Issue 113
April 30, 2009

BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Downgrade ratio reaches 93% in first quarter

Standard & Poor's indicated that the global downgrade ratio reached 93% in the first quarter of 2009, exceeding the record of 91% set in the fourth quarter of 2008. It said despite a turbulent 2008, the first quarter of 2009 proved to be even worse. It said the first quarter downgrades ratio is the highest level on record since 1987, despite having two other recessionary periods in this time frame and despite a turbulent 2008. In comparison, the highest downgrade ratios during the 1991 and 2001 recessions were 86% and 89%, respectively. S&P noted that all regions were negatively affected, with the downgrade ratio in the U.S. up to 95% in the first quarter, Europe with 94%, other developed economies with 95%, and emerging markets with 93%, reflecting widespread credit pressures.

Source: Standard & Poor's

EMERGING MARKETS

Banks face $800bn in writedowns

The International Monetary Fund estimated the potential writedowns on loans and securities at emerging market banks at $800bn, equivalent to 7% of the banks' aggregate assets. It said the scale of potential losses at emerging market banks, including at the subsidiaries of foreign parent banks, have been rising sharply in recent months. It indicated that writedowns in Europe, the Middle East & Africa could total $345bn, of which $185bn in Eastern Europe, followed by Asia with $270bn, and Latin America with $181bn. The Fund noted that existing capital buffers cannot absorb losses of this scale, adding that emerging market banks require fresh capital of up to $300bn. It said banks in Europe, the Middle East & Africa have capital needs of $142bn, followed by Asia with $122bn and Latin America with $37bn. It considered that most of this capital will have to be provided by the official sector, as there is little prospect of a timely resurgence of private investor interest in these institutions. It noted that that many banks will face challenges in repairing capital deficiencies, as some governments will be hard-pressed to provide needed capital, while foreign banks are facing mounting credit writedowns at home and will find it difficult to make up the capital shortfalls of their emerging market subsidiaries.

Source: International Monetary Fund

MENA

Two thirds of professionals concerned about job situation

A survey conducted by regional job portal Bayt.com showed that 65% of professionals in the Middle East & North Africa region are worried about their job situation. It also found that 43% of respondents have witnessed job cuts in their workplace, 59% knew someone who has lost his or her job in the last few months, and 40% are expecting further job cuts in their company in the future. The survey also indicated that 50% of the respondents are concerned about their company's stability, but 43% think their company will survive the economic downturn. Also, 47% of respondents still consider their country of residence as an attractive place to work and live in, even with job losses and the threat of corporate instability in the recession. The survey also noted that the top steps taken by companies to survive in the current crisis are to freeze hiring, followed by cuts in bonuses and staff expenses. Finally, the respondents believe that construction & real estate, banking & finance, tourism & hospitality and automotive are the most affected sectors in the region. The survey was conducted during March and April 2009 and covered a sample of nearly 11,000 respondents across the MENA region.

Source: Bayt.com, Byblos Research

SUDAN

EU funds could be blocked under Cotonou Agreement

Sudan may be denied access to approximately €300m in EU funding by next June if it refuses to ratify the new version of the Africa, the Caribbean and the Pacific (ACP)-European Union Cotonou Partnership Agreement signed in 2000. The Cotonou treaty in its original format is aimed at the reduction and eventual eradication of poverty, while contributing to sustainable development and to the gradual integration of ACP countries into the world economy. However, the revised agreement incorporates the fight against impunity and promotion of criminal justice through the International Criminal Court, which Khartoum has refused to ratify. A large portion of the funds is allocated to support the semi-autonomous Government of South Sudan and the Comprehensive Peace Agreement. The South Sudan government is currently under financial stress due to the sharp drop in oil prices and has reportedly asked the United States to cover part of the revenue shortfall. The withholding of the funds will likely add to the South's financial difficulties.

