

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Meeting calls for steps to restore oil market stability

Major oil producing and consuming countries called at a conference held in Jeddah on June 22 for concerted policy efforts to improve the functioning of the oil market and suggest policies to improve oil market stability in light of escalating prices. The broad-based policy agenda developed at the meeting includes measures to boost oil investment, improve transparency and regulation of oil financial markets, enhance oil market data, strengthen cooperation among international and national oil companies, ensure pass-through of price signals to end-users, and step up development assistance to poor countries most affected by high prices. In addition, Saudi Arabia pledged a total of \$1.5bn to help the poorest countries cope with higher oil and food prices. The conference was attended by 36 developing and developed countries, including most oil exporting countries and major oil companies.

Source: *International Monetary Fund, Associated Press*

MENA

Stronger anti-corruption enforcement

A survey released by Ernst & Young indicates that 76% of senior executives believe that the regulatory enforcement in the Middle East has strengthened compared to five years ago. The survey showed that 72% of companies in the Middle East view anti-corruption laws and regulations as being strongly enforced. They identified training and awareness as a successful measure to minimize the risk of bribery and corruption and expressed more confidence in internal audit successfully detecting fraud or bribery. Ernst & Young said firms operating in the Middle East need to enhance their understanding of the U.S. Foreign Corrupt Practices Act (FCPA) given that the FCPA has become the de facto international standard and due to the increased U.S. and extra-territorial enforcement of the law.

Source: *Ernst & Young*

TURKEY

Case against ruling party not enough for downgrade

Standard & Poor's said the potential closure of the ruling Justice & Development Party (AKP) does not solely affect Turkey's sovereign credit rating, while investor's assessments about the result weigh more heavily at this stage. The agency said it looks for trust and stability when planning for an increase in credit rating, but this does not mean the negative outlook based on these criteria will lead directly to a downgrade. Turkey's top prosecutor filed a lawsuit against the AKP in March to outlaw the party and the Constitutional Court will begin hearing the case in the first week of July. S&P said the political uncertainty that emerged after the case was filed is seen as a negative factor for foreign investors amid the global credit crunch, adding that negative signals have already started to appear in the balance of foreign financing. It added that Turkey's failure to clarify how it will finance the current account deficit increases the risk of the country's ability to finance it.

Source: *Standard & Poor's*

EGYPT

Government cancels sale of Banque du Caire

The government canceled the sale of up to a 67% stake in Banque du Caire, Egypt's third largest bank, after the bids submitted in an auction held on June 25 failed to meet expectations. National Bank of Greece was the top bidder, valuing Banque du Caire at \$2.03bn. The bid implies lower valuation relative to multiples achieved in the sale of Bank of Alexandria in October 2006 and Watany Bank in August 2007, the two most recent bank privatizations in Egypt. Banque de Caire has a 6% market share in assets and deposits, 215 branches and about 2 million clients. A total of 12 bidders submitted preliminary offers for a stake of between 51% and 67% in the bank. The Central Bank of Egypt short listed five institutions for the bidding including a consortium of Jordan's Arab Bank and Saudi-based Arab National Bank, Standard Chartered Bank, Saudi Arabia's Samba Financial Group, National Bank of Greece, and the UAE-based Mashreq Bank. The government planned to sell 28% of the remaining stake to the public through an IPO and allocate 5% to the bank's employees. The government intends to go ahead with the bank sale but has not specified a timeframe.

Source: *EFG Hermes, Reuters*

IRAN

EU imposes new sanctions, blacklists Bank Melli

The European Union imposed new sanctions against Iran over its refusal to meet demands related to its nuclear program. It banned Bank Melli which currently has units in the United Kingdom, France and Germany from operating in the 27-nation bloc and froze the assets of the bank. The EU also froze the assets of 15 Iranian organizations and banned 20 senior officials from entering its territory. The blacklisted individuals are mainly members of Iran's Defense Ministry, the Revolutionary Guards, or the Atomic Energy Organization. The blacklisting of Bank Melli, Iran's largest commercial bank, is considered significant because the bank is one of the major vehicles through which business between Iran and the EU is channeled. The EU said Bank Melli facilitated numerous purchases of sensitive materials for Iran's nuclear and missile programs and provided a range of financial services to entities involved. Last October, the U.S. administration cut off Bank Melli from the U.S. financial system because of alleged financing of nuclear proliferation and terrorism activities. Melli Bank Plc, the London-based unit of the bank, said it would challenge the legality of the sanctions in British and EU courts. The EU is also studying sanctions against Iran's oil and gas sector.

