

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Significant changes ahead in financial markets

Standard & Poor's expected greater regional and global coordination in banking and securities oversight, as well as the reversal of a long trend of deregulation and privatization in the financial services sector after the current global economic crisis subsides. It said risk aversion in the wake of declining valuations in the structured finance market will continue for the foreseeable future, while more coordination among regulators across national boundaries is inevitable. It expected markets and financial centers to become more global, adding that secondary centers will become more important but that national financial capitals will remain essential for certain types of trading or for domestic companies. Also, the trend toward globalization of financial markets will likely accelerate, in part because of capital injections from overseas investors into U.S. banks and financial institutions. The agency noted that securitization will likely be revived, but only in the simplest forms. It expected the trend toward deregulation to be reversed, leading to a streamlining of the regulatory structure. According to S&P, the role of governments in financial systems around the world will increase significantly, and conventional boundaries between the state and markets will be challenged. S&P expected to see a re-intermediation of banking systems, especially in the U.S. where there has been more market debt than bank debt. It considered that the European banking model of investment banking appears to have prevailed, as investment banks in the U.S. have been absorbed into other banks or have taken on quasi-bank status.

Source: *Standard & Poor's*

EMERGING MARKETS

External debt issuance at all time low in 2009

Merrill Lynch expected the issuance of external corporate and sovereign debt by emerging markets to reach \$33.9bn in 2009, down 25% from \$45.4bn in 2008. It considered the figure to be the lowest external debt issuance ever, even lower than the \$35.9bn issued in 2002 and 70% lower than the peak of \$111.7bn in 2007. Its forecasts are based on issuance from countries that are rated 'BBB+' or lower. Merrill Lynch projected an all-time low of \$19.9bn in sovereign debt issuance in 2009, constituting a 7% decline from the \$21.3bn expected to be issued by the end of 2008, which is a 21% drop from 2007. It said the current level represents a 59% decrease from the 2005 peak of \$48.7bn, and is even lower than the previous low of \$21.1 reached in 2002. It noted that virtually no issuer has been able or interested in issuing external debt in the current environment, a trend that is likely to continue through at least the first half of 2009. It added that although issuers have increased their external funding needs, many are turning to multilateral and bilateral sources rather than to capital markets due to the high cost of funding in this environment, therefore decreasing the publicly tradable supply of external debt coming to market this year.

Source: *Merrill Lynch*

GCC

Sovereign wealth funds to lose 15% in 2008

Samba Financial Group estimated that the GCC's sovereign wealth funds are likely to lose about \$190bn, or 15% of their value, this year due to the global financial turmoil. It said foreign asset accumulation in 2008 is likely to reach around \$390bn, but the stock of assets is thought to have stagnated given a poor performance from most types of asset classes. It added that the decline in value this year of the assets under management would almost offset the impact of the additional oil windfall, leaving the net stock essentially unchanged from 2007. Samba said estimated that Abu Dhabi Investment Authority has \$450bn in foreign assets as at June 2008, followed by the Saudi Arabia Monetary Agency with \$400bn, the Kuwait Investment Authority with \$270bn, Dubai International Capital with \$82bn and the Qatar Investment Authority with \$60bn, in addition to Mubadala with \$10bn and Istithmar with \$6bn.

Source: *Samba Financial Group*

UAE

Government rules out direct support of stock markets

The UAE's Ministry of Economy declared the federal government has no plans to support the local bourses, adding that there's no need for such support because local firms have their own resources needed for recovery. It indicated that stock prices on the Abu Dhabi and Dubai equity markets are expected to improve in 2009, considering the good financial performance of locally listed companies this year. It added that the Emirates Securities and Commodities Authority is still studying the advantages and disadvantages of merging the bourses of Dubai and Abu Dhabi.

Source: *Al Khaleej*

LIBYA

Sovereign fund to buy minority stake in largest Italian oil firm

The National Oil Company said Libya's Energy Fund, valued at \$10bn, intends to buy a minority stake of 2% to 10% in Eni SpA, Italy's biggest oil company. Eni SpA is controlled by the Italian government, which holds a 30.2% stake, and is the biggest international investor in Libya's oil industry. Libya informed the Italian government of its interest to buy a stake in Eni following the recent improvement in relations between the two nations. Earlier this year, Italy agreed to invest \$5bn in Libya for infrastructure projects over the next 25 years following an accord signed between the two countries that ended all disputes related to Italy's colonial past in Libya.

