



COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Negative credit quality continues in second quarter

Moody's Investors Service indicated that the downgrade-to-upgrade ratio improved significantly in the second quarter to 9:1 from 25:1 in the first quarter. It said there were 543 downgrades during the second quarter, a 29% decrease from the 762 downgrades in the first quarter of 2009, adding that the current downgrade-to-upgrade ratio and absolute number of downgrades remain very elevated by historical standards. The agency noted that, although the percentage of issuers on review for downgrade in the second quarter fell to 9% from 9.7% in the first quarter, the percentage of issuers on review for upgrade also fell to 0.8% from 1% in the first quarter of 2009. It added that medium-term trends remain negative, with 30.9% of issuers holding 'negative' outlooks at the end of June, up from 26.7% at the end of March. Additionally, the percentage of issuers with 'positive' outlooks at the end of June fell to 2.5% of rated issuers from 2.7% at the end of March. Moody's said the credit outlook for investment-grade issuers was slightly more positive than for speculative-grade issuers, with both categories having more issuers on review for downgrade than for upgrade. It said there are more issuers on review for downgrade than review for upgrade across all regions, although the regions with the largest disparities are Europe, the Middle East & Africa and Asia Pacific. Further, the U.S. and Canada, Europe and the Middle East & Africa are the regions with the largest percentage of 'negative' outlooks.

Source: Moody's Investors Service

Defaults at record high in second quarter

Standard & Poor's indicated that 178 companies defaulted on their debt obligations in the first half of 2009 compared to 42 defaults in the same period last year. It said 116 companies defaulted on their debt obligations in the second quarter, up from 62 defaults in the first quarter of 2009, and constituting the largest number of defaults since the first quarter of 2002. The agency noted that the sharp increase in corporate bankruptcies brings with it significant difficulties to private equity investors, particularly for those whose buyout activities in the past several years placed much of their risks in the speculative-grade domain. It said more than half of the defaulters this year either had or continue to have private equity involvement, which presents both challenges and opportunities to private equity investors during restructuring and reorganization. S&P said that 42% of corporate defaulters had very low recovery ratings, reflecting expectations for negligible recovery of 0%-10%, while 15% of issues had modest recovery prospects of 10%-30%.

Source: Standard & Poor's

GCC

Economic downturn reduces recruitment activity

A survey by executive recruiters GulfTalent.com indicated that the economic downturn has slowed recruitment activity in the GCC region significantly, with Dubai particularly affected. The survey shows that the percentage of Dubai-based job vacancies advertised on the firm's website constituted only 30% of all GCC-based positions advertised in the first half of the year, compared with 43% over the same period last year. Kuwait and Bahrain have also been hit significantly, with jobs advertised for Kuwait dropping from 10% to 7%, and those for Bahrain falling from 7% to 4% in the first half of this year. In contrast, Abu Dhabi has seen its percentage share of job vacancies increase from 14% to 23%, Saudi Arabia from 15% to 20% and Qatar from 9% to 13%. Further, the UAE overall has seen an increase in the outflow of expatriates, with 26% of all job applications submitted by UAE residents targeting vacancies in other Gulf countries, compared to just 16% in the previous year.

According to GulfTalent.com, demand for investment professionals, including private equity and portfolio management, fell by 48% in the first half of the year relative to the same period last year. Also, demand for administration skills fell by 47% and demand for marketing skills dropped by 46%. In parallel, demand for infrastructure-related functions soared by 142%, reflecting massive spending by GCC governments this year on road, railway and airport projects, while demand for audit professionals increased by 25%. The survey also shows recruitment activity to be increasingly focused on mid-level and senior professionals, with less experienced candidates receiving less attention. Further, the research reveals that the value of expatriate salaries in the GCC has increased sharply in terms of their home currencies. It added that the currency appreciation, coupled with low inflation, rising unemployment worldwide and reduced regional competition for talent, have eliminated any upward pressure on salaries, suggesting that salaries will likely see little rise over the next 6-12 months.

