

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Debt level in advanced countries is growing risk to global economy

The International Monetary Fund indicated that public debt levels have risen dramatically in advanced economies during the global crisis, and urged governments to reverse the rise and strengthen public finances through a combination of spending reforms and increased revenues. It said governments around the world increased spending to help combat the global crisis, but the revenue losses from the recession has saddled governments with a dramatic increase in official debt. The IMF projected the public debt in advanced economies to rise by over 35% of GDP to 110% of GDP by end-2015. It said most of the increase reflects revenue losses arising from the crisis and only one-tenth of the increase is from anti-crisis stimulus measures. It urged governments to keep debt levels under control over the next two decades through a process of fiscal consolidation that reverses the rise. It said that rising debt levels represents a growing risk to the recovering global economy, but advised that stimulus measures in most advanced economies should be completed as planned for 2010 because the recovery remains fragile. It noted that details of any strategy would need to be country specific, and suggested a plan that includes stabilizing health and pensions spending as a share of GDP; reducing other non-age related spending items in relation to GDP; and raising additional revenues in an efficient and equitable manner such as increasing VAT rates and property taxes. It noted that expenditure reforms that focus on wages, subsidies and transfers have been conducive to growth in past consolidation efforts.

Source: *International Monetary Fund*

EMERGING MARKETS

World Bank approves \$86bn capital increase, developing economies' voting power up

The World Bank Group declared that its 186 shareholder countries agreed to raise its capital by \$86.2bn and to increase the voting power of developing economies. It said the capital raising constitutes the first general capital increase for the World Bank in more than 20 years. The capital of the International Bank for Reconstruction and Development (IBRD), the arm that lends to developing countries, will be raised by \$86.2bn, and the capital of the International Finance Corporation, the Group's private sector arm, will increase by \$200m. In parallel, the voting powers of developing and transition countries at the World Bank were raised by 3.13% to 47.2%, representing a total shift of 4.6 percentage points to such countries since 2008; while their voting powers at the IFC were raised to 39.5%, representing a total shift of 6.1 percentage points since 2008. The Group said the extra capital can be deployed to create jobs and protect the most vulnerable through investments in infrastructure, small and medium-sized enterprises, and safety nets. It added that the change in voting power reflects developing countries' key role in the global economy.

Source: *World Bank*

Cost of sending remittances declines in first quarter of 2010

Figures issued by the World Bank indicate that the global average cost to send remittances reached 8.72% for a \$200 transfer in the first quarter of 2010, down from 9.4% in the third quarter of 2009, 9.7% in the first quarter of 2009 and 9.8% in 2008. It added that the average cost for sending remittances through commercial banks was 12.4% in the first quarter of 2010, making them the costliest channel, while the average cost at post offices and money transfer operators was the cheapest at 6.72% and 7.1%, respectively. It added that the average total cost of sending remittances to countries in South Asia, Latin America, Europe and Central Asia is lower than the global average cost. In parallel, the average total cost of sending remittances to East Asia & Pacific, Sub Saharan Africa and the Middle East & North Africa is higher than the global average. It said that transferring remittances to South Asia and Latin America is the least costly among all regions. It noted the high correlation between the volume of migrant remittances from a sending country and the average total cost, as large volumes of remittance outflows typically imply lower average total costs.

Source: *World Bank*

GCC

Saudi Arabia and Qatar lead region's job creation

A survey by job portal GulfTalent.com showed that the number of expatriate employees in Saudi Arabia rose by 2.4% in the fourth quarter of 2009, followed by Qatar with a 2.2% increase and Oman with a 0.3% rise. In parallel, expatriates' employment in Bahrain decreased by 7.7%, followed by the UAE with a contraction of 4.2%, and Kuwait with a decline of 2.2% during the same period. The survey found that the increased demand for staff in Saudi Arabia and Qatar was met by a combination of new recruitment and staff relocations within the region, with companies moving large numbers of their employees from slower markets such as the UAE. The survey also shows that jobs in the logistics sector rose by 3% in the last quarter of 2009, followed by retail & consumer goods with headcount increasing by 2.6%. In contrast, employment in real estate fell by 7.8%, followed by oil & gas with 4.7%. Also, the number of sales jobs expanded by 3.5%, while the number of expats employed in finance fell by 3.1%, followed by engineering with 2.6% and administration with 2.2%. The survey said that over half of those losing jobs were able to secure another job within the region, while around one-third returned to their home countries. It noted that 55% of Western nationals returned to their home countries upon loss of employment, compared with 37% of Asian expatriates and 18% of Arab expatriates. Qatar had the highest rate of redundant employees returning home at 54%, in part due to strict laws prohibiting employees from switching employers.

