

## COUNTRY RISK WEEKLY BULLETIN

### NEWS HEADLINES

#### WORLD

##### **Global leaders launch action plan to combat financial crisis**

Leaders of the Group of 20 industrialized and emerging market economies announced a series of immediate and longer-term actions to stabilize the financial system, stimulate domestic demand, help emerging and developing economies gain affected by the crisis, and strengthen the regulatory framework. They stressed their commitment to ensuring that the IMF, the World Bank, and other multilateral financial institutions had sufficient resources to continue playing their role in overcoming the crisis. Japan has announced its intention to lend the IMF an extra \$100bn to boost its resources. They also pledged to implement reforms that will strengthen financial markets and regulatory regimes to avoid future crises. As such, they pledged to strengthen transparency and accountability, enhance sound regulations, promote integrity in financial markets, reinforce international cooperation, and reform international financial institutions. The Group of 20 plans to hold a second summit next April.

*Source: International Monetary Fund*

##### **Trade finance liquidity gap at \$25bn**

The World Trade Organization stated that the market for trade finance has severely deteriorated and estimated the liquidity gap at \$25bn. It said the gap could be covered through increased co-sharing partnerships between commercial banks and international financial institutions and export credit agencies to the extent that the trade finance and insurance program of these institutions are supported by their governments. It also called for improving mechanisms of information sharing, risk assessment techniques, and data collection on trade finance. This would expand the scope for co-financing trade between private banks themselves and between the banks and public sector institutions.

*Source: World Trade Organization*

#### EMERGING MARKETS

##### **Liquidity is near term challenge for non-financial firms**

Moody's Investors Service ruled out a return to normal conditions on capital and bank markets at this stage, adding that liquidity is likely to be a major near-term challenge for non-financial corporate issuers in Emerging Europe, the Middle East and African (EMEA) region. It said that the extent to which the economic slowdown will weaken the liquidity profiles of non-financial firms by curtailing their cash flow generation has yet to be determined. The agency indicated that most firms are expected to have sufficient internal and external sources of liquidity available to cover debt maturities and other cash outflows over the next 12 months. However, with banks constrained to renew and extend credit facilities and also insisting on significantly tighter terms, liquidity is expected to weaken for a num-

ber of issuers over the next few months. Also, difficult terms of access to funding in capital markets are likely to contribute to the gradual deterioration in the liquidity profile of non-financial corporates as a group. Moody's believes internal sources of liquidity are also likely to weaken as the credit turmoil spills over into the real economy, affecting operating cash flows.

*Source: Moody's Investors Service*

#### MENA

##### **Region includes 5 of top 10 countries in terms of ease of paying taxes**

The PricewaterhouseCoopers/World Bank Ease of Paying Taxes Index for 2009 included 13 Arab countries, five of which ranked among the top 10 countries in the world. Qatar ranked in second place globally, followed by the UAE in 4th place, Saudi Arabia (7th), Oman (8th), Kuwait (9th), Bahrain (15th), Jordan (22nd), West Bank & Gaza (25th), Iraq (43rd), Lebanon (45th), Sudan (67th), Syria (99th), Tunisia (106th), Morocco (119th), Yemen (138th), Egypt (144th) and Algeria (166th). The index measures a firm's mandatory taxes and contribution that have direct impact on its income. It covers the number of tax payments by business, the total compliance time, and the total tax rate as a percentage of commercial profits. All these sub-indices are divided into corporate, labor and other tax sub-category. The index shows that the average number of tax payments per year in the MENA region is 2.2 times for corporate taxes, 11.7 times for labor taxes and 9.4 times for other mandatory taxes. It takes a standard firm in the MENA region 67.6 hours to prepare, file and pay its corporate taxes, 99.8 hours for its labor taxes and 63.9 hours for its consumption taxes. Finally, the tax rate as a percentage of commercial profits in a standard MENA firm is 13.2% for corporate tax, 17.3% for labor tax and 4.3% for non-corporate tax.

