

## COUNTRY RISK WEEKLY BULLETIN

### NEWS HEADLINES

#### GCC

##### **Redundancies highest in UAE, salary increases slow down in 2009**

GulfTalent.com's survey of employers shows that one in 10 professionals in the GCC lost their jobs, last year with the highest redundancies in the UAE at 16%, followed by Bahrain with 12%, Kuwait with 10%, Qatar with 9%, Saudi Arabia with 7%, and Oman with 6%. The survey also shows that Dubai was the hardest hit city in the GCC, as 17% of employees in the city lost their jobs. It was followed by Sharjah with 14.4%, Manama with 12.8%, Abu Dhabi with 1.3%, Kuwait with 9.6%, Khobar with 9.4%, Doha with 8.9%, Riyadh with 8.1%, Dammam with 8%, Jeddah with 6.2%, Muscat with 5.7% and Jubail with 3%. In parallel, the survey indicates that salary growth slowed down significantly across the GCC economies last year, with base salaries rising at an average rate of 6.5% in 2009 compared to a rise of 11.5% in 2008. It said Oman saw the biggest average pay raise in 2009 at 8.4%, followed by Qatar at 6.8%, Bahrain at 6.7% and Saudi Arabia at 6.5%. The UAE and Kuwait stood at the bottom with rises of 5.5% and 4.8% respectively. It projected the GCC average pay raise to stand at 6.3% in 2010 led by Oman with 10.7% in salary increase, followed by Saudi Arabia with 7%, Qatar with 6.6%, Bahrain with 6.4%, the UAE with 5.8% and Kuwait with 4.2%.

Source: GulfTalent.com

#### IRAQ

##### **IMF approves \$3.6bn Stand-By Arrangement**

The Executive Board of the International Monetary Fund approved a two-year Stand-By Arrangement of \$3.64bn for Iraq to support the country's economic program over the next 24 months. The approval also makes about \$455m immediately available to the Iraqi authorities. The Fund said Iraq has made substantial progress in rebuilding its economy and consolidating macroeconomic stability under difficult security and political conditions. It added that Iraq's medium-term economic outlook remains favorable because of projected increases in oil prices and production in the coming years. But it expected the current account and overall balance of payments to remain in deficit in 2010 and 2011; while it projected the fiscal position to record large but declining deficits in both years, before returning to a surplus in 2012. It noted that the the authorities' economic program for 2010 and 2011 aims at providing a sound macroeconomic framework, and its fiscal component seeks to contain current government spending while catching up on much-needed investment spending. The program also incorporates structural and banking sector reforms, including a restructuring of state-owned banks.

Source: International Monetary Fund

#### EGYPT

##### **Capital inflows could complicate monetary policy**

The International Monetary Fund indicated that capital inflows to Egypt will complicate monetary policy-making if they continue at the current rate. It said sterilized intervention by the Central Bank of Egypt (CBE) is the first option for hot money inflows, although it is expensive and unlikely to be effective if inflows persist. It added that the CBE should continue to allow greater exchange rate variability to limit one-way bets. It said Egypt's real effective exchange rate is estimated to be slightly more appreciated than equilibrium. It noted that the possibility that capital inflows could exert longer-lasting pressures for real appreciation reinforces the need for fiscal adjustment and productivity-enhancing reforms.

Source: International Monetary Fund

#### IRAN

##### **Teheran urged to address its anti-money laundering deficiencies**

The Financial Action Task Force (FATF), the global standard setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), called on its members and other jurisdictions to apply counter measures to protect the international financial system from the ongoing and substantial money laundering and terrorist financing risks originating from Iran. It welcomed the recent steps that Iran took to engage with the FATF, but expressed concerns about Iran's failure to meaningfully address the ongoing and substantial deficiencies in its AML/CFT regime. It said it remains particularly concerned about Iran's failure to address the risk of terrorist financing and the serious threat this poses to the integrity of the international financial system. The FATF urged Iran to immediately address its AML/CFT deficiencies, in particular by criminalizing terrorist financing and effectively implementing suspicious transaction reporting requirements.

The FATF also urged all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with Iran, including Iranian companies and financial institutions. It asked jurisdictions to protect against correspondent relationships being used to bypass or evade counter-measures and risk mitigation practices, and to take into account money laundering and terrorism financing risks when considering requests by Iranian financial institutions to open branches and subsidiaries in their jurisdiction. The FATF warned that, if Iran fails to take concrete steps to improve its AML/CFT regime, it will consider calling on all countries and jurisdictions to strengthen counter-measures in June 2010.