Source: Sudan Tribune

KUWAIT

Iraq still owes $25.5bn in compensation

The Kuwaiti Public Authority for Compensation (PAC) declared that Iraq still owes $25.5bn to Kuwait in war reparations for the 1990 invasion and occupation of the emirate by Iraqi forces. Iraq is required to put 5% of its oil revenues into a fund created by the U.N. Security Council to pay reparations for war damage during the seven-month occupation of its neighbor. The PAC said that the compensation claims have been approved by the United Nations, but have yet to be paid by Baghdad. The UN fund has received claims worth $368bn and has so far approved the payment of just over $52bn. It has paid out almost $27bn to claimants up till January 2009. Iraq also owes Kuwait around $16bn in debt from loans to Saddam Hussein during Baghdad's eight-year war with Iran that ended in 1988. Iraq has repeatedly appealed to foreign countries to waive tens of billions of dollars in compensation following the overthrow of the Baathist regime in 2003.

Source: KUNA

OUTLOOK

MENA

Potential spread of swine flu to hit tourism, consumption and investment

Regional investment bank EFG Hermes considered that the economic impact of a swine flu outbreak in the Middle East & North Africa region would be determined by the magnitude of the infection across the region, its duration, and the structure of individual economies. It said the tourism sector will likely be the first and most vital area to be affected in the case of a serious outbreak, with significant declines in tourist numbers and hotel reservations. It noted that the impact could be substantial given the importance of the tourism sector to the MENA region, especially in non-GCC countries, the UAE and Oman.

It added that private consumption and investment in the region would also likely weaken with a fall in confidence and sentiment. It noted that a pandemic will likely put substantial pressure on fiscal balances due to increased spending on health, public safety, as well as from lost revenues. It considered, however, that GCC countries will be in a better position to absorb the pressure for increased spending than non-oil producing countries. It also expected remittances, FDI and capital inflows to the region to fall, leading to the deterioration of the fiscal and external accounts. It added that this deterioration will be partly limited by a weaker import outlook as domestic demand weakens. It noted that the impact on inflation is likely to be relatively contained and linked to external factors, global inflation and food price developments, adding that any outbreak is unlikely to result in a jump in domestic food prices given the negligible consumption of pork in the region.

In parallel, EFG Hermes considered that the key risk factor for oil exporting countries is a decline in oil prices from a drop in global oil and fuel demand, especially from the airline industry. It acknowledged that downside risks to oil prices exist in the case of a truly global pandemic, which would result in weaker global growth and a steeper fall in demand for goods and services.

Source: EFG Hermes

North African banks face local risks

Standard & Poor's indicated that banks in North Africa appear resilient to the global financial crisis that has hit many financial institutions around the world, as banks in Morocco, Tunisia and Egypt have been shielded by restrictive local regulations as well as the relative underdevelopment of financial intermediation in their markets. The agency noted that banks in the region do not have exposure to structured investment products due to highly restrictive local regulations about investing in foreign asset classes. S&P warned, however, that new risks are emerging as North African banks are starting to feel the after-shocks of the global financial crisis on the real economy. It said North African economies are likely to perform better than the global economy, and will likely avoid a recession. But they will experience, to various extents, a marked slowdown. It said the new environment represents a major test for the banking systems of Egypt, Morocco and Tunisia.

S&P considered that banks in Morocco will have to cope with a likely acceleration of the correction of the domestic real estate sector and the effects of the new environment on leading players' subsidiaries in Africa. It added that the new operating environment in Egypt will test whether and how well the sweeping reforms of the banking sector will work in practice. It noted that uncertainties about the performance of the tourism sector and other export-oriented sectors in Tunisia may put into question the improvement of asset quality indicators in recent years. Further, S&P did not expect the crisis to significantly impair the financial profiles of banks in the region, but warned that banks may be negatively affected if the real estate correction in Morocco accelerates, and economic conditions in Tunisia and Egypt worsen more than anticipated.

