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BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Speculative-grade spread at 657 bps, 14% wider than 5-year average

Standard & Poor's indicated that the investment-grade and speculative-grade corporate composite spreads reached 199 basis points (bps) and 657 bps, respectively in mid-August. It said the 'AA' and 'A'-rated spreads were at 134 bps and 167 bps, respectively; 'BBB' at 241 bps; 'BB' and 'B' spreads at 490 bps and 683 bps, respectively; and 'CCC' spreads at 1,014 bps. The agency said spreads tightened one basis point across the board, as financial institutions compressed to 325 bps, banks to 268 bps, industrials to 307 bps, utilities to 194 bps, and telecommunications to 308 bps. S&P said investment-grade and speculative-grade composite spreads reached two-year lows of 156 bps and 553 bps, respectively, at the end of April, but have widened back to their five-year moving average ranges. It noted that the speculative-grade composite spread is currently 14% wider than its five-year moving average of 578 bps, and its investment-grade counterpart has widened less than 1% from its five-year moving average of 198 bps. S&P expected continued volatility in the near term, especially in the speculative-grade segment, which could result from both positive and negative factors. It said economic growth in the U.S. likely will continue to support stabilization of credit quality, while an increase in volatility in the financial markets, influenced partially by European debt problems, could continue to weigh on risky assets.

Source: Standard & Poor's

MENA

Region's hotels pipeline includes 126,273 rooms

STR Global indicated that the hotel development active pipeline in the Middle East & Africa region includes 455 hotels totaling 126,273 rooms, of which 71,404 are in construction and 584,958 rooms in existing supply as of July 2010. It said the total active pipeline covers projects in the construction, final planning and planning phases. It added that the UAE reported the largest number of rooms in the total active pipeline with 55,165 rooms, with more than half, or 299,751 rooms, in the construction phase. It was followed by Saudi Arabia with 17,283 rooms in the pipeline that include 8,714 rooms in the construction phase. STR Global noted that that the Upper Upscale segment has 34,364 rooms, accounting for 27% of the total active pipeline; followed by the Unaffiliated segment with 32,167 rooms or 25.5% of the total, and the Luxury segment with 27,187 rooms or 21.5% of the market. Further, the Upper Scale segment has 21,303 rooms under construction, followed by the Luxury segment with 17,991 rooms and the Unaffiliated segment with 14,620 rooms.

Source: STR Global

UAE

Dubai World to sell strategic assets to meet debt obligations

Dubai World (DW) announced that it plans to sell strategic assets over eight years to raise as much as $19.4bn in cash to pay down its debt burden. It said a current sale of assets would generate a maximum of $10.4bn at prevailing market prices, adding that DW lender recoveries will be significantly enhanced if DW is given time to rebuild and realize value over a five to eight year horizon. It identified DP World, Jebel Ali Free Zone, Dubai Maritime City, and Drydocks World among strategic assets that may yield up to $11.8bn within eight years. Also, Dubai World's private equity arm, Istithmar World, intends to raise up to $7.6bn in five years from the sale of investments that include luxury retailer Barneys of New York, the Atlantis Hotel, and casino operator MGM Resorts International. DW estimated the midpoint range from its assets sale at $17.6bn. The state-owned conglomerate's debt stood at $39.9bn, significantly higher than the previously stated figure of $23.5bn. The debt figure does not include $11bn of Istithmar's non-recourse asset level debt and $2bn of Infinity debt. Dubai World has previously said its Istithmar World portfolio and Infinity investment were ring-fenced from its debt restructuring proposal agreed by a core group of banks last May. The International Monetary Fund indicated that Dubai's debt totaled $109.3bn as of January 2010, including $85.6bn in debt contracted by Dubai Inc. and $23.7bn in liabilities for the Dubai Government. The figures cover bonds and syndicated loans and do not include bilateral bank loans and accounts payable.

