

## COUNTRY RISK WEEKLY BULLETIN

### NEWS HEADLINES

#### WORLD

##### Global wireless growth slowing

Fitch Ratings indicated that the number of wireless subscribers around the world grew by 17.6% to 1.681 billion in 2007, which is lower than the 2006 annual growth rate of 18.9%. It noted the absolute number of new subscribers increased from 200 million in 2006 to 250 million in 2007. Fitch said prepaid subscribers accounted for 60% of total subscribers, up from 58% in 2006. Prepaid subscribers grew approximately 19% in 2007 versus a post-paid subscriber annual growth rate of about 6%. It added that prepaid penetration is highest in countries with relatively expensive and difficult to acquire fixed line services. Additionally, decreases in tariff rates have spurred prepaid wireless as a substitution for fixed-line services.

Source: *Fitch Ratings*

#### MENA

##### Press freedoms improve in region

In its annual report on press freedoms around the world, independent think tank Freedom House said that the Middle East and North Africa region showed the best improvement in 2007, as the region's average score improved slightly and was the only region to do so in a year marked by global and regional declines. However, the MENA continued to show the lowest regional ratings, with just one country rated 'Free', three rated 'Partly Free', and 15 rated 'Not Free' in 2007. It said the gains fall within a pattern of a longer term positive movement in the region due to the continued spread and influence of pan-Arab satellite television networks and internet-based media such as blogs and social-networking sites, which serve as alternative sources of news and information. Also, print media have become more critical as journalists push the boundaries of acceptable coverage in some countries. Freedom House noted, however, that media in the region generally remain constrained by extremely restrictive legal environments in which laws concerning libel and defamation, and emergency rule, hamper the ability of journalists to report freely.

Source: *Freedom House*

#### KUWAIT

##### Election results may stall reforms

Results of the parliamentary elections held on May 17 indicate that over half of the elected members of parliament were voted back in. Voter turn out was relatively strong at around 65%, similar to the previous election of June 2006. Voting was mostly along tribal and sectarian lines, which has resulted in a parliament with a similar makeup to the previous one. This was the second time in the last two years that Kuwaitis went to the polls after parliament was disbanded after relations between the Cabinet and the legislature broke down. The difficult relationship between the government and parliament has resulted in limited progress on the reforms front since the mid-1990s.

Source: *EFG Hermes*

#### GCC

##### Board representation varies across region

A report by the Institute for Corporate Governance, Hawkamah, on the composition of boards of directors in the GCC indicated that there are significant variations in board sizes across the region, as Saudi companies have the biggest boards with a median of 9 members and Kuwaiti firms have the smallest boards with a median of 6 members. Also, the five largest companies in each GCC market have board sizes significantly above their market average, but there is no direct correlation between company size and board size. Hawkamah said there is little cross-representation on boards, as 80% to 90% of directors in the GCC sit on one board only, with Bahrain having the best single board director ratio, while Oman and Qatar have most multi-board directors. Further, 25% to 75% of companies surveyed have at least two board members from the same family, including 76% of Qatari companies and only 39% of Dubai listed companies. Hawkamah said ruling families are largely absent from listed companies, except in Qatar where the ruling family presides over 76% of all public company boards. Female representation is generally low on GCC boards.

Source: *Institute for Corporate Governance, TNI*

#### UAE

##### Nuclear cooperation deal signed with the United Kingdom

The United Arab Emirates and the United Kingdom signed a Memorandum of Understanding to cooperate in the peaceful uses of nuclear energy. The MoU establishes a framework through which the two nations may cooperate in the further development of the UAE's civilian nuclear infrastructure to enhance safety and support the efforts of the international community to prevent nuclear proliferation. It also covers training and other knowledge-sharing arrangements in various civilian applications of nuclear energy, including the generation of electricity, nuclear medicine and agriculture. The signing of the MoU follows the launch by the UAE of a detailed policy document on the evaluation and potential development of peaceful nuclear energy. The UAE already signed nuclear cooperation deals with the United States and France.

