Issue 134
September 24, 2009

BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Proposed amendments to Basel II to mostly impact large banks

Moody's Investors Service indicated that the amendments to Basel II agreed by the Basel Committee are likely to contribute to strengthening banks' ability to face severe economic shocks and to mostly impact large systemic banks with sizeable trading activities. It pointed out four main features of the recent changes that should be credit positive for the banks. First, banks are expected to have higher capital buffers for high-risk activities. Second, banks will be encouraged to better align their risk profile with their chosen risk tolerance, underpinned by stronger risk governance. Third, the availability of more effective tools to supervisors should also contribute to strengthen banks' resilience to shocks. Fourth, banks will be required to provide market participants with a clearer view of their risk profile under Pillar 3 that, if properly enforced, should foster market discipline. The agency expected large banks with sizeable investment activities to be the most affected by the increase in capital charges and that their return on equity will be significantly reduced, while retail banks and less sophisticated banks will be affected to a much lesser degree. Moody's also noted that the success of the recent regulatory initiatives depends not only on the specifics of the proposals, but also on the implementation in each jurisdiction. It added that while specific proposals are expected to be agreed upon in the next few months, any implementation is still a long way off as priority is being given to banks channeling funds to struggling economies.

Source: Moody's Investors Service

EMERGING MARKETS

OPIC extends $250m to microfinance institutions

The Overseas Private Investment Corporation (OPIC) approved up to $250m to expand a partnership with Citibank that provides microfinance lending to borrowers in emerging markets. OPIC will risk-participate in Citibank-originated and funded local currency loans to microfinance institutions (MFIs). Microfinance institutions extend small loans to micro-borrowers in Africa, the Middle East, Asia, Eastern Europe and Latin America. The project represents the expansion of a $100m OPIC-Citibank microfinancing funding facility launched in December 2006. OPIC said the global economic crisis has significantly curtailed microfinance lending by raising the cost of borrowing and causing liquidity problems for many MFIs, so they need access to markets and funding to continue their work. It added that this program will support MFIs to expand their outreach and achieve economies of scale in financing micro-entrepreneurs across emerging markets, while the facility has the potential to reach more than 480,000 borrowers. OPIC manages risks associated with investments in developing countries and provides medium to long-term financing through direct loans and loan guarantees to eligible projects in emerging markets

Source: Overseas Private Investment Corporation

MENA

FDI in Arab world rises by 20% to $96bn in 2008

Figures released by the United Nations Conference on Trade and Development (UNCTAD) show that foreign direct investment (FDI) in the MENA region totaled $107.2bn in 2008, an increase of 17.8% from $91.1bn in 2007 while FDI inflows to the Arab world totaled $96.1bn, a rise of 19.6% from $80.4bn in the previous year. FDI inflows to the 18 Arab countries in the region accounted for 15.5% of total FDI in developing countries and for 5.6% of global foreign direct investment. A total of 9 Arab countries saw an increase in FDI in 2008, while 7 economies posted declines and the level FDI in one country was unchanged. Saudi Arabia was the largest recipient of FDI in the region with $38.2bn and Palestine the lowest with $29m. In parallel, UNCTAD placed Egypt, Jordan, Lebanon, and Saudi Arabia in the category of economies where the agricultural sector has low importance in attracting FDI and where the manufacturing sector is moderately important to attract foreign investment; while it placed Algeria, Kuwait and Oman in the category of economies where both the agricultural and manufacturing sectors have low importance in attracting foreign investment. It also placed Morocco and Tunisia in the category of countries where both the agricultural and manufacturing sector have moderate importance in attracting foreign investment. Further, Syria was placed in the category of economies where the agricultural sector has moderate importance and the manufacturing sector a low importance in attracting FDI. Finally, UNCTAD considered that the agricultural sector is highly important in attracting foreign investment in Sudan, while manufacturing has a low importance for FDI.