Source: Thomson Reuters, International Monetary Fund

SYRIA

Private sector gets green light to invest in airports and power plants

The Syrian Cabinet has authorized private investments in the building and operating of airports and power generation stations as part of the government's initiative to create public-private partnerships in infrastructure projects. The Cabinet issued a decision authorizing the Ministry of Transport to contract directly with private sector companies to build and operate new airports, as well as to develop and operate existing ones. It also issued a decision allowing local, Arab and foreign investors to build and operate new power plants on build, operate and transfer (BOT) terms. The Parliament still needs to ratify a draft law that will legalize private investments in the power sector, as well as another law that will set the framework for public-private partnerships.

Source: Syria Report

JORDAN

Short- to medium-term economic prospects face exceptional challenges

The World Bank indicated that the ongoing global economic turmoil and uncertain outlook pose exceptional challenges to Jordan's short- to medium-term economic prospects. It identified the economy's three most important challenges to be lower global oil prices, which have a positive impact on the trade deficit but a negative impact on transfers and capital account; lower private capital flows to developing countries, that were a major source of growth for Jordan in the recent past; and sharply lower global and regional growth outlook; which affect exports and remittances. It said Jordan's strong regional ties provided a cushion to the global economic slowdown, given the relatively limited impact of the financial turmoil on the region. It noted, however, that the economic outlook is characterized by a high level of uncertainty and is related to the evolution of world commodity prices, the level of foreign current and capital inflows, as well as the regional security situation.

The World Bank added that the government's increasing emphasis on cushioning the population from the impact of the price shocks and economic downturn since 2008 led to a divergence from the fiscal consolidation program and erosion of fiscal gains achieved over the previous years. It expected that the ongoing efforts to re-institute fiscal discipline and address the economic slowdown would support a continuation of the more cautious economic policies of the recent years. It said such efforts include accelerating the key structural reforms that have been under preparation, selected strategic infrastructure projects to be developed with private sector participation, and short-term policy actions aimed at addressing the adverse impact of the crisis. It projected real GDP growth at 4% in 2010 based on implementing fiscal and structural reforms, Jordan's strong regional ties, and the prospect of economic recovery in the region.
Source: World Bank

TURKEY

Government could miss opportunity to improve public finances

Standard & Poor's indicated that the strong economic recovery in Turkey offers the country an opportunity to contribute to long-term economic stability by tightening the budgetary stance. It noted, however, that the government appears reluctant to utilize the current recovery in domestic demand to build up fiscal buffers for the future. It considered that authorities are leaning towards a more accommodative medium-term fiscal stance, which will tend to exacerbate the ongoing widening of Turkey's current account and fiscal deficits, raising questions about the country's competitiveness and creditworthiness. It said the government's reluctance to tighten expenditures this year could be due to lingering uncertainty among policy-makers about the strength of the current global recovery, as well as to the constitutional referendum of September 2010 and general elections of July 2011 that may be inhibiting a more decisive move towards a countercyclical fiscal stance. The agency indicated that first-quarter 2010 data has already confirmed an increase in Turkey real GDP by 11.7% year-on-year due to base effects, as well as to a pick-up in external demand and a strong acceleration in domestic credit growth. As such, it forecast economic growth at 6.4% for 2010. It added, however, that primary expenditure figures suggest the government is not taking advantage of the robust recovery to accelerate fiscal retrenchment, which may imply a gradual drift towards a further loosening of the budgetary stance during 2011 and beyond.

Further, the agency stated that Turkey's relatively accommodative fiscal policy during 2010 has widened the current account deficit considerably because credit-financed imports have increased by about 21% year-on-year. It forecast the 2010 current account deficit to widen to about 5% of GDP from 2.3% of GDP for 2009. In parallel, S&P said Turkey's banking system could be affected by the loose fiscal policy, despite a loans-to-deposits ratio of 83% of GDP, credit level equivalent to 34% of GDP as of end-2009, and the robust deposit growth that has been averaging about 17% during 2010. It considered that the 30% annualized credit growth to the private non-financial sector for 2010 does not look sustainable, and could potentially lead to asset quality problems if it persists.
Source: Standard & Poor's

