

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

AFRICA

OPIC approves \$127m for two new investment funds

The Overseas Private Investment Corporation (OPIC) approved \$127m for two new private equity investment funds for Africa. It approved up to \$60m in OPIC financing to support ECP Africa Fund III, which will invest between \$25m and \$100m in established businesses with exceptional growth prospects throughout Africa. The fund will specifically target companies that have pan-African reach and provide jobs and consumer goods across several countries. OPIC also approved up to \$67m in financing to support the Greylock Africa Opportunity Fund I, which will invest in medium-sized businesses throughout Africa, with a focus on sub-Saharan Africa. The fund will target sectors such as telecommunications, finance and banking, agribusiness, tourism, real estate, natural resources and energy. The fund will target the financing gap faced by mid-sized African companies by providing creative financing opportunities of debt and hybrid debt not currently offered by banks. The first fund will have an initial capitalization of \$310m and a target size of \$1bn, and the second fund's capitalization will be \$200m.

Source: Overseas Private Investment Corporation

GEORGIA

Agencies downgrade ratings on increased political risk

Fitch Ratings downgraded Georgia's long-term local and foreign currency debt ratings to 'B+' from 'BB-', citing the significant escalation in the military conflict with Russia. It also downgraded Georgia's Country Ceiling to 'B+' from 'BB-' and changed the outlook to 'negative' from 'stable'. The agency previously highlighted the risk of heightened conflict with Georgia's secessionist regions of South Ossetia and Abkhazia, and tense relations with Russia as a major rating weakness and risk. Other risks include a fall in foreign investor confidence, which could reduce foreign direct investments and other capital inflows that are required to finance Georgia's substantial current account deficit, which was equivalent to 20% of GDP last year. In parallel, Standard & Poor's cut Georgia's sovereign rating to 'B' from 'B+' and placed the country on CreditWatch negative. It attributed the downgrade to concerns about the conflict's impact on investor sentiment, which might lead to a sharp reduction in FDI. Georgia issued a debut \$500m Eurobond earlier this year.

Source: Fitch Ratings, Standard & Poor's

IRAN

Nuclear plant in operation early next year

Iran's Atomic Energy Organization said it expects its first Russian-built nuclear power plant in the southern port city of Bushehr to come on stream in early 2009, adding that the initial launch of the power plant should take place in the current Iranian calendar year that ends on March 20, 2009. It noted that

Iran had provided all preferences for Russia to open the nuclear power plant and that there was no ground for delays. In January 1995, Iran and Russia signed an \$800m contract that committed Moscow to completing one of the two nuclear reactors in Bushehr within four years. Atomstroiexport, the Russian subcontractor helping to build the plant, has delayed the construction by more than a decade.

Source: Press TV

ALGERIA

Tighter rules for foreign investment

Prime Minister Ahmed Ouyahia said the government plans to take a majority stake in any future investment project involving foreign capital, a measure that already applies to much of the oil and gas sector. He did not say when the measure would take effect nor did he define what types of investment the measure would apply to. The decision appears to be in line with comments made last month by President Abdelaziz Bouteflika in which he attacked poor management of foreign investment and expressed disappointment by its results. The decision marks a further tightening of the investment regime in Algeria following the imposition of a requirement on investors last month to reinvest locally a part of their profits. Algeria is requiring both foreign and local investors to re-channel a portion of their profits into local markets within the next four years. Otherwise, tax exemptions will be at risk of forfeit and a 30% tax fine will be imposed. Previously, outside the energy sector, foreign investors were able to own a majority stake in any venture and could repatriate 100% of their profits.

Source: Gulf Daily News

ARMENIA

Macroeconomic stability is government priority

The government declared that its priorities are to ensure macroeconomic stability and maintain high economic growth rates. Prime Minister Tigran Sargsyan stated that, although the economy grew at high rates over the last 10 years, the major achievement has been macroeconomic stability due to controlling budget expenditures, containing the budget deficit, and maintaining low inflation rates. The Premier added that it is the government's task to maintain long-term stability. He indicated that social integration, solidarity and social responsibility are other priorities for the government, as they lay the foundations for long-term development and more favorable conditions for people. Armenia's real GDP growth averaged 12.6% annually during the 2001-07 period, while per capita GDP rose from \$593 in 2000 to \$2,844 last year.