*Source: PricewaterhouseCoopers, World Bank*

#### OMAN

##### **Government to set up \$400m stock market fund**

Oman will set up a \$390m investment fund targeting the local stock market to restore investor confidence eroded by the world financial crisis. The government will inject 60% in the fund that will act as market maker, with the remainder to be provided from the private sector and pension funds. The Muscat Securities Market said the Ministry of Commerce and Industry took the initiative and invited some financial and banking institutions to contribute to the capital of the fund that aims at striking balance in the securities market in the Sultanate through investment in securities. It added that the fund will be professionally managed on a commercial basis to provide protection from high undue volatility in the securities markets. The fund will buy shares of listed companies whose prices are seen as "appropriate" and sell them once prices rise to provide liquidity for market participants and gains to the fund, the government added.

*Source: Dow Jones Newswires*

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# OUTLOOK

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## GCC

### Key near-term policy challenge is to overcome period of financial turmoil

The Institute of International Finance projected economic growth in the six countries of the GCC to slow to 4.2% in 2009 from 5.7% in 2008 and 5.2% in 2007 due to reduced oil production, tighter credit conditions and substantially lower oil prices. It expected non-hydrocarbon real GDP growth to fall to 5.4% in 2009 from 6.4% in 2008 and 7.5% in 2007. It said the region will not escape the fallout from the global financial turmoil, even though it is better prepared to deal with the crisis and the decline in oil prices than in the past three decades.

It indicated that a significant slowdown in credit growth, combined with the recent modest strengthening of the dollar and further decline in commodity prices would lower the average inflation rate from a peak of 12% in 2008 to 8.5% in 2009.

In parallel, the IIF expected the GCC's fiscal and current account surpluses to narrow substantially in 2009 from their record levels in 2008, as the sharp drop in the price of oil, from an average of \$105 in 2008 to a forecast \$75 per barrel in 2009, will reduce the consolidated external current account surplus to 15% of GDP from 31% of GDP in 2008 and the fiscal surplus to 13% of GDP in 2009 from 23% of GDP in 2008. It estimated the break-even prices of oil per barrel that balances 2009 budgets at \$36 for the UAE, \$38 for Qatar, \$48 for Kuwait, \$51 for Saudi Arabia, \$71 for Oman, and \$73 for Bahrain.

It added that the downside risk arises from a possible deeper recession in advanced economies and significant slowdown in emerging economies outside the region, resulting in much lower oil prices of \$50 per barrel in 2009, lower government spending, lower private sector growth, and significant correction in the real estate market in the region. These factors could reduce non-hydrocarbon growth by yet another one percentage point to 4.5% in 2009. It considered that if such an adverse situation persists, the extent of deterioration in growth performance in 2010 could deteriorate further.

*Source: Institute of International Finance*

## AFRICA

### North African banks immune so far to global crisis

Fitch Ratings indicated that the Algerian, Moroccan and Tunisian banking sectors are broadly immune to the international financial crisis, and possible negative impacts on banks would be limited. It said any contagion would come from the macroeconomic side, as GDP in advanced European countries, which are the main economic partners of North African countries, is expected to fall sharply in 2008 and 2009, with no recovery anticipated before 2010. The agency expressed concern about the continued ability of North African countries to resist a longstanding global economic slowdown, adding that banks' performance could be affected and asset quality would deteriorate as a result of less favorable local macroeconomic environments. In turn, this may exacerbate the banks' current

problems such as weak asset quality and capitalization, and jeopardize the recent progress achieved by Moroccan and Tunisian banks.

Fitch noted that Algerian banks appear largely shielded from any liquidity pressure or exposure to international financial markets, as most resident banks have good loans-to-deposits ratios and are little dependent on wholesale market funding. In addition, local banking regulations prohibit resident banks from taking on foreign banking counterparty risk in foreign currencies and banks have the obligation to place all their foreign currency deposits with the local central bank. Resident banks are also not allowed to invest in foreign assets nor grant loans to non-resident entities.

