



COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

EMERGING MARKETS

Inflation is biggest concern related to oil and food prices

The International Monetary Fund declared that inflation should be the top concern of policymakers confronted by higher food and fuel prices, adding that oil prices are likely to remain high and volatile because demand and supply react slowly to higher prices. It said that the 70% increase in oil prices since the beginning of the year is reducing purchasing power in importing countries and could lower global demand by up to 1%. The Fund noted that many advanced economies have taken appropriate monetary policy remedies to tackle higher than expected headline inflation. But in some emerging economies where real interest rates are low or negative, there is a risk that central banks are falling "behind the curve". It indicated that headline inflation rates in many emerging economies are up by more than five percentage points this year, mostly because food and fuel have a high share in consumption baskets. But there are signs that rising food and energy prices are sparking more generalized inflation through second-round effects. The IMF considered that allowing price increases in fuel and food products to be translated into a general increase in inflation would delay the market responses to high prices, undermine growth and raise inflationary expectations.

Source: International Monetary Fund

AFRICA

IFC to support development of SMEs and mid-cap firms

The International Finance Corporation pledged to invest \$15m in the \$75m Atlantic Coast Regional Fund, the first private equity fund with a primary focus on Francophone Africa. The investment aims to support the growth and regional expansion of small and medium-size enterprises and mid-cap companies, most of which have annual revenues of around \$50m to \$75m. It said that about a third of the fund's portfolio will be invested in Francophone Africa's SMEs and the remainder in mid-cap companies. The fund, which has its management team based in Dakar, expects to raise an additional \$75m from several private investors in subsequent closings. The IFC noted that by investing in such new private equity funds, it can help meet the long-term financing needs of many local companies as well as the local institutions that finance them.

Source: International Finance Corporation

IRAQ

UAE cancels \$7bn debt

The United Arab Emirates cancelled almost \$7bn of debt owed by Baghdad, including \$4bn in principal loaned at different times and about \$3bn in interest and arrears payments. Baghdad has called repeatedly on GCC states to cancel or waive at least part of their share of Iraq's \$74.6bn foreign debt, saying that the debt is impeding the country's reconstruction and development.

Over the past three years, Western nations forgave about \$66.5bn of Iraq's overall \$120.2bn foreign debt. The Paris Club cancelled \$42.3bn, including Russia's \$12bn debt. Also, non-Paris Club members wrote off \$8.2bn and commercial creditors waved another \$16bn. The UAE becomes the first Gulf Arab country to forgive all of Iraq's debt. Last year, Saudi Arabia pledged to cancel 80% of more than \$15bn in Iraqi debt but has yet to follow through, while Kuwait has yet to write off any of the \$15bn in debt it is owed by Baghdad.

Source: Associated Press, Reuters, WAM

SUDAN

Landmark electoral law passed

Parliament passed a new elections bill, paving the way for the organization of general elections across the country in 2009. The National Elections Act of 2008 was approved by 350 MPs with 14 legislators opposed and two abstained. The law lays the basis to run the first fair elections in the country since the Islamist coup d'Etat of 1989. The law stipulates that 60% of the 450 MPs will be chosen through majority elections in their geographical constituencies, adopts partial proportional representation, and allocates 25% of parliamentary seats to women. The new law organizes the holding of general elections in the country at three levels, including presidential elections and elections for the federal parliament and regional legislative chambers, while voters in southern Sudan have to elect the head of the government there. The 2005 Comprehensive Peace Agreement, signed by the National Congress Party and the SPLM after 20 years of civil war, called for elections no later than 2009. Under the timetable of the accords, the electoral legislation should have been in place by January 2006.

Source: Sudan Tribune

IRAN

US expands sanctions against Teheran

The United States blacklisted six Iranian individuals and five companies for alleged ties to Iran's nuclear and missile programs, a move that bans U.S. companies and individuals from dealing with them and freezes any assets they may have under U.S. jurisdiction. The State and Treasury Departments said the individuals include a nuclear scientist, a ballistic missiles expert, a former Revolutionary Guard Corps commander, and a senior scientist at Iran's Ministry of Defense & Armed Forces Logistics. The departments' action covers the TAMAS Co. for its alleged involvement in enrichment-related activities and Shahid Sattari Industries. The U.S. also imposed sanctions on three other entities believed to be owned or controlled by Iran's Defense Industries Organization, which was blacklisted last year. The entities are Seventh of Tir, Ammunition and Metallurgy Industries Group and Parchin Chemical Industries. The actions were taken under an executive order that allows the U.S. administration to ban transactions with proliferators of mass destruction and their supporters, and at isolating them from the U.S. financial and commercial systems.

