

## COUNTRY RISK WEEKLY BULLETIN

### NEWS HEADLINES

#### WORLD

##### **Sovereign ratings remain effective indicators of credit risk**

Standard & Poor's considered that its ratings have been effective indicators of default risk of governments worldwide in relative and absolute terms. It said that during the past three decades, only 1.2% of investment-grade sovereigns on average, or those rated 'BBB-' and higher, have defaulted on their foreign-currency obligations within 10 years compared with 23.5% of those in the speculative-grade category. The agency noted that sovereign foreign-currency three-year cumulative default rates remain in line with reference rates proposed under the Basel II framework in all rating categories, except for the 'B' rating. It expected that its current average three-year cumulative default rate of 7.7% for 'B' sovereign ratings of the past decade will rise toward the 20% Basel II reference rate, as the world economy enters a prolonged period of low growth, exposing the fragilities of some of these weaker credits. It added that sovereign ratings are more stable at higher rating levels, the relative rank ordering of sovereign ratings is consistent, and that sovereign ratings are not more volatile than other credit ratings.

Source: *Standard & Poor's*

##### **IMF gets \$100bn to bolster lending facility**

Japan has extended to the International Monetary Fund a \$100bn loan to increase the Fund's lendable resources during the current global economic and financial crisis. The loan is designed to temporarily supplement the Fund's financial resources and will bolster its capacity to provide timely and effective balance of payments assistance to its 185 member governments. The IMF recently announced plans to double to \$500bn the amount of money it has available to lend to governments. It said the decision is a precautionary move and aims to boost confidence that it can meet any new demand during the current global downturn. The Fund added that it has \$250bn in total through quotas and existing borrowing agreements, which is an adequate amount to deal with the current stage of the crisis. The IMF has so far committed \$47.9bn in lending to a number of economies affected by the crisis. Capital flows to emerging markets have dropped in recent months, leaving countries with large current account deficits vulnerable and in need of financing in due course.

Source: *International Monetary Fund*

##### **Hedge funds lose \$700bn in 2008**

Crédit Agricole estimated that the aggregate assets of hedge funds totaled \$1,430bn at the end of 2008, constituting a decline of 34% from \$2,130bn at the end of 2007 due to the impact of the global financial crisis. It said the total number of hedge funds declined from more than 9,700 at the end of 2007 to around 8,900 at end-2008. It said convertible arbitrage funds suffered the largest decline, with assets under management dropping by 52%, followed closely by emerging market funds with a drop of 51%. It added that, excluding commodity trading advisers, the only hedge fund strategy to increase assets in 2008

was global macro, with a 13% increase of \$28bn. Hedge funds as a whole posted a negative performance of -19.2% for 2008, with those invested in emerging markets posting the worst results at -34.3%. Global macro managers achieved positive performance of 3.7%, while equity market neutral and merger arbitrage managers remained flat for the year.

Source: *Crédit Agricole Structured Asset Management*

#### EMERGING MARKETS

##### **Launch of \$1bn trade finance initiative**

The Japanese government launched a \$1bn trade finance facilitation initiative to be developed in cooperation with the International Finance Corporation and the Asian Development Bank. The initiative will help importers and exporters in developing countries, and support continued trade flows during the current economic crisis. The IFC said the global financial crisis has prompted banks around the world to reduce lending to emerging markets and cut trade finance lines to importers and exporters. It added that keeping trade flowing is vital to saving jobs and curbing the impact of the crisis on people in developing countries. Earlier this month, Japan extended a \$2bn contribution to the IFC's Bank Recapitalization Fund.

Source: *International Finance Corporation*

##### **World Bank reforms increase voting power of developing countries**

The World Bank's Board of Governors approved a first phase of reforms to increase the influence of developing countries within the World Bank Group, including adding a seat for Sub-Saharan Africa and expanding voting and capital shares. The additional Chair for Sub-Saharan Africa means that developing countries will have the majority of seats on the Bank's Executive Board and brings the share of developing countries in Bank voting power to 44%, which is aimed in particular at adding voice for the low income countries. The second stage of the reform program will see the Bank move towards an equitable voting power between developed and developing countries. Nearly two thirds of the Bank's staff and 42% of all Bank managers are from developing countries. The reforms were initially agreed at the World Bank's annual meetings in October 2008, ahead of the Spring 2009 target.

