



COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global credit quality worsens in first quarter

Moody's Investors Service indicated that overall credit quality for sovereign, banking and corporate debt issuers worsened on a global basis in the first quarter of the year, as the downgrade-to-upgrade ratio rose to about 3:1 from about 2:1 in the previous quarter. It noted that the pace of deterioration has been rapid since the second quarter of 2007, when the number of upgrades was almost equal to the number of downgrades. The agency said the environment continues to be cautious, with a greater percentage of issuers on review for downgrade than upgrade, as well as more issuers holding negative outlooks than positive ones. At the end of the first quarter, 3.8% of rated issuers were on review for downgrade, compared with 1.8% on review for upgrade. Similarly, 13.1% of rated issuers were given negative outlooks, compared with 6.1% with positive outlooks. Moody's added that both investment- and speculative-grade categories had more issuers on review for downgrade than for upgrade. Speculative-grade issuers were also much more likely than investment-grade issuers to hold negative outlooks. Regionally, the Middle East, Africa and Latin American have more issuers on review for upgrade than on review for downgrade. In parallel, more European issuers are on review for downgrade than review for upgrade, and three times as many issuers in the United States and Canada have negative outlooks as opposed to positive outlooks.

Source: Moody's Investors Service

IRAN

Switzerland freezes assets of 12 firms

The Swiss Federal Council stated that authorities froze the assets of 12 Iranian companies in accordance with new U.N. sanctions aimed at stopping Tehran's alleged nuclear program. The firms, along with 13 individuals, have been added to an existing blacklist of 23 companies and 27 people. Five Iranian nationals have also been banned from entering and passing through Switzerland. The country will also ban the delivery of so-called "dual use" materials that could be used for the manufacture of nuclear plants, and the export of some drones and missiles. Last month, The U.N. Security Council imposed its third set of sanctions against Iran in 15 months to punish Tehran's refusal to suspend uranium enrichment. Iran and Switzerland signed a deal in March whereby Teheran will reportedly supply 5.5 billion cubic meters of gas annually from 2011.

Source: AFP

UAE

Nuclear deal signed with U.S

The UAE signed an agreement on peaceful nuclear energy cooperation with the U.S. The agreement entails cooperation in developing nuclear infrastructure, training human resources and safeguarding of nuclear materials and facilities. The UAE signed a similar agreement with France in January.

Source: Gulf News

IRAQ

Baghdad requests cancellation of foreign debt

Baghdad formally called on GCC states to cancel or waive at least part of their share of Iraq's \$74.6bn foreign debt. Iraq is required to pay 5% of its oil revenues into a United Nations compensation fund as reparations from its invasion of Kuwait in 1990. As of the end of last year, the UN had approved \$52bn in damages and paid out \$23bn, although it has received more than \$352bn in claims. Saudi Arabia and Kuwait own a significant proportion of the \$74.6bn debt, mostly incurred during the 1980-88 war with Iran. Iraq's debt was reduced by \$66.5bn over the past three years, including \$42.3bn cancelled by Paris Club members. The United States cancelled 100% of the \$4.1bn it is owed by Baghdad, while other Paris Club members waived 80% of the debt. Russia agreed in February to waive \$12bn of Iraqi debt.

Source: AFP

SUDAN

Start of first census since 1993

Sudan began its first census in 15 years, a milestone step towards the first free elections since 1989 and the distribution of power and wealth in the country after a peace deal signed in 2005. The census, funded jointly by the Sudanese government and the United Nations, was supposed to start in January but has been repeatedly delayed. Most recently, the southern Sudan cabinet delayed last week's start date because of concerns the census would not properly count southerners. The most recent U.N. estimate for Sudan's population is 37.8 million but the numbers are difficult to verify due to huge internal displacement and emigration. The Central Bureau of Statistics expects census results as early as September.