Source: ARKA

OUTLOOK

KAZAKHSTAN

Asset quality problems becoming a threat to banks' liquidity

Standard & Poor's expressed concerns about the ongoing severe banking market readjustment in Kazakhstan since August 2007, adding that, as painful as this correction is in the short term, it should be healthy for the financial sector in the long term, leading to more sustainable business strategies, better developed domestic funding, and more conservative financial profiles. It said Kazakh banks have entered a new phase as the market turbulence lingers on, with asset quality becoming a determinant factor in their creditworthiness, solvency, liquidity, and in the longer-term health of the banking system. It added that this adjustment is the consequence of challenges related to the rapid growth of Kazakh banks in the last decade, their high dependence on foreign financing, concentration risks, and weak risk management, plus the substantial dollarization of loans and deposits, insufficient regulatory responses, and other structural weaknesses.

S&P estimated the sector's loans under stress at 15%-20% and said it could downgrade its Banking Industry Country Risk Assessment in the next two of quarters in case it see no signs of recovery, or at least stabilization, in asset quality at banks and of an improvement in their ability to absorb losses, recognize credit losses, and raise the capital they need. It estimated the incidence of gross problematic assets in the Kazakh financial system under a reasonable scenario of economic recession at 35%-50%. The agency did not see material or sustainable signs of sector recovery yet, while reduced liquidity and credit availability have pressured asset quality, which is itself a source of further disruption to the sector. It noted that conditions have slightly improved since early 2008 and are currently less dire, but considered that asset quality problems are now likely to pose a threat to banks' liquidity and repayment profiles.

Source: Standard & Poor's

BULGARIA

Stable outlook for banking system, asset quality and funding conditions are key risks

Moody's Investors Service expressed concern about the future asset quality of the Bulgarian banking system due to past rapid credit growth and increasingly challenging funding conditions, which are likely to pressure interest rate margins further. It said the fundamental credit outlook for the sector remains stable, with most of the banks displaying generally good domestic franchises, solid profitability levels underpinned by elevated business volumes and healthy, although tightening, interest margins and comfortable capital levels. It noted, however, that banks increasingly face challenging funding conditions due to both intense competition domestically and the rising uncertainty in the global financial markets, which has had an adverse impact on their foreign parents' financial standing and ability to continue channeling funds to their Bulgarian subsidiaries at very low costs.

The agency noted that the sector is highly fragmented, with the majority of the system's assets being concentrated in the hands

of large Western European institutions with a strong presence in South Eastern Europe. Competition in the market is fierce, with all banks aiming to build market shares in the corporate segment and in the high-yielding retail segment through their fast-expanding distribution networks. Moody's warned that the rapid credit expansion could result in a high level of non-performing loans in the system in an economic downturn and that rising consumer indebtedness raises concerns about the future performance of these borrowers, particularly in the context of a relatively unseasoned credit portfolio.

Moody's said the regulatory and supervisory framework is still evolving but is currently of good quality with prudent measures in place and good level of formalization of procedures and rules. It noted that the currency board that has been in place since 1997 limits the ability of the Central Bank of Bulgaria to provide direct support to a financial institution in case of distress.

Source: Moody's Investors Service

ETHIOPIA

High inflation and low foreign reserves threaten sustainability

The International Monetary Fund expected Ethiopia's economic growth to slow to 8.4% in 2007/09 and 6% in 2008/09 from an average of 11.5% in the previous two years, and for inflation to average 31% in 2007/08 and 22.2% in 2008/09. It said growth performance has been impressive, but macroeconomic imbalances are intensifying as high growth has led to increasing pressures on prices and international reserves, which if not firmly addressed will threaten the sustainability of development. It added that the rise in world oil prices is hitting Ethiopia's economy hard and pointed to considerable downside risks to growth. Also, the surge in oil prices threatens the country's ability to sustain poverty reduction.