Source: *Dow Jones Newswires*

OUTLOOK

WORLD

Global stagnation likely to follow current crisis

Moody's Investors Service expected the current financial market disruptions to be followed by global economic stagnation in 2009 and 2010, and anticipated less capital being risked across the globe and lower growth even as the financial crisis in its most severe form subsides. The agency's central scenario calls for a very sharp downturn in advanced economies, with some contraction in 2009 followed by below-potential growth in 2010, while emerging market economies post growth short of their potential during the two-year period. This scenario reflects a U-shaped recovery for advanced economies, but output losses are unlikely to be recovered rapidly and elevated risk aversion will persist in credit markets for a prolonged period.

Moody's more positive scenario considers that the process of international economic and financial integration is just temporarily slowed, with the U.S. economy enduring only a very mild and short-lived contraction because of massive fiscal and monetary policy stimulation. Also, the rest of world would experience a sharp deceleration in the last quarter of 2008 and first quarter of 2009, when growth would resume. This scenario of V-shaped economic recovery sees also a resumption of capital flows and liquidity below but not far away from pre-crisis levels. Moody's said its least likely scenario is that a sharp contraction in credit gathers pace, leading to a collapse of global trade, commodity prices, and financial flows. It noted that, if this were to happen, growth would remain negative in the U.S. and Europe throughout the 2009 -10 period. Such an L-shaped scenario would see credit remaining constrained, leading to widespread economic and financial dislocations.

Source: Moody's Investors Service

MENA

Growth to slow to 3.9%, capital inflows to drop sharply in 2009

The World Bank indicated that the direct effects of the global financial crisis on most countries in the Middle East and North Africa region have been relatively mild so far, but indirect effects have become evident. It expected the global downturn and financial crisis to negatively impact growth in the region, but less significantly than other emerging markets. It projected economic growth in MENA countries at 5.8% in 2008 and at a lower 3.9% in 2009. It said a growth recovery in 2010 is based on a quick resolution of the financial crisis in high income countries and a moderate revival of OECD growth. This would result in real GDP growth of 5.2% in the region, led by growth of 5.7% among non-oil producing economies, while a very gradual increase in global oil demand is likely to restrain growth in oil-exporting countries to 5% in 2010. It expected the fiscal balance to post a surplus of 2% in 2008 but to break even in 2009 and to post a deficit of 1% of GDP in 2009.

According to the World Bank, the process of deleveraging across high-income financial institutions is likely to lead to a sharp reduction in capital flows to the region, particularly syndicated bank lending and bond issuance. It said this is likely to

carry adverse effects across countries, but with highly different outcomes, as several countries are exposed to the risk of adverse developments in international financial markets, which could negatively affect investment spending and growth. In turn, these countries may suffer from fragilities in macroeconomic structure such as a string of substantial current account or fiscal deficits. It projected the region's current account surplus to drop from 13.5% of GDP in 2008 to 6% of GDP in 2009 and 4.1% of GDP in 2010, adding that the oil producer's current surplus position is projected to drop steeply to 8% of GDP in 2009 and to 5.4% by 2010, while non-oil producers' current account deficit is forecast at 0.7% of GDP next year and to break even in 2010.

The World Bank considered the uncertainty of oil prices over the medium term as the greatest risk facing the region, adding that global prices will determine the potential growth rates for the region's oil producers. It said the second main risk for the region is the potential for unrest among the population under the harsh conditions of a global recession. A slowdown in remittance inflows would carry direct effects to poor families in need of income to sustain household consumption, while government budgets will remain under pressure, in part to maintain subsidies for basic goods.

Source: World Bank

EGYPT

Economic growth and balance of payments stability are key near-term challenges

The International Monetary Fund indicated that the most urgent challenges for Egypt are to maintain economic growth and balance of payments stability given the global financial turmoil and a rapidly deteriorating international economic outlook. It said the crisis is likely to undermine FDI flows and make domestic investors more cautious, as private consumption is under pressure from an inflation-related squeeze on real incomes and net exports of goods and services are set to weaken further as key markets shrink and prices fall. As a result, it expected Egypt's real GDP growth to slow over the next 12-18 months, before picking up with the recovery of the international economy. It added that authorities have room for a fiscal stimulus of about 0.5% of GDP in 2008/09 to counter economic slowdown. It noted that the global crisis has helped reduce inflationary pressure, with inflation likely to decline to between 12% and 14% by mid-2009 and further to 8%-10% by mid-2010.

