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BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Top 25 financial sectors to get mandatory IMF check-up

The International Monetary Fund announced that economies with financial sectors that have the greatest impact on global financial stability will have to undergo in-depth reviews of their financial health every five years. The IMF chose the 25 economies based on the size of their financial sectors and their connections with financial sectors in other countries. It said the mandatory financial stability assessments will include three elements. First, the IMF will evaluate the source, probability, and potential impact of the main risks to macro-financial stability in the near term, based on an analysis of the structure and soundness of the financial system and its linkages with the rest of the economy. Second, it will assess each country's financial stability policy framework through evaluating the effectiveness of financial sector supervision against international standards. Third, it will assess the authorities' capacity to manage and resolve a financial crisis should the risks materialize, looking at the country's liquidity management framework, financial safety nets, crisis preparedness and crisis resolution frameworks. It noted that the 25 countries cover almost 90% of the global financial system and 80% of global economic activity.
Source: International Monetary Fund

MENA

Region's real estate transparency still low

Global real estate management, consulting and investment firm Jones Lang LaSalle included 15 Arab countries and markets in its Global Real Estate Transparency Index for 2010. The index measures national real estate transparency across the globe and is used to compare and contrast transparency conditions across markets. It also aims to provide governments and industry organizations with a point of reference to measure and improve transparency in their markets. The index is a composite of five categories that cover performance measurement, market fundamentals, listed investment vehicles, regulatory and legal issues, and the transaction process. Dubai was the region's most transparent real estate market and ranked in 47th place among 81 markets. It was followed by Bahrain in 50th place, Jordan (58), Oman (59), Morocco (60), Egypt (62), Saudi Arabia (63), Qatar (64), Lebanon (66), Kuwait (68), Tunisia (75), Syria (79), Sudan (80) and Algeria (81). The rankings of two Arab countries improved, one was unchanged, and 9 regressed from the 2008 survey; while the scores of four improved, one was unchanged and 7 declined. Lebanon, Syria and Algeria were newly added to the index this year. The survey classified Lebanon, Oman, Morocco, Egypt, Saudi Arabia, Qatar, Kuwait and Tunisia in the "Low Transparency" category; Abu Dhabi, Bahrain, Dubai and Jordan in the "Semi-Transparent" category; and Algeria, Sudan and Syria in the "Opaque" category. The survey said that the level of real estate transparency in the region remains below those in the Americas, Europe and Asia Pacific. It added that many of the measures that are required to improve transparency in the Arab world have not yet been fully implemented.
Source: Euromoney, Byblos Research

Country risk improves in region

Euromoney magazine's semi-annual survey on global country risk shows that risk in the MENA region improved in the past 6 months but declined on an annual basis. The average score of 20 MENA countries reached 53.6 points in September 2010, up 7% from 50.1 points in March 2010 but down 2.5% from 55 points in September 2009. Also, the average score of Arab countries reached 53.6 points, up 6.8% from 50.2 points in March, but down 3% from 55.2 points in September 2009. The scores of 8 MENA countries improved and 12 regressed from September 2009, while the scores of 19 countries improved and one regressed from March 2010. Also, the rankings of 8 countries improved, 7 declined and 5 were unchanged from March 2010. The region's political risk score was 16.5 points, better than the global average of 14.9 points; while its economic performance received 18 points, better than the global average of 16.5 points. Further, the MENA's credit ratings averaged 3.9 points compared to the global score of 3.4 points, while the region's access to bank capital and capital markets reached 4.8 points, lower than the world average of 5.2 points. Also, the region's debt indicators scored 6.3 points relative to an average of 3.1 points globally. Qatar is the country with the best risk ratings in the MENA region while Mauritania continues to have the worst country risk in the region.
Source: Euromoney, Byblos Research

