



COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

MENA

M&A activity down 59% in first quarter of 2010

Figures released by Ernst & Young show that a total of 76 merger & acquisition deals were announced in the Middle East & North Africa in the first quarter of 2010, down 16% from 91 deals in the same period last year, but up 8.5% from 70 deals in the fourth quarter of 2009. Also, the aggregate value of M&A deals in the region reached \$6.5bn in the first quarter of this year, down 59% from \$15.8bn in the same period last year, but up 30% from \$30bn in the last quarter of 2009. Qatar attracted about \$1.1bn in M&A activity, accounting for 39% of the total; followed by Lebanon with \$450m, or 7% of the total; and Saudi Arabia with \$381.4m, representing nearly 6% of regional M&A activity in the first quarter. In terms of domestic deals announced, defined as MENA investors doing deals in the region, E&Y said that Egypt led the region with 10 deals in the first quarter, followed by Saudi Arabia with 8 deals, and Qatar and Jordan with 4 deals each. It added that the most attractive sectors for domestic transactions were transportation with 7 deals, asset management with 4 deals and Chemicals with 3 deals; while banking & capital markets attracted \$916.2m, followed by real estate with \$887m, and asset management with \$383.2m. In parallel, E&Y said that Saudi Arabia received \$102m in foreign M&A funds inflows, accounting for 35% of such inflows to the region, followed by Lebanon with \$100m and Oman with \$49.3m. Banking & capital markets attracted \$100m of such inflows, followed by media & entertainment with \$70m and insurance with \$49.3m.

Source: Ernst & Young

U.S. oil spill to benefit regional producers

The Economist Intelligence Unit indicated that issues related to the offshore oil spill in the Gulf of Mexico in the United States have important implications for the Middle East and North Africa, which accounts for two-thirds of global oil reserves and almost 40% of current crude production. It said the moratorium on deep-water drilling in the U.S. is likely to result in delays in the completion of projects to develop new fields in the area, which would tend to increase U.S. oil imports. The EIU noted that this would benefit Saudi Arabia, which already supplies about one million barrels per day (b/d) to the U.S. market and has about 4 million b/d of spare production capacity. Further, any reassessment of the viability of deep-water oil production is also likely to work to the advantage of Middle East producers, which have mostly onshore operations. It added that more stringent safety regulations to deep-water operations around the world would add to the already high costs relative to onshore production, constituting another advantage for MENA producers. It noted that Iraq would be a main beneficiary, as it plans to add 10m b/d from its vast onshore fields over the next 10 years, which would meet future increases in oil demand.

Source: Economist Intelligence Unit

GCC

Investor sentiment deteriorates on European crisis

The Shuaa Capital GCC Investor Sentiment Index indicates that investor sentiment regressed in May, with all six GCC markets recording a drop in investor confidence. The index decreased by 5.7 points to 107.4 points in May, following a 7.7 points drop in April and a 15.2 points rise in March. The UAE's Investor Confidence Index retreated by 12.3% from the previous month, posting the worst drop in investor sentiment in the region. It was followed by Qatar with a 7.6% decline, Bahrain with a 7% decrease, Kuwait with a 5.8% retreat, Oman with a 4.3% contraction, and Saudi Arabia with a 3.7% drop. Investor sentiment remained the strongest in Saudi Arabia with the country's index at 123.6 points, highest in the region, while the indices for Kuwait and Bahrain moved below the 100-point threshold, indicating overall negative sentiment towards these economies. Shuaa Capital attributed the deterioration in investor sentiment to the ongoing economic and financial crisis in Europe. It said the balance of investors' perceptions of current GCC economic conditions regressed month-to-month, driven by Kuwait, Bahrain and the UAE where perceptions about current economic conditions deteriorated the most, with investor sentiment towards GCC economies overall decreasing by 3.5% to -13.9%.

