

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

UAE

Mubadala and GE launch partnership

American company GE, one of the biggest firms in the world, and the Abu Dhabi-based Mubadala Development Company announced an agreement on a partnership that covers commercial finance, clean energy research and development, aviation, industry and corporate learning. In addition, Mubadala intends to become one of GE's top 10 institutional investors over time. The two companies will establish a joint global commercial financial services firm headquartered in Abu Dhabi and will each allocate \$4bn in equity for the venture over a three-year period. GE also intends to commit up to \$50m to Masdar's second Clean-Tech Fund. In addition, Mubadala intends to invest up to \$200m in GE's Industrial Investment Partners, a new partnership that will focus on providing growth capital to companies in the healthcare, energy, and transportation industries. Mubadala is fully owned by the Abu Dhabi government and manages a multi-billion dollar portfolio of local, regional, and international investments, projects and initiatives. GE is a diversified technology, media and financial services company operating in 100 countries and has more than 300,000 employees. It posted net income of \$5.4bn on operations of \$47bn in the second quarter of 2008.

Source: Mubadala, GE

SUDAN

New Hampshire and Michigan join divestment trend

The states of New Hampshire and Michigan adopted divestment policies from Sudan, joining 24 other U.S. states that have already adopted similar policies. New Hampshire's governor signed divestment legislation based on the Sudan Divestment Task Force's targeted model and Michigan's governor signed legislation that includes targeted Sudan divestment. The legislations prohibit, among others, pension funds in the two states from investing in companies that operate in Sudan and contribute to the violence in Darfur. Last December, President George W. Bush signed the Sudan Accountability and Divestment Act, which allowed states to adopt policies of targeted Sudan divestment.

Source: Sudan Divestment Task Force

AFRICA

China is largest financier of infrastructure projects

The World Bank indicated that China has become the biggest lender for infrastructure projects in Africa, with funding for roads, railways and power projects peaking at \$7bn in 2006 from just \$1bn a year between 2001 and 2003. China has contributed \$3.3bn to 10 major hydropower projects amounting to some 6,000 megawatts of installed capacity by the end of 2007. Also, its financing agreements to develop rail links, mainly in Nigeria, Gabon and Mauritania, totaled about \$4bn in 2007. This includes rehabilitation of more than 1,350 km of existing railway lines and construction of more than 1,600 km of new

railroad. It said 10% of the total \$16bn committed by China to infrastructure projects in Africa has so far been completed and delivered. A further 25% is still under construction and the remaining 65% is for projects that were already signed. Also, more than half of the projects relate to small financial contributions of less than \$50m, while a handful of others are for more than \$1bn. China depends on Africa for around 30% of its oil imports, 80% of its cobalt imports and 40% of its manganese imports. Overall, Angola is by far China's largest trading partner followed by the Republic of Congo, Equatorial Guinea, South Africa and Sudan.

Source: World Bank

UKRAINE

EU offers Kiev partnership, not membership

The European Union agreed to sign an Association Agreement with Ukraine that would go beyond the current partnership accord but stops short of offering the country assurances for EU membership. Ukrainian and EU officials are currently in their ninth round of talks on the new agreement, which will include a free trade area if Ukraine makes progress on economic and political reforms. Ukraine considers that the European neighborhood policy, the current framework governing EU-Ukraine relations, is unacceptable and brings no added value to Ukraine. The EU said the Association Agreement will deepen relations considerably and will bring the two sides closer, but within the context of the neighborhood policy that governs the EU's relations with 16 countries from Eastern Europe and the Southern Mediterranean. The two sides will meet in September to discuss further progress on the agreement.