Source: Sudan Tribune

UKRAINE

Ukraine to join WTO in mid-May

Kiev officially informed the World Trade Organization on April 16, 2008 that it has accepted its membership agreement in the trade body. As a result, Ukraine will become the WTO's 152th member on May 16, 2008. Last February, the WTO approved Ukraine's accession package which spelled out the terms of the country's accession. The Ukrainian Parliament overwhelmingly ratified the WTO accession protocol well ahead of the July 4 deadline. It also adopted changes to five laws out of the planned 10, including the laws on external economic activities, protection of intellectual property rights, protection of national producers, and on standards and technical regulations as per the government's commitments, with the remainder of the changes due to be voted in the near term.

Source: World Trade Organization

OUTLOOK

EMERGING MARKETS

Emerging Europe vulnerable to market turmoil

The International Monetary Fund expected economic growth in Emerging Europe to slow from 6.9% in 2007 to 5.5% in 2008 and 5.2% in 2009, and for inflation to rise from 7.5% in 2007 to 9.5% in 2008 before declining to 6.8% in 2009. It said that the impact of the turmoil in financial markets so far has been greater in Emerging Europe than in other emerging markets, reflecting the region's high dependence on external financing.

The Fund expected the region to be affected by the turbulence in financial markets and the slowdown in advanced economies. First, there is significant uncertainty about the duration and depth of the global downturn and the magnitude of spillovers to Emerging Europe, as the direct trade effect from a sharp downturn abroad is likely to be significant because countries in the region are highly open, with exports accounting for 30% to 80% of GDP. Second, the extent of moderation of food price inflation in 2008 is difficult to predict. Third, the heavy dependence on foreign capital leaves the region exposed to an abrupt retrenchment of capital inflows, as Emerging Europe relies more heavily than other emerging economies on foreign inflows intermediated by the banking system.

The IMF said that extent to which foreign banks will curtail lending in response to the financial turmoil is likely to depend on the health of parent banks, their access to funding, and the size and concentration of their exposures to emerging markets. The foreign banks with the greatest involvement in Emerging Europe have little known direct exposure to U.S. subprime mortgages. However, the heavy reliance of some of them on interbank loans for financing increases the risks of indirect contagion. If downside risks materialize, countries with greater imbalances will be more susceptible to shifts in confidence, while economies with large current account deficits or high external debt ratios would be especially vulnerable if foreign financing dried up.

Source: International Monetary Fund

SUDAN

Growth to average 8.1% over 2008-09, inflation to rise

The Economist Intelligence Unit forecast economic growth in Sudan at 7.5% in 2008 and 8.8% in 2009, as oil output is set to continue to rise in 2008-09 but at a slower pace. It added that rising export volumes, caused by the coming on stream of new oil capacity, boosted real GDP growth to an estimated 11.8% in 2007, even though fiscal pressures limited government consumption. The EIU expected private consumption to remain healthy in 2008-09, supported by an economic boom led by strong oil revenues and high levels of foreign direct investment, concentrated around Khartoum and in the Nile Valley area. It noted that growth in the services sector will also contribute to strong economic expansion, adding that the economy will be boosted by a modest peace dividend focused on the south of the country. Also, government consumption is set to increase, as commitments to promote regional economic development under recent peace agreements and preparations for the 2009

elections will result in a rise in investment expenditure on infrastructure.

According to the EIU, the 2008 budget includes reforms aimed at increasing central control of expenditures and widening the revenue base, in line with the government's commitment to the IMF to tighten its fiscal stance. But with national elections due in 2009, the government is likely to find it difficult to cut spending, especially on subsidies and wages, despite shortfalls in projected oil receipts. The EIU expected government revenues to increase by 29% this year to around SP22.5bn, largely due to a rise in oil revenues, which account for over one-half of government earnings. Although oil prices are set to ease in 2009, rising tax receipts from strong economic growth and planned tax reforms mean that total revenues should still grow by a robust 14%. Government spending is also expected to rise by an average of around 16% over the outlook period. The EIU expected the fiscal deficit to narrow to around SP3.5bn, or 2.9% of GDP in 2008 from SP4.5bn or 4.6% of GDP in 2007, before widening slightly to SP4.2bn or 3.1% of GDP in 2009.