Fitch expected Tunisian banks to be resilient to the international banking turmoil, as strict regulatory controls on exchange resulted in a limited exposure of onshore banks to the international financial markets. Finally, Fitch said the exposure of Moroccan banks to foreign financial markets is limited as the country's tight regulatory framework has prevented significant exposure to foreign counterparties despite a gradual easing since 2007. As a result, only a tiny part of total banking assets and liabilities are invested in foreign currencies.

*Source: Fitch Ratings*

## JORDAN

### Impact of global crisis still manageable, downside risks are high

The International Monetary Fund expected the impact of the global economic and financial crisis on the Jordanian economy to remain manageable, adding that the decline in international commodity prices will ease pressure on the trade deficit, the budget, and inflation. It said the economic outlook is generally favorable but with a high degree of uncertainty in the near term, and projected growth to be slightly below 5% in 2009 with the ongoing correction in property prices reducing activity in the construction sector. The IMF warned of significant downside risks to the outlook if the global or regional downturn proves deeper or more prolonged than presently expected and called for tight macroeconomic policies to reduce the related vulnerabilities. It said prospects for capital inflows have tightened markedly as global financial conditions have deteriorated and warned that a premature easing of monetary policy, whether through lower interest rates or lower reserve requirements, could risk weakening the overall balance of payments position.

The Fund indicated that the banking sector appears well positioned to withstand a moderate economic slowdown and called for maintaining strong supervision to help keep risks in check. It said additional fiscal adjustment will be critical over the medium term to bring the fiscal and external balances to a more comfortable level and recommended a more ambitious public debt target of 50% of GDP in order to reduce fiscal vulnerability. It added that continued structural reforms will support the economy's long-term growth prospects.

*Source: International Monetary Fund*



# ECONOMY & TRADE

## KUWAIT

### Government entities to buy 10% of listed stocks

The government is considering buying 10% of the stocks listed on the country's exchange as part of a complex rescue plan to boost liquidity in the system. The government, through the Kuwait Investment Authority, or KIA and other Kuwaiti public sector entities, is setting up a five-year fund to buy 10% of the stocks across the board on the country's \$118bn exchange, with the goal of boosting liquidity of investment companies and restoring confidence. The government recently formed a financial task force headed by the Governor of the Central Bank of Kuwait to contain the effects of the global credit crisis on the country's financial system. The KIA is expected to buy the best performing companies and acquire maximum stakes of 5% and then 10% in each firm. It is currently designing the structure of the fund, but its exact size has not been decided yet.

Source: *Dow Jones Newswires*

## UAE

### Dubai to review investments to reduce risks

The Dubai government has hired financial advisors to help it restructure its economy in order to cope with the global credit crunch. The consultants will review the investments of various Dubai-owned companies and submit a report on how to reduce the risks to the emirate's economy from the global downturn that has pushed up the cost of financing and dried up lending. Fitch Ratings said Dubai has non-bank debt of nearly \$70bn, with most non-bank debt owed by public sector entities such as Dubai World and Dubai Holdings. Dubai's public sector foreign currency debt is at \$51bn, or 70% of total non-bank debt outstanding, with \$11bn in loans maturing in the last quarter of 2008. Many Dubai-owned companies have the vast majority of their investments abroad, which means the value of their assets has been hit by the global credit crunch. UAE authorities have already provided AED120bn to help ease interbank lending among banks.

Source: *Dow Jones Newswires, Fitch Ratings*

## SUDAN

### New tax hikes to offset drop in oil prices

The Finance Ministry indicated it intends to raise certain taxes in the 2009 budget in order to make up for the sharp decline in oil revenues, adding that the government will raise duties on imported vehicles and indirect taxes on telecom services. It said that authorities had a number of options to deal with the impact of global financial crisis on the economy but chose the ones that will not affect ordinary citizens. It also noted that the 2009 budget focused on funding social services to maintain social stability in the country. Oil exports represent 65% of revenues for Sudan and helped fuel its economic growth in recent years.

