Issue 130
August 27, 2009

BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Credit quality of corporate issuers deteriorates in first half of 2009

Fitch Ratings indicated that global corporate credit quality continued to deteriorate in the first half of 2009, with downgrades exceeding upgrades by a margin of 11 to 1, in line with rating activity in the last quarter of 2008. Emerging markets downgrades exceeded upgrades by nearly 9 to 1 in the first half of the year. It said global downgrades rose by 22% in the first quarter of 2009 from the last quarter of 2008, but retreated to fourth-quarter levels in the second quarter of this year. It noted that financial institutions rating activity remained deeply negative in the first half, with downgrades up 25% in the first quarter and by 10% in the second quarter, while downgrades exceeded upgrades by a margin of 16 to 1 compared to the 9 to 1 ratio posted in the second half of 2008. The agency said that 36% of rated finance companies and insurance firms were downgraded in the first half of the year, while 26% of rated banks and securities firms, 21% of industrials, and 7% of power and gas firms were downgraded over the same period. Regionally, 27% of rated corporates in Europe were downgrades, followed by 26% in North America, 16% in Asia/Pacific, and 14% in the Middle East & Africa. Further, ratings movements across major rating categories show that the 'CCC' to 'C' segment saw a 69.8% rate of downgrade, followed by 'AA' with a 22.3% rate, 'AAA' with 21.7%, 'B' with 15.9%, 'BB' with 14%, and 'BBB' with an 8.4% rate of downgrade.
Source: Fitch Rating

EMERGING MARKETS

Fixed income trading volume down 19% to $985bn in second quarter

Trading in emerging markets debt instruments stood at $985bn in the second quarter of 2009, constituting a drop of 19% from $1,218bn in the same period last year but an increase of 8% from $915bn in the first quarter of 2009. The volume of trades in local Treasury instruments stood at $600bn in the second quarter of the year, down 27% from $827bn in the second quarter last year and down 8% from the first quarter of 2009. Local instruments accounted for 61% of total emerging markets debt trades, below the 68% share they represented for five previous quarters. In parallel, sovereign and corporate Eurobonds' trading volume stood at $374bn, almost unchanged from the same period last year and up 48% from the first quarter of 2009. Sovereign Eurobond volumes increased by 1.7% from the second quarter last year to $238bn, while the volume of traded corporate bonds reached $109bn, down 17% from the same period last year but up 43% from the previous quarter. Sovereign Eurobonds accounted for 24% of total debt trading, and corporate debt represented 11% of the survey's volume. The most frequently traded instruments were Brazilian debt securities at 19% of the total, followed by Turkish assets with 11% and Argentine instruments with 7%. The most frequently traded Eurobonds included issues from Brazil with $48bn, followed by Argentina with $44bn and Russia with $36bn.
Source: EMTA

MENA

Hedge funds' assets under management up 17% in first half of 2009

Figures issued by Hedge Fund Research indicate that hedge funds focusing exclusively on the Middle East and North Africa posted a 10-fold increase in assets under management over the past five years, with additional gains of about 17% in the first half of 2009. It noted that the MENA region is the smallest emerging market in terms of dedicated capital, with more than 20 hedge funds that account for 1.52%, or $1.17bn, of the $77bn in total assets invested in emerging markets worldwide. It said hedge funds focusing on the MENA region gained 16.9% in the first half of this year, while the total return recorded by hedge funds in all emerging markets was 20.2%, constituting the best first-half for emerging markets strategies since a 27.4% gain in first half of 1999.
Source: Hedge Fund Research

UAE

Dubai debt at about 150% of GDP

Regional investment bank EFG Hermes estimated that Dubai's debt has increased by $4.7bn to $84.7bn following the disclosure of new information showing that Dubai World's consolidated liabilities at AED217.8bn, or $59.3bn as at end-2008, and raising questions whether the Dubai government's quoted $80bn debt is understated. Dubai World is a Dubai government related entity. It noted that the Dubai World figure refers to consolidated liabilities, while its estimate of Dubai's debt takes into account only bonds, sukuks and syndicated loans. It noted that it is not possible to verify how much of the remaining $52.6bn of liabilities is financial in nature without access to financial accounts. Still, it revised upwards Dubai's payment schedule to $9.7bn in 2009, $13.1bn in 2010, $19.5bn in 2011, and $15.7bn in 2012. In parallel, Deutsche Bank estimated the bond component of Dubai World's liabilities at $10.5bn and the syndicated loan portion at $12.9bn, taking the total to $23.4bn. It added any additional bilateral debt obligations would raise this figure further. It estimated Dubai's total debt at about 150% of projected GDP for 2009.
Source: EFG Hermes, Deutsche Bank

