

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

MENA

Quality of life unchanged in region

The annual survey on the quality of life in 215 cities around the world by global consultants Mercer Human Resource Consulting showed that the overall quality of life in the region maintained the same level from the previous year. The study evaluated the cities on the basis of 39 key quality-of-living determinants grouped in 10 categories that include political, economic and socio-cultural factors, in addition to the environment, housing, recreation, health care, education, transportation, and other public services. The MENA region's average score was 61.2 points, up 0.6% from 2007 while the Arab world's average reached 59.9 points, up 0.3% year-on-year. Both scores came below the global average score of 76.3 points. The scores of 12 cities in the MENA region improved, 6 declined and 3 remained unchanged, while the rankings of 13 cities improved, 3 declined and 5 stayed the same. Dubai is the MENA region's best city for overall quality of life, while Baghdad was considered to be the world's least appealing city. Zurich is the world's best cities for overall quality of life. The survey is conducted annually to help multinational companies assess international hardship allowance for their expatriate workers.

Source: Mercer Human Resource Consulting

Private equity to take off in region

Deloitte & Touche indicated that private equity investment in the MENA region is set to grow significantly, but local players will continue to dominate the industry. It said increasing economic growth, improving M&A infrastructure and due diligence, and an increasing awareness and openness toward private equity investment are the main drivers behind this growth. It added that 94% of the executives surveyed from 35 private equity firms in the region said they expected investment in the region to increase. The survey added that while most of the cash was expected to be provided as development capital, smaller injections of capital to help companies grow, 75% of respondents thought the number of buyouts would increase.

In parallel, global buyout funds are expected to still struggle to gain a firm foothold in the region and local private equity players will do most of the investment, as foreign players still lack sufficient understanding of the local markets and are put off by what they see as a lack of governance and higher multiples. Exit activity is also expected to increase, with many more IPOs driven by regulatory changes and trade sales which are now more acceptable. Sectors most likely to be targeted by private equity funds overall include energy, real estate and infrastructure with Egypt, Saudi Arabia and the other GCC countries expected to be the most popular areas for investment.

Source: Deloitte & Touche

GCC

Agreement to promote financial market integrity

The Hawkamah Institute for Corporate Governance signed a Memorandum of Understanding (MoU) with the Securities and Investment Institute (SII) to actively promote and improve good corporate governance practices in the GCC region. SII is the largest organization for professionals in the securities and investment industry in the United Kingdom. As part of the agreement, Hawkamah and the SII will work together to promote financial market integrity through corporate sector and corporate governance reforms, and will cooperate to improve corporate governance practices of private and public sector entities in the region. The two sides will seek to promote a culture of ethics, transparency and accountability in the banking and financial industry workplace and among its professionals. Also, Hawkamah and SII said they will work together to build capacity for and raise awareness of good corporate governance in the region by encouraging the public and private sectors to establish national corporate governance task forces. In addition, Hawkamah and SII will cooperate to promote the development of good corporate governance-based legal, regulatory and institutional structures across the region.

Source: Institute for Corporate Governance

EMERGING MARKETS

OECD issues set of principles for sovereign wealth funds

The Organization for Economic Cooperation and Development endorsed a set of policy principles for countries receiving investments from sovereign wealth funds (SWFs). It said the principles reflect longstanding OECD commitments that promote an open global investment environment, and are consistent with countries' rights and obligations under the OECD investment instruments. The principles stipulated that recipient countries should not erect protectionist barriers to foreign investment and should not discriminate among investors in similar circumstances. Also, any investment restrictions in recipient countries should only be considered when policies of general application to both foreign and domestic investors are inadequate to address legitimate national security concerns. When such national security concerns do arise, investment safeguards by recipient countries should be transparent and predictable, proportional to clearly-identified national security risks, and subject to accountability in their application.

Source: Organization for Economic Cooperation and Development

OUTLOOK

MENA

Four key risks face region overt the near term

The World Bank identified four risks facing the Middle East and North Africa region in the near term that consist of rising food prices, slowdown in industrialized economies, inflationary pressures and slow reforms. First, it said rising food prices represent a growing vulnerability and risk for the region, as the sharp rise in both oil and food prices have spotlighted the region's heavy subsidization of prices within the domestic market, which particularly threatens fiscal positions for resource-poor economies. It noted that, overall, the region suffers from low levels of poverty, with only 1.5% of the population living on less than \$1 a day. However, there is tremendous disparity across countries in the region and within countries in the region. Overall, while less than 2% of the region's population lives on less than \$1 a day, some 20% lives on less than \$2 a day. With such deep clustering of large proportions of the population around the poverty line, rising global food prices represent a serious risk to wide-scale poverty across the MENA region.

