

## COUNTRY RISK WEEKLY BULLETIN

### NEWS HEADLINES

#### WORLD

##### **Finance firms asked to rise prudential oversight**

The Financial Stability Forum (FSF) submitted to the Finance Ministers and Central Bank Governors of the Group of Seven industrialized countries a set of recommendations to enhance the resilience of markets and financial institutions. It recommended strengthening prudential oversight of capital, liquidity, and risk management; enhancing transparency and valuation; changes in the role and uses of credit ratings; strengthening the authorities' responsiveness to risks; and robust arrangements for dealing with stress in the financial system. The FSF said it will facilitate coordination of these initiatives and oversee their timely implementation in order to preserve the advantages of integrated global financial markets and a level playing field across countries. It stressed the importance of taking steps now to enhance the resilience of the global system to restore confidence in the soundness of markets and institutions. At the same time, the FSF recognizes the strains under which the financial system is currently operating and will pursue implementation in a way that avoids exacerbating stress in the short term.

*Source: Financial Stability Forum*

#### EMERGING MARKETS

##### **OECD members open to sovereign wealth funds**

The Organization of Economic Cooperation and Development (OECD) group of industrialized nations said its members recognize that sovereign wealth funds (SWFs) bring benefits to home and host countries, adding that they are committed to allowing market access to SWFs provided they pursue commercial not political gain. It indicated that OECD members have agreed to base their investment policies towards SWFs on existing investment instruments which call for fair treatment of investors and that are based on the basic principles of non-discrimination, transparency, progressive liberalization, commitment to not introduce new restrictions, and not to insist on reciprocity as a condition for liberalization.

In parallel, the OECD noted that its investment instruments recognize the right of member countries to take actions to protect national security, as investments by SWFs can raise concerns whether their objectives are commercial or driven by political, defense or foreign policy considerations. It added that OECD countries have accepted that the national security clause should be applied with restraint and not be used as a general escape clause from their commitments to open investment policies. The organization stressed that SWFs' observance of high standards of transparency and governance would help recipient countries implement their OECD commitments and recommendations for preserving open markets while safeguarding national security. The OECD indicated that the resulting framework would foster mutually beneficial situations where SWFs enjoy fair treatment in recipient country markets and recipient countries can resist pressures for protectionist responses.

*Source: Organization of Economic Cooperation and Development*

#### MENA

##### **Corporate governance indices planned**

Standard & Poor's and the Institute for Corporate Governance (Hawkamah) announced plans to launch a series of corporate governance and sustainability indices beginning in the summer of 2009. The move is intended to increase transparency among equity markets in the Middle East and North Africa region. The S&P-Hawkamah ESG MENA indices would raise the profile of local firms that perform well compared to their peers in terms of environmental, social and corporate governance (ESG) responsibility parameters. Hawkamah said the indices will employ an innovative methodology that quantifies a company's ESG practices and translates them into a scoring system, which is then used to rank each company against its peers in the MENA region. The indices represent a first in the region and will include stocks from 11 markets initially. They will focus on the best performing stocks as measured by their level of concern for the interests of internal and external stakeholders, shareholders, employees, customers, the community and the environment.

*Source: Institute for Corporate Governance*

#### SUDAN

##### **T. Rowe Price divests from PetroChina**

U.S. investment management firm T. Rowe Price announced it has sold 55 million shares of PetroChina Corp., the listed arm of the China National Petroleum Corporation and Sudan's largest oil partner. T. Rowe Price, one of the largest American investment firms, said it has adopted a policy for analyzing risks and engaging with companies with business ties to Sudan. In August 2007, the Darfur Coalition, formed to press the Khartoum government to act to end the genocide in Darfur, assembled a coalition of investors to file shareholder resolutions at Citibank, JP Morgan Chase, Merrill Lynch, Morgan Stanley, T. Rowe Price, and Wells Fargo calling on the institutions to adopt policies and procedures for investments linked to countries where genocide or mass atrocities are occurring. The resolutions have been withdrawn at Merrill Lynch, T. Rowe Price and Morgan Stanley for complying with the coalition's requests. Other institutions to divest from PetroChina include Fidelity Investments, as well as the Dutch PGGM and the European Parliament's pension funds.