UAE

Dubai Eurobond issuance viewed as market support for GREs

Merrill Lynch indicated that despite the Dubai World and Nakheel debt restructuring, Dubai is still highly in need of external funding to bridge its large funding gap due to its excessive leverage, weak fiscal muscle and crippled real estate and banking sectors. It noted that the successful issuance of Eurobonds is likely to reduce some of the pressure from domestic banks. It perceived the issuance as Dubai's call for the market to step in to support troubled government-owned entities (GREs) indirectly, as an Abu Dhabi bail-out remains a last resort. As such, it maintained its cautiousness on the emirate, as it saw further need for restructuring and de-leveraging of GREs, and subdued growth in the short to medium term. Merrill Lynch recently estimated Dubai Inc.'s debt at $136bn, equivalent to 170% of GDP. In parallel, the Institute of International Finance indicated that Dubai's GREs will need to undertake further institutional reforms, notably on disclosure, corporate governance, and debt resolution frameworks in order to fully assure the market.
Source: Merrill Lynch, Institute of International Finance

OUTLOOK

EMERGING MARKETS

Region's market capitalization to reach $80tr or 55% of global equity markets by 2030

Goldman Sachs expected the size of emerging equity markets to increase substantially in absolute terms and to overtake developed markets during the next 20 years. It attributed this trend to the rapid economic growth and capital market deepening of emerging markets (EM). It forecast the market capitalization of EM economies to increase in fixed 2010 U.S. dollars from $14tr in 2010 to $37tr in 2020 and $80tr by 2030. In parallel, it projected the market capitalization of developed markets to rise from $30tr in 2010 to $46tr in 2020 and $66tr in 2030, and expected global equity market capitalization to rise from $43tr currently to $83tr in 2020 and $145tr in 2030. It added that EM market capitalization would grow by a compound annual growth rate (CAGR) of 9.3% over the next 20 years, compared to a growth of 4% for developed markets and 6.2% for global equity markets. Further, it estimated the EM share of global equity capitalization to grow from 31% in 2010 to 44% in 2020 and 55% by 2030; while the share of developed market would decline from 63% currently to 51% in 2020 and 41% in 2030. It expected the $65tr increase in EM market capitalization to be caused by $39tr of organic growth, $14tr in new issuance, and $12tr from gains on the issuance.

Further, it noted the growing impact of Brazil, Russia, India and China (BRICs) on this trend, as it estimated that their equity market cap may rise from $8tr in 2010 to $25tr in 2010 and $59tr by 2030, which is equivalent to a CAGR of 10.6% in fixed US dollar terms. This would take their share of global market capitalization from 18% in 2010 to 30% in 2020 and 41% in 2030. It pointed out that China's equity market capitalization would grow from $6tr in 2010 to $16tr in 2020 and $32tr in 2030, equivalent to a 9% CAGR during the next 20 years; and would account for 28% of global equity market capitalization by 2030, up from 11% in 2010. As such, China's market capitalization could become larger than that of the U.S. equity market of $23tr by 2030. Further, Goldman Sachs estimated EM's share of global GDP to rise from 37% in 2010 to 49% in 2020 and 59% by 2030; while it forecast developed markets' share to decline from 63% in 2010 to 51% in 2020 and 41% in 2030.

Source: Goldman Sachs

ARMENIA

Growth at 4% in 2010, recovery underway

The International Monetary Fund projected Armenia's real GDP growth at 4% in 2010 and 4.5% in 2011 compared to a contraction of 14% in 2009. It attributed the recovery to improved activity in industry and services due to a rebound in trade and remittances, as well as to a revival of private sector credit. It said that agriculture has been hit hard by adverse weather conditions, leading to a contraction in agricultural output. Further, the rise in imported wheat prices has translated into higher food prices, which pushed annual inflation to 9.6% in August, but expected inflation to moderate and decline to about 7% by the end of this year. It noted that Armenia faces important medium term challenges due to the impact of the global crisis on the economy and the countercyclical policies that led to a widening of the deficit, an increase in public debt, and deterioration in the current account balance. It highlighted the need to consolidate public finances to ensure fiscal and debt sustainability. It urged the implementation of broad-based structural reforms to boost competitiveness and diversify exports in order to raise growth rates, given the fragile economic outlook of Russia and the European Union, Armenia's key economic partners. It noted the need to maintain macroeconomic and financial stability and to deepen financial markets in local currency in order to help reduce the dollarization of the economy and raise the effectiveness of monetary policy.

