
COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Basel Committee's proposals to slow economic growth

The Institute of International Finance indicated that the rapid implementation of the Basel Committee's proposals on capital and liquidity requirements that were announced last December would result in slower economic growth in the U.S., Euro area and Japan. The IIF projected real GDP growth to be 2.6% lower in the U.S., 4.3% lower in the euro area and 1.9% lower in Japan in the 2011-15 period as a result of proposed regulatory changes compared with the baseline growth scenario. As a result, it estimated that GDP-weighted growth for the three regions to be 3.1% lower during the covered period. Further, it expected the aggregate nominal GDP of the Group of 3 to be \$200bn less by 2015 and \$2,510bn lower by 2020. It expected direct and indirect employment implications from lower GDP growth, leading to 4.6 million fewer jobs created in each of the U.S. and the Euro area, and 0.5 million fewer new jobs in Japan over the five-year period. It attributed the growth and employment losses to the cumulative effects of new regulations on capital and liquidity that will force banks to charge more for credit, which will in turn reduce borrowing and spending. It estimated that banks in the U.S., the euro area and Japan will need to raise \$676bn in core Tier One capital and \$5,400bn in new long-term debt by 2015. It said the implications of such measures would be lower official interest rates for longer periods of time to help offset higher lending rates; while capital markets may be flooded with new issues, both from banks seeking to raise new capital and from companies looking for cheaper funding than bank loans.

Source: Institute of International Finance

Corporate default rate at 7.5% in May

Moody's Investors Service stated that the rate of global speculative-grade corporate defaults reached 7.5% at the end of May compared to 9.8% a year earlier, and down from 9.9% at the end of the first quarter of 2010 and 13% at the end of 2009. The agency expected the global speculative-grade default rate to fall to 2.4% at the end of the year and to 1.9% at the end of May 2011. It expected this scenario as long as the high yield spreads will continue to tighten and the global economic recovery is maintained. It said that, in the case of a second economic downturn and renewed liquidity pressures, the global default rate may reach 5.6% at end-2010 and rise to 10% by May 2011. Measured on a dollar volume basis, the global speculative-grade bond default rate ended May at 6.6%, down from 8.1% in April. Moody's added that its speculative-grade corporate distress index, which measures the percentage of rated issuers that have debt trading at distressed levels, stood at 14.9% at the end of May, up from 14.1% at the end of March, but down from 19.3% at the end of 2009 and from 46.7% at end-May 2009.

In parallel, the agency said its Liquidity-Stress Index was flat at 4.8% in May, halting a 13-month improvement in this measure of corporate liquidity from a peak of 20.9% in March 2009. The LSI measures the percentage of companies with the lowest speculative-grade liquidity ratings. It noted that while credit market conditions have allowed issuers to improve near-term liquidity and reduce upcoming maturities, a significant amount of corporate debt still matures in the 2010-14 period. It added that the index's slowdown coincided with a sharp decline in high-yield debt issuance as concerns about European sovereign debt prompted a flight to less risky assets. It noted that a sustained drop in demand for high-yield corporate paper could push companies with near-term maturities or tight covenants closer to default.

Source: Moody's Investors Service

IRAN

UN imposes new military and financial sanctions on Tehran

The United Nations Security Council imposed new sanctions against Iran that include restrictions on financial transactions, a tighter arms embargo and authority to seize cargo linked to nuclear or missile programs. The new penalties, the fourth set of sanctions imposed on Iran by the Council since 2006, aim to block Iran's ability to develop nuclear weapons and pressure the country to join international talks on the issue. The UN resolution bars Iran from investing in uranium mining or the construction of new enrichment facilities. The sanctions prohibit nations for the first time from selling Iran eight categories of conventional weapons that include tanks, armored combat vehicles, artillery, fighter jets, attack helicopters, warships, and missiles. Further, the resolution freezes the assets of 22 entities involved in nuclear or ballistic missile activities, 15 entities owned, controlled, or acting on behalf of the Islamic Revolutionary Guard Corps, and three entities owned, controlled, or acting on behalf of the Islamic Republic of Iran Shipping Lines. It also bars the foreign travel of the head of the Atomic Energy Organization of Iran.

