



COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Corporate default rate at 9.2% in May

Moody's Investors Service stated that the rate of global speculative-grade corporate defaults reached 9.2% in May, up from 8.3% in April, 4.1% at the end of 2008 and 1.9% at the end of May 2008. It said a total of 141 rated corporate debt issuers have defaulted in the first 5 months of the year, of which 29 defaulted in May, compared to 30 defaults in the first 5 months of 2008. Measured on a dollar volume basis, the global speculative-grade bond default rate ended May at 13.3%, up from 12.9% in March and from 1.2% in May 2008. The agency said default rate forecasts have been declining in recent months as high yield bond spreads have narrowed significantly. It noted, however, that spreads remain at very elevated levels by historical standards. Moody's expects the global default rate to peak at 13.8% in the fourth quarter of 2009 and to regress to 8% in May 2010. It added that its speculative grade corporate distress index, which measures the percentage of rated issuers that have debt trading at distressed levels, closed at 42.8% at the end of May compared to a much lower 15.8% a year earlier.

Source: Moody's Investors Service

GCC

Corporates' exposure to crisis driven by globalization

Moody's Investors Service indicated that the impact of the global financial crisis on corporations in the GCC economies is driven by their greater exposure to global economic contagion rather than by fluctuations in oil prices. It noted that sovereign wealth funds are allowing GCC governments to maintain their expenditure levels despite falling oil receipts, therefore limiting the impact on corporate profits. It added, however, that the crisis represents a new challenge for many companies in the region, as they have yet to formulate an appropriate response given the uncertainty about the extent and duration of the crisis. The agency said most GCC companies are displaying resilience, but expected them to scale back their investment programs due to the global economic downturn, greater risk aversion and tighter credit market conditions. It said that although different sectors have been hit in different ways, companies that are more indebted and more exposed to external demand and price fluctuations have suffered the most.

Source: Moody's Investors Service

MENA

Tourism to account for 11.5% of North Africa's GDP by 2019

The World Travel & Tourism Council expected the tourism sector to account for 11.3% of North Africa's GDP in 2009 and to increase to 11.5% of GDP in 2019. It forecast the broad tourism and travel economy to generate demand of \$78.8bn in 2009 in the region, growing to \$158.7bn in 2019. It projected the sector's real growth rate at -4.7% in 2009 and to average 5.1% dur-

ing the 2010-19 period. The WTTC said personal travel and tourism would generate \$17.3bn for North African economies this year, growing by 5.9% annually in real terms to reach \$36.9bn in 2019, while business travel should generate \$9.3bn in 2009 and grow by a yearly average of 4.6% in real terms to \$17.4bn in 2019. It estimated capital investment in the travel and tourism economy at \$14.2bn in 2009 and at \$27.7bn within 10 years. Further, it forecast the export of tourism services at \$35.1bn this year and at \$70.8bn in 2019, posting a real annual growth of 4.8% over the 2010-19 period. It forecast travel and tourism exports to generate 18.1% of North Africa's total export revenues. It said the travel and tourism economy is providing jobs to 5.44 million people, or 11.2% of current total employment in North African countries, with the figure increasing to 6.9 million jobs or 11.3% of total employment by 2019.

Source: World Travel & Tourism Council

SAUDI ARABIA

CMA approves creation of bond market

The Capital Market Authority (CMA) approved the creation of a market for debt securities in the country for trading in conventional and Islamic bonds, or sukuks. The CMA said it would permit the formal issuance, trading, clearance and registration of bonds on the Saudi stock exchange, or Tadawul, which currently lists two debt issues traded over-the-counter. Trading will take place through licensed intermediaries. The decision constitutes an important step by the regulator to provide access to corporates and banks to raise financing directly from the market. Traditionally, Saudi firms and banks have relied on private placements of bonds and sukuks with institutional and high net worth individuals. The Saudi Arabian Monetary Authority (SAMA) said in February that commercial banks and firms seeking financing should tap more the debt market by issuing bonds. A surge in lending over the past five years that was fuelled by record oil prices has brought several Saudi banks to limits on their credit capacity with loan-to-deposit ratio exceeding at the end of last year the limit imposed by SAMA.

