

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

IMF urges additional action to revive world financial markets

The International Monetary Fund warned that the global economic outlook continues to deteriorate and urged governments to take additional coordinated action to revive world financial markets. It called for coordinated government intervention in financial markets to get credit flowing and support bank recapitalization, fiscal measures to offset the abrupt fall in private demand, and liquidity support for emerging market economies to reduce the adverse effects of the widespread capital outflows triggered by the financial crisis. The Fund said government intervention in the financial markets should be clear, comprehensive and cooperative between countries, while national plans must include guarantees to depositors and assurances to creditors to ensure that markets function. The plans should also encourage banks to recognize the losses they have made and promote the removal of distressed assets from their balance sheets. It noted that another priority is to support aggregate demand through fiscal stimulus in the face of what looks to be a dramatic fall in consumer demand. It warned that if the global economic crisis gets worse, the world would need to supply much more liquidity to affected countries, which means the IMF would need additional resources.

Source: International Monetary Fund

MENA

IPOs raise \$14.5m in fourth quarter

Companies in the Middle East raised \$14.54m through three initial public offerings in the fourth quarter of 2008 compared to 17 IPOs that raised \$7.55bn in the same period last year. Bank Al Sharq in Syria was the region's biggest IPO in the fourth quarter, raising \$9.78m. The region saw 53 regional IPOs that have raised \$13.15bn this year, an 8.8% decrease relative to the \$14.4bn raised by 69 firms last year. But the financial turmoil and low risk appetite are expected to negatively impact the IPO market over the near term. Samba Capital led the lead managers table, helping raise \$5.7bn for four IPOs, while HSBC's regional franchises were the most active helping 7 companies raise a combined \$2.8bn.

Source: Zawya Invest

SYRIA

European Union and Damascus initialize Association Agreement

The European Union initialed on December 14 an Association Agreement with Syria, four years after the deal was finalized. The agreement sets up a framework for cooperation in the economic, cultural, political and security fields. It calls, among other things, for the establishment of a free trade area between Syria and the EU over a 12-year period. Syria and the EU had finalized the text of the agreement late 2004, but the deterioration of relations between Syria and the West in 2005 led to the

postponement of the signing. The process to conclude the deal was restarted last July following the visit to France of Syrian president Bashar Assad. A number of changes to the text were added to take into account the enlargement of the EU and the reform of the Syrian Customs Tariff among other things. The text is expected to be formally signed in the first half of next year. Syria would become the last Mediterranean country to sign the association agreement, which is supposed to create a Mediterranean free trade zone.

Source: Syria Report

UAE

Dubai to seek sovereign ratings

The Dubai Department of Finance indicated that the Emirate of Dubai plans to seek a sovereign credit rating by the middle of next year and has already begun talks with rating agencies. Fitch Ratings estimated Dubai's sovereign debt at \$10bn and the aggregate debt of state-affiliated firms at \$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. Dubai's two specific concerns are its real estate sector and how it will refinance the debt it has built up in recent years. The Emirate of Abu Dhabi already has a 'AA' long-term and 'A-1+' short-term sovereign credit ratings from Standard & Poor's as well as a 'AA' rating for its long-term and short-term foreign currency debt from Fitch.

Source: Emirates Business 24/7

SUDAN

Seattle adopts divestment policy

The Board of Directors of the Seattle City Employees Retirement System (SCERS) voted to adopt a targeted Sudan divestment policy. Seattle is the 21st U.S. city to adopt such a divestment policy. Also, 27 States have adopted divestment policies from Sudan, while 19 of the states have passed the Sudan Divestment Task Force model of targeted Sudan divestment and 8 have developed state specific methods of Sudan divestment. Last December, President George W. Bush signed the Sudan Accountability and Divestment Act, which allowed states to adopt policies of targeted Sudan divestment.

Source: Sudan Divestment Task Force

ALGERIA

Algeria to join Arab free trade zone in January

The Finance Ministry announced that Algeria will join the Arab free trade zone in January 2009. The move aims at promoting inter-Arab trade in the country and boosting Algeria's economy. In 2007, Algeria requested a transition period during which it would gradually reduce its customs duties before its full accession. A total of 17 Arab League countries out of 22 are members of the zone, representing 94% of total inter-Arab trade.