Source: EurActiv.com

BULGARIA

Sofia to lose funding if it doesn't improve transparency

The European Commission formally suspended over €500m in infrastructure aid to Bulgaria because of irregularities it has found in the way the country manages EU funds. The EU also withdrew its accreditation of two government agencies overseeing pre-accession funding after finding serious allegations of irregularities as well as suspicions of fraud and conflicts of interest in the award of contracts. Aid to Bulgaria had been temporarily frozen in January, but the EC said it was not sufficiently reassured to ease suspicion and would proceed with a formal suspension. The EC warned Bulgaria that if it does not take urgent action it could lose out on the money entirely, and recommended a series of measures to take. It said Bulgaria's main problems are outdated procedures, a high turnover of staff and weak salaries in public administration, which cause inefficiency and corruption. Also, organized crime and high-level corruption exacerbate administrative troubles and such crimes often go unpunished. It added that Bulgaria's judiciary is slow and often subject to leaks of confidential information, as well as allegations of influence.

Source: Associated Press

OUTLOOK

EMERGING MARKETS

Global financial turmoil poses increased risks to negative trend in bank ratings

Fitch Ratings indicated that banks in emerging markets have in general remained relatively unaffected by the global financial turmoil to date, adding that the persistently difficult environment is still affecting banks worldwide and is likely to negatively impact rating actions in the future. It said there were 22 positive rating actions for emerging market banks compared to 19 negative rating actions in the second quarter of 2008. The positive rating actions in the second quarter constitute a decline from 28 in the first quarter of the year, 31 in the last quarter of 2007 and 53 from the third quarter of the same year. In parallel, negative ratings actions increased from 11 such actions in the previous quarter, declined from 21 in the fourth quarter of last year, and rose from no such actions in the third quarter of 2007. The agency said the 'negative' outlooks on emerging markets bank ratings also increased, as there were 32 'negative' outlooks in the second quarter, up from 27 in the previous quarter, 22 in the last quarter of 2007 and 14 in the third quarter of last year. In parallel, the number of 'positive' outlooks regressed to 38 in the second quarter from 52 in the previous quarter, 63 in the last quarter of 2007 and 65 in the third quarter of last year.

Fitch noted that the ratio of 'positive' to 'negative' outlooks in emerging markets was 1.2 at the end of June 2008, down from 1.9 at end-March. Still, Fitch noted that 80% of bank outlooks in emerging markets remain at 'stable'. In Emerging Europe, 77% of outlooks are 'stable', 11% are 'negative' and 9% are 'positive', while in the Middle East & Africa 87% of outlooks are 'stable', 9% are 'positive' and 2% are 'negative'. In Emerging Asia, 88% of outlooks are 'stable', 7% are 'positive' and 3% are 'negative'. Fitch anticipated a strong likelihood of further negative rating actions in the coming months, as the operating environment for banks worldwide remains tough and the global economy continues to slow.

Source: Fitch Ratings

IRAN

Growth outlook positive, containing inflation and implementing reforms are key challenges

The International Monetary Fund expected the Iranian economy to grow by 5.7% in 2008/09, down from 6.6% in 2007/08 and 6.2% in 2006/07, but indicated that growth and external prospects remain positive, particularly in the non-oil sector. It said the external current account surplus would remain broadly unchanged at 9-10% of GDP in 2008/09 with oil prices well above their 2007/08 level, adding that gross official reserves reached \$82bn, equivalent to 12 months of imports, and the external debt declined to 9% of GDP by end-March 2008.

The Fund said inflation rose to 24.2% in April 2008 from 16.8% a year earlier and expected it to remain high. It projected the non-oil primary fiscal deficit to increase to 18.5% of GDP in 2008/09 from 17% of GDP in the previous year. This, together with the maintenance of the current monetary policy, will most likely cause inflation to remain at about 25% in the near term. It emphasized that the recent rise in inflation calls for monetary

policy to be tightened through a significant increase in interest rates to preserve the favorable short-term growth outlook.

