

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global bank write-downs at \$2,276bn

The International Monetary Fund estimated actual and potential global bank write-downs at \$2,276bn on bank holdings of loans and securities for the 2007-2010 period, down from \$2,809bn last October. It estimated total bank write-downs on loans at \$1,647bn and on securities at \$629bn for the covered period, down from its estimate of \$1,893bn and \$916bn, respectively, last October. It said U.S. banks account for 39% of global write-downs, of which \$588bn in loans and \$296bn in securities; followed by Euro area banks with 29%, of which \$442bn in loans and \$224bn in securities. Further, the United Kingdom banks account for 20% of total write-downs, of which \$398bn in loans and \$57bn in securities; other mature Europe banks with 6.9% and Asian banks with 5%. It said cumulative losses at U.S. banks account for 7% of the size of the U.S. banking sector, while such losses account for 5.4% of the size of the UK banking system, 2.9% for Euro area banks, and 1.5% of the Asian banking sector. The Fund noted that \$1,555bn of write-downs have been recognized by the end of 2009, as U.S. domiciled banks have recognized about 77% and U.K. banks realized about 78% of anticipated write-downs, while euro area banks realized 62.4%, other mature European countries recognized 52.6%, and Asia realized 20% of write-downs. The IMF added that the \$2,276bn in global losses represent 4.1% of the overall outstanding market for loans and securities.

Source: *International Monetary Fund*

EMERGING MARKETS

Economic growth at 6% in 2010

The International Monetary Fund revised upwards its growth forecast for emerging and developing economies to 6.3% for 2010 from a 6% forecast earlier this year. It projected growth in developing Asia at 8.7%, in the Middle East & North Africa at 4.5%, Sub-Saharan Africa at 4.7%, the Commonwealth of Independent States at 4% and Central & Eastern Europe at 2.8%. The Fund also revised upwards its GDP growth forecast for the global economy to 4.2% from 3.9% in January. It estimated that the global economy contracted by 0.6% and developing economies grew by 2.4% in 2009. The Fund said many emerging economies are again growing rapidly and a number have begun to moderate their accommodative macroeconomic policies in the face of high capital inflows. It noted that key emerging economies in Asia are leading the global recovery, while a number of economies in Central & Eastern Europe and the Commonwealth of Independent States are lagging behind, although some are beginning to rebound strongly from deep troughs. Most middle-income economies and oil exporters in Sub-Saharan Africa are now recovering after experiencing sharp decelerations or contractions in output in 2009, while growth in most low-income economies is close to trend rates after slowing in 2009.

Source: *International Monetary Fund*

MENA

Net private capital inflows at \$66bn in 2010

The Institute of International Finance estimated total net private capital flows to the Middle East & Africa region at \$47.8bn in 2009, constituting a drop of 46% from \$88bn in 2008, and accounting for 9% of overall flows to emerging markets. It added that the debt default by two family-owned Saudi conglomerates and by Dubai World in 2009 have unsettled markets and fed uncertainty and an aversion to risk, which dampened capital inflows to the region. However, it expected that the debt restructuring plan of Dubai World would restore confidence in the region. Consequently, it forecast a modest increase in net private capital flows to the region to \$66.4bn in 2010 and \$81.3bn in 2011. The IIF projected net equity investment to the region at \$55.9bn in 2010 and \$68bn in 2011, up from \$50.7bn in 2009. It forecast net direct investment at \$52.2bn this year and \$61.6bn next year, compared to \$50.6bn last year, while it expected net portfolio inflows to increase from \$0.1bn in 2009 to \$3.7bn in 2010 and \$6.4bn in 2011. Also, it forecast net commercial bank lending to shift from net outflows of \$3.6bn in 2009 to net inflows of \$5.1bn in 2010 and \$8.5bn in 2011. It expected net non-bank private lending inflows to increase from \$0.8bn in 2009 to \$5.4bn in 2010 and \$4.9bn in 2011. It said the region will maintain its ability to attract funds, especially in light of infrastructure and energy projects that are already on course, adding that oil prices close to \$80 per barrel are also supportive for inflows. But it noted a shift in risk assessment, as market operators have become more diligent and discriminatory in lending to the region.