The Fund supported the authorities' fiscal policy for 2010, which includes substantial consolidation given the need to focus the fiscal policy framework on debt sustainability. It expected the fiscal deficit to reach about 4.8% of GDP in 2010, a decline of more than 3% of GDP from 2009. It stressed that the main focus of fiscal consolidation should continue to be strengthening revenue collection in the short and medium term, rather than reducing expenditures. It called for further steps to modernize tax administration and reduce tax evasion and corruption. It noted that such policies would help the fiscal deficit decline to about 2% of GDP over the medium term, which will ensure that public debt remains sustainable. Further, the IMF called for bolder and deeper reforms to improve the business environment, such as enhancing competition, diminishing monopolistic behavior, diversifying exports

Source: International Monetary Fund

MAURITANIA

Non-oil growth at 5.5% in 2010, reforms are key for economic stability

The International Monetary Fund projected Mauritania's real non-oil GDP growth at 5.5% in 2010, driven essentially by agriculture, iron, copper and gold production, as well as the building and public works sector. It said indicators point to a recovery in economic activity, while higher prices of the country's main export products should help bring the current account deficit back down to below 10% of GDP. It noted that the government's implementation of its economic and financial program has supported the restoration of macroeconomic stability. The Fund noted the progress made in implementing structural reforms that would lay the foundation for achieving higher, sustained levels of growth conducive to reducing poverty. It stressed the need to accelerate fiscal consolidation efforts as well as to deepen ongoing reforms in public financial management, public enterprises, the civil service, and the monetary sector. The IMF agreed with authorities on the need to achieve in 2011 real non-oil GDP growth of 5.5%, containing inflation at 5%, raising foreign exchange reserves to 2.7 months of imports, and consolidating the basic fiscal balance surplus achieved in 2010. The Fund also encouraged authorities to strengthen social policies and put in place social safety nets as well as improving the business climate. It noted that official foreign exchange reserves amounted to $210.6m, equivalent to 2.1 months of imports at end June-2010.

Source: International Monetary Fund

UAE

Abu Dhabi ratings affirmed

Fitch Ratings affirmed Abu Dhabi's Long-term foreign and local currency Issuer Default Ratings (IDRs) at 'AA' respectively, with a 'stable' outlook. It also affirmed the Short-term foreign currency IDR at 'F1+' and the Country Ceiling at 'AA+'. It said financing flexibility and a strong balance sheet allowed Abu Dhabi to increase spending by one-third in 2009 even as revenues halved, leading to a deficit for the first time since 1999. It noted that 25% of last year's spending increase came from capital injections in Abu Dhabi banks and $5bn in Dubai-related lending. It expected the overall fiscal balance, including ADNOC dividends and ADIA's investment income, to return to surplus this year. It added that public spending is likely to be restrained in 2011-12, and forecast sovereign assets to rise steadily, driven by investment returns and more modest fiscal surpluses than in the years leading up to 2008. Fitch identified both banks and other emirates as potential contingent liabilities. It highlighted the risk that Abu Dhabi will have to allocate more resources to meeting contingent liabilities, but added that such liabilities are still small compared with sovereign assets. It further noted that Abu Dhabi banks' strong capital position will enhance their ability to deal with shocks to asset quality without the need for further sovereign support, while Dubai's debt restructuring reduces the need for future help. It estimated Abu Dhabi's foreign assets, including equity investments, at around $280bn at end-2009, or nearly at 200% of GDP. It added that the strength of the balance sheet is such that, under most scenarios, Abu Dhabi will continue to accumulate external assets, expanding the resources available to deal with contingencies.
Source:Fitch Ratings

