Issue 149
January 28, 2010

BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Financial stability improves, but challenges remain

The International Monetary Fund indicated that overall financial stability has improved and systemic risks have receded since the start of the global crisis, as economic fundamentals have improved and wide-ranging policy actions by central banks and governments remain in place. It noted that financial markets have recovered from their lows, risk appetite has returned, and credit and market risks regressed. It warned, however, that financial stability remains fragile in many advanced economies and some emerging markets, adding that policymakers still face extraordinary challenges. It said the first challenge is to restore the health of the banking system and of credit provision, and ensure that bank deleveraging does not undermine the nascent recovery. It noted that banks are still absorbing credit losses and need to address potential funding shortfalls. The IMF also cited the increase in public deficits and public debt in advanced economies as another challenge, as public debt issuance could crowd out private sector credit growth, gradually raising interest rates for private borrowers and putting a drag on the economic recovery. It noted that this would occur especially if private credit demand increased but banks were still constrained in their ability to lend as financial support measures were being withdrawn. The Fund considered that capital inflows to some emerging markets constitute another main challenge, as they are raising concerns about asset price bubbles and upward pressure on exchange rates.
Source: International Monetary Fund

EMERGING MARKETS

Economic growth at 6% in 2010, recovery underway

The International Monetary Fund revised upwards its growth forecast for emerging and developing economies to 6% for 2010 from an earlier forecast of 5.1%. it projected growth in developing Asia at 8.4%, in the Middle East at 4.5%, Africa at 4.3%, the Commonwealth of Independent States at 3.8% and Central & Eastern Europe at 2%. The Fund also revised upwards its GDP growth forecast for the global economy to 3.9% from 3.1% last October. It estimated that the global economy contracted by 0.8% and developing economies grew by 2.1% in 2009. The Fund said stronger economic frameworks and swift policy responses helped many developing economies to cushion the impact of the global crisis and to attract again capital flows. It expected growth to vary considerably across countries and regions, reflecting different initial conditions, external shocks and policy responses. It noted that key emerging economies in Asia are leading the global recovery, while a number of economies in Central & Eastern Europe and the Commonwealth of Independent States are lagging behind. Also, the rebound of commodity prices is helping support growth in commodity producers in all regions, while many developing countries in sub-Saharan Africa that experienced only a mild slowdown in 2009 are well placed to recover in 2010. It expected growth in emerging markets to accelerate further to 6.3% in 2011.
Source: International Monetary Fund

MENA

Net private capital inflows at $43bn in 2009

The Institute of International Finance estimated total net private capital flows to the Middle East & Africa region at $43bn in 2009, constituting a drop of 59% from $106bn in 2008, and accounting for 10% of overall flows to emerging markets. It said most of the decline was in the UAE and Egypt, and was only partly offset by an increase in flows to Nigeria and Lebanon. It added that the slump in real estate markets and mortgage finance businesses, particularly in Dubai, and the slowdown in private sector demand generally have affected the balance sheets of banks and eroded the quality of corporate loan portfolios in the GCC. Also, the default on debt by two family-owned Saudi conglomerates, and more recently the standstill proposal of Dubai World, have unsettled markets and fed uncertainty and an aversion to risk, which dampened capital inflows to the region. The IIF estimated net equity investment to the region at $50.5bn, net direct investment at $50.4bn, and net portfolio inflows at $0.1bn last year. It projected net equity investment to the region at $57.4bn, net direct investment at $52.7bn, and net portfolio inflows at $4.7bn in 2010. Also, it forecast net commercial bank lending to shift from net outflows of $3.7bn in 2009 to net inflows of $5.2bn in 2010. It estimated net non-bank private lending to move from net outflows of $3.7bn in 2009 to inflows of $5.9bn in 2010. It said the region will maintain its ability to attract funds, especially in light of huge infrastructure and energy projects that are already on course or planned over the short- to medium-term. But it noted a shift in risk assessment, as market operators have become more diligent and discriminatory in lending to the region.
Source: Institute of International Finance