Source: Magharebia News

OUTLOOK

EMERGING MARKETS

Risk of economic and financial crisis growing

Fitch Ratings expected economic growth in emerging markets to decline to 2.5% in 2009 compared to more than 6% in the first half of this year and 7.2% in 2007. It indicated that the economic and credit outlook for emerging market economies worsened dramatically as the credit crunch that originated in advanced economies spread to the developing and emerging world. It said emerging markets are being hit by three major global shocks that are the recession in the Group of 7 economies, the reversal of capital and financial flows, and falling export prices for commodity producers. Also, the negative impact on emerging markets is magnified by the sharp curtailment and higher cost of financing from international banks and investors, and with about \$300bn in foreign borrowing maturing next year.

The agency considered that the risk of multiple economic and financial crises across emerging markets is now greater than at any time since the Asian Crisis of 1997-98, especially in Central and Eastern Europe. It said several emerging market economies face outright recession, specifically those with large current account deficits that international banks and markets are no longer willing or able to finance. Even for those with current account surpluses, capital outflows will add pressure to the balance of payments as non-sovereign borrowers struggle to refinance foreign borrowing maturing next year. Fitch added that emerging markets' international reserves regressed by around \$360bn since September and expected them to decline further. It noted that the scope for fiscal and monetary policies is constrained by the reduced availability of budgetary and external financing as well as by the fragile confidence in the local currencies and assets of many economies.

Fitch indicated that emerging market sovereign creditworthiness is more directly at risk than in advanced economies because of the prevalence of foreign currency denominated bank liabilities, currency mismatches in private sector balance sheets, and monetary regimes anchored by exchange rate stability. It said injections of local currency liquidity by emerging market central banks run the risk of triggering a currency crisis as investors and the public replenish foreign rather than local currency money balances, while sovereign guarantees of mostly foreign currency bank debt and deposits are less credible and more likely to be called.

Source: Fitch Ratings

JORDAN

Banks' profitability and efficiency to decline, risk management to be tested

Moody's Investors Service considered that the fundamental credit outlook for Jordanian banks is stable so far, reflecting the good operating environment and the banks' solid financial fundamentals, but also their exposure to the struggling real estate and volatile local equity markets, the large concentration of banks relative to the small economy, and tightening international credit conditions. It said banks have modest risk profiles as they tend to offer relatively plain vanilla products, but cautioned that they are susceptible to high levels of systemic risk

from exposure to the Palestinian territories and spill-over effects from political turbulence in neighboring countries. The agency considered that bank profits could be affected by higher credit costs, while the decline in the stock exchange could have adverse effects such as lower trading income, lower brokerage fees and mark-to-market losses. It noted that, although Jordanian banks do not seem to experience liquidity pressures, the Central Bank of Jordan reversed previous actions aimed at containing excess liquidity by reducing the reserve requirement ratio and not issuing any certificates of deposits in September and October.

Moody's expected the banks' efficiency levels to regress as they report lower profitability in the challenging economic environment. It added that capitalization levels are healthy, providing a comfortable cushion for growth and for the absorption of possible loan losses, but it expected them to be adversely affected by reduced earnings capacity and higher credit costs. In parallel, the agency anticipates delinquencies to rise in line with the weakening domestic and regional economies and as portfolios go through a full credit cycle. It considered that the robustness of the banks' respective credit policies and risk management during the boom years will be tested, and they will either reap the benefits or face the consequences in the form of increased credit charges and declining asset quality.

Source: Moody's Investors Service

EGYPT

Financial sector solid, key risk is worsening loan quality with economic slowdown

The International Monetary Fund indicated that Egypt's financial sector has so far escaped the international crisis, reflecting the strengthening of balance sheets under the banking reform program, improved banking supervision, conservative practices with respect to funding, investments, and lending, and the recent deposit guarantee by the Central Bank of Egypt (CBE). It said the deposits base has been stable and there has been no interruption in the flow of credit to the private sector. It warned that the sector's main vulnerability is likely to be to a worsening in loan quality in the event of a prolonged slowdown in the economy or deterioration in lending practices. It noted that some repatriation of banks' overseas assets seems likely as domestic liquidity conditions tighten in response to portfolio outflows and increased purchases of government securities.