ANGOLA

IMF approves $353m disbursement, urges settlement of arrears

The International Monetary Fund (IMF) approved the disbursement of $353m to Angola as part of a Stand-by Arrangement (SBA), bringing total disbursements under the program to $883m. Last November, the IMF approved the 27-month SBA for $1.32bn to help the country cope with the effects of the global economic crisis. It said Angolan authorities are making progress in implementing their stabilization and reform program, while the macroeconomic situation is improving and reforms are beginning to yield results. It noted, however, that substantial reforms are still needed to address remaining macroeconomic difficulties, strengthen macroeconomic management capacity, and limit Angola's vulnerability to oil price fluctuations. It welcomed the authorities' intention to further reduce the non-oil primary deficit in 2011, bringing it closer to sustainable levels while maintaining priority investment and social spending. The Fund indicated that the accumulation of domestic arrears has created difficulties in both the real economy and the financial system. It called on authorities to clear the bulk of the arrears by end-year, and to strengthen expenditure control and budget financing to avoid incurring new arrears. It welcomed plans to establish a sovereign wealth fund, given the need to smooth the spending of oil revenues over time. Also, it encouraged authorities to complete their planned reform measures, including regular publication of budget execution reports and reports on state-owned enterprises' financial performance, and the reform measures aimed at strengthening internal governance and institutional practices at the National Bank of Angola.
Source: International Monetary Fund

GHANA

Outlook revised to stable on improved medium-term prospects

Fitch Ratings revised the outlook on Ghana's ratings to 'stable' from 'negative', and affirmed its long-term foreign and local currency Issuer Default Ratings (IDR) at 'B+' and short-term foreign currency IDR at 'B'. It also affirmed the Country Ceiling at 'B+'. It attributed the change in outlook to the restoration of economic stability and the imminent start of oil production. It said tight monetary and fiscal policy and the use of IMF funding for balance of payments support have stabilized the currency since the fourth quarter of 2009 and reduced inflation to single digits in June 2010 for the first time since 2006. The agency noted a significant improvement in Ghana's twin deficits, as the current account deficit narrowed to 8% of GDP in 2009 from 21% in 2008, while the budget deficit narrowed to 10% from a peak of 14.5%. It added that the fall in inflation has facilitated a cut in interest rates by 500bps since November 2009, helping to reduce government borrowing costs.

Fitch said Ghana's medium-term outlook has improved due to oil production that is scheduled to start in the fourth quarter of this year. It expected the combined impact of strong oil and non-oil GDP growth, as well as prospective upward revisions to GDP, to lower Ghana's public debt ratios to close to the 'B'-range median. It noted, however, that the key weakness to Ghana's creditworthiness remains its public finances, which have been a recurrent source of macroeconomic instability. It added that unless fiscal reforms are completed, public finances will continue to be a key risk, as public financial management systems are particularly weak, while slippage on reforms and spending is a real risk in the run up to the 2012 elections. It said fiscal consolidation has been slower in 2010 than in 2009, and expected the deficit to exceed 8% of GDP, in part due to the continued payment of arrears.
Source: Fitch Ratings

SYRIA

Plan to attract $55bn in FDI in 5 years

Deputy Prime Minister for Economic Affairs, Abdallah Dardari, indicated that Syria aims to attract $55bn in foreign direct investments over the next five years, with about $25bn targeting infrastructure projects. He stressed the need for reforms in financial markets and trade regulations to help attract investments, and expected FDI to reach $2.5bn in 2010. He added that authorities plan to introduce legislation or amend existing laws on public procurement, private-sector electricity generation, investment banking, leasing, mortgage financing, Central Bank independence and local credit guarantees.
Source: Bloomberg

SAUDI ARABIA

Credit concentration, pressure on asset quality and profitability are banks' main challenges

Moody's Investors Service indicated that the Saudi banking system's stability and resilience are supported by the government's infrastructure spending and expansionary budget, which have helped steer the economy through a mild slowdown; relatively good liquidity levels and adequate profitability and capital levels that have absorbed higher loan loss provisions and investment-related losses; and a prudent regulatory environment, with the regulator having tight oversight and prudent regulatory requirements. It added that the system's strong financial fundamentals reflect the banks' sustained resilience during difficult operating conditions and multiple shocks over the past four years. The agency identified the sector's main challenges as high credit concentration, with corporate activity dominated by a small number of very large groups that are relatively dependent on government activity; continuing pressure on profitability and asset quality; mismatches in the maturity profiles of assets and liabilities and high funding concentrations that could create funding and liquidity management issues; and the economy's limited diversification beyond the hydrocarbons sector.

