



COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Number of issuers facing downgrade risk at three-year high

Standard & Poor's said the number of potential downgrades reached 786 in October 2008, the highest since September 2005, constituting an increase of 28 issuers over last month's count. The agency defines potential downgrades as entities that have either a negative outlook or ratings on CreditWatch with negative implications across rating categories 'AAA' to 'B-'. It said the number of potential downgrades in October is 136 more than what was reported in the same period a year ago and 118 more than the average of the past 38 months. Further, the number of potential downgrades is more than triple the number of those poised for potential upgrades, a trend that has progressed for about 15 months. Geographically, the U.S. continues to top the list of potential bond downgrades, with roughly one-quarter of current ratings showing downside risk. Globally, 81% of the 786 issuers at risk for downgrades are rated speculative grade of 'BB+' or below.

Source: Standard & Poor's

EMERGING MARKETS

IMF launches new facility for markets hit by crisis

The International Monetary Fund announced it is establishing a new short-term lending facility (SLF) to channel funds quickly to emerging markets that have a strong track record, but that need rapid help during the current financial crisis to get them through temporary liquidity problems. It said the SLF comes with no conditions attached once a loan has been approved and offers large upfront financing to help countries restore confidence and combat financial contagion. Disbursement of Fund resources can be up to 500% of a country's quota, with a three-month maturity. The Fund added that the crisis is spreading beyond advanced economies, with emerging markets all over the world suffering from the squeeze in global financial markets. The IMF has already reached financing agreements with Iceland, Hungary and Ukraine, and is in advanced talks with several other countries.

Source: International Monetary Fund

Federal Reserve sets up \$30bn swap lines with key economies

The U.S. Federal Reserve established temporary liquidity swap facilities with the central banks of Brazil, Mexico, South Korea and Singapore. The new facilities will support the provision of U.S. dollar liquidity in amounts of up to \$30bn each by the four central banks. The Federal Reserve said it established the facilities in response to the heightened stress associated with the global financial turmoil, which has extended to emerging market economies. It added that these facilities, like those already established with other central banks, are designed to help

improve liquidity conditions in global financial markets and to mitigate the spread of difficulties in obtaining U.S. dollar funding in these four large and systemically important economies.

Source: U.S. Federal Reserve

MENA

Democracy slightly improves in region

The Economist Intelligence Unit's 2008 Democracy Index indicates that democracy in the MENA region slightly improved in 2008. The value of the index for the region reached 3.54 points in 2008, up from 3.53 points in 2006. The index measures 60 indicators that are grouped in five categories such as electoral processes and pluralism, civil liberties, the functioning of government, political participation, and political culture. The survey also placed countries in five categories of political freedoms that are full democracies, flawed democracies, hybrid regimes and authoritarian regimes. The rankings of 4 countries in the MENA region improved, 8 were unchanged and 8 regressed, while the scores of 8 countries improved and 12 regressed. Iran and Sudan posted the worst decline in the regional rankings, dropping each by 2 spots from 2006, while Syria's score regressed by 8.3%, the steepest drop in the region. Two Arab political systems came in the 'hybrid regimes' category, while the rest fell in the 'authoritarian' category. The Palestinian Territories had the highest level of democracy in the Arab world and ranked in 85th place globally.

Source: Economic Intelligence Unit

GCC

Business confidence declines

The HSBC Gulf Business Confidence Survey for the third quarter of 2008 fell to the 92-mark, the lowest since the survey began in February 2007, revealing a further decline in optimism and confidence among the Gulf's business community. Business confidence showed a 'slight' increase in Saudi Arabia and Bahrain from the previous quarter, while confidence levels in the other four GCC countries fell. It said 57% of the respondents said they expected to see an increase in revenue in the fourth quarter while 48% expect to increase their investment budget year-on-year. But only 47%, the lowest ever, expect they would be able to grow or maintain their profit margins. A large majority of the respondents, 65%, said they thought the fourth quarter of 2008 would be much better or somewhat better than the previous quarter. Businesses identified competition as a threat to growth, with 27% citing this as the greatest challenge to their business, and only 38% expressing optimism about defending against competitive threats.