In parallel, the UN sanctions prohibit Iranian banks from opening new branches, subsidiaries, or representative offices in other countries, as well as from establishing new joint ventures, taking an ownership interest in or establishing or maintaining correspondent relationships with banks in other jurisdictions, in case such activities could contribute to Iran's nuclear activities or the development of nuclear weapon delivery systems.

Source: United Nations Security Council

OUTLOOK

MENA

Recovery on track, key risk is impact of Europe's sovereign debt crisis

The World Bank projected real GDP growth in the Middle East & North Africa at 4% in 2010 and 4.5% in 2011 compared to 3.2% in 2009. It said the region is showing tentative signs of recovery in 2010 from the lows of the global financial crisis and recession. It noted signs of recent increases in hydrocarbon revenues and merchandise exports, as well as growth in crude oil output and industrial production. It forecast export volumes to rise by 2% and export values to increase by 13.5% this year. It noted, however, that export markets remain constrained by the sovereign debt crisis in Europe, and oil exports may be impacted by large crude oil stocks in OECD countries. It expected economic growth this year to be supported by an improvement in net exports and a pickup in household spending, which would offset a decline in government spending, as it forecast the region's fiscal balance to post a deficit of 4.6% of GDP in 2010. It considered that the high-income oil exporters are better placed to lead the MENA region's recovery, as oil prices have increased and financial conditions in the group are stabilizing.

The World Bank considered that the main risk for the region's growth prospects is the uncertainty about the financial environment in Europe, and whether contagion across countries and the transmission of financial difficulties to the European economies would affect export markets. It also expressed concern about ongoing problems in the GCC's banking systems, within a still fragile environment of weak balance sheets and their inability to generate new loans. It added that lower than anticipated global oil prices over 2010-12 would affect the region's oil exporters external surpluses, fiscal positions and GDP growth. Finally, it questioned whether the series of reforms begun in several countries would be halted by the global crisis, or would move ahead despite more adverse external conditions.

Source: World Bank

EGYPT

Real GDP growth to average 5.3% in 2010-11, current account to remain in deficit

The International Monetary Fund projected Egypt's real GDP growth at 5% in 2010 and 5.5% in 2011, up from 4.7% in 2009, and compared to growth in Mashreq countries of 5% in 2010 and 5.4% in 2011. It forecast Egypt's annual average inflation rate at 10.7% in 2010 and 9% in 2011, down from 14% in 2009 and compared to inflation of 9% in 2010 and 7.7% in 2011 for Mashreq economies. Further, it expected the growth of broad money at 18.2% this year and 18% next year relative to 8.4% last year. The Fund projected the central government's fiscal balance to post a deficit of 8% of GDP in 2010 and 7.6% of GDP in 2011, compared to 7% of GDP in 2009, and compared to a deficit in Mashreq countries of 7.6% of GDP in 2010 and 7.2% of GDP 2011. It estimated public revenues at 24% of GDP this year and 23.7% of GDP next year and total expenditures at 32.2% of GDP in 2010 and 31.4% of GDP in 2011.

The IMF forecast Egypt's public debt to reach 74% of GDP at end-2010 and 72% of GDP at end-2011 down from 76.2% at

end-2009, as well as total external debt at 17% of GDP at the end of this year and at 16% of GDP at the end of next year. Further, the Fund estimated exports of goods & services from Egypt at \$49bn in 2010 and \$56.7bn in 2011, compared to \$47bn in 2009; and imports of goods & services at \$60.7bn in 2010 and \$68.5bn in 2011, up from \$60bn in 2009. It forecast the country's current account deficit at \$5.5bn or 2.6% of GDP in 2010 and at \$5.3bn or 2.1% of GDP in 2011, compared to a deficit for Mashreq countries of 4.4% of GDP in 2010 and 4% of GDP in 2011. The Fund expected the country's gross official reserves to reach \$35.2bn at end-2010 and \$38bn at end-2011, up from \$31.2bn at end-2009.