Source: *WAM*

#### QATAR

##### New electoral law adopted

The appointed Consultative Council adopted a new electoral law paving the way for two-thirds of its 45 members to be directly elected, constituting a precedent in Qatar. The elections have been in the planning ever since a new constitution came into force in the emirate in June 2005. Qatar has held three sets of local elections in 1999, 2003 and 2007 to a single municipal council which covers the whole emirate.

Source: *Arabian Business*

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# OUTLOOK

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## MENA

### **Tightening of Shariah guidelines may restrain the development of Sukuk market**

Fitch Ratings indicated that further tightening of the guidelines issued by Shariah scholars on Islamic securities issuance may negatively affect the development of a liquid and efficient asset-backed sukuk market (ABS). The agency warned that imposing excessively strict guidelines will result in structures that are both cumbersome and highly singular, potentially restricting the scope of the market. It said that a liquid, transparent and efficient ABS sukuk market in the Middle East and North Africa region is of paramount importance, as countries including Saudi Arabia and the UAE face substantial infrastructure investments for their development programs. Fitch noted that the current debate whether guidelines should be tightened or loosened has led to some confusion as to what will be acceptable under future Shariah-compliant ABS issuance. It considered that a clear and widely-accepted set of rules would facilitate investors' understanding of asset-backed securities in an Islamic context.

The agency identified four key areas of uncertainty when presented with Islamic structures by emerging market originators and arrangers. First, there is considerable uncertainty as to the Islamic treatment of securitizations of future receivables, as there is no formal clarity as to whether future receivable structures could become Shariah-compliant under certain conditions. Second, tranching is problematic for ABS structures that seek to be Shariah-compliant, as the uneven sharing of risk and reward among investors is considered un-Islamic. Third, hedging mechanisms within ABS structures are also viewed as un-Islamic, since accepting a possible future loss is considered as speculation. Fourth, an originator's undertaking to purchase a sukuk's principal at face value at maturity creates problems because the fair market value of that principal may have diverged from its nominal value at issuance, creating a conceptual problem of speculative investing under Shariah guidelines.

*Source: Fitch Ratings*

## LIBYA

### **Non-oil GDP growth at 8.1%, inflation at 8% in 2008**

In its regional economic outlook for the Middle East, the International Monetary Fund projected Libya's real GDP growth at 8.8% in 2008 relative to 6.8% in 2007 and compared to growth in oil exporting countries of 6.2% in 2008. It expected the country's real non-oil GDP to grow by 8.1% in 2008, up from 7.4% in 2007, and compared to non-oil GDP growth of 6.7% in 2008 in oil exporting countries. The IMF forecast Libya's annual average inflation rate at 8% in 2008 up from 6.7% in 2007 and compared to inflation of 12.2% in 2008 for oil exporting economies. Also, it expected the growth of broad money at 30.2% this year compared to 40.5% last year. The Fund projected the central government's fiscal balance to post a surplus of 34.3% of GDP in 2008, up from 33.9% of GDP in 2007, and compared to surpluses in oil exporting peers of 13.5% in 2008. It estimated public revenues at 79.9% of GDP and total expenditures at 45.6% in 2008. The IMF expected Libya's external debt to regress to 7.1% of GDP at end-2008, from 9.8% of GDP at end-2007.

Further, the country's current account surplus is projected at 42.6% of GDP in 2008, up from 42.5% of GDP in 2007. In comparison, oil exporting countries are forecast to post current account surpluses of 24.2% of GDP this year up from 20.7% of GDP last year. The Fund expects the country's gross official reserves to reach \$118.5bn at end-2008 compared to \$83.9bn at end-2007.

*Source: International Monetary Fund*

## IRAQ

### **IMF forecast real GDP growth at 6.6% in 2008**

The International Monetary Fund projected Iraq's real GDP growth at 6.6% for 2008, up from of 2.8% in 2007. It expected the country's real non-oil GDP to grow by 3% in 2008, up from no growth in 2007. The IMF forecast Iraq's annual average inflation rate at 15.9% in 2008 down from a high 30.8% in 2007. Also, it expected the growth of broad money at 60% this year, up from 56.1% last year. The Fund projected the central government's fiscal balance to post a surplus of 8.2% of GDP in 2008 down from 13.3% last year. It estimated public revenues at 74.5% of GDP in 2008, and total expenditures at 68% of GDP. The IMF expected Iraq's public debt to decline sharply, reaching 70.7% of GDP at end-2008 down from 175.8% at end-2007. It also forecast total gross external debt at 66.6% of GDP in 2008, down from 171.4% in 2007. Further, the country's current account deficit is projected at 10.7% of GDP in 2008 up from 7.5% in 2008. The Fund expects the country's gross official reserves to reach \$29.2bn at end-2008, up from \$27.4bn at end-2007.