Source: HSBC Bank

OUTLOOK

KUWAIT

Outlook for banking system shifting to negative

Moody's Investor Services indicated that the fundamental credit outlook for the Kuwaiti banking system is stable to negative, reflecting the sector's good operating environment and financial fundamentals, but also the banks' high exposure to the weakening domestic real estate market, some earnings quality concerns, the banks' indirect exposure to local equity markets and tightening conditions on international credit markets. The agency said Kuwait's economy remains relatively undiversified, with half of GDP generated from oil-related activities. Also, the modest size of the non-oil and private sectors means good lending opportunities are relatively scarce, leading to large exposures and industry concentrations at many banks, particularly to the commercial real estate and construction sectors.

It noted that concerns over these large exposures have been justified by the sharp upsurge in real estate prices in recent years, giving rise to fears over possible asset bubbles. It added that the correction in residential real estate prices during 2008 has yet to translate into any evident deterioration in the quality of Kuwaiti banks' loan portfolios. But if market pressures persist, non-performing loans would likely start to rise from their still low levels; and while lending is over-collateralized, this is not in itself sufficient to provide adequate comfort in the event of protracted market weakness.

Moody's considered that most Kuwaiti banks still have modest risk profiles, as they tend to offer relatively basic products, while open positions in different currencies or direct exposures to market risk are limited as a result of the Central Bank of Kuwait's instructions. It noted that recent events at Gulf Bank, which has announced sizeable losses, have cast some doubts on control and risk management practices, particularly in relation to banks' capacity to identify and manage risks. The agency noted that the liquidity of Kuwaiti banks remains good despite some upward pressure on funding costs, although this is largely the result of CBK regulation rather than management initiative. It added that system liquidity is not a major concern, as the CBK has acted promptly not only to provide Gulf Bank with access to liquidity but also to guarantee customer deposits at all Kuwaiti banks, which appears to have calmed down depositor sentiment. It said the sector's overall system profitability has remained strong despite some one-off write-downs by conventional banks during 2007, boosted to some extent by market-related gains and other extraordinary gains.

Source: Moody's Investor Services

KAZAKHSTAN

Negative outlook for banking system

Moody's Investors Service indicated that the fundamental credit outlook for the Kazakh banking system is negative, reflecting its weakening asset quality and stressed funding profile. It expected funding conditions for Kazakh banks to remain difficult in the short to medium term as cross-border refinancing is unlikely to be an option over this period, while lower commodity prices would constrain funding from local corporate and retail customers. The agency said that, since the beginning of

the global credit crisis, many Kazakh banks have undergone a tough survival test as the virtually closed international capital markets have provided few opportunities for them to refinance their maturing foreign debt, equivalent to 10% of the banking system's total funding at the beginning of the crisis. Moody's expected funding growth from internal resources to remain moderate if the lower commodity prices limit energy and mining companies' cash flows into their Kazakh bank accounts.

However, Moody's considered that most Kazakh banks navigated that phase of the crisis relatively well, as some of them were able to partly refinance their maturing debt or receive capital injections from their shareholders and liquidity support from the authorities. Many also increased their loan books during this period, although the system's overall lending growth weakened from the very high pace recorded from 2005. The agency added that liquidity and asset quality pose a major challenge for Kazakh banks' credit standing, as all banks' loan quality deteriorated to varying extents since the third quarter of 2007. Also, many corporate borrowers have found it very difficult to repay their bank loans, while the quality of mortgage and consumer loans has also deteriorated very sharply. Moody's said that the current capital levels and expected earnings of the Kazakh banks provide a reasonable cushion against a further rise in non-performing loans from an estimated 15% of the aggregate loan book to 20%-25%.

