

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

MENA

Creditworthiness improves in region

Institutional Investor magazine's semi-annual survey on global creditworthiness shows that creditworthiness in the Middle East and North Africa region improved in the past 6 months as well as on an annual basis. The average rating score of 20 countries in the MENA region reached 50.5 points in March 2008, up 1.6% from 49.7 points in September and 4.1% from 48.5 points in March 2007. Also, the average score of the Arab countries reached 50.3 points, up 1.8% from 49.4 points in September and 4.8% from 48 points year-on-year. The rankings of 14 countries in the region saw their ratings increase, of which 8 rose by one or more points, the amount considered a significant change for an individual country. In parallel, the ratings of 5 countries regressed and one was unchanged. The UAE posted the largest rise in the ratings numerically with an improvement of 3.5 points and Iraq posted the largest rise in percentage terms with a 32.3% jump. Iraq registered the biggest rise in the rankings in the region, jumping by 8 spots, while Sudan posted the steepest drop with a decline of 4 spots. The UAE remained the country with the best creditworthiness in the MENA region while Sudan had the highest probability of default. Globally, the average ratings regressed from 46.9 points in September to 46.6 points in March.

Source: *Institutional Investor, Byblos Research*

EMERGING MARKETS

Merrill Lynch launches index for frontier equity markets

Global financial services firm Merrill Lynch announced the launch a new stock market index designed to identify the largest and most liquid stocks in frontier markets. It defined a 'frontier market' as a developing economy with an undeveloped equity market. The Merrill Lynch Frontier Index is composed of 50 stocks in 17 markets in Europe, the Middle East, Africa and Asia. The Middle East accounts for 50% of the stocks included in the new index, followed by a 22.6% share for Asia, 14.1% for Europe and 13.3% for Africa. The top three countries represented in the index are the UAE (23.1%), Kuwait (18.1%) and Pakistan (13.6%). Banks dominate the index (39.4%), followed by financial services companies (25.7%) and oil and gas firms (13.6%). Merrill Lynch said frontier market returns are far less correlated to the performance of the S&P 500 than emerging and developed equity markets. It added that frontier markets have outperformed both emerging and developed equity markets since January 2000, with 20% annualized returns compared to 12% for emerging markets and 1% for developed markets. According to Merrill Lynch, while market risk is high in frontier markets, they also have strong economic growth potential.

Source: *Merrill Lynch*

SUDAN

Consortium conference to be held in May

The Sudan Consortium conference, which brings together the Government of National Unity and the Government of Southern Sudan, along with donor countries, the World Bank and United Nations agencies is expected to take place in the first week of May in Paris. This will be the third Consortium conference since the signing of the January 2005 Comprehensive Peace Agreement (CPA). The forum was established to address a wide range of issues related to peace and development programs in the country. The agenda includes addressing CPA implementation, review of the past performances of the Government of National Unity and the Government of Southern Sudan, the national Five Year Strategic Plan, and public finances and public services. The meeting will also discuss private sector development and will review the role and contribution of Multi-donor Groups (MDGs) in the reconstruction efforts of the country.

Source: *Sudan Tribune*

Arizona divests from Sudan

The State of Arizona legislature passed unanimously a bill that divests Arizona pension funds from Sudan. House Bill 2705, which was signed into law by the state's governor, authorizes divesting pension funds from corporations that materially assist the Sudanese government in its actions in Darfur. The bill targets foreign companies involved in mineral extraction, weapon sales, and the oil industry. The legislation also prohibits companies operating in Sudan's military, oil, mineral extraction and power sectors from receiving state contracts. It is the first U.S. state law that prohibits contracting with corporations that are materially assisting the government of Sudan in its campaign against the people of Darfur. Arizona is the 24th state to adopt a divestment policy from Sudan and the first state to do so in 2008.

Source: *Arizona State Legislature*

ARMENIA

State of emergency eased

President Robert Kocharian eased restrictions imposed as part of a state of emergency declared in the wake of a disputed presidential election. The government declared a 20-day state of emergency on March 1 after clashes between protesters and police left eight people dead and dozens injured. The new measures allow independent media outlets to report on the government's activities and domestic political issues. He also lifted restrictions on political leafleting and other forms of party campaigning. The president has eased some of the restrictions earlier this week, allowing political parties to resume activities. A ban on public meetings and strike actions remains in place. The Organization for Security and Cooperation in Europe called for the Armenian government to lift the state of emergency and begin negotiations with opposition forces to avoid further trouble before the inauguration of the elected president.