Source: GulfTalent.com

IRAQ

Kuwait to examine debt write off proposal

The Speaker of the Iraqi Parliament declared that Iraq's debt to Kuwait is to be exchanged for investments inside Iraq. The Speaker said he submitted a proposal to Kuwaiti officials suggesting that all of Iraq's debt and compensation be turned into investment projects within the country. He added that the Kuwaiti side tentatively agreed and is studying the proposal's feasibility. The Kuwaiti Public Authority for Compensation (PAC) declared recently that Iraq still owes \$25.5bn to Kuwait in war reparations for the 1990 invasion and occupation of the emirate by Iraqi forces. 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.

Source: Gulf News, Al Watan

OUTLOOK

EMERGING MARKETS

Remittance flows to decline by up to 10% in 2009

The World Bank projected the flows of expatriates' remittances to developing countries to reach \$304bn in 2009, down 7.3% from \$328bn in 2008 and down from an earlier forecast of a 5% decline in 2009. It added that, in a worst case scenario, remittances would drop by 10% this year. The Bank said it has revised downwards its forecast for remittance flows, in line with its lower forecast for global economic activity this year. It said remittance inflows to developing economies rose by 15% in 2008, but the slowdown in remittance flows that became evident in the last quarter of 2008 has continued into the first half of 2009. It expected remittance flows this year to drop even more sharply than projected earlier because of a deterioration in the economic and employment situation in the migrant-destination countries in the first half of this year.

The World Bank forecast remittance flows to all developing regions to decline in 2009, with Eastern Europe & Central Asia experiencing a 15% drop, the largest decline among emerging economies, followed by Sub-Saharan Africa with an 8.3% drop, Latin America & the Caribbean with a 7% decline, the Middle East & North Africa with a 6.2% retreat, East Asia & the Pacific with 5.7% and South Asia with a 3.6% contraction. The World Bank identified three key sources of risk to the outlook. It considered that the decline in remittance and migration flows would be steeper if the crisis becomes deeper and longer than currently projected. Second, unpredictable movements in the exchange rates pose a key source of risk because a weakening of exchange rates of remittance sources would result in an even greater decline in remittance flows to developing countries. Finally, the political reaction to weak job markets in destination countries could lead to more tightening of immigration controls. In a worst case scenario, remittance flows to Eastern Europe & Central Asia would drop by 17.2%, followed by Sub-Saharan Africa with an 11.6% drop, the Middle East & North Africa with a 9.8% retreat, Latin America & the Caribbean with a 9.4% decline, East Asia & the Pacific with an 8.8% fall, and South Asia with a 6.4% contraction.

Source: World Bank

SUDAN

Growth to average 2.8% in 2009-10, current account deficit to widen

Business Monitor International expected economic growth in Sudan at 3.2% in 2009 and 2.4% in 2010, down from 7.8% in 2008 and from the 8-10% annual growth rates of the past few years. It said Sudan is feeling the effects of the global recession, with lower average oil prices translating into weakening growth for the oil-exporting nation. It noted that the country's vulnerability from its sizeable macroeconomic imbalances is being exposed, and international reserves are in sharp decline. It expected the oil economy to expand in 2009 but to start contracting from 2010 onwards, which will be a key factor weighing on the economy's long-term growth prospects.

BMI noted that private consumption has been a strong growth driver and made the most significant contribution to economic

expansion in recent years. It expected the growth of private consumption to slow to 4% in 2009 from an estimated 8% in 2008, due in part to the reduced availability of credit, as the sharp decline in oil revenues will likely reduce the quantity of money entering the banking system. In addition, remittances are set to fall as recessions in many developed nations hit the earnings of the Diaspora, with possible knock-on implications for domestic private consumption.