*Source: International Monetary Fund*

## YEMEN

### **Economic growth at 4.1% in 2008**

The International Monetary Fund projected Yemen's real GDP growth at 4.1% for 2008, up from 3.1% last year, and compared to growth in low-income countries of 7.1% in 2008. It expected the country's nominal GDP to reach \$25.9bn this year, up from \$21.7bn in 2007. The IMF forecast Yemen's annual average inflation rate at 10.3% in 2008, down from 12.5% in 2007 compared to inflation of 10.3% in low-income countries in 2008. Also, it expected the growth of broad money to be at 14% this year down from 17.4% last year. The Fund projected the central government's fiscal balance to post a deficit of 2.5% of GDP in 2008, down from 4.8% in 2007 and compared to a 1.8% deficit in low-income countries. It estimated public revenues at 35.4% of GDP this year and total expenditures at 38.6% of GDP. The IMF expected Yemen's public debt to continue its downward trend and to reach 37% of GDP at end-2008 from 41.2% at end-2007. It also forecast total gross external debt at 23.6% of GDP this year down from 26.8% last year and compared to public debt of 36% of GDP in low-income countries. Further, the country's current account balance is projected to post a deficit of 1.4% of GDP this year down from 4.3% in 2007. The Fund expects the country's gross official reserves to remain at \$7bn in 2008.

*Source: International Monetary Fund*



# ECONOMY & TRADE

## SYRIA

### Deal signed to settle external debt

Syria signed agreements with the Czech Republic and with Slovakia to payoff \$6m in debt it owed to each of the two states, finalizing Damascus' debt obligations to the two countries. Syria previously signed deals with Russia, Romania and Germany to settle debt it contracted during the Soviet era. The deals included the partial write off and rescheduling of the debt owed by Syria to the former Soviet-block countries. In early 2005, Russia agreed to write off 73% of Syria's \$14.5bn debt and to reschedule the balance. Dues to Russia constituted the bulk of Syria's external liabilities.

Source: *Syria News*

### VAT to be implemented in 2009

The Finance Ministry indicated that it will introduce the value-added tax (VAT) at the start of 2009, adding that the ministry has prepared a related draft law and is waiting for the Cabinet to decide the VAT rate to be imposed. It said that tax revenues reached SP309bn in 2007, or 17% of GDP, with the private sector contributing 62% of tax receipts last year compared to 38% for the public sector. It added that the government needs to find new sources of revenues, as oil receipts used to account for 70% of Treasury income but have declined to 20% due to the fall in oil production.

Source: *Syria News*

## EGYPT

### Stock market to reduce number of listed firms

The Cairo & Alexandria Stock Exchange (CASE) declared it will reduce the number of companies on the market by more than 25% by the end of 2008, completing a campaign to de-list rule-breaking businesses. The CASE wants to de-list about 100 of the 373 companies quoted on the bourse in the final stage of its three-year campaign to ensure that only professionally managed businesses are listed. The CASE also plans to improve corporate governance at the professionally managed companies that account for the bulk of the EP850bn worth of shares listed on the exchanges.

Source: *MEED*

## PAKISTAN

### Sovereign ratings downgraded

Standard & Poor's lowered Pakistan's long-term foreign currency debt rating to 'B' from 'B+' and its long-term local currency rating to 'BB-' from 'BB' with a 'negative' outlook. At the same time, it affirmed the 'B' short-term rating on the sovereign. It also lowered the Transfer and Convertibility Assessment rating on Pakistan to 'BB-' from 'BB.' S&P said the downgrade reflects rising pressures on the sovereign's credit fundamentals from the combination of expanding fiscal and external imbalances, against a volatile and uncertain political setting. It added that the negative outlook indicates that the sovereign's vulnerabilities may accentuate further, given that the emergence of a stable, cohesive and effective political environment needed to tackle mounting macroeconomic imbalances doesn't seem to be at hand.

