

## COUNTRY RISK WEEKLY BULLETIN

### NEWS HEADLINES

#### WORLD

##### Nearly 10% of corporate issuers rated 'B-' or lower at the end of 2009

Standard & Poor's indicated that 1,309 speculative-grade issuers either defaulted or had lower ratings by the end of 2009 than they did at the beginning of the year, compared to only 278 entities with higher ratings at the end of 2009, resulting in a nearly five -to-one ratio. It added that many of last year's downgrades were at the lowest end of the ratings spectrum, which increased the share of entities rated 'B-' and lower to 523, or 9.3% of the total, at the end of 2009, up from 494, or 8.4%, at the end of 2008 and from 342, or 5.8% of the total, at end-2007. The agency noted that the large volume of speculative-grade downgrades in the past two years has led to an increase in the number of entities in the lowest rating categories, adding that the recent wave of defaults dropped many speculative-grade issuers out of the pool. It said the sharp rise in speculative-grade issuance prior to 2007 was a result of investors' willingness to take on more risk in search of better yields, combined with companies' generally higher tolerance for leverage amid increased domestic and global competition. But when the credit markets began to deteriorate in 2008, many speculative-grade entities, particularly the lower-rated issuers that were more vulnerable to the tight liquidity and high leverage conditions, defaulted on their obligations or renegotiated the terms of their debt.

Source: Standard & Poor's

#### EMERGING MARKETS

##### Fixed income trading volume up 7% to \$4,445bn in 2009

Trading in emerging markets debt instruments stood at \$4,445bn in 2009, constituting an increase of 6.5% from \$4,173bn in 2008, but still below the \$6,500bn reported in each of 2007 and 2006. Trading reached \$1,422bn in the fourth quarter of 2009, up from \$1,123bn in the third quarter, \$985bn in the second quarter and \$815bn in the first quarter of the year. The volume of trades in local markets instruments stood at \$2,870bn in 2009, up 1.2% from \$2,837bn in the previous year. Local instruments turnover accounted for 65% of total emerging markets debt trades compared to 68% in 2008. In parallel, sovereign and corporate Eurobonds' trading volume stood at \$1,513bn, an increase of 18% from \$1,281bn in 2008. The survey expected that emerging debt trading volumes to expand further as the asset class is increasingly seen as a safe haven from further deleveraging in developed economies.

Sovereign Eurobond volumes increased by 8 % year-on-year to \$925bn, while the volume of traded corporate bonds reached \$514bn, up 32% from 2008. Sovereign Eurobonds accounted for 21% of total debt trading, unchanged from 2008, and corporate debt represented 12% of the survey's volume compared 9% in the previous year. The most frequently traded instruments were Brazilian debt securities at 17% of the total, followed by

Hong Kong assets with 13%, Turkish instruments with 9% and Mexican debt securities at 6%. Trading in Brazilian instruments rose by 12% year-on-year, in Hong Kong assets by 148%, and in Turkish debt by 8%. The most frequently traded Eurobonds included issues from Russia with \$56bn, Brazil with \$44bn, followed by Venezuela with \$27bn and Argentina with \$15bn. New issues from Qatar and Lithuania in the fourth quarter were among the top 10 frequently traded instruments.

Source: EMTA

#### MENA

##### Region makes progress in closing digital gap

The International Telecommunication Union's 2010 ICT Development Index shows that Arab countries' average level of information & communication technology (ICT) development increased by 10% to reach 3.11 points, up from 2.83 points in the previous survey. But the level of ICT development in the region is still below the global level of 3.58 points. The index tracks the digital divide in countries and measures their progress towards becoming information societies on the basis of ICT access, usage and skills. The rankings of 7 Arab countries increased, 9 regressed and 3 were unchanged; while the scores, representing the level of ICT development, of all Arab countries improved year-on-year. The UAE remained the most developed Arab country in terms of ICT, ranking as the 29th most ICT-developed country in the world, while Yemen and the Comoros Islands are the least ICT-developed country in the Arab world. Morocco's rank rose by 6 spots, posting the highest increase in the region's rankings, while Oman's score rose by 18.8%, constituting the biggest jump in scoring. In parallel, Kuwait posted the steepest decline in the rankings (12 spots) and Yemen the lowest increase in scoring (0.04 points). Two Arab countries were classified in the 'High' ICT development category, three were classified in the 'Upper' category, 9 countries in the 'Medium' category, and 5 countries in the 'low' category.