Source: International Monetary Fund

IRAN

Non-oil growth to average 3.4% in 2010-11, inflation to fall to 9.3%

The International Monetary Fund projected economic growth in Iran at 3% in 2010 and 3.2% for 2011 compared to growth in Middle Eastern oil exporting countries of 4.3% in 2010 and 4.5% in 2011. It forecast the country's real non-oil GDP to grow by 3.3% in 2010 and 3.5% in 2011, up from 2.7% in 2009. It estimated Iran's annual average inflation rate at 8.5% in 2010 and 10% in 2011, compared to 10.3% in 2009, and compared to inflation of 6.6% and 6.5% in oil exporting countries for 2010 and 2011, respectively. Also, it expected broad money to grow by 14.5% this year and 14.2% next year, relative to 14.5% in 2009. The Fund projected the central government's fiscal balance to post a deficit of 0.8% of GDP in 2010 and 0.5% of GDP in 2011, down from 2.7% of GDP in 2009. It also forecast the government's non-oil fiscal deficit at 19.2% of GDP this year, down from 19.7% of GDP last year. It estimated overall government revenues at 25% of GDP in 2010 and non-oil revenues at 13% of GDP in 2010 compared to 24.5% of GDP and 13.6% of GDP, respectively, in 2009; and total expenditures at 26% of GDP this year relative to 27% of GDP last year.

The IMF expected Iran's public debt to reach 14.7% of GDP at end-2010 and 13.8% of GDP at end-2011, compared to 16.2% at end-2009. It also forecast total gross external debt at 4% of GDP this year and 3.3% of GDP next year, down from 5% of GDP last year and compared to external debt in oil exporting countries of 28.5% of GDP in 2010 and 28% of GDP in 2011. Further, the Fund estimated Iran's exports of goods & services at \$98.3bn in 2010 and \$100bn in 2011 up from \$87bn in 2009, and imports of goods & services at \$90.5bn in 2010 and \$95.5bn in 2011. It forecast the country's current account to post surpluses of \$8.3bn, or 2.3% of GDP, in 2010 and \$6.5bn or 1.7% of GDP in 2011, compared to \$8bn or 2.4% of GDP in 2009. The Fund expected the country's gross official reserves to reach \$88.5bn at end-2010 and \$93bn at end-2011, up from \$83.6bn at end-2009.

Source: International Monetary Fund



ECONOMY & TRADE

GCC

Aggregate corporate profits up 40% to \$11.3bn in first quarter

Corporate earnings in the GCC totaled \$11.3bn in the first quarter of 2010, constituting a 40% increase from the same period last year and a rise of 120% from the fourth quarter of 2009. Saudi Arabia led the region's corporate earnings with \$4.7bn in the quarter, accounting for 41.3% of the total. It was followed by the UAE with \$3bn, or 26.5% of the total, Qatar with \$2bn (17.6%), Kuwait with \$1.05bn (9.3%), Bahrain with \$329m (3%), and Oman with \$256m (2.3%). Corporate earnings in Saudi Arabia rose by 68% year-on-year and 28% quarter-to-quarter; Kuwait companies' earnings jumped by 892% year-on-year after posting losses in the last quarter of 2009; while the income of UAE firms increased by 16% year-on-year and by 1613% quarter-to-quarter. In parallel, the profits of Oman-based corporates regressed by 16% from the same period last year but grew 177% from the previous quarter; while corporate earnings in Bahrain declined by 10% year-on-year after posting losses in the fourth quarter of 2009. Profits in Saudi Arabia were boosted by the commodities sector, while in the UAE banks and financial services drove profits growth; and Kuwait corporates posted profits growth across key sectors.