Source: UNCTAD, Byblos Research

IRAN

Oil Stabilization Fund replaces US dollar with euro in calculating value

Iran has replaced the US dollar with the euro in calculating the value of its Oil Stabilization Fund (OSF), in line with an earlier decision made by the board of trustees of the Forex Reserve Fund. Authorities attributed the decision to the government’s attempt to protect itself from the fragility of the US economy and the weak dollar. The OSF, which forms part of Iran's foreign exchange reserves, is a contingency fund set aside by the government to cushion the economy against fluctuating international oil prices and help both the public and private sectors with their hard currency needs by extending loans. Last December, president Ahmadinejad said that the OSF had more than $23bn in assets, but the sizes of the OSF and the overall foreign exchange reserves are not regularly revealed to the public. The decision on calculating the OSF is the latest in a series of efforts by Iran to reduce the role of the US dollar in its economy. The Central Bank of Iran said it has been diversifying its reserves away from the dollar but has not revealed details.

Source: Dow Jones, Newswires

EMERGING MARKETS

Economic growth at 2.9% in 2010, current account surplus at 2.5% of GDP

Credit Suisse projected economic activity in Emerging Europe, the Middle East & Africa (EMEA) to contract by 4.3% this year, down from a June forecast of -3.4%, and to grow by 2.9% in 2010, slightly better than an earlier forecast of 2.6%. It said real GDP in most of the region's economies bottomed out in the first and second quarter of this year, with some economies having already posted positive quarter-to-quarter growth rates in the second quarter. It also forecast inflation in the EMEA region to be on downward trend or a stable bath in the coming period, with inflation reaching 7% year-on-year at end-2009 and slowing to 5.8% at end- 2010, down from a June forecast of 6.2% for next year. It noted that the region's large output gap will continue to contain inflationary pressures, although the base effects for food and energy prices in some countries have already become unfavorable. Further, it expected the region fiscal deficit to narrow to 3.4% of GDP in 2010 from a projected 5.2% of GDP this year. It attributed the forecast narrowing deficit to an expected pick-up in government revenues as the economies recover and as the region's oil producers benefit from an expected higher average oil price in 2010.

Credit Suisse also forecast the EMEA region's overall current account balance to post a surplus of 1.4% of GDP in 2009 and increase to 2.5% of GDP in 2010, constituting an upwards revision from an earlier projection of 0.9% of GDP for next year. It expected the current account balances of the region's oil exporters, with the exception of Kazakhstan, to improve in 2010 based on an average oil price assumption of $60 per barrel in 2009 and $70 per barrel in 2010. It added that weak economic activity n Eastern Europe, despite the expected rebound in full-year growth in 2010, will likely continue to constrain the current account deficits in this part of the region following the large adjustments in external imbalances that have been underway in the past 12 months. In parallel, Credit Suisse noted that the monetary policy outlook differs across countries in the region. It said that although there seems to be limited scope for further monetary policy easing in the region as a whole in 2010, this masks the differences across countries.
Source: Credit Suisse

ARMENIA

Banking system relatively resilient to crisis, credit weakness is key risk

Fitch Ratings indicated that the Armenian banking system has been relatively resilient amid the global financial crisis due to substantial capital and liquidity buffers, increasing foreign ownership and its low integration in global capital markets. The agency said, however, that the low level of sector consolidation, the very small size of individual banks and their limited revenues and risk diversification are a key credit weakness. It noted that the banking system is highly fragmented, with 22 banks and total assets of $3.2bn at end-June 2009. It noted that greater competition, and high fragmentation of the system, could stimulate the system's consolidation, adding that the weaker operating environment has put most M&A activity on hold for now.

Fitch noted that previous rapid asset growth, generally unseasoned loan books and expansion into new segments, coupled with very weak economic fundamentals, may lead to an increase in loan impairment, while already overdue loans will likely migrate into higher categories. It added that the government's stimulus package should help to soften this trend, both through limiting growth in the absolute level of NPLs and by enabling banks to expand their portfolios. It considered that the very high level of foreign currency lending to corporates is an important source of risk, with the majority of these borrowers having Armenian dram-denominated revenues. Further, the increased dollarization of customer funding will make it harder for banks to reduce the foreign currency component of their loan books in future.