Source: *World Bank*

#### LIBYA

##### **Joint \$500m fund to invest in Italian firms**

The Libyan Investment Authority has agreed to set up a joint fund with Italian bank Mediobanca to invest in Italian companies. The fund is likely to be between \$250m and \$500m in size and would consider investments in distressed companies in sectors such as pharmaceuticals, information technology and real estate, among others. Mediobanca will offer its share of the financing and expertise, while Libya will bring assistance to management and the money. Both sides are negotiating over the structuring of the fund, and a final deal is still to be signed.

Source: *The Wall Street Journal*

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# OUTLOOK

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## WORLD

### **Negative outlook on infrastructure and project finance as global recession takes hold**

Fitch Ratings considered that the outlook for the global infrastructure and project finance sectors will be more challenging in 2009, as the economic downturn appears to be globally synchronized and severe. It indicated that the relative stability of project and infrastructure fundamentals will cushion the adverse effects of the turbulent global economy. It added that the long-term contractual nature of financial and commercial arrangements, and the structural protections usually present in project finance debt provide additional margins of protection. It also noted that counterparty risk from constrained liquidity or credit, and increasingly from the commercial effects of the recession will be a factor. Further, cost and commodity price inflation may continue to have ongoing implications for some projects through 2009, where projects developed in recent years on the basis of high costs and selling prices may now suffer from a structural imbalance.

According to Fitch, projects not subject to demand or price risk such as public-private partnerships will likely be more stable. However, this would depend on stability in counterparty credit quality and in the financial structure. Also, power projects are likely to be less impacted as electricity and gas consumption tend to be resilient in downturns, especially as generation was closer to under-capacity than overcapacity. The agency said that projects with limited leverage, strong covenants and structural protections, and strong committed sponsors with long-term strategies are likely to be more resilient than others across sectors and regions. Fitch expected that the terms of new funding, when available, will be far more stringent and creditor-friendly than was the case in the past few years.

*Source: Fitch Ratings*

## SYRIA

### **Economy to slow to 3.3% over 2009-10, inflation to fall**

The Economist Intelligence Unit projected real GDP growth in Syria at 2.9% in 2009 and 3.7% in 2010, down from 4.8% in 2008. It attributed the economic slowdown to the sharp downturn in key export markets, restricted government spending due to falling oil revenues, and a depressed agricultural sector. It expected private consumption to grow slowly in 2009-10 in part from the falling contribution of displaced Iraqis as they return home in growing numbers. The EIU anticipated foreign direct investment in Syria to be lower than previously expected due to the global economic crisis. It also expected fixed investment and imports to fall in 2009 and to slightly increase in 2010.

The EIU projected government revenues to decrease by 21.3% in 2009 before rising again by 35.7% in 2010 due to the partial recovery in oil prices. It noted that tax revenues will increase considerably with the introduction of the value-added tax. It added that the government may receive additional revenues in 2009-10 from the conversion of existing mobile-phone contracts into longer-term licenses and from allowing a third operator to enter the market. It forecast government spending to

increase by 8.6% in 2009 and 9.4% in 2010 mainly due to an increase in public-sector salaries and crop purchase prices, which would largely offset the fiscal savings. The EIU added that fuel subsidies are still a fiscal burden even though they were reduced in 2008. It forecast the fiscal deficit to widen from 3.7% of GDP in 2008 to 10% of GDP in 2009 before narrowing to 6% of GDP in 2010.

The EIU noted that inflation rose sharply in the first three quarters of 2008 due to high food, fuel and rent prices but estimated that inflation has significantly eased in the last quarter due to weakening demand, reaching an average of 14.1% for the full year. It projected inflation to decline considerably in 2009 to 5.3% as international commodity prices continue to fall. It added that any significant return of Iraqi nationals to their homeland could lower inflation even further by reducing demand pressures and expected inflation to slightly increase to 6% in 2010 due to a partial recovery in commodity prices.

*Source: Economist Intelligence Unit*

## SAUDI ARABIA

### **Banking sector shows no signs of financial stress, but asset quality to deteriorate and credit risk to rise**

Regional investment bank EFG Hermes indicated that Saudi banks are among the least exposed in the GCC to the global financial crisis. It considered that Saudi banks have strong financial fundamentals overall and that liquidity is not a concern. Also, the banks' capital adequacy ratios are decent, balance sheet liquidity as represented by loans-to-deposit ratios is improving, and risk exposure is manageable. It added that profitability levels across major banks are intact even after aggressive provisioning on the investment book in the fourth quarter of 2008.