Source: *GulfTalent.com*

OUTLOOK

WORLD

Financial institutions to be prevented from becoming too important to fail

The International Monetary Fund declared that financial institutions should be prevented from becoming too important or too connected to others to fail, but that there is still no agreement among policymakers on addressing this problem. It added that the global impact of the collapse of “too-important-to-fail” financial institutions has highlighted the issues that arise from the national regulation of cross-border banks, and exposed gaps in current arrangements. It said a number of possible measures are under consideration, including higher capital and liquidity requirements tied to a financial institution’s size and importance, as well as adoption of legal regimes that provide for the orderly resolution of failing institutions. It noted that one potential tool that would complement these regulatory reforms would be a tax or a levy on the financial sector. It stated that any tax or levy would need to consider the impact of the higher capital and liquidity requirements to avoid overburdening financial institutions. It considered that if such a charge was risk-based, it could help discourage financial institutions from taking excessive risks and would make them contribute to the costs associated with bank failures. It indicated that banks will be required to hold more and higher quality capital, as well as more liquid assets to serve as insurance against future shocks to the financial system.

The IMF said that reforms to financial regulation must be accompanied by stronger supervision, and that regulations must be properly implemented. It noted that stronger supervision would require a clear mandate and independence for supervisors; identifying risks to the financial system as well as individual firms; and corrective action if firms do not play by the rules. It also pointed out that political support for strong and effective supervision would be an essential part of any serious and lasting reform of the financial sector. The Fund considered that oversight of the financial system must ensure that financial institutions comply with both the intent and the letter of regulations, and any weaknesses in a firm must be caught and fixed quickly, to prevent them from spreading. Further, the reforms should be evaluated to achieve a balance between limiting risk and allowing the financial system to innovate, allocate capital, and pursue investment opportunities.

Source: *International Monetary Fund*

NIGERIA

Non-oil growth to average 7.3%, fiscal deficit at 5% of GDP in 2010-11

The International Monetary Fund projected Nigeria's real GDP growth at 7% for 2010 and 7.3% in 2011, down from 5.6% in 2009. In parallel, it forecast growth of 4.7% in 2010 and 5.8% in 2011 for Sub-Saharan Africa and at 6.5% in 2010 and 6.8% in 2011 for the region's oil exporting countries. It expected the country's real non-oil GDP to grow by 7.3% in 2010 and 7.2% in 2011, down from 7.7% in 2009 and relative to a growth of 7.1% in oil exporting countries this year and 7.3% next year. The IMF forecast Nigeria's annual average inflation rate at 11.5% in 2010, and 9.5% in 2011, relative to 12.4% a year ear-

lier and compared to inflation of 10.8% in 2010 and 8.6% in 2011 for oil exporting economies. Also, it expected broad money to grow by 24.5% this year and 17.3% next year compared to 19.1% last year. The Fund projected the central government's fiscal balance to post a deficit of 7.5% of GDP in 2010 and 2.3% of GDP in 2011, down from 10.1% of GDP in 2009. It estimated public revenues at 26.8% of GDP in 2010 and 26.2% of GDP in 2011, and total expenditures at 34.2% of GDP in 2010 and 28.5% of GDP in 2011.

The IMF estimated total investment at 24.5% of GDP in 2010 and 25% of GDP in 2011, down from 26.2% of GDP in 2009. Further, it projected the country's current account to post a surplus at 12.4% of GDP in 2010 and at 12% of GDP in 2011, up from 11.6% of GDP in 2009. In comparison, oil exporting countries are forecast to post current account surpluses of 6.9% of GDP this year and 6.5% of GDP next year. The Fund expected the country's gross official reserves to reach 10.7 months of imports of goods and services at end-2010 and at end-2011, down from 12.5 months of imports of goods and services at end-2009.

