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BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

EMERGING MARKETS

Investments from GCC sovereign wealth funds generally welcome in major economies despite transparency concerns

The first global study about the attitudes of national elites in the U.S., United Kingdom, Germany, Egypt, Brazil, India and China towards 19 sovereign wealth funds (SWFs) and the reputation of their countries of origin found that 74% of respondents approve Kuwaiti investments in their country. This ranked Kuwait's SWF as the fourth most welcome in those countries. Dubai came in fifth place among the 19 SWFs with a 73% approval, followed closely by Abu Dhabi in 6th place with a 72% approval rate, Bahrain in 8th place (69%); Qatar in 9th place (63%); Oman in 13th place (61%); Libya in 16th place (35%) and Algeria in 17th place (33%). In parallel, 29% of respondents considered Au Dhabi's SWF to be transparent, followed by Dubai with 28%, Kuwait with 27%, Qatar with 24%, Bahrain with 23%, Oman with 22%, Libya with 14%, and Algeria with 11%. Also, 33% of respondents thought that Dubai's SWF is accountable, followed by Abu Dhabi with 32%, Kuwait with 30%, Qatar with 23%, Oman with 25%, Bahrain with 24%, Libya with 13%, and Algeria with 11%. Further, 37% of respondents thought that Dubai's SWF applies good governance principles. It was followed by Abu Dhabi with 33%, Kuwait with 29%, Qatar with 27%, Bahrain with 29%, Oman with 24%, Libya with 15%, and Algeria with 12%.
Source: Hill & Knowlton, Penn Schoen Berland

GCC

Business confidence stabilizes, UAE still lagging

HSBC Bank's quarterly business confidence survey for the GCC indicated that regional sentiment strengthened for the third quarter in a row. It said the region's business confidence index reached 86 points in the second quarter, an increase of less than one point, with the proportion of respondents optimistic about revenues and profits unchanged quarter-to-quarter, suggesting economic stabilization rather than a regional recovery. It added that planned investment spending fell slightly from the first quarter, while the labor market outlook slightly improved with the proportion of firms planning job cuts falling to 13% from 14%. It noted that sentiment remains strongest in Saudi Arabia, as the country's business confidence index reached 97 points, highest among GCC economies, and highest in the kingdom since the end of 2007. Overall, some 60% of Saudi firms that responded to the survey said they were optimistic that revenues would increase over the coming year and more than 50% expected an increase in profits. Further, around two-thirds of Saudi firms expected the coming quarter to be significantly better than the second quarter of the year, with 70% of Riyadh-based firms expecting a near-term improvement in performance. In parallel, the UAE's business confidence index improved by two points to 78 points, but the score remained the lowest in the GCC, and remained far lower than the scores during 2007-08, reflecting the severity of the economic deterioration and the time the recovery is taking. It said around 25% of UAE firms surveyed expected to increase capital spending in 2010 compared to 33% for the region; while only 25% of respondents intended to recruit this year, relative to 36% on average for the region. Also, 18% of UAE firms feared corporate performance would deteriorate in the coming quarter, and more than 20% of firms were pessimistic on the outlook for revenues and profits for 2010. *Source: HSBC Bank Middle East*

IRAN

U.S., EU and Australia widen sanctions against Tehran

The United States Department of the Treasury widened its sanction against Iran by placing dozens of Iranian companies and senior Iranian officials on a financial blacklist due to their connection to Iran's nuclear weapons program. The blacklist bars any American entities and individuals from doing business with the designated Iranian individuals and companies, and freezes their assets in U.S. jurisdictions. The measures also are aimed at cutting off the funding abilities of the Islamic Revolutionary Guard Corps (IRGC). Washington also blacklisted five Iranian companies that are fronting for Iran's largest shipping company, the Islamic Republic of Iran Shipping Lines (IRISL), which is accused of supporting Tehran's proliferation activities. The U.S. also sanctioned Post Bank of Iran for facilitating the financing of weapons purchases and sales for the Iranian regime following the U.N.'s 2007 sanctioning of Bank Sepah. It also identified 27 vessels as property blocked because of their connection to IRISL. Further, it identified 22 entities in the insurance, petroleum and petrochemicals industries as owned or controlled by the government of Iran, and prohibited U.S. entities from conducting transactions with them.