GHANA

Sovereign wealth fund under consideration

The Finance Ministry indicated that Ghana is considering setting up a sovereign wealth fund to channel surplus revenues from upcoming oil production. The ministry plans to submit a proposal to the Cabinet in about one month. If the Cabinet endorses the proposal, a bill would then be drafted for consideration by Parliament. It noted that the size of the fund would be decided by the amount of oil revenues, and that oil receipts could reach $2bn per year. Ghana is targeting the last quarter of 2010 to begin oil production from its Jubilee field, which is estimated to hold up to 1.8 billion barrels of oil. Output is expected to increase to as much as 150,000 barrels a day within months of the start-up. The country is already the world's second largest cocoa producer and Africa's second-biggest gold producer after South Africa.
Source: Thomson Reuters

OUTLOOK

EMERGING MARKETS

Net private capital inflows at $435bn in 2009 and $722bn in 2010

The Institute of International Finance estimated total net private capital flows to emerging markets at $435.2bn in 2009, up from an October forecast of $349bn, but constituting a drop of 34.8% from $667bn in 2008. It said capital flows to emerging markets resumed in the second quarter of last year and picked up in the third quarter before slowing down in the fourth quarter. It expected net capital inflows to emerging markets to revive in 2010 to about $721.6bn, and considered the outlook for emerging economies to be very bright relative to that for mature economies. It noted that economic growth will be higher, interest rate spreads will widen, while fiscal excesses constitute a danger in mature economies more than in emerging markets. It added that these macro conditions would set the stage for another extended boom in financing flows to emerging economies, the fourth such growth phase since the mid-1970s.

The IIF forecast net direct investment at $343.7bn in 2009 and to improve to $456bn in 2010. It estimated net portfolio investment in emerging markets at $119bn last year and expected inflows of $106.4bn in 2010. Also, it forecast net commercial bank lending to shift from a net outflow of $60bn in 2009 to a net inflow of $54.5bn in 2010 and $68bn in 2011. It estimated net non-bank private lending at $32.4bn in 2009, and to rebound to $105bn in 2010. It also projected net lending by official creditors to have reached $68bn last year and to decline to $55.8bn this year.

The IIF pointed out to several factors that would restrain flows during the 2010-11 period. It said significant emerging market risks remain, even though macroeconomic risk in emerging economies has been significantly reduced in recent years. It added that the overall demand for external finance from emerging market borrowers remains quite weak because overall borrowing needs are down and because alternative sources of local financing are available. Also, the supply side of external finance to emerging economies has been damaged by the 2007-09 recession, and will take time to recover. Further, emerging market governments are likely to follow policies to discourage capital inflows.

Source: Institute of International Finance

SUDAN

Economy to grow by 4.2% over 2010-11, foreign reserves to remain low

The Economist Intelligence Unit projected real GDP in Sudan to grow by 4.7% in 2010 from 3.8% in 2009 mainly due to higher oil production and to growth in services and utilities. It forecast real GDP to ease to 3.7% in 2011 as political uncertainty related to the elections slows down investment. It expected government expenditures to recover in 2010 due to higher oil revenues and higher spending related to the elections. Also, it projected private consumption to continue to expand steadily but at a slower pace. It anticipated government investment in infrastructure to slow in 2010-11 and private investment to be delayed due to a lack of financing and concerns about political risks related to the elections and the referendum on southern independence.

The EIU forecast government revenues to increase by 32% to $12bn in 2010 mainly due to higher international oil prices, lower discounts on Sudanese crudes and a depreciation of the Sudanese currency. It noted that tax revenues will also increase, in part due to higher taxes on telecommunications. It forecast government spending to increase in the run-up to the elections to $13.7bn in 2010. The EIU expected the fiscal deficit to widen from 2.4% of GDP in 2009 to 2.6% of GDP in 2010.

The EIU noted that inflation fell only marginally to an average of 12.9% in 2009, unlike many other countries in the region which have seen sharp declines in inflation due to the global recession. It projected inflation to decline slightly to an average of 12.7% in 2010 as the Sudanese economy remains relatively subdued. It added that the government will maintain food and fuel subsidies before the elections. It noted that foreign exchange reserves fell to their lowest level since 2001, reaching $1.2bn at end-2009. It expected reserves to slightly recover to $1.4bn in 2010 but to remain extremely low in terms of import coverage. Finally, the EIU projected the current account deficit to narrow from 4.8% of GDP in 2009 to 2.2% of GDP in 2010 due to higher oil exports.