*Source: Sudan Divestment Task Force*

#### LIBYA

##### **Russia agrees to \$4.5bn debt write off**

Russia agreed to write off \$4.5bn worth of Libya's Cold War-era debt in return for military and civilian contracts between the North African country and Russian companies. The deal was one of 10 trade, investment and political agreements reached between the two sides. Libya, whose oil and gas industries earned it more than \$40bn in 2007, is being wooed by Western companies seeking contracts for involvement in big state infrastructure projects. Russia's Finance Minister said the debt would be cancelled once payments for the new contracts arrived in the bank accounts of Russian companies.

*Source: Reuters*

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# OUTLOOK

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## SUB-SAHARAN AFRICA

### **Growth at 6.5% for 2008, global slowdown to pose risks**

The International Monetary Fund expected growth in Sub-Saharan Africa to reach 6.5% in 2008, slightly lower than projected last October but almost unchanged from 6.6% in 2007. It said growth will be driven by oil exporters that are forecast to grow by nearly 10% this year, while oil importers' economic activity will decline to 4.9% from 5.6% last year. It expected inflation to reach 8.1% in oil exporting countries and 8.8% in oil importers, leading to an average inflation rate of 8.6% for the entire region in 2008. The Fund projected the region's overall fiscal balance to post a small surplus of 2.6% of GDP from 0.8% of GDP in 2007, while the current account deficit will remain in surplus at 1.2% of GDP in 2008 due to the external surplus of oil exporters, but current account deficits in fragile and low-income countries should widen moderately as their terms of trade worsen.

According to the IMF, Sub-Saharan Africa is better placed to withstand a worsening of the global environment compared to the 1990s. Many countries in the region are less exposed to shifts in global economic conditions, as smaller current account and fiscal deficits, lower inflation, reduced debt, increased foreign reserves, and strengthened policy frameworks have all helped make the region more resilient to external shocks. It warned, however, that Sub-Saharan Africa faces several external risks. First, a significant global economic slowdown would represent a large shock; second, higher oil prices would reduce domestic demand, boost headline inflation, and worsen the current account and net foreign asset positions of net oil importers; and third, less favorable financial conditions would reduce external financing and hurt growth. The Fund noted that, in light of these risks, there is about a 25% chance that growth in the region would fall to less than 5% in 2008.

*Source: International Monetary Fund*

## EMERGING MARKETS

### **Sharp decline in corporate funding, prolonged crisis to raise cost**

The International Monetary Fund indicated that capital inflows to the corporate sector in emerging markets have witnessed dramatic declines in recent months, signifying spillovers from the funding and credit risks in mature markets in the wake of the ongoing financial crisis. It said debt spreads in emerging corporate markets widened and primary market bond issuance fell sharply as market conditions have deteriorated. The Fund noted that forecasts of emerging market corporate financing have been scaled back, with estimated financing at \$72bn for 2008, about half of last year's level. It noted that emerging market corporates have issued just \$7bn in the first quarter of 2008, so risks exist to the remaining \$65bn in the pipeline.

The IMF considered that financial conditions for private corporations in emerging markets have been hit by the financial crisis, adding that this is one of the reasons why there is no decoupling between mature and emerging economies, even though there may be some delay in the transmission of the slowdown of economic growth. The Fund expressed concerns that the ded-

icated investor base for emerging market corporates is narrower than for sovereigns, adding that although some corporates are shifting into financing through syndicated loans and private placements, there is a risk that prolonged turbulence could begin to have a negative impact.