Second, markets for manufacturing and services may suffer a more pronounced slowdown linked to the ripple effects of financial difficulties already present in the United States and the Euro Area. Moreover, should a significant credit crunch occur, slowing growth across developed as well as developing countries, demand for crude oil and refined petroleum products could decline quite abruptly, leading to a sharp falloff in price and ripple effects on revenues and growth. Third, it said management of the hydrocarbon windfalls of the last years remains a continuing challenge for the region's oil exporters. And with oil prices anticipated to remain at quite elevated levels through 2010, the risk of overheating domestic demand, with potentially inflationary consequences, looms as an overarching threat. Fourth, domestic reform efforts in the MENA region may stand at some risk against the background of abundant liquidity and rapid growth. But should oil prices take a sudden and sustained downturn, economies in the region may find adjustment to be a difficult transition.

Source: World Bank

JORDAN

Large current account and fiscal deficits are greatest risks

The Institute of International Finance forecast real GDP growth in Jordan at 5.6% in 2008 and 5.8% in 2009, down from an average growth rate of 6.2% in the 2006-07 period. It expected inflation to average 14.2% in 2008, significantly up from 5.3% in 2007, but receding to 5.9% in 2009. It said that despite political tensions in the region and the surge in oil prices, the economy continues to perform reasonably well with strong inward investment driving growth. It expected the economy to continue expanding at a fairly brisk pace over the near term, but fiscal and external imbalances and an increase in inflationary pressures have become major challenges for policymakers.

The IIF said high oil prices, strong growth in capital imports and sluggish demand for textile exports indicate that the current account deficit will remain uncomfortably large at about 16.2%

of GDP this year and 14.6% of GDP in 2009. But continued strong FDI inflows should cover a large proportion of the current account deficit, reducing the risk of financing difficulties. Further, the recent buyback of Paris Club debt, together with past debt restructuring, will reduce interest payments significantly. It forecast net equity investment inflows at about \$2.5bn for 2008, up slightly from last year but still well below the record in 2006. In 2009, equity inflows may start to taper off as privatization receipts largely dry up, but ongoing development projects should continue to attract FDI. This, together with portfolio inflows and a further increase in currency deposits in the banking system, should support the balance of payments over the next two years.

It noted that foreign exchange reserves, which dropped to \$6.1bn after the debt buyback, may be rebuilt slowly this year and next although they are unlikely to reach the end-2007 level over the coming two years. Meanwhile, external debt is projected to fall sharply as a result of the buyback, to about 73% of GDP from 95% of GDP in 2007, and then remain at a similar level in 2009. The IIF considered that large current account and fiscal deficits pose the greatest risk to the outlook. And although it does not envision problems at this stage, financing difficulties could emerge if the deficits persist over an extended period of time. It added that unless the fiscal position is turned around and the primary balance moves into surplus, it will become increasingly difficult to further reduce the public-debt-to-GDP ratio, given that privatization receipts are likely to be smaller going forward.

Source: Institute of International Finance

AFRICA

Rating upgrade to remain slow despite debt relief

Fitch Ratings said ratings of countries in sub-Saharan Africa (SSA) will improve slowly despite having benefited from debt relief, as these economies need time to establish a track record of prudent debt management and to address other significant rating constraints. The agency noted that over half of new ratings in sub-Saharan Africa have been assigned to countries that benefited from debt relief under the Heavily Indebted Poor Countries Initiative and, most recently the Multilateral Debt Relief Initiative. Fitch said the recent performance of rated sub-Saharan African countries has been generally good, and there has been one foreign currency rating upgrade per year among the current 15 sovereigns rated. However, no HIPC country has yet made the transition to the 'BB' rating category from the 'B' category where all HIPC countries are currently rated. It noted that debt relief for the eight rated HIPC countries has led to debt levels typically much lower than the 'B' and even 'BB' category medians and which on their own no longer constrain their ratings. However, debt tolerance, or the capacity to manage and service a given debt load, remains low. This is evidenced by huge demands on still weak public finances, institutional weaknesses, poor business climates and vulnerability to shocks. It considered that countries need to demonstrate a track record of prudent debt management and effective use of proceeds before it can consider any upgrades.

