

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

IMF to begin market sale of gold

The International Monetary Fund announced that it will initiate the on-market phase of its gold sales program, constituting the second phase of the total sale of 403.3 metric tons approved by the Executive Board in September 2009. During the first phase, the Fund sold gold exclusively to interested central banks, therefore shifting gold within the official sector. It sold a total of 212 metric tons to the Reserve Bank of India, the Bank of Mauritius and the Central Bank of Sri Lanka. As such, the IMF will begin sales of the remaining 191.3 metric tons of gold on the market. It said the on-market sales will be conducted in a phased manner over time in order to avoid disrupting the gold market. It added that central banks participating in the Central Bank Gold Agreement have noted that the Fund's sales can be accommodated under the agreed ceilings of 400 tons annually and 2,000 tons in total during the five years starting September 2009. It noted that the initiation of on-market sales does not preclude further off-market gold sales directly to interested central banks or other official holders, but such sales would reduce the amount of gold to be sold on the market. The IMF said it will continue to hold a substantial portion of its assets in gold, as the sale of the full 403.3 metric tons would reduce the Fund's gold holdings by about one-eighth.

Source: International Monetary Fund

Global trade contracts by 14.4%, merchandise trade drops by 18% in 2009

The World Bank indicated that the volume of global trade in goods & services contracted by 14.4% in 2009 compared to growth of 3% in 2008, with global merchandise trade volumes contracting by 17.6%. It said global trade has been severely affected by the global recession, adding that trade followed a pattern broadly similar to industrial production, but the fall was deeper and the recovery lagged somewhat. It noted that the dollar value of world trade dropped by 31% between August 2008 and its low point in March 2009, but the decline in volume was relatively less severe at 22% when excluding falling commodity prices and exchange rate fluctuations. It added that even though global trade has recovered from these lows, it was still 2.8% below its pre-crisis level. It projected global trade to expand by only 4.3% in 2010 and by 6.2% in 2011 given the expected weak recovery and weak base effects. As a result, it forecast the overall volume of goods & services traded to remain 5% lower than its 2008 peak, despite being two years into the recovery. In parallel, the International Monetary Fund estimated that imports of goods & services by advanced economies dropped by 12.2% and those by emerging and developing economies fell by 13.5% in 2009. It added that exports from advanced economies contracted by 12.1% and those from emerging and developing economies dropped by 11.7% last year.

Source: World Bank, International Monetary Fund

MENA

Region's brand perception regresses in fourth quarter

The Nation Brand Perception Index indicated that the brand perception of the Middle East & North Africa region regressed in the fourth quarter of 2009 from the third quarter of the year, as the average index score of the 20 MENA countries included in the index reached 42.1 points, down from 43.1 points in the third quarter. The index analyzes international perceptions of a country's brand. It covers the tone, whether positive or negative, and frequency of mentions in the international media. It said the number of times a country is mentioned reflects the strength of the brand, but not necessarily its quality. Also, the MENA region continues to have the worst brand perception in the world, as its score was lower than the global average of 50.1 points as well as below the average score of the Commonwealth of Independent States (48.1 points), Central America (48.3 points), Africa (48.7 points), South America (51.8 points), Oceania (51.8 points), Asia (52.5 points), Europe (53 points), and North America (61.7 points). Qatar had the best brand perception in the region and ranked in 14th place globally, while Iraq was the worst perceived country in the region and ranked in 199th place worldwide.

Source: East West Communications, Byblos Research

NIGERIA

Sovereign ratings unaffected by handover of power

Standard & Poor's indicated that passage by both houses of Nigeria's National Assembly of a motion appointing Vice-President Goodluck Jonathan as acting president has no immediate implications for the sovereign rating of Nigeria. The agency has a 'B+' foreign currency and 'B' local currency ratings with a 'stable' outlook on the country's sovereign ratings. It said the decision is a near-term solution, but is likely to reduce the political paralysis that has affected policy formulation and implementation since President Yar'Adua left the country in November 2009 to receive medical treatment. In parallel, ABSA Capital considered that policy issues can now move forward with the acting president able to focus on a number of issues that have been put on hold due to the absence of the president, such as the costly fuel subsidies that the government plans to eliminate, the new oil industry bill, implementation of the 2010 budget, Nigeria's severe power crisis, as well as peace in the oil-rich Niger Delta.