The Fund noted that progress in structural reforms has been mixed, as the increase in energy subsidies has been contained, the VAT is close to implementation, and tax administration has been modernized. It emphasized that, in the medium-term, further fiscal consolidation will be needed to reduce inflationary pressures, prevent an erosion of external competitiveness, and reduce the economy's vulnerability to a possible decline in oil prices. In particular, it supported the plan to replace the current subsidy program by targeted cash transfers to the poor. The IMF indicated that improving Iran's competitiveness and boosting economic growth and employment creation would require the speeding of structural reforms aimed at stimulating private sector development. It underscored the need to gear the divestment process to private investors and improve the business climate.

Source: International Monetary Fund

KAZAKHSTAN

Banking risks on the rise despite external sector improvement

Fitch warned that the Kazakh banking sector's asset quality is deteriorating in a worsening macroeconomic climate despite improvement in external public finances so far in 2008. It added that the credit crunch is still working its way through the economy, and the worsening economic outlook and deteriorating bank asset quality constitute a growing source of concern. The agency said Kazakh borrowers ran up external debts totaling \$92bn by end-June 2007, equivalent to 88% of GDP, leading to the risk of a refinancing crisis when access to international capital markets tightened in the second half 2007.

Fitch said Kazakhstan's external finances have been strengthening so far in 2008, although risks have not entirely subsided. It said the banks have effectively stopped growing credit since November 2007 due to tighter funding conditions, contributing to the economy's slowdown and to the bursting of the property bubble in big cities where property prices were down 30-45% from their peaks by June 2008. Bank asset quality is suffering in this environment, as non-performing loans jumped to 5.1% of total loans at May 2008 from 1.9% at June 2007. Also, the numbers on non-performing loans may understate the extent of the problems for various reasons. Fitch expressed concern that banks may be extending repayment periods on loans to affected corporates rather than declaring the loans as non-performing. It warned that further asset quality deterioration could erode banks' loss absorption capacity, potentially leading to the need for sovereign support to the sector. It added that while bank deposits are growing, significant bank losses could eventually cause a loss of private sector confidence in the banking system, leading to a deposit run or a rush to convert tenge deposits into foreign currencies. But Fitch stressed that Kazakhstan's longer-term prospects remain bright, as the country's proven oil reserves of 40 billion barrels are 3% of the world total. Further, such reserves are half as large as those of Russia in absolute terms, and far larger relative to population and GDP.

Source: Fitch Ratings

ECONOMY & TRADE

SYRIA

EU to revive Association Agreement with Damascus

France, which currently chairs the European Union, declared it will restart the process to sign and ratify the Association Agreement with Syria. The Euro-Mediterranean Partnership agreement envisions a free-trade zone among 12 countries of the Mediterranean Basin, as well as liberalizing their agricultural and service sectors. The EU has already signed an association agreement with all participating countries with the exception of Syria. Negotiations between the EU and Syria were concluded in 2004, but the signature and ratification of the accord have been put on hold since then. The announcement came in a joint statement by the French and Syrian presidents following their meeting in Paris on July 12th. The statement did not mention a date for the signature although it said that the process would start "as soon as possible". Trade between Syria and the EU reached €6.6bn in 2007, with Syrian exports totaling €3.4bn and EU exports at €3.2bn. Crude oil and petroleum products accounted for 86% of Syrian exports to the EU last year.

Source: Syria Report

JORDAN

Insurance premiums at \$241.6m in first half of 2008

Figures issued by the Insurance Commission of Jordan show that gross premiums generated in the local market reached \$241.6m in the first half of 2008, constituting an increase of 11.7% from \$216.3m in the same period last year. General insurance premiums rose by 10.5% to \$215.9m, from \$195.4m in the first half of 2007, while life premiums increased by 23% to \$25.7m from \$20.9m over the same period of the previous year.