Source: Standard & Poor's

ANGOLA

Real GDP to contract by 3.6% in 2009

The International Monetary Fund projected Angola's real GDP to decrease by 3.6% in 2009 relative to a growth of 14.8% in 2008 and compared to growth in oil exporting countries of 1.4% in 2009. It expected the country's real non-oil GDP to grow by 9% in 2009, down from 18.4% in 2008, and compared to non-oil GDP growth of 4.5% in 2009 in oil exporting countries. The IMF forecast Angola's annual average inflation rate at 12.1% in 2009, down from 12.5% a year earlier and compared to inflation of 11.5% in 2009 for oil exporting economies. It estimated total investment at 18.7% of GDP in 2009 up from 12.7% of GDP in 2008. Also, it expected the growth of broad money at 13.9% this year down from 104.1% last year. The Fund projected the central government's fiscal balance to post a deficit of 10.8% of GDP in 2009, compared to a surplus of 12.4% of GDP in 2008, and compared to a deficit in oil exporting peers of 7.6% in 2009. It estimated public revenues at 35% of GDP and total expenditures at 45.9% of GDP in 2009.

The IMF expected Angola's external debt to official creditors to increase to 6.3% of GDP at end-2009, from 4.8% of GDP at end-2008. It forecast the trade balance to post a surplus of 25.2% of GDP in 2009, down from 55.9% of GDP a year earlier and compared to a surplus of 9.6% of GDP in 2009 for oil exporting economies. Further, the country's current account deficit is projected at 8.1% of GDP in 2009, compared to a surplus of 21.2% of GDP in 2008. In comparison, oil exporting countries are forecast to post current account deficits of 8.4% of GDP this year compared to surpluses of 8% of GDP last year. The Fund expects the country's gross official reserves to reach 6.8 months of imports of goods and services at end-2009 compared to 6.1 months of imports of goods and services at end-2008.

Source: International Monetary Fund

ECONOMY & TRADE

EMERGING MARKETS

World Bank to invest $55bn in infrastructure

The World Bank Group indicated that it will mobilize more than $55bn over the next three years to finance infrastructure projects in developing countries. The Bank will make available $45bn in lending and the International Finance Corporation will mobilize $10bn. It said the global financial crisis has reduced investments in infrastructure projects, particularly in developing countries, and estimated the annual financing gap for infrastructure finance in emerging economies at between $140bn and $270bn. It claimed that the initiative will help create jobs and lay the foundations for future economic growth and poverty reduction. The French and German governments pledged €1bn and €500m to the initiative, respectively. The World Bank's Infrastructure Recovery and Assets platform will assist partner country governments respond to the negative effects of the global crisis on their infrastructure services and investment programs. Also, the IFC's Infrastructure Crisis Facility is expected to attract more than $10bn to help bridge the gap in available financing for viable, privately-funded or public-private partnership infrastructure projects in emerging markets. The IFC will contribute up to $300m in equity and may provide as much as $2bn in loan co-financing.

Source: World Bank

SAUDI ARABIA

Government to launch new fund

The government announced that a new state investment vehicle, considered to be the nation's first sovereign wealth fund, will start operations in the coming six months. Preparations to set up the fund, which was approved last July, are expected to start in May. The joint stock company, named Sanabil al-Saudia, will have an initial capital of 20bn riyals, or $5.3bn, and will be a wholly-owned entity of the Public Investment Fund (PIF) and act as a portfolio manager. It will focus on maximizing long-term returns with investments in Saudi Arabia and overseas across various sectors and assets, as well as in stocks, bonds, real estate and commodities. The Saudi Arabian Monetary Agency has been managing the country's foreign exchange reserves and investment portfolio, and it is estimated that around 85% of the kingdom's foreign reserves are invested in dollar-dominated fixed income securities. The country's official foreign reserves are estimated at $500bn. The PIH was set up in 1971 to invest and finance projects in Saudi Arabia, and has holdings in some of the major Saudi companies.

Source: Al Watan, Dow Jones Newswires

IRAQ

Plan of $66bn to rebuild infrastructure

The Iraqi Cabinet approved a draft law for a post-paid plan of $65.8bn to rebuild Iraq's infrastructure and service sectors. The law will allow the government to sign contracts to carry out infrastructure projects in housing, water, sewage, education, transport, communications and agriculture. The decision aims to help the economy benefit from offers by countries and corporations to set up major ventures for the Iraqi government within the framework of a post-paid system plan. According to the agreement, $25bn will be allocated for housing projects, $17.8bn for agricultural projects, $9.3bn for transport, $5.54bn for water and sewage systems, $3.73bn for healthcare, $2bn for higher education and scientific research, $1.75bn for education, and $0.6bn for communications.