Source: Shuaa Capital

IRAN

Sanctions to have little economic impact

Standard Chartered Bank expressed doubt that the latest round of UN sanctions against Iran will have direct and substantial consequences for the country, adding that they fell short of the much more damaging options of banning the sale of refined oil products to Iran or blacklisting the Central Bank of Iran. It said that most global banks had already stopped issuing letters of credit for trade with Iran, so the additional monitoring of Iranian banks' subsidiaries will have limited impact. It noted that most Iran-related trade had already been extremely difficult to process through traditional international financial channels. It considered, however, that the European Union and the US are highly likely to impose their own sanctions that would target Iran's hydrocarbon sector, including restricting or banning the export of refined oil products to Iran. It noted that Iran has suffered from under-investment and sub-par technology in its oil industry for decades, forcing it to import about 40% of its refined oil product needs. It said that the resulting deterioration in Iran's terms of trade from such sanctions would have inevitable consequences for the economy, which is already affected by years of policy mismanagement, under-investment and populist policies.

Source: Standard Chartered

OUTLOOK

EMERGING MARKETS

Basel Committee's proposals to impact banks in emerging markets

The Institute of International Finance indicated that the implementation of the Basel Committee's proposals on capital and liquidity requirements that were announced last December would have direct and indirect effects on banks in emerging markets (EM). It said Emerging Asia will be negatively affected by higher core capital ratios, Latin America and Emerging Europe will be impacted the most by new capital buffers, all EM banking sectors will be affected by liquidity requirements, while the indirect impact will be most felt in Emerging Europe through a decline in capital inflows. Overall, Emerging Europe will be the most adversely affected region, Latin America will also be negatively affected but to a lesser extent, while the Middle East, Africa and Emerging Asia will neither be positively nor negatively impacted by the proposed changes.

The IIF said that an increase in the minimum core capital requirement of two percentage points to 10% of risk-weighted assets would not appear to be a significant burden on EM banking systems that are currently well capitalized. It cautioned that the more relevant issue for most EM banking systems is how local supervisors choose to react to an increase in the internationally-agreed minimum in setting the appropriate local buffer of actual capital ratios. The Institute said the biggest concern about the new capital regime is the impact of new requirements related to the composition of capital, and the possibility that significant amounts of what might now be countable as Tier One capital might not be treatable as such in the future.

The IIF noted that enforcing the overall package of liquidity requirements of EM banks could lead to a significant increase in the banks' overall funding costs. In parallel, the IIF considered that the direct negative economic effects on emerging economies from regulatory reform will be compounded by indirect effects, which will be mainly through the transmission mechanism of cross-border capital flows. It said lending to emerging market borrowers from banks in mature market economies will be adversely affected by higher capital charges. Bank flows to emerging economies will also be adversely affected by the proposed treatment of off balance sheet items, such as trade finance instruments, which will increase the cost of trade finance, as unused trade finance facilities would become far more expensive under the leverage ratio proposals.

Source: Institute of International Finance

UAE

Outlook still negative for banking sector

Moody's Investors Service said the outlook on the UAE's banking system remains negative due to the country's weak operating environment, challenges facing Dubai, low economic growth and investment, weak demand for loans, as well as investor confidence issues. It expected asset quality deterioration to continue to weigh negatively on the banking sector following Dubai World's recent restructuring. It projected problem loans to increase from around 4.9% of total gross loans at year-end 2009, to around 9.5% to 12.5% at year-end 2010. It noted

that banks' profitability remains under pressure and expected banks to continue to increase their loan-loss provisions against persistent asset quality pressures. The agency noted that UAE banks have high capitalization levels by international and regional standards with a Tier One capital ratio of 14.5% at year-end 2009. It also considered that the banks' liquidity position is satisfactory, adding that banks are managing their liquidity by lending on a very selective basis. It indicated, however, that competition for domestic deposits has increased, while market funding continues to remain unattractively priced for the majority of banks. It noted that the over-supply of properties, particularly in Dubai, is not favorable to an improvement in the operating environment that would allow for a near-term easing of pressures on the banking sector. It expected investor concerns to remain, which will negatively affect the cost of market funding for banks.