Source: Fitch Ratings



ECONOMY & TRADE

MENA

Net equity inflows up 11% to \$32.6bn in 2007

The World Bank indicated that foreign direct investment in the Middle East and North Africa region reached \$31bn in 2007, up by 15% from \$27bn in the previous year. It said resource-related investment in the region is on the rise, while investment in other sectors such as banking, manufacturing, real estate, tourism, and transportation is also increasing. The main investors in the region are European countries as well as a few developing Asian economies such as China, India and Malaysia, in addition to GCC countries. In parallel, net debt flows to the region rebounded to \$8.4bn in 2007 following negative levels in 2006. Both bank and bond flows to the region increased, with bank loans showing strong gains in 2007, reaching \$5.4bn from \$0.9bn in 2006. Further, net equity flows, composed of FDI and portfolio equity, picked up sharply in the year to \$32.6bn, up by 10.5% from the large-scale gains of 2006.

Source: World Bank

GCC

Sovereign wealth funds support credit quality

Standard & Poor's said the GCC countries have managed their increased revenues from oil more prudently than in the previous oil booms of the 1970s and 1980s, with Sovereign Wealth Funds (SWFs) playing a key role in this regard. It said SWFs are a key component of fiscal and external stability for their nations, and have become integral to their sovereign creditworthiness. Further, they play an integral part in the more long-sighted fiscal and economic planning. The agency estimated the cumulative current account surplus of the GCC countries since 2002 at almost \$1,000bn in 2008, most of which is stored in SWFs. It said the lack of domestic marketable assets in the GCC relative to the size of these funds means such funds are substantial investors in foreign financial assets including international stocks, bonds and property.

Source: Standard & Poor's

UAE

Mandatory health insurance in Dubai by 2009

The government of Dubai announced a plan for mandatory health insurance. The plan stipulated that nationals, expatriates and visitors will all receive basic health insurance coverage. All residents and expatriates will have to register with a primary healthcare centre of their choice, while employers will be responsible for providing insurance cover to their employees. When there is no employer, a resident of Dubai will be responsible for insuring dependents and those sponsored by them. Employers will have to pay between Dh500 to Dh800 per person for cover. People who want to increase their cover will have an option to top-up their policy to include additional services. The plan will be rolled out in phases with the first phase due to begin in January 2009. Mandatory health insurance is part of a wider shake-up of the Dubai healthcare system.

Source: Business 24-7

ARMENIA

EU to provide preferential treatment for Armenian exports

The European Commission for External Affairs declared that the European Union intends to provide preferential terms for Armenian exports to EU markets in order to speed up the country's economic integration process with the EU. Specifically, customs on imported Armenian goods are expected to be considerably reduced. Also, the EU intends to start negotiations to establish a free trade zone with Armenia. It said that the Nagorno-Karabakh conflict and Turkey's blockade around Armenia are impeding the Euro-integration of Armenia and the implementation of a number of programs with the EU. Armenia's foreign trade turnover with the EU totaled \$597m in the first four months of 2008, accounting for 39% of Armenia's foreign trade in the covered period. Exports to the EU rose by 28% to \$194.4m and imports increased by 38.7% to \$403m over the same period.

Source: ARKA

EGYPT

Annual inflation at 19.7% in May, a 19-year high

The government's statistics agency CAPMAS indicated that consumer price inflation jumped rose to 19.7% year-on-year in May, constituting the highest rate in 19 years, and up from 16.4% in April and 14.4% in March. The sharp rise reflects the initial effects of fuel and other price increases announced by the government on May 5 as well as the continuing impact of food price increases in the first months of the year. Food prices rose by 3.6% month-on-month and by 27% year-on-year in May, up from 22% in April. Also, transport prices rose annually by 13% and tobacco prices by 12% in May. The government hiked fuel prices by 32% to 58% and cigarettes prices by 10% to 20% last month, as part of the revenue-enhancing measures directed at financing a 30% increase in public sector wages.

Source: Credit Suisse, EFG Hermes

SYRIA

Insurance premiums up 27% to \$55m in first quarter

Figures released by the Syrian Insurance Supervisory Commission show that total insurance premiums reached \$55.2m in the first quarter of 2008, up 27% from the same period last year. The state-owned Syrian Insurance Company continues to lead the market with total premiums of about \$24.3m, accounting for 46% of the total, but down from 70% in the first quarter of 2007. Its premiums dropped by 24% year-on-year, the only insurer to see a drop in its premiums. National Insurance Company accounted for 10.3% of premiums generated in the first quarter, followed by the Syrian Kuwaiti Insurance Company with 9.8%, United Insurance Company with 8.6%, the Syrian Arab insurance Company with 6.6%, Arab Orient Insurance with 5.6% and Arope Insurance with 5.5%. Premiums collected from third-party car insurance accounted for 33.8% of the market, followed by all-risk car insurance with 23.8%, fire with 17.8%, marine with 12.3%, engineering with 5%, and health with 3.1%, while other categories represented the remaining 4.2% of the market.