BMI considered that Sudan will suffer from the global trend of capital shortages and risk aversion, as well as from the high level of political risks in the country. It forecast a 3% decline in real terms in private investments this year, but expected certain sectors to continue attracting foreign interest such as hydrocarbons and agriculture. Still, it warned that the current account is set to come under serious strain in 2009 as oil exports generate weak revenues amid the global recession. It added that with heavy deficits set to persist on the services and income accounts, the current account balance is forecast to more than double this year to \$7.3bn or 13.5% of GDP compared to \$3bn or 5% of GDP in 2008. It added that the widening current account deficit is putting downward pressure on the currency and, with foreign currency reserves at low levels, further currency depreciation looks likely over the short term.

Source: Business Monitor International

LIBYA

Non-oil growth to average 6.5% in 2009-10

The International Monetary Fund forecast real GDP growth in Libya at 2.1% in 2009, down from 3.8% in 2008, with the oil economy contracting by 1.5% and the non-oil sector growing by 6% compared to 8% in the previous year. It noted that the impact of the global financial crisis on Libya has been limited so far to the decline in oil revenues. It expected economic activity to continue to strengthen over the medium term, and for oil output to recover and steadily grow with the planned expansion in production capacity. As a result, it expected economic growth of 5.4% in 2010, with oil growth at 3.7% and non-oil growth at 7%. The Fund forecast a fiscal surplus of 10.6% of GDP in 2009, despite the projected decline in oil revenues by almost 40%, due to prudent public expenditures plans, which are expected to result in a small decline in public spending after the very large increases in recent years. It said this reflects a reduction in capital spending by 20% and a 25% increase in current expenditures.

The Fund projected the current account surplus to narrow to 16.8% of GDP in 2009 from 41% of GDP in 2008 due to a fall of about 40% in exports from OPEC's output cuts and the sharp decline in oil prices. It also forecast an increase in imports by about 6%, in line with non-oil GDP growth. It said the net foreign assets of the Central Bank of Libya and the Libyan Investment Authority will continue to increase to about \$150bn, equivalent 250% of GDP, by end-2009. It cautioned that the medium-term outlook is subject to possible downside risks from a further worsening in global economic conditions or a wavering of the efforts to improve the quality of public expenditures. It said a more severe global recession could lead to a further reduction in both oil and non-oil growth.

Source: International Monetary Fund



ECONOMY & TRADE

WORLD

New accounting standards for SMEs

The International Accounting Standards Board (IASB) issued an International Financial Reporting Standard (IFRS) designed for use by small and medium-sized enterprises (SMEs), which are estimated to represent more than 95% of all companies worldwide. The IFRS for SMEs responds to strong international demand from both developed and emerging economies for a rigorous and common set of accounting standards for smaller and medium-sized businesses that is much simpler than full IFRSs. In particular, the IFRS for SMEs will provide improved comparability for users of accounts, enhance the overall confidence in the accounts of SMEs, and reduce the significant costs involved of maintaining standards on a national basis. The IFRS for SMEs will also provide a platform for growing businesses that are preparing to enter public capital markets, where application of full IFRSs is required. The IFRS for SMEs is separate from full IFRSs and is therefore available for any jurisdiction to adopt whether or not it has adopted the full IFRSs. Each jurisdiction has the full autonomy to determine which entities should use the standard.

Source: *International Accounting Standards Board*

EMERGING MARKETS

Aggregate insurance premiums reach \$513bn in 2008

Figures issued by global reinsurer Swiss Re indicate that total insurance premiums generated in emerging markets (EMs) reached \$513bn in 2008, constituting a 21.5% nominal increase from \$422bn in 2007 and compared to premium growth of 1.4% in industrialized economies. Also, EM premiums rose by 11% in real terms year-on-year compared to a contraction of 3% for industrialized countries. Emerging market premiums accounted for 12% of global premiums in 2008, up from 10% in the previous year. Life insurance premiums grew by 22.6% nominally to \$272bn, while non-life premiums increased by 20% to \$241bn. EM life premiums grew by 14.6% in real terms relative to a contraction of 5.3% in industrialized nations, while non-life business rose by 7.1% in EMs compared to a decline of 2% in advanced economies. Insurance penetration in EMs, or premiums relative to the economy, was equivalent to 2.72% of GDP last year compared to 8.8% for advanced economies; while insurance density was \$89.4 per capita relative to \$3,655 in industrialized countries. EM life premiums were equivalent to 1.44% of GDP, while non-life premiums reached 1.28% of GDP. Also, EM life premiums reached \$47.4 per capita and non-life premiums totaled \$42 per capita in 2008.