The IMF noted that emerging markets corporate debt has been more correlated with similarly-rated mature market credit than with other types of emerging market assets, especially sovereign bonds. With the expansion of emerging market corporate debt as an asset class, along with the development of credit default swaps (CDS) and index-based contracts that facilitate the trading of that debt, investors have drawn fewer distinctions between mature and emerging market debt. The Fund noted that although this has been a positive development for the asset class, it has opened a new potential channel of contagion. It warned that should mature market spreads widen even more, it would increase emerging market corporate funding costs, putting pressure on domestic funding.

*Source: International Monetary Fund*

## UKRAINE

### **IMF warns of external financing risks, calls for increased bank supervision and prudential measures**

The International Monetary Fund indicated that global financial turbulence has increased Ukraine's external financing risks, including for rising short-term debt rollover, as interest rate spreads have widened more than in many other emerging markets and Eurobond issues have dried up. It said very high domestic lending growth, including in foreign exchange to unhedged borrowers, points to increased credit risks, and a number of smaller banks seem to be weak. Also, the potential reversal of high asset valuations, notably in some urban real estate markets, poses further risks. As a result, the Fund expects that weaker world growth and ongoing difficulties in international financial markets to tighten financing conditions and reduce the pace of credit expansion.

In view of actual and possible strains, the IMF urged the National Bank of Ukraine to intensify its supervision of banks, and encouraged key measures such as consolidated supervision, increased transparency of bank ownership, encouragement to banks to enhance their risk management capabilities, strong guidance regarding stress testing, and intensified on-site examinations. It added that bank secrecy provisions should be brought in line with Basel II standards. It suggested for prudential measures to include, in addition to the recent increase in minimum statutory capital, greater risk weights for assets that pose higher credit risk and stronger prudential requirements for banks with deteriorating liquidity positions. Finally, non-bank supervisors should be strengthened, which would also foster the development of insurance and capital markets. The Fund supported the authorities' intention to implement a sequenced liberalization of capital controls, including through a new foreign exchange law. It recommended greater attention to bank resolution and crisis management. It added that problem banks need to be identified earlier and bank exit options expanded to include rapid resolution mechanisms, notably by increasing incentives of owners of weak banks to agree to mergers.

*Source: International Monetary Fund*



# ECONOMY & TRADE

## SYRIA

### Competition and anti-trust law enacted

A Presidential decree issued on April 4, 2008 enacted the new competition and anti-trust law. The law is in line with international standards, including the Competition and Anti-Monopoly regulations provided in Articles 81 and 82 of the Rome Treaty establishing the European Union. The law states that prices in the market are defined by free competition with the exception of some cases. Prices were defined by the Government and regulations were issued to liberalize prices. It also prohibits cartels and other agreements, whether written or oral, which could disrupt free competition in the market; it prevents any economic entity from abusing its dominant position in the market; it sets a certain number of standards in commercial practices; and it requires the permission of the Competition Council for any merger or acquisition that leads a company to hold a market share of over 30% for any product or service. The law also establishes a Competition Authority, which will be managed by a Competition Council made of 13 members appointed by the Prime Minister and elected for a period of four years.

Source: *Syria Report*

## ARMENIA

### Foreign investments at \$845m in 2007, Russia accounts for 53%

Foreign investments in Armenia totaled \$845.4m in 2007, with direct investments in the real sector accounting for \$582.3m or 69% of the total. Russia was the largest investor in the country, with \$449.4m invested, equivalent to 53.2% of total foreign investment in the country last year. Russian investments in Armenia increased by 112% in 2007 from \$212.3m in 2006, with a 91% increase in direct investments that reached \$293.3m last year. Russian investments targeted the generation and distribution of electricity, gas, hot water and steam with \$220.9m or 49.2% of the total, followed by the communication sector with \$127.7m or 28.4% of the total, and the metallurgy industry with \$45m or 10%. Russian investors also invested \$15.2m in the private services sector, \$11.1m in recreation, entertainment and sports, and \$25.2m in other services. Net foreign investments in Armenia totaled \$2.6bn during the 1988 to 2007 period, with \$1.4bn, or 54% of the total, originating from Russia.

