

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global banking sector to be drastically altered

Standard & Poor's stated that the series of events that have led to the shutting down of the credit markets and eroded confidence in the global financial system will lead to the most profound changes in the global banking system since the Great Depression. It noted that the concerted actions of governments worldwide have been instrumental in pulling the financial system back from the brink of complete collapse, although prospects for the global financial system have been extremely bleak during the past four months. The agency said the real economy will be affected by the contraction in financing and asset price declines, which will likely cause more delinquencies and defaults on loans. As a result, increased call for regulation, a wave of bank consolidations, along with a newfound coordination of global regulatory and central banking initiatives, appear likely to significantly alter the nature of the financial services industry. S&P added that although governments have demonstrated a willingness to provide extraordinary support, credit markets may be prone to bouts of illiquidity in the future. Therefore, the vulnerability of the wholesale-funded banking model needs to be reassessed.

Source: Standard & Poor's

Negative corporate ratings worsen

Fitch Ratings indicated that global corporate rating actions in the third quarter of 2008 continued to reflect worsening credit and economic conditions, with downgrades outnumbering upgrades 3.6 to 1, up from 1.8 to 1 in the second quarter and resulting in a year-to-date downgrade to upgrade ratio of 2.5 to 1. It said financial institutions shouldered the brunt of negative rating activity in the third quarter and year-to-date period with downgrades exceeding upgrades 5.3 to 1 in the third quarter and 3.2 to 1 on a year-to-date basis. The agency noted that emerging market corporate credits fared better than their developed market counterparts for the first 9 months of the year, registering a positive downgrade to upgrade ratio of 0.4 to 1, while developed markets recorded net negative rating movements for the same period of 4 to 1. However, emerging market Rating Outlook and Watch assignments have turned increasingly negative, indicating that credit quality is beginning to come under pressure in these previously robust markets. It noted that 13% of all emerging market issuers were assigned either a Negative Rating Outlook or Watch by the end of September, compared with 7% at year-end 2007. In addition to the more pronounced negative rating drift and increase in the share of global corporate entities on Negative Rating Outlook or Watch, the third quarter also recorded a meaningful increase in multi-notch downgrades. Fitch said this year's rating activity clearly reflects the depth of the credit crisis and deteriorating prospects for global economic growth.

Source: Fitch Ratings

GCC

Currency union unlikely to affect governments' bond ratings

Moody's Investors Service indicated that the GCC currency union that is planned for 2010 would be unlikely to affect the government bond ratings of its six member states, adding that many of the common advantages of a currency union are muted in the case of the GCC and the disadvantages are also less applicable given that GCC states already have fixed exchange rate pegs. The agency said the primary disadvantages associated with membership of a currency union, such as ceding control over monetary and exchange rate policies, are less immediately relevant for GCC members given their currency pegs. However, the formation of a currency union presents an opportunity for the GCC to move to a more flexible exchange rate regime in an orderly fashion. Moody's added that although GCC states' economic cycles are broadly in tune, the risk of asymmetric shocks is likely to grow over the longer term as some states' hydrocarbon reserves deplete more quickly than others. For these countries, exchange rate flexibility could at some point aid diversification and economic adjustment.

Source: Moody's Investors Service

SAUDI ARABIA

Public spending to increase in 2009

Saudi Arabia's Finance Minister stated that the government plans to boost public spending in 2009 despite the decline in oil prices. According to the finance minister, the government's development program will continue and spending in 2009 will be greater than 2008. Earlier this month King Abdullah of Saudi Arabia said that he expected investment by the public sector and state-controlled oil sector to exceed \$400bn over the next five years.

Source: Standard Chartered

AFRICA

North African countries to establish regional bank

Morocco, Algeria, Tunisia, Mauritania and Libya agreed to begin establishing a joint regional investment and commercial bank in early 2009, to be named Maghreb Bank for Investment and Foreign Trade. The bank is part of an action plan adopted by the North Africa countries to accelerate reforms in trade facilitation, financial integration, and the promotion of the private sector and joint ventures. The International Monetary Fund recommended the establishment of the bank.