Source: Kuwait Financial Centre

SYRIA

Sovereign rating upgraded

The Economist Intelligence Unit upgraded Syria's sovereign risk rating to 'B' from 'CCC'. It attributed the upgrade to a narrower fiscal deficit than expected, low external debt, and limited prospects of borrowing on the international markets. It forecast the fiscal deficit to narrow to 2.8% of GDP in 2011 due to the economy's recovery from the global downturn, a reduction in fuel subsidies, and the introduction of the value-added tax (VAT). It noted that Syria has a history of debt defaults, but its debt-rescheduling agreement with Russia in 2005 was the most significant in a series of accords signed with major creditors over the preceding decade to resolve debt disputes. It added that the debt-servicing ratio fell from 3.2% in 2003 to about 1% in 2009 from debt restructuring and higher export earnings. It said Syria's debt is at 14% of GDP, which is less than half the median level of countries with the same sovereign rating, and expected the ratio to fall this year and next. It noted that Syria will continue to borrow domestically to finance its deficit, which will limit any further improvement in the country's sovereign ratings. It added that the ratings will benefit if diplomatic relations with the U.S. and other countries continue to make progress, particularly if U.S. sanctions are lifted or if Gulf states provide more concessional financing.

Source: Economist Intelligence Unit

GHANA

Fiscal deficit reduction to limit windfall from oil production in 2011–12

The International Monetary Fund approved the first and second reviews of Ghana's economic performance under the Extended Credit Facility arrangement. The approval will enable Ghana to draw \$119m, bringing total disbursements under the arrange-

ment to \$218m. It said authorities have achieved progress in reducing inflation, strengthening external performance, and reducing the fiscal deficit in 2009, but revenue shortfalls resulted in the accumulation of new domestic payment arrears. It added that the reduction of the budget deficit to 8% of GDP in 2010 will require tight controls over spending, including public administration costs, and strengthening revenue mobilization. It noted that the fiscal space from Ghana's move to oil producer status will be modest in 2011–12, given the need to further reduce the fiscal deficit to a sustainable level and to repay domestic expenditure arrears. It stressed the importance of limiting spending plans to available resources, adding that the leeway for additional non-concessional external borrowing is limited, and called for strengthening public finance management to stabilize the budget. It also called for transparency in managing oil revenues and related spending.

Source: International Monetary Fund

NIGERIA

Government to improve business environment

The Ministry of Finance cited power generation, job creation, increased productivity, provision of credit, removal of double taxation, and a conducive environment for local and foreign investments as the government's priorities. It pledged to diversify the economy, maximize the revenue base and block leakages. It also pledged to enhance the efficiency and effectiveness of public spending. In parallel, the World Bank indicated that Nigerian states have been actively reforming over the past two years to encourage business activity, adding that eight of 11 states evaluated in 2008 have improved in at least one of the areas measured between June 2008 and January 2010. It identified wide variations in local business regulation across the country, which leaves ample room for further reforms. It noted that efficient, accessible, and simple regulations would support small and mid-size firms in the country.

Source: Africa News, World Bank

ARMENIA

Yerevan ranks 174th worldwide, first regionally in quality of living

The annual survey on the quality of living in 221 cities around the world by global consultants Mercer Human Resource Consulting ranked Yerevan as the 174th most desirable city for overall living standards and the first among eight cities surveyed in the Caucasus and Central Asia region (CCA) in 2010. The study evaluates the cities on the basis of 39 key quality-of-living determinants grouped in 10 categories that include political, economic and socio-cultural factors, in addition to the environment, housing, recreation, health care, education, transportation, and other public services. Yerevan received a score of 53.7 points in 2010, which came below the global average of 75.5 points but above the CCA average of 43.4 points. On a global basis, Yerevan ranked ahead of Almaty in Kazakhstan, Djibouti, and Nairobi in Kenya; and came immediately behind Damascus, Beirut, and Cotonou in Benin. Regionally, Yerevan ranked ahead of Almaty, Baku in Azerbaijan and Tashkent in Uzbekistan. The survey is conducted annually to help multinational companies assess international hardship allowances.