Source: *ARKA*

## TURKEY

### Agreement reached with IMF

The International Monetary Fund stated that it has reached a broad agreement with the Turkish government on a package of policies that aims at completing the seventh and final review of Turkey's Stand-By Arrangement in early May. In the weeks ahead, IMF staff and the authorities will work together to finalize a draft Letter of Intent to the Fund's Executive Board. Turkish authorities said they plan to focus with the IMF on the details of a follow-on program in the coming weeks, and that the government was working on a medium-term fiscal program. The completion of the review would lead to a disbursement to \$3.7bn to the Turkish government.

Source: *International Monetary Fund*

## EGYPT

### Annual inflation at 14.4% in March, a three-year high

The government's statistics agency CAPMAS indicated that consumer price inflation rose to 14.4% year-on-year in March, the highest in three years, from 12.1% in February and 10.5% in January. The CPI rose 2.5% month-on-month in March, up from 0.8% in February. Food prices, which represent more than 40% of the consumer basket, rose annually by 20.5% in March, up from 16.8% in February, with the price of bread and grain rising by 48.1% and food oil by 45.2%. Non-food inflation rose to 4.9% year-on-year in the first quarter of 2008 from 3.1% in the preceding quarter. To fight inflation, the government increased food subsidies to EGP20bn and the wages of public employees by 22% to EGP73bn in the budget for fiscal year 2008/09, which begins July 1st. It has banned rice and cement exports for six months starting April to increase supply in the domestic market, and removed earlier this month import tariffs on 20 food items and on cement and steel. The Central Bank of Egypt raised its policy rates by 75 basis points over the last six weeks, bringing the overnight deposit rate to 9.5%.

Source: *EFG Hermes*

## ROMANIA

### Annual inflation at 8.6% in March

Data released by the National Institute of Statistics shows that annual consumer price inflation reached 8.6% in March, its highest level since January 2006, and up from 8% in February and compared to 3.7% in March 2007. Food inflation accelerated to 10.8% annually in March from 10.2% in February, while services inflation accelerated to 10.7% annually in March, from 9.9% in February and non-food products inflation rose to 5.9% year-on-year in March from 5.3% in February. In another sign of broad-based inflationary pressures in the economy, the core inflation indicator, which excludes volatile food prices, fuels and administered prices, reached 7% year-on-year in March from 6.3% in February and as low as 3.2% in July 2007.

Source: *Credit Suisse*

## RUSSIA

### Ratings under review for potential upgrade

Moody's Investors Service placed Russia's 'Baa2' government bond ratings and the 'Baa2' country ceiling for foreign currency deposits on review for possible upgrade. The agency said the possible upgrade takes into account the country's strong macro-economic situation and favorable debt indicators as well as the likelihood of macro-policy continuity under the leadership of President-elect Dmitry Medvedev. In addition, the momentum from the March elections may bring an increased focus on needed structural reforms. The review will concentrate on the sustainability of Russia's healthy economic performance over the medium term despite substantial anticipated reductions in both the current account and government budget surpluses.

Source: *Moody's Investors Service*



# BANKING

## SYRIA

### Fransabank Syria IPO oversubscribed

Fransabank Syria closed its initial public offering for 36% of its total shares valued at SYP630m, or \$13.1m, saying that the IPO was oversubscribed by 2.5 times and reached \$32m. It offered 1.26 million shares at SYP500 each. The IPO targeted resident and non-resident individual and institutional Syrian investors. The bank plans to begin operations by mid-2008. 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, who are four individual investors, subscribed to the remaining 16%.