Source: Syria Report



BANKING

SYRIA

Private banks have 72 branches, Damascus accounts for 38% of total

Figures issued by the Central Bank of Syria show that the number of public and public sector bank branches totaled 342 at the end of March 2008. Private sector banks had 72 branches and accounted for 20% of the branch network in Syria. BEMO Saudi Fransi had 20 branches, followed by the International Bank for Trade & Finance with 14 branches, Bank of Syria & Overseas with 10 branches, Bank Audi Syria with 9 branches, Arab Bank Syria with 7 branches, Byblos Bank Syria with 6 branches, The Syrian International Islamic Bank with 4 branches, and Cham Bank and Syria & Gulf Bank with one branch each. Damascus had 25 branches of private banks, while its suburbs had two such branches. It was followed by Aleppo with 13 private bank branches, Homs with 8 branches, Lattakieh and Tartous with 6 private branches each, Hama with 4 branches, Al Hassakeh with 3 branches and Daraa with two branches, while Idlib, Deir Ezzor and Sweida had one branch each.

Source: Central Bank of Syria

GCC

Central banks to form common Monetary Council

The Central Bank governors of the GCC countries agreed on a roadmap for the formation of common monetary institutions before 2010 and a draft proposal for setting up a new monetary council, which would serve as a forerunner to a common central bank. Moreover, the governors agreed to “the most important terms” to complete the union framework. The final details are to be agreed at a meeting in August. They announced that they will create next year the nucleus of a Monetary Council and expect it to be established by 2010. The Council would not have decision-making power over monetary policy but will be a precursor for a Gulf central bank. The Council’s draft proposal will have to be approved by the finance ministers at the September meeting and signed by the rulers in November. Afterwards, each Gulf state would have to ratify the deal before the Monetary Council begins operations. Also, the governors suggested that the circulation of a common currency will unlikely come into effect in 2010.

Source: EFG Hermes, Standard Chartered

OMAN

Central Bank takes measures to contain lending

The Central Bank of Oman (CBO) increased the banks’ reserve requirement ratio from 5% to 8% effective beginning of August 2008. It also reduced the lending ratio from 87.5% to 82.5%, thereby containing the credit volumes in a phased manner starting from August 2008 and to be fully implemented by 31st October 2008. It also cut interest rates on incremental personal loans from 8.5% to 8% effective from June 14, 2008 and relaxed the upper cap on housing loans from 5% to 10% of the total lending portfolio. The CBO measures intend to absorb excess market liquidity and limit commercial banks’ lending capacity.

Source: Dow Jones Newswires

KUWAIT

Fitch downgrades NBK’s Individual Rating

Fitch Ratings downgraded National Bank of Kuwait's Individual rating to 'B' from 'A/B' and affirmed the bank's Long-term Issuer Default rating (IDR) at 'A+' with a ‘stable’ outlook, Short-term IDR at 'F1', Support rating at '1' and Support Rating Floor at 'A+'. The agency said the downgrade reflects the negative effect on the bank's risk profile of its \$1bn acquisition of 98% of Al-Watany Bank in Egypt. It noted that Al Watany Bank is based in a potentially riskier market to operate in than Kuwait, where the substantial majority of NBK's activities are based. The downgrade also reflects NBK's significant property lending at 19% of gross loans, though this is comfortably covered by collateral. Fitch said NBK’s bad loans rose by \$245m in 2007, mainly due to the acquisition of Al-Watany, but these were a low 2% of gross loans at end-2007 with comfortable reserves coverage of 167%.