Source: Mercer Human Resource Consulting

BANKING

SYRIA

Deposits increase by 3% in first quarter, interest rates decline year-on-year

Figures released by the Central Bank of Syria indicate that total deposits at commercial banks reached SYP1,238bn at end-March 2010, or about \$26.9bn, constituting an increase of 3.1% from SYP1,200bn at end-2009. Deposits in Syrian pounds accounted for 85.2% of the total, and foreign currency deposits accounted for the remaining 14.8%. Syrian pound deposits rose by 5.1% and foreign currency deposits decreased by 6.8% in the first quarter of the year. Private sector deposits accounted for 75.7% of total deposits at end-March relative to 76.3% at end-2009, while public sector deposits accounted for 24.3%. Also, resident private sector deposits accounted for 74% of aggregate deposits, followed by deposits of non-financial public enterprises with 20%, while the central government accounted for 4% of the total. Households accounted for 85% of resident private sector deposits, followed by businesses with 13.3%, and other financial institutions with 1.7%. Households and businesses represented 84.6% and 13.9%, respectively, of resident private sector deposits at end-2009. Further, demand deposits accounted for 44.4% of the total, up from 43.5% at end-2009, time deposits accounted for 35% almost unchanged from end-December, while saving deposits accounted for the remaining 20.6%.

The weighted average interest rate on demand deposits was 0.3% at end-March compared to 0.32% a year earlier, while the rates on saving deposits declined to 4.33% from 4.94% at end-March 2009. Also, the weighted average rate on one-month time deposits slightly rose to 5.04% from 5.01% a year earlier, while the three-month rate declined to 5.16% from 5.51%, the 6-month rate dropped to 5.89% from 5.91%, the one-year rate regressed to 6.55% from 6.87%, and the longer-term rate contracted to 8.24% from 8.49% a year earlier.

Source: Central Bank of Syria, Byblos Research

SAUDI ARABIA

Slow recovery in lending

EFG Hermes indicated that the Saudi banking sector is maintaining strong fundamentals as loan growth is showing slow but steady signs of recovery, the provisioning cycle is on a gradual downward trend, capitalization levels are robust, and investment books are defensively positioned, with high exposure to sovereign securities. It noted that the slow recovery in loan growth in 2010 so far has been disappointing, considering the current year was supposed to see a sharp recovery in lending, driven by the banks' improving risk appetite. It said total private sector loans grew by 3.5% in the first four months of 2010, which, although below expectations, points towards improving risk appetite. Further, consumer loans grew by 6.5% year-on-year, the strongest growth seen since 2006, led by real estate financing, which grew by 25% annually in the first quarter of 2010. It noted that the slowing activity in corporate lending has allowed the banks to concentrate on expanding their retail business, with higher spreads and lower risks expected to support lending to this segment. It considered that declining provisioning costs and stabilizing asset quality trends are expected to be

the largest contributor to an earnings recovery in 2010. It expected the sector's earnings to grow by 18% year-on-year, supported primarily by an almost 43% drop in provisions, improving trade-driven fee income and continued cost efficiencies. It noted, however, that net interest income growth is likely to remain subdued in 2010 due to slower loan growth and reinvestment by banks into safe, lower-yielding sovereign assets.

Source: EFG Hermes

SUDAN

Central Bank intervenes to stabilize currency

The Central Bank of Sudan (CBS) expressed confidence that measures taken to avert a sharp drop in the value of the Sudanese pound against the U.S. dollar helped stabilize the foreign exchange market. Last week, the CBS announced measures to stabilize the market following a sharp drop in the exchange rate of the pound versus the dollar. It said that it injected foreign currency in the market and made it available to banks in order to meet clients' needs, particularly to finance imports. It added that it will tighten control of exchange bureaus to enforce rules on selling foreign currencies and crack down on the black market. It noted that there was no need for further intervention at this stage because the exchange rate has stabilized. The CBS manages the float of the Sudanese pound at an indicative rate of 2.4 pounds to the U.S. dollar, with room for a 3% movement in either direction. It noted that the currency depreciated by 15% last year and continued to depreciate in the first two months of this year. Sudan has restrictions on selling foreign currencies to individuals and entities in excess of what is needed for personal or business needs and also requires heavy documentation to justify it. The measures are in place due to frequent shortages of hard currency. In parallel, the CBS reaffirmed Sudan's intention to drop the pound's peg to the U.S. dollar and replace it with a basket of international currencies by the end of the year. The International Monetary Fund estimated Sudan's gross foreign currency reserves at \$700m at end-2009 and forecast them to rise to \$1.3bn by end-2010.