Source: Standard & Poor's, ABSA Capital

OUTLOOK

UAE

IMF calls for speedy Dubai debt restructuring, contingency planning measures at banks

The International Monetary Fund indicated that shocks from the global financial crisis, lower oil prices, and the bursting of the Dubai bubble, together with the recent announcement that Dubai World would seek a six-month debt standstill, have raised important challenges for the UAE economy despite the authorities' decisive response to these shocks.

The IMF welcomed the ongoing engagement with Dubai World's creditors and stressed the importance of a speedy, orderly, cooperative, and predictable approach to debt restructuring. It stated that the process should seek to enhance transparency and information disclosure and ensure comparability of treatment among creditors. It also emphasized that debt restructuring should be accompanied by a significant operational restructuring of government-related entities (GREs), including formulating exit strategies for non-viable corporations, a process that will likely take time.

The Fund welcomed the steps taken by the authorities to strengthen confidence in the banking system, but noted that the Dubai World event had highlighted the need for additional contingency planning measures. It stressed on the need to articulate a plan for dealing with the potential increase in loan losses, and emphasized the importance of pressing ahead with introducing general loan provisions, enforcing more uniform provisioning and loan classification standards, and further strengthening capital buffers. It stated that macroprudential policies should play an increasingly important role over the medium term, and noted that countercyclical solvency and liquidity measures, as well as closer monitoring of systemically important banks, could complement other regulatory policies. The IMF also recommended an assessment of corporate governance, as well as development of a federal insolvency law. Further, it stressed the need for increased transparency of economic and financial data, including financial accounts and business strategies for GREs.

Source: International Monetary Fund

IRAN

Government faces rising economic pressure, non-oil fiscal deficit at 23% of GDP in 2010/11

The Institute of International Finance indicated that rising political instability has distracted the Iranian authorities from their economic policy and reform agenda. It said the agenda is closely linked to the short term direction of global oil prices, given that government spending is highly dependent on oil revenues. It expected the government to struggle to improve economic performance over coming months. It said the mismanagement of resources and significant structural barriers will keep unemployment at around 20% of the working population, price rises at around 15% to 20% per year, and weak economic growth in the low single digits. It also noted that, despite its hydrocarbons wealth, Iran faces significant difficulties in exploiting its resources due to the impact of softening oil prices, stagnating oil output, UN and U.S. sanctions, and unattractive foreign investment terms.

It said the government's heavy reliance on hydrocarbons is a major weakness. It noted that the hydrocarbons sector provides over 80% of the country's exports and around 55% of fiscal revenues, which until the latter part of 2008, were supported by high oil prices. It indicated that revenues fell by 9% in fiscal year 2009/10 to 27.5% of GDP compared to 29.8% of GDP in the previous fiscal year, due to lower average oil prices. It noted that the fiscal balance moved into a deficit of nearly 2% of GDP in 2008/09 from a surplus of 4.2% the year before and expected the deficit to widen to around 4% of GDP in 2009/10 and 5% of GDP in 2010/11 due to high government spending. It estimated that the government requires an oil price of over \$85 per barrel to balance the 2010/11 budget. It added that the non-oil fiscal deficit will remain large at nearly 22.8% of non-oil GDP and could increase inflationary pressures. As a result, it expected the government to cut capital spending in 2009/10, notably on infrastructure and investment in state-owned enterprises in order to contain the fiscal deficit.

Source: Institute of International Finance

UKRAINE

Banking sector outlook highly uncertain, system growth unlikely in near term

Fitch Ratings expected growth in the banking sector to remain moderate at best in 2010 due to banks' still high level of risk aversion, funding constraints and restrictions on foreign currency lending. It said the weak deposit franchises of many Ukrainian banks, combined with the likely unwillingness of most parent banks and the National Bank of Ukraine to materially increase their funding to the sector, make significant system growth in the near to medium term unlikely. The agency also noted that banking sector penetration is already high for a low-rated sovereign with the loans-to-GDP ratio at around 84% and loans-to-deposits at 214% during 2009. It forecast the sector's impaired loans to peak at 40% and loan losses at 28%, adding that further downside risk could materialize should political and macro developments remain negative this year, resulting in considerable uncertainty about asset quality dynamics.