In parallel, the European Union authorized a significant widening of sanctions against Iran on concerns over Tehran's nuclear-weapons program. The new measures target explicitly for the first time parts of the economy that are not linked to Tehran's nuclear program. The EU measures, to be decided in detail next month, would include a ban on investments and technology transfer to Iran's oil and gas industry, and would impose a freeze on additional Iranian banks and target IRISL and air cargo. They would also include new visa bans and asset freezes on individuals, especially on members of the IRGC. Further, Australia announced that it planned more steps against Iranian banks and the IRISL.
Source: U.S. Department of the Treasury, Wall Street Journal

OUTLOOK

GCC

Non-oil growth to average 5.5% in 2010-11

The International Monetary Fund projected the economies of the Gulf Cooperation Council's (GCC) to post real GDP growth of 4.9% in 2010 relative to growth of 4.3% in the oil exporting economies of the Middle East, and to growth of 4.2% in the MENA region this year. It also expected economic growth of 5.2% compared to growth of 4.5% in oil exporting economies and 4.6% in the region in 2011. It projected the GCC's real non-oil GDP to grow by 5.8% in 2010 and 5.2% in 2011, up from a contraction of -4% in 2009. The Fund forecast the GCC's annual average inflation rate at 4.1% in each of 2010 and 2011, relative to 3.3% 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 8.1% this year and 11.3% next year compared to 11% last year. The Fund projected the GCC fiscal balance to post an aggregate surplus of 7% of GDP in 2010 and 10.3% of GDP in 2011, up from 2.1% of GDP in 2009, and compared to surpluses in oil exporting peers of around 2.8% of GDP in 2010 and 4.6% of GDP in 2011. It also forecast the governments' non-oil fiscal balance at 56.6% of GDP this year, up from 51.7% of GDP last year. It estimated overall GCC governments' revenues at 42.8% of GDP in 2010 and non-oil revenues at 14.8% of GDP in 2010 compared to 40.2% of GDP and 16.2% of GDP, respectively, in 2009; and total expenditures at 36% of GDP this year relative to 38% of GDP last year.

The IMF estimated exports of goods & services from GCC countries at $674.5bn in 2010 and $759bn in 2011 relative to $531.2bn in 2009, and imports of goods & services at $488.4bn in 2010 and $541.8bn in 2011, compared to $435.3bn in 2009. It forecast the GCC's current account surplus at $132.8bn or 13% of GDP in 2010 and at $175.4bn or 15.7% 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 GCC countries' gross official reserves to total $515.2bn at end-2010 and $550bn at end-2011, up from $490bn at end-2009.

Source: International Monetary Fund

EGYPT

Fallout from Eurozone crisis manageable, reducing fiscal deficit to face obstacles

Credit Suisse indicated that Egypt should be able to weather the fallout from the euro area's difficulties despite strong trade linkages with the currently struggling economies of the Eurozone. It said exports of goods and services make up only about 25% of Egypt's GDP, but about 26% of its merchandise exports go to the euro area, with Spain and Italy accounting for 14% of its total merchandise exports. It noted that the broader global recovery, the outlook for global oil prices and the relatively robust outlook for domestic demand in Egypt, as well as the country's FDI links to some of the less affected European countries and to the Middle East, are likely to offset its strong trade links with countries in Southern Europe. It expected that risks to global growth would create some uncertainty for Egypt's growth outlook, but added that domestic demand should help boost real GDP growth to 5.8% in FY2010/11 compared to 5.4% in FY2009/10. It noted that the recent improvements in workers' remittances, employment and tourism receipts support a positive outlook for household spending in FY2010/11. It noted that bank lending may be constrained somewhat by the upcoming election period and likely monetary policy tightening in the next fiscal year. It considered that a recovery in investment spending and a weak Eurozone will likely bring net exports into negative territory in FY2010/11.

Credit Suisse considered the government's plan to cut the fiscal deficit from 8.5% of GDP in FY2009/10 to 7.9% of GDP in FY2010/11 to be realistic, but highlighted two key risks to this target. It said a deterioration in global growth might lead to a decline in taxes and dividends collected from the Egyptian Gas and Petroleum Company and the Suez Canal, which together accounted for 29% of the budget revenues in FY2008/09. Also, the election period may completely derail the government's plans to moderate wage hikes, to phase out energy subsidies for energy-intensive industries, and to reform the VAT system. It expected the government's gross debt to peak at 77% of GDP in FY2009/10 and decline to 74.7% of GDP in FY2010/11 under a baseline scenario. It noted, however, that despite the favorable debt dynamics, the high level of the government debt-to-GDP ratio places Egypt in a vulnerable position relative to similarly-rated countries.