ANGOLA

Growth to average 7.5% in 2010-11, currency depreciation risk remains

The Economist Intelligence Unit projected Angola's real GDP growth at 8.8% in 2010 and 6.2% in 2011 compared to a contraction of 0.3% in 2009. It expected a strong rebound in activity this year, driven by rising oil output and prices, strong government investment and the start of production on the first biofuel projects. It said policy will focus on implementing the government's poverty-reduction program and the second wave of infrastructure rehabilitation without jeopardizing macroeconomic stability, as rising oil output and higher global prices boost government revenues. It noted, however, that progress on the implementation of the IMF-agreed reforms is likely to be uneven, as the government focuses on guiding Angola's transition from post-conflict reconstruction to sustained economic growth. It added that the government will seek to expand existing financing and credit lines from its partners, notably China, Brazil and Portugal, while also seeking new financing from members of the Paris Club. It added that Angola is keen to raise financing on the international bond markets, but is likely to delay its first bond issue for the time being given recent revelations over the dramatic rise in domestic debt arrears in 2009, which could result in a lowering of its rating.

The EIU considered that the level of foreign-exchange reserves and the depreciation of the kwanza will remain major concerns for the government, which was forced to loosen the currency's unofficial peg to the US dollar last year. It noted that risks remain of a further sharp devaluation, even though the reserve position should improve in 2010-11. It added that the rising cost of imports, coupled with the ongoing depreciation of the currency, will keep average inflation high at 13.7% in 2010, before it eases to 13.3% in 2011.
Source: Economist Intelligence Unit

ECONOMY & TRADE

SYRIA

Government authorizes third mobile license, current BOT contracts to convert into licenses

The Syrian government approved plans to issue the country's third mobile phone license, and will also convert the two existing networks into stand alone networks. The Cabinet announced that it will launch a bid for a third mobile licence in a three-phase process that includes initial rehabilitation, investment and technical rehabilitation and the financial auction. The Cabinet also granted initial approval to turn the contracts of the two incumbent operators, MTN Syria and Syriatel, from the Build-Operate-Transfer (BOT) system into licences, once the two companies pay their financial obligations to the Treasury, which implies that the two incumbent operators will have to buy out their current BOT agreements. The country is estimated to have about 9.1 million mobile phone subscribers at the end of March 2010, equivalent to a 44% a penetration rate. Syria has been planning to issue a third license since at least 2008.

Source: SANA

SUDAN

Public debt at $36bn at end-2009, non-concessional borrowing to be limited to $700m in 2010

The International Monetary Fund estimated Sudan's public and publicly-guaranteed debt at $35.7bn at the end of 2009, up from $33.7bn at end-2008. It attributed the bulk of the increase to a further buildup of interest arrears and to new drawings from Arab multilateral and bilateral creditors, as well as from China and India. It considered that Sudan will remain in debt distress in the foreseeable future, even under a benign global environment and the implementation of appropriate policies, and that its arrears continue to constrain access to external development financing. Further, the IMF urged Sudan to minimize the contracting or guaranteeing of non-concessional debt, as such borrowing weakens debt sustainability and could delay creditors' participation in a potential debt-relief operation. The authorities mentioned that limited fiscal flexibility, the lack of access to more traditional forms of concessional finance, and pressing development needs associated with the various peace agreements, had forced them to borrow on non-concessional terms.

Sudan borrowed $693m on non-concessional terms in 2009, mainly from China. The Fund said the loans, which are earmarked for infrastructure projects such as roads and power transmission grids, have a long maturity and appear to have a grant element due to their generally moderate interest rate. The authorities agreed to limit contracting of such borrowing to $700m in 2010 but expressed concern that, despite their cooperation on policies and payments for nearly a decade, there has been no concrete progress on alleviating Sudan's external debt burden. However, Sudan has requested from its main creditors a rescheduling of debt services falling due in 2010. The IMF noted that Sudan's record of cooperation on economic policies and payments to the Fund bode well for the clearance of its arrears at the appropriate time.