Source: Moody's Investors Service

ALGERIA

Non-oil growth to average 5.3% in 2010-11, fiscal balance to post deficits

The International Monetary Fund projected Algeria's real GDP growth at 4.6% in 2010 relative to growth of 4.3% in the oil exporting economies of the Middle East, and to growth of 4.2% in Maghreb countries this year. It also expected economic growth of 4.1% compared to 4.5% in oil exporting economies and 4.7% for Maghreb economies in 2011. It projected the country's real non-oil GDP growth at 5.4% in 2010 and 5.1% in 2011, down from 9.2% in 2009. The IMF forecast Algeria's annual average inflation rate at 5.5% in 2010 and 5.2% in 2011, relative to 5.7% in 2009 and compared to inflation of 6.6% in 2010 and 6.5% in 2011 for oil exporting economies. Further, it expected the growth of broad money at 17.2% this year and 10.7% next year compared to 2.2% last year. The Fund projected the central government's fiscal balance to post a deficit of 5.3% of GDP in 2010 and 4.2% of GDP in 2011, down from 8.4% of GDP in 2009, and compared to surpluses in oil exporting peers of 2.8% of GDP in 2010 and 4.6% of GDP in 2011. It also forecast the government's non-oil fiscal deficit at 46.5% of GDP this year, down from 48.4% of GDP last year. It estimated overall government revenues at 37% of GDP in 2010 and non-oil revenues at 19% of GDP in 2010 compared to 37% and 19.6% of GDP, respectively, in 2009; and total expenditures at 42.3% of GDP this year relative to 45.4% of GDP last year.

The IMF forecast Algeria's public debt to reach 15.6% of GDP at end-2010 and 16.6% of GDP at end-2011, up from 15% at end-2009, as well as total external debt at 4.8% of GDP at the end of this year and next year. Further, the Fund estimated exports of goods & services from Algeria at \$58bn in 2010 and \$61bn in 2011 relative to \$48bn in 2009, and imports of goods & services at \$51.7bn in 2010 and \$53.7bn in 2011, compared to \$49.4bn in 2009. It forecast the country's current account surplus at \$4bn or 2.5% of GDP in 2010 and at \$5.6bn or 3.4% of GDP in 2011, compared to a surplus of 7.8% of GDP in 2010 and 10% of GDP in 2011 for oil exporting countries. The Fund expected the country's gross official reserves to reach \$150bn at end-2010 and \$158bn at end-2011, up from \$147.2bn at end-2009.

Source: International Monetary Fund



ECONOMY & TRADE

GCC

Corporates face \$28bn of maturing debt by 2012

Moody's Investors Service indicated that corporate debt maturities of \$28bn in 2012 poses a major challenge for GCC corporate issuers. It said the majority of this maturing debt is held by entities based in Dubai and Abu Dhabi, especially investment holding companies and real estate developers and related companies. It considered that GCC issuers' prospects in 2012 will be determined by their ability to roll over short-term maturities, address upcoming bullet repayments, and stabilize or improve their operating performance. It said these challenges apply more to issuers that do not benefit from government support than to government-related issuers that have robust business plans. It said the main factors that could stabilize the credit environment in the region include restoring confidence through greater public disclosure, an improved regulatory framework, macroeconomic stabilization, greater capital market access and a resumption of bank lending. Further, the agency considered real estate developers and issuers with high exposure to the real estate market to be vulnerable, and that investment holding companies are subject to market volatility and risks associated with the quality of underlying assets

Source: *Moody's Investors Service*

SYRIA

Damascus ranks 142nd globally, 15th in MENA region in ecological sustainability

The 2010 survey on the ecological sustainability of 221 cities around the world by Mercer Human Resource Consulting ranked Damascus in 142nd place globally and in 15th place among 24 cities in the Middle East and North Africa region on its Eco-City Index. Also Damascus ranked in 20th place among 55 Lower Middle Income Countries (LMIC) included in the survey. The index is based on the assessment of water availability and drinkability, waste removal, quality of sewage systems, air pollution, and traffic congestion in each city. New York City served as the benchmark for other cities with a score of 100 points. Damascus received a score of 77 points, below the global average of 92.6 points and the Arab averages of 84.8 points. On a global basis, Damascus ranked ahead of Santiago in Chile, Tirana in Albania, and Banjul in Gambia; and came immediately behind Hong Kong, Havana, and Bucharest. It also ranked ahead of Tirana, and behind Havana, Qingdao in China, and Bogota in the Colombia among LMICs. Regionally, Damascus ranked ahead of Algiers, Cairo and Djibouti and behind Jeddah, Tripoli and Amman. The survey indicated that a high-ranking eco-city, or sustainable city, optimizes its use of renewable energy sources and generates the lowest possible quantity of pollution, particularly air, water and noise pollution. It added that a city's attitude towards sustainability can have a significant impact on the quality of living of its inhabitants.