Source: *Swiss Re*

SYRIA

Tourism activity up 9% in first half of 2009

Figures release by the Ministry of Tourism show that the number of visitors to Syria reached 2.4 million in the first half of 2009, an increase of 8.8% from 2.2 million visitors in the same period last year. The figures include Syrian expatriates but it is not clear if they include one-day visitors from neighboring countries and Iraqi arrivals. The distribution of tourists by

source shows that the number of Arab visitors increased by 9% to 1.42 million and accounted for 59% of total arrivals. Visitors from other parts of the world totaled 0.56 million, up 8.8% from the same period last year, with European tourists accounting for 27% of non-Arab visitors and rising by 25% year-on-year. The number of Syrian expatriates visiting their home country rose by 8.5% to 0.43 million. Spending by visitors totaled about \$1.84bn in the first half of the year, with 31% spent on hotels, furnished apartments and other lodging expenses, 31% on shopping, and 18% of food and beverages, 8% on entertainment and 6% on transport.

Source: *Ministry of Tourism*

SUDAN

Japan writes off part of Khartoum's debt

The Government of Japan agreed to write off \$28m of its debt to Sudan. The Finance Minister said that Sudan has been waiting for the international community to write off its debts to Sudan in accordance with the implementation of the Comprehensive Peace Agreement (CPA) that stopped the war between the North and the South. He pointed out that Sudan has honored its debts to the International Monetary Fund for more than 10 years. Japan said Sudan should use the equivalent amount of the cancelled debt for projects that will promote the implementation of the CPA. Sudan has a large foreign debt, built up by successive governments since the 1970s, most of which is in arrears. Almost three-quarters of the country's public medium- and long-term debt is owed to bilateral creditors, and the remainder is owed to multilateral creditors such as the IMF, the World Bank and the Arab Monetary Fund. Sudan's external debt stock is projected to grow from \$31bn at end-2008 to over \$34bn at end-2010 as interest arrears on un-serviced debt continue to accumulate, and Sudan takes on new non-concessional debt. External debt fell to 52% of GDP at end-2008 from 62.3% in 2007 due to strong GDP growth.

Source: *Sudan Tribune, Economist Intelligence Unit*

MOROCCO

Government sets up investment fund for expatriates

The government established a fund to encourage Moroccan expatriates to invest in their home country. Expatriates will provide 25% of the total value of projects, while the state will extend 10% and the remaining 65% will be financed by banks. Further, it will set up a one-stop office to facilitate the review of relevant applications. In parallel, the government will set up a state-guaranteed fund to help low-income expatriates acquire housing units through simplified payment conditions, while Moroccan banks have decided to remove fees on remittance transfers and to reduce commission fees on their exchange operations. The measures highlight the government's efforts to reinforce expatriates' links with their homeland and their contribution to Morocco's economic and social development. Morocco is one of the largest recipients of expatriate remittances in emerging markets, with remittance inflows estimated at \$6.73bn in 2008, equivalent to 8% of GDP.

Source: *Agence Maghreb Arabe Presse*

BANKING

WORLD

Basel Committee approves measures to strengthen regulatory capital framework

The Basel Committee on Banking Supervision approved a package of measures to strengthen the rules governing trading book capital and to enhance the three pillars of the Basel II framework. The package is part of the Basel Committee's broader program to strengthen the regulatory capital framework. It aims to introduce new standards to promote the build-up of capital buffers that can be drawn down in periods of stress, strengthen the quality of bank capital, and introduce a leverage ratio as a backstop to Basel II. The Committee is also taking measures to mitigate any excess cyclicality of the minimum capital requirement and to promote a more forward-looking approach to provisioning. The Committee's recently agreed trading book rules introduce higher capital requirements to capture the credit risk of complex trading activities. Under the Basel II enhancements, the Committee is strengthening the treatment for certain securitizations in Pillar 1 related to minimum capital requirements. It is also issuing supplemental guidance under Pillar 2 about the supervisory review process of Basel II to address the flaws in risk management practices revealed by the crisis. The Basel II package includes enhancements to the framework's third pillar related to market discipline, to strengthen disclosure requirements for securitizations, off-balance sheet exposures, and trading activities.