Source: Moody's Investors Service

SUDAN

Economic growth to average 8% in 2008-09

The International Monetary Fund projected Sudan's real GDP growth at 8.5% for 2008 and 7.7% in 2009, down from 10.2% in 2007. It expected the country's nominal GDP to reach \$62.2bn this year and \$71.3bn in 2009, up from \$46.2bn in 2007. The IMF forecast Sudan's annual average inflation rate at 16% in 2008, up from 8% a year earlier and at 10% in 2009. Also, it expected the growth of broad money at 21% this year and 24% in the coming year. The Fund projected the central government's fiscal balance to post a deficit of 2.5% of GDP in 2008 down from 3.1% of GDP in 2007 and at 3.3% of GDP in 2009. It estimated public revenues at 24.2% of GDP this year and 19.8% of GDP in 2009, and total expenditures at 27.3% of GDP in 2008 and 23.9% of GDP in 2009. The IMF expected Sudan's public debt to continue its downward trend and to reach 63.7% of GDP at end-2008 and 60.1% of GDP at end-2009. It also forecast total gross external debt at 55.3% of GDP in 2008 and at 51.3% of GDP in 2009, down from 68.9% in 2007. Further, the country's current account deficit is projected at 6.3% of GDP in 2008 and at 6.7% of GDP in 2009, down from 12.6% of GDP in 2007. The Fund expects the country's gross official reserves to reach \$1.8bn at end-2008 and end-2009, up from \$1.4bn at end-2007.

Source: International Monetary Fund



ECONOMY & TRADE

UAE

External debt at \$170bn at mid-2008

Fitch Ratings estimated the UAE's gross external debt at \$170bn at mid-2008, up by \$25bn from \$145bn at end 2007. It said the pace of debt increase slowed in the first half of this year after growing by 70% in 2007. The agency indicated that 60% of the UAE's total external debt is contracted by its banks, with total gross external liabilities at just below \$90bn and net liabilities at \$40bn as at March 2008. It added that, with nominal lending growth outpacing deposit growth, banks switched from being net external creditors to net external debtors in 2007. It also noted that approximately 20% of UAE banks' external liabilities represent non-resident deposits. Fitch said Dubai has non-bank debt at nearly \$70bn, followed by Abu Dhabi with \$50bn at end-September 2008. Most non-bank debt is owed by public sector entities, with Dubai's public sector foreign currency debt at \$51bn and Abu Dhabi's at \$25bn, amounting to 70% and 50% respectively of total non-bank debt outstanding. It said near term maturities are highest for Dubai, with \$11bn of loans maturing in the last quarter of 2008, but half of it has already matured or been refinanced. In 2009, Abu Dhabi and Dubai entities have \$8bn and \$5bn in maturing debt, respectively, while Dubai's maturities peak in 2011 at around \$20bn.

Source: Fitch Ratings

UKRAINE

IMF extends \$16.5bn to maintain financial stability

The International Monetary Fund announced it has reached an agreement with Ukrainian authorities on an economic program supported by a \$16.5bn loan under a 24-month Stand-By Arrangement. The Fund said the program is focused on the essential measures needed to maintain confidence and economic and financial stability in the country. Ukraine has developed a comprehensive policy package designed to help the country meet the balance of payments needs created by the global financial turmoil and related difficulties in Ukraine's financial system as well as by the collapse of steel prices. It added that the program is intended to support Ukraine's return to economic and financial stability, by addressing financial sector liquidity and solvency problems, by smoothing the adjustment to large external shocks and by reducing inflation. It noted that the loan is equivalent to 800% of Ukraine's quota in the Fund, adding that the program's size justifies the high level of access.

Source: The International Monetary Fund

ROMANIA

Ratings downgraded on mounting economic risks

Standard & Poor's downgraded Romania's long- and short-term foreign currency sovereign credit ratings to 'BB+/B' from 'BBB-/A-3' with a 'negative' outlook. It also lowered its local currency long-term rating to 'BBB-' from 'BBB' and the Transfer & Convertibility (T&C) assessment to 'BBB+' from 'A-'. The agency attributed the downgrade to the mounting risks to Romania's real economy due to high and rising private sector debt and the related dependency on uncertain external financing channels. It added that policy makers have not addressed these

growing economic challenges, as the focus has shifted to the upcoming general election. S&P said Romania is vulnerable to a sudden-stop scenario where capital inflows dry up or even reverse, which would require a drastic real economic adjustment and bring about a substantial and sustained deterioration in the government's balance sheet, as deficits rise and financial sector contingent liabilities materialize.