Source: Economist Intelligence Unit

YEMEN

Macroeconomic risks on the rise

The International Monetary Fund indicated that risks to macroeconomic stability in Yemen have increased, as lower oil prices and production, along with weaker foreign direct investment and remittances, have put pressure on the fiscal and external accounts. It noted that pressures are likely to continue as oil reserves decline, while the political and security situation has deteriorated. It said the immediate challenge is to restore fiscal sustainability while supporting growth and reducing poverty. The Fund stressed the need for prudent macroeconomic policies and sustained structural reforms, adding that Yemen's medium-term prospects depend critically on progress in enhancing competitiveness, creating an attractive investment regime and promoting non-hydrocarbon growth. It estimated real GDP growth at 3.8% and non-oil growth at 4.1% in 2009. It projected the overall fiscal deficit to reach 8.6% of GDP in 2009 up from 3.4% of GDP in 2008. The IMF underlined the urgency of reducing the fiscal deficit in 2010, while protecting social and development spending. It welcomed measures to cut non-priority public expenditures and restrain wage increases. It indicated that inflation has hit record low due to the decline in international food prices and that the main focus of monetary policy shifted from containing inflation to providing liquidity. It said the Central Bank of Yemen (CBY) re-injected sizeable liquidity into the banking system through a repurchase of central bank CDs, and lowered the benchmark deposit rate for the first time in nearly 10 years.

Source: International Monetary Fund

SYRIA

Tourism activity up 12% in 2009

Figures release by the Ministry of Tourism show that the number of visitors to Syria reached 6.1 million in 2009, an increase of 12% from 5.43 million visitors in 2008. The figures include Syrian expatriates but it is not clear if they include one-day visitors from neighboring countries and Iraqi arrivals. The distribution of tourists by source shows that the number of Arab visitors increased by 8% to 3.6 million and accounted for 59% of total arrivals. The number of visitors from the GCC rose by 16% to 0.76 million. Visitors from other parts of the world totaled 1.43 million, up 24% from the previous year, with European tourists accounting for 54% of non-Arab visitors and rising by 25% year-on-year. The number of Syrian expatriates visiting their home country rose by 11% to 1.1 million. The ministry said hotel nights booked through tourism and travel agencies rose by 17% to 936,845 nights. Spending by visitors totaled about $5.3bn for the year, up 21% from 2008.

Source: Ministry of Tourism

IRAQ

Parliament adopts 2010 budget

The Iraqi parliament approved the country's 2010 budget with total expenditures of $72.1bn and revenues of $52.6bn. It said $26.4bn will be allocated to operational expenditures and $20.2bn earmarked to investment projects. The budget deficit for 2010 was estimated at $20bn, or about 25% of GDP. The budget law said the deficit would be financed by foreign reserves as well as by domestic and foreign borrowing. The budget is based on an estimated average oil price of $62.5 per barrel and average crude oil exports of 2.15 million barrels a day. Bu average oil prices are forecast by various international organizations at 85$/bbl for 2010, which would likely result in a smaller budget deficit of around 4.5% of GDP. Also, the budget authorizes the government to seal an IMF deal of $4.5bn and $2bn funding from the World Bank. Therefore, the external borrowing is likely to be the long-awaited IMF-World Bank program. Further, foreign reserves are at $46bn, at least $10bn are in the Development Fund for Iraq and $20bn-$25bn are government deposits in the domestic banking sector and at the Central Bank of Iraq. As such, borrowing from the domestic market seems more likely than issuing external debt.

Source: Dow Jones Newswires, Merrill Lynch

UAE

Dubai debt could reach $170bn

EFG-Hermes raised its estimate of Dubai's government-related entities' capital market debt, which includes bonds, sukuks and syndicated debt, to $96.3bn from an earlier estimate of $84.7bn. It said that Dubai Inc's total debt would increase to between $130bn and $170bn when including bilateral loans and reasonable estimates of capital market debt that is not yet reported. It estimated Dubai's payment schedule at $13.1bn in 2010, $19.5bn in 2011 and $15.7bn in 2012. It noted that most of debt repayments due over the next two years is related to syndicated loans, and expected most creditors to take a long-term, relationship-based view of the liabilities, suggesting a high degree of voluntary restructuring. It considered that the circumstances surrounding the Nakheel 2009 sukuk were very specific and are unlikely to be repeated. In parallel, it expressed concern over the ability of some entities, particularly Istithmar World and the real estate and financial arms of Dubai Holding, to service their debt obligations. It said the deleveraging solution will likely come through operational restructuring, but the recent creation of insolvency courts signals that other alternatives are available. Also, EFG-Hermes considered that one key determinant of Dubai's ability to retain its status a s regional business hub will be its ability to win back some of its lost credibility through improved transparency and the enforcement of corporate governance.

