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BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Trade talks collapse despite progress on a list of issues

The World Trade Organization announced the collapse of the negotiations of the Doha Development Round after nine days of marathon talks among ministers from 30 countries. WTO Director-General Pascal Lamy said the ministers failed in their effort to agree on blueprint agreements in agriculture and industrial products. He said that out of a to-do list of 20 topics, 18 had seen positions converge but the gaps could not narrow on the 19th, the special safeguard mechanism for developing countries, which would allow them to raise tariffs temporarily in order to deal with import surges and price falls. He noted that the talks' failure does not mean the end of the Doha Round, but estimated the economic cost of the failure at more than $130bn in tariff savings annually by the end of the implementation period, with $35bn savings in agriculture and $95bn in industrial goods. The Doha Round, launched in 2001, aimed to help poor countries around the world by using trade to boost economic development.

Source: World Trade Organization

EMERGING MARKETS

Resilience of markets tested by global turmoil

The International Monetary Fund indicated that emerging markets remain relatively resilient to the global credit turmoil so far, but external funding conditions are tightening and some emerging markets are coming under increased scrutiny, especially regarding their policies to address rising inflationary pressures. It said global financial markets continue to be fragile and indicators of systemic risk remain elevated, adding that investors are becoming more cautious about adding to positions. As commodity prices rise, risk appetite wanes, and external financing conditions tighten, markets have become increasingly discriminating with regard to the risks posed by large external imbalances. It noted that risk premia for emerging economies with a current account deficit of 5% of GDP or more are returning to their mid-March highs and equity markets are underperforming those of countries with smaller external imbalances.

Source: International Monetary Fund

MENA

Top 1000 banks in world include 97 banks from region

The Banker magazine's 2008 survey of the Top 1000 banks in the world included 97 banks from the Middle East on the list, up from 94 in the previous survey. The Middle East accounted for 4% of Tier One capital, 2% of total assets and 4% of aggregate profits of the Top 1000 banks in 2007. *The Banker* ranks banks according to Tier One capital at year-end 2006 as defined by the Basel Bank for International Settlements. The top ranked bank in the region remained the National Commercial Bank of Saudi Arabia, coming in 109th place globally with Tier One capital of $7.9bn. The aggregate Tier One capital of the 97 banks from the region rose by 26.4% to $145.7bn and their assets increased by 27.7% to $1,622bn, while their pre-tax profits grew by 8% to reach $28.6bn in 2007. The top 25 banks in the region include 8 banks from Saudi Arabia,7 from the UAE, 3 from Israel, 2 from each of Bahrain and Kuwait, and one from each of Jordan, Qatar and Syria. *The Banker* noted that the aggregate pre-tax profits of the 97 banks were a little higher than those of HSBC Holdings.

Source: The Banker

ALGERIA

Privatization process was a mistake

President Abdelaziz Bouteflika called the process of privatization adopted by the government a "mistake" and pledged to change the rules governing private industry and foreign investment in the country. He added that his investment policies did not achieve the economic growth he expected and that weaknesses in the implementation of economic policy allowed some foreign investors to profit at Algeria's expense and not reinvest earnings in the country. He also vowed to radically review privatization and investment rules. The president also criticized local private enterprises, accusing them of investing in "easy" sectors.

Source: APS, Reuters

TURKEY

Court rules against ban of ruling party

The Constitutional Court rejected the Chief Prosecutor's demands to ban the ruling Justice & Development Party (AKP) and bar 71 members from politics on the ground that it was seeking to introduce elements of Islamic law in defiance of the state's avowed secularism. Six of the 11 judges voted to shut down the party, falling one vote short of the required qualified majority for disbanding a political party. Instead of a ban, the Court imposed a financial penalty on the AKP, cutting by half the $40m in financial support that the party receives from the Treasury. The chief judge of the court said that the financial sanctions were a "serious warning" to the AKP. The decision constitutes an important development in reducing political uncertainty in the immediate term, but the growing polarization of the political environment remains a major threat to stability and economic policy-making.