Source: Magharebia News

OUTLOOK

SYRIA

Economy to feel impact of regional slowdown, reforms remain key to sustain growth

The International Monetary Fund projected economic growth at 5.2% in 2008, up from 4.2% in 2007, with non-oil GDP growth of 5.9% in 2008 compared to 6% in 2007. It expected Syria's near-term growth outlook to be somewhat affected by the adverse global and regional developments, as the economy is likely to feel the impact of a regional slowdown due to financial links with other countries in the region, especially with GCC economies. It said the deterioration of international financial conditions has not affected Syria's financial sector so far, given the banks' limited integration with the global system and since regulations of the Central Bank of Syria strictly limit banks' foreign exposure. It noted that inflation accelerated in 2008, driven mostly by higher food and fuel prices, but it started to decline in the last quarter of 2008 and is forecast to average 14.5% for the year.

The Fund forecast the fiscal deficit to slightly decline to 3.1% of GDP in 2008 from 3.4% of GDP in 2007, with the non-oil deficit to stay at 8.3% of GDP relative to 8.4% of GDP in the previous year. It said current expenditures would rise by 4% and capital spending by 18% this year, adding that oil-related receipts would reach 5.2% of GDP and non-oil revenues would stay unchanged at 17.2% of GDP. In parallel, it expected the current account deficit to widen to 4% of GDP in 2008 from 3.3% last year.

The IMF encouraged authorities to reduce the non-oil fiscal deficit by about 1% of GDP in 2009 by a combination of continued expenditure restraint, reducing oil subsidies, and strengthening tax administration. It also supported further measures to reduce petroleum subsidies, and stressed the urgent need to improve public expenditures management. It said the authorities should remove any remaining foreign exchange restrictions and multiple currency practices, as this would help strengthen confidence and eliminate the parallel market. The IMF expected Syria's medium-term outlook to improve with the end of the global and regional slowdown. But it warned that this positive assessment would depend on advancing fiscal and structural reforms, adding that progress in fiscal adjustment should offset the continuing decline in oil revenues.

Source: International Monetary Fund

ARMENIA

Growth to average 9.2% in 2008-09, economy to be marginally affected by global turmoil

The International Monetary Fund projected economic growth in Armenia at 10.4% in 2008 and 8% in 2009, relative to 13.8% in 2007, assuming continued strong activity in construction and services. It added that the economy's strong growth is backed by sound macroeconomic policies and ongoing structural reforms, and forecast per capita GDP to grow to \$3,698 in 2008 to \$4,274 in 2009. It said that while Armenia's short-term outlook remains favorable, inflationary pressures, a widening external current account deficit, and rapid credit growth have

raised concerns. It indicated that Armenia is in a strong position to withstand the impact of the global financial crisis, even though the deteriorating global macroeconomic outlook has increased uncertainty. In parallel, the current global financial turmoil, as well as regional instability, could affect foreign direct investment and remittance inflows and undermine growth prospects, while at the same time reducing risks of economic overheating. The Fund noted that a gradual decline in growth may help reduce inflationary pressures, as inflation is expected to average 9.2% in 2008, up from 4.2% in 2007, but to decline to 5.2% in 2009. A slowdown in growth may also contribute to reducing the external current account deficit, which has increased due to rising imports and sluggish exports, despite strong remittance inflows. It expected the current account deficit to reach 9.7% of GDP in 2008 and 10.8% of GDP in 2009, up from 6.7% of GDP in 2007.

The IMF stressed that the authorities' commitment to continued prudent monetary and fiscal policies and far-reaching structural reforms is necessary to consolidate past gains and to strengthen the economy's resilience against external shocks. It said the vigorous implementation of structural reforms will be key to address Armenia's weak business environment, limited export potential and undiversified production base. The IMF considered that exchange rate flexibility remains the best option for Armenia, and that it should facilitate adjustment of the external balance.