Source: Fitch Ratings

EGYPT

Fitch affirms National Bank of Egypt at 'BB+'; Outlook Positive

Fitch Ratings affirmed National Bank of Egypt's (NBE) ratings at Long-term Issuer Default (IDR) 'BB+' with a ‘positive’ outlook, Short-term IDR 'B', Individual 'D/E' and Support '3'. The Support Rating Floor is affirmed at 'BB+'. The agency said NBE's ratings reflect the potential support from the Egyptian authorities in case of need. This is based on the bank's systemic importance in Egypt, as it is 100% government-owned and has huge retail deposit franchise. Also, NBE's Individual rating reflects the bank's unreserved non-performing loans as well as weak performance and capitalization. NBE is by far Egypt's largest bank by assets, accounting for about 25% of the system's total. Source: Fitch Ratings

ARMENIA

Sector’s performance slightly deteriorates

Figures released by the Central Bank of Armenia show that the banking sector’s total regulatory capital to risk-weighted assets reached 30.1% at the end of 2007 compared to 34.9% at end-2006, while Tier One regulatory capital to risk-weighted assets was 29% at the end of last year, down from 32.7% at end-2006. The sector’s non-performing loans were equivalent to 2.4% of gross loans at end-2007, almost unchanged from end-2006 but up from 1.9% at end-2005. Further, the sector’s return on average assets reached 3.4% at end-2007, down from 3.6% a year earlier, but up from 3.1% at end-2005; while return on average equity was 15% at the end of last year, down from 15.9% a year earlier. Also, liquid assets were equivalent to 33.7% of total assets at end-2007, down from 41.2% a year earlier and from 44.2% at end-2005, while liquid assets were equivalent to 98.2% of total short-term liabilities at end-2007, down from 106% at end-2006. Customer deposits were equivalent to 106.2% of total loans, down from 130.8% at end-2006 and 140.5% at end-2005, while foreign exchange liabilities represented 48.3% of total liabilities, down from 56% at end-2006 and 66.8% at end 2005.

Source: Central Bank of Armenia



ENERGY / COMMODITIES

Oil eases slightly to under \$136

Oil prices dipped modestly on June 12 as traders took profits from the previous day's \$5 jump, as U.S. crude futures fell 76 cents to \$135.60 a barrel. On June 11, it rose \$5.07 after U.S. government data showed crude inventories dropped a larger than expected 4.6 million barrels last week. That was the fourth consecutive weekly decline and the biggest drop since early May. London Brent crude dropped 80 cents to \$134.22. In contrast, losses in New York heating oil were limited by an increase in demand in the United States and globally low inventory levels. Analysts said a weak U.S. dollar, robust demand from China and continuing export disruptions from OPEC-member Nigeria continued to underpin prices. Representatives of the world's biggest oil consumer and producer nations will meet in Saudi Arabia on June 22 to discuss soaring oil prices, which producer group OPEC says are due to speculation, not a lack of supply. Venezuela's Energy Minister said no decision would be taken at the meeting on production levels.

Source: Reuters

IEA cuts oil demand forecast

The International Energy Agency has cut its forecast for global oil demand for a fifth month, as high prices continue to curb consumption. The IEA reduced its 2008 forecast by about 70,000 barrels a day to 86.77 million bpd from 86.84 million bpd last month. Demand growth for this year is now at 0.9%.

Source: Bloomberg

Refining Capacity in the Gulf to reach 10 million bpd by 2015

Saudi Aramco stated that the Gulf region's refining capacity will grow by about 3 million barrels per day (bpd) to about 10 million bpd by 2015 to help meet the region's growing demand for oil products. It said in 2008 and 2009, the Gulf region will add more than 20 million tons per year of chemicals to its production base. At present, Saudi Aramco is working towards raising its domestic and international refining capacity to 3.2 million bpd from around 2.4 million bpd, by 2013.

Source: Gulf News

SABIC to establish a petrochemical compound in Algeria

Saudi Arabia Basic Industries (SABIC) plans to establish a SAR4bn petrochemical compound in Algeria. SABIC is waiting for the Algerian government's approval to start the project. The project is estimated to be the largest in Algeria and Northern Africa. SABIC has been interested in investing in neighboring countries, particularly Algeria, where feedstock is available at cheap prices.

Source: Argam

Petronas shelves Sudan refinery plan

Malaysia's state oil company Petronas said rising costs have forced it to defer its plans to build a 100,000 barrel-per-day refinery in Sudan. Petronas has been in discussions with Sudan to build a refinery there for three years.