EFG Hermes anticipated some deterioration in asset quality and an increase in credit provisioning in 2009-10 as the economy slows down, but expected banks to still be well provisioned and to have the capacity to absorb credit quality deterioration. It added that asset exposure of the Saudi banks is well diversified, as proprietary real estate investment exposure of banks is virtually non-existent, building and construction sector loans account for less than 8% of the banks' loans and mortgages are less than 1%. It expected loan growth to slow in 2009 mainly due to a scaling back of ambitions of the private sector, a re-prioritization of projects, and capital adequacy-driven capacity constraints at some of the mid-size banks. It noted that a slow but gradual pace of loan growth should allow banks to reinforce deposit bases, and to improve capital adequacy ratios.

In parallel, EFG Hermes noted that a sharp fall in the benchmark interest rates is likely to exert pressure on net interest spreads. But it expected the impact to be cushioned by an increase in spreads charged by the banks due to higher liquidity and credit risk and by adjustments in the funding costs, as deposit costs also adjust to declining interest rates.

*Source: EFG Hermes*



# ECONOMY & TRADE

## EMERGING MARKETS

### New fund to invest in agricultural production

The International Finance Corporation announced it is providing \$75m to help set up a fund that will support farming and food production in emerging markets. It said it has teamed up with Altima Partners LLP, which manages the \$625m Altima One World Agriculture Fund, to create a parallel vehicle that specifically targets emerging markets. The IFC said the new fund, Altima One World Agriculture Development Fund, will invest in agricultural production land and farm operators that will help increase economies of scale and improve farm productivity by implementing modern technology and best practices. It noted that the financial crisis has negatively affected the availability of financing and has increased the cost of credit, adding that declining soft commodity prices and increasing cost of credit creates lower incentives for farmers to plant, which could result in global production shortages.

Source: *International Finance Corporation*

## SYRIA

### Insurance premiums up 34% to \$269m in 2008

Figures released by the Syrian Insurance Supervisory Commission show that total insurance premiums reached \$268.8m in 2008, up 33.6% from 2007. The state-owned Syrian Insurance Company continues to lead the market with total premiums of about \$116.2m, accounting for 43.2% of the total, but down from 59.6% in 2007. Its premiums dropped by 2.9% year-on-year, the only insurer to see a drop in its premiums. National Insurance Company accounted for 15.6% of premiums generated in 2008, followed by United Insurance Company with 7.9%, the Syrian Arab Insurance Company with 7.2%, the Syrian Kuwaiti Insurance Company with 6.9%, Arope Insurance with 5.5% and Trust Insurance with 4.3%. Premiums collected from third-party car insurance accounted for 41.8% of the market, followed by all risk car insurance with 20.4%, fire with 13.4%, marine with 10.4%, engineering with 4.6%, and health with 3.2%, while other categories represented the remaining 6.2% of the market. Premiums generated from life insurance jumped by 116% year on-year.

Source: *Syria Report*

## UAE

### Ras Al Khaimah ratings affirmed, outlook stable

Standard & Poor's affirmed its 'A' long-term and 'A-1' short-term sovereign credit ratings on the Emirate of Ras Al Khaimah (RAK) with a 'stable' outlook. The agency said the ratings on RAK rest primarily on ongoing support from the UAE federal government and the likelihood of extraordinary support in the event of financial stress. It noted that the federal government, funded mostly by Abu Dhabi, meets almost all the current expenditure costs of the seven emirates that make up the UAE, while major capital costs are also provided at the federal level. As such, individual emirates, including RAK, have substantial fiscal flexibility due to limited fiscal obligations. In addition, the financial capacity of the UAE and the larger emirates, in particular Abu Dhabi, is ample to cover RAK's modest liabilities. The stable outlook reflects the balance between the risks posed by geopolitical issues and RAK's exposure to the economic fortunes of the larger emirates and the broader region.

S&P said downward pressure on the rating could result from a deterioration in RAK's economic prospects beyond the decline projected for 2009, or a deterioration in Abu Dhabi's creditworthiness.