Source: ITU, Byblos Research

##### Region's country risk slightly better than global trends

*Euromoney* magazine's semi-annual survey on global country risk shows that the average rating of 20 countries in the MENA region was 50 points compared to the global average of 46.1 points in March 2010. The region's political risk score was 17.2 points, similar to the global average; while its economic performance received 12.1 points, better than the global average of 10.5 points. Further, the MENA's credit ratings averaged 2.89 points compared to the global score of 2.47 points, while the region's access to bank capital and capital markets reached 6.05 points, better than the world average of 5.5 points. Also, the region's debt indicators scored 5.1 points relative to an average of 4.7 points globally. Qatar is the country with the best risk ratings in the MENA region while Mauritania has the worst level of country risk.

Source: *Euromoney*, Byblos Research

---

# OUTLOOK

---

## WORLD

### **Basel III proposals to address regulatory shortcomings, would not impact bank ratings**

Standard & Poor's considered the Basel III proposals to be an appropriate response to shortcomings in the current regulatory approach of banking systems that were highlighted by the recent global financial turmoil. Further, it did not expect that Basel III would have a material impact on bank ratings once it is implemented. It welcomed the proposals to strengthen and simplify the capital structure of banks, which represent a significant tightening and harmonization of regulatory capital requirements. It noted as very appropriate the proposal that various items should be deducted from common equity rather than a broader capital measure. It said the deductions would likely have a significant impact on most banks, adding that the co-existence of multiple classes of regulatory capital instruments has had unintended consequences.

Second, the agency noted that the Basel III proposals contain a number of measures that would significantly raise capital requirements for trading-related counterparty risks in order to address deficiencies in the Basel II methodology. It considered that the proposed changes are a reasonable response to recent events of severe market volatility. It estimated that the charges could increase very significantly from the current level, with the main driver being the proposed introduction of a Pillar 1 value-at-risk charge on counterparty valuation adjustments. Third, it said the proposals would introduce a consistent leverage ratio measure for all internationally active banks, which would initially be a Pillar 2 monitoring tool, but could ultimately become a Pillar 1 requirement. Also, the introduction of a consistent leverage ratio measure could complement risk-adjusted regulatory capital metrics and help to identify outliers since excessive leverage was a key factor in banks' stress since 2007. It considered that the effectiveness of the Basel III proposal will crucially depend on the final definition of the leverage ratio. It added that the introduction of a measure of adjusted assets that eliminates inconsistencies between accounting standards would facilitate cross-regional comparisons, even beyond its particular use in a leverage ratio.

Fourth, S&P noted that the most innovative section of the Basel III consultative documents is the proposals to address pro-cyclicality. It stated that the most ground-breaking proposal is a framework that would require the conservation of Tier One capital via restrictions on dividends, share buybacks, and discretionary bonuses if a bank's capitalization falls within specified ranges above its minimum regulatory requirement. Finally, it viewed positively the proposed introduction of internationally-consistent minimum liquidity standards. It said the Basel III liquidity proposals represent the first attempt by international regulators to introduce harmonized minimum standards, which is a long overdue development. It also viewed positively the strong improvement in transparency and the emphasis placed on market discipline in the various elements of the proposals, as the disclosure provided by banks regarding regulatory capital measures has frequently been deficient.