Source: International Monetary Fund

BAHRAIN

Sovereign ratings downgraded

Moody's Investors Service downgraded Bahrain's local and foreign currency government bond ratings to 'A3' from 'A2' with a 'stable' outlook. It also downgraded Bahrain's long-term country ceiling for foreign currency bonds to 'A1' from 'Aa3'; the long-term country ceiling for foreign currency bank deposits to 'A3' from 'A2'; and the local currency ceilings to 'Aa3' from 'Aa2', while it affirmed the short-term country ceiling for foreign currency bank deposits at 'P-1'. It attributed the downgrades to a gradual but significant rise in the breakeven oil price in the Bahraini budget over recent years, which, along with a relatively modest level of official financial assets, has led to a divergence between the government's fiscal flexibility and that of similarly-rated countries. It added that the reduced fiscal flexibility makes it more challenging to meet potential contingent liabilities arising from Bahrain's financial sector. The agency indicated that the oil price necessary to balance the budget in Bahrain has risen from about $30 per barrel in 2004 to almost $80 per barrel in 2009 due to increases in current expenditure, which has restricted the government's room for maneuver. Further, the government's ability to generate revenues from the non-oil sector is hampered by its narrow tax base. Also, Moody's expressed concerns about the performance of Bahrain's financial sector, which is large relative to the government's resources, adding that the sector will increasingly face competition as other regional financial centers develop.

Source: Moody's Investors Service

ARMENIA

FDI at $838m in 2009, Armenia ranks 16th globally in FDI performance

Foreign direct investment (FDI) in Armenia totaled $838m in 2009, constituting a decrease of 26% from $1.13bn in 2008. FDI inflows to Armenia totaled $661m in 2007 and $661m in 2006. Net FDI to Armenia was $785m in 2009, down from $1.1bn in 2008. Armenia was the sixth largest recipient of FDI in nominal terms among the 12 economies of the Commonwealth of Independent States (CIS) in 2009, and was one of 9 CIS economies that saw a decrease in FDI last year. FDI inflows to Armenia accounted for 16% of total FDI in CIS countries compared to 12.4% of aggregate inflows in 2008. Aggregate FDI to CIS economies declined by 43% year-on-year. Further, Armenia ranked 16th globally on the Inward FDI Performance Index, and in 71st place on the Inward FDI Potential Index. FDI in Armenia accounted for 30% of gross fixed capital formation compared to 17.4% for CIS economies in 2009. Also, the stock of inward FDI was equivalent to 42.5% of GDP at end-2009 compared to 25.3% of GDP for CIS economies.

Source: UNCTAD, Byblos Research

WORLD

Stronger capital and liquidity standards to have modest impact on global growth

The Financial Stability Board and the Basel Committee on Banking Supervision declared that there are clear net long-term economic benefits from increasing banks' minimum capital and liquidity requirements. They said the benefits of higher capital and liquidity requirements accrue from reducing the probability of financial crisis and the output losses associated with such crises, adding that the benefits substantially exceed the potential output costs for a range of higher capital and liquidity requirements. They indicated that if higher requirements are phased in over four years, each one percentage point increase in banks' actual ratio of tangible common equity to risk-weighted assets would lead to a 0.2% decline in GDP relative to its baseline path. They added that the annual growth rate would slow down by an average of 0.04 percentage points over a four and a half year period. They noted that a 25% increase in liquid asset holdings would have an output effect less than half that associated with a one percentage point increase in capital ratios. They said the projected impact arises mainly from banks passing on higher costs to borrowers, which would result in a slowdown in investment. They added that a two-year implementation period leads to a slightly larger reduction from the baseline path, with the peak occurring after two and a half years, while extending the implementation period beyond four years makes little difference. They noted that GDP would return to its baseline growth path in subsequent years under all scenarios.