Source: Bloomberg

ARMENIA

Leasing market to expand

The International Finance Corporation extended a \$3m senior loan to ACBA Leasing, Armenia's largest leasing company, to help expand access to finance for small- and medium-size enterprises. The firm will use the funds to finance the leasing of transportation vehicles and manufacturing and agricultural equipment to SMEs across the country. ACBA Leasing was established in 2003 jointly by the IFC; the Agricultural Cooperative Bank of Armenia; Ucabail, the leasing arm of the Credit Agricole Group of France; and the Lebanese Leasing Company. The funding is part of IFC's ongoing support to the country's financial sector and its business environment.

Source: International Finance Corporation



ENERGY / COMMODITIES

Oil rises above \$74 as Chinese exports surge

Oil prices rose above \$74 on June 10 due to the rise in Chinese exports in May and as the International Energy Agency (IEA) revised up its estimate of global oil demand growth for 2010. U.S. crude prices for July rose by 20 cents to \$74.58 a barrel, while ICE Brent decreased by 9 cents to \$74.18. The IEA increased its global oil demand growth forecast by 70,000 barrels per day (bpd) to 1.68 million bpd in 2010 due to the increase in fuel consumption in the U.S. China's crude oil imports in May increased by 4.3% from May 2009 after they hit a record high in April 2010. U.S. crude increased by almost \$10 from below \$65 on May 20 but is still down by 15% from a 19-month peak on May 3rd. U.S. crude stocks declined by 1.8 million barrels, where stockpiles of distillates including heating oil and diesel rose by the same amount as demand for distillates declined.

Source: Thomson Reuters

Abu Dhabi to have World's largest solar plant

Abu Dhabi Future Energy Company, or Masdar, in partnership with France's Total and Spain's Abengoa, will start construction on the \$600m Shams 1, the world's largest solar thermal power project. It is expected to produce 100 megawatts and is considered part of Abu Dhabi's target to generate 7% of electricity from clean energy sources by 2020. The concentrated solar power plant will generate enough electricity to light 20,000 houses and offset the equivalent of 175,000 tons of carbon dioxide per year. Shams 1 will run as an independent power plant and will be completed in two years, after which it will start commercial generation in the third quarter of 2013. Abu Dhabi's demand for electricity rose by 11% and its electricity exports increased by 16% in 2009.

Source: Khaleej Times

Angola to pass new law to regulate diamond sector

Angola, the world's fifth-biggest diamond producer, is working on a new law for the mining sector that will regulate the way diamond companies will distribute their revenues from projects in the country. Under the new law, diamond companies will use 50% of their revenues to pay for operational costs. The remaining 50% will be used to pay taxes and investors, and for local development. The current law stipulates that mining companies in Angola pay 35% of their profits in taxes but it does not specify how firms should distribute their revenues. The country's diamond industry was hit hard last year after the global financial crisis weakened demand for jewelry, but has slowly recovered as diamond prices increase.

Source: Thomson Reuters

Iran to spend \$16bn on oil projects

Iran's Oil Ministry said it plans to spend \$16bn from the National Energy Fund on 31 oil projects in the current calendar year to end March 2011. Of the total, \$13.6bn will be dedicated to oil projects while \$2.4bn will go to refinery projects. It said that using domestic resources would pave the way for the presence of local firms in oil and gas projects, but without blocking foreign resources.

Source: Mehr News Agency

Base Metals: Heavy restocking support copper demand, mine supply outlook remains fragile

Although fiscal stimulus measures across the world are starting to be reined in, they remain strongly supportive of copper demand. As a result, global consumption is expected to grow by 5.8% in 2010, compared to a contraction of 2.8% in 2009. Demand growth has been strong throughout the first four months of this year, driven by heavy restocking by consumers in mature economies. Consumption growth is forecast to weaken to 4.2% in 2011 as restocking loses strength and as fiscal stimulus is withdrawn in the developed world. China and emerging Asian markets are expected to remain the principal drivers of global copper demand growth in 2010-11.

Following a contraction of 0.5% in 2009, global refined production is forecast to grow by 1.8% in 2010 and 2.7% in 2011. However, the underperformance of the global copper mining industry is keeping the global copper concentrate market tight. Shortages of concentrate could force smelters to turn increasingly to the scrap market to secure alternative raw materials. The underlying global economic recovery, tightening fundamentals in the copper market and improving liquidity in financial markets are expected to keep copper prices on an upward trend. Prices are expected to increase by 39% in 2010 and to rise by a more moderate 7% in 2011.