Source: *An Nahar, Dow Jones Newswires*

## UAE

### Central Bank to cap personal lending

The UAE Central Bank announced revisions to its current personal loan regulations that were issued in 1993. According to the new proposals, borrowing will be capped at 25 times the monthly salary, with monthly repayments not exceeding 60% of the monthly salary. The settlement period for personal loans is limited to 5 years. Mortgages and car loans are excluded from the new provisions, but mortgages will be limited to 85% of the value of the property over 25 years and the limit for car loans will be set at AED 250,000. Personal loans accounted for 68% of total credit facilities in the first 9 months of 2007 and grew by 39% in 2007, which is contributing heavily to the rapid money supply growth. The aim of the Central Bank proposals is to curb lending and manage liquidity more effectively.

Source: *Standard Chartered*

## IRAN

### Bank Melli to raise €250m fund

State-owned Bank Melli Iran, the country's largest financial institution, announced plans to raise €250m for a closed-ended equities fund that will invest in stocks listed on the Tehran Stock Exchange. Bank Melli's affiliate Mehr Cayman is acting as the investment manager and placement agent. It said the Cayman-registered First Persian Equity Fund is targeting investors from Europe as well as Middle East sovereign wealth funds. First Persian Equity Fund is the only Iran fund licensed under the country's foreign investment law. It was launched in July 2007 with an initial capital of €34m, all of which has already been invested. Mehr Cayman said the fund plans to take advantage of a wide-ranging privatization program that will see offerings from all sectors excluding defense and upstream oil, adding that assets of about \$120bn are expected to be offered for private investment. Last year, the U.S. administration imposed sanctions on Bank Melli Iran, effectively cutting it off from the U.S. financial system, because of alleged financing of nuclear proliferation and terrorist activities.

Source: *Dow Jones Newswire*

## MENA

### IFC and AMF to develop credit bureau industry

The International Finance Corporation, the private sector arm of the World Bank Group, signed a memorandum of understanding with the Arab Monetary Fund to help create a credit bureau industry in the Middle East and North Africa. The IFC and the AMF said they will consolidate efforts to harmonize the region's credit reporting systems and implement international best practices. Over the next three years, the two organizations plan to assess credit information infrastructures in the region to address gaps and challenges facing most countries. They will also work to raise awareness of credit reporting and its benefits to local economies. These efforts will help identify strategies and action plans to establish business enabling and regulatory environments for private credit bureaus. The IFC added that the development of private credit bureaus will help increase knowledge sharing on credit reporting between countries, increase the efficiency of financial intermediaries, support the growth of micro-, small-, and medium-size enterprises; mitigate lending risks; allow greater access to capital; and help central banks supervise financial sectors.

Source: *International Finance Corporation*

## UKRAINE

### Central Bank asks banks to address mismatches, warns of cutting access to funding instruments

The National Bank of Ukraine warned commercial banks that they risk losing access to the NBU's refinancing instruments if the remaining balance sheet mismatches are not addressed. The NBU stated that certain banks continue to increase their lending portfolios despite the lack of an adequate funding base, adding that banks allowing persistent mismatches on volumes and term structures of raised financing and extended lending would face the loss of access to all refinancing instruments of the central bank. This constitutes the strongest warning so far about the need to tighten risky lending practices by banks. Earlier NBU measures included higher reserve requirements on foreign borrowing and granting the regulator the right to reduce banks' statutory capital in the event of balance sheet mismatches. The NBU's warning came amid signs of a decline in the financial sector's liquidity. Overnight interest rates soared to above 15% recently, triggering a surge in the hryvnia's exchange rate, which reached a recent high of 4.91 against the dollar.

Source: *Credit Suisse, Reuters*

## TURKEY

### Central Bank keeps rates unchanged

The Monetary Policy Committee of the Central Bank of Turkey kept the policy rate unchanged at 15.25%, in line with market expectations. This continues to mark a pause in the easing cycle that began in September 2007 and has led to a reduction of the policy rate by 225 basis points since then. The MPC already kept policy rates unchanged at its March 19 meeting. The CBT is likely to hold rates unchanged for most of the year, as inflation will likely stay around the high single digits.