Source: Dow Jones Newswires, Reuters

UAE

Abu Dhabi firm launches four regional funds

The Abu Dhabi Investment Co (ADIC), an asset manager owned by the Emirate of Abu Dhabi, announced the launch of four equity funds to invest across the Middle East and Africa. The company, which managed government money for three decades, also said it plans to attract more third-party money to the region. The four funds are the GCC Equity Fund, UAE Equity Fund, Middle East & North Africa Dynamic Fund, and the Emerging Africa Fund. They will invest alongside its private equity, infrastructure and real-estate funds. Last May, ADIC and UBS received commitments of \$250m for their Middle East Infrastructure Fund that will invest in transportation and utilities in the MENA region. The jointly managed fund will try to attract an additional \$350m to meet its target of \$600m.

Source: Gulf News

OUTLOOK

EMERGING MARKETS

Net private capital inflows at \$141bn in 2009, bank lending to drop drastically

The Institute of International Finance estimated total net private capital flows to emerging markets at \$141bn in 2009, down from a January estimate of \$165bn, constituting less than half the \$392bn in 2008 and far below the peak level of \$888bn in 2007. It said the lack of a significant downward revision is encouraging, since it implies a degree of stabilization in flows following a phase of sharp deterioration, especially since mid-September 2008. It added that the recent dynamic in capital flows mirrors the stabilization of the global economy, which is contracting at a slower pace. It expected net capital inflows to emerging markets to revive in 2010 to about \$373bn, with the main turnaround coming from debt-related flows, attracted in part by the persistence of wide nominal interest rates differentials between emerging and mature economies.

The IIF forecast net direct investment to decline to \$215bn in 2009 from \$278bn in 2008, but to improve to \$225bn in 2010. It estimated net portfolio equity investment in emerging markets at \$26bn this year relative to outflows of \$92.3bn in 2008, and expected inflows of \$25bn in 2010. Also, it forecast net commercial bank lending to shift from a net inflow of \$91.5bn in 2008 to a net outflow of \$92bn in 2009, constituting a major reversal from the peak year of banking net flows of \$400bn in 2007. It forecast net non-bank private lending to see outflows of \$8.5bn in 2009 from inflows of \$115bn in 2008, but to get back to positive territory in 2010 with inflows of \$66bn. It also projected net lending by official creditors to reach \$51bn this year and \$50bn next year.

The IIF considered that global investors may conclude from the events and policy responses of the last two years that there has been a durable shift in relative risk benefiting emerging markets assets at the cost of those issued in more mature markets. It added that this more balanced view of country risk would tend to imply that a higher share of globally-mobile capital is likely to be allocated to emerging economies in coming years. The IIF cautioned, however, that while the relative case for cross-border flows to emerging economies may have improved, the absolute numbers are likely to remain subdued for a while.

Source: Institute of International Finance

GCC

Capital markets entering period of continued turbulence

Standard & Poor's expected a challenging credit environment for GCC issuers in 2009 despite a recent modest recovery of cross-border bond issuance, as Gulf capital markets continue to suffer from the turbulence in global capital markets with defaults on the rise. It said the challenging credit environment will continue to put pressure on some ratings, while the number of ratings below 'BBB-' is increasing. It considered that the efforts to develop deep, mature, and sophisticated capital markets in the region require strong transparency, risk management, and corporate governance.

The agency indicated that the reduction in global liquidity has reduced the ability of GCC-based corporates and banks to raise financing on international capital markets. It noted that the same trend is evident in GCC companies' borrowing from international banks, which is of a bigger magnitude than their debt issuance. It said the volume of debt raised from international markets increased by around 9 times since 2005 to peak at \$85bn in September 2008. It expected the drop in both forms of financing seen at the end of 2008 to continue in 2009, as it is likely global markets and risk appetite will remain subdued relative to the past few years despite recent successful global bond issues by the governments of Abu Dhabi and Qatar. S&P said almost three-quarters of bond issuance and one-half of bank borrowing was done by UAE-based entities since 2005, and considered that the UAE, particularly the Emirate of Dubai, has experienced the most severe reversal in domestic liquidity conditions since mid-2008. The agency said its focus in 2009 will be on credit fundamentals, default risks, and recovery of GCC corporates and banks.