Source: Aswat al-Iraq

JORDAN

Remittances decline in first quarter

Figures released by the Central Bank of Jordan show that the inflow of expatriates' remittances totaled JD583m, or $822m in the first quarter of 2009, constituting a decline of 1% from the same period last year. Remittances reached JD208m in March, down 6.7% from March 2008, reflecting continued deterioration in income from remittances this year. Remittance growth has slowed sharply in 2008 to just 5.6% from an average of 17.2% in the two preceding years. Remittances are expected to decline by about 8% this year to JD2.1bn due to worsening economic conditions in the GCC where most Jordanian expatriates work.

Source: Central Bank of Jordan, EFG Hermes

SUDAN

Population at 39 million

The fifth Sudan Population and Housing Census indicated that the total population of Sudan reached 39.15 million as at April 2008. The population of the State of Khartoum exceeded 5 million individuals, Darfur had about 7.5 million residents, and South Sudan 8.2 million persons. The census, a milestone in the implementation of the 2005 Comprehensive Peace Agreement, was conducted between April 22 and April 30, 2008. It was the first all inclusive census for people of Southern Sudan since the country's independence in January 1956. Census officials said the process conducted conforms to international standards in terms of coverage and impartiality. South Sudan officials have warned that they will not accept results reflecting its populations as being less than one third of the country's total. The Census Bureau endorsed the technical report, which will be submitted to the presidency for final approval.

Source: SUNA, Al Sahafa

RUSSIA

Economy contracts by 9.5% in first quarter

The Economy Ministry estimated that the economy contracted by 9.5% annually in the first quarter of the year compared to an earlier estimate of a 7% decline. It said that GDP performance in January and February was much worse than estimated initially, with an annual decline in GDP of 10.4% in January and 8.7% in February compared to earlier estimates of -8.8% in January and -7.3% in February. It also expected real GDP to have declined by 9.5% annually in March. Russia is facing a combination of shocks with a sudden stop in capital inflows and a worsening in its terms of trade of an unprecedented scale. The first quarter downward revision means that full year GDP performance will very likely be steeper, with a sharper contraction in the second quarter, resulting in an overall decline of 6.5% in 2009.

Source: Credit Suisse, Citigroup

BANKING

GCC

Creditworthiness of banks likely to deteriorate in 2009

Standard & Poor's expected the credit profile of Gulf banks to deteriorate this year due to the tougher operating environment, lower business volumes, tighter liquidity, and the collapse of the region's stock markets since September 2008. It said the banks' asset quality and profitability are likely to suffer, as 2009 will prove to be a difficult year for most GCC banks. The agency noted that Gulf banks have entered this tougher environment from a position of relative strength due to their good financial profile. It added that GCC governments have and will likely provide support to the systemically important banks if needed, as the capacity of the countries to do so remains high. S&P indicated that Gulf banks are carrying a high volume of new loans, including real estate and individual loans, which are being tested by the deteriorating economic conditions. It considered that the most resilient banking sectors are those of Saudi Arabia and Qatar, while banks in Kuwait and the UAE, especially in Dubai, are under the most pressure. It noted that the ratings on about one-third of the GCC banks have a 'negative' outlook or are on CreditWatch with negative implications, suggesting that it could take additional negative rating actions in 2009.

Source: Standard & Poor's

SYRIA

Private sector accounts for 40% of credits, private banks extend 13% of lending

Figures released by the Central Bank of Syria indicate that total credits extended by commercial banks reached SYP 982bn at end-2008 or about $21bn, constituting an increase of 32.8% from SYP 739bn at end-2007. Credits in Syrian pounds accounted for 97% of the total relative to 98% at end-2007, and foreign currency loans accounted for the remaining 3%. Loans to non-financial public enterprises accounted for 49% of total lending, up from 44% a year earlier, followed by resident private sector lending with 40% relative to 41% at end-2007, while the central government accounted for the remaining 11%. Households accounted for 79% of resident private sector lending, followed by businesses with 20.8% and other financial institutions with 0.2%. Households and businesses represented 81.8% and 18%, respectively, of private sector lending at end-2007. Further, the sectoral distribution of credit shows that wholesale & retail trade accounted for 56% of the total, up from 49% at end-2007; followed by building & construction with 13%; agriculture with 11%, down from 16% at end-2007; mining, manufacturing & utilities with 5%, while other activities accounted for the remaining 14% of lending. Also, public commercial banks accounted for 86% of total lending at end-2008, down from 89% at end-2007, while private commercial banks accounted for 13% and private Islamic banks for the remaining 2%. Loans & advances accounted for 45.4% of private banks' lending, followed by personally secured credits & overdrafts with 30.8%, and discounts with 23.5%. Loans & advances accounted for 48.7% of public banks' lending, followed by personally secured credits & overdrafts with 31.7%, and discounts with 22.2%.