The Fund said that the balance of payments has weakened and will remain vulnerable until the international economy improves, while the sharp reversal of portfolio flows during August-October 2008 put pressure on the exchange rate and on central bank reserves. It added that the external current account deficit is set to widen through 2009/10 as exports decline sharply, while FDI inflows are unlikely to be sufficient to prevent a moderate decline in foreign reserves. Moreover, there is the risk of further capital outflows in the near term given the ongoing turbulence in the global financial markets.

Source: International Monetary Fund



ECONOMY & TRADE

SUDAN

Foreign investment bill ratified

The government of Southern Sudan endorsed a draft law that encourages and regulates foreign investments in the south of the country. The Investment Promotion Bill identifies 10 priority sectors for investment, establishes a South Sudan Investment Authority, and sets a minimum of \$500,000 to be invested by foreign investors. The priority areas for investment are agriculture, including agro-business; physical infrastructure; mining; research and mapping of natural resources; forestry; and heavy industries such as cement, construction, electric and domestic appliances. Priority areas also include transport, telecommunications, print and electronic media, and information and communications technology; commercial banking, insurance, and property management; pharmaceuticals; and tourism and hotel development. Part of the criteria evaluated to grant a license include the business's contribution to employment and skills transfer, as well as tax returns and the utilization of domestic raw materials. Officials would also consider value added to local resources and contribution to reconstruction.

Source: *Sudan Tribune*

TURKEY

Private external debt at \$145bn

Figures issued by the Central Bank of Turkey show that the corporate sector's total external debt reached \$145bn at the end of September 2008, up 20% from \$121bn at end-December 2007. Corporate industrials account for \$99bn of the debt and financial institutions hold the remaining \$46bn. The short-term portion of the debt is \$42bn, while \$79bn matures in more than 24 months. Turkish corporates are expected to pay \$39bn in 2009. In terms of sector breakdown, real estate and construction account for 25% and telecommunication represents 16% of the \$99bn of the industrials' debt.

Source: *Deutsche Bank*

YEMEN

Public investment program of \$3.2bn for 2009

The Ministry of Planning & International Cooperation indicated that the government has allocated 673bn Yemeni rials, equivalent to \$3.2bn, for its public investments program in key sectors in 2009. It expected donors to provide YER280bn, while the remainder will come from the Yemeni government and local resources. Spending will focus on improving revenues of local authorities, and to finance projects approved in the third development plan of 2006-2010. The ministry added that the investment program gave priority to existing and new projects related to improve standards of living, reducing unemployment and job creation, as well as infrastructure projects. Infrastructure projects will account for 48% of the total funds earmarked for the investment program, followed by productive sectors with 7.7% and human development with 18%, while 26% of the funds were allocated to restructure and modernize the public administration, tourism promotion, improving handicraft and traditional industries, and modernizing the financial system. In addition, 6% were earmarked to support employment programs and upgrade services to small and medium-size enterprises.

Source: *Al Hayat*

RUSSIA

Sovereign ratings downgraded on risks from reversal in capital flows

Standard & Poor's lowered Russia's foreign currency sovereign credit ratings to 'BBB/A-3' from 'BBB+/A-2' and the long-term local currency rating to 'BBB+' from 'A-', while it affirmed the short-term local currency rating at 'A-2.' It also lowered Russia's Transfer & Convertibility assessment to 'BBB' from 'BBB+'. The outlook on the ratings is negative. The agency attributed the sovereign downgrade to the risks associated with the sharp reversal in capital flows, which has increased the cost and difficulty of meeting the country's external financing needs. It noted that Russia's foreign reserves fell from \$583bn last August to \$455bn currently, equivalent to 74% of its 2009 gross external financing needs. It warned that the rapid depletion of reserves increases the chances of exchange rate volatility, with severe consequences for the private sector. S&P estimated that, in the absence of a rebound in global oil prices, the amount of financing required for Russia's 2009 and 2010 fiscal deficits plus the recapitalization needs of its domestic banks will equal the reserves now held in Russia's Sovereign Wealth Funds. It added that the negative outlook reflects the likelihood of a downgrade if the banking crisis and external pressures continue to impair the government's balance sheet.