OUTLOOK

GCC

Drop in inflation to support private consumption, competitiveness and capital spending

Regional investment bank EFG Hermes expected two different inflationary trends across the GCC region, with some countries likely to see sharp disinflation, or a slowdown in price increases, while others experiencing deflation, or negative inflation due to price declines. It said inflation levels declined sharply in the region in 2009 after being a key policy challenge and economic concern in 2008 due to rising housing and food prices to historic levels. It considered that the main reason for the variance in inflationary outlooks will be domestic factors, such as housing and the domestic demand environment. It said the UAE and Qatar will experience the greatest reversal in inflation trends, from the highest regional inflation rates in 2007 and 2008 to deflation in 2009, due to the fall in housing prices. It attributed the fall in real estate prices in Qatar mostly to a marked increase in housing supply entering the market in 2009, while the decline in rents in UAE is due to both a correction in the property sector and an increased supply in housing. In parallel, EFG Hermes expected both Saudi Arabia and Kuwait to see positive inflation rates, but slowing sharply, with rental price growth decelerating and not contracting. It forecast inflation at 4.8% in Saudi Arabia and at 4.3% in Kuwait for 2009.

EFG Hermes expected the downward pressure on prices to support private consumption in 2009 in the GCC, and considered that the fall in rental prices would be positive for the international competitiveness of the region's economies, especially for the UAE and Qatar that have seen double digit inflation for a number of years. It added that the sharp fall in inflation rates has allowed GCC governments to loosen monetary policy to support growth by focusing on much-needed capital spending, such as infrastructure and investment needs of the economy. It noted that the shift to capital spending is more positive than current spending. It warned, however, that the economic reasons for currency reform have diminished in the near term due to the fall in inflation.

Source: EFG Hermes

KUWAIT

Investment firms continue to pose systemic risks to financial stability

The Institute of International Finance expected the Kuwaiti economy to contract by 1.9% in 2009, and to recover to 4% in 2010. It forecast real non-oil GDP to grow by 2% in 2009 and 3% in 2010, supported by services, particularly financial and telecommunications, that are expected to continue to grow although at a much slower pace relative to recent years. The IIF stated that Kuwait remains heavily dependent on the hydrocarbons sector, as structural reforms and large-scale economic liberalization are not yet planned. It forecast average inflation to fall to 5% in 2009-10, due to the decline in global commodity and services prices and to weaker domestic demand. It expected the current account surplus to fall to $30bn or 26.7% of GDP this year from $62.8bn or 41.2% of GDP in 2008, mainly due to a decrease in the trade surplus year-on-year. It projected the current account surplus to reach $41.9bn or 32.2% of GDP in 2010.

The IIF noted that the Kuwait financial sector continues to be disrupted by the global financial crisis, with the banking sector clearly weakened by the crisis. It said most banks are still well capitalized with a capital adequacy ratio of around 16%, but consolidated net profits have declined in the first half of 2009 compared to recent years. It forecast an increase in total banks' provisions in 2009-10 because of a growing level of nonperforming loans (NPLs) that relate to banks' exposure to the real estate sector, investment companies, and indirect exposure to stock market losses. It said the impact of major losses by many investment firms has yet to be addressed fully by some local banks, adding that bank lending to investment companies accounts for about 12% of total lending. It added that investment companies' losses and bankruptcies have indirectly affected banks through the stock market, highlighting the systemic nature of the risks that investment firms pose to financial stability. It noted that uncertainty about the true state of banks' balance sheets implies a need for consolidation and restructuring of the sector. It expected that credit risk concerns would weigh negatively on many banks' financial profiles in the coming months.