Source: Economist Intelligence Unit

Precious Metals: Investors return to gold market

Gold demand is rising as investors are seeking shelter at times of increased risk aversion and the European debt crisis. Prices nearly touched \$1,230 an ounce due to high geopolitical tensions in the Middle East. Physical gold exchange-traded product holdings have jumped to new all-time highs. This quarter's inflows have been the largest so far since the record inflows in the first quarter of 2009. Similarly, demand for gold coins in Germany and the U.S. is increasing. In the near term, gold prices are expected to continue to climb as momentum remains strong. However, the current environment of low real rates and increased risk aversion is very supportive and the potential for further improvement in fundamentals is mild.

Source: Credit Suisse

Commodity performance

	Price	1 month	3 months	6 months	12 months
Energy	(1 month)	Change (%)			
Crude oil (WTI) \$/bbl	74.2	-13.9	-8.2	-2.9	12.3
Crude oil (Brent) \$/bbl	75.1	-15.6	-5.3	-4.2	14.0
Gasoline	2.06	-15.2	-8.1	3.6	8.6
Heating oil	2.04	-13.2	-2.8	-0.7	17.1
Natural gas	4.44	11.1	-6.6	-0.4	18.0
Base metals	(3 months)				
Aluminium \$/t	1,984	-12.0	-8.5	-8.0	34.8
Copper \$/t	6,668	-10.3	-11.0	-6.4	32.0
Lead \$/t	1,696	-23.9	-22.9	-31.7	2.2
Nickel \$/t	19,650	-25.3	-11.6	20.6	34.4
Tin \$/t	17,650	-3.3	3.3	15.7	21.7
Zinc \$/t	1,802	-21.1	-20.1	-25.8	14.1
Precious metals	(spot)				
Gold \$/oz	1,223	3.5	7.3	1.3	27.0
Palladium \$/oz	464	-14.3	3.5	21.2	90.6
Platinum \$/oz	1,563	-9.3	-1.0	5.2	26.1
Silver \$/oz	18.4	-2.1	7.0	-2.2	19.9

Source: Bloomberg, Julius Baer



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	-	-	-	-	BB	-11.5	7.8	1.9	3.4	1.7	1.9	-3.0	0.8
Angola	B+	B1	B+	-	B	4.6	19.1	17.4	25.4	9.4	-	7.6	7.2
Egypt	BB+	Ba1	BB+	BBB-	BB	-7.9	73.8	17.0	47.0	5.8	100.6	-2.9	3.2
Ethiopia	-	-	-	-	CCC	-2.3	-	14.1	263.0	-	-	-7.2	-
Ghana	B+	-	B+	-	B	-10.1	-	35.6	-101.7	-	-	-17.0	-
Ivory Coast	-	-	-	-	CCC	-1.4	-	55.7	134.4	-	556.0	0.3	-
Libya	A-	-	BBB+	-	BB	-2.0	6.5	15.5	20.0	3.3	-	15.5	2.8
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
Nigeria	B+	-	BB-	-	B	-3.0	12.3	5.0	16.5	0.3	-	-5.6	1.6
Sudan	-	-	-	-	C	-3.3	104.5	67.2	428.5	3.2	-	-5.1	2.4
Tunisia	BBB	Baa2	BBB	BBB	BB	-4.0	51.0	53.0	114.6	9.7	232.0	-2.6	3.8
Middle East													
Bahrain	A	A2	A	A	BBB	-6.4	22.7	178.0	220.3	15.9	934.9	-2.9	0.9
Iran	-	-	B+	BB-	B	-4.8	19.3	5.2	20.1	2.8	23.1	0.6	0.2
Iraq	-	-	-	-	CC	-12.7	-	67.3	128.4	2.3	112.8	-0.1	0.9
Jordan	BB	Ba2	-	BB	B	-1.2	59.0	65.4	131.2	8.1	183.0	-10.7	6.9
Kuwait	AA-	Aa2	AA	AA-	A	12.9	7.5	31.7	57.7	2.8	221.2	25.8	-2.0
Lebanon	B	B1	B	B	CCC	-12.6	154.3	96.3	631.1	15.0	168.6	-10.4	5.5
Oman	A	A2	-	A	A	-5.1	6.0	30.9	45.9	5.4	117.1	-0.3	2.0
Qatar	AA-	Aa2	-	AA-	A	4.2	10.4	72.8	157.3	8.4	603.4	8.7	7.9
Saudi Arabia	AA-	Aa3	AA-	AA-	BBB	-4.7	11.3	9.7	18.8	2.0	89.1	-6.1	0.3
Syria	-	-	-	-	B	-7.9	32.3	14.6	75.3	1.0	151.1	-2.9	1.4
UAE	-	Aa2	-	AA-	BB	0.7	12.7	63.8	74.1	3.9	420.3	-5.3	0.7
Yemen	-	-	-	B	CC	-11.2	-	22.5	112.7	-	-	-9.7	-