Fitch estimated that the system may need as much as an additional \$11bn of new capital contributions to restore solvency, almost double the capital injected in the 12 months ending September 2009. It said the recapitalization of privately-owned banks is likely to be very uneven, and will depend in each case on the financial positions of shareholders, the extent of loan impairment and its recognition, and the owners' view on the viability and prospects of the bank. It said 24 banks, accounting for 12% of sector assets, have entered temporary administration since the fourth quarter of 2008, and ceased to service their obligations. However, government support for failed institutions has been limited in scope so far, and most of the 24 banks are likely to be liquidated. Fitch considered that banks' growth prospects may improve if political uncertainty recedes quickly after the presidential elections, IMF funding resumes, the currency remains stable and the economy expands. It warned, however, that any increase in political and macroeconomic instability, and in particular further depreciation of the currency, would likely lead banks to refocus their efforts on crisis management rather than development of new business.

Source: Fitch Ratings



ECONOMY & TRADE

GCC

Lack of corporate transparency is key concern

Deutsche Bank indicated that the corporate landscape in the GCC came under severe stress in 2009, as announced debt restructurings totaled about \$50bn, with Dubai and Saudi Arabia dominating. It said the Saad-Algosaibi default involved around \$22bn in debt held by banks regionally and internationally, and the Dubai World restructuring was announced at \$26bn, dropping to \$22bn after the Nakheel '09 sukuk was repaid. It noted that the GCC economies were not alone in corporate debt restructurings last year, as companies around the world defaulted on external debt, but the lack of transparency in the region stands out. It noted that Dubai World has yet to issue any information past the initial six-month standstill request, and the refusal by Saudi authorities to help international banks negotiate with the companies, or to allow disclosure of exposure by their own banks, has not helped the situation. It added that the transparency problem is exacerbated by the fact that corporate balance sheets across the region are often out of date and none of the GCC countries publish external debt data. In parallel, Deutsche Bank noted the disconnect between sovereign and corporate performance, as reflected by the substantial ratings downgrades last year and this year of GCC corporates compared to no ratings downgrades for any of the sovereigns.

Source: Deutsche Bank

SAUDI ARABIA

Sovereign ratings upgraded, outlook stable

Moody's Investors Service upgraded Saudi Arabia's foreign and local currency government ratings to 'Aa3' from 'A1' and the country ceiling for foreign currency bank deposits to 'Aa3' from 'A1', with a 'stable' outlook. It also confirmed at 'Aa3' the country ceiling for foreign currency bonds, the local currency ceiling for bonds and the local currency bank deposit ceiling. It attributed the upgrade to the continued strength of government finances that have largely withstood oil price volatility and the global economic crisis. It said a return of the budget to a moderate surplus this year will restore the Kingdom's debt trajectory to its previously improving trend, even with continued large-scale infrastructure spending. It also attributed the upgrade to the Kingdom's external strengths, as the current account balance has remained in surplus, and total reserve assets of the Saudi Arabian Monetary Agency of \$410bn at the end of 2009, have probably exceeded the level of the Kingdom's GDP last year. Also, state-owned Saudi Aramco's proven crude oil reserves are the largest of any national or private oil company. It tied further rating upgrades to the continued strength in public sector finances and the success of the government's infrastructure program in improving the country's long-term competitiveness and economic strength.

Source: Moody's Investors Service

ARMENIA

IMF reaches agreement on third review under Stand-By Arrangement

The International Monetary Fund indicated that it has reached a staff-level agreement with Armenian authorities on a package of policies to complete the third review under the country's 28-month Stand-By Arrangement, which would enable Armenia to draw about \$74m from the Fund. It said the authorities have successfully implemented a broad range of policies to address the macroeconomic challenges in 2009 and macroeconomic policies are on track. It noted that economic output has stabilized and real GDP is expected to recover in 2010. It expected inflation to decline from its highs in the first quarter of 2010 and to return to the target range in the near future. It added that the public finance situation is improving, and while weaknesses remain in the balance of payments, reserves are at a comfortable level. The IMF stated that authorities intend to pursue economic policies in 2010 to support the recovery, while managing any demand pressures that may emerge. Also, fiscal policy will continue to provide support to the economy and priority social programs, while the deficit will be reduced to 6% of GDP from 7.5% of GDP in 2009. It expected monetary policy to gradually return to a neutral stance, while providing room for credit growth. It stressed that continued structural reforms will be important contributors to macroeconomic stability and sustained economic growth.