Source: EFG-Hermes

ANGOLA

First Eurobond issue of $4bn in the planning

Angola announced plans to issue Eurobonds worth $4bn in two tranches of $2bn each in 2010. The government has traditionally relied on bilateral, multilateral and syndicated loans for its external financing needs, so tapping the international capital markets is a step towards diversification of financing for its development needs. The $4bn Eurobond would be the largest amount raised by any country in Sub-Saharan Africa in a single year, but it might be challenging to raise it in full in one year. Angola's recently approved IMF standby agreement has a ceiling on non-concessional borrowing of $2bn for the duration of the 27-month program. However, it allows for a review of the ceiling if concessional funds to finance infrastructure projects fall below expectations. Angola's total external debt stood at $15.6bn in 2009, or about 22.8% of GDP. Commercial banks held 60% of the debt, followed by bilaterals with 33% and multilaterals and suppliers with the balance. The cost of servicing the external debt is estimated at $2bn in 2009.

Source: Standard Chartered

RUSSIA

Outlook revised to stable

Fitch Ratings revised Russia's ratings outlook to 'stable' from 'negative' and affirmed its long-term foreign and local currency Issuer Default Ratings (IDRs) at 'BBB'. It also affirmed Russia's short-term foreign currency IDR at 'F3' and the Country Ceiling at 'BBB+'. It attributed the outlook revision to greater confidence in economic and financial stability in Russia due to the rebound in oil prices, recovery in net private sector capital inflows and economic activity, decline in inflation, reduction in downside risks in the banking sector and a lower than expected 2009 budget deficit. It noted a marked improvement in net private sector inflows of $11.6bn in the fourth quarter of 2009, after net outflows of $64bn in the previous three quarters, while gross private sector capital outflows were the lowest in 2009 since 2001. It said the outlook for public finances has also improved, as the federal budget deficit was 5.9% of GDP last year, compared with the government's expectation of 7.7% of GDP , and forecast a deficit of 5% of GDP for this year. It said the improvement in public finances should help contain the impact of the recession on Russia's sovereign balance sheet. It noted the risks related to GDP growth, the implementation of fiscal tightening, and oil prices.

Source: Fitch Ratings

BANKING

EMERGING MARKETS

Up to €450m to buy bad loans

The International Finance Corporation announced plans to co-invest up to €100m to buy non-performing loans in Central & Eastern Europe, while Varde Partners, a specialized distressed debt and asset firm, will co-invest up to €350m. It said the co-investment project could see up to €450m invested and aims to help local economies recover from the crisis by addressing the problem of bad debts and troubled assets. The IFC said Eastern Europe is one of the most severely affected regions by the financial crisis, leading to a dramatic increase in bad bank loans. The project aims to remove troubled assets from bank balance sheets so that banks can continue to provide financing to businesses and credit to consumers in Central & Eastern European economies. It will also help contribute to develop a transparent market for distressed assets. The IFC's co-investment strategy forms part of the Debt and Asset Recovery Program launched last October. The program supports real and financial sector stability and growth by helping clean up bad assets.