Source: *Mercer Human Resource Consulting*

KUWAIT

Foreign assets up 16% to \$277bn

Kuwait's foreign assets, held by two state-owned funds, totaled \$277bn at the end of the fiscal year ending March 2010, constituting an increase of 16.4% from \$238bn a year earlier. The assets of the Reserve Fund for Future Generation (RFFG) reached \$220bn at the end March, up 12.2% from \$196bn at end-March 2009; while assets of the General State Reserve totaled \$57bn, up 25.7% from \$42bn a year earlier. Kuwait posted budget surpluses in each of the past 11 fiscal years, amounting to around \$140bn. The emirate posted a preliminary budget surplus of \$28.2bn in the last fiscal year. Kuwait's foreign investments were estimated at about \$300bn in 2008, but were significantly affected by the global financial crisis.

Source: *AFP, Kuwait Times*

UAE

Insurers' shareholder equity up 6% to \$3.4bn in 2009

Insurance rating firm i.e. Muhanna & Co. indicated that the shareholder's equity of the 22 insurance firm operating in the UAE totaled \$3.4bn in 2009, constituting an increase of 6.3% from \$3.2bn in 2008. It said the insurers' total gross premium written amounted to \$3.2bn in 2009, up 6.7% from \$3bn in 2008. It noted that the risk of underwriting exposure for UAE insurers slightly decreased from 97% in 2008 to 96% in 2009. It added that technical reserves were unchanged year-on-year at \$1.27bn. Further, net premium receivables increased by 4% to \$811m in 2009, while the ratio of net premium receivables to gross premiums written increased from 24% in 2008 to 25% in 2009. i.e. Muhanna & Co. upgraded 3 insurers, downgraded 7 firms, and maintained the same ratings on 12 companies.

Source: *Digest of Arab Insurance Rating*

EGYPT

Privatization program canceled

The Ministry of Investment said Egypt has suspended indefinitely its mass privatization program, adding that the government will not sell any of the program's 153 state-owned companies. The government announced in November 2008 that it planned to transfer ownership of state-owned companies to Egyptian citizens above the age of 21 through a mass privatization plan in the form of giving each citizen a portfolio of shares in the state-owned companies. The proposal included giving about 41 million Egyptians free coupons redeemable for shares in public firms slated for privatization. The ministry attributed the program's cancellation to the age of those eligible to receive shares and to issues related to the distribution mechanism. Egypt's last privatization attempt was in 2008, when the government's sale of Banque du Caire was unsuccessful because the offer price was too low and the global economy fell into crisis shortly afterwards.

Source: *Thomson Reuters, Al Mal*



BANKING

MENA

Banking sectors relatively shielded from global crisis

Moody's Investors Service indicated that banks in the Arab world have been comparatively well insulated from the effects of the global financial crisis and ensuing recession. It attributed this resilience to the capacity among both conventional and Islamic banks to adapt to macro-economic adversity; their minimal exposures to subprime-related asset classes; government support and sometimes intervention; as well as local and regional specificities. It added that banks in the region had limited incentives to seek inflated returns abroad when domestic markets offered a far better risk-return trade-off. It noted, however, that the region's banks continue to face challenges that vary from one sub-region to another, as reflected in the banks' different risk profiles. It said the current environment is forcing banks to adjust, but that they will only see the benefits of these adjustments in the long term. It noted that liquidity and asset concentration remain the key issues among GCC banks, while North African banks face the challenge of keeping up with the pace of banking reforms. The agency considered that the banking systems of Bahrain Kuwait and the UAE have been the most affected by the liquidity crunch, the sharp fall in asset prices, and the dramatic negative impact on specialized institutions like investment houses and real estate companies due to a concentrated, wholesale funding strategy and massive asset impairments.