Source: *International Monetary Fund*

DEM REP CONGO

Economic growth to average 6.2% in 2010-11, inflation is key challenge

The International Monetary Fund projected the Democratic Republic of Congo's real GDP growth at 5.4% for 2010 and 7% in 2011, up from 2.8% in 2009. In parallel, it forecast growth of 4.7% in 2010 and 5.8% in 2011 for Sub-Saharan Africa (SSA), and at 5.5% in 2010 and 6.7% in 2011 for the Common Market for Eastern and Southern Africa (COMESA). It forecast the country's annual average inflation rate at 26.2% in 2010, down from 46.2% a year earlier, compared to average inflation of 7.9% in SSA and 9.8% in COMESA. It also forecast the country's average inflation to decline to 13.5% in 2011 relative to 6.9% for SSA and 8.1% for COMESA. Further, it expected broad money to grow by 22.3% this year and 20.6% next year relative to 20.8% last year. It added that claims on the non-financial private sector would account for 39.7% and 36.8% of broad money in 2010 and 2011, respectively, relative to 61.8% and 60.6% for COMESA.

The Fund projected the central government's fiscal balance to post a deficit of 18.2% of GDP in 2010 and 17% of GDP in 2011, up from 8.9% of GDP in 2009. It estimated public revenues at 19% of GDP in 2010 and 19.2% in 2011, and total expenditures at 37.2% of GDP in 2010 and 36.2% of GDP in 2011. The IMF expected the country's external debt to official creditors to reach 100.6% of GDP at end-2010 and 87% of GDP at end-2011. It estimated total investment at 33.4% of GDP in 2010 and 37.4% in 2011, up from 19.4% of GDP in 2009. Further, it projected the country's current account deficit at 20% of GDP in 2010 and at 20.8% of GDP in 2011, compared to 13.1% of GDP in 2009. The Fund expected the country's gross official reserves to reach 1.6 months of imports of goods and services at end-2010 and at end-2011, compared to 1.7 months at end-2009.

Source: *International Monetary Fund*



ECONOMY & TRADE

WORLD

No sovereign defaults in 2009 despite global crisis

Moody's Investors Service indicated that there were no sovereign defaults in 2009 despite the global financial crisis, adding that there has already been one default this year with Jamaica's domestic debt exchange in February. The agency said sovereign downgrades exceeded upgrades by about three to two last year, as it upgraded 10 sovereigns, most of them in Latin America; and downgraded 15 countries, mainly in Western and Emerging Europe and in the Caribbean region. It said Latin America has managed the current global crisis comparatively well, showing unexpected economic and financial resilience, unlike previous crisis periods. It noted that ratings in the Asia-Pacific region have also proven resilient through the crisis, benefitting from intra-regional trade and the lessons of the Asian financial crisis of 1997. It said Europe was more deeply affected because of its economic openness, mutual trade and financial interdependence, and the relatively higher reliance on banks than capital markets as a source of credit. It stated that recoveries on sovereign bonds, as measured by post-default trading prices, have averaged 50% over the 1983-2009 period, and that sovereign default rates have on average been lower than corporate default rates. Moody's said that, historically, sovereign ratings have been more stable at higher rating levels and modestly more stable than their corporate counterparts.

Source: *Moody's Investors Service*

SYRIA

Damascus clears Soviet era debt

Bulgaria agreed to write off \$54m, or 76%, of its loans to Syria and has accepted to reschedule the remaining amount. Syria owed Bulgaria a total \$71m from loans contracted during the Soviet era. The two sides will negotiate a formula for the rescheduling of the remaining \$17m. The deal with Bulgaria means that Syria has now cleared or renegotiated all of its debt to the former Soviet bloc. In 2008, Syria signed agreements with the Czech Republic and Slovakia to payoff \$6m in debt it owed to each of the two states, finalizing Damascus' debt obligations to the two countries. It previously signed deals with Russia, Romania and Germany to settle debt it contracted during the Soviet era. The deals included the partial write off and rescheduling of the debt owed by Syria to the former Soviet-bloc countries. In early 2005, Russia agreed to write off 73% of Syria's \$14.5bn debt and to reschedule the balance. Dues to Russia constituted the bulk of Syria's external liabilities.

Source: *Syria Report, Syria News*

JORDAN

Reducing software piracy to help create jobs, boost tax receipts

Research firm IDC indicated that lowering the PC software piracy rate in Jordan by 10 percentage points over a three-year period would help increase spending on information technology by \$47m, add 436 industry-related jobs and increase tax revenues by \$14m. It estimated that IT spending would grow by a CAGR of 8.4% instead of 6.8%, industry employment would rise by a CAGR of 6.3% instead of 5.3% and tax revenues would improve by 18.7% instead of 17.8% during the three-year

period. It added that lowering piracy in other software categories as well could double the economic benefits. It noted that most of the benefits from lowering piracy stay within the country because they accrue to services and channel firms. It said that even a small increment of IT-related employment would have an impact on Jordan's economy.