Source: *Standard & Poor's*

## SUDAN

### Government spending may drop by 50% due to declining oil revenues

The Deputy Finance Minister declared that oil revenues have declined so far this year and that no proceeds will be left until April. He added that the government barely covered its expenditures for the first quarter in the budget and still had to borrow from the banks. Sudan's 2009 budget has forecast revenue based on \$50 per barrel. However oil prices plunged since July 2008 from a high of \$147 to a low of \$36. Oil exports represent 65% of revenue for Sudan and helped fuel its economic growth. It expected that government expenditures will shrink by 50% and that allocated funds for other projects will be reduced by 30%, which will prompt "prioritization" to avoid going over the budgeted amounts. A number of options to deal with the revenue shortfalls include boosting the productivity of oil fields or drawing from the excess funds that accumulated as a result of rising crude prices. The Governor of the Bank of Sudan said that the Government of Southern Sudan will be hit the most by the financial crisis because its "solely dependent" on oil revenues. Sudan's oil revenues for December decreased by 21% from November in a sign that the 2009 budget may experience larger deficit than expected.

Source: *Sudan Tribune, Al-Sharq Al Awsat*

## UKRAINE

### Sovereign ratings downgraded as financial stress intensifies

Fitch Ratings downgraded Ukraine's Long-term foreign and local currency Issuer Default Ratings to 'B' from 'B+', with 'negative' outlooks. It attributed the downgrades to increased risk of a banking and currency crisis due to intensified stress on the financial system and greater risks to the successful implementation of the IMF-supported program. The agency also downgraded the Country Ceiling to 'B' from 'B+' and affirmed the short-term foreign currency IDR at 'B'. It said the political consensus needed for Ukraine to adhere to its IMF-backed program is fragile, while the global and regional macroeconomic environment has deteriorated further since the previous downgrade in October 2008. It noted that stress on Ukraine's heavily-dollarized financial system has intensified and the currency remains under downwards pressure, while the National Bank of Ukraine has taken six banks into administration and larger banks need an additional UAH22bn in capital, or around 2% of projected 2009 GDP. It said a full banking and currency crisis would damage the real economy and the sovereign's financing options, directly impairing sovereign creditworthiness. In parallel, Standard & Poor's put Ukraine's 'B' long-term foreign currency and 'B+' local currency sovereign credit ratings on CreditWatch with negative implications. It said Ukraine's rating could be lowered by one or more notches due to rising risks of non-implementation of the IMF loan agreement that includes structural fiscal tightening and banking system consolidation.

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

# BANKING

## KUWAIT

### Banks placed on CreditWatch on large exposure to investment firms

Standard & Poor's placed its 'A-' long-term credit ratings on Kuwait Finance House and Commercial Bank of Kuwait as well as its 'BBB+/A-2' long- and short-term ratings on Al Ahli Bank of Kuwait and Burgan Bank on CreditWatch with negative implications. The agency placed last October the 'A-/A-2' long- and short-term ratings of Gulf Bank on CreditWatch with negative implications. It attributed the rating actions to expectations that the exposure of the banks to distressed local investment companies is likely to materially affect their stand-alone credit profile within an already weakening operating environment. It said several Kuwaiti investment firms, largely active in the real estate and stock markets, are facing liquidity and solvency problems, and have started discussions with some of their creditors to restructure their debt obligations. In parallel, S&P revised its outlook on National Bank of Kuwait, the country's largest bank, to 'negative' from 'stable' due to the bank's weakening environment, which is expected to put pressure on the bank's asset quality and financial performance.

Source: Standard & Poor's

## EGYPT

### Central Bank starts the easing cycle, cuts policy rates by 100bp

The Monetary Policy Committee (MPC) of the Central Bank of Egypt (CBE) cut the overnight deposit and lending rates by 100 basis points to 10.5% and 12.5%, respectively. The CBE said a less restrictive monetary policy is required to keep economic growth around its potential. Economic growth decelerated sharply to 4.1% annually in the fourth quarter of 2008 compared to 5.8% in the previous quarter and 7.7% a year earlier. The CBE also attributed the aggressive rate cut to lower inflation, which has declined from an annual 20.3% in November to 14.4% in January. Inflation is expected to decline to single digits by mid-2009. Merrill Lynch said the timely move adds more to the credibility of the CBE rather than stimulating growth, given that interest rate transmission mechanism in Egypt is weak, and as exchange rate has proved to be a more effective tool in the past.