Source: International Finance Corporation

GCC

Provisions at $6.8bn in first 9 months of 2009, total $11bn since start of crisis

Loan loss provisions at GCC banks totaled $6.76bn in the first 9 months of 2009, up from $2.16bn in the same period of the previous year, and compared to $$7.1bn for all of 2008, $2.1bn in 2007 and $1.45bn in 2006. Provisions at UAE banks totaled $2.23bn in the first 9 months of 2009, as banks in Dubai and Abu Dhabi took provisions of $1.23bn and $1bn, respectively. UAE banks' provisions were the highest in the GCC and accounted for 33% of the total during the covered period. They were followed by Kuwaiti banks with $1.94bn or 28.7% of the total, Saudi banks with $1.77bn or 26.2%, Qatari banks with $336m (5%), Bahraini banks with $267m (4%) and Omani banks with $214m (3.2%). In parallel, total provisions booked by the GCC banking sector since the start of the financial crisis in September 2008 reached $11.7bn, with banks in Kuwait accounting for $4.72bn, or 40% of the total. They were followed by banks in the UAE with $3.3bn, or 28% of the total, banks in Saudi Arabia with $2.3bn (20%), Qatari banks with $591m (5%), banks in Bahrain with $452m (4%), and Omani banks with $332m (3%). NPLs are expected to rise during the fourth quarter of 2009 due to the economic slowdown, debt and insolvency problems of Dubai's government-related entities and the Saudi Saad and Algosaibi groups, in addition to the weak performance of the majority of the GCC equity markets and the devaluation of financial assets and properties.

Source: KAMCO

SYRIA

Turkish bank to open office, microfinance institution receives license

Turkey's Isbank, one of the country's largest banks, announced plans to open a representative office in Syria before the end of the year, become the first Turkish bank with a Syrian presence. It said the office will operate as a hub for its expansion to other markets in the region. In parallel, Bab Rizq Jameel (BRJ), a Saudi-based microfinance institution, received a license to operate in Syria. BRJ is affiliated to the Saudi-based Abdul Latif Jameel Community Services Programs that finance small projects. BRJ is the second microfinance institution to be licensed in Syria following the First MicroFinance Institution, a venture by the Aga Khan Development Network. BRJ has been informally active in Syria for more than a year.

Source: Syria Report

JORDAN

Foreign reserves at $11bn at end-2009

The Central Bank of Jordan indicated that foreign currency reserves reached $10.9bn at the end of 2009, constituting an increase of $41.5% from $7.7bn at end-2008. It said reserves covered 7.5 months worth of imports at end-2009 relative to 5.8 months worth of imports a year earlier, and above the four-month reference for emerging economies. Jordan had 162 million in Special Drawing Rights (SDRs) at the IMF, or the equivalent of $256m in foreign currency reserves, from a program launched by the Fund last September to bolster countries' reserves as part of measures to combat the global economic crisis. The IMF said the SDRs were allocated based on the country's relative size in the global economy and count towards their reserve assets. Jordan's outstanding external public debt, excluding guaranteed debt, reached JD3.42bn at the end of November 2009, of which 51.2% is due to advanced economies.

Source: Jordan News Agency, International Monetary Fund

RUSSIA

Banks' outlooks revised to 'stable' on sovereign change

Fitch Ratings revised the outlooks on several Russian banks to 'stable' from 'negative' and affirmed their ratings following its earlier decision to change the outlook on Russia's sovereign ratings to 'stable' from 'negative'. It attributed the change in outlooks of ZAO Unicredit Bank, ZAO Raiffeisenbank, ZAO Citibank, Nordea Bank, CJSC Santander Consumer Bank, ZAO Danske Bank and Rosbank to the diminished likelihood of a downgrade of Russia's Country Ceiling of 'BBB+' following the change in the sovereign outlook. It noted that the 7 banks are majority-owned subsidiaries of European or US banks. It attributed the change in outlook on the ratings of Vnesheconombank, Sberbank, Bank VTB and Russian Agricultural Bank to the less likely deterioration in the government's ability to provide support in case of need, as reflected in the sovereign rating action. The Russian state owns 85.5% of Bank VTB, 60.3% of Sberbank and 100% of the Russian Agricultural Bank and of Vnesheconombank. Fitch indicated that downside risks to the banking sector have declined somewhat due to the stabilization of the economy and banks' increasing loss absorption capacity. But it expressed concerns over asset quality, and expected total problem loans to peak at around 25%.