Source: Credit Suisse, Economist Intelligence Unit

GCC

Sukuk issuance rises 17% to $17bn

International law firm Trowers & Hamlins said the issuance of Islamic corporate bonds, or sukuks, in the Gulf Cooperation Council increased by 17 % to a record $17bn during the past 12 months. Also, the issuance of corporate sukuks in the Gulf rose more than 10-fold over the past five years, from just $964m in 2002-03. The value of Islamic bonds issued in the Gulf over the past year was almost 30% higher than the amount of conventional paper debt, which rose marginally to $11.2bn in 2007-08 from $11.1bn. Despite the credit crunch, Western institutions have emerged as the majority purchasers of Islamic debt, now accounting for around 60 % of take-up.

Source: Gulf News, Trowers & Hamlins

OUTLOOK

WORLD

Global growth to slow to 4.1% in 2008 and 3.9% in 2009, inflation is key risk for emerging economies

The International Monetary Fund forecast global growth to slow from 5% in 2007 to 4.1% in 2008 and 3.9% in 2009. It also expected growth in emerging and developing economies to slow from 8% in 2007 to 6.9% in 2008 and 6.7% in 2009. The Fund said the global economy is caught between sharply slowing demand in many advanced economies and rising inflation everywhere, notably in emerging and developing economies. It raised its inflation forecasts for emerging economies by more than 1.5 percentage points to 9.1% in 2008 and 7.4% in 2009, adding the moderation in inflation in 2009 will depend on more assertive tightening of monetary conditions.

The Fund said risks to the global growth outlook are balanced. Demand in advanced and emerging economies might be more resilient than projected to recent commodity price and financial shocks. However, financial markets remain fragile and inflation is a rising concern. Also, the risk of second-round effects from the surge in commodity prices complicates policymakers' response to the slowdown, particularly in advanced economies, while in emerging economies stronger action is likely to be needed to cool activity and reverse rising inflation momentum. The IMF considered that the capacity of the global economy to absorb large shocks is being increasingly challenged, adding that how the economy will navigate through the latest turbulence in financial and commodity markets will crucially depend on how successfully policymakers respond to a fast-changing set of risks in many advanced and emerging economies. The Fund said the top priority for policymakers is to contain rising inflationary pressure while keeping sight of risks to growth. It encouraged tighter monetary policy and greater fiscal restraint in emerging markets, combined in some cases with more flexible exchange rate management.

Source: International Monetary Fund

EGYPT

Maintaining high growth, keeping reform momentum and containing inflation are main challenges

Citigroup expected Egypt's economic growth to decline from 7.2% in 2007 to 6.2% in 2008 and 5% in 2009, and said that maintaining the government's objective of a 7% growth rate will require progress on a second-generation of reform measures, including civil service reform, education reform and giving SMEs better access to financing. It indicated that the economy's rapid growth in the past four years has been a function of an undervalued currency, strong external demand, a disciplined reform process and a high level of capital inflows. It noted, however, that these factors are unlikely to be as supportive in the near term as they have been in the recent past. While Egypt's exchange rate remains undervalued and high energy prices continue to be a positive factor for the country's balance of payments, the external environment for Egypt's non-fuel exports has deteriorated. In addition, the privatization process will generate fewer capital inflows than earlier this decade, and the current inflationary shock is likely to undermine real domestic spending growth. As a result, it forecast the current account to post a deficit of 2.9% of GDP and 6.9% of GDP in 2009 relative to a surplus of 0.5% of GDP in 2007.

Citigroup noted that the diminished chances of maintaining rapid growth will have important consequences for public finances, and forecast the general government deficit to increase from 4.8% in 2007 to 6.3% in 2008 and 7.3% in 2009. It considered that the government's commitment to cutting the budget deficit to 3% of GDP by 2010/11 will be difficult against a background of weaker growth.

Citigroup considered that inflation remains a major challenge and is unlikely to fall below 20% for the rest of 2008, and expected it to average 19.4% in 2008 before declining to 8.7% in 2009. It said exchange rate policy will likely remain caught between the conflicting objectives of supporting growth and reducing inflation, adding that the real exchange rate will strengthen due to the high inflation differential between Egypt and its trading partners.