Source: The International Monetary Fund

UAE

Global Crisis affecting banking sector liquidity

Moody's Investors Service indicated that the UAE's financial sector has been affected by the global financial crisis, adding that liquidity in the UAE banking system has weakened in the first 9 months of 2008 due to the exit of speculative money, the disruption to foreign market funding, the substantial irrevocable loan commitments to existing clients that need to be serviced, and the potential need to refinance maturing corporate debt. It noted that risks related to liquidity and external funding needs have increased, as international debt capital markets are now effectively closed to most issuers and overall risk tolerance is reduced for financial institutions. The agency said that government's measures contributed to provide a short-term solution and renewed confidence in the banking sector, but added that liquidity stress may inhibit asset growth over the medium term.

Moody's expected the liquidity crisis to lead to a slowdown in domestic loan growth for 2009, with some banks possibly showing negative growth; increased pressures on net interest margins due to high borrowing costs; stringent regulation by the Central Bank in terms of scrutinizing loans and advances; and a restructuring of the project finance industry with large loan agreements being redrawn, restructured or postponed. Moody's expects that a significant portion of the announced but unexecuted projects to be cancelled or postponed, especially in Dubai and the northern emirates, unless debt capital market conditions improve in 2009.

Source: Moody's Investors Service



ECONOMY & TRADE

SYRIA

Launch of VAT postponed at least till 2010

The Finance Ministry indicated that the value added tax would not be implemented before 2010 and that it was considering to exempt a wide variety of products including food, drugs, health services, education, real estate and banking operations. The launch of VAT has been delayed several times. Earlier this year, the ministry said that the tax would be launched in 2009 with a flat rate of 10%. It added that VAT would replace 12 other taxes currently imposed including the consumers tax. Authorities have been searching for alternative sources of revenues, as oil receipts have been falling rapidly. The International Monetary Fund said in its latest Article IV Consultation that good progress is being made in preparatory work for the VAT and encouraged the authorities to adhere to the new target date of 2010.

Source: *Syria Report, International Monetary Fund*

JORDAN

Insurance premiums at JD272m in first 10 months of 2008

Figures issued by the Insurance Commission of Jordan show that gross premiums generated in the local market reached JD271.8m in the first 10 months of 2008, constituting an increase of 9.8% from JD247.6m in the same period last year. General insurance premiums rose by 8.2% to JD241.7m, from JD223.4m in the same period of 2007, while life premiums increased by 24.4% to JD301m from JD242m over the same period of the previous year.

Source: *Al-Ghad Daily*

UAE

Dubai debt at \$80bn

A member of Dubai's ruling council indicated that the emirate's sovereign debt is \$10bn while the aggregate debt of state-affiliated firms amount to \$70bn. It added that the government of Dubai holds \$90bn in assets while state-affiliated companies hold \$260bn. Concern over Dubai's debt has mounted over the last few months, with questions about whether or not Dubai could pay off its debt in light of a global crisis and broad-based de-leveraging. Citigroup indicated that Dubai is the most vulnerable among the GCC economies, as it has little oil and its economy has been growing on the oil surpluses from the GCC, Iran and Russia. Dubai's two specific concerns are its real estate sector and how it will refinance the debt it has built up in recent years. It estimated that UAE-based entities had outstanding bank loans totaling \$96bn and securities of \$53bn at the end of June 2008.

Source: *Citigroup, Standard Chartered*

EGYPT

Current account deficit at \$966m in third quarter

The Ministry of Economic Development indicated that the current account fell into a deficit of \$966m in the third quarter of this year compared to a surplus of \$489m or 0.5% of GDP in the previous quarter, as the trade balance widened and remittances and non-exports disappointed. Export grew by 34% year-on-year, driven mainly by petroleum exports, which surged 62%

annually, boosted by record oil prices during the quarter. Non-petroleum exports grew by 17% annually, growing by their slowest rate in years. Import growth was also strong at 36% annually, driven mainly by non-petroleum exports which expanded 37%. As a result, the trade balance widened 35% annually and by 6% quarter-to-quarter to \$7bn. The services and net income balance grew a solid 35% year-on-year to \$4.1bn, suggesting that tourism and Suez Canal revenues remained strong. Net private transfer growth declined 2.1% to \$1.9bn after growing 35% annually in FY2007/08.