Source: Fitch Ratings

Oil rises above $74 on U.S. President speech

Oil rose above $74 on January 28, rebounding from six week lows hit the previous day, after a speech by President Barack Obama eased market worries over plans to limit bank risk-taking. Also, the Federal Reserve's decision to leave interest rates near zero supported the market. U.S. crude oil futures rose by 57 cents to $74.24 a barrel after briefly touching $72.65 on January 27, the lowest intra day price level since December 14th. Brent crude futures were 59 cents higher at $72.83. President Obama's announcement last week that he planned tough new measures that could break up big banks had encouraged selling of financial shares as investors feared it would cut profits. However, Mr. Obama pushed jobs creation to the top of his agenda in his State of the Union address. Oil prices were also supported by a weakening dollar against the euro. But oil demand remains weak. Weekly oil data from the U.S. government showed that middle distillate inventories, including heating oil, rose unexpectedly last week. Distillate inventories typically fall around this time of the year amid the Northern hemisphere winter. U.S. oil demand fell by 2% in the four weeks to January 22 from a year earlier.
Source: Thomson Reuters

CNPC, Total, Petronas to develop Iraq oilfield

Iraq's Oil Ministry signed a final contract with China National Petroleum Company (CNPC), France's Total SA and Malaysia's state firm Petronas to develop the Halfaya oilfield. The group will be paid a remuneration fee of $1.4 per barrel and will have to pay Iraq a non-recoverable signing bonus of $150m. The Halfaya oilfield is located in Southern Iraq and has an estimated reserve of 4.1 billion barrels. The group is expected to boost output at Halfaya to 535,000 bpd from a current level of 3,100 bpd.
Source: Thomson Reuters

Iraq, Eni-led consortium sign deal for Zubair oilfield

Iraq signed a final contract with a group led by Italian oil major Eni SpA to develop the 4 billion barrel Zubair oilfield. Eni and its partners, U.S.-based Occidental Petroleum Corp and South Korea's KOGAS, set an output target for the field of 1.2 million barrels per day. The consortium plans to invest more than $20bn over the 20-year life of the contract, which has a possible extension to 25 years. The consortium will be paid a remuneration fee of $2 a barrel on the contract.
Source: The Peninsula

Bahrain to increase oil production

Bahrain's Oil Ministry said the kingdom will focus on increasing oil production to reach the 100,000 barrels per day margin within 10 years and will try to hold that production level till 2028. The plan is expected to generate around $15bn by 2029. Bahrain's current oil production stands at 38,000 bpd, while it also produces around 150,000 bpd from the sea oil-field of Abu-S'afa co-owned with Saudi Arabia.
Source: KUNA

Precious metals: gold is losing steam

Gold seems to have lost some appeal to investors, as holdings in exchange traded products (ETPs) remained fairly stagnant in the second half of 2009. Last year's price movements were supported by exceptional events like the turmoil in the financial industry and large-scale buybacks of the hedge books, which are unlikely to reoccur. Enthusiasm clearly vanished, moving fundamental drivers to the foreground. Supply and demand dynamics again put investors in charge to balance the market, as demand from the jewelry industry is only expected to show moderate improvement. With real interest rates likely to remain at low levels, the opportunity cost of holding gold remains low. A rise of real rates would likely be the tipping point for gold prices. After gold prices increased to an all-time high at more than $1,200 an ounce, prices entered a consolidation mode with some drivers of the rally losing steam, noticeably a rebound of the US-dollar and slowing investor demand. The overall environment still remains supportive for gold with real interest rates remaining at very low levels. Gold supply is expected to rise slightly this year, while jewelry and industrial demand are also expected to increase. Investors are again put in charge to balance the market, needed to absorb more than 1,500 tons of production in 2010.
Source: Julius Baer

Base metals: Stainless steel demand to improve, nickel production to remain low

The nickel market stabilized through the first half of 2009 on a combination of nickel production cuts and increased stainless steel output. The increase in production came especially from China. However, not all of China's steel production was consumed, with surplus metal delivered into stocks. This contributed to production cutbacks at Chinese mills towards the end of last year. Stainless steel mills in the world, excluding China, have gradually taken back some of the production cuts they had implemented through 2009 when the recession started. The economic recovery is expected to lead to more production increases in the area. This could offset weaker stainless output growth in China. Global stainless steel production is expected to rise by 14% in 2010. Last year's nickel production reached around 230 kilotons. Nickel mine production is expected to increase by only 130 kilotons in 2010, which suggests that nickel output is set to remain below the levels seen before the crisis. A sharp increase in nickel production is not expected in the near-term, and the nickel market will at best be balanced this year. Nickel prices are forecast at $20,000 a ton in 2010.
Source: Merrill Lynch

