

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Stricter stress tests show 52 EU banks fail to meet minimum capital ratio

The Committee of European Banking Supervisors (CEBS) released the results of stress tests conducted on 91 European banks, which account for 65% of the total assets of the EU banking sector. The tests focused mainly on credit and market risks, including exposures to European sovereign debt. It said 7 of the 91 banks failed the tests, including 5 Spanish banks, one German bank and one Greek bank that fell under the Tier 1 ratio target level of 6% in the most adverse scenario, resulting in a total capital shortfall of €3.5bn. Also, a further 17 banks had Tier 1 ratios equal to or above 6% but below 7%. Further, the stress tests showed that the system's Tier 1 capital ratio declines from 11.2% in the benchmark scenario to 9.2% under the adverse scenario with sovereign shock, while the Tier 1 ratio declines to 9.6% in 2011 under the adverse scenario before a sovereign shock.

However, Citigroup indicated that the CEBS' stress test only considers sovereign shocks in the trading book and not in the banks' books. As such, it repeated the test but included a haircut for sovereign bonds held in both the banking and the trading books. It identified 24 banks below the 6% Tier 1 hurdle rate and an aggregate capital deficit of €15bn. It said the banks that fall below the 6% Tier 1 threshold include 12 from Spain, 5 from Greece, 3 from Germany, 2 from Cyprus and one each from Italy and Ireland. Further, Citigroup conducted a more stringent test that included the entire sovereign book and a target of 6% in equity Tier 1 ratio. Under this test, it estimated that the capital shortfall for the 91 banks is €63bn, with 52 banks not meeting the minimum 6% equity Tier 1 ratio. In parallel, Fitch Ratings' quarterly fixed income investor survey shows that European investors are becoming increasingly concerned about the ability of the region's banks to refinance their maturing debt. It said 36% of investors ranked investment grade financials as facing the greatest refinancing challenge over the next 12 months, up from 8% of respondents in the previous survey.

Source: Committee of European Banking Supervisors, Citigroup, Fitch Ratings

NIGERIA

Bill to set up bad bank becomes law

Nigeria's president signed into law legislation to establish the Asset Management Corporation of Nigeria (AMCON), or a 'bad bank', that would buy problem loans and troubled assets from banks in order to improve the sector's liquidity and protect bank earnings. Last summer, an audit of 24 banks operating in the country found 10 banks to have liquidity or capitalization problems. As a result, the Central Bank of Nigeria (CBN) injected NGN 600bn, or \$3.9bn, in 9 of those banks for being undercapitalized, while it estimated the total NPLs of the insolvent banks at NGN 2,200bn. The AMCON is expected to begin full opera-

tions in January and will have NGN 250bn, or about \$1.9bn, in capital to buy up problem loans. Under the new law, the toxic assets will be exchanged for seven-year bonds or other debt instruments issued by AMCON and guaranteed by the Finance Ministry. In parallel, the 24 commercial banks operating in the country agreed to make available 0.3% of their assets, capped at NGN 1,000bn, to a sinking fund each year for the next decade to cover any net deficits incurred by AMCON and to prevent extra costs to the government. The CBN will own 60% and the Finance Ministry 40% of the company, which will have a 10-year life, giving it enough time to perform its function.

Source: Bloomberg, Thomson Reuters

IRAN

EU widens sanctions against Teheran

The European Union widened significantly its sanctions against Iran on concerns over Tehran's nuclear weapons program. The new measures explicitly target for the first time parts of the economy that are not linked to Tehran's nuclear program. The EU measures ban investments and technology transfer to Iran's oil and gas industry, prohibit new European investment in major sectors of the Iranian economy, and restrict the sales to Iran of any goods which could potentially have military applications. The EU also tightened scrutiny of Iranian banks operating in the EU, and required that any money transfers of more than €10,000 to be notified to national authorities, and amounts above €40,000 to require prior authorization. The EU also blacklisted 40 individuals and more than 50 companies.