Source: Credit Suisse

UAE

Dubai conditions to limit UAE growth to 2.3% this year, activity to pick up in 2011

Credit Suisse projected real GDP growth in the UAE at 2.3% in 2010, up from a contraction of -3% in 2009, adding that the gradual recovery this year will be held back by Dubai's troubles. It forecast non-oil GDP to rise by 1.9% this year, well below its 10% average during the 2004-08 period. It said the emirate of Dubai faces a longer road to recovery because of strong headwinds from the property market correction and debt problems of its state-owned companies such as Dubai World. It expected the key sectors of Dubai's economy, such as construction and real estate, to go through a protracted adjustment, with a strong rebound unlikely before 2011. It added that households and businesses will likely remain cautious about spending and investing until the recovery gains further momentum, especially in light of still-tight credit conditions and high debt burdens.

Credit Suisse expected that higher oil prices and strengthening external demand should help improve the UAE's real GDP growth this year compared to last year. It forecast oil GDP to rise by 3.3% in 2010, after contracting by 6.5% in 2009, adding that oil output will contribute positively to overall economic growth this year. It noted that concerns about the debt crisis in Europe have recently reduced global oil prices lower, but added that prices remain firm enough to support the continuation of strong public spending and investment, which, along with rebounding exports, should further support domestic economic activity this year. It expected the UAE economy to steadily build momentum through the end of the year, as domestic conditions further stabilize and strengthen. It anticipated the UAE economy, including Dubai, to be on more solid footing by 2011, with GDP growth accelerating to 5.6% next year.

Source: Credit Suisse

EMERGING MARKETS

Growth unsustainable without strong domestic demand

The Economist Intelligence Unit expressed doubt that emerging markets have decoupled from demand in the developed world, or can drive global economic growth in the absence of such demand. It said that emerging markets have increased their resilience, and are set to play a prominent role in supporting global growth in 2010. It added, however, that without an improvement in final demand in advanced economies, it remains likely that growth both in emerging markets and in the global economy will slow down in 2011. It noted that if current rapid rates of growth in leading emerging markets persist in the near term, they are likely to reflect loose fiscal conditions rather than any structural shift to sustainable autonomous demand. It suggested that this trend reflects a high risk of busts when fiscal support is eventually withdrawn. It said that many emerging markets are set to perform strongly in 2010, despite continued sluggishness in much of the developed world. It noted that further strengthening of autonomous private demand will be needed if domestic demand in emerging economies is to remain robust, and considered that neither fiscal policy nor inventory effects can drive growth indefinitely.

Source: Economist Intelligence Unit

MENA

Region's vulnerabilities persist in 2010

The Fund for Peace/*Foreign Policy Magazine* Failed States Index showed that the MENA region is still vulnerable to violent internal conflicts and deteriorating conditions in 2010, as the region's average level of vulnerability deteriorated slightly from 77.2 points in 2009 to 77 points in 2010, a level that is worse than the global average of 71.9 points. The index evaluates and ranks countries' vulnerability based on 12 political, social and economic indicators, with a higher ranking and score reflecting increased vulnerability. Iraq, Yemen and Iran were the most vulnerable countries in the region, while the UAE, Qatar and Oman were the least vulnerable sovereigns. Among the 20 MENA countries covered in the index, the rankings of 7 countries improved, 11 declined, and two were unchanged. The level of vulnerability declined for 12 countries, increased for 6 countries and was unchanged for two sovereigns. Mauritania's rank rose by 7 spots, posting the worst change in the region, while Syria's rank declined by 9 spots, registering the best improvement regionally.