Source: Citigroup

MOROCCO

Economic outlook favorable, subsidies are key challenge

The International Monetary Fund projected economic growth in Morocco to increase from 2.7% in 2007 to 6.6% in 2008, with non-agricultural growth at 6.1% this year compared to 6.6% last year. It said the outlook remains favorable despite the more difficult global environment, due to continued good economic performance, an increasingly diversified economy, stronger public finances, and a sound financial sector. It noted that key risks to the outlook include possible fiscal and inflation risks from continued increases in world commodity prices. The Fund noted that the remarkable fiscal consolidation efforts of recent years have provided the fiscal space in the short term to absorb the impact of higher world prices for subsidized products without undermining macroeconomic stability. It considered, however, that Morocco's universal subsidy scheme is the most important policy issue facing the authorities, adding that a better targeting of subsidies over the medium term will be crucial to minimize fiscal risks and ensure adequate financing of the government's policy priorities.

In parallel, the IMF encouraged a more ambitious fiscal consolidation to further strengthen macroeconomic stability, and stressed that robust public finances constitute a key prerequisite to Morocco's planned move over the medium term to a more flexible exchange rate regime. It forecast a budget deficit of 3.5% of GDP this year and for the public debt to decline to 52% of GDP at end-2008. It said that the dirham's peg to a basket of currencies has anchored macroeconomic stability, and that its level appears broadly in line with fundamentals. The IMF stressed that continued structural reforms remain crucial to further lift growth and reduce its volatility, and to continue to make progress in reducing unemployment. It encouraged Morocco to make further inroads in trade liberalization, in particular by lowering its general tariffs.

Source: International Monetary Fund

ECONOMY & TRADE

UAE

Abu Dhabi sovereign ratings affirmed, outlook stable

Standard & Poor's affirmed Abu Dhabi's 'AA' long-term and 'A-1+' short-term sovereign credit ratings with a 'stable' outlook. It said the ratings are supported by the government's very strong asset position that provides significant financial flexibility, the country's high level of political stability and wealth, underpinned by its rich resource endowment, and by policies that reinforce Abu Dhabi's integration in the global economy. The agency added that the ratings are constrained by the geopolitical risks that face all sovereigns in the region, the limited disclosure on the government's assets, and growing contingent liabilities arising from the banking system and the public sector of the UAE as a whole. S&P said the 'stable' outlook balances the emirate's strong financial position and prudent policies against geopolitical risks, rising contingent liabilities, and potential impediments to growth stemming from undeveloped institutions.

Source: Standard & Poor's

TURKEY

Ratings tolerant to shocks so far

Fitch Ratings indicated that although Turkey has been affected by several adverse shocks this year, these shocks do not warrant negative action on the country's ratings. Turkey has long- and short-term foreign currency ratings of 'BB-' and 'B', respectively, with a 'stable' outlook and a Country Ceiling of 'BB'. The agency said Turkey has been hit by several adverse developments this year, including an inflationary shock and a weakening in its inflation target, a widening current account deficit amid a more challenging financing environment, and a relaxation of its fiscal framework. Also, the clash between the Justice & Development Party (AKP) government and the secular establishment has heightened political risk. Fitch said Turkey's sovereign ratings are underpinned by fundamentals including the highest income per capita in the 'BB' range, an open and diverse economy, declining public debt ratios, a good debt service record and debt management capacity, and a banking system and business climate that compare favorably with its rated peers. However, risks have increased and negative rating action is possible if political instability, balance of payment pressures or the inflation outlook deteriorate to the extent that they more seriously affect investor sentiment, macroeconomic stability, and fiscal and external financing.

Source: Fitch Ratings

ARMENIA

Tax inspection agencies merged, 6 banks are among top 100 taxpayers

The government announced it has established a tax inspection agency for large taxpayers by merging separate tax agencies for large taxpayers, value-added tax payers, banks, credit organizations and the mining industry. It said the move is part of the reform and modernization of the tax system. The International Monetary Fund recently said that, despite a notable improvement in 2007, the tax-to-GDP ratio in Armenia is still lower than in most transition countries, and well below potential. It added that the government's ambitious tax reform agenda requires firm political commitment to succeed and stressed the need to address privileged tax regimes. In parallel, the Taxation Service indicated that 6 Armenian banks were among the top 100 taxpayers in Armenia, with an additional 8 banks and three credit organizations among the country's 300 largest taxpayers in the first half of 2008. They contributed AMD7.1bn to the Treasury, of wich 94.6% were in direct taxes.