Source: International Monetary Fund

DEM REP CONGO

Kinshasa focuses on improving investment climate, upgrading laws

The Investment Climate Advisory Services of the World Bank Group declared that it is supporting efforts by the Democratic Republic of Congo (DRC) to join the Organization for the Harmonization of Business Law in Africa (OHADA). The organization is a 16-country initiative spanning West and Central Africa that seeks to create a common legal framework to facilitate private sector-led economic growth. The DRC's goal is to complete the process of formally joining OHADA before the end of the first semester of 2010. The World Bank said that the DRC's eventual accession to OHADA will send a very positive message to the private sector, both domestically and abroad. The DRC has embarked on an ambitious reform process to modernize its legal framework, and the government has put improving the country's investment climate as one of its priorities. The World Bank said it is supporting DRC's efforts to upgrade its laws and adopt transparent, modern, and simple administrative processes in order to improve the business environment and help attract domestic and foreign investment to the country. It recently addressed changes to the general commercial law and the law on secured transactions, as well as the modernization of commercial registries.

Source: International Finance Corporation



BANKING

IRAQ

Banking sector profits at \$878m in 2009

Figures issued by the Central Bank of Iraq indicate that the Iraqi banking sector posted profits of \$878m in 2009, of which 75.7% were generated by state-owned banks and 24.3% by the 30 private banks operating in the country. It said state-owned banks continue to account for most of the sector's deposits, adding that the contribution of banks to GDP does not exceed 7%. It noted that the sector is still in its infancy and has large potential for growth, and that foreign banks can establish and fully own local banks, and receive the same rights and obligations as local banks.

Source: *Al-Hayat*

Central Bank to re-denominate currency

The Central Bank of Iraq (CBI) indicated that it expects to re-denominate the Iraqi dinar by removing three zeros from the nominal value of bank notes to facilitate currency transactions. It said the decision aims to improve the payment and receiving system in the country and to reform cash management. The CBI expects to start rolling out the new notes by the end of 2010 or the beginning of 2011. It pointed out that banks are having a hard time accepting cash savings and deposits, adding that dropping the zeros will make it easier for both the banks to deal with their customers and for the general public to carry money. About 80% of Iraq's money supply is cash in circulation. The value of banknotes in circulation is currently about 25,000bn dinars. The Iraqi dinar is managed through foreign exchange auctions and trades at around 1,170 per dollar.

Source: *Thomson Reuters*

SAUDI ARABIA

Banks' foreign currency deposit ratings upgraded

Moody's Investors Service upgraded the foreign currency deposit ratings of Samba Financial Group, Banque Saudi Fransi and Saudi British Bank to 'Aa3' from 'A1' with a 'stable' outlook. It said the foreign currency deposit ratings of the three banks is no longer constrained by the country ceiling for such deposits. It attributed the upgrade to its recent lifting of Saudi Arabia's sovereign ratings to 'Aa3' from 'A1' as well as the foreign currency bank deposits ceiling to 'Aa3' from 'A1'. The agency noted that the Saudi banking sector has demonstrated the ability to absorb and contain shocks from the global financial crisis, as well as Dubai and domestic corporate debt problems. Further, it is one of a few sectors globally to have maintained a 'stable' outlook during the crisis. Samba Financial Group and Banque Saudi Fransi had total assets of \$49.2bn and \$32.5bn at the end of September 2009, while the Saudi British Bank had assets of \$33.9bn as of the end of 2009.

Source: *Moody's Investors Service*

KUWAIT

Outlook for banks remains negative

Moody's Investors Service indicated that the fundamental credit outlook for the Kuwaiti banking system remains negative, as banks' lending activities in recent years have been limited to only a few growth areas such as personal lending, real estate and

construction, non-bank financial institutions and trade. It added that the negative outlook reflects the weak performance of the Kuwaiti stock exchange, expectations that the recovery of the real estate market will be slow, and the weakened credit standing and rising indebtedness of consumers. The agency expected the short- to medium-term performance of Kuwaiti banks to remain under pressure by elevated non-performing loans, adding that increased provisioning charges will adversely affect profitability in 2009 and will continue to weigh on the performance of some banks in 2010. It also expressed concern about industry and single-party concentrations in the sector, particularly at second-tier banks. It noted that parliament's approval of a KD30bn four-year development plan aimed at financing large infrastructure projects could have a positive effect on the asset quality of Kuwaiti banks.