Source: *Standard & Poor's*

ROMANIA

Outlook changed to negative

Capital Intelligence revised to 'negative' from 'stable' the outlook on Romania's 'BBB-' long-term foreign currency rating and its 'BBB' long-term local currency rating. It attributed the change to downside risks to macroeconomic and financial stability from Romania's high dependence on external financing at a time of declining capital flows and weakening risk appetite. It expected Romania's current account deficit at 14% of GDP in 2008, declining to a still high 12% of GDP in 2009. It projected gross external financing needs at €54bn, or 37% of GDP, in 2009 due to substantial external borrowing at short maturities by banks and corporations. It added that foreign reserves are moderate at €27bn, and cover 50% of next year's external financing needs and about 85% of short-term external debt. The agency said large funding requirements make Romania vulnerable to shifts in investor sentiment and reduced liquidity in global financial markets. It added that Romania would probably need external support to avoid a balance of payment and currency crisis in case of a sudden stop or large scale withdrawal of foreign capital. It added that even a significant slowdown in capital inflows would place a major strain on the economy and financial system by driving down the exchange rate, raising the cost of foreign-currency debt service, and forcing banks to reduce lending.

Source: *Capital Intelligence*



BANKING

WORLD

Importance of audit quality at banks on the rise

The Basel Committee on Banking Supervision indicated that the current market turmoil and demand for increased transparency suggests that reliable and clear financial information supported by quality audits are key elements in enhancing market confidence. It added that the importance of audit quality at banks has increased, and that there has been a change in banking supervisors' reliance on audited information and in the nature of the major external audit firms in recent years. It said concerns about the risk of audit failures, the global expansion of the major audit firms, increased complexity of both accounting standards and financial instruments, and the challenges associated with fair value accounting have reinforced bank supervisors' need to be confident of the quality of audits. The Committee said it intends to address these areas of focus through engaging with stakeholders who directly influence audit quality, promoting enhancement of sound audit guidance and practices, and promoting clarity in international accounting and auditing standards.

Source: *Bank for International Settlements*

JORDAN

IFC to help introduce credit bureau legislation

The International Finance Corporation signed an agreement to help establish a legal framework for credit bureaus in Jordan. The IFC will work with the Ministry of Industry & Trade to help the country draft and adopt new legislation that will regulate the sharing of credit information. It will also help raise awareness among the private and public sectors about the economic benefits of credit reporting. It noted that the existence of accurate information helps banks and other lenders assess the creditworthiness of individuals and small businesses and their ability to pay back a loan, which minimizes the risk of non-performing loans and prevents customers from being overly in debt. Credit bureaus are vital to helping increase access to finance for individuals and businesses, and give banks and other financial institutions confidence to expand their lending and to make faster loan decisions by providing transparent and detailed customer credit information. The long-term goals of Jordan's credit bureau program are to increase the efficiency of financial institutions, to support the growth of smaller businesses, and to mitigate lending risks.

Source: *International Finance Corporation*

NIGERIA

Central Bank to become more active in currency market

Figures released by the Central Bank of Nigeria show that gross foreign reserves reached \$57.5bn at the end of November 2008, down by \$1.67bn from the end of June 2008, but constituting an increase of 12% or \$6.1bn from the end of 2007. The CBN said it sold about \$1.34bn this week to retail banks and that it will participate "actively" in the inter-bank foreign currency market on a daily basis, instead of the current twice weekly, to meet demands for U.S. dollars. The naira has depreciated by about 10% in the last two weeks, unnerving Nigeria's inter-bank mar-

ket, which has long been used to the naira trading in a tight band against the U.S. dollar.

Source: *Central Bank of Nigeria, Reuters*

ARMENIA

Central Bank cuts policy rate

The Central Bank of Armenia (CBA) cut its annual refinancing rate by 50bps from 7.75% to 7.25% due to an easing of inflationary pressures. It said both external and internal inflationary environments started to considerably weaken in response to the continuous reduction in global prices during the last months. The CBA added it was considering easing monetary and credit conditions to support maintaining high economic growth rates. This year, the CBA raised the refinancing rate seven times to contain inflation. Inflation in November rose by 0.1% month-on-month while annual inflation decreased by 2% year-on-year to 6.6%. It is expected to be at around 4% by the end of the year.