It considered that the low interest rate environment will continue to pressure the banks' margins and their profitability, which may be exacerbated by a modest private sector loan growth, given that loan demand remains weak and the banking sector has not yet taken up the government's financing. Moody's noted that the economic slowdown has led to asset quality deterioration, as leading family-owned businesses and large corporates operating in specific sectors suffered financial and liquidity issues. Additional causes include a slowdown in business generation and balance sheet growth; and increased funding costs, especially for US dollar-denominated funding.

Source: Moody's Investors Service

UAE

Lending flat in first 8 months of 2010, banks continue risk aversion trend

Figures issued by the UAE Central Bank show that total assets reached AED 1,576bn at the end of August, constituting an increase of 1.4% month-on-month and a rise of 3.7% from end-2009. Lending reached AED 1,034.3bn, up by 1% from the previous month and by 1.6% from end-2009. Loan provisioning rose by 2.8% from June and by 18.2% in the first 8 months of the year to AED 51.2bn, with specific provisions up 14% to AED 37.2bn and general provisions up by 31% to AED 14bn from the end of last year. Specific provisioning represented 3.6% and general provisions were equivalent to 1.4% of net loans. In parallel, customer deposits grew by 0.6% month-on-month and by 2.3% from end-2009 to AED 1,005bn. The loans-to-deposits ratio was 103% at end-August relative to105% a year earlier, while the liquidity gap reached AED 29bn compared to AED 50bn in August 2009. Shuaa Capital said that provisions could be on the rise in September following Dubai World's restructuring terms and implied impairments to be incurred by banks in the third quarter.

Source: Shuaa Capital

QATAR

Public-sector lending continues to drive bank activity

Figures issued by the Central Bank of Qatar show that total assets reached QAR 512.3bn at the end of August, unchanged month-on-month and a constituting rise of 8.7% from end-2009. Lending reached QAR 306.2bn, up by 1.4% month-on-month and by 13% from end-2009. Loan provisioning rose by 1.4% from July and by 13% in the first 8 months of the year to QAR 6.6bn, with specific provisions up 21% to QAR 3.4bn from the end of last year. It said that 59% of the increase in provisions was specific provisions, as banks seem to be preparing for an increase in NPLs by the end of the third quarter. In parallel, customer deposits contracted by 0.5% month-on-month and grew by 17% from end-2009 to QAR 290bn. The loans-to-deposits ratio was 106% at end-August relative to 106% in the previous month. Shuaa Capital attributed the lending growth to public sector borrowing, which grew by 3.4% in August and by 38.3% in the first 8 months of the year; while it said deposit growth were driven by the private sector and particularly the corporate segment. It noted that private sector lending is failing to catch up with public-sector borrowing.

Source: Shuaa Capital

YEMEN

Capital adequacy improving, NPLs still high

Figures released by the International Monetary Fund indicate that the risk-weighted capital adequacy ratio of banks operating in Yemen reached 14.6% at the end of 2009 relative to 14.6% at the end of 2008 and 8.7% at end-2007. Further, the sector's capital-to-assets ratio was 8.2% at end-2009 down from 8.7% at end of 2008 but up from 4.9% at end-2007. The sector's non-performing loans reached 14% of total loans at end-2009, down from 18% at end-2008 and 19.5% at end-2007. They also accounted for 3.5% of total assets at end-2009 compared to 5.2% a year earlier; while they were equivalent to 11.8% of capital, down from 25.3% at end-2008 and 17% at end-2007. Further, the sector's provisions-to-NPLs ratio increased to 70.3% from 62.3% at end-2008; while capital & reserves were equivalent to 251% of problem loans at the end of last year relative 168% at end-2008. In parallel, credit to private sector regressed by 4.8% year-on-year, compared to an increase of 17.5% in 2008 and 35.7% in 2007, but is expected to grow by 18% in 2010. The sector's broad money increased by 10.6% in 2009 down from 13.7% in 2008, and is forecast to grow by 15.5% in 2010. Further, foreign currency deposits reached 40.8% of total deposits at end-2009, up from 38% at end-2008 but down from 42% at end-2007, and are projected to reach 40% of total deposits at end-2010. Also, banks' return on assets was 0.9% in 2009, down from 1% in 2008 and 1.6% in 2007; while their return on equity was 9.6% in 2009, down from 11.4% in 2008 and 19.7% in 2007.