Source: *Associated Press, Bloomberg, Reuters*

OUTLOOK

ARMENIA

Strong growth prospects ahead, challenges include inflation and tax reforms

The International Monetary Fund declared that the Armenian economy is set for another year of double-digit growth, as performance in the first five months of 2008 was robust and growth during the rest of the year will continue to be driven by the ongoing boom in the construction sector. It said fiscal developments have been positive and projected the fiscal deficit at around 1.2% of GDP this year, significantly lower than the budgeted 2.6% of GDP. It expected the current account deficit to widen to around 8.6% of GDP in 2008, even though private transfer inflows are likely to grow at a robust pace. The Fund added that the key policy challenges for Armenia are controlling inflation in the face of supply shocks and rising demand pressures, addressing urgently the unfinished tax and administrative reforms, the effectiveness of foreign exchange intervention by the Central Bank of Armenia, and the increased vulnerability to medium-term fiscal risks.

The IMF said inflation rose sharply in recent months to around 10% despite a gradual tightening of monetary policy. It said rising energy and food import prices, recent and planned pension and wage increases, and rapid credit growth will likely keep inflationary pressures high, worsen the terms of trade, and widen the current account deficit. It considered that the economy will need further monetary and fiscal tightening given the magnitude of growing inflationary pressures. Also, it will be important to save any fiscal revenue over performance in 2008, as well as to better prioritize competing expenditure projects. The Fund stressed the need to complete the tax reform agenda. It said the tax-to-GDP ratio in Armenia is still lower than in most transition countries, and well below potential, despite a notable improvement in 2007. It noted that the government's ambitious tax reform agenda requires firm political commitment to succeed. Finally, the Fund supported plans to modernize Armenia's pension system, adding that the costs should be realistically estimated and weighed against competing priorities.

Source: International Monetary Fund

NIGERIA

Economic growth at 7.3% in 2008-09, outlook tied to volatility in oil prices and US growth

Merrill Lynch projected Nigeria's real GDP to grow from 6.4% in 2007 to 7.3% in 2008 and 8% in 2009, adding that growth will be driven by recovering oil production and strong non-oil expansion, mainly consumption and higher fixed investment. It indicated that the outlook for the Nigerian economy remains closely tied to oil despite numerous reforms and attempts at diversification, as government revenues, savings and the non-oil economy are still dependent on oil prices and related capital inflows. It said the Central Bank of Nigeria's single-digit inflation target of 8% will not be achieved over the next two years. It forecast inflation to rise from 5.4% in 2007 to 11.5% in 2008, before easing slightly to 10% in 2009, as high domestic and international food prices will be the dominant drivers of inflation. Also, the excess liquidity and high money supply growth will result in non-core inflation rising, even though the government will continue to subsidize retail fuel and electricity prices.

It expected the CBN to continue tightening monetary policy via a combination of higher interest rates and a stronger exchange rate.

Merrill Lynch forecast the current account surplus to rise from 0.7% of GDP in 2007 to 6% in 2008 and to 7.6% in 2009, as the significant increase in oil prices should more than compensate for the decline in oil production. It considered that the outlook for capital inflows is positive, driven by direct investment in the oil and gas sectors, as well as increasing foreign investor interest in non-oil listed and private equity opportunities in the country. It noted that external borrowing requirements remain low, but the government may decide to issue external debt as a benchmark for the private sector. Further, the ease of Nigerian companies and the government in accessing foreign capital markets over the past three years may entice them to continue to tap the markets. Moreover, the next round of financial market consolidation may drive offshore issuance.

According to Merrill Lynch, the risks to the economic outlook are from the volatility in oil prices, perceptions of China's resource demand, as well as the outlook for US growth, as it accounts for 40% of Nigeria's crude oil exports. Also, naira appreciation may be limited by the government due to concern about the pace of the adjustment as it may have destabilizing consequences and would negatively impact non-oil exports, foreign reserves and oil revenues.