Source: Al-Rai Daily

SUDAN

Saudi investments to stay

Saudi companies have no plans to withdraw their investments from Sudan after the chief prosecutor of the International Criminal Court asked the court for a warrant of arrest for Sudanese President Omar Hassan al-Bashir for genocide, crimes against humanity and war crimes committed in Darfur. An adviser to Saudi firms with investments in Sudan ruled out the withdrawal of investments from the country, saying the country's investment law protects foreign investors. Saudi Arabia is the biggest Arab investor in Sudan with 314 projects valued at \$4.3bn. The projects include 212 ventures in the services sector, 107 projects in the industrial sector and 22 agricultural projects.

Source: Al Riyadh

NIGERIA

Annual inflation at 12% in June

Figures issued by the National Bureau of Statistics (NBS) show that annual consumer price inflation reached 12% in June compared to 9.7% in May and 8.2% in April, higher than the market's inflation expectations of around 10%. Food prices were the major inflation driver, rising to 18.1% year-on-year in June from 14.7% in May, while non-food inflation rose by an annu-

al 3.3% in June due to favorable base effects. Food has a 64% weighting in the consumer price index. It is not uncommon in Nigeria for food prices in the summer months to rise sharply, but international food price increases have exacerbated the seasonal price rises. Food inflation is expected to slow in the final quarter of 2008 following the fall harvest, but to remain above double digits by the end of the year. Also, the federal government disbursed \$5bn, or 2.7% of GDP, in June to the three tiers of government from the Excess Crude Account. The Central Bank of Nigeria noted earlier that threats of a resurgence of inflation are very elevated with fiscal expansion at an all-time high.

Source: Credit Suisse

IRAQ

Local assembly of German vehicles to start

The Iraqi Ministry of Industry signed a memorandum of understanding with German truck maker and engineering firm MAN Nutzfahrzeuge AG on the import and local assembly of commercial vehicles in Iraq. Under the agreement, MAN Nutzfahrzeuge, along with its sales partner Terrarmar, will build an assembly line for trucks and buses in the country. The final assembly of chassis for tippers, tankers, semi-trailer tractors and bus bodies will take place in Iraq starting in 2009, with the pre-assembled parts coming from the MAN production plant in Germany. The MAN Group said it went ahead with the project in light of the improving security situation in Iraq.

Source: MAN, Dow Jones Newswires

ALGERIA

Trade surplus at \$22.6bn in first half of 2008

Figures issued by the National Center for Information and Statistics show that Algerian exports totaled \$40.5bn in the first half of 2008, up 44.8% from the same period last year, while imports rose 37.9% to \$17.9bn in the first six months of the year. This resulted in a trade surplus of \$22.6bn trade in the first half of 2008, a rise of 51% from \$15bn in the same period of 2007. The value of oil and gas exports, which accounted for 97.8% of total exports, rose 44.9% to \$39.7bn year-on-year.

Source: APS

ARMENIA

Armenia ranks 61st in trade facilitation

The first Enabling Trade Index ranked Armenia in 61st place among 118 countries worldwide, ahead of Moldova and the Dominican Republic and behind Bulgaria and South Africa. The index, a composite of four sub-indices, measures the extent that a country has in place the necessary factors, policies and services facilitating the free flow of goods over borders and to destination. Armenia ranked in 43rd place on the Market Access Sub-Index, coming ahead of Australia and behind Poland. Also, it ranked in 87th place worldwide on the Border Administration Sub-Index, ranking ahead of Tanzania and behind Mozambique. Further, Armenia came in 77th place on the Transportation & Communication sub-index, ahead of Guatemala and behind Moldova. Finally, Armenia ranked in 53rd place globally on the Business Environment Sub-Index, ranking ahead of Italy and behind El Salvador.

Source: World Economic Forum, Byblos Research



BANKING

SYRIA

Joint Syrian-Iranian bank to be established

The government approved the establishment of a joint Syrian-Iranian commercial bank in Syria. The Syrian Iranian Commercial Bank (SICB) will be a joint-venture between the state-owned Commercial Bank of Syria (CBS) and Iranian counterparts Bank Saderat Iran, Ghadir Investment Company, and Saiba. Bank Saderat Iran, one of the country's largest state-owned banks, has been under U.S. and European Union sanctions, while CBS is under U.S. sanctions. Syrian authorities have already granted preliminary approval for the bank and the partners plan to proceed with the registration process. The new bank will have a capital of SYP2.5bn, equivalent to \$54m. The share of each partner has not been disclosed and it is not clear whether a public subscription will be organized.