Source: Foreign Policy, Fund for Peace

QATAR

Insurers' shareholder equity up 7% to $1.5bn in 2009

Insurance rating firm i.e. Muhanna & Co. indicated that the shareholder's equity of the 5 insurance firm operating in the Qatar totaled $1.5bn in 2009, constituting an increase of 7% from $1.4bn in 2008. It said the insurers' total gross premium written amounted to $938m in 2009, down 1% from $946m in 2008. It noted that the risk of underwriting exposure for Qatari insurers slightly decreased from 67% in 2008 to 63% in 2009. It added that technical reserves increased by 15% to $412m last year. Further, net premium receivables increased by 5% to $124m in 2009, while the ratio of net premium receivables to gross premiums written was 13%, unchanged since 2007. 2009. i.e. Muhanna & Co. maintained the same ratings on the five insurers.

Source: Digest of Arab Insurance Ratings 2010

TUNISIA

Economic policies need to adjust to global uncertainties

The International Monetary Fund encouraged Tunisia to adapt its macroeconomic policies to the uncertain international economic environment in order to support the country's growth as effectively as possible. It said the authorities are maintaining a moderate fiscal policy stance, with a forecast budget deficit of around 3% of GDP in 2010, to avoid that a withdrawal of the 2009 fiscal stimulus would limit the economic recovery. It did not expect the budget deficit to undermine macroeconomic stability, nor to increase public indebtedness and inflation, adding that the external balance could deteriorate temporarily. The Fund estimated that the growth target of 3.8% for 2010 may be achieved, provided that there are no further delayed repercussions from the global crisis. It added that a gradual economic recovery would reduce the need to maintain the fiscal stimulus, and will allow the authorities to revert to fiscal consolidation starting in 2011, as they seek to speed the decline in the rate of public indebtedness and maintain room for maneuver if necessary. It noted that authorities would have to control current fiscal spending, particularly through reforming the social security system to ensure the financial sustainability of the pension funds.

Source: International Monetary Fund

GHANA

IFC to step up investments in support of private sector

The International Finance Corporation indicated that it will increase its activities in Ghana to support the country's economic growth through working more closely with the government, private sector and the World Bank to improve the business climate in the country. It added that its support includes private sector investments in order to create more opportunities for entrepreneurs and businesses. It is currently collaborating with the government of Ghana and the World Bank's International Development Association to provide credit and advisory services to micro, small, and medium enterprises. It is also providing financing to help develop the Jubilee oil field. The IFC has recently increased its investments and advisory services programs in Ghana, making it IFC's third-largest investment portfolio in Africa at the end of the last fiscal year, after South Africa and Nigeria. IFC's current investment portfolio in Ghana totals about $533m, in addition to several advisory services programs in the country, including projects to support smaller businesses and ease access to finance.

Source: International Finance Corporation

GCC

Gulf unlikely to follow China currency revaluation

HSBC Middle East indicated that it its highly unlikely that GCC central banks would step away from the dollar pegs that dominate the region, following China's announcement that it is moving to a more flexible currency regime. It attributed this to the lack appetite for change in the Gulf, as well as to the limits of the region's institutions which, unlike China, have had dollar peg currency regimes for a decade. It noted that the GCC, unlike China, has not been subject to political pressure from the U.S. to allow its currency to appreciate, as the U.S. is keen to see the Gulf states retain their peg to the dollar to maintain the pricing of oil and other commodities in U.S. dollars, and keep the dollar's reserve currency status. It added that the economic pressures for currency reform are less pronounced than they are in China, and less relevant than was the case when the GCC faced pressure for revaluation and de-pegging during the last quarter of 2007 and the first quarter of 2008. In parallel, it said current weak economic growth and subdued inflationary pressures across the region have removed the arguments for more flexible currency regimes. It added that the synchronizing of U.S. and GCC economic cycles will likely prove temporary, but is masking the shortcomings of the dollar-peg regime and is reducing the likelihood of near-term change.

Source: HSBC Middle East

SYRIA

Bank branches reach 459, conventional private banks have 153 branches at end-March 2010