*Source: Standard & Poor's*

## SAUDI ARABIA

### **Banking system remains sound, private sector credit to grow in 2010**

The Institute of International Finance indicated that the Saudi banking sector remains sound but expected that uncertainties about the balance sheets of a few banks to continue to weigh on bank funding and credit growth in the first half of 2010. It said the system's overall capital adequacy ratio is around 16%, exceeding the minimum regulatory requirement of 8%. It noted that the sector's non-performing loans (NPLs) are below 3% of total loans but added that provisions against NPLs more than tripled in 2009 to about \$3bn, or 1.5% of total loans, reducing banks' profits. It attributed the increase in provisions to the default of the two family-affiliated conglomerates Saad and Algozaibi. However, it indicated that banks' exposure to real estate is relatively small, representing less than 6% of total private sector credit. It said the Dubai debt crisis has not impacted Saudi banks given their limited exposure. It warned, however, that the significant private non-bank exposure to regional property markets could have an impact on banks' balance sheets.

The IIF indicated that the banking system's liquidity is more than adequate, supported by historically low interbank rates and rapid accumulation of foreign assets. It said credit to the private sector broadly stagnated in 2009, but anticipated a modest rebound in lending growth in 2010, as corporate prospects improve following the gradual recovery in the global economy and an improvement in confidence. Also, it expected the passage of a new mortgage law that provides banks with legal recourse to foreclosure, to revive private sector credit growth over the medium term.

*Source: Institute of International Finance*

## EGYPT

### **Growth dependent on FDI inflows, outlook constrained by domestic factors**

Merrill Lynch expected economic growth at 5% in 2010, up slightly from 4.7% in 2009. It said Egypt's outlook is positive over the medium-term, but the economy has significant structural problems that need to be addressed. It expressed concerns about the vulnerability to inflation due to high level of poverty and inequality; low level of national savings; poor public finances and ineffective and costly subsidy system; skills mismatch; and lack of greater foreign exchange flexibility. It said the Egyptian economy is characterized by very little dependence on leverage and there was barely a real increase in domestic credit, even when the economy was expanding. It noted that the marginal increase in GDP growth is highly correlated to FDI inflows and the global business cycle. Therefore, GDP growth is likely to accelerate to pre-crisis levels of 6.5%-7% if capital inflows recover strongly in 2011-12. It added that the wider budget deficit pushed public sector borrowing requirement higher, which crowded out the private sector from the credit market. Merrill Lynch expected inflation to average 12.4% in 2010, down from 16.2% last year, and for the fiscal deficit to widen to 9.4% of GDP this year. It said Egypt needs to grow at by at least 5.5%-6% annually on average to be able to reduce the unemployment rate. *Source: Merrill Lynch*



# ECONOMY & TRADE

## MENA

### Tourism arrivals drop by 3.6% in 2009

Figures issued by the World Tourism Organization indicate that tourist arrivals to the MENA region totaled 72.8 million in 2009, down 3.6% from 2008, compared to a decline of 4.3% in global tourist activity. Arrivals declined by 5.6% to 52.5 million in the Middle East and increased by 2.9% to 17.7 million in North Africa last year. Arrivals to the Middle East and North Africa regions accounted for 6% and 2%, respectively, of the world's total. The growth rate of tourist arrivals to the Middle East changed from a rise of 18% in 2008 to a drop of 5.6% in 2009, constituting the biggest negative fluctuation among all regions. Lebanon posted the highest growth rate in tourist arrivals in the region with a 39% increase, followed by Syria with a 10.4% growth, Morocco with 7%, Bahrain with 4.3%, and Jordan and Turkey with 1.6% each. In parallel, tourist arrivals declined in Saudi Arabia by 29%, in Cyprus by 11%, in Israel by 9.7%, in Egypt by 3.4%, in Palestine by 3.1%, in Tunisia by 2.6% and in the UAE by 1.3%. The WTO projected tourist arrivals to grow between 3% and 4% globally and by 5% to 9% in the Middle East in 2010.