Source: *EFG Hermes*

ALGERIA

Growth at 3% in 2008

The International Monetary Fund expected real GDP growth at about 3% and non-hydrocarbon growth to reach about 6% in 2008, driven by the substantial public investment program (PIP). It said inflation is under control at 4%, reflecting a cautious monetary policy and support for prices of certain basic foodstuffs. It added that the external position remains strong, with international reserves amounting to about \$135bn in October 2008. The Fund forecast the overall budget surplus to reach about 9% of GDP, which has allowed for further accumulation of resources in the Hydrocarbon Stabilization Fund. It indicated that the government should prepare to adopt a number of precautionary measures in the event that the global economic situation should remain unfavorable for an extended period. Such measures could include further streamlining of government expenditures and improving non-hydrocarbon tax collection. It said the major challenge facing Algeria in the medium term is to ensure strong and sustainable non-hydrocarbon growth in order to further reduce unemployment and raise living standards, which will require macroeconomic stability as well as further structural reforms that have been tentative so far.

Source: *International Monetary Fund*

NIGERIA

Excess Crude Account surplus at \$22.7bn

Finance Ministry figures show that its Excess Crude Account (ECA) stands at \$22.7bn, or 8.7% of 2008 GDP. The ECA is the account where oil-related government revenues in excess of a reference oil price accrue. The previous reported ECA level was \$15bn back in January 2008. At this level, the government is expected to comfortably finance the overall fiscal deficit in 2009 without any significant external borrowing. The fiscal deficit for all three tiers of government is forecast to rise to 3.4% of GDP in 2009 from 1.2% of GDP in 2008 and 2.3% of GDP in 2007. The current account balance is expected to fall into a deficit of 1.2% of GDP in 2009 from an estimated surplus of 1.4% of GDP this year.

Source: *Reuters, Credit Suisse*

BANKING

WORLD

Basel Committee announces banking crisis strategy

The Basel Committee on Banking Supervision announced a comprehensive strategy to address the fundamental weaknesses revealed by the financial market crisis related to the regulation, supervision and risk management of internationally-active banks. It said the primary objective of the strategy is to strengthen capital buffers and help contain leverage in the banking system arising from both on- and off-balance sheet activities. It added that the Committee's strategy is based on strengthening the risk capture of the Basel II framework, particularly for trading book and off-balance sheet exposures; enhancing the quality of Tier One capital; building additional shock absorbers into the capital framework that can be utilized during periods of stress; evaluating the need to supplement risk-based measures with simple gross measures of exposure in both prudential and risk management frameworks to help contain leverage in the banking system; strengthening supervision to assess funding liquidity at cross-border banks; leveraging Basel II to strengthen risk management and governance practices at banks; strengthening counterparty credit risk capital, risk management and disclosure at banks; and promoting globally coordinated supervisory follow-up exercises to ensure implementation of supervisory and industry sound principles.

Source: *Bank for International Settlements*

UAE

Abu Dhabi bails out Dubai mortgage lenders

The UAE Finance Ministry announced the merger of the country's two largest home loan lenders and the formation of a new lending giant controlled by the federal government. Dubai-based mortgage lenders Tamweel and Amlak Finance, which have about 60% of the emirate's mortgage market, were merged into the state-owned Real Estate Bank. In turn, Real Estate Bank merged with Emirates Industrial Bank to form a new entity named Emirates Development Bank. The Real Estate Bank is 100% government owned and Emirates Industrial Bank is 51% state-owned. The government said it will inject capital into the newly created Emirates Development Bank, which is another sign of the federal government stepping in to help alleviate Dubai's financial stress. The new entity becomes the largest real estate finance institution in the country and will comply with Islamic Shariaa rules.