Source: Merrill Lynch

TUNISIA

Economic outlook favorable, key challenges are to contain inflation and reduce unemployment

The International Monetary Fund indicated that the challenging international environment is expected to slow down the Tunisian economy to some extent but the outlook remains encouraging. It expected real GDP growth to remain relatively strong at 5.5% in 2008 and inflation at around 5%. It said the medium-term outlook remains favorable, with mega-projects expected to support growth. It encouraged authorities to incorporate these projects, given their scale, into the medium-term macroeconomic framework in order to better manage their impact and control any potential risks, particularly those associated with real estate projects. The Fund said rising world oil and food prices will result in a significant increase in subsidies, but expected the fiscal deficit to stay within the budget limit of 3% of GDP and for the current account deficit to remain in the 3-3.5% of GDP range.

The IMF considered that the authorities' major challenge is to limit the impact of rising oil and food prices and the impact of global financial turbulence on inflation and growth in order to reduce unemployment. It added that the authorities are faced with a delicate tradeoff between the need to maintain the purchasing power of Tunisians while preserving fiscal sustainability over the medium to long term. It called for the ongoing reform of the subsidy system to be more focused, given the rapid increase in direct and indirect subsidies to about 7.1% of GDP, and the strong likelihood that the current high oil prices will persist.

Source: International Monetary Fund



ECONOMY & TRADE

SYRIA

Investment agency licenses 186 projects valued at \$8bn in 2007

Figures issued by the Syrian Investment Agency (SIA) show that the SIA licensed 186 projects for a total value of SYP401bn, or about \$8bn in 2007. The Syrian-Qatari Holding Company (SQHC), a joint-venture between the SIA and the Qatar Investment Authority, accounted for 62% of the total. The SIA was set-up last year to oversee and license investment projects in Syria. Foreign investments stood at SYP135.5bn, or \$2.9bn, and accounted 33% of the total. But if the 50% stake of the QIA in the SQHC is deducted, FDI would stand at \$228m. Industry accounted for 92 projects, or 50% of the total. It was followed by transportation with 52 projects, or 28% of the total, agriculture with 28 projects (15%), health care with 9 projects (5%) and oil & gas with 4 projects (2%). Oil & gas accounted SYP94bn, or 23% of the value of total licensed investments. It was followed by industry with SYP33.2bn (8.2%), health care with SYP14bn (3.5%), transportation with SYP5.6bn (1.4%), and agriculture with SYP3.6bn (1%), while the SQHC accounted for SYP250bn or 62% of the total.

Source: Syria Report

JORDAN

Annual inflation as 12.7% in May

Figures released by the Central Bank of Jordan show that annual inflation reached 12.7% in the first five months of 2008 compared to 6.7% in the same period last year. Inflation was fuelled by a rise in food items by 15.5% year-on-year, housing by 11.6%, and clothes by 9%. It attributed the consumer price increase to internal factors such as lifting subsidies on fuel prices, the frost which hit the Kingdom during the winter, rising production cost and the increase in public sector wages. It added that external factors also affected inflation rates such as the continuous rise in international oil prices and imported foodstuff.

Source: Jordan Times

EGYPT

Outlooks changed to 'negative' due to inflation risks

Moody's Investors Service cut the outlook on Egypt's 'Ba1' foreign currency government bond rating to 'negative' from 'stable', and changed the outlook on the foreign currency country ceiling and bank deposits to 'negative' from 'stable'. It also downgraded the government's local currency bond rating from 'Baa3' to 'Ba1' and kept its 'negative' outlook. The agency attributed the downgrades to the country's soaring consumer price inflation that exceeded 20% in May and which is considerably higher than the 6-7% inflation rate expected for similarly-rated countries in 2008. It added that Egypt's ratings are particularly exposed to rising inflation, as the country has a high degree of social vulnerability given its low income per capita and higher poverty rate, thereby increasing the political risks of inflation. Also, Egypt is fiscally constrained, as it has the widest fiscal deficit and the highest public debt burden relative to government revenues of any similarly-rated country. It noted that more than half of public expenditures go to subsidies and

wages, and that the government's subsidy bill surged by 69% and its spending on wages rose by 19% during the first 10 months of the current fiscal year, helping to widen the fiscal deficit by 0.8% of GDP. Moody's considered that the risks to the government's creditworthiness have tilted to the downside given the high and accelerating rate of inflation in a context of significant social and fiscal vulnerabilities. It said the ratings would come under further pressure from a rise in inflation, a substantial loosening of fiscal policy, or deterioration in the political environment.