Source: Institute of International Finance

UKRAINE

Economic slowdown and possibility of sharp currency devaluation remain major risk factors

Deutsche Bank considered that, even though the sovereign credit of Ukraine seems well supported by the International Monetary Fund's standby facility, the continued economic slowdown and the possibility of sharp devaluation of the currency remain major risk factors, while the situation in the banking system is very uncertain given the number of unresolved accumulated problems. It said that the high likelihood of a longer recession and further depreciation of the local currency after the elections could lead to another wave of financial crisis occurring over a six- to 12-month horizon, adding that this might be averted should the global economy recover soon and bring a corresponding recovery in commodity demand and prices.

It noted that the government's anti-crisis measures, including support for steel and mining, the construction industry, and bank recapitalizations, are underfinanced, implemented very slowly, and have not yet been effective. Meanwhile, Ukrainian banks continue to suffer from growing NPL levels, an absence of funding and under-capitalization. It anticipated more defaults and restructuring in the banking and corporate sectors, although the corporates are still supported by their owners, who have been able to accumulate cash cushions as in previous years. It added that, although official data suggest that the percentage of NPLs to the total loan portfolio of the banking system was slightly more than 5% at the end of June, such low NPL levels do not reflect the banks' real asset quality. It estimated that, on average, approximately 30% of banks' loan portfolios are real NPLs and approximately the same amount are restructured loans, which are re-classified as 'performing' again.

Source: Deutsche Bank

JORDAN

Insurance premiums up 9% in first half of 2009

Figures issued by the Insurance Commission of Jordan show that gross premiums generated in the local market reached JD219.5m in the first half of 2009, constituting an increase of 9% from JD200.8m in the same period last year. General insurance premiums increased by about 10% to JD197m from JD179.8m year-on-year, while life premiums rose by around 7% to JD22.5m. Gross insurance claims rose by 19% to JD138.5m in the first half of 2009.

Source: Al-Rai Daily

QATAR

Financial crisis continues to affect most sectors

The D&B Business Optimism Index for Qatar covering the third quarter of 2009 shows that the global financial crisis continues to affect the majority of businesses, with 70% in construction impacted; 65% in manufacturing, water & electricity affected; 56% in trade, restaurants & hotels hurt; 53% in transport & communication impacted; and 50% in finance, insurance & real estate affected. Also, 46% of respondents in the oil & gas sector reported being affected by the financial crisis. The survey also shows that 52% of responding firms in the non-hydrocarbon sectors expect an increase in the volume of sales during the third quarter of 2009, 48% foresee a rise in net profits, and 53% expect a rise in new orders. Further, 70% of non-hydrocarbon firms expect to see no change in their number of employees and 9% plan to reduce their staffs. Also, 51% of non-hydrocarbon businesses expect the global economy to recover in 2010, while 29% of companies expect an economic recovery in 2009. In parallel, prices of raw materials was the main concern of the non-hydrocarbon sectors with 44% of respondents expressing such concern, while the availability of finance continues to be the main concern of 51% of traders and 41% of transport, storage & communication firms. The main concern of hydrocarbon firms is related to project delays, with 60% of respondents highlighting such delays as their main issue.

Source: Dun & Bradstreet

NIGERIA

Sovereign ratings downgraded on bank bailout cost

Standards & Poor's downgraded Nigeria’s 'BB-' foreign currency and 'BB' local currency long-term sovereign credit ratings to 'B+' with a ‘stable’ outlook. It also lowered the sovereign's Transfer & Convertibility assessment to 'B+' from 'BB-' and its Nigeria national scale ratings to 'ngA+/--/ngA-1' from 'ngAA+/--/ngA-1'. It maintained the foreign and local currency short-term ratings at ‘B’. The agency attributed the downgrade to the government's reduced fiscal flexibility due to costs associated with its recent bail-out of five large domestic banks, and to the decline in oil revenues. It said the Central Bank’s action revealed deep problems in Nigeria’s credit markets, with the extent of problem loans even more significant than previously assumed with the share of NPLs at more than 40% of total loans at the five banks. S&P also expected the government to increase its borrowing requirement as a result of the banks’ bailout which, along with lower oil revenues, will push the government’s fiscal balance to a deficit of 4.5% of GDP this year from a surplus of 2.5% of GDP in 2008. It considered that the rising deficit will result in a fall in the Excess Crude Account, a sharp rise in gross general government debt and a rise in banking sector credit to the government, which would crowd out private sector borrowers. S&P stressed that Nigeria is not at risk of a balance of payments crisis, as it has ample foreign currency reserves and low gross external financing needs, which support the ‘stable’ outlook. It warned, however, that downward pressure on the ratings would grow with further problems in the rest of the banking sector or if oil revenues fall further.