Source: *WAM, Deutsche Bank*

JORDAN

Central Bank reduces key rates and reserve requirements

The Open Market Committee of the Central Bank of Jordan (CBJ) cut its main interest rates and reduced the level of reserves commercial banks must hold. The CBJ lowered the rediscount rate from 6.75% to 6.25%, the repo rate from 6.5% to 6%, and the overnight window deposit rate from 4.5% to 4%. It also reduced the reserve requirement on clients' deposits denominated in Jordanian dinars or foreign currencies at licensed banks by 1% from 10% to 1%. The CBJ said the meas-

ures come in light of the drop in inflation rate by 2% by the end of October and expected inflation to drop further. The move is viewed as an attempt to ease funding pressures and make more funds available for banks to sustain their lending businesses.

Source: *Central Bank of Jordan, Jordan Times*

EGYPT

European Central Bank to cooperate on second phase of bank reforms

The European Central Bank (ECB) agreed to cooperate with Egypt on the second phase of its banking reform and technical assistance program, which begins next January. Under an agreement signed by the ECB and the Central Bank of Egypt, the ECB granted Egypt €3m for the second phase, which is designed to strengthen banking supervision and help the Egyptian banking sector comply with Basel II standards over the next three years. During the first phase from 2005 to 2007, the government reinforced the capital position of public sector banks and helped settle 89% of the banking sector's non-performing loans.

Source: *EFG Hermes*

ARMENIA

IFC to support lending to SMEs

The International Finance Corporation announced it will help expand access to finance for small and medium enterprises in Armenia by providing a \$5m financing package to Inecobank. The package comprises a \$3m senior loan to on-lend to small and medium enterprises and a trade guarantee facility of up to \$2m to facilitate import-export operations. With the guarantee, the bank will join the IFC's Global Trade Finance Program and get access to global network of banks supporting trade finance operations. Part of IFC's financing also will be used to support Inecobank's mortgage lending program and help the bank adopt international standards in that area. Inecobank is one of Armenian top 10 banks in terms of equity and assets.

Source: *International Finance Corporation*

RUSSIA

Currency support cost Central Bank \$58bn

The Central Bank of Russia (CBR) declared that it spent \$57.5bn on interventions in support of the rouble in September and October. The disclosure was made by CBR Governor Ignatiev in testimony to parliament. It also said that \$30.1bn of the \$97.6bn decline in the US dollar value of the reserves over the two-month period was due to the foreign exchange valuation effect from the dollar's appreciation against the euro and the British pound. In addition, the CBR transferred \$14bn of its reserves to VEB Bank for bank recapitalization and other measures in support of the financial system. It added that 45% of foreign currency reserves were in US dollar assets, 44% in Euro, 10% in British pounds and just over 1% in Japanese yen. The declaration represents the first formal disclosure of the use of foreign reserves by the CBR and confirmed the large-scale interventions in support of the rouble, but also the sizeable support of the financial system.

Source: *Deutsche Bank*



ENERGY / COMMODITIES

Oil falls towards \$53 as recession raises concern of falling demand

Oil slipped toward \$53 on November 27, as investors worried over falling oil demand after another set of bearish U.S. stocks and oil demand data, erasing some of the 7% gains of an equities rally a day earlier. U.S. light crude for January delivery fell \$1.04 to \$53.40 a barrel, off an earlier low of \$53.14, erasing some of the \$3.67 gains made on November 26th. Oil has fallen by almost \$100 a barrel since hitting a record peak above \$147 a barrel in July as the global credit crunch cut demand in large consumer nations. U.S. weekly crude stocks rose by a hefty 7.3 million barrels in the week ended November 21, well above forecasts for an 800,000 barrel increase. Total U.S. product demand over the past four weeks was down 6.6% from year-ago levels, while September oil demand fell by 12.8% versus a year ago to its lowest in 12 years. Global demand is expected to decline by 20,000 barrels per day each in 2008 and 2009.

Price support may come from OPEC's informal meeting in Cairo on November 29th. Venezuela has pushed for OPEC to quickly decide to cut output by at least 1 million barrels per day. Russian President Dimitry Medvedev called interesting a proposal by Venezuelan President Hugo Chavez for OPEC to set an oil price target band of \$80-\$100 a barrel. OPEC's next policy-setting meeting is scheduled for December 17 in Algeria.