Source: Central Bank of Syria, Byblos Research

JORDAN

Bank assets reach JD30bn at end-2008

The consolidated balance sheet of commercial banks in Jordan indicates that total assets reached JD30.2bn at the end of the first quarter of 2009, constituting an increase of 1.4% from end-2008 and of 9.7% from JD27.5bn at the end of March 2008. Resident private sector deposits reached JD14.7bn at the end of March, up 2.8% from end-2008 and up 13.8% from end-March 2008, while deposits of non-bank financial institutions dropped by 16.8% quarterly and rose by 12.3% annually to JD113.4m. Resident private sector loans were unchanged in the first quarter of 2009 at JD12.5bn, while credit facilities to the non-resident private sector rose by 20% in the first quarter and by 105% annually to JD644.4m. Resident private-sector lending accounted for 41.5% of total assets. In parallel, central government deposits reached JD654m, up 11% year-on-year, while those of public non-financial institutions rose by 4% to JD665m. Claims on the public sector rose by 40.3% to JD4.5bn year-on-year, with claims on the central government accounting for 88% of lending to the public sector compared to 79.4% at the end of March 2008. Claims on the public sector accounted for 15% of total assets compared to 11.7% a year earlier. Capital accounts and allowances rose by 6.6% annually to JD4bn.

Source: Central Bank of Jordan, Byblos Research

ARMENIA

IFC to help develop mortgage market

The Central Bank of Armenia (CBA) and the International Financial Corporation, the private sector arm of the World Bank, agreed that the IFC would support the CBA in developing primary and secondary mortgage markets in Armenia. The IFC will provide advisory services to help the CBA create the legislative, regulatory and market prerequisites to develop the local mortgage market, as the growth of this market would improve housing conditions and encourage lending in the country. The agreement stipulates the establishment of a mortgage fund, with the CBA ready to invest AMD5bn, or about $16.5m, in the capital of the fund. The fund would be open to the government, financial institutions, banks, and investment organizations, which would raise its capital to AMD30bn, or about $81m. The fund will refinance the primary sector as well as housing programs. The aggregate mortgage portfolio in Armenia exceeded AMD85bn at end-2008, but the mortgage market has recently stagnated due to the global crisis.

Source: ArmInfo

Lending drops by 34% in first quarter

Aggregate loans extended by commercial banks and universal credit organizations (UCOs) totaled AMD94.4bn in the first quarter of the year, constituting a decrease of 34% from the fourth quarter of 2008. Aggregate loans extended by commercial banks amounted to AMD88.6bn, down 34.6% from the last quarter of 2008. Also, the number of loans extended by commercial banks and UCOs decreased by 22.6% to 149,582 loans in the first quarter, while the number of loans provided by banks dropped by 23.4% to 135,834 over the same period.

Source: ACRA

ENERGY / COMMODITIES

Oil gains above $51 on gasoline draw

Oil rose well above $51 a barrel on April 30, extending the previous day's gains as traders focused on improving economic data and decreasing fuel stocks rather than the worsening swine flu outbreak. Oil rose by 2% on April 29 as U.S. gasoline stocks declined by 4.7 million barrel ahead of the driving season. But prices remained stuck in the $45-$55 range. U.S. light, sweet crude for June delivery rose 56 cents to $51.53 a barrel. Brent crude gained 41 cents to $51.19. Prices are on track to gain 3% in April, their third monthly rise, but the rebound from February's $33 low has stalled as traders await further evidence that the economy's decline is easing. The Energy Information Administration weekly report showed a 4.1 million barrel increase in crude oil stockpiles, bringing inventories to a new 19-year high, and a 1.8 million barrel increase in high distillate stocks.