Source: Moody's Investors Service

ARMENIA

Fund to support secondary mortgage market

The Central Bank of Armenia indicated that a state mortgage lending fund is expected to be established in order to support the formation of a secondary mortgage market in the country. The CBA said one of the objectives of the Fund is to have longer term mortgages that carry lower interest rates, which will make housing affordable for larger sections of the population. The Fund is expected to be established next year. The mortgage portfolio of Armenia's commercial banks totaled 59,927.2m drams at the end of March 2008, an 11.2% increase from end-2007. Housing loans account for 12.1% of the credit portfolio of Armenia's banks.

Source: ARKA

PAKISTAN

Policies too weak to limit large twin deficits

Moody's Investors Service indicated that Pakistan's widening fiscal and current account deficits are reversing a multi-year trend of fiscal consolidation and debt reduction, adding that renewed political discord is unlikely to provide the stability necessary to contain these macroeconomic imbalances. Also, the government is increasingly relying on short-term Central Bank financing of budgetary operations, which has heightened inflationary pressures. The agency said these trends have resulted in a deterioration of important credit-metrics, which led to the downgrade of Pakistan's sovereign bond ratings from 'B1' to 'B2' last month. Moody's noted that despite the strong investment-driven economic growth of recent years, Pakistan's economic base is narrow and somewhat prone to macroeconomic instability. These vulnerabilities are compounded by the government's stagnant tax base that weighs on the country's low national savings and hinders domestic financing of the sizable budget deficits. It added that Pakistan's weak governance, embedded political tensions and weaknesses in the rule of law have weakened the scope for strengthening institutions and sustaining policy adjustments, while also increasing the risks of sudden shifts in private investor confidence.

Source: Moody's Investors Service



BANKING

EGYPT

Outlook of five banks downgraded

Moody's Investors Service changed the outlook to 'negative' from 'stable' for the long-term foreign currency deposit ratings of National Bank of Egypt, Banque Misr, Banque du Caire, Commercial International Bank and Bank of Alexandria. It attributed the rating action to a similar change in outlook to the foreign currency bank deposit ceilings of 'Ba2' due to the country's soaring consumer price inflation. Moody's noted that the foreign currency deposit ratings of the five banks are constrained by the country ceiling, and that the bank financial strength ratings (BFSR) and Global Local Currency deposit ratings of the banks are not affected by this rating action.

Source: *Moody's Investors Service*

OMAN

Launch of first credit bureau

The National Bureau Commercial Information (NBCI), the first private credit bureau in Oman, was launched this week. The NBCI will issue credit reports on individuals, small and medium-sized businesses on a real-time, web-based platform for consumers and companies. The Central Bank of Oman said the bureau will facilitate the credit transparency of counterparties to consumers as well as commercial credit exposures and will improve the quality of lending in Oman through analysis of borrowing histories available from banks, finance, telecom and insurance companies, as well as utilities and credit card agencies. NBCI will provide a scoring service that will lead to efficiency in the credit market, especially with regard to credit application processing time and costs. Private credit bureaus help reduce default rates, decrease non-performing loans, reduce consumer indebtedness, reduce credit decision time and cost and help speed up collection and recovery in the event of default.

Source: *Oman Daily Observer*

DEM REP CONGO

Microfinance bank to be set up

The International Finance Corporation announced that it will help launch Advans Banque Congo, a new microfinance institution in the Democratic Republic of Congo. IFC will invest up to \$1.1m in the bank's capital, to be followed by a loan of up to \$2m to support growth of the bank's portfolio. Advans Banque Congo will also receive advice on how to implement best practices, adhere to international social, environmental, and anti-money laundering standards, and train local staff. Advans Banque Congo will be established in partnership with the German development bank KfW. It will be set up by Advans S.A. SICAR, a Luxembourg-based company created with the backing of several development financial institutions. IFC said the transaction is part of a microfinance strategy for Africa, where it plans to support loans to more than 400,000 small entrepreneurs in the continent's poorest regions in the next five years. IFC plans to help establish five such institutions annually over the next several years.