Source: *Standard & Poor's*

## MAURITANIA

### IMF approves \$3.1m disbursement under PRGF arrangement

The International Monetary Fund completed the third review of Mauritania's economic performance under a three-year Poverty Reduction and Growth Facility (PRGF) arrangement. This enables the release of \$3.1m, bringing disbursements under the arrangement to \$16.6m out of a total of \$26m. The IMF noted that Mauritania's economic performance remained satisfactory despite a steep decline in oil production and a difficult external environment. It said sound macroeconomic policies helped control inflation, contain the fiscal deficit, and strengthen foreign exchange reserves, while significant progress was achieved in the governance and structural reform areas. To ensure Mauritania's debt sustainability, the authorities plan to rely on concessional loans and on seeking agreements with creditors that have not yet provided debt relief.

Source: *International Monetary Fund*

## ARMENIA

### IMF completes final review under PRGF arrangement, approves \$5.4m

The International Monetary Fund completed the sixth and final review of Armenia's economic performance under the Poverty Reduction and Growth Facility (PRGF) arrangement. It released \$5.4m, bringing total disbursements under the arrangement to \$37.3m. The Fund said that Armenia's prudent macroeconomic policies and the progress made in structural reforms have contributed significantly to its strong performance, while the medium-term outlook remains positive in view of favorable investment prospects. Armenia also achieved a marked reduction in poverty in a high-growth and low inflation macroeconomic environment, while strong remittance and FDI inflows have contained the impact of rapidly rising imports on the balance of payments. The IMF considered that continued sound fiscal and monetary policies are key to maintain Armenia's macroeconomic stability and external competitiveness. It added that the existing monetary policy framework, based on a flexible exchange rate, remains the best option for Armenia. Also, the authorities' timely monetary policy actions over the past year have demonstrated commitment to price stability and helped contain inflationary pressure despite higher world food and energy prices.

Source: *International Monetary Fund*

## JORDAN

### Inflation up 12% year-to-April

The Consumer Price Index (CPI) rose by 11.92% during the first four months of 2008 compared to the same period of 2007. This was mainly due to a 14.8% rise in the prices of food items carrying a weight of 39.7% in the index, in addition to a 40% increase in fuel and electricity prices, with relative importance of 4.3% in the CPI. On a monthly basis, the index increased by 1.02% in April from March 2008.

Source: *Department of Statistics*



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# BANKING

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## SAUDI ARABIA

### **Banks' results down, outlook promising**

Fitch Ratings indicated that the Saudi banking boom slowed down briefly due to lower sector profitability in 2007, adding that the sector's outlook remains promising due to expanding private sector credit and sustainable revenue growth under buoyant economic conditions. The agency said banks are expected to show improving profitability in 2008, as high oil prices and the government's substantial investments in projects will drive economic expansion and asset growth. It expressed concern about real signs of deterioration in asset quality, especially in the retail segment. This is exacerbated by the recent fast growth in credit cards and real estate, as both sectors, like consumer finance, remain untested in an economic downturn. Fitch added that the global credit turmoil has resulted in some Saudi banks delaying new debt issues as spreads widen, but this has not caused any funding pressure, as banks remain comfortably funded by customer deposits. However, the higher cost of funding and pressure on margins are concerns. It said the sector's challenges include the Saudi Arabian Monetary Agency's restrictions on consumer loans, increasing competition from new foreign entrants and the effects of the continuing international credit turmoil on the local market.