Source: Associated Press, Reuters

OUTLOOK

WORLD

BIS recommends action for central banks in time of financial turmoil

The Bank for International Settlements issued a set of recommendations to central banks around the world that are based on the recent experience of dealing with financial turmoil in the wake of the Subprime crisis. The BIS said the operational framework of central banks should be capable of achieving the desired policy rate target even in case of unpredictable shifts in the aggregate demand for reserves or when there is a need to extend large amounts of credit. Second, central banks should be capable of conducting operations with an extensive set of counterparties and against a broad range of collateral in order to distribute reserves effectively when the interbank market is impaired. Third, central banks should be prepared to expand their intermediation activities during financial turmoil and, if needed, take steps that go beyond adjusting the aggregate supply or distribution of reserves. Fourth, channels for distributing liquidity across borders may become impaired in times of financial turmoil. Central banks should take steps to counter such a possibility by establishing or maintaining standing swap lines among themselves and accepting foreign currency-denominated assets or obligations booked abroad as collateral in their operations.

Fifth, the BIS considered that central banks should enhance their communication with market participants and the media in times of stress, as misinformation and misinterpretation of central bank actions are more likely and costly in such periods. Sixth, central banks should reduce the stigma associated with standing lending facilities in stress situations by enhancing the understanding of the role of such facilities and designing new facilities that are less associated with past instances of emergency assistance. Finally, it cautioned central banks to carefully weigh the expected benefits of actions to re-establish liquidity against their potential costs, as expectations that central banks will act to reduce market malfunctioning may create moral hazard by weakening market participants' incentives to manage liquidity prudently.

Source: Bank for International Settlements

YEMEN

Oil depletion, limited ability for reforms are key risks

Capital Intelligence forecast Yemen's real GDP growth to rise to 4.1% in 2008 from 3.6% in 2007, adding that the medium- to long-term economic outlook is clouded by the projected decline in oil output, which is currently the source of 75% of government revenue and 90% of export receipts as oil reserves could be depleted within 10 to 20 years. It said economic growth is supported by higher government spending, activity related to the liquefied natural gas project due to come on stream in 2009, and the Marib power plant. It noted that the government received by end-2007 \$5.3bn in pledges from international donors to finance public investment till 2010. Also, soaring oil prices should offset the impact on the public and external finances of declining oil production. The agency warned that unless significant oil discoveries are made or the structure of the

economy is transformed, the government's ability to deliver basic services to a poor and fast growing population will steadily weaken and sovereign creditworthiness will deteriorate. It considered that improving the investment climate will require the steadfast implementation of reforms over a number of years but warned that implementation risk is high. It said the reform agenda is vulnerable to political divisions and opposition from powerful vested interests, as well as to concerns about the social and political costs of reforming sensitive areas such as the public sector and subsidies, especially in light of violent protests about living standards in several cities in 2007 and early 2008.

Capital Intelligence considered that Yemen's repayment capacity is currently good, with gross public debt was at 41% of GDP at end-2007 and should fall to about 38% in 2008, while interest payments amount to a manageable 6%-7% of budget revenue. But it warned that the state's ability to cope with a deterioration in debt dynamics is constrained by weak institutions, limited policy flexibility, a small and underdeveloped financial system, and limited access to external financing. Also, official foreign exchange reserves have increased annually since 1999, reaching \$7.7bn at end-2007, almost \$1.9bn higher than the stock of public external debt.

Source: Capital Intelligence

TURKEY

Political uncertainties to slow growth and keep financial markets volatile

The Institute of International Finance projected Turkey's real GDP growth at 5.1% this year and 4.5% in 2009, adding that higher interest rates and political uncertainty are likely to constrain economic activity. Also, higher energy import prices and the second-round effects from the higher food prices and lira weakness will leave inflation under continued upward pressure and averaging 9% during the 2008-09 period. It said ongoing global financial strains and renewed domestic political uncertainty are likely to keep financial markets volatile and borrowing costs under upward pressure in the short run. Further, slowing FDI inflows will leave Turkey more reliant on foreign borrowing and more vulnerable to shifts in market sentiment than in recent years.