Source: EUBusiness

UKRAINE

IMF approves \$15.2bn Stand-By Arrangement

The International Monetary Fund approved a 29-month \$15.2bn Stand-By Arrangement (SBA) for Ukraine in support of the authorities' economic adjustment and reform program. It said that an initial disbursement of about \$1.9bn will be available immediately, with subsequent disbursements subject to quarterly reviews, adding that the SBA entails exceptional access to IMF resources. The Fund indicated that the sustained implementation of structural reforms will help Ukraine solidify macroeconomic stability, boost confidence, facilitate access to capital markets, and emerge with more balanced and robust growth. It noted that the core of the authorities' economic program is a comprehensive consolidation strategy to safeguard fiscal sustainability, strengthening the financial position of the gas sector, rehabilitating the financial system, and enhancing the National Bank of Ukraine's independence and accountability. It added that the planned recapitalization of banks and steps to strengthen the supervisory and institutional framework are essential to restore financial stability, tackle the mounting problem of impaired assets, and eliminate impediments for robust economic recovery.

Source: International Monetary Fund

OUTLOOK

MENA

Saudi Arabia and Egypt to lead regional growth

Merrill Lynch indicated that the cyclical recovery is not uniform across the MENA region, adding that the key macroeconomic theme has become sustainability and organic growth. It said that the recovery is getting broader-based and stronger in Saudi Arabia and Egypt, but is still fragile in Qatar and Kuwait, and not yet evident in the UAE. It said Saudi Arabia and Egypt could deliver the region's sustainable high growth rates with the help of their large and under-penetrated domestic markets and favorable demographics. It added that, despite a very strong sovereign balance sheet, Qatar's non-oil economy has been largely disappointing in the last two years. It noted signs of change in the near term, but expressed concerns that the medium-term outlook is significantly constrained by adverse demographics and maturing LNG expansion. It added that sentiment in Kuwait has improved, but the government needs to start delivering on its development plan. It suggested that Dubai's economy is likely to have severely contracted and that Abu Dhabi has not been immune from related effects.

Merrill Lynch noted that the banking sector in the GCC is slowing the pace of expansion through a slow recovery in credit, and is not recycling oil surpluses as quickly as before. As such, it considered that money supply and credit growth have diverged significantly in the GCC, and oil prices are having less of a stimulatory role than few years ago. It noted that the Kuwaiti banking sector remains burdened by its exposure to de-leveraging investment firms. Further, Qatar's credit growth has been limited to the public sector, while both credit and money supply remain depressed in the UAE. Merrill Lynch considered that the deflationary external shock from the global backdrop means lower oil prices, lower external funding opportunities, slower recovery in the real estate sector, further de-leveraging, and slower GDP growth for the region.

Source: Merrill Lynch

GCC

Region to outperform most emerging markets, risks remain

The Royal Bank of Scotland (RBOS) expected the GCC economies to outperform most other emerging markets, with the exception of developing Asia. It added that the three largest economies, Saudi Arabia, the UAE and Kuwait, will lag in recovery, reflecting continued de-leveraging in the corporate sector and asset prices. It considered that there are considerable risks to the GCC's outlook beyond the short- and medium terms.

First, it identified the opacity surrounding the realizable net sovereign asset position in Dubai and to a lesser extent Bahrain as a serious weakness. It said the depth and coverage of any additional debt restructurings of Dubai is unclear, while high levels of debt servicing in 2010 and 2011 are likely to be a significant challenge without federal support and asset sales. It added that Bahrain's vulnerability is a function of its large banking system's foreign exchange liabilities of \$163.8bn, driven by wholesale banks, and the comparatively lower asset base of the sovereign. Second, it considered that a protracted decline in oil prices to below \$50/bbl would put most GCC budgets in deficit

and result in a fast drawdown of sovereign wealth.

Third, it said the financial sector in the GCC remains under pressure from name lending to family conglomerates and from exposure to real estate, construction and equity markets. It added that corporate defaults and collapsing asset-prices have resulted in very slow lending activity, while global risk appetite will remain volatile at-best. It noted that credit growth in the GCC is unlikely to return to pre-crisis levels, which means private sector growth will also remain well below pre-crisis levels.