Source: *Bank for International Settlements*

EMERGING MARKETS

Seed fund of \$20m to help microfinance institutions expand lending

The Overseas Private Investment Corporation (OPIC) announced it will contribute \$20m to a project that will enable microfinance investment vehicles (MIVs) to provide loans in local currencies to microfinance institutions (MFIs) in developing countries, thereby overcoming a major constraint to the growth of microfinance lending. The project is expected to mobilize nearly \$140m in lending to microentrepreneurs in its first year, and more than 400,000 microfinance loans over five years. OPIC will provide a \$20m loan guaranty to MFX Solutions, a company that manages currency risk in the microfinance industry. MFX will offer currency hedging products such as currency swaps to MIVs, which in turn will provide loans in local currency to MFIs in developing countries. By enabling MFIs to borrow in their own currency, the project will significantly lower risk and thereby stimulate private capital flows into developing markets. The project is expected to support lending in more than 50 developing countries. International lending to MFIs has increased substantially in recent years, but further expansion has been constrained by the need of MFIs to receive loans in local currency in order to match the local currency assets on their balance sheets.

Source: *Overseas Private Investment Corporation*

MENA

Top 1000 banks in world include 106 banks from region

The Banker magazine's 2008 survey of the Top 1000 banks in the world included 106 banks from the Middle East on the list, up from 97 in the previous survey. The Middle East accounted for 4% of Tier One capital, 2% of total assets and 20.3% of aggregate profits of the Top 1000 banks in 2008, compared to just 4% of total profits in 2007. *The Banker* ranks banks according to Tier One capital at year-end 2008 as defined by the Basel Bank for International Settlements. The top ranked bank in the region remained the National Commercial Bank of Saudi Arabia, coming in 120th place globally, down 11 places, with Tier One capital dropping by 15% to \$6.7bn. The aggregate Tier One capital of the 106 banks from the region rose by 17.3% to \$170bn and their assets increased by 19% to \$1,928bn, while their pre-tax profits dropped by 21% to \$23.3bn in 2008. The top 25 banks in the region include 7 banks from Saudi Arabia, 6 banks from the UAE, three from Israel, two from each of Kuwait, Bahrain, Qatar and Iran, and one from Jordan. The survey said the region's banking sector has remained relatively isolated from the worst of the global crisis, but its banks are being hit indirectly by the wider economic downturn and plunging oil prices. The Tier One capital-to-assets ratio of banks in the region remained unchanged at 12.4%.

Source: *The Banker, Byblos Research*

KUWAIT

Banks' stress tests not stringent enough

The Central Bank of Kuwait (CBK) told local banks that their methods for stress tests are inadequate and should be more stringent. It added that risk management units at local lenders were not qualified to perform the stress tests that the CBK requested for the first quarter. It said most of the banks did not prepare plans to strengthen their capital and to deal with the causes of their losses and a decline in profitability. It added that banks should carry out half-yearly stress tests and inform the CBK of the findings. Last month, the CBK asked local lenders to carry out a third round of stress tests for their first-half results.