Source: ARKA, International Monetary Fund

UKRAINE

Current account deficit widens in first half

Data issued by the Central Bank of Ukraine shows that the current account deficit reached $6.7bn in the first half of 2008 compared to $3.9bn in the same period last year. The deficit was $3.1bn in the second quarter of 2008 and $3.6bn in first quarter of the year. On a 12-month rolling basis, the current account deficit widened to $10.6bn, or 6.4% of GDP at end-June 2008, from $8.3bn, or 5.5% of GDP at the end the first quarter of the year. Exports grew by 40.5% and imports rose by 40.9% in dollar terms over the first half of the year, with the value of energy imports rising by 50%. Net FDI totaled $5.1bn in the first half of 2008, with net FDI close to $1.8bn in the first quarter and $3.3bn in the first quarter. Therefore, total FDI covered 76% of the current account deficit for the same period. On a 12-month rolling basis, net FDI was equivalent to 7.4% of GDP, above the current account deficit of 6.4% of GDP. The strength of net FDI and portfolio inflows in the first half of 2008 explains the rise of $3bn in foreign reserves so far this year. However, the current account deficit is set to widen further this year to about 8% of GDP, due primarily to the ongoing deterioration in Ukraine's terms of trade.

Source: Credit Suisse

MENA

IPOs raise $8.7bn in first half of 2008

Figures issued by Ernst &Young show that the total capital raised in the first half of 2008 through initial public offerings amounted to $8.7bn from 26 IPOs compared to $4.83bn from 33 IPOs during the same period last year. It said 13 companies raised $3.8bn in the first quarter and 13 firms raised $4.72bn in the second quarter of this year, as the trend in the market is for fewer but larger IPOs. It noted that surging petrodollar liquidity, robust growth and economic liberalization in the region are set to fuel the demand for initial public offerings. It added that the IPO pipeline shows few residual effects from the regional stock market crash of 2006 and that, despite the lackluster secondary market, the demand for primary issues continues to remain strong. It added that the Middle East IPO markets are becoming less volatile because they are tightly controlled by regulatory authorities, while liberalization of rules on foreign participation in the markets is also helping the revival.

Source: Ernst & Young

JORDAN

Bank assets reach JD29bn at end-June 2008

The consolidated balance sheet of commercial banks in Jordan indicates that total assets reached JD29bn at the end of the first half of 2008, constituting an increase of 8% from JD26.8bn at year-end 2007 and a rise of 12% from end-June 2007. Resident private sector deposits reached JD13.8bn, up 10.7% from end-2007 and 15.7% year-on-year, while deposits of non-financial institutions rose by 1.7% to JD101.6m annually. Resident private sector loans rose by 13.6% in the first half and by 18.5% year-on-year to JD12.5bn, while credit facilities to the non-resident private sector rose by 80% in the fist half of the year and by 96.4% annually to JD557.5m. Resident private-sector lending accounted for 43% of total assets. In parallel, public sector deposits reached JD834m, up 27.3% year-on-year, while claims on the public sector rose by 50% annually to JD3.5bn, with claims on the central government accounting for 82% of lending to the public sector compared to 79.7% at the end of 2007. Claims on the public sector accounted for 12.1% of total assets compared to 9% a year earlier. Further, deposits at the Central Bank of Jordan (CBJ) totaled JD3.88bn, up from JD3.84bn a year earlier and accounted for 13.4% of total assets. Capital accounts and allowances rose by 8% in the first half and by 13.8% year-on-year to JD3.8bn.

Source: Central Bank of Jordan, Byblos Research

SYRIA

Restrictions on foreign currency transfers loosened

The Central Bank of Syria loosened its restrictions on foreign currency transfers by allowing Syrians travelling abroad to withdraw the equivalent of up to $10,000 from their Syrian pound accounts. The decision allows local banks to open accounts that their clients can use for their international payment cards. These accounts will hold a maximum of $10,000 or its equivalent in Syrian pounds or in any other foreign currency. The significant part is the fact that these accounts can be held in Syrian pounds, meaning that in effect Syrians will be able to buy abroad foreign currencies of up to $10,000 or its equivalent without any justification. Currently, Syrians are allowed to buy foreign currencies from money changers in the market but are not allowed to transfer abroad any amount, except for traders wishing to finance their imports. Also, Syrians travelling abroad are allowed to carry with them up to $5,000 in cash upon justification.

