

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Central Banks agree to strengthen supervision and risk management of banking sector

The Group of Central Bank Governors and Heads of Supervision, the oversight body of the Basel Committee on Banking Supervision, agreed on a comprehensive set of measures to strengthen the regulation, supervision and risk management of the banking sector in order to reduce the probability and severity of economic and financial stress. The measures consist of raising the quality, consistency and transparency of the Tier 1 capital base; introducing a leverage ratio as a supplementary measure to the Basel II risk-based framework with a view to migrating to a Pillar 1 treatment; introducing a minimum global standard for funding liquidity that includes a stressed liquidity coverage ratio requirement, underpinned by a longer-term structural liquidity ratio; introducing a framework for counter-cyclical capital buffers above the minimum requirement to include capital conservation measures such as constraints on capital distributions; and issuing recommendations to reduce the systemic risk associated with the resolution of cross-border banks. The Committee will also assess the need for a capital surcharge to mitigate the risk of systemic banks. Further, the Basel Committee plans to issue concrete proposals on these measures by the end of this year and will carry out an impact assessment at the beginning of next year, with calibration of the new requirements to be completed by end-2010.

Source: Bank for International Settlements

Corporate default rate at 11.5% in August

Moody's Investors Service stated that the rate of global speculative-grade corporate defaults reached 11.5% in August, up from 11% in July, 4.1% at the end of 2008 and only 2.5% at end-August 2008. It said a total of 205 rated corporate debt issuers defaulted in the first 8 months of the year compared to 50 defaults in the same period last year. It noted that there were 17 defaults per month on average in July and August compared to 29 defaults per month between January and June. The agency said default rate forecasts have been declining in recent months as high yield bond spreads have narrowed significantly. Measured on a dollar volume basis, the global speculative-grade bond default rate reached 17.5% in August, up from 17% in July and 2.6% in August 2008. 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 30.1% in August compared to 34.4% in July and 20.4% a year ago.

Source: Moody's Investors Service

MENA

Region's competitiveness is average, reforms still necessary

The World Economic Forum included 14 Arab countries in its Global Competitiveness Index for 2009-10. Qatar was the region's top-ranked country in 22nd place, followed by the UAE (23), Saudi Arabia (28), Bahrain (38), Kuwait (39), Tunisia (40), Oman (41), Jordan (50), Egypt (70), Morocco (73), Algeria (83), Libya (88), Syria (94) and Mauritania (127). The rankings of four countries in the region improved, 7 declined and one was unchanged from the previous survey. Algeria showed the highest improvement with a rise of 16 spots, while Syria dropped by 16 spots year on year, posting the worst decline in the region. The WEF said that the region's competitiveness is average and was somewhat less affected than other emerging markets by the global economic crisis. It added that high oil prices and intensifying global trade linkages have led to very high rates of growth for the past years in many Arab countries. It indicated that initial reform efforts carried out in recent years have also contributed to improving the region's competitiveness, especially reforms oriented towards a better educational system, developing financial markets and ameliorating the overall business environment. It noted, however, that the region is still far from realizing its full productive potential, adding that this will require an acceleration of the reform process to tackle many of the obstacles to competitiveness and productivity.

Source: World Economic Forum

Regulatory reforms accelerate in the region

The World Bank Group's 2010 Ease of Doing Business survey indicated that the MENA region continues to be active in terms of easing the regulatory burden of doing business. It said the rankings of 8 countries in the region improved, 10 declined and one was unchanged in this year's survey. The UAE showed the highest improvement, rising by 14 spots, while Kuwait regressed by 9 spots, posting the steepest decline in the region year-on-year. It said that the UAE and Egypt ranked within the top 10 economies in the world that reformed their business regulations, while Saudi Arabia and Bahrain ranked among the top 25 worldwide on the overall ease of doing business. The survey said that 17 out of 19 economies in the region implemented business reforms in the covered period. It recorded 41 reforms between June 2008 and June 2009 that make it easier to do business in the region, up from 27 regional reforms in the same period last year. It said Egypt, which was the world's top reformer of business regulations for the past two years, dropped to 9th place this year. The survey noted that, for the sixth consecutive year, the region's most popular area for reform was business start-up, with 9 economies making improvements in this area. It added that the next most popular area for reform was Dealing with Construction Permits, with Algeria, Bahrain, Egypt, Iran, Jordan, Saudi Arabia and the UAE addressing this issue.