Source: UNWTO, Byblos Research

## SYRIA

### Brand perception remains low despite slight improvement

The Nation Brand Perception Index ranked Syria in 129th place among 200 countries and territories around the world and in 10th place among 20 countries in the MENA region in the fourth quarter of 2009. Syria ranked in 153rd place globally and in 10th place regionally in the third quarter. It ranked in 139th place overall for the full year, ahead of Bulgaria and behind Ethiopia, as it ranked 138th in the second quarter and 130th in the first quarter of 2009. 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. Globally, Syria ranked ahead of Burundi, Mauritania and Niger, and came behind Turkmenistan, Guatemala and the Marshall Islands. Syria received a score of 48.9 points, below the global average of 50.1 points and above the Arab average of 43.6 points. Its score increased by 3% in the fourth quarter from 47.47 points in the third quarter. In parallel, Syria was the 57th most mentioned country in the international media in the fourth quarter of 2009 and the 11th most mentioned country from the MENA region. Syria was mentioned 29,095 times in the international media, above the global average mentions of 14,057 times and the Arab average mentions of 7,749 times.

Source: East West Communications, Byblos Research

## IRAQ

### World Bank extends \$250m loan for budget support

The World Bank approved a \$250m loan to Iraq to support the country's efforts to mitigate the impact of the current fiscal crisis on the national economy and to support its medium-term economic reform program. The loan is the first of two planned facilities that will total \$500m. It said the support is designed to

reduce Iraq's fiscal and socio-economic vulnerability to external shocks from sudden drops in oil revenues, the country's main source of income, as years of conflict have affected Iraq's oil production levels and strained its budget. It noted that Iraq has a considerable financing gap of \$4.9bn for the 2009-11 period, which needs to be addressed through external financing. The Bank said the budget support will help sustain an adequate level of public expenditures to strengthen the delivery of key public services and rebuild infrastructure. It will also provide support in key reform areas such as strengthening budget management and prioritization; reforming the financial sector; and improving the efficiency of the social safety net. The Bank's program in Iraq consists of four completed projects and 20 active projects.

Source: World Bank

## GHANA

### Inflation drops to two-year low in February

Figures released by the Ghana Statistical Service show that the inflation rate declined to 14.2% in February from 14.8% in January, its lowest level in almost two years, and the eighth consecutive monthly fall. It said food inflation is decreasing at a slower pace than non-food inflation, but non-food items have a weight of 55.1% in the consumer price index. Recreation and culture, household equipment, hotel and restaurants as well as transport posted inflation of above 20% in February, while several food items' prices rose by 35% year-on-year. Regionally, inflation ranged from 7.8% in the Northern Region to 22.7% in the Central Region. The Bank of Ghana expects steady disinflation towards the target range of 7.5% -11.5% for 2010.

Source: Ghana Statistical Service, Bank of Ghana

## ARMENIA

### World Bank approves loans for socio-economic projects

The World Bank approved a \$7m loan to assist the government in its efforts to improve the living standards of the poor and vulnerable groups by expanding labor-intensive infrastructure projects. It also approved a \$5m loan for Armenia's Social Protection Administration Project to further improve the delivery of social protection and employment services by strengthening institutions and better targeting social safety net programs. It said the project will target job seekers and the rural unemployed, as well as poor and vulnerable households, current and future pensioners, and people with disabilities. It noted that, while the priority for Armenian authorities is to mitigate the economic and social impacts of the current economic crisis, the measures supported by the project will lay the foundations for an effective post-crisis social protection system. The World Bank Group's commitments to Armenia total approximately \$1.3bn since 1992.

Source: World Bank



# BANKING

## GCC

### Bank profits down 6% in 2009, 5 out of 6 markets see a drop in income

The aggregate net profits of 45 GCC banks reached \$14.6bn in 2009, constituting a decline of 6.2% from \$15.6bn in 2008. Banks in Saudi Arabia posted net profits of \$6.9bn, followed by Qatari banks with \$2.6bn, Abu Dhabi banks with \$1.7bn, banks in Kuwait with \$1.5bn, Dubai banks with \$1.4bn, and banks in Oman and Bahrain with \$358 and \$163m, respectively. In parallel, the net income of Abu Dhabi banks rose by 0.6% last year, constituting the only profit increase among GCC banking sectors in 2009. The profits of banks in Bahrain dropped by 44.8%, those of Omani banks regressed by 20%, while the net income of banks in Kuwait fell by 19%, followed by Dubai banks with a 15.5% drop. Banks in Saudi Arabia and Qatari posted the lowest decline in annual profits at -1.9% and -0.2%, respectively.