Source: *IDC*

KUWAIT

Parliament approves privatization bill, government to keep 20% of entities

The Kuwaiti Parliament approved the first draft of a privatization bill that could lead to the sale of a substantial proportion of state-held assets to the private sector. The bill, first proposed 18 years ago, will see the establishment of a higher privatization council tasked with overseeing and regulating the sale of public assets and companies. The council will be headed by the prime minister and will be composed of five ministers and three non-government-appointed members. The bill stipulates that up to 20% of the shares of each sold-off entity will remain in the hands of the government, an additional 40% of the shares will be sold to Kuwaiti citizens in the initial public offering, about 5% will be distributed to existing Kuwaiti employees of the concerned entity, and 35% will be auctioned off to local or foreign investors approved by the council. The law also includes a stipulation that all Kuwaiti staff employed by the entity will have the option to remain in their positions at existing salaries for a five-year period. The bill excludes upstream oil & gas production and health & education services, but the sectors could still be subject to privatization via separate legislation. The public sector accounts for over 70% of Kuwait's GDP and employs 77% of the Kuwaiti national workforce.

Source: *Oxford Business Group*

ARMENIA

Tourism to account for 9.3% of GDP by 2020

The World Travel & Tourism Council expected the tourism sector to account for 10.3% of Armenia's GDP in 2010 and to decline to 9.3% of GDP in 2020. It forecast the broad tourism and travel economy to generate demand of \$1.3bn in 2010, growing to \$2.5bn in 2020. It projected the sector's real growth rate at -2.2% in 2010 and to average 3.9% during the 2011-20 period. The WTTC said personal travel and tourism would generate \$350m this year, growing by 2.4% annually in real terms to reach \$629.1m in 2020, while business travel should generate \$114.1m in 2010 and grow by a yearly average of 4.6% in real terms to \$252.8m in 2020. It estimated capital investment in the travel and tourism economy at \$378.4m in 2010 and at \$920.7m within 10 years. Further, it forecast the export of tourism services at \$368m this year and at \$565.4m in 2020, posting a real annual growth of 0.8% over the 2011-20 period. It expected travel and tourism exports to generate 26.3% of Armenia's total export revenues in 2010 and 17.2% of total export revenues in 2020. It said the travel and tourism economy is providing jobs to 95,000 people, or 8.3% of total employment currently, with the figure falling to 86,000 jobs or 7.6% of total employment by 2020.

Source: *World Travel & Tourism Council*



BANKING

EMERGING MARKETS

Prospects improve for most banking sectors

Fitch Ratings indicated that prospects have improved for most emerging market (EM) banks in recent quarters as the global economic recovery gains momentum and many EMs are expected to return to solid growth in 2010. But the agency expressed concerns about significant asset quality declines at banks in China following recent rapid loan expansion, adding that many banking systems across Central & Eastern Europe (CEE) and the Commonwealth of Independent States (CIS) are still working through asset quality problems and adapting to funding constraints. It said that banks in most EMs have weathered the crisis better than anticipated, particularly in Latin America and Asia, as positive rating actions exceeded negative ones in the second half of 2009 and the first quarter of this year. It added that further negative rating actions in markets that were the worst affected by the crisis, such as Kazakhstan, Ukraine and the Baltics, are likely to be limited given significant downgrades to date, potential parent bank support and some signs that recessions are starting to bottom out in these countries.

The agency noted that asset quality deterioration has been particularly sharp during the crisis in the CIS and the Baltics, driving large losses in 2009. It said margins remained healthy across Latin America and in Indonesia and Turkey in 2009, while spreads were tighter in the CEE and the rest of Asia. It added that cost-to-income ratios were globally in the 40% to 60% range, with lower ratios in Latin America and some CEE markets. It pointed out that solid 2009 results in Turkey and across Latin America suggest the solid business models of banks in these regions, while Asian markets also remained profitable. Fitch noted that state ownership of banks remains considerable in the seven largest EM systems, which has helped support loan issuance during the crisis. Further, it considered that high foreign ownership in CEE and parts of Latin America may reduce contingent sovereign liabilities, but can also make local economies dependent on parent bank policies.