Source: Financial Action Task Force

# OUTLOOK

## MENA

### Oil prices, bank lending, political risks are key drivers of regional outlook

Moody's Investors Service expected 2010 to be a year of improvement for the Middle East as the global recovery gains momentum and investor confidence rebuilds. It considered that the region suffered less damage overall from the global economic and financial turmoil of the past two years than some other regions due to light reliance on international capital markets for deficit financing, the quick recovery in oil prices, and limited external exposure of financial sectors in most countries.

The agency identified six regional trends for this year that may affect the region's credit outlook. First, it considered that oil prices and production levels are the most important variable for the region's oil and gas exporters, adding that the fiscal breakeven prices for 2010 will depend on the volumes of hydrocarbon exports and the level of public expenditures. It expected all GCC governments to post fiscal surpluses with the exception of Bahrain, and that the fiscal breakeven oil price will rise moderately with the exception of Qatar, whose fiscal breakeven point should decline. Second, the degree of fiscal stimulus that governments can afford to maintain will be key. It noted that asset-rich GCC oil exporters are likely to raise expenditures even if oil prices decline below their current level, while oil-importing countries in the region are more constrained in their ability to fund further spending rises.

Third, it said a key driver of private sector activity in the region in 2010 will be the appetite of banks to lend, particularly in countries that have experienced the sharpest correction in credit growth. It noted that banks are still cautious about lending to local consumers and businesses. Fourth, it expected remittance flows from oil exporters to oil importing countries to recover, as oil prices have held up and most Gulf private sectors have stabilized. Fifth, it considered that the economic performance of oil-importing countries will be affected by developments in their key export markets. Sixth, it identified political risks as a determinant for the region's credit fundamentals.

Source: *Moody's Investors Service*

## GCC

### Banks to face another difficult year, asset quality to deteriorate further

Standard & Poor's expected 2010 to be another difficult year for GCC banks as they continue to clean up their loan books. It said the ongoing correction in the real estate market, lagging effects of the economic slowdown on corporate and retail customers, and limited economic and asset growth, will likely continue to pressure asset quality and the financial performance of Gulf banks during the next quarters. It saw a growing disparity in credit quality among banks in the GCC, with the stronger Saudi and Qatari banks on the one hand and the relatively weaker Dubai, Kuwaiti, and Bahraini investment banks on the other.

The agency noticed a marked increase in nonperforming loans in recent quarters, with the NPLs ratio climbing to 5.4% on average in September 2009 from 2.7% at year-end 2008, while

loan loss provisions dropped to 86.7% from 151.3%. It expected these ratios to further deteriorate in the next few quarters due to continuing pressure on the corporate sector, uncertainty about the Dubai World restructuring, and the fact that banks have not fully taken into account exposures of \$10bn to the Al Gosaibi and Saad defaults. It said Qatar and Saudi Arabia show the lowest rise in NPLs, while Kuwait displays the most deterioration in asset quality because of local banks' exposure to domestic investment companies and real estate dealers or intermediaries. Also, Dubai banks' NPLs have risen sharply because of the slowdown and are set to climb even higher in the next quarters. It expected NPLs ratios in the GCC to peak by mid-2010 and for asset quality to likely bottom out before slowly improving in the second half of the year.

S&P indicated that the return on assets (ROA) of the commercial banks in the Gulf declined to 1.4% in the first nine months of 2009 from 2% on average in 2008 with Kuwaiti and Dubai-based banks leading the decline, while banks in Saudi Arabia and Qatar showed either an increase in profitability or only a slight decline. It expected this trend to continue over the next few quarters.

Source: *Standard & Poor's*

## JORDAN

### Fiscal challenges represent key risk

The Institute of International Finance indicated that Jordan's real GDP growth slowed sharply to 3.2% in 2009 from 7.9% in 2008 due to the global downturn. However, it noted that the economy did not fall into recession and expected real GDP to grow by 4.3% in 2010 and 5.5% in 2011, supported by an increase in global activity and a recovery in export demand. It forecast the current account deficit to widen from 6.7% of GDP in 2009 to 8.4% of GDP in 2010 and 9.3% of GDP in 2011 due to the rise in oil prices.