Commodity Price Forecasts

	2010F	2011F
Aluminium, $/t	2,025	2,000
Copper, $/t	7,125	8,000
Lead, $/t	2,125	2,500
Nickel, $/t	20,000	18,000
Zinc, $/t	2,125	2,750
Gold, $/oz	1,110	1,150
Silver, $/oz	17.60	19.00
Platinum, $/oz	1,750	2,000
Palladium, $/oz	500	650

Source: Merrill Lynch

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	-11.5	7.8	1.9	3.4	1.7	1.9	-3.0	0.8
Angola	-	-	-	-	B								
	-	-	-	-	Stable	4.6	19.1	17.4	25.4	9.4	-	7.6	7.2
Egypt	BB+	Ba1	BB+	BBB-	BB								
	Stable	Stable	Stable	Stable	Stable	-7.9	73.8	17.0	47.0	5.8	100.6	-2.9	3.2
Ethiopia					CCC								
	-	-	-	-	Stable	-2.3	-	14.1	263.0	-	-	-7.2	-
Ghana	B+	-	B+	-	CCC								
	Negative	-	Negative	-	Stable	-10.1	-	35.6	-101.7	-	-	-17.0	
Ivory Coast	-	-	-	-	CC								
	-	-	-	-	Stable	-1.4	-	55.7	134.4	-	556.0	0.3	-
Libya	A-	-	BBB+	-	BB								
	Stable	-	Stable	-	Stable	-2.0	6.5	15.5	20.0	3.3	-	15.5	2.8
Mauritania	-	-	-	-	-								
	-	-	-	-	-	-3.1	-	47.6	92.7	-	-	-4.7	-
Morocco	BB+	Ba1	BBB-	BBB-	BB								
	Stable	-	Stable	Stable	Stable	-3.6	52.8	24.2	79.5	0.5	95.6	-2.1	3.3
Nigeria	B+	-	BB-	-	B								
	Stable	-	Stable	-	Stable	-3.0	12.3	5.0	16.5	0.3	-	-5.6	1.6
Sudan	-	-	-	-	C								
	-	-	-	-	Stable	-3.3	104.5	67.2	428.5	3.2	-	-5.1	2.4
Tunisia	BBB	Baa2	BBB	BBB	BB								
	Stable	-	Stable	Stable	Stable	-4.0	51.0	53.0	114.6	9.7	232.0	-2.6	3.8
Middle East													
Bahrain	A	A2	A	A	BBB								
	Stable	-	Stable	Stable	Stable	-6.4	22.7	178.0	220.3	15.9	934.9	-2.9	0.9
Iran	-	-	B+	BB-	B								
	-	-	Stable	Stable	Stable	-4.8	19.3	5.2	20.1	2.8	23.1	0.6	0.2
Iraq	-	-	-	-	CC								
	-	-	-	-	Stable	-12.7	-	67.3	128.4	2.3	112.8	-0.1	0.9
Jordan	BB	Ba2	-	BB	B								
	Stable	-	-	Stable	Stable	-1.2	59.0	65.4	131.2	8.1	183.0	-10.7	6.9
Kuwait	AA-	Aa2	AA	AA-	A								
	Stable	Negative	Stable	Stable	Stable	12.9	7.5	31.7	57.7	2.8	221.2	25.8	-2.0
Lebanon	B	B2	B-	B	CCC								
	Positive	Positive	Stable	Stable	Stable	-12.6	154.3	96.3	631.1	15.0	168.6	-10.4	5.5
Oman	A	A2	-	A	A								
	Stable	-	-	Stable	Stable	-5.1	6.0	30.9	45.9	5.4	117.1	-0.3	2.0
Qatar	AA-	Aa2	-	AA-	A								
	Stable	Stable	-	Stable	Stable	4.2	10.4	72.8	157.3	8.4	603.4	8.7	7.9
Saudi Arabia	AA-	A1	AA-	AA-	BBB								
	Stable	-	Stable	Stable	Stable	-4.7	11.3	9.7	18.8	2.0	89.1	-6.1	0.3
Syria	-	-	-	-	CCC								
	-	-	-	-	Stable	-7.9	32.3	14.6	75.3	1.0	151.1	-2.9	1.4
UAE	-	Aa2	-	AA-	BB								
	-	-	-	Stable	Stable	0.7	12.7	63.8	74.1	3.9	420.3	-5.3	0.7
Yemen	-	-	-	B	CC								
	-	-	-	Stable	Stable	-11.2	-	22.5	112.7	-	-	-9.7	