Source: KAMCO

## SAUDI ARABIA

### Ratings of major banks affirmed

Fitch Ratings affirmed Al Rajhi Banking & Investment Corp's Long-term Issuer Default Rating (IDR) at 'A+', Banque Saudi Fransi's IDR at 'A' and Saudi Hollandi Bank's IDR at 'A-' with 'stable' outlooks. It also affirmed the three banks' all other ratings. It said the decision reflects Al Rajhi's large domestic franchise, wide margins and strong profitability, along with some deterioration in asset quality and name concentration in the corporate portfolio. It noted that Banque Saudi Fransi's ratings reflect its strong corporate franchise, close links to Credit Agricole and healthy financial indicators, including strong profitability, good cost control, sound asset quality, and reasonable liquidity and capital. They also incorporate loan and deposit concentrations, and increasing loan impairment charges. Further, Saudi Hollandi Bank's ratings reflect its corporate banking franchise and good cost efficiency, as well as its significant concentrations in loans and customer deposits, some deterioration in asset quality and moderately tight capitalization. Fitch said the ratings' affirmation reflects the extremely high probability of support for the banks from Saudi authorities.

Source: Fitch Ratings

## QATAR

### 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 Qatar has demonstrated progress in improving its AML/CFT regime, but considered that certain strategic deficiencies remain. It noted that Qatar 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 adequately criminalizing money laundering and terrorist financing; implementing adequate procedures to identify and freeze terrorist assets; instituting adequate regulatory instructions for AML/CFT, particularly with regard to customer due diligence; and ensuring that financial institutions are properly fulfilling their obligations to report suspicious transactions and are

receiving appropriate guidance.

Source: Financial Action Task Force

## EGYPT

### Loan of \$300m to support access to finance

The World Bank approved a \$300m loan to support access to finance for small and micro entrepreneurs in Egypt. The project will support the government's priority program to encourage the expansion of this sector, which is estimated to account for over 99% of Egyptian enterprises, 85% of non-agricultural private-sector employment and almost 40% of total employment. The line of credit for micro enterprises will be channeled through banks and NGOs; while the credit line for small enterprise finance will be channeled through direct bank lending across branch networks, as well as by bank linkages with NGOs and potential small enterprise finance companies set-up under a new microfinance regulation. It is the first World Bank-funded project to support small and micro enterprises in the MENA region.

Source: World Bank

## SYRIA

### Regional players to enter market

Regional investment bank EFG Hermes announced that it will open a full-fledged office in Damascus and will launch a \$250m-\$300m private equity fund. EFG Hermes Syria will offer investment banking, private equity, brokerage and asset management services, and will be 70% owned by EFG Hermes and 30% by a Syrian businessman. Further, EFG Hermes said it will contribute 10% of total commitments to its private equity fund, which will target various sectors and provide capital for established businesses as well as for start ups. In parallel, National Bank of Kuwait declared it has received preliminary approval from the Syrian and Kuwaiti monetary authorities to establish an affiliate in Syria in which it will hold a majority stake. NBK is the largest bank in Kuwait and one of the largest in the Arab world. Further, the Bahrain-based Gulf Finance House announced it is setting-up an Islamic bank in Syria with a capital of SYP15bn. GFH and other non-Syrian strategic financial institutions will hold a 60% stake in the Syrian Finance House, local investors will hold 10%, while 30% will be sold to the public in an IPO. Earlier this year, a presidential decree raised the capital requirements of local banks and allowed majority ownership by foreign institutions.

Source: Bloomberg, EFG Hermes, Syria Report

## TURKEY

### Large banks see positive ratings action

Capital Intelligence raised the Financial Strength rating of Yapi ve Kredi Bankasi from 'BB' to 'BB+' based on the bank's solid franchise, improving capitalization and profitability, and sound coverage of NPLs. Also, it affirmed the long- and short-term foreign currency ratings of Akbank, Türkiye Garanti Bankasi and Türkiye Is Bankasi at 'BB-' and 'B', respectively, as well as the Financial Strength ratings of the first two banks at 'BBB+' and the third one at 'BBB'. It also assigned a 'positive' outlook to Akbank's rating due to positive trends in capitalization and liquidity, sound asset quality and good operating profitability.