Source: *Central Bank of Armenia*

TURKEY

Central Bank cuts reserve requirements

The Central Bank of Turkey (CBT) reduced the reserve requirement ratio for foreign currency liabilities to 9% from 11%, which will release about \$2.5bn of extra foreign currency liquidity to the financial system. The CBT said that it could reduce the reserve requirement ratio further if global market problems worsened. The reserve requirement ratio for lira liabilities was kept unchanged at 6%. But the CBT raised the interest rate that it pays for required reserves on lira reserves in order to motivate the banks to encourage their clients to switch to lira deposits. As required reserves are part of the CBT's foreign reserves, the latter will fall by \$2.1bn. In parallel, the CBT raised the discount credit limit to \$1bn from \$0.5bn. The lower reserve requirement ratio aims to facilitate lending to companies and help stimulate economic activity.

Source: *Deutsche Bank, Merrill Lynch*

RUSSIA

Ratings of five banks downgraded

Standard & Poor's lowered its long- and short-term counterparty credit ratings to 'BBB/A-3' from 'BBB+/A-2' on Russia-based JSC VTB Bank, Bank VTB 24, VTB-Leasing, Raiffeisenbank ZAO, and ZAO UniCredit Bank. It also affirmed its Russia national scale rating of 'ruAAA' on JSC VTB Bank, Bank VTB 24, VTB-Leasing, and Raiffeisenbank ZAO. The agency attributed the downgrade to its earlier downgrade of Russia's foreign currency sovereign credit ratings as well as growing concerns about the impact of the deteriorating operating environment in Russia, which places downward pressure on the entities' stand-alone creditworthiness, including their asset quality, funding, and liquidity position. S&P expected the six institutions to continue managing the turbulence adequately with an immediate focus on liquidity and asset quality protection. It said external support, above-sector average financial flexibility, and good name recognition should help them withstand the ongoing market pressure and support their debt repayments.

Source: *Standard & Poor's*



ENERGY / COMMODITIES

Oil down to \$46 after nearly four-year low

Oil rose above \$45 on December 11 after the International Energy Agency (IEA) predicted global growth in oil demand would resume in 2009 after shrinking this year for the first time since 1983. It also cut forecasts for supply outside OPEC next year. U.S. crude was up \$2.08 at \$45.60 a barrel after surging \$1.45 to settle at \$43.52 on December 10th. European benchmark Brent crude was up \$2.42 at \$44.82.

Oil also rose as Saudi Oil Minister Ali al-Naimi said the world's largest exporter pumped 8.49 million bpd of oil in November, less than estimated by analysts and in line with its OPEC target. That would put the kingdom's output in line with its implied OPEC target of 8.47 million bpd and is 560,000 bpd less than the IEA's estimate of Saudi November production of 9.05 million bpd.

Russia, which will attend the upcoming OPEC meeting as an observer amid calls from some members for Moscow to join in output curbs, said it will present its own proposal at the talks. However, indicators on the health of the U.S. economy, such as weekly jobless claims could imply a further weakening in demand from the world's top oil consumer. Oil has fallen by more than \$100 a barrel from a record high of \$147.27 reached in the summer.

Source: Reuters

EIA forecasts global oil demand to slow

The U.S. Energy Information Administration (EIA) said global oil demand will slow this year and next as worldwide GDP growth declines, marking the first time consumption has contracted for two consecutive years since the early 1980s. It said oil consumption will fall by 50,000 barrels per day in 2008 and 450,000 barrels per day next year. The lower forecast came as the EIA revised down its projection for 2009 global GDP growth to 0.5% next year, down from 2.7% in 2008.

Source: Reuters

Deutsche forecasts oil price at \$47.50 in 2009

Deutsche Bank forecast that oil prices will average \$47.50 a barrel next year on speculation OPEC may be unable to support the market as demand shrinks.