According to the Fund, financial intermediation will continue largely unchanged by the global crisis as there is little bank dependence on foreign credit lines; loan-to-deposit ratios are low; banks have little exposure to fluctuations in the prices of equities and other investments; there are virtually no structured credit and derivative products; foreign currency loans are mainly funded from domestic foreign currency deposits and made to entities with foreign currency revenues; and there are strict limits on mortgage lending. It said the severity of the crisis underscores the urgency for the CBE to continue progress on the banking supervision reform agenda, including strengthening banks' risk management systems, implementing risk-based supervision, and improving the collection and analysis of banking and financial sector indicators.

Source: International Monetary Fund



ECONOMY & TRADE

JORDAN

Tourism revenues up 25% year-to-October, remittance inflows up 12%

Figures released by the Ministry of Tourism shows that tourism revenues reached JD1.8bn, or \$2.5bn, in the first 10 months of 2008, up by 25% from the same period last year. The number of tourists visiting the kingdom reached 6 million visitors during the same period, up 6% year-on-year. In parallel, workers' remittances inflows reached JD2.02bn in the first 9 months of 2008, constituting a 12.2% increase over the same period of 2007. The growth in the inflow of tourism receipts and remittances is seen as a vital element to financing part of the country's growing trade deficit and increase foreign currency reserves. The kingdom's gross official foreign currency reserves rose by 10.9% to \$7.6bn in the first 10 months of 2008.

Source: *Al-Ghad Daily*

UAE

Outlook on Dubai government entities changed to negative on deteriorating economic outlook

Standard & Poor's revised its outlook to 'negative' from 'stable' on the ratings of six Dubai-based Government-Related Entities (GREs) that are DIFC Investments, DP World, Dubai Holding Commercial Operations Group (DHCOG), Dubai Multi Commodities Center Authority, Jebel Ali Free Zone, and JAFZ Sukuk. The agency said the outlook revision reflects the impact of the difficult global macroeconomic and financing environment on the Emirate of Dubai, to which the GREs' ratings are directly linked. It said the medium-term risks to Dubai's economy have increased as real estate demand shows clear signs of decline, raising the possibility of a sharp correction in the real estate market and an associated contraction in development and construction. S&P warned that it will lower the ratings if the economic slowdown becomes deeper and longer than currently expected, or if liquidity concerns raise financing risks to the government and its GREs. In parallel, Fitch Ratings downgraded the ratings of DHCOG and the Dubai Electricity and Water Authority, two firms strongly linked to the Dubai government. It attributed the downgrade to worsened economic outlook for Dubai and the likely pressure this will put on its public finances.

Source: *Standard & Poor's, Fitch Ratings*

IRAQ

Economic program on track, lower oil prices to impact fiscal outlook

The International Monetary Fund indicated that economic developments in Iraq have been encouraging in 2008 and the authorities have kept their economic program on track. It said that with the improvements in the security and political situation, economic activity has picked up as oil production and exports increased and non-oil activity started to recover, while inflation has remained subdued. It noted that the recent sharp drop in world oil prices has worsened Iraq's external and fiscal outlook for the period ahead. It added that the country's continued efforts to rebuild its infrastructure and institutions and to achieve higher economic growth depend critically on continued improvements in the security situation, prioritization in the use of lower oil revenues, and the implementation of key structural reforms. It called for further progress to resolve the outstanding

claims of official non-Paris Club creditors on terms comparable to those of the 2004 Paris Club agreement.

Source: *International Monetary Fund*

EGYPT

Target growth of 5.5% over the coming two years

The government set an economic growth target of 5.5% for each of FY2008/09 and FY2009/10, down from 7.2% in FY2007/08. It is also targeting \$10bn in FDI in FY2008/09 and expects inflation to fall to around 10% by mid-2009. The government plans a stimulus package of EGP15bn, or 1.4% of GDP, that will be spent in the first half of 2009 and directed mainly towards public infrastructure, export subsidies and tax exemptions. Among other measures designed to stimulate the economy in the face of a global economic slowdown is a one-year freeze on subsidized energy prices for non-energy intensive users, additional financial and administrative support to exporters, and a revision to decisions that have had a negative impact on the economy, mainly the decision to eliminate tax-exemptions on refinery companies operating in free zones.