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	-	Stable								
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
	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	28-Apr-10	No change	23-Jun-10
Eurozone	Refi Rate	1.00	10-Jun-10	No change	08-Jul-10
UK	Bank Rate	0.50	10-Jun-10	No change	08-Jul-10
Japan	O/N Call Rate	0.10	21-May-10	No change	15-Jun-10
Australia	Cash Rate	4.50	01-Jun-10	No change	06-Jul-10
New Zealand	Cash Rate	2.75	10-Jun-10	Raise 25bps	N/A
Switzerland	3 month Libor target	0.25	11-Mar-10	No change	17-Jun-10
Canada	Overnight rate	0.50	01-Jun-10	Raise 25bps	20-Jul-10
Emerging Markets					
China	One-year lending rate	5.31	23-Dec-08	Cut 27bps	N/A
Hong Kong	Base Rate	0.50	28-Apr-10	No change	23-Jun-10
Taiwan	Discount Rate	1.25	25-Mar-10	No change	24-Jun-10
South Korea	Base Rate	2.00	10-Jun-10	No change	N/A
Malaysia	O/N Policy Rate	2.50	13-May-10	Raise 25bps	08-Jul-10
Thailand	1D Repo	1.25	02-Jun-10	No change	14-Jul-10
India	Reverse repo rate	3.75	20-Apr-10	No change	27-Jul-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	18-May-10	No change	17-Jun-10
South Africa	Repo rate	6.50	13-May-10	No change	22-Jul-10
Kenya	Central Bank Rate	6.75	20-May-10	Cut 25bps	July-10
Nigeria	Monetary Policy Rate	6.00	02-May-10	No change	July-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	21-May-10	No change	18-Jun-10
Brazil	Selic Rate	9.50	28-Apr-10	Raise 75bps	09-Jun-10
Armenia	Refi Rate	7.25	08-jun-10	No change	N/A
Romania	Policy Rate	6.25	04-May-10	Cut 25bps	N/A
Bulgaria	Base Interest	0.18	01-May-10	Raise 1 bps	N/A
Kazakhstan	Refi Rate	7.00	01-April-10	No change	N/A
Ukraine	Discount Rate	10.25	11-Aug-09	Cut 75bps	N/A
Russia	Refi Rate	8.00	30-April-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

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

Baghdad Branch, Iraq
Karada - Salman Faeq Street
Facing Al Sheruk Building
P.O.Box: 3085 Al Elweyah - Iraq
Phone: (+ 964) 1 7177493
(+ 964) 1 7177294
E-mail: aabelkader@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

ARMENIA

Byblos Bank Armenia CJSC
18/3 Amiryan Street
Yerevan, 37500 - Republic of Armenia
Phone: (+ 374) 10 530 362
Fax: (+ 374) 10 535 296

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

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

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

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

DEMOCRATIC REPUBLIC OF CONGO

Byblos Bank RDC
4, Avenue du Marche
C/Gombe, Kinshasa, Democratic Republic of Congo
Phone: (+ 243) 817 070701
(+ 243) 991 009001
E-mail: melamm@byblosbank.com.lb