Source: International Monetary Fund

ENERGY / COMMODITIES

Oil set to gain most in 7 months on weak dollar

U.S. crude oil is expected to witness the highest gain in seven months because of an increase in demand accompanied by a weak currency that boosted the commodity market. U.S. WTI crude oil decreased by 9 cents to reach $77.77 a barrel after increasing by more than 2%, reaching a seven-week high on September 29th. ICE Brent for November decreased by 8% to $80.69 a barrel, breaching the $80 seal for the first time since August. U.S. crude oil stocks decreased along with oil products inventories despite an expected increase in supply, which lifted the market. U.S. trading volume rose above 700,000 barrels while WTI crude future prices exceeded the 200-day average of $77.51 a barrel. Oil prices ranged between $70 and $80 a barrel for most of 2010, a range in favor of oil producers in the Organization of the Petroleum Exporting Countries.
Source: Thomson Reuters

Syrian government increase gasoline prices by 10%

Gasoline prices in Syria increased by 10% to SYP44 or $0.95 per liter. The increase in prices was met by a cancellation of annual license fees on passenger vehicles below 3,000 CC and operating on gasoline, while annual license of vehicles operating on diesel remained unchanged. Both decisions are expected to reduce gasoline imports. According to the Ministry of Transport, the decree is expected to benefit consumers who drive less than 15,000 kilometers per year. The Ministry of Petroleum noted that domestic sale of gasoline in the first half of 2010 reached one billion liters. The previous increase of gasoline prices was in March 2008 where prices increased from SYP36 to SYP40.
Source: Syria Report

Iraq signs a $733m contract with Leighton for a new oil terminal

The Iraqi government granted a $733m contract to Leighton Offshore Private Ltd to build a new oil export terminal in the city of Basra. The project is expected to be managed by Foster Wheeler that won a project management consultancy services contract in July. The new terminal is expected to increase Basra's oil export capacity from 1.8 million barrels per day to 3 million barrel per day upon the completion of the project.
Source: Thomson Reuters

Dubai to start waste-to-energy project

The Dubai Municipality is expected to start waste-to-energy project that would incinerate 6,500 tons of waste per day and generate 150 Megawatts per hour. Following the rapid growth and expenditure of Dubai, solid wastes increased by 20% on an annual basis, and reached four million tons in 2009 with a daily average of 10.2 tons. Eleven companies are expected to present their bids for finance, build, operate, own and transfer (FBOOT). The plant is expected to be operational after three years from awarding the contract.
Source:Khaleej Times

Base Metals: Copper to set its largest quarterly rise in a year on weakening dollar

Copper prices are expected to register the highest quarterly gain in a year as a result of a weak dollar and a 17% quarterly decline in LME Copper inventories, the highest since the second quarter of 2009. Copper for delivery in three months reached $8,046 a metric ton on the LME, increasing by 23% during the quarter and 8.1% during September, the highest monthly increase since July; while registering on September 29 the highest intraday level since August 1, 2008. Copper for delivery in December increased by 0.1% to $3.66 a pound on the Comex in New York.