Source: *EFG Hermes*

ARMENIA

Remittance inflows at \$1.3bn in 2008

The World Bank estimated the inflow of expatriates' remittances to Armenia at \$1.3bn in 2008, up 2.1% from \$1.27bn in 2007 and compared to \$1.18bn in 2006 and \$940m in 2005. Remittances to Armenia accounted for 2.4% of inflows to Europe and Central Asia, 0.8% of inflows to lower middle income countries (LMICs), 0.5% of inflows to developing economies and 0.35% of global remittances. Armenia is the 60th largest recipient globally, and ranked in 50th place among developing countries and in 23rd place among 49 LMICs. Further, remittances to Armenia were equivalent to 13.5% of the country's GDP, ranking it as the 13th largest recipient in the world relative to the size of its economy. Also, remittances on a per capita basis are about \$432, ranking Armenia as the 14th largest recipient among developing economies in this category.

Source: *World Bank, Byblos Research*

RUSSIA

Outlook on key ratings revised to 'stable' from 'positive'

Moody's Investors Service changed the outlook to 'stable' from 'positive' on Russia's 'Baa1' foreign currency country ceilings and the 'Baa1' local and foreign currency government bond ratings and the 'A2' foreign currency country bond ceiling. It said the decision reflects increased pressure on the country's external liquidity position as the global credit crisis has deepened, and the equivocal policy response that such pressures have triggered. The agency noted that the government's effort to address the challenge of letting the exchange rate reach more sustainable levels without increasing concerns about banking and financial stability has been ineffective and extremely costly for official reserves. Also, the government's room for maneuver has lately been constrained by the lack of confidence in the currency and the banking system as well as fast-declining oil and commodities exports, while the lack of confidence was reflected by a significant decline in bank deposits.

Source: *Moody's Investors Service*

BANKING

GCC

Central banks react to US rate cut

The Saudi Arabia Monetary Agency (SAMA) cut its repo rate by 50bps to 2.5% from 3% and lowered the reverse repo rate to 1.5% from 2%. SAMA said the 50bps rate cuts were aimed to help boost the banking sector liquidity and encourage domestic credit growth that has been decelerating lately amidst concerns over a liquidity crunch in the region. Also, the Central Bank of Kuwait reduced its one-month repurchase rate by 50bps to 2.5%, while the Central Bank of Oman cut its repo rate by 89bps to 1.53%. The decisions come as the U.S. Federal Open Market Committee reduced on December 16 its key federal funds rate from 1% and established a target range of 0% to 0.25%. In parallel, the UAE Central Bank declared that it would not follow the U.S. Federal Reserve in cutting interest rates, repeating the decision in October not to replicate the Fed's move. The UAE repo rate currently stands at 1.5%.

Source: *Bloomberg, Standard Chartered*

UAE

Liquidity, asset quality and profitability under pressure

Moody's Investors Service revised to 'negative' from 'stable' the outlook on the ratings of Abu Dhabi Commercial Bank, First Gulf Bank and Dubai Islamic Bank, while it changed the rating outlook on Dubai Bank to 'stable' from 'positive'. It said the rating action reflects the increasing liquidity pressures in the short to medium term; the growing downward pressures on asset prices, mainly stocks and properties; and the anticipated pressure on profitability from rising funding costs due to increasingly scarce liquidity and loss of confidence. The agency noted that liquidity conditions in the UAE weakened significantly in the third quarter of 2008, and that soaring loan growth levels and future loan commitments, along with maturing MTN programs, are exacerbating the pressures on UAE banks' liquidity. It added that the UAE's operating environment is facing increasing challenges from the volatility in both the equity and real estate markets. As such, the asset quality and profitability of all UAE banks may be negatively affected going forward.

Source: *Moody's Investors Service*

EGYPT

About 90% of NPLs settled

The Central Bank of Egypt (CBE) has urged banks to provision for around EGP11bn in uncovered non-performing loans (NPLs) that built up after the severe economic downturn of the late 1990s. Most are at the two largest state-owned banks, National Bank of Egypt and Banque Misr. The bad debt of Egypt's third largest state bank, Banque du Caire, was transferred to Banque Misr and now has been covered by a loan from the CBE to Banque Misr. Egyptian banks have successfully settled or provisioned around 90% of their NPLs over the past three years following stricter CBE supervision of the banking sector within the framework of Egypt's financial sector reform.

Source: *Al-Alam al-Yom*

ALGERIA

New fund to facilitate credit access

The Finance Ministry indicated that Algeria plans to launch a new investment fund for domestic projects at the end of January that would replace the Algerian Development Bank. The objective of the fund is to facilitate credit access and finance important investment projects. The investment company will be mainly financed by resources supplied by the Treasury or raised from the local capital market.