Source: World Bank Group

OUTLOOK

WORLD

IMF warns of third wave of crisis, calls for continuing stimulus measures

The International Monetary Fund warned that the third wave of the global crisis is set to be the rising level of unemployment, following the first two waves that were the financial crisis and the related global economic crisis. It said the global economy appears to be emerging from the worst financial and economic crisis since World War II, but stressed that the recovery will be sluggish and that a jobless recovery remains a risk, with unemployment rising for the next year. It expressed concern about the social and economic costs of high unemployment, which will persist even as financial markets and output stabilizes. The Fund said stimulus measures adopted to combat the global crisis should be withdrawn only when the economic recovery has taken hold and when unemployment starts to decline. It noted that, given the fragility of the recovery, governments should continue to support demand until private demand is strong enough so that public demand can be reduced. The Fund said that the main advanced and emerging economies should combat joblessness by promoting employment through structural policies, active labor market policies, training and education.

In parallel, the IMF called for a global rebalancing of demand across countries, which would require strong policy actions, including fixing the financial system in advanced economies and boosting domestic spending in emerging Asia. It called for reforms that boost productivity by increasing labor market flexibility and competition in product markets. It stressed on giving priority to concerns about fiscal sustainability, including spending, due to aging which is more than ten times the fiscal cost of the crisis. Finally, it did not expect inflation to become an issue until the recovery was firmly underway.

Source: International Monetary Fund

EMERGING MARKETS

Remittance inflows to experience various 'shock' levels depending on region and country

The Migration Policy Institute indicated that the global recession is having an uneven impact on remittance inflows, with developing countries experiencing differing levels of remittance 'shocks' as shifts in remittance flows have varied by region and country. It added that, while remittance inflows are declining sharply overall, some regions are experiencing remittance increases or are holding steady. It said developing countries that saw the steepest decline in remittances in 2009 so far are Turkey (-43%), Moldova (-37%), Poland (-27%), Ecuador (-21%), Morocco (-12%), Mexico (-12%) and Kenya (-11%). It noted that the most affected countries are in Asia, Eastern Europe, South America and Africa, indicating that sharp declines in remittances were not restricted to any particular region. In parallel, it noted that Pakistan (+23%), Bangladesh (+16%), Cape Verde (+6%) and the Philippines (+3%) posted the largest gains in remittance inflows so far this year, adding that one common element among three of the four countries is that they have a large shares of their emigrants in Saudi Arabia whose economy was less hard-hit than other Gulf states.

It noted that remittance inflows to South and East Asia continue to grow, even though they are expected to slow somewhat in 2009, while remittances to Europe and Central Asia as well as to Latin American & the Caribbean region have fallen off sharply so far this year. Further, the MENA region is reflecting many of the underlying dynamics behind global trends. It added that the recession has dampened the movement of economic migrants to the major immigrant-receiving regions of the world and, counter to the widely held public perception, immigrants overwhelmingly are choosing to stay put in their adopted countries rather than return home despite very high unemployment and lack of jobs.

The MPI considered that, even though remittance inflows are declining in some places, they are still increasing in importance relative to other financial flows, while some families and communities are becoming more dependent on remittances than ever before. It attributed this trend to evidence that remittances remained an important stable source of income for immigrant-sending countries, as other financial flows such as lending and other forms of foreign private investment have proven to be a lot more volatile.

Source: Migration Policy Institute

NIGERIA

Banks' ongoing problems to affect growth

The Institute of International Finance expected Nigeria's real GDP to slow to 1.2% in 2009 from 5.3% in 2008, due to the global recession and lower average oil prices, and to recover to 3.1% in 2010. It forecast real non-oil GDP to grow by 3.4% in 2009 and 2.3% in 2010, supported by agriculture and services that are expected to continue to grow although at a slower pace from the year before. It indicated that banking sector weaknesses, following the takeover by the Central Bank of Nigeria (CBN) of 5 banks for being undercapitalized, will also have an impact on the economy in the short-term. It said the discovery of major problems among many of the banks could lead to a loss of confidence in the banking sector, possibly requiring significant government bailouts. It also projected banks' lending to decrease in 2009-10 as the CBN tightens control of the sector, and as provisions rise to cover non-performing loans. As a result, it expected consumption and investment to fall, weakening overall growth.