Source: Fitch Ratings

QATAR

NPLs up by 140% in 2009, sector outlook is stable

Moody's Investors Service indicated that the stable outlook for the Qatari banking system is based on the country's enduring macroeconomic growth and the government's repeated interventions during 2009. It said the banks' credit quality fundamentals deteriorated last year due to elevated credit losses in their consumer lending portfolios and loans to the construction and real estate sector. It estimated that non-performing loans grew by around 140% last year, resulting in elevated provisioning expenses and reduced profits for most banks. It also noted the increased credit risk assumed by Qatari banks in 2009 and the sizeable risk concentration levels on both sides of their balance sheets. The agency expected banks' pre-provision profitability to remain at good levels and to be supported by higher business volumes and a low cost base in 2010. However, it anticipated the banks' net profits to continue to be affected by elevated provisioning expenses. Moody's expected banks' business growth rates to gradually return to pre-crisis levels, supported by gov-

ernment spending in the hydrocarbon and non-oil sectors in 2010-11. It also expected the banks' reinforced capital position, following the Qatari government's acquisition of a 10% stake in the local banks' capital, to be deployed to grow their business activities. It noted that banks are likely to continue to benefit from a high level of support from the Qatari authorities.

Source: Moody's Investors Service

KAZAKHSTAN

Few signs of recovery for sector

Standard & Poor's indicated that Kazakhstan's banking sector faces continued weak asset quality, vulnerable funding, and low capitalization for at least two more years. It said problem loans are likely to peak in the second half of 2010, and expected limited ratings upgrade potential for banks in the near term until economic pressures ease considerably and fundamental imbalances are restored. The agency did not expect that bank asset-quality indicators will recover to levels last seen before mid-2007 for at least two years. It said the growth in the banks' capitalization and development dynamics in 2010-11 is likely to lag the long-awaited turnaround in the overall economy.

Source: Standard & Poor's

TURKEY

Loans to increase by 21%, deposits to grow by 17% in 2010-11

Merrill Lynch indicated that the Turkish banking sector's total loans expanded by 12.3% year-on-year at end-March 2010. It said loans in local currency increased by 16%, while loans in foreign currency increased by 13.8% year-on-year. It expected total loans to grow by 21% in 2010-11, compared to 7% in 2009, and to reach about 43% of GDP. It noted that housing loan growth was the highest in four years and expected it to reach 27% and for commercial loans to rise by 25% in 2010. However, it forecast credit card and auto loans growth to remain weak at 5% and 2%, respectively, in 2010.

Merrill Lynch stated that the sector's total deposits expanded by 15% year-on-year at end-March, with local currency deposits increasing by 21.3% and foreign currency deposits rising by 13.7%. It forecast total deposits to grow by 17% in 2010-11, reaching 57% of GDP. It projected the loans-to-deposits ratio to increase from 73% at end-2009 to 75% at end-2010 and 77% at end-2011. It said that the sector's asset quality improved, as the NPLs ratio reached 4.87%, down from a peak of 5.4% in October 2009. It noted, however, that gross NPLs for private commercial banks fell from 5.2% at end-2009 to 4.9% in the first quarter of 2010 but that NPLs at state-owned banks remained unchanged at 4.4% and that of participation banks slightly increased to around 4.8% at end-March 2010.

Source: Merrill Lynch



ENERGY / COMMODITIES

Oil rises towards \$84 with higher U.S. demand

Oil rose toward \$84 on April 29 due to higher U.S. demand and to credit rating downgrades of southern European countries. Gasoline demand in the world's top oil consumer countries jumped by 3.1% in the past four weeks from a year earlier, causing an unexpected 1.2 million barrel drop last week. It is expected to grow further during this summer's driving season that starts in May. U.S. crude for June rose by 74 cents to \$83.96 a barrel after increasing by almost 1% on April 28, boosted by rising stock markets. ICE Brent crude rose by 77 cents to \$86.93 after stockpiles at Cushing in Oklahoma climbed for a sixth consecutive week. Prices also increased after the U.S. Federal Reserve left interest rates near zero. The front-month WTI contract, which usually trades at a premium to ICE Brent, reached its biggest discount against the European benchmark in eight months. The Energy Information System stated that U.S. crude stockpiles rose by 1.9 million barrels, more than the projected 1 million barrel increase.

Source: Thomson Reuters

Egypt's natural gas reserves reach 78 trillion cubic feet

The Egyptian Ministry of Petroleum stated that natural gas reserves discovered over the past 10 years reached 57 trillion cubic feet, raising the total reserves of the country to 78 trillion cubic feet. It noted that 23% of the reserves will be locally consumed, 7% exported, and 70% reserved for coming generations. This differed from a previous plan earmarking one third of reserves for local consumption, one third for export and the rest to be preserved for the coming generations.