Source: *Associated Press*

OUTLOOK

EMERGING MARKETS

Net private capital inflows to emerging markets at \$782bn in 2007, forecast at \$731bn in 2008

The Institute of International Finance estimated total private capital flows to emerging markets at \$782.4bn in 2007, up from previous estimates of \$545bn, adding that the increase took place despite the recent market turmoil. It said that net inflows reached a new peak in 2007. The IIF forecast net inflows to decline by a modest \$50bn to \$731bn in 2008, but still \$140bn above its previous forecast in October when it anticipated that financial turmoil and weaker global growth to negatively impact capital flows in the second half of 2007 and into 2008.

The IIF cited four reasons for the resilience of private capital flows to emerging markets. First, the underlying strength of many emerging economies has made them relatively attractive to both equity and debt investors; second, the sharp reductions in U.S. interest rates have prompted an outflow of capital from the United States to higher yielding markets; third, expectations of higher local interest rates or currency appreciation due to high inflation in many emerging economies are leading to strong inflows of speculative capital into local emerging markets; and fourth, bank lending to emerging economies has been remarkably robust since the start of the global credit turmoil, and contagion to bank lending from the subprime crisis has been much less severe than expected a few months ago.

The IIF forecast net direct investment to rise to \$286bn in 2008 from \$256bn last year and for net portfolio equity investment to decline to \$39bn in 2008 from \$43.5bn in 2007. Also, it expected net commercial bank lending to regress to \$202bn this year from \$266.4bn last year and for net non-bank private lending to drop to \$204bn in 2008 from \$217bn in 2007. It projected net lending by official creditors to reach \$3.8bn from -\$0.9bn last year.

Source: Institute of International Finance

JORDAN

Favorable outlook for 2008, but fiscal tightening must remain priority

The International Monetary Fund indicated that Jordan's economic outlook for 2008 is generally favorable and expected real GDP to grow by 5.5%, with continued robust activity in the construction and tourism sectors broadly offsetting weaker external demand. It projected inflation to grow by 9%, assuming the authorities implement fiscal measures under consideration. It expected the current account deficit to narrow moderately despite high import prices and weakness of textile exports, due to a recovery of grants and high prices of mining exports. It added that continued strong FDI and portfolio flows are expected to finance the deficit. The Fund recommended tighter macro-economic policies to mitigate inflation risks and reduce fiscal and external imbalances.

The IMF warned that without a tightening of policy, the fiscal position would deteriorate even if capital expenditures are not fully executed. But the authorities intend to take additional measures of about 1% of GDP in order to achieve the original

budget target for the deficit of JD724m, or 5.5% of GDP, in 2008. It said achieving this target will be critical for bringing inflation down, reducing the external imbalance, and preventing a crowding out of private credit that could hurt overall growth. However, it stressed the need for additional consolidation of the public finances over the medium term to reduce the fiscal imbalance to a more comfortable level. It noted that, even with the envisaged tightening this year, the overall public debt ceiling of 60% of GDP in 2011 is likely to just be met and the budget deficit would remain above 4.5% of GDP over the medium term. According to the Fund, given that the upcoming Paris Club buy-back is providing some upfront debt reduction, gearing fiscal policy toward a more ambitious target would be appropriate and achievable.

Source: International Monetary Fund

ARMENIA

Economic growth at 9% in 2008-09, current account deficit to widen

The Economist Intelligence Unit forecast Armenia's real GDP growth at 10% in 2008 and 8% in 2009 compared to 13.7% in 2007. It said the economy expanded at a double-digit rate for the sixth consecutive year in 2007, driven by booming construction of residential and office development, and ongoing improvements to infrastructure. Growth also became more broad-based, with services such as trade and communications making greater contributions. It said further development of these sectors is likely to support the economy over the near term. Also, the outlook for domestic demand growth is relatively favorable, as higher wages and large inflows of remittances will continue to support private consumption, while government consumption will expand strongly. According to the EIU, average annual inflation rose to 4.3% in 2007, the highest rate since 2004. The year-end rate of 6.6% was also well above the government's 4% target. High prices of imports and the rapid expansion of money supply exerted upward pressure on prices. These factors will keep annual average inflation at around 6.7% in 2008 but at just over 4% in 2009.