News that the World Health Organization had raised its threat level on the swine flu virus also failed to dampen the mood as traders took a wait-and-see approach over whether it would become a pandemic that could further cut fuel demand. World stocks hit a four-month peak on April 30, powered by gains in Asia. Traders looked past the surprisingly big 6.1% contraction in the U.S. economy in the first quarter to focus on the details of a big decrease in inventories. Hints of future expansion were further reinforced by comments from the U.S. Federal Reserve, which said the pace of deterioration in the economy appeared to be slowing. Also, industrial output in hard-hit Japan rose 1.6% in March, the first gain in six months.
Source: Thomson Reuters

Iraq faces drop in oil output

Iraq is facing a sharp decline in oil production expected to reach 10% by December 2010, due to a lack of investment in infrastructure at some of its largest fields in the south of the country. The production of Iraq's South Oil Company is falling by 220,000 barrels a day as a result of deterioration in the productivity of its wells at fields including South and North Rumaila, West Qurna and Missan. Iraq's Oil Minister said the country will need at least $50bn over the next five years to upgrade its oil industry hit by war, sanctions and lack of cash, adding that the money would help increase Iraq's crude oil production to 6 million barrels a day from current 2.4 million barrels a day.
Source: MEED, Dow Jones Newswires

Libya begins building $5bn Energy City

Libya started construction on April 26 on the $5bn Smart Energy City in Sabratha, 70 km west of Tripoli. Along with business zones for oil and gas producers, refiners, and shipping and trading companies, the energy city will provide residential, retail, leisure and entertainment facilities. Libya is partnering with Bahraini investment bank Gulf Finance House on the project, which is expected to be completed within three years.
Source: Reuters

Base metals: Recovery reflects supply cuts and improved sentiment

Base metals rallied strongly through March and April. Risk appetite is beginning to show an improvement as investors are emerging from the shock of the market collapse in 2008. Much of the poor demand news being revealed in the current data has already been built into the market's price expectations. Supply cuts have been significant in most markets. Some improvement in demand in China, stock building by China and supply problems in both Chile and Peru all added to the optimistic tone. Offsetting this, data for Japan has been bad for both aluminium and copper. After a strong performance in recent weeks, base metal prices are expected to remain well supported in the second quarter of the year. While a significant improvement in market fundamentals is expected in the second half of 2009, it seems that prices have moved well in advance of this as investors look through the current downturn and start to react positively to any supply cuts. This is a notable shift in behavior from a few months ago. There is a risk of another decrease in base metal prices as prices realign with fundamentals, but the lows that were recorded in late 2008 are not expected to be reached again in the near future. Base metals are expected to trend higher through the remainder of this year but the uptrend will be unstable as growth expectations will remain volatile.
Source: Standard Chartered

Precious metals: Inverse correlation with the US dollar has been partially restored

During the first 9 months of 2008, gold prices had become closely correlated with the rest of the commodity complex as strong investor flows, and a weakening US dollar combined to push prices higher. With the large-scale withdrawal of funds from commodity markets in the fourth quarter of 2008, the typical inverse correlation with the US dollar broke down for gold. Safe haven flows benefited both the US dollar and gold at the same time, creating a strong positive correlation. This has since reverted to a strong negative correlation as risk aversion declined and appetite improved. The relationship is expected to strengthen if the US dollar weakens in the second half of the year.
Source: Standard Chartered

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	170.0	159.0	201.2	7.8	-35.6
LME metals price index	2131.6	1862.7	2734.3	11.6	-49.5
Oil prices USD	47.8	46.9	82.4	-6.8	-59.9
Oil prices SDRs	32.2	31.4	53.4	-5.2	-55.5
Gold $/troy oz	886.0	858.3	865.8	-7.1	-3.6
Silver cents/troy oz	1212.0	1155.9	1343.0	-11.2	-31.0
Platinum $/troy oz	1174.0	968.7	1314.1	5.8	-40.9
Copper $/MT	4446.5	3558.5	5614.8	13.7	-49.3
Nickel $/MT	11382.5	10456.2	15432.7	15.0	-60.0
Aluminium $/MT	1409.5	1500.4	2137.6	-1.7	-53.2
Zinc $/MT	1420.0	1178.5	1507.0	15.7	-36.5