The IIF expected average inflation to rise to 4.7% in 2010 from -0.7% in 2009 and then fall to 4.5% in 2011. It said higher energy prices pushed inflation back into positive territory but weak domestic demand will keep inflation moderate. It indicated that the Central Bank of Jordan (CBJ) cut rates far less aggressively than the Federal Reserve to maintain the dinar's peg to the dollar, which attracted capital inflows and pushed foreign reserves up to 8.3 months of imports in 2009 from 5.2 months in 2008. It expected the CBJ to keep rates on hold in 2010 as the inflation rate is now higher than in many trading partner countries.

The IIF noted that the budget came under increased pressure in 2009, as the deficit widened to 4.2% of GDP from 2.2% of GDP in 2008 mainly due to a sharp drop in foreign grants and higher capital spending. It considered the 2010 budget to be too ambitious, as it aims to reduce the deficit to 3.9% of GDP and cut the current spending by 6.1% and the capital spending by 30%. It expected the government to find it difficult to finance investment spending through foreign grants, suggesting that tough decisions will have to be made on reducing current spending. It said wage restraint and careful management of discretionary spending will be needed in order to consolidate public finances and bring public debt back within legislated limits.

Source: *Institute of International Finance*

## ECONOMY & TRADE

### IRAQ

#### Investments in Kurdistan at \$12bn

The Board of Investors of the Kurdistan Regional Government indicated that non-oil investments in the Kurdistan region totaled more than \$12bn over the 2006-09 period. It said the housing sector was the main destination of investments, as it attracted \$4.7bn in funds during the cover period. It was followed by the banking sector with \$2.29bn. It noted that investments within Iraq totaled \$8.59bn, while Kuwait and Lebanon were the largest foreign investors with \$3.1bn for both, representing 25% of overall investments in Kurdistan. It added that the Kurdistan Regional Government issued 241 investment licenses since 2006, with the capital Erbil as the most sought after investment destination.

Source: *Dow Jones Newswires*

### UAE

#### Dubai Inc. debt at \$86bn, total Dubai debt at \$109bn

Figures issued by the International Monetary Fund indicate that Dubai's debt totaled \$109.3bn as of January 2010, including \$85.6bn in debt contracted by Dubai Inc. and \$23.7bn in liabilities for the Dubai Government. It said that the figures cover bonds and syndicated loans and do not include bilateral bank loans and accounts payable. Dubai Inc. is a web of commercial corporations, financial institutions, and investment arms owned directly by the Dubai Government or the ruling family under the umbrella of three major holding companies that are Dubai World, Dubai Holding and the Investment Corporation of Dubai (ICD). Dubai World's debt totals \$26bn, of which \$18bn in syndicated loans and \$8.1bn in bonds. Also, Dubai Holding's debt totals \$14.8bn, of which \$12.2bn in syndicated loans and \$2.6bn in bonds. Further, the ICD's debt totals \$20.4bn, of which \$11.8bn in syndicated loans and \$8.5bn in bonds; while the debt of other Dubai Inc. subsidiaries reaches \$24.4bn, including \$19bn in syndicated loans and \$5.3bn in bonds. As such, Dubai World accounts for 30.4% of Dubai Inc's aggregate debt, followed by the ICD with 24% of the total, Dubai Holding with 17%, and other Dubai Inc. subsidiaries with 28%. Dubai Inc. has \$15.5bn in debt maturing in 2010, \$24.4bn due in 2011, \$19bn in 2012, \$8.6bn in 2013, \$23.1bn in 2014 and \$16.5bn afterwards.

Source: *International Monetary Fund*

### TURKEY

#### Sovereign ratings upgraded, outlook positive

Standard & Poor's raised Turkey's long-term foreign and local currency sovereign credit ratings to 'BB' and 'BB+', respectively, and affirmed the 'B' short-term ratings with a 'positive' outlook. It also raised the Transfer and Convertibility Assessment to 'BBB-' from 'BB+'. It attributed the upgrade to the government's improving economic policy flexibility due to its strong track record in steadily reducing the debt burden over the past decade. It said the upgrade also reflects the success of the regulatory institutions in preserving the solidity of the financial sector despite external adversity, adding that improvements in the banking sector have helped Turkey maintain better access to