Source: *Reuters*

## ARMENIA

### IMF approves \$13.6m facility

The International Monetary Fund approved a three year, \$13.6m arrangement under the Poverty Reduction and Growth Facility (PRGF) for Armenia to support the government's economic program through 2011. This will allow Armenia to draw about \$1.9m from the IMF immediately. The Fund said that Armenia's economic performance has remained very strong after the successful conclusion of its third PRGF-supported program in May 2008, adding that the country is in a strong position to withstand the impact of the global economic downturn. It noted that a gradual decline in growth may help reduce inflationary pressures and may also contribute to reducing the external current account deficit, which has increased from rising imports and sluggish exports despite strong remittance inflows. It added that medium-term prospects, although highly uncertain, remain benign in view of favorable investment opportunities. The IMF said annual real GDP grew by 10.4% in the first 9 months of 2008 and expected growth at around 10% this year.

Source: *International Monetary Fund*

## PAKISTAN

### IMF to extend \$7.6bn loan

The International Monetary Fund reached an initial agreement with Pakistan on the key elements of an economic program supported by a \$7.6bn loan to meet the country's serious balance of payments difficulties. The IMF said the proposed loan is part of a 23-month Stand-By Arrangement and is equivalent to 500% of the country's quota in the Fund. It added that program's two main objectives are to restore the confidence of domestic and external investors by addressing macroeconomic imbalances through a tightening of fiscal and monetary policies; and to preserve social stability through a well-targeted and adequately funded social safety net. The IMF support is part of a broader package that includes financing from other multilateral institutions and regional development banks.

Source: *International Monetary Fund*

## TURKEY

### Outlook revised to negative on rising external financing needs

Standard & Poor's revised its outlook on Turkey to 'negative' from 'stable', and affirmed its 'BB-/B' foreign currency and 'BB/B' local currency sovereign credit ratings as well as its 'BB+' transfer and convertibility assessment on the republic. The agency attributed the change in outlook to a shift in the balance of risks to the downside, as external financing conditions remain difficult. It expected Turkey's 2009 gross external financing needs to exceed 140% of 2009 current account receipts and usable international reserves, constituting one of the higher ratios in emerging markets. It noted that the bulk of this external funding requirement comes from banks and corporations. S&P added that a prolonged sudden stop of external financing to Turkey's private sector could weaken the government's creditworthiness by requiring direct assistance to affected banks and by reducing government revenues, thus reversing a decade-long decline in the country's debt burden.

Source: *Standard & Poor's*



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# BANKING

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## MENA

### Losses of sovereign wealth funds estimated at 25% of value

Sovereign wealth funds of Arab countries are estimated to have lost 25% of their value since the deterioration of the global financial crisis last September. Arab SWFs are estimated to have investments worth \$1,500bn, with 45% of these investments placed in global stock markets that have suffered severe losses. The losses of Arab investments abroad are expected to equal a full-year income from oil revenues in the Arab region.

Source: *Al Riyadh*

## KUWAIT

### Central Bank issues two new repo deals to support liquidity

The Central Bank of Kuwait introduced two new repurchase agreements on November 19 with 'overnight' and one month maturities that carry a 1% and 3% rates, respectively. The existing one-week facility has a 2% rate. The new facilities will make interbank borrowing cheaper for banks, since the rates offered by the CBK are lower than those currently prevalent in the interbank market. Given a variety of repo rates at various maturities, it will now be easier for banks to work through their short-term asset-liability mismatches. The new facilities can only be used by banks on the reserves that are in excess of the 20% rule set by the CBK. Also, the utilization of the facility is dependent on a bank's possession of government-issued securities, which are used as collateral in the repo transactions.