Figures released by the Central Bank of Syria indicate that the number of branches of commercial banks operating in Syria reached 459 at the end of March 2010, constituting an increase of 14% from 403 branches a year earlier. State-owned banks had 389 branches, accounting for 63% of the total; followed by private commercial banks with 153 branches, or 33% of the total; and Islamic banks with 17 branches, representing 4% of overall branches. The branches of state-owned banks increased by 7 branches and those of private banks rose by 32 branches year-on-year; while Islamic banks' branches grew by 4 branches from end-2009. Bank Bemo Saudi Fransi had 31 branches, the largest branch network among private banks in the country. It was followed by the International Bank for Trade & Finance with 27 branches, Bank Syria & Overseas with 22 branches, Bank Audi-Syria with 21 branches, Arab Bank with 19 branches, Byblos Bank-Syria with 9 branches, Syria Gulf Bank with 8 branches, Bank of Jordan-Syria with 7 branches, Fransabank-Syria and Al-Sharq Bank with 4 branches each, and Qatar National Bank Syria with one branch. Also, Syria International Islamic Bank had 12 branches and Cham Bank had 5 branches. In parallel, the Agricultural Cooperative Bank had 106 branches, the largest branch network among state-owned banks in the country; followed by the Commercial Bank of Syria with 67 branches; the Popular Credit Bank with 64 branches; the Real Estate Bank with 22 branches; the Industrial Bank with 17 branches; and the Savings Bank with 13 branches.

Source: Central Bank of Syria, Byblos Research

UAE

Banks' asset quality and liquidity pressures continue

Fitch Ratings indicated that the UAE banking sector's strong capitalization should help it manage its current challenges despite rising impairments and difficult operating conditions. It said the first half of 2010 has been difficult for the banks, with rising retail and corporate impairments, debt restructuring at Dubai government-related entities, reduced lending appetite, and high loan-to-deposit ratios resulting in stagnation in the sector. it expected the sector to manage the impact of the restructuring of Dubai World without additional support from the authorities, adding that most banks have been reluctant to disclose their exposure to Dubai World and have yet to take related provisions. It noted that asset quality ratios deteriorated significantly, with the average NPLs ratio for the nine largest banks increasing to 4.3% at end-2009 from 1.7% at end-2008. It added that the ratios understate true positions given the high levels of restructured and rescheduled loans, and those past due but not deemed impaired. It expected the NPLs ratio to increase for all banks, as problems assets work their way through the banking system. It said loan-loss reserve coverage also declined for the nine banks to 97% at end-2009 from 148% at end-2008. It noted that funding and liquidity pressures remain for the banking system, with the average loan-to-deposit ratio for the nine banks still above 100% and in some cases above 120%, due to limited foreign bank funding, the rising cost of domestic deposits in a competitive market and reduced international debt capital market access. It expected the banks' lack of long-term wholesale funding to constrain future growth and earnings.

Source: Fitch Ratings

GHANA

Currency rating upgraded on increased reserves

The Economist Intelligence Unit upgraded Ghana's currency rating to 'BB' from 'B' with a 'stable' outlook. It attributed the upgrade to increased foreign currency reserves, strong export prices and improved global sentiment towards emerging-market currencies, which have allowed the Ghanaian cedi to stabilize and the currency risk to decline. It said Ghana's foreign exchange reserves increased in 2009, and have continued to rise in early 2010, while the exchange rate has stabilized in a more appropriate range since the volatility experienced in 2008-09. It noted, however, that risks remain from the still large fiscal and current accounts deficits. It expected the government to reduce the deficits, but for these deficits to remain. As such, the EIU anticipated currency falls to be significantly smaller than those witnessed in 2009 because of improvements in economic policy, as well as more favorable global sentiment towards emerging-market currencies. It noted that the start of oil exports in 2011 will provide a significant boost for foreign exchange earnings despite the persistence of the structural trade deficit. It forecast the cedi to average GH¢1.43 in 2010 and GH¢1.42 in 2011 against the US dollar.

Source: Economist Intelligence Unit

ENERGY / COMMODITIES

Oil steady above $76 due to stable Fed and Asian Equities

Oil stabilized at above $76 on June 24 after it declined for two days, due to stable Asian equities and the U.S. Federal Reserve's passive outlook. U.S. crude for August dropped 42 cents to $75.93 a barrel, before increasing 3 cents to $76.38. With demand increasing by 1.2% last month compared to the same period last year, U.S. gasoline inventories fell by 800,000 barrels last week. U.S. crude had dropped to its lowest level on June 23 since June 15, to $75.17. It was up 18% on June 24 from below $65 on May 20. Distillate stocks rose by 300,000 barrels as their demand rose 12%. U.S. crude inventories gained an unexpected two million barrels last week, while new home sales dropped at a record pace in May to their lowest in more than 40 years. The U.S. National Hurricane Center stated that there is a 30% chance a tropical wave South of Cuba might become a tropical cyclone, potentially hindering cleaning efforts and oil production in the Gulf of Mexico.
Source: Thomson Reuters