Source: *Institute of International Finance*

GCC

Investor sentiment improves on Dubai restructuring announcement

The Shuaa Capital GCC Investor Sentiment Index indicates that investor sentiment improved in March, with all six GCC markets recording a rise in investor confidence. The index increased by 15.2 points to 120.8 points in March, following an 8.9 points drop in February and a 2.4 points drop in January, and constituted its second biggest gain on record. The UAE's Investor Confidence Index rose by 42.6% from the previous month, posting the best improvement in investor sentiment in the region. Also, Bahrain's confidence index jumped by 9%, Oman improved by 8%, Kuwait grew by 7.8%, Qatar increased by 5.2%, and Saudi Arabia rose by nearly 2%. Investor sentiment remained the strongest in Saudi Arabia with the country's index at 136.3 points, highest in the region. Shuaa Capital attributed the improvement in investor sentiment to the significant change in investor confidence towards the UAE following the Dubai World restructuring proposal announced on March 25th. It noted that the rest of the region also benefited from an improvement in investor confidence, with all GCC indices now above the 100 point threshold.

Source: *Shuaa Capital*

OUTLOOK

WORLD

Sovereign risks are major challenge to financial stability

The International Monetary Fund indicated that risks to global financial stability have subsided as the economic recovery has gained steam, but expressed concerns about increased sovereign risks in advanced economies that could undermine stability gains and prolong the collapse of credit. It warned that the substantial increase in public debt and sharply higher sovereign risks are the most important challenges to global stability, as a worsening of public debt sustainability could be transmitted back to banking systems or across borders. It added that if the legacy of the present crisis and emerging sovereign risks are not addressed, there is a real risk of undermining the recovery and extending the financial crisis to a new phase, as the average debt-to-GDP ratio of the major advanced economies is nearing its highest level since World War II. It said, first, policy-makers must develop and communicate credible plans for achieving medium-term fiscal sustainability, as well as other measures to mitigate the transmission of sovereign risks through financial channels. Second, a policy priority should be to ensure a smooth deleveraging process that results in a safer and competitive financial system. Third, countries receiving strong capital flows need to employ a wide range of tools to address the risks of rapid asset price increases and credit accumulation. need to continue pushing for policies and reforms that establish the basis for a safer, competitive, and vibrant financial system. Finally, it urged authorities to complete the regulatory reforms.

Source: International Monetary Fund

EMERGING MARKETS

Net private capital inflows to increase by 34% to \$709bn in 2010

The Institute of International Finance expected total net private capital flows to emerging markets to recover to \$709bn in 2010 and \$746bn in 2011, up from \$531bn in 2009 but down from a January forecast of \$722bn. It said capital flows to emerging markets continued to rise in the early months of 2010 but at a slower pace than projected. It noted that the relatively modest nature of this increase over the first two years of the recovery reflects the likely subdued world of financial flows in the next two years, with flows from banks likely to remain especially weak. It noted that short-term interest rates will remain close to zero for an extended period in most mature markets, while high public sector budget deficits and debt constitute a danger in mature economies more than in emerging markets.

The IIF forecast net direct investment to improve to \$434.9bn in 2010 and \$470.2bn in 2011 from \$346.6bn in 2009, but to remain moderate relative to its pre-crisis peak due to the overall weakness in investment flows. It estimated net portfolio investment in emerging markets at \$119.2bn last year and expected inflows to fall to \$93.9bn in 2010 and \$98.1bn in 2011. Also, it forecast net commercial bank lending to shift from a net outflow of \$31.9bn in 2009 to a net inflow of \$48.9bn in 2010 and \$66.7bn in 2011. It estimated net non-bank private lending to rebound to \$130.9bn in 2010 from \$96.9bn in 2009, before falling to \$111.4bn in 2011. It also projected net lending by offi-

cial creditors to have reached \$62.4bn last year and to decline to \$55.2bn this year and \$35.3bn next year.