Fourth, RBOS noted that the GCC countries are making similar diversification investments, and expressed concern that, when these investments come online, all GCC countries will be selling similar goods in similar markets. It said this is likely to increase the end supply of non-oil products and services from the GCC such as petrochemicals, aluminum, ports & shipping, real estate, tourism, and business services, which will imply an even fiercer degree of competition between the countries and downward price pressures, possibly to levels which will test the commercial viability of many of these projects. Fifth, it highlighted the uncertainty surrounding the actual level of assets under management at the largest regional sovereign wealth funds, estimated to be as high as \$1,700bn. It noted the lack of clarity about accounting practices at these institutions, and whether assets are marked-to-market regularly, or recorded at face-value or purchase price, and the extent of which they are readily realizable in the event of external shocks.

Source: Royal Bank of Scotland

JORDAN

Higher growth unlikely to reduce fiscal deficit

Standard & Poor's expected Jordan's public debt to continue to rise without sufficient fiscal consolidation, adding that the government has little room to maneuver in terms of its fiscal flexibility in the years ahead. It forecast Jordan's fiscal deficits to remain relatively high until 2012, reflecting both structural and cyclical factors. It said that, following years of a broadly balanced budget, the fiscal balance declined sharply in 2009. It indicated that government revenues declined due to a drop in official grants and capital inflows, and the end of one-off extraordinary revenues. It added that, despite planned fiscal restraint in 2010, the Kingdom's net borrowing requirements have structurally increased as a result of lower grant revenues, as well as due to inflexible expenditures such as an increase in public wages, pension payments and social benefits; a high level of defense spending; and higher capital expenditures. It said Jordan's deteriorating budgetary performance is mirrored by the increase in government debt, as the debt level declined to a low of 60.9% of GDP in 2008, still more than 1.5 times the median of similarly-rated sovereigns.

S&P projected the primary balance to post an average deficit of 3.8% of GDP in 2009-2012, compared with a small primary deficit of 0.4% of GDP on average in 2002-08. As such, it anticipated the public debt to increase to 66% of GDP in 2011 before stabilizing at a relatively high 69% of GDP by 2012. It anticipated that primary balances will be only marginally above the level needed to stabilize the debt after 2009.

Source: Standard & Poor's

ECONOMY & TRADE

EMERGING MARKETS

Sukuk issuance up 93% to \$13.7bn in first half of 2010

Standard & Poor's indicated that global sukuk issuance totaled \$13.7bn in the first half of 2010, constituting an increase of 93% from \$7.1bn in the same period last year. It said the number of issues reached 98 compared to 32 issues in the first half of 2009, with the average issue reaching \$140.8m relative to \$222.7m a year earlier. Malaysia accounted for 52.7% of total issuance, followed by Indonesia with 17%, Saudi Arabia with 16.8%, Qatar with 10%, Bahrain with 1.9% and the UAE with 1.1%, while Brunei, Singapore and Gambia accounted for the remaining 0.6%. The agency noted that sovereign and sovereign-related issuers accounted for 76% of sukuk issues during the covered period, followed by corporations with 20% and financial institutions with 4%. Further, it said the Malaysian ringgit represented 44.8% of overall issues, followed by the Indonesian rupiah with 16.9%, the Saudi riyal with 13.6%, the US dollar with 12.4%, the Qatari riyal with 10%, and the Bahraini dinar with 1.9% as the main issuer currencies. S&P attributed the rise in issuance to slightly improved international market conditions and expected sustained growth in the second half of the year due to issuers' interest in tapping the market in both historical locations such as Asia and in regions new to sukuk. It added that governments and central banks issued a large portion of the sukuk to benefit from still-available pockets of liquidity and to create local instruments for liquidity management of Islamic financial institutions. But it warned that future growth could be limited due to issues related to resolving sukuk defaults, standardizing Sharia interpretation, and increasing sukuk liquidity.