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	-	-	-3.1	23.6	42.5	579.3	1.5	344.9	-0.8	0.9
Bulgaria	BBB	Baa3	BBB-	-	BB								
	Stable	-	Stable	-	Stable	-2.7	17.5	102.0	200.0	35.3	283.9	-8.0	8.2
Kazakhstan	BBB-	Baa2	BBB-	-	BB								
	Stable	-	Negative	-	Stable	-3.5	6.6	95.9	231.5	48.0	426.6	-7.6	9.2
Romania	BB+	Baa3	BB+	BBB-	BB								
	Negative	-	Negative	Negative	Stable	-5.1	20.8	61.5	202.5	15.9	348.0	-7.1	3.3
Russia	BBB	Baa1	BBB	-	BBB								
	Stable	Positive	Stable	-	Negative	-6.5	7.0	38.0	133.6	33.7	139.1	1.3	0.4
Turkey	BB-	Ba2	BB+	BB-	B								
	Stable	Stable	Stable	Stable	Stable	-6.0	47.6	47.3	198.3	31.2	434.4	-1.3	1.4
Ukraine	CCC+	B1	B	-	CCC								
	Stable	Positive	Negative	-	Stable	-4.0	22.1	86.6	223.7	20.1	407.1	-0.1	4.5

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	27-Jan-10	No change	16-Mar-10
Eurozone	Refi Rate	1.00	14-Jan-10	No change	04-Feb-10
UK	Bank Rate	0.50	07-Jan-10	No change	04-Feb-10
Japan	O/N Call Rate	0.10	18-Dec-09	No change	26-Jan-10
Australia	Cash Rate	3.50	01-Dec-09	Raise 25bps	02-Feb-10
New Zealand	Cash Rate	2.50	10-Dec-09	No change	28-Jan-10
Switzerland	3 month Libor target	0.25	10-Dec-09	No change	11-Mar-10
Canada	Overnight rate	0.25	19-Jan-09	No change	02-Mar-10
Emerging Markets					
China	One-year lending rate	5.31	23-Dec-08	Cut 27bps	N/A
Hong Kong	Base Rate	0.50	27-Jan-10	No change	N/A
Taiwan	Discount Rate	1.25	24-Dec-09	No change	Mar 2010
South Korea	Base Rate	2.00	08-Jan-10	No change	11-Feb-10
Malaysia	O/N Policy Rate	2.00	26-Jan-10	No change	N/A
Thailand	1D Repo	1.25	13-Jan-10	No change	10-Mar-10
India	Reverse repo rate	3.25	27-Oct-09	No change	29-Jan-10
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	8.25	24-Dec-09	No change	N/A
Turkey	Base Rate	6.50	14-Jan-10	No change	16-Feb-10
South Africa	Repo rate	7.00	26-Jan-10	No change	N/A
Kenya	Central Bank Rate	7.00	26-Jan-10	Cut 75bps	N/A
Nigeria	Monetary Policy Rate	6.00	05-Jan-10	No change	Mar-10
Ghana	Prime Rate	18.00	23-Nov-09	Cut 50bps	Feb-10
Mexico	Target Rate	4.50	15-Jan-10	No change	19-Feb-10
Brazil	Selic Rate	8.75	27-Jan-10	No change	N/A
Armenia	Refi Rate	5.50	Jan -10	Raise 50bps	N/A
Romania	Policy Rate	7.50	06-Jan-10	Cut 50bps	N/A
Bulgaria	Base Interest	1.46	01-Oct-09	Cut 11bps	N/A
Kazakhstan	Refi Rate	7.00	04-Sep-09	Cut 50bps	N/A
Ukraine	Discount Rate	10.25	11-Aug-09	Cut 75bps	N/A
Russia	Refi Rate	10.00	30-Sep-09	Cut 50bps	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