Source: *Syria Report*

GHANA

Central Bank raises prime rate

The Monetary Policy Committee of the Bank of Ghana (BoG) increased the prime rate by 100 basis points to 17% due to rising inflation. Annual consumer price inflation reached 18.4% in June, driven by rising fuel, utility and food prices. The move of the BoG was less than market expectations. Last May the BoG raised the prime rate by 175bps in response to unexpectedly high inflation. The Bank of Ghana's reluctance to accelerate the pace of monetary tightening is attributed to the rising fiscal costs associated with higher debt service payments, and some doubts about how effective the overall tightening might be in either stabilizing the foreign exchange market or price levels. But with risks to inflation still on the upside, further tightening by the BoG, even ahead of elections at the end of the year, has not been ruled out.

Source: *Standard Chartered*

TURKEY

Central Bank raises policy rate

The Monetary Policy Committee (MPC) of the Central Bank of Turkey (CBT) increased the policy rate by 50 basis points to 16.75%, in line with market expectations. It left the lending rate unchanged at 20.25%, cutting the spread between the borrowing and lending rates by 50bp. The MPC said in its post-meeting statement that the current level of the policy rate would support the disinflation process, suggesting that the move could mark the top of the tightening cycle if the upcoming inflation data do not lead to a deterioration in inflation expectations and the lira remains broadly strong. But, given the medium-term upside risks to the inflation outlook, the MPC maintained its tightening bias when it said that the timing of its next move would depend on global developments among other factors. Also, the reason behind the MPC's choice of a 50bp hike over a 25bp can be attributed to improving the CBT's inflation-fighting credentials and to be prudent in the run-up to the constitutional court decision on the AKP's closure case in early August.

Source: *Merrill Lynch*

RUSSIA

Moody's upgrades 10 banks

Moody's Investors Service upgraded to 'Baa1' the long-term foreign currency deposit ratings of Bank VTB, Bank VTB North-West, Bank VTB24, DeltaCreditBank, Russian Agricultural Bank, Sberbank, Vnesheconombank, Gazprombank, Bank of Moscow and ZAO Raiffeisenbank. It also changed the outlook to 'positive' on the 'A2' senior unsecured foreign currency debt ratings of Bank VTB, Bank VTB 24, and Sberbank. It affirmed all other ratings and existing outlooks of the banks. It attributed the rating actions to the earlier upgrade of the local and foreign currency bond ratings of the Russian government to 'Baa1' with a 'positive' outlook. Moody's said it only upgraded the Russian banks whose foreign currency deposit ratings were constrained by the country ceiling for such deposits. It added that the foreign currency deposit ratings of DeltaCreditBank and ZAO Raiffeisenbank are no longer constrained by the 'Baa1' ceiling and have a 'stable' outlook following the upgrade, while the foreign currency deposit ratings of the other 8 banks remain constrained by the new ceiling and have a 'positive outlook', in line with the outlook on this ceiling.

Source: *Moody's Investors Service*

Central Bank tightens monetary policy

The Central Bank of Russia increased its refinancing rate by 25 basis points from 10.75% to 11%, constituting the fourth consecutive 0.25 percentage point rate increase this year. All other rates controlled by the CBR will also rise by 25bps. The CBR said that the tightening of monetary policy was needed in order to facilitate a further deceleration in money supply growth and inflation. It estimated that annual growth in M2 money supply should slow to 31% in July, within the end-year target of 33%. It stressed that the latest inflation target of 10.5% for end-2008 was still valid. The CBR signaled a continuation of its tightening policy by saying it was ready to hike rates further, as part of its policy tools to contain inflation.