Source: Credit Suisse

COUNTRY RISK METRICS

Countries	LT Foreign currency rating S&P	Moody's	Fitch	CI	EIU	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 (%)
Africa													
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	-	Negative	-	Negative	-10.8	-	39.0	103.6	-	-	-13.7	-
Ivory Coast	-	-	-	-	CCC								
	-	-	-	-	Stable	-1.7	-	57.9	175.9	-	556.0	-1.8	-
Libya	A-	-	-	-	BB								
	Stable	-	-	-	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								
	Negative	-	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
Middle East													
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-	B2	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	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: S&P	Moody's	Fitch	CI	EIU	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 (%)
Central & Eastern Europe													
Armenia	-	Ba2	BB	-	-								
	-	-	Stable	-	-	-2.2	13.9	32.5	496.8	1.2	311.3	-9.0	5.9
Bulgaria	BBB+	Baa3	BBB-	-	BBB								
	Stable	-	Stable	-	Stable	-0.4	13.7	101.8	159.2	22.5	250.5	-15.3	9.8
Kazakhstan	BBB-	Baa2	BBB-	-	BB								
	Negative	-	Negative	-	Stable	1.7	6.0	86.4	267.8	56.6	528.0	-3.1	1.5
Romania	BBB-	Baa3	BB+	BBB-	BB								
	Negative	-	Stable	Negative	Stable	-4.9	16.2	61.9	171.7	21.8	319.6	-8.2	5.1
Russia	BBB+	Baa1	BBB	-	BBB								
	Negative	Positive	Negative	-	Negative	1.5	7.4	40.1	155.9	17.4	193.3	-0.7	0.4
Turkey	BB-	Ba3	BB-	BB-	BB								
	Stable	-	Stable	Stable	Stable	-3.9	43.5	56.0	238.4	41.2	587.4	-5.0	2.4
Ukraine	CCC+	B1	B	-	B								
	Negative	Positive	Negative	-	Negative	-1.1	20.7	80.4	202.3	28.5	411.6	-2.8	2.1

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 Date	Last meeting Action	Next meeting
USA	Fed Funds Target Rate	0.25	29-Apr-09	No change	24-Jun-09
Eurozone	Refi Rate	1.25	02-Apr-09	Cut 50bps	07-May-09
UK	Base Rate	0.50	09-Apr-09	No change	07-May-09
Japan	O/N Call Rate	0.10	30-Apr-09	No change	22-May-09
Australia	Cash Rate	3.00	07-Apr-09	No change	05-May-09
New Zealand	Cash Rate	2.50	39-Apr-09	Cut 50bps	N/A
Switzerland	3 month Libor target	0.25	12-Mar-09	Cut 25bps	18-Jun-09
Canada	Overnight rate	0.25	21-Apr-09	Cut 25bps	04-Jun-09
Emerging Markets					
China	One-year lending rate	5.31	23-Dec-08	Cut 27bps	N/A
Hong Kong	Base Rate	0.50	29-Apr-09	No change	N/A
Taiwan	Discount Rate	1.25	26-Mar-09	No change	June 09
South Korea	Target Rate	2.00	09-Apr-09	No change	12-May-09
Malaysia	O/N Policy Rate	2.00	29-Apr-09	No change	N/A
Thailand	1D Repo	1.25	08-Apr-09	Cut 25bps	20-May-09
India	Repo rate	3.25	21-Apr-09	Cut 25bps	24-Jul-09
UAE	Overnight repo rate	1.00	19-Dec-08	Cut 50bps	N/A
Saudi Arabia	Repo rate	0.50	14-Apr-09	Cut 25bps	N/A
Egypt	Overnight Deposit	10.00	27-Mar-09	Cut 50bps	N/A
Turkey	Base Rate	9.75	16-Apr-09	Cut 75bps	14-May-09
South Africa	Repo rate	9.50	24-Mar-09	Cut 100bps	30-Apr-09
Kenya	Central Bank Rate	8.25	20-Mar-09	Cut 25bps	June 09
Nigeria	Monetary Policy Rate	8.00	08-Apr-09	Cut 175bps	2-Jun-09
Ghana	Prime Rate	18.50	24-Feb-09	Raise 150bps	Apr 09
Mexico	Target Rate	6.00	17-Apr-09	Cut 75bps	15-May-09
Brazil	Selic Rate	10.25	29-Apr-09	Cut 100bps	N/A
Armenia	Refi Rate	7.50	07-Apr-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