The IIF considered that high prices for imported oil, natural gas and other commodities will widen the current account deficit to 7.5% of GDP in 2008 and 7.3% in 2009 despite stronger growth in export than import volumes. Capital inflows look likely to keep pace with the current account deficit, leaving reserves little changed this year and next after the sizable increases of recent years. In parallel, renewed privatization efforts should help increase FDI inflows in 2009 after a marked decline this year. As a result, FDI should continue to cover only about 40% of the current account shortfall in 2008-09, down from two-thirds in 2006 and 60% in 2007. Net borrowing looks likely to accelerate to \$45bn a year in 2008 and 2009 from about \$30bn last year. Despite the likely slowdown of domestic credit demand later in the year, borrowing by banks should remain little changed this year before increasing in 2009 on the back of easing in global credit strains and domestic political tensions.

Source: Institute of International Finance



ECONOMY & TRADE

SAUDI ARABIA

Sovereign ratings upgraded

Fitch Ratings upgraded Saudi Arabia's long-term local and foreign currency ratings to 'AA-' from 'A+' and revised the outlook to 'stable' from 'positive'. It also upgraded the Country Ceiling to 'AA' from 'AA-' and the short-term ratings to 'F1+' from 'F1'. The agency said Saudi Arabia's main credit strengths are its very low debt level and large domestic and external assets. The agency noted that Saudi Arabia is earning around \$1bn a day from oil exports, reinforcing an already strong external balance sheet and creating a buffer against future shocks. Official external assets are expected to be well over 100% of GDP by the end of 2008, leaving Saudi Arabia second only to China as a net public external creditor. Also, general government debt consists of domestic debt only and fell to 7.2% of GDP at end-2007. It added that a strong banking system also makes for low contingent liabilities despite acceleration in credit growth this year. Fitch noted that a sharp drop in oil prices is the biggest economic risk, but such a fall would have to be very steep to threaten sovereign creditworthiness.

Source: Fitch Ratings

SYRIA

EIB extends €80m for second phase of SME financing project

The European Investment Bank signed an agreement with the government to extend €80m to finance small and medium-size enterprises in Syria after an initial €40m have been fully spent in the first phase of an SME financing project. The SME Finance Unit said the ceiling on loans will be raised in the second phase from €m currently to €12.5m and the grace period will be extended from one year to four years. SME loans will vary between €200,000 and €12.5m and will be extended for a maximum of 21 years. Projects in industry, tourism and services will be eligible for financing, with some exceptions such as commercial real estate and trading projects. Also, financing decisions will be based on a comprehensive feasibility study. The EIB-backed loan will cover a maximum 50% of the investment value of the project and will carry an interest rate of 7.5%, while the collateral will be the project itself. The second phase of the SME financing project will be launched in September.

Source: Syria News

SUDAN

Khartoum is third largest recipient of IMF technical assistance in region

The International Monetary Fund's Middle East Technical Assistance Center (METAC) indicated that Sudan accounted for 12% of its overall allocation of technical assistance delivery during fiscal year 2008. It was the third biggest recipient of such assistance, ranking ahead of 8 countries in the region and behind Syria and Libya. Sudan received 270 days worth of assistance in 2008, equivalent to 54 Person Weeks. Banking supervision assistance accounted for 46.3% of Sudan's total assistance, followed by public financial management assistance with 22%, revenue administration support with 13%, support for macroeconomic statistics with 11%, and Central Bank accounting support with 7.4%. METAC's assistance covered training on

Basel recommendations for risk management, on conventional banks' accounting, on credit registry, money exchange operations and risk-focused examination, as well as on international accounting and international financial reporting standards. It also included implementing the new budget classification and improving cash management, supporting tax administration reforms, assessing the Central Bank's accounting system, and developing a new consumer price index.

Source: METAC

NIGERIA

World Bank approves \$450m to fight poverty

The World Bank approved two credit lines totaling \$450m to support the federal and state governments of Nigeria in the fight against rural poverty. The first credit line of \$250m will support the provision of economic and productive goods and activities in rural areas in the 36 states of the federation as well as the federal capital. The project will focus on increasing the incomes of the users of rural and water resources on a sustainable basis, which will help reduce rural poverty, increase food security, and contribute to the achievement of a key Millennium Development Goal. The second credit line of \$200m will support the provision of social services and natural resource management to poor communities. The project will also strengthen the skills and capacity of local governments and sectoral public agencies to support communities and build partnership between them.