Source: Standard & Poor's

MENA

FDI in Arab world down 18.4% to \$79bn in 2009

Figures released by the United Nations Conference on Trade and Development (UNCTAD) show that foreign direct investment (FDI) in the MENA region totaled \$93.57bn in 2009, a decrease of 26.6% from \$127.5bn in 2008; while FDI inflows to the Arab world totaled \$79.1bn in 2009, a decline of 18.4% from \$96.8bn in the previous year. FDI inflows to the 20 Arab countries in the region accounted for 16.5% of total FDI in developing countries and for 7.1% of global foreign direct investment. A total of 5 Arab countries saw an increase in FDI in 2009, while 15 economies posted declines. Saudi Arabia was the largest recipient of FDI in the region with \$35.5bn and Mauritania the lowest with -\$38m. Qatar posted the highest increase in FDI inflows in 2009 from the previous year at 112.4% followed by Sudan with 16.6%; while Kuwait posted a decrease of 384% in FDI inflows, the steepest drop in the Arab world, followed by Mauritania with a 111% decline and Yemen with a 92% decline. Also, 8 Arab countries ranked among the top 50 economies globally on the Inward FDI Performance Index, while 7 economies were among the top 50 worldwide on the Inward FDI Potential Index. Further, Lebanon was the only Arab economy among top 10 globally on the Inward FDI Performance Index, while only Qatar and the UAE were among the top 10 worldwide on the Inward FDI Potential Index.

Source: UNCTAD, Byblos Research

UKRAINE

Sovereign ratings placed on CreditWatch with positive implications

Standard & Poor's placed Ukraine's 'B' foreign currency and 'B+' local currency sovereign credit ratings on CreditWatch with positive implications. It attributed its decision to the increasing fiscal consolidation efforts by the Ukrainian government, improved prospects for economic growth, and implementation of measures that are preconditions for IMF support. The agency said the recent revision of the budget was an important step, as the revised budget is based on more realistic revenue assumptions, which puts the 2010 budget balance in line with the IMF's budget deficit target of 5.5% of GDP. It also viewed the government's decision to increase domestic gas tariffs as evidence of political resolve to improve the finances of Naftogaz and meet the terms linked to a renewal of the interrupted IMF program. S&P said that it will raise the long-term foreign currency ratings by one notch to 'B+' if the IMF approves the Stand-By Agreement and if reform measures are implemented; while it could review the outlook back to 'stable' in case of deteriorating political stability, higher-than-projected recapitalization needs for the financial system, or a weakening of the government's resolve to finalize the IMF lending program. Last May, S&P raised Ukraine's foreign currency sovereign credit ratings to 'B/B', from 'B-/C', and the local currency ratings to 'B+/B', from 'B/B', with a 'stable' outlook. Source: Standard & Poor's

ANGOLA

Sovereign ratings not currently affected by revision to arrears payable

Standard & Poor's indicated that arrears payable to domestic and foreign contractors totaling \$9bn will not have an immediate impact on Angola's sovereign ratings or outlook. The Angolan government recently released revised figures showing that arrears total \$9bn, a much higher amount than earlier figures. S&P said that it already factors in a high level of trade arrears in the current ratings and expected that government revenues will rise significantly with current high oil prices, allowing the government to begin repaying contractors. It noted that these factors, along with relatively low existing debt levels and a plan to repay arrears in the medium term, should help the government and contractors find a solution to the problem. It said that the ratings are constrained by a lack of transparency and institutional weaknesses. Last May, S&P assigned first time ratings of 'B+' on the long-term and 'B' on Angola's short-term foreign and local currency sovereign credit ratings with a 'stable' outlook. The ratings are four notches below investment grade. Source: Standard & Poor's



BANKING

SYRIA

Investment banks authorized with minimum capital of \$425m

The Syrian president issued a decree allowing the establishment of investment banks in the country based on Law 56/2010 that was passed earlier this month. The law stipulates that investment banks will have to abide by all the texts regulating private commercial banks. It sets the minimum paid-up capital for investment banks at SYP 20 bn, or \$425m, twice the current minimum level for conventional commercial banks. It also sets ownership ceilings for physical persons at 5%, moral persons that do not operate in the financial sector at 10% and moral persons that already operate in the financial sector at 25%. It said that the ownership ceiling can be raised from 25% to 49% for institutions that are already active in the financial sector, but with government approval. It added that the founding shareholders must contribute between a minimum of 25% of the capital and a maximum of 75% when they apply for a licence.