The IIF pointed out to several factors that would restrain flows during the 2010-11 period. It said emerging economies continue to lead the global expansion but noted that significant emerging market risks remain. It added that overall demand for external finance from emerging market borrowers remains weak due to a decline in overall borrowing needs and the availability of alternative sources of local financing. Also, the supply side of external finance to emerging economies has been damaged by the 2007-09 recession, and many financial institutions in mature economies remain firmly in deleveraging mode. Further, emerging market governments are following monetary policies that discourage capital inflows.

Source: Institute of International Finance

MENA

Growth at 4.5% in 2010, key risks are impact of Dubai crisis and global slowdown

The International Monetary Fund projected economic growth in the Middle East & North Africa region at 4.5% in 2010, up from 2.4% in 2009, and compared to growth of 6.3% for developing economies and 4.2% for the world economy this year. It also forecast growth in the region to improve to 4.8% in 2011, relative to 6.5% in emerging markets and 4.3% for the global economy. It expected inflation in the region to average 6.5% this year and 6.4% next year, compared to 6.2% in 2010 and 4.7% in 2011 for developing economies. It projected real GDP growth for the region's oil importers at 4.6% compared to 4.5% for oil exporters in 2010, while it forecast inflation at 8% for the region's oil importing economies and at 6% for oil exporters. Further, it project a current account surplus of 5.2% of GDP for the MENA region this year, with a surplus of 7.8% of GDP for oil exporters and a deficit of 4.4% of GDP for oil importers.

The Fund said the outlook for the region has improved recently, as higher commodity prices and external demand are boosting production and exports in many economies, while government spending is playing a key role in fostering the recovery. It noted that vulnerable financial sectors and weak property markets in Kuwait and the UAE are holding back the recovery, while sluggish recovery in Europe is affecting export growth, workers' remittances, and tourism revenues in other parts of the region such as Morocco and Tunisia. It called for fiscal stimulus programs to remain in place to help support the recovery, adding that high debt levels constrain the scope of such programs in some oil-importing countries. The Fund noted that a key risk to the outlook is the possibility that a slower-than-expected recovery in advanced economies could reduce commodity prices and tourism, which would adversely impact the region's export earnings, fiscal and external balances, and growth. It noted that the second key risk relates to the aftermath of the Dubai World debt crisis, whereby its full economic impact may not be felt for some time. It warned that a possible re-pricing of quasi sovereign debt could have a lasting effect on financial systems, corporate sectors, and economic activity in the area.

Source: International Monetary Fund



ECONOMY & TRADE

SYRIA

Office and residential real estate markets to see new supply, prices stabilize

Colliers International estimated the upcoming supply of office space in Damascus at 86,000 square meters of net leasable area between 2010 and 2012, raising the supply of dedicated office space by 66% by 2012. It said average rental rates increased by 28% between the third quarter of 2007 and the third quarter of 2008, and by a further 24% by the third quarter of 2009. Also, sales prices increased by 4% in the third quarter of 2008 on an annual basis, followed by a 40% increase between the third quarter of 2008 and the third quarter of 2009. It said sales transactions slowed down in the first quarter of 2010, causing prices and rental rates to stabilize. It estimated the current average sales price of office space at \$5,430 per sqm and the average yield at 6.8%. In parallel, Colliers estimated the upcoming supply of residential real estate at about 3,000 units, to be concentrated primarily in western Damascus and the western outskirts of the city. It forecast total demand to exceed supply by 10.5% in 2012, resulting in a shortfall of approximately 106,339 units and indicating that the market will remain undersupplied for the next five years. It said residential rents increased by 4% year-on-year in the third quarter of 2008, followed by a 36% rise by the third quarter of 2009, while rates remained stable at \$210 per sqm per year by the first quarter of 2010. It added that sales prices followed the same growth pattern between 2007 and the third quarter of 2009 and remained unchanged in the first quarter of this year at an average of \$4,160 per sqm. Also, rental yields decreased from 6% in third quarter 2008 to 5% in the third quarter of 2009, and showed little movement between that period and the first quarter of 2010 due to the leveling off of rental rates and sales prices.