Source: World Bank

ARMENIA

Sovereign ratings upgraded, outlook stable

Fitch Ratings upgraded Armenia's long-term foreign and local issuer default ratings (IDRs) to 'BB' from 'BB-' and changed the outlook from 'positive' to 'stable'. It also upgraded the Country Ceiling to 'BB+' from 'BB' and affirmed the short-term IDR at 'B'. The agency attributed the upgrade to the economy's rapid growth, rising incomes and strong policy framework. It said the economy grew by 13.8% in 2007, extending a five-year average annual growth of 13%, which boosted average incomes to around the 'BB' median of \$3,000 in 2007, easing a previous rating weakness. Fitch added that the policy framework remains disciplined despite the 2008 elections, as the budget deficit stayed at or below 2% of GDP since 2003, helping to make Armenia's public finances a clear rating strength. Also, the Central Bank of Armenia has allowed the dram to appreciate, driven by expatriates' remittances and strong capital inflows, which helped to contain inflationary pressure.

The agency noted improvements in the banking sector's asset quality but expressed concerns about credit growth of 79% in 2007, adding that the banks' small size remains the key weakness with total credit to the private sector at just 14% of GDP at end-2007. Fitch considered that sustained growth, disciplined macroeconomic policies and the implementation of reforms could help improve Armenia's ratings in the long term. However, failure to contain overheating pressures, problems in the banking system, or signs of political instability could be negative for the ratings.

Source: Fitch Ratings

BANKING

IRAQ

Private banks set up electronic banking firm

Six private Iraqi banks have set up a new electronic banking services company, called Amwal, to introduce credit cards, ATM cards and machines, and points of sale for the first time in Iraq. The company was set up by Credit Bank of Iraq, Ashur Bank, Al-Khalij Bank, Iraqi Trade Bank, Bank of Baghdad and Middle East Bank, with four more banks planning to join. The initial capital of the company is around \$4m. There are no ATMs and no nationwide system for electronically wiring money in Iraq, leading to transfers conducted by physically carrying cash. Amwal plans to set up ATM machines all across the country and to have ATM and credit cards issued by Iraqi banks. The new firm would also install point-of-sale machines in supermarkets, restaurants, hotels and airports. Also, Amwal is finalizing a deal of about \$1m with a regional financial institution to link Iraqi banks with the international banking switch.

Source: *Dow Jones Newswires*

ARMENIA

Central Bank increases policy rate

The Central Bank of Armenia increased its annual refinancing rate by 0.25% to 7.25%, the fifth such rise this year, and kept all other key policy rates unchanged. It attributed the decision to inflationary pressures from record-high oil prices that are leading to direct and indirect inflationary pressures. It said that the decline in global food prices did not have an impact yet on the local market, adding that it cannot estimate when the decline will be felt locally. The CBA stated that its priority is to mitigate inflationary expectations and neutralize the secondary effects of imported inflation. It added that further changes in the refinancing rate will depend on the measures taken to curb inflation. The CBA has raised the policy rate by 275bps since June 2007. Inflation in June declined by 0.5% month-to-month and rose by 9.4% year-on-year. The fiscal 2008 budget has inflation forecast at between 2.5% and 5.5% at end-2008.

Source: *Central Bank of Armenia*

EGYPT

Central Bank hikes interest rates as inflation accelerates

The Monetary Policy Committee (MPC) of the Central Bank of Egypt (CBE) raised its policy rates by 50 basis points, bringing the overnight deposit rate to 10.5% and the overnight lending rate 12.5%. The bank also raised the discount rate, the rate at which banks borrow from the CBE, by 100 basis points to 10%. The increase was in line with market expectations due to rising inflation. The MPC said that the broad-based adjustments to regulated prices further accelerated food price inflation and that its spillover to non-food inflation remained strong. It added that the balance of risks to the inflation outlook remains on the upside. The markets expect monetary tightening to continue, bringing the overnight deposit and lending rates to 11.5% and 13.5% by end-2008. However, high liquidity in the banking system as well as low loan-to-deposit ratios mean that previous and future policy rate changes have limited impact on domestic demand pressures and on inflation.