Source: *Moody's Investors Service*

LIBYA

Central Bank to issue licenses to foreign banks

The Central Bank of Libya (CBL) announced that it will issue two licenses to foreign banks to establish subsidiaries in Libya, whereby they would own up to 49% of the new banks along with full management control. It added that the remaining 51% will be owned by domestic investors and that it will be in charge of mobilizing. The CBL said the decision is part of Libya's financial sector reform strategy that includes allowing foreign banks to operate in the country. It specified that applying banks must have Tier One capital of more than \$2bn; a credit rating of at least 'BBB' by Standard & Poor's or Fitch ratings, or 'Baa2' by Moody's Investors Service; and a well-established international presence. The CBL set March 30, 2010 as the deadline for receiving applications from potential bidders. There are currently 16 commercial banks operating in Libya, including 6 with strategic foreign partners. The CBL has a medium-term privatization strategy to gradually phase-out its holdings in three commercial banks and expects the entire banking system to be in private hands by 2011.

Source: *Central Bank of Libya*

NIGERIA

Banks' sale to proceed slowly

The Central Bank of Nigeria (CBN) indicated that it would avoid any hasty sale of rescued banks and may take the rest of 2010 to complete deals with potential international buyers. Last summer, an audit of 24 banks operating in the country found 10 banks to have liquidity or capitalization problems. As a result, the CBN injected NGN 600bn, or \$3.9bn, in 9 of those banks for being undercapitalized and replaced the management of 8 banks. The CBN said it will invite foreign institutions to take stakes in the 10 banks and will limit domestic firms to a 20% stake, adding that it aims to complete some of the sales by April or May. In parallel, the CBN indicated that a planned 'bad bank', or Asset Management Company (AMC), will become operational after a related draft bill is passed by the National Assembly this month. The AMC is expected to buy problem loans and troubled assets totaling about \$10bn from banks in order to improve the sector's liquidity and protect bank earnings.

Source: *Bloomberg*



ENERGY / COMMODITIES

Oil falls towards \$76 on stronger dollar, high inventories

Oil fell toward \$76 a barrel on February 18, dragged down by high inventory levels and a stronger dollar. U.S. crude oil futures fell by 74 cents to \$76.59 a barrel after briefly touching \$76.32. Brent crude lost 82 cents to \$75.45 a barrel. Figures from the Energy Information Administration are expected to show an increase of 2.2 million barrels in U.S. crude oil inventories in the week to February 12th. Gasoline inventories are forecast to increase and middle distillates stocks, including heating oil, to drop. Industry group American Petroleum Institute said crude inventories dropped by 63,000 barrels last week. But stocks of heating oil and diesel rose 1.3 million barrels despite the cold weather in the northeast of the country.

Source: Thomson Reuters

Emerging markets' oil consumption to increase, non-OPEC supply to decline in medium-term

Non-OPEC oil supply, including non-conventional oil, is expected to peak by 2011 at around 52.3 million bpd and then to steadily decline to 51 million bpd by 2015. Consequently, the world will become more reliant on OPEC and utilization rates will reach 95% by 2014. World oil consumption is expected to increase further. The main drivers of economic growth all point strongly in favor of a strong decade for emerging economies, and thus emerging markets' oil demand is projected to expand by 9.9 million bpd from now until 2015. However, OECD demand for oil is forecast to average 44 million bpd in 2015 compared to a peak of 49.8 million bpd in 2005, driven by negative population growth rates, over-indebted economies and high oil prices.

The oil market still suffers from a lack of competition among oil suppliers and limited potential for efficiency and substitution among oil consumers, partly due to subsidies and high taxes. As a result, large fluctuations in prices will likely remain the norm to bring medium-term supply and demand trends into balance. The band for oil prices is expected to widen from \$70-\$85 a barrel this year, to \$65-105 a barrel next year. By 2014, the range could expand to the \$50-150 a barrel band observed in 2008.