Source: Capital Intelligence



# ENERGY / COMMODITIES

## Oil rises above \$82 on China inflation spike

Oil rose above \$82 a barrel on March 11 but remained below an eight-week high hit a day earlier after a rise in Chinese inflation. The Organization of the Petroleum Exporting Countries (OPEC) is expected to pump well above targets during the next quarter of the year, but falling gasoline inventories in the U.S. and the first signs of a recovery in demand strengthened prices. U.S. crude for April rose 10 cents to \$82.19 a barrel, after reaching \$83.03 on March 10th. China's booming economy led to a rise in oil imports, hitting their second highest monthly level in February. OPEC's officials declared that they do not expect a change in output targets while prices are within their desired range. U.S. gasoline stockpiles decreased by 2.9 million barrels, while distillate stocks fell by 2.2 million barrels. U.S. crude inventories showed a 1.4-million-barrel gain to 343 million barrels in the week to March 5th. U.S. total oil product demand during February and early March reached 19.41 million bpd, up 3.8% from a year ago.

Source: Thomson Reuters

## Toyota proposes Juba-Kenya oil pipeline

Toyota Tshusho Corporation proposed to Kenyan officials to build a 1,400-kilometer pipeline to transport crude oil from the landlocked South Sudan capital city of Juba to the Lamu port on the Indian Ocean. The pipeline would provide an alternative to Port Sudan, the country's only current oil exporting point, potentially having major economic and political implications for the country. Toyota disclosed that the pipeline would have a capacity of 450,000 barrels per day and would cost \$1.5bn to build. The firm would hand over the pipeline's ownership to the Kenyan and South Sudanese governments after 20 years.

Source: Sudan Tribune

## Ghana's oil production to start in fourth quarter

Tullow Oil indicated that the Jubilee phase 1 development project continues to meet key project milestones and is on track for oil production to start in the fourth quarter of 2010. Initial production is estimated at 120,000 bpd. Exploration and appraisal of other wells in the West Cape Three Points continue, with significant oil reservoirs being found in the Mahogany 4 and Mahogany Deep-2 wells. The discovery of oil has brightened Ghana's economic prospects considerably.

Source: Thomson Reuters

## Egypt plans four nuclear plants by 2025, Kuwait plans its first by 2017

The Ministry of Energy & Electricity said Egypt aims to establish four nuclear plants that will add a total of 4,000 megawatts (MW) of electricity by 2025. The first plant is expected to begin operation in 2019, with bidding for the construction scheduled for October 2010. Egypt plans to bring its total electricity capacity to an estimated 58,000 MW by 2027, from the current 25,000 MW. Electricity generated from wind is expected to reach 550 MW by May 2010. On a separate note, Kuwait also announced that it plans to set up a nuclear power station within the next seven years.

Source: Al Mal, KUNA

## Base metals: Steel market to recover in 2010

Steel prices and consumption collapsed in 2009 where prices reached \$489 a ton, down from \$889 a ton at the end of 2008. China's fiscal stimulus program boosted fixed investment and construction in 2009, causing steel consumption to rise by 24% from the previous year. Steel consumption in the world, excluding China, was 21% lower in 2009 than in the previous year, leading to a fall of global demand by 5%. Steel prices are expected to rise again by 16% in 2010. China's role in the steel market is expected to recede in 2010 and 2011 while the rest of the world will drive steel-market growth. The main reason for this is that stocks of crude steel in OECD countries are now very low, which should encourage production and boost inventory in the coming years. Steel's global consumption excluding China is expected to rise by 11% this year and 6% in 2011. Conversely, the total steel consumption in China is projected to decline by 5% in 2011 and 7% in 2012. Steel is expected to trade at an average of \$568 a ton during this year and \$525 a ton in 2011 and 2012. However, steel prices could head back to their mid-2008 peaks of \$1000 a ton if the Chinese government is less effective than expected in cooling the economy in 2010 and 2011.