Source: *EFG Hermes*

KAZAKHSTAN

Ratings affirmed for nine banks, one bank downgraded

Fitch Ratings affirmed the ratings of nine Kazakh banks, downgraded Alliance Bank's Individual rating to 'D/E' from 'D', and changed the outlook on Temirbank to 'evolving' from 'stable'. The agency noted that deteriorating asset quality is continuing to exert downward pressure on the ratings of Kazakh banks, with the Individual ratings of Alliance, Kazkommertsbank and BTA Bank most likely to be downgraded. It said the ratings of Halyk Bank of Kazakhstan, ATF Bank, Bank Centercredit, Caspian Bank, Eurasian Bank and Tsesnabank are currently less vulnerable at their present levels. However, loan impairment has increased significantly at all of these banks, and a continuation or acceleration of recent asset quality trends could lead to ratings downgrades. In parallel, the long-term ratings of the seven largest banks remain underpinned by potential sovereign or shareholder support, and would be downgraded only if Fitch changed its view about the ability or propensity of the Kazakh authorities or bank owners to support these institutions.

Source: *Fitch Ratings*

BELARUS

Fourth largest bank has stable outlook, faces high economic risks

Standard & Poor's assigned a 'B+' long-term and 'B' short-term counterparty credit ratings to Belpromstroibank JSC, Belarus' fourth largest bank. The outlook is stable. The agency said the ratings reflect the high economic and industry risks in Belarus, the bank's high credit risk, which results from rapid loan growth and high single-party concentration; and its barely adequate capitalization. It added that factors supporting the ratings include the bank's majority ownership by the government, its good market position and customer franchise, and its adequate funding profile and profitability. About two-thirds of Belpromstroibank's loans are extended to state-owned enterprises, mirroring the structure of the economy. Also, credit risk is high due to rapid loan growth, an unseasoned portfolio that has not been tested in an economic downturn, and large single-party loan concentrations.

Source: *Standard & Poor's*

UKRAINE

Central Bank sets new exchange rate band, ends policy uncertainty

The National Bank of Ukraine (NBU) approved a new exchange rate band of +/-4% of the central level of 4.85 hryvnias per US dollar, ending six weeks of uncertainty over its exchange rate policy. The pledge, a compromise between the NBU's two conflicting policy bodies, means the hryvnia will be allowed to trade between 4.65 and 5.05 hryvnias to the dollar through the end of the year. This replaces a previous currency trading band of 4.95 and 5.25 hryvnias to the dollar that was supposed to be in effect through end-2008, but had been unexpectedly cancelled by the NBU's Board on May 21st. The NBU said that a managed float was preferable at this stage even though it has agreed previously with the government that Ukraine should aim to have a floating exchange rate.

Source: *Ukrainian Journal*



ENERGY / COMMODITIES

Oil around \$136, crude stock drop counters gasoline

U.S. crude for August marked 8 cents higher at \$136.13 a barrel on July 10, falling from an intra-day high of \$136.90. But U.S. crude, which has gained more than 40% so far this year, was off the record high of \$145.85 hit on July 3rd. London Brent crude rose 30 cents to \$136.88 a barrel. A fall in U.S. crude oil stocks by 5.9 million barrels last week highlighted persistent concerns over supply. Inventories fell to 293.9 million barrels, with the draw largely along the West Coast, due to a renewed drop in imports. The fall came as domestic refineries cranked up runs by 75,000 million bpd to 15.49 million bpd. However, the stock fall failed to stir up prices to a big extent. U.S. gasoline supplies rose by 900,000 barrels to 211.8 million barrels last week, despite the peak summer driving season. The forecast was for a draw of 200,000 barrels.

Source: Reuters

Total steps back from investing in Iran

Total, the French energy group, said it was now too risky to invest in Iran, making it highly unlikely that the group will invest in a liquefied natural gas project linked to Iran's South Pars gas field in the near future. Together with Malaysia's Petronas, Total was due to develop phase 11 of the South Pars field. Total was left exposed after May's announcement that Royal Dutch Shell and Repsol YPF of Spain would pull out of Phase 13. Total's move is a big blow for Iran, which is now unlikely to be able to significantly raise its gas exports until late in the next decade at the soonest.

Source: Financial Times

Non-OPEC output slows

According to the Energy Information Administration, oil supplies from non-OPEC countries will be far smaller this year than previously expected and unable to keep up with growing global oil demand. Non-OPEC oil supplies are projected to rise by only 230,000 barrels per day this year and by 830,000 bpd in 2009, far below the agency's estimate at the beginning of the year. Supply growth has been limited by faster declines in older fields and delays in expansion projects

Source: Reuters

Algeria ends domestic oil monopoly

The Algerian government announced it has decided to open its domestic oil market and suspend the monopoly of state energy group Sonatrach's subsidiary NAFTAL. The move aims to boost competition in the sector, attract foreign investments and secure funds for the upgrade and expansion of fuel retail and distribution facilities.