Source: Bank for International Settlements

IRAQ

Bank association urges privatization of state-owned banks

The Iraqi Banking League called for the government to privatize the country's state-owned banks in order to create a level playing field among banks operating in the country. It said government institutions and agencies use state banks exclusively for their financing needs, which is detrimental to private banks. There are 43 banks in Iraq, including of 22 private banks, 8 Islamic banks, 7 state-owned banks and 6 foreign banks. State-owned banks account for 97.5% of total assets, with Rafidain Bank alone representing 88.7% of aggregate assets. Also, lending to state-owned enterprises accounts for about 85% of overall lending. The government plans to restructure the two largest state-owned banks with assistance from the World Bank. Earlier this year, the League urged private banks to consider mergers in order to increase their capital and benefit from economies of scale in light of new requirements by the Central Bank of Iraq to raise their capital to 250bn Iraqi dinars, or about $214m.

Source: AFP, Byblos Research

UAE

Lending flat in first 7 months of 2010, banks continue risk aversion trend

Figures issued by the UAE Central Bank show that total assets reached AED 1,554.4bn at the end of July, constituting an increase of 1% month-on-month and a rise of 2.3% from end-2009. Lending reached AED 1,023bn, unchanged from the previous month and up by 0.8% from end-2009. Loan provisioning rose by 2.8% from June and by 18.5% in the first 7 months of the year to AED 51.3bn, with specific provisions up 14.4% to AED 37.3bn and general provisions up by 31% to AED 14bn from the end of last year. Total provisions were equivalent to 5% of net loans, while specific provisioning represented 3.6% of the loan book and general provisions were equivalent to 1.4% of net loans. In parallel, customer deposits grew by 1.4% month-on-month and by 1.7% from end-2009 to AED 999bn. The loans-to-deposits ratio was 103% at end-July relative to 104% a year earlier, while the liquidity gap reached AED 27bn compared to AED 43bn in July 2009. Shuaa Capital said the flat lending reflects still widespread risk aversion among UAE banks, while the provisions level indicates banks' cautious approach due to the expected deterioration in their asset quality by year-end. It noted that the sector's recovery is directly correlated to a final resolution of the Dubai World's restructuring proposal that is expected in the fourth quarter of the year.

Source: Shuaa Capital

QATAR

Public-sector lending driving bank activity

Figures issued by the Central Bank of Qatar show that total assets reached QAR 513bn at the end of July, constituting an increase of 1.5% month-on-month and a rise of 9% from end-2009. Lending reached QAR 302bn, up by 1.7% month-on-month and by 11.4% from end-2009. Loan provisioning rose by 2.2% from June and by 8.2% in the first 7 months of the year to QAR 6.4bn, with specific provisions up 17.5% to QAR 3.3bn from the end of last year, equivalent to 1.1% of net loans. In parallel, customer deposits grew by 7% month-on-month and by 17.6% from end-2009 to QAR 290bn. The loans-to-deposits ratio was 104% at end-July relative to 109% in the previous month. Shuaa Capital attributed the lending growth to public sector borrowing, which accounted for 94% of the monthly increase; while it said deposit growth were driven by the private sector with corporate segment contributing 87% of the monthly rise. It noted that private sector lending is failing to catch up with public-sector borrowing.

Source: Shuaa Capital

BAHRAIN

Agency takes rating actions on banks

Moody's Investors Service downgraded National Bank of Bahrain's foreign- and local-currency deposit ratings to 'A3/Prime-2' from A2/Prime-1, with a 'stable' outlook. It also affirmed the foreign- and local-currency deposit ratings of Bank Bahrain & Kuwait at 'A3/Prime-2' and the foreign- and local-currency deposit ratings of BMI Bank at 'Baa3/Prime-3' with 'stable' outlooks. It attributed the downgrade of NBB's ratings to the earlier downgrade of Bahrain's sovereign ratings, and the consequent downward reassessment of the authorities' capacity to provide systemic support. Moody's added that its change of the Systemic Support Indicator for Bahrain from 'A1' to 'A2' does not affect the uplift incorporated in the deposit ratings of BBK and BMI, respectively, resulting in the affirmation of their ratings.