Source: Syria Report

TUNISIA

Foreign reserves up 16% annually, Central Bank maintains policy rate

Figures released by the Central Bank of Tunisia (BCT) show that foreign currency reserves 10.4bn Tunisian dinars, or $8.9bn, up 16.4% year-on-year. The BCT attributed the rise to a 7.5% growth in tourism revenues and a 10.6% increase in remittances from Tunisian expatriates. However, the country's import cover shrank to 136 days from 145 days a year earlier due to soaring commodity prices on world markets. In parallel, the BCT kept its key interest rate unchanged at 5.25%, in line with market expectations, as consumer price inflation decelerated for a second consecutive month to 4.9% in June from 5.3% in May.

Source: Banque Centrale de Tunisie

ARMENIA

Moody's assigns ratings to Ardshininvestbank

Moody's Investors Service assigned a bank financial strength rating (BFSR) of' D-' to Ardshininvestbank, as well as 'Ba3' long-term and Not Prime short-term foreign currency deposit ratings and 'Ba1' long-term and Not Prime short-term global local currency deposit ratings. The outlook on all ratings is 'stable'. The agency said the bank's BFSR rating reflects its good franchise as one of Armenia's largest banks and its good financial metrics. It also reflects intensifying competitive pressures following the entry of foreign banks in the market and high concentrations on both sides of the balance sheet. The agency expects that intensifying competitive pressures will weigh on the bank's currently exceptional margins while asset quality will weaken to levels observed in other countries when undergoing similar stages of development.

Source: Moody's Investors Service

GHANA

IMF encourages sector's deregulation and progress on anti-money laundering legislation

The International Monetary Fund welcomed recent steps by Ghana's authorities to improve banking supervision and the plans to recapitalize state-owned banks. It emphasized the importance of a strengthened and deregulated banking system, adding that these measures would be enhanced by accompanying improvements in the Central Bank of Ghana's capacity to enforce prudential norms and a gradual deregulation of banking rates of return and credit allocation. The Fund encouraged the completion of ongoing work in the area of anti-money laundering legislation through the adoption of appropriate implementing regulations, and noted the authorities' commitment to establishing an appropriate framework for combating the financing of terrorism. It also welcomed the authorities' intention to continue cooperating with international financial institutions on these issues.

Source: International Monetary Fund

NIGERIA

Central Bank to post examiners at banks

The Central Bank of Nigeria (CBN) announced plans to post Resident Bank Examiners at banks starting in January 2009. The CBN Governor Chukwuma Soludo said the examiners will monitor and supervise the activities of the banks on a daily basis and report to Head Office. The objective is to strengthen the CBN's effectiveness in terms of risk-based supervision and to enhance hands-on knowledge of the banks' operations, the complexity of their risk profile and to provide real-time and continuous evaluation of their operations. The governor added that the requirement for the adoption of a uniform year-end accounting system in the banking industry from December 2008 has been postponed.

Source: Vanguard

Oil trades above $126 after rising on U.S. gasoline supply drop

Crude oil traded above $126 a barrel in New York after rising the most since July 10 on data showing U.S. gasoline inventories fell for the first time in five weeks. It gained $4.58 on July 30 to the highest close since July 22nd. Gasoline supplies dropped 3.53 million barrels to 213.6 million barrels last week. Crude-oil supplies declined less than forecast, while refiners kept operating rates little changed because of reduced returns from making gasoline. Crude oil for September delivery was at $126.80 a barrel, up 3 cents. Prices are 62% higher than a year ago. Futures gained $4.58, or 3.8%, to settle at $126.77 on July 30, the highest close since July 22nd. Crude supplies declined 81,000 barrels to 295.2 million barrels last week. Inventories of distillate fuel rose 2.4 million barrels to 130.5 million barrels last week. U.S. fuel consumption averaged 20.2 million barrels a day in the past four weeks, down 2.4% from a year earlier. Oil has fallen 9.4% this month, set for its biggest monthly decline since September 2006.