The Fund said the size of the shock is very large and comes at a time when international reserves are already low. It said Ethiopia has no choice but to adjust demand to accommodate the increase in the oil bill. The IMF called for forcefully tightening policy with the risk of inflation expectations becoming ingrained and foreign reserves at a low level of 1.6 months of import cover. It stressed the need to implement a balanced mix of fiscal and monetary policies, which will require implementing all necessary measures to achieve the appropriately tight monetary target and supporting it with a significant reduction of public sector borrowing to 2-3% of GDP. Additionally, it encouraged authorities to carefully monitor and control the spending of public enterprises. The Fund also encouraged authorities to permit more exchange rate flexibility, including the support of a deeper and more competitive foreign exchange market. Longer term, competitiveness will need to be supported by ongoing structural reforms that improve productivity and efficiency of the export sector. Finally, it said securing grant and concessional financing and containing domestic borrowing are vital to keep the public debt sustainable over the medium to long term.

Source: International Monetary Fund



ECONOMY & TRADE

SYRIA

Stock market to open before year-end

Deputy Prime Minister for Economic Affairs Abdallah Dardari said the Damascus Stock Exchange is expected to start operations before the end of this year. Plans to establish the bourse were first announced in July 2006. The stock market was supposed to open in 2007 and then in the first quarter of this year, but the DSE's chairman stated at the end of last year that the bourse's opening has been indefinitely postponed. He cited delays in the arrival of material needed to run the market's operations as well as in staff training. Recently, OMX AB, the Nordic bourse operator owned by Nasdaq Stock Market Inc. and Borse Dubai, refused to sell Syria the necessary software due to U.S. sanctions imposed on Syria since 2004. About 25 companies are expected to list on the Damascus Securities Market when it opens.

Source: Bloomberg

SUDAN

Current account deficit to narrow this year

The Economist Intelligence Unit expected the current account deficit to narrow to \$265m, or 0.4% of GDP in 2008 and to widen again in 2009 to about \$2.3bn or 3% of GDP. It said the sharp narrowing of the current-account deficit in 2008, due to the rise in global oil prices, would result in a reduction in Sudan's gross financing requirement. Sudan's oil exports account for 95% of export revenues and two third of government receipts. The EIU noted that short-term debt reached a massive total of \$16.3bn at the end of 2007 and is expected to rise to around \$17.8bn by end-2009 due largely to accumulating interest arrears. This will keep the gross financing requirement substantial, at an average of \$19.3bn, or 28% of GDP over the 2008-09 period. However, in the absence of an international agreement on debt relief, the country's massive external debt, estimated at almost \$30bn at end-2007, will remain largely unserviced.

Source: Economist Intelligence Unit

SAUDI ARABIA

Dollar peg to drop in case of high inflation and monetary union delays

The International Monetary Fund indicated that the peg of the riyal to the U.S. dollar has provided a credible anchor that has contributed to macroeconomic stability and considered the benefits of maintaining the peg to outweigh the cost of higher short-term inflation, provided current inflationary pressures prove temporary. But the Fund recommended to consider alternative exchange rate regimes if inflation persists and the GCC monetary union is delayed. It said that given the limited role of monetary policy and the riyal's undervaluation, all policy options, including alternative exchange rate regimes, should remain under review. It also urged the authorities to monitor inflation developments closely. Inflation in Saudi Arabia accelerated to 10.6% in June, a 30-year high, after averaging less than 1% between 2003 and 2007.

Source: International Monetary Fund

KUWAIT

Law cutting taxes for foreign companies enacted

The government has enacted a bill cutting taxes on the earnings of foreign firms to 15% from up to 55% and exempting foreign investors trading on the bourse from capital gains tax. The government approved the tax bill in May 2006 in an attempt to attract more foreign investment, and Parliament approved the bill eight months ago, while the 48-article memorandum detailing how the new law will be implemented was published in the official gazette recently. It stipulated that profits from trading on the Kuwaiti Stock Exchange, whether directly or through portfolios or investment funds, will be tax-free. The new law also said that individuals trading or working in Kuwait will be exempt from paying tax except if they are representing an institution.