Source: Merrill Lynch

Jordan to sign uranium mining accord with France

The Atomic Energy Commission of Jordan declared that France and Jordan will sign an agreement on uranium exploration and mining. It said the deal will help introduce nuclear energy as a major part of the energy mix in Jordan for the next three decades. The country has already signed nuclear cooperation agreements with Canada, Belgium, Britain, South Korea and China to diversify its sources of power and plans to build its first atomic plant by 2019. Jordan estimates it has 65,000 tons of uranium deposits and expects annual production of 2,000 tons. Jordan's government, its Atomic Energy Commission, France's Areva SA, the world's largest reactor maker, and a joint venture will work together at mines in central Jordan. Investment by the partners in the open-pit mines is expected to reach \$600m over 25 years.

Source: Bloomberg

Precious metals: Middle East gold market demand fell 28% in 2009

The World Gold Council indicated that gold demand in the Middle East was severely impacted by weak economic conditions and record gold prices in 2009, as gold demand fell by 28% in 2009 to 250.6 tons. Demand in tons in the fourth quarter fell by 32% to 51.1 tons year-on-year and dollar demand for the same period was only 7% lower at \$1.8bn. Investment flows were supportive in the first quarter, when global jewellery demand was very weak. In the fourth quarter, net retail investment fell by 32% compared to the previous quarter and by 57% compared to the previous year. For the full year, net retail investment in the region fell by 34% to 18.9 tons. Although investment flows subsequently narrowed, jewellery demand recovered strongly. It said the outlook for demand in the region remains uncertain. Improving global economic conditions should lead to higher sales to tourists during 2010, while sales to the local community will depend on domestic economic conditions.

Source: World Gold Council

Base metals: Aluminum faces structural challenges, market to remain well supplied

Aluminum faces considerable structural challenges with the additional capacity expected in the upcoming years, especially in low-cost regions such as India, China and the Middle East. Aluminum spot prices collapsed to less than \$1,300 a ton, and around 50% of global producers were loss-making. As prices gained steadily over the second half of 2009 and reached around \$2,000 a ton, nearly 100% of global capacity regained profitability. The car sector is likely to add substantial support for aluminum demand as China's automobiles sales are expected to increase. However, whether the overall growth in aluminum consumption is sustainable in China is still questionable. Demand is expected to fall slowly in the Western world and the current capacity utilization is estimated to be around 82%. Going forward, the market is expected to remain well supplied as new capacities constantly come online. Demand in the rest of the world would need to increase by around 240,000 tons or 12.5% from the current level in order to reach pre-crisis levels. However, rising power costs could have a positive impact on prices since the production of aluminum is very energy intense. Therefore, aluminum prices are projected to increase to \$2,325 per ton on a 12-month horizon.

Source: Julius Baer

| Commodities price developments | level | 6m ave | 12m ave | mom% | yoy% |
|---------------------------------|---------|---------|---------|-------|-------|
| Economist commodity price index | 204.0 | 202.7 | 188.2 | -7.5 | 26.5 |
| LME metals price index | 3175.5 | 3091.7 | 2647.8 | -8.9 | 81.0 |
| Oil prices USD | 75.1 | 74.7 | 66.0 | -8.6 | 106.9 |
| Oil prices SDRs | 48.9 | 47.3 | 42.7 | -6.3 | 101.3 |
| Gold \$/troy oz | 1084.2 | 1067.2 | 999.8 | -4.8 | 15.1 |
| Silver cents/troy oz | 1537.0 | 1693.4 | 1528.3 | -18.4 | 14.8 |
| Platinum \$/troy oz | 1511.0 | 1393.3 | 1272.6 | -5.2 | 45.3 |
| Copper \$/MT | 6672.3 | 6646.4 | 5612.1 | -13.2 | 97.6 |
| Nickel \$/MT | 17942.5 | 17926.2 | 15479.0 | -1.9 | 70.1 |
| Aluminium \$/MT | 2012.3 | 2005.0 | 1755.9 | -13.3 | 47.7 |
| Zinc \$/MT | 2153.0 | 2146.8 | 1793.3 | -16.5 | 91.7 |