The agency indicated that the sector's liquidity is quite comfortable at present, particularly for a small emerging market banking system. But it noted that the high proportion of short-term customer accounts, concentrated bank franchises and economic uncertainty are sources of potential vulnerability, particularly should banks become less risk averse and once more seek to grow their loan books. It added that the structure of banking system liabilities may change significantly during the second half of 2009 and into 2010, as funding received from the government as part of the stimulus package could increase towards 15% of the sector's liabilities from just 3% in June.
Source: Fitch Ratings

LIBYA

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

The International Monetary Fund expected the Libyan economy to grow by 2.1% in 2009 and by 5.4% in 2010, adding that the impact of the global crisis on the country has been limited to declines in oil revenues, and expected non-oil growth to reach 6% in 2009 and 7% in 2010. It noted that the authorities have implemented a broad range of structural reforms, particularly in the financial sector, that had an effect on the solid macroeconomic performance. It projected a fiscal surplus of 10.6% of GDP this year despite the decline in oil revenues by almost 40%, and a surplus of 15.8% of GDP in 2010.

The Fund noted that bank restructuring and privatization are making progress, as an asset management company to deal with bad loans has been established, capital requirements are being raised, and smaller banks are being encouraged to seek well-established foreign strategic partners. It welcomed the ongoing efforts to strengthen bank supervision and encouraged further efforts to enhance supervisory reporting, improve on-site supervision techniques to make them more effective and risk-focused, and continue to improve regulations and standards. In parallel, it called for addressing the factors behind the large excess liquidity in the banking system in order to increase the effectiveness of monetary policy tools.It forecast the current account to post a surplus of 16.8% of GDP this year and to rise to 23.5% of GDP in 2010. The IMF encouraged the authorities to further advance structural reforms by modernizing the tax system and the regulatory framework in order to improve the business climate.
Source: International Monetary Fund

ECONOMY & TRADE

ARMENIA

Business environment improves

The World Bank/International Finance Corporation Doing Business 2010 report ranked Armenia in 43rd place among 183 countries worldwide in terms of ease of doing business. Armenia ranked ahead of Bulgaria, Botswana and Taiwan and came behind Cyprus, Kyrgyz Republic and Slovakia. It ranked in 50th place globally in the 2009 survey. The index is a composite of 10 sub-indices of business regulation that track the time and cost to meet government requirements in business start-up, operation, trade, taxation, and closure. Armenia ranked in 21st place on the Starting a Business indicator, up 44 spots from the previous survey, and in 72nd place in terms of Dealing with Construction Permits, up three positions from the 2009 report. It also ranked in 62nd place in terms of difficulties that employers face in hiring and firing workers, down 5 spots from 2009, and improved by one position to 5th place on the Registering Property indicator. Also, Armenia ranked 43rd in terms of ease of getting credit, down two spots from 2009; 93rd in investor protection, down 5 spots year-on-year; and 153rd in terms of paying taxes, down 2 spots from the previous survey. Further, it improved by 34 positions on the Trading Across Borders category and declined one spot on the Enforcing Contracts category, ranking in 102nd place and 62nd place, respectively. Finally its rank remained unchanged in terms of closing a business, ranking in 49th place.

Source: World Bank Group

TURKEY

Agencies upgrade ratings' outlook

Moody's Investors Service changed the outlook on the government's 'Ba3' bond ratings and the outlook on the 'B1' foreign currency bank deposit ceiling to 'positive' from 'stable'. It said the decision reflects the economy's improved resilience in the face of shocks. It noted that the Turkish economy was better prepared to face the credit crunch and the resulting global recession better than would have seemed possible given its dependence on external capital. Also, the government did not have to rely on external support from the IMF or other official sources as it had done in past crises. Further, the local financial market handled well the scarcity of external capital inflows and the tightening of credit conditions, as reflected by the government's ready access to both domestic and external credit and the rapid decline in market interest rates from their peak. In parallel, Standard & Poor's revised the outlook on Turkey to 'stable' from 'negative'. It also affirmed its 'BB-/B' foreign currency and 'BB/B' local currency sovereign credit ratings, and maintained the Transfer & Convertibility assessment at 'BB+'. It attributed the revision in outlook to the easing in external financing risks and the publication of the government's medium-term fiscal plan, which reduces uncertainty regarding the fiscal direction. It added that the stable outlook reflects the medium-term economic and fiscal challenges the government is currently facing, which are balanced by a track record of prudent management and a demonstrated increased resilience to economic shocks.