The EIU said the budget posted a small surplus in 2007, equivalent to around 0.1% of GDP, due to stronger than expected revenues. The budget is set to move back into deficit this year, partly because of the inclusion of the social security fund in the overall budget and a large increase in defense spending, as well as subsidies on utility tariffs. It forecast the deficit to rise to around 2.3% of GDP in 2008 and 2.6% of GDP by 2009. This will be easily financed through government securities and loans from international financial institutions, although the reliance on external financing will decline. In parallel, robust domestic demand and the appreciating currency will induce a further rise in imports, while new construction projects are likely to sustain high levels of spending on imports of building materials, as well as of machinery and equipment. As a result, the current account deficit is expected to widen from an estimated \$488m in 2007 to around \$886m by 2009, which represents a slight reduction from the equivalent of 5.1% of GDP to around 5% of GDP. The current account deficit will be much higher than the deficits recorded in 2004-06, but it will be easily financed through a combination of FDI, grants and modest external borrowing.

Source: Economist Intelligence Unit



ECONOMY & TRADE

SYRIA

Tourism activity up 4% in 2007

Figures released by the Ministry of Tourism show that the number of tourists visiting Syria reached 3.19 million in 2007, an increase of 4.2% from 3.06 million in 2006, and a significantly lower growth than the 16.3% rise in tourists registered in 2006. The figures exclude one-day visitors and Iraqi arrivals. The distribution of visitors by destination shows that Arab tourists totaled 2.23 million and accounted for 70% of total arrivals. Visitors from Turkey reached 248,943 or 8% of the total, and tourists from Europe totaled 237,000 or 7% of arrivals. The number of Lebanese visitors declined by 20% to 660,000, while Iraqi arrivals increased by 18.3% to 1.36 million. The number of Syrian expatriates visiting their home country remained stable, rising from 900,000 in 2006 to 960,000 in 2007. The number of one-day visitors fell by 11.4% in 2007 to 1.4 million, down from 1.58 million in 2006 and continuing a decline from 2.47 million in 2005 and 3.12 million in 2004. The overall number of arrivals reached 6 million in 2006, unchanged from the previous year.

Source: Syria Report

Parliament ratifies Consumer Protection Law

The Syrian Parliament ratified the first Consumer Protection Law in the country. The new law is based on the United Nations' guiding principles of consumer protection, and aims to protect consumer rights in terms of the quality and prices of basic needs such as food, medicines, water, housing, medical care, education as well as financial and banking services, insurance, transport and electricity. The Law consists of 53 articles on the general rules of consumer protection and the role of the Consumer Protection Association, its right to intervene on behalf of consumers, and the role of the state in this regard. The law came partly in response to a rapid increase in prices of several commodities that reached up to 100% last year.

Source: SANA

ALGERIA

Inflation at 4.6% in 2007

Banque d'Algérie's Governor Mohamed Laksaci declared that inflation averaged 4.6% nationally in 2007, up from 2.5% in 2006 and compared to a target of 3.5% for the year, while constituting its highest level since 2004. Inflation was at 3.5% in the capital Algiers. He said that the rise mirrors the global climb in inflation as well as higher food prices locally but that inflation was under control. He attributed the inflation rate mainly to the rise in food prices mainly, and to a 7.2% rise in the prices of fresh agricultural products such as vegetables and fruits specifically. He said the rises are caused by the weakness of local supply as well as from market speculation. The National Statistics Office said in January that Algeria's consumer price inflation averaged 3.5% in 2007. The government has a 3% inflation target for 2008.

Source: Al Moudjahid

UAE

New law to allow majority foreign ownership

The Ministry of Economy announced it will introduce a new company law in six months allowing majority foreign ownership in some sectors outside free trade zones. The new law aims at boosting foreign ownership in sectors that are in need of more investments. The sectors in which 100% foreign ownership is expected to be allowed are services, education, and healthcare. The news follows announcements last year regarding a revised company law that would allow foreign ownership of 70-100% in some sectors.