LME Copper stockpiles decreased to 374,150 metric ton, the lowest level since November 4, leading to a 26% decrease in the first 8 months, the first annual decrease since 2004. Among other LME-traded metals, Tin added 0.3% to $24,400 a ton, the highest intraday since May 22, 2008, becoming this year's best LME performer increasing by 44%, ahead of Nickel that increased by 26%. Aluminum dropped by 0.2% to $2,337, Zinc decreased by 1.1% to $2,201 a ton and Nickel declined by 0.4% to $23,253.
Source: Bloomberg

Precious Metals: Gold rises above $1300 and further increase is expected

Gold prices hit $1,300 per ounce and a further increase is expected because of a potential increase in money supply by several monetary authorities despite reassurances from the U.S. Federal Reserve, a growing interest of investors in exchange-trades funds as well as the seasonality effect that started by mid-September and expected to last till end-2010. Gold prices are forecast to average $1,350 per ounce during the fourth quarter of 2010, up from an average of $1,230 during the previous quarter while a price peak is projected for the end of 2011 due to an expected increase in interest rates and improvement in US dollar strength. Correlation between gold and the U.S. dollar switched from positive in time of crisis to negative as a weak U.S. dollar pushes the demand toward other markets. Gold is currently used as a hedge against currency weakness and portfolio diversifications. Further, the seasonality effect is expected to take place and increase gold price by 13% between mid-September and the end of 2010, which is the same average increase of gold prices between 2000 and 2009. Gold prices increased by 18% since the beginning of the year, and are expected to increase further because of the upward pressure on gold and increase in physical demand.
Source: Standard Chartered

Gold price forecasts ($ per ounce)

Quarter	**Q3 10**	**Q4 10**	**Q1 11**	**Q2 11**
	1,230	1,350	1,300	1,350
Year		**2010**	**2011**	**2012**
		1,222	1,400	1,200

Source: 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+	B1	B+	-	B								
	Stable	Positive	Positive	-	Stable	-1.9	20.2	21.2	39.7	9.5	116.6	-9.5	5.0
Egypt	BB+	Ba1	BB+	BBB-	BB								
	Stable	Stable	Stable	Stable	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	-	B+	-	B								
	Stable	-	Negative	-	Stable	-9.8	-	34.5	94.7	-	-	-8.3	
Ivory Coast	-	-	-	-	CCC								
	-	-	-	-	Stable	-1.6	-	49.4	107.6	-	-	7.3	-
Libya	A-	-	BBB+	-	BB								
	Stable	-	Stable	-	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-	Ba1	BBB-	BBB-	BB								
	Stable	-	Stable	Stable	Stable	-3.1	47.2	26.8	95.5	8.6	113.7	-5.0	1.5
Nigeria	B+	-	BB-	-	B								
	Stable	-	Stable	-	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	Baa2	BBB	BBB	BB								
	Stable	-	Stable	Stable	Stable	-1.9	46.7	55.4	105.6	15.8	208.3	-2.8	3.9
Middle East													
Bahrain	A	A3	A	A	BBB								
	Stable	Stable	Stable	Stable	Stable	-5.2	24.2	169.6	246.4	7.2	991.9	1.4	0.8
Iran	-	-	B+	BB-	B								
	-	-	Stable	Stable	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	Ba2	-	BB	B								
	Stable	-	-	Stable	Stable	-8.9	63.5	63.1	135.2	4.6	133.1	-5.5	10.1
Kuwait	AA-	Aa2	AA	AA-	A								
	Stable	Negative	Stable	Stable	Stable	15.4	6.9	20.7	38.8	4.0	133.0	25.3	-2.6
Lebanon	B	B1	B	B	CCC								
	Positive		Stable	Stable	Stable	-8.6	136.3	100.6	738.9	18.5	135.3	-10.8	8.0
Oman	A	A2	-	A	A								
	Stable	-	-	Stable	Stable	-9.1	6.5	28.1	46.9	-	109.1	0.6	4.3
Qatar	AA-	Aa2	-	AA-	A								
	Stable	Stable	-	Stable	Stable	10.4	32.4	74.9	202.7	15.2	412.0	14.3	8.8
Saudi Arabia	AA-	Aa3	AA-	AA-	BBB								
	Stable	Stable	Stable	Stable	Stable	1.1	13.2	22.5	42.7	2.7	20.2	4.9	5.4
Syria	-	-	-	BB-	B								
	-	-	-	Stable	Stable	-9.4	30.1	15.0	63.6	1.0	43.3	-0.6	2.6
UAE	-	Aa2	-	AA-	BB								
	-	-	-	Stable	Stable	0.4	21.3	61.8	74.1	7.9	359.0	-2.6	-0.4
Yemen	-	-	-	B	CC								
	-	-	-	Stable	Stable	-10.3	-	23.6	113.8	-	-	-8.2	

