suspended its car finance operation in March 2005. Agricultural bank Banque de L'Agriculture et du Développement Rural (BADR) and trade finance bank Banque Extérieure d'Algérie have also extended car loans recently. Authorities asked banks to recover the car loans they have extended before ending the practice.

Source: *El Annabi*

## GCC

### Islamic banks to account for 18% of total sector assets by 2012

Morgan Stanley indicated that the GCC's 22 Islamic banks have in excess of \$300bn of Sharia-compliant assets and are poised for double digit growth over the next decade. It predicted continued strong growth for the Islamic banking sector driven by a robust outlook for the region and an increasing share of system assets. Morgan Stanley forecasts that the market share of Islamic assets in the GCC would grow to 18% of the region's banking assets by 2012 from its current 13% share. It said the growth in Islamic banking is driven by a greater focus on Islamic identity, government backing for the development and promotion of Islamic banking, and low penetration and competition among conventional banks. Morgan Stanley identified a number of potential hurdles to growth, as most Islamic banks in the region lack scale, their products are complex and there is no single regulatory body. Further, there are operational limitations, such as not being allowed to hedge, and there is often less transparency and financial disclosure than at conventional banks. But it considered that the sector's underlying growth drivers will more than offset these structural impediments.

Source: *Morgan Stanley*

## UKRAINE

### Italian bank acquires Pravex Bank for €504m

Italian bank Intesa Sanpaolo agreed to acquire Pravex Bank for €504m, giving Intesa entry into the Ukrainian banking market. European banks have been looking to expand in Ukraine, where total banks' deposits reached \$49bn in September 2007, a 50% increase year-on-year. Foreign financial institutions have increased their market share in Ukraine through acquisitions from below 10% to more than 35% over the past few years. Currently, foreign shareholders from France, Germany, Austria, the Czech Republic, Hungary, Russia and Georgia are estimated to own about 50% of Ukraine's top 10 banks. There are around 150 banks in Ukraine, with the top 20 banks accounting for about half of the country's banking market.

Source: *Oxford Business Group, Financial Times*



# ENERGY / COMMODITIES

## Oil near \$100, off records on heavy U.S. stockpiles

Oil prices rose toward \$100 a barrel, off the record levels of \$102 as bulging crude oil and gasoline stockpiles in the United States added gloom to its economic woes. U.S. crude ticked up 20 cents to \$99.84 a barrel, having lost \$1.24 on Wednesday when the contract struck a record intraday-high of \$102.08 a barrel. Prices had hit a 28-year high, just below the inflation-adjusted peak of \$102.53 reached in 1980 and supported by the dollar's slump to an all-time low against the euro. The price of oil has risen nearly 66% in the past year in U.S. dollar terms, but only around 47% in euros.

U.S. crude oil stocks rose last week for the seventh week while sluggish demand pushed gasoline supply up for the 16th week in a row to its highest level in 14 years, according to the weekly report from the Energy Information Administration. The rise was substantial for both crude oil and gasoline inventories in the world's top energy consumer. Crude inventories rose 3.2 million barrels versus expectations of a 2.5-million-barrel build, while gasoline stocks rose by 2.3 million barrels against forecasts for a modest 300,000-barrel rise.

Source: Reuters

## Gazprom to develop Iranian gas fields

Russia's gas giant Gazprom agreed to terms to develop 'two or three' blocks of the South Pars field in Iran, and also on the participation of its subsidiary Gazpromneft in an oil project in Iran. The two sides also agreed on oil and gas exploration and development and joint transportation, processing and marketing of gas. Gazprom has participated in the development of the second and third units of the South Pars gas field since 1997, alongside France's TotalElf (40%) and Malaysia's Petronas (30%). Currently the start-up complex has achieved capacity operation in terms of production and processing, at 20 billion cubic meters of natural gas a year.

Source: Upstream

## Algeria and Nigeria discuss pipeline

Algeria and Nigeria have revived discussions about the Trans-Saharan Gas Pipeline project, which would link Nigeria to Europe via Algeria. The pipeline would deliver 20 billion to 30 billion cubic meters of natural gas per year beginning in 2015. The project is estimated to cost more than \$10bn.

Source: Reuters

## Tanganyika Oil to invest over \$200m in Syrian development

Canada's Tanganyika Oil Company plans to invest \$206m in 2008 to develop and increase production in its Syrian fields. The company plans to invest 71% of this amount in drilling efforts, 11% in construction and processing facilities, 7% for the thermal EOR program, 7% for a work over program and the balance will go for other corporate and safety programs. TOC is redeveloping the fields of Oudeh and Tishrine, located in the northeast of Syria, under an agreement with the Syrian petroleum Company signed in 2003. The money used to in the processing facilities will help upgrade the capacity in the two fields to 60,000 barrels per day of fluid and 25,000 barrels of oil per day each.