Source: *International Finance Corporation*

YEMEN

Financial soundness inadequate but improving

Figures released by the Central Bank of Yemen show that the banking sector's risk-weighted capital adequacy ratio reached 12% at the end of 2006 compared to 10% at end of 2005 and 2004, while the capital-to-assets ratio was 6.5% at the end of 2006, up from 5% at the end of each of the previous three years. The sector's non-performing loans were equivalent to 23% of total loans at end-2006, slightly down from 24% at the end of 2005 and 2004, but compared to 29% at end-2003. Further, problem loans were equivalent to 5.7% of total assets at end-2006, down from 7.1% at end-2005 and 6.8% at end-2004, while provisions against NPLs were equivalent to 66% of problem loans, down from 75% from end-2005. Also, total bank capital and reserves were equivalent to 120% of problem loans at end-2006 compared to 109% at the end of 2005 and 83.5% at the end of 2004.

In parallel, the sector's return on average assets reached 1.2% at end-2006, up from 1.1% a year earlier and 0.8% at end-2004; while return on average equity was 17.3% at the end of 2006, nearly unchanged from 17.8% a year earlier but up from 15.1% at end-2004. Further, the sector's net exposure in foreign currencies was equivalent to 38.2% of capital and reserves at the end of 2006, up from 24.5% a year earlier, while foreign currency lending accounted for 30.5% of foreign currency deposits, down from 32.5% at end-2005.

Source: *Central Bank of Yemen*

UKRAINE

Sector vulnerabilities increase

The International Monetary Fund said Ukrainian banks' credit risks have increased, reflecting very high lending growth to unhedged borrowers while credit risks on mortgages have grown with house prices high relative to incomes. Also, rising liabilities to non-residents point to growing liquidity risks, although in part reflecting the presence of foreign banks. It noted that the effects of international financial market turbulence have begun to recede, as access of banks to longer term external financing has resumed, facilitating rollover of debt maturities. It said the National Bank of Ukraine's tightening of monetary conditions recently resulted in excess banking system liquidity falling considerably, interest rates rising sharply, notably on the interbank market, and lending in foreign currency slowing significantly. However, real interest rates remain negative and overall credit growth is still very high at 76% year-on-year in March. The Fund supported recent measures to identify bank owners, raise minimum capital requirements, improve risk management practices, and curb banks' foreign borrowing. It also encouraged efforts to fully develop consolidated supervision, improve banks' stress testing and risk management capabilities, intensify on-site examinations, and impose stronger prudential requirements on banks with deteriorating liquidity positions.

Source: *International Monetary Fund*



ENERGY / COMMODITIES

Oil steadies after drop on stock build

Oil steadied on June 26, reversing earlier losses. U.S. crude inched down by one cent to \$134.54 a barrel. London Brent crude was 7 cents up to \$134.40. On June 25, crude fell about \$5 after U.S. weekly oil data showed crude oil inventories rose unexpectedly and a drop in gasoline demand. Oil trimmed the losses later on June 25 to settle at \$2.45 down, as the dollar fell to two-week lows versus the euro due to the Federal Reserve's decision to hold key interest rates steady. The market continues to watch U.S. economic indicators for signs of faltering demand from the U.S. Also, instability in Nigeria is expected to continue offering support to oil prices. Chevron's Nigerian output of around 350,000 barrels per day was reduced by a third last week due to attacks on its pipeline.

Source: Reuters

Oil majors return to Iraq

Iraqi Oil Minister announced the completion of negotiations with Royal Dutch Shell, Shell in partnership with BHP Billiton, Exxon Mobil, Chevron and Total on six short-term oil service contracts. He expects to sign the deals in July which would increase oil output by 500,000 barrels per day. The deals also stipulate that producing field will be opened for long-term development contracts. Iraq's oil production reached 2.5 million bpd in May 2008 compared to 2.1 million bpd on average in 2007 and the pre-war high of 2.8 million bpd, and exports hit a post-war high of 2.1 million bpd in the month.