Source: Standards & Poor's

DEM REP CONGO

World Bank to help improve investment climate

The World Bank Group’s Investment Climate Advisory Services agreed to support the Democratic Republic of Congo’s planned special economic zone (SEZ) aimed at encouraging investment. The World Bank said the creation of a special economic zone will allow the DRC government to pursue options to improve the overall business environment in the country, and attract investments in sectors that have been long neglected. The Bank will support the design of a legal, institutional and regulatory framework for special economic zones in the country, and develop a master plan based on a demand assessment. The International Finance Corporation will undertake an SEZ feasibility study. The government proposed in July a pilot SEZ site near the capital city Kinshasa. The Bank said the site would be suitable for the development of agribusiness operations that could supply Kinshasa with food products that are now imported. An international private SEZ operator is eventually expected to be identified, to manage and develop the site in partnership with the Congolese state.

Source: World Bank Group

GHANA

Annual inflation at 20.5% in July

Figures issued by the Ghana Statistical Service (GSS) indicate that inflation eased slightly in July to 20.5% annually from 20.74% in June, reflecting the first decline in inflation in several months. The GSS said the trend is likely to continue, with lower inflation expected through October, underpinned by a stabilization of the cedi. The Finance Ministry recently said the economy was more stable now than it was at the beginning of 2009 and that key macro-economic indicators continued to show positive signals, resulting in the gradual stabilization in the cedi and the rate of inflation. Inflation rose from about 10% in 2007 to more than 20% by early 2009. This partly reflected global food and fuel price shocks, but also an overheated domestic economy due to highly expansionary fiscal policies and rapid credit growth. Last July, the IMF approved a $602.6m loan to Ghana to help tackle budget imbalances while preparing for the start of oil production in 2010. The loan constitutes the largest IMF financing package to date for an African country during the current global financial crisis. It will help reduce public sector borrowing and allow Ghana to reverse the sharp deterioration in the public debt-to-GDP ratio since 2006.

Source: Ghana Statistical Service, CEEMarketWatch

KUWAIT

Banks' financial strength ratings downgraded

Moody's Investors Service downgraded Gulf Bank's financial strength rating to 'D+' from 'C-' and the bank's long-term global local currency (GLC) and long-term foreign currency deposit ratings to 'A3/Prime-2' from 'A1/Prime-1', respectively. It said all ratings have a 'negative' outlook and remain on review for further possible downgrade. It attributed the rating action to challenges that the bank still faces despite its progress in overcoming the problems caused by large losses arising from transactions in complex derivative instruments during the year. In parallel, Moody's downgraded Burgan Bank's financial strength rating to 'D+' from 'C-' and the bank's long-term GLC and long-term foreign currency deposit ratings to 'A2' from 'A1', respectively, adding that all ratings carry a 'negative' outlook. It also downgraded National Bank of Kuwait's financial strength rating to 'C+' from 'B-', but affirmed the bank's long-term GLC rating and its long-term foreign currency deposit rating at 'Aa2'. It attributed the downgrades to weakening credit conditions in Kuwait over the past 12 months, the poor performance of the Kuwaiti stock exchange, as well as NBK and Burgan's elevated single-party and industry concentrations to sectors that have experienced pressure over the past year.

Source: Moody's Investors Service

SAUDI ARABIA

Bank's exposure to Saad and Al-Gosaibi at $5bn

Standard Chartered Bank estimated that Saudi banks have approximately SAR 18.75bn, or $5bn, in combined gross exposure to the Saad and Al-Gosaibi groups. It added that the exposure accounts for about 10% of the banking sector's aggregate equity at end-June 2009. Standard & Poor's indicated that the gross exposure of GCC banks to the Saad and Al-Gosaibi groups totaled about $9.6bn, with nearly two-thirds of the net exposure held by Saudi and UAE banks.