global financial markets compared with many peer banking systems. It considered that the government's fiscal plan is realistic and prudent, adding that the risks to public finances have decreased accordingly. It said if Turkey is able to roll over its total stock of debt at nominal interest rates equal to nominal GDP growth, debt levels would stabilize, as long as the primary budget remains in balance. S&P considered that Turkey's large gross external financing needs represent the key rating risk, because a change in investor sentiment could weigh on economic growth and public finances. It expected gross external financing needs to remain at 130% of current account receipts and usable reserves between 2010 and 2012. It noted that external leverage continues to be high, albeit below levels reached in 2008, with external debt net of liquid assets at just under 100% of current account receipts in 2009, leaving Turkey vulnerable to changes in external conditions.

Source: *Standard & Poor's*

### ROMANIA

#### IMF approves disbursement of \$3.3bn

The International Monetary Fund completed the second and third reviews of Romania's economic performance under a program supported by a 24-month Stand-By Arrangement, allowing for the disbursement of about \$3.32bn and bringing total disbursements under the program to about \$12.6bn. It said that continued efforts to fully implement the economic program remain essential to strengthen macroeconomic stability and provide the basis for sustainable growth. It noted that despite recent consolidation efforts, Romania faces major fiscal challenges, as the deficit needs to be reduced to stabilize the public debt-to-GDP ratio and to comply with the criteria for accession to the Eurozone. It added that the adjustment strategy includes politically difficult spending decisions and will require strong and steadfast implementation. The Fund indicated that the Romanian financial sector continues to weather the crisis well despite rising NPLs.

Source: *International Monetary Fund*

### GHANA

#### IMF expresses support for Akra

The International Monetary Fund indicated that Ghana's economic prospects are encouraging and expected a modest recovery in 2010, as strong demand for cocoa and gold helped the economy avoid the worst effects of the global recession. It said the government needs to remain firmly committed to its macroeconomic stabilization program over the next two years in order to allow a return to a strong growth path that will lead to a significant reduction in poverty. It noted that this includes strengthening budget implementation that would allow upcoming oil production revenues to be earmarked to poverty-reduction programs. The Fund reiterated its support to Ghana in its efforts to meet macroeconomic challenges. Last July, it approved \$603m to help the country tackle budget imbalances. In addition, Ghana received about \$450m in Special Drawing Rights to support its official reserve position.

Source: *International Monetary Fund*



# BANKING

## SYRIA

### Progress in anti-money laundering efforts, deficiencies remain

The Financial Action Task Force (FATF), the global standard setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), indicated that Syria has demonstrated progress in improving its AML/CFT regime, but considered that certain strategic deficiencies remain. It noted that Syria has made a high-level political commitment to work with the FATF and the FATF-style regional body MENAFATF to address these deficiencies. It said the commitment includes adopting adequate measures to implement and enforce the 1999 International Convention for the Suppression of Financing of Terrorism; adequately criminalizing terrorist financing; implementing adequate procedures for identifying and freezing terrorist assets; ensuring financial institutions are aware of and comply with their obligations to file suspicious transaction reports in relation to money laundering and the financing of terrorism; and adopting appropriate laws and procedures to provide mutual legal assistance.

Source: *Financial Action Task Force*

## TURKEY

### Bank ratings raised on sovereign upgrade

Standard & Poor's raised its counterparty credit ratings to 'BB' from 'BB-' on the Albaraka Turk Katilim Bankasi, Türkiye Garanti Bankasi, Türkiye Is Bankasi, Türkiye Vakıflar Bankasi and Yapi ve Kredi Bankasi, while it raised HSBC Bank's ratings to 'BB+' from 'BB'. It attributed the upgrades to the earlier upgrade of the sovereign ratings. It said the banks are well-positioned to benefit from an improvement in their operating environment, which should help reduce their credit and funding risks as well as create business growth opportunities. It noted that the good levels of capitalization and adequate funding provide the banks with the financial flexibility to grow their business, as most banks have access to a strong customer deposit base and have continued to successfully access foreign markets to refinance their wholesale debt. It added that the impact of the recent economic slowdown on Turkish banks has been very limited due to their resilience that was built up over a decade of reforms. It anticipated further deterioration in asset quality due to delayed effects following the economic slowdown, but expected it to remain manageable. It noted that Turkish banks' financial performance and fundamentals will likely remain highly correlated with sovereign creditworthiness through their significant holdings of government securities, among other things.