Source: *Merrill Lynch*



# ENERGY / COMMODITIES

## Oil hovers near record as dollar, U.S. fuel stocks fall

U.S. crude for May delivery dipped 24 cents on April 17 to \$114.69 a barrel after hitting \$115.21 a barrel in early electronic trading, its third consecutive high. Prices gained \$1.14 on April 16, taking this year's gains to nearly 20%. London Brent crude shed 21 cents to \$112.45 a barrel, off a record intraday high of \$112.83. Oil prices have extended a five-year rally this year, as investors seek out commodities as a hedge against inflation and bet that fast-growing oil demand in Asia and the Middle East will help compensate for a weakening U.S. economy. U.S. government data showed a surprisingly big 5.5 million barrel fall in gasoline stocks in the week to April 11 as poor economics pushed refineries to go slow on output. Crude oil stocks fell 2.3 million barrel to 313.7 million barrels despite weaker U.S. processing rates that dropped 1.6% to 81.4% of capacity, the lowest level since the week ending October 21, 2005.

Source: Reuters

## IEA cuts estimate of world oil demand but notes supply fears

The IEA cut its 2008 world demand estimate to 87.2 million barrel per day, down 310,000 barrels from the last monthly report. It revised higher its view of 2007 global oil demand by 140,000 barrels to 86 million bpd. The new 2008 forecast is due to the lowered world economic growth forecast from the International Monetary Fund, notably for the U.S., as well as a new way of measuring demand in the former Soviet Union and other data changes. But with oil futures trading at \$110 per barrel, it noted that traders aren't yet pricing-in the impact of slower U.S. and world demand. The IEA said oil prices may not decline due to worries about supplies related to a wave of disruptions in recent weeks, pipeline sabotage in Nigeria and Iraq and a strike in Gabon. While April and May oil balances may tip toward a supply surplus, there's still concern that cushion won't materialize.

Source: MarketWatch

## Iraq qualifies 35 companies for oil deals

The Iraqi Oil Ministry announced that 35 international oil companies were qualified to bid for future oil and gas contracts among 120 that applied. The list includes BP, Chevron, Exxon Mobil, ConocoPhillips, Royal Dutch Shell, Lukoil, China National Petroleum, Mitsubishi, Nippon Oil, ONGC, Edison and Eni. Iraq is planning to issue the first round of tenders to develop some of its prized oil fields as early as the second quarter of 2008. Companies that have signed deals with the Kurdish Regional Government previously have been excluded from the ministry's list. The technical support agreements (TSAs) are the first phase of the liberalization of the Iraqi oil market and are likely to bring forward the approval of the long-awaited oil bill. Iraq is currently producing around 2.3-2.4m barrels of oil a day, and TSAs are expected to increase production by 500,000 barrels a day.

Source: Merrill Lynch

## Base metals: Prices continue to advance

Base metal prices continue to edge higher. Aluminum, copper and nickel prices in particular have more upside potential despite the slowdown of global economic growth. There are mainly two reasons for this assessment. First, there are severe problems on the supply side, mainly energy shortages in major producer countries such as South Africa or Chile. And second, China has started to import more metals again. As a result, forecasts for copper were upgraded and the outlook on aluminum and nickel is positive. For zinc, the outlook is negative. Zinc is virtually the only metal where supply is not an issue.

Source: Credit Suisse

## Precious metals: Weak dollar is key driver for prices

Platinum climbed to the highest in almost five weeks and gold rose in London on speculation power shortages in South Africa will curb growth in supply as demand for the precious metals increases. Platinum for immediate delivery advanced \$34.50, or 1.7%, to \$2,057 an ounce by mid-day on April 17th. A close at that level would be the highest since March 14. Gold rose \$3.02, or 0.3%, to \$947.61, the highest since March 26th. Platinum has rallied 35% this year, the most of any precious metal, and gold is up 13%. Investment demand for the metals as a currency hedge has risen on prospects the dollar will extend losses, while tighter rules on auto pollution are expected increase the use of platinum in catalysts for removing toxins from exhaust fumes. However, the weak dollar remains the single biggest driver for commodities.