Source: *Central Bank of Kuwait, Global Investment House*

## UAE

### Mortgage loans up 92% in June

Figures released by the Central Bank of the UAE show that real estate mortgage loans increased annually by 92% in June to AED87.6bn, or 9.7% of estimated 2008 GDP, a sharp jump from the 31% annual increase recorded as of December. Mortgage loans of national banks increased by 88% year-on-year to AED75.7bn at end-June, or 8.4% of GDP, while mortgage loans of foreign banks increased by 120% annually to AED11.9bn or 1.3% of estimated GDP. Mortgage lending by foreign banks is likely to slow substantially, especially as some banks announced they are stopping mortgage loans for apartments or doubling the minimum monthly salary needed to secure such loans.

Source: *Deutsche Bank*

## TURKEY

### Outlook on 7 financial institutions revised to negative

Standard & Poor's revised its outlook from 'stable' to 'negative' on T.C. Ziraat Bankasi, Türkiye Is Bankasi, Türkiye Garanti Bankasi, Yapi ve Kredi Bankasi, Türkiye Vakıflar Bankasi, HSBC Bank, Garanti Finansal Kiralama and Dogus Holding. It also affirmed the long- and short-term counterparty credit ratings on the seven institutions. The agency attributed the change in outlook to its earlier revision of the sovereign's outlook on

Turkey. It said the deteriorating economic prospects are expected to hamper Turkish banks' loan growth and financial performance due to higher provisioning needs and more difficult refinancing conditions on international markets. Further, domestic banks' performance and fundamentals are highly correlated with sovereign creditworthiness through their significant holdings of government securities. It added that if confidence and economic growth prospects deteriorate, domestic banks will have to operate in a difficult and volatile financial environment, which will exert pressure on profitability, asset quality, and capitalization. However, the positive momentum of 7 successive years of growth and modernization puts Turkish banks in a relatively robust position to withstand the current economic downturn and repercussions from the global financial turmoil, as banks boast relatively low loan leverage and diversified funding, which translate into stronger liquidity profiles.

Source: *Standard & Poor's*

### Central Bank cuts key rates

The Monetary Policy Committee (MPC) of the Central Bank of Turkey (CBT) reduced the overnight lending rate by 100bps to 18.75% and the borrowing rate by 50bps to 16.25%, narrowing the gap between the two rates. The MPC said in its post-meeting statement that the decision to lower rates reflected clear signs the local economy is slowing, which together with falling oil prices should bring inflation down more quickly than previously forecast. The CBT indicated it believes recessionary forces and cheaper oil will at least offset higher import prices due to a weaker lira with the Turkish economy growing at its slowest rate in six years and a possible contraction looming.

Source: *Deutsche Bank*

## KAZAKHSTAN

### Ratings on five major banks affirmed, ATF Bank outlook revised to negative

Standard & Poor's affirmed its long- and short-term counterparty credit ratings on BTA Bank, Kazkommertsbank, Halyk Savings Bank of Kazakhstan, Alliance Bank and ATF Bank. It also revised its outlook from 'stable' to 'negative' on ATF Bank, reflecting concerns about continued funding and liquidity challenges and asset quality deterioration that put downward pressure on the bank's stand-alone creditworthiness. The outlooks on the other four banks remain 'negative'. The agency's rating actions follow the recently announced government support measures that reduce the immediate downgrade pressure on the banks. The Kazakh government announced in October a series of support actions to sustain the stability of the banking sector and the economy. The most significant support measures include some capital injections into the largest private sector banks, liquidity support for corporations and small and midsize enterprises, lowering of obligatory reserve requirements, tightening of capital requirements, and extending refinancing possibilities with the National Bank of Kazakhstan.