Source: *Bloomberg, Syria Report*

UAE

Agency affirms banks' ratings

Capital Intelligence affirmed Mashreqbank's long- and short-term foreign currency ratings at 'A-' and 'A1', respectively, with a 'stable' outlook. It also affirmed its Financial Strength rating at 'A-' but changed the outlook from 'stable' to 'negative', in view of the ongoing credit risks in Dubai. It said the ratings reflect the bank's strong operating profitability, solid capital adequacy, comfortable liquidity and acceptable level of NPLs when excluding the large exposures to two major Saudi-based conglomerates that defaulted last year. It also affirmed the long- and short-term foreign currency ratings of the Commercial Bank of Dubai at 'A' and 'A2' respectively, with a 'stable' outlook, and the Financial Strength rating at 'A-' with a 'negative' outlook. It said the ratings reflect the bank's continuing strong profitability, solid capital adequacy ratio and good asset quality with a manageable level of NPLs. Further, the agency affirmed the long- and short-term foreign currency ratings of both Bank of Sharjah and Sharjah Islamic Bank at 'A-' and 'A2', respectively, and their Financial Strength rating at 'BBB+' with a 'stable' outlook. It attributed the ratings to Bank of Sharjah's good management, strong capital adequacy, sound asset quality and good profitability and to Sharjah Islamic Bank's very solid capital adequacy ratio and good liquidity. Finally, the agency affirmed the long-term and short-term foreign currency ratings of the National Bank of Umm Al Qaiwain and Al Masraf at 'BBB+' and 'A2' respectively, and their Financial Strength rating at 'BBB', and maintained a 'stable' outlook.

Source: *Capital Intelligence*

NIGERIA

IFC to fund bank consolidation

The International Finance Corporation, the private sector arm of the World Bank Group, indicated that it is providing funds to 9 Nigerian banks that would help them buy distressed counterparts that were bailed out by the Central Bank of Nigeria last year. It added that the support is to major financial institutions in Nigeria and is part of IFC's broader strategy to strengthen

Nigerian banks in the aftermath of the global financial crisis. The IFC said it has agreed to provide a total of \$200m in long-term funding to Guaranty Trust Bank and \$100m in convertible sub-debt and senior loans to First Bank, and that it is in talks with several other banks about providing financing. The banks that will receive financing from the IFC are United Bank for Africa, First Bank of Nigeria, Guaranty Trust Bank, Ecobank Nigeria, Access Bank, First City Monument Bank, Diamond Bank, Zenith Bank and Stanbic IBTC Bank. The IFC said the banks were selected based on their best governance practices, their financial strength, and their long term partnership with the IFC.

Source: *World Bank, Business Day, This Day*

ETHIOPIA

Strategic anti-money laundering deficiencies remain

The Financial Action Task Force (FATF), the global standard-setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), indicated that Ethiopia made a high-level political commitment in June 2010 to work with the FATF to address its strategic AML/CFT deficiencies. It said that Ethiopia has demonstrated progress in improving its AML/CFT regime, but considered that certain strategic AML/CFT deficiencies remain. It called on Ethiopia to continue implementing its action plan to address these deficiencies, including by adequately criminalizing money laundering and terrorist financing; establishing and implementing adequate procedures to identify and freeze terrorist assets; ensuring a fully operational and effectively functioning Financial Intelligence Unit; establishing and implementing an adequate legal framework for identifying and freezing terrorist assets; raising awareness of AML/CFT issues within the law enforcement community; and implementing effective, proportionate and dissuasive sanctions in order to deal with natural or legal persons that do not comply with the national AML/CFT requirements.