Source: Deutsche Bank

Jordan signs nuclear deal with KEPCO

The Jordan Atomic Energy Commission signed an agreement with Korea Electric Power Corp (KEPCO), the South Korean state run electricity power company to build a nuclear power plant station in Jordan. Jordan currently imports about 95% of its energy needs and is working towards introducing nuclear power for both energy and water desalination with plans for its first nuclear plant to start up in 2015. The country aims for 30% of its electricity demand to be met by nuclear power generation by 2040.

Source: World Nuclear News

Base metals: Inventories continue to increase

Base metal prices continue to fall fast. Of all commodity categories, base metals are the most cyclical. As a result, they are most exposed to the deterioration of the business cycle. As demand for base metals declines, inventories are now increasing fast in all base metal markets. As a result prices decline. Production cuts that could stabilize prices are on the way, but at the moment they are not implemented fast enough in order to stop the inventory increase. There continue to be considerable downside risk in the sector, particularly for aluminum, copper and zinc, which are widely used in the automotive and construction industry.

Source: Credit Suisse

Precious metals: Gold rises for fourth day as weak dollar lifts demand

Gold rose for a fourth day as the dollar weakened, increasing the metal's appeal as an alternative investment to the U.S. currency. The dollar fell to a six-week low against the euro as a bill designed to prevent the collapse of U.S. automakers met with opposition in the Senate. Gold, which typically moves in the opposite direction to the dollar, gained on December 10 the most in more than two weeks. Gold for immediate delivery climbed to as much as \$8.85, or 1.1%, to \$819.45 an ounce and traded at \$813.23 in London. February futures added \$4.90, or 0.6%, to \$813.70 in electronic trading on the Comex division of the New York Mercantile Exchange. Among other metals for immediate delivery in London, silver was unchanged at \$10.24 an ounce. Platinum rose \$1, or 0.1%, to \$833 an ounce, and palladium was 0.8% lower at \$179.75. Automakers account for about a half of global platinum and palladium consumption.

Source: Bloomberg

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	151.7	220.9	233.0	-11.9	-28.2
LME metals price index	1747.4	3136.0	3503.4	-24.0	-49.1
Oil prices USD	43.5	102.0	103.3	-37.9	-50.7
Oil prices SDRs	29.3	65.4	65.3	-37.6	-47.2
Gold \$/troy oz	772.8	841.8	870.1	1.5	-3.3
Silver cents/troy oz	958.0	1355.8	1526.6	-3.7	-32.8
Platinum \$/troy oz	794.0	1371.9	1618.4	-4.0	-45.8
Copper \$/MT	3360.3	6555.2	7202.8	-20.6	-48.3
Nickel \$/MT	9052.5	16734.0	22234.4	-23.3	-64.6
Aluminium \$/MT	1543.5	2519.2	2632.6	-22.5	-35.4
Zinc \$/MT	1134.8	1592.2	1961.9	0.0	-51.9
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	Positive	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	Negative	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	2.50	04-Dec-08	Cut 75bps	15-Jan-09
UK	Base Rate	2.00	04-Dec-08	Cut 100bps	08-Jan-09
Japan	O/N Call Rate	0.30	02-Dec-08	No change	19-Dec-08
Australia	Cash Rate	4.25	02-Dec-08	Cut 100bps	03-Feb-09
New Zealand	Cash Rate	5.00	04-Dec-08	Cut 150bps	29-Jan-09
Switzerland	3 month Libor target	1.00	20-Nov-08	Cut 100bps	11-Dec-08
Canada	Overnight rate	1.50	09-Dec-08	Cut 75bps	N/A
Emerging Markets					
Hong Kong	Base Rate	1.50	30-Oct-08	Cut 50bps	16-Dec-08
Taiwan	Discount Rate	2.75	09-Nov-08	Cut 25bps	11-Dec-08
South Korea	Target Rate	4.00	07-Nov-08	Cut 25bps	11-Dec-08
Malaysia	O/N Policy Rate	3.25	24-Nov-08	Cut 25bps	21-Jan-09
Thailand	1D Repo	2.75	03-Dec-08	Cut 100bps	14-Jan-09
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	11-Dec-08
Kenya	Central Bank Rate	8.50	01-Dec-08	Cut 50bps	01-Feb-09
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	28-Nov-08	No change	N/A
Brazil	Selic Rate	13.75	29-Oct-08	No change	10-Dec-08
Armenia	Refi Rate	7.25	03-Dec-08	Cut 50bps	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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