Source: Standard Chartered, Standard & Poor's

TUNISIA

Banks' support ratings affirmed

Fitch Ratings affirmed Banque Nationale Agricole's (BNA) and Société Tunisienne de Banque's (STB) respective Support ratings at '2'. It said BNA and STB's ratings reflect the high probability of support from the Tunisian government in case of need, given their majority ownership by the Tunisian state. It added that the ratings also reflect the strategic roles the two banks play in the country's economy and their systemic importance. BNA and STB are 67% and 52.5%-owned by the Tunisian state, respectively. STB is Tunisia's largest bank by assets and held around 17% of the sector's loans and 14% of deposits at end-2008. BNA is Tunisia's second-largest bank by assets, and held about 18% of the sector's loans and 14% of deposits at end-2008. Further, Fitch affirmed Banque Internationale Arabe de Tunisie's (BIAT) Support rating at '2'. It said BIAT's shareholding structure is fragmented, therefore shareholder support therefore be relied upon. But it considered that there is a high probability that authorities would support the bank due to its importance to the local banking system. BIAT is Tunisia's third-largest bank and the largest privately-owned bank in the country. It held 16.5% of system deposits at end-2008. Fitch noted that credit risk remains significant at the bank, as the impaired loan ratio declined to a still substantial 13% in fiscal year2008 from 16% in FY2007, and net impaired loans represented a significant 37% of equity in FY2008.

Source: Fitch Ratings

NIGERIA

Rating actions taken on five banks

Standard & Poor's downgraded its long-term counterparty credit ratings on First Bank, Zenith, and GTBank to 'B+' from 'BB-' and affirmed their short-term counterparty credit ratings at 'B', while it affirmed the counterparty credit ratings on Access Bank and First City Monument Bank at 'B+/B' with 'negative' outlooks. The agency attributed the rating actions to its recent downgrade of Nigeria's sovereign ratings due to reduced fiscal flexibility and instability in the banking system. It said the financial profile of the banking sector has been weakening through 2009, particularly asset quality and profitability, given the domestic economic slowdown. It expected asset quality to deteriorate further throughout the year, adding that on- and off-balance sheet loans linked to the downstream oil & gas sector and capital markets, as well as foreign currency loans, are particularly vulnerable. S&P noted that Nigerian banks' financial performance is currently strained by increased loan-loss provisioning, and expected flat interest earnings and reduced fees and commissions from lower credit expansion to place additional pressure on revenue generation. Also, it considered that banks' liquidity could be strained by increased competition in deposit gathering, as well as outflows of short-term corporate deposits, although leverage levels still remain below those of international peers. The agency noted the possibility of further shocks to the banking system as a result of asset quality deterioration, particularly as off balance sheet commitments are consolidated.

Source: Standard & Poor's

UKRAINE

Non-performing loans at 6.2% at end July

Figures released by the Central Bank of Ukraine show that the share of overdue loans in the overall credit portfolio of banks rose to 6.2% in July, up from 5.5% in June and 2.3% at the end of 2008. Problem loans totaled UAH 46.1bn at the end of July, an increase of UAH 5.4bn from June, which is worse than the UAH 4.2bn increase in bad loans during the previous month. The sharp rise in non-performing loans is due to the massive economic contraction, as well as to the increased debt burden from the currency depreciation. The need for larger loan-loss provisioning constitutes a key reason for overall bank losses this year, despite a relatively wide interest margin. Thus, the banking system posted UAH 18.4bn in losses during the first 7 months of 2009, despite UAH 32.4bn in net interest income. But the sector's capital adequacy ratio has improved further to 15.6% in July from 14.5% in June, reflecting recapitalization efforts.

Source: Central Bank of Ukraine

Oil falls to $71 on U.S. stockbuild

Oil prices fell to $71 on August 27, extending losses by more than $3 after touching a 10-month high this week, as rising crude and diesel stocks offset healthy economic data from the United States and Europe. Investors are also anxious about the pace of economic recovery in China. U.S. crude for October fell 34 cents to $71.11 a barrel, retreating further from $75 hit earlier this week, the highest level since October, while brent crude lost 40 cents to $71.25 a barrel. U.S. crude inventories rose by 200,000 barrels last week due to a rebound in imports and weaker demand from refiners. Stocks of middle distillates, which include diesel and heating oil, rose by 800,000 barrels to total 162.4 million barrels last week, up over 30 million barrels from last year. Gasoline stocks fell by a larger-than-expected 1.7 million barrels, against an expected one million-barrel fall. About 72 million barrels of gas oil for heating and jet fuel are also being stored in tankers globally, up from around 62 million barrels in June, at a time of uncertain demand from markets in the West going into the peak winter period.