In parallel, inflation averaged around 8.3% for 2007, meeting the single-digit target agreed by the Bank of Sudan and the IMF. However, price pressures are forecast to strengthen, especially this year, owing in part to high international commodity prices. It forecast average inflation to rise to 8.8% in 2008, before moderating to 7.5% next year.

Source: Economist Intelligence Unit

ANGOLA

Economic growth at 16% in 2008

The International Monetary Fund projected Angola's real GDP growth at 16% in 2008 relative to 21.1% in 2007 and compared to growth in oil exporting countries of 9.9% in 2008. It expected the country's real non-oil GDP to grow by 19.4% in 2008, down from 20.4% in 2007, and compared to non-oil GDP growth of 11.3% in 2008 in oil exporting countries. The IMF forecast Angola's annual average inflation rate at 11.4% in 2008, down from 12.2% a year earlier and compared to inflation of 8.1% in 2008 for oil exporting economies. Also, it expected the growth of broad money at 19.8% this year compared to 21.8% last year. The Fund projected the central government's fiscal balance to post a surplus of 6.8% of GDP in 2008, up from 2.1% of GDP in 2007, and compared to surpluses in oil exporting peers of 7.7% in 2008. It estimated public revenues at 37% of GDP and total expenditures at 30.3% of GDP in 2008.

The IMF expected Angola's external debt to official creditors to regress to 4.7% of GDP at end-2008, from 6.7% of GDP at end-2007. Further, the country's current account surplus is projected at 12% of GDP in 2008, up from 11% of GDP in 2007. In comparison, oil exporting countries are forecast to post current account surpluses of 7.4% of GDP this year up from 2.8% of GDP last year. The Fund expects the country's gross official reserves to reach 6.8 months of imports of goods and services at end-2008 compared to 6.3 months of imports of goods and services at end-2007.

Source: International Monetary Fund



ECONOMY & TRADE

SYRIA

Treasury securities to finance investment projects

The Ministry of Finance stated that funds raised from the issuance of Treasury securities will initially be used to finance investment projects only rather than current expenditures or the budget deficit. It said newly-raised funds will be directed at projects that can generate income to refinance the investment cost of such projects. The ministry has so far borrowed directly from the Central Bank of Syria to finance the budget deficits and any other financing requirements. A new law issued last October authorized the issuance of Treasury securities by the CBS, making it the first time such securities are allowed in the country. The law now requires the ministry to seek financing from the CBS through Treasury securities. A Treasury Securities Unit was established at the Finance Ministry last January, but the date and amount of the first issue have yet to be announced.

Source: Syria Report

JORDAN

Inflation at 10.8% in first quarter

The Consumer Price Index rose by 10.8% during the first quarter of 2008 from the same period of 2007, exceeding official forecasts of annual inflation of 8-9% for the year. This was mainly due to a 13.5% rise in the prices of food items and a 33.9% increase in fuel and electricity prices. Inflation increased by 1.73% in March 2008 from the previous month. Prices soared in the first three months of the year after the government removed fuel and barley subsidies on February 8th. In parallel, the government increased the salary of about 600,000 civil servants and members of the armed forces after the removal of subsidies. King Abdullah II reintroduced subsidies for barley and cooking gas on March 15th. The IMF forecast inflation to increase by 10.9% in 2008.

Source: Jordan Department of Statistics, MEED

EGYPT

Food subsidies to increase

Finance Minister Boutros-Ghali said that the cost of food subsidies would rise to EGP20bn, from EGP15bn in Fiscal Year 2008/09, while energy subsidies would rise to over EGP60bn from EGP57bn. Total food and energy subsidies will amount to 25% of total budget expenditures, but the budget deficit is expected to stay unchanged at 6.9% of GDP. In parallel, Egypt intends to raise the prices of natural gas for energy-intensive industries in July and again in January as part of a plan to reduce subsidies. The price of natural gas will be increased to \$2.22 per million Btu in July, from \$1.85, and electricity prices will also be hiked 20%. With growth losing steam, and primary expenditures increasing, the improvement in the budget deficit is likely to be delayed despite the planned cut in energy subsidies.