The IIF stated that the medium-term impact on Nigeria's economic outlook could be positive if the problems at the banks are resolutely addressed, and if the authorities' reform efforts succeed. It noted, however, that more comprehensive and deeper policy reforms are required to complement efforts in the banking sector to restore investor confidence and increase economic growth. It said such reforms would include fiscal reforms that would help improve accountability and transparency and reduce corruption; an overhaul of monetary and exchange rate policies that are currently deficient in many aspects; and improving financial stability by raising administrative capacity in the banking system, which would lead to better risk management and improved corporate governance.

Source: Institute of International Finance



ECONOMY & TRADE

SYRIA

Economic competitiveness declines, key obstacles are government bureaucracy and labor regulations

The World Economic Forum's Global Competitiveness Index for 2009-10 ranked Syria in 94th place among 133 countries included in the survey, down from 78th place in the previous survey. Syria also came in 13th place among 14 Arab countries covered by the index and posted the steepest decline in rankings in the region year-on-year. Globally, it ranked ahead of the Dominican Republic and Albania and came behind Serbia and Senegal. It received a score of 3.8 points, down from 4 points on the 2008-09 index and from 3.9 points in the 2007-08 survey. Syria ranked in 72nd place on the Basic Requirements Sub-Index, which covers institutions, infrastructure, macroeconomic stability and health & primary education. It also ranked in 112th place on the Efficiency Sub-Index that covers higher education, labor market efficiency, financial market development, and overall market efficiency. It came in 100th place on the Innovation & Sophistication Sub-Index. The survey indicated that the most problematic factor for doing business in Syria was the inefficient government bureaucracy, followed by restrictive labor regulations, an inadequately educated labor force, low access to finance, and the inadequate infrastructure.

Source: World Economic Forum

YEMEN

Sovereign ratings downgraded

The Economist Intelligence Unit downgraded Yemen's sovereign risk rating from 'CCC' to 'CC' and maintained the outlook at 'stable'. It also downgraded the country's political risk rating from 'C' to 'D' due to the deteriorating political situation and security conditions. It attributed the sovereign downgrade to the country's worsening fiscal position and the costs associated with the war in Saada that will place further strain on public finances. It said that Yemen's fiscal position is set to deteriorate over the near-term, as oil revenues, which account for 70% of overall budgetary income, decline. In parallel, it noted that concerns about social unrest and inflationary pressures have led to steep increases in government spending. It said lower oil prices and falling oil production caused oil revenues in the first half of 2009 to drop to just 25% of their levels a year earlier. It also expressed concerns that the LNG program may struggle in the face of stagnant global energy demand. As a result, it expected the fiscal deficit to widen from 3.9% of GDP in 2008 to 14% of GDP in 2009 and for the current account deficit to widen from 3.8% of GDP in 2008 to 9.3% of GDP in 2009. The EIU said the disbursement of \$5.7bn in concessional lending and grants pledged in November 2006 has been very slow, and the government has reportedly been forced to approach Saudi Arabia for urgent economic assistance. It expected the government to increasingly rely on issuing Treasury bills to local buyers, although appetite for the bills will be low. It forecast the public debt to rise from just 28% of GDP at end-2008 to 44% of GDP by end-2010.

Source: Economist Intelligence Unit

SUDAN

South could be owed \$600m in oil sharing revenues

International advocacy organization Global Witness indicated that it had found serious discrepancies in the reporting of Sudan's oil revenues, suggesting that Khartoum's government may be benefiting unfairly from oil receipts. It said revenue figures from some oilfields published by Sudan's Ministry of Finance were lower than figures for the same oilfields published by the China National Petroleum Corporation (CNPC), the operator of the oil blocks. It noted that the extent of the discrepancy varied from 9% to 26% from field to field and year-on-year. The group estimated that a total undercount of 10% since 2005 would mean the Government of Southern Sudan would be owed more than \$600m. Under the 2005 Comprehensive Peace Agreement, the North and the South agreed to share the country's oil wealth, with the South receiving half the state revenues from oil drilled from its territory.

Source: Global Witness

DEM REP CONGO

Revision of Chinese loan terms to clear foreign support, IMF deal

China has reportedly agreed to amend certain clauses of a loan agreement with the Democratic Republic of Congo in order to help Kinshasa meet certain criteria for international financial relief and assistance. The DRC government recently agreed on terms of a multi-billion dollar loan from the Export-Import (Exim) Bank of China that is earmarked for infrastructure investment. The original agreement stated that if the two mines put up as collateral, Dikuluwe and Mashamba West, proved insufficient to cover the Exim Bank loan, the DRC would guarantee settlement of the balance through the provision of further mining assets. But the International Monetary Fund and the Paris Club expressed concerns about the impact of the loan's conditions on the country's debt sustainability, and linked a deal with them to amendments of certain clauses. China recently stated that the Exim Bank will provide funds for Chinese companies to build infrastructure only up to the value of the two mines. This would eliminate the need for the DRC government to guarantee the Exim Bank loan, which is the provision most objected to by the Paris Club and the IMF.