Source: Standard & Poor's

PAKISTAN

Ratings downgraded on higher risks

Moody's Investors Service downgraded Pakistan's sovereign bond ratings from 'B2' to 'B3' and kept the ratings on review for downgrade. It attributed the downgrade to the continuing erosion of the country's external liquidity position, which has remained inadequately addressed and has suffered from delays in assistance from key bilateral and multilateral creditors. It said the failure to obtain timely assistance from Saudi Arabia, China, the US and other friends, and delays in disbursements from the World Bank have eroded investor confidence and resulted in a substantial drawdown of the country's foreign currency reserves. It added that ongoing negotiations for an IMF assistance program represent a last resort, but even this may not fully assure Pakistan of meeting its current and future external obligations, including payment on its Eurobond due in February 2009. In parallel, Capital Intelligence lowered Pakistan's long-term foreign currency rating to 'B-' from 'B+' and its short-term foreign currency rating to 'C' from 'B'. It also lowered the sovereign's long-term local currency rating to 'B' from 'BB-'. It attributed the downgrade to Pakistan's rapidly-deteriorating international liquidity position, worsening macroeconomic performance and political and policy risks. It said external vulnerability is very high, as official reserves no longer provide an effective buffer against external shocks and are less than the balance of payments deficit projected for 2008-09.

Source: Moody's Investors Service, Capital Intelligence

TURKEY

Economic policy to focus on facing global crisis

The International Monetary Fund stated that the Turkish economy is more resilient today than in the past, but will unavoidably be affected by the decline of inflows to emerging market countries. It said buffers in bank and public balance sheets, the flexible exchange rate, and greater diversification of export markets have increased Turkey's ability to cope with shocks. However, its dependence on external financing exposes the economy to the effects of the global credit crunch. It added that policies should focus on the challenges posed by the difficult global economic environment. The Fund said fiscal policy should aim to rein in financing needs and keep the debt-to-GDP ratio on a downward path, continue structural fiscal reforms, reduce inflation down to target, and have tight oversight of the financial sector and flexibility in tackling potential liquidity pressures.

Source: International Monetary Fund



BANKING

GCC

Central banks cut key rates

Several GCC central banks reduced key interest rates after the U.S. Federal Reserve's decision to cut the Fed Funds Target Rate (FFTR) by 50 basis points to 1% on October 29th, the lowest rate since June 2003. The Saudi Monetary Agency cut its repo rate by 100 bps to 4% today, while maintaining its reverse repo, or the deposit rate at the central bank, at 2%. Historically SAMA has tended to keep the repo rate at a premium of around 25 bps over FFTR rates, although the differential has varied according to domestic economic conditions and the oil cycle. Also, the Central Bank of Kuwait reduced the deposit rate by 25 bps to 4.25%, bringing the total reduction in the deposit rate to 150 bps in October. It also reduced the repurchase rate to 2% from 2.5%, bringing the total cuts in October to 150 bps. Bahrain cut its repurchase and overnight rates by 125 bps to 3.5%, while it reduced the deposit rate by 25 bps. The one-week deposit facility now stands at 1.5%, while the overnight deposit rate has fallen to 1%. As a result, the lending rate has in total been cut by 175 bps, while the deposit rate by 50 bps. In parallel, the UAE Central Bank kept its repo rate on hold at 1.50%, constituting a change in policy as the UAE had matched US rate cuts since December 2007.

Source: *Dow Jones Newswires, EFG Hermes*

YEMEN

IFC takes stake in local bank

The Commercial Bank of Kuwait (CBK) and the International Finance Corporation, the private sector arm of the World Bank Group, plan to acquire 85% of Yemen Gulf Bank for \$30m. CBK will own most of the acquired stake, or between 70% and 75% of the bank, while the IFC will own between 10% and 15%. The banking sector in Yemen remains underdeveloped, with aggregate assets at \$6.4bn at the end of 2007, equivalent to 30% of GDP. The sector's deposits totaled \$5.3bn at end-2007, or 25% of GDP. About 56% of the system's deposits are in foreign currencies. Slow economic growth and low disposable income have limited the opportunities available to banks to expand their portfolios, leading to a low loan-to-deposit ratio of 34% at end-2007. Foreign banks account for 26% of total assets.