Source: Standard & Poor's

QATAR

Asset quality remains biggest issue for banks

Fitch Ratings maintained its stable outlook for the Qatari banking sector, reflecting government support and Qatar's strong economic fundamentals. It indicated that Qatari banks are resisting negative global trends due to proactive state support, as the domestic operating environment becomes tougher. It added that strong economic fundamentals should also help the sector withstand the current economic downturn. The agency noted that loan impairments and investment write-downs started to rise in the second half of 2008, reflecting weaker operating conditions. Also, the negative trends continued in the first quarter of this year, as significantly slower loan growth reflected a more cautious approach to new business and tighter liquidity conditions in the market.

Fitch considered that most of these risks are offset by the very high probability of support from the state given the unprecedented measures taken to shore up the sector since the onset of the global credit crisis. These include a \$5.3bn package by the Qatar Investment Authority to take equity stakes in the banks, the government acquiring the badly performing local equity portfolios of Qatari banks, and spending a further \$4.1bn to buy the domestic real estate portfolios of banks given the increased risks in the sector. It said the robust support measures have significantly improved banks' risk profiles and instilled confidence in the sector at a time of heightened uncertainty. However, it expected Qatari banks to see their profitability challenged in 2009 by slower loan growth, funding constraints and increasing impairment charges. It added that asset quality remains the biggest issue facing the banking sector this year. Fitch expected loan defaults to rise given the rapid growth in lending during the boom, while retail credit risks have also risen, as the sector remains over leveraged. It also noted the weak funding profiles of the banks, especially the shortage of customer deposits in the market, which constrain liquidity and lead to an increasing reliance on inter-bank funding.

Source: Fitch Ratings



ECONOMY & TRADE

KUWAIT

Ratings outlook changed to negative

Moody's Investors Service confirmed Kuwait's 'Aa2' sovereign ratings but changed the outlook to 'negative' from 'stable'. It said the outlook change applies to Kuwait's local and foreign currency government bond ratings and its country ceiling for foreign currency bank deposits. It attributed the change in outlook to concerns about the effectiveness and efficiency of the policy framework in Kuwait, adding that there is still some downward pressure on the sovereign ratings. It cautioned that Kuwait's ratings would be lowered if the discord between the government and parliament translates into a more significant degree of political inefficiency that weakened the ability of the authorities to address potential economic and financial challenges. The agency noted that robust crisis management capabilities ultimately protect creditors' long-term interests. Moody's indicated that Kuwait's fiscal and economic strengths remain superior to most rating peers despite some adverse fallout from the global crisis, but it expressed concerns over the conflictual relationship between the government and the parliament, which is causing a gradual erosion of institutional strength. It noted that it remains to be seen whether the recent election of a new parliament and the formation of a new government will lead to a sustained improvement in the policy environment.

Source: *Moody's Investors Service*

SUDAN

Government ends monopoly on gum production and exports

The Sudanese government issued a decree ending its 40-year monopoly on the production and export of gum Arabic. Sudan is the world's biggest producer of gum Arabic. The government established in 1969 the Gum Arabic Company Ltd., holder of the monopoly on the production and export of crude gum Arabic from the country. The Kordofan region accounts for 49.3% of Sudan's gum production, followed by Kassala with 24.4%, Darfur with 23.4% and the White & Blue Nile region with 2.9%. The US, which buys about 25% of Sudan's annual gum production, has exempted it from the comprehensive economic sanctions it imposed since 1997. The government hopes the end of the monopoly will allow growers to sell their harvest at higher prices.