Source: Moody's Investors Service, Standard & Poor's

UKRAINE

Political clashes complicate economic policy decisions

Moody's Investor Services attributed the policy confusion at the Central Bank of Ukraine (NBU) for more than a year to political infighting ahead of the January 2010 presidential election, adding that policy disarray across the macroeconomic spectrum threatens a new standoff with the IMF and another drop in confidence that could renew downward pressure on Ukraine's 'B2' sovereign ratings.It said that ideological battles between the President and Prime Minister, have contributed to a confusing array of policy measures as well as important personnel changes at the NBU during the past year. It pointed out that these problems have led to frequent clashes with the IMF over the failure to meet the detailed criteria set out in the country's stand-by program, leading to delays in IMF decisions regarding the extension of program tranches. It added that repeated standoffs have further aggravated market skepticism about the ability of highly indebted companies and banks to avoid default and have reduced confidence in the local currency. According to Moody's, the NBU has responded with a series of measures that have only served to further confuse financial transactions, confidence in the local currency and banking system, and the chances that banks will start issuing credit again to stimulate the real economy. It noted that another round of currency speculation could lead to a considerable drain in reserves, which would lead to rising debt ratios and potentially trigger a sovereign downgrade

Source: Moody's Investor Services

ANGOLA

Tax regime favorable to foreign investors

The Economist Intelligence Unit indicated that the tax system in Angola compares favorably with other African countries and presents only a moderate risk to doing business. It noted that this partially reflects the fact that general taxation is not a particularly important source of income for the government, which is overwhelmingly dependent on oil revenues. It added that the 35% corporate tax rate is marginally higher than Angola's peers, although broadly in line with international rates. The EIU said the tax regime does not discriminate against foreign firms, and there are a number of incentives for investors, particularly for projects in rural areas, which can significantly reduce the rate of tax they pay. In parallel, oil companies are subject to separate tax regulations which vary according to their contracts. It noted, however, that corruption in the tax authority and demands for tax payments from unauthorized agencies can occur. Also, obtaining licenses and permits to carry out various economic activities remains a difficult and expensive procedure, and enforcement of tax compliance is generally poor.

Source: Economist Intelligence Unit

BANKING

SYRIA

IMF adds $383m in reserves from special program

Syria received the equivalent of $383.3m in foreign currency reserves as at September 9 from a new program established by the International Monetary Fund. The IMF injected $250bn in the global economy on August 28th and another $33bn on September 9th to bolster countries' reserves as part of measures to combat the world economic crisis. It added that the funding took place through the allocation of Special Drawing Rights to IMF members that are participants in the SDRs Department in proportion to their existing quotas in the Fund, which are based broadly on their relative size in the global economy. The IMF said SDRs allocated to members will count toward their reserve assets, acting as a low cost liquidity buffer for developing economies. Syria had SDR 36.56 million in allocations prior to August 28. Following the IMF's decision, Syria's allocations increased by a total of SDR 242.6 million, of which SDR 217.6 million in general allocations effective August 28th and SDR 25 million in special allocations effective September 9th.Syria's new cumulative allocations stand at about $441.1m, of which $383.3m in new allocations that included $343.9m distributed on August 28 and $39.4m on September 9th. As a result of the new allocations, Syria ranked in 74th place among 186 countries and in 11th place among 18 countries in the MENA region in terms of cumulative Special Drawing Rights. The Central Bank of Syria's net foreign assets totaled $4.5bn at the end of March 2009.