On current fundamentals, traders do not see prices breaking $75, the level at which they have been taking profits after oil jumped almost 130% from the lows at the turn of the year. Oil has also not received much support from the 2009 Atlantic hurricane season as Tropical Storm Danny, the fourth for this year, posed no foreseeable threat to the Gulf of Mexico oil area.
Source: Thomson Reuters

Iraq reduces fees to stimulate oil auction

Iraq has reduced signature bonuses in the hope that a second oil auction, that will be held later this year, will prove more successful than the first. However, foreign oil firms may still be put off by the fact that they have to pay non-recoverable fees in order to take part in the auction. Global oil companies were unhappy with the initial auction in June, the first since 2003, after it became clear that Iraq was unwilling to pay anticipated fees to develop the country's oil fields.
Source: Thomson Reuters

GE to build $2.7bn power plant in Kuwait

Kuwait's Central Tendering Committee selected General Electric (GE) to build a 2,000MW power plant in the country that would cost $2.7bn. Other companies that had pre-qualified were Germany's Siemens, Japan's Mitsui & Co and Marubeni Corporation, Spain's Iberdrola Ingenieria Y Construccion, and Canada's SNC-Lavalin. GE will start operations by summer 2011.
Source: Kipp Report

Algerian energy sector reports $17bn in FDI

Algeria’s government said the energy and mining sector received over $17bn in foreign direct investment last year. FDI include foreign investment partnerships in exploration and development of hydrocarbons, power plants and other ventures. Europe accounted for 58% of the investments.
Source: APS

Base metals: Copper declines as China output curbs increase demand concern

Copper declined in Asia on concern that demand will fall after China said it is studying curbs on overcapacity in industries including steel and cement. Chinese policymakers are seeking to rein in investment growth fueled by record credit expansion this year, which helped copper prices more than double. Three-month copper on the London Metal Exchange fell by 0.5% to $6,258 a metric ton in Singapore, reversing a gain of 0.8%. Copper for December delivery in New York fell by 0.6% to $2.8605 a pound. October-delivery copper on the Shanghai Futures Exchange fell by 1.2% to $7,231 a ton. China, the world's largest metals user, will also increase guidance over parts of the coal, glass and power industries. Controls on stock and bond sales by companies in targeted sectors will be strengthened. Among other LME-traded metals, aluminum and zinc were little changed at $1,865 a ton and $1,844 a ton respectively. Lead rose by 0.2% to $2,054.50 a ton, nickel was higher at $19,125 a ton, and tin increased by 1.6% to $14,100 a ton.
Source: Bloomberg

Precious Metals: Gold to decline as stronger dollar, lower metals curb demand

Gold is expected to decline as a stronger dollar reduces its appeal as an alternative investment and a drop in industrial metals curbs demand for other commodities. The dollar gained 0.2% against the euro, a fourth consecutive increase. Gold tends to fall when the dollar strengthens. All of the six industrial metals traded on the London Metal Exchange, except tin, fell on August 27 as China said it is studying curbs on overcapacity in some industries, potentially reducing commodity demand. Immediate-delivery gold fell by $1.58, or 0.2%, to $943.97 an ounce. December gold futures fell by 70 cents, or 0.1%, to $945.10 an ounce on the New York Mercantile Exchange's Comex division. Holdings in the SPDR Gold Trust, the biggest exchange-traded fund backed by gold, were unchanged at 1,061.83 metric tons on August 26th. Gold imports by India, the world's biggest buyer, are estimated to have dropped to 14 tons this month from 98 tons a year earlier. Imports are expected to fall by 37% to 250 tons this year as high prices and the worst drought in seven years cut rural incomes, decreasing jewelry demand. Silver for immediate delivery in London fell by 0.9% to $14.2175 an ounce. Platinum was little changed at $1,233.75 an ounce. Palladium fell by 0.4% to $284.75 an ounce.
Source: Bloomberg