Source: EGF Hermes, Merrill Lynch

## UAE

### Banks unlikely to maintain 2008 earnings

Fitch Ratings considered that the outlook of UAE banks in 2009 is challenging, with banks unlikely to post net income levels similar to 2008. It expressed concern about liquidity and the property sector, with the non-Abu Dhabi based banks looking relatively under-capitalized and potentially more vulnerable to any future deterioration in the economy. It noted that the tough global economic environment had a negative impact on the fourth quarter profits of UAE banks, although the severity of the impact was varied across the sector. It said the main banks that have reported headline figures to date remain profitable for the full year, although fourth quarter figures show a significant decline in net income compared to the previous three quarters in

2008. It attributed the fourth quarter performance to higher impairments and negative mark-to-market valuations in investment portfolios. It said the main concerns for UAE banks relate to lower regional growth, a deteriorating liquidity position, higher funding costs, increased loan and investment impairments and significant exposure to a property price bubble, especially in Dubai. Fitch added that the long-term ratings of the banks remain driven by the probability of support from the UAE authorities.

Source: Fitch Ratings

## UKRAINE

### Downgrade of 9 banks, outlooks negative

Fitch Ratings downgraded by one notch the Long-term Issuer Default Ratings (IDRs) of Forum, Pravex, ProCredit Ukraine, Swedbank Ukraine, UkrSibbank, UkrSotsbank, VTB Ukraine, Oschadny and Ukreximbank with 'negative' outlooks. It attributed the rating actions to the earlier downgrade of Ukraine's sovereign ratings to 'B' from 'B+'. It said the downgrades of the first 7 banks, which are foreign-owned, reflect the downgrade of Ukraine's Country Ceiling to 'B' from 'B+', and their ratings reflect the limited probability of support from their majority shareholders in case of need. The downgrades of the two other banks reflect the reduced ability of the government to provide support in case of need, as both are fully government-owned. In parallel, Standard & Poor's placed its 'B' long- and short-term counterparty credit ratings on UkrSotsbank OJSC, Alfa-Bank Ukraine, and JSC Kredobank on CreditWatch with negative implications. It also revised its outlook on Unex Bank to 'negative' from 'stable'. It said the rating actions reflect the rapidly deteriorating economic and operating environment in Ukraine, which is affecting the credit fundamentals of domestic banks.

Source: Fitch Ratings, Standard & Poor's

## KAZAKHSTAN

### Large banks downgraded on deteriorating asset quality and shrinking liquidity

Standard & Poor's lowered its long-term counterparty credit ratings on Kazkommertsbank (KKB), Halyk Savings Bank of Kazakhstan, Alliance Bank, BTA Bank, and BTA's subsidiary Temirbank. The outlooks on KKB and Halyk are 'negative'. The agency attributed the rating actions to the continuing downward pressure on the banks' stand-alone credit profiles due to significant asset quality deterioration that is depleting their capitalization, as well as to the instability of deposits and continuing funding and liquidity challenges. It added that the banks are also affected by the current global liquidity crisis and a domestic economic slowdown, both of which continue to erode liquidity levels and asset quality. It estimated loans under stress at 20% for the banking sector, with provisioning coverage only slowly approaching this level. S&P said government support measures, including the state taking majority ownership of BTA and Alliance, the recapitalization of KKB and Halyk, and the placement of substantial state deposits at systemically important banks, only partly reduce market pressure.

Source: Standard & Poor's



# ENERGY / COMMODITIES

## Oil falls below \$36 as demand outlook worsens

Oil rallied above \$36 a barrel on February 19 ahead of key United States inventory data, while the dollar's weakness and a recovery in global stock markets offered support to oil prices. Crude stockpiles in the United States rose last week by 3 million barrels to their highest level since May 1998. A day ahead of expiry, U.S. crude futures for March delivery rose \$1.48 cents to \$36.10 a barrel, while April delivery contracts rose \$1.47 cents to \$38.88. London Brent for April delivery rose \$1.31 cents to \$40.86. Oil stocks in the U.S. have increased by 20% since September as the downturn has reduced consumption and helped pull crude prices more than \$110 off their peaks last summer. World stocks rose from the previous day's three-month low on February 19 as some European corporate quarterly results were better than the most pessimistic expectations, while the dollar fell, adding support to oil prices.