Source: Reuters, Shuaa Capital

TURKEY

Revised national accounts lead to better risk indicators

The official statistics office Turkstat issued revised GDP data in terms of methodology and content to bring the national accounts in line with international and EU practices such as the 1995 European System of Accounts. The nominal GDP series were revised upwards by 30.8% on average for the 2000-06 period. The revised nominal GDP is now \$625bn for 2007 compared to \$500bn before the revision. The new data shows an average real GDP growth rate of 5.3% for the 2000-06 period compared to 5.1% prior to the revision. The new data lead to a marked improvement in several of the creditworthiness indicators. The current account deficit declines from 7.6% of GDP to 6.1% of GDP, the budget balance regresses from 2.1% of GDP to 1.7% of GDP. Also, the gross public debt drops from 56% of GDP to 44.8% of GDP, gross external debt declines from 48% of GDP to 38.4% of GDP and net public debt regresses from 40% of GDP to 32% of GDP. But rating agencies have already stated that indicators related to external debt sustainability such as debt and debt service-to-exports, share of short-term debt and import coverage of reserves will remain unchanged.

Source: Merrill Lynch

RUSSIA

Outlook revised to positive

Standard & Poor's revised the long-term sovereign rating outlook of Russia to 'positive' from 'neutral'. It attributed the change to expectations of further growth of the country's already substantial foreign reserves and fiscal surpluses. The agency said the positive outlook reflects the potential for a ratings upgrade on signs of policy continuity under the new government and better coordination of fiscal and monetary policy. It added that political risks previously associated with the transition have been significantly reduced after the victory of President Putin's candidate Dmitry Medvedev. S&P cited spending increases, high inflation, weak public institutions and refinancing needs of the banking system as the main risks in the short term. It said the government might have to recapitalize distressed financial institutions that have had problems refinancing their external debt since last summer, and warned that it may return the outlook to neutral if Russia were to postpone fiscal tightening and administrative reforms.

Source: Standard & Poor's



BANKING

EGYPT

Five banks to conduct due diligence on Banque du Caire

The Central Bank of Egypt (CBE) authorized five banks to perform due diligence on the state-owned Banque du Caire. A total of 12 bidders submitted preliminary offers for a stake of between 51% and 67% in the bank. The short listed institutions include a consortium of Jordan's Arab Bank and Saudi-based Arab National Bank, Standard Chartered Bank, Saudi Arabia's Samba Financial Group, National Bank of Greece, and the UAE-based Mashreq Bank. The due diligence process is expected to take up to 8 weeks, after which the groups will submit their financial and technical offers. The government expects to complete the sale by June, with the proceeds to be primarily used to repay debt owed by public sector companies. The government plans to sell 28% of the remaining stake to the public through an IPO and allocate 5% to the bank's employees.

Source: *Al-Alam al-Yom, Reuters*

JORDAN

Sector risks are manageable

The International Monetary Fund indicated that banking supervision in Jordan is strong and banking sector risks are manageable. It said banks are well capitalized, non-performing loan ratios are low, and strict loan classification and provisioning rules require banks to maintain adequate loan-loss provisions. It added that appropriate prudential regulations are in place to curb banks' exposure to the real estate sector and the stock market even though the share of credit to construction and to buy equity has increased in recent years. Also, limits are in place on banks' open foreign exchange positions, and banks may only lend in foreign currency to clients with export earnings. As a result, the share of foreign currency loans remains low, and banks' incentives to raise relatively inexpensive foreign currency funding is subdued. Prudential limits under consideration on the sources versus uses of funds should help prevent a further increase in the loan-to-deposit ratio, especially at some of the smaller banks that presently have relatively high ratios.

Source: *International Monetary Fund*

SUDAN

Al Salam Bank to list in UAE

Al Salam Bank, one of Sudan's largest publicly listed Islamic banks, announced plans to list its shares on the UAE stock market. The bank said the decision is in line with its strategy of growth and development across the region. Al Salam was set up in 2005 by UAE and Sudanese investors, including the government of Sudan. It has a capital of \$100m. The Khartoum Governorate owns 0.5% and the National Pensions Authority of Sudan another 0.25% of the bank. Al Salam Bank has affiliates in Bahrain and Algeria.