Source: Economist Intelligence Unit

## Precious metals: Gold prices ease on higher dollar, slowing demand

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 increase slightly, which is also expected for jewellery and industrial demand. Investors are again put in charge to balance the market, needed to absorb more than 1,500 tons of production in 2010. In parallel, silver prices tend to track gold prices. Although silver's industrial usage has become slightly less important over the years with the decline of analogue photography, it has showed relative strength compared with gold over recent months.

Source: Julius Baer

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	209.7	204.9	191.5	0.7	40.2
LME metals price index	3415.4	3144.3	2741.1	14.2	88.0
Oil prices USD	80.4	75.7	68.2	10.2	77.7
Oil prices SDRs	52.4	48.1	44.0	10.9	69.2
Gold \$/troy oz	1130.8	1088.6	1008.9	5.6	23.8
Silver cents/troy oz	1734.0	1718.0	1542.9	7.5	34.7
Platinum \$/troy oz	1579.0	1431.0	1299.5	1.9	52.0
Copper \$/MT	7366.0	6766.6	5842.7	15.7	97.7
Nickel \$/MT	22220.0	18028.3	16095.6	25.9	123.2
Aluminium \$/MT	2187.8	2032.5	1804.7	8.7	65.2
Zinc \$/MT	2233.3	2196.4	1858.0	11.1	86.0

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	-
	-	-	-	-	-								
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-Mar-10	No change	08-Apr-10
UK	Bank Rate	0.50	04-Mar-10	No change	08-Apr-10
Japan	O/N Call Rate	0.10	18-Feb-10	No change	17-Mar-10
Australia	Cash Rate	4.00	02-Mar-10	Raise 25bps	06-Apr-10
New Zealand	Cash Rate	2.50	11-Mar-10	No change	N/A
Switzerland	3 month Libor target	0.25	11-Mar-10	No change	17-Jun-10
Canada	Overnight rate	0.25	02-Mar-10	No change	20-Apr-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-Mar-10	No change	N/A
Malaysia	O/N Policy Rate	2.25	04-Mar-10	Raise 25bps	13-May-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	02-Mar-10	No change	02-May-10
Ghana	Prime Rate	16.00	19-Feb-09	Cut 200bps	Apr-10
Mexico	Target Rate	4.50	19-Feb-10	No change	19-Mar-10
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	0.18	01-Mar-10	Cut 8 bps	01-Apr-10
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	8.50	24-Feb-10	Cut 25 bps	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](mailto:research@byblosbank.com.lb)  
[www.byblosbank.com.lb](http://www.byblosbank.com.lb)

---

The Country Risk Weekly Bulletin is a research document that is owned and published by Byblos Bank sal. The contents of this publication, including all intellectual property, trademarks, logos, design and text, are the exclusive property of Byblos Bank sal, and are protected pursuant to copyright and trademark laws. No material from the Country Risk Weekly Bulletin may be modified, copied, reproduced, repackaged, republished, circulated, transmitted, redistributed or resold directly or indirectly, in whole or in any part, without the prior written authorization of Byblos Bank sal.

The information and opinions contained in this document have been compiled from or arrived at in good faith from sources deemed reliable. Neither Byblos Bank sal, nor any of its subsidiaries or affiliates or parent company will make any representation or warranty to the accuracy or completeness of the information contained herein.

Neither the information nor any opinion expressed in this publication constitutes an offer or a recommendation to buy or sell any assets or securities, or to provide investment advice. This research report is prepared for general circulation and is circulated for general information only. Byblos Bank sal accepts no liability of any kind for any loss resulting from the use of this publication or any materials contained herein.

The consequences of any action taken on the basis of information contained herein are solely the responsibility of the person or organization that may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies that may be discussed in this report and should understand that statements regarding future prospects may not be realized.



---

# 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