Source: Colliers International

UAE

Dubai-related entities face critical year in 2012

Moody's Investors Service indicated that the Dubai government-related entities (GREs) will face a critical year in 2012 when four state-owned companies have a combined \$4.8bn of debt maturing. It added that 2012 will be a critical year for the broader market in the region as well, given the wall of debt maturities faced by Dubai corporate issuers. It said DIFCI faces \$1.25bn maturing in June 2012, Dubai Holding Commercial Operations Group has \$490m that mature in February 2012, Emaar has \$1bn due in February 2012 and the Jebel Ali Free Zone has \$2bn that mature in December 2012. It noted that the Dubai Electricity and Water Authority (DEWA) successfully placed recently \$1bn in 5-year notes at 8.5% under its recently established \$3bn program, constituting the first US dollar benchmark offering completed by a Dubai corporate since 2008 and the first time one of Dubai's GREs has tapped the market since the Dubai World debt restructuring announcement. It said the return of a Dubai GRI to the international debt capital markets was seen as a test for Dubai corporate as well as for the region as a whole. It noted, however, that investor focus has now shifted almost exclusively to the stand-alone profiles of Dubai issuers as the prospect of extraordinary government support became more selective.

Source: Moody's Investors Service

TUNISIA

Sovereign ratings affirmed on prudent economic policies

Standard & Poor's affirmed Tunisia's 'BBB/A-3' long- and short-term foreign currency and 'A-/A-2' long- and short-term local currency sovereign credit ratings, with a 'stable' outlook. It said the ratings are supported by the government's strong track record of prudent macroeconomic policies that have allowed regular growth and moderate fiscal deficits for more than a decade, as well as by a resilient external position. It projected real GDP to grow by 4% to 5% annually until 2012, helped by the expected gradual recovery in EU growth. It also expected the current account deficit to remain limited to 2%-3% of GDP until 2012, supported by tourism inflows and remittances, as well as recovering demand from Europe. It said fiscal ratios will deteriorate in 2010, as the authorities intend to support consumption and employment, and to increase public sector investment. It expected public deficits of about 3%-4% of GDP over 2010-12 before fiscal stimulus is withdrawn. It anticipated the debt burden to remain relatively stable at 46% of GDP in 2012, still above the 'BBB' median of 41% of GDP

Source: Standard & Poor's

ALGERIA

Trade surplus improves to \$4.4bn

Figures released by the Customs' Statistics Center show that exports reached \$13.8bn in the first quarter of 2010, constituting an increase of 32% from the same period last year, while imports declined by 6.8% to \$9.4bn during the same period. As a result, the trade surplus reached \$4.4bn in the first quarter compared to \$300m a year earlier. The rise in exports reflects higher global hydrocarbon prices, while the decline in imports is a result of official measures imposed last year to restrict imports, including a ban on consumer credit as well as requiring importers to prove that they had funds available to pay for their merchandise before it could be shipped to Algeria.