Source: Economist Intelligence Unit

ETHIOPIA

IMF approves \$241m in support

The International Monetary Fund approved a 14-month, \$240.6m arrangement to help Ethiopia cope with the effects of the global recession on its balance of payments. It said Ethiopia's economy has been adversely affected by a series of shocks. It noted that the authorities have been successfully implementing a macroeconomic adjustment package since late 2008 to help lower inflation and build up international reserves, but the global recession is now putting renewed pressure on the external position, as export receipts and remittances have declined and FDI has slowed.

Source: International Monetary Fund



BANKING

SYRIA

Private sector accounts for 43% of credits, private banks extend 13% of lending

Total credits extended by commercial banks reached SYP 1,011bn, or about \$21.2bn, at the end of June 2009, constituting an increase of 3% from SYP 982bn at end-2008 and a rise of 18.4% from end-June 2008. Credits in Syrian pounds accounted for 98% of the total relative to 97% at end-2008, and foreign currency loans accounted for the remaining 2%. Loans to non-financial public enterprises accounted for 47% of total lending, down from 49% at year-end 2008, followed by resident private sector lending with 43% relative to 40% at end-2008, while the central government accounted for the remaining 10%. Households accounted for 76.4% of resident private sector lending, followed by businesses with 23.4% and other financial institutions with 0.2%. Households and businesses represented 80.3% and 19.4%, respectively, of private sector lending at end-June 2008. Further, the sectoral distribution of credit shows that wholesale & retail trade accounted for 49% of the total, down from 54% at end-June 2008; followed by agriculture with 16%, up from 12% a year earlier; building & construction with 14%; mining, manufacturing & utilities with 7%, while other activities accounted for the remaining 14% of lending. Also, public commercial banks accounted for 85% of total lending at end-June 2009, down from 87% a year earlier, while private commercial banks accounted for 13% relative to 11% at end-June 2008 and private Islamic banks for the remaining 2%. Loans & advances accounted for 49% of private banks' lending, followed by personally secured credits & overdrafts with 30%, and discounts with 20%.

Source: Central Bank of Syria, Byblos Research

BAHRAIN

Central Bank to tighten liquidity measures

The Central Bank of Bahrain (CBB) declared it will tighten regulations and introduce new liquidity rules to make banks more robust, after troubles at two Saudi-linked banks shed doubt on the country's regulatory system. The CBB plans to introduce a minimum liquidity ratio of 25% and might increase this requirement on a case by case basis. The ratio requires banks to at all times to cover any given percentage of their deposit liabilities with assets that can be sold at short notice. The CBB also plans to cap wholesale banks' maturity mismatches at 20% of their total deposits for a three-month period and at 25% for a six-month period, as its current rules on mismatch ratios apply only to retail banks. The CBB also said banks must maintain an appropriate mix of high-quality liquid assets as reserve in case of emergency funding needs, with the ratio to be determined in consultation with banks.

Source: Thomson Reuters

KUWAIT

Financial strengths of three banks downgraded

Moody's Investors Service downgraded the financial strength rating of Commercial Bank of Kuwait from 'C' to 'C-' and the long-term local and foreign currency deposit ratings from 'Aa3' to 'A1'. It also downgraded the financial strength ratings of Bank of Kuwait & the Middle East and that of Al Ahli Bank of

Kuwait from 'C-' to 'D+' each, as well their long-term local foreign currency deposit ratings from 'A1' to 'A3' and 'A2', respectively. The agency attributed the rating actions to the weakening credit conditions in Kuwait over the past 12 months and the poor performance of the Kuwaiti stock exchange, which has led to rising credit and securities impairment charges. It said the banks' loan books continue to display elevated risks due large single-party and industry concentrations to sectors that have experienced pressure over the past year such as real estate and construction, investment firms; and lending for purchasing securities.