Source: *SUNA*

ARMENIA

Ratification of \$500m stabilization loan from Russia

The Ministry of Finance announced that Armenia has ratified a \$500m stabilization loan from Russia and that the loan will be drawn starting in 2010. The ministry said that part of the loan will be used to help develop the country's infrastructure and to support small and medium-sized enterprises as well as strategic companies. Another part of the amount will be earmarked for the creation of a stabilization fund for macroeconomics and to fund the 2010 budget deficit. It added that a part of the loan could also be used to form a mortgage fund at the Central Bank of Armenia. Last May, Russia agreed to lend Armenia \$500m at

an annual rate of Libor +3%. The loan has a 15-year maturity and a 4-year grace period.

Source: *ArmInfo*

ROMANIA

Ratings affirmed, outlook negative

Fitch Ratings affirmed Romania's long-term foreign currency Issuer Default Rating (IDR) at 'BB+' and long-term local currency IDR at 'BBB-', both with 'negative' outlooks. It also affirmed the Country Ceiling and the short-term foreign currency IDR at 'BBB' and 'B' respectively. The agency said Romania's IMF-backed adjustment program supports its creditworthiness, but the authorities' ability to adhere to the program's tough policy requirements will be crucial. Romania secured a \$26.4bn international support package in May 2009, including a two-year \$17.1bn IMF stand-by arrangement. Fitch said this assistance will help fill an external funding gap estimated at around \$12bn for 2009, reducing the risk of a full-scale financial and economic crisis. It noted that the IMF program calls for a fiscal deficit of 5% of GDP in 2009 that will require a fiscal tightening of around 3% of GDP amid a steep recession, which could be a hard sell to voters ahead of presidential elections at the end of the year. It considered Romania to be one of the countries most exposed to external financing risk, as the sharp drop in net capital inflows is forcing an economic adjustment to narrow the current account deficit that reached 12.3% of GDP in 2008. Fitch expected Romania's economy to contract by 4.5% this year.

Source: *Fitch Ratings*

KAZAKHSTAN

Ratings affirmed, concerns over banking system remain

Fitch Ratings affirmed Kazakhstan's long-term foreign currency Issuer Default Rating (IDR) at 'BBB-' and its long-term local currency IDR at 'BBB' with 'negative' outlooks. It also affirmed the short-term foreign currency IDR at 'F3' and the Country Ceiling at 'BBB'. The agency said the risk of significant impairment of the sovereign's finances in the near term from the failures of two large banks has receded, while depositor confidence has proved reasonably solid to the bank failures and February's currency devaluation. It warned, however, that downward pressures on the ratings in the medium term remain, as Kazakhstan's crisis-affected banks and sharply-slipping economy may yet require further sovereign support beyond the substantial amounts already committed. Fitch expects about 6% of GDP in extra government spending in 2009, including 2.8% of GDP in bank recapitalization. It considered that despite budget stimulus to the real economy, bank asset quality is likely to slide further, as NPLs already exceed 25% of the total in the system outside of the failed banks BTA and Alliance. The agency added that there is a significant probability that the banking system will require further capital support from the authorities.

Source: *Fitch Ratings*



BANKING

GCC

Agreement on Monetary Union signed

Saudi Arabia, Kuwait, Qatar and Bahrain signed the monetary union agreement that will initiate the establishment of the Monetary Council, the forerunner to the GCC Central Bank. The signing came after the UAE abandoned the union last month in protest over a decision to base the joint central bank in Saudi Arabia. Oman already opted out of the union in 2006. Last September, the Central Bank governors and finance ministers of the GCC countries approved a draft agreement for the formation of a monetary union and establishing common monetary institutions before 2010. Also, the GCC announced that the unified currency would be pegged to the US dollar, and that the deadline for the common currency has been postponed from 2010 to 2013. Kuwait dropped the dollar linkage in 2007, but the remaining GCC members still peg their currencies to the dollar. The GCC established a customs union in 2002, a free trade mechanism in 2003 and common Gulf market in 2007.