Source: Moody's Investors Service

SUDAN

Central Bank raises reserve requirements

The Central Bank of Sudan (CBS) asked commercial banks to raise reserve requirements in foreign and local currency to 11% from 8% by the second half of the current fiscal year in order to contain the continuing depreciation of the Sudanese Pound against the US dollar. However, The CBS attributed its decision to the fading away of the reasons that led to adopting expansionary policies during the past two years, adding that it is now revising its policies to more austerity-oriented one. It added that the decision is due to the after-effects of the Eurozone debt crisis, and that it was meant to correct the distortions that the global economic crisis and the Eurozone debt crisis were having on the local economy. The CBS noted that banks with liquidity problems would be exempted from the new measure until they recover, and that it would continue to strictly monitor import and export activities to keep the currency stable. Further, the CBS said it will withdraw its deposits at the commercial banks, with the exception of banks that received deposits as part of a bailout package. In parallel, the CBS warned banks that they will be held accountable to conform to foreign exchange regulations. The CBS recently tightened control of exchange bureaus to enforce rules and closed down one bureau due to multiple violations. It also froze accounts of individuals suspected of fueling the foreign exchange black market.

Source: Pan-African News Agency, Sudan Tribune

GHANA

Credit tightens on increased risk aversion

The Central Bank of Ghana noted a general net tightening of credit to enterprises and households in the first quarter of the year, along with further declines in net demand for long term credit. It said the banking sector's gross loans grew by 13.2% annually at end-February 2010 compared with 47% in the same period of 2009, while they contracted by 0.9% in real terms in February 2010 year-on-year compared with real growth of 22% posted a year earlier. It attributed the decline in credit growth to the general slowdown in economic activity in 2009, the cost of funds, a relative increase in risk-aversion by banks, and a rise in problem loans. It noted that banks are unlikely to boost lending substantially in the near term because of the continuing overhang of bad assets that remain on their books. It said private enterprises accounted for 68.6% of gross loans at end-February 2010 up from 64% in February 2009. However, the share of household loans declined to 15% from 17.2% a year earlier. Also, the share of credit to the government, public enterprises & public institutions decreased from 18.8% in February 2009 to 16.5% in February 2010. Loans to commerce & finance accounted for 31.4% of total lending, followed by services with 21%, manufacturing with 11.5%, construction with 7.5%, agriculture with 6%, electricity & water with 6%, and transportation with 4%. Further, the CBG said the NPLs ratio increased to 20% at end-February 2010 from 8.1% a year earlier, while loan-loss provisions-to-gross loans rose to 12.7% at end-February from 7% in February 2009.

Source: Central Bank of Ghana

ARMENIA

IFC and Sweden help banks expand trade finance capacity

The International Finance Corporation announced it is providing training in trade finance to bankers in Armenia to help banks improve their trade finance skills and better serve businesses, therefore contributing to the growth of the Armenian economy. The IFC, in cooperation with the government of Sweden, is training professionals from private banks across the country on structuring trade finance transactions, managing trade finance risk, and increasing trade finance product offerings. It will also provide training on documentary credit, trade finance rules, guarantee instruments, and trade finance-related treasury mechanisms, as well as on applying IFC guarantees to trade finance transactions. The program falls under the IFC Global Trade Finance Program. The IFC said the program is helping restore access to trade finance, which has been negatively affected by the global financial crisis, adding that the program's training component is vital in helping banks in emerging markets provide trade finance to importers and exporters, particularly small and medium-size enterprises.

Source: International Finance Corporation



ENERGY / COMMODITIES

Oil trims losses as Spain concerns ease

Oil trimmed earlier losses and was trading above \$77 a barrel on June 17, as anxiety over Spain's public finances eased in global markets following the results of its well-covered bond auction. U.S. crude oil futures were trading at \$77.40 a barrel, having fallen to as low as \$76.78 before the auction. ICE Brent for August reversed earlier losses and was trading 50 cents up at \$78.64. Analysts said the Spanish bond auction was influencing oil and global markets, overshadowing relatively ample oil supplies.

Earlier in June, the International Energy Agency said U.S. oil demand had increased marginally as some recovery in the U.S. economy boosted industry fuel consumption, while Europe's oil demand would remain weak due to the sluggish economy in the region. The U.S. government data showed that gains in oil prices could be limited by ample supplies. Crude oil and oil product inventories in the United States, such as gasoline, remained much higher than a year earlier. In Europe, Norwegian offshore oil workers landed a wage deal with energy companies, averting a strike that had threatened production in three oil and gas fields in the North Sea.