Source: International Monetary Fund, Byblos Research

UAE

Ratings of 6 banks downgraded on declining sovereign support

Fitch Ratings downgraded the Long-term Issuer Default Ratings (IDR) of Bank of Sharjah, Dubai Bank and National Bank of Ras Al-Khaimah to 'BBB+' from 'A-' each, as well as the IDRs of Commercial Bank of Dubai to 'A-' from 'A', Emirates International Bank to 'A+' from 'AA-' and Mashreqbank to 'A' from 'A+'. It also downgraded the ratings on Tamweel, a financial services provider, to 'BBB' from 'A'. In parallel, it has affirmed the IDRs of Abu Dhabi Islamic Bank, First Gulf Bank, National Bank of Abu Dhabi and Union National Bank following direct support provided by the Emirate of Abu Dhabi in 2009. It attributed the downgrades to the declining ability of the UAE's federal authorities and the Emirate of Dubai to provide support, even though their willingness to provide such support for most institutions is unchanged. It also attributed its changed view about the sovereign to the increasing demands on the UAE's relatively small fiscal resources during the current period of economic stress. It added that the UAE's sovereign credit profile has weakened due to the increased risk that contingent liabilities may arise from the exercise of its responsibility to ensure financial stability across the country, along with the federal government's limited fiscal and financial flexibility. It also considered that the lack of clarity on the process for non-budgetary financial transfers between the UAE federal government, Central Bank and individual emirates, is a source of weakness in the assessment of the UAE sovereign credit profile. Fitch noted that the Emirate of Dubai's creditworthiness is weakening as public sector obligations migrate to the sovereign balance sheet, adding that Dubai's government debt will have tripled to $30bn by end-2009 from a year ago to about 40% of GDP.

Source: Fitch Ratings

NIGERIA

IMF endorses CBN's intervention in banks

The International Monetary Fund endorsed the Central Bank of Nigeria's (CBN) intervention in five troubled banks that led to the removal of their management. It said the CBN's intervention is essential to build a sound financial sector that can promote long term growth and development. Last month, the CBN took over the five banks for being undercapitalized and posing a risk to the entire banking system after accumulating $7.6bn in bad debt. The Fund said the CBN has followed a systematic process of examining the banks to verify asset quality and examine related party transactions, adding that the process should cover all banks in the system. It added that the CBN appropriately required additional provisioning for the banks and it was essential for it to intervene by replacing management and injecting funds into the banks' balance sheets. It stated that various combinations of severe loan delinquency, undercapitalization, systematic liquidity shortfalls, and serious governance problems justify such action. It considered that the immediate goals of the CBN are to stabilize the banks, seek full recapitalization through loan recovery and new investors, and to strengthen the banks' corporate governance and credit practices. It said these actions should allow the CBN to exit from the banks' balance sheets and to cede management control in a manner consistent with financial stability.

Source: International Monetary Fund

Dem Rep Congo

IFC and Japan to help banks expand trade finance capacity

The International Finance Corporation announced it is providing training in trade finance to bankers in the Democratic Republic of Congo to help banks improve their trade finance products and better serve small businesses. The IFC, in cooperation with the government of Japan, will train banking professionals from 13 banks across the country on structuring trade finance transactions, managing trade finance risk, and increasing trade finance product offerings. The IFC said that its Global Trade Finance Program is helping restore access to trade finance, which has been negatively affected by the global financial crisis, adding that the program's training component is vital in helping banks in emerging markets provide trade finance to importers and exporters, particularly small and medium enterprises. Japan has provided $1m to the IFC Global Trade Finance Program to support training workshops and help local banks in Africa develop trade finance expertise in line with internationally recognized best practices.