Source: *Standard & Poor's*

## ALGERIA

### IMF calls for revisiting state banks privatization

The International Monetary Fund encouraged the Algerian authorities to speed up financial sector reforms in order to strengthen and improve the efficiency of financial institutions. It called for clarifying the role of state-owned banks and for further strengthening their governance. It supported resuming the privatization process of major public banks in order to increase the efficiency of the banking sector based on international best

practices. It said ongoing efforts to reduce NPLs should continue, bringing their levels closer to those in comparable countries. But it viewed the ban on consumer lending, except for mortgages, as a potential hurdle to financial sector development, and suggested its removal once the household credit registry becomes operational.

Source: *International Monetary Fund*

## GHANA

### Central Bank cuts policy rate by 200bps

The Monetary Policy Committee (MPC) of the Bank of Ghana reduced its policy rate by 200 basis points from 18% to 16%. It attributed its decision to improved economic fundamentals in the last quarter of 2009 and early 2010, driven by diminishing inflationary pressures, exchange rate stability, a pick-up in economic activity and an improvement in business and consumer confidence. It added that the inflation rate declined from 18% last October to 14.8% in January, and expected steady disinflation towards the target range of 7.5% -11.5% for 2010. The MPC noted the existence of downside risks, especially in the outlook for international crude oil prices as the global economic recovery takes hold. It expected the reduction in the policy rate to encourage banks to reduce their lending rates accordingly, which would allow for a restoration of credit growth in the economy and ensure a steady growth in output.

Source: *Bank of Ghana*

## ANGOLA

### Financial system has strategic anti-money laundering deficiencies

The Financial Action Task Force (FATF) identified Angola as a jurisdiction with strategic deficiencies in anti-money laundering and combating the financing of terrorism (AML/CFT) and added that the country has not committed to an action plan to address these deficiencies as of February 2010. It indicated that Angola has not committed to the AML/CFT international standards, nor has it responded to the FATF's request for engagement on these issues. It said Angola's lack of a comprehensive AML/CFT regime poses a risk to the international financial system, and urged it to work with the FATF to develop a viable AML/CFT regime in line with international standards. The FATF called on its members to consider the risks arising from the deficiencies associated with Angola.

Source: *Financial Action Task Force*

## ARMENIA

### Central Bank raises refinancing rate by 50bps

The Central Bank of Armenia (CBA) raised its refinancing rate by 50bps from 5.5% to 6%, citing higher inflation that reached 7% in January 2010 on an annualized basis and 1.7% from the previous month. It said the increasing international prices of raw materials and basic food products, as well as the recovery of domestic demand due to the expansionary fiscal policy, contributed to higher inflation. It forecast inflation to exceed the target band in 2010 but to start easing in the second quarter of the year. The CBA raised the refinancing rate by 50bps in January 2010, after cutting it several times in 2009.

Source: *Central Bank of Armenia*

# ENERGY / COMMODITIES

## Oil below \$80 on firm dollar

Oil fell below \$80 on February 25, as the dollar recovered and the euro fell on concerns over the European economy, while the surprise rise in U.S. crude stocks offset the fall on gasoline ahead of the driving season. U.S. crude for April delivery fell by 30 cents to \$79.70 a barrel after rising by \$1 on February 24, lifted by comments from U.S. Federal Reserve Chairman who reaffirmed his commitment to keeping interest rates low. London Brent crude lost 24 cents to \$77.85 a barrel. The Energy Information Agency said U.S. crude oil stockpiles rose by 3 million barrels to 337.5 million barrels in the week ended February 19th. But U.S. gasoline inventories fell by 900,000 barrels to 231.2 million barrels. U.S. refiners normally start stockpiling in April for the start of the driving season in end-May and peaks in June-July.

Source: Thomson Reuters

## Syria signs deals totalling \$5bn to increase electricity capacity

Syria has signed a number of deals worth a total of about \$5bn to add 5,000 megawatts (MW) of electricity by the end of 2013. Currently, Syria's total electricity generation capacity is about 6,200 MW, with demand for electricity growing between 8% and 10% per year and deficit estimates ranging between 3,000 to 4,000 MW. The deals are part of Syria's 11-year plan to increase public investment spending and develop Syria's infrastructure, as well as investing in the health and education sector.