Source: Thomson Reuters

World Bank extends \$220m to Egypt for renewable energy

The World Bank approved a \$220m loan to support Egypt's renewable energy strategy, and includes \$150m from the Clean Technology Fund (CTF), making it the first CTF-supported project in the MENA region. The objective of the Wind Power Development Project is to develop infrastructure and business models for scaling-up wind power in Egypt. It comprises transmission infrastructure development and support for the construction of the first 250 MW wind project in the Gulf of Suez and Gabel El-Zait. The Bank noted that Egypt has some of the world's best wind power resources, especially in the Gulf of Suez area where at least 7,200 MW could be potentially developed by 2022, with further 3,000 MW on the west and east banks of the Nile. Egypt plans to have 20% of its installed generation capacity in the form of renewables by 2020.

Source: World Bank

Iran reveals oil discovery

Iranian and Chinese oil firms discovered 30 billion barrels of oil at a south-western oilfield that borders Iraq. Average recovery factors are between 20% and 50% of oil in place, enabling the Arvand-Kenar field to boost Iran's proven reserves by as much as 15 billion barrels.

Source: Thomson Reuters

Iran agrees Pakistan gas export deal

Iran agreed on a deal to start exporting gas to Pakistan within five years. The agreement involves the export of around 750 million cubic feet per day of gas from Iran to Pakistan through an international pipeline, which is currently under construction.

Source: The National

Base Metals: Global recovery to carry over into 2011, aluminium surplus capacity persists

Despite the persistent uncertainty, the global economic recovery is expected to carry over into 2011, which should support metals demand. However, persistent apprehension over the strength of growth may mean that metal prices could trade within a range in the near-term.

With demand accelerating, aluminium spot market tightened in the second half of 2009 as the metal is tied up in financing deals. Smelters pushed through substantial production cuts, but surplus capacity persists. Smelters will need to show production restraint in the coming years to restore a degree of normality on the market. Also, China may increase aluminium shipments as the domestic market is oversupplied. There is considerable uncertainty over global aluminium production volumes in the medium-term. Aluminium prices are projected to reach \$2,275 a ton in 2010 and \$2,100 a ton in 2011.

Source: Merrill Lynch, Credit Suisse

Precious Metals: Gold to take a backseat in asset allocation with recovery, Platinum demand from car producers to increase

Central banks are expected to maintain loose monetary policy and liquidity creation is positive for metals. Also, reserve diversification into gold continues and gold demand from countries like China is projected to increase, supporting prices. However, de-hedging has been fading out, so there is set to be less price support from this sector going forward. Further, gold could be taking a backseat in asset allocation as the global economy recovers. Also, scrap supply is increasing and high gold prices discourage buyers of physical gold. Gold prices are projected to reach \$1,110 an ounce in 2010 and \$1,150 an ounce in 2011.

Platinum demand from auto catalyst producers is expected to rebound this year but jewellery demand to suffer due to rising prices. The platinum market is too small to sustain several ETFs, and inflows into these vehicles are set to support prices. Also, production remains challenging in South Africa but miners may bring back production. Platinum prices are projected to reach \$1,750 an ounce in 2010 and \$2,000 an ounce in 2011.

Source: Merrill Lynch

Commodity Price Forecasts

| | 2010F | 2011F |
|-------------------------|--------|--------|
| Aluminium, \$/t | 2,275 | 2,100 |
| Copper, \$/t | 7,275 | 8,000 |
| Lead, \$/t | 2,300 | 2,650 |
| Nickel, \$/t | 20,950 | 20,000 |
| Zinc, \$/t | 2,325 | 2,750 |
| Gold, \$/oz | 1,110 | 1,150 |
| Platinum, \$/oz | 1,750 | 2,000 |
| Palladium, \$/oz | 500 | 650 |
| Iron Ore, \$/t | 133 | 107 |
| Metallurgical Coal \$/t | 212 | 218 |

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 | - | - | - | - | 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 | 15-Jun-10 | No change | N/A |
| Australia | Cash Rate | 4.50 | 01-Jun-10 | No change | 06-Jul-10 |
| New Zealand | Cash Rate | 2.75 | 10-Jun-10 | Raise 25bps | 29-Jul-10 |
| Switzerland | 3 month Libor target | 0.25 | 17-Jun-10 | No change | 16-Sep-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 | 09-Jul-10 |
| 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 | 10.25 | 09-Jun-10 | Raise 75bps | 21-Jul-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