Source: Dow Jones Newswires

TURKEY

Outlook revised to 'stable' from negative

Standard & Poor's revised its outlook on Turkey to 'stable' from 'negative' citing the diminished near-term political uncertainty after the country's Constitutional Court's decision not to ban the ruling Justice & Development Party (AKP). The agency also affirmed the country's credit rating at 'BB-'. S&P stated that the stable outlook balances the improvement in the republic's external financing prospects and underlying fundamentals against its vulnerability to financing shocks. It added that the ratings could improve if the government continues to reduce the economy's vulnerability to external financing shocks through continued reform and fiscal consolidation. S&P said that the resulting improved prospects for policy continuity and political stability will likely bolster investor confidence, widening the sources for financing Turkey's large current account deficit.

Source: Standard & Poor's

UKRAINE

Moody's decides not to upgrade ratings, maintains positive outlook

Moody's Investors Service has confirmed the 'B1' foreign- and local-currency government bond ratings, the 'Ba3' foreign-currency ceilings for bonds and the 'B2' country ceiling for foreign currency bank deposits, and maintained a 'positive' outlook on the ratings. It said that the decision not to upgrade the ratings that were under review but rather to keep a 'positive' outlook takes into account an upcoming period of political and economic uncertainty, set against the much-improved sustainability of the government's debt indicators and relatively consistent fiscal policy. Moody's expected that there will be difficult days ahead for Ukraine given its heightened external financing needs in the context of global market volatility. It noted that Ukraine has accumulated a large foreign reserve cushion after many years of strong economic growth and earlier current account surpluses, allowing Ukraine to navigate a period of large current account deficits without serious financing stress. But the related uncertainty is sufficiently large that an upgrade did not seem to be warranted at this time.

Source: Moody's Investors Service



BANKING

EGYPT

Central Bank hikes policy rates

The Monetary Policy Committee (MPC) of the Central Bank of Egypt's (CBE) raised the policy rate by 50 bps, in line with expectations, bringing the overnight deposit rate to 11%. The MPC also increased the discount rate by 100 bps to 11%, but the discount rate is no longer used, and this change has no material impact. The MPC said it remains concerned about possible spillover of food inflation to non-food inflation and highlighted "downside rigidities in domestic markets" together with international food prices as upside risks to inflation. It also continued to stress the importance of containing inflation expectations. The MPC has tightened rates by 225 bps so far this year, but it has had a limited impact due to abundant liquidity in the banking system and low loan-to-deposit ratios.

Source: EFG-Hermes

MOROCCO

Financial sector is sound and resilient to shocks

The International Monetary Fund indicated that Morocco's financial sector is sound and resilient to shocks, and that the banking sector is stable, adequately capitalized and profitable. It noted the progress made in strengthening the financial sector, including the implementation of the key recommendations of the 2002 Financial Sector Assessment Program. It also welcomed ongoing efforts by authorities to strengthen banking supervision, and agreed that rapid credit growth, particularly in the real estate sector, continues to warrant close attention. The IMF considered that the Central Bank of Morocco's monetary policy stance remains appropriate and shared the authorities' assessment of the main upside risks to inflation. It considered that the deepening of the money and exchange rate markets constitutes an important next step, and encouraged the authorities to continue to ensure that the pace of further capital account liberalization is adequately sequenced with greater exchange rate flexibility.

Source: International Monetary Fund

NIGERIA

Top 1000 banks in world include 14 Nigerian banks

The Banker magazine's 2008 survey of the Top 1000 banks in the world included 14 banks from Nigeria on the list, up from 12 in the previous survey. Further, the top 20 banks in sub-Saharan Africa included 13 Nigerian banks, up from 11 banks in 2007. *The Banker* ranks banks according to Tier One capital at year-end 2007 as defined by the Basel Bank for International Settlements. Nigerian banks' Tier One capital grew by 110% to \$11.3bn from \$5.4bn in the previous survey and accounted for 34% of Tier One capital of Sub-Saharan Africa, up from 24% in 2007. Oceanic Bank was the top ranked Nigerian bank, as its Tier One capital jumped by 484% year-on-year to \$1.75bn and its global rank rose by 565 places to 310th this year. Platinum-Habib Bank and Access Bank were new entries among the Top 1000 banks, ranking in 928th and 359th place, respectively. Also, United Bank for Africa jumped 484 spots to 392nd place and Guaranty Trust Bank improved 371 spots in the ranking to