Source: Moody's Investors Service

ENERGY / COMMODITIES

Oil rises for a second day

Oil rose for a second day on August 26 after a five-session losing band took prices to 11-week lows. Negative statistics also prevailed in the U.S. oil market after government figures showed the nation's total petroleum stockpiles rose to an all-time high last week. U.S. crude for October rose 31 cents to $72.83 a barrel after reaching $70.76 on August 25, the lowest since early June. Prices have dropped about $10 from a peak of almost $83 on Aug 4th. ICE Brent rose 23 cents to $73.71.

Crude oil inventories at Cushing in Oklahoma fell by 779,000 barrels to 36.3 million in the week to August 20. U.S. crude inventories rose by a bigger-than-expected 4.11 million barrels last week. Gasoline inventories rose by 2.27 million barrels while distillate stocks, which include heating oil and diesel, increased by a larger-than-expected 1.76 million barrels. Commercial crude and product stocks rose to 1.139 billion barrels last week, topping the record weekly high of 1.13 billion barrels set in the week to August 13.
Source: Thomson Reuters

Jordan to launch tender for third private sector power plant in September

Jordan's state-owned National Electric Power Company (Nepco) will launch a tender in September 2010 for its third power plant to be developed by the private sector. The power plant is expected to generate 600 megawatts of electricity. The plant will be developed in two phases where the first phase is expected to be completed by 2013 and the second phase in the following year.
Source: MEED

CNPC group to start drilling Iraq's Halfaya in September

China's National Petroleum Company (CNPC) and its partners plan to start drilling new wells next month in Iraq's Halfaya oilfield as part of a plan to boost output to 70,000 barrels per day in 2011. Iraq signed a contract to develop Halfaya with CNPC, French oil major Total and Malaysian state firm Petronas for a fee of $1.40 per barrel. CNPC has a 37.5% interest in the consortium. The group plans to drill three appraisal wells this year for which it already issued a tender and is now evaluating the bids.
Source: Thomson Reuters

Saudi Electricity gives $3.92bn power projects green light

Saudi Electricity Company (SEC) has approved $3.92bn worth of power projects to meet rising demand in the kingdom. The projects include the expansion of the Rabigh power plant and other power transmission and generation projects that will be financed through loans and SEC's own resources. The plant is expected to have a capacity of 2,400 megawatts to 2,800 megawatts, about 12-14% of the 20,000 megawatts the SEC plans to add through 2018 at an estimated total cost of $80bn.
Source: Thomson Reuters

Base Metals: Demand continues to recover

The highly cyclical base metals showed a solid performance despite growth uncertainties in financial markets. Base metals are expected to benefit from the ongoing recovery despite the lower pace. Demand in the West is rising, while it is growing somewhat more moderate in China. In the short term, there are uncertainties emerging regarding the sustainability of Chinese demand as de-stocking is possible. However, at the current point in time, base metal cash premiums remain high, indicating rigidity in physical markets around the world. This is explained by the gradual decline of exchange inventories. The supply side is supportive for both aluminum and copper. At current price levels, around 35% of global aluminum remains unprofitable, while the copper market was in deficit once more in the first half of 2010.
Source: Julius Baer

Precious Metals: Gold demand to remain high

Gold is projected to remain well supported against the backdrop of growth uncertainties, latent risk-aversion and continuously low real interest rates. There is a market surplus which needs to be absorbed by investor demand, but investors have remained on the sidelines since the start of the third quarter of 2010. Demand for gold is forecast to remain high during 2010 as a result of accelerating demand from India and China, as well as increasing global investment demand driven by continuing uncertainty over public debt and economic recovery in Europe.