Source: Thomson Reuters

ANGOLA

Eurobond issue scaled down

The Finance Ministry indicated that Angola plans to issue between \$1bn and \$2bn in Eurobonds next month, down from an earlier target of \$4bn. Last year, Angola announced plans to issue Eurobonds worth \$4bn in two tranches of \$2bn each in 2010, and that it will request ratings from the major international rating agencies. The Eurobond would have been the largest amount raised by any country in Sub-Saharan Africa in a single year. But current market conditions and the fact that Angola is still not rated led to the reduction in the target issuance. The government has traditionally relied on bilateral, multilateral and syndicated loans for its external financing needs, so tapping the international capital markets is a step towards diversification of financing for its development needs. Angola's total external debt stood at \$15.6bn in 2009, or about 22.8% of GDP. Commercial banks held 60% of the debt, followed by bilaterals with 33% and multilaterals and suppliers with the balance. The cost of servicing the external debt is estimated at \$2bn in 2009.

Source: Bloomberg, Standard Chartered



BANKING

SAUDI ARABIA

Banks' capitalization enough to absorb unexpected losses

Standard & Poor's considered that the capitalization of rated banks in Saudi Arabia ranges from adequate to solid relative to their risk profiles, adding that banks carry sizeable capital cushions to absorb unexpected losses. The agency said its weighted average risk-adjusted capital (RAC) ratio for 8 Saudi commercial banks, which account for about 90% of Saudi system assets, stood at 10.6% as of end-June 2009. Further, the RAC ratios on the 8 banks range from 8.3% to 14.6%, which compares well with the 6.7% average RAC ratio for the 45 largest international banks. It said the RAC reveals Saudi banks' dominant exposure to corporate credit risk, and for some banks, the risks associated with equity investments. It added that the banks' lack of geographic diversification and high single-name concentration in their lending books are negative factors. Further, the majority of banks' credit portfolios are split between corporate and sovereign exposure, and banks are moderately active as creditors on the inter-bank markets, while retail exposure is generally limited. It noted that Saudi banks will likely continue to control credit growth this year, while maintaining resilient operating performances that help generate capital.

Source: Standard & Poor's

LIBYA

Central Bank selects six banks to bid for licenses

The Central Bank of Libya (CBL) announced that it has selected Unicredito SpA, HSBC Holdings Plc, Standard Chartered Plc, Qatar Islamic Bank, Mashreq Bank and National Bank of Dubai to bid for two banking licenses to establish subsidiaries in Libya. It said the winning banks would own up to 49% of the new banks along with full management control, and that the remaining 51% will be owned by domestic investors. 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 June 15, 2010 as the deadline for receiving offers from the six banks. 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

IRAN

Ratings assigned to state bank

Capital Intelligence assigned Bank Tejarat long-term and short-term foreign currency ratings of 'BB-' and 'B', respectively, a financial strength rating of 'B+' and a support rating of '3', with a 'stable' outlook for the ratings. It said the bank's ratings reflect its strong domestic franchise, its stable funding capacity and good operating efficiency, but also take into consideration its poor asset quality and low capital adequacy as well as the weak regulatory and operating environment. It added that the

bank's support rating indicates the strong likelihood that the Iranian government would provide sufficient financial assistance in case of need. It also reflects the bank's majority ownership by the government and its systemic importance as one of the leading Iranian banks with a significant market share. The agency said the bank's profitability weakened in FY2009 as growth in profit sharing income slowed and because of ongoing risk provisioning charges, while asset quality and loss reserve coverage continued to worsen. Bank Tejarat was established following the Islamic revolution of 1979 through the merger of a number of private sector banks. It has an estimated 10% market share in Iran and operates a significant domestic branch network.

Source: Capital Intelligence

GHANA

Central Bank cuts policy rate by 100bps to stimulate lending

The Monetary Policy Committee (MPC) of the Bank of Ghana reduced its policy rate by 100 basis points from 16% to 15% after cutting the rate by 200 bps in February. It attributed its decision to a slowdown in economic activity in the first two months of 2010 and to the continuing decline in inflation. It added that the inflation rate declined from 20.5% in March 2009 to 13.2% last month, and core inflation dropped to 12.9% in March 2010 from 19.3% a year earlier. It expected steady disinflation towards the target range of 7.2%-11.2% for 2010. It also noted that commercial banks began revising their base and lending rates downwards in line with the general decline in interest rates and easing inflation expectations, but added that the declines were only marginal and have not kept pace with the recent reductions in the policy and money market rates. The MPC 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. It noted the existence of downside risks, especially in the outlook for international crude oil prices as the global economic recovery takes hold.