U.S. refinery utilization rates reached 87.2%, compared with 87.1% a week earlier and 89.5% in the week ended July 11th as gasoline demand in the U.S. peaks during the summer. Gasoline for August delivery rose 12.74 cents on July 30, or 4.2%, to settle at $3.1351 a gallon in New York, the highest close since July 22nd. Futures reached a record $3.631 on July 11th.
Source: Bloomberg

Allocation of 461 million square feet site for Kurdistan Gas City

The Kurdistan Regional Government awarded Crescent Petroleum and Dana Gas a 461 million square foot site to develop the Kurdistan Gas City which includes industrial, residential and commercial components expected to attract an estimated $40bn in FDI.
Source: Dow Jones Newswires

Algerian oil revenues to reach $80bn this year

Sonatrach expects oil revenues to reach $80bn by the end of the current year. The company said Algeria would not build on skyrocketing oil prices to increase its oil output, currently standing at 1.45 million barrels per day.
Source: APS

Sonatrach awards $4.5bn contract to Italian-Japanese consortium

Algerian energy company Sonatrach awarded Italy's Snamprogetti and Japan's Chiyoda a $4.5bn construction contract for a liquefied natural gas plant in the western Mediterranean port of Arzew. The plant will have an annual production capacity of 4.7 million tons a year. The project aims at raising Algeria's gas exports to 85 billion cubic meters a year by 2012.
Source:Upstream

Base metals: Weak Chinese trade data weigh on prices

Base metal prices have shown a subdued performance recently. The publication of the Chinese trade data is the main reason for the negative market sentiment. While the data looks negative at the first glance, most of the deterioration is likely due to temporary effects. In aluminum, the increase in net exports of unwrought material is mainly due to higher exports of aluminum alloy ahead of an anticipated increase in export tariffs. In copper, the decline in imports is mainly due to an increase in domestic production of refined copper. However, the increase in domestic production most likely went along with significant destocking of ore inventories and thus a renewed pick-up in imports is expected later this year. However, moderately higher prices is still expected for most metals in the months ahead, as costs are still surging and supply remains tight.
Source: Credit Suisse

Precious metals: Gold rises from five-week low after crude oil rallies

Gold rose from a five-week low as a rally in crude oil boosted demand for the precious metal as a hedge against inflation. Gold has gained 9.3% this year while crude oil has advanced 32%. Gold for immediate delivery gained as much as $5.90, or 0.7%, to $912 an ounce, and traded at $911.43 in Singapore. Gold dropped to $894.17 an ounce on July 30, the lowest since June 26th. Silver for immediate delivery added 0.4% to $17.5525 an ounce at the same time. Gold for June delivery on the Tokyo Commodity Exchange fell to $919 an ounce. Gold for December delivery on the Comex division of the New York Mercantile Exchange advanced $8.20, or 0.9%, to $920.50 an ounce in after-hours electronic trading. Gold for December delivery on the Shanghai Futures Exchange was unchanged at $919 an ounce.
Source: Bloomberg