*Source: Fitch Ratings*

## TURKEY

### **Central Bank raises policy rate**

The Monetary Policy Committee (MPC) of the Central Bank of Turkey (CBT) increased the policy rate by 50 basis points to 15.75%, in line with market expectations. The decision reverses a pause in the easing cycle that began in September 2007 and has led to a reduction of the policy rate by 225bp since then. The MPC said in its post-meeting statement that the short-term inflation outlook remained unfavorable, given the expected lagged impact of the weakening of the lira prior to mid-April as well as the developments in global food and oil prices. However, the MPC remained confident in its medium-term view that inflation would trend towards the CBT's end-2009 base-case inflation forecast of 6.7%. The MPC statement did not rule out further monetary policy tightening, but it did not suggest that another rate hike was imminent either.

*Source: Credit Suisse*

## UKRAINE

### **Outlook on 9 banks changed to 'stable'**

Fitch Ratings changed the outlooks to 'stable' from 'positive' for the long-term foreign currency and local currency Issuer Default ratings (IDRs) of OJSC Swedbank, Bank Forum, ProCredit Bank, JSC VTB Bank, JSCIB UkrSibbank, UkrSotsbank, State Savings Bank of Ukraine, Ukreximbank, and CJSC Privatbank. The agency attributed the change in the banks' outlooks to the earlier downgrade of the sovereign's outlook to 'stable' from 'positive'. Fitch has also affirmed all the ratings of the nine banks.

*Source: Fitch Ratings*

## WORLD

### **Global financial strains remain concern**

The International Monetary Fund said it still sees continued serious risks to global financial stability despite some signs of normalization in global credit markets. It indicated that policy-makers need to avoid complacency and take steps to restore confidence, while at the same time prepare for further pressures. It expressed concern that new imbalances will build up in emerging economies with less absorptive capacity, thinner financial markets, and less established policy credibility. The Fund encouraged supervisors and regulators to ensure that financial institutions employ better risk management, which involves more effective and stricter consolidated supervision, as well as other steps to reduce the incentive to move assets off their balance sheets. Supervisors also need to be more proactive in ensuring that banks do not take on excessive liquidity risk, including by relying too heavily on short-term wholesale deposits to fund their activities. Further, it called on central banks, supervisors, and ministries of finance to improve financial safety nets and crisis management frameworks, such as having flexible central bank liquidity facilities to provide support to solvent but liquidity impaired banks.

*Source: International Monetary Fund*

## LIBYA

### **First Gulf Libyan Bank gets Central Bank approval**

The Central Bank of Libya granted the First Gulf Libyan Bank (FGLB) final approval to start operating in the country. Last September, the Abu Dhabi-based First Gulf Bank signed a Memorandum of Understanding with the Libyan government's Economic & Social Development Fund to establish a commercial bank in the country. The new bank will be fully managed by First Gulf and will have an authorized capital of \$400m and paid up capital of \$200m. FGLB is equally owned by First Gulf and the Economic & Social Development Fund. First Gulf is one of the largest banks in the UAE with total assets exceeding \$16bn. A 2005 law authorized foreign banks to establish a direct presence in Libya and authorities are trying to privatize state-owned banks. Earlier this year, the Jordan-based Arab Bank won a tender for 19% of Al-Wahda Bank, while French bank BNP Paribas bought 19% of Sahara Bank last September.

*Source: Dow Jones Newswires, AFP*

## KAZAKHSTAN

### **Gulf Islamic banks to enter market**

Qatar Islamic Bank, Qatar's largest Shariah-compliant bank, signed a Memorandum of Understanding with the Kazakh government to start an Islamic bank in the country. The venture may have a start-up capital of \$100m. Also, Dubai-based Emirates Islamic Bank plans to open an Islamic unit with BTA Bank, Kazakhstan's second-largest bank by assets. Two other Kazakh banks, Halyk Savings Bank and Development Bank of Kazakhstan also expressed interest in tapping Islamic debt markets.

*Source: Bloomberg*



# ENERGY / COMMODITIES

## Oil hits high above \$135

Crude oil soared to a fresh record high on May 22 as a surprise drawdown in U.S. crude oil inventories and a weaker dollar prompted heavy fund inflows into the market. The front-month July NYMEX crude contract rose to a record high of \$135.04 a barrel on the Globex electronic trading platform, up 1.4% from the New York settlement. It was trading up \$1.68 or 1.26% at \$134.85, after settling up \$4.19 or 3.3% at \$133.17 in New York. The U.S. Energy Information Administration said that for the week to May 16, domestic crude stocks fell 5.4 million barrels to 320.4 million barrels. Heating oil for June delivery reached a fresh record high of \$3.9 a gallon on Globex on May 22nd. It settled 13.34 cents or 3.53% higher at a record \$3.90 a gallon on May 21st. Investors have been drawn into oil by a weak U.S. dollar, which has made commodities relatively cheap for holders of other currencies. The market has been convinced to buy oil amid a series of buoyant forecasts, while the outlook for the dollar is weak.