Source: *Credit Suisse*

UKRAINE

Reserve requirements hiked

The National Bank of Ukraine increased reserve requirements on banks' short-term foreign borrowings from 4% to 20% effective August 1st. The decision would effectively impose a ban on such borrowing. The NBU expressed concern about the banking system's dependence on foreign borrowing and consequent acceleration in foreign currency consumer lending. The sector's external debt jumped 96% year-on-year to \$34bn at end-March 2008, as global uncertainty and the deterioration of Ukraine's risk profile have not been favorable for long-term borrowing. The total size of banks' short-term liabilities to non-residents was \$9.9bn in April. However, a significant part of these liabilities is owed to parent institutions of foreign-owned banks, which account for about 40% of total capital of Ukraine's banking sector. The impact of the NBU's move is expected to be on the locally-owned part of the banking sector, making it more difficult to compete with foreign-owned banks and increasing the pressure for further consolidation.

Source: *Credit Suisse, Merrill Lynch*



ENERGY / COMMODITIES

Oil trades near seven-week low as U.S., Japanese demand drops

Crude oil traded near a seven-week low after reports showed demand in the U.S. and Japan, two of the three largest oil consuming countries, fell as high prices reduce fuel consumption. U.S. fuel demand averaged 19.9 million barrels a day last week, the lowest since January 2007. Japan imported 0.7% less oil in June than a year ago, the first decline in nine months. Crude oil for September delivery was at \$124.20 a barrel, down 24 cents, on the New York Mercantile Exchange. Oil dropped \$3.98, or 3.1% on July 23, to settle at \$124.44 a barrel, the lowest closing since June 4th. Futures have lost 5% this week. Oil prices also fell as the Energy Department report showed that gasoline supplies rose 2.85 million barrels last week. Stockpiles of distillate fuel climbed 2.42 million barrels. Brent crude oil for September settlement was at \$125.08 a barrel, down 21 cents, on London's ICE Futures Europe exchange. It dropped \$4.26, or 3.3%, to close at \$125.29 a barrel on July 23.

Source: Bloomberg

Iraq presses oil majors to shorten service contracts worth \$3bn

Iraq has asked international oil companies to revise proposals for technical service contracts worth about \$3bn that aim to boost the country's oil output by about a quarter. The revisions could delay the signing of the six contracts worth around \$500m each, until August or September. The short-term deals are being negotiated by Royal Dutch Shell, Shell in partnership with BHP Billiton, BP, Exxon Mobil and Chevron in partnership with Total. A consortium of Vitol, Dome and Anadarko is negotiating the sixth contract. The deals aim to boost oil output by 100,000 bpd at each of six of Iraq's largest producing oilfields, adding to current production of around 2.3 million bpd.

Source: Gulf Times

UAE to cut oil output in October

The UAE will cut oil output by 150,000 to 200,000 barrels per day for 40 days in October and November for maintenance. The scheduled shutdown will reduce the country's oil output by up to 7.5%. The UAE pumped around 2.6 million bpd in June.

Source: Reuters

Syria to have first private power plant

Kharafi Cham, a Syrian-Kuwaiti firm, will build Syria's first private power plant following an agreement with the Ministry of Electricity. The plant will have a capacity of 750 MW and will be built in Jandar near Homs. It will be the first power plant to be operated by the private sector. The entire production and supply chain of the electricity sector in Syria is in the hands of the state, although the ministry announced that it was seeking to attract private investors on Build-Own-Operate (BOO) basis.

Source: Syria Report

Ukraine, Gazprom reach gas supply compromise

Prime Minister Tymoshenko declared that Ukraine and Gazprom have reached a compromise about terms of gas supply deliveries to Ukraine next year. The two sides have chosen a model for setting the price in 2009 and a specific price level will be determined after talks between Gazprom and Central Asian gas suppliers.