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	-	-	-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	21-Sep-10	No change	03-Nov-10
Eurozone	Refi Rate	1.00	02-Sep-10	No change	07-Oct-10
UK	Bank Rate	0.50	09-Sep-10	No change	07-Oct-10
Japan	O/N Call Rate	0.10	07-Sep-10	No change	05-Oct-10
Australia	Cash Rate	4.50	07-Sep-10	No change	05-Oct-10
New Zealand	Cash Rate	3.00	16-Sep-10	No change	28-Oct-10
Switzerland	3 month Libor target	0.25	16-Sep-10	No change	16-Dec-10
Canada	Overnight rate	1.00	08-Sep-10	Raise 25bps	19-Oct-10
Emerging Markets					
China	One-year lending rate	5.31	23-Dec-08	Cut 27bps	N/A
Hong Kong	Base Rate	0.50	21-Sep-10	No change	03-Nov-10
Taiwan	Discount Rate	1.38	24-Jun-10	Raise 12.5bps	30-Sep-10
South Korea	Base Rate	2.25	09-Sep-10	No change	14-Oct-10
Malaysia	O/N Policy Rate	2.75	02-Sep-10	No change	12-Nov-10
Thailand	1D Repo	1.75	25-Aug-10	Raise 25bps	20-Oct-10
India	Reverse repo rate	6	16-Sep-10	Raise 25bps	02-Nov-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	16-Sep-10	No change	04-Oct-10
South Africa	Repo rate	6.00	09-Sep-10	Cut 50bps	18-Nov-10
Kenya	Central Bank Rate	6.00	23-Sep-10	No change	Nov-10
Nigeria	Monetary Policy Rate	6.25	21-Sep-10	Raise 25bps	Nov-10
Ghana	Prime Rate	13.50	18-Jul-10	Cut 150bps	24-Sep-10
Angola	Rediscount rate	30.00	16-Jun-10	No change	N/A
Mexico	Target Rate	4.50	20-Aug-10	No change	24-Sep-10
Brazil	Selic Rate	10.75	01-Sep-10	No change	20-Oct-10
Armenia	Refi Rate	7.25	07-Sep-10	No change	N/A
Romania	Policy Rate	6.25	04-Aug-10	No change	N/A
Bulgaria	Base Interest	0.17	01-Sep-10	Cut 1 bps	N/A
Kazakhstan	Refi Rate	7.00	01-Jul-10	No change	N/A
Ukraine	Discount Rate	7.75	10-Aug-10	Cut 75bps	N/A
Russia	Refi Rate	7.75	01-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

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BYBLOS BANK GROUP

LEBANON

Byblos Bank S.A.L
Achrafieh - Beirut
Elias Sarkis Avenue - Byblos Bank Tower
P.O.Box: 11-5605
Riad El Solh - Beirut 1107 2811 - Lebanon
Phone: (+ 961) 1 335200
Fax: (+ 961) 1 339436

SYRIA

Byblos Bank Syria S.A
Abu Roummaneh Head Office
Al Chaalan - Amine Loutfi Hafez Str.
P.O.Box: 5424 Damascus - Syria
Phone: (+ 963) 11 9292 - 3348240 / 1 / 2 / 3 / 4
Fax: (+ 963) 11 3348207
E-mail: byblosbanksyria@byblosbank.com

IRAQ

Erbil Branch, Kurdistan, Iraq
Street 60,
Near Sports Stadium
P.O.Box: 34 - 0383 Erbil - Iraq
Phone: (+ 964) 66 2233457 / 9
Fax: (+ 964) 66 2233458
E-mail: iraqbranch@byblosbank.com.lb

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