Source: Reuters

## OPEC supply could rise by 700,000 bpd in May

Opec oil supply in May is expected to rise by 700,000 barrels per day due to higher output from Nigeria and Saudi Arabia. All 13 OPEC members are expected to pump 32.4 million bpd this month compared with a revised 31.7 million bpd in April.

Source: Reuters

## Algerian oil revenues could reach \$80bn by year's end

Energy Minister Chakib Khelil said Algeria's oil revenues are expected to increase by 33% to \$80bn in 2008, if oil prices remain at their current level. He added that hydrocarbons export revenues stood at \$27.2bn in the first four months of 2008, nearly half of total earnings in 2007.

Source: Magharebia News

## Goldman Sachs raises forecast for oil prices

U.S. investment bank Goldman Sachs raised its forecast for oil prices in the second half of this year, citing tight supply. The bank expects U.S. crude to average \$141 a barrel in the second half of 2008, up from a previous projection of \$107. Goldman also forecasts prices will rise further next year to average \$148. It said that despite the advent of alternative sources such as bio-fuels, oil supply growth has slowed to 1% from about 1.8% in 2005. It's view that prices are increasing in response to tight supply contrasts with others in the industry that oil's rally is being driven by factors beyond supply and demand fundamentals.

Source: Goldman Sachs

## Yemen completes \$2.8bn financing for gas project

Financing for the \$2.8bn gas-liquefaction plant in Yemen, the country's biggest project finance deal, has reached financial close. Financing for project includes a \$120m loan from the Japan Bank for International Cooperation, a \$160m loan from the Export Import Bank of South Korea (Kexim) which is guaranteed for 16 years, and a further \$240m direct loan from Kexim. An additional \$650m bank loan, and \$450m loan from French export credit agency Coface make up the rest of the syndicated bank funding.

Source: Middle East Business Intelligence

## Base metals: Nickel falls to lowest in almost two years, copper and aluminum increase

Nickel fell to the lowest in almost two years in London as a surplus over the past year discouraged buying. Copper and aluminum rose. Nickel has been in a surplus for 13 consecutive months through March, according to the International Nickel Study Group. Jinchuan Group Co., Asia's biggest producer of the metal used in stainless steel, lowered prices on May 22 for a second time this week after steel mills reduced usage. Nickel for delivery in three months lost \$600, or 2.4%, to \$24,600 a ton on the London Metal Exchange, taking this year's loss to 6.5%. It fell as much as 3.1% to \$24,421 earlier, the lowest since Aug. 4, 2006. Aluminum gained for a third consecutive day, shrugging off a 4.5% stockpile jump to a four-year high. Options for the contract to expire next month show investors are betting that prices will stay above \$3,000 a ton. Copper rose \$85, or 1%, to \$8,325 a ton. Imports of the metal into China, the world's largest user, rose 1.2% to 127,977 tons in April from March. They fell 31% from a year earlier. Among other LME-traded metals, zinc increased \$10 to \$2,215 and lead fell \$17 to \$2,130 a ton. Tin rose \$150 to \$24,400 a ton.