369th place. *The Banker* said the next step for Nigerian banks is to convert such phenomenal capital growth into profits, as return on capital fell to 18.6% this year from 21.9% last year.

Source: *The Banker*

ROMANIA

Industry risk assessment raised due to growth performance

Standard & Poor's raised its banking industry country risk assessment (BICRA) on Romania to Group 7 from Group 8, and changed its estimate of the incidence of gross problematic assets under a reasonable scenario of economic recession to 25%-40% from 35%-50%. S&P said the BICRA upgrade reflects the good growth and profitability performance of the Romanian banking sector following several years of a healthy growth pace and accumulating wealth in the economy, and massive inflow of foreign investments into the banking sector, which has created a solid funding base for credit acceleration. The upgrade also reflects the stronger banking penetration and services coverage, and advancing banking technologies. S&P noted that despite these improvements, the banking industry country risk in Romania is still higher than its peers due to accumulating economic imbalances, negative spill-overs from global financial market tensions, deteriorating operating flexibility due to the increasing scarcity of deposits and capital, high reliance on funding from parental foreign banks, balance sheet currency mismatches, and the country's still weak legal and supervisory framework.

Source: *Standard & Poor's*

ARMENIA

Banks' assets up 11.3% in second quarter of 2008

Figures released by the Central Bank of Armenia show that total assets of commercial banks reached \$2.9bn in the second quarter of 2008, constituting an 11.3% rise from the first quarter of the year. Loans to the economy grew by 10.1% over the quarter to \$1.74bn. Claims on the Central Bank rose by 24.9% totaling \$230.9m, while claims on banks and other financial institutions increased by 6.4%, reaching \$118.5m at the end of June 2008. Investment in government securities decreased by 18.5% over the quarter totaling \$295m, while investment in other securities decreased by 20.7% reaching \$6.8m. The top 5 banks accounted for 53.5% of the banking system's assets in the second quarter of 2008. Bank VTB Armenia is the leader in total assets with a market share of 12.6%, followed by Ardshininvestbank with 12.1%, HSBC Bank Armenia with 11.8%, ACBA-Credit Agricole Bank with 9.9% and Unibank with 7.1%. The banks' aggregate capital base stood at \$648.2m at end June 2008, up 8.1% from the first quarter of the year. ACBA-Credit Agricole Bank had the largest capital, constituting 12% of the total, followed by VTB Bank with 11.1% Ardshininvestbank with 10.7%, HSBC with 6.7% and Conversebank with 6.2%. The sector's second quarter profits reached \$19.4m, increasing total profits in the first half of the year to \$38.6m, up 18.6% compared to the first half of 2007.

Source: *Central Bank of Armenia*



ENERGY / COMMODITIES

Oil rises nearly \$1 on U.S. inventory fall

Oil rose nearly \$1 on August 14, moving closer to \$117 a barrel, as a larger-than-expected drawdown in crude and gasoline stocks in the United States rekindled supply concerns. U.S. crude was up 86 cents at \$116.86 while ICE Brent climbed 72 cents to \$114.19, extending overnight gains. U.S. oil prices jumped \$3 on August 13 after the Energy Information Administration said U.S. crude stocks dropped 400,000 barrels, while gasoline inventories fell by 6.4 million barrels in the week to August 8 as refinery throughput decreased. The fall in gasoline stocks was much larger than expected. Distillate stocks also unexpectedly decreased.