Source: Reuters

## IEA warns of oil "supply crunch"

The executive director of the International Energy Agency warned that there could be an oil "supply crunch" beginning in 2010 once global demand recovers. He said he is concerned that some oil producers are deferring projects to expand supply. He added that oil demand growth is likely to resume next year after its first drop in a generation.

Source: International Energy Agency

## Egypt to launch its first coal-fired power plant

Egypt-based Arab Investment & Development Company has applied to develop the country's first coal-fired power complex. The complex at Safaga, on the Red Sea coast, is expected to have a capacity of 5,000 megawatts and to change from traditional gas-fired plants. The first phase will have 750 megawatts of capacity. The project was made possible due to reforms allowing private investors to develop power projects independently from the government. The reforms also allow developers to secure power-purchase agreements with the government before a project is launched as part of independent power projects. The government expects new electricity projects with a total capacity of about 11,000 megawatts to be completed over the next five years in order to meet the expected demand growth of 6% per year.

Source: MEED

## National Iranian Oil Company, Total to sign \$5bn deal by March 20

The National Iranian Oil Company (NIOC) stated that NIOC and the French Total company will sign a \$5bn contract by the end of the current Iranian calendar year. It noted that the development of the South Pars gas field phase 11 in the upstream sector and the construction of an LNG plant in the downstream sector will be Total's responsibility according to the contract. It said that the Anglo-Dutch Shell and Spain's Repsol are also willing to negotiate with Iran adding that the Italian ENI company is also talking with Iran regarding phase 3 of Darkhovin oilfield that is expected to be finalized by the end of the current Iranian calendar year or early next calendar year.

Source: Tehran Times

## Base metals: Aluminium market oversupply to ease, prices to recover

After rising to a high of \$3,317 per ton in July 2008, the three-month aluminium price has been decreasing constantly. The price fell to a five-year low of \$1,330 per ton in late January before recovering modestly in February. However, there has been a sharp acceleration in production cutback in recent weeks, suggesting that the market may be close to a bottom. The price is expected to stage a modest recovery during the course of this year. In the short term, a stabilizing demand and further producer cuts are expected to provide support. Further ahead, a more significant rally is predicted on the back of a weakening US dollar, rising oil prices and some improvement in demand. The price is expected to steadily rise to an average of \$1,600 per ton in the fourth quarter of 2009 and \$1,750 per ton in 2010.

Source: Standard Chartered

## Precious metals: Investment demand is likely to continue to support prices

Precious metals continue to outperform the rest of the commodity complex. Investor demand remains strong, especially for gold and silver. The cost of carry for precious metals is among the lowest, making investments in the sector rather attractive. Moreover, the low interest rate environment and expected weakness in the US dollar over the longer term should help gold and silver prices climb higher in the months ahead. In the short term, the latest positioning data suggest short-term profit-taking becomes increasingly likely.

Gold fell on February 19 as some investors sold the precious metal following its climb to a seven-month high on concerns about a worsening global recession. Gold climbed to \$987.71 an ounce on February 18 as investors wanted a safe-haven asset. Immediate-delivery gold dropped 1.1% to \$974.47 an ounce. Gold for April delivery fell 0.2% to \$976.60 in after-hours electronic trading on the Comex division of the New York Mercantile Exchange. Among other precious metals for immediate delivery, silver fell 0.5% to \$14.30 an ounce, platinum was down 2.1% at \$1,079 an ounce, and palladium declined 0.2% to \$218.50 an ounce.

Source: Credit Suisse, Bloomberg

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	157.6	182.8	220.3	-5.9	-34.1
LME metals price index	1754.1	2356.1	3167.3	-1.0	-54.3
Oil prices USD	36.3	68.1	93.7	-11.1	-61.2
Oil prices SDRs	24.3	44.8	59.7	-9.1	-59.1
Gold \$/troy oz	942.3	821.9	869.7	10.2	2.3
Silver cents/troy oz	1339.0	1127.0	1447.3	19.3	-22.9
Platinum \$/troy oz	1040.0	1006.0	1493.3	5.3	-46.0
Copper \$/MT	3376.5	4655.1	6493.2	3.0	-56.8
Nickel \$/MT	10547.5	13021.2	19183.4	-7.3	-62.3
Aluminium \$/MT	1362.3	1939.1	2442.6	-10.4	-48.9
Zinc \$/MT	1123.3	1330.4	1734.4	-7.9	-53.8