Source: Credit Suisse

## Precious metals: Gold falls from month-high in London on dollar, platinum drops

Gold fell from its highest level in more than a month in London as the dollar rebounded against the euro. Platinum slipped after earlier gaining to a two-month high. The dollar snapped a two-day slide against the euro that helped push gold up 3% as a hedge against further losses in the U.S. currency. Gold for immediate delivery fell \$8.1, or 0.9%, to \$924.45 an ounce in London after gaining to \$935.55, the highest since April 18th. Futures for June delivery dropped \$4.4, or 0.5%, to \$924.2 an ounce in after-hours electronic trading on the Comex division of the New York Mercantile Exchange. The metal is expected to trade between \$900 and \$1,000 an ounce until the end of September. Gold gained to a record \$1,032.7 an ounce on March 17th. The London morning gold fixing price used by some mining companies to sell production increased \$3.25 to \$928.25 an ounce, the highest since April 18th. The platinum morning fixing rose \$13 to \$2,192, the highest since March 6th. Platinum fell \$21.1, or 1%, to \$2,176.9 an ounce. Silver declined 18.5 cents, or 1%, to \$17.805 an ounce and palladium dropped \$4.5 to \$454.5 an ounce.

Source: Bloomberg

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	257.6	240.6	223.7	-1.9	26.1
LME metals price index	4049.1	3831.9	3889.8	-1.7	-6.9
Oil prices USD	124.0	101.1	88.7	9.0	96.8
Oil prices SDRs	76.6	63.1	56.5	10.3	85.1
Gold \$/troy oz	886.8	887.8	792.4	-4.4	31.9
Silver cents/troy oz	1660.0	1668.0	1489.8	-7.1	27.5
Platinum \$/troy oz	2065.0	1799.0	1559.3	3.8	56.4
Copper \$/MT	8355.0	7689.5	7669.8	-4.2	7.2
Nickel \$/MT	26452.5	28258.7	31299.3	-7.6	-51.0
Aluminium \$/MT	2953.3	2698.4	2634.3	-1.1	5.8
Zinc \$/MT	2260.5	2361.1	2806.2	-0.4	-42.5
Steel - HR coil dry \$/MT	605.0	605.0	580.8	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+	BBB-	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; Economist Intelligence Unit - The above figures are estimated for 2008



## SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	2.00	30-Apr-08	Cut 25bps	25-Jun-08
Eurozone	Refi Rate	4.00	08-May-08	No change	05-Jun-08
UK	Base Rate	5.00	08-May-08	No change	05-Jun-08
Japan	O/N Call Rate	0.50	30-Apr-08	No change	13-Jun-08
Australia	Cash Rate	7.25	06-May-08	No change	04-Jun-08
New Zealand	Cash Rate	8.25	24-Apr-08	No change	04-Jun-08
Switzerland	3 month Libor target	2.75	13-Mar-08	No change	19-Jun-08
Canada	Overnight rate	3.00	22-Apr-08	Cut 50bps	10-Jun-08
<b>Emerging Markets</b>					
China	One-year lending rate	7.47	20-Dec-07	Raise 18bps	N/A
Hong Kong	Base Rate	3.50	02-May-08	Cut 25bps	N/A
Taiwan	Discount Rate	3.50	28-Mar-08	Raise 12.5bps	N/A
South Korea	Target Rate	5.00	09-Apr-08	Raise 25bps	12-Jun-08
Malaysia	O/N Policy Rate	3.50	29-Apr-08	No change	26-May-08
Thailand	1D Repo	3.25	09-Apr-08	No change	16-Jul-08
India	Repo rate	7.75	29-Apr-08	No change	29-Jul-08
UAE	Overnight repo rate	2.00	May-08	Cut 25bps	26-Jun-08
Saudi Arabia	Repo rate	5.50	May-08	No change	N/A
Egypt	overnight lending	12.00	May-08	Raise 50bps	N/A
Turkey	Base Rate	15.75	16-May-08	Raise 50bps	16-Jun-08
South Africa	Repo rate	11.50	10-Apr-08	Raise 50bps	12-Jun-08
Kenya	Central Bank Rate	8.75	Apr 08	No change	June-08
Nigeria	Monetary Policy Rate	10.00	01-Apr-08	Raise 50bps	June-08
Ghana	Prime Rate	16.00	19-May-08	Raise 125bps	N/A
Mexico	Target Rate	7.50	18-Apr-08	No change	20-Jun-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	9.75	May-08	Raise 25bps	N/A
Bulgaria	Overdraft rate	8.40	N/A	N/A	N/A
Kazakhstan	Refi Rate	11.00	Mar-08	N/A	N/A



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