Source: *Dow Jones Newswires*

IRAN

U.S. imposes sanctions on Teheran-controlled Bahraini bank

The United States Treasury Department announced it is freezing any assets that the Bahrain-based Future Bank B.S.C. has under U.S. jurisdiction and prohibited U.S. citizens and institutions from engaging in business or transactions with the bank. The Treasury said the bank is controlled by Bank Melli Iran, Iran's largest financial institution. Last year the U.S. administration cut off Bank Melli from the U.S. financial system because of alleged financing of nuclear proliferation and terrorism activities. Future Bank, an equal joint venture between Ahli United Bank BSC, Bank Melli Iran and Bank Saderat Iran, officially began operations in Bahrain in February 2005 with an initial paid up capital of \$99m. In parallel, 26 U.S. senators urged President George W. Bush on March 5 to designate the Central Bank of Iran, Bank Markazi, as a supporter of terrorism.

Source: *Bloomberg*

ARMENIA

Central Bank increases policy rate

The Central Bank of Armenia increased its annual refinancing rate by 0.25% to 6.25% and kept all other key policy rates unchanged. It attributed the decision to inflationary pressures, as well as to rising domestic demand and private consumption. It added that imported inflation is the key driver of overall inflation and that it was difficult to neutralize it by monetary policy alone. Inflation rose by 1.1% in February while annual inflation reached 7.5% in the same month. The CBA said inflation risks are unlikely to disappear in the near future. The CBA's deposit, lending and banking rates were unchanged at 3.25%, 9.25% and 11% respectively.

Source: *ARKA*

UKRAINE

Bank Forum upgraded on acquisition by Commerzbank

Fitch Ratings upgraded Bank Forum's ratings to Long-term foreign currency Issuer Default (IDR) 'BB-' from 'B-' and Support '3' from '5', with a positive outlook. It also removed the ratings from Rating Watch Positive following the recent completion of the acquisition by German bank Commerzbank of a 60%+1 share in the bank. The agency said the upgrade reflects Commerzbank's ability, to provide the bank with support in case of need. It added that if Ukraine is upgraded, Forum's Long-term foreign and local currency ratings would be very likely to follow suit. The Individual rating of Forum reflects the bank's growing franchise, adequate asset quality to date and limited market risks. Forum is a medium-sized bank ranked 11th by assets in Ukraine at end-2007. Commerzbank also has an option to purchase a further stake of up to 25% of Forum during the next 36 months.

Source: *Fitch Ratings*



ENERGY / COMMODITIES

Oil holds near record highs on dollar

U.S. crude for April delivery was one cent down at \$109.91 a barrel after it hit a record high of \$110.20 on March 12th. London Brent crude for April, fell 10 cents to \$106.17. The dollar dropped to a 12-year low against the yen and a record low versus the euro on March 13 amid uncertainty about the long-term impact of the Federal Reserve's efforts to ease strained credit and money markets. Investors have rushed into commodities over the past month to hedge against inflation and the softening dollar. This has contributed to oil's recent rally despite concerns over a recession in the United States and rising fuel inventories. Renewed political tension in Nigeria, Africa's largest oil exporter, provided additional support. The risk of violence in the oil producing Niger Delta may increase because militants are frustrated by a lack of concrete results from peace talks. Oil prices rebounded after a drop on March 12, caused by U.S. government data that showed crude stocks rose more than expected last week and gasoline stocks were at a 15-year high.

Source: Reuters

Global oil demand to slow

The International Energy Agency said global oil demand will be lower than expected this year because of slower economic growth in industrialized countries and record prices. But the report also predicts that demand will remain high in China and the Middle East, and only a severe world recession would send oil below \$60 for a sustained period.

Source: Reuters

Sudan to remain out of OPEC

Minister of Energy and Mining al-Zubair Ahmed Al-Hassan said Sudan is still studying the possibility of joining the Organization of Petroleum Exporting Countries (OPEC), but for the time being prefers to be content with its observer status. Sudan was invited to join the OPEC in May 2006 by Nigeria in its capacity as chairman of OPEC at that time. Since, the issue also was raised several times by the oil cartel to enlarge its influence on the oil market. However, with 500,000 b/d of production, the oil-exporting country considers that the oil cartel would impose quotas and hinder its oil development projects.