Source: Bank of Ghana

ARMENIA

Central Bank raises refinancing rate by 50bps

The Central Bank of Armenia (CBA) raised its refinancing rate by 50bps from 6.5% to 7%, citing high inflation that reached 8.8% in March 2010 on an annualized basis and 0.8% from the previous month. It attributed the increase in inflationary pressures to the gradual recovery of the global economy as well as to domestic expansionary fiscal and monetary policies implemented as part of anti-crisis measures. It forecast inflation to remain high due to the current macroeconomic environment and increased public utility fees since April, although the 12-month inflation is on a downward trend. The CBA raised the refinancing rate by 50bps in January and 50bps in March 2010, after cutting it several times in 2009.

Source: Central Bank of Armenia



ENERGY / COMMODITIES

Oil prices fall below \$84 with higher U.S. inventories

Oil prices fell below \$84 on April 22, due to higher U.S. crude inventories and an unexpected rise in fuel supplies. U.S. crude oil futures rose by 10 cents to \$83.78 a barrel after it reached an 18-month high above \$87 on April 6th. The Energy Information Administration noted that the 34 million barrels of crude inventories at Cushing in Oklahoma are expected to put pressure on U.S. oil futures. It also stated that U.S. demand for distillates, including heating oil and diesel, fell by 0.1% in the past four weeks from a year earlier, and inventories rose by 2.1 million barrels to 148.9 million barrels. London ICE Brent rose by 20 cents to \$85.90, and is expected to rise higher with growing Chinese demand. North Sea crude oil supplies are projected to fall in May due to offshore maintenance work.

Source: Thomson Reuters

Second oil discovery on deep offshore in Angola

France's Total SA announced that its subsidiary, TEPA Limited, and Sociedade Nacional de Combustiveis de Angola, discovered hydrocarbons in block 17/06 in the north-eastern area of the deep offshore in Angola. It noted that the discovered hydrocarbons were drilled in a water depth of 453 meters and produced more than 6,000 barrels per day of high quality oil during a production test. Sociedade Nacional de Combustiveis de Angola is the concessionary of the Block 17/06 and TEPA Limited is the operator of the Block with a 30% stake. Total's partners in the block are Sonangol Pesquisa e Production S.A. (30%), Sonangol Sinopec International (SSI) Seventeen Limited (27.5%), ACREP Bloco 17 S.A. (5%), Falcon Oil Holding Angola S.A. (5%) and PARTEX Oil and Gas Holdings Corporation (2.5%).

Source: Total SA

Angola to join Gas Exporting Countries Forum

The Angolan Oil Ministry announced that it is considering joining the Gas Exporting Countries Forum (GECF). The Forum is intended to help coordinate the 11 members of the GECF. The members are Algeria, Bolivia, Egypt, Equatorial Guinea, Iran, Libya, Nigeria, Qatar, Russia, Trinidad and Tobago and Venezuela. The five observer countries are Angola, Kazakhstan, the Netherlands, Norway and Yemen.

Source: AFP

Iraqi government sets up new oil firm

The Council of Ministers agreed on April 13 on the proposal presented by the Oil Ministry to establish a new state-owned company, Central Oil Company, with a capital of \$85.75m. The new company will be responsible for oil production within the middle part of Iraq. The establishment of the company is expected to improve the oil sector in the country.