Disruptions to exports from the Caspian region also underpinned energy prices as Western powers tried to shore up support for a shaky ceasefire between Russian and Georgian troops around the breakaway region of South Ossetia. BP has closed an oil pipeline and a natural gas pipeline running from its Caspian Sea fields through Georgia. A third BP pipeline that runs through Georgia, the Baku-Tbilisi-Ceyhan oil pipeline, was shut last week following an explosion in Turkey. However, oil is still far away from this year's peak of more than \$147 a barrel hit in mid-July. Iran's OPEC governor Muhammad Ali Khatibi said on Tuesday that the organization should trim its oil output if demand continues to fall in slowing industrialized economies.

Source: Reuters

Iraq resumes oil exploration after 20-year break

Iraq said it was resuming exploration of its oil reserves after a break of nearly 20 years due to crippling UN sanctions, adding it hopes to double its proven deposits of crude. Iraq hopes to uncover deposits that will enable it to double its proven oil reserves, currently standing at 115 billion barrels of crude. The United Nations imposed a strict oil embargo on Iraq, forcing it to cease exploration and cut back drastically on exports, after it invaded Kuwait in August 1990. Iraq now wants to raise output by 500,000 barrels per day from the current average production of 2.5 million bpd, about equal to the amount being pumped before the US-led invasion of March 2003.

Source: AFP

Iraq, China to revive oil deal

Iraq's oil ministry has said the country is planning to revive a \$1.2bn oil deal with China. The deal had been canceled after the 2003 US-led invasion. An initial agreement with China is expected to be signed at the end of August to develop the billion-barrel Ahdab oil field south of Baghdad.

Source: Associated Press

Libya buys Shell subsidiaries in three African nations

State-run Libya Oil Holding announced it had bought subsidiaries of Shell in Sudan, Djibouti and Ethiopia. The company said the deal with the Anglo-Dutch group Royal Dutch Shell concerns a total of 240 petrol stations in the three countries but did not give the value of the deal. Libya Oil Holding has also struck an agreement with the Democratic Republic of Congo (DRC) government to build a 140 kilometre-

pipeline on the Atlantic coast. The \$300m pipeline is due to link the Muanda and Matadi regions in the extreme west of the DRC. Libya Holding Oil, which runs more than 1,000 petrol stations across Africa, has invested massively in the continent in the past year, also buying subsidiaries of Exxon Mobile in Tunisia and Morocco.

Source: AFP

Base metals: Copper falls 20% below record, Zinc drops to a two-year low

Copper fell 20% below last month's all-time high in London trading on August 12th. Copper for delivery in three months declined \$170, or 2.3%, to \$7,160 a metric ton. Copper has climbed for the past six years, and doubled since the end of 2004. Nickel climbed \$100, or 0.6%, to \$18,100. Zinc fell \$62 to \$1,628 a ton and earlier dropped to \$1,615, the lowest since November 2005. Inventories jumped 5,775 tons, or 3.6%, the biggest increase since June 19th. Aluminum dropped \$60, or 2.2%, to \$2,772 a ton and earlier fell to \$2,756, the lowest since February 14th. Tin decreased \$1,050 to \$17,700 a ton and lead dropped \$165 to \$1,760 a ton.

Source: Bloomberg

Precious metals: Gold rises for second day as gains in crude oil boost demand

Gold rose for a second day in Asia, as higher energy costs revived some investment demand for the precious metal as a hedge against inflation. Gold gained 1.8% on August 13, erasing all the gains this year. Gold for immediate delivery rose 0.6% to \$831.40 an ounce, 3.6% above its more than seven-month low of \$802.34 on August 12th. Silver for immediate delivery was up 0.2% at \$14.935 an ounce. But given the weakening growth outlook and a medium-term recovery in the U.S. dollar against other currencies, precious metals' outlook remains bearish despite short-term rebounds. Gold for December delivery was up 0.7% at \$837.10 an ounce on the Comex division of the New York Mercantile Exchange in Singapore. Gold for December delivery on the Shanghai Futures Exchange advanced by 1.7% to \$838 an ounce. In Japan, gold for June delivery on the Tokyo Commodity Exchange jumped 1.7% to \$835 an ounce.