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	189.8	175.4	177.1	6.3	-20.3
LME metals price index	2836.5	2259.3	2260.3	11.9	-19.9
Oil prices USD	72.2	58.9	61.5	12.3	-37.4
Oil prices SDRs	46.3	38.8	40.5	12.2	-37.0
Gold $/troy oz	941.3	929.9	879.5	0.5	17.3
Silver cents/troy oz	1404.0	1362.1	1243.5	2.2	5.8
Platinum $/troy oz	1241.0	1158.2	1071.8	5.1	-9.1
Copper $/MT	6121.5	4710.6	4570.6	13.4	-20.2
Nickel $/MT	19225.0	13507.4	13031.3	17.5	-1.7
Aluminium $/MT	1905.5	1535.8	1701.7	11.2	-29.9
Zinc $/MT	1803.3	1470.1	1384.5	9.8	6.5

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	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	B+	-	BB-	-	B								
	Stable	-	Stable	-	Stable	-5.7	23.6	6.1	20.6	0.6	-	-13.2	2.4
Sudan	-	-	-	-	C								
	-	-	-	-	Stable	-6.8	107.5	62.7	532.4	6.3	-	-10.1	2.7
Tunisia	BBB	Baa2	BBB	BBB	BB								
	Stable	-	Stable	Stable	Stable	-3.1	49.8	50.6	105.6	12.3	235.5	-3.3	3.8
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-	BB								
	-	-	-	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: 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-	-	BB								
	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	-	Negative	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	-	CCC								
	Positive	Positive	Negative	-	Stable	-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

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	0.25	12-Aug-09	No change	23-Sep-09
Eurozone	Refi Rate	1.00	06-Aug-09	No change	03-Sep-09
UK	Base Rate	0.50	06-Aug-09	No change	10-Sep-09
Japan	O/N Call Rate	0.10	11-Aug-09	No change	17-Sep-09
Australia	Cash Rate	3.00	04-Aug-09	No change	01-Sep-09
New Zealand	Cash Rate	2.50	30-Jul-09	No change	10-Sep-09
Switzerland	3 month Libor target	0.25	18-Jun-09	No change	30-Sep-09
Canada	Overnight rate	0.25	21-Jul-09	No change	10-Sep-09
Emerging Markets					
China	One-year lending rate	5.31	23-Dec-08	Cut 27bps	N/A
Hong Kong	Base Rate	0.50	12-Aug-09	No change	23-Sep-09
Taiwan	Discount Rate	1.25	25-Jun-09	No change	Sep-09
South Korea	Target Rate	2.00	11-Aug-09	No change	10-Sep-09
Malaysia	O/N Policy Rate	2.00	25-Aug-09	No change	28-Oct-09
Thailand	1D Repo	1.25	26-Aug-09	No change	21-Oct-09
India	Reverse repo rate	3.25	28-Jul-09	No change	27-Oct-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	8.50	30-Jul-09	Cut 50bps	17-Sep-09
Turkey	Base Rate	7.75	18-Aug-09	Cut 50bps	17-Sep-09
South Africa	Repo rate	7.50	13-Aug-09	No change	22-Sep-09
Kenya	Central Bank Rate	7.75	22-July-09	Cut 25bps	Sep-09
Nigeria	Monetary Policy Rate	6.00	07-Jul-09	Cut 200bps	Sep-09
Ghana	Prime Rate	18.50	21-July 09	No change	Sep-09
Mexico	Target Rate	4.50	21-Aug-09	Cut 25bps	N/A
Brazil	Selic Rate	8.75	22-Jul-09	Cut 50bps	02-Sep-09
Armenia	Refi Rate	5.25	11-Aug-09	Cut 25bps	N/A
Romania	Policy Rate	8.50	04-Aug-09	Cut 50bps	29-Sep-09
Bulgaria	Base Interest	1.71	30-Jul-09	Cut 50bps	N/A
Kazakhstan	Refi Rate	7.50	07-Aug-09	Cut 50bps	N/A
Ukraine	Discount Rate	10.25	11-Aug-09	Cut 75bps	N/A
Russia	Refi Rate	10.75	07-Aug-09	Cut 25bps	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