Source: *Magharebia News*

KAZAKHSTAN

Bank ratings placed on review for possible downgrade

Moody's Investors Service placed on review for possible downgrade the bank financial strength ratings (BFSRs) of ATF Bank, Bank CenterCredit, BTA Bank, Caspian Bank, Delta Bank, Eximbank Kazakhstan, Halyk Savings Bank of Kazakhstan and Kazkommertsbank. In addition, Moody's placed on review for possible downgrade the debt and deposit ratings of Alfa-Bank Kazakhstan, Eurasian Bank, House Construction Saving Bank of Kazakhstan, Kazinvestbank, Nurbank, SB Sberbank, Temirbank and Tsesna Bank. The agency said the rating actions reflect increased uncertainty regarding government support to the Kazakh banks followed by the recent statements of high-ranked Kazakh officials on the government's intention to restructure the banks' foreign borrowings and the potential implications this may have to the economy. It added that the rating actions also reflect growing pressure on Kazakh banks' liquidity position, financial fundamentals and franchise viability caused by the tightening economic conditions in the country and the growing uncertainty regarding the ability of the Kazakh banks to meet their foreign borrowings obligations that totaled about \$45bn at the end of September 2008, with the substantial part of the repayments falling due in 2009-11.

Source: *Moody's Investors Service*

RUSSIA

Outlook on 8 banks changed to stable from positive

Moody's Investors Service changed the outlook to 'stable' from 'positive' on the 'Baa1' long-term foreign currency deposit ratings of Sberbank, Bank VTB, Bank VTB North-West, VTB24, Russian Agricultural Bank, Vnesheconombank, Gazprombank and Bank of Moscow. It also changed the outlook on the 'A2' senior unsecured foreign currency debt ratings of Bank VTB, Bank VTB 24 and Sberbank to 'stable' from 'positive'. It attributed the change in outlook to the earlier change in outlook on key Russian sovereign ratings to 'stable' from 'positive'. It said the banks' foreign currency deposit ratings remain constrained by the 'Baa1' sovereign ceiling for foreign currency deposits.

Source: *Moody's Investors Service*



ENERGY / COMMODITIES

Oil floats below \$41

Crude oil floated below \$41 a barrel having touched the lowest price since July 2004, after OPEC announced its biggest output cut ever and China cut domestic fuel prices for the first time in two years. January light crude contract fell to \$39.19 on December 18 and was then trading up 65 cents at \$40.71 a barrel. London Brent crude for February rose 85 cents to \$46.38. China said it will cut domestic fuel prices on December 19 for the first time in almost two years to restore its regulated pricing regime and revive growth. The China cuts of roughly 13% for gasoline and 17% for diesel were brought forward from an expected January implementation by the National Development and Reform Commission. Cheaper fuel in China is expected to stimulate demand.

The Organization of the Petroleum Exporting Countries made its third output cut since September to try to regain control of falling prices amid slackening demand. U.S. crude for January delivery dropped nearly 8% percent on December 17 as traders dismissed OPEC's 2.2 million barrel per day (bpd) output cut. Some forecasters now predict the first decline in world energy use since 1983. For OPEC's curbs to be effective, the group will need to enforce compliance, historically a difficult task in a falling market. The producer group itself estimates November production cut compliance by its members at around 50%. Next year's outlook is increasingly bleak as economic indicators show a deep global recession taking hold, causing oil demand to fall from the U.S. to China.

Source: Reuters

Oil industry outlook 'stable'

Moody's Investors Service said the outlook for the global integrated oil industry is 'stable', despite the recent steep decline in energy prices caused by worsening global economic conditions and weakening demand. Strong results in the first nine months of 2008 amid high oil and gas prices have underpinned financial profiles across the sector, which should leave the incumbents credit metrics well positioned relative to their respective ratings.

Source: Moody's Investors Service

Middle East to cut jet fuel exports by 11% in 2009

Middle East refiners are expected to cut jet fuel exports by 11% in 2009 due to surging demand from the region's carriers. While European and North American airlines are stressed with falling passenger travel and cargo demand, Middle East carriers are pressing ahead with fleet and airport expansion plans being funded by the region's oil revenues. Exports from the region are expected to be about 350,000 barrels a day next year versus 390,000 in 2008.