Source: Credit Suisse



# COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	EIU								
<b>Africa</b>													
Algeria	-	-	-	-	BBB								
	-	-	-	-	Stable	7.0	13.8	1.5	4.1	1.9	1.6	15.4	0.6
Angola	-	-	-	-	BB								
	-	-	-	-	Stable	3.2	8.8	8.4	9.0	12.6	-	-3.0	1.2
Egypt	BB+	Ba1	BB+	BBB-	BB								
	Stable	-	Stable	Stable	Stable	-7.7	74.5	17.8	51.4	5.4	105.9	-1.5	4.1
Ethiopia					B								
	-	-	-	-	Negative	-3.5	-	10.9	250.0	-	-	-6.1	-
Ghana	B+	-	B+	-	B								
	Stable	-	Stable	-	Negative	-10.8	-	39.0	103.6	-	-	-13.7	-
Ivory Coast	-	-	-	-	CCC								
	-	-	-	-	Stable	-1.7	-	57.9	175.9	-	556.0	-1.8	-
Libya	-	-	-	-	BB								
	-	-	-	-	Stable	-17.3	7.8	17.5	31.1	4.9	-	-15.8	3.1
Mauritania	-	-	-	-	-								
	-	-	-	-	-	-5.1	-	73.8	183.3	-	-	-13.4	-
Morocco	BB+	Ba1	BBB-	BBB-	BB								
	Stable	-	Stable	Stable	Stable	-2.6	51.8	24.1	73.9	5.7	74.1	-0.1	3.3
Nigeria	BB-	-	BB-	-	BB								
	Stable	-	Stable	-	Stable	-5.7	23.6	6.1	20.6	0.6	-	-13.2	2.4
Sudan	-	-	-	-	C								
	-	-	-	-	Stable	-6.8	107.5	62.7	532.4	6.3	-	-10.1	2.7
Tunisia	BBB	Baa2	BBB	BBB	BB								
	Stable	-	Stable	Stable	Stable	-3.1	49.8	50.6	105.6	12.3	235.5	-3.3	3.8
<b>Middle East</b>													
Bahrain	A	A2	A	A	A								
	Stable	-	Stable	Stable	Negative	-3.4	18.2	187.7	321.7	4.6	63.8	6.2	0.4
Iran	-	-	B+	BB-	B								
	-	-	Stable	Stable	Stable	-3.7	19.1	5.5	35.1	4.3	22.9	-4.6	0.2
Iraq	-	-	-	-	CC								
	-	-	-	-	Stable	-34.4	-	71.8	214.4	3.8	157.7	-22.4	0.9
Jordan	BB	Ba2	-	BB	B								
	Stable	-	-	Stable	Stable	1.3	51.4	65.6	122.2	4.8	198.6	-10.0	11.4
Kuwait	AA-	Aa2	AA-	AA-	A								
	Stable	-	Stable	Stable	Stable	22.6	4.9	40.4	134.2	6.2	229.7	23.6	-9.9
Lebanon	B-	B3	B-	B-	CCC								
	Stable	-	Stable	Stable	Stable	-10.8	145.6	97.5	614.9	20.4	199.0	-12.0	9.0
Oman	A	A2	-	A	A								
	Stable	-	-	Stable	Stable	-1.9	3.5	21.4	68.7	-	113.0	-4.0	4.0
Qatar	AA-	Aa2	-	AA-	A								
	Stable	-	-	Stable	Stable	1.7	4.1	52.5	189.8	7.3	359.3	24.3	7.8
Saudi Arabia	AA-	A1	AA-	AA-	BBB								
	Stable	-	Stable	Stable	Stable	9.8	9.9	8.5	28.3	4.0	89.1	6.1	0.2
Syria	-	-	-	-	CCC								
	-	-	-	-	Stable	-8.3	38.5	13.0	71.4	1.0	162.7	-5.1	1.9
UAE	-	Aa2	-	AA-	A								
	-	-	-	Stable	Negative	16.7	10.6	79.3	125.2	2.3	287.4	11.4	2.4
Yemen	-	-	-	B	CCC								
	-	-	-	Stable	Stable	-17.2	-	29.6	161.9	-	-	-16.9	-



# COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	EIU								
<b>Central &amp; Eastern Europe</b>													
Armenia	-	Ba2	BB	-	-	-2.2	13.9	32.5	496.8	1.2	311.3	-9.0	5.9
	-	-	Stable	-	-								
Bulgaria	BBB+	Baa3	BBB-	-	BBB	-0.4	13.7	101.8	159.2	22.5	250.5	-15.3	9.8
	Stable	-	Stable	-	Stable								
Kazakhstan	BBB-	Baa2	BBB-	-	BB	1.7	6.0	86.4	267.8	56.6	528.0	-3.1	1.5
	Negative	-	Stable	-	Stable								
Romania	BBB-	Baa3	BB+	BBB-	BB	-4.9	16.2	61.9	171.7	21.8	319.6	-8.2	5.1
	Negative	-	Stable	Negative	Stable								
Russia	BBB+	Baa1	BBB	-	BBB	1.5	7.4	40.1	155.9	17.4	193.3	-0.7	0.4
	Negative	Positive	Negative	-	Negative								
Turkey	BB-	Ba3	BB-	BB-	BB	-3.9	43.5	56.0	238.4	41.2	587.4	-5.0	2.4
	Stable	-	Stable	Stable	Stable								
Ukraine	BB-	B1	B+	-	B	-1.1	20.7	80.4	202.3	28.5	411.6	-2.8	2.1
	Negative	Positive	Negative	-	Negative								

Sources: Moody's Investors Service; Economist Intelligence Unit - The above figures are estimated for 2009

\* Figures last updated in February 2009



## SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	0.25	28-Jan-09	No change	17-Mar-09
Eurozone	Refi Rate	2.00	05-Feb-09	No change	05-Mar-09
UK	Base Rate	1.00	05-Feb-09	Cut 50bps	05-Mar-09
Japan	O/N Call Rate	0.10	19-Feb-09	No change	N/A
Australia	Cash Rate	3.25	03-Feb-09	Cut 100bps	03-Mar-09
New Zealand	Cash Rate	3.50	29-Jan-09	Cut 150bps	12-Mar-09
Switzerland	3 month Libor target	0.50	11-Dec-08	Cut 50bps	12-Mar-09
Canada	Overnight rate	1.00	20-Jan-09	Cut 50bps	03-Mar-09
<b>Emerging Markets</b>					
China	One-year lending rate	5.31	23-Dec-08	Cut 27bps	N/A
Hong Kong	Base Rate	0.50	29-Jan-09	No change	18-Mar-09
Taiwan	Discount Rate	1.50	07-Jan-09	Cut 75bps	09-Mar-09
South Korea	Target Rate	2.00	12-Feb-09	Cut 50bps	N/A
Malaysia	O/N Policy Rate	2.50	21-Jan-09	Cut 75bps	24-Feb-09
Thailand	1D Repo	2.00	14-Jan-09	Cut 75bps	25-Feb-09
India	Repo rate	4.00	27-Jan-09	No change	21-Apr-09
UAE	Overnight repo rate	1.00	19-Dec-08	Cut 50bps	N/A
Saudi Arabia	Repo rate	0.75	19-Jan-09	Cut 25bps	N/A
Egypt	Overnight Deposit	10.50	Feb-09	Cut 100bps	N/A
Turkey	Base Rate	13.00	15-Jan-09	Cut 200bps	19-Feb-09
South Africa	Repo rate	10.50	05-Feb-09	Cut 100bps	16-Apr-09
Kenya	Central Bank Rate	8.50	28-Jan-09	No change	01-Apr-09
Nigeria	Monetary Policy Rate	9.75	09-Feb-09	No change	01-Apr-09
Ghana	Prime Rate	17.00	28-Oct-08	No change	Feb-09
Mexico	Target Rate	7.75	16-Jan-09	Cut 50bps	20-Feb-09
Brazil	Selic Rate	12.75	21-Jan-09	Cut 100bps	11-Mar-09
Armenia	Refi Rate	7.00	Jan-09	Cut 25bps	N/A
Romania	Policy Rate	10.25	06-Jan-09	No change	N/A
Bulgaria	Base Interest	5.25	01-Sep-08	No change	N/A
Kazakhstan	Refi Rate	9.50	05-Feb-09	No change	N/A



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