Source: Merrill Lynch

Kuwait to increase oil output by 300,000 bpd

Kuwait plans to raise its oil output capacity by 300,000 barrels per day by mid-2009. Kuwait produced 2.58 million bpd day in May compared with 2.59 million bpd in April.

Source: Reuters

Russia's Gazprom opens office in Algeria

Russian gas company Gazprom opened an office in Algeria, adding that co-operation with Algerian state-owned Sonatrach would extend to other joint projects in Africa.

Source: APS

Iran, Armenia ink two MoU on building Aras power plant

Iran and Armenia signed two Memoranda of Understandings for the construction of a hydro-electric power plant on the Aras River. The main agreement on construction of the Aras hydro-electrical power plant was signed during President Ahmadinejad's state visit to Armenia in 2006.

Source: IRNA

Syria's oil reserves increased by 300 million barrels during the last three years

Syria's Oil and Mineral Resources Ministry stated that more than 300 million barrels of oil reserves were discovered during the last three years as the result of intensified oil exploration efforts. Syria has opened up new areas for oil and natural gas exploration. The ministry described the current level of oil reserves as satisfactory but while domestic consumption rises, this will lead to a reduction in net oil exports. Syria could become a net oil importer within a decade.

Source: Syria News

Base metals: Prices recover amid new production outages

Base metal prices have seen a mild recovery following news about further production outages and after the release of new supply demand data. The sector as a whole continues to be driven by supply side problems, such as surging costs and restricted output because of energy problems and strikes. The demand side remains rather still, which is reflected in the increase of aggregate base metal inventories. For seasonal reasons, it is not unusual to see some inventory increases at the end of the second quarter, and the demand is expected to start picking up in the second half of the year. Inventory levels of copper and aluminum in China are falling, which is why China is likely to import more from the world market in the coming months. Moreover, steel production is recovering, albeit slowly.

Source: Credit Suisse

Precious metals: Prices rise as euro holds gains versus dollar

Precious metal prices surged, driven by the renewed weakness of the dollar, a decline in U.S. government bond yields and increasing inflation expectations. The euro traded near the highest against the dollar in more than two weeks, boosting the appeal of precious metals as an alternative asset. The dollar fell after the Federal Reserve gave no indication it will start reversing the most aggressive series of interest-rate cuts in two decades. Gold has gained 6.5% this year while the dollar has fallen 6.9% versus the euro. Gold for immediate delivery was up 0.2% to \$887.74 an ounce. Silver was little changed at \$16.79 an ounce at the same time.

Source: Bloomberg

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	267.7	248.7	228.7	3.9	31.5
LME metals price index	3923.1	3906.8	3866.0	-2.6	-1.5
Oil prices USD	132.1	108.4	94.9	3.8	91.3
Oil prices SDRs	81.8	67.4	60.1	4.1	78.8
Gold \$/troy oz	904.3	905.4	814.9	0.1	37.6
Silver cents/troy oz	1722.0	1719.5	1527.6	0.2	30.6
Platinum \$/troy oz	2067.0	1912.4	1634.1	-4.3	60.4
Copper \$/MT	8385.3	7983.7	7745.3	-4.0	12.3
Nickel \$/MT	22602.5	27512.2	28958.0	-13.0	-42.4
Aluminium \$/MT	3034.5	2790.8	2652.5	3.3	14.4
Zinc \$/MT	1885.3	2293.5	2645.7	-15.5	-47.9
Steel - HR coil dry \$/MT	605.0	605.0	586.2	0.0	8.0

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+	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	25-Jun-08	No change	05-Aug-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	13-Jun-08	No change	15-Jul-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	19-Jun-08	No change	18-Sep-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	3.63	26-Jun-08	Raise 12.5bps	N/A
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	25-Jul-08
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	16.00	16-Jun-08	Raise 50bps	15-Jul-08
South Africa	Repo rate	12.00	10-Apr-08	Raise 50bps	14-Aug-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 12.5bps	Jul-08
Mexico	Target Rate	7.75	20-Jun-08	Raise 25bps	18-Jul-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	10.00	26-Jun-08	Raise 25bps	31-Jul-08
Bulgaria	BI Rate	4.96	01-Jun-08	No change	Jul-08
Kazakhstan	Refi Rate	11.00	Mar-08	No change	N/A



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