Source: Reuters

Iraq signs \$3bn power deal with GE Energy

Iraq and GE Energy signed an agreement for power generation equipment and services valued at nearly \$3bn. Under the agreement, GE Energy will provide heavy-duty multifuel gas turbines capable of supplying 7,000 megawatts of electricity, which will support the country's future economic development. Iraq's government plans to install the units at key sites around the country to provide support for the electricity grid.

Source: Arab News

Base metals: Further falls in first half of 2009, selective recovery in second half

Following the indiscriminate sell off over the past several months, different price action is taking place across the base metals complex. In the first half of 2009, copper is expected to be the most vulnerable to continued price falls as current market levels still sit significantly above production cost averages. On the other hand, nickel and zinc markets face a higher resilience to negative pricing pressure since a larger proportion of production faces costs above market prices and the supply side has implemented more extensive output cuts than other metals. Going into the second half of 2009, the historically lower levels of inventories mean that any increase in demand will first feed into higher copper and tin prices, whereas nickel and aluminium have large stockpiles that will have to be worked through first before prices can stage any meaningful rally. Overall, volatile trading for copper and tin and an increasingly range-bound price activity for nickel and aluminium are expected in 2009. Lead and zinc are expected to fall somewhere between these two extremes.

Source: Standard Chartered

Precious metals: Gold, silver's outlook for 2009

Gold has been a strong performer in recent weeks, and the market seems to have found a temporary floor above \$700 an ounce. Gold is expected to trade in a broad sideways trend in the months ahead, as the dollar should remain strong on safe-haven buying and recession concerns. This will prevent a significant bull-run from developing in gold for the time being. However, in the second half of 2009, the dollar should resume its long-run weakening trend. This should combine with strong fundamentals for gold to help push prices back over \$900 an ounce.

Silver prices are expected to make further upward progress in the months ahead on the back of rallies in other precious metals, gold in particular. While problems in the mining sector have been supportive, further support will need to come from demand to prevent any rallies from being short-lived. With the global economy likely to remain depressed into the first half of 2009, silver is expected to continue to underperform gold. However, investor interest has been surprisingly resilient and is expected to remain a supportive factor through the year.

Source: Standard Chartered

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	143.7	216.9	231.7	-11.8	-33.3
LME metals price index	1787.0	3057.6	3470.5	-11.0	-48.2
Oil prices USD	47.1	98.5	102.5	-20.6	-47.3
Oil prices SDRs	31.2	63.4	64.8	-22.4	-44.7
Gold \$/troy oz	825.5	838.0	869.8	13.2	2.1
Silver cents/troy oz	1039.0	1328.7	1518.0	4.5	-28.9
Platinum \$/troy oz	842.0	1325.9	1606.2	2.6	-42.4
Copper \$/MT	3232.3	6368.7	7135.7	-12.4	-51.3
Nickel \$/MT	10607.5	16235.7	21921.9	-3.2	-59.2
Aluminium \$/MT	1525.3	2465.4	2614.8	-20.0	-36.7
Zinc \$/MT	1083.0	1560.6	1937.6	0.3	-54.5
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	Stable	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	0.25	16-Dec-08	Cut 75bps	28-Jan-09
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	0.50	11-Dec-08	Cut 50bps	12-Mar-09
Canada	Overnight rate	1.50	09-Dec-08	Cut 75bps	20-Jan-09
Emerging Markets					
Hong Kong	Base Rate	0.50	17-Dec-08	Cut 100bps	N/A
Taiwan	Discount Rate	2.00	11-Dec-08	Cut 75bps	Mar-09
South Korea	Target Rate	3.00	11-Dec-08	Cut 100bps	Jan-09
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	6.50	08-Dec-08	Cut 100bps	27-Jan-09
UAE	Overnight repo rate	1.50	Dec-08	No change	N/A
Saudi Arabia	Repo rate	2.50	Dec-08	Cut 50bps	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	11-Dec-08	Cut 50bps	Feb-09
Kenya	Central Bank Rate	8.50	01-Dec-08	Cut 50bps	01-Feb-09
Nigeria	Monetary Policy Rate	9.75	11-Dec-08	No change	Feb-09
Ghana	Prime Rate	17.00	28-Oct-08	No change	Jan-09
Mexico	Target Rate	8.25	28-Nov-08	No change	16-Jan-09
Brazil	Selic Rate	13.75	10-Dec-08	No change	21-Jan-09
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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