Source: *Al Eqtisadiyah, Byblos Research*

NIGERIA

Central Bank takes measures to boost liquidity

The Central Bank of Nigeria expanded its discount window, allowing borrowing to be extended to a maximum of 360 days from overnight previously, and widened the range of financial instruments that it will accept as collateral. The decision is perceived as a measure to maintain market liquidity. The new rules stipulate that banks will only be permitted to use the CBN's discount window after fully exhausting all alternative market sources; Deposit banks and discount houses will only be permitted to access the discount window on a secured basis; any credit extended to banks will have to be fully collateralized by eligible securities. Also, Nigerian banks will obtain liquidity from the CBN via repos or collateralized loans against eligible instru-

ments for a maximum period of one year. Eligible instruments at the discount window will be rated 'appropriately' and 'in line with the prevailing economic conditions and the financial well-being of the issuer of the security'. Finally, any advance from the CBN will attract a rate of interest equivalent to the monetary policy rate plus a margin to be determined at the discretion of the CBN.

Source: *Standard Chartered*

KAZAKHSTAN

Government to recapitalize four largest banks

The government announced plans to buy up to 25% of the shares of the four largest Kazakh banks as part of the government's \$5bn bank recapitalization plan. It considered the institutions to be "systemically important" banks. The government will inject \$2.3bn in BTA, \$500m into both Halyk Bank and Alliance Bank, and about \$300mn into Kazkommertsbank. The capital injection will take place through purchases of the banks' shares or provision of subordinated loans. The government stressed it is not aiming to nationalize the banking system or overtake control over the banks management. It considered these measures as temporary and will hold its stake for a maximum of 5 years and sell it back to the banks' shareholders or portfolio investors as soon as the situation normalizes. The decision to inject capital into the banking sector represents a significant support for the sector and should provide banks with much-needed capital against a backdrop of increased pressure on their liquidity and asset quality. The \$5bn injection is equivalent to 50% of the total equity of the top six Kazakh banks as at 30 June 2008.

Source: *Bloomberg, Deutsche Bank*

PAKISTAN

Banks downgraded on poor sovereign creditworthiness

Moody's Investors Service downgraded to 'Ba2' from 'Baa2' the long-term local currency deposit ratings of National Bank of Pakistan, Habib Bank Ltd, United Bank Ltd and MCB Bank Ltd. It attributed the decision to the downgrade of the country's local currency deposit ratings. Moody's also placed the 'B3' long-term foreign currency deposit ratings of the four banks on review for possible downgrade, in line with a similar rating action on the sovereign's 'B3' foreign currency deposit ceiling, as this ceiling acts as a constraint on these deposit ratings. In parallel, Capital Intelligence downgraded the long- and short-term foreign currency ratings of Askari Bank, Bank Alfalah Limited, Faysal Bank, Habib Bank, MCB Bank, National Bank of Pakistan, Standard Chartered Bank of Pakistan, and United Bank, reflecting the deterioration in sovereign creditworthiness.

Source: *Moody's Investor Services, Capital Intelligence*



ENERGY / COMMODITIES

Oil rises to \$69 on weak dollar, rate cuts

Crude oil rose in the last 10 minutes of trading on October 31 as market participants scrambled to relax positions on the final day of transactions for the November gasoline and heating-oil contracts. Prices climbed as traders who sold the November contracts this week, when gasoline dipped to a 21-month low, had to buy the futures back. In a squeeze, a trader goes short by selling oil, hoping the price will decline. The trader must buy back the futures in the last days before the contract expires or be forced to deliver the underlying product.

Crude oil for December delivery rose \$1.85, or 2.8%, to settle at \$67.81 a barrel on the New York Mercantile Exchange. Futures dropped as much as \$2.84, or 4.3%, during the day's session. Prices, which have fell 54% since reaching a record \$147.27 on July 11, gained 5.7% this week. The October crude-oil contract rose by a record \$16.37 a barrel when it expired on September 22, as traders unwound positions. Gasoline for November delivery declined 2.57 cents, or 1.8%, to settle at \$1.4413 a gallon in New York. The November contract climbed as much as 6.3 cents, or 4.3% in the last five minutes of floor trading. Heating oil rose 2.22 cents, or 1.1%, to settle at \$2.0063.