Source: International Finance Corporation

ENERGY / COMMODITIES

Oil prices drop by 4% on higher inventory, lower demand

Crude oil fell to a one-month low after a government report of a larger-than-forecast gain in U.S. fuel supplies signaled that a glut is forming in the world's biggest energy-consuming country. U.S. gasoline stockpiles surged 5.41 million barrels last week, more than 10 times what was forecast by analysts. Inventories of distillate fuel, a category that includes heating oil and diesel, rose 2.96 million barrels, almost double what was estimated. Crude-oil supplies also climbed in the week ended Sept. 18. Crude oil for November delivery fell $2.69, or 3.9%, to $66.28 a barrel in morning trade on the New York Mercantile Exchange. Futures touched $65.79, the lowest level since August 17. Prices have ranged between $65 and $75 since July 31st. Brent crude for November settlement dropped $2.55, or 3.8%, to $65.44 a barrel on the London-based ICE Futures Europe exchange. The contract touched $64.97, the lowest since July 17. The drop in oil prices accelerated after the dollar climbed against the euro. The U.S. Energy Department report showed crude inventories rose 2.86 million barrels, to 335.6 million barrels, the biggest increase since the week ended July 24th. Analysts had expected a 1.4 million-barrel decrease. The gain left stockpiles 9.1% above the five-year average. Futures have gained 49 percent this year on speculation global fuel consumption may recover as economies emerge from the recession and as a weakening dollar encourages investors to purchase commodities as an inflation hedge. The stockbuilds came as US oil demand fell 3.3%, or 628,000 barrels a day, to 18.476 million barrels a day, its lowest level since June 26, in the week ended Sept. 18, according to data from the US Energy Information Administration show. Gasoline demand dropped 2.3% to the lowest level since January.

Source: Bloomberg, Dow Jones Newswires

Angola to start exporting gas in 2012

Angola's Ministry of Oil declared that the country's first liquefied natural gas (LNG) plant is on track to start shipping gas in January 2012. The plant is expected to cost between $8bn and $10bn and will produce around 5.2 billion metric tons a year of LNG and related products to export to the United States, Europe and Asia. It added that the project will be active between 25 and 30 years. The state-owned oil company Sonangol has a 22.8% stake in Angola LNG, Chevron holds 36.4%, while Eni SpA, Total SA and BP each hold a 13.6% stake.

Source: Thomson Reuters

Iran, Venezuela to build refinery in Syria

Iran and Venezuela signed a Memorandum of Understanding to build a $1.5bn oil refinery in Syria. Venezuela would hold a 33% stake in the project, Iran would have 26%, Syria 26% and Malaysia 15%. The plant would have the capacity to process 140,000 barrels of oil a day. Iran, Venezuela and Syria will respectively supply 20, 30 and 50 percent of the refinery's heavy crude feedstock. .

Source: Press TV

Basic Metals: Copper prices reach lowest level for the month

Copper prices declined to a one-month low as rising metal inventories and negative economic reports raised concerns of a weakening copper demand. Copper inventories in warehouses monitored by the London Metal Exchange rose by 14% this month and are heading towards a fourth straight weekly decline. The metal's price touched $2.6915 on September 24, the lowest level since August 19th. LME inventories increased 2.7% today to 340,875 tons, the highest since May 20th. Rio Tinto Group, the world's third-biggest mining company, said customers remain cautious about restocking, citing uncertainty on the global economic recovery. Also, Nexan SA, the world's biggest maker of cables and wires, may reduce production capacity of basic copper wires in France by more than half as demand is declining .On the LME, copper for delivery in three months fell 2.9 % to $5,950 a ton. Aluminum, nickel, zinc, tin and lead also declined in London.

Source: Bloomberg

Precious Metals: Gold prices increase as dollar drops against euro

Gold price increased in London as the dollar weakened against the euro, increasing the metal's appeal as an alternative investment. The dollar fell as much as 0.4% against the euro. The metal rose to $1,014 an ounce on September 24 in London from $1,010.25 in the previous day's fixing. Spot prices are trading 1.8 points below the record $1,032.70 set in March 2008. The dollar also slipped after the Federal Reserve yesterday said it would keep interest rates low for an "extended period." Silver for immediate delivery in London slipped 0.2% to $16.80 an ounce. Platinum added 0.3% to $1,325 an ounce, while palladium was 0.5% higher at $296.20 an ounce