Source: *Standard & Poor's*



# ENERGY / COMMODITIES

## Oil down a dollar as slowing growth depletes demand

Oil fell for a fifth straight session to approach \$50 a barrel on November 20 as the fallout from the credit crisis hits the global economy, hitting demand for fuel. Japan's exports to Asia fell in October for the first time since 2002, showing that the turmoil has spread to neighbors such as China and adding momentum to investors' flight to the safety of cash. U.S. light crude futures for December delivery fell 95 cents, or 1.75%, to \$52.68 a barrel, trimming back from an earlier dollar drop. London Brent crude drop \$0.95 to \$50.77 a barrel. According to the Energy Information Administration, U.S. crude oil inventories rose 1.6 million barrels last week, twice analysts' expectations. Total product demand fell by 7% year-on-year as consumption falls due to the economic crisis.

U.S. Federal Reserve forecasts that the U.S. economy will contract in the first half of next year and concern about the potential for deflation in the world's top oil consumer also weighed on crude prices. Oil has lost almost two thirds of its value since its July record above \$147 a barrel as demand in big consumer nations slows, prompting some members of the Organization of the Petroleum Exporting Countries (OPEC) to call for further oil output cuts. OPEC ministers gather for talks in Cairo on November 29, having already decided last month to reduce output by 1.5 million barrels per day. They are scheduled to meet again on December 17 in Algeria.

Source: Reuters

## South Sudan establishes Nile Petroleum Corporation Board

The semi-autonomous Government of Southern Sudan has formed a Board of Directors for the Nile Petroleum Corporation (Nile-pet), with effect from November 4, 2008. The Board is mandated to properly manage the oil sector so that it can achieve maximum economic benefits for the people of Southern Sudan. The decree appoints the Minister of Energy and Mining, John Luk Jok, as the chairman of the Board of Directors. The decree also states that each of the oil producing states in Southern Sudan shall have one representative in the Board. Southern Sudan produces most of Sudan's oil which pumps half a million barrels per day.

Source: Sudan Tribune

## Egyptian court says no to gas exports to Israel

A Cairo court overruled the Egyptian government's decision to allow exports of natural gas to Israel. The court did not publish the grounds of the ruling and there were no details on whether or when the government would act on it. The ruling is subject to appeal in a higher administrative court.

Egyptian natural gas began flowing to Israel through a pipeline for the first time in May under an agreement signed in 2005 with the East Mediterranean Gas Co, which will supply 1.7 billion cubic meters a year for 20 years. Egyptian natural gas exports are directed mainly to Europe, with exports to Israel representing only a small share of total natural gas exports.

Source: Reuters

## Base metals: Copper prices decline on signs production outpaces consumption

Copper prices fell on signs that output is exceeding demand as a global economic slowdown reduces consumption of the metal used in pipes and wires. Copper for delivery in three months on the London Metal Exchange fell as much as 1.7% to \$3,688 a metric ton, and traded at \$3,725. March-delivery copper on the Comex division of the New York Mercantile Exchange added 0.5% to \$1.6805 a pound. Copper for February delivery on the Shanghai Futures Exchange added as much as 2% to end the day at \$4,254 a ton. Copper has fallen 9.5% this month as stockpiles rose, global equity markets fell and the economies of the U.S., Japan and Germany slipped into recession. Among other LME-traded metals, aluminum and lead were little changed at \$1,912.50 and \$1,299 a ton respectively. Zinc was down 2.1% at \$1,203 a ton, nickel lost 0.7% to \$10,675.