Oil fell 33% in October, a record monthly decline, on signs that the economic slowdown in the U.S. and Europe will spread to emerging markets, curbing fuel consumption. Rate cuts this week by the three biggest oil users, the U.S., China and Japan, failed to inspire confidence that a recession can be avoided. Brent crude oil for December settlement rose \$1.61, or 2.5%, to settle at \$65.32 a barrel on London's ICE Futures Europe exchange.

Source: Bloomberg

OPEC agrees to lower production by 1.5 million barrels in November

An emergency OPEC meeting on October 24 reached agreement to cut oil production targets for the first time in almost two years in an effort to stop a deep oil price slide. OPEC decided to lower supply by 1.5 million barrels a day from November. The reduction will be from the existing quota for 11 members of 28.8 million barrels a day. Saudi Arabia and other core Gulf producers have relatively low price requirements while Iran and others are more dependent on higher oil revenues and were among those who had pushed for a deeper cut of around 2 million bpd.

Source: Reuters

Gulf states to sign regional power grid deal

The Gulf states are soon to sign an agreement to pave the way for a regional electricity grid and power trading to cope with rising demand. Electricity ministers from the GCC will meet in Qatar in early November to finalise the agreement on the grid. In the first phase in early 2009, the grid will have a capacity of 1,200 megawatts and will connect Kuwait, Saudi Arabia, Bahrain and Qatar. Oman and the UAE are to be connected in a second phase.

Source: Gulf News

Base metals: Copper falls, capping record monthly slide, as demand drops

Copper prices fell, capping the biggest monthly drop ever, on speculation that a deepening economic slowdown will reduce global demand for metals. Spending by U.S. consumers fell the most in four years in September, concluding the weakest quarter in three decades. In October, copper dropped 36%, the most since New York futures started in 1988. Copper futures for December delivery fell 6.15 cents, or 3.3%, to \$1.829 a pound on the Comex division of the New York Mercantile Exchange. The metal, used in appliances, electronics and cars, has decreased 40% this year. On the LME, copper for delivery in three months dropped \$101, or 2.4%, to \$4,099 a metric ton. Among other LME-traded metals, aluminum was down 1% at \$2,040.25 a ton, zinc fell 1.6% to \$1,141, lead declined 4.5% to \$1,451, nickel slipped 5.1% to \$11,300, and tin fell 1.7% to \$14,400 a ton.

Source: Bloomberg

Precious metals: Gold posts largest monthly drop in 28 years as dollar climbs

Gold futures fell, posting the biggest monthly decline in 28 years, as the dollar climbed, reducing the appeal of the precious metal as an alternative investment. Silver also fell. Gold futures for December delivery fell \$20.3, or 2.7%, to \$718.2 an ounce on the Comex division of the New York Mercantile Exchange. In October, the price dropped 18%, the most since March 1980. Silver futures for December delivery fell 5.5 cents, or 0.6%, to \$9.73 an ounce. The metal declined 21% in October and is down 35% this year. Investment in the SPDR Gold Trust, the biggest exchange-traded fund backed by gold, was unchanged for a fourth day at 749.2 metric tons. It reached a record 770.6 tons on October 10th.

Source: Bloomberg

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	172.4	242.4	238.8	-23.7	-20.3
LME metals price index	2106.9	3583.2	3693.3	-35.6	-46.4
Oil prices USD	67.2	117.2	107.5	-37.9	-21.2
Oil prices SDRs	44.9	73.6	67.4	-34.5	-17.7
Gold \$/troy oz	720.7	871.8	874.9	-20.0	-4.8
Silver cents/troy oz	934.0	1522.5	1581.7	-30.2	-31.2
Platinum \$/troy oz	790.0	1647.6	1689.5	-34.7	-45.4
Copper \$/MT	3985.5	7618.6	7586.8	-43.8	-49.6
Nickel \$/MT	9102.5	20224.5	24501.9	--44.9	-71.3
Aluminium \$/MT	1910.3	2761.3	2706.7	-22.5	-23.6
Zinc \$/MT	1061.5	1824.3	2127.8	-39.8	-63.8
Steel - HR coil dry \$/MT	605.0	605.0	603.6	0.0	7.1