Economic Research & Analysis Department
Byblos Bank Group
P.O. Box 11-5605
Beirut - Lebanon
Tel: (961) 338 100
Fax: (961) 217 774
E-mail: research@byblosbank.com.lb
www.byblosbank.com.lb

BYBLOS BANK GROUP

LEBANON

Byblos Bank S.A.L
Achrafieh - Beirut
Elias Sarkis Avenue - Byblos Bank Tower
P.O.Box: 11-5605
Riad El Solh - Beirut 1107 2811 - Lebanon
Phone: (+961) 1 335200
Fax: (+961) 1 339436

SYRIA

Byblos Bank Syria S.A
Abu Roummaneh Head Office
Al Chaalan - Amine Loutfi Hafez Str.
P.O.Box: 5424 Damascus - Syria
Phone: (+ 963) 11 9292 - 3348240 / 1 / 2 / 3 / 4
Fax: (+ 963) 11 3348207
E-mail: byblosbanksyria@byblosbank.com

SUDAN

Byblos Bank Africa Ltd.
Khartoum - Sudan
El Amarat -Street 21
P.O.Box: 8121 El Amarat - Khartoum - Sudan
Phone: (+249) 183 566 444
Fax: (+249) 183 566 454
E-mail: byblosbankafrica@byblosbank.com

IRAQ

Erbil Branch, Kurdistan, Iraq
Street 60,
Near Sports Stadium
P.O.Box: 34 - 0383 Erbil - Iraq
Phone: (+ 964) 66 2233457 / 9
Fax: (+ 964) 66 2233458
E-mail: iraqbranch@byblosbank.com.lb

ARMENIA

Byblos Bank Armenia CJSC
18/3 Amiryan Street
Yerevan, 37500 - Republic of Armenia
Phone: (+374) 10 530 362
Fax: (+374) 10 535 296

NIGERIA

Byblos Bank Nigeria Representative Office
10-14 Bourdillon Road
Ikoyi, Lagos - Nigeria
Phone: (+ 234) 1 6653633
(+ 234) 1 8990799
E-mail: melamm@byblosbank.com.lb

BELGIUM

Byblos Bank Europe S.A
Bussels Head Office
10, Rue Montoyer
B-1000 Brussels - Belgium
Phone: (+32) 2 551 00 20
Fax: (+32) 2 513 05 26
E-mail: byblos.europe@byblosbankeur.com

ENGLAND

London Branch
Berkeley Square House - Suite 5
Berkeley Sq.
GB - London W1J 6BS - United Kingdom
Phone: (+44) 207 493 35 37
Fax: (+44) 207 493 12 33
E-mail: byblos.europe@byblosbankeur.com

FRANCE

Paris Branch
15 Rue Lord Byron
F- 75008 Paris - France
Phone: (+33) 1 45 63 10 01
Fax: (+33) 1 45 61 15 77
E-mail: byblos.europe@byblosbankeur.com

CYPRUS

Limassol Branch
1, Arch. Kyprianou / St. Andrew Street
P.O.Box 50218
3602 Limassol - Cyprus
Phone: (+357) 25 341433 / 4 / 5
Fax: (+357) 25 367139
E-mail: bybloscyprus@byblosbank.com

UNITED ARAB EMIRATES

Byblos Bank Abu Dhabi Representative Office
Intersection of Muroor and Electra Streets
P.O.Box: 73893 Abu Dhabi - UAE
Phone: (+ 971) 2 6336400
Fax: (+971) 2 6338400
E-mail: byblosbankuae@byblosbank.com