Retail investment will continue to be a substantial source of gold demand in Europe. Electronics demand is expected to record high levels after the sector exhibited further signs of recovery, especially in the US and Japan. Total gold demand in the second quarter of 2010 rose by 36% to 1,050 tons, largely reflecting strong gold investment demand compared to the second quarter of 2009. Investment demand was the strongest performing segment during the second quarter, posting a rise of 118% to 534.4 tons in the second quarter of 2010. The largest contribution to this rise came from the ETF segment of investment demand, which grew by 414% to 291.3 tons, the second highest quarter on record.
Source: Julius Baer, World Gold Council

Global Commodity Outlook

(3-months LME, $/ton)	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11
Aluminum	2,200	2,100	2,000	1,900	1,875
Copper	7,250	7,650	7,750	7,850	7,950
Lead	2,000	2,300	2,400	2,450	2,550
Nickel	21,000	21,000	21,500	21,500	22,500
Tin	19,000	20,000	21,000	22,000	23,000
Zinc	2,000	2,150	2,250	2,300	2,300
(Spot price, $/ounce)					
Gold	1,250	1,400	1,300	1,250	1,125
Palladium	520	580	550	600	625
Platinum	1,600	1,700	1,800	1,900	1,900
Silver	20.0	22.0	20.0	19.0	17.5

Source: Bloomberg, Platts, CRU, Standard Chartered

COUNTRY RISK METRICS

Countries	LT Foreign currency rating S&P	Moody's	Fitch	CI	EIU	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 (%)
Africa													
Algeria	- -	- -	- -	- -	BB Stable	-7.9	20.0	2.7	5.9	3.0	-	-2.4	0.9
Angola	B+ Stable	B1 Positive	B+ Positive	- -	B Stable	-1.9	20.2	21.2	39.7	9.5	116.6	-9.5	5.0
Egypt	BB+ Stable	Ba1 Stable	BB+ Stable	BBB- Stable	BB Stable	-7.0	73.2	16.8	43.9	10.2	107.7	-2.4	3.6
Ethiopia	-	-	-	-	CCC Stable	-2.3	-	12.2	220.5	-	-	-6.7	-
Ghana	B+ Negative	- -	B+ Negative	- -	B Stable	-9.8	-	34.5	94.7	-	-	-8.3	
Ivory Coast	- -	- -	- -	- -	CCC Stable	-1.6	-	49.4	107.6	-	-	7.3	-
Libya	A- Stable	- -	BBB+ Stable	- -	BB Stable	1.8	3.9	8.6	16.0	3.4	-	13.9	2.2
Mauritania	- -	- -	- -	- -	- -	-5.1	-	6.7	149.3	-	-	-12.7	-
Morocco	BBB- Stable	Ba1 -	BBB- Stable	BBB- Stable	BB Stable	-3.1	47.2	26.8	95.5	8.6	113.7	-5.0	1.5
Nigeria	B+ Stable	- -	BB- Stable	- -	B Stable	-4.4	12.3	5.5	18.5	0.7	-	12.4	3.1
Sudan	- -	- -	- -	- -	C Stable	-2.6	105.3	66.3	482.4	3.6	-	-5.2	-
Tunisia	BBB Stable	Baa2 -	BBB Stable	BBB Stable	BB Stable	-1.9	46.7	55.4	105.6	15.8	208.3	-2.8	3.9
Middle East													
Bahrain	A Stable	A3 Stable	A Stable	A Stable	BBB Stable	-5.2	24.2	169.6	246.4	7.2	991.9	1.4	0.8
Iran	- -	- -	B+ Stable	BB- Stable	B Stable	-0.9	17.0	3.5	13.4	3.2	-	0.1	0.25
Iraq	- -	- -	- -	- -	CC Stable	-4.6	-	97.7	178.7	2.2	165.3	2.1	1.4
Jordan	BB Stable	Ba2 -	- -	BB Stable	B Stable	-8.9	63.5	63.1	135.2	4.6	133.1	-5.5	10.1
Kuwait	AA- Stable	Aa2 Negative	AA Stable	AA- Stable	A Stable	15.4	6.9	20.7	38.8	4.0	133.0	25.3	-2.6
Lebanon	B Positive	B1	B Stable	B Stable	CCC Stable	-8.6	136.3	100.6	738.9	18.5	135.3	-10.8	8.0
Oman	A Stable	A2 -	- -	A Stable	A Stable	-9.1	6.5	28.1	46.9	-	109.1	0.6	4.3
Qatar	AA- Stable	Aa2 Stable	- -	AA- Stable	A Stable	10.4	32.4	74.9	202.7	15.2	412.0	14.3	8.8
Saudi Arabia	AA- Stable	Aa3 Stable	AA- Stable	AA- Stable	BBB Stable	1.1	13.2	22.5	42.7	2.7	20.2	4.9	5.4
Syria	- -	- -	- -	- -	B Stable	-9.4	30.1	15.0	63.6	1.0	43.3	-0.6	2.6
UAE	- -	Aa2 -	- -	AA- Stable	BB Stable	0.4	21.3	61.8	74.1	7.9	359.0	-2.6	-0.4
Yemen	- -	- -	- -	B Stable	CC Stable	-10.3	-	23.6	113.8	-	-	-8.2	