Source: *Reuters*

EGYPT

Five banks on review for possible downgrade

Moody's Investors Service placed on review for possible downgrade the long-term local currency deposit ratings of National Bank of Egypt, Banque Misr, Banque du Caire, Commercial International Bank and Bank of Alexandria. It said the ratings review will look at the extent to which Egypt's ability to provide support to its banking system is converging with the government's own debt capacity from the ongoing global economic and credit crisis. The agency noted that government actions over the past several years reflect the authorities' strong focus on supporting the nation's banks. Moody's said it will consider in its assessment of systemic support the size of the banking system in relation to the Egyptian government resources, the level of stress in the banking system and the foreign currency obligations of the banking system relative to the government's own foreign exchange resources.

Source: *Moody's Investors Service*



ENERGY / COMMODITIES

Oil steadies above \$61 on caution over recovery

Oil was little changed at above \$61 on July 16 after gaining 3.4% on July 15, as investors remained cautious about the pace of global economic recovery. While better-than-expected GDP growth from China should have been supportive of crude prices, persistent worries about weak energy demand weighed on sentiment. U.S. oil for August delivery rose 14 cents to \$61.68 a barrel and London Brent crude gained 11 cents to \$63.20. While the news helped to power Asian shares to a one-month high, the rally was not mirrored in oil prices as investors needed more evidence to be convinced of an economic recovery. Oil's gains on July 15 came after the Energy Information Administration said commercial crude oil stocks fell by 2.8 million barrels last week. A rally in the equity markets, along with a weak U.S. dollar, also supported oil prices. Oil prices have lost 12% this month and dropped to around \$58 a barrel earlier this week on rising worries over the prospects of economic recovery.

Source: Thomson Reuters

Sudan oil production to reach 922,000 bpd in 2013

Sudan is expected to increase its crude oil output by 400,000 barrels per day (bpd) within three to four years due to improved oil-extraction techniques such as water injection in wells. Oil production would increase to 922,000 bpd in 2012 or 2013, putting Sudan's production close to that of Algeria or Libya. At end-2008, Sudan set its oil production target for 2009 at 600,000 bpd, an increase of 20% from 500,000 bpd in 2008.

Source: Sudan Tribune

Syria to get gas, electricity from Turkey

Turkey has agreed to supply Syria with one billion cubic meters of natural gas over five years as well as 400 megawatts of electricity. The Syrian Oil Ministry said Syria plans to increase natural gas production by 2 billion cubic meters in 2010, but demand will also rise. It added that it will keep importing gas to meet its needs despite the production increase. It estimated it will take six years to balance demand with domestic supply.

Source: Today's Zaman

EU, Turkey sign Nabucco gas pipeline deal

EU governments and Turkey signed a transit agreement for the EU and U.S.-backed Nabucco gas pipeline, which aims to reduce Europe's energy dependence on Russia. The €7.9bn pipeline aims to supply Europe with gas from the Caspian and Middle East. However, no concrete supply deals have yet been signed for Nabucco.

Source: Thomson Reuters

Yemeni LNG plant to start exports in few weeks

Yemen will start exporting liquefied natural gas for the first time from the delayed Yemen LNG project in the next few weeks. The project will generate revenues of about \$30bn to \$50bn to Yemen in the next 20 years. The \$4bn Yemen LNG plant was originally scheduled for completion in late 2008 but fell behind schedule due to technical reasons and labor and supplier issues. Yemen LNG, in which Total is a shareholder, plans to export some 6.5 million metric tons of LNG a year for at least 20 years. It also has term supply contracts with Total and Korea Gas Corp. for 2 million tons a year each of LNG.

Source: Dow Jones Newswires

Base metals: Aluminium, zinc prices to fall at year-end

Aluminium prices are expected to rally in the weeks ahead. Demand is slowly increasing, physical premiums are on the way up, and severe supply cutbacks seem to be helping. However, prices are still expected to retreat towards the end of the year. Producers are responding to higher prices, stockpiling should come to an end, and demand is expected to soften for seasonal reasons. Also, zinc demand is slowly improving, but restocking activity has caused zinc prices to run ahead of underlying fundamentals. Prices are expected to be supported around current levels but then head lower towards the end of the year, as construction activity weakens and investors reduce their positions ahead of year-end.