Source: Moody's Investors Service

NIGERIA

Risks still high for banking sector

Standard & Poor's indicated that the negative outlook on Nigerian banks reflects their weakened financial profiles, particularly the quality of their loan portfolio and their financial performance. It said the pending full results of the Central Bank of Nigeria's audits on 14 banks also raise the possibility that previously undisclosed credit and liquidity-related risks could materialize in a sector with already weakened confidence. The agency expects Nigerian banks to report increasing NPLs this year, given increased credit risks, as certain credit exposures and concentrations on the loan books are particularly vulnerable over the medium term. It noted that some banks have up to 25% of their loans to the oil and gas sector as well as several large exposures concentrated in this sector, leaving them particularly exposed to a related business slowdown. It added that the still-unclear risks related to banks' capital market exposures and margin lending are further complicated by related-entity exposures, related-party and staff lending, and off-balance-sheet credit exposures, with certain banks having up to 30% of on-balance sheet loans denominated in foreign currency. S&P noted that the financial performance of Nigerian banks is under pressure due to asset quality deterioration, while liquidity and funding have also tightened from more comfortable levels. It warned that the high and increased risk profile of the sector should encourage banks to maintain high capitalization levels to absorb potential and unexpected risks and losses.

Source: Standard & Poor's

ARMENIA

Loans at \$1.7bn, deposits at \$1.6bn at end-July

Commercial banks' total loans, excluding overdue loans, reached \$1.67bn at the end of July 2009. Loans in local currency decreased by 23.4% from year-end 2008 and loans in foreign currency grew by 37.4% over the same period. Foreign currency loans accounted for 52% of overall lending, and loans in Armenian drams for 48%. Long-term loans reached \$1.34bn, accounting for 80.2% of total loans while short-term loans reached \$0.33bn, accounting for the rest. The sector's total deposits grew by 28% in the first 7 months of the year to \$1.6bn. Deposits in local currency reached \$454m at the end of July and constituted 28.5% of total deposits, while deposits in foreign currency reached \$1.1bn and accounted for 71.5% of the total. Non-resident deposits represented around 22% of total deposits.

Source: Central Bank of Armenia

ENERGY / COMMODITIES

Oil rises above \$72, OPEC keeps quotas

Oil prices rose by more than \$1 to \$72.40 a barrel on September 10, up for a fourth consecutive day, lifted by a soft dollar and gains in equity markets. Asian stock markets pushed higher underpinned by a 0.5% gain in the Dow Jones Industrial Average, which showed the U.S. economy was stabilizing. On the fundamental side, a fall in U.S. crude stocks by 7.2 million barrels in the week to September 4 also supported prices. OPEC left output unchanged as expected, saying prices were being driven by economic recovery, and that high levels of inventory had become irrelevant to the market. NYMEX crude for October delivery stood at \$72.34 a barrel, up \$1.03 from September 9th settlement. London Brent crude rose 80 cents to \$70.63 a barrel.

However, this was partly offset by a 3.3-million-barrel jump in distillate stocks, far exceeding the forecast for an increase of 800,000 barrels, while gasoline stocks rose 571,000 barrels against the forecast for a 1.3 million barrel drawdown. The EIA body predicted global oil demand through next year would be weaker than previously forecast while supplies will be higher. It cut its forecast for world oil demand growth in 2010 by 30,000 barrels per day and raised its forecast for global oil production growth by 150,000 bpd.

Source: Thomson Reuters

Iraq may not pay for Kurdish oil for years

Western oil companies operating in Iraq's semi-autonomous Kurdish region may have to wait for years for the government to pay them for the oil they are extracting. Norway's DNO International, Turkey's Genel Energy and London-listed Addax Petroleum have been pumping tens of millions of dollars worth of oil each month but are not getting paid for it. The Baghdad government and the Kurdish authorities have been unable to agree on how to share Iraq's oil revenues, therefore blocking the payments.

Source: Thomson Reuters

Iraq, Russia agree to build gas pipelines

Russia and Iraq agreed to build two natural gas pipelines and to enhance cooperation in the electricity field. A Russian delegation, led by the Russian Minister of Energy Sergei Shmatko visited Iraq on September 7, the first visit of its kind in the last six years.

Source: Aswat Aliraq

Launch of Yemen Gas City initiative

UAE-based oil and gas firms, Dana Gas and Crescent Petroleum, reached an agreement with Yemen's government to establish their 'Gas City' concept in the country. The 'Gas City' concept involves developing a sustainable industrial city based on primary gas processing industries along with clustered, high employment industries supported by a commercial services sector. The project aims at providing additional power to the Yemen national electricity grids. Yemen's oil reserves stood at 2.7 billion barrels at the end of 2008, while gas reserves stood at 17.3 trillion cubic feet.