Source: Al Hayat

## Iraq to allow private investment in the electricity sector

The Iraqi Cabinet decided to allow private sector investment in the electricity sector and to provide financial support for the sector of up to \$2bn a year, for a period of three years. In addition, the government plans to guarantee the contracts with General Electric and Siemens as an incentive for private investment.

Source: KUNA, Al-Alam Al-Yom

## Oil majors warn Nigeria on planned industry reforms

Oil majors said Nigeria's proposed oil industry reforms could drive away more than \$50bn in investment and slow development of deep water reserves. Under the current version of the proposed Petroleum Industry Bill, the government would be allowed to renegotiate old contracts and impose higher costs on oil companies. The legislation has been delayed by the dispute between the government and international firms, which already complain of funding difficulties. Acting President Goodluck Jonathan urged the parliament to pass the bill quickly.

Source: The Daily Herald

## Angola offshore oil to be double Nigeria's by 2020

Royal Dutch Shell said Angola's offshore oil production is likely to be double that of Nigeria by 2020. The two countries rival each other as Africa's biggest oil producer, but oil majors say Nigeria risks losing out if changes to its terms make it less profitable to develop deep water reserves.

Source: Thomson Reuters

## Precious metals: Markets are digesting announcements by the IMF

Precious metals prices are likely to remain unstable as the market is still digesting the IMF's announcement to sell the remaining portion of its 403.3 tons gold sale in the open market. The IMF has already sold 200 tons to the Central Bank of India, 10 tons to the Central Bank of Sri Lanka and two tons to the Central Bank of Mauritius, leaving 191.3 tons for sale. The previous sales were off-market transactions without direct influence on the gold price. Most market participants expected the remaining 191.3 tons would also be sold in off-market transactions. The fact that the IMF now wants to sell in the open market could be a sign that it found no buyers. Negative seasonality in March and eventually rising real interest rates pose additional risks.

Source: Credit Suisse

## Base metals: Aluminium underperforms, market surpluses expected

As metal prices rose strongly through 2009, aluminium has underperformed. Aluminium's subdued appreciation is driven by industry specific characteristics. Supply of "resource-driven" metals like copper or zinc is constrained, limiting production increases while the aluminium industry is "capital-driven". Cheap finance is one reason why China's smelting capacity has increased substantially during the past few years, contributing to the present surpluses. Regional market surpluses are expected in China and the world excluding China in 2010, and aluminium prices are forecast to average \$2,025 a ton.

Aluminium smelting is the most power-intensive metal production process. Hence, nations with a good power endowment have a competitive advantage. Aluminium production in the U.S. and Europe has already fallen during the past 5 years. European smelters have been under pressure due to relatively high power tariffs. The EU Emission Trading Scheme has been a significant contributor to this outcome and major improvements in Europe's operating environment are unlikely going forward. Also, China does also not have a competitive advantage in producing aluminium.

Source: Merrill Lynch

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	211.6	203.2	189.2	-2.9	36.3
LME metals price index	3336.0	3104.3	2677.6	-3.9	101.0
Oil prices USD	79.0	74.9	66.8	1.0	128.7
Oil prices SDRs	51.5	47.5	43.1	3.5	119.3
Gold \$/troy oz	1120.5	1073.3	1002.8	-1.3	15.2
Silver cents/troy oz	1583.0	1698.1	1532.4	-15.2	12.7
Platinum \$/troy oz	1524.0	1403.9	1281.2	-5.6	40.2
Copper \$/MT	7085.8	6674.5	5682.3	-5.6	124.9
Nickel \$/MT	20232.5	17907.2	15660.2	8.6	108.3
Aluminium \$/MT	2076.5	2008.1	1769.9	-9.4	62.2
Zinc \$/MT	2250.3	2161.9	1814.6	-8.8	110.2

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								
<b>Africa</b>													
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	-
	-	-	-	-	Stable								
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								
<b>Middle East</b>													
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								
<b>Central &amp; Eastern Europe</b>													
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
	Positive	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
<b>Emerging Markets</b>					
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	18-Mar-10
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	16.00	19-Feb-09	Cut 200bps	N/A
Mexico	Target Rate	4.50	19-Feb-10	No change	N/A
Brazil	Selic Rate	8.75	27-Jan-10	No change	17-Mar-10
Armenia	Refi Rate	6.00	16-Feb-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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