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	255.3	257.1	234.6	-4.1	23.0
LME metals price index	3743.1	3991.4	3852.4	-4.6	-10.0
Oil prices USD	125.5	116.8	101.1	-8.5	70.7
Oil prices SDRs	77.2	72.1	63.6	-8.7	61.5
Gold $/troy oz	920.8	919.8	841.0	3.5	34.6
Silver cents/troy oz	1752.0	1771.0	1575.7	4.0	31.3
Platinum $/troy oz	1729.0	1998.5	1698.9	-15.1	29.7
Copper $/MT	8259.0	8298.5	7811.2	-2.7	1.2
Nickel $/MT	190075	26276.7	27608.9	-12.0	-41.3
Aluminium $/MT	2936.3	2928.4	2688.8	-4.2	5.9
Zinc $/MT	1891.3	2197.1	2488.9	0.9	-50.4
Steel - HR coil dry $/MT	605.0	605.0	590.9	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								
	-	-	-	-	Stable	9.4	14.0	3.1	5.4	1.9	3.7	14.4	0.8
Angola	-	-	-	-	BB								
	-	-	-	-	Stable	3.8	10.9	13.8	14.5	5.3	41.2	31.6	2.4
Egypt	BB+	Ba1	BB+	BBB-	B								
	Stable	-	Positive	Stable	Stable	-6.9	82.5	21.9	55.2	6.0	109.2	1.4	4.6
Ethiopia					CCC								
	-	-	-	-	Stable	-4.8	-	20.5	327.7	2.9	458.7	-8.7	2.2
Ghana	B+	-	B+	-	B								
	Stable	-	Stable	-	Stable	-8.0	-	35.3	120.0	3.3	219.3	-9.8	-
Ivory Coast	-	-	-	-	CCC								
	-	-	-	-	Stable	-3.4	-	47.6	97.4	4.2	339.0	6.9	-
Libya	-	-	-	-	BB								
	-	-	-	-	Stable	31.4	4.3	8.9	11.4	2.8	5.6	16.8	2.4
Mauritania	-	-	-	-	-								
	-	-	-	-	-	-2.3	105.9	78.9	123.4	4.5	-	-2.6	-
Morocco	BB+	Ba1	BBB-	BBB-	BB								
	Stable	-	Stable	Stable	Stable	-1.8	54.3	22.2	115.7	7.9	63.3	1.0	4.0
Nigeria	BB-	-	BB-	-	BB								
	Stable	-	Stable	-	Stable	-1.2	14.4	4.2	8.6	0.5	-	9.6	1.2
Sudan	-	-	-	-	CC								
	-	-	-	-	Negative	-3.1	83.6	51.3	205.9	2.1	-	-5.6	3.8
Tunisia	BBB	Baa2	BBB	BBB	BBB								
	Stable	-	Stable	Stable	Stable	-1.5	49.1	52.7	90.5	12.3	232.1	-1.9	2.8
Middle East													
Bahrain	A	A2	A	A	A								
	Stable	-	Stable	Stable	Stable	8.3	25.6	112.1	140.2	5.1	680.5	12.6	10.5
Iran	-	-	B+	BB-	B								
	-	-	Stable	Stable	Stable	-9.3	22.7	4.4	16.5	2.8	19.2	7.7	2.4
Iraq	-	-	-	-	C								
	-	-	-	-	Positive	26.5	-	90.6	137.1	2.9	267.8	18.2	-
Jordan	BB	Ba2	-	BB	B								
	Stable	-	-	Stable	Stable	-4.6	72.6	87.6	237.8	6.1	220.6	-13.2	11.5
Kuwait	AA-	Aa2	AA-	AA-	A								
	Stable	-	Stable	Stable	Stable	33.0	6.9	15.2	3.1	3.5	83.2	47.9	-7.3
Lebanon	CCC+	B3	B-	B-	CCC								
	Stable	-	Stable	Negative	Stable	-13.2	176.1	100.0	767.3	22.8	255.8	-11.2	5.1
Oman	A	A2	-	A	A								
	Stable	-	-	Stable	Stable	10.4	5.6	11.4	20.5	5.9	79.6	13.6	2.0
Qatar	AA-	Aa2	-	AA-	A								
	Stable	-	-	Stable	Stable	12.0	11.4	59.3	104.0	11.0	565.3	35.8	2.2
Saudi Arabia	AA-	A1	AA-	AA-	A								
	Stable	-	Stable	Stable	Stable	17.6	3.8	7.8	15.2	2.0	154.9	29.3	0.2
Syria	-	-	-	-	CCC								
	-	-	-	-	Stable	-5.5	40.3	13.7	39.8	3.2	100.7	2.2	1.6
UAE	-	Aa2	-	AA-	A								
	-	-	-	Stable	Stable	28.5	11.8	55.6	64.5	2.5	303.9	20.9	1.8
Yemen	-	-	-	B-	B								
	-	-	-	Stable	Stable	-5.2	-	25.8	97.0	3.1	80.6	-3.9	