Source: Bloomberg

## Precious metals: Gold gains as declining dollar and equities increase haven appeal

Gold rose after the dollar fell for the first time in three days against the euro and U.S. stocks dropped to a five-year low on concern the U.S. recession is deepening, increasing gold's appeal as an alternative investment. Gold for immediate delivery gained \$6.6, or 0.9%, to \$741.15 an ounce before trading at \$739.82 in Singapore. Silver for immediate delivery was up 0.6% at \$9.3150 an ounce. Gold has slumped 28% from its March record of \$1,032.70 an ounce as gains by the dollar and slowing world growth reduced demand for commodities. Oil futures are down 50%, while copper is 54% lower. Demand increased 18% in the third quarter as lower prices encouraged purchases by jewelers and as investors sought a haven. Jewelry demand gained 7.6% and sales to India, the largest gold consumer and jewelry buyer, increased 29%. December-delivery gold rose 0.5% to \$739.70 an ounce in after-hours electronic trading on the Comex division of the New York Mercantile Exchange. The contract gained 0.5% on November 19th. Gold for October delivery in Tokyo fell 2.1% to \$736 an ounce.

Source: Bloomberg

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	163.0	232.2	236.1	-14.4	-23.4
LME metals price index	2004.8	3367.4	3595.7	-22.1	-46.0
Oil prices USD	59.5	110.8	105.8	-26.8	-34.9
Oil prices SDRs	40.4	70.3	66.6	-24.0	-29.9
Gold \$/troy oz	716.7	856.1	871.3	-13.6	-10.4
Silver cents/troy oz	936.5	1444.3	1553.9	-11.7	-36.2
Platinum \$/troy oz	826.0	1520.8	1654.1	-16.3	-41.6
Copper \$/MT	3590.8	7102.7	7384.5	-28.6	-48.6
Nickel \$/MT	10402.5	18378.4	23328.6	--16.1	-68.8
Aluminium \$/MT	1871.3	2657.0	2674.7	-14.7	-25.9
Zinc \$/MT	1145.8	1703.3	2032.6	-20.5	-57.0
Steel - HR coil dry \$/MT	605.0	605.0	605.0	0.0	0.0

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								
<b>Africa</b>													
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								
<b>Middle East</b>													
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								
<b>Central &amp; Eastern Europe</b>													
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	BB+	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
	Negative	Positive	Negative	-	Stable								
Turkey	BB-	Ba3	BB-	BB-	BB	-1.9	39.1	35.8	144.6	36.8	408.7	-5.7	2.0
	Negative	-	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	3.25	06-Nov-08	Cut 50bps	04-Dec-04
UK	Base Rate	3.00	06-Nov-08	Cut 150bps	04-Dec-04
Japan	O/N Call Rate	0.30	31-Oct-08	Cut 20bps	21-Nov-08
Australia	Cash Rate	5.25	04-Nov-08	Cut 75bps	02-Dec-08
New Zealand	Cash Rate	6.50	23-Oct-08	Cut 100bps	04-Dec-08
Switzerland	3 month Libor target	2.00	06-Nov-08	Cut 50bps	11-Dec-08
Canada	Overnight rate	2.25	21-Oct-08	Cut 25bps	09-Dec-08
<b>Emerging Markets</b>					
China	One-year lending rate	6.66	29-Oct-08	Cut 27bps	N/A
Hong Kong	Base Rate	1.50	30-Oct-08	Cut 50bps	16-Dec-08
Taiwan	Discount Rate	2.75	09-Nov-08	Cut 25bps	Dec-08
South Korea	Target Rate	4.00	07-Nov-08	Cut 25bps	11-Dec-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	7.50	24-Oct-08	No change	27-Jan-09
UAE	Overnight repo rate	1.50	08-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	16.25	19-Nov-08	Cut 50bps0	N/A
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



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](mailto:research@byblosbank.com.lb)  
[www.byblosbank.com.lb](http://www.byblosbank.com.lb)

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# BYBLOS BANK GROUP

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## 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

## 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](mailto:byblos.europe@byblosbankeur.com)

## 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](mailto:byblosbanksyria@byblosbank.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](mailto:byblos.europe@byblosbankeur.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](mailto:byblosbankafrica@byblosbank.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](mailto:byblos.europe@byblosbankeur.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](mailto:iraqbranch@byblosbank.com.lb)

## 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](mailto:bybloscyprus@byblosbank.com)

## 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](mailto:byblosbankuae@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