Source: Credit Suisse

Base metals: Supply disruptions in China affect prices

Base metal prices were mixed. While the larger aluminum and copper markets have been trading in a rather calm trend, the smaller markets, like lead and zinc, have experienced rather large price jumps recently. The production cutbacks and outages in China are significant for base metals as a whole. China also announced an aluminum production cutback, as problems with energy outages are mounting because of a shortage of coal in combination with increased demand. Since China is still an important base metal producer, production cutbacks are supportive for the overall sector. However, for lead and zinc, the disruptions are too small to justify the current rally.

Source: Credit Suisse

Precious metals: Gold trades at lowest in more than two weeks

Gold traded at its lowest in more than two weeks in Asia after the U.S. dollar rallied to a two-week high against the euro and crude oil extended losses, cutting demand for the metal as hedge against inflation. Gold dropped as oil traded as low as \$123.89 a barrel, a 16% decline from the July 11 record. The dollar climbed for a second session against the euro. Gold has climbed 10% this year while oil has jumped 29% and the dollar has fallen 7% against the euro. Gold for immediate delivery was little changed at \$921.40 in Singapore after falling to \$917.10 an ounce, the lowest since July 9th. Silver fell 0.4% to \$17.2875 an ounce. August-delivery gold was little changed at \$921.30 an ounce in after-hours electronic trading on Comex in Singapore, while gold for December delivery traded in Shanghai fell 2.3% to \$925 an ounce. Gold for June 2009 delivery fell 1.9% to \$928 an ounce on the Tokyo Commodity Exchange.

Source: Bloomberg

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	265.1	255.9	233.6	-1.0	30.1
LME metals price index	3890.0	3978.7	3859.0	0.4	-4.1
Oil prices USD	129.6	115.3	100.1	-3.1	75.0
Oil prices SDRs	79.1	71.3	63.0	-4.5	63.7
Gold \$/troy oz	971.9	917.7	835.9	10.3	45.9
Silver cents/troy oz	1867.0	1762.4	1566.3	8.4	44.7
Platinum \$/troy oz	1893.0	1988.6	1689.6	-7.5	44.6
Copper \$/MT	8300.5	8246.6	7806.0	1.5	5.9
Nickel \$/MT	20447.5	26543.4	27864.6	-12.9	-35.7
Aluminium \$/MT	3058.5	2905.2	2684.6	4.3	12.3
Zinc \$/MT	1791.5	2211.4	2523.5	-2.7	-49.3
Steel - HR coil dry \$/MT	605.0	605.0	589.8	0.0	10.0

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	AA-	AA-	A	17.6	3.8	7.8	15.2	2.0	154.9	29.3	0.2
	Stable	-	Stable	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+	Baa1	BBB+	-	BBB	3.5	5.3	29.4	112.5	17.1	82.4	3.7	0.9
	Positive	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	07-Aug-08
Japan	O/N Call Rate	0.50	15-Jul-08	No change	19-Aug-08
Australia	Cash Rate	7.25	02-Jul-08	No change	05-Aug-08
New Zealand	Cash Rate	8.00	23-Jul-08	Cut 25bps	11-Sep-08
Switzerland	3 month Libor target	2.75	19-Jun-08	No change	18-Sep-08
Canada	Overnight rate	3.00	15-Jul-08	No change	03-Sep-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	3.50	16-Jul-08	Raise 25bps	27-Aug-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	N/A
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	16.75	17-Jul-08	Raise 50bps	14-Aug-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	17.00	21-Jul-08	Raise 100bps	22-Sep-08
Mexico	Target Rate	7.75	20-Jun-08	Raise 25bps	18-Jul-08
Brazil	Selic Rate	13.00	23-Jul-08	Raise 75bps	N/A
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	Refi Rate	4.25	03-Jul-08	Raise 25bps	07-Aug-08
Kazakhstan	Refi Rate	10.50	25-Jun-08	Cut 50bps	Sep-08



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