Source: Merrill Lynch

ALGERIA

Trade surplus at \$11bn in first quarter

Figures released by the National Center for Information and Statistics show that Algeria's trade surplus totaled \$11bn in the first quarter of 2008, up by 33% from the same period last year. Exports, driven mainly by record high oil prices, rose by almost 30% and totaled \$18.73bn, while imports increased by 25.3% to \$7.72bn. The value of oil and gas exports, which accounted for 98% of overall exports, totaled \$18.33bn in the first three months of the year.

Source: APS

NIGERIA

China extends \$2.5bn loan for infrastructure projects

China has extended to Nigeria a \$2.5bn loan to finance projects in rail, power and telecommunications, including a \$500m facility on concessionary terms. Nigeria's Finance Ministry said the terms of the full \$2.5bn loan fall within the limits defined by the IMF to ensure the country does not start accumulating unsustainable debts, adding that no specific oil blocks were tied to the agreement. Nigeria is also expecting a second loan for \$2bn from China's Export-Import Bank. Last month, Sinosure extended a \$50bn export credit facility to Chinese companies executing projects in Nigeria. The loans also follow similar offers of financing in the past two years, primarily for the funding of infrastructure in return for oil blocks. However, they have not led to any appreciable progress in the building of key infrastructure.

Source: Financial Times

ARMENIA

Growth at 9% in first quarter

Figures issued by the National Statistical Service show that Armenia's economy grew by 9% in the first quarter of 2008 on an annual basis compared to 11.1% in the same period last year. The government forecast economic growth at 10% for this year in its 2008 budget.

Source: ARKA

Gas subsidies to be lifted

Prime Minister Tigran Sargsian declared that the government will lift subsidies on gas prices starting May 1st. Government subsidies helped mitigate the negative effects of rise in gas prices and provided citizens and enterprises an opportunity to get prepared for the new prices. The government provides a subsidy of 25,000 Drams per 1,000 cubic meters for citizens with monthly consumption of up to 10,000 cubic meters, and \$52.01 of the \$146.51 price for industrial enterprises consuming over 10,000 cubic meters of gas monthly. An agreement with Russia's gas giant Gasprom stipulates that the price of Russian natural gas supplied to Armenia is to rise from \$56 to \$110 per 1,000 cubic meters in 2009.

Source: ARKA



BANKING

WORLD

Financial institutions asked to improve transparency and risk management

The Institute of International Finance called on financial institutions worldwide to improve their transparency and strengthen disclosure, both for structured products and at the institutional level, in the wake of the global credit crisis in order to restore confidence and avoid similar problems in the future. It stated that financial services firms need to improve their risk management, liquidity management and conduit underwriting approaches significantly. It noted that the market turmoil has underscored the central importance of sound risk management, and stressed the importance of building a robust risk management culture across the firm and ensuring sound implementation. The IIF also recommended improvements in the ratings process, and said it is developing ways to deal with the valuation problems faced in a mark-to-market world in circumstances of low liquidity.

Source: *Institute of International Finance*

SYRIA

Turkish banks to enter market

Several Turkish banks have expressed interest in entering the Syrian market, especially following the increase in Turkish investment and trade activity in Syria in recent years. Three of the leading Turkish banks, Is Bankasi, Halk Bankasi and Ziraat Bankasi are currently exploring procedures to establish a direct banking presence in Syria. Halk Bankasi, Turkey's largest bank, has started preliminary procedure to open branches in Damascus, while Halk Bankasi expects to receive a banking license this year. Turkish investments in Syria are estimated at \$900m. Trade between the two sides improved significantly after a bilateral free trade agreement went into effect at the start of 2007. There are 11 private banks, of which two Islamic banks, currently operating in Syria.