Source: Bloomberg



COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	EIU								
Africa													
Algeria	-	-	-	-	BBB	9.4	14.0	3.1	5.4	1.9	3.7	14.4	0.8
	-	-	-	-	Stable								
Angola	-	-	-	-	BB	3.8	10.9	13.8	14.5	5.3	41.2	31.6	2.4
	-	-	-	-	Stable								
Egypt	BB+	Ba1	BB+	BBB-	B	-6.9	82.5	21.9	55.2	6.0	109.2	1.4	4.6
	Stable	-	Positive	Stable	Stable								
Ethiopia	-	-	-	-	CCC	-4.8	-	20.5	327.7	2.9	458.7	-8.7	2.2
	-	-	-	-	Stable								
Ghana	B+	-	B+	-	B	-8.0	-	35.3	120.0	3.3	219.3	-9.8	-
	Stable	-	Stable	-	Stable								
Ivory Coast	-	-	-	-	CCC	-3.4	-	47.6	97.4	4.2	339.0	6.9	-
	-	-	-	-	Stable								
Libya	-	-	-	-	BB	31.4	4.3	8.9	11.4	2.8	5.6	16.8	2.4
	-	-	-	-	Stable								
Mauritania	-	-	-	-	-	-2.3	105.9	78.9	123.4	4.5	-	-2.6	-
	-	-	-	-	-								
Morocco	BB+	Ba1	BBB-	BBB-	BB	-1.8	54.3	22.2	115.7	7.9	63.3	1.0	4.0
	Stable	-	Stable	Stable	Stable								
Nigeria	BB-	-	BB-	-	BB	-1.2	14.4	4.2	8.6	0.5	-	9.6	1.2
	Stable	-	Stable	-	Stable								
Sudan	-	-	-	-	CC	-3.1	83.6	51.3	205.9	2.1	-	-5.6	3.8
	-	-	-	-	Negative								
Tunisia	BBB	Baa2	BBB	BBB	BBB	-1.5	49.1	52.7	90.5	12.3	232.1	-1.9	2.8
	Stable	-	Stable	Stable	Stable								
Middle East													
Bahrain	A	A2	A	A	A	8.3	25.6	112.1	140.2	5.1	680.5	12.6	10.5
	Stable	-	Stable	Stable	Stable								
Iran	-	-	B+	BB-	B	-9.3	22.7	4.4	16.5	2.8	19.2	7.7	2.4
	-	-	Stable	Stable	Stable								
Iraq	-	-	-	-	C	26.5	-	90.6	137.1	2.9	267.8	18.2	-
	-	-	-	-	Positive								
Jordan	BB	Ba2	-	BB	B	-4.6	72.6	87.6	237.8	6.1	220.6	-13.2	11.5
	Stable	-	-	Stable	Stable								
Kuwait	AA-	Aa2	AA-	AA-	A	33.0	6.9	15.2	3.1	3.5	83.2	47.9	-7.3
	Stable	-	Stable	Stable	Stable								
Lebanon	B-	B3	B-	B-	CCC	-13.2	176.1	100.0	767.3	22.8	255.8	-11.2	5.1
	Stable	-	Stable	Stable	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
	Stable	-	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	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	05-Aug-08	No change	16-Sep-08
Eurozone	Refi Rate	4.25	07-Aug-08	No change	04-Sep-08
UK	Base Rate	5.00	07-Aug-08	No change	04-Sep-08
Japan	O/N Call Rate	0.50	15-Jul-08	No change	19-Aug-08
Australia	Cash Rate	7.25	05-Aug-08	No change	02-Sep-08
New Zealand	Cash Rate	8.00	24-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-Jul-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	24-Oct-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	11.00	07-Aug-08	Raise 50bps	N/A
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	Aug-08	Raise 25bps	Oct-08
Nigeria	Monetary Policy Rate	10.25	05-Aug-08	Raise 25bps	Oct-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	10-Sep-08
Armenia	Refi Rate	7.50	06-Aug-08	Raise 25bps	N/A
Romania	Policy Rate	10.00	Aug-08	Raise 25bps	Sep-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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