Source: Reuters

Base metals: Copper falls as dollar rallies, nickel gains on closure

Nickel rose to a three-week high after BHP Billiton Ltd., the world's third-largest producer of the metal, said it will shut down an Australian smelter and refinery that produces about 2% of world supply. Nickel for delivery in three months on the London Metal Exchange rose as much as \$1,385, or 6%, to \$24,585 a ton, the highest intraday price since May 22nd. Copper dropped \$90, or 1.1%, to \$7,830 a ton, as the dollar rebounded, curbing demand from investors seeking to buy commodities denominated in the U.S. currency as an alternative asset and hedge against inflation. LME-monitored copper inventories fell 650 tons, or 0.5%, to 120,625 tons, extending this year's drop to 39%. Including those monitored by bourses in Shanghai and New York, they totaled 169,469 tons, or 3.3 days of global consumption. Last year's average was 4.9 days. Tin gained as much as \$390, or 1.8%, to \$21,890 a ton after LME-monitored inventories fell 335 tons, or 4.5%, to 7,190 tons. Among other LME-traded metals, aluminum dropped \$17.75 to \$2,942.25 and lead was unchanged at \$1,880. Zinc declined \$18 to \$1,902 a ton.

Source: Bloomberg

Precious metals: Gold declines as dollar strengthens and crude oil slides

Gold declined in London as the dollar strengthened and crude oil fell, diminishing the metal's appeal as an alternative asset and hedge against inflation. Gold has gained 4.2% this year, as the dollar fell 5.4% against the euro. The gain in the currency also prompted the drop in crude oil prices. Gold for immediate delivery fell \$11, or 1.3%, to \$869.35 an ounce in London. Futures for August delivery declined \$11.2 to \$871.7 an ounce in after-hours electronic trading on the Comex division of the New York Mercantile Exchange. Gold is expected to trade at \$860 to \$890 in the next several days. Crude reached a record of \$139.12 a barrel on June 6 in New York, increasing concern that inflation will accelerate. Some investors buy gold as a hedge against inflation. Platinum declined \$24, or 1.2%, to \$2,008.5 an ounce in London. Among other metals for immediate delivery, silver fell 27.50 cents, or 1.6%, to \$16.59 an ounce and palladium dropped \$1.25, or 0.3%, to \$426.75 an ounce.

Source: Bloomberg



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+	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
	Stable	-	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
	Negative	-	Stable	-	Stable								
Romania	BBB-	Baa3	BBB	BBB-	BB	-3.4	12.8	45.3	193.5	24.0	238.0	-15.6	6.4
	Negative	-	Stable	Stable	Stable								
Russia	BBB+	Baa2	BBB+	-	BBB	3.5	5.3	29.4	112.5	17.1	82.4	3.7	0.9
	Positive	-	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	05-Jun-08	No change	03-Jul-08
UK	Base Rate	5.00	05-Jun-08	No change	10-Jul-08
Japan	O/N Call Rate	0.50	30-Apr-08	No change	13-Jun-08
Australia	Cash Rate	7.25	03-Jun-08	No change	02-Jul-08
New Zealand	Cash Rate	8.25	04-Jun-08	No change	24-Jul-08
Switzerland	3 month Libor target	2.75	13-Mar-08	No change	19-Jun-08
Canada	Overnight rate	3.00	10-Jun-08	No change	15-Jul-08
Emerging Markets					
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	Jun-08
South Korea	Base Rate	5.00	12-Jun-08	No change	10-Jul-08
Malaysia	O/N Policy Rate	3.50	29-Apr-08	No change	N/A
Thailand	1D Repo	3.25	21-May-08	No change	16-Jul-08
India	Repo rate	8.00	11-Jun-08	Raise 25bps	29-Jul-08
UAE	Overnight repo rate	2.00	May-08	Cut 25bps	26-Jun-08
Saudi Arabia	Repo rate	2.00	May-08	No change	N/A
Egypt	Overnight Deposit	10.00	08-May-08	Raise 50bps	26-Jun-08
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	9.00	05-Jun-08	Raise 25bps	N/A
Nigeria	Monetary Policy Rate	10.25	03-June-08	Raise 25bps	05-Aug-08
Ghana	Prime Rate	16.00	19-May-08	Raise 125bps	Jul-08
Mexico	Target Rate	7.50	16-May-08	No change	20-Jun-08
Brazil	Selic Rate	12.25	04-Jun-08	Raise 50bps	23-Jul-08
Armenia	Refi Rate	7.00	Jun-08	Raise 25bps	N/A
Romania	Policy Rate	9.75	06-May-08	Raise 25bps	26-Jun-08
Bulgaria	BI Rate	4.96	01-Juh-08	No change	Jul-08
Kazakhstan	Refi Rate	11.00	Mar-08	No change	N/A



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