Source: *Syria News*

QATAR

Banks exposed to real estate shock or economic downturn

Standard & Poor's stated that Qatari banks are strong but have been quickly building up untested consumer and real estate loans over the past three years, increasing their vulnerability to an economic downturn or a real estate sector correction. It said the system's classification reflects stellar financial performance, solid capitalization, and ample liquidity. But these positive factors are partially counterbalanced by the narrowness of the country's economy, and the system's increasing vulnerability to a real estate sector shock, exacerbated by the rapid and untested credit expansion. S&P's noted the high likelihood of the authorities' support of systemically important banks in case of need. The agency added that over the past 12 months, banks' financial performance has been supported by quickly increasing volumes, despite pressure on interest margins owing chiefly to mounting price competition.

Source: *Standard & Poor's*

KUWAIT

Commercial banks to face increased competition

Moody's Investors Service said that Kuwait's banking system is one of the most robust in the Gulf region, but added that Kuwaiti banks have sizeable balance-sheet concentrations to the oil sector and to individual entities in light of the country's undiversified economy. The agency noted that the sector is relatively saturated, with 16 banks competing to serve a total population of 3.4 million, only a third of which includes the banks' traditional retail target market. Also, Islamic financial service providers are set to pose increased competition to conventional banks, while non-bank financial institutions have emerged as key market participants, leading banks to expand their investment banking, asset management and ancillary financial operations. Further, the Central Bank of Kuwait supports amending banking laws to lift the one-branch-only restriction applied to foreign banks. Moody's said the CBK has been an effective regulator but would need to ensure that it continues to adapt to changing industry demands.

Source: *Moody's Investors Service*

UKRAINE

Central Bank raises policy rate by 200bps

The National Bank of Ukraine announced it is increasing the discount rate by 200 basis points to 12% effective April 30th. The move follows a similar hike at the end of December 2007 that took effect on January 1, 2008. The NBU also raised its overnight lending rate collateralized against government securities by 50bps, from 14.5% to 15%, and the uncollateralized lending rate by 100bps, from 15% to 16%. The policy tightening measures should further constrain the availability of credit resources, which has also been affected by the recent tightening of fiscal policy. Monetary tightening is aimed at containing inflation, which accelerated to 26.2% year-on-year in March 2008, constituting the highest level since November 2000.

Source: *Credit Suisse*

KAZAKHSTAN

Banks' asset quality shows negative trend

Fitch Ratings indicated that the asset quality of the Kazakh banking system has deteriorated significantly since the end of September 2007, adding that sector-wide loan impairment is not yet at critical levels. The agency said although reported loan impairment ratios rose at all banks, loss absorption capacity for the system as a whole remains significant, reflecting sound profitability and capital ratios that are often well above minimum regulatory levels. Fitch viewed potential asset quality deterioration as the main near-term risk for Kazakh banks, driven by a gradual seasoning of loan portfolios, slower economic growth, tighter corporate liquidity, falling real estate prices and potential pressure on the Kazakh tenge. It said reported asset quality deterioration in the construction industry has been significant, but is not at present markedly higher than for corporate lending as a whole. Fitch estimates that rated banks could absorb loan impairment charges in 2008 equal to between 6.1% and 12.2% of gross loans before regulatory total capital ratios fell below 12%.

Source: *Fitch Ratings*



ENERGY / COMMODITIES

Oil eases toward \$118 on dollar recovery, U.S. stocks

U.S. light crude for June delivery fell 18 cents to \$118.12 a barrel, after gaining 23 cents in New York on April 23, off a record high of \$119.90 seen this week. London Brent crude gained 6 cents to \$116.52 a barrel. Crude oil stocks surged by 2.4 million barrels in the U.S, double the forecast level, mainly due to an increase in inventories on the U.S. West Coast. The dollar's recovery against the euro and falls in other commodities also undermined prices. Oil's losses were limited by a bigger-than-expected fall in U.S. gasoline stocks, just weeks before the peak summer driving season starts. U.S. gasoline inventories fell for the sixth-straight week, down 3.2 million barrels against forecasts for a 2.3 million barrel decline.