Source: *Financial Action Task Force*

TURKEY

Anti-money laundering regime needs to improve

The Financial Action Task Force (FATF), the global standard-setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), indicated that Turkey made a high-level political commitment in February 2010 to work with the FATF to address its strategic AML/CFT deficiencies. It said that Turkey has demonstrated progress in improving its AML/CFT regime, including by drafting CFT legislation, but determined that certain strategic deficiencies remain. It encouraged Turkey to continue implementing its action plan to address these deficiencies, including by adequately criminalizing terrorist financing, and by implementing an adequate legal framework for identifying and freezing terrorist assets.

Source: *Financial Action Task Force*



ENERGY / COMMODITIES

Oil steady around \$77 with higher U.S. crude inventories

Oil prices were steady around \$77 a barrel on July 29 after falling in the past two sessions due to an increase in U.S. crude inventories. U.S. crude stocks rose by 7.31 million barrels last week with higher imports, while the nation's gasoline and distillate stocks, including diesel, increased for the fifth and ninth consecutive weeks, respectively. U.S. crude for September increased by 13 cents to \$77.12 a barrel, while ICE Brent rose by 24 cents to \$76.30. The U.S. Energy Information Administration stated that last week's gain in U.S. crude stockpiles was the highest since October 2008. It added that weekly crude imports reached 11.12 million barrels, the highest since August 2006.

Source: Thomson Reuters

CNPC to build \$2bn refinery in Syria

China National Petroleum Corporation, a state-owned company and China's largest oil and gas producer, plans to build a \$2bn refinery in Syria in the second quarter of 2011. The refinery will be located in Abu Khashab, next to the country's largest oil fields, and aims at reducing oil imports by refining around 100,000 barrels of crude oil per day. According to the memorandum of understanding signed between the Syrian government and CNPC in 2008, Syria was to provide the refinery with crude oil in exchange for a participation of 15% in the share capital of the refinery.

Source: Syria Report

Iran and Turkey sign a gas pipeline deal

Iran signed a \$1.29bn contract to build a pipeline that will transfer natural gas from Iran to Turkey. According to the 660 km pipeline deal, Turkey will secure 77% of the required fund. Iran currently exports 25 million cubic meters of natural gas to Turkey per day and is also expected to export natural gas to Europe via Turkey.

Source: Thomson Reuters

Yemen LNG to increase prices to Korea Gas

The Yemeni government is seeking to increase the liquefied natural gas price that Yemen LNG Company has contracted to sell to Korea Gas Corporation, one of its shareholders. Yemen considered that the prices set in a 20-year contract between the companies are unfair, as they are below those that Qatar and Oman charge for their liquefied gas. Yemen has turned to LNG as a potential export and an alternative to exporting oil, the source of 75% of its income. Crude production is projected to drop to 260,000 barrels per day in 2010 from 440,000 barrels per day in 2001.

Source: Bloomberg

Qatar plans to spend \$30bn on energy sector

Qatar, the world's biggest producer of liquefied natural gas, plans to spend QR111.7bn, or \$30.7bn, through 2014 on energy and industry projects. State-owned Qatar Petroleum budgeted \$10.2bn for gas projects, \$6.7bn for industrial projects and \$6.6bn for oil projects. The rest is planned for gas-to-liquids, refining and petrochemicals.

Source: Gulf in the Media

Base Metals: Copper prices to remain above marginal cost

The global copper market recorded a surplus of 177,000 metric tons in the first four months of 2010. Copper demand increased by 8.5% to 2.6 million metric tons in the first quarter of 2010 compared with the same period in 2009 and is expected to grow an annual average of 2%-2.5% over the next 24 months. Mine production reached 5.1 million metric tons in the first four months of 2010, up 1.3% from the same period in 2009. Additional mine production is expected in 2010 with the rise of new projects in Africa's copper belt, recovery from operating disruptions, and mine restarts following labor actions.

Copper prices declined from April peaks due to the considerable decline in stocks and the strengthening of the U.S. dollar. Prices are projected to remain above the marginal cost estimated at \$1.60 per pound due to the continued consumption growth in China. Chinese consumption has been driven by the growth in demand for autos and consumer durables, the building of power-generation facilities and the upgrading of urban infrastructure. Stocks are at average levels worldwide and are not expected to rise.