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	13.9	15.1	2.3	4.0	2.3	2.7	14.4	0.7
	-	-	-	-	Stable								
Angola	-	-	-	-	BB	10.7	8.6	13.9	14.8	4.0	41.2	47.5	3.1
	-	-	-	-	Stable								
Egypt	BB+	Ba1	BB+	BBB-	BB	-7.0	84.5	20.9	53.4	4.0	98.9	1.3	6.0
	Stable	-	Stable	Stable	Stable								
Ethiopia	-	-	-	-	B	-4.4	-	13.6	217.5	2.9	458.7	-6.6	2.2
	-	-	-	-	Stable								
Ghana	B+	-	B+	-	B	-10.5	-	38.0	1.0	3.3	219.3	-12.7	-
	Stable	-	Stable	-	Stable								
Ivory Coast	-	-	-	-	CCC	-3.4	-	47.6	97.4	4.2	339.0	6.9	-
	-	-	-	-	Stable								
Libya	-	-	-	-	BBB	34.9	3.3	6.6	7.9	1.6	5.6	55.5	2.4
	-	-	-	-	Stable								
Mauritania	-	-	-	-	-	-2.3	105.9	78.9	123.4	4.5	-	-5.6	-
	-	-	-	-	-								
Morocco	BB+	Ba1	BBB-	BBB-	BB	-2.9	54.3	23.9	74.7	7.6	77.4	-1.2	3.4
	Stable	-	Stable	Stable	Stable								
Nigeria	BB-	-	BB-	-	BB	-0.6	11.3	4.6	7.3	0.5	-	10.7	0.9
	Stable	-	Stable	-	Stable								
Sudan	-	-	-	-	C	-0.8	84.2	49.6	183.9	2.5	-	-3.7	3.1
	-	-	-	-	Stable								
Tunisia	BBB	Baa2	BBB	BBB	BBB	-3.4	53.3	53.6	95.9	11.1	261.8	-2.7	3.5
	Stable	-	Stable	Stable	Stable								
Middle East													
Bahrain	A	A2	A	A	A	8.6	17.3	150.1	151.4	3.4	635.0	20.1	0.4
	Stable	-	Stable	Stable	Stable								
Iran	-	-	B+	BB-	B	-4.2	24.7	6.3	24.0	2.3	19.2	13.4	0.3
	-	-	Stable	Stable	Stable								
Iraq	-	-	-	-	CC	26.0	-	80.9	94.4	1.3	194.7	29.6	-
	-	-	-	-	Stable								
Jordan	BB	Ba2	-	BB	B	-6.5	70.9	86.2	143.0	16.2	295.6	-19.9	16.7
	Stable	-	-	Stable	Stable								
Kuwait	AA-	Aa2	AA-	AA-	A	28.0	5.5	27.8	39.8	2.4	227.3	48.6	-4.9
	Stable	-	Stable	Stable	Stable								
Lebanon	B-	B3	B-	B-	CCC	-9.4	154.6	103.8	545.1	18.6	283.8	-9.9	10.0
	Stable	-	Stable	Stable	Stable								
Oman	A	A2	-	A	A	21.3	4.7	22.4	28.9	5.9	91.7	14.5	2.1
	Stable	-	-	Stable	Stable								
Qatar	AA-	Aa2	-	AA-	A	8.3	8.3	57.0	77.0	5.2	450.6	38.7	6.6
	Stable	-	-	Stable	Stable								
Saudi Arabia	AA-	A1	AA-	AA-	A	25.7	8.8	7.6	10.9	1.8	96.3	33.0	0.2
	Stable	-	Stable	Stable	Stable								
Syria	-	-	-	-	CCC	-1.3	30.4	24.8	52.6	2.2	85.0	-0.4	4.2
	-	-	-	-	Stable								
UAE	-	Aa2	-	AA-	A	32.1	10.4	65.4	71.4	1.8	167.0	25.6	1.6
	-	-	-	Stable	Stable								
Yemen	-	-	-	B-	B	-1.9	30.4	24.8	66.3	2.2	84.5	-0.9	
	-	-	-	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	-	-	-1.6	14.1	26.8	288.7	2.6	220.4	-6.8	5.4
	-	-	Stable	-	-								
Bulgaria	BBB+	Baa3	BBB	-	BBB	3.2	14.1	100.2	141.2	15.7	278.5	-21.1	16.2
	Stable	-	Stable	-	Stable								
Kazakhstan	BBB-	Baa2	BBB	-	BB	3.3	4.9	84.4	149.5	33.8	578.4	-5.0	5.3
	Negative	-	Stable	-	Stable								
Romania	BBB-	Baa3	BBB	BBB-	BB	-2.9	13.6	60.2	158.4	17.9	251.2	-16.1	5.4
	Negative	-	Stable	Stable	Stable								
Russia	BBB+	Baa1	BBB+	-	BBB	2.8	6.2	33.3	97.4	13.1	92.1	3.0	0.4
	Positive	Positive	Stable	-	Stable								
Turkey	BB-	Ba3	BB-	BB-	BB	-1.9	39.1	35.8	144.6	36.8	408.7	-5.7	2.0
	Stable	-	Stable	Stable	Stable								
Ukraine	BB-	B1	B+	-	BB	-2.5	13.2	60.1	98.2	26.0	263.0	-5.8	5.1
	Negative	Positive	Negative	-	Stable								