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	-	-								
	-	-	Stable	-	-	-2.4	14.6	22.2	227.3	2.6	126.2	-4.0	2.8
Bulgaria	BBB+	Baa3	BBB	-	BBB								
	Stable	-	Stable	-	Stable	3.1	16.2	106.9	174.3	18.1	299.8	-19.3	13.7
Kazakhstan	BBB-	Baa2	BBB	-	BB								
	Negative	-	Stable	-	Stable	3.4	4.6	88.9	201.9	48.5	578.4	-5.0	5.6
Romania	BBB-	Baa3	BBB	BBB-	BB								
	Negative	-	Stable	Stable	Stable	-3.4	12.8	45.3	193.5	24.0	238.0	-15.6	6.4
Russia	BBB+	Baa1	BBB+	-	BBB								
	Positive	Positive	Stable	-	Stable	3.5	5.3	29.4	112.5	17.1	82.4	3.7	0.9
Turkey	BB-	Ba3	BB-	BB-	B								
	Negative	-	Stable	Stable	Stable	-0.7	50.2	44.5	200.2	37.5	249.5	-5.2	3.1
Ukraine	BB-	B1	BB-	-	BB								
	Negative	-	Positive	-	Stable	-2.5	14.5	48.4	143.3	16.4	193.4	-4.4	3.8

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	25-Jun-08	No change	25-Aug-08
Thailand	1D Repo	3.50	16-Jul-08	Raise 25bps	27-Aug-08
India	Repo rate	9.00	29-Jul-08	Raise 50bps	30-Aug-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	8.00	18-Jul-08	Raise 25bps	15-Aug-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

Economic Research & Analysis Department
Byblos Bank Group
P.O. Box 11-5605
Beirut - Lebanon
Tel: (961) 338 100
Fax: (961) 217 774
E-mail: research@byblosbank.com.lb
www.byblosbank.com.lb

BYBLOS BANK GROUP

LEBANON

Byblos Bank S.A.L
Achrafieh Beirut,
Elias Sarkis Avenue- Byblos Bank Tower
P.O.Box: 11-5605
Riad El Solh Beirut 1107 2811
Phone: (+961) 1 335200
Fax: (+961) 1 339436

SYRIA

Byblos Bank Syria S.A
Abu Roummaneh Head Office
Al Chaalan - Amine Loutfi Hafez Str.
P.O.Box: 5424
Phone: (+ 963) 11 9292 - 3348240 / 1 / 2 / 3 / 4
Fax: (+ 963) 11 3348207
E-mail: byblosbanksyria@byblosbank.com

SUDAN

Byblos Bank Africa Ltd.
Khartoum - Sudan
El Amarat -Street 21
P.O.Box: 8121 - El Amarat - Khartoum - Sudan
Phone: (+249) 183 566 444
Fax: (+249) 183 566 454
E-mail: byblosbankafrica@byblosbank.com

IRAQ

Erbil Branch, Kurdistan, Iraq
Street 60,
Near Sports Stadium
P.O.Box: 34 - 0383 Erbil, Iraq
Phone: (+ 964) 66 2233457 / 9
Fax: (+ 964) 66 2233458
E-mail: iraqbranch@byblosbank.com.lb

UNITED ARAB EMIRATES

Byblos Bank Abu Dhabi Representative Office
Intersection of Muroor and Electra Streets
P.O.Box: 73893 - Abu Dhabi
Phone: (+ 971) 2 6336400
Fax: (+971) 2 6338400
E-mail: byblosbankuae@byblosbank.com

BELGIUM

Byblos Bank Europe S.A
Bussels Head Office
10, Rue Montoyer
B-1000 Brussels - Belgium
Phone: (+32) 2 551 00 20
Fax: (+32) 2 513 05 26
E-mail: byblos.europe@byblosbankeur.com

ENGLAND

London Branch
Berkeley Square House - Suite 5
Berkeley Sq.
GB - London W1J 6BS (U.K.)
Phone: (+44) 207 493 35 37
Fax: (+44) 207 493 12 33
E-mail: byblos.europe@byblosbankeur.com

FRANCE

Paris Branch
15 Rue Lord Byron
F- 75008 Paris (France)
Phone: (+33) 1 45 63 10 01
Fax: (+33) 1 45 61 15 77
E-mail: byblos.europe@byblosbankeur.com

CYPRUS

Limassol Branch
1, Arch. Kyprianou / St. Andrew Street
P.O.Box 50218
3602 Limassol , Cyprus
Phone: (+357) 25 341433 / 4 / 5
Fax: (+357) 25 367139
E-mail: bybloscyprus@byblosbank.com

ARMENIA

Byblos Bank Armenia CJSC
18/3 Amiryan Street
Yerevan, 375002, Republic of Armenia
Phone: (+374) 10 530 362
Fax: (+374) 10 535 296