Source: Fitch Ratings

Precious Metals: Platinum prices drop with lower risk appetite

Platinum prices rose through the first four months of this year due to optimism about the global economic outlook and investor interest in physical ETFs. However, the following period experienced a sharp decline in prices across commodities with concerns about European and U.S. economies, and as manufacturing growth slowed in China. While precious metals performed better than other markets such as Copper, Platinum fell sharply in mid-May and is now trading between \$1,500 and \$1,600 an ounce. Platinum prices are projected to rise throughout 2010 and 2011. The spot price is forecast to reach an average of \$1,750 per ounce in the fourth quarter of 2010 down from \$1,900 an ounce in the third quarter, and increase further to \$1,930 an ounce in 2011.

Demand from the automotive sector is expected to rise back from the low levels of 2009, despite weak economic conditions. On the supply side, safety issues continue to hinder production in South Africa, the key source of global supply. The total amount of platinum tied up in ETF Securities' physical contracts now stands at 709,000 ounces, up 63% from the beginning of 2010.

Source: Standard Chartered

Global Platinum Supply-Demand Balance					
	2008	2009	2010f	2011f	2012f
Supply ('000 ounces)	8,059	7,253	7,543	7,920	8,158
% growth	-1.5	-10.0	4.0	5.0	3.0
Demand ('000 ounces)	7,896	6,870	7,350	7,938	8,335
% growth	-4.0	-13.0	7.0	8.0	5.0
Supply ('000 ounces)	163	384	193	-18	-177
Spot price (\$ per ounce)	1,574	1,210	1,637	1,930	2,000

Source: Standard Chartered



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	23-Jun-10	No change	10-Aug-10
Eurozone	Refi Rate	1.00	08-Jul-10	No change	05-Aug-10
UK	Bank Rate	0.50	08-Jul-10	No change	05-Aug-10
Japan	O/N Call Rate	0.10	15-Jul-10	No change	10-Aug-10
Australia	Cash Rate	4.50	06-Jul-10	No change	03-Aug-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	0.75	20-Jul-10	Raise 25bps	08-Sep-10
Emerging Markets					
China	One-year lending rate	5.31	23-Dec-08	Cut 27bps	N/A
Hong Kong	Base Rate	0.50	23-Jun-10	No change	10-Aug-10
Taiwan	Discount Rate	1.38	24-Jun-10	Raise 12.5bps	Sept-10
South Korea	Base Rate	2.25	09-Jul-10	Raise 25bps	12-Aug-10
Malaysia	O/N Policy Rate	2.75	08-Jul-10	Raise 25bps	02-Sep-10
Thailand	1D Repo	1.50	14-Jul-10	Raise 25bps	25-Aug-10
India	Reverse repo rate	4.00	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	7.00	15-Jul-10	Raise 50bps	19-Aug-10
South Africa	Repo rate	6.50	22-Jul-10	No change	09-Sep-10
Kenya	Central Bank Rate	6.75	20-May-10	Cut 25bps	28-July-10
Nigeria	Monetary Policy Rate	6.00	02-May-10	No change	July-10
Ghana	Prime Rate	13.50	16-Jul-10	Cut 150bps	Sep-10
Angola	Rediscount rate	30.00	16-Jun-10	No change	N/A
Mexico	Target Rate	4.50	16-Jul-10	No change	N/A
Brazil	Selic Rate	10.75	21-Jul-10	Raise 50bps	01-Sep-10
Armenia	Refi Rate	7.25	21-Jul-10	No change	N/A
Romania	Policy Rate	6.25	06-Jun-10	No change	N/A
Bulgaria	Base Interest	0.18	01-Jul-10	Raise 2 bps	N/A
Kazakhstan	Refi Rate	7.00	01-Jul-10	No change	N/A
Ukraine	Discount Rate	8.50	08-Jul-10	Cut 100bps	N/A
Russia	Refi Rate	7.75	23-Jun-10	Cut 25 bps	N/A



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