Source: Dow Jones Newswires

Base metals: Medium-term outlook very supportive

Market sentiment and China's trade data are expected to drive copper's price performance over the next few months. Copper's near-term fundamentals are weakening, and prices, which have more than doubled from the beginning of the year, are over-stretched. Weakening trade data, seasonal demand weakness in China, and rising inventories are likely to leave copper vulnerable to any weakening in macro sentiment in the near-term. A correction has already begun with the 5% drop in price over a couple of days, but the downside is relatively limited by strong medium-term fundamentals, the ongoing improvement in the global economic outlook, flows into commodity markets as investor risk appetite improves, and a weakening US dollar. Three-month delivery copper on the London Metal Exchange is expected to increase to \$5,600 a metric ton for the third quarter of 2009 and \$5,500 a ton in the fourth quarter, rising to \$6,225 a ton in 2010. While a near-term correction is likely, copper fundamentals are supportive in the medium term, limiting the downside. Most base metals have seen supply cuts this year, but for copper this has mainly been driven by unexpected outages and structural problems rather than by market cuts. Producer margins have remained higher than for other base metals.

Source: Standard Chartered

Precious Metals: Gold prices rise as weakening dollar increase haven demand

Gold prices increased as the dollar traded near the lowest level since December against the euro, boosting demand for the precious metal as a store of value. The Dollar Index, which tracks the US dollar against the currencies of six trade partners including the euro and yen, has lost 3% as gold rose 5.3% in the past month. The traditional inverse relationship between gold and the U.S. dollar appears to have been re-established during the current gold rally. Gold for immediate delivery increased by 0.4% to \$996.24 an ounce. Gold climbed to an 18-month high of \$1,007.7 an ounce on September 8th. The December- delivery contract on the Comex division of the New York Mercantile Exchange was little changed at \$997.70 an ounce. Gold futures are expected to rise to a record before the end of the year as investors seek to hedge against a weaker dollar and possible inflation. Among other precious metals for immediate delivery, silver prices climbed by 1.3% to \$16.515 an ounce, platinum increased by 0.5% to \$1,282.5 an ounce, while palladium rose by 0.4% to \$293.75 an ounce.

Source: Bloomberg

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	191.2	178.0	175.1	2.4	-18.6
LME metals price index	2898.0	2338.8	2235.4	1.1	-16.2
Oil prices USD	67.9	60.8	59.8	-4.8	-37.9
Oil prices SDRs	43.5	39.8	39.4	-4.4	-38.3
Gold \$/troy oz	978.1	930.4	884.5	2.4	22.3
Silver cents/troy oz	1573.0	1369.4	1247.6	10.1	23.0
Platinum \$/troy oz	1241.0	1169.3	1064.4	2.1	-10.9
Copper \$/MT	6279.5	4903.0	4521.0	5.2	-14.7
Nickel \$/MT	18287.5	14138.5	12990.0	-1.5	-5.8
Aluminium \$/MT	1825.5	1573.7	1669.6	-5.4	-30.7
Zinc \$/MT	1881.5	1516.9	1386.6	3.9	8.7

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	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	B+	-	BB-	-	B	-5.7	23.6	6.1	20.6	0.6	-	-13.2	2.4
	Stable	-	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-	BB	16.7	10.6	79.3	125.2	2.3	287.4	11.4	2.4
	-	-	-	Stable	Stable								
Yemen	-	-	-	B	CC	-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
	Positive	Positive	Negative	-	Stable								

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	03-Sep-09	No change	08-Oct-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	01-Sep-09	No change	06-Oct-09
New Zealand	Cash Rate	2.50	10-Sep-09	No change	N/A
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	24-Sep-09
South Korea	Target Rate	2.00	10-Sep-09	No change	N/A
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	7.00	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	02-Sep-09	No change	Nov-09
Ghana	Prime Rate	18.50	21-July 09	No change	Sep-09
Mexico	Target Rate	4.50	21-Aug-09	No change	18-Sep-09
Brazil	Selic Rate	8.75	02-Sep-09	Cut 50bps	21-Oct-09
Armenia	Refi Rate	5.00	08-Sep-09	Cut 25bps	N/A
Romania	Policy Rate	8.50	04-Aug-09	Cut 50bps	29-Sep-09
Bulgaria	Base Interest	1.57	01-Sep-09	Cut 14bps	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



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