Sources: Moody's Investors Service; Economist Intelligence Unit - The above figures are estimated for 2008

* Figures last updated in September 2008



SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	1.00	29-Oct-08	Cut 50bps	16-Dec-08
Eurozone	Refi Rate	3.75	08-Oct-08	Cut 50bps	06-Nov-08
UK	Base Rate	4.50	08-Oct-08	Cut 50bps	06-Nov-08
Japan	O/N Call Rate	0.30	31-Oct-08	Cut 20bps	31-Dec-08
Australia	Cash Rate	6.00	07-Oct-08	Cut 100bps	04-Nov-08
New Zealand	Cash Rate	6.50	23-Oct-08	Cut 100bps	04-Dec-08
Switzerland	3 month Libor target	2.25	08-Oct-08	Cut 50bps	11-Dec-08
Canada	Overnight rate	2.25	21-Oct-08	Cut 25bps	09-Dec-08
Emerging Markets					
China	One-year lending rate	6.66	29-Oct-08	Cut 27bps	N/A
Hong Kong	Base Rate	1.50	29-Oct-08	Cut 50bps	16-Dec-08
Taiwan	Discount Rate	3.00	30-Oct-08	Cut 25bps	Dec-08
South Korea	Target Rate	4.25	27-Oct-08	Cut 75bps	07-Nov-08
Malaysia	O/N Policy Rate	3.50	24-Oct-08	No change	24-Nov-08
Thailand	1D Repo	3.75	08-Oct-08	No change	03-Dec-08
India	Repo rate	8.00	24-Oct-08	No change	27-Jan-09
UAE	Overnight repo rate	1.50	Oct-08	No change	N/A
Saudi Arabia	Repo rate	4.00	Oct-08	Cut 100bps	N/A
Egypt	Overnight Deposit	11.50	22-Sep-08	Raise 50bps	N/A
Turkey	Base Rate	16.75	22-Oct-08	No change	19-Nov-08
South Africa	Repo rate	12.00	09-Oct-08	No change	Dec-08
Kenya	Central Bank Rate	9.00	30-Sep-08	No change	Dec-08
Nigeria	Monetary Policy Rate	9.75	18-Sep-08	Cut 50bps	Dec-08
Ghana	Prime Rate	17.00	28-Oct-08	No change	Dec-08
Mexico	Target Rate	8.25	17-Oct-08	No change	28-Nov-08
Brazil	Selic Rate	13.75	29-Oct-08	No change	10-Dec-08
Armenia	Refi Rate	7.75	Sep-08	Raise 25bps	N/A
Romania	Policy Rate	10.25	01-Aug-08	Raise 25bps	N/A
Bulgaria	Base Interest	5.25	01-Sep-08	No change	N/A
Kazakhstan	Refi Rate	10.50	01-Oct-08	No change	N/A



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