Source: *Al Hayat, Standard Chartered*

NIGERIA

Banks' performance to reflect more difficult environment

Fitch Ratings indicated that the excesses that have been built up in Nigerian banks in recent years are likely to negatively impact the financial performance of the sector in the coming two years. Also, the economic effects of the global credit crisis have taken their toll, but the sector is relatively well-positioned to absorb ongoing risks due to significantly higher minimum capital requirements that followed the system-wide consolidation in 2005 and 2006. The agency indicated that the rapid earnings growth since 2005 has masked the increasing levels of risk in the system, and expected higher impairment charges as Nigeria's economy slows. It said lending backed by shares has emerged as an important risk consideration following the significant deterioration in Nigerian share prices since early 2008, with the Central Bank of Nigeria estimating that the sector-wide exposure was between NGN800bn and NGN1,200bn as of end-2008. But the CBN allowed banks to reschedule these exposures, to prevent their classification as non-performing. Fitch expects that banks will need to manage their costs and overhead structures more closely going forward given the present operating environment.

Source: *Fitch Ratings*

IRAN

Public banks account for 75% of total assets

The Institute of International Finance (IIF) indicated that the number of banks operating in Iran reached 18 at the end of 2008, of which 7 public commercial banks, six private banks, four specialized public banks and one non-bank credit institution. It said public banks dominate the sector, accounting for nearly 75% of total assets, while private banks account for almost 15% at end-2008. It noted that most banks performed well in 2008 although there were notable differences between private and public banks, as private banks' return on equity was around 20% compared to 5% generated by public banks last year. The IIF noted that some public banks were even posting

losses. Also, the IIF considered that the sector's non-performing loans are extensive, reaching around 18% of total loans by September 2008. It noted, however, that a lack of information on NPLs and provisioning shows a lack of transparency in the sector. It stated that some public banks do not yet meet the 8% minimum capital adequacy requirements, adding that some banks are starting to adopt some elements of Basel II. The IIF noted that the imposition of sanctions has complicated relations between Iranian banks and their Western counterparts, while the global recession affected the sector despite relatively limited global links, as some clients had difficulties servicing their loans.

Source: *Institute of International Finance*

UKRAINE

Bank recapitalization likely by July

The National Bank of Ukraine (NBU) indicated that the government is making progress on the recapitalization of the banking sector, which is a key condition for the disbursement of the next loan tranche by the International Monetary Fund. The NBU said the government has agreed to recapitalize three large banks, Rodovidbank, Ukrgazbank and Bank Kiev, out of seven designated for government support initially. The total amount of public sector funds to be used for the recapitalization of the three banks will be UAH 9.5bn, equivalent to 1% of GDP. The government's decision to start the recapitalization of these banks means that the foreign currency debt of these banks should have been successfully restructured. In addition, the NBU expects talks with foreign creditors of Nadra Bank and Ukrprombank to be completed by the beginning of July, as the outcome of these talks will be key in terms of the progress towards their recapitalization. The NBU added that the capital needs of these two banks total to UAH 14bn, or 1.4% of GDP. The recapitalization of most of the seven banks designated initially is on track to be finalized by the beginning of July, which should help Ukraine's chances of getting the next tranche from the IMF.

Source: *Credit Suisse*

ARMENIA

Central Bank reduces policy rate by 25bps

The Central Bank of Armenia (CBA) reduced its annual refinancing rate by 25bps from 6.25% to 6%, as current inflation developments are in line with its expectations. It said that inflation risks are currently low due to the faster than expected decline in economic growth. Following a 100bps rise in March, the refinancing rate was reduced several times during the last two months as the CBA considers the reduction of interest rates as one of the main tools to fight the crisis. The CBA also stated that it will continue implementing a policy of interest rate cuts and taking strong measures of easing monetary and credit conditions in order to support lending and help the economy recover. The inflation rate reached 1.6% in May 2009 from the previous month and 3.4% on an annualized basis.

Source: *Central Bank of Armenia*

ENERGY / COMMODITIES

Oil rises to \$72 as IEA raises demand outlook

Oil increased to \$72 a barrel on June 11 after the International Energy Agency raised its estimate for 2009 oil demand, adding to signs the fall in consumption may have bottomed out. The International Energy Agency said that world oil demand will contract by less than previously expected this year, and raised its 2009 forecast for the first time since August 2008. U.S. crude rose 71 cents to \$72.04 a barrel, a near eight-month high. Brent crude gained 50 cents to \$71.30. Falling inventories in the United States also supported prices. U.S. crude stocks fell by a sharp 4.4 million barrels last week, against expectations for a modest draw of 400,000 barrels, while products inventories also dropped.