Source: Standard Chartered

Precious Metals: Platinum, palladium to push higher in the short term

Platinum is still suffering from weakness in the automotive sector, and from the shrinking diesel market. However, rising gold prices, higher operating costs, and continued investor interest are likely to prove to be stronger drivers. As a result, platinum prices are expected to push higher in the weeks ahead. Palladium is clearly benefiting from the improvement in the automotive market, although the potential for a supply response is much greater than for platinum. Miners such as North American Palladium are likely to cap any significant rallies, and the threat of higher shipments from Russia's large stockpiles continues to overshadow the market. Palladium prices are expected to push higher in the short term, in line with improvements in platinum and gold.

Source: Standard Chartered

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	183.0	168.6	184.6	-4.4	-31.1
LME metals price index	2273.6	2028.7	2381.0	-4.0	-41.2
Oil prices USD	60.2	52.3	68.3	-12.4	-55.7
Oil prices SDRs	39.0	34.7	44.8	-13.1	-53.4
Gold \$/troy oz	924.3	918.9	874.1	-3.4	1.0
Silver cents/troy oz	1305.0	1324.9	1278.3	-12.1	-25.9
Platinum \$/troy oz	1110.0	1106.3	1131.2	-9.5	-44.1
Copper \$/MT	4849.5	4134.0	4847.5	-1.8	-43.2
Nickel \$/MT	15447.5	11852.9	13204.8	7.9	-25.1
Aluminium \$/MT	1561.3	1427.0	1834.1	-0.6	-51.5
Zinc \$/MT	1517.3	1337.2	1395.8	-0.2	-15.8

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								
Africa													
Algeria	-	-	-	-	BBB	7.0	13.8	1.5	4.1	1.9	1.6	15.4	0.6
	-	-	-	-	Stable								
Angola	-	-	-	-	BB	3.2	8.8	8.4	9.0	12.6	-	-3.0	1.2
	-	-	-	-	Stable								
Egypt	BB+	Ba1	BB+	BBB-	BB	-7.7	74.5	17.8	51.4	5.4	105.9	-1.5	4.1
	Stable	-	Stable	Stable	Stable								
Ethiopia	-	-	-	-	CCC	-3.5	-	10.9	250.0	-	-	-6.1	-
	-	-	-	-	Stable								
Ghana	B+	-	B+	-	B	-10.8	-	39.0	103.6	-	-	-13.7	-
	Stable	-	Negative	-	Negative								
Ivory Coast	-	-	-	-	CC	-1.7	-	57.9	175.9	-	556.0	-1.8	-
	-	-	-	-	Stable								
Libya	A-	-	BBB+	-	BB	-17.3	7.8	17.5	31.1	4.9	-	-15.8	3.1
	Stable	-	Stable	-	Stable								
Mauritania	-	-	-	-	-	-5.1	-	73.8	183.3	-	-	-13.4	-
	-	-	-	-	-								
Morocco	BB+	Ba1	BBB-	BBB-	BB	-2.6	51.8	24.1	73.9	5.7	74.1	-0.1	3.3
	Stable	-	Stable	Stable	Stable								
Nigeria	BB-	-	BB-	-	B	-5.7	23.6	6.1	20.6	0.6	-	-13.2	2.4
	Negative	-	Stable	-	Stable								
Sudan	-	-	-	-	C	-6.8	107.5	62.7	532.4	6.3	-	-10.1	2.7
	-	-	-	-	Stable								
Tunisia	BBB	Baa2	BBB	BBB	BB	-3.1	49.8	50.6	105.6	12.3	235.5	-3.3	3.8
	Stable	-	Stable	Stable	Stable								
Middle East													
Bahrain	A	A2	A	A	BBB	-3.4	18.2	187.7	321.7	4.6	63.8	6.2	0.4
	Stable	-	Stable	Stable	Stable								
Iran	-	-	B+	BB-	B	-3.7	19.1	5.5	35.1	4.3	22.9	-4.6	0.2
	-	-	Stable	Stable	Stable								
Iraq	-	-	-	-	CC	-34.4	-	71.8	214.4	3.8	157.7	-22.4	0.9
	-	-	-	-	Stable								
Jordan	BB	Ba2	-	BB	B	1.3	51.4	65.6	122.2	4.8	198.6	-10.0	11.4
	Stable	-	-	Stable	Stable								
Kuwait	AA-	Aa2	AA-	AA-	A	22.6	4.9	40.4	134.2	6.2	229.7	23.6	-9.9
	Stable	Negative	Stable	Stable	Stable								
Lebanon	B-	B2	B-	B	CCC	-10.8	145.6	97.5	614.9	20.4	199.0	-12.0	9.0
	Stable	-	Stable	Stable	Stable								
Oman	A	A2	-	A	A	-1.9	3.5	21.4	68.7	-	113.0	-4.0	4.0
	Stable	-	-	Stable	Stable								
Qatar	AA-	Aa2	-	AA-	A	1.7	4.1	52.5	189.8	7.3	359.3	24.3	7.8
	Stable	Stable	-	Stable	Stable								
Saudi Arabia	AA-	A1	AA-	AA-	BBB	9.8	9.9	8.5	28.3	4.0	89.1	6.1	0.2
	Stable	-	Stable	Stable	Stable								
Syria	-	-	-	-	CCC	-8.3	38.5	13.0	71.4	1.0	162.7	-5.1	1.9
	-	-	-	-	Stable								
UAE	-	Aa2	-	AA-	BBB	16.7	10.6	79.3	125.2	2.3	287.4	11.4	2.4
	-	-	-	Stable	Stable								
Yemen	-	-	-	B	CCC	-17.2	-	29.6	161.9	-	-	-16.9	
	-	-	-	Stable	Stable								



COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	EIU								
Central & Eastern Europe													
Armenia	-	Ba2	BB	-	-	-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	24-Jun-09	No change	12-Aug-09
Eurozone	Refi Rate	1.00	02-Jul-09	No change	06-Aug-09
UK	Base Rate	0.50	09-Jul-09	No change	06-Aug-09
Japan	O/N Call Rate	0.10	15-Jul-09	No change	11-Aug-09
Australia	Cash Rate	3.00	07-Jul-09	No change	04-Aug-09
New Zealand	Cash Rate	2.50	11-Jun-09	No change	30-Jul-09
Switzerland	3 month Libor target	0.25	18-Jun-09	No change	30-Sep-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	24-Jun-09	No change	12-Aug-09
Taiwan	Discount Rate	1.25	25-Jun-09	No change	Sep-09
South Korea	Target Rate	2.00	09-Jul-09	No change	11-Aug-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	28-Jul-09
UAE	Overnight repo rate	1.00	19-Dec-08	Cut 50bps	N/A
Saudi Arabia	Repo rate	0.25	16-Jun-09	Cut 25bps	N/A
Egypt	Overnight Deposit	9.00	19-Jun-09	Cut 50bps	N/A
Turkey	Base Rate	8.75	16-Jun-09	Cut 50bps	16-Jul-09
South Africa	Repo rate	7.00	25-Jun-09	No change	13-Aug-09
Kenya	Central Bank Rate	8.00	20-May-09	Cut 25bps	July 09
Nigeria	Monetary Policy Rate	6.00	07-Jul-09	Cut 200bps	04-Aug-09
Ghana	Prime Rate	18.50	12-May-09	No change	July 09
Mexico	Target Rate	4.75	19-Jun-09	Cut 50bps	17-Jul-09
Brazil	Selic Rate	9.25	10-Jun-09	Cut 100bps	22-Jul-09
Armenia	Refi Rate	5.50	07-Jul-09	Cut 50bps	N/A
Romania	Policy Rate	9.00	30-Jun-09	Cut 50bps	N/A
Bulgaria	Base Interest	2.21	30-Jun-09	Cut 110bps	N/A
Kazakhstan	Refi Rate	8.00	08-Jul-09	Cut 50bps	N/A



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