Source: Reuters

Iran says some OPEC members pumping above quota

Iran's OPEC governor accused some members of the organization of producing more crude oil than their quotas. He also said OPEC needs to have a fresh output cut to stabilize the market.

Source: Reuters

Merrill Lynch cuts oil forecast to \$50

Merrill Lynch has cut its 2009 oil price forecast to \$50 a barrel from \$90 due to falling demand. The U.S. firm also lowered its 2010 forecast to \$70 a barrel from \$100 based on concerns that OPEC will be powerless to support the market as fuel demand dips.

Source: Bloomberg

Qatar signs joint venture with Petrochina and Royal Dutch Shell

The Qatari government signed a joint venture refinery with PetroChina and Royal Dutch Shell. The joint venture will be Qatar's first foray in China's oil market and will have a capacity of more than 200,000 barrels per day. The complex will be built in one of China's large coastal provinces and will have a budget of around \$4.3bn.

Source: Reuters

GE signs \$1bn deals with Sonelgaz in Algeria

General Electric Co. (GE) signed a number of service agreements with Algerian state energy company Sonelgaz. Under the deals, GE will service 51 gas turbines installed in 31 power plants across the country. The agreements include an 18-year

contractual service agreement for the planned Koudiet Draouch plant, 700 kilometers east of Algiers, and a six-year maintenance program.

Source: Middle East Business Intelligence

Base metals: The negative price trend continues

Base metal prices continue to fall rapidly. As the global economy slows, demand for base metals declines, inventories increase and prices fall. Registered inventories of all base metals, except lead, are rising fast. LME warehouses in Detroit have registered particularly large inflows of aluminum, underscoring the auto industry's current weakness. There are reports about significant production cutbacks by metal producers, but these production adjustments are currently not happening fast enough to stabilize the markets. There is also negative news from the construction industry. US Housing Starts continued to fall in October, which is additionally weighing on market sentiment. As base metal prices are most exposed to the slowdown of the global economy, significant downside risk for prices is expected in the months ahead. Stabilization is only expected in 2009, when global economic growth hits a bottom.

Source: Credit Suisse

Precious metals: The supply/demand balance of the gold market tightens

The World Gold Council (WGC) released new supply/demand data for the physical gold market for the third quarter. According to the new data, the global demand for gold rebounded strongly in the third quarter after several quarters of weakness. Total gold demand increased 13% year-on-year to 1,133 tons in the third quarter, pushing the market into a significant deficit. The surge in demand was mainly driven by strong increases in investment demand in the form of inflows into exchange-traded funds as well as investment in coins and bars. The data underscores a positive gold view for 2009. While the stronger dollar is a significant short-term risk for the gold price, current central bank and government actions are all designed to be inflationary. This is expected to create a positive environment for gold in 2009 and prices should increase accordingly.

Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	160.5	228.6	235.1	-13.1	-23.7
LME metals price index	1889.7	3289.1	3564.0	-19.3	-47.0
Oil prices USD	48.8	108.1	105.0	-34.4	-50.8
Oil prices SDRs	33.1	68.8	66.2	-32.6	-46.8
Gold \$/troy oz	749.3	850.3	870.3	-4.7	-5.5
Silver cents/troy oz	939.0	1416.0	1544.0	-4.1	-34.6
Platinum \$/troy oz	797.0	1472.1	1642.2	-9.1	-45.4
Copper \$/MT	3430.3	6918.7	7321.1	-29.6	-48.2
Nickel \$/MT	9652.5	17777.1	22924.9	-4.9	-67.7
Aluminium \$/MT	1751.3	2614.8	2661.6	-16.6	-29.2
Zinc \$/MT	1130.5	1661.3	2006.8	-4.2	-51.3
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								
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	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-08
UK	Base Rate	3.00	06-Nov-08	Cut 150bps	04-Dec-08
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
Emerging Markets					
China	One-year lending rate	5.58	26-Nov-08	Cut 108bps	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 50bps	18-Dec-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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