Source: Aswat al-Iraq

Base metals: Copper market in balance in 2010, zinc to post surplus

China's copper imports rose sharply last year and not all of the metal was purchased for immediate consumption. Destocking could lead to a weakening of copper demand and mines that had been closed down during the economic downturn could be brought online more quickly than anticipated. However, destocking through the entire manufacturing supply chain is now subsiding, which should support copper demand. Also, higher end-user demand and outright restocking are expected to become more critical this year, adding further demand. The concentrates market remains tight and mine supply is expected to constrain refined output in the coming years. A balanced market for copper is forecast for 2010.

In parallel, zinc demand has been weak since 2007, driven by an underperforming steel industry. Further, unreported inventories exist on the market and if more metal becomes available, this could delay a recovery. The zinc market is forecast to post a surplus in 2010. However, concentrates supply is expected to constrain refined zinc production, helping to push the market into deficit by 2011.

Source: Merrill Lynch

Precious metals: Platinum and palladium demand to strengthen in 2010

Platinum and palladium prices have risen sharply during the past few months. The sharp increase was heavily influenced by a tightening in the physical market, which was partially driven by steady inflows into ETFs. Higher industrial demand is also expected to support prices. Consequently, platinum prices are forecast at \$2,000 an ounce in 2011 and palladium prices are forecast at \$650 an ounce.

Further, global car sales are expected to increase by 8% this year. Given low vehicle inventories, this should lead to production growth of at least 15% year-on-year. Car manufacturers in the U.S. and China will likely increase Platinum group metals (PGM) demand. As most of the cars produced in these two countries are gasoline powered, this should be gradually more supportive for palladium prices. However, platinum is set to benefit as well and demand for the metal is expected to increase by up to 23% in 2010.

Source: Merrill Lynch

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

Source: Merrill Lynch



COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	EIU								
Africa													
Algeria	-	-	-	-	BBB	-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	BBB-	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	B1	B	B	CCC	-12.6	154.3	96.3	631.1	15.0	168.6	-10.4	5.5
	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	-	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	B-	B1	B	-	CCC	-4.0	22.1	86.6	223.7	20.1	407.1	-0.1	4.5
	Positive	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	16-Mar-10	No change	28-Apr-10
Eurozone	Refi Rate	1.00	08-Apr-10	No change	06-May-10
UK	Bank Rate	0.50	08-Apr-10	No change	06-May-10
Japan	O/N Call Rate	0.10	07-Apr-10	No change	30-Apr-10
Australia	Cash Rate	4.25	06-Apr-10	Raise 25bps	04-May-10
New Zealand	Cash Rate	2.50	11-Mar-10	No change	29-Apr-10
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
Emerging Markets					
China	One-year lending rate	5.31	23-Dec-08	Cut 27bps	N/A
Hong Kong	Base Rate	0.50	16-Mar-10	No change	28-Apr-10
Taiwan	Discount Rate	1.25	25-Mar-10	No change	24-Jun-10
South Korea	Base Rate	2.00	09-Apr-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	21-Apr-10	No change	N/A
India	Reverse repo rate	3.75	20-Apr-10	Raise 25bps	N/A
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	13-Apr-10	No change	N/A
South Africa	Repo rate	6.50	25-Mar-10	Cut 50bps	13-May-10
Kenya	Central Bank Rate	6.75	23-Mar-10	Cut 25bps	May-10
Nigeria	Monetary Policy Rate	6.00	16-Apr-10	No change	N/A
Ghana	Prime Rate	15.00	16-Apr-10	Cut 100bps	N/A
Angola	Rediscount rate	30.00	01-Oct-09	Raise 500bps	N/A
Mexico	Target Rate	4.50	16-Apr-10	No change	N/A
Brazil	Selic Rate	8.75	17-Mar-10	No change	28-Apr-10
Armenia	Refi Rate	7.00	13-Apr-10	Raise 50bps	N/A
Romania	Policy Rate	6.50	03-Feb-10	Cut 50bps	N/A
Bulgaria	Base Interest	0.17	01-Apr-10	Cut 1 bps	01-May-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	8.25	24-Feb-10	Cut 25 bps	N/A



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