However, other factors such as a bleak U.S. economy and rising unemployment rates, point to a possible drop in gasoline demand during the driving season. The federal Energy Information Administration expects a slowdown in gasoline consumption this time versus last summer, the first drop since 1991. Geopolitical and supply disruption worries also supported prices. New attacks on Nigerian oil export facilities were likely to partly offset this week's start-up of Saudi Arabia's 500,000 barrels per day Khursaniyah field. Refinery workers at Britain's Grangemouth refinery are due to begin a two-day strike on Sunday that will shut the plant and squeeze fuel supplies in Scotland and northern England.

Source: Reuters

Nigeria's oil output to fall by 30% if funding not secured

An internal report by President Yar'Adua's energy advisers expected Nigeria's oil output to fall by 30% from its current level if investment in the oil and gas sector is not increased. Funding shortfalls have plagued most of Nigeria's joint ventures, which made up about 74% of total oil production in December 2007.

Source: Financial Times

Dubai diesel prices soaring

Diesel prices at Dubai's filling stations have jumped 40% in six months and are now almost 80% more expensive than that sold by ADNOC-operated pumps in Abu Dhabi. The price of diesel per gallon went up from \$3.89 to \$4.16 in Dubai, the single biggest increase since October. Dubai fuel retailers Emirates National Oil Company (ENOC), which operates Enoc and Eppco brand service stations, and Emarat have been raising diesel pricing for several months, citing high international crude prices.

Source: Gulf News

Base metals: Weak equity markets weigh on base metals

Base metals prices traded lower during the week. However despite this setback base metals are the commodity category with the best year-to-date performance after energy. The sector is currently benefiting from mounting production costs. Various supply disruptions ranging from energy shortages in important producer countries such as South Africa or Chile to strikes in various Latin American countries are additionally supportive. What dragged base metal prices lower over the last couple of days is probably the weak performance of global equity markets as base metals are traditionally the commodity category with the highest correlation to equities. Going forward, the sector's outlook remains moderately positive despite the slowdown of global economic growth. Most of the supply-side problems in the sector are longer term in nature and should provide solid price support.

Source: Credit Suisse

Precious metals: The trend is still toward higher prices

Prices are almost unchanged versus the previous week. The recent price action in the sector confirms that the price rally in precious metals is getting a bit more difficult. The fundamental situation is still largely supportive for precious metals and gold in particular. Negative real interest rates in the U.S. and the persisting dollar weakness are the two main factors. However the gold rally has already come a long way and is getting more mature. Volatility is rising and there are already the first signs that the physical gold market is weakening due to high prices. Investors should expect the rally to slow down somewhat.

Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	262.6	233.8	219.3	-2.8	31.1
LME metals price index	4191.3	3796.4	3910.2	3.8	-4.2
Oil prices USD	114.8	96.8	84.3	8.3	82.0
Oil prices SDRs	69.8	60.7	54.0	8.7	68.8
Gold \$/troy oz	943.0	873.3	777.0	-6.8	37.1
Silver cents/troy oz	1856.0	1628.1	1463.9	-11.3	33.0
Platinum \$/troy oz	2048.0	1713.9	1507.7	2.7	61.3
Copper \$/MT	8861.3	7529.6	7626.2	6.0	13.1
Nickel \$/MT	29402.5	28876.1	33095.4	-5.8	-41.1
Aluminium \$/MT	3036.5	2636.4	2626.8	3.6	8.4
Zinc \$/MT	2285.3	2452.6	2931.8	-7.9	-34.9
Steel - HR coil dry \$/MT	605.0	601.0	575.9	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								
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
	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
Eurozone	Refi Rate	4.00	10-Apr-08	No change	08-May-08
UK	Base Rate	5.00	10-Apr-08	Cut 25bps	08-May-08
Japan	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
Emerging Markets					
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
South Korea	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
Thailand	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
Turkey	Base Rate	15.25	17-Apr-08	No change	N/A
South Africa	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	11.75	16-Apr-08	Raise 50bps	04-Jun-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 24, 2008



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