Source: APS

Gazprom, Libya to create oil refinery joint venture

Russia's Gazprom said it has agreed to create an oil refining joint venture with Libya's National Oil Corporation. The venture will entail both the modernization of existing refineries and construction of new ones. Gazprom offered to buy all gas, oil and liquified natural gas exported from Libya. Gazprom also said it has accepted Libya's offer to discuss potential construction of a new gas pipeline leading from Libya to Europe.

Source: Dow Jones Newswires

Base metals: Base metals benefit from supply side problems

After the correction in late May, the LME-Index has managed to increase past the 4,000 mark again. However, the performance within the sector remains highly divergent. Markets with significant supply side problems are outperforming the rest of the complex. In this regard, aluminum, copper and tin have seen the strongest performance. Surging international energy prices put tremendous upward pressure on production costs for aluminum. At the same time, the Chinese government is actively trying to curb aluminum production. In copper, strikes and energy shortages in Latin America have been a problem for months and are unlikely to resolve quickly. These supply side problems are expected to persist. Nickel prices are also expected to have further upside since they currently trade below marginal production costs. Nickel prices stand at \$ 21,500.

Source: Credit Suisse

Precious metals: Oil rebound and weak dollar remain key drivers for gold prices

Gold prices increased after crude oil gained boosting the appeal of the precious metal as an inflation hedge. Gold also rose on expectations the dollar may fall against the euro for a second day, increasing the appeal of gold as a haven. Gold for immediate delivery climbed as much as \$2.38, or 0.3%, to \$930.95 an ounce, and stood at \$929.80 in Hong Kong. Silver traded little changed at \$18.1425 an ounce. Gold for August delivery gained 0.3% to \$930.80 an ounce in after-hours electronic trading on Comex, while gold for December delivery gained 1% to \$933 an ounce at the same time. Gold for June 2009 delivery fell 0.2% to \$938 an ounce on the Tokyo Commodity Exchange.

Source: Bloomberg

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	266.1	252.3	230.9	4.4	31.6
LME metals price index	4038.0	3948.2	3865.3	6.9	-0.5
Oil prices USD	144.1	111.5	97.3	13.0	102.7
Oil prices SDRs	88.1	69.1	61.4	12.0	88.7
Gold \$/troy oz	939.7	912.1	823.8	4.8	43.1
Silver cents/troy oz	1792.0	1740.8	1543.1	6.3	43.7
Platinum \$/troy oz	2070.0	1951.8	1660.6	2.7	62.0
Copper \$/MT	8750.0	8128.7	7782.8	9.7	13.2
Nickel \$/MT	21262.5	27193.4	28422.8	-1.6	-42.4
Aluminium \$/MT	3083.5	2842.7	2666.3	7.9	14.6
Zinc \$/MT	1860.3	2259.8	2592.2	-3.9	-45.3
Steel - HR coil dry \$/MT	605.0	605.0	587.0	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
	-	-	Stable	-	-								
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	4.25	03-Jul-08	Raise 25bps	07-Aug-08
UK	Base Rate	5.00	10-Jul-08	No change	Aug-08
Japan	O/N Call Rate	0.50	13-Jun-08	No change	15-Jul-08
Australia	Cash Rate	7.25	02-Jul-08	No change	05-Aug-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	Sep-08
South Korea	Base Rate	5.00	10-Jul-08	No change	07-Aug-08
Malaysia	O/N Policy Rate	3.50	26-May-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	01-May-08	Cut 25bps	26-Jun-08
Saudi Arabia	Repo rate	2.00	05-May-08	Cut 25bps	N/A
Egypt	Overnight Deposit	10.50	Jul-08	Raise 50bps	07-Aug-08
Turkey	Base Rate	16.25	16-Jun-08	Raise 50bps	18-Jul-08
South Africa	Repo rate	12.00	12-Jun-08	Raise 50bps	14-Aug-08
Kenya	Central Bank Rate	9.00	05-Jun-08	Raise 25bps	Aug-08
Nigeria	Monetary Policy Rate	10.25	02-June-08	Raise 25bps	08-Aug-08
Ghana	Prime Rate	16.00	19-May-08	Raise 12.5bps	08-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	7.25	02-Jul-08	Raise 25bps	06-Aug-08
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	10.50	25-Jun-08	Cut 50bps	Sep-08



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