Source: Al Ahram, Menafn.com

Ghana oil output at 250,000 bpd by 2013

Ghana's Vice President said the Jubilee field will start delivering oil in December 2010, and projected the initial output to double to 250,000 barrels per day by 2013. Also, he supported the government's decision to refuse a \$4bn accord for private U.S. group Kosmos to sell its stake in Jubilee to U.S. major ExxonMobil, noting that Kosmos' desire to exit created a chance for Ghana to secure a greater stake in the project.

Source: Thomson Reuters

Iraq's West Qurna oilfield to produce 120,000 bpd in 2012

Norway's Statoil stated that production at Iraq's West Qurna phase II oilfield will reach 120,000 barrels per day in 2012. Statoil also noted that along with its consortium partner, Russian Energy Company Lukoil, it started issuing tenders for work at the field.

Source: Thomson Reuters

Gulfsands Petroleum starts production at the Yousefieh field in Syria

Oil explorer Gulfsands Petroleum stated that oil production started at the Yousefieh field in Syria. It noted that initial rates from the Yousefieh-1 and Yousefieh-3 wells have a combined yield of about 1,200bpd. The company expects to drill a further development well in the Yousefieh field later in 2010.

Source: Thomson Reuters

Base Metals: prices supported by the global economic recovery

Base metals continued their upward movement during the past four weeks driven by positive economic signals out of the USA and Europe and by increases in copper and aluminium prices. Global base metal inventories remain high and demand continues to be weak outside of China, but the dynamics of demand growth recently softened. China's domestic aluminum and copper markets are oversupplied. Given the current economic environment, increases in prices of base metals have gone too high, where they are expected to come under pressure in the coming weeks. Base metals are projected to be supported by higher liquidity, due to lower interest rates, where investors search for higher-yielding assets.

Source: Julius Baer, Merrill Lynch

Precious metals: Gold supported by Greece's debt problems

Precious metals markets recorded gains in the past month due to debt problems in Greece. Gold gained 3.5% despite the simultaneous appreciation of the U.S. dollar. Gold is supported by global uncertainties and low real interest rates, and demand is expected to remain on an increasing trend. However, physical investor demand was low in the first quarter of 2010. Platinum and palladium performed strongly since the beginning of the year. They benefited from the global recovery, as both metals have a predominantly industrial use, and from significant investment flows into physically-backed funds. Palladium and platinum prices rose by 40% and 20% respectively, where investment demand led to price movements away from their fundamentals.

Source: Julius Baer

Commodity performance

Energy	Price				
	1 month	3 months	6 months	12 months	
Crude oil (WTI) \$/bbl	83.6	2.1	12.2	3.9	68.5
Crude oil (Brent) \$/bbl	85.9	6.4	17.9	8.8	71.3
Gasoline	2.30	1.7	17.1	12.6	65.1
Heating oil	2.22	5.4	14.1	6.7	68.1
Natural gas	4.11	-0.5	-29.4	-14.1	20.6
Base metals		(3 months)			
Aluminium \$/t	2,320	2.9	4.0	18.0	58.0
Copper \$/t	7,690	3.2	4.1	16.7	69.4
Lead \$/t	2,308	6.6	3.2	-4.0	58.1
Nickel \$/t	27,095	21.6	48.0	41.5	135.1
Tin \$/t	18,900	7.7	6.3	26.0	55.6
Zinc \$/t	2,418	6.2	2.9	7.5	64.5
Precious metals		(spot)			
Gold \$/oz	1,140	3.2	4.3	8.1	26.1
Palladium \$/oz	560	20.9	29.4	66.8	140.2
Platinum \$/oz	1,734	7.7	11.9	27.5	46.5
Silver \$/oz	17.9	5.2	5.2	1.3	40.2



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	28-Apr-10	No change	N/A
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	29-Apr-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
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	12-May-10
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	21-June-10
India	Reverse repo rate	3.75	20-Apr-10	Raise 25bps	27-July-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	13-Apr-10	No change	18-May-10
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	2-May-10
Ghana	Prime Rate	15.00	16-Apr-10	Cut 100bps	June-10
Angola	Rediscount rate	30.00	01-Oct-09	Raise 500bps	N/A
Mexico	Target Rate	4.50	16-Apr-10	No change	21-May-10
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



Economic Research & Analysis Department

Byblos Bank Group

P.O. Box 11-5605

Beirut - Lebanon

Tel: (961) 338 100

Fax: (961) 217 774

E-mail: research@byblosbank.com.lb

www.byblosbank.com

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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: nigeriarepresentativeoffice@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