Source: Bloomberg

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	190.4	181.0	173.7	-4.1	-13.3
LME metals price index	2696.2	2423.7	2220.3	4.1	-7.1
Oil prices USD	72.6	62.6	58.6	8.8	-24.9
Oil prices SDRs	45.7	40.8	38.6	6.2	-26.6
Gold $/troy oz	1017.7	936.6	892.8	7.5	22.3
Silver cents/troy oz	1738.0	1396.3	1266.9	23.0	61.4
Platinum $/troy oz	1336.0	1187.6	1066.6	8.4	24.5
Copper $/MT	6301.5	5104.6	4944.3	3.4	-9.1
Nickel $/MT	17452.5	14726.0	12954.7	-8.0	-0.1
Aluminium $/MT	1913.3	1614.6	1642.0	0.2	-22.9
Zinc $/MT	1927.5	1569.5	1393.0	9.8	11.7

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 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+ Stable	Ba1 Stable	BB+ Stable	BBB- Stable	BB 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+ Stable	- -	B+ Negative	- -	B 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- Stable	- -	BBB+ Stable	- -	BB 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+ Stable	Ba1 -	BBB- Stable	BBB- Stable	BB Stable	-2.6	51.8	24.1	73.9	5.7	74.1	-0.1	3.3
Nigeria	B+ Stable	- -	BB- Stable	- -	B 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 Stable	Baa2 -	BBB Stable	BBB Stable	BB Stable	-3.1	49.8	50.6	105.6	12.3	235.5	-3.3	3.8
Middle East													
Bahrain	A Stable	A2 -	A Stable	A Stable	BBB Stable	-3.4	18.2	187.7	321.7	4.6	63.8	6.2	0.4
Iran	- -	- -	B+ Stable	BB- Stable	B 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 Stable	Ba2 -	- -	BB Stable	B Stable	1.3	51.4	65.6	122.2	4.8	198.6	-10.0	11.4
Kuwait	AA- Stable	Aa2 Negative	AA Stable	AA- Stable	A Stable	22.6	4.9	40.4	134.2	6.2	229.7	23.6	-9.9
Lebanon	B- Stable	B2 -	B- Stable	B Stable	CCC Stable	-10.8	145.6	97.5	614.9	20.4	199.0	-12.0	9.0
Oman	A Stable	A2 -	- -	A Stable	A Stable	-1.9	3.5	21.4	68.7	-	113.0	-4.0	4.0
Qatar	AA- Stable	Aa2 Stable	- -	AA- Stable	A Stable	1.7	4.1	52.5	189.8	7.3	359.3	24.3	7.8
Saudi Arabia	AA- Stable	A1 -	AA- Stable	AA- Stable	BBB 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- Stable	BB Stable	16.7	10.6	79.3	125.2	2.3	287.4	11.4	2.4
Yemen	- -	- -	- -	B Stable	CC Stable	-17.2	-	29.6	161.9	-	-	-16.9	

COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	EIU								
Central & Eastern Europe													
Armenia	- -	Ba2 -	BB- Stable	- -	- -	-2.2	13.9	32.5	496.8	1.2	311.3	-9.0	5.9
Bulgaria	BBB+ Stable	Baa3 -	BBB- Stable	- -	BB Stable	-0.4	13.7	101.8	159.2	22.5	250.5	-15.3	9.8
Kazakhstan	BBB- Negative	Baa2 -	BBB- Negative	- -	BB Stable	1.7	6.0	86.4	267.8	56.6	528.0	-3.1	1.5
Romania	BBB- Negative	Baa3 -	BB+ Negative	BBB- Negative	BB Stable	-4.9	16.2	61.9	171.7	21.8	319.6	-8.2	5.1
Russia	BBB+ Negative	Baa1 Positive	BBB Negative	- -	BBB Negative	1.5	7.4	40.1	155.9	17.4	193.3	-0.7	0.4
Turkey	BB- Stable	Ba3 -	BB- Stable	BB- Stable	BB Stable	-3.9	43.5	56.0	238.4	41.2	587.4	-5.0	2.4
Ukraine	CCC+ Positive	B1 Positive	B Negative	- -	CCC 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 Date	Last meeting Action	Next meeting
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	10-Sep-09	No change	08-Oct-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	10-Sep-09	No change	20-Oct-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	09-Oct-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	7.00	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

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