Source: Bloomberg

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	257.0	232.0	218.1	-5.5	27.7
LME metals price index	4206.5	3789.9	3911.4	-0.3	-1.5
Oil prices USD	110.0	95.8	83.4	1.9	78.1
Oil prices SDRs	67.1	60.2	53.5	1.0	64.6
Gold \$/troy oz	926.8	866.4	772.2	-4.3	37.2
Silver cents/troy oz	1832.0	1611.9	1456.1	-6.4	32.4
Platinum \$/troy oz	2028.0	1691.3	1493.7	4.2	60.7
Copper \$/MT	8884.3	7505.7	7609.6	5.8	13.3
Nickel \$/MT	29427.5	28980.8	33494.1	-9.8	-43.8
Aluminium \$/MT	3041.5	2614.4	2623.2	-1.9	6.1
Zinc \$/MT	2330.3	2483.2	2955.8	-8.3	-34.9
Steel - HR coil dry \$/MT	605.0	599.5	574.6	0.0	12.0

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	-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								
<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
	Negative	-	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	2.25	18-Mar-08	Cut 75bps	30-Apr-08
<b>Eurozone</b>	Refi Rate	4.00	10-Apr-08	No change	08-May-08
<b>UK</b>	Base Rate	5.00	10-Apr-08	No change	08-May-08
<b>Japan</b>	O/N Call Rate	0.50	09-Apr-08	No change	30-Apr-08
Australia	Cash Rate	7.25	01-Apr-08	No change	06-May-08
New Zealand	Cash Rate	8.25	06-Mar-08	No change	24-Apr-08
Switzerland	3 month Libor target	2.75	13-Mar-08	No change	19-Jun-08
<b>Emerging Markets</b>					
China	One-year lending rate	7.47	20-Dec-07	Raise 18bps	N/A
Hong Kong	Base Rate	3.75	19-Mar-08	Cut 75bps	N/A
Taiwan	Discount Rate	3.50	27-Mar-08	Raise 12.5bps	end Q208
<b>South Korea</b>	Target Rate	5.00	10-Apr-08	No change	08-May-08
Malaysia	O/N Policy Rate	3.50	25-Feb-08	No change	29-Apr-08
<b>Thailand</b>	1D Repo	3.25	09-Apr-08	No change	21-May-08
India	Reverse repo rate	6.00	29-Jan-08	No change	29-Apr-08
UAE	Overnight repo rate	2.25	19-Mar-08	Cut 75bps	01-May-08
Saudi Arabia	Repo rate	5.50	Mar-08	No change	N/A
Egypt	overnight lending	11.00	23-Mar-08	Raise 50bps	N/A
<b>Turkey</b>	Base Rate	15.25	17-Apr-08	No change	N/A
<b>South Africa</b>	Repo rate	11.50	10-Apr-08	Raise 50bps	12-Jun-08
Kenya	Central Bank Rate	8.75	Feb 08	No change	Apr 08
Nigeria	Monetary Policy Rate	10.00	01-Apr-08	Raise 50bps	01-Jun-08
Ghana	Prime Rate	14.25	17-Mar-08	Raise 75bps	May 08
Mexico	Target Rate	7.50	14-Mar-08	No change	18-Apr-08
Brazil	Selic Rate	11.25	14-Mar-08	No change	16-Apr-08
Armenia	Refi Rate	6.50	Apr-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	Refi Rate	11.00	Mar-08	N/A	N/A

Source: Standard Chartered - Countries in bold updated on April 17, 2008



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