Source: Sudan Tribune

Oil records attributed to long-dated prices

Goldman Sachs said the long-dated oil prices are behind the recent surge of WTI and Brent crude futures to record highs. It said concerns over the long-term supply outlook have continued to overshadow fears of a weakening US economy. Over 80% of the \$15 per barrel rally in oil prices since February 6 has been driven by higher long-dated oil prices, with five-year forward WTI crude oil prices increasing by \$12 per barrel, and now approaching \$100 per barrel. This underscores the long-term nature of the rally, and the fact that it is not driven by concerns over the short-term supply-demand balance. Goldman Sachs said that short-term fundamentals remain weak despite the rally in long-dated oil prices, providing potential for a near-term sell-off. While speculative activity has had an impact on recent price developments, it noted that speculation has not been the primary driver of the price surge. But it maintained that the recent oil price rally has been largely fundamentally driven.

Source: Goldman Sachs, MEED

Base metals: Fundamentals are improving

Along with the developments in the rest of the commodity universe, base metal prices also continued to rally this week. Markets shrugged of the weak reading of the ISM Manufacturing Survey and instead traded higher amid ongoing weakness of the U.S. dollar. While the risk of a correction in some markets remains high as the U.S. economy slows down, there is also positive news in some markets. Fundamentals are improving for aluminum and nickel, in particular. For aluminum, rising costs for energy and for alumina should be a drag on production growth going forward. In the nickel market, inventories have stopped increasing and demand from the steel industry should start rising during the second quarter.

Source: Credit Suisse

Precious metals: Dollar weakness still one of the main drivers

Precious metals had a positive performance this week. Gold prices are now almost in reach of the psychologically important \$1,000 mark. Financial market conditions are still very supportive for the sector. U.S. real interest rates are currently negative, and with the Fed likely to continue cutting interest rates, they are likely to decline even further. This environment benefits non-yielding assets such as gold. At the same time, the dollar is reaching new all-time lows versus the euro, which is further fueling the rally. As a result, gold prices are expected to break above the \$1,000 mark sooner rather than later. Nevertheless, after the recent price rally, the risks are mounting as well. Particularly in the silver and palladium markets, which are in a state physical supply surplus, prices look increasingly stretched.

Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	271.9	222.9	211.8	13.7	44.9
LME metals price index	4340.5	3741.4	3891.6	18.4	20.3
Oil prices USD	105.5	91.0	79.1	21.1	73.8
Oil prices SDRs	65.1	57.7	51.1	18.1	61.0
Gold \$/troy oz	983.2	825.5	745.1	8.7	53.2
Silver cents/troy oz	2080.0	1509.1	1405.2	26.2	60.8
Platinum \$/troy oz	2230.0	1569.3	1422.0	23.0	87.4
Copper \$/MT	8880.5	7397.3	7454.1	23.7	48.0
Nickel \$/MT	33275.0	28983.4	35216.8	26.0	-23.6
Aluminium \$/MT	3171.8	2511.1	2607.4	22.4	15.9
Zinc \$/MT	2825.3	2584.3	3041.4	18.5	-15.7
Steel - HR coil dry \$/MT	605.0	592.1	567.0	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								
Africa													
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								
Middle East													
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	-5.2	-	25.8	97.0	3.1	80.6	-3.9	
	-	-	-	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-	-	-	-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	06-Mar-08	No change	10-Apr-08
UK	Base Rate	5.25	06-Mar-08	No change	10-Apr-08
Japan	O/N Call Rate	0.50	07-Mar-08	No change	09-Apr-08
Australia	Cash Rate	7.25	04-Mar-08	Raise 25bps	01-Apr-08
New Zealand	Cash Rate	8.25	06-Mar-08	No change	24-Apr-08
Switzerland	3 month Libor target	2.75	13-Dec-07	No change	13-Mar-08
Emerging Markets					
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	End 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	25-Feb-08	No change	29-Apr-08
Thailand	1D Repo	3.25	27-Feb-08	No change	09-Apr-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	15.50	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	Feb 08	No change	Apr 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	15-Feb-08	No change	14-Mar-08
Brazil	Selic Rate	11.25	23-Jan-08	No change	05-Mar-08
Armenia	Refi Rate	6.25	Mar-08	Raise 25bps	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 - Countries in bold updated on March 13, 2008



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

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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

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

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

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

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

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

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

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

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

ARMENIA

Byblos Bank Armenia CJSC
18/3 Amiryan Street
Yerevan, 375002, Republic of Armenia
Phone: (+374) 10 530 362
Fax: (+374) 10 535 296