Gasoline inventories fell 1.6 million barrels last week against forecasts for a 800,000-barrel build as gasoline demand rose by 0.4% over the four-week period, the start of the U.S. summer driving season. Distillate stocks, including diesel and heating oil, fell by 300,000 barrels, against expectations for a 1.4 million barrel increase. Data from China, the second-largest oil consumer, suggested rising demand. The General Administration of Customs said China's crude imports in May rose 5.5% from a year ago. The U.S. dollar fell again against a basket of currencies on June 11, adding support to dollar-denominated commodities.

Source: Thomson Reuters

Saudi Khurais field operational

Saudi Aramco announced that the kingdom's 1.2 million barrels per day (bpd) Khurais oilfield has entered the stage of operation. In addition to Arab Light crude, which may be easily converted into transport fuel, the giant oilfield also produces 315 million cubic feet per day of sour gas and 70,000 bpd of natural gas liquids, to be processed at Shedgum and Yanbu gas plants. Khurais is the largest of three oilfield projects that will increase Saudi Arabia's total production capacity to 12.5 million bpd by the end of June.

Source: Al Arabiya

Algeria to boost gas exports by 30 billion cubic meters

The Energy Ministry announced that Algeria plans to boost natural gas exports by up to 30 billion cubic meters over the next few years, thus generating an additional annual profit of \$5bn. It said that the inauguration of pipelines like Medgaz, which is to link Algeria to Spain, and Galsi, linking Algeria to Italy will add some 23 billion cubic meters in export volume. It added that the Trans-mediterranean pipeline linking Algeria to Italy will be increased up to 7 billion cubic meters.

Source: El Khabar

Egypt approves \$2.5bn agreements for oil wells

Egypt's Shura Council approved 13 agreements for the excavation of petroleum and gas involving 31 wells. Egyptian companies will be excavating for oil in Iraq, Libya and Gabon, both independently and in cooperation with foreign companies, at a total cost of \$2.5bn.

Source: KUNA

Base metals: Strong rally on investor demand

Base metals have rallied across the board since the end of February. Although prices were unsustainably low at the beginning of the year and longer-term supply would have been threatened if prices had stayed at these levels, the recent rally is largely overdone. The short-term fundamentals remain very bearish, as inventories for base metals are at record levels. The recent rally is partly due to China's record amounts of imports of raw materials in the past few months, which partly reflects a pick-up in economic activity, but is also the result of an exceptional buying program. The government uses the low prices to build up strategic inventories. Although this is short-term positive for prices, it should not be mistaken for a pick-up in consumption. The main reason for the recent strength in the commodity market, however, is strong demand for risky assets. Investors are buying commodities as a reflation trade, which is not sustainable. A correction in the major commodities is expected over a one to three month period, with base metals likely to be the most vulnerable sector.

Source: Julius Baer

Precious metals: Gold to rise on dollar, inflation concern

Gold, little changed on June 11, may rise on speculation a weaker dollar and faster inflation will increase demand for the precious metal as an alternative investment. The U.S. Dollar Index fell as much as 0.6% on June 11th. Gold typically moves in the opposite direction to the U.S. currency. Gold for immediate delivery increased \$1.35, or 0.1%, to \$955.85 an ounce. The metal earlier traded as high as \$958.08. August gold futures increased 0.2% to \$957 an ounce on the New York Mercantile Exchange's Comex division. Investment in the SPDR Gold Trust, the biggest exchange-traded fund backed by gold, was unchanged for a third day at 1,132.15 metric tons on June 10th. Silver for immediate delivery in London lost 0.3% to \$15.14 an ounce. Platinum fell 0.6% to \$1,259 an ounce, and palladium was 0.2% lower at \$255.25 an ounce.