Maghreb electricity integration moves forward

Algeria, Morocco and Tunisia agreed to step up the process of integrating their electricity markets, constituting the first step towards the full integration of these markets into the European Union market. The integration of the Maghreb markets is being supported by significant investments to respond to a strong increase in demand for electricity, and with a new 400 kV transmission line linking the three countries due for completion this year. The reforms of the electricity sector in the three countries is expected to progressively lead to their integration and allow for the trade and transport of electricity between them. The process to integrate the electricity markets in the Maghreb was launched by the 2003 Rome Protocol and the EU financed a technical assistance project between 2007 and 2010.
Source: European Commission

Iraq, Turkey renew oil pipeline deal

Iraq's Oil Ministry said it signed a deal with Turkey to extend for 12 years the use of the main pipeline linking its northern oilfields to the Mediterranean port of Ceyhan. The 970-km pipeline, that carried 167.6 million barrels of oil last year, was repeatedly sabotaged by insurgents inside Iraq and Turkey.
Source: Gulf Daily News

IEA says drilling moratoriums threaten oil output

The International Energy Agency (IEA) said that if oil producing countries follow the U.S. lead on reducing the development of new offshore oil reserves, global oil output could decline by up to 900,000 barrels a day from projected levels for 2015. Ii added that if countries like Angola and Brazil as well as the North Sea countries delay new offshore development, the impact on global oil output might be 800,000 barrels a day to 900,000 barrels a day lower by 2015.
Source: International Energy Agency

Base Metals: Prices to increase in 2011, particularly copper

Base metal prices are expected to increase in 2011, particularly copper in the second half of the year. The LMEX Index of six industrial metals reached a 20-month high in April, a level not recorded since the collapse of Lehman Brothers Holdings Inc. in 2008 which pushed the global economy into recession. The index declined by 12% so far due to concerns that Europe's fiscal crisis and China's control on lending will cut demand.

Three-month copper futures traded at $6,750 a ton on June 24, up 30% a year earlier. Copper gained about 30% between February's low and April's high peak, driven by expectations for a recovery. China's $586bn stimulus program, which included spending on infrastructure and state stockpiling, helped to increase copper prices in 2009. However, Chinese authorities boosted banks' reserve requirements three times and introduced real-estate controls to slowdown asset bubbles in 2010.
Source: Bloomberg

Precious Metals: Gold to decline slightly with the appreciation of the Chinese Yuan

The appreciation of the Chinese Yuan is expected to have a negative impact on gold, as it could result in a reversal in foreign exchange reserve accumulation flows for China and other emerging economies. However, due to the growing sovereign risks in Europe and elsewhere and the increasing need for a non-fiat currency anchor in the monetary system, downside risks to gold prices are projected to be small at this stage. Thus, gold prices are expected to reach $1,200 an ounce in 2010 and $1,350 an ounce in 2011.