COUNTRY RISK METRICS

Countries	LT Foreign currency rating S&P	Moody's	Fitch	CI	EIU	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 (%)
Central & Eastern Europe													
Armenia	-	Ba2	BB-	-	-								
	-	-	Stable	-	-	-8.2	40.4	55.7	654.2	-	248.4	-15.4	8.0
Bulgaria	BBB	Baa3	BBB-	-	BB								
	Stable	Stable	Stable	-	Stable	-3.8	14.8	77.3	159.8	19.8	220.1	-9.4	9.8
Kazakhstan	BBB-	Baa2	BBB-	-	BB								
	Stable	-	Negative	-	Stable	-3.9	9.3	94.7	230.8	40.1	553.7	-2.9	8.1
Romania	BB+	Baa3	BB+	BBB-	BB								
	Negative	-	Stable	Negative	Stable	-8.3	23.7	68.1	226.6	29.9	279.7	-4.5	3.8
Russia	BBB	Baa1	BBB	-	BBB								
	Stable	Positive	Stable	-	Stable	-5.7	7.1	38.3	136.3	11.6	110.9	4.0	-0.6
Turkey	BB	Ba2	BB+	BB	B								
	Positive	Stable	Stable	Stable	Stable	-5.5	45.5	45.1	194.5	45.1	400.1	-2.8	1.2
Ukraine	B+	B1	B	-	CCC								
	Stable	Positive	Negative	-	Stable	-6.4	30.2	88.6	191.1	43.9	407.9	-1.5	4.0

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	10-Aug-10	No change	21-Sep-10
Eurozone	Refi Rate	1.00	05-Aug-10	No change	02-Sep-10
UK	Bank Rate	0.50	05-Aug-10	No change	09-Sep-10
Japan	O/N Call Rate	0.10	10-Aug-10	No change	07-Sep-10
Australia	Cash Rate	4.50	03-Aug-10	No change	07-Sep-10
New Zealand	Cash Rate	3.00	29-Jul-10	Raise 25bps	16-Sep-10
Switzerland	3 month Libor target	0.25	17-Jun-10	No change	16-Sep-10
Canada	Overnight rate	0.50	20-Jul-10	Cut 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	10-Aug-10	No change	21-Sep-10
Taiwan	Discount Rate	1.38	24-Jun-10	Raise 12.5bps	Sept-10
South Korea	Base Rate	2.25	12-Aug-10	No change	09-Sep-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	5.75	27-Jul-10	Raise 25bps	Sep-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	No change	19-Aug-10
South Africa	Repo rate	6.50	22-Jul-10	No change	09-Sep-10
Kenya	Central Bank Rate	6.00	28-July-10	Cut 75bps	Sep-10
Nigeria	Monetary Policy Rate	6.00	05-Jul-10	No change	Sep-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	20-Aug-10
Brazil	Selic Rate	10.75	21-Jul-10	Raise 50bps	01-Sep-10
Armenia	Refi Rate	7.25	10-Aug-10	No change	N/A
Romania	Policy Rate	6.25	04-Aug-10	No change	N/A
Bulgaria	Base Interest	0.17	01-Aug-10	Cut 1 bps	N/A
Kazakhstan	Refi Rate	7.00	01-Jul-10	No change	N/A
Ukraine	Discount Rate	7.75	08-Jul-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