Source: Syria Report

## Base metals: Supply-side problems come to the forefront again

The main reason for the recent price rally in the sector is legitimate concerns about supply-side problems in many markets. The snowstorms in China caused production shutdowns due to problems with energy supply and blocked railways and the energy crisis in South Africa hit the markets. Power shortages in Chile, the world's largest copper producer, exacerbated the situation further. As a result of the supply-side problems, there is more optimism toward the sector, mainly toward copper and aluminum. Despite these improvements in fundamentals, there are still considerable risk factors, like the slowdown of global economic growth, which could still affect base metal prices negatively. The housing slowdown in the U.S. should lead to less base metal consumption.

Source: Credit Suisse

## Precious metals: Gold prices increase amid renewed inflation concerns

After a period of consolidation and profit taking last week, precious metal prices resumed their upward trend again this week. The reasons for the renewed increases in the gold price are threefold. The US dollar started losing ground versus the euro again and inflation and the further decline in US short-term interest rates, which are now deeply negative in real terms. As a result of the sharp increase, inflation expectations have been increasing again, which in turn fueled the gold price rally. Inflation concerns have been exacerbated further by the publication of US inflation numbers. Headline inflation in January rose to 4.3%. This is generally supportive for non-yielding assets such as gold.

Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	252.2	217.9	209.2	8.9	33.8
LME metals price index	4134.9	3702.5	3872.0	19.9	15.6
Oil prices USD	98.2	88.5	77.6	10.8	65.0
Oil prices SDRs	61.9	56.4	50.3	10.0	55.8
Gold \$/troy oz	951.0	800.9	734.1	7.8	43.5
Silver cents/troy oz	1798.0	1448.4	1384.6	14.0	30.9
Platinum \$/troy oz	2180.0	1495.5	1386.3	40.9	80.2
Copper \$/MT	8280.5	7311.2	7366.2	19.9	47.5
Nickel \$/MT	28387.5	28755.7	35692.8	3.9	-33.5
Aluminium \$/MT	2864.0	2466.0	2598.9	20.8	4.3
Zinc \$/MT	2470.3	2620.2	3071.0	9.3	-23.6
Steel - HR coil dry \$/MT	605.0	586.6	563.9	0.0	16.3

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								
<b>Africa</b>													
Algeria	-	-	-	-	BBB	9.4	14.0	3.1	5.4	1.9	3.7	14.4	0.8
	-	-	-	-	Stable								
Angola	-	-	-	-	BB	3.8	10.9	13.8	14.5	5.3	41.2	31.6	2.4
	-	-	-	-	Stable								
Egypt	BB+	Ba1	BB+	BB+	B	-6.9	82.5	21.9	55.2	6.0	109.2	1.4	4.6
	Stable	-	Positive	Stable	Stable								
Ethiopia	-	-	-	-	CCC	-4.8	-	20.5	327.7	2.9	458.7	-8.7	2.2
	-	-	-	-	Stable								
Ghana	B+	-	B+	-	B	-8.0	-	35.3	120.0	3.3	219.3	-9.8	-
	Stable	-	Stable	-	Stable								
Ivory Coast	-	-	-	-	CCC	-3.4	-	47.6	97.4	4.2	339.0	6.9	-
	-	-	-	-	Stable								
Libya	-	-	-	-	BB	31.4	4.3	8.9	11.4	2.8	5.6	16.8	2.4
	-	-	-	-	Stable								
Mauritania	-	-	-	-	-	-2.3	105.9	78.9	123.4	4.5	-	-2.6	-
	-	-	-	-	-								
Morocco	BB+	Ba1	BBB-	BBB-	BB	-1.8	54.3	22.2	115.7	7.9	63.3	1.0	4.0
	Positive	-	Stable	Stable	Stable								
Nigeria	BB-	-	BB-	-	BB	-1.2	14.4	4.2	8.6	0.5	-	9.6	1.2
	Stable	-	Stable	-	Stable								
Sudan	-	-	-	-	CC	-3.1	83.6	51.3	205.9	2.1	-	-5.6	3.8
	-	-	-	-	Negative								
Tunisia	BBB	Baa2	BBB	BBB	BBB	-1.5	49.1	52.7	90.5	12.3	232.1	-1.9	2.8
	Stable	-	Stable	Stable	Stable								
<b>Middle East</b>													
Bahrain	A	A2	A	A-	A	8.3	25.6	112.1	140.2	5.1	680.5	12.6	10.5
	Stable	-	Stable	Stable	Stable								
Iran	-	-	B+	BB-	B	-9.3	22.7	4.4	16.5	2.8	19.2	7.7	2.4
	-	-	Stable	Stable	Stable								
Iraq	-	-	-	-	C	26.5	-	90.6	137.1	2.9	267.8	18.2	-
	-	-	-	-	Positive								
Jordan	BB	Ba2	-	BB	B	-4.6	72.6	87.6	237.8	6.1	220.6	-13.2	11.5
	Stable	-	-	Stable	Stable								
Kuwait	AA-	Aa2	AA-	AA-	A	33.0	6.9	15.2	3.1	3.5	83.2	47.9	-7.3
	Stable	-	Stable	Stable	Stable								
Lebanon	CCC+	B3	B-	B-	CCC	-13.2	176.1	100.0	767.3	22.8	255.8	-11.2	5.1
	Stable	-	Stable	Negative	Stable								
Oman	A	A2	-	A-	A	10.4	5.6	11.4	20.5	5.9	79.6	13.6	2.0
	Stable	-	-	Stable	Stable								
Qatar	AA-	Aa2	-	AA-	A	12.0	11.4	59.3	104.0	11.0	565.3	35.8	2.2
	Stable	-	-	Stable	Stable								
Saudi Arabia	AA-	A1	A+	AA-	A	17.6	3.8	7.8	15.2	2.0	154.9	29.3	0.2
	Stable	-	Positive	Stable	Stable								
Syria	-	-	-	-	CCC	-5.5	40.3	13.7	39.8	3.2	100.7	2.2	1.6
	-	-	-	-	Stable								
UAE	-	Aa2	-	AA-	A	28.5	11.8	55.6	64.5	2.5	303.9	20.9	1.8
	-	-	-	Stable	Stable								
Yemen	-	-	-	B-	B								



# COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	EIU								
<b>Central &amp; Eastern Europe</b>													
Armenia	-	Ba2	BB-	-	-	-2.4	14.6	22.2	227.3	2.6	126.2	-4.0	2.8
	-	-	Positive	-	-								
Bulgaria	BBB+	Baa3	BBB	-	BBB	3.1	16.2	106.9	174.3	18.1	299.8	-19.3	13.7
	Stable	-	Stable	-	Stable								
Kazakhstan	BBB-	Baa2	BBB	-	BB	3.4	4.6	88.9	201.9	48.5	578.4	-5.0	5.6
	Stable	-	Stable	-	Stable								
Romania	BBB-	Baa3	BBB	BBB-	BB	-3.4	12.8	45.3	193.5	24.0	238.0	-15.6	6.4
	Stable	-	Stable	Stable	Stable								
Russia	BBB+	Baa2	BBB+	-	BBB	3.5	5.3	29.4	112.5	17.1	82.4	3.7	0.9
	Stable	-	Stable	-	Stable								
Turkey	BB-	Ba3	BB-	BB-	B	-0.7	50.2	44.5	200.2	37.5	249.5	-5.2	3.1
	Stable	-	Stable	Stable	Stable								
Ukraine	BB-	B1	BB-	-	BB	-2.5	14.5	48.4	143.3	16.4	193.4	-4.4	3.8
	Negative	-	Positive	-	Stable								

Sources: Moody's Investors Service; EIU - The above figures are estimated for 2008



## SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	3.00	30-Jan-08	Cut 50bps	18-Mar-08
Eurozone	Refi Rate	4.00	07-Feb-08	No change	06-Mar-08
UK	Base Rate	5.25	07-Feb-08	Cut 25bps	06-Mar-08
Japan	O/N Call Rate	0.50	15-Feb-08	No change	07-Mar-08
Australia	Cash Rate	7.00	05-Feb-08	Raise 25bps	04-Mar-08
New Zealand	Cash Rate	8.25	23-Jan -08	No change	05-Mar-08
Switzerland	3 month Libor target	2.75	13-Dec-07	No change	13-Mar-08
<b>Emerging Markets</b>					
China	One-year lending rate	7.47	20-Dec-07	Raise 18bps	N/A
Hong Kong	Base Rate	4.50	31-Jan-08	Cut 50bps	N/A
Taiwan	Discount Rate	3.38	20-Dec-07	Raise 12.5bps	20-27 Mar-08
South Korea	O/N Call Rate	5.00	13-Feb-08	No change	07-Mar-08
Malaysia	O/N Policy Rate	3.50	29-Jan-08	No change	25-Feb-08
Thailand	1D Repo	3.25	16-Jan-08	No change	27-Feb-08
India	Reverse repo rate	6.00	29-Jan-08	No change	29-Apr-08
UAE	Overnight repo rate	3.50	23-Jan -08	Cut 75 bps	N/A
Saudi Arabia	Repo rate	5.50	30-Jan-08	No change	N/A
Egypt	overnight lending	11.00	07-Feb-08	Raise 25bps	N/A
Turkey	Base Rate	15.25	14-Feb -08	Cut 25bps	19-Mar-08
South Africa	Repo rate	11.00	31-Jan-08	No change	10-Apr-08
Kenya	Central Bank Rate	8.75	07-Dec-07	No change	Feb 08
Nigeria	Monetary Policy Rate	9.50	05-Feb-08	No change	Apr 08
Ghana	Prime Rate	13.50	29-Jan-08	No change	Mar 08
Mexico	Target Rate	7.50	18-Jan-08	No change	15-Feb-08
Brazil	Selic Rate	11.25	23-Jan-08	No change	05-Mar-08
Armenia	Repo Rate	6.00	N/A	N/A	N/A
Romania	Policy Rate	9.00	Feb-08	Cut 100bps	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



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