With $6,500bn at their disposal and only $100bn invested in gold, emerging market Central Banks' demand for precious metals is forecast to remain stable even in the face of a greater than expected slowdown in reserve accumulation. A gradual appreciation of the Yuan coupled with a steady emerging market currency appreciation, could increase capital inflows into these countries, supporting gold accumulation over the coming months.
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 Stable	-11.5	7.8	1.9	3.4	1.7	1.9	-3.0	0.8
Angola	B+ Stable	B1 Positive	B+ Positive	- -	B Stable	4.6	19.1	17.4	25.4	9.4	-	7.6	7.2
Egypt	BB+ Stable	Ba1 Stable	BB+ Stable	BBB- Stable	BB Stable	-7.9	73.8	17.0	47.0	5.8	100.6	-2.9	3.2
Ethiopia	-	-	-	-	CCC Stable	-2.3	-	14.1	263.0	-	-	-7.2	-
Ghana	B+ Negative	- -	B+ Negative	- -	B Stable	-10.1	-	35.6	-101.7	-	-	-17.0	
Ivory Coast	- -	- -	- -	- -	CCC Stable	-1.4	-	55.7	134.4	-	556.0	0.3	-
Libya	A- Stable	- -	BBB+ Stable	- -	BB Stable	-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- Stable	Ba1 -	BBB- Stable	BBB- Stable	BB Stable	-3.6	52.8	24.2	79.5	0.5	95.6	-2.1	3.3
Nigeria	B+ Stable	- -	BB- Stable	- -	B Stable	-3.0	12.3	5.0	16.5	0.3	-	-5.6	1.6
Sudan	- -	- -	- -	- -	C Stable	-3.3	104.5	67.2	428.5	3.2	-	-5.1	2.4
Tunisia	BBB Stable	Baa2 -	BBB Stable	BBB Stable	BB Stable	-4.0	51.0	53.0	114.6	9.7	232.0	-2.6	3.8
Middle East													
Bahrain	A Stable	A2 -	A Stable	A Stable	BBB Stable	-6.4	22.7	178.0	220.3	15.9	934.9	-2.9	0.9
Iran	- -	- -	B+ Stable	BB- Stable	B Stable	-4.8	19.3	5.2	20.1	2.8	23.1	0.6	0.2
Iraq	- -	- -	- -	- -	CC Stable	-12.7	-	67.3	128.4	2.3	112.8	-0.1	0.9
Jordan	BB Stable	Ba2 -	- -	BB Stable	B Stable	-1.2	59.0	65.4	131.2	8.1	183.0	-10.7	6.9
Kuwait	AA- Stable	Aa2 Negative	AA Stable	AA- Stable	A Stable	12.9	7.5	31.7	57.7	2.8	221.2	25.8	-2.0
Lebanon	B Positive	B1	B Stable	B Stable	CCC Stable	-12.6	154.3	96.3	631.1	15.0	168.6	-10.4	5.5
Oman	A Stable	A2 -	- -	A Stable	A Stable	-5.1	6.0	30.9	45.9	5.4	117.1	-0.3	2.0
Qatar	AA- Stable	Aa2 Stable	- -	AA- Stable	A Stable	4.2	10.4	72.8	157.3	8.4	603.4	8.7	7.9
Saudi Arabia	AA- Stable	Aa3 Stable	AA- Stable	AA- Stable	BBB Stable	-4.7	11.3	9.7	18.8	2.0	89.1	-6.1	0.3
Syria	- -	- -	- -	- -	B Stable	-7.9	32.3	14.6	75.3	1.0	151.1	-2.9	1.4
UAE	- -	Aa2 -	- -	AA- Stable	BB Stable	0.7	12.7	63.8	74.1	3.9	420.3	-5.3	0.7
Yemen	- -	- -	- -	B Stable	CC Stable	-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- Stable	- -	- -	-3.1	23.6	42.5	579.3	1.5	344.9	-0.8	0.9
Bulgaria	BBB Stable	Baa3 Stable	BBB- Stable	- -	BB Stable	-2.7	17.5	102.0	200.0	35.3	283.9	-8.0	8.2
Kazakhstan	BBB- Stable	Baa2 -	BBB- Negative	- -	BB Stable	-3.5	6.6	95.9	231.5	48.0	426.6	-7.6	9.2
Romania	BB+ Negative	Baa3 -	BB+ Stable	BBB- Negative	BB Stable	-5.1	20.8	61.5	202.5	15.9	348.0	-7.1	3.3
Russia	BBB Stable	Baa1 Positive	BBB Stable	- -	BBB Stable	-6.5	7.0	38.0	133.6	33.7	139.1	1.3	0.4
Turkey	BB Positive	Ba2 Stable	BB+ Stable	BB Stable	B Stable	-6.0	47.6	47.3	198.3	31.2	434.4	-1.3	1.4
Ukraine	B Stable	B1 Positive	B Negative	- -	CCC Stable	-4.0	22.1	86.6	223.7	20.1	407.1	-0.1	4.5

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	15-Jul-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	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	17-Jun-10	No change	15-Jul-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	July-10
Angola	Rediscount rate	30.00	16-Jun-10	No change	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	22-Jun-10	No change	N/A
Romania	Policy Rate	6.25	06-Jun-10	No change	N/A
Bulgaria	Base Interest	0.2	01-Jun-10	Raise 2 bps	N/A
Kazakhstan	Refi Rate	7.00	01-April-10	No change	N/A
Ukraine	Discount Rate	9.50	08-Jun-10	Cut 75bps	N/A
Russia	Refi Rate	7.75	23-Jun-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

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: aabdelkader@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