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 | -11.5 | 7.8 | 1.9 | 3.4 | 1.7 | 1.9 | -3.0 | 0.8 |
| | - | - | - | - | Stable | | | | | | | | |
| Angola | - | - | - | - | B | 4.6 | 19.1 | 17.4 | 25.4 | 9.4 | - | 7.6 | 7.2 |
| | - | - | - | - | Stable | | | | | | | | |
| Egypt | BB+ | Ba1 | BB+ | BBB- | BB | -7.9 | 73.8 | 17.0 | 47.0 | 5.8 | 100.6 | -2.9 | 3.2 |
| | Stable | Stable | Stable | Stable | Stable | | | | | | | | |
| Ethiopia | - | - | - | - | CCC | -2.3 | - | 14.1 | 263.0 | - | - | -7.2 | - |
| | - | - | - | - | Stable | | | | | | | | |
| Ghana | B+ | - | B+ | - | CCC | -10.1 | - | 35.6 | -101.7 | - | - | -17.0 | - |
| | Negative | - | Negative | - | Stable | | | | | | | | |
| Ivory Coast | - | - | - | - | CC | -1.4 | - | 55.7 | 134.4 | - | 556.0 | 0.3 | - |
| | - | - | - | - | Stable | | | | | | | | |
| Libya | A- | - | BBB+ | - | BB | -2.0 | 6.5 | 15.5 | 20.0 | 3.3 | - | 15.5 | 2.8 |
| | Stable | - | Stable | - | Stable | | | | | | | | |
| Mauritania | - | - | - | - | - | -3.1 | - | 47.6 | 92.7 | - | - | -4.7 | - |
| | - | - | - | - | - | | | | | | | | |
| Morocco | BB+ | Ba1 | BBB- | BBB- | BB | -3.6 | 52.8 | 24.2 | 79.5 | 0.5 | 95.6 | -2.1 | 3.3 |
| | Stable | - | Stable | Stable | Stable | | | | | | | | |
| Nigeria | B+ | - | BB- | - | B | -3.0 | 12.3 | 5.0 | 16.5 | 0.3 | - | -5.6 | 1.6 |
| | Stable | - | Stable | - | Stable | | | | | | | | |
| Sudan | - | - | - | - | C | -3.3 | 104.5 | 67.2 | 428.5 | 3.2 | - | -5.1 | 2.4 |
| | - | - | - | - | Stable | | | | | | | | |
| Tunisia | BBB | Baa2 | BBB | BBB | BB | -4.0 | 51.0 | 53.0 | 114.6 | 9.7 | 232.0 | -2.6 | 3.8 |
| | Stable | - | Stable | Stable | Stable | | | | | | | | |
| Middle East | | | | | | | | | | | | | |
| Bahrain | A | A2 | A | A | BBB | -6.4 | 22.7 | 178.0 | 220.3 | 15.9 | 934.9 | -2.9 | 0.9 |
| | Stable | - | Stable | Stable | Stable | | | | | | | | |
| Iran | - | - | B+ | BB- | B | -4.8 | 19.3 | 5.2 | 20.1 | 2.8 | 23.1 | 0.6 | 0.2 |
| | - | - | Stable | Stable | Stable | | | | | | | | |
| Iraq | - | - | - | - | CC | -12.7 | - | 67.3 | 128.4 | 2.3 | 112.8 | -0.1 | 0.9 |
| | - | - | - | - | Stable | | | | | | | | |
| Jordan | BB | Ba2 | - | BB | B | -1.2 | 59.0 | 65.4 | 131.2 | 8.1 | 183.0 | -10.7 | 6.9 |
| | Stable | - | - | Stable | Stable | | | | | | | | |
| Kuwait | AA- | Aa2 | AA | AA- | A | 12.9 | 7.5 | 31.7 | 57.7 | 2.8 | 221.2 | 25.8 | -2.0 |
| | Stable | Negative | Stable | Stable | Stable | | | | | | | | |
| Lebanon | B | B2 | B- | B | CCC | -12.6 | 154.3 | 96.3 | 631.1 | 15.0 | 168.6 | -10.4 | 5.5 |
| | Positive | Positive | Stable | Stable | Stable | | | | | | | | |
| Oman | A | A2 | - | A | A | -5.1 | 6.0 | 30.9 | 45.9 | 5.4 | 117.1 | -0.3 | 2.0 |
| | Stable | - | - | Stable | Stable | | | | | | | | |
| Qatar | AA- | Aa2 | - | AA- | A | 4.2 | 10.4 | 72.8 | 157.3 | 8.4 | 603.4 | 8.7 | 7.9 |
| | Stable | Stable | - | Stable | Stable | | | | | | | | |
| Saudi Arabia | AA- | Aa3 | AA- | AA- | BBB | -4.7 | 11.3 | 9.7 | 18.8 | 2.0 | 89.1 | -6.1 | 0.3 |