Source: Bloomberg

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	182.4	162.0	192.0	10.6	-27.2
LME metals price index	2299.7	1891.4	2523.8	5.6	-39.1
Oil prices USD	66.1	46.9	74.8	25.4	-46.8
Oil prices SDRs	42.6	31.2	48.9	20.7	-44.6
Gold \$/troy oz	976.3	898.0	870.2	9.8	10.8
Silver cents/troy oz	1597.0	1252.5	1307.1	31.4	-5.1
Platinum \$/troy oz	1247.0	1040.1	1211.3	15.9	-37.9
Copper \$/MT	4951.3	3740.9	5171.3	10.0	-38.6
Nickel \$/MT	14257.5	10884.3	13869.9	22.9	-36.6
Aluminium \$/MT	1442.5	1405.5	1969.5	-2.6	-49.8
Zinc \$/MT	1534.5	1252.7	1426.2	6.0	-21.0

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								
	-	-	-	-	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					CCC								
	-	-	-	-	Stable	-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	-	-	-	-	CC								
	-	-	-	-	Stable	-1.7	-	57.9	175.9	-	556.0	-1.8	-
Libya	A-	-	BBB+	-	BB								
	Stable	-	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-	-	B								
	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	BBB								
	Stable	-	Stable	Stable	Stable	-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	Negative	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-	BBB								
	-	-	-	Stable	Stable	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								
Central & Eastern Europe													
Armenia	-	Ba2	BB	-	-	-2.2	13.9	32.5	496.8	1.2	311.3	-9.0	5.9
	-	-	Stable	-	-								
Bulgaria	BBB+	Baa3	BBB-	-	BB	-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	-	Negative	-	Stable								
Romania	BBB-	Baa3	BB+	BBB-	BB	-4.9	16.2	61.9	171.7	21.8	319.6	-8.2	5.1
	Negative	-	Negative	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	CCC+	B1	B	-	CCC	-1.1	20.7	80.4	202.3	28.5	411.6	-2.8	2.1
	Negative	Positive	Negative	-	Stable								

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	29-Apr-09	No change	24-Jun-09
Eurozone	Refi Rate	1.00	04-Jun-09	No change	02-Jul-09
UK	Base Rate	0.50	04-Jun-09	No change	09-Jul-09
Japan	O/N Call Rate	0.10	22-May-09	No change	16-Jun-09
Australia	Cash Rate	3.00	02-Jun-09	No change	07-Jul-09
New Zealand	Cash Rate	2.50	30-Apr-09	Cut 50bps	11-Jun-09
Switzerland	3 month Libor target	0.25	12-Mar-09	Cut 25bps	18-Jun-09
Canada	Overnight rate	0.25	04-Jun-09	No change	21-Jul-09
Emerging Markets					
China	One-year lending rate	5.31	23-Dec-08	Cut 27bps	N/A
Hong Kong	Base Rate	0.50	30-Apr-09	No change	24-Jun-09
Taiwan	Discount Rate	1.25	26-Mar-09	No change	25-Jun-09
South Korea	Target Rate	2.00	12-May-09	No change	11-Jun-09
Malaysia	O/N Policy Rate	2.00	26-May-09	No change	29-Jul-09
Thailand	1D Repo	1.25	20-May-09	No change	15-Jul-09
India	Repo rate	3.25	21-Apr-09	No change	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	9.50	20-May-09	Cut 50bps	N/A
Turkey	Base Rate	9.25	14-May-09	Cut 50bps	16-Jun-09
South Africa	Repo rate	7.50	28-May-09	Cut 100bps	25-Jun-09
Kenya	Central Bank Rate	8.00	21-May-09	Cut 25bps	July 09
Nigeria	Monetary Policy Rate	8.00	08-Apr-09	Cut 175bps	June 09
Ghana	Prime Rate	18.50	12-May-09	No change	July 09
Mexico	Target Rate	5.25	15-May-09	Cut 75bps	19-Jun-09
Brazil	Selic Rate	9.25	10-Jun-09	Cut 100bps	N/A
Armenia	Refi Rate	6.00	09-Jun-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	9.00	14-May-09	Cut 50bps	N/A



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