| | Stable | Stable | Stable | Stable | Stable | | | | | | | | |
| Syria | - | - | - | - | CCC | -7.9 | 32.3 | 14.6 | 75.3 | 1.0 | 151.1 | -2.9 | 1.4 |
| | - | - | - | - | Stable | | | | | | | | |
| UAE | - | Aa2 | - | AA- | BB | 0.7 | 12.7 | 63.8 | 74.1 | 3.9 | 420.3 | -5.3 | 0.7 |
| | - | - | - | Stable | Stable | | | | | | | | |
| Yemen | - | - | - | B | CC | -11.2 | - | 22.5 | 112.7 | - | - | -9.7 | - |
| | - | - | - | 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- | - | - | -3.1 | 23.6 | 42.5 | 579.3 | 1.5 | 344.9 | -0.8 | 0.9 |
| | - | - | Stable | - | - | | | | | | | | |
| Bulgaria | BBB | Baa3 | BBB- | - | BB | -2.7 | 17.5 | 102.0 | 200.0 | 35.3 | 283.9 | -8.0 | 8.2 |
| | Stable | - | Stable | - | Stable | | | | | | | | |
| Kazakhstan | BBB- | Baa2 | BBB- | - | BB | -3.5 | 6.6 | 95.9 | 231.5 | 48.0 | 426.6 | -7.6 | 9.2 |
| | Stable | - | Negative | - | Stable | | | | | | | | |
| Romania | BB+ | Baa3 | BB+ | BBB- | BB | -5.1 | 20.8 | 61.5 | 202.5 | 15.9 | 348.0 | -7.1 | 3.3 |
| | Negative | - | Stable | Negative | Stable | | | | | | | | |
| Russia | BBB | Baa1 | BBB | - | BBB | -6.5 | 7.0 | 38.0 | 133.6 | 33.7 | 139.1 | 1.3 | 0.4 |
| | Stable | Positive | Stable | - | Negative | | | | | | | | |
| Turkey | BB- | Ba2 | BB+ | BB- | B | -6.0 | 47.6 | 47.3 | 198.3 | 31.2 | 434.4 | -1.3 | 1.4 |
| | Stable | Stable | Stable | Stable | Stable | | | | | | | | |
| Ukraine | CCC+ | B1 | B | - | CCC | -4.0 | 22.1 | 86.6 | 223.7 | 20.1 | 407.1 | -0.1 | 4.5 |
| | Stable | 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 | 27-Jan-10 | No change | 16-Mar-10 |
| Eurozone | Refi Rate | 1.00 | 04-Feb-10 | No change | 04-Mar-10 |
| UK | Bank Rate | 0.50 | 04-Feb-10 | No change | 04-Mar-10 |
| Japan | O/N Call Rate | 0.10 | 18-Feb-10 | No change | 17-Mar-10 |
| Australia | Cash Rate | 3.75 | 02-Feb-10 | No change | 02-Mar-10 |
| New Zealand | Cash Rate | 2.50 | 28-Jan-10 | No change | 11-Mar-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 | 16-Mar-10 |
| Taiwan | Discount Rate | 1.25 | 24-Dec-09 | No change | Mar-10 |
| South Korea | Base Rate | 2.00 | 11-Feb-10 | No change | 11-Mar-10 |
| Malaysia | O/N Policy Rate | 2.00 | 26-Jan-10 | No change | 04-Mar-10 |
| Thailand | 1D Repo | 1.25 | 13-Jan-10 | No change | 10-Mar-10 |
| India | Reverse repo rate | 3.25 | 29-Jan-10 | No change | 20-Apr-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 | 16-Feb-10 | No change | N/A |
| South Africa | Repo rate | 7.00 | 26-Jan-10 | No change | 25-Mar-10 |
| Kenya | Central Bank Rate | 7.00 | 26-Jan-10 | Cut 75bps | Mar-10 |
| 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 | 17-Mar-10 |
| Armenia | Refi Rate | 5.50 | Jan -10 | Raise 50bps | N/A |
| Romania | Policy Rate | 7.00 | 03-Feb-10 | Cut 50bps | N/A |
| Bulgaria | Base Interest | 1.46 | 01-Oct-09 | Cut 11bps | N/A |
| Kazakhstan | Refi Rate | 7.00 | 01-Jan-10 | No change | 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 |



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